

Presentation Materials for the Fiscal Year Ended March 31, 2026

May 13, 2026

Azbil Corporation

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azbil
Engineering the Impossible

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■ Impact of the Middle East situation on the consolidated financial plan

Against the backdrop of the situation in the Middle East (including the conflict involving the United States and Iran), parts of the business environment are currently being affected by such issues as resource prices, logistics, and procurement. Owing to the high degree of uncertainty regarding the impact of the Middle East situation, our consolidated financial plan takes into account only those effects that can be confirmed at this time.

■ Voluntary adoption of International Financial Reporting Standards (IFRS)

The Company will voluntarily adopt International Financial Reporting Standards (IFRS) from the first quarter of FY2026. For details on how this will affect financial figures, refer to page 36.

Highlights

1. Consolidated Financial Results for FY2025

- ✓ In the BA and AA businesses, orders received, sales, and segment profit all increased compared to FY2024 by capturing demand amidst favorable market conditions. In the LA business, however, results decreased due to the impact of the FY2024 transfer of an overseas subsidiary, Azbil Telstar (ATL). Consequently, overall orders received and net sales decreased, while operating income increased compared to FY2024 thanks to measures to strengthen profitability, etc.
If the effect of the transfer is excluded, both orders received and net sales effectively increased.
- ✓ Net income attributable to owners of parent decreased compared to FY2024, mainly because of the recording of gain on sales of equity interests in ATL (7.6 billion yen) as extraordinary income in FY2024.

2. Consolidated Financial Plan for FY2026

- ✓ As regards the impact of the Middle East situation on our businesses, the plan takes into account only what is currently evident.
- ✓ We plan for increased revenue in each business segment, with growth being achieved primarily in the BA business, which has a large order backlog. Inflation is expected to drive up the cost of parts/materials and personnel expenses, thereby impacting profits; however, we will implement measures to strengthen profitability, including cost pass-through, and harness DX to improve operational efficiency. We thus aim to achieve higher business profits.

3. Returning Profits to Shareholders

- ✓ Given the strengthened profitability of our business foundation, supported by results through FY2025, and efficient balance sheet management, FY2025/FY2026 dividends will be increased and the share buyback program will be expanded in FY2026.
- ✓ In FY2026, in addition to increasing the ordinary dividend by 6 yen, we plan to issue a commemorative dividend of 12 yen, making an annual dividend of 50 yen per share.

4. Progress in Implementing the Medium-term Plan

- ✓ FY2025: While financial results varied by business segment, overall performance exceeded the initial plan.
- ✓ FY2026: The Middle East situation has impacted our businesses, but we are responding appropriately, drawing on preparedness and the experience previously gained—from the past supply chain disruptions—to implement countermeasures. By steadily investing in growth, we aim to realize sustainable growth.
- ✓ There is no change to the financial plan for FY2027 at this point; however, a review will be considered at a stage when the current uncertain conditions become more foreseeable, also taking progress under the current medium-term plan into account.

5. Aiming for Further Growth as We Mark our 120th Anniversary: Adopting New Branding and Fostering a Creative, Rewarding Work Environment

- ✓ We define and announce the azbil Group's Purpose and Vision.

1. Consolidated Financial Results for FY2025

1. Consolidated Financial Results for FY2025

Consolidated Financial Results

In the BA and AA businesses, orders received, sales, and segment profit all increased compared to FY2024 by capturing demand amidst favorable market conditions. In the LA business, however, results decreased due to the impact of the FY2024 transfer of an overseas subsidiary, Azbil Telstar (ATL). Consequently, overall orders received and net sales decreased, while operating income increased compared with 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** rose for the BA business, but fell significantly for the LA business because of the FY2024 transfer of equity interests in ATL (impact: a reduction of 15.5 billion yen); consequently, overall orders received decreased compared to FY2024.
- **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 FY2024. The plan was achieved.
- **Operating income** increased significantly owing to profitability-strengthening measures, including cost pass-through, despite increases in personnel and other expenses. Consequently, operating income was higher than FY2024, and the plan was exceeded.
- **Ordinary income** increased significantly compared to FY2024, owing mainly to the growth in operating income. The plan was exceeded thanks to the recording of foreign exchange gains.
- **Net income attributable to owners of parent** decreased compared to FY2024, mainly because of the recording of gain on sale of equity interests in ATL (7.6 billion yen) as extraordinary income in FY2024. The plan was far exceeded, mainly due to the recording of gain on sale of investment securities.

	(Billions of yen)				(Billions of yen)		
	FY2024	FY2025	Difference		Plan (Oct. 30, 2025)	Difference	
	(A)	(B)	(B) - (A)	% Change		(C)	(B) - (C)
Orders received	304.7	302.3	(2.3)	(0.8)			
	289.1		13.1	4.6			
Net sales	300.3	298.9	(1.4)	(0.5)	298.0	0.9	0.3
	285.7		13.1	4.6			
Japan	237.2	246.5	9.3	3.9			
Overseas	63.1	52.4	(10.7)	(17.0)			
Gross profit	131.8	139.5	7.7	5.9			
<i>Margin</i>	43.9	46.7	2.8pp				
SG&A	90.3	92.2	1.8	2.1			
	86.8		5.3	6.2			
Operating income	41.4	47.3	5.8	14.0	45.5	1.8	4.0
	41.0		6.2	15.2			
<i>Margin</i>	13.8	15.8	2.0pp		15.3	0.6pp	
	14.4		1.5pp				
Ordinary income	42.1	48.7	6.5	15.6	45.5	3.2	7.2
Income before income taxes	53.1	50.7	(2.3)	(4.5)			
Net income attributable to owners of parent	40.9	38.5	(2.3)	(5.8)	33.5	5.0	15.1
<i>Margin</i>	13.6	12.9	(0.7)pp		11.2	1.7pp	

Reference: The impact of foreign exchange rate fluctuations (compared with the same period of FY2024)
 0.3 billion yen for net sales
 0.0 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 currencies.

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

1. Consolidated Financial Results for FY2025

Financial Results by Segment

■ **BA: Orders received** increased compared to FY2024, due to growth in the field for existing buildings as well as in overseas business. **Sales** also increased compared to FY2024, thanks to growth in the fields for existing buildings, service, and overseas business. The plan was exceeded. **Segment profit** grew significantly owing to higher sales, leading to increased profit, as well as the success of measures to strengthen profitability, despite an increase in expenses. The plan was also exceeded.

■ **AA: Orders received** decreased in the overseas process automation (PA) market for a transitory reason, but increased in the domestic PA market, as well as in the domestic and overseas factory automation (FA) markets. Overall orders received were on a par with FY2024. **Sales** rose compared to FY2024, driven by growth in the domestic and overseas PA markets and in the overseas FA market, but falling slightly short of the plan.

Segment profit grew significantly owing to higher sales leading to increased profit, as well as the product mix and success of measures to strengthen profitability, despite an increase in expenses. The plan was achieved.

■ **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 received and sales increased, and segment profit was lower compared to FY2024. The plan was not achieved.

		(Billions of yen)				(Billions of yen)		
		FY2024	FY2025	Difference		Plan	Difference	
		(A)	(B)	(B) - (A)	% Change	(Nov. 5, 2025)	(B) - (C)	% Change
		(A)	(B)	(B) - (A)	% Change	(C)	(B) - (C)	% Change
■ B A	Orders received	153.6	163.7	10.1	6.6			
	Sales	148.7	156.3	7.5	5.1	154.0	2.3	1.5
	Segment profit	24.3	28.9	4.5	18.6	27.0	1.9	7.0
	<i>Margin</i>	16.4	18.5	2.1pp		17.5	1.0pp	
■ A A	Orders received	105.9	106.2	0.2	0.2			
	Sales	106.8	110.7	3.8	3.6	111.0	(0.2)	(0.2)
	Segment profit	15.9	17.8	1.8	11.3	17.5	0.3	1.7
	<i>Margin</i>	15.0	16.1	1.1pp		15.8	0.3pp	
■ L A	Orders received	46.8	33.9	(12.9)	(27.6)			
		31.3		2.6	8.4			*
	Sales	46.6	33.3	(13.2)	(28.5)	34.5	(1.1)	(3.4)
		32.0		1.3	4.1			*
	Segment profit	1.1	0.6	(0.5)	(46.2)	1.0	(0.3)	(36.9)
		0.7		(0.1)	(15.6)			*
	<i>Margin</i>	2.5	1.9	(0.6)pp		2.9	(1.0)pp	
		2.3		(0.4)pp				*

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

1. Consolidated Financial Results for FY2025

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 CO₂ 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 compared to FY2024 owing to the recording of large-scale projects in the fields for existing buildings as well as in the overseas business, in addition to benefitting from robust market conditions.
- Sales increased compared to FY2024. This was due to steady sales growth in the fields for existing buildings and service, thanks in part to progress made with load-leveling initiatives, as well as growth in the overseas business, despite a decline in the field for new buildings owing to the fact that they were at a high level in FY2024 when large-scale projects were recorded. The plan was exceeded.
- Segment profit grew significantly compared to 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 increases in DX-related and personnel expenses, and higher outsourcing costs. The plan was exceeded.

(Billions of yen)

	FY2024 (A)	FY2025 (B)	Difference	
			(B) - (A)	% Change
Orders received	153.6	163.7	10.1	6.6
Sales	148.7	156.3	7.5	5.1
Segment profit	24.3	28.9	4.5	18.6
<i>Margin</i>	16.4	18.5	2.1pp	

(Billions of yen)

Plan (Nov. 5, 2025) (C)	Difference	
	(B) - (C)	% Change
154.0	2.3	1.5
27.0	1.9	7.0
17.5	1.0pp	

1. Consolidated Financial Results for FY2025

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, it is necessary to monitor future developments and the impact of geopolitical risks in the Middle East and U.S.-China trade friction on supply chains and capital investment in the manufacturing sector.

- Orders received were on a par with 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. Also, FA market orders grew from the second half.
- Sales increased compared to FY2024—though falling slightly short of the plan—thanks to growth in the domestic and overseas PA markets; there was also growth in FA market sales, as with orders, from the second half.
- Segment profit grew significantly compared to FY2024 owing to higher revenue leading to increased profit, as well as the product mix and success of measures to strengthen profitability, including cost pass-through, and despite increases in personnel and other expenses, coupled with increased investments in the overseas market and DX. The plan was achieved.

