



May 9, 2025

Company name: **NORITAKE CO., LIMITED**
 Name of representative: Akira Higashiyama, Representative
 Director and President
 (Securities code: 5331;
 Tokyo - Prime, Nagoya - Premier)
 Inquiries: Takahiro Oguri, Executive Officer,
 Corporate Planning Office
 (Telephone: +81-52-561-7123)

Notice Concerning the Formulation of the 13th Three-Year Business Plan

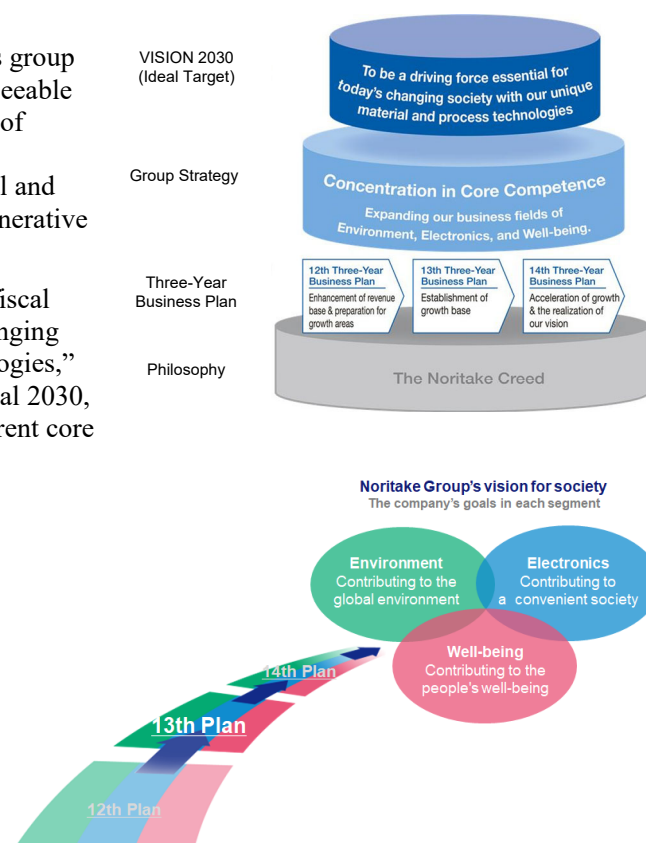
NORITAKE CO., LIMITED (the “Company”) hereby announces that the 13th Three-Year Business Plan (hereinafter, the 13th Plan), as it covers the three years from fiscal 2025 to fiscal 2027, has been formulated, the details of which are mentioned as follows:

1. VISION2030 (Ideal Target for fiscal 2030)

It is our understanding that the business environment surrounding the Noritake Group (the Company and its group entities) will continue to be uncertain, with an unforeseeable future, due to materialization of geopolitical risk, rise of protectionism, increasing awareness of sustainability including carbon-neutrality, growing interest in mental and physical health and well-being, and the progress in generative AI and digital transformation.

In order to realize the VISION2030 (Ideal Target for fiscal 2030), “To be a driving force essential for today's changing society with our unique materials and process technologies,” which is formulated as a direction looking toward fiscal 2030, we will aim to shift our business domain from the current core areas (industries related to internal combustion engines, ceramics, etc.) to the growth areas (business related to the environment, electronics, and well-being), promoting “Concentration in Core Competence,” as we have identified three business areas that we expect to grow: the environment, electronics, and well-being.

Through our efforts on initiatives for the growth areas, the Noritake Group aims to be a company that realizes and embodies the following commitments, “Contribute to the Global Environment,” “Contribute to a Convenient Society,” and “Contribute to the People’s Well-being.”



2. Review of the 12th Three-Year Business Plan

As we positioned the 12th Three-Year Business Plan for fiscal 2022 through fiscal 2024 as the period for “enhancing the revenue base and preparing for the growth areas,” we promoted reorganization of unprofitable products and businesses, as well as the improvement and rationalization of profitability, as “enhancement of the revenue base.” In addition, we worked on initiatives for increasing production and sales, and enhancement of the management base, as “preparation for the growth areas.”

As a result, while certain results were achieved in terms of “enhancement of the revenue base,” the numerical targets of the 12th Plan were not achieved due to a drastic change of the market environments compared to the time of initial planning.

3. The 13th Three-Year Business Plan

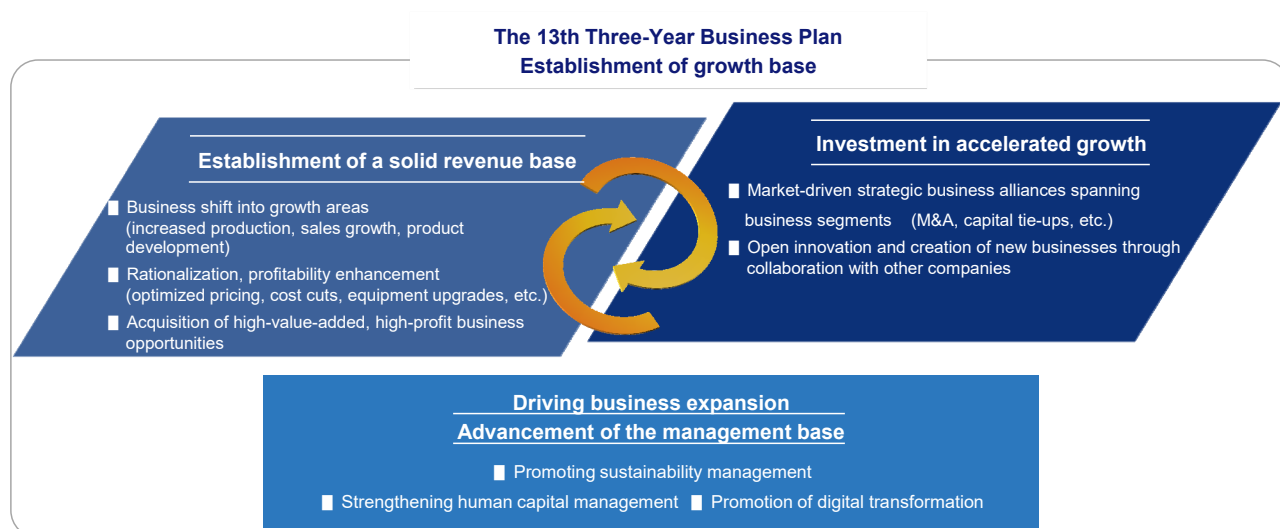
(1) Positioning

The 13th Plan is positioned as a period for establishing a growth base that supports the realization of VISION2030. As a management strategy, the 13th Plan simultaneously promotes the establishment of a solid revenue base and investment in accelerated growth, while working on the advancement of the management base in support of business expansion. It also lays out a process for reorganizing and structurally optimizing our businesses as a means to implement these initiatives.

(2) Numerical targets

Numerical targets for the final year of the 13th Plan (fiscal 2027) include consolidated net sales of ¥157.5 billion, consolidated operating profit of ¥13.5 billion, consolidated ordinary profit of ¥17.5 billion, ROE of 9% or more, and PBR of over 1x, with the aim of achieving this last target at an early stage.

(3) Outline



① Establishment of a solid revenue base

In order to shift our business into growth areas, we are driving increased production and sales through aggressive investment and new product development. In addition, to streamline operations and improve profitability, we are promoting efficiency by renewing aging equipment in conjunction with price adjustments and cost reductions. Furthermore, we are employing external partnerships to expand into upstream and downstream phases of existing businesses and develop new applications for existing products in order to capture high-value-added, highly profitable business opportunities, and thereby, build a solid revenue base.

② Investment in accelerated growth

To ensure further rapid progress during the upcoming 14th Plan (fiscal years 2028 through 2030), which we have positioned as a period for accelerated growth, we are shifting our focus from a conventional product-based approach constrained to each business to a new market-based strategy that explores investment opportunities across growth areas spanning multiple businesses. We are also promoting strategic corporate alliances via M&A, capital alliances, and other methods.

Moreover, we foster new businesses through a companywide effort that leverages a development theme proposal system in which ideas are solicited from all employees and also makes use of a stage-gate process. At the same time, we are moving away from our traditional self-reliant approach in favor of open innovation as a means to spur early-stage business development.

③ Advancement of the management base

To address social issues and contribute to a sustainable society, we will promote sustainability management and advance initiatives for sustainability, such as reaching carbon neutrality and countering such risks as climate change.

We will focus on strengthening human capital management and promoting digital transformation, and will support business growth by enhancing our management foundation on the way to realizing VISION2030.

Strengthening of human capital management

We promote HR measures that complement our business strategy by operating a talent management system that facilitates the visualization of data on employee skills and experience, and by fortifying our investment in people so as to achieve our desired staffing portfolio. We are also moving forward with workstyle reform and improvement of our internal environment, and by establishing a new personnel system based on the roles and achievements of diverse employees, we aim to promote a corporate culture that helps to encourage a spirit of challenge among our staff and to improve engagement.

Promotion of digital transformation

We emphasize digital transformation to enable an agile response to changes in the market and competitive environments. Toward this end, we are building a sophisticated foundation for efficiency by the digitization of internal data, and in conjunction with such initiatives as promoting development with the use of MI*, optimizing workflows, and revitalizing collaboration among manufacture, sales and technology, pursuing fundamental transformation of our internal processes while cultivating core DX talent.

Note: MI (Materials Informatics): a methodology that leverages information science technologies, including AI, to accelerate materials development

(4) Management conscious of capital costs and stock prices

Under the 13th Plan, we are conscientiously striving toward our goals of 9% ROE by fiscal 2027 and PBR of 1x or more at the earliest opportunity, and at the same time, working to raise our return on capital and market valuation.

