

Medium-Term Management Plan FY25

FY12/2022–FY12/2025

Released February 25, 2022

Updated February 13, 2024

Noritsu Koki Co., Ltd.

Stock Code: 7744 (Prime Market of Tokyo Stock Exchange)

NORITSU

February 25, 2022 Medium-Term Management Plan FY25 released

February 13, 2024 Plan targets revised up (P15)
Revisions to segment targets (P16, P21)
Revisions to capital allocation and breakdown of growth investments (P23)
Sustainability progress updates (P24)

Cautionary note on forward-looking statements

The Company's current plans, strategies, and other matters in these materials that are not historical facts are forward looking statements estimated at the time of publication based on the Company's judgement from information currently available. Actual results may differ significantly due to various factors and risks, and the Company makes no assurances or guarantees whatsoever.

Operating EBITDA

Operating EBITDA is defined as operating profit less other income and expenses plus depreciation and amortization (excluding depreciation costs for right-of-use assets).

Although operating EBITDA is not a performance indicator defined in the consolidated financial statements, it provides a clearer picture of underlying earnings capabilities by removing the impact of non-recurring profit and loss items and depreciation and amortization. The Company has included operating EBITDA in financial disclosures to provide users of the consolidated financial statements with more information to evaluate the Group's earnings.

Presentation methods used in these briefing materials

Figures: Rounded down to the nearest unit

Ratios: Converted from yen and rounded to the nearest single digit of the unit

Net profit: Profit attributable to owners of parent

Medium-Term Management Plan FY25: New Medium-Term Management Plan (Jan 2022–Dec 2025)

Medium-Term Management Plan FY21: Old Medium-Term Management Plan (Apr 2019–Dec 2021)

Contents

1. Medium-Term Management Plan FY21 Review

- Review of FY21 plan results**

2. Medium-Term Management Plan FY25

- Mission, Vision, Values and Targets**
- Business Strategy**

Create unparalleled products and services for society

“We must become the leader in business fields where we operate.” That was the declaration our founder made in 1951 as he held his automatic photo print washer invention, heralding the start of Noritsu Koki’s corporate story.

Although our products were unseen by most people, they became essential to daily life.

Over time, we sought out new challenges, moving into more business fields critical to modern society.

Amid constant change in society, our goal is to deliver products that people need and want, that are indispensable for everyday life, and that support people behind the scenes.

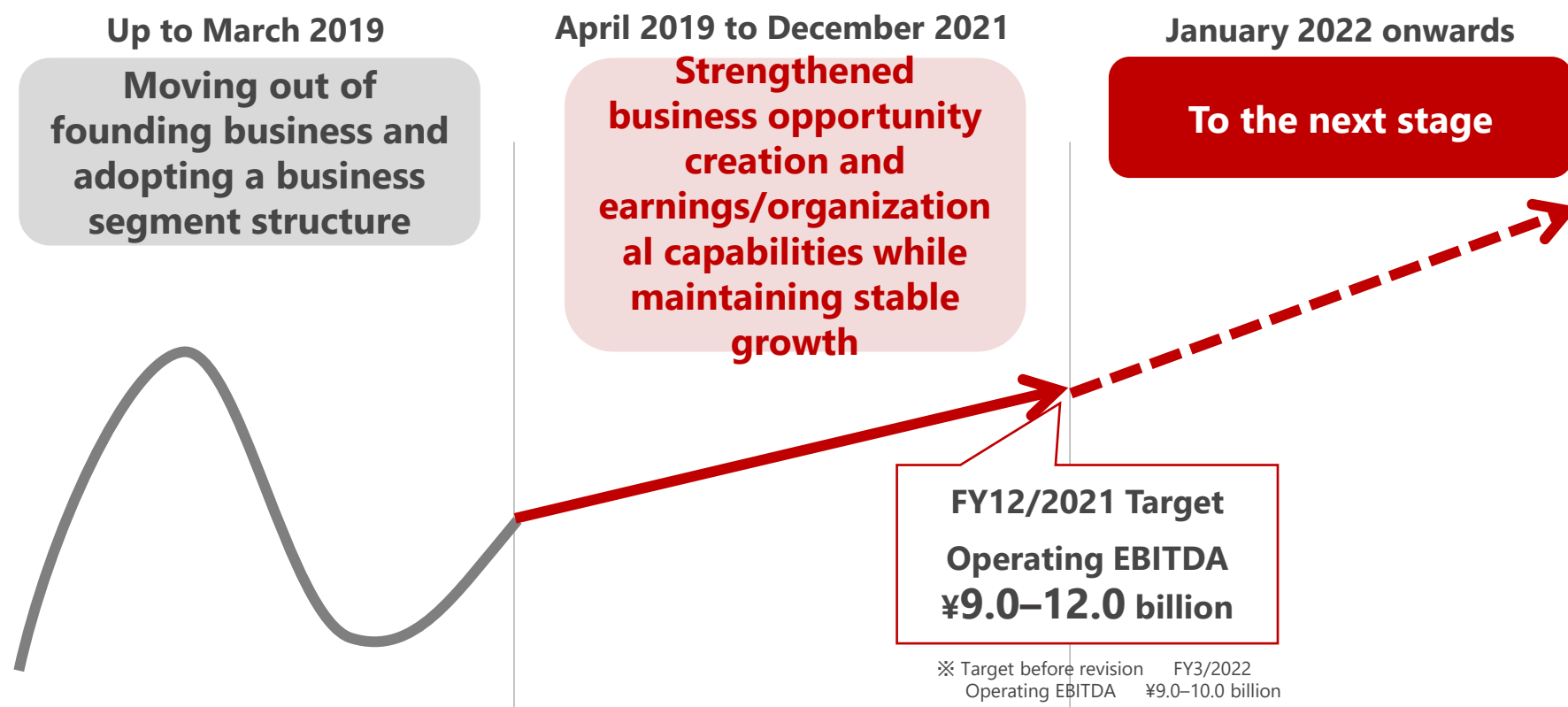
We will continue to create these kinds of vital products for society with care and commitment.

