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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2026 (Based on Japanese GAAP)

August 5, 2025

Company name: Azbil Corporation
 Stock exchange listing: Tokyo Stock Exchange Prime Market (Code 6845)
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary materials on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	62,053	(5.3)	7,062	22.1	7,461	8.3	5,185	6.2
Three months ended June 30, 2024	65,547	7.1	5,782	24.4	6,891	21.3	4,880	31.5

Note: Comprehensive income Three months ended June 30, 2025 5,609 million yen (19.2)%
 Three months ended June 30, 2024 6,944 million yen (4.6)%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2025	10.08	—
Three months ended June 30, 2024	9.25	—

Note: Azbil Corporation (“the Company”) implemented a 4-for-1 common stock split effective on October 1, 2024. “Net income per share” has been calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	295,882	229,237	76.5
As of March 31, 2025	315,072	240,517	75.3

Reference: Shareholders' equity As of June 30, 2025 226,397 million yen
 As of March 31, 2025 237,205 million yen

2. Dividends

	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	—	44.00	—	13.00	—
Year ending March 31, 2026	—				
Year ending March 31, 2026 (forecast)		13.00	—	13.00	26.00

Note: Revisions to the dividend forecast most recently announced: No

The total annual dividend for the year ended March 31, 2025 is left blank, shown as a “—”. This is due to the following reasons. The Company implemented a 4-for-1 common stock split effective on October 1, 2024. As regards dividend per share for the year ended March 31, 2025, the 2nd quarter-end dividend is applied to shares held prior to the stock split, while the fiscal year-end dividend is applied to shares held after the stock split. If the stock split were taken into account, the total annual dividend for the year ended March 31, 2025 would be 24.00 yen per share.

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

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	134,000	(3.8)	15,200	3.8	14,500	(1.1)	10,300	(5.9)	20.23
Full year	297,000	(1.1)	43,000	3.6	42,200	0.1	31,000	(24.3)	60.88

Note: Revisions to the consolidated financial results forecast most recently announced: No

The Company is currently in the process of repurchasing its own stock and has readopted a Trust-Type Employee Shareholding Incentive Plan, pursuant to the resolution of the Board of Directors meeting held on May 13, 2025. Also, the Company canceled treasury shares on May 30, 2025. The impact of these matters as of June 30, 2025 has been taken into account for "Net income per share" in the forecast of consolidated financial results. For details, please see "Notes regarding significant change in shareholders' equity" in "2. Consolidated quarterly financial statements and related notes (3) Notes to the consolidated quarterly financial statements" on page 15 of the accompanying document.

* Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2025: Yes
Newly included: one company (Azbil Information Technology Center (Dalian) Co., Ltd.)

(2) Application of special accounting methods for preparing consolidated quarterly financial statements: No

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

a. Changes in accounting policies accompanying revision of accounting standards, etc.: No
b. Changes in accounting policies other than (a) above: No
c. Changes in accounting estimates: No
d. Retrospective restatements: No

(4) Number of issued shares (common stock)

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

As of June 30, 2025	541,372,736 shares	As of March 31, 2025	560,672,736 shares
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b. Number of treasury shares at the end of the period

As of June 30, 2025	32,192,468 shares	As of March 31, 2025	43,892,273 shares
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c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	514,439,250 shares	Three months ended June 30, 2024	527,432,973 shares
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Notes: 1. The Company implemented a 4-for-1 common stock split effective on October 1, 2024. The total number of issued shares, the number of treasury shares and the average number of shares during the period have been calculated as if the stock split had been implemented at the beginning of the previous fiscal year.

2. The Company has introduced an employee stock ownership plan, a Trust-Type Employee Shareholding Incentive Plan and a stock compensation plan. The number of treasury shares at the end of the period includes the Company's stock held by trust accounts of these plans (16,179,792 shares as of June 30, 2025; 11,908,397 shares as of March 31, 2025). Also, the Company's stock held by these trust accounts is included in treasury shares that are deducted in the calculation of the average number of shares during the period (13,254,105 shares for the three months ended June 30, 2025; 10,004,439 shares for the three months ended June 30, 2024).

* Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

* Regarding the appropriate use of forecast, etc.

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

The forecast of the azbil Group is based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. For information on the forecast of financial results, please see “1. Overview of financial results and others (3) Forecast of consolidated financial results” on page 9 of the accompanying document.

* How to obtain supplementary materials on financial results

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

Accompanying document

Contents

1. Overview of financial results and others	2
(1) Overview of financial results for the current consolidated quarter	3
(2) Overview of financial position at the end of the current consolidated quarter	8
(3) Forecast of consolidated financial results	9
2. Consolidated quarterly financial statements and related notes	11
(1) Consolidated quarterly balance sheets	11
(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income	13
Consolidated quarterly statements of income	13
Consolidated quarterly statements of comprehensive income	14
(3) Notes to the consolidated quarterly financial statements	15
Notes regarding going concern assumptions	15
Notes on consolidated quarterly statements of cash flows	15
Notes regarding significant change in shareholders' equity	15
Notes on segment information	16

1. Overview of financial results and others

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

Consequently, we have set long-term targets ^{Note 1} for FY2030, aiming to achieve net sales of 420.0 billion yen, operating income of 65.0 billion yen, an operating margin of 15.5%, and an ROE of 15%. To achieve these long-term targets, the medium-term plan (FY2025–FY2027) ^{Note 2} sets the following as targets for FY2027, the final year of the plan: net sales of 340.0 billion yen, operating income of 51.0 billion yen, an operating margin of 15.0%, and an ROE of 14.0%.

With a view to attaining our long-term targets for FY2030, this medium-term plan represents our commitment to “Evolution” and “Co-creation” aimed at contributing “in series” to the achievement of a sustainable society. Faced with global geopolitical risks and inflation triggered by US tariff policies, we anticipate that considerable uncertainty will continue to affect the business environment. Nevertheless, while working to enhance profitability in our core businesses—based on the strong relationships built up over many years with our extensive customer base (factories, plants, commercial buildings, lifeline utilities, etc.)—we see fresh business opportunities in the emerging demand for new solutions, that arises from new technological innovations, such as in semiconductors, and from changes in the social environment, such as initiatives to achieve carbon neutrality. By focusing on these growth businesses, we aim to achieve future business expansion.

In addition, by developing new customers in our growth businesses and providing them with a steady supply of products and services, we will expand the customer base in our core businesses and, moreover, we will realize growth by providing these customers with solutions to the new issues facing them. In this way, the azbil Group characteristically creates a business cycle in which growth leads to strengthening the core business which in turn generates more growth. We will actively invest in strengthening our human capital, enhancing product competitiveness, and advancing DX in order to consolidate and enhance this unique business model. Specifically, we will engage in securing and training human resources that align with our business strategy, developing highly competitive products as well as DX-related products and services that satisfy customer needs, enhancing operational efficiency and profitability through the application of DX to in-house operations, and strengthening our global production system.

Moreover, we will continue to ensure management that is conscious of the cost of capital, restructuring and optimizing our business portfolio, and at the same time implementing sustainability management. We have identified materiality as ten material issues across five areas, and we have established the essential goals of the azbil Group for the SDGs as well as the goal of discharging the fundamental obligations that a company must fulfill in order to continue to exist in society. We will advance initiatives to achieve these goals.

Starting from the results achieved under the previous medium-term plan, we will endeavor to realize the well-being of society as well as Group employees through business expansion, by making contributions that lead “in series” to a sustainable society, based on the themes of “Evolution” and “Co-creation.”

Notes 1: On May 14, 2021, the azbil Group published its long-term targets; these were revised upwards on May 13, 2025.

2: On May 13, 2025, the azbil Group published its new medium-term plan (FY2025–FY2027).

(1) Overview of financial results for the current consolidated quarter

The business environment for the azbil Group for the three months ended June 2025 was as follows.

