



Medium-Term Management Plan FY2020-2022

(from the fiscal year ending March 2020 to the fiscal year ending March 2022)

March 20, 2019

Noritsu Koki Co., Ltd.

Stock code: 7744

(First Section of Tokyo Stock Exchange)

1 Position of the Plan

2 Business Policy

3 Appendix

Position of the Medium-Term Management Plan

The plan is designed to complete preparations for the next leap forward, assuming continued stable growth.

Up to March 2019

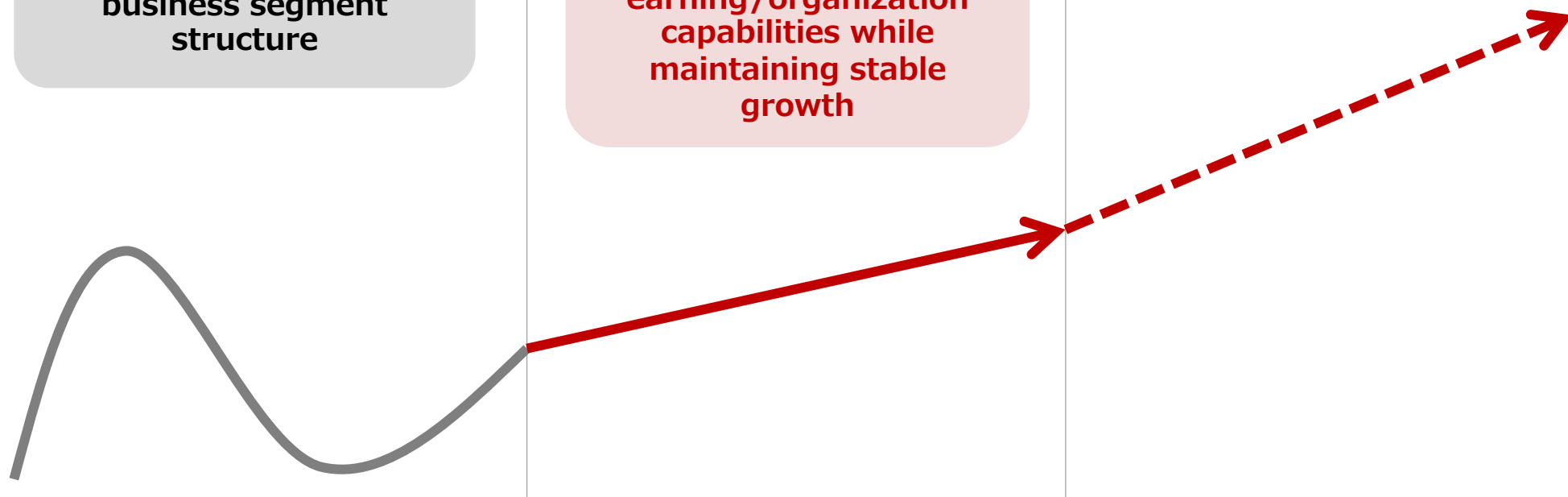
Moving out of founding business and adopting a business segment structure

April 2019 to March 2022

Strengthen business opportunity creation and earning/organization capabilities while maintaining stable growth

