Presentation Materials for the First Quarter of Fiscal Year 2022 (Ending March 31, 2023) (Based on Japanese GAAP)

August 4, 2022

Azbil Corporation

RIC: 6845.T, Sedol: 6985543

azbil

Announcement Points

1. Consolidated Financial Results for the First Quarter of FY2022

- Orders remained steady. Although orders received in the same period last year benefitted from the renewal of large multi-year service contracts, overall orders received increased by 5%. Order backlog grew by 25%, a significant increase compared with the same period last year.
- The AA business, the core of which is product sales, uses large volumes of parts and is subject to significant fluctuations in demand. It was thus particularly affected by the shortages and price hikes of parts, leading to lower sales and profits. However, there was only limited impact on the BA and LA businesses, which both achieved higher sales and profits compared with the same period last year.

2. Consolidated Financial Plan for FY2022

- The initial financial plan remains unchanged, and we are still aiming to achieve a new record high for profits.
- In response to the shortages and price hikes of parts, we will progressively implement a series of measures—ranging from strengthening our capability to secure/procure parts to optimizing selling prices. In this way we will steadily convert the accumulated order backlog into sales and thus secure profits.

3. Returning Profits to Shareholders

- **As regards the annual dividend for FY2022, we plan to increase it by 5 yen per share, to 65 yen per share.**
- **We canceled treasury shares (1.5 million shares) and are repurchasing the company's own stock (up to a maximum of 10.0 billion yen or 4.0 million shares).**

  Reference

  Progress of repurchase until July 31, 2022: 1,992,800 shares (7.3 billion yen) have already been repurchased.

4. Initiatives to Enhance Corporate Governance

- Transition to a company with a three-committee board structure (as of June 23).
- Revision of executive remuneration system (including introduction of stock compensation plan), disclosure of the remuneration policy.

Contents

1. Consolidated Financial Results for the First Quarter of FY2022

Consolidated Financial Results

- **Overall orders received grew compared with the same period last year. This reflects robust demand for the BA business, related to urban redevelopment projects in the Tokyo metropolitan area, and for the AA business, in the semiconductor manufacturing equipment market as well as from overseas business expansion.**
- **Net sales rose compared with the same period last year. While AA business sales decreased because little progress was made in the recording of sales for some products due to procurement difficulties, sales increased for the BA and LA businesses, which had both received increased orders in FY2021.**
- **Operating income decreased compared with the same period last year. This was due to the recording of R&D expenses related to measures stipulated by the medium-term plan, as well as increased costs resulting from difficulties in parts procurement and increased expenses. Net income attributable to owners of parent increased compared with the same period last year due to the recording of foreign exchange gains of 0.83 billion yen, despite the lower operating income.**

(Billions of yen)

	FY2021 Q1 (A)	FY2022 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	88.1	92.8	4.7	*5.4*
Net sales	53.4	56.0	2.5	*4.8*
Japan	42.7	43.3	0.6	*1.4*
Overseas	10.7	12.7	1.9	*18.1*
Gross profit	21.4	20.8	(0.5)	*(2.6)*
Margin	*40.1*	*37.2*	*(2.8)pp*	
SG&A	18.4	18.7	0.2	*1.2*
Operating income (loss)	2.9	2.1	(0.7)	*(26.6)*
Margin	*5.5*	*3.9*	*(1.7)pp*	
Ordinary income (loss)	3.2	3.3	0.1	*3.5*
Income (loss) before income taxes	3.1	3.3	0.1	*3.7*
Net income (loss) attributable to owners of parent	2.0	2.0	0.0	*2.1*
Margin	*3.8*	*3.7*	*(0.1)pp*	

* The order backlog at the end of the first quarter of FY2022 stood at 173.2 billion yen, a record level.

* The impact of foreign exchange rate fluctuations (compared with the same period last year)
+0.68 billion yen for net sales, +0.03 billion yen for operating income
The impact of foreign exchange rate fluctuations is calculated using the difference in rates between the two periods in question to convert overseas subsidiaries' P/L into yen from the local currency.

Segment Information: BA Business

In the domestic market, demand has continued to grow for urban redevelopment projects in the Tokyo metropolitan area and for heating, ventilation, and air conditioning (HVAC) control equipment/systems for factories. With the continuing demand for ventilation improvement, energy savings, and CO_2 reduction, there is growing interest in solutions that meet emerging building environmental needs in this "new normal" era. In overseas markets, there are signs of recovery from the impact of the postponed construction projects and construction delays caused by the COVID-19 pandemic.
Amidst such a business environment, we have not only engaged in securing orders with a view to enhanced profitability, while paying sufficient attention to the safety of both customers and employees, but we have also striven to ensure enhanced capabilities and efficiencies of job execution, particularly on customers' sites for construction and service. Moreover, we have made progress with the expansion of our products and services to better meet the needs of customers in Japan and abroad, who are interested in harnessing such technologies as IoT.

- As regards orders received, although orders in the same period last year benefitted from the renewal of multi-year service contracts, in this quarter orders increased for new large-scale buildings, thanks to a robust business environment, and also for existing buildings, reflecting increased demand for ventilation improvement, energy savings, and CO_2 reduction solutions. Accordingly, overall orders received were higher than the same period last year.
- Sales increased from the same period last year. There was sales growth in the fields related to new large-scale buildings and existing buildings, reflecting the fact that there was an order backlog at the end of FY2021.
- Segment profit improved from the same period last year. This was due to increased revenue and improved profitability, despite higher expenses.

(Billions of yen)

	FY2021 Q1 (A)	FY2022 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	47.7	48.9	1.2	*2.5*
Sales	21.6	23.5	1.8	*8.7*
Segment profit (loss)	(0.4)	0.0	0.4	-
Margin	*(2.0)*	*0.2*	*2.1pp*	

Segment Information: AA Business

As regards market trends in Japan and abroad, expanding investment in 5G and digital transformation (DX) has led to sustained high demand in the market for semiconductor manufacturing equipment, and overall capital investment continues to recover, particularly in the manufacturing equipment market.
Amidst this business environment, our growth for the overseas business—which has been a focus—has borne fruit, and we are continuing with various measures related to enhancing profitability. However, due to parts procurement difficulties, delivery times have lengthened and parts prices have increased for certain products .

- Orders received were higher than the same period last year. This increase was mainly due to a recovery in demand in the manufacturing equipment market and business growth overseas.
- Due to the impact of parts procurement difficulties, little progress was made in the recording of sales for some products, and thus sales decreased compared with the same period last year.
- Segment profit was lower than the same period last year. This was due to a decrease in revenue and increase in parts prices.

(Billions of yen)

	FY2021 Q1 (A)	FY2022 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	27.0	31.2	4.1	*15.5*
Sales	21.8	21.1	(0.7)	*(3.4)*
Segment profit (loss)	3.3	2.0	(1.3)	*(39.5)*
Margin	*15.3*	*9.6*	*(5.7)pp*	

Segment Information: LA Business

The Lifeline field (gas/water meters, etc.) depends on cyclical demand for meter replacement as required by law and thus demand can be expected to remain stable. However, changes in some markets have been observed, such as that for LP gas meters, for which cyclical demand is currently at a low ebb. 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.

- Orders received were lower than the same period last year, mainly as a result of a concentration of orders recorded in the same period last year in the LSE field, driven by growing demand for equipment in the pharmaceutical market.
- Sales increased from the same period last year, thanks to growth in the LSE field due to the increase in orders received in FY2021.
- Segment profit was on a par with the same period last year. Although revenue increased, it was impacted by increased expenses, soaring prices for raw materials, and higher energy and transportation costs.

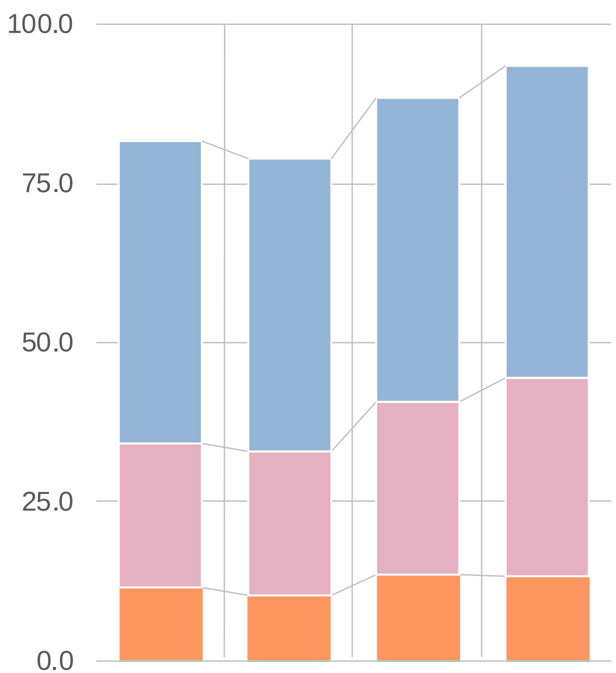
(Billions of yen)

	FY2021 Q1 (A)	FY2022 Q1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	13.6	13.1	(0.4)	*(3.0)*
Sales	10.2	11.7	1.4	*14.3*
Segment profit (loss)	0.0	0.0	0.0	*40.0*
Margin	*0.6*	*0.7*	*0.1pp*	

Reference: Orders Received by Segment

Comparison to past results (Q1)

