Journey and Evolution of Value Creation —The azbil Group's DNA: Technology and People Paving the Way to the Future

"Freeing people from drudgery"

The founder's spirit that lives in the philosophy "human-centered automation"

Founder Takehiko Yamaguchi

Yamatake Shokai Co., Ltd., the predecessor of Azbil Corporation, was founded in 1906 at the end of the Meiji period. At that time, Japan's industrial society was in its infancy, trying to modernize itself by incorporating advanced industrial products from the West. Takehiko Yamaguchi, upon his return from Europe and the United States, established Yamatake Shokai, a trading company importing machine tools from the U.S. and Europe, to realize his aspiration to "free Japanese laborers from excessive labor" through advanced technology. Later, while importing and selling advanced European and American machine tools, ball bearings, oxygen welding machines, and other products, the company also refined its own measurement and control technologies, evolving into a comprehensive automation supplier.

TOPICS

In 1906, Yamatake Shokai Co., Ltd. (predecessor of Azbil Corporation) was founded. Begins import and sales of machine tools from the U.S. and Europe. Wide show windows displayed the machine tools, which became a prominent feature.

In 1915, the company purchased automobiles, which were still rare at the time, and used them in its business activities. This was another sign of an enterprising spirit.

Contributing to people's happiness and social development through the power of technology.
This is the origin and DNA of azbil, which has been passed down from its founder Takehiko Yamaguchi for nearly 120 years.

Group philosophy

Human-centered automation

To realize safety, comfort, and fulfillment in people's lives and contribute to global environmental preservation through "human-centered automation."

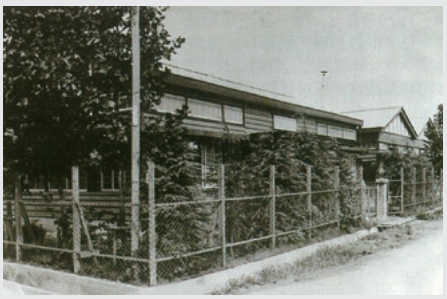
To achieve our philosophy,
We create value together with customers at their sites.
We pursue our unique value based on the idea of "human-centered."
We think towards the future and act progressively.

azbil

azbil's meaning: automation • zone • builder

Using automation technology, we build zones in which safety, comfort, and fulfillment can flourish.

At the time the philosophy was established, it was common to think of "people" and "machines" as two separate things that did not fit well together and our philosophy was not always well understood by the public. However, with various changes in the business environment and society in recent years, the concept of "cooperative creation of human ingenuity and technology" has been accepted by the world, and many people have come to understand and support the development of our business, which we have been promoting based on the concept of "human-centered automation." Our automation continues to develop as a technology that is also in harmony with social values such as environmental preservation and energy saving.



In 1933, Yamatake Shokai Keiki Seisakusho was established. Begins domestic product assembly for Brown Instrument Co. (later Honeywell Inc.) of the U.S. Began evolution from an import company to a manufacturer. In 1936, succeeded in manufacturing first automatic control valves in Japan.

Left photo:
Yamatake Shokai Keiki Seisakusho (Omori, Ota-ku, Tokyo)

Right photo:
Brown Instrument Co. products, 1935
First finished product assembled in Japan

Supporting the Sustainability of People and Society through the Automation Business: the azbil Group's Nearly 120 Years of Evolution and Transformation

Founded in 1906 by Takehiko Yamaguchi, the azbil Group has been providing products and services related to measurement and control for more than a century to solve society's problems and those of its customers based on the founding spirit of "freeing people from drudgery."
Even though the times have changed, the spirit of our founding lives on in our DNA. Based on the azbil Group philosophy of "human-centered automation," which is linked to our founding spirit, we are constantly striving to create new value as solutions to the problems faced by industry, society, and our customers.

