

Medium-term Plan (FY2025–FY2027)

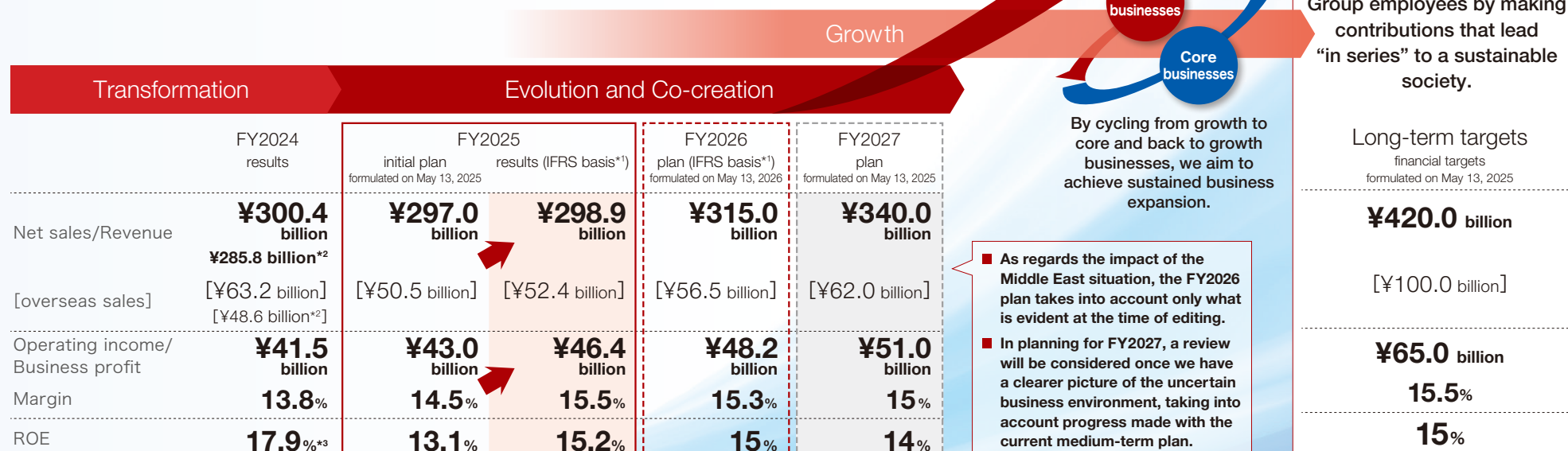
Realizing Sustained Growth and Enhanced Enterprise Value through Evolution and Co-creation

Guided by our Purpose and Vision, we are making progress with the current medium-term plan, aiming to achieve our long-term targets for FY2030. For FY2030, we have established financial targets as follows: net sales of ¥420 billion, operating income of ¥65 billion, an operating income margin of 15.5%, and an ROE of 15%. We see the current medium-term plan as playing a key role in achieving these targets.

We are strengthening our business model, which is unique to the azbil Group, over the three years covered by the current medium-term plan, for which the theme is “Evolution and Co-creation.” By proactively investing in human capital, strengthening product competitiveness, and promoting DX, we seek to achieve both revenue growth and improved profitability while contributing to the well-being of society and our employees.

In FY2025, although progress varied by business segment, the Group as a whole delivered results that exceeded the initial plan. In FY2026, while the business environment is expected to remain uncertain due to such factors as continued geopolitical tensions in the Middle East, we will strengthen preparedness by drawing on the experience gained from responding to past supply chain disruptions and make steady progress with growth investments to achieve further sustained growth.

At the time of editing, there are no changes to the targets for FY2027. Uncertainties in the external environment, including the Middle East situation, make it difficult to gauge how our business will be impacted. For this reason, we will consider revising the plan once the outlook becomes clearer, taking into account both progress under the medium-term plan and changes in the business environment.



^{*1} International Financial Reporting Standards (IFRS Accounting Standards) were adopted from FY2026. To facilitate comparison, figures for FY2025 results have been recalculated using IFRS Accounting Standards.

^{*2} Net sales exclude the impact of the transfer of Azbil Telstar (ATL) in October 2024. Excluding the impact of the ATL transfer, operating income was ¥41.1 billion and the operating income margin was 14.4%.

^{*3} ROE excluding the extraordinary gains from the transfer of equity interests in Azbil Telstar and other factors was 14.2%.

Medium-term Plan (FY2025–FY2027)

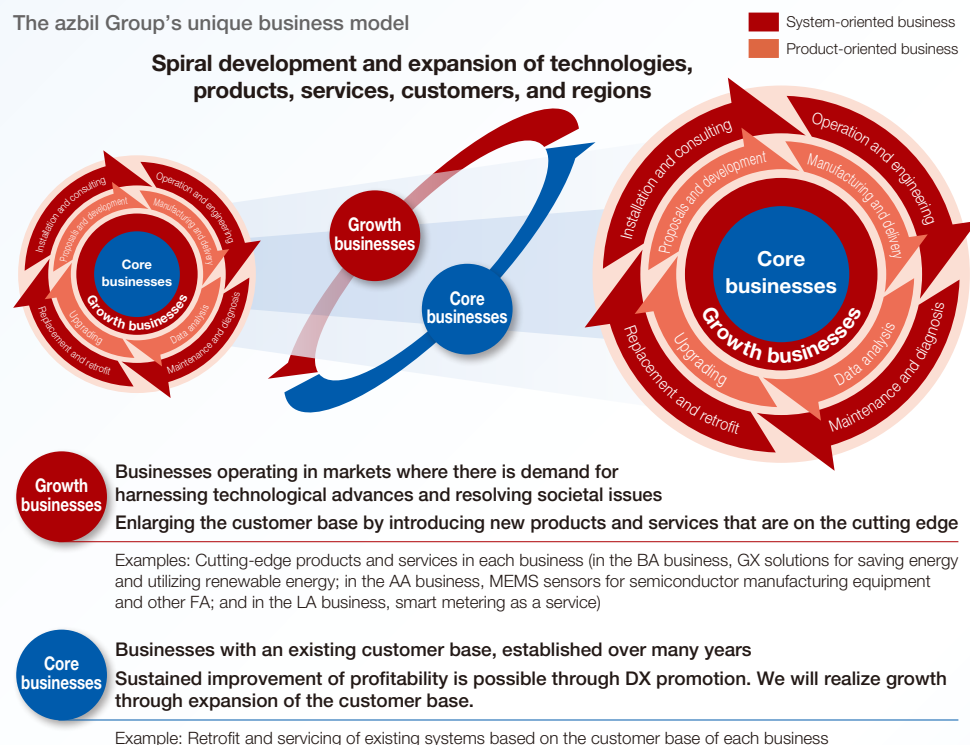
Progress in the First Year of the Medium-term Plan and Strengthening the Business Foundation

The azbil Group's unique business model and progress made in each business

The azbil Group promotes a business model unique to the Group, expanding its operations with a cycle comprised of two interlocking wheels: our growth businesses, which add to the customer base by harnessing opportunities that arise from societal challenges and technological advances; and our core businesses, which provide ongoing value to the long-established customer base. The cycle progresses from customer base expansion, achieved by our growth businesses, to improved profitability, achieved by our core businesses, which in turn supports our growth businesses. In this way, we aim to achieve sustained growth and enhance enterprise value.

In FY2025, the Building Automation (BA) and Advanced Automation (AA) businesses led overall performance. In the BA business, there were increased orders related to data centers, a key growth area, while retrofit and service for existing buildings, which form part of our core businesses,

The azbil Group's unique business model



won orders in excess of the plan and delivered strong profitability. In the AA business, both growth and core businesses expanded, particularly in process automation (PA) markets such as chemicals and petroleum, resulting in a high level of profitability. In factory automation (FA) markets, including semiconductors, we brought more new products to market and expanded production capacity in anticipation of continued growth in semiconductor-related demand.

In the Life Automation (LA) business, it is taking longer than originally anticipated to expand smart metering as a service and new product offerings. However, we are steadily growing our smart meter-related business and improving profitability through pricing optimization. We are also expanding high value-added businesses related to water infrastructure, including leak detection solutions developed through collaboration with Kamstrup of Denmark.

