Presentation Materials
for the First Quarter of Fiscal Year 2021 (Ending March 31, 2022)
(Based on Japanese GAAP)

August 5, 2021
Azbil Corporation
RIC: 6845.T, Sedol: 6985543

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We would like to express our deepest condolences to those who have lost loved ones as a result of the novel coronavirus disease (COVID-19). We would also like to extend our sympathies to all those who have suffered from this disease and to those who have been experiencing hardships due to the pandemic.

We would also like to express our sincere gratitude to all members of the medical profession and others working on the frontlines in the struggle to control this pandemic.

It is our earnest hope that the pandemic subsides as soon as possible. To that end, through our business activities we are committed to initiatives aimed at preventing the spread of COVID-19.

Contents

1. Financial Results for the First Quarter of FY2021

Consolidated Financial Results

- Overall orders received were up on the same period last year, reversing the decline seen then, which resulted from the spread of COVID-19. This growth was due to increased orders received in the AA business following a recovery in market conditions, as well as increased orders received in the BA business reflecting demand for the refurbishment of existing buildings and service, and also increased orders received in the LA business driven by demand for pharmaceutical equipment.
- Net sales increased compared with the same period last year, mainly due to growth in the AA business following a recovery in demand in the manufacturing equipment market.
- As regards profits, there were higher expenses incurred by the increased burden related to staff working amidst the COVID-19 pandemic, and also an increase in R&D expenses resulting from measures included in the medium-term plan. Nevertheless, in addition to the growth in revenue, measures to strengthen business profitability continued to have a positive effect. As a result, operating income was higher than the same period last year. Net income attributable to owners of parent decreased compared with the same period last year, when gain on sale of non-current assets was recorded following the integration of domestic production facilities.

(Billions of yen)

	FY2020 Q1 (A)	FY2021 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	78.5	88.1	9.5	*12.2*
Net sales	51.9	53.4	1.5	*2.9*
Japan	41.8	42.7	0.8	*2.0*
Overseas	10.1	10.7	0.6	*6.6*
Gross profit	19.7	21.4	1.7	*8.7*
Margin	*37.9*	*40.1*	*2.1pp*	
SG&A	17.2	18.4	1.2	*7.1*
Operating income (loss)	2.4	2.9	0.4	*19.9*
Margin	*4.7*	*5.5*	*0.8pp*	
Ordinary income (loss)	2.4	3.2	0.7	*30.0*
Income (loss) before income taxes	3.2	3.1	(0.0)	*(1.7)*
Net income (loss) attributable to owners of parent	2.1	2.0	(0.0)	*(4.2)*
Margin	*4.1*	*3.8*	*(0.3)pp*	

Segment Information: BA Business

In the domestic market, demand has continued to grow for urban redevelopment projects, and there is growing interest in solutions related to ventilation improvement, energy savings, and CO_2 reduction. Furthermore, the impact of the COVID-19 pandemic continues to be limited. In overseas markets, however, due to the prolonged impact of the pandemic, sluggish demand and construction delays have continued in some regions.
Amid such a business environment, we have engaged in securing orders with a view to enhanced profitability, and, while paying sufficient attention to the safety of both customers and employees, we have also striven to ensure enhanced capabilities and efficiencies of job execution, particularly on construction sites. Product and service solutions have been enhanced.

- As regards orders received, there was a decline in field related to new large-scale buildings, reflecting the fact that in the same period last year orders had been received for several large-scale projects. While the service field was impacted by the new accounting standard for revenue recognition*, in addition to the renewal of multi-year service contracts, demand remained robust for the refurbishment of existing buildings and service to provide solutions for ventilation improvement, energy savings, and CO_2 reduction. Accordingly, overall orders received were higher than the same period last year.
- Despite growth in field related to new large-scale buildings, sales were on a par with the same period last year, mainly because overseas business declined.
- Although efforts to enhance profitability have proved to be successful, due to an increase in R&D expenses, as stipulated in the medium-term plan, and with an increase in other expenses, there was a segment loss larger than that for the same period last year.

(Billions of yen)

	FY2020 Q1 (A)	FY2021 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	45.9	47.7	1.8	*4.0*
Sales	21.7	21.6	(0.0)	*(0.4)*
Segment profit (loss)	(0.0)	(0.4)	(0.3)	-
Margin	*(0.1)*	*(2.0)*	*(1.8)pp*	

* Effect of the new accounting standard for revenue recognition on the service field:
The main impact of the new accounting standard for revenue recognition has been on the service field, reducing the figure for orders received by approximately 3.2 billion yen, and the negative impact on sales was about 0.1 billion yen, while segment profit was unaffected.

Segment Information: AA Business

As regards market trends in Japan and abroad, expanding investment in 5G has led to increasing demand in market for semiconductor manufacturing equipment. Although it is still unclear when COVID-19 will abate, a gradual recovery from the pandemic is observed, mainly in the manufacturing equipment market. Given this business environment, further progress has been made for the effective growth in overseas business—which has been a focus for this segment—as well as the successful strengthening of its profit structure by continued implementation of various measures.

- Orders received were higher than the same period last year, mainly due to a recovery in demand in the manufacturing equipment market as well as business growth overseas.
- Sales increased compared with the same period last year, thanks to growth in the overseas business.
- Segment profit was higher than the same period last year, due to sales growth and further progress achieved with measures to strengthen profitability that had already proved effective.

(Billions of yen)

	FY2020 Q1 (A)	FY2021 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	22.5	27.0	4.5	*20.1*
Sales	20.4	21.8	1.4	*7.3*
Segment profit (loss)	2.2	3.3	1.0	*45.9*
Margin	*11.2*	*15.3*	*4.0pp*	

Segment Information: LA Business

The Lifeline field (gas/water meters, etc.) depends on cyclical demand for meter replacement as required by law and thus demands can be expected to remain stable. However, some changes have been observed, such as LP gas meters being in a period of low demand. Also, in the Life Science Engineering (LSE: for pharmaceuticals/laboratories) field investment in equipment for pharmaceutical plants has continued to grow.
Going forward, we will continue our initiatives to reform the business structure so as to stabilize and enhance profitability in each business field.

- Overall orders received were higher than the same period last year, mainly as a result of an increase in the LSE field driven by growing demand for equipment in the pharmaceutical market.
- Sales in the Lifeline field saw a decrease, but due to an increase in the LSE field—reflecting the growth in orders received in FY2020—overall sales were higher than the same period last year.
- Segment profit was lower than the same period last year due to an increase in expenses.

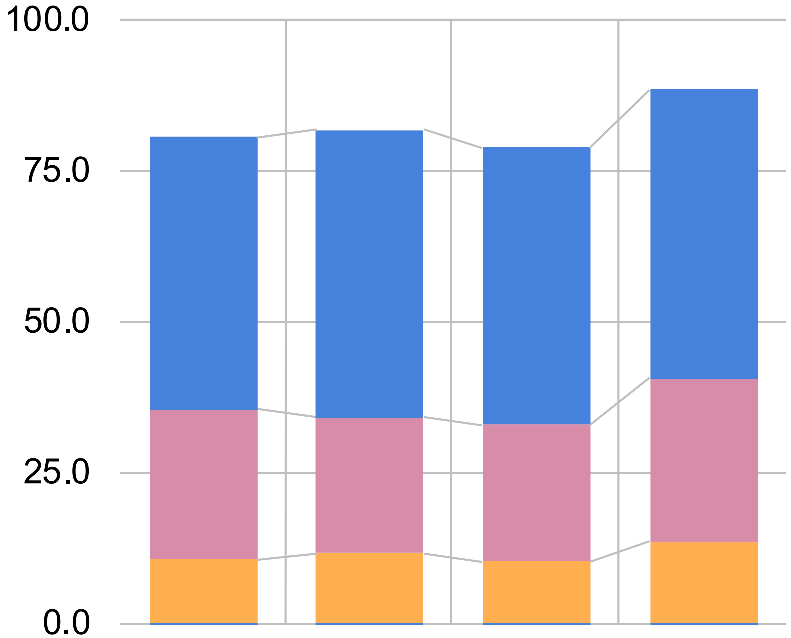
(Billions of yen)

	FY2020 Q1 (A)	FY2021 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	10.3	13.6	3.2	*31.3*
Sales	10.0	10.2	0.1	*1.9*
Segment profit (loss)	0.1	0.0	(0.1)	*(69.1)*
Margin	*2.0*	*0.6*	*(1.4)pp*	

Reference: Orders Received by Segment

■ Comparison to past results (Q1)

