



Strategic Capital

This campaign website is an abbreviated reference translation of the original in Japanese.

In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail



Stop slacking **NORITAKE (5331)** and
enhance shareholder value





Executive Summary

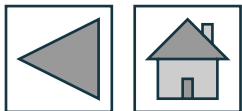
Strategic Capital, Inc.'s (SC) goal is to unlock enterprise and shareholder value through dialogue with the company management team and the exercise of shareholder rights.

SC and the funds managed by our company are shareholders of NORITAKE CO., LTD. (“NORITAKE” or “the Company”).

In order to increase shareholder value, we have submitted the following proposals to NORITAKE by exercising our right to make a shareholder proposal.

- i. Adopt a shareholder return policy of 8% DOE, 100% payout ratio
- ii. Revise the business portfolio plan
- iii. Accelerate the pace of selling strategic holdings
- iv. Implement a 3-for-1 stock split

We earnestly request all general shareholders to understand the purpose of this proposal and provide your support

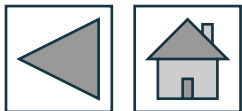




What's New

04.15.2026

Submitted Formal Shareholder Proposal to the Company





Eldest son a slacker?

The eldest son a slacker

The Morimura Group, a group of ceramics-related companies, includes four listed companies. Among them, TOTO and NGK were created through the spin-off of businesses originally belonging to Noritake, and within the Morimura Group, Noritake is regarded as the “eldest son.”

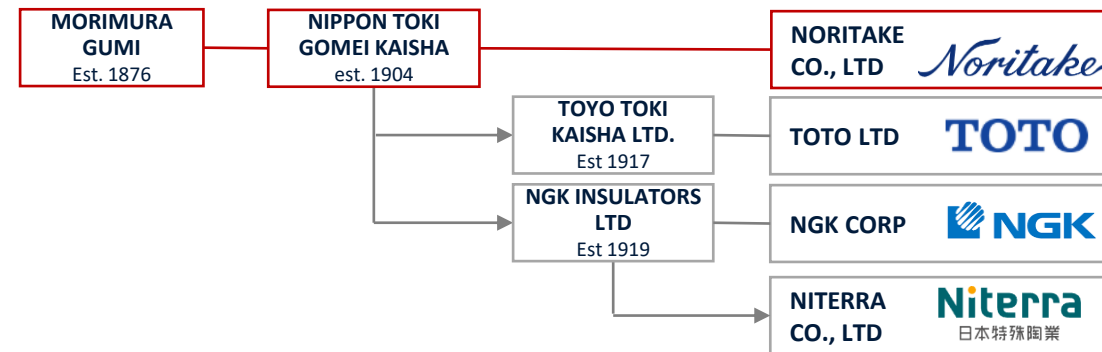
However, the stock has remained depressed for a long time, and over the past 15 years its PBR has consistently been lower than the other Morimura Group companies and TOPIX. Although the share price has recently trended upward, its standing remains unchanged.

In an interview with Toyo Keizai, President Higashiyama said, “I won’t let us, the eldest son be called a slacker,” but the **market continues to view Noritake as “a slacker”**.

