



[Summary]

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

February 8, 2022

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**  
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Scheduled date to submit the Quarterly Securities Report **February 8, 2022**

Scheduled commencement date of dividend payment **-**

Supplemental material for quarterly financial results **: No**

Holding of the briefing session for quarterly financial results **: No**

(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, 2022 (April 1, 2021 - December 31, 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	
Nine months ended	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
December 31, 2021	33,842	19.5	3,517	26.1	3,251	34.4	2,927	56.5	2,927	56.5	3,508	65.4
December 31, 2020	28,327	(4.7)	2,789	-	2,418	-	1,870	-	1,870	-	2,121	-

  

	Basic earnings per share		Diluted earnings per share	
Nine months ended	Yen		Yen	
December 31, 2021	149.18		75.24	
December 31, 2020	95.34		62.22	

#### (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, 2021	60,441	17,060	17,060	28.2
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 : **No**

### 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	%	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 : **No**

## 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) Please refer to 2. Notes to Summary Information (1) Changes in Significant Subsidiaries During the Period (p.3) for detail.

### (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)
- ii) Number of treasury shares at the end of the period
- iii) Average number of shares outstanding for the  
period (year-to-date)

December 31, 2021	20,757,905	March 31, 2021	20,757,905
December 31, 2021	1,133,755	March 31, 2021	1,133,755
December 31, 2021	19,624,150	December 31, 2020	19,624,321

\* 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.

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## 1. Qualitative Information on the Financial Results for the Nine Months Ended December 31, 2021

### (1) Operating Environment

The world economy during the reporting period (April to December 2021) was on a recovery trend, with large-scale monetary easing and aggressive government spending implemented in major countries, whereas the impact on supply chains due to the shortages of procuring parts such as semiconductors and the spread of the Omicron variant of COVID-19 cast a shadow over the momentum of recovery. The United States has indicated the policy of strengthening monetary tightening, aiming to curb inflation. Uncertainty about the future of the world economy continues.

### (2) Results of Operations

Under such circumstances, the shortage of semiconductors and other parts has affected the production of finished car manufacturers in the automotive market, the Company's primary business domain. Nonetheless, orders from Tier 1 customers (manufacturers who supply parts to finished car manufacturers) have remained high, though becoming stable since the second quarter (July to September 2021). Consequently, in the automotive applications, which account for nearly half of the Group's sales, consolidated net sales for the nine months ended December 31, 2021, have increased over 30% year on year. In the mobile communication applications, which account for around 20% of sales, net sales for the reporting period have increased only slightly year on year due to declined sales of TCXO (Temperature Compensated Crystal Oscillators), even with a steady sales increase of 76.8MHz crystal units with built-in thermistors for 5G smartphones. In industrial equipment applications, which represent nearly 10% of the consolidated net sales, the sales to major Chinese communication equipment manufacturers had been declining due to tighter export restrictions imposed by the U.S. government. Reflecting increased demand from 5G base stations in the United States and India, however, net sales for the nine months under review decreased only slightly year on year. Sales for consumer applications, which make up around 10% of the Group's net sales, increased roughly 10% year on year.

As a result, consolidated net sales for the nine months under review recorded ¥ 33,842 million, a 19.5% increase year on year.

Regarding income and losses, in addition to ¥321 million expenses recorded in the first half (April to September 2021) associated with Niigata NDK's business termination, the Group booked a further ¥171 million impairment loss in the third quarter (October to December 2021). We also recorded a ¥404 million loss on inventories valuation for the flood damages the factories in Malaysia suffered due to heavy rains on December 18, 2021.

On the other hand, net income improved in automotive applications, reflecting a significant increase in sales. The sales increase of 76.8MHz crystal units with built-in thermistors for 5G smartphones significantly contributed to better profitability. In addition, the Group recorded government grant income of ¥1,136 million, which had been granted from the Suzhou Municipal government earlier, upon completion of factory transfer to the consolidated subsidiary (Suzhou NDK Co., Ltd.) in Suzhou, China.

Consequently, in the third quarter under review, the Company reported an operating income of ¥3,517 million, compared with an operating income of ¥2,789 million in the third quarter of the previous fiscal year; income before income taxes of ¥3,251 million, compared with ¥2,418 million the year before; and net income of ¥2,927 million, compared with ¥1,870 million the year before.