(Billions of yen)

	FY2024	FY2025	Difference	
	(A)	(B)	(B) - (A)	% Change
Orders received	105.9	106.2	0.2	0.2
Sales	106.8	110.7	3.8	3.6
Segment profit	15.9	17.8	1.8	11.3
<i>Margin</i>	15.0	16.1	1.1pp	

(Billions of yen)

Plan (Nov. 5, 2025)	Difference	
	(B) - (C)	% Change
111.0	(0.2)	(0.2)
17.5	0.3	1.7
15.8	0.3pp	

1. Consolidated Financial Results for FY2025

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 whose statutory inspection/verification period is due to expire. 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 significantly compared to 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 significantly owing to the impact of the ATL transfer. If the effect of the transfer is excluded, sales increased compared to FY2024, but the plan was not achieved.
- Segment profit decreased compared to FY2024 owing to soaring prices for parts/materials, and an increase in personnel expenses, in addition to the impact of the ATL transfer, and despite the implementation of measures to strengthen profitability and reduce expenses. The plan was not achieved.

	(Billions of yen)		Difference	
	FY2024 (A)	FY2025 (B)	(B) - (A)	% Change
Orders received	46.8	33.9	(12.9)	(27.6)
	31.3		2.6	8.4
Sales	46.6	33.3	(13.2)	(28.5)
	32.0		1.3	4.1
Segment profit	1.1	0.6	(0.5)	(46.2)
	0.7		(0.1)	(15.6)
Margin	2.5	1.9	(0.6)pp	
	2.3		(0.4)pp	

	(Billions of yen)	
	Plan (Nov. 5, 2025) (C)	Difference (B) - (C) % Change
	34.5	(1.1) (3.4)
	1.0	(0.3) (36.9)
	2.9	(1.0)pp

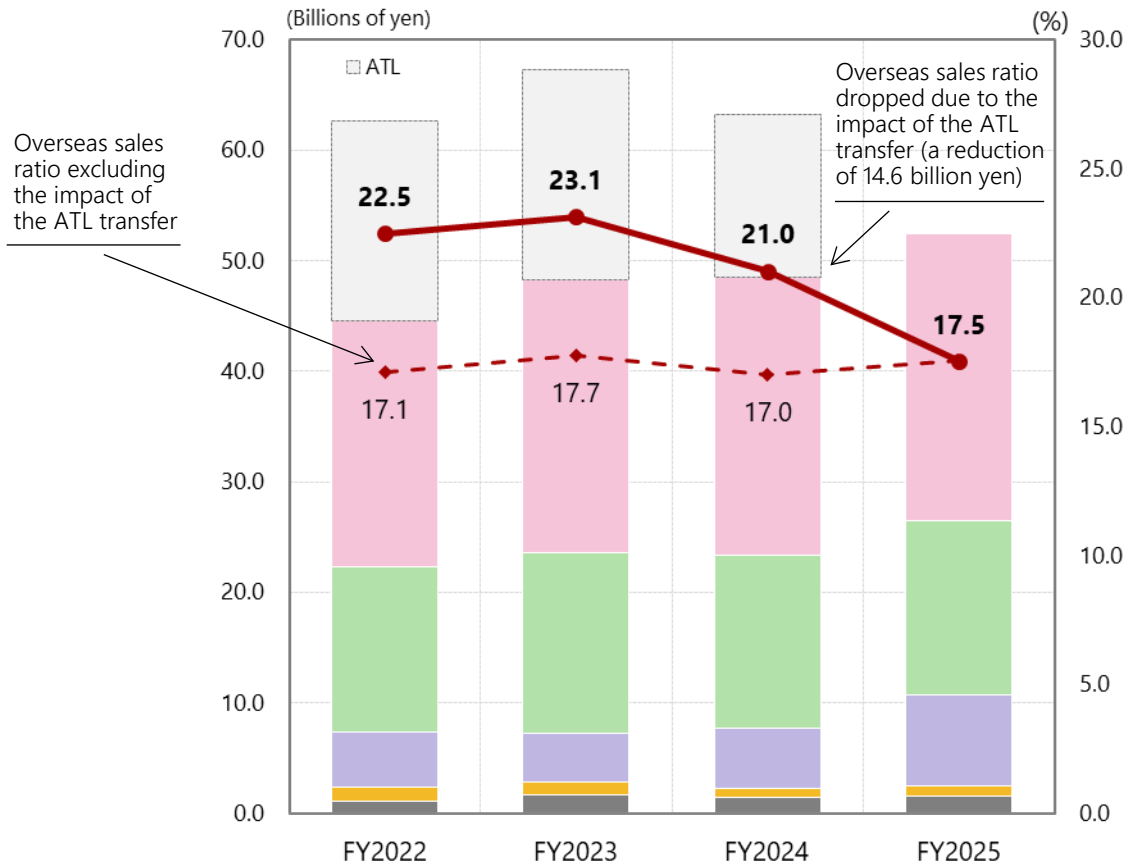
The Company transferred all equity interests in ATL, which had played a central role in the Life Science Engineering field, on October 31, 2024. As the profit (loss) of ATL and its subsidiaries had been included in the Company's scope of consolidation until the end of the third quarter of FY2024, the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

1. Consolidated Financial Results for FY2025

Overseas Sales by Region

- Overseas sales decreased by 17.0% mainly due to the impact of the FY2024 transfer of Azbil Telstar (ATL). The overseas sales ratio was 17.5%. (The tables and graph below show ATL sales and regional sales trends excluding ATL.)
- BA business sales increased, mainly in Asia. AA business sales increased significantly in North America, and overall AA sales were higher than FY2024. LA business sales decreased significantly owing to the impact of the ATL transfer.



Overseas sales excluding ATL

	(Billions of yen)			
	FY2022	FY2023	FY2024 (A)	FY2025 (B)
Asia (ex-China)	22.2	24.6	25.1	26.0
China	14.9	16.3	15.6	15.7
North America	4.9	4.4	5.4	8.2
Europe	1.3	1.1	0.7	0.8
Others	1.0	1.6	1.4	1.5
Consolidated	44.5	48.2	48.5	52.4
Overseas sales / Net sales ratio (%)	17.1	17.7	17.0	17.5
ATL sales	18.0	19.1	14.6	-

Difference	
(B) - (A)	% Change
0.8	3.2
0.1	0.7
2.7	50.0
0.0	11.9
0.1	7.9
3.8	8.0

Overseas sales including ATL

Consolidated	62.6	67.3	63.1	52.4
Overseas sales / Net sales ratio (%)	22.5	23.1	21.0	17.5

(10.7)	(17.0)
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Reference

Average exchange rate	USD/JPY	131.64	140.66	151.69	150.67
	EUR/JPY	138.15	152.10	164.54	174.64
	CNY/JPY	19.50	19.82	21.11	21.22

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

1. Consolidated Financial Results for FY2025

Consolidated Financial Position

- **Assets:** Total assets increased due to an increase in cash and deposits, as well as an increase in investment securities (investments and other assets) caused by a rise in the market value of shareholdings.
- **Liabilities:** Current liabilities decreased owing to the fact that, following the switch to an employee stock ownership plan with restricted stock, the first grant was made to current employees, but long-term borrowings increased due to borrowing, through a trust scheme, of funds from external financial institutions necessary for the acquisition of the Company's own stock in connection with readoption of the Trust-Type Employee Shareholding Incentive Plan. Total liabilities increased.
- **Net assets:** Net assets increased mainly due to the recording of net income attributable to owners of parent and an increase in valuation difference on available-for-sale securities, despite a decrease due to the payment of dividends as well as the repurchase of the Company's own stock pursuant to a resolution of the Board of Directors.

	As of Mar. 31, 2025 (A)	As of Mar. 31, 2026 (B)	Difference (B) - (A)
Current assets	230.7	238.9	8.1
Cash and deposits	88.4	95.2	6.7
Trade receivables	91.7	95.5	3.8
Securities	6.4	5.0	(1.4)
Inventories	37.6	36.0	(1.5)
Other	6.5	7.0	0.5
Non-current assets	84.3	93.2	8.9
Property, plant and equipment	41.1	42.7	1.6
Intangible assets	7.4	8.3	0.8
Investments and other assets	35.6	42.1	6.5
Total assets	315.0	332.2	17.1

	As of Mar. 31, 2025 (A)	As of Mar. 31, 2026 (B)	Difference (B) - (A)
Liabilities	74.5	76.2	1.6
Current liabilities	67.7	64.3	(3.4)
Trade payables	16.0	16.7	0.7
Short-term borrowings	4.8	4.8	(0.0)
Other	46.8	42.7	(4.0)
Non-current liabilities	6.7	11.8	5.1
Long-term borrowings	0.6	5.0	4.4
Other	6.1	6.8	0.6
Net assets	240.5	255.9	15.4
Shareholders' equity	218.5	226.8	8.2
Share capital	10.5	10.5	-
Capital surplus	12.2	12.2	-
Retained earnings	237.6	242.9	5.3
Treasury shares	(41.9)	(38.9)	2.9
Accumulated other comprehensive income	18.6	26.0	7.4
Non-controlling interests	3.3	3.1	(0.1)
Total liabilities and net assets	315.0	332.2	17.1
ROE (%)	17.9	15.7	(2.2)pp
Shareholders' equity ratio (%)	75.3	76.1	0.8pp

(Billions of yen)

1. Consolidated Financial Results for FY2025

Consolidated Cash Flows

- Net cash flow provided by operating activities decreased due to higher income tax payments. As for net cash flow from investing activities, while cash was generated in FY2024 from the sale of investments in capital of associated companies, including Azbil Telstar (ATL), in FY2025 net cash used was 6.4 billion yen due to ongoing capital investments to strengthen production base. Consequently, free cash flow decreased compared to FY2024.
- Net cash flow from financing activities was on a par with FY2024. While expenditure increased as a result of dividend payments, short-term borrowings by some overseas subsidiaries were repaid in FY2024.