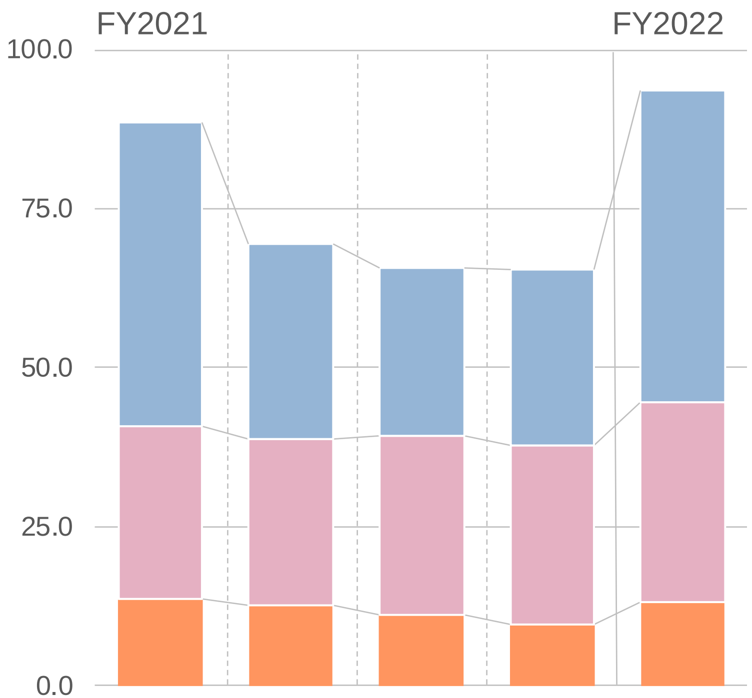
(Billions of yen)



	FY2019 Q1	FY2020 Q1	FY2021 Q1	**FY2022 Q1**
B A	47.5	45.9	47.7	**48.9**
A A	22.5	22.5	27.0	**31.2**
L A	11.5	10.3	13.6	**13.1**
Consolidated	81.4	78.5	88.1	**92.8**

Quarterly (3 months)

(Billions of yen)

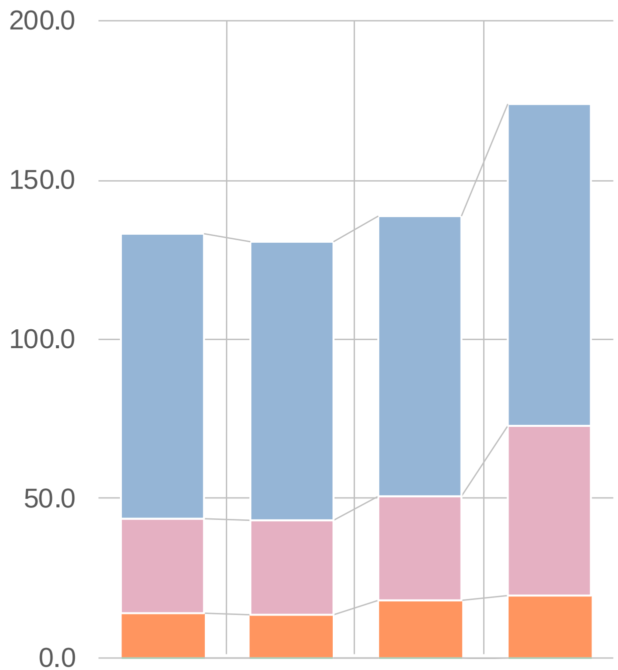


	FY2021 Q1	Q2	Q3	Q4	**FY2022 Q1**
B A	47.7	30.7	26.3	27.6	**48.9**
A A	27.0	26.1	28.1	28.1	**31.2**
L A	13.6	12.5	11.1	9.5	**13.1**
Consolidated	88.1	68.8	65.1	64.8	**92.8**

Reference: Order Backlog by Segment

■ Comparison to past results (Q1)

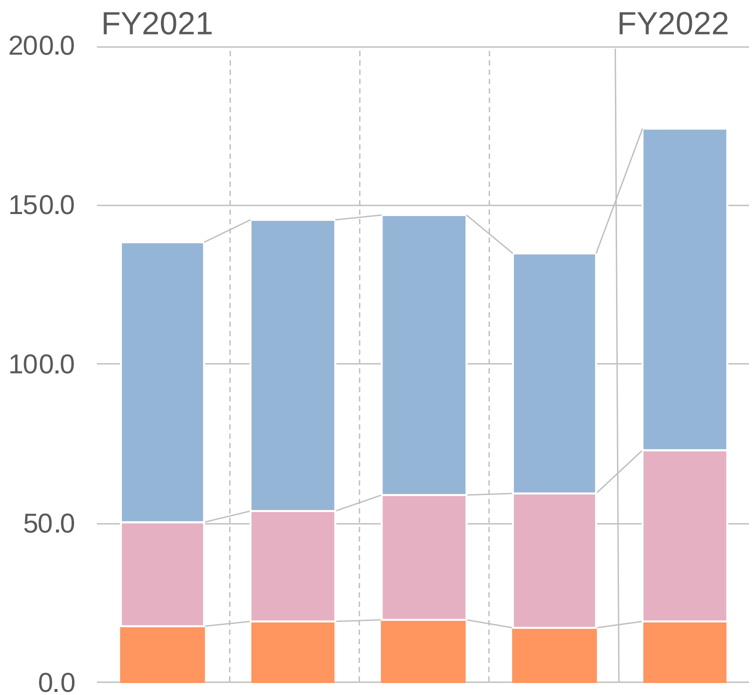
(Billions of yen)



	FY2019 Q1	FY2020 Q1	FY2021 Q1	**FY2022 Q1**
B A	89.4	87.2	88.0	**101.1**
A A	29.5	29.7	32.6	**53.4**
L A	14.1	13.5	17.8	**19.4**
Consolidated	132.9	130.2	138.3	**173.2**

■ Quarterly (3 months)

(Billions of yen)

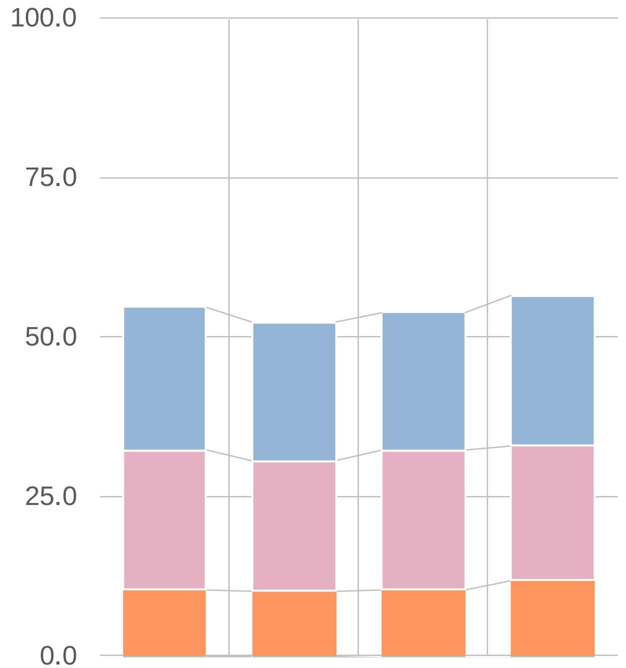


	FY2021				**FY2022**
	Q1	Q2	Q3	Q4	**Q1**
B A	88.0	91.8	87.7	75.1	**101.1**
A A	32.6	34.5	39.4	42.3	**53.4**
L A	17.8	19.1	19.7	17.2	**19.4**
Consolidated	138.3	145.2	146.5	134.2	**173.2**

Reference: Sales by Segment

■ Comparison to past results (Q1)

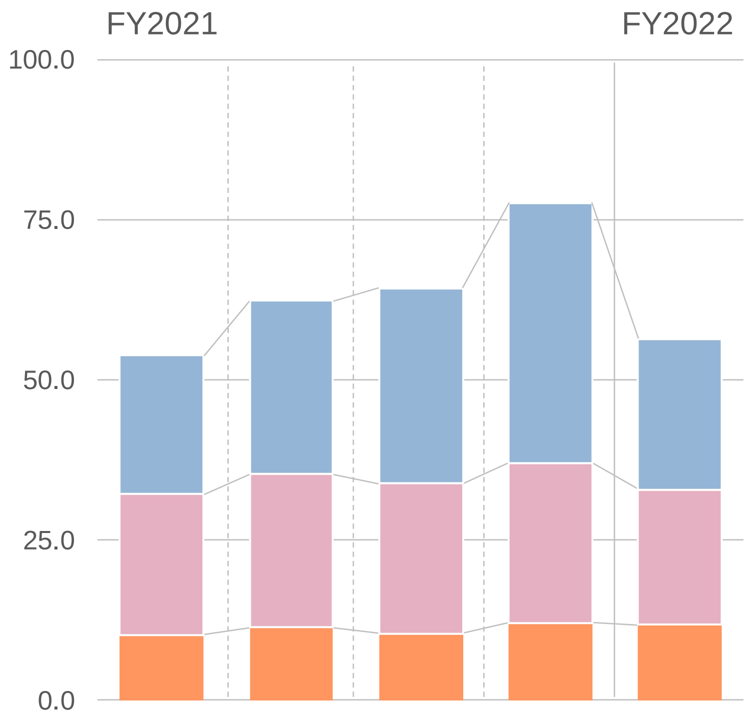
(Billions of yen)



	FY2019 Q1	FY2020 Q1	FY2021 Q1	**FY2022 Q1**
B A	22.4	21.7	21.6	**23.5**
A A	21.9	20.4	21.8	**21.1**
L A	10.2	10.0	10.2	**11.7**
Consolidated	54.3	51.9	53.4	**56.0**

■ Quarterly (3 months)

(Billions of yen)

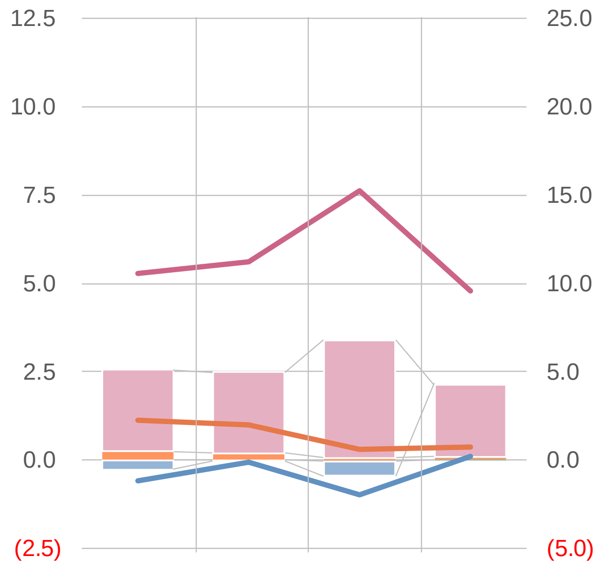


	FY2021				**FY2022**
	Q1	Q2	Q3	Q4	**Q1**
B A	21.6	27.0	30.4	40.6	**23.5**
A A	21.8	23.8	23.4	25.0	**21.1**
L A	10.2	11.4	10.4	12.0	**11.7**
Consolidated	53.4	61.8	63.9	77.2	**56.0**

