



May 14, 2024

To Our Valued Customers,

Company name: Teikoku Tsushin Kogyo Co.,Ltd.
Representative: Masuo Hanyu, President
(Code: 6763, Prime Market of the Tokyo Stock Exchange)
Contact: Rikuo Maruyama, Senior Vice President
(TEL +81-44-422-3831)

Notice Concerning Progress of the Medium-Term Management Plan and Future Initiatives

In addition to confirming the progress of this medium-term management plan, which ends in the fiscal year ending March 31, 2026, Teikoku Tsushin Kogyo Co., Ltd; the “Company” recognizes cost of capital and return on capital as important management issues, as measures to achieve management that is conscious of cost of capital and stock price, with net sales, operating income, and ROE (return on equity) as key indicators. In order to realize improvements in these indicators, we will build business, financial, capital, and non-financial strategies that contribute to the enhancement of corporate value, while maintaining a constant awareness of the optimization of our business portfolio.

At the Board of Directors meeting held on May 14, 2024, the Board resolved to analyze our current situation, policies for improvement, growth strategy, capital strategy and IR strategy, and goals and initiatives in order to achieve sustainable growth and increase corporate value over the medium to long term.

1. Analysis of Current Situation

In May 2021, the Company released a five-year medium-term management plan geared for the future, and has been working to enhance its corporate value over the medium to long term. This fiscal year is the first year of the third and final step of that medium-term management plan, and we have been seeking growth strategies that will serve as a guide over the medium to long term, with an eye toward the next medium-term management plan.

In terms of the current status of the Company, although certain results have been achieved since the announcement of this medium-term management plan, as shown in the table below, ROE and P/B ratio have not reached the figures sought by the market. Here, we will undertake another analysis of the current situation and formulate growth strategies and cash allocations to further enhance corporate value from a medium-to-long term perspective.

Our evaluation of the current situation is that ROE, which was below 5% before the announcement of the medium-term management plan, has increased to nearly 7%, and the share price has risen from the 1,100-yen level to the 1,800-yen level, resulting in a P/B ratio of 0.7. However, compared to our estimated cost of capital of 5.5% (CAPM) to 8% (DCF), ROE, which increased to nearly 7% after the announcement of the medium-term management plan, has declined to around 5% in the latest fiscal year (ending March 31, 2024) due to lower revenue, and since the cost of capital exceeds ROE, the equity spread has remained in negative territory, with the P/B ratio falling below 1. Accordingly, we are now seeking the next growth strategy that will serve as a guide for achieving the current medium-term management plan and for the next medium-term management plan.

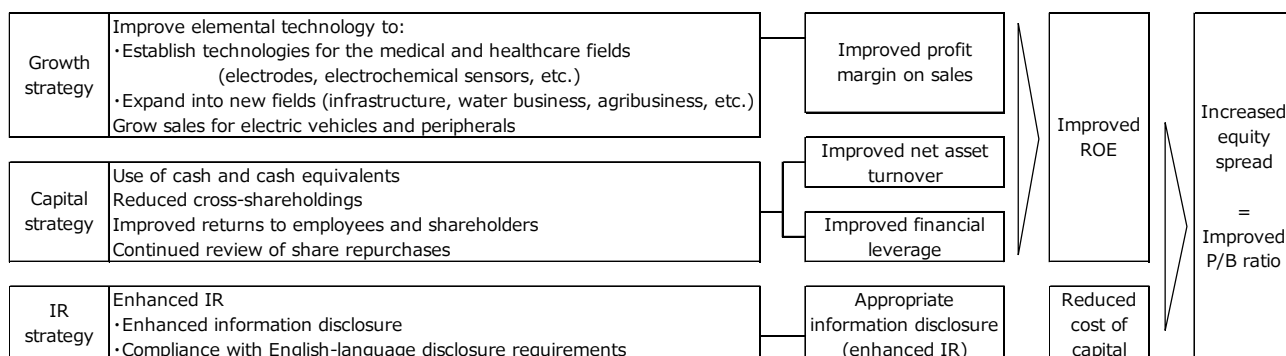
1st release of
mid-term management plan

		FY ending March 2019	FY ending March 2020	FY ending March 2021	FY ending March 2022	FY ending March 2023	FY ending March 2024
Net sales	(millions yen)	13,207	12,499	12,022	15,109	16,493	15,223
Operating profit	(millions yen)	999	624	755	1,698	1,601	947
Operating margin	(%)	7.6	5.0	6.3	11.2	9.7	6.2
Quarterly profit attributable to owners of parent	(millions yen)	953	-84	755	1,582	1,385	1,362
Return on equity (ROE)	(%)	4.4	-0.4	3.5	6.8	5.7	5.3
Return on invested capital (ROIC)	(%)	3.4	2.1	2.6	5.6	5.0	2.9
Dividend per share	(yen)	50	50	40	60	60	70
Dividend payout ratio	(%)	51.5	—	52.1	37.1	42.4	49.6
Share price*	(yen)	1,217	1,187	1,100	1,442	1,511	1,869
Price book-value ratio (P/B ratio)	(ratio)	0.56	0.56	0.48	0.59	0.59	0.66

*Monthly stock price at end of each fiscal year

2. Policies for Improvement

Taking into account the issues we have identified in our analysis of the current situation, we will aim to achieve a P/B ratio of 1 or more by implementing growth strategies, improving capital efficiency, strengthening cash allocation and shareholder returns, and stepping up IR activities to realize management that is conscious of the cost of capital and stock price.



