Editorial Policy for the azbil report 2025

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 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 Securities Report and governance information is provided in our Corporate Governance Report.

Scope of the report
Azbil Corporation and its consolidated subsidiaries

Period of the report
From April 1, 2024, through March 31, 2025 (although some information outside the applicable period has been 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

See the azbil Group's risk management on pp.71–72 for information on major risk items and specific risk events.

Note: Financial data and financial statements were prepared based on the Japanese GAAP, and the amounts are rounded. Environmental data such as CO_2 emissions are also rounded.

Azbil's information disclosure

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

· The financial and non-financial information in the above chart delineates the main scope of disclosure. In recent years, Securities Reports 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
Many hands involved in joining gears is a visual representation of collaboration between the azbil Group and its stakeholders. The theme of the new medium-term plan is "Evolution and Co-creation." As we combine and leverage the azbil Group's technologies, products, and services, we will continue the journey, hand in hand with our stakeholders, toward realizing a sustainable society.

CONTENTS

azbil report 2025: key points

In May 2025, the azbil Group announced a new medium-term plan (FY2025–FY2027) to achieve its long-term targets set for FY2030. This report provides an overview of this medium-term plan, detailing individual measures for each business as strategies for value creation.

In particular, "Message from the CEO" contains an explanation of our business model for sustainable growth and elements such as the investment strategies designed to strengthen the model, while "Message from the Deputy President" provides more specific information such as management conscious of the cost of capital, business portfolio restructuring, and investments undertaken through effective use of the balance sheet.

In preparing this report, like last year we have provided messages from top management as well as the heads of each department about initiatives they have undertaken aimed at value creation. We have also included, throughout the report, the voices of employees and business partners who have participated in value creation. Azbil sponsored Expo 2025 Osaka, Kansai, Japan, and to foster employee engagement we arranged for the project to be led by younger employees. This is reflected in the statement of one such employee included in this report (p.88). In addition, the report includes a roundtable discussion featuring the Chairperson of the Board and the chairpersons of the Nomination Committee, the Audit Committee, and the Remuneration Committee. They discuss efforts to strengthen corporate governance in order to realize speedy business execution and highly transparent management.

The azbil Group's DNA and Our Future Vision

Our founder's spirit Rooted in "freeing people from drudgery"


Founder Takehiko Yamaguchi

The history of the azbil Group began in 1906, when Takehiko Yamaguchi established "Yamatake Shokai Co., Ltd.," a machine tools import company, with the desire to "free people from drudgery." Building on this DNA and never forgetting our roots, the azbil Group has continued to innovate in response to the changing demands of the times and our customers' needs. Yamatake, which understood the necessity of automation and quickly commercialized it, contributed to industrial development in Japan, from post-war reconstruction to the period of rapid economic growth. In the 1970s, under the concept of Savemation,* we focused on conserving resources and energy in response to the demands of society. In 2006, on the occasion of the 100th anniversary of our founding, based on our advanced measurement and control technologies and expertise, we set forth our Group philosophy of "human-centered automation," as an expression of our desire to be a company that contributes to a sustainable society through realizing "safety, comfort, and fulfillment" for people in offices, plants, and homes, as well as "global environmental preservation."

* Savemation: Saving by automation

Using automation technology to take on the challenge of achieving a sustainable society and paving the way to the future

In recent years, there has been a strong demand for sustainable businesses and society, as well as for response to global environmental preservation, owing to the materialization of the impact of global warming and changes in people's behavior driven by the COVID-19 pandemic. These new challenges mean that automation has a larger role to play in responding and that its value will increase. The azbil Group utilizes AI, the cloud, and other state-of-the-art technologies to further expand the scope of application for automation, while also enhancing solution-providing capabilities with automation and accelerating the pursuit of new value creation. In 2026, the azbil Group will celebrate its 120th anniversary. As we have done to date, we will identify the needs of the times in regard to automation, and pursue our vision as we work to achieve a sustainable society in 2030 and beyond. We will use automation technology to connect people and society, take on challenges in areas previously considered difficult, and make solutions possible. In this way, we aim to pave the way to the future together with our customers and society as their partner.