In the field of heating, ventilation, and air conditioning (HVAC) control equipment/systems for large-scale buildings in Japan, strong demand driven by urban redevelopment plans has continued while retrofit demand, including interest in solutions for energy saving and lower CO₂ emissions, has remained strong. As regards equipment/systems for production facilities, demand remained firm thanks to the decarbonizing of factories/plants and the promotion of DX, but demand in factory automation (FA) markets was seen to vary depending on the region and market.

As a result, financial results for the three months ended June 2025 were as follows.

Orders received were 89,759 million yen overall, down 6.2% on the 95,706 million yen recorded in the same period of FY2024. This was because of a significant drop in orders in the Life Automation (LA) business due to the transfer, in the previous consolidated fiscal year, of equity interests in Azbil Telstar, S.L.U. ^{Note 3} (hereinafter referred to as “Azbil Telstar”), a company which had played a central role in the Life Science Engineering field. For the same reason there was a sharp drop in LA business sales, resulting in net sales of 62,053 million yen, down 5.3% on the 65,547 million yen recorded in the same period of FY2024.

As regards profits, despite the recording of R&D expenses required by the medium-term plan, as well as increases in DX-related, personnel and other expenses, operating income was 7,062 million yen, up 22.1%, a significant increase on the 5,782 million yen recorded in the same period of FY2024; this was the result of measures to enhance profitability, including cost pass-through. This growth in operating income led to higher ordinary income, which was 7,461 million yen, an 8.3% increase compared to the same period of FY2024, when a figure of 6,891 million yen was recorded. Despite the recording of gain on the sale of investments in the capital of a US subsidiary as extraordinary income in the same period of FY2024, net income attributable to owners of parent rose to 5,185 million yen, up 6.2% on the 4,880 million yen recorded in the same period of FY2024.

(Millions of yen)

	Three months ended Jun. 30, 2024 (Apr. 1, 2024 to Jun. 30, 2024)	Three months ended Jun. 30, 2025 (Apr. 1, 2025 to Jun. 30, 2025)	Difference	
			Amount	Rate
Orders received	95,706	89,759	(5,946)	(6.2)%
Net sales	65,547	62,053	(3,494)	(5.3)%
Operating income [Margin]	5,782 [8.8%]	7,062 [11.4%]	1,280 [2.6pp]	22.1%
Ordinary income	6,891	7,461	570	8.3%
Net income attributable to owners of parent [Margin]	4,880 [7.4%]	5,185 [8.4%]	304 [0.9pp]	6.2%

Note 3: Azbil Corporation transferred all equity interests in Azbil Telstar on October 31, 2024 (Central European Time). As a result of this transfer, Azbil Telstar and its subsidiaries were excluded from the Company's scope of consolidation at the end of the third quarter of the fiscal year ended March 31, 2025.

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

Building Automation (BA) Business

Regarding the BA business environment, in the domestic market, demand for new office buildings in urban redevelopment projects has leveled off at present; however, the market outlook is good and demand 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 are suited to new work styles. Investment also continues to expand in overseas markets.

In this robust business environment, we have made progress with assigning personnel and other resources appropriately. We have also strengthened our job execution capabilities, mainly at construction and service sites. At the same time, we have made progress with year-round load leveling while improving efficiency by advancing DX. By steadily processing the orders we have obtained, we have increased sales. In addition, we have been developing products and services to meet the needs of customers, in Japan and abroad, looking to harness such technologies as AI and cloud computing. We have also strengthened our solution capabilities by partnering with other companies to expand into the market for data centers, which are in increasing demand.

Consequently, the financial results of the BA business for the three months ended June 2025 were as follows.

Orders received decreased to 55,551 million yen, down 1.3% on the 56,285 million yen recorded in the same period of FY2024. This was partly because there were fewer renewals of multi-year service contracts compared to the same period of FY2024, and despite growth in the overseas business. Sales were 29,501 million yen, up 2.1% on the 28,882 million yen recorded

in the same period of FY2024, due to robust market conditions generating growth in the field of new buildings, and also to increased sales in the service field thanks to progress made with load-leveling initiatives. Segment profit was 2,587 million yen, up 58.7% on the 1,630 million yen recorded in the same period of FY2024; this significant improvement was due to the effect of measures to enhance 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.

