



[Summary]

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

February 5, 2021

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 **February 12, 2021**
 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 Third Quarter of the Year Ending March 31, 2021 (April 1, 2020 - December 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	%
Nine months ended												
December 31, 2020	28,327	(4.7)	2,789	-	2,418	-	1,870	-	1,870	-	2,121	-
December 31, 2019	29,716	(7.8)	(5,480)	-	(5,653)	-	(5,665)	-	(5,665)	-	(6,082)	-

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2020	95.34		62.22	
December 31, 2019	(288.72)		-	

(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 December 31, 2020	60,735		12,402		12,402		20.4	
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				
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 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	38,900	(1.4)	2,400	-	1,900	-	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)

December 31, 2020	20,757,905	March 31, 2020	20,757,905
December 31, 2020	1,133,618	March 31, 2020	1,133,568
December 31, 2020	19,624,321	December 31, 2019	19,624,669

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 December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	10,060	14,921
Trade receivables	9,906	10,721
Inventories	12,936	10,365
Income taxes refundable	6	787
Derivative assets	49	63
Others	2,520	2,575
Total current assets	<u>35,479</u>	<u>39,434</u>
Non-current assets:		
Property, plant and equipment	17,266	16,613
Intangible assets	228	191
Investments accounted for using the equity method	-	2,858
Other financial assets	803	917
Deferred tax assets	529	478
Others	240	241
Total non-current assets	<u>19,067</u>	<u>21,300</u>
Total assets	<u>54,547</u>	<u>60,735</u>
Liabilities		
Current liabilities:		
Loans and borrowings	24,560	1,153
Lease liabilities	479	480
Trade and other payables	7,520	6,601
Derivative liabilities	33	27
Provisions	2,003	165
Income taxes payable	145	531
Others	1,800	1,893
Total current liabilities	<u>36,542</u>	<u>10,853</u>
Non-current liabilities:		
Loans and borrowings	7,987	32,540
Lease liabilities	1,297	1,578
Deferred tax liabilities	348	363
Employee benefits	2,661	2,570
Provisions	106	173
Deferred government grants	22	12
Others	230	241
Total non-current liabilities	<u>12,655</u>	<u>37,479</u>
Total liabilities	<u>49,198</u>	<u>48,333</u>
Equity		
Equity attributable to owners of the Company:		
Share capital	10,649	5,596
Share premium	3,068	5,514
Other components of equity	(1,716)	(1,466)
Retained earnings	(6,652)	2,757
Total equity attributable to owners of the Company	<u>5,349</u>	<u>12,402</u>
Total equity	<u>5,349</u>	<u>12,402</u>
Total liabilities and equity	<u>54,547</u>	<u>60,735</u>

(2) Consolidated Statements of Comprehensive Income

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

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Net sales	29,716	28,327
Cost of sales	25,273	24,076
Gross profit	4,443	4,251
Selling, general and administrative expenses	4,470	4,044
Research and development expenses	1,285	1,192
Other operating income	403	4,674
Other operating expenses	4,570	899
Operating (loss)/profit	(5,480)	2,789
Financial income	163	100
Financial expenses	337	438
Share of loss of investments accounted for using the equity method	-	(32)
(Loss)/income before income tax	(5,653)	2,418
Income tax expenses	12	548
Net (loss)/income for the period	(5,665)	1,870
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	28	31
Income tax relating to items that will not be reclassified	(5)	(4)
Subtotal	22	27
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(464)	242
Cash flow hedges	24	5
Income tax relating to items that may be reclassified	-	(24)
Subtotal	(439)	222
Other comprehensive (loss)/income for the period, net of income tax	(416)	250
Total comprehensive (loss)/income for the period	(6,082)	2,121
Net (loss)/income attributable to:		
Owners of the Company	(5,665)	1,870
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(6,082)	2,121
(Yen)		
Earnings per share:		
Basic (loss)/earnings per share	(288.72)	95.34
Diluted earnings per share	-	62.22

