



Results for Fiscal Year Ended March 31, 2025

May 20, 2025

DKK Co., Ltd.

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1.FY3/25 Consolidated Results

1-1. Result Highlights

- The business structural reforms set out in the Rolling Plans for the DKK-Plan2025 propelled the building of a profit generating structure, producing a substantial recovery in business results.
- Net sales increased by 12.9% YoY, and profits also achieved substantial increases.

(Millions of yen)	FY3/24 Full-year results	FY3/25 Full-year results	Increase/ decrease	YoY change
Net sales	28,864	32,582	3,718	12.9%
Operating income	-1,787	935	2,723	-
Ordinary income	-1,537	1,024	2,562	-
Net income attributable to shareholders of parent company	-1,977	777	2,754	-
ROE (%)	-5.0	2.1	-	-

1-2. Net Sales and Operating Income

- Both sales and profits increased YoY in both Telecommunication and Radio Frequency businesses.
- The business structural reforms to improve profitability pushed up operating income by 2.7 billion yen YoY.

(Millions of yen)	FY3/24 Full-year results	FY3/25 Full-year results	Increase/ decrease	YoY change
Net sales	28,864	32,582	3,718	12.9%
Telecommunication	19,136	22,067	2,931	15.3%
Radio Frequency	9,623	10,411	787	8.2%
Operating income	-1,787	935	2,723	-
Operating margin ratio	-6.2%	2.9%	-	-
Telecommunication	-56	1,917	1,974	-
Radio Frequency	1,023	1,743	720	70.4%

*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 results	FY3/25 results	
Mobile Communications	5,688	5,971	(+5.0%) Overall, capital expenditures by mobile communication business operators had been kept down. Efforts were made to capture demand for capital expenditures to improve communications quality.
Fixed Wireless (Excluding Defense)	2,814	4,358	(+54.9%) A recovering demand from among local governments for stronger disaster prevention systems and administrative disaster radio networks was securely captured amid the general trend of digitalization.
Defense	1,692	2,818	(+66.6%) The increased budget for defense expenditures helped to maintain strong demand. Sales, production and construction systems were strengthened to ensure reliable delivery and construction.
Broadcasting	3,111	3,270	(+5.1%) Demand for updating digital broadcasting facilities among broadcasters had yet to emerge. Efforts were made to stimulate demand for maintenance services.
Solutions	351	482	(+37.2%) A combination of Cybercore's AI image technology and DKK's wireless communication technology was used to drive forward projects to resolve social issues.
Others	5,478	5,165	(-5.7%) In addition to securing continuous demand for surface treatment of outdoor steel-frame buildings and steel structures, active efforts were made to tap into demand for environmentally-friendly products, such as LED aviation obstruction lights.

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

* Defense, Solutions and Radio Frequency are selected as focus segments in the Rolling Plans for our Medium-Term Business Plan "DKK-Plan2025."

1-3. Results by Segment - Radio Frequency

Net sales by segment (Unit: Millions of yen)

FY3/24 results

FY3/25 results

**Induction Heating
Equipment**

6,872 ➤ **7,336** (+6.7%)

Though the tariff policies of the U.S. and other countries brought about uncertainty through the end of the fiscal year, there was an overall recovery in demand for capital expenditures and maintenance services, which we captured securely.

**Contract Heat
Treating Service**

2,738 ➤ **3,065** (+11.9%)

As auto production stayed strong in number, an appropriate system for commission processing was established, and the demand was secured.

**New Radio
Frequency Areas**

12 ➤ **9** (-25.0%)

Active efforts were made to generate demand for the use of superheated steam equipment in the processing of food and waste materials.

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

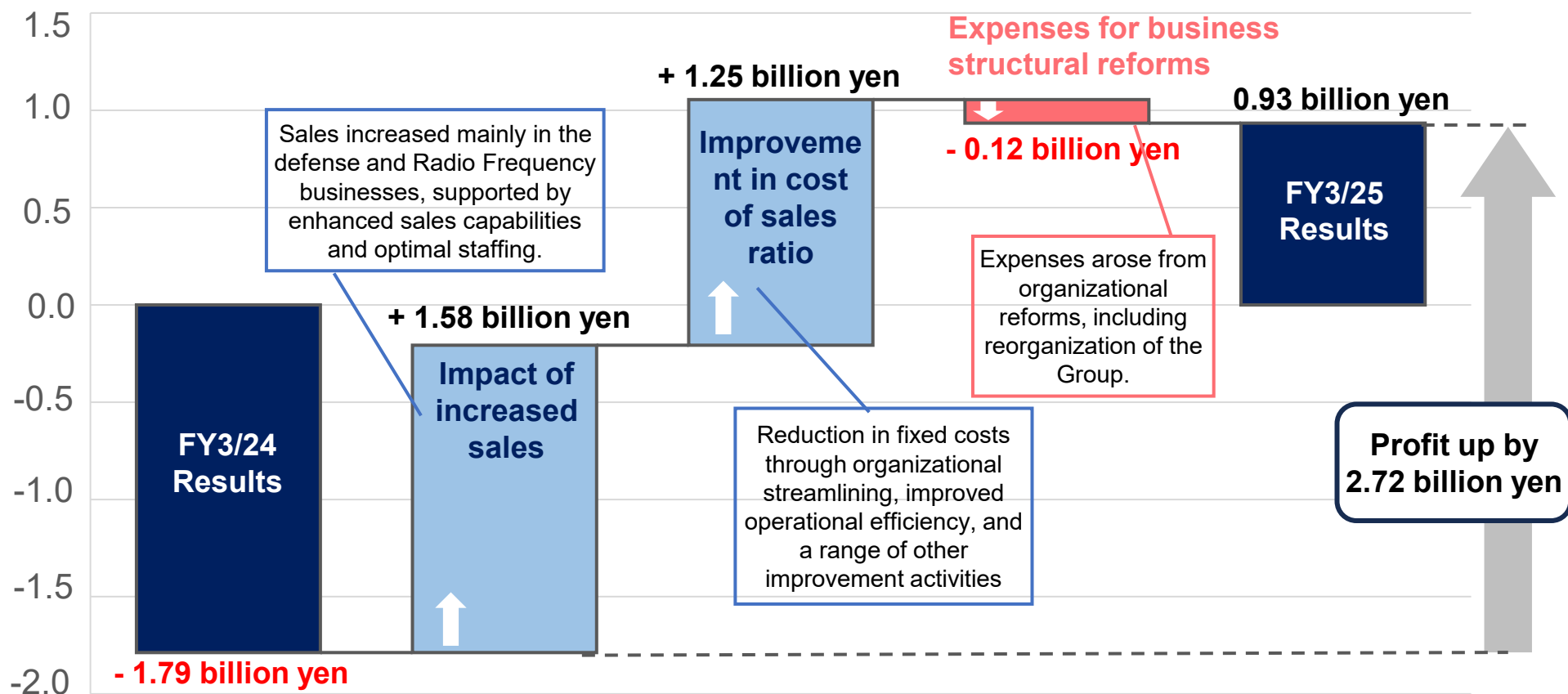
* Defense, Solutions and Radio Frequency are selected as focus segments in the Rolling Plans for our Medium-Term Business Plan "DKK-Plan2025."

1-4. Initiatives to Improve Profits (i)

- Enhanced sales capabilities in focus segments that led to increased sales, together with the profitability improvement effort undertaken as part of the business structural reforms, resulted in an increase of 2.7 billion yen in operating income.

