



[Summary]

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

November 8, 2019

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, 1st Section**  
 Code **6779** URL <https://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 **November 13, 2019**  
 Scheduled commencement date of dividend payment **-**  
 Supplemental material for quarterly financial results **: Yes**  
 Holding of the briefing session for quarterly financial results **: Yes**

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

### 1. Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2020 (April 1, 2019 - September 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	%
Six months ended												
September 30, 2019	19,825	(6.6)	(2,718)	-	(2,790)	-	(2,796)	-	(2,796)	-	(3,627)	-
September 30, 2018	21,218	(4.6)	(494)	-	(715)	-	(753)	-	(753)	-	(850)	-

  

Six months ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
September 30, 2019	(142.51)		-	
September 30, 2018	(38.41)		-	

#### (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 September 30, 2019	56,312	11,097	11,097	19.7
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	-	0.00	-	-	-
The year ending March 31, 2020 (Forecast)	-	-	-	0.00	0.00

(Note) Revision of dividends forecast from the latest announcement : **Yes**

### 3. Consolidated Financial Results 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 year ending March 31, 2020	39,800	(6.3)	(6,400)	-	(6,700)	-	(7,000)	-	(7,000)	-	(356.69)

(Note) Revision of consolidated financial results forecast from the latest announcement : **Yes**

## 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)

September 30, 2019	20,757,905	March 31, 2019	20,757,905
September 30, 2019	1,133,254	March 31, 2019	1,133,154
September 30, 2019	19,624,725	September 30, 2018	19,625,082

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 results 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 September 30, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	8,231	7,005
Trade receivables	10,605	10,527
Inventories	14,401	14,227
Income taxes refundable	14	3
Derivative assets	8	31
Others	3,885	3,158
Total current assets	<u>37,146</u>	<u>34,953</u>
Non-current assets:		
Property, plant and equipment	21,104	19,299
Intangible assets	259	257
Other financial assets	1,508	999
Deferred tax assets	535	547
Others	230	255
Total non-current assets	<u>23,638</u>	<u>21,359</u>
Total assets	<u>60,784</u>	<u>56,312</u>
<b>Liabilities</b>		
Current liabilities:		
Loans and borrowings	17,213	21,136
Lease liabilities	27	514
Trade and other payables	8,627	7,599
Derivative liabilities	112	56
Provisions	346	234
Income taxes payable	103	151
Others	920	787
Total current liabilities	<u>27,351</u>	<u>30,479</u>
Non-current liabilities:		
Loans and borrowings	14,805	10,446
Lease liabilities	55	526
Deferred tax liabilities	248	233
Employee benefits	3,198	3,151
Provisions	113	109
Deferred government grants	48	31
Others	237	235
Total non-current liabilities	<u>18,707</u>	<u>14,734</u>
Total liabilities	<u>46,059</u>	<u>45,214</u>
<b>Equity</b>		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	3,069	3,068
Other components of equity	(873)	(1,704)
Retained earnings	1,880	(915)
Total equity attributable to owners of the Company	<u>14,725</u>	<u>11,097</u>
Total equity	<u>14,725</u>	<u>11,097</u>
Total liabilities and equity	<u>60,784</u>	<u>56,312</u>

## (2) Consolidated Statements of Comprehensive Income

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

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Net sales	21,218	19,825
Cost of sales	17,678	16,783
Gross profit	3,540	3,042
Selling, general and administrative expenses	3,159	2,997
Research and development expenses	940	873
Other operating income	156	127
Other operating expenses	90	2,017
Operating loss	(494)	(2,718)
Financial income	200	153
Financial expenses	421	225
Loss before income tax	(715)	(2,790)
Income tax expenses	38	6
Net loss for the period	(753)	(2,796)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	20	(8)
Income tax relating to items that will not be reclassified	(2)	(2)
Subtotal	18	(10)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(96)	(831)
Cash flow hedges	(18)	11
Subtotal	(115)	(820)
Other comprehensive loss for the period, net of income tax	(96)	(831)
Total comprehensive loss for the period	(850)	(3,627)
Net loss attributable to:		
Owners of the Company	(753)	(2,796)
Total comprehensive loss attributable to:		
Owners of the Company	(850)	(3,627)
(Yen)		
Earnings per share:		
Basic loss per share	(38.41)	(142.51)

