



Notice Regarding Posting of Impairment Losses, Difference of Consolidated Financial Forecast and Results, and Loss on Valuation of Shares of Subsidiaries

June 19, 2020

Company Name **Nihon Dempa Kogyo Co., Ltd.**
 Representative **Hiromi Katoh, Representative Director and President**
(Code 6779 Tokyo Stock Exchange, 1st Section)
 Person in charge for inquiries **Michio Aoyama, Corporate Officer and General Manager of Administration Division**
(Phone: +81-3-5453-6709)

Nihon Dempa Kogyo Co., Ltd. has decided in today's board of directors that the Company posts impairment losses in the consolidated financial results for the year ended March 31, 2020. The Company also informs here the difference between consolidated financial forecast announced on November 8, 2019 and results for the year ended March 31, 2020 (announced today).

In addition, the Company announces that the Company posts loss on valuation of shares of subsidiaries in the non-consolidated results for the year ended in March 31, 2020.

1. Posting of Impairment Loss

The Company has decided to post total 1,970 million yen as impairment losses for manufacturing equipment of Furukawa NDK Co., Ltd., Suzhou NDK Co., Ltd., and newly established Suzhou NDK Co., Ltd., which mainly produce quartz crystal units and crystal devices for automotive market. This is because the sales for automotive market is expected to decrease due to Covid-19.

2. Difference of Consolidated Financial Forecast and Results for the Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

	Net sales	Operating income	Income before income tax	Net income for the period	Net income attributable to owners of the parent	Basic earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous Forecast (A)	39,800	(6,400)	(6,700)	(7,000)	(7,000)	(356.70)
Results (B)	39,468	(8,286)	(8,644)	(8,709)	(8,709)	(443.79)
Increase/(Decrease) (B-A)	(332)	(1,886)	(1,944)	(1,709)	(1,709)	
Increase/(Decrease) in percentage (%)	(0.8)	-	-	-	-	
(Reference) The Year Ended March 31, 2019	42,498	406	(56)	(251)	(251)	(12.80)

[Reason for differences]

As mentioned above, the Company recorded impairment losses of 1,970 million yen in the cost of sales, therefore operating income, income before income tax, and net income for the period were below the expectation.

3. Loss on Valuation of Shares of Subsidiaries (non-consolidated)

Regarding shares of Hakodate NDK Co., Ltd. and Asian NDK Crystal Sdn. Bhd., which are consolidated subsidiaries of the Company, the Company recorded loss on valuation of shares of subsidiaries of 2,454 million yen as extraordinary loss at the year ended March 31, 2020, considering the net investment decrease at these subsidiaries due to deteriorated their business performance.

The loss on valuation of shares of subsidiaries is only recorded in non-consolidated financial statements and eliminated in consolidated accounting, therefore there is no impact on consolidated results.

Notes:

The above forecasts on our future performance are based on the information currently available and certain assumptions we consider reasonable. Due to unforeseen circumstances, actual results may differ materially from such estimates.

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