Presentation Materials for the Fiscal Year Ended March 31, 2024 (Based on Japanese GAAP)

May 13, 2024
Azbil Corporation
RIC: 6845.T, Sedol: 6985543

Highlights

1. Consolidated Financial Results for FY2023

✓ **We achieved record consolidated financial results for the third consecutive fiscal year, with increased revenue and profits.**

- Orders received declined owing to stagnation of the factory automation (FA) market and other factors. However, thanks to strengthened procurement and production capabilities, the order backlog was steadily converted into sales, resulting in increased net sales (up 12.5 billion yen or 4.5% to 290.9 billion yen) compared with FY2022.
- Operating income rose significantly (up 5.5 billion yen or 17.9% to 36.8 billion yen) due to this increased revenue and the effect of measures to strengthen profitability, including cost pass-through, and despite increases in selling, general and administrative expenses.

2. Consolidated Financial Plan for FY2024

✓ **We plan to increase both net sales and operating income for the fourth consecutive fiscal year under the current medium-term plan.**

- A robust BA business environment is expected. For the AA business, a gradual recovery of the FA market is anticipated from the second half onwards. The order backlog at the beginning of the period will be steadily converted into sales, and revenue is thus planned to increase (up 9.0 billion yen or 3.1% to 300.0 billion yen).
- While we will be actively investing for growth, operating income is expected to increase (up 0.6 billion yen or 1.8% to 37.5 billion yen) owing to revenue growth and the effect of measures to strengthen profitability.

3. Returning Profits to Shareholders

✓ **We plan to increase the dividend for the tenth consecutive year, with an annual dividend of 88 yen* per share for FY2024, and DOE to reach 5% level.**

- The year-end dividend for FY2023 will be increased by 3 yen from the initial plan to 39.50 yen per share (for an annual dividend of 76 yen per share).
- It is planned to further increase the FY2024 dividend by 12 yen, making an annual dividend of 88 yen* per share. Dividend on equity (DOE) will increase to 5.0%.
  * Dividend not taking stock split into account
- A 4-for-1 common stock split is scheduled (record date: September 30, 2024).
- As an investment in human capital, using capital policy (use of treasury shares), we are planning new employee benefits and financial measures to further enhance employee-shareholder engagement.

4. Progress in Implementing the Medium-term Plan

✓ **The operating income plan was achieved in FY2023 ahead of schedule due to the progress in initiatives for transformation, such as strengthening profitability. We will proceed with our transformation for further growth, building on these results of transformation in FY2023.**

- We will continue to invest actively in technology development, equipment and facilities, and human capital. Progress is being made with strengthening product competitiveness by developing new business alliances, etc.

Contents

1. Consolidated Financial Results for FY2023

Consolidated Financial Results

- Orders received decreased compared with FY2022 mainly because of a fall in the AA business due to a slump in the FA market.
- Net sales rose compared with FY2022 and exceeded the plan. This reflects steady progress made with parts procurement and production, against the backdrop of increased orders received in FY2022.
- Operating income rose significantly compared with FY2022 and exceeded the plan. This was due to increased revenue and measures taken to strengthen profitability, including cost pass-through, despite increased expenses.
- Net income attributable to owners of parent rose significantly compared with FY2022. As well as reflecting increased operating income, this was due to such factors as the recording of a provision for product warranties in FY2022. The plan was achieved.

(Billions of yen)

	FY2022 (A)	FY2023 (B)	Difference (B) - (A)	Difference % Change	Plan (Nov. 7, 2023) (C)	Difference (B) - (C)	Difference % Change
Orders received	296.9	287.8	(9.0)	*(3.1)*			
Net sales	278.4	290.9	12.5	*4.5*	284.0	6.9	*2.4*
Japan	215.7	223.6	7.8	*3.6*			
Overseas	62.6	67.3	4.6	*7.5*			
Gross profit	111.9	122.9	11.0	*9.9*			
Margin	*40.2*	*42.3*	*2.1pp*				
SG&A	80.6	86.1	5.4	*6.7*			
Operating income (loss)	31.2	36.8	5.5	*17.9*	33.7	3.1	*9.3*
Margin	*11.2*	*12.7*	*1.4pp*		*11.9*	*0.8pp*	
Ordinary income (loss)	32.1	38.9	6.8	*21.3*	35.2	3.7	*10.8*
Income (loss) before income taxes	32.1	41.8	9.7	*30.4*			
Net income (loss) attributable to owners of parent	22.6	30.2	7.6	*33.6*	27.0	3.2	*11.9*
Margin	*8.1*	*10.4*	*2.3pp*		*9.5*	*0.9pp*	

The impact of foreign exchange rate fluctuations (compared with FY2022)
+4.0 billion yen for net sales, +0.4 billion yen for operating income

The impact of foreign exchange rate fluctuations is derived from the difference in rates, between the previous and current periods, used to convert overseas subsidiaries' P/L into yen from the local currency.

Financial Results by Segment

- **BA: In FY2022 multi-year service contracts were renewed and orders were received for large-scale projects. However, in FY2023, against the backdrop of a robust business environment, orders received were at the same level as FY2022. Both sales and segment profit increased, mainly due to the profitable existing building and service fields. The plan was achieved.**
- **AA: Continued sluggishness in the FA market led to a significant decline in orders received. However, owing to steady conversion of our large order backlog into sales, revenue rose and the plan was achieved. Segment profit also rose thanks to increased revenue and initiatives to strengthen profitability; the plan was achieved.**
- **LA: Orders received and sales grew in all three fields, particularly in the Lifeline field; segment profit increased thanks to increased revenue and initiatives to strengthen profitability. The plan was achieved.**

(Billions of yen)

		FY2022 (A)	FY2023 (B)	Difference (B) - (A)	Difference % Change	Plan (Nov. 7, 2023) (C)	Difference (B) - (C)	Difference % Change
BA	Orders received	135.3	136.7	1.4	1.1			
	Sales	128.5	134.6	6.0	4.7	132.3	2.3	1.8
	Segment profit (loss)	16.0	19.3	3.2	20.5	16.6	2.7	16.7
	Margin	12.5	14.4	1.9pp		12.5	1.8pp	
AA	Orders received	113.9	101.4	(12.4)	(11.0)			
	Sales	103.9	107.0	3.0	2.9	105.2	1.8	1.8
	Segment profit (loss)	14.5	16.1	1.5	10.6	16.0	0.1	0.7
	Margin	14.0	15.1	1.0pp		15.2	(0.2)pp	
LA	Orders received	49.6	51.6	2.0	4.1			
	Sales	47.9	51.4	3.4	7.3	48.6	2.8	5.8
	Segment profit (loss)	0.5	1.3	0.7	133.6	1.1	0.2	25.1
	Margin	1.2	2.7	1.4pp		2.3	0.4pp	

Segment Information: BA Business

Our view of the business environment

— In the domestic market, demand has continued at a high level for office buildings included in urban redevelopment projects, and for heating, ventilation, and air conditioning (HVAC) control equipment/systems for factories. Demand for the refurbishment of existing buildings, including energy savings and CO_2 reduction, has remained steady.

— There is continuing interest in new solutions offering post-pandemic safety and suited to new ways of working.

— Overseas, investment remains firm following the post-pandemic recovery.

- **In this period few multi-year service contracts were up for renewal. Also, in the field of new buildings, there was a decrease compared with FY2022, when orders for large-scale projects had been received; another reason for this decline in orders received was our focus on projects with higher margins. However, thanks to a robust business environment, and growth in both the field for existing buildings and overseas business, overall orders received remained at a similar level as FY2022.**
- **Sales rose overall compared to FY2022, maintaining a high level for new buildings, and recording increases for existing buildings, service, and overseas business. The plan was exceeded mainly owing to growth in the fields for existing buildings and service.**
- **Segment profit rose significantly due to increased revenue and the effect of measures to enhance profitability, and despite a recording of labor and outsourcing costs as well as an investment in digital transformation (DX), and other expenses. The plan was exceeded owing to increased revenue as well as growth in the profitable fields for existing buildings and service.**

(Billions of yen)

	FY2022	FY2023	Difference		Plan (Nov. 7, 2023)	Difference	
	(A)	(B)	(B) - (A)	*% Change*	(C)	(B) - (C)	*% Change*
Orders received	**135.3**	**136.7**	**1.4**	***1.1***			
Sales	**128.5**	**134.6**	**6.0**	***4.7***	**132.3**	**2.3**	*1.8*
Segment profit (loss)	**16.0**	**19.3**	**3.2**	***20.5***	**16.6**	**2.7**	*16.7*
Margin	***12.5***	***14.4***	*1.9pp*		*12.5*	*1.8pp*	

Segment Information: AA Business

Our view of the business environment

— In the FA market, conditions remain sluggish in the manufacturing equipment market, but progress is being made with adjusting inventory, which had expanded considerably as a result of advance orders. We are keeping a close watch for signs of a market recovery.

— In the process automation (PA) market, although the market in China continues to be sluggish, overall demand centering on maintenance and refurbishment has remained robust.

- **Orders received significantly decreased due to the cyclical decline in demand in the semiconductor manufacturing equipment market and because of some recoil following advance orders made in FY2022.**
- **Sales increased significantly thanks to the progress made with production as a result of the strengthening of procurement/production systems and an easing of parts procurement difficulties, underpinned by our large order backlog. The plan was exceeded.**
- **Segment profit rose thanks to revenue growth and initiatives to enhance profitability, including cost pass-through. This was despite R&D investment and increased DX-related investment. Profit level also improved, and the plan was achieved.**

(Billions of yen)

	FY2022 (A)	FY2023 (B)	Difference		Plan (Nov. 7, 2023) (C)	Difference	
			(B) - (A)	*% Change*		(B) - (C)	*% Change*
Orders received	**113.9**	**101.4**	**(12.4)**	***(11.0)***			
Sales	**103.9**	**107.0**	**3.0**	***2.9***	**105.2**	**1.8**	*1.8*
Segment profit (loss)	**14.5**	**16.1**	**1.5**	***10.6***	**16.0**	**0.1**	*0.7*
Margin	***14.0***	***15.1***	*1.0pp*		*15.2*	*(0.2)pp*	

Segment Information: LA Business

Our view of the business environment

— The Lifeline field, which includes gas (city gas, LP gas) and water meters, depends on demand for meter replacement as required by law. Though demand can be expected to remain basically stable, the market for LP gas meters itself is dependent on cyclical demand which is currently at a low ebb.

— In the Life Science Engineering (LSE: for pharmaceuticals/laboratories) field, investment demand continues overseas for pharmaceutical plant facilities. However, inflation is having an impact on investments and the economy.

