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[Summary]

Consolidated Financial Results for the Year Ended March 31, 2023 [IFRS]

May 11, 2023

Company Name: **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, Prime Market**
 Securities Code: **6779** URL: <https://www.ndk.com/en/index.html>
 Representative: **Hiromi Katoh, Representative Director and President**
 Contact: **Yuzuru Takeuchi, Senior Corporate Officer and General Manager of Administration Division** Phone: **+81-3-5453-6711**
 Scheduled date of general shareholders' meeting: **June 27, 2023**
 Scheduled date to file annual securities report: **June 27, 2023**
 Scheduled date to commence dividend payments: **June 28, 2023**
 Availability of supplementary material on financial results: **Yes**
 Holding of financial results briefing: **Yes (for securities analysts and institutional investors)**

(Amounts less than a million yen are omitted.)

1. Consolidated Financial Results for the Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of parent		Total comprehensive income	
Fiscal year ended	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
March 31, 2023	52,508	15.6	8,327	60.7	7,450	51.4	6,123	12.2	6,123	12.2	6,533	0.7
March 31, 2022	45,408	15.8	5,180	82.2	4,920	89.8	5,455	176.1	5,455	176.1	6,485	98.3

	Basic earnings per share		Diluted earnings per share		Return on equity attributable to owners of parent		Ratio of income before tax to total assets		Ratio of operating income to net sales	
Fiscal year ended	Yen		Yen		%		%		%	
March 31, 2023	266.16		-		27.8		11.9		15.9	
March 31, 2022	278.01		140.22		32.5		7.9		11.4	

Reference: Share of profit (loss) of investments accounted for using equity method

For the fiscal year ended March 31, 2023 ¥(128) million

For the fiscal year ended March 31, 2022 ¥(81) million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Million Yen	Million Yen	Million Yen	%	Yen
March 31, 2023	64,162	23,998	23,998	37.4	1,037.66
March 31, 2022	61,220	20,037	20,037	32.7	1,021.08

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million Yen	Million Yen	Million Yen	Million Yen
March 31, 2023	6,564	(3,234)	(3,519)	10,288
March 31, 2022	4,560	(2,326)	(8,910)	10,362

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
March 31, 2022	-	0.00	-	5.00	5.00	98	1.8	0.6
March 31, 2023	-	10.00	-	10.00	20.00	462	7.5	1.9
March 31, 2024 (Forecast)	-	10.00	-	10.00	20.00		11.9	

3. Consolidated Financial Forecast for the Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Income before income tax		Net income for the period		Net income attributable to owners of parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six months ending September 30, 2023	25,000	(5.7)	2,100	(48.0)	1,500	(61.8)	1,300	(61.2)	1,300	(61.2)	56.21
Fiscal year ending March 31, 2024	53,300	1.5	5,600	(32.8)	4,400	(40.9)	3,900	(36.3)	3,900	(36.3)	168.63

(1) Changes in significant subsidiaries during the period

(Changes in "Specified Subsidiaries" accompanying changes in scope of consolidation): **None**

(2) Changes in accounting policies and accounting estimates

i) Changes in accounting policies required by IFRS: **None**

ii) Changes in accounting policies other than i): **None**

iii) Changes in accounting estimates: **None**

(3) Number of issued shares (Ordinary shares)

(shares)

i) Number of issued shares at the end of the period (including treasury shares)

ii) Number of treasury shares at the end of the period

iii) Average number of shares outstanding for the period

March 31, 2023	23,128,605	March 31, 2022	20,757,905
March 31, 2023	592	March 31, 2022	1,133,805
March 31, 2023	23,005,466	March 31, 2022	19,624,146

(Reference) Overview of non-consolidated financial results

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

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended March 31, 2023	45,043	12.7	2,450	78.0	2,768	78.0	2,342	(51.8)
March 31, 2022	39,959	19.6	1,376	-	1,555	-	4,859	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2023	101.83	-
March 31, 2022	247.63	124.90

(2) Non-consolidated Financial Position

	Total assets	Net Assets	Equity-to-asset ratio	Net assets per share
	Million Yen	Million Yen	%	Yen
As of March 31, 2023	53,360	15,247	28.6	659.27
March 31, 2022	54,734	15,418	28.2	785.70

Reference: Equity

As of March 31, 2023 ¥15,247 million

As of March 31, 2022 ¥15,418 million

* This summary of the business results and the attached financial statements are unaudited.

