



## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

May 11, 2023

Listing: Tokyo Stock Exchange

Company name: DKK Co., Ltd.  
 Securities code: 6706 URL <https://denkikogyo.co.jp/>  
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 Scheduled date of annual general meeting of shareholders: June 29, 2023 Scheduled date to commence dividend payments: June 30, 2023  
 Scheduled date to file annual securities report: June 30, 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

#### (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, 2023	31,817	(6.3)	(1,510)	—	(1,219)	—	(1,181)	—
Fiscal Year ended March 31, 2022	33,968	(18.1)	53	(96.6)	448	(75.1)	705	(38.9)

Note: Comprehensive income Fiscal year ended March 31, 2023 (841) Millions of yen (—%) Fiscal Year ended March 31, 2022 195 Millions of yen (91.2%)

	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, 2023	(107.75)	—	(2.7)	(2.2)	(4.7)
Fiscal Year ended March 31, 2022	59.51	—	1.5	0.8	0.2

(Reference) Equity in earnings of affiliates Fiscal year ended March 31, 2023 - Millions of yen Fiscal Year ended March 31, 2022 - 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, 2023	55,134	41,801	74.8	3,942.82
Fiscal Year ended March 31, 2022	56,336	46,609	81.5	3,938.79

(Reference) Net asset excluding non-controlling interests Fiscal year ended March 31, 2023 41,247 Millions of yen Fiscal Year ended March 31, 2022 45,903 Millions of yen

#### (3) Consolidated Cash Flows

	Cash flows from business activities	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, 2023	(870)	497	976	14,253
Fiscal Year ended March 31, 2022	4,166	2,680	(4,139)	13,140

## 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, 2022	—	0.00	—	60.00	60.00	704	100.8	1.5
Fiscal year ended March 31, 2023	—	30.00	—	30.00	60.00	646	—	1.5
Fiscal year ending March 31, 2024 (forecast)	—	30.00	—	30.00	60.00		139.4	

## 3. Forecast of consolidated operating results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	%	yen
Second quarter (cumulative)	13,000	(1.4)	(950)	—	(900)	—	(650)	—	(55.94)
Full year	37,000	16.3	500	—	600	—	500	—	43.03

\*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, 2023	12,100,000 shares	Fiscal Year ended March 31, 2022	14,084,845 shares
(b) Treasury stock at the end of the period	Fiscal year ended March 31, 2023	1,638,476 shares	Fiscal Year ended March 31, 2022	2,430,669 shares
(c) Average number of shares during the period	Fiscal year ended March 31, 2023	10,961,348 shares	Fiscal Year ended March 31, 2022	11,861,833 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

- (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, 2023	25,254	(7.5)	(1,171)	—	(452)	—	(277)	—
Fiscal Year ended March 31, 2022	27,310	(20.4)	139	(87.6)	759	(41.8)	1,032	30.2

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended March 31, 2023	(25.32)	—
Fiscal Year ended March 31, 2022	87.01	—

- (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, 2023	42,252	31,060	73.5	2,969.04
Fiscal Year ended March 31, 2022	42,574	35,343	83.0	3,032.73

(Reference) Net asset excluding non-controlling interests Fiscal year ended March 31, 2023 31,060 Millions of yen Fiscal Year ended March 31, 2022 35,343 Millions 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, etc., (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 financial results presentation will be live-streamed. 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 consolidated fiscal year under review, economy in Japan gradually recovered, mainly in corporate earnings and consumption, as behavioral restrictions due to COVID-19 alleviated. On the other hand, as seen in production adjustments due to restricted supply caused by chaos in the global supply chain following surfacing of geopolitical risks, rise in prices of resources, and slowing down of overseas economy, the outlook remains unpredictable.

