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Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Based on Japanese GAAP)

May 13, 2025

Company name: Azbil Corporation
Stock exchange listing: Tokyo Stock Exchange Prime Market (Code 6845)
URL: https://www.azbil.com/
Representative: Kiyohiro Yamamoto
Director, President and Group Chief Executive Officer
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Scheduled date of ordinary general meeting of shareholders: June 25, 2025
Scheduled date to file annual securities report: June 23, 2025
Scheduled date to commence dividend payments: June 26, 2025
Preparation of supplementary materials on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2025	300,378	3.2	41,486	12.6	42,170	8.1	40,955	35.6
Year ended March 31, 2024	290,938	4.5	36,841	17.9	38,999	21.3	30,207	33.6

Note: Comprehensive income Year ended March 31, 2025 39,915 million yen 5.9%
Year ended March 31, 2024 37,700 million yen 47.0%

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/ total assets	Operating income/ net sales
	Yen	Yen	%	%	%
Year ended March 31, 2025	77.96	―	17.9	13.4	13.8
Year ended March 31, 2024	57.10	―	14.2	12.8	12.7

Note: Azbil Corporation (“the Company”) implemented a 4-for-1 common stock split effective on October 1, 2024. “Net income per share” has been calculated as if the stock split had been implemented at the beginning of the previous fiscal year.
Please note that if the stock split were not taken into account, “Net income per share” would be as follows.
Year ended March 31, 2025 311.84 yen
Year ended March 31, 2024 228.39 yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	315,072	240,517	75.3	459.01
As of March 31, 2024	313,728	224,887	70.6	420.09

Reference: Shareholders’ equity As of March 31, 2025 237,205 million yen
As of March 31, 2024 221,522 million yen

Note: The Company implemented a 4-for-1 common stock split effective on October 1, 2024. “Net assets per share” has been calculated as if the stock split had been implemented at the beginning of the previous fiscal year.
Please note that if the stock split were not taken into account, “Net assets per share” would be as follows.
As of March 31, 2025 1,836.03 yen
As of March 31, 2024 1,680.37 yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	43,953	2,032	(29,771)	92,637
Year ended March 31, 2024	27,540	(2,360)	(22,455)	75,595

2. Dividends

	Dividend per share					Total amount of cash dividends (annual)	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2024	—	36.50	—	39.50	76.00	10,211	33.3	4.8
Year ended March 31, 2025	—	44.00	—	13.00	—	12,784	30.8	5.5
Year ending March 31, 2026 (forecast)	—	13.00	—	13.00	26.00		43.3	

Notes: 1. The Company has introduced an employee stock ownership plan, a Trust-Type Employee Shareholding Incentive Plan, and a stock compensation plan. The total amount of cash dividend includes the dividends for the stock of the Company held by trust accounts of these plans (199 million yen for the year ended March 31, 2024; 256 million yen for the year ended March 31, 2025).

2. The total annual dividend forecast for the year ended March 31, 2025 is left blank, shown as a “—” . The reason is as follows. The Company implemented a 4-for-1 common stock split effective on October 1, 2024. As regards dividends per share, the 2nd quarter-end dividends for the year ended March 31, 2025 are applied to shares held prior to the stock split, while the fiscal year-end dividends for the year ended March 31, 2025 are applied to shares held after the stock split. If the stock split were not taken into account, the total annual dividend would be 96.00 yen per share.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	134,000	(3.8)	15,200	3.8	14,500	(1.1)	10,300	(5.9)	19.93
Full year	297,000	(1.1)	43,000	3.6	42,200	0.1	31,000	(24.3)	59.99

Note: The Company has resolved, at the Board of Directors meeting held on May 13, 2025, to repurchase its own stock, and readopt a Trust-Type Employee Shareholding Incentive Plan. The Company has also decided to cancel its treasury shares on the same day. For “Net income per share” in the forecast of consolidated financial results, the impact of these matters is not considered.

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (Azbil Vietnam Production Company Limited)

Excluded: 17 companies (Azbil Telstar S.L.U. and its 15 subsidiaries, Azbil VorTek, LLC)

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

a. Changes in accounting policies accompanying revision of accounting standards, etc.: No

b. Changes in accounting policies other than (a) above: No

c. Changes in accounting estimates: No

d. Retrospective restatements: No

(3) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	560,672,736 shares	As of March 31, 2024	566,032,736 shares

b. Number of treasury shares at the end of the period

As of March 31, 2025	43,892,273 shares	As of March 31, 2024	38,714,276 shares

c. Average number of shares during the period

Year ended March 31, 2025	525,337,162 shares	Year ended March 31, 2024	529,052,421 shares

Notes: 1. The Company implemented a 4-for-1 common stock split effective on October 1, 2024. The total number of issued shares, the number of treasury shares and the average number of shares during the period have been calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

2. The Company has introduced an employee stock ownership plan, a Trust-Type Employee Shareholding Incentive Plan, and a stock compensation plan. The number of treasury shares at the end of the period includes the Company’s

stock held by trust accounts for these plans (11,908,397 shares as of March 31, 2025; 10,118,952 shares as of March 31, 2024). Also, the Company's stock held by these trust accounts is included in treasury shares that are deducted in the calculation of the average number of shares during the period (10,510,605 shares for the year ended March 31, 2025; 10,967,687 shares for the year ended March 31, 2024).

* This consolidated financial results report is not subject to the audit procedures by certified public accountants or auditing firms.

* Regarding the appropriate use of forecast, etc.

Net sales for the azbil Group tend to be low in the first quarter of the consolidated accounting period and highest in the fourth quarter. However, fixed costs are generated constantly. This means that profits are typically lower in the first quarter and higher in the fourth quarter.

The forecast of the azbil Group is based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. For information on the forecast of financial results, please see "1. Overview of financial results and others (1) Overview of financial results 3) Forecast for the next period" on page 7 of the Accompanying document.

* How to obtain supplementary materials on financial results

Supplementary materials on financial results are available on the Company's website.

Accompanying document

Contents

1. Overview of financial results and others

(1) Overview of financial results

1) 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 CO_2 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") [Note 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.

(Millions of yen)

	Fiscal year 2023 (April 1, 2023 to March 31, 2024)	Fiscal year 2024 (April 1, 2024 to March 31, 2025)	Difference	
			Amount	Rate
Orders received	287,851	304,723	16,872	5.9%
Net sales	290,938	300,378	9,439	3.2%
Operating income [Margin]	36,841 [12.7%]	41,486 [13.8%]	4,644 [1.1pp]	12.6%
Ordinary income	38,999	42,170	3,171	8.1%
Net income attributable to owners of parent [Margin]	30,207 [10.4%]	40,955 [13.6%]	10,747 [3.3pp]	35.6%

Note 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.