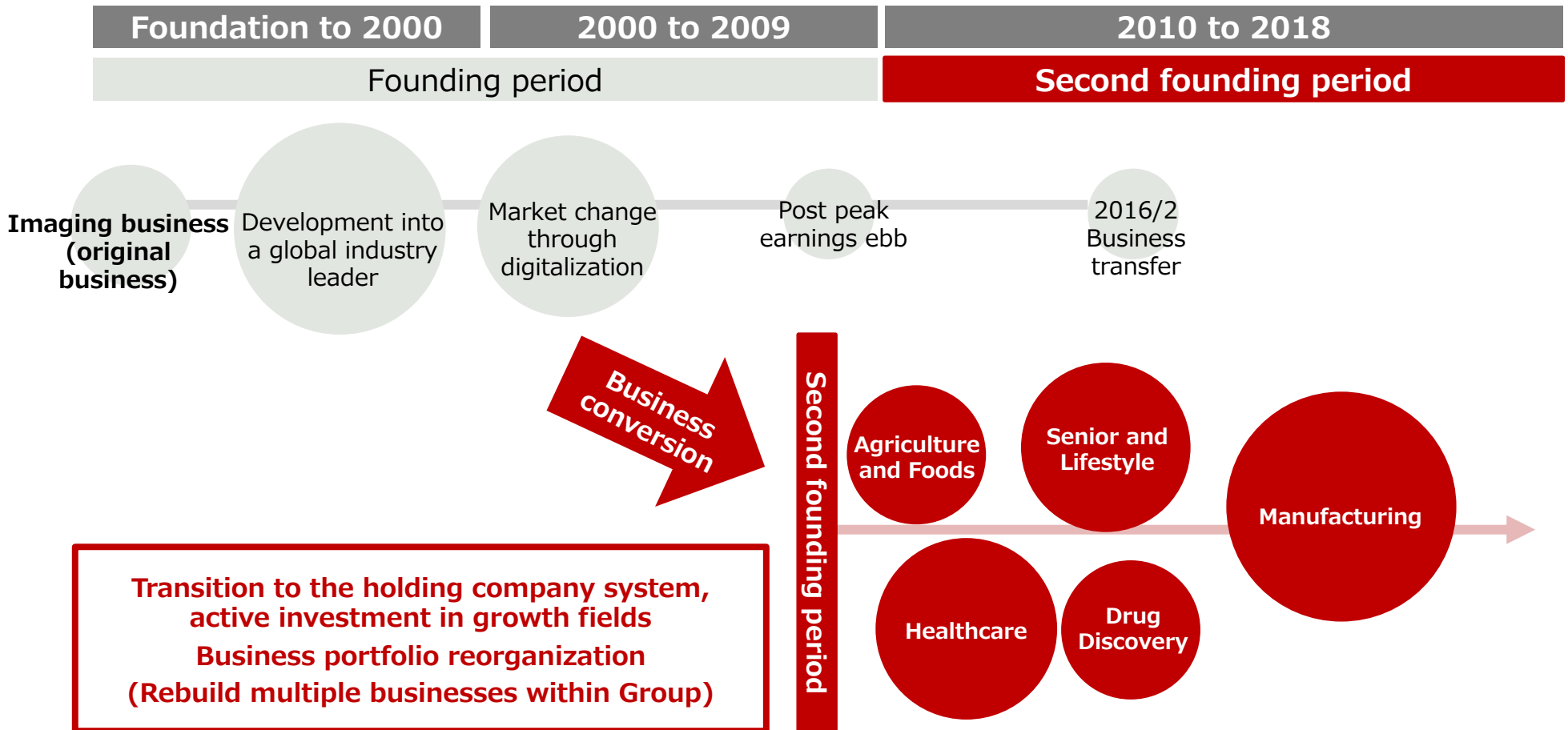
April 2022 onwards

To the next stage



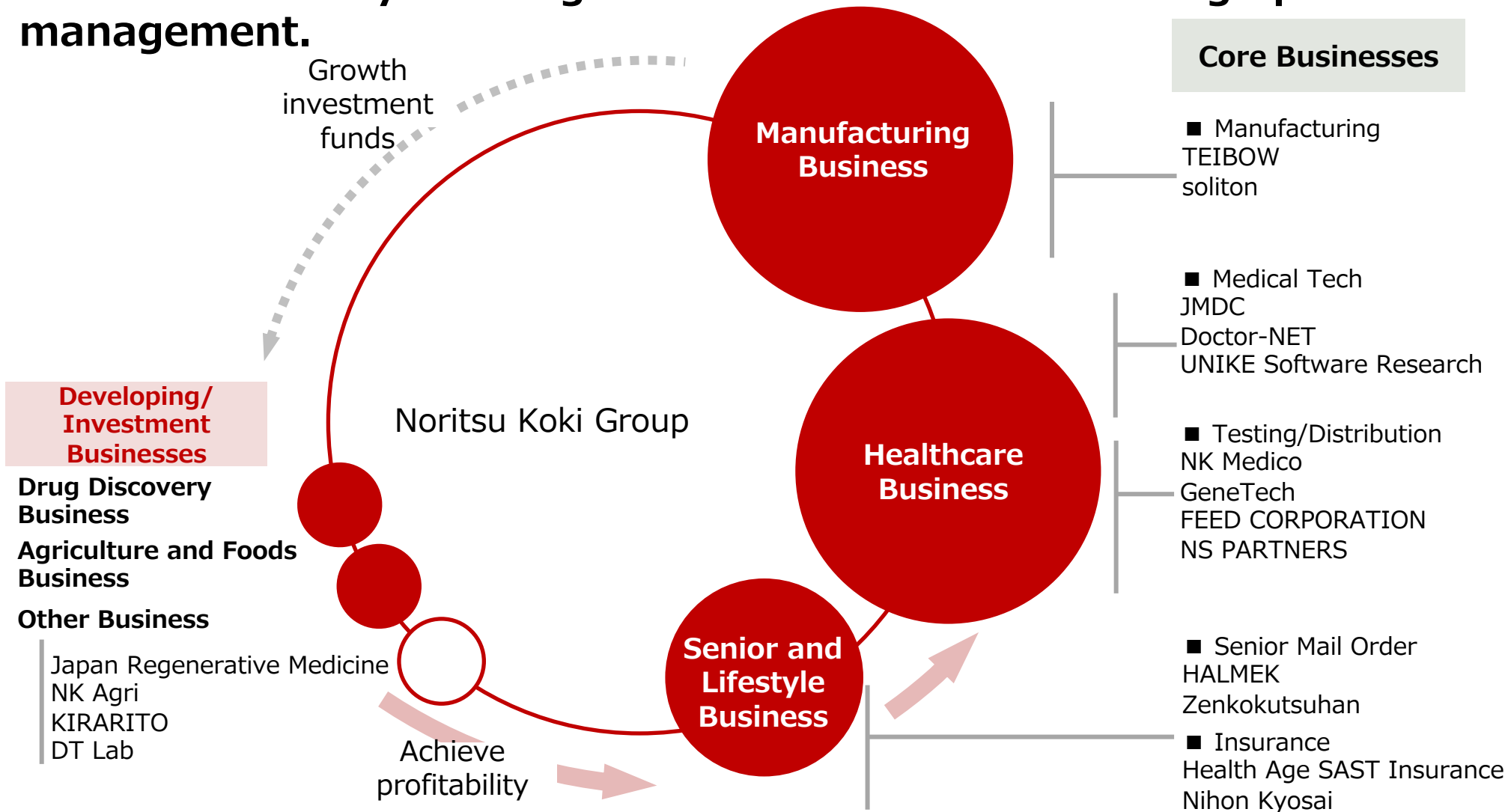
Noritsu Koki's Journey

Founded in 1951 as a photographic processing equipment manufacturer. Subsequently, the business was transformed through M&As as the times changed.



Noritsu Koki's Business Structure

We are constantly creating new business domains through portfolio management.



Noritsu Koki's Strengths

We use our strength in Group management to accelerate the growth cycle of each business.



