

Consolidated Financial Results for the Third Quarter Ended December 31, 2020
(April 1, 2020 to December 31, 2020)

FDK CORPORATION

(URL: <https://www.fdk.com>)

Listing Code No. 6955 (Listing Stock Exchange: The Second Section of Tokyo Stock Exchange)

Address : Shibaura Crystal Shinagawa, 1-6-41 Konan, Minato-ku, Tokyo 108-8212 Japan

Contact : Corporate Business Planning Office

E-mail: prir-tyo@fdk.co.jp

The Consolidated Financial Results is unaudited/U.S. GAPP is not applied

1. Consolidated Results for the Nine-Months Period Ended December 31, 2020

a. Consolidated Statements of Income

	Yen (millions)		Change (%)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020		FY2019, ended Mar. 31, 2020	Nine months ended Dec. 31, 2020
	Net Sales	47,573		45,354	(4.7)
Operating Profit	811	1,373	69.3	841	\$13.26
Ordinary Profit	684	895	30.9	565	\$8.65
Profit (Loss) attributable to owners of parent	(933)	1,655	-	(2,340)	\$15.99

Amounts Per Share of Common Stock:

	Yen	Yen	Yen	U.S.Dollars
Basic Earnings (Loss)	(27.06) yen	47.97 yen	(67.82) yen	46.34 cent
Diluted Earnings	- yen	- yen	- yen	- cent

b. Net Sales by Business Segment

	Yen (millions)	Yen (millions)	Yen (millions)	U.S.Dollars (millions)
	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020	FY2019, ended Mar. 31, 2020	Nine months ended Dec. 31, 2020
	Batteries	34,327	33,851	45,065
Electronic Devices	13,245	11,503	17,057	\$111.12
Total	47,573	45,354	62,123	\$438.12

c. Consolidated Financial Position

	Yen (millions)	
	As of March 31, 2020	As of Dec. 31, 2020
	Total Assets	47,685
Net Assets	6,739	9,160
Owners' Equity	6,734	9,154
Capital Adequacy Ratio	14.1 %	19.6 %

d. Consolidated Statements of Cash Flows

	Yen (millions)	
	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
	Cash Flows from Operating Activities	2,993
Cash Flows from Investing Activities	(2,143)	342
Cash Flows from Financing Activities	(180)	(3,159)
Cash and Cash Equivalents at End of Period	9,322	7,362

(Notes for the Consolidated Operating Results (from 1.a to 1.d))

- All amounts less than one million yen have been disregarded.
- U.S. dollar amounts are translated from yen, for convenience only, at the rate of 103.52 yen=\$1
- The percentage in this statement presents rate of change compared with the same period last year.

2. Consolidated Financial Forecast for the fiscal year 2020 ending March 31, 2021

	FY2020	Change from FY2019	(Million of yen, except per share data)	FY2019
Net Sales	59,000	(5.0) %		62,123
Operating Profit	1,300	54.5		841
Ordinary Profit	900	59.3 %		565
Profit (Loss) attributable to owners of parent	1,500	- %		(2,340)
Basic Earnings per Share	43.47 yen	-		(67.82) yen

Note for the use of the above forecasted business results.

The operating profit and the profit attributable to owners of parent during the nine months ended December 31, 2020 have already reached the forecasted amount in the third quarter. However, since we under examination of the impact by the risk of business in re-announced a state of emergency in Japan and the status of the infection in overseas due to the spread of COVID-19, business forecast which announced on October 27, 2020 remains unchanged at this moment.

3. Others

(1) Material changes in significant subsidiaries during the period: Yes

Consolidated Subsidiaries	11 companies
Unconsolidated Subsidiaries (equity method applied)	3 companies
Affiliates (equity method applied only)	0 companies

(2) Applying of specific accounting of the consolidated quarterly financial statements: No

(3) Changes in accounting policies, accounting estimates, and retrospective restatement

- 1) Changes in accounting policies based on revisions of accounting standard: No
- 2) Changes in accounting policies other than ones based on revisions of accounting standard: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(4) Number of issued and outstanding shares (common stock)

- 1) Number of issued and outstanding shares at the end of fiscal year. (including treasury stock)
December 31, 2020: 34,536,302 shares March 31, 2020: 34,536,302 shares
- 2) Number of treasury stock at the end of each period
December 31, 2020: 28,823 shares March 31, 2020: 28,537 shares
- 3) Average number of shares in each period.
December 31, 2020: 34,507,644 shares December 31, 2019: 34,508,207 shares

(Notes)

1. This information is a summary of the earnings report. It does not contain all details included in the earnings report disclosed in Japanese.