Breakdown of improved operating income (FY3/24 to FY3/25)

(billion yen)



1-4. Initiatives to Improve Profits (ii)

- The cost of sales ratio improved for both businesses thanks to a range of initiatives to improve profitability, including organizational streamlining and shift of resources to focus segments.

Improvements in the cost of sales ratio

The cost of sales ratio
From the previous year (FY3/24)

Telecommu- nication



8.0%↓ improved

- Resources were injected mostly into focus segments
- Activities to reduce costs of construction projects played a large part

Radio Frequency



5.6%↓ improved

- Efforts were made to review sales prices and improve productivity and quality

2.FY3/26 Forecasts for Consolidated Results

2-1. Forecasts for Business Performance

- Telecommunication is expected to remain strong as it did in FY3/25, while Radio Frequency may suffer the impact of the U.S. tariff policy, which could make demand temporarily stagnant.
- Sales will likely increase, but operating income and the items listed below it are expected to suffer declines.

(Millions of yen)	FY3/25 Full-year results	FY3/26 Full-year forecasts	Increase/ decrease	YoY change
Net sales	32,582	33,000	417	1.3%
Operating income	935	700	-235	-25.1%
Ordinary income	1,024	800	-224	-21.9%
Net income attributable to shareholders of parent company	777	600	-177	-22.8%
ROE (%)	2.1	1.6	-	-

2-2. Net Sales and Operating Income Forecasts

- Telecommunication is expected to enjoy increased sales and profits, as the business will likely stay firm particularly in the fixed wireless and defense areas.
- Radio Frequency is expected to see sales and profit declines due to the impact of curbs on production and capital expenditures in the auto-related sectors.
- In addition to the impact expected in Radio Frequency, increasing personnel and other costs will likely push down operating income.

(Millions of yen)	FY3/25 Full-year results	FY3/26 Full-year forecasts	Increase/ decrease	YoY change
Net sales	32,582	33,000	417	1.3%
Telecommunication	22,067	23,400	1,332	6.0%
Radio Frequency	10,411	9,500	-911	-8.8%
Operating income	935	700	-235	-25.1%
Operating margin ratio	2.9%	2.1%	-	-
Telecommunication	1,917	2,300	382	19.9%
Radio Frequency	1,743	1,200	-543	-31.2%

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

2-3. Order status

- In FY3/25, Telecommunication had an increased order backlog, with orders piling up across the business division, particularly in defense-related areas.
- Radio Frequency had a reduced order backlog as demand for capital expenditures in the auto-related market became stagnant through the end of the fiscal year.

	FY3/24 Order backlog	Orders received	FY3/25 Net sales	Order backlog	Increase/ decrease
(Millions of yen)	(1)	(2)	(3)	(4) = (1)+(2)-(3)	(4)-(1)
Tele- communication	11,464	25,155	22,067	14,552	3,087
Radio Frequency	3,887	9,620	10,411	3,097	-790
Total	15,352	34,776	32,582	17,650	2,297

*The total net sales for FY3/25 include the net sales of 103 million yen for the “Others” segment.

2-4. Forecasts by segment - Telecommunication-

Net sales by segment (Unit: Millions of yen)

	FY3/25 results	FY3/26 forecasts	
Mobile Communications	5,971	6,100 (+2.2%)	Amid rising demand for capital expenditures to improve telecommunication quality, we will focus on expanding sales of new wireless equipment, in addition to antennas for mobile communications stations.
Fixed Wireless (Excluding Defense)	4,358	4,800 (+10.1%)	With our emergency disaster prevention and mitigation bonds set to mature in FY3/26, we will actively work to capture demand for administrative disaster radio systems for local governments and ensure proper construction of them.
Defense	2,818	3,900 (+38.4%)	As a higher defense budget has led to growth in demand, we will strive to win orders by ensuring a stable supply of equipment and proactively offering proposals on inspection and maintenance of existing facilities.
Broadcasting	3,270	2,900 (-11.3%)	Though demand for upgrading digital broadcasting facilities remains stagnant, we will strive to secure demand for maintenance services.
Solutions	482	600 (+24.5%)	We will carry out organizational restructuring to resolve social issues with AI image solutions. We will also work with Cybercore to increase orders.
Others	5,165	5,100 (-1.3%)	We will aim to capture further demand for the newly established business of surface treatment with zinc phosphate. We will also work to receive orders for a wider variety of environmental products, including fuel cells.

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

* The figures for FY3/26 are the latest forecasts released on May 15, 2025.

* Defense, Solutions and Radio Frequency are selected as focus segments in the Rolling Plans for our Medium-Term Business Plan "DKK-Plan2025."

2-4. Forecasts by segment - Radio Frequency-

Net sales by segment (Unit: Millions of yen)

FY3/25 results

FY3/26 forecasts

Induction Heating Equipment

7,336 >> 6,600 (-10.0%)

While closely watching the impact of the U.S. tariff policy, we will utilize the new production sites that have started operation and tap into the demand for maintenance of existing facilities.

Contract Heat Treating Service

3,065 >> 2,800 (-8.6%)

We will strive to steadily capture demand and improve productivity at home and overseas.

New Radio Frequency Areas

9 >> 100 (+1011.1%)

We will participate in various exhibitions, continue with promotional activities and work steadily to develop new applications and customers for our superheated steam equipment.

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

* The figures for FY3/26 are the latest forecasts released on May 15, 2025.

* Defense, Solutions and Radio Frequency are selected as focus segments in the Rolling Plans for our Medium-Term Business Plan “DKK-Plan2025.”

2-5. Policy on Shareholder Returns

Policy on shareholder returns

The target consolidated payout ratio is set at 40%, with a minimum DOE of approximately 2.0%

- The minimum DOE (consolidated dividend on equity) has been raised to **2.0%** from the previous ratio of **1.5%**.
- Along with the change in the dividend policy, the annual dividend per share has been raised from 60 yen to 80 yen.
- A total of over 10 billion yen of shareholder returns will be provided from FY3/23 through FY3/27.
- Share buybacks will be carried out to deliver better dividends, improve capital efficiency and enhance shareholder returns.

Dividend per share

(Yen)	FY3/24	FY3/25	FY3/26 (Forecast)
Annual total	60	80	80
Mid-term	30	30	40
End of term	30	50	40

Share buybacks

- In FY3/26, a share buyback plan will be launched to repurchase up to **650,000 shares** worth **1 billion yen**

3.Outline of Our Medium-Term Business Plan “DKK-Plan2028”

3-1. Positioning of the DKK-Plan2028

- To realize our medium to long-term vision for FY3/31, we have developed medium-term business plans since FY3/23 and worked on various initiatives.
- As the second step, the DKK-Plan2028 aims to establish a profit generating structure and achieve and accelerate growth.



- For details, please see our Medium-Term Business Plan, the DKK-Plan2028, disclosed on May 15, 2025.
URL: <https://denkikogyo.co.jp/en/ir/management/dkk-plan/>

3-2. Basic Policy of the DKK-Plan2028

Basic Policy

Realizing growth by establishing a profit-generating structure

- The DKK-Plan2028 aims to establish a profit-generating structure, enhancing earning power, and achieving and accelerating growth
- Promoting business strategy, human capital strategy, R&D strategy, capital strategy, and sustainability initiatives in an integrated manner
- Aiming to realize a sustainable society and enhance corporate value

DKK-Plan 2028



3-3. Priority Measures

- The Plan sets out three priority measures and initiatives that will lead to establishment of a profit generating structure and achievement of growth.

