

April 21, 2021

Nihon Dempa Kogyo Co., Ltd.
Hiromi Katoh,
Representative Director and President

**Notice Regarding Increase of Production Capacity for Producing Ultra-Compact Components
for 5G Smartphones**

Nihon Dempa Kogyo Co., Ltd. (hereinafter, NDK) has announced that it will make the following capital investments to increase its production capacity for ultra-compact crystal device components used for 5G smartphones.

1. Background and Aim of Capital Investment

NDK was the first crystal device company to receive certification from Qualcomm Technologies of the United States for a 76.8MHz crystal unit installed with thermistor (1.6mm x 1.2mm size) for 5G smartphones IC, and started mass production of this product in June 2020. Orders for this product are steadily increasing, and NDK has determined that it is necessary to further increase production capacity to meet the strong demand expected in the future. In addition, due to the increasing demand of 5G smartphones and wearable devices including wireless earphones, NDK has decided to increase the production capacity of smaller 1.2mm x 1.0mm crystal units and 1.0mm x 0.8mm crystal units as well.

Since these products use high-quality quartz crystals produced in-house and are equipped with photolithographic crystal blanks processed by NDK's own photolithographic processing technology, NDK will also expand the production line for photolithographic crystal blanks. As a result, the ratio of products equipped with photolithographic crystal blanks in sales for mobile communication applications will increase from around 60% in the second half of fiscal 2020 to approximately 80% in the second half of fiscal 2021.

2. Overview of Capital Investment

- (1) Recipients of Capital Investment: Nihon Dempa Kogyo Co., Ltd., Sayama Plant and Hakodate NDK Co., Ltd.
- (2) Use of Capital Investment: Crystal units installed with thermistor (1.6mm×1.2mm), crystal unit (1.2mm×1.0mm), crystal unit (1.0mm×0.8mm) and expanding the production line for photolithographic crystal blanks
- (3) Amount of Capital Investment: Approximately ¥600 million
- (4) Start of Operations: After July 2021 (Expected)

3. Impact on Business Performance

The impact of this capital investment on business performance is expected to be reflected in the performance forecasts in the fiscal year ending March 2022, which will be announced on May 14, 2021.

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