



March 29, 2022

Company Name: Nihon Dempa Kogyo Co., Ltd.
Representative: Hiromi Katoh, Representative Director and President
(Code: 6779 Tokyo Stock Exchange, 1st Section)
Contact: Yuzuru Takeuchi, Senior Corporate Officer and General Manager of
Administration Division
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Re: Issuance of New Shares, Disposal of Treasury Stock and Secondary Offering of Shares and Reduction of Amounts of Capital Stock and Legal Capital Surplus Concurrently with Issuance of New Shares

Nihon Dempa Kogyo Co., Ltd. (“NDK” or “we”) hereby announces that the Board of Directors of NDK, at its meeting held today, passed resolutions that the issuance of new shares, the disposal of treasury stock and the secondary offering of shares would be conducted. In addition, in connection with these resolutions, matters related to the reduction of the amounts of capital stock and legal capital surplus resolved at a meeting of the Board of Directors held on March 10, 2022 have been partially determined.

[Background to and Purpose of Fund Raising]

NDK formulated the mid-term management plan that covers the period from FY2022 (fiscal year ending March 31, 2023) to FY2024 (fiscal year ending March 31, 2025) (the “New Mid-Term Management Plan”) as described in the “Notice Concerning Formulation of New Medium-Term Management Plan” dated March 10, 2022. As part of the most important measures under the New Mid-Term Management Plan, NDK has resolved, at the meeting of its Board of Directors held today, to acquire from Japan Industrial Solutions Fund II (the “Class Shareholder”), and to cancel all of the Class A Shares of NDK remaining as of May 26, 2022, on the condition that the relevant fund raising has been completed (for details of such acquisition and cancellation of Class A Shares, please see the notice “Re: Acquisition and Cancellation of Class A Shares” dated today). NDK considers it desirable, from the perspective of enhancement of NDK’s corporate value and shareholder value, to realize further strengthening of its financial base after the redemption of the Class A Shares, in conjunction with securing the funds for growth which will be required to realize the future growth strategies under the New Mid-Term Management Plan.

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NDK will be conducting the relevant fund raising as part of “solidifying the structure for the automotive electronics and 5G-related businesses”, “the aggressive investment strategy for the realization of growth strategies”, and “the financial strategy for the improvement of capital efficiency and the establishment of a healthy financial position” which are the most important measures under the New Mid-Term Management Plan. NDK intends to allocate, in accordance with the growth strategies under the New Mid-Term Management Plan, the raised funds to capital expenditures aimed at increasing production capacity, etc. for responding to the increase of demand for crystal devices mainly in automotive applications and 5G-related handsets, and will make efforts in order to enhance its mid-to-long term corporate value and shareholder value through strengthening of its profit base and financial base.

I. Issuance of New Shares, Disposal of Treasury Stock and Secondary Offering of Shares

1. Issuance of New Shares through Public Offering (Public Offering)

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|--|---|
| (1) Class and number of shares to be offered | 2,268,100 shares of common stock of NDK |
| (2) Amount to be paid in | <p>The amount to be paid in will be determined on a day in the period between April 7, 2022 (Thu) and April 11, 2022 (Mon) (the “Pricing Date”) in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (the “JSDA”).</p> <p>The offering will be a public offering, and the underwriter shall underwrite and purchase all of the shares. In addition, the issue price (offer price) in the public offering shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of NDK on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.</p> |
| (3) Method of offering | <p>The offering will be a public offering, and the underwriter shall underwrite and purchase all of the shares. In addition, the issue price (offer price) in the public offering shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of NDK on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.</p> |

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In addition, a part of the number of shares to be offered above may be sold to foreign investors in foreign markets mainly in Europe and Asia (excluding the U.S. and Canada).

- (4) Payment date The payment date is a day in the period from April 13, 2022 (Wed) to April 15, 2022 (Fri), provided, however, that such day is the fourth business day following the Pricing Date.
- (5) Delivery date The delivery date is the business day immediately following the payment date above.
- (6) Deposit for subscription The deposit for subscription is the same price as the issue price (offer price) per share.
- (7) Subscription unit 100 shares
- (8) The amount to be paid in, the amounts of capital stock and legal capital surplus to be increased, the issue price (offer price), and any other matters necessary for this issuance of new shares of NDK through the public offering will be determined by Hiromi Katoh, Representative Director and President of NDK or a representative selected by him.

2. Disposal of Treasury Stock through Public Offering (Public Offering)

- (1) Class and number of shares to be offered 1,133,700 shares of common stock of NDK
- (2) Amount to be paid in The amount to be paid in will be determined on the Pricing Date in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the JSDA. In addition, the amount to be paid in is the same as the amount to be paid in in the issuance of new shares through public offering. The offering will be a public offering, and the underwriter shall underwrite and purchase all of the shares. In addition, the disposal price (offer price) in the public offering shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of NDK on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the
- (3) Method of offering

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immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions. The disposal price (offer price) is the same as the issue price (offer price) in the issuance of new shares through public offering. In addition, a part of the number of shares to be offered above may be sold to foreign investors in foreign markets mainly in Europe and Asia (excluding the U.S. and Canada).

- (4) Payment date The payment date is the same as the payment date in the issuance of new shares through public offering.
- (5) Delivery date The delivery date is the same as the delivery date in the issuance of new shares through public offering.
- (6) Deposit for subscription The deposit for subscription is the same price as the disposal price (offer price) per share.
- (7) Subscription unit 100 shares
- (8) The amount to be paid in, the disposal price (offer price), and any other matters necessary for this disposal of treasury stock of NDK through the public offering will be determined by Hiromi Katoh, Representative Director and President of NDK or a representative selected by him.