While we expect business profit to increase in FY2026, the profit margin is projected to decline temporarily as we continue to make investments for future growth. This reflects higher personnel expenses associated with human capital investment, inflation-driven cost increases, workforce expansion to support overseas business growth, and increased capital expenditures and depreciation associated with expanding production capacity for vacuum gauges used in semiconductor manufacturing equipment. Going forward, we will steadily realize the benefits of these investments and pursue further improvements in profitability.

Strengthening the management foundation that supports sustained growth

In implementing the medium-term plan, the azbil Group is also strengthening the management foundation that supports business growth. During FY2025, we focused on strengthening our organizational structure, promoting management that is conscious of the cost of capital, advancing sustainability management, and strengthening corporate governance.

As regards organizational initiatives, we reorganized our development framework in April 2026 to strengthen product development capabilities leveraging MEMS and sensing device technologies, AI, cloud technologies, and other advanced technologies. We have also established an integrated framework for human resources and talent development, and we are promoting the recruitment and development of talent aligned with our business strategies.

In sustainability management, we reviewed our materiality framework in light of the formulation of our Purpose and changes in the business environment and added “water resources” as a material issue. We are also enhancing resilience through initiatives such as strengthening business continuity planning (BCP) with the establishment of the Kyoto Distribution Center and participating in international cybersecurity exercises.

To strengthen corporate governance, we transitioned to a Board of Directors chaired by an outside director and reviewed the composition of the Board. In addition, we revised the executive remuneration system to strengthen performance linkage. We will continue to enhance our management framework to support sustained improvements in enterprise value.

Medium-term Plan (FY2025–FY2027)

Advancing Strategic Investments for Future Growth

Investing in human capital, product competitiveness, and DX

Guided by the theme of “Evolution and Co-creation” in its medium-term plan, the azbil Group is making investments targeting human capital, product competitiveness, and DX to strengthen the business model that generates a virtuous cycle linking growth businesses and core businesses. These investments are positioned not only as a means of driving short-term performance but also as a foundation for achieving sustained growth and enhanced profitability over the long term.

Investing in human capital

(3-year cumulative increase in total personnel expenses: ¥32 billion)

Through investment in human capital, we are securing and developing the talent needed to support the expansion of both our growth and core businesses. In FY2025, in addition to enhancing ways to improve job satisfaction, such as revising the remuneration system and introducing a revised employee stock ownership plan (J-ESOP-RS), we have promoted talent development initiatives aligned with our business strategies, including the development of self-directed talent, DX talent, and female managers. We have also adopted a globally standardized engagement survey as part of our efforts to advance human capital management.

Strengthening product competitiveness

(3-year cumulative increase in R&D and other expenses: ¥9 billion)

To further advance the measurement and control technologies that are at the heart of the Group’s competitive advantage, we reorganized our development framework, which places emphasis on contributions to customer value and business growth. With this framework, we are advancing the development of new products such as the Control Valve 6000 Series and MEMS sensors. At the same time, we are pursuing opportunities in new fields through participation in initiatives such as a next-generation bio-manufacturing project.

Promoting DX

(3-year cumulative increase in DX (IT) investment: ¥5 billion)

Our DX initiatives focus on both enhancing products and services for customers and improving our own productivity. In FY2025, we upgraded the infrastructure required for utilizing generative AI and cloud services while advancing digital marketing initiatives and building service information platforms. We also worked to reinforce our business foundation through business process transformation and the expanded use of generative AI across the Group.

From FY2026 onward, we will continue to realize the benefits of these investments while expanding our overseas business and strengthening our capability to meet the evolving needs of semiconductor-related markets, with the aim of achieving further growth and improvements in profitability.

Collaboration and investments to strengthen product competitiveness and business development

To strengthen product competitiveness, which is essential for growth, and to explore new business domains, we are moving ahead with collaborations with external partners, investments in venture capital funds, and participation in strategic projects. In addition to investments in human capital, product competitiveness, and DX, we will pursue further growth opportunities through growth investments, including M&As, utilizing the ¥50 billion secured for strategic investments under the medium-term plan.

Partnerships & investments	Overview
MetaProp Ventures IV (in the BA business, investment in 2025)	Investment in a fund active in the property tech (PropTech) sector
DATAFLUCT, Inc. (in the BA business, investment in 2026)	Capital alliance and business partnership agreements. Streamlining and enhancing the functionality of high value-added building management services (cloud services, energy management services) utilizing AI
DNX Partners IV, LP (in the BA and AA businesses, investment in 2025)	Investment in a fund active in climate tech—with a “DX & environment” focus—and in deep tech, involving cutting-edge technologies such as AI
Kamstrup A/S (in the LA business, collaboration in 2026)	Provision of next-generation ultrasonic smart water meters and a cloud-based leak detection service using AI to address water infrastructure issues, in collaboration with Kamstrup A/S
Next-generation bio-manufacturing project Metrics MATSURI (diversification, participation in 2025)	Participation in Metrics MATSURI, a new project of the MATSURI co-creation initiative for bio-economy promotion. We are engaging in initiatives to commercialize microalgae mass cultivation processes.

Steadily building the foundation for “Evolution and Co-creation”

The Group Management Strategy Department, established in April 2025, plays a central role in strengthening our business portfolio and achieving sustainable growth. In FY2025, we expanded our access to new technologies and business opportunities through investments in venture capital funds and collaborations with external partners. While these initiatives might not generate immediate results, we regard them as important investments that will support future growth. Using the ¥50 billion secured for strategic investments under the medium-term plan, we will continue to identify and pursue growth opportunities that strengthen our technologies, products, customer base, and engineering capabilities, thereby contributing to further enhancement of enterprise value.

Chosei Kaseda

Managing Executive Officer
General Manager of Group
Management Strategy
Department



Financial and Capital Management

The Next Stage of Capital-efficient Finance Strategy and Disciplined Capital Management

The azbil Group aims to sustain and enhance enterprise value through disciplined capital management, while carefully balancing three key elements: investing for growth, promoting shareholder returns, and maintaining a sound financial base.

In FY2025, we achieved results that exceeded both the initial plan and the revised plan, further improving business profitability and strengthening our sound financial base. The operating income (business profit) margin improved to 15.5%*¹ and ROE was 15.2%*¹, reflecting steady progress in both profitability and capital efficiency.

In light of these developments, we will make steady progress in actively investing to strengthen our human capital, enhance product competitiveness, and advance DX. In addition, approximately ¥50 billion has been allocated for strategic investments and with this we will promote growth investments, including collaborations and M&As, with the aim of further expanding our business. To support these initiatives, by FY2030 we will transition to a capital structure that utilizes external financing.

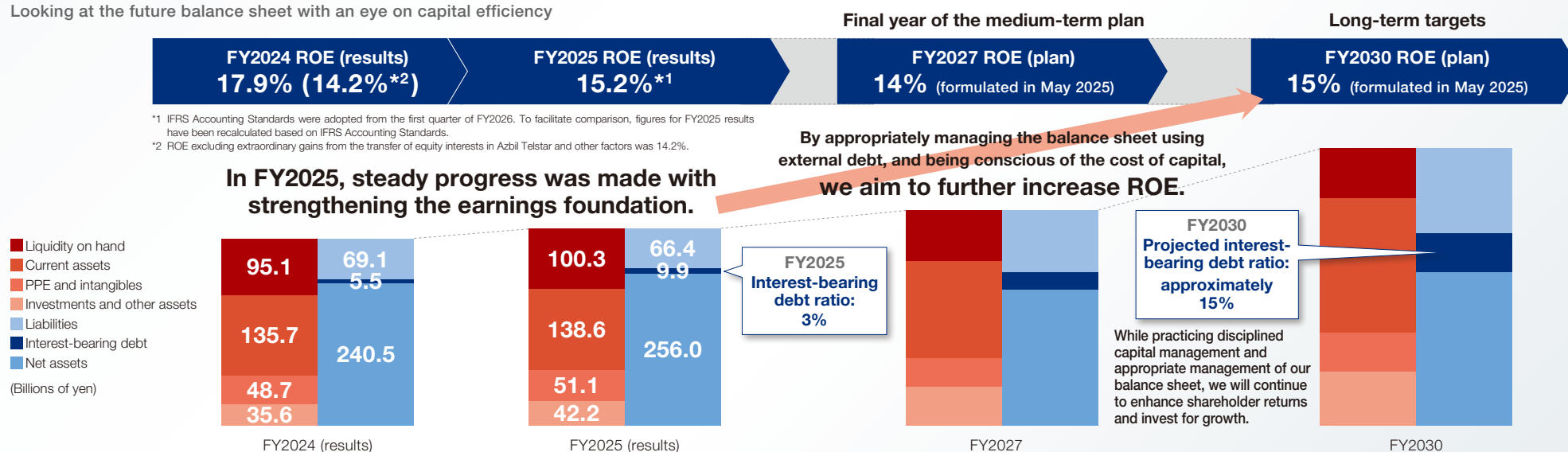
Previously, we maintained a certain level of cash and cash equivalents to support business operations and business continuity planning, while maintaining the flexibility to pursue growth investments such as M&A opportunities. However, in light of improvements in profitability and our capacity to raise capital, we have reviewed our policy regarding the level of liquidity on hand we should maintain. Going forward, we will utilize external financing in

addition to internal funds to improve capital efficiency while supporting growth investments. (For reference, the chart below shows our balance sheet structure going forward, including liquidity on hand and external financing.)

