



Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

May 10, 2024

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 27, 2024 Scheduled date to commence dividend payments: June 28, 2024
 Scheduled date to file annual securities report June 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For institutional investors and analysts)

(Yen amounts are rounded down to millions)

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	28,864	(9.3)	(1,787)	-	(1,537)	-	(1,977)	-
Fiscal year ended March 31, 2023	31,817	(6.3)	(1,510)	-	(1,219)	-	(1,181)	-

Note: Comprehensive Fiscal year ended March 31, 2024 (848) Millions of yen (-%) Fiscal year ended March 31, 2023 (841) Millions of yen (-%)

	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, 2024	(198.93)	-	(5.0)	(2.8)	(6.2)
Fiscal year ended March 31, 2023	(107.75)	-	(2.7)	(2.2)	(4.7)

(Reference) Equity in earnings of affiliates Fiscal year ended March 31, 2024 - Millions of yen Fiscal year ended March 31, 2023 - 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, 2024	54,906	38,723	69.0	3,917.44
Fiscal year ended March 31, 2023	55,134	41,801	74.8	3,942.82

(Reference) Net asset excluding non-controlling interests Fiscal year ended March 31, 2024 37,883 Millions of yen Fiscal year ended March 31, 2023 41,247 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, 2024	(688)	3,797	(770)	17,330
Fiscal year ended March 31, 2023	(870)	497	976	14,253

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, 2023	-	30.00	-	30.00	60.00	646	-	1.5
Fiscal year ended March 31, 2024	-	30.00	-	30.00	60.00	593	-	1.5
Fiscal year ending March 31, 2025 (forecast)	-	30.00	-	30.00	60.00		160.0	

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Second quarter (cumulative)	12,000	(4.2)	(950)	-	(900)	-	(650)	-	(60.92)
Full year	33,000	14.3	500	-	600	-	400	-	37.49

*Notes:

- (1) Changes in significant subsidiaries during the fiscal year (changes in specific subsidiaries resulting in changes in scope of consolidation) No

(Note) Although it doesn't fall under the category of changes in specific subsidiaries, DKC Co., Ltd. (DKC) and Koshuha Co., Ltd. (Koshuha), which had been consolidated subsidiaries of DKK Co. Ltd. (the Company) were removed from the scope of consolidation from the beginning of the first quarter of the current fiscal year. This was due to the fact that as a result of a merger where the Company was the surviving company, and DKC and Koshuha were dissolved companies. In the second quarter of the fiscal year under review, Cybercore Co., Ltd. was included in the scope of consolidation because the Company acquired shares of Cybercore Co., Ltd. as of September 29, 2023. In addition, Cyber Core Vietnam Co., Ltd., a subsidiary of the company, was also included to the scope of consolidation. In the fourth quarter of the fiscal year under review, DKK North America, Inc., a subsidiary of the Company, was included in the scope of consolidation because it increased in importance.

- (2) Changes in accounting policies and accounting estimates, and restatement

(a) Changes in accounting policies due to revision of accounting standards, etc.: No

(b) Changes in accounting policies other than (a): Yes

(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, 2024	10,900,000 shares	Fiscal year ended March 31, 2023	12,100,000 shares
Fiscal year ended March 31, 2024	1,229,606 shares	Fiscal year ended March 31, 2023	1,638,476 shares
Fiscal year ended March 31, 2024	9,940,316 shares	Fiscal year ended March 31, 2023	10,961,348 shares

(b) Treasury stock at the end of the period

(c) Average number of shares during the period

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(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, 2024	20,667	(18.2)	(1,934)	-	(1,429)	-	956	-
Fiscal year ended March 31, 2023	25,254	(7.5)	(1,171)	-	(452)	-	(277)	-

	Net income per share	Diluted net income per share
	yen	yen
Fiscal year ended March 31, 2024	96.22	-
Fiscal year ended March 31, 2023	(25.32)	-

(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, 2024	43,837	30,014	68.5	3,103.78
Fiscal year ended March 31, 2023	42,252	31,060	73.5	2,969.04

(Reference) Net asset excluding non-controlling interests Fiscal year ended March 31, 2024 30,014 Millions of yen Fiscal year ended March 31, 2023 31,060 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 future projections 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 Company will have a live webcast of the financial results briefing for institutional investors and analysts on Tuesday, May 14, 2024. The materials used for the briefing will be posted to the Company's website as soon as the briefing session ends.