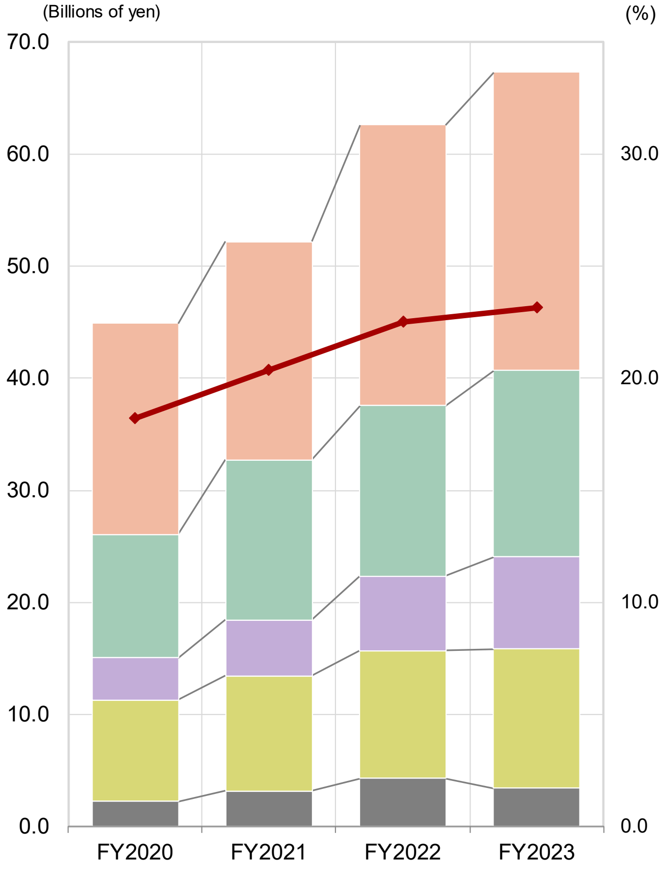
- **Orders received increased overall, thanks to growth in each field—Lifeline, LSE and Lifestyle-related.**
- **Sales rose overall, thanks to growth in each field, especially the Lifeline field. The plan was exceeded.**
- **Segment profit rose, thanks to increased revenue and initiatives to strengthen profitability. The plan was achieved.**

(Billions of yen)

	FY2022 (A)	FY2023 (B)	Difference (B) - (A)	Difference % Change	Plan (Nov. 7, 2023) (C)	Difference (B) - (C)	Difference % Change
Orders received	**49.6**	**51.6**	**2.0**	***4.1***			
Sales	**47.9**	**51.4**	**3.4**	***7.3***	**48.6**	**2.8**	*5.8*
Segment profit (loss)	**0.5**	**1.3**	**0.7**	***133.6***	**1.1**	**0.2**	*25.1*
Margin	***1.2***	***2.7***	*1.4pp*		*2.3*	*0.4pp*	

Overseas Sales by Region

- **Overseas sales increased by 7.5% from FY2022 and accounted for 23.1% of net sales.**
- **The BA business achieved considerable sales growth, principally in Asia. Owing to sluggish conditions in the FA market, AA business sales were lower in North America, but grew in Asia and China thanks to the recovery in production following easing of parts procurement difficulties. LA business sales increased overall owing to growth in North America and Europe, and despite lower sales in Asia and other regions.**



(Billions of yen)

	FY2020	FY2021	FY2022	**FY2023**
Asia (ex-China)	18.8	19.4	25.0	**26.6**
China	11.0	14.2	15.1	**16.6**
North America	3.7	4.9	6.6	**8.1**
Europe	9.0	10.3	11.3	**12.4**
Others	2.2	3.1	4.2	**3.4**
Consolidated	44.8	52.1	62.6	**67.3**

Reference information

		FY2020	FY2021	FY2022	FY2023
Overseas sales / Net sales ratio (%)		*18.2*	*20.3*	*22.5*	***23.1***
Average exchange rate	USD/JPY	106.77	109.90	131.64	**140.66**
	EUR/JPY	121.88	129.91	138.15	**152.10**
	CNY/JPY	15.48	17.04	19.50	**19.82**

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

Consolidated Financial Position

- **Assets : Total assets increased due to continued growth in inventories—as a result of measures taken to secure parts/materials to ensure an uninterrupted supply of products, in the face of supply chain disruptions—and also due to an increase in investments and other assets resulting from the rise in market value of shareholdings.**
- **Liabilities : Decreased due to a decrease in trade payables.**
- **Net assets: Increased due to the recording of net income attributable to owners of parent, despite the repurchase of own stock and the payment of dividends.**

(Billions of yen)

	As of Mar. 31, 2023 (A)	As of Mar. 31, 2024 (B)	Difference (B) - (A)
Current assets	**219.7**	**229.0**	**9.3**
Cash and deposits	62.0	71.0	9.0
Trade receivables	97.0	97.7	0.6
Securities	16.7	8.9	(7.8)
Inventories	37.1	43.7	6.6
Other	6.7	7.5	0.7
Non-current assets	**77.1**	**84.7**	**7.5**
Property, plant and equipment	38.2	41.3	3.1
Intangible assets	6.1	6.1	(0.0)
Investments and other assets	32.7	37.1	4.4
Total assets	**296.8**	**313.7**	**16.8**

	As of Mar. 31, 2023 (A)	As of Mar. 31, 2024 (B)	Difference (B) - (A)
Liabilities	**90.9**	**88.8**	**(2.1)**
Current liabilities	**79.0**	**77.9**	**(1.0)**
Trade payables	24.7	20.4	(4.2)
Short-term borrowings	8.8	7.4	(1.3)
Other	45.4	50.0	4.5
Non-current liabilities	**11.9**	**10.8**	**(1.1)**
Long-term borrowings	3.6	1.9	(1.6)
Other	8.3	8.8	0.4
Net assets	**205.8**	**224.8**	**19.0**
Shareholders' equity	**189.0**	**201.1**	**12.0**
Share capital	10.5	10.5	-
Capital surplus	11.6	11.6	(0.0)
Retained earnings	199.2	211.8	12.5
Treasury shares	(32.3)	(32.8)	(0.4)
Accumulated other comprehensive income	**13.7**	**20.3**	**6.6**
Non-controlling interests	**3.0**	**3.3**	**0.3**
Total liabilities and net assets	**296.8**	**313.7**	**16.8**

ROE (%)	**11.2**	**14.2**	***3.0pp***
Shareholders' equity ratio (%)	**68.3**	**70.6**	***2.3pp***

Consolidated Cash Flows

- **Free cash flow increased by 14.0 billion yen compared to FY2022.**
- **The background to this is that cash flow increased compared to FY2022 owing to a significant rise in trade receivables in FY2022. An additional factor was the increase in net cash provided by operating activities due to a significant increase in profits in FY2023. (Cash flow used in inventories decreased compared to FY2022.)**

(Billions of yen)

	FY2022 (A)	FY2023 (B)	Difference (B) - (A)	Difference % Change
Net cash provided by (used in) operating activities	13.1	27.5	14.4	*109.9*
Net cash provided by (used in) investing activities	(1.9)	(2.3)	(0.3)	-
Free cash flow	11.1	25.1	14.0	*126.0*
Net cash provided by (used in) financing activities	(19.6)	(22.4)	(2.7)	-
Effect of exchange rate change on cash and cash equivalents	1.8	1.8	(0.0)	*(0.1)*
Net increase (decrease) in cash and cash equivalents	(6.6)	4.6	11.2	-
Cash and cash equivalents at beginning of period	77.8	71.2	(6.6)	*(8.5)*
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	-	(0.2)	(0.2)	-
Cash and cash equivalents at end of period	71.2	75.5	4.3	*6.1*

Reference

	FY2022 (A)	FY2023 (B)	Difference (B) - (A)	Difference % Change
Capital investment	10.8	8.6	(2.1)	*(20.2)*
Depreciation	4.9	6.0	1.0	*22.0*

2. Consolidated Financial Plan for FY2024

Consolidated Financial Plan

We plan to increase both net sales and operating income for the fourth consecutive fiscal year under the current medium-term plan.

- **The BA business environment is expected to remain robust. In the AA business, inventory adjustment in the manufacturing equipment market will continue, but, in the second half onwards, a recovery in semiconductor demand is anticipated, partly due to the spread of generative AI.**
- **Parts procurement difficulties are expected to continue in some areas, but with our strengthened procurement and production systems, we are aiming to further increase revenue by steadily converting the order backlog into sales and by progressively capturing the growing demand anticipated in the second half onwards.**
- **Despite investing in R&D, DX, and human capital to achieve further growth in FY2025 and beyond, we plan to steadily increase operating income with increased revenue and the effect of measures to strengthen profitability, such as increasing margins at the point of order receipt and cost pass-through.**

(Billions of yen)

	FY2023 Full year (results) (A)	FY2024 H1 (plan)	FY2024 H2 (plan)	FY2024 Full year (plan) (B)	Difference (B) - (A)	Difference % Change
Net sales	**290.9**	**134.0**	**166.0**	**300.0**	**9.0**	*3.1*
Operating income	**36.8**	**11.6**	**25.9**	**37.5**	**0.6**	*1.8*
Margin	*12.7*	*8.7*	*15.6*	*12.5*	*(0.2)pp*	
Ordinary income	**38.9**	**11.8**	**25.7**	**37.5**	**(1.4)**	*(3.8)*
Net income attributable to owners of parent	**30.2**	**9.0**	**19.0**	**28.0**	**(2.2)**	*(7.3)*
Margin	*10.4*	*6.7*	*11.4*	*9.3*	*(1.0)pp*	

Reference: Exchange rates
FY2023 USD/JPY 140, EUR/JPY 152, CNY/JPY 19.8
FY2024 USD/JPY:149, EUR/JPY:159, CNY/JPY 20.0

Financial Plan by Segment (1)

- **BA: We expect increased revenue against the backdrop of a robust business environment and our large order backlog. Despite facing the soaring cost of outsourcing and increased expenses, by increasing margins at the point of order receipt and cost pass-through we will secure a segment profit of 19.0 billion yen.**
- **AA: We plan on increased revenue, with the order backlog from the beginning of the period converted into sales as well as a gradual recovery of the FA market anticipated from the second half onwards. Although various expenses are expected to increase, thanks to the effect of measures to strengthen profitability, including cost pass-through, we plan for continuing growth in segment profit.**
- **LA: We plan on increased revenue, taking into account robust demand in the pharmaceutical manufacturing equipment market, stable demand for meter replacement, and the development of markets related to Smart Metering as a Service (SMaaS). We also expect to improve profitability with cost pass-through and strengthened project management.**

(Billions of yen)

		FY2023 Full year (results) (A)	FY2024 H1 (plan)	FY2024 H2 (plan)	FY2024 Full year (plan) (B)	Difference (B) - (A)	Difference *% Change*
BA	**Sales**	**134.6**	**58.3**	**83.7**	**142.0**	**7.3**	***5.5***
	Segment profit	**19.3**	**4.0**	**15.0**	**19.0**	**(0.3)**	***(1.9)***
	Margin	***14.4***	***6.9***	***17.9***	***13.4***	***(1.0)pp***	
AA	**Sales**	**107.0**	**50.7**	**58.3**	**109.0**	**1.9**	***1.8***
	Segment profit	**16.1**	**7.2**	**9.5**	**16.7**	**0.5**	***3.6***
	Margin	***15.1***	***14.2***	***16.3***	***15.3***	***0.3pp***	
LA	**Sales**	**51.4**	**25.9**	**26.1**	**52.0**	**0.5**	***1.2***
	Segment profit	**1.3**	**0.4**	**1.4**	**1.8**	**0.4**	***30.8***
	Margin	***2.7***	***1.5***	***5.4***	***3.5***	***0.8pp***	

Financial Plan by Segment (2)

BA

We expect increased revenue against the backdrop of a robust business environment and our large order backlog. Despite facing the soaring cost of outsourcing and increased expenses, by increasing margins at the point of order receipt and cost pass-through we will secure a segment profit of 19.0 billion yen.

- In Japan and overseas, the business environment will remain robust. With the built up of order backlog, we expect revenue to increase in the new building, existing building, service, and overseas fields.
- Despite soaring outsourcing costs, as well as the increased labor costs and DX expenses for growth, we will secure a segment profit of 19.0 billion yen, the same level as FY2023, thanks to revenue growth, improved margins at the point of order receipt, and appropriate cost pass-through measures.
- Aiming to further strengthen profitability, we will continue efforts to receive orders with high margins while also shifting personnel and other resources to expand earnings from the market for existing buildings.

AA

We plan on increased revenue, with the order backlog from the beginning of the period converted into sales as well as a gradual recovery of the FA market anticipated from the second half onwards. Although various expenses are expected to increase, thanks to the effect of measures to strengthen profitability, including cost pass-through, we plan for continuing growth in segment profit.

- Conditions in the PA market will remain relatively robust. A gradual recovery is expected in the semiconductor manufacturing equipment market and other FA markets from the second half onwards.
- Although inventory adjustments in the FA market are expected to continue, we plan to achieve sales in excess of 100.0 billion yen for the third consecutive year by making steady progress with parts procurement and production—benefitting from the order backlog at the beginning of the period—and by capturing the growth in demand in the FA market from the second half onwards.
- Thanks to the effect of measures to strengthen profitability, including cost pass-through, we expect segment profit to continue to grow and its margin to exceed 15%, in spite of increases in various expenses.

