



## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

May 12, 2022

Listing: Tokyo Stock Exchange

Company name: DKK Co., Ltd.  
 Securities code: 6706 URL: <https://www.denkikogyo.co.jp/>  
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 Scheduled date of annual general meeting of shareholders: June 29, 2022 Scheduled date to commence dividend payments: June 30, 2022  
 Scheduled date to file annual securities report: June 30, 2022  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 31, 2022	33,968	(18.1)	53	(96.6)	448	(75.1)	705	(38.9)
Fiscal Year ended March 31, 2021	41,478	(7.9)	1,583	(39.1)	1,799	(35.1)	1,155	(35.4)

Note: Comprehensive income Fiscal Year ended March 31, 2022 195 Millions of yen (-91.2%) Fiscal Year ended March 31, 2021 2,219 Millions of yen (58.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/total asset	Operating margin
	yen	yen	%	%	%
Fiscal Year ended March 31, 2022	59.51	-	1.5	0.8	0.2
Fiscal Year ended March 31, 2021	96.14	-	2.5	2.9	3.8

(Reference) Equity in earnings of affiliates Fiscal Year ended March 31, 2022 - Millions of yen Fiscal Year ended March 31, 2021 - Millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Fiscal Year ended March 31, 2022	56,336	46,609	81.5	3,938.79
Fiscal Year ended March 31, 2021	62,463	47,991	75.2	3,908.32

(Reference) Net asset excluding non-controlling interests Fiscal Year ended March 31, 2022 45,903 Millions of yen Fiscal Year ended March 31, 2021 46,972 Millions of yen

(3) Consolidated Cash Flows

	Cash flows from business activities	Net cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended March 31, 2022	4,166	2,680	(4,139)	13,140
Fiscal Year ended March 31, 2021	1,447	(1,402)	(633)	10,300

2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividend on net asset (consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Fiscal Year ended March 31, 2021	-	0.00	-	45.00	45.00	543	46.8	1.2
Fiscal Year ended March 31, 2022	-	0.00	-	60.00	60.00	704	100.8	1.5
Fiscal Year ending March 31, 2023 (forecast)	-	0.00	-	60.00	60.00		93.2	

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)  
(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Second quarter (cumulative)	14,000	(5.9)	(500)	-	(450)	-	(300)	-	(25.74)
Full year	37,000	8.9	750	-	900	100.8	750	6.2	64.35

\*Notes:

- (1) Changes in significant subsidiaries during the fiscal year (changes in specific subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies and accounting estimates, and restatement
- (a) Changes in accounting policies due to revision of accounting standards, etc.: Yes
- (b) Changes in accounting policies other than (a): No
- (c) Changes in accounting estimates: No
- (d) Restatement: No

Note: For details, refer to "3. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 15 of the attached document.

- (3) Number of shares issued (common stock)

(a) Shares issued (including treasury stock) at the end of the period	Fiscal Year ended March 31, 2022	14,084,845shares	Fiscal Year ended March 31, 2021	14,084,845shares
(b) Treasury stock at the end of the period	Fiscal Year ended March 31, 2022	2,430,669shares	Fiscal Year ended March 31, 2021	2,066,196shares
(c) Average number of shares during the period	Fiscal Year ended March 31, 2022	11,861,833shares	Fiscal Year ended March 31, 2021	12,018,103shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

- (1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 31, 2022	27,310	(20.4)	139	(87.6)	759	(41.8)	1,032	30.2
Fiscal Year ended March 31, 2021	34,308	(4.5)	1,122	(31.9)	1,305	(35.5)	792	(38.0)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal Year ended March 31, 2022	87.01	-
Fiscal Year ended March 31, 2021	65.96	-

- (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
Fiscal Year ended March 31, 2022	42,574	35,343	83.0	3,032.73
Fiscal Year ended March 31, 2021	47,342	36,051	76.2	2,999.65

(Reference) Net asset excluding non-controlling interests Fiscal Year ended March 31, 2022 35,343Millions of yen Fiscal Year ended March 31, 2021 36,051Millions of yen

\*This Consolidated Financial Results report is not subject to audit by certified public accountants or an auditing firm.

\*Explanation of appropriate use of earnings forecast, and other special notes

The forecast and other forward-looking statements in this report are based on information currently available to the Company and certain assumptions the Company believes to be reasonable, and are not intended to be a promise by the Company that they will be achieved. Actual results may differ significantly due to various factors. Refer to "1. Summary of operating results, (4) Business outlook" on page 4 of the attachment for the assumptions used in earnings forecast and notes on the use of earnings forecast.

The Company plans to hold a financial results meeting because we believe it is important to disclose information about the Company to the financial markets in a timely and appropriate manner. However, the event will be live-streamed to avoid the COVID-19 infections, as the health and safety of all participants is our first priority. The live-streamed financial results presentation will be available on the Company's website at a later date.

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## 1. Summary of operating results, etc.

### (1) Summary of operating results for the fiscal year

During the current fiscal year, the Japanese economy showed signs of recovery from the impact of COVID-19, with corporate earnings recovering due to a pickup in economic activities in Japan and abroad. Capital investment and employment environment also showed signs of improvement along with a recovery in corporate earnings, with consumption starting to recover. On the other hand, economic outlook for Japan remained uncertain as the impact of high crude oil and other raw material prices on corporate earnings surfaced with COVID-19 variants spreading.

