



*Note: This English translation is an abridged version of the original notice in Japanese.
In the event of discrepancies, the Japanese version shall prevail.*

Azbil Corporation

June 3, 2025

Notice of the 103rd Ordinary General Meeting of Shareholders

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Azbil Corporation

June 3, 2025

2-7-3 Marunouchi, Chiyoda-ku, Tokyo

Notice of the 103rd Ordinary General Meeting of Shareholders

Dear Shareholders:

I would like to express my thanks for your loyal patronage.

You are cordially invited to the Ordinary General Meeting of Shareholders of Azbil Corporation. The meeting will be held as described on the next page.

Yours faithfully,

Kiyohiro Yamamoto
President and Group CEO

Details

1. Date and Time: Wednesday, June 25 at 10 a.m., 2025 (Japan Time)
2. Place: The Hall, 4th Floor of the JP TOWER Hall & Conference,
2-7-2 Marunouchi, Chiyoda-ku, Tokyo

3. Purpose:

Items to be Reported

- Item 1: Business Reports, Consolidated Financial Statements, and Audit Reports covering Consolidated Financial Statements by the accounting auditor and the Audit Committee for the 103rd term from April 1, 2024 to March 31, 2025
- Item 2: Non-Consolidated Financial Statements for the 103rd term from April 1, 2024 to March 31, 2025

Items to be Resolved

- Item 1: Appropriation of surplus
- Item 2: Election of ten (10) directors

Reference Materials for the General Meeting of Shareholders

Item 1: Appropriation of surplus

As the Company considers the return of profit to its shareholders as one of its important management issues, the Company aims to maintain stable dividends while comprehensively taking into account consolidated business performance, return on equity (ROE), dividend on equity (DOE), retained earnings for future business operation and corporate structure fortification, etc. and striving to improve the dividend level.

Based on this policy, year-end dividends for the 103rd term are proposed as follows.

(1) Type of dividend

Cash

(2) Allocation of dividends to shareholders, and total amount

¥13 per share of Company common stock

Total amount: ¥6,872,955,180

The Company implemented a four-for-one stock split of common stock on October 1, 2024. The annual dividend per share for the current business year will be 24 yen, together with an interim dividend of 11 yen (calculated on the basis of the number of shares after the stock split) that was already paid out.

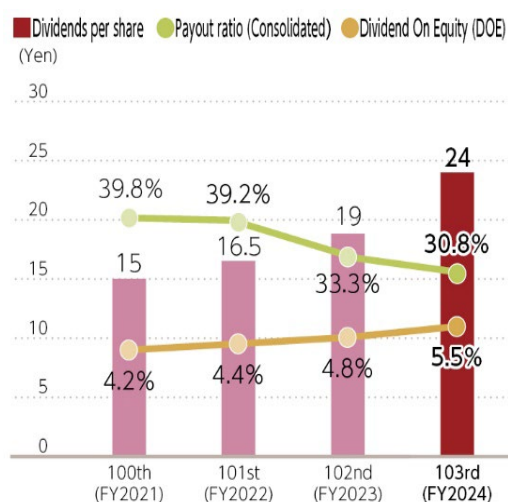
(3) Effective date of payments for dividends from surplus

June 26, 2025

(Reference)

Rationale for Returns to Shareholders

The Company implements well-disciplined capital policy and aims to maintain and enhance its enterprise value while carefully balancing three key elements: enhancing returns to shareholders, investing in growth and ensuring a healthy financial foundation. The Company regards the distribution of profit to shareholders as a management priority, and implements a return system that flexibly incorporates acquisition of own shares, with focus on dividends, while comprehensively taking into account matters such as consolidated business results, the levels of ROE and DOE, as well as retained earnings required for future business development and ensuring corporate structure fortification. The Company focuses on dividends, maintaining dividend stability while striving to raise the level of dividend at the same time.



The Company implemented a four-for-one stock split of common stock on October 1, 2024. The amount of dividends per share in the table above reflects the effect of the stock split retrospectively.

Item 2: Election of ten (10) directors

The terms of office for all twelve (12) current directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of ten (10) directors including seven (7) outside directors is proposed based on the decision of the Nomination Committee.

The following individuals are candidates for directors. Furthermore, candidates for independent outside directors were judged to have sufficient independence with no potential conflict of interest occurring between them and the general shareholders in accordance with the “Criteria for independence of outside directors” prescribed by the Company on its own. In addition, since they meet the independent requirements established by the Tokyo Stock Exchange, the Company has already reported six (6) current outside directors as independent officers to the Tokyo Stock Exchange, and plan to report one (1) newly nominated candidate for outside director as well.

No.	Name	Position and section of which the candidate is in charge in the Company	Attendance record at Board of Directors meetings and Committee meetings	
1	Kiyohiro Yamamoto	Director, Representative Corporate Executive President and Group Chief Executive Officer Nomination Committee Member Responsible for Internal Audit	Board of Directors meetings 13/13 Nomination Committee meetings 13/13	Reappointment Non-outside
2	Takayuki Yokota	Director, Representative Corporate Executive Deputy President Remuneration Committee Member, Responsible for assisting the President, Corporate Administration, Management, Corporate Communication, Sustainability (& azbil Group CSR), Human Resources & Education	Board of Directors meetings 13/13 Remuneration Committee meetings 14/14	Reappointment Non-outside
3	Hisaya Katsuta	Non-executive Director Audit Committee Member	Board of Directors meetings 13/13 Audit Committee meetings 13/13	Reappointment Non-outside
4	Mitsuhiro Nagahama	Outside Director Remuneration Committee Chairperson	Board of Directors meetings 13/13 Remuneration Committee meetings 14/14	Reappointment Outside Independent director

5	Anne Ka Tse Hung	Outside Director Nomination Committee Member	Board of Directors meetings 13/13 Nomination Committee meetings 13/13	Reappointment Outside Independent director Female
6	Shigeaki Yoshikawa	Outside Director Nomination Committee Chairperson	Board of Directors meetings 13/13 Nomination Committee meetings 13/13	Reappointment Outside Independent director
7	Tomoyasu Miura	Outside Director Remuneration Committee Member	Board of Directors meetings 13/13 Remuneration Committee meetings 14/14	Reappointment Outside Independent director
8	Sachiko Ichikawa	Outside Director Nomination Committee Member	Board of Directors meetings 10/10 Nomination Committee meetings 11/11	Reappointment Outside Independent director Female
9	Hiroshi Yoshida	Outside Director Audit Committee Member	Board of Directors meetings 10/10 Audit Committee meetings 10/10	Reappointment Outside Independent director
10	Satoko Nakatani	New Candidate	-/-	New appointment Outside Independent director Female

Note: Because director Sachiko Ichikawa and Hiroshi Yoshida were elected at the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024, their attendance only applies to Board of Directors meetings and committee meetings held after their appointments.

No.	Name (Date of birth)	Biography	Number of Company shares owned
1	 Kiyohiro Yamamoto (March 14, 1965)	April 1989 April 2007	54,756
		Joined the Company General Manager of Environmental Marketing Department, Marketing Headquarters, Building Systems Company of the Company	
		April 2011	
		Head of Marketing Headquarters, Building Systems Company	
		April 2012	
		Senior Officer, Head of Marketing Headquarters, Building Systems Company	
		April 2014	Number of Company shares to be provided under the Stock Compensation Plan
		Senior Officer, General Manager of Corporate Planning Department	
		April 2017	18,164
		Executive Officer, General Manager of Corporate Planning Department and Head of Marketing Headquarters, Building Systems Company	
		April 2018	
		Managing Executive Officer, Head of Marketing Headquarters, Building Systems Company	
		April 2020	
		Executive Deputy President	
		June 2020	
		Representative Director, President and Group Chief Executive Officer	
		June 2022	
		Director, President and Group Chief Executive Officer (Present post)	
		May 2023	
		Chairman, Nippon Electric Control Equipment Industries Association (Present post)	

Note: Kiyohiro Yamamoto will retire from Chairman of Nippon Electric Control Equipment Industries Association on May 30, 2025.

■ Number of meetings of the Board of Directors/ the Committee attended

Board of Directors meetings: 13/13

Nomination Committee meetings: 13/13

■ Position and section of which the candidate is in charge in the Company

Position: director, representative corporate executive, president & Group chief executive officer

Section: Nomination Committee member, internal audit

■ Important concurrent positions outside the Company

Chairman of Nippon Electric Control Equipment Industries Association

■ Reasons for nomination as a candidate for director

Kiyohiro Yamamoto has been engaged in marketing, sales, and business planning for domestic and overseas markets in the Building Automation business and has accumulated extensive results as a person responsible for this business overseas. He has worked to create new solutions, establish energy management businesses, and contribute to the management of joint ventures.

Moreover, he has served as general manager of the Corporate Planning Department and as the person in charge of marketing for the overall Group. Since 2020 he has served as representative director president and led management as the CEO, formulating long-term targets and a medium-term plan. As representative corporate executive, president & Group CEO following the Company's transition to a company with a three-committee board structure, he has been aiming to make contributions that will connect "in series" to the achievement of a sustainable society under a philosophy of "human-centered automation," and working to sustainably increase enterprise value. He also formulated the new medium-term plan (FY2025–2027) this year. Because of these achievements, the Company has judged that it can expect him to leverage his abundant management experience at the Company to demonstrate the skills expected of him by the Company (see the skills matrix presented later in this document). Therefore, as the Company has judged that he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as director and has put him forward as a candidate. If his reelection is approved, he is expected to continue to be a Nomination Committee member.

No.	Name (Date of birth)	Biography		Number of Company shares owned
2	 Takayuki Yokota (November 1, 1960)	April 1983	Joined The Fuji Bank, Limited (Present: Mizuho Bank, Ltd.)	59,900
		November 2005	Chief IR Officer at Investor Relations, Mizuho Financial Group, Inc.	
		April 2010	Executive Officer and Head of the Investment Banking Business Management Department, Mizuho Corporate Bank, Limited (Present: Mizuho Bank, Ltd.)	
		June 2012	Audit & Supervisory Board Member of Mizuho Research Institute Ltd. (Present: Mizuho Research & Technologies, Ltd.)	
		April 2013	Joined the Company (Senior Officer)	
		April 2014	Executive Officer, Head of Group Management Headquarters	Number of Company shares to be provided under the Stock Compensation Plan
		April 2016	Managing Executive Officer, Head of Group Management Headquarters	
		April 2017	Managing Executive Officer, Head of Group Management Headquarters and Head of International Business Headquarters	
		April 2018	Managing Executive Officer	9,784
		June 2018	Director and Managing Executive Officer	
		April 2020	Director and Senior Managing Executive Officer	
		June 2022	Director and Representative Senior Managing Corporate Executive	
		June 2023	Director and Representative Corporate Executive Deputy President (Present post)	

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 13/13

Remuneration Committee meetings: 14/14

■ Position and section of which the candidate is in charge in the Company

Position: director, representative corporate executive deputy president

Section: Remuneration Committee member, assisting the President, corporate administration, management, corporate communication, sustainability (& azbil Group CSR), human resources & education

■ Important concurrent positions outside the Company

None

■ Reasons for nomination as a candidate for director

Takayuki Yokota has successively served as the head of Group Management Headquarters and the head of International Business Headquarters of the Company. He assumed the post of director in 2018 and has been responsible for overall corporate administrative functions, and he

has worked on risk management, corporate governance, CSR initiatives, active returns to shareholders as well as appropriate compliance in accounting. Moreover, he is making use of his experience of global business and IR activities, gained at a financial institution, to improve the structure of overseas subsidiaries as well as develop a global management foundation for business growth. Also, as the chief officer in charge of Corporate Communications, he is actively promoting measures such as constructive communication with stakeholders.

Moreover, he assumed the post of representative corporate executive following the Company's transition to a company with a three-committee board structure, and has been serving as a deputy president responsible for overall corporate administrative functions, including sustainability. From April 2023, he was also responsible for promoting the Life Automation business and contributed to the enhancement of enterprise value by promoting the restructuring of the business portfolio to achieve further growth and even stronger financial standing. Because of these achievements, the Company has judged that it can expect him to demonstrate the skills expected of him by the Company. Therefore, as the Company has judged he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as director and has put him forward as a candidate. If his reelection is approved, he is expected to continue to be a Remuneration Committee member.

No.	Name (Date of birth)	Biography	Number of Company shares owned
3	 Hisaya Katsuta (February 27, 1958)	April 1983 Joined the Company April 2005 General Manager of Production Planning Department February 2010 General Manager of Internal Audit Department April 2011 Senior Officer, General Manager of Internal Audit Department April 2012 Senior Officer, Manager of Production Management Department, Production Management Headquarters April 2014 Senior Officer, Manager of Purchasing Department, Production Management Headquarters June 2015 Audit & Supervisory Board Member June 2022 Director (Present post)	47,400 Number of Company shares to be provided under the Stock Compensation Plan 1,944

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 13/13

Audit Committee meetings: 13/13

■ Position and section of which the candidate is in charge in the Company

Position: director

Section: non-executive director, Audit Committee member

■ Important concurrent positions outside the Company

None

■ Reasons for nomination as a candidate for director

Hisaya Katsuta's experience includes serving as general manager of Production Planning Department and general manager of Internal Audit Department of the Company. In 2015, he was appointed as an Audit & Supervisory Board member, and has utilized his experience on production sites and in the internal audit division to implement audits from a company-wide perspective, and since 2022 he has contributed to the improvement of the Company's corporate governance and internal control as director (full-time Audit Committee member). Moreover, he also has knowledge regarding finance and accounting as well as risk and compliance, and knowledge of on-site production function improvements, IT systems and marketing, among others. Because of these achievements, the Company has judged that it can expect him to demonstrate the skills expected of him by the Company. Therefore, as the Company has judged that he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as non-executive director and has put him forward as a candidate. If his reelection is approved, he is expected to continue to be an Audit Committee member.

No.	Name (Date of birth)	Biography	Number of Company shares owned
4	 Mitsuhiro Nagahama (October 24, 1953)	April 1976	—
		March 2003	
		April 2005	
		March 2006	
		April 2010	
		April 2013	Number of Company shares to be provided under the Stock Compensation Plan
		April 2015	
		June 2015	1,944
		March 2018	
		March 2019	
		June 2019	
		June 2020	
		June 2024	
		June 2024	

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 13/13

Remuneration Committee meetings: 14/14

■ Position and section of which the candidate is in charge in the Company

Position: outside director

Section: Remuneration Committee chairperson

■ Important concurrent positions outside the Company

Outside Audit & Supervisory Board member of KURARAY Co., Ltd.

Outside director of Toshiba Tec Corporation

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Mitsuhiro Nagahama possesses broad knowledge and extensive experience in corporate

management, financial/securities sectors and global business, as he has successively served in important posts at financial institutions. In 2015, he assumed the post of outside Audit & Supervisory Board member of the Company, and since 2019 as an outside director he has not only supervised business execution, but also proactively offered opinions to enhance management transparency from the perspective of the capital markets and based on a global perspective. In these ways, he fulfills such appropriate roles as supervising and giving advice on business execution. He is expected to continue contributing to the enhancement of the Company's management going forward. Moreover, as the Remuneration Committee chairperson, he leads discussions in the Remuneration Committee and works to strengthen the Company's corporate governance, and he is also expected to continue serving as the Remuneration Committee chairperson if his reelection is approved. Because of these achievements, the Company has judged that it can expect him to demonstrate the skills expected of him by the Company. Therefore, as the Company has judged that he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as outside director and has put him forward as a candidate.

■ Term of office as outside director

The term of office of Mitsuhiro Nagahama as outside director shall be six (6) years from the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Mitsuhiro Nagahama except the remuneration he receives as outside director of the Company, and there are no vested interests between him and the Company's management.

While Mitsuhiro Nagahama comes from Mizuho Bank, Ltd., he retired from said bank twelve (12) years ago. Although said bank possesses 5,600 thousand shares of the Company, its percentage of total shares issued is 1.05%, which is far less than the major shareholder standard (10%) stipulated by the Financial Instruments and Exchange Act. In addition, the amount of the borrowings from said bank is 2,348 million yen, which is 0.7% of the Company's consolidated total assets of 315,072 million yen. Thus said bank is not a major lender as per the "Criteria for independence of outside directors" (hereinafter referred to as the "Criteria for independence") established by the Company. In addition, while Mitsuhiro Nagahama did serve as a director at Mizuho Securities Co., Ltd., he retired in March 2015. (He retired as an advisor of Mizuho Securities Co., Ltd. in March 2020.) While the Company has transaction relationships with Mizuho Securities Co., Ltd., in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.3% of the consolidated net sales of both the Company and Mizuho Securities Co., Ltd. Moreover, while the Company has transaction relationships with KURARAY Co., Ltd., at which Mitsuhiro

Nagahama concurrently serves at present, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and KURARAY Co., Ltd. during the same period, which does not make these companies major business partners as per the “Criteria for independence” established by the Company. Also, there are no special relationship between the Company and Toshiba Tec Corporation at which he concurrently serves.

Based on the above, the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that he has sufficient independence and has reported him as an independent director to the Tokyo Stock Exchange.

■ Other special notes

At Toshiba Tec Corporation, of which Mitsuhiro Nagahama has been an outside director since June 2024, the misconduct that an employee at the domestic branch recorded fictitious orders to receive goods for personal benefit, and subsequently resold them has been discovered on February 2025. He was not aware of this fact until the time of the above revelation, but he regularly reminded the executive team of importance of legal compliance at board meetings and other meetings and alerted the board of directors. Following the occurrence of the fact, he has fulfilled his responsibilities as an outside director by, among other things, demanding that the company should take appropriate measures to ensure compliance with laws and regulations and to prevent recurrence.

No.	Name (Date of birth)	Biography	Number of Company shares owned
5	 Anne Ka Tse Hung (January 12, 1964)	July 1987 Joined Baker McKenzie July 1991 Moved to Baker McKenzie Tokyo July 1999 Partner of the firm July 2018 Senior Counsel of the firm March 2019 Retired from Senior Counsel of the firm June 2020 Outside Director of the Company (Present post)	—
			Number of Company shares to be provided under the Stock Compensation Plan*
			—

* As Anne Ka Tse Hung is not resident in Japan as of the end of March 2025, the Company plans to pay her an amount of cash remuneration corresponding to her stock compensation. For details of the executive remuneration system, refer to “3. Matters Concerning Officers – (2) Remuneration, etc., paid to directors and corporate executives” in the Business Report.

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 13/13

Nomination Committee meetings: 13/13

■ Position and section of which the candidate is in charge in the Company

Position: outside director

Section: Nomination Committee member

■ Important concurrent positions outside the Company

Lawyer (Australia, United Kingdom, Hong Kong)

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Anne Ka Tse Hung worked at an international law office as a partner attorney, and supported the conclusion of agreements for the international transactions of Japanese companies, in addition to overseas corporate matters. As such, she is familiar with Japanese business customs, and possesses knowledge in the industry to which the Company belongs. She assumed the post of outside director of the Company in 2020, and she draws on her expert knowledge of international business not only to supervise business execution, but also to proactively offer opinions based on her global perspective, such as business promotion system targeting international business growth and her approach to investment for medium- and long-term growth. In these ways, she fulfills such appropriate roles as supervising and giving advice on

business execution. She is expected to continue contributing to the enhancement of the Company's management going forward. Moreover, as a Nomination Committee member, she works to strengthen the Company's corporate governance through discussions in the Nomination Committee, and she is also expected to continue serving as a Nomination Committee member if her reelection is approved. Because of these achievements, the Company has judged that it can expect her to demonstrate the skills expected of her by the Company. Therefore, as the Company has judged that she can contribute to the enhancement of sustainable enterprise value, it has proposed that she continue serving as outside director and has put her forward as a candidate. Although she has not in the past been involved in the management of a company except as an outside director or outside audit & supervisory board member, the Company has judged that she will fulfill her duties as an outside director based on the above reasons.

■ Term of office as outside director

The term of office of Anne Ka Tse Hung as outside director shall be five (5) years from the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Anne Ka Tse Hung except the remuneration she receives as outside director of the Company, and there are no vested interests between her and the management of the Company, and the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that she has sufficient independence, in accordance with the "Criteria for independence of outside directors" prescribed by the Company on its own. The Company has reported her as an independent director to the Tokyo Stock Exchange.

No.	Name (Date of birth)	Biography	Number of Company shares owned
6	 Shigeaki Yoshikawa (June 23, 1953)	April 1977 Joined Mitsubishi Corporation	—
		June 2004 General Manager of Singapore Branch	
		July 2006 General Manager of Regional Strategy & Coordination Dept.	
		April 2008 Senior Vice President, General Manager of Global Strategy & Coordination Dept.	
		April 2010 Senior Vice President, Chief Regional Officer for the Middle East	
		April 2013 Executive Vice President, Regional CEO for the Middle East & Central Asia	
		April 2016 Corporate Advisor (Retired in August 2016)	
		September 2016 Corporate Advisor of Mitsubishi Research Institute, Inc.	Number of Company shares to be provided under the Stock Compensation Plan
		October 2016 Executive Vice President	
		December 2016 Representative Member of the Board, Executive Vice President & COO	
		December 2020 Corporate Advisor (Retired in December 2023)	
		June 2022 Outside Director of the Company (Present post)	1,944
		June 2023 Chairman & Representative Director of The Japan Singapore Association (Present post)	
		June 2023 Outside Director of Mochida Pharmaceutical Co., Ltd. (Present post)	
		May 2025 Councilor of Showa Women's University, Tokyo (Present post)	

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 13/13

Nomination Committee meetings: 13/13

■ Position and section of which the candidate is in charge in the Company

Position: outside director

Section: Nomination Committee chairperson

■ Important concurrent positions outside the Company

Outside director of Mochida Pharmaceutical Co., Ltd.

Chairman & representative director of The Japan Singapore Association

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Shigeaki Yoshikawa has held key positions in a general trading company with global operations, and has broad knowledge and abundant experience regarding overseas business development and business portfolio strategies, as well as corporate management experience and so forth at a think-tank consulting firm. He assumed the post of outside director of the Company in 2022, and has proactively offered his opinions regarding the Company's international business strategies, approach to business strategies for medium- to long-term

growth and human resource development based on his extensive experience and insight into overseas business, as well as his knowledge of marketing and sales. In these ways, he fulfills such appropriate roles as supervising and giving advice on business execution, and is expected to continue contributing to the enhancement of the Company's management going forward. Moreover, as the Nomination Committee chairperson, he leads discussions in the Nomination Committee and works to strengthen the Company's corporate governance, and he is also expected to serve as a Remuneration Committee member as well as the Nomination Committee chairperson if his reelection is approved. Because of these achievements, the Company has judged that it can expect him to demonstrate the skills expected of him by the Company. Therefore, as the Company has judged that he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as outside director and has put him forward as a candidate.

■ Term of office as outside director

The term of office of Shigeaki Yoshikawa as outside director shall be three (3) years from the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Shigeaki Yoshikawa except the remuneration he receives as outside director of the Company, and there are no vested interests between him and the Company's management.

While he did serve as an executive vice president of Mitsubishi Corporation, he retired from this position in March 2016 (he retired as a corporate advisor of Mitsubishi Corporation in August 2016). Moreover, while the Company has a transaction relationship with Mitsubishi Corporation, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and Mitsubishi Corporation, which does not make Mitsubishi Corporation a major business partner as per "the Criteria for independence of outside directors" established by the Company. Also, there are no special relationship between the Company and Mochida Pharmaceutical Co., Ltd. or the Japan Singapore Association at which he concurrently serves. Based on the above, the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that he has sufficient independence and has reported him as an independent director to the Tokyo Stock Exchange.