In the telecommunications-related industry, where our group is involved, demand for 5G facilities in the mobile communications field has stagnated or put on hold due to revision of capital investment plans by customers. Meanwhile, in the fixed wireless-related field, demand for administrative radio systems for disaster prevention is recovering, and in the broadcasting field, demand for equipment renewal and maintenance by broadcasters continues to decline. The applied high-frequency devices industry showed signs of recovery in demand for capital investment in the automotive-related field, but the underlying tone of the recovery remains moderate. All fields of business are experiencing delay in the work period and delivery due to longer delivery of materials, and the rise in the cost to respond to higher prices of energy and materials, weaker yen, and shortage of materials had a significant impact on the financial results for the fiscal year under review.

As a result, orders received decreased 8.2% year on year to 32,172 million yen, and net sales decreased 6.3% year on year to 31,817 million yen.

As for profits, the Group posted operating loss of 1,510 million yen (compared to operating profit of 53 million yen for the year-earlier period), ordinary loss of 1,219 million yen (compared to ordinary income of 448 million yen for the year-earlier period), net loss attributable to shareholders of parent company of 1,181 million yen (compared to net income attributable to shareholders of parent company of 705 million yen for the year-earlier period).

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

#### (Telecommunication Business)

In the mobile communications-related field, capital investment by mobile communication businesses is limited overall. Demand for 5G capital investment is also stagnant or put on hold, resulting in significant drop in demand. In the fixed wireless-related field, demand for administrative radio systems for disaster prevention to improve and digitalize disaster prevention system in local governments is recovering due to extension of periods for emergency disaster prevention and reduction bonds. In the broadcasting-related field, demand for updating and maintaining digital broadcasting equipment among broadcast operators remains on hold. In the solution-related field, the Company participates in demonstration experiments by the state or local governments to pioneer use cases for local 5G products and create demand. In other fields, the Company is continuously securing demand for outdoor construction steel frames and actively pioneering demand for eco-friendly products such as LED airplane warning lights and fuel cells. Under such environment, we aggressively worked in this business field to capture demand and improve productivity. However, factors such as delayed delivery of parts and soaring raw material costs had a significant impact on the Company's performance in the period.

As a result, orders received decreased 16.4% year on year to 22,293 million yen, and net sales decreased 12.8% year on year to 22,613 million yen. Segment income (operating income) was 50 million yen, down 97.5% from the same period last year.

#### (Radio Frequency Business)

In the mainstay high-frequency induction heating equipment business, demand from capital spending in the automotive industry is on a recovery track from the impacts of global semiconductor shortages. However, impacts of longer lead time for orders for components, etc. remain. The field of contract heat treating service is recovering from the impacts of the COVID-19 pandemic but still suffers from stagnant demand due to production adjustment at automobile manufacturers as well as the rise in costs due to soaring energy costs. In the new radio frequency related field, we are working with various organizations and companies to create demand for treatment of food and waste using superheated steam equipment. Under such business environment, this business also experiences delayed delivery of parts and rising costs due to soaring raw material costs, etc. as in the telecommunication business. However, we have been striving to increase profit by improving productivity and reviewing the sales price.

As a result, orders received increased 18.0% year on year to 9,879 million yen and net sales increased 14.7% year on year to 9,131 million yen. Segment income (operating income) increased 7.1% year on year to 1,132 million yen.

(2) Summary of financial position for the fiscal year

Total assets at the end of the current consolidated fiscal year decreased 1,202 million yen from a year earlier to 55,134 million yen.

Current assets decreased 327 million yen from a year earlier to 40,662 million yen. The main factors were decreases of 270 million yen in inventories and 2,051 million yen in deposits paid included in "Other businesses" despite increases of 873 million yen in cash and deposits and 1,188 million yen in trade receivables including notes receivable-trade.

Non-current assets decreased 875 million yen from a year earlier to 14,472 million yen. The main factors were decreases of 378 million yen in property, plant, and equipment and 916 million yen in investment securities despite increases of 106 million yen in deferred tax assets and 219 million yen in net defined benefit assets.

