



[Summary]

Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2021 [IFRS]

August 7, 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 to submit the Quarterly Securities Report **August 7, 2020**
 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, 2021 (April 1, 2020 - June 30, 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	%
Three months ended												
June 30, 2020	7,534	(18.8)	(715)	-	(820)	-	(849)	-	(849)	-	(874)	-
June 30, 2019	9,279	(11.1)	(515)	-	(550)	-	(548)	-	(548)	-	(1,141)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2020		(43.29)		-
June 30, 2019		(27.97)		-

(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, 2020	51,959	4,475	4,475	8.6
As of March 31, 2020	54,547	5,349	5,349	9.8

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, 2020	-	0.00	-	0.00	0.00
The year ending March 31, 2021	-				
The year ending March 31, 2021 (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, 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 : **None**

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, 2020	20,757,905	March 31, 2020	20,757,905
ii) Number of treasury shares at the end of the period	June 30, 2020	1,133,568	March 31, 2020	1,133,568
iii) Average number of shares for the period (year-to-date)	June 30, 2020	19,624,337	June 30, 2019	19,624,751

* 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, 2020	As of June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	10,060	8,837
Trade receivables	9,906	8,867
Inventories	12,936	13,613
Income taxes refundable	6	7
Derivative assets	49	62
Others	2,520	1,328
Subtotal	35,479	32,716
Assets held for sale	-	1,024
Total current assets	35,479	33,740
Non-current assets:		
Property, plant and equipment	17,266	16,401
Intangible assets	228	208
Other financial assets	803	831
Deferred tax assets	529	528
Others	240	248
Total non-current assets	19,067	18,218
Total assets	54,547	51,959
Liabilities		
Current liabilities:		
Loans and borrowings	24,560	27,554
Lease liabilities	479	447
Trade and other payables	7,520	6,663
Derivative liabilities	33	30
Provisions	2,003	148
Income taxes payable	145	177
Others	1,800	1,856
Total current liabilities	36,542	36,878
Non-current liabilities:		
Loans and borrowings	7,987	6,078
Lease liabilities	1,297	1,221
Deferred tax liabilities	348	365
Employee benefits	2,661	2,586
Provisions	106	104
Deferred government grants	22	18
Others	230	230
Total non-current liabilities	12,655	10,605
Total liabilities	49,198	47,484
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	10,649
Share premium	3,068	3,068
Other components of equity	(1,716)	(1,741)
Retained earnings	(6,652)	(7,501)
Total equity attributable to owners of the Company	5,349	4,475
Total equity	5,349	4,475
Total liabilities and equity	54,547	51,959

(2) Consolidated Statements of Comprehensive Income

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

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
Net sales	9,279	7,534
Cost of sales	7,954	6,451
Gross profit	1,324	1,083
Selling, general and administrative expenses	1,440	1,269
Research and development expenses	394	402
Other operating income	54	50
Other operating expenses	59	177
Operating loss	(515)	(715)
Financial income	108	35
Financial expenses	143	139
Loss before income tax	(550)	(820)
Income tax (benefits)/expenses	(1)	28
Net loss for the period	(548)	(849)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(17)	17
Income tax relating to items that will not be reclassified	(2)	0
Subtotal	(19)	17
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(517)	(47)
Cash flow hedges	(56)	1
Income tax relating to items that may be reclassified	-	3
Subtotal	(573)	(42)
Other comprehensive loss for the period, net of income tax	(592)	(24)
Total comprehensive loss for the period	(1,141)	(874)
Net loss attributable to:		
Owners of the Company	(548)	(849)
Total comprehensive loss attributable to:		
Owners of the Company	(1,141)	(874)
(Yen)		
Earnings per share:		
Basic loss per share	(27.97)	(43.29)

(3) Consolidated Statements of Changes in Equity

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

Three months ended June, 30 2020

(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, 2020	10,649	5,859	(2,790)	3,068
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, 2020	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, 2020	(128)	(1,563)	(25)	(1,716)	(6,652)	5,349	5,349
Total comprehensive income for the period							
Net loss				-	(849)	(849)	(849)
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	17			17		17	17
Exchange differences on translation of foreign operations		(44)		(44)		(44)	(44)
Cash flow hedges			1	1		1	1
Total comprehensive loss for the period	17	(44)	1	(24)	(849)	(874)	(874)
Balance at June 30, 2020	(110)	(1,607)	(23)	(1,741)	(7,501)	4,475	4,475

(4) Consolidated Statements of Cash Flows

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

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2020
Operating activities:		
Loss before income tax	(550)	(820)
Depreciation and amortisation	946	789
Gain on sales of other financial assets	(51)	-
Decrease in trade receivables	703	999
Increase in inventories	(55)	(796)
Decrease in consumption tax/value-added tax receivables	1,010	1,145
Decrease in trade payables	(322)	(288)
Decrease in accrued bonus	(345)	(99)
Decrease in provisions	(95)	(1,856)
Interest and dividend income	(36)	(20)
Interest expense	77	114
Interest and dividends received	36	20
Interest paid	(71)	(120)
Income tax (paid)/refunded, net	(8)	33
Other, net	(15)	(509)
Net cash provided by (used in) operating activities	1,221	(1,408)
Investing activities:		
Purchase of property, plant and equipment	(470)	(685)
Purchase of intangible assets	(7)	(1)
Proceeds from sales of property, plant and equipment	-	10
Proceeds from sales of other financial assets	280	1
Other, net	3	(5)
Net cash used in investing activities	(193)	(680)
Financing activities:		
Repayment of long-term loans and borrowings	(2,844)	(375)
Net increase in short-term loans and borrowings	1,593	1,434
Repayments of lease liabilities	(140)	(145)
Cash dividends paid	(0)	(0)
Net cash (used in)/provided by financing activities	(1,391)	913
Net decrease in cash and cash equivalents	(362)	(1,175)
Cash and cash equivalents at beginning of year	8,231	10,060
Net effect of currency translation on cash and cash equivalents	(183)	(47)
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	-	(1)
Cash and cash equivalents at end of period	7,685	8,837

(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, 2019		Three Months Ended June 30, 2020		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	5,701	61.4	4,673	62.0	(1,027)	(18.0)
Crystal devices	2,652	28.6	2,178	28.9	(473)	(17.9)
Others	925	10.0	682	9.1	(242)	(26.2)
Total	9,279	100.0	7,534	100.0	(1,744)	(18.8)