* Explanation about appropriate use of consolidated financial forecast, other special notes

1. The Company is scheduled to hold a conference call on the full-year financial results on May 23, 2023, for securities analysts and institutional investors. The materials distributed will be posted on the Company's IR website promptly after the conference call.

2. Forward-looking statements in this document about our future performance are based on the information that are available to us at the time of disclosure and certain assumptions deemed reasonable. Due to unforeseen circumstances, actual results may differ significantly from such estimates.

(Reference) Dividends on Class A Shares

Dividends per share related to Class A Shares with different rights from those of common shares are as follows:

Class A Shares	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2022	Yen –	Yen 0.00	Yen –	Yen 19,283.75	Yen 19,283.75
March 31, 2023	–	–	–	–	–
Fiscal year ending March 31, 2024 (forecast)	–	–	–	–	–

(Note)

The number of Class A Shares in issue was 5,000 shares; the total amount of dividends on the class shares was ¥96 million for the fiscal year ended March 31, 2022. They were initially issued on August 5, 2020, all of which were acquired by the Company in exchange for money and canceled on May 26, 2022, based on the resolution made at the Board of Directors' meeting dated March 29, 2022. Hence, no dividends on Class A shares incurred in the fiscal year ended March 2023.

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1. Qualitative Information on the Financial Results for the year Ended March 31, 2023

(1) Operating Environment and Results of Operations

During the reporting period under review, the world economy witnessed worldwide progression of inflation due to soaring prices of energy, food and others. Europe and the United States proceeded with interest rate hikes; however, while the rising trend of inflation rate somewhat subsided, the inflation rate still remained at a high level. Against such a background, concerns about the instability of European and American banking system increased, as exemplified by the March 2023 collapse of an American regional bank.

In the automotive market, the Company's primary business domain, the prolonged shortage of semiconductors on a worldwide scale hindered the recovery of the number of cars manufactured. In China, additionally, sales of automotive applications as well as products for smartphones were adversely affected by the "Zero-COVID" policy aimed at containment of the novel coronavirus infection; the "Zero-COVID" policy was withdrawn in December 2022.

Under such circumstances, sales of automotive applications, which account for nearly half of the Company's net sales, increased by over 20% year on year including the effects of exchange rate fluctuations, thanks to the strong demand from the Tier 1 customers (i.e., the manufacturers who supply parts to finished car manufacturers). In mobile communications applications, which account for around 20% of net sales, an increase was posted in sales year on year in the face of a decline in the volume, thanks to the depreciation of the yen. The decrease in sales volume was due to the smaller sales to Chinese smartphone manufacturers. On the other hand, regarding sales of products for high-end smartphones, an increase was posted in sales of 76.8MHz crystal units with built-in thermistors and ultra-compact crystal units. In the industrial equipment applications, which represent about 10% of net sales, sales of crystal oscillators for data centers picked up year on year. In addition, sales of IoT and Factory Automation (FA) applications also increased year on year, while sales to personal computer applications were down year on year. As a result, on a consolidated basis, net sales for the period under review amounted to ¥52,508 million, a 15.6% increase year on year, including the effects of exchange rate fluctuations which resulted in increasing profit by about ¥4.4 billion year on year.

Concerning profit and losses, there were new expenses arising for promoting the DX (digital transformation) program, along with other profit-reducing factors related to increased personnel and power expenses; however, thanks to the sales-increasing effects due to increased sales and the yen's depreciation, operating income for the fiscal year under review amounted to ¥8,327 million (up 60.7% year on year), income before income taxes to ¥7,450 million (up 51.4% year on year) and net income to ¥6,123 million (up 12.2% year on year). Meanwhile, the Company reported insurance claim income of about ¥1.5 billion in other operating income, since its Malaysian factories, which were flooded in the heavy rain of December 2021, received insurance during the period under review. At the same time, a loss of about ¥400 million was reported as other operating expense resulting from the disaster.

In the period under review, the average foreign exchange rate was ¥134.95 to the U.S. dollar (compared with ¥112.86 in the preceding year).