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Mission

Prosperity for society and people

Vision

A corporate group that continues producing “No. 1/Only 1” businesses

Value

Understand the needs of the age and think one step ahead

Pursue products and services that enrich lives

Respect the potential for growth and innovation and support a spirit of challenge

Prospects for Each Business Segment

Segment (Main Group Company)

Social Issues/Significance

Prospects

Manufacturing		TEIBOW soliton	<ul style="list-style-type: none"> • Japan's finest manufacturing technologies • Global development of SMEs and regional start-ups • Technology succession 	Discovery and application of technology and value chain reform drive market expansion, new market development, and innovation
Healthcare	Medical Tech	JMDC Doctor-NET UNIKE Software Research	<ul style="list-style-type: none"> • ¥100 trillion market • Response to ballooning medical costs • Shortage of medical professionals • Contribution to healthy society • Aging society with low birthrate • Advances in preventative and presymptomatic technologies 	Lead the market as one of Japan's largest health data holding companies
	Testing/ Distribution	NK Medico GeneTech FEED CORPORATION NS PARTNERS		Realize new healthcare society with preventative medicine and distribution revolution, etc.
Senior and Lifestyle		HALMEK Zenkokutsuhan Health Age SAST Insurance Nihon Kyosai	<ul style="list-style-type: none"> • Extending healthy longevity, particularly for seniors • Era of 100-year life span • Reduction in pensions 	Lifestyle proposals and enhancements Ensure safety and security for all people
Drug Discovery		Japan Regenerative Medicine	<ul style="list-style-type: none"> • Advance of biotechnology • Efforts to reduce fatal risks such as cancer • Rising cost of medical fees and drug prices 	Move toward realization of regenerative medicines such as stem cell therapies to expand the market

Vision

A corporate group that constantly produces unique and unparalleled products

Key Strategy 1

Increase core business earning capability, continue growth

Key Strategy 2

Appropriate investment in development and growth field (create and expand)

Key Strategy 3

Create synergies with reorganization of Group management system

(Financial soundness, strengthen Group management structure, DX*, IR/PR)

*DX = Digital transformation strategy

Key Strategy 1

Key Strategy 1

Increase core business earning capability, continue growth

(Promote shift to unique and unparalleled businesses) increase share/earning capability, create high-quality cash flow

Core Businesses

Healthcare



Use advanced position to increase business quality and expand earnings (lead the market)

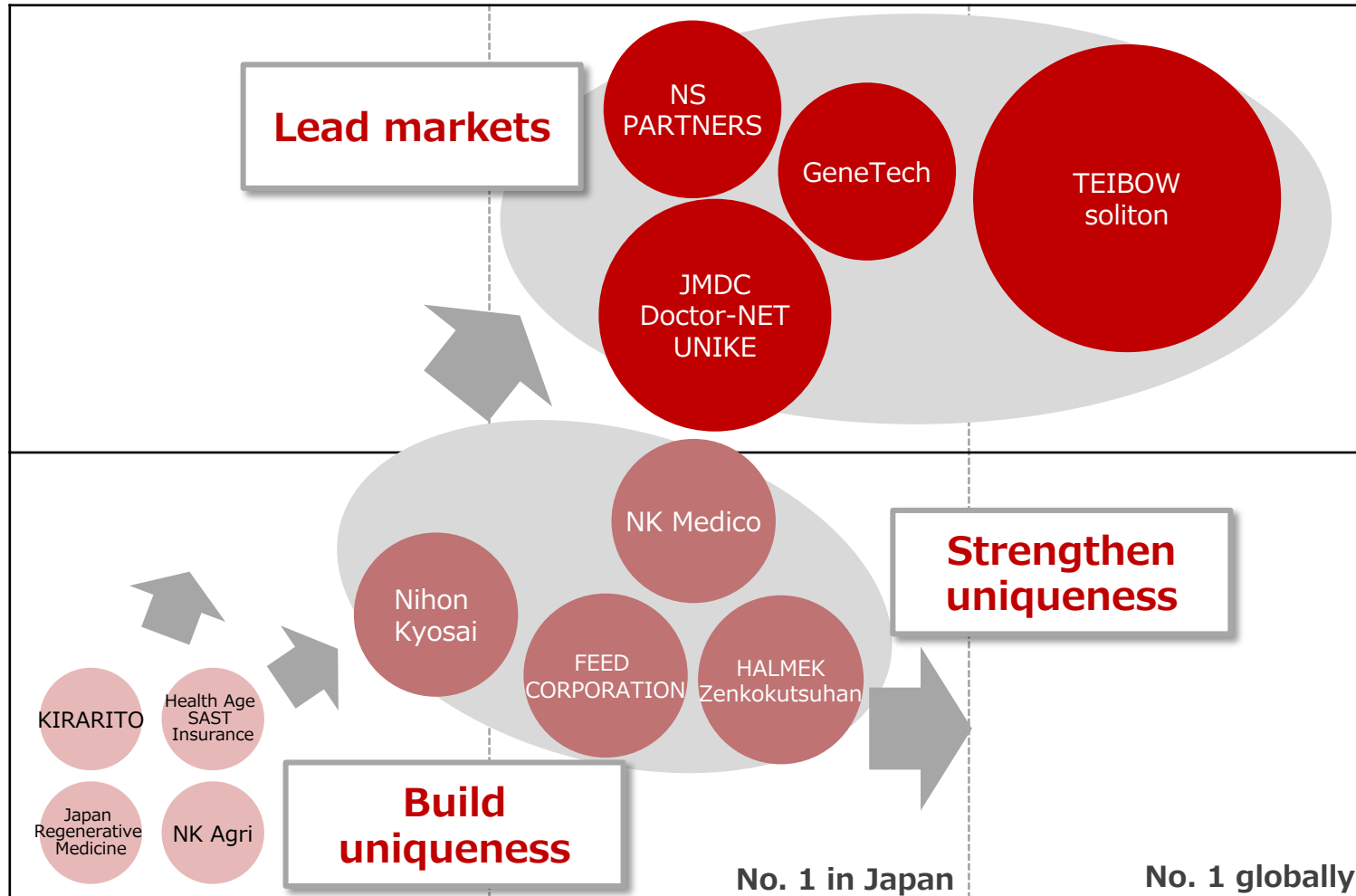
Expand services, increase share, and aim to be category leader

Use proprietary assets to create inter-company synergies (new businesses and services)

Key Strategy 1- Noritsu Group's Growth Scenario

Create unparalleled propriety businesses and services, and be the lead runner (or creator) of markets.