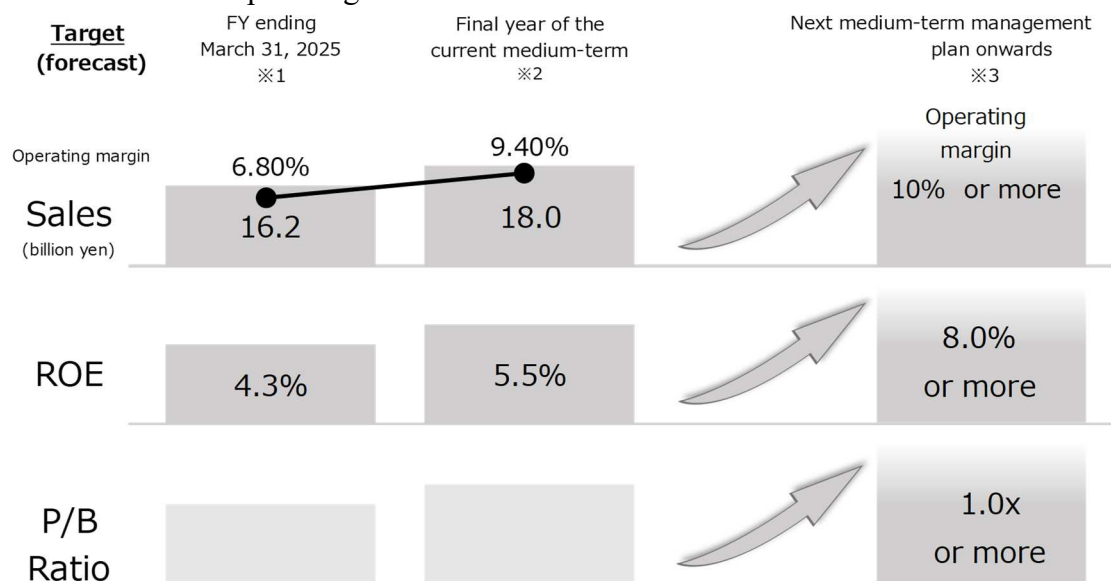
3. Growth strategy

Currently, we are making inroads into the medical/healthcare fields, as set forth in the current medium-term management plan. However, improvements to our elemental technologies are vital to our strategy for growth in this field, and so research on ink and printing methods and high-precision surface treatment technology are required. It is hoped that this will lead to further innovations in electrodes for electromyography, electrocardiography, and electroencephalography, which are already in mass production, and in biosensors for POCT (Point of Care Testing), which can be easily used on the spot in future medical and health care applications. In addition, by establishing electrochemical sensor technology, which will be used in the measurement not only of sodium/potassium, for which mass production is expected soon, but also of various other substances, we hope to make this a pillar of our business.

Moreover, as the elemental technology improves, we will look to expand into areas such as infrastructure, water business, and agribusiness.

Similarly, in addition to expanding sales of products for electric vehicles and their peripherals, as set forth in the current medium-term management plan, we expect to step up development of products for automobiles, expand sales of capacitance-based sensors, and introduce automated production lines for products that are currently in mass production.

In addition, in order to make these growth strategies a reality, it is essential for us to select materials that are friendly to the environment and suitable for higher precision, and to improve our manufacturing and production technology capabilities. In this respect, we will also work to establish an integrated production system that incorporates DX and I.o.T into the automation and labor saving that we have been pursuing to date.



※1 Figures for the fiscal year ending March 31, 2025 are based on the earnings forecast disclosed today and indicators estimated based on that forecast.

※2 Figures for the final year of the current medium-term are the figures in the medium-term management plan (FY ending March 31, 2026) and indicators estimated based on that plan.

※3 Figures and indicators for the next medium-term management plan and thereafter are targets.

We aim these measures to improve sales, operating profit and ROE, thereby increasing the P/B ratio to over 1. This will be used as the foundation for the capital strategy discussed below.

4. Capital strategy

The Company will improve its return on capital by properly managing cash allocation, securing cash on hand through profits earned from growth strategies, the effective use of cash and cash equivalents, and the reduction of policy shareholdings, and by strategically allocating investments in infrastructure and facilities, returns to employees, and returns to shareholders.

The medium- to long-term outlook places emphasis on R&D activities to establish a future business foundation. Specifically, operating income, excluding R&D expenses, to be approximately 3 billion yen per year. Using the proceeds from these operating activities and the proceeds from the sale of some of its cash and cross-held shares as funds, the Company plans to use approximately 50% for active investment in business growth, including investment in R&D, advanced production infrastructure, and production facilities, approximately 20% for product development in existing markets and R&D expenses for expansion into medical, healthcare, and new areas, and the remaining 30% for shareholder and employee returns, which we believe need to be enhanced.

With respect to infrastructure investment, because of the need for R&D infrastructure and facilities focused on improving elemental technology for our growth strategy, we are planning to construct a combined head office and R&D building, as disclosed today. Moreover, by putting an appropriate environment in place, we are determined to capitalize fully on the development of new products. In addition, when considering the mass production of products developed in the new R&D building, we will also consider building new production facilities, including warehouse space, in the existing plant to accommodate BCP and increased production of existing products going forward.

With regard to investment, which is part of our non-financial strategy, we are working to improve wages to keep pace with rising prices. Furthermore, one of the challenges we face as we pursue our strategy for future growth is securing personnel, and we are considering actively recruiting mid-career workers in addition to new graduates, thereby speeding up new research and development. Meanwhile, as a measure to provide returns to employees, the Company will continue looking into share repurchases.

In addition, we will pursue management that takes the perspectives of all stakeholders into account, focusing on the following key issues: market expansion through steady implementation of the medium-term management plan; pursuit of appropriate profits through investment plans that include investments in facilities, infrastructure, and human resources; appropriate investments and stable returns to shareholders; and returns to employees. With the aim of achieving growth in sales and profits, our policy is to increase earnings and dividends per share through business growth, maximize shareholder returns, and pay stable and consistent dividends commensurate with profits, taking into

consideration investments in capital expenditures, personnel increases, and other initiatives. In accordance with this policy, we plan to pay a dividend of 70 yen per share (35 yen interim and 35 yen year-end) for the fiscal year ending March 31, 2025. This year also marks the 80th anniversary of the Company's founding, and we plan to pay a commemorative dividend of 30 yen per share (15 yen interim and 15 yen year-end), resulting in a total projected dividend of 100 yen per share (50 yen interim and 50 yen year-end) for the year ending March 2025.

5. IR strategy

Since the announcement of the medium-term management plan, we have been actively engaged in a variety of investor relations activities. Going forward, we will engage in dialogue with shareholders and investors, enhance the content of our disclosures, and gradually introduce English-language disclosure aimed at overseas investors.