In the medium to long term, large-scale redevelopment projects will continue to be planned, and numerous building retrofit projects are also expected. While strengthening our unique solution capabilities by developing cloud applications that harness new technologies such as AI, we will focus on the energy service provider (ESP) business to meet customer needs for making energy savings and using renewable energy in their drive to achieve carbon neutrality. We are also aiming to achieve further expansion of the data center market, which is attracting increasing investment. These initiatives may encompass business alliances with other companies. Furthermore, in overseas markets we will realize business growth by developing a customer base comprised of local building owners, global account customers, etc. In parallel with these business expansion measures, we will aim to further enhance efficiency and strengthen our profit structure by advancing DX with building information modeling (BIM), as well as by developing and launching products that reduce or even eliminate construction work.

(Millions of yen)

	Three months ended Jun. 30, 2024 (Apr. 1, 2024 to Jun. 30, 2024)	Three months ended Jun. 30, 2025 (Apr. 1, 2025 to Jun. 30, 2025)	Difference	
			Amount	Rate
Orders received	56,285	55,551	(733)	(1.3)%
Sales	28,882	29,501	619	2.1%
Segment profit [Margin]	1,630 [5.6%]	2,587 [8.8%]	957 [3.1pp]	58.7%

Advanced Automation (AA) Business

Looking at market trends, in Japan and abroad, that are relevant to the AA business, the process automation (PA) market remained robust, mainly due to domestic demand for maintenance and refurbishment. In the FA market, although signs of recovery have been observed in some areas, the strength of demand varies by region and market, and overall the recovery remains subdued. We consider that any direct impact from the US reciprocal tariff policy on the azbil Group's financial results will be limited. However, the impact of these high tariffs on US-China trade friction, the macroeconomic environment, and exchange rates is unclear, and their effect on capital investment in the manufacturing industries gives cause for concern.

Amidst this business environment, we have taken solutions cultivated in our domestic business and deployed them globally. Simultaneously, to address the demand for new measurement and control technologies, we have expanded our business through the creation of new automation by making use of the Group's unique technologies, such as those related to microelectromechanical systems (MEMS)^{Note 4} sensors, control valves, and plant autonomy. At

the same time, we have continued efforts to further strengthen profitability by improving the cost of products and services, and implementing cost pass-through.

Consequently, the financial results of the AA business for the three months ended June 2025 were as follows.

Orders received were 24,142 million yen, on a par with the 24,230 million yen recorded in the same period of FY2024. This reflects the impact of the sluggish recovery in the FA market, as well as the fact that large advance orders made at the end of the previous consolidated fiscal year in the overseas PA market led to the fall in this period; however, the domestic PA market remained robust and orders increased. As regards sales, these fluctuated in the overseas PA market due to large-scale projects, but overall sales were 24,885 million yen, on a par with the same period of FY2024, when a figure of 25,083 million yen was recorded. Segment profit was 4,312 million yen, up 10.0% on the 3,920 million yen recorded in the same period of FY2024; this improvement was due to the effect of measures to enhance 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 personnel and other expenses, coupled with increased investments in the overseas market and DX.

While the recovery in the FA market remains subdued, steady progress is being made with two growth initiatives—business expansion overseas and the creation and expansion of new automation. Over the medium to long term, despite the fluctuations caused by economic cycles, there will be demand for solutions to social needs—to achieve decarbonization, increasingly sophisticated production, and safe/stable operations, as well as to address the challenges presented by labor shortages and aging facilities. Consequently, the areas in which we can effectively contribute are expanding, particularly where measurement and control are concerned, and further business growth is anticipated. Based on the three AA business sub-segments (CP, IAP, and SS), ^{Note 5} we will continue to pursue a variety of initiatives to enhance profitability, such as reducing product costs and optimizing selling prices. At the same time, we will promote expansion into growth areas such as our overseas business; we will accelerate the development and market introduction of products/services that incorporate advanced technologies such as AI, cloud computing, and MEMS; and we will create new automation that will be uniquely served by the azbil Group. In these ways we will aim to achieve business growth with extremely competitive offerings.