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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, Japanese economy gradually recovered despite some weak trends. Capital investment remains resilient against the backdrop of high-level corporate income, and production activities show signs of recovery due to alleviation of supply restrictions. However, there are multiple risk factors such as uncertainties in overseas economy, continued spikes in material prices due to high commodity prices and depreciation of yen continue, and weakness in consumption. As a result, the outlook remains unpredictable.

In the telecommunications-related industry, where our group is involved, capital investment plans of customers remain restrained overall in the mobile communications-related field. In the fixed wireless communication-related field, demand for administrative radio systems for disaster prevention is recovering due to enhancement of disaster prevention systems by local governments. However, in the broadcasting-related field, demand for equipment renewal by broadcasters remains stagnated due to continued postponement. In the applied high-frequency devices industry, capital investment demand shows signs of recovery in the automotive-related field, but the underlying tone remains moderate. In all fields of business, cost raising factors such as spikes in prices of energy and components, etc. as well as labor costs continue to have an impact.

As a result, orders received decreased 0.3% year on year to 32,067 million yen, and net sales decreased 9.3% year on year to 28,864 million yen.

As for profits, the Group posted operating loss of 1,787 million yen (compared to operating loss of 1,510 million yen for the year earlier period), ordinary loss of 1,537 million yen (compared to ordinary loss of 1,219 million yen for the year-earlier period), net loss attributable to shareholders of parent company of 1,977 million yen (compared to net loss attributable to shareholders of parent company of 1,181 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 remained limited overall, and demand for 5G capital investment was also stagnant or put on hold. In the fixed wireless communication-related field, demand for administrative radio systems for disaster prevention to improve and digitalize disaster prevention system in local governments was recovering due to extension of periods for emergency disaster prevention and reduction bonds, but price competition in bidding has gotten severer. Defense-related demand is on an increasing trend due to increase in defense budget. In the broadcasting-related field, demand for maintenance by broadcasters is recovering, but demand for update of digital broadcasting equipment is still postponed. In the solutions-related field, by combining image AI technology and sensing AI technology of Cybercore Co., Ltd., acquired on September 29, 2023, and wireless communication technology and sensing technology centered on various cameras cultivated by the Company, the Company is efficiently and arduously building the solution business using the strengths of both companies. In other fields, the Company was continuously securing demand for outdoor construction steel frames and surface treatment for steel structures, 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 remained.

As a result, orders received decreased 1.0% year on year to 22,070 million yen, and net sales decreased 15.2% year on year to 19,167 million yen. Segment loss (operating loss) came to 56 million yen (compared to segment income of 50 million yen in the year-earlier period).

(Radio Frequency Business)

In this business, in the mainstay field of high-frequency induction heating equipment, global semiconductor shortages and longer lead time for orders of components, etc. have been solved, and demand for capital investment was on a recovery track. In the field of contract heat treating service, demand is on a recovery trend, owing to the end of production adjustment at automobile manufactures; however, the rise in costs due to soaring energy costs remained. In the new radio frequency related field, we have been working on verification of the peripheral technologies for sophistication of superheated steam technology, in a bid to create demand for treatment of food and waste using superheated steam equipment, and received orders during the consolidated fiscal year under review. We have overcome challenges and accumulated data and expertise through repeated demonstration experiments with various companies with which we had not worked before, and we have been making steady progress for pioneering new business domains.

Under such business environment, this business also experiences rising costs due to soaring raw material costs and energy costs, etc.; however, we have been striving to increase profit by improving productivity and reviewing the sales price.

As a result, orders received increased 1.2% year on year to 9,997 million yen and net sales increased 5.4% year on year to 9,623 million yen. Segment income (operating income) decreased 9.7% year on year to 1,023 million yen.

(2) Summary of financial position for the fiscal year

Total assets at the end of the current consolidated fiscal year decreased 227 million yen from a year earlier to 54,906 million yen. Current assets decreased 2,360 million yen from the end of the previous fiscal year to 38,302 million yen. The main factors were decreases of 693 million yen in cash and deposits and 1,948 million yen in accounts receivable including notes receivable, despite an increase of 659 million yen in inventories.