Improved return on capital

- By setting business-segment targets for ROIC and managing actual results, we promote capital efficiency
- Actively invest in growth areas (environment, electronics and well-being)
- Continued reduction of cross-shareholdings

Heightened market valuation

- Enhanced shareholder returns

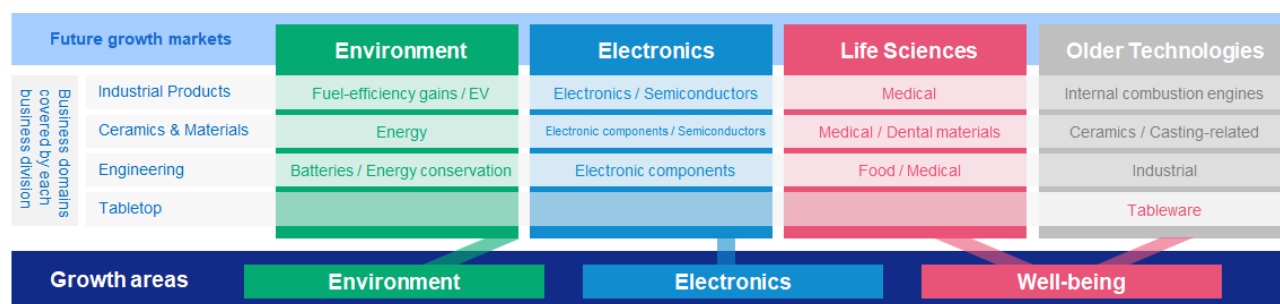
Dividend payout ratio: 30% or more ⇒ 35% or more (During the 13th Plan's term, the progressive dividend will have a minimum annual amount of ¥140 per share, which is assumed to be double the dividend amount at the end of fiscal 2025.)

Flexible acquisition of treasury stock

Total shareholder return ratio: 50% or more (cumulative total for the 13th Plan term)

- Timely and appropriate disclosure of information on growth strategies and progress
- Strengthening of IR systems and expansion of individual meetings
- Reporting information obtained through dialogue with investors to the meeting of the Board of Directors, and taking measures to resolve issues

(5) Strategies by business segment



Industrial Products Business

In the made-to-order products business, we will continue to work on thorough enhancement of profitability, including expanding sales, optimizing pricing, utilizing OEM partnerships, reducing costs, etc., in addition to reorganization of the business structure shifting to categorization by market, or by growth market, rather than categorization by product, for the purpose of ensuring agile adaptation to market changes.

In standard stock products business, we will work to enhance competitiveness and profitability by reorganizing and improving the manufacturing structures for Japan and Thailand.

We will work to establish and rearrange sales bases domestically and abroad and to reform the sales and manufacturing systems, in addition to working on development of new products targeted at growth areas (mainly, electronics), expansion of sales channels and preparations for the increased production.

Ceramics & Materials Business

In Electronic Paste business, we will work to enter the power semiconductors peripheral materials and to get the mass production of such materials on track, in addition to working to optimize the sales price and to expand the product lineup.

In electronic component raw materials business, we will work to enhance the competitiveness by realization of cost reduction through establishment and rearrangement of production bases, in addition to increasing production capacity of the mainstay materials for multi-layer ceramic capacitors. We have reorganized our business portfolio with printing technology at its core in April 2025. We will newly work to establish a highly profitable and efficient business foundation.

We will proceed the development of new products for growth areas (environment, electronics, and well-being).

Engineering Business

In the mainstay field of energy and electronics, we will strive to expand our market share by establishment of the development, sales, manufacturing and quality control system, and establishment of the after-sales service system network, including maintenance and sales of consumables, etc.

We will proceed the entry to the new fields, including pharmaceuticals, semiconductors and circular economy, and the market development as well as the development of new applications and products in the growth areas (environment, electronics, and well-being).

Tabletop Business

In addition to working on improvement of profitability of our business in the USA and establishment of country-specific sales networks, we will also work on new product development, including adoption of the new materials with reduced environment impact, and will promote the establishment of business foundation on manufacturing, sales and technology.

In addition to the improvement of brand power and the start of entry to the new fields, including interior, lifestyle, etc., we will work on the sales expansion in the overseas HoReCa* market expected to grow in the future.

Note: HoReCa is an abbreviation of Hotel, Restaurant, and Café/Catering

-End-


NORITAKE CO., LIMITED

The 13th Three-Year Business Plan Fiscal years 2025 to 2027

May 9, 2025



INDEX

- 
1. VISION2030 (ideal target for fiscal 2030)
 2. Review of the 12th Three-Year Business Plan
 3. The 13th Three-Year Business Plan

1. VISION2030

[Ideal target of fiscal 2030 and the positioning of the 13th Three-Year Business Plan]



The 13th Three-Year Business Plan (hereinafter, the 13th Plan) is positioned as “Establishment of Growth Base” with the aim of realizing VISION2030 (ideal target).

Changes in business environment

- Increase and materialization of geopolitical risk
- Rise of protectionism
- Foreign exchange risk
- Population decline, aging population, and labor shortages
- Growing interest in mental and physical health and well-being
- Intensifying severity of climate change and other environmental issues
- Increasing awareness of sustainability
- Progress with generative AI and digital transformation

VISION2030 (Ideal target)

To Be a driving force essential for today's changing society with our unique material and process technologies

VISION2030 (Ideal Target)

Group Strategy

Three-Year Business Plan

Philosophy

13th Plan



Establishment of Growth Base

1. VISION2030 [Noritake Group Vision]

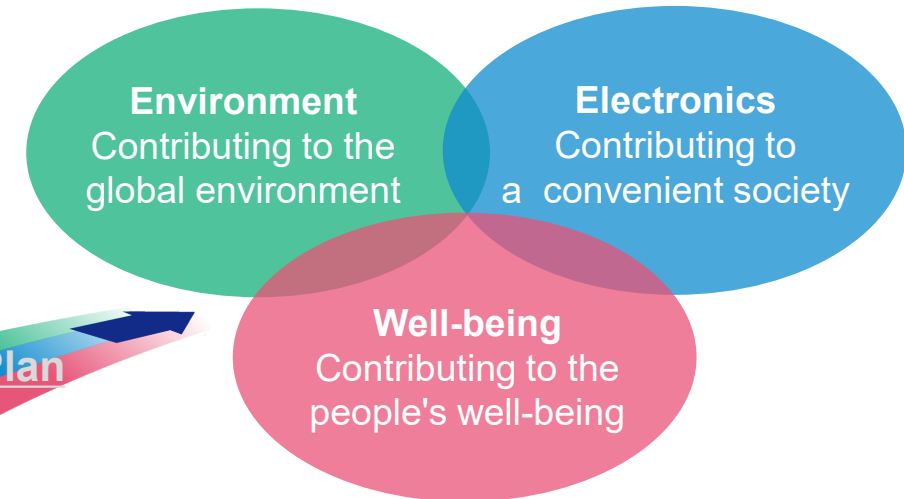


We have identified three business segments that we expect to grow: the environment, electronics and well-being. Since the 12th Three-Year Business Plan, the company has promoted a group strategy of concentration in core competence, and aims to shift its business from current core areas (internal combustion engines, ceramics, etc.) to these growth areas. Thus, the Noritake Group will contribute to “the global environment”, “a convenient society”, and “people's well-being”.


Group Strategy

**Concentration in Core Competence
(environment, electronics, and well-being)**

Noritake Group's vision for society The company's goals in each segment



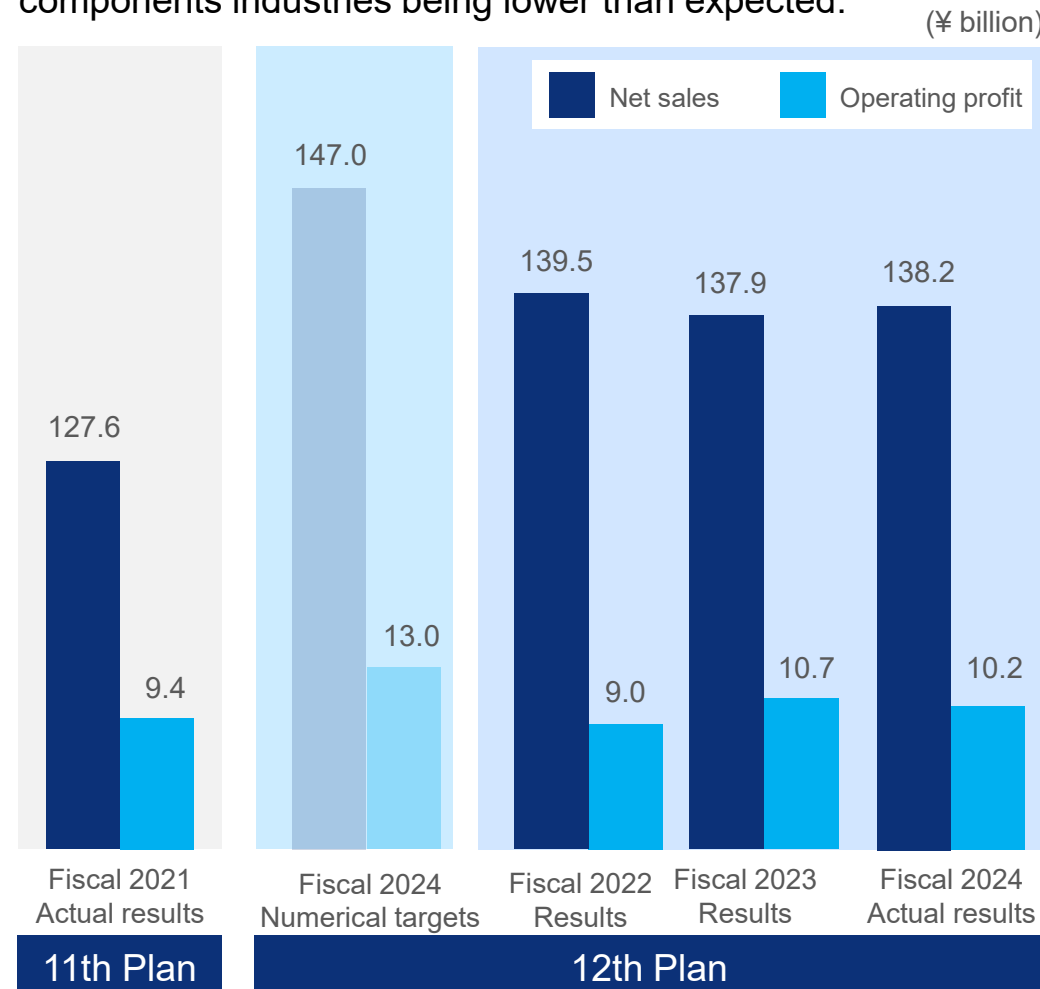
INDEX

- 
1. VISION2030 (ideal target for fiscal 2030)
 2. Review of the 12th Three-Year Business Plan
 3. The 13th Three-Year Business Plan

2. Review of the 12th Three-Year Business Plan [Assessment versus numerical targets]



The 12th Three-Year Business Plan (hereafter, the 12th Plan) promoted the enhancement of our revenue base and preparation for growth areas. Its numerical targets were not achieved due to demand from major customers in the automotive, steel, bearing, and electronic components industries being lower than expected.

