



[Summary]

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

November 10, 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 **November 12, 2020**
 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, 2021 (April 1, 2020 - September 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	%
Six months ended												
September 30, 2020	17,575	(11.4)	(1,453)	-	(1,663)	-	(2,157)	-	(2,157)	-	(2,059)	-
September 30, 2019	19,825	(6.6)	(2,718)	-	(2,790)	-	(2,796)	-	(2,796)	-	(3,627)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
September 30, 2020	(109.93)		-	
September 30, 2019	(142.51)		-	

(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, 2020	56,527		8,221		8,221		14.5	
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	-	0.00			
The year ending March 31, 2021 (Forecast)			-	Undetermined	Undetermined

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

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

(% 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, 2021	37,600	(4.7)	3,000	-	2,500	-	1,200	-	1,200	-	61.15

(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 : **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)

September 30, 2020	20,757,905	March 31, 2020	20,757,905
September 30, 2020	1,133,568	March 31, 2020	1,133,568
September 30, 2020	19,624,337	September 30, 2019	19,624,725

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, 2020	As of September 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	10,060	12,316
Trade receivables	9,906	10,119
Inventories	12,936	11,782
Income taxes refundable	6	791
Derivative assets	49	32
Others	2,520	1,904
Subtotal	35,479	36,946
Assets held for sale	-	1,342
Total current assets	35,479	38,288
Non-current assets:		
Property, plant and equipment	17,266	16,409
Intangible assets	228	207
Other financial assets	803	879
Deferred tax assets	529	495
Others	240	246
Total non-current assets	19,067	18,238
Total assets	54,547	56,527
Liabilities		
Current liabilities:		
Loans and borrowings	24,560	1,818
Lease liabilities	479	413
Trade and other payables	7,520	6,334
Derivative liabilities	33	31
Provisions	2,003	158
Income taxes payable	145	507
Others	1,800	1,879
Subtotal	36,542	11,143
Liabilities directly associated with assets held for sale	-	91
Total current liabilities	36,542	11,234
Non-current liabilities:		
Loans and borrowings	7,987	32,537
Lease liabilities	1,297	1,186
Deferred tax liabilities	348	347
Employee benefits	2,661	2,580
Provisions	106	173
Deferred government grants	22	15
Others	230	230
Total non-current liabilities	12,655	37,071
Total liabilities	49,198	48,305
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	8,096
Share premium	3,068	3,015
Other components of equity	(1,716)	(1,619)
Retained earnings	(6,652)	(1,270)
Total equity attributable to owners of the Company	5,349	8,221
Total equity	5,349	8,221
Total liabilities and equity	54,547	56,527

(2) Consolidated Statements of Comprehensive Income

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

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Net sales	19,825	17,575
Cost of sales	16,783	15,219
Gross profit	3,042	2,355
Selling, general and administrative expenses	2,997	2,607
Research and development expenses	873	822
Other operating income	127	144
Other operating expenses	2,017	522
Operating loss	(2,718)	(1,453)
Financial income	153	70
Financial expenses	225	281
Loss before income tax	(2,790)	(1,663)
Income tax expenses	6	493
Net loss for the period	(2,796)	(2,157)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	(8)	18
Income tax relating to items that will not be reclassified	(2)	(2)
Subtotal	(10)	16
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(831)	88
Cash flow hedges	11	3
Income tax relating to items that may be reclassified	-	(10)
Subtotal	(820)	81
Other comprehensive (loss)/income for the period, net of income tax	(831)	97
Total comprehensive loss for the period	(3,627)	(2,059)
Net loss attributable to:		
Owners of the Company	(2,796)	(2,157)
Total comprehensive loss attributable to:		
Owners of the Company	(3,627)	(2,059)
(Yen)		
Earnings per share:		
Basic loss per share	(142.51)	(109.93)