No.	Name (Date of birth)	Biography		Number of Company shares owned
7	 Tomoyasu Miura (June 30,1961)	April 1986	Joined Nomura Research Institute, Ltd.	—
		April 2001	Manager of Financial Consulting Service Department II of Nomura Research Institute, Ltd.	
		April 2008	Manager of Financial Strategic Consulting Service Department of Nomura Research Institute, Ltd.	
		April 2009	Senior Managing Director, Deputy Manager of Management Consulting Service Division of Nomura Research Institute, Ltd.	
		April 2010	Senior Managing Director, Deputy Manager of System Consulting Service Division of Nomura Research Institute, Ltd.	
		April 2011	Senior Managing Director, Manager of Center for Corporate Planning Division of Nomura Research Institute, Ltd.	Number of Company shares to be provided under the Stock Compensation Plan
		April 2014	Senior Managing Director, Division Manager of Center for Strategic Management & Innovation of Nomura Research Institute, Ltd.	
		April 2017	Counselor of Nomura Research Institute, Ltd. (Retired in June 2022) Deputy Dean of Nomura School of Advanced Management	
		June 2018	Executive Director & Dean of Nomura School of Advanced Management (Retired in May 2022)	
		August 2019	Auditor of Research Institute of Science for Education (Present post)	
June 2022	Outside Director of the Company (Present post)	1,944		

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 13/13

Remuneration Committee meetings: 14/14

■ Position and section of which the candidate is in charge in the Company

Position: outside director

Section: Remuneration Committee member

■ Important concurrent positions outside the Company

Auditor of Research Institute of Science for Education

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Tomoyasu Miura has held key positions at a think-tank consulting firm and possesses knowledge and experience of a wide range of fields, such as IT, technology innovation, and new business creation, as well as abundant experience in development of management human resources at a public interest incorporated foundation. He assumed the post of outside director

of the Company in 2022, and has proactively offered his opinions from the perspectives of business strategies, including consideration of technological aspects, for the Company's medium- to long-term growth, and of human resource development, based on his abundant knowledge of the IT and technology domains, his experience of new business creation, and his experience of human resource development. In these ways, he fulfills such appropriate roles as supervising and giving advice on business execution, and is expected to continue contributing to the enhancement of the Company's management going forward. Moreover, as a Remuneration Committee member, he has worked to strengthen the Company's corporate governance through discussions in the Remuneration Committee. If his reelection is approved, the Company appoints him as a chairperson of the Board of Directors and expects him to contribute to further strengthening corporate governance and improving the effectiveness of the Board of Directors. Because of these achievements, the Company has judged that it can expect him to demonstrate the skills expected of him by the Company. Therefore, as the Company has judged that he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as outside director and has put him forward as a candidate.

■ Term of office as outside director

The term of office of Tomoyasu Miura as outside director shall be three (3) years from the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Tomoyasu Miura except the remuneration he receives as outside director of the Company, and there are no vested interests between him and the Company's management.

While he did serve as counselor of Nomura Research Institute, Ltd. (NRI) and executive director & dean of Nomura School of Advanced Management (NSAM), a public interest incorporated foundation, it has been three (3) years since he retired in June 2022 and May 2022 respectively. The Company currently has transaction relationships with NRI and NSAM related to consulting and training services. However, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of transactions with NRI makes up less than 0.1% of the consolidated net sales of both the Company and NRI. As regards the Company's relationship with NSAM, the amount of transactions (training fees paid to NSAM) as a percentage of NSAM's net sales is less than 1.4%; in monetary terms, this is less than 7 million yen per fiscal year. Note that the Company has no sales to NSAM. Thus, neither NRI nor NSAM is a major business partner as per "the Criteria for independence of outside directors" established by the Company. Also, there are no special relationship between the Company and Research Institute of Science for Education at which he concurrently serves.

Based on the above, the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that he has sufficient independence and has reported him as an independent director to the Tokyo Stock Exchange.

No.	Name (Date of birth)	Biography	Number of Company shares owned
8	 Sachiko Ichikawa (January 17, 1967)	April 1997 Registered as attorney (Member of Dai-Ichi Tokyo Bar Association), Joined Tanabe & Partners Law Office	—
		January 2005 Registered as attorney (Member of New York State Bar Association)	
		January 2011 Partner of Tanabe & Partners Law Office (Present post)	
		June 2015 Outside Director of ANRITSU CORPORATION (Retired in June 2017)	
		April 2018 Registered as certified public accountant of the U.S.A.	Number of Company shares to be provided under the Stock Compensation Plan
		May 2018 Outside Audit & Supervisory Board Member of Ryohin Keikaku Co., Ltd. (Retired in November 2021)	
		June 2020 Statutory Auditor of The Board Director Training Institute of Japan	
		June 2021 Outside Director of Tokyo Electron Ltd. (Present post)	—
		June 2021 Outside Director of Olympus Corporation (Present post)	
		June 2022 Director of The Board Director Training Institute of Japan (Present post)	
		June 2024 Outside Director of the Company (Present post)	

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 10/10

Nomination Committee meetings: 11/11

■ Position and section of which the candidate is in charge in the Company

Position: outside director

Section: Nomination Committee member

■ Important concurrent positions outside the Company

Partner of Tanabe & Partners Law Office

Outside director of Tokyo Electron Ltd.

Outside director of Olympus Corporation

Director of The Board Director Training Institute of Japan

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Sachiko Ichikawa has a global perspective, extensive experience, broad knowledge and expertise as an attorney (in Japan and in New York State, the U.S.) and a U.S. certified public accountant. Moreover, she has served as an outside officer at other listed companies, primarily in the manufacturing industry, and has excellent insights concerning the ideal shape of corporate governance and company management. She assumed the post of outside director of

the Company in 2024, and she proactively offers opinions based on her abundant and specialist knowledge and experience related to legal affairs and accounting, along with her insights in areas such as corporate governance and compliance. In these ways, she fulfills such appropriate roles as supervising and giving advice on business execution. She is expected to continue contributing to the enhancement of the Company's management going forward. Moreover, as a Nomination Committee member, she works to strengthen the Company's corporate governance through discussions in the Nomination Committee, and she is also expected to continue serving as a Nomination Committee member if her reelection is approved. Because of these achievements, the Company has judged that it can expect her to demonstrate the skills expected of her by the Company. Therefore, as the Company has judged that she can contribute to the enhancement of sustainable enterprise value, it has proposed that she continue serving as outside director and has put her forward as a candidate. Although she has not in the past been involved in the management of a company except as an outside director or outside audit & supervisory board member, the Company has judged that she will fulfill her duties as an outside director based on the above reasons.

■ Term of office as outside director

The term of office of Sachiko Ichikawa as outside director shall be one (1) year from the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Sachiko Ichikawa except the remuneration she receives as outside director of the Company, and there are no vested interests between her and the Company's management.

While the Company has transaction relationships related to Tokyo Electron Ltd., Olympus Corporation, and The Board Director Training Institute of Japan, at which Sachiko Ichikawa concurrently serves at present, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and the companies at which she concurrently serves, which does not make these companies major business partners as per "the Criteria for independence of outside directors" established by the Company. Also, there are no special relationship between the Company and Tanabe & Partners Law Office at which she concurrently serves.

Based on the above, the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that she has sufficient independence and has reported her as an independent director to the Tokyo Stock Exchange.

■ Other special notes

Tokyo Electron Limited, of which Sachiko Ichikawa has been an outside director since June 2021, received administrative guidance in August 2022 from the Communications

Infrastructure Bureau of the Ministry of Internal Affairs and Communications regarding inadequate application procedures for equipment that falls under radio frequency application equipment in accordance with the provisions of the Radio Act at the company and its group companies. She was not aware of this fact until the time of the above revelation, but she regularly reminded the executive team of importance of legal compliance at board meetings and other meetings and alerted the board of directors. Following the occurrence of the fact, she has fulfilled her responsibilities as an outside director by, among other things, demanding that the company should take appropriate measures to ensure compliance with laws and regulations and to prevent recurrence.

No.	Name (Date of birth)	Biography		Number of Company shares owned
9	 Hiroshi Yoshida (April 3, 1959)	April 1983	Joined Hitachi Chemical Co., Ltd. (Present: Resonac Corporation)	—
		June 2001	General Manager in charge of Accounting of Financial Strategy Office of Hitachi Chemical Co., Ltd.	
		August 2003	General Manager in charge of Finance of Financial Strategy Office of Hitachi Chemical Co., Ltd.	
		April 2006	Treasurer of Hitachi Chemical Co. America, Ltd.	
		August 2008	Senior Manager of Corporate Planning & Development Office of Hitachi, Ltd.	
		October 2009	Senior Manager of Corporate Planning Office of Hitachi Chemical Co., Ltd.	Number of Company shares to be provided under the Stock Compensation Plan
		April 2010	Head of Finance Center of CSR Department of Hitachi Chemical Co., Ltd.	
		April 2014	General Manager of Risk Management Center of Hitachi Chemical Co., Ltd.	—
		April 2015	General Manager of Finance and Accounting Dept. of Corporate Business Strategy Headquarters of Hitachi Chemical Co., Ltd.	
		April 2016	Executive Officer, Deputy General Manager of Corporate Business Strategy Headquarters of Hitachi Chemical Co., Ltd.	
		June 2020	Audit & Supervisory Board Member of Hitachi Chemical Co., Ltd. (Retired in March 2024)	
		June 2024	Outside Director of the Company (Present post)	

■ Number of meetings of the Board of Directors/the Committee attended

Board of Directors meetings: 10/10

Audit Committee meetings: 10/10

■ Position and section of which the candidate is in charge in the Company

Position: outside director

Section: Audit Committee member

■ Important concurrent positions outside the Company

None

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Hiroshi Yoshida has held key positions at a globally operating listed chemical manufacturer. He has broad knowledge related to finance and accounting, abundant experience in management planning and strategy formulation in the manufacturing industry, and experience as both a corporate executive and an audit & supervisory board member. He assumed the post of outside director of the Company in 2024, and he proactively offers opinions based on his

wealth of specialist knowledge related to finance and accounting in addition to his extensive experience in management planning and strategy formulation in the manufacturing industry. In these ways, he fulfills such appropriate roles as supervising and giving advice on business execution. He is expected to continue contributing to the enhancement of the Company's management going forward. Moreover, as an Audit Committee member, he works to strengthen the Company's corporate governance through audit activities and discussions in the Audit Committee, and he is also expected to serve as the Audit Committee chairperson if his reelection is approved. Because of these achievements, the Company has judged that it can expect him to demonstrate the skills expected of him by the Company. Therefore, as the Company has judged that he can contribute to the enhancement of sustainable enterprise value, it has proposed that he continue serving as outside director and has put him forward as a candidate.

■ Term of office as outside director

The term of office of Hiroshi Yoshida as outside director shall be one (1) year from the conclusion of this Ordinary General Meeting of Shareholders.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Hiroshi Yoshida except the remuneration he receives as outside director of the Company, and there are no vested interests between him and the Company's management.

While he did serve as corporate executive and Audit & Supervisory Board Member of Hitachi Chemical Co., Ltd. (Present: Resonac Corporation), he retired in March 2024. Moreover, while the Company has a transaction relationship with Resonac Corporation, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and Resonac Corporation, which does not make Resonac Corporation a major business partners as per "the Criteria for independence of outside directors" established by the Company.

Based on the above, the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that he has sufficient independence and has reported him as an independent director to the Tokyo Stock Exchange.

No.	Name (Date of birth)	Biography	Number of Company shares owned
10	 Satoko Nakatani (February 19, 1965)	April 1987 Joined BROTHER SALES, LTD. October 1992 Joined Ito accounting firm March 1996 Registered as certified public accountant January 2001 Joined Chuo Aoyama Audit Corporation August 2006 Joined PricewaterhouseCoopers Aarata (Present: PricewaterhouseCoopers Japan LLC) July 2016 Partner of PricewaterhouseCoopers Aarata (Present post) April 2020 Statutory Auditor of Tokai National Higher Education and Research System (Present post)	—

Note: Satoko Nakatani will retire as a partner of PricewaterhouseCoopers Japan LLC in June 2025.

■ Number of meetings of the Board of Directors attended

-

■ Position and section of which the candidate is in charge in the Company

New candidate

■ Important concurrent positions outside the Company

Partner of PricewaterhouseCoopers Japan LLC

Statutory Auditor of Tokai National Higher Education and Research System

■ Reasons for nomination as a candidate for outside director and outline of expected roles

Satoko Nakatani, as a partner at an audit corporation, has been engaged in the auditing of a range of business types, mostly related to manufacturing and has been in charge of advisory services for various accounting systems and other matters. In addition, as a certified public accountant, she has broad knowledge and expertise in finance and accounting and extensive experience in auditing operations, etc. The Company believes that as an outside director of the Company, she will leverage her broad knowledge and expertise and extensive experience related to finance and accounting to not only provide supervision of the business execution at the Board of Directors but also offer objective suggestions, advice, and so forth from a wide range of perspectives to enhance the transparency of management. Moreover, she is expected to serve as an Audit Committee member if her election is approved. Because of these factors, the Company has judged that it can expect her to demonstrate the skills expected of her by the Company. Therefore, as the Company has judged she can contribute to the enhancement of sustainable enterprise value, it has newly proposed her as a candidate for outside director. Although she has not in the past been involved in the management of a company except as an outside director or outside audit & supervisory board member, the Company has judged that

she will fulfill her duties as an outside director based on the above reasons.

■ Independence of the candidate for outside director of the Company

The Company does not conduct monetary or other transactions with Satoko Nakatani, and there are no vested interests between her and the Company's management.

While the Company has transaction relationships related to consulting service with PricewaterhouseCoopers Japan LLC, at which Satoko Nakatani concurrently serves at present (she will retire as a partner of said firm in June 2025), in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and PricewaterhouseCoopers Japan LLC; in monetary terms, this is less than 9 million yen per fiscal year. Note that the Company has no sales to PricewaterhouseCoopers Japan LLC. Furthermore, while the Company has transaction relationships with Tokai National Higher Education and Research System, at which she concurrently serves at present, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and Tokai National Higher Education and Research System. Thus, neither PricewaterhouseCoopers Japan LLC nor Tokai National Higher Education and Research System is a major business partner as per "the Criteria for independence of outside directors" established by the Company.

Based on the above, the Company judges there to be no possibility of the occurrence of conflict of interest with general shareholders and that she has sufficient independence and plans to report her as an independent director to the Tokyo Stock Exchange.

(Reference) Skills expected of directors (Skills matrix)

At a Board of Directors meeting held on May 14, 2021, we established the skills expected of the directors from the viewpoint of sustainable increase in enterprise value, including the realization of the medium-term plan. Regarding the skill items, the Board of Directors and the Nomination and Remuneration Committee of the Company conducted an objective review considering the corporate philosophy, business model, growth strategy, etc., and selected seven important items expected of the directors to support growth toward the “contribution ‘in series’ to a sustainable society” outlined in the medium-term plan. Of these, “corporate management/sustainability,” “global business,” and “IT, technology/control and automation business” are particularly relevant to the Group’s sustainable growth over the medium and long term.

If this item is approved, the independence, diversity, and expected skills of the entire Board of Directors will be as follows.

Of the ten (10) candidates, three (3) are women (one (1) of whom is a foreign national).

Skills expected of directors (Skills matrix)

Name (Age as of June 25, 2025)	Positions & planned committee membership etc. as of June 25, 2025	Independence	Diversity	Expected skills						
		Independent director	Gender	Corporate management/ sustainability ^{*Note}	Global business	Financial affairs, accounting, finance	IT, technology/ control and auto- mation business	Sales, marketing	Manufacturing, research and development	Legal, risk management, compliance
Kiyohiro Yamamoto (60)	Director, Representative Corporate Executive, President & Group CEO, Nomination Committee Member		M	○	○		○	○	○	
Takayuki Yokota (64)	Director, Representative Corporate Executive Deputy President, Remuneration Committee Member		M	○	○	○				○
Hisaya Katsuta (67)	Director, Audit Committee Member		M			○			○	○
Mitsuhiro Nagahama (71)	Outside Director, Remuneration Committee Chairperson	○	M	○	○	○				
Anne Ka Tse Hung (61)	Outside Director, Nomination Committee Member	○	F		○					○
Shigeaki Yoshikawa (72)	Outside Director, Nomination Committee Chairperson, Remuneration Committee Member	○	M	○	○			○		
Tomoyasu Miura (63)	Outside Director, Chairperson of the Board	○	M	○			○	○		
Sachiko Ichikawa (58)	Outside Director, Nomination Committee Member	○	F	○		○				○
Hiroshi Yoshida (66)	Outside Director, Audit Committee Chairperson	○	M	○		○			○	
Satoko Nakatani (60)	Outside Director, Audit Committee Member	○	F	○		○				○

*Note: In order for the azbil Group to be able to achieve its stated objective of contributing “in series” to a sustainable society, “corporate management” and “sustainability” have been included together as one expected skill. Additionally, this item includes skills regarding the strengthening of human capital from the viewpoint of sustainability.

(Reference) Planned committee membership for each director

If this proposal is approved, the composition of each committee will be as follows. (The “◎” mark indicates chair.)

Name	Nomination Committee Member	Audit Committee Member	Remuneration Committee Member	Positions, etc. as of June 25, 2025
Kiyohiro Yamamoto	○			Representative Corporate Executive and President & Group CEO
Takayuki Yokota			○	Representative Corporate Executive Deputy President
Hisaya Katsuta		○		Non-executive Director
Mitsuhiro Nagahama (Outside)			◎	
Anne Ka Tse Hung (Outside)	○			
Shigeaki Yoshikawa (Outside)	◎		○	
Tomoyasu Miura (Outside)				Chairperson of the Board
Sachiko Ichikawa (Outside)	○			
Hiroshi Yoshida (Outside)		◎		
Satoko Nakatani (Outside)		○		

- **Nomination Committee:** Determines the proposals concerning the election and dismissal of directors submitted at the General Meeting of Shareholders, and deliberates on matters that include the appointment and removal of members of the three committees (nomination, audit and remuneration), the election and dismissal of corporate executives, and the succession plan.
- **Audit Committee:** Conducts audits and prepares audit reports on the execution of duties of corporate executives and directors, determines the content of proposals concerning the election, dismissal and non-reappointment of the accounting auditor, promotes systematic audits, etc.
- **Remuneration Committee:** Determines the policies for remuneration systems for directors and corporate executives, determines the individual remuneration, and deliberates on other matters concerning executive remuneration, such as establishing, revising, and abolishing remuneration systems.

(Reference) Views on Strategic Shareholdings and Present State

Taking into account our business strategies, business relationships, and cooperative business affiliations, the Company holds listed shares if they are judged to contribute to the enhancement of the Company's enterprise value from a medium- to long-term perspective, and to be instrumental in maintaining and strengthening our long-term business relationships. The Company's Board of Directors regularly verifies the significance of holding individual stocks to our business, including business and financial returns, to determine whether these holdings are worth capital costs from the viewpoint of economic rationality. The results of this verification are reported along with any risks involved in holding a stock. Should it be determined, as a result of this verification, that holding an individual stock is not sufficiently advantageous, and that it cannot be judged to contribute to the improvement of the Company's enterprise value from a medium- to long-term perspective, our policy is to reduce our holdings of that stock by selling shares when deemed appropriate in light of stock prices and market trends.

	As of March 31, 2024			As of March 31, 2025		
	Number of stocks	Total amount of balance sheet (Millions of yen)	Ratio of consolidated net assets (%)	Number of stocks	Total amount of balance sheet (Millions of yen)	Ratio of consolidated net assets (%)
Unlisted shares	11	1,127	0.5	10	1,013	0.4
Shares other than unlisted shares	19	21,099	9.4	16	17,982	7.5
Total	30	22,226	9.9	26	18,996	7.9

(Reference)

Criteria for independence of outside directors

The Company formulated its own criteria for independence of outside directors for appointing outside director and judges that a person is not independent if he/she falls under any of the items below:

1. A person who serves as an executive^{*1} of the Company or its consolidated subsidiary, or who served for ten (10) years prior to being appointed;
^{*1}: "executive" refers to an executive director, a corporate executive, an executive officer or a head of a department and other general employees.
2. A person who served as an executive of the Company or its consolidated subsidiary for ten (10) years prior to being appointed as a non-executive director or an Audit & Supervisory Board member of the Company or a subsidiary of the Company;
3. A person who has served as a non-executive director of the Company or its consolidated subsidiary for more than twelve (12) years in principle;
4. A person who has served as an Audit & Supervisory Board member of the Company or its consolidated subsidiary for more than twelve (12) years; three (3) terms in principle;
5. A person who serves as an executive of a major business partner of the azbil Group (a business partner that makes a payment in the amount exceeding 2% of its annual consolidated sales for the latest fiscal year or any of the preceding three (3) fiscal years or receives such a payment), or who has served in the last three (3) years;
6. A person who serves as an executive or an Audit & Supervisory Board member of a major lender^{*2} of the azbil Group or its parent company or its significant subsidiary, or who served in the last three (3) years;
^{*2}: A major lender refers a financial institution group from which the azbil Group has borrowed funds where the outstanding aggregate of those borrowings exceeds 2% of consolidated total assets of the azbil Group as of the end of the Company's fiscal year in situations where the azbil Group effectively has loans payable (net balance of loans exceeding current liquidity deposited to such lender).
7. A related party of the accounting auditor or audit firm etc. of the azbil Group, or who has served in the last three (3) years in such position (including those who have already resigned from such position);
8. A lawyer, certified public accountant, or other consultant who does not fall under the item 7 above and who received money and other economic benefits in the annual average amount of 10 million yen or more over the past three (3) years other than executive compensations from the azbil Group;
9. A member, partner, associate or employee of a law firm or an audit firm, etc. who does not fall under items 7 or 8 above where the azbil Group is a major business partner of the said law firm, audit firm, etc., (a company that received a payment from the Company or a consolidated subsidiary in the annual average amount of 2% or more of the consolidated net sales of the company over the past three (3) fiscal years);
10. A person who serves as an executive or an Audit & Supervisory Board member of a current major shareholder of the Company (a shareholder that holds 10% or more of voting rights in the Company), its parent company or its significant subsidiary, or who served in such a position in the last five (5) years;
11. A person who serves as an executive or an Audit & Supervisory Board member of a company that accepts a director seconded from the azbil Group, its parent company or its subsidiary;
12. A person who serves as an executive or an Audit & Supervisory Board member of a company in which the Company is a major shareholder;
13. A person who serves as an executive of an organization such as a public interest incorporated foundation, a public interest incorporated association, or a non-profit organization that has received a donation or subsidy from the azbil Group in the annual

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|---|
| <p>average of 10 million yen or more over the past three (3) fiscal years; and</p> <p>14. A spouse, a person within the second degree of consanguinity or a relative residing in the same household of a person for whom any of the above items (1 to 13) are applicable.</p> |
|---|

- Notes:
1. There are no vested interests between the candidates and the Company.
 2. The seven (7) candidates Mitsuhiro Nagahama, Anne Ka Tse Hung, Shigeaki Yoshikawa, Tomoyasu Miura, Sachiko Ichikawa, Hiroshi Yoshida and Satoko Nakatani are candidates for outside director, set forth in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act.
 3. The above biographies, positions and sections of which they are in charge in the Company, and important concurrent positions outside the Company are effective as of the start date of measures for electronic provision.
 4. The Company enters into contracts, which limit legal liability of outside directors under Article 423, Paragraph 1 of the Companies Act, with outside directors. The policy is outlined on “3. Matters Concerning Officers (1) Directors and corporate executives” in the Business Report. Of the candidates, the six (6) candidates Mitsuhiro Nagahama, Anne Ka Tse Hung, Shigeaki Yoshikawa, Tomoyasu Miura, Sachiko Ichikawa and Hiroshi Yoshida have signed a limited liability contract with the Company. In addition, the Company plans to conclude a limited liability contract with Satoko Nakatani if her appointment is approved.
 5. The Company has entered into a directors and officers liability insurance policy with an insurance company. The policy is outlined on “3. Matters Concerning Officers (1) Directors and corporate executives” in the Business Report. Of the candidates, the nine (9) candidates Kiyohiro Yamamoto, Takayuki Yokota, Hisaya Katsuta, Mitsuhiro Nagahama, Anne Ka Tse Hung, Shigeaki Yoshikawa, Tomoyasu Miura, Sachiko Ichikawa and Hiroshi Yoshida are already insureds under the policy and will continue to be insureds if their reelections are approved. In addition, Satoko Nakatani is to become insureds if her election is approved. Moreover, the Company plans to renew the policy with the same content during their term of office.
 6. The number of shares planned to be transferred based on the stock compensation plan is listed as the number of confirmed points awarded to each candidate residing in Japan as of the end of March of the current year. Furthermore, stock-based compensation for directors who concurrently serve as corporate executives is 50% performance-linked (this portion fluctuates based on the level of achievement of performance targets in the medium-term plan) and 50% non-performance-linked. The performance-linked portion that has not been confirmed at present is not included in the number of shares planned to be transferred. For details on the executive remuneration system, please refer to “3. Matters Concerning Officers (2) Remuneration, etc. paid to directors and corporate executives” in the Business Report.

