

Medium-Term Management Plan FY30

FY12/2025–FY12/2030

February 14, 2024

Noritsu Koki Co., Ltd.
Stock Code: 7744 (Prime Market of Tokyo Stock Exchange)

NORITSU

Contents

- 1. MTMP FY25 results**
- 2. MTMP FY30 strategies and targets**
- 3. (1) Strategy for existing businesses**
- 4. (2) Financial strategy**
- 5. (3) Group strategy**

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

FY○○: FY12/20○○

MTMP FY30: Medium-Term Management Plan FY30 (Jan 2025–Dec 2030)

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

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.

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**

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- MTMP FY25, which set a goal of growth centered on existing businesses, achieved all of its targets a year ahead of schedule, although some measures are still underway. Compared to MTMP FY21, significant growth was seen in every area
- Although not included in MTMP FY25 targets, we recognize that a lower level of ROE than expected level is a management issue. MTMP FY30 aims to raise ROE to above the level expected

Targets achieved a year ahead of schedule

Targets	FY21 Results ^{*1}	MTMP FY25 Targets	FY24 Results	Growth rates (vs. FY21)
Revenue	¥54.4 billion	¥87.0 billion	¥106.5 billion	About 2 times
Operating EBITDA	¥11.0 billion	¥17.5 billion	¥24.3 billion	About 2 times
Operating profit	¥6.3 billion	¥12.5 billion	¥20.5 billion	About 3 times
ROIC ^{*2}	2.5%	5%–6%	9.2%	+6.7 pt
EPS	¥110	¥220	¥452	About 4 times
Dividend payout ratio	25%	40%	40%	+15 pt
(Reference ROE)	3.6%	4.0%	7.5% (Excluding discontinued operations 6.7%)	+3.9 pt

*1 FY21 figures exclude the Medical Information business, which is no longer included in consolidated results

*2 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)

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Changes in operating environment

- Polarization of consumption (cost-saving consumption and high-end consumption)
- Instability in supply chains due to mounting geopolitical risks, etc.
- Uncertainty over global economic developments, including rapid swings in exchange rates, prices, and interest rates
- Rising costs of raw materials and utilities
- Chronic labor shortages and mounting labor costs
- Changes in external environment, including climate change issues, decarbonization, and carbon neutrality

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

(1) Strategy for existing businesses

Target: CAGR 10% or more

- To maximize organic growth, hone our competitive advantages and boldly embrace new challenges, including entry into new businesses
- Strengthen supply chain to achieve greater stability and address future demand
 - In addition to organic growth, focus on M&A in peripheral businesses

(2) Financial strategy

Target: ROE 10% or more

- Next core business = M&A in new areas
- Strengthen shareholder returns

(3) Group strategy

- Sustainability management
- Human capital management

MTMP FY30 Strategies

Quantitative targets

Growth potential

Revenue growth rate
(Current medium-term plan period)

CAGR 10% or more *1

Capital efficiency

ROE
(FY30)

10% or more

Profitability

Operating profit margin
(Current medium-term plan period)

15% or more

Shareholder returns

Total payout ratio
(Current medium-term plan period)