IR activities	Frequency	Proposed timing	Implementation/Schedule
Medium-term management plan disclosure	Five-year plan	Disclosure on May 11, 2021 Disclosure of revised version on May 11, 2022	Implemented/Ongoing
Medium-term management plan disclosure in English	Five-year plan	Implemented from May 11, 2022	Implemented/Ongoing
Disclosure of financial results	Quarterly	Implemented from FY ending March 31, 2021	Implemented/Ongoing
Disclosure of financial results in English	Quarterly	Implemented from FY ending March 31, 2021	Implemented/Ongoing
Advertisements in newspapers, trade journals, IR magazines, etc.	As appropriate	Advertisements posted on billboards at JR Shinagawa and Shin-Yokohama Stations	Implemented/Ongoing
Participation in various trade shows, etc.	As appropriate	Exhibitions at domestic and international exhibitions such as JFlex2023 and Medtec Japan	Implemented/Ongoing
Holding of financial results briefings for analysts	Semi-annually	Around June and December every year	Implemented/Ongoing
IR meetings for analysts	As appropriate		Implemented/Ongoing
IR strategy for individual investors	As appropriate	Briefings for individual investors in March and September, starting in 2022 "The Real Face of Top Management" and "IR Report" made available for Nomura IR members	Implemented/Ongoing
Development of new slogan	As appropriate	Corporate slogan created for the Company's 80th anniversary	Implemented/Ongoing
Announcement of new products, capital alliances, etc.	As appropriate	Capital alliance with S'UIMIN in 2021	Implemented/Ongoing
SR interviews for institutional investors	As appropriate	Conducted in January 2024	Implemented/Ongoing

End of document

Together, we make good sense.



Concerning Progress of the Medium-Term Management Plan and Future Initiatives

**Looking ahead to the future NOBLE,
Expanding and Evolving from a resistor company to the new NOBLE**

May 14, 2024

Analysis of Current Situation-

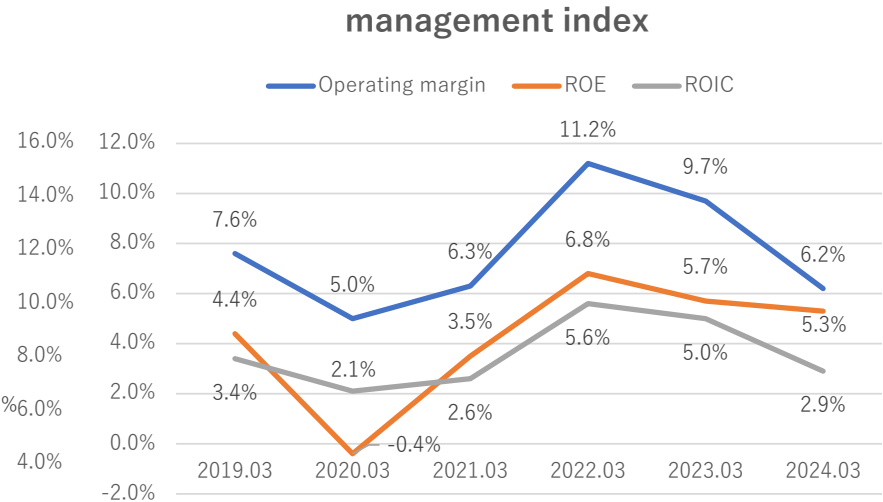
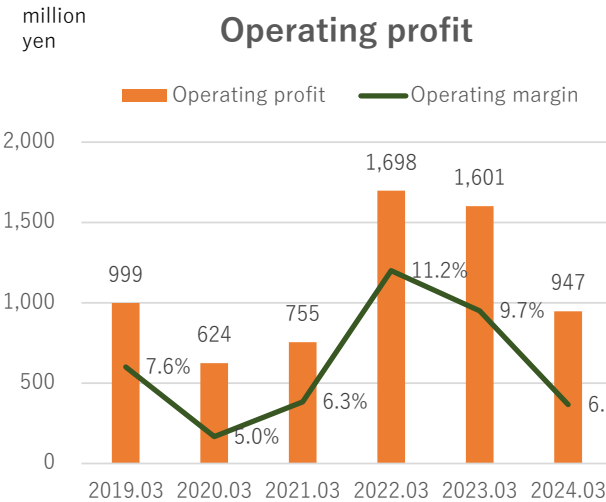
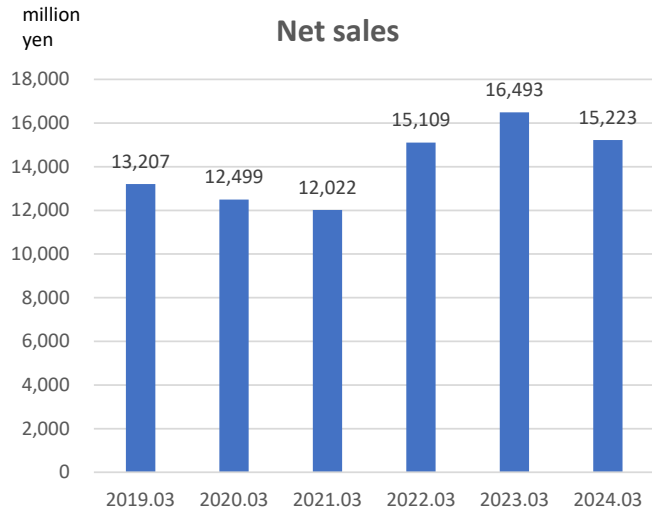
sales · Operating profit ·
management index



1st release of
mid-term management plan

- After the publication of the current medium-term management plan in May 2021, the figures for the fiscal year ending March 2022 increased.
- ending March 2023 due to demand from people staying at home, sales decreased in the fiscal year ending March 2024 due to market inventory adjustments.