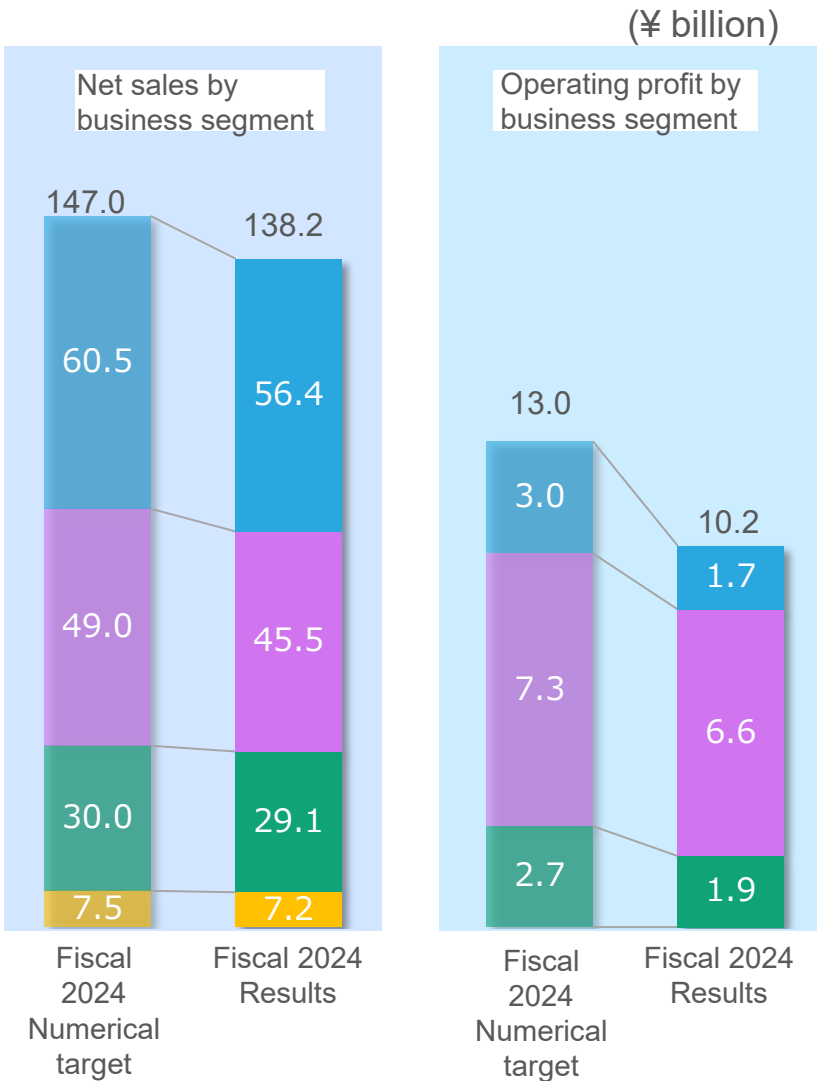


	11th Plan	12th Plan	
	Fiscal 2021 Results	Fiscal 2024 Numerical target	Fiscal 2024 Achievement
Net sales	¥127.6 billion	¥147.0 billion	¥138.2 billion
Operating profit	¥9.4 billion	¥13.0 billion	¥10.2 billion
Operating profit margin	7.3%	9.0%	7.4%
Ordinary profit	¥12.5 billion	-	¥14.0 billion
Profit attributable to owners of parent	¥9.1 billion	-	¥12.9 billion
Return on equity (ROE)	7.9 %	9.0 %	8.7 %
Free cash flow (FCF)	¥6.1 billion (3-year total)	¥20.0 billion (3-year total)	¥11.8 billion (3-year total)

2. Review of the 12th Three-Year Business Plan
[Net sales and operating profit by business]



Net sales and operating profit targets were not achieved in all business segments.



Business Segment	Fiscal 2024 Numerical target		Fiscal 2024 Result	
	Net sales	Operating profit	Net sales	Operating profit
Industrial Products	¥60.5 billion	¥3.0 billion	¥56.4 billion	¥1.7 billion
Ceramic Materials	¥49.0 billion	¥7.3 billion	¥45.5 billion	¥6.6 billion
Engineering	¥30.0 billion	¥2.7 billion	¥29.1 billion	¥1.9 billion
Tabletop	¥7.5 billion	¥0.0 billion	¥7.2 billion	¥0.0 billion
Total	¥147.0 billion	¥13.0 billion	¥138.2 billion	¥10.2 billion

2. Review of the 12th Three-Year Business Plan [Progress of major initiatives]



The 12th Plan was positioned as a period for “Enhance of revenue base” and “Preparation in growth areas”. The following agenda was promoted.

Enhancement of revenue base	Reorganization of unprofitable products and businesses	▶ Business restructuring through the integration of subsidiaries, etc.
	Improvement of revenue and rationalization	▶ Implementation of price optimization, cost reduction, etc.
Preparation for growth areas	Expansion of production and sales	▶ Increasing production capacity for materials used in multi-layer ceramic capacitors (MLCCs), expanding the assembly plant for continuous heating furnaces for lithium-ion batteries (LiBs), etc.
	Strengthening the Management Base	▶ Initiatives implemented based on the following four themes
Enhancement of management base	Creation of new businesses	<ul style="list-style-type: none"> ▶ Establishment of commercialization processes (development theme proposal system, stage-gate system) ▶ Establishment of open innovation promotion system
	Organizational culture reform	<ul style="list-style-type: none"> ▶ Introduction of new personnel system ▶ Commencement of engagement survey, promotion of workstyle reform
	Implementation of sustainability management structure	<ul style="list-style-type: none"> ▶ Establishment of sustainability management structure (Sustainability Management Committee) ▶ Identification of materiality, promotion of initiatives
	Promotion of digital transformation	<ul style="list-style-type: none"> ▶ Establishment of a system for promoting digital transformation ▶ Implementation of a program to train “DX promotion leaders”

- ▶ ▶ ▶ **Revenue base enhancement has achieved some degree of success. Work is underway with regard to preparation in growth areas, centering on the creation of new businesses and responding to changes in the market environment, but we recognize that it will take time to achieve results.**

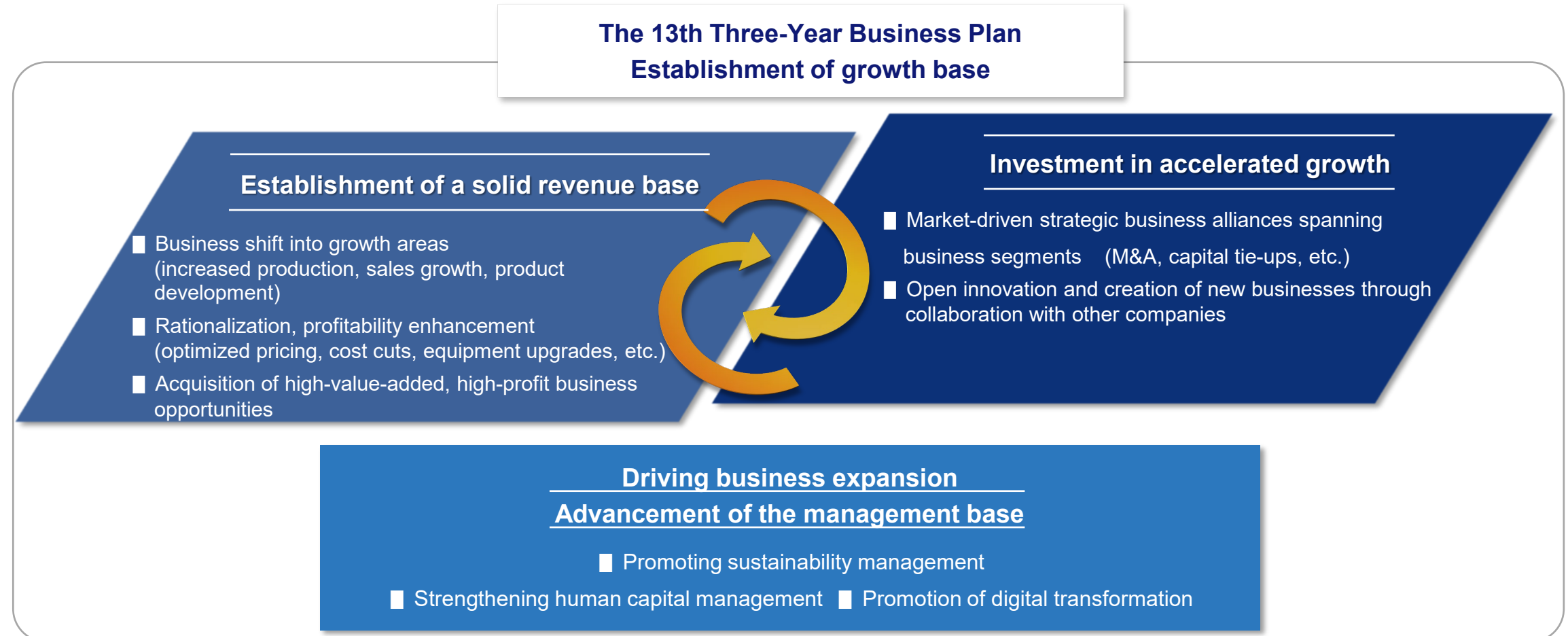
INDEX

1. VISION2030 (ideal target for fiscal 2030)
2. Review of the 12th Three-Year Business Plan
3. The 13th Three-Year Business Plan



3. The 13th Three-Year Business Plan [Overview]

As a management strategy, the 13th Plan simultaneously promotes the establishment of a solid revenue base and investment in accelerated growth, while working on the advancement of the management base in support of business expansion. It also lays out a reorganization and structural optimization of our businesses as a means to implement these strategies.



