Presentation Materials for the Third Quarter of Fiscal Year 2025 (Ending March 31, 2026) (Based on Japanese GAAP)

February 6, 2026
Azbil Corporation
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azbil

Highlights

1. Consolidated Financial Results for the Cumulative Third Quarter of FY2025

✓ **Orders received were impacted by the FY2024 transfer of an overseas subsidiary, Azbil Telstar (ATL), but there was a significant increase in the BA business and overall orders received were on a par with the same period of FY2024. Net sales decreased because of the transfer, but operating income increased compared to the same period of FY2024 thanks to measures to strengthen profitability, etc.**

- If the effect of the transfer is excluded, both orders received and net sales effectively increased.

2. Consolidated Financial Plan for FY2025

— No revision from the most recent announcement (upward revision) on October 30, 2025

✓ **We will continue aiming to achieve our upwardly revised financial plan, drawing principally on BA business performance.**

- Although net sales will slightly decrease compared to FY2024 due to the effect (a reduction of 14.6 billion yen) of the FY2024 transfer of equity interests in ATL, both the BA and AA businesses will achieve growth, resulting in an effective net increase. Operating income will increase for a fifth consecutive fiscal year.

3. Returning Profits to Shareholders and Investing in Human Capital

— No revision from the initial announcement on May 13, 2025

✓ **We plan to increase the dividend for the eleventh consecutive year, with an annual dividend of 26 yen per share for FY2025; DOE will improve further to reach 5.6%.**

✓ **In addition to the repurchase and cancellation of the Company's own stock, we also invest in human capital by utilizing treasury shares.**

4. Progress in Implementing the Medium-term Plan

✓ **Under our medium-term plan (FY2025-FY2027), based on the themes of Evolution and Co-creation, and employing the unique business model of the azbil Group, we will realize increased sales and enhanced profitability while actively making necessary investments, such as in human capital.**

✓ **Initiatives in growth businesses are progressing, with ESCO services overseas and green-transformation-related business such as the energy management business in Japan, as well as increasing customer adoption of new products and services utilizing AI technologies. Our initiatives are gaining high social recognition.**

Contents

1. Consolidated Financial Results for the Cumulative Third Quarter of FY2025

Consolidated Financial Results

Orders received were impacted by the FY2024 transfer of an overseas subsidiary, Azbil Telstar (ATL), but there was a significant increase in the BA business, and overall orders received were on a par with the same period of FY2024. Net sales decreased because of the transfer, but operating income increased compared to the same period of FY2024 thanks to measures to strengthen profitability, etc.

If the effect of the transfer is excluded, both orders received and net sales effectively increased.

- **Orders received fell significantly for the LA business because of the impact of the FY2024 transfer of equity interests in ATL, but orders received rose significantly for the BA business; consequently, overall orders received were on a par with the same period of FY2024. (Impact of the transfer: a reduction of 15.5 billion yen)**
- **Sales increased for both the BA and AA businesses, but because of the ATL transfer (impact: a reduction of 14.6 billion yen) the LA business saw a significant drop, resulting in an overall decrease compared to the same period of FY2024.**
- **Operating income increased owing to profitability-strengthening measures, including cost pass-through, despite increases in personnel and other expenses. Consequently, operating income was higher than for the same period of FY2024.**
- **Ordinary income increased compared to the same period of FY2024, owing to the growth in operating income.**
- **Net income attributable to owners of parent decreased significantly compared to the same period of FY2024, mainly as a result of the recording of gain on sale of equity interests in ATL (7.6 billion yen) as extraordinary income in the same period of FY2024.**

(Billions of yen)

	FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference (B) - (A)	Difference % Change	
Orders received	**231.1**	**231.1**	**(0.0)**	***(0.0)***	
	215.6		15.5	*7.2*	*
Net sales	**217.9**	**208.0**	**(9.8)**	***(4.5)***	
	203.2		4.7	*2.3*	*
Japan	**166.5**	**170.5**	**3.9**	***2.4***	
Overseas	**51.3**	**37.5**	**(13.8)**	***(26.9)***	
Gross profit	**93.9**	**96.7**	**2.7**	***3.0***	
Margin	***43.1***	***46.5***	***3.4pp***		
SG&A	**67.1**	**67.4**	**0.3**	***0.5***	
	63.6		3.8	*6.0*	*
Operating income (loss)	**26.8**	**29.2**	**2.4**	***9.1***	
	26.3		2.8	*10.8*	*
Margin	***12.3***	***14.0***	***1.7pp***		
	13.0		*1.1pp*		*
Ordinary income (loss)	**28.0**	**30.7**	**2.6**	***9.5***	
Income (loss) before income taxes	**37.2**	**31.2**	**(5.9)**	***(16.1)***	
Net income (loss) attributable to owners of parent	**28.6**	**22.6**	**(6.0)**	***(21.0)***	
Margin	***13.2***	***10.9***	***(2.3)pp***		

Reference: The impact of foreign exchange rate fluctuations (compared with the same period of FY2024)
(0.4) billion yen for net sales
(0.1) billion yen for operating income

The impact of foreign exchange rate fluctuations is derived from the difference in rates, between the previous and current periods, used to convert overseas subsidiaries' P/L into yen from the local currency.

* The figures in the lower rows for orders received, net sales, SG&A, and operating income exclude Azbil Telstar's results.

Financial Results by Segment

- **BA: Orders received increased significantly compared to the same period of FY2024, due to growth in the fields for new and existing buildings as well as in overseas business.**
  Sales also increased compared to the same period of FY2024, thanks to growth in the fields for existing buildings and service.
  Segment profit grew significantly owing to higher revenue, leading to increased profit, as well as the success of measures to strengthen profitability, despite an increase in expenses.
- **AA: Orders received decreased in the overseas process automation (PA) market for a transitory reason, but thanks to an increase in the domestic PA market, overall orders received were on a par with the same period of FY2024.**
  Sales rose compared to the same period of FY2024, driven by growth in the PA market, in Japan and overseas.
  Segment profit grew owing to higher revenue leading to increased profit, as well as the success of measures to strengthen profitability, despite an increase in expenses.
- **LA: Orders received, sales, and segment profit all decreased as a result of the transfer of Azbil Telstar (ATL).**
  If the effect of the ATL transfer is excluded, orders increased, sales were on a par with the same period of FY2024, and segment profit was lower compared to the same period of FY2024.

(Billions of yen)

		FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference (B) - (A)	Difference % Change	
BA	Orders received	**117.6**	**131.7**	**14.1**	***12.0***	
	Sales	**102.5**	**105.4**	**2.8**	***2.8***	
	Segment profit (loss)	**14.1**	**16.2**	**2.1**	***15.4***	
	Margin	***13.8***	***15.4***	***1.7pp***		
AA	Orders received	**74.4**	**74.8**	**0.3**	***0.5***	
	Sales	**78.2**	**79.7**	**1.4**	***1.9***	
	Segment profit (loss)	**11.7**	**12.6**	**0.8**	***7.1***	
	Margin	***15.1***	***15.8***	***0.8pp***		
LA	Orders received	**40.3**	**25.6**	**(14.7)**	***(36.5)***	
		24.8		0.7	*3.2*	*
	Sales	**38.4**	**24.0**	**(14.4)**	***(37.6)***	
		23.8		0.1	*0.7*	*
	Segment profit (loss)	**0.9**	**0.3**	**(0.6)**	***(63.9)***	
		0.5		(0.1)	*(33.9)*	*
	Margin	***2.5***	***1.4***	***(1.0)pp***		
		2.2		*(0.7)pp*		*

* Orders received, sales, segment profit, and margin of the LA business
The figures in the lower rows exclude the results of Azbil Telstar.

Segment Information: BA Business

Business environment

— In the domestic market, demand for new office buildings in urban redevelopment projects has remained strong and is expected to continue at a high level. Demand for the retrofit of buildings also remains strong.

— In addition to the demand for energy savings and CO_2 reduction, there is a high level of interest in creating office environments that address safety concerns and which are suited to new work styles.

— In the overseas market, investment continues to be robust for large-scale buildings including data centers.

- **Orders received increased significantly compared to the same period of FY2024 owing to the recording of large-scale projects in the fields of new and existing buildings as well as in the overseas business, in addition to benefitting from robust market conditions.**
- **Sales increased compared to the same period of FY2024. This was due to steady sales growth in the fields of existing buildings and service, thanks in part to progress made with load-leveling initiatives, despite a decline in the field of new buildings and in the overseas business owing to the fact that they were at a high level in the same period of FY2024 when large-scale projects were recorded.**
- **Segment profit grew significantly compared to the same period of FY2024. This was due to higher revenue leading to increased profit, as well as the success of measures to strengthen profitability, including cost pass-through, and was achieved despite the recording of R&D expenses required by the medium-term plan, as well as increases in DX-related and personnel expenses, and higher outsourcing costs.**

(Billions of yen)

	FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	117.6	131.7	14.1	*12.0*
Sales	102.5	105.4	2.8	*2.8*
Segment profit (loss)	14.1	16.2	2.1	*15.4*
Margin	*13.8*	*15.4*	*1.7pp*	

Segment Information: AA Business

Business environment

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

— In the factory automation (FA) market, although a recovery in demand is currently observed, the strength of demand varies by region and market, and overall the recovery remains subdued.

— Direct impact from U.S. reciprocal tariffs on the azbil Group's financial results has been limited. However, the impact of geopolitical risks and U.S.-China trade friction on the macroeconomic environment is unclear, and their effect on capital investment in the manufacturing sector is cause for concern.

- **Orders received were on a par with the same period of FY2024; while large advance orders made at the end of FY2024 in the overseas PA market led to a fall in this period, the domestic PA market remained robust and the recording of large-scale projects meant that orders increased.**
- **Sales increased compared to the same period of FY2024 due to growth in the PA market, in Japan and overseas, despite a decline in the domestic FA market.**
- **Segment profit grew compared to the same period of FY2024 owing to higher revenue leading to increased profit, as well as the success of measures to strengthen profitability, including cost pass-through, despite the recording of R&D expenses required by the medium-term plan, as well as increases in personnel and other expenses, coupled with increased investments in the overseas market and DX.**

(Billions of yen)

	FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference	
			(B) - (A)	*% Change*
Orders received	**74.4**	**74.8**	**0.3**	***0.5***
Sales	**78.2**	**79.7**	**1.4**	***1.9***
Segment profit (loss)	**11.7**	**12.6**	**0.8**	***7.1***
Margin	***15.1***	***15.8***	***0.8pp***	

Segment Information: LA Business

Business environment

— In the Lifeline field for gas and water meters, sales partly depend on the LP gas meter market, which exhibits cyclical fluctuations in demand. However, demand centering on city gas meters and water meters can be expected to remain basically stable, thanks primarily to demand for the replacement of meters as required by law. In the coming years, we also anticipate growing demand for smart meters and the utilization of the data they provide.*1

*1 In July 2025, Azbil Kimmon Co., Ltd. in the Lifeline field formalized an agreement to collaborate with Kamstrup A/S (Head office: Denmark), which has a proven track record in the smart water metering field with services such as cloud-based leak detection.

— In the residential central air-conditioning systems market, soaring construction costs are affecting the groundbreaking for detached houses.