50% or more

Reference values (FY30) *2

Revenue

¥190.0 billion
or more

Operating profit

¥28.5 billion
or more

Operating EBITDA

¥38.0 billion
or more

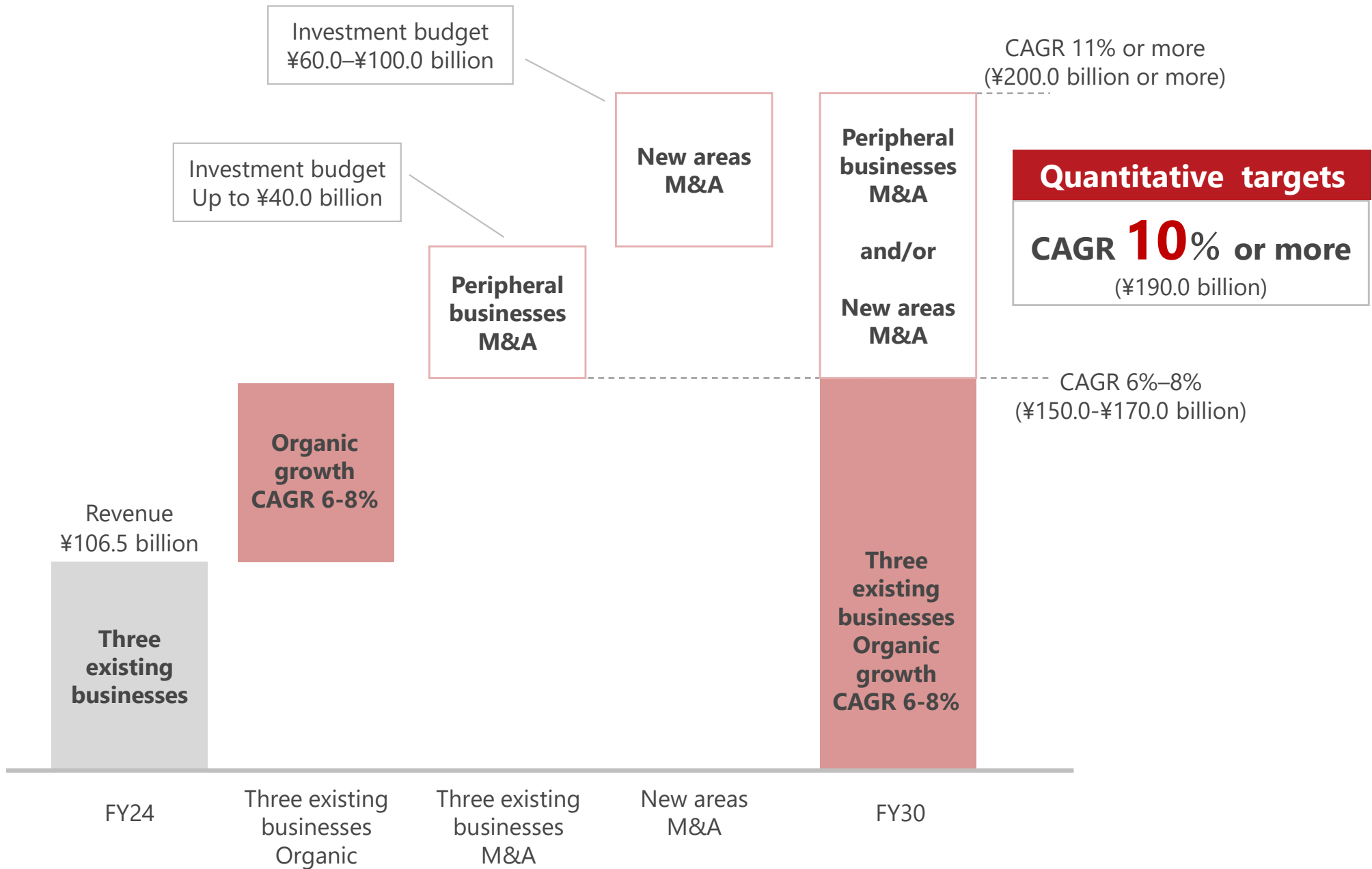
Operating EBITDA margin

20%
or more

*1 Average annual growth rate excluding forex effects

*2 Reference values based on FY24 exchange rate (¥151.6/USD, ¥164.0/EUR)

(Reference) Image of Reaching Growth Targets



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Segment	Company	Business overview	FY30 Revenue image	FY30 consolidated revenue composition	Current Positioning within the Group
Audio Equipment/Peripherals	Alpha Theta	Existing) DJ hardware	¥110.0 billion (CAGR 10%)		An industry leader, boasting overwhelming global brand recognition and driving growth in the Group
		New) DJ software, Digital service, hardware development for music market			
Audio Equipment/Peripherals	JLab	Existing) Earphones and headphones *Main products are under US\$100	¥57.0 billion (CAGR 10%)		Currently No. 1 in the U.S. for earphones priced under US\$100. Poised to be top in the world in the future, in a well-defined market—the largest in the Group—that offers strong potential for growth in existing businesses
		New) Keyboards, microphones, and other computer peripherals			
Parts/Materials	Teibow	Existing) Pen nibs business (writing applications and cosmetics applications)	¥13.0 billion (CAGR 5%)		Despite operating in a limited market, the company has a stable and highly profitable business foundation. High expectations for the development of new applications based on its technological capabilities
		New) New applications			
Parts/Materials	Hamamatsu Metal Works	Existing) MIM business in Japan	¥10.0 billion (CAGR 26%)		A businesses that is taking on the challenge of expanding from Japan to the world
		New) MIM business overseas			

Key Strategies

- Promote DJ culture and expand the user base
- Stabilize, strengthen the supply chain through the construction of new plants
- Cultivate markets by investing in and pursuing new businesses, such as the software business