3. The 13th Three-Year Business Plan [Numerical Targets]



The 13th Three-Year Business Plan Establishment of growth base

Capital efficiency

ROE 9% or more (fiscal 2027)

Early realization of PBR of more than 1

Profitability

Operating profit: of ¥13.5 billion (fiscal 2027)

Ordinary profit: ¥17.5 billion (fiscal 2027)

Shareholder returns

Dividend payout ratio of 35% or more

(During the 13th Plan's term, the progressive dividend will have a minimum annual amount of ¥140 per share, which is assumed to be double the dividend amount at the end of fiscal 2025.)

Flexible acquisition of treasury stock

Total shareholder return of at least 50% (cumulative for the 13th Plan duration)

Numerical targets by business (¥ billion)

	Results for fiscal 2024			Targets for fiscal 2027		
	Net sales	Operating profit	Ordinary profit ^{*1}	Net sales	Operating profit	Ordinary profit ^{*1}
Industrial Products	56.4	1.7	1.7	61.5	3.1	3.1
Ceramic Materials	45.5	6.6	8.8 ^{*2}	54.0	7.9	10.2 ^{*2}
Engineering	29.1	1.9	1.9	34.5	2.5	2.5
Tabletop	7.2	0	0	7.5	0	0
Other	-	-	1.6	-	-	1.7
Total	138.2	10.2	14.0	157.5	13.5	17.5

Assumed exchange rate: ¥140/US\$

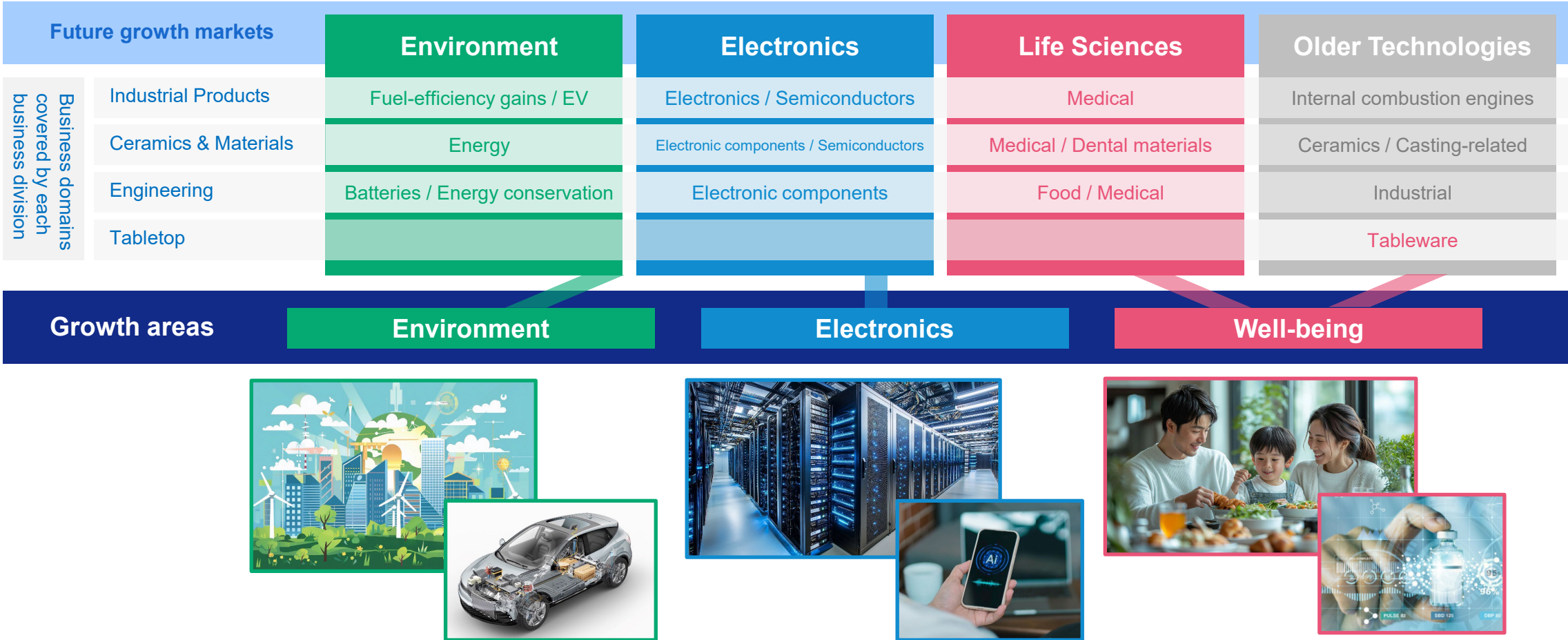
^{*1} These figures for 4 business segments are profits for Noritake original ROIC calculation purpose, which equal Net Operating Profit + Equity Method Investment Income, etc.

^{*2} These figures include profits of the dental materials business.

3. The 13th Three-Year Business Plan [Business shift toward growth areas]



Growth areas (environment, electronics, well-being) for each business are as follows.



3. The 13th Three-Year Business Plan

[Strategies by Business Segment: Industrial Products, Ceramics & Materials]

Establishment of a solid revenue base

Investment in accelerated growth

Advancement of the management base

Noritake

	Rationalization, profitability enhancement	Business shift into growth areas
Industrial Products Business	<ul style="list-style-type: none">▪ Continue to thoroughly improve profitability (expand sales, optimize pricing, utilize OEM partnerships, reduce costs, etc.)▪ Reorganize and equip manufacturing structures domestically and abroad▪ Establish sales bases domestically and abroad▪ Reform sales systems and manufacturing systems	<ul style="list-style-type: none">▪ Establish a business structure by market (growth areas) rather than by product to ensure agile adaptation to market changes▪ Develop new products targeted at growth areas (particularly electronics), expand sales channels, and prepare for the increased production
Ceramics & Materials Business	<ul style="list-style-type: none">▪ Optimize pricing and expand product lineup▪ Strengthen competitiveness by developing manufacturing infrastructure and reducing costs▪ Establish a new business base centered on printing technology through reorganization	<ul style="list-style-type: none">▪ Enter the power semiconductor peripheral materials market and begin mass-production▪ Increase production capacity for MLCC materials▪ Develop new products for growth areas (environment, electronics, and well-being)▪ Invest in the dental materials business (Kuraray Noritake Dental Inc.*) to drive growth <p>* Kuraray Noritake Dental: equity-method affiliate</p>



3. The 13th Three-Year Business Plan [Strategies by Business Segment : Engineering, Tabletop]

Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

Noritake

	Rationalization, profitability enhancement	Business shift into growth areas
 Engineering Business	<ul style="list-style-type: none">▪ Equip management systems for development, sales, manufacturing, and quality control to expand sales of mainstay products for energy and electronics (continuous heating furnaces for LiBs, etc.)▪ Establish after-sales service network (maintenance, sales of consumables, etc.)	<ul style="list-style-type: none">▪ Enter new fields (pharmaceuticals, semiconductors, circular economy) and develop markets▪ Develop new applications and products in growth areas (environment, electronics, and well-being)
 Tabletop Business	<ul style="list-style-type: none">▪ Improve US profitability and equip a sales structure in each country▪ Promote new product development (new technology, high added value, reduced environmental impact)▪ Develop business foundations (manufacturing, sales, and technology)	<ul style="list-style-type: none">▪ Strengthen brand and enter new fields (interior, lifestyle, etc.)▪ Expand sales in overseas HoReCa * markets, where future growth is expected

3. The 13th Three-Year Business Plan [Active investment in growth areas]

Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

Noritake

We are stepping up investment in growth areas while also solidifying our revenue base by promoting efficiency through the renewal of aging facilities.