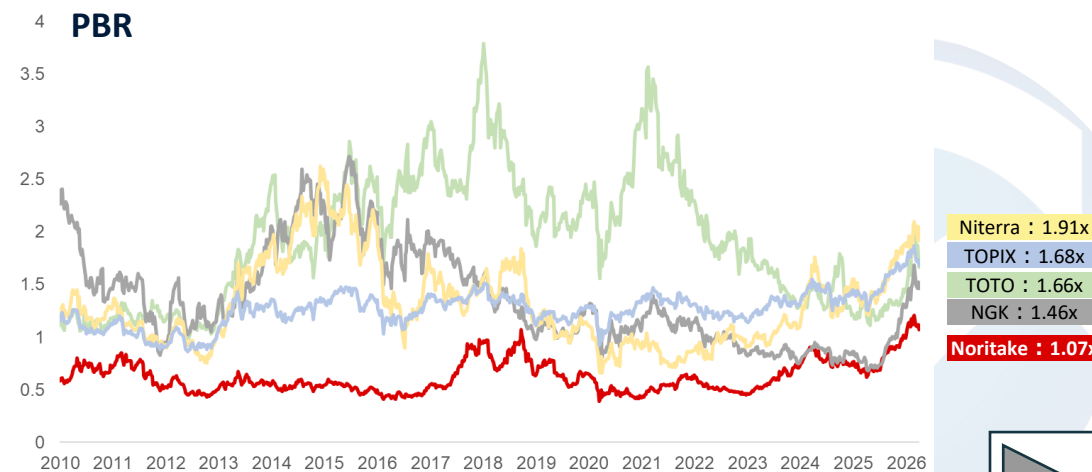


Noritake is considered the “eldest son” within the Morimura Group

Morimura Group's History



Noritake’s PBR is consistently the lowest within the Morimura Group



Source: Bloomberg





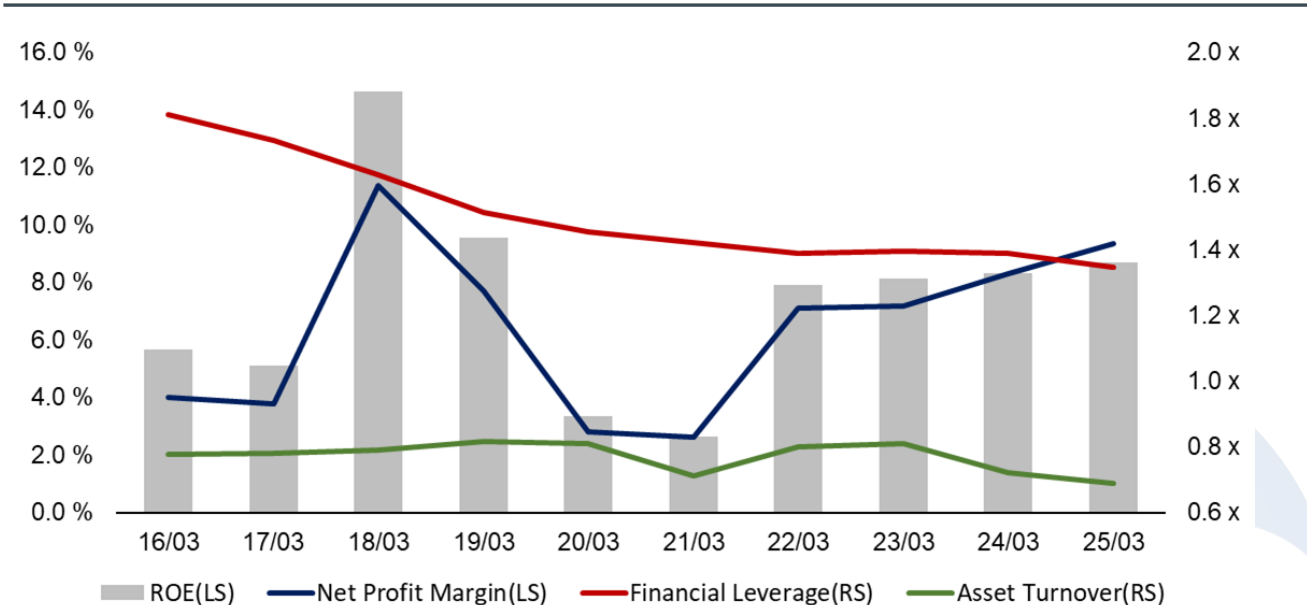
Eldest son needs to lose some weight (shareholder equity ratio)

The persistently low PBR is primarily due to the sluggish ROE. While the Company estimates its own cost of equity at 7% to 9%, the ROE has remained at or below that level. (Note: ROE exceeded this range in FY17 and FY18 due to gains on the sale of fixed assets, and in recent years due to gains on the sale of strategic stock holdings.)

While net profit margin is showing signs of improvement driven by growth in the Ceramics & Materials business and gains on the sale of cross-shareholdings, **the accumulation of shareholders' equity (i.e. become "plump") has reduced financial leverage thereby limiting improvements in ROE.**

