

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



[Summary]

**Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2023 [IFRS]**

November 8, 2022

Company Name **Nihon Dempa Kogyo Co., Ltd.** Stock Exchange Listing: **Tokyo Stock Exchange, Prime Market**  
 Code **6779** URL <https://www.ndk.com/en/index.html>  
 Representative **Hiromi Katoh, Representative Director and President**  
 Contact person **Yuzuru Takeuchi, Senior Corporate Officer and General Manager of Administration Division** Phone: **+81-3-5453-6711**  
 Scheduled date to file quarterly securities report: November 8, 2022  
 Scheduled date to commence dividend payments: December 12, 2022  
 Availability of supplementary material on financial results: Yes  
 Holding of the briefing session for quarterly financial results: Yes

(Figures less than a million yen are omitted)

**1. Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2023 (April 1, 2022 - September 30, 2022)**

(1) Consolidated Operating Results (year-to-date)

(Percentages indicate year-on-year changes.)

	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, 2022	26,501	19.0	4,041	42.3	3,927	50.9	3,352	37.9	3,352	37.9	4,048	44.5
September 30, 2021	22,267	26.7	2,839	-	2,601	-	2,430	-	2,430	-	2,801	-

Six months ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
September 30, 2022	146.48		-	
September 30, 2021	123.86		62.47	

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent	
	Million Yen		Million Yen		Million Yen		%	
As at								
September 30, 2022	64,411		21,745		21,745		33.8	
March 31, 2022	61,220		20,037		20,037		32.7	

**2. Dividends**

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Fiscal year ended March 31, 2022	-	0.00	-	5.00	5.00
Fiscal year ending March 31, 2023	-	10.00			
Fiscal year ending March 31, 2023 (Forecast)			-	10.00	20.00

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

The above chart concerns common stock dividends. Please see "(Reference) Dividends on Class A Shares" below for information on class shares (unlisted) that have different rights from common stock issued by the Company.

### 3. Consolidated Financial Forecast for the Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% figures represent the changes from the same period of the previous year)

	Net sales		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent		Basic earnings per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Fiscal year ending March 31, 2023	54,000	18.9	8,000	54.4	7,500	52.4	6,100	11.8	6,100	11.8	265.15

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

#### 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 issued shares (Ordinary shares)

(shares)

i) Number of issued shares at the end of the period (including treasury shares)	September 30, 2022	23,128,605	March 31, 2022	20,757,905
ii) Number of treasury shares at the end of the period	September 30, 2022	378	March 31, 2022	1,133,805
iii) Average number of shares outstanding for the period (year-to-date)	September 30, 2022	22,883,493	September 30, 2021	19,624,150

\* 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.

**(Reference) Dividends on Class A Shares**

Dividends per share related to Class A Shares with different rights from those of common shares are as follows:

Class A Shares	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	0.00	-	19,283.75	19,283.75
Fiscal year ending March 31, 2023	-	-			
Fiscal year ending March 31, 2023 (forecast)			-	-	-

(Note)

The number of Class A Shares in issue as of March 31, 2022 was 5,000 shares; the total amount of dividends on the class shares was ¥96 million for the fiscal year ended March 31, 2022. They were initially issued on August 5, 2020, all of which were acquired by the Company in exchange for money and canceled on May 26, 2022, based on the resolution made at the Board of Directors' meeting dated March 29, 2022. Hence, Class A shares will incur no dividends in the fiscal year ending March 2023.

**Table of Contents**

1. Qualitative Information on the Financial Results for the Six Months Ended September 30, 2022	
(1) Operating Environment and Results of Operations .....	2
(2) Financial Condition .....	2
(3) Consolidated Financial Forecasts for the Year Ending March 31, 2023 .....	2
2. Notes to Summary Information	
(1) Changes in Significant Subsidiaries During the Period .....	3
(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements .....	3
3. Consolidated Financial Statements for the Six Months Ended September 30, 2022	
(1) Consolidated Statements of Financial Position .....	4
(2) Consolidated Statements of Comprehensive Income .....	5
(3) Consolidated Statements of Changes in Equity .....	6
(4) Consolidated Statements of Cash Flows .....	8
(5) Notes to Consolidated Financial Statements .....	9

