Presentation Materials

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

February 3, 2022
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 Third Quarter of FY2021

Consolidated Financial Results

- **While there were some impacts from the COVID-19 pandemic and from parts shortages, orders received, net sales and profits rose compared with the same period last year.**
- Overall orders received grew, reversing the decline in the same period last year caused by the spread of COVID-19. This growth was mainly due to an increase 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 rose compared with the same period last year. This was mainly due to sales growth achieved by the AA business, reflecting a recovery in demand in the manufacturing equipment market.
- Operating income increased compared with the same period last year. 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 of higher operating income and recording foreign exchange gains, net income attributable to owners of parent increased compared with the same period last year; this was despite the recording of gain on sales of stocks and non-current assets following the integration of domestic production bases in the same period last year.

(Billions of yen)

	FY2020 Q1-3 (A)	FY2021 Q1-3 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	187.2	222.1	34.8	*18.6*
Net sales	174.2	179.3	5.0	*2.9*
Japan	141.9	142.3	0.4	*0.3*
Overseas	32.2	36.9	4.6	*14.5*
Gross profit	69.0	72.9	3.9	*5.7*
Margin	*39.6*	*40.7*	*1.1pp*	
SG&A	53.8	56.9	3.1	*5.8*
Operating income (loss)	15.1	16.0	0.8	*5.6*
Margin	*8.7*	*8.9*	*0.2pp*	
Ordinary income (loss)	15.2	16.9	1.6	*10.9*
Income (loss) before income taxes	16.7	17.1	0.3	*2.3*
Net income (loss) attributable to owners of parent	11.6	11.9	0.2	*2.4*
Margin	*6.7*	*6.7*	*(0.0)pp*	

Segment Information: BA Business

In the domestic market, demand has continued to grow for urban redevelopment projects and for heating, ventilation, and air conditioning (HVAC) control equipment / systems for factories, 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 the 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.
- Sales were on a par with the same period last year. While there was sales growth in the fields related to new large-scale buildings and existing buildings, there were decreases in the security field—reflecting the fact that there had been several projects in the same period last year—and in the service field, due to the new accounting standard for revenue recognition.
- Segment profit was lower than the same period last year in spite of improved profitability. This was due to higher expenses—for R&D, as stipulated in the medium-term plan, and for personnel required for intensified order-taking activities—as well as the increased expenses, recorded in H1 of the current fiscal year, of adapting working conditions to deal with the COVID-19 pandemic.

(Billions of yen)

	FY2020 Q1-3 (A)	FY2021 Q1-3 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	94.2	104.8	10.6	*11.3*
Sales	78.6	79.1	0.5	*0.7*
Segment profit (loss)	6.2	5.4	(0.8)	*(13.2)*
Margin	*7.9*	*6.8*	*(1.1)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 0.8 billion yen, while segment profit was unaffected.

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Segment Information: AA Business

As regards market trends in Japan and abroad, expanding investment in 5G has led to sustained high demand in the market for semiconductor manufacturing equipment. It is still unclear when the COVID-19 pandemic will abate; however, overall capital investment is seen to be recovering, particularly in the manufacturing equipment market.
Amidst this business environment, growth has been achieved in the overseas business—which has been a focus—and the profit structure has been successfully strengthened by continued implementation of various measures. However, due to parts shortages, certain products have been affected and, as a result, delivery times have lengthened.

- Orders received were higher than the same period last year. Although this partly reflects the impact of advance orders triggered by parts shortages, this increase was mainly due to continued demand in the manufacturing equipment market—against the backdrop of a global expansion in semiconductor-related investment—as well as business growth overseas. The order backlog also increased.
- Despite the impact of longer product delivery times resulting from parts shortages, there was sales growth, mainly in the manufacturing equipment market and overseas business. Sales thus increased compared with the same period last year.
- As regards segment profit, although there was an increase in expenses associated with intensified sales activities and higher R&D expenses, as stipulated in the medium-term plan, segment profit was higher than the same period last year owing to revenue growth and the success of measures to strengthen profitability that had already proved effective. Segment profit margin continued to improve.

(Billions of yen)

	FY2020 Q1-3 (A)	FY2021 Q1-3 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	62.9	81.3	18.3	*29.2*
Sales	64.5	69.2	4.6	*7.2*
Segment profit (loss)	7.9	9.9	2.0	*25.8*
Margin	*12.3*	*14.4*	*2.1pp*	

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.
- Overall sales were on a par with the same period last year. A decrease was seen in the Lifeline field due to the COVID-19 pandemic and parts shortages, and the pandemic also dampened sales growth in the LSE field. Nevertheless, sales growth was achieved owing to the increase in orders received in the previous fiscal year.
- Segment profit decreased compared with the same period last year because of the fall in profits associated with the decrease in sales in the Lifeline field and increased expenses along business growth in the LSE field.

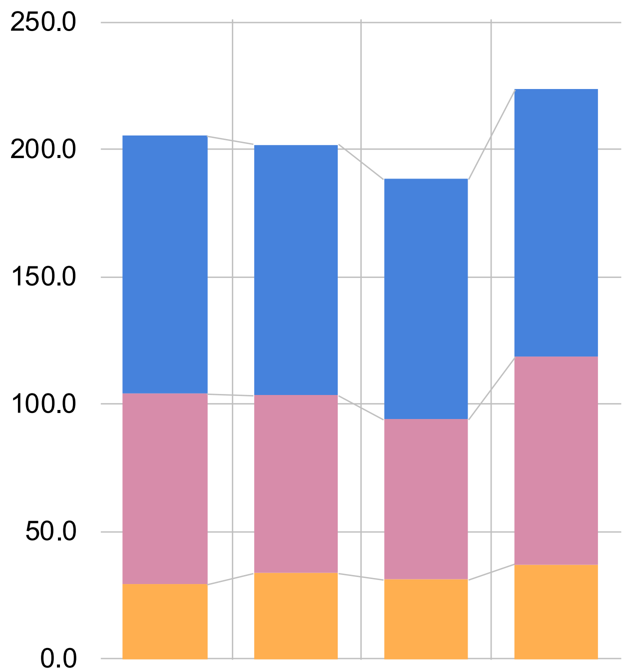
(Billions of yen)

	FY2020 Q1-3 (A)	FY2021 Q1-3 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	31.1	37.2	6.1	*19.8*
Sales	32.0	32.1	0.1	*0.4*
Segment profit (loss)	0.9	0.6	(0.3)	*(36.8)*
Margin	*3.1*	*2.0*	*(1.2)pp*	

Reference: Orders Received by Segment

■ Comparison to past results (Q1-3)

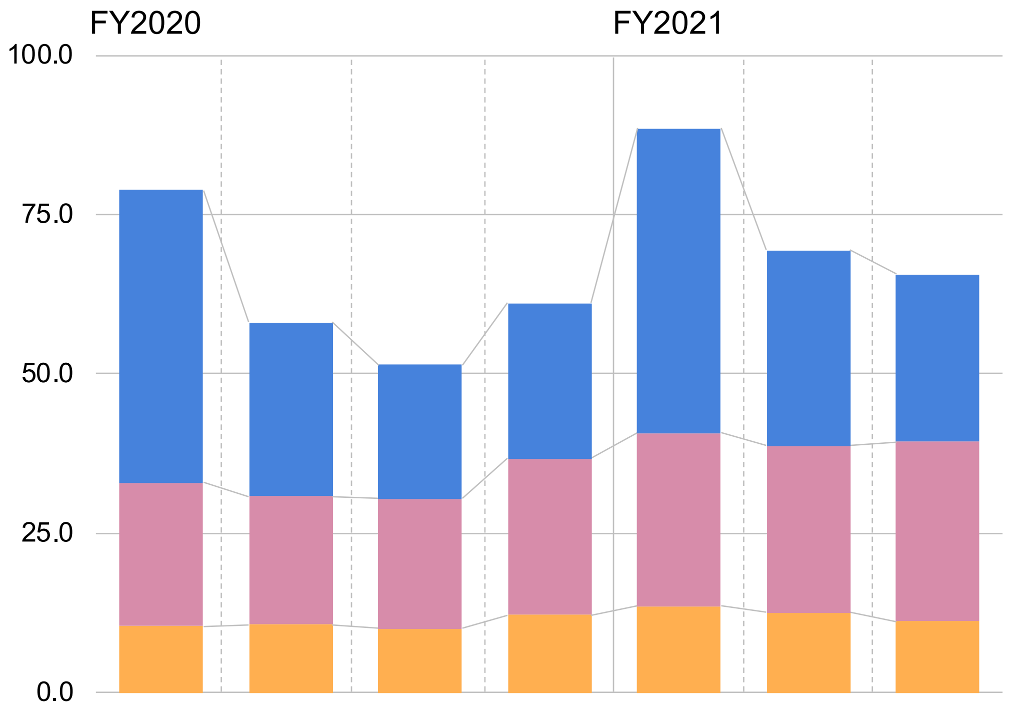
(Billions of yen)



	FY2018 Q1-3	FY2019 Q1-3	FY2020 Q1-3	**FY2021 Q1-3**
B A	101.0	98.5	94.2	**104.8**
A A	74.7	69.7	62.9	**81.3**
L A	29.4	33.7	31.1	**37.2**
Consolidated	204.1	200.8	187.2	**222.1**