The 13th Plan plans for capital expenditure of over ¥35 billion during its term



3. The 13th Three-Year Business Plan [Focusing on electronics]

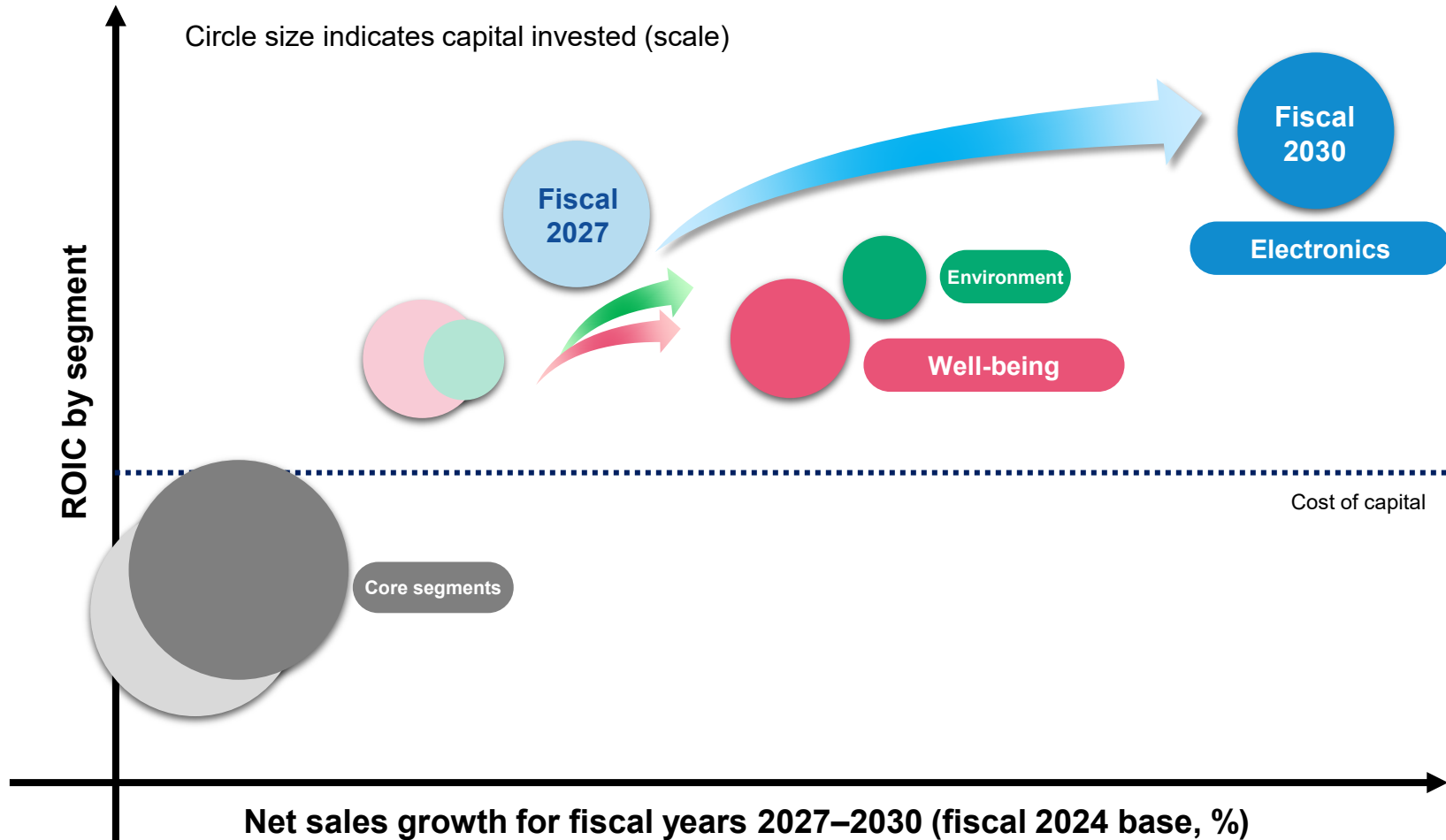
Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

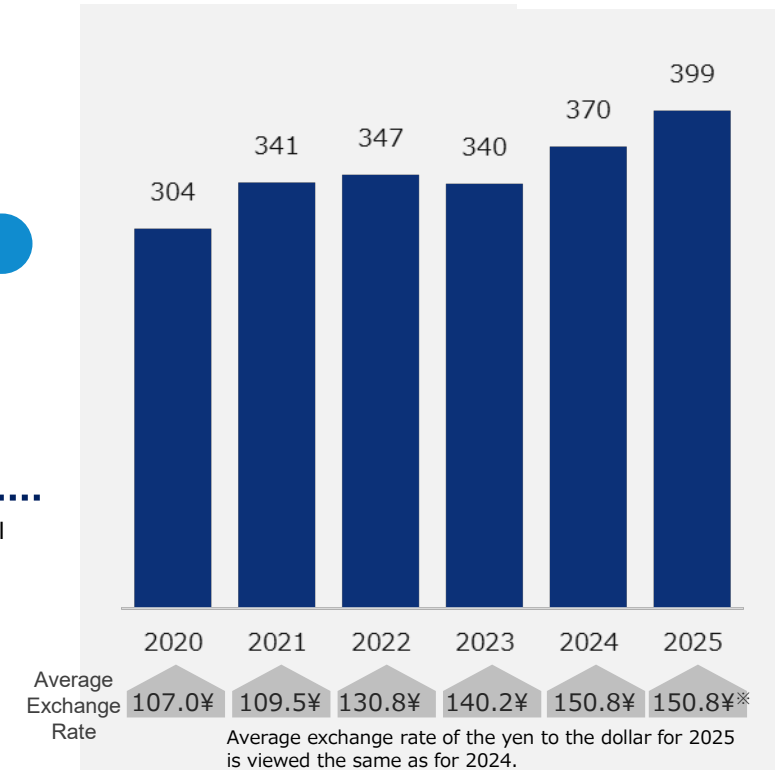
Noritake

We plan to expand our business in the electronics segment, which is expected to continue growing, centered on electronic components such as MLCCs, with a target capex of over ¥12 billion.



PRODUCTION TRENDS IN THE GLOBAL ELECTRONICS AND IT INDUSTRIES

Unit : \$10 billion



Source : PRODUCTION FORECASTS FOR THE GLOBAL
ELECTRONICS AND INFORMATION TECHNOLOGY INDUSTRIES,
Japan Electronics and Information Technology Industries
Association (JEITA) December 2024

3. The 13th Three-Year Business Plan [Business portfolio transformation]

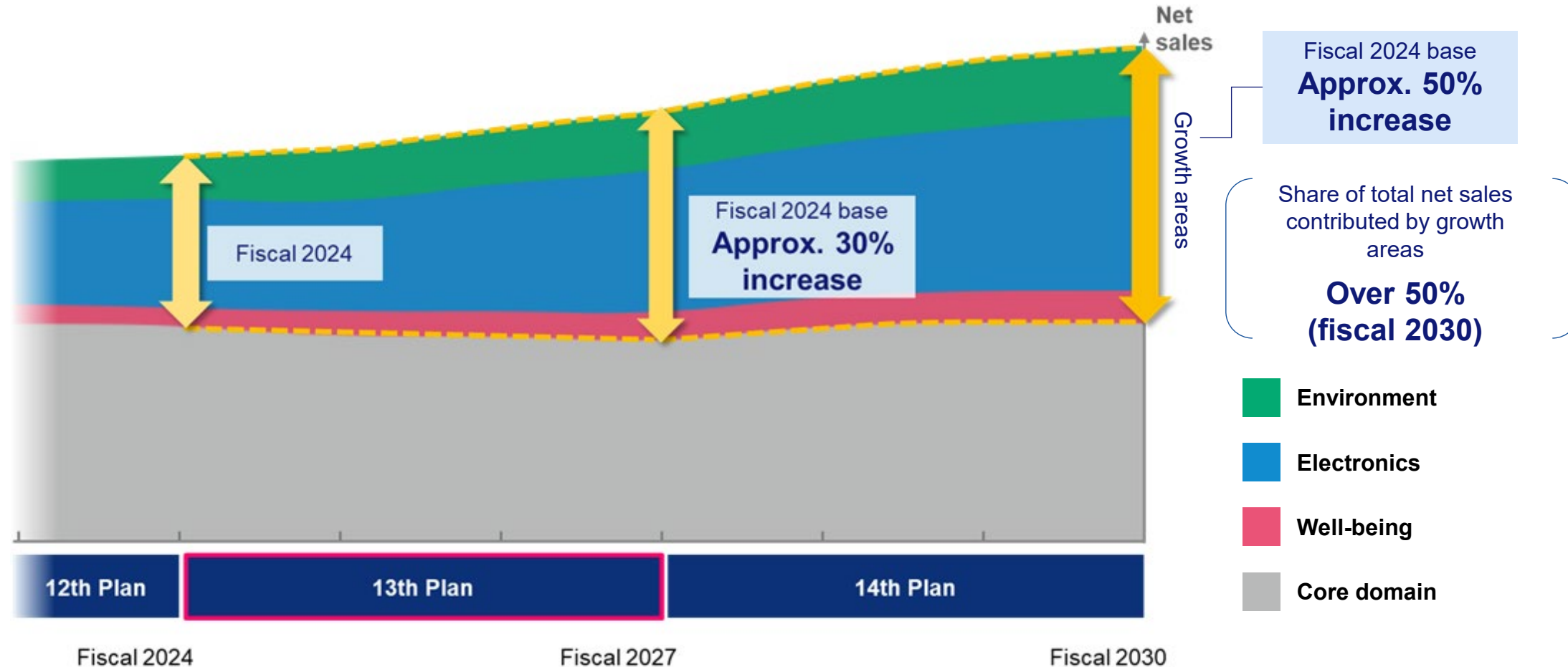
Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

Noritake

We are shifting our business toward growth areas, aiming for fiscal 2027 net sales in these areas to be approximately 30% more than fiscal 2024. We plan to increase our sales in growth areas by approximately 50% compared to fiscal 2024 by fiscal 2030, particularly due to growth in the electronics sector. (Net sales for growth areas are expected to exceed 50% of total sales.)