The azbil Group philosophy Human-centered automation

azbil

automation • zone • builder*

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

To achieve our philosophy,

- **We create value together with customers at their sites.**
- **We pursue our unique value based on the idea of "human-centered."**
- **We think toward the future and act progressively.**

* Using automation technology, we build zones in which safety, comfort, and fulfillment can flourish.

We consistently offer solutions based on automation technology that are tailored to the needs of the times. We will continue to take on new challenges.

Founded in 1906

Achieving comfort, performance, and energy conservation in all buildings
Creating comfortable and efficient spaces for work and production
— **Building Automation business**

In factories and plants, supporting the creation of production floors in which people can safely fulfill their potential
— **Advanced Automation business**

Contributing to vibrant lifestyles by applying measurement and control technologies and services to lifeline utilities and residences
— **Life Automation business**

New customer and societal issues
Changes in the business environment
Trends in technological innovation
Changes in societal structure

Expansion of the role of automation and increase in its value

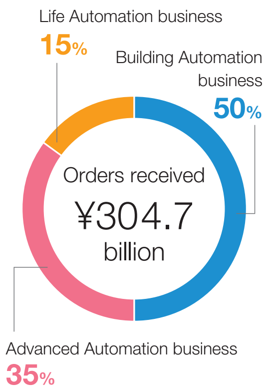
Together with society and our customers, we will pave the way to the future by developing the automation business and contributing to society through "Evolution and Co-creation."

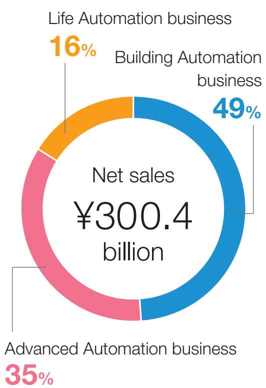
At a Glance (FY2024)

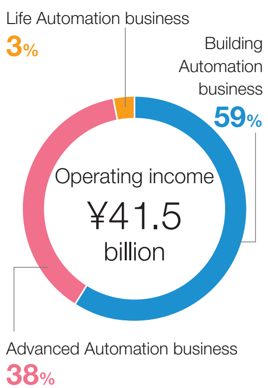
Financial indicators

Orders received	Net sales	Operating income	Net income	Operating income margin	ROE	Number of employees
¥304.7 billion	¥300.4 billion	¥41.5 billion	¥41.0 billion	13.8%	17.9%	8,922 employees Domestic 6,556 employees Overseas 2,366 employees

Business structure

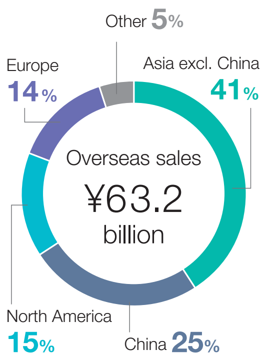




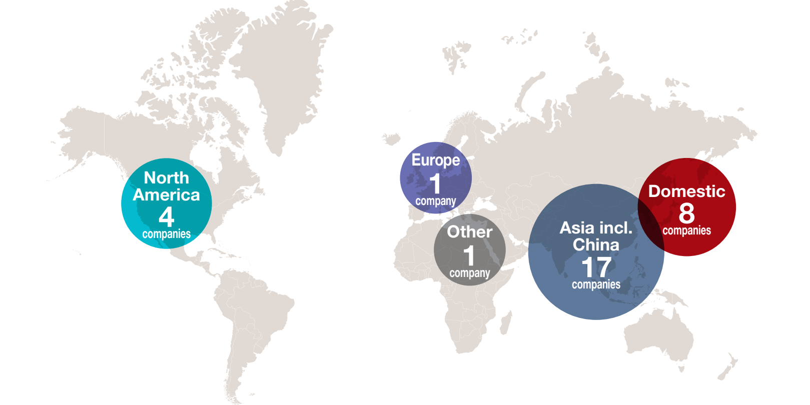


Overseas sales

(Overseas sales/net sales ratio: 21.0%)



