



[Summary]

Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2022 [IFRS]

November 9, 2021

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, 1st Section**
 Code **6779** URL <https://www.ndk.com/>
 Representative **Hiroki Katoh, Representative Director and President**
 Contact **Yuzuru Takeuchi, Senior Corporate Officer and General Manager of Administration Division** Phone: **+81-3-5453-6711**
 Scheduled date to submit the Quarterly Securities Report **November 11, 2021**
 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, 2022 (April 1, 2021 - September 30, 2021)

(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, 2021	22,267	26.7	2,839	-	2,601	-	2,430	-	2,430	-	2,801	-
September 30, 2020	17,575	(11.4)	(1,453)	-	(1,663)	-	(2,157)	-	(2,157)	-	(2,059)	-

Six months ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
September 30, 2021	123.86		62.47	
September 30, 2020	(109.93)		-	

(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, 2021	60,372		16,353		16,353		27.1	
As of March 31, 2021	63,054		13,552		13,552		21.5	

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, 2021	-	0.00	-	0.00	0.00
The year ending March 31, 2022	-	0.00	-	-	-
The year ending March 31, 2022 (Forecast)	-	-	-	5.00	5.00

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

3. Consolidated Financial Forecast for the Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% 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	%	
The year ending March 31, 2022	44,500	13.5	4,900	72.3	4,400	69.8	4,000	102.4	4,000	102.4	203.83

(Note) Revision of consolidated financial 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) : **Yes**

[New] - subsidiaries , [Excluded] 1 subsidiary (Name: Suzhou NDK Co., Ltd.)

(Note) Suzhou NDK Co., Ltd., the Company's manufacturing subsidiary in Suzhou, China, completed its liquidation procedures in July, 2021. All its businesses were transferred to the new Suzhou NDK Co., Ltd., a consolidated subsidiary established in November 2019, to take over the old Suzhou NDK's operations.

(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 issued shares (Ordinary shares)

(shares)

i) Number of issued shares at the end of the period (including treasury shares)	September 30, 2021	20,757,905	March 31, 2021	20,757,905
ii) Number of treasury shares at the end of the period	September 30, 2021	1,133,755	March 31, 2021	1,133,755
iii) Average number of shares outstanding for the period (year-to-date)	September 30, 2021	19,624,150	September 30, 2020	19,624,337

* 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 that are available to us at the time of disclosure and certain assumptions that are deemed to be reasonable. Due to unforeseen circumstances, actual results may differ significantly 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, 2021	As of September 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	16,707	14,428
Trade receivables	10,924	11,878
Inventories	10,134	10,428
Income taxes refundable	788	2
Others	2,961	2,325
Total current assets	41,515	39,064
Non-current assets:		
Property, plant and equipment	16,440	16,193
Intangible assets	176	153
Investments accounted for using the equity method	2,844	2,794
Other financial assets	1,024	1,023
Deferred tax assets	498	552
Others	553	590
Total non-current assets	21,538	21,307
Total assets	63,054	60,372
Liabilities		
Current liabilities:		
Loans and borrowings	2,101	1,572
Lease liabilities	466	389
Trade and other payables	7,334	7,777
Derivative liabilities	331	101
Provisions	321	397
Income taxes payable	609	344
Others	1,870	644
Total current liabilities	13,035	11,227
Non-current liabilities:		
Loans and borrowings	31,630	28,346
Lease liabilities	1,525	1,378
Deferred tax liabilities	492	273
Employee benefits	2,411	2,390
Provisions	157	155
Deferred government grants	9	7
Others	239	239
Total non-current liabilities	36,466	32,792
Total liabilities	49,501	44,019
Equity		
Equity attributable to owners of the Company:		
Share capital	5,596	5,596
Share premium	5,515	5,515
Other components of equity	(773)	(402)
Retained earnings	3,213	5,644
Total equity attributable to owners of the Company	13,552	16,353
Total equity	13,552	16,353
Total liabilities and equity	63,054	60,372

