



First Half Results for the Fiscal Year Ending March 31, 2025

November 12, 2024

DKK Co., Ltd.

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1. 2Q FY3/2025 Consolidated Results

1-1. 2Q Consolidated Result Highlights

- Net sales was up 4.6% YoY.
- A range of profit improved YoY as we worked on business structural reforms to build a profit structure.

(Millions of yen)	FY3/24 1H results	FY3/25 1H results	Increase/ decrease	YoY change
Net sales	12,529	13,108	579	4.6%
Operating income	-1,163	-529	634	-
Ordinary income	-1,037	-533	504	-
Net income attributable to shareholders of parent company	-811	-454	357	-

1-2. Net Sales and Operating Income



- Both sales and profits increased YoY in both Telecommunication and Radio Frequency businesses.
- Operating margin improved 5.3 percentage points YoY as we worked to improve productivity and revised selling prices.

(Millions of yen)	FY3/24 1H results	FY3/25 1H results	Increase/ decrease	YoY change
Net sales	12,529	13,108	579	4.6%
Telecommunication	8,019	8,116	97	1.2%
Radio Frequency	4,451	4,934	483	10.9%
Operating income	-1,163	-529	634	-
Operating margin ratio	-9.3%	-4.0%	-	-
Telecommunication	-291	-43	248	-
Radio Frequency	462	724	262	56.7%

*The operating incomes for Telecommunication and Radio Frequency are provided by segment.

1-3. Results by Segment - Telecommunication

Net sales by segment(Unit: Millions of yen)

FY3/24 1H results

FY3/25 1H results

Mobile
Communications

2,085 > 1,920 (-7.9%)

Although demand from Mobile Communications due to quality improvement was seen in some areas, capital expenditures remained overall restrained.

Fixed Wireless
(Excluding Defense)

1,126 > 1,341 (+19.1%)

Demand from local governments to upgrade the disaster management radio systems was in increasing trend as maturity nears for emergency disaster prevention and reduction bonds.

Defense

1,227 > 1,128 (-8.1%)

Although net sales underperformed the level in the previous fiscal year, the market environment remained solid, buoyed by increases in defense budget allocations.

Broadcasting

1,017 > 1,158 (+13.9%)

As the demand from broadcasters for service and maintenance is gradually recovering, we aim to aggressively capture such demand.

Solutions

35 > 152 (+334.4%)

Promoted business that helps resolve a wide range of social issues by combining Cybercore's image AI technology and our wireless communication technology.

Others

2,528 > 2,415 (-4.5%)

Actively pioneered demand for eco-friendly products, in addition to securing demand for surface treatment for steel structures through subsidiaries.

* Figures in parentheses indicate the percentage of year-on-year increase/decrease.

* Defense, Solutions and Radio Frequency selected as focus segments under the rolling plans for Medium-Term Business Plan "DKK-Plan 2025."

1-3. Results by Segment - Radio Frequency

Net sales by segment(Unit: Millions of yen)

FY3/24 1H results

FY3/25 1H results

**Induction Heating
Equipment**

3,120 > **3,488** (+11.8%)

Demand from auto-related industry's capital spending is generally on a recovery track.

**Contract Heat
Treating Service**

1,331 > **1,455** (+9.3%)

Demand associated with production of automakers is on a recovery trend, although some impact was felt from the fraudulent safety test scandal.

**New Radio
Frequency Areas**

0 > **0** (-)

We have been working to raise the level of sophistication of our technology and stimulate demand, aiming to develop new business areas using superheated steam equipment.

* Figures in parentheses indicate the percentage of year-on-year increase/decrease.

* Defense, Solutions and Radio Frequency selected as focus segments under the rolling plans for Medium-Term Business Plan "DKK-Plan 2025."

2. FY3/2025 Forecasts for Consolidated Results

2-1. Net Sales and Operating Income Forecasts

- We expect net sales to increase YoY as we work to capture demand for administrative radio systems for disaster prevention use, as well as in focus segments.
- We expect Telecommunication to return to profitability, supported by fixed cost reductions, etc.
- We also see continued solid performance for Radio Frequency.

(Millions of yen)	FY3/24 Full-year results	FY3/25 Full-year forecasts	Increase/ decrease	YoY change
Net sales	28,864	33,000	4,136	14.3%
Telecommunication	19,136	22,100	2,964	15.5%
Radio Frequency	9,623	10,800	1,177	12.2%
Operating income	-1,787	500	2,287	-
Operating margin ratio	-6.2%	1.5%	-	-
Telecommunication	-56	1,300	1,356	-
Radio Frequency	1,023	1,500	477	46.6%

*The operating incomes for Telecommunication and Radio Frequency are provided by segment.

*The full-FY3/25 forecast figures are from the latest forecasts released on November 12, 2024.

2-2. Forecasts by Segment - Telecommunication

Net sales by segment(Unit: Millions of yen)

FY3/24 results

FY3/25 forecasts

**Mobile
Communications**

5,688 >> **6,400** (+12.5%)

Although the demand from capital expenditures to improve the quality of communications shows a sign of partial recovery, a rapid overall recovery is unlikely.

Fixed Wireless
(Excluding Defense)

2,814 >> **4,200** (+49.3%)

Disaster management radio systems are expected to be developed and implemented to take advantage of the grants provided under the government's disaster prevention and mitigation program, which will expire in FY3/26.

Defense

1,692 >> **3,000** (+77.3%)

As the defense budget continues to increase, we will actively capture demand for maintenance and inspection of various types of equipment and existing facilities.