2) Financial results by segment

What follows are management's assessment of the results for each segment, together with our analysis and conclusions.

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 CO_2 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.

(Millions of yen)

	Fiscal year 2023 (April 1, 2023 to March 31, 2024)	Fiscal year 2024 (April 1, 2024 to March 31, 2025)	Difference	
			Amount	Rate
Orders received	136,782	153,640	16,858	12.3%
Sales	134,655	148,770	14,115	10.5%
Segment profit [Margin]	19,373 [14.4%]	24,363 [16.4%]	4,989 [2.0pp]	25.8%

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), [Note 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.

(Millions of yen)

	Fiscal year 2023 (April 1, 2023 to March 31, 2024)	Fiscal year 2024 (April 1, 2024 to March 31, 2025)	Difference	
			Amount	Rate
Orders received	101,481	105,986	4,505	4.4%
Sales	107,052	106,836	(215)	(0.2)%
Segment profit [Margin]	16,118 [15.1%]	15,997 [15.0%]	(120) [(0.1)pp]	(0.7)%

Note 2: The three AA business sub-segments (management accounting sub-segments)

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.)

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,[Note 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.

Note 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.

(Millions of yen)

	Fiscal year 2023 (April 1, 2023 to March 31, 2024)	Fiscal year 2024 (April 1, 2024 to March 31, 2025)	Difference	
			Amount	Rate
Orders received	51,689	46,845	(4,843)	(9.4)%
Sales	51,404	46,634	(4,770)	(9.3)%
Segment profit [Margin]	1,375 [2.7%]	1,171 [2.5%]	(204) [(0.2)pp]	(14.9)%

<u>Other</u>

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).

3) Forecast for the next period

The azbil Group has set long-term targets for FY2030 and, by formulating a series of medium-term plans, we are steadily making progress toward achieving them. Aiming to realize a sustainable society, we are seeing the emergence of various social issues and customer challenges, and the role of automation in being able to provide solutions to these is expanding, leading to increased demand. The previous medium-term plan (FY2021-FY2024), representing stage 1 in achieving our long-term targets, was executed at a time when the business environment was undergoing significant change: following the COVID-19 pandemic, customer needs changed and lifestyles evolved, and these challenges were compounded by inflation and global supply chain issues. However, by ensuring that we captured this growing demand and increasing business opportunities, we were able to exceed the performance targets set in May 2021 when the medium-term plan was announced. In our new medium-term plan (FY2025-2027), representing stage 2, the azbil Group will continue to seize on the expanding role of automation as a business opportunity. By leveraging our unique technologies, products, and services, we aim to achieve sustained growth by providing our customers with value throughout the lifecycle of their facilities and equipment.

For the azbil Group, FY2025, the first year of the new medium-term plan, is proving to be a time of increasing uncertainty in our business environment, with global geopolitical risks and the negative impact of US reciprocal tariffs on industry and the economy, continuing inflation, and rising labor costs. However, demand remains strong for HVAC control equipment and systems; as for demand for production equipment for factories and plants, the PA market remains strong, and the FA market is expected to recover gradually.

As regards the forecast of consolidated financial results for the fiscal year ending March 2026, we plan to achieve further growth in both the BA and AA businesses, bolstered by the order backlog at the start of the period. Given the business environment, however, in the LA business revenue is expected to decrease owing to the transfer of our equity interests in Azbil

Telstar to another company in FY2024 as part of the restructuring of our business portfolio. As a result, a slight decrease in revenue is expected for the azbil Group as a whole. Even to the extent of considering for the time being the uncertain impacts of US tariff policy, in addition to investments for growth in R&D, facilities, human capital, and DX promotion, etc., we expect personnel expenses and various other costs to rise, on top of the impact of inflation. Nevertheless, we plan to increase operating income by continuing measures to strengthen profitability, including cost pass-through, and improving operational efficiency through DX promotion. Regarding ordinary income, due to the impact of the strong yen and other factors, we expect it to remain at the same level as FY2024. Net income attributable to owners of parent is expected to decrease owing to the recording of gain on sale of equity interests in Azbil Telstar in FY2024.

In the BA business, thanks to urban redevelopment projects and building renewal plans, domestic demand for HVAC control equipment/systems for large-scale buildings remains strong, from sales to service. In addition, overseas demand also remains strong. Against the backdrop of this business environment, by making steady progress with our business and converting our large order backlog into sales, we expect to achieve an increase in revenue compared to FY2024. As regards segment profit, although there will be increases in outsourcing costs, in personnel expenses aimed at growth, and in DX-related expenses, we expect higher profits compared to FY2024 thanks to increased revenue, improved margins at the point of order receipt, and appropriate cost pass-through.

In the AA business, in addition to continued strong performance in the PA market, inventory adjustment is progressing in the FA market, and recovery in demand during the fiscal year is anticipated. We expect to achieve increased revenue by ensuring that we capture the growing demand in both PA and FA markets. As regards segment profit, we anticipate cost increases due to parts/materials price hikes and higher personnel expenses; nevertheless, we plan to achieve an increase in profit compared to FY2024 thanks to revenue growth and the effect of measures to enhance profitability, including cost pass-through.

In the LA business, we expect to achieve revenue growth; with a recovery in demand for LP gas meters in the Lifeline field (gas & water meters), we will ensure that we capture the demand for meter replacement required by law, while making progress with developing the market related to smart metering as a service. Growth is also expected in the field of residential central air-conditioning systems. However, owing to the impact of the transfer of equity interests in Azbil Telstar, which accounted for approximately 1/3 of segment sales in FY2024, we expect a decrease in revenue for the LA business as a whole. As regards segment profit, thanks to the effect of measures to enhance profitability, including cost pass-through, we anticipate improved profits in the Lifeline field; however, owing to the impact of transferring equity interests in Azbil Telstar, profits are expected to be lower than FY2024.

The forecast of the azbil Group is based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document.

