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[Summary]

Consolidated Financial Results for the Third Quarter of the Year Ending March 31, 2025 [IFRS]

February 14, 2025

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, Prime Market**
Code **6779** URL <https://www.ndk.com/en/index.html>
Representative **Hiromi Katoh, Representative Director and President**
Contact person **Yuzuru Takeuchi, Senior Corporate Officer and General Manager of Administration Division** Phone: **+81-3-5453-6711**
Scheduled date to commence dividend payments: **-**
Availability of supplementary material on financial results: **None**
Holding of financial results briefing: **None**

(Figures less than a million yen are omitted)

1. Consolidated Financial Results for the Third Quarter of the Year Ending March 31, 2025 (April 1, 2024 - December 31, 2024)

(1) Consolidated Operating Results

(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 the parent		Total comprehensive income for the period	
Nine Months ended	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
December 31, 2024	39,681	5.8	3,650	11.8	2,820	12.1	1,998	1.8	1,998	1.8	2,716	12.4
December 31, 2023	37,501	(6.3)	3,265	(51.1)	2,515	(58.6)	1,962	(62.1)	1,962	(62.1)	2,416	(55.1)

	Basic earnings per share		Diluted earnings per share	
Nine Months ended	Yen		Yen	
December 31, 2024	86.65		—	
December 31, 2023	85.00		—	

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
As at	Million Yen	Million Yen	Million Yen	%
December 31, 2024	65,650	29,409	29,409	44.8
March 31, 2024	66,171	27,373	27,373	41.4

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	10.00	—	15.00	25.00
Fiscal year ending March 31, 2025	—	15.00	—		
Fiscal year ending March 31, 2025 (Forecast)				15.00	30.00

(Note) Revision of dividends forecast from the latest announcement : **None**

3. Consolidated Financial Forecast for the Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% figures represent the changes from the same period of the previous year)

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Basic earnings per share
Fiscal year ending March 31, 2025	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
	52,500	4.4	4,500	3.6	3,200	2.3	2,500	7.1	2,500	7.1	108.30

(Note) Revision of consolidated financial forecast from the latest announcement : **None**

Notes

(1) Significant changes in the scope of consolidation during the period: **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)	December 31, 2024	23,128,605	March 31, 2024	23,128,605
ii) Number of treasury shares at the end of the period	December 31, 2024	68,903	March 31, 2024	68,651
iii) Average number of shares outstanding for the period (year-to-date)	December 31, 2024	23,059,826	December 31, 2023	23,091,925

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: **None**

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

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.

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1. Qualitative Information on the Financial Results for the Nine Months ended December 31, 2024

(1) Operating Environment and Results of Operations

Regarding the world economy in the third quarter of the reporting period (April to December 2024), the worldwide inflation continued to slow, leading to reductions in policy interest rates in regions such as Europe and the United States. The U.S. economy remains robust, driven primarily by personal consumption. But Europe, particularly Germany, continues to struggle to emerge from economic stagnation. In China, economic growth is also slowing due to insufficient domestic demand.

In the automotive application market, the Company's primary business domain accounting for approximately one half of its total sales, the number of finished cars manufactured worldwide remained at a level lower than in the previous year due to the slowdown of new car sales globally and the slowing growth of the electric vehicle market. In such circumstances, the Company's sales of automotive applications posted an increase year-on-year, although they fell short of the amount the Company expected at the beginning of the fiscal year. Sales to mobile communication applications, which account for approximately 20% of the Company's total sales, mainly to major smartphone manufacturers, increased year-on-year. In the industrial equipment sector, sales to data centers exceeded expectations due to the growing demand for generative AI. However, sales to base stations decreased, resulting in overall revenue remaining roughly the same as the same period last year. Furthermore, there was an increase in sales of optical products for cameras, as well as a rise in sales of crystal units for healthcare applications.

As a result, net sales in the third quarter under review totaled ¥39,681 million, up 5.8% over the same period of the previous year. Operating income stood at ¥3,650 million, up 11.8% year-on-year, income before income taxes ¥2,820 million, up 12.1%, and net income for the quarterly period ¥1,998 million, up 1.8%. The average foreign exchange rate during the consolidated cumulative period was ¥152.87 to the U.S. dollar (¥142.76 in the same period of the previous year).

(2) Financial Condition

As at the third quarter-end (December 31, 2024), total assets stood at ¥65,650 million, a ¥520 million decrease from the previous fiscal year-end, reflecting the following factors: an increase of ¥1,508 million in Property, plant and equipment, an increase of ¥694 million in Intangible assets, a decrease of ¥137 million in Consumption taxes refund receivables included in Others of Current assets, a decrease of ¥218 million in Deferred tax assets, and a decrease of ¥2,365 million in Cash and cash equivalents. Total liabilities amounted to ¥36,241 million, a ¥2,555 million decrease from the previous fiscal year-end, owing mainly to a ¥104 million increase in Derivative liabilities, a ¥210 million decrease in Trade and other payables, a ¥2,446 million decrease in Loans and borrowings. Equity attributable to the Owners of the parent stood at ¥29,409 million, a ¥2,035 million increase from the year earlier, because of ¥2,716 million in Comprehensive income and ¥693 million in Dividends declared.