Consolidated Balance Sheet

Millions of yen

	FY2019	Q3/FY2020
	Mar 31, 2020	Dec 31, 2020
Assets		
Current assets		
Cash and deposits	9,063	7,362
Notes and accounts receivable-trade	15,347	15,377
Merchandise and finished goods	2,569	2,654
Work in process	2,302	2,760
Raw materials and supplies	2,905	3,111
Other	1,163	1,093
Allowance for doubtful accounts	(26)	(34)
Total current assets	<u>33,326</u>	<u>32,325</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,735	5,673
Machinery, equipment and vehicles, net	4,135	4,361
Tools, furniture and fixtures, net	697	731
Land	2,531	2,179
Leased assets, net	203	252
Construction in progress	91	219
Total property, plant and equipment	<u>13,395</u>	<u>13,416</u>
Intangible assets	<u>466</u>	<u>442</u>
Investments and other assets		
Investment securities	165	215
Long-term loans receivable	1	-
Deferred tax assets	26	36
Other	305	259
Allowance for doubtful accounts	(0)	-
Total investments and other assets	<u>498</u>	<u>511</u>
Total non-current assets	<u>14,359</u>	<u>14,370</u>
Total assets	<u>47,685</u>	<u>46,696</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,044	9,064
Electronically recorded obligations - operating	3,561	3,803
Short-term borrowings	18,800	15,800
Lease obligations	184	70
Accounts payable-other	1,479	1,699
Income taxes payable	292	192
Other	2,733	2,717
Total current liabilities	<u>36,095</u>	<u>33,347</u>
Non-current liabilities		
Lease obligations	198	167
Deferred tax liabilities	197	200
Retirement benefit liability	3,884	3,553
Long-term accounts payable - other	187	189
Other	384	76
Total non-current liabilities	<u>4,850</u>	<u>4,187</u>
Total liabilities	<u>40,946</u>	<u>37,535</u>
Net assets		
Shareholders' equity		
Share capital	31,709	31,709
Capital surplus	26,376	26,257
Retained earnings	(48,176)	(46,520)
Treasury shares	(48)	(49)
Total shareholders' equity	<u>9,860</u>	<u>11,396</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	36
Foreign currency translation adjustment	(110)	461
Remeasurements of defined benefit plans	(3,021)	(2,739)
Total accumulated other comprehensive income	<u>(3,126)</u>	<u>(2,242)</u>
Non-controlling interests	<u>5</u>	<u>5</u>
Total net assets	<u>6,739</u>	<u>9,160</u>
Total liabilities and net assets	<u>47,685</u>	<u>46,696</u>

Consolidated Statement of Income
Millions of yen

	Q3/FY2019	Q3/FY2020
	Apr'19-Dec'19	Apr'20-Dec'20
Net sales	47,573	45,354
Cost of sales	38,906	36,808
Gross profit	8,666	8,545
Selling, general and administrative expenses	7,855	7,171
Operating profit	811	1,373
Non-operating income		
Interest income	24	25
Dividend income	13	3
Subsidy income	-	18
Gain on sales of non-current assets	3	64
Rental income	22	15
Other	62	49
Total non-operating income	126	176
Non-operating expenses		
Interest expenses	103	96
Foreign exchange losses	13	485
Share of loss of entities accounted for using equity method	15	-
Loss on retirement of non-current assets	64	28
Other	55	44
Total non-operating expenses	253	654
Ordinary profit	684	895
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	968
Gain on sales of investments in capital of subsidiaries and associates	331	-
Total extraordinary income	331	968
Extraordinary losses		
Provision for business restructuring	868	-
Loss on sale of businesses	745	-
Impairment loss	61	15
Total extraordinary losses	1,675	15
Profit (loss) before income taxes	(659)	1,849
Income taxes-current	219	215
Income taxes-deferred	53	(22)
Total income taxes	273	193
Profit (loss)	(932)	1,655
Profit attributable to non-controlling interests	1	0
Profit (loss) attributable to owners of parent	(933)	1,655

