



May 26, 2020

Company Name: Nihon Dempa Kogyo Co., Ltd.
Representative: Hiromi Katoh, Representative Director and President
Code: 6779, First Section of the Tokyo Stock Exchange
Contact: Michio Aoyama, Corporate Officer and General Manager of Administration Division
Tel: 03-5453-6711

Notice Regarding Company Split (Absorption-type Split) for SAW Filter Business

Nihon Dempa Kogyo Co., Ltd. ("NDK") announced that at the board of directors meeting held today, it has decided to conduct an absorption-type company split to form NDK SAW Devices Co., Ltd. ("NSD"), a wholly owned subsidiary of NDK, to take over Hakodate NDK Co., Ltd. ("Hakodate NDK") business related to the development and manufacturing of SAW filters, effective as of July 1, 2020 (planned), as below:

Note that since this absorption-type company split involves a reorganization between NDK and its wholly owned subsidiary, some disclosure items and details are omitted.

1. Reason for the absorption-type company split

As announced in "Announcement of execution of TERM SHEET with regard to the establishment of a joint venture company of Saw filter" dated March 18, 2020, NDK and its wholly owned subsidiary Hakodate NDK Co., Ltd. are in negotiations with JICT to establish a joint venture company that develops, produces, and sells SAW filters to be achieved by spinning off the development and manufacturing businesses related to the SAW filter business that is currently handled by Hakodate NDK Co., Ltd.

The Group's SAW filter business will be consolidated into NSD newly established on May 19, 2020, and the absorption-type company split will be carried out with the aim of establishing a system that allows for the timely establishment of a joint venture after the conclusion of negotiations.

2. Outline of the absorption-type company split

(1) Schedule

Resolution by the Board of Directors (NDK)	May 26, 2020
Conclusion of Contract for Split (each company)	May 28, 2020 (planned)
General Meeting of Shareholders Resolution (Hakodate NDK)	June 30, 2020 (planned)
General Meeting of Shareholders Resolution (NSD)	June 30, 2020 (planned)
Effective Date	July 1, 2020 (planned)

Note: Since this absorption-type company split is a simplified company-level split based on Article 784, Paragraph 2 of the Companies Act, no shareholders meeting will be held to approve the absorption-type company split.

(2) Method of the absorption-type company split

NDK and Hakodate NDK will be the splitting companies and NSD will be the succeeding entity.

(3) Details of allocation relating to the absorption-type split

No shares or other assets will be allocated as a result of the absorption-type split.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights following the absorption-type company split

Not applicable.

(5) Decrease in paid-in capital due to the absorption-type company split

There will be no increase or decrease in capital due to the absorption-type company split.

(6) Rights and obligations to be passed on to the succeeding company

The succeeding company will receive the assets, debts, contracts, and other rights and obligations related to the SAW filter business of NDK and Hakodate NDK, which are the splitting companies on the effective date, to the extent specified in each company's split agreement.

(7) Estimates for the performance of liabilities

It has been determined that the succeeding company in this absorption-type company split will have no issues in relation to meeting its liabilities

(8) Outline of companies involved in the absorption-type company split

	Splitting Company (As of March 31, 2020)	Splitting Company (As of March 31, 2020)	Succeeding Company (As of May 19, 2020)
1. Company Name	Nihon Dempa Kogyo Co., Ltd.	Hakodate NDK Co., Ltd.	NDK SAW Devices Co., Ltd.
2. Location	1-47-1 Sasazuka, Shibuya-ku, Tokyo	3-63 Suzuranokachō Hakodate, Hokkaido	3-63 Suzuranokachō Hakodate, Hokkaido
3. President Name	Hiroshi Katoh, Representative Director and President	Kazuya Koura Representative Director and President	Hiroshi Katoh, Representative Director and President
4. Details of Business	Integrated production and sales of crystal-related products such as crystal devices (e.g. crystal units, crystal oscillators, crystal filters), ultrasonic transducers, synthetic quartz and crystal blanks.	Manufacture and design of crystal devices such as crystal units, crystal oscillators, and surface acoustic wave (SAW) devices.	Manufacturing design and sales of surface acoustic wave (SAW) devices.
5. Paid-in Capital	JPY 10,649 million	JPY 50 million	JPY 1 million
6. Date of Establishment	April 15, 1948	March 23, 1989	May 19, 2020
7. Number of Shares of Common Stock	20,757,905 shares	1,200 shares	100 shares
8. End of Financial	March 31	December 31	December 31

