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[Summary]



Consolidated Financial Results for the Year Ended March 31, 2022 [IFRS]

May 13, 2022

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 28, 2022
 Scheduled date to file annual securities report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 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, 2022 (April 1, 2021 - March 31, 2022)

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

Fiscal year ended	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of parent		Total comprehensive income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
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
March 31, 2021	39,195	(0.7)	2,844	-	2,592	-	1,976	-	1,976	-	3,270	-

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2022	278.01	140.22	32.5	7.9	11.4
March 31, 2021	100.70	61.27	20.9	4.4	7.3

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

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

For the fiscal year ended March 31, 2021 ¥(46) million

(2) Consolidated Financial Position

As of	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total	Equity attributable to owners of parent per share
	Million Yen	Million Yen	Million Yen	%	Yen
March 31, 2022	61,220	20,037	20,037	32.7	1,021.08
March 31, 2021	63,054	13,552	13,552	21.5	690.58

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
March 31, 2022	4,560	(2,326)	(8,910)	10,362
March 31, 2021	124	313	5,420	16,707

2. Dividends

Fiscal year ended	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			
March 31, 2021	-	0.00	-	0.00	0.00	-	-	-
March 31, 2022	-	0.00	-	5.00	5.00	98	1.8	0.6
March 31, 2023 (Forecast)	-	10.00	-	10.00	20.00		9.8	

(Note) The above chart concerns common stock dividends. Please see the "Dividends on Class A Shares" below for information regarding dividends on class shares (unlisted) that have different rights from common stock issued by the Company.

3. Consolidated Financial Forecast for the Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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	%	
Six months ending September 30, 2022	24,200	8.7	2,300	(19.0)	2,100	(19.3)	1,800	(25.9)	1,800	(25.9)	91.72
Fiscal year ending March 31, 2023	50,000	10.1	5,000	(3.5)	4,600	(6.5)	4,000	(26.7)	4,000	(26.7)	203.83

(1) Changes in significant subsidiaries during the period

(Changes in "Specified Subsidiaries" accompanying changes in scope of consolidation): **Yes**

[Newly included] - subsidiaries

[Excluded] 1 subsidiary (Name: Suzhou NDK Co., Ltd.)

(2) Changes in accounting policies and accounting estimates

i) Changes in accounting policies required by IFRS: **Yes**

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)

March 31, 2022	20,757,905	March 31, 2021	20,757,905
March 31, 2022	1,133,805	March 31, 2021	1,133,755
March 31, 2022	19,624,146	March 31, 2021	19,624,283

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

iii) Average number of shares outstanding for the period

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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, 2022	39,959	19.6	1,376	-	1,555	-	4,859	-
March 31, 2021	33,407	(4.2)	(2,183)	-	(1,808)	-	25	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended March 31, 2022	247.63		124.90	
March 31, 2021	1.31		0.80	

(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, 2022	54,734		15,418		28.2		785.70	
March 31, 2021	54,116		10,505		19.4		535.36	

Reference: Equity

As of March 31, 2022 ¥15,418 million

As of March 31, 2021 ¥10,505 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 27, 2022, 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	Yen	Yen	Yen	Yen	Yen
March 31, 2021	—	0.00	—	0.00	0.00
March 31, 2022	—	0.00	—	19,283.75	19,283.75
Fiscal year ending March 31, 2023 (forecast)	—	—	—	—	—

(Note)

The number of Class A Shares in issue is 5,000 shares; the total amount of dividends on the class shares is ¥96 million for the fiscal year ended March 31, 2022. They were initially issued on August 5, 2020, all scheduled to be acquired in cash, 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 are expected to incur in the fiscal year ending March 2023.

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1. Qualitative Information on the Financial Results for the year Ended March 31, 2022

(1) Operating Environment and Results of Operations

The world economy during the first half of the reporting period (April to September 2021) was on a recovery trend, with large-scale monetary easing and aggressive government spending implemented in major countries, whereas the prolonged turmoil in the supply chains due to the shortages of procuring parts such as semiconductors and the resurgence of the COVID-19 infections cast a shadow over the momentum of recovery. In 2022, in addition to the United States' move toward monetary tightening aiming to curb inflation, new uncertainty factors have emerged about the future of the world economy, such as Russia's invasion of Ukraine and the city lockdowns by the 'zero-COVID' policy in China.