Sparing no effort, we will work quietly and steadily to open up new paths to the future.

This is our mission and our commitment to all stakeholders.

Medium-Term Management Plan FY21 was positioned to reinforce the Group's earnings and organizational capabilities to take Noritsu Koki into the next phase of growth, while also maintaining stable growth.

During the plan, the Company changed its fiscal year-end and revised up the plan's targets.



Key highlights of the plan:

**Operating EBITDA
target range:
¥9.0–12.0 billion**

- **Result: ¥16.4 billion (FY12/2021)**
- **Sharply higher than EBITDA of ¥7.5 billion in the fiscal year before the plan started**

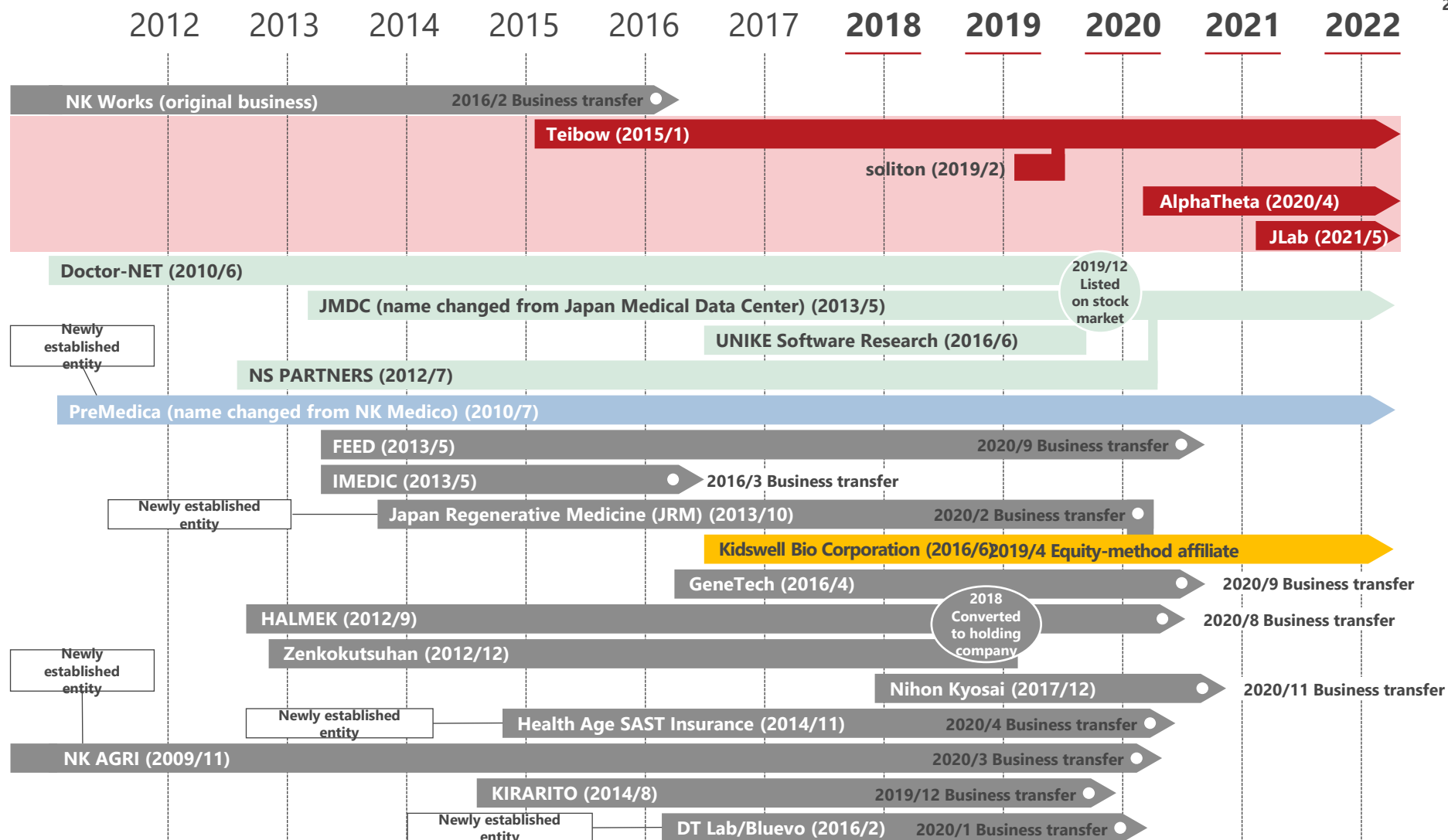
**Stronger earnings
/organizational
capabilities**

- **Six segments streamlined into one segment; channeled business resources into priority areas to create a highly efficient operating structure**
- **Established a global business base focused on Manufacturing (overseas business now generates more than 80% of sales)**
- **Created a highly profitable corporate group with an EBITDA margin of more than 20%**