- **Orders received decreased compared to the same period of FY2024 owing to the impact of the transfer of Azbil Telstar (ATL). However, if the effect of the ATL transfer is excluded, orders received increased.**
- **Sales also decreased owing to the impact of the ATL transfer. However, if the effect of the transfer is excluded, sales were on a par with the same period of FY2024.**
- **Segment profit decreased compared to the same period of FY2024, mainly owing to the impact of the ATL transfer. Measures to strengthen profitability and reduce expenses were implemented, but even if the effect of the transfer is excluded, segment profit was still lower than FY2024 owing to soaring prices for parts/materials, an increase in personnel expenses, and other factors.**

(Billions of yen)

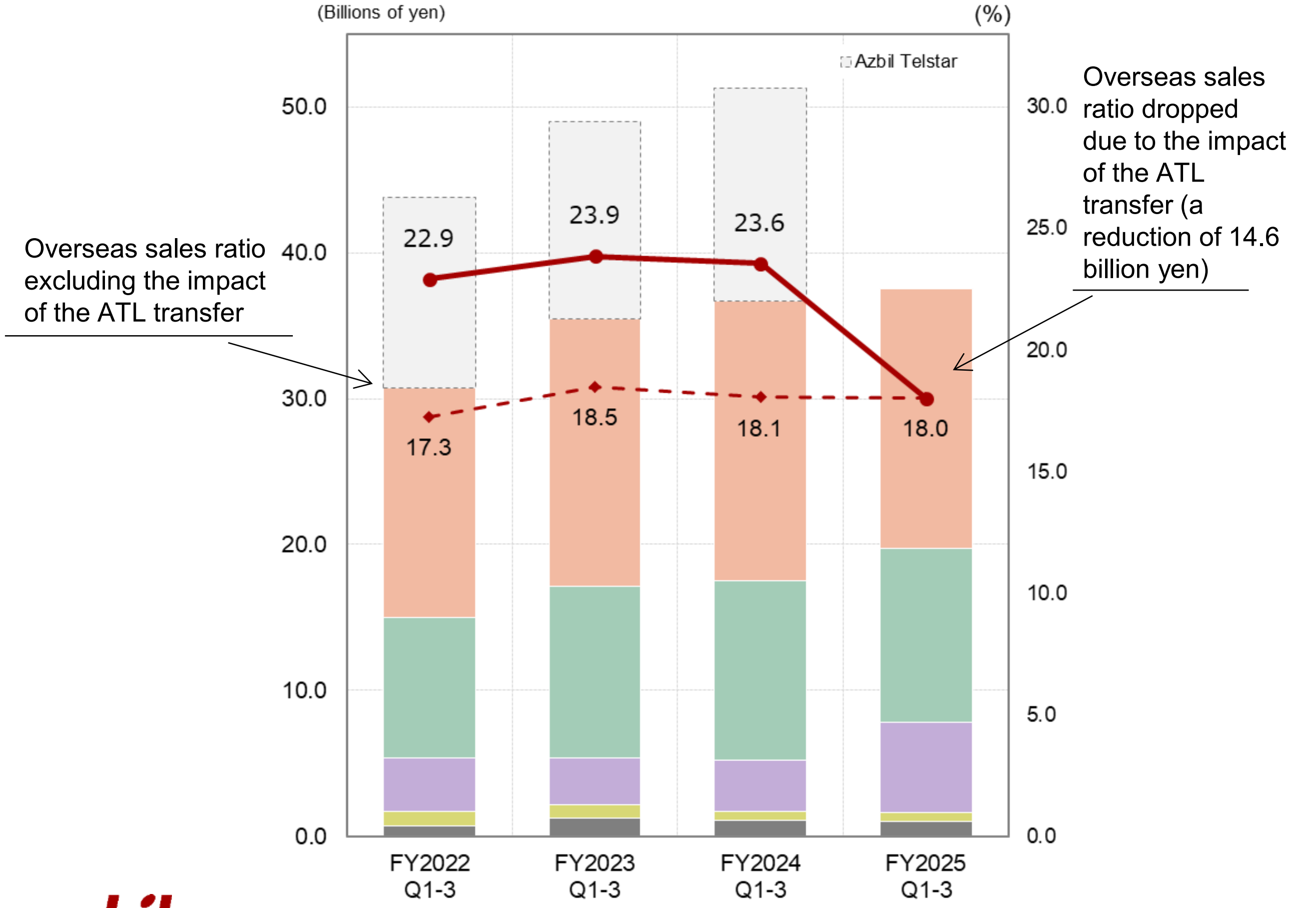
	FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference (B) - (A)	Difference % Change	
Orders received	**40.3**	**25.6**	**(14.7)**	***(36.5)***	
	24.8		0.7	*3.2*	*2
Sales	**38.4**	**24.0**	**(14.4)**	***(37.6)***	
	23.8		0.1	*0.7*	*2
Segment profit (loss)	**0.9**	**0.3**	**(0.6)**	***(63.9)***	
	0.5		(0.1)	*(33.9)*	*2
Margin	***2.5***	***1.4***	***(1.0)pp***		
	2.2		*(0.7)pp*		*2

The Company transferred all equity interests in ATL, which had played a central role in the Life Science Engineering field, on October 31, 2024. As the profit (loss) of ATL and its subsidiaries had been included in the Company's scope of consolidation until the end of the third quarter of FY2024, the transfer necessarily has a negative impact on LA business financial results for FY2025.

*2 Orders received, sales, segment profit, and margin of the LA business
The figures in the lower rows exclude the results of Azbil Telstar.

Overseas Sales by Region

- **Overseas sales fell mainly due to the impact (a reduction of 14.6 billion yen) of the FY2024 transfer of Azbil Telstar (ATL). The overseas sales ratio was 18.0%. (The tables and graph below show ATL sales and regional sales trends excluding ATL.)**
- **BA business sales decreased due to some recoil from large-scale projects in Asia in FY2024. AA business sales decreased in Asia and China but increased significantly in North America, so overall AA sales increased compared to the same period of FY2024. LA business sales decreased owing to the impact of the ATL transfer.**



Overseas sales excluding ATL (Billions of yen)

	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference (B) - (A)	Difference % Change
Asia (ex-China)	15.7	18.3	19.1	17.7	(1.4)	(7.6)
China	9.6	11.7	12.2	11.9	(0.3)	(3.0)
North America	3.6	3.2	3.4	6.2	2.7	78.4
Europe	0.9	0.9	0.6	0.5	(0.0)	(3.3)
Others	0.7	1.2	1.1	1.0	(0.0)	(8.3)
Consolidated	30.7	35.4	36.7	37.5	0.7	2.2
Overseas sales / Net sales ratio (%)	*17.3*	*18.5*	*18.1*	*18.0*		
ATL sales	13.0	13.5	14.6	-		

Overseas sales including ATL

	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3 (A)	FY2025 Q1-3 (B)	Difference (B) - (A)	Difference % Change
Consolidated	43.8	48.9	51.3	37.5	(13.8)	(26.9)
Overseas sales / Net sales ratio (%)	*22.9*	*23.9*	*23.6*	*18.0*		

Reference

		FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	FY2025 Q1-3
Average exchange rate	USD/JPY	128.30	138.24	151.45	148.71
	EUR/JPY	136.05	149.76	164.54	171.83
	CNY/JPY	19.38	19.62	21.16	20.77

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

Consolidated Financial Position

- **Assets:** **Assets decreased mainly due to a reduction in cash and deposits, despite an increase in investment securities (investments and other assets) caused by a rise in the market value of shareholdings.**
- **Liabilities:** **Long-term borrowings increased due to borrowing for a trust scheme of funds necessary for the acquisition of the Company's own stock in connection with readoption of the Trust-Type Employee Shareholding Incentive Plan. However, total liabilities declined due to decreases in income taxes payable and provision for bonuses.**
- **Net assets:** **Net assets decreased mainly due to the payment of dividends, in addition to the repurchase of the Company's own stock pursuant to a resolution of the Board of Directors, despite an increase in valuation difference on available-for-sale securities and the recording of net income attributable to owners of parent.**

(Billions of yen)

	As of Mar. 31, 2025 (A)	As of Dec. 31, 2025 (B)	Difference (B) - (A)
Current assets	**230.7**	**212.2**	**(18.5)**
Cash and deposits	88.4	72.2	(16.2)
Trade receivables	91.7	87.7	(3.9)
Securities	6.4	5.0	(1.4)
Inventories	37.6	41.2	3.5
Other	6.5	6.0	(0.4)
Non-current assets	**84.3**	**91.6**	**7.3**
Property, plant and equipment	41.1	42.6	1.4
Intangible assets	7.4	8.1	0.6
Investments and other assets	35.6	40.8	5.1
Total assets	**315.0**	**303.8**	**(11.1)**

	As of Mar. 31, 2025 (A)	As of Dec. 31, 2025 (B)	Difference (B) - (A)
Liabilities	**74.5**	**64.6**	**(9.9)**
Current liabilities	**67.7**	**51.7**	**(16.0)**
Trade payables	16.0	14.4	(1.6)
Short-term borrowings	4.8	4.8	(0.0)
Other	46.8	32.4	(14.3)
Non-current liabilities	**6.7**	**12.8**	**6.1**
Long-term borrowings	0.6	5.4	4.8
Other	6.1	7.4	1.2
Net assets	**240.5**	**239.2**	**(1.2)**
Shareholders' equity	**218.5**	**210.5**	**(8.0)**
Share capital	10.5	10.5	-
Capital surplus	12.2	12.2	-
Retained earnings	237.6	227.1	(10.5)
Treasury shares	(41.9)	(39.3)	2.5
Accumulated other comprehensive income	**18.6**	**25.7**	**7.0**
Non-controlling interests	**3.3**	**2.9**	**(0.3)**
Total liabilities and net assets	**315.0**	**303.8**	**(11.1)**

Shareholders' equity ratio (%)	**75.3**	**77.8**	***2.5pp***

2. Consolidated Financial Plan for FY2025

No revision from the most recent announcement (upward revision) on October 30, 2025
* There is also no revision to the financial plan by segment announced on November 5, 2025

Consolidated Financial Plan

We will continue aiming to achieve our upwardly revised financial plan, with the BA business performance serving as the driving force.

Although net sales will slightly decrease compared to FY2024 due to the impact (a reduction of 14.6 billion yen) of the FY2024 transfer of equity interests in Azbil Telstar (ATL), both the BA and AA businesses will achieve growth, resulting in an effective net increase. Operating income will increase for a fifth consecutive fiscal year.