Earning capability



Key Strategy 2

Appropriate investment in development and growth field (create and expand)

Business creation within the Group

- Continue investing in developing businesses such as Japanese regenerative medicine
- Actively invest in growth fields

Business expansion through M&A

- Investments based on knowledge (Also consider global expansion)
- M&As to strengthen existing businesses
- M&As in growth fields

Key Strategy 3

Create synergies with reorganization of Group management system

Increase management capability in businesses across multiple fields, strengthen corporate functions, and create added value for the entire Group

(1) Financial soundness

- Control leverage with net debt/EBITDA < 4.0 as a guideline

(2) Strengthen Group management structure to realize vision

- Build a structure to enhance execution capability and speed
- Recruit diverse human resources and promote growth of the next generation

(3) Digital transformation

- Increase added value of businesses
- Expand DX expertise throughout the Group

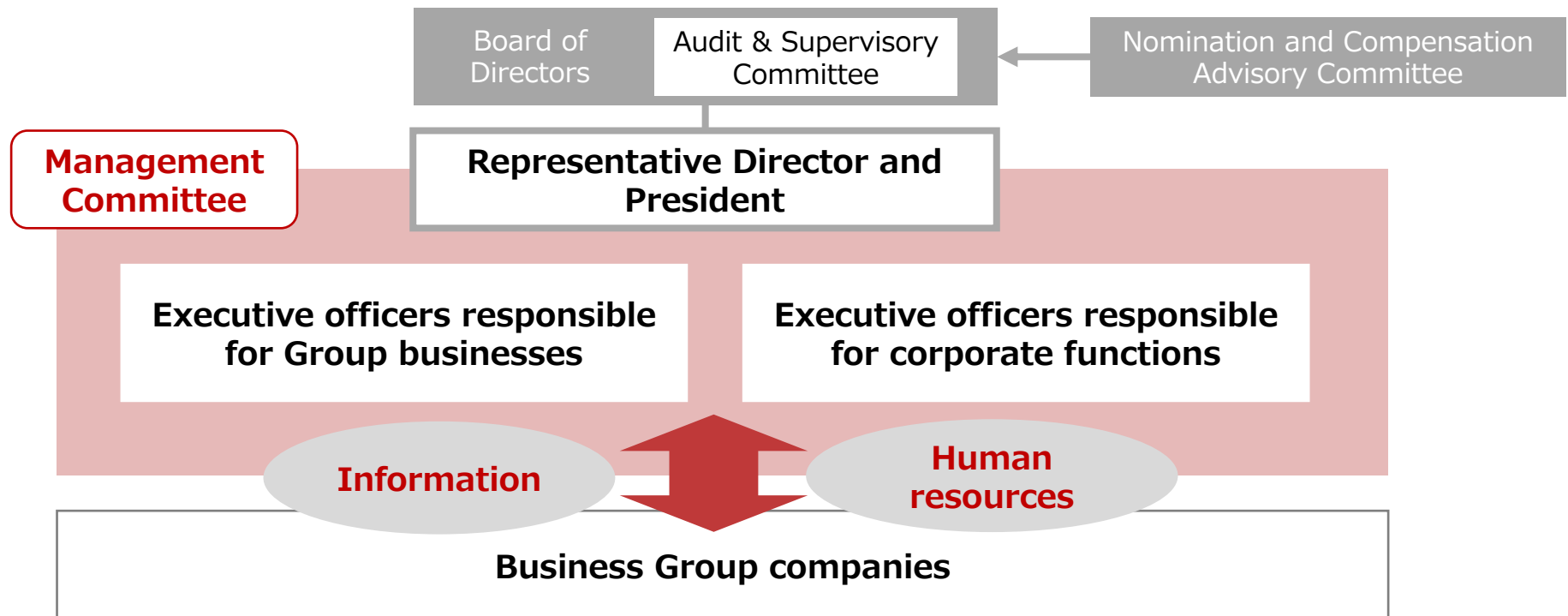
(4) Strengthen corporate communication (IR/PR)

- Strengthen dissemination of information to bolster recognition of the Noritsu Koki brand

Key Strategy 3-(2) Supplement

Strengthen Group management structure to realize vision

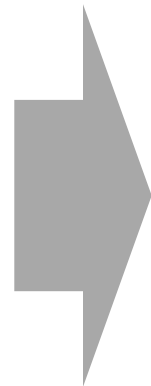
- Introduce executive officer system to manage Group business and corporate functions
- Share/use proprietary information held by Group companies
- Create places to produce human resources to support Group management



Key performance indicator: Operating EBITDA*_(IFRS)

FY2018

¥6.5 billion



FY2022

¥9.0-10.0 billion

Operating EBITDA growth (guideline): 15%

*Operating EBITDA

Net operating profit** + depreciation and amortization (similar to EBITDA under J-GAAP)

