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

February 6, 2026

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 nine months ended December 31, 2025 (from April 1, 2025 to December 31, 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	%
Nine months ended December 31, 2025	208,055	(4.5)	29,226	9.1	30,717	9.5	22,678	(21.0)
Nine months ended December 31, 2024	217,907	6.1	26,800	15.5	28,042	14.4	28,695	49.7

Note: Comprehensive income Nine months ended December 31, 2025 30,250 million yen 2.7%
 Nine months ended December 31, 2024 29,452 million yen 20.1%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2025	44.51	—
Nine months ended December 31, 2024	54.42	—

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 December 31, 2025	303,899	239,252	77.8
As of March 31, 2025	315,072	240,517	75.3

Reference: Shareholders' equity As of December 31, 2025 236,284 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	—	13.00	—		
Year ending March 31, 2026 (forecast)				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
Full year	298,000	(0.8)	45,500	9.7	45,500	7.9	33,500	(18.2)	65.98

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

The Company completed repurchasing its own stock and 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 December 31, 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 16 of the accompanying document.

* Notes

(1) Significant changes in the scope of consolidation during the nine months ended December 31, 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 December 31, 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 December 31, 2025	33,630,225 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)

Nine months ended December 31, 2025	509,461,405 shares	Nine months ended December 31, 2024	527,314,268 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 (10,107,580 shares as of December 31, 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 (13,152,142 shares for the nine months ended December 31, 2025; 9,988,115 shares for the nine months ended December 31, 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	3
(2) Overview of financial position	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	16
Notes on segment information	17

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, the impact of U.S. reciprocal tariffs, inflation and other challenges, 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 solving social issues that arise 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 are engaged 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 are continuing 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 are advancing initiatives to achieve these goals.

Building on 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 medium-term plan (FY2025–FY2027).

(1) Overview of financial results

The business environment for the azbil Group for the nine months ended December 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 nine months ended December 2025 were as follows.

Orders received were 231,140 million yen overall, on a par with the 231,169 million yen recorded in the same period of FY2024. This resulted from a large increase in the Building Automation (BA) business—which recorded large-scale projects, in Japan and abroad, against a backdrop of robust market conditions, while also benefitting from the implementation of various measures—and despite there being 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. Accordingly, in spite of sales growth in the BA business, mainly in the fields for existing buildings and service, and in the process automation (PA) markets, in Japan and abroad, served by the Advanced Automation (AA) business, net sales were 208,055 million yen, down 4.5% on the 217,907 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 29,226 million yen, up 9.1% on the 26,800 million yen recorded in the same period of FY2024; this was the result of measures to enhance profitability, including cost pass-through. Ordinary income—which improved due to the growth in operating income—was 30,717 million yen, up 9.5% on the 28,042 million yen recorded in the same period of FY2024, when a figure of was recorded. Net income attributable to owners of parent was 22,678 million yen, down 21.0% on the 28,695 million yen recorded in the same period of FY2024; this was primarily due to the recording of gain on sale of equity interests in Azbil Telstar (approx. 7.6 billion yen) as extraordinary income in the same period of FY2024.

(Millions of yen)

	Nine months ended Dec. 31, 2024 (Apr. 1, 2024 to Dec. 31, 2024)	Nine months ended Dec. 31, 2025 (Apr. 1, 2025 to Dec. 31, 2025)	Difference	
			Amount	Rate
Orders received	231,169	231,140	(29)	(0.0)%
Net sales	217,907	208,055	(9,851)	(4.5)%
Operating income [Margin]	26,800 [12.3%]	29,226 [14.0%]	2,426 [1.7pp]	9.1%
Ordinary income	28,042	30,717	2,674	9.5%
Net income attributable to owners of parent [Margin]	28,695 [13.2%]	22,678 [10.9%]	(6,016) [(2.3)pp]	(21.0)%

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 been robust 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 are suited to new work styles. Investment has been also robust 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 taking such initiatives as 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 nine months ended December 2025 were as follows.

