

azbil Group Business Strategy Meeting

September 30, 2025

Azbil Corporation

RIC: 6845.T, Sedol: 6985543



Index

1. Business Strategy and Performance Targets	3
2. Investments and Capital Management for Growth	12
3. Building Automation Business	20
4. Advanced Automation Business	26
5. Life Automation Business	32
Appendix	37
Notes	45

New Medium-term Plan (FY2025-FY2027)

1. Business Strategy and Performance Targets

Kiyohiro Yamamoto

Director, Representative Corporate Executive, President & Group CEO

1-1. New Medium-term Plan (FY2025-FY2027) Performance Targets

**Previous medium-term plan
(FY2021-FY2024)**

FY2024 performance targets for net sales, operating income, operating income margin and ROE were all achieved, exceeding the targets set by the initial plan. In particular, profitability was significantly improved.

**New medium-term plan
(FY2025-FY2027)**

Although high uncertainty in the business environment is anticipated to continue, we aim to realize both sales growth and profitability improvement through “Evolution and Co-creation”, and by fully utilizing our “unique business model”. We are also on track to **meet our initial long-term targets ahead of schedule**.

**Revised long-term targets
(FY2030)**

We have revised **our long-term sales and profit targets for FY2030 upward**. Despite uncertainty in the business environment, we aim to further expand by exploring new growth markets (addressing advanced technologies and societal issues). We will leverage the positive effect of measures to strengthen profitability from the previous medium-term plan and our long-standing strong relationships with customers.

	FY2024		FY2027	FY2030	
	Previous medium-term plan (May 14, 2021)	Results (May 13, 2025)	New medium-term plan (May 13, 2025)	Initial targets (May 14, 2021)	Revised targets (May 13, 2025)
Net sales	300.0 billion yen	300.3 billion yen 285.7 billion yen ^{*1}	340.0 billion yen	400.0 billion yen	420.0 billion yen
[Overseas sales]	66.0 billion yen	63.1 billion yen 48.5 billion yen ^{*1}	62.0 billion yen	100.0 billion yen	100.0 billion yen
Operating income	36.0 billion yen	41.4 billion yen 41.0 billion yen ^{*1}	51.0 billion yen	60.0 billion yen	65.0 billion yen
Margin	12 %	13.8 %	15.0 %	15 %	15.5 %
ROE	12 %	17.9 % ^{*2}	14 %	13.5 %	15 %

^{*1} Net sales and operating income, excluding the impact of the transfer of Azbil Telstar in October 2024

^{*2} ROE excluding the extraordinary income from the transfer of Azbil Telstar is 14.2%.

1-2. Changes in the Business Environment

Response of the azbil Group to Changes in the Business Environment

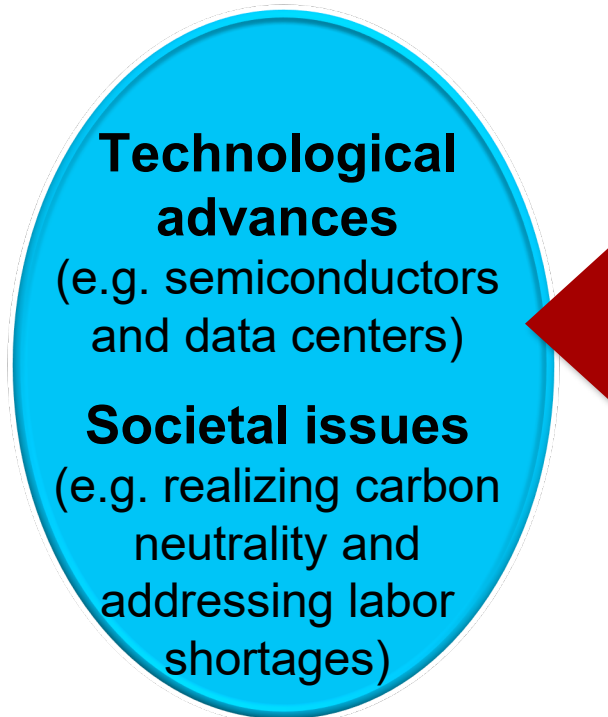
- We aim for sustained growth by incorporating growth markets that arise from technological advances and societal issues, while considering geopolitical risks.

Mega trends		2025-2027	
		Changes in the business environment	Responses of the azbil Group
Technological advances	Generative AI	As performance continues to improve and user costs fall , there will be an influx of new entrants from other industries leveraging generative AI .	While enhancing the high added value of our products/ services by making use of generative AI , we will address the risk posed by new market entrants .
	Semiconductor	While demand grows for cutting-edge semiconductors for AI and next-generation communication technologies, soaring manufacturing costs are an issue.	We will supply products/services that utilize the advanced measurement and control technologies we have developed for decades, contributing to improved productivity and quality.
Societal issues	Carbon neutrality	Initiatives to achieve carbon neutrality by 2050 will accelerate, next-generation energy sources such as hydrogen will become increasingly adopted, and the GX market will expand .	Harnessing new technologies such as generative AI and cloud computing, we will support GX initiatives such as system optimization, the adoption of renewable energy, and fuel switching .
	Infection management	There is the ever-present risk of a pandemic occurring that might result in major economic damage on a global scale.	To prepare for unidentified risks , we will draw up contingency plans (BCP, etc.) as well as response measures (to prevent the spread of infection while ensuring business continuity).
	Customer labor shortage	In addition to worsening labor shortages, inflation is driving labor costs up both in Japan and overseas .	Harnessing AI, we will promote autonomous system operation, thus supporting customers by enabling operations with reduced or zero manpower .
Geopolitical risks	US-China relations	With the re-election of President Trump, US-China friction is intensifying, and the international situation—including Taiwan-China tensions—is expected to be destabilized .	We will restructure our procurement and production systems so they can endure growing supply chain risks such as those posed by rising tariffs and the outbreak of military conflict.
	India	While the market is promising, it is necessary to address intensifying competition with Indian companies as well as issues involving regulations and infrastructure .	While building up a sales track record using our wholly owned overseas subsidiaries , we will build relationships with state governments and other stakeholders.

1-3. Key Themes of the New Medium-term Plan (FY2025-FY2027)

- We will realize “Evolution and Co-creation” aimed at making contributions that lead “in series” to a sustainable society and aim to achieve further growth in growth markets (addressing technological advancement and societal issues).

Growth markets



Evolution

Self-transformation to adapt to changes in the business environment

Co-creation

New value creation as companies work together by leveraging their particular strengths through collaboration on an equal footing (collaboration between industry, government, and academia)

1-4. Outline of the New Medium-term Plan (FY2025-2027)

- The new 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 (global geopolitical risks, inflation, etc.), but through “Evolution and Co-creation,” and with “**the azbil Group’s unique business model**” (see p.8) 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.

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.

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.

azbil

© Azbil Corporation

New medium-term plan
FY2025 - FY2026 (120th anniversary of our founding) - FY2027

Evolution and Co-creation

Growth

1. The azbil Group’s unique business model

- Growth businesses
- Core businesses

* Continuously reviewing business portfolio in parallel with implementing growth measures for both businesses

2. Investment to strengthen the business model

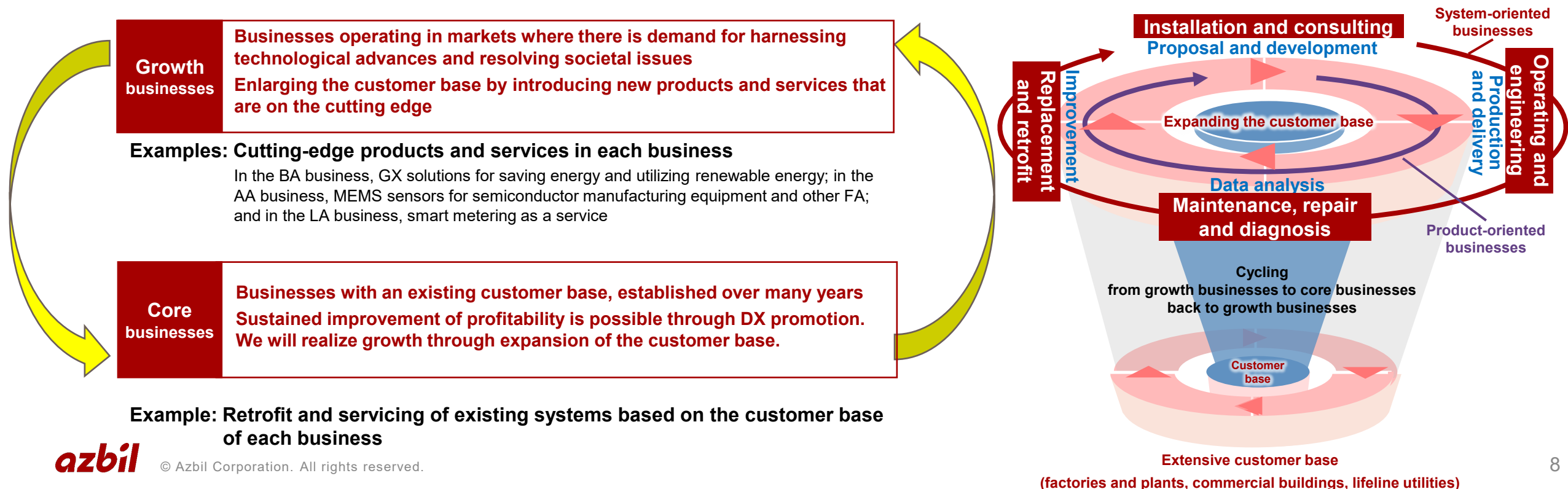
- Strengthening human capital
- Promoting DX
- Strengthening product competitiveness

3. Strengthening the foundation of our business

- Organizational restructuring and investing for growth
- Sustainability management
- Promoting management conscious of cost of capital
- Strengthening of corporate governance

1-5. The azbil Group's Unique Business Model

- We will achieve growth in **core businesses** based on our extensive customer base (factories and plants, commercial buildings, lifeline utilities) established over many years, and in our **growth businesses**, which seek new business opportunities that arise from technological advances such as in semiconductors, as well as societal issues such as the drive for carbon neutrality. In our growth businesses, we focus on expanding markets (overseas) and increasing competitive advantages (enhancing product competitiveness).
- In our growth businesses, we enlarge our customer base, while in our core businesses we improve sustainability and profitability. By continually **cycling from growth businesses to core businesses back to growth businesses**, we aim to achieve sustained business expansion.
- At this juncture, we at the same time continue to evaluate and review our business portfolio, conscious of the cost of capital.



1-6. Business Strategy and Performance Targets:

The azbil Group's Growth Businesses and Core Businesses

Aim to achieve further expansion through both growth and core businesses

FY2024

FY2027

Growth businesses: 88.0 billion yen 125.0 billion yen

Core businesses: 197.7 billion yen*1 215.0 billion yen

212.3 billion yen*2

*1 Figures excluding the impact of the transfer of Azbil Telstar

*2 Actual results for FY2024

Growth businesses

Businesses operating in markets where there is demand for harnessing technological advances and resolving societal issues

Enlarging the customer base by introducing new products and services that are on the cutting edge

BA

GX solutions for saving energy and utilizing renewable energy in domestic market, advanced air conditioning for data centers, and overseas business expansion for locally capitalized customers

AA

MEMS sensors for semiconductor manufacturing equipment and other FA, advanced control for autonomous plant operations

LA

Introduction of next-generation smart meters, and smart metering as a service

Core businesses

Businesses with an existing customer base, established over many years
Sustained improvement of profitability is possible through DX promotion.
We will realize growth through expansion of the customer base.