Business Report

(From April 1, 2024 to March 31, 2025)

1. Matters Concerning the Present State of the Corporate Group

(1) Principal business (As of March 31, 2025)

The azbil Group pursues “human-centered automation” for people’s safety, comfort and fulfillment and to contribute to the global environment with measurement and control technologies, developing its Building Automation business in the building market and its Advanced Automation business in the industrial market, as well as its Life Automation business through lifeline and health in the lifestyle-focused market.

The azbil Group handles the following major products.

Segment	
BA: Building Automation Business	
Major Products	
● Room temperature / humidity sensor ● Ceiling-mounted temperature sensor ● Room temperature and humidity controller ● Infrared array sensor ● Wireless sensor ● Digital user terminal ● Multi-area user terminal ● Integrated user device ● BA systems	● Access control system ● Contactless smart-card reader ● Controller for air conditioning equipment ● Heating/cooling plant controller ● VAV damper ● Motorized control valve with flow measurement and control functions, etc.
Segment	
AA: Advanced Automation Business	
Major Products	
● Control valve ● Multi-loop controller with multifunction display ● Digital mass flow controller ● Network instrumentation modules ● Differential/pressure transmitter ● Electromagnetic flow meter ● Smart valve positioner ● Monitoring and control system ● Process controller	● Adjustable proximity sensor ● Photoelectric switch ● Advanced ultraviolet flame detector ● Limit switch ● Micro flow rate liquid flowmeter ● Advanced critical trend monitoring for safety ● Online anomaly monitoring system, etc.
Segment	
LA: Life Automation Business	
Major Products	
● Cloud Service ● Intelligent city gas meter ● Ultrasonic gas meter ● LP gas smart diaphragm meter ● High-function (popular type) diaphragm microcomputer meter	● High-pressure regulator ● Battery-operated electromagnetic water meter ● Electronic counter type water meter ● Central air conditioning system ● Central air purifying and ventilation system, etc.
Segment	
Others	
Major Products	
● Insurance agent business, etc.	

(2) Overview for the current fiscal year

The business environment for the azbil Group is as follows.

In the field of heating, ventilation, and air conditioning (HVAC) control equipment/systems for large-scale buildings in Japan, strong demand driven by urban redevelopment plans has continued while retrofit demand, including interest in solutions for energy saving and lower CO2 emissions, has remained strong. As for equipment/systems for production facilities, there has been continuing demand for the decarbonization of factories and plants, and for the promotion of digital transformation (DX). Also, there have been signs of recovery in certain areas of the factory automation (FA) market, which had been experiencing sluggish demand from the previous consolidated fiscal year.

As a result, financial results for the current consolidated fiscal year were as follows.

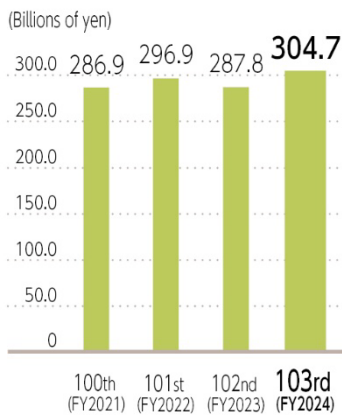
Orders received were 304,723 million yen, up 5.9% on the 287,851 million yen recorded in the previous consolidated fiscal year. This was mainly due to an increase in the Building Automation (BA) business driven by robust market conditions and the renewal of large-scale multi-year service contracts, and despite a drop in orders for the Life Automation (LA) business due to the transfer of equity interests in Azbil Telstar S.L.U. (hereinafter referred to as “Azbil Telstar”) ^{*1}. For the same reason, LA business sales fell, but a significant increase in sales was achieved in the BA business, reflecting the growth in orders received in the previous consolidated fiscal year as well as the steady progress made with leveling the workload; consequently, overall net sales were 300,378 million yen, up 3.2% on the 290,938 million yen recorded in the previous consolidated fiscal year.

As regards profits, there was an impact from the increase in R&D expenses required by the medium-term plan, as well as increases in DX-related, personnel and other expenses; however, thanks to revenue growth and measures to enhance profitability, including cost pass-through, operating income significantly improved to 41,486 million yen, up 12.6% on the 36,841 million yen recorded in the previous consolidated fiscal year. Although foreign exchange losses were recorded, this growth in operating income and other factors led to higher ordinary income, which was 42,170 million yen, up 8.1% on the 38,999 million yen recorded in the previous consolidated fiscal year. Mainly due to the recording of gain on sale of equity interests (approximately 7.6 billion yen) in Azbil Telstar, net income attributable to owners of parent rose to 40,955 million yen, up 35.6% on the 30,207 million yen recorded in the previous consolidated fiscal year.

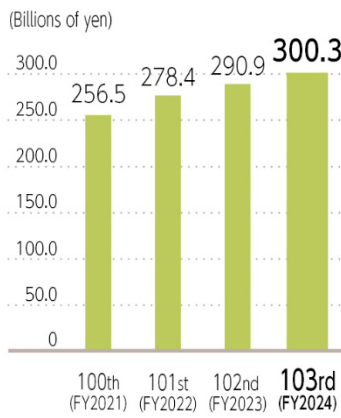
^{*1} Azbil Corporation transferred all equity interests in Azbil Telstar on October 31, 2024 (Central European Time).

As a result of this transfer, Azbil Telstar and its subsidiaries were excluded from the Company's scope of consolidation at the end of the third quarter of the fiscal year ended March 31, 2025.

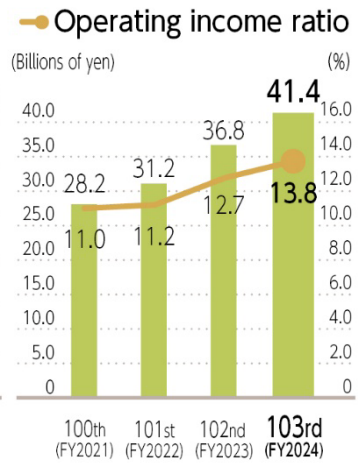
Orders received



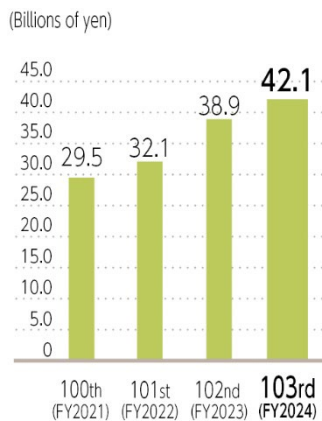
Net sales



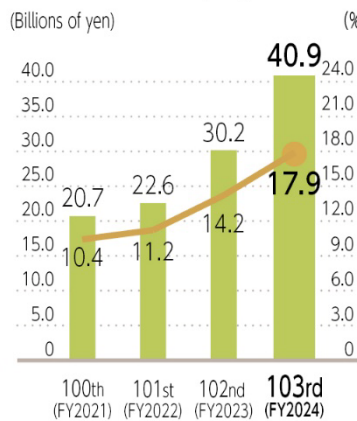
Operating income (loss)



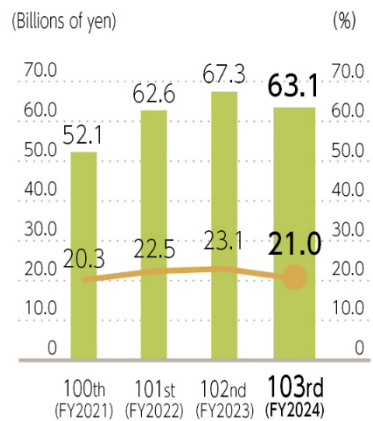
Ordinary income



Net income attributable to owners parent



Overseas sales



The results for the individual reportable segments are as follows.

Building Automation (BA) Business

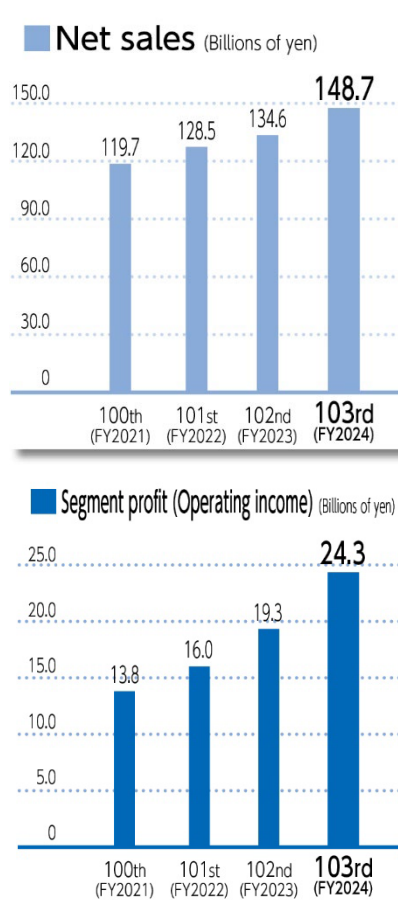
Regarding the BA business environment, in the domestic market demand for office buildings in urban redevelopment projects has leveled off but remains at a high level. In addition to the demand for energy savings and CO2 reduction, there is continuing interest in new solutions, suited to new work styles, which create environments offering post-pandemic safety. As regards overseas markets, investment is expanding and already exceeds pre-pandemic levels.

In this business environment, we have not only made progress with securing orders, but also striven to ensure enhanced job execution capabilities and greater efficiencies through DX promotion—particularly on construction and service sites—that meet the requirements of the work-style reforms. Moreover, we have made progress with the expansion of our product lineups and services to better meet the needs of customers, in Japan and abroad, who are interested in harnessing such technologies as IoT and cloud computing.

Consequently, the financial results of the BA business for the current consolidated fiscal year were as follows.

Orders received increased, 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 for which the business infrastructure is being reinforced. Consequently, for the BA business as a whole, orders received significantly increased to 153,640 million yen, up 12.3% compared to the previous consolidated fiscal year, when a figure of 136,782 million yen was recorded. Bolstered by progress being made with leveling the workload domestically, sales increased in the fields of new buildings, existing buildings and service, while overseas business sales expanded. This resulted in sales of 148,770 million yen, a significant increase of 10.5% on the 134,655 million yen recorded in the previous consolidated fiscal year. Despite increased outsourcing costs as well as higher personnel and DX-related expenses and R&D investments, thanks to increased revenue, mainly in the highly profitable existing building and service fields, and the result of measures to enhance profitability, including cost pass-through, segment profit significantly improved to 24,363 million yen, up 25.8% compared to the previous consolidated fiscal year, when a figure of 19,373 million yen was recorded.

As for the medium- to long-term outlook, large-scale redevelopment projects continue to be planned, and numerous retrofit projects are anticipated. While giving consideration to profitability, the BA business is committed to responding to this demand. Moreover, we will continue developing our Energy Service Provider (ESP) model to meet customer requirements for decarbonization—making energy savings and using renewable energy—and we are progressing with our expansion into the data center market; both of these may involve business partnerships. Customers are also looking for offices designed to improve workplace wellness that not only satisfy post-pandemic demand for enhanced safety and peace of mind, convenience and comfort, but are also suited to new work styles. In response to this demand, we will supply solutions such as cloud-based services and a new HVAC system, thereby aiming to achieve sustainable growth. From the perspective of strengthening profitability, we will promote DX in sales and engineering while also engaging in business process reforms and other initiatives to further ensure that a high-profit structure is established.



*Each figure above includes intersegment internal sales.

Advanced Automation (AA) Business

Regarding market trends in Japan and abroad relevant to the AA business, in the process automation (PA) market domestic demand centering on maintenance and refurbishment has remained firm. Meanwhile, in the FA market, despite the delayed recovery in the China market, signs of recovery have been observed in some areas.

Amidst this business environment, we have aimed to achieve business expansion through two growth initiatives—business growth overseas and the creation of new automation. At the same time, we have continued working on improving procurement and production processes to address parts procurement difficulties, as well as boosting profitability.

Consequently, the financial results of the AA business for the current consolidated fiscal year were as follows.

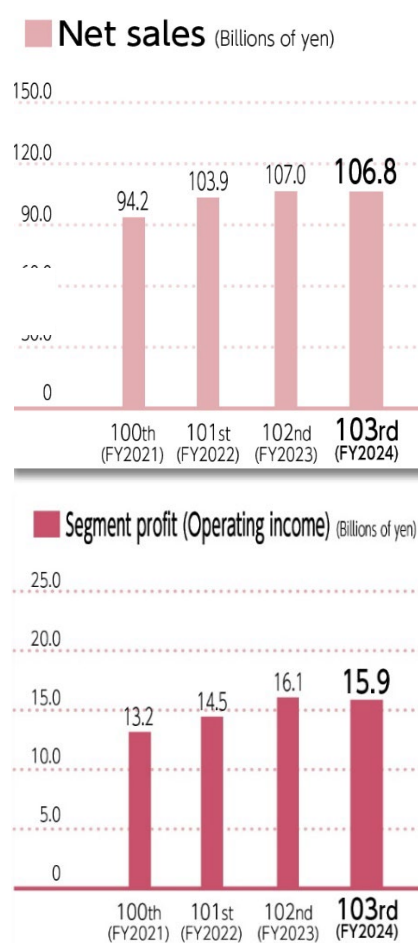
Orders received were 105,986 million yen, up 4.4% on the 101,481 million yen recorded in the previous consolidated fiscal year. This was due to robust conditions in the PA market, and also signs of a recovery in demand in the FA market, and despite the impact of a number of large-scale projects that had been recorded in the previous consolidated fiscal year. Also, although the FA market was affected by sluggish market conditions, thanks to the robust PA market sales were 106,836 million yen, on a par with the previous consolidated fiscal year, when a figure of 107,052 million yen was recorded. As for segment profit, although increases in personnel and other expenses, coupled with increased investments in overseas markets, DX and R&D, had a negative impact, the measures implemented to strengthen profitability, including cost pass-through, continued to have a positive impact. Consequently, segment profit was 15,997 million yen, on a par with the previous consolidated fiscal year, when a figure of 16,118 million yen was recorded.

Although sluggish conditions have continued in the FA market, steady progress is being made with the two growth initiatives—business growth overseas and the creation of new automation—and we expect this will contribute to growth when the market recovers. In the long term, we can expect the industrial automation market to expand globally, satisfying customer needs for automation to facilitate the decarbonization of factories, to solve the challenges presented by labor shortages and aging facilities, and to introduce new production methods. Based on the three AA business sub-segments (CP, IAP, and SS)*², we are aiming to achieve highly competitive business growth by expanding into growth areas such as overseas business; by accelerating the development and market introduction of products and services that incorporate advanced technologies such as AI, cloud computing, and microfabrication; and by creating new automation that will be uniquely served by the azbil Group.

*² CP business: Control Product business (supplying FA products such as controllers and sensors)

IAP business: Industrial Automation Product business (supplying PA products such as differential pressure transmitters, pressure transmitters, and control valves)

SS business: Solution and Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)



*Each figure above includes intersegment internal sales.

Life Automation (LA) Business

The LA business covers three fields: Lifeline (gas/water meters, etc.), Life Science Engineering (LSE: pharmaceutical/laboratory market), and Lifestyle-related (residential central air-conditioning systems). The business environment differs for each field.

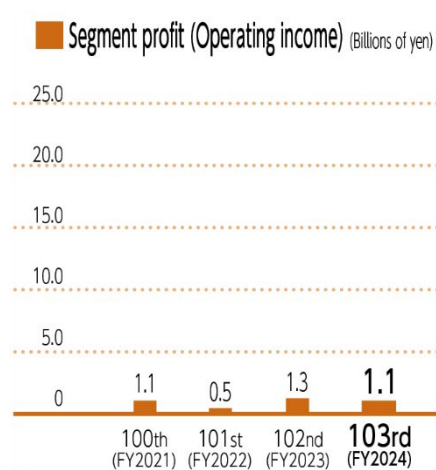
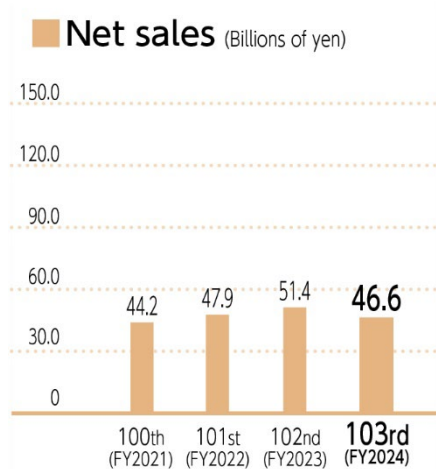
The Lifeline field depends on the cyclical demand for meter replacement as required by law. Though demand can be expected to remain basically stable, the cyclical demand for LP gas meters is currently at a low ebb. In the LSE field, for which business had been developed overseas, we were affected by the impact of industry restructuring and the economic uncertainty resulting from disorder in the European region, and, in order to proceed with the restructuring of our business portfolio, we transferred our equity interests in Azbil Telstar ^{*3}, which was operating in the LSE field. The resulting exclusion of Azbil Telstar and its subsidiaries from the Company's scope of consolidation has affected LA business financial results for the current consolidated fiscal year.

^{*3} We have restructured our business portfolio to improve capital efficiency and transferred all equity interests in Azbil Telstar, which had played a central role in the LSE field, to Falcon Acquisition, S.L.U., a wholly owned subsidiary of Syntegon Technology GmbH on October 31, 2024 (Central European Time). As a result of this transfer, Azbil Telstar and its subsidiaries were excluded from the Company's scope of consolidation at the end of the third quarter of the fiscal year ended March 31, 2025.

As a result of the above-mentioned business environment and the restructuring of our business portfolio, the financial results of the LA business for the current consolidated fiscal year were as follows.

As regards orders received, due mainly to the decrease in the LSE field, the LA business overall recorded 46,845 million yen, down 9.4% on the 51,689 million yen recorded for the previous consolidated fiscal year. Sales in the Lifeline and Lifestyle-related (residential central air-conditioning systems) fields were on a par with the previous consolidated fiscal year, but LSE sales decreased for the same reason as the fall in orders received; as a result, overall sales were 46,634 million yen, down 9.3% on the 51,404 million yen recorded in the previous consolidated fiscal year. In addition to this decrease in the LSE field, an increase in personnel and various other expenses resulted in a segment profit of 1,171 million yen, down 14.9% on the previous consolidated fiscal year, when a figure of 1,375 million yen was recorded.

In the LA business, now that the transfer of equity interests in the LSE field has been completed, we will continue implementing appropriate reforms in response to the changing business environment—improving profitability, including cost pass-through, and reexamining business processes through the promotion of DX. In the Lifeline field, so as to grasp the opportunities provided by changes in the business environment for the energy supply market, in addition to our business of supplying products—potentially including smart meters—we will strive to create a new business that provides services based on data collected from meters utilizing IoT and other technologies. In the field of residential central air-conditioning systems, we will promote business based on products, suited to both new and existing houses, which offer living-space comfort, good air quality, and energy-saving performance.



^{*}Each figure above includes intersegment internal sales.

Other

In Other business, principally our insurance agent business, orders received in the current consolidated fiscal year were 59 million yen (compared with the 57 million yen recorded in the previous consolidated fiscal year), sales were 59 million yen (compared with the 57 million yen in the previous consolidated fiscal year), and segment loss was 37 million yen (compared with the segment loss of 20 million yen in the previous consolidated fiscal year).

Orders received, sales, and profit and loss by segment

(Millions of yen)

Reportable segment	Orders received			Sales			Segment Profit and Loss (Profit Ratio)	
	102nd term (Fiscal year ended March 31, 2024)	103rd term (Current Fiscal year ended March 31, 2025)	Increase/ decrease ratio (%)	102nd term (Fiscal year ended March 31, 2024)	103rd term (Current Fiscal year ended March 31, 2025)	Increase/ decrease ratio (%)	102nd term (Fiscal year ended March 31, 2024)	103rd term (Current Fiscal year ended March 31, 2025)
Building Automation	136,782	153,640	12.3	134,655	148,770	10.5	19,373 (14.4%)	24,363 (16.4%)
Advanced Automation	101,481	105,986	4.4	107,052	106,836	△0.2	16,118 (15.1%)	15,997 (15.0%)
Life Automation	51,689	46,845	△9.4	51,404	46,634	△9.3	1,375 (2.7%)	1,171 (2.5%)
Total of reportable segments	289,952	306,472	5.7	293,112	302,241	3.1	36,867 (12.6%)	41,532 (13.7%)
Other	57	59	2.7	57	59	2.6	△20 (△36.1%)	△37 (△62.5%)
Elimination	(2,159)	(1,808)	—	(2,231)	(1,922)	—	(5)	(8)
Consolidated	287,851	304,723	5.9	290,938	300,378	3.2	36,841 (12.7%)	41,486 (13.8%)

(3) Capital investment

Capital investment in the current fiscal year totaled 9,839 million yen, as we invested in new product development, streamlining and strengthening production system.

(4) Financing

There is no important fund raising to list for the current fiscal year.

(5) Issues to be tackled

Based on the Group philosophy of “human-centered automation,” the azbil Group strives—through its business operations—to contribute “in series” to the achievement of a sustainable society. In this way we endeavor to realize the well-being of society and thus the well-being of all the Group employees. Also, by building relationships of trust with all stakeholders, we aim to continuously improve enterprise value. We are thus committed to meeting the expectations of all our stakeholders.

The azbil Group’s basic goal is to improve consolidated return on equity (ROE) and thus increase shareholder value. On May 13, 2025, we revised upward our long-term targets for FY2030 from the initial targets announced on May 14, 2021, and aim to achieve net sales of 420.0 billion yen, operating income of 65.0 billion yen, operating income margin of 15.5%, and an ROE of 15%. By leveraging the results of our measures to strengthen profitability in the previous medium-term plan (FY2021-2024) ^{*1}, we strive for further business expansion by cultivating growth fields on the top of our business based on the strong relationship with customers over the long term.

