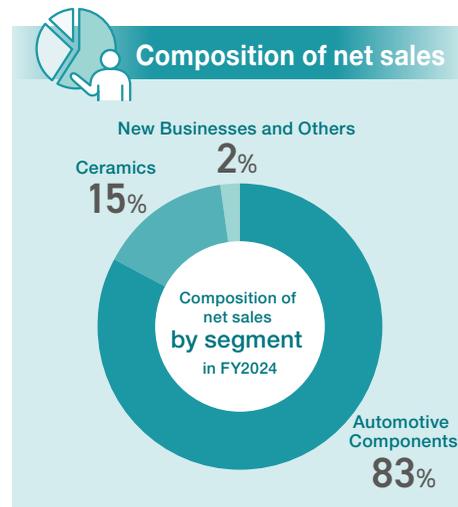
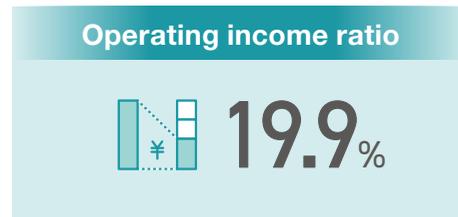


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Where We Stand Today

At a Glance (as of March 31, 2025)



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Message from the President

**Mobility, Semiconductors, and Environment & Energy—
We will aim to improve profitability by concentrating our resources
in areas where we can leverage our competitive advantage, thereby
further strengthening our ICE business while developing new
businesses in growth areas into new pillars of operations.**

Takeshi Kawai

Representative Director, President & Chief Operating Officer

**In this time of rising uncertainty, we aim to solve
social issues using our technological strengths**

This is the third year since the Group was reborn as Niterra in 2023. After changing the English company name to Niterra Co., Ltd., the refreshed Group name now embodies our desire to contribute to a sustainable society and become a company that brightens the Earth. To realize this ambition, we are taking on the challenge of entering new markets that will help solve social issues, while also projecting a new brand image that transcends our core products of internal combustion engine (ICE) parts, such as automotive spark plugs and exhaust gas sensors.

As a sponsor and exhibitor at the 2025 World Exposition (Expo 2025 Osaka, Kansai, Japan), I felt that the spirit we embody at Niterra is very similar to the Expo's theme of "Designing Future Society for Our Lives." Our Expo exhibition was based on the theme of "Brightening the Future of the Earth" with the Power of "Water" and "Air," and in addition to Circulation Performance by Water and Air, we showcased an aerial sense device equipped with an ultrasonic generator that uses lead-free piezoelectric ceramics that were developed by Niterra. The high acclaim we received from so many Expo visitors surpassed our expectations and provided great encouragement to our employees there.



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Message from the President

I'm originally from Izumisano in Osaka Prefecture, and I visited the Osaka Expo that was held in 1970. I vividly remember my excitement at seeing cutting-edge exhibits and products, such as moving walkways, mobile phones, and even a human washing machine. Fifty years later, many of the products and services that seemed fantastical at the time are now a part of our reality. Before my appointment as an executive officer, I worked for about 25 years as an engineer involved in the research and development of sensors, which was an unconventional field at the time. When I look back at my experience of immersing myself in R&D every day in this small department, it makes me realize that humans can turn almost anything they can imagine into reality.

As long as we have a roadmap or pathway to follow to make decisions, we can take actions promptly, and if the results are different from what we expect, we can change direction or make modifications. If we take such an approach, we will be certain to attain our goals. And if we arrive at an unexpected place, all we need to do is correct course. I believe that both humans and corporations can reach their intended destination if they move forward one step at a time, even if there are twists and turns along the way.

In wider society as well, the fracture in the international community has deepened in recent years, with differences emerging between regions in the commitment to combat climate change and in approaches to DE&I (Diversity, Equity, & Inclusion). In the automotive industry, the shift toward EVs, once called a once-in-a-century radical transformation, has slowed down, and the growth trends of hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) are continuing.

Nevertheless, cooperation between a diverse range of talent remains the driving force for creating innovation, and in the pursuit of carbon neutrality, the global goal is unchanged even as differences in the speed of action emerge. Fuel is diversifying not only for automobiles but across all industries, and the shift toward clean energy is still the default path.

Even as US tariffs and other policies change the business environment from minute to minute, our management stance of contributing to society through our technology, a commitment we have held since our foundation, remains steadfast. In this time of rising uncertainty, the Group will continue to work together to solve social issues by leveraging our technological strengths.

Ceramic materials and processing technologies are the source of our unique, *Tokushu*, technologies and ideas

By enhancing competitiveness through horizontal integration and fusing our development technologies, we expect high market growth and synergies over the mid- to long-term

Our Group is working on creating new businesses while further strengthening our ICE business, taking into account global trends toward decarbonization and the electrification of vehicles (EV shift).