Orders received increased to 131,799 million yen, up 12.0% on the 117,639 million yen recorded in the same period of FY2024. In addition to benefitting from robust market conditions, this was because of significant growth in orders resulting from the recording of large-scale projects in the fields of new and existing buildings as well as in the overseas

business. Sales were 105,451 million yen, up 2.8% on the 102,554 million yen recorded in the same period of FY2024, owing to steady sales growth in the fields of existing buildings and service thanks in part to progress made with load-leveling initiatives, and despite a decline in the field of new buildings and in the overseas business owing to the fact that they were at a high level in the same period of FY2024 when large-scale projects were recorded. Segment profit was 16,273 million yen, up 15.4% on the 14,103 million yen recorded in the same period of FY2024; this significant improvement was due to higher revenue leading to increased profit, and 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)

	Nine months ended Dec. 31, 2024 (Apr. 1, 2024 to Dec. 31, 2024)	Nine months ended Dec. 31, 2025 (Apr. 1, 2025 to Dec. 31, 2025)	Difference	
			Amount	Rate
Orders received	117,639	131,799	14,160	12.0%
Sales	102,554	105,451	2,897	2.8%
Segment profit [Margin]	14,103 [13.8%]	16,273 [15.4%]	2,169 [1.7pp]	15.4%

Advanced Automation (AA) Business

Looking at market trends, in Japan and abroad, that are relevant to the AA business, the PA market remained robust, mainly due to domestic demand for maintenance and refurbishment. In the FA market, although a recovery in demand is currently observed in some areas, the strength of demand varies by region and market, and overall the recovery remains subdued. Direct impact from U.S. reciprocal tariffs on the azbil Group's financial results has been limited. However, the impact of geopolitical risks and U.S.-China trade friction on the macroeconomic environment is unclear, and their effect on capital investment in the manufacturing sector 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 nine months ended December 2025 were as follows.

Orders received decreased 74,845 million yen, on a par with the 74,458 million yen recorded in the same period of FY2024. While large advance orders made at the end of the previous consolidated fiscal year 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. As regards sales, there was a decline in the domestic FA market but increases in the domestic and overseas PA markets. As a result, overall sales increased to 79,714 million yen, up 1.9% on the 78,261 million yen recorded in the same period of FY2024. Segment profit was 12,622 million yen, up 7.1% on the 11,784 million yen recorded in the same period of FY2024. This improvement was due to higher revenue leading to increased profit and such factors as 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 is taking time, 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 societal 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)

	Nine months ended Dec. 31, 2024 (Apr. 1, 2024 to Dec. 31, 2024)	Nine months ended Dec. 31, 2025 (Apr. 1, 2025 to Dec. 31, 2025)	Difference	
			Amount	Rate
Orders received	74,458	74,845	386	0.5%
Sales	78,261	79,714	1,453	1.9%
Segment profit [Margin]	11,784 [15.1%]	12,622 [15.8%]	837 [0.8pp]	7.1%

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, with the business 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.

As noted previously, 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 nine months ended December 2025 were as follows.

Orders received were 25,620 million yen, down 36.5% on the 40,366 million yen recorded in the same period of FY2024; this was due to the transfer of equity interests in Azbil Telstar (a reduction of 15,500 million yen). Similarly, this transfer impacted sales (a reduction of 14,600 million yen), which were 24,025 million yen, down 37.6% on the 38,479 million yen recorded in the same period of FY2024. Although measures were implemented to enhance profitability, including cost pass-through, as well as reduce expenses, 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 340 million yen, down 63.9% compared to the 943 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^{Note 6}, 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)				
	Nine months ended Dec. 31, 2024 (Apr. 1, 2024 to Dec. 31, 2024)	Nine months ended Dec. 31, 2025 (Apr. 1, 2025 to Dec. 31, 2025)	Difference	
			Amount	Rate
Orders received	40,366	25,620	(14,746)	(36.5)%
Sales	38,479	24,025	(14,454)	(37.6)%
Segment profit [Margin]	943 [2.5%]	340 [1.4%]	(602) [(1.0)pp]	(63.9)%

Note 6: 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.