LA

We plan on increased revenue, taking into account robust demand in the pharmaceutical manufacturing equipment market, stable demand for meter replacement, and the development of markets related to SMaaS. We also expect to improve profitability with cost pass-through and strengthened project management.

- In the Lifeline field, the cyclical demand for LP gas meters is at a low ebb, but we will steadily capture demand for city gas meters and water meters, while promoting the development of markets related to SMaaS.
- In the LSE field, taking advantage of the robust demand for pharmaceutical manufacturing equipment, we are aiming to expand business by offering distinctive products, such as sterilizers.
- In the LA business as a whole, we will implement measures such as cost pass-through and strengthened project management to continue generating improvements in profitability; we will thus increase segment profit margin.

3. Returning Profits to Shareholders

Plan to Further Improve Shareholder Returns and to Implement a Stock Split, in Accordance with Our Basic Policy

In accordance with our basic policy—promoting shareholder returns, investing for growth, and maintaining a sound financial base—, while we remain conscious of the cost of capital[*1] in our business operations and investment activities, we actively invest in our businesses, R&D, equipment and facilities[*2], DX, and human capital. We also plan to raise dividends to further improve shareholder returns.

FY2023 dividend

The year-end dividend for FY2023 is to be increased by 3 yen from the initial plan in May 2023.

The annual dividend will be 76 yen per share.
(+10 yen compared with FY2022)

— The year-end dividend for FY2023 will be paid after the approval of the Ordinary General Meeting of Shareholders on June 25, 2024.

FY2024 dividend

As regards the annual dividend for FY2024,

the Company plans an annual dividend of 88 yen per share.
(+12 yen compared with FY2023)

— Dividend not taking the stock split below into account

Treasury shares

- As regards treasury shares, we will consider as future flexible shareholder returns.
- It has resolved to revise the current Employee Stock Ownership Plan (J-ESOP) to J-ESOP-RS Plan with restrictions on the transfer of shares to enhance engagement with employee-shareholder through the use of treasury shares (page 30). Details, such as the scope and source of funds, etc., will be considered in the future.

Stock split

There will be a **4-for-1 common stock split** to increase the liquidity of the Company's shares and foster an environment conducive to investment.

— Record date: September 30, 2024

*1 Conscious of the cost of capital in management, the azbil Group has introduced and been in process of enhancing business management that incorporates return on invested capital (ROIC), which is based on the trial calculation of adjusted after-tax operating income. Reference: FY2023 azbil Group ROIC (trial calculation) was 10.2%, and weighted average cost of capital (WACC) was 6.1%.

*2 Please refer to the page 36 for the trend of the investment in R&D, equipment and facilities.

Basic policy

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

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

Overview of the Stock Split

Stock split

It is planned to implement a 4-for-1 common stock split.

Investment unit cost to be in the 100-thousand-yen range* following the stock split

* Estimated from closing price on May 10, 2024 (Friday).

Stock split purpose

To increase share liquidity, prepare an environment that makes it easier for investors to invest and expand the investor base by reducing the price of share-trading units

Stock split method

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of Monday, September 30, 2024 will be split into four shares.

- **Total number of issued shares prior to the stock split: 141,508,184 shares**
- **Total number of issued shares after the stock split: 566,032,736 shares**

Amendment to the Articles of Incorporation

- Total number of authorized shares prior to the stock split: 559,420,000 shares
- Total number of authorized shares after the stock split: 2,237,680,000 shares

Stock split schedule

- **Date of public notice of record date: September 13, 2024 (Friday)**
- **Record date: September 30, 2024 (Monday)**
- **Effective date: October 1, 2024 (Tuesday)**

Plan for FY2023 Year-end Dividend and FY2024 Annual Dividend

FY2023 dividend	**It is planned to increase the year-end dividend to 39.50 yen per share, to make an annual dividend of 76 yen per share.**
FY2024 dividend	**It is planned to increase the dividend by 12 yen per share, to make an annual dividend of 88 yen* per share, and DOE to reach 5% level.** *Dividend not taking stock split into account

- **In FY2023, profits achieved a new record high, exceeding the revised plan announced in November 2023, and since performance has been solid compared both to the plan and to FY2022 results, the year-end dividend is to be increased by 3 yen, to make an annual dividend of 76 yen per share.**
- **Profitability has been strengthened by the measures implemented to date. We plan to increase revenue and profits in FY2024 compared to FY2023. In addition, we plan to raise the annual dividend by 12 yen to 88 yen * per share in order to attain a DOE of 5% level. This will bolster our policy to stably increase DOE, our reference indicator for dividends, in line with improvements to the Company's profitability.**
- **Based on the continuation of stable dividend payments, we aim to further improve DOE ratio.**

(Yen)

	FY2023		FY2024	
	Initial plan (May 12, 2023)	Revised plan (May 13, 2024)	Plan (May 13, 2024)	Plan (calculation prior to the stock split)
Interim	36.5	36.5	**44.0**	**44.0**
Year-end	36.5	**39.5** *1	**11.0** *2	**44.0**
Annual	73.0	**76.0**	—	**88.0**
Payout ratio	33.3%		41.4%	
Dividend on equity (DOE)	4.8%		5.0% *3	

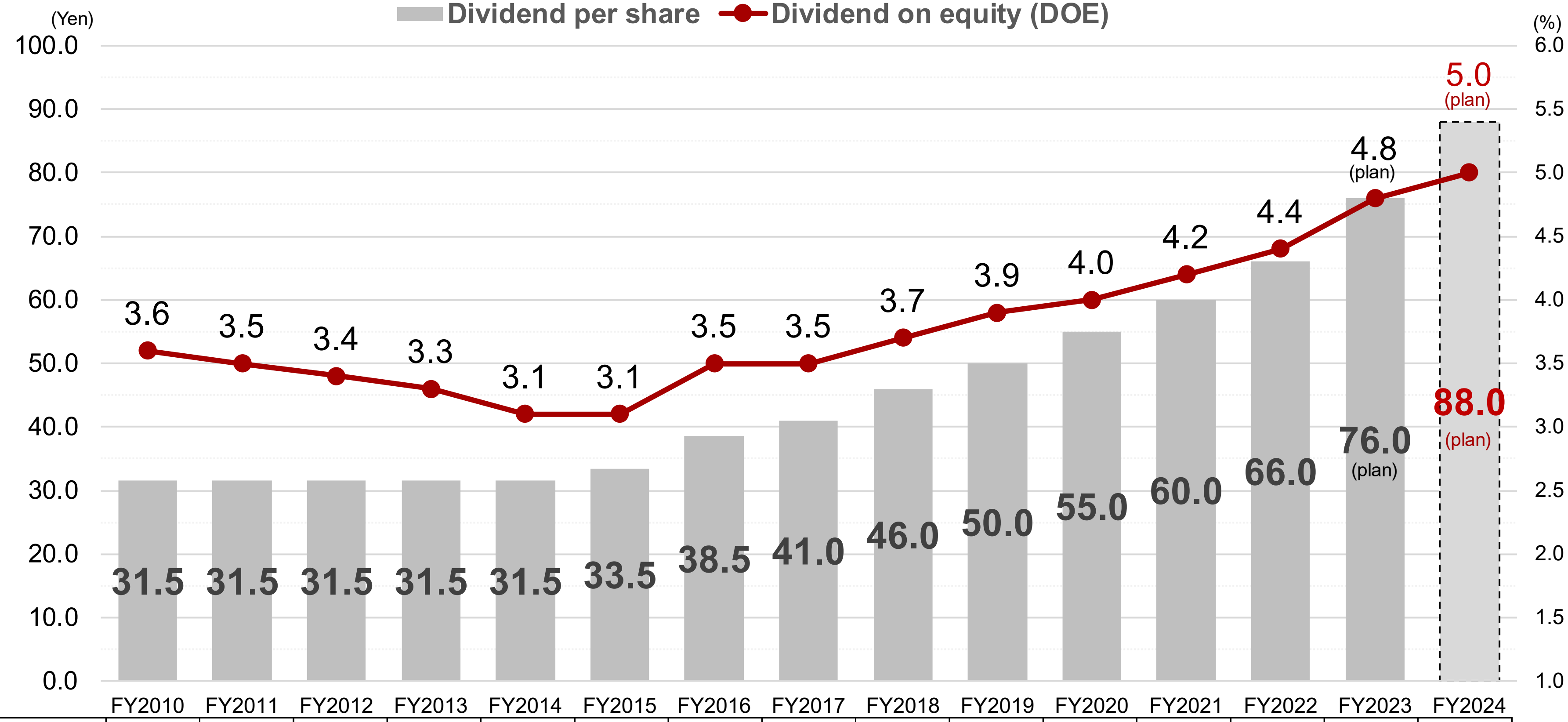
*1 A year-end dividend for FY2023 will be paid after the approval of the Ordinary General Meeting of Shareholders as an item of appropriation of surplus on June 25, 2024.

*2 A 4-for-1 stock split is scheduled to be implemented with an effective date of October 1, 2024.

*3 The following factors have been taken into account for the trial calculation of DOE, which is based on shareholders' equity as of March 31, 2024: year-end dividends for FY2023, interim dividends for FY2024, and net income attributable to owners of parent for the full year in the consolidated financial plan for FY2024.

Trend of Shareholder Returns

- It is planned to increase the year-end dividend for FY2023 by 3 yen, and furthermore increase the annual dividend for FY2024 by 12 yen to 88 yen per share, which is an increase for the tenth consecutive fiscal year.



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total amount of own stock repurchased (billions of yen)						1.9		2.9	4.9	9.9		9.9	9.9	9.9	- TBA
Number of shares repurchased (millions of shares)						1.20		1.42	1.87	3.71		2.25	2.67	2.19	- TBA

* The dividend per share and total number of own shares purchased have been retroactively adjusted to take into account the effect of the stock split in 2018. Note that the planned FY2024 dividend shown does not take into account the stock split scheduled in October 2024.

4. Progress in Implementing the Medium-term Plan

Long-term Targets and Medium-term Plan

The azbil Group defines three growth fields—new automation, environment and energy, and life-cycle solutions—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.

- **Steady progress with the medium-term plan: progress is being made with strengthening business profitability, and, according to the consolidated financial plan for FY2024, we will achieve an operating income and its margin that exceed the performance targets of the medium-term plan formulated in FY2021.**
- **In addition to expanding our overseas business, progress is being made with transformation initiatives that form part of the medium-term plan, such as strengthening product competitiveness (including new business alliances, etc.). We will expand our unique solutions in those business areas where the azbil Group possesses notable strengths.**
- **We will continue to focus on strengthening investment in product competitiveness, technology development, equipment and facilities, and human capital. We will proceed with our transformation for further growth, building on the results of our transformation to date.**

Growth

Transformation

Safety

Period of the medium-term plan for FY2021-2024

	FY2020	FY2021	FY2022	FY2023	FY2024 The medium-term plan	FY2024 Consolidated financial plan
Net sales	246.8 billion yen	256.5 billion yen	278.4 billion yen	290.9 billion yen	300.0 billion yen	300.0 billion yen
[Overseas sales]	[44.8 billion yen]	[52.1 billion yen]	[62.6 billion yen]	[67.3 billion yen]	[66.0 billion yen]	[71.0 billion yen]
Operating income	25.7 billion yen	28.2 billion yen	31.2 billion yen	36.8 billion yen	36.0 billion yen	37.5 billion yen
Margin	10.4%	11.0%	11.2%	12.7%	12%	12.5%
ROE	10.4%	10.4%	11.2%	14.2%	approx. 12%	12.2%
					(disclosed on May 14, 2021)	(disclosed on May 13, 2024)

Long-term targets

2030
SDGs

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

Long-term targets (FY2030)
(disclosed on May 14, 2021)

400.0 billion yen
[100.0 billion yen]
60.0 billion yen
approx. 15%
approx. 13.5%

Initiatives for Continuous Sales Expansion and Strengthened Business Profitability

- While there has been some continuing impact from parts procurement difficulties and price hikes of parts, it was possible to improve revenue, profits and profitability. This was achieved by ramping up production with enhanced procurement/production capabilities, and by implementing measures to strengthen profitability, including cost pass-through.
- In FY2024, personnel costs and inflation are expected to push up expenses. However, to achieve our long-term targets for FY2030, we will strive to maintain and improve profitability while continuing to make investments for growth, including human capital.

