

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

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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.

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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

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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.

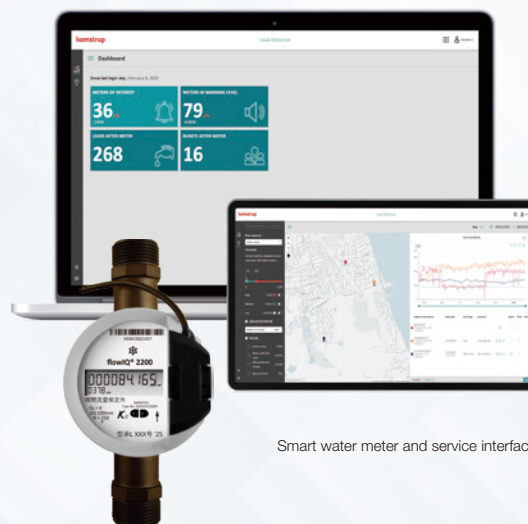
This is the value of automation as we see it.

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

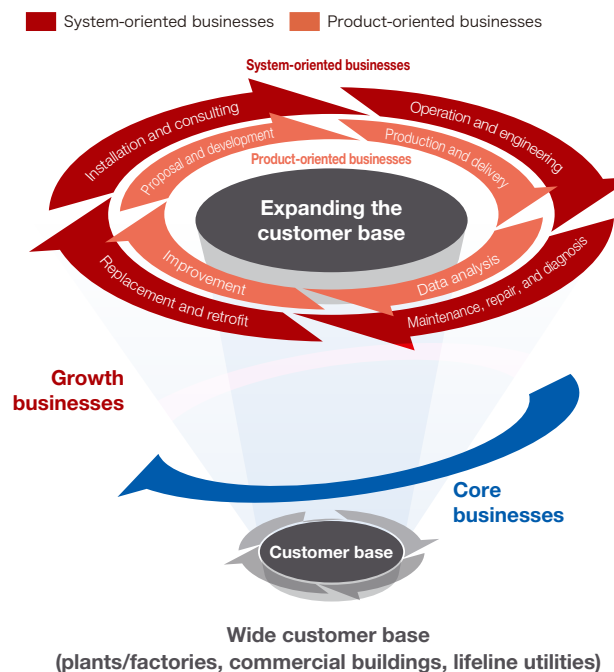
capability to create value at the customers' sites.

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.

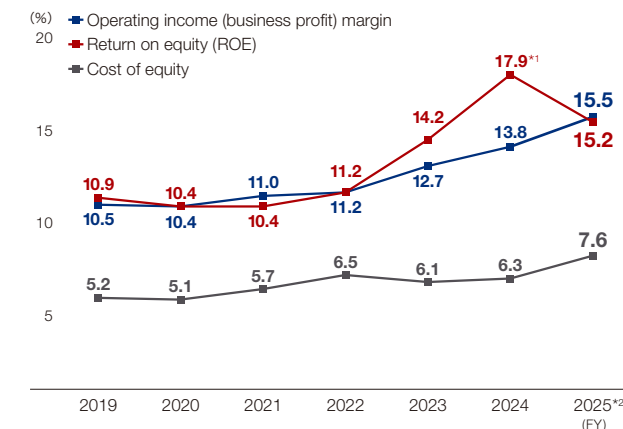
We made investments aimed at strengthening and expanding our business foundations. Over the course of the medium-term plan, we are actively increasing investment by approximately ¥46 billion in three priority areas that are

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.