In FY2024, the final year of the previous medium-term plan, we endeavored to strengthen business profitability, planning to achieve net sales of 300.0 billion yen, operating income of 37.5 billion yen, an operating income margin of 12.5%, and an ROE of 12.2%. Our actual results were net sales of 300.3 billion yen, operating income of 41.4 billion yen, an operating income margin of 13.8%, and an ROE of 17.9%.

Taking the above into consideration, the new three-year medium-term plan ^{*2} sets as targets for FY2027, the final year of the plan, net sales of 340.0 billion yen, operating income of 51.0 billion yen, an operating income margin of 15.0%, and an ROE of 14%.

During the term of the previous medium-term plan (FY2021-2024), the market environment continued to change significantly as a result of the COVID-19 pandemic. FY2024, the final year of the plan, was a period of drastic change for many companies, with advances in technology such as generative AI, inflation, global supply chain issues, heightened geopolitical risks, and trade friction. Although the business environment varies between markets, amidst this increasing uncertainty the azbil Group worked to secure orders from customers wanting to enhance productivity, striving to increase revenue by making steady progress with improving our procurement and production processes. Moreover, to address higher costs resulting from inflation the Group strengthened profitability using cost pass-through, and also improved operational efficiency. In these ways we were able to set a new record for business results.

As well as representing the second phase in achieving our long-term goals for FY2030, the new medium-term plan (FY2025-2027) represents our commitment to evolve and co-create toward contributing “in series” to the achievement of a sustainable society beyond 2026, our 120th anniversary. We have always looked ahead to the future—tracking changes, updating our “founding DNA” to stay in tune with the times, and evolving. In doing so, we respond sincerely to the wishes of our customers and feedback from the customer sites, and during the previous medium-term plan (FY2021-2024), we achieved business expansion in many fields, including the three growth fields.^{*3} Under the new medium-term plan, we recognize as fresh business opportunities technological advances, such as those seen in semiconductors, and emerging social issues that derive from societal and environmental changes, such as the drive for carbon neutrality. We will steadily invest in enhancing human capital, strengthening product competitiveness, and promoting DX. Despite ongoing changes in the business environment—including geopolitical risks around the world, and inflation triggered by the US policy of “reciprocal tariffs”—we will continue to offer value, such as high quality and efficiency. This we do by focusing on our specialty: the long-term provision

of products and services that are tailored to the lifecycle of our customers' sites—such as factories, commercial buildings, and lifeline facilities. In this way, we aim to achieve sustained and stable growth for the azbil Group. The specific details of those initiatives are as follows.

*1 On May 14, 2021, the azbil Group published its medium-term plan (FY2021-2024).

*2 On May 13, 2025, the azbil Group published its new medium-term plan (FY2025-2027).

*3 Three growth fields: New automation, environment and energy, and life-cycle solutions.

1) Sustainability Management

The azbil Group is adopting the approach of double materiality (approach that assesses importance from two angles including the financial impact that the environment and society have on the company and the impact that corporate activities have on the environment and society) and has identified ten material issues in five fields as priority issues to be tackled over the long term. Based on this materiality, we have formulated specific targets for the seven material issues related to our business and general corporate activities, within the domain of the SDGs (Sustainable Development Goals), as the essential goals of the azbil Group for the SDGs. At the same time, regarding the remaining three material issues, which are the fundamental obligations to society that a company must fulfill, we have also set specific goals for our CSR activities. We aim to achieve sustainable growth through the promotion of the azbil Group's sustainability management by carrying out initiatives aimed at achieving the individual goals in the areas of the SDGs and CSR activities.

2) Domestic Business

For the Building Automation (BA) business, robust demand for large-scale construction is expected in Japan over the medium to long term. In this type of favorable environment, we will continue to provide high-quality products and field services that satisfy our customers. We will also provide new products unique to the azbil Group in response to new needs centered on carbon neutrality and wellness and pursue business development through collaboration with other companies.

In terms of examples of specific carbon neutral initiatives, we can cite our participation in the business of introducing renewable power schemes that convert traditional power sources to power derived from renewable energy*⁴ for the power used in both buildings in the off-site physical corporate PPA*⁵ being implemented at the Yomiuri Shimbun's headquarters building and its North Tokyo Plant. Through our participation in this project, we are working to further update our building automation technologies starting with heat storage control and our demand response*⁶ technologies, as we aim to support the carbon-neutral initiatives of our customers and to contribute to realizing a decarbonized society.

In the Advanced Automation (AA) business, although the business is impacted by fluctuations in economic cycles, we can make significant contributions mainly through the measurement and control fields in response to needs for decarbonization, the circular economy, advanced production, safe and stable operations, and addressing personnel shortages, and we expect both further expansion in business fields and business growth. As our growth strategy, we are creating "new automation fields unique to azbil" that respond to both changes in the social environment and changing technological trends. We are also steadily implementing various policies to strengthen profitability including reducing costs and optimizing selling prices through our operations in the three AA business sub-segments, CP, IAP, SS.

As an example of a product in the new automation field, we launched sales of "Deep

Anchor™,” an AI-driven navigation system for quality management operations. Developed based on the concept of autonomous quality management, this system automatically identifies factors that could impact product quality and oversees quality changes in the manufacturing process in real time. Additionally, in the rare event that a product is rejected during quality inspection, Deep Anchor has an innovative feature that automatically investigates and reports on the root cause of that failure.

In the Life Automation (LA) business, we are working to improve profitability through cost pass-through and other measures in response to stable demand for our core service of the replacement of gas and water meters in the Lifeline field. Moreover, with our base of stable replacement demand based on the Measurement Law, we are promoting smart gas and water meter systems and our Smart Metering as a Service (SMaaS) business that combines smart meters with telecommunications and a cloud system, as we aim to provide new value to our customers and society. Furthermore, in the residential central air-conditioning systems field, we are improving profitability by expanding our coverage to include a wide range of houses from newly built houses, existing houses to small-scale houses, and strengthening on-site capabilities by adding IoT technologies to our service engineering capabilities over the long term. We are aiming to expand our business as a provider of comfortable living spaces in the central air-conditioning systems field that contributes to healthy, comfortable lifestyles as well as energy savings for our customers.

*4 Renewable energy: A form of energy that generates power or heat using natural energy sources such as solar energy, wind, and temperature difference.

*5 Corporate PPA (Power Purchase Agreement): An agreement in which a company purchases renewable energy power from a power provider over the long term for a fixed cost. An off-site PPA procures power from a power plant in a remote location using a standard power grid, and in a physical PPA, the power company provides both power and the environmental value as a set to buyers through a power retailer.

*6 Demand response: The owner of a buyer-side energy source or a third party regulates that energy source to change the power demand pattern.

3) Overseas Business

In the BA business, the trend toward urbanization continues centered on the construction market in the Asian region, and we expect to see more demand for office upgrades. As such, we are promoting the provision of products and services that utilize our strengths in energy-saving application technologies, engineering and services in our domestic business model. Furthermore, in the datacenter market, which is poised for growth, the azbil Group exhibited at the 10th Data Centre World Asia (DCWA) 2024 held in Singapore as a silver sponsor, working to expand our customer network, to examine possibilities for further collaboration, and to enhance our market presence in the entire Southeast Asian region.

In the AA business, while there are cyclical economic fluctuations from a medium- to long-term standpoint, we expect continued investment in the automation of manufacturing facilities against the backdrop of expectations for continued global economic growth, further demand for productivity improvement, addressing aging facilities, expanded environmental regulations, and the application of new technologies. Amid these conditions and in anticipation of transitions in the industrial structure aimed at a decarbonized society, we are pioneering new automation fields such as through the development of enhanced product aimed at new markets, and our online anomaly monitoring system and AI-based equipment diagnosis. Additionally, by continuing to strengthen the sales structure and improve the quality of sales activities in strategic regions, we are expanding our customer coverage and making steady progress in developing our business infrastructure. We will also continue to secure high profit ratios through the continuation of measures to enhance profitability

including cost pass-through.

In the LA business, we developed our business in the Life Science Engineering field mainly at Azbil Telstar in Spain. However, amid industry reorganization, we performed successive evaluations from the standpoint of rebuilding our business portfolio based on improved capital efficiency. To invest our management resources efficiently into growth fields, in October 2024, we transferred all of the equity interests in Azbil Telstar to a wholly owned subsidiary of Syntegon Technology, a major European package solution company.

In addition to our initiatives in the three domestic and overseas business segments above, we concluded new investment agreements with two U.S. venture funds with the aims of conducting technology exploration, acquiring new technologies, strengthening our business infrastructure, and expanding our business fields. Specifically, we concluded investment agreements with DNX Ventures for climate change and AI, and with MetaProp in the BA business field. We are also accelerating initiatives with a focus on cooperation and collaboration with the companies that invest in these funds (limited partners).

4) Production and Development

To expand the azbil Group's business, we have built a global production system and strengthened development investment to enhance product competitiveness. In Japan, we strengthened cooperation between the Shonan Factory, which is the core base of our production function, and the technology development function of the Fujisawa Technology Center, and we are continuing to upgrade its function as the azbil Group's mother factory. Furthermore, at our new laboratory buildings at the Fujisawa Technology Center, we made progress with development projects for cutting-edge system solutions using cloud technology and AI as well as of high-function, high-precision devices using MEMS^{*7} technology.

Overseas, we are developing our production systems to match global business expansion. At our Thailand production base, to expand our production models to newly accommodate products requiring sophisticated production technologies such as for electromagnetic flow meters for the industrial market, we completed a new factory building in April 2024. Furthermore, in August 2024, we decided to establish the production subsidiary Azbil Vietnam Production Co., Ltd., completing the company registration in March 2025. This is positioned not only as a policy to strengthen our production capabilities, but also to create an appropriate production system to realize cost reduction for enhanced competitiveness and continuous product supply, and to respond to geopolitical risk, which has become more of a concern in recent years.

We are continuing to focus on securing development personnel responsible for strengthening our product competitiveness. To promote cooperation with external partners in our global development system, we are acquiring and developing diverse personnel rich in both adaptability and receptivity. Specifically, we have concluded a memorandum of understanding to strengthen the comprehensive cooperative relationship, including industry-academia collaboration, with University of Technology Malaysia (UTM^{*8}) and Malaysia Japan International Institute of Technology (MJIT^{*8}), with which the azbil Group has a strong track record of both hiring graduates and receiving interns. We plan to pursue joint research and development with these institutions based on measurement and control technologies, starting with decarbonization technology.

In addition, due to geopolitical risk, we expect global supply chain issues, surging prices for energy and parts, and inflation to continue for a certain extent. Therefore, while

continuing to improve our production operations, we will expand the scope of our BCP initiatives to minimize the impact on our customers when emergencies occur. As part of these efforts, in April 2025, we established the Kyoto Distribution Center as a new logistics hub.

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

*8 University of Technology Malaysia is a research university that promotes innovation and entrepreneurship in the field of engineering science and technology, with locations in Malaysia's capital Kuala Lumpur and the city of Johor Bahru in the southern development corridor of Iskandar Malaysia, where economic activities are booming. Malaysia Japan International Institute of Technology (MJIT) is one of the departments of UTM and was established in 2010 as part of Malaysia's Look East Policy.

5) Management and Administration and Human Capital

In management and administration, in terms of risk management, to minimize the impact of potential future risk events, every year we comprehensively identify risks considering changes in the external business environment. After that, in addition to selecting major risks based on quantitative evaluation standards for the monetary impact and the frequency of occurrence, the frontlines come together with upper management to strengthen policies to address uncertainty. We are also moving forward with preparations and accounting level improvements for the voluntary application of the International Financial Reporting Standards (IFRS) and strengthening the accompanying internal controls.

The azbil Group also sees human resources as the “capital” necessary for sustainable growth. Based on the universal approach that “employees are an important asset and the source of our new corporate culture and creation of enterprise value,” we are strengthening our human capital toward contributing “in series” to a sustainable society. To accommodate changes in our business structure in line with future technological development as well as new developments in social conditions, we have organized the human resources requirements as resources necessary in achieving our long-term targets and medium-term plan. We will hire talented human resources for the recruitment of new graduates and mid-careers regardless of the joining period by utilizing various approaches, such as referral hiring and alumni hiring. In addition, we are preparing personnel systems to help employees flourish over the long term, providing training that aligns with our business strategies, and assigning positions.

The azbil Group is also proactively pursuing activities and initiatives aimed at ESG (environment, society, governance). In terms of E (environment), we have expressed our agreement with the Japan Business Foundation's “Keidanren Initiative for Biodiversity Conservation.” To realize a sustainable society, we are working to integrate our business activities with a wide range of social and environmental activities including climate change policies, resource recycling policies, and biodiversity conservation policies. In terms of climate change policies, we participated in the United Nations Global Compact's “Annual Local Network Forum 2024 Global Compact Network Japan High Level Meeting” and “Private Sector Forum 2024.” In addition to recommendations to accelerate policies to address climate change, we stressed the importance of collaboration among companies in different countries to accelerate the promotion of the SDGs. In terms of biodiversity conservation policies, we are contributing to biodiversity through our businesses from the standpoint of “nature positive^{*9}” and coordinating with our supply chains and relevant organizations in Japan and overseas to strengthen nature conservation initiatives. Furthermore, in August 2024, we registered the azbil Group as a Taskforce on Nature-related Financial Disclosures (TNFD) Adopter^{*10, 11} and are promoting activities in line with the TNFD.

Regarding S (society), in August 2024, the Company began human rights due diligence to identify any negative impact of our business on the human rights of our stakeholders, and in March 2025, we identified “Priority Human Rights Issues” and decided on a direction to address them. With the globalization and diversification of corporate activities, in response to growing and increasingly complicated human rights risks, we plan to fulfill our corporate social responsibility by preventing and reducing those risks. We also formulated the “azbil Group Health and Well-being Declaration^{*12}” and are rolling out a range of policies related to “workstyle reforms” to improve workplace environments by reducing working times and preventing harassment, and also to “promotion of diversity” to value our employees’ individuality and capitalize on it in our business.

In terms of G (governance), three years have passed since the Company transitioned to a “company with a three-committee board structure” to clearly separate supervisory and business execution functions and to accelerate decision making and enhance transparency, and during that time we have worked to enhance our officer remuneration system through partial revisions. Moreover, for the officer compensation to be applied from FY2025, we have decided to further increase the ratio of performance-linked remuneration (by expanding the remuneration ratio of bonuses and stock compensation) and review our KPIs, and also expand the scope of clawbacks to allow us to demand the return of performance-linked remuneration in the event of serious misconduct, etc. Furthermore, through initiatives such as establishing azbil’s own “Liaison Meeting for Directors and Corporate Executives” to increase the effectiveness of the Board of Directors, we are engaging in even more active discussions including management strategy and business portfolio discussions and on statutory committee activities.

In FY2025, we will continue to organize various ESG issues and advance initiatives for further improvement with the goal of enhancing enterprise value, and strive to contribute “in series” to the achievement of a sustainable society.

^{*9} Nature positive: Preventing the loss of and contributing to the recovery of natural ecosystems.

^{*10} TNFD (Taskforce on Nature-related Financial Disclosures): An international initiative that aims to create a framework for companies and organizations to assess and disclose information on the impact of their business activities on nature-related capital and biodiversity.

^{*11} TNFD Adopter: Companies and organizations that have expressed their intentions to disclose information in line with the TNFD recommendations by FY2024 (or prior) or FY2025.

^{*12} azbil Group Health and Well-being Declaration: Making workplaces and employees healthy, happy, and lively. The azbil Group believes that the health of each employee is an important basis for corporate activities, and aims to create workplaces where each and every person at an azbil Group company works in a lively, healthy, and comfortable way, with a feeling of safety and peace of mind, and in a manner that suits each person. When each person is able to express his or her diverse abilities and to live a fulfilled life both at work and at home, productivity and performance will improve, resulting in innovation and contributions to society. We declare our intention that companies and employees proactively work together to create a comfortable work environment, to enhance the mental and physical health of employees, and to make workplaces and employees healthy, happy, and lively.

(6) Financial position and results of operations

Category	100 th term (Fiscal year ended March 31, 2022)	101 st term (Fiscal year ended March 31, 2023)	102 nd term (Fiscal year ended March 31, 2024)	103 rd term Current Fiscal year (Fiscal year ended March 31, 2025)
Orders received (Millions of yen)	286,950	296,930	287,851	304,723
Net sales (Millions of yen)	256,551	278,406	290,938	300,378
Operating income (Millions of yen)	28,231	31,251	36,841	41,486
Ordinary income (Millions of yen)	29,519	32,140	38,999	42,170
Net income attributable to owners of parent (Millions of yen)	20,784	22,602	30,207	40,955
Net income per share (Yen)	37.70	42.07	57.10	77.96
Total assets (Millions of yen)	280,052	296,873	313,728	315,072
Net assets (Millions of yen)	203,141	205,880	224,887	240,517
Shareholders' equity ratio (%)	71.5	68.3	70.6	75.3
Net assets per share (Yen)	364.77	379.50	420.09	459.01

Note: The Company conducted a stock split of common stock at a ratio of four shares for every share on October 1, 2024. Net assets per share and net income per share were calculated based on the assumption that the said stock split was conducted at the beginning of the 100th term.

(7) Significant subsidiaries (As of March 31, 2025)

Company	Capital Stock	The Company's Investment Ratio (%)	Principal Business
Azbil Trading Co., Ltd.	JPY Million 50	100.0	In the Factory Automation field, sales, design, and test operations of instruments and systems for control, measurement, inspection, safety, the environment, instrumentation work, various software production, technology service provision and insurance agent business, etc.
Azbil Kimmon Co., Ltd.	JPY Million 3,157	100.0	Manufacturing, development and sales of City gas meters, LP gas meters, water meters, and other related equipment, maintenance operations including meter replacement and supplying cloud service
Azbil Production (Thailand) Co., Ltd.	THB Thousand 330,000	99.9	Manufacturing of control instruments such as digital indicating controllers, HVAC controllers, etc.
Azbil Control Instruments (Dalian) Co., Ltd.	RMB Thousand 61,176	100.0	Manufacturing of control instruments, automatic control valves, and switches
Azbil North America, Inc.	USD Thousand 28,550	100.0	Sales of control instrument products and field instruments for the industrial market and supplying engineering and maintenance services
Azbil Vietnam Production Co., Ltd.	USD Thousand 13,000	100.0	Manufacturing of electronic equipment such as motorized valves and flowmeters

- Notes:
1. The Company transferred all of the equity interests in Azbil Telstar S.L.U. to a wholly owned subsidiary of Syntegon Technology on October 31, 2024 (Central European Time).
 2. The Company established Azbil Vietnam Production Co., Ltd. on March 17, 2025.

(8) Main offices and factories (As of March 31, 2025)

Azbil Corporation	Headquarters	2-7-3 Marunouchi, Chiyoda-ku, Tokyo		
	Building Systems Company Head Office /Regional Division/Branch	Chuo-ku, Sapporo-shi	Aoba-ku, Sendai-shi	Chuo-ku, Saitama-shi
		Tsukuba-shi, Ibaraki	Chuo-ku, Chiba-shi	Shinagawa-ku, Tokyo
		Chuo-ku, Tokyo	Shinjuku-ku, Tokyo	Nishi-ku, Yokohama-shi
		Nagano-shi, Nagano	Naka-ku, Nagoya-shi	Kanazawa-shi, Ishikawa
		Kita-ku, Osaka-shi	Higashi-ku, Hiroshima-shi	Hakata-ku, Fukuoka-shi
	Advanced Automation Company Regional Division/Branch	Chuo-ku, Sapporo-shi	Aoba-ku, Sendai-shi	Chuo-ku, Saitama-shi
		Shinagawa-ku, Tokyo	Naka-ku, Nagoya-shi	Kita-ku, Osaka-shi
		Higashi-ku, Hiroshima-shi	Kokurakita-ku, Kitakyushu-shi	
	Fujisawa Technology Center	Fujisawa-shi, Kanagawa		
	Factories	Kouza-gun, Kanagawa		
	Offices	Hadano-shi, Kanagawa		
Azbil Trading Co., Ltd.	Headquarters	Minato-ku, Tokyo		
	Branch	Minato-ku, Tokyo	Chuo-ku, Saitama-shi	Naka-ku, Nagoya-shi
		Yodogawa-ku, Osaka-shi	Higashi-ku, Hiroshima-shi	Kokurakita-ku, Kitakyushu-shi
Azbil Kimmon Co., Ltd.	Headquarters	Shinjuku-ku, Tokyo		
	Regional Division/Branch	Higashi-ku, Sapporo-shi	Aoba-ku, Sendai-shi	Kiryu-shi, Gunma
		Shinjuku-ku, Tokyo	Naka-ku, Nagoya-shi	Higashiosaka-shi, Osaka
		Higashi-ku, Hiroshima-shi	Hakata-ku, Fukuoka-shi	
	Factories	Aomori-shi, Aomori (Azbil Kimmon Aomori Co., Ltd.) Gobo-shi, Wakayama (Azbil Kimmon Energy Products Co., Ltd.) Shirakawa-shi, Fukushima (Azbil Kimmon Energy Products Co., Ltd.) * Motomiya-shi, Fukushima (Azbil Kimmon Energy Products Co., Ltd.) *		
	Research Laboratories	Kawagoe-shi, Saitama		
Azbil Production (Thailand) Co., Ltd.	Headquarters	Chonburi, Thailand		
Azbil Control Instruments (Dalian) Co., Ltd.	Headquarters	Dalian, China		
Azbil North America, Inc.	Headquarters	Arizona, U.S.A.		
Azbil Vietnam Production Co., Ltd.	Headquarters	Hung Yen, Vietnam		

Note: For the two Azbil Kimmon Co., Ltd. factories listed with an asterisk, factory facilities are rented to its subsidiary, Azbil Kimmon Energy Products Co., Ltd., which operates them.

(9) Employees (As of March 31, 2025)

1) Employees of the Group

Segment	Number of Employees	Year-on-year Increase/(Decrease)
Building Automation business	3,185 [542] persons	(22) persons
Advanced Automation business	3,507 [405]	(68)
Life Automation business	1,030 [162]	(846)
Total of reportable segments	7,722 [1,109]	(936)
Others	3 [1]	0
Corporate (Common)	1,192 [217]	(56)
Total	8,917 [1,327]	(992)

- Notes:
1. The number of employees listed as Corporate (Common) refers to employees belonging to the administration and research and development division which cannot be categorized in the designated business segments.
 2. The numbers of temporary employees (including fixed-term part timers, employees rehired after retiring at the compulsory retirement age and contract employees, excluding temporary workers from temp agencies) are indicated in brackets separately from the total as the yearly average numbers of employees.
 3. The number of employees in the Life Automation business declined by 846 compared to the end of the previous fiscal year. However, the main factor behind this decline was the removal from the scope of consolidation of Azbil Telstar, which has been a consolidated subsidiary of the Company, following the transfer of all of the equity interests in Azbil Telstar to a wholly owned subsidiary of Syntegon Technology on October 31, 2024 (Central European Time).

2) Employees of the Company

Number of Employees	Year-on-year Increase/(Decrease)	Average Age	Average Years of Service
5,052 [1,002] persons	(111) persons	45.7 years old	19.7 years

- Note: The number of temporary employees (including fixed-term part timers, employees rehired after retiring at the compulsory retirement age and contract employees, excluding temporary workers from temp agencies) is indicated in brackets separately from the total as the yearly average number of employees.

(10) Major lenders (As of March 31, 2025)

Lenders	Loan Outstanding
Mizuho Bank, Ltd.	2,348 million yen

(11) Transfer of important businesses, etc.