The first four years in the first half of the Long-term Management Plan 2030 are now complete. As we seek to accelerate initiatives over the five years in the second half of the plan, we have established Our Vision for 2040 that lies beyond, expressed as our goal to “We will be a company that brightens the Earth by solving social issues through our unique, *Tokushu*, technologies and ideas.” Outside of Japan, the Group has 62 locations and sells products in more than 140 countries or regions. Our overseas sales ratio has reached 84%. When expanding business internationally, neither the global environment nor the Company will be sustainable unless we address head-on social issues on a global scale in terms of both the environment and human rights, while also ensuring economic rationality. This is also a statement of our responsibilities as a global corporation.

The source of our unique technologies and ideas is the ceramic materials and processing technologies that we have cultivated in our ICE business since our foundation. The development of our spark plugs, which took as long as nine years, originated in the determination of our first President to produce plugs using porcelain, one of Japan's specialties. Ever since, we have leveraged the characteristics of ceramics and continued to refine our technologies, enabling us to create high-performance, environmentally friendly spark plugs and exhaust gas sensors, semiconductor-related components such as electro-static chucks, and other products and services in line with the business environment and that address social issues.

Recently, as EVs are operating on increasingly higher voltages, demand is growing for EV motor bearing balls made using silicon nitride, a ceramic material. To respond to this expanding demand in the EV market, which



includes HEVs and PHEVs, we acquired Toshiba Materials Co., Ltd. as part of our M&A strategy because of its development capabilities for silicon nitride ceramics and other materials, and its EV product strengths. This organization was added to our Group in June 2025 and will henceforth be known as Niterra Materials. By enhancing our competitiveness through the horizontal integration of our respective strengths in ceramics-related technologies, which originate in different fields, and fusing the development technologies of both companies, we expect to see high market growth and synergies over the mid- to long-term even as the EV market is showing signs of slowing down. In addition to their experience gained from research into next-generation technologies, Niterra Materials is also proactively conducting joint developments with partner companies, and I believe that this knowledge will also prove invaluable. Other products such as the solid oxide fuel cells (SOFC) made by the Group's MORIMURA SOFC TECHNOLOGY Co., Ltd. and Niterra's solid oxide electrolyzer cells (SOEC) were also based on our ceramics development capabilities and processing technologies. The small, reversible SOC system capable of generating hydrogen and electricity that we developed in 2024 may also become economically rational as a business product if we can raise its value and awareness of its significance as infrastructure capable of providing distributed power sources. This is likely to become an important theme for the next generation of energy.



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We aim to improve profitability by concentrating resources in areas where we have competitive advantages

For the Key Management Priorities (Niterra Materiality) as well, we formulated new items to address the three themes of Solving Social Issues, Human Capital, and Management Foundation. The basic concept of strengthening human capital and other business infrastructure for solving social issues has not greatly changed from our previous materialities. The main changes are setting a direction that further emphasizes human capital, and dividing the materialities into objectives and methods and changing their descriptions to make them easier for employees to understand, ensuring that the materialities permeate the Company and lead to action. The executive officers discussed the revisions before holding further deliberations to hear the opinions of the outside directors; as a result, the executives were able to come to a joint understanding. We also changed the headquarters organizational structure as a result of updating the materialities. We will continue to drive forward materiality initiatives through our business as we aim to both solve social issues and establish economic rationality.

After we reached the end of the Mid-term Management Plan 2025 (MMP 2025) in FY2024, we started the Mid-term Management Plan 2030 (MMP 2030) as the final step toward the 2040 Vision.

Looking back over the four years of the MMP 2025, we achieved record highs in both revenue and operating income for four consecutive years. Particularly in our ICE business, our continued shift toward high-value added products, the ability to pass through price increases due to inflation, and the tailwinds of a cheap yen resulted in soaring growth.

In growth and new businesses, while revenue increased in semiconductor-related businesses, new businesses took longer than expected to establish, and this remains a challenge.

The outlook for the business environment in the automotive industry and the ICE business is expected to see a slowdown in the worldwide shift to EVs and a certain reversion to ICE vehicles. As such, we expect our spark plug sales starting in 2025 to continue to outpace the growth in the ICE vehicle

market. In our non-ICE businesses, we have established some projects as businesses, such as land-based aquaculture system, even as others remain halfway completed.

Given this business environment, the Group's strengths, and current issues, we will aim to further strengthen our robust ICE business while leveraging our cultivated core assets to develop non-ICE businesses into new pillars that will drive next-generation growth.