		FY ending March 2019	FY ending March 2020	FY ending March 2021	FY ending March 2022	FY ending March 2023	FY ending March 2024
Net sales	(millions yen)	13,207	12,499	12,022	15,109	16,493	15,223
Operating profit	(millions yen)	999	624	755	1,698	1,601	947
Operating margin	(%)	7.6	5.0	6.3	11.2	9.7	6.2
Quarterly profit attributable to owners of parent	(millions yen)	953	-84	755	1,582	1,385	1,362
Return on equity (ROE)	(%)	4.4	-0.4	3.5	6.8	5.7	5.3
Return on invested capital (ROIC)	(%)	3.4	2.1	2.6	5.6	5.0	2.9



Analysis of Current Situation- Share price · P/B Ratio

Together, we make good sense.



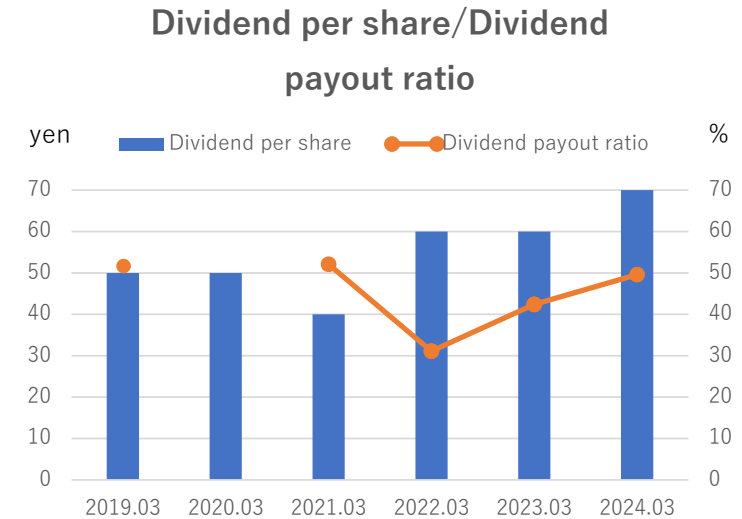
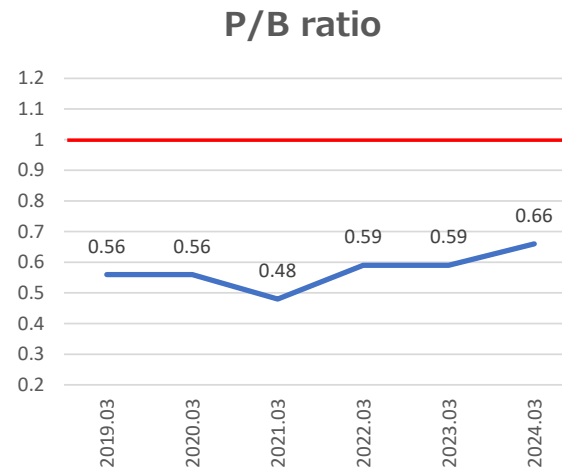
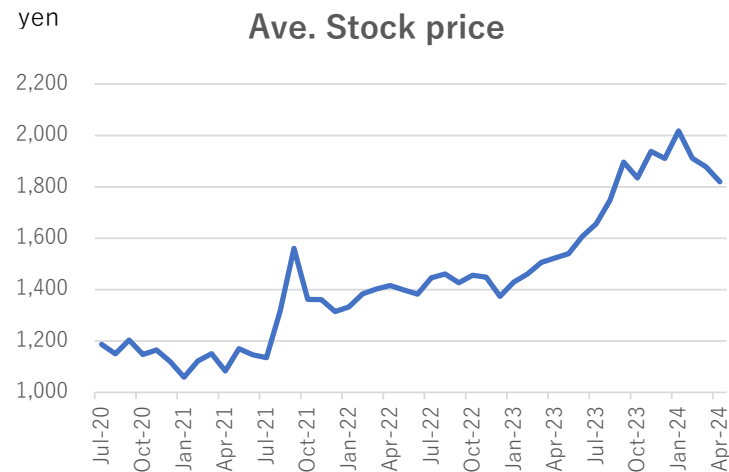
1st release of mid-term management plan



Analysis of Current Situation
The stock price rose from the 1,100 yen level before the announcement of the medium-term management plan to the 1,800 yen level. (Up to 2,071 yen on January 15, 2024)
PBR also improved from 0.48x to 0.66x

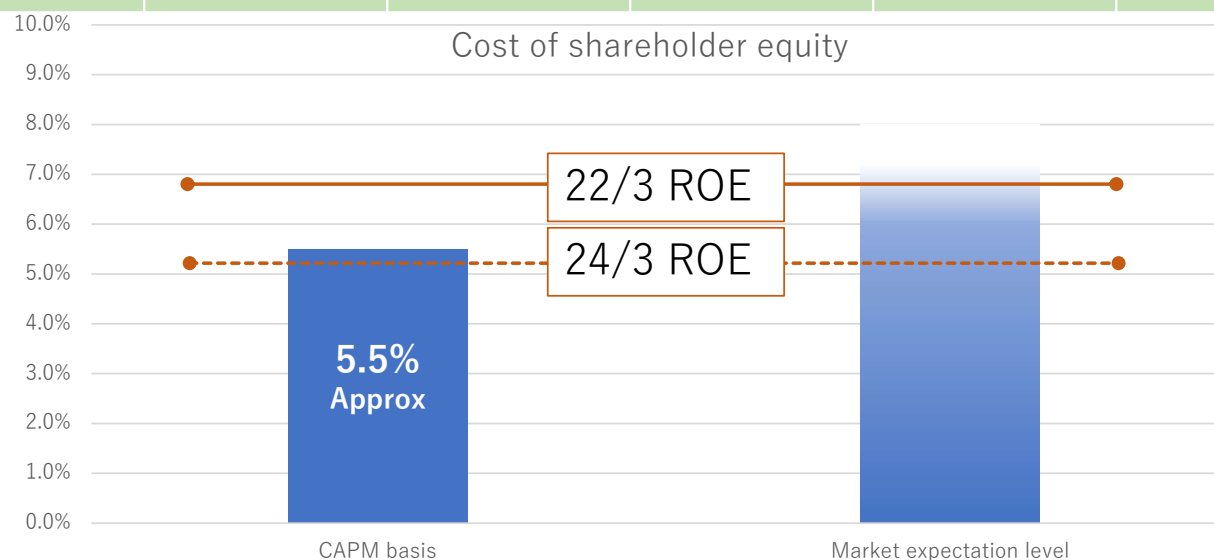
		FY ending March 2019	FY ending March 2020	FY ending March 2021	FY ending March 2022	FY ending March 2023	FY ending March 2024
Dividend per share	(yen)	50	50	40	60	60	70
Dividend payout ratio	(%)	51.5	—	52.1	37.1	42.4	49.6
Share price*	(yen)	1,217	1,187	1,100	1,442	1,511	1,869
Price book-value ratio (P/B ratio)	(ratio)	0.56	0.56	0.48	0.59	0.59	0.66