In the telecommunications-related industry, where our group is involved, demand for antennas for 5G in the mobile communications field appeared to be moving into full swing. Meanwhile, in the fixed wireless-related field, demand for administrative radio systems for disaster preventions rapidly declined, and in the broadcasting field, demand for equipment renewal and maintenance by broadcasters also declined. In the applied high-frequency devices industry, there were signs of a certain recovery in demand for capital investment in the automotive-related field, but the underlying tone of the recovery was moderate.

Under such circumstances, the Group actively engaged in activities to stimulate demand, worked to expand profit through efforts to improve efficiency and reduce costs, and endeavored to improve business performance.

As a result, orders received decreased 3.9% year-on-year to 35.052 billion yen, and sales decreased 18.1% year-on-year to 33.968 billion yen.

As for profits, operating income decreased 96.6% year-on-year to 53 million yen, ordinary income decreased 75.1% year-on-year to 448 million yen, and net income attributable to the parent company's shareholders decreased 38.9% year-on-year to 705 million yen.

Note that the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others were applied from the beginning of the current fiscal year in accordance with transitional treatments. For details, please refer to "3. Consolidated financial statements and major notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies) (Application of Accounting Standard for Revenue Recognition, etc.)".

Results by segment are as follows. (Results of reportable segments, etc. include intersegment sales, etc.)

#### (Telecommunication Business)

In this business segment, in the mobile communications-related field, capital investment demand by mobile communications carriers for antennas for the frequency bands allocated to 5G appeared to be entering into full swing, but the demand is being restrained by supply shortages of components due to the impact of COVID-19. In the fixed wireless-related field, demand for administrative radio systems for disaster prevention rapidly declined as a result of the postponement of the reinforcement and digitization of disaster prevention systems in each municipality, due to the effects of the COVID-19 and other factors. In the broadcasting-related field, demand for equipment renewal and maintenance by broadcasters was shrunk or postponed. In other segments, we are developing demand for LED aviation obstacle lights and thermal camera systems. Our business environment is becoming more severe in all segments due to intensified price competitions. In this environment, we aggressively worked in this business field to capture demand and improve productivity. However, cost increases, such as soaring raw material costs, rising logistics costs, and costs to deal with shortages in parts and materials supply, had a significant impact on the Company's performance in the period.

As a result, orders received decreased 9.2% year-on-year to 26.682 billion yen, and revenue decreased 23.7% year-on-year to 25.926 billion yen. Segment income (operating income) was 2.01 billion yen, down 48.1% from the same period last year.

#### (Radio Frequency Business)

In the mainstay high-frequency induction heating equipment business, after a rapid demand decline due to COVID-19, there were signs of recovery in capital investment demand in the automobile-related industries, mainly due to a recovery in demand in overseas markets. In addition, in the area of contract heat-treatment processing, although there were signs of recovery from the impact of COVID-19, the industry-wide impact of the global semiconductor shortage appeared to be protracted, with added influence of production adjustments by automobile manufacturers. Under such circumstances, the radio frequency business has worked to expand profits by developing new markets and new users, as well as improving productivity, while closely monitoring the business environment. In this business field, as in the telecommunication business, there were factors that caused costs to rise, such as soaring raw material costs.

As a result, orders increased 17.7% year-on-year to 8.37 billion yen and revenue increased 7.1% year-on-year to 7.959 billion yen. Segment income (operating income) increased 21.5% year-on-year to 1.058 billion yen.

(2) Summary of financial position for the fiscal year

Total assets at the end of the current consolidated fiscal year decreased 6.126 billion yen from a year earlier to 56.336 billion yen.

Current assets decreased 4.432 billion yen from a year earlier to 40.989 billion yen. The main factors were an 8.068 billion yen decrease in accounts receivable including notes receivable, despite a 1.157 billion yen increase in inventories and a 2.17 billion yen increase in deposits paid included in "Others."

Non-current assets decreased 1.694 billion yen from a year earlier to 15.347 billion yen. The main factor was a decrease of 1.559 billion yen in investment securities.

Current liabilities decreased 3.866 billion yen from a year earlier to 6.33 billion yen. The main factors were a 3.034 billion yen decrease in trade payables including notes payable, a 391 million yen decrease in income taxes payable, and 238 million yen decrease in accrued consumption taxes included in "Others".

Fixed liabilities decreased by 878 million yen from a year earlier to 3.397 billion yen. The main factors were a 154 million yen decrease in long-term loans payable and a 355 million yen decrease in long-term accounts payable included in "Others."

Net assets decreased 1.381 billion yen from a year earlier to 46.609 billion yen. The main factors were a 197 million yen increase in retained earnings, an 851 million yen decrease by purchase of treasury stock, a 397 million yen decrease in valuation difference on available-for-sale securities, and a 312 million yen decrease in non-controlling interests.

(3) Summary of cash flows for the fiscal year

Cash and cash equivalents (herein after "Funds") at the end of the current fiscal year increased by 2.84 billion yen from a year earlier to 13.14 billion yen.