FY2016	FY2021	FY2022	FY2023	FY2024 (Consolidated financial plan)	FY2030 (Long-term targets)
Operating margin 7.9%	Operating margin 11.0%	Operating margin 11.2%	Operating margin 12.7%	Operating margin 12.5%	Operating margin approx. 15%
Net sales: 254.8 billion yen	Net sales: 256.5 billion yen	Net sales: 278.4 billion yen	Net sales: 290.9 billion yen	Net sales: 300.0 billion yen	Net sales: 400.0 billion yen range
Operating income: 20.1 billion yen	Operating income: 28.2 billion yen	Operating income: 31.2 billion yen	Operating income: 36.8 billion yen	Operating income: 37.5 billion yen	Operating income: 60.0 billion yen range

FY2023 initiatives, future measures

		FY2023 initiatives, future measures
Measures to improve profits	- Improve business mix - Implement cost pass-through (optimize selling prices) - Strengthen job risk management - Upgrade domestic production system (consolidation and elimination of factories) - Expand overseas procurement and production - Assign human resources effectively within the Group (total-sum labor cost control)	- Continued to take various measures to improve margins at the point of order receipt, and responded appropriately to cost increases including cost pass-through, etc.. Profitability improved in FY2023; these efforts will be continued onwards - Focus on profitable existing buildings field in the BA business; striving to enhance the business mix; continuing shift of resources to this field - Enhancing operational efficiency globally through promotion of DX (harnessing generative AI services started in FY2023, etc.) - Constructed new factory building at Thai manufacturing subsidiary (completed in April 2024); strengthening overseas procurement and production capabilities
Measures to expand business	- Expand business fields by strengthening product competitiveness - Expand coverage of domestic and overseas customers - Expand stock business	- Launching and expanding adoption of products and services for the three growth fields - Enhancing solution capabilities to expand business areas (renewable energy, data centers, etc.) through capital participation, etc. - Expanding customer coverage, in Japan and overseas, and implementing sales force enhancement through the introduction of Marketing Automation (MA), Sales Force Automation (SFA), etc.

Growth in Overseas Markets

- **Overseas sales have increased steadily thanks to strengthening of the sales system, promotion of DX, etc. Progress is being made with reinforcing the business foundation. For example, by constructing a new factory building in Thailand in conjunction with the expansion of overseas business and by creating partnerships with customers, universities, etc.**

FY2016	FY2021	FY2022	FY2023	FY2024 (Consolidated financial plan)	FY2030 (Long-term targets)
Overseas sales 43.3 billion yen (17.0%)	Overseas sales 52.1 billion yen (20.3%)	Overseas sales 62.6 billion yen (22.5%)	Overseas sales 67.3 billion yen (23.1%)	Overseas sales 71.0 billion yen (23.7%)	Overseas sales 100.0 billion yen (25.0%)
Asia: 19.5 billion yen China: 8.5 billion yen North America and Europe: 12.4 billion yen	Asia: 19.4 billion yen China: 14.2 billion yen North America and Europe: 15.3 billion yen	Asia: 25.0 billion yen China: 15.1 billion yen North America and Europe: 18.0 billion yen	Asia: 26.6 billion yen China: 16.6 billion yen North America and Europe: 20.6 billion yen	Asia: 28.0 billion yen China: 16.4 billion yen North America and Europe: 23.0 billion yen	Asia: 43.0 billion yen range China: 28.0 billion yen range North America and Europe: 27.0 billion yen range

* Figures in parentheses show overseas sales ratio.

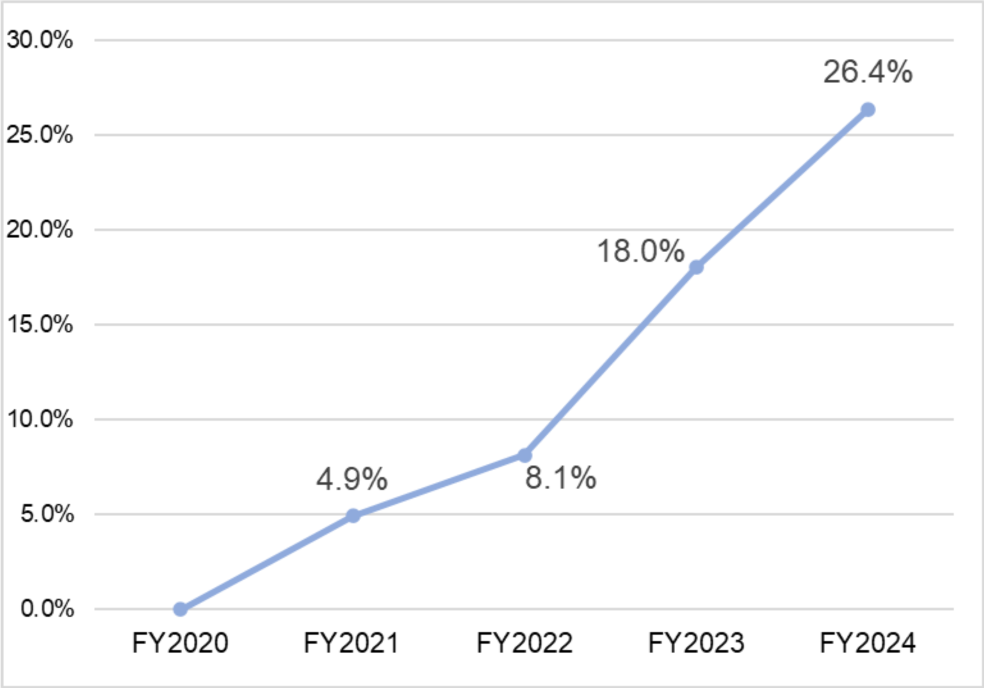
		FY2023 initiatives and future measures
Measures to expand business	● Develop and launch products for overseas markets ● Expand customer coverage; cultivate relationships with leading business operators	● Strengthening the product portfolio, including digital twin, etc. ● Signing of a Memorandum of Understanding with the Indian Institute of Technology Roorkee (IIT Roorkee) for research collaboration on digital solutions (in May 2023); conducting joint research; continuing to promote collaboration with various external partners ● Key account management in the Asian region building market progressed in FY2023, and efforts to be continued. Customer Coverage in the AA Business also expanded in FY2023.
Strengthening the business foundation	● Expanded sales/service network ● Upgraded infrastructure, including remote maintenance ● Establishment of regional strategy promotion system ● Production relocated overseas and strengthened, procurement network built, OUT-OUT expanded	● Having progressed with the strengthening of the sales system by increasing staff and harnessing DX; expanded overseas sales, mainly in the AA business; continuing expansion of overseas sales force, strengthening of local development and engineering capabilities, and reinforcing of Japan-based support system for overseas subsidiaries ● Following the completion of a new factory building at our production subsidiary in China (Dalian), a new factory building was completed at the production subsidiary in Thailand (April 2024). Production will be progressively transferred and expanded. ● Continuing development of regional strategy by the Strategic Planning & Development Office for Southeast Asia

Reference: Examples of Progress of Initiatives for Transformation Aimed at Strengthening Profitability and Expanding Overseas Business

BA

Focus on profitable existing building field; striving to enhance the business mix; continuing shift of resources to the existing building field, which should be expanded in FY2024 onwards

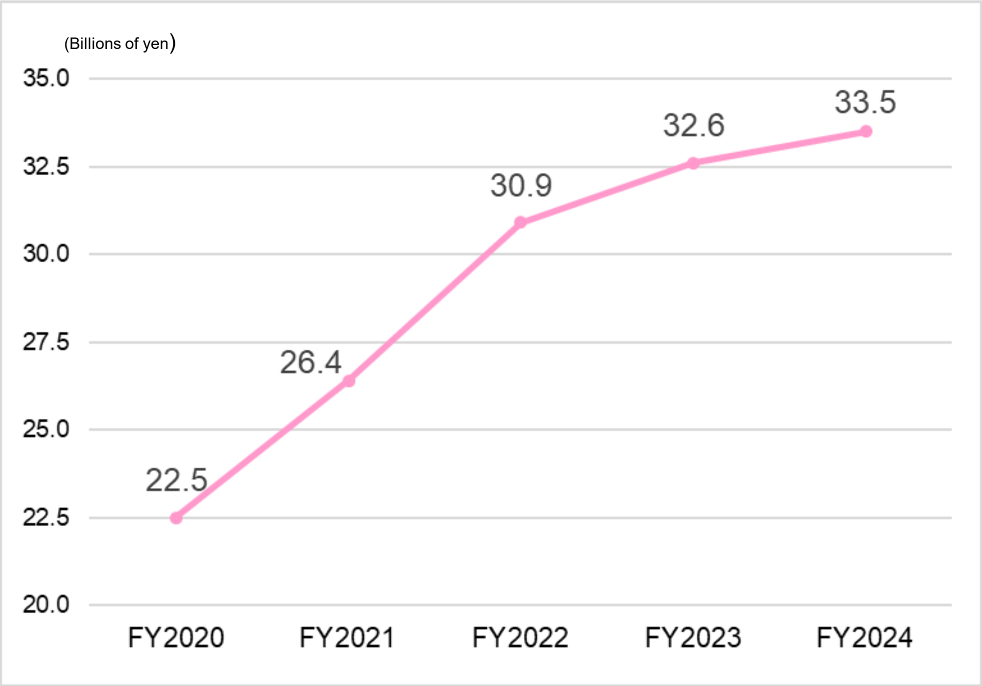
BA business growth rate of the existing building field
(FY2020=0)



AA

Sales and segment profit for AA business increasing thanks to progress with expanding customer coverage and strengthening the sales force at overseas subsidiaries; further expanding business through greater use of MA/SFA, etc.

AA business overseas sales



Progress and Forecast by Segment for the Medium-term Plan

Overall, steady progress is being made with the medium-term plan. The BA and AA businesses have almost achieved their medium-term targets formulated in 2021 one year ahead of schedule. We are aiming to achieve further growth by implementing focused measures that take into consideration the business environment in each segment.

