Presentation Materials for the Second Quarter of Fiscal Year 2024 (Ending March 31, 2025) (Based on Japanese GAAP)

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azbil

Highlights

1. Consolidated Financial Results for the First Half of FY2024

- ✓ Orders received, net sales, and operating income were all higher than the same period of FY2023, mainly due to growth in the BA business.

  We achieved the targets planned for the BA, AA, and LA businesses, while overall net sales and operating income exceeded the plan.

2. Consolidated Financial Plan for FY2024

- ✓ Despite the impact on the full-year consolidated financial results of the exclusion of Azbil Telstar S.L.U. (ATL) from the scope of consolidation following the transfer of its equity interests and a fall in revenue due to the delayed recovery in the factory automation (FA) market, the AA business will maintain its initial profit plan due to improved profitability, and the BA business is expected to perform well. Thus, the full-year plan has been revised upward. We aim for a fourth consecutive year of growth in revenue and profit.
- ✓ With the completion of the ATL transfer, a significant increase is expected in net income attributable to owners of parent.

3. Returning Profits to Shareholders and Investment in Human Capital

- ✓ The plan to increase the dividend for the 10th consecutive year remains unchanged, and DOE is expected to be 5% level.
- ✓ It is planned to repurchase the Company's own stock to the value of 15.0 billion yen. Of the treasury shares, we plan to invest approximately 10.0 billion yen in human capital; we will also cancel approximately 5.0 billion yen.

4. Progress in Implementing the Medium-term Plan

- ✓ Steady progress is being made with the medium-term plan. According to the consolidated financial plan for FY2024, the final year of the medium-term plan, having strengthened business profitability, we expect to achieve business results that exceed the performance targets set in the medium-term plan formulated in FY2021, while we continue to further enhance strategic investments.

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1. Consolidated Financial Results for the First Half of FY2024

Consolidated Financial Results

Orders received, net sales, and operating income were all higher than the same period of FY2023, mainly due to growth in the BA business. We achieved the targets planned for the BA, AA, and LA businesses, while overall net sales and operating income exceeded the plan.

- **Orders received increased compared to the same period of FY2023 due to an increase in the BA and LA businesses.**
- **Net sales also increased overall compared to the same period of FY2023 due to the growth in the BA and LA businesses, and all three businesses exceeded the plan.**
- **Operating income rose compared to the same period of FY2023 and exceeded the plan thanks to revenue growth and measures to enhance profitability, including cost pass-through, and despite increases in personnel and other various expenses.**
- **Despite the recording of foreign exchange losses due to the appreciation of the yen at the end of this first half, growth in operating income led to higher ordinary income compared to the same period of FY2023. Owing to the recording of gain on sale of investment securities in the same period of FY2023, net income attributable to owners of parent was lower than the same period of FY2023. The increases in operating income meant that the plans were exceeded in both ordinary income and net income attributable to owners of parent.**

(Billions of yen) (Billions of yen)

	FY2023 H1 (A)	FY2024 H1 (B)	Difference (B) - (A)	Difference % Change	Initial plan (May 13, 2024) (C)	Difference (B) - (C)	Difference % Change
Orders received	159.1	171.1	11.9	7.5			
Net sales	131.8	139.2	7.3	5.6	134.0	5.2	3.9
Japan	99.5	104.3	4.7	4.8			
Overseas	32.2	34.8	2.6	8.1			
Gross profit	53.8	58.5	4.6	8.7			
Margin	*40.8*	*42.0*	*1.2pp*				
SG&A	40.8	43.8	3.0	7.4			
Operating income (loss)	12.9	14.6	1.6	12.8	11.6	3.0	26.2
Margin	*9.8*	*10.5*	*0.7pp*		*8.7*	*1.9pp*	
Ordinary income (loss)	14.3	14.6	0.3	2.5	11.8	2.8	24.3
Income (loss) before income taxes	17.1	16.2	(0.9)	(5.4)			
Net income (loss) attributable to owners of parent	11.9	10.9	(0.9)	(8.3)	9.0	1.9	21.6
Margin	*9.1*	*7.9*	*(1.2)pp*		*6.7*	*1.1pp*	

Reference:
The impact of foreign exchange rate fluctuations (compared to the same period of FY2023)
+3.1 billion yen for net sales
+0.3 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: Orders received increased compared to the same period of FY2023 due to the renewal of large-scale multi-year service contracts and other factors. Progress was made with initiatives to level the workload, against the backdrop of an order backlog at the start of the period, and sales grew compared to the same period of FY2023. Segment profit rose, thanks to increased revenue and enhanced profitability. Both sales and segment profit exceeded the plan.
- AA: Orders received decreased compared to the same period of FY2023, when a number of large-scale projects had been recorded. Thanks to gradual easing of the parts procurement difficulties, delivery lead time improved and period shortened between order intake and revenue meant that sales were on a par with the same period of FY2023, but exceeded the plan. Although the measures implemented to strengthen profitability continued to have a positive impact, because of increased expenses, segment profit was lower than the same period of FY2023, but achieved the plan.
- LA: Orders received increased compared to the same period of FY2023 owing to the recording of large-scale projects. Sales were also higher than the same period of FY2023 thanks to the growth in orders received in FY2023. Segment profit was on a par with the same period of FY2023. Both sales and segment profit achieved the plan.

(Billions of yen) (Billions of yen)

		FY2023 H1 (A)	FY2024 H1 (B)	Difference (B) - (A)	Difference % Change	Initial plan (May 13, 2024) (C)	Difference (B) - (C)	Difference % Change
BA	Orders received	83.2	93.2	10.0	12.1			
	Sales	56.0	62.5	6.4	11.6	58.3	4.2	7.3
	Segment profit (loss)	3.7	6.1	2.3	63.4	4.0	2.1	52.9
	Margin	*6.7*	*9.8*	*3.1pp*		*6.9*	*2.9pp*	
AA	Orders received	52.1	49.3	(2.7)	(5.3)			
	Sales	51.8	51.6	(0.2)	(0.5)	50.7	0.9	1.8
	Segment profit (loss)	8.4	7.8	(0.6)	(7.5)	7.2	0.6	9.1
	Margin	*16.4*	*15.2*	*(1.2)pp*		*14.2*	*1.0pp*	
LA	Orders received	24.8	29.4	4.6	18.5			
	Sales	25.0	25.9	0.9	3.8	25.9	0.0	0.3
	Segment profit (loss)	0.7	0.6	(0.0)	(8.8)	0.4	0.2	73.5
	Margin	*3.0*	*2.7*	*(0.4)pp*		*1.5*	*1.1pp*	

Segment Information: BA Business

Business environment

— In the domestic market, demand for new office buildings in urban redevelopment projects has leveled off but remains at a high level. 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 is expanding and already exceeds pre-pandemic levels.

- **Orders received were significantly higher than the same period of FY2023, mainly due to the renewal of large-scale multi-year service contracts, and thanks to growth in the existing building field—to which more personnel and other resources are being allocated and the business infrastructure is being reinforced.**
- **Sales increased in the fields related to existing buildings and service as well as in the overseas business. Initiatives to level the workload also progressed, and there was a significant increase in sales overall compared to the same period of FY2023. Thanks largely to the growth in the existing building and service fields, sales exceeded the plan.**
- **Despite increased outsourcing costs as well as higher personnel and digital transformation (DX)-related expenses and R&D investments, thanks to increased revenue—mainly in the highly profitable existing building and service fields—and improved profitability, including cost pass-through, segment profit was up significantly compared to the same period of FY2023. Thanks to revenue growth, principally in the existing building and service fields, segment profit exceeded the plan.**

(Billions of yen)

	FY2023 H1 (A)	FY2024 H1 (B)	Difference (B) - (A)	% Change
Orders received	**83.2**	**93.2**	**10.0**	***12.1***
Sales	**56.0**	**62.5**	**6.4**	***11.6***
Segment profit (loss)	**3.7**	**6.1**	**2.3**	***63.4***
Margin	***6.7***	***9.8***	*3.1pp*	

(Billions of yen)

	Initial plan (May 13, 2024) (C)	Difference (B) - (C)	% Change
Orders received			
Sales	**58.3**	**4.2**	*7.3*
Segment profit (loss)	**4.0**	**2.1**	*52.9*
Margin	*6.9*	*2.9pp*	

Segment Information: AA Business

Business environment

— In the process automation (PA) market, demand centering on domestic maintenance and refurbishment has remained firm.

— In the FA market, despite there being signs of recovery in some areas, conditions overall have remained sluggish, due in part to the slow recovery in China.