- 1) Business transfers, absorption-type company split or incorporation-type company split

Not applicable

- 2) Business transfers from other companies

Not applicable

- 3) Succession of rights and obligations relating to other entities' business as a result of absorption-type merger or company split

Not applicable

- 4) Acquisition or disposal of shares, other equities, or subscription rights to shares of other companies

The Company agreed with Syntegon Technology GmbH (Headquarters: Waiblingen, Germany) to transfer all of the equity interests in its European subsidiary Azbil Telstar, S.L.U. (Headquarters: Terrassa, Spain) to a wholly owned subsidiary of Syntegon Technology. On June 6, 2024 (Central European Time), the agreement was concluded, and the transfer was completed on October 31, 2024 (Central European Time).

(12) Other important matters regarding the current situation of the Group

Not applicable

2. Stock Information (As of March 31, 2025)

(1) Total number of authorized shares 2,237,680,000 shares

Note: The total number of authorized shares increased by 1,678,260,000 shares compared to the end of the previous fiscal year due to the four-for-one stock split implemented on October 1, 2024.

(2) Shares of common stock issued 560,672,736 shares
(including treasury shares of 31,983,876 shares)

Note: The above number of total issued shares is a result of the stock split implemented on October 1, 2024 (each share of common stock split into 4 shares) and the cancellation of treasury shares implemented on November 29, 2024 (5,360,000 shares).

(3) Number of shareholders 8,635

(4) Major shareholders (Top 10)

Shareholder Name	Number of Shares (thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	80,970	15.31
STATE STREET BANK AND TRUST COMPANY 505001	42,252	7.99
Meiji Yasuda Life Insurance Company	41,712	7.88
Custody Bank of Japan, Ltd. (Trust account)	33,115	6.26
Northern Trust CO. (AVFC) Re Fidelity Funds	18,781	3.55
National Mutual Insurance Federation of Agricultural Cooperatives	13,425	2.53
the azbil Group Employee Stock Ownership Association	11,810	2.23
Custody Bank of Japan, Ltd. (Trust E)	11,114	2.10
JP MORGAN CHASE BANK 385840	8,272	1.56
GOVERNMENT OF NORWAY	7,771	1.47

Notes: 1. The percentage of total shares issued is calculated excluding treasury shares (31,983,876 shares). Furthermore, the number of treasury shares does not include the 11,114,597 shares owned by Custody Bank of Japan, Ltd. (Trust E) for the Employee Stock Ownership Plan (J-ESOP) and the Board Benefit Trust (BBT), nor the 793,800 shares owned by the azbil Group Employee Stock Ownership Dedicated Trust.

2. 32,726 thousand shares held by The Master Trust Bank of Japan, Ltd. (Trust account) and 20,941 thousand shares held by Custody Bank of Japan, Ltd. (Trust account) are the numbers of shares related to the trust business.

3. According to the Report on Large Shareholding (Change report) dated June 6, 2024 which was made available for public inspection, the following shares are held by BlackRock Japan Co., Ltd. and 6 other joint holders as of May 31, 2024. However, as the Company is not able to confirm the number of shares actually held as of March 31, 2025, the shares are not included in the above status of major shareholders. Furthermore, the Company implemented a stock split on October 1, 2024 (each share of common stock split into 4 shares), but as the Report on Large Shareholding (Change report) was provided for public inspection before October 1, 2024, the number of shares before the split was reported. The details of the Report on Large Shareholding (Change report) are as follows.

Submission Date of Report on Large Shareholding	Shareholder Name	Number of Shares Held (thousands)	Percentage of Total Shares Issued (%)
June 6, 2024	BlackRock Japan Co., Ltd. and 6 other joint holders	6,979	4.93

4. According to the Report on Large Shareholding dated December 6, 2024 which was made available for public inspection, the following shares are held by Mizuho Bank, Ltd. and 2 other joint holders as of November 29, 2024. However, as the Company is not able to confirm the number of shares actually held as of March 31, 2025, the shares are not included in the above status of major shareholders. The details of the Report on Large Shareholding are as follows.

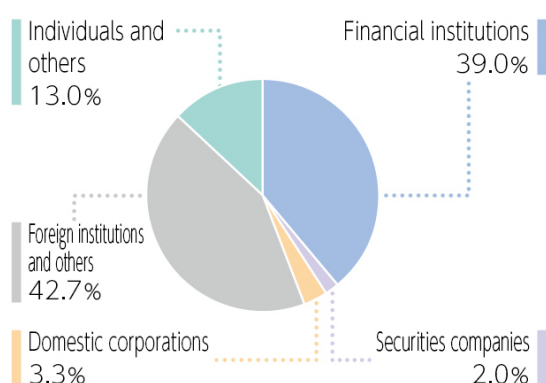
Submission Date of Report on Large Shareholding	Shareholder Name	Number of Shares Held (thousands)	Percentage of Total Shares Issued (%)
December 6, 2024	Mizuho Bank, Ltd. and 2 other joint holders	30,817	5.49

- (5) Status of shares granted to the Company's officers as consideration for their execution of duties in the current fiscal year

	Number of Shares	Number of Persons Granted Shares
Outside Directors	400	2

Note: Details on the Company's stock remuneration are provided in "3. Matters Concerning Officers (2) Remuneration, etc., paid to directors and corporate executives" in the Business Report.

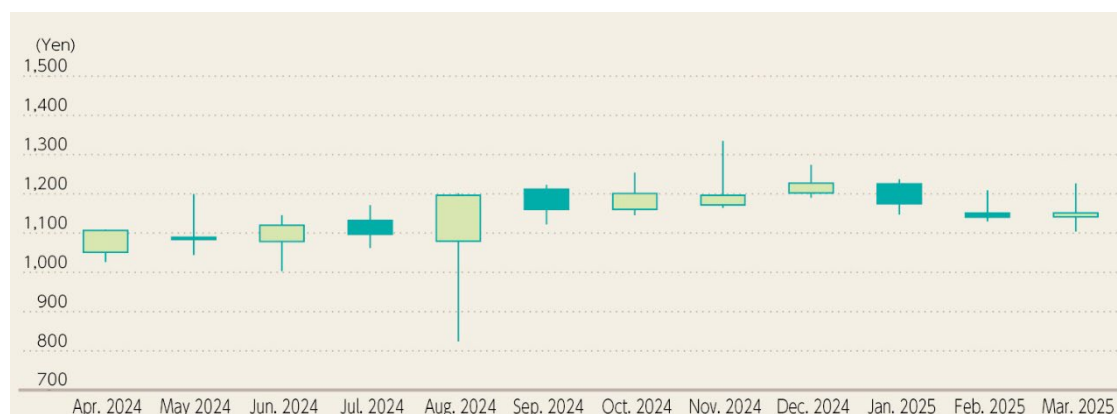
[Reference material] Distribution of Shares by Shareholder Type



	Number of shares (Per unit)	Number of shareholders (Persons)
Financial institutions	2,183,530	45
Securities companies	110,231	30
Domestic corporations	188,437	148
Foreign institutions and others	2,394,699	406
Individuals and others	728,732	7,230

- Notes: 1. Numbers of shares (per unit) above exclude shares less than one unit.
2. "Individuals and others" above includes treasury shares.

[Reference material] Share Price Trend



3. Matters Concerning Officers

(1) Directors and corporate executives (As of March 31, 2025)

1) Directors

Positions	Name	Assignments in the Company and Important Concurrent Positions Outside the Company
Director and Chairperson	Hirozumi Sone	Non-executive Director Chairperson of the Board Board Effectiveness Enhancement Outside Director of Yasuda Logistics Corporation Outside Director of Mizuho Leasing Company, Limited
Director Representative Corporate Executive President & Group CEO	Kiyohiro Yamamoto	Nomination Committee Member Chairman of Nippon Electric Control Equipment Industries Association
Director Representative Corporate Executive Deputy President	Takayuki Yokota	Remuneration Committee Member
Director	Hisaya Katsuta	Non-executive Director Audit Committee Member
Outside Director	Waka Fujiso	Remuneration Committee Member
Outside Director	Mitsuhiro Nagahama	Remuneration Committee Chairperson Outside Audit & Supervisory Board Member of KURARAY Co., Ltd Outside Director of Toshiba Tec Corporation
Outside Director	Anne Ka Tse Hung	Nomination Committee Member Lawyer (Australia, United Kingdom, Hong Kong)
Outside Director	Fumitoshi Sato	Audit Committee Chairperson Outside Director of TOMY Company, Ltd.
Outside Director	Shigeaki Yoshikawa	Nomination Committee Chairperson Outside Director of Mochida Pharmaceutical Co., Ltd. Chairman & Representative Director of The Japan Singapore Association
Outside Director	Tomoyasu Miura	Remuneration Committee Member Auditor of Research Institute of Science for Education
Outside Director	Sachiko Ichikawa	Nomination Committee Member Partner of Tanabe & Partners Law Office Outside Director of Tokyo Electron Ltd. Outside Director of Olympus Corporation Director of The Board Director Training Institute of Japan
Outside Director	Hiroshi Yoshida	Audit Committee Member

2) Corporate executives

Positions	Name	Assignments in the Company and Important Concurrent Positions Outside the Company
Representative Corporate Executive President & Group CEO	Kiyohiro Yamamoto	Responsible for Internal Audit
Representative Corporate Executive Deputy President	Takayuki Yokota	Responsible for assisting the President, Corporate Administration, Management, Corporate Communication, Sustainability (& azbil Group (aG) CSR), Life Automation Business
Managing Corporate Executive	Yoshimitsu Hojo	Responsible for Advanced Automation Business, aG Product Business Portfolio Enhancement President of Advanced Automation Company
Managing Corporate Executive	Kazuyasu Hamada	Responsible for Building Automation Business, aG System Business Portfolio Enhancement President of Building Systems Company
Managing Corporate Executive	Akihiko Naruse	Responsible for Human Resources & Education, SDGs, General Affairs, aG Safety Management (Occupational Health and Safety)
Managing Corporate Executive	Hideaki Ishii	Responsible for aG Production, aG Purchasing, aG Research and Development, aG Environmental Protection Innovation, aG Product Safety, Quality & Environment, aG Marketing, aG Product Business Portfolio Enhancement

1. Directors Waka Fujiso, Mitsuhiro Nagahama, Anne Ka Tse Hung, Fumitoshi Sato, Shigeaki Yoshikawa, Tomoyasu Miura, Sachiko Ichikawa and Hiroshi Yoshida are outside directors of the Company under Article 2, Item 15 of the Companies Act.
2. Under the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded contracts for limitation of liability with each of outside directors, as provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of the liability for damage based on said contracts is the minimum liability amount prescribed in laws and regulations.
3. Overview of the contents of Officer Liability Policies
The Company has concluded Officer Liability Policies with an insurance company as stipulated in Article 430-3 Paragraph 1 of the Companies Act, with the Company's directors, corporate executives, executive officers, etc. as well as its subsidiaries' directors, Audit & Supervisory Board members, executive officers, etc. being included in the scope of the insured persons. Per the liability policies, the insurance company will cover damages incurred by the insured persons in bearing responsibility for the execution of their duties or as a result of claims received in the pursuit of these responsibilities. However, as a measure to ensure that the appropriateness of the duties of the insured persons is not lost, damages resulting from negligence, illegal personal profit sharing, and criminal actions are not covered. Furthermore, the insured persons are not responsible for the insurance premiums.
4. Audit Committee member Hisaya Katsuta is a full-time Audit Committee member. To increase the effectiveness of Audit Committee audits, the Company has appointed a full-time Audit Committee member.
5. Audit Committee chairperson Fumitoshi Sato and Audit Committee member Hiroshi Yoshida have a wealth of knowledge concerning financial affairs and accounting as they have experience as the person responsible for the creation of financial statements as the officer and so on in charge of accounting and finance at another operating company over many years.
6. The Company has notified each of outside directors as independent officers to the Tokyo Stock Exchange.

7. As of April 1, 2025, the assignments of directors and corporate executives have been changed as follows.

Position	Name	Assignments in the Company and Important Concurrent Positions Outside the Company
Director, Representative Corporate Executive Deputy President	Takayuki Yokota	Remuneration Committee member Responsible for assisting the President, Corporate Administration, Management, Corporate Communication, Sustainability (& azbil Group (aG) CSR), Human Resources & Education
Managing Corporate Executive	Yoshimitsu Hojo	Responsible for Group Management Strategy Function, aG System Business/Product Business Portfolio Enhancement
Managing Corporate Executive	Kazuyasu Hamada	Responsible for Building Automation Business, aG Service Engineering Enhancement, aG System Business Portfolio Enhancement President of Building Systems Company
Managing Corporate Executive	Akihiko Naruse*	-
Managing Corporate Executive	Hideaki Ishii	Responsible for aG Production, aG Purchasing, aG Research and Development, aG Product Safety & Quality, aG Product Business Portfolio Enhancement

Note: Akihiko Naruse is scheduled to retire as a managing corporate executive on June 25, 2025.

8. We have an executive officer system that facilitates the prompt decision making and execution of company policy. As of April 1, 2025, there were 26 executive officers as follows.

Position	Name	Assignments in the Company
Managing Executive Officer	Shigeru Wada	Responsible for azbil Group (aG) International Business, aG Work-Style Creation Support (Overseas) Head of International Business Headquarters
Managing Executive Officer	Tomoyuki Takeda	Responsible for Building Automation (BA) Business (Domestic), aG System Business Portfolio Enhancement, aG Work-Style Creation (Well-being), aG Safety Management (Occupational Health and Safety)
Managing Executive Officer	Takashi Igarashi	Responsible for Advanced Automation (AA) Business, aG Product Business Portfolio Enhancement President of Advanced Automation Company (AAC)
Managing Executive Officer	Kenji Okumura	Responsible for Life Automation Business
Executive Officer	Masashi Hirano	Responsible for Co-Creation Promotion
Executive Officer	Toshiyasu Sumitomo	General Manager of Corporate Planning Department
Executive Officer	Akiko Sekino	Head of Legal and Risk Management Headquarters
Executive Officer	Tetsuya Kajita	Head of Technology Development Headquarters
Executive Officer	Anju Jaswal	Deputy Head of International Business Headquarters, Managing Director of Strategic Planning & Development Office for Southeast Asia
Executive Officer	Norio Hashimoto	Head of Production Management Headquarters
Executive Officer	Chosei Kaseda	General Manager of Group Management Strategy Department
Executive Officer	Toshihisa Murayama	Responsible for BA International Business Head of Building Systems Company (BSC) Marketing Headquarters, Promotion Member of Strategic Planning & Development Office for Southeast Asia
Executive Officer	Hiromitsu Yoshizawa	Head of BSC Engineering Headquarters
Executive Officer	Norio Morokuma	Manager of BSC Tokyo Head Office
Executive Officer	Taro Sento	General Manager of AA IAP Business* ¹
Executive Officer	Kenji Sudo	Responsible for aG System Business Portfolio Enhancement Support General Manager of AA SS Business* ²

Position	Name	Assignments in the Company
Executive Officer	Eisuke Toyoda	General Manager of AA CP Business* ³
Executive Officer	Isamu Ikeda	Responsible for AA Development & Quality Assurance
Executive Officer	Kazuhiko Yasuda	Responsible for aG Digital Transformation Promotion, aG IT Enhancement (aG Cyber Security) Head of Digital Enhancement Headquarters
Executive Officer	Jun Iwamatsu	Responsible for Co-Creation Promotion
Executive Officer	Kazuaki Shirane	General Manager of aG Cloud Service Department of Service Headquarters, Deputy Head of BSC Facility Management Headquarters
Executive Officer	Masashi Takesako	Head of BSC International Business Headquarters
Executive Officer	Akinori Sugi	Head of BSC Facility Management Headquarters
Executive Officer	Takeshi Yoshizumi	Responsible for AA Business Sales Head of AAC Business Development Headquarters
Executive Officer	Masahiro Uenishi	Responsible for Co-Creation Promotion
Executive Officer	Yasuko Tsuda	General Manager of Internal Audit Department

*1 IAP business: Industrial Automation Product business (supplying process automation products such as differential pressure transmitters, pressure transmitters, and control valves)

*2 SS business: Solution & Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

*3 CP business: Control Product business (supplying factory automation products such as controllers and sensors)

(2) Remuneration, etc., paid to directors and corporate executives

1. Total amounts of remuneration, etc., paid during the fiscal year ended March 31, 2025

Category	Amount of Remuneration Paid (Millions of yen)	Total Amount by Type (Millions of yen)				Number of Persons Remunerated
		Fixed Remuneration		Performance-linked Remuneration		
		Cash Remuneration	Non-cash Remuneration (Stock Compensation)	Cash Remuneration	Non-cash Remuneration (Stock Compensation)	
Directors (Outside Directors)	199 (119)	189 (111)	9 (7)	— (—)	— (—)	12 (10)
Corporate Executives (including Directors concurrently performing as Corporate Executives)	490	219	36	208	26	6
Total (Outside Directors)	690 (119)	409 (111)	46 (7)	208 (—)	26 (—)	18 (10)

Notes: 1. The remuneration for directors excludes the salary paid for service as employee for directors who concurrently hold a post of officer or employee of the Company.

2. The above list of directors does not include two (2) directors who concurrently serve as corporate executives.

3. The above list of directors includes two (2) directors who retired at the conclusion of the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024.

4. Through a resolution by the Remuneration Committee at a meeting held on August 4, 2022, the Company introduced a stock compensation system using a trust. The above list indicates the amounts of stock compensation recorded as expenses in the current fiscal year based on this system. For non-residents of Japan, the Company plans to pay in cash in an amount equivalent to stock compensation.

2. Policy on determination of the executive remuneration, etc.

As a company with a three-committee board structure, the Company's Remuneration Committee, which is chaired by and composed of a majority of independent outside directors, sets policy on the determination of the individual remuneration of directors and corporate executives, which is disclosed as the "Remuneration Policy." The details of the Remuneration Policy are as follows.

< Remuneration Policy >

Guided by the azbil Group philosophy of "human-centered automation," Azbil Corporation ("the Company") aims, through business expansion, to continuously enhance enterprise value by making contributions that lead "in series" to a sustainable society, endeavoring to realize the well-being of society as well as Group employees, while building relationships of trust with all stakeholders.

With regard to our executive remuneration system, in order to add impetus to the realization of our long-term targets (to achieve by FY2030) and the medium-term plan (FY2025-2027), we will further increase the corporate executives' awareness of the need to contribute to enhancing enterprise value and their motivation to maximize shareholder value, as well as improving our competitiveness when it comes to attracting, for management, the highly skilled human resources needed to realize our goals, while also ensuring that directors who are not responsible for business execution can share value with our shareholders. With this system, we will promote initiatives to

contribute “in series” to a sustainable society.

■ The azbil Group philosophy

The azbil Group philosophy is to realize “safety, comfort and fulfillment” in people’s lives and contribute to global environmental preservation through “human-centered automation.” To achieve this,

- We create value together with customers at their site.
- We pursue our unique value based on the idea of “human-centered.”
- We think towards the future and act progressively.

■ Basic policy regarding remuneration for officers

Aiming to realize the Group philosophy, we have adopted the following basic policy for the remuneration of company officers to motivate them not only for short-term performance but also to achieve medium- and long-term performance goals and to enhance enterprise value.

- Taking into consideration the nature of our business, remuneration should encourage awareness of the necessity to enhance enterprise value from a medium- to long-term perspective and further promote value sharing with our shareholders.
- Remuneration should help to secure talented management personnel to realize the Company’s management philosophy and achieve the medium- to long-term performance goals.
- The remuneration system should be highly independent and objective, and should enable us to fulfill our duty of accountability to stakeholders.

■ Remuneration levels

Remuneration levels for the Company officers (corporate executives and directors) are set by resolution of the Remuneration Committee after it has verified their appropriateness using data supplied by an external specialist agency. Also, the Committee reviews remuneration levels as necessary in response to changes in the external environment.

■ Remuneration structure

The remuneration structure for corporate executives (including those concurrently serving as directors; similarly hereinafter) is based on their roles and responsibilities, and consists of basic remuneration, which is a fixed monthly amount; bonuses, which are short-term incentives; and stock-based compensation, which is a medium- to long-term incentive. In order to ensure a remuneration structure that not only motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value, but also leads to increased competitiveness for attracting highly skilled human resources for management, the incentive component of remuneration has been set at a high level, so that the combined remuneration for the president & CEO has the following structure: basic remuneration 1/3, bonus (base amount) 1/3, stock-based compensation (base amount) 1/3. The remuneration structure for other corporate executives is also determined in line with this, taking into consideration their expected roles and responsibilities.

The remuneration for directors (not including those concurrently serving as corporate executives; similarly hereinafter) consists of basic remuneration and stock-based compensation.

Corporate executives

(1) Basic remuneration

- Basic remuneration is paid as fixed monthly monetary compensation based on the position of the officer.

(2) Bonus

- A bonus is paid as performance-linked monetary remuneration that takes into consideration company performance and non-financial indicators for the single fiscal year.
- As regards financial indicators, to improve enterprise value over the medium to long term, we use sales and operating income, which are the Company's main management indices, as key performance indicators (KPIs). The amount of the bonus will fluctuate according to the degree by which these targets have been achieved, while taking into consideration also non-financial indicators.
- There are three non-financial indicators: employee engagement and diversity, which assess contributions toward achieving the essential goals of the azbil Group for the SDGs; and an individual evaluation, which assesses the handling of those management issues and measures that are the particular responsibility of the corporate executive as well as how much they have contributed. Based on the degree of achievement for each of these items, the Remuneration Committee determines the amount of remuneration.
- Taking into account both financial and non-financial indicators, the final amount paid as a bonus will vary between 0% and 200%.
- Remuneration is designed so that the higher the officer's position, the higher the weighting of financial indicators. As an example, the KPIs and their respective evaluation weightings for the president and CEO are as follows.

Bonus KPIs		Evaluation weighting
Financial indicators	Net sales	45%
	Operating income	45%
Non-financial indicators	Employee engagement	2.5%
	Diversity (percentage of female managers)	2.5%
	Individual evaluation (customer satisfaction, productivity and efficiency, CSR management, etc.)	5%

(3) Stock-based compensation

- In principle, stock-based compensation is paid to the corporate executive following retirement from the current position, with the aim of continuous enhancement of enterprise value while sharing value with shareholders.
- A base amount for stock-based compensation is set for each position. Of this, 50% is performance-linked and 50% is not.
- As regards the performance-linked component, the evaluation is based on indicators aligned with the medium-term plan that are tracked over the same period (3 years) as the plan; this is designed to increase the incentive. As financial indicators we use relative total shareholder return (TSR)—an indicator that evaluates our TSR relative to the Tokyo Price Index (TOPIX) of the Tokyo Stock Exchange—and return on equity (ROE) to promote value sharing with shareholders. As a non-financial indicator, we use effective CO₂ reduction at customers' sites, which is one of the essential goals of the azbil Group for the SDGs. The individual's stock-based compensation (ranging from 0% to 150%, depending on performance) is determined by the extent to which these targets have been achieved in the final year of the medium-term plan, using the specified weightings (see below).

Stock-based compensation KPIs		Evaluation weighting
Financial indicators	Relative TSR (relative to TOPIX, including dividends)	50%
	ROE	30%
Non-financial indicators	Effective CO ₂ reduction	20%

- As a way to further encourage value sharing with shareholders, the non-performance-linked component is paid as stock-based compensation with vesting of a fixed number of shares.
- Stock-based compensation is paid through a Trust-type Stock Compensation Plan. Under this plan, points corresponding to an officer's position are awarded annually, and company shares equivalent to the number of points accumulated are transferred from the trust to the plan-eligible person following retirement from the current position.

Directors

(1) Basic remuneration

- Basic remuneration is paid as fixed monthly monetary compensation based on the responsibilities of the position.

