



January 27, 2023

Company name: DKK Co., Ltd.  
Representative: Tadatoshi Kondo, President & Representative Director  
(Securities code: 6706, Tokyo Stock Exchange Prime Market)  
Contact: Kazuhiro Ito, Director, Senior Executive Managing Officer  
(TEL. +81-3-3216-1671)

## Announcement of organizational restructuring (merger and company split) of the DKK Group

DKK Co., Ltd. resolved on organizational restructuring (merger and company split), to be effective on April 1, 2023, with DKC Co., Ltd., Koshuha Co., Ltd., and Denko Techno Heat Co., Ltd., our wholly owned subsidiaries, at the Board of Directors' meeting held today.

The organizational restructuring will be carried out with and between our wholly owned subsidiaries (hereinafter “within our Group”), and disclosed matters and information are partially omitted.

### 1. Overview of the organizational restructuring

In this organizational restructuring, an absorption-type merger in which DKK Co., Ltd. is the surviving company and DKC Co., Ltd. is the absorbed company will be carried out to improve profitability in the construction business. An absorption-type split in which Koshuha Co., Ltd. is the absorbed and split company and Denko Techno Heat Co., Ltd. succeeds the contracted heat treatment processing business, as well as an absorption-type merger in which DKK Co., Ltd. is the surviving company and Koshuha Co., Ltd. is the absorbed company, will also be carried out on the same day to concentrate high-frequency business and improve competitiveness.

### 2. Purpose of the organizational restructuring

The DKK Group aims to contribute to society, increase its corporate value, and realize sustainable growth as our medium-to-long-term goals. In the DKK-Plan2025, our medium-term business plan disclosed in May 2022, we mentioned our intention to optimize our business portfolio according to changes in the business environment and business structure and carry out radical organizational reform. In the organization reform, we will select and concentrate our businesses and aggregate overlapping businesses and resources within our Group to make the organizational system more efficient, improve the profit structure, and create a synergetic effect, thereby sustainably improving its corporate value.

In the organizational restructuring, the managerial departments of our Group will be made more efficient and slimmer, while human resources will be concentrated to improve business execution capacity and make the business more efficient in the construction departments, and businesses will be concentrated to improve sales capacity and business execution capacity in the high-frequency departments.

The DKK Group will continue to promote organizational reforms to optimize its business portfolio, execute growth strategies, and sustainably improve its corporate value.

3. Key points of the organizational restructuring

(1) Date of the organizational restructuring

Absorption-type split agreement and absorption-type merger agreement conclusion date	Wednesday, February 22, 2023 (scheduled)
Effective date	Saturday, April 1, 2023 (scheduled)

(2) Method of the organizational restructuring

An absorption-type merger in which DKK Co., Ltd. is the surviving company and DKC Co., Ltd. is the absorbed company, an absorption-type split in which Denko Techno Heat is the succeeding company and Koshuha Co., Ltd. is the absorbed company, and an absorption-type merger in which DKK Co., Ltd. is the surviving company and Koshuha Co., Ltd. is the absorbed company will also be carried out.

(3) Allotment relating to the organizational restructuring

The organizational restructuring is carried out within our Group, and there is no allotment of shares or other money.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights in the organizational restructuring

Not applicable.

(5) Change in capital due to the organizational restructuring

There is no change in the capital of each company due to the organizational restructuring.

(6) Rights and duties the surviving and succeeding companies succeed in the organizational restructuring

The Company succeeds the rights and duties relating to all businesses of DKC Co., Ltd. and the rights and duties relating to the vacuum furnace, special furnace, and generator businesses of Koshuha Co., Ltd. based on the absorption-type merger agreement.

Denko Techno Heat Co., Ltd. succeeds the rights and duties relating to the coil-related business and contracted high-frequency heat treatment processing business of Koshuha Co., Ltd. based on the absorption-type split agreement.

(7) Prospect of fulfillment of obligations

The Company judges that there is no problem to fulfillment of obligations to be borne by each company after the organizational restructuring.