Non-current assets increased 2,132 million yen from the end of the previous fiscal year to 16,604 million yen. The main factors were increases of 1,689 million yen in intangible assets, 599 million yen in net defined benefit assets, and 1,000 million yen in long-term time deposits, despite a decrease of 1,341 million yen in property, plant, and equipment.

Current liabilities increased 1,170 million yen from the end of the previous fiscal year to 10,338 million yen. The main factors were increases of 2,200 million yen in short-term loans payable, despite decreases of 693 million yen in accounts payable including notes payable and 515 million yen in contract liabilities.

Fixed liabilities increased 1,680 million yen from the end of the previous fiscal year to 5,845 million yen. The main factors were increases of 1,781 million yen in long-term unearned revenue, despite a decrease of 106 million yen in net defined benefit liability.

Net assets decreased 3,078 million yen from the end of the previous fiscal year to 38,723 million yen. The main factors were decreases of 5,448 million yen in retained earnings, despite increases in net assets due to increases of 479 million yen in valuation difference on available-for-sale securities, 375 million yen in foreign currency translation adjustment, and 978 million yen in 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 consolidated fiscal year increased by 3,077 million yen from a year earlier to 17,330 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 688 million yen (870 million yen a year earlier). This is mainly due to decrease factors such as net loss before income taxes of 2,306 million yen and gain on sales of investment securities of 1,331 million yen, which were more than increase factors such as an increase of 2,078 million yen in notes and accounts receivable-trade and impairment losses of 1,860 million yen.

(Cash flows from investing activities)

Funds provided by investing activities totaled 3,797 million yen (497 million yen a year earlier). This is mainly due to increase factors such as a net increase in time deposits of 2,776 million yen, proceeds from sales of investment securities of 2,015 million yen, and proceeds from sales of property, plant, equipment and intangible assets of 1,829 million yen, which were more than decrease factors such as expenses for purchase of property, plant, and equipment and intangible assets of 1,292 million yen and expenses for purchase of shares of subsidiaries resulting in changes in scope of consolidation of 950 million yen.

(Cash flows from financing activities)

Funds provided by business activities totaled 770 million yen (976 million yen a year earlier). This is mainly due to decrease factors such as purchase of treasury stock of 1,873 million yen and cash dividends paid of 616 million yen, which exceeded increase factors such as net increase in short-term loans payable of 2,059 million yen and increase in deposits for purchase of treasury stock of 119 million yen.

(4) Business outlook

Japanese economy is gradually recovering, but the business environment surrounding our Group is expected to remain severe despite some signs of recovery, due to the changing business environment and severe price competition.

Under such circumstances, besides steadily developing our existing businesses, we will focus on defense, solution, and radio frequency businesses to recover our Group's performance early, as indicated in the rolling plan of the Medium-Term Business Plan (DKK-Plan2025) announced in March 2024.

Among the telecommunication business, in the defense-related field, we will acquire orders by actively proposing stable supply of equipment and maintenance and inspection of existing facilities against the backdrop of increase in defense budget. In the solutions-related field, we will strengthen our proposal and development capacity and collaborate with Cybercore Co., Ltd., which became our subsidiary, to receive more orders and solve social issues using AI solutions centering around imaging. Among the radio frequency business, in the field of high-frequency induction heating equipment, we will obtain orders arising from electrification of automobiles and boost demand for maintenance of existing facilities. In the field of contract heat treating service, we will steadily obtain demand which has been recovering since the lifting of production adjustment. In the new radio frequency areas, we will accelerate our efforts for early commercialization.

As for the existing businesses, among the telecommunication business, in the mobile communications-related field, we will capture demand for antenna products for mobile communication base stations as well as newly developed wireless devices. We will also continue to acquire demand for maintenance of mobile communication steel towers. In the fixed wireless communication-related field, we will strive to capture demand for administrative radio systems for disaster prevention which is expected to recover due to extension of limitations for emergency disaster prevention and reduction business bonds. In the broadcasting-related field, we will steadily capture demand for update and maintenance of broadcasting equipment.

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. We will continue to carry out business activities with the aim of solving social issues for sustainable growth.