- Expand market share outside the US
- Expand product categories beyond earphones (IT peripherals, speaker, hearing aids, games, etc.)
- Improve efficiency of supply chain by getting in-house warehouse up and running

- Boost production efficiency to maintain a stable earnings base
- Cultivate more committed demand
- Develop new applications

- Strengthen the framework to take on challenges in large markets
- Expand overseas revenue and sales channels
- Expand production capacity
- Shorten lead times from prototyping to production

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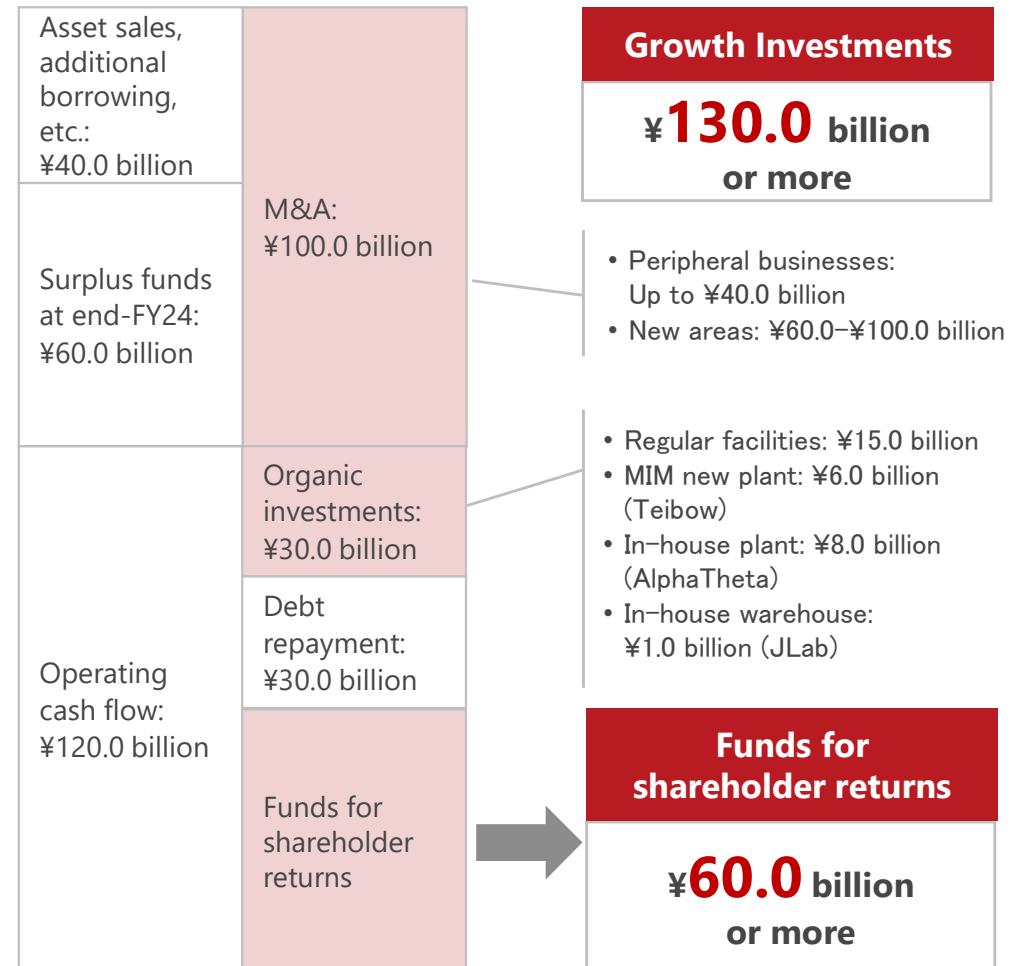
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Aim to achieve an ROE of 10% through a two-pronged approach: realizing returns from business profits through growth investments, and allocating surplus funds to return robust profits to shareholders