3. The 13th Three-Year Business Plan [Market-driven strategic alliances spanning business segments]

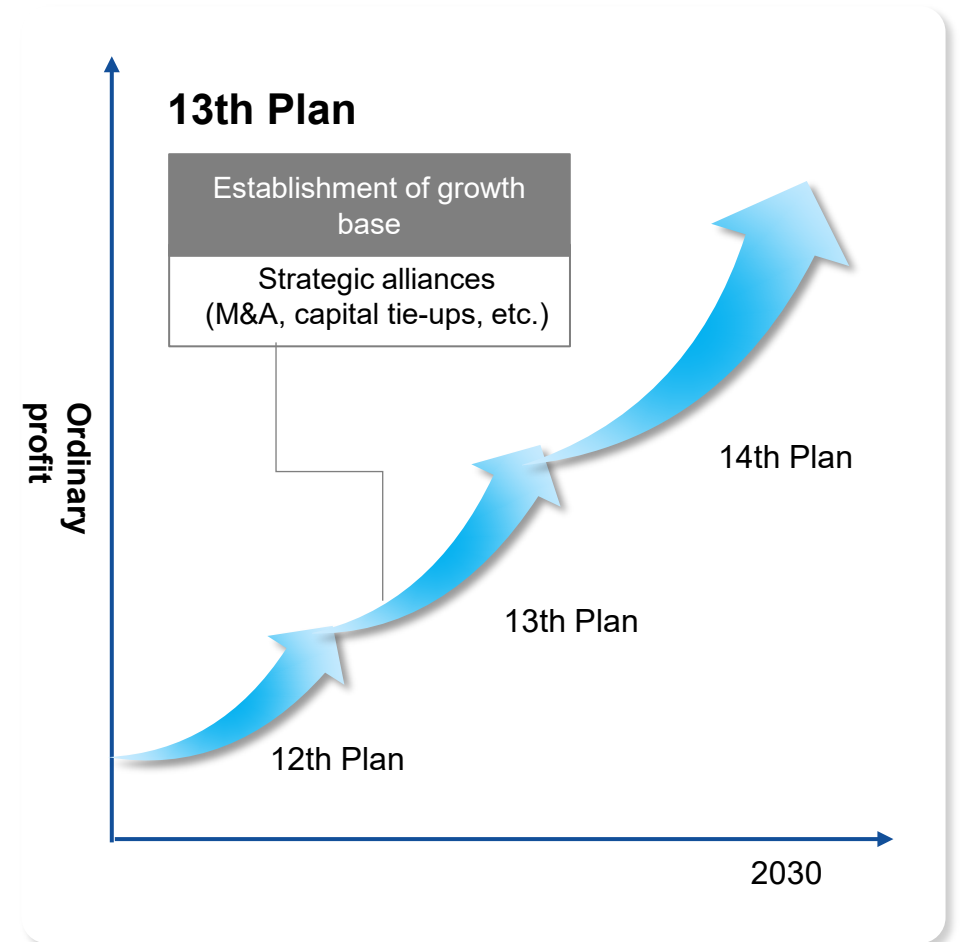
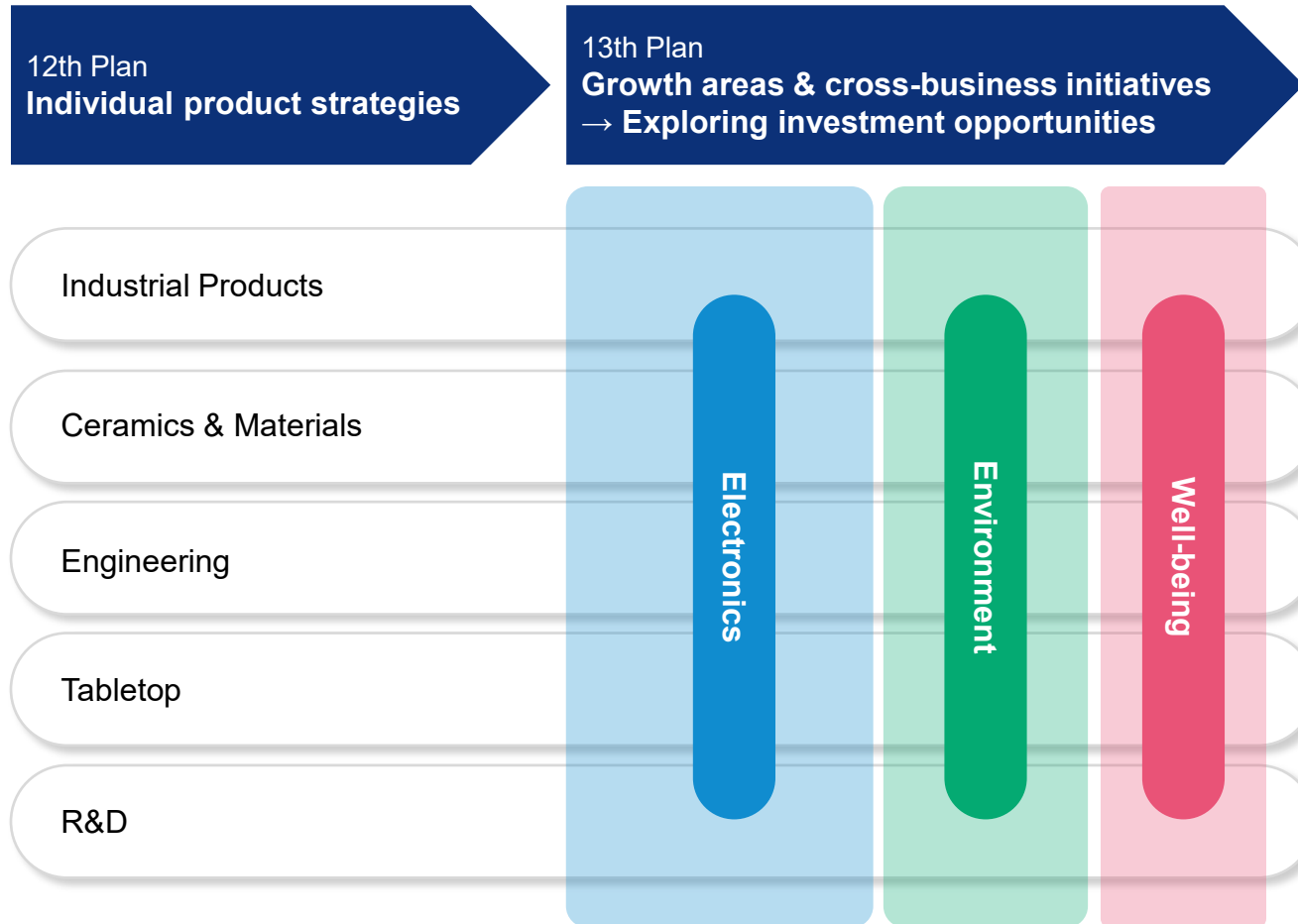
Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

Noritake

We are shifting away from the conventional product-based business strategy limited to each business and are exploring new market-based, cross-business investment opportunities in growth areas through strategic alliances (M&A, capital tie-ups, etc.).



3. The 13th Three-Year Business Plan

[Creation of new businesses through accelerated use of open innovation]

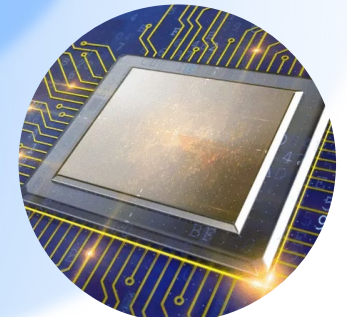
Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

Noritake

We foster new businesses through a companywide effort that leverages a development theme proposal system that broadly solicits ideas from all employees, as well as a stage-gate process. At the same time, we are moving away from our traditional self-reliance approach and linking it to the creation of new businesses through open innovation.

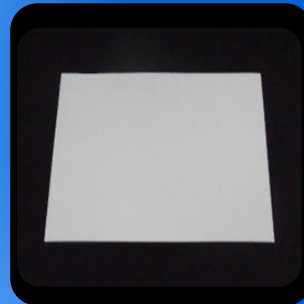


Development theme proposal system

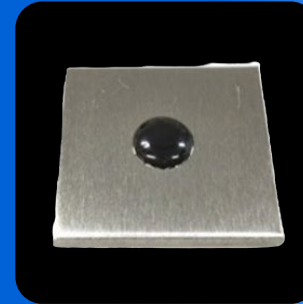
Optimization of development resources via stage-gate system



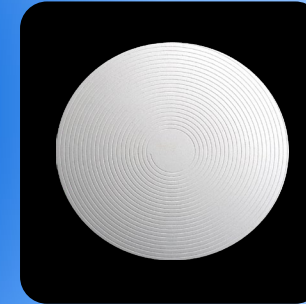
Columnless continuous chromatography system for biopharmaceuticals



Porous material "SUPCA" for use with direct air capture (DAC)



New successfully prototyped glass material made using MI *



Polishing tools for power semiconductor wafers

Accelerating Open Innovation

Collaboration with startups /

Industry-academia-government
collaboration

3. The 13th Three-Year Business Plan [Promotion of sustainability management]











Establishment of a
solid revenue base





Investment in
accelerated growth

Advancement of the management base

Noritake

In pursuit of our VISION2030 (ideal target), we promote sustainability management as we contribute to a sustainable society and enhance corporate value.

Materiality	Initiatives
Reduction of environmental impact     	CO ₂ emissions reduction
	Waste reduction
	Providing Environmentally friendly products
Continuous generation of new value  	Providing new products
	Value creation
	Fortifying core technology development capability
	Promotion of operation process innovation
Stable supply of high-quality and safe products   	Promotion of quality improvement
	Promotion of sustainable procurement

Materiality	initiatives
Pursuit of societal well-being     	Providing well-being products
	Respect for human rights
	Contribution to local communities
Improvement of employee engagement    	Promotion of employee mental and physical health
	Creating a workplace where people can work with vitality
	Fostering a culture that respects diversity
Continuous reinforcement of governance  	Strengthening governance system
	Tightening information security
	Thorough enforcement of compliance