1



Business structural reforms

- Enhancing business portfolio
- Promoting initiatives to improve profitability
- Sophistication of Business Management

2



Optimizing management resources

- Cultivating human resources who can “think and act for themselves” and optimally allocating them in line with business strategies
- Selection and consolidation of R&D
- Asset utilization through asset-light management & optimal capital allocation

3

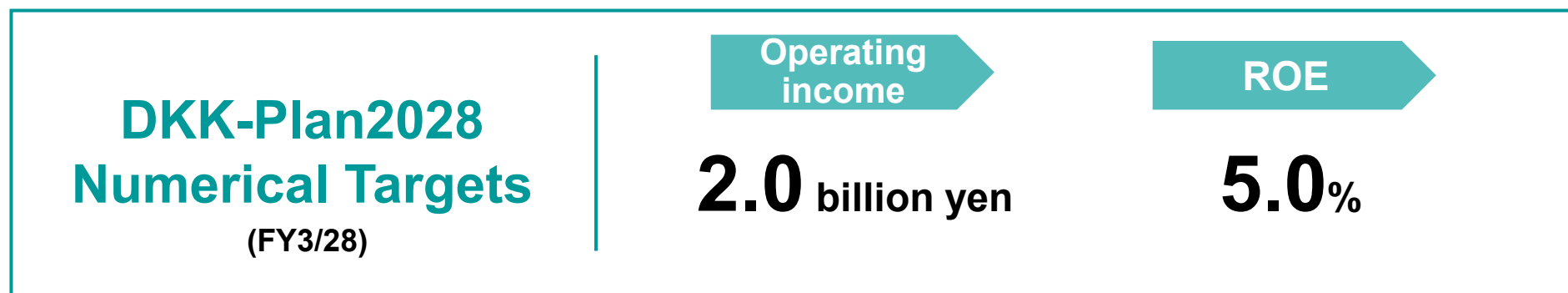


Advancing sustainability management

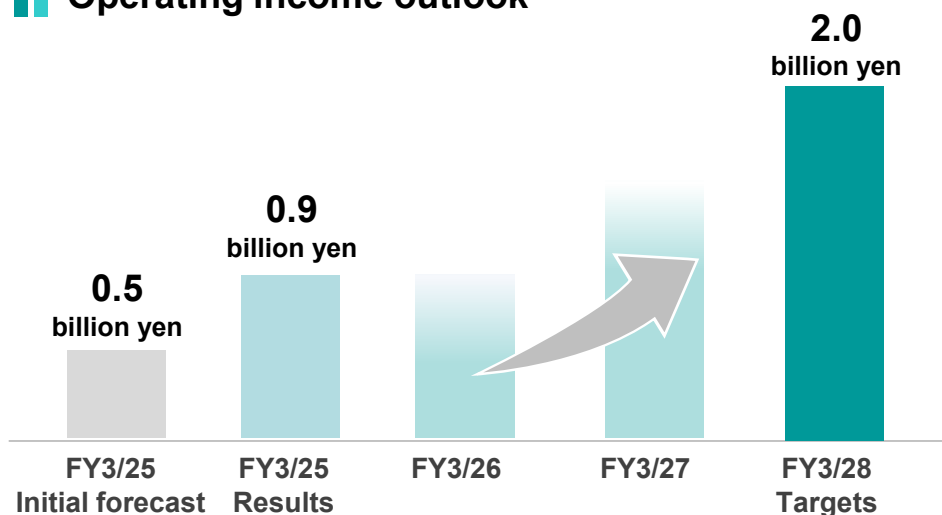
- Contributing to society through business
- Establishing sustainable supply chains
- Addressing to climate change

3-4. Numerical Plans (Targets)

- To improve profitability and thereby achieve growth, the Plan sets profit targets as core KPIs.
- It aims to achieve a target ROE of over 5% for another term.



Operating income outlook



ROE target

$$\text{FY3/28 ROE target} \geq \text{Cost of shareholder equity}$$

Over **5.0%** \geq **5.0%**

By improving return on capital and executing appropriate capital allocation, we aim to sustainably maintain an ROE level exceeding the cost of shareholder equity

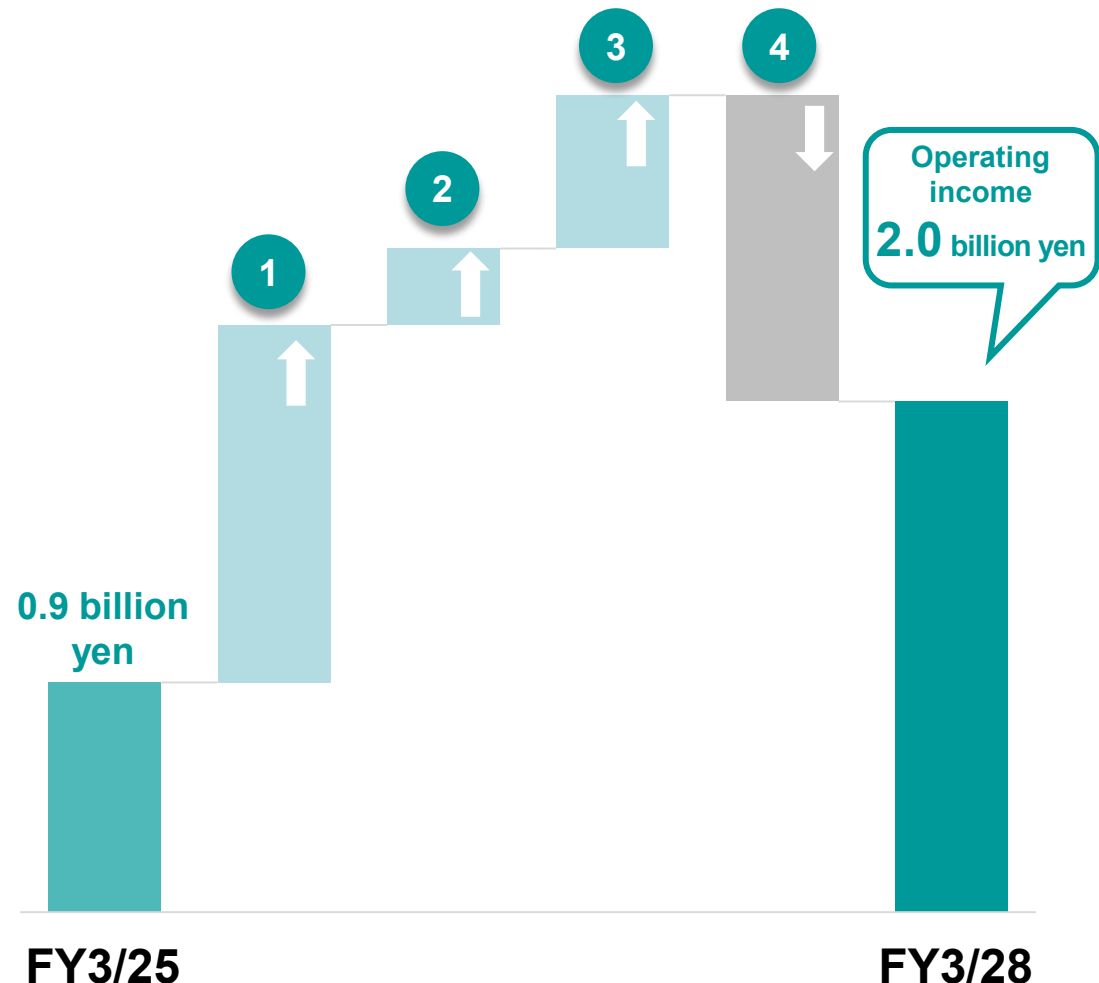
<Ref.> Disclosed in March 22, 2024
“Measures for Realizing Management with Attention to Cost of Capital and Share Price”
URL: <https://denkikogyo.co.jp/en/ir/library/other/>

3-5. Roadmap Toward Achieving Goals

- The Plan identifies four growth-driving factors to achieve operating income targets by FY3/28.
- It encourages implementation of profitability improvement measures and proper allocation of benefits to employees.