- **Although there continues to be a high level of uncertainty due to factors such as inflation and rising costs, the BA business environment remains robust. In the AA business, although recovery in the FA market has been delayed, the PA market remains robust.**
- **In addition to making investments for growth, we anticipate some impact from inflation as well as higher personnel expenses and other costs, but thanks to our initiatives to strengthen profitability and improve operational efficiency through DX, operating income is projected to increase.**
- **Net income attributable to owners of parent will decrease owing to the recording of gain on sale of ATL (7.6 billion yen) in FY2024.**

(Billions of yen)

	FY2024 Full year results (A)	FY2025 H1 results	FY2025 H2 revised plan (Oct. 30, 2025)	FY2025 Full year revised plan (Oct. 30, 2025) (B)	Difference (B) - (A)	Difference % Change	
Net sales	**300.3** 285.7	**132.8**	**165.1**	**298.0**	**(2.3)** 12.2	***(0.8)*** *4.3*	 *1
Operating income	**41.4** 41.0	**17.7**	**27.8**	**45.5**	**4.0** 4.4	***9.7*** *10.8*	 *1
Margin	***13.8*** *14.4*	***13.3***	***16.8***	***15.3***	***1.5pp*** *0.9pp*		 *1
Ordinary income	**42.1**	**18.3**	**27.2**	**45.5**	**3.3**	***7.9***	
Net income attributable to owners of parent	*2 **40.9**	**13.4**	**20.0**	**33.5**	**(7.4)**	***(18.2)***	
Margin	***13.6***	***10.1***	***12.1***	***11.2***	***(2.4)pp***		

(Billions of yen)

	FY2025 Full year initial plan (May 13, 2025) (C)	Difference (B) - (C)	Difference % Change
Net sales	**297.0**	**1.0**	***0.3***
Operating income	**43.0**	**2.5**	***5.8***
Margin	***14.5***	***0.8pp***	
Ordinary income	**42.2**	**3.3**	***7.8***
Net income attributable to owners of parent	**31.0**	**2.5**	***8.1***
Margin	***10.4***	***0.8pp***	

***1 Net sales, operating income, and margin**
The figures in the lower rows exclude the results of Azbil Telstar.
(Sales: 14.6 billion yen / segment profit: 0.4 billion yen)

***2 Impact to net income attributable to owners of parent**
Gain on sale of the transfer of equity interests in ATL: 7.6 billion yen.

Reference: Exchange rates
FY2024 USD/JPY 151, EUR/JPY 164, CNY/JPY 21.1
FY2025 USD/JPY 147, EUR/JPY 170, CNY/JPY 20.0

Note: The revised consolidated financial plan was disclosed on October 30, 2025 in accordance with the Tokyo Stock Exchange timely disclosure rules. The revised plan by segment was disclosed in the Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2026, released on November 5, 2025.

2. Consolidated Financial Plan for FY2025

Financial Plan by Segment (1)

- **BA: Despite increasing expenses, we expect to achieve the revised plan, with its higher projections for both sales and segment profit, by steadily converting the large order backlog into sales while improving profitability.**
- **AA: Although recovery in the FA market has been delayed, against the backdrop of robust demand in the PA market, we are aiming to achieve sales in line with the initial plan. As regards profits too, despite increases in personnel and other expenses, with the success of measures to strengthen profitability, we expect to achieve the upwardly revised plan.**
- **LA: A decrease in overall revenue and profits is anticipated due to the impact of the FY2024 transfer of Azbil Telstar (ATL), but we expect to achieve the initial plan, primarily driven by growth in the Lifeline field.**

（Billions of yen）　　（Billions of yen）

		FY2024 Full year results (A)	FY2025 H1 results	FY2025 H2 revised plan (Nov. 5, 2025)	FY2025 Full year revised plan (Nov. 5, 2025) (B)	Difference (B) - (A)	Difference % Change		FY2025 Full year initial plan (May 13, 2025) (C)	Difference (B) - (C)	Difference % Change
BA	**Sales**	**148.7**	**64.5**	**89.5**	**154.0**	**5.2**	***3.5***		**153.0**	**1.0**	***0.7***
	Segment profit	**24.3**	**8.3**	**18.7**	**27.0**	**2.6**	***10.8***		**25.0**	**2.0**	***8.0***
	Margin	***16.4***	***12.9***	***20.9***	***17.5***	***1.1pp***			***16.3***	***1.2pp***	
AA	**Sales**	**106.8**	**52.9**	**58.0**	**111.0**	**4.1**	***3.9***		**111.0**	**0.0**	***0.0***
	Segment profit	**15.9**	**9.0**	**8.5**	**17.5**	**1.5**	***9.4***		**17.0**	**0.5**	***2.9***
	Margin	***15.0***	***17.1***	***14.6***	***15.8***	***0.8pp***			***15.3***	***0.5pp***	
LA	**Sales**	**46.6**	**16.0**	**18.4**	**34.5**	**(12.1)**	***(26.0)***		**34.5**	**0.0**	***0.0***
		32.0				2.4	*7.8*	*			
	Segment profit	**1.1**	**0.3**	**0.7**	**1.0**	**(0.1)**	***(14.6)***		**1.0**	**0.0**	***0.0***
		0.7				0.2	*33.8*	*			
	Margin	***2.5***	***1.9***	***3.8***	***2.9***	***0.4pp***			***2.9***	***0.0pp***	
		2.3				*0.6pp*		*			

* **Sales, segment profit, and margin of the LA business**
The figures in the lower rows exclude the results of ATL.
(Sales: 14.6 billion yen / segment profit: 0.4 billion yen)

Financial Plan by Segment (2)

BA

Despite increasing expenses, we expect to achieve the revised plan, with its higher projections for both sales and segment profit, by steadily converting the large order backlog into sales while improving profitability.

- In Japan and overseas, the business environment will continue to be robust. Taking into consideration our load-leveling initiatives, we anticipate growth in the existing building and service fields, as well as overseas business expansion, and thus expect to achieve the upwardly revised plan for sales.
- Similarly, we expect to achieve the upwardly revised plan for profits. Despite increases in outsourcing costs and other expenses, as well as higher personnel and DX-related expenses for growth, the plan will be achieved through revenue growth, mainly in the profitable existing building and service fields, as well as through the success of measures to strengthen profitability, such as improved margins at the point of order receipt and appropriate cost pass-through.

AA

Although recovery in the FA market has been delayed, against the backdrop of robust demand in the PA market, we are aiming to achieve sales in line with the initial plan. As regards profits as well, despite increases in personnel and other expenses, with the success of measures to strengthen profitability, we expect to achieve the upwardly revised plan.

- Although FA market demand is currently showing signs of recovery, the strength of demand varies by region and market, and sales recovery is expected to remain at about the same level as FY2024. However, PA market conditions remain robust and, with seasonal factors playing a part, sales growth is expected in the second half. Consequently, we are aiming to achieve sales in line with the initial plan.
- Despite the impact of U.S. reciprocal tariffs, cost increases due to parts/materials price hikes, and higher personnel expenses, building on the success of our proven measures to enhance profitability, including cost pass-through, we expect to achieve our upwardly revised full-year profit plan.

LA

A decrease in overall revenue and profits is anticipated due to the impact of the FY2024 transfer of Azbil Telstar (ATL), but we expect to achieve the initial plan, primarily driven by growth in the Lifeline field.

- In the Lifeline field, while steadily capturing demand for gas and water meter replacement as required by law, we plan to increase revenue by promoting the development of markets related to smart metering as a service*, and we also plan to increase profits on the back of this higher revenue and the effect of such measures as cost pass-through. Growth is also projected in the residential central air-conditioning systems field.
- For the overall LA business, owing to the impact of the ATL transfer (a reduction of 14.6 billion yen in sales; a reduction of 0.4 billion yen in segment profit), both revenue and profits will decrease.

* Business involving the provision of new value-added services on top of the conventional measurement function of meters

3. Returning Profits to Shareholders and Investing in Human Capital

No revision from the initial announcement on May 13, 2025

Basic Policy and FY2025 Shareholder Returns, Investment in Human Capital

We plan to increase the dividend for the eleventh consecutive year, with an annual dividend of 26 yen per share for FY2025; DOE will improve further to reach 5.6%.
In addition to the repurchase and cancellation of the Company's own stock, we also invest in human capital by utilizing treasury shares.

In line with our basic policy of enhancing shareholder returns, investing for growth, and maintaining a sound financial base, we will carry out business operations and make investments conscious of the cost of capital[*1], while actively investing in our businesses, R&D, equipment and facilities[*2], DX, and human capital. As regards shareholder returns, there are no changes to the plan for an increased dividend; the repurchase and cancellation of the Company's own stock have been completed.

FY2025 annual dividend

Annual dividend for FY2025:
26 yen per share (**+2 yen compared with FY2024**, taking the stock split[*3] into account)
— The Company has already paid **an interim dividend of 13 yen per share** (+2 yen compared to the same period of FY2024, taking the stock split[*3] into account)

Repurchase and cancellation of treasury shares

Giving due consideration to ensuring a disciplined capital management and capital efficiency, **we repurchased the Company's own stock** with the value of **14.9 billion yen** and **canceled treasury shares worth 20.0 billion yen.**
— In addition to the stock repurchased, an additional 5.0 billion yen were canceled. This was to cancel the unused portion (5.0 billion yen) of treasury shares acquired in FY2024 and intended for human capital investment, in order to procure stock from the market.

Human capital investment

With regards investment in human capital, the treasury shares worth **6.5 billion yen** acquired from the market[*4] were utilized to readopt the Trust-Type Employee Stock Incentive Plan. (May 2025)

*1 Conscious of the cost of capital in management, the azbil Group has introduced and been in process of enhancing business management that incorporates return on invested capital (ROIC), which is based on the trial calculation of adjusted after-tax operating income.
Reference: FY2024 azbil Group ROIC (trial calculation) was 12.6%. ROIC excluding special factors such as the transfer of equity interests in Azbil Telstar was 10.3%. Weighted average cost of capital (WACC) was 6.3%.
*2 Please refer to page 30 for the trend of the investment in R&D, equipment and facilities.
*3 A 4-for-1 stock split was implemented with an effective date of October 1, 2024.
*4 Acquired from May 29, 2025 to June 23, 2025

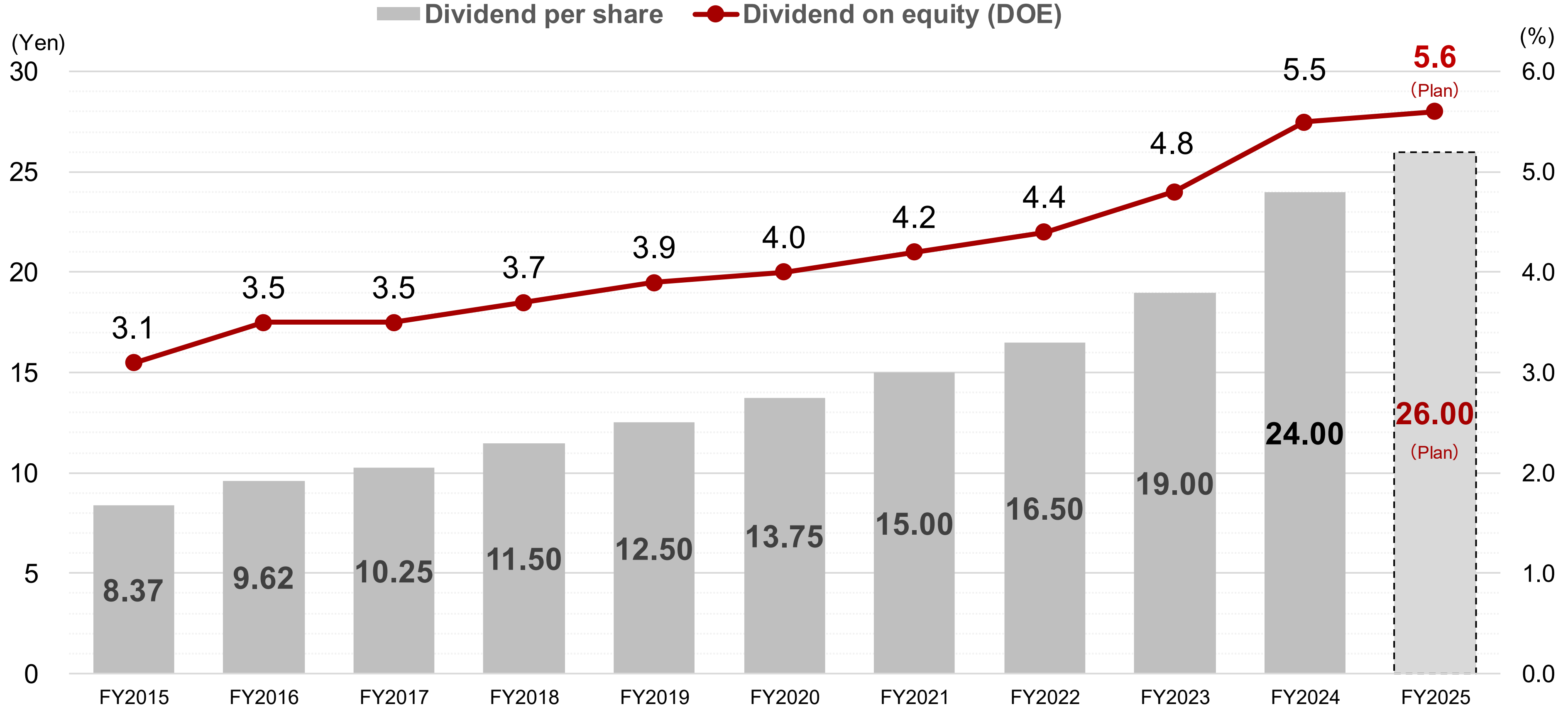
Basic Policy

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

- Returning profits to shareholders is a management priority.
- Returning profits to shareholders is mainly by dividends, but also by flexible repurchase of shares by the Company.
- In deciding the level of returns, consideration is given to consolidated financial results, level of ROE, DOE, and retained earnings required for future business development and strengthening of the Company.
- We strive to maintain a stable but rising dividend level.

