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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 2024

Company name: Azbil Corporation
Stock exchange listing: Tokyo Stock Exchange Prime Market (Code 6845)
URL: https://www.azbil.com/
Representative: Kiyohiro Yamamoto, Director, President and Group Chief Executive Officer
Contact: Kazuhisa Yamazaki, General Manager, Accounting Department, Group Management Headquarters
Phone: +81-3-6810-1009

Scheduled date to file semi-annual securities report: November 12, 2024
Scheduled date to commence dividend payments: December 6, 2024
Preparation of supplementary materials on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	139,252	5.6	14,640	12.8	14,667	2.5	10,944	(8.3)
Six months ended September 30, 2023	131,885	9.0	12,980	58.6	14,314	45.5	11,937	97.3

Note: Comprehensive income Six months ended September 30, 2024 10,208 million yen (36.9)%
Six months ended September 30, 2023 16,181 million yen 58.3%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2024	20.74	—
Six months ended September 30, 2023	22.47	—

Note: Azbil Corporation ("the Company") implemented a 4-for-1 common stock split effective on October 1, 2024. "Net income per share" has been calculated as if the stock split had been implemented at the beginning of the previous fiscal year.
Please note that if the stock split were not taken into account, "Net income per share" would be 82.96 yen for the six months ended September 30, 2024, and 89.89 yen for the six months ended September 30, 2023.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	302,952	230,422	75.0
As of March 31, 2024	313,728	224,887	70.6

Reference: Shareholders' equity As of September 30, 2024 227,259 million yen
As of March 31, 2024 221,522 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, 2024	—	36.50	—	39.50	76.00
Year ending March 31, 2025	—	44.00			
Year ending March 31, 2025 (forecast)			—	11.00	—

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

The total annual dividend forecast for the year ending March 31, 2025 is left blank, shown as a "—". The reason is as follows. The Company implemented a 4-for-1 common stock split effective on October 1, 2024. As regards dividends per share, the 2nd quarter-end dividends for the year ending March 31, 2025 are applied to shares held prior to the stock split, while the fiscal year-end dividends for the year ending March 31, 2025 (forecast) are applied to shares held after the stock split. If the stock split were not taken into account, the total annual dividend forecast would be 88.00 yen per share.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	301,000	3.5	40,200	9.1	40,000	2.6	38,000	25.8	71.94

Note: Revisions to the consolidated financial results forecast most recently announced: Yes

The Company implemented a 4-for-1 common stock split effective on October 1, 2024. For "Net income per share" in the forecast of consolidated financial results, the impact of the stock split is considered. Please note that if the stock split were not taken into account, "Net income per share" would be 287.76 yen.

The Company has resolved, at the Board of Directors meeting held on November 8, 2024, to dispose the treasury shares through allocation to a third party, and to repurchase its own stock. The Company has also decided to cancel its treasury shares on the same day. For "Net income per share" in the forecast of consolidated financial results, the impact of these matters is not considered.

* Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: Yes

Excluded: one company (Azbil VorTek, LLC)

(2) Application of special accounting methods for preparing semi-annual consolidated 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 September 30, 2024	566,032,736 shares	As of March 31, 2024	566,032,736 shares

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

As of September 30, 2024	37,818,216 shares	As of March 31, 2024	38,714,276 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	527,706,383 shares	Six months ended September 30, 2023	531,210,940 shares

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

2. The Company has introduced an employee stock ownership plan, a Trust-Type Employee Shareholding Incentive Plan, and a stock compensation plan. The number of treasury shares at the end of the period includes the Company's stock held by trust accounts of these plans (9,222,268 shares as of September 30, 2024; 10,118,952 shares as of March 31, 2024). Also, the Company's stock held by these trust accounts is included in treasury shares that are deducted in the calculation of the average number of shares during the period (9,730,869 shares for the six months ended September 30, 2024; 11,391,604 shares for the six months ended September 30, 2023).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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

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1. Overview of financial results and others

Based on the Group philosophy of "human-centered automation," the azbil Group strives—through its business operations—to contribute "in series" to the achievement of a sustainable society. In this way we ensure our own medium- to long-term development and continuously improve enterprise value. We are aiming to achieve net sales in the 400.0 billion yen range, operating income in the 60.0 billion yen range, an operating income margin of approximately 15%, and an ROE of approximately 13.5%; these are the Group's long-term targets [Note 1] for FY2030. Toward achieving these long-term targets, our four-year medium-term plan [Note 1] sets out as targets for FY2024, the final year of the plan, net sales of 300.0 billion yen, an operating income of 36.0 billion yen, an operating income margin of 12%, and an ROE of approximately 12%; we have been implementing various reforms to attain these targets.

In addition, from the perspective of contributing "in series" to the achievement of a sustainable society and advancing sustainability management, the Group has identified materiality [Note 2] as priority issues to be tackled over the long term. In the areas of the environment, innovation, society, and human resources, we have established four essential goals of azbil Group for SDGs. [Note 3] We have also set specific goals for our CSR activities regarding three issues which represent fundamental obligations that a company must fulfill in order to exist in society, [Note 4] and we are promoting initiatives to achieve these goals.

