



Results for Fiscal Year Ended March 31, 2021

May 28, 2021

DKK Co., Ltd.

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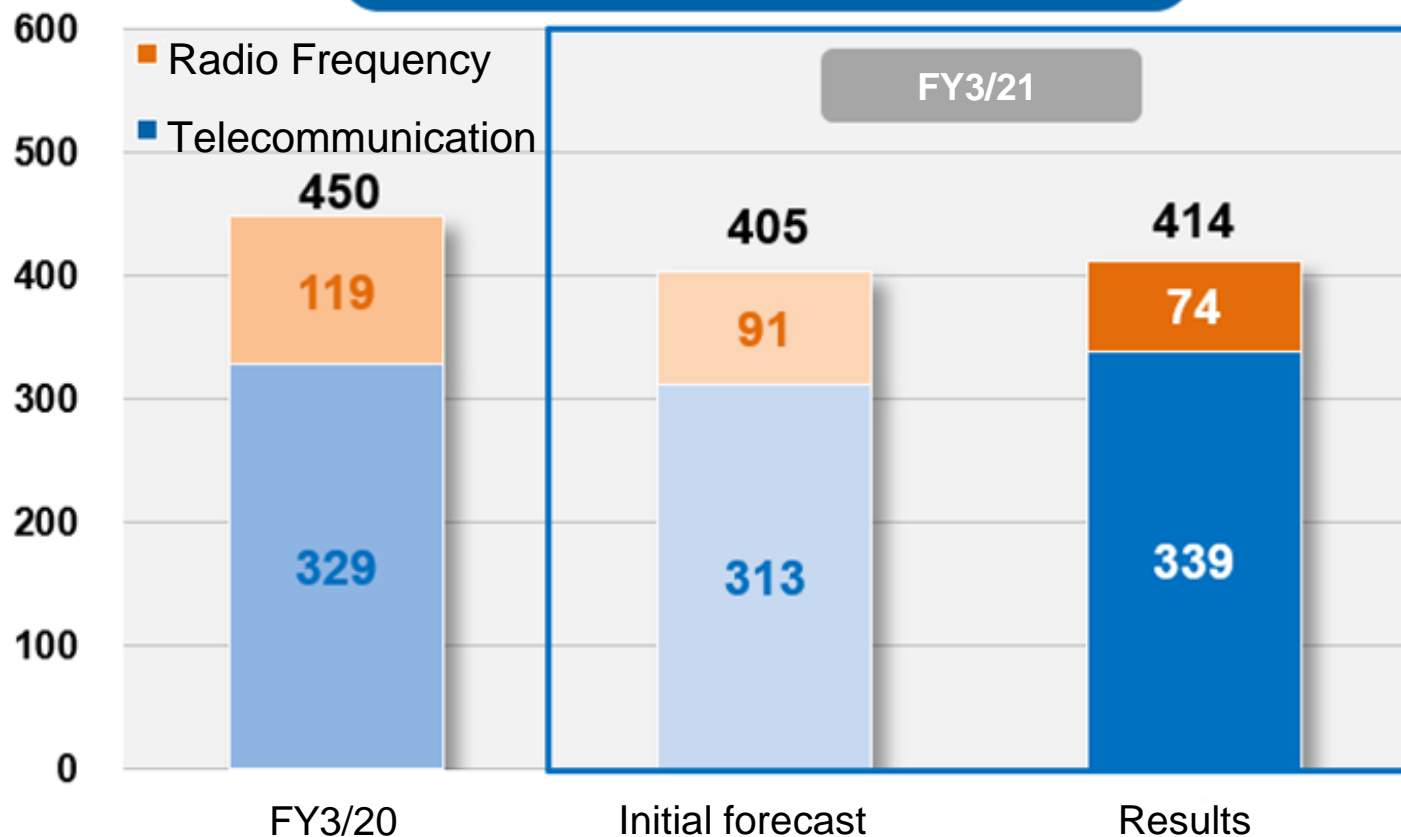
1. RESULT HIGHLIGHTS

Consolidated Net Sales

- Consolidated net sales fell about 8% year-on-year.
- Net sales for Telecommunication Business rose about 0.9 billion yen, driven mainly by the brisk performance of the Fixed Wireless segment.
- Net sales fell about 4.4 billion yen for Radio Frequency Business due to COVID-19-related impacts, although there were some signs of recovery in the automotive industry.

(100 million yen)

Consolidated Net Sales



Consolidated Net Sales
41.4 billion yen

YoY change
Down 3.5 billion yen
(down 7.9%)

Telecommunication
33.9 billion yen

YoY change
Up 0.9 billion yen
(up 2.9%)

Radio Frequency
7.4 billion yen

YoY change
Down 4.4 billion yen
(down 37.7%)

Consolidated Operating Income

- Consolidated operating income dropped about 40% year-on-year mainly due to a fall in net sales of the Radio Frequency Business.
- In addition to decreased net sales, the drop was driven also by an increase in research and development expenses for the purpose of preparing for capturing future demand increases.

(100 million yen)

Consolidated Operating Income



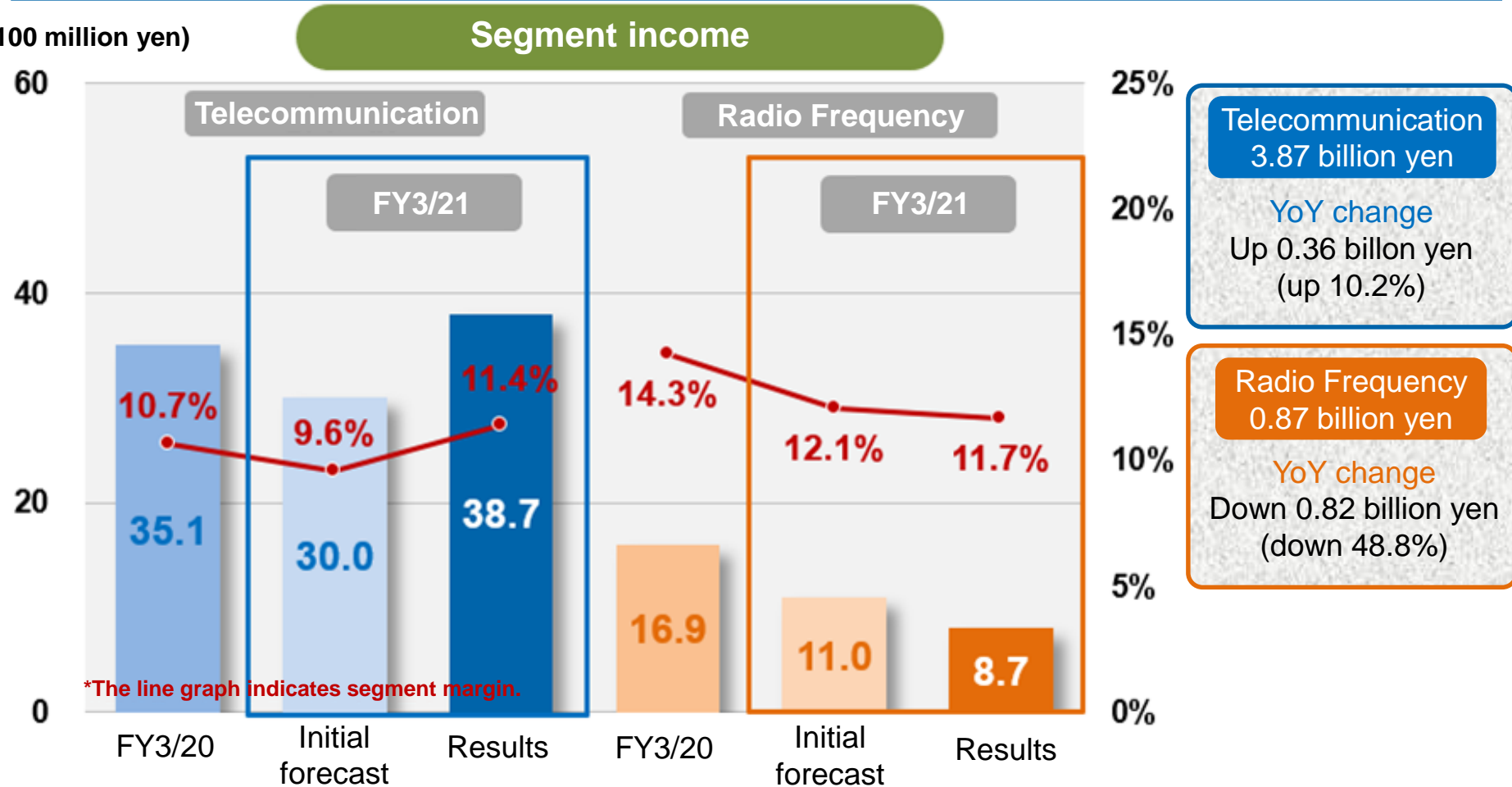
Consolidated operating income
1.58 billion yen

YoY change
Down 1.01 billion yen
(down 39.1%)

Segment Income (Consolidated)

- Profit of the Telecommunication Business rose about 10%, driven mainly by higher net sales of Fixed Wireless segment.
- Profit fell about 49% in the Radio Frequency Business due to COVID-19-related impacts, although there were some signs of recovery in demand for contract heat treating services.

(100 million yen)



Overview of FY3/21 Consolidated Results

- Ordinary income fell 0.97 billion yen year-on-year as operating income decreased.
- Net income decreased 0.63 billion yen year-on-year.

