August 22, 2024

Seibu Giken Co., Ltd.
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(Ticker code: 6223, TSE Standard)
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Notice of Establishment of Joint Venture (Specified Subsidiary) with KUMYOUNG ENG CO., LTD.

Seibu Giken Co., Ltd. (hereinafter "Seibu Giken") hereby announces that its Board of Directors has resolved at a meeting held today to establish a joint venture ("JV") to be created by Seibu Giken and KUMYOUNG ENG CO., LTD. (Head Office: Yuseong-gu, Daejeon, Republic of Korea; Representative Director: Choi Seung Ho; hereinafter "KE"). Seibu Giken would also like to announce that, once its investment in this JV is complete, the amount of capital contributed will be equivalent to more than 10% of Seibu Giken's capital such that the JV will meet the requirements for classification as a specified subsidiary.

1. Purpose for establishment

Seibu Giken has been engaged in the worldwide business of manufacturing and selling equipment and devices essential for the production process of lithium-ion batteries for EV. In addition to our existing equipment marketing business, one of the key growth strategies set out in our "Medium-Term Management Plan 2024-2026" is to expand overseas the provision of total engineering services pertaining to the creation of optimum environment used in such production, for which we have developed know-how and achieved sound results for nearly 20 years in Japan.

In South Korea, North America, Europe, and Asia, KE has a proven track record of locally constructing dry rooms and clean rooms essential for the EV lithium-ion battery production process. Since around 2020, Seibu Giken has had a business alliance with KE. On June 17, 2024, Seibu Giken entered into a capital alliance with KE, solidifying this partnership. This alliance has produced good results with KE handling the design and construction of dry rooms and Seibu Giken providing desiccant dehumidifiers needed for dry rooms to be part of a US gigafactory for a major South Korean automobile and battery manufacturer. This work is part of a large project order received on May 22, 2024.

The purpose in establishing this JV is to form an even closer alliance with KE and further expand market share in North America by leveraging the synergies generated from the total engineering know-how that Seibu Giken has accumulated in Japan and KE's know-how of machinery and equipment construction that it has accumulated in North America.

2. Overview of JV

(1) Trade Name	Seibu Giken & Kumyoung Environment, Inc.
(2) Address	Atlanta, Georgia, U.S.A.
(3) Representative	Chairman of the board : Keisuke Kida
(4) Main Business	● Construction of environmental improvement equipment ● Manufacture, sale and maintenance of environmental improvement equipment
(5) Capital	1.5 mn USD (Approx. 234 mn JPY)
(6) Date of Establishment	September 2024 (scheduled)

(7) Shareholding ratios	Seibu Giken 80%, KE 20%	
(8) Relationship with Seibu Giken	Capital relationship	The company will become a consolidated subsidiary of the Company.
	Personnel relationship	One senior executive officer of Seibu Giken will serve concurrently as a chairman of the board of the JV.
	Business relationship	Business transactions are expected to occur.

3. Overview of joint venture partner (as of July 31, 2024)

(1) Trade Name	KUMYOUNG ENG CO., LTD.	
(2) Address	385 Expo-ro, Yuseong-gu, Daejeon, Republic of Korea	
(3) Representative	Representative Director: Choi Seung Ho	
(4) Main Business	● Construction of machinery and equipment ● Manufacture of constant temperature and humidity chambers	
(5) Capital	5 bn South Korean Won (Approx. 550 mn JPY)	
(6) Date of Establishment	August 21, 2007	
(7) Relationship with Seibu Giken	Capital relationship	Seibu Giken holds 5.0% of issued shares of KE (at the time of acquisition).
	Personnel relationship	Not applicable.
	Business relationship	Seibu Giken conducts business transactions related to desiccant dehumidifier with KE.
	Applicability to related parties	Not applicable.

4. Timeline

(1) Date of Seibu Giken's Board resolution	August 22, 2024
(2) Establishment of joint venture	September 2024 (scheduled)
(3) Commencement of joint venture business	October 2024 (scheduled)

5. Future outlook

The impact of the establishment on our consolidated financial results for the fiscal year ending December 31, 2024 ("FY12/24") is expected to be minimal. The impact on future financial results will be reflected in our financial forecast for the next fiscal year and beyond.

Note:
This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.