Consolidated Statement of Comprehensive Income
Millions of yen

	Q3/FY2019	Q3/FY2020
	Apr'19-Dec'19	Apr'20-Dec'20
	<u> </u>	<u> </u>
Profit (loss)	(932)	1,655
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	31
Foreign currency translation adjustment	(310)	571
Remeasurements of defined benefit plans, net of tax	435	281
Share of other comprehensive income of entities accounted for using equity method	(419)	-
Total Other comprehensive income	<u>(299)</u>	<u>884</u>
Comprehensive income	<u><u>(1,232)</u></u>	<u><u>2,540</u></u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	<u>(1,233)</u>	<u>2,539</u>
Comprehensive income attributable to non-controlling interests	<u>1</u>	<u>0</u>

Consolidated Statement of Cash Flows
Millions of yen

	Q3/FY2019	Q3/FY2020
	Apr'19-Dec'19	Apr'20-Dec'20
Cash flows from operating activities		
Profit (loss) before income taxes	(659)	1,849
Depreciation	1,601	1,466
Impairment loss	61	15
Loss (gain) on sales of shares of subsidiaries and associates	0	(968)
Increase (decrease) in provision for business restructuring	868	0
Loss (gain) on sale of businesses	745	0
Loss (gain) on sale of investments in capital of subsidiaries and associates	(331)	0
Increase (decrease) in retirement benefit liability	(325)	(329)
Increase (decrease) in allowance for doubtful accounts	(73)	6
Interest and dividend income	(37)	(28)
Interest expenses	103	96
Foreign exchange losses (gains)	2	2
Share of loss(profit) of entities accounted for using equity method	15	0
Loss (gain) on sales of property, plant and equipment	(3)	(64)
Loss on retirement of non-current assets	64	28
Subsidy income	0	(18)
Decrease (increase) in trade receivables	1,966	20
Decrease (increase) in inventories	598	(1,650)
Increase (decrease) in trade payables	(663)	909
Increase (decrease) in accrued expenses	(939)	(482)
Other, net	244	492
Subtotal	3,238	1,344
Interest and dividend received	37	28
Proceeds from subsidy income	0	18
Interest paid	(104)	(100)
Income taxes paid	(177)	(248)
Net cash provided by (used in) operating activities	2,993	1,042
Cash flows from investing activities		
Purchase of property, plant and equipment	(914)	(1,354)
Proceeds from sales of property, plant and equipment	26	114
Purchase of intangible assets	(59)	(15)
Purchase of investment securities	(3)	(4)
Proceeds from sales of shares of subsidiaries and associates	0	1,600
Proceeds from sales of investments in capital of subsidiaries and associates	7	0
Payments for transfer of business	(1,205)	0
Other, net	5	0
Net cash provided by (used in) investing activities	(2,143)	342
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50	(3,000)
Purchase of treasury shares	(0)	(0)
Repayments of finance lease obligations	(229)	(158)
Net cash provided by (used in) financing activities	(180)	(3,159)
Effect of exchange rate change on cash and cash equivalents	(81)	73
Net increase (decrease) in cash and cash equivalents	588	(1,701)
Cash and cash equivalents at beginning of period	8,734	9,063
Cash and cash equivalents at end of period	9,322	7,362

Consolidated Business Segment Information
Millions of yen

Q3/FY2019 Apr'19-Dec'19

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	34,327	13,245	47,573	-	47,573
Intersegment	-	-	-	-	-
Total	34,327	13,245	47,573	-	47,573
Segment profit (loss)	1,273	(461)	811	-	811

Q3/FY2020 Apr'20-Dec'20

	Business Segments Reported		Total	Adjustments	Consolidated Statements
	Batteries	Electronic Materials			
Net sales					
Unaffiliated customers	33,851	11,503	45,354	-	45,354
Intersegment	-	-	-	-	-
Total	33,851	11,503	45,354	-	45,354
Segment profit	1,271	101	1,373	-	1,373