In the MMP 2030, we have identified the ceramics and gas sensing technologies that we have developed over many years and the global automaker customers and sales channels that we have built in the ICE business as being the source of our competitive advantage, and narrowed down our focus areas to Mobility, Semiconductors, and Environment & Energy. We plan to focus our investment resources on the areas that are aligned with our competitive advantages, and combine the stable, long-term business of ICE with the growth field of new businesses as we aim for overall optimization and increased profitability.

A key issue of the MMP 2030 is how to increase the economic rationality of the new business pillars that we are developing and foster new businesses. One potential method is to focus on broadening the synergies of Niterra Materials now that it has joined the Group. Niterra Materials has material design, processing, and product application technologies in a wide variety of fields, and when combined with Niterra's knowledge, technologies, and global customer base in the field of ceramics, it will create a virtuous cycle that will transcend the mobility and semiconductor domains.

Fostering empathy and expectations for the Company's future by raising employee engagement

A crucial requirement for realizing our targets and vision for the next five years is to conduct the human capital and management foundation initiatives that we have identified as Key Management Priorities. Although the desire to make money through our businesses is strong at the Company, one issue is that reform of the headquarter functions has been inadequate. Our biggest concern is that the headquarters structure has been allowed to grow bigger with no major changes as the business expanded. Raising productivity and increasing the added value of indirect departments are key themes in the MMP 2030. In other words, while each business acts with centrifugal force as

Materiality revisions and the Niterra Way, the foundation of our decision-making

We are currently redefining the Niterra Way, the Group's philosophy system that acts as a guidepost as we proceed with business activities. The Niterra Way highlights Dokuritsu-Jiei, Soshi-Kantetsu, Shisei-Shinjitsu, and Shikai-Keitei as values that should be shared among all employees and passed on to the next generation. When I look back at my time as a researcher, I remember how I took ownership over my work with a sense of Dokuritsu-Jiei, or independent spirit, in a development workplace where there was no single correct answer. 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 transformational age where we must seek for ourselves answers that are right for us. I believe that every one of our employees should go back and rediscover these Group values.



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it pushes outward to maximize flexibility, expand markets and create new businesses with a sense of speed, the headquarters tries to function with increased centripetal force, as it pushes inward to respond to changes in the external environment and perform prompt decision-making and strategic risk management. By establishing “new global management foundation to drive transformation,” we aim to create an organization where diverse and proactive individuals embody the Niterra Way.

To achieve this, we established 'Niterra Talent Management' as a new policy for leveraging talent and developing the workplace environment. We have steered the helm of reform to adapt to changing market environments and ensure competitive principles function effectively, implementing initiatives such as an in-house company system and a new HR system.

However, the very success of our ICE (Internal Combustion Engine) business—a valuable asset inherited from our predecessors—has perhaps served as a double-edged sword. The transition from a culture that nurtures business and people with 'family-like warmth' to one driven by healthy competition and mutual growth has not progressed as anticipated.

So how can we make organizational transformation a reality? Niterra Talent Management focuses above all on fostering high expectations for the Company. Rather than stimulating competition through a sense of crisis, this management policy fosters an organizational culture that will raise employee engagement by instilling a sense of empathy with the future progress of the Company and encouraging employees to take on the challenge of entering new fields themselves.

The first step is to develop and instill the Niterra Way that forms the foundation of the code of conduct and decisions of employees, and through dialogue, share the vision of employees for the future in high resolution; in this way, we will focus on developing talent with strong will to take initiatives. These days, there is no predetermined “correct” way to conduct business or live our lives. That is why it’s important to act before we start to feel doubt or fear failure. If we take on a challenge, we will be sure to receive some kind of answer. If the results are completely different from expectations, we can try taking the opposite approach. We aim to build an organization where talent thrives and, in turn, brightens the Earth, earnestly practicing Dokuritsu-Jiei with the mindset that 'every failure yields results' and 'we make our actions the right answer.'

To achieve this goal, we are developing Global Job Posting and Global Grading as two initiatives that form a new evaluation system. The aim is to

clarify job assignments and job requirements in a fair manner on a global scale, and clarify and visualize position and job posting decisions in a way that is globally consistent. Departments responsible for human capital matters, including the Human Resources Strategy Department, Sustainability Strategy Department, and Corporate Communication Department, have come together to form the Well-being Strategy Group, and I myself am working as the Director in charge of this Group. Management takes seriously our responsibilities to create an environment that supports the growth of diverse talent.

Management promotes both internal and external dialogue to communicate the value of the Niterra Group

Increasing ROE and ROIC was a key policy under the MMP 2025, and over the four years, we achieved a dramatic improvement of 10.9% for ROIC and 14.1% for ROE. For the P/B ratio, the current level is around 1.8x, and we have consistently maintained a level above 1x. However, one of the main reasons for the improved P/B ratio is the trend in currency markets, with the cheap yen boosting results in the automotive business and leading to a rise in ROE.