■ Quarterly (3 months)

(Billions of yen)

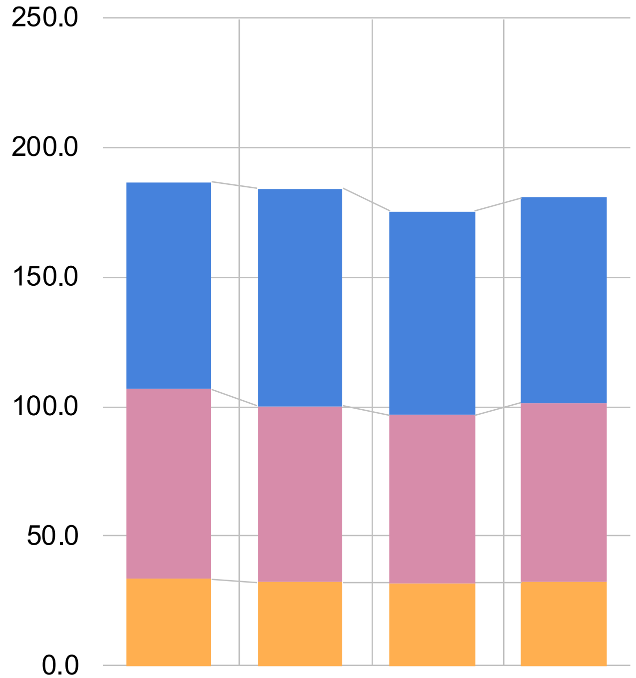


	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	**FY2021 Q3**
B A	45.9	27.2	21.0	24.2	47.7	30.7	**26.3**
A A	22.5	20.0	20.3	24.5	27.0	26.1	**28.1**
L A	10.3	10.7	10.0	12.2	13.6	12.5	**11.1**
Consolidated	78.5	57.6	51.0	60.6	88.1	68.8	**65.1**

Reference: Sales by Segment

Comparison to past results (Q1-3)

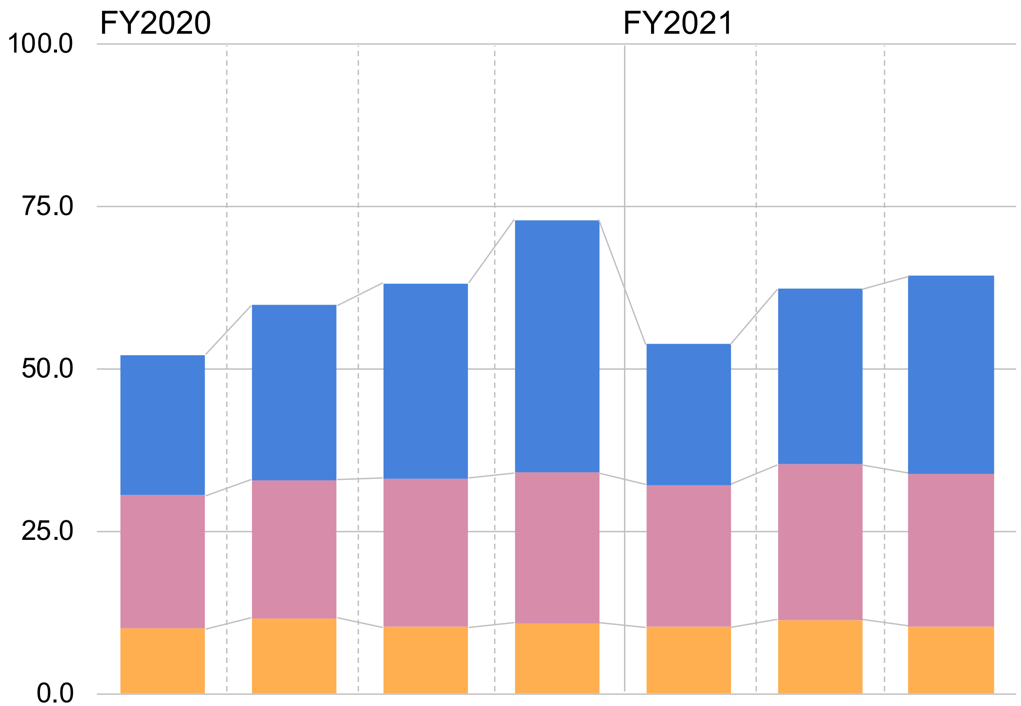
(Billions of yen)



	FY2018 Q1-3	FY2019 Q1-3	FY2020 Q1-3	**FY2021 Q1-3**
B A	79.8	83.9	78.6	**79.1**
A A	73.0	67.8	64.5	**69.2**
L A	33.6	32.2	32.0	**32.1**
Consolidated	185.3	183.0	174.2	**179.3**

Quarterly (3 months)

(Billions of yen)



	FY2020 Q1	Q2	Q3	Q4	FY2021 Q1	Q2	**Q3**
B A	21.7	26.8	30.0	38.8	21.6	27.0	**30.4**
A A	20.4	21.3	22.8	23.1	21.8	23.8	**23.4**
L A	10.0	11.6	10.3	10.9	10.2	11.4	**10.4**
Consolidated	51.9	59.4	62.8	72.5	53.4	61.8	**63.9**

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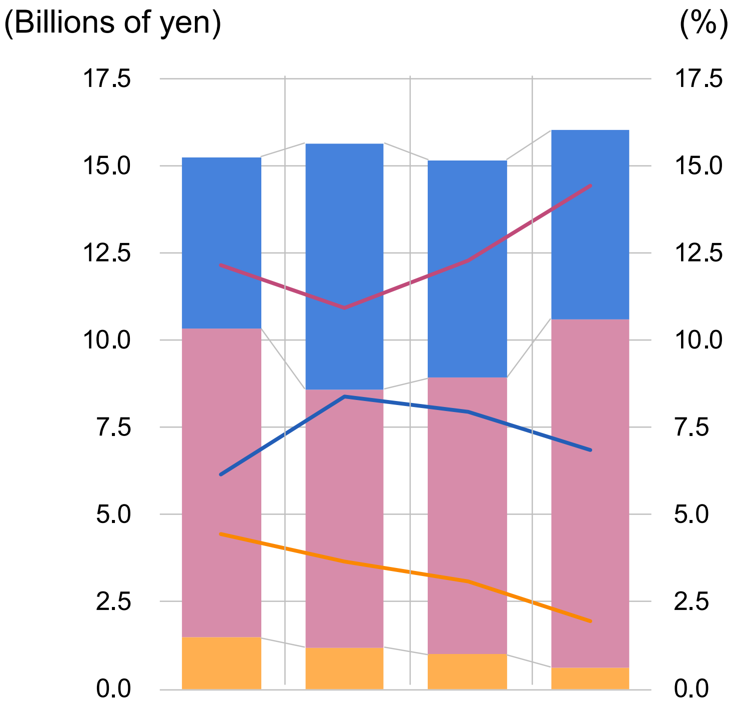
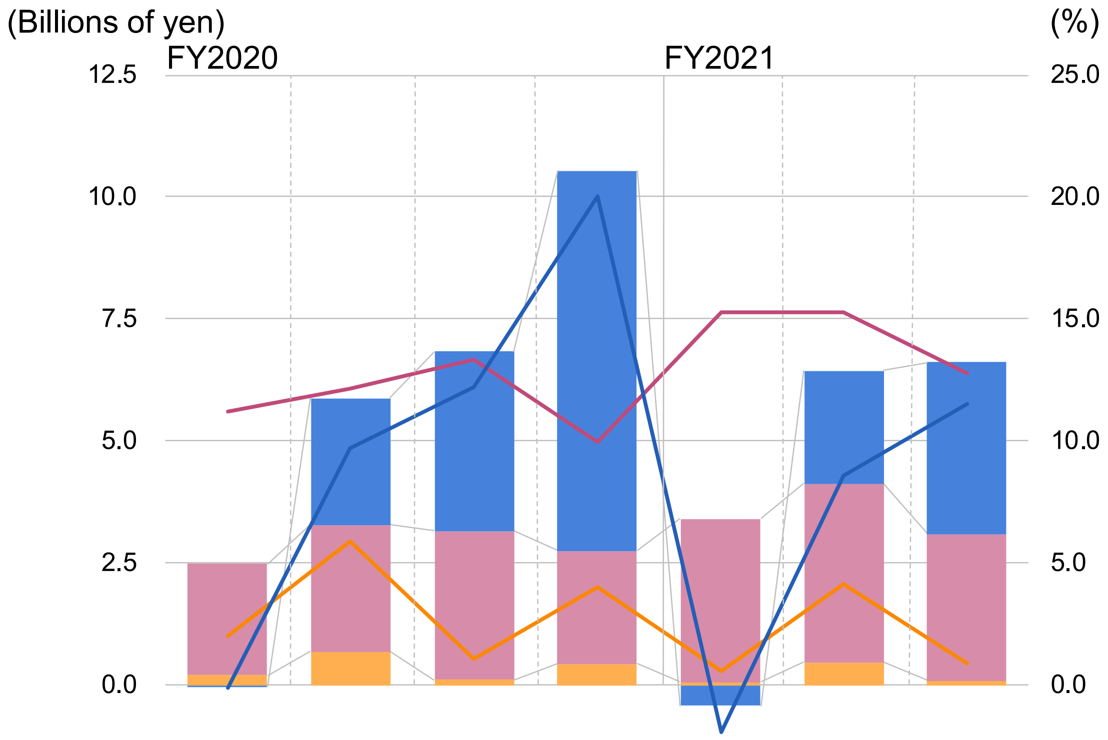
Reference: Segment Profit (Operating Income)