Reference: Segment Profit (Operating Income)

Comparison to past results (Q1)

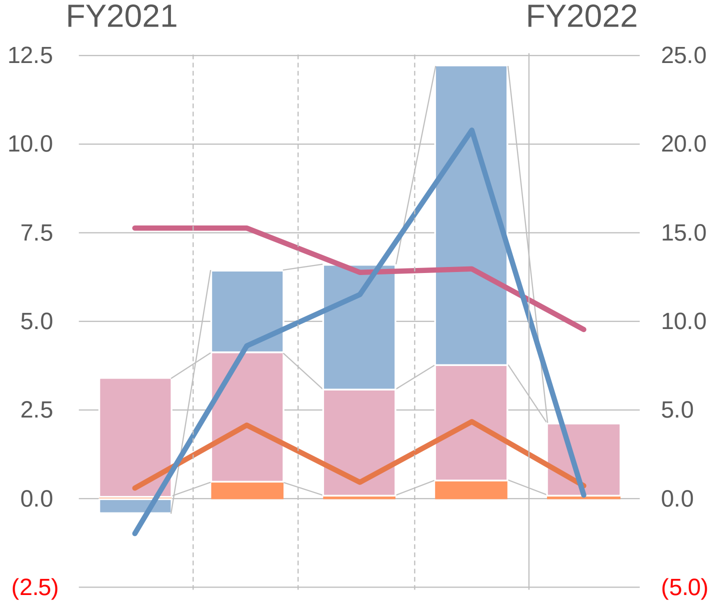
(Billions of yen) (%)



	FY2019 Q1	FY2020 Q1	FY2021 Q1	FY2022 Q1
BA	(0.2)	(0.0)	(0.4)	**0.0**
Margin	*(1.2)*	*(0.1)*	*(2.0)*	***0.2***
AA	2.3	2.2	3.3	**2.0**
Margin	*10.6*	*11.2*	*15.3*	***9.6***
LA	0.2	0.1	0.0	**0.0**
Margin	*2.3*	*2.0*	*0.6*	***0.7***
Consolidated	2.2	2.4	2.9	**2.1**
Margin	*4.2*	*4.7*	*5.5*	***3.9***

Quarterly (3 months)

(Billions of yen) (%)



	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1
BA	(0.4)	2.3	3.5	8.4	**0.0**
Margin	*(2.0)*	*8.6*	*11.6*	*20.8*	***0.2***
AA	3.3	3.6	2.9	3.2	**2.0**
Margin	*15.3*	*15.3*	*12.8*	*13.0*	***9.6***
LA	0.0	0.4	0.0	0.5	**0.0**
Margin	*0.6*	*4.1*	*0.9*	*4.3*	***0.7***
Consolidated	2.9	6.4	6.6	12.2	**2.1**
Margin	*5.5*	*10.4*	*10.4*	*15.8*	***3.9***

Overseas Sales by Region

Overseas sales rose by 18.1% on the same period last year.
Sales in China were lower because little progress was made in the recording of sales for some products due to parts procurement difficulties. However, in Asia a recovery from the impact of the COVID-19 pandemic was observed, and sales grew.
Sales in North America increased for the AA and LA businesses, while sales in Europe increased for the LA business.

BA business

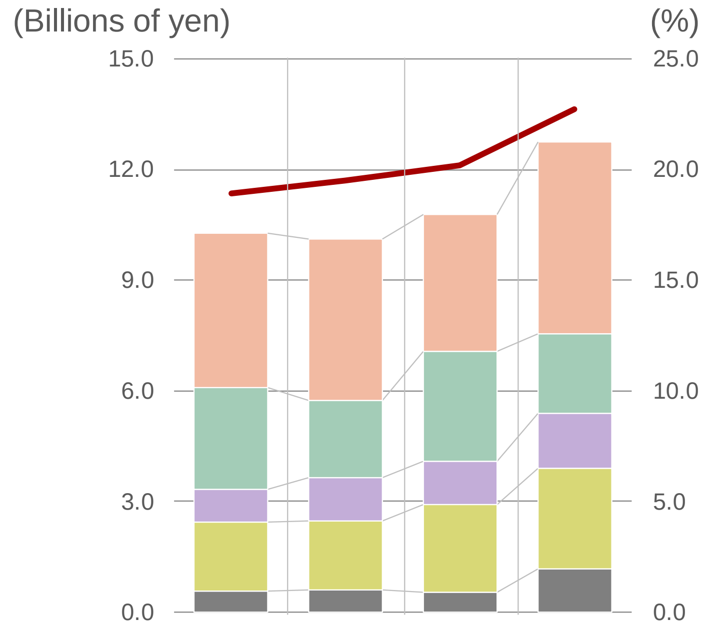
In Asia there were signs of recovery from the impact of the postponed construction projects and construction delays caused by the COVID-19 pandemic. Sales increased.

AA business

Overall sales were on a par with the same period last year. Global capital investment related to semiconductors and 5G continued, resulting in higher sales in Asia and North America. In China, despite firm demand, sales fell because parts procurement difficulties led to lengthened delivery times and little progress made in the recording of sales for some products.

LA business

Sales increased in the LSE field, reflecting the growth in orders received in FY2021.



	FY2019 Q1	FY2020 Q1	FY2021 Q1	**FY2022 Q1**
Asia (ex-China)	4.2	4.3	3.7	**5.1**
China	2.7	2.0	2.9	**2.1**
North America	0.8	1.1	1.1	**1.4**
Europe	1.8	1.8	2.3	**2.7**
Others	0.5	0.5	0.5	**1.1**
Consolidated	10.2	10.1	10.7	**12.7**

Reference information

		FY2019 Q1	FY2020 Q1	FY2021 Q1	FY2022 Q1
Overseas sales/ Net sales ratio (%)		*18.9*	*19.5*	*20.2*	***22.7***
Average exchange rate	USD/JPY	110.23	108.91	106.09	**116.34**
	EUR/JPY	125.16	120.13	127.80	**130.40**
	CNY/JPY	16.33	15.59	16.38	**18.31**

- 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** — **Although inventories increased, seasonal factors lead to net sales concentrating in the fourth quarter, while a corresponding decline in trade receivables in the first quarter due to the processing of collections. Also, there was a decrease in securities. Therefore, total assets at the end of the first quarter decreased by 13.4 billion yen from the end of FY2021.**
- **Liabilities** — **Total liabilities at the end of the first quarter decreased by 5.0 billion yen from the end of FY2021, mainly due to a decrease in provision for bonuses as well as a decrease in income taxes payable. This was despite an increase in long-term borrowings as a fund for Trust-Type Employee Shareholding Incentive Plan (“the plan”) borrowed necessary amount of money for obtaining the Company’s stock in connection with the introduction of the plan.**
- **Net assets** — **In spite of a recording of net income attributable to owners of parent, net assets decreased by 8.3 billion yen mainly due to the repurchase of own stock, payment of dividends as well as the reduction in shareholders’ equity resulting from obtaining the Company’s stock by the fund for the plan.**

(Billions of yen)

	As of Mar. 31, 2022 (A)	As of Jun. 30, 2022 (B)	Difference (B) - (A)
Current assets	**210.7**	**194.3**	**(16.4)**
Cash and deposits	58.9	59.8	0.8
Trade receivables	86.1	70.2	(15.8)
Securities	30.8	24.1	(6.7)
Inventories	28.6	33.2	4.5
Other	6.2	6.8	0.6
Non-current assets	**69.2**	**72.3**	**3.0**
Property, plant and equipment	33.1	35.5	2.3
Intangible assets	5.7	5.6	(0.0)
Investments and other assets	30.3	31.1	0.7
Total assets	**280.0**	**266.6**	**(13.4)**

	As of Mar. 31, 2022 (A)	As of Jun. 30, 2022 (B)	Difference (B) - (A)
Liabilities	**76.9**	**71.8**	**(5.0)**
Current liabilities	**69.4**	**58.9**	**(10.4)**
Trade payables	22.9	20.3	(2.6)
Short-term borrowings	8.0	8.1	0.1
Other	38.4	30.4	(7.9)
Non-current liabilities	**7.4**	**12.8**	**5.3**
Long-term borrowings	0.3	4.9	4.6
Other	7.1	7.9	0.7
Net assets	**203.1**	**194.7**	**(8.3)**
Shareholders' equity	**188.7**	**177.8**	**(10.9)**
Share capital	10.5	10.5	-
Capital surplus	11.6	11.6	(0.0)
Retained earnings	190.2	183.1	(7.1)
Treasury shares	(23.6)	(27.4)	(3.7)
Accumulated other comprehensive income	**11.5**	**13.8**	**2.3**
Non-controlling interests	**2.8**	**3.0**	**0.2**
Total liabilities and net assets	**280.0**	**266.6**	**(13.4)**

Reference: Shareholders’ equity ratio: 71.5% (as of Mar. 31, 2022), 71.9% (as of Jun. 30, 2022)

2. Consolidated Financial Plan for FY2022

→No revision from the most recent announcement

Consolidated Financial Plan

No change to the financial plan published on May 13, 2022

We will strive to expand business in the three growth fields (see page 32), which address new issues facing society and customer needs, while ensuring that we tap into robust market demand. We will steadily implement investment in R&D and DX to realize sustainable growth as well as implement measures to further strengthen profitability. In addition, while implementing countermeasures for shortages and price hikes of parts appropriately, we will continue to aim for increased net sales and profits, as well as for steady growth to achieve our medium-term plan.