- **Orders received decreased compared to the same period of FY2023 due to the continuing cyclical decline in demand in the FA market, and to the fact that a number of large-scale projects were recorded in the same period of FY2023.**
- **Thanks to gradual easing of the parts procurement difficulties, delivery lead time improved and period shortened between order intake and revenue resulted in sales being on a par with the same period of FY2023. The PA market remained robust and the plan was achieved.**
- **As for segment profit, although the measures to strengthen profitability, including cost pass-through, continued to have a positive impact, increases in personnel and other expenses, coupled with increased investments in overseas sales, DX, and R&D had a negative impact, and there was a temporary provision for parts inventory. Consequently, segment profit was lower than the same period of FY2023. The plan was achieved.**

(Billions of yen)

	FY2023 H1 (A)	FY2024 H1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	**52.1**	**49.3**	**(2.7)**	***(5.3)***
Sales	**51.8**	**51.6**	**(0.2)**	***(0.5)***
Segment profit (loss)	**8.4**	**7.8**	**(0.6)**	***(7.5)***
Margin	***16.4***	***15.2***	*(1.2)pp*	

(Billions of yen)

	Initial plan (May 13, 2024) (C)	Difference	
		(B) - (C)	*% Change*
Orders received			
Sales	**50.7**	**0.9**	*1.8*
Segment profit (loss)	**7.2**	**0.6**	*9.1*
Margin	*14.2*	*1.0pp*	

Segment Information: LA Business

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, industry restructuring and continuing inflation have had a noticeable impact on investments and the economy.

— From the perspective of restructuring our business portfolio to improve capital efficiency, the Company transferred all equity interests in Azbil Telstar S.L.U., which has played a central role in the LSE field, to a wholly owned subsidiary of Syntegon Technology GmbH. (October 31, 2024)

- **Orders received increased significantly compared to the same period of FY2023, mainly due to growth in the LSE field, which benefitted from some large-scale projects.**
- **Overall sales increased compared to the same period of FY2023, mainly due to an increase in the LSE field. Due to the increase in the Lifeline field, the plan was achieved.**
- **Despite an increase in personnel and other various expenses, higher revenue meant that segment profit was on a par with the same period of FY2023. Due to the improvement in the LSE field, the plan was achieved.**

(Billions of yen)

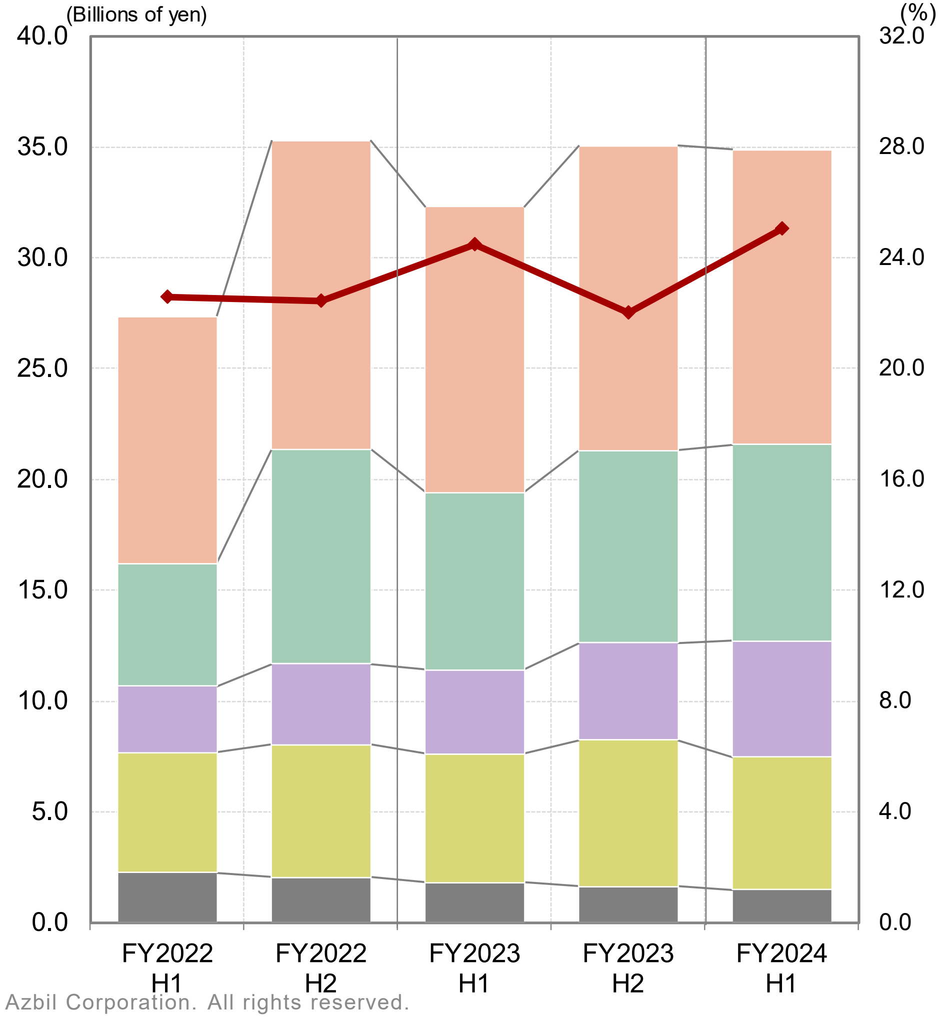
	FY2023 H1 (A)	FY2024 H1 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	**24.8**	**29.4**	**4.6**	***18.5***
Sales	**25.0**	**25.9**	**0.9**	***3.8***
Segment profit (loss)	**0.7**	**0.6**	**(0.0)**	***(8.8)***
Margin	***3.0***	***2.7***	*(0.4)pp*	

(Billions of yen)

	Initial plan (May 13, 2024) (C)	Difference	
		(B) - (C)	*% Change*
Orders received			
Sales	**25.9**	**0.0**	*0.3*
Segment profit (loss)	**0.4**	**0.2**	*73.5*
Margin	*1.5*	*1.1pp*	

Overseas Sales by Region

- **Overseas sales increased by 8.1% from the same period of FY2023 and accounted for 25.1% of net sales.**
- **The BA business increased significantly in Asia and China. AA business maintained the same level as FY2023 due to the robust sales of field instruments for plants in Asia and China, though the FA market continued to be sluggish in regions other than North America.**



(Billions of yen)

	FY2022		FY2023		FY2024
	H1	H2	H1	H2	H1
Asia (ex-China)	11.1	13.9	12.8	13.7	**13.3**
China	5.5	9.6	7.9	8.6	**8.8**
North America	3.0	3.6	3.8	4.3	**5.2**
Europe	5.4	5.9	5.8	6.6	**5.9**
Others	2.2	2.0	1.8	1.6	**1.4**
Consolidated	27.3	35.2	32.2	35.0	**34.8**

Reference information

		FY2022 H1	FY2022 H2	FY2023 H1	FY2023 H2	FY2024 H1
Overseas sales / Net sales ratio (%)		*22.6*	*22.4*	*24.5*	*22.0*	***25.1***
Average exchange rate	USD/JPY	123.15	131.64	134.99	140.66	**152.36**
	EUR/JPY	134.39	138.15	145.92	152.10	**164.69**
	CNY/JPY	18.97	19.50	19.45	19.82	**21.16**

* Overseas sales figures include only the sales of overseas subsidiaries and direct exports; indirect exports are excluded.

* The following overseas subsidiaries have adopted an accounting year ends on December 31: Azbil Telstar, S.L.U., Azbil North America, Inc., Azbil North America Research and Development, Inc..