Current liabilities increased 2,837 million yen from the end of the previous fiscal year to 9,168 million yen. The main factors were increases of 129 million yen in trade payables including notes payable-trade, 2,120 million yen in short-term loans payable, and 405 million yen in contract liabilities.

Fixed liabilities increased by 767 million yen from the end of the previous fiscal year to 4,164 million yen. The main factors were an increase of 981 million yen in long-term loans payable despite a decrease of 213 million yen in net defined benefit liability.

Net assets decreased 4,807 million yen from the end of the previous fiscal year to 41,801 million yen. The main factors were a decrease of 7,008 million yen in retained earnings despite an increase in net assets following a decrease of 2,042 million yen in purchase of treasury stock due to purchase and cancellation of treasury stock.

(3) Summary of cash flows for the fiscal year

Cash and cash equivalents (hereinafter, "Funds") at the end of the current fiscal year increased by 1,112 million yen from a year earlier to 14,253 million 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 870 million yen (4,166 million yen a year earlier). This is mainly due to attributable to decrease factors such as net loss before income taxes of 1,190 million yen and notes and accounts receivable-trade of 1,109 million yen, which were more than increase factors such as depreciation of 1,232 million yen.

(Cash flows from investing activities)

Funds provided by investing activities totaled 497 million yen (2,680 million yen a year earlier). This is mainly due attributable to increase factors such as a net increase in time deposits of 278 million yen, proceeds from sales of investment securities of 1,108 million yen, and proceeds from redemption of investment securities of 603 million yen, which were more than decrease factors such as expenses for purchase of property, plant, and equipment and intangible assets of 768 million yen and expenses for purchase of investment securities of 734 million yen.

(Cash flows from financing activities)

Funds gained in financing activities totaled 976 million yen (4,139 million yen used a year earlier). This is mainly due to increase factors such as net increase in short-term loans payable of 2,120 million yen, proceeds from long-term loans payable of 1,030 million yen, and increase in deposits for purchase of treasury stock of 2,051 million yen, which exceeded decrease factors such as purchase of treasury stock of 2,800 million yen and cash dividends paid of 1,030 million yen.

#### (4) Business outlook

Japanese economy is partially on a recovery track. However, due to the rise in raw material costs, etc., changing business environment, and severer price competition, the business environment surrounding our Group is expected to be severe.

Under such circumstances, in the solution business and new radio frequency areas business which are our new fields of business, we have developed new products and services including ones developed by synergy between technology of our company and other companies, which are gradually bearing fruits. We will strive to grow them steadily. Among the existing businesses, in the mobile communications-related field, we expect recovery in demand for antenna products for mobile communication base stations, which are our strength, to improve the quality of 5G areas. We will capture such demand alongside demand for newly developed wireless devices. We will also respond to demand for maintenance of mobile communication steel towers. In the fixed wireless-related field, we expect demand for administrative radio systems for disaster prevention for local governments to recover, to which we will strive to respond. We will also pay close attention to defense-related budgets and capture demand for update and maintenance of broadcasting equipment in the broadcasting-related field. In the radio frequency business, we aim to strengthen coordination with overseas offices while closely monitoring the business environment, further capture capital investment demand among Japanese automotive manufacturers, and actively promote efforts to stimulate new demand in areas other than the automotive segment. In the area of contract heat-treatment processing, production adjustment is expected to gradually alleviate, and we will strive to respond to demand. In both areas of business, we will work to expand business areas by accurately grasping needs in the market and developing emerging demand, in anticipation of the next generation, under a coordinated effort across the Group.

Our Group promotes sustainability management and sets five Material issues: (workplace culture and work style reforms, strengthening corporate governance, contribution to the development of social infrastructure, promotion of environmental management, and creation of new businesses) as our priority under the Basic Policy on Sustainability. In the medium-term business plan (DKK-Plan2025) formulated in May 2022, we also make it a basic policy to improve corporate value through promotion of sustainability management. We will advance our materiality initiatives and conduct business activities to solve social issues and achieve sustainable growth.