Broadcasting

3,111 >> **3,300** (+6.1%)

Although a certain amount of demand for update of broadcasting equipment will arise, the market itself is gradually shrinking. Demand will arise in connection with switching from AM broadcasting to FM broadcasting.

Solutions

351 >> **800** (+127.9%)

We will work on increasing a broad range of orders mainly for solutions for people flow analysis.

Others

5,478 >> **4,400** (-19.7%)

Aim to enhance environmentally friendly products, such as fuel cells for back-up power supply, in addition to demand for surface treatment for steel structures.

* Figures in parentheses indicate the percentage of year-on-year increase/decrease.

*The full-FY3/25 forecast figures are from the latest forecasts released on November 12, 2024.

* Defense, Solutions and Radio Frequency selected as focus segments under the rolling plans for Medium-Term Business Plan "DKK-Plan 2025."

2-2. Forecasts by Segment - Radio Frequency

Net sales by segment(Unit: Millions of yen)

FY3/24 results

FY3/25 forecasts

**Induction Heating
Equipment**

6,872 >> **7,800** (+13.5%)

We will capture the recovering demand for capital expenditures in the automobile industry, and work to increase the demand for EV parts in addition to existing parts.

**Contract Heat
Treating Service**

2,738 >> **2,900** (+5.9%)

We will work on capturing demand arising in connection with the recovering auto production output, and increase demand by leveraging the newly launched heat treating and prototyping base.

**New Radio
Frequency Areas**

12 >> **100** (+733.3%)

We will accelerate participation in various exhibitions and promotion to progressively and steadily develop new applications and customers for the superheated steam equipment.

* Figures in parentheses indicate the percentage of year-on-year increase/decrease.

*The full-FY3/25 forecast figures are from the latest forecasts released on November 12, 2024.

* Defense, Solutions and Radio Frequency selected as focus segments under the rolling plans for Medium-Term Business Plan “DKK-Plan 2025.”

2-3. Policy on Shareholder Returns



Policy on shareholder returns

- Deliver over 10 billion yen in total of shareholder returns from FY3/23 through FY3/27.
- Set a minimum DOE of approximately 1.5%, in addition to the payout ratio of 40%.
- Purchase treasury stock to improve the capital efficiency and enhance the shareholder returns, in addition to delivering dividends.

Dividend per share

(yen)	FY3/23	FY3/24	FY3/25 (forecasts)
Annual total	60	60	60
Mid-term	30	30	30
End of term	30	30	30

Progress of shareholder returns (Total for a period from FY3/23 to end-FY3/25)

Dividends **1.8 billion yen** + share buybacks **6.0 billion yen** → Total **7.8 billion yen**

Take measures flexibly, taking into account such factors as consolidated results, asset status, and investments aimed at improving business performance

3. Progress of Rolling Plans for Our Medium-Term Business Plan “DKK-Plan 2025”

3-1. Numerical Targets

- Aim to achieve the target ROE for the DKK-Plan 2025 by FY3/27, postponing two years than originally planned.

Numerical targets for FY3/27, the final fiscal year for the rolling plans

	FY3/25 Initial plans	FY3/24 Results	FY3/25 Forecasts		Targets for FY3/27
Net sales	43.0 billion yen	28.8 billion yen	33.0 billion yen		40.0 billion yen
Operating income	-	-1.7 billion yen	0.5 billion yen		1.8 billion yen
Net income	2.0 billion yen	-1.9 billion yen	0.4 billion yen		1.8 billion yen
D/E ratio	0.2-0.3 times	0.15 times	0.16 times	+2 years	0.2-0.3 times
ROE	5.0%	-5.0%	1.1%	➔	5.0%
Shareholder returns	Over 10 billion yen	6.3 billion yen	7.8 billion yen	*Total	Over 10 billion yen
M&A investment	Up to 4.0 billion yen	1.5 billion yen	2.0 billion yen	*Total	Over 4.0 billion yen

3-2. Progress



- Implement radical structural reforms and financial strategies to reform our businesses, improve business performance, and lead to the next medium-term business plan “DKK-Plan 2028.”

Priority measures under rolling plans	Key actions for 1H FY3/25	Measures planned hereafter
<p>1. Structural reforms for improving profit</p> <ul style="list-style-type: none"> ■ Select and strengthen focus segments in anticipation of market conditions ■ Rationalize organization and focus resources ■ Streamline operations and reform the work style 	<p style="text-align: center;">To be prioritized</p> <ul style="list-style-type: none"> • Segment analysis and resource concentration in preparation for optimization of business portfolio • Fixed cost reduction through rationalization of organization • Promotion of M&A 	<ul style="list-style-type: none"> • Clearly define strategies for each segment • Improve margins through productivity improvements • Promote M&A further
<p>2. Medium- to long-term growth strategy</p> <ul style="list-style-type: none"> ■ Evolve core technologies, and selection and consolidation of R&D with a medium to long-term outlook. ■ Execute human capital strategies in anticipation of executing business strategies 	<ul style="list-style-type: none"> • Promote R&D related to next-generation telecommunication • Promote transition to a new personnel system aimed at realizing management strategies and developing human resources 	<ul style="list-style-type: none"> • Optimize R&D through progress management and visualization of development status • Promote measures to link management and HR strategies
<p>3. Appropriate capital composition</p> <ul style="list-style-type: none"> ■ Promote asset-light business management ■ Promote conducting management and business practices conscious of capital costs ■ Build a foundation to ensure stably delivering shareholder returns 	<ul style="list-style-type: none"> • Carry out investment in growth areas • Reduce cross-held shares in a planned manner • Strengthening media to enhance promotional measures 	<ul style="list-style-type: none"> • Group reorganization based on areas and business areas • Promote initiatives for appropriate capital structure

* For details, please see the press release published on March 22, 2024, “Medium-Term Business Plan DKK-Plan 2025 Rolling Plan.”
 URL: <https://denkikogyo.co.jp/en/ir/management/dkk-plan/>

3-3. Initiatives to Improve Profits (i)



- Cost of sales ratio improved for both business segments thanks to a range of initiatives aimed at improving profitability, including organizational streamlining and shift of resources to focus segments.