As we work toward achieving a sustainable society, various societal and customer issues are emerging—ranging from responses to climate change and decarbonization, to ensuring safety and peace of mind in an environment where people are required to live with pandemics. Other issues include supply chain disruptions, soaring energy costs, and inflation. Our position is that the value of the automation business lies in its ability to support customers and society as they address these challenges. The Group is therefore focusing on the three growth fields—namely, new automation, environment and energy, and life-cycle solutions—that can particularly benefit from our unique technologies, products, and services. By providing solutions to emerging issues, we are aiming to achieve growth for our Building Automation (BA), Advanced Automation (AA), and Life Automation (LA) businesses.

We will thus continue to actively invest in technology development, facilities, and equipment, and we will also advance initiatives to enhance product competitiveness, which may involve collaborative creation with external partners. We will make progress with our transformation for further growth, building on our achievements. These include strengthening our global production base, enhancing product competitiveness, promoting digital transformation (DX) to enhance internal productivity, and in our overseas business expanding customer coverage and enhancing our product lineups. At the same time, we will actively invest in human capital, the driving force for corporate growth.

Based on these reforms and our achievements to date, such as strengthening profitability, in FY2024, the final year of the medium-term plan, we are planning to exceed the initial plan, achieving net sales of 301.0 billion yen, an operating income of 40.2 billion yen, an operating income margin of 13.4%, and an ROE of 16.7% (announced on November 8, 2024).

The Group aims, through its business activities, to contribute "in series" to the achievement of a sustainable society. And by accomplishing our own growth, we aim to contribute to the well-being of society and realize the well-being of our employees.

Note 1: Long-term targets, medium-term plan

On May 14, 2021, the azbil Group formulated and announced its long-term targets and the medium-term plan (FY2021–2024).

Note 2: Materiality

- Environment: climate change; resource recycling
- Innovation
- Society: supply chain; contribution to local communities
- Human resources: human rights, safety, and health; learning and employee development
- Governance: product safety and quality; corporate governance; compliance

Note 3: Essential goals of azbil Group for SDGs

- The areas that we tackle through our business:
  - −Environment and energy
  - −New automation
- The areas that we tackle through our general corporate activities:
  - −Supply chain; social responsibility
  - −Health and well-being management; an organization that never stops learning

Note 4: Fundamental obligations that a company must fulfill in order to exist in society

- Product safety and quality; corporate governance; compliance

(1) Overview of financial results

The business environment for the azbil Group for the six months ended September 2024 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 CO_2 emissions, has remained strong. As for equipment/systems for production facilities, though there has been continuing demand for the decarbonization of factories and plants, and for the promotion of DX, demand has been sluggish in the factory automation (FA) market from FY2023.

As a result, financial results for the six months ended September 2024 were as follows.

Orders received were 171,126 million yen, up 7.5% on the 159,142 million yen recorded in the same period of FY2023. This was mainly due to a significant increase in the BA business driven by robust market conditions and the renewal of large-scale multi-year service contracts, and there was also growth in the LA business due to the acquisition of large-scale projects. Sales growth was achieved in the BA and LA businesses, reflecting the growth in orders received in the previous consolidated fiscal year, and consequently overall net sales were 139,252 million yen, up 5.6% on the 131,885 million yen recorded in the same period of FY2023.

As regards profits, there was an impact from the increase in R&D expenses required by the medium-term plan, as well as increases in DX-related, personnel and other expenses; however, thanks to revenue growth and measures to enhance profitability, including cost pass-through, operating income was 14,640 million yen, up 12.8% on the 12,980 million yen recorded in the same period of FY2023. Despite the recording of foreign exchange losses, revenue growth led to higher ordinary income, which was 14,667 million yen, up 2.5% on the 14,314 million yen recorded in the same period of FY2023. Owing to the recording of gain on sale of investment

securities in the same period of FY2023, net income attributable to owners of parent was 10,944 million yen, down 8.3% on the 11,937 million yen recorded in the same period of FY2023.

(Millions of yen)

	Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)	Six months ended Sep. 30, 2024 (Apr. 1, 2024 to Sep. 30, 2024)	Difference	
			Amount	Rate
Orders received	159,142	171,126	11,984	7.5%
Net sales	131,885	139,252	7,367	5.6%
Operating income [Margin]	12,980 [9.8%]	14,640 [10.5%]	1,660 [0.7pp]	12.8%
Ordinary income	14,314	14,667	352	2.5%
Net income attributable to owners of parent [Margin]	11,937 [9.1%]	10,944 [7.9%]	(992) [(1.2)pp]	(8.3)%

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

Building Automation (BA) Business

Regarding the BA business environment, in the domestic market demand for office buildings in urban redevelopment projects has leveled off but remains at a high level. In addition to the demand for energy savings and CO_2 reduction, there is continuing interest in new solutions, suited to new work styles, which create environments offering post-pandemic safety. As regards overseas markets, investment is expanding and already exceeds pre-pandemic levels. In this business environment, we have not only made progress with securing orders, but also striven to ensure enhanced job execution capabilities and greater efficiencies through DX promotion—particularly on construction and service sites—that meet the requirements of the work-style reforms. Moreover, we have made progress with the expansion of our product lineups and services to better meet the needs of customers, in Japan and abroad, who are interested in harnessing such technologies as IoT and cloud computing.

Consequently, the financial results of the BA business for the six months ended September 2024 were as follows.