**Net operating profit

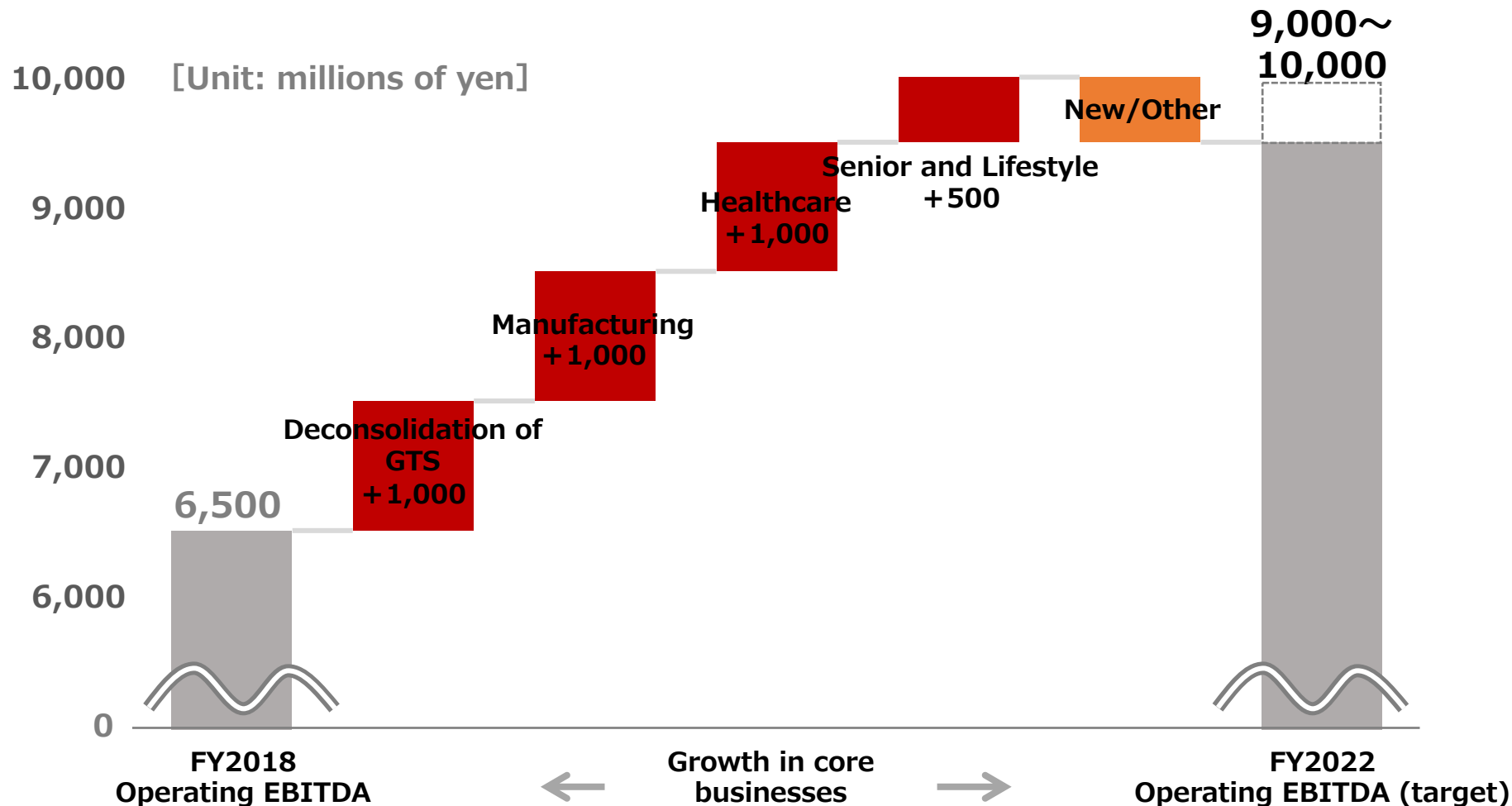
Operating profit – other income + other expenses (similar to operating income under J-GAAP)

Assumptions for achieving targets

Breakdown of full-year operating EBITDA

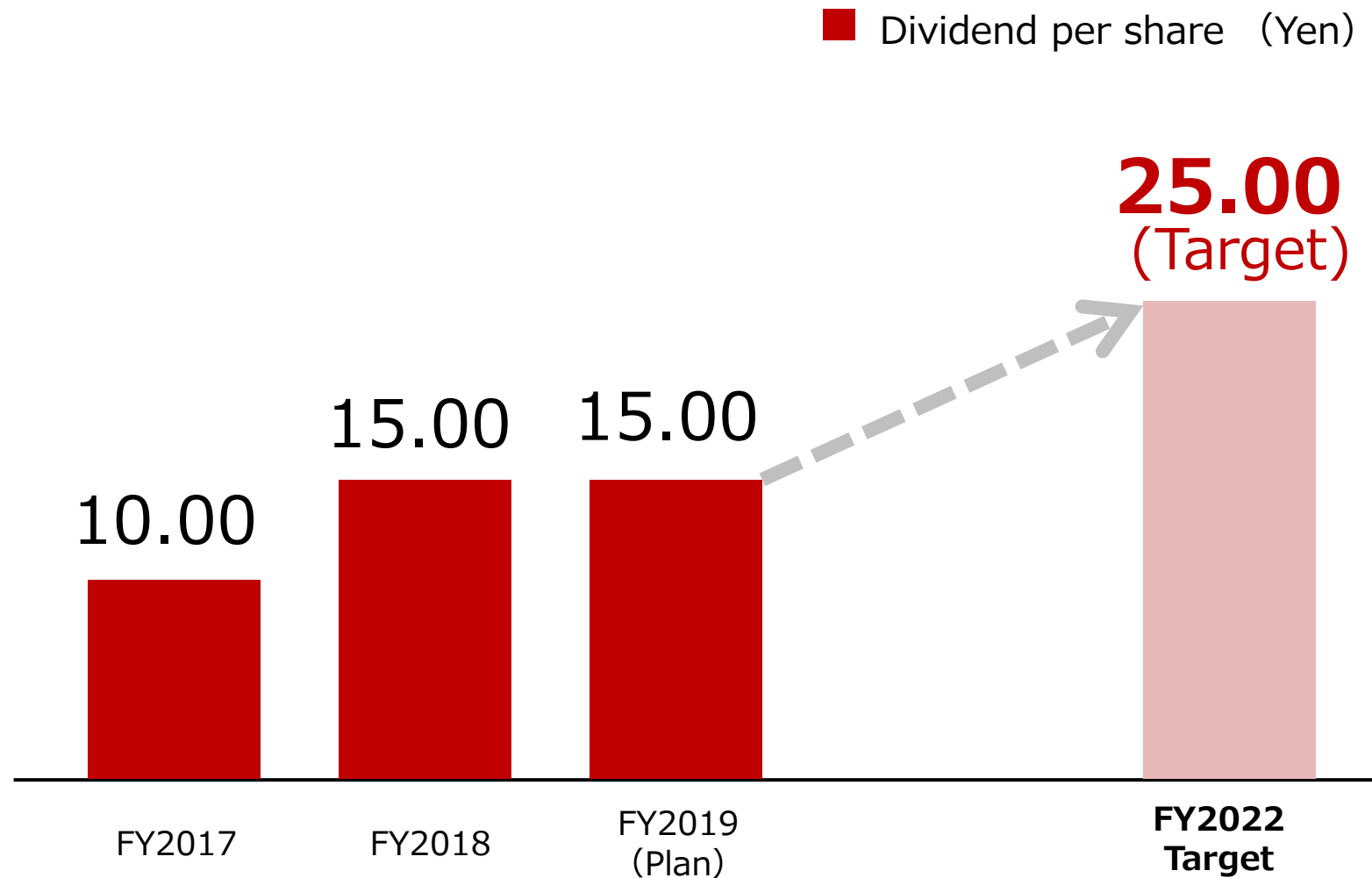
*Regarding deconsolidation of GTS

Operating EBITDA of GTS for FY2018 was a loss of ¥913 million. However, all figures are approximate.