Improvements in cost of sales ratios

Cost of sales ratio
vs. 1H FY3/24

Tele-
communication

-4.9%

- Cost of sales ratio improved mainly for focus segments.
- Activities to reduce costs of construction projects greatly contributed by this.

Radio
Frequency

-3.9%

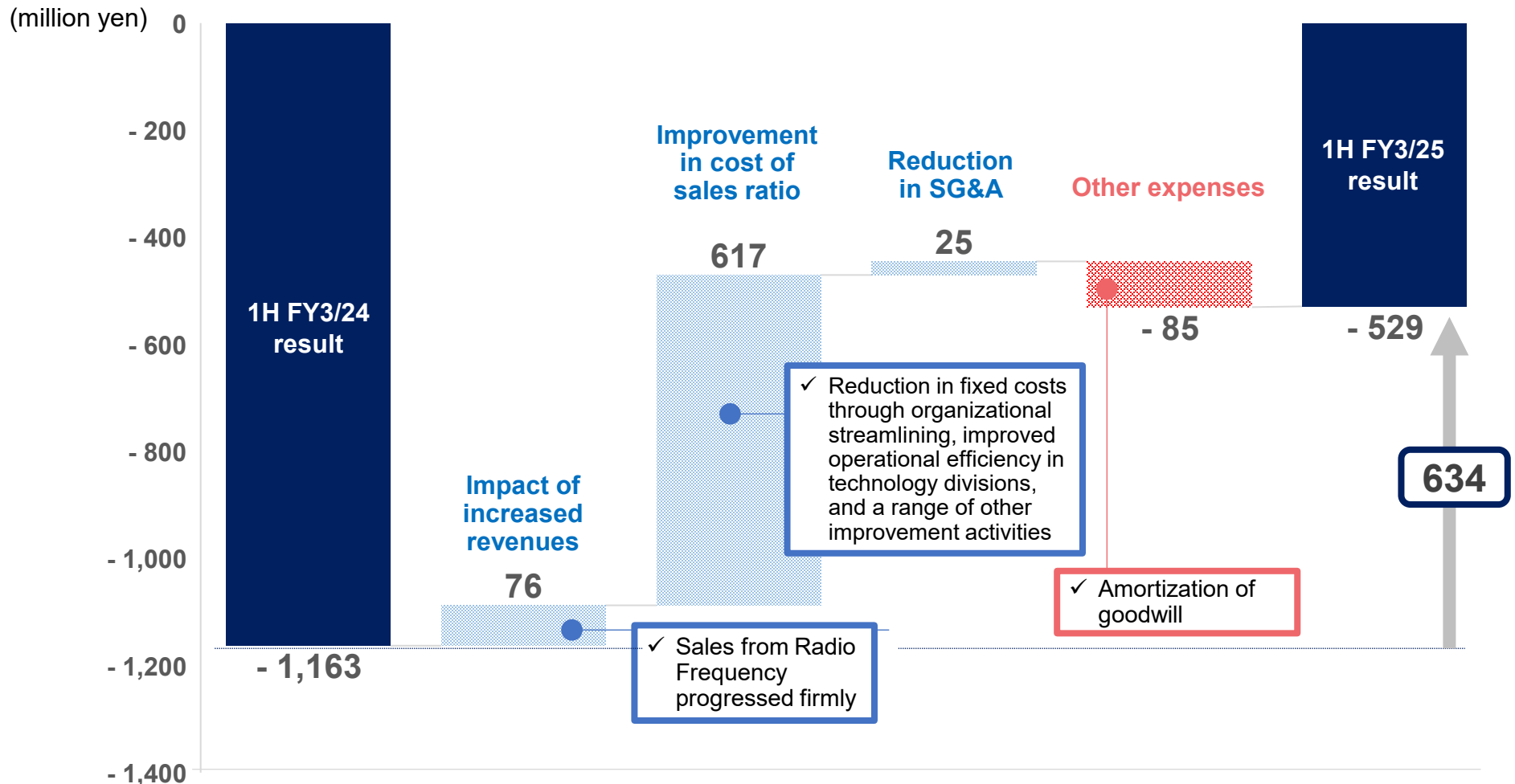
- Reviewed materials and production methods and worked to improve production efficiency.

3-3. Initiatives to Improve Profits (ii)



Operating income drivers

- Operating income improved by 634 million yen YoY as a result of efforts to improve profitability.



3-3. Initiatives to Improve Profits (iii)

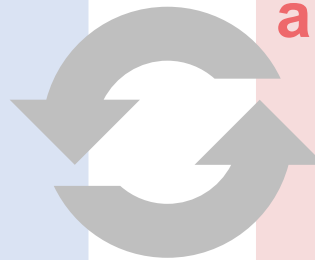


- We carried out organizational structural reforms in April 2024, shifting resources to focus segments.
- We are working on both sales and technology aspects to improve business performance and generate profits as soon as possible.