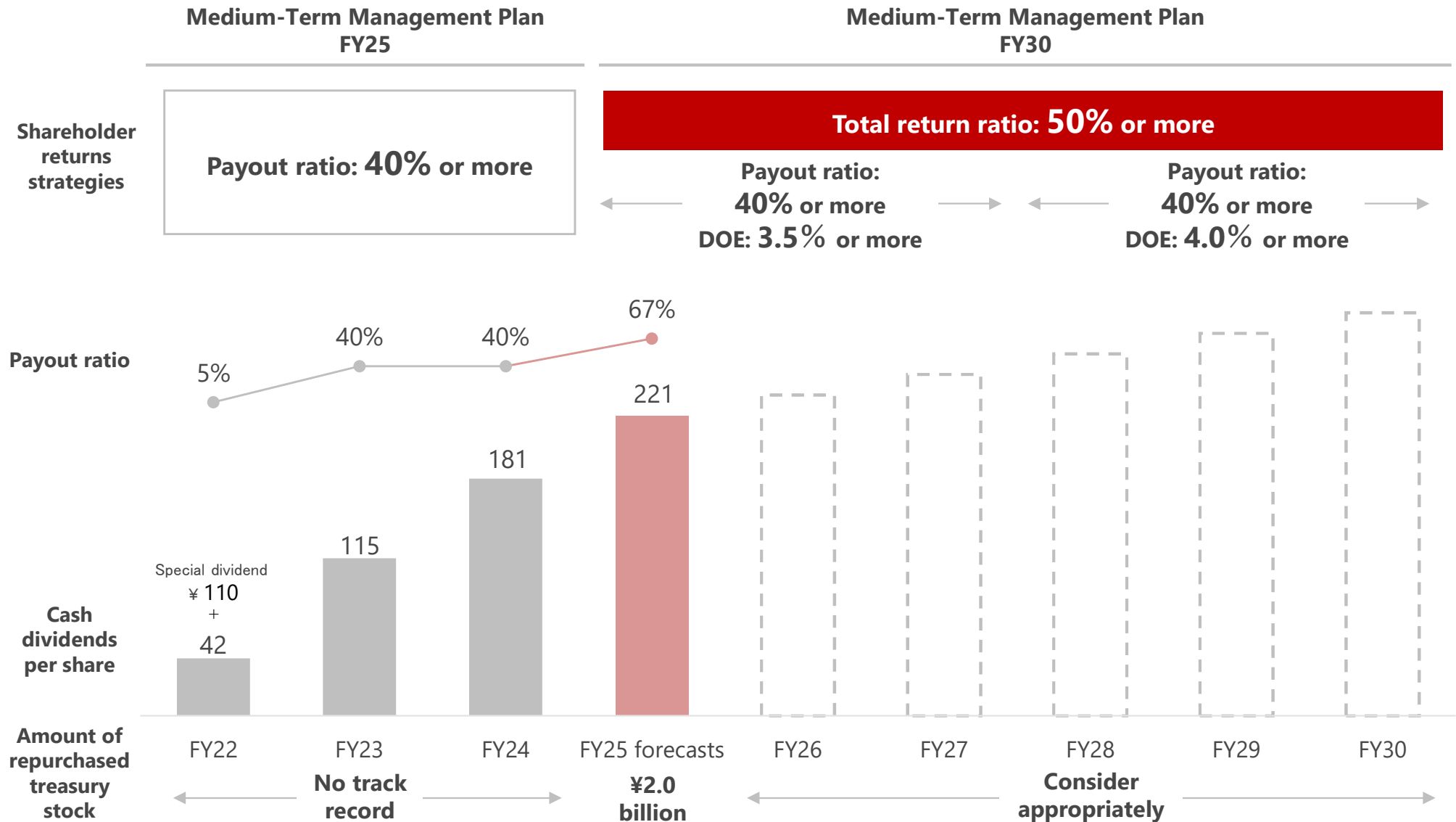
Financial strategy

Cash Flow Generation	<ul style="list-style-type: none"> Operating cash flow: Average of ¥20.0 billion per year (FY25 ¥16.0 billion → FY30 ¥24.0 billion)
Growth Investments	<ul style="list-style-type: none"> Organic growth: ¥30.0 billion Peripheral businesses M&A: Up to ¥40.0 billion New areas M&A: ¥60.0–¥100.0 billion (M&A funded by surplus funds, asset sales, additional borrowing, etc.)
Shareholder Returns	<ul style="list-style-type: none"> Total payout ratio: 50% or more (dividends and repurchase of treasury stock)
Capital Policy	<ul style="list-style-type: none"> Net debt to operating EBITDA ratio of under 3.0x

