azbil

(Translation)

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Notification Regarding Readoption of Trust-Type Employee Shareholding Incentive Plan (E-Ship®)

Azbil Corporation (the "Company") announces that it has resolved, at its Board of Directors meeting held on May 13, 2025, to readopt a Trust-Type Employee Shareholding Incentive Plan (the "Plan"), aiming to incentivize employees of the Company and domestic group companies (the "Employees") to, among other things, improve the enterprise value of the Company's group on a medium- to long-term basis.

1. Purpose of Introduction of the Plan

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.

As well as representing the second phase in achieving our long-term goals for FY2030, the new medium-term plan (FY2025-2027) represents our commitment to evolve and collaborate toward contributing "in series" to the achievement of a sustainable society beyond 2026, our 120th anniversary. Under the new medium-term plan, we recognize as fresh business opportunities emerging social issues that derive from societal and environmental changes. In striving for sustained improvement of its enterprise value, and in order to encourage the employees to achieve new medium-term plan, the Company decided to reintroduce the Plan with the aim of providing incentives to employees to improve its enterprise value (or share price increase). We believe this reintroduction of the Plan will provide all employee members of the azbil Group Employee Stock Ownership Association ("Association") and contribute to promote initiatives for increasing enterprise value.

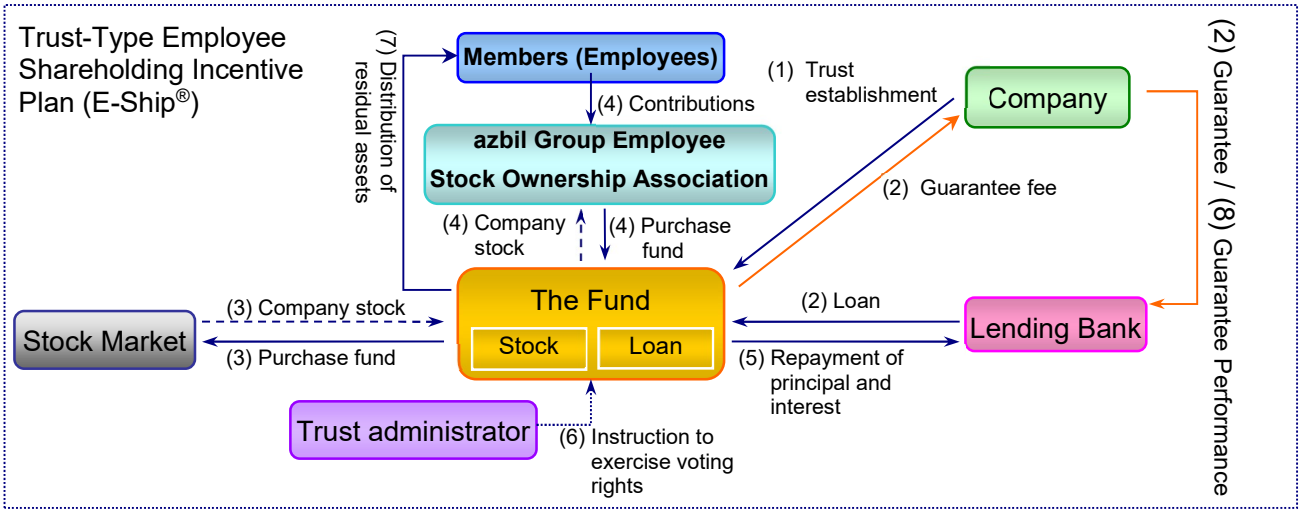
2. Overview of the Plan

This Plan is an incentive plan for all employee members in the Association. The Plan will authorize a "Trust Fund for the azbil Group Employee Stock Ownership Association" (the "Fund") through a trust bank, and the Fund will acquire the Company's stock in advance for a set period of time (currently estimated at approximately three years) during which the Association will purchase those stock from the Fund. The Fund will consistently sell the Company's stock to the Association. If the Fund has accrued the amount of money equivalent to profit

on sales of shares at the end of the term, such amount will be distributed as residuary assets to eligible recipients. On the contrary, as the Company will become a guarantor to the loan to purchase shares for the Fund, if the Fund accrues losses due to reductions in the Company's share price, the Company will be responsible for the liquidation of all debts from the loan associated with the loss from sales at the end of the term of the Fund.

The Plan is designed, as an expansion of employee benefit, to assist Employees in accumulating savings by promoting the acquisition and holding of shares through the Association. In addition, the Plan is intended to incentivize Employees to enhance the Company's enterprise value over medium to long term.

3. The scheme of the Plan



(1) The Company will establish the Fund (other beneficiary trust) for the qualified beneficiaries in the Association.

(2) The Fund will borrow necessary funds from the lending bank to purchase the Company's stock for which loan the Company will be the guarantor. The Company will receive guarantee fees from the Fund.

(3) The Fund will acquire the expected number of the Company's stock to be acquired by the Association from the stock market throughout the trust term.

(4) The Fund will sell the Company's stock acquired in (3) throughout the trust term on an ongoing basis at market value to the Association according to its plan (regarding conditions and methods).

(5) The Fund will repay the principal and its interest on the loan through profits from the sales of the Company's stock and dividends received of the shares held.

(6) The Fund will exercise its voting rights with respect to the shares held as directed by the trust administrator selected for beneficiaries.

(7) Any residual assets in the Fund at the end of the trust term will be distributed to those who satisfy the beneficiary eligibility requirements.

(8) If any loan remains at the time of the end of the trust term, the Company will make all necessary reimbursements in accordance with the guarantee described in (2).

4. Overview of the Fund

(1) Name: Trust Fund for the azbil Group Employee Stock Ownership Association (the “Fund“)

(2) Trust type: Trust of money other than money in trust (third party trust)

(3) Purpose of trust: To provide shares consistently and stably to the Association and trust assets to all qualified beneficiaries

(4) Consignor: The Company

(5) Assignee: The Nomura Trust and Banking Co., Ltd.

(6) Beneficiary: Those who meet the beneficiary eligibility criteria (The beneficial interest will come into existence after the prescribed formalities once it is determined that the eligibility criteria have been met.)

(7) Trust administrator: Selected from the employees of the Company

(8) Trust contract date: May 13, 2025

(9) Trust term: From May 13, 2025 to June 28, 2028

(10) Requirements to be beneficiaries: All living participants in the Association (including any persons who withdrew from the Association by way of retirement, termination of employment due to expiration of contract term, appointment to an officer position, and involuntary termination of employment between the trust contract date and the commencement date of the beneficiary eligibility formalities) on the commencement date of the beneficiary eligibility formalities (which shall be the day the conversion of trust assets into cash terminates because the trust term has ended, the day all the Company’s shares allotted to trust assets have been sold, etc.) shall be eligible.

5. Details of the acquisition of the Company’s stock by the Fund

(1) Types of stock to be acquired: Common stock of the Company

(2) Total amount of acquisition: 6,515 million yen (total amount of loan to the Fund)

(3) Acquisition period: From May 29, 2025 to June 23, 2025

(4) Acquisition method: To be purchased in the stock market

(Reference)

E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

E-Ship® (an abbreviation of Employee Shareholding Incentive Plan) is an incentive plan for employees modeled after employee stock ownership plans widely used in the United States. E-Ship® was jointly developed by Nomura Securities Co., Ltd. and The Nomura Trust and Banking Co., Ltd., for use as an employee stock ownership plan.

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