



[Summary]

Consolidated Financial Results for the Year Ended March 31, 2020 [IFRS]

June 19, 2020

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 of the shareholder meeting **July 31, 2020**
 Scheduled date to submit the Securities Report **July 31, 2020**
 Scheduled commencement date of dividend payment **-**
 Supplemental material for financial results **: Yes**
 Holding of the briefing session for financial results **: Yes**

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

1. Consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(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	%
The year ended												
March 31, 2020	39,468	(7.1)	(8,286)	-	(8,644)	-	(8,709)	-	(8,709)	-	(9,376)	-
March 31, 2019	42,498	(3.3)	406	-	(56)	-	(251)	-	(251)	-	(460)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
The year ended				
March 31, 2020		(443.79)		-
March 31, 2019		(12.80)		-

(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 March 31, 2020		54,547		5,349		5,349		9.8
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				
The year ended					
March 31, 2019	-	0.00	-	0.00	0.00
The year ended					
March 31, 2020	-	0.00	-	0.00	0.00
The year ending					
March 31, 2021 (Forecast)	-	0.00	-	Undetermined	Undetermined

3. Consolidated Financial Forecast for the Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

The Group will immediately announce the consolidated financial forecast for the year ending March 31, 2021, when it is possible to reasonably estimate the figures.

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 year ended March 31, 2020, the Group has adopted the following accounting policy.

• 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)	March 31, 2020	20,757,905	March 31, 2019	20,757,905
ii) Number of treasury shares at the end of the period	March 31, 2020	1,133,568	March 31, 2019	1,133,154
iii) Average number of shares for the period (year-to-date)	March 31, 2020	19,624,598	March 31, 2019	19,624,946

* 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 March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	8,231	10,060
Trade receivables	10,605	9,906
Inventories	14,401	12,936
Income taxes refundable	14	6
Derivative assets	8	49
Others	3,885	2,520
Total current assets	<u>37,146</u>	<u>35,479</u>
Non-current assets:		
Property, plant and equipment	21,104	17,266
Intangible assets	259	228
Other financial assets	1,508	803
Deferred tax assets	535	529
Others	230	240
Total non-current assets	<u>23,638</u>	<u>19,067</u>
Total assets	<u>60,784</u>	<u>54,547</u>
Liabilities		
Current liabilities:		
Loans and borrowings	17,213	24,560
Lease liabilities	27	479
Trade and other payables	8,627	7,520
Derivative liabilities	112	33
Provisions	346	2,003
Income taxes payable	103	145
Others	920	1,800
Total current liabilities	<u>27,351</u>	<u>36,542</u>
Non-current liabilities:		
Loans and borrowings	14,805	7,987
Lease liabilities	55	1,297
Deferred tax liabilities	248	348
Employee benefits	3,198	2,661
Provisions	113	106
Deferred government grants	48	22
Others	237	230
Total non-current liabilities	<u>18,707</u>	<u>12,655</u>
Total liabilities	<u>46,059</u>	<u>49,198</u>
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	3,069	3,068
Other components of equity	(873)	(1,716)
Retained earnings	1,880	(6,652)
Total equity attributable to owners of the Company	<u>14,725</u>	<u>5,349</u>
Total equity	<u>14,725</u>	<u>5,349</u>
Total liabilities and equity	<u>60,784</u>	<u>54,547</u>

(2) Consolidated Statements of Comprehensive Income

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

	Year Ended March 31, 2019	Year Ended March 31, 2020
Net sales	42,498	39,468
Cost of sales	35,497	35,696
Gross profit	7,001	3,771
Selling, general and administrative expenses	6,255	5,922
Research and development expenses	1,884	1,684
Other operating income	2,217	423
Other operating expenses	672	4,875
Operating income/(loss)	406	(8,286)
Financial income	201	210
Financial expenses	665	568
Loss before income tax	(56)	(8,644)
Income tax expenses	194	64
Net loss for the period	(251)	(8,709)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan	96	176
Financial assets measured at fair value through other comprehensive income	(88)	(64)
Income tax relating to items that will not be reclassified	0	(5)
Subtotal	9	106
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(164)	(683)
Cash flow hedges	(53)	28
Income tax relating to items that may be reclassified	-	(117)
Subtotal	(218)	(773)
Other comprehensive loss for the period, net of income tax	(209)	(666)
Total comprehensive loss for the period	(460)	(9,376)
Net loss attributable to:		
Owners of the Company	(251)	(8,709)
Total comprehensive loss attributable to:		
Owners of the Company	(460)	(9,376)
Earnings per share:		
Basic loss per share	(12.80)	(443.79)