As a result, the ratio of equity attributable to the Owners of the parent was 44.8%, 3.4 percentage points higher than the previous fiscal year-end of 41.4%.

(3) Consolidated Financial Forecasts for the Year Ending March 31, 2025

There is no change from the Consolidated Financial Forecasts announced on May 13, 2024.

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

2. Notes to Summary Information

(1) Significant Changes in the Scope of Consolidation During the Period

Not applicable

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

Not applicable

3. Consolidated Financial Statements for the Nine Months ended December 31, 2024**(1) Consolidated Statements of Financial Position**

(Millions of yen)

	March 31, 2024	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	12,303	9,938
Trade receivables	12,918	13,069
Inventories	11,066	11,149
Income taxes refundable	50	53
Others	3,687	3,398
Total current assets	40,027	37,608
Non-current assets:		
Property, plant and equipment	18,087	19,596
Intangible assets	1,420	2,114
Investments accounted for using the equity method	2,709	2,594
Other financial assets	1,480	1,369
Deferred tax assets	1,705	1,487
Others	741	880
Total non-current assets	26,144	28,042
Total assets	66,171	65,650
Liabilities		
Current liabilities:		
Loans and borrowings	2,984	19,834
Lease liabilities	710	675
Trade and other payables	8,582	8,372
Derivative liabilities	240	344
Provisions	1	1
Income taxes payable	427	313
Others	744	952
Total current liabilities	13,692	30,493
Non-current liabilities:		
Loans and borrowings	20,541	1,246
Lease liabilities	1,917	1,879
Deferred tax liabilities	2	18
Employee benefits	1,876	1,842
Provisions	509	506
Deferred government grants	14	10
Others	241	244
Total non-current liabilities	25,104	5,747
Total liabilities	38,797	36,241
Equity		
Equity attributable to Owners of the parent:		
Share capital	5,596	5,596
Share premium	3,294	3,307
Other components of equity	1,683	2,293
Retained earnings	16,799	18,211
Total equity attributable to Owners of the parent	27,373	29,409
Total equity	27,373	29,409
Total liabilities and equity	66,171	65,650

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Net sales	37,501	39,681
Cost of sales	26,893	27,486
Gross profit	10,607	12,194
Selling, general and administrative expenses	6,120	6,995
Research and development expenses	1,347	1,551
Other operating income	253	135
Other operating expenses	126	132
Operating income	3,265	3,650
Financial income	45	55
Financial expenses	645	766
Share of loss of investments accounted for using the equity method	(150)	(118)
Income before income tax	2,515	2,820
Income tax expenses	552	822
Net income for the period	1,962	1,998
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	—	108
Financial assets measured at fair value through other comprehensive income	171	10
Income tax relating to items that will not be reclassified	(44)	(10)
Subtotal	126	108
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	323	608
Share of other comprehensive income of entities accounted for using equity method	4	2
Subtotal	327	610
Other comprehensive income for the period, net of income tax	454	718
Comprehensive income for the period	2,416	2,716
Net income attributable to:		
Owners of the parent	1,962	1,998
Comprehensive income attributable to:		
Owners of the parent	2,416	2,716
		(Yen)
Earnings per share:		
Basic earnings per share	85.00	86.65

(3) Consolidated Statements of Changes in Equity

Nine Months ended December 31, 2023

(Millions of yen)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance as at April 1, 2023	5,596	3,369	(1)	3,368
Comprehensive income for the period				
Net income				—
Other comprehensive income				
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				—
Share-based payment transactions		12		12
Purchase of treasury shares			(90)	(90)
Total transactions with owners	—	12	(90)	(77)
Balance as at December 31, 2023	5,596	3,382	(91)	3,290

	Other components of equity				Retained earnings	Attributable to owners of the parent	Total 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	Total other components of equity			
Balance as at April 1, 2023	50	515	9	575	14,499	24,039	24,039
Comprehensive income for the period							
Net income				—	1,962	1,962	1,962
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	126			126		126	126
Exchange differences on translation of foreign operations		323		323		323	323
Share of other comprehensive income of entities accounted for using equity method			4	4		4	4
Total comprehensive income for the period	126	323	4	454	1,962	2,416	2,416
Transactions with owners, recorded directly in equity							
Dividends declared				—	(462)	(462)	(462)
Share-based payment transactions				—		12	12
Purchase of treasury shares				—		(90)	(90)
Total transactions with owners	—	—	—	—	(462)	(540)	(540)
Balance as at December 31, 2023	176	838	14	1,029	15,999	25,916	25,916