Shareholder Return Policy

Aim for dividend per share of ¥25.00



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Overview of Noritsu Koki Group Businesses

**Value-added manufacturing from Japan to the world
soliton joined the Group and aims to capture massive
global demand for new products such as cosmetics**

T E I B O W

TEIBOW

No. 1 in Japan **No. 1 globally**

**Drawing the future in new
fields with the top global
share in pen nibs**

Handling approximately 3,400 product types per year with sales in Japan and more than 45 countries globally, TEIBOW is applying its technological capabilities centered on its leading share of the global pen nib market to take on development of ultrafine tubes that support the cosmetics industry and advanced medicine. The company is also expanding its activities in the new field of metal powder injection molding (MIM).

 *soliton corporation*

soliton

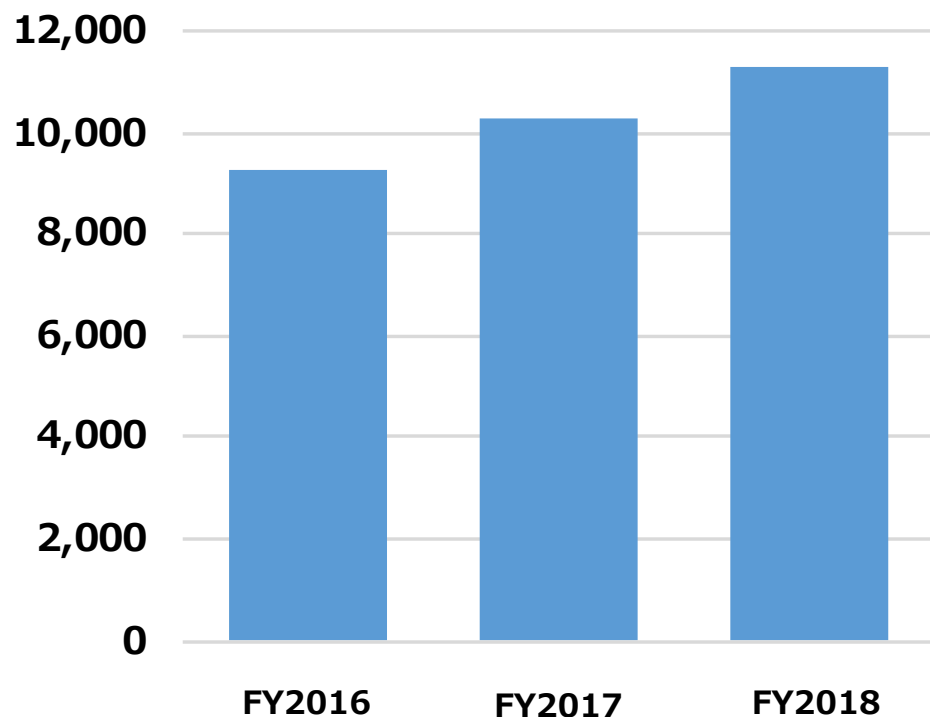
**Automated manufacturer of
brush heads based on traditional
“Nara Brush” techniques**

**In 2019, the company will be
grouped together with TEIBOW to
manufacture integrated products
in response to customer needs
around the world**

Manufacturing Business: Results

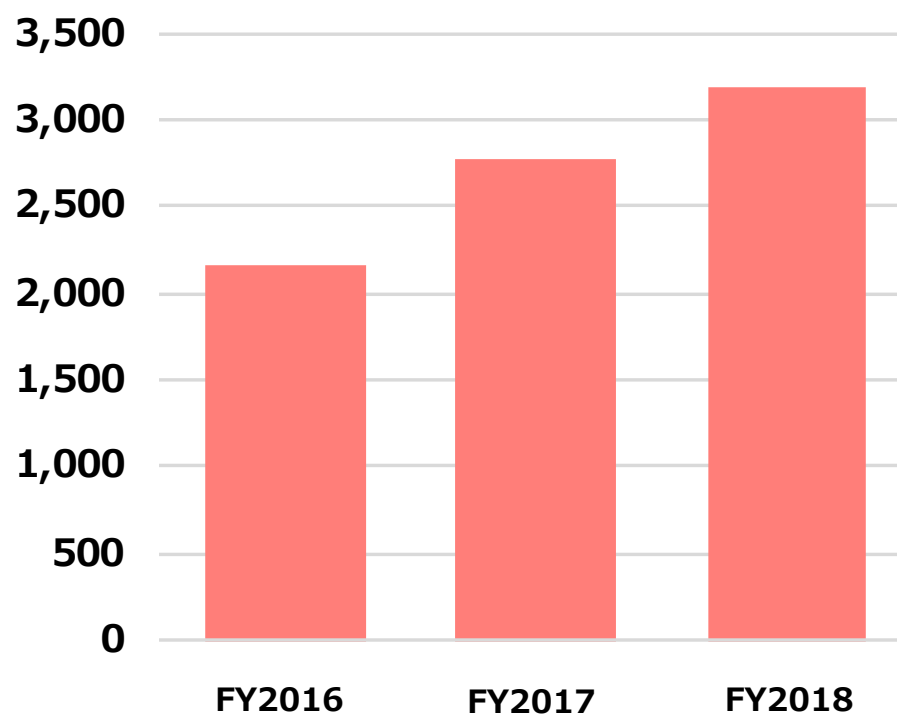
Net sales

[Unit: millions of yen]