**Shareholder
returns**

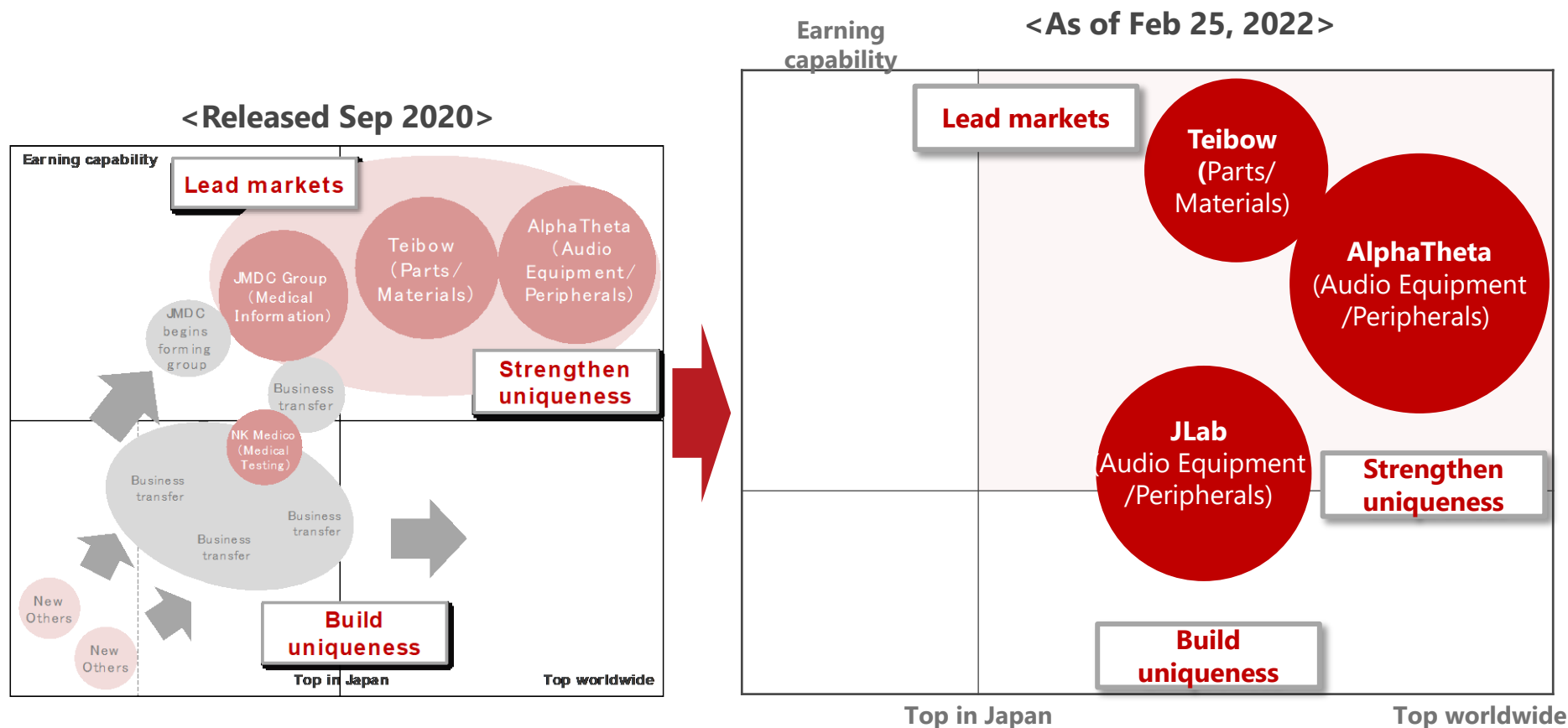
- **Achieved the target dividend payout ratio of 25% (ordinary dividend)**
- **Decided to pay a special dividend of ¥160 after the plan's targets were achieved (pending approval by Annual General Meeting of Shareholders on March 24, 2022)**

Revised February 22, 2022



Growth prospects of each business evaluated based on business vision, competitive advantages, growth potential, IRR, etc.

Aiming to become a corporate group that generates sustained growth worldwide, with manufacturing as the core business



*PreMedica not shown in the portfolio, as it is currently preparing a market listing.

Medium-Term Management Plan FY21: Main Actions and Outcomes of Key Strategies

Key Strategy 1 **Increase core business earning capability, continue growth**

<Main actions and outcomes>

- Business portfolio realignment: Worked to create “No. 1/Only 1” businesses, positioned Manufacturing as core business, and streamlined business segments
- Manufacturing – Parts/Materials: Improved productivity (writing instruments business) and acquired soliton Corporation (reinforcing the cosmetics business)

Key Strategy 2 **Appropriate investment in development and growth fields (create and expand)**

<Main actions and outcomes>

- Manufacturing – Parts/Materials: Constructed new plant (aiming to develop MIM into next growth driver)
- Manufacturing – AlphaTheta joined Group as a core business
- Manufacturing – JLab acquired and joined Group as a core business

Key Strategy 3 **Create synergies with reorganization of Group management system**

<Main actions and outcomes>

- Sold some shares in listed companies in Feb 2020 to improve liquidity on hand
- Repurchased and retired share subscription warrants in Mar 2020 to prevent future dilution; shares in subsidiaries provided as payment for the warrants, limiting cash outflow
- Sold some shares in JMDC in Jun 2020 and Feb 2022, improving liquidity on hand
- Overhauled management structure in response to changes in operating environment; outside directors appointed to more than half of board positions to enhance supervisory functions, executive officer system upgraded; Nomination & Remuneration Committee also established; measures reinforced governance, accelerated decision-making and improved effectiveness of business execution
- Formulated the Medium-Term Management Plan to deepen understanding of the Group’s growth potential and business vision, and to capture synergies by raising awareness within the Group
- Improved business efficiency (inc. switch to paperless processes), created remote-working system, and upgraded systems to increase efficiency and speed of consolidated accounting
- Upgraded IR and PR activities with new corporate website (Jun 2019), better disclosures and new factsheets, English language information, and more video and press release content

Contents

1. Medium-Term Management Plan FY21 Review

- Review of FY21 plan results

2. Medium-Term Management Plan FY25

- Mission, Vision, Values and Targets

- Business Strategy

As disclosed in the press release, “Change in specified subsidiary (partial sale of shares),” Noritsu Koki approved the partial sale of shares (33% of voting rights) in former consolidated subsidiary JMDC Inc. to OMRON Corporation.