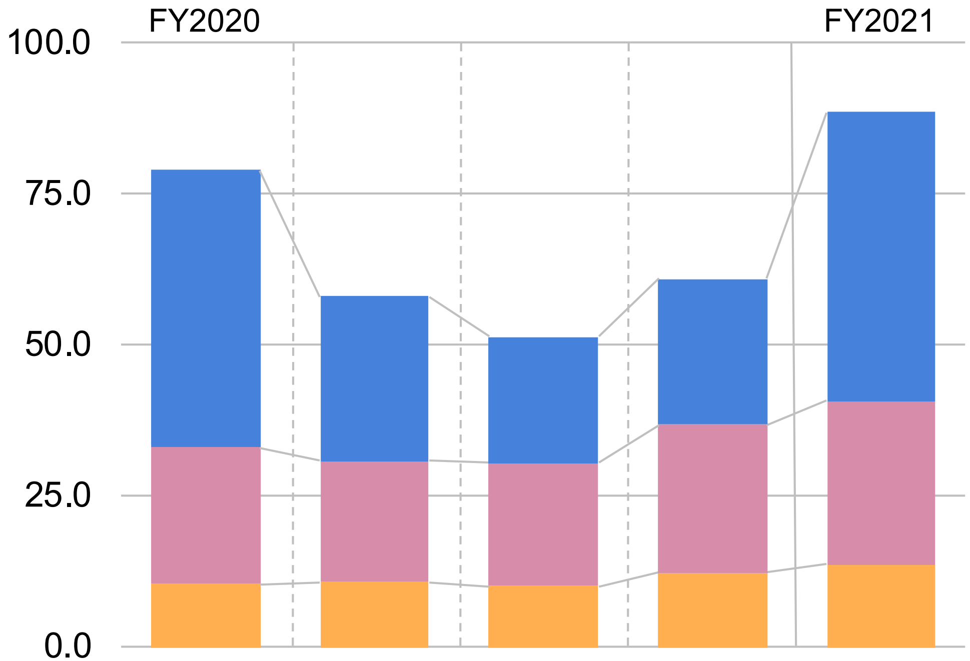
(Billions of yen)



	FY2018 Q1	FY2019 Q1	FY2020 Q1	**FY2021 Q1**
B A	45.0	47.5	45.9	**47.7**
A A	24.9	22.5	22.5	**27.0**
L A	10.6	11.5	10.3	**13.6**
Consolidated	80.2	81.4	78.5	**88.1**

■ Quarterly (3 months)

(Billions of yen)



	FY2020 Q1	Q2	Q3	Q4	**FY2021 Q1**
B A	45.9	27.2	21.0	24.2	**47.7**
A A	22.5	20.0	20.3	24.5	**27.0**
L A	10.3	10.7	10.0	12.2	**13.6**
Consolidated	78.5	57.6	51.0	60.6	**88.1**

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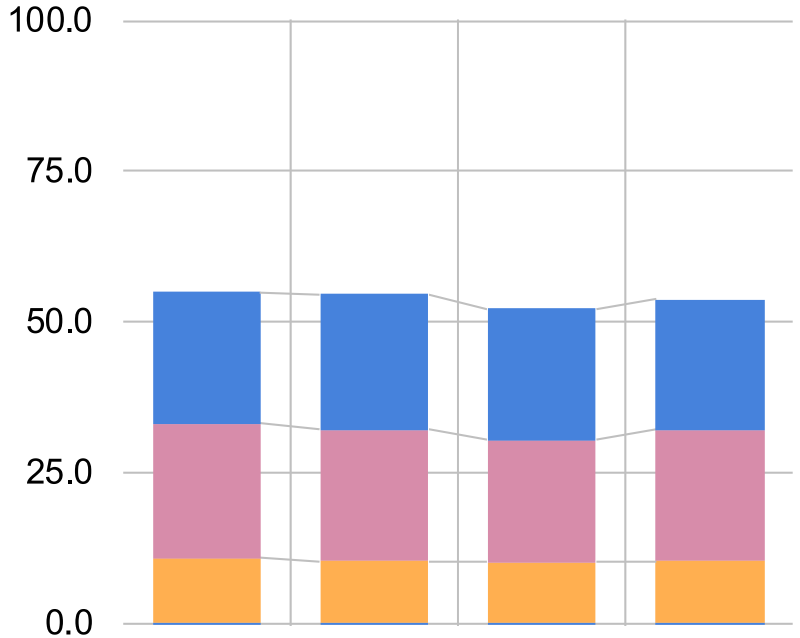
Reference: Sales by Segment

Comparison to past results (Q1)

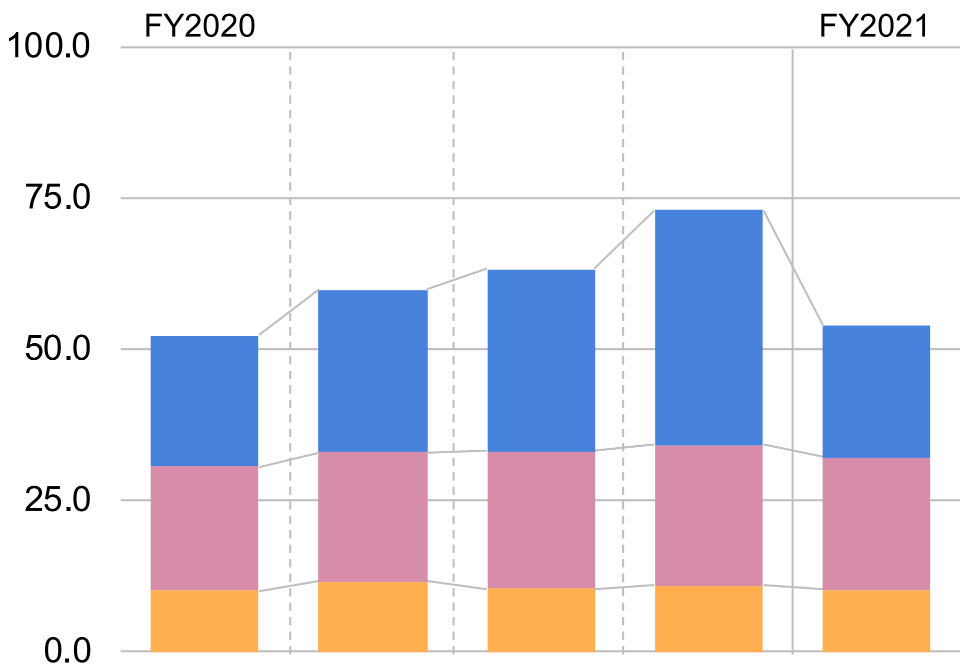
(Billions of yen)



	FY2018 Q1	FY2019 Q1	FY2020 Q1	**FY2021 Q1**
B A	21.8	22.4	21.7	**21.6**
A A	22.3	21.9	20.4	**21.8**
L A	10.8	10.2	10.0	**10.2**
Consolidated	54.8	54.3	51.9	**53.4**

Quarterly (3 months)

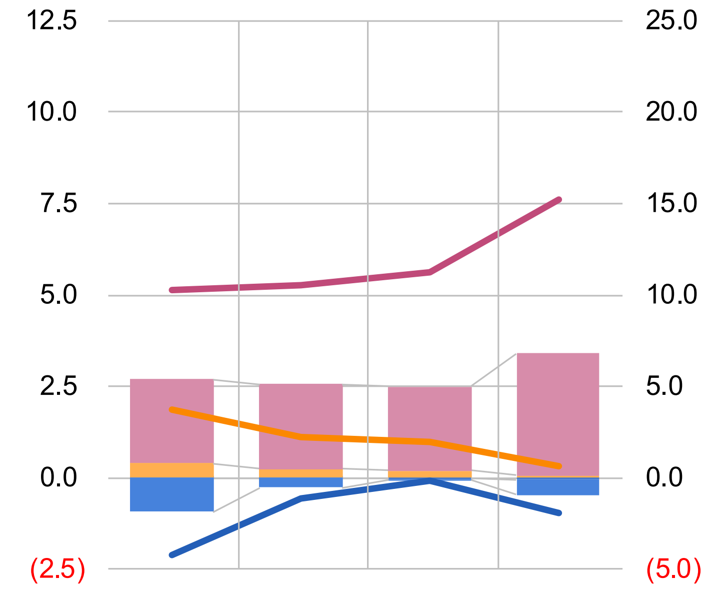
(Billions of yen)



	FY2020 Q1	Q2	Q3	Q4	**FY2021 Q1**
B A	21.7	26.8	30.0	38.8	**21.6**
A A	20.4	21.3	22.8	23.1	**21.8**
L A	10.0	11.6	10.3	10.9	**10.2**
Consolidated	51.9	59.4	62.8	72.5	**53.4**