(3) Consolidated Statements of Changes in Equity

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				
Changes in treasury shares, net			(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							
Changes in treasury shares, net				-		(0)	(0)
Total transactions with owners	-	-	-	-	-	(0)	(0)
Balance at September 30, 2019	(68)	(1,593)	(42)	(1,704)	(915)	11,097	11,097

Six months ended September 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	-	-	-	-
Transactions with owners, recorded directly in equity				
Issuance of shares	2,500	2,500		2,500
Share issuance costs		(67)		(67)
Transfer from share capital to share premium	(5,053)	5,053		5,053
Transfer from share premium to retained earnings		(7,538)		(7,538)
Total transactions with owners	(2,553)	(53)	-	(53)
Balance at September 30, 2020	8,096	5,805	(2,790)	3,015

	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				-	(2,157)	(2,157)	(2,157)
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	16			16		16	16
Exchange differences on translation of foreign operations		77		77		77	77
Cash flow hedges			3	3		3	3
Total comprehensive loss for the period	16	77	3	97	(2,157)	(2,059)	(2,059)
Transactions with owners, recorded directly in equity							
Issuance of shares				-		5,000	5,000
Share issuance costs				-		(67)	(67)
Transfer from share capital to share premium				-		-	-
Transfer from share premium to retained earnings				-	7,538	-	-
Total transactions with owners	-	-	-	-	7,538	4,932	4,932
Balance at September 30, 2020	(111)	(1,485)	(22)	(1,619)	(1,270)	8,221	8,221

(4) Consolidated Statements of Cash Flows

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

	Six Months Ended September 30, 2019	Six Months Ended September 30, 2020
Operating activities:		
Loss before income tax	(2,790)	(1,663)
Depreciation and amortisation	1,881	1,560
Gain on sales of property, plant and equipment	(1)	(3)
Impairment losses of property, plant and equipment	1,884	-
Gain on sales of other financial assets	(94)	-
Increase in trade receivables	(119)	(283)
(Increase)/decrease in inventories	(74)	1,064
Decrease in consumption tax/value-added tax receivables	529	478
Decrease in trade payables	(592)	(121)
Decrease in accrued expenses	(150)	(872)
(Increase)/decrease in derivative assets	(23)	17
Decrease in derivative liabilities	(43)	(0)
Decrease in provisions	(115)	(1,848)
Interest and dividend income	(44)	(30)
Interest expense	134	252
Interest and dividends received	44	30
Interest paid	(130)	(259)
Income tax paid, net	(9)	(850)
Other, net	(93)	81
Net cash provided by/(used in) operating activities	190	(2,449)
Investing activities:		
Purchase of property, plant and equipment	(1,021)	(1,502)
Purchase of intangible assets	(28)	(20)
Purchase of other financial assets	(8)	(8)
Proceeds from sales of property, plant and equipment	1	10
Proceeds from sales of other financial assets	590	2
Other, net	(3)	(5)
Net cash used in investing activities	(468)	(1,522)
Financing activities:		
Proceeds from issuance of shares	-	4,932
Repayment of long-term loans and borrowings	(5,887)	-
Net increase in short-term loans and borrowings	5,448	1,759
Repayments of lease liabilities	(269)	(259)
Cash dividends paid	(0)	(0)
Purchase and sales of treasury shares, net	(0)	-
Net cash (used in)/provided by financing activities	(709)	6,431
Net (decrease)/increase in cash and cash equivalents	(987)	2,458
Cash and cash equivalents at beginning of year	8,231	10,060
Net effect of currency translation on cash and cash equivalents	(238)	21
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	-	(225)
Cash and cash equivalents at end of period	7,005	12,316

(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, 2019		Six Months Ended September 30, 2020		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	12,184	61.4	11,122	63.3	(1,062)	(8.7)
Crystal devices	5,645	28.5	4,952	28.2	(692)	(12.3)
Others	1,995	10.1	1,499	8.5	(495)	(24.8)
Total	19,825	100.0	17,575	100.0	(2,250)	(11.4)