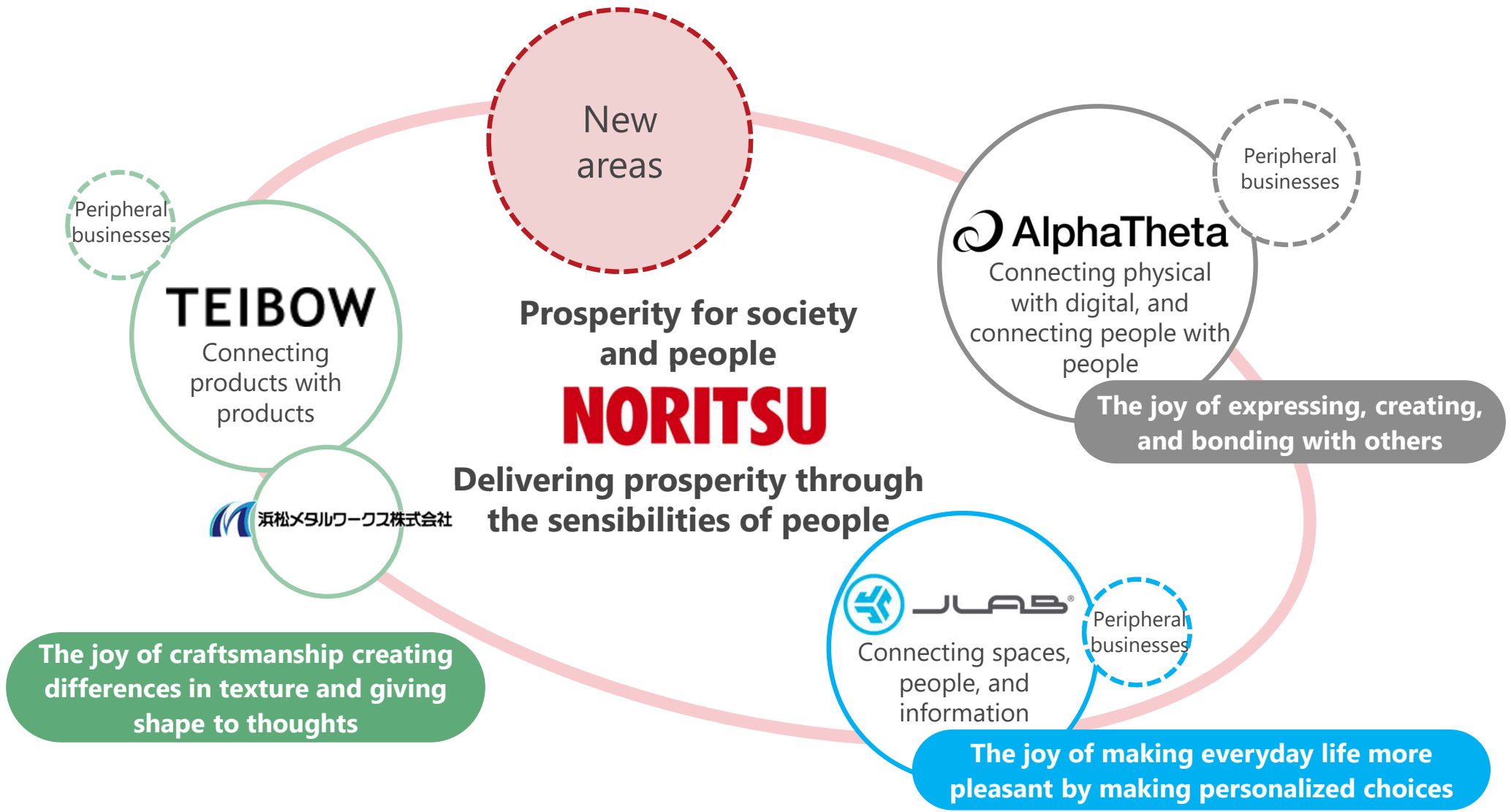
Capital Allocation (totals for FY25-30)



- Our shareholder return policy is to target a total return ratio of 50% or more (funds for shareholder return of ¥60.0 billion or more)
- For dividends, we aim for continuous, stable dividends by introducing a DOE target in addition to the payout ratio target



- The Noritsu Koki Group seeks to build up an appropriately diversified portfolio, with the aim of achieving sustainable, stable growth over the long term while also adapting to change and being innovative, guided by the concept of shifting from creating products to creating value
- A corporate group that continues producing “No. 1/Only 1” businesses



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We have identified four material issues that we believe we must address in order to continue to fulfill our Mission of delivering “Prosperity for society and people,” and as such, are working to integrate sustainability into our business operations.