(Billions of yen)

		Fiscal year 2024 results	Fiscal year 2025 forecast	Difference	
				Amount	Rate
Building Automation	Sales	148.7	153.0	4.2	2.8%
	Segment profit [Margin]	24.3 [16.4%]	25.0 [16.3%]	0.6 [(0.0)pp]	2.6%
Advanced Automation	Sales	106.8	111.0	4.1	3.9%
	Segment profit [Margin]	15.9 [15.0%]	17.0 [15.3%]	1.0 [0.3pp]	6.3%
Life Automation	Sales	46.6	34.5	(12.1)	(26.0)%
	Segment profit [Margin]	1.1 [2.5%]	1.0 [2.9%]	(0.1) [0.4pp]	(14.6)%
Other	Sales	0.0	0.1	0.0	68.1%
	Segment profit [Margin]	(0.0) [(62.5)%]	0.0 [0.0%]	0.0 [62.5pp]	-
Consolidated	Net sales	300.3	297.0	(3.3)	(1.1)%
	Operating income [Margin]	41.4 [13.8%]	43.0 [14.5%]	1.5 [0.7pp]	3.6%
	Ordinary income	42.1	42.2	0.0	0.1%
	Net income attributable to owners of parent [Margin]	40.9 [13.6%]	31.0 [10.4%]	(9.9) [(3.2)pp]	(24.3)%

(2) Overview of financial position

Analysis of assets, liabilities, net assets and cash flows

Assets

Total assets at the end of FY2024 stood at 315,072 million yen, an increase of 1,344 million yen from the end of FY2023. This was mainly due to an increase of 17,415 million yen in cash and deposits due to income from the transfer of equity interests in Azbil Telstar. On the other hand, inventories decreased by 6,153 million yen, trade receivables decreased by 6,014 million yen, and investment securities decreased by 3,217 million yen. These decreases include the effect of excluding Azbil Telstar from the Company's scope of consolidation.

Liabilities

Total liabilities at the end of FY2024 stood at 74,555 million yen, a decrease of 14,285 million yen from the end of FY2023. This was mainly due to a decrease of 4,383 million yen in notes and accounts payable-trade and a decrease of 3,971 million yen in short- and long-term borrowings, both of which were affected by the transfer of equity interests in Azbil Telstar and the exclusion from the Company's scope of consolidation.

Net assets

Net assets at the end of FY2024 stood at 240,517 million yen, an increase of 15,629 million yen from the end of FY2023. This was mainly due to an increase of 40,955 million yen by the recording of net income attributable to owners of parent, despite a decrease of 14,999 million yen by repurchasing own stock, pursuant to the resolution at the Board of Directors meeting and a decrease of 11,218 million yen as the payment of dividends.

As a result, the shareholders' equity ratio was 75.3%, compared with 70.6% at the end of FY2023.

Net cash flow from operating activities

Cash and cash equivalents (hereinafter "net cash") provided by operating activities in the current consolidated fiscal year were 43,953 million yen, an increase of 16,413 million yen compared to the previous consolidated fiscal year. This was mainly due to a decrease in inventories in the current consolidated fiscal year, which had been increased in the previous consolidated fiscal year as a result of measures to secure parts and strengthen procurement capabilities, and also due to an increase in income before income taxes.

Net cash flow from investing activities

Net cash provided by investing activities (proceeds) in the current consolidated fiscal year was 2,032 million yen due to proceeds from sales of investments in capital of associated companies, and despite expenditures for capital investment. In the previous consolidated fiscal year, net cash used in investing activities (expenditure) was 2,360 million yen due to capital investment, and despite proceeds from the sale of investment securities.

Net cash flow from financing activities

Net cash used in financing activities (expenditure) in the current consolidated fiscal year was 29,771 million yen, an increase of 7,316 million yen in expenditure compared with the previous consolidated fiscal year. This was mainly because of an increase in expenditure due to the repurchase of own stock, pursuant to the resolution at the Board of Directors meeting.

As a result of the above factors, net cash at the end of FY2024 was 92,637 million yen, an increase of 17,041 million from the end of FY2023.

(3) Basic policy regarding profit sharing and the dividends for the current and next periods

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) [Note] 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 (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. The year-end dividend is to be paid after the approval of the Ordinary General Meeting of Shareholders on June 25, 2025).

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.

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

2. Management policy

(1) Basic policy

Based on the Group philosophy of "human-centered automation", the azbil Group strives—through business expansion—to contribute "in series" to the achievement of a sustainable society. In this way we aim to continuously improve enterprise value, endeavoring to realize the well-being of society as well as Group employees, while building relationships of trust with all stakeholders.

(2) Management targets

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%. There is uncertainty in our business environment owing to geopolitical risks, the negative impact of US reciprocal tariffs on industry and the economy. However, by leveraging the results of our measures to strengthen profitability in the previous medium-term plan (FY2021-2024) [Note 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 [Note 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%.

We identified ten material issues across five areas as materiality to be tackled by the Group over the long term both as risks and as opportunities, adding the concept of double materiality (a concept that evaluates materiality from two aspects: financial evaluation of the impact of the environment and society on the company, and the impact of corporate activities on the environment and society). Based on this materiality, as regards the seven issues related to business and corporate activities, specific azbil Group SDG targets have been set. At the same time, as regards remaining three material issues, which is the fundamental obligations to society that a company must fulfill, we have also set specific targets for our CSR activities. We aim sustained growth through promoting sustainability management by implementing initiatives to achieve these targets.

(3) Medium- to long-term management strategy

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.