*Monthly stock price at end of each fiscal year



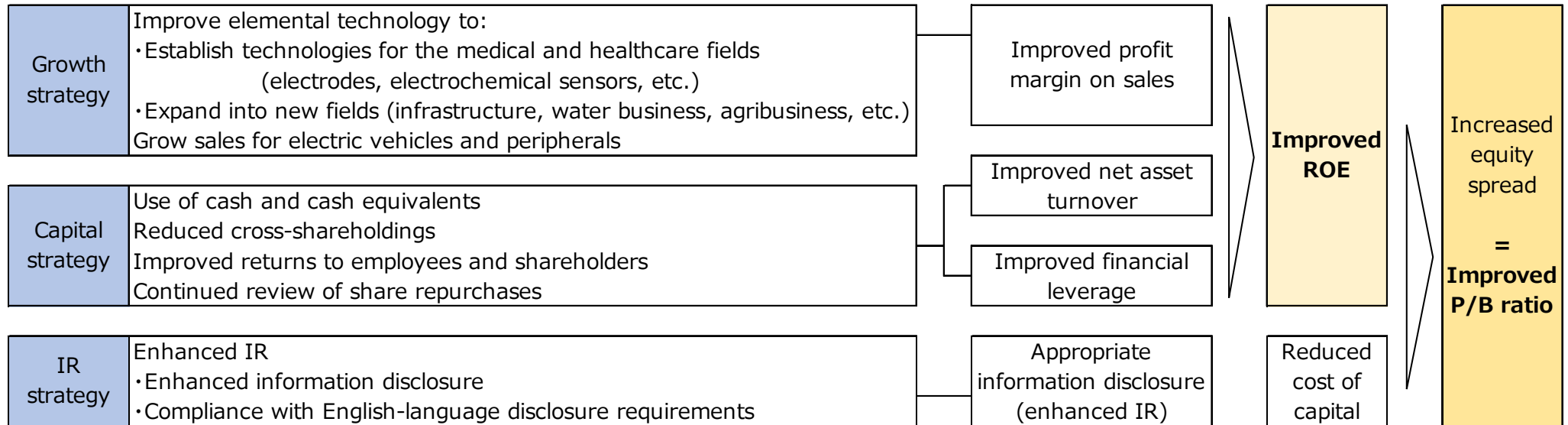
Analysis of Current Situation- Cost of shareholder equity recognition

	2021.03	2022.03	2023.03	2024.03	Next medium-term management plan onwards
ROE	3.5%	6.8%	5.7%	5.3%	8.0% or more



- While ROE for the fiscal year ending March 2022 exceeds the cost of shareholders' equity, it has recently been below the level, and we recognize that there is a discrepancy with the market's expected level.
- By aiming to exceed market expectations from the current medium-term management plan to the next medium-term management plan period, we will achieve PBR of 1x or more.

Policies for Improvement



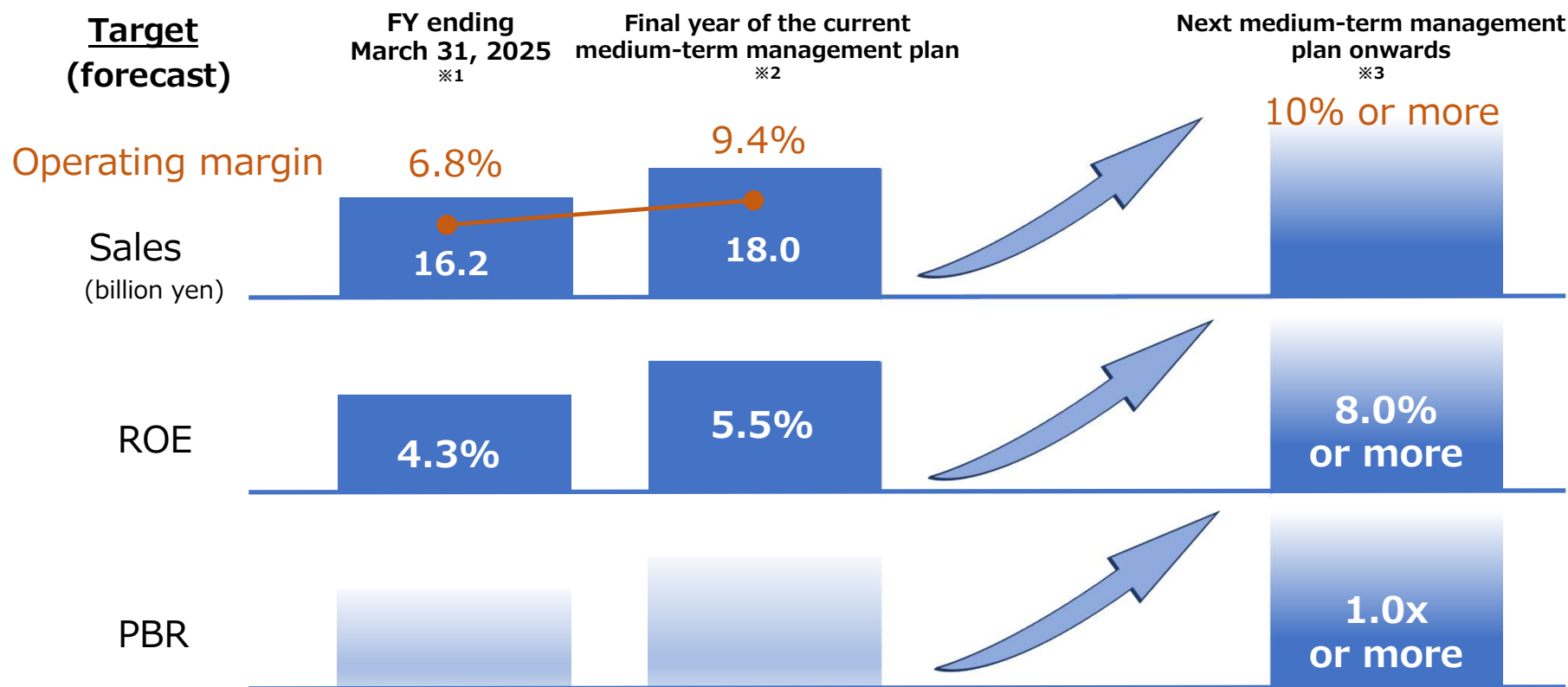
Based on the company's issues recognized in the current situation analysis, we will work on growth strategies, improve capital efficiency cash allocation, strengthen shareholder returns, and strengthen IR activities, and realize management that is conscious of capital cost and stock price, and will aim for PBR of 1x or more.