Cash flow situations and factors behind them in the current consolidated fiscal year are as follows.

(Cash flows from business activities)

Funds provided by business activities totaled 4.166 billion yen (1.447 billion yen a year earlier). This is due to increase factors, mainly a decrease (increase) in notes and accounts receivable-trade of 8.076 billion yen, partially offset by decrease factors, including a decrease (increase) in inventories of 1.375 billion yen and an increase (decrease) in notes and accounts payable-trade of 3.059 billion yen.

(Cash flows from investing activities)

Funds provided by investing activities amounted to 2.68 billion yen (1.402 billion yen used a year earlier). This is mainly attributable to increase factors such as a net increase in time deposits of 2.948 billion yen and proceeds from sales of investment securities of 1.233 billion yen, which were more than decrease factors such as expenses for purchase of property, plant, and equipment and intangible assets of 1.408 billion yen.

(Cash flows from financing activities)

Funds used in financing activities totaled 4.139 billion yen (633 million yen used a year earlier). This is mainly due to decrease factors such as purchase of treasury stock of 1.049 billion yen, a decrease (increase) in deposits for purchase of treasury stock of 2.17 billion yen, and cash dividends paid of 543 million yen.

(4) Business outlook

As for the future outlook, although the domestic economy is showing some signs of recovery, the outlook remains unpredictable due to the lingering shortage of semiconductors and the effects of the yen's depreciation and soaring raw material costs, in the midst of the difficult situation caused by COVID-19 remains. As for the business environment surrounding our Group, in the mobile communication-related field, we expect to see continued demand for 5G antennas, and we will aggressively capture further demand including that for our newly developed wireless devices. In addition, the Company will work to capture maintenance demand for mobile communication steel towers. In the fixed wireless-related field, demand for administrative radio systems for disaster prevention is expected to be continuously postponed due to the impact of COVID-19, but we will continue to focus on capturing the demand, which is expected to recover in the medium term. In the broadcasting-related segment, we will work to capture demand for update and maintenance on broadcasting equipment from broadcasters. In addition, as for new businesses, in addition to developing demand for LED aviation obstacle lights and thermal camera systems, we will aggressively focus on exploring new markets by utilizing our wireless technology. In the radio frequency business, we aim to strengthen coordination with overseas offices while closely monitoring the business environment, reinforce efforts to capture demand driven

by capital expenditure led by Japanese automotive manufacturers, and actively promote efforts to stimulate new demand in areas other than the automotive segment.

Under these circumstances, for the next consolidated fiscal year, we forecast revenue of 37 billion yen (up 8.9% year-on-year), operating income of 750 million yen (53 million yen in the previous consolidated fiscal year), ordinary income of 900 million yen (up 100.8% year-on-year), and net income attributable to shareholders of parent company of 750 million yen (up 6.2% year-on-year).

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

With regard to profit distribution, we consider the efficiency of shareholders' equity and the return of profits to shareholders as important management matters, and our basic policy is to continue to pay dividends to our shareholders through solid management of the Company. Regarding our dividend policy, as a measure to strengthen shareholder returns, the Company changed its dividend policy in November 2021 to link the consolidated dividend payout ratio to the operating results of the relevant fiscal year, aiming for the ratio of 40%, and to set the minimum consolidated dividends on equity (DOE) ratio of 1.5%. For the current fiscal year, the Company plans to pay a year-end dividend of 60 yen per share, as projected at the time of the change in our dividend policy. In addition, in accordance with the "Capital Allocation" disclosed in February 2022, the Company purchased its own shares as a measure to return more profits to shareholders and improve capital efficiency. With regard to purchased treasury stock, the Company has adopted a policy of actively retiring treasury stock in excess of the necessary amount, while continuing to consider effective use of such stock to expand its business areas and acquire technologies. Treasury stock purchased other than approximately 10% of the number of shares issued is to be retired.

Regarding dividends for the next fiscal year, the Company continues to decide the amount of profit returns based on its dividend policy, considering the purchase of treasury stock under the Capital Allocation, and thus plans to pay an annual dividend of 60 yen per share.

The Company intends to effectively use retained earnings as a source of funds necessary for investments to revitalize existing businesses and expand its business scope, as well as to enhance its corporate strength in the future.

(6) The Company's medium- to long-term management strategy

The Company has the basic principles of responding quickly to changes in the management environment, seeking to ensure continuity of business and stable revenue, and ensuring increase of corporate value. As stated in the "Medium- to Long-term Management Strategy" disclosed in March 2021, the goal of our medium- to long-term management strategy is to achieve the Group's ideal of "Pioneering the Future" through active involvement in social contribution, enhancement of corporate value, and achievement of growth. For this goal, we have set three growth strategies: "Creation of New Businesses," "Further Expansion of Existing Businesses," and "Strengthening of Business Foundation."

In the next fiscal year, we will develop business activities to achieve our overall goal of "enhancing corporate value through promoting social sustainability-oriented management" by formulating five key management policies: "improving corporate strength by realizing workplace climate reform," "maximizing profits through a strong group-wide commitment," "promoting business reforms not bound by conventional methods," "thorough compliance and risk management," and "achieving social contribution and growth through proactive pursuit of eco-friendly management."