Decline in financial leverage is holding back ROE

ROE Dupont breakdown



Source: Quick Workstation



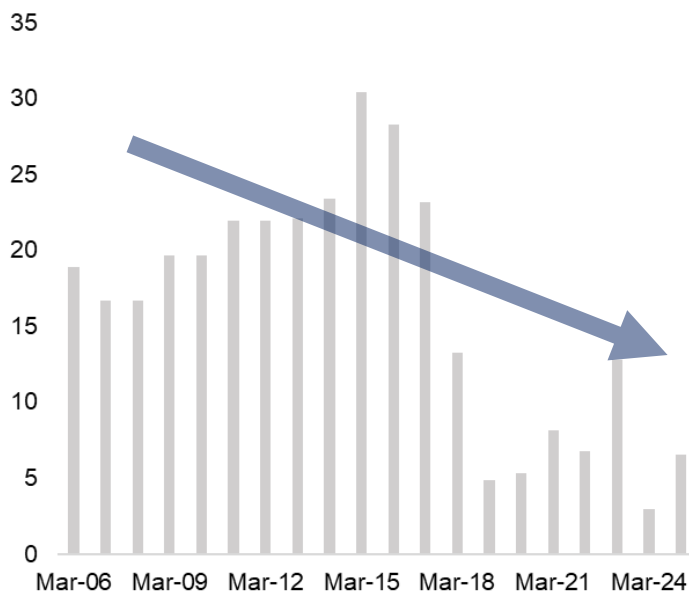


Eldest son needs to lose some weight (shareholder equity ratio) cont'd

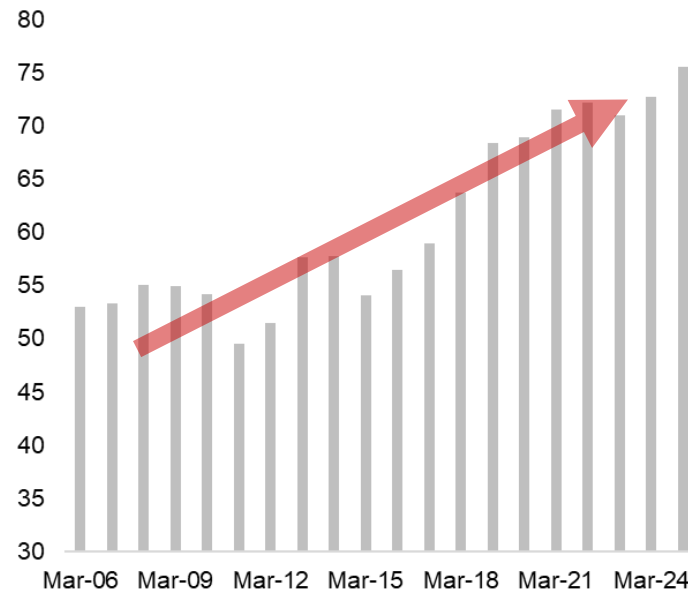
As of its 9th Medium-Term Management Plan (FY2015), the Company had **set a target shareholders' equity ratio of 50% or higher, and for some time thereafter the ratio remained only slightly above that level.** Since then, however, the balance of interest-bearing debt has declined, and the equity ratio has continued to rise.

Interest bearing debt has decreased while the equity ratio has increased

Interest-bearing debt (JPY bn)



Equity ratio (%)



Source: Quick Workstation





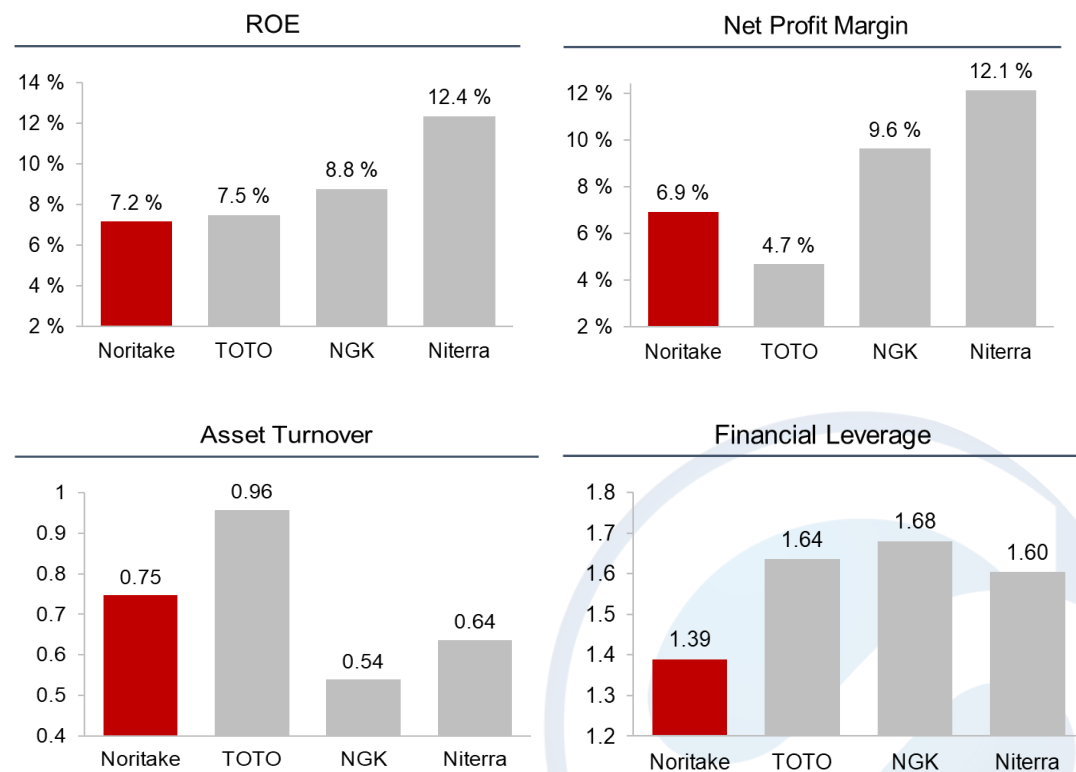
Adopt a shareholder return policy of 8% DOE, 100% payout ratio

When compared to the other Morimura Group companies, the average ROE over the last 5 years was the weakest at 7.2%. It is clear that **excessively low financial leverage (~ excessively high equity ratio) is one factor behind the sluggish ROE.**

The ROE for FY2024 was 8.7%, however if it had maintained the same level of financial leverage as ten years ago, the ROE would be much healthier at approx. 12% (estimated by holding net profit margin and total asset turnover constant from FY2024).

Accordingly, to improve capital efficiency and provide stable shareholder returns, we propose **adopting a shareholder return policy of DOE 8% and/or a dividend payout ratio of 100% (whichever is higher).** We believe that this approach would gradually lower the equity ratio and improve ROE, while also supporting stable dividends, thereby reducing the cost of equity and significantly improving the stock valuation.