■ Full-year statement income [consolidated]

(Millions of yen)

	FY3/20 results	FY3/21		YoY change		Difference from initial forecast	
		Initial forecast	results	Amount	Percentage	Amount	Percentage
Net sales	45,016	40,500	41,478	-3,538	-7.9 %	978	2.4 %
Cost of sales	36,380	-	33,750	-2,630	-7.2 %	-	-
Gross profit	8,636	-	7,727	-909	-10.5 %	-	-
Selling, general, and administrative expenses	6,034	-	6,143	109	1.8 %	-	-
Operating income	2,601	1,450	1,583	-1,018	-39.1 %	133	9.2 %
Operating margin	5.8 %	3.6 %	3.8 %	-	-	-	-
Ordinary income	2,774	1,700	1,799	-975	-35.1 %	99	5.8 %
Ordinary income margin	6.2 %	4.2 %	4.3 %	-	-	-	-
Net income attributable to shareholders of parent company	1,789	1,100	1,155	-634	-35.4 %	55	5.0 %
ROE	4.0 %	2.4 %	2.5 %	-	-	-	-

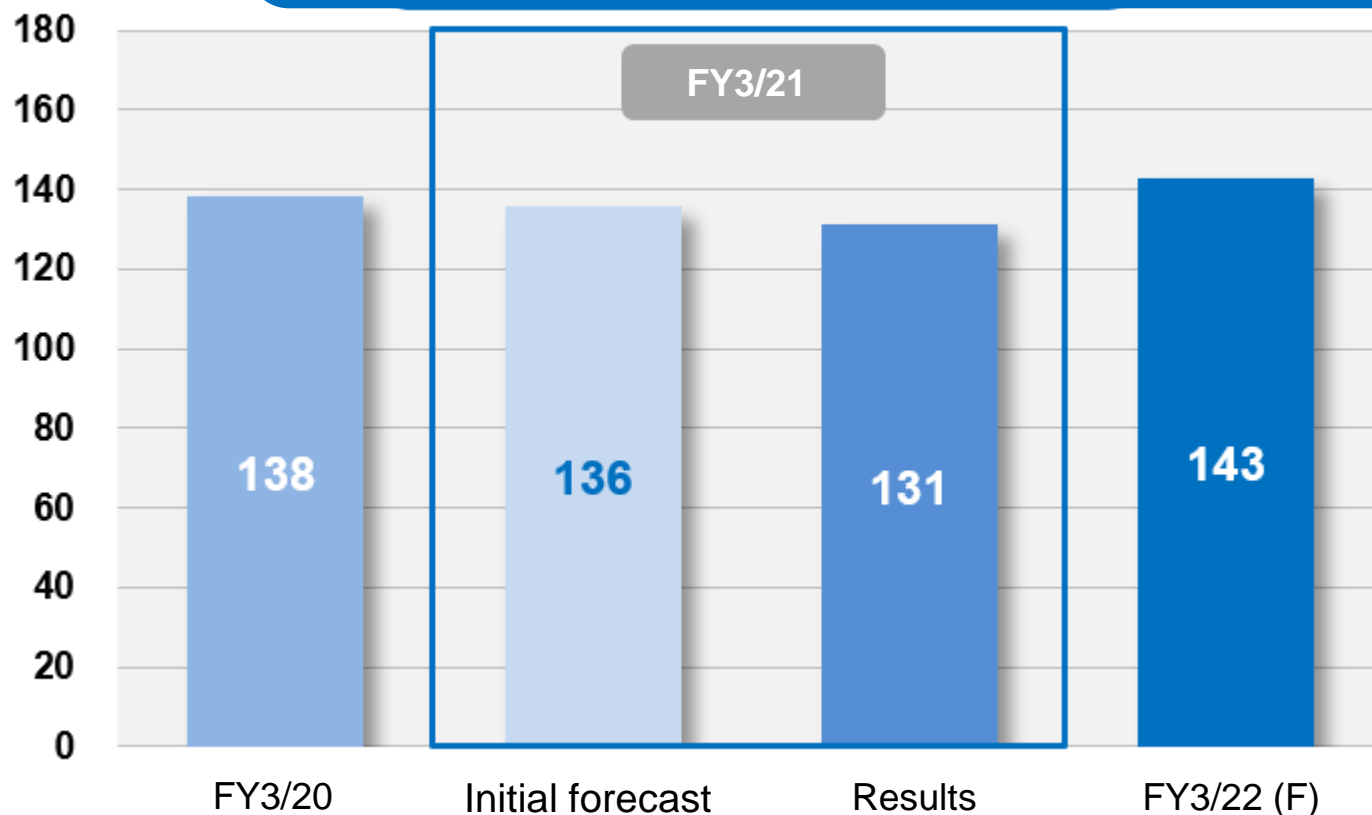
2. SEGMENT RESULTS (NONCONSOLIDATED)

Mobile Communications: Net Sales (Nonconsolidated)

- Net sales fell about 0.7 billion yen year-on-year mainly due to delays in mobile carriers' base-station construction caused by the COVID-19 pandemic.
- In the current fiscal year, we anticipate a net sales increase of about 1.1 billion yen as we expect potentially increased moves by mobile carriers to install 5G base stations.

(100 million yen)

Mobile Communications: Net Sales (Nonconsolidated)



FY3/21

FY3/21 result
13.1 billion yen

YoY change
Down 690 million yen
(down 5.1%)

FY3/22 forecast
14.3 billion yen

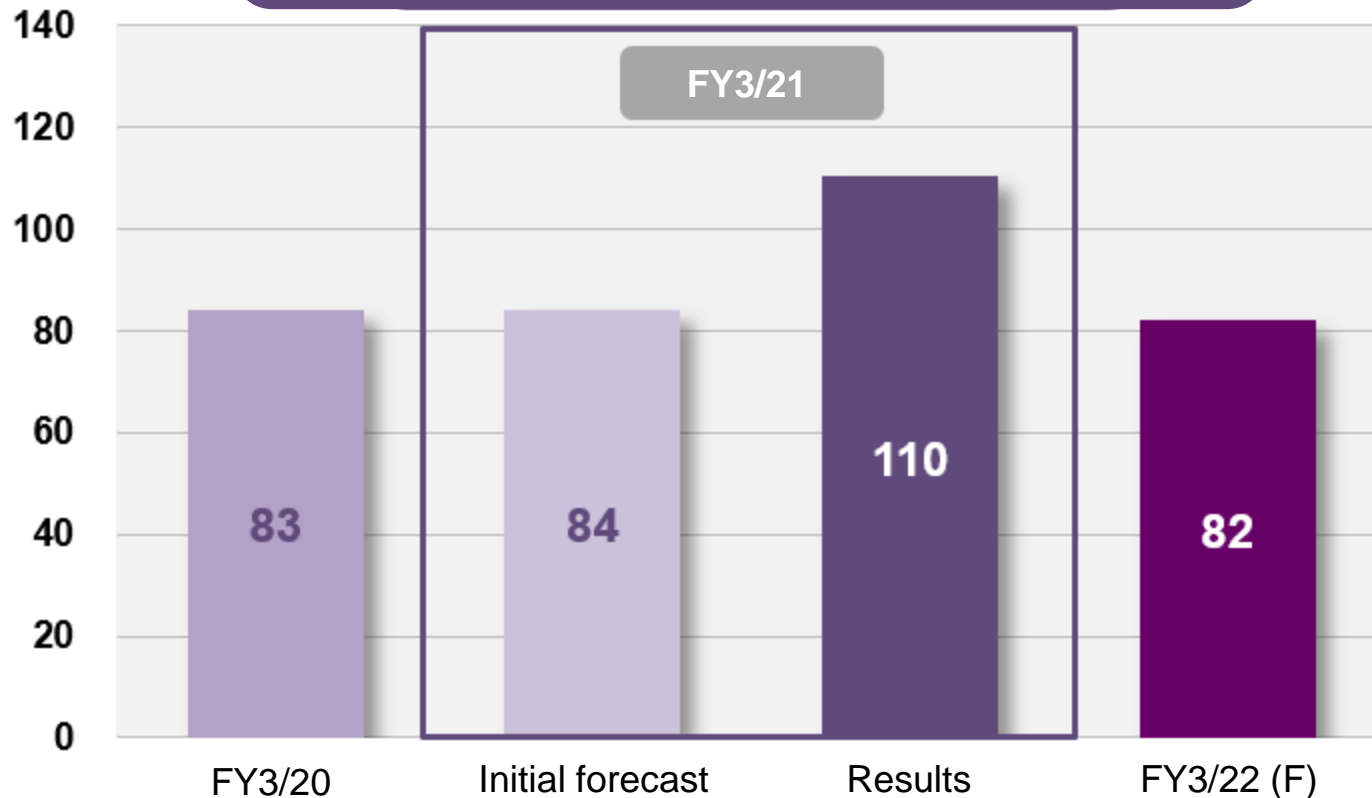
YoY change
Up 1.1 billion yen
(up 9.0%)

Fixed Wireless: Net Sales (Nonconsolidated)

- Net sales increased 2.6 billion yen year-on-year mainly as demand related to administrative radio systems for disaster prevention use remained at high levels because of the moves to enhance disaster-prevention structures and digitalization.
- For the current fiscal year, we estimate a net sales decrease of about 2.8 billion yen year-on-year as we expect the demand related to administrative radio systems for disaster prevention use to ease into subdued levels compared to the brisk levels seen in the previous year.

(100 million yen)

Fixed Wireless: Net Sales (Nonconsolidated)



FY3/21 result
11.0 billion yen

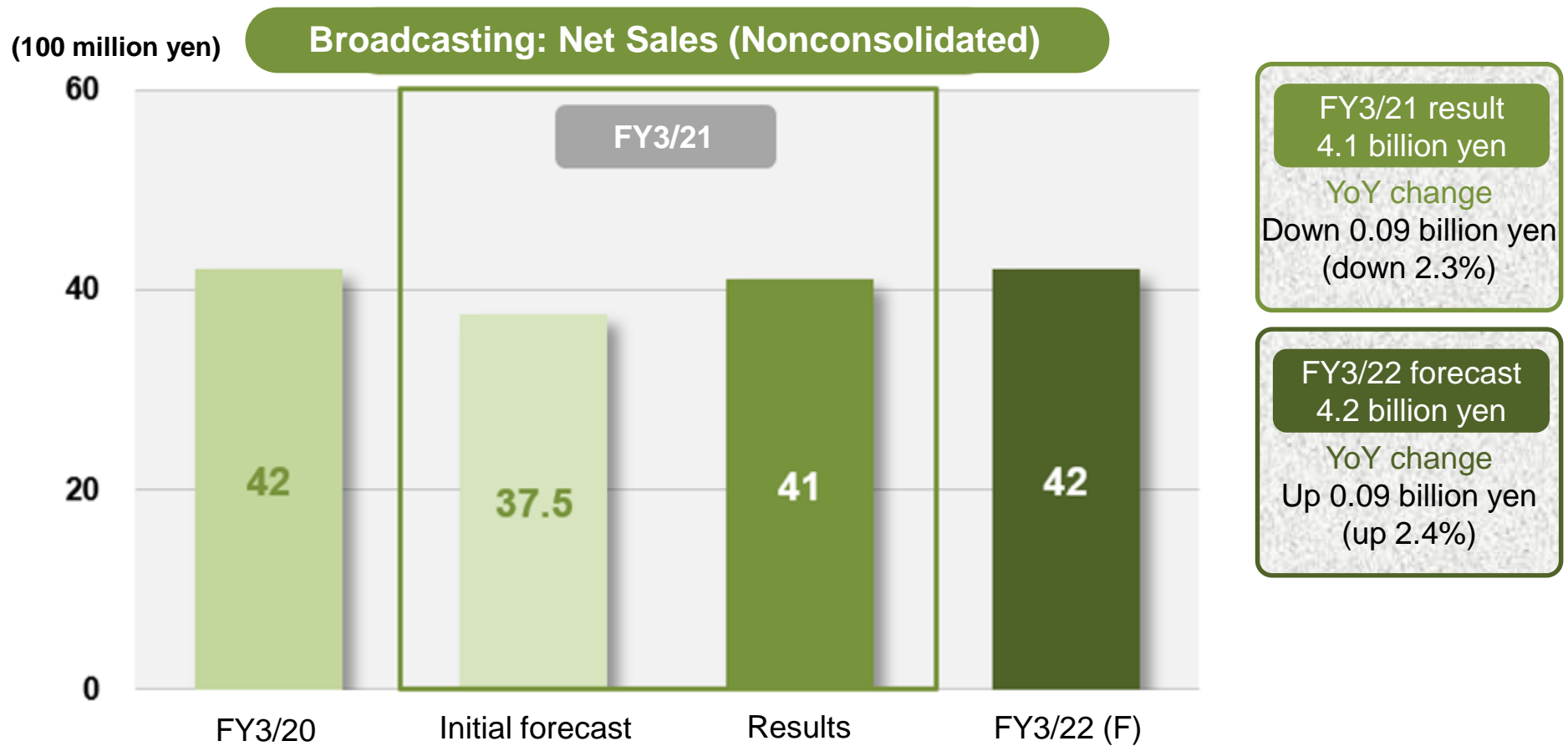
YoY change
Up 2.6 billion yen
(up 31.4%)

