



[Summary]

Consolidated Financial Results for the Year Ended March 31, 2025 [IFRS]

May 13, 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 **Hiroki 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 of general shareholders' meeting: **June 26, 2025**
 Scheduled date to file annual securities report: **June 23, 2025**
 Scheduled date to commence dividend payments: **June 27, 2025**
 Availability of supplementary material on financial results: **Yes**
 Holding of financial results briefing: **Yes (for securities analysts and institutional investors)**

(Figures less than a million yen are omitted)

1. Consolidated Financial Results for the Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)

(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 the parent		Total comprehensive income	
Fiscal year ended	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
March 31, 2025	53,064	5.5	4,622	6.4	2,955	(5.5)	1,792	(23.2)	1,792	(23.2)	2,494	(35.5)
March 31, 2024	50,309	(4.2)	4,344	(47.8)	3,129	(58.0)	2,334	(62.2)	2,334	(62.2)	3,870	(41.3)

	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, 2025	77.75		—		6.3		4.3		8.7	
March 31, 2024	101.11		—		9.1		4.8		8.6	

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

For the fiscal year ended March 31, 2025 ¥(155) million

For the fiscal year ended March 31, 2024 ¥(186) 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, 2025	71,522	29,170	29,170	40.8	1,265.03
March 31, 2024	66,171	27,373	27,373	41.4	1,187.08

(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, 2025	6,109	(4,453)	1,912	15,881
March 31, 2024	8,528	(3,807)	(2,953)	12,303

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			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended March 31, 2024	—	10.00	—	15.00	25.00	578	24.7	2.2
Fiscal year ended March 31, 2025	—	15.00	—	15.00	30.00	693	38.6	2.4
Fiscal year ending March 31, 2026 (Forecast)	—	15.00	—	15.00	30.00		53.2	

3. Consolidated Financial Forecast for the Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(% 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
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six Months ending Septemeber 30, 2025	25,800	(1.9)	1,300	(45.0)	700	(62.3)	500	(64.5)	500	(64.5)	21.68
Fiscal year ending March 31, 2026	53,000	(0.1)	2,800	(39.4)	1,700	(42.5)	1,300	(27.5)	1,300	(27.5)	56.38

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)
- ii) Number of treasury shares at the end of the period
- iii) Average number of shares outstanding for the period

March 31, 2025	23,128,605	March 31, 2024	23,128,605
March 31, 2025	69,098	March 31, 2024	68,651
March 31, 2025	23,059,766	March 31, 2024	23,083,992

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025	44,426	7.4	843	(40.2)	1,044	(53.9)	891	(55.9)
March 31, 2024	41,355	(8.2)	1,409	(42.5)	2,266	(18.1)	2,021	(13.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	38.65	—
March 31, 2024	87.57	—

(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, 2025	55,915	17,159	30.7	744.14
March 31, 2024	52,336	16,876	32.2	731.86

Reference: Equity

As of March 31, 2025	¥17,159 million
As of March 31, 2024	¥16,876 million

<Reason for the difference from the previous fiscal year's non-consolidated financial results>

Operating income decreased year on year due to increases of research and development expenses for long-term growth and commissions to promote the DX (digital transformation). Additionally, due to the cost for financing, there were differences in the ordinary income and net income for the fiscal year under review, compared to the previous fiscal year.

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

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

- The Company is scheduled to hold a conference call on the full-year financial results on May 23, 2025, for securities analysts and institutional investors. The materials distributed will be posted on the Company's IR website promptly after the conference call.
- 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 Fiscal year ended March 31, 2025

(1) Operating Environment and Results of Operations

During the reporting period under review, the global economy avoided a sharp downturn while monetary authorities in various countries implemented inflation control measures, including interest rate hikes. Although the U.S. economy trended firm centering on personal consumption, the economic recovery in Europe remained modest due to stagnant domestic demand, specifically that in Germany. Domestic demand remained stagnant in China due to the difficulty in forecasting termination of the real estate-related recession. In such a situation, the uncertainty about the worldwide economy in the future increased, fueled by the tariff policy adopted by the new administration inaugurated in the U.S.

In the automotive application market, the Company's primary business domain accounting for approximately one half of its total sales, slowdowns were observed both in new car sales globally and in the growth in electric vehicle markets. 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, increased year-on-year, mainly to major smartphone manufacturers. Regarding sales of the industrial equipment applications, sales of optical transceivers to be used in data centers exceeded the forecast, reflecting the expanding demand for generative AI. In addition, sales of products to be used for AI servers were also started in the fourth quarter (January to March). Furthermore, there was an increase in sales of optical products for prosumer cameras, as well as a rise in sales of crystal units for healthcare applications.