Background

- Noritsu Koki has realigned its business portfolio to focus on the Manufacturing business and channeled management resources into strategic business fields in response to dramatic changes in the operating environment, aiming to create a stable high-growth corporate group and reinforce its financial position.
- OMRON has a very positive view of JMDC’s business and a deep understanding of the need to maintain JMDC’s management independence. In light of this, we see prospects for further growth in JMDC’s corporate value through business collaboration with OMRON.

Outlook

- Noritsu Koki’s holding in JMDC will decrease to 15% and the company will be excluded from the scope of consolidation.
- The Healthcare segment will also be discontinued, with any remaining businesses folded into the Manufacturing segment.

We have reaffirmed Manufacturing as the Group's core business following portfolio realignment. Reportable segments will also be changed.

Manufacturing	Parts/Materials
	Audio Equipment /Peripherals
Healthcare	Medical Information
	Medical Testing
Others	



Now

< Key companies >

Manufacturing Parts/Materials
Manufacturing Audio Equipment /Peripherals
Others

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**

Updated February 13,
2024

Key targets of the Medium-Term Management Plan FY25 are as follows:

Targets	Medium-Term Management Plan FY21 ^{*1}	Medium-Term Management Plan FY25 ^{*2}	CAGR
Revenue	¥54.4 billion	¥100.0 billion	16.4%
Operating EBITDA	¥11.0 billion	¥20.0 billion	16.1%
Operating profit	¥6.3 billion	¥15.0 billion	24.2%
EPS	¥110	¥290	27.4%
^{*3,4} ROIC	2.5%	5%–6%	-
Payout ratio	25%	40% or more	-

^{*1} Medium-Term Management Plan FY21 excludes figures for the medical information business, which has been removed from the scope of consolidation

^{*2} Forex assumptions for FY25 estimates: ¥135.0/USD, ¥145.0/EUR

^{*3} ROIC = NOPLAT (operating profit x (1 - deemed tax rate)) ÷ invested capital (average of net interest-bearing debt + total equity at beginning and end of FY)

^{*4} Assumed cost of capital (WACC) 5-6%

Updated February 13,
2024

Targets by segment are as follows:

Billions of yen		FY21	FY25 ^{*1}	Change	CAGR
Manufacturing (Parts/Materials) Teibow	Revenue	12.2	12.8	+0.6	1.2%
	Operating EBITDA	4.1	3.7	-0.4	-2.5%
Manufacturing (Audio Equipment /Peripherals)	Revenue	41.1	85.5	+44.4	20.1%
	Operating EBITDA	7.3	17.2	+9.9	23.9%
AlphaTheta	Revenue	26.5	56.5	+30.0	20.8%
	Operating EBITDA	5.6	13.8	+8.2	25.3%
JLab	Revenue	14.5	29.0	+14.5	18.9%
	Operating EBITDA	1.7	3.4	+1.7	18.9%
Others and companywide expenses	Revenue	1.0	1.7	+0.7	14.2%
	Operating EBITDA	(0.5)	(0.9)	(0.4)	-
Consolidated total	Revenue	54.4	100.0	+45.6	16.4%
	Operating EBITDA	11.0	20.0	+9.0	16.1%

*1 Forex assumptions for FY25 estimates: ¥135.0/USD, ¥145.0/EUR

Contents

1. Medium-Term Management Plan FY21 Review

- Review of FY21 plan results

2. Medium-Term Management Plan FY25

- Mission, Vision, Values and Targets

- **Business Strategy**

NORITSU

Noritsu Koki continues to leverage its manufacturing DNA to create highly unique businesses, creating a platform for future investment