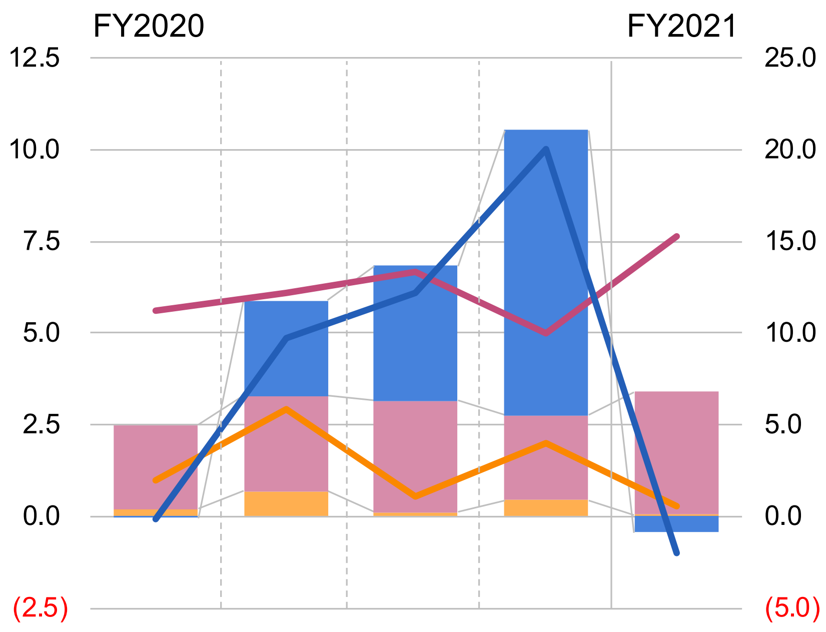
Reference: Segment Profit (Operating Income)

Comparison to past results (Q1)



	FY2018 Q1	FY2019 Q1	FY2020 Q1	**FY2021 Q1**
B A	(0.9)	(0.2)	(0.0)	**(0.4)**
Margin	*(4.2)*	*(1.2)*	*(0.1)*	***(2.0)***
A A	2.2	2.3	2.2	**3.3**
Margin	*10.2*	*10.6*	*11.2*	***15.3***
L A	0.4	0.2	0.1	**0.0**
Margin	*3.7*	*2.3*	*2.0*	***0.6***
Consolidated	1.7	2.2	2.4	**2.9**
Margin	*3.2*	*4.2*	*4.7*	***5.5***

Quarterly (3 months)



	FY2020 Q1	Q2	Q3	Q4	**FY2021 Q1**
B A	(0.0)	2.6	3.6	7.7	**(0.4)**
Margin	*(0.1)*	*9.7*	*12.2*	*20.0*	***(2.0)***
A A	2.2	2.5	3.0	2.3	**3.3**
Margin	*11.2*	*12.2*	*13.4*	*10.0*	***15.3***
L A	0.1	0.6	0.1	0.4	**0.0**
Margin	*2.0*	*5.9*	*1.1*	*4.0*	***0.6***
Consolidated	2.4	5.8	6.8	10.5	**2.9**
Margin	*4.7*	*9.9*	*10.8*	*14.5*	***5.5***

Overseas Sales by Region

Overseas sales rose by 6.6% on the same period last year. Sales declined in Asia owing to continued sluggish investment because of the COVID-19 pandemic. However, the AA business achieved sales growth in China, which is making rapid progress in recovering from the pandemic, and the LA business saw increased sales in Europe.

BA business

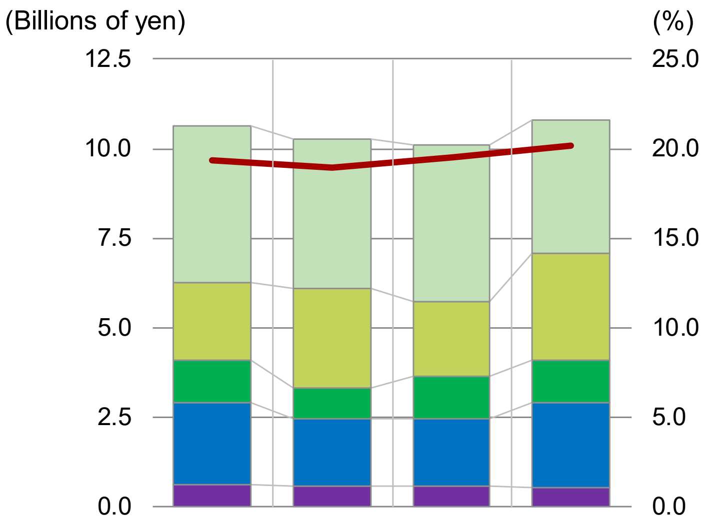
Sales fell due to the continued impact of construction stoppages and delays as well as sluggish demand in Asia and China caused by the COVID-19 pandemic.

AA business

Overall sales increased significantly. In addition to growth in global capital investment related to semiconductors and 5G, measures to expand customer coverage have been successful in China, a country which is fast recovering from the pandemic.

LA business

Sales increased in the Life Science Engineering field, reflecting the growth in orders received in FY2020.



	FY2018 Q1	FY2019 Q1	FY2020 Q1	**FY2021 Q1**
Asia (ex-China)	4.3	4.2	4.3	**3.7**
China	2.1	2.7	2.0	**2.9**
North America	1.1	0.8	1.1	**1.1**
Europe	2.3	1.8	1.8	**2.3**
Others	0.6	0.5	0.5	**0.5**
Consolidated	10.6	10.2	10.1	**10.7**

Reference information

		FY2018 Q1	FY2019 Q1	FY2020 Q1	FY2021 Q1
Overseas sales/ Net sales ratio (%)		*19.4*	*18.9*	*19.5*	***20.2***
Average exchange rate	USD/JPY	108.23	110.23	108.91	**106.09**
	EUR/JPY	133.15	125.16	120.13	**127.80**
	CNY/JPY	17.04	16.33	15.59	**16.38**

- Overseas sales figures include only the sales of overseas subsidiaries and direct exports; indirect exports are excluded.
- The accounting year used by most of overseas subsidiaries ends on December 31.

Consolidated Financial Position

- **Assets** Seasonal factors typically lead to net sales concentrating in the fourth quarter, with a corresponding decline in trade receivables in the first quarter due to the processing of collections. Thus, there was a fall of 13.4 billion yen from the end of FY2020.
- **Liabilities** Total liabilities decreased by 7.2 billion yen from the end of FY2020 owing mainly to a decrease in provision for bonuses and a decrease in income taxes payable.
- **Net assets** Net assets fell by 6.1 billion yen from the end of FY2020, owing mainly to a decrease due to a repurchase of the Company's own stock and payment of dividends, despite the recording of net income attributable to owners of parent.

(Billions of yen)

	As of Mar. 31, 2021 (A)	As of Jun. 30, 2021 (B)	Difference (B) - (A)
Current assets	**219.5**	**206.4**	**(13.1)**
Cash and deposits	68.5	63.3	(5.1)
Trade receivables	82.1	67.8	(14.2)
Securities	36.5	37.1	0.6
Inventories	24.5	25.4	0.8
Other	7.9	12.7	4.8
Non-current assets	**64.9**	**64.7**	**(0.2)**
Property, plant and equipment	27.0	27.4	0.3
Intangible assets	5.4	5.5	0.0
Investments and other assets	32.4	31.7	(0.6)
Total assets	**284.5**	**271.1**	**(13.4)**

	As of Mar. 31, 2021 (A)	As of Jun. 30, 2021 (B)	Difference (B) - (A)
Liabilities	**83.9**	**76.7**	**(7.2)**
Current liabilities	**76.4**	**68.7**	**(7.7)**
Notes and accounts payable-trade	31.9	29.8	(2.0)
Short-term borrowings	9.0	9.0	(0.0)
Other	35.4	29.8	(5.6)
Non-current liabilities	**7.5**	**7.9**	**0.4**
Long-term borrowings	0.3	0.3	0.0
Other	7.2	7.6	0.4
Net assets	**200.6**	**194.4**	**(6.1)**
Shareholders' equity	**186.3**	**179.2**	**(7.1)**
Share capital	10.5	10.5	-
Capital surplus	11.6	11.6	-
Retained earnings	177.9	175.6	(2.2)
Treasury shares	(13.7)	(18.6)	(4.9)
Accumulated other comprehensive income	**11.8**	**12.5**	**0.7**
Non-controlling interests	**2.4**	**2.6**	**0.2**
Total liabilities and net assets	**284.5**	**271.1**	**(13.4)**

Reference
Shareholders' equity ratio: 69.6% (as of Mar. 31, 2021), 70.7% (as of Jun. 30, 2021)

2. Financial Plan for FY2021
→No revision from the most recent announcement

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Consolidated Financial Plan

No change to the financial plan published on May 14, 2021

Our financial results in the first quarter of FY2021 have been almost entirely within the range of the plan. Although the prospects remain unclear for global containment of the COVID-19 pandemic and for impact on business environment due to parts shortage, in FY2021—the first year of our medium-term plan—we aim to continue strengthening business profitability while expanding business in the three growth fields. In this way, we plan to increase both sales and profits, aiming to achieve a new record for operating income.

- With a resurgence in the pandemic, COVID-19 is expected to continue to exert an effect in FY2021. While paying close attention about the pandemic and parts shortage, we will continue securing safety and respond rapidly to limit the impact on our financial performance.
- We will continue efforts to strengthen our business profitability and steadily improve our operating income margin, ensuring that we can meet the demand in recovering markets through development of our established business foundation and measures to strengthen our sales capabilities by harnessing digital transformation (DX).
- We will expand investment in R&D and facilities for future growth, and we will supply new products and services.

