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Feb 23, 2021

Notice Regarding Restructuring of Global Production System
(Request for End Of Life (hereinafter “EOL”) approval)

Dear Sirs,

We would like to express our sincere gratitude for your continued support of our business operation. We have been proceeding with structural reforms of the Group including the restructuring of its global production system from FY2018 and a resolution has been made to terminate the business of Niigata NDK Co., Ltd. (hereinafter “Niigata NDK”) as we announced on January 26th. In addition, we announce that we have decided to transfer part of the production line from Hakodate NDK Co., Ltd. (hereinafter “Hakodate NDK”) and Furukawa NDK Co., Ltd. (hereinafter “Furukawa NDK”) to overseas production companies.

We apologize for any inconvenience this may cause, and ask for your understanding and cooperation in this matter.

1. Background

The NDK Group has been experiencing sustained and severe business conditions and has been in the red for three consecutive financial years from FY2017 (April 1, 2017 to March 31, 2018). Going forward, there is an urgent need to enhance cost competitiveness and reform the Group into a robust corporate structure so as to respond to growing demand for crystal devices focusing on 5G (the 5th generation mobile network systems) and ADAS (Advanced Driver Assistance Systems) equipped in automobiles.

For this reason, the Group offered employees of the Company (non-consolidated) a voluntary retirement program in FY2019, and in October 2020 transferred part of the SAW filter business. We are currently undertaking a comprehensive structural reform of our consolidated subsidiaries, and we are already moving forward with structural reforms, including the rationalization of personnel at Suzhou NDK Co., Ltd. (hereafter “Suzhou NDK”) and Asian NDK Crystal Sdn. Bhd. (hereafter “ANC”). For Japanese subsidiaries, we are conducting a review into our systems focusing on the restructuring of our production system. We have decided to terminate the business of Niigata NDK and transfer a part of the production line from Hakodate NDK and Furukawa NDK to overseas production companies.

2. Business termination of Niigata NDK

Niigata NDK was established as Hawk Denshi Co., Ltd., in Niigata City in March 1970 with the aim of manufacturing crystals for taxi radio communications. In October 1990, it became a subsidiary of NDK, in October 2002, a wholly owned subsidiary, and in April 2005 changed its company name to the current name. Since then, Niigata NDK operated its business focusing on sales of wide variety of products in small quantities, but due to a decrease in small-lot product sales over recent years, the company's non-consolidated business results are expected to fall into the red for the third consecutive fiscal year. Since it was determined that it would be difficult for the company to drastically improve earnings in the future, and continuation of the company would be problematic, it was determined that its business would be terminated on September 30, 2021. The company will be dissolved and liquidated through the prescribed procedures thereafter.

- Scheduled date of termination of production : End of July 2021
- Scheduled date of termination of business : End of September 2021

In line with this, we regret to inform you that we decided to move some of the products currently made at Niigata NDK and discontinue to produce the others.

3. Partial EOL at Hakodate NDK, Furukawa NDK and Sayama plant

To increase the cost competitiveness of the NDK Group, we came to the conclusion that it is optimal to discontinue the production of some of the products currently made at Hakodate NDK, Furukawa NDK and Sayama plant.

4. EOL schedule

Niigata NDK : End of July 2021.

Hakodate NDK, Furukawa NDK and Sayama plant : End of March 2022.

Please reply the Last Time Buy quantity of the Niigata NDK products by the end of February 2021. Deadline for your reply regarding Last Time Buy quantity of the products made at the other 3 manufacturing sites will be informed later.

5. Products

PN	MPN
644-1108-2-ND	NX5032SA-13.000000MHZ-G1
644-1141-2-ND	NX5032SD-9.84375M-STD-CSY-1
644-1142-2-ND	NX5032SD-13.56MHZ-STD-CSY-1
644-1247-2-ND	NX5032SD-13.225625M-STD-CSY-1
644-1196-2-ND	NX5032SD-20MHZ-STD-CSY-1

6. Inquiries

If you have any questions on this matter, please contact our sales personnel.

We apologize for the short notice and appreciate your cooperation in this matter.

Hideyuki Oikawa
Corporate Officer
General Manager of Sales & Customer Service Division

NIHON DEMPA KOGYO CO., LTD