Trend of Shareholder Returns

- **In FY2025, it is planned to increase the annual dividend—for the eleventh consecutive year—by 2 yen to 26 yen per share from FY2024.**



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total amount of own stock repurchased (billions of yen)	1.9		2.9	4.9	9.9		9.9	9.9	9.9	14.9	14.9
Number of shares repurchased (millions of shares)	4.80		5.71	7.48	14.87		9.01	10.68	8.77	12.46	10.83

Note: The dividend per share and total number of shares repurchased have been retroactively adjusted to take into account the effect of the stock split in October 2024 and in October 2018.

4. Progress in Implementing the Medium-term Plan

Medium-term Plan (FY2025–FY2027)

- **Under the medium-term plan (FY2025–FY2027), whose key theme is Evolution and Co-creation, we will actively make necessary investments, including in human capital, etc., and we will achieve, with the unique business model of the azbil Group, both increased sales and enhanced profitability, aiming to realize the well-being of society and Group employees through further business expansion.**
  - Building on the success of measures to strengthen profitability implemented under the previous medium-term plan and our business based on long-standing strong relationships with customers, we are aiming to achieve further expansion by developing and investing in new growth markets. **We will proactively allocate resources to developing human capital, enhancing product competitiveness, and advancing DX.** (see p.36)
  - In FY2025, the first year of the medium-term plan, we revised our initial full-year financial plan upwards on October 30, 2025. We will continue to implement a variety of initiatives, aiming to achieve the revised full-year financial plan.

Long-term targets

FY2030

Sustainable Society

Through business expansion, we aim to realize the well-being of society and group employees by making contributions that lead “in series” to a sustainable society.

Growth

Transformation | **Evolution and Co-creation**

Growth ⇄ Core

Cycling from growth to core and back to growth businesses

[bil.yen = billion yen]

	FY2024	FY2025 initial plan	FY2025 revised plan	FY2026 120th anniversary	FY2027	Long-term targets (Revised) (announced on May 13, 2025)
Net sales	300.3 bil. yen 285.7 bil.yen *1	297.0 bil.yen	298.0 bil.yen		340.0 bil.yen	420.0 bil.yen
[overseas sales]	[63.1 bil.yen] [48.5 bil.yen] *1	[50.5 bil.yen]	[52.5 bil.yen]		[62.0 bil.yen]	[100.0 bil.yen]
Operating income	41.4 bil.yen	43.0 bil.yen	45.5 bil.yen		51.0 bil.yen	65.0 bil.yen
Margin	13.8%	14.5%	15.3%		15.0%	15.5%
ROE	17.9% *2	13.1%	14.0%		14%	15%

Long-term targets for sales and profits have been revised upward.

We plan to achieve our previous long-term profit margin target, announced in May 2021, 3 years ahead of schedule.

*1 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 41.0 billion yen and operating income margin was 14.4%.
*2 ROE excluding the extraordinary gains from the transfer of equity interests in Azbil Telstar and other factors was 14.2%.

The azbil Group's Unique Business Model

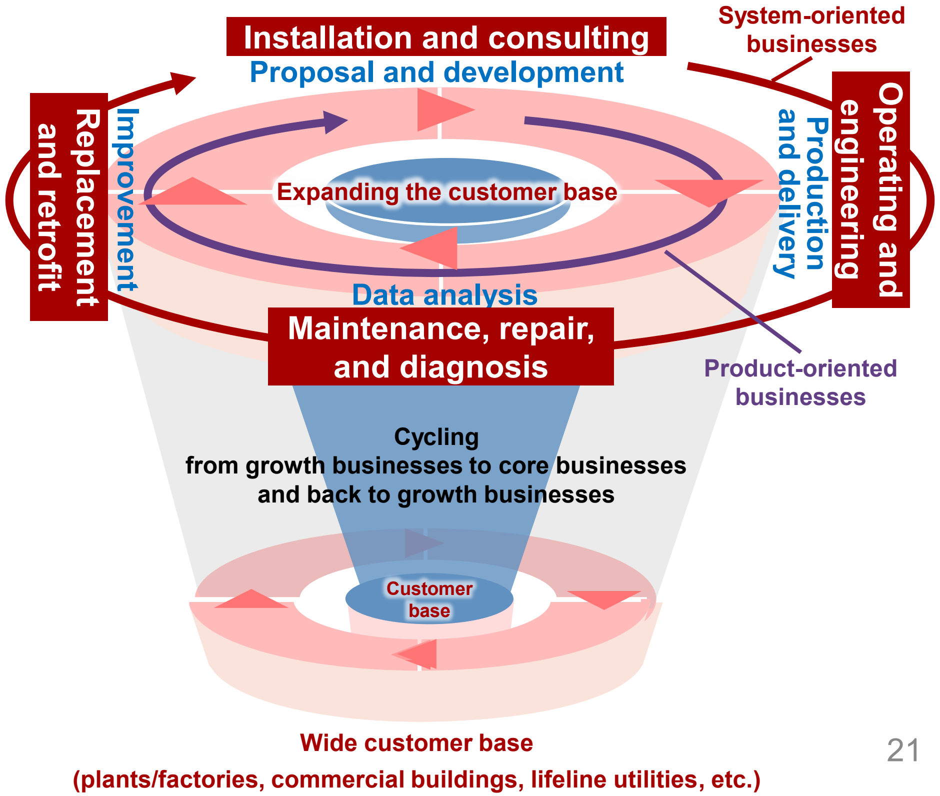
- We will achieve growth in **core businesses** based on our extensive customer base (factories and plants, commercial buildings, lifeline utilities) established over many years, and in our **growth businesses**, which seek new business opportunities that arise from technological advances such as in semiconductors, as well as societal issues such as the drive for carbon neutrality. In our growth businesses, we will focus on expanding markets (overseas) and increasing competitive advantages (enhancing product competitiveness).
- In our growth businesses, we will enlarge our customer base, while in our core businesses we will improve sustainability and profitability. By continually **cycling from growth businesses to core businesses and back to growth businesses**, we aim to achieve sustained business expansion.
- We will at the same time continue to evaluate and review our business portfolio, conscious of the cost of capital.

Growth businesses	Businesses operating in markets where there is demand for harnessing technological advances and resolving social issues Enlarging the customer base by introducing new products and services that are on the cutting edge

Examples: Cutting-edge products and services in each business
In the BA business, GX solutions for saving energy and utilizing renewable energy; in the AA business, MEMS sensors for semiconductor manufacturing equipment and other FA; and in the LA business, smart metering as a service

Core businesses	Businesses with an existing customer base, established over many years Sustained improvement of profitability is possible through DX promotion. We will realize growth through expansion of the customer base.

Examples: Retrofit and servicing of existing systems based on the customer base of each business



Business Strategies and Performance Targets: Summary of Each Segment of the azbil Group

- **While implementing a variety of measures to strengthen the unique business model of the azbil Group—tailored to the differing business environments and characteristics of the BA, AA and LA businesses—we will aim to achieve the final-year targets of the medium-term plan.**

Segment	Strategy		FY2024	FY2025 revised plan	FY2027
azbil Group	Aim to achieve further expansion through both growth businesses and core businesses	Net sales	285.7 billion yen 300.3 billion yen *2	298.0 billion yen	340.0 billion yen
		Operating income	41.0 billion yen 41.4 billion yen *2	45.5 billion yen	51.0 billion yen
BA	Growth: Provide GX solutions; offer advanced system and services with higher added value Growth: Increase revenue in overseas market Core: Accelerate launch of products that reduce or obviate construction work	Sales	148.7 billion yen	154.0 billion yen	174.0 billion yen
		Segment profit	24.3 billion yen	27.0 billion yen	26.9 billion yen
AA	Growth: Accelerate global business expansion Growth: Create new automation Core: Continue to strengthen profitability based on our achievements to date	Sales	106.8 billion yen	111.0 billion yen	123.0 billion yen
		Segment profit	15.9 billion yen	17.5 billion yen	21.0 billion yen
LA	Growth: Promote smart meter business and smart metering as a service business *1 Growth: Accelerate business portfolio restructuring to achieve further growth Core: Growth business by steadily capturing renewal demand required by law	Sales	32.0 billion yen 46.6 billion yen *2	34.5 billion yen	43.0 billion yen
		Segment profit	0.7 billion yen 1.1 billion yen *2	1.0 billion yen	2.8 billion yen
Overseas	Accelerate overseas business growth through business promotion and a strong management system tailored to regional characteristics	Sales	48.5 billion yen 63.1 billion yen *2	52.5 billion yen	62.0 billion yen

*1 Business involving the provision of new value-added services on top of the conventional measurement function of meters

*2 Upper row: figures excluding the impact of Azbil Telstar, which was transferred in October 2024
Lower row: actual results for FY2024

Initiatives to enhance product competitiveness and develop business (1)

Initiatives in growth businesses are progressing, with ESCO services overseas and green-transformation-related business such as the energy management business in Japan, as well as increasing customer adoption of new products and services utilizing AI technologies. Our initiatives are gaining high social recognition.