Sales

Selection of orders to accept

- ❑ Step management using sales force automation (SFA) systems
- ❑ Improve accuracy of order probability prediction
- ❑ Review product pricing



Technology

Ensure thorough quality and progress management

- ❑ Reduce direct costs through standardization of components and work
- ❑ Develop a system for constant monitoring of cost fluctuation risk
- ❑ Normalize busy and off-peak periods

3-4. M&A Promotion (Joint Venture Company Established in China)



Joint venture company established in China.

- On September 26, 2024, we made **Suzhou Yuankai Electronic Co., Ltd.** a subsidiary.
- We plan to use the company as our group's Chinese office to promote linkage in the Asian region for production and procurement and to maximize the group's profits.

■ Production and procurement linkage in Asia

■ Outline



Name

DKK Suzhou Heat Treatment Co., Ltd.

Registered name: 迪凯凯(苏州)热处理有限公司

Business description

- ✓ Manufacture and sale of antennas, sale of electronic components
- ✓ Manufacture/repair/maintenance of radio frequency induction heating equipment, coils and related components, and oscillators

Purposes of establishment and expected benefits

Strengthen overseas expansion



Reduce manufacturing costs



Improve procurement capabilities in China



* For more information, see "(Update on Disclosed Matter) Notice Concerning Completion of Acquisition of Suzhou Yuankai Electronic Co., Ltd. Shares (Making the Company a Subsidiary)" released on September 30, 2024.

URL: <https://denkikogyo.co.jp/10649/>

3-5. M&A Promotion (Investment in South Korea)

Investment to expand business areas

- KOREA DENKI KOGYO CO., LTD. invested in a coil manufacturer (J.H T&C Co., Ltd.), aiming to expand the business scope of the Radio Frequency business in South Korea.

JH T & C
TRAD & COIL

Location: Busan Metropolitan City, South Korea

Business description

- ✓ Manufacture and maintenance of coils
- ✓ Contract heat treating service



Investment

**KOREA DENKI KOGYO
(KDKK)**

Location: Incheon Metropolitan City, South Korea

Business description

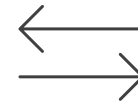
- ✓ Manufacture and sale of induction heating equipment
- ✓ Equipment maintenance service

**Purpose
and Effect**

Expansion of the business areas of Radio Frequency business in South Korea through collaboration



**Increase order
for KDKK**



**Technology exchanges
including know-how for coil
manufacturing**

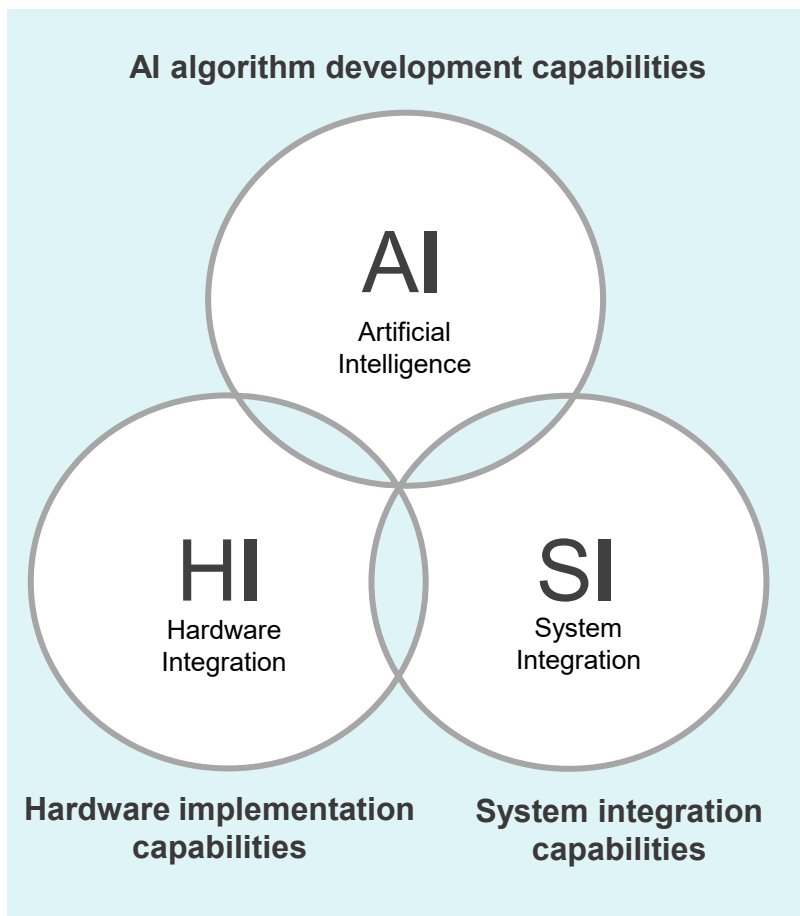
- J.H T&C Co., Ltd. has advanced technology in coil manufacture and has business with major automakers and component companies in South Korea.
- Our group aims to expand the business scope in South Korea through collaboration with KDKK.

4. Focus Segments

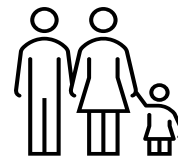
4-1. Solutions (i)

Establishment of solutions using human flow and traffic analysis

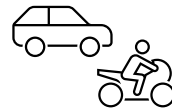
- Collaborate with group company Cybercore Co., Ltd. to develop new solutions that fuse the three I's.