Segment profit

[Unit: millions of yen]



Aim to reorganize the three medical tech field companies into a single group and conduct an IPO



JMDC

No. 1 in Japan

Medical statistics data service

illuminating the future with one of Japan's largest medical data bases available for private sector use



Doctor-NET

No. 1 in Japan

Remote image diagnosis service

A leading company in remote image diagnosis
Starting expansion of image diagnosis in China



UNIKE Software Research

System business for insurance pharmacies

Proposing next-generation pharmacies with ICT, based on the Smart Pharmacy™ concept

Healthcare Business (Testing/Distribution): Group Companies

GeneTech

GeneTech

No. 1 in Japan

**Fetal DNA
testing service
using maternal
blood**

Leading company in both performance and market share in the field of new antenatal diagnostics
Aiming to develop new genetic tests

NKmedico

NK Medico

No. 1 in Japan

**Preventative
medicine
business**

Early realization of advanced preventative medicine testing and technologies, aiming to promote preventative medicine starting from disease risk testing

FEED フィード株式会社

FEED CORPORATION

**Mail order
business for
dental
products**

Starting a revolution in distribution for the dental industry with innovative dental equipment, supplies, and services

NS PARTNERS

NS PARTNERS

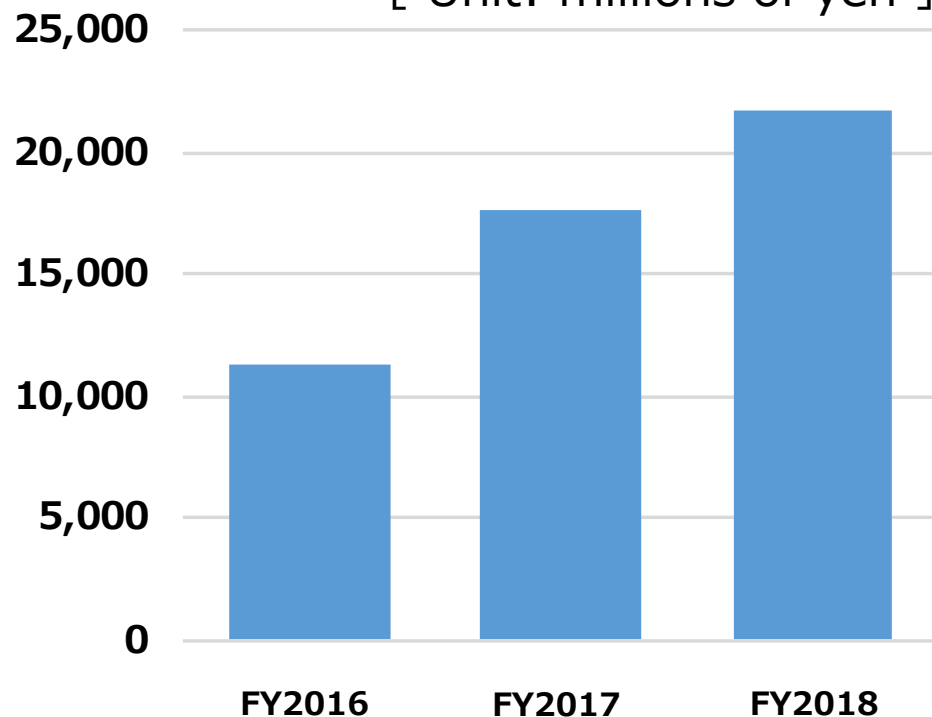
**Provide
management
support to
medical
institutions**

Management consulting and support for over 50 medical institutions
Strengthening management capabilities on the medical and nursing care front lines

Healthcare Business: Results

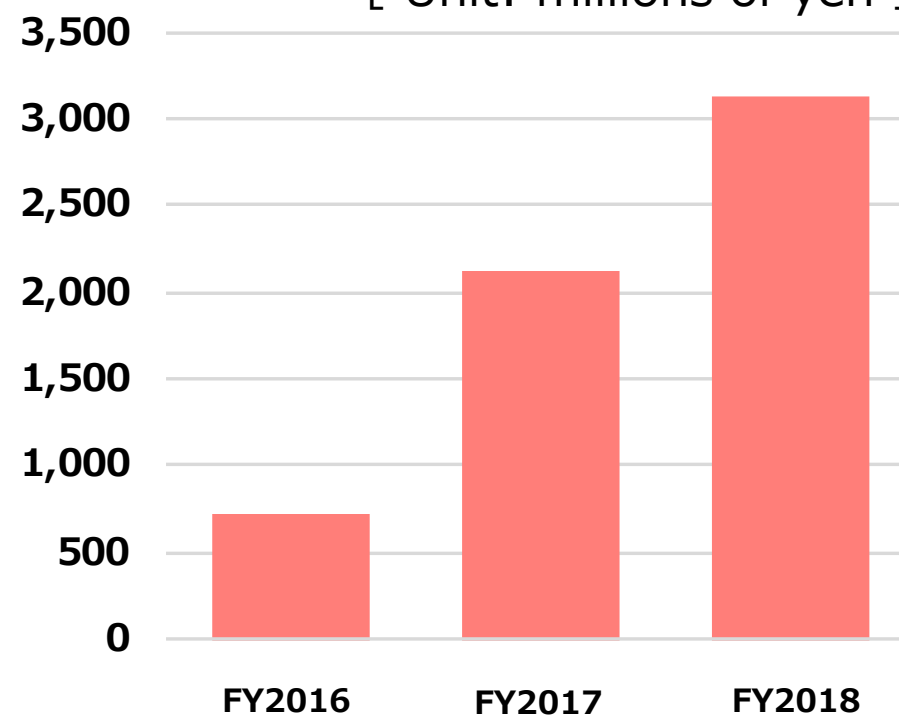
Net sales

[Unit: millions of yen]



Segment profit

[Unit: millions of yen]