(2) Stock-based compensation

- In principle, stock-based compensation is paid to the director following retirement from the current position, with the aim of continuously enhancing enterprise value while sharing value with shareholders.
- A base amount of stock-based compensation is determined, which is entirely non-performance-linked.
- Stock-based compensation is paid through a trust-type stock compensation plan. Under this plan, a certain number of points are awarded annually to those eligible, and company shares equivalent to the number of points accumulated are transferred from the trust to the plan-eligible person following retirement from the current position.

■ Process for determining remuneration

The Remuneration Committee determines the remuneration of directors and corporate executives. The majority of the members of the Remuneration Committee, including the chairperson, are outside directors, a structure that ensures objectivity and transparency. Any additional information necessary for members' deliberations is sought from external specialist organizations.

The Remuneration Committee has the authority to determine the details of remuneration for individual directors and corporate executives. It arrives at evaluation decisions based primarily on (1) the policy governing remuneration details for individual directors and corporate executives; (2) the details of remuneration for individual directors and corporate executives; and (3) in the case of corporate executives, the degree of achievement of both company-wide performance targets and the individual targets set for each corporate executive for the purpose of determining performance-based remuneration.

In the event of a substantial change in the external environment of the Company, the Remuneration Committee, after carefully deliberating on the appropriateness of the target values and calculation methods used for determining performance-linked remuneration, may take exceptional measures.

■ Forfeiture and return of remuneration (malus and clawback)

If the financial results for a previous fiscal year are revised retrospectively, or if serious misconduct or a serious violation has occurred, the Company can deny the officer(s) responsible the incentive component of remuneration (malus), and may demand the return of the compensation already paid to them (clawback). The compensation subject to such malus or clawback may include, in whole or in part, bonuses already paid or yet to be paid, points accrued under the stock-based compensation plan prior to the transfer of Company shares, and Company shares that have already been transferred to the officer(s) in question.

■ Disclosure policy

In accordance with our disclosure policy and applicable laws and regulations, details of the executive remuneration system are compiled and disclosed promptly and appropriately through the annual Securities Report, reference materials for the General Meeting of Shareholders, the Business Report, Corporate Governance Report, the Company website, etc. The Company also implements a policy of active engagement with shareholders and investors.

3. Results for the performance indicators used in calculating performance-linked remuneration

The results for the evaluation indicators used in bonuses in the current fiscal year were consolidated net sales of 300,300 million yen compared to the target value*¹ of 300,000 million yen and consolidated operating income of 41,400 million yen compared to the target value*¹ of 37,500 million yen. Additionally, in regard to the results for the evaluation indicators for stock-based compensation in the current fiscal year, for relative TSR*², the Company's TSR was 117%, but the result of a comparison of TSR relative to TOPIX, including dividends, was an index number of 0.75, and the result for operating income margin was 13.8% compared to the target value*³ of 12%. Please refer to the Remuneration Policy above for non-financial indicator targets.

*1 Planned performance value for the current fiscal year announced on May 13, 2024.

*2 Evaluation period is three years from FY2022 to FY2024.

*3 Planned performance value for the medium-term plan (FY2021-FY2024) announced on May 14, 2021.

4. Reasons that the Remuneration Committee has determined that the details of the remuneration, etc. for individual directors and corporate executives in the current fiscal year follow the determination policy

Because the remuneration, etc. for individual directors and corporate executives in the current fiscal year was paid according to remuneration levels based on the determination policy set by the Remuneration Committee, the Remuneration Committee deems that it follows the determination policy.

(3) Important concurrent positions outside the Company of outside officers

Positions	Name	Important Concurrent Positions Outside the Company
Outside Director	Waka Fujiso	
Outside Director	Mitsuhiro Nagahama	Outside Audit & Supervisory Board Member of KURARAY Co., Ltd Outside Director of Toshiba Tec Corporation
Outside Director	Anne Ka Tse Hung	Lawyer (Australia, United Kingdom, Hong Kong)
Outside Director	Fumitoshi Sato	Outside Director of TOMY Company, Ltd.
Outside Director	Shigeaki Yoshikawa	Outside Director of Mochida Pharmaceutical Co., Ltd. Chairman & Representative Director of The Japan Singapore Association
Outside Director	Tomoyasu Miura	Auditor of Research Institute of Science for Education
Outside Director	Sachiko Ichikawa	Partner of Tanabe & Partners Law Office Outside Director of Tokyo Electron Ltd. Outside Director of Olympus Corporation Director of The Board Director Training Institute of Japan
Outside Director	Hiroshi Yoshida	

Note: While the Company has transaction relationships with KURARAY Co., Ltd., at which director Mitsuhiro Nagahama concurrently serves at present, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of both the Company and KURARAY Co., Ltd. While the Company has transaction relationships with Tokyo Electron Ltd., Olympus Corporation, and the Board Director Training Institute of Japan at which director Sachiko Ichikawa concurrently serves at present, in both the most recent fiscal year and the preceding three (3) fiscal years, the amount of the transactions makes up less than 0.1% of the consolidated net sales of the Company and the companies at which she concurrently serves. There is no particular relationship between the Company and each of the other important concurrent positions outside the Company of outside directors.

(4) Major activities of outside officers

Name	Number of attendance at meeting	Summary of comments and duties performed in relation to the expected roles of outside directors
Waka Fujiso	Board of Directors Meetings 13/13 Remuneration Committee Meetings 14/14	Regarding “legal, risk management, and compliance” and “corporate management/sustainability,” which are the areas of expertise expected, Waka Fujiso possesses extensive knowledge and experience as a legal expert and broad insight related to legal affairs and compliance. Based on that, at Board of Directors meetings, she has raised questions and made comments on not only the presence of legal issues, but also on compliance and risk management from a sustainability and CSR perspective, appropriately fulfilling her role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as a Remuneration Committee member, she played an appropriate role in determining officer remuneration, working to strengthen corporate governance.
Mitsuhiro Nagahama	Board of Directors Meetings 13/13 Remuneration Committee Meetings 14/14	Regarding “corporate management/sustainability,” “global business,” and “financial affairs, accounting, finance,” which are the areas of expertise expected, Mitsuhiro Nagahama possesses management experience of serving in important positions in the fields of finance and securities, work experience overseas, and knowledge as an outside officer at several companies. Based on that, at Board of Directors meetings, he has raised questions and made comments on initiatives to strengthen the corporate governance of the Company and medium- to long-term business development and formulation of strategies from both a capital markets perspective and a global perspective, appropriately fulfilling his role in ensuring the validity and appropriateness of the Company’s decision making Furthermore, as the Remuneration Committee chairperson, he played an appropriate role in leading discussion to determine officer remuneration, working to strengthen corporate governance.
Anne Ka Tse Hung	Board of Directors Meetings 13/13 Nomination Committee Meetings 13/13	Regarding “legal, risk management, and compliance” and “global business,” which are the areas of expertise expected, Anne Ka Tse Hung possesses legal knowledge related to global business and abundant experience and insight gained from supporting the conclusion of agreements in projects involving international transactions. Based on that, at Board of Directors meetings, she has raised questions and made comments from her approach to business promotion systems aimed at international business expansion and to investment for growth, and from a global standard perspective, appropriately fulfilling her role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as a Nomination Committee member, she played an appropriate role in the selection of the Company’s director candidates, working to strengthen corporate governance.
Fumitoshi Sato	Board of Directors Meetings 13/13 Audit Committee Meetings 13/13	Regarding “corporate management/sustainability,” “financial affairs, accounting, finance,” and “legal, risk management and compliance” which are the areas of expertise expected, Fumitoshi Sato possesses experience and sophisticated knowledge of serving in important positions in the field of finance, management experience in the managing division of an operating company, and abundant knowledge and experience in finance and accounting. Based on that, at Board of Directors meetings, he has raised questions and made comments on the validity of the Company business and financial strategies, risk management, and strengthening corporate governance, appropriately fulfilling his role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as the Audit Committee chairperson, he played an appropriate role on auditing activities and in leading discussion at the Audit Committee, working to strengthen corporate governance.

Name	Number of attendance at meeting	Summary of comments and duties performed in relation to the expected roles of outside directors
Shigeaki Yoshikawa	Board of Directors Meetings 13/13 Nomination Committee Meetings 13/13	Regarding “corporate management/sustainability,” “global business,” and “sales and marketing,” which are the areas of expertise expected, Shigeaki Yoshikawa possesses management experience at a general trading company and a think tank and consulting company as well as broad insight and abundant experience in overseas business and business portfolio strategy. Based on that, at Board of Directors meetings, he has raised questions and made comments on the Company’s international business strategy, the approach to the business strategy aimed at medium- to long-term growth, and human resources development and investment in human capital, appropriately fulfilling his role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as the Nomination Committee chairperson, he played an appropriate role in leading discussion on the selection of the Company’s director candidates, working to strengthen corporate governance.
Tomoyasu Miura	Board of Directors Meetings 13/13 Remuneration Committee Meetings 14/14	Regarding “corporate management/sustainability,” “IT/technology,” and “sales and marketing,” which are the areas of expertise expected, Tomoyasu Miura possesses experience of serving in important positions at a think tank and consulting company, knowledge in a wide range of fields including IT, technological innovation, and new business creation, and abundant experience in management human resource development at a public interest incorporated foundation. Based on that, at Board of Directors meetings, he has raised questions and made comments on the Company’s business growth strategy, on IT and technological topics, and on human resources development and investment in human capital, appropriately fulfilling his role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as a Remuneration Committee member, he played an appropriate role in determining officer remuneration, working to strengthen corporate governance.
Sachiko Ichikawa	Board of Directors Meetings 10/10 Nomination Committee Meetings 11/11	Regarding “legal, risk management, and compliance,” “financial affairs, accounting, finance,” and “corporate management/sustainability,” which are the areas of expertise expected, Sachiko Ichikawa possesses wide-ranging knowledge and experience as a legal expert and accounting expert and extensive knowledge as an outside officer at several companies. Based on that, at Board of Directors meetings, she has raised questions and made comments on not only the presence of legal issues, but also on approaches to strengthening corporate governance, as well as medium- to long-term business development and risk management, appropriately fulfilling her role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as a Nomination Committee member, she played an appropriate role in the selection of the Company’s director candidates, working to strengthen corporate governance.
Hiroshi Yoshida	Board of Directors Meetings 10/10 Audit Committee Meetings 10/10	Regarding “financial affairs, accounting, finance,” “corporate management/sustainability,” and “manufacturing/research and development,” which are the areas of expertise expected, Hiroshi Yoshida possesses management experience at a publicly listed chemical manufacturer with global operations and extensive knowledge and experience in finance and accounting. Based on that, at Board of Directors meetings, he has raised questions and made comments on the validity of the Company’s business and financial strategies, risk management, and strengthening corporate governance, fulfilling his role in ensuring the validity and appropriateness of the Company’s decision making. Furthermore, as an Audit Committee member, he played an appropriate role in audit activities, working to strengthen corporate governance.

Note: Because director Sachiko Ichikawa and Hiroshi Yoshida were elected at the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024, their attendance only applies to Board of Directors meetings and committee meetings held after their appointments.

4. Accounting Auditor

(1) Accounting auditor's name: Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration during the fiscal year ended March 31, 2025

	Amount Paid
Amount of remuneration paid for services rendered as accounting auditor during the fiscal year ended March 31, 2025	100 million yen
Total cash and other remuneration paid by the Company and its subsidiaries to the accounting auditor	148 million yen

- Notes: 1. The audit agreement entered into by the accounting auditor and the Company does not clearly distinguish the amount of remuneration for the audit under the Companies Act and the amount of remuneration for the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be practically distinguished from each other. Therefore, the amount in above indicates the total of these two kinds of amounts.
2. The Company entrusts the accounting auditor with advisory services, etc. related to the evaluation of the International Financial Reporting Standards as a service (non-audit service) which is different from a service prescribed by Article 2, Paragraph 1 of the Certified Public Accountant Act.
3. The Audit Committee gives consent regarding remunerations etc. for the accounting auditor which has an audit contract with the Company as stipulated under Article 399, Paragraph 1 of the Companies Act. The consent is given as a result of examining the validity of the expected auditing hours and the amount of remuneration, after comparing the audit plan of the previous business year with its performance, and reviewing the trend of the time spent for audit and the amount of remuneration by obtaining necessary materials and examining reports from the relevant departments of the Company and the accounting auditor.
4. Consolidated overseas subsidiaries of the Company are audited by auditing firms other than the accounting auditor of the Company.

(3) Policy regarding decisions of dismissal or non-reappointment of accounting auditors

Where the Audit Committee deems there are problems with the suitability or independence of the accounting auditor, it will decide the details of an item to be submitted to the General Meeting of Shareholders related to the dismissal or non-reappointment of the accounting auditor.

Furthermore, where the Audit Committee deems the accounting auditor falls under the provisions of Article 340, Paragraph 1 of the Companies Act, based on the agreement of the all Audit Committee members, the Audit Committee will dismiss the accounting auditor. In this case, the Audit Committee member selected by the Audit Committee will report the fact that the accounting auditor was dismissed and the reason for such dismissal at the first General Meeting of Shareholders convened after the dismissal.

5. System and Policies of the Company

- (1) System to ensure the appropriateness of business activities and the operational status of that system

<Outline of resolution on system to ensure the appropriateness of business activities>

Regarding the Company's internal control system, the Board of Directors partially revised azbil Group Basic Policy on Internal Control System Architecture at its meeting held on May 13, 2025. The revised azbil Group Basic Policy on Internal Control System Architecture and its current implementation are summarized as follows.

<azbil Group Basic Policy on Internal Control System Architecture>

Pursuant to Article 416, Paragraph 1, Item 1 of the Companies Act, the establishment of an internal control system is to be specifically implemented by Azbil Corporation (hereinafter referred to as the "Company") and its subsidiaries* (hereinafter referred to as the "Subsidiaries" and, collectively with the Company, as the "azbil Group"). As well as clarifying the basic policy—which is to be complied with by the Company's corporate executives, executive officers, and other employees, as well as by the directors, executive officers and other employees of its Subsidiaries (hereinafter referred to as "officers and employees")—this sets forth the principal features of the system required for the maintenance of an internal control system as stipulated in Article 112 of the Regulation for Enforcement of the Companies Act. The purpose of the internal control system based on this policy is to create an efficient, lawful, and transparent corporate structure through the improvement by constant review.

*The Subsidiaries subject to basic policies are the consolidated Subsidiaries whose annual net sales account for 1 % or more of the consolidated sales of the azbil Group among Subsidiaries specified in "azbil Group Management Basic Policy" separately.

< Systems to ensure the appropriateness of the Company's operations and the azbil Group's operations >

1. System to ensure that the execution of duties by officers and employees of the Company and its Subsidiaries shall comply with laws, regulations, and the Articles of Incorporation
 - 1) Aiming to be a corporate group that contributes to society and is trusted by it, the officers and employees of the Company and its Subsidiaries shall comply not only with laws and regulations and the Articles of Incorporation but also with the Guiding Principles for azbil Group Business and the azbil Group Code of Conduct, while maintaining high standards of corporate ethics and conducting sound business activities. To do so, the Company and its Subsidiaries shall designate an executive at each company to be responsible for compliance promotion activities and as a whole they shall tirelessly promote compliance initiatives.
 - 2) In addition to what is stated in the preceding paragraph, the Company and each of its separately specified Subsidiaries shall formulate their own action plans to promote compliance—including compliance with laws, regulations, and the Articles of Incorporation—and they shall report the results of implementation to their own Board of Directors.
 - 3) The Company, to promote compliance-related activities throughout the entire Group, shall establish the azbil Group CSR Promotion Committee, and shall create action plans for the Group as a whole, manage progress, and provide guidance and advice to Subsidiaries.
 - 4) The Company and its Subsidiaries shall establish internal control systems to ensure the

appropriateness of business activities. To do so, the officers and employees of the Company and its Subsidiaries shall endeavor to develop and implement the basic elements of internal control, including the control environment, and in the performance of business, and shall seek to maintain and improve the status of internal control by complying with relevant laws and regulations, business process manuals, etc.

- 5) In accordance with the Internal Audit Rules, the Internal Audit Department of the Company shall conduct audits periodically, or as necessary, on the status of compliance promotion activities at the Company and Subsidiaries and their establishment of internal control systems.
 - 6) In the event where the Company or its Subsidiaries engage in serious illegal or unethical acts, or where there is a significant adverse impact on society, the officers and employees of the Company and Subsidiaries shall report it using either the designated reporting channels or the internal reporting system.
 - 7) The Internal Audit Department of the Company shall maintain, develop and properly operate the internal reporting system and related mechanisms. Any expansion or modification of the scope of the internal reporting system shall be implemented after reporting to the Board of Directors.
2. System for the storage and management of information related to the execution of duties by the Company's corporate executives
 - 1) The officers and employees of the Company shall comply with the Rules for Storage and Management of Information Related to the Execution of Duties by Corporate Executives and so forth, and they shall store and manage information related to the execution of duties appropriately.
 - 2) As regards the formulation, revision, or abolition of the rules in the preceding paragraph, Corporate Secretariat Office shall be responsible with the approval of the Management Meeting. Operational status shall be evaluated/reviewed as necessary.
 - 3) In accordance with the Internal Audit Rules, the Internal Audit Department of the Company shall conduct audits, on a regular basis or as necessary, on the status of operations and management of the Internal Audit Rules and others.
3. Regulations and other systems for managing the risk of loss at the Company and Subsidiaries
 - 1) To properly manage the risk of loss and ensure the continuity and stable development of business, the Company's Board of Directors shall receive reports of risks that could cause significant loss to the management of the azbil Group as a whole (aG major risks) in accordance with the azbil Group Risk Management Rules.
 - 2) The Company shall instruct its Subsidiaries, as necessary, in order to promote countermeasures against what have been identified as aG major risks.
 - 3) In addition to what is stated in the preceding paragraph, separately designated Subsidiaries shall independently identify their own major risks, and work to establish and promote countermeasures against those risks.
 - 4) In accordance with the Internal Audit Rules, the Internal Audit Department of the Company shall conduct internal audits, on a regular basis or as necessary, of the status of implementation of the risk management system of the Company and its Subsidiaries.

4. System to ensure the efficient execution of duties by the Company's corporate executives and by the directors of Subsidiaries
 - 1) To ensure the efficient and prompt execution of business activities without compromising the soundness of the enterprise, the Company and its Subsidiaries shall develop an organizational system and rules regarding administrative authority for the effective execution of business.
 - 2) Officers and employees of the Company and its Subsidiaries shall take actions to ensure the achievement of the medium-term plan and the annual plan, and shall periodically review whether the execution of business is progressing as initially planned.
 - 3) In accordance with the Rules for Division of Duties and other relevant regulations, the Company shall provide necessary support and guidance to its Subsidiaries to improve the efficiency and standard of operations of the azbil Group as a whole.
 - 4) At both the Company and its Subsidiaries, to ensure thorough deliberation by the Board of Directors on matters that require Board approval, a system shall be established whereby materials related to agenda items are distributed to all executives in advance.
5. System for reporting to the Company of matters related to the execution of duties by officers and employees of Subsidiaries
 - 1) In the execution of their duties, Subsidiaries shall obtain the Company's approval or report to the Company in accordance with the azbil Group Management Basic Policy that stipulates management control matters to be discussed at the Company's Board of Directors.
 - 2) In addition to what is stated in the preceding paragraph, domestic Subsidiaries shall report to the Company—directly, at regular meetings of Group company presidents, or at other meetings—on the status of their own businesses and on important management matters.
 - 3) Overseas subsidiaries shall, in addition to what is stated in paragraph (1) above, report to the Company—directly, or through the Company's relevant department(s)—on the status of their own businesses and on important management matters.

<Matters necessary for the performance of the duties of the Audit Committee>

1. Matters concerning officers and employees assisting the Company's Audit Committee; matters concerning the independence of such officers and employees from the Company's corporate executives; and matters to ensure the effectiveness of the Audit Committee's instructions to these officers and employees
 - 1) The Company shall establish an Audit Committee Office within the Internal Audit Department and assign full-time employees to assist the Audit Committee in its duties.
 - 2) To maintain the independence, from the Company's corporate executives, of the aforesaid employees assigned to assist the duties of the Audit Committee, personnel transfers involving these employees shall be decided with the prior consent of the Audit Committee. Also, the performance evaluation of the Audit Committee Office manager is determined through an evaluation by the Audit Committee.
 - 3) To maintain the independence, from the Company's corporate executives, of the executive officers in charge of the Internal Audit Department and the head of the Internal

Audit Department, personnel transfers, evaluations and budget matters involving these executive officers and the head of the Internal Audit Department shall be decided with the prior consent of the Audit Committee.

- 4) Full-time employees assigned to assist the Audit Committee in its duties shall perform their duties under the direction and instructions of the Audit Committee.
2. System for reporting to the Company's Audit Committee by officers and employees of the Company and Subsidiaries and by Audit & Supervisory Board members of Subsidiaries; and system to ensure that a person making such as report shall not be treated disadvantageously as a result of said reporting
 - 1) In the event that any officer or employee of the Company or its Subsidiaries discovers any matter that may invite significant loss to the Company or its Subsidiaries; or any serious deficiency in the internal control system or procedures; or the occurrence of any serious violation of laws and regulations or fraud, they shall make a report to their top management and to the department responsible for internal control if such has been established. On receipt of such a report, a Subsidiary's top management or internal control department shall make a report to the Company's top management and Internal Audit Department, as well as to the Subsidiary's own directors and Audit & Supervisory Board members, if the latter have been appointed. Also, on receipt of such a report, the Company's top management and Internal Audit Department shall report it to the Company's directors, corporate executives, and the Audit Committee.
 - 2) In addition to the reporting system described in the preceding paragraph, the Company shall maintain, develop, and appropriately operate the azbil Group's internal reporting system.
 - 3) The department in charge of the internal reporting system in the Company shall make regular reports to the Audit Committee regarding the status of internal reports from the officers and employees of the Company and its Subsidiaries.
 - 4) Notwithstanding the preceding paragraphs, the Audit Committee of the Company may, at any time, request necessary reports from the officers and employees of the Company and its Subsidiaries and from the Audit & Supervisory Board members of the Subsidiaries.
 - 5) Internal rules shall be developed to ensure the Company and Subsidiaries do not treat officers or employees disadvantageously because they made such a report to the Audit Committee of the Company or to the Audit & Supervisory Board members of a Subsidiary.
 3. Matters concerning the policy for the handling of expenses and financial obligations arising from the performance of duties by the Company's Audit Committee members
 - 1) The Company shall promptly handle expenses and financial obligations with respect to costs incurred by Audit Committee members in the performance of their duties, and any costs incurred when they seek the opinion of outside experts such as lawyers in forming their own opinion, except when the Company demonstrates that such expenses were not required for the performance of Audit Committee's duties.
 - 2) The Company shall set aside in advance a budget for the Audit Committee and for the full-time employees engaged in assisting the Audit Committee in the performance of their duties, and shall not interfere in the execution of that budget. However, this

excludes cases where the Company demonstrates that the costs were not required for the performance of Audit Committee's duties.

4. Other systems to ensure that the audits of the Company's Audit Committee are implemented effectively
 - 1) Audit Committee members may attend meetings of the Board of Directors and other important meetings such as the Management Meeting; may inspect key approval forms and other documents related to the execution of business operations; and may request explanations from officers and employees.
 - 2) To establish a system that enables the efficient implementation of audits, the Audit Committee shall regularly exchange information and collaborate with the Company's directors, corporate executives, and Internal Audit Department, as well as with Subsidiaries' directors, Audit & Supervisory Board members, and accounting auditors.