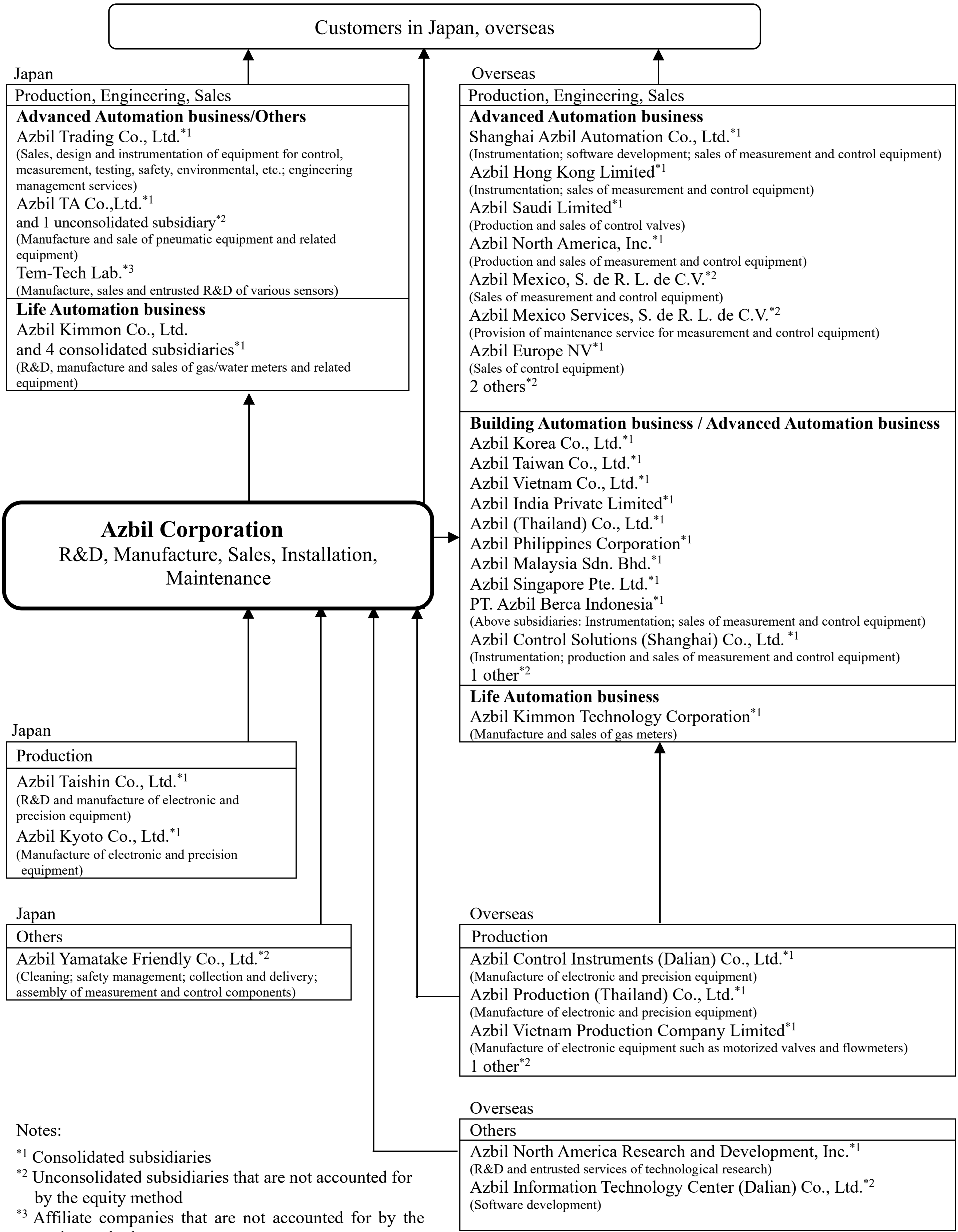
As well as representing the second phase in achieving our long-term goals for FY2030, the new medium-term plan (FY2025-2027) represents our commitment to evolve and collaborate toward contributing “in series” to the achievement of a sustainable society beyond 2026, our 120th anniversary. We have always 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.[Note3] 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.

Notes 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

3. Activities (present situation) of the azbil Group

The azbil Group consists of the Company, 38 subsidiaries and 1 affiliate, and is pursuing human-centered automation that aims to realize safety, comfort and fulfillment in people's lives and contribute to global environmental preservation. The Group operates in three core businesses: the Building Automation (BA) business in the building market, the Advanced Automation (AA) business in the industrial market, and the Life Automation (LA) business in markets closely related to lifelines and everyday life. The BA business develops and manufactures a comprehensive lineup, from building management and security systems to application software, controllers, valves, and sensors; it also provides instrumentation design, sales, engineering, maintenance, energy-saving solutions, and facility operation and management. Moreover, the Group draws on its original environmental control technologies to create comfortable and productive office and factory spaces and to develop business that contributes to environmental load reduction. The AA business is focused on solving issues in the materials industries—such as oil, chemicals, steel, and pulp and paper—as well as in the processing and assembly industries—including automobiles, electrical and electronics, semiconductors, and food—through the provision of products, solutions, instrumentation, engineering, and maintenance to support the optimum operation of equipment and facilities throughout their lifecycle. The Group develops advanced measurement and control technologies, aims to create production spaces that are safe and enhance human capabilities, and conducts business to create new value through collaboration with customers. The LA business applies measurement, control and metering technologies, cultivated over many years in the building and industrial markets, to lifelines utilities such as gas and water as well as living spaces. The Group conducts this business to support active lifestyles.

As for the previously mentioned business contents, our company and related companies are positioned as shown in the following business chart.



Notes:

[*1] Consolidated subsidiaries

[*2] Unconsolidated subsidiaries that are not accounted for by the equity method

[*3] Affiliate companies that are not accounted for by the equity method

4. Basic rationale for selection of accounting standards

Group consolidated financial statements are prepared according to Japanese standards. Based on consideration to date, we are making concrete preparations for voluntarily applying International Financial Reporting Standards (IFRS) in the future.

5. Consolidated financial statements and related notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	71,079	88,495
Notes receivable - trade	16,522	15,124
Accounts receivable - trade	62,039	61,541
Contract assets	19,196	15,079
Securities	8,900	6,400
Merchandise and finished goods	9,138	8,483
Work in process	7,737	6,776
Raw materials	26,902	22,366
Other	7,937	6,857
Allowance for doubtful accounts	(433)	(352)
Total current assets	229,022	230,770
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,140	53,878
Accumulated depreciation	(31,090)	(30,564)
Buildings and structures, net	23,050	23,314
Machinery, equipment and vehicles	22,220	22,168
Accumulated depreciation	(17,555)	(17,217)
Machinery, equipment and vehicles, net	4,664	4,951
Tools, furniture and fixtures	21,674	21,701
Accumulated depreciation	(18,778)	(18,593)
Tools, furniture and fixtures, net	2,895	3,107
Land	6,573	6,618
Leased assets	4,833	2,496
Accumulated depreciation	(2,262)	(1,087)
Leased assets, net	2,570	1,409
Construction in progress	1,634	1,785
Total property, plant and equipment	41,388	41,186
Intangible assets		
Software	4,558	4,425
Other	1,599	3,050
Total intangible assets	6,157	7,475
Investments and other assets		
Investment securities	26,008	22,791
Deferred tax assets	3,263	5,066
Retirement benefit asset	3	0
Other	7,994	7,885
Allowance for doubtful accounts	(109)	(103)
Total investments and other assets	37,160	35,640
Total non-current assets	84,706	84,302
Total assets	313,728	315,072