As a result, net sales in the fiscal year under review totaled ¥53,064 million, up 5.5% from the previous fiscal year. Operating income stood at ¥4,622 million, up 6.4% from the previous fiscal year. Income before income tax and net income for the reporting period under review were ¥2,955 million (down 5.5% year-on-year) and ¥1,792 million (down 23.2% year-on-year) respectively, mainly due to the recording of ¥458 million in Impairment loss on equity method investments.

The average foreign exchange rate during the fiscal year under review was ¥152.48 to the U.S. dollar compared with ¥144.40 in the previous fiscal year.

(2) Financial Condition

As at the fiscal year-end (March 31, 2025), total assets stood at ¥71,522 million, a ¥5,351 million increase from the previous fiscal year-end, reflecting the following factors: an increase of ¥3,577 million in Cash and cash equivalents, an increase of ¥1,628 million in Property, plant and equipment, an increase of ¥859 million in Intangible assets, an increase of ¥472 million in Consumption taxes refund receivables included in Others of Current assets, a decrease of ¥585 million in Inventories, and a decrease of ¥612 million in Investments accounted for using the equity method. Total liabilities amounted to ¥42,351 million, a ¥3,554 million increase from the previous fiscal year-end, owing mainly to a ¥3,085 million increase in Loans and borrowings, a ¥886 million increase in Trade and other payables, a ¥194 million decrease in Employee benefits, and a ¥240 million decrease in Derivative liabilities. Equity attributable to the Owners of the parent stood at ¥29,170 million, a ¥1,797 million increase from the year earlier, because of a record of both ¥2,494 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 40.8%, 0.6 percentage points lower than the previous fiscal year-end of 41.4%.

(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 ¥15,881 million, an increase of ¥3,577 million from the end of the previous fiscal year. Cash flow activities were as follows.

Free cash flow amounted to a positive ¥1,656 million, ¥3,065 million lower than the previous fiscal year, reflecting net cash provided by operating activities of ¥6,109 million and net cash used in investing activities of ¥4,453 million.

Net cash provided by operating activities totaled a positive ¥6,109 million, ¥2,418 million lower than the previous fiscal year. While negative factors entailed income tax paid of ¥794 million, positive factors included depreciation and amortization of ¥3,427 million, income before income tax of ¥2,955 million, and a decrease of inventories of ¥602 million.

Net cash used in investing activities was a negative ¥4,453 million, ¥646 million lower than a year earlier. Negative factors included expenditures of ¥3,664 million for purchase of property, plant and equipment and ¥982 million for purchase of intangible assets.

Net cash used in financing activities totaled a positive ¥1,912 million, ¥4,865 million higher than the previous fiscal year. While negative factors entailed repayment of long-term loans and borrowings of ¥20,019 million, a decrease of short-term loans and borrowings of ¥1,666 million, repayment of lease liabilities of ¥710 million, and dividends paid of ¥691 million, positive factors included proceeds from long-term loans and borrowings of ¥25,000 million.

Accordingly, the balance of cash and cash equivalents on a consolidated basis at the end of the fiscal year under review amounted to ¥15,881 million, an increase of ¥3,577 million from the end of the previous fiscal year.

(4) Forecasts for the Year Ending March 31, 2026

It is possible that the world economy in the following fiscal year will largely be affected by the U.S. tariff policy and the application of it by the new administration.

Given that no U.S. manufacturers locally mass-produce crystal devices such as those used for automobile applications, the direct impact on the Company will be limited to the high tariffs imposed on the Chinese plants' products sold to the U.S. However, due to the reciprocal tariff policies implemented by the U.S., global automobile production in 2025 is projected to remain flat compared to the previous year. Taking these factors into consideration, we expect our sales of automotive applications for the next fiscal year to remain at the same level year-on-year.

Regarding mobile communication applications, while the volume of sales of high-frequency, small-sized products is expected to increase for use in the 5G smartphones, the value of sales is expected to decrease year-on-year due to the significant impact of the yen's appreciation. On the other hand, sales of products for use in AI servers, defense-related products, healthcare applications and medical devices are expected to increase over the previous year. As a result, we forecast total net sales of ¥53,000 million for the next fiscal year, remaining roughly flat compared to the previous year.