FY3/22 forecast
8.2 billion yen

YoY change
Down 2.8 billion yen
(down 25.7%)

Broadcasting: Net Sales (Nonconsolidated)

- Net sales largely remained flat from the year-earlier level, despite a decrease in capital expenditure demand from broadcasters, as we successfully captured demand from moves to update digital broadcasting equipment.
- For the current fiscal year, we expect to achieve a slight increase in net sales by working to capture demand for moves to update existing equipment, including transmitters.

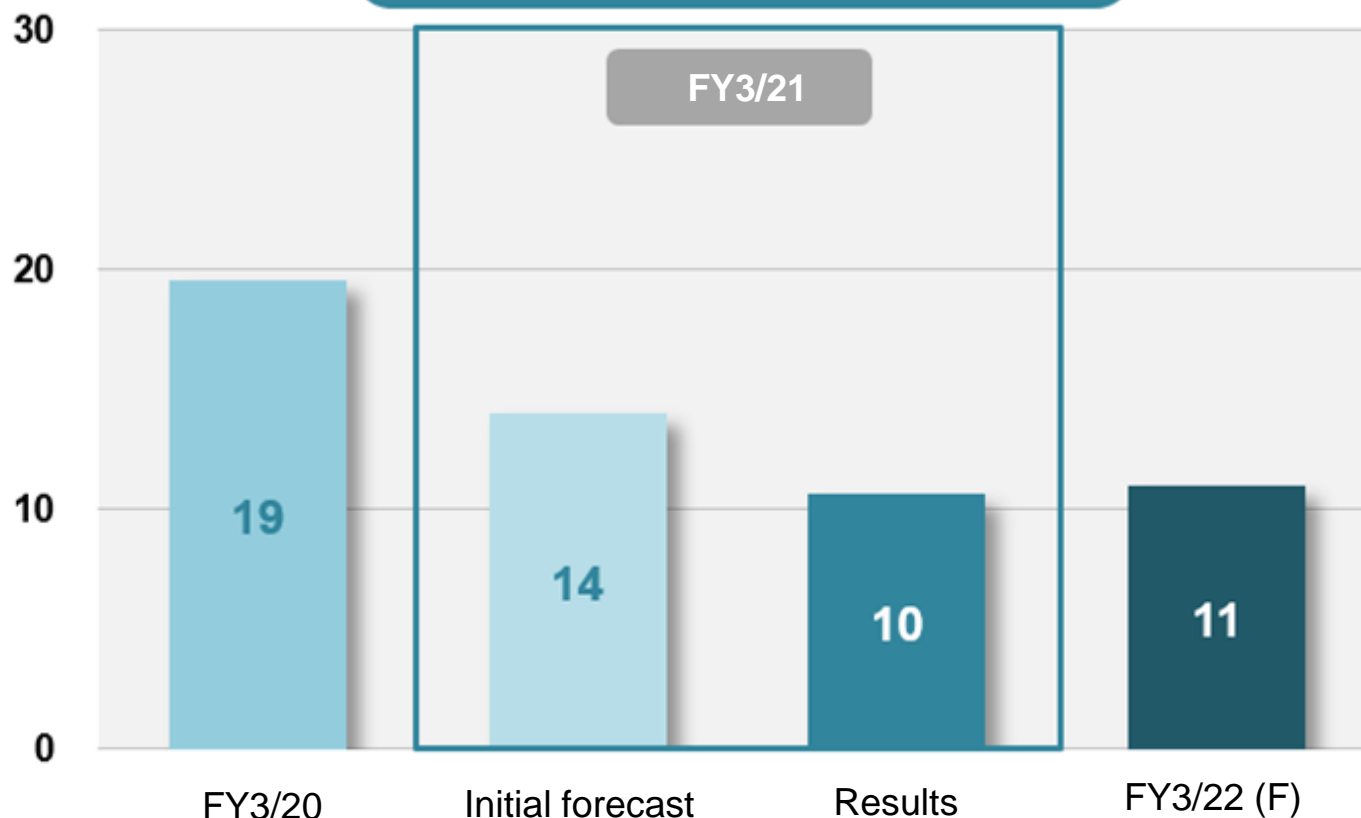


Other: Net Sales (Nonconsolidated)

- Net sales declined about 0.8 billion yen year-on-year to about 1.0 billion yen as number of large deals decreased in FY3/20.
- For the current fiscal year, we expect net sales to remain largely flat as we actively work to capture fresh demand.

(100 million yen)

Other: Net Sales (Nonconsolidated)



FY3/21 result
1.0 billion yen
YoY change
Down 0.8 billion yen
(down 45.5%)

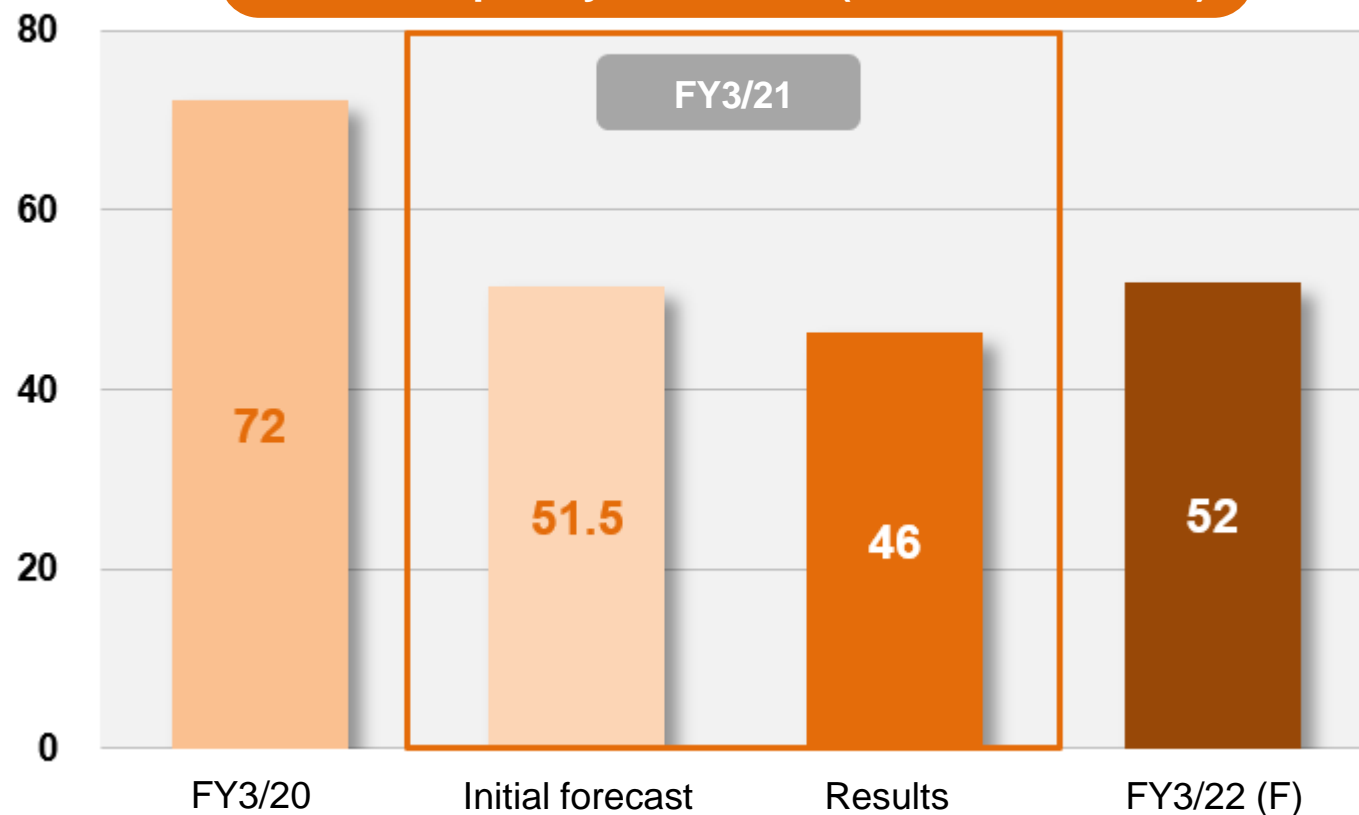
FY3/22 forecast
1.1 billion yen
YoY change
Up 0.03 billion yen
(up 3.5%)

Radio Frequency: Net Sales (Nonconsolidated)

- Net sales fell about 36% year-on-year to 4.6 billion yen as demand from the automotive industry dropped significantly due to the impact of the COVID-19 pandemic.
- For the current fiscal year, we expect net sales to increase about 0.5 billion yen as we assume full-fledged demand recovery for induction heating equipment will take long, although there are some signs of recovery in demand from overseas.

