

We aim to accelerate the speed of management under a new structure and to solve social challenges and achieve sustained growth.

Takeshi Kawai Representative Director, Chairman of the Board

Promoting initiatives for transformation during seven turbulent years

Effective April 1, 2026, Keiji Suzuki assumed the role of Representative Director and President. Together with me as Representative Director, Chairman of the Board, we will lead the management of the Niterra Group under a new structure. The current Mid-term Management Plan 2030 is a plan we have developed through repeated discussions with the new President since its formulation stage. In an era of rapid change, there is a risk that mindsets can become rigid if the same management structure remains in place for too long. With the aim of increasing management speed and responding more swiftly to environmental changes under a leader with a fresh perspective, we have launched a new execution structure starting this fiscal year.

Looking back at my tenure as President since 2019, I feel that while we challenged ourselves to transform in anticipation of a major turning point where the automotive industry moves toward EVs and the use of diverse energy sources such as hydrogen and e-fuels, we also spent our days reacting with swift decisions and responses to dizzying changes in domestic and international affairs. At that time, we entered an era where conventional common sense and values no longer apply, marked by the COVID-19 pandemic, the acceleration and deceleration of the EV shift, rising geopolitical risks, soaring raw material and energy prices, US tariffs, and expanding demand for AI and semiconductors. It might be more accurate to say that I was constantly forced to make decisions rather than simply continuing to make them. However, even if EV demand slows down temporarily, the trend toward diversification of fuels used in machines such as automobiles and a shift to clean energy remains the default path. Furthermore, our management stance of contributing to society through our technology, a commitment we have held since our foundation, remains unchanged. By keeping a steadfast axis of judgment based on global trends, making course corrections while deciding and acting with a sense of speed, I believe we have been able to sow the seeds for transformation.

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Linking the integration of Niterra Materials to pillars of growth

One of these seeds is the employee mindset, which is a prerequisite for the company to change. One achievement is that the company system introduced in 2021 has increased awareness among each business unit regarding their own revenue structures and how they should respond. For example, even in difficult situations such as soaring raw material prices or tariff risks, a change has spread throughout the company where those on the production floor quickly grasp the situation and proactively move to pass through costs. Furthermore, I believe the job-based system has become a mechanism that encourages positive change for motivated talent by making it clear how their work and achievements lead to their treatment.

Another seed is the creation of the next pillars of growth. Regarding the creation of new businesses, I cannot say that our challenge to create revenue pillars using our own management resources has fully borne fruit. However, we are continuing initiatives that have the potential to solve future social challenges, such as the solid oxide fuel cells (SOFC) developed by our group company, MORIMURA SOFC TECHNOLOGY Co., Ltd., and the solid oxide electrolysis cells (SOEC) at Niterra. Additionally, the integration of Niterra Materials in June 2025 was an important move to strengthen our pillars of growth centered on our strength in ceramics. We will continue our efforts to fuse the company's technologies, such as silicon nitride, with our own strengths so that it becomes one of our future pillars.

Tackling reforms of headquarters functions under the new structure

As a result of these initiatives for transformation coinciding with the strong foundation of our current businesses, steady results have appeared in terms of business performance. From the fiscal year ended March 2022, both revenue and operating income have reached record highs for five consecutive terms, and our market value, including stock price and PBR, has improved incomparably since I first became President.

This is backed by tailwinds such as exchange rate trends, a correction in the EV shift, and expectations for semiconductor-related demand. Furthermore, as the number of companies capable of continuing to fulfill their supply responsibility in the internal combustion engine business decreases, we have moved forward from an early stage with passing through costs associated with higher expenses, such as rising precious metal market prices. We have also carefully inherited the business models refined by our predecessors, as well as the product strength, strong sales network, brand, and relationships of trust with customers that support them. Our sincere attitude toward manufacturing, continuing to refine our technology for quality improvement upon this foundation, has also led to our current competitive advantage.

Going forward, the challenge will be how to steadily continue refining our on-site capabilities while simultaneously fostering an organizational culture that takes on new challenges and generates innovation. Looking back over seven years, I am once again acutely aware that changing is by no means easy for a company. In particular, the more successful current businesses are, the harder it is to generate motivation for change; however, I believe it is essential to take the next step toward a new challenge now while we have the capacity.

While there have been some tangible results, the transformation of our headquarters functions is an area where we did not achieve the desired outcomes. Regarding the remaining issues, we are currently working to build stronger headquarters functions under the execution structure led by the new President through an organizational change that clearly separates strategic and execution functions at headquarters. I believe President Suzuki is a hybrid leader who, in addition to his experience in technical roles, has experience in sales and overseas assignments in the US; he views things from multifaceted and rational perspectives and is capable of making tough decisions when necessary. I expect that through his unique leadership, he will have the seeds we have sown bloom into flowers.

Supporting the challenges of the new structure from a long-term perspective

Going forward, the new President will lead short- and medium-term management execution, while I will focus on management decisions from a long-term perspective and on talent development.

As Chairman, what I want to prioritize going forward is continuing to think over a longer time horizon about how the company can contribute to society and grow sustainably. The Niterra Group 2040 Vision is "We will be a company that brightens the Earth by solving social challenges through our unique, Tokushu, technologies and ideas." So, in what direction will we brighten the Earth, and which social challenges will we address? To ensure we do not lose sight of the direction the company should take, I intend to continue discussing its significance through repeated dialogues both inside and outside the company.

In order for our stakeholders to understand and appreciate the will of the Niterra Group, thereby leading to further improvement in corporate value, accurate information disclosure and continued sincere dialogue with all stakeholders are indispensable. Just as I did during my time as President, I will engage sincerely as Chairman and continue our dialogue while balancing factors such as growth investments, shareholder returns, and financial soundness. In addition, precisely because our business performance is currently strong, I will encourage risk-taking with a view toward the future and support the challenges undertaken by the new management structure.



Even as we transition to a new structure, we will not lose sight of the direction in which our company should proceed. Our core automotive components business also possesses a strong business foundation, and the seeds for its continuous growth and the establishment of new pillars of business have already been sown. I expect that selection and concentration, organizational transformation, and the enhancement of human capital will further evolve under the new President, and as Chairman, I will support our progress from a long-term perspective.

I hope that our stakeholders will look forward to the initiatives of the new structure and provide us with their frank opinions and insights. I believe that such dialogues will expand the new options available to the Niterra Group and lead to sustained growth. I ask for your continued support and guidance.

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