Lowest financial leverage in Morimura Group (5-yr average)



Source: Quick Workstation





Eldest son needs tidy up (unprofitable businesses)

The **failure to reorganize its unprofitable businesses is another reason capital efficiency remains weak**. While the Company estimates its own cost of equity at 7% to 9%, since they are not making full use of interest-bearing debt, the estimated weighted average cost of capital (WACC) is 6.5% to 8.5%.

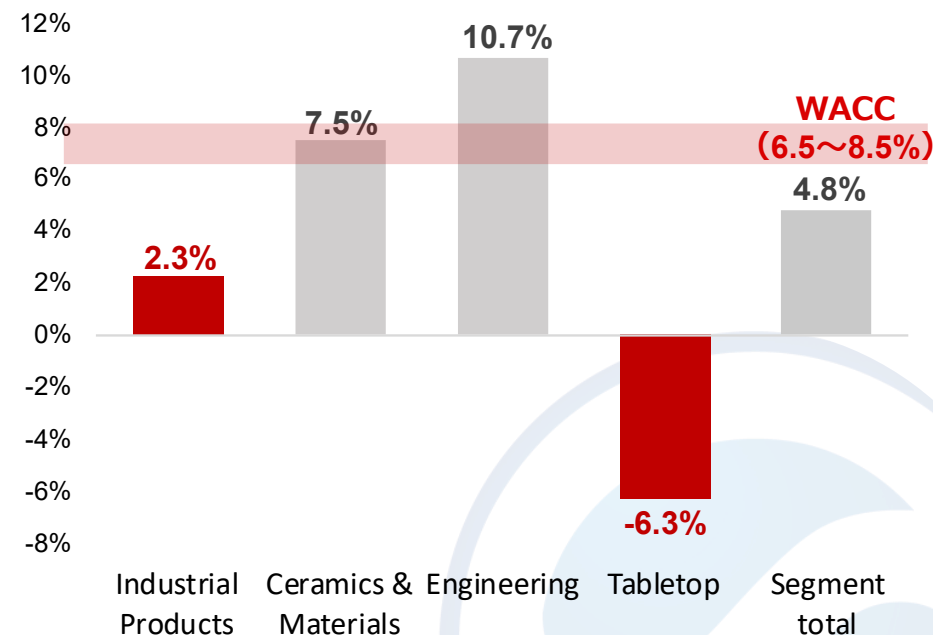
The Company’s business segments are divided into Industrial Products, Ceramics & Materials, Engineering, and Tabletop. Of these, the Ceramics & Materials and Engineering businesses are high-growth and highly capital-efficient, and they are driving the Company’s performance.

By contrast, the **former core businesses of Industrial Products and Tabletop are dragging on performance**. The former’s ROIC continues to fall below WACC, while the latter has posted losses in nine of the past ten fiscal years.

As a result, the **combined ROIC of all four segments falls short of WACC**.

Unprofitable businesses undermining overall capital efficiency

ROIC by Segment (5Y average)



Source: Quick Workstation. ROIC by business segment is calculated by dividing after-tax segment profit by segment assets. The segment total represents the sum of all business segments and does not include corporate-wide expenses. The corporate tax rate is calculated at 27%, based on the average of approximately 24% over the past five years, excluding the impact of equity method investment gains and losses.





Revise the business portfolio plan

The Company is also aware of the problem of unprofitable businesses. In a 2022 questionnaire conducted to evaluate the effectiveness of the Board of Directors, “reviewing the business portfolio based on the cost of capital” was identified as a key challenge.

In response, they announced that starting fiscal 2024 it would set business-specific ROIC targets and review its business portfolio.

Noritake recognizes that “reviewing its business portfolio in light of capital costs” is a key challenge

Translation of Noritake’s Corporate Governance Reports

<Jul 2023 CG Report>

the survey results identified new challenges for improving the effectiveness of the Board of Directors, including "revising the business portfolio in light of the cost of capital" and "investing in human capital and formulating and implementing talent strategies based on long-term strategies." We will continue to work on maintaining and improving the effectiveness of the Board of Directors by addressing these issues.

<Mar 2024 CG Report>

[Principle 5-2: Formulation and disclosure of management strategies and plans]
Actions to increase management focus on capital costs and our share price

Based on capital asset pricing model (CAPM) analysis and dialogue with shareholders and investors, we calculate our cost of equity at approximately 7% to 9%. ROE was 8.1% in fiscal 2023 (ended March 2024). While this figure represents some improvement, we recognize that it is nevertheless below or level with our cost of equity. Under our 12th Medium-Term Management Plan, which took effect in April 2022, we target earnings in excess of the cost of shareholders' equity. From fiscal 2024, we will set ROIC targets for individual businesses and promote capital efficiency while also reviewing our business portfolio and ensuring an appropriate allocation of management resources.

Source: Noritake CG Reports (Japanese only)





Revise the business portfolio plan cont'd

However, none of this has been meaningfully reflected in the MTBP. The only discernible policy is to grow the electronics sector (primarily MLCC materials, which form the core of the Ceramics & Materials). The plan deliberately **refrains from disclosing target ROIC by segment, and the consideration of measures for unprofitable businesses remains insufficient.**

Therefore, we request the **disclosure of ROIC targets by segment, reconsider what the desired business portfolio is, and publish its policy for addressing unprofitable businesses, including the Tabletop business.** If there are businesses for which achieving capital efficiency above the cost of capital is impossible, withdrawal should, of course, be considered as an option.