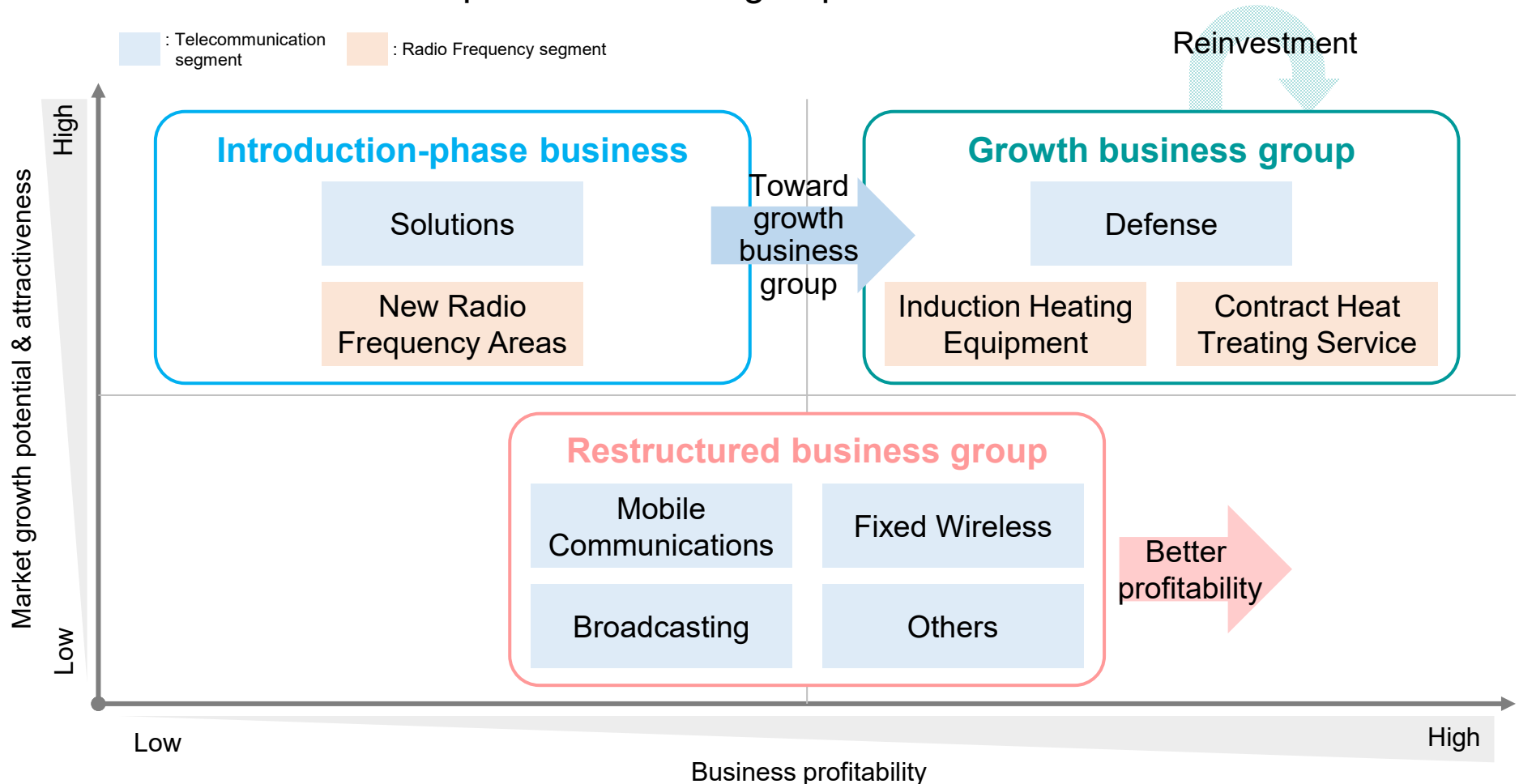
Growth-driving factors

- 1** Enhancing growth businesses and improving profitability of restructured businesses
 - Greater market share & business expansion
 - Narrowing list of project /product lineup
- 2** Strengthening cost structure
 - Production cost reduction leveraged by use of overseas locations
- 3** Transformation into optimal organization
 - Optimal personnel allocation & labor productivity improvement
- 4** Proper benefit allocation to employees
 - Response to wage/bonus increases



3-6. Redefining Business Portfolio

- The Plan includes a redefined business portfolio that better reflects market growth potential and current business profitability.
- The nine segments have been reclassified into three business groups: the growth, rebuilt and introduction phase business groups.



