

## **Tsukishima Kikai Will Begin Discussions with JFE Engineering to Integrate Domestic Water Engineering Business and Consider Transition to Holding Company Structure—JCR Will Watch Progress for Each**

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the integration of the domestic water engineering business of Tsukishima Kikai Co., Ltd. (security code: 6332) with JFE Engineering Corporation (“JFE Engineering”) and the transition to a holding company structure.

- (1) Tsukishima Kikai Co., Ltd. (the “Company”) announced on December 3, 2021 that it would commence discussions with JFE Engineering regarding the integration of the domestic water engineering business and that it would consider transition to a holding company structure along with the integration. The effective date of the business integration and the transition to a holding company structure are scheduled to be in April 2023. The Company's water environment business will be transferred to a preparatory company with a view to integrating the business with JFE Engineering, and will become a consolidated subsidiary of the Company after the integration is completed. The basic policy is to transfer the industrial business and other businesses to a wholly owned subsidiary.
- (2) The purpose of the business integration is to integrate and complement the water engineering-related technologies, services, and knowledge of the two companies, and to enhance their ability to respond to the expanding PPP (public-private partnership) business. In addition, the transition to a holding company structure will separate the business management function from the business execution function, with the aim of increasing the efficiency of group management and further strengthening governance. This may lead to further strengthening of the business foundation in the domestic water supply and sewerage field, and JCR will monitor the outcome of the business integration and the transition to a holding company structure.

Takeshi Rikawa, Yusaku Hokakubo

### <Reference>

Issuer: Tsukishima Kikai Co., Ltd.

Long-term Issuer Rating: A-      Outlook: Stable

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