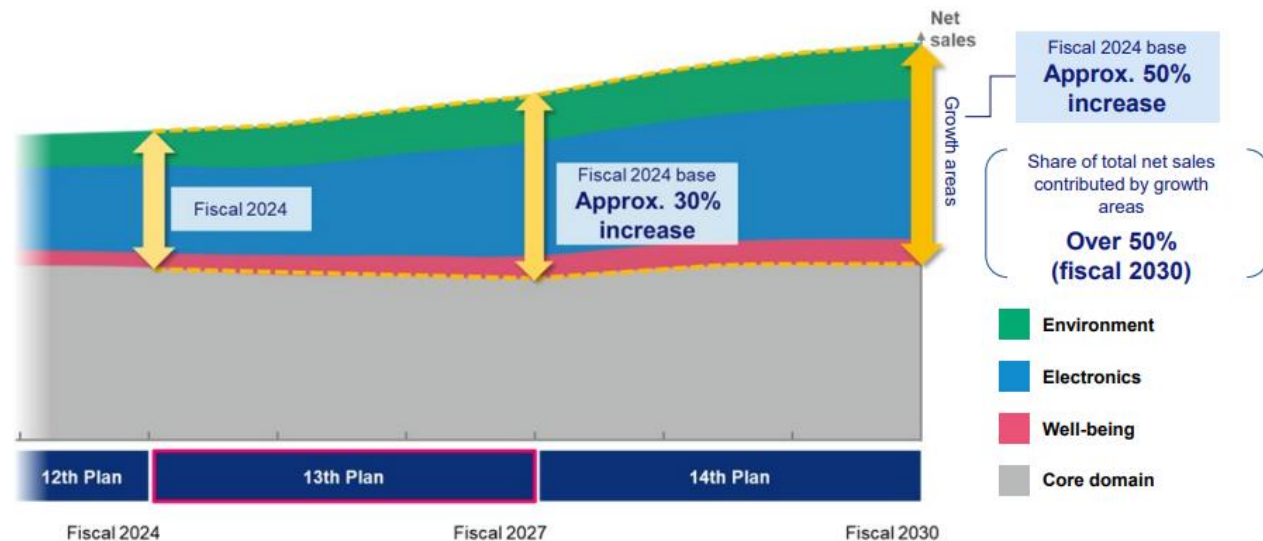
MTBP only anticipates proportional increase of revenue from growth businesses The 13th Three-Year Business Plan

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



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.)



Source: [Noritake MTBP](#)





Eldest son needs to be proactive (on strategic shareholdings)

While the Company also faces a host of governance issues, the matter of strategic shareholdings needs to be addressed without delay. The Company is aware of this issue and has been gradually reducing such holdings, but the pace is far too slow. At the AGM in June 2025, the approval rate to appoint President Higashiyama as a director was only 66.95%, and most of the opposition votes were attributable to the issue of cross-shareholdings.

Institutional investors oppose holding of cross-shares

Institutional investors that voted against the proposal to elect President Higashiyama as Director at the 2025 AGM

NAME	Reason	NAME	Reason
Nomura AM	Cross-shareholdings	Nochu Zenkyoren AM	Capital allocation
Daiwa AM	Cross-shareholdings	Shinkin AM	Cross-shareholdings
Mitsubishi UFJ AM	Cross-shareholdings	BlackRock	Board Composition
Amova AM	Cross-shareholdings	GS AM	Cross-shareholdings /Board Composition
Sumitomo Mitsui DS AM	Cross-shareholdings	Amundi	Cross-shareholdings /Director independence
Asset Management One	Cross-shareholdings	Mitsubishi UFJ Trust & Banking	Cross-shareholdings
Meiji Yasuda AM	Cross-shareholdings /Board Composition	Mizuho Trust & Banking	Cross-shareholdings