■ Comparison to past results (Q1-3)



	FY2018 Q1-3	FY2019 Q1-3	FY2020 Q1-3	**FY2021 Q1-3**
B A	4.9	7.0	6.2	**5.4**
Margin	*6.1*	*8.4*	*7.9*	***6.8***
A A	8.8	7.4	7.9	**9.9**
Margin	*12.1*	*10.9*	*12.3*	***14.4***
L A	1.4	1.1	0.9	**0.6**
Margin	*4.4*	*3.7*	*3.1*	***2.0***
Consolidated	15.2	15.6	15.1	**16.0**
Margin	*8.2*	*8.6*	*8.7*	***8.9***

■ Quarterly (3 months)



	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	**FY2021 Q3**
B A	(0.0)	2.6	3.6	7.7	(0.4)	2.3	**3.5**
Margin	*(0.1)*	*9.7*	*12.2*	*20.0*	*(2.0)*	*8.6*	***11.6***
A A	2.2	2.5	3.0	2.3	3.3	3.6	**2.9**
Margin	*11.2*	*12.2*	*13.4*	*10.0*	*15.3*	*15.3*	***12.8***
L A	0.1	0.6	0.1	0.4	0.0	0.4	**0.0**
Margin	*2.0*	*5.9*	*1.1*	*4.0*	*0.6*	*4.1*	***0.9***
Consolidated	2.4	5.8	6.8	10.5	2.9	6.4	**6.6**
Margin	*4.7*	*9.9*	*10.8*	*14.5*	*5.5*	*10.4*	***10.4***

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Overseas Sales by Region

Overseas sales rose by 14.5% on the same period last year.
In Asia, the recovery in the manufacturing equipment market continued, but sales were on a par with the same period last year because of the continued impact of the COVID-19 pandemic and the fact that sales for several large-scale projects had been recorded in the same period last year. In China, which made a rapid recovery from the pandemic, AA business sales increased. Both the AA business and LA business achieved sales growth in North America and Europe.

BA business

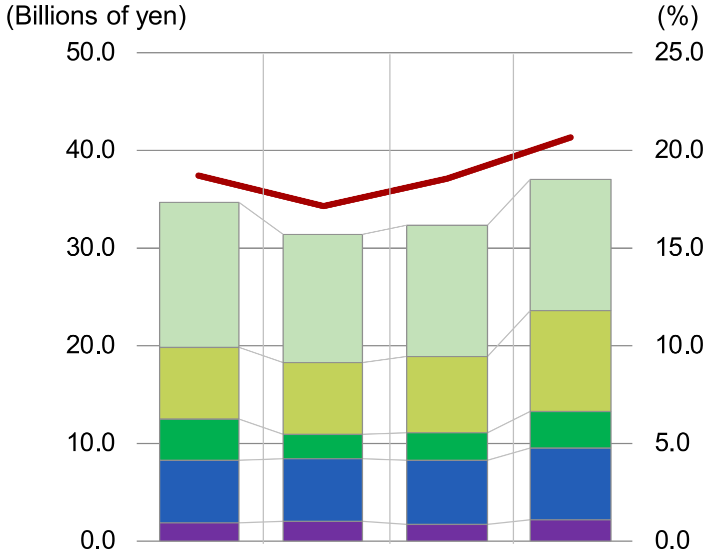
Despite the continued impact in Asia of construction stoppages and delays as well as sluggish demand resulting from the COVID-19 pandemic, progress was made with projects when construction work resumed in some regions, and sales increased.

AA business

Overall sales increased significantly. In addition to growth in global capital investment related to semiconductors and 5G, the manufacturing equipment market has continued to recover. In China, market conditions recovered, and measures to expand customer coverage have proved successful. Sales in North America also increased, reflecting robust market conditions.

LA business

Sales increased mainly in Europe and North America in the LSE field, reflecting the growth in orders received in FY2020.



	FY2018 Q1-3	FY2019 Q1-3	FY2020 Q1-3	**FY2021 Q1-3**
Asia (ex-China)	14.8	13.1	13.3	**13.3**
China	7.3	7.2	7.8	**10.3**
North America	4.2	2.5	2.8	**3.7**
Europe	6.3	6.4	6.5	**7.2**
Others	1.8	1.9	1.7	**2.1**
Consolidated	34.6	31.4	32.2	**36.9**

Reference information

		FY2018 Q1-3	FY2019 Q1-3	FY2020 Q1-3	**FY2021 Q1-3**
Overseas sales / Net sales (%)		*18.7*	*17.2*	*18.5*	***20.6***
Average exchange rate	USD/JPY	109.61	109.13	107.57	**108.58**
	EUR/JPY	130.87	122.62	120.94	**129.86**
	CNY/JPY	16.84	15.89	15.37	**16.79**

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

Consolidated Financial Position

- **Assets** Total assets decreased by 15.6 billion yen from the end of FY2020 owing mainly to decreases in cash and deposits and trade receivables.
- **Liabilities** Total liabilities decreased by 10.6 billion yen from the end of FY2020 owing mainly to decreases in trade payables and income taxes payable.
- **Net assets** Net assets decreased by 4.9 billion yen from the end of FY2020 owing mainly to the repurchase of the Company's own stock and the payment of dividends, despite an increase by recording of net income attributable to owners of parent.

(Billions of yen)

	As of Mar. 31, 2021 (A)	As of Dec. 31, 2021 (B)	Difference (B) - (A)
Current assets	**219.5**	**201.6**	**(17.9)**
Cash and deposits	68.5	56.0	(12.4)
Trade receivables	82.1	78.0	(4.1)
Securities	36.5	32.0	(4.5)
Inventories	24.5	28.6	4.0
Other	7.9	6.9	(1.0)
Non-current assets	**64.9**	**67.3**	**2.3**
Property, plant and equipment	27.0	29.3	2.2
Intangible assets	5.4	5.6	0.1
Investments and other assets	32.4	32.2	(0.1)
Total assets	**284.5**	**268.9**	**(15.6)**

	As of Mar. 31, 2021 (A)	As of Dec. 31, 2021 (B)	Difference (B) - (A)
Liabilities	**83.9**	**73.3**	**(10.6)**
Current liabilities	**76.4**	**65.2**	**(11.1)**
Trade payables	31.9	25.2	(6.7)
Short-term borrowings	9.0	8.1	(0.8)
Other	35.4	31.9	(3.5)
Non-current liabilities	**7.5**	**8.0**	**0.5**
Long-term borrowings	0.3	0.3	(0.0)
Other	7.2	7.7	0.5
Net assets	**200.6**	**195.6**	**(4.9)**
Shareholders' equity	**186.3**	**179.9**	**(6.4)**
Share capital	10.5	10.5	-
Capital surplus	11.6	11.6	-
Retained earnings	177.9	181.4	3.5
Treasury shares	(13.7)	(23.6)	(9.9)
Accumulated other comprehensive income	**11.8**	**13.0**	**1.2**
Non-controlling interests	**2.4**	**2.6**	**0.2**
Total liabilities and net assets	**284.5**	**268.9**	**(15.6)**

Reference
Shareholders' equity ratio: 69.6% (as of Mar. 31, 2021), 71.8% (as of Dec. 31, 2021)

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

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Consolidated Financial Plan

No changes to the revised consolidated financial plan that was announced on November 2, 2021

Against the backdrop of a growing order backlog and a robust business environment, particularly in the manufacturing equipment market, we aim to achieve the revised plan. Also, while we expect impacts to net sales due to the COVID-19 pandemic and the lengthened delivery times of certain products caused by continued parts shortages, we will continue to respond to these challenges quickly and appropriately.

- At the same time as securing demand in the robust markets for large-scale buildings in Japan and manufacturing equipment by making use of our established business foundation and implementing measures to strengthen our sales capabilities by harnessing digital transformation (DX), we will steadily improve our operating income margin and continue efforts to strengthen our business profitability.
- The impact of the pandemic is a concern, as are the parts shortages. Nevertheless, while keeping a close eye on the situation with our customers and parts suppliers, we will maintain thorough safety management, and respond quickly and appropriately to the changing situation.
- Based on the medium-term plan, we will aim to expand the three growth fields (see page 25) by steadily implementing investment in R&D and facilities, and we will develop and supply new products and services.