BA

Retrofit of existing buildings and services based on domestic customer base

AA

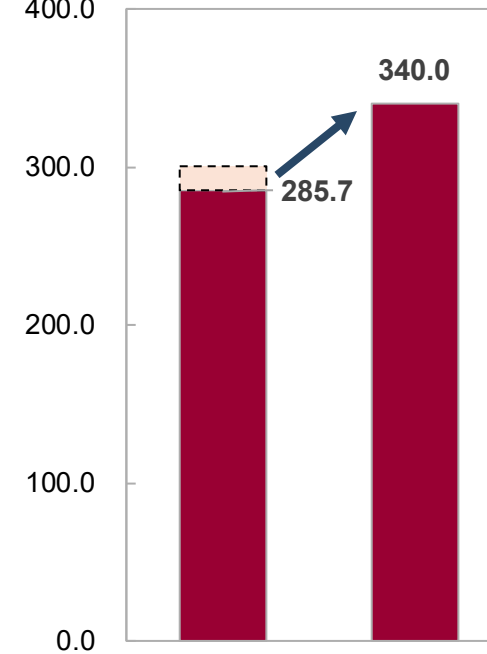
Highly reliable products and services for the recurring business market

LA

Meter replacement and expansion of ultrasonic meters

Net sales

(Billion of yen)



(Billion of yen)

FY2024

FY2027

Net sales

285.7

340.0

300.3

[Overseas sales]

48.5

62.0

63.1

Growth businesses

88.0

125.0

88.0

Core businesses

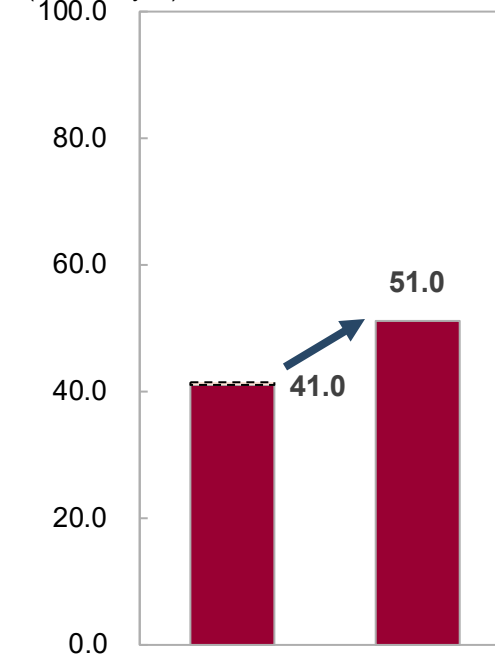
197.7

215.0

212.3

Operating income

(Billion of yen)



(Billion of yen)

FY2024

FY2027

Operating income

41.0

51.0

41.4

Margin

14.4%

15.0%

13.8%

* Upper tier: figures excluding the impact of Azbil Telstar, which was transferred in October 2024

Lower tier: actual results for FY2024

1-7. Business Strategy and Performance Targets: Overseas Business

Accelerate overseas business growth through business promotion and a strong management system tailored to regional characteristics

FY2021-FY2024 achievements * Previous medium-term plan, May 2021

We achieved business growth thanks to progress with product/sales measures. The original performance targets in the previous medium-term plan* were achieved if the effect of the Azbil Telstar transfer is excluded.

Market analysis

- Economic conditions and demands differ by countries, regions, and markets. There is an uncertainty in business environment due to rising tariffs and geopolitical issues.
- Demand is increasing for carbon neutrality (improved energy-saving for buildings), automation of buildings, factories and plants, and improved productivity and efficiency

Strategies for medium-term plan (FY2025-FY2027)

Expand business scale by implementing locally led initiatives suited to regional characteristics

Growth

Key initiatives

BA: Develop projects for locally capitalized building owners; cultivate new global account customers
AA: Deploy competitive solutions globally

Growth

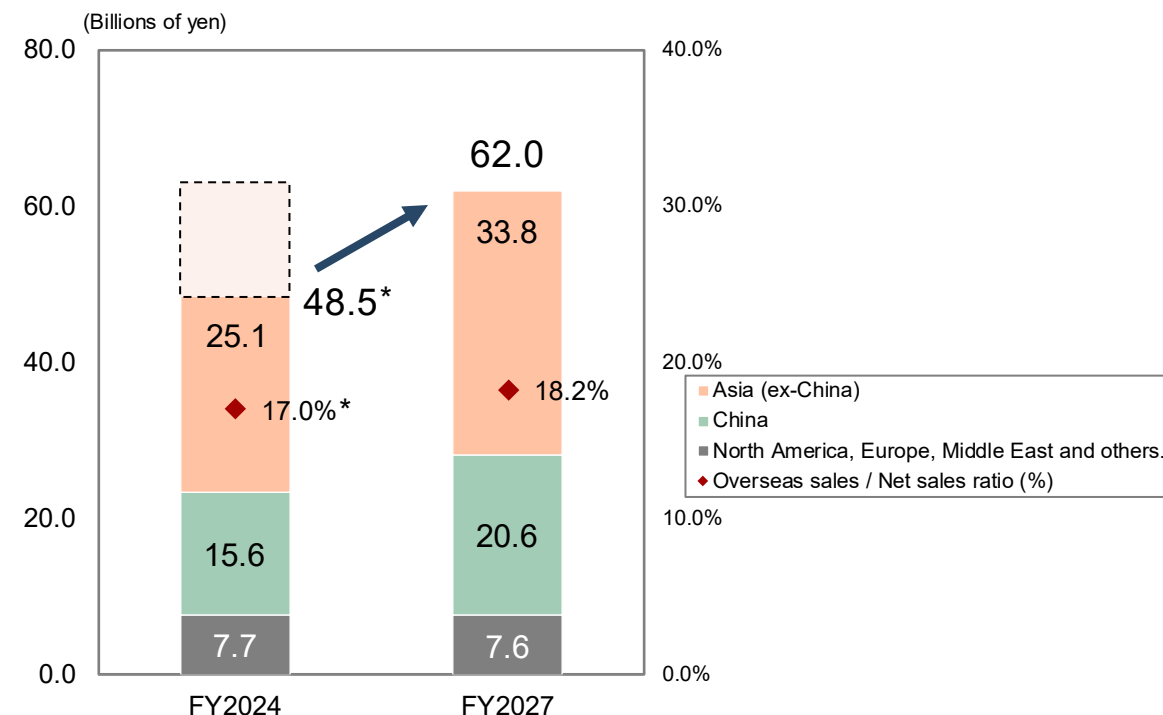
Implement locally led initiatives

Expand business by sharing resources within a region, with the Strategic Planning & Development Office for Southeast Asia taking the lead; engage in locally led initiatives in each region

Growth

Implement organizational restructuring

Strengthen sales strategies and function/product development centered on each region



[Sales by Segment]

(Billions of yen)	FY2024	FY2027
BA	14.4	18.5
AA	32.0	41.0
LA	2.1 *	2.5
Consolidated	48.5 *	62.0

* Sales excluding the impact of the transfer of Azbil Telstar in October 2024

1-8. Enhancing Product Competitiveness; Promoting DX; Utilizing Generative AI

We will continue to actively invest in the use of generative AI for both enhancing product competitiveness and promoting in-house DX (to make business operations more efficient and advanced). By harnessing AI to elevate added value of products and services, we will strengthen the azbil Group's unique business model, while strengthening risk management.

Changes in the business environment related to generative AI

- Emergence of generative AI as a result of technological advances in large-scale language models
- Advancements as a result of multi-modal* and time-series data capabilities
- Advantages in structuring/systematizing information and automating business processes

* A multimodal technology combines different types of data, such as text and video.

Progress of the azbil Group to date

- **Implementing product development (realizing autonomy) using AI technologies, including generative AI;** utilizing AI to improve business efficiency (software development, etc.), product development, and intergenerational transfer of technical skills
- **Offering a generative AI chatbot service for in-house use,** and making it available to all employees of Group companies globally (from Sep. 2023)
- **Developing an AI service called “Generative KY (hazard prediction)”** to support risk assessment performed by on-site service staff, as a part of efforts to make business operations more efficient and advanced



New medium-term plan: policy regarding the use of generative AI

- Using generative AI, increase the added value of products and services, and **differentiate azbil from the competition by strengthening systems and solving customers' issues**, thus reducing the risk of new players entering the market
- **Aim to transfer technical skills in areas such as production, R&D, maintenance services, and engineering, and increase the added value of products and services** to strengthen our business model through generative AI
- **Strengthen the management systems** to address the risks in utilizing generative AI and providing products and services

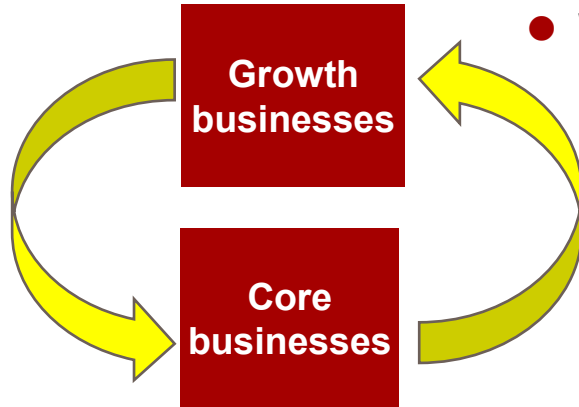
New Medium-term Plan (FY2025-FY2027)

2. Investments and Capital Management for Growth

Takayuki Yokota

Director, Representative Corporate Executive Deputy President

2-1. Investments to Strengthen the Business Model



- We will steadily invest in human capital, product competitiveness and DX promotion to enhance the azbil Group's unique business model.

- **Human capital:** Secure and develop essential human resources to execute business strategies (personnel with strong solution capabilities and global talent) to expand both growth and core businesses
- **Product competitiveness:** Enhance unique measurement and control and application technologies to develop a range of competitive products
- **DX promotion:** Create digital products and services that enhance customer satisfaction, improve operational efficiency and profitability by utilizing AI

Expand the customer base in growth businesses and improve sustainability and profitability in core businesses. By cycling from growth to core and back to growth businesses, achieve sustainable business expansion.

Strengthening human capital

Total personnel expenses **+32 billion yen**

- Establish environment and HR systems that enhance job satisfaction and a sense of growth (evaluation and compensation systems, and flexible work styles)
- Provide programs that foster career autonomy linked to management strategy
- Provide incentive plans linked to benefits and financial measures

Strengthening product competitiveness

R&D expenses **+9 billion yen**

- Strengthen product competitiveness by expanding cloud/AI app development and enhancing MEMS sensing and actuator technologies
- Engage in co-creation with other companies in core areas of R&D
- Establish R&D management system; create mechanisms for HR development and intergenerational skills transfer

Promoting DX

DX (IT) investment **+5 billion yen**

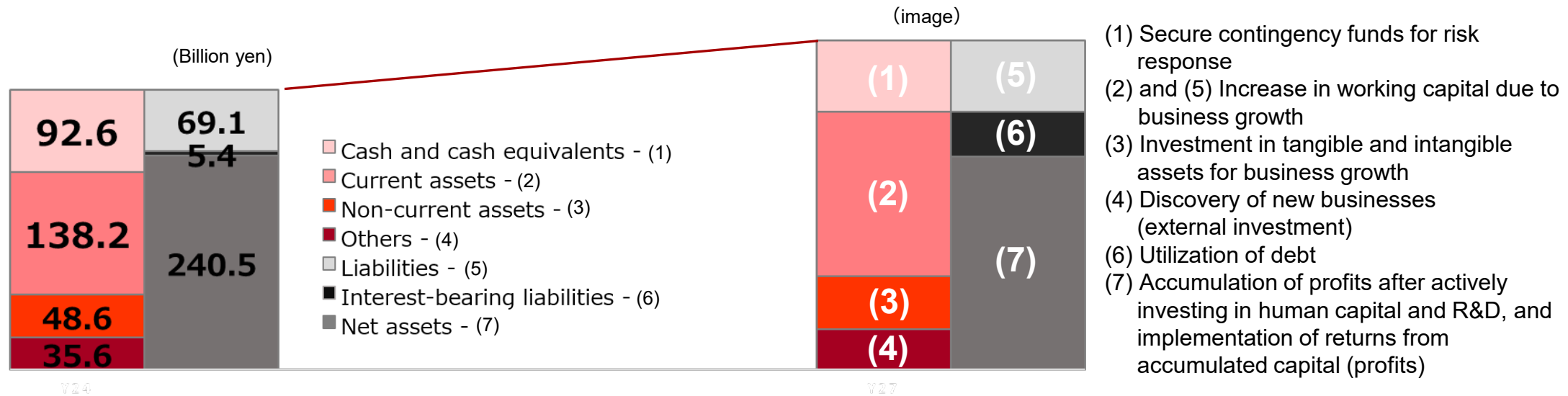
- Create products and services using product DX and sales DX
- Reform operational flows through "fit to standard"
- Employ generative AI, develop/enhance foundation for data utilization, accumulate/utilize knowledge
- Strengthen cybersecurity measures

2-2. Investments for Growth Utilizing Balance Sheet (B/S)

Achieve the next stage of growth through fostering the growth of existing businesses and investing in new ventures by the strategic allocation of assets and liabilities

**B/S at the end of previous fiscal year
(March 31, 2025)**

Projected B/S at the end of the new mid-term plan period (March 31, 2028)



- Through the reduction of inventory and held stocks, our financial stability has become robust. The increased cash is allocated to returns.
- We constructed a new facility at the Fujisawa Technology Center to strengthen R&D infrastructure for business growth and to provide a space where the future vision of our offices can be experienced.