The Group will work collectively to strengthen its sales activities by thoroughly making the above policies understood and implemented. In the telecommunication business, the Company will actively explore the capital investment demand in the mobile communications industry for 5G communication systems, as well as work to capture the demand for administrative radio systems for disaster prevention in the fixed wireless-related field and that for the renewal and maintenance of broadcasting equipment, etc. in the broadcasting industry. In addition, to create new demand, we will continue to develop new business areas, including the local 5G market that utilize telecommunications technologies. In the radio frequency business, in addition to capital investment demand from the automotive-related industries, etc., the Company will expand into new non-automotive markets where high-frequency technologies are used. To realize future growth, the entire Group will work together in both business fields to precisely grasp market needs and expand business domains by creating new demand with an eye toward the new generation. In promoting specific initiatives to achieve growth, we plan to disclose in May 2022 a medium-term management plan that takes into account the promotion of sustainable society and capital policies, in addition to performance targets.

## 2. Our approach to the selection of accounting standards

In consideration of periodic comparability and intercompany comparability of consolidated financial statements, the Group has decided to adopt the Japanese GAAP. With regard to the possibility of adopting IFRS (International Financial Reporting Standards), the Company will monitor future trends and take appropriate responses, taking into consideration various domestic and international circumstances.



### 3. Consolidated financial statements and major notes

#### (1) Consolidated balance sheet

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	18,995	18,886
Notes receivable, accounts receivable from completed construction contracts, and others	20,836	12,768
Costs on uncompleted construction contracts	339	117
Other inventories	4,511	5,890
Other Businesses	742	3,328
Allowance for doubtful accounts	(3)	(2)
<b>Total current assets</b>	<b>45,421</b>	<b>40,989</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures	11,046	11,061
Machinery, equipment, and vehicles	9,502	9,540
Tools, furniture, and fixtures	7,187	7,510
Land	2,241	2,241
Lease assets	293	237
Construction in progress	44	186
Accumulated depreciation	(23,181)	(23,869)
<b>Total property, plant, and equipment</b>	<b>7,134</b>	<b>6,907</b>
Intangible assets	575	648
Investments and other assets		
Investment securities	7,025	5,465
Long-term loans receivable	3	2
Net defined benefit assets	580	611
Deferred tax assets	615	780
Other Businesses	1,155	980
Allowance for doubtful accounts	(47)	(49)
<b>Total investments and other assets</b>	<b>9,332</b>	<b>7,791</b>
<b>Total non-current assets</b>	<b>17,042</b>	<b>15,347</b>
<b>Total assets</b>	<b>62,463</b>	<b>56,336</b>

(Millions of yen)

	Previous consolidated fiscal year March 31, 2021	Current consolidated fiscal year (March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts, and others	6,950	3,916
Short-term loans payable	280	80
Long-term loans payable to be repaid within a year	6	180
Lease obligations	62	53
Income taxes payable	613	221
Advances received on uncompleted construction contracts	51	203
Allowance for warranties on completed construction contracts	37	26
Allowance for product warranties	77	173
Allowance for employees' bonuses	612	621
Allowance for directors' bonuses	36	6
Allowances for losses on construction contracts	34	47
Other Businesses	1,432	800
<b>Total current liabilities</b>	<b>10,196</b>	<b>6,330</b>
Fixed liabilities		
Long-term loans payable	433	279
Lease obligations	95	67
Allowance for product warranties	-	29
Allowances for share-based remuneration for directors and corporate auditors	102	52
Net defined benefit liability	2,905	2,840
Asset retirement obligations	49	49
Other Businesses	689	78
<b>Total fixed liabilities</b>	<b>4,275</b>	<b>3,397</b>
<b>Total liabilities</b>	<b>14,472</b>	<b>9,727</b>
Net assets		
Shareholders' equity		
Capital	8,774	8,774
Capital surplus	9,731	9,723
Retained earnings	31,830	32,028
Treasury stock	(5,088)	(5,940)
<b>Total shareholders' equity</b>	<b>45,248</b>	<b>44,586</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,270	873
Deferred gains or losses on hedges	11	37
Foreign currency translation adjustment	40	87
Remeasurements of defined benefit plans	401	318
<b>Total accumulated other comprehensive income</b>	<b>1,724</b>	<b>1,317</b>
Non-controlling interests	1,018	705
<b>Total net assets</b>	<b>47,991</b>	<b>46,609</b>
<b>Total liabilities and net assets</b>	<b>62,463</b>	<b>56,336</b>