In the automotive and smartphone markets, the Company's primary business domains, the shortage of semiconductors and other parts, and China's zero-COVID policy have affected the production of the finished car and smartphone manufacturers. In spite of such unfavorable circumstances, the orders from Tier 1 customers, i.e., manufacturers who supply parts to finished car manufacturers, have remained high in the automotive applications, which account for nearly half of the sales, with the consolidated net sales for the fiscal year under review increasing over 20% year on year. In the mobile communications applications, which account for nearly 20% of the sales, consolidated net sales for the fiscal year under review have increased only slightly year on year due to declined sales of TCXO (Temperature Compensated Crystal Oscillators), although sales of 76.8MHz crystal units with built-in thermistors for 5G smartphones increased steadily. In industrial equipment applications, which represent nearly 10% of the sales, the sales to major Chinese communication equipment manufacturers declined due to tighter export restrictions imposed by the U.S. government. Reflecting increased demand from 5G base stations in the United States and other countries, however, net sales for the fiscal year under review declined only slightly year on year. Sales for consumer and IoT applications also increased compared with the previous year.

As a result, consolidated net sales for the fiscal year under review recorded ¥ 45,408 million, a 15.8% increase year on year.

Concerning income and losses, net income improved in automotive applications, reflecting a significant increase in sales. In addition, the sales increase of 76.8MHz crystal units with built-in thermistors for 5G smartphones significantly contributed to better profitability. In other operating income, the Group recorded government grant income of ¥1,136 million, which had been granted from the Suzhou Municipal government earlier, upon completion of factory transfer to the consolidated subsidiary (Suzhou NDK Co., Ltd.) in Suzhou, China. The Company recorded ¥492 million expenses in other operating expenses associated with Niigata NDK's business termination. As for the losses on buildings, machinery, and inventories incurred from the flood damages the factories in Malaysia suffered due to heavy rains on December 18, 2021, the impact on the results of operations was insignificant since they were covered by insurance. The factories in Malaysia have resumed full production since April 2022. We have also recorded income taxes-deferred of ¥(1,665) million by recording long-term deferred tax assets of ¥1,917 million.

Consequently, in the fiscal year under review, the Company reported an operating income of ¥ 5,180 million, an 82.2% increase from the previous year; income before income taxes of ¥ 4,920 million, an 89.8% increase year on year; and net income of ¥ 5,455 million, 176.1% increase year on year.

The Company had recorded a total of ¥4,405 million in the previous fiscal year for gain on sales and gain from the remeasurement of subsidiary shares for having sold a 51% stake of NDK SAW devices Co., Ltd., which was a wholly-owned subsidiary. The Company also had recorded business restructuring expenses of ¥1,118 million in the previous year.

(2) Financial Condition

As at the fiscal year-end (March 31, 2022), total assets stood at ¥61,220 million, a ¥1,833 million decrease from the previous fiscal year-end, reflecting the following factors: a decrease of ¥6,344 million in cash and cash equivalents; an increase of ¥1,362 million in trade receivables; an increase of ¥1,656 million in inventories and an increase of 1,418 million in deferred tax assets. Total liabilities amounted to ¥41,182 million, an ¥8,319 million decrease from the previous fiscal year-end, owing mainly to an ¥8,447 million decrease in loans and borrowings, a ¥1,315 million increase in trade and other payables, and a ¥1,205 million decrease in advances received in other current liabilities. Equity attributable to the owners of the Company stood at ¥20,037 million, a ¥6,485 million increase, due to increased comprehensive income.

As a result, the ratio of equity attributable to the owners of the Company was 32.7%, 11.2 percentage points higher than the previous fiscal year-end of 21.5%.

(3) Cash Flow Analysis

Cash flow activities for the fiscal year under review were as follows:

Net cash provided by operating activities totaled a positive ¥4,560 million, ¥4,436 million higher than the previous fiscal year. Negative factors entailed an increase of ¥1,186 million in inventories, ¥1,157 million from government grant income, and an increase of ¥764 million in trade receivables. Positive factors included income before income tax of ¥4,920 million and depreciation and amortization of ¥2,974 million.