Under these circumstances, for the next consolidated fiscal year, we forecast net sales of 33,000 million yen (up 14.3% year on year), operating income of 500 million yen (operating loss of 1,787 million yen in the previous consolidated fiscal year), ordinary income of 600 million yen (ordinary loss of 1,537 million yen in the previous consolidated fiscal year), and net income attributable to shareholders of parent company of 400 million yen (net loss attributable to shareholders of parent company of 1,977 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 links 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%. In line with the above basic policy, we plan to pay out a year-end dividend of 30 yen per share, the same amount as the interim dividend paid previously. The annual dividends for the fiscal year under review therefore total to 60 yen per share, the same amount as the previous year. 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.

As a measure to improve shareholder returns and capital efficiency, we purchased and cancelled treasury shares. In the future, we will continue to consider using the purchased treasury stock to expand 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, in order to achieve permanent development and growth of the Group.

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.”

To develop systems and structures that can respond to changes in external environment, such as the continued rise in prices of energy, components, etc. and limited capital investment by existing customers, and recover business results early, we set the rolling plan for the medium-term business plan in March 2024. According to the rolling plan, we will drastically reform our business structure and implement financial strategies to advance business reform, build a profit structure, and achieve and accelerate growth under the next Medium-Term Business Plan DKK-Plan2028.

Also, regarding our efforts for management conscious of capital cost and stock price, we analyze and assess the current situation, and set and disclose policies on actions for improvement. For management conscious of capital cost and stock price, we will make efforts from the perspectives of capital profitability and market evaluation to aim for PBR of over 1.0.

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, 2023)	Current consolidated fiscal year (March 31, 2024)
Assets		
Current assets		
Cash and deposits	19,759	19,066
Notes receivable-trade	419	292
Electronically recorded monetary claims-operating	1,537	1,394
Accounts receivable from completed construction contracts	5,108	3,759
Accounts receivable-trade	3,175	3,974
Contract assets	3,715	2,586
Costs on uncompleted construction contracts	17	39
Other inventories	5,720	6,358
Other Businesses	1,211	890
Allowance for doubtful accounts	(2)	(59)
Total current assets	40,662	38,302
Non-current assets		
Property, plant, and equipment		
Buildings and structures	11,179	10,824
Machinery, equipment, and vehicles	9,799	9,474
Tools, furniture, and fixtures	7,475	6,604
Land	2,251	2,221
Lease assets	268	245
Construction in progress	169	88
Accumulated depreciation	(24,614)	(24,269)
Total property, plant, and equipment	6,529	5,188
Intangible assets		
Goodwill	-	936
Technology-related assets	-	965
Other Businesses	598	386
Total Intangible assets	598	2,287
Investments and other assets		
Investment securities	4,549	4,554
Long-term loans receivable	1	1
Net defined benefit assets	831	1,431
Long-term time deposits	-	1,000
Deferred tax assets	886	841
Other Businesses	1,123	1,347
Allowance for doubtful accounts	(47)	(47)
Total investments and other assets	7,344	9,128
Total non-current assets	14,472	16,604
Total assets	55,134	54,906

(Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts, and others	4,045	3,352
Short-term loans payable	2,200	4,400
Long-term loans payable to be repaid within a year	90	127
Lease obligations	48	42
Income taxes payable	116	211
Contract liabilities	728	213
Allowance for warranties on completed construction contracts	18	87
Allowance for product warranties	83	42
Allowance for employees' bonuses	662	530
Allowance for directors' bonuses	9	11
Allowances for losses on construction contracts	6	27
Allowances for losses on liquidation of subsidiaries and affiliates	76	14
Allowances for environmental measures	-	149
Asset retirement obligations	-	16
Other Businesses	1,079	1,112
Total current liabilities	9,168	10,338
Fixed liabilities		
Long-term loans payable	1,260	1,250
Lease obligations	75	64
Allowance for product warranties	18	5
Allowances for share-based remuneration for directors and corporate auditors	75	89
Allowances for environmental measures	-	50
Net defined benefit liability	2,626	2,520
Asset retirement obligations	49	40
Long-term unearned revenue	-	1,781
Other Businesses	58	41
Total fixed liabilities	4,164	5,845
Total liabilities	13,332	16,183
Net assets		
Shareholders' equity		
Capital	8,774	8,774
Capital surplus	9,693	9,693
Retained earnings	25,019	19,570
Treasury stock	(3,897)	(2,919)
Total shareholders' equity	39,589	35,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	736	1,216
Deferred gains or losses on hedges	2	-
Foreign currency translation adjustment	494	870
Remeasurements of defined benefit plans	424	677
Total accumulated other comprehensive income	1,658	2,763
Non-controlling interests	553	840
Total net assets	41,801	38,723
Total liabilities and net assets	55,134	54,906