(2) Consolidated Statements of Comprehensive Income

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Net sales	17,575	22,267
Cost of sales	15,219	16,469
Gross profit	2,355	5,797
Selling, general and administrative expenses	2,607	3,139
Research and development expenses	822	736
Other operating income	144	1,306
Other operating expenses	522	388
Operating (loss)/income	(1,453)	2,839
Financial income	70	86
Financial expenses	281	273
Share of loss of investments accounted for using the equity method	-	(50)
(Loss)/income before income tax	(1,663)	2,601
Income tax expenses	493	171
Net (loss)/income for the period	(2,157)	2,430
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	18	10
Income tax relating to items that will not be reclassified	(2)	(2)
Subtotal	16	8
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	88	173
Cash flow hedges	3	3
Income tax relating to items that may be reclassified	(10)	184
Subtotal	81	362
Other comprehensive income for the period, net of income tax	97	370
Total comprehensive (loss)/income for the period	(2,059)	2,801
Net (loss)/income attributable to:		
Owners of the Company	(2,157)	2,430
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(2,059)	2,801
		(Yen)
Earnings per share:		
Basic (loss)/earnings per share	(109.93)	123.86
Diluted earnings per share	—	62.47

(3) Consolidated Statements of Changes in Equity

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

Six months ended September, 30 2021

(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, 2021	5,596	8,305	(2,790)	5,515
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	-	-	-	-
Balance at September 30, 2021	5,596	8,305	(2,790)	5,515

	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, 2021	(39)	(715)	(18)	(773)	3,213	13,552	13,552
Total comprehensive income for the period							
Net income				-	2,430	2,430	2,430
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	8			8		8	8
Exchange differences on translation of foreign operations		358		358		358	358
Cash flow hedges			3	3		3	3
Total comprehensive income for the period	8	358	3	370	2,430	2,801	2,801
Balance at September 30, 2021	(31)	(357)	(14)	(402)	5,644	16,353	16,353

(4) Consolidated Statements of Cash Flows

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

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Operating activities:		
(Loss)/income before income tax	(1,663)	2,601
Depreciation and amortisation	1,560	1,472
Gain on sales of property, plant and equipment	(3)	(9)
Impairment losses of property, plant, equipment and intangible assets	-	71
Share of loss of investments accounted for using the equity method	-	50
Government grant income	(7)	(1,138)
Increase in trade receivables	(283)	(900)
Decrease/(increase) in inventories	1,064	(230)
Decrease in consumption tax/value-added tax receivables	478	756
(Decrease)/increase in trade payables	(121)	202
(Decrease)/increase in accrued expenses	(872)	167
Decrease in derivative assets	17	-
Decrease in derivative liabilities	(0)	(222)
Decrease in provisions	(1,848)	(0)
Interest and dividend income	(30)	(61)
Interest expense	252	265
Interest and dividends received	30	61
Interest paid	(259)	(271)
Income tax (paid)/refunded, net	(850)	230
Other, net	88	(251)
Net cash (used in)/provided by operating activities	(2,449)	2,793
Investing activities:		
Purchase of property, plant and equipment	(1,502)	(1,227)
Purchase of intangible assets	(20)	(6)
Purchase of other financial assets	(8)	(8)
Proceeds from sales of property, plant and equipment	10	13
Proceeds from sales of other financial assets	2	49
Other, net	(5)	(9)
Net cash used in investing activities	(1,522)	(1,187)
Financing activities:		
Proceeds from issuance of shares	4,932	-
Repayment of long-term loans and borrowings	-	(3,800)
Net increase in short-term loans and borrowings	1,759	-
Repayments of lease liabilities	(259)	(215)
Cash dividends paid	(0)	-
Net cash provided by/(used in) by financing activities	6,431	(4,016)
Net increase/(decrease) in cash and cash equivalents	2,458	(2,411)
Cash and cash equivalents at beginning of year	10,060	16,707
Net effect of currency translation on cash and cash equivalents	21	132
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	(225)	-
Cash and cash equivalents at end of period	12,316	14,428

(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, 2020		Six Months Ended September 30, 2021		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	11,122	63.3	14,955	67.2	3,833	34.5
Crystal devices	4,952	28.2	5,499	24.7	546	11.0
Others	1,499	8.5	1,812	8.1	312	20.8
Total	17,575	100.0	22,267	100.0	4,692	26.7