Growth strategy and Future target value

Together, we make good sense.



Aim to expand sales and achieve an operating profit margin of 10% or more → ROE 8.0% or more PBR of 1x or more → Early achievement



※1 Figures for the fiscal year ending March 31, 2025 are based on the earnings forecast disclosed today and indicators estimated based on that forecast.

※2 Figures for the final year of the current medium-term are the figures in the medium-term management plan (FY ending March 31, 2026) and indicators estimated based on that plan.

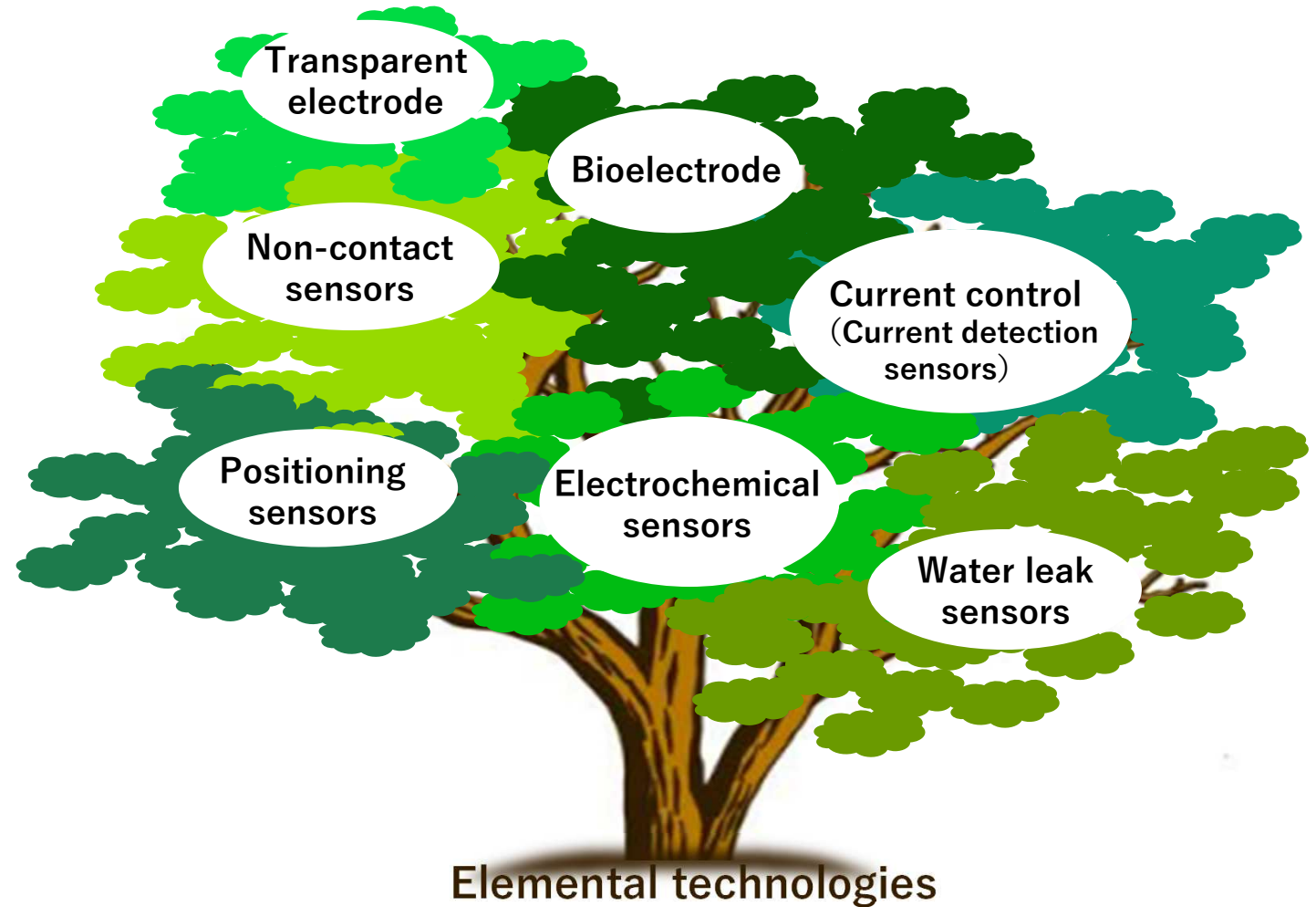
※3 Figures and indicators for the next medium-term management plan and thereafter are targets.

Growth strategy - Elemental technologies

Together, we make good sense.