Orders received increased, mainly due to the renewal of large-scale multi-year service contracts, and thanks to growth in the existing building field—to which more personnel and other resources are being allocated and the business infrastructure is being reinforced. Consequently, for the BA business as a whole, orders received increased significantly by 12.1% to 93,293 million yen compared to the same period of FY2023, when a figure of 83,252 million yen was recorded. Sales increased in the fields related to existing buildings and service, as well as in the overseas business. This resulted in sales of 62,531 million yen, a significant increase of 11.6% on the 56,043 million yen recorded in the same period of FY2023. Despite increased outsourcing costs as well as higher personnel and DX-related expenses and R&D investments, thanks to increased revenue, mainly in the highly profitable existing building and service fields,

and improved profitability, including cost pass-through, segment profit was significantly improved by 63.4% to 6,117 million yen compared to the same period of FY2023, when a figure of 3,743 million yen was recorded.

As for the medium- to long-term outlook, large-scale redevelopment projects continue to be planned, and several retrofit projects are anticipated. While giving consideration to profitability, the BA business is committed to responding to this demand. Moreover, we will continue developing our Energy Service Provider (ESP) model to meet customer requirements for decarbonization—making energy savings and using renewable energy—and we are progressing with our expansion into the data center market; both of which may involve business partnerships. Customers are also looking for offices designed to improved workplace wellness that not only satisfy post-pandemic demand for enhanced safety and peace of mind, convenience and comfort, but are also suited to new work styles. In response to this demand, we will supply solutions such as cloud-based services and a new HVAC system; we are thus aiming to achieve sustainable growth. From the perspective of strengthening profitability, we will promote DX in sales and engineering while also engaging in business process reforms and other initiatives to further ensure that a high-profit structure is established.

(Millions of yen)

	Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)	Six months ended Sep. 30, 2024 (Apr. 1, 2024 to Sep. 30, 2024)	Difference	
			Amount	Rate
Orders received	83,252	93,293	10,041	12.1%
Sales	56,043	62,531	6,488	11.6%
Segment profit [Margin]	3,743 [6.7%]	6,117 [9.8%]	2,374 [3.1pp]	63.4%

Advanced Automation (AA) Business

Regarding market trends in Japan and abroad surrounding the AA business, in the process automation (PA) market domestic demand centering on maintenance and refurbishment has remained firm. However, in the FA market, in spite of there being signs of recovery in some areas, conditions overall have remained sluggish, due in part to the slow recovery in China.

Amidst this business environment, we have aimed to achieve business expansion through two growth initiatives—business growth overseas and the creation of new automation. At the same time, we have continued working on improving procurement and production processes to address parts procurement difficulties, as well as boosting profitability.

Consequently, the financial results of the AA business for the six months ended September 2024 were as follows.

Orders received were 49,323 million yen, down 5.3% on the 52,101 million yen recorded in the same period of FY2023. This was due to the continuing cyclical decline in demand in the FA market, and to the fact that a number of large-scale projects were recorded in the same period of FY2023. However, thanks to the gradual easing of parts procurement difficulties leading to the improvement of delivery lead time and shortening of the period between order intake and revenue, sales were 51,614 million yen, on a par with the same period of FY2023, when a figure

of 51,848 million yen was recorded. As for segment profit, although the measures implemented to strengthen profitability, including cost pass-through, continued to have a positive impact, increases in personnel and other expenses, coupled with increased investments in overseas sales, DX and R&D, had a negative impact, and there was a temporary provision for parts inventory. Consequently, segment profit was 7,852 million yen, down 7.5% on the same period of FY2023, when a figure of 8,487 million yen was recorded.

Although current conditions remain sluggish in the FA market, steady progress is being made with the two aforementioned growth initiatives, and we expect this will contribute to growth when the market recovers. In the long term, we can expect the industrial automation market to expand globally, satisfying customer needs for automation to facilitate the decarbonization of factories, to solve the challenges presented by labor shortages and aging facilities, and to introduce new production methods. Based on the three AA business sub-segments (CP, IAP, and SS), [Note 5] we are aiming to achieve highly competitive business growth by expanding into growth areas such as overseas business; by accelerating the development and market introduction of products and services that incorporate advanced technologies such as AI, cloud computing, and microfabrication; and by creating new automation fields that will be uniquely served by the azbil Group.

(Millions of yen)

	Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)	Six months ended Sep. 30, 2024 (Apr. 1, 2024 to Sep. 30, 2024)	Difference	
			Amount	Rate
Orders received	52,101	49,323	(2,777)	(5.3)%
Sales	51,848	51,614	(234)	(0.5)%
Segment profit [Margin]	8,487 [16.4%]	7,852 [15.2%]	(635) [(1.2)pp]	(7.5)%

Note 5: Three AA business sub-segments (management accounting sub-segments)

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

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

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

Life Automation (LA) Business

The LA business covers three fields: Lifeline (gas/water meters, etc.), Life Science Engineering (LSE: pharmaceutical/laboratory market), and Lifestyle-related (residential central air-conditioning systems). The business environment differs for each field.

The Lifeline field, which accounts for the bulk of LA sales, depends on cyclical demand for meter replacement as required by law. Though demand can be expected to remain basically stable, the cyclical demand for LP gas meters is currently at a low ebb. In the LSE field, for which business has been developed overseas, there is continued demand for pharmaceutical

plant equipment, but industry restructuring and continuing inflation have had a noticeable impact on investments and the economy.