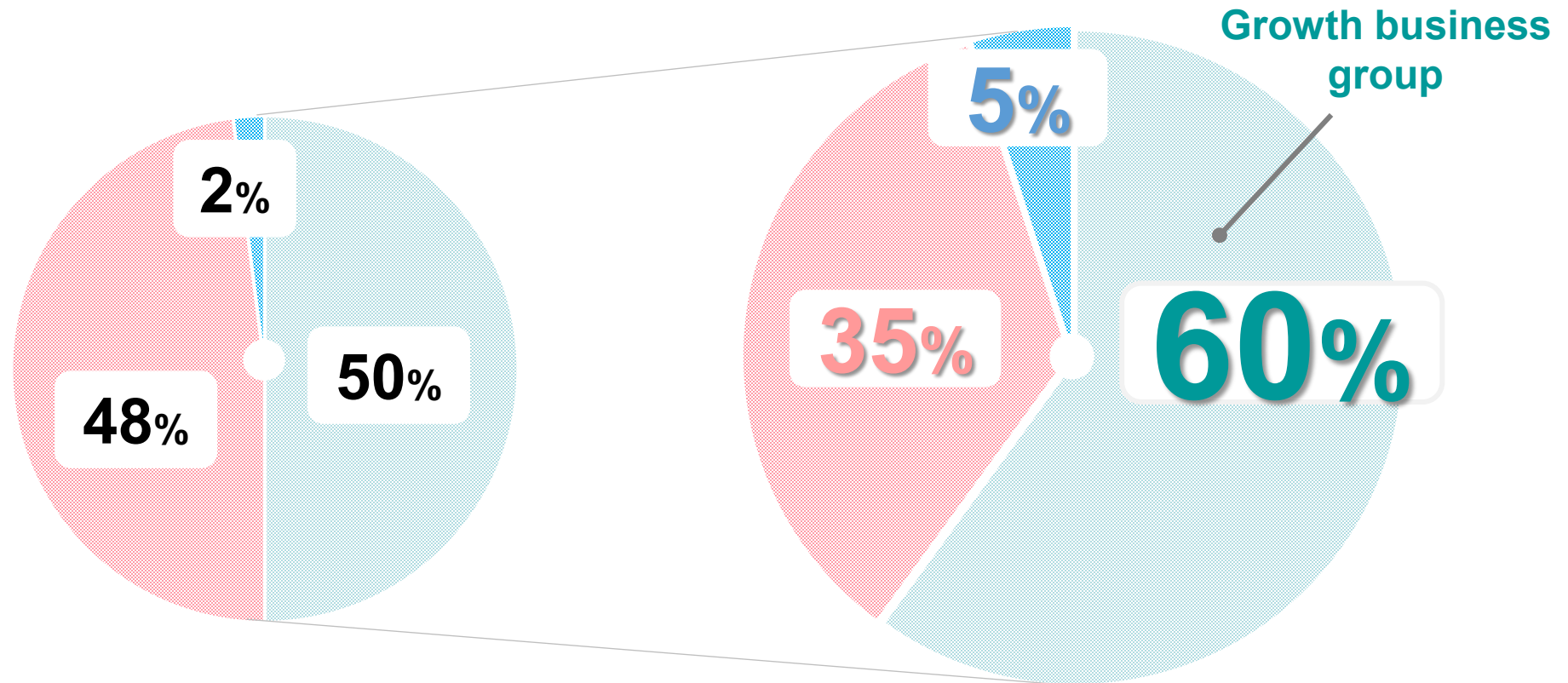
3-7. Action Policies by Business Group

- The Plan sets future action policies for each group and defines corresponding initiatives under the DKK-Plan2028.

<div> <div></div> : Telecommunication segment </div> <div> <div></div> : Radio Frequency segment </div>	Growth business group		Restructured business group		Introduction-phase business group
	<div>Target segments</div> <div> <div>Defense</div> <div> <div>Induction Heating Equipment</div> <div>Contract Heat Treating Service</div> </div> </div>		<div> <div>Mobile Communications</div> <div>Broadcasting</div> </div> <div> <div>Fixed Wireless</div> <div>Others</div> </div>		<div>Solutions</div> <div>New Radio Frequency Areas</div>
<div>Action policies</div>	Further accelerate growth through reinvestment		Enhance profitability by making business lean, maximizing value and minimizing waste		Cultivate the segments as next pillars of profit generation
<div>Initiatives under the DKK-Plan 2028</div>	<ul style="list-style-type: none"> Concentrate group resources to build sustainable competitive advantages Establish production system capable of meeting future demand growth Aim for dynamic growth through M&As and other initiatives besides growth through profitability improvement measures 		<ul style="list-style-type: none"> Thoroughly analyze profitability by customer, product, and construction project to identify and address structural negative factors Promote further reforms to improve productivity and achieve optimal fixed cost structure Execute group-wide improvement activities 		<ul style="list-style-type: none"> Build process of continuously exploring new business opportunities Review organizational and authority frameworks to accelerate decision-making within business operations Investments aimed at medium- to long-term business development

3-8. Target Business Portfolio

- The Plan aims to increase the profit share of the highly profitable growth business group to 60%, accelerate efforts to improve profitability and realize a 100% gain in total profit.



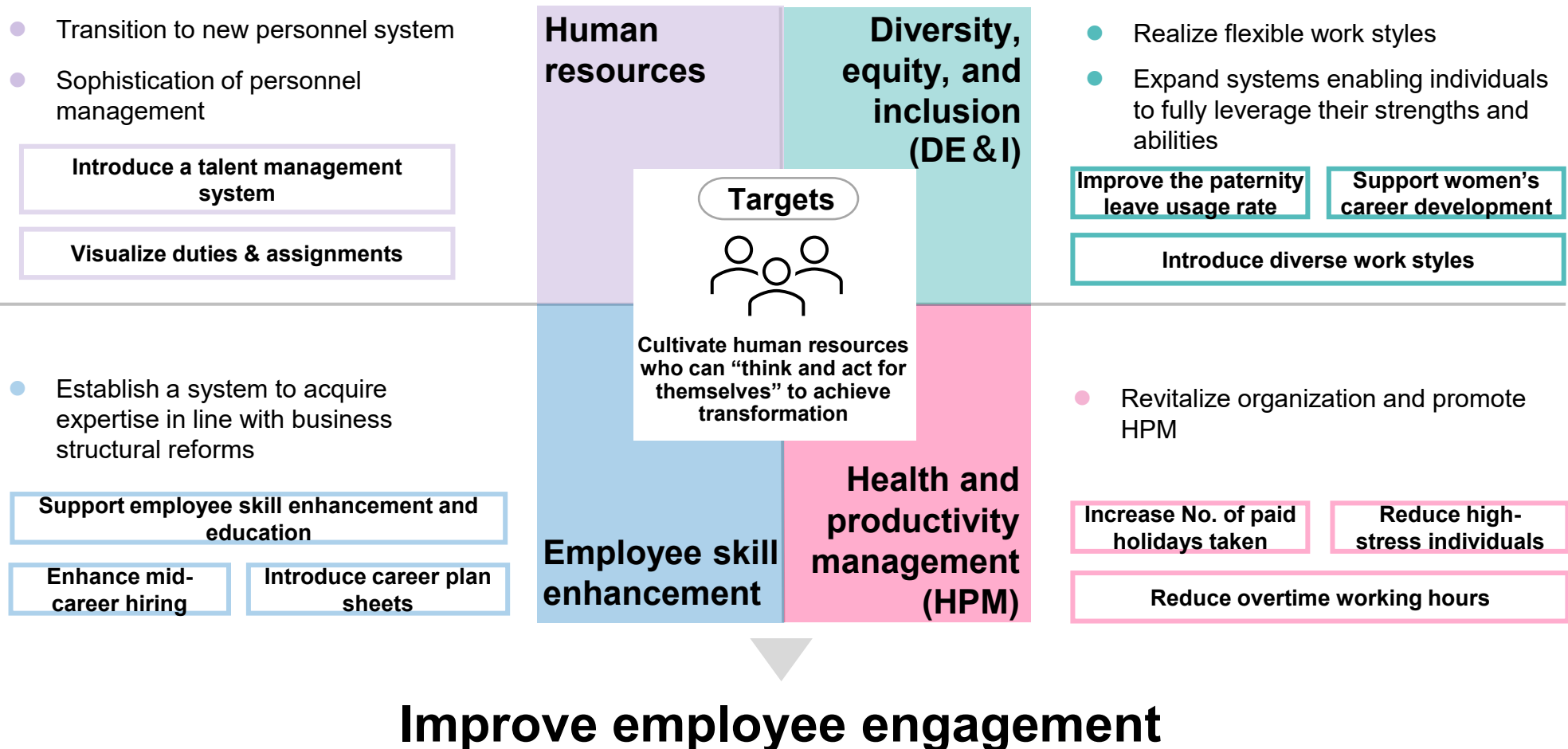
■ : Growth business group ■ : Restructured business group ■ : Introduction-phase business group