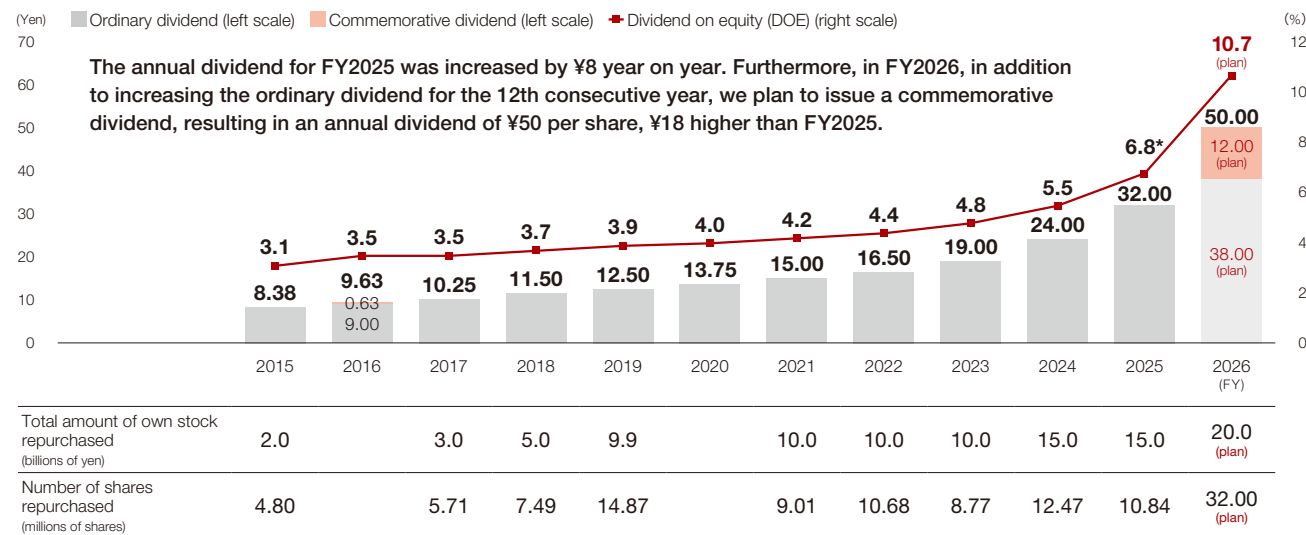
As regards shareholder returns, we increased the year-end dividend for FY2025 by ¥6 per share from the amount announced in May 2025, raising the annual dividend to ¥32 per share. For FY2026, we plan to increase the annual ordinary dividend by a further ¥6 to ¥38 per share. In addition, as an expression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

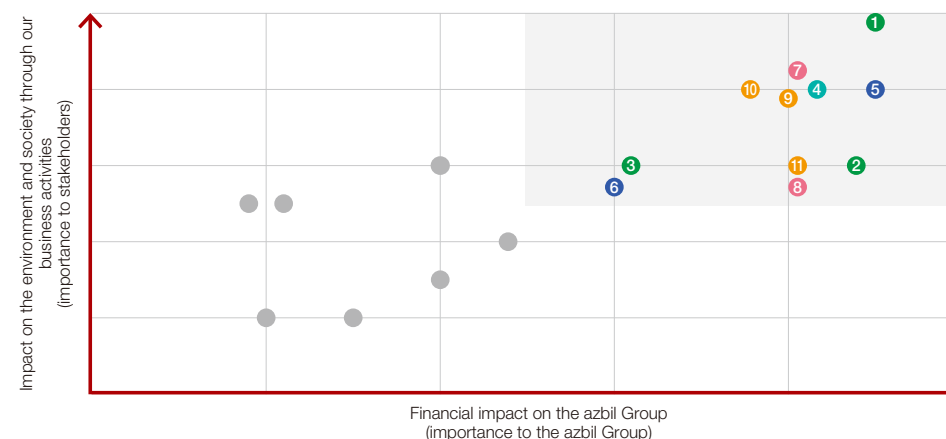
For the materiality candidates, we identified opportunities and risks from the perspective of double materiality and evaluated their level of importance, taking into account several key issues that emerged through stakeholder engagement and advice from external experts.