Regarding the profits, operating income is expected at ¥2,800 million (down 39.4% year-on-year), income before income taxes at ¥1,700 million (down 42.5% year-on-year), and net income at ¥1,300 million (down 27.5% year-on-year). In order to build the corporate infrastructure in which emphasis is placed on high profitability and capital efficiency, aiming at a long-term, sustainable growth, the Company will carry out large-scale prior investment (for details, please refer to the "Notice on the Formulation of the Medium-term Management Plan" which was published today). The resulting increase in costs is taken into consideration in the expected profit for the next fiscal year. The foreign exchange rate is assumed to be ¥140 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.

3. Consolidated Financial Statements for the Fiscal year ended March 31, 2025**(1) Consolidated Statements of Financial Position**

(Millions of yen)

	March 31, 2024	March 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	12,303	15,881
Trade receivables	12,918	12,705
Inventories	11,066	10,480
Income taxes refundable	50	31
Others	3,687	4,383
Total current assets	40,027	43,482
Non-current assets:		
Property, plant and equipment	18,087	19,716
Intangible assets	1,420	2,280
Investments accounted for using the equity method	2,709	2,096
Other financial assets	1,480	1,462
Deferred tax assets	1,705	1,223
Others	741	1,261
Total non-current assets	26,144	28,039
Total assets	66,171	71,522
Liabilities		
Current liabilities:		
Loans and borrowings	2,984	803
Lease liabilities	710	768
Trade and other payables	8,582	9,469
Derivative liabilities	240	—
Provisions	1	—
Income taxes payable	427	345
Others	744	768
Total current liabilities	13,692	12,155
Non-current liabilities:		
Loans and borrowings	20,541	25,808
Lease liabilities	1,917	2,171
Deferred tax liabilities	2	18
Employee benefits	1,876	1,682
Provisions	509	484
Deferred government grants	14	8
Others	241	22
Total non-current liabilities	25,104	30,196
Total liabilities	38,797	42,351
Equity		
Equity attributable to Owners of the parent:		
Share capital	5,596	5,596
Share premium	3,294	3,290
Other components of equity	1,683	1,741
Retained earnings	16,799	18,541
Total equity attributable to Owners of the parent	27,373	29,170
Total equity	27,373	29,170
Total liabilities and equity	66,171	71,522

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	50,309	53,064
Cost of sales	35,915	37,000
Gross profit	14,394	16,063
Selling, general and administrative expenses	8,274	9,456
Research and development expenses	1,746	2,085
Other operating income	310	243
Other operating expenses	339	142
Operating income	4,344	4,622
Financial income	56	67
Financial expenses	1,084	1,120
Share of loss of investments accounted for using the equity method	(186)	(155)
Impairment loss on equity method investments	—	(458)
Income before income tax	3,129	2,955
Income tax expenses	795	1,162
Net income for the period	2,334	1,792
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	428	643
Financial assets measured at fair value through other comprehensive income	401	91
Income tax relating to items that will not be reclassified	(114)	(35)
Subtotal	715	699
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	815	2
Share of other comprehensive income of entities accounted for using equity method	5	(0)
Subtotal	820	2
Other comprehensive income for the period, net of income tax	1,536	701
Comprehensive income for the period	3,870	2,494
Net income attributable to:		
Owners of the parent	2,334	1,792
Comprehensive income attributable to:		
Owners of the parent	3,870	2,494
		(Yen)
Earnings per share:		
Basic earnings per share	101.11	77.75

(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, 2023	5,596	3,369	(1)	3,368
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		16		16
Purchase of treasury shares			(90)	(90)
Total transactions with owners	—	16	(90)	(73)
Balance at March 31, 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		(3)		(3)
Purchase of treasury shares			(0)	(0)
Total transactions with owners	—	(3)	(0)	(3)
Balance at March 31, 2025	5,596	3,383	(92)	3,290

(Millions of yen)