I believe that to further enhance our corporate value and raise our stock price, it will be important to foster high expectations for the Company. Although our PER has improved slightly, we need to gain trust and expectations for a sustainable growth plan, such as creating new businesses that will become new pillars. As this will have a positive effect on PER and business expansion, management is strongly committed to rising to this challenge.

When I was appointed President in 2019, our P/B ratio was less than 1x and I was told candidly by investors that the Company would be worth more broken up than the stock price at the time. I worked hard to promote external IR activities with the goal of raising our P/B ratio above 1x.

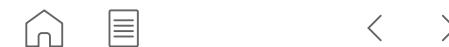
Going forward, I'd like to create more opportunities for dialogue, both internal and external, and I will strive to improve the quality of such

communication. To win high expectations from society and the market, a crucial first step is to increase the engagement of our employees who are in charge of business, so that they too will have high expectations for the future of the Company. Since my appointment as President, I've held roundtable discussions with employees on a continuous basis and promoted dialogue between employees and the executive officers in charge of departments. These measures and others have been included in a plan that promotes opportunities for multifaceted communication.

What kind of company is the Niterra Group, what are our goals, and how are we tackling social issues? To respond to these questions, management is proactively communicating the value of Niterra to foster empathy and high expectations for the Company. I hope that you, our stakeholders, will take interest in our challenge of transforming the Group, and I ask for your continued support and guidance.



By establishing “new global management foundation to drive transformation,” we aim to create an organization where diverse and proactive individuals embody the Niterra Way



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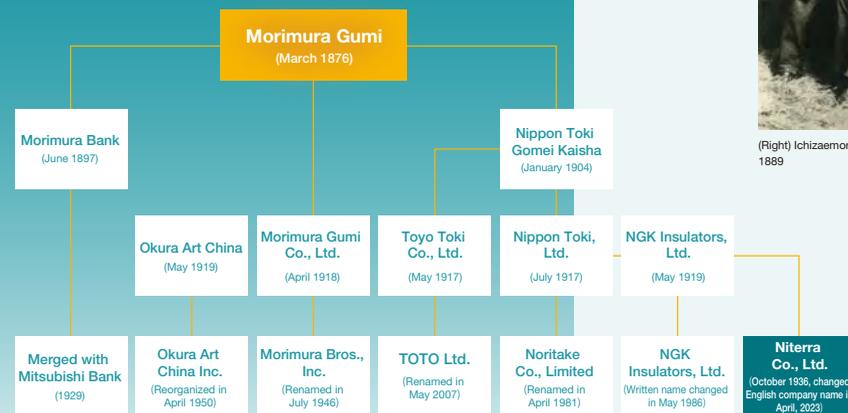
Timeline from Morimura Gumi to Niterra

History of the Morimura Group

The Morimura Group, a leading corporate group in the Japanese ceramics and porcelain industry, traces its roots back to 1876, when Morimura Gumi^{*1} was founded by brothers Ichizaemon and Toyo Morimura, pioneers of the Japanese trading industry. The history of the Group dates back to 1904, when the founders of Morimura Gumi established Nippon Toki Gomei Kaisha^{*2}, which was followed by the spinoff in 1917 of the company's sanitary ware division to form Toyo Toki Co., Ltd.^{*3} and by the spinoff in May 1919 of the insulators division to form NGK Insulators, Ltd.^{*4}, and also Okura Art China^{*5} in the same year. In October 1936, the spark plug division was spun off from NGK Insulators, Ltd. to establish NGK Spark Plug Co., Ltd., forming the foundation of the Morimura Group today.

^{*1} Now Morimura Bros., Inc. ^{*2} Later Nippon Toki Ltd.; now Noritake Co., Limited
^{*3} Now TOTO Ltd. ^{*4} Now NGK Insulators, Ltd. ^{*5} Now Okura Art China Inc.

Morimura Group Map of Company History



History since 1876

| | |
|-------------|--|
| 1876 | Morimura Brothers established. Identified potential in porcelain exports. |
| 1881 | Morimura Bank established (merged with Mitsubishi Bank in 1929). |
| 1897 | Morimura Bank established (merged with Mitsubishi Bank in 1929). |
| 1904 | Nippon Toki Gomei Kaisha established. |
| 1917 | Nippon Toki converted into a joint stock company (Nippon Toki, Ltd.); its sanitary ware division spun-off into Toyo Toki Co., Ltd. |
| 1919 | Nippon Toki's insulator division spun off into NGK Insulators, Ltd.; Okura Art China established |
| 1921 | NGK Insulators started research on manufacturing of spark plugs. |
| 1930 | NGK Insulators put spark plugs on the market. |

Ichizaemon Morimura VI and his brother Toyo founded Morimura Gumi in Tokyo, with Toyo starting an imported variety business in the U.S.