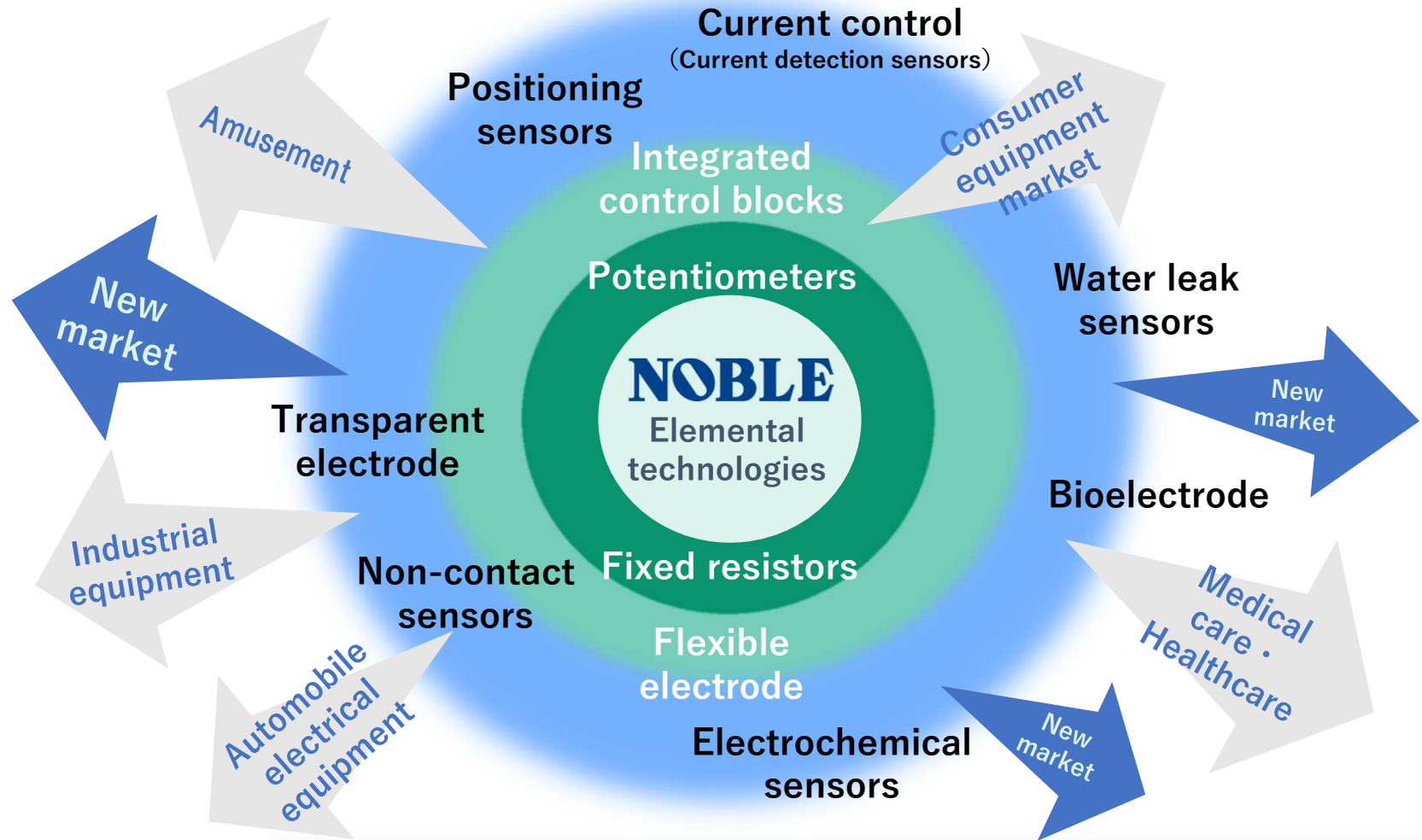


We will continue to contribute to society with NOBLE sensors, which have an 80-year history based on elemental technology.



Growth strategy - Noble's sensors

We will continue to contribute to society with NOBLE sensors, which have an 80-year history based on elemental technology.