1906

Yamatake Shokai Co., Ltd., an import company importing machine tools and other instruments from the U.S. and Europe, is founded

Founder Takehiko Yamaguchi

1913

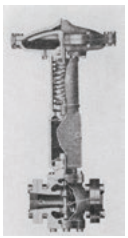
Manufactured flat-disk type water meters and wheel-type meters

1933

Transitioned to a manufacturer and seller of machine tools and instruments

1936

Succeeded in manufacturing first automatic control valves in Japan



▶ **Domestically produced measurement and control instruments essential to the manufacturing industry and contributed to the modernization of Japan and the development of the manufacturing industry in the postwar period**

1953

Entered an equity-based 50-50 alliance (until 1990) with U.S. company Honeywell (presently Honeywell International Inc.), one of the leading control equipment manufacturers in the U.S.

1964

Commercialized the world's first cage-style control valve

1966

Changed the corporate name to Yamatake-Honeywell Co., Ltd.

1975

Launched a distributed control system jointly developed with Honeywell Inc.

Sales launch of the world's first electromagnetic flowmeter employing a proprietary square-wave excitation method

1982

Independently developed a total building management system

1984

Launched a comprehensive building management service with remote monitoring

▶ **Half a century of achievements in the telecommunications-based business starting from the 1980s**

1985

Developed a next-generation control valve

1994

Founded a full-scale production company in China as a 100% subsidiary

1995

Sales launch of a small-scale open instrumentation system and monitoring and control system

Historical background and history of solutions to society's issues

History

1906—1950s

In 1906, Yamatake Shokai Co., Ltd. was founded. Began importing and selling machine tools from Germany and later became a manufacturer and seller of machine tools and instruments for Brown Instrument Co. (later Honeywell) of the U.S. With the development of the new materials industry, the company popularized industrial instruments making significant contributions to Japan's postwar recovery and the development of Japanese heavy industries.

1950—1970s

In 1952, the company entered into a technical license agreement with Honeywell Inc. of the U.S., introducing Honeywell's air-conditioning control technology, combustion safety control technology, microswitches, and the like to Japan. With proprietary technology, the company supported Japan's period of rapid growth as a comprehensive automation supplier by popularizing trends in technological innovation, such as small electric meters and central monitoring systems for large buildings.

azbil Group's value provision

From importation of industrial instruments to the in-house development and domestic production of equipment

Contributing to rapid economic growth through automation

Social needs and industry trends

For Japan's modernization, the introduction of advanced Western technology was an urgent issue. To further industrialize and develop Japanese industries, the demand for domestic production of industrial instruments, which had been dependent on imports, expanded.

With the rapid growth of Japan, investment in larger scale and modernization accompanied by trends in technological innovation in various manufacturing industries increased the demand for measurement and engineering.

1998
Corporate name changed to Yamatake Corporation

1999
Sales launch of gas mass flow meters incorporating a proprietary MEMS sensor

- **Utilized microelectromechanical systems (MEMS) technology to meet the emerging needs of society and customers**

2001
Established first European subsidiary in Belgium

2006
New Group symbol "azbil" introduced

azbil

2008
Group name changed to the azbil Group

2009
Names of overseas azbil Group companies changed to include "Azbil"

Sales launch of a motorized control valve with flow measurement and control functions

2012
Corporate name changed to Azbil Corporation

Names of existing Group companies in Japan changed to include "Azbil"

2014
Established first technology development company in North America

2016
Sales launch of an online anomaly detection system

- **Accelerated DX in manufacturing sites**

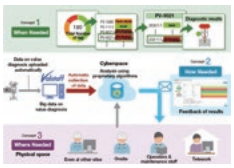
  Contributed to practical issues such as stable operation of facilities and measures to prevent quality defects

2018
Sales launch of a building automation (BA) system

- **Provided an open and flexible system that meets the evolving needs of building environments, including wellness**

2020
Sales launch of the control valve maintenance support system

- **Contributed to the safe and stable operation of production facilities in plants and factories**



2021
Sales launch of a new cell-based air-conditioning system

- **Responded to the diversification of work styles and office use in the "new normal" era**

Expanded energy service provider (ESP) business development

- **In addition to energy saving, expanded solutions to meet decarbonization needs through collaboration with other companies (renewable energy)**

2023
Business alliance between Azbil and X1Studio

- **Responded to growth in demand for data centers in Japan and abroad due to the popularization of generative AI and cloud services**

1970—2000s

With the oil crisis triggering a trend toward energy saving and labor conservation in all industries, the company's corporate philosophy clearly states that it will achieve "saving" in a range of fields and contribute to the global environment. The company offers a variety of products addressing the requirements for high-functionality and high-precision industrial instruments, as well as total building management services that utilize communications technology.