(Billions of yen)

	FY2024 (A)	FY2025 (B)	Difference	
			(B) - (A)	% Change
Net cash provided by (used in) operating activities	43.9	38.0	(5.9)	(13.5)
Net cash provided by (used in) investing activities	2.0	(6.4)	(8.5)	-
Free cash flow	45.9	31.5	(14.4)	(31.4)
Net cash provided by (used in) financing activities	(29.7)	(30.0)	(0.2)	-
Effect of exchange rate change on cash and cash equivalents	0.1	3.1	3.0	-
Net increase (decrease) in cash and cash equivalents	16.3	4.6	(11.7)	(71.7)
Cash and cash equivalents at beginning of period	75.5	92.6	17.0	22.5
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	0.2	0.2	-
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	0.7	0.4	(0.2)	(34.5)
Cash and cash equivalents at end of period	92.6	97.9	5.2	5.7

Reference

Capital investment	9.8	7.9	(1.8)	(19.1)
Depreciation	6.7	7.0	0.3	5.2

2. Consolidated Financial Plan for FY2026

- As noted on page 2, against the backdrop of the situation in the Middle East (including the conflict involving the United States and Iran), parts of the business environment are currently being affected by such issues as resource prices, logistics, and procurement. Owing to the high degree of uncertainty regarding the impact of the Middle East situation, our consolidated financial plan takes into account only those effects that can be confirmed at this time.
- The Company will voluntarily adopt International Financial Reporting Standards (IFRS) from the first quarter of FY2026. For details on how this will affect financial figures, refer to page 36.

2. Consolidated Financial Plan for FY2026

Consolidated Financial Plan

As regards the impact of the Middle East situation on our businesses, the plan takes into account only what is currently evident. We plan for increased revenue in each business segment, with growth being achieved primarily in the BA business, which has a large order backlog. Inflation is expected to drive up the cost of parts/materials and personnel expenses, thereby impacting profits; however, we will implement measures to strengthen profitability, including cost pass-through, and harness DX to improve operational efficiency. We thus aim to achieve higher business profits.

- The BA business environment continues to be robust. In the AA business, the recovery in the FA market that began at the end of FY2025 is expected to continue.
- The extent and duration of the impact of the Middle East situation on industry and the economy are unknown, and there is increasing uncertainty as regards the business environment. Nevertheless, we will closely monitor developments and—drawing on preparedness and the experience previously gained from the COVID-19 pandemic and other crises—we will work to mitigate the impact by responding swiftly and appropriately.
- While inflation and further increases in labor and other costs are expected, our outlook on future business opportunities involving automation technologies is unchanged. We will make steady progress in actively investing in strengthening our human capital, enhancing product competitiveness, and advancing DX.

(Billions of yen)

	FY2025 Full year results J-GAAP	FY2025 Full year results IFRS ^{*1} (A)	FY2026			Difference	
			H1 plan IFRS	H2 plan IFRS	Full year plan IFRS (B)	(B) - (A)	% Change
Revenue ^{*2}	298.9	298.9	139.5	175.5	315.0	16.0	5.4
Business profit ^{*3}	47.3	46.2	17.3	30.9	48.2	1.9	4.3
Margin	15.8	15.5	12.4	12.4	15.3	(0.2)pp	
Profit attributable to owners of parent	38.5	36.4	12.4	22.9	35.3	(1.1)	(3.1)
Margin	12.9	12.2	8.9	13.0	11.2	(1.0)pp	

Reference: Exchange rates
 FY2025 USD/JPY 150, CNY/JPY 21.2
 FY2026 USD/JPY 156, CNY/JPY 22.2

*1 These are preliminary figures that have not yet been audited and so may be subject to revision.

*2 "Net sales" under Japanese accounting standards (J-GAAP) is presented as "revenue".

*3 "Operating income" is used for FY2025 (J-GAAP).

2. Consolidated Financial Plan for FY2026

Financial Plan by Segment (1)

- BA: Revenue is expected to increase against the backdrop of robust market conditions and a large order backlog. Although there will be increases in outsourcing cost and personnel expenses, the plan anticipates increased profits resulting from revenue growth and such measures as increasing margins at the point of order receipt and effecting cost pass-through.
- AA: The impact of geopolitical risks is a cause for concern, but we plan for increased revenue thanks to the FA market recovery. We will continue implementing measures to strengthen profitability, but anticipate business profits on a par with FY2025 owing to rising costs for parts/materials and increased personnel expenses, and the effect of the FY2025 product mix.
- LA: We plan to increase revenue primarily through growth in the Lifeline field, and while personnel and other expenses are expected to rise, we anticipate higher profits due to the success of measures to improve profitability, including price adjustments.

(Billions of yen)

		FY2025 Full year results J-GAAP	FY2025 Full year results IFRS ^{*1} (A)	FY2026			Difference	
				H1 plan IFRS	H2 plan IFRS	Full year plan IFRS (B)	(B) - (A)	% Change
■ BA	Revenue ^{*2}	156.3	156.3	68.3	97.7	166.0	9.6	6.2
	Business profit ^{*3}	28.9	28.3	8.7	21.3	30.0	1.6	5.9
	Margin	18.5	18.1	12.7	21.8	18.1	(0.1)pp	
■ AA	Revenue ^{*2}	110.7	110.7	54.2	60.8	115.0	4.2	3.9
	Business profit ^{*3}	17.8	17.3	8.1	9.1	17.2	(0.1)	(1.1)
	Margin	16.1	15.7	14.9	15.0	15.0	(0.8)pp	
■ LA	Revenue ^{*2}	33.3	33.3	17.5	17.8	35.3	1.9	5.9
	Business profit ^{*3}	0.6	0.5	0.5	0.5	1.0	0.4	99.9
	Margin	1.9	1.5	2.9	2.8	2.8	1.3pp	

*1 These are preliminary figures that have not yet been audited and so may be subject to revision.

*2 "Net sales" under Japanese accounting standards (J-GAAP) is presented as "revenue".

*3 "Operating income" is used for FY2025 (J-GAAP).

Financial Plan by Segment (2)

BA

Revenue is expected to increase against the backdrop of robust market conditions and a large order backlog. Although there will be increases in outsourcing cost and personnel expenses, the plan anticipates increased profits resulting from revenue growth and such measures as increasing margins at the point of order receipt and effecting cost pass-through.

- The business environment both in Japan and overseas will remain robust, and, supported by a large order backlog, we anticipate revenue growth in the fields for existing buildings and service, and in overseas business. We will also continue to engage in load-leveling initiatives.
- Despite increases in outsourcing costs and other expenses, as well as higher personnel and DX-related expenses for growth, the plan will achieve higher profits through revenue growth, mainly in the profitable existing building and service fields, as well as through measures to strengthen profitability, such as improved margins at the point of order receipt and appropriate cost pass-through.

AA

The impact of geopolitical risks is a cause for concern, but we plan for increased revenue thanks to the FA market recovery. We will continue implementing measures to strengthen profitability, but anticipate business profit on a par with FY2025 owing to rising costs for parts/materials and increased personnel expenses, and the effect of the FY2025 product mix.

- While the impact of the Middle East situation on the macroeconomy and capital investment remains uncertain, we currently anticipate continued investment in the PA markets and a recovery in the FA markets (including the semiconductor manufacturing equipment market). We plan to increase revenue by decisively capturing the growing demand in both the PA and FA markets.
- Although we expect a positive, continued effect from increased revenue and measures to strengthen profitability, including cost pass-through, we anticipate segment profit will be on a par with FY2025 owing to rising costs for parts/materials and labor, as well as some recoil from the recording of highly profitable projects in FY2025.

LA

We plan to increase revenue primarily through growth in the Lifeline field, and while personnel and other expenses are expected to rise, we anticipate higher profits due to the success of measures to improve profitability, including price adjustments.

- 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*. Growth is also projected in the residential central air-conditioning systems field.
- Despite soaring prices for materials such as copper, as well as increased labor costs and other expenses, we plan to achieve higher profits thanks to increased revenue and measures to enhance profitability such as cost pass-through, sales initiatives focused on profitability, and replacement from conventional meters to smart meters.

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

3. Returning Profits to Shareholders

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.

3. Returning Profits to Shareholders

Further Improvement in Shareholder Returns: DOE to Exceed Target Level Set in Current Medium-term Plan

In view of the strengthened profitability of our business foundation and efficient balance sheet management, FY2025/FY2026 dividends will be increased and the share buyback program will be expanded in FY2026.

By implementing initiatives in the medium-term plan, we have continued to strengthen the foundation of business profitability, and our FY2025 financial results exceeded the initial plan. In order to enhance shareholder returns and improve capital efficiency, we will increase FY2025/FY2026 dividends and expand the share buyback program in FY2026. This is because it has been determined that, going forward, we will be able to secure the necessary funds, partly through debt financing, even while investing for growth and even if the business environment deteriorates due to geopolitical risks.



* 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:

FY2025 azbil Group ROIC (trial calculation) was 11.5% applying J-GAAP, 11.3% applying IFRS.

Weighted average cost of capital (WACC) was 7.6%.

3. Returning Profits to Shareholders

Plan for FY2025 Year-end Dividend and FY2026 Annual Dividend

FY2025 dividend	The year-end dividend is to be increased by 6 yen to 19 yen, making an annual dividend of 32 yen per share. DOE is 6.7%, exceeding the target level of the medium-term plan (6.0%) ahead of schedule.
FY2026 dividend	In addition to a dividend increase of 6 yen, a 120th anniversary commemorative dividend of 12 yen is to be issued, which would make a projected annual dividend of 50 yen per share. DOE will rise to 10.7%.

- In FY2025, net income attributable to owners of parent significantly exceeded the figure in the revised financial plan announced in October. Because of this, combined with the fact that business profitability has steadily improved, the year-end dividend*1 is to be increased by 6 yen, making an annual dividend of 32 yen per share.
- Also, in FY2026, based on our policy of enhancing shareholder returns and aiming to further improve our stable dividend level, we plan to increase the ordinary dividend by 6 yen, resulting in an interim dividend of 19 yen per share, a year-end dividend of 19 yen per share, and an annual dividend of 38 yen per share. In addition, as we are celebrating our 120th anniversary in FY2026, to express our gratitude to the shareholders we plan to issue a commemorative dividend of 12 yen per share at the time that the interim dividend is paid. (It is planned total interim dividend of 31 yen per share.)
- In FY2024 a revised stock ownership plan (J-ESOP-RS) was adopted for all employees, and the FY2026 dividend, including the commemorative dividend, will thus serve as a way for them to also share in the profits. At the same time, from the perspective of sharing value with shareholders, it will also act as an incentive to foster engagement in the business, thereby contributing to the enhancement of enterprise value.