## (2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
<b>Net sales</b>		
Sales of completed construction contracts	19,775	13,183
Net sales of goods	21,597	20,684
Sales in other business	105	100
<b>Total net sales</b>	<b>41,478</b>	<b>33,968</b>
<b>Cost of sales</b>		
Cost of sales of completed construction contracts	16,391	10,746
Cost of finished goods sold	17,309	16,976
Cost of sales in other business	49	47
<b>Total cost of sales</b>	<b>33,750</b>	<b>27,770</b>
<b>Gross profit</b>		
Gross profit on completed construction contracts	3,383	2,436
Gross profit on finished goods	4,288	3,708
Gross profit on other business	55	52
<b>Total gross profit</b>	<b>7,727</b>	<b>6,198</b>
Selling, general, and administrative expenses	6,143	6,145
<b>Operating income</b>	<b>1,583</b>	<b>53</b>
<b>Non-operating income</b>		
Interest income	4	3
Interest on securities	7	6
Dividend income	164	172
Foreign exchange gains	-	147
Other Businesses	148	155
<b>Total non-operating income</b>	<b>325</b>	<b>484</b>
<b>Non-operating expenses</b>		
Interest expenses	28	26
Commitment fee	59	49
Other Businesses	21	13
<b>Total non-operating expenses</b>	<b>109</b>	<b>89</b>
<b>Ordinary income</b>	<b>1,799</b>	<b>448</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	165	589
<b>Total extraordinary income</b>	<b>165</b>	<b>589</b>

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Extraordinary losses		
Loss on valuation of investment securities	318	170
Total extraordinary losses	318	170
Net income before income taxes	1,647	867
Income taxes-current	630	242
Income taxes-deferred	(91)	21
Total income taxes	539	264
Net income	1,108	602
(Net loss attributable to non-controlling interests)	(47)	(103)
Net income attributable to shareholders of parent company	1,155	705

(Consolidated statement of comprehensive income)

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Net income	1,108	602
Other comprehensive income		
Valuation difference on available-for-sale securities	883	(397)
Deferred gains or losses on hedges	39	25
Foreign currency translation adjustment	(188)	47
Remeasurements of defined benefit plans, net of tax	377	(83)
Total other comprehensive income	1,111	(406)
Comprehensive income	2,219	195
(Breakdown)		
Comprehensive income attributable to shareholders of parent	2,320	298
Comprehensive income attributable to non-controlling interests	(100)	(102)

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	8,774	9,731	31,218	(5,093)	44,631
Cumulative effect of change in accounting policy					-
Balance at beginning of current year after change in accounting policy is applied	8,774	9,731	31,218	(5,093)	44,631
Changes of items during term					
Dividends of surplus			(543)		(543)
Net income attributable to shareholders of parent company			1,155		1,155
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		0		7	7
Net changes of items other than shareholders' equity					
Total changes of items during term	-	0	611	4	616
Balance at end of current term	8,774	9,731	31,830	(5,088)	45,248

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current term	386	(27)	175	24	559	1,119	46,309
Cumulative effect of change in accounting policy							-
Balance at beginning of current year after change in accounting policy is applied	386	(27)	175	24	559	1,119	46,309
Changes of items during term							
Dividends of surplus							(543)
Net income attributable to shareholders of parent company							1,155
Purchase of treasury stock							(2)
Disposal of treasury stock							7
Net changes of items other than shareholders' equity	883	39	(135)	377	1,165	(100)	1,064
Total changes of items during term	883	39	(135)	377	1,165	(100)	1,681
Balance at end of current term	1,270	11	40	401	1,724	1,018	47,991

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	8,774	9,731	31,830	(5,088)	45,248
Cumulative effect of change in accounting policy			35		35
Balance at beginning of current year after change in accounting policy is applied	8,774	9,731	31,865	(5,088)	45,283
Changes of items during term					
Dividends of surplus			(543)		(543)
Net income attributable to shareholders of parent company			705		705
Purchase of treasury stock				(1,049)	(1,049)
Disposal of treasury stock		(8)		197	189
Net changes of items other than shareholders' equity					
Total changes of items during term	-	(8)	162	(851)	(697)
Balance at end of current term	8,774	9,723	32,028	(5,940)	44,586

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current term	1,270	11	40	401	1,724	1,018	47,991
Cumulative effect of change in accounting policy							35
Balance at beginning of current year after change in accounting policy is applied	1,270	11	40	401	1,724	1,018	48,026
Changes of items during term							
Dividends of surplus							(543)
Net income attributable to shareholders of parent company							705
Purchase of treasury stock							(1,049)
Disposal of treasury stock							189
Net changes of items other than shareholders' equity	(397)	25	47	(83)	(407)	(312)	(719)
Total changes of items during term	(397)	25	47	(83)	(407)	(312)	(1,417)
Balance at end of current term	873	37	87	318	1,317	705	46,609

## (4) Consolidated statement of cash flows

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
<b>Cash flows from business activities</b>		
Net income before income taxes	1,647	867
Depreciation	1,322	1,381
Increase (decrease) in allowance for employees' bonuses	145	8
Increase (decrease) in allowances for directors' bonuses	26	(30)
Increase (decrease) in net defined benefit liability	52	(240)
Increase (decrease) in allowances for retirement bonuses for directors and corporate auditors	(78)	-
Increase (decrease) in allowances for share-based remuneration to officers for directors and corporate auditors	19	24
Increase (decrease) in allowances for doubtful accounts	(15)	0
Increase (decrease) in allowances for loss on construction contracts	(10)	12
Increase (decrease) in allowances for product warranties	(134)	96
Interest and dividend income	(177)	(182)
Interest expenses	28	26
Foreign exchange losses (gains)	(7)	(92)
Loss (gain) on sales of investment securities	(165)	(589)
Loss (gain) on valuation of investment securities	318	170
Decrease (increase) in notes and accounts receivable-trade	(1,378)	8,076
Decrease (increase) in costs on uncompleted construction contracts	83	221
Decrease (increase) in inventories	578	(1,375)
Decrease (increase) in other assets	(263)	251
Increase (decrease) in notes and accounts payable-trade	(228)	(3,059)
Increase (decrease) in advances received on uncompleted construction contracts	(342)	(16)
Increase (decrease) in accrued consumption taxes	(36)	(331)
Increase (decrease) in other liabilities	219	(612)
Other Businesses	32	54
Subtotal	1,635	4,661
Interest and dividend income received	180	180
Interest expenses paid	(28)	(36)
Income taxes paid	(339)	(639)
Cash flows from business activities	1,447	4,166