Creating Value

Human resources

A legacy of highly specialized knowledge and expertise

Committed to customers, proud of our products

Rapid, flexible management decisions and business execution



Creating Markets

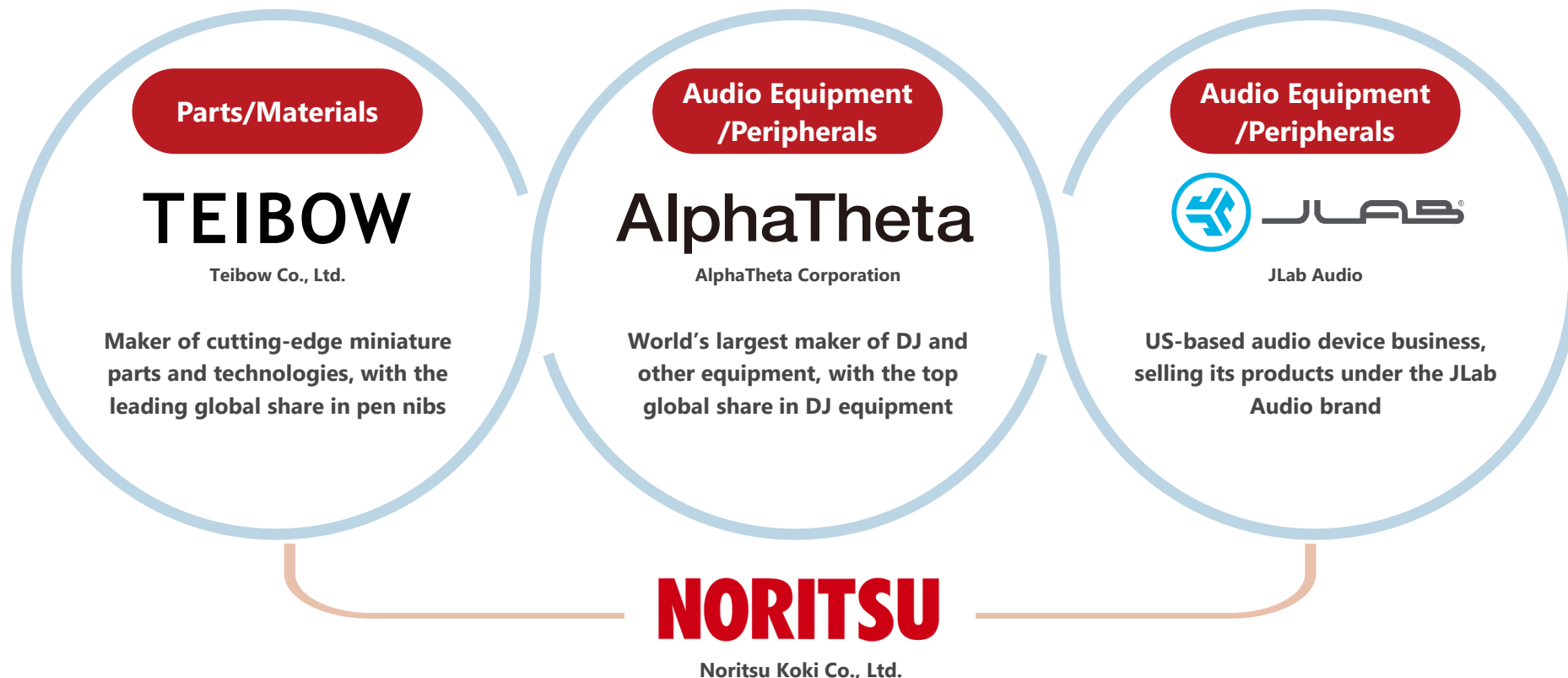
Technology

Responsive technology improvements and R&D

Top positions in niche markets and market categories

Ability to offer and pursue appropriate pricing

The Noritsu Koki Group brings together numerous technologies, proven companies and highly experienced human resources, backed by a corporate culture committed to consistently providing new value to society.



Aiming to be a corporate group of manufacturing companies with world-class technologies and quality, consistently creating “No. 1/Only 1” businesses

We will implement the following key strategies under Medium-Term Management Plan FY25:

Key Strategy 1

- **Reinforce existing Group businesses and invest in growth fields to become a high-growth, innovative business group**

Key Strategy 2

- **Implement financial strategies to achieve ROE of 8%**

Key Strategy 3

- **Promote sustainability and governance management**

Updated February 13,
2024

Key strategies for each company in our core business (manufacturing) are as follows:

	Targets	Existing/foundation businesses	Growth/new businesses
Teibow	Revenue: ¥12.8 billion EBITDA: ¥3.7 billion	<p><Writing instruments business></p> <ul style="list-style-type: none"> Develop high-value-added products Expand sales channels into emerging markets and China <p><Cosmetics business></p> <ul style="list-style-type: none"> Expand sales channels for strategic products, targeting China Offer new proposals for the eyeliner market Increase sales of PBT brushes 	<p><MIM business></p> <ul style="list-style-type: none"> Leverage high-quality, volume production system to grow sales in new fields and worldwide, aiming to more than double sales <p><New business fields></p> <ul style="list-style-type: none"> Step up sales of Teibow products incorporating cutting-edge pen nib technologies for air freshener, medical and other new applications
AlphaTheta	Revenue: ¥56.5 billion EBITDA: ¥13.8 billion	<p><DJ equipment business></p> <ul style="list-style-type: none"> Leverage technical capabilities and brand power in DJ equipment to offer more innovative value and expand sales channels in key markets Provide customer-focused experience value by combining hardware and software, etc. 	<ul style="list-style-type: none"> Expand and commercialize services in core business peripheral markets, such as DJ lifestyle ideas for new customer segments, music production equipment and music performance-related data Increase sales from software services to more than ¥4.0 billion
JLab	Revenue: ¥29.0 billion EBITDA: ¥3.4 billion	<p><Personal audio business></p> <ul style="list-style-type: none"> Expand sales channels in markets outside the US (increase the share of non-US sales to more than 30%) Accelerate product launches and increase the cost-competitiveness of new products Stabilize quality and production system management 	<ul style="list-style-type: none"> Move into peripheral businesses, aiming to become a personal technology company Use products to contribute to society (CSR) through brand ambassadors and support for sports, etc.

Strengthen cash flow generation to achieve ROE of at least 8%.

Pay a continuous and stable dividend and maintain financial discipline, while also balancing the need to invest in growth.

Cash Flow Generation

- **Operating EBITDA margin of 20% or more**
- **ROIC 5-6%** (higher than WACC)

Growth Investments

- Actively channel capital into **growth fields in each business**
- Explore **M&A opportunities to reinforce core businesses**

Shareholder Returns

- Continuous, stable dividends with a target payout ratio **exceeding 40%**

Capital Policy

- Maintain financial discipline, targeting **net debt to operating EBITDA ratio of under 3.0x**

Revisions to capital allocation (totals for FY22-25) and breakdown of growth investments

Asset sales ¥95.0 billion*2	Growth investment ¥74.0 billion
	Shareholder returns ¥21.0 billion*3
Operating CF ¥45.0 billion*1	Debt repayment ¥45.0 billion*4