(Billions of yen)

	FY2020 Full year (results) (A)	FY2021 H1 (results)	FY2021 H2 (revised plan) (Nov. 2, 2021)	FY2021 Full year (revised plan) (Nov. 2, 2021) (B)	Difference (B) - (A)	Difference % Change	FY2021 Full year (initial plan) (May 14, 2021) (C)	Difference (B) - (C)	Difference % Change
Net sales	246.8	115.3	146.6	262.0	15.1	*6.1*	260.0	2.0	*0.8*
Operating income	25.7	9.3	19.9	29.3	3.5	*13.9*	27.5	1.8	*6.5*
Margin	*10.4*	*8.1*	*13.6*	*11.2*	*0.8pp*		*10.6*	*0.6pp*	
Ordinary income	26.3	9.8	19.6	29.5	3.1	*12.0*	27.5	2.0	*7.3*
Net income attributable to owners of parent	19.9	6.9	14.0	21.0	1.0	*5.4*	20.0	1.0	*5.0*
Margin	*8.1*	*6.0*	*9.6*	*8.0*	*(0.1)pp*		*7.7*	*0.3pp*	

Financial Plan by Segment (1)

(Billions of yen)

		FY2020 Full year (results) (A)	FY2021 H1 (results)	FY2021 H2 (revised plan) (Nov. 2, 2021)	FY2021 Full year (revised plan) (Nov. 2, 2021) (B)	Difference (B) - (A)	Difference % Change	FY2021 Full year (initial plan) (May 14, 2021) (C)	Difference (B) - (C)	Difference % Change
B A	Sales	117.5	48.7	72.6	121.4	3.8	*3.3*	121.4	–	-
	Segment profit	14.0	1.9	12.3	14.3	0.2	*2.0*	14.3	–	-
	Margin	*11.9*	*3.9*	*17.1*	*11.8*	*(0.2)pp*		*11.8*	–	
A A	Sales	87.7	45.7	50.7	96.5	8.7	*9.9*	94.2	2.3	*2.4*
	Segment profit	10.2	6.9	6.4	13.4	3.1	*30.7*	11.6	1.8	*15.5*
	Margin	*11.7*	*15.3*	*12.6*	*13.9*	*2.2pp*		*12.3*	*1.6pp*	
L A	Sales	42.9	21.7	23.9	45.7	2.7	*6.4*	45.7	–	-
	Segment profit	1.4	0.5	1.0	1.6	0.1	*11.5*	1.6	–	-
	Margin	*3.3*	*2.5*	*4.4*	*3.5*	*0.2pp*		*3.5*	–	
Consolidated	Net sales	246.8	115.3	146.6	262.0	15.1*	*6.1*	260.0	2.0	*0.8*
	Operating income	25.7	9.3	19.9	29.3	3.5	*13.9*	27.5	1.8	*6.5*
	Margin	*10.4*	*8.1*	*13.6*	*11.2*	*0.8pp*		*10.6*	*0.6pp*	

* 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.

Financial Plan by Segment (2)

BA

We expect to achieve our full-year financial plan, by achieving growth mainly in our refurbishment business for existing buildings.

- Demand for HVAC control equipment/systems for large-scale buildings is robust, and considering the buildup in the order backlog at the start of FY2021, sales in the new building field are set to remain at a high level.
- Against the backdrop of higher orders received, we expect growth in the refurbishment of existing buildings, which is a profitable business.
- We will continue to steadily invest in new product development to achieve future growth.

AA

We expect to achieve our revised plan by growth in the manufacturing equipment market and overseas business.

- The continued recovery in capital investment—driven by the upturn in both domestic and overseas manufacturing equipment markets—has led to a steady increase in orders received and a growing order backlog, although advance orders triggered by parts shortages and longer delivery times have been observed.
- In addition to benefiting from the robust business environment, we will be making investments necessary for business growth, actively developing overseas customers, launching new products, and implementing measures to further strengthen profitability. Accordingly, we aim to increase sales and profits.
- We will minimize the effects on production activities due to parts shortages by responding quickly and appropriately to the situation.

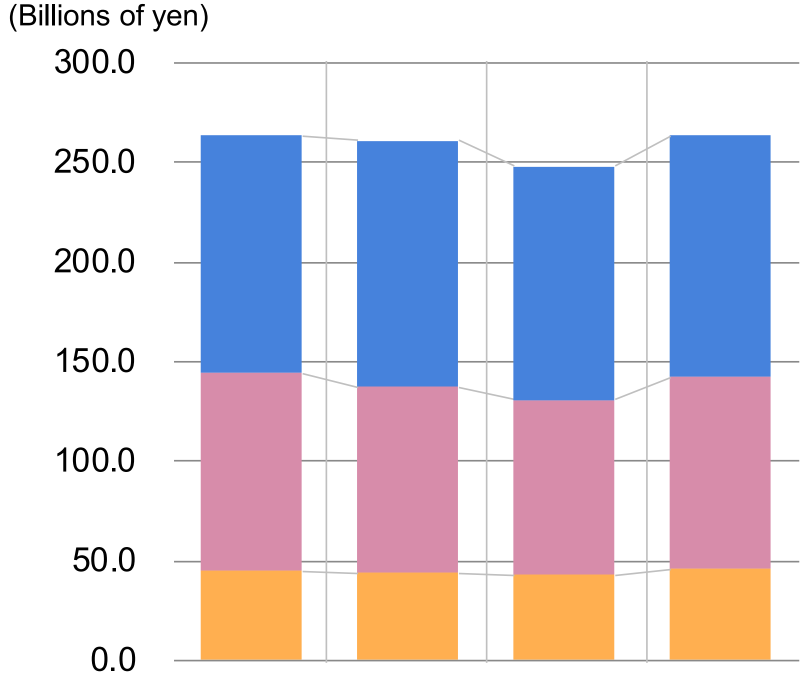
LA

The full-year financial plan is sustained by growth in the LSE field, supported by a robust pharmaceutical market.

- In the Lifeline field, there is a decline in the cyclical demand for LP gas meters and some negative impacts from the COVID-19 pandemic and parts shortages have been observed. However, we plan to launch new products and develop our cloud-based service business.
- In the LSE field, we expect growth resulting from robust demand increase in the pharmaceutical market.

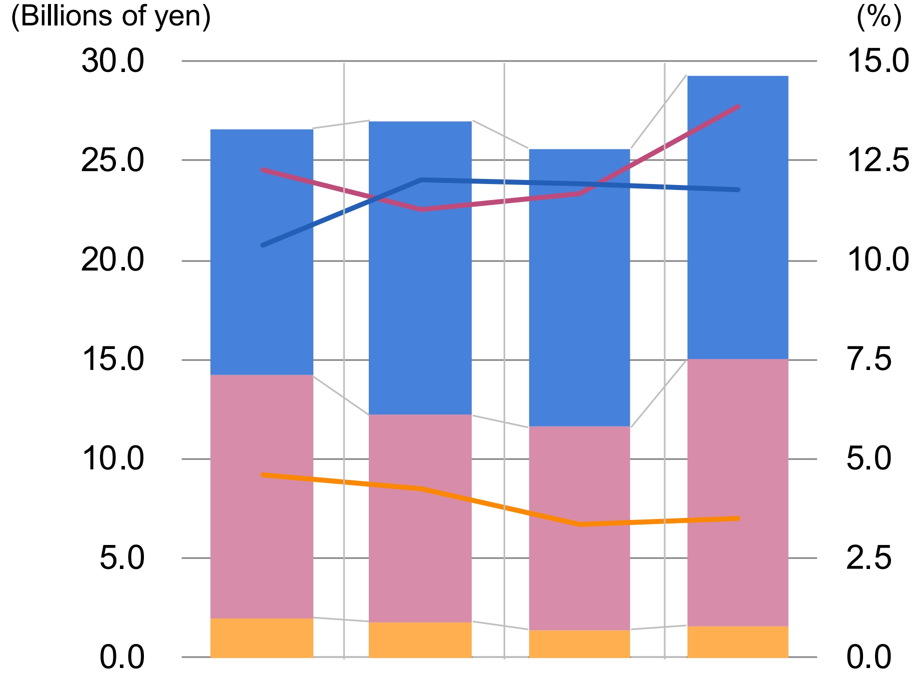
Reference: Sales by Segment and Segment Profit (Operating Income)

■ Sales by segment



	FY2018	FY2019	FY2020	**FY2021** (revised plan)
B A	119.5	123.7	117.5	**121.4**
A A	99.3	93.1	87.7	**96.5**
L A	44.8	44.0	42.9	**45.7**
Consolidated	262.0	259.4	246.8	**262.0**

■ Segment profit (operating income)



	FY2018	FY2019	FY2020	**FY2021** (revised 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	**13.4**
Margin	*12.3*	*11.3*	*11.7*	***13.9***
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	**29.3**
Margin	*10.2*	*10.5*	*10.4*	***11.2***

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

azbil

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 have repurchased the Company's own stock and will increase dividends 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.

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

FY2021 annual dividend

As regards the dividend for FY2021, we plan an **increase of 5 yen**, making the annual dividend per share **60 yen**. (No revision from the most recent announcement)

Repurchase of own stock (concluded)

Giving due consideration to ensuring a disciplined capital policy and capital efficiency, we repurchased the Company's own stock of **9.9 billion yen** (2.25 million shares).

Period of repurchase: From May 17, 2021 to August 13, 2021
Method of repurchase: Market transactions on the Tokyo Stock Exchange

Reference: Company's treasury shares as of December 31, 2021
Total number of shares (excluding the Company's treasury shares): 139,223,503 shares
Company's treasury shares: 5,977,381 shares

* The above number of treasury shares, 5,977,381 shares, does not include shares owned by a trust account for Employee Stock Ownership Plan (J-ESOP), which owned 1,943,639 shares as of December 31, 2021.