Consolidated Financial Position

- **Assets : Assets decreased mainly due to a decrease in trade receivables and in investment securities (investments and other assets) caused by a decline in market value and sales of investment securities.**
- **Liabilities : Current liabilities—including trade payables, provision for bonuses, and income taxes payable—decreased.**
- **Net assets: Net assets increased due to the recording of net income attributable to owners of parent, despite a decrease resulting from the payment of dividends.**

(Billions of yen)

	As of Mar. 31, 2024 (A)	As of Sep. 30, 2024 (B)	Difference (B) - (A)
Current assets	**229.0**	**220.4**	**(8.5)**
Cash and deposits	71.0	79.5	8.4
Trade receivables	97.7	81.9	(15.8)
Securities	8.9	7.9	(1.0)
Inventories	43.7	44.3	0.6
Other	7.5	6.6	(0.8)
Non-current assets	**84.7**	**82.4**	**(2.2)**
Property, plant and equipment	41.3	43.3	1.9
Intangible assets	6.1	6.4	0.2
Investments and other assets	37.1	32.7	(4.4)
Total assets	**313.7**	**302.9**	**(10.7)**

	As of Mar. 31, 2024 (A)	As of Sep. 30, 2024 (B)	Difference (B) - (A)
Liabilities	**88.8**	**72.5**	**(16.3)**
Current liabilities	**77.9**	**62.5**	**(15.4)**
Trade payables	20.4	18.0	(2.4)
Short-term borrowings	7.4	6.2	(1.2)
Other	50.0	38.1	(11.8)
Non-current liabilities	**10.8**	**10.0**	**(0.8)**
Long-term borrowings	1.9	0.3	(1.6)
Other	8.8	9.6	0.8
Net assets	**224.8**	**230.4**	**5.5**
Shareholders' equity	**201.1**	**208.0**	**6.8**
Share capital	10.5	10.5	-
Capital surplus	11.6	11.7	0.1
Retained earnings	211.8	217.7	5.9
Treasury shares	(32.8)	(32.0)	0.7
Accumulated other comprehensive income	**20.3**	**19.2**	**(1.1)**
Non-controlling interests	**3.3**	**3.1**	**(0.2)**
Total liabilities and net assets	**313.7**	**302.9**	**(10.7)**
Shareholders' equity ratio (%)	**70.6**	**75.0**	***4.4pp***

Consolidated Cash Flows

- **Comparing cash flow with the same period of FY2023, free cash flow increased by 12.7 billion yen. This resulted from an increase in cash flow from operating activities—mainly due to an increase in inventories in the same period of FY2023 as a means of securing parts and strengthening procurement capabilities—and, in investing activities due to proceeds from sale of investments in capital of associated companies in the United States.**
- **Net cash used in financing activities (expenditure) decreased due to the repurchase of own stock in the same period of FY2023.**

(Billions of yen)

	FY2023 H1 (A)	FY2024 H1 (B)	Difference (B) - (A)	% Change
Net cash provided by (used in) operating activities	6.9	17.2	10.3	*149.9*
Net cash provided by (used in) investing activities	(2.2)	0.1	2.3	-
Free cash flow	4.6	17.3	12.7	*274.2*
Net cash provided by (used in) financing activities	(15.0)	(8.4)	6.6	-
Effect of exchange rate change on cash and cash equivalents	1.7	(0.1)	(1.8)	-
Net increase (decrease) in cash and cash equivalents	(8.6)	8.8	17.4	-
Cash and cash equivalents at beginning of period	71.2	75.5	4.3	*6.1*
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(0.2)	0.7	0.9	-
Cash and cash equivalents at end of period	62.3	85.1	22.8	*36.6*

Reference

	FY2023 H1 (A)	FY2024 H1 (B)	Difference (B) - (A)	% Change
Capital investment	3.8	4.7	0.9	*24.5*
Depreciation	2.9	3.2	0.3	*11.5*

2. Consolidated Financial Plan for FY2024

Revised upwards from the plans announced on May 13 and October 15, 2024

Consolidated Financial Plan

Despite the impact on the full-year consolidated financial results of the exclusion of ATL from the scope of consolidation following the transfer of its equity interests and a fall in revenue due to the delayed recovery in the factory automation (FA) market,

the AA business will maintain its initial profit plan due to improved profitability, and the BA business is expected to perform well. Thus, the full-year plan has been revised upward. We aim for a fourth consecutive year of growth in revenue and profit.

With the completion of the ATL transfer, a significant increase is expected in net income attributable to owners of parent.

Although expenses such as outsourcing costs and personnel expenses may well increase, we will engage in reinforcing our business foundation to pave the way for the next medium-term plan, which will aim to achieve further growth, while we make progress with strengthening product competitiveness, investing in technology development, equipment and facilities, and increasing investment in human capital.

(Billions of yen)

	FY2023 Full year results (A)	FY2024 H1 results	FY2024 H2 revised plan (Nov. 8, 2024)	FY2024 Full year revised plan (Nov. 8, 2024) (B)	Difference (B) - (A)	Difference % Change
Net sales	**290.9**	**139.2**	**161.7**	**301.0**	**10.0**	*3.5*
Operating income	**36.8**	**14.6**	**25.5**	**40.2**	**3.3**	*9.1*
Margin	*12.7*	*10.5*	*15.8*	*13.4*	*0.7pp*	
Ordinary income	**38.9**	**14.6**	**25.3**	**40.0**	**1.0**	*2.6*
Net income attributable to owners of parent	**30.2**	**10.9**	**27.0**	**38.0**	**7.7**	*25.8*
Margin	*10.4*	*7.9*	*16.7*	*12.6*	*2.2pp*	

(Billions of yen)

	FY2024 Full year initial plan (May 13, 2024) (C)	Difference (B) - (C)	Difference % Change
Net sales	**300.0**	**1.0**	*0.3*
Operating income	**37.5**	**2.7**	*7.2*
Margin	*12.5*	*0.9pp*	
Ordinary income	**37.5**	**2.5**	*6.7*
Net income attributable to owners of parent	**28.0**	**10.0**	*35.7*
Margin	*9.3*	*3.3pp*	

Reference information (Billions of yen)

	FY2024 Full year revised plan (Oct. 15, 2024) (D)	Difference (B) - (D)	Difference % Change
Net sales	**300.0**	**1.0**	*0.3*
Operating income	**39.0**	**1.2**	*3.1*
Margin	*13.0*	*0.4pp*	
Ordinary income	**39.0**	**1.0**	*2.6*
Net income attributable to owners of parent	**37.0**	**1.0**	*2.7*
Margin	*12.3*	*0.3pp*	

*** The impact on the full-year consolidated financial results of the transfer of equity interests in ATL**
Impact of the exclusion of ATL from the scope of consolidation: Revenue lower by approx. 5.0 billion yen, operating income lower by approx. 0.3 billion yen
Gain on the sale of the transfer of equity interests in ATL: Approx. 7.0 billion yen
(The amount of the above mentioned gain on the sale is currently an estimate; thus, there is a possibility it will change.)

Reference: Exchange rates
FY2023 USD/JPY 140, EUR/JPY 152, CNY/JPY 19.8
FY2024 USD/JPY 150, EUR/JPY 163, CNY/JPY 20.0

Financial Plan by Segment (1)

- BA: Although expenses have increased, for both sales and segment profit the initial plan has been revised upward to reflect the higher revenue resulting from robust market conditions and improved profitability.
- AA: Although sales are expected to decrease compared to the initial plan due to the delay in the FA market recovery, segment profit will be maintained. Sales will be at the same level as FY2023, but profit will be higher.
- LA: Sales and segment profit will decrease compared to the initial plan as a result of the ATL transfer. Although sales will decrease compared to FY2023, profit will rise thanks to enhanced profitability.

(Billions of yen)

		FY2023 Full year results (A)	FY2024 H1 results	FY2024 H2 revised plan (Nov. 8, 2024)	FY2024 Full year revised plan (Nov. 8, 2024) (B)	Difference (B) - (A)	Difference % Change
BA	Sales	134.6	62.5	85.4	148.0	13.3	*9.9*
	Segment profit	19.3	6.1	15.8	22.0	2.6	*13.6*
	Margin	*14.4*	*9.8*	*18.6*	*14.9*	*0.5pp*	
AA	Sales	107.0	51.6	55.3	107.0	(0.0)	*(0.0)*
	Segment profit	16.1	7.8	8.8	16.7	0.5	*3.6*
	Margin	*15.1*	*15.2*	*16.0*	*15.6*	*0.6pp*	
LA	Sales	51.4	25.9	22.0	48.0	(3.4)	*(6.6)*
	Segment profit	1.3	0.6	0.8	1.5	0.1	*9.0*
	Margin	*2.7*	*2.7*	*3.7*	*3.1*	*0.4pp*	

(Billions of yen)

		FY2024 Full year initial plan (May 13, 2024) (C)	Difference (B) - (C)	Difference % Change
BA	Sales	142.0	6.0	*4.2*
	Segment profit	19.0	3.0	*15.8*
	Margin	*13.4*	*1.5pp*	
AA	Sales	109.0	(2.0)	*(1.8)*
	Segment profit	16.7	-	-
	Margin	*15.3*	*0.3pp*	
LA	Sales	52.0	(4.0)	*(7.7)*
	Segment profit	1.8	(0.3)	*(16.7)*
	Margin	*3.5*	*(0.3)pp*	

Financial Plan by Segment (2)

BA

Although expenses have increased, for both sales and segment profit the initial plan has been revised upward to reflect the higher revenue resulting from robust market conditions and improved profitability.

- In Japan and overseas, the business environment has remained robust. Steady progress is being made with levelling the workload by shifting it toward the first half of the fiscal year. As sales are expected to increase in each field during the second half as well, the initial plan for increased revenue, compared to FY2023, has been further revised upward.
- Despite soaring outsourcing costs, as well as increased personnel and DX expenses allocated for growth, we expect to achieve a significant increase in segment profit, exceeding the level achieved in FY2023, thanks to revenue growth—mainly in the highly profitable existing building and service fields—and to successful measures to strengthen profitability.