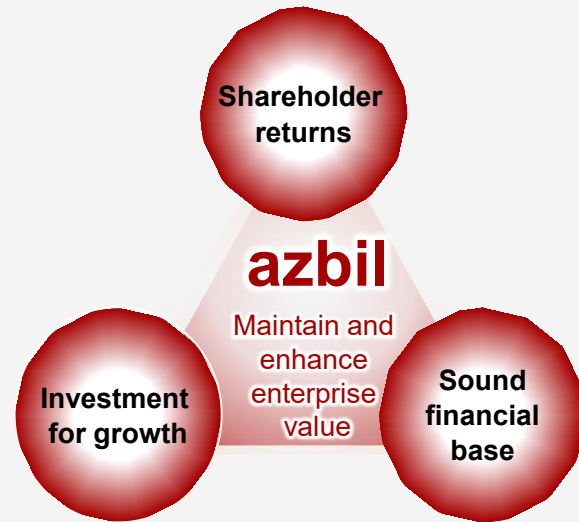
- We anticipate **approx. 50.0 billion yen in investments** for business expansion during the new medium-term plan period, considering not only available funds but the proactive use of debt.
- With a focus on cost of capital, we will allocate cash to investments and returns. We aim to continuously increase dividends to secure a **dividend on equity (DOE) of over 6%**.

2-3. Business Portfolio Restructuring: Management Conscious of the Cost of Capital

In parallel with implementing growth measures, we are continuously reviewing our business portfolio, with a view to restructuring it to enhance capital efficiency. Following the transfer of Azbil Care & Support Co., Ltd. in February 2015, we have recently transferred Azbil VorTek, LLC., which was part of the AA business, and Azbil Telstar S.L.U., a subsidiary in the LA business. Meanwhile, in the BA business, we formed a business alliance with Clean Energy Connect Inc. in the green power solutions business, and in the LA Business, we have formed a business alliance with Kamstrup A/S.

January 2024	Transfer of Azbil VorTek, LLC. (Head office: USA) Manufacture and sales of vortex flowmeters
October 2024	Transfer of Azbil Telstar S.L.U. (Head office: Spain) Development, engineering, installation and after-sales services of freeze-drying, sterilization and clean environment equipment, etc. for pharmaceutical companies and research laboratories
July 2025	Collaboration with Kamstrup A/S (Head office: Denmark) Supply of water meters and smart water metering solutions

2-4. Basic Policy



Developing a disciplined capital management and maintaining and enhancing the azbil Group's enterprise value, while carefully balancing three key elements: promoting shareholder returns, investing in growth, and maintaining a sound financial base

- Returning profits to shareholders is a management priority.
- Returning profits to shareholders is mainly by dividends, but also by flexible repurchase of shares by the Company.
- In deciding the level of returns, consideration is given to consolidated financial results, level of ROE, DOE, and retained earnings required for future business development and strengthening of the Company.
- We strive to maintain a stable but rising dividend level.

2-5. Shareholder Returns and Human Capital Investment

In line with our basic policy of enhancing shareholder returns, investing for growth, and maintaining a sound financial base, we will carry out business operations and make investments conscious of capital costs^{*1}, while actively investing in our businesses, R&D, equipment and facilities, DX, and human capital. As regards shareholder returns, we plan to increase dividends, repurchase own stock, and cancel treasury shares.

FY2024 dividend	The year-end dividend for FY2024 was increased by 2 yen from the initial plan in May 2024. The annual dividend was 24 yen per share (+5 yen compared to FY2023, taking stock split ^{*2} into account)
FY2024 Company Stock	Giving due consideration to ensuring a disciplined capital management and capital efficiency, we repurchased the Company's own stock to the value of 15.0 billion yen and canceled treasury shares worth 50.0 billion yen .
FY2025 dividend	As regards FY2025, the Company plans an annual dividend of 26 yen per share (+2 yen compared to FY2024, taking stock split ^{*2} into account)
FY2025 Company Stock	Giving due consideration to ensuring a disciplined capital management and capital efficiency, we plan to repurchase the Company's own stock to the value of 15.0 billion yen (under way) and canceled treasury shares worth 20.0 billion yen ^{*3} .
Human Capital Investment	Investment in human capital utilizing treasury shares; enhancing employee-shareholder engagement - J-ESOP-RS (restricted stock) program for employees: 4.2 billion yen - New incentive scheme: 0.3 billion yen - Reintroduction of Trust-Type Employee Stock Incentive Plan: approximately 6.5 billion yen

^{*1} Conscious of the cost of capital in management, the azbil Group has introduced and been in process of enhancing business management That incorporates return on invested capital (ROIC), which is based on the trial calculation of adjusted after-tax operating income.

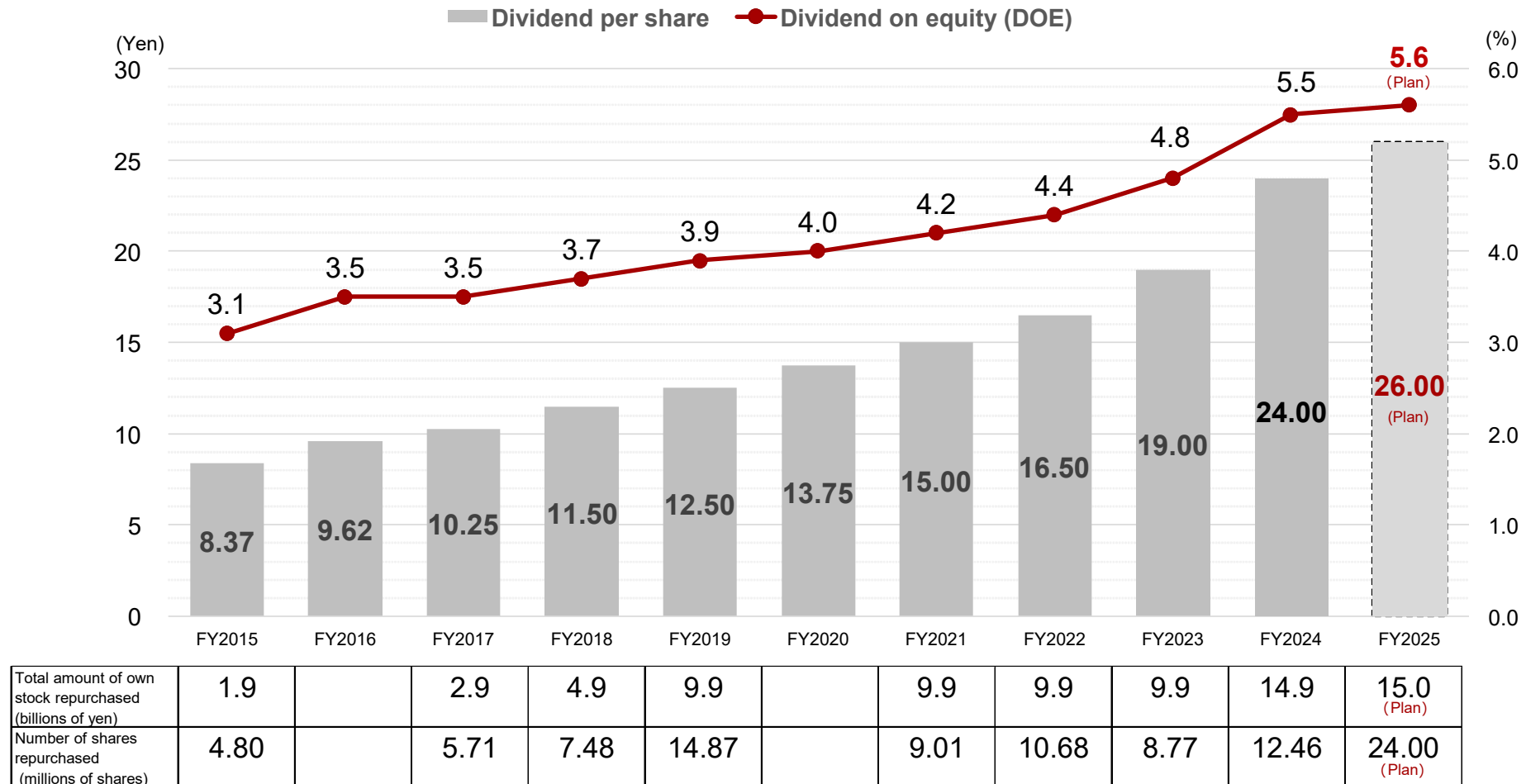
Reference:
FY2024 azbil Group ROIC (trial calculation) was 12.6%.
ROIC excluding special factors such as the transfer of equity interests in ATL was 10.3%.
Weighted average cost of capital (WACC) was 6.3%.

^{*2} To improve stock liquidity and foster a more investor-friendly environment, a stock split (1:4 ratio) was executed on October 1, 2024.

^{*3} Includes 5.0 billion yen worth of treasury shares acquired in FY2024 that were originally intended for human capital investment but remained unused.

2-6. Trend of Shareholder Returns

- In FY2025, it is planned to further increase the annual dividend—for the 11th consecutive year—by 2 yen to 26 yen per share from FY2024.



Reference: Investing in Human Capital: Benefits and Financial Measures to Strengthen Employee Engagement

In continuing the J-Employee Stock Ownership Plan, using own stock,

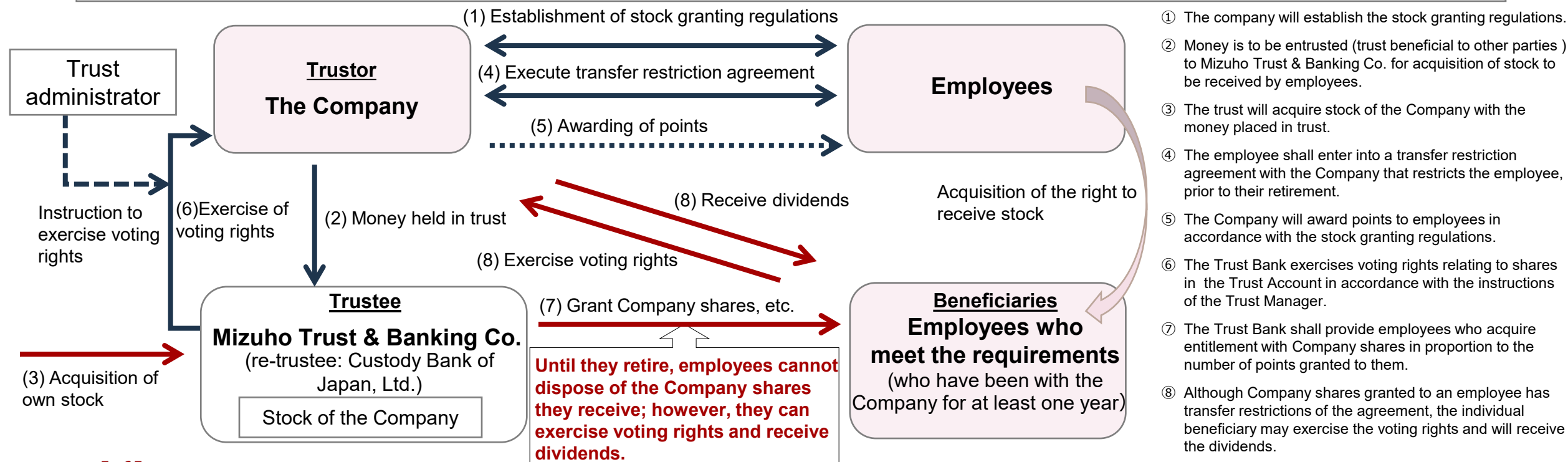
Introduced a scheme to enable in-service grants and increasing employee incentives

Employee Stock Ownership Plan (J-ESOP) (introduced in May 2017, revised in April 2025)

This is a measure for an employee benefit package using own stock. The Company's shares are granted to employees upon retirement in accordance with their contribution to business performance. As a result of this granting of own stock to the employees in the form of a stock ownership plan, the employees will have the same stakeholder perspective as the other shareholders. By thus giving the employees a greater incentive to realize improved corporate financial performance and share value, we aim to raise our enterprise value.

J-ESOP-RS (Point of the revision)

This revision, **change from retirement benefits to in-service benefits** (with execute transfer restriction), will **enable employees to exercise voting rights and receive dividends throughout their employment**. Therefore, their compensation will be more closely linked to the Company's share price and business performance.





New Medium-term Plan (FY2025-FY2027)

3. Building Automation Business

Building Automation

Kazuyasu Hamada

Managing Corporate Executive, President of Building Systems Company

3-1. Business Strategy and Performance Targets

Building Automation (BA) Business

Expand domestic market; increase revenue in overseas market; strengthen product development

FY2021-FY2024 achievements * Previous medium-term plan, May 2021
Bolstered by robust domestic and overseas demand, we exceeded our plan* for both sales and segment profit by implementing measures to strengthen profitability and shifting more resources to the existing building field.

Market analysis

- Domestic market conditions remain strong, and overseas markets are expanding thanks to economic development.
- Initiatives to achieve carbon neutrality (improved energy-saving for buildings) are accelerating.
- Owing to domestic labor shortages, demand is increasing.