(Billions of yen)

	FY2020 results (A)	FY2021			Difference	
		H1 plan	H2 plan	Full-year plan (B)	(B) - (A)	*% Change*
Net sales	246.8	117.2	142.8	260.0	13.1	*5.3*
Operating income	25.7	8.5	19.0	27.5	1.7	*6.9*
Margin	*10.4*	*7.3*	*13.3*	*10.6*	*0.2pp*	
Ordinary income	26.3	8.6	18.9	27.5	1.1	*4.4*
Net income attributable to owners of parent	19.9	5.9	14.1	20.0	0.0*	*0.4*
Margin	*8.1*	*5.0*	*9.9*	*7.7*	*(0.4)pp*	

* 0.08 billion yen

Financial Plan by Segment

- BA Demand for air conditioning (HVAC) control equipment and systems for large-scale buildings will remain high. Both sales and profits are expected to increase thanks to a healthy order backlog for new buildings and growing demand for the refurbishment of existing buildings.
- AA Driven by the manufacturing equipment market in Japan and overseas, the markets in general are expected to benefit from a recovery in capital investment in advance of the pandemic coming to an end. We are aiming to increase sales and profits by actively developing new customers overseas and launching new products, as well as by making further progress with measures to strengthen profitability.
- LA While continuing to rely on demand for meter replacement as required by law, we plan to increase sales and profits with growth in the Lifeline field—through expansion of our cloud-based service—and in the Life Science Engineering field for which there is a healthy order backlog that grew in FY2020, reflecting increased demand in the pharmaceutical market.

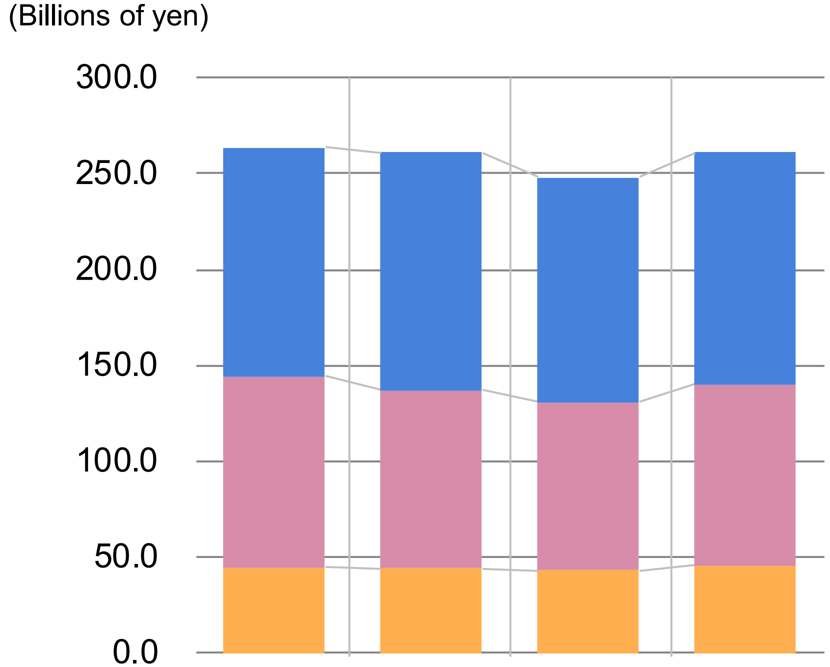
(Billions of yen)

		FY2020 results (A)	FY2021 H1 plan	FY2021 H2 plan	FY2021 Full-year plan (B)	Difference (B) - (A)	Difference % Change
BA	Sales	117.5	49.0	72.4	121.4	3.8	*3.3*
	Segment profit	14.0	2.5	11.8	14.3	0.2	*2.0*
	Margin	*11.9*	*5.1*	*16.3*	*11.8*	*(0.2)pp*	
AA	Sales	87.7	46.1	48.1	94.2	6.4	*7.3*
	Segment profit	10.2	5.3	6.3	11.6	1.3	*13.2*
	Margin	*11.7*	*11.5*	*13.1*	*12.3*	*0.6pp*	
LA	Sales	42.9	22.7	23.0	45.7	2.7	*6.4*
	Segment profit	1.4	0.7	0.9	1.6	0.1	*11.5*
	Margin	*3.3*	*3.1*	*3.9*	*3.5*	*0.2pp*	
Consolidated	Net sales	246.8	117.2	142.8	260.0	13.1*	*5.3*
	Operating income	25.7	8.5	19.0	27.5	1.7	*6.9*
	Margin	*10.4*	*7.3*	*13.3*	*10.6*	*0.2pp*	

* The plan includes a decrease of about 1.5 billion yen mainly for the BA business due to the impact of adopting a new accounting standard for revenue recognition.

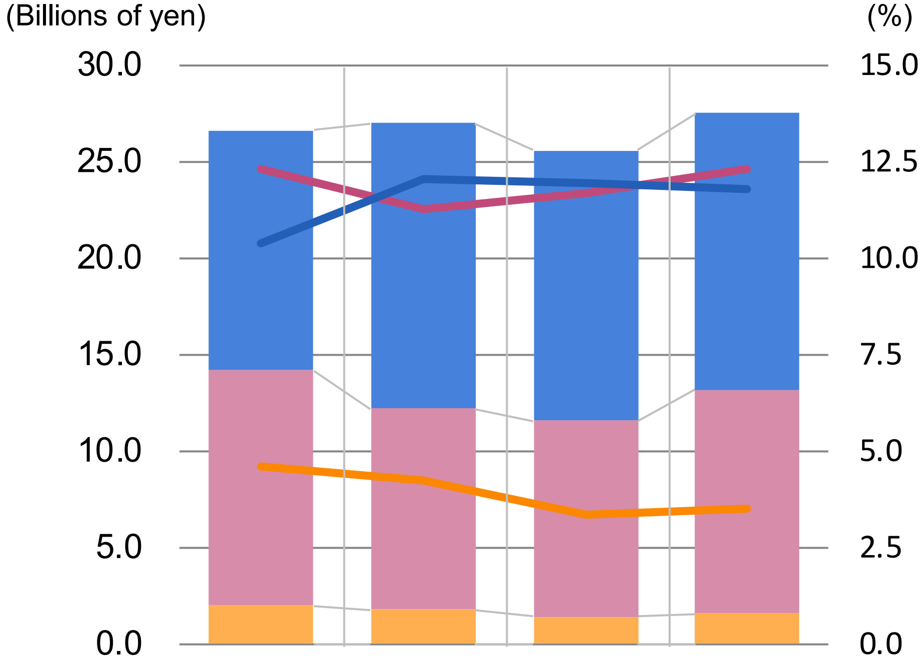
Reference: Sales by Segment and Segment Profit (Operating Income)

■ Sales by segment



	FY2018	FY2019	FY2020	FY2021 (plan)
B A	119.5	123.7	117.5	**121.4**
A A	99.3	93.1	87.7	**94.2**
L A	44.8	44.0	42.9	**45.7**
Consolidated	262.0	259.4	246.8	**260.0**

■ Segment profit (operating income)



	FY2018	FY2019	FY2020	FY2021 (plan)
B A	12.4	14.8	14.0	**14.3**
Margin	*10.4*	*12.0*	*11.9*	***11.8***
A A	12.2	10.4	10.2	**11.6**
Margin	*12.3*	*11.3*	*11.7*	***12.3***
L A	2.0	1.8	1.4	**1.6**
Margin	*4.6*	*4.2*	*3.3*	***3.5***
Consolidated	26.6	27.2	25.7	**27.5**
Margin	*10.2*	*10.5*	*10.4*	***10.6***

3. Returning Profits to Shareholders
→No revision from the most recent announcement

Plan to Further Improve Shareholder Returns in Accordance with the Basic Policy

In line with our basic policy—promoting shareholder returns, investment in growth and healthy financial foundation—we will increase dividends and repurchase the Company's own shares while investing in growth, including R&D and capital investments to strengthen MEMS* sensors, system solutions and other technologies that will support business expansion in the three growth fields.

FY2021 annual dividend

As regards the dividend for FY2021, the Company plans an **increase of 5 yen**, making the annual dividend per share **60 yen**.

Repurchase of own stock (in progress)

Giving due consideration to ensuring a disciplined capital policy and capital efficiency, we are repurchasing the Company's own stock up to the maximum limit **at 10 billion yen** (or 3 million shares).

* Microelectromechanical systems (MEMS): devices built using microfabrication technology to integrate sensors, actuators and electronic circuits on substrates.

Basic policy

We continue to develop well-disciplined capital policies and aim to maintain/enhance the azbil Group's enterprise value while carefully balancing three key elements: promoting shareholder returns, investing in growth, and maintaining a healthy financial foundation.

- To treat the return of profits to shareholders as a management priority.
- To return profits to shareholders mainly via dividends, but also to repurchase the Company's own shares expeditiously.
- In deciding the level of such returns, to give consideration to consolidated financial results, levels of return on equity (ROE), dividend on equity (DOE), and retained earnings required for future business development and strengthening the corporate structure.
- To maintain a stable dividend level while at the same time striving to raise it.

