

Accelerating the Group's growth by establishing new businesses leveraging core assets and strengthening the revenue base of the automotive components business

Keiji Suzuki Representative Director, President

Transforming our approach and systems first optimized for the automotive components business

Effective April 1, 2026, I was appointed Representative Director and President. Together with Chairman of the Board, Takeshi Kawai, I will lead the management of the Niterra Group under a new structure.

After joining the company in 1993, I spent my first six years or so engaged in sensor design and development. After that, I worked as a sales engineer, a role that involved close, long-term interactions with customers. During that time, I was assigned abroad to the United States twice for a total of eight years. Upon returning to Japan, I served as the head of the sensor business and held executive roles in areas such as R&D and corporate management strategy at headquarters, leading to my current position.

For approximately 90 years, we have supported the evolution of the mobility sector, primarily through our business involving internal combustion engine (ICE) components such as spark plugs and sensors, and have grown alongside the automobile industry. However, as the automobile industry faces a period of transformation driven by the shift to electric vehicles, we, too, are now called upon to undergo fundamental change.

Over the seven years during which the former President spearheaded

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the drive for transformation as top management, we have seen measurable progress in shifting our mindsets internally and creating new businesses. On the other hand, while maintaining strong business performance, we are still only part of the way toward business portfolio optimization. Personally, through my involvement in human capital initiatives and the formulation of Mid-term Management Plan 2030 (hereinafter, MMP 2030)—starting from my time as a Corporate Officer—the challenges that needed to be overcome to drive our transformation gradually became clear to me. What is fundamentally required of us is to re-examine the corporate mindset and systems, which have long been optimized for the automotive business, and, adopting a more flexible and broad-minded approach, transform the talent and systems we have cultivated so that they can be leveraged across a diverse range of businesses. Of course, change is not easy for companies; the better things are going, the stronger the status quo bias becomes. However, precisely for that reason, we must now take on the challenge of transformation, even when it entails pain. It is the responsibility of top management to make that decision and carry it out.

During my time as a sales engineer acting as a liaison between customers and internal stakeholders, I always prioritized understanding the other party's thoughts and intentions by putting myself in their shoes as much as possible. And, when faced with challenges I could not resolve on my own, I have overcome them by drawing on the knowledge and support of those around me. Furthermore, my time working in the United States deepened my ability to view both myself and Japan objectively, as well as my commitment to making rational judgments. The qualities and mindset I developed through these experiences have shaped my own management philosophy. Listen to diverse opinions and perspectives, understand the underlying context, and—even in situations with no clear-cut answer—ultimately make the decision yourself. Once the decision has been made, carefully explain the background, gain the understanding of those around you, and rally the collective strength of employees. We intend to uphold this management stance and drive transformation through the concerted efforts of the entire company.

Working with a professional mindset to become a company that brightens the Earth

Our vision for 2040 to become a "company that brightens the Earth" embodies our determination to expand the value we deliver to society through our business activities more than ever before. Starting with the development of Japan's first spark plug, we have contributed to society through our automotive components business by supplying plugs and sensors that help reduce environmental impacts and improve energy efficiency, in response to the changing needs of the times. Moving forward, we will leverage our cultivated core assets to expand our reach beyond the mobility sector and contribute to solving a wider range of social challenges.

By clearly articulating this resolve, we aim to foster confidence among our employees and meet the expectations of our stakeholders. Toward this end, I want every employee to approach their work with dedication and a strong focus on results—acting as true professionals—and to let their own talents shine. This cumulative effort enhances our standing in society and paves the way for sustained growth, increased corporate value, and the realization of our vision to be a company that brightens the Earth. We hope to create such a virtuous cycle.

Accelerating growth by concentrating management resources on three focus areas: Mobility, Semiconductors, and Environment & Energy

Under MMP 2030, we have set forth a policy to concentrate management resources on three focus areas; namely, Mobility, Semiconductors, and Environment & Energy, where we can maximize the use of our core assets.