(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, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Net sales		
Sales of completed construction contracts	13,037	10,079
Net sales of goods	18,672	18,680
Sales in other business	107	104
Total net sales	31,817	28,864
Cost of sales		
Cost of sales of completed construction contracts	11,412	9,195
Cost of finished goods sold	16,275	15,455
Cost of sales in other business	44	42
Total cost of sales	27,732	24,693
Gross profit		
Gross profit on completed construction contracts	1,625	884
Gross profit on finished goods	2,397	3,224
Gross profit on other business	62	61
Total gross profit	4,084	4,170
Selling, general, and administrative expenses	5,595	5,958
Operating loss	(1,510)	(1,787)
Non-operating income		
Interest income	22	7
Interest on securities	14	11
Dividend income	156	144
Foreign exchange gains	231	52
Other Businesses	112	185
Total non-operating income	537	401
Non-operating expenses		
Interest expenses	33	40
Commitment fee	144	40
Loss on investments in investment partnerships	36	40
Other Businesses	31	29
Total non-operating expenses	246	150
Ordinary loss	(1,219)	(1,537)
Extraordinary income		
Gain on sales of investment securities	476	1,331
Total extraordinary income	476	1,331

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Extraordinary losses		
Loss on valuation of investment securities	121	-
Impairment losses	251	1,860
Allowances for losses on liquidation of subsidiaries and affiliates	76	-
Allowances for losses on environmental measures	-	240
Total extraordinary losses	448	2,100
Net loss before income taxes	(1,190)	(2,306)
Income taxes-current	130	219
Income taxes-deferred	(55)	(534)
Total income taxes	74	(315)
Net loss	(1,265)	(1,991)
Net loss attributable to non-controlling interests	(84)	(13)
Net loss attributable to shareholders of parent company	(1,181)	(1,977)

(Consolidated statement of comprehensive income)

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Net loss	(1,265)	(1,991)
Other comprehensive income		
Valuation difference on available-for-sale securities	(136)	479
Deferred gains or losses on hedges	(35)	(2)
Foreign currency translation adjustment	489	413
Remeasurements of defined benefit plans, net of tax	106	252
Total other comprehensive income	424	1,142
Comprehensive income	(841)	(848)
(Breakdown)		
Comprehensive income attributable to shareholders of parent	(836)	(870)
Comprehensive income attributable to non-controlling interests	(4)	22

(3) Consolidated statement of changes in equity

Previous 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

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	8,774	9,693	25,019	(3,897)	39,589
Changes of items during term					
Dividends of surplus			(617)		(617)
Net loss attributable to shareholders of parent company			(1,977)		(1,977)
Purchase of treasury stock				(1,873)	(1,873)
Cancellation of treasury stock			(2,841)	2,841	-
Disposal of treasury stock				11	11
Changes in the scope of consolidation			(12)		(12)
Net changes of items other than shareholders' equity					
Total changes of items during term	-	-	(5,448)	978	(4,469)
Balance at end of current term	8,774	9,693	19,570	(2,919)	35,119

	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	736	2	494	424	1,658	553	41,801
Changes of items during term							
Dividends of surplus							(617)
Net loss attributable to shareholders of parent company							(1,977)
Purchase of treasury stock							(1,873)
Cancellation of treasury stock							-
Disposal of treasury stock							11
Changes in the scope of consolidation			(7)		(7)		(19)
Net changes of items other than shareholders' equity	479	(2)	383	252	1,112	286	1,399
Total changes of items during term	479	(2)	375	252	1,105	286	(3,078)
Balance at end of current term	1,216	-	870	677	2,763	840	38,723