Transformation to digital instrumentation to meet growing needs for energy saving, high functionality, and high precision

Since the oil crisis of the 1970s, energy saving and labor saving have increased. Furthermore, demand for digitalization of industrial instruments and advanced instrumentation and software for measurement and control systems is expanding.

2000s—today

Under the evolving Group philosophy of realizing people's "safety, comfort, and fulfillment" through automation, we are developing products and solutions in each field that respond to various trends in technological innovation, such as AI and big data, as well as advances in network technology. We aim for solutions to customer and societal problems and sustainable development for our customers and society globally.

Providing solutions "in series" to meet the increasing social needs and to achieve a sustainable society

The Internet is becoming increasingly prevalent and globalized around the world. On the other hand, population, energy, global warming, and other problems are also becoming more apparent. Automation is playing an increasingly important role in creating a sustainable global environment.

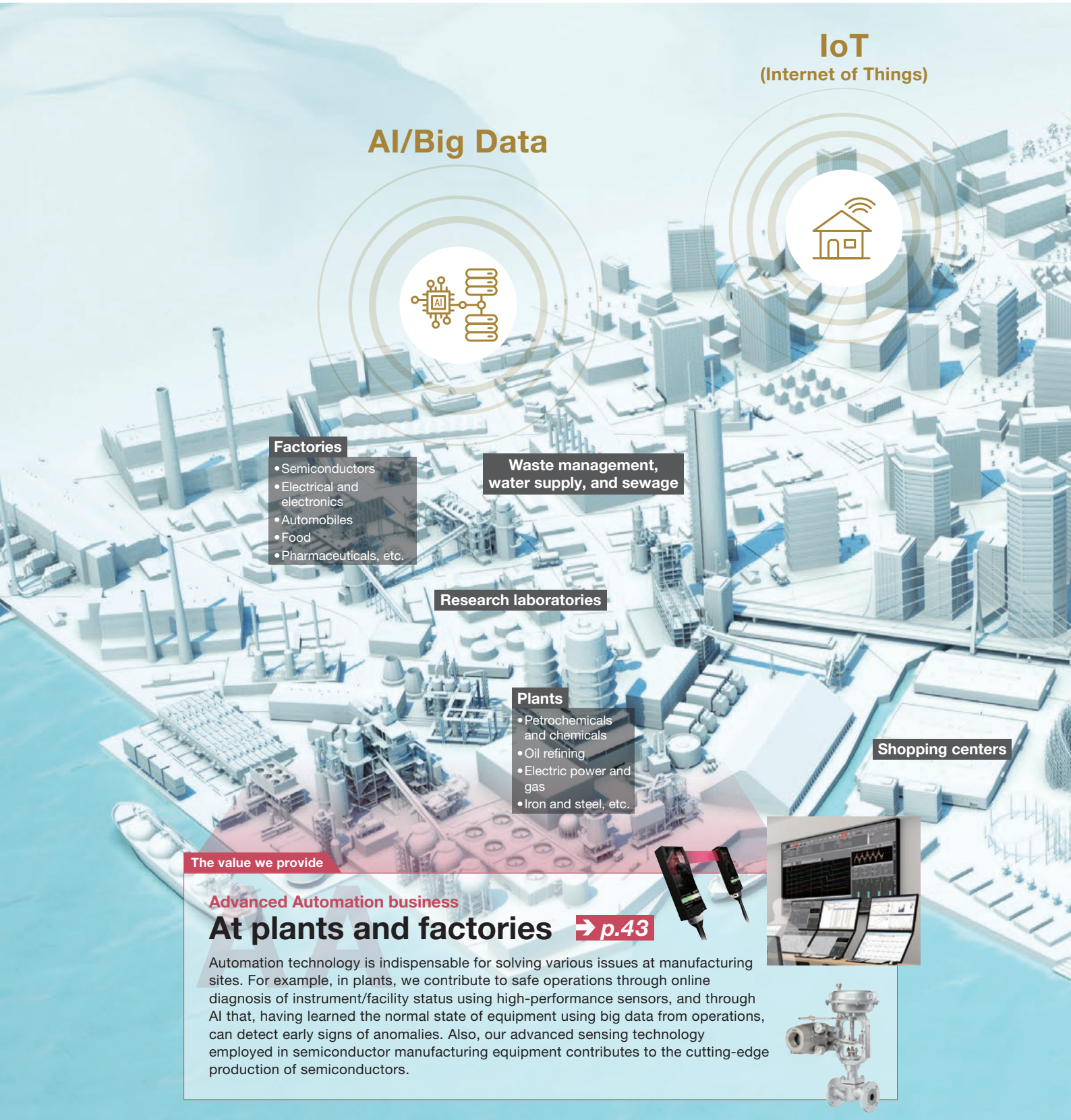
today —

Sustainable proposals for industry and society in three business segments

→ *p.9* **The azbil Group in Society**

The azbil Group in Society

Realizing safety, comfort, and fulfillment in people's daily lives
Sustainable proposals for industry and society