(Millions of yen)

	Three months ended Jun. 30, 2024 (Apr. 1, 2024 to Jun. 30, 2024)	Three months ended Jun. 30, 2025 (Apr. 1, 2025 to Jun. 30, 2025)	Difference	
			Amount	Rate
Orders received	24,230	24,142	(88)	(0.4)%
Sales	25,083	24,885	(198)	(0.8)%
Segment profit [Margin]	3,920 [15.6%]	4,312 [17.3%]	391 [1.7pp]	10.0%

Notes 4: Devices built using microfabrication technology to integrate sensors, actuators, and electronic circuits on substrates

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

CP business: Control Product business (supplying FA products such as controllers and sensors)

IAP business: Industrial Automation Product business (supplying PA products such as differential pressure transmitters, pressure transmitters, and control valves)

SS business: Solution and Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

Life Automation (LA) Business

The LA business covers two fields: Lifeline (gas/water meters, etc.), and Lifestyle-related (residential central air-conditioning systems). The business environment differs for each field.

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

Amidst this business environment, utilizing our foundation underpinned by the stable meter replacement demand required by law, we are engaged in developing services that utilize data from smart meters, while continuing with measures to enhance profitability, including cost pass-through.

It should be noted that, as part of restructuring our business portfolio, on October 31, 2024, the Company transferred all equity interests in Azbil Telstar, which had played a central role in the Life Science Engineering field. As Azbil Telstar and its subsidiaries were 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 the consolidated financial results for the current fiscal year.

Consequently, the financial results of the LA business for the three months ended June 2025 were as follows.

Orders received were 10,473 million yen, down 32.9% on the 15,608 million yen recorded in the same period of FY2024; this was due to the transfer of equity interests in Azbil Telstar (a decrease of 6,100 million yen). Similarly, this transfer impacted sales (a decrease of 4,400 million yen), which were 8,043 million yen, 33.5% down on the 12,095 million yen recorded in the same period of FY2024. Although progress was made with measures to enhance profitability, including cost pass-through, the impact of the transfer of equity interests, coupled with soaring prices for materials and increases in personnel and other expenses, resulted in segment profit decreasing to 171 million yen, down 32.1% compared to the 252 million yen recorded in the same period of FY2024.

In the LA business, we will engage in expanding our business by making new strategic investments and advancing collaborative initiatives with other companies, etc. At the same time, aiming to achieve growth that allows for changes in the business environment, we will continue to implement measures to enhance profitability, including cost pass-through, and reexamine business processes through the lens of DX. In the Lifeline field, we are aiming to achieve

growth: with our core business based on stable replacement demand, as required by Japan's Measurement Act, we will promote the adoption of smart meters for gas and water as well as our smart metering as a service business, which integrates these with communications and cloud systems. In the residential central air-conditioning systems field, we will advance business by combining our service engineering capabilities with products that offer comfort, good air quality, and energy savings in a wide range of living spaces, from new houses to existing houses.

(Millions of yen)

	Three months ended Jun. 30, 2024 (Apr. 1, 2024 to Jun. 30, 2024)	Three months ended Jun. 30, 2025 (Apr. 1, 2025 to Jun. 30, 2025)	Difference	
			Amount	Rate
Orders received	15,608	10,473	(5,134)	(32.9)%
Sales	12,095	8,043	(4,051)	(33.5)%
Segment profit [Margin]	252 [2.1%]	171 [2.1%]	(81) [0.0pp]	(32.1)%

Other

In Other business, principally our insurance agent business and software development business ^{Note 6} within the azbil Group, orders received in the three months ended June 2025 were 278 million yen (compared with the 24 million yen for the same period of FY2024), sales were 240 million yen (compared with the 24 million yen for the same period of FY2024), and segment profit was 34 million yen (compared with the 2 million yen recorded for the same period of FY2024).

Note 6: Owing to the increasing importance of Azbil Information Technology Center (Dalian) Co., Ltd., which undertakes software development within the azbil Group, it has been included in the Company's scope of consolidation from the first quarter of the fiscal year ending March 31, 2026.