Net cash used in investing activities was a negative ¥2,326 million, ¥2,640 million lower than a year earlier. Negative factors included expenditures of ¥2,406 million for purchase of property, plant and equipment.

Net cash used in financing activities totaled a negative ¥8,910 million, ¥14,331 million lower than the previous fiscal year, reflecting ¥25,284 million in proceeds from long-term loans and borrowings and negative ¥32,555 million in repayment of long-term loans and borrowings.

Accordingly, the balance of cash and cash equivalents on a consolidated basis at the end of the fiscal year under review amounted to ¥10,362 million, a decrease of ¥6,344 million from the end of the previous fiscal year.

(4) Forecasts for the Year Ending March 31, 2023

The Company will start the New Medium-Term Management Plan (the New MTMP) for the fiscal year 2022 ending March 2023 through the fiscal year 2024 ending March 2025 (FY2022-FY2024). In the New MTMP, we expect higher demand for high-precision, high-reliability crystal devices, one of our strengths, with a prospect of full-fledged demand for the high-speed communication standard "5G" and an increase of ADAS (Advanced Driver Assistance System) devices loaded in cars. We will make aggressive capital investments by responding to these opportunities. In terms of our financials, we will compress borrowings steadily and propel ourselves toward constructing a sound financial structure.

Regarding the forthcoming year's business environment, higher uncertainty is anticipated in the outlook of the global economy, with Russia's invasion of Ukraine and China's zero-COVID policy. In particular, there are concerns about the confusion of the logistics network due to the lockdown in Shanghai City and declined demand in the smartphone market in China.

Even in these circumstances, in automotive applications, in particular, demands from the Tier 1 manufacturers are still strong despite the foreseeable effect of the city blockage in Shanghai. On condition that the lockdown in the City is lifted in the second quarter, we expect a year-on-year increase in the full-year sales. In mobile communications applications, sales in China's smartphone market are expected to remain low. In contrast, further sales increase in 76.8MHz crystal units with built-in thermistors is expected in the market as a whole, along with the shift to higher-frequency 5G smartphones. In addition, sales of ultra-compact crystal units are expected to increase for the 5G smartphones and wearable device applications.

For the next fiscal year, profits are expected to increase year on year, excluding the grant income and other special factors, despite income-reducing factors such as higher parts prices and fixed costs. With regard to fixed costs, along with the completion of the structural reform we had been working on since 2018 and the shift to the growth phase, we plan to increase investment in human resources, facilities, and systems.

For the outlook of the consolidated business results in the next fiscal year, we forecast net sales of ¥50,000 million (up 10.1% year on year), operating income of ¥5,000 million (down 3.5% year on year), income before income taxes of ¥4,600 million (down 6.5% year on year), and net income of ¥4,000 million (down 26.7% year on year). The exchange rate is assumed to be ¥115 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.

Financial Statements**(1) Consolidated Statements of Financial Position**

(Millions of yen)

	March 31, 2021	March 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	16,707	10,362
Trade receivables	10,924	12,287
Inventories	10,134	11,790
Income taxes refundable	788	3
Others	2,961	3,531
Total current assets	41,515	37,974
Non-current assets:		
Property, plant and equipment	16,440	16,791
Intangible assets	176	167
Investments accounted for using the equity method	2,844	2,762
Other financial assets	1,024	1,039
Deferred tax assets	498	1,917
Others	553	566
Total non-current assets	21,538	23,245
Total assets	63,054	61,220
Liabilities		
Current liabilities:		
Loans and borrowings	2,101	1,261
Lease liabilities	466	407
Trade and other payables	7,334	8,650
Derivative liabilities	331	466
Provisions	321	687
Income taxes payable	609	953
Others	1,870	714
Total current liabilities	13,035	13,141
Non-current liabilities:		
Loans and borrowings	31,630	24,022
Lease liabilities	1,525	1,443
Deferred tax liabilities	492	0
Employee benefits	2,411	2,140
Provisions	157	163
Deferred government grants	9	31
Others	239	239
Total non-current liabilities	36,466	28,040
Total liabilities	49,501	41,182
Equity		
Equity attributable to owners of the Company		
Share capital	5,596	5,596
Share premium	5,515	5,515
Other components of equity	(773)	201
Retained earnings	3,213	8,724
Total equity attributable to owners of the Company	13,552	20,037
Total equity	13,552	20,037
Total liabilities and equity	63,054	61,220