BA business	**Azbil Thailand and Fuyo General Lease Thailand achieve 120% of targeted energy savings in the first year of ESCO project at The Okura Prestige Bangkok** (December 9, 2025) Azbil (Thailand) Co., Ltd. in collaboration with Asset World Corporation (AWC)—a real estate company in the TCC Group, a major Thai conglomerate—worked to improve efficiency of the air conditioning system and achieved a reduction in electricity consumption of more than 600,000 kWh in the first year of this project, representing 120% of their target. This is the second energy-saving project by Azbil (Thailand) Co., Ltd. and Fuyo General Lease (Thailand) Co., Ltd., following one implemented at The Athenee Hotel, also owned by AWC, in 2022.
AA business	**Three projects involving Azbil as an Energy Management Service Provider selected under the Japanese Government's FY2024 Supplementary Budget Program for Promoting Energy-saving Investments and Supporting Demand-structure Transformation** (December 24, 2025) • (II) Electrification, decarbonization, fuel conversion + (IV) Energy demand optimization: Kinkisain Co., Ltd.—Energy-saving project for the company's factory in Hyogo • (I) Factory, business site + (IV) Energy demand optimization: Takano Reito Co., Ltd. & JA Mitsui Leasing, Ltd.—Energy-saving project for Takano Reito's factory in Hokkaido • (IV) Energy demand optimization: Kinkisain Co., Ltd.—Energy-saving project involving EMS installation at the company's factory in Tokushima
AA business	**Azbil launches an AI-based production planning and modification system—Optimal production plans generated quickly, maximizing factory potential** (January 20, 2026) Azbil has launched an AI-based production planning and modification system that automates production planning. Using reinforcement learning, the system quickly generates optimal plans, satisfying complex constraints, and automatically revises plans in response to changes, thus improving factory efficiency and realizing energy savings. By promoting autonomy in production planning—a task that has till now depended on experienced staff—Azbil aims to expand its business by capturing DX demand in the manufacturing sector.

Note: The items above are excerpt from press releases, the latter two of which are available only in Japanese.

Initiatives to enhance product competitiveness and develop business (2)

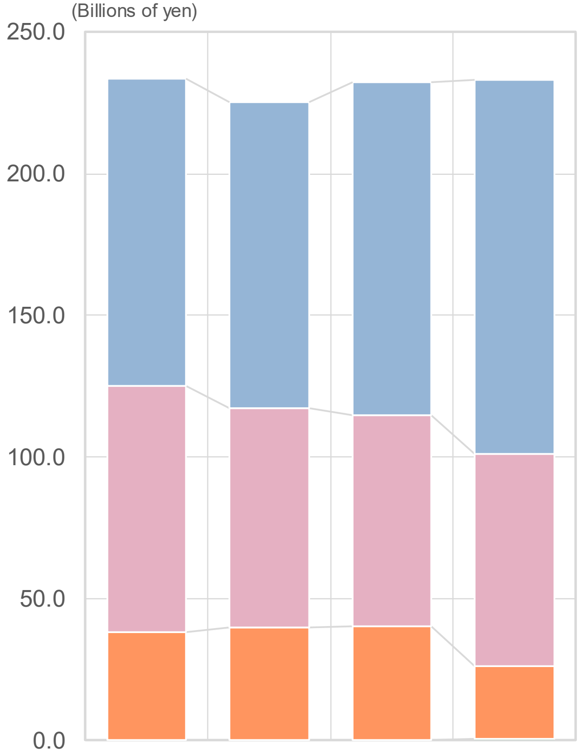
New *field*	**Azbil participates in Metrics MATSURI, a next-generation bio-manufacturing project aimed at realizing the bioeconomy—Harnessing measurement and control technologies to establish bio-manufacturing in society** (December 25, 2025) Metrics MATSURI is a co-creation initiative that brings together companies with expertise in measurement, control, and engineering to establish efficient and stable production systems in bio-manufacturing fields such as microalgae cultivation, fermentation, cell culture, and agriculture. Drawing on our measurement and control technologies, Azbil will initially engage in the commercialization of large-scale microalgae cultivation processes.
AA *business*	**Azbil's AI-based platform for condition-based maintenance wins the METI Minister's Award at the 9th Infrastructure Maintenance Awards—Contributing to the well-being of maintenance-related personnel by combining AI technologies with operational data** (January 22, 2026) The Infrastructure Maintenance Awards—which recognize outstanding initiatives and technological developments related to the maintenance of social infrastructure in Japan—was awarded to Azbil's AI-based platform for condition-based maintenance. This platform estimates the condition of a piece of equipment in real time using manufacturing execution data and AI. This enables general-purpose condition-based maintenance that is applicable to any equipment. Already more than 10,000 AI estimation models are running on this platform across a wide variety of industries.
BA *business*	**Azbil wins Japan's 2025 Energy Conservation Grand Prize, the METI Minister's Award—Energy savings of approximately 70% achieved in building with focus on actual operation** (January 28, 2026) Nikken Sekkei Ltd. and Azbil have jointly received Japan's 2025 Energy Conservation Grand Prize—the Minister of Economy, Trade and Industry Award—for their energy-saving initiatives in Building 103 at Azbil's Fujisawa Technology Center, which realize performance on a level with ZEB-Oriented specifications. The project was highly evaluated for achieving practical performance beyond design estimates—enabled by innovative controls such as cooling/heating-free VAV control—and realizing energy savings of approximately 70% in actual operation.

Note: The items above are excerpt from press releases, which are available only in Japanese.

Appendix I
Financial Data

Performance Trend by Segment: Orders Received

Comparison to past results (Q1-3)

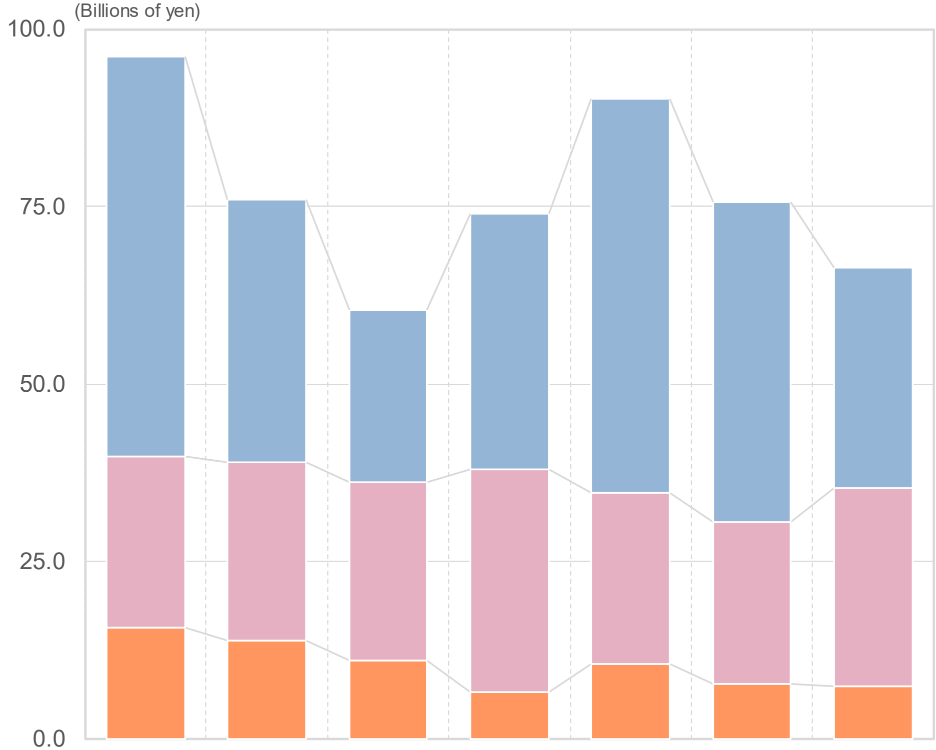


	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	**FY2025 Q1-3**
B A	108.2	108.0	117.6	**131.7**
A A	87.0	77.0	74.4	**74.8**
L A	38.1	40.0	40.3	**25.6**
Consolidated	231.9	223.4	231.1	**231.1**

Orders received excluding Azbil Telstar

	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	**FY2025 Q1-3**
L A	24.0	25.0	24.8	**25.6**
Consolidated	217.7	208.4	215.6	**231.1**

Quarterly (3 months)



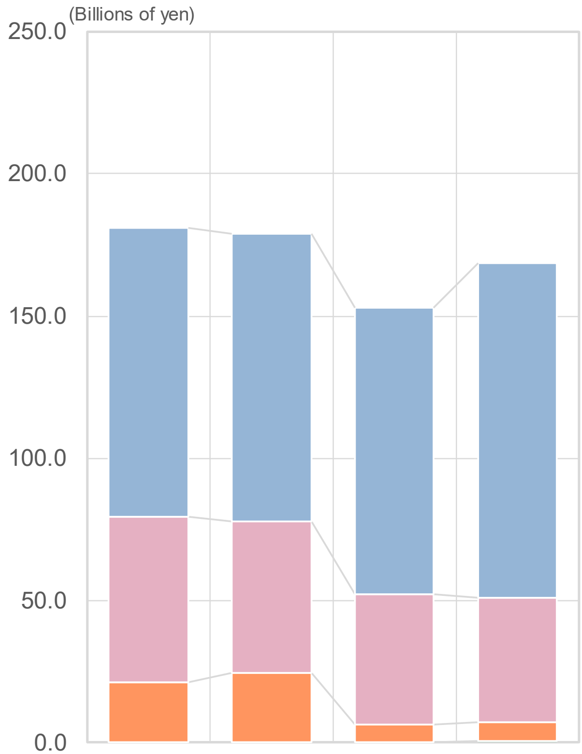
	FY2024				FY2025		**FY2025**
	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
B A	56.2	37.0	24.3	36.0	55.5	45.0	**31.1**
A A	24.2	25.0	25.1	31.5	24.1	22.8	**27.8**
L A	15.6	13.8	10.9	6.4	10.4	7.7	**7.4**
Consolidated	95.7	75.4	60.0	73.5	89.7	75.2	**66.0**

Orders received excluding Azbil Telstar

	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	**FY2025 Q3**
L A	9.4	7.6	7.7	6.4	10.4	7.7	**7.4**
Consolidated	89.5	69.2	56.8	73.5	89.7	75.2	**66.0**

Performance Trend by Segment: Order Backlog

Comparison to past results

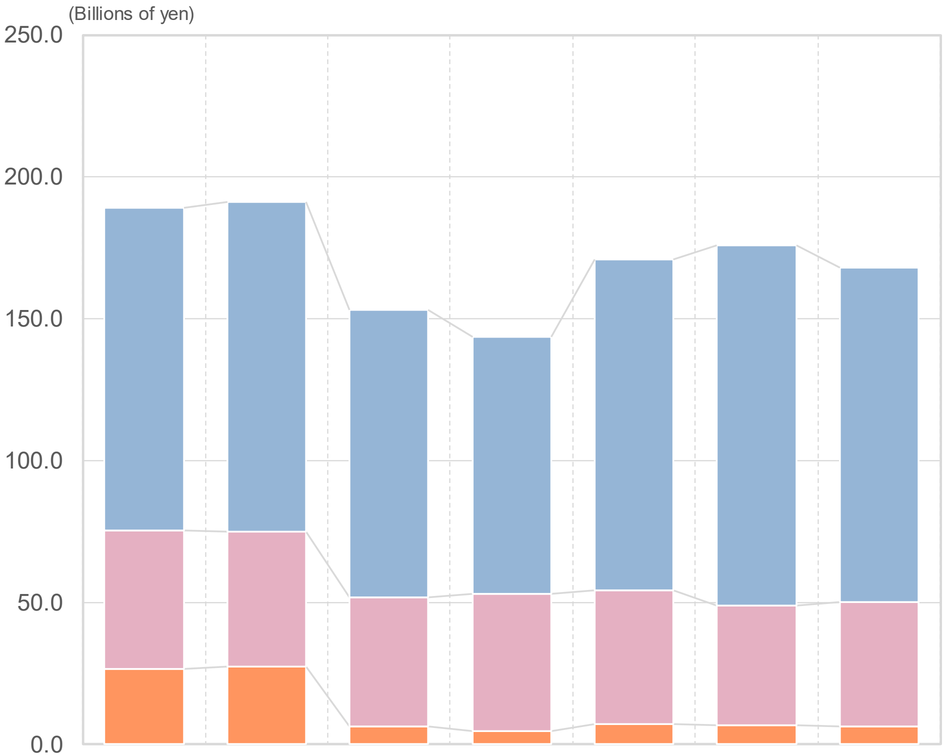


	FY2022 Q3	FY2023 Q3	FY2024 Q3	**FY2025 Q3**
B A	101.6	101.3	101.1	**117.6**
A A	58.0	53.2	45.5	**44.0**
L A	21.3	24.3	6.3	**6.2**
Consolidated	180.5	178.3	152.7	**167.8**