	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 at April 1, 2023	50	515	9	575	14,499	24,039	24,039
Comprehensive income for the period							
Net income				—	2,334	2,334	2,334
Other comprehensive income							
Remeasurement of defined benefit plan				—	428	428	428
Net change in financial assets measured at fair value through other comprehensive income	286			286		286	286
Exchange differences on translation of foreign operations		815		815		815	815
Share of other comprehensive income of entities accounted for using equity method			5	5		5	5
Total comprehensive income for the period	286	815	5	1,107	2,762	3,870	3,870
Transactions with owners, recorded directly in equity							
Dividends declared				—	(462)	(462)	(462)
Share-based payment transactions				—		16	16
Purchase of treasury shares				—		(90)	(90)
Total transactions with owners	—	—	—	—	(462)	(536)	(536)
Balance at March 31, 2024	337	1,331	15	1,683	16,799	27,373	27,373
Comprehensive income for the period							
Net income				—	1,792	1,792	1,792
Other comprehensive income							
Remeasurement of defined benefit plan				—	643	643	643
Net change in financial assets measured at fair value through other comprehensive income	56			56		56	56
Exchange differences on translation of foreign operations		2		2		2	2
Share of other comprehensive income of entities accounted for using equity method			(0)	(0)		(0)	(0)
Total comprehensive income for the period	56	2	(0)	58	2,436	2,494	2,494
Transactions with owners, recorded directly in equity							
Dividends declared				—	(693)	(693)	(693)
Share-based payment transactions				—		(3)	(3)
Purchase of treasury shares				—		(0)	(0)
Total transactions with owners	—	—	—	—	(693)	(697)	(697)
Balance at March 31, 2025	393	1,333	14	1,741	18,541	29,170	29,170

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating activities:		
Income before income tax	3,129	2,955
Depreciation and amortisation	3,274	3,427
Gain on sales of property, plant and equipment	(0)	(17)
Impairment losses	102	0
Share of loss of investments accounted for using equity method	186	168
Impairment loss on equity method investments	—	458
Government grant income	(29)	—
Decrease/(increase) in trade receivables	659	175
Decrease/(increase) in inventories	2,158	602
Decrease/(increase) in accounts receivable - other	(196)	215
Decrease/(increase) in consumption tax/value-added tax receivables	142	(381)
Increase/(decrease) in trade payables	59	49
Increase/(decrease) in accounts payable - other	534	318
Increase/(decrease) in accrued bonus	3	61
Decrease/(increase) in derivative assets	—	(58)
Increase/(decrease) in derivative liabilities	191	(240)
Increase/(decrease) in provisions	(53)	—
Decrease/(increase) in other operating assets	553	(514)
Interest and dividend income	(48)	(65)
Interest expense	552	529
Interest and dividends received	48	65
Interest paid	(398)	(403)
Income tax refunded/(paid), net	(943)	(794)
Increase/(decrease) in provision for retirement benefits	(277)	(194)
Other, net	(1,119)	(250)
Net cash provided by/(used in) operating activities	8,528	6,109
Investing activities:		
Purchase of property, plant and equipment	(2,811)	(3,664)
Purchase of intangible assets	(943)	(982)
Purchase of other financial assets	(60)	(1)
Proceeds from sales of property, plant and equipment	2	105
Proceeds from sales of other financial assets	2	95
Other, net	2	(5)
Net cash provided by/(used in) investing activities	(3,807)	(4,453)
Financing activities:		
Proceeds from long-term loans and borrowings	1,208	25,000
Repayment of long-term loans and borrowings	(4,591)	(20,019)
Net increase/(decrease) in short-term loans and borrowings	1,611	(1,666)
Repayments of lease liabilities	(629)	(710)
Dividends paid	(460)	(691)
Purchase of treasury shares	(90)	(0)
Net cash provided by/(used in) by financing activities	(2,953)	1,912
Net increase/(decrease) in cash and cash equivalents	1,767	3,568
Cash and cash equivalents at beginning of year	10,288	12,303
Net effect of currency translation on cash and cash equivalents	247	9
Cash and cash equivalents at end of period	12,303	15,881

(5) Notes to Going Concern Assumption

Not applicable

(6) Notes to Consolidated Financial Statements for the Year Ended March 31, 2025 (Condensed)**1. 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 ended March 31, 2025, photolithographic blanks stated as "Others" has been reclassified as "Quartz crystal units" due to the reconsideration of the business management classification.

As for the information below for the year ended March 31, 2024, figures were revised retrospectively based on the new classification of type of products.