#### 4. Overview of companies after the organizational restructuring

	Surviving company in absorption-type merger	Surviving company in absorption-type split	Absorbed company in absorption-type merger	Absorbed company in absorption-type split and absorption-type merger
Company name	DKK Co., Ltd.	Denko Techno Heat Co., Ltd.	DKC Co., Ltd.	Koshuha Co., Ltd.
Address	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	15 Ogumi, Hajodo-cho, Kariya-shi, Aichi	1-1-1 Nishi Tsurugaoka, Fujimino-shi, Saitama	4052-1 Nakatsu, Aikawa-machi, Aiko-gun, Kanagawa
Name and title of the representative	Tadatoshi Kondo, President and Representative Director	Tsuyoshi Yamamoto, President and Representative Director	Michinori Okazaki, President and Representative Director	Shunichi Nishizawa, President and Representative Director
Business	[Telecommunication department] Production and construction of various antennas, reflectors, steel towers, steel structures, etc.; production and construction of telecommunication facilities and communication devices [High-frequency department] Production and sales of high-frequency induction heating devices; contracted high-frequency heat treatment processing	Contracted high-frequency heat treatment processing; design and production of heating coils	Design and construction of telecommunication facilities	Design and production of high-frequency induction heating and power supply devices; contracted high-frequency heat treatment processing; design and production of vacuum furnaces and special furnaces; design and production of generators, switchboards, etc.; design and production of heating coils
Capital	8,774.78 million yen	70 million yen	20 million yen	50 million yen
Date of establishment	June 1, 1950	April 12, 1991	February 6, 1974	July 8, 1976
Shareholders and shareholding ratio (As of December 31, 2022)	<p>The Master Trust Bank of Japan, Ltd. 11.9%</p> <p>Nippon Life Insurance Company 4.1%</p> <p>Custody Bank of Japan 4.1%</p> <p>JANUS HENDERSON HORIZON FUND 3.7%</p> <p>Sumitomo Mitsui Trust Bank, Limited 3.4%</p> <p>Sumitomo Mitsui Banking Corporation 3.2%</p> <p>DKK Client Stock Ownership 3.2%</p> <p>MUFJ Bank, Ltd. 2.9%</p> <p>OASIS JAPAN STRATEGIC FUND LTD. 2.8%</p> <p>DKK Employee Stock Ownership 2.5%</p>	DKK Co., Ltd. 100%	DKK Co., Ltd. 100%	DKK Co., Ltd. 100%

Financial results for the recent fiscal year (ended March 31, 2022)				
Fiscal period	March 31	March 31	March 31	March 31
Net assets	35,343 million yen	1,303 million yen	1,052 million yen	2,246 million yen
Total assets	42,574 million yen	1,792 million yen	1,309 million yen	2,971 million yen
Net assets per share	3,032.73 yen	931,058.20 yen	26,323.91 yen	449,338.13 yen
Net sales	27,310 million yen	2,009 million yen	787 million yen	1,898 million yen
Operating income	139 million yen	(7 million yen)	(20 million yen)	89 million yen
Ordinary income	759 million yen	1 million yen	(19 million yen)	104 million yen
Net income	1,032 million yen	(0 million yen)	(13 million yen)	67 million yen
Net income per share	87.01 yen	(647.22 yen)	(325.32 yen)	13,428.52 yen

5. Situation after the organizational restructuring [Overview of the surviving company in the absorption-type merger and the succeeding company in the absorption-type split]

Company name	DKK Co., Ltd.	Denko Techno Heat Co., Ltd.																				
Address	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	15 Ogumi, Hajodo-cho, Kariya-shi, Aichi																				
Name and title of the representative	Tadatoshi Kondo, President and Representative Director	Tsuyoshi Yamamoto, President and Representative Director																				
Business	[Telecommunication department] Production and construction of various antennas, reflectors, steel towers, steel structures, etc.; production and construction of telecommunication facilities and communication devices [High-frequency department] Production and sales of high-frequency induction heating devices; contracted high-frequency heat treatment processing	Contracted high-frequency heat treatment processing; design and production of heating coils																				
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DKK Employee Stock Ownership	2.5%																					

6. Future prospect

The organizational restructuring within our Group is expected to have little impact on the Company's consolidated financial results. If any matters that should be disclosed arise, they will be communicated speedily.

End

[Reference material]

Present (Jan 2023)

After organizational restructuring  
(Apr 2023)