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.** (No revision from the most recent announcement)

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 financial 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)

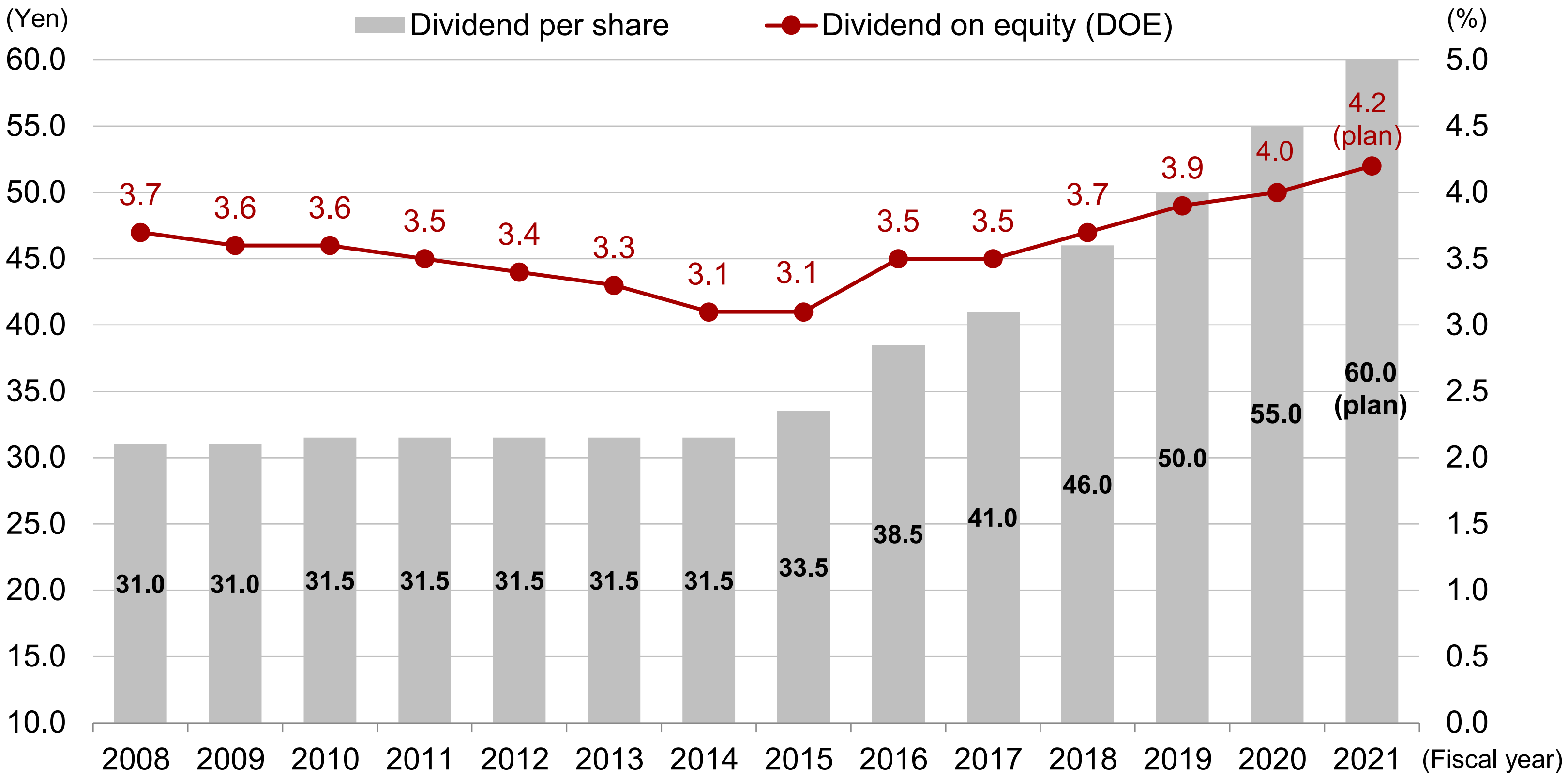
	FY2020			FY2021		
	Interim	Year-end	Annual	Interim	Year-end (plan)	Annual (plan)
Dividend per share	25	30	55	30	30	60
Payout ratio	*38.5%*			*39.2%* *1		
Dividend on equity (DOE)	*4.0%*			*4.2%* *2		

*1 The effects of own share repurchases concluded 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 concluded in FY2021, year-end dividends for FY2020, interim dividends for FY2021, and net income attributable to owners of parent in revised consolidated financial plan for FY2021.

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		9.9
Number of shares repurchased (millions of shares)	2.00							1.20		1.42	1.87	3.71		2.25

4. Progress in Implementing the Medium-term Plan

Long-term Targets and Medium-term Plan

- The azbil Group previously defined three growth fields—new automation, environment and energy, and 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: BA, AA, and LA.
- With the outlook for the COVID-19 pandemic still uncertain, 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	FY2021	FY2024	FY2030
Net sales	259.4 billion yen	246.8 billion yen	262.0 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	27.2 billion yen	25.7 billion yen	29.3 billion yen	36.0 billion yen	60.0 billion yen range
Margin	10.5%	10.4%	11.2%	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—new automation, environment and energy, and life-cycle solution—sharing a common foundation of automation technology, will enable entry into various markets positioned to meet the emerging needs of customers and society.

Measures for azbil Group growth

Three growth fields

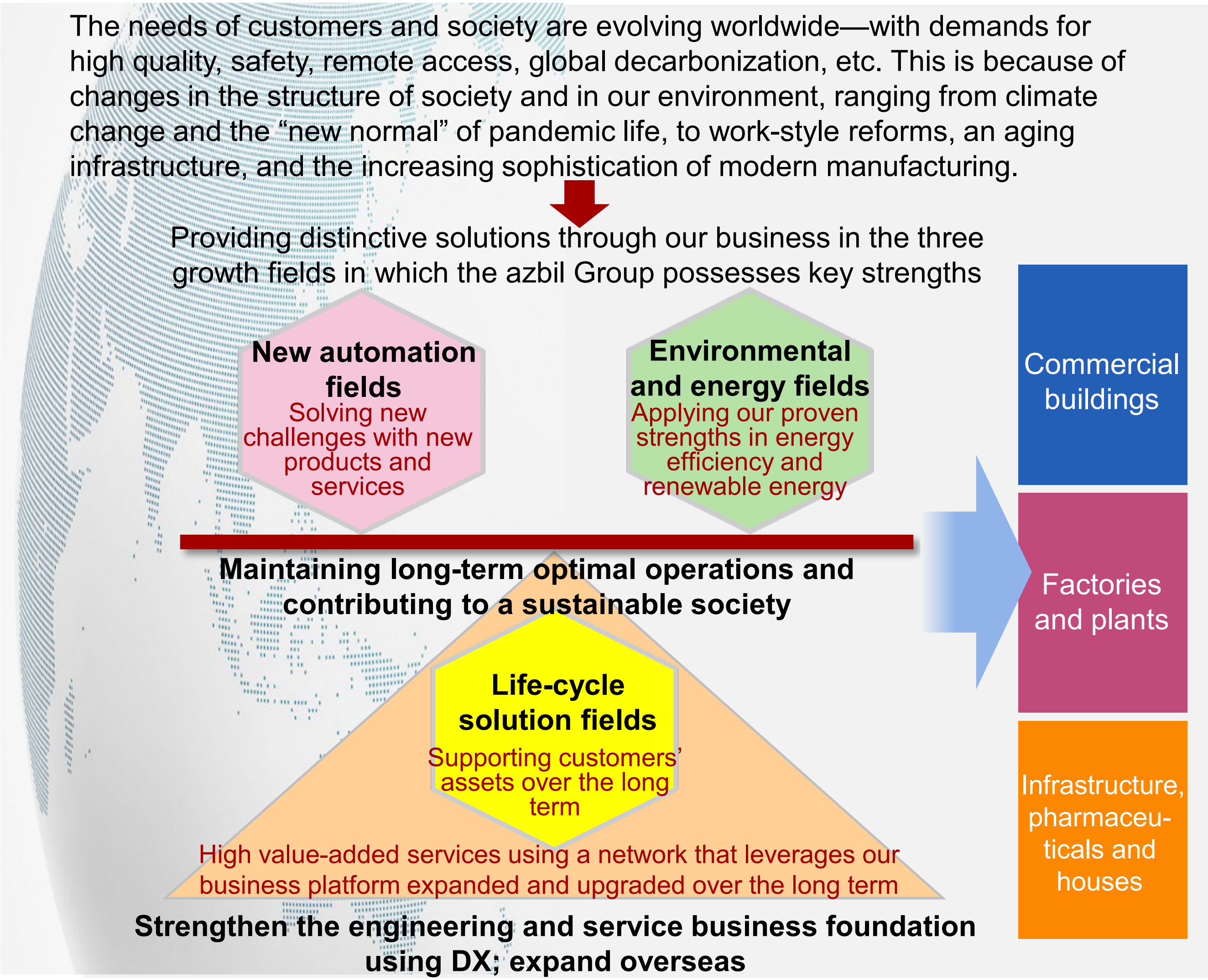
- Sharing a common foundation of automation technology, the three growth fields will enable continually carrying out improvements to the quality of space and productivity in customers' assets, as well as curbing energy usage for such improvements.

