



June 3, 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
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Notice of the Transfer of Subsidiary (stock transfer)

Nihon Dempa Kogyo Co., Ltd. ("NDK") announced that it has decided to transfer to Jiaxing Jiawang Investment Partnership (Limited Partnership), which is an investment subsidiary of JIC Technology Investment Co., Ltd. ("JICT"), a portion of the shares of NDK SAW Devices Co., Ltd. ("NSD"), a wholly owned subsidiary of NDK, and has entered into a stock transfer agreement to achieve this.

Following the transfer of shares, NSD will be excluded from consolidated subsidiaries and will become an equity-method affiliate.

Notably, with the conclusion of the Share Transfer Agreement decision-making authority is delegated to the Representative Director and President in line with the resolution of the Board of Directors held on May 26, 2020. NDK decided to officially conclude the agreement because it satisfied a range of conditions.

1 . Reason for Transfer of shares

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. has negotiated 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.

In addition, as announced in "Notice Regarding Company Split (Absorption-type Split) for SAW Filter Business" dated May 26, 2020, it has been resolved that the succession of the business related to the development and manufacturing of SAW filters operated by NDK and Hakodate NDK to NSD by the method of the absorption-type split will be effective as of July 1, 2020 (planned) .

NDK succeeded in commercializing SAW filters using lithium niobate in 1979, and since then the Company has been working to develop, produce, and sell SAW filters. The SAW filter is a device that extracts only the necessary signals from a diverse range of radio waves in the air and is an important device that is installed in information communication devices such as mobile phones. Recently, to respond to the expanding demand in

the Chinese market, NDK has been examining the prospects of business development through new partnerships.

JICT is a leading technology investment company in China and is familiar with the electronic device market including SAW filters. NDK determined that it was desirable to develop a business strategy together with JICT to secure competitiveness in the global market with a focus on the Chinese market, and therefore decided to move forward on this transaction. Going forward, while leveraging the technological capabilities of NDK and the capital and sales capabilities of JICT, we will work together to contribute to the development of the SAW filter market and the information and communication society.

2. Outline of Subsidiary from Which Stock Is to Be Transferred

① Company Name	NDK SAW Devices Co., Ltd.	
② Location	3-63 Suzuranokachō Hakodate, Hokkaido	
③ President Name	Hiromi Katoh, Representative Director and President	
④ Details of Business	Manufacturing design and sales of surface acoustic wave (SAW) devices	
⑤ Paid-in Capital	JPY 1 million	
⑥ Date of Establishment	May 19, 2020	
⑦ Investment Ratio	100.0% own by NDK	
⑧ Relationship between NDK and the New Company	Capital Relationship	100% wholly owned subsidiary of NDK
	Personnel Relationship	One NDK director concurrently holds a position on the board of the new company
	Transactional Relationship	Not applicable
⑨ Business performance and financial status of the company over the last three years		
Net Assets	JPY 1 million	
Total Assets	JPY 1 million	
Total Assets per Share	JPY 10,000	

(Note) NSD was established on May 19, 2020, consequently there are no business results for the last three years. Therefore in ⑨, business performance and financial status of the company over the last three years, only the net assets, total assets and net assets per share are listed.

3. Outline of the Company Receiving Stock Transfer

① Company Name	Jiaxing Jiawang Investment Partnership (Limited Partnership)	
② Location	Room 114-76, Building 1#, Fund Town, No.1856 Nanjiang Road, Nanhu District, Jiaxing City, Zhejiang Province, the PRC	
③ President Name	Yi Dai	
④ Details of Business	Business Investment , Investment Management	
⑤ Date of Establishment	April 10, 2018	
⑥ Relationship between NDK and the New Company	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Transactional Relationship	Not applicable

	Applicable Relationships with Other Parties	Not applicable
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(Note:1) The actual transferee is expected to be a newly established subsidiary of Jiaxing Jiawang Investment Partnership (Limited Partnership)

(Note: 2) Since the Company is an unlisted company, some private information is omitted.

4. Date of Transfer

Date of decision	June 3, 2020
Date of share transfer agreement	June 3, 2020
Stock transfer execution date	August 31, 2020(planned), December 31, 2020(planned)

5. Number of shares transferred, transfer price and number of shares owned by the Company before and after transfer

Stock transfer on August 31, 2020(planned)

① Number of shares owned before the transfer	10,000 Shares (100%)
② Number of shares to be transferred	5,100 Shares (51%)
③ Transfer price	Total (Approximate amount) JPY3.5 Billion
④ Number of shares owned after the transfer	4,900 Shares (49%)

※ NDK will have a voting rights share of 25% due to the share transfer to be executed on December 31, 2020 (planned). The number of shares owned before the transfer, the number of shares transferred, the transfer price, and the number of shares owned after the transfer will change due to the number of shares issued and the number of shares allocated to NSD until December 31, 2020. Therefore, as the conditions are known NDK will make a prompt and timely disclosure.

6. Outlook

NDK expects that other operating income will be recorded due to the transfer of shares, and the impact on profits will be disclosed as soon as it becomes clear.

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/2020/1191103_j.pdf