(100 million yen)

Radio Frequency: Net Sales (Nonconsolidated)



FY3/21 result
4.6 billion yen

YoY change
Down 2.5 billion yen
(down 35.8%)

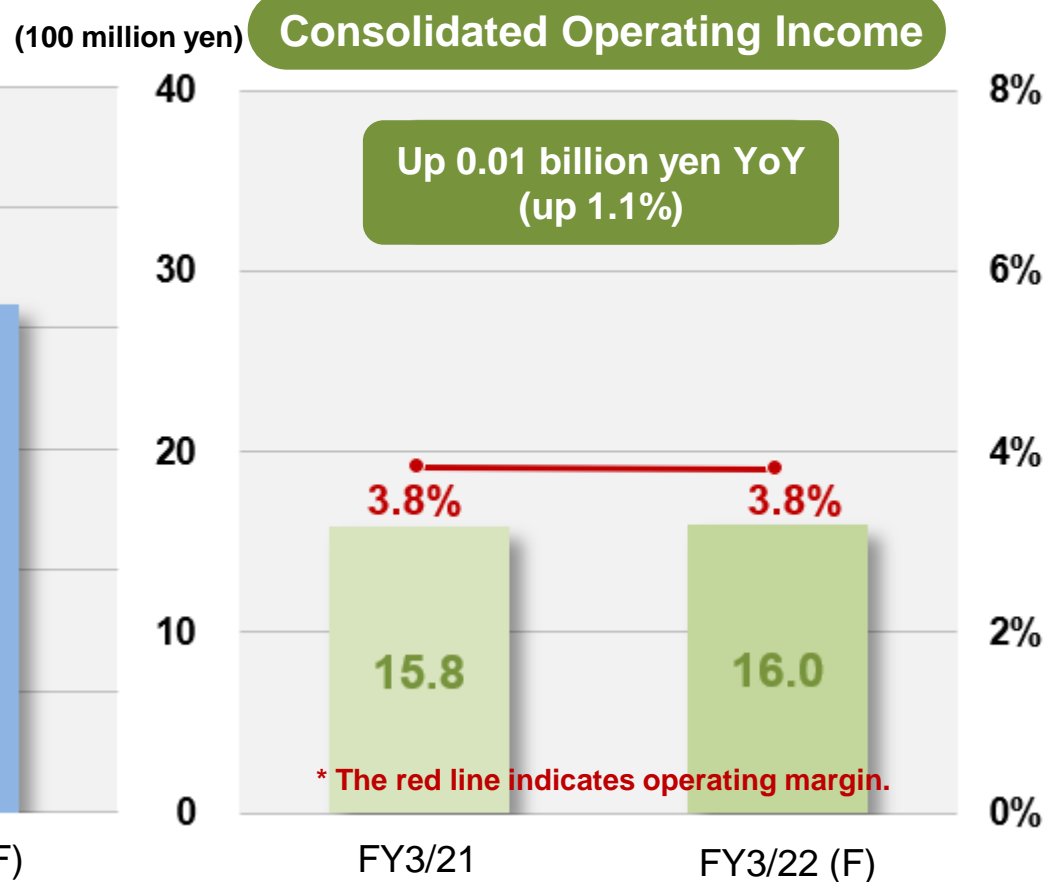
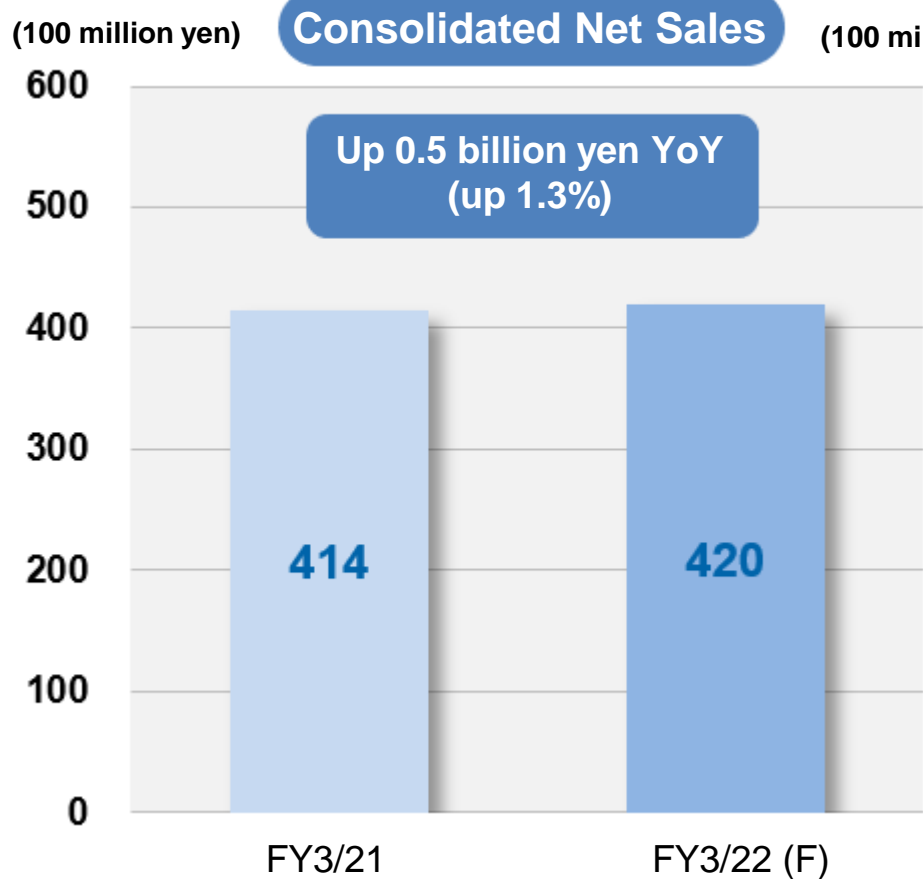
FY3/22 forecast
5.2 billion yen

YoY change
Up 0.5 billion yen
(up 12.3%)

3. FORECASTS FOR CURRENT FISCAL YEAR

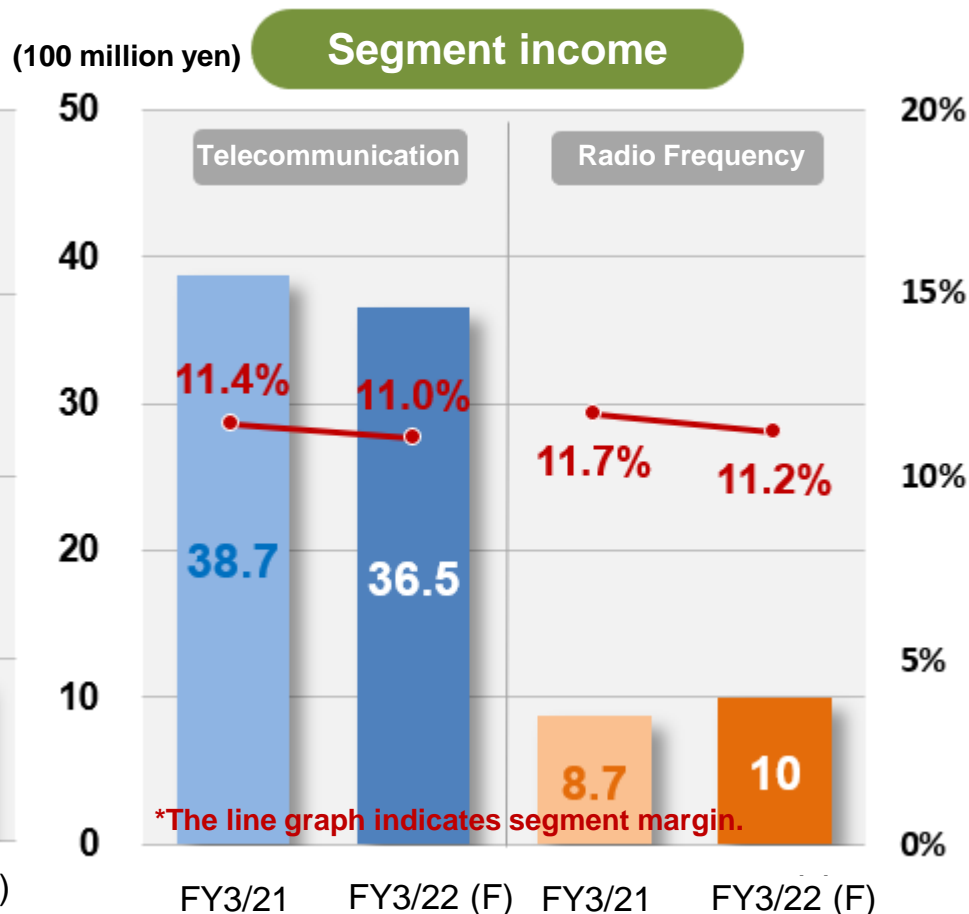
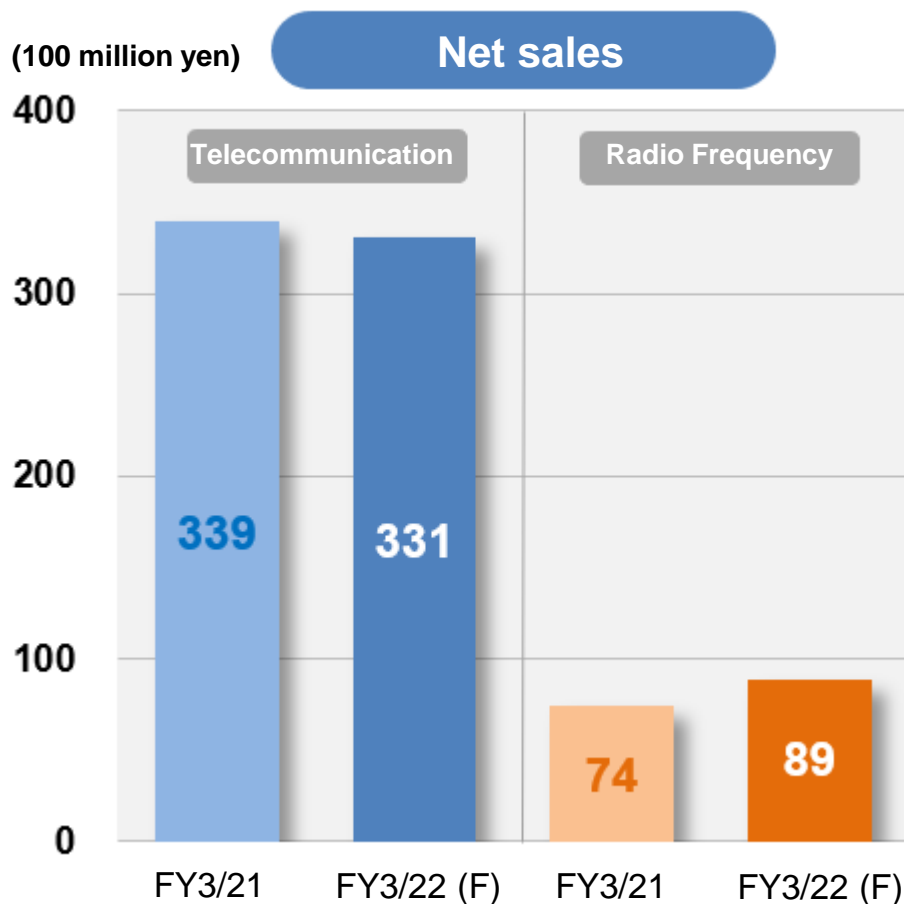
Consolidated Net Sales and Operating Income Forecasts

- We anticipate consolidated net sales to increase 0.5 billion yen as we expect net sales of the fixed wireless communication-related segment to decline, despite a trend of recovery from the COVID-19 impact.
- We expect operating income to stay flat from the year-ago level partly because we plan to continue increasing research and development expenses.