AA

Although sales are expected to decrease compared to the initial plan due to the delay in the FA market recovery, segment profit will be maintained. Sales will be at the same level as FY2023, but profit will be higher.

- Although conditions in the PA market have remained relatively robust, due to the slow recovery in demand in the FA market, the initial plan for sales has been reviewed. However, the FY2023 level will be maintained.
- Thanks to the effect of measures to strengthen profitability, including cost pass-through, we will maintain segment profit, although sales are expected to decrease compared to the initial plan; profit is expected to continue increasing compared to FY2023, with profit margin exceeding 15%.

LA

Sales and segment profit will decrease compared to the initial plan as a result of the ATL transfer. Although sales will decrease compared to FY2023, profit will rise thanks to enhanced profitability.

- Owing to the exclusion of ATL from the scope of consolidation, it is expected that the LA business as a whole will see a drop in sales of 4.0 billion yen compared to the initial plan, and 3.4 billion yen compared to FY2023. The initial plan for segment profit has been reviewed, but—due to the measures to enhance profitability, including cost pass-through, in each field of the LA business—increased profit is planned compared to FY2023.
- In the Lifeline field, we will steadily capture demand for city gas and water meters, while promoting the development of service provider business, smart metering as a service business, which utilizes data from smart meters.

3. Returning Profits to Shareholders and Investment in Human Capital

Repurchase of own stock is planned, dividend plan is unchanged from the latest announcement

Basic Policy and FY2024 Shareholder Returns

The plan to increase the dividend for the 10th consecutive year remains unchanged, and DOE is expected to be 5% level. It is planned to repurchase the Company's own stock to the value of 15.0 billion yen. Of the treasury shares, we plan to invest approximately 10.0 billion yen in human capital; we will also cancel approximately 5.0 billion yen.

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. Regarding shareholder returns, as well as increasing dividends, we plan to repurchase own stock in line with the concept of a disciplined capital management.

FY2024 interim dividend

Interim dividend for FY2024:

44 yen per share (+7.5 yen compared with the same period of FY2023)

— Annual dividend (without taking the stock split into account) to be 88 yen per share (+12 yen compared with FY2023), DOE to be 5% level

Own stock

Giving due consideration to ensuring a disciplined capital management and capital efficiency,

we will repurchase the Company's own stock to the value of 15.0 billion yen (or 24.0 million shares).

We will use shares worth approx. 10.0 billion yen for investment in human capital, and cancel shares worth approx. 5.0 billion yen.

Stock split

To increase the liquidity of the Company's shares and foster an environment conducive to investment,

Implemented a 4-for-1 common stock split

— Effective date: October 1, 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 page 29 for the trend of the investment in R&D, equipment and facilities.

Basic Policy

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

Repurchase of Own Stock, Cancellation of Treasury Shares, and Utilization for Human Capital Investment

- **It is planned to repurchase the Company's own stock up to 15.0 billion yen or 24.0 million shares.**
- **Treasury shares worth approximately 10.0 billion yen to be used for investing in human capital.**
- **Treasury shares worth approximately 5.0 billion yen at book value (5.36 million shares) to be cancelled.**

➢ **Based on the return on equity (ROE) target in our long-term targets (for FY2030) and in the medium-term plan (FY2021-2024), we are engaging in business expansion and measures to strengthen profitability. At the same time, to execute a disciplined capital management, improve capital efficiency and provide higher shareholder returns, we will repurchase the Company's own stock.**

➢ **The acquired treasury shares will be used for an employee stock ownership plan (J-ESOP) and other incentive plans[*1] related to investment in human capital for the future, and 5.36 million shares will be cancelled.**

Repurchase of own stock

- Type of stock to be repurchased: Common stock of the Company
- Total number of shares to be repurchased: Up to 24.0 million shares[*2]
- Total amount of repurchase: Up to 15.0 billion yen
- Period of repurchase: From November 26, 2024 to March 24, 2025
- Method of repurchase: Market transactions on the Tokyo Stock Exchange

[*2] 4.5% of the total number of common shares issued, excluding treasury shares

Cancellation of treasury shares

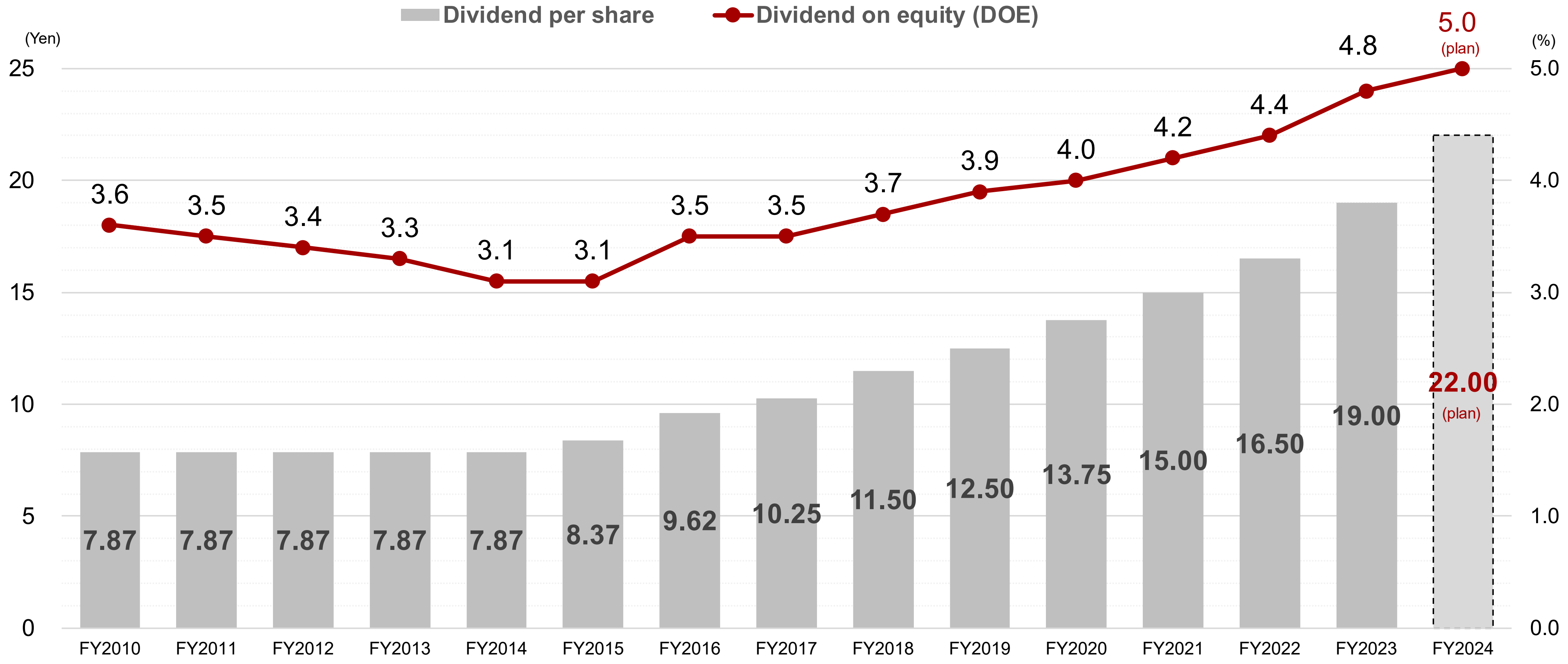
- Type of stock to be cancelled: Common stock of the Company
- Number of shares to be cancelled: 5.36 million shares
- Scheduled cancellation date: November 29, 2024

[*1] In addition to the above plan, we will use the acquired treasury shares for the investment in human capital to strengthen employee engagement, such as our employee shareholding incentive plan (e.g. the Trust-Type Employee Shareholding Incentive Plan, E-Ship®) and stock compensation plan.

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

Trend of Shareholder Returns

- **We plan to increase FY2024 annual dividend for the 10th consecutive year, and DOE to reach 5% level.**



	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	**15.0** (plan)
Number of shares repurchased (millions of shares)						4.80		5.71	7.48	14.87		9.01	10.68	8.77	**24.00** (plan)

* 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 October 2024 and in October 2018.