FY3/25

FY3/28

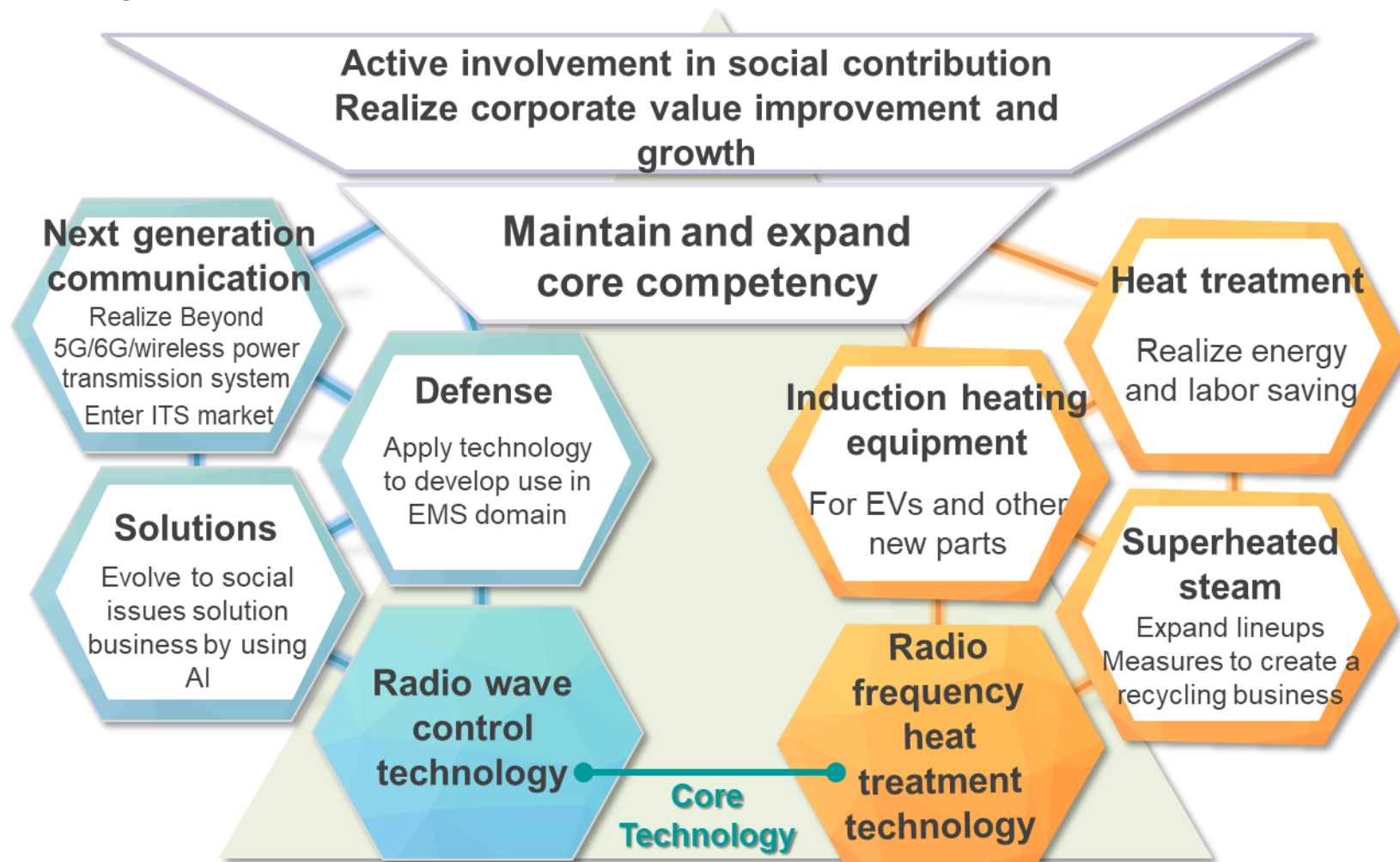
3-9. Human Capital Strategy

- The DKK-Plan2028 has a business strategy aligned with our human capital strategy in order to cultivate human resources who can think and act for themselves and build a structure responsive to changes.



3-10. R&D Strategy

- The Plan aims to accelerate the social implementation of our proprietary technologies in new business fields while maintaining and strengthening our core competencies and expanding their application to new market areas.



3-11. Capital Strategy — Capital Allocation

- The Plan has a new capital allocation scheme formulated in view of the current business environment.
- It encourages use of cash primarily for investments, including M&A and growth investments, to offer stable and continuous returns to shareholders.

Capital allocation Under DKK-Plan 2028 (FY3/26–FY3/28)

Cash inflow			Cash outflow		
<ul style="list-style-type: none"> ✓ Focus on initiatives to increase operating cash flow through profit margin improvement, inventory optimization, working capital reduction, etc. 	6 billion yen	Operating cash flow (excl. R&D)	Growth investment (M&As, capital spending, R&D)	Over 10 billion yen	<ul style="list-style-type: none"> ✓ Pursue dynamic growth by expanding business domains and market share through M&As geared to deepen growth businesses ✓ Execute capital investment and R&D, centered on growth and introduction-phase businesses, to promote factory automation and maximize value provided to customers
<ul style="list-style-type: none"> ✓ Unload all sellable cross-held shares by the end of FY3/27 ✓ Review appropriate level of each asset, including liquidity on hand, to generate cash 	7 billion yen	Review owned assets (liquidity on hand, cross-held shares)	Other investments (replacement investment, DX investment, ESG-related investment)	Over 2 billion yen	<ul style="list-style-type: none"> ✓ Implement DX investment for factory maintenance/renewal and productivity improvement
<ul style="list-style-type: none"> ✓ Utilize interest-bearing debt while ensuring financial soundness ✓ Pursue optimal capital structure while keeping the weighted average cost of capital (WACC) in mind 	Over 2 billion yen	Use of leverage	Shareholder returns (share buybacks, dividends)	Over 3 billion yen	<ul style="list-style-type: none"> ✓ Continue stable dividend payout and share buybacks, taking account of consolidated P&L statement and balance sheet

4.Topics

4-1. Solutions (i)

A demonstration test on harbor facilities using a portable local 5G system

- This solution, jointly developed by Kokusai Kogyo Co., Ltd. (representative institution), NEC Corporation and DKK, was submitted to and adopted by the MIC for its demonstration project to promote the use of local digital infrastructure.

Outline of the test



The aim was to enhance the levels of inspection of harbor facilities in disaster and normal situations.

The test was conducted at the Port of Shimizu, Shizuoka Prefecture.

Purpose of the test



To check the safety of ports and harbors using digital technology where emergency relief supplies will be transported in the wake of disasters, including a megaearthquake that might occur in the Nankai Trough.



Source: https://dx-navi.soumu.go.jp/support_r6/digital_kiban/article/010

We took part in the test in the area of automatic detection by AI image analysis.

To enable practical implementation of the solution in times of disaster,
we will strive to achieve greater technical accuracy.

- To be exhibited at JAPAN IT WEEK [Autumn] 2025 (22–24 October)
- For details of this topic, please see our news release issued on January 22, 2025: “A demonstration test on the use of our local 5G system to enhance the levels of resilience and inspection of harbor facilities.”(URL: <https://denkikogyo.co.jp/11348/>)

4-1. Solutions (ii)

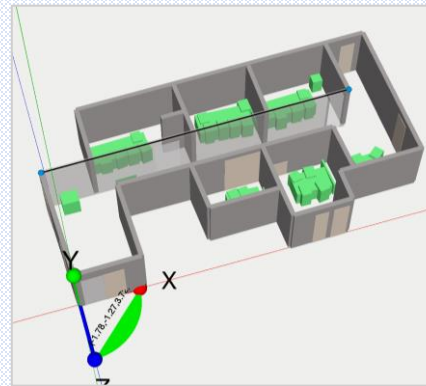
DKK's first app for iPad Pro launched for test marketing

- The app “EReconstruction,” released at App Store, was born from the know-how of area design technology we had cultivated in creating a local 5G Wi-Fi environment.