The mobility sector is a core area for us. We take pride in the fact that, by holding a significant market share and serving as part of social infrastructure, we have contributed to enhancing the convenience of people's lives. As we continue to focus on this area, we will further hone our existing competitive advantages and fulfill our responsibility to ensure business continuity as a unique supplier, while simultaneously boosting profitability through enhanced efficiency. We also anticipate growth in silicon nitride-related products for EVs, which are handled by Niterra Materials, during the latter half of MMP 2030.

We view semiconductors as an area to be established as the next pillar of earnings during MMP 2030. With the SPE business at the core, we will steadily expand production and make timely, appropriate investments to accelerate business growth. We aim to contribute to industrial development, particularly in fields that will underpin future social infrastructure, such as AI and high-capacity memory, just as we have done in the automotive components business.

As the Environment & Energy sector requires a bit more time to generate returns, we view the current Mid-term Management Plan period primarily as a phase for sowing seeds. Aiming to become a key player in the upcoming hydrogen society, we will enhance our presence over the five-year period of MMP 2030 through initiatives such as demonstration experiments.

To achieve results in these three focus areas, the challenge lies in breaking away from the automobile-centric mindset I mentioned earlier. Of particular importance is the transformation of our human resources. I believe that one of the reasons the transformation of our business portfolio has not progressed as intended is that the reallocation of human capital and the shifting of roles did not advance sufficiently. Going forward, we will optimize our talent portfolio to align with our target business portfolio and steadily reflect the achievements in our business activities.

Also, when executing strategy in uncertain times, it is crucial to have a clear set of criteria to guide the company's decision-making. These are the four Shared Values of the Niterra Way that originated during our early days as Morimura Gumi*1 in the early Meiji period. We recognized a parallel between the historical context of that time and the challenging phase we currently face. We have, therefore, articulated these values anew and are working to embed them throughout our organization. The values of Dokuritsu-Jiei (Demonstrate a commitment to taking ownership—trusting in your own capabilities without relying on others.) and Soshi-Kantetsu (Have cherished desire, and carry it through till the end.) are apt in our current transformational phase. This is exactly the time when every one of our employees should go back and rediscover these Shared Values. To ensure these values take root, it is crucial not merely to state them but to explain them alongside our founding history and background. This enables each employee to interpret the concepts in the context of our current position and translate that understanding into action.

*1 Current: Morimura Bros., Inc.

Accelerating growth using synergies with NTK CERATEC and Niterra Materials

In FY2025, we achieved record-high profits for the fifth consecutive fiscal year, driven by a strong performance in the automotive components business and favorable foreign exchange rates. The measures outlined in MMP 2030 are proceeding largely according to schedule, and I rate our performance in the first fiscal year as satisfactory. For FY2026, the second year, we are steadily advancing our initiatives to achieve the targets of increased revenue and profit. However, of more importance is the third year onwards. It is precisely at this juncture—as the results of initiatives and investments from the first half of the Mid-term Management Plan begin to materialize—that our true worth will be put to the test. First, we will consider the appropriate allocation of resources to achieve the targets set out in MMP 2030, while at the same time working continuously to strengthen human capital and enhance organizational capabilities to support the execution side.

NTK CERATEC and Niterra Materials hold the key to unlocking

growth during the current Mid-term Management Plan. We look to the SPE business, handled by NTK CERATEC, to drive near-term performance. The market for wafer fab equipment is projected to grow at an annual rate of 7% to 10%, fueled by AI-related investment, and we anticipate expansion of our market share in the medium term. In particular, our electro-static chuck offer a distinct advantage in that they achieve uniform surface temperatures, among other benefits, through our proprietary sheet lamination technology. This characteristic meets the advanced technical requirements for next-generation semiconductor manufacturing. We have already begun the provision of prototypes for next-generation semiconductor manufacturing equipment. For the time being, we will steadily capture revenue growth driven by the expansion of the semiconductor market. Looking further ahead, we aim to achieve growth that outpaces the market by increasing our market share.