FY2021 Annual Dividend Plan

FY2021 annual dividend	In our business plan for FY2021, the first year of the medium-term plan, we are aiming to increase net sales and set a new record for profits. **We will therefore increase the annual dividend by 5 yen to 60 yen per share.**

Despite the difficult business environment caused by the COVID-19 pandemic, through strengthening our business profitability and financial position, we have secured FY2020 profits in excess of the plan and also a robust financial foundation. Furthermore, we have prepared a medium-term plan that looks ahead to stable and sustained growth in FY2021, so we plan a further increase in the dividend for FY2021. Based on the principle of maintaining stable dividends, we are aiming to further raise the level of DOE; note that the DOE for FY2020 was 4.0%.

(Yen)

	FY2020			FY2021		
	Interim	Year-end	Annual	Interim (plan)	Year-end (plan)	Annual (plan)
Dividend per share	25	30	55	30	30	60
Payout ratio	*38.5%*			*41.3%* *1		
Dividend on equity (DOE)	*4.0%*			*4.2%* *2		

*1 The effects of own share repurchases being completed in FY2021 are taken into account for a trial calculation of net income per share, and accordingly payout ratio for FY2021.

*2 The following factors have been taken into account for the trial calculation, which is based on shareholders' equity on March 31, 2021: own share repurchases being completed in FY2021, year-end dividends for FY2020, interim dividends for FY2021, and net income attributable to owners of parent in consolidated financial plan for FY2021.

Repurchase of Own Stock

FY2021 repurchase of own stock (in progress)

Aiming to improve capital efficiency, and considering current and forecast business performance, we are repurchasing the Company's own stock up to a maximum of 10 billion yen.

Giving due consideration to the return on equity (ROE) targets set out in the long-term targets (for FY2030) and in the medium-term plan (for FY2021-2024), in a view with enhanced capital efficiency, the FY2020 financial results and the FY2021 financial plan, while implementing measures to expand business and strengthen profitability, we will repurchase the Company's own stock and thus achieve disciplined capital policies. In addition to returning more profits to shareholders, this will enable the Company to pursue a flexible capital policy, so as to be prepared for changes in the business environment and be able to make use of cash flow after necessary investments. As regards the repurchased shares, at a later date we will determine a course of action, which may include using them to enhance enterprise value.

● Type of stock to be repurchased:	Common stock of the Company
● Total number of shares to be repurchased:	Up to 3,000,000 shares (2.1% of the total number of shares issued, excluding the Company's treasury shares)
● Total amount of repurchase:	Up to 10 billion yen
● Period of repurchase:	From May 17, 2021 to September 30, 2021
● Method of repurchase:	Market transactions on the Tokyo Stock Exchange

Reference: Progress of repurchase until July 31, 2021: 1,920,000 shares (8.4 billion yen) has already been repurchased.

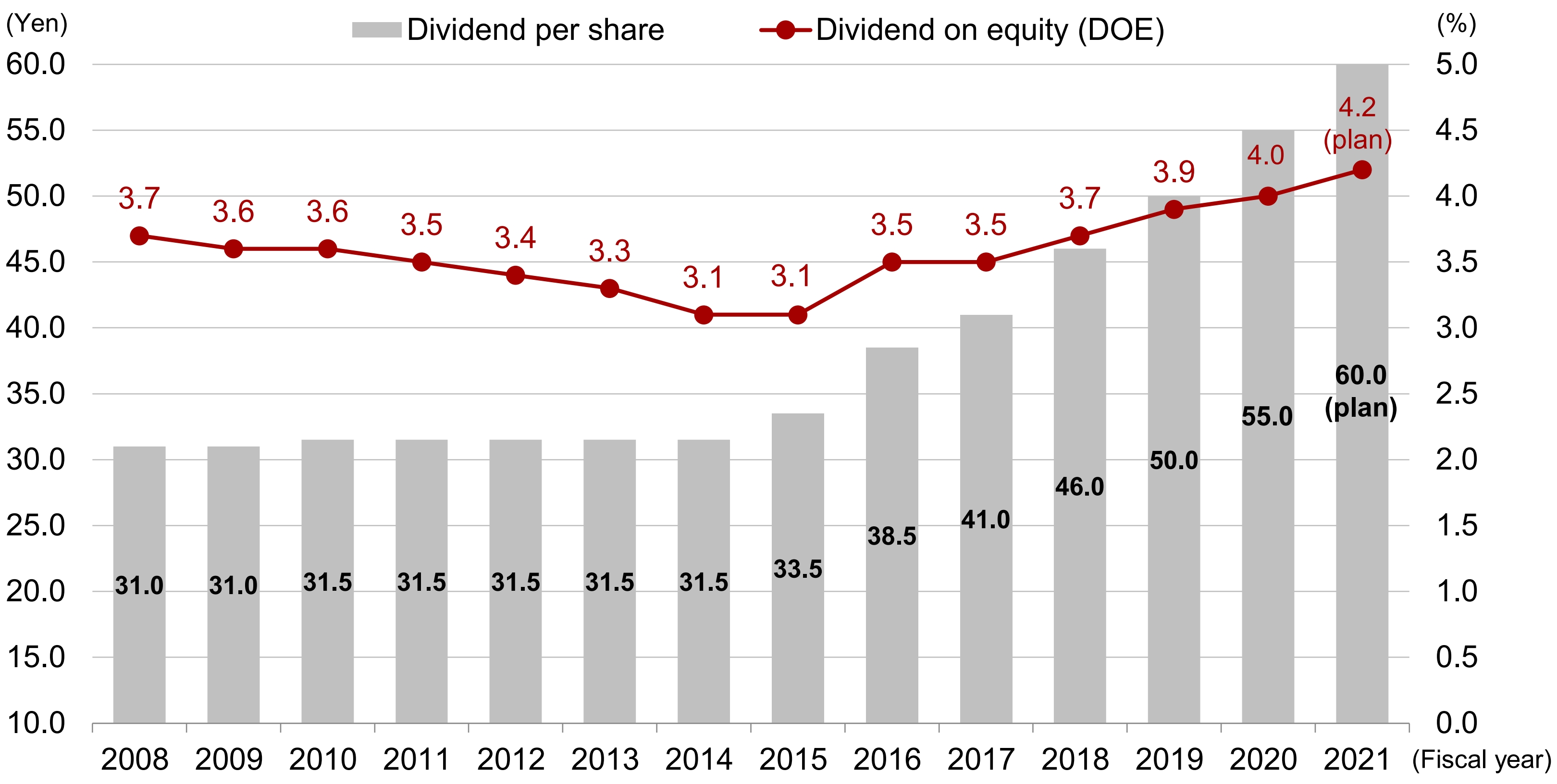
Company's treasury shares as of March 31, 2021

Total number of shares (excluding the Company's treasury shares):	141,477,495 shares
Company's treasury shares:	3,723,389 shares

* The above number of treasury shares, 3,723,389 shares, does not include shares owned by a trust account for Employee Stock Ownership Plan (J-ESOP), which owned 1,958,084 shares as of March 31, 2021.

Trend of Shareholder Returns

The dividend per share has been retroactively revised, taking into account the effects of the 2-for-1 common stock split effective in 2018.



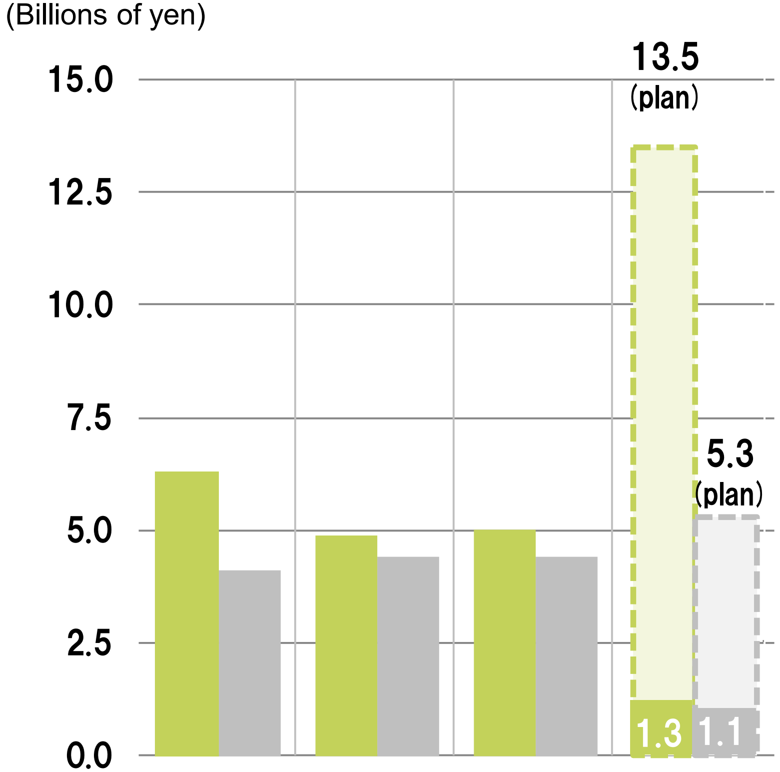
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total amount of own shares repurchased (billions of yen)	1.9							1.9		2.9	4.9	9.9		10.0 (plan)
Number of shares repurchased (millions of shares)	2.00							1.20		1.42	1.87	3.71		3.00 (plan)