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
Social	⑤ Supply chain Realize sustainable supply chains that are mindful of human rights and the environment
	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

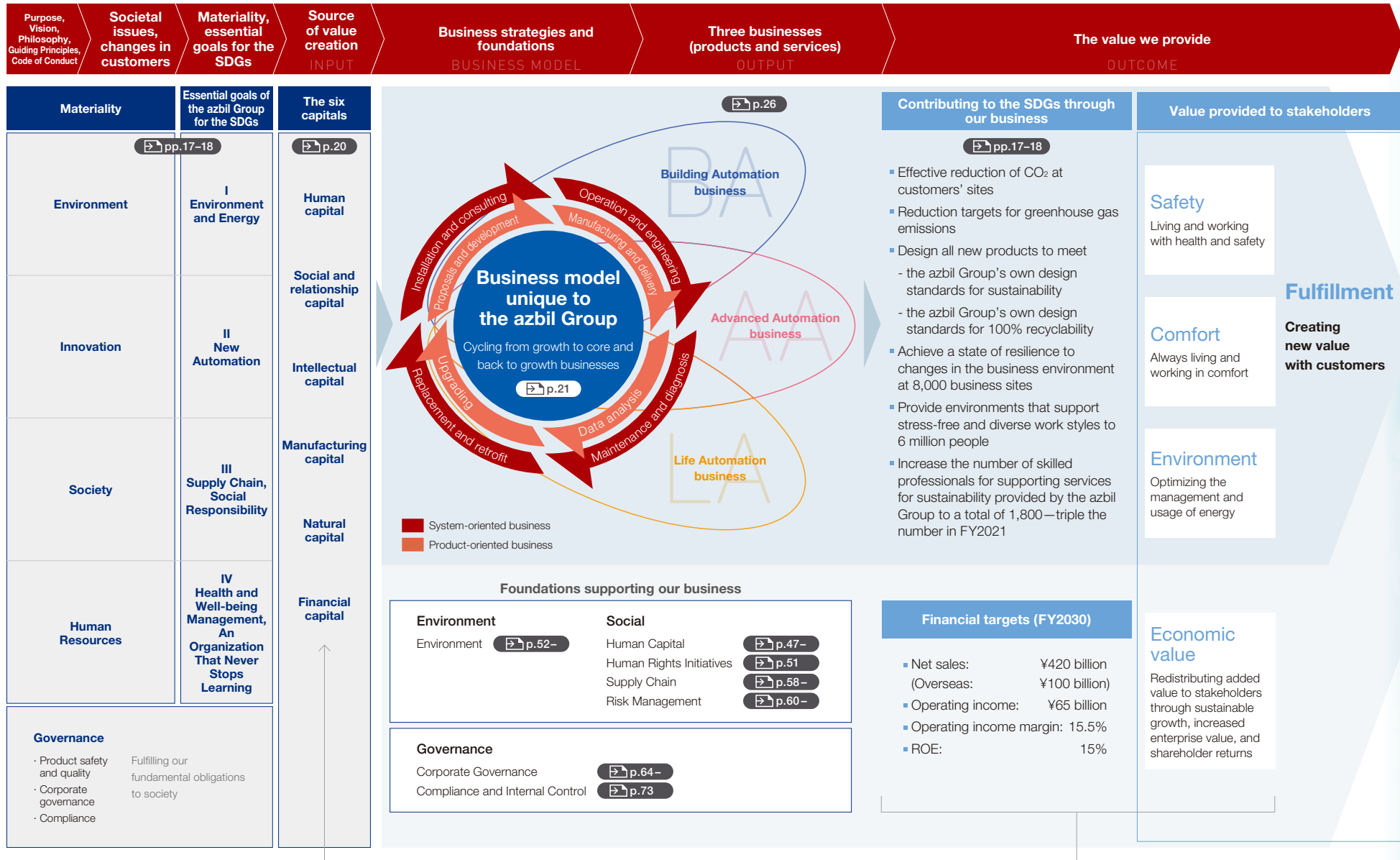
*16 The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.

*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