Growth in BA, AA and LA businesses with a focus on the three growth fields

- In anticipation of changes in the business environment, we will strive for growth in the BA, AA, and LA businesses by offering new products and services both in Japan and overseas. This will be based on the results of the business foundation built through previous medium-term plans and focusing on the three growth fields, in which the azbil Group has strengths.

Measures to strengthen the business foundation and to improve profitability

- In addition to allocating funds for R&D expenses and capital expenditure for expanding the three growth fields, we plan to expand existing measures for strengthening profitability and to further increase profit margins through new initiatives.



Please see page 28 for progress in the current period.

Segment Growth (BA, AA, LA) Leveraging the Changing Business Environment

We plan to achieve growth in each of the three businesses by launching new products and services in Japan and overseas, focused on development in the three growth fields and responding to changes in the business environment that reflect changing customer needs and new social issues.

(Billions of yen)

BA – Commercial buildings

	FY2020	FY2024
Sales	117.5	**134.5**
Overseas	7.2	14.0
Segment profit	14.0	**16.3**
Margin	*11.9%*	***12.1%***

Changing domestic and overseas business environment and needs

- Continued planning for new large-scale construction projects in Japan and Asia; increased demand for the refurbishment of existing buildings in Japan
- Growing needs for achieving energy savings and CO_2 reduction as part of decarbonization
- New office demand to meet the safety and security needs of the “new normal” era, including improved ventilation and access control as a response to the pandemic

The azbil Group’s solutions

- Carry out energy-saving refurbishment based on our accumulated data and know-how derived from actual installations
- Optimize energy and quality of air/temperature control based on the totality of BA systems, IoT devices and field instruments
- Achieve greater energy efficiency achieved through cloud services, etc. and virtual power plant implementation
- Respond to growing needs overseas for safety and comfort by supplying energy-saving applications, engineering and service with a proven track record in Japan

AA – Factories and plants

	FY2020	FY2024
Sales	87.7	**107.5**
Overseas	22.5	32.5
Segment profit	10.2	**16.4**
Margin	*11.7%*	***15.2%***

Changing domestic and overseas business environment and needs

- Continuous automation of manufacturing equipment and production lines to be able to meet new product and service demands
- Energy saving and greenhouse gas emission control for production facilities to make them ready for decarbonization
- Ensuring the safe and efficient operation of existing facilities; resolving labor shortages; and responding to new needs of the “new normal” era involving remote work, remote maintenance, etc.

The azbil Group’s solutions

- Supply new products that expand the measurement field with new technologies such as MEMS
- Supply products and services in the new automation fields, such as AI facility diagnosis and predictive anomaly detection that combine cloud services with AI technologies and IoT devices
- Make available in overseas markets products and services that have a proven track record and competitive edge in Japan

LA – Infrastructure, pharmaceuticals and houses

	FY2020	FY2024
Sales	42.9	**58.0**
Overseas	15.0	19.5
Segment profit	1.4	**3.3**
Margin	*3.3%*	***5.7%***

Changing domestic and overseas business environment and needs

- Energy management; improved safety and efficiency of infrastructure maintenance
- Responding to developments in the energy market, such as gas liberalization; adopting IoT for a range of meters; and meeting the need for improved living standards and product quality by utilizing the large amounts of data that can be accumulated from the operation of living and working spaces
- Ensuring safe and secure medical care and comfortable living spaces

The azbil Group’s solutions

- Promote Smart Metering as a Service (SMaaS) business for energy management in collaboration with other companies
- Provide solutions related to the manufacture of vaccines and other pharmaceutical products overseas
- Provide comfortable environments for small-size buildings based on variable air volume (VAV) and air cleaner technology

Creating Enduring Solutions in the Three Growth Fields

By combining the strengths of our three growth fields, we have developed solutions unique to the azbil Group that have already proven themselves on site to our customers. We will continue to create new solutions with leading-edge system solutions harnessing AI and the cloud as well as advanced devices employing MEMS* sensor technologies.

BA Commercial buildings

Environmental and energy fields / **Life-cycle solution fields**

Refurbishing existing buildings and promoting energy management to achieve repeated reductions in CO_2 emissions from large-scale buildings against global warming

- Realizing steady improvements in the operation of existing facilities by drawing on our considerable track record in the domestic market and the resulting know-how and data analysis
- Maintenance service system to support continual CO_2 reduction
- Visualizing energy usage with cloud services

New automation fields / **Environmental and energy fields**

Products that create safe and secure workplaces, for which demand is increasing due to the pandemic

- Ensuring a more personal work environment, with appropriate physical distancing, and saving energy at the same time
- Supporting "new normal" work styles with comfort and safety using the latest in wireless sensors, etc. to enable highly flexible layouts

AA Factories and plants

New automation fields / **Life-cycle solution fields**

Cloud services that use AI and IoT to remotely realize safe and efficient operation of production facilities

- Harnessing AI to replicate the expertise of skilled workers with automation solutions that address labor shortages while maintaining safety and quality
- Automatically uploading valve data to the cloud for remote, contactless monitoring of the status of valves operating in plants

LA Infrastructure, pharmaceu-ticals and houses

New automation fields / **Life-cycle solution fields**

New services that extend from labor-saving maintenance of energy infrastructure to collection and utilization of big data

- Drawing on our experience in supplying meters and utilizing existing networks such as cloud services for LP gas
- Offering customers new value in terms of environmental management and quality-of-life improvements by utilizing smart meters, collecting data in the cloud, and drawing on a wide range of data to realize decarbonization, etc.

Product development, production and service infrastructure to support solutions in the azbil Group's three growth fields

- R&D
  Fujisawa Technology Center:
  MEMS, packaging technology, and application technology
- Service network
  Maintenance and service sites in Japan and overseas, BOSS center, Cloud Operation Center, etc.
  Domestic and overseas customer contact points
- Production
  "Mother factory" (a combination of Shonan Factory and Fujisawa Technology Center) and factories in China and Thailand

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

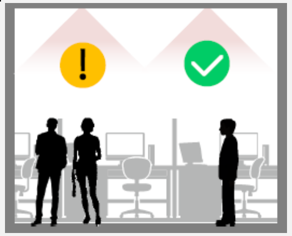
Progress in the Current Period (with respective dates of announcement)

Development of new products and services

As well as products that employ MEMS devices, unique to the azbil Group, and new products that meet the needs of overseas markets, we will develop and launch new services that harness cloud technologies to satisfy emerging customer needs and solve issues facing society.

- Started overseas sales of a user control device for office buildings (December 13th, 2021)
  - —Started sales of the multi-area user terminal, which is a device designed for office buildings that enables display and setting of air temperature, checking of CO_2 concentration, and control of ventilation.

Multi-area user terminal



Outside air is introduced inside when a specified CO_2 level is exceeded

- Furthered progress with the deployment of our cloud-based valve analysis and diagnosis service at chemical plants and oil refineries.
  - —From August 2021 this service has been provided to Ube Industries, Ltd. for the monomer and crystallization plants at their Ube Chemical Factory. (November 10th, 2021)
  - —From spring 2022, this service will be provided to the Kashima Oil Co., Ltd. in the ENEOS Group for the indirect desulfurization facility and catalytic reformer at their Kashima Refinery. (August 26th, 2021)

- Introduced the smart HART modem Model AZ-1SHM for fast resolution of communication problems in field devices (October 19th, 2021)

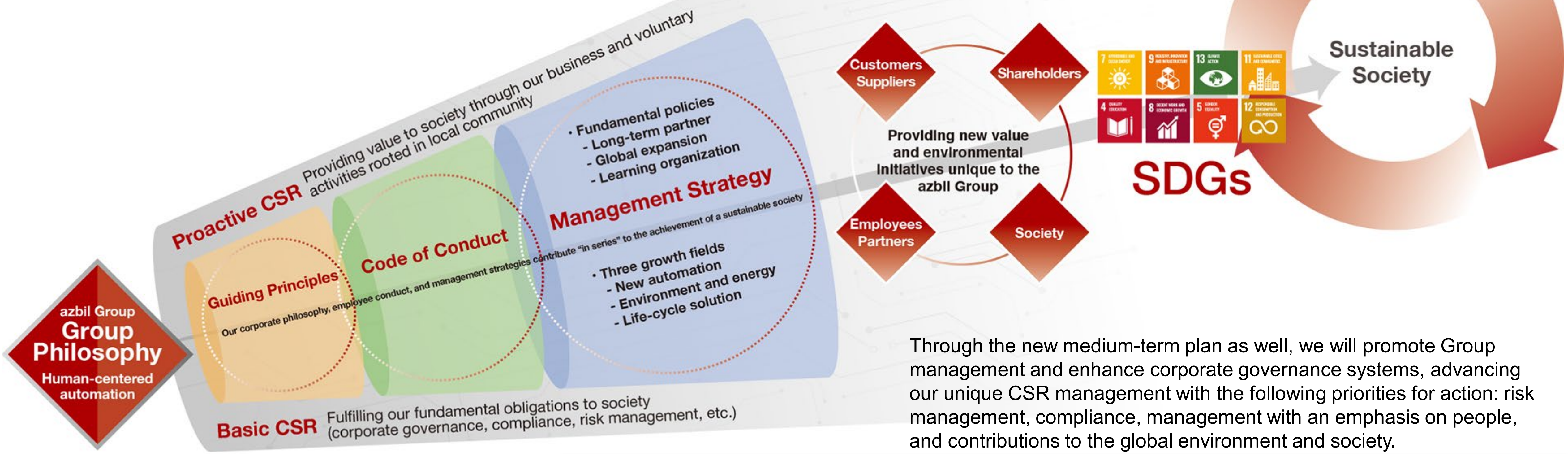
Measures to strengthen the business foundation and to improve profitability

- Upgrade and enhance the Fujisawa Technology Center, our R&D base, to strengthen our ability to develop advanced system solutions and high-performance, high-precision devices (work to be completed by May 2022)
- Construct a new building at the Dalian factory as part of our shift to overseas production to reduce product costs, and increase production capacity (work completed by December 2021; operations to start in 2022)
- Expansion overseas: Enhancing regional brand reputation
  - —Received Frost & Sullivan 2021 Southeast Asia Building Automation Systems Customer Value Leadership Award for second consecutive year (October 27th, 2021)
  - —Received Singapore Apex Corporate Sustainability Award 2021 (January 17th, 2022) (See page 33)


▲Conceptual images of laboratory buildings scheduled to be constructed
(Images courtesy of Nikken Sekkei Ltd.)