<Summary of the operational status of the system to ensure the appropriateness of business activities>

The outline of the operational status of the system to ensure the appropriateness of business activities is as follows.

1. Compliance systems

- The azbil Group, guided by the Group philosophy of “human-centered automation,” has formulated the Guiding Principles for azbil Group Business and the azbil Group Code of Conduct, making efforts toward creating a corporate culture permeated by compliance awareness. To do so, the Company and its subsidiaries have appointed officers who are responsible for controlling and promoting company-wide compliance-related activities, and have designated compliance managers and compliance leaders to ensure thorough compliance, and to provide education and supervision for employees with the cooperation of the department in charge of compliance. In the current fiscal year, to strengthen compliance systems throughout the azbil Group, on April 1, 2025 we decided to establish the “azbil Group Compliance Committee” composed of top management class. Furthermore, to strengthen export management, we are creating awareness within the Group about the U.S. Export Administration Regulations (EAR) strengthening regulations for semiconductor-related applications and the increased number of companies on its Entity List, as well as the promulgation of China’s new Regulations on Export Control of Dual-Use Items under the PRC Export Control Law. Additionally, we are strengthening the confidential information management systems at our overseas subsidiaries, clarifying rules on approval authority, revising penalty guidelines, and working on efforts to improve the guidelines in our azbil Group Basic Policy on Anti-corruption Practices. In our domestic and overseas audits, depending on the field being audited, our Internal Audit Department performed the audits in cooperation with management departments.
- To promote compliance-related activities throughout the azbil Group, the Company has formed a permanent meeting structure to promote CSR related activities, where an officer of the Company in charge of compliance is appointed as chief officer, and officers in charge of compliance at each subsidiary are appointed as members. This organization creates action plans for the entire Group, managing progress and providing guidance to subsidiaries.
- The officers and employees of the Company and its subsidiaries may use the CSR Hotline system, in Japan and abroad, to consult and report, pursuant to the Rules for the Consultation and Reporting System of aG employees. Unfair treatment of persons initiating consultations and reports is prohibited by these rules, and we have made this known internally. In the current fiscal year, with the establishment of the “azbil Group Basic Policy on Human Rights” and the promulgation of Japan’s “Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (“Freelance Act”),” we revised our “Rules for the consultation and reporting system of aG employees” to expand the contents of consultations and reporting, expanding the scope of persons able to request consultations and provide reports to cover all stakeholders. We are also making progress in offering our external website, the “azbil Group Consultation and Reporting Helpdesk” in multiple languages. Furthermore, for important items that should be considered in consultations to the “CSR Hotline system,” we worked to create awareness internally and had employees perform self-checks. While the “CSR Hotline system” complies with the personal information protection laws of the countries in which it is available, in the current fiscal year, we are responding to amendments in the personal information protection laws of Indonesia and Saudi Arabia.

- As contingency planning for responding to serious illegal or unethical acts, the Company and its Subsidiaries have formulated Rules for Reporting in Emergency and Serious Situations. Should such an emergency or serious situation occur, using the system provided, reports shall be made to the top management and Audit & Supervisory Board members of any Subsidiary involved as well as to the Company's top management and Audit Committee. Furthermore, regarding the state of response to emergency or serious situations and the implementation status of measures to prevent recurrence, reports are regularly made at Board of Directors meetings attended by Audit Committee members.
- The Company's Internal Audit Department conducts audits to verify the situation relating to (a) the promotion of compliance and the establishment of internal control procedures at the Company and its Subsidiaries; (b) operation and management with respect to the regulations stipulated in (2) below; and (c) the development of risk management systems in (3) below. Furthermore, the audit results are reported to the Audit Committee members, the corporate executives, and the officers in charge. In addition to improvements made at each company based on the audit results, we have created a cross-sectional improvement response team centered on the relevant organizations to advance initiatives aimed at resolving issues.
- Regarding internal control associated with the reliability of financial reporting under the Financial Instruments and Exchange Act (J-SOX), we have been working to create awareness about the importance of internal control and to raise the standard of our internal control by issuing management messages on appropriate accounting procedures, and by implementing accounting compliance education and internal control education. Moreover, in the current fiscal year, following amendments to our internal control standards and internal control implementation standards, we are expanding the companies covered by our J-SOX all-company control assessment, revising our assessment items and implementing our assessment.

2. Storage and management of information

- Pursuant to the Rules for Storage and Management of Information Related to the Execution of Duties by Corporate Executives and so forth, the Company has created a department in charge of storing and managing the minutes of Board of Directors meetings and as well as those of the Management Meeting, and other important documents and information.

3. Risk management systems

- Pursuant to the azbil Group Risk Management Rules, the Company reports on—at Board of Directors meetings, following screening by the azbil Group Risk Management Committee and its superior body, the azbil Group General Risk Committee—aG major risks which may cause significant losses for the overall Group management. While strengthening the comprehensive risk management system and countermeasures, the Company also instructs its Subsidiaries, when necessary, to promote such measures within the Group.
- The Board of Directors of each Subsidiary identifies its own major risks. Countermeasures are then prepared and promoted, and the results of their implementation and risk mitigation are reported to their Board.
- The Company is also working to promptly resolve crises in the event of a reported emergency or major incident through the establishment of an Emergency Headquarters to deal with such events. The state of these activities is regularly reported to the Board of Directors.

4. System of efficient execution of duties

- The officers and employees of the Company and its Subsidiaries develop a medium-term plan and an annual plan, and take actions based on such plans. We conduct regular reviews of the operational status, follow the progress of business execution, and plan new measures.
- In accordance with the Rules for Division of Duties and other rules, the Company provides necessary support and guidance to its Subsidiaries to enhance the efficiency and standard of business operations of the Group as a whole.
- To ensure thorough deliberation by the Board of Directors, and while seeking ways to improve the operation of Board meetings, the Company and its Subsidiaries distribute materials related to the agenda in advance of meetings. In addition, the Company holds briefings for outside directors regarding items scheduled for discussion at meetings of the Board of Directors.

5. Group management system

- Pursuant to the azbil Group Management Basic Policy, for certain important items Subsidiaries report to or obtain approval from the Company's Board of Directors or the Management Meeting, which decides on business execution matters within the scope of the authority of the president & CEO.
- The management status of major Subsidiaries is reported at meetings of Group company presidents and meetings on the financial results of subsidiaries, while business status and performance, as well as important management items relating to overseas Subsidiaries are reported via the Group's Global Meeting for overseas Subsidiaries.

6. Audit system implemented by Audit Committee

- The Company has established an Audit Committee Office in the Internal Audit Division to which it has assigned two staff members with dedicated responsibility to assist the duties of the Audit Committee, performing their duties under the direction and instruction of the Audit Committee. Personnel transfers are decided with the consent of the Audit Committee, and the performance evaluation of the Audit Committee Office manager is determined through an evaluation by the Audit Committee. Furthermore, personnel rotations, performance evaluations, and the budget for the executive officer responsible for the Internal Audit Division and the Internal Audit Division manager are determined with the consent of the Audit Committee.
- Regarding matters raised or reported via the aforementioned CSR Hotline system by officers and employees of the Company and its Subsidiaries, the Internal Audit Department reports on these to the Audit Committee on a monthly basis, and the detailed reports are presented at the quarterly liaison meetings for the Audit Committee.
- The Company bears and promptly handles expenses incurred by Audit Committee members in the performance of their duties.
- The Audit Committee members attend meetings of the Board of Directors and other important meetings including those of the Management Meeting, inspect key approval forms and other documents related to the execution of business, and request explanations from the officers and employees, regularly or when necessary. In addition, the Audit Committee may obtain the opinion of lawyers, with whom they have individually concluded advisory contracts, as appropriate.
- The Company's Audit Committee regularly hold meetings with the directors, corporate

executives, the Internal Audit Department, the accounting auditor, the directors and the Audit & Supervisory Board members of Subsidiaries to share information, communicate and provide reports, and exchange opinions and information as needed to improve the effectiveness of audits.

(2) Basic policy related to persons controlling interests in the Company

Not applicable

(3) Policy on determination of dividends of surplus, etc.

The azbil Group has established a basic policy on dividends in which “we strive to maintain a stable but rising dividend level over the long term” with a focus on the dividend on equity (DOE) ratio. We have steadily increased our dividend every year since FY2015 and aim to continuously increase our dividend in the future.

Under the previous medium-term plan (FY2021–FY2024), as strategic investments for future business development, we have actively engaged in collaborative projects with other companies and invested in other companies to expand our business; to upgrade and reinforce our advanced global development and production systems; to expand our lineup of products and services; to improve productivity by promoting DX; and to invest in human capital. Additionally, we have been working to ensure business continuity necessary to meet unexpected contingencies such as natural disasters.

Having set an ROE target in our medium-term plan, in order to ensure management that is conscious of the cost of capital and the stock price, we have introduced return on invested capital (ROIC) as a management indicator. We have also promoted further improvements in the efficiency of shareholders’ equity, while considering the level of cash and cash equivalents and procurement capacity required for business operations and growth. Note that the trial calculation of azbil Group ROIC for FY2024 is 12.6%, and the weighted average cost of capital (WACC)* is 6.3%. Going forward, as well as making steady progress with such investments for growth, we will continue to improve capital efficiency and promote shareholder returns, in accordance with the basic policy above, while ensuring that we maintain a sound financial base.

As to specifics regarding the distribution of profits to our shareholders, for FY2024, it had been planned to make the annual dividend 22 yen per share, an increase of 3 yen compared with FY2023. However, it is now planned to increase the year-end dividend by 2 yen above the level previously announced, and pay an annual dividend of 24 yen per share, representing an increase of 5 yen, and have proposed this matter at this Ordinary General Meeting of Shareholders. (The Company conducted a stock split effective October 1, 2024, whereby each share of common stock was split into 4 shares. The year-end dividend, calculated from the number of shares before the stock split, was to be 44 yen per share; the annual dividend, including the interim dividend, was to be 88 yen per share; however, as a result of the above increase, the annual dividend will now be 96 yen per share; this would represent an increase of 20 yen from FY2023 without taking the stock split into account.)

As the Company considers the return of profit to its shareholders as one of its important management issues, the Company aims to maintain stable dividends while comprehensively taking into account consolidated business performance, return on equity (ROE), DOE, retained earnings for future business operation and corporate structure fortification, etc. and striving to improve the dividend level. We comprehensively consider record profits achieved for the fourth consecutive fiscal year, which exceeded the revised forecast for the fiscal year ended March 31, 2025, announced on November 8, 2024, as well as the current financial position and future business environment, and thus intend further returns of profit to our shareholders. Consequently, DOE, our reference indicator, is expected to improve to

5.5%.

Although the business environment surrounding the Company is expected to remain uncertain in FY2025, we will steadily capture the recovering demand in the FA market in addition to benefiting from robust growth in the building-related business. We will also steadily convert order backlog into sales. While making investments for growth—in R&D, equipment and facilities, DX, and human capital—we will also improve profitability through measures already in place to strengthen business profitability, including cost pass-through, as well as DX-based improvements to operational efficiency. From a medium- to long-term perspective, we will accelerate transformation for growth by strengthening investments in improving product competitiveness, technology development, equipment and facilities, and human capital. We look forward to sustained growth with our diverse business portfolio (BA, AA, and LA), in which each segment operates in a different market environment.

Also regarding dividends for FY2025, based on our basic policy of promoting shareholder returns and raising the level of stable dividends, the new medium-term plan (FY2025-2027), which starts this fiscal year, sees DOE, our reference indicator for dividends, rising to a level of 6% so as to underpin our policy of stably increasing DOE in line with improvements to the Company's profitability. It is thus planned to pay an interim dividend of 13 yen and a year-end dividend of 13 yen to make an annual dividend of 26 yen per share, representing an increase of 2 yen from FY2024. As a result, DOE is expected to be 5.6%.

As mentioned above, the azbil Group will continue its ongoing efforts to improve the return of profits to our shareholders, while making investments for growth and striving to strengthen the business structure with measures to enhance business profitability, etc.

* The ROIC excluding the special factors such as the transfer of equity interests in Azbil Telstar is 10.3%.

(Reference) Our approach to corporate governance

To ensure its own medium- to long-term development, respond to the trust of all its stakeholders including its shareholders, and proceed with consistently increasing enterprise value, the azbil Group sets fortifying the underlying corporate governance as a management priority. As a company with a three-committee board structure, it has implemented measures including strengthening the supervisory and auditing functions of the Board of Directors, improving management transparency and soundness, and clarifying the structure of responsibility for the execution of duties.

Corporate Governance System

As a company with a three-committee board structure, three statutory committees – the Nomination Committee, Audit Committee, and Remuneration Committee – have been established, each consisting of a majority of independent outside directors and being chaired by an independent outside director. In addition, by substantially transferring business execution authority from the Board of Directors to corporate executives with clear legal responsibilities, we are clearly separating supervisory and execution functions to ensure a business execution system based on flexible and efficient decision making, while at the same time enhancing the objective supervision of management.

Furthermore, as a company with a three-committee board structure, to ensure the effectiveness of monitoring by the Board of Directors, we have established a forum for providing information to directors and exchanging opinions with corporate executives in the form of a Liaison Meeting for Directors and Corporate Executives, and in addition, opinion exchange meetings are held regularly among outside directors. At the same time, we are continuing our system for executive officers charged with business execution, aiming to enhance quality and speed of decision making.

The Board of Directors is convened monthly in principle, to discuss and consider legal issues, and other important managerial matters as the highest decision-making body for management and provide a major direction, and to exercise appropriate supervision over execution in order to reflect opinions of stakeholders. In business execution, the Management Meeting, which corporate executives and executive officers with titles attend, has been established to serve as an executive-level advisory body to assist president & Group CEO in making decisions, and are attended by the full-time Audit Committee member to ensure the effectiveness of monitoring. The Management Meeting is held twice a month in principle as part of ongoing initiatives to strengthen business operations through prompt decision making and strict execution.

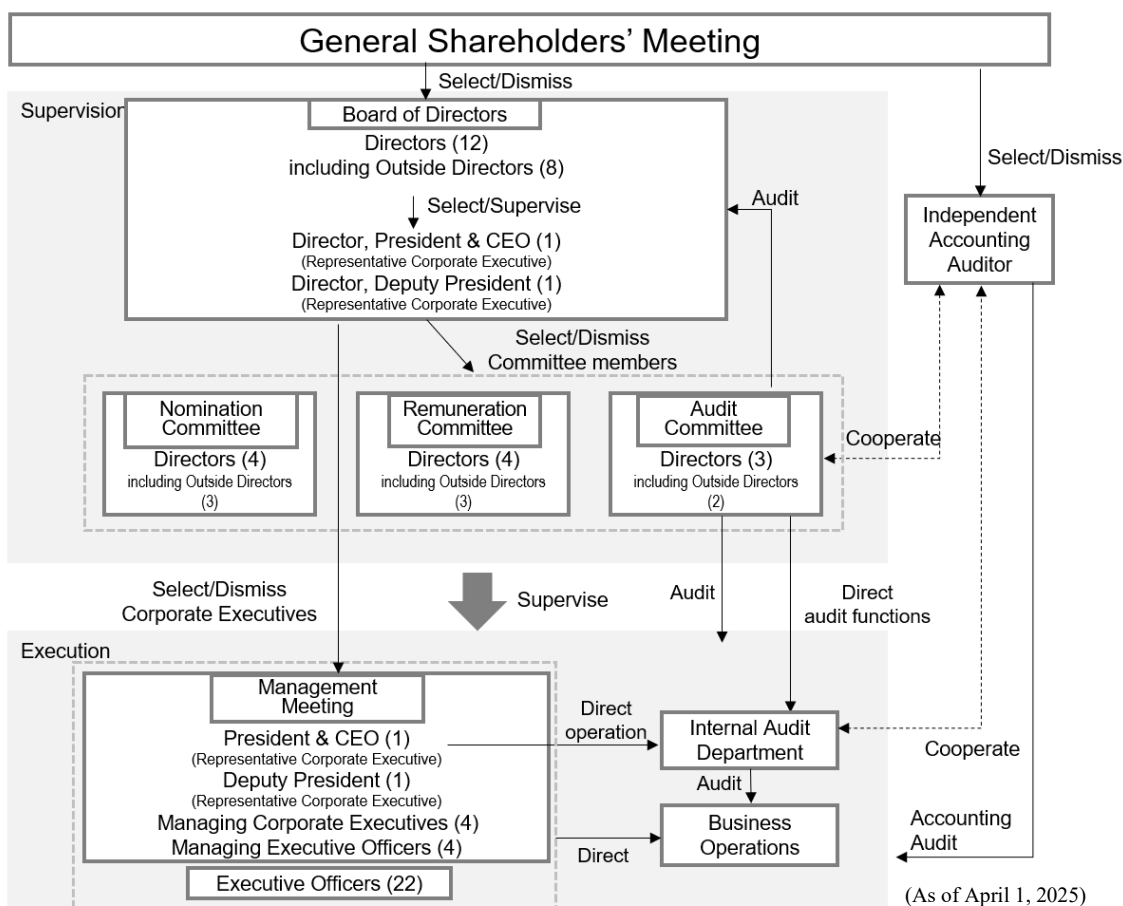
As of March 31, 2025, the Company has appointed a total of 12 directors, including four (4) who are involved in business execution and have accumulated experience in the Company's business, management and audits (Hirozumi Sone, Kiyohiro Yamamoto, Takayuki Yokota, and Hisaya Katsuta), as well as eight (8) who are independent outside directors and have independence, broad experience, a wealth of expertise and knowledge, and rich diversity in the form of nationality and gender (Waka Fujiso, Mitsuhiro Nagahama, Anne Ka Tse Hung, Fumitoshi Sato, Shigeaki Yoshikawa, Tomoyasu Miura, Sachiko Ichikawa, and Hiroshi Yoshida). Independent outside directors have reached the majority of the Board of Directors. In addition to working diligently to contribute to enhancement of the Company's enterprise value through appropriate oversight and advice during the decision-making process at Board of Directors meetings, these independent outside directors regularly exchange opinions with corporate executives through a Liaison Meeting for Directors and Corporate Executives and other opportunities. Moreover, we established the skills expected of the directors from the viewpoint of sustainable increase in enterprise value, including the realization of the Company's

medium-term plan, and confirmed the independence, diversity, and expected skills of the current Board of Directors.

In regard to the appointment of outside directors, the Company has formulated its own criteria for independence. The Company's outside directors have satisfied these criteria for independence, and there is no possibility of the occurrence of conflict of interest with general shareholders. As each of outside directors has sufficient independence, the Company has reported them as independent officers to the Tokyo Stock Exchange.

Moreover, the Company has concluded Officer Liability Policies with an insurance company as stipulated in Article 430-3 Paragraph 1 of the Companies Act, with the Company's directors, corporate executives, and executive officers, etc., and its subsidiaries' directors, Audit & Supervisory Board members, and executive officers, etc., being included in the scope of the insured persons. Per the liability policies, the insurance company will cover damages incurred by the insured persons in bearing responsibility for the execution of their duties or as a result of claims received in pursuit of these responsibilities. However, as a measure to ensure that the appropriateness of the duties of the insured persons is not lost, damages resulting from the insured person's intention, illegal personal profit sharing, and criminal actions are not covered. Furthermore, the insured persons are not responsible for the insurance premiums.

Furthermore, under the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded contracts for limitation of liability with outside directors, as provided for in Article 423, Paragraph 1 of the Companies Act. The limit amount of the liability for damage based on said contracts is the minimum liability amount prescribed in laws and regulations. However, such limitation of liability only applies when the outside directors executed their duties that caused the liability in good faith and without gross negligence.



Status of Activities of the Board of Directors

In FY2024, the Board of Directors met a total of 13 times. The 12 directors attended all of the meetings. Major items discussed at the Board of Directors meetings are as follows.

Items resolved	Formulation of the next medium-term plan, capital policy, appointment of corporate executives, appointment of committee members, approval for financial results, transfer of equity in a subsidiary, establishment of an overseas manufacturing subsidiary, and other matters
Items reported	Selection of major risks, report on the holding status of strategic shareholdings, reports on execution of duties from each statutory committee and corporate executives, reports on the status of operation of internal control systems, reports on the status of CSR management, business portfolio review, and other reports

As for the effectiveness of the Board of Directors, upon collecting the self-evaluations and opinions annually, current evaluations and issues are shared at Board of Directors meetings as we pursue further increases in the effectiveness of the Board of Directors. Regarding the evaluation for FY2024, the Company used a third-party organization for the purpose of ensuring objectivity in design/implementation of a questionnaire sent to each director and its collection/analysis, and further enhancing the future effectiveness of the Board of Directors.

In addition, regarding activities related to the dialogue with shareholders, the Company held a private meeting between institutional investors and outside directors as a part of investor engagements by the Board of Directors, and discussion about initiatives of enhanced corporate governance, etc. was conducted.

Status of Activities of the Nomination Committee, the Audit Committee, and the Remuneration Committee

As a company with a three-committee board structure, the Company has established three committees, namely the Nomination Committee, the Audit Committee, and the Remuneration Committee. The status of activities of each committee is as follows.

(Nomination Committee)

As of March 31, 2025, the Nomination Committee is comprised of four members, with Shigeaki Yoshikawa (Independent Outside Director) serving as the Committee chairperson, Anne Ka Tse Hung (Independent Outside Director), Sachiko Ichikawa (Independent Outside Director), and Kiyohiro Yamamoto (Director, President & Group CEO) serving as committee members, and independent outside directors comprising a majority of the Committee. In FY2024, the Nomination Committee met thirteen (13) times, and four (4) members of the Nomination Committee attended all of the meetings*. Specific items considered by the Nomination Committee are as follows.

*Because Sachiko Ichikawa was elected at the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024, her attendance only applies to committee meetings held after her appointment.

Items implemented	Specific contents of consideration
Action plans for the current fiscal year	The Nomination Committee considered and determined items for evaluation and annual action plans for the committee in the current fiscal year, and other matters.

Items implemented	Specific contents of consideration
Formulation of nomination guidelines	The Nomination Committee formulated guidelines for making nominations following consideration of factors including the composition of the Board of Directors, and processes concerning the election and dismissal, terms of office, selection and cultivation of candidates for director and upper management positions.
Consideration of the structure of the Board of Directors	The Nomination Committee considered the most suitable composition for the Board of Directors and confirmed the appropriateness of the current skills matrix.
Determination of contents of proposals concerning candidates for directors for the next term	In considering the Board of Directors structure for the next term (FY2025), the Nomination Committee confirmed views on the selection and the state of consideration, and deliberated and determined candidates for directors for the next term to be proposed at the general meeting of shareholders.
Determination of candidates for corporate executives for the next term	Regarding the corporate executive structure for the next term (FY2025) based on consultation from the Board of Directors, the Nomination Committee confirmed views on the selection and the state of consideration, and deliberated on and determined candidates for corporate executives for the next term.
Selection of successor candidates and confirmation of individual training plans	The Nomination Committee shared a profile of needed successor and the judgment criteria for promotion, and confirmed the selection and training process and the training status of successor candidates based on the development of leadership personnel.