Outline of the app

- ✓ It is an app that enables 3D modeling of indoor spaces, an indispensable process for area simulation and other processes to establish local 5G and Wi-Fi networks.
- ✓ Users can create a 3D model of an indoor space by taking pictures with LiDAR's camera and doing simple manual operations.

Easy 3D modeling and DXF file output for indoor spaces



*iPad Pro and App Store are the trademarks of Apple Inc.

Through the test marketing, we will carry out marketing research and set the path for sales expansion and recurring revenue.

- To be exhibited at JAPAN IT WEEK [Autumn] 2025 (22–24 October)
- For details about this topic, please see our news release issued on April 18, 2025: “Notice Regarding the Test-Marketing of a New App for iPad Pro.”
URL: <https://denkikogyo.co.jp/11749/>

4-1. Solutions (iii)

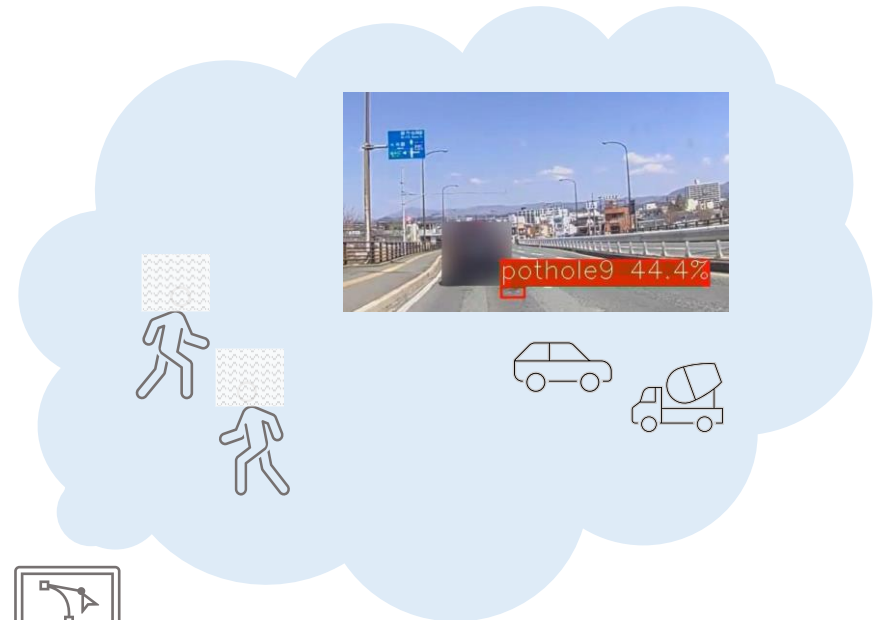
Cybercore has developed edge AI technology

- Cybercore Co., Ltd., our group company, collaborated with JVCKENWOOD Corporation to offer edge AI technology for use in drive recorders.

What's Cybercore's **edge AI solutions**?



- ✓ Using unique lightweight AI algorithm technology
- ✓ Protecting the privacy of information contained in the driver recorders' video and image data
- ✓ Processing data immediately and making it easier to effectively use driver recorder images as big data.



Cybercore's lightweight AI algorithm technology has enabled AI to be put into the drive recorder and perform tasks on devices, helping to resolve a range of business challenges.

- For details about this topic, please see our news release issued on March 12, 2025: "Cybercore-JVC KENWOOD collaboration on driver recorder edge AI featured in the Nikkan Kogyo Shimbun on March 10."(URL: <https://denkikogyo.co.jp/11677/>)

4-2. R&D (Progress in our initiatives for WPT)

For practical application of WPT*, an R&D project on the 24GHz band is underway

- This project is part of the MIC-commissioned research, “An R&D study on interference suppression and advancement technology for spatial wireless power transfer systems.”
- This was the first time in Japan that a trial station license was granted to 1024 element dual polarized equipment in the 24GHz band.

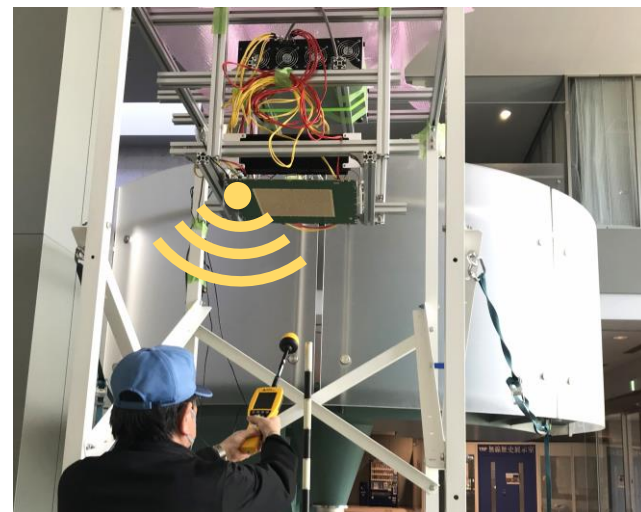
Outline of the project

Purpose

Test the equipment's WPT capabilities in the 24GHz band

Assessments

- ✓ Power transmission capabilities
- ✓ Human exposure assessment
- ✓ Electrical interference to surrounding areas, and technologies for co-existence with 5G, which is the objective of research



Put WPT into practical use as early as possible as a next-generation infrastructure technology that will help develop basic technologies and systems and support an IoT society.

- ***WPT (Wireless Power Transfer):** A technology that transmits power without using cables
- For details about this topic, please see our news release issued on March 31, 2025: “[24 GHz Band Wireless Power Transmission] Notice Regarding the Trial Station License Granted to Our 1024 Element Dual Polarized Equipment.”(URL: <https://denkikogyo.co.jp/11707/>)

4-2. R&D (Expansion of Eco-Friendly Products)

The development of a power system equipped with direct methanol fuel cell FcMyCle™

- DKFC-DM-500A was jointly developed by Mitsubishi Gas Chemical Company, Inc. and DKK.
- It was adopted as the normal power source of ENEOS Renewable Energy Corporation's wind condition monitoring equipment.

Product features



This system makes electricity directly from methanol solution without using hydrogen, which enables a more compact design.

The fuel cell system is being proposed as a new solution across a broad range of fields with varying sizes and output levels.



A power system equipped with FcMyCle™ (DKFC-DM-500A)

*FcMyCle™ is a trademark under review for which Mitsubishi Gas Chemical has filed an application.

In addition to the emergency power supply market, we will provide this fuel cell power system to the regular power supply market for use in locations where commercial power supply is not available, so as to serve the needs of society.

- For details about this topic, please see our news release issued on February 5, 2025: "Development of a regular power supply system equipped with direct methanol fuel cell FcMyCle™." (URL: <https://denkikogyo.co.jp/11215/>)

4-3. New Radio Frequency Areas

■ The development of larger D-Rapid® (conveyor / cyclone models)

- Larger models of D-Rapid® have been developed to increase processing capacity, expanding our product lineup.
- This has enabled us to offer systems that can meet the demand for large-sized equipment.