* SDG logos indicate relevant SDGs classifications

3. The 13th Three-Year Business Plan [Strengthening human capital management]

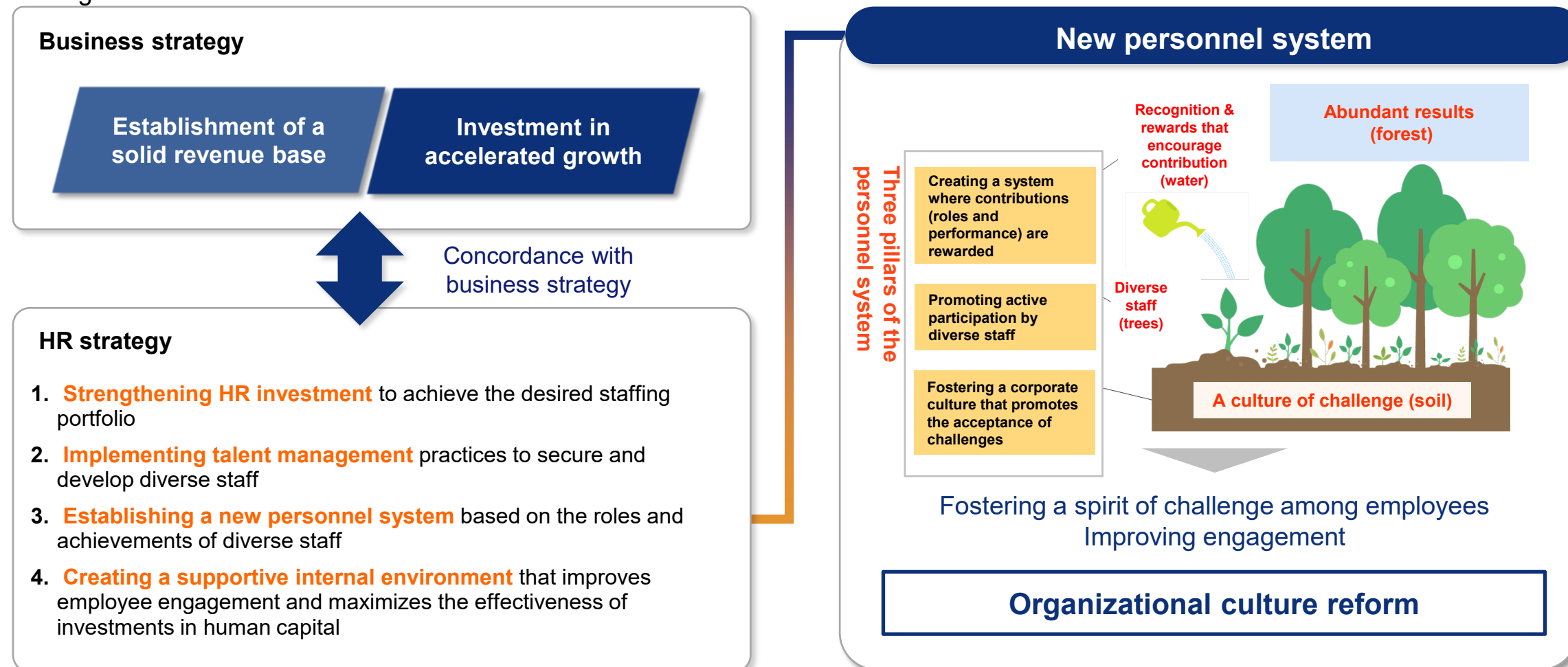
Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

Noritake

We have formulated a new HR strategy that parallels our business strategy and drives us to realize our VISION2030 (ideal target). Our new personnel system helps foster a spirit of challenge among employees and improves engagement, thus contributing to cultural reform within the organization.



3. The 13th Three-Year Business Plan [Promotion of digital transformation]

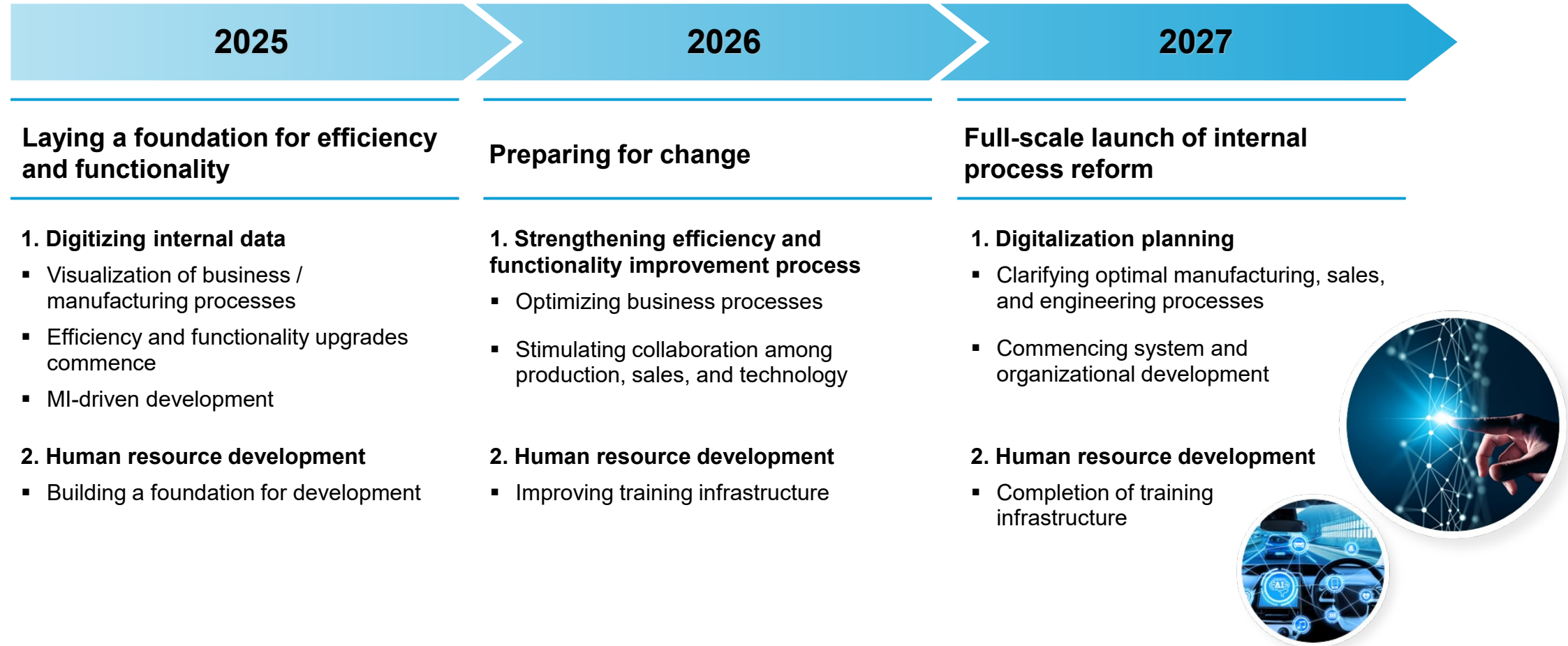
Establishment of a
solid revenue base

Investment in
accelerated growth

Advancement of the management base

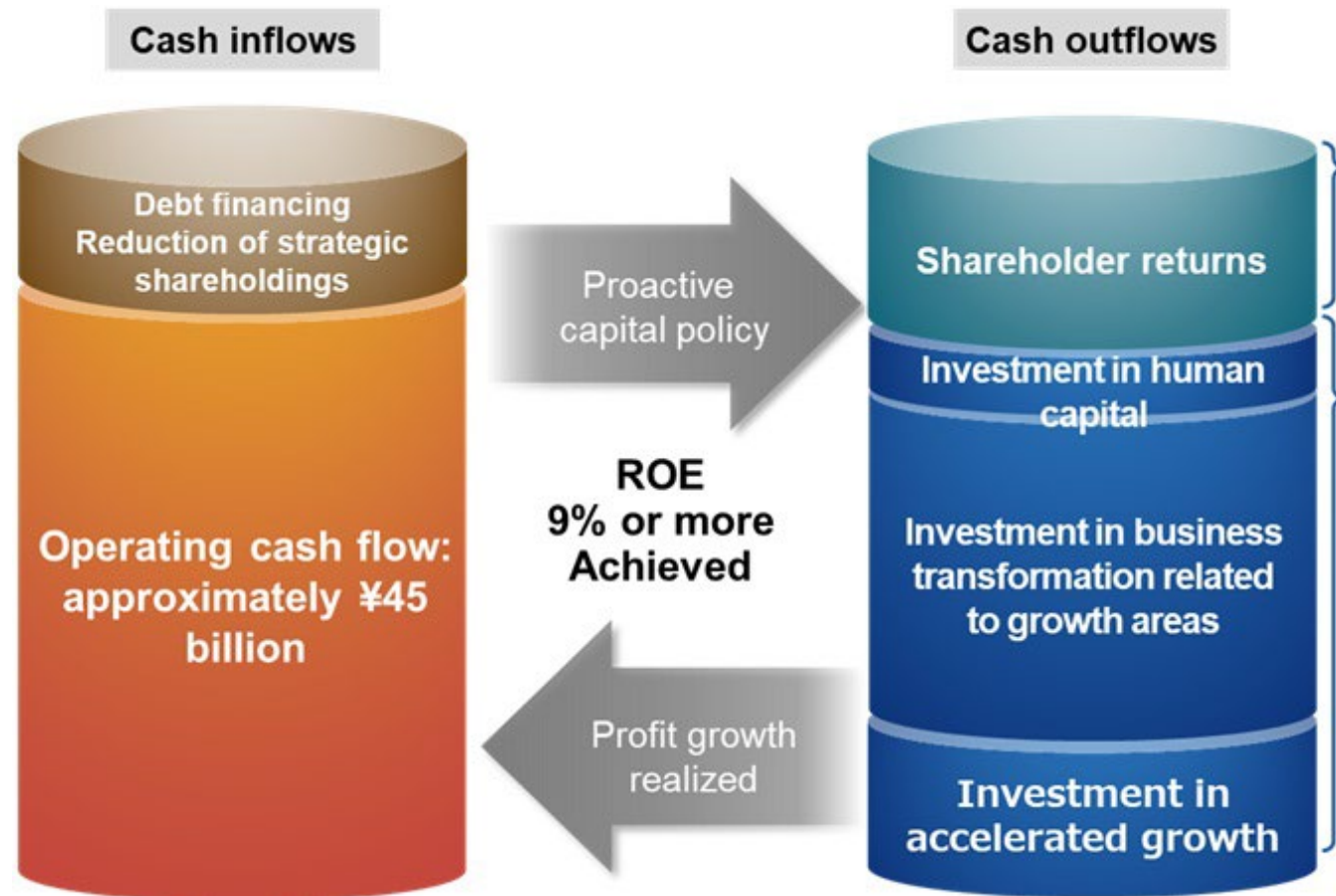
Noritake

To achieve our ideal target set out in VISION2030, we promote digital transformation to enable an urgent response to changes in the market and competitive environment.



3. The 13th Three-Year Business Plan [Capital allocation and shareholder returns]

In accordance with the 13th Plan, we expect to invest ¥35 billion to ¥50 billion in growth via a combination of operating cash flow, debt financing, and a reduction of cross-shareholdings. Regarding shareholder returns, we aim to increase the dividend payout ratio to 35% or more. We will also implement a progressive dividend and flexibly acquire treasury stock to yield a total shareholder return ratio of 50% or more (cumulative over the 13th Plan's term).