(2) Overview of financial position at the end of the current consolidated quarter

Assets

Total assets at the end of the first quarter of FY2025 stood at 295,882 million yen, a decrease of 19,190 million yen from the end of FY2024. This was mainly due to a decrease of 20,266 million yen in trade receivables.

Liabilities

Total liabilities at the end of the first quarter of FY2025 stood at 66,645 million yen, a decrease of 7,910 million yen from the end of FY2024. This was mainly due to a decrease of 8,951 million yen in provision for bonuses as well as a decrease of 7,694 million yen in income taxes payable, and despite an increase in long-term borrowings of 6,403 million yen due to borrowing for a trust scheme of funds necessary for the acquisition of the Company's stock in connection with the readoption of the Trust-type Employee Shareholding Incentive Plan.

Net assets

Net assets at the end of the first quarter of FY2025 stood at 229,237 million yen, a decrease of 11,279 million yen from the end of FY2024. This was mainly due to a decrease of 6,872 million yen due to the payment of dividends, a decrease of 4,222 million yen by repurchasing own stock, pursuant to the resolution at the Board of Directors meeting, and a decrease of 5,679 million yen due to the acquisition and disposal of the Company's stock for the Trust-type Employee Shareholding Incentive Plan, despite an increase of 5,185 million yen in shareholders' equity by the recording of net income attributable to owners of parent.

As a result, the shareholders' equity ratio was 76.5% compared with 75.3% at the end of FY2024.

(3) Forecast of consolidated financial results

There is no change to the forecast for consolidated financial results—published on May 13, 2025—for the first half and for the full fiscal year ending March 31, 2026.

The azbil Group's business environment continues to be subject to a high level of uncertainty due to global geopolitical risks, inflation triggered by the impact of US tariff policies on industry and the economy, and increasing personnel expenses and other costs. However, in the BA business, demand for HVAC control equipment/systems remains firm, both in Japan and overseas. Regarding the AA business environment, while recovery in the FA market appears to be delayed at present, we anticipate its gradual recovery within the current fiscal year, and we expect the demand for the PA market to remain robust. In the LA business, on top of stable demand for meter replacement as required by law, we anticipate continued expansion of smart meter-related market.

In this business environment, increased revenue is projected for the BA business, reflecting the robust market conditions; and in the AA business, firmly founded on robust demand in the PA market, we plan to increase revenue by steadily capturing demand in the FA market as it gradually recovers. The LA business, on the other hand, is projected to see a revenue decline owing to the impact of the transfer of equity interests in Azbil Telstar—undertaken as part of our business portfolio restructuring in FY2024—although the gas and water meter field is expected to achieve revenue growth. Consequently, the Group as a whole plans net sales of 297,000 million yen, a 1.1% decrease compared to FY2024.

As regards profits, while steadily investing for growth—in R&D, equipment and facilities, human capital, and DX promotion—we also anticipate personnel expenses and various other costs to rise as a result of inflation and other factors. However, by continuing our ongoing initiatives to strengthen profitability, including cost pass-through, and to improve operational efficiency through DX, we expect operating income to increase to 43,000 million yen, up 3.6% compared to FY2024. Ordinary income is expected to be 42,200 million yen, on a par with FY2024, as a result of the appreciation of the yen. As for net income attributable to owners of parent, we expect a decrease to 31,000 million yen, owing mainly to the recording of gain on sale of investments in capital of subsidiaries and associates following the FY2024 transfer of equity interests in Azbil Telstar.