(Millions of Yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	36,871	73.3	38,986	73.5	2,115	5.7
Crystal oscillators	8,521	16.9	8,665	16.3	144	1.7
Others	4,916	9.8	5,412	10.2	495	10.1
Total	50,309	100.0	53,064	100.0	2,754	5.5

(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, 2025 and 2024 were as follows:

(Millions of yen)

2024	Japan	China	U.S.A	Germany	Korea	Mexico	Hungary	Others	Total
Net sales	8,243	15,950	5,524	2,893	3,250	1,776	1,348	11,323	50,309
Non-current assets	12,932	4,575	196	—	—	—	—	1,942	19,646

(Millions of yen)

2025	Japan	China	U.S.A	Germany	Korea	Mexico	Hungary	Others	Total
Net sales	8,164	18,737	5,698	3,234	2,800	1,554	1,234	11,640	53,064
Non-current assets	16,153	3,984	143	—	—	—	—	2,045	22,326

(d) Major Customers

For the years ended March 31, 2025, and 2024, there were no major external customers with net sales exceeding 10% of the Group's total net sales.

2. 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.

As for the previous fiscal year ended March 31, 2024, the Group booked impairment losses for the corporate assets which were planned to be disposed/sold in both Furukawa NDK Co., Ltd. and Head Office..

Regarding the fiscal year ended March 31, 2025, there is no applicable assets.

The impairment losses were recorded in "Other operating expenses" in the consolidated statements of comprehensive income.

Impairment losses for the years ended March 31, 2025 and 2024 were as follows:

(Millions of yen)

2024				2025			
Location	Asset/Asset group	Category	Amount	Location	Asset/Asset group	Category	Amount
Furukawa NDK Co., Ltd. (Miyagi, Japan)	Corporate assets	Building	5	—	—	—	—
Head Office (Saitama, Japan)	Corporate assets	Land, Building	96	—	—	—	—
Total			102	Total			—
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.							

3. Selling, General and Administrative Expenses

(Millions of yen)

For the years ended March 31,	2024	2025
Personnel expenses	4,033	4,385
Depreciation and amortisation	442	471
Commissions	1,209	1,690
Shipping charges	664	740
Travel	222	257
Welfare	177	200
Tax and dues	235	266
License fee	126	127
Sales commission	385	445
Others	777	870
Total	8,274	9,456

4. Research and Development Expenses

(Millions of yen)

For the years ended March 31,	2024	2025
Personnel expenses	1,045	1,111
Depreciation and amortisation	227	229
Materials	302	520
Others	170	223
Total	1,746	2,085

5. Other Operating Income and Expenses

(Millions of yen)

For the years ended March 31,	2024	2025
Rental income*	27	30
Government grant income**	94	17
Reversal of provisions for settlement for products sold***	5	2
Other income	183	193
Total other operating income	310	243
Loss on disposal of PPE****	70	76
Impairment losses of PPE	102	0
Depreciation of temporarily idle fixed assets	38	35
Settlement for products sold	54	—
Other expenses	73	30
Total other operating expenses	339	142

* Rental income mainly comes from renting part of the factories of our subsidiaries for the years ended March 31, 2025 and 2024.

** 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.

**** Loss on disposal of PPE mainly comes from demolition costs for buildings of our subsidiary for the year ended March 31, 2025.

6. Financial Income and Expenses

(Millions of yen)

For the years ended March 31,	2024	2025
Interest income	25	37
Dividend income	22	28
Gain on valuation of other financial assets	7	0
Others	0	2
Total financial income	56	67
Interest expenses	552	529
Foreign exchange losses, net	513	555
Loss on sale of other financial assets	—	20
Loss on valuation of other financial assets	3	6
Others	14	9
Total financial expenses	1,084	1,120

7. Impairment Loss on Equity Method Investments

As a result of the impairment test following an indication that the investment in NDK SAW Devices Co., Ltd. was impaired, an impairment loss of ¥458 million was recognized, since the initially expected profitability was no longer expected. The recoverable amount is measured based on value in use.

8. Earnings per Share

For the years ended March 31,	2024	2025
Net income attributable to ordinary shareholders	¥2,334 million	¥1,792 million
Weighted-average number of ordinary shares outstanding	23,083,992 shares	23,059,766 shares
Basic earnings per share	¥101.11	¥77.75

Note: 1. 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.

2. Diluted earnings/(loss) per share is not disclosed because there are no potential ordinary shares which have dilutive effects.

3. The Company shares held in trust accounts for Performance-linked Share-based Compensation Plan are included in treasury shares, which are excluded from the calculation of the weighted average number of shares used in the calculation of basic earnings per share. The weighted average number of treasury shares excluded from the calculation of basic earnings per share for the fiscal year ended March 31, 2024 was 43,709 shares, and for the fiscal year ended March 31, 2025 was 67,500 shares.

9. Events after the Reporting Period

Not applicable