Dividend payout ratio of **35% or more**

(During the 13th Plan's term, the progressive dividend will have a minimum annual amount of ¥140 per share, which is assumed to be double the dividend amount at the end of fiscal 2025.)

Flexible acquisition of treasury stock

Total return ratio: **50% or more**

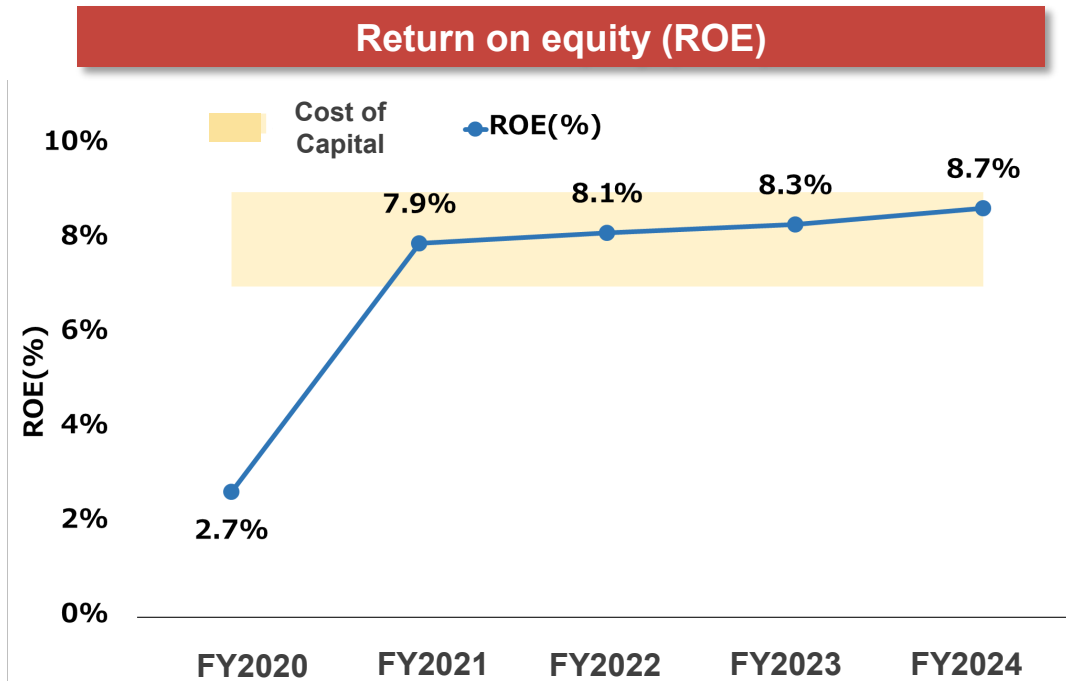
(Cumulative total for the 13th Plan term)

Growth investment: **¥35 billion to ¥50 billion**

- Human capital investment, DX promotion
- Promotion of production increase and rationalization
- Decarbonization measures
- R&D-related facilities
- M&A
- Open innovation

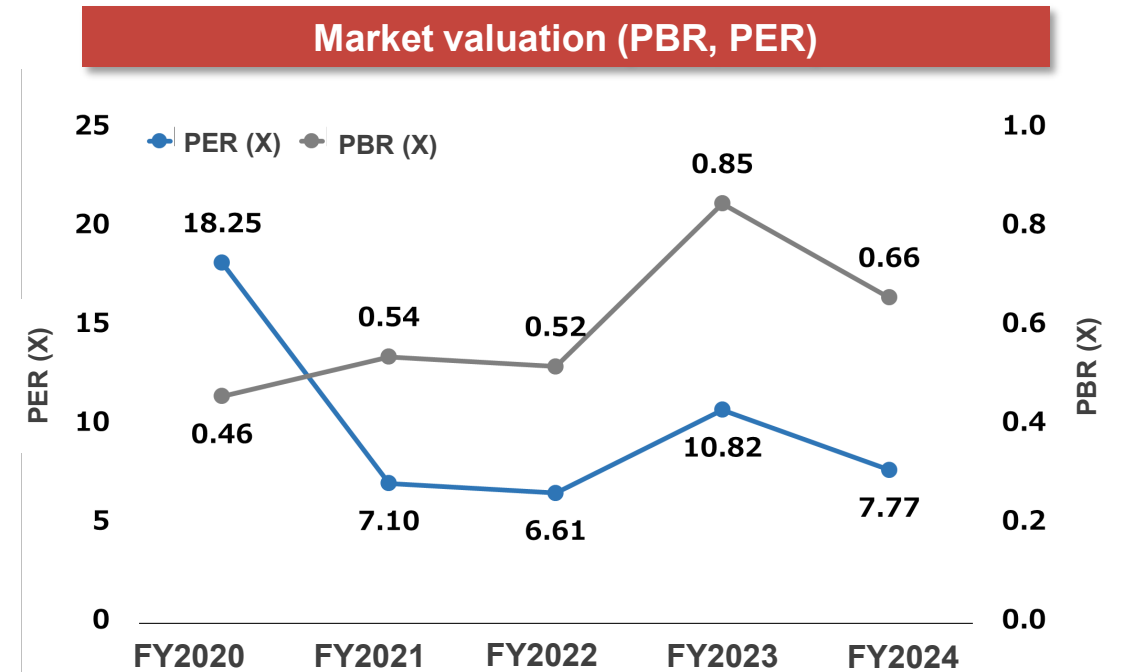
3. The 13th Three-Year Business Plan [Measures to focus management on capital costs and the share price]

The current situation regarding return on equity (ROE) and market valuations (PBR, PER) is as follows.



Current situation

- Our cost of equity is estimated to be approximately 7%–9% based on the capital asset pricing model (CAPM) and dialogue with shareholders and investors.
- ROE trends at or below the cost of equity



Recognition of the current situation

- PBR has remained below 1 and needs early improvement
- PER is also weak and failing to build shareholder confidence in future profitability

3. The 13th Three-Year Business Plan

[Measures to focus management on capital costs and the share price]



We will consistently implement the 13th Plan with the goal of achieving ROE of 9% or more and PBR of at least 1.0 by fiscal 2027 and taking the following initiatives regarding cost of capital and the share price.

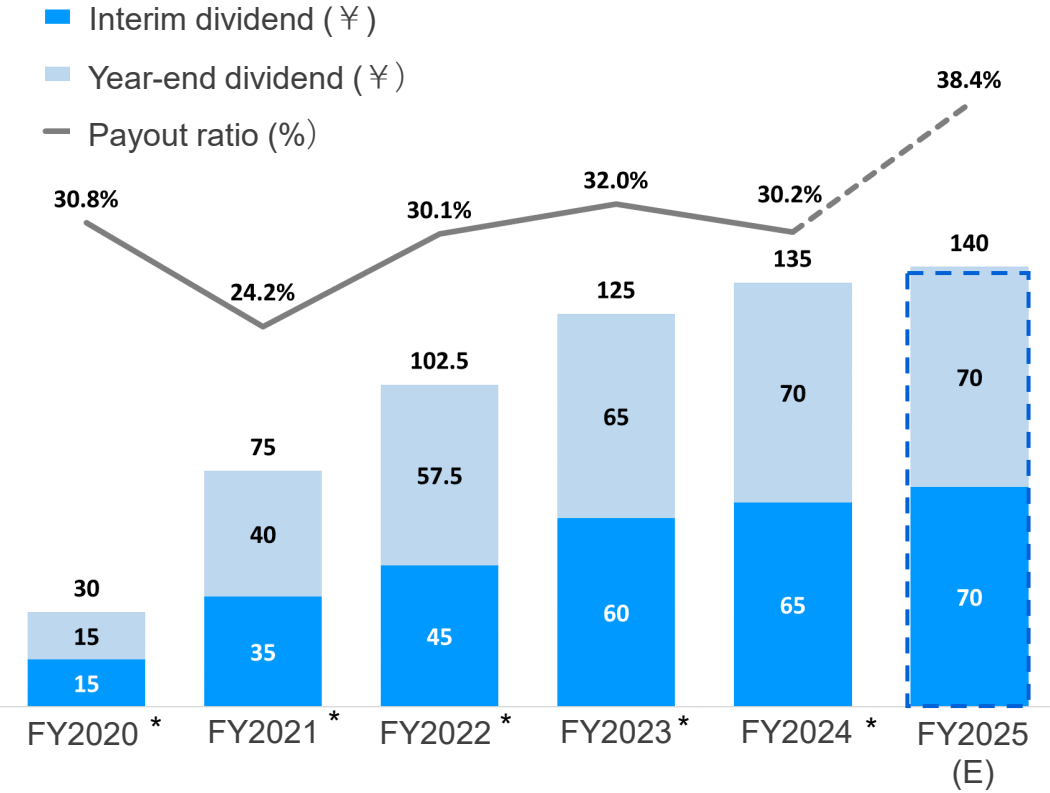
Planned measures

Improved return on capital (ROE, ROIC)

- By setting business-segment targets for ROIC and managing actual results, we promote capital efficiency
- Actively invest in growth areas (environment, electronics, and well-being)
- Continued reduction of cross-shareholdings

Heightened market valuation (PBR, PER)

- Enhanced shareholder returns
 - Dividend payout ratio: 30% or more ⇒ 35% or more**
(During the 13th Plan's term, the progressive dividend will have a minimum annual amount of ¥140 per share, which is assumed to be double the dividend amount at the end of fiscal 2025.)
 - Flexible acquisition of treasury stock**
 - Total shareholder return ratio: 50% or more** (cumulative total for the 13th Plan term)
- Timely and appropriate disclosure of information on growth strategies and progress
- Strengthening of IR systems and expansion of individual meetings
- Reporting information obtained through dialogue with investors to the meeting of the Board of Directors, and taking measures to resolve issues



25 * A two-for-one common stock split was issued on April 1, 2024.
Dividends for FY2020 through FY2023 are also based on the post-split for the purpose of comparison.

Noritake