## 1. Qualitative Information on the Financial Results for the Six Months Ended September 30, 2022

### (1) Operating Environment and Results of Operations

The first half of the fiscal year ending March 31, 2023 (April to September 2022) witnessed rising inflation worldwide due to soaring prices of energy, food and other commodities. Europe and the United States have raised interest rates to cope with inflation; in China, economic recovery was hindered by the "Zero-COVID" policy aimed at containing COVID-19 infections. Uncertainty about the future of the world economy has intensified.

In the automotive and smartphone markets, the Company's primary business domains, the demand for smartphones continued to decline in China. On the other hand, while the logistic confusion caused by the lockdown based on China's "Zero-COVID" policy affected Shanghai City for two months until the end of May, the situation improved afterwards. In September, the world's largest smartphone manufacturer started shipping new models.

Under such circumstances, in automotive applications, which account for nearly half of the Company's net sales, the orders in the second quarter (July to September 2022) from Tier 1 customers, i.e., manufacturers who supply parts to finished car manufacturers, remained unchanged overall from the first quarter (April to June 2022). On the sales side, despite the negative impact of logistic turmoil due to city blockage in Shanghai, consolidated net sales for the second quarter under review increased by over 20% compared to the same quarter of the previous year. In mobile communications applications, which account for around 20% of net sales, despite lower demand from Chinese smartphone manufacturers, consolidated net sales for the second quarter increased year on year, reflecting sales growth in 76.8MHz crystal units with built-in thermistors and ultra-compact crystal units for high-end smartphones. In industrial equipment applications, which represent nearly 10% of the sales, net sales of crystal oscillators for data centers increased year on year. Net sales for IoT and Factory Automation (FA) applications also increased year on year. In addition, substantial yen depreciation compared to the previous year's level led to a revenue increase of around ¥2,300 million.

As a result, consolidated net sales for the second quarter under review recorded ¥26,501 million, a 19.0% increase year on year from ¥22,267 million.

Regarding profit and loss, in the second quarter under review, the Company reported an operating income of ¥4,041 million, a 42.3% increase year on year from ¥2,839 million the year before; income before income taxes of ¥3,927 million, up 50.9% year on year from ¥2,601 million; and net income of ¥3,352 million, up 37.9% year on year from ¥2,430 million.

Although an income increase of around ¥700 million was attributable to yen depreciation, profits increased year on year, even excluding foreign exchange factors.

### (2) Financial Condition

As of the second quarter-end (September 30, 2022), total assets stood at ¥64,411 million, a ¥3,191 million increase from the previous fiscal year-end, reflecting the following factors: an increase of ¥2,137 million in Inventories, an increase of ¥1,694 million in Trade receivables, an increase of ¥1,122 million in Property, plant and equipment, a decrease of ¥1,009 million in Cash and cash equivalents, and a decrease of ¥805 million in Consumption taxes refund receivables in Other current assets. Total liabilities amounted to ¥42,665 million, a ¥1,482 million increase from the previous fiscal year-end, owing mainly to a ¥686 million increase in Trade and other payables, a ¥638 million increase in Lease liabilities and a ¥272 million increase in Loans and borrowings. Equity attributable to the Owners of the parent stood at ¥21,745 million, a ¥1,708 million increase from the year earlier, reflecting the following factors: a ¥2,146 million decrease in Share premium due to issuance of new shares, disposal of treasury shares and cancellation of Class A shares; Comprehensive income of ¥4,048 million; and Dividends declared of ¥194 million.

As a result, the ratio of equity attributable to the Owners of the parent was 33.8%, 1.1 percentage points higher than the previous fiscal year-end of 32.7%.

### (3) Consolidated Financial Forecasts for the Year Ending March 31, 2023

There is no change from the Consolidated Financial Forecasts announced on September 22, 2022.

Forward-looking statements about our future performance are based on the information 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.