(Yen)

	FY2025						FY2026		
	Initial plan (May 13, 2025)			Revised plan (May 13, 2026)			Plan (May 13, 2026)		
	Interim	Year-end	Annual	Interim	Year-end (Plan)	Annual (Plan)	Interim (Plan)	Year-end (Plan)	Annual (Plan)
Ordinary dividend	13.0	13.0	26.0	13.0	19.0	32.0	19.0	19.0	38.0
120th anniversary commemorative dividend	-	-	-	-	-	-	12.0	-	12.0
Dividend per share	13.0	13.0	26.0	13.0	19.0 ^{*1}	32.0	31.0	19.0	50.0
Payout ratio	42.6%			42.2% ^{*2}			72.1% ^{*3}		
							54.8% ^{*4}		
Dividend on equity (DOE)	5.5%			6.7% ^{*2}			10.7% ^{*5}		
							8.0% ^{*4}		

*1 A year-end dividend for FY2025 will be paid after the approval of the Ordinary General Meeting of Shareholders as an item of appropriation of surplus on June 24, 2026.

*2 FY2025 calculations are based on J-GAAP.

*3 Calculating net income per share and estimating the IFRS-based dividend payout ratio, after taking into account the effect of the repurchase of own stock in FY2026.

*4 Payout ratio and DOE excluding commemorative dividend

*5 The following factors have been taken into account for the trial calculation of DOE (IFRS), which is based on shareholders' equity as of March 31, 2026: repurchase of own stock in FY2026, year-end dividends for FY2025, interim dividends for FY2026, profit attributable to owners of parent for the full year in the consolidated financial plan for FY2026.

3. Returning Profits to Shareholders

Repurchase of Own Stock

Repurchase of own stock

It is planned to repurchase the Company's own stock up to a maximum of 20.0 billion yen or 32 million shares.

- 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 will repurchase own stock to practice disciplined capital management, improve capital efficiency, and increase shareholder returns.
- The extent and duration of the impact of the Middle East situation on industry and the economy are unknown, and there is increasing uncertainty as regards the business environment. However, as with dividends, the share buyback program will be funded strictly by our financial results to date. Furthermore, considering (1) the strengthened profitability of our business foundation, and (2) leveraging external debt going forward, it has been determined that we will be able to continue making investments for growth and enhancing shareholder returns.
- Note that, while we have usually cancelled such repurchased shares at a suitable time, in this case, given the uncertainty surrounding the future business environment, we do not plan to cancel the repurchased shares immediately. Instead, they will be held as treasury shares for the time being to ensure that our capital policy options offer sufficient flexibility to respond to future changes in the business environment.

Repurchase of own stock

- | | |
|--|---|
| 1. Type of stock to be repurchased: | Common stock of the Company |
| 2. Total number of shares to be repurchased: | Up to 32.00 million shares* |
| 3. Total amount of repurchase: | Up to 20.0 billion yen |
| 4. Period of repurchase: | From May 14, 2026 to October 30, 2026 |
| 5. Method of repurchase: | Market transactions on the Tokyo Stock Exchange |

* 6.2% of the total number of common shares issued, excluding treasury shares

Reference: Status of treasury shares held as of March 31, 2026

- Total number of issued shares (excluding treasury shares):
- Number of treasury shares:

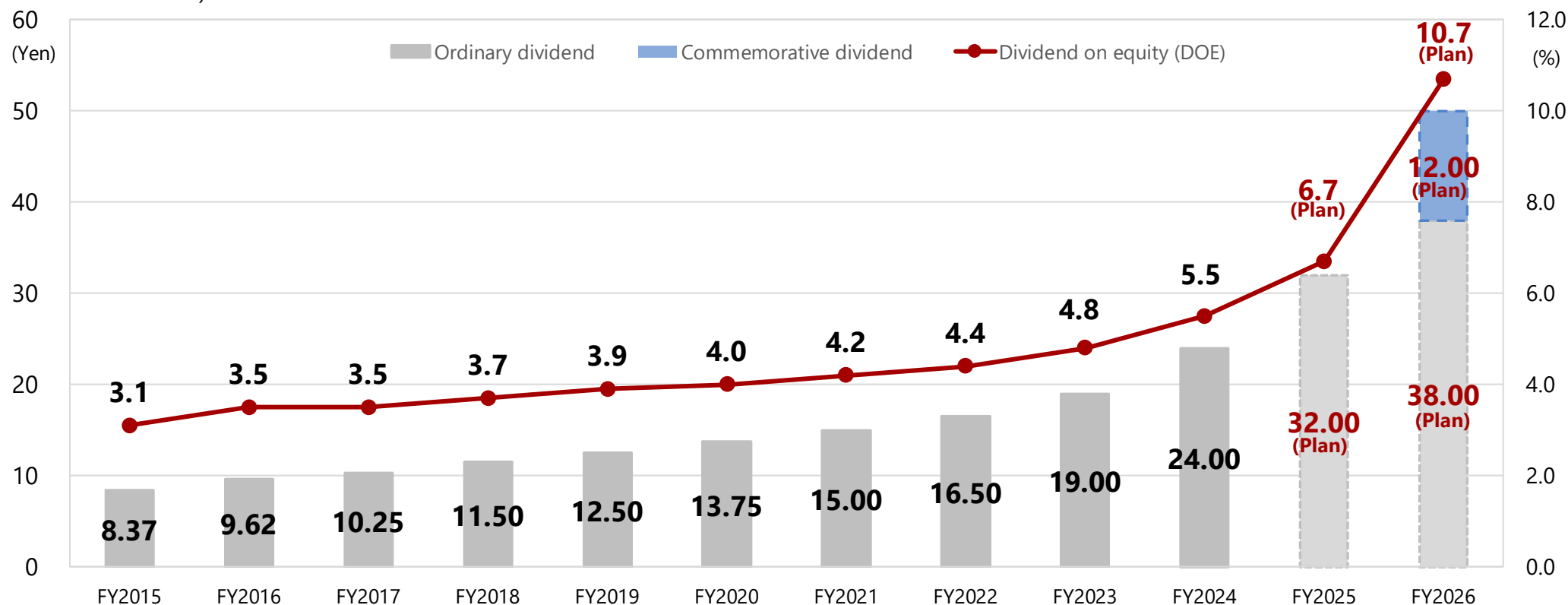
517,850,091 shares
23,522,645 shares

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 9,814,916 shares as of March 31, 2026.

3. Returning Profits to Shareholders

Trend of Shareholder Returns

- We plan to increase an annual dividend for FY2025 by 8 yen per share. Furthermore, in FY2026, in addition to increasing the ordinary dividend for the 12th consecutive year, we plan to issue a commemorative dividend (an annual dividend of 50 yen per share, which will be 18 yen higher than 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	20.0 (Plan)
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	32.00 (Plan)

*1 Up to FY2025, DOE has been calculated in accordance with J-GAAP; from FY2026, IFRS will be applied.

*2 The dividend per share and total number of own shares purchased 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

4. Progress in Implementing the Medium-term Plan

Medium-term Plan (FY2025–FY2027)

- Under the **current medium-term plan**, whose key theme is **Evolution and Co-creation**, and employing the **azbil Group's unique business model**, we will actively make necessary investments to strengthen our human capital, enhance product competitiveness, and advance DX. We aim to achieve increased sales and enhanced profitability, and, through further business expansion, to realize the well-being of society and Group employees.
- FY2025: While results varied by business segment, we **achieved overall financial results that exceeded the initial plan**.
- FY2026: The Middle East situation has impacted our businesses; however, we are responding appropriately, drawing on preparedness and the experience previously gained—from past supply chain disruptions—to implement countermeasures. By **steadily investing in growth**, we aim to realize sustainable growth.
- There is no change to the financial plan for FY2027 at this point; however, a review will be considered at a stage when the current uncertain conditions become more foreseeable, also taking progress under the current medium-term plan into account.



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.



Cycling from growth to core and back to growth businesses

- As regards the impact of the Middle East situation, the FY2026 plan takes into account only what is currently evident.
- For FY2027, a review will be considered at a stage when the current uncertain conditions become more foreseeable, also taking progress under the current medium-term plan into account.

[bil.yen = billion yen]	FY2024 results	FY2025 initial plan May 13, 2025	FY2025 results (IFRS basis)	FY2026 plan (IFRS basis) May 13, 2026	FY2027 formulated May 2025	Long-term targets (formulated in May 2025)
Revenue	300.3 bil.yen 285.7 bil.yen *1	297.0 bil.yen	298.9 bil.yen	315.0 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]	[52.4 bil.yen]	[56.5 bil.yen]	[62.0 bil.yen]	[100.0 bil.yen]
Business profit	41.4 bil.yen	43.0 bil.yen	46.2 bil.yen	48.2 bil.yen	51.0 bil.yen	65.0 bil.yen
Margin	13.8%	14.5%	15.5%	15.3%	15.0%	15.5%
ROE	17.9% *2	13.1%	15.4%	15.0%	14%	15%

*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%.

4. Progress in Implementing the Medium-term Plan

The azbil Group's Unique Business Model



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.

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

4. Progress in Implementing the Medium-term Plan

Progress in Each Business

- We are implementing measures aimed at strengthening the unique business model of the azbil Group and tailored to the business environment and characteristics of each segment. In FY2025, growth was driven mainly by the BA and AA businesses.

BA

- Growth in the fields for existing buildings and service exceeded the plan. Orders received for data center projects also grew, in Japan and overseas. The profit margin exceeded the target set for the final year of the medium-term plan.
- From FY2026 onwards we will continue to focus on our domestic business in the fields for existing buildings and service while engaging in overseas expansion initiatives.

AA

- In FY2025, the product mix contributed to achieving a business profit margin of 15.7%. In the PA market, both growth and core businesses achieved expansion.
- The FA market recovery was delayed beyond what had been anticipated, impacting our financial results. Although there is an impact from product mix, to catch up to the level set in the plan, we will implement business management that is precisely tailored to region and product.

LA

- It is taking longer than expected to develop smart metering as a service, launch new products and expand sales.
- While implementing measures to enhance profitability such as cost pass-through, sales initiatives focused on profitability, and replacement to smart meters, we will aim to expand high-value-added businesses that offer solutions to societal issues, such as leak detection.

Overseas

- Initiatives to expand the customer base in both our BA and AA businesses—for example, by developing global account customers—have achieved a degree of success.
- We are implementing initiatives that make the most of regional characteristics, as demonstrated by our establishment of a new sales base in the Johor-Singapore Special Economic Zone (JS-SEZ) in Malaysia.

There is no change to the financial plan for FY2027 at this point; however, a review will be considered at a stage when the current uncertain conditions become more foreseeable, also taking progress under the current medium-term plan into account.