Breakdown of growth investments

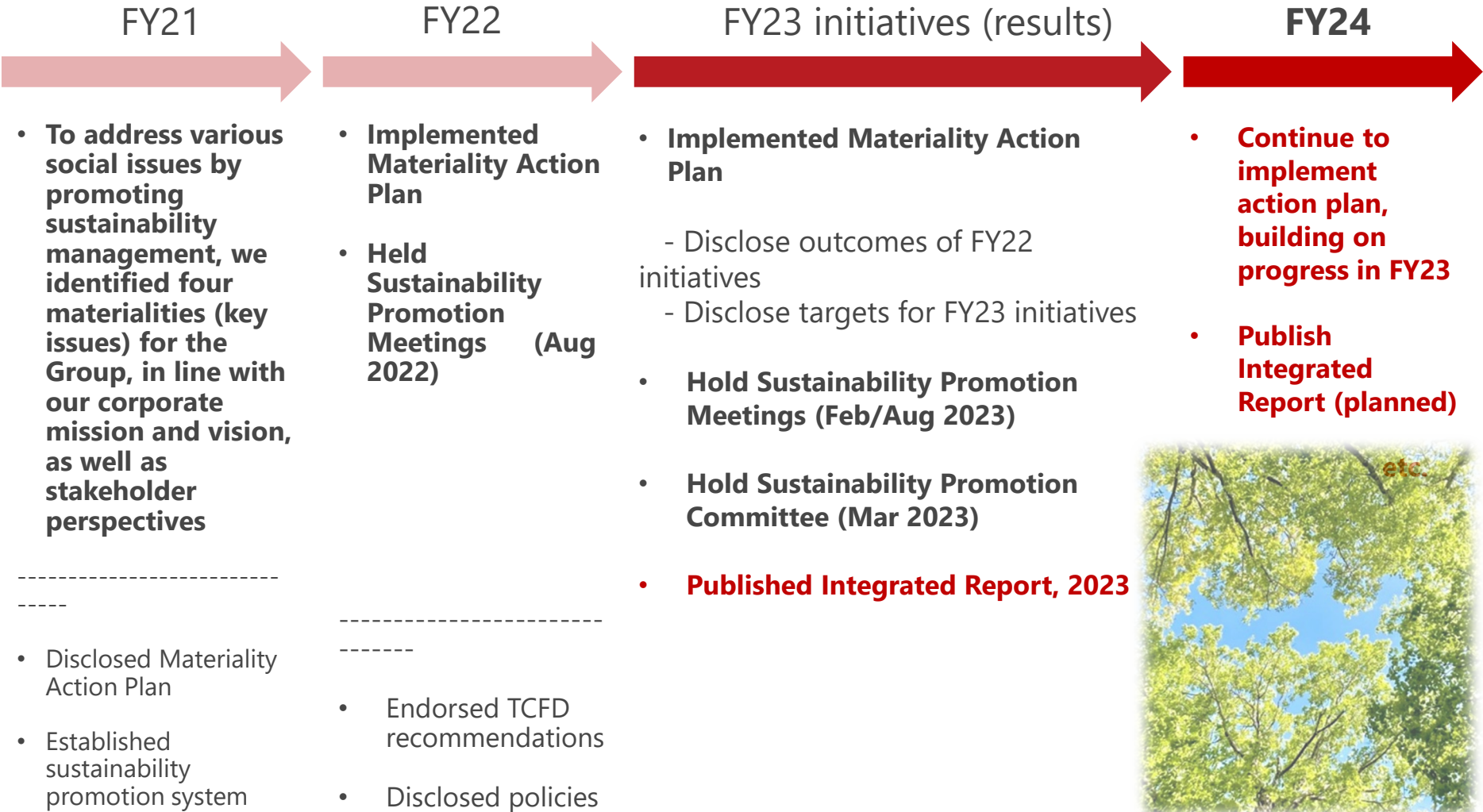
FY22–FY25	
Production capacity increase and rationalization, etc. (Teibow)	¥1.0 billion
Acquisition of shares in DJ Monitor and Serato, etc. (AlphaTheta)	¥10.0-12.0 billion
Investment in DX and IT systems	¥2.0 billion
Upgrades to existing facilities	¥4.0 billion

10-year outlook	
Reinforce existing businesses	¥55.0 billion
New businesses and M&A	
Sustainability implementation	