To capture the long-term rise in semiconductor demand, NTK CERATEC plans to launch operations at its new plant before the end of FY2026, with production capacity projected to expand to approximately 2.5 times the FY2025 level by around 2030. On the other hand, regarding future capital expenditures, we believe that decisions cannot be made based on the same mindset applied to our existing automotive components business. In the automotive components business, we have proceeded with investments while sharing demand forecasts with customers. Given the rapid pace of change in the semiconductor market, however, we must not rely solely on customer information; we need to make our own assessments by also monitoring trends in downstream markets.

Regarding Niterra Materials, we have reaffirmed, through the PMI*2 process, that it is a company that has built its market presence through technical expertise and that there is a very high level of technical synergies with us, particularly concerning silicon nitride-based materials. We anticipate synergies such as the development of high-performance products by combining these with our technical assets, as well as the direct utilization of the global automotive customers and sales channels we have established in the automotive components business. Niterra Materials' silicon nitride products are expected to see use in EVs, but they are currently facing short-term headwinds due to the slowdown in the EV market. Nevertheless, we anticipate they will contribute to earnings from the latter half of the Mid-term Management Plan onwards, driven by improved profitability from higher capacity utilization and the realization of synergies.

Due to the higher cost of Niterra Materials' silicon nitride balls compared to steel balls, they are currently installed in only a small fraction of electric vehicles. However, demand is expected to rise as EVs increasingly adopt higher voltages and higher power outputs, leading to market expansion over the medium to long term. We anticipate that adoption will begin with high-performance EVs—such as sports cars and luxury models—and then gradually become more widespread. Yet, cost competition with alternative technologies is inevitable. We view silicon nitride balls as offering a distinct advantage as a countermeasure against electrolytic corrosion that is relatively easy to implement; however, continuous cost reductions are essential for their widespread adoption. We will work to enhance our competitiveness through improvements in both materials and manufacturing processes.

*2 PMI stands for post-merger integration; the integration process following an M&A transaction.

Promoting productivity improvements and the selection and concentration of businesses to enhance ROIC

To improve ROIC in an effort to enhance profitability, we are working to maximize cash-generating capabilities by further strengthening the automotive components business and improving unprofitable businesses. Improving efficiency through the use of DX is a key pillar, particularly for the automotive components business. The current production systems in automotive components business face challenges regarding data integration across the entire process, from development through production to shipment. We aim to build an integrated system that links processes from upstream to downstream, enabling the centralized management and utilization of data. As the current situation is limited to partial optimization, we intend to establish a model line during the first half of the Mid-term Management Plan and roll it out more broadly during the second half. We plan to achieve the target of a 1.4-fold increase in productivity (compared to FY2024) over the five-year period of MMP 2030.

Regarding unprofitable businesses, we aim to improve profitability by reducing fixed costs; however, if we determine that a business lacks future growth potential, we have not ruled out options such as withdrawal or business divestiture. We will make the final decisions and move to implementation at an early stage, as necessary, without waiting for the conclusion of the Mid-term Management Plan. Withdrawing from a business is one of the most difficult decisions to make; however, after listening to various opinions, management will ultimately make the decision responsibly and carefully explain the reasons behind it. Through such decisions, we will rapidly reallocate limited management resources to growth areas where higher future returns can be expected.

Our stock price and price-to-earnings ratio (PER) are currently on an upward trend, but it is primarily due to a re-evaluation of the automotive components business. Consequently, this alone does not represent a fundamental enhancement of corporate value. To further increase PER going forward, it is essential that the market recognizes the future potential and expected contributions of the company in growth sectors such as Semiconductors and Environment & Energy. To this end, we plan to drive sustained growth in corporate value by establishing a framework during the period of the Mid-term Management Plan that balances growth investment with capital efficiency, while effectively utilizing cash through measures such as improving ROIC and utilizing financial leverage.



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Strengthening the management foundation underpinning sustained growth

Advancing concrete business and financial strategies and achieving results requires that we strengthen the underlying management foundation. “Strengthening the Management Foundation” is one of our key management priorities, and MMP 2030 outlines specific measures for its implementation.