Appendix

Capital Expenditure, Depreciation and R&D Expenses

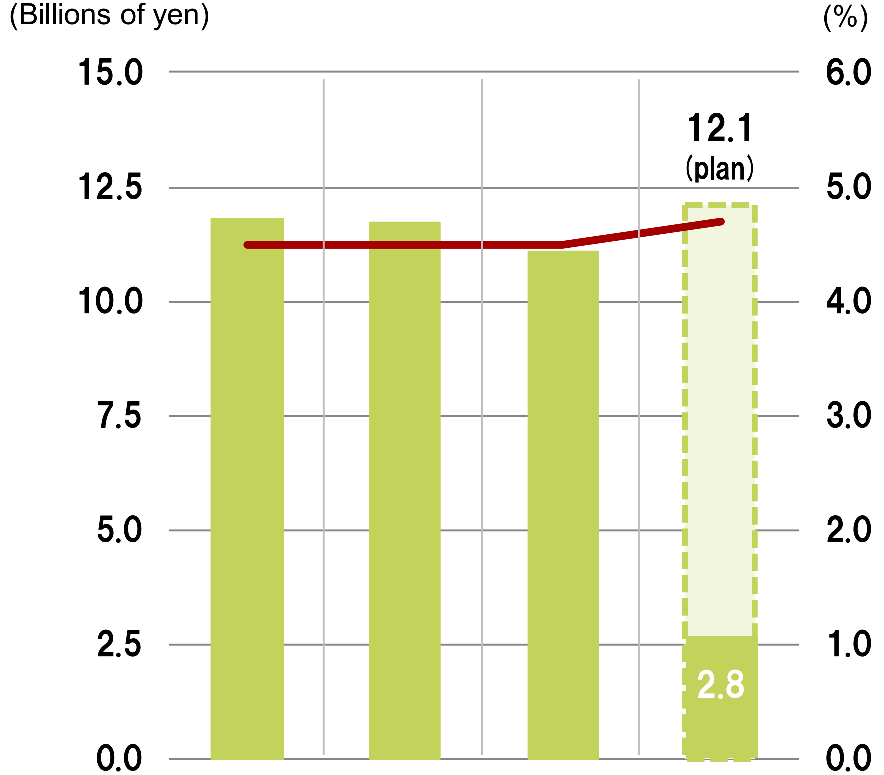
Full-year results/Q1 results for FY2021
Full-year plan for FY2021

■ Capital expenditure, depreciation



	FY2018	FY2019	FY2020	FY2021 (plan)
Capital expenditure	6.3	4.9	5.0	**13.5***
Depreciation	4.1	4.4	4.4	**5.3**

■ R&D expenses, R&D expenses/Net sales ratio



	FY2018	FY2019	FY2020	FY2021 (plan)
R&D expenses	11.8	11.7	11.1	**12.1**
R&D expenses/ Net sales ratio (%)	4.5	4.5	4.5	**4.7**

* Capital expenditure earmarked for upgrading the Fujisawa Technology Center will be incurred.

Long-term Targets and Medium-term Plan

- The azbil Group previously defined three growth fields—new automation, environment and energy, and the life-cycle solution—which share a common foundation of automation technology. Focusing on the growth of these fields, we will achieve growth globally in each of our three businesses: Building Automation (BA), Advanced Automation (AA), and Life Automation (LA).
- With no end in sight for the COVID-19 pandemic, we will continue to create value on site, with safety as our top priority. Under the new medium-term plan, we will also be vigorously investing in R&D and accelerating the launch of new products and services to ensure that we make the most of new business opportunities. Furthermore, we will transform both work and work styles through the power of DX.
- At the same time, by further strengthening business profitability, we will ensure that we make progress toward achieving our long-term targets for FY2030.
- In order to achieve our medium- and long-term ROE targets, the azbil Group is introducing return on invested capital (ROIC) from FY2021 so that management will have a keen awareness of the cost of capital.

Long-term targets

2030
SDGs

Growth

Transformation

Safety

Medium-term plan for FY2021-2024

Contribution "in series" to the achievement of a sustainable society
Continuous enhancement of enterprise value

	FY2019	FY2020	FY2024	FY2030
Net sales	**259.4 billion yen**	**246.8 billion yen**	**300.0 billion yen**	**400.0 billion yen range**
[Overseas sales]	[44.1 billion yen]	[44.8 billion yen]	[66.0 billion yen]	[100.0 billion yen range]
Operating income	**27.2billion yen**	**25.7 billion yen**	**36.0 billion yen**	**60.0 billion yen range**
Margin	**10.5%**	**10.4%**	**12%**	**approx. 15%**
ROE	**10.9%**	**10.4%**	**approx. 12%**	**approx. 13.5%**

Three Growth Fields that Share a Common Foundation of Automation Technology

The three growth fields, which share a common foundation of automation technology, will enable continuously carrying out "improvements to the quality of space and productivity" in the customers' assets, while curbing energy usage for such improvements. It will thus be possible to enter various markets positioned to meet the emerging needs of customers and society.

New automation fields

As the business environment changes, the fields add value by carrying out "improvements to the quality of space and productivity" in the customers' assets. This aids customers in gaining a competitive advantage (by providing high productivity as well as comfortable, safe and dependable spaces).

Environmental and energy fields

The fields carry out "improvements to the quality of space and productivity" in the customers' assets utilizing the minimum amount of "resources and energy". In moving toward a carbon neutral era, it is critical that a balance exists between "improvements to the quality of space and productivity" and "minimal usage of resources and energy." The azbil Group will provide that balance.

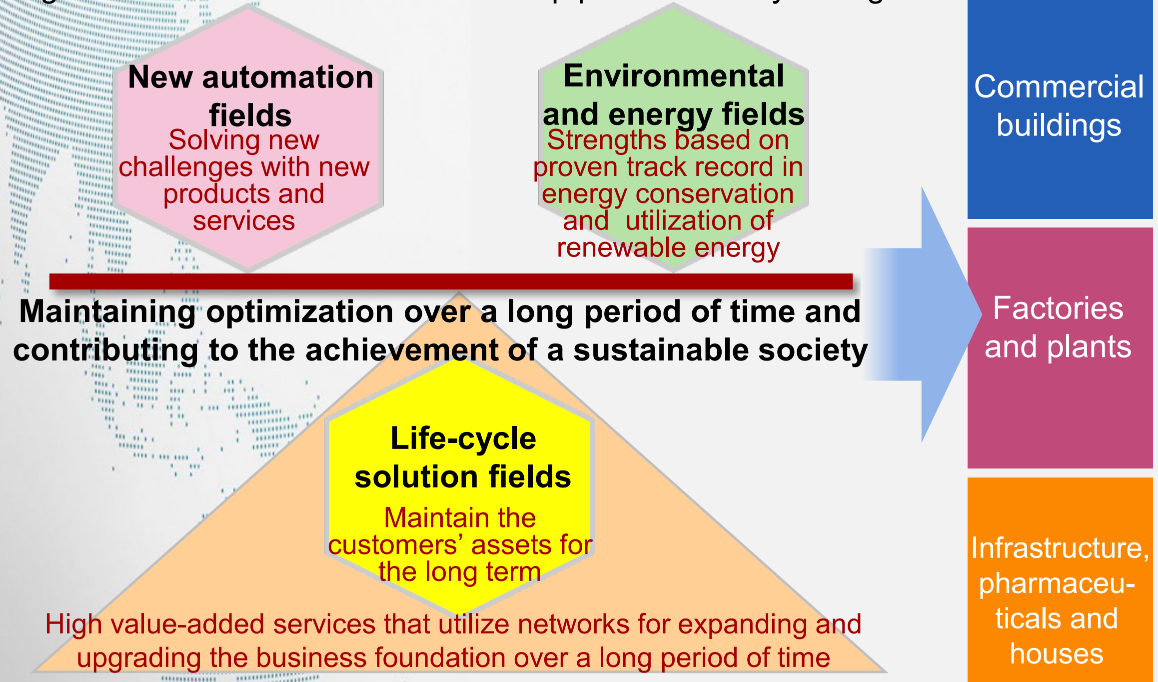
Life-cycle solution fields

The balance between "improvements to the quality of space and productivity" in the customers' assets and "minimal usage of resources and energy" must be provided over a long period of time. In order to do so, it is imperative that customers' assets must be maintained at a specified level for the long term. We will continually carry that out.

We will achieve sustainable growth by developing—and continuing over a long period of time—our business in these three growth fields, in Japan as well as overseas.

The needs of customers and society are evolving worldwide—with demands for high quality, safety, remote access, global decarbonization, etc. This is because of changes in the structure of society and in our environment, ranging from climate change and the "new normal" of pandemic life, to work-style reforms, an aging infrastructure, and the increasing sophistication of modern manufacturing.

