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 Stock code: 6845 (Prime Market of Tokyo Stock Exchange)

Notification Regarding the Establishment of an Overseas Subsidiary (Specified Subsidiary)

Azbil Corporation (“the Company”) announces that it has resolved, at the Board of Directors meeting held on August 29, 2024, to establish an overseas subsidiary (“the new company”) to serve as a new production base in Hưng Yên Province, Socialist Republic of Viet Nam. Upon completion of this investment, the new company will be capitalized at no less than 10% of the Company’s capital and it will be classified as a specified subsidiary of the Company.

1. Reasons for establishing the new company

Based on the Group philosophy of “human-centered automation,” the azbil Group is developing its Building Automation, Advanced Automation, and Life Automation businesses in Japan and overseas. The Group is currently expanding its global business to achieve sustained growth and increase shareholder value in order to attain its long-term target for FY2030. This entails developing and strengthening its global production and procurement systems.

The new company, being our new overseas production base, will be established to join our existing manufacturing sites in Dalian, China, and Chonburi Province, Thailand, with an aim to enhance our global production system. Specifically, it will start producing motorized valves and flowmeters.

In establishing the new company, we are planning to increase the production capacity, reduce costs to enhance competitiveness, and develop the appropriate production system to enable sustained product supply. Moreover, as we regard the establishment of the new company as a better provision for responding to geopolitical risks of concern, we will not only fulfill our social responsibility within the supply chain, but also aim to achieve the Group’s sustained growth and improved shareholder value.

2. Overview of the new company

(1)	Company name	Azbil Vietnam Production Co., Ltd.
(2)	Location	Hưng Yên Province, Socialist Republic of Viet Nam
(3)	Name and title of representative	Yusaku Michinobu, General Director
(4)	Business description	Manufacture, repair and sales of electronic equipment such as motorized valves and flowmeters
(5)	Capital	13,000 thousand US dollars (1,875 million yen)*
(6)	Date of establishment	Undetermined (date has yet to be decided as company establishment requires the approval of local authorities)
(7)	Major shareholder and ownership percentage	Azbil Corporation 100%

(8) Relationship between the Company and the new company	Capital relationship	To be established as a wholly owned subsidiary of the Company.
	Personnel relationship	The Company's executive officers and employees to serve concurrently as directors of the new company.
	Transaction relationship	The Company plans to supply parts to the new company and purchases products manufactured by the new company.

* Yen equivalent is calculated using the exchange rate on August 28, 2024 (1 US dollar = 144.29 yen).

3. Future outlook

The establishment of this new company is expected to have no material impact on our consolidated financial results.