Human flow and traffic volume analysis solution

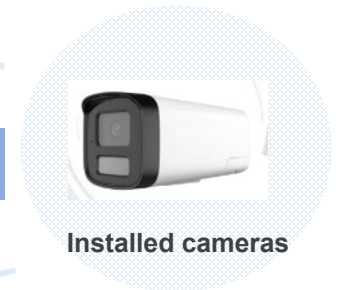


- ✓ Number of people
- ✓ Gender
- ✓ Generation
- ✓ Direction of traffic
- * Personal information deletion



- ✓ Number of vehicles
- ✓ Vehicle model
- ✓ Direction of traffic

Detection



Installed cameras

- Strengths in high analysis accuracy in outdoor environments
- Large amounts of data are accumulated, enabling detailed understanding of demographics and behavior of people visiting the area
- Enables impact examination through comparison between normal times and the period in which an event is held
- Analysis using portable cameras also possible

Delivery record

Morioka, Kochi, etc.



Watch demo videos of image processing and vision AI in general [here](#)

4-1. Solutions (ii)

Demonstration test on building a safety confirmation system in collaboration with Odakyu Electric Railway Co., Ltd.

- Cybercore and Odakyu jointly developed an algorithm to automatically detect factors that prevent trains from departing on schedule.

Purpose of demonstration test

To establish a sustainable train operation system in anticipation of a shrinking working population at an earliest possible time



Factors that prevent safe train departure:

- ✓ People standing between the yellow line near the edge of the platform and the train
- ✓ Obstacles such as umbrella or luggage, caught between the closed doors

Algorithm

Universal Anomaly Detection



Examine in varied environments

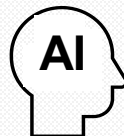
Accumulate data



Rush hour

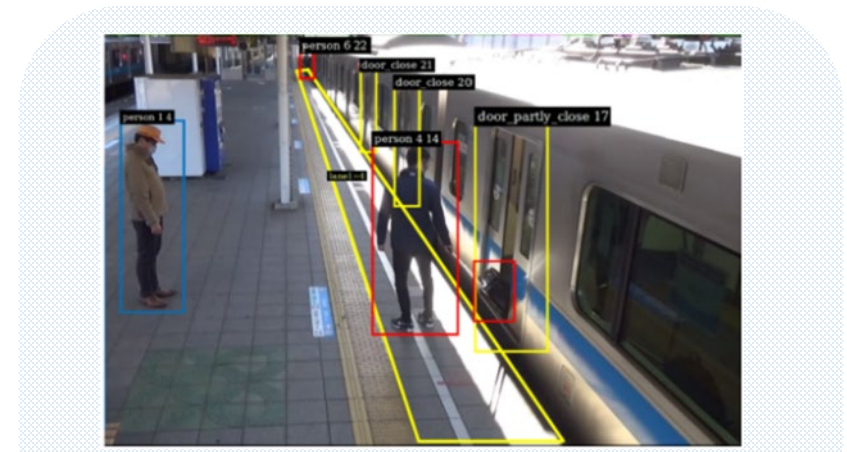


Weather/
timeframe



- Missed detection
- False detection information

Aim for practical application by improving accuracy



Detection image (sample)

Verify the effectiveness of the algorithm in a demonstration test

Location: Shin-Yurigaoka Station on Odakyu Line (Platform 5)
Period: Between August 21, 2024 and around February 2025

— Areas subject to detection, including the area outside the yellow line

— Factors that prevent safe train departure:

4-1. Solutions (iii)



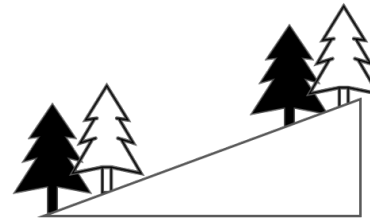
Development of optimal communication environment at Hotel Chinzanso Tokyo

- An optimal communication environment was realized, enabling communication in diverse locations in the hotel, including in the vast Japanese garden for which the hotel is known for.



A Wi-Fi access point set up in Hotel Chinzanso Tokyo's garden (a spherical type that does not interfere with the landscape)

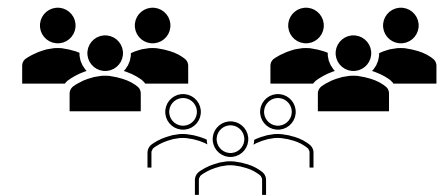
Elevation differences x outdoors



Extensive construction experience

- ✓ Wireless LAN environment was set up in a way that prevents blind zones even in outdoor gardens with elevation differences.
- ✓ Wireless LAN devices were selected taking into consideration the landscape of outdoor gardens.

Simultaneous multiple connections



Network construction technology

- ✓ Rearranging locations of wireless LAN devices enabled simultaneous multiple connections even in a large venue with capacity of about 1,000 people.

We take advantage of the know-how in wireless communication technology we have accumulated thus far to provide one-stop services covering anything from planning to operation that help resolve customers' issues.

4-2. Induction Heating, Heat Treating

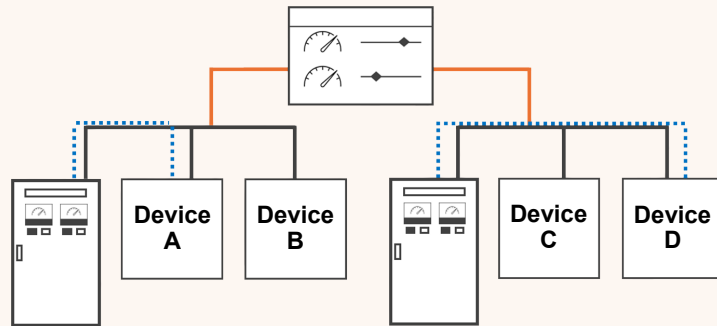


Achieving energy and labor savings

- Achieve energy savings by improving control technology for induction heating equipment
- Save labor and improve productivity by linking robots and sensing technologies using cameras, etc.