(2) Financial Condition

As at the fiscal year-end (March 31, 2023), total assets stood at ¥64,162 million, a ¥2,942 million increase from the previous fiscal year-end, reflecting the following factors: an increase of ¥1,039 million in inventories; an increase of ¥739 million in advanced paid in other current assets; an increase of ¥711 million in property, plant and equipment; an increase of ¥576 million in trade receivables and a decrease of ¥252 million in deferred tax assets. Total liabilities amounted to ¥40,163 million, a ¥1,018 million decrease from the previous fiscal year-end, owing mainly to a ¥426 million increase in lease liabilities, a ¥293 million decrease in provisions, a ¥308 million decrease in loans and borrowings, a ¥417 million decrease in derivative liabilities and a ¥595 million decrease in income taxes payable. Equity attributable to the owners of the parent stood at ¥23,998 million, a ¥3,961 million increase from the previous fiscal year-end, due to a ¥2,146 million decrease in share premium associated with the issuance of shares, disposal of treasury shares and cancellation of Class A shares, the posting of ¥6,533 million in comprehensive income and ¥425 million in dividends declared.

As a result, the ratio of equity attributable to the owners of the parent was 37.4%, 4.7 percentage points higher than the previous fiscal year-end of 32.7%.

(3) Cash Flow Analysis

The balance of cash and cash equivalents on a consolidated basis at the end of the fiscal year under review amounted to ¥10,288 million, a decrease of ¥74 million from the end of the previous fiscal year. Cash flow activities were as follows.

Free cash flow amounted to a positive ¥3,329 million, ¥1,095 million higher than the previous fiscal year, reflecting net cash provided by operating activities of ¥6,564 million and net cash used in investing activities of ¥3,234 million.

Net cash provided by operating activities totaled a positive ¥6,564 million, ¥2,003 million higher than the previous fiscal year. Negative factors entailed income tax paid of ¥1,401 million, a decrease of trade payables of ¥915 million, and an increase of inventories of ¥854 million. Positive factors included income before income tax of ¥7,450 million and depreciation and amortization of ¥3,101 million.

Net cash used in investing activities was a negative ¥3,234 million, ¥907 million lower than a year earlier. Negative factors included expenditures of ¥3,040 million for purchase of property, plant and equipment.

Net cash used in financing activities totaled a negative ¥3,519 million, ¥5,390 million higher than the previous fiscal year. Positive factors entailed proceeds from issuance of shares of ¥2,797 million, proceeds from disposal of treasury shares of ¥1,337 million, and proceeds from long-term loans and borrowings of ¥787 million. Negative factors included purchase of treasury shares of ¥6,250 million and repayment of long-term loans and borrowings of ¥1,261 million.

Accordingly, the balance of cash and cash equivalents on a consolidated basis at the end of the fiscal year under review amounted to ¥10,288 million, a decrease of ¥74 million from the end of the previous fiscal year.

(4) Forecasts for the Year Ending March 31, 2024

Future outlook for the world economy in the next fiscal year remains uncertain, since concerns about economic recession are looming in Europe and the United States due to rapid increases in interest rates to cope with inflation and, in addition, anxiety about financial insecurity is persisting in Europe and the United States.

In these circumstances, however, sales to automotive applications are expected to continue growing steadily, although sales to mobile communications applications, industrial equipment applications and consumer appliance manufacturers are forecast to decline.

In the mobile communications applications, sales are expected to trend inactive due to the slow recovery in demand from Chinese smartphone manufacturers, while we expect that the sales of products for high-end smartphones will recover in and after the second quarter of the year as the shipment of new 2023 models will start. Total sales of mobile communications applications are expected to decrease from the preceding period, as the yen-dollar exchange rate that has been set in the direction toward appreciation also has a certain impact on sales. In the industrial equipment applications also, sales are forecast to decline due to decreased sales to data centers. Additionally, sales to personal computer manufacturers will likely decline. In the automotive applications, in contrast, we expect a sales increase of slightly more than 10% over fiscal 2022 as the shortage in the supply of semiconductor will subside gradually. As a result, for the next fiscal year, we forecast net sales of ¥53,300 million (up 1.5% year on year).

Regarding profit and losses, since we plan to increase expenses necessary for the Company's medium- and long-term growth (for personnel, DX promotion, etc.) and we estimate rises in power expenses and parts prices, operating income is estimated at ¥5,600 million (down 32.8% year on year), income before income taxes at ¥4,400 million (down 40.9% year on year) and net income at ¥3,900 million (down 36.3% year on year). The exchange rate is assumed to be ¥130 to the U.S. dollar.