Order backlog excluding Azbil Telstar

	FY2022 Q3	FY2023 Q3	FY2024 Q3	**FY2025 Q3**
L A	5.8	6.0	6.3	**6.2**
Consolidated	165.0	160.1	152.7	**167.8**

Quarterly



	FY2024				FY2025		**FY2025**
	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
B A	113.5	116.3	101.1	90.3	116.6	126.7	**117.6**
A A	49.0	47.5	45.5	48.6	47.2	42.2	**44.0**
L A	26.4	27.3	6.3	4.5	7.1	6.7	**6.2**
Consolidated	188.8	190.8	152.7	143.3	170.7	175.5	**167.8**

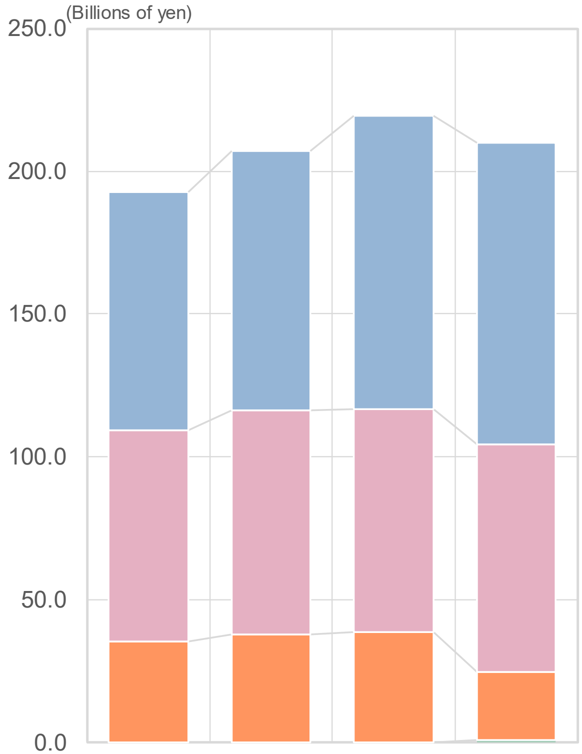
Order backlog excluding Azbil Telstar

	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	**FY2025 Q3**
L A	7.1	6.3	6.3	4.5	7.1	6.7	**6.2**
Consolidated	169.5	169.8	152.7	143.3	170.7	175.5	**167.8**

Appendix

Performance Trend by Segment: Sales

Comparison to past results (Q1-3)

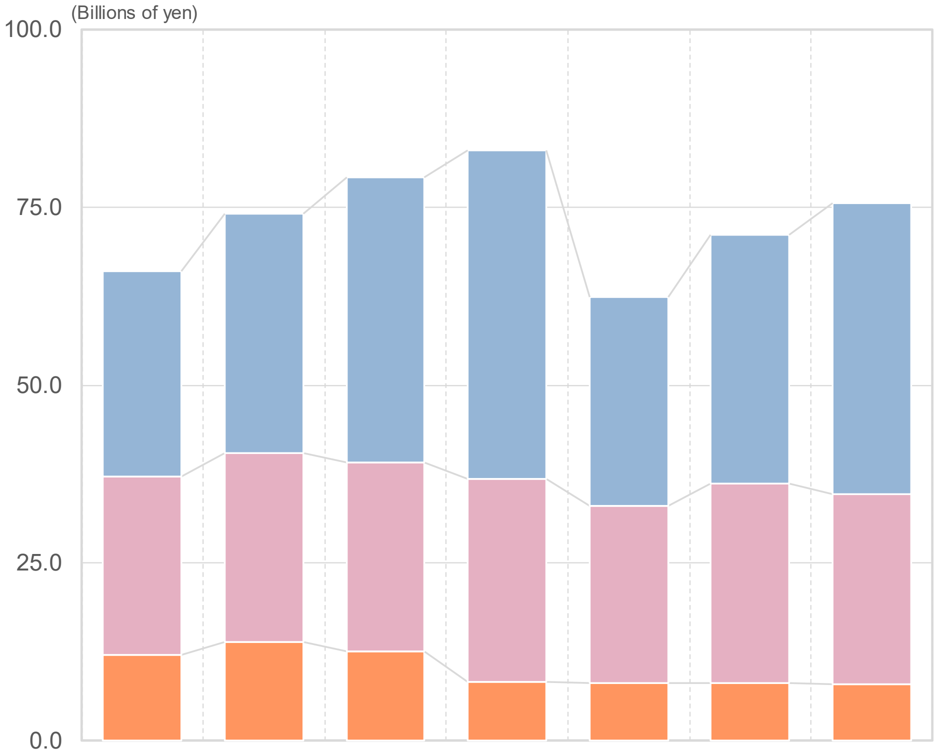


	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	**FY2025 Q1-3**
B A	83.3	90.5	102.5	**105.4**
A A	73.9	78.6	78.2	**79.7**
L A	35.3	37.6	38.4	**24.0**
Consolidated	191.0	205.3	217.9	**208.0**

Sales excluding Azbil Telstar

	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	**FY2025 Q1-3**
L A	22.2	24.1	23.8	**24.0**
Consolidated	178.0	191.8	203.2	**208.0**

Quarterly (3 months)



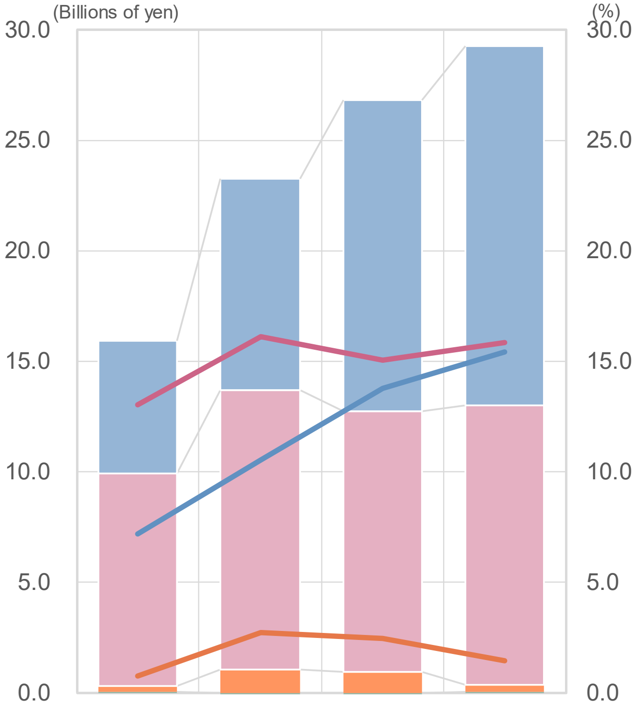
	FY2024				FY2025		**FY2025**
	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
B A	28.8	33.6	40.0	46.2	29.5	35.0	**40.9**
A A	25.0	26.5	26.6	28.5	24.8	28.1	**26.7**
L A	12.0	13.8	12.5	8.1	8.0	8.0	**7.9**
Consolidated	65.5	73.7	78.6	82.4	62.0	70.8	**75.1**

Sales excluding Azbil Telstar

	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	**FY2025 Q3**
L A	7.6	8.3	7.8	8.1	8.0	8.0	**7.9**
Consolidated	61.1	68.2	73.9	82.4	62.0	70.8	**75.1**

Performance Trend by Segment: Segment Profit (Operating Income)

Comparison to past results (Q1-3)

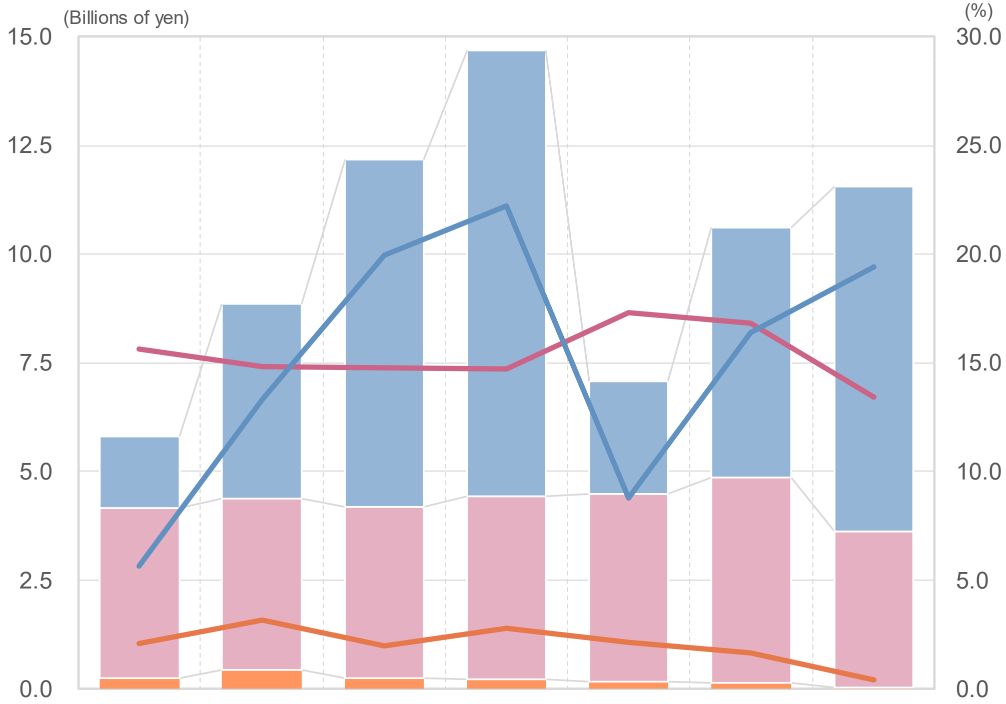


	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	FY2025 Q1-3
B A	5.9	9.5	14.1	**16.2**
Margin	*7.2*	*10.5*	*13.8*	***15.4***
A A	9.6	12.6	11.7	**12.6**
Margin	*13.1*	*16.1*	*15.1*	***15.8***
L A	0.2	1.0	0.9	**0.3**
Margin	*0.8*	*2.7*	*2.5*	***1.4***
Consolidated	15.9	23.2	26.8	**29.2**
Margin	*8.3*	*11.3*	*12.3*	***14.0***

Segment profit excluding Azbil Telstar

	FY2022 Q1-3	FY2023 Q1-3	FY2024 Q1-3	FY2025 Q1-3
L A	0.2	0.7	0.5	**0.3**
Consolidated	15.9	22.9	26.3	**29.2**

Quarterly (3 months)