The Company had recorded a total of ¥4,405 million in the third quarter of the previous fiscal year for gain on sales and gain from remeasurement of subsidiary shares for having sold 51% stake of NDK SAW devices Co., Ltd., which was a wholly-owned subsidiary. The Company also had recorded business restructuring expenses of ¥707 million.

### (3) Financial Condition

As of the third quarter-end (December 31, 2021), total assets stood at ¥60,441 million, a ¥2,612 million decrease from the previous fiscal year-end, reflecting the following factors: a decrease of ¥3,435 million in cash and cash equivalents, an increase of ¥1,122 million in trade receivables, a decrease of ¥747 million in income taxes refundable, and an increase of ¥486 million in inventories. Total liabilities amounted to ¥43,380 million, a ¥6,121 million decrease from the previous fiscal year-end, owing mainly to a ¥4,668 million decrease in loans and borrowings and a ¥1,225 million decrease in advances received in other current liabilities. Equity attributable to the owners of the Company stood at ¥17,060 million, a ¥3,508 million increase, due to increased comprehensive income.

As a result, the ratio of equity attributable to the owners of the Company was 28.2%, 6.7 percentage points higher from the previous fiscal year-end of 21.5%.

**(4) Consolidated Financial Forecasts for the Year Ending March 31, 2022**

The factories in Malaysia, which suffered flood damages due to heavy rains in December 2021, have started to resume production in stages since January 2022, toward a full resumption of operation from April 2022. The two factories which incurred losses this time are covered by insurance against damages to buildings, machinery, and inventories. We plan to book part of the insurance claims income to be received in the fourth quarter (January to March 2022).

The Company has also reached an agreement with our financial institutions to maintain the balance of loans and borrowings until the end of September 2023; we are currently in talks with them to refinance most of our loans to syndicated loans to normalize our transactions. We hence expect to incur financial expenses, yet we will be able to achieve the full-year financial forecast for the year ending March 31, 2022, announced on November 9, 2021.

Forward-looking statements about our future performance are based on the information available to us at the time of disclosure, and certain assumptions deemed 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**

Suzhou NDK Co., Ltd., the Company's manufacturing subsidiary in Suzhou, China, has completed its liquidation procedures. All its businesses have been 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, Changes in Accounting Estimates and Restatements**

Not applicable

**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 December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	16,707	13,272
Trade receivables	10,924	12,046
Inventories	10,134	10,621
Income taxes refundable	788	40
Others	2,961	2,779
Total current assets	41,515	38,760
Non-current assets:		
Property, plant and equipment	16,440	16,524
Intangible assets	176	160
Investments accounted for using the equity method	2,844	2,766
Other financial assets	1,024	989
Deferred tax assets	498	611
Others	553	628
Total non-current assets	21,538	21,681
Total assets	63,054	60,441
<b>Liabilities</b>		
Current liabilities:		
Loans and borrowings	2,101	714
Lease liabilities	466	377
Trade and other payables	7,334	7,827
Derivative liabilities	331	148
Provisions	321	560
Income taxes payable	609	326
Others	1,870	804
Total current liabilities	13,035	10,758
Non-current liabilities:		
Loans and borrowings	31,630	28,348
Lease liabilities	1,525	1,355
Deferred tax liabilities	492	258
Employee benefits	2,411	2,236
Provisions	157	157
Deferred government grants	9	25
Others	239	239
Total non-current liabilities	36,466	32,621
Total liabilities	49,501	43,380
<b>Equity</b>		
Equity attributable to owners of the Company:		
Share capital	5,596	5,596
Share premium	5,515	5,515
Other components of equity	(773)	(191)
Retained earnings	3,213	6,141
Total equity attributable to owners of the Company	13,552	17,060
Total equity	13,552	17,060
Total liabilities and equity	63,054	60,441

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

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021
Net sales	28,327	33,842
Cost of sales	24,076	24,837
Gross profit	4,251	9,005
Selling, general and administrative expenses	4,044	4,774
Research and development expenses	1,192	1,120
Other operating income	4,674	1,394
Other operating expenses	899	987
Operating income	2,789	3,517
Financial income	100	199
Financial expenses	438	386
Share of loss of investments accounted for using the equity method	(32)	(77)
Income before income tax	2,418	3,251
Income tax expenses	548	324
Net income for the period	1,870	2,927
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income	31	14
Income tax relating to items that will not be reclassified	(4)	(4)
Subtotal	27	10
Items that may be reclassified subsequently to profit or loss:	242	380
Cash flow hedges	5	5
Income tax relating to items that may be reclassified	(24)	184
Subtotal	222	570
Other comprehensive income for the period, net of income tax	250	581
Total comprehensive income for the period	2,121	3,508
Net income attributable to:		
Owners of the Company	1,870	2,927
Total comprehensive income attributable to:		
Owners of the Company	2,121	3,508
		(Yen)
Earnings per share:		
Basic earnings per share	95.34	149.18
Diluted earnings per share	62.22	75.24