Energy savings

■ Peak power dispersion, unnecessary power suspension



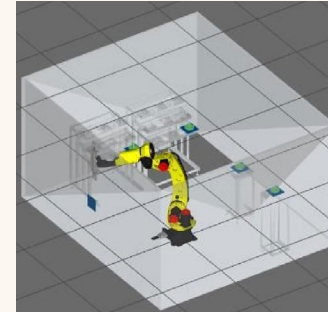
Reduce maximum power consumption by controlling multiple induction heating equipment

- ✓ Reduces demand for thermal power, etc.
- ✓ Downsizes power supply equipment

Promotes use of renewable energy
Helps achieve carbon neutrality 

Labor savings

■ Linkage between robots and sensing technologies



- ✓ Measures for labor shortages
- ✓ Replaces severe work environment and simple tasks
- ✓ Maintains and improves productivity through self-diagnosis function

Employees can work on more rewarding tasks in comfortable, safe and secure environments



4-3. New Radio Frequency Areas



|| We established powder sterilization technology by advancing radio frequency induction heating technology.

- We worked on powder sterilization, which presents a challenge for the food industry, using a patented technology and successfully developed a powder sterilization technology.

■ Features

We achieved sterilization with minimum powder denaturation using ultrahigh-temperature superheated steam.

Analysis: Rakuno Gakuen University

Spinach powder



Before processing



After processing

No change in color or flavor

Equipment options

- Deodorizing function
- HACCP* measures for existing processing equipment

* HACCP: A hygiene management method for food business operators to ensure food safety

* Visit the following website for more information on this technology.

URL: <https://d-rapid.jp/lineup.php#reposition>

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Patent

We achieved post-processing powder recovery rate of 90%, using a separation and recovery technology for materials for processing (powder) and superheated steam.

Rapid SPIRAL (cyclone system)



Powder reacts with ultrahigh-temperature superheated steam.

Patent: No. 7063948

To be exhibited at trade show

POWTEX® 2024 (25th International Powder Technology Exhibition Tokyo)

(November 27–29, 2024)

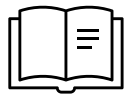
5. Company-wide Topics

5-1. R&D (Development of New Radio Wave Resources)



World's first* commercialization of sub-terahertz band horizontally polarized omnidirectional antenna * Based on our research

- Use of sub-terahertz bands is being considered for 6G, which requires faster and larger capacity communications.



Differences revealed in radio wave behaviors between vertical and horizontal polarization

■ Our efforts

Vertically polarized omnidirectional antenna

Developed in FY2020
*Already actually sold.



Leverage development know-how for vertically polarized antennas

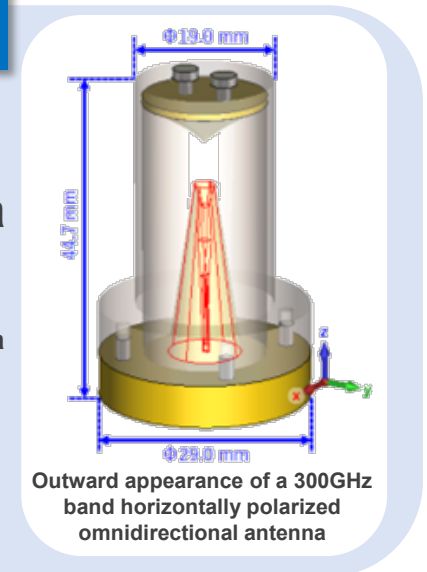


Development succeeded

Operates in a wide bandwidth
Horizontally polarized omnidirectional antenna

We became the world's first to succeed in designing a 300GHz band horizontally polarized omnidirectional antenna and verifying its performance using actual equipment.

⇒ **aiming on commercialization**



■ Going forward

Present 2025

2030

2035



Propagation tests (standardization)

Propagation tests (area design)

6G commercialization

5-2. Growth Investment (Expansion of Surface Treatment Business) (i)



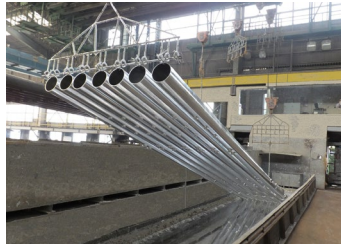
Construction of zinc phosphate processing lines in progress (to go online in May 2025)

- Our group company Denko CO., Ltd. has the largest plating bath in the Kanto region.
- We aim to expand orders and sales by operating the surface treatment process in an integrated manner covering from the rust-removal process to transportation.

Total Service for Surface Treatment



Rust-removal process (degreasing, pickling, etc.)



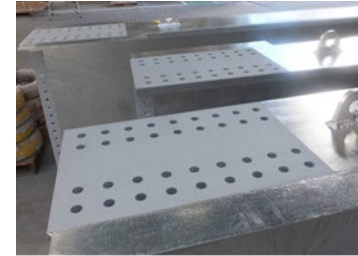
Plating



Newly establishing

Zinc phosphate treatment

One of Japan's largest



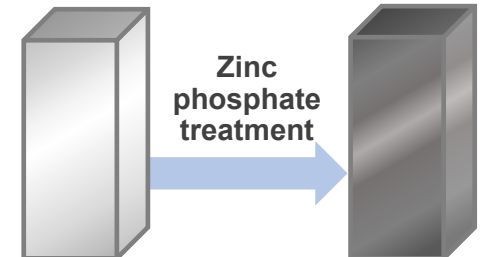
Ancillary construction and services (blasting, coating, etc.)



