



[Summary]

## Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2020 [IFRS]

August 6, 2019

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, 1st Section**  
 Code **6779** URL <http://www.ndk.com/>  
 Representative **Hiromi Katoh, Representative Director and President**  
 Person in charge for inquiries **Michio Aoyama, Corporate Officer and General Manager of Administration Division** Phone: **+81-3-5453-6709**  
 Scheduled date to submit the Quarterly Securities Report **August 9, 2019**  
 Scheduled commencement date of dividend payment **-**  
 Supplemental material for quarterly financial results **: None**  
 Holding of the briefing session for quarterly financial results **: None**

(Millions of Yen, Figures less than a million yen are omitted)

### 1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2020 (April 1, 2019 - June 30, 2019)

(1) Consolidated Operating Results (year-to-date) (% figures represent the changes from the same period of the previous year)

	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	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Three months ended												
June 30, 2019	9,279	(11.1)	(515)	-	(550)	-	(548)	-	(548)	-	(1,141)	-
June 30, 2018	10,438	(1.0)	(317)	-	(272)	-	(312)	-	(312)	-	(417)	-

  

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2019	(27.97)		-	
June 30, 2018	(15.94)		-	

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	Million Yen	Million Yen	Million Yen	%
As of June 30, 2019	58,471	13,583	13,583	23.2
As of March 31, 2019	60,784	14,725	14,725	24.2

### 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
The year ended March 31, 2019	-	0.00	-	0.00	0.00
The year ending March 31, 2020	-				
The year ending March 31, 2020 (Forecast)		0.00	-	Undetermined	Undetermined

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

### 3. Consolidated Financial Forecast for the Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

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

	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
The six months ending September 30, 2019	20,300	(4.3)	(500)	-	(650)	-	(700)	-	(700)	-	(35.67)
The year ending March 31, 2020	42,500	0.0	600	47.5	200	-	100	-	100	-	5.10

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

## Notes

### (1) Significant changes in subsidiaries during this period

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

### (2) Changes in accounting policies and accounting estimates

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

From the first quarter of the year ending March 31, 2020, the Group has adopted the following accounting policies.

##### •IFRS 16 (Leases)

At inception of a contract, the Group determines whether the contract is, or contains, a lease. The lease liabilities for leases are measured at the present value of the remaining of total lease payments at the commencement date of lease, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. In measuring lease liabilities, the Group has elected not to separate a lease component and a related non-lease component, and to recognise them as a single lease component. Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities and by reducing the carrying amounts to reflect lease payments made.

The cost of the right-of-use asset is initially measured at the amount of the initial measurement of lease liabilities adjusted by any initial direct costs and prepaid lease payments and others. The Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term on a straight-line basis.

As a transitional measure upon the adoption of IFRS 16, the Group applies this standard retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, and the comparative information for prior periods is not restated.

As a result, at the date of initial application of IFRS 16, the Group additionally recognised right-of-use assets of 1,207 million yen (included in "Property, plant, and equipment" in the Consolidated Statements of Financial Position) and lease liabilities of 1,240 million yen.

The weighted average of the incremental borrowing rates applied for the calculation of lease liabilities recognised at the date of initial application is 0.5%.

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

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

### (3) Number of outstanding shares (Ordinary shares)

(shares)

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

June 30, 2019	20,757,905	March 31, 2019	20,757,905
June 30, 2019	1,133,154	March 31, 2019	1,133,154
June 30, 2019	19,624,751	June 30, 2018	19,625,087

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

#### iii) Average number of shares for the period (year-to-date)

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

\* 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 we currently have and certain assumptions we consider reasonable. Due to the unforeseen circumstances, actual results may differ from such estimates.

## Financial Statements

### (1) Consolidated Statements of Financial Position

(Millions of Yen, Figures less than a million yen are omitted)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	8,231	7,685
Trade receivables	10,605	9,756
Inventories	14,401	14,275
Income taxes refundable	14	8
Derivative assets	8	68
Others	3,885	2,743
Total current assets	<u>37,146</u>	<u>34,539</u>
Non-current assets:		
Property, plant and equipment	21,104	21,663
Intangible assets	259	246
Other financial assets	1,508	1,232
Deferred tax assets	535	535
Others	230	254
Total non-current assets	<u>23,638</u>	<u>23,931</u>
Total assets	<u>60,784</u>	<u>58,471</u>
<b>Liabilities</b>		
Current liabilities:		
Loans and borrowings	17,213	18,227
Lease liabilities	27	531
Trade and other payables	8,627	7,697
Derivative liabilities	112	135
Provisions	346	253
Income taxes payable	103	115
Others	920	984
Total current liabilities	<u>27,351</u>	<u>27,945</u>
Non-current liabilities:		
Loans and borrowings	14,805	12,492
Lease liabilities	55	655
Deferred tax liabilities	248	229
Employee benefits	3,198	3,176
Provisions	113	111
Deferred government grants	48	38
Others	237	237
Total non-current liabilities	<u>18,707</u>	<u>16,942</u>
Total liabilities	<u>46,059</u>	<u>44,887</u>
<b>Equity</b>		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	3,069	3,069
Other components of equity	(873)	(1,466)
Retained earnings	1,880	1,331
Total equity attributable to owners of the Company	<u>14,725</u>	<u>13,583</u>
Total equity	<u>14,725</u>	<u>13,583</u>
Total liabilities and equity	<u>60,784</u>	<u>58,471</u>