(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
<b>Net cash flows from investing activities</b>		
Payments into time deposits	(33,211)	(27,849)
Proceeds from withdrawal of time deposits	32,211	30,797
Expenses for purchase of property, plant, and equipment and intangible assets	(1,187)	(1,408)
Proceeds from sale of property, plant, and equipment and intangible assets	25	12
Purchase of investment securities	(166)	(659)
Proceeds from sales of investment securities	507	1,233
Proceeds from redemption of investment securities	422	550
Payments of loans receivable	(3)	(0)
Collection of loans receivable	1	1
Other Businesses	(1)	4
Net cash flows from investing activities	(1,402)	2,680
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(114)	(200)
Proceeds from long-term loans payable	93	-
Repayment of long-term loans payable	-	(13)
Repayments of lease obligations	(71)	(67)
Proceeds from sales of treasury stock	7	114
Purchase of treasury stock	(2)	(1,049)
Decrease (increase) in deposits for purchase of treasury stock	-	(2,170)
Cash dividends paid	(545)	(543)
Dividends paid to non-controlling interests	-	(209)
Cash flows from financing activities	(633)	(4,139)
Effect of exchange rate change on cash and cash equivalents	(43)	132
Net increase (decrease) in cash and cash equivalents	(630)	2,840
Cash and cash equivalents at beginning of term	10,931	10,300
Cash and cash equivalents at end of term	10,300	13,140

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

There are no matters to be noted.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year, and recognized revenue in an amount expected to be received in exchange for the promised goods or services when control over the said goods or services is transferred to the customer. As a result, the method of recognizing revenue of some of the Group's construction contracts, etc. has changed: until the previous fiscal year, if the certainty of the outcome regarding the construction progress is deemed recognized, the percentage-of-completion method is applied; from the current fiscal year, if control over goods or services is transferred to the customer over a certain period of time, revenue is recognized over the period as the performance obligation to transfer the said goods or services to the customer is fulfilled. The measurement of progress in fulfilling performance obligations is based on the proportion of costs incurred until the end of each reporting period to the total expected costs.

As for the application of the Accounting Standard for Revenue Recognition, etc., the Company followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year was added to retained earnings at the beginning of the current fiscal year, and the new accounting policy has been applied from the said beginning balance. In addition, using the method prescribed in Note (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, retained earnings at the beginning of the current fiscal year was adjusted by the cumulative effect of accounting process reflecting contract terms and conditions effective after applying all contractual modifications made prior to the beginning of the current fiscal year.

As a result, revenue for the current fiscal year decreased by 55 million yen, cost of sales decreased by 37 million yen, and operating income, ordinary income, and net income before income taxes decreased by 18 million yen respectively. The balance of retained earnings at the beginning of the period increased by 35 million yen.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started to apply the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the current fiscal year: in accordance with Paragraph 19 of the Accounting Standard for Fair Value Measurement and the transitional treatment in Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019), the Company continues to apply the new accounting policies prescribed by the above accounting standards. There is no impact on the consolidated financial statements.

(Change in method of presentation)

(Consolidated statement of income)

"Dividend income of life insurance" under "non-operating income," which had been separately presented in the previous fiscal year, was included in "Others" in the current fiscal year, as it became insignificant in terms of amount. We rearranged the financial statements of the previous consolidated fiscal year to reflect this change in presentation.

As a result, 33 million yen presented as "dividend income of life insurance" under "non-operating income" in the consolidated statement of income for the previous fiscal year was reclassified as "Others."

(Additional information)

(Share-based compensation scheme for directors)

The Company and some of its consolidated subsidiaries have a share-based compensation scheme (the “Scheme” hereafter) for their directors, excluding outside directors, with a purpose of establishing a clear connection between directors’ compensation and stock value and motivating them to contribute to a mid- to long-term increase in earnings and corporate value.

(1) Overview of transactions

Under the Scheme, the Company’s shares are held in the account of an employee stock ownership plan (ESOP) trust for officers (the “Trust” hereafter) established on Company funds and the number of shares corresponding to the points assigned to each director are granted to the director through the Trust in accordance with the share-granting rules established by the Company’s Board of Directors and those of some of its consolidated subsidiaries. Directors are granted the Company’s shares when they retire from directorship, in principle.