Segment Forecasts (Consolidated)

- We estimate net sales will drop 2.5% in the Telecommunication segment and rise about 20% in the Radio Frequency segment.
- Profit is estimated to decrease about 6% in the Telecommunication Business but increase about 15% in the Radio Frequency Business.



Overview of Consolidated FY22/3 Forecasts

- Ordinary income is expected to increase slightly just as the operating income is expected to increase.
- Similarly, net income is expected to increase about 4% year-on-year.

(Millions of yen)

	FY3/21 results	FY22/3 forecasts	YoY change	
			Amount	Percentage
Net sales	41,478	42,000	522	1.3%
Telecommunication	33,942	33,100	-842	-2.5%
Radio Frequency	7,430	8,900	1,470	19.8%
Operating income	1,583	1,600	17	1.1%
Operating margin	3.8%	3.8%	-	-
Telecommunication	3,876	3,650	-226	-5.8%
Operating margin	11.4%	11.0%	-	-
Radio Frequency	870	1,000	130	14.9%
Operating margin	11.7%	11.2%	-	-
General and administrative expenses, etc.	-3,163	-3,050	113	-3.6%
Ordinary income	1,799	1,800	1	0.1%
Ordinary income margin	4.3%	4.3%	-	-
Net income attributable to shareholders of parent company	1,155	1,200	45	3.9%
ROE	2.5%	2.5%	-	-

Note 1: Net sales of Other segment omitted

Shareholder Return

- Consolidated net income came to 1.15 billion yen in FY3/21. We plan a year-end payout of 45 yen per share, as we initially expected.
- We plan to buy treasury stock worth about 0.3 billion yen as a measure for shareholder return and improvement of capital efficiency.
- We plan to take total return ratio into consideration in deciding the levels of shareholder returns for FY3/22. We expect a payout of 45 yen per share, unchanged from the previous year.

Our policy on shareholder return

- Focusing on Improving Shareholder Capital Efficiency and Returning Profit to Shareholders
- Considering buying back shares as an option for enhancing shareholder returns and improving capital efficiency, in addition to stable dividend payout

Shareholder return for previous fiscal year (FY3/21)

- Year-end dividend of 45 yen per share planned, as initially forecasted
- Acquisition of treasury stock decided as a measure for shareholder return and improvement of capital efficiency
- Expansion of business scope and acquisition of technologies to be sought using acquired treasury stock; their retirement to optimize capital composition also to be considered

Shareholder return for current fiscal year (FY3/22)

- Year-end payout of 45 yen per share planned
- Shareholder return levels that take account of total return ratios maintained; share buybacks and retirement considered as an option, taking account of current business environment

4. BUSINESS SITUATIONS AND OUTLOOK

Net sales of Mobile Communications business came to 13.1 billion yen, falling short of the target by 0.5 billion yen in FY3/21

Note: Figures are for the segment [non-consolidated].

(Millions of yen)

3/20	3/21		YoY change		Difference from initial forecast	
results	Initial forecast	results	Amount	Percentage	Amount	Percentage
13,815	13,600	13,116	-699	-5.1%	-484	-3.6%

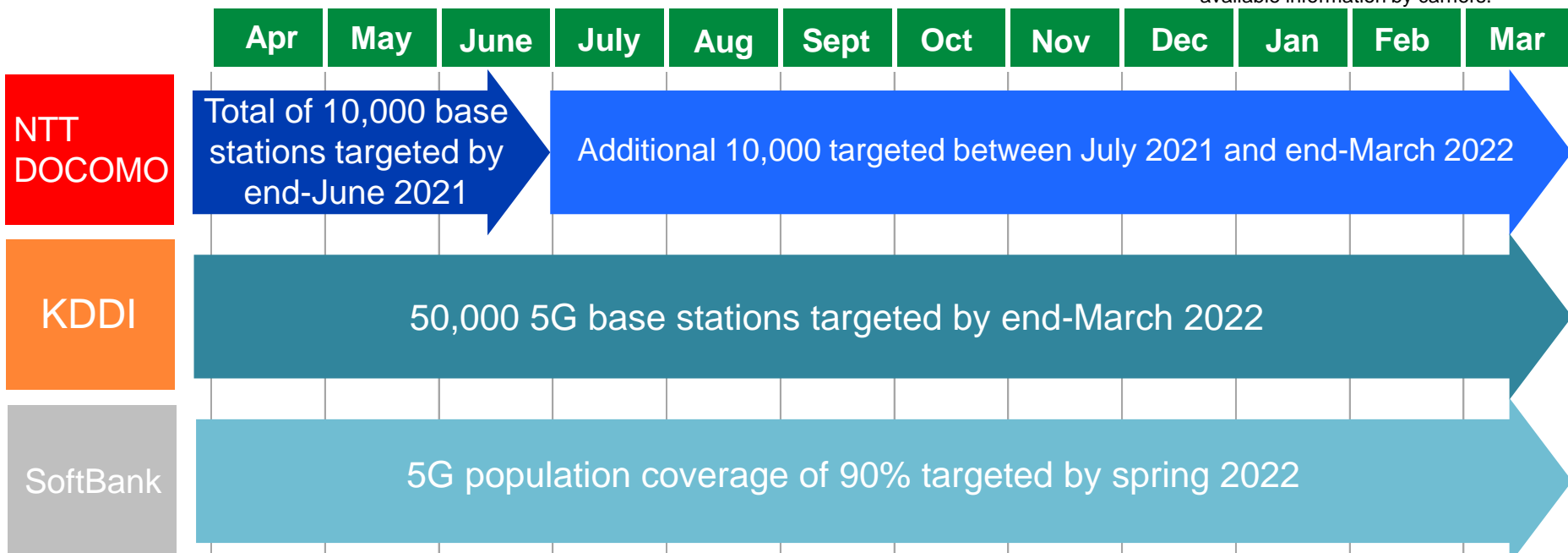
- ◆ Anticipating 5G investment to grow in earnest from FY3/21, we initially targeted net sales of 13.6 billion yen, similar to the level in FY3/20.
- ◆ Mobile carriers' plans to install base stations were slowed down due to the impact of the COVID-19 pandemic.
- ◆ We attribute the shortfall to the pandemic's impact, which lasted throughout FY3/21.

Outlook for 5G Investment in FY3/22 - (i)

We expect mobile carriers to boost investment in FY3/22, including the number of antennas installed.

5G base station investment by NTT DOCOMO, KDDI, and SoftBank in FY3/22*

*Source: Created by DKK based on publicly available information by carriers.



- ◆ In terms of customers' plans to install base stations pertaining to FY3/22, NTT DOCOMO announced a plan to install additional 10,000 5G base stations over nine months from July 2021 to March 2022, while KDDI aims to increase the number of 5G base stations to 50,000 by the end of March 2022. SoftBank announced the target of increasing the population coverage of its 5G network to 90% by spring 2022.

While the number of antennas will increase, we expect antennas supporting only sub-6 radio frequency bands will lead the demand.

- ◆ As the trend for antennas changed with the shift to 5G capital expenditure, we expect antenna demand in FY3/22 will be driven by relatively small products supporting only the sub-6 frequency bands.
- ◆ Stepped-up efforts to increase population coverage of 5G networks is another factor that drives demand centered on sub-6 bands in FY3/22.
- ◆ We think carriers' tendency to concentrate spending in the second half of the year will remain in FY3/22.

Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar

We anticipate spending to begin growing in earnest in the second half, just as in the past years.

We at this point expect 5G spending to peak from FY3/23 to FY3/24.

Services expected to be realized by 5G

High speed, large capacity communication

- 4K and 8K video streaming
- Enhanced VR and AR contents

Highly reliable, ultralow latency communication

- Telemedicine
- Remote control of construction machinery and automated driving

Vast numbers of devices simultaneously accessing the network

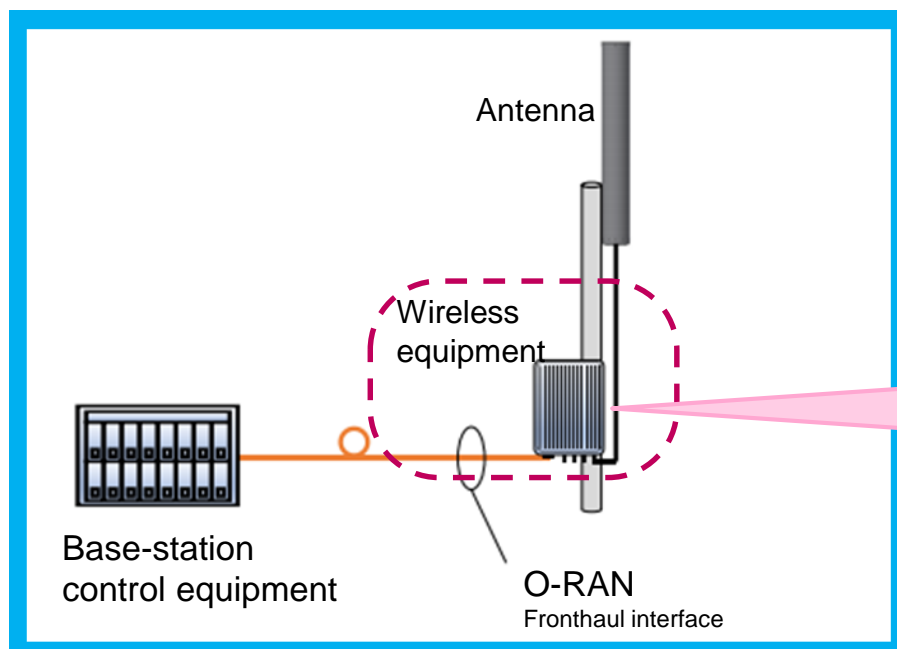
- Smart homes and buildings
- Automated merchandise management

- ◆ In addition to achieving high-speed and high-capacity transmission, 5G is said to enable highly reliable, ultralow latency communication and simultaneous network access by huge numbers of devices, significantly widening the scope of available services.
- ◆ In order to bring out 5G's full potential, it is essential to build an environment where the network of the 28GHz band, not just the sub-6 bands, can be used. We expect efforts to realize this will boost capital expenditures.