- As well as ensuring that we tap into the robust demand in the domestic market for large-scale buildings and also the market for manufacturing equipment, we aim to increase net sales, supported by the large order backlog.
- In addition to the measures to enhance profitability that have previously proven successful, we plan to further strengthen profitability through improvements to operational efficiency achieved by promoting DX on a global basis. Also, while investing in R&D, facilities and equipment to achieve expansion in the three growth fields, we will seek to set a new record for profits.
- Despite the outlook for the global economic environment remaining uncertain because of parts shortages, inflation, etc., we will continue to implement thorough safety management, including measures to deal with the COVID-19 pandemic. We are going to respond to shortages and price hikes of parts quickly and appropriately in accordance with the measures mentioned on the next page.

(Billions of yen)

	FY2021 Full year (results) (A)	FY2022 H1 (plan)	FY2022 H2 (plan)	FY2022 Full year (plan) (B)	Difference (B) - (A)	Difference *% Change*
Net sales	256.5	120.9	154.1	275.0	18.4	*7.2*
Operating income	28.2	8.4	21.4	29.8	1.5	*5.6*
Margin	*11.0*	*6.9*	*13.9*	*10.8*	*(0.2)pp*	
Ordinary income	29.5	8.7	21.5	30.2	0.6	*2.3*
Net income attributable to owners of parent	20.7	5.7	15.8	21.5	0.7	*3.4*
Margin	*8.1*	*4.7*	*10.3*	*7.8*	*(0.3)pp*	

Reference: Exchange rate
FY2021 USD/JPY: 109, EUR/JPY: 129, CNY/JPY: 17, FY2022 USD/JPY: 118, EUR/JPY: 131, CNY/JPY: 18

Countering Shortages and Price Hikes of Parts to Achieve the Financial Plan

- **To increase sales, we will promote growth measures in the three growth fields and overseas market. At the same time, in order to steadily convert our order backlog into sales, we will be implementing three initiatives to strengthen (1) our capability to secure and procure parts/materials, (2) our production capacity, and (3) our profitability. We will thereby achieve net sales of 275.0 billion yen and a new record high operating income of 29.8 billion yen, in line with the initial plan for FY2022.**

Suppliers → **azbil Group** → **Customers**

Suppliers → azbil Group:

Effects of Supply Chain Disruption

Shortages and price hikes of parts

Countermeasures

(1) Strengthen capability to secure and procure parts/materials

azbil Group → Customers:

Effects of Supply Chain Disruption

Reduced production capacity utilization

Countermeasures

(2) Strengthen production capacity

(3) Strengthen profitability

Effects of Supply Chain Disruption

Parts shortages	Impact of parts procurement difficulties is leading to lengthened delivery times. Lower sales lead to lower profits.
Parts price hikes	Higher unit prices for parts/materials and an increase in the use of expensive parts result in higher cost of sales.
Reduced production capacity utilization	Lower utilization of production capacity results in higher cost of sales.

Countermeasures

(1)	**Strengthen capability to secure and procure parts/materials**	Strengthen system for securing parts/materials; switch to alternatives; and make product design changes.
(2)	**Strengthen production capacity**	Create flexible production mechanism that can better respond to a changing procurement situation; react to improved supply markets; and strengthen production capacity to steadily convert the order backlog into sales.
(3)	**Strengthen profitability**	Enhance production efficiency and optimize selling prices.

Financial Plan by Segment (1)

BA

We plan to increase both sales and profits thanks to the order backlog and increasing demand related to both new buildings and existing buildings.

- Demand for HVAC control equipment/systems for new large-scale buildings continued to be robust in the first quarter, and considering the buildup in the order backlog, sales are set to remain at a high level.
- Orders will continue to grow in our profitable business of refurbishing existing buildings. We expect sales to increase against this backdrop of growth in orders.
- Anticipating a recovery from the impact of the COVID-19 pandemic, we also plan for overseas business growth.

AA

Responding appropriately to parts shortages, we are planning to achieve increased sales and profits thanks to the buildup in the order backlog and to growth in our overseas business.

- We plan to increase sales and profits, taking advantage of the order backlog that has continued to grow from the previous year and into the first quarter, as well as the growth in our overseas business.
- Although we expect continued impact from shortages and price hikes of parts, we will secure sales and profits in line with our initial plan by strengthening our capabilities for securing and procuring parts/materials, expanding production capacity, and by optimizing selling prices.
- While continuing to develop new overseas customers and making other investments for growth such as launching new products and services, we will also continue to implement measures to strengthen profitability. We will thus maintain higher profit margins.

LA

We plan to increase both sales and profits, anticipating growth in the LSE field supported by expanding demand in the pharmaceutical market, and further impetus given to development of our cloud-based service business in the Lifeline field.

- In the Lifeline field, there is a decline in the cyclical demand for LP gas meters. However, we will continue to launch new products and develop our cloud-based service business.
- In the LSE field, we expect revenue growth reflecting continued demand in the pharmaceutical market.

Financial Plan by Segment (2)

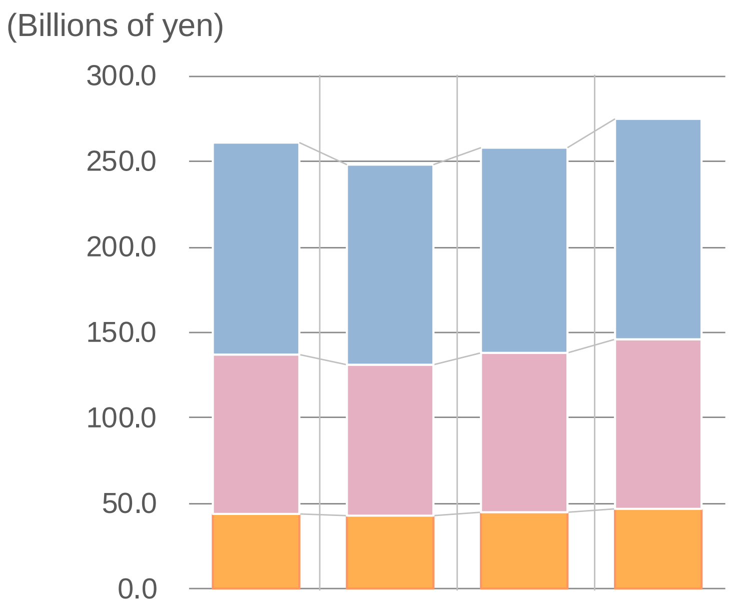
- **Against a backdrop of robust orders, by responding promptly and appropriately to changes and risks in the business environment—such as shortages and price hikes of parts—we expect to achieve increased sales and profits in all three businesses, in line with the initial plan for FY2022 (see page 18).**

(Billions of yen)

		FY2021 Full year (results) (A)	FY2022 H1 (plan)	FY2022 H2 (plan)	FY2022 Full year (plan) (B)	Difference (B) - (A)	Difference *% Change*
B A	Sales	119.7	53.0	76.0	129.0	9.2	*7.7*
	Segment profit	13.8	2.5	12.0	14.5	0.6	*4.6*
	Margin	*11.6*	*4.7*	*15.8*	*11.2*	*(0.3)pp*	
A A	Sales	94.2	45.0	54.5	99.5	5.2	*5.5*
	Segment profit	13.2	5.4	8.6	14.0	0.7	*5.8*
	Margin	*14.0*	*12.0*	*15.8*	*14.1*	*0.0pp*	
L A	Sales	44.2	22.9	23.6	46.5	2.2	*5.1*
	Segment profit	1.1	0.5	0.8	1.3	0.1	*12.9*
	Margin	*2.6*	*2.2*	*3.4*	*2.8*	*0.2pp*	
Consolidated	Net sales	256.5	120.9	154.1	275.0	18.4	*7.2*
	Operating income	28.2	8.4	21.4	29.8	1.5	*5.6*
	Margin	*11.0*	*6.9*	*13.9*	*10.8*	*(0.2)pp*	

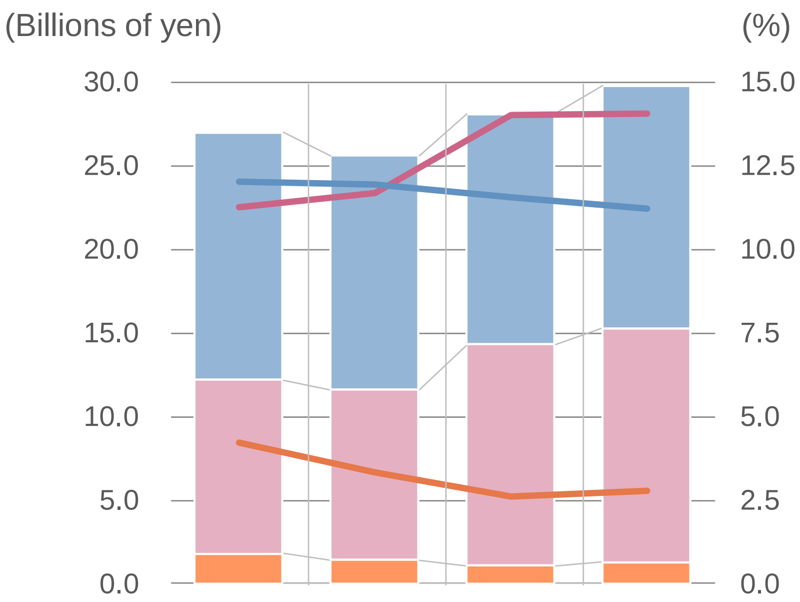
Reference: Sales by Segment and Segment Profit (Operating Income)

■ Sales by segment



	FY2019	FY2020	FY2021	FY2022 (plan)
B A	123.7	117.5	119.7	**129.0**
A A	93.1	87.7	94.2	**99.5**
L A	44.0	42.9	44.2	**46.5**
Consolidated	259.4	246.8	256.5	**275.0**

■ Segment profit (operating income)



	FY2019	FY2020	FY2021	FY2022 (plan)
B A	14.8	14.0	13.8	**14.5**
Margin	*12.0*	*11.9*	*11.6*	***11.2***
A A	10.4	10.2	13.2	**14.0**
Margin	*11.3*	*11.7*	*14.0*	***14.1***
L A	1.8	1.4	1.1	**1.3**
Margin	*4.2*	*3.3*	*2.6*	***2.8***
Consolidated	27.2	25.7	28.2	**29.8**
Margin	*10.5*	*10.4*	*11.0*	***10.8***

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 are repurchasing the Company's own stock and will increase dividends while investing in growth, including R&D, DX 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.