Forward-looking statements about our future performance are based on the information available to us at the time of disclosure and certain assumptions deemed to be reasonable. Due to unforeseen circumstances, actual results may differ significantly from such estimates.

2. Basic Concept Regarding the Selection of Accounting Standards

The Group has applied International Financial Reporting Standards (IFRS), global standards of accounting, from the fiscal year ended March 31, 2010, to improve international comparability of consolidated financial statements and enhance financial reporting quality and management efficiency.

Consolidated Financial Statements for the year Ended March 31, 2023**(1) Consolidated Statements of Financial Position**

(Millions of yen)

	March 31, 2022	March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	10,362	10,288
Trade receivables	12,287	12,863
Inventories	11,790	12,830
Income taxes refundable	3	1
Others	3,531	4,264
Total current assets	37,974	40,247
Non-current assets:		
Property, plant and equipment	16,791	17,503
Intangible assets	167	336
Investments accounted for using the equity method	2,762	2,840
Other financial assets	1,039	1,057
Deferred tax assets	1,917	1,664
Others	566	512
Total non-current assets	23,245	23,915
Total assets	61,220	64,162
Liabilities		
Current liabilities:		
Loans and borrowings	1,261	1,281
Lease liabilities	407	575
Trade and other payables	8,650	8,714
Derivative liabilities	466	48
Provisions	687	5
Income taxes payable	953	358
Others	714	794
Total current liabilities	13,141	11,777
Non-current liabilities:		
Loans and borrowings	24,022	23,694
Lease liabilities	1,443	1,701
Deferred tax liabilities	0	20
Employee benefits	2,140	2,154
Provisions	163	551
Deferred government grants	31	22
Others	239	241
Total non-current liabilities	28,040	28,386
Total liabilities	41,182	40,163
Equity		
Equity attributable to Owners of the parent:		
Share capital	5,596	5,596
Share premium	5,515	3,368
Other components of equity	201	576
Retained earnings	8,724	14,457
Total equity attributable to owners of the parent	20,037	23,998
Total equity	20,037	23,998
Total liabilities and equity	61,220	64,162

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net sales	45,408	52,508
Cost of sales	32,898	36,097
Gross profit	12,509	16,410
Selling, general and administrative expenses	6,565	7,722
Research and development expenses	1,500	1,766
Other operating income	1,909	2,019
Other operating expenses	1,172	612
Operating income	5,180	8,327
Financial income	360	38
Financial expenses	539	982
Share of loss of investments accounted for using the equity method	(81)	(128)
Gain on change in equity	-	196
Income before income tax	4,920	7,450
Income tax expenses	(535)	1,327
Net income for the period	5,455	6,123
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	54	38
Financial assets measured at fair value through other comprehensive income	67	18
Income tax relating to items that will not be reclassified	(4)	5
Subtotal	117	62
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	709	338
Share of other comprehensive income of entities accounted for using equity method	-	9
Cash flow hedges	18	-
Income tax relating to items that may be reclassified	184	-
Subtotal	912	348
Other comprehensive income for the period, net of income tax	1,029	410
Total comprehensive income for the period	6,485	6,533
Net income attributable to:		
Owners of the parent	5,455	6,123
Total comprehensive income attributable to:		
Owners of the parent	6,485	6,533
		(Yen)
Earnings per share:		
Basic earnings per share	278.01	266.16
Diluted earnings per share	140.22	-

(3) Consolidated Statements of Changes in Equity

(Millions of yen)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance at April 1, 2021	5,596	8,305	(2,790)	5,515
Comprehensive income for the period				
Net income				-
Other comprehensive income				
Remeasurement of defined benefit plan				-
Net change in financial assets measured at fair value through other comprehensive income				-
Exchange differences on translation of foreign operations				-
Cash flow hedges				-
Total comprehensive income for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Changes in treasury shares, net			(0)	(0)
Total transactions with owners	-	-	(0)	(0)
Balance at March 31, 2022	5,596	8,305	(2,790)	5,515
Comprehensive income for the period				
Net income				-
Other comprehensive income				
Remeasurement of defined benefit plan				-
Net change in financial assets measured at fair value through other comprehensive income				-
Exchange differences on translation of foreign operations				-
Share of other comprehensive income of entities accounted for using equity method				-
Total comprehensive income for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Dividends declared				-
Issuance of shares	1,398	1,398		1,398
Share issuance costs		(31)		(31)
Transfer from share capital to share premium	(1,398)	1,398		1,398
Purchase of treasury shares			(6,250)	(6,250)
Disposal of treasury shares		(1,452)	2,790	1,337
Cancellation of treasury shares		(6,250)	6,250	-
Total transactions with owners	-	(4,936)	2,789	(2,146)
Balance at March 31, 2023	5,596	3,369	(1)	3,368