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

The azbil Group is committed to continuously enhancing corporate value based on mutual trust with stakeholders, to realize “safety, comfort, and fulfillment” in people’s lives and contributing “in series” to a sustainable society. These are achieved through practicing the azbil Group’s philosophy of “human-centered automation” and respecting the values to contribute society for people’s well-being based on the founding spirit of “freeing people from drudgery.”



Through the new 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
- Respond to climate change, respect human rights, and realize health and well-being management (job satisfaction, health, diversity and inclusion)
- 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

- **Target of effective CO_2 reduction at customers' sites for 2030**
  3.4 **million metric tons of CO_2/year**
- **Targets for greenhouse gas (GHG) emission reduction for 2030**
  GHG emissions from business activities (scopes1+2)
  30% reduction compared to 2013 ➡ ***55%*** **reduction** compared to 2017
  Reapproved to meet the 1.5 °C target by the SBT initiative[*1].

  GHG emissions throughout the entire supply chain (scope 3)
  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

- **Through autonomy of manufacturing and operations, the azbil Group will improve the quality of customer's living, production and other shared spaces, and creating new value.**

III Supply chain and Social responsibility

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

- **Working with our business partners on achieving SDGs as a common goal and creating shared CSR value across the supply chain; developing original targets for evaluating policies, framework, initiatives, and effectiveness[*3]**
- **Implementing social contribution activities, rooted in local communities at all business sites[*4], with active participation by every employee[*5]**

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

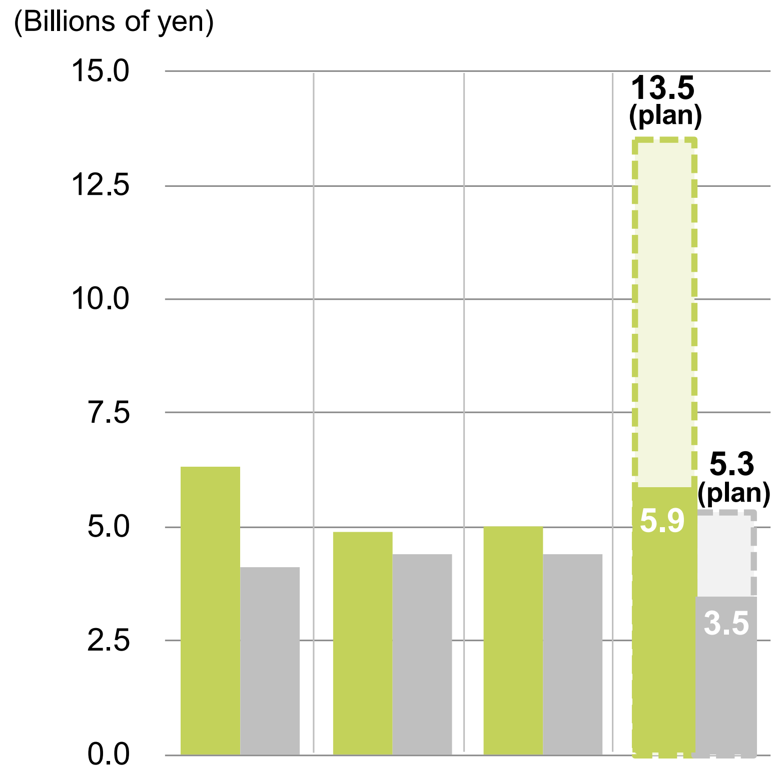
*1 The Science Based Targets initiative is a collaboration between the CDP, United Nations Global Compact, World Resources Institute, and World Wide Fund for Nature, and certifies corporations whose CO_2 emissions reduction targets have a scientific basis. Their goal is to keep global temperature increase 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.

Appendix

Capital Expenditure, Depreciation and R&D Expenses

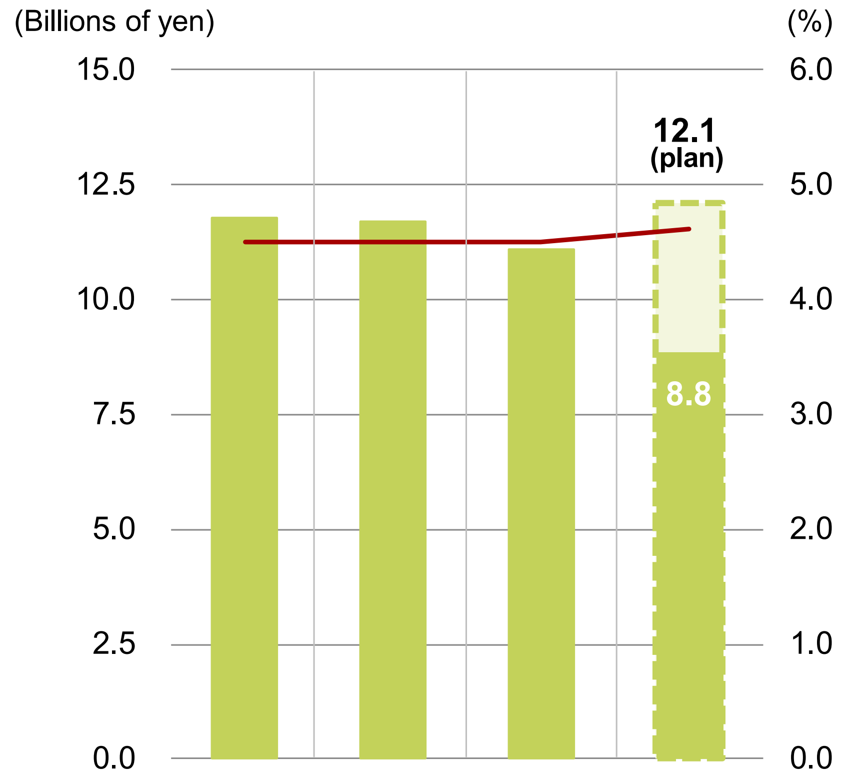
Full-year results/Q1-3 results for FY2021
Full-year plan for FY2021

■ 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 (%)	4.5	4.5	4.5	**4.6**

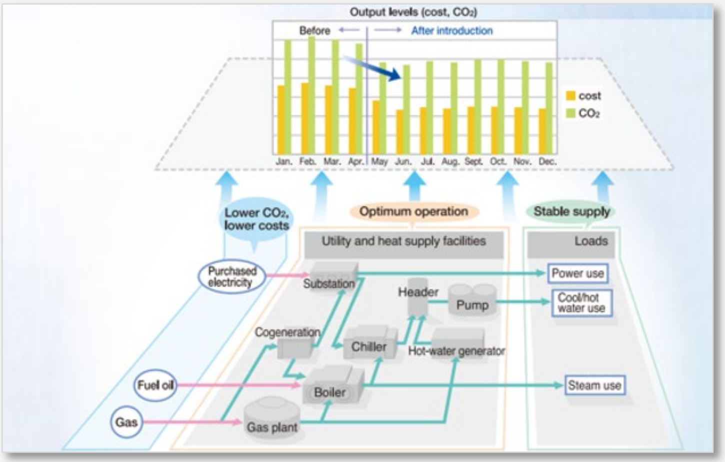
* Capital expenditure earmarked for upgrading the Fujisawa Technology Center will be incurred.

azbil

Singapore Apex Corporate Sustainability Award 2021

- Receipt of the Singapore Apex Corporate Sustainability Award 2021 (Sustainable Solutions, Non-SME category)
- Global Compact Network Singapore (GCNS) annually recognizes companies whose business operations or solutions have exemplified the Ten Principles of the United Nations Global Compact, covering the environment, human rights, labor, and anti-corruption.
- The award in the Sustainable Solutions category specifically recognizes companies that provide outstanding products and services which meet the sustainability needs of other businesses, the environment and society.