FY2022 annual dividend

As regards the annual dividend for FY2022, the Company plans an **increase of 5 yen**, making an annual dividend of **65 yen per share**.

Repurchase of own stock and cancellation of treasury shares

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 **10.0 billion yen** (or 4.0 million shares). We also canceled **1.5 million treasury shares** held at the end of March 2022.

Reference
Progress of repurchase until July 31, 2022: 1,992,800 shares (7.3 billion yen) have already been repurchased.

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 stock 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.

FY2022 Annual Dividend Plan

FY2022 dividend

The Company plans to increase the annual dividend by 5 yen per share, to 65 yen per share.

- Considering parts shortages, inflation, and other factors, the outlook for the global economic environment is expected to remain uncertain for the time being. However, we are planning to increase both sales and profits in FY2022, and we expect stable and sustained growth. Thus the Company plans to increase dividends for FY2022.
- Based on the continuation of stable dividend payments, we aim to further improve the dividend on equity (DOE) ratio; the DOE for FY2021 was 4.2%.

(Yen)

	FY2021			FY2022		
	Interim	Year-end	Annual	Interim (plan)	Year-end (plan)	Annual (plan)
Dividend per share	30.0	30.0	60.0	32.5	32.5	65.0
Payout ratio	*39.8%*			*40.7%* [*1]		
Dividend on equity (DOE)	*4.2%*			*4.4%* [*2]		

[*1] The effects of the repurchase of own stock ongoing in FY2022 are taken into account for a trial calculation of net income per share, and accordingly payout ratio for FY2022.

[*2] The following factors have been taken into account for the trial calculation, which is based on shareholders' equity on March 31, 2022: repurchase of own stock ongoing in FY2022, year-end dividends for FY2021, interim dividends for FY2022, and net income attributable to owners of parent in the consolidated financial plan for FY2022.

Repurchase of Own Stock and Cancellation of Treasury Shares

Repurchase of own stock (in progress)

We are repurchasing the Company's own stock up to a maximum of 10.0 billion yen (or 4.0 million shares).

* Progress of repurchase until July 31, 2022: 1,992,800 shares (7.3 billion yen) have already been repurchased.

Cancellation of treasury shares

We completed cancellation of 1.5 million of the Company's treasury shares on May 31.

- Based on the return on equity (ROE) targets in our long-term targets (for FY2030) and the medium-term plan (FY2021-2024), we are engaging in business expansion and measures to strengthen profitability. At the same time, while ensuring a disciplined capital policy and seeking to improve capital efficiency, we are repurchasing the Company's own stock. In this way, in addition to further improving the return of profits to shareholders, we will execute a flexible capital policy to prepare for changes in the business environment.
- We canceled our treasury shares (1.5 million shares) held at the end of March 2022. We will review the use of our holdings, including any of the Company's own stock we are repurchasing, for the purpose of enhancing enterprise value.

■ Repurchase of own stock

- Type of stock to be repurchased: Common stock of the Company
- Total number of shares to be repurchased: Up to 4.0 million shares (2.9% of the total number of issued shares excluding treasury shares)
- Total amount of repurchase: Up to 10.0 billion yen
- Period of repurchase: From May 16, 2022 to September 22, 2022
- Method of repurchase: Market transactions on the Tokyo Stock Exchange

Number of treasury shares as of March 31, 2022

(1) Total number of issued shares (excluding treasury shares):	137,288,139 shares
(2) Treasury shares:	7,912,745 shares

• The above number of treasury shares includes shares owned by a trust account for Employee Stock Ownership Plan, which owned 1,935,100 shares as of March 31, 2022.

■ Cancellation of treasury shares

- Type of stock cancelled: Common stock of the Company
- Number of shares cancelled: 1.5 million shares
- Total number of issued shares after the cancellation: 143.7 million shares
- Date of the cancellation: May 31, 2022

Reference: Measures to make use of own stock (announced on May 13, 2022)

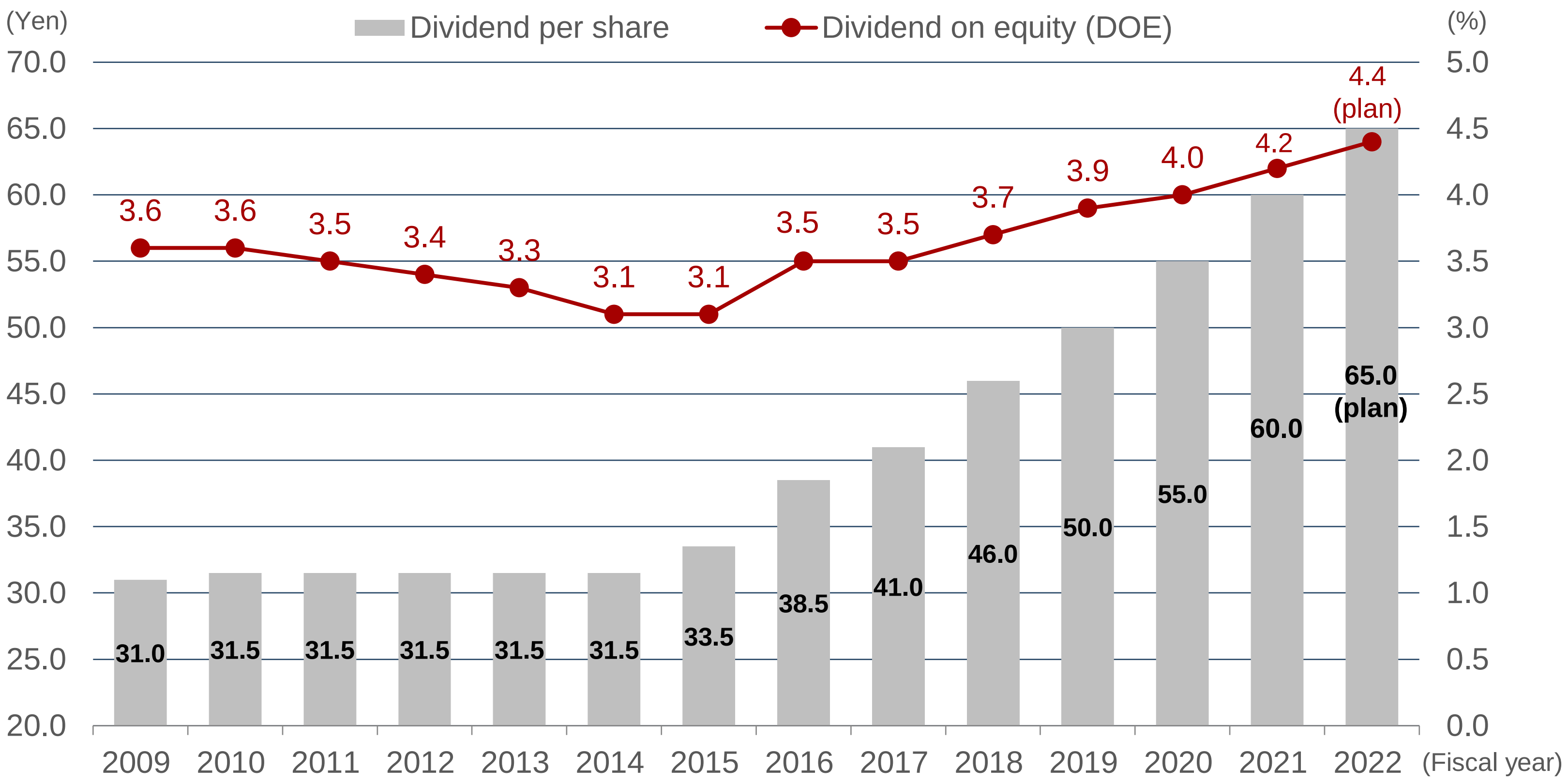
(1) Trust-type Employee Shareholding Incentive Plan (E-Ship*)
An incentive plan for all participants in the azbil Group Employee Stock Ownership Association. 1,335,400 shares (4.8 billion yen) of the Company's own stock were acquired by the established trust for the plan.

(2) Stock compensation plan
A stock compensation plan using a trust for the Company's directors, corporate executives and executive officers was introduced. The maximum amount and maximum number of shares to be acquired by the trust are 0.42 billion yen and 189,600 shares respectively.

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

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.