The value we provide

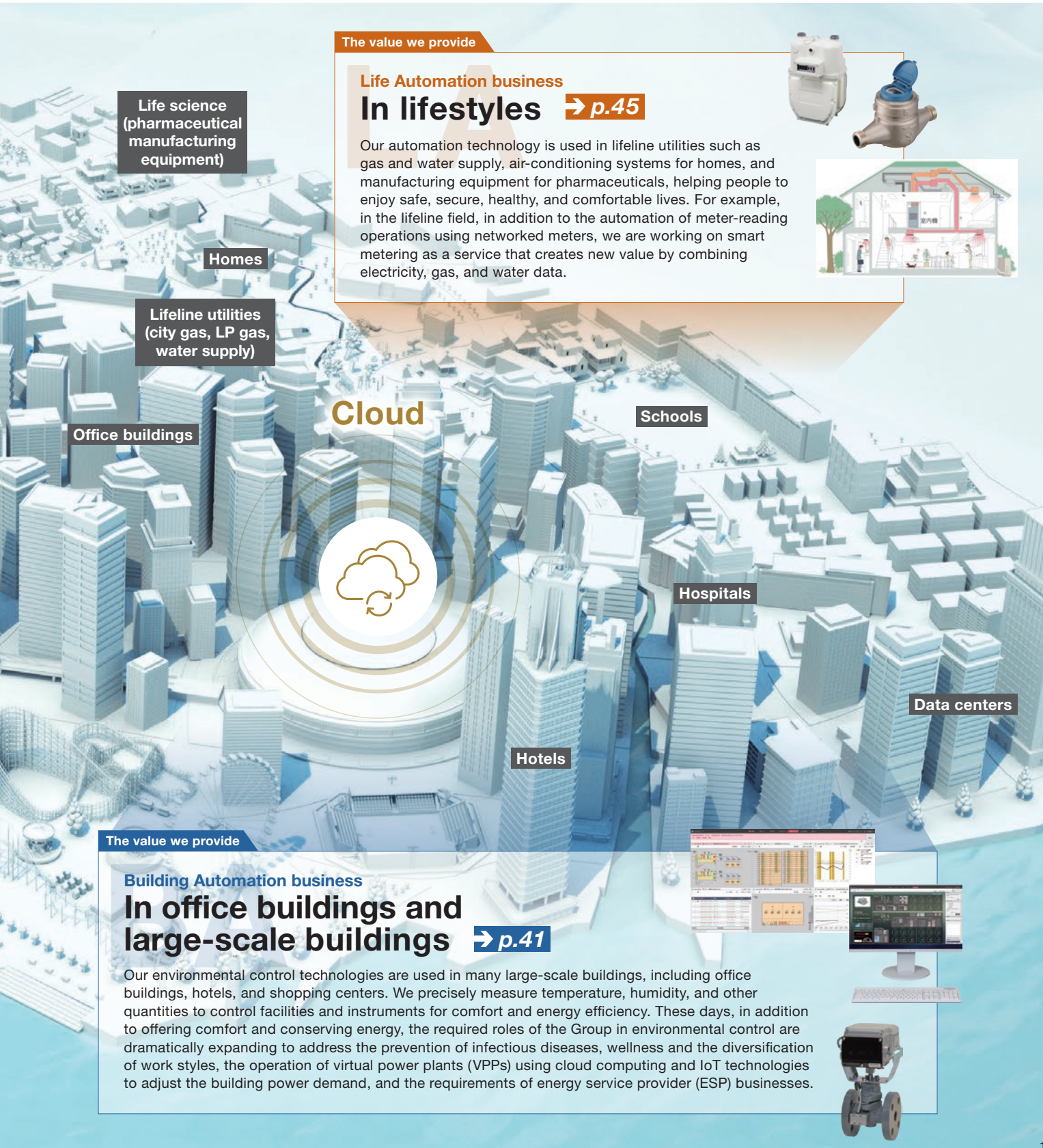
Advanced Automation business

At plants and factories → p.43

Automation technology is indispensable for solving various issues at manufacturing sites. For example, in plants, we contribute to safe operations through online diagnosis of instrument/facility status using high-performance sensors, and through AI that, having learned the normal state of equipment using big data from operations, can detect early signs of anomalies. Also, our advanced sensing technology employed in semiconductor manufacturing equipment contributes to the cutting-edge production of semiconductors.

Automation for industry and daily life

Automation entails measuring various physical quantities, such as temperature and pressure, and controlling them to achieve optimal conditions. With this automation technology at the core of its business, the azbil Group harnesses technological innovations such as IoT, AI, big data, and cloud computing, and uses them in offices, plants, factories, and everyday life. We support industrial development and people's daily lives.



The value we provide

Life Automation business

In lifestyles → p.45