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,472	16,089
Short-term borrowings	7,468	4,862
Income taxes payable	8,459	8,964
Contract liabilities	9,014	4,083
Provision for bonuses	13,136	13,614
Provision for bonuses for directors (and other officers)	226	245
Provision for share awards	—	2,854
Provision for product warranties	2,318	1,857
Provision for loss on orders received	53	16
Other	16,831	15,198
Total current liabilities	77,981	67,786
Non-current liabilities		
Long-term borrowings	1,985	620
Deferred tax liabilities for land revaluation	181	186
Retirement benefit liability	1,784	1,821
Provision for retirement benefits for directors (and other officers)	207	197
Provision for share awards	2,596	130
Provision for share awards for directors (and other officers)	108	177
Other	3,995	3,635
Total non-current liabilities	10,859	6,768
Total liabilities	88,840	74,555
Net assets		
Shareholders' equity		
Share capital	10,522	10,522
Capital surplus	11,617	12,282
Retained earnings	211,810	237,661
Treasury shares	(32,804)	(41,905)
Total shareholders' equity	201,145	218,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,848	11,223
Deferred gains or losses on hedges	(18)	—
Foreign currency translation adjustment	6,496	7,312
Remeasurements of defined benefit plans	50	107
Total accumulated other comprehensive income	20,376	18,643
Non-controlling interests	3,365	3,311
Total net assets	224,887	240,517
Total liabilities and net assets	313,728	315,072

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net sales	290,938	300,378
Cost of sales	167,964	168,514
Gross profit	122,973	131,863
Selling, general and administrative expenses	86,132	90,377
Operating income	36,841	41,486
Non-operating income		
Interest income	570	535
Dividend income	776	851
Foreign exchange gains	1,055	—
Rental income from real estate	30	29
Reversal of allowance for doubtful accounts	45	30
Other	178	277
Total non-operating income	2,657	1,724
Non-operating expenses		
Interest expenses	271	178
Foreign exchange losses	—	433
Commitment fees	20	20
Expenses of real estate	34	40
Office relocation expenses	86	181
Other	86	187
Total non-operating expenses	499	1,040
Ordinary income	38,999	42,170
Extraordinary income		
Gain on sale of non-current assets	5	11
Gain on sale of investments in capital of subsidiaries and associates	—	8,436
Gain on sale of investment securities	2,350	2,007
Reversal of provision for product warranties	—	603
Compensation for forced relocation	408	165
Compensation income for damages	597	—
Total extraordinary income	3,361	11,225
Extraordinary losses		
Loss on sale and retirement of non-current assets	97	153
Loss on valuation of investment securities	378	100
Loss on sale of investment securities	—	10
Total extraordinary losses	475	263
Income before income taxes	41,884	53,132
Income taxes - current	11,151	12,425
Income taxes - deferred	(236)	(913)
Total income taxes	10,914	11,511
Net income	30,970	41,621
Net income attributable to non-controlling interests	762	665
Net income attributable to owners of parent	30,207	40,955

(Consolidated statements of comprehensive income)

(Millions of yen)

	Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net income	30,970	41,621
Other comprehensive income		
Valuation difference on available-for-sale securities	4,577	(2,624)
Deferred gains or losses on hedges	81	18
Foreign currency translation adjustment	2,065	843
Remeasurements of defined benefit plans, net of tax	5	57
Total other comprehensive income	6,729	(1,705)
Comprehensive income	37,700	39,915
Comprehensive income attributable to:		
Owners of parent	36,816	39,219
Non-controlling interests	883	696

(3) Consolidated statements of changes in net assets
Fiscal year 2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,522	11,670	199,249	(32,391)	189,051
Changes during period					
Dividends of surplus			(9,478)		(9,478)
Net income attributable to owners of parent			30,207		30,207
Effect of changes in accounting period of subsidiaries			6		6
Change in scope of consolidation					—
Change in ownership interest of parent due to transactions with non-controlling interests		(53)			(53)
Purchase of treasury shares				(10,002)	(10,002)
Disposal of treasury shares		0		1,414	1,414
Cancellation of treasury shares		(8,175)		8,175	—
Transfer from retained earnings to capital surplus		8,175	(8,175)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	(53)	12,560	(413)	12,093
Balance at end of period	10,522	11,617	211,810	(32,804)	201,145

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,270	(100)	4,546	51	13,768	3,060	205,880
Changes during period							
Dividends of surplus							(9,478)
Net income attributable to owners of parent							30,207
Effect of changes in accounting period of subsidiaries							6
Change in scope of consolidation							—
Change in ownership interest of parent due to transactions with non-controlling interests							(53)
Purchase of treasury shares							(10,002)
Disposal of treasury shares							1,414
Cancellation of treasury shares							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity	4,577	81	1,949	(0)	6,608	304	6,913
Total changes during period	4,577	81	1,949	(0)	6,608	304	19,007
Balance at end of period	13,848	(18)	6,496	50	20,376	3,365	224,887

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	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
Change in ownership interest of parent due to transactions with non-controlling interests					―
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

	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	Remeasurements 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
Change in ownership interest of parent due to transactions with non-controlling interests							―
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

(4) Consolidated statements of cash flows

(Millions of yen)

	Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Income before income taxes	41,884	53,132
Depreciation	6,044	6,714
Increase (decrease) in allowance for doubtful accounts	(30)	(61)
Increase (decrease) in retirement benefit liability	71	112
Decrease (increase) in retirement benefit asset	(3)	3
Increase (decrease) in provision for share awards	407	498
Increase (decrease) in provision for share awards for directors (and other officers)	65	68
Increase (decrease) in provision for bonuses	956	1,233
Increase (decrease) in provision for bonuses for directors (and other officers)	83	19
Increase (decrease) in provision for product warranties	(646)	(323)
Interest and dividend income	(1,347)	(1,386)
Interest expenses	271	178
Foreign exchange losses (gains)	(915)	185
Loss (gain) on sale and retirement of non-current assets	92	141
Loss (gain) on sale and valuation of investment securities	(1,972)	(1,897)
Loss (gain) on sale of investments in capital of subsidiaries and associates	—	(8,436)
Compensation for forced relocation	(408)	(165)
Decrease (increase) in accounts receivable - trade, and contract assets	550	756
Decrease (increase) in inventories	(5,453)	3,464
Increase (decrease) in trade payables	(4,970)	(1,477)
Decrease (increase) in other assets	205	298
Increase (decrease) in other liabilities	3,059	83
Subtotal	37,944	53,143
Interest and dividends received	1,311	1,414
Interest paid	(292)	(175)
Income taxes paid	(11,422)	(11,106)
Proceeds from compensation for forced relocation	—	677
Net cash provided by (used in) operating activities	27,540	43,953

