

Announcement of transfer of shares in acetylene gas affiliates to Koatsu Gas Kogyo Co., Ltd.

Denka Company Limited (Headquarters: Chuo-ku, Tokyo; Representative Director and President: Toshio Imai; “Denka” hereinafter) concluded today a contract on sale of all shares of stock it holds in its acetylene gas affiliates Nishi-nihon Koatsu Gas Co.,Ltd., a consolidated subsidiary, Nishinihon Acetylene K.K., a nonconsolidated subsidiary, and Higashinihon Koatsu K.K., an equity-method affiliate, to Koatsu Gas Kogyo Co., Ltd. (Head Office: Kita-ku, Osaka; President and Representative Director: Motonari Kuroki; “Koatsu Gas Kogyo” hereinafter), based on an agreement reached between Denka and Koatsu Gas Kogyo.

1. Purpose

Through now, Denka has invested in companies that manufacture and sell dissolved acetylene gas in order to secure buyers of calcium carbide, a raw material used in dissolved acetylene gas. However, it has decided to transfer all shares of stock in the above companies based on its judgment that it would be optimal to future business development for Koatsu Gas Kogyo, the largest manufacturer and seller of dissolved acetylene gas, to operate the three companies.

Of the three companies, Higashinihon Koatsu K.K. is a joint venture between Denka, Koatsu Gas Kogyo, and other investors, while Nishinihon Acetylene K.K. is a joint venture established Denka, Koatsu Gas Kogyo, and Nishi-nihon Koatsu Gas Co.,Ltd.

Moving forward, Denka will continue to accelerate its efforts to concentrate on businesses that embody the three elements of its specialties, megatrends, and sustainability, as it aims to achieve its Mission 2030 management plan.

2. Overview of the companies whose stock will be sold

(1) Nishi-nihon Koatsu Gas Co.,Ltd. (as of March 31, 2024)

(1) Name	Nishi-nihon Koatsu Gas Co.,Ltd.
(2) Head Office	4-16 Komondomachi, Hakata-ku, Fukuoka, Fukuoka Prefecture
(3) Name and title of representative	Akinori Kimata, Representative Director and President
(4) Lines of business	Manufacture and sale of dissolved acetylene gas Sale of various high-pressure gases and welding materials and machinery Inspection and engineering of LPG containers and storage facilities
(5) Capital	80 million yen
(6) Date established	March 5, 1953
(7) Number and percentage of shares owned by Denka	160,000 (100.00%)
(8) Category	Consolidated subsidiary

(2) Nishinihon Acetylene K.K. (as of March 31, 2024)

(1) Name	Nishinihon Acetylene K.K.
(2) Head Office	1-14 Anse, Wakamatsu-ku, Kitakyushu, Fukuoka Prefecture
(3) Name and title of representative	Akinori Kimata, Representative Director and President
(4) Lines of business	Manufacture and sale of dissolved acetylene gas Sale of calcium hydroxide, a byproduct of manufacture of dissolved acetylene gas
(5) Capital	30 million yen

(6) Date established	June 12, 2018
(7) Number and percentage of shares owned by Denka	Nishi-nihon Koatsu Gas Co.,Ltd.: 300 (50.00%); Denka: 60 (10.00%)
(8) Category	Nonconsolidated subsidiary

(3) Higashinihon Koatsu K.K. (as of March 31, 2024)

(1) Name	Higashinihon Koatsu K.K.
(2) Head Office	1-2-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
(3) Name and title of representative	Motonari Kuroki, Representative Director and President
(4) Lines of business	Manufacture and sale of dissolved acetylene gas Sale of other high-pressure gases and machinery
(5) Capital	95.67 million yen
(6) Date established	December 2, 1967
(7) Number and percentage of shares owned by Denka	59,600 (43.73%)
(8) Category	Equity-method affiliate

3. Overview of transaction counterparty (as of September 30, 2023)

(1) Name	Koatsu Gas Kogyo Co., Ltd.
(2) Head Office	2-4-12, Nakazaki-Nishi, Kita-ku, Osaka, Osaka Prefecture
(3) Name and title of representative	Motonari Kuroki, President and Representative Director
(4) Lines of business	Manufacture and sale of dissolved acetylene gas Sale of other high-pressure gases and machinery, etc.
(5) Capital	2.885 billion yen
(6) Date established	June 26, 1958
(7) Major shareholders and their percentages of shares held	Koatsu Kyoekai: 13.75%; Denka: 12.51%; The Kyoei Fire and Marine Insurance Company, Limited: 7.25%; The Master Trust Bank of Japan, Ltd. (trust account): 6.47%; Nippon Sanso Holdings Corporation: 5.69%
(8) Relationship to Denka	A major customer for Denka's product of calcium carbide

4. Future plans

Plans call for the transfer of shares to be complete on June 28, 2024.

This transfer of shares will have only a minor effect on Denka's consolidated financial results.

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