Senior and Lifestyle Business: Group Companies

これからのために、生きてきた



HALMEK

No. 1 in Japan

**Publishing and
mail order
sales business
for seniors**

**No. 1 lifestyle magazine and mail
order sales targeting senior women
readers**

**Evolve Halmek Holdings as a total
service company for seniors**



Zenkokutsuhan

**Catalogue mail
order business
for seniors**



健康年齢少額短期保険株式会社

Health Age SAST
Insurance

**SAST life and
medical
insurance**

**Launched Japan's first Health Age
linked SAST insurance policies
Develop new insurance products
going forward**



Nihon Kyosai

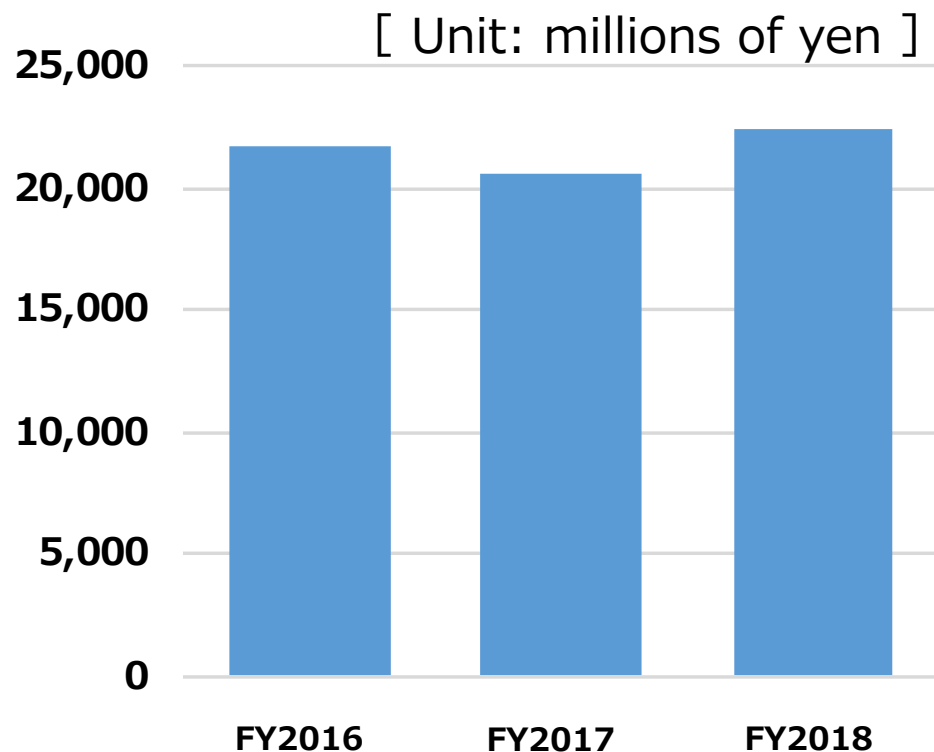
Nihon Kyosai

**SAST home
contents
insurance**

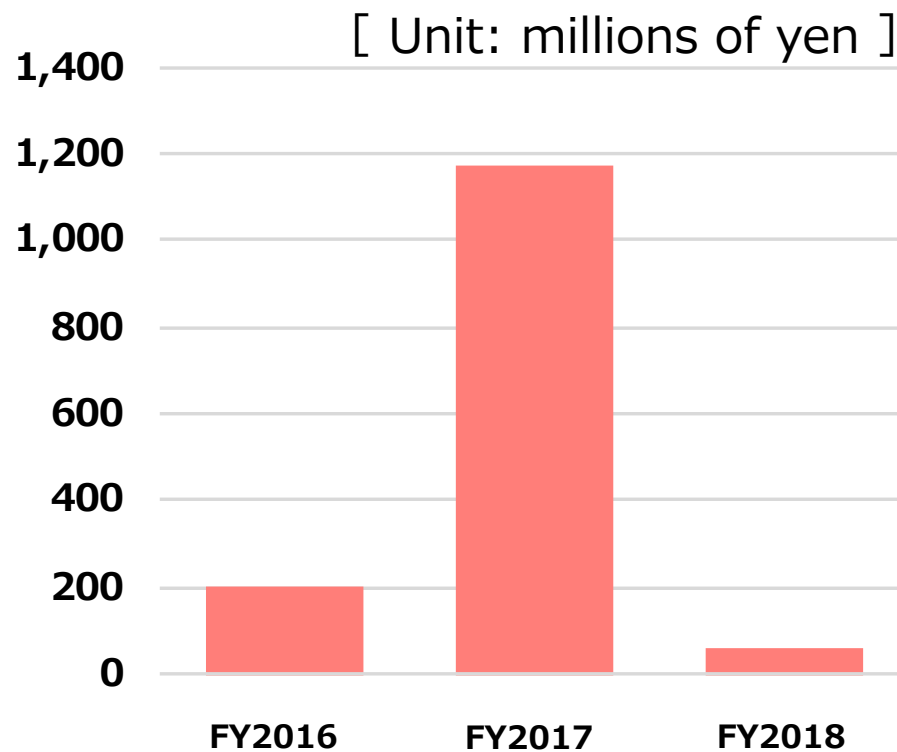
**Leading company in providing easy-to-
understand home contents insurance
for rental accommodation users**

Senior and Lifestyle Business: Results

Net sales



Segment profit



Drug Discovery, Agriculture and Foods, and Other Businesses: Group Companies

Drug Discovery Business



Japan Regenerative
Medicine

**R&D on regenerative
medicine
technologies and
products and cellular
medicine products**

**Started clinical trials of JRM-001
(autologous cardiac stem cells), the first
product of its kind in the world, in pediatric
patients with congenital heart disease**

Agriculture and Foods Business



NK Agri

**R&D of
functional
vegetables**

**Combine agriculture and IT to produce
“functional vegetables” offering reliable,
safe high added value**

Other Business



KIRARITO

**Graphic
solutions
business**

**Operating a graphic production
platform with over 35,000 creators in
15 countries**

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