Our automation technology is used in lifeline utilities such as gas and water supply, air-conditioning systems for homes, and manufacturing equipment for pharmaceuticals, helping people to enjoy safe, secure, healthy, and comfortable lives. For example, in the lifeline field, in addition to the automation of meter-reading operations using networked meters, we are working on smart metering as a service that creates new value by combining electricity, gas, and water data.

The value we provide

Building Automation business

In office buildings and large-scale buildings → p.41

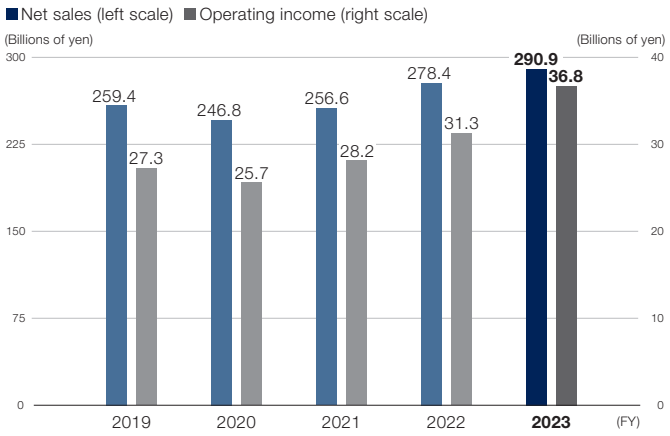
Our environmental control technologies are used in many large-scale buildings, including office buildings, hotels, and shopping centers. We precisely measure temperature, humidity, and other quantities to control facilities and instruments for comfort and energy efficiency. These days, in addition to offering comfort and conserving energy, the required roles of the Group in environmental control are dramatically expanding to address the prevention of infectious diseases, wellness and the diversification of work styles, the operation of virtual power plants (VPPs) using cloud computing and IoT technologies to adjust the building power demand, and the requirements of energy service provider (ESP) businesses.