## **2. Notes to Summary Information**

(1) Changes in Significant Subsidiaries During the Period

Not applicable

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

Not applicable

**3. Consolidated Financial Statements for the Six Months Ended September 30, 2022****(1) Consolidated Statements of Financial Position**

(Millions of yen)

	March 31, 2022	September 30, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	10,362	9,353
Trade receivables	12,287	13,981
Inventories	11,790	13,927
Income taxes refundable	3	0
Others	3,531	2,418
Total current assets	<u>37,974</u>	<u>39,681</u>
Non-current assets:		
Property, plant and equipment	16,791	17,914
Intangible assets	167	152
Investments accounted for using the equity method	2,762	2,922
Other financial assets	1,039	1,049
Deferred tax assets	1,917	2,176
Others	566	515
Total non-current assets	<u>23,245</u>	<u>24,729</u>
Total assets	<u>61,220</u>	<u>64,411</u>
<b>Liabilities</b>		
Current liabilities:		
Loans and borrowings	1,261	1,261
Lease liabilities	407	598
Trade and other payables	8,650	9,336
Derivative liabilities	466	565
Provisions	687	580
Income taxes payable	953	832
Others	714	709
Total current liabilities	<u>13,141</u>	<u>13,884</u>
Non-current liabilities:		
Loans and borrowings	24,022	24,294
Lease liabilities	1,443	1,889
Deferred tax liabilities	0	2
Employee benefits	2,140	2,163
Provisions	163	162
Deferred government grants	31	28
Others	239	239
Total non-current liabilities	<u>28,040</u>	<u>28,781</u>
Total liabilities	<u>41,182</u>	<u>42,665</u>
<b>Equity</b>		
Equity attributable to Owners of the parent:		
Share capital	5,596	5,596
Share premium	5,515	3,368
Other components of equity	201	898
Retained earnings	8,724	11,881
Total equity attributable to Owners of the parent	<u>20,037</u>	<u>21,745</u>
Total equity	<u>20,037</u>	<u>21,745</u>
Total liabilities and equity	<u>61,220</u>	<u>64,411</u>

**(2) Consolidated Statements of Comprehensive Income**

(Millions of Yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022
Net sales	22,267	26,501
Cost of sales	16,469	18,122
Gross profit	5,797	8,378
Selling, general and administrative expenses	3,139	3,777
Research and development expenses	736	866
Other operating income	1,306	609
Other operating expenses	388	302
Operating income	2,839	4,041
Financial income	86	22
Financial expenses	273	281
Share of loss of investments accounted for using the equity method	(50)	(51)
Gain on change in equity	-	196
Income before income tax	2,601	3,927
Income tax expenses	171	575
Net income for the period	2,430	3,352
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	10	(12)
Income tax relating to items that will not be reclassified	(2)	0
Subtotal	8	(12)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	173	694
Share of other comprehensive income of entities accounted for using equity method	-	14
Cash flow hedges	3	-
Income tax relating to items that may be reclassified	184	-
Subtotal	362	709
Other comprehensive income for the period, net of income tax	370	696
Total comprehensive income for the period	2,801	4,048
Net income attributable to:		
Owners of the parent	2,430	3,352
Total comprehensive income attributable to:		
Owners of the parent	2,801	4,048
		(Yen)
Earnings per share:		
Basic earnings per share	123.86	146.48
Diluted earnings per share	62.47	-



**(3) Consolidated Statements of Changes in Equity**

Six months ended September 30, 2021

(Millions of yen)

	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 parent	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

## Six months ended September 30, 2022

(Millions of Yen)

	Share Capital	Share premium		
		Additional paid-in capital	Treasury shares	Total share premium
Balance at April 1, 2022	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				-
Share of other comprehensive income of entities accounted for using equity method				-
Total comprehensive income for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Dividends declared				-
Issuance of new shares	1,398	1,398		1,398
Share issuance costs		(31)		(31)
Transfer from share capital to share premium	(1,398)	1,398		1,398
Purchase of treasury shares			(6,250)	(6,250)
Disposal of treasury shares		(1,452)	2,790	1,337
Cancellation of treasury shares		(6,250)	6,250	-
Total transactions with owners	-	(4,936)	2,789	(2,146)
Balance at September 30, 2022	5,596	3,369	(0)	3,368