Based on this policy, we increased the FY2025 year-end dividend and the FY2026 annual dividend. We also expanded repurchase of the company's own stock to a new level and are now implementing repurchases worth up to ¥20 billion. As a result, dividend on equity (DOE) is expected to exceed the medium-term plan target of 6.0%. In addition, through the introduction of a revised stock ownership plan (J-ESOP-RS), employees are able to share in the benefits of the company's growth as shareholders. We believe that our efforts to promote shareholder returns will help strengthen the foundation for enterprise value enhancement by fostering engagement and raising awareness of enterprise value creation. We will continue working to enhance enterprise value while maintaining an appropriate balance among investing for growth, enhancing shareholder returns, and ensuring financial soundness.

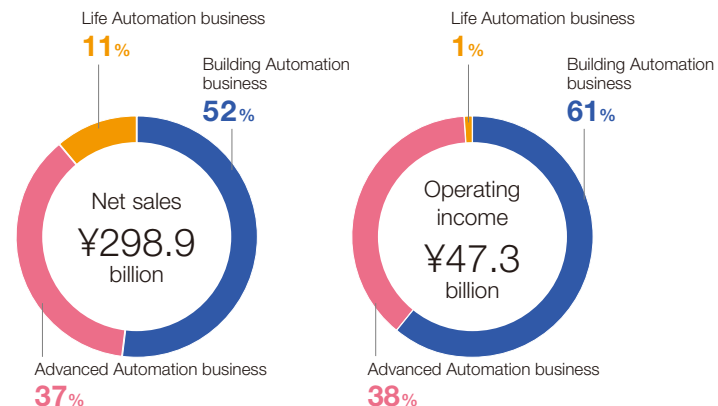
Our ROE targets for FY2027 and FY2030 remain unchanged at the time of editing. However, owing to the high degree of uncertainty in the external environment, including the Middle East situation, depending on future business conditions we will consider revising these targets as necessary, taking into account the progress made with the medium-term plan.

Looking at the future balance sheet with an eye on capital efficiency

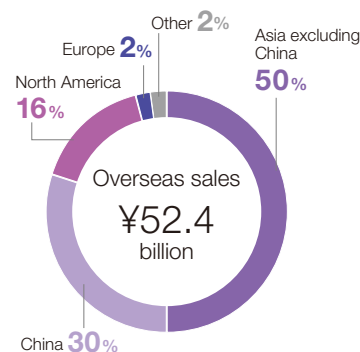


The azbil Group at a Glance (FY2025)

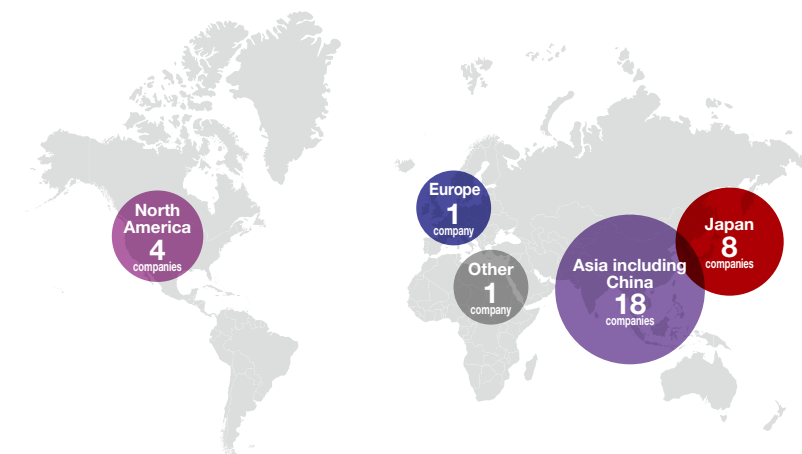
Business structure



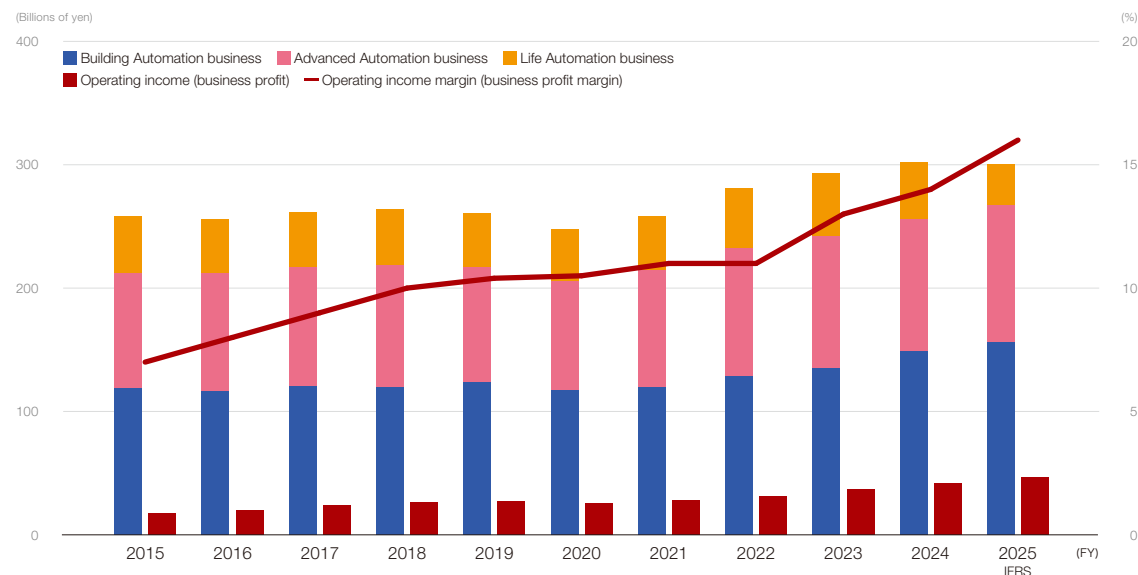
Overseas sales (Overseas sales/net sales: 17.5%)



azbil Group companies



Net sales (revenue), operating income (business profit), operating income margin (business profit margin)



Japan

- Azbil Corporation
- Azbil Trading Co., Ltd.
- Azbil Yamatake Friendly Co., Ltd.
- Azbil Kimmon Co., Ltd.
- Azbil Kyoto Co., Ltd.
- Azbil TA Co., Ltd.
- Azbil Taishin Co., Ltd.
- Tem-Tech Lab.

North America, Europe, and Other

- Azbil North America Research and Development, Inc.
- Azbil North America, Inc.
- Azbil Mexico, S. de R.L. de C.V.
- Azbil Mexico Services, S. de R.L. de C.V.
- Azbil Europe NV
- Azbil Saudi Limited

Asia including China

- Azbil Korea Co., Ltd.
- Azbil Taiwan Co., Ltd.
- Azbil Kimmon Technology Corporation
- Azbil Vietnam Co., Ltd.
- Azbil Vietnam Production Company Limited
- Azbil India Private Limited
- Azbil (Thailand) Co., Ltd.
- Azbil Production (Thailand) Co., Ltd.
- Azbil Philippines Corporation
- Azbil Malaysia Sdn. Bhd.
- Azbil Singapore Pte. Ltd.
- Azbil JS Sdn. Bhd.
- PT. Azbil Berca Indonesia
- Azbil Control Instruments (Dalian) Co., Ltd.
- Azbil Information Technology Center (Dalian) Co., Ltd.
- Azbil Control Solutions (Shanghai) Co., Ltd.
- Shanghai Azbil Automation Co., Ltd.
- Azbil Hong Kong Limited

The azbil Group's Automation Businesses

Building Automation business

We create building environments that balance comfort with energy saving, and over the long term we provide services tailored for a building's life cycle.