Financial and Non-financial Highlights

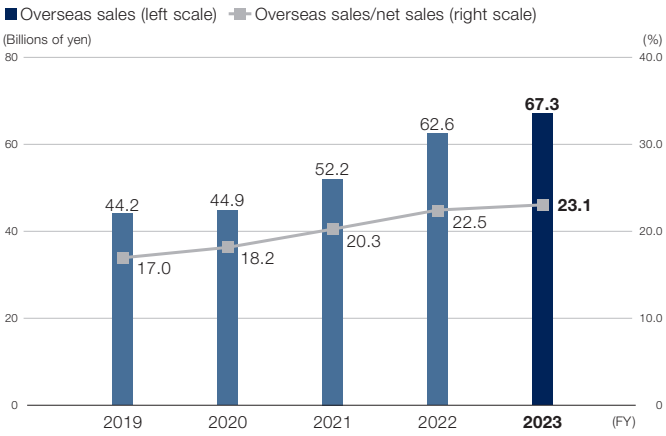
Azbil Corporation and its consolidated subsidiaries

Financial highlights

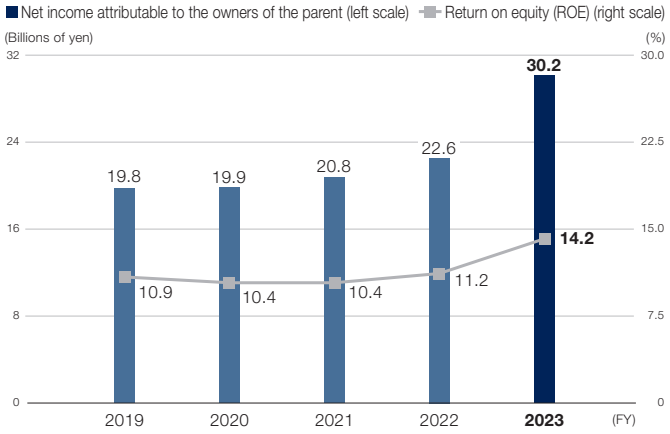
Net sales, operating income



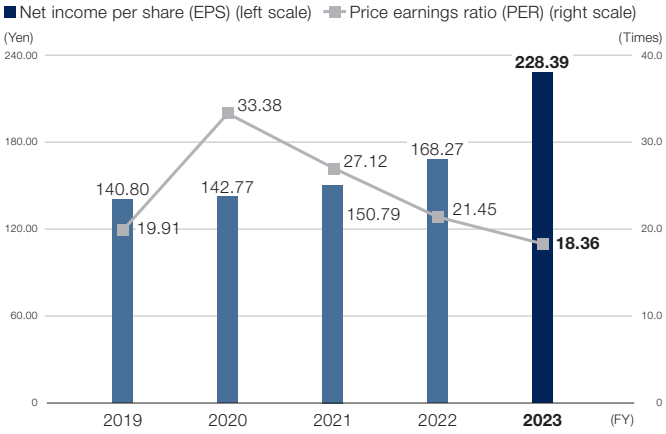
Overseas sales, overseas sales/net sales



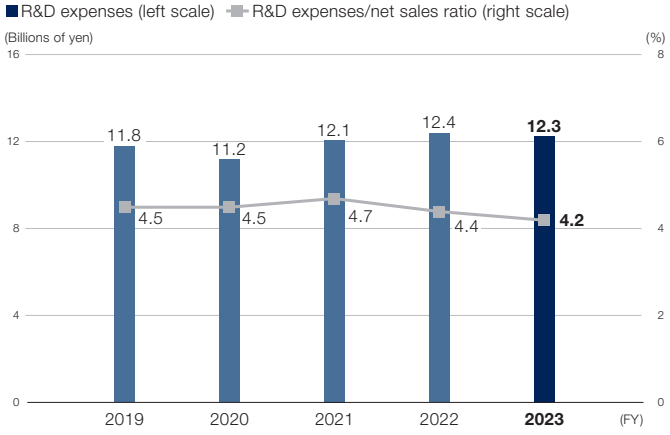
Net income attributable to the owners of the parent, return on equity (ROE)