Providing distinctive solutions through our business in the three growth fields in which the azbil Group possesses key strengths



Strengthening the engineering and service business foundation using digital transformation (DX), and expanding this overseas

Initiatives in the First Quarter (with respective dates of announcement)

- **Azbil to develop digital solutions for intelligent building management systems (Jun. 9, 2021)** **New automation**
  - ➢ Azbil has started developing new digital solutions for use with intelligent building management systems* (IBMS) for overseas markets, with support from the Singapore Economic Development Board (EDB).

    * An IBMS collectively manages multiple facility management systems in large-scale complexes to realize efficient, high-quality facility management and energy management, as well as tenant data management.

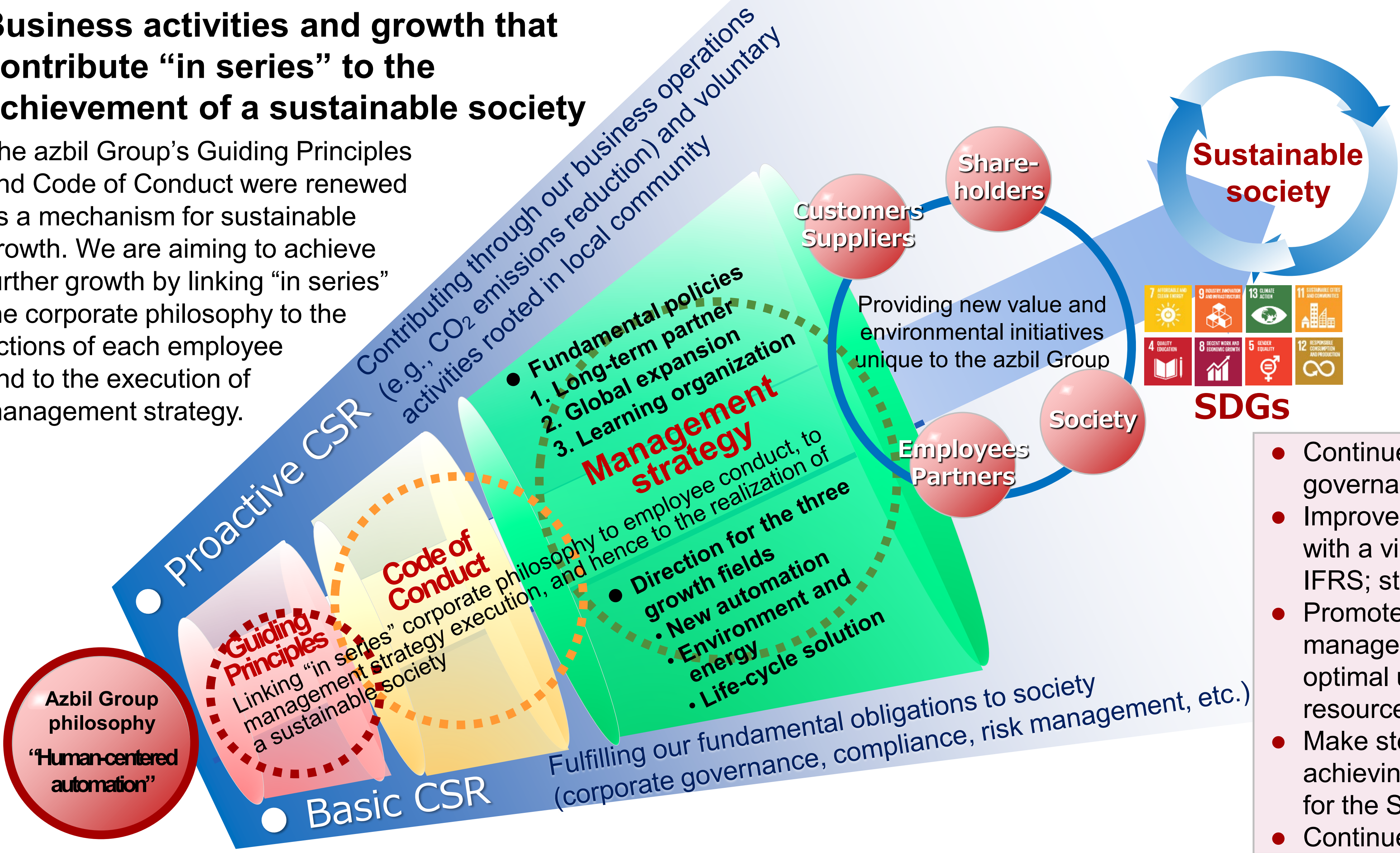
- **For the 8th consecutive year, Azbil has been selected as energy management support service provider for energy-saving projects at factories, office buildings, etc. (Jun. 17, 2021)** **Life-cycle solution** **Environment and energy**
  - ➢ Energy management support service providers install energy management systems (EMS) in buildings, and—using data obtained from the EMS—provide a support service that contributes to energy-saving operations and promotes peak power reduction in office buildings, factories, etc.

- **Dx Valve Cloud Service for valve analysis/diagnosis added to the scope of ISMS Cloud security certification (Jun. 29, 2021)** **New automation** **Life-cycle solution**
  - ➢ Our Dx Valve Cloud Service has been added to the scope of Information Security Management System (ISMS) cloud security certification. The Dx Valve Cloud Service is a cloud-based web content service that provides valve analysis/diagnosis that contributes to stable operations and enhanced security at production facilities by enabling visualization of the health of valves operating in those plants and factories.

The azbil Group's CSR Management: Contributing to Society's Sustainable Development

Business activities and growth that contribute "in series" to the achievement of a sustainable society

The azbil Group's Guiding Principles and Code of Conduct were renewed as a mechanism for sustainable growth. We are aiming to achieve further growth by linking "in series" the corporate philosophy to the actions of each employee and to the execution of management strategy.



Through the medium-term plan as well, we will promote Group management and enhance corporate governance systems, advancing our unique CSR management with the following priorities for action: risk management, compliance, management with an emphasis on people, and contributions to the global environment and society.

- Continue strengthening corporate governance and risk management
- Improve quality of accounting reporting with a view to voluntary adoption of IFRS; strengthen internal controls
- Promote health and well-being management, diversity and inclusion; optimal utilization/allocation of human resources
- Make steady progress toward achieving the azbil Group's own goals for the SDGs
- Continue other important initiatives

Essential Goals of azbil Group for SDGs

Regarding SDGs, we have set our four own essential goals (I to IV) as well as specific targets, and we are now working to steadily implement them. Furthermore, we are continuously reviewing and raising their levels

Ⅰ Environment and energy

Preserving the Earth's environment and solving energy-related problems through cooperative creation

- **CO_2 emission reduction at customers' sites for 2030**

  3.4 **million metric tons of CO_2/year**

- **Target of greenhouse gas (GHG) emission reduction for 2030**

  GHG emissions (Scopes1+2) associated with our own business activities

  30% reduction ➡ ***60%*** **reduction** compared to 2013

  Certification application has been submitted for meeting the 1.5 °C target by the SBT initiative*1.

  GHG emissions (Scope 3) across our entire supply chain

  20% **reduction** compared to 2017

- **Set product recycling target for 2030**

  Employing best available technology (BAT)*2

  All new products will be designed to be 100% recyclable

Ⅱ New automation

Realizing a safe and comfortable society through new automation

- **Improve the quality of customer's living, production and other shared spaces and create new value, through autonomy of manufacturing and operations.**

Ⅲ Supply chain and Social responsibility

Fulfilling our responsibilities to society across our supply chain and contributing to local communities

- **Collaborate with business partners on achieving the SDGs as a common goal and create shared CSR value in the supply chain; develop original targets for evaluating policies, framework, initiatives, and effectiveness*3**
- **Implement social contribution activities, rooted in the local community at all business sites*4, in which every employee*5 will participate**

Ⅳ Health and well-being management; An organization that never stops learning

Strengthening our foundations to solve societal problems through health and well-being management and continuous learning

- **Implementing health and well-being management (job satisfaction, health, diversity and inclusion)**

  x2 Women's advancement point*6 by 2024

  65% or more employees

  who find satisfaction in working at Azbil*7 by 2030

- **Developing and strengthening "an organization that never stops learning"**

  x2 Training opportunity point*8 by 2024

  65% or more employees

  who experienced personal growth over the past year*7 by 2030

*1 The Science Based Targets initiative is a collaboration between the CDP, United Nations Global Compact, World Resources Institute, and World Wide Fund for Nature, and certifies corporations whose CO_2 emissions reduction targets have a scientific basis. Their goal is to keep global temperature increase below 1.5 decree Celsius compared with pre-industrial levels.
*2 BAT refers to the most effective technology that is both economically and technologically viable.
*3 The evaluation system is unique to the azbil Group and is linked with external ESG evaluations such as FTSE.
*4 All offices both in Japan and overseas.
*5 The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.
*6 Points tallied internally with weight given based on the role, such as company executive, officer and manager. This target is compared to 2017.
*7 Aiming for 65% or 2/3 of employees, a considerably high target for the annual employee satisfaction survey conducted within domestic azbil Group companies. (Both values were 57% for FY2019.)
*8 Points tallied internally for participating in opportunities (frequency or number of employees) to learn with stakeholders. This target is compared to 2012.