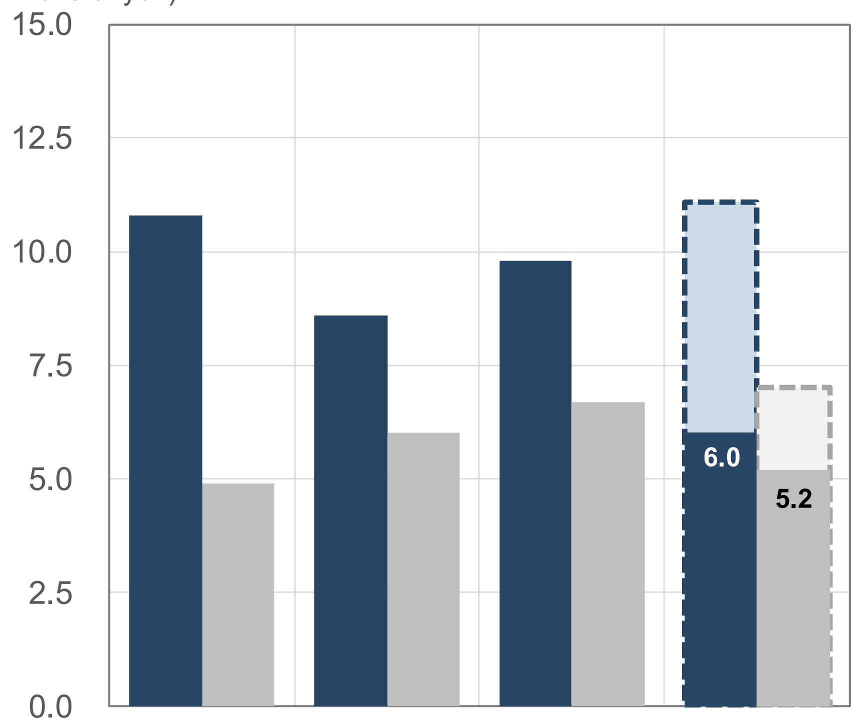
	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3
B A	1.6	4.4	7.9	10.2	2.5	5.7	**7.9**
Margin	*5.6*	*13.3*	*20.0*	*22.2*	*8.8*	*16.4*	***19.4***
A A	3.9	3.9	3.9	4.2	4.3	4.7	**3.5**
Margin	*15.6*	*14.8*	*14.8*	*14.7*	*17.3*	*16.8*	***13.4***
L A	0.2	0.4	0.2	0.2	0.1	0.1	**0.0**
Margin	*2.1*	*3.2*	*2.0*	*2.8*	*2.1*	*1.7*	***0.4***
Consolidated	5.7	8.8	12.1	14.6	7.0	10.6	**11.5**
Margin	*8.8*	*12.0*	*15.5*	*17.8*	*11.4*	*15.0*	***15.3***

Segment profit excluding Azbil Telstar

	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3
L A	0.1	0.2	0.1	0.2	0.1	0.1	**0.0**
Consolidated	5.7	8.6	12.0	14.6	7.0	10.6	**11.5**

Capital Investment, Depreciation and R&D Expenses

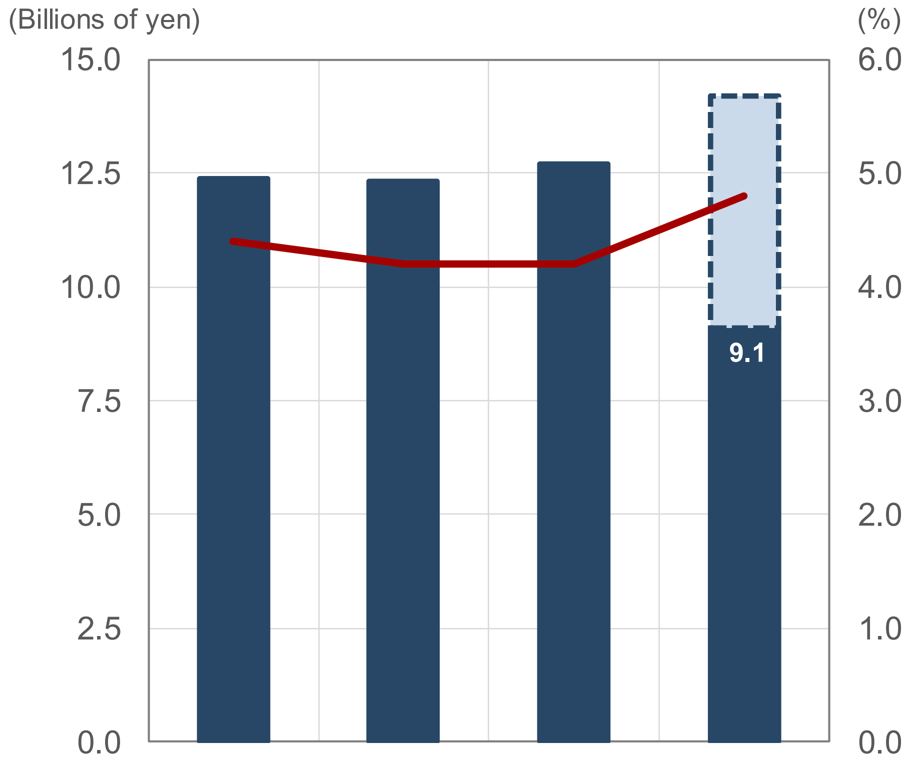
■ Capital investment, depreciation



	FY2022	FY2023	FY2024	FY2025 (plan)
■ Capital investment	10.8	8.6	9.8	**11.1**
■ Depreciation	4.9	6.0	6.7	**7.0**

■ R&D expenses

Full-year results/ Q1-3 results for FY2025
Full-year plan for FY2025



	FY2022	FY2023	FY2024	FY2025 (plan)
■ R&D expenses	12.3	12.3	12.7	**14.2**
— R&D expenses / Net sales (%)	4.4	4.2	4.2	**4.8**

Appendix II

Initiatives to Strengthen Corporate Governance, Returning Profits to Shareholders, Investments, and Sustainability Management

Appendix

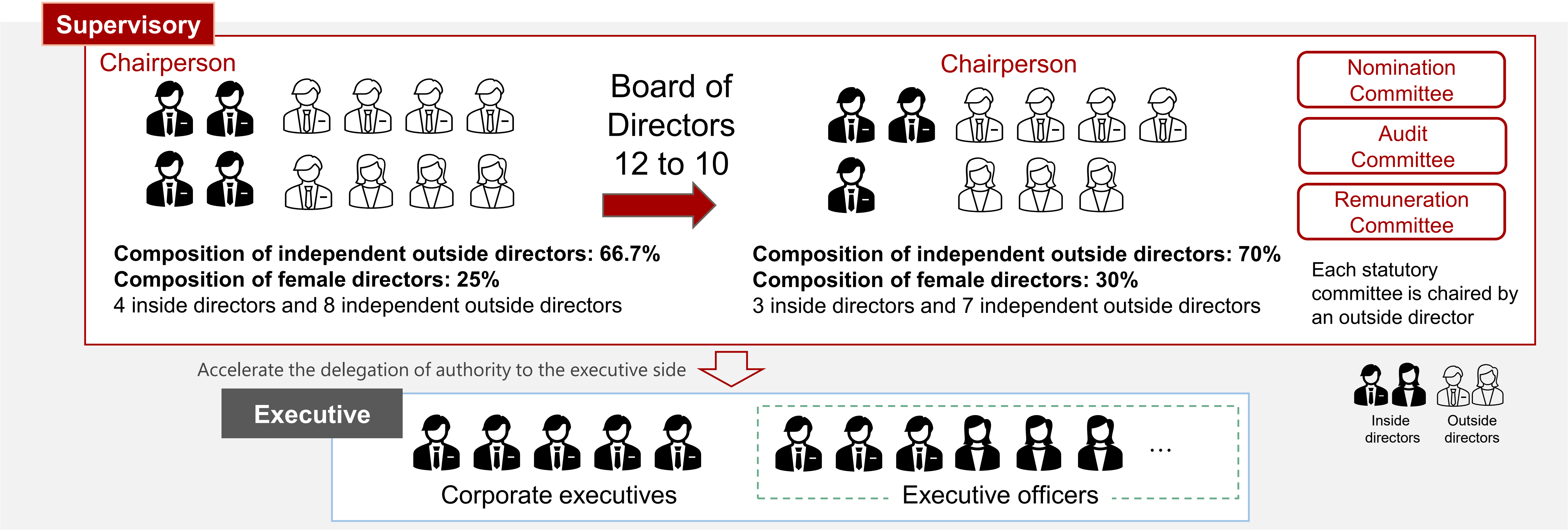
Initiatives to Strengthen Corporate Governance (1): Transition to a New Board Structure

- **Aiming to further strengthen the independence and supervisory function of Board of Directors**

➢ before June, 2022: Operated as a company with an audit & supervisory board

➢ June, 2022: Transitioned to a company with a three-committee board structure, with a non-executive inside director serving as chairperson (total 12 members)

➢ June, 2025: **An outside independent director assumes the chair**



Appendix

Initiatives to Strengthen Corporate Governance (2): Revision of the Remuneration Policy for Officers (May 2025)

* Revisions are highlighted in red.

Further motivate corporate executives to achieve medium- and long-term performance targets and enhance the enterprise value under the medium-term plan

Expansion of the performance-linked component of the remuneration structure (Increase the relative percentage of bonuses and stock-based compensation)

- The remuneration structure for corporate executives consists of basic remuneration, which is a fixed monthly amount; bonuses, which are short-term incentives; and stock-based compensation*, which is a medium- to long-term incentive.
- To ensure a remuneration structure that motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value, the incentive component of remuneration has been set at a high level.

  * For the continuance of the stock compensation plan, the company made additional monetary contributions to the trust to fund the trust's acquisition of the stock expected to be required for future benefits. (August 2025)

(After) Example of president & CEO

Basic remuneration	Bonus	Stock-based compensation
	$\underbrace{\text{Bonus} \quad \text{Stock-based compensation}}_{\text{Incentives}}$	

Basic remuneration: Bonus: Stock-based compensation = 1:1:1

(Before) Example of president & CEO

Basic remuneration	Bonus	Stock-based compensation

Basic remuneration: Bonus: Stock-based compensation = 4:3:3

Revision of key performance indicators (KPIs)

- Non-financial KPIs: "Employee engagement" "Diversity" and "Individual evaluation"

(Before) Example of president & CEO

Bonus KPIs	Evaluation weighting
Net sales	45%
Operating income	45%
Customer satisfaction, productivity & efficiency, HR development and organizational revitalization, CSR management, etc.	10%

(After) Example of president & CEO

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

- Set "ROE" as one of the KPIs to promote value sharing with shareholders in performance-linked amount (50%) of stock-based compensation

(Before)

KPIs of stock-based compensation	Evaluation weighting
Relative TSR	50%
OP margin	30%
Effective CO_2 reduction	20%

(After)

	KPIs of stock-based compensation	Evaluation weighting
Financials	Relative TSR (relative to TOPIX, including dividends)	50%
Financials	ROE	30%
Non-financials	Effective CO_2 reduction	20%

Further enhance remuneration governance: expansion of the scope of "Malus and Clawback policy"

- If the financial results for a previous fiscal year are revised retrospectively, or if serious misconduct or a serious violation has occurred, the Company can deny the officer(s) responsible the incentive component of remuneration (malus), and may demand the return of the compensation already paid to them (clawback).