Strategies for the medium-term plan (FY2025-FY2027)

Achieve global growth; increase the added value of products and services

Growth

Provide GX solutions; offer advanced system and services with higher added value

Participate in data center and other markets which require higher energy-saving needs (high added value, high profitability); develop cloud applications utilizing new technologies such as AI

Growth

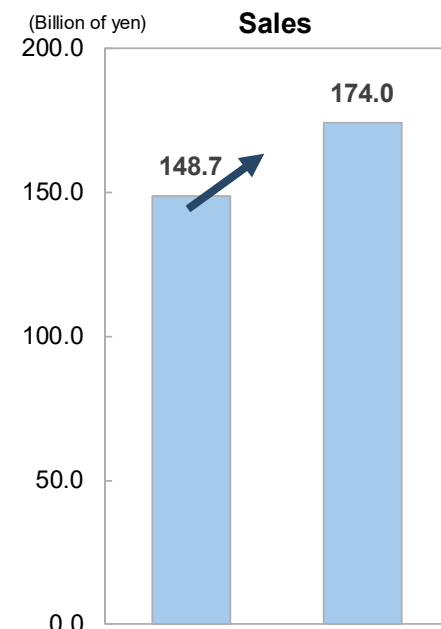
Increase revenue in overseas markets

Develop projects for locally capitalized building owners and cultivate new global account customers; expand data center business; strengthen human resources (to enhance project proposal capabilities)

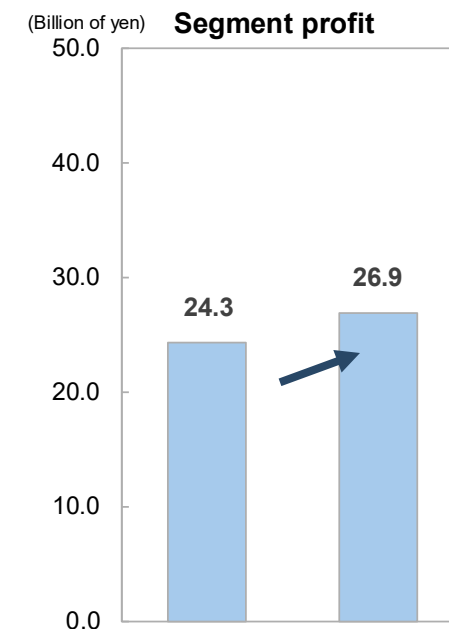
Core

Accelerate release of products that reduce or obviate construction work

Contribute to solving domestic labor shortages; promote new value-added propositions



(Billion of yen)	FY2024	FY2027
Sales	148.7	174.0
[Overseas sales]	14.4	18.5
Growth businesses	40.2	60.0
Core businesses	108.6	114.0



(Billion of yen)	FY2024	FY2027
Segment profit	24.3	26.9
Margin	16.4%	15.5%*

❖ The new medium-term plan (FY2025-FY2027) shows segment profit margins stagnating, despite an increase in profit amount. This is because the plan covers a period of strategic investment necessary to achieve long-term growth from FY2028. To realize sustainable future growth, we will invest in product/service development, human capital, and DX; we will also prioritize capturing new building demand to expand our overseas customer base.

3-2. Domestic Market Expansion

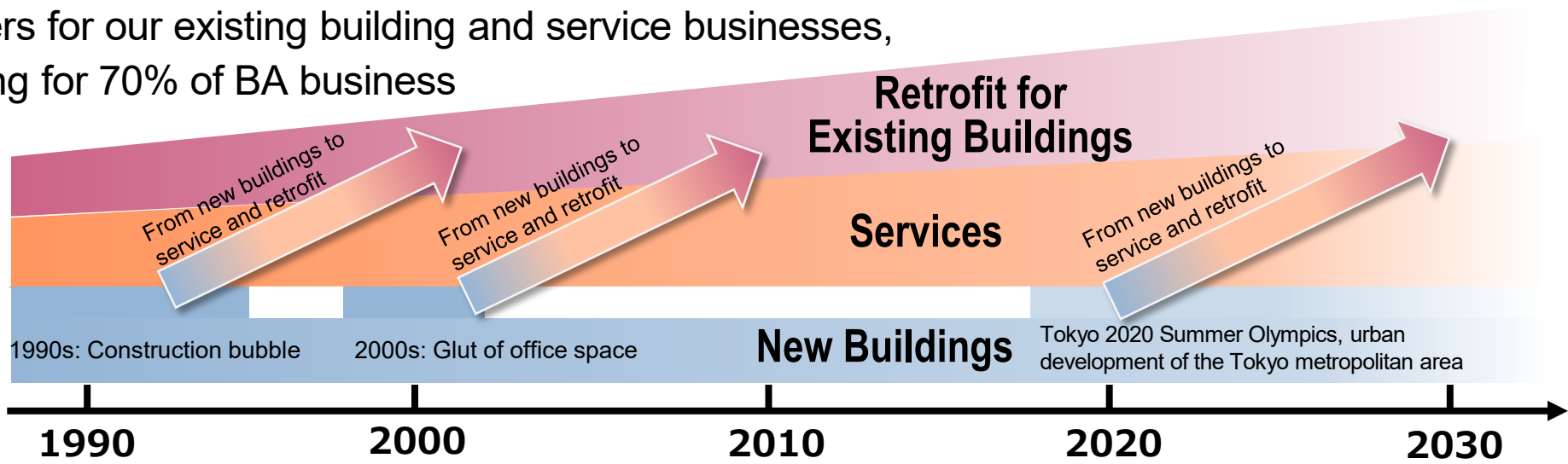
- **New buildings:** Continue initiatives focused on urban redevelopment plans, with an emphasis on profitability; strengthen initiatives for the data center market (expected to grow), the factory market, and the district heating and cooling (DHC) market.
- **Existing buildings:** Continue shifting resources to the market for existing buildings and, while steadily securing replacement demand based on accumulated stock, advance value-added proposals to promote customers' green transformation (GX) for achieving carbon neutrality, thus expanding our business.
- **Services:** Transition to high-value-added services by shifting from on-site inspections to off-site inspections (primarily remote maintenance) and data analysis.

Value-added proposals for GX promotion (from Japanese press releases, dated as shown)

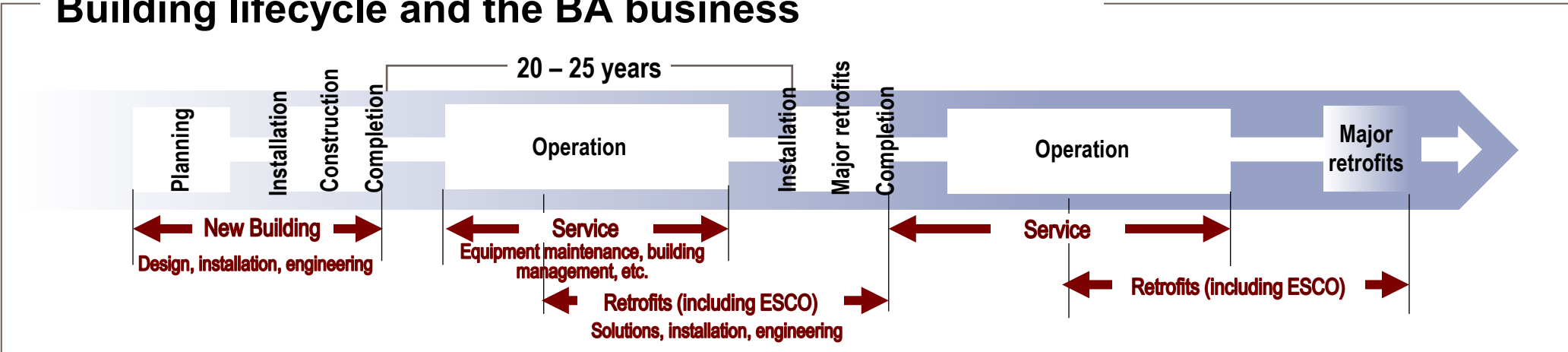
- Azbil and Energia Solution & Service Start PFI Project (ESCO Business) to Retrofit Hiroshima City Hiroshima Citizens Hospital (September 3, 2025)
- Agreement Signed with Yokohama City to Create an Urban Demand Response System (March 19, 2025)
- Start of Joint Demonstration with Clean Energy Connect of Off-site Corporate PPA Service Combining Solar Power Generation and Storage Batteries (February 17, 2025)
- Azbil Contributes to Maximizing the Use of Electricity Derived from Renewable Energy as a Participant in a Project to Install a Renewable Energy Power Scheme for the Yomiuri Shimbun Building (December 24, 2024)

Reference: Expansion of the market for existing buildings and service stock

Having won contracts for new buildings, the market for stock (existing buildings and service) is expanding. From a stock of more than 20,000 new buildings in the domestic market, we are receiving orders for our existing building and service businesses, now accounting for 70% of BA business annual sales.



Building lifecycle and the BA business



3-3. Top-Line Growth for Overseas Market

Providing products and services throughout the building life cycle and realizing sustainable business growth: Capturing changing overseas market needs as opportunities to develop new customers, and leveraging the strength of the lifecycle-based business model we have cultivated in Japan to grow our business

Past	Customers have traditionally prioritized low prices over controllability and energy efficiency.
Present	As the Southeast Asian economies grow, local building owners, global account customers, and data center operators recognize the high added value offered by azbil. as represented by its strong start-to-finish engineering capabilities and high quality.
Future strategy	We will focus on securing orders for new building businesses, later channeling customers into our existing building and service businesses, thus expanding our lifecycle-based business.

Previous medium-term plan

(FY2021-FY2024)

To expand our customer base, we shifted our focus from overseas projects backed by Japanese capital to securing orders from local building owners. We successfully cultivated global account customers.

New medium-term plan

(FY2025-FY2027)

While we focus on local building owners, we will continue developing global account customers. We will also expand our data center business and strengthen human resources (enhanced project proposal capabilities).

Further growth

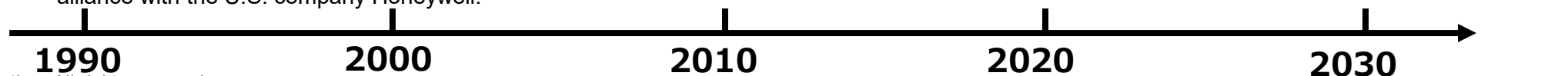
(FY2028-FY2030)

The new building business is expected to grow beyond FY2027. We will enhance efficiency by creating new service infrastructure.

- ❖ By strategically securing new building projects overseas, we will achieve double our overseas new building stock within a few years. While they tend to generate higher sales but lower profitability, which may temporarily lower overall profit margins, we will expand our overseas existing building and service businesses—currently accounting for about 20% of overseas sales—to achieve future overseas business growth and improve profitability.
- ❖ Data center projects are being rolled out in 6 Southeast Asian countries, achieving an annual growth rate of 35% between FY2023 and FY2025.

For now, increase the revenue of the existing building and service businesses from 20% to 30%.

The overseas BA business had to start from scratch following dissolution of the capital alliance with the U.S. company Honeywell.



3-4. Strengthening Product Development

- Release products designed for simplified installation and engineering
- Develop cloud applications that enhance the added value for the service business
- Develop tools and products that can leverage building device data (BD) and building information modelling (BIM); Reform operations—from new building orders and system development to maintenance and renovation of existing buildings—and deliver new value

Explanatory video: <https://www.azbil.com/jp/product/building/mirai/bim-bd/index.html#3> (in Japanese)

Simplified installation/engineering, cloud products

- Create products that require minimal or zero installation work so that even unspecialized technicians can install them easily. Aim to reduce installation work around VAV/FCU, as well as within living spaces, by utilizing power line communication (PLC) and wireless communications.
- Plan and develop cloud products aimed at expanding the value-added application business linked to BA systems.

System to be enhanced over the course of the new medium-term plan (FY2025-FY2027)

- Priority product development
- Priority technology development

Cloud systems that evolve through data utilization



Data utilization technologies for storing/using big data

Systems featuring optimal mix for leveraging the manufacturer's strengths



Network technologies for generating/acquiring data

On-premises systems that evolve through network technologies



■ Development of next-generation cloud products and next-generation engineering

- BD/BIM utilization, data utilization, digital twins
- Cloud engineering
- Develop edge server to leverage cloud benefits

■ Data utilization technologies

Harness AI-related technologies for products and services

■ Simulation technology

Digital twins of the BA system and building facilities in their entirety



■ Development of products offering simplified installation & engineering

- power line communication (PLC)
- Wireless communication

■ Network technologies

- Network security
- Network diagnostics

■ Development of enhancing long-term reliability of the BA system





New Medium-term Plan (FY2025-FY2027)

4. Advanced Automation Business

Advanced Automation

Takashi Igarashi

Managing Executive Officer, President of Advanced Automation Company

4-1. Business Strategy and Performance Targets: Advanced Automation (AA) Business

Accelerate global business expansion; Create new automation; Strengthen profitability

FY2021-FY2024 achievements * Previous medium-term plan, May 2021

Profitability improved, and a segment profit margin of 15% was achieved despite the sluggish FA market; progress was made with developing new customers, mainly overseas.