Under these circumstances, for the next consolidated fiscal year, we forecast net sales of 37,000 million yen (up 16.3% year on year), operating income of 500 million yen (operating loss of 1,510 million yen in the previous consolidated fiscal year), ordinary income of 600 million yen (ordinary loss of 1,219 million yen in the previous consolidated fiscal year), and net income attributable to shareholders of parent company of 500 million yen (net loss attributable to shareholders of parent company of 1,181 million yen in the previous consolidated fiscal 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, as disclosed in November 2022, we have paid an interim dividend of 30 yen per share as part of our efforts to improve shareholder returns. The year-end dividend is scheduled to be 30 yen per share.

As for dividends for the next fiscal year, we plan annual dividends of 60 yen, paid as an interim dividend of 30 yen per share and year-end dividend of 30 yen per share.

Based on the capital allocation disclosed in February 2022, as part of our efforts to improve shareholder returns and capital efficiency, we have purchased and cancelled treasury stock. In the future, we will continue to consider using the purchased treasury stock to expand the areas of business and acquire technology while cancelling the excess treasury stock, in order to improve shareholder returns.

#### (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 by undertaking initiatives for continuous improvement in corporate governance.

Under our medium- to long-term management strategy, as described in the Medium- and Long-Term Management Strategy disclosed in March 2021, we are working toward the goal of achieving the Group's ideal of "Pioneering the Future" by actively contributing to society, improving corporate value, and achieving growth. For this, we set three growth strategies of "Creation of new business," "Further expansion of existing business," and "Strengthening of business foundation" and are working on

them.

In terms of “Creation of new business,” we set the solution business and new radio frequency areas business as our new fields of business and strive to develop them into our next major business by making active investment. In the solution-related field, we provide solution services using wireless communication technology to pioneer new areas of business. Services using wireless communication technology, including local 5G, have the potential to offer an opportunity for us to find customers that are different from existing ones. We regard it as a promising market where we can develop markets by taking advantage of our strengths based on the technologies we have developed over the years. In the new radio frequency areas business, we will actively work on initiatives targeting non-automotive areas to capture emerging demand. By finding new uses for high-frequency induction heating technology, we aim to develop new markets, including the industrial waste processing industry, and contribute to promoting environmental management.

In terms of “Further expansion of existing business,” expansion of existing business areas related to social infrastructure is an important theme. We aim to expand business in peripheral areas of the businesses regarded as the pillars, including mobile communication-related, fixed wireless communication-related, broadcasting-related, and radio frequency businesses, seeking to expand our stable revenue base by introducing products that feature new technologies. Also, to solve issues in the built-to-order industry and develop a business base not affected by the economic or social situation, we are optimizing our business portfolio including our new solution business and new radio frequency areas business. We will select and concentrate our businesses to improve profitability, contribute to society, and increase our corporate value.

We will also work to strengthen our business foundation to support the growth strategies in these businesses. We will continue drastic organizational and structural reforms to optimize the business portfolio and implement the growth strategies. The information communication-related industries, including telecommunication, and the applied high-frequency devices industries including mainly the automotive industry, where the Company belongs, have entered a phase of major change driven by technological innovation. By stepping up forward-looking research and development work, we will carry out capital measures and financial strategies to put our capital to maximum use and channel our business resources into appropriate areas.

“Strengthening of business foundation” requires a corporate governance perspective. Our fundamental approach to corporate governance is to increase social credibility and corporate value of the Company by ensuring transparent and sound management. We remain committed to efforts to strengthen corporate governance, including efforts to maintain soundness, effectiveness and transparency of the Board of Directors, promotion of a compliance program aimed at realizing compliance management, and reduction in cross-held shares.