(4) Consolidated statement of cash flows

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Cash flows from business activities		
Net loss before income taxes	(1,190)	(2,306)
Depreciation	1,232	1,203
Depreciation of goodwill	-	85
Impairment losses	251	1,860
Increase (decrease) in allowance for employees' bonuses	41	(144)
Increase (decrease) in allowances for directors' bonuses	3	1
Increase (decrease) in net defined benefit liability	(131)	24
Increase (decrease) in allowances for share-based remuneration to officers for directors and corporate auditors	26	24
Increase (decrease) in allowances for doubtful accounts	(1)	56
Increase (decrease) in allowances for loss on construction contracts	(40)	20
Increase (decrease) in allowances for product warranties	(71)	(54)
Allowances for losses on liquidation of subsidiaries and affiliates	76	(62)
Increase (decrease) in allowances for environmental measures	-	199
Interest and dividend income	(193)	(163)
Interest expenses	33	40
Foreign exchange losses (gains)	(230)	(22)
Loss (gain) on sales of investment securities	(476)	(1,331)
Loss (gain) on valuation of investment securities	121	-
Decrease (increase) in notes and accounts receivable-trade	(1,109)	2,078
Decrease (increase) in costs on uncompleted construction contracts	105	(21)
Decrease (increase) in inventories	220	(582)
Decrease (increase) in other assets	(247)	(453)
Increase (decrease) in notes and accounts payable-trade	83	(787)
Increase (decrease) in contract liabilities	401	(519)
Increase (decrease) in accrued consumption taxes	235	(36)
Increase (decrease) in other liabilities	71	109
Other Businesses	35	30
Subtotal	(753)	(750)
Interest and dividend income received	195	163
Interest expenses paid	(65)	(40)
Income taxes paid	(246)	(60)
Cash flows from business activities	(870)	(688)

(Millions of yen)

	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Net cash flows from investing activities		
Payments into time deposits	(18,520)	(14,113)
Proceeds from withdrawal of time deposits	18,799	16,889
Expenses for purchase of property, plant, and equipment and intangible assets	(768)	(1,292)
Proceeds from sale of property, plant, and equipment and intangible assets	11	1,829
Purchase of investment securities	(734)	(655)
Proceeds from sales of investment securities	1,108	2,015
Proceeds from redemption of investment securities	603	-
Expenses for purchase of shares of subsidiaries resulting in changes in scope of consolidation	-	(950)
Payments of loans receivable	(0)	(1)
Collection of loans receivable	1	1
Other Businesses	(2)	75
Net cash flows from investing activities	497	3,797
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,120	2,059
Proceeds from long-term loans payable	1,030	-
Repayment of long-term loans payable	(188)	(224)
Repayments of lease obligations	(69)	(63)
Proceeds from sales of treasury stock	0	-
Purchase of treasury stock	(2,800)	(1,873)
Decrease (increase) in deposits for purchase of treasury stock	2,051	119
Cash dividends paid	(1,030)	(616)
Dividends paid to non-controlling interests	(175)	(171)
Income from sale of shares of subsidiaries not resulting in changes in scope of consolidation	40	-
Cash flows from financing activities	976	(770)
Effect of exchange rate change on cash and cash equivalents	508	222
Net increase (decrease) in cash and cash equivalents	1,112	2,562
Cash and cash equivalents at beginning of term	13,140	14,253
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	-	514
Cash and cash equivalents at end of term	14,253	17,330

(5) Notes to consolidated financial statements

(Notes on going concern assumptions)

There are no matters to be noted.

(Changes in accounting policies)

(Changes in inventory valuation)

The Company had adopted the moving-average cost method for valuation of inventories held as raw materials and supplies; however, at the beginning of the current consolidated fiscal year, the Company changed the method to the gross-average cost method.

The purpose of the change is to reflect more appropriate periodic profit and loss, taking into account longer cycles of raw materials and supplies and changes in their procurement prices.

The effect of the policy change on the past period is minor.

(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 196 million yen and 79,367 shares at the end of the previous consolidated fiscal year, and 185 million yen and 74,918 shares at the end of the current consolidated fiscal year.

(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.

As Cybercore Co., Ltd. and Cyber Core Vietnam Co., Ltd. became consolidated subsidiaries during the current consolidated fiscal year, we added production and sales of solution systems to the main business areas of the telecommunication business.