(Right) Ichizaemon Morimura, and Toyo, 1889

Honesty and Passion

Delivering good products on time at affordable prices. Morimura Brothers' honest attitude was appreciated even in the U.S., where the culture was different, and the company established its credibility. The modest trading that had started in the spirit of self-reliance and refusal of support from the Meiji government gradually grew into a major business as Morimura Brothers gained a reputation for honesty and passion.

"We will not sell anything that is useless after the customer takes possession of it"

Magobei Okura, who was in charge of purchasing for Morimura Gumi, was committed to integrity in terms of the quality of goods. That integrity was passed down to his eldest son, Kazuchika, who preached that "a supply of quality products and the satisfaction of consumers is the reality that we need to grasp." Based on this principle of quality products, the various Morimura Group ceramics companies flourished.



(Left) Magobei Okura, (Right) Kazuchika Okura

Dokuritsu-Jiei

Ichizaemon Morimura was an independent spirit, never relying on others, no matter the difficulty, and never taking unfair or unjust advantage, no matter how tempting. He resonated with the message of self-respect and independence of mind, espoused by famous educator Fukuzawa Yukichi. Ichizaemon said, "While it may be easy to start a business venture, it is also easy to err in direction. The fewer the challenges, the more careless one becomes." This philosophy remains fixed among Niterra management today.



In New York, Morimura Brothers, 539 Broadway, around 1893

Four Shared Values:

Dokuritsu-Jiei, Soshi-Kantetsu, Shisei-Shinjitsu, Shikai-Keitei

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History of Niterra

| From 1930: Startup period | From 1940: Growth period | From 1960: Establishment period | From 1990: Development period | From present to future |
|---|--|--|--|---|
| <p>Domestic automobile industry depending on imports</p> <p>In Japan in the 1920s, when the domestic automobile industry was still in its infancy, the supply of automobiles was limited almost entirely to imports from the U.S. and Europe, and automotive parts, including spark plugs, were also imported. The first President, Magoemon Ezoe, decided to produce plugs using ceramics, a specialty product of Japan, and led initiatives to launch domestic plug manufacturing.</p> | <p>Automobile production growing rapidly</p> <p>In the 1940s, domestic automobile production rose to 46,000 cars, as automobiles and related parts manufacturing developed into a major industry. Accordingly, demand for plugs also increased. After WWII, Japan ushered in a period of high economic growth in the late 1950s, when the country was rapidly becoming motorized.</p> | <p>Impact of high economic growth</p> <p>From the late 1960s, pollution problems emerged as a negative effect of the high economic growth, and the automobile industry was particularly called on to urgently address air pollution problems. Looking to fulfill needs related to such problems as well as resource conservation, we started research to develop new products that would help meet exhaust gas regulations. These regulations were made more stringent year by year, pushing up demand for high-performance plugs and sensors.</p> | <p>Tackling new social challenges</p> <p>From the 1990s, automakers began to focus on the development of electric vehicles, hybrid vehicles and fuel cell vehicles, as part of efforts to address environmental and energy issues. Those years also saw the explosive growth of information communication technologies bringing about significant changes in many people's lifestyle. In order to provide products that would meet new needs related to these societal trends, we promoted research and development based on our technologies built over many years.</p> | <p>Aiming to create a sustainable society</p> <p>Our business environment is undergoing an enormous change brought about by a number of factors, such as AI and IoT-driven digitization, the once-in-a-century transformation of the automobile industry led by the concepts of CASE and MaaS*, and mounting concerns over climate change and ESG-related issues. Recognizing this situation, we will concentrate management resources in our focus areas and help solve social issues through business activities.</p> |
| <p>Historical background and social issues</p> | <p>1936 NGK SPARK PLUG+ founded</p> <p>1937 Automotive Components Production of NGK Spark Plugs started</p> <p>In 1930, we released NG Spark Plugs, Japan's first domestically produced spark plug, and began producing NGK Spark Plugs in 1937.</p>  <p>NGK Spark Plug</p> <p><small>* Changed English company name to Niterra</small></p> | <p>1949 Ceramics Production of NTK Technical Ceramics started</p> <p>After the post-war confusion had settled down and spark plug production had stabilized, we began applying ceramics to develop new technologies and products for the diversification of our business. The new segment development was promoted under the brand name of NTK. Following this, we gradually broadened our ceramic product range to include those for industrial and environmental uses.</p> <p>1958 Ceramics Ceramic cutting tool commercialized</p> <p>Ceramic products started to play important roles in industrial fields such as electricity, automobiles, chemical engineering, and machinery, and in 1958, we developed and commercialized a cutting tool made of ceramic that was capable of cutting very hard materials.</p> <p>1959 Overseas business expansion</p> <p>Reacting to the boom in exports as Japan entered a period of rapid economic growth, the company established Cerâmica E Velas De Ignição NGK Do Brasil Ltda in Brazil in 1959 as its first overseas base. This led to our overseas advancement ahead of competitors to build strong global networks.</p>  <p>Cerâmica E Velas De Ignição NGK Do Brasil Ltda</p> | <p>1967 Ceramics Production of ceramic substrates and IC packages started</p> <p>In the late 1960s, the silicon semiconductor integrated circuit (IC) became a mainstream standard and its mass production began in Japan and the U.S. Following this trend, we started manufacturing ceramic substrates and IC packages by applying our ceramics technologies.</p> <p>1982 Automotive Components Production of oxygen sensors for automobiles started</p> <p>In Japan in the 1960s, as the full-scale motorization of society progressed, environmental degradation such as air pollution became a social issue. In response, exhaust gas regulations were made stricter. To help related industries ensure regulatory compliance, we began developing various sensors, primarily in association with exhaust gas, such as zirconia oxygen sensors and wide range oxygen sensors.</p> <p>1989 Ceramics Sales of electrostatic chucks started</p> <p>In the late 1980s, requirements for higher integration and lower cost of semiconductor elements intensified, which gave rise to a shift to ceramic components, characterized by the material's excellent heat and abrasion resistance, to be used for semiconductor production equipment. In response, we promptly introduced ceramic electrostatic chucks, and commenced mass production of the product in the 2000s to expand sales.</p>  <p>IC packages</p>  <p>Oxygen sensors for automobiles</p>  <p>Electrostatic chucks</p> | <p>1999 Ceramics Sales of medical oxygen concentrators started</p> <p>We started research on the possibility of medical applications of bio ceramics in the 1970s, looking to future opportunities afforded by the progress of population aging. Related results included the rollout of the bone prosthesis Ceratite in 1990 and oxygen concentrators for medical use in 1999.</p>  <p>Mobility</p> <p>Semiconductors</p> <p>Environment & Energy</p> |