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

2. Consolidated quarterly financial statements and related notes

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	88,495	88,435
Notes and accounts receivable - trade, and contract assets	91,744	71,478
Securities	6,400	4,000
Merchandise and finished goods	8,483	8,795
Work in process	6,776	8,645
Raw materials	22,366	22,430
Other	6,857	6,910
Allowance for doubtful accounts	(352)	(321)
Total current assets	230,770	210,374
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,314	23,209
Other, net	17,872	17,808
Total property, plant and equipment	41,186	41,018
Intangible assets	7,475	7,652
Investments and other assets		
Investment securities	22,791	23,984
Other	12,951	12,958
Allowance for doubtful accounts	(103)	(105)
Total investments and other assets	35,640	36,837
Total non-current assets	84,302	85,508
Total assets	315,072	295,882

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,089	13,802
Short-term borrowings	4,862	4,861
Income taxes payable	8,964	1,270
Provision for bonuses	13,614	4,663
Provision for bonuses for directors (and other officers)	245	52
Provision for share awards	2,854	2,969
Provision for product warranties	1,857	1,860
Provision for loss on orders received	16	7
Other	19,282	22,938
Total current liabilities	67,786	52,427
Non-current liabilities		
Long-term borrowings	620	7,023
Retirement benefit liability	1,821	1,861
Provision for retirement benefits for directors (and other officers)	197	176
Provision for share awards	130	149
Provision for share awards for directors (and other officers)	177	216
Other	3,822	4,790
Total non-current liabilities	6,768	14,217
Total liabilities	74,555	66,645
Net assets		
Shareholders' equity		
Share capital	10,522	10,522
Capital surplus	12,282	12,282
Retained earnings	237,661	216,359
Treasury shares	(41,905)	(31,714)
Total shareholders' equity	218,561	207,450
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,223	11,851
Foreign currency translation adjustment	7,312	6,990
Remeasurements of defined benefit plans	107	104
Total accumulated other comprehensive income	18,643	18,947
Non-controlling interests	3,311	2,840
Total net assets	240,517	229,237
Total liabilities and net assets	315,072	295,882

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

(Millions of yen)

	Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)
Net sales	65,547	62,053
Cost of sales	38,277	33,717
Gross profit	27,270	28,335
Selling, general and administrative expenses	21,487	21,273
Operating income	5,782	7,062
Non-operating income		
Interest income	113	85
Dividend income	418	442
Foreign exchange gains	576	23
Rental income from real estate	7	7
Reversal of allowance for doubtful accounts	30	—
Other	69	34
Total non-operating income	1,215	593
Non-operating expenses		
Interest expenses	58	29
Commitment fees	5	5
Expenses of real estate	7	7
Loss on investments in investment partnerships	4	120
Other	31	32
Total non-operating expenses	106	194
Ordinary income	6,891	7,461
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investments in capital of subsidiaries and associates	820	—
Gain on sale of investment securities	7	—
Total extraordinary income	831	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	29	9
Impairment losses	—	11
Loss on valuation of investment securities	77	—
Total extraordinary losses	107	21
Income before income taxes	7,615	7,440
Income taxes - current	787	766
Income taxes - deferred	1,746	1,392
Total income taxes	2,534	2,158
Net income	5,081	5,282
Net income attributable to non-controlling interests	201	97
Net income attributable to owners of parent	4,880	5,185

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)
Net income	5,081	5,282
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,263)	628
Deferred gains or losses on hedges	(85)	—
Foreign currency translation adjustment	3,213	(298)
Remeasurements of defined benefit plans, net of tax	(1)	(3)
Total other comprehensive income	1,863	326
Comprehensive income	6,944	5,609
Comprehensive income attributable to:		
Owners of parent	6,562	5,488
Non-controlling interests	382	120

(3) Notes to the consolidated quarterly financial statements

Notes regarding going concern assumptions

Not applicable

Notes on consolidated quarterly statements of cash flows

Consolidated quarterly statement of cash flows for the current consolidated cumulative first quarter has not been prepared. Depreciation (including the amortization of intangible assets) for the consolidated cumulative first quarter is as follows.

	Three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)	Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)
Depreciation	1,592 million yen	1,704 million yen

Notes regarding significant change in shareholders' equity

1. Cancellation of treasury shares

The Company decided on May 13, 2025, to cancel a portion of its treasury shares pursuant to Article 178 of the Companies Act of Japan, and implemented the cancellation on May 30, 2025. As a result, both retained earnings and treasury shares decreased by 20,083 million yen each.