Business fields:

Office buildings, research labs, factories, data centers, hotels, shopping centers, hospitals, schools, airports, etc.

▶ Managing



BA system

▶ Controlling



Controller for air-conditioning equipment

▶ Protecting



Contactless smartcard reader

▶ Detecting



Room temperature/humidity sensor



Infrared array sensor

▶ Adjusting

Motorized control valve with flow measurement and control functions



▶ Setting

Digital user terminal



▶ Renovation, maintenance



▶ Cloud services



Advanced Automation business

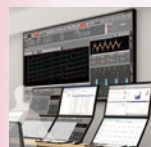
We create new value at production sites by working with our customers.

Business fields:

Factory automation (FA): Electrical and electronics, semiconductors, machine tools, automobiles, food, etc.

Process automation (PA): Oil, petrochemicals, chemicals, iron and steel, pulp and paper, pharmaceuticals, etc.

Process automation



▶ Monitoring

Monitoring and control systems

▶ Measuring



Differential pressure/pressure transmitters



Electromagnetic flowmeter



▶ Adjusting

Control valve and smart valve positioner

Factory automation

▶ Detecting

Sapphire capacitance diaphragm gauge



Liquid leak switch



Limit switch

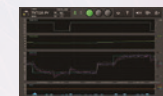
▶ Controlling



Multi-loop controllers with multifunction display



Digital mass flow controller



▶ Diagnosing and predicting

Online anomaly detection system

Life Automation business

We support safe, secure, comfortable, and healthy living with measurement and control technologies.

Business fields:

Lifeline field (gas and water meters)

Residential central air-conditioning systems field

Lifeline field

▶ Gas equipment business



Diaphragm smart gas meter



Ultrasonic gas meter

▶ Water equipment business



Ultrasonic water meter



Electronic water meter



Battery electromagnetic water meter



Residential central air-conditioning systems field

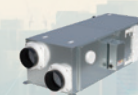
▶ Central air-conditioning systems



Outdoor unit



Heat exchange ventilator

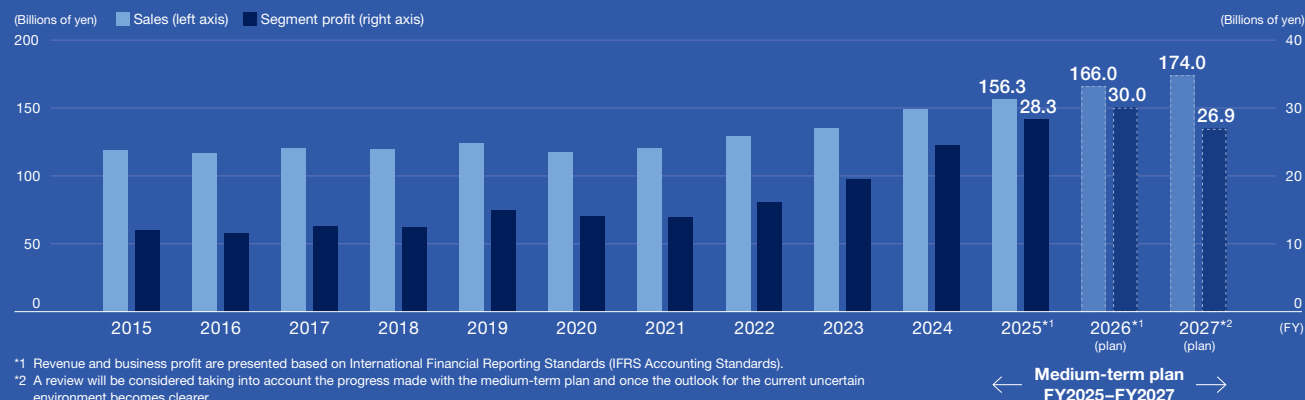


Indoor unit with electronic air cleaner

Building Automation Business



Sales and segment profit trends



Business environment: opportunities and risks

Demand for large-scale new building projects in Japan remains robust, while investment activity overseas also continues at a high level. Leveraging the Group's strengths in engineering capabilities and quality, we continue to steadily secure new projects from key accounts.

Opportunities

- In addition to traditional needs—such as labor saving, energy conservation, and visualization of environmental impact—demand is emerging for greater environmental awareness and engagement among building occupants.
- The markets for data centers and factories are booming, and we will strengthen our support for the domestic facilities of our foreign-affiliated clients.

Risks

- As it might become increasingly difficult to strengthen both the quality and quantity of human resources in line with our business expansion plans, we are promoting operational efficiency and new business development through internal DX initiatives utilizing building information modeling (BIM) and other technologies.
- To prepare for the possibility of rising vacancy rates due to an oversupply of new office buildings in major metropolitan areas, we are actively transitioning from on-site services to expanded remote inspection services while implementing measures to enhance the added value provided to customers.

Features and strengths

Presence

Pioneer in the HVAC control field

Leading company in Japan in the field of HVAC control for large-scale buildings

Technical capabilities

Environmental control technology utilizing cloud computing and AI

Original environmental control technology using networks and operating data to improve safety, comfort, and environmental performance

Earning power

Life-cycle solutions field

Stable business model based on a building's life cycle, from construction planning to provision of daily services and support for retrofit projects

Product strength

Full lineup of products

Responding quickly to societal changes through open innovation and in-house development/manufacture of sensors, valves, controllers, and systems

Execution capability

Total solutions, integrated framework

Integrated framework for instrumentation design, installation and engineering, maintenance services, energy-saving solutions, and building management/operation

Review of the first year of the medium-term plan

- Existing building and service businesses exceeded the plan. Orders related to data center projects also increased both in Japan and overseas. The segment profit margin exceeded the target set for the final year of the medium-term plan.
- Amid strong demand for large-scale new building projects, we improved margins at the point of order receipt by continuing to selectively accept orders and concentrating on projects where the azbil Group can demonstrate its competitive advantages.
- Since the maturity of the domestic market makes sustained long-term growth in demand for new buildings unlikely, we are systematically reallocating internal resources to the existing building market.
- In addition to new building and existing building projects, cost pass-through has also been introduced for maintenance service contracts. Consequently, cost pass-through is now implemented in all business areas, improving profitability.
- Overseas, we are expanding the same life-cycle business model we have established in Japan, linking new building projects to maintenance services and our existing building business. Our overseas business expanded as planned in FY2025.

Building Automation Business



Masashi Takesako

Managing Executive Officer
President of Building Systems Company

Over the medium term, demand for large-scale redevelopment projects and industrial buildings in Japan is expected to remain strong, while planning activity for new projects—particularly urban development projects—continues to accelerate overseas.

Against this favorable market backdrop, the BA business will continue providing the high-quality products, field services, and solutions unique to the azbil Group. In addition to delivering value throughout the building life cycle, we will offer new products and services that address emerging societal needs such as carbon neutrality and wellness.

Overseas as well, we will implement the business growth model that links our new building business to our existing building and service businesses. By providing new products, services, and solutions that help resolve customer issues, we will further accelerate business growth.

Initiatives

- In response to robust demand for large-scale new building projects, we will work closely with distributors to secure market share. By continuing to accept orders selectively and focusing on projects where the azbil Group can demonstrate its strengths, we aim to improve profitability, optimize resource allocation, and expand sales.
- We will focus on increasing sales in overseas markets, particularly for new building projects. We will deploy the business model cultivated in Japan, by which growth in new building projects leads directly to future growth in our existing building business. We will leverage, as competitive advantages, the same solution capabilities and quality standards that serve to differentiate us in Japan.
- To prepare for a decline in the new office building market in Japan, we will strengthen initiatives targeting the factory, data center, and district heating and cooling (DHC) markets, where we can make the most of our competitive advantages.
- By proactively proposing energy-saving solutions, renewable energy solutions that support carbon neutrality, and the energy management systems that enable them—capabilities cultivated through our energy service company (ESCO) business—we will expand GX solutions via a new energy service provider (ESP) business model.
- In the services business, we will promote the transition from on-site services to remote inspection services and implement measures to enhance the value delivered to customers.
- We will accelerate the shift from on-premises BA systems to a cloud-based business while also enhancing, commercializing, and globalizing our digital knowledge. This transformation will enable us to provide high value-added services not only to building owners and operators but also to tenants and office users.