In addition, we established the medium-term business plan (DKK-Plan2025) in May 2022 in order to clearly state the goals and what to focus on and promote for the three years from fiscal year ending March 2023, as part of the effort to realize the vision of the Medium- and Long-Term Management Strategy above. DKK-Plan2025 has the basic policy of “Improve corporate value through promotion of sustainability management” and lays out the priority measures of “Strengthening of business foundation,” “Optimizing business portfolio,” and “Realizing new business creation early.” In order to realize the Company’s ideal (“Pioneering the Future”) of sustainable growth through solution of social issues, we have positioned the three years to the fiscal year ending March 2025 as a period for “laying the foundation for growth.” We will work to build a solid business foundation under DKK-Plan2025 to allow the Group to develop and grow permanently.

## 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, 2022)	Current consolidated fiscal year (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	18,886	19,759
Notes receivable-trade	440	419
Electronically recorded monetary claims-operating	878	1,537
Accounts receivable from completed construction contracts	5,127	5,108
Accounts receivable-trade	4,489	3,175
Contract assets	1,832	3,715
Costs on uncompleted construction contracts	117	17
Other inventories	5,890	5,720
Other Businesses	3,328	1,211
Allowance for doubtful accounts	(2)	(2)
<b>Total current assets</b>	<b>40,989</b>	<b>40,662</b>
Non-current assets		
Property, plant, and equipment		
Buildings and structures	11,061	11,179
Machinery, equipment, and vehicles	9,540	9,799
Tools, furniture, and fixtures	7,510	7,475
Land	2,241	2,251
Lease assets	237	268
Construction in progress	186	169
Accumulated depreciation	(23,869)	(24,614)
<b>Total property, plant, and equipment</b>	<b>6,907</b>	<b>6,529</b>
Intangible assets	648	598
Investments and other assets		
Investment securities	5,465	4,549
Long-term loans receivable	2	1
Net defined benefit assets	611	831
Deferred tax assets	780	886
Other Businesses	980	1,123
Allowance for doubtful accounts	(49)	(47)
<b>Total investments and other assets</b>	<b>7,791</b>	<b>7,344</b>
<b>Total non-current assets</b>	<b>15,347</b>	<b>14,472</b>
<b>Total assets</b>	<b>56,336</b>	<b>55,134</b>

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2022)	Current consolidated fiscal year (March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts, and others	3,916	4,045
Short-term loans payable	80	2,200
Long-term loans payable to be repaid within a year	180	90
Lease obligations	53	48
Income taxes payable	221	116
Contract liabilities	323	728
Allowance for warranties on completed construction contracts	26	18
Allowance for product warranties	173	83
Allowance for employees' bonuses	621	662
Allowance for directors' bonuses	6	9
Allowances for losses on construction contracts	47	6
Allowances for losses on liquidation of subsidiaries and affiliates	—	76
Other Businesses	680	1,079
Total current liabilities	6,330	9,168
Fixed liabilities		
Long-term loans payable	279	1,260
Lease obligations	67	75
Allowance for product warranties	29	18
Allowances for share-based remuneration for directors and corporate auditors	52	75
Net defined benefit liability	2,840	2,626
Asset retirement obligations	49	49
Other Businesses	78	58
Total fixed liabilities	3,397	4,164
Total liabilities	9,727	13,332
<b>Net assets</b>		
Shareholders' equity		
Capital	8,774	8,774
Capital surplus	9,723	9,693
Retained earnings	32,028	25,019
Treasury stock	(5,940)	(3,897)
Total shareholders' equity	44,586	39,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	873	736
Deferred gains or losses on hedges	37	2
Foreign currency translation adjustment	87	494
Remeasurements of defined benefit plans	318	424
Total accumulated other comprehensive income	1,317	1,658
Non-controlling interests	705	553
Total net assets	46,609	41,801
Total liabilities and net assets	56,336	55,134