We recognize “Reforms of Headquarters Functions” as a top-priority issue. In past organizational restructuring under the previous President, we had introduced a company system, worked to raise each company’s awareness of having Dokuritsu-Jiei (an independent spirit), and also considered moving to a more advanced organizational structure centered on the headquarters. To clarify where responsibility lies, we subdivided our headquarters functions and established a structure in which each department is accountable for its own role; however, this also gave rise to silos between departments, revealing a challenge in achieving sufficient cross-functional collaboration.

In light of such challenges, the primary focus of this organizational restructuring was to integrate previously fragmented functions to a certain extent and break down departmental silos, thereby strengthening the alignment between strategy and execution functions. In particular, we consolidated strategic functions, such as HR and finance, into the Global Strategy Division, while centralizing strategy-based execution functions within the Business Operations Division. Through this, we aim to embody the “strong and compact headquarters” envisioned by the former President and create an organization capable of steadily executing strategies in close coordination with our business departments.

Strengthening the management foundation also requires enhancing human capital so that every employee—who drives the company’s growth—can grow through their work and continue to thrive in society.

As I previously mentioned, we have relied heavily on the automotive components business for its business model for a prolonged period. As a result of this, we recognize that, particularly within headquarters functions and indirect departments, there has been a prevailing mindset of merely providing support, and we have not sufficiently cultivated the ability to take a company-wide perspective or to proactively manage headquarters operations. To change this situation, we must establish a mechanism that enables each employee to carry out their role with a professional mindset regarding their job and to continue growing. In advancing this form of human capital management, we will drive reforms in our human resources system and HR management, centering on a “job-based” approach that clarifies the roles, responsibilities, and compensation for both the organization and the individual.

I consider a “professional” to be someone who reliably fulfills their assigned roles and responsibilities and receives compensation in return for those achievements. As a traditional Japanese company, we had long maintained an organizational culture centered on seniority-based promotion and lifetime employment that fostered a “warm,” family-like atmosphere. Amid the changing times, and as the transformation initiated by the previous President progresses and a culture of mutual growth begins to take root, we aim to accelerate this momentum, clarify authority and responsibility regarding our work, and evolve into an organization where every individual fully carries out their mission. When all employees perform as professionals, the company fulfills its social responsibilities and gains a driving force for sustained growth. Furthermore, we will link our human capital initiatives to fundamental organizational transformation and encourage change across the entire organization, centered on Niterra Talent Management, which is based on a job-based approach.

Looking at our environmental initiatives, we have been steadily implementing feasible measures to achieve our target of reducing CO_2 emissions by FY2030 (46% reduction compared to FY2018). On the other hand, I believe the real difficulty lies ahead. To achieve our reduction target for FY2035 (71% reduction compared to FY2018), we must take on challenges that are more difficult than ever before.

As the Group expands its business reach through M&A and other means, strengthening Group governance is also a key priority. We have established a specialized department to monitor Group companies, thereby strengthening our management framework compared to the past. On the other hand, I do not consider our governance over Group companies, including sub-subsidiaries, to be sufficient. We will clarify the extent and level of our involvement, while first establishing a mechanism to properly understand the situation through each Group company.

Taking even the most critical feedback to heart and continuing to engage in dialogue with the market

I recognize the importance of engaging in timely and continuous dialogue with shareholders and investors, centered on the shared goal of enhancing corporate value. Through dialogue, we aim to foster an understanding of our intended direction and strategy, along with our assessment of the challenges we face. At the same time, we are committed to listening to the perspectives and views of our shareholders and investors, taking even the most critical feedback to heart as necessary and incorporating those insights into our management.

The points raised by investors as concerns often overlap with the challenges we have identified. We view information that appears negative as valuable for management, precisely because it allows us to reconfirm that our internal concerns are valid even when viewed from the outside. Many individuals offer comprehensive insights informed by their experience across diverse industries, and the suggestions I gain from these broad perspectives are invaluable to us.

Moving forward, we will continue to advance our business operations with a focus on the core assets we have cultivated. The automotive components business is performing well, and there is still significant room for growth in the semiconductor business. Under our new management structure, we ask for your continued support and guidance as we pursue challenges and growth that go beyond the Group’s traditional path.

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