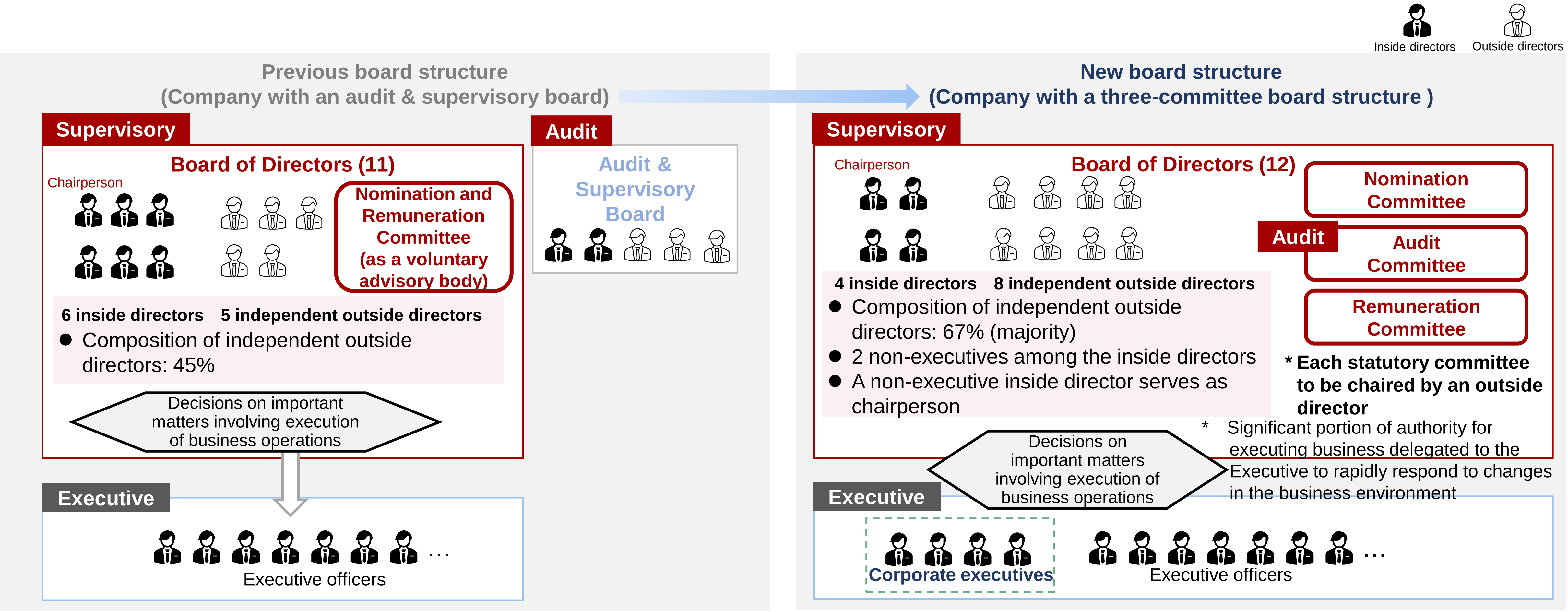
Total amount of own stock repurchased (billions of yen)							1.9		2.9	4.9	9.9		9.9	10.0 (plan)
Number of shares repurchased (millions of shares)							1.20		1.42	1.87	3.71		2.25	4.00 (plan)

* ROE for FY2021, the first year for the medium-term plan, was 10.4%; the Company expects 10.7% for FY2022

4. Initiatives to Enhance Corporate Governance

Transition to a Company with a Three-committee Board Structure

- **Transition to a company with a three-committee board structure**
  - ➢ Aiming to promote further reforms in corporate governance, the Company transitioned to a company with a three-committee board structure, ensuring the supervisory and executive functions are clearly separated, increasing the speed of decision-making, and further strengthening management oversight.



Revision of the Executive Remuneration System and Disclosure of Remuneration Policy

With regard to our executive remuneration system, in order to add impetus to the realization of our long-term targets (to achieve by FY2030) and the medium-term plan (FY2021-FY2024), we will further increase both the corporate executives' awareness of the need to contribute to enhancing enterprise value and their motivation to maximize shareholder value, as well as ensuring that directors who are not responsible for business execution can share value with our shareholders.

● Main features of the revision of the executive remuneration system

(For details, please refer to the Corporate Governance Report disclosed on August 10, 2022.)

- A stock compensation plan has been implemented with the aim of continuously enhancing enterprise value while sharing value with the shareholders.
- In order to ensure a remuneration structure that motivates officers to achieve our medium- and long-term performance targets and enhance enterprise value, the incentive component of their remuneration has been increased, and the combined remuneration for corporate executives* will be typically determined thus: basic remuneration 56%, bonus (base amount) 33%, stock-based compensation (base amount) 11%.

  *The remuneration for directors who are neither concurrently serving as corporate executives nor responsible for business execution comprises basic remuneration and stock-based compensation (non-performance-linked).

Bonus KPIs* *Example: president and CEO

Bonus KPIs		Evaluation weighting
Financial metrics	Net sales	45%
	Operating income	45%
Non-financial metrics	Improved customer satisfaction, increased efficiency and productivity, HR development, revitalization of the organization, CSR management	10%

Stock-based compensation KPIs

Stock-based compensation KPIs		Evaluation weighting
Financial metrics	Relative TSR (vs. TOPIX, including dividends)	50%
	Operating income margin	30%
Non-financial metrics	Effective CO_2 reduction	20%

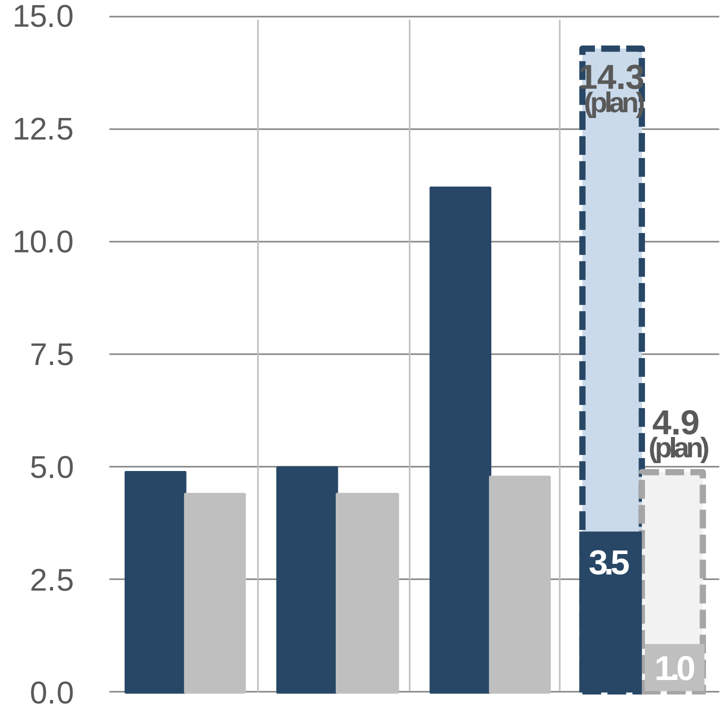
Appendix

Capital Expenditure, Depreciation and R&D Expenses

Full-year results/Q1 results for FY2022
Full-year plan for FY2022

■ Capital expenditure, depreciation

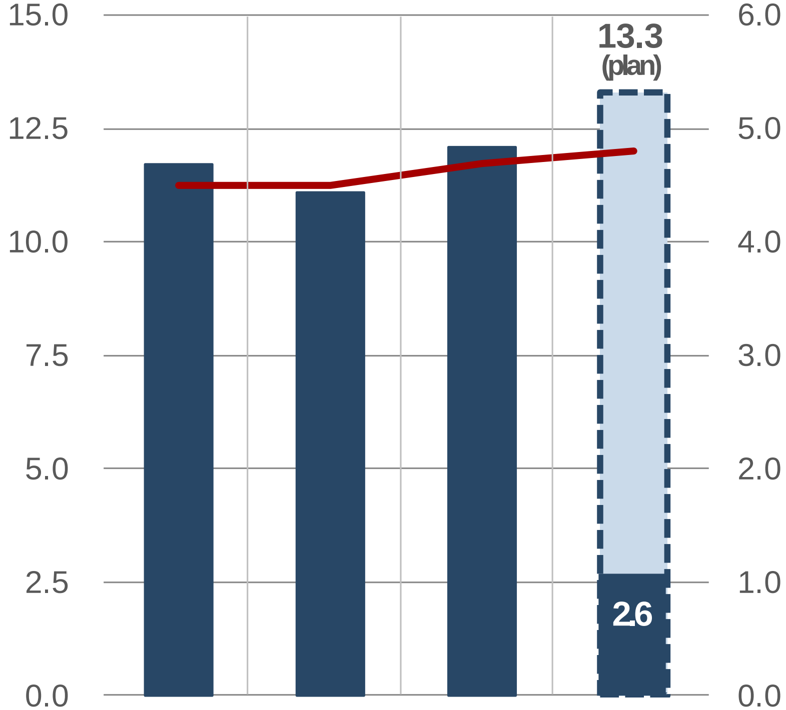
(Billions of yen)



	FY2019	FY2020	FY2021	FY2022 (plan)
■ Capital expenditure	4.9	5.0	11.2 *1	**14.3** *1
■ Depreciation	4.4	4.4	4.8	**4.9** *2

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

(Billions of yen) (%)



	FY2019	FY2020	FY2021	FY2022 (plan)
■ R&D expenses	11.7	11.1	12.1	**13.3**
R&D expenses/ Net sales (%)	4.5	4.5	4.7	**4.8**

*1 Increase in capital expenditure earmarked for upgrading the Fujisawa Technology Center
*2 From FY2022, the depreciation method has been changed from the declining-balance method to the straight-line method.
The effect of this change on operating income in the first quarter of FY2022 was +0.09 billion yen.

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.
- Although the COVID-19 pandemic and parts procurement difficulties mean that the outlook for the business environment is expected to remain uncertain for the time being, we will respond rapidly to changing conditions, with safety as our top priority. 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 increase the value offered to customers by creating new work systems and new work styles powered by 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 has been introducing return on invested capital (ROIC) from FY2021 so that management would have a keen awareness of the cost of capital.