(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, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net sales		
Sales of completed construction contracts	13,183	13,037
Net sales of goods	20,684	18,672
Sales in other business	100	107
Total net sales	33,968	31,817
Cost of sales		
Cost of sales of completed construction contracts	10,746	11,412
Cost of finished goods sold	16,976	16,275
Cost of sales in other business	47	44
Total cost of sales	27,770	27,732
Gross profit		
Gross profit on completed construction contracts	2,436	1,625
Gross profit on finished goods	3,708	2,397
Gross profit on other business	52	62
Total gross profit	6,198	4,084
Selling, general, and administrative expenses	6,145	5,595
Operating income (loss)	53	(1,510)
Non-operating income		
Interest income	3	22
Interest on securities	6	14
Dividend income	172	156
Foreign exchange gains	147	231
Other Businesses	155	112
Total non-operating income	484	537
Non-operating expenses		
Interest expenses	26	33
Commitment fee	49	144
Loss on investments in investment partnerships	—	36
Other Businesses	13	31
Total non-operating expenses	89	246
Ordinary income (loss)	448	(1,219)
Extraordinary income		
Gain on sales of investment securities	589	476
Total extraordinary income	589	476

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Extraordinary losses		
Loss on valuation of investment securities	170	121
Impairment losses	—	251
Allowances for losses on liquidation of subsidiaries and affiliates	—	76
Total extraordinary losses	170	448
Net income (loss) before income taxes	867	(1,190)
Income taxes-current	242	130
Income taxes-deferred	21	(55)
Total income taxes	264	74
Net income (loss)	602	(1,265)
Net loss attributable to non-controlling interests	(103)	(84)
Net income (loss) attributable to shareholders of parent company	705	(1,181)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net income (loss)	602	(1,265)
Other comprehensive income		
Valuation difference on available-for-sale securities	(397)	(136)
Deferred gains or losses on hedges	25	(35)
Foreign currency translation adjustment	47	489
Remeasurements of defined benefit plans, net of tax	(83)	106
Total other comprehensive income	(406)	424
Comprehensive income	195	(841)
(Breakdown)		
Comprehensive income attributable to shareholders of parent	298	(836)
Comprehensive income attributable to non-controlling interests	(102)	(4)

## (3) Consolidated statement of changes in equity

Previous 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

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	8,774	9,723	32,028	(5,940)	44,586
Changes of items during term					
Dividends of surplus			(1,034)		(1,034)
Net loss attributable to shareholders of parent company			(1,181)		(1,181)
Purchase of treasury stock				(2,800)	(2,800)
Cancellation of treasury stock		(45)	(4,793)	4,838	—
Disposal of treasury stock			(0)	3	3
Change in ownership interest of parent due to transactions with non-controlling interests		16			16
Net changes of items other than shareholders' equity					
Total changes of items during term	—	(29)	(7,008)	2,042	(4,996)
Balance at end of current term	8,774	9,693	25,019	(3,897)	39,589

	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	873	37	87	318	1,317	705	46,609
Changes of items during term							
Dividends of surplus							(1,034)
Net loss attributable to shareholders of parent company							(1,181)
Purchase of treasury stock							(2,800)
Cancellation of treasury stock							—
Disposal of treasury stock							3
Change in ownership interest of parent due to transactions with non-controlling interests							16
Net changes of items other than shareholders' equity	(136)	(35)	406	106	340	(152)	188
Total changes of items during term	(136)	(35)	406	106	340	(152)	(4,807)
Balance at end of current term	736	2	494	424	1,658	553	41,801