TOPICS

Fujisawa Technology Center Building 103 wins two major awards

Azbil received the FY2025 Award of Technology (Building Equipment Division) from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan, as well as the FY2025 Energy Conservation Grand Prize (the METI Minister's Award), in recognition of the design, operational technologies, and energy-saving initiatives implemented in Building 103 at our Fujisawa Technology Center.

As a developer of automation technologies for air-conditioning and sanitary systems, we regard the new experimental building as a living laboratory. By applying advanced building automation technologies, including a cooling and heating free air-conditioning system* based on a two-pipe chilled and hot water system that serves laboratory and workplace zones with different load characteristics, the building enhances energy efficiency and advances life-cycle carbon neutrality.

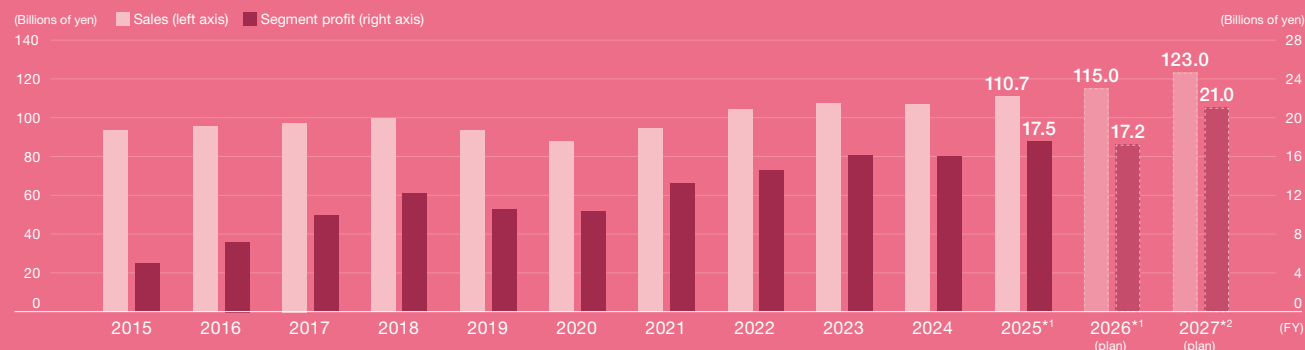


* The building adopts a simple two-pipe system that adjusts water temperature seasonally, reducing piping infrastructure by half. In addition, an advanced cooling and heating free air-conditioning system reduces the number of air-conditioning units while maintaining indoor environmental quality, thereby contributing to lower CO₂ emissions during construction and operation.

Advanced Automation Business



Sales and segment profit trends



*1 Revenue and business profit are presented based on International Financial Reporting Standards (IFRS Accounting Standards).

*2 A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

← Medium-term plan FY2025–FY2027 →

Business environment: opportunities and risks

Against the backdrop of growing AI demand, business opportunities in the semiconductor-related markets are expanding, while demand is also increasing for advanced solutions such as integrated control and autonomous operations. At the same time, concerns remain over slowing investment due to geopolitical risks, as well as supply constraints and declining profitability due to tight supply & demand conditions and rising costs.

Opportunities

- Growing business opportunities, driven by expanding demand for AI, to supply manufacturers of semiconductor equipment, devices, and semiconductor materials/chemicals
- Growing demand for advanced solutions, including integrated control and autonomous technologies, to achieve both operational stability and greater efficiency, creating opportunities for higher added-value solutions

Risks

- Reduced capital investment due to geopolitical risks leading to more cautious investment decisions and project delays
- Supply constraints and declining profitability due to increasing instability in resources and logistics, rising costs, and surges in demand

Features and strengths

Presence

At the heart of automation at production sites

Based on more than a century of experience in developing measurement and control technologies, and expertise cultivated in the field, we have won the trust of our customers as a partner supporting stable operations and optimization, while continuously providing value.

Technical capabilities

Combining on-site knowledge with digital technologies

By combining expertise accumulated in the field with measurement and control technologies, data utilization, and DX, we provide solutions that enable more advanced and efficient operations.

Earning power

Life-cycle business model

Going beyond supplying products to our customers, we create value throughout the life cycle of their facilities and equipment, from engineering to maintenance and operational support, thus ensuring a stable earnings base.

Product strength

Core technologies driving value creation

In addition to developing sophisticated measurement and control devices, we create new value through new automation^{*1}, featuring advanced technologies.

Review of the first year of the medium-term plan

- Greater use of business infrastructure and IT has reduced dependence on individual expertise while improving the visibility and standardization of business processes. As a result, we are steadily building a more consistent and scalable framework for business operations throughout the organization.
- Continued improvement in profitability, supported by cost structure reforms, improvements in contractual/transaction terms, and pricing optimization, despite rising raw material and logistics costs
- Steady progress in developing technical capabilities in the new automation field—mainly involving semiconductor-related products and other microelectromechanical (MEMS)^{*2} sensors, control valve-related technologies, and autonomous operation technologies—with increasing customer adoption providing clear evidence of the potential of these growth areas
- Expanded offerings extending beyond control to include equipment condition monitoring, diagnostics, and maintenance, thus strengthening our ability to deliver comprehensive solutions, through professionals with extensive field experience, and create new value for customers' production activities

*1 New products and services, such as MEMS sensors, with which we will expand business domains centered on our unique technologies

*2 Devices and systems, including sensors, that integrate microscopic electrical and mechanical elements on a single chip using microfabrication technology

Advanced Automation Business



Takashi Igarashi

Managing Corporate Executive
President of Advanced Automation Company

The business environment of the Advanced Automation business is undergoing considerable changes owing to geopolitical risks, supply chain disruptions, and rising raw material and logistics costs, as well as labor shortages and significant advances in semiconductors, generative AI, physical AI, and carbon neutrality. We view these changes as opportunities for growth. Guided by the theme of “Evolution and Co-creation” in our medium-term plan, we will implement business transformation with competitive products and services, agility in responding to changing market needs, and active co-creation with external partners by defining Minimum Business Units. By working closely with our customers and partners, we will create new value.

Building on the business foundation we have established and our efforts to strengthen profitability, we will accelerate global business expansion, create new automation, and further increase earning power. Leveraging the azbil Group’s proprietary measurement and control technologies in such areas as semiconductor-related products, control valve total solutions, and plant autonomy, we will help customers achieve stable operations and higher productivity while contributing to the resolution of societal issues through our on-site approach.

Initiatives

- **Establish multiple industry-leading business segments with competitive advantages, expanding them in Japan and overseas**

- **Accelerate global business expansion**

Deploy competitive solutions developed in our domestic business to global markets

Accelerate expansion into growth markets by broadening priority areas and expanding into regions with high growth potential

- **Create new automation**

Make use of the azbil Group’s proprietary technologies, such as MEMS sensors, control valve-related technologies, and AI-based plant autonomy, to satisfy emerging demand for measurement and control technologies

Increase competitive advantages through stronger product capabilities while contributing to the resolution of societal issues

- **Continue to strengthen profitability by leveraging our track record**

Steadily improve the business mix; enhance the added value of products, engineering, and services; promote cost pass-through and other measures

Further strengthen profitability by accelerating high value-added businesses, enhancing the quality of engineering and services, advancing data utilization, and streamlining decision-making processes

TOPICS

Sapphire capacitance diaphragm gauge for next-generation semiconductor manufacturing

For the increasingly sophisticated manufacturing processes employed for semiconductors, vacuum gauges need to offer reduced susceptibility to by-product buildup, withstand high temperatures, and deliver rapid response.

To meet these requirements, Azbil developed the new model V8 capacitance diaphragm gauge, which offers greatly superior performance compared to a conventional sapphire vacuum gauge.