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

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



Nine months ended December 31, 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 December 31, 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				-	2,927	2,927	2,927
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		565		565		565	565
Cash flow hedges			5	5		5	5
Total comprehensive income for the period	10	565	5	581	2,927	3,508	3,508
Balance at December 31, 2021	(28)	(150)	(12)	(191)	6,141	17,060	17,060

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

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

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2021
Operating activities:		
Income before income tax	2,418	3,251
Depreciation and amortisation	2,334	2,221
Gain on sales of property, plant and equipment	(4)	(13)
Impairment losses of property, plant, equipment and intangible assets	-	242
Share of loss of investments accounted for using the equity method	32	77
Government grant income	(10)	(1,157)
Gain on sales of shares of subsidiary	(2,665)	-
Gain from remeasurement relating to application of the equity method	(1,740)	-
Increase in trade receivables	(931)	(878)
Decrease/(increase) in inventories	2,488	(301)
Decrease in consumption tax/value-added tax receivables	187	442
Increase in trade payables	433	249
(Decrease)/increase in accrued expenses	(709)	360
Decrease in accrued bonus	(383)	(406)
Increase in derivative assets	(13)	-
Decrease in derivative liabilities	(0)	(174)
Decrease in provisions	(1,843)	(0)
Interest and dividend income	(49)	(73)
Interest expense	386	376
Interest and dividends received	49	73
Interest paid	(288)	(357)
Income tax paid, net	(872)	(16)
Other, net	(390)	(722)
Net cash (used in)/provided by operating activities	(1,570)	3,195
Investing activities:		
Purchase of property, plant and equipment	(1,911)	(1,930)
Purchase of intangible assets	(17)	(27)
Purchase of other financial assets	(8)	(8)
Proceeds from sales of property, plant and equipment	10	27
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	3	100
Other, net	(5)	(9)
Net cash provided by/(used in) investing activities	654	(1,848)
Financing activities:		
Proceeds from issuance of shares	4,932	-
Repayment of long-term loans and borrowings	-	(3,800)
Net increase/(decrease) in short-term loans and borrowings	1,059	(882)
Repayments of lease liabilities	(414)	(326)
Cash dividends paid	(0)	-
Purchase and sales of treasury shares, net	(0)	-
Net cash provided by/(used in) by financing activities	5,577	(5,009)
Net increase/(decrease) in cash and cash equivalents	4,661	(3,662)
Cash and cash equivalents at beginning of year	10,060	16,707
Net effect of currency translation on cash and cash equivalents	199	227
Cash and cash equivalents at end of period	14,921	13,272

**(5) Notes to Consolidated Financial Statements for the Nine Months Ended December 31, 2021**

## 1. Going Concern Assumption

Not applicable

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

Not applicable

## 3. Change in Classification

(Consolidated Statements of Cash Flows)

“Government grant income”, which was included in “Others” in “Operating activities” for the third quarter ended December 31, 2020, is separately presented for the third quarter ended December 31, 2021, to improve the presentation clarity of the consolidated financial statements.

Reflecting this change, comparative consolidated statements of cash flows for the third quarter ended December 31, 2020 have been reclassified.

As a result, “Others” of ¥ (401) million in “Operating activities” for the third quarter ended December 31, 2020 is reclassified as “Government grant income” of ¥(10) million, and “Others” of ¥(390) million.

## 4. 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)

	Nine Months Ended December 31, 2020		Nine Months Ended December 31, 2021		Increase/(decrease)	
	Amount	Composition (%)	Amount	Composition (%)	Amount	Change (%)
Quartz crystal units	18,203	64.2	23,121	68.3	4,918	27.0
Crystal devices	7,672	27.1	7,904	23.4	232	3.0
Others	2,452	8.7	2,816	8.3	364	14.9
Total	28,327	100.0	33,842	100.0	5,514	19.5