(Audit Committee)

As of March 31, 2025, the Audit Committee is comprised of three members, with Fumitoshi Sato (Independent Outside Director) serving as the Committee chairperson, Hiroshi Yoshida (Independent Outside Director) and Hisaya Katsuta (Non-executive Inside Director) serving as committee members, and independent outside directors comprising a majority of the Committee. Two (2) independent outside directors and one (1) non-executive inside director who is versed in the Company's businesses formulate audit plans together with the Internal Audit Department and conduct multifaceted auditing activities, and the internal Audit Committee member serves on a full-time basis, to enhance the effectiveness of audits by the Audit Committee. The Audit Committee chairperson Fumitoshi Sato and the Audit Committee member Hiroshi Yoshida have experience as the people responsible for the creation of financial statements as the officers in charge of accounting and finance, etc., at other operating companies over many years and thus have a wealth of knowledge concerning financial affairs and accounting. Furthermore, the Company established an Audit Committee Office, an organization dedicated to assisting the Audit Committee in its duties, with two (2) staff members assigned to assist the Audit Committee in the execution of its duties.

The Audit Committee convenes in principle once a month and holds ad-hoc meetings, as necessary. In FY2024, it convened a total of 13 times and the three (3) Audit Committee

members participated in all of the meetings*. The main key audit items, points of note concerning audits, and specific audit details of the Audit Committee in FY2024 are as follows.

*Because Hiroshi Yoshida was elected at the 102nd Ordinary General Meeting of Shareholders held on June 25, 2024, his attendance only applies to committee meetings held after his appointment.

Key audit items and audit considerations	Specific audit details
Status of operation of internal control systems ・Status of operation of the azbil Group Basic Policy on Internal Control Systems Architecture ・Status of response to major risks and division management risks	All Audit Committee members confirmed the status by discussing at Board of Directors meetings, interviews, etc. and exchanging opinion with the divisions in charge of internal audits and the presidents and Audit & Supervisory Board members of the Company's subsidiaries. The full-time Audit Committee member also confirmed the risk management status through interviews with the main control divisions and the Audit & Supervisory Board members of the Company's subsidiaries, as well as by attending azbil Group General Risk Committee.
Confirmation of governance ・Status of execution of duty of diligence by corporate executives and directors and of the separation of supervisory and executive functions	All the Audit Committee members exchanged opinions with the corporate executives and presidents of subsidiaries and confirmed the status of operations of the internal reporting system. The full-time Audit Committee member attended the Management Meeting and other important meetings and confirmed both the response to emergencies and major incidents and the implementation status of measures to prevent recurrence.
Confirmation of legal and regulatory compliance ・Status of compliance with the Act on the Protection of Personal Information, Anti-Monopoly Act, Foreign Exchange and Foreign Trade Act, Construction Business Act, and Subcontract Act	The full-time Audit Committee member confirmed the status of regulatory compliance through an investigation of business operations at the divisions in charge of operations related to various laws and regulations, and confirmed the implementation of disclosure matters and the status of the response to the introduction of a new quarterly reporting system (amendment to the Japanese Financial Instruments and Exchange Act).
Confirmation of the implementation status of management strategies (Long-term targets) ・Status of achievement of result targets ・Status of SDGs initiatives	At the Board of Directors meetings and the Liaison Meeting for Directors and Corporate Executives, discussions were held on measures to achieve medium- to long-term targets and on the details of the evaluation of the business portfolio. Additionally, during the investigation of business operations, confirmation was made that the divisions were executing business operations according to the medium-term plan.
Confirmation of status of audits by the Accounting Auditor ・Status of accounting audit and internal control audit	All the Audit Committee members listened to an audit report from and exchanged opinions with the Accounting Auditor and confirmed the status of audits in regard to the key audit matters (KAM). Members, particularly the full-time Audit Committee member, also observed onsite audit operations by the audit firm and confirmed the audit methods.

(Remuneration Committee)

As of March 31, 2025, the Remuneration Committee is comprised of four members, with Mitsuhiro Nagahama (Independent Outside Director) serving as the Committee chairperson, Waka Fujiso (Independent Outside Director), Tomoyasu Miura (Independent Outside Director), and Takayuki Yokota (Director, Representative Corporate Executive Deputy President) serving as committee members, and independent outside directors comprising a majority of the Committee. In FY2024, the Remuneration Committee met fourteen (14) times and all the four (4) Remuneration Committee members attended all of the meetings. Specific items considered by the Remuneration Committee are as follows.

Items implemented	Specific contents of consideration
Action plan for the current fiscal year	The Remuneration Committee evaluated and decided on the items for consideration and its annual action plan for the current fiscal year.
Determination of policies and system for determining details of remuneration for directors and corporate executives	The Remuneration Committee revised the policies and system used to decide the details of remuneration for directors and corporate executives in anticipation of the new medium-term plan beginning in FY2025, including reviewing the remuneration levels and ratios for directors and corporate executives, revising the KPI for performance-linked remuneration, and introducing a clawback provision for cases such as financial results revisions and illegal acts.
Determination of individual remuneration for directors and corporate executives	In addition to evaluating the performance of corporate executives in FY2023, based on the policies for determining details of remuneration for directors and corporate executives, the Remuneration Committee determined details of individual remuneration for directors and corporate executives.
Confirmation of the external environment as for officers' remuneration	The Remuneration Committee made regular confirmation of the current remuneration system for officers and the remuneration level in light of information on other companies and general trends provided by external specialized institutions, etc.

Furthermore, regarding the maintenance of the Compliance Systems of the Group as a whole, the Company aims to be a corporate group trusted by society, and including compliance with laws and regulations, has established the Guiding Principles for azbil Group Business and the azbil Group Code of Conduct as guiding principles of the officers and employees. We aim to connect the Group philosophy, Guiding Principles, Code of Conduct, and management strategy “in series” leading to a sustainable society and to realize a balance between resolving social issues and sustainable growth. Additionally, by maintaining the public nature of the Company by first cutting off any relationships to antisocial forces, fulfilling our social responsibilities, compliance with antitrust and other fair trade regulations, respect for human rights, management and deployment of corporate assets, and protection of the environment, the Company is working toward sound business activities through the establishment of our corporate ethics.

As described in the section on “Issues to be tackled,” to promote sustainability management and to achieve the materiality targets established by the Company as priority issues to be tackled over the long term, we have set the essential goals of the azbil Group for the SDGs, and for materiality related to fundamental obligations that a company must fulfill as members of society, we are advancing various CSR activities with the goal of being a trusted corporate group. Specifically, for the proper and efficient execution of business operations, by establishing various internal rules relating to the decision making of the Company and implementation of business operations and other measures, the Company is maintaining a system which clarifies job authority and allows the appropriate checks to function. In terms of our internal control functions, the Internal Audit Department regularly performs internal audits that cover the overall management activities of headquarters divisions, each company and each group company, targeting the management and operations systems, the execution of business operations, business risks, compliance, and internal control systems, conducting monitoring and providing specific advice and proposals for improved business operations. The Company works to strengthen internal controls within the Financial Instruments and Exchange Act, and to promote compliance-related activities throughout the Group, the Company has formed the azbil Group CSR Promotion Committee, where an officer of the Company in charge of compliance is appointed as chief officer and officers of each group company in charge of compliance are appointed as members. Furthermore, on April 1, 2025, the Company established the azbil Group Compliance Committee to strengthen and maintain the overall compliance of the azbil Group in both Japan and overseas. We also maintain a system for the early discovery of misconduct through our internal reporting system. Furthermore, we receive the advice and support from legal advisors, certified public accountants and external experts as necessary regarding the overall execution of business operations.

The business report is listed as follows.

1. For monetary values, fractional numbers are rounded down to the nearest whole unit.
2. Stock quantities listed in thousands are rounded down to the nearest thousand.

Consolidated Financial Statements

Consolidated Balance Sheet

		(Millions of yen)	
		103rd term	103rd term
		As of March 31,	As of March 31,
		2025	2025
Assets		Liabilities	
Current assets	230,770	Current liabilities	67,786
Cash and deposits	88,495	Notes and accounts payable - trade	16,089
Notes receivable - trade	15,124	Short-term borrowings	4,862
Accounts receivable - trade	61,541	Income taxes payable	8,964
Contract assets	15,079	Contract liabilities	4,083
Securities	6,400	Provision for bonuses	13,614
Merchandise and finished goods	8,483	Provision for bonuses for directors (and other officers)	245
Work in process	6,776	Provision for share awards	2,854
Raw materials	22,366	Provision for product warranties	1,857
Other	6,857	Provision for loss on orders received	16
Allowance for doubtful accounts	(352)	Other	15,198
Non-current assets	84,302	Non-current liabilities	6,768
Property, plant and equipment	41,186	Long-term borrowings	620
Buildings and structures	23,314	Deferred tax liabilities for land revaluation	186
Machinery, equipment and vehicles	4,951	Retirement benefit liability	1,821
Tools, furniture and fixtures	3,107	Provision for retirement benefits for directors (and other officers)	197
Land	6,618	Provision for share awards	130
Leased assets	1,409	Provision for share awards for directors (and other officers)	177
Construction in progress	1,785	Other	3,635
Intangible assets	7,475	Total liabilities	74,555
Software	4,425	Net assets	
Other	3,050	Shareholders' equity	218,561
Investments and other assets	35,640	Share capital	10,522
Investment securities	22,791	Capital surplus	12,282
Deferred tax assets	5,066	Retained earnings	237,661
Retirement benefit asset	0	Treasury shares	(41,905)
Other	7,885	Accumulated other comprehensive income	18,643
Allowance for doubtful accounts	(103)	Valuation difference on available-for-sale securities	11,223
		Foreign currency translation adjustment	7,312
		Remeasurements of defined benefit plans	107
		Non-controlling interests	3,311
		Total net assets	240,517
Total assets	315,072	Total liabilities and net assets	315,072

Note: Amounts less than one million yen are rounded down.

Consolidated Statement of Income

(Millions of yen)

103rd term April 1, 2024 to March 31, 2025	
Net sales	300,378
Cost of sales	168,514
Gross profit	131,863
Selling, general and administrative expenses	90,377
Operating income	41,486
Non-operating income	1,724
Interest and dividend income	1,386
Other	337
Non-operating expenses	1,040
Interest expenses	178
Foreign exchange losses	433
Other	429
Ordinary income	42,170
Extraordinary income	11,225
Gain on sale of non-current assets	11
Gain on sale of investments in capital of subsidiaries and associates	8,436
Gain on sale of investment securities	2,007
Reversal of provision for product warranties	603
Compensation for forced relocation	165
Extraordinary losses	263
Loss on sale and retirement of non-current assets	153
Loss on valuation of investment securities	100
Loss on sale of investment securities	10
Income before income taxes	53,132
Income taxes - current	12,425
Income taxes - deferred	(913)
Net income	41,621
Net income attributable to non-controlling interests	665
Net income attributable to owners of parent	40,955

Note: Amounts less than one million yen are rounded down.

Consolidated Statement of Changes in Net Assets

(Millions of yen)

103rd term April 1, 2024 to March 31, 2025	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,522	11,617	211,810	(32,804)	201,145
Changes during period					
Dividends of surplus			(11,218)		(11,218)
Net income attributable to owners of parent			40,955		40,955
Effect of changes in accounting period of subsidiaries			299		299
Change in scope of consolidation		665			665
Purchase of treasury shares				(19,256)	(19,256)
Disposal of treasury shares		1,018		4,952	5,971
Cancellation of treasury shares		(5,203)		5,203	—
Transfer from retained earnings to capital surplus		4,184	(4,184)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	665	25,851	(9,100)	17,416
Balance at end of period	10,522	12,282	237,661	(41,905)	218,561

Note: Amounts less than one million yen are rounded down.

(Millions of yen)

103rd term April 1, 2024 to March 31, 2025	Accumulated other comprehensive income					Non- controlling interests	Total net assets
	Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasu- rements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,848	(18)	6,496	50	20,376	3,365	224,887
Changes during period							
Dividends of surplus							(11,218)
Net income attributable to owners of parent							40,955
Effect of changes in accounting period of subsidiaries							299
Change in scope of consolidation							665
Purchase of treasury shares							(19,256)
Disposal of treasury shares							5,971
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity	(2,624)	18	816	57	(1,733)	(53)	(1,786)
Total changes during period	(2,624)	18	816	57	(1,733)	(53)	15,629
Balance at end of period	11,223	—	7,312	107	18,643	3,311	240,517

Note: Amounts less than one million yen are rounded down.

Non-Consolidated Financial Statements

Non-consolidated Balance Sheet

(Millions of yen)

	103rd term As of March 31, 2025		103rd term As of March 31, 2025
Assets		Liabilities	
Current assets	167,568	Current liabilities	54,721
Cash and deposits	56,079	Accounts payable - trade	6,803
Notes receivable - trade	10,420	Accounts payable for construction contracts	2,597
Accounts receivable - trade	37,069	Short-term borrowings	4,500
Accounts receivable from completed construction contracts	27,319	Accounts payable - other	1,021
Securities	6,400	Accrued expenses	5,010
Merchandise and finished goods	5,758	Income taxes payable	7,657
Work in process	3,635	Accrued consumption taxes	2,656
Costs on construction contracts in progress	619	Advances received	1,039
Raw materials	12,092	Advances received on construction contracts in progress	984
Short-term loans receivable from subsidiaries and associates	1,785	Deposits received	2,334
Accounts receivable - other	2,892	Deposits received from subsidiaries and associates	3,773
Prepaid expenses	3,164	Provision for bonuses	11,633
Other	368	Provision for bonuses for directors (and other officers)	205
Allowance for doubtful accounts	(37)	Provision for share awards	2,854
Non-current assets	79,335	Provision for product warranties	1,596
Property, plant and equipment	25,353	Provision for loss on orders received	3
Buildings	15,937	Other	49
Structures	479	Non-current liabilities	2,440
Machinery and equipment	3,005	Long-term borrowings	300
Vehicles	9	Provision for share awards	130
Tools, furniture and fixtures	2,135	Provision for share awards for directors (and other officers)	177
Land	2,760	Other	1,832
Leased assets	48	Total liabilities	57,161
Construction in progress	977	Net assets	
Intangible assets	6,215	Shareholders' equity	178,495
Software	3,965	Share capital	10,522
Other	2,249	Capital surplus	17,197
Investments and other assets	47,766	Legal capital surplus	17,197
Investment securities	20,003	Retained earnings	192,680
Shares of subsidiaries and associates	15,491	Legal retained earnings	2,519
Investments in capital of subsidiaries and associates	3,175	Other retained earnings	190,160
Long-term loans receivable from subsidiaries and associates	1,786	Reserve for tax purpose reduction entry of non-current assets	2,002
Leasehold deposits	2,461	General reserve	51,811
Deferred tax assets	3,117	Retained earnings brought forward	136,347
Other	1,762	Treasury shares	(41,905)
Allowance for doubtful accounts	(33)	Valuation and translation adjustments	11,246
Total assets	246,903	Valuation difference on available-for-sale securities	11,246
		Total net assets	189,742
		Total liabilities and net assets	246,903

Note: Amounts less than one million yen are rounded down.

Non-consolidated Statement of Income

(Millions of yen)

	103rd term April 1, 2024 to March 31, 2025
Net sales	202,401
Net sales of finished goods and others	127,358
Net sales of completed construction contracts	75,042
Cost of sales	107,402
Cost of sales of finished goods and others	68,395
Cost of sales of completed construction contracts	39,007
Gross profit	94,998
Gross profit - finished goods and others	58,963
Gross profit on completed construction contracts	36,035
Selling, general and administrative expenses	64,590
Operating income	30,408
Non-operating income	6,497
Interest income	363
Dividend income	6,029
Reversal of allowance for doubtful accounts	36
Other	67
Non-operating expenses	834
Interest expenses	51
Foreign exchange losses	538
Commitment fees	20
Office relocation expenses	166
Other	58
Ordinary income	36,071
Extraordinary income	10,331
Gain on sale of non-current assets	13
Gain on sale of investments in capital of subsidiaries and associates	8,896
Gain on sale of investment securities	1,118
Reversal of burden of loss on subsidiaries and associates	301
Extraordinary losses	187
Loss on sale and retirement of non-current assets	77
Loss on valuation of investment securities	100
Loss on sale of investment securities	10
Income before income taxes	46,214
Income taxes - current	8,697
Income taxes - deferred	(1,301)
Net income	38,818

Note: Amounts less than one million yen are rounded down.

Non-consolidated Statement of Changes in Net Assets

(Millions of yen)

103rd term April 1, 2024 to March 31, 2025	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of non- current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	10,522	17,197	–	17,197	2,519	1,990	51,811	112,944
Changes during period								
Provision of reserve for tax purpose reduction entry of non-current assets						139		(139)
Reversal of reserve for tax purpose reduction entry of non-current assets						(127)		127
Dividends of surplus								(11,218)
Net income								38,818
Purchase of treasury shares								
Disposal of treasury shares			1,018	1,018				
Cancellation of treasury shares			(5,203)	(5,203)				
Transfer from retained earnings to capital surplus			4,184	4,184				(4,184)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	11	–	23,403
Balance at end of period	10,522	17,197	–	17,197	2,519	2,002	51,811	136,347

Note: Amounts less than one million yen are rounded down.

(Millions of yen)

103rd term April 1, 2024 to March 31, 2025	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	169,265	(32,804)	164,181	13,407	13,407	177,588
Changes during period						
Provision of reserve for tax purpose reduction entry of non-current assets	—		—			—
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—			—
Dividends of surplus	(11,218)		(11,218)			(11,218)
Net income	38,818		38,818			38,818
Purchase of treasury shares		(19,256)	(19,256)			(19,256)
Disposal of treasury shares		4,952	5,971			5,971
Cancellation of treasury shares		5,203	—			—
Transfer from retained earnings to capital surplus	(4,184)		—			—
Net changes in items other than shareholders' equity				(2,160)	(2,160)	(2,160)
Total changes during period	23,414	(9,100)	14,314	(2,160)	(2,160)	12,153
Balance at end of period	192,680	(41,905)	178,495	11,246	11,246	189,742

Note: Amounts less than one million yen are rounded down.

Independent Auditor's Report

May 14, 2025

To the Board of Directors
Azbil Corporation

Deloitte Touche Tohmatsu LLC Tokyo Office
Seiji Oguchi, CPA
Designated Limited Liability Partner,
Engagement Partner
Takusei Kashiwamura, CPA
Designated Limited Liability Partner,
Engagement Partner

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and the related notes of Azbil Corporation (the "Company") for the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Described Content

The other described content comprises the business report and the supplementary schedules. The responsibility of the management is to prepare and disclose the other described content. In addition, the Audit Committee is responsible for overseeing the execution of duties by the corporate executives and the directors in designing and operating the reporting process of the other described content.

The scope of our audit opinion on the consolidated financial statements does not include the other described content and we do not express an opinion on the other described content.

As our responsibility for auditing the consolidated financial statements, we read the other described content, and during the process of reading, we examine whether there are any important discrepancies between the other described content and the consolidated financial statements or between such content and our knowledge acquired during the process of auditing, and we pay attention to whether there are indications of material errors in the other described content other than the aforementioned important discrepancies.

If we determine that there are material errors in the other described content based on the work we have conducted, we are required to report those facts.

There are no items that we are required to report regarding the other described content.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Audit Committee is responsible for overseeing the corporate executives' and the directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.

- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related countermeasures taken to eliminate obstruction factors, or related safeguards applied to reduce obstruction factors to an acceptable level.

Interests in the Company

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Independent Auditor's Report

May 14, 2025

To the Board of Directors
Azbil Corporation

Deloitte Touche Tohmatsu LLC Tokyo Office
Seiji Oguchi, CPA
Designated Limited Liability Partner,
Engagement Partner
Takusei Kashiwamura, CPA
Designated Limited Liability Partner,
Engagement Partner

Audit Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements, as well as the supplementary schedules (hereinafter, “non-consolidated financial statements, etc.”) of the Company for the 103rd fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Described Content

The other described content comprises the business report and the supplementary schedules. The responsibility of the management is to prepare and disclose the other described content. In addition, the Audit Committee is responsible for overseeing the execution of duties by the corporate executives and the directors in designing and operating the reporting process of the other described content.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the other described content and we do not express an opinion on the other described content.

As our responsibility for auditing the non-consolidated financial statements, etc. we read the other described content, and during the process of reading, we examine whether there are any important discrepancies between the other described content and the non-consolidated financial statements, etc. or between such content and our knowledge acquired during the process of auditing, and we pay attention to whether there are indications of material errors in the other described content other than the aforementioned important discrepancies.

If we determine that there are material errors in the other described content based on the work we have conducted, we are required to report those facts.

There are no items that we are required to report regarding the other described content.

Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Audit Committee is responsible for overseeing the corporate executives' and the directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the non-consolidated financial statements, etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and notes to the non-consolidated financial statements, etc. are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated

financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly present the underlying transactions and accounting events.

We report to the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related countermeasures taken to eliminate obstruction factors, or related safeguards applied to reduce obstruction factors to an acceptable level.

Interests in the Company

Our firm and engagement partners have no interest in the Company which shall be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Audit Report

The Audit Committee has audited the execution of duties by directors and corporate executives for the 103rd fiscal year from April 1, 2024 to March 31, 2025. We hereby submit the methods and results of the audit as follows:

1. Auditing methods and details thereof

The Audit Committee received reports regularly from directors, corporate executives, employees, etc. on the resolutions of the Board of Directors concerning the matters listed in Article 416, Paragraph 1, Items (i) (b) and (e) of the Companies Act as well as the development and operation status of the system that has been put in place based on said resolutions (internal control system), requested explanation as necessary and expressed its opinion, and conducted audits using the following method.

- (1) In accordance with the auditing standards for the Audit Committee established by the Audit Committee, the Audit Committee set an audit plan including audit policies, priority audit items and division of duties in collaboration with the internal audit division of the Company. Then, the Audit Committee attended important meetings, received reports from directors, corporate executives and others on matters concerning the execution of duties by them, requested an explanation where necessary. Also, the Audit Committee has examined important authorized documents and associated information, and investigated the operations and financial conditions at headquarters and principal offices. With respect to subsidiaries, the Audit Committee communicated and exchanged information with directors and Audit & Supervisory Board members of subsidiaries, and received reports from them when necessary.
- (2) The Audit Committee monitored and verified that the accounting auditor maintains independence and conducts the audits appropriately. The Audit Committee also received an explanation of the audit plan at the beginning of the fiscal year from the accounting auditor, accompanied the accounting auditor during the audits in the fiscal year, and received reports and exchanged opinions on the status and results of the auditing activities. In addition, we received explanation of the arrangement of the “System for ensuring that the duties are performed appropriately” (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council) from the accounting auditor. With respect to key audit matters, the Audit Committee members received reports from Deloitte Touche Tohmatsu LLC, the accounting auditor, concerning the status of their audit implementation and requested explanations as necessary.

Based on the above-mentioned method, we reviewed the business report and the accompanying supplementary schedules, the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and consolidated tables of explanatory notes) and the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and non-consolidated tables of explanatory notes), the supplementary schedules thereto, for the fiscal year ended March 31, 2025.

2. Results of audit

- (1) Results of audit of business report and other relevant documents
 - (i) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations and the Articles of Incorporation of the Company.

- (ii) Regarding the execution of duties by directors and corporate executives, there were no instances of misconduct or material matters in violation of laws and regulations, nor of the Articles of Incorporation of the Company.
 - (iii) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control and the execution of duties by directors and corporate executives.
- (2) Results of audit of consolidated financial statements
- The auditing methods and results of the accounting auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.
- (3) Results of audit of non-consolidated financial statements and supplementary schedules
- The auditing methods and results of the accounting auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 15, 2025

The Audit Committee, Azbil Corporation

Fumitoshi Sato,
Audit Committee Chairperson

Hiroshi Yoshida,
Audit Committee Member

Hisaya Katsuta,
Full-time Audit Committee Member

Note: Audit Committee chairperson Fumitoshi Sato and Audit Committee member Hiroshi Yoshida are outside directors of the Company under Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.