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year Ended March 31, 2021	Year Ended March 31, 2022
Net sales	39,195	45,408
Cost of sales	32,616	32,898
Gross profit	6,579	12,509
Selling, general and administrative expenses	5,495	6,565
Research and development expenses	1,613	1,500
Other operating income	4,772	1,909
Other operating expenses	1,398	1,172
Operating income	2,844	5,180
Financial income	346	360
Financial expenses	552	539
Share of loss of investments accounted for using the equity method	(46)	(81)
Income before income tax	2,592	4,920
Income tax expenses	615	(535)
Net income for the period	1,976	5,455
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	459	54
Financial assets measured at fair value through other comprehensive income	96	67
Income tax relating to items that will not be reclassified	(116)	(4)
Subtotal	439	117
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	914	709
Cash flow hedges	7	18
Income tax relating to items that may be reclassified	(66)	184
Subtotal	854	912
Other comprehensive income for the period, net of income tax	1,294	1,029
Total comprehensive income for the period	3,270	6,485
Net income attributable to:		
Owners of the Company	1,976	5,455
Total comprehensive income attributable to:		
Owners of the Company	3,270	6,485
		(Yen)
Earnings per share:		
Basic earnings per share	100.70	278.01
Diluted earnings per share	61.27	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, 2020	10,649	5,859	(2,790)	3,068
Total 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				
Issuance of shares	2,500	2,500		2,500
Share issuance costs		(67)		(67)
Transfer from share capital to share premium	(7,553)	7,553		7,553
Transfer from share premium to retained earnings		(7,538)		(7,538)
Changes in treasury shares, net			(0)	(0)
Total transactions with owners	(5,053)	2,446	(0)	2,446
Balance at March 31, 2021	5,596	8,305	(2,790)	5,515
Total 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

(Millions of Yen)

	Other components of equity				Retained earnings	Attributable to owners of the Company	Total equity
	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Cash flow hedges	Total other components of equity			
Balance at April 1, 2020	(128)	(1,563)	(25)	(1,716)	(6,652)	5,349	5,349
Total comprehensive income for the period							
Net income				-	1,976	1,976	1,976
Other comprehensive income							
Remeasurement of defined benefit plan				-	350	350	350
Net change in financial assets measured at fair value through other comprehensive income	88			88		88	88
Exchange differences on translation of foreign operations		847		847		847	847
Cash flow hedges			7	7		7	7
Total comprehensive income for the period	88	847	7	943	2,327	3,270	3,270
Transactions with owners, recorded directly in equity							
Issuance of shares				-		5,000	5,000
Share issuance costs				-		(67)	(67)
Transfer from share capital to share premium				-		-	-
Transfer from share premium to retained earnings				-	7,538	-	-
Changes in treasury shares, net				-		(0)	(0)
Total transactions with owners	-	-	-	-	7,538	4,932	4,932
Balance at March 31, 2021	(39)	(715)	(18)	(773)	3,213	13,552	13,552
Total 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		62	62
Exchange differences on translation of foreign operations		893		893		893	893
Cash flow hedges			18	18		18	18
Total comprehensive income for the period	62	893	18	975	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	23	178	-	201	8,724	20,037	20,037