Market analysis

- The need for factory/plant automation persists globally as customers seek solutions to labor shortages, safety and environmental concerns.
- Demand for new measurement and control technologies for advanced production processes is expanding.

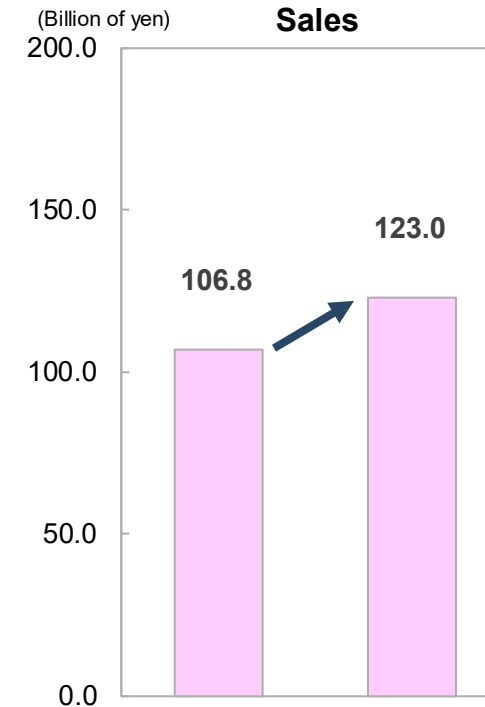
Strategies for the medium-term plan (FY2025-FY2027)

Establish multiple leading areas where Azbil has a competitive advantage; develop these domestically and internationally.

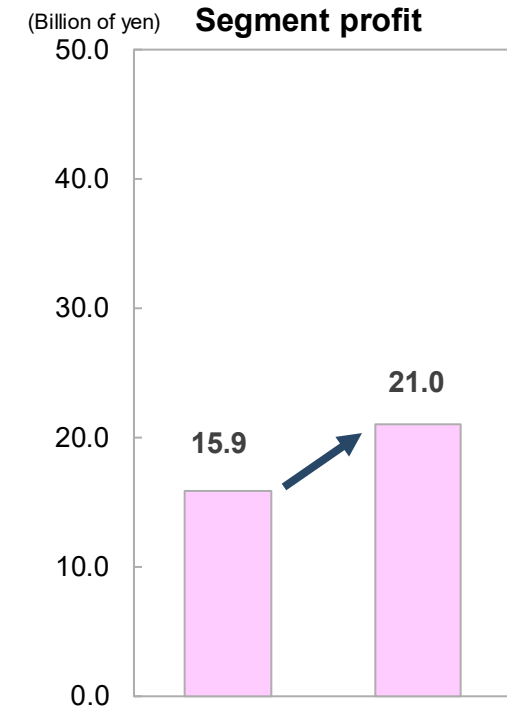
Growth Accelerate global business expansion
Deploy competitive solutions developed in our domestic business to global markets

Growth Create new automation
Make use of unique Azbil technologies—such as MEMS sensors, technologies related to control valves, and autonomous plant operations—to meet new demand for measurement and control technologies

Core Continue to strengthen profitability based on our achievements to date
Implement further improvement of business mix; reduce cost of products and services; and optimize price, including cost pass-through



(Billion of yen)	FY2024	FY2027
Sales	106.8	123.0
[Overseas sales]	32.0	41.0
Growth businesses	44.2	59.0
Core businesses	62.6	64.0



(Billion of yen)	FY2024	FY2027
Segment profit	15.9	21.0
Margin	15.0%	17.1%

4-2. Business Development Focused on 3 Business Sub-segments

Three business sub-segments all operate using an integrated system covering everything from marketing to sales and profit management

Three business sub-segments

Control Product (CP) business:

Product business for supply of factory automation products such as controllers and sensors

Industrial Automation Product (IAP) business:

Product business for supply of process automation products such as differential pressure transmitters, pressure transmitters, and control valves

Solutions and Services (SS) business:

Business offering control systems, engineering service, maintenance service, energy-saving solution service, etc.

Main products/services

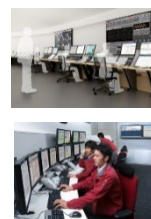
- Photoelectric switches, proximity switches, limit switches
- Flow sensors
- Controllers
- Combustion safety and control systems



- Control valves, valve positioners
- Field instruments (pressure gauges, flowmeters, level transmitters, temperature transmitters)



- Monitoring and control (DCS), advanced control solutions, autonomous control systems
- Various plant management applications
- Maintenance services



Business fields

*Figures in parentheses indicate percentage of overall AA business sales.



Factory Automation Field (processing & assembly industries)

Electrical and electronics, semiconductors, machine tools, automobiles, food, etc. (customers: equipment manufacturers)

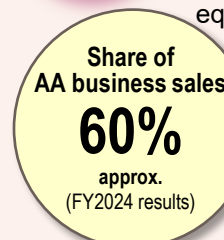


We supply products to semiconductor manufacturing equipment manufacturers (approx. 5-10%), industrial furnace manufacturers (approx. 10%), and various other equipment manufacturers. Although there are market fluctuations, this is a field in which the cutting-edge, distinctive technologies are in demand, and growth is anticipated both in Japan and overseas.



Process Automation Field (materials industries)

Oil, petrochemicals, chemicals, iron and steel, pulp and paper, pharmaceuticals, etc. (customers: plant operators, plant engineering companies, equipment manufacturers)



In addition to the chemical market (approximately 20%), which includes diverse fields such as fine chemicals, we supply products to various materials industries. The domestic market, in which our stock business is of prime importance, remains relatively stable. However, new demand is emerging for AI-based solutions to address labor shortages, boost productivity, and advance GX.

4-3. Accelerating Global Business Expansion

Expanding globally with competitive solutions cultivated through our domestic business

Accelerating expansion into growth markets, mainly in East Asia, North America, and India

- **Area expansion**

PA: Expanding focus area from China/East Asia and Southeast Asia to India and North America

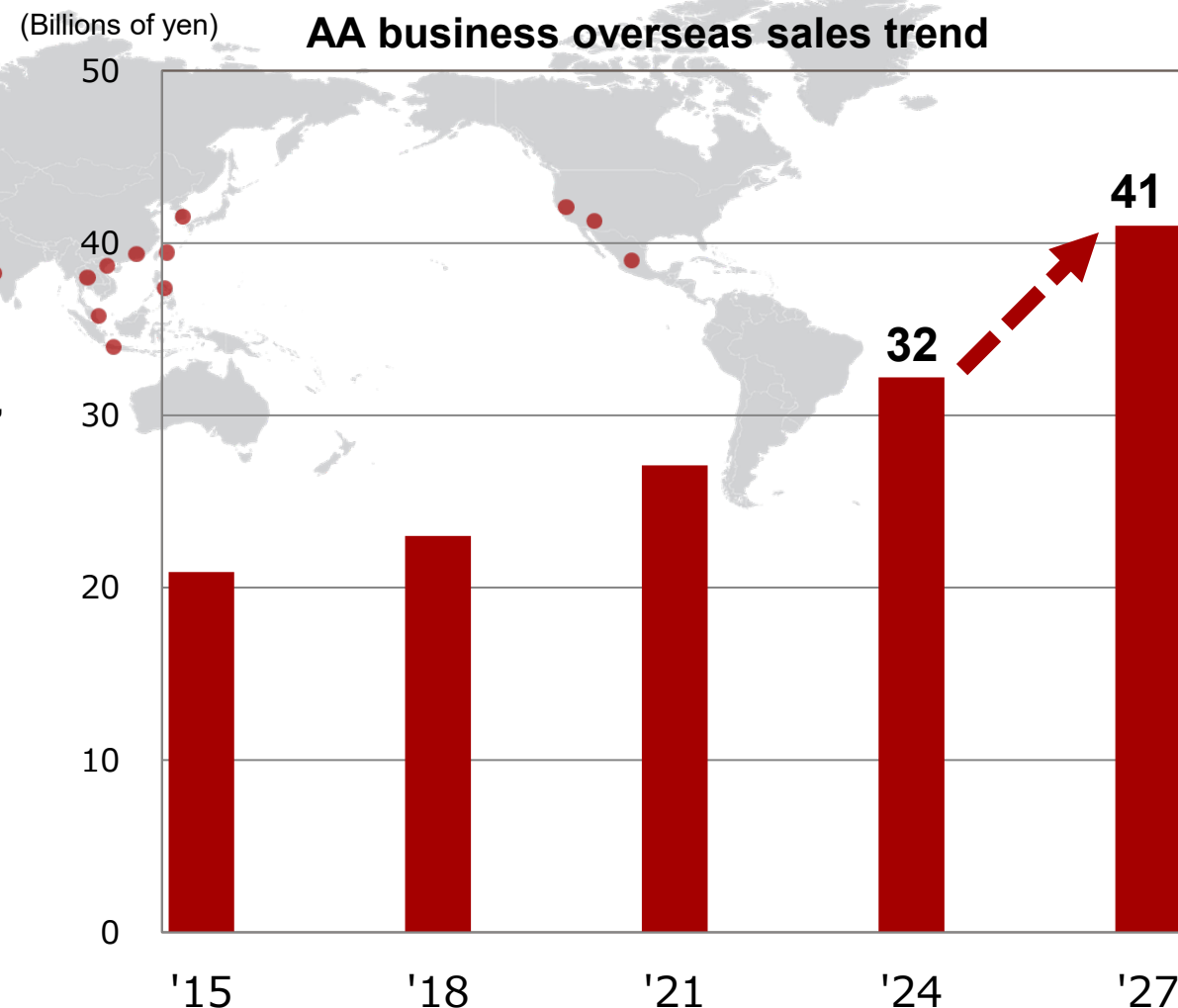
FA: Developing regions where expansion of FA market (equipment manufacturers) is expected, from China/East Asia, Southeast Asia, and North America to Europe and India

- **Customer coverage expansion**

- Expanding customer coverage globally through introduction of MA/SFA in Japan and overseas (accelerating sales DX); raising sales quality
- Increasing sales personnel at overseas sites

- **New Automation: Global deployment of competitive solutions developed for domestic business**

* For New Automation, refer to the following page.



4-4. New Automation (expanding our competitive advantage with enhanced product competitiveness)

“New Automation” refers to new products and services with which we will expand business domains centered on our unique technologies. These are being deployed across all business sub-segments. New Automation will contribute to society by addressing emerging societal issues while creating high-profit businesses that leverage new opportunities.

CP business: Sapphire capacitance diaphragm gauge

■ Why Azbil?

We have independently developed a MEMS sensor featuring bonded sapphire, covered by multiple patents. We have also established an in-house production system.

■ Market value?

Unlike products so far available from competitors, this technology makes the sensor device less susceptible to material adhesion and reduces zero-point shift, realizing stable vacuum measurement over extended periods.

■ Growth potential?

The main market is for vacuum chambers, primarily for film deposition in the semiconductor front-end process. When it comes to advanced semiconductors, the precision and stability of vacuum sensing within the chamber are both crucially important. Moreover, hundreds of vacuum chambers are required for a single semiconductor front-end fab, and the market shows signs of expanding significantly. Additionally, there is demand for regular maintenance, which is expected to drive business expansion focusing on equipment manufacturers as well as the device manufacturers.



Expanding global market

FY2024 → FY2027 + 10 billion yen

Followed by further growth

IAP business: CV total solution

■ Why Azbil?

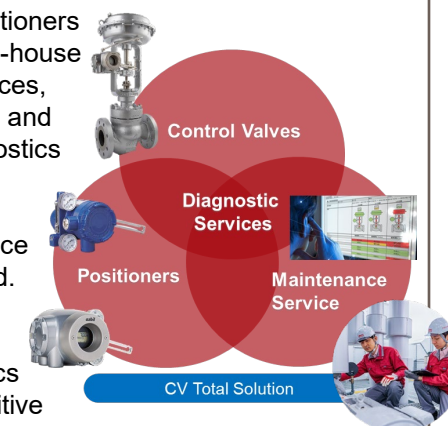
Azbil offers everything from control valves (CV) and smart valve positioners to cloud-based CV diagnostics and CV maintenance performed by in-house engineers. Only Azbil, which handles everything from design to services, can confirm the consistency between the results of cloud diagnostics and the actual on-site CV status. The accuracy of our cloud-based diagnostics for over 10,000 CVs in domestic plants only continues to improve.

■ Market value?

Thanks to Azbil's CV Total Solution, CV quality improves, maintenance costs decrease, and after servicing operational evidence is digitalized. Multiple advantages completely transform plant CV management.

■ Growth potential?

We have the top market share for CVs in Japan. In the CV diagnostics field, there is potential for further expansion. We also have a competitive advantage in the giant overseas market, meaning that significant growth is possible.



SS business: Plant autonomization system

■ Why Azbil?

For autonomous systems that use AI in plants, managing continuous analog data is both critical and highly challenging. Azbil achieves autonomy by combining AI with a deep knowledge of analog data characteristics, gained from years of DCS experience.