Source: materials released by respective companies



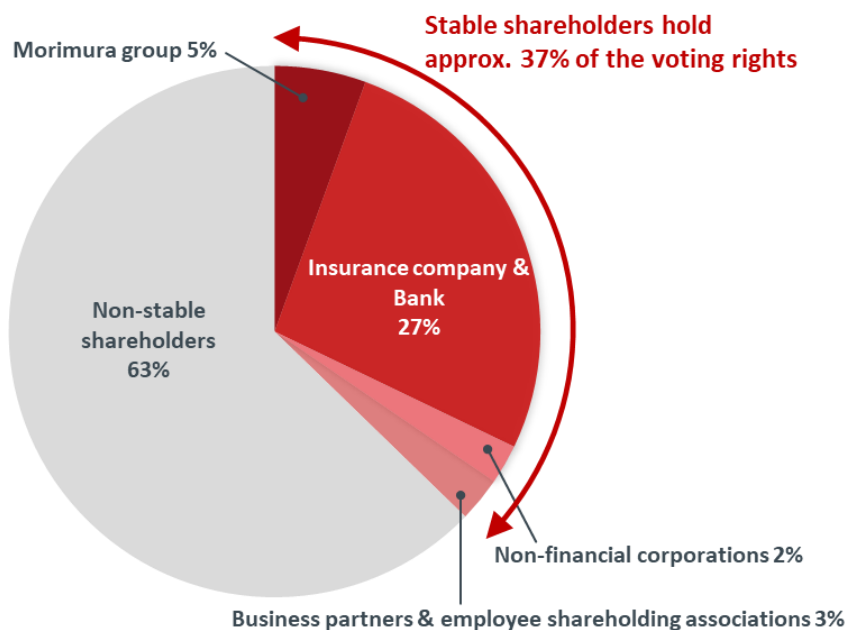


Eldest son needs to be proactive (on strategic shareholdings) cont'd

Noritake has a large number of stable shareholders. As of the end of March 2025, it is estimated that they effectively held about 37% of the voting rights (although a share buyback equivalent to 3.2% of outstanding shares was conducted in August 2025, this does not materially change the overall picture).

Stable shareholders hold approx. 37% of voting rights

Noritake's shareholder composition (as of March 2025, excluding treasury stock)



Stable shareholders

COMPANY	%	COMPANY	%
Meiji Yasuda Life Insurance	9.0	The Juroku Bank	0.6
Dai-ichi Life Insurance	7.2	The Bank of Nagoya	0.6
TOTO	2.8	Daido Steel	0.6
Nippon Life Insurance	2.7	Daiichi Jitsugyo	0.5
MUFG Bank	2.5	Taisei Corporation	0.4
BPSA*	1.5	Meiko Trans Co	0.3
NGK	1.5	SeinoHD	0.2
Tokio Marine & Nichido	1.3	Nikkato	0.1
Niterra	1.3	Nippon Thompson	0.1
ESOA*	1.2	TYK	0.1
Mitsubishi UFJ Trust & Banking	0.7	Makita	0.1
Ogaki Kyoritsu Bank	0.7	Sun Messe	<0.1
77 Bank	0.7	Isewan Terminal Service	<0.1
Aichi Bank	0.6	Rix	<0.1
The Hyakugo Bank	0.6		

(Source: QUICK Workstation. Stable shareholders assumed to be the top 30 shareholders and counterparties involved in cross-shareholdings. Ownership is calculated as a percentage excl. treasury share (rounded to nearest hundredth).
 * BPSA (business partners shareholding association) is a system where business partners regularly purchase shares to strengthen ties
 ESOA (employee stock ownership association) is similar but different from a US ESOP with shares funded by deductions from employee salaries with little tax advantages





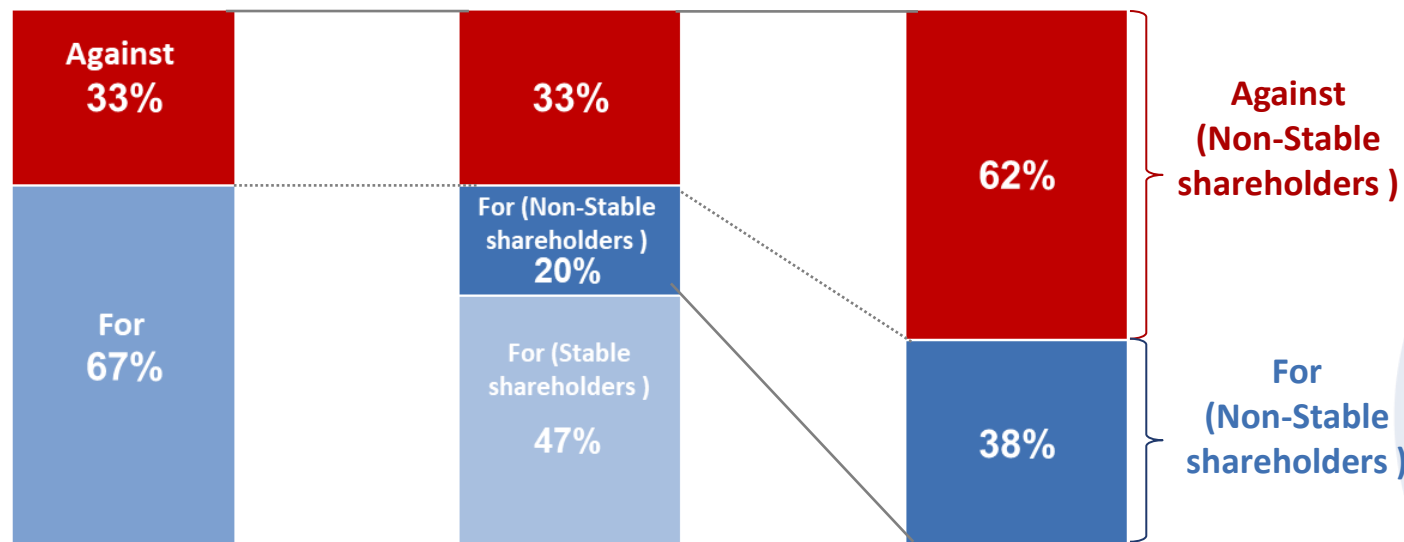
Eldest son needs to be proactive (on strategic shareholdings) cont'd

Accordingly, given the high ratio of stable shareholders, an approval rate of 66.95% is exceptionally low. In other words, with respect to President Higashiyama's election, **roughly 60% of the voting rights excluding those held by stable shareholders were cast against him.**

While naturally this situation violates SC's own voting policy, we did not hold the Company's shares as of the end of March 2025, so it did not affect the results.