(Millions of yen)

	Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from investing activities		
Payments into time deposits	(5,065)	(3,290)
Proceeds from withdrawal of time deposits	4,222	4,490
Purchase of securities	(2,000)	(400)
Proceeds from sale of securities	6,000	1,000
Purchase of beneficial interests in trust	(1,207)	(694)
Proceeds from sale of beneficial interests in trust	1,214	893
Purchase of property, plant and equipment	(6,348)	(6,560)
Proceeds from sale of property, plant and equipment	12	23
Purchase of intangible assets	(1,340)	(2,963)
Purchase of investment securities	(605)	(836)
Proceeds from sale of investment securities	2,743	2,393
Proceeds from sale of investments in capital of subsidiaries resulting in change in scope of consolidation	—	7,975
Other, net	14	0
Net cash provided by (used in) investing activities	(2,360)	2,032
Cash flows from financing activities		
Proceeds from short-term borrowings	300	278
Repayments of short-term borrowings	(2,348)	(2,639)
Proceeds from long-term borrowings	400	300
Repayments of long-term borrowings	(1,685)	(1,965)
Dividends paid	(9,477)	(11,213)
Repayments of lease liabilities	(634)	(809)
Dividends paid to non-controlling interests	(574)	(713)
Purchase of treasury shares	(10,002)	(19,256)
Proceeds from sale of treasury shares	1,633	6,247
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(67)	—
Net cash provided by (used in) financing activities	(22,455)	(29,771)
Effect of exchange rate change on cash and cash equivalents	1,894	107
Net increase (decrease) in cash and cash equivalents	4,618	16,322
Cash and cash equivalents at beginning of period	71,232	75,595
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(255)	719
Cash and cash equivalents at end of period	75,595	92,637

(5) Notes to the consolidated financial statements

Notes regarding going concern assumptions

Not applicable

Notes on segment information

Segment information

1. The summary of the reportable segments

The reportable segments of the azbil Group—identifiable operating segments of the Group's business structure for which financial information is made separately available—are subject to periodic review by the Board of Directors in order to make decisions on the distribution of management resources and assess performance.

The azbil Group identifies its operating segments using such criteria as business organization, product lines, service content, and markets. This approach results in three separate reportable segments: the Building Automation business, the Advanced Automation business, and the Life Automation business.

The Building Automation business supplies commercial buildings and production facilities with automatic HVAC control and security systems, including products, engineering, and related services. The Advanced Automation business supplies automation control systems, switches and sensors, engineering and maintenance services to industrial plants and factories. The Life Automation business supplies meters and measuring instruments for lifeline utilities and provides residential central air-conditioning systems for residential developers, along with related services, all of which are intimately connected with everyday life.

2. Method of calculating sales, profit (loss), assets and other items in each segment

The accounting method for reportable segments is generally the same as the method adopted for preparation of the consolidated financial statements. Profits of reportable segments are calculated based on operating income. Internal sales among segments and transfers (Inter-segment) are based on market prices, etc.

3. Information on sales, profit (loss), assets, the other items in each segment and disaggregation of revenue
Fiscal year 2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	134,213	105,568	51,103	290,885	52	290,938	―	290,938
Inter-segment	442	1,483	300	2,226	4	2,231	(2,231)	―
Total	134,655	107,052	51,404	293,112	57	293,170	(2,231)	290,938
Segment profit (loss)	19,373	16,118	1,375	36,867	(20)	36,846	(5)	36,841
Segment assets	86,504	91,843	37,882	216,230	2	216,233	97,494	313,728
Other items								
Depreciation and amortization	1,954	2,913	1,176	6,044	―	6,044	―	6,044
Increase in property, plant and equipment, and intangible assets	2,598	5,184	870	8,652	―	8,652	―	8,652
Disaggregation of revenue								
Goods or services transferred at a point in time	34,318	85,998	36,430	156,746	52	156,799		
Goods or services transferred over time	99,895	19,570	14,673	134,139	―	134,139		
Revenue from contracts with customers	134,213	105,568	51,103	290,885	52	290,938		

Notes: 1. “Other” includes insurance agent business, etc.

2. Adjustment details are as follows.

(1) The adjustment of segment profit (loss) of (5) million yen is elimination of inter-segment transactions.

(2) The adjustment of segment assets of 97,494 million yen includes primarily cash and deposits, investment securities, etc. which are not distributed to any reportable segment.

3. The segment profits are adjusted to operating income stated in the consolidated financial statements.

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Building Automation	Advanced Automation	Life Automation	Subtotal				
Sales								
Customers	148,355	105,702	46,268	300,326	52	300,378	—	300,378
Inter-segment	415	1,134	365	1,915	6	1,922	(1,922)	—
Total	148,770	106,836	46,634	302,241	59	302,301	(1,922)	300,378
Segment profit (loss)	24,363	15,997	1,171	41,532	(37)	41,494	(8)	41,486
Segment assets	88,662	92,595	23,811	205,068	2	205,071	110,001	315,072
Other items								
Depreciation and amortization	2,456	3,209	1,048	6,714	—	6,714	—	6,714
Increase in property, plant and equipment, and intangible assets	3,794	4,783	1,261	9,839	—	9,839	—	9,839
Disaggregation of revenue								
Goods or services transferred at a point in time	38,428	84,017	34,421	156,868	52	156,920		
Goods or services transferred over time	109,926	21,684	11,847	143,457	—	143,457		
Revenue from contracts with customers	148,355	105,702	46,268	300,326	52	300,378		

Notes: 1. “Other” includes insurance agent business, etc.

2. Adjustment details are as follows.

(1) The adjustment of segment profit (loss) of (8) million yen is elimination of inter-segment transactions.

(2) The adjustment of segment assets of 110,001 million yen includes primarily cash and deposits, investment securities, etc. which are not distributed to any reportable segment.

3. The segment profits are adjusted to operating income stated in the consolidated financial statements.

The Group is engaged in its Building Automation business in building market, Advanced Automation business in industrial market, and Life Automation business in markets closely related to lifelines and everyday life. In each of these businesses, we sell products such as measurement and control equipment, perform contract work including instrumentation and engineering, and provide maintenance and other services.

Regarding the sale of products, the Group principally recognizes revenue at the time of delivery of products to the customer, based on the understanding that this is when control over products is transferred to the customer and the performance obligation is thus satisfied (goods transferred at a point in time).