Its structure, based on our proprietary MEMS processing technology, suppresses performance degradation caused by the buildup of process by-products on the diaphragm, enabling highly accurate and stable measurement performance over extended periods. In addition, because the gauge head is separate from the control unit, the V8 can measure gases at temperatures of up to 250°C. Combined with a response speed of just 1 ms, this gauge meets the demanding requirements of next-generation semiconductor processes.

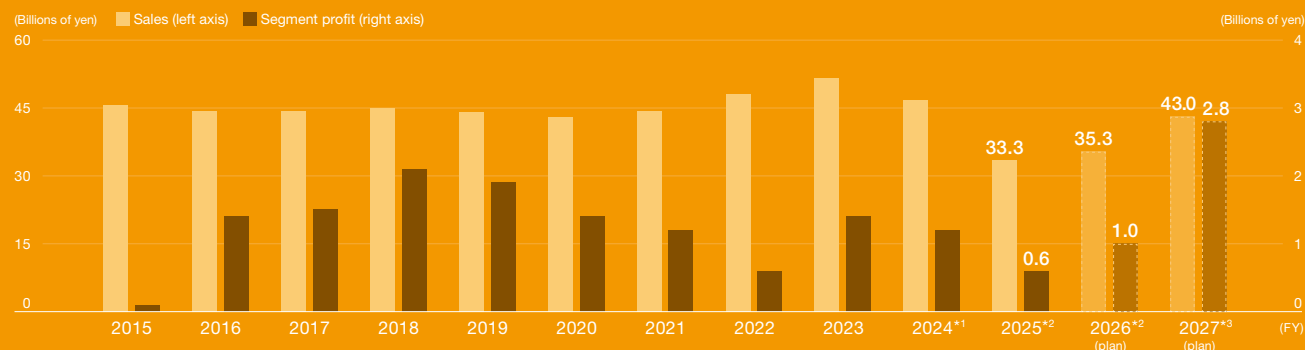
These technical capabilities have been highly evaluated by some of the world’s leading semiconductor equipment manufacturers and widely recognized through industry awards.



Life Automation Business



Sales and segment profit trends



^{*1} FY2024 and prior results include the sales and segment profit of Azbil Telstar, which was transferred in October 2024.

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^{*3} A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

← Medium-term plan FY2025–FY2027 →

Business environment: opportunities and risks

In the Lifeline field, stable demand is expected to continue, driven primarily by the legally mandated replacement of city gas meters and water meters. Demand is also expected to grow for smart meters and the utilization of the data they generate. In the residential central air-conditioning systems field, rising construction costs are affecting groundbreaking for detached houses.

Opportunities

- The increasing adoption of smart meters for gas and water is expanding the market, and we will strive to translate this demand into new orders.
- To meet the diverse needs of customers, we have added e-kikubari* to our product lineup. This is advantageous for obtaining net-zero energy house subsidies

Risks

- Risk of being unable to implement cost pass-through to cover increases in material, labor, and transportation costs
- Risk of component shortages and price increases due to the situation in the Middle East and export restrictions in China
- Rising new home prices, declining housing starts, and a shrinking market for central air-conditioning systems

* A heat-exchange ventilator combined with an electronic air cleaner

Features and strengths

Stability

Maintain and improve lifelines

Business growth through steady and stable replacement demand based on the Measurement Act of Japan

Forward thinking

DX and the harnessing of cloud technology

We promote the adoption of smart metering in the gas and water meter business as well as our smart metering as a service business, which combines telecommunications and cloud systems, thereby contributing to the realization of a safe and secure society powered by smart technology.

Product strength

Product lineup

In the regulator field for gas supply infrastructure, we contribute to the safe and stable supply of gas by leveraging our strengths to offer an extensive product lineup, high-capacity compact designs, and ease of maintenance.

Uniqueness

Living space comfort and health

We provide not only comfort but also a high level of air quality with central air-conditioning systems at the core, providing fresh, clean air by means of electronic air cleaners and heat-exchange ventilation.

Review of the first year of the medium-term plan

- Steadily implemented initiatives to improve profitability, including cost pass-through, sales measures focused on profitability, and replacement of conventional meters with smart meters, while establishing the system and business foundation necessary to continue these efforts
- Established a comprehensive solutions framework, centered on the regulator field and encompassing maintenance and installation services
- Pursued further growth strategies through alliances with domestic and overseas partners and making strategic use of capital
- Launched initiatives to expand high value-added businesses, including leak detection solutions, that address societal challenges
- Experienced slower-than-expected expansion of the smart metering as a service business and market adoption of new products

Life Automation Business



Kenji Okumura

Managing Executive Officer
Life Automation Business

The Life Automation (LA) business aims to contribute to safe, comfortable, and active lifestyles by leveraging the measurement and control technologies and services cultivated over many years in the building, plant, factory, and social infrastructure fields and applying them to business areas such as lifeline utilities, including gas and water services, and residential central air-conditioning systems. We will accelerate the restructuring of the LA business portfolio so as to promote management that is conscious of the cost of capital. In the Lifeline field, we will continue to secure stable demand arising from legally mandated meter replacement while pursuing business expansion in the next-generation smart meter market, where continued growth is expected. In addition to initiatives for gas meters, we will accelerate the rollout of water leak detection solutions in the water meter field through collaboration with Kamstrup A/S of Denmark. In the residential central air-conditioning system field, we will advance our business by supplying products that offer comfort in a wide range of living spaces. We will steadily improve the profitability of the LA business through measures that include cost pass-through. Looking ahead, we will pursue such initiatives as alliances with domestic/overseas partners and strategies that utilize capital to achieve further growth, while clearly positioning the LA business as a growth area.

Initiatives

- Advancing business structure reforms across all LA business fields, focusing on smartification and data-utilization markets, accelerating portfolio restructuring, and realizing further growth

Lifeline field

- Improving profitability through cost pass-through, cost reductions, and profitability-focused sales initiatives, while upgrading business processes through the use of DX
- With stable meter replacement demand, legally mandated by the Measurement Act of Japan, serving as a foundation, we are promoting business transformation to become a data service provider by merging the smart meter business with the smart metering as a service business, which utilizes IoT technologies. Through product enhancement, expanded use of communication networks, and strengthened cloud system capabilities, we will make further progress with this transformation.
- Further expanding overseas business to grow the smart meter business

Residential central air-conditioning systems field

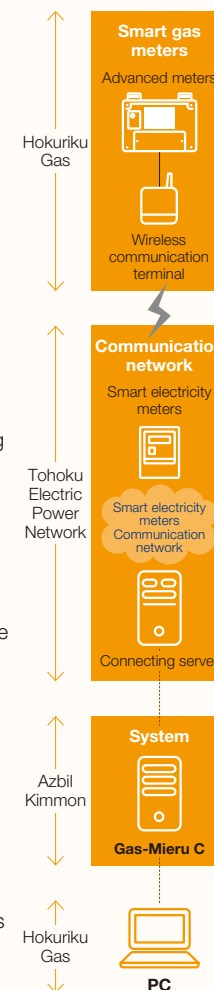
- Improving profitability by capturing replacement demand for installed central air-conditioning systems and selling e-kikubari to users in the mid-priced housing segment with a keen interest in health and energy saving
- By combining service engineering expertise with IoT technologies to strengthen on-site service capabilities, we will expand the business to become a provider of comfortable living environments that support a healthy and comfortable lifestyle while delivering additional energy savings for customers.

TOPICS

Field testing a smart gas metering system that uses a smart electricity meter communication network

Azbil Kimmon Co., Ltd. entered into an agreement with Hokuriku Gas Co., Ltd. and Tohoku Electric Power Network Co., Inc. for an automatic meter-reading service utilizing a smart electricity meter communication network. It also began field testing a smart gas metering system in August 2026.

For this trial, wireless communication terminals are connected to smart gas meters, enabling meter readings and safety-related information, including gas leak data, to be transmitted to Hokuriku Gas through Tohoku Electric Power Network's smart electricity meter communication network and Azbil Kimmon's Gas-Mieru C system. Looking ahead, we will use the knowledge gained from this trial to develop services that help address anticipated societal issues such as the labor shortages typical in aging populations. At the same time, we will work toward realizing a smart society, enabled by IoT technologies, that supports safe and secure living environments and contributes to regional development.



