



August 9, 2023

Listed Company Name: ESPEC CORP.
Representative: Satoshi Arata, President
Listed Stock Exchange: Tokyo Stock Exchanges, Prime Market
Securities Code: 6859
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Notice Concerning the Partial Acquisition of Business and Establishment of New Company

ESPEC CORP. (“the Company”) hereby announces that it resolved at the Board of Directors meeting held on August 9, 2023, to conclude a basic agreement with Johnson Controls-Hitachi Air Conditioning Inc. (“Johnson Controls-Hitachi Air Conditioning”) for the transfer of its environmental testing business and to establish a wholly owned subsidiary to run the transferred business following negotiations as outlined in the “Notice Concerning the Conclusion of a Basic Agreement for the Partial Acquisition of Business” released on September 8, 2022. Details are as follows.

Description

1. Reason for the Business Transfer

The Company has stated that one of the Basic Policies of the medium-term management plan “Progressive Plan 2025” is the “aggressive investment in growth fields to provide products and services that contribute to the IoT and next-generation automobile markets.”

The Company believes that as demand for environmental testing rises in IoT and automobile-related advanced technology fields, synergy creation can be expected through the transfer of Johnson Controls-Hitachi Air Conditioning’s environmental testing business by integrating its development technologies and expertise with the Company’s existing technologies.

2. Overview of the Business Transfer

(1) Details of the Business Transfer

Johnson Controls-Hitachi Air Conditioning's environmental testing business

(2) Operating Results of the Transferred Business

The Company will refrain from disclosure due to an arrangement with the counterparty.

(3) Items and Amounts of Assets and Liabilities of Transferred Business

This is currently under investigation, but in the event of a matter arising that should be publicly disclosed, the Company will make prompt notification.

(4) Price of Transfer and Payment Method

1. Transfer price: ¥1,800 million (excluding consumption tax and other taxes) (scheduled)

2. Payment method: Settlement in cash (scheduled)

3. Overview of the Counterparty

(1) Name	Johnson Controls-Hitachi Air Conditioning Inc.	
(2) Location	1-16-1 Kaigan, Minato-ku, Tokyo	
(3) Name of Representative	Shoji Akiyama, Chief Executive Officer	
(4) Share Capital	¥3,365 million	
(5) Description of Business	Manufacture, sale, etc. of heating and air conditioning equipment and refrigeration equipment	
(6) Date of establishment	October 1, 2015	
(7) Relationship Between the Company and Johnson Controls-Hitachi Air Conditioning	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	Not applicable
	Related party relationship	Not applicable

4. Overview of the new company to be established

(1) Name	COSMOPIA HIGHTECH CORP.	
(2) Location	5-1, Sakae-cho, Aoi-ku, Shizuoka	
(3) Name of Representative	Kazuhiro Suehisa, President	
(4) Share Capital	¥1,192 million	
(5) Description of Business	Manufacture and sales, etc. of environmental test chambers	
(6) Date of establishment	August 18, 2023 (scheduled)	
(7) Major shareholders and ownership ratios	ESPEC CORP., 100%	
(8) Relationship Between the Company and Johnson Controls-Hitachi Air Conditioning	Capital Relationship	Established through 100% investment by the Company.
	Personnel Relationship	One director and three employees of the Company shall serve concurrently as a director or member of the Audit & Supervisory Committee of the company concerned.
	Business Relationship	Not applicable
	Related party relationship	Not applicable

5. Timetable

(1) Date of resolution at the meeting of the Board of Directors	August 9, 2023
(2) Date of Establishment of New Company	August 18, 2023 (scheduled)
(3) Date of conclusion of the agreement	September 1, 2023 (scheduled)
(4) Date of Business Transfer	September 30, 2023 (scheduled)

6. Overview of Accounting Treatment

The business transfer will likely be categorized as an acquisition based on corporate merger accounting standards. At present, the amount of goodwill accompanying this procedure is still under investigation.

7. Future Outlook

The impact of this acquisition on the consolidated financial performance of the Company is currently being examined. The Company will promptly announce the matters requiring disclosure if they arise.