Long-term targets

2030
SDGs

Growth

Transformation

Safety

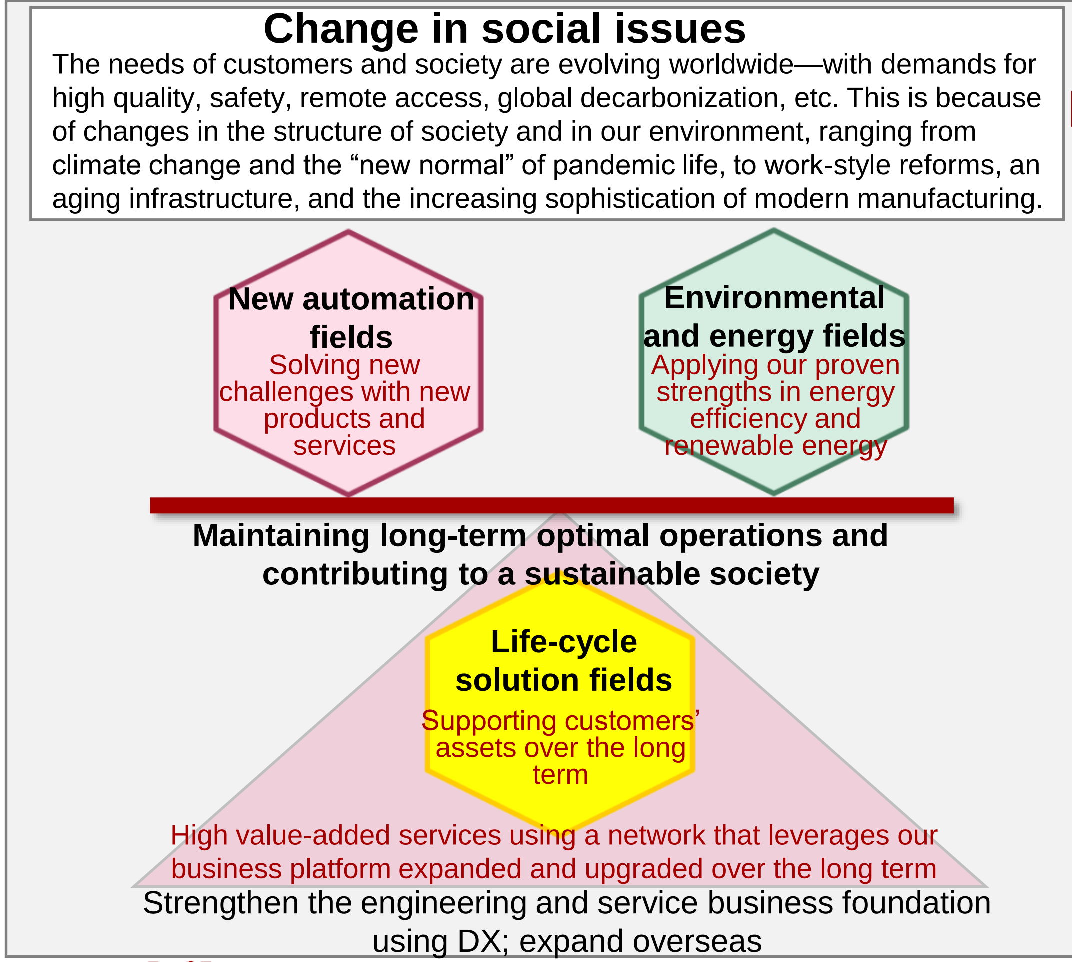
Medium-term plan for FY2021-2024

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

	FY2019	FY2020	FY2021	FY2022	FY2024	FY2030
Net sales	**259.4 billion yen**	**246.8 billion yen**	**256.5 billion yen**	**275.0 billion yen**	**300.0 billion yen**	**400.0 billion yen range**
[Overseas sales]	[44.1 billion yen]	[44.8 billion yen]	[52.1 billion yen]	[59.0 billion yen]	[66.0 billion yen]	[100.0 billion yen range]
Operating income	**27.2 billion yen**	**25.7 billion yen**	**28.2 billion yen**	**29.8 billion yen**	**36.0 billion yen**	**60.0 billion yen range**
Margin	**10.5%**	**10.4%**	**11.0%**	**10.8%**	**12%**	**approx. 15%**
ROE	**10.9%**	**10.4%**	**10.4%**	**10.7%**	**approx. 12%**	**approx. 13.5%**

Three Growth Fields that Share a Common Foundation of Automation Technology

- **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, and enable entry into various markets positioned to meet the emerging needs of customers and society.**
- **We will promote business development and strengthen our solution capabilities by making use of the opportunities offered by Green Transformation (GX)*.**



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

New automation fields

- **Develop new business in fields transitioning from automation to autonomy**
- **Develop new business in the fields of data utilization and DX promotion**

Environmental and energy fields

- **Develop new business by contributing to customers' new initiatives aimed at becoming carbon neutral by providing them with opportunities to use independent and distributed energy resources with interconnected facilities**

Life-cycle solution fields

- **Develop new business by offering 24/7/365 solutions where there are insufficient human resources and/or systems to provide primary decision support/instructions in the event of anomalies, such as alarms occurring or when complaints are received.**

Toward further expansion and growth

Expand business fields (including collaboration with other companies)

Accelerate GX and other business development initiatives

▶ **Established GX Promotion Dept.**

×

Expand range of solution-oriented products and services

Strengthen capabilities for developing new system solutions, cloud applications, and devices

▶ **Upgrade Fujisawa Technology Center functions**

* Green Transformation (GX): Transformation of the entire economic and social system to transition to carbon neutrality

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

- **Launch of the Pharmanage V management system for the manufacture of pharmaceuticals and medical devices; started supplying as a software package MES (Jun. 6, 2022)**
  - Pharmanage V is a manufacturing execution system (MES)* developed to achieve appropriate manufacturing and management that is compliant laws and regulations related to the production of pharmaceuticals and related equipment. Azbil has started sales of the product as a standardized software package MES that includes connections to external systems.

    * Manufacturing Execution System (MES)

    An MES supports the total optimization of production activities for the manufacturing industry—from the receipt of raw materials/components through to the actual manufacturing and shipping of the finished product. As well as issuing manufacturing instructions, monitoring production, and logging production data, an MES enables the standardization of work procedures, thus contributing to improved efficiency and quality in factory operations.

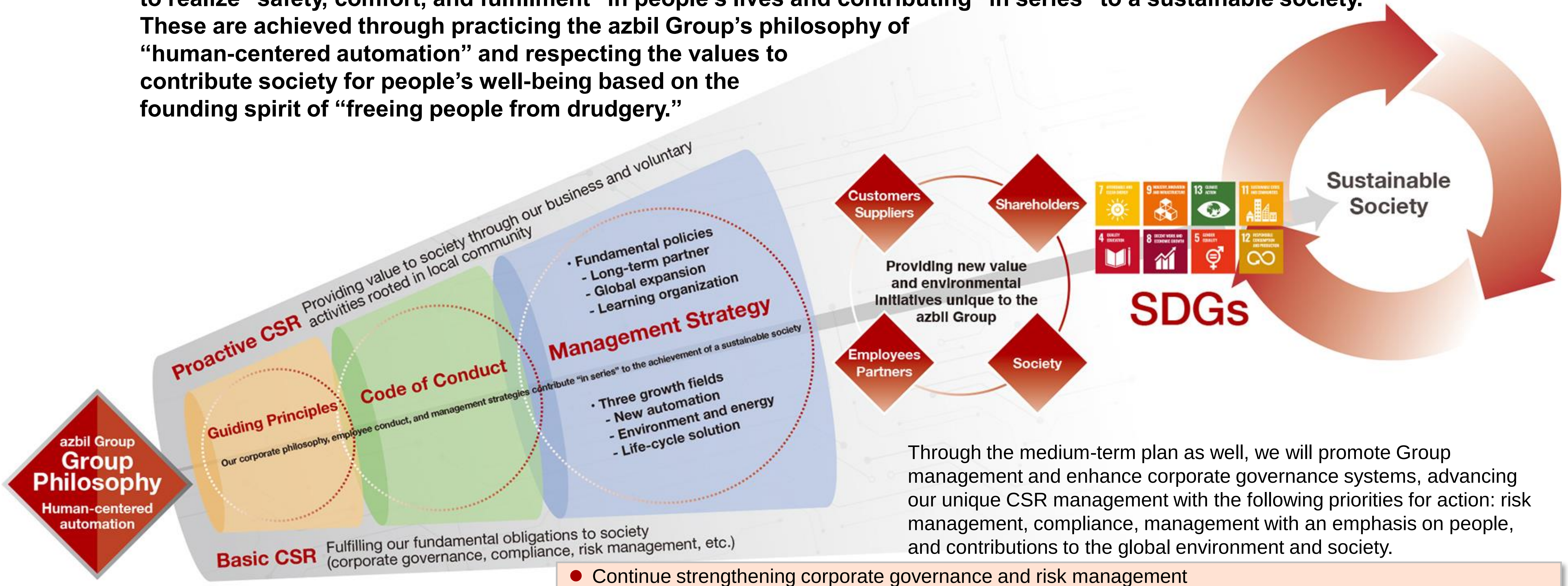
- **For the 9th consecutive year, Azbil has been selected as an energy management support service provider for energy-saving projects at factories, office buildings, etc. (Jun. 13, 2022)**
  - Energy management support service providers install energy management systems (EMS) in buildings, and—using data obtained from the EMS—provide a support service that contributes to energy-saving operations and promotes peak power reduction in factories, office buildings, etc.

- **Delivered BiG EYES online anomaly detection system to KM Biologics Co., Ltd., a leading vaccine manufacturer—contributing to enhanced product quality and facility management through early detection of anomalies in processes and equipment (Jun. 16, 2022)**
  - The client has taken delivery of BiG EYES, an AI system capable of visualizing process and equipment operating conditions, and detecting early signs of anomalies. This enables them to enhance product quality control and achieve stable production on stock solution lines for novel influenza vaccines and novel coronavirus vaccines.

* The above announcements are only available in Japanese.

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

The azbil Group is committed to continuously enhancing enterprise 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 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 four of our 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

- **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**
  Certified as science-based target*1.
  GHG emissions from business activities (scopes 1+2)
  55% **reduction** compared to 2017
  GHG emissions throughout the entire supply chain (scope 3)
  20% **reduction** compared to 2017
- **Create and supply environmentally friendly products and services**
  New!
  Design all new products to meet the azbil Group's own sustainable design principles*2 by 2030
- **Effective use of natural resources and waste generation reduction**
  Design all new products to be 100% recyclable*3 by 2030

Ⅱ New automation

New!

So that our customers can benefit from greater security, comfort, and a sense of achievement, we will solve the irregular issues confronting society and create new added value by promoting a data-driven approach for production spaces and office spaces (in large buildings) as well as living spaces, and the autonomization of manufacturing and operations.