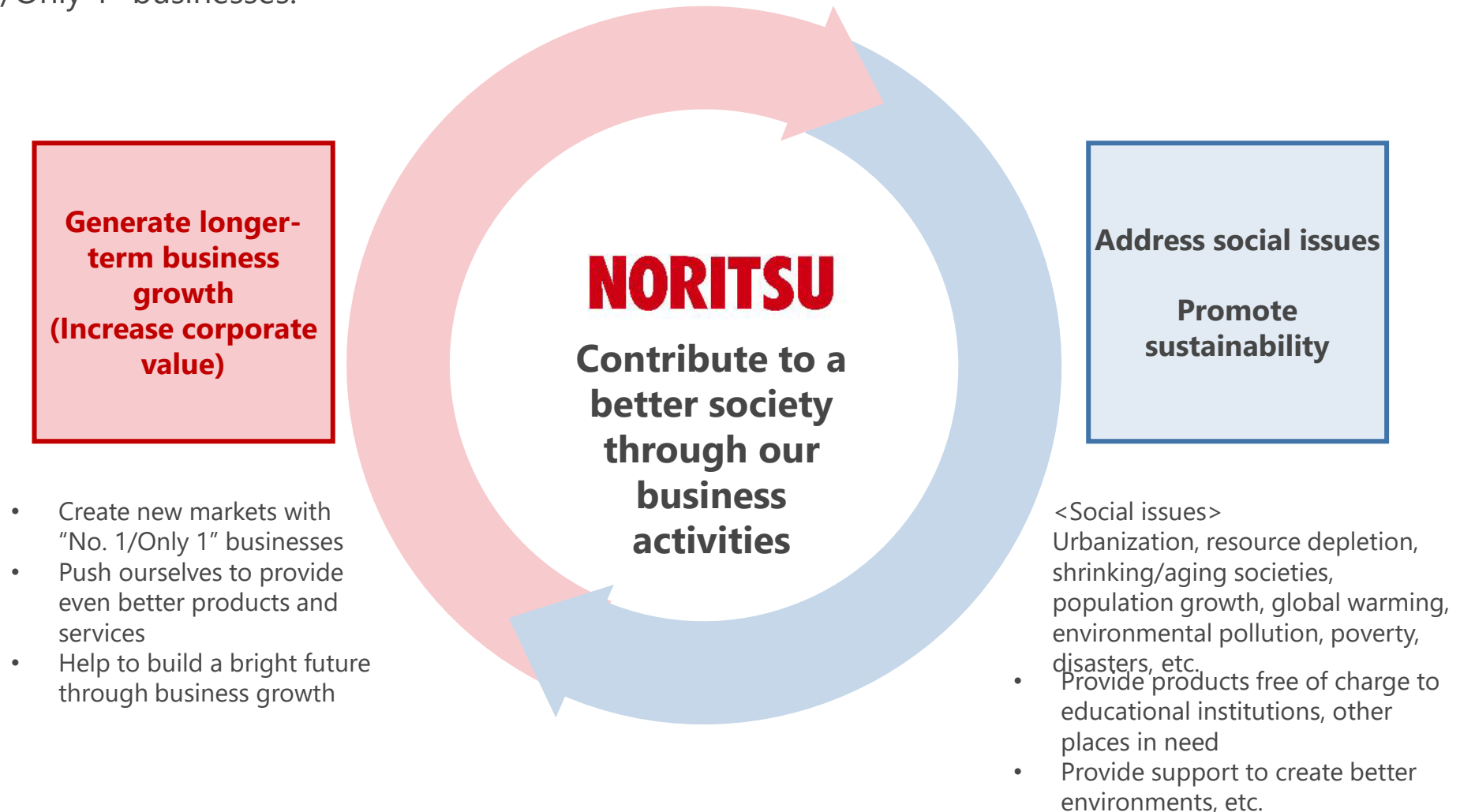
*1 Before tax deductions related to asset sales
 *2 After tax deductions related to asset sales
 *3 Including ¥10 billion special dividend
 *4 Including ¥20 billion early repayment

Updated February 13, 2024

In FY23, we will continue to improve information disclosure, including publishing an Integrated Report, as part of broader efforts to realize a sustainable society and ensure the Group’s sustainable growth



Contribute to a better society through our business activities as a corporate group focused on manufacturing companies with world-class technologies and quality, consistently creating “No. 1/Only 1” businesses.



Appendix

Company:	Noritsu Koki Co., Ltd. (Prime Market of Tokyo Stock Exchange:		
Representative:	7744)		
Founded:	Ryukichi Iwakiri, Representative Director and CEO		
Established:	June 1951		
Capital:	June 1956		
Headquarters:	¥7,025,302,000		
	Joule A 5th Floor, 1-10-10 Azabu-juban, Minato-ku, Tokyo		
Directors:	Directors		
	Ryukichi Iwakiri	(audit and supervisory committee member) :	Akihisa Ota
	Ryosuke Yokobari		Motoaki Ibano
	Akari Otsuka		Tsuyoshi Takada

1951

Founder Kan'ichi Nishimoto invents automatic photo print washer by applying principles behind water



1976

QSS-1 Automatic System shortens photo processing times from several days to just 45 minutes



1997

Company lists on TSE First Section



2016

Head office relocated to Minato Ward, Tokyo (2015), decision taken to sell founding business of photo



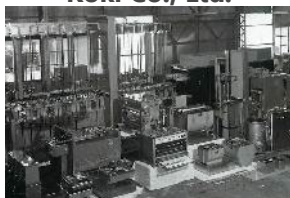
2022

Aiming to become a unique, sustainable global corporate group focused on manufacturing



1961

First company worldwide to automate black-and-white film development process; Company reformed as Noritsu Koki Co., Ltd.



1985

New domestic plant completed in Wakayama City, global expansion accelerates



2009

Imaging division faces existential crisis Strategic direction shifts to M&A to create new businesses



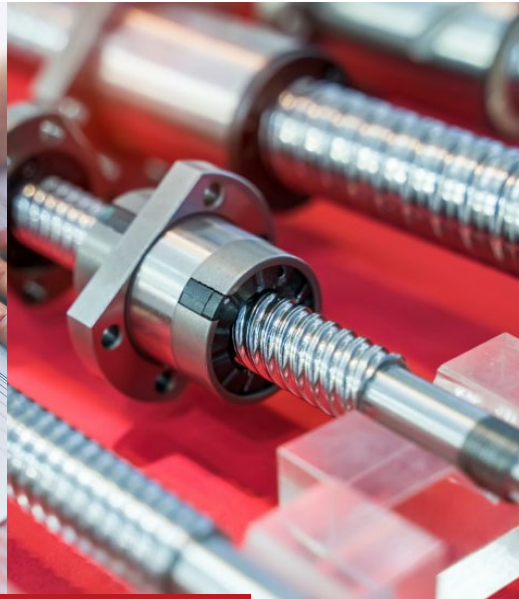
2020

Business portfolio realigned under new vision: "A corporate group that continues to create "No. 1/Only 1" businesses"



Manufacturing

A passion for manufacturing passed down over the years



Parts/Materials business

Noritsu Koki will leverage its world-class advanced technologies in the pen nib business to move into new fields and pursue manufacturing of everyday products.

Audio Equipment/Peripherals business

Backed by forward-thinking R&D, JLab will provide a wide range of unique audio devices that help make life more convenient and enjoyable.