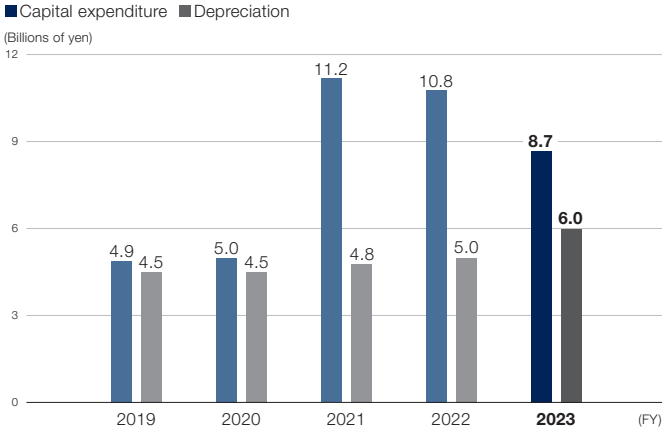
Net income per share (EPS), price earnings ratio (PER)



R&D expenses, R&D expenses/net sales ratio

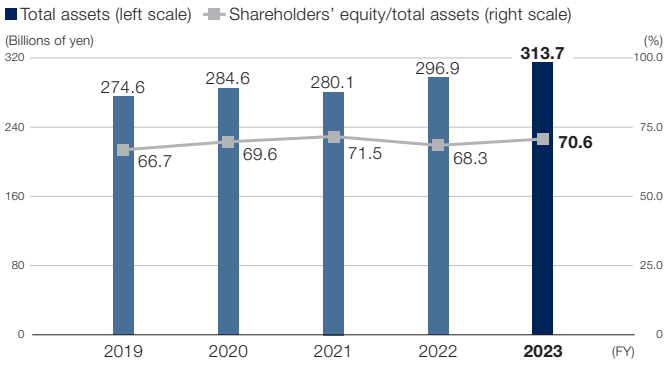


Capital expenditure, depreciation

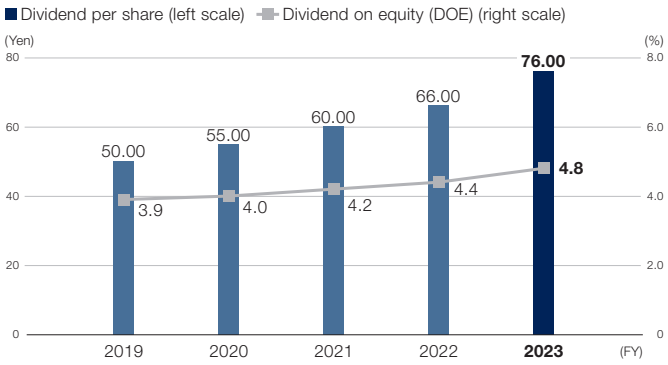


Note: Capital expenditure increased in FY2021 and FY2022 for upgrading the Fujisawa Technology Center.

Total assets, shareholders' equity/total assets

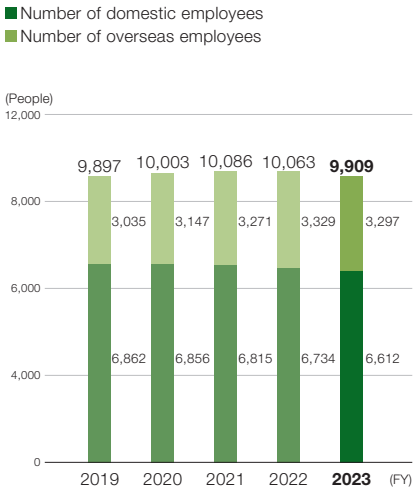


Dividend per share, dividend on equity (DOE)



