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Notification Regarding the Transfer of Equity Interests in a Consolidated Subsidiary

Azbil Corporation (“the Company”) announces that it has reached an agreement and finalized the decision and contract signing on June 6, 2024 (Central European Time), to transfer all the equity interests in its consolidated subsidiary, Azbil Telstar S.L.U. (hereinafter referred to as “Azbil Telstar”), to a wholly-owned subsidiary of Syntegon Technology GmbH (hereinafter referred to as “Syntegon”). As a result of this equity transfer, Azbil Telstar and its subsidiaries will be excluded from the Company’s scope of the consolidation.

1. Reason for transfer

Based on its philosophy of “human-centered automation,” the azbil Group is developing its Building Automation, Advanced Automation, and Life Automation businesses in Japan and overseas. Currently, the azbil Group is optimizing its business portfolio with the aim of realizing sustainable growth and increasing shareholder value in order to achieve its long-term targets for 2030.

In the Life Science Engineering field of the Life Automation business, Azbil Telstar is a global provider of freeze dryers, sterilizers, clean-room facilities, and related equipment for pharmaceutical companies and research laboratories, covering everything from development, engineering, and installation to after-sales service. Since it became the Company’s subsidiary through acquisition in 2013, we have developed a growth strategy to expand its business. Recently, 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.

While continuing to promote structural reforms to make Life Automation a growth business, the azbil Group will accelerate reforms to achieve expansion and growth in all its businesses, including Building Automation and Advanced Automation. Making use of ROIC as a key indicator as it aims to invest management resources more efficiently, management is keenly aware of the cost of capital. We will not only ensure the appropriate allocation to strategic growth fields of management resources—such as product competitiveness, technological development, and human capital—but also restructure the Group’s business portfolio, for growth and improved profitability, by steadily making necessary investments, such as actively promoting collaboration with external partners. We thus aim to strengthen our competitiveness, in Japan and overseas, and enhance our enterprise value.

The details of this transfer will be disclosed at a suitable time in the future, considering the contractual terms agreed upon by the parties and in compliance with confidentiality obligations.

2. Overview of the subsidiary undergoing changes

(1)	Company name	Azbil Telstar, S.L.U.		
(2)	Location	Terrassa, Catalonia, Spain		
(3)	Name and title of representative	Jordi Puig, CEO		
(4)	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.		
(5)	Capital	1,540 thousand euros		
(6)	Established year	1963		
(7)	Major shareholder and ownership percentage	Azbil Corporation 100%		
(8)	Relationship between the Company and Azbil Telstar	Capital relationship	The Company owns 100% of the equity.	
		Personnel relationship	Two executive officers and three employees of the Company concurrently serve as directors of Azbil Telstar.	
		Transaction relationship	The Company conducts certain transactions with Azbil Telstar.	
(9)	Consolidated financial results and consolidated financial position of Azbil Telstar for the last three years (unit: thousand euros)			
	Fiscal year	Year ended December 2021	Year ended December 2022	Year ended December 2023
	Consolidated net assets	17,209	16,005	19,663
	Consolidated total assets	87,860	93,906	90,983
	Consolidated sales	125,577	130,881	125,672
	Consolidated operating income	7,417	805	6,912
	Net income (loss) attributable to owners of parent	5,180	(1,193)	4,029

3. Overview of the transferee

(1)	Company name	Falcon Acquisition, S.L.U.		
(2)	Location	Madrid, Spain		
(3)	Relationship between the Company and Falcon Acquisition, S.L.U.	Capital relationship	There are no matters to be reported.	
		Personnel relationship	There are no matters to be reported.	
		Transaction relationship	There are no matters to be reported.	
		Relevance to related parties	There are no matters to be reported.	
(4)	Other	Falcon Acquisition, S.L.U. is a wholly-owned subsidiary of Syntegon. Additionally, there are no matters to be reported regarding capital, personnel or transaction relationships, or relevance to related parties between the Company and Syntegon.		

4. Equity interests to be transferred and equity interests before and after the transfer

(1)	Percentage of equity interests before the transfer	100%
(2)	Percentage of equity interests to be transferred	100%
(3)	Percentage of equity interests after the transfer	0%

5. Transfer price

The transfer price for this transaction will be disclosed at a suitable time in the future, as per the contractual terms agreed upon by the parties and in compliance with confidentiality obligations.

6. Schedule

(1)	Date of decision on equity transfer	June 6, 2024
(2)	Date of contract signing	June 6, 2024
(3)	Date of transfer execution	Undetermined

7. Future outlook

Due to this equity transfer, Azbil Telstar and its subsidiaries will be excluded from the Company's scope of the consolidation. However, the actual date of the equity transfer is undetermined, and the impact on the consolidated financial results for the fiscal year ending March 2025 is currently under review. Should there be any matters that require disclosure, such matters will be disclosed in a prompt manner.