Azbil being presented the award in the Sustainable Solutions, Non-small and medium enterprises (Non-SME) category



Primary Energy → Utility Plant → Supply Utility to Users

Explanation of how the utility optimization system effectively reduces CO_2 emissions

The azbil Group has formulated "Essential Goals of azbil Group for SDGs," comprising four basic goals to be achieved by 2030. To achieve these, the Group aims to contribute to the realization of a zero-carbon society by supplying energy solutions that create new added value through the optimization of manufacturing activities and operations.

For example, by making use of azbil's utility optimization system for improved energy savings, a customer enterprise in Southeast Asia has been recognized for significantly reducing CO_2 emissions from such equipment as chillers, boilers, and turbines, as well as from energy production systems such as district heating and cooling systems, thus achieving their energy efficiency targets.

azbil

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

Reduce about 170 times of the CO_2 (environmental burden) from business activities of 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
17
thousand metric tons of CO_2
(FY2020)

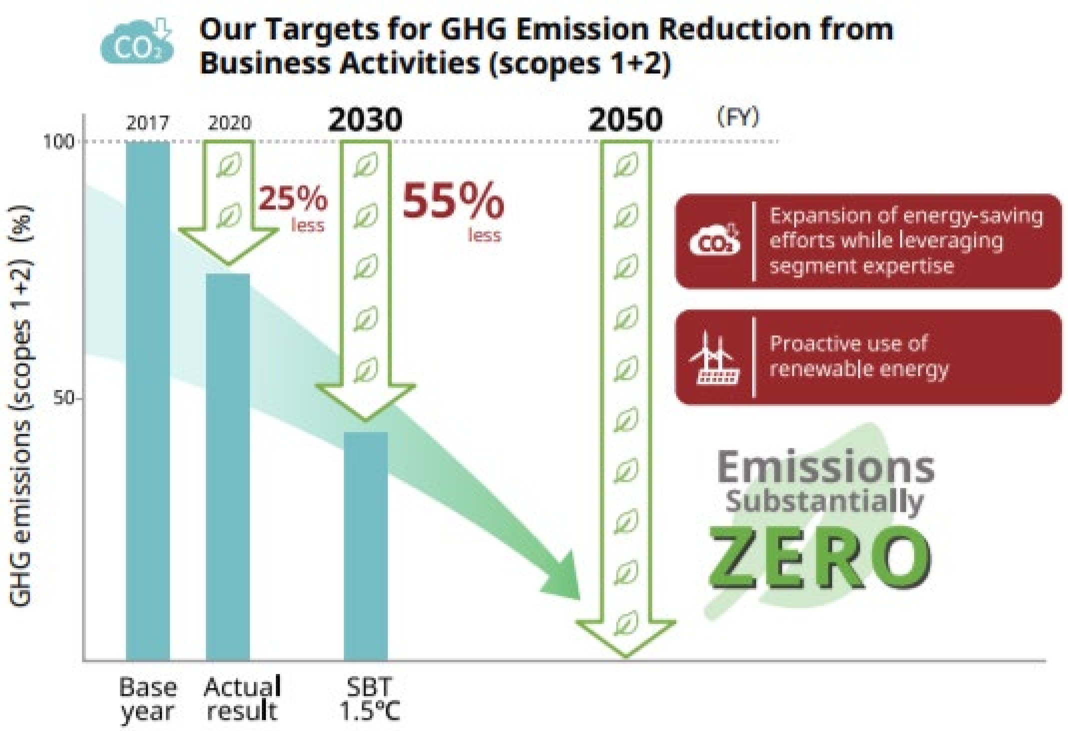
CO_2 emissions (scopes 1+2)
Azbil Corporation, its consolidated subsidiaries in Japan and its main manufacturing bases overseas

* 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. The estimation method is reviewed by a third party.

Contribution to the Environment

Regarding greenhouse gas emissions (scopes 1+2)[*1] associated with our own business activities, we have already launched specific initiatives. Aiming to achieve zero emissions by 2050, we have developed our long-term vision for reducing greenhouse gas emissions, and we have also established 2030 targets for reducing greenhouse gas emissions (approved as science based targets) that include those across our entire supply chain.

2050 Long-term Vision for Reducing Greenhouse Gas Emissions



2050 Long-term Vision for Reducing Greenhouse Gas Emissions

We have established our vision to aim to achieve substantially zero emissions by 2050 for greenhouse gas emissions (scopes 1+2) from our business activities. We have also endorsed the "Actions by the Business Community on Long-term Global Warming Countermeasures up to 2050" proposed by Keidanren (Japan Business Federation).

2030 Targets for Reducing Greenhouse Gas Emissions

Moves are now being made to rapidly decarbonize all aspects of society, prompting us to update our target for reducing GHG emissions through business activities to a 55 reduction, up from the 30% reduction. This new target was reapproved as a 1.5°C target by the Science Based Targets initiatives (SBTi)[*2] in August 2021. We will accelerate our initiatives to achieve our long-term vision.

- GHG emissions (scopes 1+2) from own business activities

  30 % reduction compared with 2013 → **Raise target** → **55 % reduction** compared with 2017

- GHG emissions (scope 3) across our entire supply chain

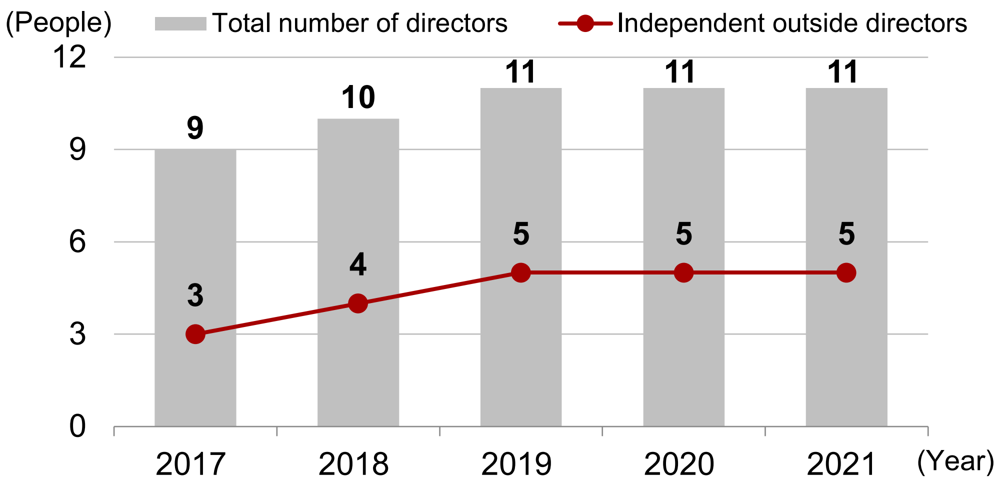
  20 % reduction compared with 2017

[*1] Scope 1: Direct greenhouse gas (GHG) emissions from a business (from fuel burning, industrial processes, etc.)
Scope 2: Indirect GHG emissions from using electricity, heat, or steam provided by another business.

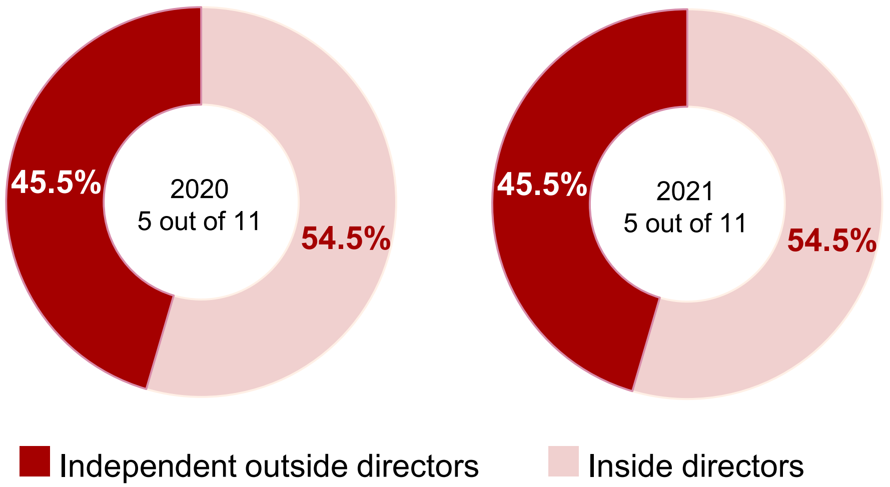
[*2] An international initiative – jointly established by the CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF)—to certify that corporate CO_2 emission reduction targets are consistent with scientific evidence. The 1.5°C target is to limit the increase in global average temperature caused by climate change to no more than 1.5°C compared to pre-industrial levels.

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

- 2 representative directors and 3 independent outside directors
- Chaired by an independent outside director

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, 2021: 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

* Even after the end of March 2021, we have been steadily implementing necessary measures in light of the stock price and market trends based on our policy of reducing strategic shareholdings stated in our Corporate Governance Report.

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.
  - Seven 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.
  - Two 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

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 one of our goals for the 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.

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 the achievement of 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.

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 January 2022)

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
- Rated "A" in the CDP Climate Change Report 2021, rated "A-" in the CDP Water Security Report 2021
- 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
- Received the third annual 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.
4. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of the first quarter of the consolidated fiscal year. Orders received for the current consolidated cumulative third quarter have decreased by approximately 3.2 billion yen owing to this change, while the impact on net sales, operating income, ordinary income and income before income taxes has been immaterial.

IR Inquiries and Disclaimer

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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.