4. Progress in Implementing the Medium-term Plan

Long-term Targets and Medium-term Plan: Forecasting business results for the final year of the medium-term plan that exceed the targets set at the time of formulation

The azbil Group defines three growth fields, 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 is being made with the medium-term plan. According to the consolidated financial plan for FY2024, the final year of the medium-term plan, having strengthened business profitability, we expect to achieve business results that exceed the performance targets set in the medium-term plan formulated in FY2021, while we continue to further enhance strategic investments (see the next page for details).**
- **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.**
- **While continuing to focus on strengthening product competitiveness, investing in technology development, equipment and facilities, and human capital, we will also make progress on restructuring the business portfolio, and press ahead with our transformation for growth, building on the achievements of past reforms.**

Growth

Transformation

Safety

Period of the medium-term plan for FY2021-2024

Long-term targets

2030
SDGs

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

	FY2020	FY2021	FY2022	FY2023	FY2024 Medium-term plan	FY2024 Consolidated financial plan	Long-term targets (FY2030) (announced on May 14, 2021)
Net sales	246.8 billion yen	256.5 billion yen	278.4 billion yen	290.9 billion yen	300.0 billion yen	301.0 billion yen	400.0 billion yen
[Overseas sales]	[44.8 billion yen]	[52.1 billion yen]	[62.6 billion yen]	[67.3 billion yen]	[66.0 billion yen]	[66.0 billion yen]	[100.0 billion yen]
Operating income	25.7 billion yen	28.2 billion yen	31.2 billion yen	36.8 billion yen	36.0 billion yen	40.2 billion yen	60.0 billion yen
Margin	10.4%	11.0%	11.2%	12.7%	12%	13.4%	approx. 15%
ROE	10.4%	10.4%	11.2%	14.2%	approx. 12%	16.7%	approx. 13.5%
					(announced on May 14, 2021)	(announced on Nov. 8, 2024)	

Advancing Our Transformation for Further Growth, and Restructuring Our Business Portfolio

- **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. While implementing growth initiatives, promote management that is conscious of the cost of capital, and restructure our business portfolio.**

Strengthen product competitiveness (products and services)

Strengthen product competitiveness, expand our business portfolio
- **Autonomy, wellness**
- **Energy savings + renewable energy field (ESP business)**
- **Combining AI, big data, and cloud technologies**

- **Introduction of AI, cloud services, etc.**
Online anomaly detection system, control valve maintenance support system, cloud-based services for large buildings, etc.
- **Promotion of business partnerships with other companies**
GX (TAKAOKA TOKO Group, DX-EGA), ESP (Clean Energy Connect, Inc., Forest Energy Inc.), data centers (X1Studio Co., Ltd.), etc.

Strengthen technological development and capital investment

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

- **R&D: 50.7 billion yen**
(achieved for FY2021-2023, planned for FY2024)
- **Capital investment for enhancing R&D base capabilities**
Construction cost: 7.0 billion yen (achieved for FY2021-2022)

Increase investment in human capital

Promote sustainability management

Secure/develop human resources in line with our business strategy, improve working environment, reform systems
- **Engineers, global human resources**
- **Workspaces that foster creativity, use of generative AI**
- **Revision of incentive plan**

- **Introducing/utilizing in-house generative AI**
- **Introduction of the Trust-Type Employee Shareholding Incentive Plan (E-Ship®), an employee stock ownership plan, revision of employee stock ownership plan (J-ESOP-RS)**

Business portfolio restructuring

Management that is conscious of the cost of capital
- **Trialing ROIC-based management**
Conscious of the cost of capital in management, the azbil Group has introduced and is currently enhancing business management that incorporates return on invested capital (ROIC) based on estimated adjusted operating income after tax.

- **Transfer of Azbil Telstar S.L.U.**
The Company transferred all equity interests in Azbil Telstar S.L.U. to a wholly owned subsidiary of Syntegon Technology GmbH. (October 31, 2024, Central European Time)

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

5. The azbil Group’s Exhibition Participation

Introduce Automation Technologies and Products That Have Taken Advantage of Various Business Opportunities in Japan and Overseas

PA・FA BA Digital Twin

Industrial Transformation ASIA-PACIFIC (ITAP)

New Automation × Environment and Energy × Life-cycle Solutions

Event dates: October 14th to 16th, 2024 10:00AM-5:00PM

Venue: Singapore EXPO

Theme: Empowering Sustainable Future through Automation

PA・FA GX Autonomy

Measurement and Control Show 2024 OSAKA

New Automation × Environment and Energy × Life-cycle Solutions

Event dates: October 30th to November 1st, 2024 10:00AM-5:00PM

Venue: Grand Cube Osaka

Theme: The production site of the future, shaped by advances in measurement and control: Realizing a sustainable society with new automation

BA Well-being

Smart Building EXPO

New Automation × Environment and Energy × Life-cycle Solutions

Event dates: December 11th to 13th, 2024 10:00AM-6:00PM (until 5:00PM on the last day)

Venue: Tokyo Big Sight

Theme: Bringing about a sustainable future by combining technology, tradition, and well-being

Autonomy

Smart Factory EXPO

New Automation

Event dates: January 22nd to 24th, 2025 10:00AM-5:00PM

Venue: Tokyo Big Sight

Theme: Mapping the future of automation: Super productivity and sustainable production spaces made possible by autonomy

GX Green transformation

DECARBONIZATION EXPO

New Automation × Environment and Energy

Event dates: February 19th to 21st, 2025 10:00AM-5:00PM

Venue: Tokyo Big Sight

Rendition of azbil physical booth for Measurement and Control Show 2024 OSAKA

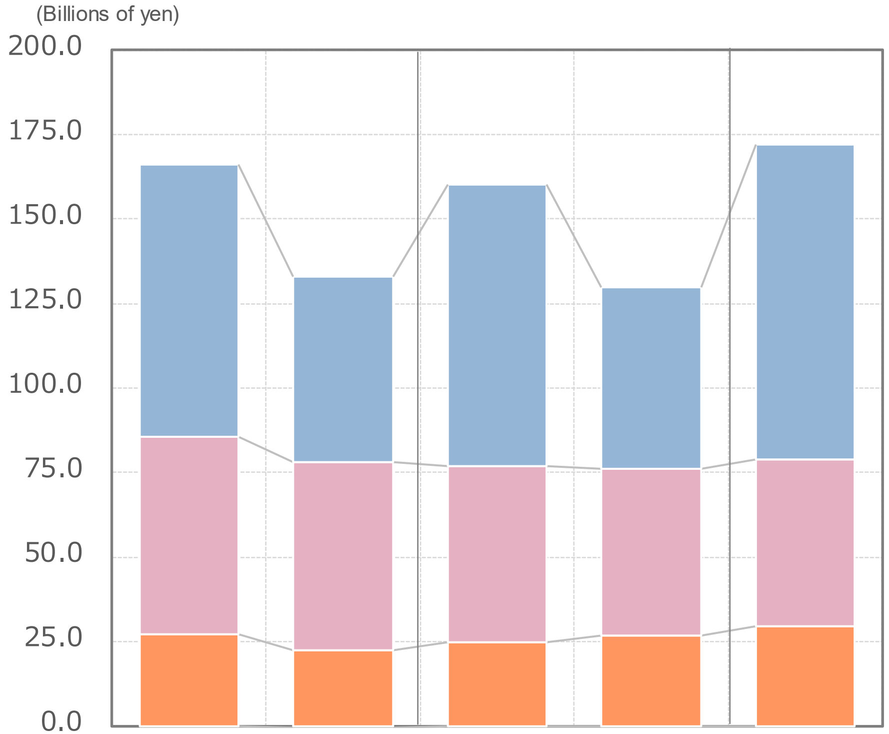
Rendition of azbil physical booth for Smart Building EXPO

Rendition of azbil physical booth for Smart Factory EXPO

Appendix I
Financial Data

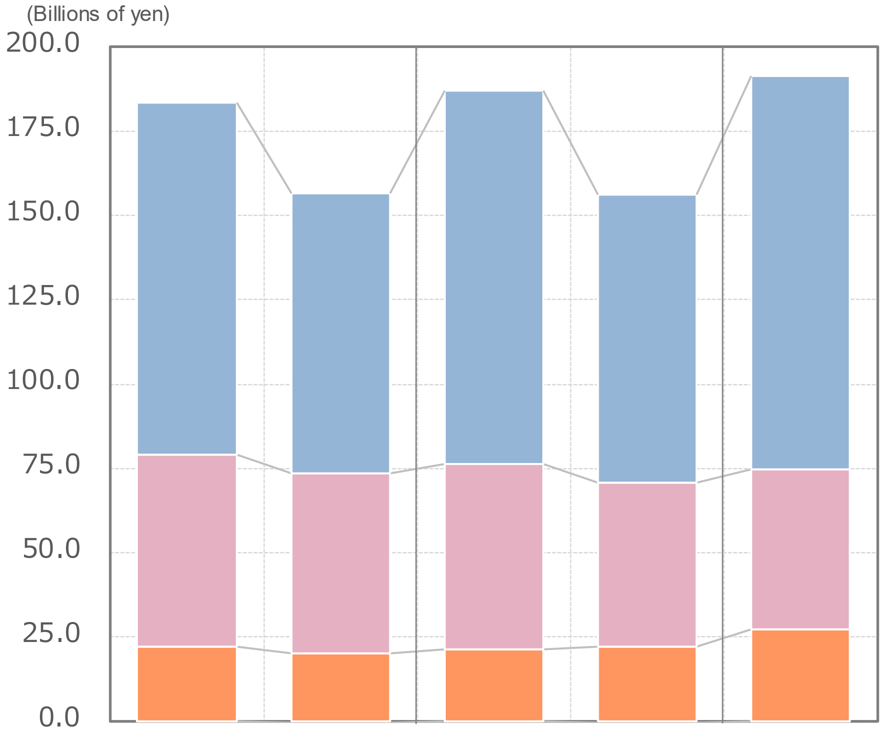
Performance Trend by Segment: Orders Received and Order Backlog