- **Realizing automation that is resilient to changes in the business environment**
  - Prediction & diagnosis of changes in the internal business environment (e.g. equipment malfunctions, raw material quality) and autonomous decision-making and control
  - Prediction & diagnosis of changes in the external business environment (e.g. natural disasters, impact of social conditions) and autonomous decision-making and control
- **Realizing a stress-free work environment**
  - Reduction of work errors and unscheduled work through data-based work support
  - Creation of a comfortable and energy-efficient environment that enhances labor productivity
- **Realizing an environment conducive to diverse work styles**
  - Creation of optimal working environments suited to different times and locations
  - Creation of work environments that are neutral (re. age, gender, skills, etc.)

Ⅲ Supply chain and Social responsibility

- **Working with our business partners on achieving SDGs as a common goal and creating shared CSR value across the supply chain; developing original performance indicators for evaluating policies, framework, initiatives, and effectiveness*4**
- **Implementing social contribution activities, rooted in local communities at all business sites*5, with active participation by every employee*6**

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

- **Implementing health and well-being management (job satisfaction, health, diversity and inclusion)**
  x2 Women's advancement point*7 by 2024
  65% or more employees who find satisfaction in working at Azbil*8 by 2030
- **Developing and strengthening "an organization that never stops learning"**
  x2 Training opportunity point*9 by 2024
  65% or more employees who experienced personal growth over the past year*8 by 2030

* For notes, please refer to "Notes (2)" on page 42.

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)

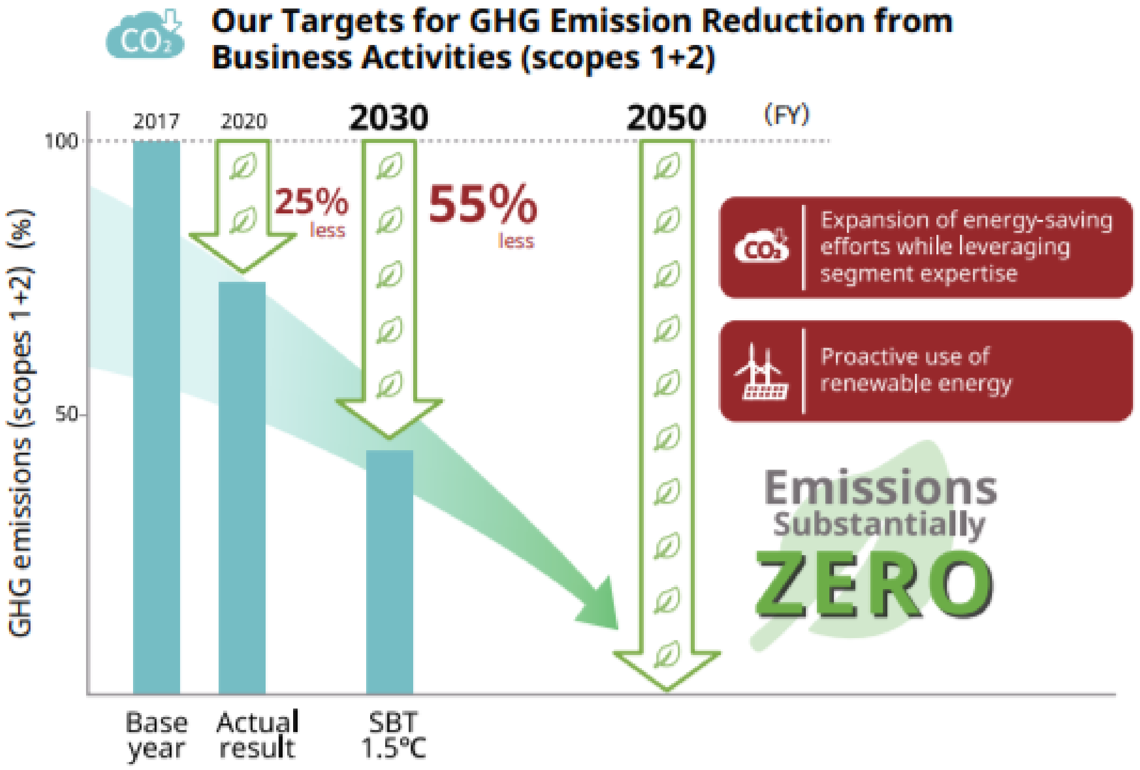
CO_2 emissions (scopes 1+2)
Azbil Corporation, its consolidated subsidiaries in Japan and its main manufacturing bases overseas

* 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. Effective reduction of CO_2 was estimated from the difference in the estimated amount of CO_2 reduction if no azbil Group products, services or solutions were used at customers' sites. 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 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

55 % reduction compared with 2017

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

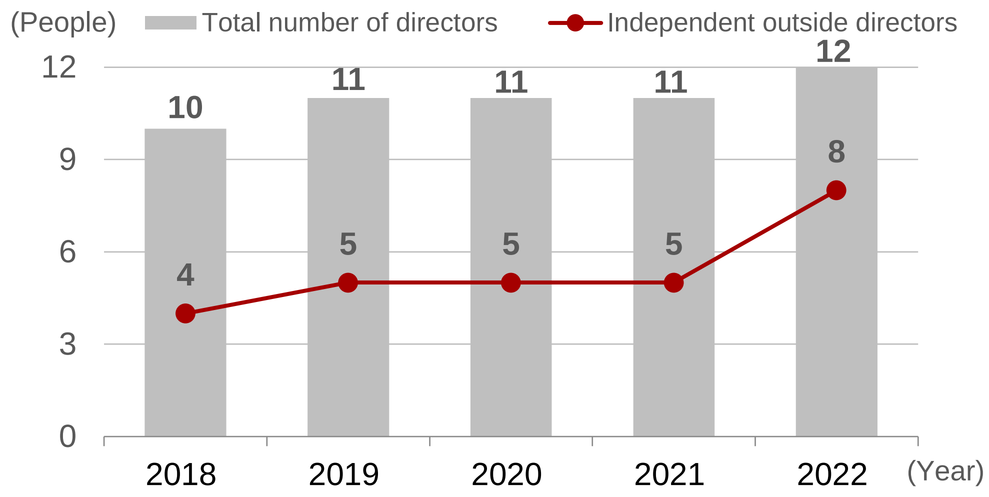
20 % reduction compared with 2017

*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.

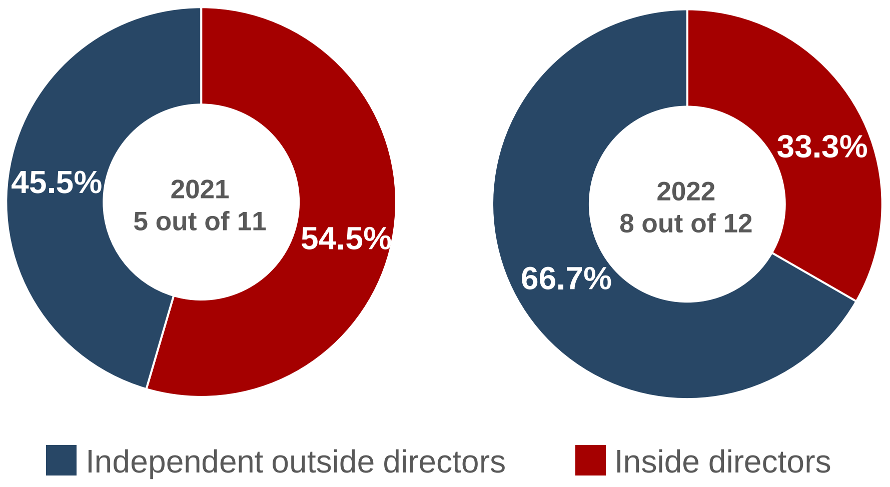
*2 An international initiative – jointly established by the CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF)—to certify that corporate CO_2 emission reduction targets are consistent with scientific evidence. The 1.5°C target is to limit the increase 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



Advisor/Counselor system (abolished)

- Abolished advisor/counselor system (2018)

Strategic shareholdings

- Formulated guidelines on strategic shareholdings (2016)
- Revised guidelines on strategic shareholdings (2018)
- Disclosed our policy of reducing strategic shareholdings in our Corporate Governance Report (2020)

Reference: Change in the number of shares and total amount sold (Azbil Corp.)
71 stocks as of Mar. 31, 2015 to 35 stocks as of Mar. 31, 2022
Total amount sold during FY2015-FY2021: 7.7 billion yen (at market price)

* Total amount of shares held as of Mar. 31, 2022: 16.1 billion yen (at market price)
* The Nikkei Stock Average:
  19,206 yen as of Mar. 31, 2015 to 27,821 yen as of Mar. 31, 2022

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.

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 July 2022)

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

- Five indexes adopted by the Government Pension Investment Fund (GPIF) of Japan
    - FTSE Blossom Japan Index
    - FTSE Blossom Japan Sector Relative 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 in 2021
- Support for recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- 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)

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.

Notes (2) (from page 35)

1. Science-based targets: Greenhouse gas emission reduction targets that are consistent with scientific evidence.
2. The azbil Group’s own sustainable design principles: This design strives to create and provide products that contribute to solving global environmental issues (through decarbonization, resource circulation, and biodiversity).
3. All new products for 2030 will be designed to be 100% recyclable: To the extent of using best available technologies (BAT, the most effective technology that is both economically and technologically viable).
4. Original targets for evaluating policies, framework, initiatives, and effectiveness: The evaluation system is unique to the azbil Group and is linked with external ESG evaluations such as FTSE.
5. All business sites: All offices both in Japan and overseas.
6. Active participation by every employee: The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.
7. Women’s advancement point: Points tallied internally with weight given based on the role, such as company executive, officer and manager. This target is compared to 2017.
8. 65% or more employees who find satisfaction in working at Azbil / who experienced personal growth over the past year: 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.)
9. Training opportunity point: Points tallied internally for participating in opportunities (frequency or number of employees) to learn with stakeholders. This target is compared to 2012.

IR Inquiries and Disclaimer

Inquiries regarding investor relations

Azbil Corporation
Investor Relations

Phone: +81-3-6810-1031
Email: azbil-ir@azbil.com

Disclaimer

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