Approx. 60% of vote, excl those held by stable shareholders, voted against proposal.

Approval rate for the proposal to elect President Higashiyama as Director



(Source: Extraordinary Report. Stable shareholders are assumed to include the top 30 shareholders and counterparties in cross-shareholdings involving policy-held shares (holding approximately 37% of voting rights, as noted above), and it is assumed that all of them cast votes in favor.)





Accelerate the pace of selling strategic holdings

As of Mar 31, 2025, Noritake held as many as 76 strategic shareholdings. The four largest were three other Morimura companies and MUFG, all cross-shareholdings.

The purpose of holding is shown but transactions with the three Morimura companies are limited, and given the financial position, why it needs to maintain cross-shareholdings simply to preserve or strengthen its relationships with banks?

In reality, **is it to simply maintain a stable shareholder base, or are they merely holding the shares out of habit due to past circumstances?**

Goal is to maintain a stable shareholder base? Or simply holding out of habit?

Top holdings by market value and purpose of holding

Company	Mkt value	Purpose of Holding	Cross-shares
TOTO	6.6bn	To maintain and strengthen close relationships within the Morimura Group	Yes
Niterra	6.2bn	To maintain and strengthen close relationships within the Morimura Group	Yes
MUFG	4.4bn	To maintain and enhance strong relationships with financial counterparties	Yes
NGK	2.9bn	To maintain and strengthen close relationships within the Morimura Group	Yes

merely a formal description and does not reflect the reality





Accelerate the pace of selling strategic holdings

Cross-shareholdings pose many problems beyond the creation of stable shareholders. As of Mar 31, 2025, the strategic shareholdings stood at nearly 20% of net assets, and if the pace is not picked up it is likely to be well above 20% by Mar 31, 2026. **The pace of disposals should be stepped up dramatically, and all such holdings should be wholly sold as promptly as possible.**

Various issues associated with strategic shareholdings

When held as a stable shareholder

- Assets entrusted by shareholders used to help directors of companies that issued the shares in protecting their own interests.
- Opposite of a “Wolf Pack”, are the allegiant shareholders a “Flock of Sheep”?

When purpose is to maintain, facilitate transactions etc.

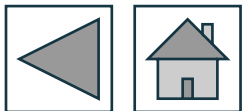
- Benefiting from transactions due to the shareholding may be a violation of Companies Act (prohibition of profit sharing).
- If owning stock facilitates business, there may be less incentive to improve products and services, resulting in less competitiveness.

Financial issues

- Impact to P&L and shareholder’s equity from stock price movement that has nothing to do with the performance of the core business.

When a business partner coercively requires stock to be held

- Could be a victim of conduct similar to abuse of superior bargaining position, which is an unfair practice under Antitrust laws.