## (4) Consolidated statement of cash flows

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
<b>Cash flows from business activities</b>		
Net income (loss) before income taxes	867	(1,190)
Depreciation	1,381	1,232
Impairment losses	—	251
Increase (decrease) in allowance for employees' bonuses	8	41
Increase (decrease) in allowances for directors' bonuses	(30)	3
Increase (decrease) in net defined benefit liability	(240)	(131)
Increase (decrease) in allowances for share-based remuneration to officers for directors and corporate auditors	24	26
Increase (decrease) in allowances for doubtful accounts	0	(1)
Increase (decrease) in allowances for loss on construction contracts	12	(40)
Increase (decrease) in allowances for product warranties	96	(71)
Allowances for losses on liquidation of subsidiaries and affiliates	—	76
Interest and dividend income	(182)	(193)
Interest expenses	26	33
Foreign exchange losses (gains)	(92)	(230)
Loss (gain) on sales of investment securities	(589)	(476)
Loss (gain) on valuation of investment securities	170	121
Decrease (increase) in notes and accounts receivable-trade	8,076	(1,109)
Decrease (increase) in costs on uncompleted construction contracts	221	105
Decrease (increase) in inventories	(1,375)	220
Decrease (increase) in other assets	251	(247)
Increase (decrease) in notes and accounts payable-trade	(3,059)	83
Increase (decrease) in contract liabilities	15	401
Increase (decrease) in accrued consumption taxes	(331)	235
Increase (decrease) in other liabilities	(645)	71
Other Businesses	54	35
Subtotal	4,661	(753)
Interest and dividend income received	180	195
Interest expenses paid	(36)	(65)
Income taxes paid	(639)	(246)
Cash flows from business activities	4,166	(870)



(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
<b>Net cash flows from investing activities</b>		
Payments into time deposits	(27,849)	(18,520)
Proceeds from withdrawal of time deposits	30,797	18,799
Expenses for purchase of property, plant, and equipment and intangible assets	(1,408)	(768)
Proceeds from sale of property, plant, and equipment and intangible assets	12	11
Purchase of investment securities	(659)	(734)
Proceeds from sales of investment securities	1,233	1,108
Proceeds from redemption of investment securities	550	603
Payments of loans receivable	(0)	(0)
Collection of loans receivable	1	1
Other Businesses	4	(2)
Net cash flows from investing activities	2,680	497
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(200)	2,120
Proceeds from long-term loans payable	—	1,030
Repayment of long-term loans payable	(13)	(188)
Repayments of lease obligations	(67)	(69)
Proceeds from sales of treasury stock	114	0
Purchase of treasury stock	(1,049)	(2,800)
Decrease (increase) in deposits for purchase of treasury stock	(2,170)	2,051
Cash dividends paid	(543)	(1,030)
Dividends paid to non-controlling interests	(209)	(175)
Income from sale of shares of subsidiaries not resulting in changes in scope of consolidation	—	40
Cash flows from financing activities	(4,139)	976
Effect of exchange rate change on cash and cash equivalents	132	508
Net increase (decrease) in cash and cash equivalents	2,840	1,112
Cash and cash equivalents at beginning of term	10,300	13,140
Cash and cash equivalents at end of term	13,140	14,253

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

There are no matters to be noted.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company began applying the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 released June 17, 2021, Accounting Standards Board of Japan; hereinafter, "Guidance") at the beginning of the consolidated fiscal year under review and decided to continue to apply the new accounting policies prescribed in the Guidance in accordance with the transitional procedures stipulated in Paragraph 27-2 of the Guidance. There is no impact on the consolidated financial statements.

(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 of the Company and motivating them to contribute to a medium- 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 199 million yen and 80,632 shares at the end of the previous fiscal year, and 196 million yen and 79,367 shares at the end of the current fiscal year.

(Impacts of COVID-19 pandemic on accounting estimates)

Impacts of the COVID-19 pandemic on the Group are reducing, but certain impacts are expected to remain in the future. Although it is difficult to predict when the COVID-19 pandemic will be contained, based on information from internal and external sources, we have made accounting estimates for impairment losses on non-current assets and the recoverability of deferred tax assets, etc.