Orders received by segment



	FY2022		FY2023		**FY2024**
	H1	H2	H1	H2	**H1**
B A	80.2	55.0	83.2	53.5	**93.2**
A A	58.5	55.3	52.1	49.3	**49.3**
L A	27.1	22.5	24.8	26.8	**29.4**
Consolidated	164.8	132.0	159.1	128.7	**171.1**

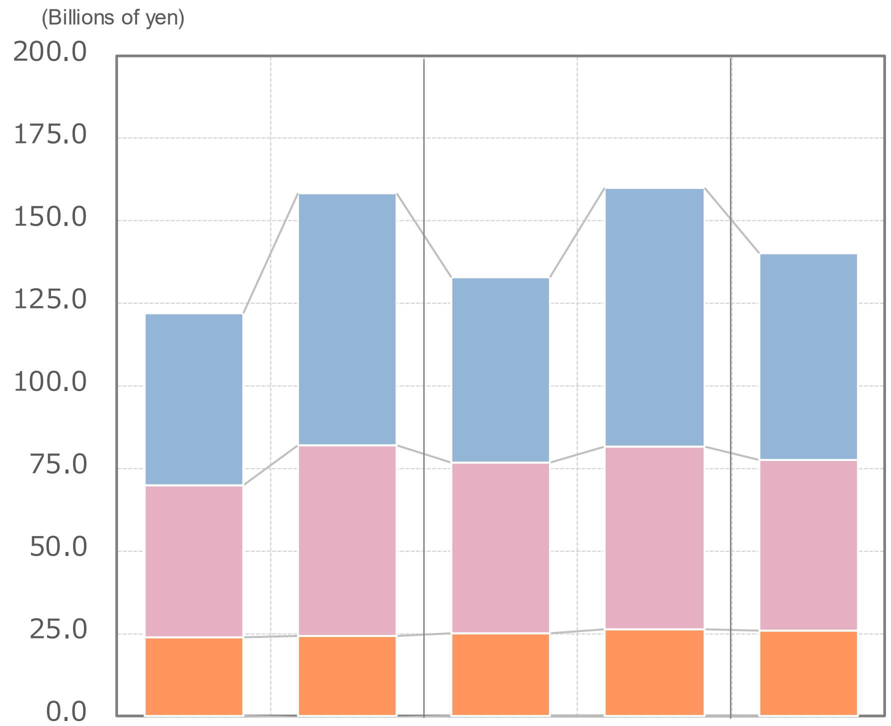
Order backlog by segment



	FY2022		FY2023		**FY2024**
	H1	H2	H1	H2	**H1**
B A	104.6	82.8	110.7	85.5	**116.3**
A A	56.9	53.4	54.7	48.5	**47.5**
L A	22.0	20.1	21.5	22.1	**27.3**
Consolidated	182.9	156.0	186.6	155.9	**190.8**

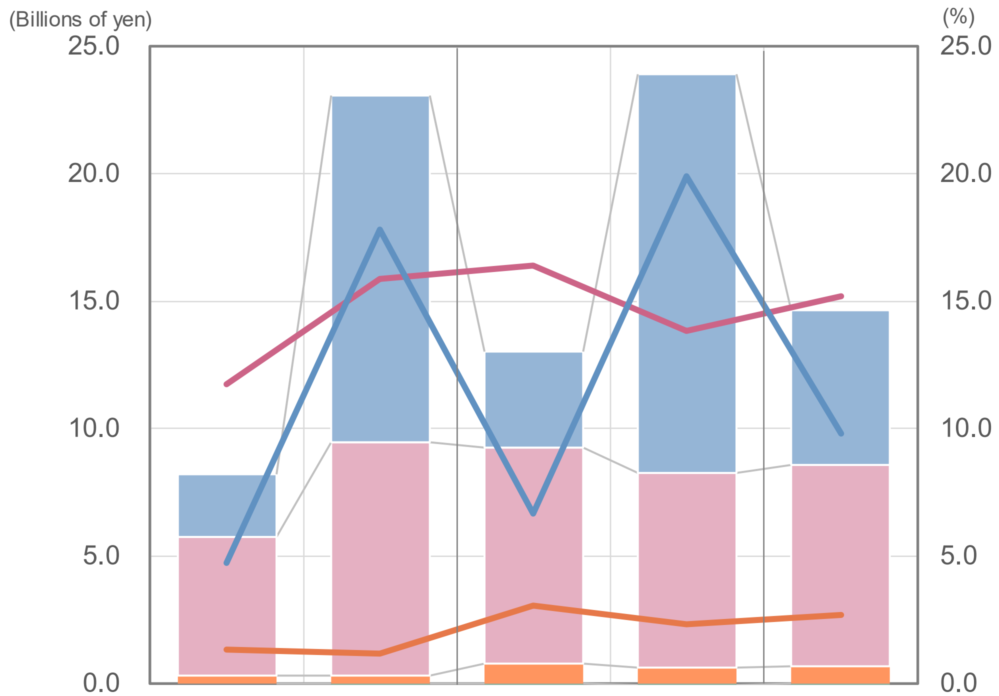
Performance Trend by Segment: Sales and Segment Profit

Sales by segment



	FY2022		FY2023		**FY2024**
	H1	H2	H1	H2	**H1**
B A	52.0	76.5	56.0	78.6	**62.5**
A A	46.1	57.8	51.8	55.2	**51.6**
L A	23.7	24.1	25.0	26.3	**25.9**
Consolidated	121.0	157.3	131.8	159.0	**139.2**

Segment profit (operating income)

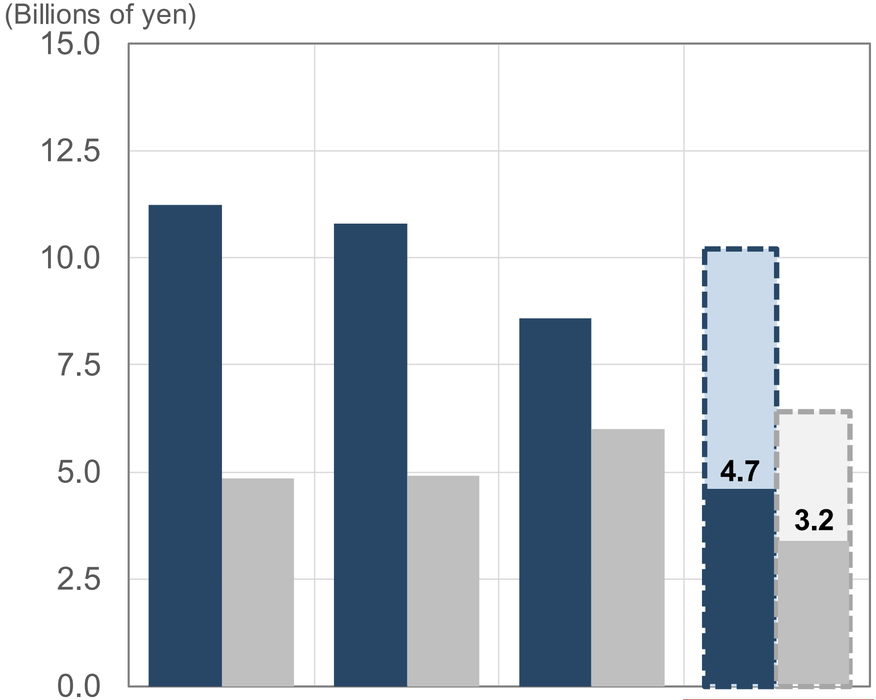


	FY2022		FY2023		**FY2024**
	H1	H2	H1	H2	**H1**
B A	2.4	13.6	3.7	15.6	**6.1**
Margin	*4.7*	*17.8*	*6.7*	*19.9*	***9.8***
A A	5.4	9.1	8.4	7.6	**7.8**
Margin	*11.7*	*15.8*	*16.4*	*13.8*	***15.2***
L A	0.3	0.2	0.7	0.6	**0.6**
Margin	*1.3*	*1.2*	*3.0*	*2.3*	***2.7***
Consolidated	8.1	23.0	12.9	23.8	**14.6**
Margin	*6.8*	*14.7*	*9.8*	*15.0*	***10.5***