Nine Months ended December 31, 2024

(Millions of yen)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance as at April 1, 2024	5,596	3,386	(91)	3,294
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				—
Share-based payment transactions		12		12
Purchase of treasury shares			(0)	(0)
Total transactions with owners	—	12	(0)	12
Balance as at December 31, 2024	5,596	3,399	(91)	3,307

	Other components of equity				Retained earnings	Attributable to owners of the parent	Total 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	Total other components of equity			
Balance as at April 1, 2024	337	1,331	15	1,683	16,799	27,373	27,373
Comprehensive income for the period							
Net income				—	1,998	1,998	1,998
Other comprehensive income							
Remeasurement of defined benefit plan				—	108	108	108
Net change in financial assets measured at fair value through other comprehensive income	(0)			(0)		(0)	(0)
Exchange differences on translation of foreign operations		608		608		608	608
Share of other comprehensive income of entities accounted for using equity method			2	2		2	2
Total comprehensive income for the period	(0)	608	2	610	2,106	2,716	2,716
Transactions with owners, recorded directly in equity							
Dividends declared				—	(693)	(693)	(693)
Share-based payment transactions				—		12	12
Purchase of treasury shares				—		(0)	(0)
Total transactions with owners	—	—	—	—	(693)	(681)	(681)
Balance as at December 31, 2024	337	1,939	17	2,293	18,211	29,409	29,409

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months ended December 31, 2023	Nine Months ended December 31, 2024
Operating activities:		
Income before income tax	2,515	2,820
Depreciation and amortisation	2,428	2,568
Gain on sales of property, plant and equipment	(0)	(17)
Share of loss of investments accounted for using equity method	150	118
Government grant income	(29)	—
Decrease/(increase) in trade receivables	497	207
Decrease/(increase) in inventories	1,597	165
Decrease/(increase) in consumption tax/value-added tax receivables	615	223
Increase/(decrease) in trade payables	174	(106)
Increase/(decrease) in accounts payable - other	291	155
Increase/(decrease) in accrued bonus	(529)	(480)
Decrease/(increase) in derivative assets	(158)	—
Increase/(decrease) in derivative liabilities	(48)	104
Increase/(decrease) in provisions	(55)	—
Interest and dividend income	(41)	(53)
Interest expense	406	393
Interest and dividends received	41	53
Interest paid	(338)	(309)
Income tax refunded/(paid), net	(806)	(697)
Other, net	(287)	(218)
Net cash provided by/(used in) operating activities	6,423	4,925
Investing activities:		
Purchase of property, plant and equipment	(2,128)	(3,069)
Purchase of intangible assets	(750)	(838)
Purchase of other financial assets	(5)	(1)
Proceeds from sales of property, plant and equipment	2	105
Proceeds from sales of other financial assets	2	94
Other, net	(6)	(4)
Net cash provided by/(used in) investing activities	(2,886)	(3,715)
Financing activities:		
Proceeds from long-term loans and borrowings	1,197	—
Repayment of long-term loans and borrowings	(4,276)	(988)
Net increase/(decrease) in short-term loans and borrowings	1,596	(1,666)
Repayments of lease liabilities	(405)	(526)
Dividends paid	(444)	(671)
Purchase of treasury shares	(90)	(0)
Net cash provided by/(used in) by financing activities	(2,422)	(3,853)
Net increase/(decrease) in cash and cash equivalents	1,114	(2,643)
Cash and cash equivalents at beginning of year	10,288	12,303
Net effect of currency translation on cash and cash equivalents	55	277
Cash and cash equivalents at end of period	11,458	9,938

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Segment Information)

(a) General information

The main activities of the Group are the integrated manufacture and sale of crystal related products, such as crystal units, crystal oscillators, other crystal devices, ultrasonic transducers, synthetic quartz crystals, and crystal elements, 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. From the first quarter of the year ending March 31, 2025, photolithographic blanks stated as "Others" has been reclassified as "Quartz crystal units" due to the reconsideration of the business management classification.

Therefore, the figures for the nine months ended December 31, 2023, were revised retrospectively based on the new classification of type of products.

(Millions of yen)

	Nine Months ended December 31, 2023		Nine Months ended December 31, 2024		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	27,538	73.4	29,883	75.3	2,345	8.5
Crystal oscillators	6,528	17.4	6,093	15.4	(435)	(6.7)
Others	3,434	9.2	3,704	9.3	270	7.9
Total	37,501	100.0	39,681	100.0	2,180	5.8