BA
Commercial buildings

(Billions of yen)	FY2021	FY2022	FY2023	FY2024 (Consolidated financial plan)
Sales	**119.7**	**128.5**	**134.6**	**142.0**
Overseas	8.0	11.5	13.5	15.5
Segment profit	**13.8**	**16.0**	**19.3**	**19.0**
Margin	*11.6%*	*12.5%*	*14.4%*	*13.4%*

- **Continued high level of demand for new large-scale construction projects, and increased demand for the profitable refurbishment of existing buildings**
- **Emerging needs for building environments offering post-pandemic safety and facilitating new work styles; expanding business opportunities for realizing carbon neutrality and wellness at the same time**
- **Overseas, recovery from the impact of the COVID-19 pandemic, and increasing investment**

Key measures: **Expand business fields, including collaboration with other companies; strengthen our energy-saving solutions business, including energy service provider business, and our approach to the market for existing buildings; expand cloud services; and develop the overseas business**

AA
Factories and plants

	FY2021	FY2022	FY2023	FY2024 (Consolidated financial plan)
Sales	**94.2**	**103.9**	**107.0**	**109.0**
Overseas	26.4	30.9	32.6	33.5
Segment profit	**13.2**	**14.5**	**16.1**	**16.7**
Margin	*14.0%*	*14.0%*	*15.1%*	*15.3%*

- **Demand is growing for higher productivity and safe, stable equipment operation**
- **For production facilities, demand will further increase for ways to save energy and reduce greenhouse gas emissions**
- **Production process reforms, aimed at progress toward resource conservation and a circular economy, are underway**
- **In the medium to long term, overseas market growth is expected to continue**

Key measures: **Develop new products utilizing microelectromechanical systems (MEMS) technology; combine cloud and AI technologies with measurement & control technologies; accelerate overseas business development**

LA
Infrastructure, pharmaceuticals and houses

	FY2021	FY2022	FY2023	FY2024 (Consolidated financial plan)
Sales	**44.2**	**47.9**	**51.4**	**52.0**
Overseas	17.6	20.0	21.1	22.0
Segment profit	**1.1**	**0.5**	**1.3**	**1.8**
Margin	*2.6%*	*1.2%*	*2.7%*	*3.5%*

- **Increasing requirements for the maintenance, safety and efficiency of life infrastructure**
- **Emerging business opportunities, such as providing IoT support for different meter types, and contributing to customers' decarbonization through measurement/use of large volumes of data**
- **Robust demand generated by regional dispersal of pharmaceutical manufacturing facilities; continued pandemic-related investments**

Key measures: **Improve profitability by strengthening cost management suited to the characteristics of each sub-segment (Lifeline, LSE, and residential air conditioning); revise strategies for growth; promote SMaaS business making use of cloud technology**

Aiming at Transformation for Further Growth, Building on the Results of Transformation to date

- **Track changes in customers' business models and demand resulting from structural changes in the business environment, and, to expand and achieve growth in the three growth fields, concentrate on and strengthen product competitiveness as well as investments in technology development, in equipment and facilities, and in human capital.**
- **Aim to grow our business by enhancing our competitive advantage in measurement and control, focusing on growth markets. These include markets where technological advancements are driving demand, as with semiconductors, and markets where demand is growing because of the increasing focus on carbon neutrality and the circular economy.**

Three Growth Fields

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

New Automation Field

Environment and Energy Field

Maintaining long-term optimal operations and contributing to a sustainable society

Life-cycle Solutions Field

Strengthen product competitiveness (products and services)

Fields for strengthening product competitiveness
- Autonomy, wellness
- Energy savings + renewable energy field (ESP business)
- Cloud-based services

Business portfolio expansion
- Combining AI, big data, and cloud technologies
- Renewable energy, etc.

Strengthen technological development and capital investment

Areas for strengthening technology development
- MEMS & sensing device technologies
- Actuator-related technologies
- AI, cloud computing

Investments plan for FY2024
- R&D: 14.0 billion yen
- Capital investment: 10.2 billion yen

Promote sustainability management
Increase investment in human capital

Secure/develop human resources in line with our business strategy
- Advanced technology engineers
- Field engineers
- Global human resources

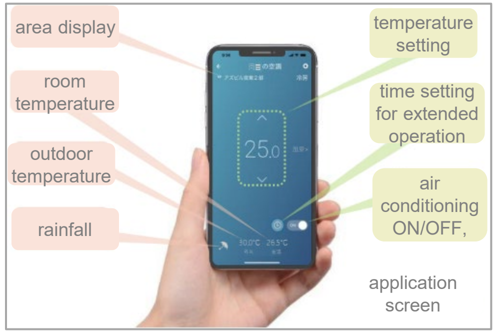
Work environment development and system reform
- Workspaces that foster productivity and creativity
- Productivity improvements using generative AI
- Revision of incentive plan

Reference: Initiatives to Strengthen Product Competitiveness

Introduction of new products and services

- **Expand cloud service applications for buildings; contribute to more efficient building management/operations**

- **Commence sales of environmental control system, featuring smartphone-type user interface, to enhance comfort and convenience for building occupants (tenants)**



- **Our control valve maintenance support system—a cloud-based valve analysis and diagnostic service that contributes to improved safety and productivity in plants and factories—is being adopted at more and more customer sites.**

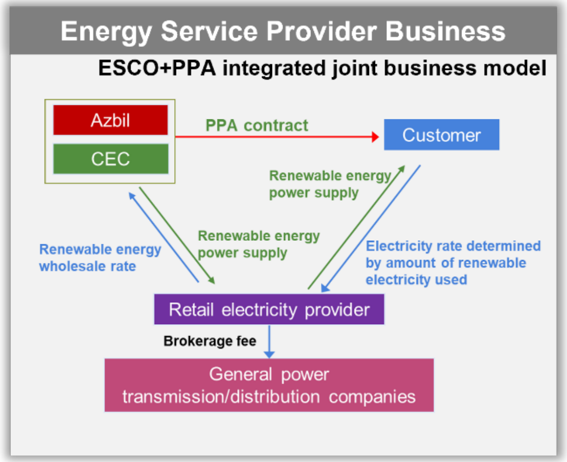
▲ Screen of the diagnosis result of the control valve maintenance support system

Business development initiatives involving alliance and investments with other companies

- **Promoting DX for facility management for large-scale processes; business alliance with Ka Electric Power Co. (KEPCO) to stimulate adoption and utilization of AI-based equipment-anomaly detection system; joint development of an online anomaly detection system**

- **Business alliance formed with X1 Studio—an provider of total management systems based on SCADA system engineering for data centers overseas—aiming to expand the data center business**

- **Expanding solutions in the renewable energy field**
  - **Clean Energy Connect, Inc. (CEC)**
    Green power solutions for corporate clients, non-FIT renewable energy generation
  - **Forest Energy Inc.**
    Planning, developing, and operating woody biomass power plants for the supply of natural energy based on the concept of local consumption of local products



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

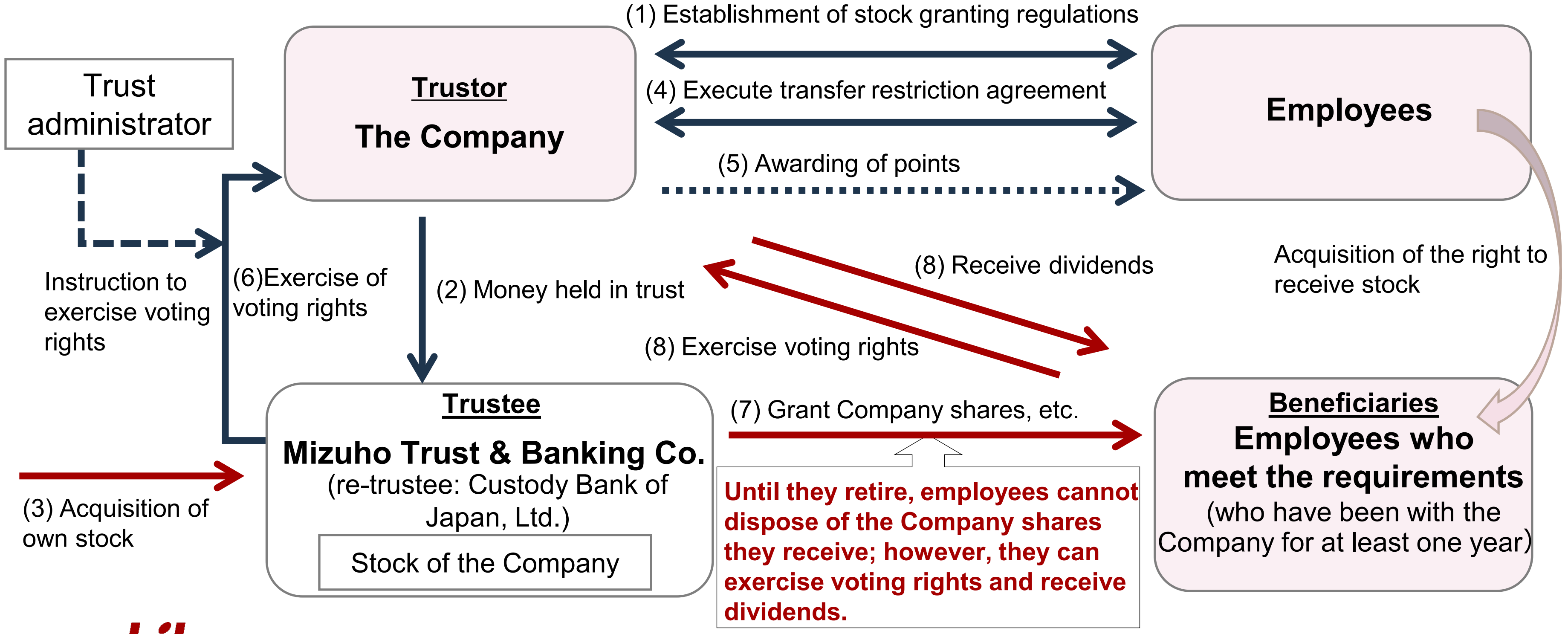
Partial Revision to the Employee Stock Ownership Plan (J-ESOP) (page 18), further increasing employee incentives and enhancing engagement

Employee Stock Ownership Plan (J-ESOP) (introduced in May 2017)

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

Point of the revision

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



① The company will establish the stock granting regulations.

② Money is to be entrusted (trust beneficial to other parties) to Mizuho Trust & Banking Co. for for acquisition of stock to be received by employees.

③ The trust will acquire stock of the Company with the money placed in trust.

④ The employee shall enter into a transfer restriction agreement with the Company that restricts the employee, prior to their retirement.

⑤ The Company will award points to employees in accordance with the stock granting regulations.

⑥ The Trust Bank exercises voting rights relating to shares in the Trust Account in accordance with the instructions of the Trust Manager.

⑦ The Trust Bank shall provide employees who acquire entitlement with Company shares in proportion to the number of points granted to them.

⑧ Although Company shares granted to an employee has transfer restrictions of the agreement, the individual beneficiary may exercise the voting rights and will receive the dividends.

*** Details regarding the scope of the trust and the method of acquiring shares in connection with this revision will be disclosed, separately and in a timely manner, following an internal decision-making process.**

The azbil Group’s Sustainability Management

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

	Materiality		Essential Goals of azbil Group for SDGs: Essential goals			Targets
Business	Environment	Climate change Resource recycling	I	Preserving the Earth’s environment and solving energy-related problems through cooperative creation	Environment and energy	● Effective reduction of CO_2 at customers' sites: **3.40 million metric tons of CO_2/year** (FY2030) ● Reduction targets in greenhouse gas (GHG) emission (science-based target[*1] approved) (FY2030) **55% reduction** in GHG emissions from our business activities (scopes 1+2) compared to 2017 **20% reduction** in GHG emissions throughout the entire supply chain (scope 3) compared to 2017 ● Design all new products to meet **the azbil Group’s own sustainability standards**[*2] and to be **100% recyclable**[*3] (FY2030) ● Increase the number of **skilled professionals**[*5] **for supporting sustainable services**[*4] to **a total of 1,800**[*6]**—triple the number** in FY2021
Business	Innovation		II	Realizing sustainable production sites, work environments, and a safe and comfortable society through new automation	New automation	Solving occasional issues as required by society and creating added value through **advanced measurement, a data-driven approach, and autonomy** ● We will achieve a state of resilience to changes in the business environment at **8,000 business sites** by 2030.[*7] ● We will provide environments that support stress-free and diverse work styles to **6 million people** by 2030.[*8]
General corporate activities	Society	Supply chain Contribute to local communities	III	Fulfilling our responsibilities to society across our supply chain and contributing to local communities	Supply chain; Social responsibility	● Working with our business partners on achieving SDGs as a common goal and creating **shared CSR value across the supply chain; Evaluating policies, systems, initiatives, and effectiveness using our own evaluation indicators**[*9] ● Social contribution activities rooted in local communities are run at all our business sites,[*10] with the **active participation by every employee**[*11]
General corporate activities	Human resource	Human rights, safety, and health Learning and employee development	IV	Strengthening our foundation to solve societal problems through health and well-being management and continuous learning	Health and well-being management; An organization that never stops learning	● Implementing health and well-being management (job satisfaction, health, diversity and inclusion) Women’s advancement points[*12] in FY2024: **Double versus 2017** Employees expressed satisfaction with working at azbil Group companies in FY2030: **65% or more**[*13] ● Developing and strengthening “an organization that never stops learning” Training opportunity points[*14] in 2024: **Double versus 2012** Employees have experienced personal growth through their work in FY2030: **65% or more**[*13]
Our fundamental obligations	Governance	Product safety and quality Corporate governance Compliance		Fulfilling our fundamental obligations to society		* With regard to product safety and quality and compliance, the azbil Group CSR Promotion Committee sets indicators and goals directly related to business as a CSR activity plan for each department. * With regard to corporate governance, in 2022 the company itansitioned to a three-committee Board structure, and is working to ensure appropriate supervision and effectiveness under a system of Board of Directors with a majority of outside derectors and three statutory committees. Reference: Revision to the remuneration policy (July, 2023) Stock-based compensation has been expanded.