We expect the 5G spending to realize the above will peak from FY3/23 to FY3/24.

Selected as NTT DOCOMO's 5G wireless equipment

Example of base station configuration supporting 5G



Developed wireless equipment compliant with the O-RAN fronthaul specifications, taking advantage of the know-how acquired through the O-RAN Alliance which we joined in 2019.

The equipment is compliant with the O-RAN fronthaul specifications. As compliance with the O-RAN specifications ensures the ability to connect with base station control equipment of any vendor, it realizes flexible network configuration.

Selected as NTT DOCOMO's wireless equipment

- ◆ We plan to start providing this wireless equipment in 2H of FY3/22.
- ◆ We aim to further boost earnings by capturing demand for wireless equipment, in addition to antennas, to respond to 5G demand going forward.

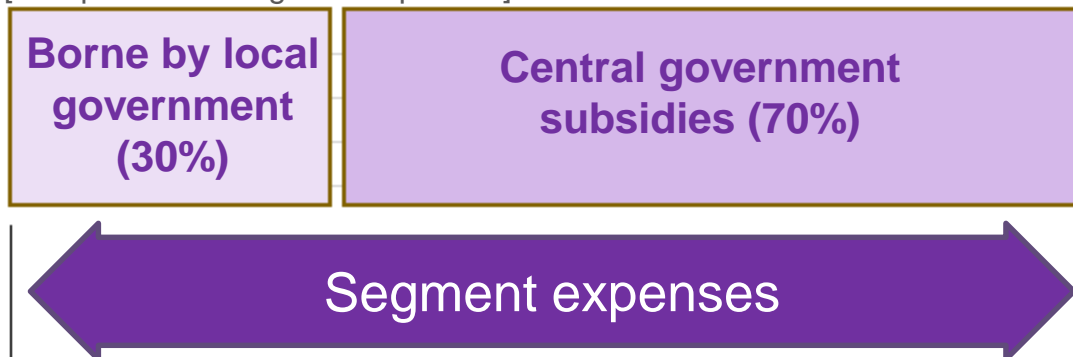
Net sales in the Fixed Wireless business increased 31.4% year-on-year to 11.0 billion yen in FY3/21.

Note: Figures are for the segment [non-consolidated].

FY3/20 results	FY3/21		YoY change		(Millions of yen) Difference from initial forecast	
	Initial forecast	results	Amount	Percentage	Amount	Percentage
8,398	8,400	11,037	2,639	31.4%	2,637	31.4%

Background to Fixed Wireless business in FY3/21

[Composition of segment expenses]



- ◆ We believe the fixed wireless demand in FY3/21 was driven by a special procurement demand generated from the anticipation of the application of the “emergency disaster prevention and mitigation program bonds,” which the initial deadline was end of March 2021.

We expect demand to remain elevated, as the deadline for the “emergency disaster prevention and mitigation program bonds” was extended.

Demands expected owing to the extension of “emergency disaster prevention and mitigation program bonds” deadline

- The Ministry of Internal Affairs and Communications indicated the deadline for the “emergency disaster prevention and mitigation program bonds” will be extended by five years.
- We expect the extension will drive demand in two areas.

Digitalization of analogue equipment

According to statistics* released by the Ministry of Internal Affairs and Communications, 61.3% of local governments have digitalized disaster-prevention administrative radio systems. The remaining 38.7% is expected to begin digitalization going forward.



Update of digital equipment

We expect demand from local governments that completed digitalization process early and those seeking to enhance disaster-prevention administrative radio networks to prepare for natural disasters.

*Source: “Changes Seen in the Number of Disaster Prevention Administrative Radio Systems in Cities Towns and Villages”

- ◆ According to statistics released by the Ministry of Internal Affairs and Communications, local governments that still use analogue administrative radio systems for disaster prevention use total nearly 40%.
- ◆ Going forward, demand is expected to increase as a result of digitalization efforts by local governments that are using analogue administrative radio systems for disaster prevention use and efforts by those that already use digitalized systems to update their equipment.

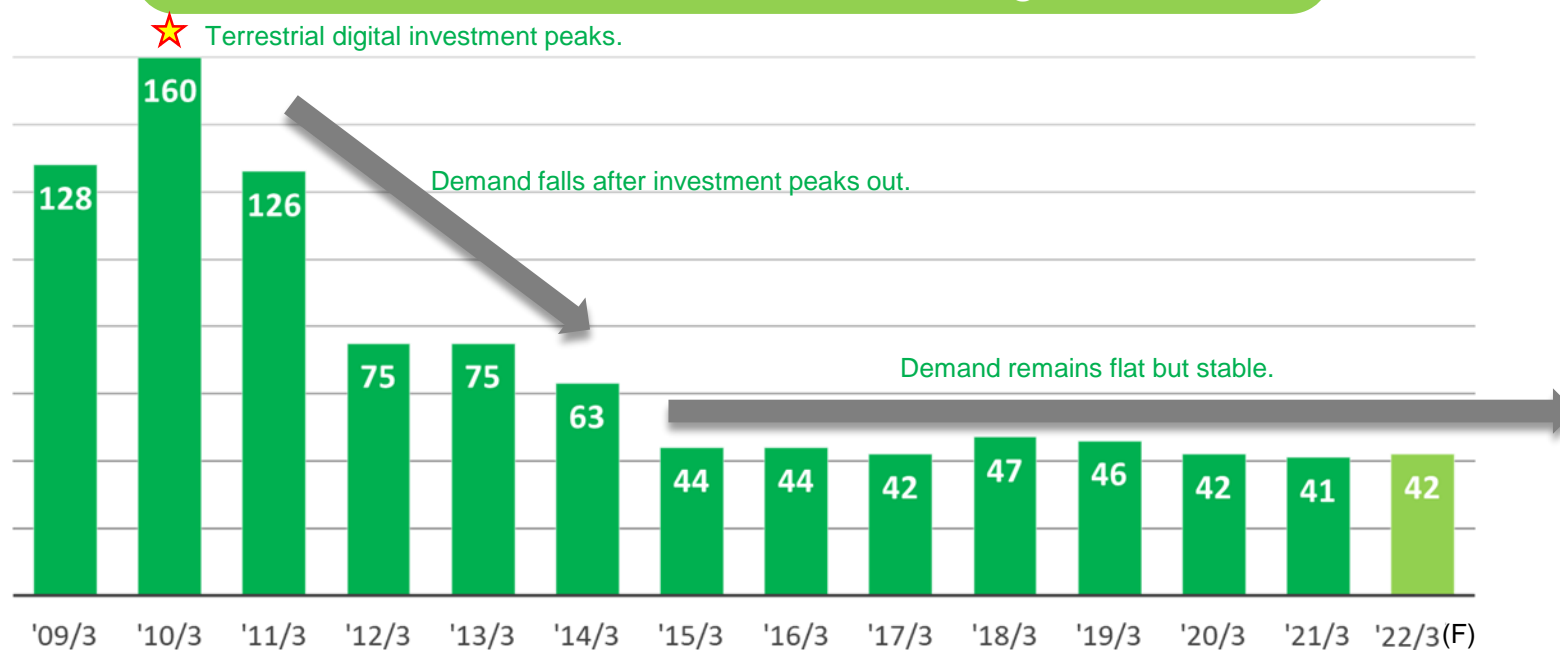
Demand peaked in the Broadcasting business during the period of increased terrestrial digital broadcasting investment and expected to remain flat going forward.

Note: Figures are for the segment [non-consolidated].

(Millions of yen)

FY3/20 results	FY3/21		YoY change		Difference from initial forecast	
	Initial forecast	results	Amount	Percentage	Amount	Percentage
4,200	3,750	4,103	-97	-2.3%	353	9.4%

Statistics on net sales of Broadcasting business



Broadcasting is an important infrastructure. We aim to focus effort in the business to fulfill our responsibility in society.

- ◆ Having been involved in the broadcasting segment for over seven decades since its foundation, DKK has the level of technology and know-how that cannot be emulated by rivals.
- ◆ Going forward, broadcasters are expected to begin updating terrestrial digital broadcasting equipment installed in 2011 and earlier. For broadcasters, manufacturers that can handle these equipment are very important.

Television and radio broadcasts are important means by which citizens obtain information especially in emergencies. We expect they will remain important for society in the future.

We will continue to put efforts into the Broadcasting business, while attaching importance to profitability.

Demand for capital expenditure has decreased significantly in the automotive industry.

Note: Figures are for the segment [non-consolidated].

(Millions of yen)

FY3/20 results	FY3/21		YoY change		Difference from initial forecast	
	Initial forecast	results	Amount	Percentage	Amount	Percentage
7,221	5,150	4,634	-2,587	-35.8%	-516	-10.0%

Trends of demand in Radio Frequency business in FY3/21

Induction heating equipment

Generally speaking, there are signs of recovery in capital expenditure demand but a tough situation remained throughout the fiscal year as large capital spending was restrained amid the COVID-19 pandemic.

Contract heat treating service

Demand has trended upward in the contract heat treating service in step with the recovery of the automotive industry, although the situation still fall short of what it was before the COVID-19 pandemic.

We expect capital expenditure demand will gradually return as automobile production recovers.

Forecasts for trends of demand in Radio Frequency business in FY3/22

Induction heating equipment

Capital expenditure demand is expected to return gradually, but we expect to first see investment for small-amount projects in 1H, while demand from large projects will begin to return in 2H.

Contract heat treating service

We expect recovery to temporarily slow in 1H, affected partly by a global shortage of semiconductor devices, but begin to reaccelerate in 2H.

We expect earnings will begin to recover in the Radio Frequency business in FY3/23.

For the first time, we will manufacture and deliver quenching and tempering equipment for drivetrain components used in construction machineries.

Delivery of axle tube quenching and tempering equipment



Axle tubes are on both sides.