Four Material Issues and Specific Initiatives

		Social issues	Specific initiatives
Contributing to society and the community through business operations	01 Shaping the future and making a positive contribution to creating a prosperous society and enriching people’s lives by manufacturing products that society needs	<ul style="list-style-type: none"> ● Culture and community development ● Health and well-being promotion ● Research and development for greater innovation ● Provision of safe, high-quality products 	<ol style="list-style-type: none"> 1 Strengthening and promoting quality management 2 Investing in R&D to create new technologies and value 3 Promoting activities that support cultural development and local communities with links to our businesses
	02 Enhancing our supply chain framework to make it more environmentally and socially responsible	<ul style="list-style-type: none"> ● Appropriate chemical management processes ● Action on climate change ● Use of more sustainable resources ● Respect for human rights ● Strengthening of supply chain management 	<ol style="list-style-type: none"> 4 Delivering environmentally responsible products 5 Reducing greenhouse gas emissions (Scope 1, 2 and 3) 6 Establishing our supply chain management framework and promoting risk mitigation
Establishing a robust corporate foundation	03 Creating inclusive workplaces where diversity is respected and all employees can thrive and contribute with a future-oriented mindset	<ul style="list-style-type: none"> ● Recruitment and training of great talent ● No discrimination, no harassment and respect for diversity 	<ol style="list-style-type: none"> 7 Creating a safe and healthy work environment 8 Improving initiatives for developing talent, skills, a proactive mindset and leadership skills of employees at all levels 9 Respecting diverse values and promoting flexible workstyles
	04 Enhancing our sound corporate governance structure to achieve sustainable growth	<ul style="list-style-type: none"> ● Establishment of a transparent corporate governance structure ● Anti-corruption ● Ensuring information security ● Preventive measures against infectious diseases 	<ol style="list-style-type: none"> 10 <ul style="list-style-type: none"> · Enhancing the effectiveness of Board of Directors · Promoting stakeholder engagement 11 Strengthening risk management system and promoting risk response measures 12 <ul style="list-style-type: none"> · Creating an ethical corporate culture based on the Noritsu Koki Group Code of Conduct · Responding to ESG-related laws and regulations

● Environmental ● Social ● Governance

With a commitment to creating inclusive workplaces where diversity is respected and all employees can thrive and contribute with a future-oriented mindset, we pursue to maximize the human capital of the Group. We will move forward with the development of the comprehensive education system needed to grow the business and strive to produce proactive, future-oriented personnel.

Recruiting and Developing Talent

- Future-oriented talent to drive the Group forward
- Establishing a group training system

Optimizing Work Environments

- Efforts to ensure diverse and flexible ways of working
- Creating a safe and healthy work environment

Examples of Group Company Initiatives

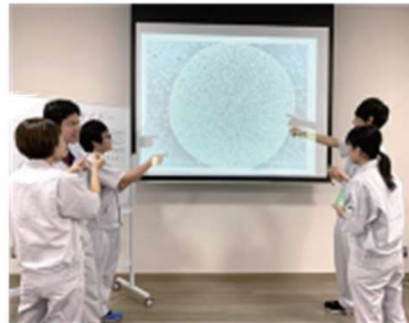
AlphaTheta

We conduct two-day training on the company philosophy for all employees to deepen their understanding of and commitment to our mission. Twice a year, we also hold an international conference with overseas subsidiaries to share our mission globally, which serves as an opportunity to make sure that everyone is oriented in the same direction.



Teibow

We are building a corporate culture that encourages employees to embrace new challenges without fear of failure. Specific measures include a workplace mentoring program in which more senior employees provide guidance and follow-up to new employees, and a program that recognizes employee actions and achievements from various perspectives. We also provide regular training at NEXT, a facility dedicated to development, for technicians who work at production sites.



JLab

We plan a variety of initiatives throughout the year to reinforce team cohesiveness, such as taking part in sporting events and charity activities. In 2024, we continued to maintain our cherished traditions, including the annual company wiffle ball tournament, Halloween Costume contest, BBQ parties, and volunteering at Rady Children's Giveathon (fundraising for patients at a local children's hospital).



Appendix

Company: Noritsu Koki Co., Ltd. (Prime Market of Tokyo Stock Exchange: 7744)

Representative: Ryukichi Iwakiri, Representative Director and CEO

Founded: June 1951

Established: June 1956

Capital: ¥7,025,302,000

Headquarters: Joule A 5th Floor, 1-10-10 Azabu-juban, Minato-ku, Tokyo

Directors:	Ryukichi Iwakiri	Directors (audit and supervisory committee members) :	Akihisa Oota
	Ryosuke Yokobari		Motoaki Ibano
	Kazue Murase		Tsuyoshi Takada

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.

AlphaTheta SG Pte. 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

Business Portfolio Realignment Chart

Revised February 14, 2025