Other

In Other business, principally our insurance agent business and software development business ^{Note 7} within the azbil Group, orders received in the nine months ended December 2025 were 728 million yen (compared with 47 million yen for the same period of FY2024), sales were 706 million yen (compared with 47 million yen for the same period of FY2024), and segment profit was 25 million yen (compared with a segment loss of 24 million yen for the same period of FY2024).

Note 7: 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 FY2025.

(2) Overview of financial position

Assets

Total assets as of December 31, 2025 stood at 303,899 million yen, a decrease of 11,173 million yen from the end of FY2024. This was mainly due to a decrease of 16,242 million yen in cash and deposits, despite an increase of 6,708 million yen in investment securities due to the increased market value of shareholdings.

Liabilities

Total liabilities as of December 31, 2025 stood at 64,647 million yen, a decrease of 9,908 million yen from the end of FY2024. This was mainly due to a decrease of 7,461 million yen in income taxes payable as well as a decrease of 5,774 million yen in provision for bonuses,

despite an increase in long-term borrowings of 4,849 million yen due to borrowing for a trust scheme of funds necessary for the acquisition of the Company's stock in connection with readoption of the Trust-Type Employee Shareholding Incentive Plan.

Net assets

Net assets as of December 31, 2025 stood at 239,252 million yen, a decrease of 1,265 million yen from the end of FY2024. This was mainly due to a decrease of 14,999 million yen by repurchasing own stock, pursuant to the resolution at the Board of Directors meeting as well as a decrease of 13,623 million yen due to the payment of dividends, despite an increase of 4,043 million yen in valuation difference on available-for-sale securities as well as an increase of 22,678 million yen in shareholders' equity by the recording of net income attributable to owners of parent.

As a result, the shareholders' equity ratio was 77.8% 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 for the fiscal year ending March 31, 2026, originally announced on May 13, 2025, and which was revised upwards on 30 October, 2025. As regards individual business segments, there is also no change to the forecast announced on November 5, 2025.

Uncertainties exist regarding the future business environment surrounding the azbil Group: in addition to inflation and rising personnel expenses, there are also global geopolitical risks and the impact of U.S. reciprocal tariffs. Nevertheless, demand for HVAC control equipment and systems for data centers and large-scale buildings will remain strong in Japan and overseas, while in the PA market investment in equipment and systems for production facilities will continue. Also, FA market demand is expected to recover, though at a moderate pace.

Amidst this business environment, in the BA business we expect to achieve sales of 154.0 billion yen and segment profit of 27.0 billion yen, both higher than FY2024. This will be achieved by steadily converting the large order backlog into sales as well as benefitting from improved profitability, despite rising expenses. In the AA business, the FA market—despite the delay in its recovery—is now showing signs of improvement, and, against the background of robust demand in the PA market, sales of 111.0 billion yen are expected, higher than FY2024. A year-on-year increase is also projected for profits: despite rising personnel and other expenses, thanks to the success of measures to strengthen profitability, we expect segment profit to rise to 17.5 billion yen. In the LA business, overall revenue and profits are projected to decrease owing to the impact of the FY2024 transfer of Azbil Telstar; however, if the effect of this transfer is excluded, we project sales of 34.5 billion yen and segment profit of 1.0 billion yen, both higher than FY2024, thanks mainly to growth in the Lifeline field.