- This equipment performs quenching and tempering by moving a heating coil while rotating an axle tube.
- The section that receives the induction-heating treatment is very large, measuring 400 millimeters in outer diameter and 1,200 millimeters in height, and weighing up to 1,500 kilograms.

The axle tube is a component that forms part of a drive axle in construction vehicles. It must be highly reliable as the component is heavy and large because it needs deliver power to large construction vehicles without fail.



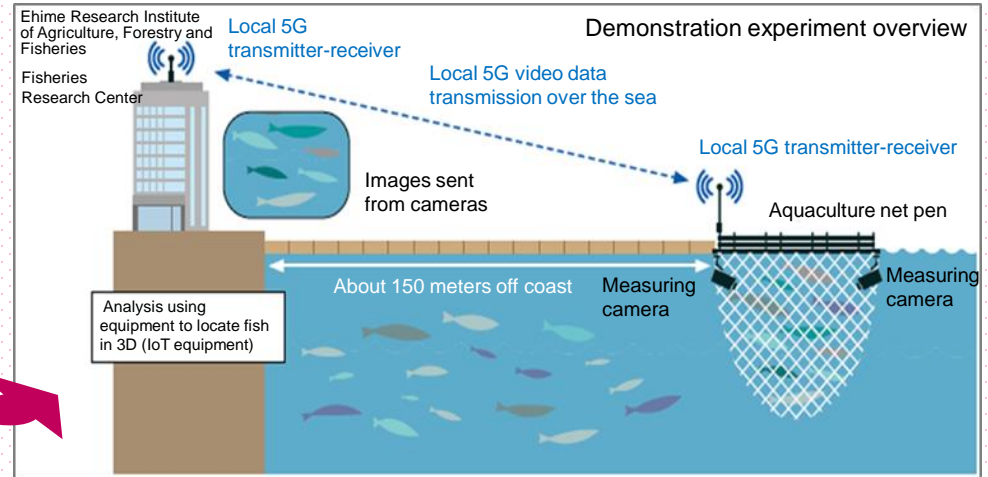
Tempering being performed

We gained know-how by becoming involved in overall system through a demonstration experiment.

We achieved a major success in Japan's first test of local 5G in maritime radio wave transmission setting using an aquaculture net pen.



Aquaculture net pen in Uwajima, Ehime Prefecture

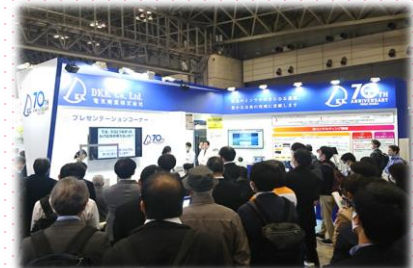


The demonstration experiment was conducted to find out how radio waves travel over the sea. Waves and reflection from the surface attenuate radio waves and there were no available knowledge in Japan at the time. We were able to acquire technical know-how on the use of local 5G over the sea.

We ran a booth at 5G/IoT Network Expo in October 2020.

We have begun efforts in response to requests and business suggestions received at the exposition.

DKK's presentation at 5G/IoT Network Expo -->



Specific theme for technical demonstration is developed and usage model for resolving issues become the nucleus.

Demonstration project of the Ministry of Internal Affairs and Communications

In this fiscal year, a specific theme for technical demonstration using local 5G is developed and usage model for resolving issues is designed based in principle on an environment for conducting such technical demonstration.

<p>FY2020 3/21</p>	<p>Study of technology for radio wave transmission in environment where local 5G is installed and used Creation of local 5G use model that contributes to solving wide-ranging issues for local communities</p> <p>Source: "FY2020 Development Demonstrations for Realizing Local 5G to Solve Local Issues" by the Ministry of Internal Affairs and Communications</p>
<p>FY2021 3/22</p>	<p>Technical demonstration: Assessment of radio wave transmission characteristics and performance of local 5G under a variety of use environments in which use cases adopted in problem demonstration are assumed Problem demonstration: Specification of use cases for specific application programs, verification of their validity, and development of use models under an environment where technical demonstration is carried out in principle</p> <p>Source: "FY2021 Development Demonstrations for Realizing Local 5G to Solve Local Issues" by the Ministry of Internal Affairs and Communications</p>

Development demonstration policy for realization of local 5G

<p>Goal</p>	<p>Address wide-ranging needs in the local 5G environment in which construction methods that do not allow radio waves to escape from the communication area are required</p>
<p>Theme of technical demonstration</p>	<p>Establish technology for area construction</p>

Issue themes for technical demonstration

- (i) Fine tune the radio wave transmission model
- (ii) Achieve more flexible area construction using radio wave reflective panels
- (iii) Develop additional patterns of plesiochronous systems

More specific technical demonstration themes

We will promote proposition sales to various local governments and companies, including the Ministry of Internal Affairs and Communications, positioning FY3/22 as a demonstration phase.

Content of FY3/22 demonstration project and DKK's measures

FY2021
3/22

Technical demonstration: Assessment of radio wave transmission characteristics and performance of local 5G under a variety of use environments in which use cases adopted in problem demonstration are assumed

Problem demonstration: Specification of use cases for specific application programs, verification of their validity, and development of use models under an environment where technical demonstration is carried out in principle

Source: "FY2021 Development Demonstrations for Realizing Local 5G to Solve Local Issues" by the Ministry of Internal Affairs and Communications

Focus effort on making area construction flexible using devices such as repeaters, antennas, and metamaterial reflectors



Plan development and sale of wireless equipment systems for sub-6 bands

Take advantage of DKK's technological strengths and make proposals aligned with demonstration themes

A millimeter wave tends to travel in straight lines. Therefore, obstacles such as trees and buildings often create areas where waves cannot reach.

DKK's metamaterial reflectors

[DKK's idea for solution]

Develop a metamaterial reflector that reflects radio waves in an effective way so that areas where radio waves cannot reach can be eliminated

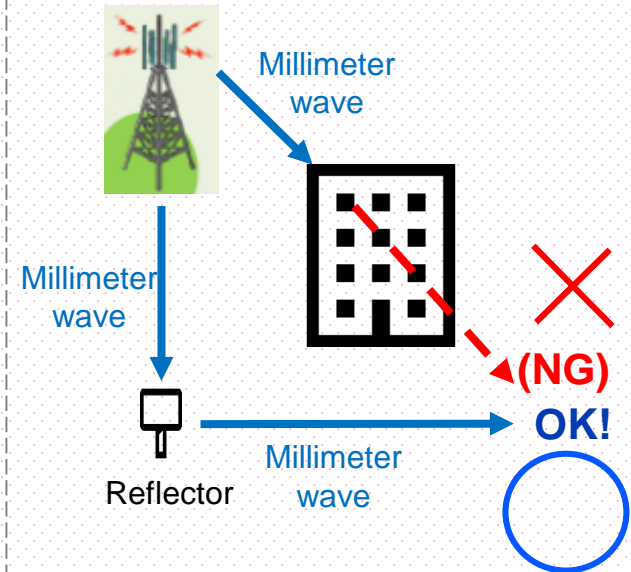
[Successful public experiment]

We participated in a "local 5G demonstration test open event" held in Ehime Prefecture's Wakurie Niihama. We conducted a demonstration test using a prototype and confirmed its impact.

[Further plans]

We plan to use DKK's technological strengths to make suggestions in line with demonstration themes.

How reflectors are used



Millimeter waves cannot go around physical objects. Effective use of reflectors can eliminate areas where radio waves cannot reach.

We began selling a 28GHz band wireless device with integrated antenna that supports local 5G.



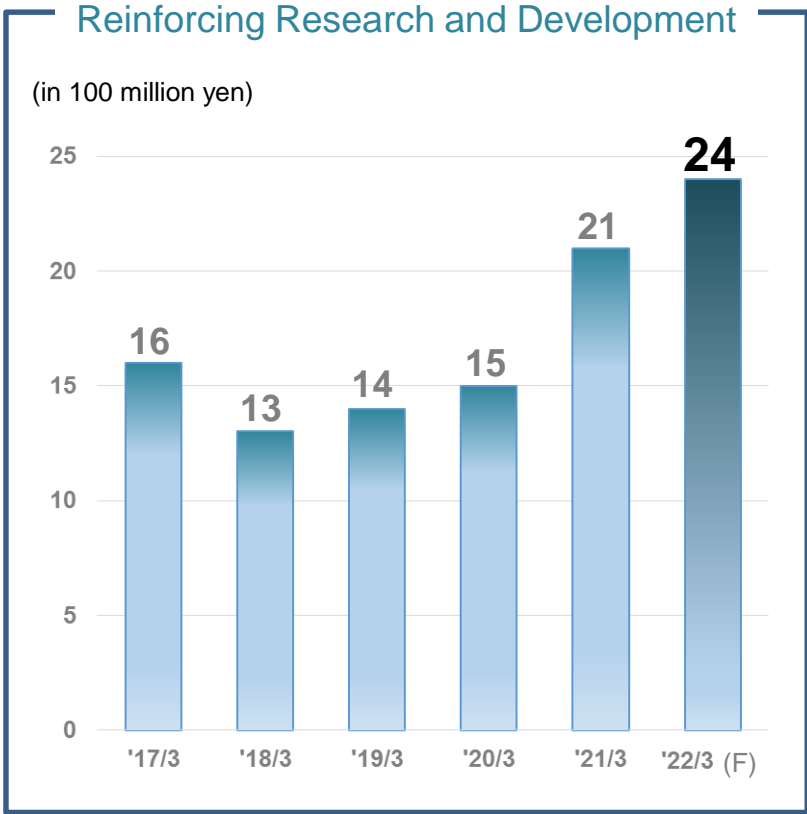
Wireless device with integrated sector antenna

Advantages of device

- Integrated antenna
 - The lineup of built-in antennas offers several antennas varying in directivity.
- Support for O-RAN interface
 - O-RAN interface is adopted in fronthaul connection, which enables the device to be hooked up with control devices of any vendor.
- Radio Act and 3GPP compliant
 - The device is compliant with Japanese laws and regulations, as well as the 5G wireless characteristics specified by 3GPP.

We aim to increase DKK's presence in the local 5G market by leading Japanese manufacturers and beginning to introduce highly reliable products.

We began stepping up R&D efforts in FY3/21, putting effort into creating new businesses and strengthening existing businesses.