Service Engineering



Kazuyasu Hamada

Managing Corporate Executive
azbil Group Service Engineering Function

Continue creating new value at customer sites

The azbil Group has built relationships of trust with customers over many years, in various fields, including factories and plants, commercial buildings, and lifeline utilities. In particular, service—a business that continues to provide value while maintaining close relationships with customers after product delivery—has come to play a key role in the azbil Group's business model. Through our service activities, we have expanded our customer base and contributed to solving societal issues.

Creating new value through Service Engineering: Business expansion, productivity reform, and strengthening the business foundation

In the medium-term plan (FY2025–FY2027), with a view to achieving our long-term targets for FY2030, we establish as our key strategies (1) business expansion, (2) productivity reform, and (3) strengthening the business foundation. Service Engineering is creating high value-added services by integrating on-site expertise accumulated over many years

with digital technologies, thereby contributing to customers' sustainable growth and the resolution of societal issues.

As part of its business growth strategy, the azbil Group is expanding value-added services that support customers' facility operations, including remote maintenance services enabled by network technologies and valve diagnostic/analysis services. By leveraging equipment operating data and expertise accumulated through service activities, we can offer early detection of anomalies, predictive maintenance, and operational improvement recommendations. These capabilities contribute to the stable operation of customer facilities and enhance their life-cycle value.

Next, with regard to productivity reform, we will build networks of people and data at customer sites and review our processes for providing services. By integrating on-site services with remote support, we will enhance operational

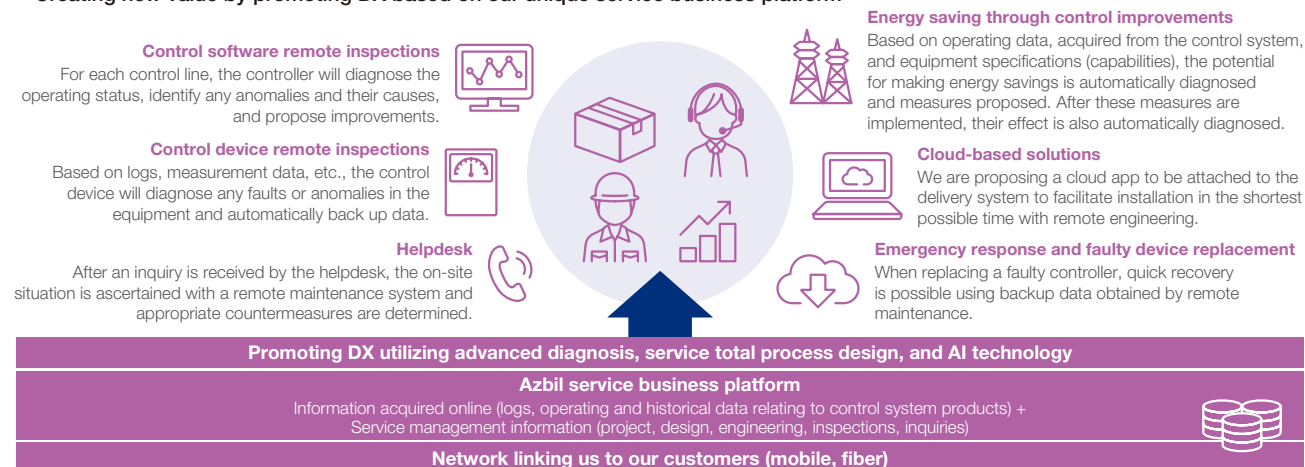
efficiency and service quality while striving to achieve sustainable service operations.

We will also promote the intergenerational transfer of technologies and skills to strengthen our business foundation. Through the utilization of AI technologies, we are strengthening field service capabilities, improving service quality, and enhancing quality across individual business processes. In addition, we are further reinforcing quality assurance in field services through the establishment and continuous enhancement of a work certification and licensing system.

Through these initiatives, we aim to further develop Service Engineering as a driver for sustainable profitability for the azbil Group. By continuously creating new customer value, we will support our customers' sustainable growth while realizing long-term business growth and enhancing our contribution to society.

The azbil Group's remote maintenance

—Creating new value by promoting DX based on our unique service business platform—



Service Engineering

Business growth: expanding new service offerings and strengthening domestic and global service capabilities

Service Engineering is expanding value-added services that support customers across the life cycle of their facilities and assets. In addition, we are promoting the development of certified specialists in areas such as remote diagnostics, energy management, and valve diagnostics, thereby strengthening the foundation for sustainable service delivery.

We are expanding network-enabled remote maintenance services. By connecting customer facilities with our service centers, we enable remote monitoring, early detection of abnormal conditions, and rapid-response technical support, thus helping ensure the stable operation of customer facilities. Furthermore, we are developing AI-based control performance evaluation that leverages equipment data accumulated through remote maintenance and historical diagnostic cases. By supporting diagnostics and root cause analysis of control anomalies, our control performance evaluation AI will improve diagnostic quality and operational efficiency, enabling us to deliver more advanced services.

We are also promoting the expansion of valve diagnostic and analysis services. By analyzing control valve operating data and visualizing equipment conditions,

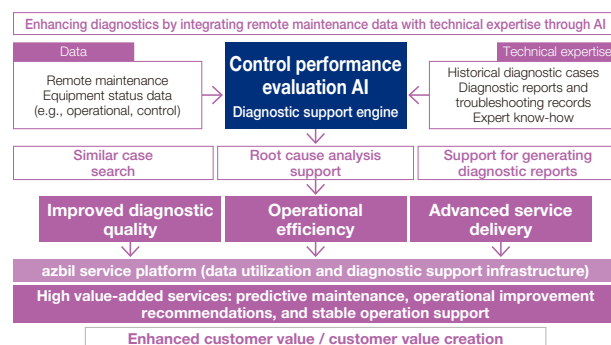
we support customers' early anomaly detection and well-planned maintenance activities. We are also advancing the development of our service information infrastructure by integrating equipment data, maintenance records, and service activity information within a unified platform. This enhances customer relationships while improving service quality and increasing overall service value.

Furthermore, we are cultivating engineers capable of delivering advanced, optimized, and autonomous solutions across both operational and maintenance domains. By strengthening our ability to propose initiatives that enhance productivity, reduce energy consumption, and support stable operations, we are also creating new value through the effective use of data and digital technologies.

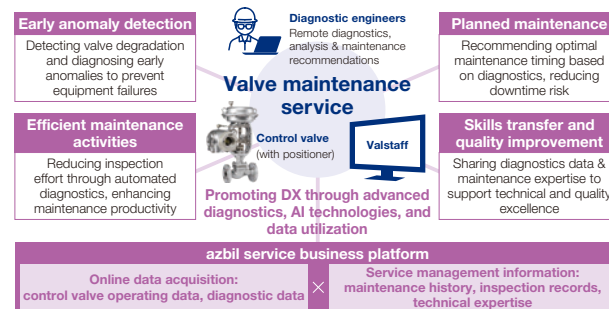
As a cross-functional initiative within Service Engineering, we are reinforcing our service capabilities both in Japan and overseas. We are advancing the development of service structures at overseas subsidiaries, fostering local engineering expertise, and standardizing quality management systems to ensure uniform service quality across all regions and to drive business growth in global markets.

Through these efforts, we continue to contribute to the stable operation and sustainable growth of our customers around the world.

Advanced diagnostic services enabled by control performance evaluation AI



Supporting stable equipment operations through valve diagnostic and analysis services



By providing valve diagnostic and analysis services, we enable early identification of anomalies and support planned maintenance, helping customers maintain stable and efficient facility operations.

Maintaining and enhancing safety and quality: leveraging generative AI for intergenerational skills transfer

Daisuke Seo

Manager
Service Planning Department
Service Headquarters



Within Service Engineering, we promote both direct and indirect skills transfer to maintain and enhance safety and quality.

For direct transfer, experienced engineers provide on-the-job training and practical on-site instruction, passing on customer engagement know-how, advanced technical skills, proposal capabilities, and sound engineering judgment.

For indirect transfer, we digitize the knowledge we have accumulated, including that gained from past disasters and quality incidents, response know-how, and customer-specific information, as well as the decision-making criteria and thought processes of experienced engineers. These assets are organized into a knowledge platform that leverages generative AI. By using generative AI for hazard prediction, we can assist customers in identifying potential risks before operations start and in preventing quality-related incidents. At the same time, we are promoting expertise sharing through technical training videos and video-based work manuals, reducing reliance on individual experience, and improving consistency in customer support.