While segments differ as regards business environment and the progress of initiatives, overall performance is generally in line with the revised forecast. Therefore, as stated in the forecast for consolidated financial results announced on October 30, 2025, we anticipate net sales to

decrease compared to FY2024 owing to the impact of the Azbil Telstar transfer, but only by 0.8% (2.3 billion yen) to 298.0 billion yen. Operating income is projected to increase by 9.7% (4.0 billion yen) year-on-year to 45.5 billion yen; this growth will be driven by continuing initiatives to strengthen profitability and achieving increased revenue, and despite higher R&D expenses for growth and increases in various expenses such as personnel expenses. Ordinary income is also projected to be 45.5 billion yen, an increase of 7.9% (3.3 billion yen) compared to FY2024. Net income attributable to owners of parent is projected at 33.5 billion yen, down 18.2% (7.4 billion yen) compared to FY2024; this decrease is mainly due to the FY2024 recording of gain on sale of equity interests in Azbil Telstar.

The financial results for FY2024 included the sales revenue of Azbil Telstar as well as the gain on sale of equity interests in the subsidiary, which was removed from the scope of consolidation following the transfer (October 31, 2024). This represents a reduction of 14.6 billion yen in sales and a reduction of 7.6 billion yen in net income attributable to owners of parent in the current fiscal year.

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 December 31, 2025
Assets		
Current assets		
Cash and deposits	88,495	72,252
Notes and accounts receivable - trade, and contract assets	91,744	87,782
Securities	6,400	5,000
Merchandise and finished goods	8,483	9,370
Work in process	6,776	10,517
Raw materials	22,366	21,312
Other	6,857	6,335
Allowance for doubtful accounts	(352)	(302)
Total current assets	230,770	212,270
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,314	22,950
Other, net	17,872	19,729
Total property, plant and equipment	41,186	42,679
Intangible assets	7,475	8,143
Investments and other assets		
Investment securities	22,791	29,499
Other	12,951	11,476
Allowance for doubtful accounts	(103)	(170)
Total investments and other assets	35,640	40,806
Total non-current assets	84,302	91,629
Total assets	315,072	303,899

(Millions of yen)

	As of March 31, 2025	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,089	14,457
Short-term borrowings	4,862	4,843
Income taxes payable	8,964	1,502
Provision for bonuses	13,614	7,840
Provision for bonuses for directors (and other officers)	245	156
Provision for share awards	2,854	352
Provision for product warranties	1,857	1,669
Provision for loss on orders received	16	3
Other	19,282	20,928
Total current liabilities	67,786	51,754
Non-current liabilities		
Long-term borrowings	620	5,469
Retirement benefit liability	1,821	1,987
Provision for retirement benefits for directors (and other officers)	197	138
Provision for share awards	130	210
Provision for share awards for directors (and other officers)	177	269
Other	3,822	4,818
Total non-current liabilities	6,768	12,893
Total liabilities	74,555	64,647
Net assets		
Shareholders' equity		
Share capital	10,522	10,522
Capital surplus	12,282	12,282
Retained earnings	237,661	227,102
Treasury shares	(41,905)	(39,351)
Total shareholders' equity	218,561	210,556
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,223	15,266
Foreign currency translation adjustment	7,312	10,359
Remeasurements of defined benefit plans	107	101
Total accumulated other comprehensive income	18,643	25,728
Non-controlling interests	3,311	2,967
Total net assets	240,517	239,252
Total liabilities and net assets	315,072	303,899

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

(Millions of yen)

	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)	Nine months ended December 31, 2025 (April 1, 2025 to December 31, 2025)
Net sales	217,907	208,055
Cost of sales	123,982	111,341
Gross profit	93,924	96,714
Selling, general and administrative expenses	67,123	67,487
Operating income	26,800	29,226
Non-operating income		
Interest income	403	244
Dividend income	813	946
Foreign exchange gains	153	825
Rental income from real estate	22	21
Reversal of allowance for doubtful accounts	87	—
Other	245	281
Total non-operating income	1,725	2,320
Non-operating expenses		
Interest expenses	146	87
Commitment fees	15	15
Expenses of real estate	24	34
Office relocation expenses	166	417
Loss on investments in investment partnerships	10	155
Other	120	118
Total non-operating expenses	482	829
Ordinary income	28,042	30,717
Extraordinary income		
Gain on sale of non-current assets	10	10
Gain on sale of investment securities	809	612
Gain on sale of investments in capital of subsidiaries and associates	8,435	—
Compensation for forced relocation	165	—
Total extraordinary income	9,421	623
Extraordinary losses		
Loss on sale and retirement of non-current assets	96	62
Impairment losses	—	11
Loss on valuation of investment securities	100	—
Loss on sale of investment securities	10	—
Total extraordinary losses	206	74
Income before income taxes	37,258	31,266
Income taxes - current	6,298	6,575
Income taxes - deferred	1,765	1,660
Total income taxes	8,063	8,236
Net income	29,194	23,029
Net income attributable to non-controlling interests	498	351
Net income attributable to owners of parent	28,695	22,678