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year Ended March 31, 2021	Year Ended March 31, 2022
Operating activities:		
Income before income tax	2,592	4,920
Depreciation and amortisation	3,104	2,974
Gain on sales of property, plant and equipment	(4)	(15)
Impairment losses	328	246
Share of loss of investments accounted for using the equity method	46	81
Government grant income	(13)	(1,157)
Gain on sales of shares of subsidiary	(2,665)	-
Gain from remeasurement relating to application of the equity method	(1,740)	-
Decrease/(increase) in trade receivables	(802)	(764)
Decrease/(increase) in inventories	2,945	(1,186)
Decrease/(increase) in accounts receivable - other	(245)	137
Decrease/(increase) in consumption tax/value-added tax receivables	(102)	(29)
Increase/(decrease) in trade payables	263	620
Increase/(decrease) in accrued expenses	(895)	44
Increase/(decrease) in accrued bonus	155	(131)
Decrease/(increase) in derivative assets	49	-
Increase/(decrease) in derivative liabilities	307	150
Increase/(decrease) in provisions	(1,837)	131
Decrease/(increase) in other operating assets	(70)	(606)
Interest and dividend income	(86)	(79)
Interest expense	521	479
Interest and dividends received	86	79
Interest paid	(387)	(435)
Income tax refunded/(paid), net	(903)	(81)
Other, net	(522)	(820)
Net cash provided/(used in) by operating activities	124	4,560
Investing activities:		
Purchase of property, plant and equipment	(2,256)	(2,406)
Purchase of intangible assets	(19)	(30)
Purchase of other financial assets	(8)	(8)
Proceeds from sales of property, plant and equipment	10	27
Proceeds from sales of shares of subsidiary resulting in change in scope of consolidation	3,293	-
Purchase of investments accounted for using the equity method	(710)	-
Proceeds from sales of other financial assets	3	101
Other, net	(1)	(10)
Net cash provided by/(used in) investing activities	313	(2,326)
Financing activities:		
Proceeds from issuance of shares	4,932	-
Proceeds from long-term loans and borrowings	-	25,284
Repayment of long-term loans and borrowings	-	(32,555)
Net increase/(decrease) in short-term loans and borrowings	1,059	(1,200)
Repayments of lease liabilities	(571)	(438)
Cash dividends paid	(0)	-
Purchase and sales of treasury shares, net	(0)	(0)
Net cash provided by/(used in) financing activities	5,420	(8,910)
Net increase/(decrease) in cash and cash equivalents	5,857	(6,677)
Cash and cash equivalents at beginning of year	10,060	16,707
Net effect of currency translation on cash and cash equivalents	788	332
Cash and cash equivalents at end of period	16,707	10,362

(5) Notes to Going Concern Assumption

Not applicable

(6) Notes to Consolidated Financial Statements for the Year Ended March 31, 2022 (Condensed)**1. Basis of Preparation****(a) Changes in Accounting Policies**

Accounting policies applied for the first time in the fiscal year ended March 31, 2022

The amendments shown in the table below had no or no material effect on the Group's financial position or results of operations.

Amendments to Standards	Date of Application	Effects on Consolidated Financial Statements
IFRS 9, IAS 39, IFRS 7, Interest Rate Benchmark Reform IFRS 4 and IFRS 16 - Phase 2	April 1, 2021	No material effect

(Note) Interest Rate Benchmark Reform - Phase 2

As part of the interest rate benchmark reform based on the recommendations of the Financial Stability Board (FSB), LIBOR (the London Inter-Bank Offered Rate) was permanently suspended as of the end of December 2021. The amendments necessitated the contracts referencing LIBOR to be replaced with those using an alternative benchmark rate. In October 2021, the Group completed the replacement from LIBOR to TIBOR (Tokyo Inter-Bank Offered Rate). In addition, the Company fully repaid these existing loan contracts on March 31, 2022, refinancing them with syndicate loans and received the loan deposits from the banks on the same day. Hence, the amendments have no effect on the Group's consolidated statement of financial position as at March 31, 2022, and no material effect on the consolidated comprehensive income for the year then ended.

(b) Change in Classification

(Consolidated Statements of Cash Flows)

"Decrease/(increase) in other operating assets", which was included in "Others" in "Operating activities" for the fiscal year ended March 31, 2021, is separately presented for the fiscal year ended March 31, 2022, to improve the presentation clarity of the consolidated financial statements.

Reflecting this change, comparative consolidated statements of cash flows for the fiscal year ended March 31, 2021 have been reclassified.

As a result, "Others" of ¥(592) million in "Operating activities" for the fiscal year ended March 31, 2021 is reclassified as "Decrease/(increase) in other operating assets" of ¥(70) million, and "Others" of ¥(522) million.