(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, etc.
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 income. 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, 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

(Notes) 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) Adjustment to segment income of (3,182) million yen includes (116) million yen in eliminations of intersegment transactions and (3,066) million yen in corporate expenses that are not allocated to any particular 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, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment			Others (Note) 1	Total	Adjustments (Note) 2	Amount recorded in consolidate d financial statements (Note) 3
	Telecommunication Business	Radio Frequency Business	Total				
Net sales							
Sales to external customers	22,578	9,131	31,710	107	31,817	—	31,817
Intersegment sales or transfers	34	—	34	188	223	(223)	—
Total	22,613	9,131	31,745	296	32,041	(223)	31,817
Segment income (loss)	50	1,132	1,183	139	1,323	(2,834)	(1,510)
Segment assets	23,854	12,106	35,961	663	36,624	18,509	55,134
Other items							
Depreciation	770	296	1,067	65	1,132	99	1,232
Increase in property, plant, and equipment and intangible assets	402	509	912	9	921	137	1,059

(Notes) 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 (2,834) million yen includes (77) million yen in elimination of intersegment transactions and (2,757) 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 (loss) with operating loss in the consolidated statement of income.

[Related information]

Previous 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

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

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
28,078	1,780	1,338	43	577	31,817

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

This information is omitted because there are no external customers that account for 10% or more of sales in the consolidated statement of income.

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

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

There are no matters to be noted.

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Telecommunication Business	Radio Frequency Business	Others	Entire Company / Cancellation	Total
Impairment losses	36	214	—	—	251

[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, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net assets per share	3,938.79 yen	3,942.82 yen
Net income (loss) per share	59.51 yen	(107.75) yen

(Notes) 1 Diluted net income per share for the current consolidated fiscal year is net loss per share, and no figures are provided as there are no dilutive shares.

2 No figures are provided for diluted net income per share for the previous consolidated fiscal year as there were no dilutive shares.

3 Data used in calculating the net income per share and net loss per share are as follows.

Item	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)
Net income (loss) attributable to shareholders of parent company (millions of yen)	705	(1,181)
Amount not attributable to common shareholders (millions of yen)	—	—
Net income (loss) attributable to shareholders of parent company (millions of yen)	705	(1,181)
Average number of common shares during the period	11,861,833	10,961,348

4 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 (72,808 shares in the previous consolidated fiscal year and 79,611 shares in the current consolidated fiscal year).

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

Item	Previous consolidated fiscal year (March 31, 2022)	Current consolidated fiscal year (March 31, 2023)
Total net assets (millions of yen)	46,609	41,801
Amount deducted from total net assets (millions of yen)	705	553
(Including non-controlling interests of:)	(705)	(553)
Net assets related to common stock at end of fiscal year (millions of yen)	45,903	41,247
Number of common shares at end of fiscal year used in calculating net assets per share	11,654,176	10,461,524

6 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 (80,632 shares in the previous consolidated fiscal year and 79,367 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, 2021 to March 31, 2022)		Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)		Change	
	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Ratio (%)
Telecommunication Business	12,692	61.2	9,962	53.6	(2,730)	(21.5)
Radio Frequency Business	8,055	38.8	8,608	46.4	553	6.9
Total	20,748	100.0	18,571	100.0	(2,177)	(10.5)

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

- 2 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, 2021 to March 31, 2022)		Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)		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	26,682	8,815	22,293	8,530	(4,388)	(284)
Radio Frequency Business	8,370	2,766	9,879	3,513	1,508	747
Total	35,052	11,582	32,172	12,044	(2,879)	462

###### (c) Sales results

Reportable segment	Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)		Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)		Change	
	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Ratio (%)
Telecommunication Business						
Construction work	13,183	38.8	13,037	41.0	(145)	(1.1)
Equipment and materials sales	12,725	37.5	9,540	30.0	(3,184)	(25.0)
Subtotal of Telecommunication Business	25,908	76.3	22,578	71.0	(3,330)	(12.9)
Radio Frequency Business	7,959	23.4	9,131	28.7	1,172	14.7
Total of reportable segments	33,867	99.7	31,710	99.7	(2,157)	(6.4)
Others	100	0.3	107	0.3	6	6.7
Total	33,968	100.0	31,817	100.0	(2,150)	(6.3)

(Notes) 1 Intersegment transactions have been offset.

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