Details of cancellation

- (1) Type of shares cancelled: Common stock of the Company
- (2) Number of shares cancelled: 19,300,000 shares
(3.4% of the total number of issued shares before the cancellation)
- (3) Total number of issued shares after the cancellation: 541,372,736 shares
- (4) Date of the cancellation: May 30, 2025

2. Readoption of Trust-Type Employee Shareholding Incentive Plan

The Company resolved at the Board of Directors meeting held on May 13, 2025, to proceed with the readoption of the Trust-Type Employee Shareholding Incentive Plan. During the first quarter of the consolidated cumulative period, the azbil Group Employee Stock Ownership Association Trust Fund acquired 5,175,600 shares of the Company's common stock for 6,508 million yen (excluding incidental expenses). These shares have been recorded as treasury shares under shareholders' equity.

3. Repurchase of the Company's own stock

The Company is repurchasing its own stock, aiming not only to improve capital efficiency but also to enhance the return of profits to shareholders and develop flexible capital management responding to changes in the corporate environment, while taking into consideration business results and the outlook for future business performance, based on the resolution of the Board of Directors meeting held on May 13, 2025. Pursuant to the resolutions, during the period from May 16, 2025, to June 25, 2025 (based on the delivery date), the Company acquired 3,328,800 shares of its own stock, resulting in an increase of 4,222 million yen in treasury shares.

Details of share repurchase

- (1) Type of shares to be repurchased: Common stock of the Company
- (2) Total number of shares to be repurchased: Up to 24,000,000 shares
- (3) Total amount of repurchase: Up to 15.0 billion yen
- (4) Period of repurchase: From May 14, 2025 to October 29, 2025 (based on trade date)
- (5) Method of repurchase: Market transactions on the Tokyo Stock Exchange

Consequently, capital surplus amounted to 12,282 million yen, retained earnings amounted to 216,359 million yen, and treasury shares amounted to 31,714 million yen, representing 32,192,468 shares as of June 30, 2025. Treasury shares include the Company's stock remaining in the trust under the employee stock ownership plan (7,843 million yen for 10,728,392 shares), in the trust under the Trust-Type Employee Shareholding Incentive Plan (6,392 million yen for 5,083,800 shares), and in the trust under the stock compensation plan (377 million yen for 367,600 shares).

Notes on segment information

1. Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Information on sales and profit by each segment and disaggregation of revenue

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	28,766	24,749	12,008	65,525	22	65,547
Inter-segment	115	333	86	535	2	537
Total	28,882	25,083	12,095	66,060	24	66,084
Segment profit	1,630	3,920	252	5,803	2	5,806
Disaggregation of revenue						
Goods or services transferred at a point in time	6,268	19,787	8,401	34,458	22	34,480
Goods or services transferred over time	22,498	4,962	3,606	31,067	—	31,067
Revenue from contracts with customers	28,766	24,749	12,008	65,525	22	65,547

* “Other” includes insurance agent business, etc.

(2) The main contents of the difference between reportable segment profit and operating income

(Millions of yen)

Income	Amount
Total of Reportable Segment	5,803
Profit in Other	2
Elimination	(23)
Operating income	5,782

2. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Information on sales and profit by each segment and disaggregation of revenue

(Millions of yen)

	Reportable Segment				Other*	Total
	Building Automation	Advanced Automation	Life Automation	Total		
Sales						
Customers	29,414	24,656	7,963	62,034	18	62,053
Inter-segment	86	228	80	395	221	616
Total	29,501	24,885	8,043	62,430	240	62,670
Segment profit	2,587	4,312	171	7,071	34	7,105
Disaggregation of revenue						
Goods or services transferred at a point in time	7,594	19,886	7,642	35,123	18	35,142
Goods or services transferred over time	21,820	4,770	320	26,910	—	26,910
Revenue from contracts with customers	29,414	24,656	7,963	62,034	18	62,053

* "Other" includes insurance agent business and software development business within the azbil Group, etc.

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

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

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

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

(2) The main contents of the difference between reportable segment profit and operating income

(Millions of yen)

Income	Amount
Total of Reportable Segment	7,071
Profit in Other	34
Elimination	(42)
Operating income	7,062