Amidst this business environment, we have engaged in strengthening quality control and cost management, as well as enhancing profitability, including cost pass-through. In addition, from the perspective of restructuring our business portfolio to improve capital efficiency, we have transferred all equity interests in our subsidiary Azbil Telstar S.L.U. (hereinafter referred to as "Azbil Telstar"), which has played a central role in the Life Science Engineering field, to Syntegon Technology GmbH (the contractual transferee being Falcon Acquisition, S.L.U., a wholly owned subsidiary of Syntegon). Note 6

Consequently, the financial results of the LA business for the six months ended September 2024 were as follows.

For the LA business overall, orders received increased significantly by 18.5% to 29,429 million yen compared to the 24,825 million yen recorded in the same period of FY2023. This resulted mainly from growth in the Life Science Engineering field, which benefitted from a number of large-scale projects. Overall sales were 25,976 million yen, up 3.8% on the 25,014 million yen recorded in the same period of FY2023, mainly due to an increase in the Life Science Engineering field. Despite an increase in personnel and other various expenses, higher revenue led to increased profits, resulting in a segment profit of 694 million yen, on a par with the same period of FY2023, when a figure of 760 million yen was recorded.

In the LA business, in response to the changing business environment, we will advance appropriate reforms—improving profitability, including implementing cost pass-through, and reexamining business processes through the promotion of DX, throughout the business. In the Lifeline field, so as to grasp the opportunities provided by changes in the business environment for the energy supply market, in addition to our business of supplying products—potentially including smart meters—we will strive to create a new business that provides services based on data collected from meters utilizing IoT and other technologies. In the field of residential central air-conditioning systems, we will promote business based on products, suited to both new and existing houses, which offer living-space comfort, good air quality, and energy-saving performance.

(Millions of yen)

	Six months ended Sep. 30, 2023 (Apr. 1, 2023 to Sep. 30, 2023)	Six months ended Sep. 30, 2024 (Apr. 1, 2024 to Sep. 30, 2024)	Difference	
			Amount	Rate
Orders received	24,825	29,429	4,603	18.5%
Sales	25,014	25,976	961	3.8%
Segment profit [Margin]	760 [3.0%]	694 [2.7%]	(66) [(0.4)pp]	(8.8)%

Note 6: 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 will be excluded from the Company's scope of consolidation at the end of the third quarter of the fiscal year ending March 31, 2025.

Other

In Other business, principally our insurance agent business, orders received in the six months ended September 2024 were 37 million yen (compared with the 34 million yen for the same period of FY2023), sales were 36 million yen (compared with the 34 million yen for the same period of FY2023), and segment loss was 12 million yen (compared with the 7 million yen of segment loss for the same period of FY2023).

(2) Overview of financial position

Assets

Total assets as of September 30, 2024 stood at 302,952 million yen, a decrease of 10,776 million yen from the end of FY2023. This was mainly due to a decrease of 15,828 million yen in trade receivables and a decrease of 4,162 million yen in investment securities, and despite an increase of 8,457 million yen in cash and deposits.

Liabilities

Total liabilities as of September 30, 2024 stood at 72,530 million yen, a decrease of 16,310 million yen from the end of FY2023. This was mainly due to a decrease of 5,581 million yen in income taxes payable, a decrease of 4,137 million yen in provision for bonuses, and a decrease of 2,413 million yen in notes and accounts payable-trade.

Net assets

Net assets as of September 30, 2024 stood at 230,422 million yen, an increase of 5,534 million yen from the end of FY2023. This was mainly due to an increase of 10,944 million yen by the recording of net income attributable to owners of parent, and despite a decrease of 5,307 million yen in shareholders' equity due to the payment of dividends.

As a result, the shareholders' equity ratio was 75.0% compared with 70.6% at the end of FY2023.

Net cash flow from operating activities

Cash and cash equivalents (hereinafter "net cash") provided by operating activities in the six months ended September 2024 were 17,244 million yen, an increase of 10,342 million yen compared to the same period of FY2023. This was mainly due to an increase in inventories in the same period of FY2023 as a result of measures to secure parts and strengthen procurement capabilities.

Net cash flow from investing activities

Net cash provided by investing activities (proceeds) in the six months ended September 2024 was 107 million yen due to proceeds from sale of investments in capital of associated companies in the United States, and despite expenditures for capital investment. In the same period of FY2023, net cash used in investing activities (expenditure) was 2,264 million yen due to capital investment, and despite proceeds from the sale of investment securities.

Net cash flow from financing activities

Net cash used in financing activities (expenditure) in the six months ended September 2024 was 8,423 million yen, a decrease of 6,626 million yen compared to the same period of FY2023. This was mainly due to the repurchase of own stock, pursuant to the resolution at the Board of Directors meeting, in the same period of FY2023, and despite there being an increase in expenditure resulting from the payment of dividends.

As a result of the above factors, net cash as of September 30, 2024 stood at 85,119 million yen, an increase of 9,523 million yen from the end of FY2023.

(3) Forecast of consolidated financial results

The forecast for consolidated financial results for the full fiscal year ending March 31, 2025 has been revised further upward from the revised forecast announced on October 15, 2024. This is based on the consolidated financial results for the six months ended September 2024, the progress made with various measures, and currently available information regarding trends in the business environment.