Expansion of our lineup

Purpose

- ✓ Introduction to larger plants on a trial basis
- ✓ Expansion of processing capacity and the capability to handle diverse materials

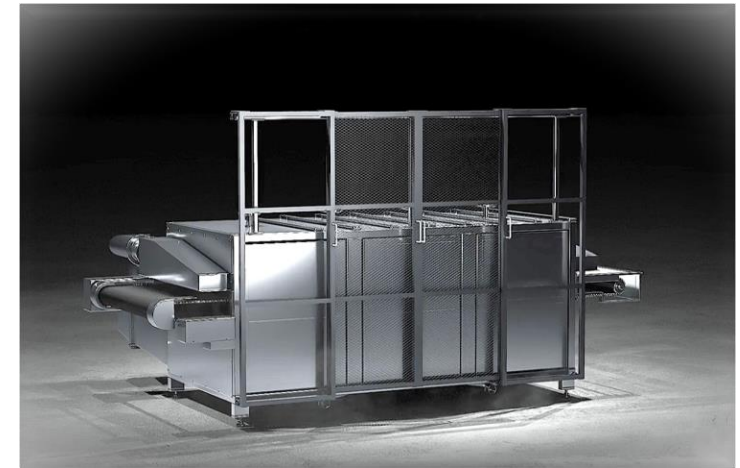
Performance

Conveyor models

Cyclone models

Processing capacity*
more than 10 times ↗
more than 4 times ↗

*When compared with DKK's other products



A large-sized conveyor system

The capability of processing large amounts of materials has enabled us to meet the demand for large-sized equipment for use in food processing and industrial waste reduction.

- To be exhibited at: The New Environmental Exposition 2025 (May 28–30) / FOOMA JAPAN 2025 (June 10–13)
- For details about D-Rapid®, please see our news release issued on June 14, 2024: “Notice regarding the opening of a website dedicated to D-Rapid®, our ultra high temperature superheated steam system).” (URL: <https://d-rapid.jp/>)

4-4. Heat Treating

Expansion of heat treatment processing facilities

- Denko Techno Heat CO., LTD. Suzuka Plant (our group company) was relocated to build a new plant on the site.

Purpose of the relocation



- To increase production to meet growing demand from customers (plant area: 1.5 times larger than the previous plant)
- To make the new Suzuka Plant a model case of reforms toward a profit-generating structure.

Main effects of the relocation



- Production capability related to DX and automation is estimated to increase by up to 80% from the current level.
- Prototyping of heat treatment equipment involving the development of new technologies will improve productivity and technological capabilities.



Introduce solar panels to make our plants more environmentally friendly



2026: New plant complete
2027: Operation starts

The labor-saving practices established at Suzuka Plant with DX and automation technologies will be applied to other plants to enhance production efficiency.

5.Sustainability Initiatives

5-1. Initiatives for FY3/25



Materialities

Key results for FY3/25

Workplace Culture & Work Style Reforms

- The new personnel system implemented in October 2024 introduced the practice of job descriptions, marking the start of a new personnel system.
- Human rights training participation rate: 100%

Strengthening of Corporate Governance

- Compliance training participation rate: 100%
- Four of the domestic group companies (Denko / Denko Seisakusho / Denko Techno Heat / Fukoku Denko) acquired ISO 27001 certification.

Contribution to Social Infrastructure Development

- Efforts to step up sales activities in the defense-related steel tower business helped increase sales.
- A demonstration test was initiated on the use of a local 5G system to enhance the levels of resiliency and inspection of harbor facilities.

Promotion of Environmental Management

- To gain SBT certification, objectives were set to satisfy the requirements for SBT certification, and an application for objective certification was submitted to the SBTi office.
- Education on green procurement guidelines was provided to the site operations and other divisions.

Creation of New Businesses

- Educational videos and programs on intellectual property were produced and provided.
- We became the world's first company to succeed in a test on our actual sub-terahertz band horizontally polarized omnidirectional antenna, and started receiving orders for this equipment, which could be put to use in the 6G era.

5-2. Review of Materiality



- Define materialities that are more closely aligned with the DKK-Plan2028, aiming for a sustainability management integrated with business operations.
- Add new initiatives on supply chain management and intellectual property.
- Facilitate activities by consolidating and redefining initiatives which are currently dispersed across multiple materialities, including human rights initiatives.

New materiality

Overview

Promotion of Human Capital Management

Recognizing that challenges taken on by each individual drive corporate growth, we respect individuality and support skill development, aiming to build an environment in which diverse human resources can maximize their potential.

Strengthening of Corporate Governance

With the aim of enhancing long-term corporate value, we strive to improve the effectiveness of corporate governance, address human rights issues, and become a company that is trusted by society and stakeholders and continues to be needed.

Promotion of Environmental Management

Through our business activities, we will promote efforts to mitigate climate change and contribute to the realization of a low-carbon society while also supporting our customers' Scope 3 initiatives and driving business growth.

Sustainable Growth & Development of Business

We reaffirm that it is the starting point for both customer satisfaction and the resolution of social issues to continuously develop and provide excellent products that can become part of the social or living infrastructure, and achieve sustainable growth as a company. To this end, we will strive for even greater heights in safety, quality and technology, which serve as the cornerstone of these efforts.

Promotion of Innovation

We will drive innovation centered on research and development, which is the foundation of our business, and on initiatives related to intellectual property that protect our technologies, while promoting efforts toward the realization of a sustainable society.

Appendix

FY3/25 Consolidated results

(Millions of yen)	FY3/24	FY3/25	FY3/25	YoY change		Percentage of forecast	
	Full-year results	Full-year forecasts*	Full-year results	Increase/ decrease	Increase/ decrease rate	Increase/ decrease	Increase/ decrease rate
Net sales	28,864	33,000	32,582	3,718	12.9%	-417	-1.3%
Cost of sales	24,693	-	25,567	874	3.5%	-	-
Gross profit	4,170	-	7,014	2,844	68.2%	-	-
Selling, general, and administrative expenses	5,958	-	6,079	121	2.0%	-	-
Operating income	-1,787	500	935	2,723	-	435	87.0%
Operating margin ratio	-6.2%	1.5%	2.9%	-	-	-	-
Ordinary income	-1,537	600	1,024	2,562	-	424	70.7%
Ordinary income margin	-5.3%	1.8%	3.1%	-	-	-	-
Net income attributable to shareholders of parent company	-1,977	400	777	2,754	-	377	94.3%
ROE	-5.0%	-	2.1%	-	-	-	-

*The figures for FY3/25 are the latest forecasts released on May 10, 2024.

FY3/26 Forecasts for consolidated results

(Millions of yen)	FY3/25 Full-year results	FY3/26 Full-year forecasts	YoY change	Percentage of forecast
Net sales	32,582	33,000	417	1.3%
Telecommunication	22,067	23,400	1,332	6.0%
Radio Frequency	10,411	9,500	-911	-8.8%
Operating income	935	700	-235	-25.1%
Operating margin ratio	2.9%	2.1%	-	-
Telecommunication	1,917	2,300	382	19.9%
Operating margin ratio	8.7%	9.8%	-	-
Radio Frequency	1,743	1,200	-543	-31.2%
Operating margin ratio	16.7%	12.6%	-	-
Ordinary income	1,024	800	-224	-21.9%
Ordinary income margin	3.1%	2.4%	-	-
Net income attributable to shareholders of parent company	777	600	-177	-22.8%
ROE	2.1%	1.6%	-	-

*Net sales of the “equipment leasing and electric power sales businesses” 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 obtained by the company at the time of writing.

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

Such potential risks and uncertain factors include changes in economic situations and product demand levels in major markets, fluctuations in the foreign exchange market, changes in regulations in Japan and overseas, and in accounting standards and practices. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.