		FY2024 results ^{*1} J-GAAP	FY2025 results IFRS ^{*2}	FY2026 plan May 13, 2026	FY2027 formulated May 2025
azbil Group	Revenue ^{*3}	285.7	298.9	315.0	340.0
	Overseas	48.5	52.4	56.5	62.0
	Business profit ^{*4}	41.0	46.2	48.2	51.0
	Margin ^{*4}	14.4%	15.5%	15.3%	15.0%
BA	Revenue	148.7	156.3	166.0	174.0
	Overseas	14.4	15.7	17.7	18.5
	Business profit	24.3	28.3	30.0	26.9
	Margin	16.4%	18.1%	18.1%	15.5%
AA	Revenue	106.8	110.7	115.0	123.0
	Overseas	32.0	34.9	36.8	41.0
	Business profit	15.9	17.3	17.2	21.0
	Margin	15.0%	15.7%	15.0%	17.1%
LA	Revenue	32.0	33.3	35.3	43.0
	Overseas	2.1	1.7	2.0	2.5
	Business profit	0.7	0.5	1.0	2.8
	Margin	2.3%	1.5%	2.8%	6.5%

*1 The figures exclude the results of Azbil Telstar.

*2 FY2025 results (IFRS basis) present preliminary figures that have not yet been audited and so may be subject to revision.

*3 What is treated as "net sales" according to Japanese accounting standards (J-GAAP) is expressed as "revenue".

*4 For FY2024 (J-GAAP), "operating income" is used.

4. Progress in Implementing the Medium-term Plan

Measures to Enhance Profitability and Progress: Profitability Improvement Continues

- Operating income (business profit) and margin for FY2025 were 46.2 billion yen and 15.5% respectively (IFRS basis), representing a significant increase compared to FY2024. Steady progress was being made with various initiatives aimed at improving business profitability.
- Regarding FY2026, the plan anticipates that prices for parts/materials will rise beyond initial projections, and that selling, general, and administrative (SG&A) expenses, including personnel expenses, will increase. However, we plan to continue implementing measures to improve profitability, including cost pass-through.

Measures to strengthen profitability

Improving the business mix

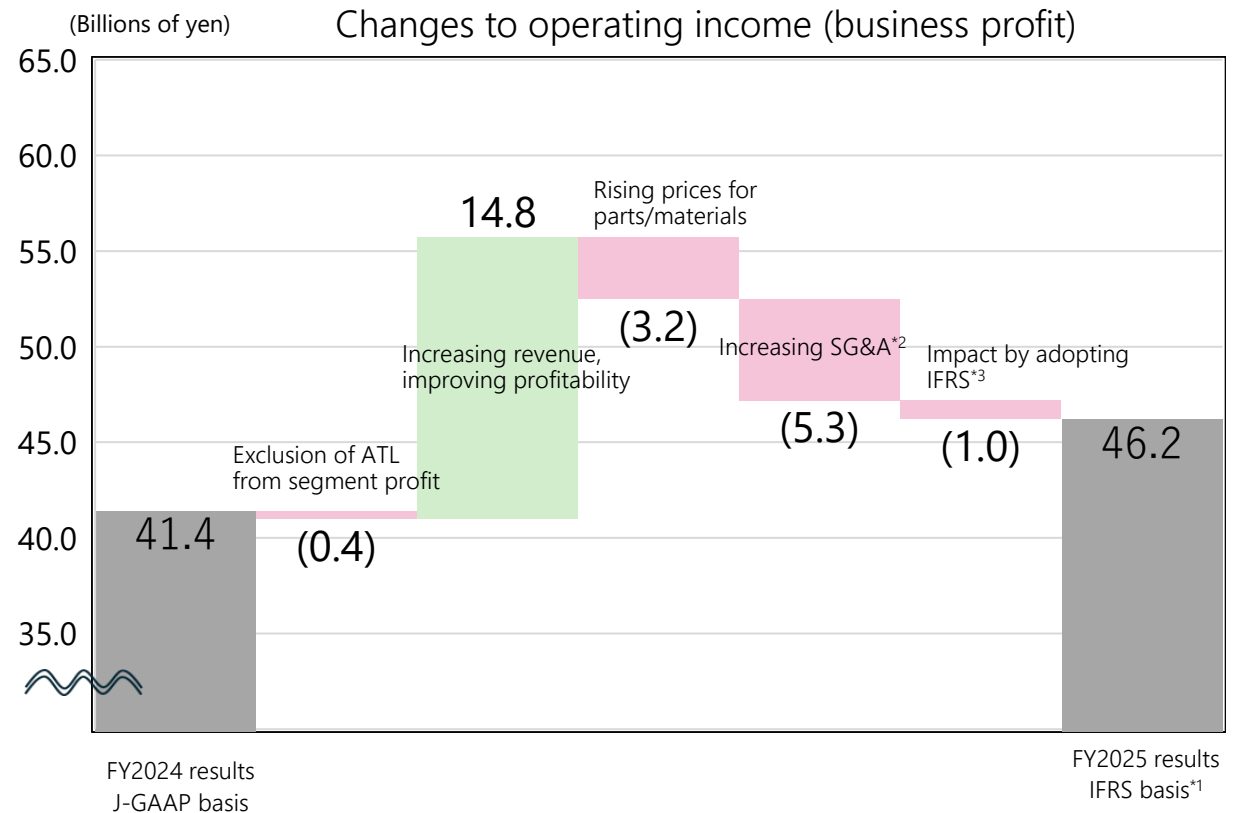
- Reexamining the LA business portfolio
- Improving the mix for each segment
 - Improving the customer/product mix
 - Reassessing unprofitable products and services, etc.

Improving product/service costs

- Expanding overseas production and procurement
- Reducing product costs through design changes (upgrading major products, etc.)
- Improving engineering methods
- Reducing indirect costs, optimizing outsourcing, etc.

Optimizing selling price including cost pass-through

- Systematization to strengthen contract/price management
- Revising prices, cost pass-through
- Strengthening project profitability control
- Project risk management, etc.



*1 FY2025 results (IFRS basis) present preliminary figures that have not yet been audited and so may be subject to revision.

*2 SG&A expenses include expenses related to personnel, R&D and DX promotion.

*3 For details on how this will affect financial figures, refer to page 36.

4. Progress in Implementing the Medium-term Plan

Progress with Investments and Measures to Strengthen the Business Model

- To enhance the azbil Group's unique business model, we will focus investment on human capital, product competitiveness and DX promotion.
- Steady progress is being made with human capital development and DX promotion as planned. And, by reorganizing our product development system, we are strengthening product competitiveness at an accelerated pace. (Cumulative investments in human capital and product competitiveness are planned to increase in the second and third years, following the establishment of systems and enhancement of organization).

Investing in human capital

Total personnel expenses **+32.0 bil. yen**
 3-year cumulative increase
 FY2025 results ■ □ □ □ □ *

Secure and develop essential human resources to execute business strategies (personnel with strong solution capabilities and global talent) to expand both growth and core businesses

FY2025 measures

- Establish a **motivating remuneration system** (compensation rebalancing, extension of the retirement age, reexamination/revision of the bonus system, establishment of a construction adjustment allowance, and J-ESOP-RS)
- **Develop programs to foster talented human resources aligned with business strategy** (self-directed professionals, DX specialists, female managers)
- **Introduce an engagement survey** and implement globally

Strengthening product competitiveness

R&D and other expenses **+9.0 bil. yen**
 3-year cumulative increase
 FY2025 results ■ □ □ □ □ *

Enhance unique core measurement and control technologies and application technologies to develop a range of competitive products

FY2025 measures

- **Restructure the product development system** so as to prioritize best-selling products
- Launch the 6000 Series of **control valves conforming to the IEC 60534 international standard**; develop an **autonomous optimal production planning system**; expand the **MEMS sensor (sapphire capacitance diaphragm gauge)** range
- **Participate in a next-generation bio-production project**

Promoting DX

DX (IT) investment **+5.0 bil. yen**
 3-year cumulative increase
 FY2025 results ■ ■ □ □ □ *

Create DX-related products and services that enhance customer satisfaction, improve operational efficiency and profitability by promoting DX

FY2025 measures

- Products and services: **establish environment to use generative AI, develop building device data, launch the Cloud Systems Headquarters**, leverage digital marketing, create platform for service information
- Business process transformation: **company-wide implementation of cloud storage service**
- Strengthen the business foundation: **expanding generative AI services** and communication tools within the Group

4. Progress in Implementing the Medium-term Plan

Collaboration and Investments to Strengthen Product Competitiveness and Business Development

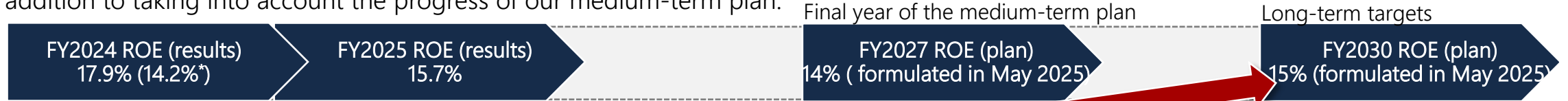
- With the aim of strengthening product competitiveness, which is essential for growth, and promoting business development that includes expansion into new areas, we collaborate with other companies, invest in venture capital, and participate in projects.
- We are aiming to achieve further growth with strategic investments, including M&A, in addition to in-house investments in human capital development, strengthening product competitiveness, and DX promotion.

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

4. Progress in Implementing the Medium-term Plan

Looking at the Future Balance Sheet with an Eye on Capital Efficiency

- In view of our strong financial stability and current liquidity, underpinned by sound financial results, we will actively work to promote shareholder returns based on disciplined capital management, while continuing to make growth investments.
- As regards both FY2027 and FY2030 targets for ROE, we will consider revising them once we have a clearer picture of the uncertain situation, in addition to taking into account the progress of our medium-term plan.