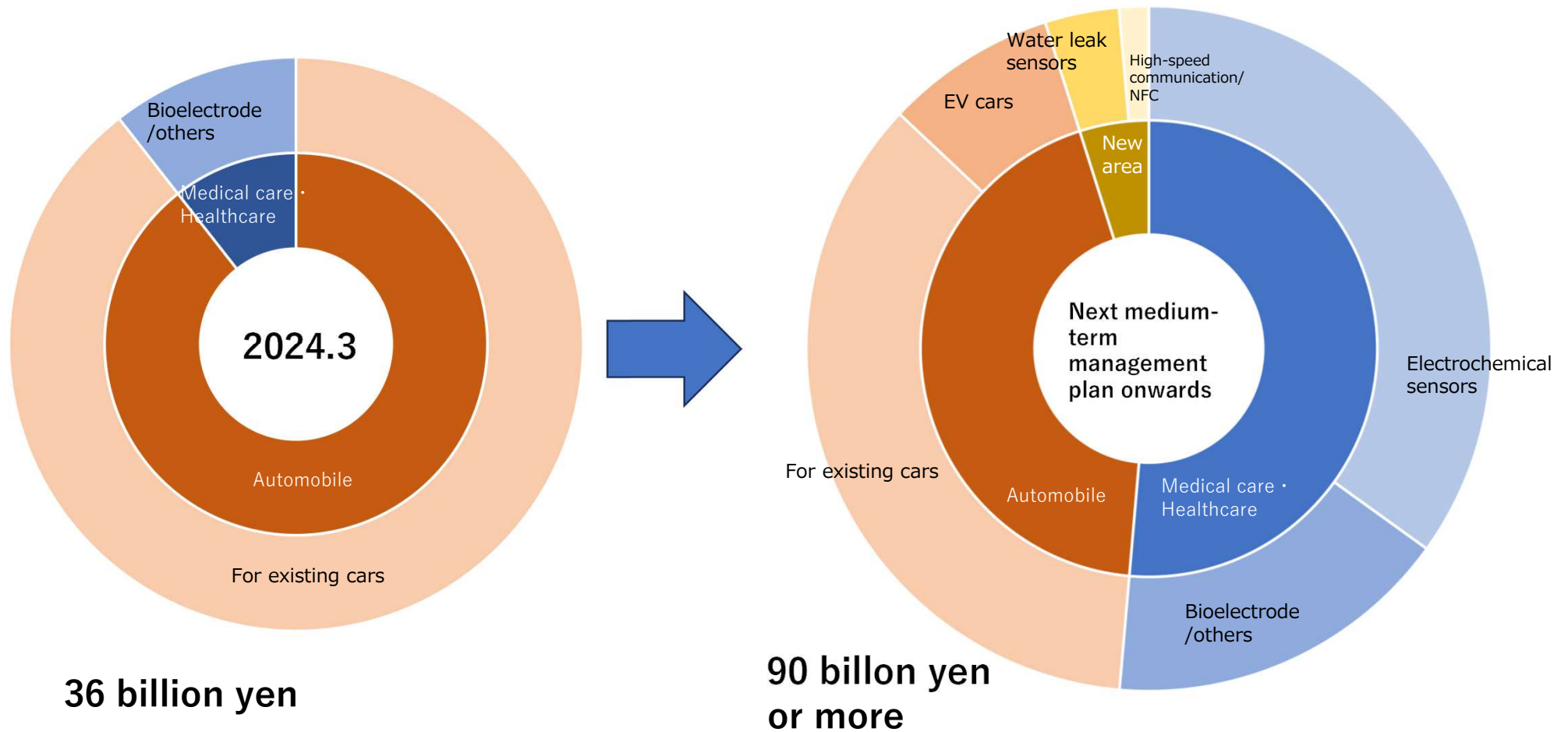


Growth strategy - Target for growth area

Together, we make good sense.



Aiming for scale in Automobile / Medical care · healthcare / New area



Capital strategy

- Use of cash and cash equivalents
- Reduced cross-shareholdings
- Improved returns to employees and shareholders
- Continued review of share repurchases

- Use of cash and cash equivalents
- Reduced cross-shareholdings

Emphasis on R&D activities to establish future business foundations and use for investments to realize growth strategies

- ✓ With respect to infrastructure investment, because of the need for R&D infrastructure and facilities focused on improving elemental technology for our growth strategy, we are planning to construct a combined head office and R&D building.
- ✓ Promoting new product development by improving the environment.
- ✓ When considering the mass production of products developed in the new R&D building, we will also consider building new production facilities, including warehouse space, in the existing plant to accommodate BCP and increased production of existing products going forward.

Improved returns to employees and shareholders

- ✓ With regard to investment, which is part of our non-financial strategy, we are working to improve wages to keep pace with rising prices.
- ✓ One of the challenges we face as we pursue our strategy for future growth is securing personnel, and we are considering actively recruiting mid-career workers in addition to new graduates, thereby speeding up new research and development. In addition, a new employee return policy is currently under consideration.
- ✓ we plan to pay a dividend of 70 yen per share (35 yen interim and 35 yen year-end) for the fiscal year ending March 31, 2025.
- ✓ This year also marks the 80th anniversary of the Company's founding, and we plan to pay a commemorative dividend of 30 yen per share (15 yen interim and 15 yen year-end)
- ✓ Resulting in a total projected dividend of 100 yen per share (50 yen interim and 50 yen year-end) for the year ending March 2025.

Capital strategy

- Use of cash and cash equivalents
- Reduced cross-shareholdings
- Improved returns to employees and shareholders
- Continued review of share repurchases

Continuing consideration of share repurchases

Utilized for investment to realize growth strategy

- ✓ Used for employee returns, shareholder returns, future M&A and capital alliances.

IR strategy

- Enhanced IR.
 - Enhanced information disclosure.
 - Compliance with English-language disclosure requirements.

Enhanced IR Strategy

Together, we make good sense.



IR activities	Frequency	Proposed timing	Implementation/Schedule
Medium-term management plan disclosure	Five-year plan	Disclosure on May 11, 2021 Disclosure of revised version on May 11, 2022	Implemented/Ongoing
Medium-term management plan disclosure in English	Five-year plan	Implemented from May 11, 2022	Implemented/Ongoing
Disclosure of financial results	Quarterly	Implemented from FY ending March 31, 2021	Implemented/Ongoing
Disclosure of financial results in English	Quarterly	Implemented from FY ending March 31, 2021	Implemented/Ongoing
Advertisements in newspapers, trade journals, IR magazines, etc.	As appropriate	Advertisements posted on billboards at JR Shinagawa and Shin-Yokohama Stations	Implemented/Ongoing
Participation in various trade shows, etc.	As appropriate	Exhibitions at domestic and international exhibitions such as JFlex2023 and Medtec Japan	Implemented/Ongoing
Holding of financial results briefings for analysts	Semi-annually	Around June and December every year	Implemented/Ongoing
IR meetings for analysts	As appropriate		Implemented/Ongoing
IR strategy for individual investors	As appropriate	Briefings for individual investors in March and September, starting in 2022 "The Real Face of Top Management" and "IR Report" made available for Nomura IR members	Implemented/Ongoing
Development of new slogan	As appropriate	Corporate slogan created for the Company's 80th anniversary	Implemented/Ongoing
Announcement of new products, capital alliances, etc.	As appropriate	Capital alliance with S'UIMIN in 2021	Implemented/Ongoing
IR interviews for institutional investors	As appropriate	Conducted in January 2024	Implemented/Ongoing



Published in Nomura IR Magazine in October 2023

- ✓ Enhanced IR activities after announcing the current medium-term management plan.
- ✓ Items listed in the table above have been implemented or are scheduled to continue.

Together, we make good sense.



New slogan announced in June 2023

「NOBLE WAY」



Excerpt from September 2023 individual IR briefing materials

- ◆ Continued enhanced IR activities.
- ◆ Enhanced information disclosure.
- ◆ Compliance with English-language disclosure requirements.

Together, we make good sense.



Contact Information : Teikoku Tsushin Kogyo Co., Ltd.

Accounting section

TEL : +81-44-422-3831

E-Mail : ir-info@ho.noble-j.co.jp

URL : <https://www.noble-j.co.jp/en/>

Forward-looking statements contained in this document are based on the present assumptions and opinions of the group, and are derived from information available at the time of the document date; they are not intended as guarantees of future performance.

The Company also bears no obligation to update the forward-looking statements contained in this document or any other forward-looking statement it may make.