(Millions of yen)

	Other components of equity				
	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of entities accounted for using equity method	Cash flow hedges	Total other components of equity
Balance at April 1, 2021	(39)	(715)	-	(18)	(773)
Comprehensive income for the period					
Net income					-
Other comprehensive income					
Remeasurement of defined benefit plan					-
Net change in financial assets measured at fair value through other comprehensive income	62				62
Exchange differences on translation of foreign operations		893			893
Cash flow hedges				18	18
Total comprehensive income for the period	62	893	-	18	975
Transactions with owners, recorded directly in equity					
Changes in treasury shares, net					-
Total transactions with owners	-	-	-	-	-
Balance at March 31, 2022	23	178	-	-	201
Comprehensive income for the period					
Net income					-
Other comprehensive income					
Remeasurement of defined benefit plan					-
Net change in financial assets measured at fair value through other comprehensive income	26				26
Exchange differences on translation of foreign operations		338			338
Share of other comprehensive income of entities accounted for using equity method			9		9
Total comprehensive income for the period	26	338	9	-	374
Transactions with owners, recorded directly in equity					
Dividends declared					-
Issuance of shares					-
Share issuance costs					-
Transfer from share capital to share premium					-
Purchase of treasury shares					-
Disposal of treasury shares					-
Cancellation of treasury shares					-
Total transactions with owners	-	-	-	-	-
Balance at March 31, 2023	50	516	9	-	576

(Millions of yen)

	Retained earnings	Attributable to owners of the parent	Total equity
Balance at April 1, 2021	3,213	13,552	13,552
Comprehensive income for the period			
Net income	5,455	5,455	5,455
Other comprehensive income			
Remeasurement of defined benefit plan	54	54	54
Net change in financial assets measured at fair value through other comprehensive income		62	62
Exchange differences on translation of foreign operations		893	893
Cash flow hedges		18	18
Total comprehensive income for the period	5,510	6,485	6,485
Transactions with owners, recorded directly in equity			
Changes in treasury shares, net		(0)	(0)
Total transactions with owners	-	(0)	(0)
Balance at March 31, 2022	8,724	20,037	20,037
Comprehensive income for the period			
Net income	6,123	6,123	6,123
Other comprehensive income			
Remeasurement of defined benefit plan	38	38	38
Net change in financial assets measured at fair value through other comprehensive income	(2)	24	24
Exchange differences on translation of foreign operations		338	338
Share of other comprehensive income of entities accounted for using equity method		9	9
Total comprehensive income for the period	6,158	6,533	6,533
Transactions with owners, recorded directly in equity			
Dividends declared	(425)	(425)	(425)
Issuance of shares		2,797	2,797
Share issuance costs		(31)	(31)
Transfer from share capital to share premium		-	-
Purchase of treasury shares		(6,250)	(6,250)
Disposal of treasury shares		1,337	1,337
Cancellation of treasury shares		-	-
Total transactions with owners	(425)	(2,572)	(2,572)
Balance at March 31, 2023	14,457	23,998	23,998