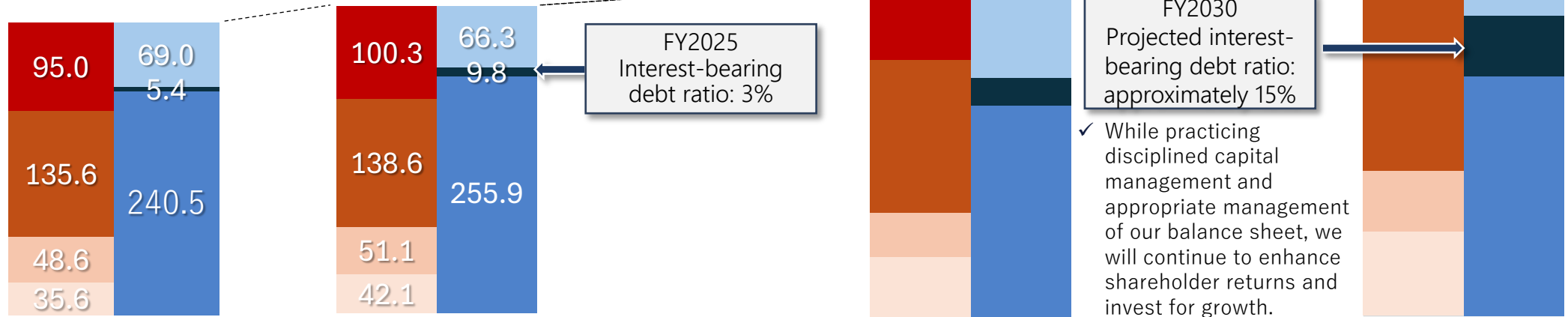


* ROE excluding the extraordinary gains from the transfer of equity interests in Azbil Telstar and other factors was 14.2%.

- In FY2025, steady progress was made with strengthening the revenue base.

● By appropriately managing the balance sheet using external debt, while being conscious of the cost of capital, we will aim to further increase ROE.

- Cash and cash equivalents
- Current assets
- Non-current assets
- Investments and other assets
- Liabilities
- Interest-bearing debt
- Net assets



✓ While practicing disciplined capital management and appropriate management of our balance sheet, we will continue to enhance shareholder returns and invest for growth.

Current assets	We will maintain short-term liquidity at an appropriate level to support stable business operations, including reserves for business continuity planning (revising the target level in accordance with current business profitability and our capacity to raise capital).	Liabilities	We will further improve capital efficiency by securing appropriate debt financing to capitalize on opportunities to invest for growth (using debt to fund growth investments worth approximately 50.0 billion yen).
Fixed assets	We will continue to invest in non-current assets as growth investments aimed at business expansion.	Net assets	While practicing disciplined capital management, we will allocate equity capital to growth investments while maintaining a sound financial structure and enhancing shareholder returns.

5. Aiming for Further Growth as We Mark our 120th Anniversary: Adopting New Branding and Fostering a Creative, Rewarding Work Environment



Defining the azbil Group's **Purpose and Vision**

Purpose and Vision

Purpose

**Expanding Technological Frontiers
Unlocking Human Potential**

Vision

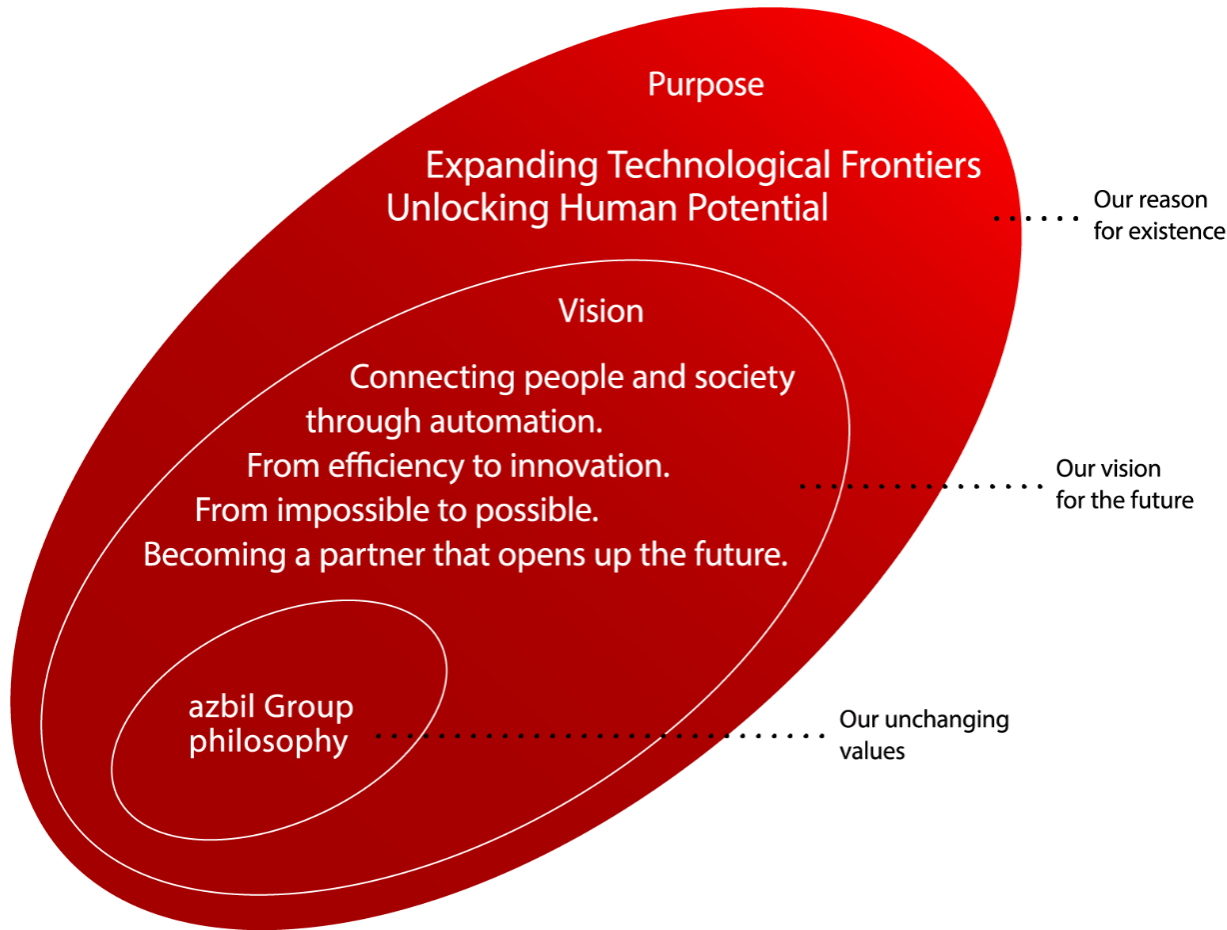
**Connecting people and society
through automation.
From efficiency to innovation.
From impossible to possible.
Becoming a partner that opens up.**

5. Adopting new branding and fostering a creative, rewarding work environment

Defining Our Purpose and Vision, and Working Together with Society/Customers to Achieve Sustainable Growth

azbil Group Way

Shared values that unite our aspirations for the Group's future



■ Purpose

This purpose expresses how we aim to drive the creation of new value on site with our customers—advancing “From efficiency to innovation. From impossible to possible.”—which is achieved by using technologies centered on automation to unlock the tremendous potential inherent in people and society.

■ Vision

By pursuing our Purpose, we aim to achieve our distinct vision and set of goals of ten years from now for the azbil Group to achieve.

■ Brand statement: Engineering the Impossible
An expression of determination of the azbil Group's Purpose and Vision.

azbil
Engineering the Impossible

5. Adopting new branding and fostering a creative, rewarding work environment

Instilling the Group with our Purpose and Vision, and Creating an Environment for Their Realization

120th anniversary

We are designating our 120th anniversary as the first year of management based on our new Purpose. We will create opportunities and forums to communicate and share the azbil Group's Vision both in-house and externally.

Relocating the Azbil Corporation's Head Office (Marunouchi Park Building, from May 2026)

This relocation represents the culmination of a mission aimed at realizing a creative, rewarding work environment that started with upgrading the Fujisawa Technology Center for R&D.

- This relocation of the head office forms part of our mission to create new ways of working in order to realize the azbil Group's Vision—a step toward creating new brand value.
- At our new location, we will develop an environment that fosters diverse, innovative thinking that leads to new technologies. It will enhance engagement by advancing the evolution of new ways of working, encouraging every employee to take on new challenges.
- The new head office is also conceived as a key communications locus, serving to foster our customers' appreciation of the appeal of the azbil Group and an understanding of our forward-thinking initiatives.

New head office concept:

"convergence and communication"

- Aim: to create a rewarding environment where each employee is free to choose where they work, thus fostering organic communication
- Adapting to suit function and purpose, unconstrained by a single spatial concept
- Comprising 3 functional zones: workspaces, satellite offices, and lounges



Satellite offices (left)

This zone, comprising 4 distinct areas, provides an environment for interactions that transcend departmental and organizational boundaries.



Lounges (right)

This zone, shared with our customers, serves to showcase the value provided by the azbil Group.

Expanding Technological Frontiers

Unlocking Human Potential

Creating that instant of intense focus, effortless performance—the flow state that leads to successful outcomes.

An environment that provides everything needed for that instant.

Air quality, temperature, humidity, energy—when the environment is just right, people attain their full potential.

And when people's potential is unleashed, society makes progress.

For 120 years since our founding, Azbil has refined our technologies to create better environments—to unlock the potential of people and society.



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Major Impact by Adopting IFRS

We will voluntarily adopt International Financial Reporting Standards (IFRS), starting from the first quarter of FY2026. Accordingly, the financial plan for FY2026 is presented based on IFRS.

- Purpose of voluntary adoption

To enhance our global business management through the unification of accounting standards across the azbil Group to IFRS; and to improve the international comparability of our financial information in the capital markets

- “Business profit”

We will disclose business profit, a management-defined performance measure calculated by deducting cost of sales and selling, general and administrative expenses from revenues, to indicate the profitability of the core business activities.

Reference 1:

Impact to balance sheet at the point of adoption (April 1, 2025)^{*1}

(Billions of yen)

	J-GAAP	Impact of IFRS adoption	IFRS
Total assets	315.0	14.0	329.0 *2
Liabilities	74.5	17.9	92.5 *3
Net assets	240.5	(3.9)	236.5
Total liabilities and net assets	315.0	14.0	329.0

*1 These are preliminary figures that have not yet been audited and so may be subject to revision.