Transportation

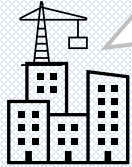
Zinc phosphate treatment

- ✓ A treatment to form a coating of an insoluble compound on the surface. It maintains the corrosion resistance of the galvanized surface and reduces gloss.
- ✓ Demand is growing, along with blasting, as surface preparation.



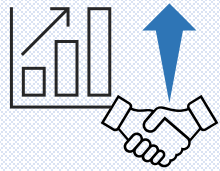
5-2. Growth Investment (Expansion of Surface Treatment Business) (ii)

Investment Effect

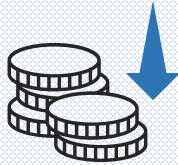


In urban redevelopment properties, **low-gloss specifications with improved design are often used** in rooftop structures and exterior walls. (Demand increasing for zinc phosphate treatment)

By incorporating zinc phosphate treatment in our production lines...



Order increases

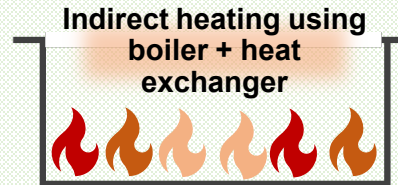


Outsourcing cost reductions

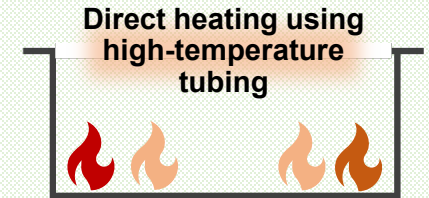
- ✓ Enables handling of large construction projects, **increasing competitiveness**
- ✓ **Quality improvement**
(Variations in color and lightness can be reduced by performing the whole processes from hot-dip galvanizing and zinc phosphate treatment in the same plant.)
- ✓ **Work period can be shortened** (helping to reduce burden on customers).

Environmental considerations

Common zinc phosphate treatment equipment



DKK's zinc phosphate treatment equipment



*Circulation pump installed

Fuel consumption reduced by 30%

- ✓ **No waste water discharge to outside** thanks to reuse of waste flushing water by ion exchanging equipment
- ✓ **Improved work environment thanks to the use of power-saving roof fans**



SDGs

Realize environmentally friendly treatment equipment

Aim to propose new products and enter new industries

5-3. Relocation of Headquarters



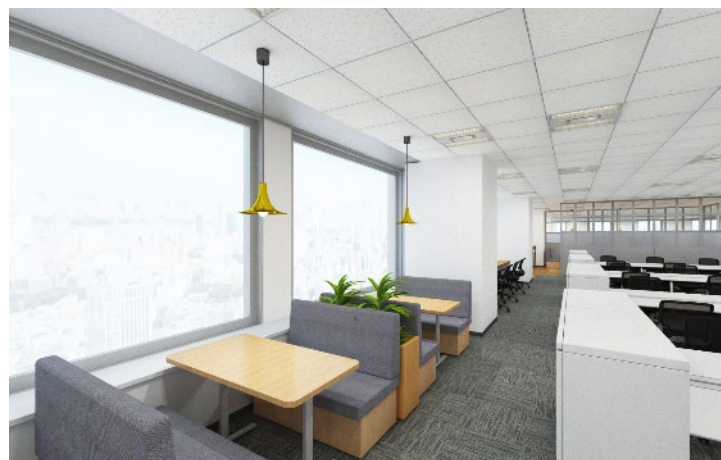
We plan to relocate our headquarters to Toyosu in Tokyo's Koto Ward in spring 2025.

- We set the goal of improving employee engagement in the Medium-Term Business Plan and are promoting efforts to realize a workplace environment that allows diverse work styles.



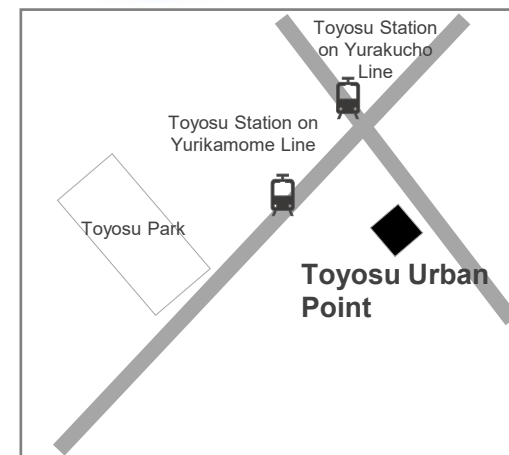
**Our new headquarters building
(Toyosu Urban Point)**

**Improve workplace
environment**



Sample photo

**Promote diverse
work styles**



Area map

* For details, please see the press release published on August 9, 2024 titled, "DKK to relocate its headquarters."

URL: <https://denkikogyo.co.jp/10448/>

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5-4. Strengthening PR (i)



Plans for trade shows exhibits

Hi Japan 2024 (October 23–25, 2024)

Display of the actual D-Rapid® superheated steam equipment and materials that have been treated with it



*D-Rapid® is a registered trademark of DKK.

Japan IT Week (October 23–25, 2024)

Joint exhibits with Cybercore
Exhibits on the solutions business that we focus on, with the center on Cybercore's image analysis AI



Upcoming exhibits

- 2024 Microwave Workshops and Exhibition (November 27–29, 2024)

- MOBAC SHOW 2025 (29th Machinery, Materials, Marketing of Bakery and Confectionery Show) (February 18–21, 2025)

5-4. Strengthening PR (ii)



Information dissemination via social media

- We began to post information on note and X since May 2024

- We have posted at least two articles per month since opening the accounts (as of November 11, 2024: 18 articles).
- Total page views: 12,813 (as of November 11, 2024)
- Our articles were featured in **“Collection of corporate ‘note’ that the note pro operators felt were great”** (twice in six months)



▲ DKK's official note page







URL: <https://biz.note.com/m/m5f671f85f117>

Get more information from here:

DKK note X Search

note account X account



* For details, please see the press release published on May 9, 2024, “DKK starts official note and X accounts.”

