Decision on Factory Relocation Related to Chinese Subsidiary and Posting of Other Operating Income

March 25, 2019

Company Name **Nihon Dempa Kogyo Co., Ltd.**

Representative **Toshiaki Takeuchi, Representative Director & Chairman of the Board, President and CEO**

(Code 6779 Tokyo Stock Exchange, 1st Section)

Person in charge for inquiries **Hiromi Katoh, Executive Vice President and Director**

(Phone: +81-3-5453-6709)

Nihon Dempa Kogyo Co., Ltd. announced that Suzhou NDK Co., Ltd., one of our consolidated subsidiaries, will move its factory to another location within two years. The land use rights will be returned to the Suzhou City government, and a replacement location will be secured within the same district immediately. We expect other operating income from returning the land use rights.

1. Related Company Information

(1) Company name	Suzhou NDK Co., Ltd.
(2) Location	No 20 of Zhuyuan Road, Suzhou New District, Suzhou, Jiangsu Province, China 215011
(3) President	Nobumitsu Fujiwara
(4) Business Activities	Production and sales of Crystal Oscillators, Crystal Units etc.
(5) Capital	US$47,200 (thousand)

2. Reason for Relocation

Suzhou NDK Co., Ltd. was established as a subsidiary wholly owned by Nihon Dempa Kogyo Co., Ltd. in January, 1994. We were a front runner among Japanese-owned overseas affiliated companies in the region and have contributed to the development of the area since then.

We have reached this decision because of the recent advancement of residential real estate development nearby and, consequently, out of concern that there might be some restriction on factory operation in the future. In consultation with the Suzhou City government, we have decided to return the land use rights at the current location as of March 31, 2019. We will immediately secure a replacement location within the same Suzhou New District and plan to relocate within two years.

3. Impact on Financial Performance

Based on the decision on factory relocation of Suzhou NDK Co., Ltd., we plan to post approximately 1.8 billion yen gain from selling the land use rights and its buildings. We are currently in the process of analyzing potential impact on our consolidated financial forecast. If there are any significant findings to disclose, we will announce immediately.

END