Impacts of first-time adoption of IFRS (key factors) to balance sheet

*2 Recognition of right-of-use assets and fair value measurement of unlisted stock investments

*3 Recognition of lease liabilities and accrued paid leave

Reference 2:

Impact to profit and loss statement (FY2025 results)^{*1}

(Billions of yen)

J-GAAP		IFRS		IFRS adjustments
Net sales	298.9	Revenue	298.9	-
Gross profit	139.5	Gross profit	138.8	(0.7) *4
Operating income	47.3	Business profit	46.2	(1.0) *4
		IFRS Operating profit	46.6	
Ordinary income	48.7			
Net income attributable to owners of parent	38.5	Profit attributable to owners of parent	36.4	(2.1) *5

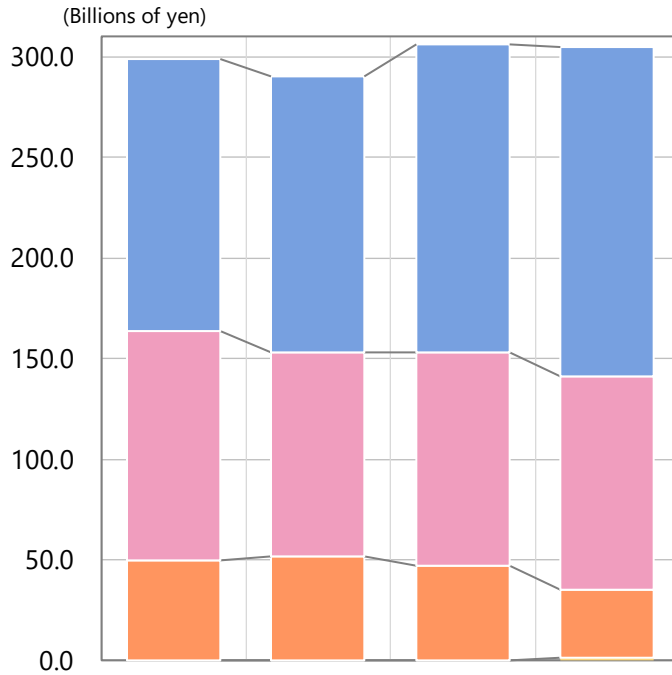
Impacts of IFRS adjustments (key factors) to profit and loss statement

*4 Expense recognition of paid leave and other employee benefits

*5 Recognition of gains or losses on sales of investment securities in other comprehensive income (not in profit and loss statement)

Performance Trend by Segment: Orders Received and Order Backlog

● Orders received by segment

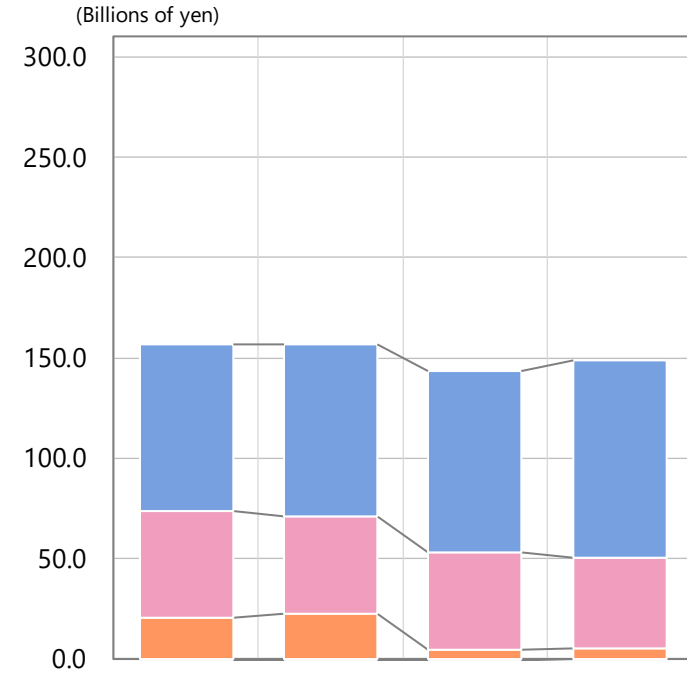


	FY2022	FY2023	FY2024	FY2025
BA	135.3	136.7	153.6	163.7
AA	113.9	101.4	105.9	106.2
LA	49.6	51.6	46.8	33.9
Consolidated	296.9	287.8	304.7	302.3

Orders received excluding Azbil Telstar

LA	30.8	32.3	31.3	33.9
Consolidated	278.1	268.5	289.2	302.3

● Order backlog by segment



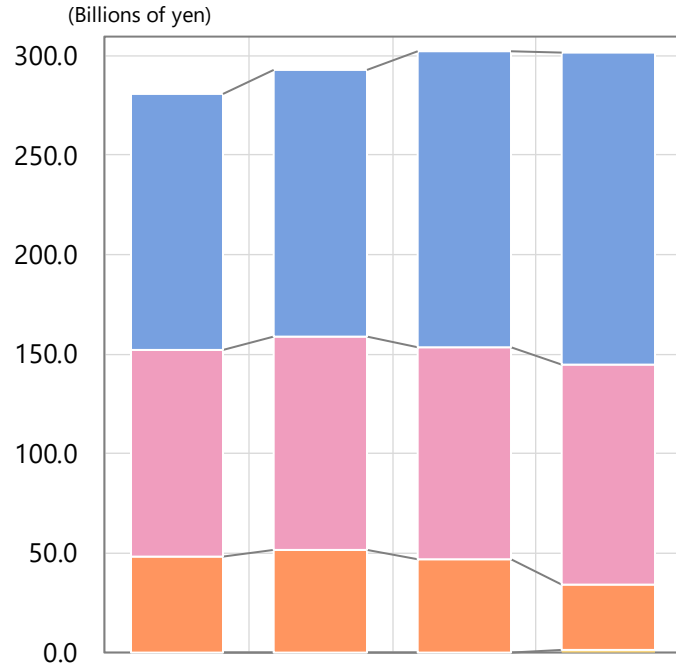
	FY2022	FY2023	FY2024	FY2025
BA	82.8	85.5	90.3	98.7
AA	53.4	48.5	48.6	44.6
LA	20.1	22.1	4.5	5.2
Consolidated	156.0	155.9	143.3	148.4

Order backlog excluding Azbil Telstar

LA	5.1	5.3	4.5	5.2
Consolidated	141.0	139.1	143.3	148.4

Performance Trend by Segment: Sales and Segment Profit (Operating Income)

● Sales by segment

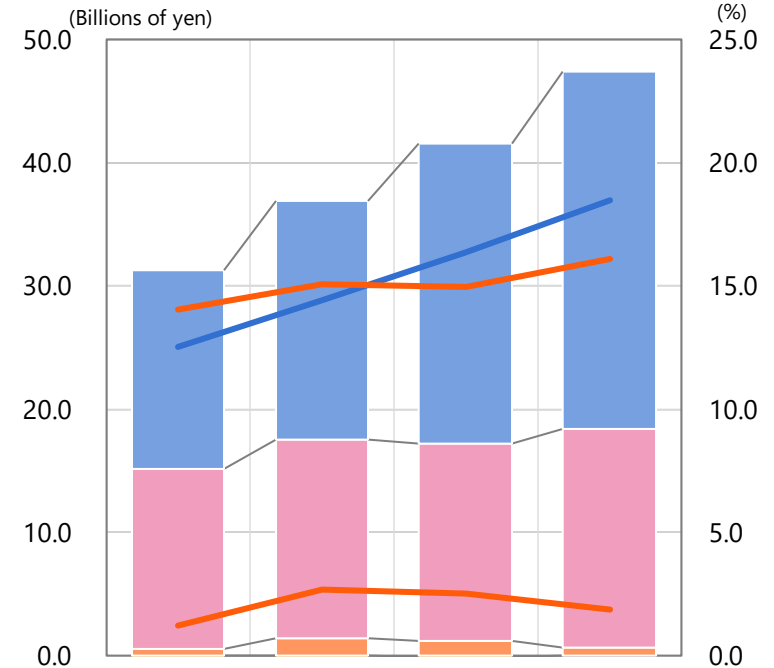


	FY2022	FY2023	FY2024	FY2025
BA	128.5	134.6	148.7	156.3
AA	103.9	107.0	106.8	110.7
LA	47.9	51.4	46.6	33.3
Consolidated	278.4	290.9	300.3	298.9

Sales excluding Azbil Telstar

LA	29.8	32.2	32.0	33.3
Consolidated	260.3	271.8	285.7	298.9

● Segment Profit (Operating Income)



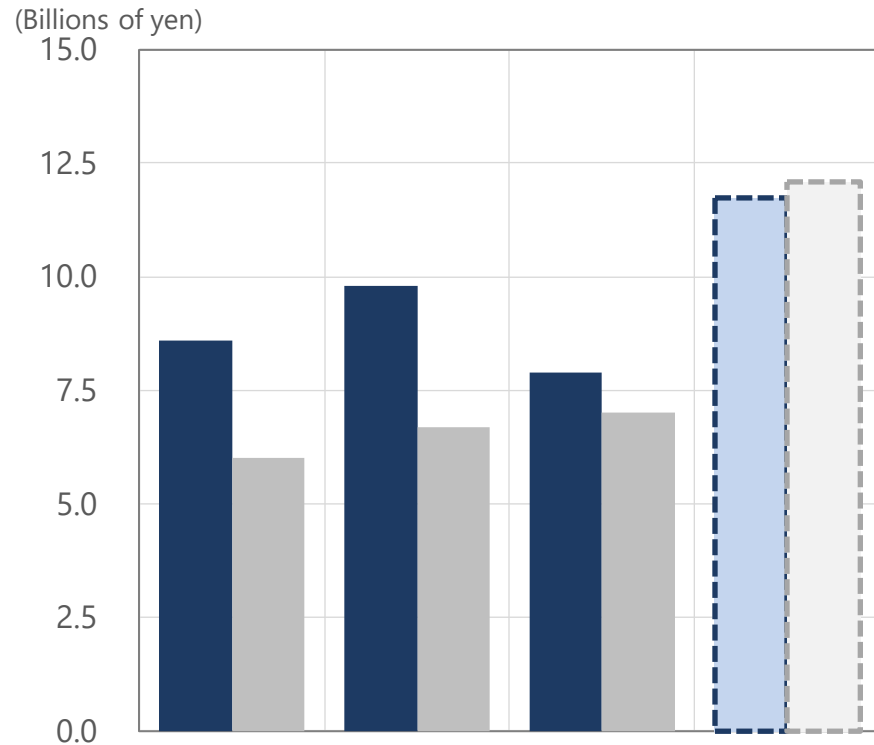
	FY2022	FY2023	FY2024	FY2025
BA	16.0	19.3	24.3	28.9
BA Margin	12.5	14.4	16.4	18.5
AA	14.5	16.1	15.9	17.8
AA Margin	14.0	15.1	15.0	16.1
LA	0.5	1.3	1.1	0.6
LA Margin	1.2	2.7	2.5	1.9
Consolidated	31.2	36.8	41.4	47.3
Consolidated Margin	11.2	12.7	13.8	15.8