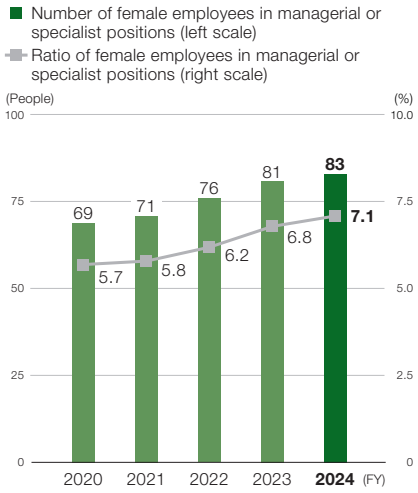
Non-financial highlights

Consolidated number of employees

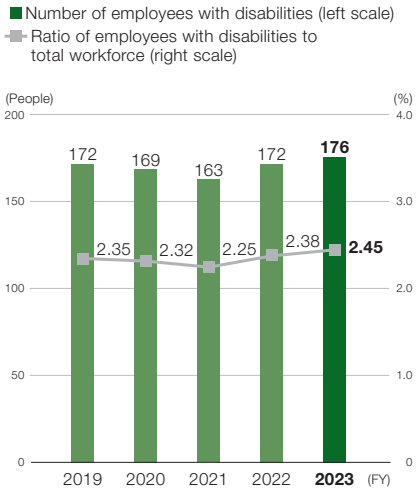


Number of female employees in managerial or specialist positions, ratio of female employees in managerial or specialist positions

Azbil Corporation (as of April 1)

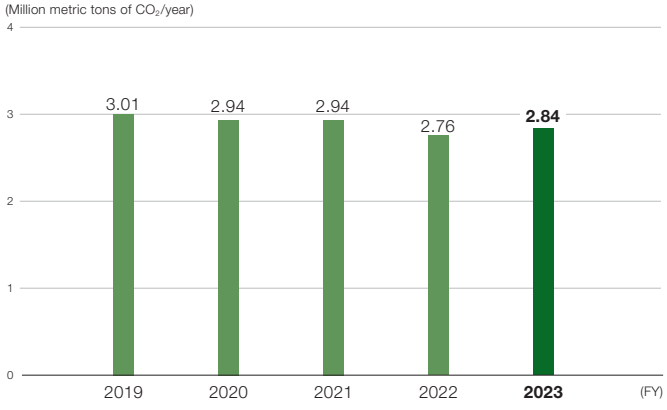


Number of employees with disabilities, ratio of employees with disabilities to total workforce



Effective CO_2 reduction at customers' sites

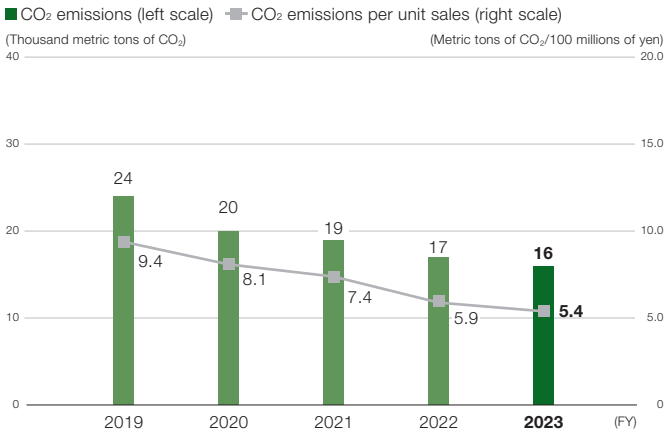
Azbil Corporation and its overseas subsidiaries and affiliates



Note: Estimation methods are reviewed by third parties.

CO_2 emissions (scopes 1+2) and CO_2 emissions per unit sales

Azbil Corporation, its consolidated subsidiaries in Japan, and its main manufacturing bases overseas



Note: The market-based method was used to calculate CO_2 emissions.