For notes, please refer to “Notes (2) and (3)” on pages 45-46.

Reference: Setting SDG Quantitative Indicators for Businesses that Contribute "In Series" to a Sustainable Society

Environment and energy is one of the azbil Group's four Essential Goals for achieving the SDGs. We have set a new quantitative indicator for this goal to be addressed as a business that contribute "in series" to a sustainable society.

Essential Goal I: Environment and Energy

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

Target: Creation and provision of eco-friendly products and services

New Quantitative Indicator	Increase the number of skilled professionals for supporting sustainable services provided by the azbil Group to a total of 1,800—triple the number in FY2021

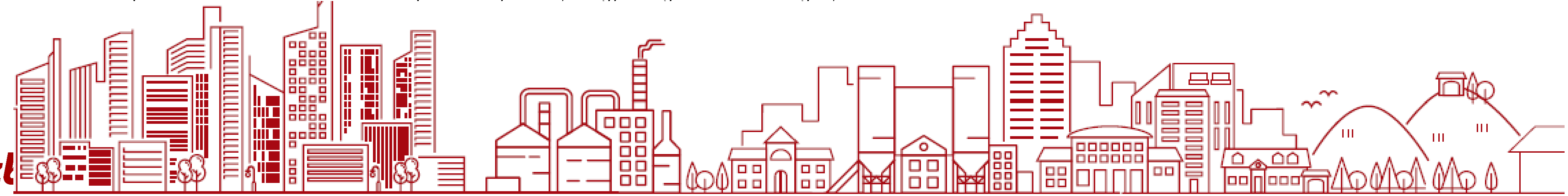
Sustainable services

As well as contributing, through our automation technologies, to productivity improvements and stable operations at our customers' sites, we offer field engineering services that can contribute to the realization of a sustainable society by solving environmental challenges that face our customers and society in all three of the azbil Group's environmental priority areas (decarbonization, resource recycling, and biodiversity conservation).

Skilled professionals

We have set up an in-house qualification system for the following staff with specialized skills considered vital for realizing solutions to issues in our three environmental priority areas:

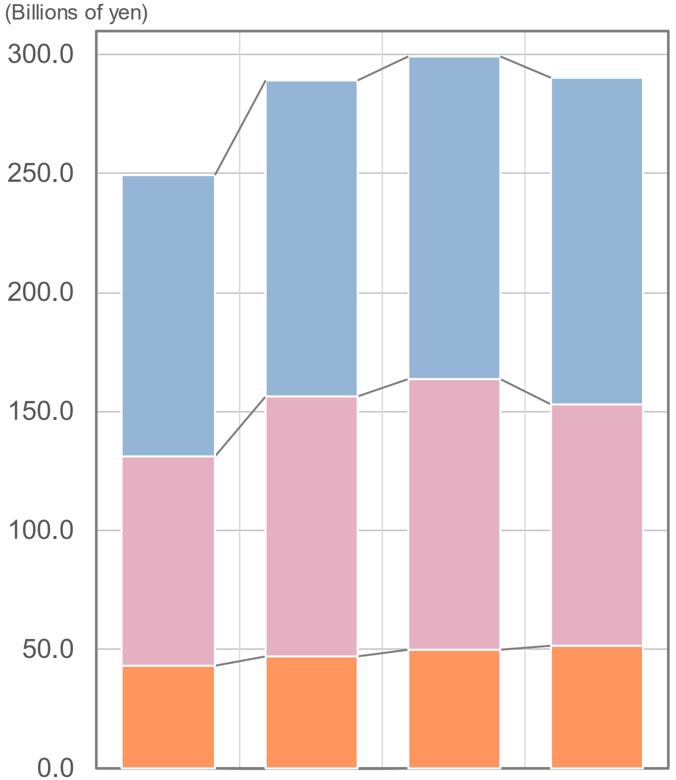
- Professionals licensed for network services, such as remote maintenance of large-scale buildings, energy management, and cloud services
- Certified professionals in the fields of advanced plant/factory control, energy-saving solution technologies, and valve maintenance



Appendix

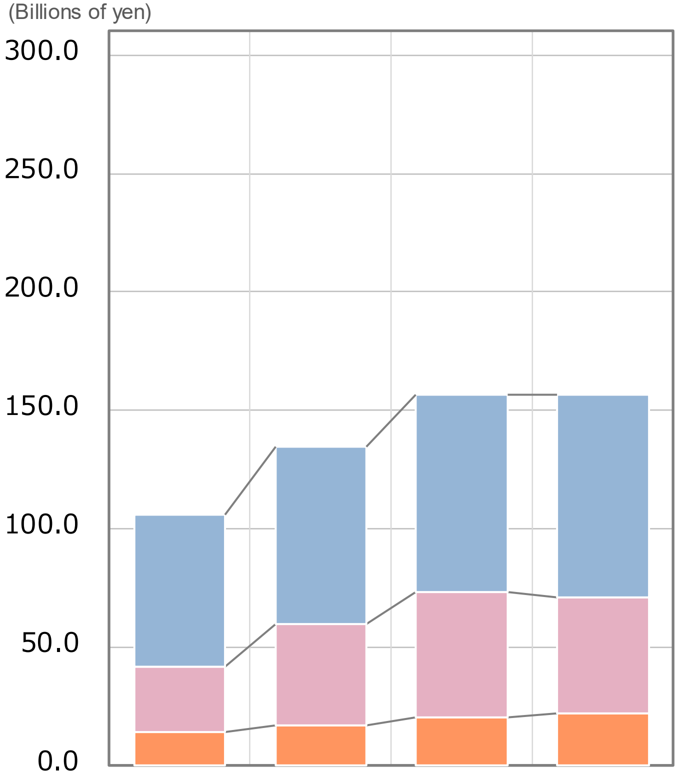
Performance Trend by Segment: Orders Received and Order Backlog

■ Orders received by segment



	FY2020	FY2021	FY2022	FY2023
BA	118.5	132.5	135.3	**136.7**
AA	87.5	109.5	113.9	**101.4**
LA	43.3	46.8	49.6	**51.6**
Consolidated	247.8	286.9	296.9	**287.8**

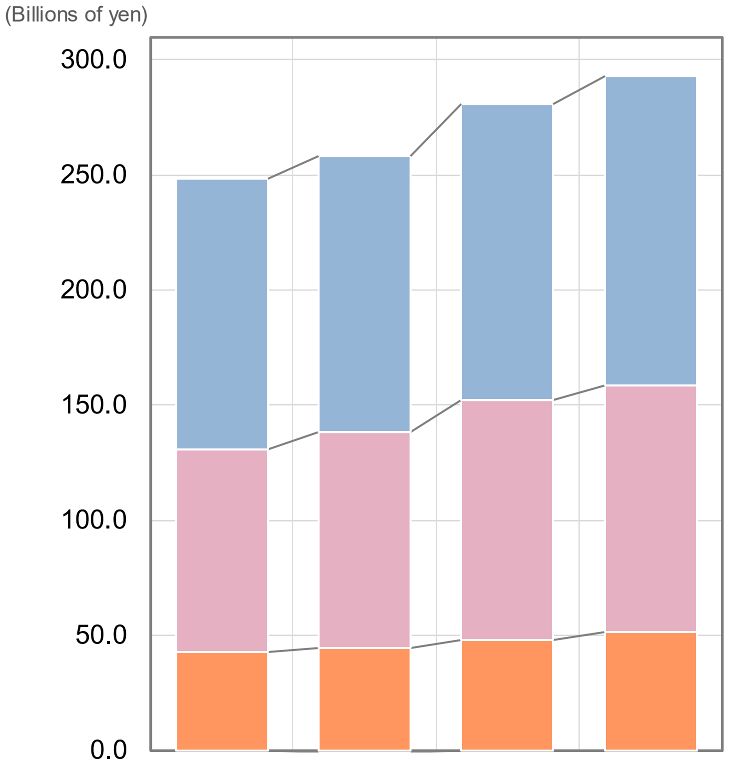
■ Order backlog by segment



	FY2020	FY2021	FY2022	FY2023
BA	64.0	75.1	82.8	**85.5**
AA	27.7	42.3	53.4	**48.5**
LA	14.2	17.2	20.1	**22.1**
Consolidated	105.8	134.2	156.0	**155.9**

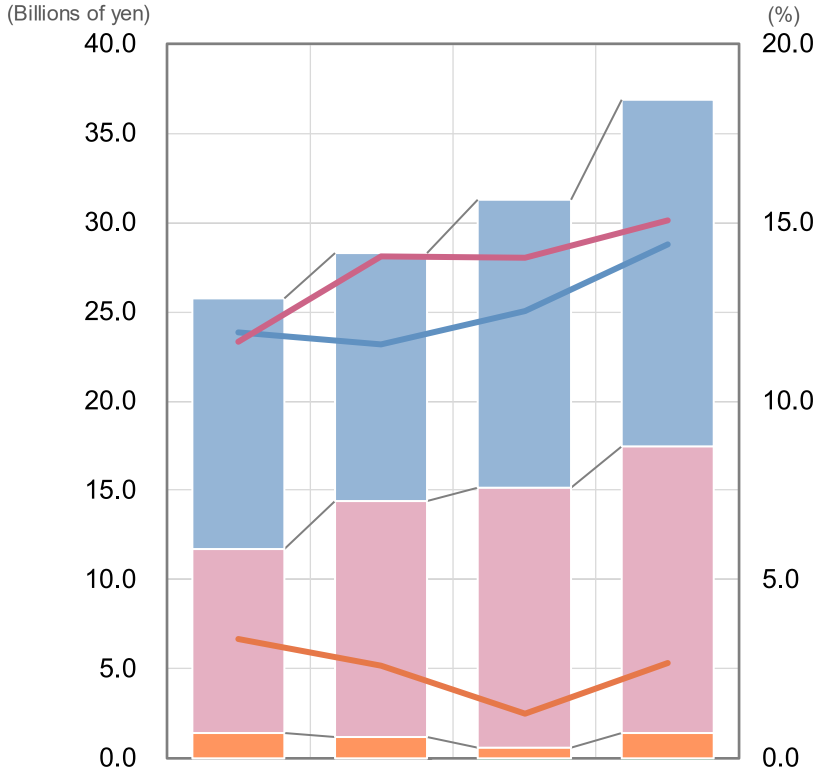
Performance Trend by Segment: Sales and Segment Profit

■ Sales by segment



	FY2020	FY2021	FY2022	**FY2023**
BA	117.5	119.7	128.5	**134.6**
AA	87.7	94.2	103.9	**107.0**
LA	42.9	44.2	47.9	**51.4**
Consolidated	246.8	256.5	278.4	**290.9**