Creation of new businesses where DKK's strengths can be put to great use

Develop antennas, wireless devices, and related equipment that support high frequency bands with an eye on 5G and local 5G, as well as Beyond 5G and 6G to come after them, and expand business into areas other than the automobile-related business using the high-frequency technology

Reinforcing DKK's technological strengths in existing businesses

Develop multi-frequency shared antennas, small cell antennas, and beamforming antennas; in the high-frequency technology area, step up efforts for the automotive market, where vehicles are increasingly electrified

In FY3/22 and beyond, we will maintain the current levels of R&D budget, put effort into creating new businesses, and strengthen our technological strengths in existing businesses to achieve further growth.

We developed a maritime marker light and are actively pushing it.

- The offshore wind power market came up on our radar as an additional target for promoting sales of our LED aviation obstacle lights.
- After the enactment of the Act on Promoting Utilization of Sea Areas in Development of Power Generation Facilities Using Maritime Renewable Energy Resources, about 30 offshore wind power equipment construction projects are in the pipeline, with up to about 2,000 units being planned as of March 2021.
- We expect the market will grow as construction plans are still being updated and the number of projects and units is increasing in response to the carbon dioxide emissions reduction target pledged by the government.
- Offshore wind power facilities are required to have aviation obstacle lights to prevent aircraft collision and marine marker lights to prevent vessel collision.
- Marine marker lights installed in Japan need to be certified and have proof that they meet required performance.



[DKK Safety Light]

DKK obtained certification for DKK Safety Light developed in-house and began sales.

5. ESG INITIATIVES

Basic Efforts - (i)

DKK conducts analysis, identification, and consideration of ESG issues and aims to improve its corporate value through dialog with stakeholders by maintaining transparency.

Social issues surrounding DKK

[Environmental impacts]

Efforts to maintain sustainability of the Earth's environment are needed as environmental issues are still pointed out.

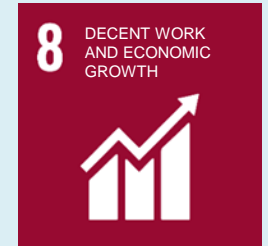
[Greater awareness of disaster prevention]

Japan is prone to disasters due to its natural conditions. In the past years, it experienced increased occurrences of natural disasters and this has raised people's awareness about preventing them.

[Serious shortage of labor]

Japan's population has decreased due to declining birthrate and aging population, which also resulted in decreased working age population. It also faces the problem concerning inheritance of technologies to the younger generation to ensure business succession.

SDGs relevant to DKK's business in view of these social issues



Basic Efforts - (ii)

DKK strives to support and help strengthen sustainability of the Earth's environment and local communities through its business activity. It also aims to help improve working environment and sustainability of itself.

DKK's ideas for solving ESG issues



Work to provide environmentally-aware products and services and improve production processes, and contribute to making our society sustainable

Environment

Contribute to solving issues faced by local communities and society at large by maintaining and managing infrastructure and providing disaster-prevention products

Social

Provide working environment comfortable for employees and boost employee satisfaction

Social



Boost the public's trust in the Company by ensuring transparency and soundness of operation

Governance

DKK contributes to making our environment sustainable through development and sales of products that have small environmental impacts and activities which improve processes of distribution that have large environmental impacts.

DKK's activities that contribute to conserving the environment

Telecommunication Business



We strive to reduce the size and weight of products and the number of components; increase shared use of components; and design and develop products with features that contribute to environmental conservation, including energy conserving features.

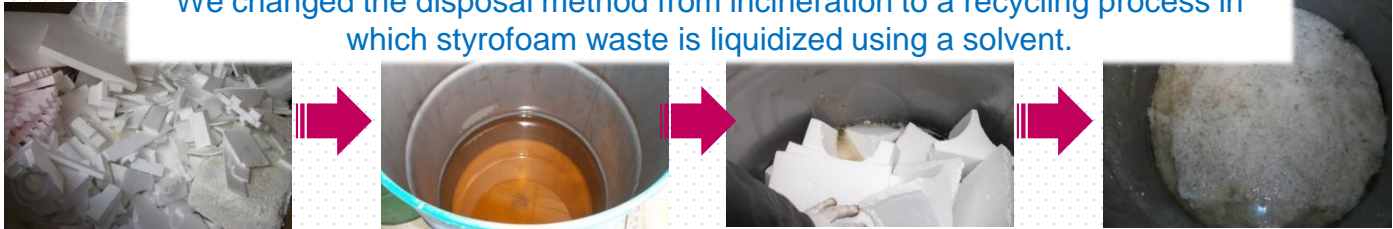


We sell fuel cells which helps reduce carbon dioxide emissions, in addition to conventional diesel engine-based backup power generators.



We have improved the handling and disposal method for styrofoam waste produced from packing materials used in production materials we purchase. This has helped reduce disposal costs.

We changed the disposal method from incineration to a recycling process in which styrofoam waste is liquidized using a solvent.



DKK's activities that contribute to conserving the environment

Radio Frequency Business



We encouraged customers to replace vacuum-tube high-frequency generators we delivered with transistor inverter-based high-frequency generators, which are superior in power efficiency.



Vacuum-tube high-frequency generator

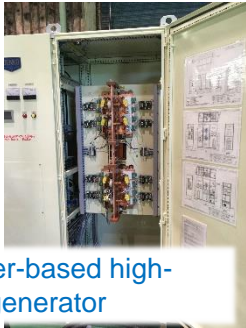


Generation efficiency improves by 23 to 40%

DKK's other energy-conserving products that are superior in various aspects including cooling water volume, power-receiving capacity, and cost efficiency.



Transistor inverter-based high-frequency generator



We accept high-frequency generators from customers who plan to discard them, and disassembling them. Iron and steel components are recycled, helping to reduce waste.



Generator



Disassembling



Recycling

DKK has contributed to making local communities peaceful and safe through products developed with disaster measures and the environment in mind. The Company also made a working environment comfortable for employees.

DKK's activities that contribute to society



We have actively participated in biddings for local projects to build disaster-prevention radio systems, which enhance the infrastructure for preventing major disasters. We have a high percentage of disaster prevention-related business, a testament to our contribution to local communities.



We developed a lightening protection device, which is used in LED aviation obstacle lights.



We developed a marine marker light for offshore wind power facilities, helping to reduce marine accidents.



[DKK Safety Light]



We aim to ensure the Company's diversity and have begun to promote women's empowerment as a starter. We have the goal of developing more women for managerial positions and introduced measures including enhancement of training programs.



We introduced telecommuting and staggered working hours, prompted by the COVID-19 pandemic. This has helped employees achieve the right work-life balance.



Efforts for G (corporate governance)

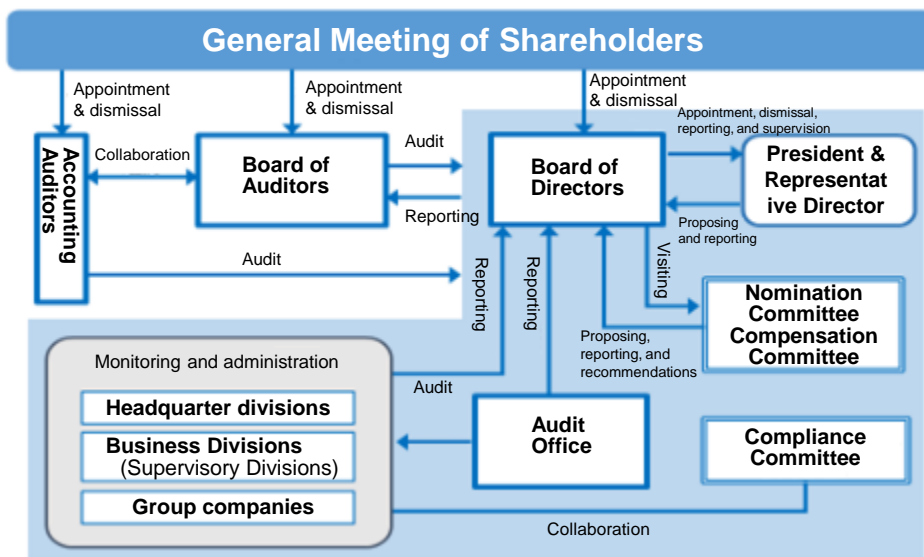
DKK introduced organizational reforms and reduced cross-held shares to help ensure transparency and soundness of operation.

DKK's activities to enhance corporate governance

- We reorganized the internal organizational structure with an aim to enhance governance. The Audit Office, responsible for auditing work for the entire group, was established.
- We set up the Nomination Committee and the Compensation Committee to enhance objectivity and transparency regarding executive personnel decisions, etc.

Continued discussion of reduction in cross-held shares

- We examine the reason for holding the shares and future outlook and decide whether to continue holding or reduce them.
- We aim to continue discussion for the reduction of the shares and disclose information.



Number of issues

	End of FY3/20	End of FY3/21
Listed	21	20
Unlisted	25	20
Total	46	40

Reduction in issues: 13%

APPENDIX

Breakdown of Nonconsolidated Net Sales

(Millions of yen)

	FY3/20 results	FY3/21		YoY change		Difference from initial forecast		FY22/3 forecasts	YoY change	
		Initial forecast	results	Amount	Percentage	Amount	Percentage		Amount	Percentage
Net sales	35,930	32,700	34,309	-1,621	-4.5%	1,602	4.9%	33,400	-909	-2.6%
Telecommunication	28,382	27,200	29,345	962	3.4%	2,145	7.9%	27,850	-1,495	-5.1%
Mobile Communications	13,814	13,600	13,115	-699	-5.1%	-484	-3.6%	14,300	1,184	9.0%
Fixed Wireless	8,397	8,400	11,037	2,640	31.4%	2,637	31.4%	8,200	-2,837	-25.7%
Broadcasting	4,200	3,750	4,102	-97	-2.3%	353	9.4%	4,200	97	2.4%
Cable Broadcasting	17	50	24	7	39.5%	-25	-50.2%	50	25	100.6%
Other Businesses	1,952	1,400	1,063	-889	-45.5%	-337	-24.0%	1,100	37	3.4%
Radio Frequency	7,220	5,150	4,632	-2,587	-35.8%	-516	-10.1%	5,200	566	12.2%
Other Businesses	326	350	330	4	1.1%	-20	-5.6%	350	20	5.9%

Notes on Earnings Forecasts

Figures included in this document that are related to descriptions, including plans and policies and not past facts, are forecasts regarding future earnings. They are all calculated based on management assumptions and views based on information grasped by the company at the time of writing. Therefore, these forecasts include risks and uncertain factors, and actual results may differ from them due to a variety of factors. Such potential risks and uncertain factors include changes in economic situations and product demand levels in major markets, fluctuations in the foreign exchange market, changes in regulations in Japan and overseas, and accounting standards and practices.