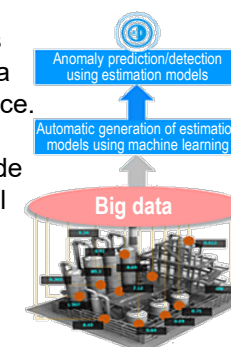
■ Market value?

In Japan, over 7,000 Azbil AI autonomous models are currently in operation in a wide range of markets including power generation, oil refining, petrochemicals, functional chemicals, pharmaceuticals, food, electrical/electronics manufacturing, water treatment, and incinerators.

We are also involved in a joint development project with a major customer to advance autonomous model evolution.

■ Growth potential?

Manufacturing industries are seeking various new advances—for example, to enable them to address such challenges as aging equipment and labor shortages—as well as new technologies for renewable energy. AI-based autonomization for these industries is expected to lead to significant market growth. Even larger markets exist overseas.



4-5. Continuing & Expanding Profitability Enhancement

— Building on Our Track Record to Achieve Further Improvement with New Initiatives

Since FY2016, we have implemented profitability improvement initiatives—separately tailored to each of the three sub-segments—resulting in a significant improvement in profitability. While continuing to implement proven measures for profitability enhancement, **we will accelerate the development of high-value-added businesses, enhance the quality of our engineering services, and strengthen our business foundation (CX/DX) to further improve our profitability**

Accelerating high-value-added business development, enhancing engineering service quality, strengthening the business foundation (CX/DX)

Measures already implemented to enhance profitability

To improve the business mix

- Improving the customer/product mix
- Reassessing unprofitable products and services

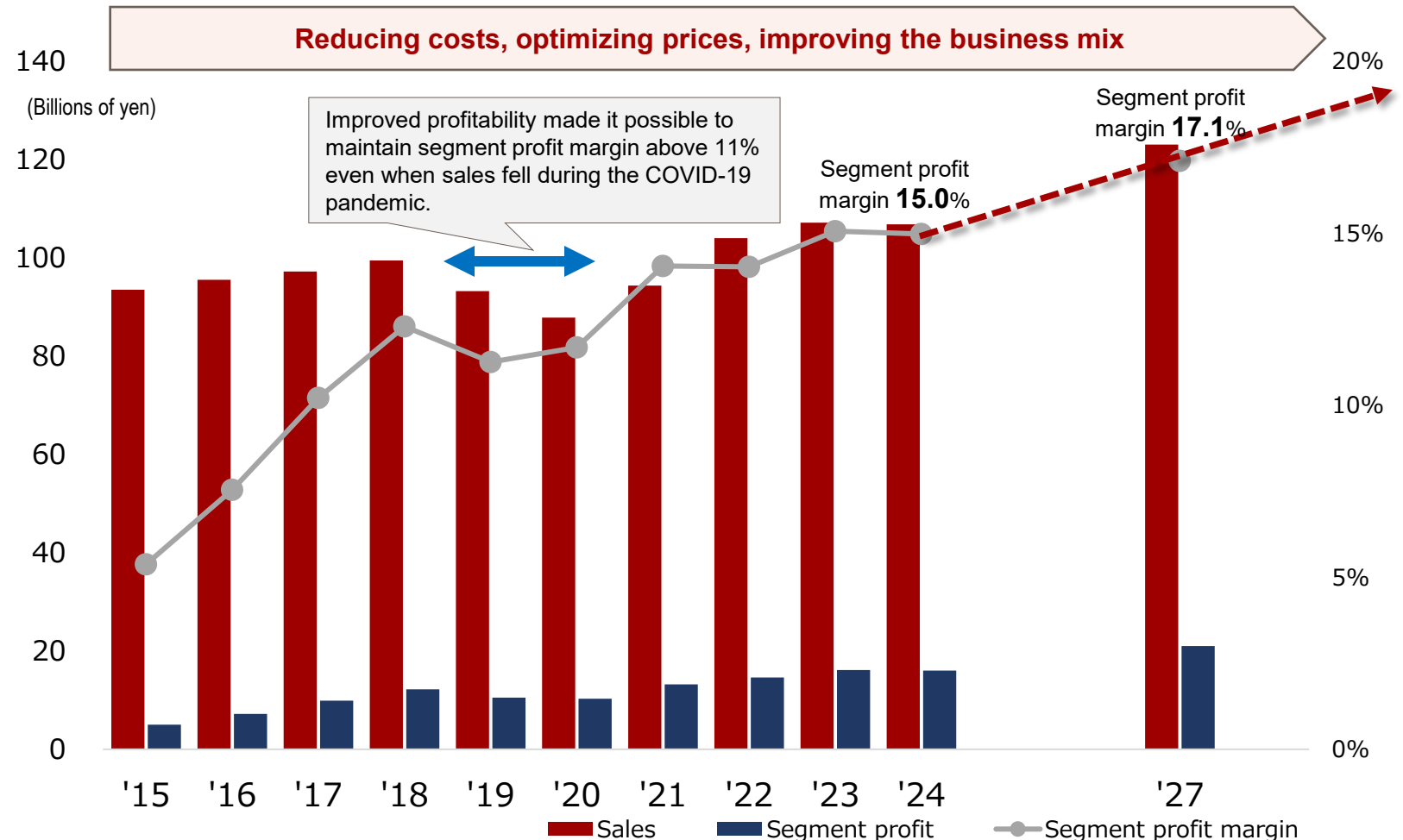
To improve product/service costs

- Expanding overseas production and procurement
- Reducing product costs through design changes
- Improving engineering methods
- Reducing indirect costs, optimizing outsourcing, etc.
- Reassessing unprofitable products and services

To optimize price levels

(including cost pass-through)

- Systematization to strengthen contract/price management
- Revising prices, cost pass-through
- Strengthening project profitability control
- Project risk management, etc.





New Medium-term Plan (FY2025-2027)

5. Life Automation Business

Life Automation

Kenji Okumura

Managing Executive Officer, Life Automation Business

5-1. Business Strategy and Performance Targets: Life Automation (LA) Business

**Achieve growth through synergy between smart meters and smart metering as a service;
Restructure the business portfolio**

FY2021-FY2024 achievements * Previous medium-term plan, May 2021
Although the performance targets in the previous medium-term plan* were not achieved, the business portfolio has been restructured (transfer of Azbil Telstar).

Market analysis

- Smart technologies are penetrating the global meter market.
- Demand is growing for the added value made possible by using data collected from meters.

Strategies for the medium-term plan (FY2025-FY2027)

Continue business restructuring; focus on markets centered on smart technologies and the utilization of meter data

Growth

Promote smart meter business and smart metering as a service*¹ business

Promote smart metering as a service business; accelerate development of next-generation smart meters to differentiate our products and services

Growth

Accelerate business portfolio restructuring to achieve further growth

In Japan and overseas, engage in new strategic investments and collaborative ventures with other companies, increasing business scale and strengthening profitability

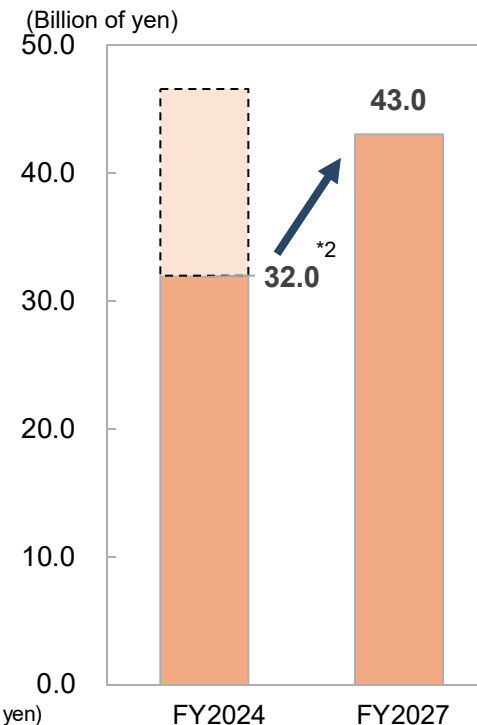
Core

Grow business by steadily capturing renewal demand required by law

Expand business by increasing added value through introduction of meters with new technologies, while steadily capturing renewal demand required by law

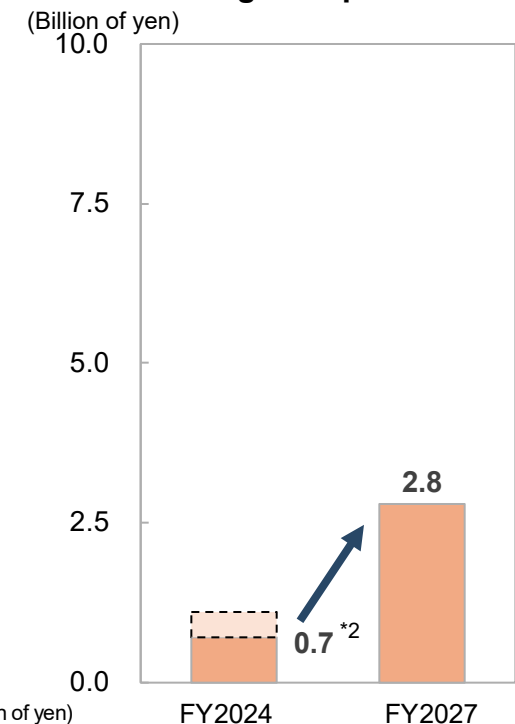
Expect growth in Lifestyle-related field (residential central air-conditioning systems)

Sales



(Billion of yen)	FY2024	FY2027
Sales	32.0 *2	43.0
[Overseas sales]	2.1 *2	2.5
Growth businesses	4.0 *2	6.0
Core businesses	28.0 *2	37.0

Segment profit



(Billion of yen)	FY2024	FY2027
Segment profit	0.7 *2	2.8
Margin	2.3% *2	6.5%

*1 In addition to conventional metering functions, this business provides new added value as a measurement-based service.

*2 Sales and segment profit excluding the impact of the transfer of Azbil Telstar in October 2024

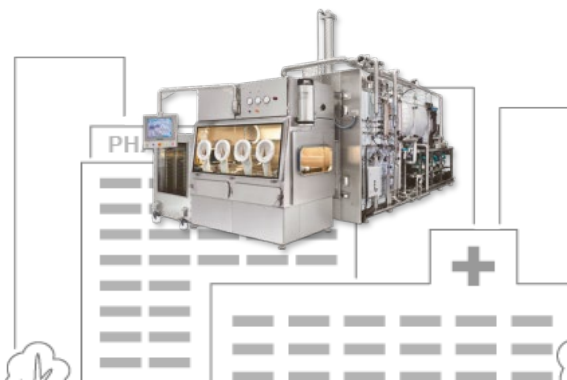
5-2. Life Automation Business Structure and Opportunities

To add to our BA and AA businesses, it was decided to expand into lifeline and related fields. Following the acquisition of Kimmon Manufacturing Co., Ltd. (now: Azbil Kimmon Co., Ltd.) in FY2006, we developed this segment as our LA business. After the restructuring of our business portfolio, the LA business currently operates in the lifeline field (gas & water meters) and the residential central air-conditioning systems field.

Life Science Engineering field

Development, engineering, installation, and after-sales services for freeze-drying, sterilization and clean environment equipment, etc. for pharmaceutical companies and research laboratories

Pharmaceutical manufacturing equipment



October 2024: Transfer of Azbil Telstar S.L.U.

Lifeline Field (gas & water meters)

Supply of city gas and LP gas meters, water meters, safety and security equipment (alarms, automatic shut-off valves, etc.), and regulators

Share of LA business sales
95%
approx.
(FY2024 results)



- Although there is continuing demand for the replacement of meters, as required by law, the meter market in Japan is mature.
- On the other hand, the smart meter market is expected to grow at an annual average rate of 7–9% for city gas supply and 10–20% for water supply (in Japan development of the smart meter market lags behind Europe and the US).
- We are aiming to expand our business by collaborating with power utility companies and by leveraging strengths such as the leak-detection capabilities of next-generation smart water meters.

Residential Central Air-conditioning Systems field

Supply of whole-house climate control systems that cool, heat, ventilate, purify air, and dehumidify with a single A/C unit, providing a comfortable environment throughout the home

Share of LA business sales
5%
approx.
(FY2024 results)



- Japan is experiencing a downward trend in housing starts for single-family homes, but owing to people's growing health consciousness the market for high-end central air-conditioning systems is projected to expand.
- We will differentiate our offerings with a combination of value-added technologies such as electronic air cleaners, VAV (Variable Air Volume), and humidification functions.

Note: Azbil Telstar sales have been excluded from calculation of the relative shares of LA business sales.

5-3. Smart Meters and Smart Metering as a Service

Acquiring, and then making available, the data needed to solve customer issues enables us to analyze it and provide a high-value-added service.