(2) The Company’s shares remaining in the trust account

The Company’s shares remaining in the trust account are recognized as treasury stock under net assets at the book value in the trust account (excluding associated expenses). The book value and number of such treasury stock were 160 million yen and 57,551 shares at the end of the previous fiscal year, and 199 million yen and 80,632 shares at the end of the current fiscal year.

(Impacts of COVID-19 pandemic on accounting estimates)

The spread of COVID-19 infections continued to have an impact on the Group, and the industry the Group is involved in also experienced a significant impact on its sales activities. Although it is difficult to predict how COVID-19 will spread and when it will be contained, based on information from internal and external sources, we assume that this trend will continue for a certain period of time, and have made accounting estimates for impairment losses on non-current assets and the recoverability of deferred tax assets, etc. We note that if COVID-19 pandemic further spreads or remains for longer, it may affect the Group’s earnings and financial position.

(Segment information, etc.)

[Segment information]

1 Overview of reportable segments

The Company's reporting segments are those units of the Company for which separate financial information is available and which the Board of Directors regularly conducts reviews to decide allocation of management resources and assess business performance.

The Company has operational units assigned with specific products and services. Each of them, including Group companies, designs comprehensive strategies for their respective products and services and operates business.

Therefore, the Company has set telecommunication business and radio frequency business as reportable segments based on types of their products and services, ways of providing them, product markets, etc., with these operational units as the basis.

Key business areas of the respective segments are as show in the below table.

Reportable segment	Main business areas
Telecommunication Business	Manufacture, construction, and sale of antennas, reflectors, steel towers, steel structures, etc. Plating work on telecommunication equipment, steel building framework, etc. Construction work for telecommunication facilities
Radio Frequency Business	Manufacture and sale of high-frequency induction heating equipment and related equipment Manufacture and sale of high-frequency power source devices for plasma, etc. Contract high-frequency heat treating service

2 Methods for calculating amounts of net sales, profit/loss, assets, liabilities, etc. by reportable segment

The accounting methods of reported business segments are the same as those described in "Important matters that form basis for preparation of consolidated financial statements."

Profit in the reportable segments is based on operating profit. Intersegment revenues and transfers are calculated using prevailing market prices.

3 Information on amounts of net sales, profit/loss, assets, liabilities, etc. by reportable segment  
Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment			Others (Note)1	Total	Adjustments (Note)2	Amount recorded in consolidated financial statements (Note)3
	Telecommunication Business	Radio Frequency Business	Total				
Net sales							
Sales to external customers	33,942	7,430	41,372	105	41,478	-	41,478
Intersegment sales or transfers	20	-	20	225	245	(245)	-
Total	33,962	7,430	41,392	330	41,723	(245)	41,478
Segment income	3,876	870	4,747	158	4,905	(3,321)	1,583
Segment assets	31,068	11,432	42,501	776	43,277	19,186	62,463
Other items							
Depreciation	898	327	1,225	71	1,297	25	1,322
Increase in property, plant, and equipment and intangible assets	961	152	1,114	-	1,114	276	1,390

(Note) 1 The "Others" segment, which is not included in reportable segments, includes equipment leasing and electric power sales businesses.

2 Details of adjustments are as follows.

- (1) The segment income adjustment of (3,321) million yen includes (107) million yen in elimination of intersegment transactions and (3,214) million yen in corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.
- (2) Adjustment to segment assets is a corporate asset that is not allocated to reportable segments. Corporate assets are primarily the Company's cash and deposits, etc. of the headquarters that are not allocated to reportable segments.
- (3) Adjustment to depreciation is a corporate expense that is not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.
- (4) Adjustment to increase in property, plant, and equipment and intangible assets is the amount of capital expenditures of the corporate assets that is not allocated to reportable segments. Corporate assets are mainly capital expenditures at the headquarters that are not attributable to any reportable segments.

3 Adjustments are made to reconcile segment income with operating income in the consolidated statement of income.

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment			Others (Note)1	Total	Adjustments (Note)2	Amount recorded in consolidated financial statements (Note)3
	Telecommunication Business	Radio Frequency Business	Total				
Net sales							
Sales to external customers	25,908	7,959	33,867	100	33,968	-	33,968
Intersegment sales or transfers	18	-	18	229	248	(248)	-
Total	25,926	7,959	33,885	330	34,216	(248)	33,968
Segment income	2,010	1,058	3,068	167	3,235	(3,182)	53
Segment assets	23,922	11,593	35,516	719	36,235	20,101	56,336
Other items							
Depreciation	954	309	1,264	66	1,330	50	1,381
Increase in property, plant, and equipment and intangible assets	779	192	972	13	986	97	1,083

(Note) 1 The "Others" segment, which is not included in reportable segments, includes equipment leasing and electric power sales businesses.

2 Details of adjustments are as follows.

- (1) The segment income adjustment of (3,182) million yen includes (116) million yen in elimination of intersegment transactions and (3,066) million yen in corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.
- (2) Adjustment to segment assets is a corporate asset that is not allocated to reportable segments. Corporate assets are primarily the Company's cash and deposits, etc. of the headquarters that are not allocated to reportable segments.
- (3) Adjustment to depreciation is a corporate expense that is not allocated to reportable segments. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segments.
- (4) Adjustment to increase in property, plant, and equipment and intangible assets is the amount of capital expenditures of the corporate assets that is not allocated to reportable segments. Corporate assets are mainly capital expenditures at the headquarters that are not attributable to any reportable segments.