	Other components of equity				Retained earnings	Attributable to owners of the parent	Total equity
	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of entities accounted for using equity method	Total other components of equity			
Balance at April 1, 2022	23	178	-	201	8,724	20,037	20,037
Total comprehensive income for the period							
Net income				-	3,352	3,352	3,352
Other comprehensive income							
Net change in financial assets measured at fair value through other comprehensive income	(12)			(12)		(12)	(12)
Exchange differences on translation of foreign operations		694		694		694	694
Share of other comprehensive income of entities accounted for using equity method			14	14		14	14
Total comprehensive income for the period	(12)	694	14	696	3,352	4,048	4,048
Transactions with owners, recorded directly in equity							
Dividends declared				-	(194)	(194)	(194)
Issuance of new shares				-		2,797	2,797
Share issuance costs				-		(31)	(31)
Transfer from share capital to share premium				-		-	-
Purchase of treasury shares				-		(6,250)	(6,250)
Disposal of treasury shares				-		1,337	1,337
Cancellation of treasury shares				-		-	-
Total transactions with owners	-	-	-	-	(194)	(2,340)	(2,340)
Balance at September 30, 2022	11	872	14	898	11,881	21,745	21,745

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2022
Operating activities:		
Income before income tax	2,601	3,927
Depreciation and amortisation	1,472	1,538
Gain on sales of property, plant and equipment	(9)	(5)
Loss on impairment of property, plant and equipment, and intangible assets	71	16
Share of loss of investments accounted for using equity method	50	51
Loss/(gain) on change in equity	-	(196)
Government grant income	(1,138)	(33)
Decrease/(increase) in trade receivables	(900)	(813)
Decrease/(increase) in inventories	(230)	(1,634)
Decrease/(increase) in consumption tax/value-added tax receivables	756	624
Increase/(decrease) in trade payables	202	(235)
Increase/(decrease) in accounts payable - other	167	339
Increase/(decrease) in derivative liabilities	(222)	98
Increase/(decrease) in provisions	(0)	-
Interest and dividend income	(61)	(18)
Interest expense	265	261
Interest and dividends received	61	18
Interest paid	(271)	(172)
Income tax refunded/(paid), net	230	(854)
Other, net	(251)	(883)
Net cash provided by/(used in) operating activities	2,793	2,026
Investing activities:		
Purchase of property, plant and equipment	(1,227)	(982)
Purchase of intangible assets	(6)	(22)
Purchase of other financial assets	(8)	-
Proceeds from sales of property, plant and equipment	13	2
Proceeds from sales of other financial assets	49	28
Other, net	(9)	(5)
Net cash provided by/(used in) investing activities	(1,187)	(980)
Financing activities:		
Proceeds from long-term loans and borrowings	-	814
Repayment of long-term loans and borrowings	(3,800)	(630)
Repayments of lease liabilities	(215)	(238)
Dividends paid	-	(169)
Proceeds from issuance of shares	-	2,797
Purchase of treasury shares	-	(6,250)
Proceeds from disposal of treasury shares	-	1,337
Net cash provided by/(used in) by financing activities	(4,016)	(2,338)
Net increase/(decrease) in cash and cash equivalents	(2,411)	(1,293)
Cash and cash equivalents at beginning of year	16,707	10,362
Net effect of currency translation on cash and cash equivalents	132	283
Cash and cash equivalents at end of period	14,428	9,353

**(5) Notes to Consolidated Financial Statements**

## 1. Going Concern Assumption

Not applicable

## 2. Significant Changes in Equity Attributable to Owners of the Parent

Not applicable

## 3. Segment Information

## (a) 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.

## (b) 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, 2021		Six Months Ended September 30, 2022		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	14,955	67.2	18,832	71.1	3,876	25.9
Crystal devices	5,499	24.7	5,339	20.1	(159)	(2.9)
Others	1,812	8.1	2,328	8.8	516	28.5
Total	22,267	100.0	26,501	100.0	4,233	19.0