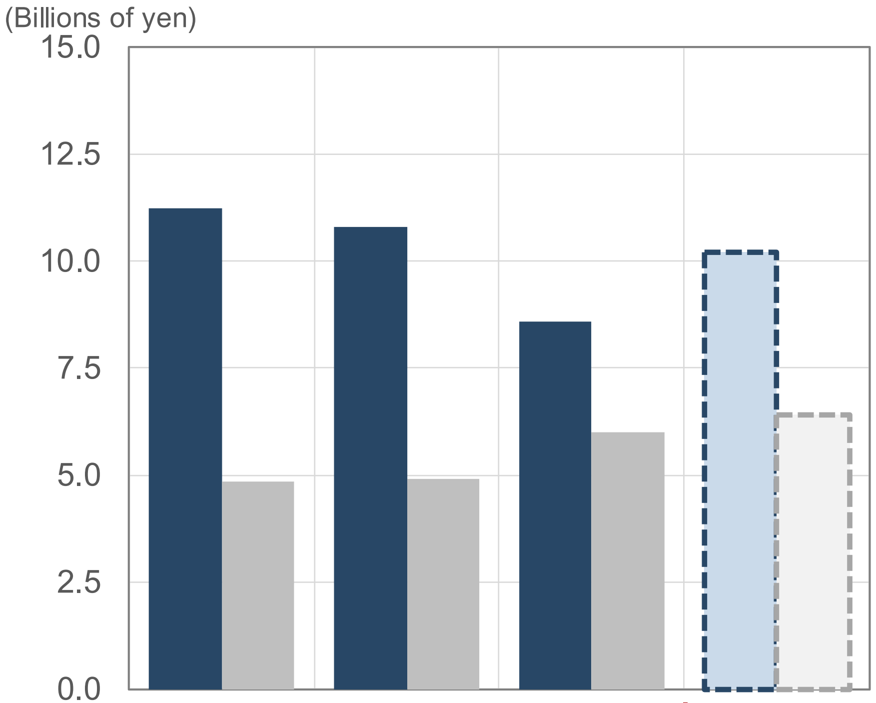
■ Segment profit (operating income)



	FY2020	FY2021	FY2022	**FY2023**
BA	14.0	13.8	16.0	**19.3**
Margin	*11.9*	*11.6*	*12.5*	***14.4***
AA	10.2	13.2	14.5	**16.1**
Margin	*11.7*	*14.0*	*14.0*	***15.1***
LA	1.4	1.1	0.5	**1.3**
Margin	*3.3*	*2.6*	*1.2*	***2.7***
Consolidated	25.7	28.2	31.2	**36.8**
Margin	*10.4*	*11.0*	*11.2*	***12.7***

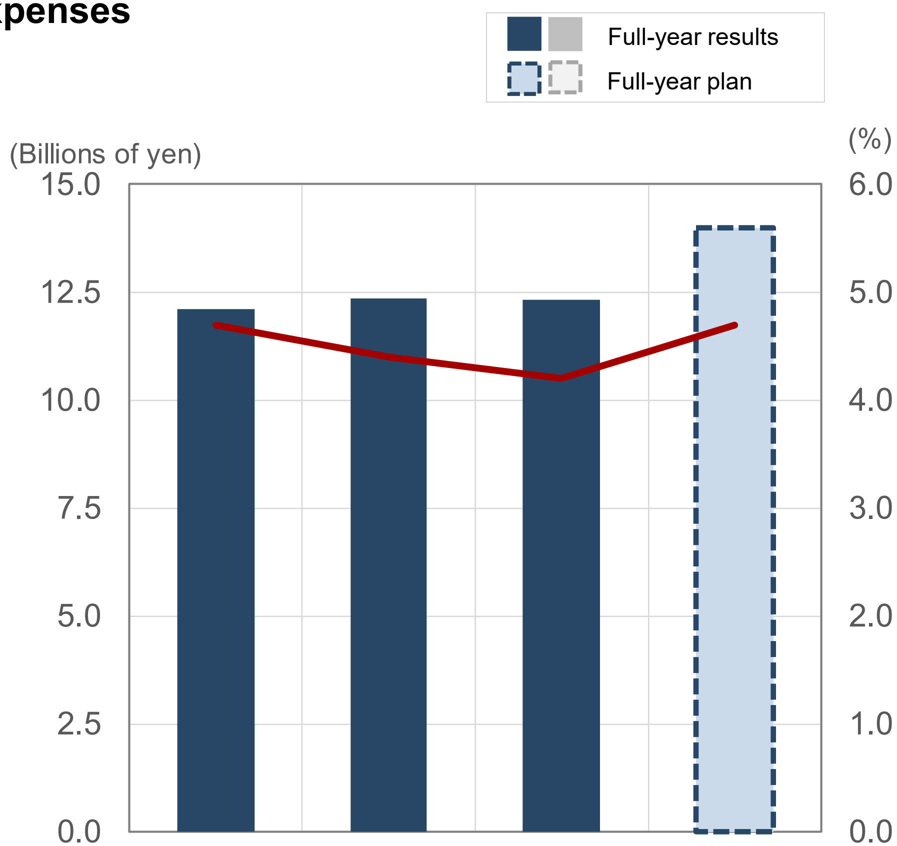
Capital Investment, Depreciation and R&D Expenses

■ Capital investment, depreciation



	FY2021	FY2022	FY2023	FY2024 (plan)
Capital investment	11.2	10.8	8.6	**10.2**
Depreciation	4.8	4.9	6.0	**6.4**

■ R&D expenses

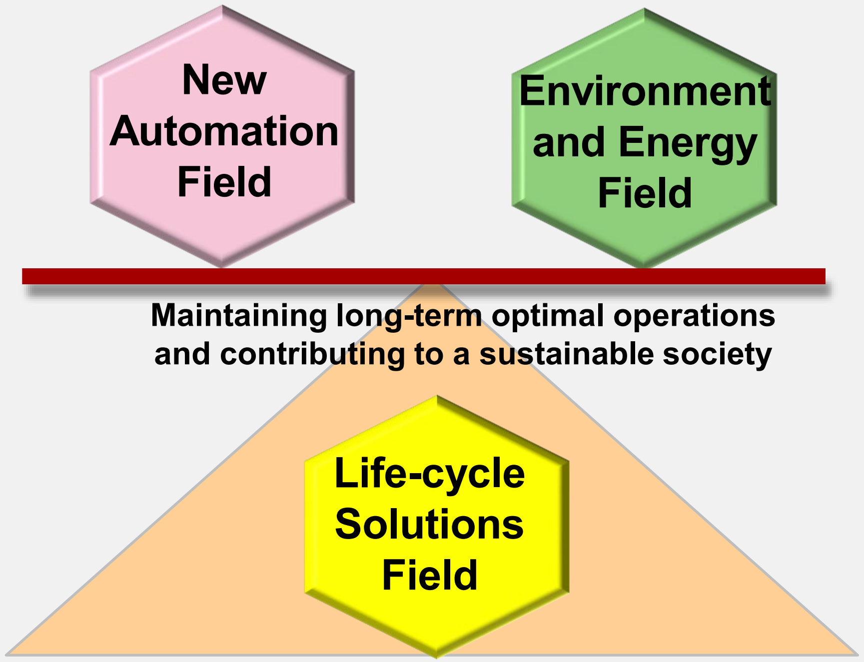


	FY2021	FY2022	FY2023	FY2024 (plan)
R&D expenses	12.1	12.3	12.3	**14.0**
R&D expenses / Net sales (%)	4.7	4.4	4.2	**4.7**

Initiatives in Three Growth Fields and Application to Each Business Segment

Three Growth Fields

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



New Automation Field

Expanding sales by providing solutions that meet new demands

- BA: Emerging needs for building environments offering post-pandemic safety and facilitating new work styles (wellness)
- AA: Higher productivity and safe, stable operation of equipment
- LA: Providing IoT support for different meter types (smart meter) and collecting big data

Environment and Energy Field

Expanding sales by delivering new value with existing products

- BA: Expanding business opportunities for realizing carbon neutrality and wellness at the same time
- AA: Increasing demand for ways to save energy and reduce greenhouse gas emissions in production facilities
- LA: Emerging needs for supporting customers' decarbonization through the use of measured big data

Life-cycle Solutions Field

Ensuring the quality, performance, and productivity of customer assets (factories, office buildings, lifelines) for the long-term; high added value and DX to increase profitability

Initiatives Contributing “in series” to the Environment

Reduce about 160 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 **2.50** million metric tons of CO_2	About **0.21** million metric tons of CO_2	About **0.05** million metric tons of CO_2

Total 2.76 million metric tons of CO_2 (FY2022)

>

Reduce about 160 times the environmental burden

CO_2 emissions from business activities of the azbil Group

0.017 million metric tons of CO_2

(FY2022)

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

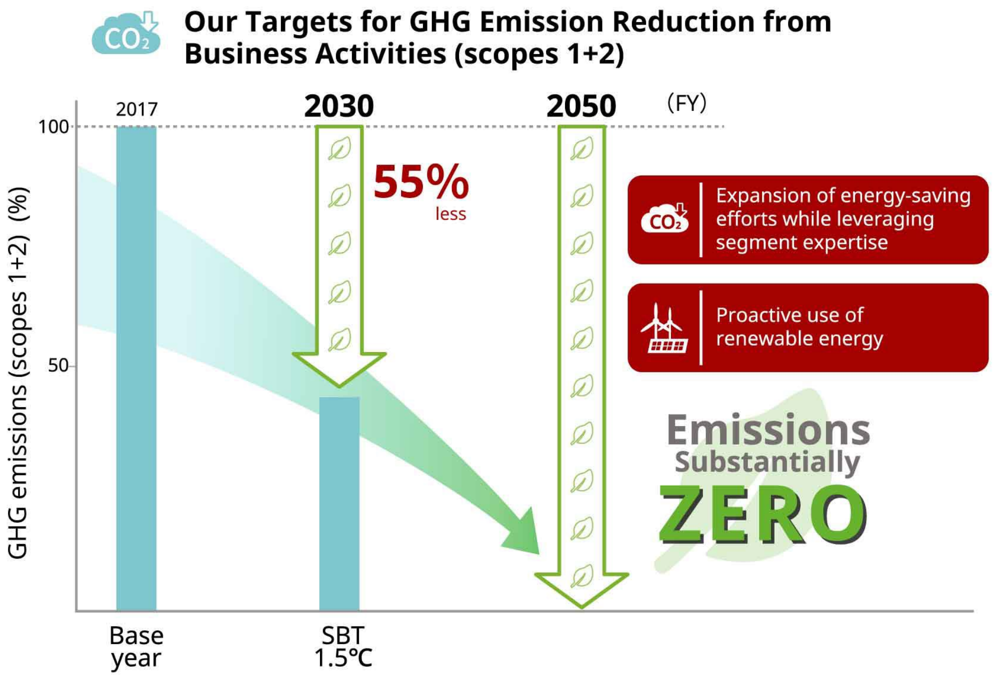
* In order to assess the contribution to the reduction of environmental impact quantitatively, the effects were classified into the three categories of 1) effects from automation, 2) effects from energy management, and 3) effects from maintenance services. Effective reduction of CO_2 was estimated from 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.

azbil

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 substantially 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).

Azbil Corporation submitted a commitment letter to SBTi for application within two years to set a net zero target for 2050 for all CO2 emissions (scope 1+2+3).