azbil Group companies



Sustainability (non-financial) indicators

Effective reduction of CO_2 at customers' sites	CO_2 emissions from our own business activities at azbil Group sites (Scope 1 + 2)	Individuals who earned official qualifications	Employee satisfaction survey
2.72 million metric tons of CO_2/year	11,000 tons of CO_2/year	2,764 individuals (total)	59% of employees found satisfaction in working in the azbil Group 61% of employees experienced personal growth over the past year

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 Supported TNFD recommendations 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
- 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 2025 (White 500)
- Selected as an Environmentally Sustainable Enterprise at the 6th ESG Finance Award Japan
- FTSE4Good Japan Index, JPX-Nikkei Index 400

2025 ESG FINANCE AWARDS JAPAN SUSTAINABLE

WE SUPPORT UN GLOBAL COMPACT

History of Value Creation

Founded in 1906 by Takehiko Yamaguchi, the azbil Group has been providing products and services related to measurement and control for more than a century to solve society's problems and those of its customers based on the founding spirit of "freeing people from drudgery."
Even though the times have changed, the spirit of our founding lives on in our DNA.
Based on the azbil Group philosophy of "human-centered automation," which is linked to our founding spirit, we are constantly striving to create new value as solutions to the problems faced by industry, society, and our customers.

1906 — 1950s Freeing people from drudgery

From importation of industrial instruments to the 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, the demand for domestic production of industrial instruments, which had been dependent on imports, expanded.

1906
Yamatake Shokai Co., Ltd., an import company importing machine tools and other instruments from the United States and Europe, was founded.

The company began importing and selling machine tools from Germany and later became a manufacturer and seller of machine tools and instruments for Brown Instrument Co. (later Honeywell) of the United States. With the development of the new materials industry, the company popularized industrial instruments, making significant contributions to Japan's postwar recovery and the development of Japanese heavy industries.

1950 — 1970s First in control

Contributing to rapid economic growth through automation

With the rapid growth of Japan, investment in larger scale and modernization accompanied by trends in technological innovation in various manufacturing industries increased the demand for measurement and engineering.

1953
Entered an equity-based 50-50 alliance (until 1990) with Honeywell, one of the leading control equipment manufacturers in the United States

1966
Changed the corporate name to Yamatake-Honeywell Co., Ltd.

The company introduced Honeywell's air-conditioning control technology, combustion safety control technology, microswitches, and the like to Japan. With proprietary technology, the company supported Japan's period of rapid growth as a comprehensive automation supplier by popularizing trends in technological innovation, such as small electric meters and central monitoring systems for large-scale buildings.

1970 — 2000s Savemation

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

Since the oil crises of the 1970s, energy saving and labor saving have advanced. Furthermore, demand for digitalization of industrial instruments and advanced instrumentation and software for measurement and control systems is expanding.

1998
Corporate name changed to Yamatake Corporation

With the oil crises triggering a trend toward energy saving and labor conservation in all industries, the company's corporate philosophy clearly states that it will achieve "saving" in a range of fields and contribute to the global environment. The company offers a variety of products addressing the requirements for high-functionality and high-precision industrial instruments, as well as total building management services that utilize communications technology.