TEIBOW
Teibow Co., Ltd.

Using global market-leading pen nibs to open up opportunities in new fields

Key competitive advantages and strengths

Market-leading felt cores for writing instruments have **global share of over 50%**

Consistently **high quality** - from mass production to small lots

Technology and expertise accumulated over **more than 120 years**

Main business

Writing instruments business | 1957~

Global market leader

- Products based on capillary force control technology
- Pen nibs used worldwide
- Global market share of over 50%

Standard pens, Oil-based markers, Highlighters, Water-based coloring pens, Paint markers, White board markers, Household products, Medical products, etc.



MIM business | 1994~

- Components made using the latest metal parts processing methods
- New plant to support business expansion worldwide

Global business presence backed by hollow injection molding technology* and materials developed in house

*Molding technology to make metal molds for hollow metal parts
→ technology to make hollow metal parts



Cosmetics business | 2014~

- Industry-leading company supplying applicators for liquid liner cosmetics
- More than 200 million brushes shipped for cosmetics applicator nibs, eyeliner and eyebrow applicators, etc.

Supplies a wide range of products, including synthetic, felt and plastic nibs and polybutyleneterephthalate (PBT) brushes



AlphaTheta

AlphaTheta Corporation



Creating products and services that help people achieve their potential through music

Key competitive advantages and strengths

World's leading maker of
DJ equipment

Equipment **avored** by the
world's top DJs and clubs

Rising appeal among
ordinary consumers
spurred by **growth of DJ**
culture

Main business

DJ/nightclub equipment business

1994~

- World's top 10 DJs all use the Pioneer DJ brand
- Popular pro DJs involved in product development

CDJ players, DJ mixers DJ controllers, Applications, DJ headphones, etc.



Professional audio equipment business

2013~

- Leverages long history of expertise in "music making"
- Leading clubs in London installed PA/SR speakers

PA/SR speakers, etc.

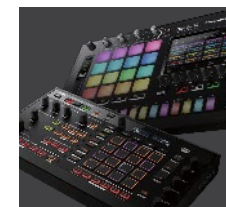


Music production equipment business

2016~

- Full-scale move into music production market
- TORAIZ series – High-quality rendition with intuitive music production

Monitor speakers, Monitor headphones, Multitrack samplers, Multitrack sequencers, etc.



Related service business

2014~

- Community site services for music users
- Initiatives to encourage wider interest in DJ culture
- Opened Pioneer DJ Yokohama Lab

KUVO services, KUVO applications and DJ Schools





Maker of audio devices and one of the fastest-growing companies in the US

Key competitive advantages and strengths

Top US share in multiple product and market categories

Sales capabilities and product development skills

Rapidly develops and launches new products that incorporate the **latest technology trends**

Main business

Audio devices business

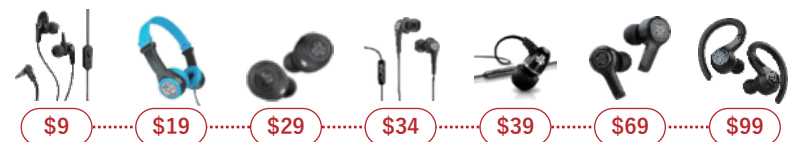
2005~

- No.1 in US market for True Wireless Earphones under 100 USD
- No.1 in US market for Headphones under 50 USD
- No.1 kids headphone brand

Planning, development and sale of portable audio devices



Highest quality products at reasonable prices



Parts/Materials

Production of cutting-edge miniature parts and materials

Teibow Co., Ltd.

Company name: Teibow Co., Ltd.

Representative: Kiyoshi Kochi, President and Representative Director

Capital: ¥50 million

Major shareholder: Noritsu Koki Co., Ltd.

Main business

activities: Manufacture and sale of nib parts for writing applications (felt, synthetic fiber, plastic) and non-writing applications, cutting-edge parts and materials, MIM manufactured products, cosmetics nibs (synthetic cores, plastic cores, polybutyleneterephthalate (PBT) brushes, etc.)

■ **Group companies:**

Teibow Nib Manufacturing (Chang Shu) Co., Ltd.

(wholly owned Teibow subsidiary)

- Manufacture and sale of marker pen nib parts in China (Jiangsu Province)

soliton corporation (wholly owned Teibow subsidiary)

- Manufacture and sale of nib parts for cosmetics applications

Audio Equipment/Peripherals

Development of audio and music production equipment

AlphaTheta Corporation

Company name: AlphaTheta Corporation (formerly Pioneer DJ Corporation)

Representative: Yoshinori Kataoka, Representative Director and President

Capital: ¥100 million
(As of December 31, 2021)

Major shareholder: Noritsu Koki Co., Ltd.

Main business

activities: Design, production, sales and related services for DJ/nightclub equipment, professional audio equipment and music production equipment

■ **Sales companies:**

AlphaTheta EMEA Limited

AlphaTheta Music Americas, Inc.

AlphaTheta (Shanghai) CO., Ltd.

Audio Equipment/Peripherals

Personal audio device products business

PEAG, LLC dba JLab

Company name: PEAG, LLC dba JLab

Representative: Winthrop Cramer, CEO

Capital: US\$19 million
(As of March 31, 2023)

Major shareholder: Noritsu Koki Co., Ltd.

Main business

activities: Design and sale of personal audio devices and technology products

NORITSU

None of the information in this material is intended as an inducement to buy or sell the Company's stock.

Moreover, the Company makes no guarantees regarding the content of this material.

The Company's current plans, strategies, and other matters in this material that are not historical facts are forward looking statements estimated at the time of publication based on the Company's judgement from information available to date.

Actual results may differ significantly due to various factors and risks, and the Company makes no assurances or guarantees whatsoever.