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)	Nine months ended December 31, 2025 (April 1, 2025 to December 31, 2025)
Net income	29,194	23,029
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,955)	4,043
Deferred gains or losses on hedges	18	—
Foreign currency translation adjustment	2,199	3,181
Remeasurements of defined benefit plans, net of tax	(3)	(3)
Total other comprehensive income	258	7,220
Comprehensive income	29,452	30,250
Comprehensive income attributable to:		
Owners of parent	28,796	29,762
Non-controlling interests	655	487

(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 third quarter has not been prepared. Depreciation (including the amortization of intangible assets) for the consolidated cumulative third quarter is as follows.

	Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)	Nine months ended December 31, 2025 (April 1, 2025 to December 31, 2025)
Depreciation	5,057 million yen	5,297 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 readopt of the Trust-Type Employee Shareholding Incentive Plan. During the nine months ended December 31, 2025, 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 repurchased 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.

Details of share repurchase

- (1) Type of shares repurchased: Common stock of the Company
- (2) Total number of shares repurchased: 10,838,700 shares
- (3) Total amount of repurchase: 14,999 million yen
- (4) Period of repurchase: From May 14, 2025 to October 10, 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 227,102 million yen, and treasury shares amounted to 39,351 million yen, representing 33,630,225 shares as of December 31, 2025.

Treasury shares include the Company's stock remaining in the trust under the employee stock ownership plan (5,024 million yen for 5,047,980 shares), in the trust under the Trust-Type Employee Shareholding Incentive Plan (5,048 million yen for 4,015,100 shares), and in the trust under the stock compensation plan (1,399 million yen for 1,044,500 shares).

Notes on segment information

1. Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	102,242	77,415	38,207	217,865	41	217,907
Inter-segment	311	845	272	1,429	5	1,435
Total	102,554	78,261	38,479	219,295	47	219,342
Segment profit (loss)	14,103	11,784	943	26,832	(24)	26,807
Disaggregation of revenue						
Goods or services transferred at a point in time	25,752	62,047	26,726	114,526	41	114,568
Goods or services transferred over time	76,489	15,367	11,480	103,338	—	103,338
Revenue from contracts with customers	102,242	77,415	38,207	217,865	41	217,907

* “Other” includes insurance agent business, etc.

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

(Millions of yen)

Income	Amount
Total of Reportable Segment	26,832
Profit (Loss) in Other	(24)
Elimination	(7)
Operating income	26,800

2. Nine months ended December 31, 2025 (from April 1, 2025 to December 31, 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	105,179	79,030	23,806	208,016	39	208,055
Inter-segment	271	684	218	1,174	667	1,842
Total	105,451	79,714	24,025	209,191	706	209,898
Segment profit	16,273	12,622	340	29,236	25	29,261
Disaggregation of revenue						
Goods or services transferred at a point in time	26,307	63,086	22,811	112,205	39	112,244
Goods or services transferred over time	78,871	15,944	995	95,811	—	95,811
Revenue from contracts with customers	105,179	79,030	23,806	208,016	39	208,055

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

The Group is engaged in its Building Automation business in the building market, Advanced Automation business in the 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	29,236
Profit in Other	25
Elimination	(34)
Operating income	29,226