Competitive advantages resulting in value creation
▶ P. 17

Sales revenue trends




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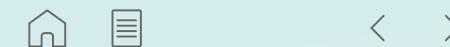
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* CASE (connected, autonomous, shared, electric): A new trend in the automotive industry.
* MaaS (Mobility as a Service): A concept that considers mobility as a service.

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Value Creation Process

The Niterra Group 2040 Vision is “We will be a company that brightens the Earth by solving social issues through our unique, *Tokushu*, technologies and ideas.” Based on our strengths of ceramics and gas sensing technologies as well as our global automotive customers and sales channels, we will engage in business activities in the three focus areas of Mobility, Semiconductors, and Environment & Energy to achieve a sustainable enhancement of corporate value.



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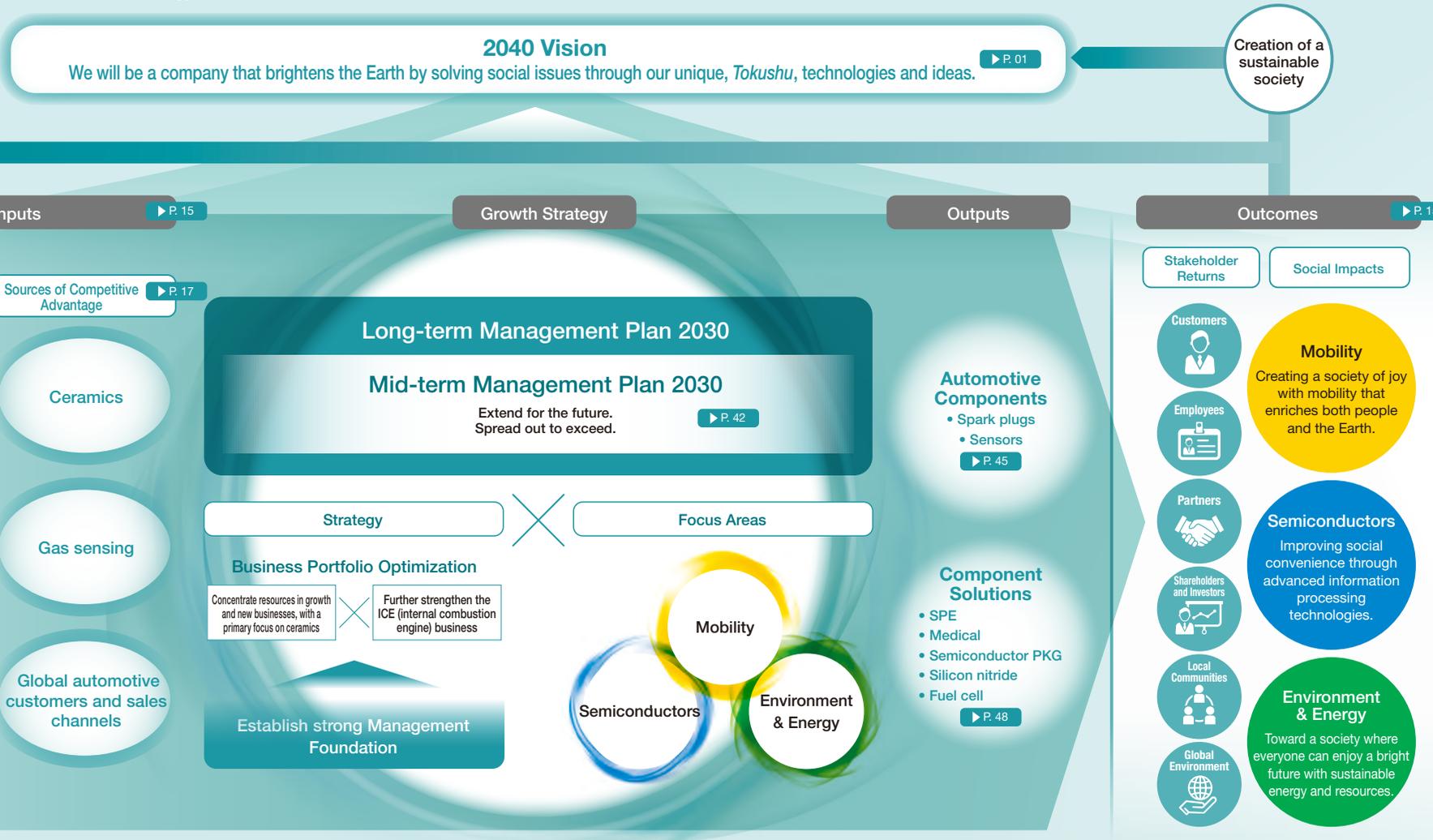
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The Niterra Way
▶ P. 04

Corporate Philosophy

Commitment/Management Policy/ Action Guideline

Shared Values

- Dokuritsu-Jiei** Demonstrate a commitment to taking ownership—trusting in your own capabilities without relying on others.
- Shisei-Shinjitsu** Embody the highest levels of sincerity, honesty, and authenticity—free from deception or pretense.

CSR and Sustainability Charter

We contribute to develop a sustainable society, thereby improving our corporate value.

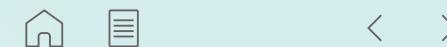
- Soshi-Kantetsu** Have cherished desire, and carry it through till the end.
- Shikai-Keitei** Conduct business that contributes to global peace and shared prosperity.

Key Management Priorities (Niterra Materiality)
▶ P. 27

- Solving Social Issues** Brightens the Earth through our technologies and ideas
- Human Capital** Diverse and proactive individuals embody the Niterra Way ▶ P. 56
- Management Foundation** Establish new global management foundation to drive transformation

01 Value Creation Story

Capitals and Outcomes



Inputs (Six Management Capitals)

| | |
|--|--|