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year Ended March 31, 2022	Year Ended March 31, 2023
Operating activities:		
Income before income tax	4,920	7,450
Depreciation and amortisation	2,974	3,101
Gain on sales of property, plant and equipment	(15)	(5)
Impairment losses	246	19
Share of loss of investments accounted for using the equity method	81	128
Gain on change in equity	-	(196)
Government grant income	(1,157)	(105)
Decrease/(increase) in trade receivables	(764)	(196)
Decrease/(increase) in inventories	(1,186)	(854)
Decrease/(increase) in accounts receivable - other	137	7
Decrease/(increase) in consumption tax/value-added tax receivables	(29)	(300)
Increase/(decrease) in trade payables	620	(915)
Increase/(decrease) in accrued expenses	44	99
Increase/(decrease) in accrued bonus	(131)	129
Increase/(decrease) in derivative liabilities	150	(417)
Increase/(decrease) in provisions	131	(166)
Decrease/(increase) in other operating assets	(606)	(586)
Interest and dividend income	(79)	(34)
Interest expense	479	528
Interest and dividends received	79	34
Interest paid	(435)	(289)
Income tax refunded/(paid), net	(81)	(1,401)
Other, net	(820)	534
Net cash provided/(used in) by operating activities	4,560	6,564
Investing activities:		
Purchase of property, plant and equipment	(2,406)	(3,040)
Purchase of intangible assets	(30)	(234)
Purchase of other financial assets	(8)	(5)
Proceeds from sales of property, plant and equipment	27	7
Proceeds from sales of other financial assets	101	33
Other, net	(10)	4
Net cash provided by/(used in) investing activities	(2,326)	(3,234)
Financing activities:		
Proceeds from long-term loans and borrowings	25,284	787
Repayment of long-term loans and borrowings	(32,555)	(1,261)
Net increase/(decrease) in short-term loans and borrowings	(1,200)	-
Repayments of lease liabilities	(438)	(505)
Cash dividends paid	-	(423)
Proceeds from issuance of shares	-	2,797
Purchase of treasury shares	(0)	(6,250)
Proceeds from disposal of treasury shares	-	1,337
Net cash provided by/(used in) financing activities	(8,910)	(3,519)
Net increase/(decrease) in cash and cash equivalents	(6,677)	(190)
Cash and cash equivalents at beginning of year	16,707	10,362
Net effect of currency translation on cash and cash equivalents	332	116
Cash and cash equivalents at end of period	10,362	10,288

(5) Notes to Going Concern Assumption

Not applicable

(6) Notes to Consolidated Financial Statements for the Year Ended March 31, 2023 (Condensed)**1. Basis of Preparation****(a) Change in Classification**

(Consolidated Statements of Cash Flows)

"Purchase of treasury shares", which was included in "Purchase and sales of treasury shares, net" in "Financing activities" for the fiscal year ended March 31, 2022, is separately presented for the fiscal year ended March 31, 2023, to improve the presentation clarity of the consolidated financial statements.

2. Segment Information**(a) General Information**

The main activities of the Group are the integrated manufacture and sale of quartz crystal units, crystal devices, ultrasonic transducers and synthetic quartz crystals, and there are no separate operating segments. Therefore, the Group has a single reportable segment.

(b) Information about Products and Services

Net sales by type of products are as follows:

(Millions of yen)

	Year Ended March 31, 2022		Year Ended March 31, 2023		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	31,162	68.6	37,819	72.0	6,657	21.4
Crystal devices	10,062	22.2	10,191	19.4	129	1.3
Others	4,183	9.2	4,497	8.6	313	7.5
Total	45,408	100.0	52,508	100.0	7,100	15.6

(c) Information about Geographical Areas

Sales by geographical areas and non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts are as set out below. Sales by geographical areas are categorised by country or area of customers, and non-current assets are based on the geographical location of the assets.

Sales and non-current assets for the years ended March 31, 2022 and 2023 were as follows:

(Millions of yen)

2022	Japan	China	U.S.A	Germany	Korea	Mexico	Singapore	Others	Total
Net sales	8,453	15,779	4,169	2,344	2,125	1,218	1,021	10,295	45,408
Non-current assets	11,272	3,875	55	-	-	-	16	1,783	17,003

(Millions of yen)

2023	Japan	China	U.S.A	Germany	Korea	Mexico	Singapore	Others	Total
Net sales	8,318	17,154	6,231	3,389	2,599	1,738	1,355	11,720	52,508
Non-current assets	11,725	4,172	48	-	-	-	22	1,895	17,863

(d) Major Customers

Not applicable

3. Impairment Losses

Property, Plant and Equipment

The Group categorizes assets or groups of assets by company and business location based on the smallest group of assets that generates cash inflows largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Idle assets which are not expected to be used in the future are grouped by individual asset units.

The Group booked impairment losses in the fiscal year under review for the dormant machineries which are not expected to be used in the future in both Furukawa NDK Co., Ltd. and Sayama Plant. The impairment losses were recorded in "Other operating expenses" in the consolidated statements of comprehensive income.