Key business areas of the respective segments are as shown 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. Production and sales of solution systems
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, 2022 to March 31, 2023)

(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	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.

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(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	19,136	9,623	28,759	104	28,864	-	28,864
Intersegment sales or transfers	30	-	30	160	191	(191)	-
Total	19,167	9,623	28,790	265	29,056	(191)	28,864
Segment income (loss)	(56)	1,023	966	123	1,089	(2,877)	(1,787)
Segment assets	22,256	10,601	32,857	608	33,466	21,439	54,906
Other items							
Depreciation	644	304	948	61	1,009	193	1,203
Depreciation of goodwill	85	-	85	-	85	-	85
Balance of undepreciated goodwill	936	-	936	-	936	-	936
Increase in property, plant, and equipment and intangible assets	1,456	848	2,304	15	2,320	62	2,383

(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 (2,877) million yen includes (65) million yen in elimination of intersegment transactions and (2,811) 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, 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.

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

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
24,790	2,514	1,179	85	294	28,864

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, 2022 to March 31, 2023)

(Millions of yen)

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

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Telecommunication Business	Radio Frequency Business	Others	Entire Company / Cancellation	Total
Impairment losses	1,060	796	-	2	1,860

(Note) The amount in “Entire Company / Cancellation” is impairment losses on assets of the entire company not belonging to any segment.

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

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

There are no matters to be noted.

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

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

[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, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Net assets per share	3,942.82 yen	3,917.44 yen
Net income per share	(107.75) yen	(198.93) yen

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

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

Item	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)
Net loss attributable to shareholders of parent company (millions of yen)	(1,181)	(1,977)
Amount not attributable to common shareholders (millions of yen)	-	-
Net loss attributable to shareholders of parent pertaining to common stock (millions of yen)	(1,181)	(1,977)
Average number of common shares during the period	10,961,348	9,940,316

3 We included the Company's shares held in the trust account of Custody Bank of Japan, Ltd. as trust assets for the share-based compensation scheme for directors in the treasury stock deducted in the calculation of the average number of shares over the period in calculating net loss per share (79,611 shares in the previous consolidated fiscal year and 75,289 shares in the current consolidated fiscal year).

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

Item	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
Total net assets (millions of yen)	41,801	38,723
Amount deducted from total net assets (millions of yen)	553	840
(Including non-controlling interests of:)	(553)	(840)
Net assets related to common stock at end of fiscal year (millions of yen)	41,247	37,883
Number of common shares at end of fiscal year used in calculating net assets per share	10,461,524	9,670,394

5 We included the Company's shares held in the trust account of Custody Bank of Japan, Ltd. as trust assets for the share-based compensation scheme for directors in the treasury stock deducted in the calculation of the number of shares at the end of the fiscal year in calculating net asset per share (79,367 shares in the previous consolidated fiscal year and 74,918 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, 2022 to March 31, 2023)		Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)		Change	
	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Ratio (%)
Telecommunication Business	9,962	53.6	9,619	49.9	(343)	(3.4)
Radio Frequency Business	8,608	46.4	9,666	50.1	1,057	12.3
Total	18,571	100.0	19,285	100.0	714	3.8

(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, 2022 to March 31, 2023)		Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)		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	22,293	8,530	22,070	11,464	(223)	2,933
Radio Frequency Business	9,879	3,513	9,997	3,887	118	374
Total	32,172	12,044	32,067	15,352	(104)	3,308

(c) Sales results

Reportable segment	Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)		Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)		Change	
	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Constituent ratio (%)	Amount (millions of yen)	Ratio (%)
Telecommunication Business						
Construction work	13,037	41.0	10,079	34.9	(2,957)	(22.7)
Equipment and materials sales	9,540	30.0	9,056	31.4	(484)	(5.1)
Subtotal of Telecommunication Business	22,578	71.0	19,136	66.3	(3,441)	(15.2)
Radio Frequency Business	9,131	28.7	9,623	33.3	491	5.4
Total of reportable segments	31,710	99.7	28,759	99.6	(2,950)	(9.3)
Others	107	0.3	104	0.4	(3)	(3.0)
Total	31,817	100.0	28,864	100.0	(2,953)	(9.3)

(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.