| <p>Financial Capital</p> <p>▶ P. 53</p> | <p>Stable cash flow and robust financial base to support increases in ROE and PER</p> <ul style="list-style-type: none"> ● Operating cash flow: 132,921 million yen ● Ratings: AA- (R&I), AA- (JCR) ● Equity ratio attributable to owners of the parent: 68.1% ● Interest-bearing debt: 167,835 million yen |
| <p>Manufactured Capital</p> <p>▶ P. 65</p> | <p>Production systems that provide stable, high-quality, and highly reliable products</p> <ul style="list-style-type: none"> ● Bases in Japan: 31 ● Bases overseas: 62 ● Capital investment: 37,532 million yen |
| <p>Intellectual Capital</p> <p>▶ P. 66</p> | <p>Various applied technologies, expertise and innovative creation with ceramics material technologies and ceramics at the core</p> <ul style="list-style-type: none"> ● R&D expense: 28,144 million yen ● R&D expense ratio: 4.3% ● Patents owned: 5,261 |
| <p>Human Capital</p> <p>▶ P. 56</p> | <p>Business growth driven by global human capital strategies and support for self-driven career development</p> <ul style="list-style-type: none"> ● Employees (consolidated): 15,644 ● Ratio of employees overseas: Approx. 48% ● Ratio of employees with overseas secondment experience: 12.1% ● Number of DX Training participants: Basic training 7,516; Selective training 112. ● Ratio of female managers: 5.5% (As of April 1, 2025) |
| <p>Social and Relationship Capital</p> <p>▶ P. 74</p> | <p>A global sales structure supplying products to more than 140 countries around the world, collaborative relationships with stakeholders</p> <ul style="list-style-type: none"> ● Distributors association: Membership consisting of 374 parts dealers. This provides possible business relationships with nearly 80% of more than 70,000 maintenance shops across Japan ● Investments in startups: 33 companies (Number of investments made by Niterra Venture Company) ● Global sales presence: Approx. 140 countries |
| <p>Natural Capital</p> <p>▶ P. 68</p> | <p>Electricity, raw materials, water resources, etc., required for business activities</p> <ul style="list-style-type: none"> ● Electricity: 444,240,000 kWh ● Raw material input: 49,000 tons ● Water input: 1,540,000 m³ |