In the business environment surrounding the azbil Group, various cost increases are expected, including personnel expenses, owing to growing inflation. Also, demand in the FA market continues to be weak. However, in the BA business, demand for HVAC control equipment and systems for large-scale buildings remains robust, both in Japan and overseas. As for the environment surrounding the AA business, although there are concerns about the delay in the recovery of demand in the FA market, demand in the PA market remains stable, particularly for maintenance and refurbishment. While making steady progress in capturing this demand, we will steadily improve operational efficiency by promoting DX and implement measures to enhance profitability, including cost pass-through.

For the full-year financial results for the fiscal year ending March 31, 2025, we take into account the results for the first half of the fiscal year—which were robust, particularly in the BA business—and we expect to see the effect of such measures as focusing on the existing building market to continue into the second half. Therefore, despite the impact of the decrease in revenue and operating income (approximately 5.0 billion yen and 0.3 billion yen, respectively) that will result from the exclusion of Azbil Telstar from the scope of consolidation following the transfer of its equity interests, we expect net sales of 301.0 billion yen, operating income of 40.2 billion yen, and ordinary income of 40.0 billion yen. These figures exceed both the initial forecast announced on May 13, 2024, and the revised forecast announced on October 15, 2024. We expect net income attributable to owners of parent to be 38.0 billion yen owing to increased profits and gain on sale of equity interests in Azbil Telstar—estimated at approximately 7.0 billion yen.

The business environment surrounding each business segment is as follows.

In the BA business, demand from sales to service has remained strong for HVAC control equipment/systems for large-scale buildings thanks to urban redevelopment plans and renewal

projects. Against the backdrop of a large order backlog, sales are expanding in the highly profitable retrofit of existing buildings and services while maintaining a high level in the new building field. Steady progress is being made with levelling the workload by shifting it toward the first half of the fiscal year. In the second half of the year, revenue is expected to increase compared to the same period of FY2023, exceeding the initial forecast. Consequently, sales for the full year is expected to be 148.0 billion yen, an increase from FY2023 and exceeding the initial forecast by 6.0 billion yen. As regards segment profit, despite soaring outsourcing costs and increased personnel and other expenses, because of higher revenue and the effect of measures to improve profitability continuing throughout the year, the initial forecast has been revised upward by 3.0 billion yen to 22.0 billion yen, which is even higher than FY2023.

In the AA business, conditions in the PA market continue to be relatively strong, but the recovery in demand in the FA market—including the semiconductor manufacturing equipment market—is slower than initially expected. For this reason, we have reviewed our forecasts for sales and segment profit for the second half of the fiscal year, and we expect full-year sales to be 2.0 billion yen lower than our initial forecast, but at the same level as the previous year, at 107.0 billion yen. On the other hand, thanks to the success of measures to enhance profitability, including cost pass-through, the initial forecast for segment profit remains unchanged at 16.7 billion yen, which represents increased profit compared to FY2023.

In the LA business, to reflect the exclusion of Azbil Telstar from the scope of consolidation, we have reviewed our forecasts for both sales and segment profit in the second half of the fiscal year. As a result, we now expect full-year sales to be 48.0 billion yen, which is 3.4 billion yen less than FY2023 and 4.0 billion yen less than the initial forecast. Although sales are thus expected to fall significantly, thanks to the effect of measures to enhance profitability, including cost pass-through, segment profit is now expected to be 1.5 billion yen, only 0.3 billion yen below the initial forecast and higher than FY2023.

The azbil Group aims to steadily achieve the consolidated financial results forecast for FY2024, the final year of the current medium-term plan. This will be accomplished by tracking changes in the social/economic environment, as well as in each segment’s business environment, and in response implementing prompt and appropriate measures. Moreover, we will continue to strengthen our product competitiveness; enhance investments in technology development, capital equipment, and human capital; and, by accelerating transformation, engage in reinforcing our business foundation to pave the way for the next medium-term plan, which will aim to achieve further growth with a view to achieving our long-term targets for FY2030.

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.

Full-year consolidated financial results forecast

(Billions of yen)

		Forecast (Nov. 8, 2024)	Forecast (Oct. 15, 2024)	Difference		(Reference) FY2023 results	(Reference) Forecast (May 13, 2024)
				Amount	Rate		
Consolidated	Net sales	301.0	300.0	1.0	0.3%	290.9	300.0
	Operating income [Margin]	40.2 [13.4%]	39.0 [13.0%]	1.2 [0.4pp]	3.1%	36.8 [12.7%]	37.5 [12.5%]
	Ordinary income	40.0	39.0	1.0	2.6%	38.9	37.5
	Net income attributable to owners of parent [Margin]	38.0 [12.6%]	37.0 [12.3%]	1.0 [0.3pp]	2.7%	30.2 [10.4%]	28.0 [9.3%]

* The forecast announced in the timely disclosure on October 15 includes only the full-year consolidated financial results forecast.