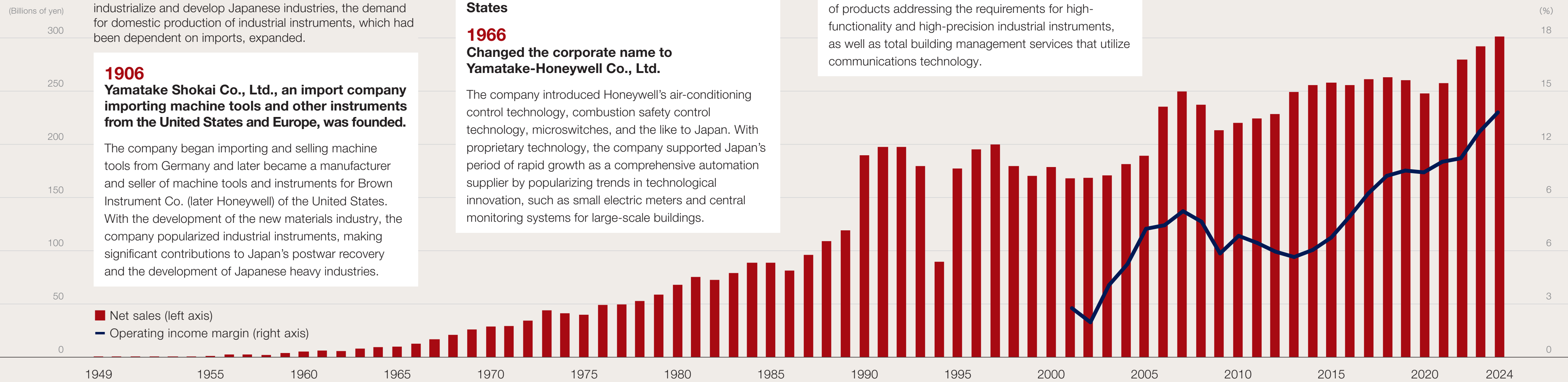
2000s～ Human-centered automation

Providing solutions "in series" to meet the increasing societal needs and to achieve a sustainable society

The Internet is becoming increasingly prevalent and globalized around the world. On the other hand, population, energy, global warming, and other problems are also becoming more apparent. Automation is playing an increasingly important role in creating a sustainable global environment.

2008
Group name changed to the azbil Group
Names of Group companies were henceforth and sequentially changed to include "Azbil"

Under the evolving Group philosophy of realizing people's "safety, comfort, and fulfillment" through automation, we are developing products and solutions in each field that respond to various trends in technological innovation, such as AI and big data, as well as advances in network technology. We aim for solutions to customer and societal problems and sustainable development for our customers and society globally.



Note: As the company changed the fiscal year, FY1994 had irregular closing.

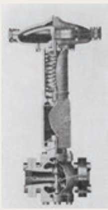
History of Value Creation—Main Products and Services—

1913
Manufactured flat-disk type water meters and wheel-type meters

1916
Began import and sales of the industrial instruments of Brown Instrument Co. (later Honeywell Inc.) of the United States

1933
Yamatake Shokai Keiki Seisakusho was established. Began domestic product assembly for Brown Instrument Co.
Transitioned to a manufacturer and seller of machine tools and instruments

1936
Succeeded in manufacturing the first automatic control valves in Japan



Domestically produced measurement and control technologies essential to the manufacturing industry and contributed to the modernization of Japan and its postwar development of the manufacturing industry.

1953
Began import and sales of control equipment for air conditioners

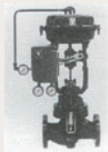
1953
Developed Japan's first dry-type LP gas meter Model PI and began production

1958
Began domestic production of Micro Switch basic switches

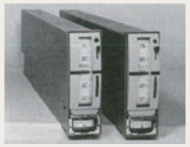
1959
Achieved the first domestic production of modutrol motors, a compact control motor

1963
Developed and produced deviation indicating controllers VSI in-house, ahead of manufacturers in Japan and overseas

1964
Commercialized the world's first cage-style control valve



1971
Used proprietary technology to develop and launched the compact electric controller Numatik Line and compact pneumatic controller Vumatik Line



1975
Launched a distributed control system jointly developed with Honeywell Inc.

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

1984
Launched a comprehensive building management service with remote monitoring (Half a century of achievements in the telecommunications-based business)

1985
Developed next-generation control valves

1994
Founded a full-scale production company in China as a 100% subsidiary

1995
Sales launch of a small-scale open instrumentation system and monitoring and control system

1999
Sales launch of gas mass flowmeters incorporating a proprietary MEMS sensor

Utilized microelectromechanical systems (MEMS) technology to meet the emerging needs of society and customers