Year			
9. Investment Ratio	Resona Bank, Limited 3.21% Toshiaki Takeuchi 3.00% Saitama Resona Bank, Limited 2.93% Marusan Securities Co., Ltd. 2.82% Japan Trustee Services Bank, Ltd. (Trust Account) 2.70% Hiroshi Takeuchi 2.54% The Master Trust Bank of Japan, Ltd. (Trust Account) 2.34% International Core Equity Portfolio DFA Investment Dimensions Group Inc. 1.76% Japan Trustee Services Bank, Ltd. (Trust Account 5) 1.75% J.P. Morgan Securities PLC 1.55%	100% owned by NDK	100.0% owned by NDK
10. Financial position and business results for the previous financial year (March 2019)			
Financial Year	March 2019 (consolidated)	March 2019 (non-consolidated)	-
Net Assets	JPY14,725 million	JPY2,079 million	JPY 1 million
Total Assets	JPY60,784 million	JPY4,354 million	JPY 1 million
Total Assets per Share	JPY750.37	JPY1,733,236.58	JPY 10,000
Net Sales	JPY42,498 million	JPY8,265 million	-
Operating Income (Loss)	JPY 406 million	JPY (386) million	-
Income (Loss) before Income Tax	JPY (56) million	JPY (412) million	-
Net Income (Loss)	JPY (251) million Net (loss) attributable to owners of the parent	JPY (413) million	-
Net income (Loss) Per Share	JPY (12.80)	JPY (344,394.58)	-

Note 1: The shareholding ratio of NDK's major shareholders in the above table is calculated by rounding down to the second decimal place based on the shareholder register as of March 31, 2020.

The above table does not include treasury stock, but the NDK owns 1,133 thousand shares of treasury stock.

Note 2: The successor company was established on May 19, 2020, and there is no previous business year. Therefore, in point 10. Financial position and business results for the previous financial year (ended March 31, 2019), the net assets, total assets, and net assets per share only refer to figures at the date of its establishment only.

(9) Outline of the business divisions to be split from NDK

① Business description of the divisions to be split

Business related to the development and manufacturing of SAW filters

② Business results of the business divisions to be split (Fiscal year ending March 31, 2019)

A. Divisions split off from NDK

	Business (a)	Results (non-consolidated) (b)	Ratio (a/b)
Net Sales	JPY1,109 million	JPY 37,553 million	2.9%

B. Split off from Hakodate NDK

Net Sales: JPY799 million

Note: The above sales figures are for the entire SAW business in the fiscal year ended March 31, 2019 and may differ from the sales figures transferred to NSD under the contract.

③ Assets and liabilities of business divisions to be split (as of September 30, 2019)

Assets		Liabilities	
Line Item	Book Value	Line Item	Book Value
Current Assets	JPY152 million	Current Liabilities	-
Non-Current Assets	JPY812 million	Non-Current Liabilities	-
Total Assets	JPY964 million	Total Liabilities	-

Note: The table lists the total amount of assets and liabilities split from NDK and Hakodate NDK.

In addition, the amount is an estimated amount based on the current position as of the end of September 2019, and the actual amount of assets and liabilities to be split may change from the above.

(10) Position of splitting company and succeeding company after the absorption-type split (as of July 1, 2020 (planned))

There will be no change in the name, location, title/name of representative, business details, paid-in capital, and accounting period of the parties involved in the absorption-type split.

(11) Outlook

As this absorption-type company split is conducted as reorganization within the Group, it is judged that its impact on the consolidated business results of the Company will be minor, but should it be determined that the impact to the outlook is significant we will disclose such detail promptly.

End

This translation is provided only to assist our English-speaking stakeholders in better understanding of our original press release. Since this might include slight variation in meaning due to translation, please refer to the original linked to: https://www.ndk.com/jp/news/2020/1191101_j.pdf