Appendix I

Capital Investment, Depreciation and R&D Expenses

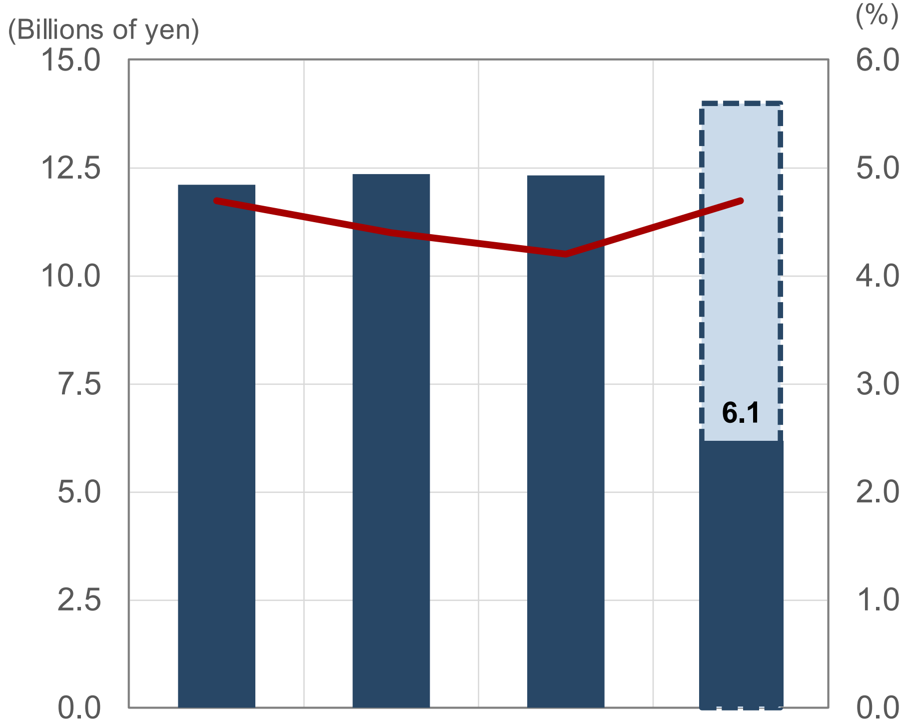
Capital investment, depreciation



	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

Full-year results/ H1 results for FY2024
Full-year plan for FY2024



	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**

Appendix II

Three Growth Fields, Sustainability Management, and Shareholder Returns

Transfer of Equity Interests in Azbil Telstar:
Restructuring Our Business Portfolio in the LA Business

From the perspective of restructuring our business portfolio to improve capital efficiency, the Company transferred Azbil Telstar to Syntegon Technology GmbH., a global packaging solutions company.

- In the Life Science Engineering field, we have striven to strengthen the business competitiveness of Azbil Telstar to further improve its profitability. However, with the ongoing restructuring of the industry, it was determined that the transfer of all the equity interests in Azbil Telstar to Syntegon Technology GmbH*, a global packaging solutions company (the contractual transferee being Falcon Acquisition, S.L.U., a wholly owned subsidiary of Syntegon) was the best option from the standpoint of realizing Azbil Telstar’s sustainable growth as well as improving the Group’s capital efficiency.
- To efficiently focus our management resources on growth fields in the LA business, we will make progress restructuring our business portfolio, implement structural reforms in each of our businesses, and drive business expansion in new fields.

* Syntegon Technology GmbH supplies process technology and packaging machinery for the pharmaceutical and food industries. Originally Bosch Packaging Technology, the company took its current name in 2020. It operates from more than 39 business locations around the world.

1. Date of transfer: October 31, 2024 (Central European Time)

2. Percentage of equity interests transferred, transfer price, profit (loss) from the transfer and percentage of equity interests after the transfer

(1) Percentage of equity interests transferred: 100%

(2) Transfer price (price of 100% equity interests): 61,850 thousand euros

(3) Profit (loss) from the transfer: Approx. 7.0 billion yen (The amount of the gain on the sale is currently an estimate; thus, there is a possibility it will change.)

(4) Percentage of equity interests after the transfer: 0%

3. Azbil Telstar consolidated financial results

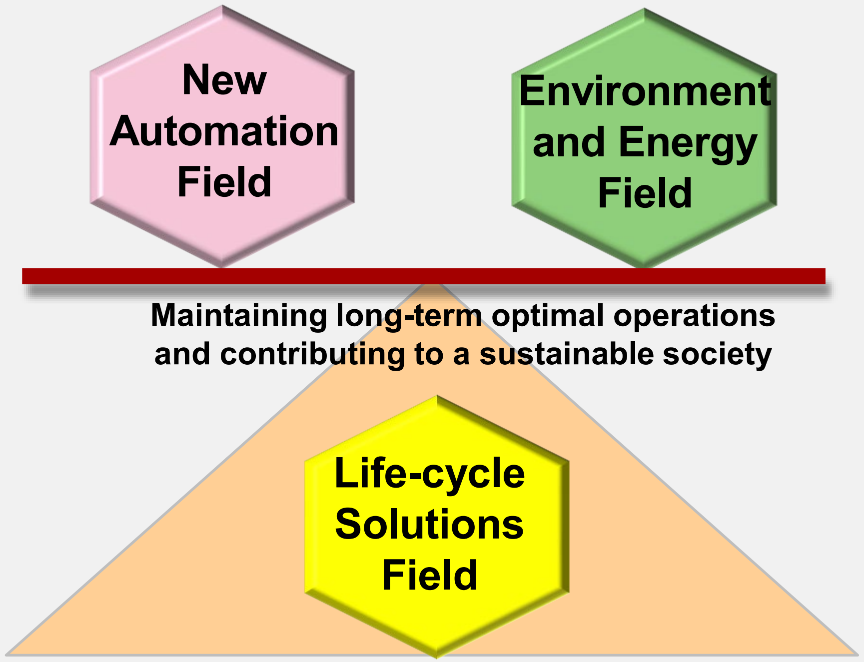
(Thousands of euros)

	Year ended December 2021	Year ended December 2022	Year ended December 2023
Sales	125,577	130,881	125,672
Operating income	7,417	805	6,912
Net income (loss) attributable to owners of parent	5,180	(1,193)	4,029

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

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.