3. Secondary Offering of Shares (Offering through Over-Allotment)

- (1) Class and number of shares to be offered 510,200 shares of common stock of NDK.
The number of shares mentioned above is the maximum number of shares to be sold. The above number may reduce, or this offering itself may be cancelled, depending on market demand and other conditions. Furthermore, the number of shares to be sold will be determined on the Pricing Date, taking into account market demand and other conditions.
- (2) Seller The underwriter
- (3) Selling price Undetermined (The selling price will be determined on the Pricing Date; however, such selling price will be the same as the issue price (offer price) and the disposal price (offer price) in the public offering.)
- (4) Method of offering Taking into account market demand and other conditions for the public offering, the underwriter will make a secondary offering of the shares the common

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- stock of NDK that it borrows from certain shareholder(s) of NDK.
- (5) Delivery date The delivery date is the same as the delivery date in the public offering.
 - (6) Deposit for subscription The deposit for subscription is the same as the deposit for subscription in the public offering.
 - (7) Subscription unit 100 shares
 - (8) The selling price and any other matters necessary for this offering through over-allotment will be determined by Hiromi Katoh, Representative Director and President of NDK or a representative selected by him.

4. Issuance of New Shares through Third-Party Allotment (the Capital Increase through Third Party Allotment)

- (1) Class and number of shares to be offered 510,200 shares of common stock of NDK.
- (2) Amount to be paid in The amount to be paid in is the same as the amount to be paid in in the public offering.
- (3) Allottee and number of shares to be allotted The underwriter 510,200 shares
- (4) Payment date May 10, 2022 (Tue)
- (5) Subscription unit 100 shares
- (6) The amount to be paid in, the amounts of capital stock and legal capital surplus to be increased, and any other matters necessary for issuance of new shares through the Third-Party Allotment will be determined by Hiromi Katoh, Representative Director and President of NDK or a representative selected by him.
- (7) Shares not subscribed for within the subscription date will not be issued.
- (8) The Third-Party Allotment is subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan.

II. Reduction of Amounts of Capital Stock and Legal Capital Surplus Concurrently with Issuance of New Shares (Progress of Disclosed Matters)

For contemplating to maintain stable dividends after the capital increase described above and the acquisition of the Class A Shares, NDK would plan to reduce the amounts of each of the capital stock and legal capital surplus to be increased as a result of the issuance of new shares through public offering (the “Capital Increase through Public Offering”) as described in “I. 1. Issuance of New Shares through Public Offering (Public Offering)” above and the issuance of new shares through third-party allotment (the Capital Increase through Third Party Allotment”) as described in “I. 4. Issuance of New

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Shares through Third-Party Allotment (the Capital Increase through Third Party Allotment)” above and transfer such amount to other capital surplus (the reduction of the amounts of capital stock and legal capital surplus is hereinafter referred to as the “Reduction of Amount of Capital Stock, etc.”). NDK passed a resolution regarding the Reduction in Amount of Capital, etc. at a meeting of the Board of Directors of NDK held on March 10, 2022 (for the details thereof, please see the press release titled “Re: Shelf Registration Statement regarding Issuance of New Shares and Disposal of Treasury Stock and Reduction of Amounts of Capital Stock and Legal Capital Surplus Concurrently with Issuance of New Shares” as of March 10, 2022). At this time, NDK hereby announces that, pursuant to the resolution at a meeting of the Board of Directors of NDK, part of the schedule of the Reduction of Amount of Capital Stock, etc. was determined. There is no change in any other matters regarding the Reduction of Amount of Capital Stock, etc. described in the press release mentioned above.

Schedule of the Reduction of Amount of Capital Stock, etc. in the future (Scheduled)

Resolution of the Board of Directors on the Reduction of Amount of Capital Stock, etc.	March 10, 2022 (Thu)
Public notice with respect to statements of objection by creditors (scheduled)	March 11, 2022 (Fri)
Final deadline for statements of objection by creditors (scheduled)	April 11, 2022 (Mon)
Effective date of the Reduction of Amount of Capital Stock, etc. corresponding to Capital Increase through Public Offering (scheduled)	Any day after April 13, 2022 (Wed) and before April 15, 2022 (Fri) (however, the same day as the payment date of the Capital Increase through Public Offering)
Effective date of the Reduction of Amount of Capital Stock, etc. corresponding to Capital Increase through Third Party Allotment (scheduled)	May 10, 2022 (Tue)
(Reference) Acquisition date of 5,000 shares of the Class A Shares (scheduled)	May 26, 2022 (Thu)

III. Use of Proceeds

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With respect to the net proceeds, from the public offerings and the Capital Increase through Third Party Allotment, in the aggregate amount of up to approximately 3,965,471,240 yen, NDK plans to allocate 3,000 million yen by March 2025 to its capital expenditures aimed at increasing production capacity, etc. for responding to the increase of demand for crystal devices mainly in automotive applications and 5G-related handsets, and if there will be any remaining amount, NDK plans to allocate the remaining amount by March 2024 to the working capital which will be required to expand business associated with the implementation of the New Mid-Term Management Plan.

Looking ahead, NDK expects that, in the crystal device industry to which the NDK group companies belong, the demand for highly accurate and highly reliable crystal device products, in relation to which NDK has competitive advantages will increase significantly owing to the increase in the number of devices relating to ADAS (Advanced Driver Assistance Systems) installed in automobiles and the widespread adoption of 5G compatible smartphones. Therefore, NDK believes that, as part of “solidifying the structure for the automotive electronics and 5G-related businesses” and “the aggressive investment strategy for the realization of growth strategies”, which are the most important measures under the New Mid-Term Management Plan, it is necessary to enhance investments, etc. for the increase in production according to the increase in demand in the automotive and mobile communications applications.

End

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