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

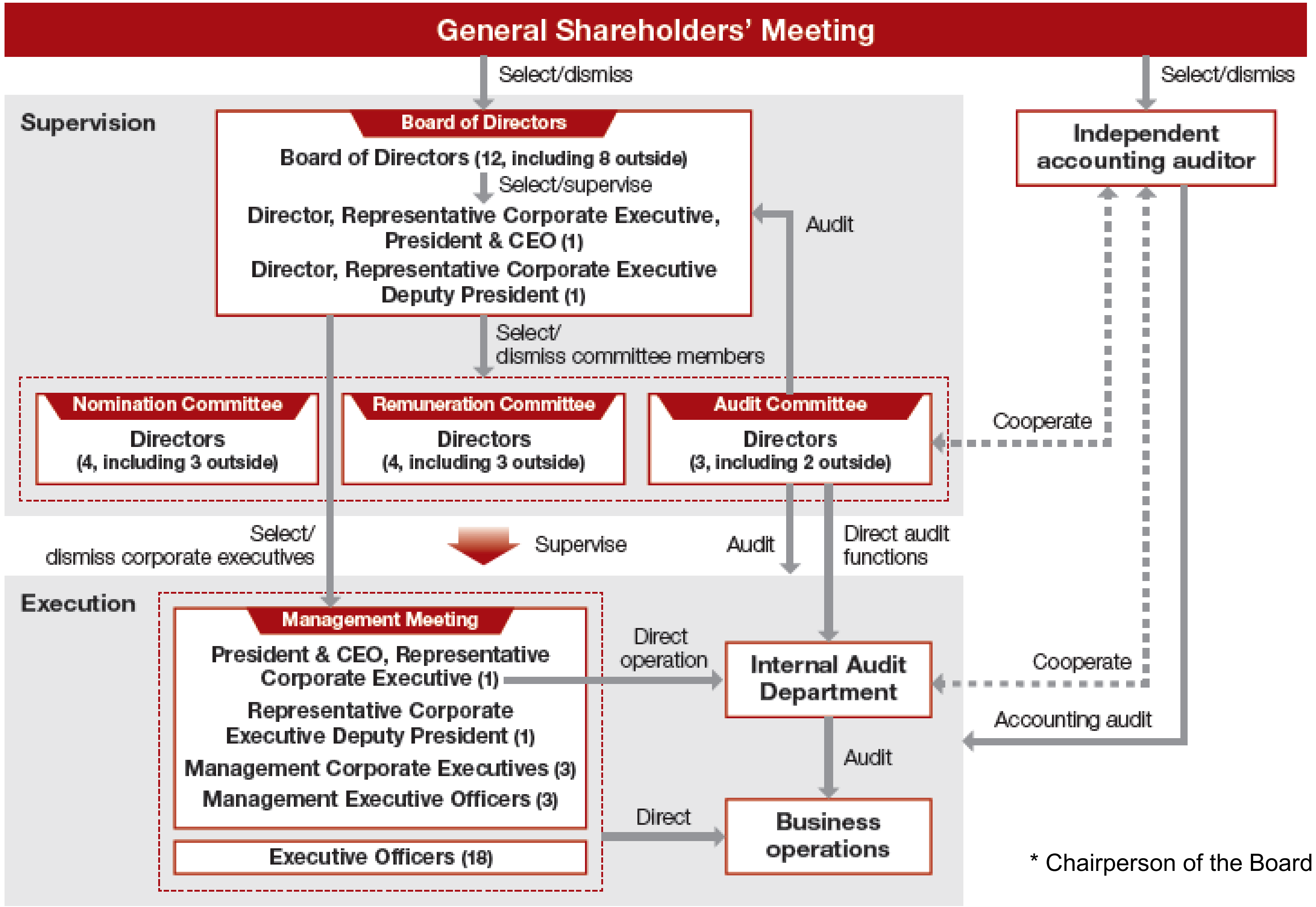
  20 % reduction compared with 2017

*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.

Corporate Governance (1)

- **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 (on June 23, 2022), ensuring the supervisory and executive functions are clearly separated, increasing the speed of decision-making, and further strengthening management oversight.

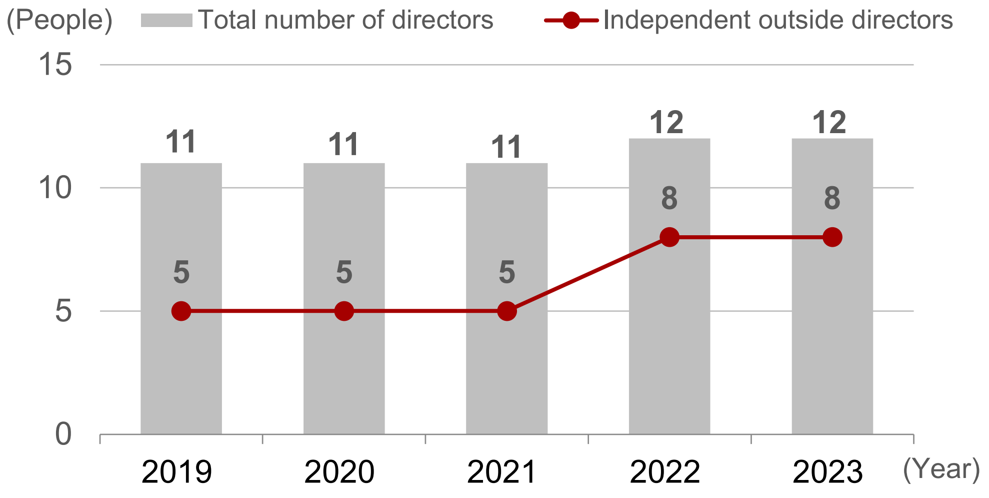


* Chairperson of the Board of Directors is a non-executive director.

Corporate Governance (2)

Number of directors

- Ratio of independent outside directors increased to 66.7% (2022)



Advisor/Counselor system (abolished)

- Abolished advisor/counselor system (2018)

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)

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

Strategic shareholdings

- Formulated guidelines on strategic shareholdings (2016), partially revised (2018)

Change in the number of shares and total amount sold (Azbil Corp.)
71 stocks as of Mar. 31, 2015 to 30 stocks as of Mar. 31, 2024
Total amount sold during FY2015–FY2023: 13.5 billion yen (at market price)
* Total amount of shares held as of Mar. 31, 2024: 22.2 billion yen
Reference: The Nikkei Stock Average
19,206 yen as of Mar. 31, 2015 to 40,369 yen as of Mar. 31, 2024

Corporate Governance (3)

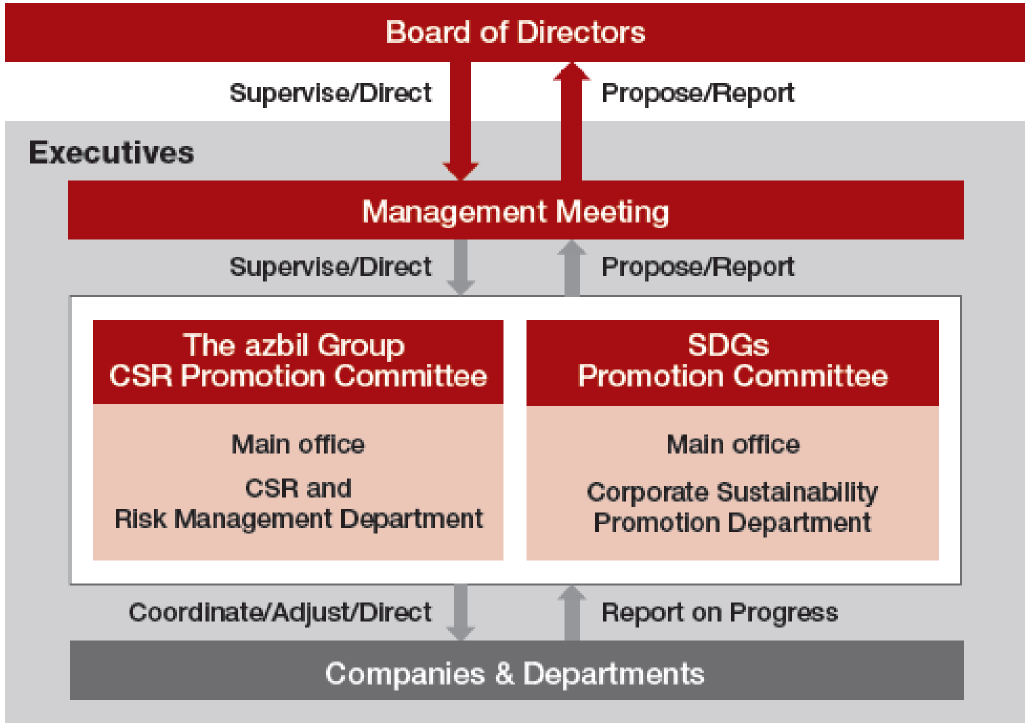
Sustainability

- 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.

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.
- A target for women’s advancement points (based on the number of women in managerial positions, etc.) is one of the azbil Group SDG targets.

Structures to advance sustainability management



Note: The azbil Group CSR Promotion Committee and SDGs Promotion Committee are concerned with the azbil Group as a whole.

External Evaluation and Initiatives (as of April 2024)

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

- Six 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
    - Morningstar Japan ex-REIT Gender Diversity Tilt Index
- Rated “A” in the CDP Climate Change Report 2023, rated “A-” in the CDP Water Security Report 2023
  Recognized as CDP2023 Supplier Engagement Leader
- Certified as Environmentally sustainable company in the 2024 ESG Finance Awards Japan
- 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 “Platinum Kurumin” certification by the Ministry of Health, Labor and Welfare
- Certified as a Health and Productivity Management Outstanding Organization in 2024 (Large Enterprise Category “White 500”)
- 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
   - Control Product (CP) business: Supplying factory automation products such as controllers and sensors
   - Industrial Automation Product (IAP) business: Supplying process automation products such as differential pressure transmitters, pressure transmitters, and control valves
   - Solution and Service (SS) business: Offering control systems, engineering service, maintenance service, energy-saving solution service, etc.

   LA: Life Automation
   - Lifeline field: Provision of gas meters and water meters, safety equipment such as alarms and automatic shut-off valves, regulators and other products for industry
   - Life Science Engineering (LSE) field: Provision of integrated solutions from the development, engineering, installation, and sale of lyophilizers, sterilizers, and clean environment equipment to after-sales services for pharmaceutical companies and research laboratories
   - Lifestyle-related field: Provision of residential central air-conditioning systems for houses
3. Net sales for the azbil Group tend to be low in the first quarter of the consolidated accounting period and highest in the fourth quarter. However, fixed costs are generated constantly. This means that profits are typically lower in the first quarter and higher in the fourth quarter.

Notes (2)

4. Essential Goals of the azbil Group for SDGs

*1 **Science-based targets (SBT)**: Greenhouse gas emission reduction targets based on scientific evidence

*2 **The azbil Group's own sustainable design principles**: This design is aimed at creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation).

*3 **Sustainable services**: As well as contributing, through our automation technologies, to productivity improvements and stable operations at our customers' sites, we offer field engineering services that can contribute to the realization of a sustainable society by solving environmental challenges that face our customers and society in all three of the azbil Group's environmental priority areas (decarbonization, resource recycling, and biodiversity conservation).

*4 **Skilled professionals**: We have set up an in-house qualification system for the following staff with specialized skills considered vital for realizing solutions to issues in our three environmental priority areas.

- Professionals licensed for network services, such as remote maintenance of large-scale buildings, energy management, and cloud services
- Certified professionals in the fields of advanced plant/factory control, energy-saving solution technologies, and valve maintenance

*5 **Increase the number of Skilled Professionals to a total of 1,800—triple the number in FY2021**: The total number of qualified personnel includes individual employees who have acquired multiple professional skills in the process of mastering new technologies for our field engineering services.

*6 **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)

*7 **Achieve a state of resilience to changes in the business environment at 8,000 business sites**: As of April 2022, 530 business sites are in operation, aiming to increase 15-fold to 8,000 by 2030.

Notes (3)

4. Essential Goals of the azbil Group for SDGs

*8 **Provide environments that support stress-free and diverse work styles to 6 million people**: As of April 2022, environments that support stress-free and diverse work styles have been provided to 0.6 million people, aiming to increase tenfold to 6 million people by 2030.

*9 **Evaluation of policies, systems, initiatives, and effectiveness using our own evaluation indicators**: A unique framework and evaluation system based on external ESG assessments such as FTSE

*10 **All business sites**: All offices both in Japan and overseas.

*11 **Active participation by every employee**: The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.

*12 **Women's advancement points**: Points tallied internally with weight given based on the role, such as company executive, officer and manager

*13 **Employees expressed satisfaction/have experienced personal growth**: We aim to achieve 65%, which is considered a high level in the azbil Group's annual employee satisfaction survey conducted in Japan, or , in other words, 2/3 of all employees.

*14 **Training opportunity points**: Points tallied internally for participating in opportunities (frequency or number of employees) to learn with stakeholders

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.