Reference

Full-year consolidated financial results forecast by segment: Comparison to the initial forecast announced on May 13, 2024

(Billions of yen)

		Forecast (Nov. 8, 2024)	(Reference) Forecast (May 13, 2024)	Difference		(Reference) FY2023 results
				Amount	Rate	
Building Automation	Sales	148.0	142.0	6.0	4.2%	134.6
	Segment profit [Margin]	22.0 [14.9%]	19.0 [13.4%]	3.0 [1.5pp]	15.8%	19.3 [14.4%]
Advanced Automation	Sales	107.0	109.0	(2.0)	(1.8)%	107.0
	Segment profit [Margin]	16.7 [15.6%]	16.7 [15.3%]	- [0.3pp]	-	16.1 [15.1%]
Life Automation	Sales	48.0	52.0	(4.0)	(7.7)%	51.4
	Segment profit [Margin]	1.5 [3.1%]	1.8 [3.5%]	(0.3) [(0.3)pp]	(16.7)%	1.3 [2.7%]
Other	Sales	0.1	0.1	-	-	0.0
	Segment profit [Margin]	0.0 [0.0%]	0.0 [0.0%]	- -	-	(0.0) [(36.1)%]

2. Semi-annual consolidated financial statements and related notes

(1) Semi-annual consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	71,079	79,536
Notes and accounts receivable - trade, and contract assets	97,759	81,931
Securities	8,900	7,900
Merchandise and finished goods	9,138	8,961
Work in process	7,737	9,241
Raw materials	26,902	26,194
Other	7,937	7,130
Allowance for doubtful accounts	(433)	(431)
Total current assets	229,022	220,463
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,050	23,972
Other, net	18,338	19,357
Total property, plant and equipment	41,388	43,330
Intangible assets	6,157	6,454
Investments and other assets		
Investment securities	26,008	21,846
Other	11,261	10,971
Allowance for doubtful accounts	(109)	(113)
Total investments and other assets	37,160	32,703
Total non-current assets	84,706	82,488
Total assets	313,728	302,952

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,472	18,058
Short-term borrowings	7,468	6,254
Income taxes payable	8,459	2,877
Provision for bonuses	13,136	8,999
Provision for bonuses for directors (and other officers)	226	130
Provision for product warranties	2,318	1,928
Provision for loss on orders received	53	22
Other	25,845	24,237
Total current liabilities	77,981	62,509
Non-current liabilities		
Long-term borrowings	1,985	336
Retirement benefit liability	1,784	1,875
Provision for retirement benefits for directors (and other officers)	207	195
Provision for share awards	2,596	2,731
Provision for share awards for directors (and other officers)	108	145
Other	4,176	4,737
Total non-current liabilities	10,859	10,021
Total liabilities	88,840	72,530
Net assets		
Shareholders' equity		
Share capital	10,522	10,522
Capital surplus	11,617	11,785
Retained earnings	211,810	217,747
Treasury shares	(32,804)	(32,040)
Total shareholders' equity	201,145	208,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,848	11,085
Deferred gains or losses on hedges	(18)	(141)
Foreign currency translation adjustment	6,496	8,249
Remeasurements of defined benefit plans	50	51
Total accumulated other comprehensive income	20,376	19,244
Non-controlling interests	3,365	3,162
Total net assets	224,887	230,422
Total liabilities and net assets	313,728	302,952

(2) Semi-annual consolidated statements of income and semi-annual consolidated statements of comprehensive income

(Semi-annual consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Net sales	131,885	139,252
Cost of sales	78,060	80,734
Gross profit	53,824	58,518
Selling, general and administrative expenses	40,844	43,877
Operating income	12,980	14,640
Non-operating income		
Interest income	188	252
Dividend income	444	513
Foreign exchange gains	883	—
Rental income from real estate	14	14
Reversal of allowance for doubtful accounts	36	37
Other	65	120
Total non-operating income	1,633	937
Non-operating expenses		
Interest expenses	124	99
Foreign exchange losses	—	586
Commitment fees	10	10
Expenses of real estate	17	16
Office relocation expenses	84	106
Other	62	91
Total non-operating expenses	299	911
Ordinary income	14,314	14,667
Extraordinary income		
Gain on sale of non-current assets	1	6
Gain on sale of investments in capital of subsidiaries and associates	—	830
Gain on sale of investment securities	2,306	718
Compensation for forced relocation	—	166
Compensation income for damages	597	—
Total extraordinary income	2,905	1,722
Extraordinary losses		
Loss on sale and retirement of non-current assets	55	62
Loss on valuation of investment securities	—	77
Loss on sale of investment securities	—	10
Total extraordinary losses	55	150
Income before income taxes	17,164	16,238
Income taxes - current	2,885	3,313
Income taxes - deferred	1,983	1,624
Total income taxes	4,869	4,938
Net income	12,294	11,300
Net income attributable to non-controlling interests	357	356
Net income attributable to owners of parent	11,937	10,944

(Semi-annual consolidated statements of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Net income	12,294	11,300
Other comprehensive income		
Valuation difference on available-for-sale securities	1,826	(2,763)
Deferred gains or losses on hedges	66	(123)
Foreign currency translation adjustment	1,997	1,796
Remeasurements of defined benefit plans, net of tax	(3)	(2)
Total other comprehensive income	3,886	(1,092)
Comprehensive income	16,181	10,208
Comprehensive income attributable to:		
Owners of parent	15,707	9,808
Non-controlling interests	473	399