2001
Established our first European subsidiary in Belgium

2009
Sales launch of a motorized two-way type control valve with flow measurement and control functions

2014
Established our first technology development company in North America

2016
Sales launch of an online anomaly detection system

Accelerated DX in the manufacturing industry and contributed to practical issues such as stable operation of facilities and measures to prevent quality defects

2018
Sales launch of a building automation (BA) system

Provided an open and flexible system that meets the evolving needs of building environments, including wellness

2020
Sales launch of a control valve maintenance support system

Contributed to the safe and stable operation of production facilities in plants and factories

2023
Business alliance between Azbil and X1Studio

Responded to growth in demand for data centers in Japan and abroad due to the popularization of generative AI and cloud services

2024
Began sales of AI-generated condition-based maintenance (CBM) platform, a facility management platform that utilizes AI for predictive maintenance

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

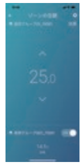
Detecting

Room temperature/ humidity sensor

Infrared array sensor

Adjusting

Motorized control valve with flow measurement and control functions



Setting

Smartphone application (for room users)

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

Diagnosing and predicting

Online anomaly detection system

Factory automation

Detecting

Liquid leak switch

Limit switch

Controlling

Multi-loop controllers with multifunction display

Digital mass flow controller

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 (central air-conditioning systems)

Lifeline field

Gas meters

City gas smart diaphragm meter

Ultrasonic gas meter

Water meters

Electronic water meter

Battery electromagnetic water meter

Residential central air-conditioning systems field

Central air-conditioning systems

Outdoor unit

Indoor unit with electronic air cleaner

Heat exchange ventilator

Unique Qualities of the azbil Group and the Strengths We Have Developed to Grow Together with Society

Through our automation business, we leverage the unique qualities of the azbil Group and the strengths we have developed to achieve sustainable growth and contribute "in series" to a sustainable society.

With automation technology at the core of its business, the azbil Group harnesses technological innovations—such as IoT, AI, big data, and cloud computing—and applies them to offices, plants, factories, and everyday life. We will always propose sustainable solutions to industry and society for greater safety, comfort, and abundance in daily life. The broad range of our activities encompasses key facilities for society and for our customers. We have created a robust customer base. By implementing a cycle involving core businesses, which benefit from this customer base, and growth businesses, which address the new issues and demands of industry and society, we will be able to achieve sustainable growth together with society and our customers.

Under the theme of "Evolution and Co-creation," we have begun implementing new initiatives under our medium-term plan (FY2025–FY2027), formulated with the aim of achieving growth through the azbil Group's unique business model that leverages the strengths we have developed.

Specialist technologies and expertise accumulated over many years of on-site activities

For well over a century, since our founding in 1906, we have been involved with automation technology. As a result, we possess a wide range of expertise and specialist technologies.
We will be using DX and AI to realize our further evolution.

Integrated system—from development and manufacturing to sales and maintenance service

A variety of issues confront society and our customers. Issues will also differ depending on the stage of a facility's life cycle.
We focus on creating systems for state-of-the-art technological development and manufacturing, while also building our customer base by providing long-term maintenance services stretching over many decades.

Proposing solutions that incorporate the customer's perspective with a thorough understanding of the customer's site

Our engineers, who have extensive knowledge of customer sites, propose solutions from the customer's perspective.
Human resources are key. That is why we are strengthening investment in human capital.

Group philosophy
Human-centered automation
p.3

Materiality and the essential goals of the azbil Group for the SDGs
p.21

Medium-term plan
(FY2021–FY2024)
p.26–

Medium-term plan
(FY2025–FY2027)
Aiming for growth with the azbil Group's unique business model
p.27–

Long-term targets

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.

Long-term targets (revised)
(performance targets)
(announced on May 13, 2025)

Net sales:
¥420.0 billion
[Overseas sales: ¥100.0 billion]
Operating income:
¥65.0 billion
Operating income margin:
15.5%
ROE:
15%