Impairment losses for the years ended March 31, 2022 and 2023 were as follows:

(Millions of yen)

2022				2023			
Location	Asset/Asset group	Category	Amount	Location	Asset/Asset group	Category	Amount
Niigata NDK Co., Ltd. (Niigata, Japan)	Crystal units/ Crystal oscillators	Building, etc.	242	Furukawa NDK Co., Ltd. (Miyagi, Japan)	Idle assets	Construction in progress	14
Suzhou NDK Co., Ltd. (Suzhou, China)	Idle assets	Machinery, etc.	3	Sayama Plant (Saitama, Japan)	Idle assets	Machinery	3
Total			246	Total			18
Note: The recoverable amount of the asset group was measured at fair value less costs of disposal. The fair value less costs of disposal was based on the estimated amount on disposal after deducting the costs of disposal.				Note: The recoverable amount of the asset group was measured at fair value less costs of disposal. The fair value less costs of disposal was based on the estimated amount on disposal after deducting the costs of disposal.			

4. Selling, General and Administrative Expenses

(Millions of yen)

For the years ended March 31,	2022	2023
Personnel expenses	3,200	3,645
Depreciation and amortisation	466	437
Commissions	628	1,123
Shipping charges	838	877
Travel	86	153
Welfare	138	146
Tax and dues	203	214
License fee	106	122
Sales commission	330	361
Others	566	639
Total	6,565	7,722

5. Research and Development Expenses

(Millions of yen)

For the years ended March 31,	2022	2023
Personnel expenses	931	1,069
Depreciation and amortisation	210	227
Materials	240	313
Others	116	156
Total	1,500	1,766

6. Other Operating Income and Expenses

(Millions of yen)

For the years ended March 31,	2022	2023
Rental income*	24	27
Government grant income**	1,212	107
Reversal of provisions for settlement for products sold***	-	86
Insurance claim income****	405	1,501
Other income	267	296
Total other operating income	1,909	2,019
Loss on disposal of PPE	30	28
Impairment losses of PPE	246	19
Depreciation of temporarily idle fixed assets	44	53
Settlement for products sold	131	56
Structural reform expenses*****	250	-
Loss due to accident*****	404	370
Other expenses	65	84
Total other operating expenses	1,172	612

* Rental income mainly comes from renting part of the factories of our subsidiaries for the years ended March 31, 2023 and 2022.

** Government grant income includes ¥1,136 million recognized in the last second quarter of the fiscal year ended March 31, 2022 for the grants received from the municipal government of Suzhou, China. Also, benefits obtained from national and local public entities for employment and investments in facilities were recognized during the period over which the related expenses were recognized.

*** Provisions for settlement for products sold are booked for the estimated compensation against damage of our customers caused by our products. Regarding one part of them, the difference against estimated amount is recognised as reversal of provisions for settlement for products sold since its compensation amount was confirmed.

**** Insurance claim income is for the damaged inventories in the factories of Asia NDK Crystal SDN. BHD. and NDK Quartz (M) SDN. BHD. suffered due to flooding from heavy rains in Malaysia in December 2021.

***** Structural reform expenses mainly include special retirement benefits for employees at Niigata NDK Co., Ltd. and specialists fees related to factory closure based on the structural reform.

***** Loss on disposal of inventory in the above factories affected by the flooding in Malaysia in December 2021.

7. Financial Income and Expenses

(Millions of yen)

For the years ended March 31,	2022	2023
Interest income	54	14
Dividend income	24	19
Foreign exchange gains, net	251	-
Gain on valuation of other financial assets	13	2
Gain on valuation of derivatives	15	-
Others	1	2
Total financial income	360	38
Interest expenses	479	528
Foreign exchange losses, net	-	441
Loss on valuation of other financial assets	4	5
Others	54	6
Total financial expenses	539	982

8. Earnings per Share

For the years ended March 31,	2022	2023
Net income attributable to ordinary shareholders	¥5,455 million	¥6,123 million
Net income adjustment for the period	-	-
Net income used for calculation of diluted earnings per share	¥5,455 million	-
Weighted-average number of ordinary shares outstanding	19,624,146 shares	23,005,466 shares
Effect of dilutive securities (Class A shares)	19,283,746 shares	-
Weighted-average number of diluted ordinary shares outstanding	38,907,892 shares	-
Basic earnings per share	¥278.01	¥266.16
Diluted earnings per share	¥140.22	-

Note: Basic earnings/loss per share is calculated by dividing the net income/loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

9. Events after the Reporting Period

Not applicable