(3) Consolidated Statements of Changes in Equity

Nine months ended December 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, 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 December 31, 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				-	(5,665)	(5,665)	(5,665)
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	22			22		22	22
Exchange differences on translation of foreign operations		(464)		(464)		(464)	(464)
Cash flow hedges			24	24		24	24
Total comprehensive loss for the period	22	(464)	24	(416)	(5,665)	(6,082)	(6,082)
Transactions with owners, recorded directly in equity							
Changes in treasury shares, net				-		(0)	(0)
Total transactions with owners	-	-	-	-	-	(0)	(0)
Balance at December 31, 2019	(35)	(1,225)	(28)	(1,290)	(3,785)	8,643	8,643

Nine months ended December 31, 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 income				-
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 income 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	(7,553)	7,553		7,553
Transfer from share premium to retained earnings		(7,538)		(7,538)
Changes in treasury shares, net			(0)	(0)
Total transactions with owners	(5,053)	2,446	(0)	2,446
Balance at December 31, 2020	5,596	8,305	(2,790)	5,514

	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 income				-	1,870	1,870	1,870
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	27			27		27	27
Exchange differences on translation of foreign operations		217		217		217	217
Cash flow hedges			5	5		5	5
Total comprehensive income for the period	27	217	5	250	1,870	2,121	2,121
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	-	-
Changes in treasury shares, net				-		(0)	(0)
Total transactions with owners	-	-	-	-	7,538	4,931	4,931
Balance at December 31, 2020	(100)	(1,345)	(20)	(1,466)	2,757	12,402	12,402

(4) Consolidated Statements of Cash Flows

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

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2020
Operating activities:		
(Loss)/income before income tax	(5,653)	2,418
Depreciation and amortisation	2,786	2,334
Gain on sales of property, plant and equipment	(1)	(4)
Impairment losses of property, plant and equipment	1,884	-
Share of loss of investments accounted for using the equity method	-	32
Gain on sales of other financial assets	(94)	-
Gain on sales of shares of subsidiary	-	(2,665)
Gain from remeasurement relating to application of the equity method	-	(1,740)
Decrease/(increase) in trade receivables	8	(931)
Decrease in inventories	238	2,488
Decrease in consumption tax/value-added tax receivables	108	187
(Decrease)/increase in trade payables	(414)	433
Increase/(decrease) in accrued expenses	653	(709)
Decrease in accrued bonus	(395)	(383)
Increase in derivative assets	(21)	(13)
Increase/(decrease) in derivative liabilities	35	(0)
Increase/(decrease) in provisions	1,669	(1,843)
Interest and dividend income	(65)	(49)
Interest expense	219	386
Interest and dividends received	65	49
Interest paid	(207)	(288)
Income tax paid, net	(61)	(872)
Other, net	(393)	(401)
Net cash provided by/(used in) operating activities	360	(1,570)
Investing activities:		
Purchase of property, plant and equipment	(1,480)	(1,911)
Purchase of intangible assets	(42)	(17)
Purchase of other financial assets	(8)	(8)
Proceeds from sales of land use right	1,114	-
Proceeds from sales of property, plant and equipment	1	10
Proceeds from sales of shares of subsidiary resulting in change in scope of consolidation	-	3,293
Purchase of investments accounted for using the equity method	-	(710)
Proceeds from sales of other financial assets	591	3
Other, net	(3)	(5)
Net cash provided by investing activities	173	654
Financing activities:		
Proceeds from issuance of shares	-	4,932
Repayment of long-term loans and borrowings	(8,094)	-
Net increase in short-term loans and borrowings	8,847	1,059
Repayments of lease liabilities	(384)	(414)
Cash dividends paid	(1)	(0)
Purchase and sales of treasury shares, net	(0)	(0)
Net cash provided by financing activities	367	5,577
Net increase in cash and cash equivalents	901	4,661
Cash and cash equivalents at beginning of year	8,231	10,060
Net effect of currency translation on cash and cash equivalents	(162)	199
Cash and cash equivalents at end of period	8,970	14,921

(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)

	Nine Months Ended December 31, 2019		Nine Months Ended December 31, 2020		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	18,658	62.8	18,203	64.2	(455)	(2.4)
Crystal devices	8,283	27.9	7,672	27.1	(611)	(7.4)
Others	2,774	9.3	2,452	8.7	(322)	(11.6)
Total	29,716	100.0	28,327	100.0	(1,388)	(4.7)