(3) Semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Income before income taxes	17,164	16,238
Depreciation	2,901	3,235
Increase (decrease) in allowance for doubtful accounts	(53)	(42)
Increase (decrease) in retirement benefit liability	41	56
Decrease (increase) in retirement benefit asset	—	3
Increase (decrease) in provision for share awards	198	206
Increase (decrease) in provision for share awards for directors (and other officers)	32	37
Increase (decrease) in provision for bonuses	(4,003)	(3,586)
Increase (decrease) in provision for bonuses for directors (and other officers)	(26)	(95)
Increase (decrease) in provision for product warranties	(545)	(406)
Interest and dividend income	(633)	(765)
Interest expenses	124	99
Foreign exchange losses (gains)	(802)	392
Loss (gain) on sale and retirement of non-current assets	54	56
Loss (gain) on sale and valuation of investment securities	(2,306)	(631)
Loss (gain) on sale of investments in capital of subsidiaries and associates	—	(830)
Compensation for forced relocation	—	(166)
Decrease (increase) in accounts receivable - trade, and contract assets	14,220	15,271
Decrease (increase) in inventories	(7,646)	19
Increase (decrease) in trade payables	(3,885)	(2,098)
Decrease (increase) in other assets	968	729
Increase (decrease) in other liabilities	(681)	(3,352)
Subtotal	15,121	24,371
Interest and dividends received	628	791
Interest paid	(134)	(94)
Income taxes paid	(8,713)	(8,503)
Proceeds from compensation for forced relocation	—	678
Net cash provided by (used in) operating activities	6,901	17,244
Cash flows from investing activities		
Payments into time deposits	(2,334)	(2,120)
Proceeds from withdrawal of time deposits	1,567	3,213
Purchase of securities	(1,000)	—
Proceeds from sale of securities	1,000	1,000
Purchase of beneficial interests in trust	(644)	(441)
Proceeds from sale of beneficial interests in trust	603	520
Purchase of property, plant and equipment	(3,340)	(3,267)
Proceeds from sale of property, plant and equipment	2	9
Purchase of intangible assets	(647)	(988)
Purchase of investment securities	(143)	(80)
Proceeds from sale of investment securities	2,661	885
Proceeds from sale of investments in capital of subsidiaries resulting in change in scope of consolidation	—	1,374
Other, net	9	2
Net cash provided by (used in) investing activities	(2,264)	107

(Millions of yen)

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	145	222
Repayments of short-term borrowings	(131)	(2,278)
Proceeds from long-term borrowings	400	—
Repayments of long-term borrowings	(832)	(875)
Dividends paid	(4,574)	(5,302)
Repayments of lease liabilities	(307)	(350)
Dividends paid to non-controlling interests	(564)	(688)
Purchase of treasury shares	(10,002)	(0)
Proceeds from sale of treasury shares	816	851
Net cash provided by (used in) financing activities	(15,049)	(8,423)
Effect of exchange rate change on cash and cash equivalents	1,741	(124)
Net increase (decrease) in cash and cash equivalents	(8,670)	8,803
Cash and cash equivalents at beginning of period	71,232	75,595
Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(255)	719
Cash and cash equivalents at end of period	62,307	85,119

(4) Notes to the semi-annual consolidated financial statements

Notes regarding going concern assumptions

Not applicable

Notes regarding significant change in shareholders' equity

Not applicable

Notes on segment information

1. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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	55,808	51,165	24,878	131,852	32	131,885
Inter-segment	234	682	136	1,054	1	1,056
Total	56,043	51,848	25,014	132,906	34	132,941
Segment profit (loss)	3,743	8,487	760	12,992	(7)	12,985
Disaggregation of revenue						
Goods or services transferred at a point in time	13,510	42,354	17,824	73,689	32	73,722
Goods or services transferred over time	42,297	8,811	7,053	58,162	—	58,162
Revenue from contracts with customers	55,808	51,165	24,878	131,852	32	131,885

* "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	12,992
Profit (Loss) in Other	(7)
Elimination	(5)
Operating income	12,980

2. Six months ended September 30, 2024 (from April 1, 2024 to September 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	62,321	51,100	25,797	139,219	33	139,252
Inter-segment	210	514	178	902	3	906
Total	62,531	51,614	25,976	140,122	36	140,159
Segment profit (loss)	6,117	7,852	694	14,664	(12)	14,652
Disaggregation of revenue						
Goods or services transferred at a point in time	15,181	40,891	17,980	74,053	33	74,086
Goods or services transferred over time	47,140	10,208	7,816	65,166	—	65,166
Revenue from contracts with customers	62,321	51,100	25,797	139,219	33	139,252

* “Other” includes insurance agent business, 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 (loss) and operating income

(Millions of yen)

Income	Amount
Total of Reportable Segment	14,664
Profit (Loss) in Other	(12)
Elimination	(11)
Operating income	14,640

Significant subsequent events

1. Stock split

Based on the resolutions at the Board of Directors meeting held on May 13, 2024, the Company implemented a 4-for-1 common stock split effective on October 1, 2024.

(1) Purpose of the stock split

The purpose of the stock split is to increase share liquidity, prepare an environment that makes it easier for investors to invest and expand the investor base by reducing the price of share-trading units.

(2) Overview of the stock split

1) Method of the stock split

Each share of common stock owned by shareholders listed or recorded in the closed register of shareholders on the record date of Monday, September 30, 2024 was split into four shares.