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, 2021		Year Ended March 31, 2022		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	25,476	65.0	31,162	68.6	5,685	22.3
Crystal devices	10,322	26.3	10,062	22.2	(260)	(2.5)
Others	3,396	8.7	4,183	9.2	787	23.2
Total	39,195	100.0	45,408	100.0	6,212	15.8

(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, 2021 and 2022 were as follows:

(Millions of yen)

2021	Japan	China	U.S.A	Germany	Korea	Mexico	Hungary	Others	Total
Net sales	6,950	14,749	3,606	3,961	2,290	822	398	6,416	39,195
Non-current assets	11,699	3,123	78	-	-	-	-	1,729	16,631

(Millions of yen)

2022	Japan	China	U.S.A	Germany	Korea	Mexico	Hungary	Others	Total
Net sales	8,453	15,779	4,169	2,344	2,125	1,218	1,158	10,164	45,408
Non-current assets	11,272	3,875	55	-	-	-	-	1,800	17,003

(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. The Group booked impairment losses in the fiscal year under review for the increased building demolition costs of Niigata NDK Co., Ltd. due to fluctuations in estimates and for the dormant machinery and others of Suzhou NDK Co., Ltd. The impairment losses were recorded in "Other operating expenses" in the consolidated statements of comprehensive income.

Impairment losses for the year ended March 31, 2021 and 2022 were as follows:

(Millions of yen)

2021				2022			
Location	Asset/Asset group	Category	Amount	Location	Asset/Asset group	Category	Amount
Niigata NDK Co., Ltd. (Niigata, Japan)	Crystal units/ Crystal oscillators	Land, Building, Machinery, etc.	328	Niigata NDK Co., Ltd. (Niigata, Japan)	Crystal units/ Crystal oscillators	Building, etc.	242
Total			328	Suzhou NDK Co., Ltd. (Suzhou, China)	Idle assets	Machinery, etc.	3
Note: The recoverable amount of the asset group was measured at value in use or fair value less costs of disposal. Value in use was calculated using the discounted present value of future cash flows. The pre-tax discount rate used in the calculation was 9.0%. The fair value less costs of disposal was based on the estimated amount on disposal after deducting the costs of disposal.				Total			246
				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,	2021	2022
Personnel expenses	2,781	3,200
Depreciation and amortisation	451	466
Commissions	428	628
Shipping charges	697	838
Travel	73	86
Welfare	121	138
Tax and dues	216	203
Repair expenses	99	102
Others	625	901
Total	5,495	6,565

5. Research and Development Expenses

(Millions of yen)

for the years ended March 31,	2021	2022
Personnel expenses	977	931
Depreciation and amortisation	204	210
Materials	295	240
Others	136	116
Total	1,613	1,500

6. Other Operating Income and Expenses

(Millions of yen)

for the years ended March 31,	2021	2022
Rental income*	26	24
Government grant income**	121	1,212
Insurance claim income***	-	405
Gain on sales of shares of a subsidiary	2,665	-
Gain from remeasurement relating to application of the equity method	1,740	-
Other income	218	267
Total other operating income	4,772	1,909
Loss on disposal of PPE	2	30
Impairment losses of PPE	328	246
Depreciation of temporarily idle fixed assets	83	44
Settlement for products sold	5	131
Structural reform expenses****	790	250
Loss due to accident*****	-	404
Other expenses	189	65
Total other operating expenses	1,398	1,172

* Rental income mainly comes from renting part of the factories of our subsidiaries for the year ended March 31, 2022 and 2021.

** Government grant income includes ¥1,136 million recognized in the second quarter of the fiscal year under review 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 and low-interest loans using the Bank of Japan lending system were recognized during the period over which the related expenses were recognized.