Contribution “In Series” to the Achievement of a Sustainable Society

Reduce about 170 times of the CO_2 (environmental burden) from business activities of the azbil Group at customers’ sites

By providing our customers with automation equipment/systems, energy management and other solutions, as well as follow-up maintenance and service, we have built up a solid track record for contributing “in series” to the reduction of society’s environmental impact.

Effective reduction of CO_2 at customers’ sites*

Automation effects	Energy management effects	Maintenance services effects
		
about **2,690** thousand metric tons of CO_2	about **210** thousand metric tons of CO_2	about **40** thousand metric tons of CO_2

Total 2,940 thousand metric tons of CO_2 (FY2020)

\>

Reduce about 170 times the environmental burden

CO_2 emissions from business activities of the azbil Group

about 170 thousand metric tons of CO_2

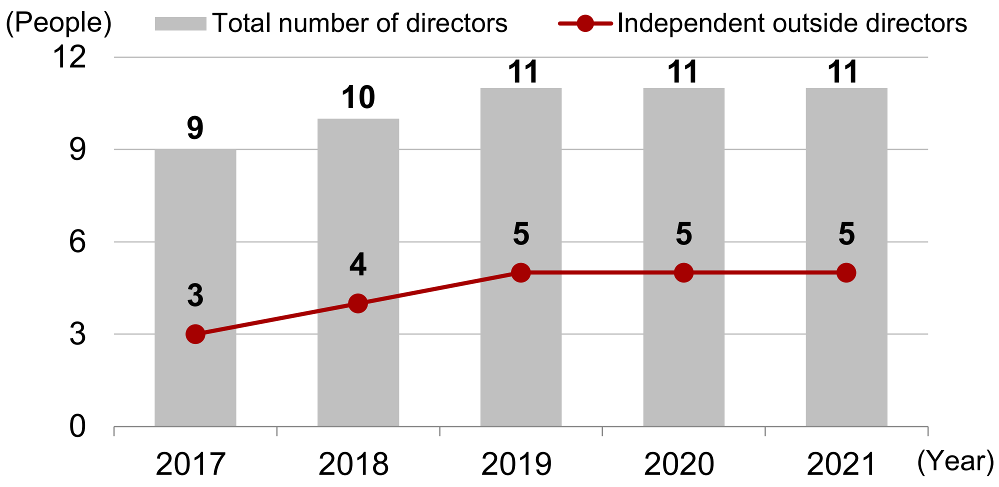
(FY2020)

CO_2 emissions (Scopes 1+2)
Azbil Corporation, its consolidated subsidiaries in Japan and its main manufacturing bases overseas

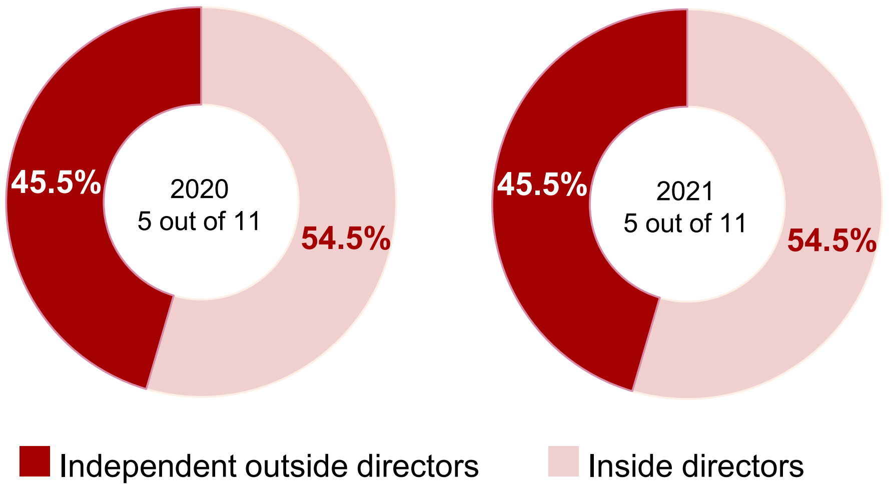
* In order to assess the contribution to the reduction of environmental impact quantitatively, the effects were classified into the three categories of 1) effects from automation, 2) effects from energy management, and 3) effects from maintenance services. Global reduction impact is partially based on original methods. An estimation method reviewed by a third party.

Progress of Corporate Governance Reforms (1)

Number of directors



Composition of independent outside directors



Audit and supervisory board

- 3 independent outside members
- 2 inside members

Nomination and remuneration committee

- 1 representative director and 3 independent outside directors
- Chaired by an independent outside director
- Abolished officers' retirement bonus system (2017)

Advisor/Counselor system (abolished)

- Abolished advisor/counselor system (2018)

Strategic shareholdings

- Formulated guidelines on strategic shareholdings (2016)
- Revised guidelines on strategic shareholdings (2018)

Reference: Change in the number of shares and total amount sold (Azbil Corp.)
71 stocks as of Mar. 31, 2015 to 41 stocks as of Mar. 31, 2021
Total amount sold during FY2015-FY2020: 6.5 billion yen (at market price)

* Total amount of shares held as of Mar. 31, 2020: 18.6 billion yen (at market price)
* The Nikkei Stock Average:
19,206 yen as of Mar. 31, 2015 to 29,178 yen as of Mar. 31, 2021

Progress of Corporate Governance Reforms (2)

Skill matrix

- Disclosed skill matrix (2021)
  - The Board of Directors at the meeting held on May 14, 2021 defined the skills expected of the directors with respect to achievement of the medium-term plan and other management strategies, and confirmed the independence, diversity and expected skills for the current Board of Directors.
  - 7 key categories have been picked for the skills expected of directors so they can support growth aimed at “contributing ‘in series’ to the achievement of a sustainable society”.
  - 2 female directors (1 of whom is a foreign national) have been elected out of the 11 directors.

The skills expected of director

- Corporate management/sustainability*
- Global business
- Finance, accounting, fund
- IT, technology/control and automation business
- Sales, marketing
- Manufacturing, research and development
- Legal, risk management, compliance

* “Corporate management/sustainability” includes human resources and personnel development from the viewpoint of sustainability

Sustainability

- In the medium-term plan, we recognize that addressing sustainability is not simply a response to risk, but also an important business opportunity for enhancing enterprise value. We will thus work to contribute “in series” to a sustainable society, and we have formulated and published a strategy focused on three growth fields as a concrete approach to achieving this.
- We have set up a dedicated unit and appointed a corporate officer in charge of all sustainability matters. The azbil Group CSR Promotion Committee and SDGs Promotion Committee meet regularly, and progress reports are made to the Management Committee and the Board of Directors.
- As regards disclosing how climate-related risks and opportunities affect the Company, we have expressed our support for the Task Force on Climate-Related Financial Disclosures (TCFD) and provide requisite information in our Annual Securities Report and azbil Report.

Diversity and inclusion

- As part of the azbil Group's health and well-being management, we are working to ensure the diversity of our core human resources; our approach and policies are detailed on our website.
- As our SDGs, we have set target numbers of female employees in management or specialist positions and, based on our own metric, points for women’s advancement/participation.

Business portfolio

- In formulating the medium-term plan, strategies for each business portfolio were discussed and reviewed.
- Return on invested capital (ROIC) has been introduced to encourage management that is mindful of the cost of capital. (2021)

External Evaluation and Initiatives (as of July 2021)

ESG-related topics—Inclusion in ESG indexes, external evaluation and initiatives

- Four indexes adopted by the Government Pension Investment Fund (GPIF) of Japan
  - FTSE Blossom Japan Index
  - MSCI Japan ESG Select Leaders Index
  - MSCI Japan Empowering Women Index (WIN)
  - S&P/JPX Carbon Efficient Index
- Bloomberg Gender-Equality Index
- Rated “B” in the CDP Climate Change Report 2020
- Received the highest level of accreditation, known as the “ERUBOSHI” certification, from the Act on Promotion of Women’s Participation and Advancement in the Workplace
- Granted the “Kurumin” certification by the Ministry of Health, Labor and Welfare
- Certified as a Health and Productivity Management Outstanding Organization
- Granted “the 3rd Platinum Career Award” created by Toyo Keizai Inc.
- Support for recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Started participating in the United Nations Global Compact

Inclusion in other indexes and external evaluation

- FTSE 4Good Japan Index
- MSCI Japan Index
- JPX-Nikkei400

Notes

1. Financial data and financial statements have been prepared based on Japanese GAAP and the amounts have been rounded down.
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

- CP (Control Product) business: Supplying factory automation products such as controllers and sensors
- IAP (Industrial Automation Product) business: Supplying process automation products such as differential pressure transmitters, pressure transmitters, and control valves
- SS (Solution and Service) 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.

IR Inquiries and Disclaimer

Inquiries regarding investor relations

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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.