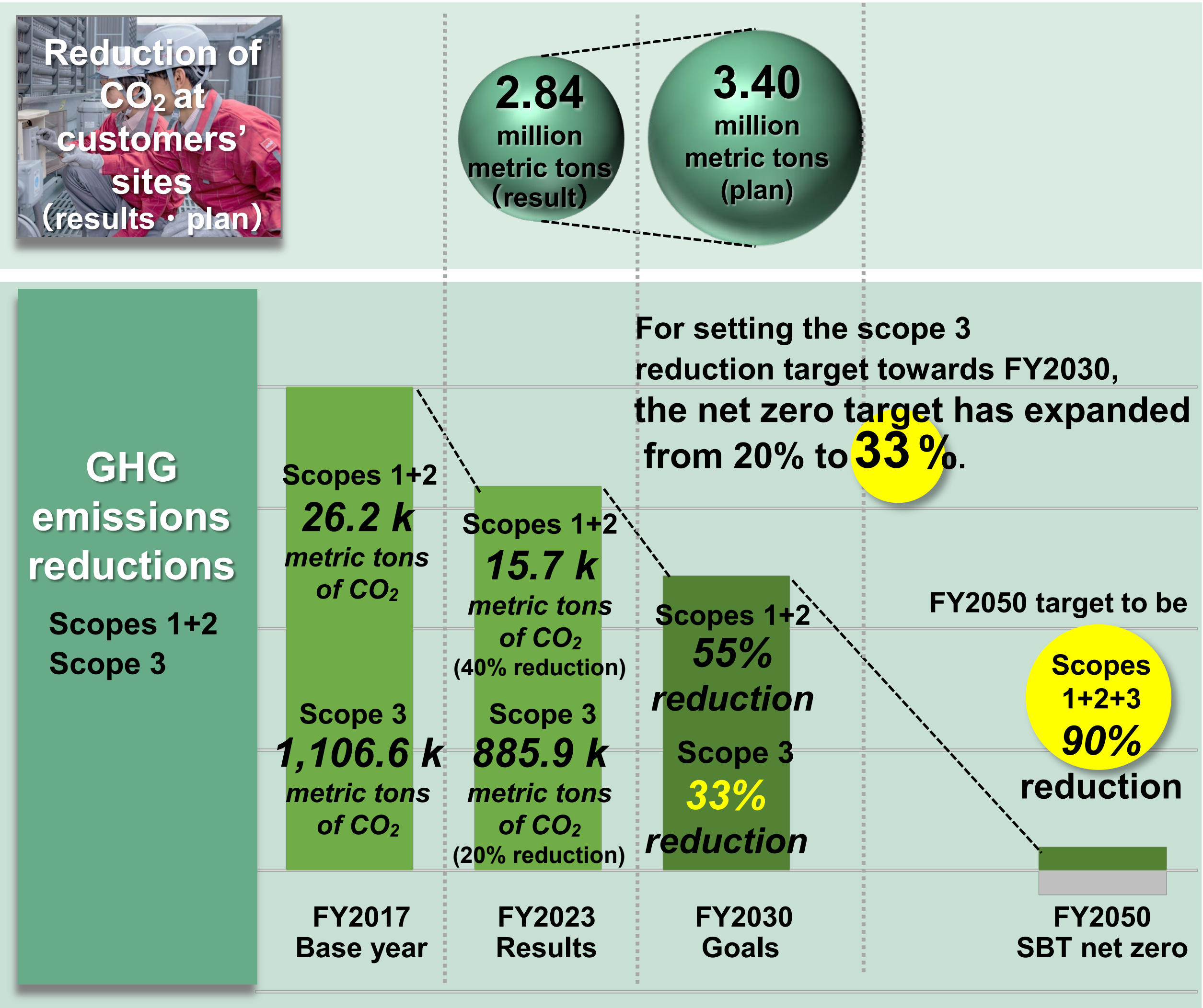
	Materiality		Essential Goals of azbil Group for SDGs: Essential goals			Targets
Business	Environment	Climate change Resource recycling	I	Preserving the Earth's environment and solving energy-related problems through cooperative creation	Environment and energy	● Effective reduction of CO_2 at customers' sites: **3.40 million metric tons of CO_2/year**[*1] (FY2030) ● Reduction targets in greenhouse gas (GHG) emission (science-based target[*2] approved) (FY2030) **55% reduction** in GHG emissions from our business activities (scopes 1+2) compared to 2017 **33% reduction** in GHG emissions throughout the entire supply chain (scope 3) compared to 2017 ● Design all new products to meet **the azbil Group's own sustainability standards**[*3] and to be **100% recyclable**[*4] (FY2030) ● Increase the number of **skilled professionals**[*6] **for supporting sustainable services**[*5] to **a total of 1,800**[*7]**—triple the number** in FY2021
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.[*8] ● We will provide environments that support stress-free and diverse work styles to **6 million people** by 2030.[*9]
General corporate activities	Society	Supply chain 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**[*10] ● Social contribution activities rooted in local communities are run at all our business sites,[*11] with the **active participation by every employee**[*12]
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[*13] in FY2024: **Double versus 2017** Employees expressed satisfaction with working at azbil Group companies in FY2030: **65% or more**[*14] ● Developing and strengthening "an organization that never stops learning" Training opportunity points[*15] in 2024: **Double versus 2012** Employees have experienced personal growth through their work in FY2030: **65% or more**[*14]
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 39-40.

Decarbonization Transition Plan

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

Our scope 3 emission reduction target towards FY2030, which has been revised upward from 20% reduction to 33% reduction, and the 2050 net-zero target—which includes all CO_2 emissions (scopes 1, 2, and 3)—were certified by the SBTi. (October 2024)



Means of GHG emissions reductions

Scopes 1+2

By 2030

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

By 2050

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

Scope 3

By 2030

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

By 2050

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

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

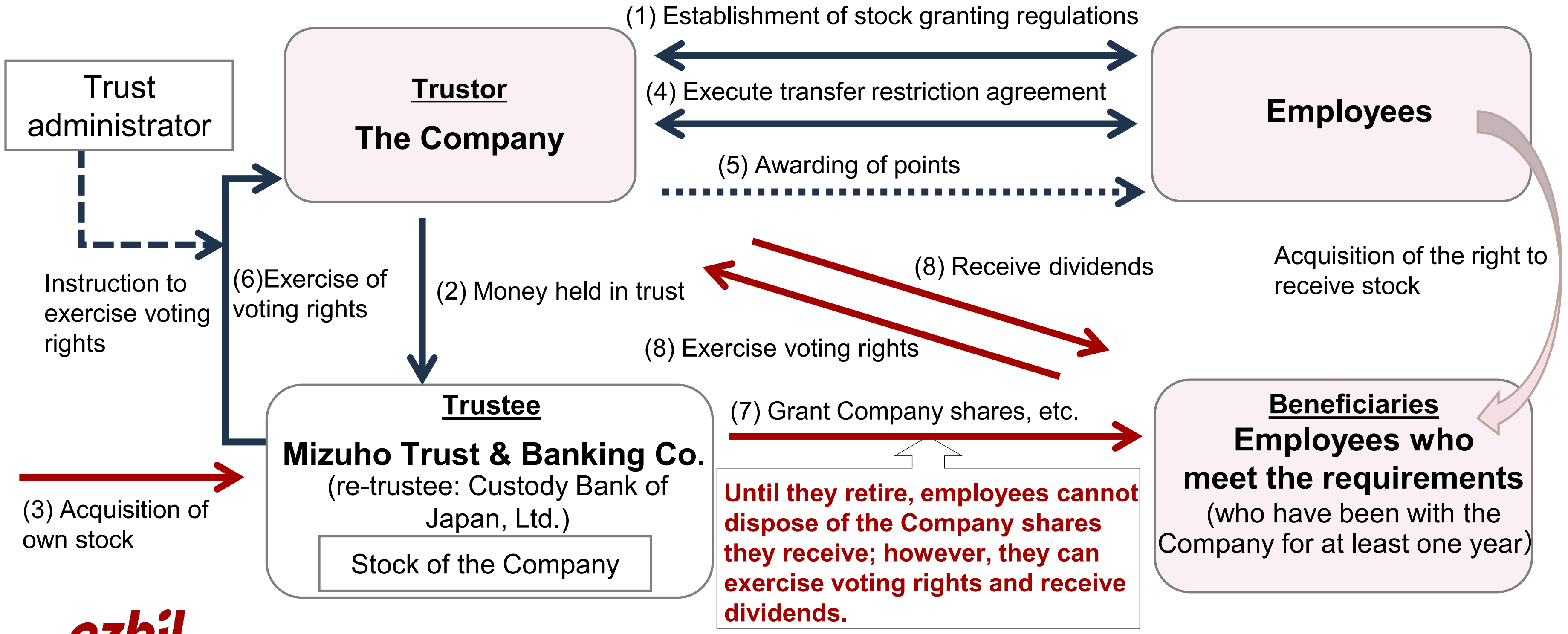
Partial Revision to the Employee Stock Ownership Plan (J-ESOP), further increasing employee incentives and enhancing engagement

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

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

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 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.

FY2024 Annual Dividend Plan

FY2024 dividend

It is planned to increase the dividend by 12 yen per share, to make an annual dividend of 88 yen*1 per share, and DOE to reach 5% level.

*1 For comparison, the dividend amount before the stock split is shown.

- **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*1 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		
	Actual	Actual	Plan	Plan (calculation prior to the stock split)
Interim	36.5	44.0	—	44.0
Year-end	39.5	—	11.0 *2	44.0
Annual	76.0	—	—	88.0
Payout ratio	33.3%	30.2%		
Dividend on equity (DOE)	4.8%	5.0% *3		

*2 A 4-for-1 stock split has been 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, net income attributable to owners of parent for the full year in the consolidated financial plan for FY2024, and planned repurchase of own stock.

Overview of the Stock Split

Stock split

Implemented a 4-for-1 common stock split

Effective from Tuesday, October 1, 2024
Investment unit cost is now in the 100-thousand-yen range* following the stock split

* Calculated based on the closing price on Tuesday, October 1, 2024

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 has been 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

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 azbil Group for SDGs

*1 **3.40 million metric tons of CO_2/year**: The FY2030 emission factor from electricity generation is our own estimated value based on the Japanese government's Energy Basic Plan in 2019.

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

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

*4 **All new products for 2030 will be designed to be 100% recyclable**: To the extent of using best available technologies (BAT, the most effective technology that is both economically and technologically viable)

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

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

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

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

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

Notes (3)

4. Essential Goals of azbil Group for SDGs

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

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

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

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

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

*14 **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.

*15 **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.