Delivering new value to society by combining electricity, gas, water and other data



Growth drivers for the business

- **Shrinking labor force**
 - As the labor force declines, there is greater need for **automated meter reading**.
- **Increasing momentum for Big Data utilization**
 - Expanding joint meter reading enables the combined collection of gas, water, and electricity data. **New services and business opportunities expand.**
 - Expansion into the field of monitoring/frailty prevention services is also possible.
- **Entering the data service business of electric power companies**
 - **Joint meter reading for gas, water, and electricity** enables reductions in infrastructure investment.
 - By utilizing electric power IoT routes, communication coverage areas can be expanded.
 - Cloud service provision by power utility companies is accelerating.
- **Improving resilience**
 - **Rapid recovery following a disaster**, and early damage assessments are made possible.

5-4. Collaboration Example

In collaboration with Kamstrup A/S, we are launching next-generation ultrasonic smart meters and a cloud-based water leak detection service in the Japanese market.

Azbil Kimmon and Kamstrup collaborate to address water infrastructure challenges with next-generation ultrasonic smart water meters

– Creating new value in the Japanese market through strategic partnership –

TOKYO, September 25, 2025: Azbil Kimmon Co., Ltd. (Head Office: Shinjuku-ku, Tokyo; President: Kenji Okumura) has announced its collaboration with Kamstrup (Head Office: Denmark), a global leader in smart water metering solutions, to launch next-generation ultrasonic smart water meters in the Japanese market starting in the second quarter of 2026. In addition, Azbil Kimmon will introduce Kamstrup's machine learning-based cloud service for leak detection.

With Japan's aging water infrastructure, labor shortages, and rising operational costs, there is a growing demand for solutions to efficient leak detection and maintenance problems. To address these challenges, next-generation smart water metering solutions that leverage advanced technologies are required.

In July 2025, Azbil Kimmon formalized an agreement with Kamstrup to jointly develop the Japanese market. Through this partnership, Azbil Kimmon aims to create solutions tailored to Japan, focusing on leveraging innovative technologies to address societal challenges and foster high-value-added services in the Japanese water industry.

(From the press release dated September 25, 2025)



Appendix



The azbil Group's Remote Maintenance

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

Control software remote inspections

For each control line, the controller will diagnose the operating status, identify any anomalies and their causes, and propose improvements.



Control device remote inspections

Based on logs, measurement data, etc., the control device will diagnose any faults or anomalies in the device and automatically back up data.



Helpdesk

After the helpdesk receives an inquiry, our specialists assess the on-site situation using a remote maintenance system and determine appropriate countermeasures.



Energy saving through control improvements

Based on operating data, acquired from the control system, and equipment specifications (capabilities), the potential for making energy savings is automatically diagnosed and measures proposed. After these measures are implemented, their effect is also automatically diagnosed.



Cloud-based solutions

Proposal for a cloud application to be attached to the installed system to facilitate installation in the shortest possible time with remote engineering



Emergency response and faulty device replacement

When a faulty controller is replaced, rapid system recovery can be achieved by utilizing backup data obtained through remote maintenance.



Promoting digital transformation utilizing advanced diagnosis, total service process design, and AI technology

Azbil's service business platform

Information acquired online (logs, operating and historical data relating to control system products) +
Service management information (project, design, engineering, inspections, inquiries)



Network linking us to our customers (mobile, fiber)



The azbil Group's Sustainability Management

Materiality is identified from the perspective of sustainability and contributing “in series” to a sustainable society. As regards the seven key categories related to business and corporate activities, specific azbil Group SDG targets have been set as Essential Goals of the azbil Group for SDGs. At the same time, as regards the three fundamental obligations to society that a company must fulfill, we have set specific targets for our CSR activities. We will promote sustainability management by implementing initiatives to achieve these targets.

	Materiality		Essential Goals of azbil Group for SDGs		
			Essential goals	Targets	
Business	Environment	Climate change	I Preserving the Earth's environment and solving energy-related problems through cooperative creation	Environment and energy	● Effective reduction of CO ₂ at customers' sites: 3.40 million metric tons of CO₂/year ^{*1} (FY2030) ● Reduction targets in greenhouse gas (GHG) emission (science-based target ^{*2} approved) (FY2030) 55% reduction in GHG emissions from our business activities (scopes 1+2) compared to 2017 33% reduction in GHG emissions throughout the entire supply chain (scope 3) compared to 2017 ● Design all new products to meet the azbil Group's own sustainability standards ^{*3} and to be 100% recyclable ^{*4} (FY2030) ● Increase the number of skilled professionals ^{*6} for supporting sustainable services ^{*5} to a total of 1,800 ^{*7} —triple the number in FY2021
		Resource recycling			
	Innovation		II Realizing sustainable production sites, work environments, and a safe and comfortable society through new automation	New automation	Solving occasional issues as required by society and creating added value through advanced measurement, a data-driven approach, and autonomy ● We will achieve a state of resilience to changes in the business environment at 8,000 business sites by 2030. ^{*8} ● We will provide environments that support stress-free and diverse work styles to 6 million people by 2030. ^{*9}
General corporate activities	Society	Supply chain	III Fulfilling our responsibilities to society across our supply chain and contributing to local communities	Supply chain; Social responsibility	● Working with our business partners on achieving SDGs as a common goal and creating shared CSR value across the supply chain; Evaluating policies, systems, initiatives, and effectiveness using our own evaluation indicators ^{*10} ● Social contribution activities rooted in local communities are run at all our business sites, ^{*11} with the active participation by every employee ^{*12}
		Contribute to local communities			
	Human resource	Human rights, safety, and health	IV Strengthening our foundation to solve societal problems through health and well-being management and continuous learning	Health and well-being management; An organization that never stops learning	● Implementing health and well-being management (job satisfaction, health, diversity and inclusion) Employees expressed satisfaction with working at azbil Group companies in FY2030: 65% or more ^{*13} Increase the percentage of women in managerial positions to at least 10% ^{*14} in FY2030 Double the percentage of female managers in the Group's domestic companies by FY2027, compared to FY2017 ● Developing and strengthening “an organization that never stops learning” Employees have experienced personal growth through their work in FY2030: 65% or more ^{*13}
		Learning and employee development			
Our fundamental obligations	Governance	Product safety and quality	Fulfilling our fundamental obligations to society		* With regard to product safety and quality and compliance, each department sets indicators and goals directly related to business as a CSR activity plan. The plan includes compliance enhancement, strengthening of response to legal requirements, disaster prevention and BCP, information leak prevention, proper accounting practices, creation of a healthy workplace, enhanced occupational health and safety, assurance of customer safety from product incidents, and respect for human rights. Progress on these initiatives is monitored through the azbil Group CSR Promotion Committee, ensuring maintenance and improvement of such initiatives. * With regard to corporate governance, in 2022 the company transitioned to a three-committee Board structure, and is working to ensure appropriate supervision and effectiveness under a system of Board of Directors with a majority of outside derectors and three statutory committees. - In 2025, the company strengthened its corporate governance by appointing an outside director as the chairperson of the Board of Directors and revising its remuneration policy for officers—expansion of the performance-linked component of the remuneration structure for corporate executives, revision of key performance indicators, and expansion of the scope of “Malus and Clawback policy.”
		Corporate governance			
		Compliance			

Decarbonization Transition Plan

We are actively contributing to solutions for energy challenges faced by both our customers and society at large, and we have also developed a transition plan to support decarbonization efforts.

Our scope 3 emission reduction target towards FY2030, which has been revised upward from 20% reduction to 33% reduction, and the 2050 net-zero target—which includes all CO₂ emissions (scopes 1, 2, and 3)—were certified by the SBTi. (October 2024)

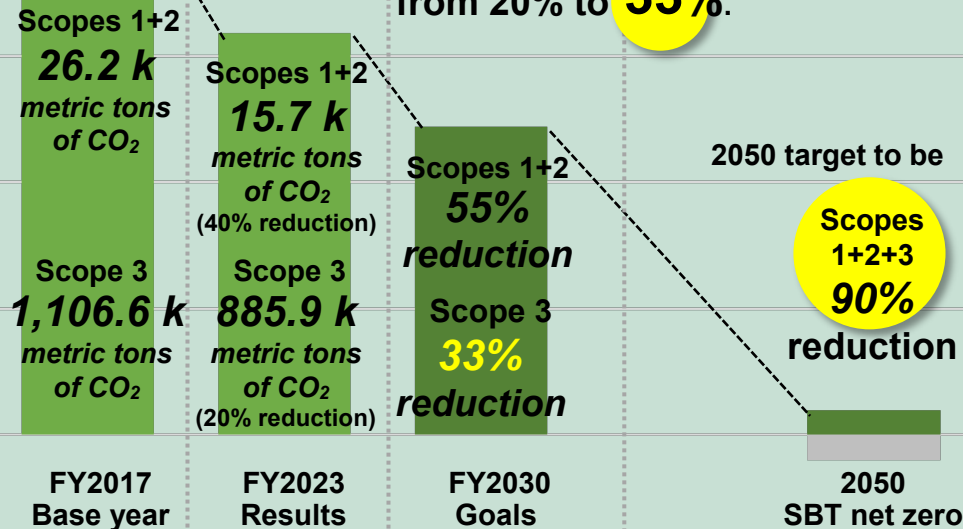


2.84
million
metric tons
(result)

3.40
million
metric tons
(plan)

GHG emissions reductions

Scopes 1+2
Scope 3



Means of GHG emissions reductions

Scopes 1+2

By 2030

- Promote energy conservation projects focused on our sites
- Proactively use renewable energy
- Gradually switch company vehicles to hybrid and electric ones

By 2050

- Work with business departments to accelerate decarbonization at our sites
- 100% of electricity used will be from renewable energy sources
- Accelerate switchover of company vehicles to electric ones

Scope 3

By 2030

- Promote sustainable product design (mainly resource- and energy-saving design)
- Achieve 100% recyclable design
- Promote collaboration with suppliers (decarbonization, support for goal setting)

By 2050

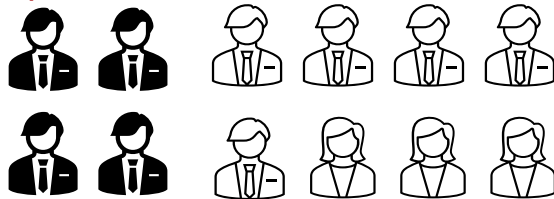
- Continue and expand sustainable design (mainly resource- and energy-saving design)
- Continue 100% recyclable design
- Promote and expand collaboration with suppliers (decarbonization, support for goal setting)

Further Strengthen Corporate Governance (1): Transition to a New Board Structure

- Aiming to further strengthen the **independence and supervisory function of Board of Directors**
 - before June, 2022: Operated as a company with an audit & supervisory board
 - June, 2022: Transitioned to a company with a three-committee board structure, with a non-executive inside director serving as chairperson (total 12 members)
 - June, 2025: **An outside independent director serves as chairperson, reducing the number of members from 12 to 10**, effective at the general shareholders meeting

Supervisory

Chairperson



Composition of independent outside directors: 66.7%
Composition of female directors: 25%
 4 inside directors and 8 independent outside directors

Board of Directors
12 to 10

Chairperson



Composition of independent outside directors: 70%
Composition of female directors: 30%
 3 inside directors and 7 independent outside directors

Nomination Committee

Audit Committee

Remuneration Committee

Each statutory committee is chaired by an outside director

Accelerate the delegation of authority to the executive side



Executive



Corporate executives



Executive officers



Further Strengthen Corporate Governance (2): Revision of the Remuneration Policy for Officers

Further motivate corporate executives to achieve medium- and long-term performance targets and enhance the enterprise value

Expansion of the performance-linked component of the remuneration structure (Increase the relative percentage of bonuses and stock-based compensation)

- The remuneration structure for corporate executives is based on their roles and responsibilities, and consists of basic remuneration, which is a fixed monthly amount; bonuses, which are short-term incentives; and stock-based compensation, which is a medium- to long-term incentive.
- To ensure a remuneration structure that motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value, the incentive component of remuneration has been set at a high level.

(After) Example of president & CEO

Incentives		
Basic remuneration	Bonus	Stock-based compensation

Basic remuneration: Bonus: Stock-based compensation = 1:1:1

(Before) Example of president & CEO

Basic remuneration	Bonus	Stock-based compensation
--------------------	-------	--------------------------

Basic remuneration: Bonus: Stock-based compensation = 4:3:3

Revision of key performance indicators (KPIs)

- Non-financial KPIs: “Employee engagement” “Diversity” and “Individual evaluation”

(After) Example of president & CEO

Bonus KPIs		Evaluation weighting
Financials	Net sales	45%
	Operating income	45%
Non-financials	Employee engagement	2.5%
	Diversity (% of female managers)	2.5%
	Individual evaluation (customer satisfaction, productivity & efficiency, CSR management, etc.)	5%

(Before) Example of president & CEO

Bonus KPIs		Evaluation weighting
Financials	Net sales	45%
	OP margin	45%
Customer satisfaction, productivity & efficiency, HR Development and Organizational Revitalization CSR management, etc.		10%

- Set “ROE” as one of the KPIs to promote value sharing with shareholders in performance-linked amount (50%) of stock-based compensation

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

KPIs of Stock-based compensation		Evaluation weighting
Financials	Relative TSR	50%
	OP margin	30%
Non-financials	Effective CO ₂ reduction	20%

Further enhance remuneration governance: expansion of “malus and clawback policy”

- If the financial results for a previous fiscal year are revised retrospectively, or if serious misconduct or a serious violation has occurred, the Company can deny the officer(s) responsible the incentive component of remuneration (malus), and may demand the return of the compensation already paid to them (clawback).