## (3) Consolidated Statements of Changes in Equity

Six months ended September 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				
Changes in treasury shares, net			(0)	(0)
Transfer to retained earnings from share premium		(5,493)		(5,493)
Total contributions by and distributions to owners	-	(5,493)	(0)	(5,493)
Total transactions with owners	-	(5,493)	(0)	(5,493)
Balance at September 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				-	(753)	(753)	(753)
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		(96)		(96)		(96)	(96)
Cash flow hedges			(18)	(18)		(18)	(18)
Total comprehensive loss for the period	18	(96)	(18)	(96)	(753)	(850)	(850)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Changes in treasury shares, net				-		(0)	(0)
Transfer to retained earnings from share premium				-	5,493	-	-
Total contributions by and distributions to owners	-	-	-	-	5,493	(0)	(0)
Total transactions with owners	-	-	-	-	5,493	(0)	(0)
Balance at September 30, 2018	47	(693)	(18)	(664)	1,281	14,335	14,335

Six months ended September 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	-	-	-	-
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Changes in treasury shares, net			(0)	(0)
Total contributions by and distributions to owners	-	-	(0)	(0)
Total transactions with owners	-	-	(0)	(0)
Balance at September 30, 2019	10,649	5,859	(2,790)	3,068

	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				-	(2,796)	(2,796)	(2,796)
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	(10)			(10)		(10)	(10)
Exchange differences on translation of foreign operations		(831)		(831)		(831)	(831)
Cash flow hedges			11	11		11	11
Total comprehensive loss for the period	(10)	(831)	11	(831)	(2,796)	(3,627)	(3,627)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Changes in treasury shares, net				-		(0)	(0)
Total contributions by and distributions to owners	-	-	-	-	-	(0)	(0)
Total transactions with owners	-	-	-	-	-	(0)	(0)
Balance at September 30, 2019	(68)	(1,593)	(42)	(1,704)	(915)	11,097	11,097

## (4) Consolidated Statements of Cash Flows

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

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Operating activities:		
Loss before income tax	(715)	(2,790)
Depreciation and amortisation	1,721	1,881
Gain on sales of property, plant and equipment	(25)	(1)
Impairment losses of property, plant and equipment	-	1,884
Gain on sales of other financial assets	(132)	(94)
Impairment losses of other financial assets	107	-
Decrease/(increase) in trade receivables	287	(119)
Increase in inventories	(588)	(74)
Decrease in consumption tax/value-added tax receivables	1,202	529
Decrease in trade payables	(559)	(592)
Decrease/(increase) in derivative assets	194	(23)
Increase/(decrease) in derivative liabilities	209	(43)
Decrease in provisions	(186)	(115)
Interest and dividend income	(25)	(44)
Interest expense	105	134
Interest and dividends received	25	44
Interest paid	(83)	(130)
Income tax paid, net	(45)	(9)
Other, net	(437)	(243)
Net cash provided by operating activities	1,053	190
Investing activities:		
Purchase of property, plant and equipment	(2,165)	(1,021)
Purchase of intangible assets	(40)	(28)
Purchase of other financial assets	(704)	(8)
Proceeds from sales of property, plant and equipment	2	1
Proceeds from sales of other financial assets	546	590
Other, net	(3)	(3)
Net cash used in investing activities	(2,366)	(468)
Financing activities:		
Proceeds from long-term loans and borrowings	7,500	-
Repayment of long-term loans and borrowings	(5,043)	(5,887)
Net (decrease)/increase in short-term loans and borrowings	(469)	5,448
Repayments of lease liabilities	-	(269)
Cash dividends paid	(1)	(0)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash provided by/(used in) financing activities	1,984	(709)
Net increase/(decrease) in cash and cash equivalents	672	(987)
Cash and cash equivalents at beginning of year	6,851	8,231
Net effect of currency translation on cash and cash equivalents	30	(238)
Cash and cash equivalents at end of period	7,555	7,005

(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)

	Six Months Ended September 30, 2018		Six Months Ended September 30, 2019		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	12,830	60.5	12,184	61.4	(645)	(5.0)
Crystal devices	6,366	30.0	5,645	28.5	(721)	(11.3)
Others	2,021	9.5	1,995	10.1	(26)	(1.3)
Total	21,218	100.0	19,825	100.0	(1,393)	(6.6)