Furthermore, by sharing and utilizing accumulated knowledge and expertise across the entire organization, we are reducing disparities in service quality among different sites and between individual personnel, thereby furthering the improvement and standardization of our service delivery.

By promoting the reuse of technical information and decision-making expertise, we can shorten training periods and accelerate engineering personnel development. These efforts strengthen our sustainable service delivery framework by supporting the continuous accumulation and utilization of organizational knowledge. In these ways, we are building a framework that enables us to provide customers with stable and consistent service quality. By harnessing AI to support our staff and customers, we aim to maintain and enhance our technical capabilities while creating sustainable value. At the same time, we are reducing operational workloads and improving access to knowledge, contributing to a work environment that supports employee well-being.

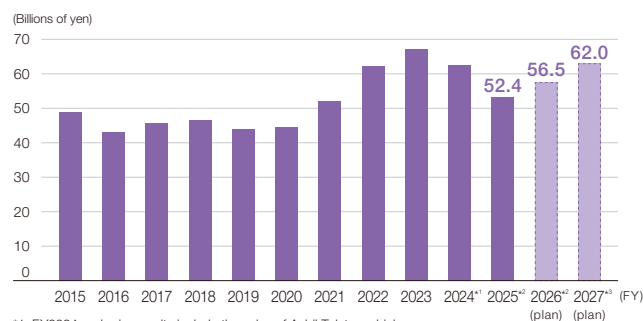
Global Strategy



Shigeru Wada

Managing Executive Officer
azbil Group International Business

Overseas sales

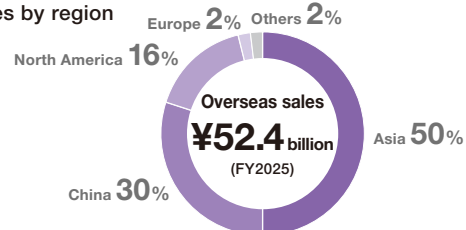


¹⁾ FY2024 and prior results include the sales of Azbil Telstar, which was transferred in October 2024.

²⁾ Revenue is presented based on International Financial Reporting Standards (IFRS Accounting Standards).

³⁾ A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

Sales by region



The azbil Group is working to further accelerate overseas business growth, setting a long-term target for overseas sales of ¥100 billion in FY2030. Global markets for automation and energy efficiency are expected to grow over the medium to long term, driven by capital investment in semiconductors, expanding data centers, and demand for improved productivity. However, geopolitical risks and uncertainty regarding trade policies are both increasing. In this environment, agile business operations that leverage regional characteristics are essential. Founded on measurement and control technologies developed over many years, the azbil Group's strengths lie in its life-cycle solutions business model—which delivers value from design through to installation and maintenance—as well as in its highly reliable, high value-added products and solutions. In key markets including Southeast Asia, India, North America, and China, we deliver value that meets local customer needs. We promote multifaceted initiatives, including business support, brand enhancement, and synergy creation through collaboration with partners. We also value co-creation with leading global partners. A notable example is our collaboration with Kamstrup of Denmark, a global leader in smart water metering. As our overseas business expands, we are strengthening the management foundation to support region-specific operations. We are enhancing governance, risk management, and compliance. We integrate business and management functions to accelerate decision-making, strengthen regional management, and upgrade administrative functions. In April 2026, we integrated the international department of the BA business with the International Business Headquarters to establish the Global Business Headquarters. Through these initiatives, we aim to deliver value globally by leveraging our measurement and control technologies as an automation supplier, thereby achieving sustainable growth and enhancing enterprise value.

Review of the first year of the medium-term plan

- We established Azbil JS Sdn. Bhd. in Johor, Malaysia, and launched a new sales base. By seizing growth opportunities in the Johor-Singapore Special Economic Zone (JS-SEZ), and expanding building automation systems for data centers and other facilities, we are strengthening our business foundation in Southeast Asia.
- To strengthen a region-led business promotion structure, we reallocated resources for overseas operations. We integrated the international department of the BA business with the International Business Headquarters and established the Global Business Headquarters. This enables faster decision-making aligned with regional market needs and creates an efficient overseas business structure that integrates business and management.
- In the BA business, we are responding to such developments as urbanization in Asia and the increasing sophistication of building markets. We provide products and services leveraging energy-saving application technologies, engineering capabilities, and service expertise developed in Japan.
- In the AA business, demand for automated production facilities is increasing. We are expanding into new automation fields through advanced product development, anomaly detection, and AI-based diagnostics, strengthening our competitiveness in global markets.
- To reinforce the global management foundation, we are upgrading systems that support overseas growth. We are enhancing performance management, risk management, compliance, and financial functions, while promoting data utilization and strengthening governance. In March 2025, we established a production base in Vietnam (Azbil Vietnam Production Company Limited), strengthening our global production system with increased production capacity, enhanced cost competitiveness, and a stronger foundation for stable product supply.

Global Strategy

Focus areas and initiatives

- We develop business plans tailored to the needs and challenges of each overseas subsidiary, promoting business development that leverages regional strengths and characteristics. We also pursue synergies through collaboration with local partners and business units across the Group. By enhancing the speed of decision-making through a flexible operating structure, we aim to achieve sustainable growth and create new value.
- We are optimizing organizational structures for each region and enabling faster operational decision-making. We are also strengthening the recruitment and development of diverse global talent. Through these initiatives, we aim to further expand our overseas business and strengthen our overall competitiveness.
- We identify Southeast Asia, India, North America, and China as key markets and promote business development tailored to each market's characteristics. We provide high value-added solutions by leveraging energy-saving technologies and advanced engineering capabilities developed in Japan.
- We are expanding our business in equipment diagnostics and automation through new product development and the proactive use of AI technologies. We are also strengthening sales capabilities in strategically important regions to address a broader range of customer needs, expand customer coverage, and further strengthen our business foundation.
- We are strengthening our management foundation by enhancing risk management and promoting digital transformation (DX) in response to changing business conditions. We are building a governance system that can respond flexibly and appropriately to increasingly diverse risks while optimally allocating management resources to establish a stable and resilient management foundation.

Creating value globally

Patrick Lim

Deputy Managing Director
Azbil Singapore Pte. Ltd.
Azbil Global Executive Member



I contribute to shaping and executing our global strategy while driving business performance and strengthening our regional presence. I work closely with leadership teams to align strategic priorities and ensure effective execution across functions and markets.

I bring extensive experience in business management, project execution, and organizational leadership, with a strong focus on delivering sustainable and scalable growth. Throughout my career, I have enhanced operational efficiency, project execution capability, and customer engagement, enabling the organization to respond effectively to changing market conditions while delivering high-quality, reliable services.

As a Global Executive member, I take an active role in advancing strategic initiatives, driving business development, and strengthening management foundations. I am also committed to developing global talent, recognizing that strong leadership, technical expertise, and adaptability are essential to achieving long-term success in our long-term global vision.

A key focus of my current responsibilities is supporting the launch of Azbil JS Sdn. Bhd., which began operations in January 2026. Through this initiative, we are strengthening local capabilities, enhancing operational agility and efficiency, and reinforcing a strong regional business foundation.

Looking ahead, I will continue to enhance our competitiveness through strengthening organizational capabilities, fostering cross-functional collaboration and partnerships with customers and stakeholders for co-creation. I am committed to delivering consistent results while upholding Azbil's values and contributing to long-term corporate growth and societal value creation globally and sustainably going forward.

TOPICS

Establishment of a new sales base in Johor, Malaysia

We established Azbil JS Sdn. Bhd. in Johor, Malaysia, in September 2025. It started operations in January 2026. The establishment of this base is part of our market expansion in Southeast Asia. As the Johor-Singapore Special Economic Zone (JS-SEZ) grows, this sales base will enable us to respond quickly to local needs while also further expanding our global business.

The azbil Group is actively working to strengthen our global business so as to achieve our long-term goals by FY2030. Based in Johor, this newly established sales company aims to expand the adoption of automation systems in the building market. In particular, we aim to accelerate the installation of our systems in data centers, which are currently experiencing a construction boom in the area, and in new buildings. Through these efforts, we aim to strengthen our competitiveness locally and enhance our global business.



Members of Azbil JS Sdn. Bhd. taking on new challenges