*** Insurance claim income is for the damaged inventories in the factories of Asia NDK Crystal SDN. BHD. and NDK Quartz Malaysia 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,	2021	2022
Interest income	70	54
Dividend income	16	24
Foreign exchange gains, net	186	251
Gain on valuation of other financial assets	45	13
Gain on valuation of derivatives	10	15
Others	16	1
Total financial income	346	360
Interest expenses	521	479
Loss on valuation of other financial assets	-	4
Loss on valuation of derivatives	7	—
Others	22	54
Total financial expenses	552	539

8. Earnings per Share

for the years ended March 31,	2021	2022
Net income attributable to ordinary shareholders	¥1,976 million	¥5,455 million
Net income adjustment for the period	-	-
Net income used for calculation of diluted earnings per share	¥1,976 million	¥5,455 million
Weighted-average number of ordinary shares outstanding	19,624,283 shares	19,624,146 shares
Effect of dilutive securities (Class A shares)	12,626,891 shares	19,283,746 shares
Weighted-average number of diluted ordinary shares outstanding	32,251,174 shares	38,907,892 shares
Basic earnings per share	¥100.70	¥278.01
Diluted earnings per share	¥61.27	¥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**Issuance of Ordinary Shares and Disposal of Treasury Stock**

The Company's Board of Directors passed resolutions on March 29, 2022, to conduct the issuance of new shares, disposal of treasury stock, and secondary offering of shares, with a view to secure the funds for growth necessary to achieve the future growth strategies under the New Medium-Term Management Plan, and also to further strengthen the financial base after the redemption of the Class A Shares. After undergoing the prescribed procedures, the issue price, disposal price, selling price, etc., were determined on April 7. The offering of shares scheduled to be conducted through the shelf registration was completed on April 14, 2022.

The financing methods are as follows:

Offering Method	Issue Price (Yen per share)	Number of shares offered
a. Issuance of New Shares through Public Offering	1,233	2,268,100
b. Disposal of Treasury Stock through Public Offering	1,233	1,133,700
c. Offering through Over-Allotment	1,233	510,200
d. Issuance of New Shares through Third-Party Allotment	1,180	510,200

The total issue/disposal price, i.e., the amount paid in from the (a) Issuance of new shares through public offering and (b) Disposal of treasury stock through a public offering combined, was ¥4,014 million (domestic ¥1,723 million, overseas ¥2,290 million) as at April 14, 2022.

In addition, regarding (d) Issuance of New Shares through Third-Party Allotment in the chart above, the Company was notified on May 6, 2022, that the underwriter (SMBC Nikko Securities Inc.), the allottee, will subscribe for a part of the shares scheduled to be issued as follows:

- Number of new shares issued: 102,600 shares
- Total amount to be paid in: ¥121 million

The above amount was paid in full on May 10, 2022.

NDK intends to allocate, in accordance with the growth strategies under the New Medium-Term Management Plan, the raised funds to capital expenditures aimed at increasing production capacity to respond to the demand increase for crystal devices, mainly in automotive applications and 5G-related handsets, and will make efforts to enhance its medium-to-long-term corporate value and shareholder value by strengthening its profit base and financial base.

Please see the notice "Re: Issuance of New Shares, Disposal of Treasury Stock and Secondary Offering of Shares and Reduction of Amounts of Capital Stock and Legal Capital Surplus Concurrently with Issuance of New Shares" announced on March 29, 2022; "Re: Determination of Issue Price, Disposal Price and Selling Price, Etc. and Reduction of Amounts of Capital Stock and Legal Capital Surplus Concurrently with Issuance of New Shares" on April 7, 2022; "Re Withdrawal of Shelf Registration Statement Regarding Issuance of New Shares and Disposal of Treasury Stock" on April 14, 2022; and "Re: Determination of Number of New Shares to be Issued by Capital Increase through Third-Party Allotment" on May 6, 2022.

10. Additional Information

Acquisition and Cancellation of Class A Shares

The Company plans to acquire and cancel all the Class A shares in exchange for cash (total acquisition price: 6.25 billion yen) from Japan Industrial Solutions Fund II (the Class Shareholder) on May 26, 2022, based on the resolution passed at the Board of Directors meeting held on March 29, 2022. The cash to be paid for each Class A share increases as the actual acquisition date is delayed. Therefore, we believe that early redemption and cancelation of the entire Class A shares will contribute to strengthening our financial structure.

Please see the notice "Re: Acquisition and Cancellation of Class A Shares" announced on March 29, 2022.