3 Adjustments are made to reconcile segment income with operating income in the consolidated statement of income.

[Related information]

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

1 Information by product/service

This information is omitted because similar information is shown in “Segment information.”

2 Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	North America	Europe	Others	Total
38,147	2,265	528	210	326	41,478

Note: Net sales are classified by country or region based on locations of customers.

(2) Property, plant, and equipment

This information is omitted because the amount of property, plant, and equipment in Japan exceeds 90% of the amount of property, plant, and equipment on the consolidated balance sheet.

3 Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
NTT DOCOMO, INC.	4,221	Telecommunication Business

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)

1 Information by product/service

This information is omitted because similar information is shown in “Segment information.”

2 Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	North America	Europe	Others	Total
31,026	1,772	876	24	269	33,968

Note: Net sales are classified by country or region based on locations of customers.

(2) Property, plant, and equipment

This information is omitted because the amount of property, plant, and equipment in Japan exceeds 90% of the amount of property, plant, and equipment on the consolidated balance sheet.

3 Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment
NTT DOCOMO, INC.	4,874	Telecommunication Business

[Information on impairment losses on non-current assets by reportable segment]

There are no matters to be noted.

[Information on amortization of goodwill and unamortized balances by reportable segment]

There are no matters to be noted.

[Information on gains on negative goodwill by reportable segment]

There are no matters to be noted.

(Per-share information)

	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Net assets per share	3,908.32 yen	3,938.79 yen
Net income per share	96.14 yen	59.51 yen

(Note) 1 No figures are provided for “diluted net income per share” as there are no dilutive shares.

2 Data used in calculating the net income per share are as follows.

Item	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
Net income attributable to shareholders of parent (millions of yen)	1,155	705
Amount not attributable to common shareholders (millions of yen)	-	-
Net income attributable to shareholders of parent pertaining to common stock (millions of yen)	1,155	705
Average number of common shares during the period	12,018,103	11,861,833

3 We included the Company’s shares held in the trust account of Custody Bank of Japan, Ltd. as trust assets for the share-based compensation scheme for directors in the treasury stock deducted in the calculation of the average number of shares over the period in calculating net income per share (58,374 shares in the previous consolidated fiscal year and 72,808 shares in the current consolidated fiscal year).

4 Data used in calculating the net assets per share are as follows.

Item	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Total net assets (millions of yen)	47,991	46,609
Amount deducted from total net assets (millions of yen)	1,018	705
(Including non-controlling interests of:)	(1,018)	(705)
Net assets related to common stock at end of fiscal year (millions of yen)	46,972	45,903
Number of common shares at end of fiscal year used in calculating net assets per share	12,018,649	11,654,176

5 We included the Company’s shares held in the trust account of Custody Bank of Japan, Ltd. as trust assets for the share-based compensation scheme for directors in the treasury stock deducted in the calculation of the number of shares at the end of the fiscal year in calculating net asset per share (57,551 shares in the previous consolidated fiscal year and 80,632 shares in the current consolidated fiscal year).

(Significant events after balance-sheet date)

There are no matters to be noted.



#### 4. Other Businesses

##### (1) Production, orders and sales

###### (a) Production results

Reportable segment	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)		Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)		Change	
	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Ratio (%)
Telecommunication Business	14,105	65.8	12,692	61.2	(1,413)	(10.0)
Radio Frequency Business	7,335	34.2	8,055	38.8	720	9.8
Total	21,440	100.0	20,748	100.0	(692)	(3.2)

(Note) 1 Amounts are based on sales prices, and intersegment transactions have been offset.

2 The above amounts do not include consumption taxes.

3 In the telecommunication business, production results related to construction projects are excluded from the above production results due to difficulty in defining the results.

###### (b) Results of orders received

Reportable segment	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)		Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)		Change	
	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)	Orders received (Millions of yen)	Order backlog (Millions of yen)
Telecommunication Business	29,370	8,327	26,682	8,815	(2,687)	488
Radio Frequency Business	7,113	2,417	8,370	2,766	1,256	348
Total	36,483	10,745	35,052	11,582	(1,431)	837

Note: The above amounts do not include consumption taxes.

###### (c) Sales results

Reportable segment	Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)		Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)		Change	
	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Ratio (%)
Telecommunication Business						
Construction work	19,775	47.7	13,183	38.8	(6,591)	(33.3)
Equipment and materials sales	14,167	34.2	12,725	37.5	(1,442)	(10.2)
Subtotal of Telecommunication Business	33,942	81.8	25,908	76.3	(8,034)	(23.7)
Radio Frequency Business	7,430	17.9	7,959	23.4	528	7.1
Total of reportable segments	41,372	99.7	33,867	99.7	(7,505)	(18.1)
Other Businesses	105	0.3	100	0.3	(4)	(4.0)
Total	41,478	100.0	33,968	100.0	(7,509)	(18.1)

(Note) 1 Intersegment transactions have been offset.

2 The above amounts do not include consumption taxes.

3 The "Others" segment, which is not included in reportable segments, includes equipment leasing and electric power sales businesses.