Regarding contract work undertaken, the Group supplies equipment and systems based on customer specifications and recognizes revenue over time, based on the understanding that its performance obligation will be satisfied as the engineering progresses (goods transferred over time). Revenue is recognized based on the degree of progress at any point in time; this is estimated primarily based on the costs incurred to date as a percentage of the total costs expected to be incurred to satisfy performance obligation.

Regarding services rendered, if the performance obligation is satisfied over the period of a contract, whether for maintenance or other service, revenue is recognized based on the time elapsed as a percentage of the period for which the service is to be rendered (services transferred over time). For services such as installation, adjustment and commissioning, revenue is recognized when the provision of said service to the customer is completed (services transferred at a point in time).

4. Disclosure of changes, etc. in reportable segments

Within the Life Automation business, regarding the LSE field, all equity interests of Azbil Telstar, which was a consolidated subsidiary, were transferred on October 31, 2024. As a result, it has been excluded from the scope of consolidation from the current consolidated fiscal year. However, for this consolidated fiscal year, the income statement up to the cumulative period of the third quarter is included in the “Life Automation Business.”

Related information

Fiscal year 2023 (April 1, 2023 to March 31, 2024)

1. Information by product and service

The disclosed information is identical to the segment information. It is therefore omitted.

2. Information by region

(1) Sales

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
223,607	26,610	16,671	8,196	12,417	3,436	290,938

Note: Sales, based on the location of customers, are classified by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
31,712	4,415	2,529	287	2,316	126	41,388

Note: Property, plant and equipment, based on the location, are classified by country or region.

3. Information by principal client

No clients accounted for more than 10% of net sales on the consolidated statement of income, so this information is omitted.

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

1. Information by product and service

The disclosed information is identical to the segment information. It is therefore omitted.

2. Information by region

(1) Sales

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
237,204	26,058	15,839	9,539	8,862	2,874	300,378

Note: Sales, based on the location of customers, are classified by country or region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	China	North America	Europe	Others	Total
32,974	4,780	2,894	383	59	94	41,186

Note: Property, plant and equipment, based on the location, are classified by country or region.

3. Information by principal client

No clients accounted for more than 10% of net sales on the consolidated statement of income, so this information is omitted.

Information on impairment losses in non-current assets in each segment

Fiscal year 2023 (April 1, 2023 to March 31, 2024)

Not applicable

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

Not applicable

Information on amortization of goodwill and unamortized balance in each segment

Fiscal year 2023 (April 1, 2023 to March 31, 2024)

Not applicable

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

Not applicable

Information on gain on negative goodwill in each segment

Fiscal year 2023 (April 1, 2023 to March 31, 2024)

Not applicable

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

Not applicable

Per share information

Item	Fiscal year 2023 (April 1, 2023 to March 31, 2024)	Fiscal year 2024 (April 1, 2024 to March 31, 2025)
Net assets per share (Yen)	420.09	459.01
Net income per share (Yen)	57.10	77.96

Notes: 1. Diluted net income per share after adjusting for latent shares is not presented.

2. The Company implemented a 4-for-1 common stock split effective on October 1, 2024. “Net assets per share” and“Net income per share” have been calculated as if the stock split had been implemented at the beginning of previous fiscal year. If the stock split were not taken into account, “Net assets per share” would be 1,680.37 yen as of March 31, 2024 and 1,836.03 yen as of March 31, 2025. Also, “Net income per share” would be 228.39 yen for fiscal year 2023 and 311.84 yen for fiscal year 2024.

3. The basis for calculating net income per share is as follows.

Item	Fiscal year 2023 (April 1, 2023 to March 31, 2024)	Fiscal year 2024 (April 1, 2024 to March 31, 2025)
Net income attributable to owners of parent (Millions of yen)	30,207	40,955
Amount not attributable to common stock holders (Millions of yen)	—	—
Net income attributable to owners of parent relevant to common stock (Millions of yen)	30,207	40,955
Average number of common stock (Thousands of shares)	529,052	525,337

4. The basis for calculating net assets per share is as follows.

Item	Fiscal year 2023 (As of March 31, 2024)	Fiscal year 2024 (As of March 31, 2025)
Total net assets (Millions of yen)	224,887	240,517
Amount deducted from the total of net assets (Millions of yen)	3,365	3,311
Of which non-controlling interests (Millions of yen)	3,365	3,311
Net assets at the end of the consolidated fiscal year relevant to common stock (Millions of yen)	221,522	237,205
Number of common stock used to determine net assets per share (Thousands of shares)	527,318	516,780

5. The Company’s own stock held by Custody Bank of Japan, Ltd. (Trust E) as assets in the trust of “employee stock ownership plan” is recorded as treasury shares in shareholders’ equity, and included in the number of treasury shares that are deducted from the total number of issued shares at the end of the period for determining net assets per share (7,434 thousand shares as of March 31, 2024; 10,746 thousand shares as of March 31, 2025).
It is also included in the number of treasury shares, which is deducted in the calculation of the average number of shares during the period for determining net income per share (7,531 thousand shares for fiscal year 2023; 8,562 thousand shares for fiscal year 2024).

6. The Company’s own stock held by the azbil Group Employee Stock Ownership Association Trust Fund as assets in the trust of “Trust-Type Employee Shareholding Incentive Plan” is recorded as treasury shares in shareholders’ equity, and included in the number of treasury shares that are deducted from the total number of issued shares at the end of the period for determining net assets per share (2,292 thousand shares as of March 31, 2024; 793 thousand shares as of March 31, 2025).
It is also included in the number of treasury shares, which is deducted in the calculation of the average number of shares during the period for determining net income per share (3,044 thousand shares for fiscal year 2023; 1,578 thousand shares for fiscal year 2024).

7. The Company’s own stock held by Custody Bank of Japan, Ltd. (Trust E) as assets in the trust of stock compensation plan is recorded as treasury shares in shareholders’ equity, and included in the number of treasury shares that are deducted from the total number of issued shares at the end of the period for determining net assets per share (391 thousand shares as of March 31, 2024; 367 thousand shares as of March 31, 2025).

It is also included in the number of treasury shares, which is deducted in the calculation of the average number of shares during the period for determining net income per share (392 thousand shares for fiscal year 2023; 369 thousand shares for fiscal year 2024).

Significant subsequent events

1. Repurchase of the Company's own stock

The Company has resolved, at the Board of Directors meeting held on May 13, 2025, to repurchase its own stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the said act.