URL: <https://denkikogyo.co.jp/9817/>

6. Sustainability Initiatives

6-1. Initiatives



Materiality

Key activities in 1H FY3/25

Workplace culture and work style reforms

- Introduced automatic PC shutdown system to strengthen labor management
- Considered proposed revision of internal rules to align them with the Act on Advancement of Measures to Support Raising Next-Generation Children

Strengthening corporate governance

- Percentage of officers who attended in a group compliance training program conducted by lawyers: 100
- Provided in-house training to ensure compliance toward business partners

Contribution to social infrastructure development

- Expanded local 5G areas at Kanuma Plant to outdoors; enhanced demonstration testing service
- Improved construction quality and efficiency through the use of wearable cameras
- Percentage of advanced safety vehicles (ASVs) in company-owned vehicles of all group companies: 48

Promoting environmental management

- Held briefing sessions about obtaining SBT certification to our group companies
- Provided basic education on “Green Procurement Guidelines” to the construction division

Creation of new businesses

- Wireless LAN update and area expansion work at Hotel Chinzanso Tokyo (see page 23)
- Created videos for in-house education on intellectual property
- Made preparations to open an in-house consultation service on trademark and design management.

6-2. Measures for Human Capital Management

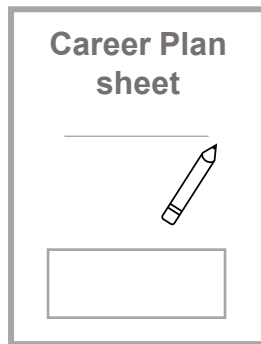
“Job-style new personnel system” introduced in FY2024

- Visualize individual tasks and improve employees’ expertise to help achieve KPIs.

The key word is “Kodo,” a coinage combining the Japanese words “ko” (think) and “do” (act).

Organization and employees should be aware of “what for” and “what to do now” and then “think and act on their own.”

Introduction of career planning sheets



Review of evaluation system



- ✓ Job description
- ✓ Degree of difficulty
- ✓ Work attitude evaluated

- Employee skill improvement linked to business strategies

Assign people to duties and raise the overall level of expertise

6-3. Sustainability Report 2024

- Sustainability Report 2024 was released on September 30, 2024, following the previous report issued last fiscal year.
- Centralize the group's sustainability Initiatives

Key topics

- **Rolling Plans for Medium-Term Business Plan “DKK-Plan 2025”**
Outlines the background that led to revising the targets, specific numerical targets, and the medium- to long-term policies of the entire DKK group
- **Resolution of social issues through business operation**
Explains past efforts in the new businesses using image analysis AI and superheated steam and their future outlook
- **Environment**
Outlines DKK's environmentally friendly products, including biomethanol for fuel cells, and contribution activities through our environmental activities



APPENDIX

2Q FY3/25 Consolidated Results



(Millions of yen)	FY3/24 1H results	FY3/25 1H forecasts	FY3/25 1H results	YoY change		Percentage of forecast	
				Increase/ decrease	Increase/ decrease rate	Increase/ decrease	Increase/ decrease rate
Net sales	12,529	13,800	13,108	579	4.6%	-692	-5.0%
Cost of sales	10,895	-	10,781	-114	-1.0%	-	-
Gross profit	1,633	-	2,326	693	42.4%	-	-
Selling, general, and administrative expenses	2,796	-	2,856	60	2.1%	-	-
Operating income	-1,163	-350	-529	634	-	-179	-
Operating margin ratio	-9.3%	-2.5%	-4.0%	-	-	-	-
Ordinary income	-1,037	-300	-533	504	-	-233	-
Ordinary income margin	-8.3%	-2.2%	-4.1%	-	-	-	-
Net income attributable to shareholders of parent company	-811	-300	-454	357	-	-154	-

FY3/25 Forecasts for consolidated results

(Millions of yen)	FY3/24 Full-year results	FY3/25 Full-year forecasts	Increase/ decrease	YoY change
Net sales	28,864	33,000	4,136	14.3%
Telecommunication	19,136	22,100	2,964	15.5%
Radio Frequency	9,623	10,800	1,177	12.2%
Operating income	-1,787	500	2,287	-
Operating margin ratio	-6.2%	1.5%	-	-
Telecommunication	-56	1,300	1,356	-
Operating margin ratio	-0.3%	5.9%	-	-
Radio Frequency	1,023	1,500	477	46.6%
Operating margin ratio	10.6%	13.9%	-	-
Ordinary income	-1,537	600	2,137	-
Ordinary income margin	-5.3%	1.8%	-	-
Net income attributable to shareholders of parent company	-1,977	400	2,377	-
ROE	-5.0%	1.1%	-	-

*Net sales of the "Others" segment omitted

*The operating incomes for Telecommunication and Radio Frequency are provided by segment.



DKK Co., Ltd.

Figures included in this document that are related to descriptions, including plans and policies and not past facts, are forecasts regarding future earnings. They are all calculated based on management assumptions and views based on information grasped by the company at the time of writing.

Therefore, these forecasts include risks and uncertain factors, and actual results may differ from them due to a variety of factors.

Such potential risks and uncertain factors include changes in economic situations and product demand levels in major markets, fluctuations in the exchange rate, changes in regulations in Japan and overseas, and accounting standards and practices.

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