2) Increase in the number of shares by the stock split

Total number of issued shares prior to the stock split: 141,508,184 shares
Increase in the number of shares by the stock split: 424,524,552 shares
Total number of issued shares after the stock split: 566,032,736 shares
Total number of authorized shares after the stock split: 2,237,680,000 shares

3) Schedule of the stock split

Date of public notice of record date: Friday, September 13, 2024
Record date: Monday, September 30, 2024
Effective date: Tuesday, October 1, 2024

4) Impact on per share information

Per share information as if the stock split had been implemented at the beginning of the previous fiscal year is as below.

	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)
Net income per share (Yen)	22.47	20.74

Note: Diluted net income per share is not presented as there is no dilutive shares.

2. Transfer of equity interests in an important subsidiary

The Company reached an agreement to transfer all the equity interests in its consolidated subsidiary Azbil Telstar S.L.U. (hereinafter "Azbil Telstar") to a wholly owned subsidiary of Syntegon Technology GmbH (hereinafter "Syntegon"). The Company finalized the decision and signed the contract on June 6, 2024 (Central European Time), and then executed the transfer on October 31, 2024 (Central European Time).

(1) Reason for transfer

Since Azbil Telstar became the Company's subsidiary through acquisition in 2013, we have developed a growth strategy to expand its business in the Life Science Engineering field of the Life Automation business. Amidst the reorganization taking place in this global industry, the azbil Group has been implementing strategies aimed at further enhancing future business competitiveness and profitability of Azbil Telstar—such as strengthening product competitiveness through group wide R&D synergy. At the same time, however, from the perspective of restructuring the azbil Group's business portfolio to improve capital efficiency as targeted in the Group's medium-term plan, we have also been reconsidering what sort of presence we should have in the future. As a result, it was determined that, in order to fully leverage the technology and products of Azbil Telstar and realize its sustainable growth, the best option was to transfer the Company's equity interests in Azbil Telstar to Syntegon, a global packaging solutions company, with the contractual transferee being Falcon Acquisition, S.L.U., a wholly owned subsidiary of Syntegon. This decision led to the conclusion of the aforementioned contract.

(2) Name of the counterparty of the equity transfer
Falcon Acquisition, S.L.U. (wholly owned subsidiary of Syntegon)

(3) Date of transfer
October 31, 2024 (Central European Time)

(4) Name, business description of the subsidiary and transaction with the Company
1) Company name: Azbil Telstar S.L.U.
2) Business description: Development, manufacturing, and sales of freeze-drying equipment, sterilization equipment, pharmaceutical water production & steam generation equipment, as well as consulting and engineering related to clean rooms, etc.
3) Transaction relationship: There are no material transactions.

(5) Percentage of equity interests to be transferred, transfer price, profit (loss) from the transfer and percentage of equity interests after the transfer
1) Percentage of equity interests to be transferred: 100%
2) Transfer price: 61,850 thousand euros
3) Profit (loss) from the transfer: The Company expects to record a gain on sale of investments in capital of subsidiaries and associates of approximately 7.0 billion yen as an extraordinary income.
4) Percentage of equity interests after the transfer: 0%
Note: The amount of this extraordinary income is currently an estimate; thus, there is a possibility it will change.

(6) Reportable segment
Life Automation business

3. Disposal of treasury shares through third party allocation
The Company has resolved, at the Board of Directors meeting held on November 8, 2024, to dispose the treasury shares through allocation to a third party. For details, please refer to the announcement made on November 8, 2024 entitled “Notification Regarding the Disposal of Treasury Shares Through Third-Party Allocation and an Additional Contribution to the Employee Stock Ownership Plan (J-ESOP)”.

Overview of the disposal

(1)	Date of disposal	November 25, 2024
(2)	Type of stock and number of shares to be disposed	3,500,000 common shares
(3)	Disposal price	1,216 yen per share
(4)	Total amount of disposal	4,256,000,000 yen
(5)	Disposal to	Custody Bank of Japan, Ltd. (Trust E)
(6)	Other	This disposal of treasury shares becomes valid when a notification is filed pursuant to the Financial Instruments and Exchange Act of Japan.

Note: The above number of shares reflects the stock split implemented on October 1, 2024.

4. Repurchase of the Company’s own stock and cancellation of its treasury shares
The Company has resolved, at the Board of Directors meeting held on November 8, 2024, to repurchase the Company’s own stock pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the said act.

In addition to what is outlined in the “Notification Regarding the Disposal of Treasury Shares Through Third-Party Allocation and an Additional Contribution to the Employee Stock Ownership Plan (J-ESOP),” the Company is considering the use of some of the repurchased treasury shares to implement measures for strengthening employee engagement, including expanding human capital investment to enhance employee incentives.

Based on the above, the Company has decided to partially cancel its treasury shares on the same day pursuant to Article 178 of the Companies Act of Japan. For details, please refer to the announcement made on November 8, 2024 entitled “Notification Regarding Repurchase of the Company’s Own Stock and Cancellation of Treasury Shares”.

Details of share repurchase

(1)	Type of stock 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 billion yen
(4)	Period of repurchase	From November 26, 2024 to March 24, 2025
(5)	Method of repurchase	Market transactions on the Tokyo Stock Exchange

Note: The above number of shares reflects the stock split implemented on October 1, 2024.

Details of share cancellation

(1)	Type of stock to be cancelled	Common stock of the Company
(2)	Number of shares to be cancelled	5,360,000 shares
(3)	Scheduled cancellation date	November 29, 2024

Note: The above number of shares reflects the stock split implemented on October 1, 2024.