(1) Reason for stock repurchase:

Taking into consideration business results and the outlook for future business performance, the Company aims not only to improve capital efficiency but also to enhance the return of profits to shareholders and develop flexible capital policies responding to changes in the corporate environment.

(2) Type of stock to be repurchased: Common stock of the Company
(3) Total number of shares to be repurchased: Up to 24,000,000 shares
(4) Total amount of repurchase: Up to 15 billion yen
(5) Period of repurchase: From May 14, 2025 to October 29, 2025 (based on trade date)
(6) Method of repurchase: Market transactions on the Tokyo Stock Exchange

2. Cancellation of treasury shares

The Company has decided to cancel its treasury shares on May 13, 2025, pursuant to Article 178 of the Companies Act of Japan.

(1) Type of stock to be cancelled: Common stock of the Company
(2) Number of shares to be cancelled: 19,300,000 shares
(3) Scheduled cancellation date: May 30, 2025

Reference

Status of treasury shares held as of March 31, 2025

Total number of issued shares (excluding treasury shares): 528,688,860 shares
Number of treasury shares: 31,983,876 shares

Note: The above number of treasury shares does not include shares owned by trust accounts of an employee stock ownership plan, a Trust-Type Employee Shareholding Incentive Plan, and a stock compensation plan, which owned 11,908,397 shares as of March 31, 2025.

3. Readoption of Trust-Type Employee Shareholding Incentive Plan

The Company has resolved, at the Board of Directors meeting held on May 13, 2025, to readopt a "Trust-Type Employee Shareholding Incentive Plan (E-Ship®)" (hereinafter "the plan"). The plan aims to incentivize employees of the Company and domestic group companies to, among other things, improve the corporate value of the Company's group on a medium- to long-term basis.

(1) Overview of the azbil Group Employee Stock Ownership Association Trust Fund

1) Name: Trust Fund for the azbil Group Employee Stock Ownership Association (the "Fund")
2) Trust type: Money trust other than cash trust (third-party beneficiary trust)
3) Purpose of trust: To consistently and stably provide shares to the stock ownership association and trust assets to all qualified beneficiaries
4) Consignor: The Company
5) Assignee: The Nomura Trust and Banking Co., Ltd.
6) Beneficiary: Those who meet the beneficiary eligibility criteria (The beneficial interest will come into existence after the prescribed formalities once it is determined that the eligibility criteria have been met.)
7) Trust administrator: Selected from the employees of the Company
8) Trust contract date: May 13, 2025
9) Trust term: From May 13, 2025 to June 28, 2028

10) Requirements to be beneficiaries:

All living participants in the stock ownership association (including any persons who withdrew from the stock ownership association by way of retirement, termination of employment due to expiration of contract term, appointment to an officer position, and involuntary termination of employment between the trust contract date and the commencement date of the beneficiary eligibility procedure) on the commencement date of the beneficiary eligibility procedure (which shall be the day the conversion of trust assets into cash terminates because the trust term has ended, the day all the Company's shares allotted to trust assets have been sold, etc.)

(2) Details of the acquisition of the Company's stock by the Fund

1) Types of stock to be acquired: Common stock of the Company

2) Total acquisition price of the stock: 6,515 million yen (Total amount of loan to the Fund)

3) Stock acquisition period: From May 29, 2025 to June 23, 2025

4) Stock acquisition method: To be purchased in the stock market

For details, please refer to the announcement made on May 13,2025 entitled "Notification Regarding Readoption of Trust-Type Employee Shareholding Incentive Plan (E-Ship®)".

Reference

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

Employee Shareholding Incentive Plan (E-Ship®) is an incentive plan for employees modeled after employee stock ownership plans widely used in the United States. E-Ship® was jointly developed by Nomura Securities Co., Ltd. and The Nomura Trust and Banking Co., Ltd. for use as an employee stock ownership plan.

6. Other

(1) Management changes (effective on June 25, 2025)

1) Newly appointed director
Director: Satoko Nakatani

2) Retired directors
Director: Hirozumi Sone
Director: Waka Fujiso
Director: Fumitoshi Sato

3) Retired corporate executive
Managing Corporate Executive: Akihiko Naruse

Reference
Azbil Corporation New Management Structure (effective on June 25, 2025)
Directors

Position	Name	Changes
Director	Kiyohiro Yamamoto	Reappointed
Director	Takayuki Yokota	Reappointed
Director	Hisaya Katsuta	Reappointed
Director	Mitsuhiro Nagahama	Reappointed
Director	Anne Ka Tse Hung	Reappointed
Director	Shigeaki Yoshikawa	Reappointed
Director	Tomoyasu Miura	Reappointed
Director	Sachiko Ichikawa	Reappointed
Director	Hiroshi Yoshida	Reappointed
Director	Satoko Nakatani	Newly appointed

Notes: 1. Mitsuhiro Nagahama, Anne Ka Tse Hung, Shigeaki Yoshikawa, Tomoyasu Miura, Sachiko Ichikawa, Hiroshi Yoshida and Satoko Nakatani are candidates to become outside directors of the Company as prescribed in Article 2, Paragraph 3, Item 7 of Regulation for Enforcement of the Companies Act of Japan.
2.Tomoyasu Miura will assume the position of Chairperson of the Board at the Board of Directors meeting following the conclusion of the Ordinary General Meeting of Shareholders to be held on June 25, 2025.

Corporate Executives

Position	Name	Changes
Representative Corporate Executive, President and Group CEO	Kiyohiro Yamamoto	Reappointed
Representative Corporate Executive Deputy President	Takayuki Yokota	Reappointed
Managing Corporate Executive	Yoshimitsu Hojo	Reappointed
Managing Corporate Executive	Kazuyasu Hamada	Reappointed
Managing Corporate Executive	Hideaki Ishii	Reappointed

(2) Status of orders received

(Millions of yen)

	Fiscal year 2023 (April 1, 2023 to March 31, 2024)		Fiscal year 2024 (April 1, 2024 to March 31, 2025)		Difference	
	Orders received	Backlog	Orders received	Backlog	Orders received	Backlog
Building Automation	136,782	85,572	153,640	90,350	16,858	4,778
Advanced Automation	101,481	48,579	105,986	48,650	4,505	71
Life Automation	51,689	22,176	46,845	4,573	(4,843)	(17,602)
Total of reportable segments	289,952	156,327	306,472	143,575	16,519	(12,752)
Other	57	—	59	—	1	—
Elimination	(2,159)	(355)	(1,808)	(218)	350	137
Consolidated	287,851	155,972	304,723	143,357	16,872	(12,615)