Appendix

Shareholder Returns (1): FY2025 Annual Dividend Plan

FY2025 dividend

It is planned to increase the dividend by 2 yen per share, to make an annual dividend of 26 yen per share, and DOE to improve to 5.6%.

- **In FY2025, geopolitical risks and U.S. reciprocal tariffs will serve to increase uncertainty in the economic/business environment. However, even under the previous medium-term plan (FY2021–FY2024), business profitability steadily improved, and we now anticipate continued improvement in our financial results. Consequently, we plan to increase the annual dividend by 2 yen to 26 yen per share.**
- **Based on the continuation of stable dividend payments, we aim to further improve DOE ratio.**

(Yen)

	FY2024	FY2025	
	Actual	Actual	Plan
Interim	11.0 *1	13.0	—
Year-end	13.0	—	13.0
Annual	24.0	—	26.0
Payout ratio	30.8%	39.5% *2	
Dividend on equity (DOE)	5.5%	5.6% *3	

*1 A 4-for-1 stock split was implemented with an effective date of October 1, 2024. Figures in the chart above are those taking the stock split into account.

*2 The effect of repurchase of own stock in FY2025 is taken into account for a trial calculation of net income per share, and accordingly the dividend payout ratio for FY2025.

*3 The following factors have been taken into account for the trial calculation of DOE, which is based on shareholders' equity as of March 31, 2025: repurchase of own stock in FY2025, year-end dividends for FY2024, interim dividends for FY2025, net income attributable to owners of parent for the full year in the consolidated financial plan for FY2025.

Shareholder Returns (2): Repurchase of Own Stock and Cancellation of Treasury Shares

Repurchase of own stock	**We have completed repurchase of the Company's own stock of 10.83 million shares for 14.9 billion yen. (Completed on October 10, 2025)**
Cancellation of treasury shares	**We have completed cancellation of 19.3 million treasury shares, worth 20.0 billion yen (Completed on May 30, 2025)**

- **In view of the ROE figures set out in our long-term targets (FY2030) and the medium-term plan (FY2025–FY2027), we will engage in measures to expand business and strengthen profitability, and we repurchased own stock to practice disciplined capital management, improve capital efficiency, and increase shareholder returns.**
- **We canceled treasury shares worth 20.0 billion yen (19.3 million shares) including the unused portion (approximately 5.0 billion yen) of treasury shares repurchased in FY2024 that was intended for human capital investment (E-Ship®) in addition to the treasury shares repurchased in FY2025.**

Repurchase of own stock

- Type of stock repurchased: Common stock of the Company
- Total number of shares repurchased: 10.83 million shares*
- Total amount of repurchase: 14.9 billion yen
- Period of repurchase: From May 14, 2025 to October 10, 2025
- Method of repurchase: Market transactions on the Tokyo Stock Exchange

* 2.1% of the total number of common shares issued, excluding treasury shares

Cancellation of treasury shares

- Type of stock canceled: Common stock of the Company
- Number of shares canceled: 19.3 million shares
- Amount of shares canceled: 20.0 billion yen
- Cancellation date: May 30, 2025

Reference

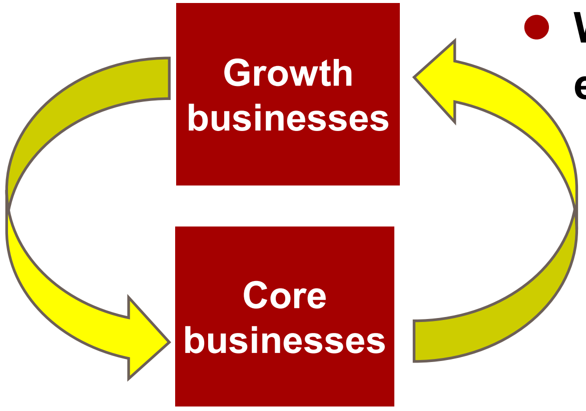
Status of treasury shares held as of December 31, 2025

- Total number of issued shares (excluding treasury shares): 517,850,091 shares
- Number of treasury shares: 23,522,645 shares

The number of treasury shares shown on the left does not include shares owned by trust accounts of an employee stock ownership plan, a Trust-Type Employee Shareholding Incentive Plan and stock compensation plan, which owned 10,107,580 shares as of December 31, 2025.

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

Investment to Strengthen the Business Model



We will enlarge our customer base in growth businesses while we will improve sustainability and profitability in core businesses.
By continually cycling from growth businesses to core businesses and back to growth businesses, we aim to achieve sustained business expansion.

- **We will steadily invest in human capital, product competitiveness and DX promotion to enhance the azbil Group's unique business model.**

> - **Human capital:** Secure and develop essential human resources for executing business strategies (personnel with strong solution capabilities and global talent) to expand both growth and core businesses
> - **Product competitiveness:** Enhance unique measurement and control core technologies, and application technologies, to develop a range of competitive products
> - **DX promotion:** Create digital products and services that meet customer needs, and improve operational efficiency and profitability through DX promotion

Investing in human capital

Total personnel expenses **+32 billion yen**

- Establish environment and HR systems that enhance job satisfaction and a sense of personal growth (evaluation and compensation systems, and flexible work styles)
- Provide programs that foster career autonomy aligned with management strategy
- Provide incentive plans linked to benefits and financial measures

Strengthening product competitiveness

R&D expenses **+9 billion yen**

- Expand cloud/AI app development and strengthen MEMS sensing and actuator technologies
- Engage in co-creation with other companies in core areas of R&D
- Establish an R&D management system; create mechanisms for HR development and intergenerational skills transfer

Promoting DX

DX (IT) investment **+5 billion yen**

- Create products and services using product DX and sales DX
- Reform operational flows through "fit to standard"
- Facilitate intergenerational skills transfer in development, production, engineering, and service by making use of know-how, data, and generative AI
- Strengthen cybersecurity measures

* The above increases in investment are total increase during 3 years of the medium-term plan (FY2025–FY2027).

The azbil Group’s Materiality and its Own SDG Targets

Materiality is identified from the perspective of sustainability and contributing “in series” to a sustainable society. As regards the seven key categories related to business and corporate activities, specific azbil Group SDG targets have been set as Essential Goals of the azbil Group for SDGs. At the same time, as regards the three fundamental obligations to society that a company must fulfill, we have set specific targets for our CSR activities. We will promote sustainability management by implementing initiatives to achieve these targets.

	Materiality		Essential Goals of azbil Group for SDGs: Essential goals		Targets
Business	Environment	Climate change Resource recycling	I Preserving the Earth’s environment and solving energy-related problems through cooperative creation	Environment and energy	● Effective reduction of CO_2 at customers' sites: **3.40 million metric tons of CO_2/year**[*1] (FY2030) ● Reduction targets in greenhouse gas (GHG) emission (science-based target[*2] approved) (FY2030) **55% reduction** in GHG emissions from our business activities (scopes 1+2) compared to 2017 **33% reduction** in GHG emissions throughout the entire supply chain (scope 3) compared to 2017 ● Design all new products to meet **the azbil Group’s own sustainability standards**[*3] and to be **100% recyclable**[*4] (FY2030) ● Increase the number of **skilled professionals**[*6] **for supporting sustainable services**[*5] to **a total of 1,800**[*7]**—triple the number** in FY2021
Business	Innovation		II Realizing sustainable production sites, work environments, and a safe and comfortable society through new automation	New automation	Solving occasional issues as required by society and creating added value through **advanced measurement, a data-driven approach, and autonomy** ● We will achieve a state of resilience to changes in the business environment at **8,000 business sites** by 2030.[*8] ● We will provide environments that support stress-free and diverse work styles to **6 million people** by 2030.[*9]
General corporate activities	Society	Supply chain Contribute to local communities	III Fulfilling our responsibilities to society across our supply chain and contributing to local communities	Supply chain; Social responsibility	● Working with our business partners on achieving SDGs as a common goal and creating **shared CSR value across the supply chain; Evaluating policies, systems, initiatives, and effectiveness using our own evaluation indicators**[*10] ● Social contribution activities rooted in local communities are run at all our business sites,[*11] with the **active participation by every employee**[*12]
General corporate activities	Human resource	Human rights, safety, and health Learning and employee development	IV Strengthening our foundation to solve societal problems through health and well-being management and continuous learning	Health and well-being management; An organization that never stops learning	● Implementing health and well-being management (job satisfaction, health, diversity, eqity and inclusion) Employees expressed satisfaction with working at azbil Group companies in FY2030: **65% or more**[*13] Increase the percentage of women in manegerial positions to **at least 10%**[*14] in FY2030 **Double** the percentage of female managers in the Group's domestic companies by FY2027, compared to FY2017 ● Developing and strengthening “an organization that never stops learning” Employees have experienced personal growth through their work in FY2030: **65% or more**[*13]
Our fundamental obligations	Governance	Product safety and quality Corporate governance Compliance	Fulfilling our fundamental obligations to society		* With regard to product safety and quality and compliance, each department sets indicators and goals directly related to business as a CSR activity plan. The plan includes compliance enhancement, strengthening of response to legal requirements, disaster prevention and BCP, information leak prevention, proper accounting practices, creation of a healthy workplace, enhanced occupational health and safety, assurance of customer safety from product incidents, and respect for human rights. Progress on these initiatives is monitored through the azbil Group CSR Promotion Committee, ensuring maintenance and improvement of such initiatives. * With regard to corporate governance, in 2022 the company transitioned to a three-committee Board structure, and is working to ensure appropriate supervision and effectiveness under a system of Board of Directors with a majority of outside derectors and three statutory committees. - In 2025, the company strengthened its corporate governance by appointing an outside director as the chairperson of the Board of Directors and revising its remuneration policy for officers—expansion of the performance-linked component of the remuneration structure for corporate executives, revision of key performance indicators, and expansion of the scope of “Malus and Clawback policy.”

For notes, please refer to “Notes (2) and (3)” on pages 39-40.

Notes (1)

1. Financial data and financial statements have been prepared based on Japanese GAAP and the amounts have been rounded down.
2. The following are the azbil Group's segments (each identified by abbreviation) together with the various sub-segments and their principal business fields.

   BA: Building Automation

   AA: Advanced Automation
   - Control Product (CP) business: Supplying factory automation products such as controllers and sensors
   - Industrial Automation Product (IAP) business: Supplying process automation products such as differential pressure transmitters, pressure transmitters, and control valves
   - Solution and Service (SS) business: Offering control systems, engineering service, maintenance service, energy-saving solution service, etc.

   LA: Life Automation
   - Lifeline field: Provision of gas meters and water meters, safety equipment such as alarms and automatic shut-off valves, regulators and other products for industry
   - Lifestyle-related field: Provision of residential central air-conditioning systems for houses
3. Net sales for the azbil Group tend to be low in the first quarter of the consolidated accounting period and highest in the fourth quarter. However, fixed costs are generated constantly. This means that profits are typically lower in the first quarter and higher in the fourth quarter.

Notes (2)

4. Essential Goals of the azbil Group for the SDGs

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

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

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

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

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

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

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

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

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

Notes (3)

4. Essential Goals of the azbil Group for the SDGs

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

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

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

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

*13 **Employees expressed satisfaction/have experienced personal growth**: We aim to achieve 65%, which is considered a high level in the azbil Group's annual employee satisfaction survey conducted in Japan, or, in other words, 2/3 of all employees.

*14 **Percentage of women in managerial positions:** The 10% target for female managers applies to Azbil Corporation.

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