Segment profit excluding Azbil Telstar

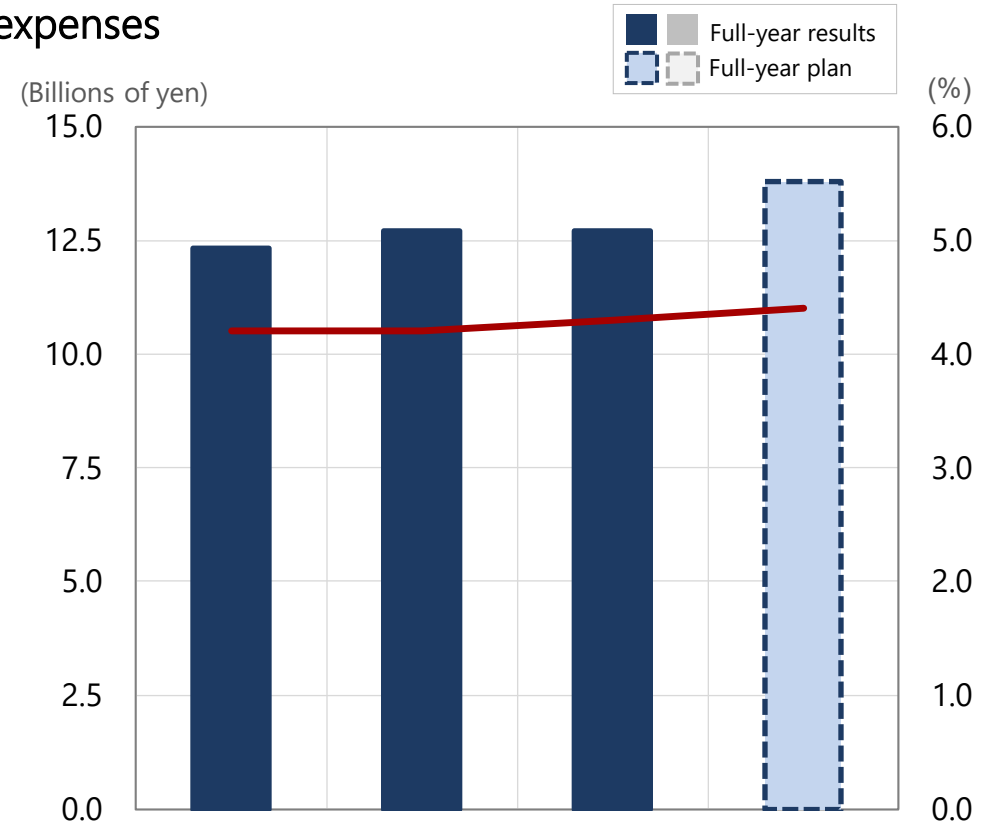
LA	0.4	0.8	0.7	0.6
Consolidated	31.0	36.3	41.0	47.3

Capital Investment, Depreciation and R&D Expenses

● Capital investment, depreciation



● R&D expenses



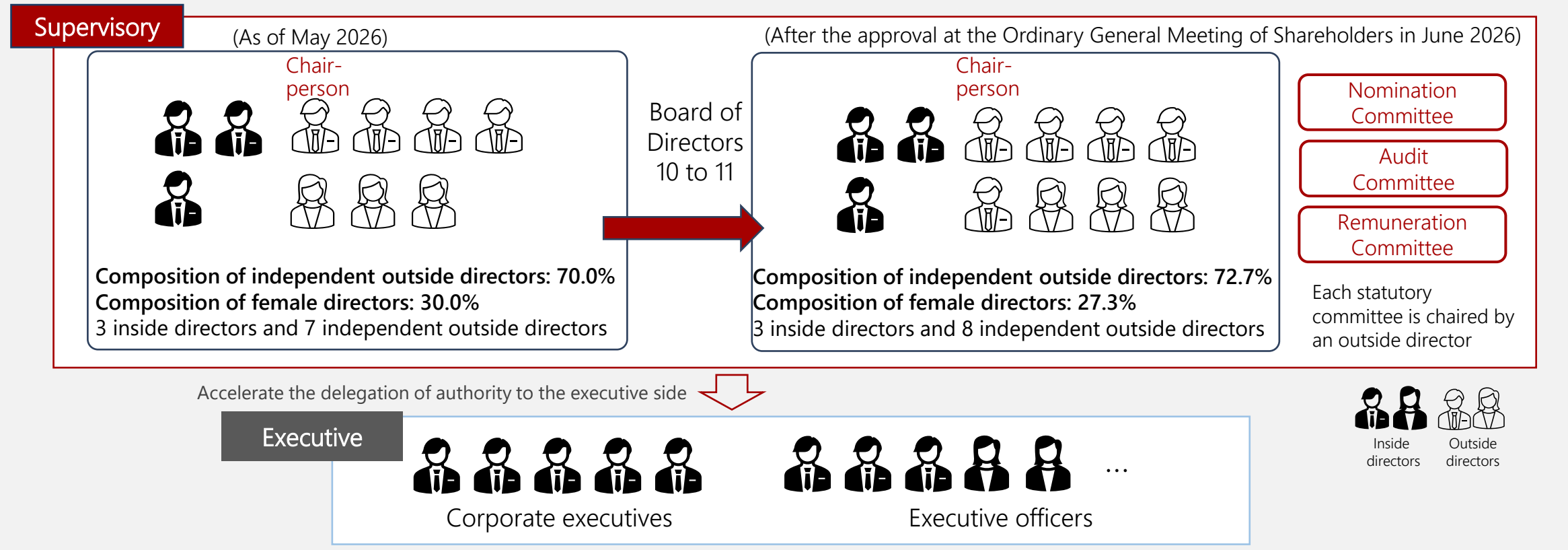
	FY2023	FY2024	FY2025	FY2026 plan
	J-GAAP	J-GAAP	J-GAAP	plan IFRS
■ Capital investment	8.6	9.8	7.9	11.7
■ Depreciation *	6.0	6.7	7.0	12.0

	FY2023	FY2024	FY2025	FY2026 plan
	J-GAAP	J-GAAP	J-GAAP	plan IFRS
■ R&D expenses	12.3	12.7	12.7	13.8
— R&D expenses / Net sales (%)	4.2	4.2	4.3	4.4

* FY2026 plan includes depreciation of right-of-use assets based on lease contracts in addition to those of non-current assets.

Corporate Governance

- 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
 - June 2026: Enhanced composition of independent outside directors



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	I Preserving the Earth’s environment and solving energy-related problems through cooperative creation	Environment and energy	<ul style="list-style-type: none"> Effective reduction of CO₂ at customers’ sites: 3.40 million metric tons of CO₂/year^{*1} (FY2030) Reduction targets in greenhouse gas (GHG) emission (science-based target² approved) (FY2030) <ul style="list-style-type: none"> 60% reduction in GHG emissions from our business activities (scopes 1+2) compared to 2017³ 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 standards⁴ and to be 100% recyclable⁵ (FY2030) Increase the number of skilled professionals⁷ for supporting sustainable services⁶ to a total of 1,800⁸—triple the number in FY2021
		Resource recycling			
	Innovation	Realizing sustainable production sites, work environments, and a safe and comfortable society through new automation	II	New automation	Solving occasional issues as required by society and creating added value through advanced measurement, a data-driven approach, and autonomy <ul style="list-style-type: none"> We will achieve a state of resilience to changes in the business environment at 8,000 business sites by 2030.⁹ We will provide environments that support stress-free and diverse work styles to 6 million people by 2030.¹⁰
General corporate activities	Society	Supply chain	III Fulfilling our responsibilities to society across our supply chain and contributing to local communities	Supply chain; Social responsibility	<ul style="list-style-type: none"> 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 indicators¹¹ Social contribution activities rooted in local communities are run at all our business sites,¹² with the active participation by every employee¹³
		Contribute to local communities			
	Human resource	Human rights, safety, and health	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	<ul style="list-style-type: none"> Implementing health and well-being management (job satisfaction, health, diversity and inclusion) <ul style="list-style-type: none"> Employees expressed satisfaction with working at azbil Group companies in FY2030: 65% or more¹⁴ Increase the percentage of women in managerial positions to at least 10%¹⁵ in FY2030 Double the percentage of female managers in the Group’s domestic companies by FY2027, compared to FY2017¹⁶ Developing and strengthening “an organization that never stops learning” <ul style="list-style-type: none"> Employees have experienced personal growth through their work in FY2030: 65% or more¹⁴
		Learning and employee development			
Our fundamental obligations	Governance	Product safety and quality Corporate governance Compliance	Fulfilling our fundamental obligations to society <ul style="list-style-type: none"> * 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 directors 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.” 		

Notes (1)

1. The amounts have been rounded down. The figures for growth businesses and core businesses are approximate values based on internal calculations.
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 CO₂/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 60% reduction in GHG emissions from our business activities (Scope 1+2) compared to FY2017: in April 2026, an updated target to realize a 60% reduction by FY2030 compared to FY2017, from the previous target of 55% compared to FY2017, was received validation from the Science Based Targets initiative (SBTi).
- *4 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).
- *5 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)
- *6 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).
- *7 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

Notes (3)

4. Essential Goals of the azbil Group for the SDGs

- *8 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.
- *9 Achieve a state of resilience to changes in the business environment at 8,000 business sites: The base year for our target is FY2022. Base value is as of April 2022 (530 business sites).
- *10 Provide environments that support stress-free and diverse work styles to 6 million people: The base year for our target is FY2022. Base value is as of April 2022 (0.6 million).
- *11 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
- *12 All business sites: All offices both in Japan and overseas.
- *13 Active participation by every employee: The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.
- *14 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 engagement survey conducted in Japan, or, in other words, 2/3 of all employees.
- *15 Percentage of women in managerial positions: The target of at least 10% female managers applies to Azbil Corporation.
- *16 Double the percentage of female managers in the Group's domestic companies by FY2027, compared to FY2017: The base year for our target is FY2017 because in FY2018 we revised our personnel system to incorporate measures for women's advancement.

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Disclaimer

The projections are based on management's assumptions, intent and expectations in light of the information currently available to it, and therefore these statements are not guarantees of future performance. Due to various factors in the future, actual results may differ from financial targets in the materials.

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