(3) Consolidated Statements of Changes in Equity

The year ended March 31, 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, 2018	10,649	11,353	(2,790)	8,562
Total comprehensive income for the period				
Net loss				-
Other comprehensive income				
Remeasurement of defined benefit plan				-
Net changes 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 March 31, 2019	10,649	5,859	(2,790)	3,069
Total comprehensive income for the period				
Net loss				-
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				-
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 March 31, 2020	10,649	5,859	(2,790)	3,068

The year ended March 31, 2020

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

	Other components of equity				Retained earnings	Attributable to owners of the Company	Total equity
	Financial assets measured at fair value through other comprehensive	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				-	(251)	(251)	(251)
Other comprehensive income							
Remeasurement of defined benefit plan				-	96	96	96
Net changes in financial assets measured at fair value through other comprehensive income	(87)			(87)		(87)	(87)
Exchange differences on translation of foreign operations		(164)		(164)		(164)	(164)
Cash flow hedges			(53)	(53)		(53)	(53)
Total comprehensive loss for the period	(87)	(164)	(53)	(305)	(154)	(460)	(460)
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 March 31, 2019	(58)	(761)	(53)	(873)	1,880	14,725	14,725
Total comprehensive income for the period							
Net loss				-	(8,709)	(8,709)	(8,709)
Other comprehensive income							
Remeasurement of defined benefit plan				-	176	176	176
Net change in financial assets measured at fair value through other comprehensive income	(69)			(69)		(69)	(69)
Exchange differences on translation of foreign operations		(801)		(801)		(801)	(801)
Cash flow hedges			28	28		28	28
Total comprehensive loss for the period	(69)	(801)	28	(843)	(8,532)	(9,376)	(9,376)
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 March 31, 2020	(128)	(1,563)	(25)	(1,716)	(6,652)	5,349	5,349

(4) Consolidated Statements of Cash Flows

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

	Year Ended March 31, 2019	Year Ended March 31, 2020
Operating activities:		
Loss before income tax	(56)	(8,644)
Depreciation and amortisation	3,469	3,697
Gain on sales of land use right	(1,035)	-
Gain on sales of property, plant and equipment	(915)	(1)
Impairment losses of property, plant and equipment, and goodwill	396	3,932
Gain on sales of other financial assets	(132)	(94)
Impairment losses of other financial assets	176	45
Gain on receipt of subsidies	(58)	(31)
Decrease in trade receivables	393	564
(Increase)/decrease inventories	(650)	1,224
Decrease in trade payables	(405)	(1,138)
Decrease in accrued bonus	(30)	(61)
Decrease/(increase) in derivative assets	214	(41)
Increase/(decrease) in derivative liabilities	30	(49)
(Decrease)/increase in provisions	(179)	1,649
Interest and dividend income	(68)	(82)
Interest expense	252	311
Interest and dividends received	68	74
Interest paid	(210)	(303)
Income tax paid, net	(55)	(65)
Other, net	412	(39)
Net cash provided by operating activities	1,615	948
Investing activities:		
Purchase of property, plant and equipment	(3,404)	(2,143)
Purchase of intangible assets	(85)	(43)
Purchase of other financial assets	(704)	(8)
Proceeds from sales of land use right	1,214	2,685
Proceeds from sales of property, plant and equipment	145	121
Proceeds from sales of other financial assets	546	591
Other, net	0	0
Net cash used in investing activities	(2,286)	1,204
Financing activities:		
Proceeds from long-term loans and borrowings	13,500	-
Repayment of long-term loans and borrowings	(10,603)	(9,836)
Net (decrease)/increase in short-term loans and borrowings	(825)	10,348
Repayments of lease liabilities	-	(532)
Cash dividends paid	(3)	(1)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash provided by financing activities	2,067	(23)
Net increase in cash and cash equivalents	1,395	2,129
Cash and cash equivalents at beginning of year	6,851	8,231
Net effect of currency translation on cash and cash equivalents	(16)	(299)
Cash and cash equivalents at end of period	8,231	10,060

(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)

	Year Ended March 31, 2019		Year Ended March 31, 2020		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	25,362	59.7	24,499	62.1	(863)	(3.4)
Crystal devices	12,650	29.8	11,147	28.2	(1,503)	(11.9)
Others	4,484	10.5	3,821	9.7	(663)	(14.8)
Total	42,498	100.0	39,468	100.0	(3,030)	(7.1)