## (2) Consolidated Statements of Comprehensive Income

(Millions of Yen, Figures less than a million yen are omitted)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
Net sales	10,438	9,279
Cost of sales	8,713	7,954
Gross profit	1,725	1,324
Selling, general and administrative expenses	1,591	1,440
Research and development expenses	463	394
Other operating income	62	54
Other operating expenses	51	59
Operating loss	(317)	(515)
Financial income	201	108
Financial expenses	156	143
Loss before income tax	(272)	(550)
Income tax expenses/(benefits)	40	(1)
Net loss for the period	(312)	(548)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(15)	(17)
Income tax relating to items that will not be reclassified	(2)	(2)
Subtotal	(18)	(19)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(71)	(517)
Cash flow hedges	(13)	(56)
Subtotal	(85)	(573)
Other comprehensive loss for the period, net of income tax	(104)	(592)
Total comprehensive loss for the period	(417)	(1,141)
Net loss attributable to:		
Owners of the Company	(312)	(548)
Total comprehensive loss attributable to:		
Owners of the Company	(417)	(1,141)
(Yen)		
Earnings per share:		
Basic loss per share	(15.94)	(27.97)

## (3) Consolidated Statements of Changes in Equity

Three months ended June 30, 2018

(Millions of Yen, Figures less than a million yen are omitted)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance at April 1, 2018	10,649	11,353	(2,790)	8,562
Total comprehensive income for the period				
Net loss				-
Other comprehensive income				
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 loss for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Transfer to retained earnings from share premium		(5,493)		(5,493)
Total contributions by and distributions to owners	-	(5,493)	-	(5,493)
Total transactions with owners	-	(5,493)	-	(5,493)
Balance at June 30, 2018	10,649	5,859	(2,790)	3,069

	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, 2018	29	(596)	-	(567)	(3,458)	15,186	15,186
Total comprehensive income for the period							
Net loss				-	(312)	(312)	(312)
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	(18)			(18)		(18)	(18)
Exchange differences on translation of foreign operations		(71)		(71)		(71)	(71)
Cash flow hedges			(13)	(13)		(13)	(13)
Total comprehensive loss for the period	(18)	(71)	(13)	(104)	(312)	(417)	(417)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfer to retained earnings from share premium				-	5,493	-	-
Total contributions by and distributions to owners	-	-	-	-	5,493	-	-
Total transactions with owners	-	-	-	-	5,493	-	-
Balance at June 30, 2018	10	(668)	(13)	(671)	1,722	14,769	14,769

Three months ended June, 30 2019

(Millions of Yen, Figures less than a million yen are omitted)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance at April 1, 2019	10,649	5,859	(2,790)	3,069
Total comprehensive income for the period				
Net loss				-
Other comprehensive income				
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 loss for the period	-	-	-	-
Balance at June 30, 2019	10,649	5,859	(2,790)	3,069

	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, 2019	(58)	(761)	(53)	(873)	1,880	14,725	14,725
Total comprehensive income for the period							
Net loss				-	(548)	(548)	(548)
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	(19)			(19)		(19)	(19)
Exchange differences on translation of foreign operations		(517)		(517)		(517)	(517)
Cash flow hedges			(56)	(56)		(56)	(56)
Total comprehensive loss for the period	(19)	(517)	(56)	(592)	(548)	(1,141)	(1,141)
Balance at June 30, 2019	(77)	(1,279)	(109)	(1,466)	1,331	13,583	13,583

## (4) Consolidated Statements of Cash Flows

(Millions of Yen, Figures less than a million yen are omitted)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019
Operating activities:		
Loss before income tax	(272)	(550)
Depreciation and amortisation	860	946
Gain on sales of other financial assets	(132)	(51)
Decrease in trade receivables	531	703
Increase in inventories	(372)	(55)
Decrease in consumption tax/value-added tax receivables	1,605	1,010
Decrease in trade payables	(395)	(322)
Decrease in accrued bonus	(93)	(345)
Interest and dividend income	(18)	(36)
Interest expense	49	77
Interest and dividends received	18	36
Interest paid	(36)	(71)
Income tax paid, net	(13)	(8)
Other, net	149	(110)
Net cash provided by operating activities	1,881	1,221
Investing activities:		
Purchase of property, plant and equipment	(1,407)	(470)
Purchase of intangible assets	(15)	(7)
Purchase of other financial assets	(30)	-
Proceeds from sales of other financial assets	545	280
Other, net	(3)	3
Net cash used in investing activities	(911)	(193)
Financing activities:		
Proceeds from long-term loans and borrowings	4,000	-
Repayment of long-term loans and borrowings	(2,459)	(2,844)
Net (decrease)/ increase in short-term loans and borrowings	(973)	1,593
Repayments of lease liabilities	-	(140)
Cash dividends paid	(0)	(0)
Net cash provided by/(used in) financing activities	566	(1,391)
Net increase/(decrease) in cash and cash equivalents	1,536	(362)
Cash and cash equivalents at beginning of year	6,851	8,231
Net effect of currency translation on cash and cash equivalents	20	(183)
Cash and cash equivalents at end of period	8,408	7,685

(5) Segment Information

1. 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.

2. Information about products and services

Net sales by type of products are as follows:

(Millions of Yen, Figures less than a million yen are omitted)

	Three Months Ended June 30, 2018		Three Months Ended June 30, 2019		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	6,182	59.2	5,701	61.4	(481)	(7.8)
Crystal devices	3,291	31.5	2,652	28.6	(638)	(19.4)
Others	965	9.3	925	10.0	(39)	(4.1)
Total	10,438	100.0	9,279	100.0	(1,159)	(11.1)