

January 14, 2022

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Notice Concerning Factory Flooding due to Heavy Rains in Malaysia (Second report)

Nihon Dempa Kogyo Co., Ltd. (the "Company") hereby announces that the Company's subsidiaries in Malaysia, Asian NDK Crystal SDN. BHD. and NDK Quartz Malaysia SDN. BHD., which recently suffered flooding damages as disclosed on December 20, 2021, are expected to resume full production from April 2022, as described below.

1. Production status at the manufacturing subsidiaries

(1) Asian NDK Crystal SDN. BHD (ANC)

We have been endeavoring to materialize the full recovery of production lines since the heavy rains in Malaysia, which lasted from December 17 to December 18, 2021, stopped. Aiming for a full resumption of operation from April 2022, ANC will gradually start machinery inspections in production lines during January and expects to recover 50% of its production capacity at the end of February and 100% at the end of March.

(2) NDK Quartz Malaysia SDN. BHD. (NQM)

NQM has resumed the production of crystal blank (machine processing) in stages since January 3, 2022, returning to full operation on January 10. NQM is currently operating with its 100% production capacity.

2. Impact on the financial results

The Company is presently closely examining the flooding impact on our consolidated financial results. We expect to incur impairment losses of inventory and property, plant and equipment (PPE), repair expenses, and equipment procurement expenses. However, the two factories which suffered losses this time are covered by insurance against damages to buildings, machine equipment and inventories.