Investing in Human Capital: Benefits and Financial Measures to Improve Employee Engagement (1)

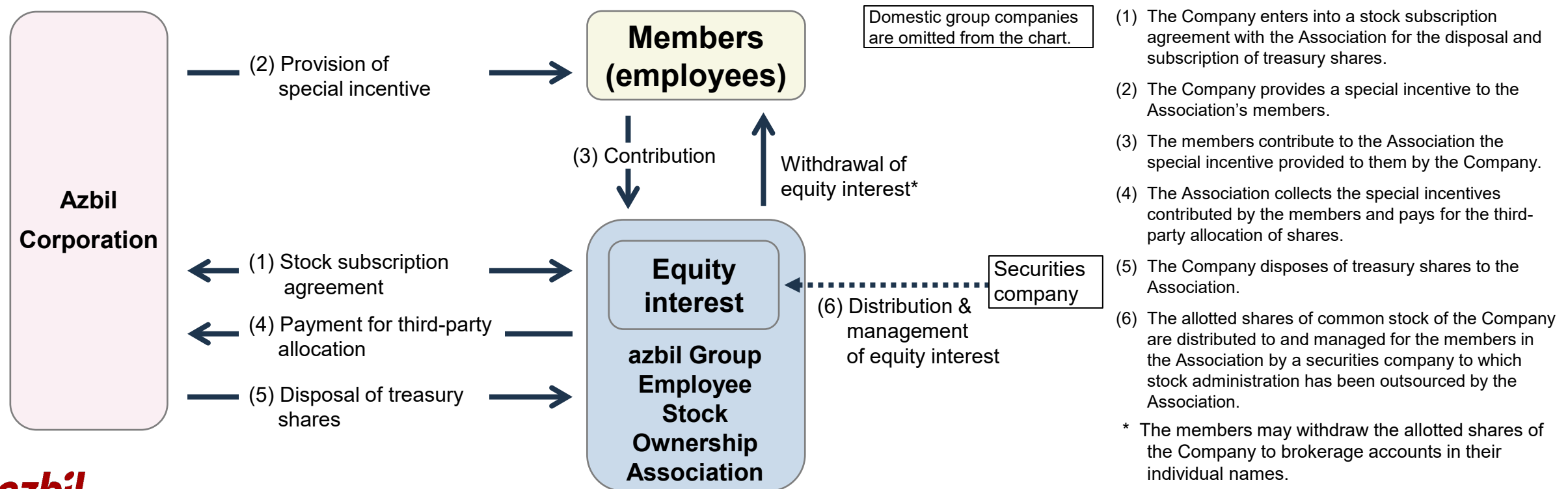
Introduction of a special incentive scheme, a welfare program using treasury shares to enhance incentive and contribute to asset building of employees

Special incentive scheme (to be introduced in March 2025)

The Company will dispose of treasury shares by third-party allocation to the azbil Group Employee Stock Ownership Association (the Association), making use of a special incentive. As a result, each member (employees) of the Association will gain 40 shares (worth approximately 45 thousand yen, based on the closing price of 1,142.5 yen on February 5, 2025).

Key points for introducing the scheme

- By creating opportunities to acquire the Company's common stock, we will reward employees for their efforts to achieve the medium-term plan and contribute to their asset building.
- In addition to providing our employees with an incentive for sustainable improvement of the Company's enterprise value, we will further promote the sharing of value with our shareholders.
- We also aim to foster a sense of solidarity among our group companies.

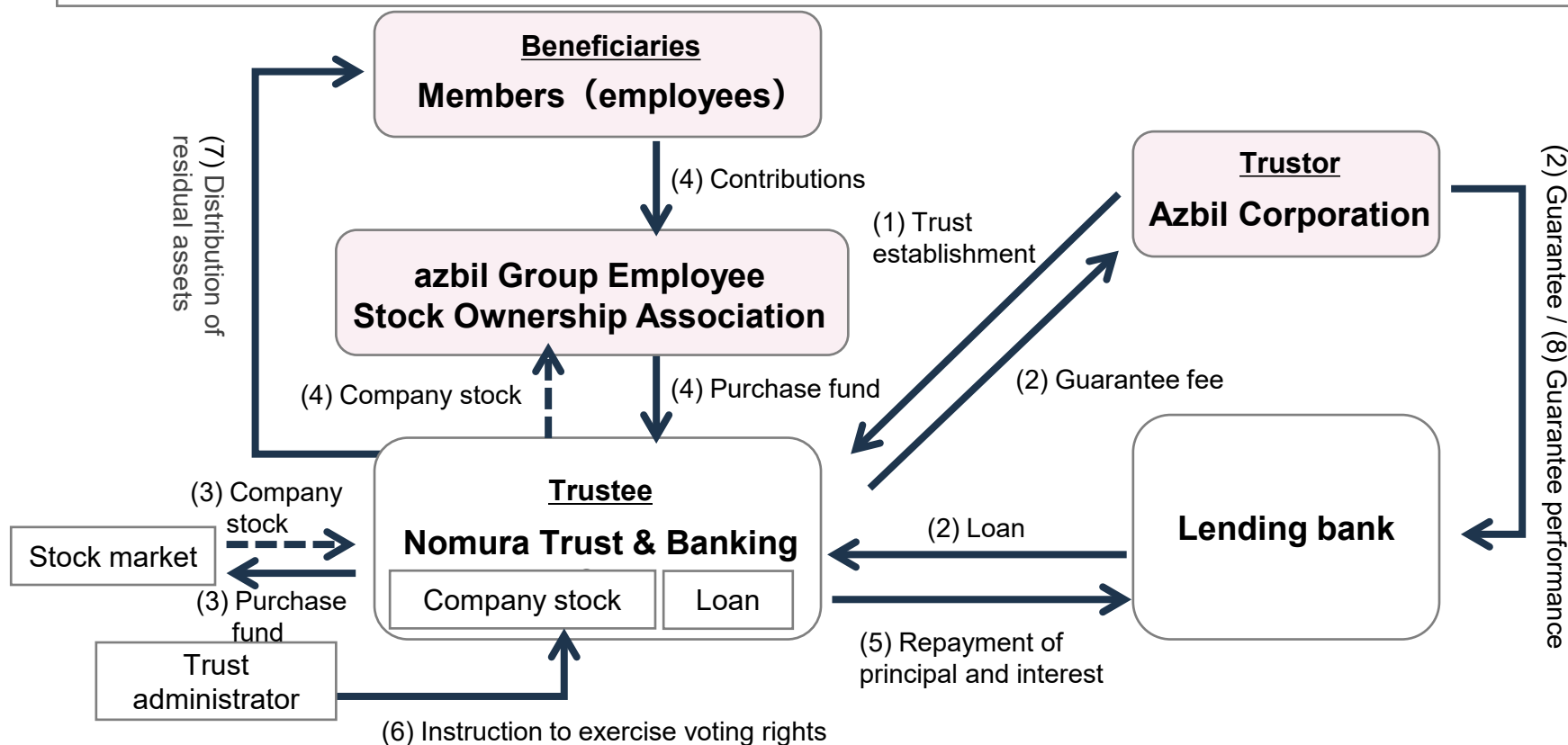


Investing in Human Capital: Benefits and Financial Measures to Improve Employee Engagement (2)

Trust-Type Employee Shareholding Incentive Plan (E-Ship®)

Further Increase Employee Morale and Motivation, and Improve Engagement

- **Trust-type Employee Shareholding Incentive Plan** (an incentive plan for members of the azbil Group Employee Stock Ownership Association)
- Aiming to realize our long-term targets and the new medium-term plan (FY2025-2027), the readoption of this plan, through the establishment of a new trust using the Company's own stock worth 6.5 billion yen (to be acquired from the market), will provide an incentive for enhancing enterprise value over the medium to long term while contributing to asset building by employees.



Overview of the Plan

- The Plan will authorize the “azbil Group Employee Stock Ownership Association Trust Fund” (the “Fund”).
- The Fund will acquire the expected number of the Company's stock to be acquired by the Association, in advance for a set period of time (currently estimated at approximately three years).
- The Fund will consistently sell the Company's stock to the Stock Ownership Association
- If the Fund has accrued the amount of money equivalent to profit on sales of shares at the end of its term, such amount will be distributed as residual assets to eligible recipients.
- If the Fund accrues losses due to reductions in the Company's share price, the Company will be responsible for the liquidation of all debts from the loan associated with the loss from sales at the end of the term of the Fund.

* E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

Notes (1)

1. Financial data and financial statements have been prepared based on Japanese GAAP and the amounts have been rounded down. Figures for core and growth businesses are approximative estimates of the Company.
2. The following are the azbil Group's segments (each identified by abbreviation) together with the various sub-segments and their principal business fields.

BA: Building Automation

AA: Advanced Automation

- Control Product (CP) business: Supplying factory automation products such as controllers and sensors
- Industrial Automation Product (IAP) business: Supplying process automation products such as differential pressure transmitters, pressure transmitters, and control valves
- Solutions and Services (SS) business: Offering control systems, engineering service, maintenance service, energy-saving solution service, etc.

LA: Life Automation

- Lifeline field: Provision of gas meters and water meters, safety equipment such as alarms and automatic shut-off valves, regulators and other products for industry
- Life Science Engineering (LSE) field: Provision of integrated solutions from the development, engineering, installation, and sale of lyophilizers, sterilizers, and clean environment equipment to after-sales services for pharmaceutical companies and research laboratories
- Lifestyle-related field: Provision of residential central air-conditioning systems for houses

3. Net sales for the azbil Group tend to be low in the first quarter of the consolidated accounting period and highest in the fourth quarter. However, fixed costs are generated constantly. This means that profits are typically lower in the first quarter and higher in the fourth quarter.

Notes (2)

4. Essential Goals of azbil Group for SDGs

- *1 **3.40 million metric tons of CO₂/year:** The FY2030 emission factor from electricity generation is our own estimated value based on the Japanese government's Energy Basic Plan in 2019.
- *2 **Science-based targets (SBT):** Greenhouse gas emission reduction targets based on scientific evidence
- *3 **The azbil Group's own sustainable design principles:** This design is aimed at creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation).
- *4 **All new products for 2030 will be designed to be 100% recyclable:** To the extent of using best available technologies (BAT, the most effective technology that is both economically and technologically viable)
- *5 **Sustainable services:** 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 the azbil Group's environmental priority areas (decarbonization, resource recycling, and biodiversity conservation).
- *6 **Skilled professionals:** We have set up an in-house qualification system for the following staff with specialized skills 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
- *7 **Increase the number of Skilled Professionals to a total of 1,800—triple the number in FY2021:** The total number of qualified personnel includes individual employees who have acquired multiple professional skills in the process of mastering new technologies for our field engineering services.
- *8 **Achieve a state of resilience to changes in the business environment at 8,000 business sites:** As of April 2022, 530 business sites are in operation, aiming to increase 15-fold to 8,000 by 2030.

Notes (3)

4. Essential Goals of azbil Group for SDGs

- *9 **Provide environments that support stress-free and diverse work styles to 6 million people:** As of April 2022, environments that support stress-free and diverse work styles have been provided to 0.6 million people, aiming to increase tenfold to 6 million people by 2030.
- *10 **Evaluation of policies, systems, initiatives, and effectiveness using our own evaluation indicators:** A unique framework and evaluation system based on external ESG assessments such as FTSE
- *11 **All business sites:** All offices both in Japan and overseas.
- *12 **Active participation by every employee:** The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.
- *13 **Employees expressed satisfaction/have experienced personal growth:** We aim to achieve 65%, which is considered a high level in the azbil Group's annual employee satisfaction survey conducted in Japan, or, in other words, 2/3 of all employees.
- *14 **Percentage of women in managerial positions:** The 10% target for female managers applies to Azbil Corporation.

IR Inquiries and Disclaimer

Inquiries regarding investor relations

Azbil Corporation **Investor Relations**

Phone: +81-3-6810-1031

Website: <https://www.azbil.com/index.html>

Email: azbil-ir@azbil.com

Disclaimer

The projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and therefore these statements are not guarantees of future performance. Due to various factors in the future, actual results may differ from financial targets in the materials.

This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.