(Translation)

February 6, 2025

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Notification Regarding the Disposal of Treasury Shares as Granting of Shares Through the Employee Stock Ownership Association

Azbil Corporation ("the Company") announces that it has resolved, at the Board of Directors meeting held today, to introduce a special incentive scheme (the "Scheme") to grant the Company's own stock through the employee stockholding association, and that it has also resolved to dispose of the Company's treasury shares (the "Disposal"), with the azbil Group Employee Stock Ownership Association (the "Association") as the intended allottee, as described below.

1. Details of the Disposal

(1) Date of disposal	March 19, 2025
(2) Type and number of shares to be disposed of	309,240 shares of common stock*1
(3) Disposal price	1,142.5 yen per share
(4) Total value of disposal	353,306,700 yen*1
(5) Method of disposal (intended allottee)	Provided that the Association makes an application for subscription by third-party allocation, the Company will allocate to the Association the number of shares predetermined and applied by the Association within the maximum number (309,240) available for the Disposal; the allocated number will be the number of shares to be disposed of. (The azbil Group Employee Stock Ownership Association: 309,240 shares) Note that the Company will not accept any application from eligible members of the Association for allocation of only a part of the shares to be granted.
(6) Other	The Disposal is subject to effectuation of a Securities Registration Statement pursuant to the Financial Instruments and Exchange Act of Japan.

*1 The figures for the “number of shares to be disposed of” and “total value of disposal” are calculated based on the assumption that 40 shares of common stock of the Company will be granted to each eligible member of the Association, up to a maximum of 7,731, which is the total number of employees of the Company and the azbil Group’s domestic companies who are eligible for this Scheme. The actual number of shares to be disposed of and the actual total value of disposal are to be fixed after concluding the promotion of Association membership to those who have not yet joined. Specifically, as stated in (5) above, the number of shares determined by the Association becomes the “number of shares to be disposed of,” and the amount obtained by multiplying that number by the disposal price per share is the “total value of disposal.” The Company and the Group’s domestic companies will uniformly pay 45,700 yen to each eligible member, and the Company will allocate 40 shares uniformly to each eligible member through the Association.

2. Purpose and reasons for the Disposal

The Company decided to introduce this Scheme with the aim of providing incentives to eligible employees for sustainable improvement of the Company’s enterprise value, promoting the sharing of value with our shareholders, and fostering a sense of solidarity among Group companies, in addition to rewarding employees for their efforts to achieve the medium-term plan and contributing to asset building by eligible employees through a measure designed to improve their welfare by creating opportunities to acquire the Company’s common stock, disposed of through the Association.

In the Scheme, the Company grants a special incentive equivalent to 40 shares of the common stock of the Company to each eligible member and disposes of treasury shares by third-party allocation to the Association in exchange for contribution of the said special incentive. As indicated in the footnote to “1. Details of the Disposal,” the number of shares to be disposed of to the Association will be determined at a later date, the maximum being 309,240 shares. Note that the granting of special incentives to eligible members is the granting of money and not the granting of monetary claims. Additionally, there will be no monetary contributions by eligible members other than the special incentives granted.

The Company will dispose of 309,240 shares if all employees of the Company and the Group’s domestic companies who are eligible for Association membership (a maximum of 7,731) join the Scheme. Were this number of shares to be disposed of, the scale of dilution resulting from the Disposal would be 0.05% of the total number of outstanding shares as of September 30, 2024, which was 566,032,736, and 0.06% of the total number of voting rights as of September 30, 2024, which was 5,373,285 (both percentages are rounded off to 2 decimal places).

The Company believes that the introduction of this Scheme will contribute to increasing its enterprise value. The Company thus determines that the number of shares to be disposed of and the scale of stock dilution resulting from the Disposal are both reasonable, and that the impact on the market will be minor.

3. Basis of the calculation of the disposal price, and details thereof

The Disposal to the intended allottee, the Association, will be carried out by the eligible members

contributing to the Association using the special incentive provided to them for the grant of shares through the Association as paid-in funds. To eliminate any arbitrariness in the disposal price, the closing share price of common stock of the Company on the Tokyo Stock Exchange Prime Market on February 5, 2025 (the business day prior to the day of the resolution of the Board of Directors) of 1,142.5 yen is adopted as the disposal price. As this is the market price immediately prior to the day of the resolution of the Board of Directors, the Company believes that it is not particularly advantageous and thus it is rational.

Note that the deviation rate (rounded off to 2 decimal places) of this price from the average closing price of common stock of the Company on the Tokyo Stock Exchange Prime Market is as follows.

Period	Average closing price*2	Deviation rate
1 month (January 6, 2025 to February 5, 2025)	1,183 yen	-3.42%
3 months (November 6, 2024 to February 5, 2025)	1,213 yen	-5.81%
6 months (August 6, 2024 to February 5, 2025)	1,189 yen	-3.91%

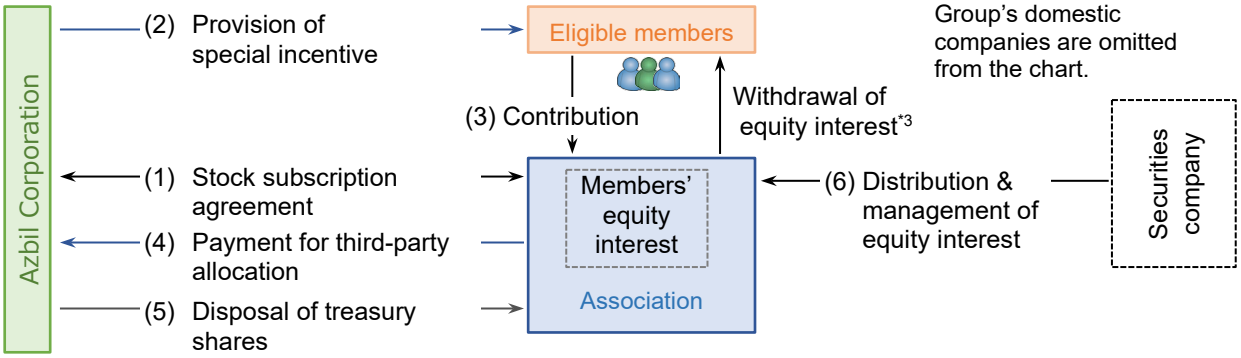
*2 *Amounts less than 1 yen are rounded down.*

The Audit Committee of the Company has expressed its opinion that the foregoing disposal price will not be especially favorable to the intended allottee, the Association, and that the price is legitimate, in light of the fact that the disposal price is the closing price on the business day immediately preceding the date of the resolution of the Board of Directors.

4. Matters concerning procedures in the code of conduct for companies

This Disposal of treasury shares does not require procedures for obtaining the opinions of independent third parties or for confirming the willingness of shareholders, which are specified in Article 432 of the securities listing regulations of the Tokyo Stock Exchange, because (1) stock dilution is less than 25% and (2) major shareholders are unchanged.

Structure of the Scheme



(1) The Company enters into a stock subscription agreement with the Association for the disposal and subscription of treasury shares.

(2) The Company provides a special incentive to the eligible members.

(3) The eligible members contribute to the Association the special incentive provided to them by the Company.
(4) The Association collects the special incentives contributed by the eligible members and pays for the third-party allocation of shares.
(5) The Company disposes of treasury shares to the Association.
(6) The allotted shares of common stock of the Company are distributed to and managed for the eligible members of the Association by a securities company to which stock administration has been outsourced by the Association.

*3 The eligible members may withdraw allotted shares of the Company to brokerage accounts in their individual names.