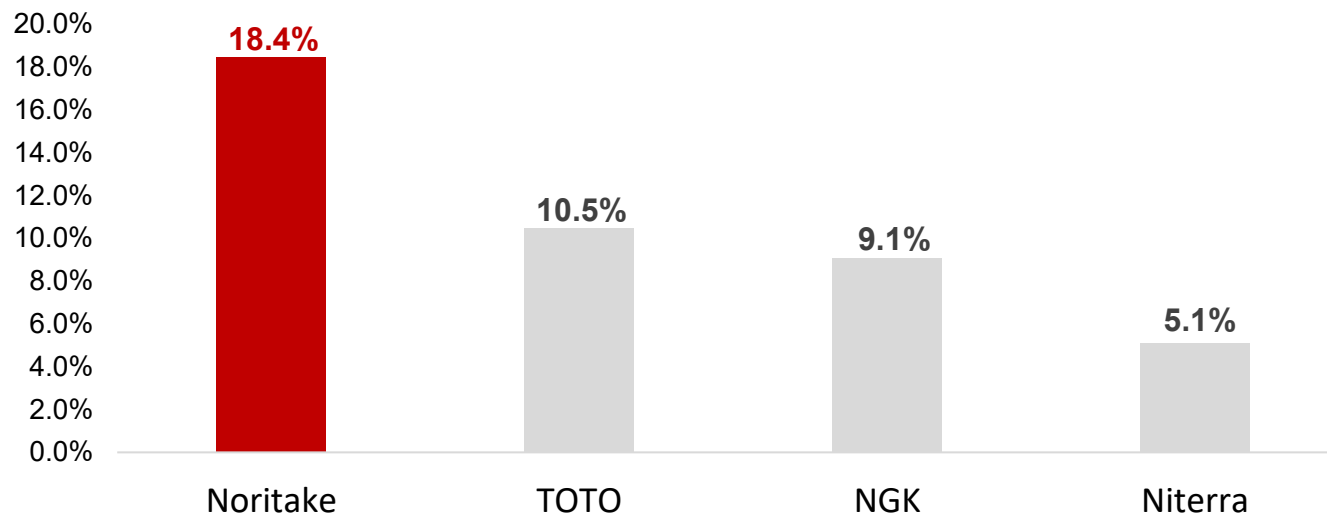


Accelerate the pace of selling strategic holdings cont'd

Cross-shareholdings are a historically common practice among Japanese companies, but in recent years, efforts to reduce them have been gaining momentum due to revisions to disclosure rules by the FSA and the TSE, and to the Corporate Governance Code. According to the TSE's [White Paper](#) on Corporate Governance 2025, cross-shares represent less than 5% of net assets for about half the companies on the Prime Market, and 10% or less of net assets for about 70% of the companies on the PM. In that regard the Morimura Group as a whole is a "slacker," but Noritake stands out poorly even here. As the eldest son of the group, we believe that Noritake should set a positive example for the others.

Noritake lags behind in reducing strategic shareholdings even within the Morimura Group

Value of cross-shareholdings to net assets (Mar-2025)



Source: Annual Securities Reports released by respective companies



Make a 3-for-1 stock split

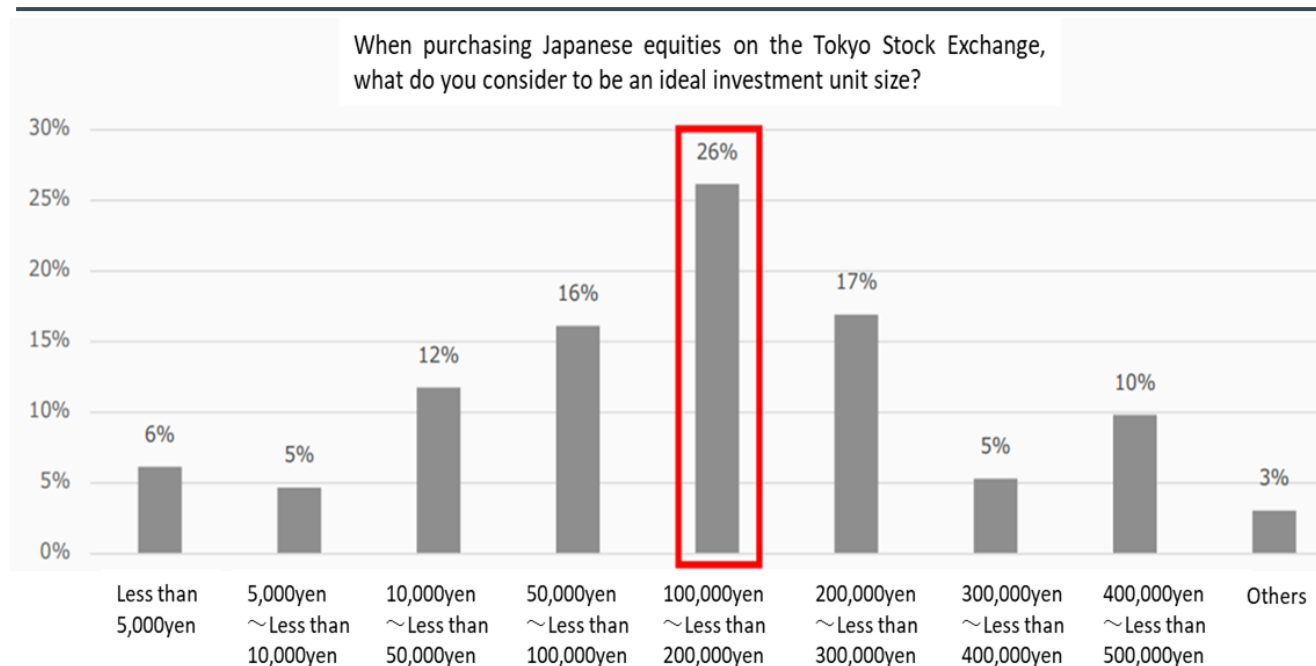
Even after conducting a two-for-one stock split in April 2026, one trading unit exceeds JPY 300,000. In addition, considering the current valuation the share price will need to go even higher.

According to a survey of individual retail investors conducted by the TSE, the most preferred trading unit was in the range of JPY100,000 to 200,000. Data also shows that companies that have implemented stock splits experienced a significant increase in the number of individual shareholders.

Since an increase in individual investors would also contribute to improved liquidity, the Company should **adjust its trading units to a level preferred by individual investors, and we propose an additional 3-for-1 stock split.**

Retail investors prefer a trading unit in the JPY 100,000 to 200,000 range

Survey results to individual investors conducted by the Tokyo Stock Exchange





Strategic Capital

Shareholder
Proposal

Slacker son

Lose weight
(equity ratio)

Tidy up
(unprofitable businesses)

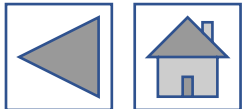
Be more proactive
(cross-shares)

Stock split

Revision History

Disclaimer

Revisions





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