Outcomes (Return to Stakeholders and Social Impact)

| | | |
|--|---|--|
| <p>Customers</p> | <ul style="list-style-type: none"> ■ Help customers improve product quality by providing high-quality materials and components (help customers increase their competitive stance) ■ Improve customer satisfaction | <p>Mobility</p> <p>Creating a society of joy with mobility that enriches both people and the Earth.</p> |
| <p>Employees</p> | <ul style="list-style-type: none"> ■ Help employees acquire skills (provide growth opportunities) ■ Enhance job fulfillment and motivation | |
| <p>Partners</p> | <ul style="list-style-type: none"> ■ Improve the sustainability of business activities through transparency and stable transactions (strengthen profit base) ■ Continue with good partnerships | |
| <p>Shareholders and Investors</p> | <ul style="list-style-type: none"> ■ Stable shareholder returns ■ Increase share price and market capitalization | |
| <p>Local Communities</p> | <ul style="list-style-type: none"> ■ Hold and sponsor community events ■ Pay taxes ■ Create employment opportunities | |
| <p>Global Environment</p> | <ul style="list-style-type: none"> ■ Reduce CO₂ emissions ■ Reduce our environmental footprint across the value chain | |
| <p>Semiconductors</p> <p>Improving social convenience through advanced information processing technologies.</p> | | |
| <p>Environment & Energy</p> <p>Toward a society where everyone can enjoy a bright future with sustainable energy and resources.</p> | | |

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Outputs

▶ P. 45-51

▶ P. 19

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01 Value Creation Story

Value Created by Six Capitals

The Niterra Group is working to cultivate competitive advantages and leverage these to enhance corporate value. Below are messages from an employee in each capital category that clarify their roles in further strengthening each capital and driving value creation, and deepen understanding of the specific utilization and results of each capital.

Financial Capital

I'm in charge of capital management tasks. Capital management is not only about managing cash flows, but also has a direct role in improving capital efficiency in determining how to create value efficiently from invested capital. Higher capital efficiency helps provide stability for the Company, forming the foundation that makes us trustworthy. To achieve this, we work hard every day to manage capital appropriately and propose suitable methods for utilizing excess capital. The cash generated from increased capital efficiency becomes a source of future growth investments, leading to the creation of new value. Going forward, we will continue to conduct capital management that contributes to enhanced corporate value and makes our Company the number one choice of customers.



Y.T.
Financial Accounting Section,
Financial Management &
Operations Department,
Business Operations Division

Manufactured Capital

I've worked on the quality control of spark plugs for 11 years. When starting this role, I was surprised by how many items needed to be evaluated, but I had fun every day learning about their characteristics and performance. But after working somewhere for a long time, approaching a job just looking for fun isn't enough, and risks overlooking defects. Spark plugs are extremely important parts that are directly related to engine performance. This gives me a strong sense of responsibility, and motivates me in my daily work. I believe that the deep knowledge and strong concern for quality I have cultivated over 11 years will be useful in increasing the reliability of any product.



N.K.
Quality Control Section,
Quality Assurance Department,
IGNITE Business Unit,
Mobility Company

Intellectual Capital

I research innovative technologies that will become new pillars of business at the Company by trying to visualize the future in five or ten years. I've taken on the challenge of entering uncharted territory where no one else has gone, and I am passionate about creating new concepts that will break existing paradigms. Our research is not just about developing new technologies; rather, we always ask ourselves how a technology will bring value to society. We hope that the knowledge and technologies that we acquire from R&D will result in the dramatic transformation of society in the future, helping to enrich people's lives. Going forward, I want to continue to take on new challenges so that our spirit of inquiry leads not only to sustainable growth of the Company, but also contributes to achieving a sustainable society.



S.T.
Scientific Research Laboratory,
Management of Technology
Division

Human Capital

I promote engagement surveys at the Niterra Group. My work is wide-ranging, from planning and implementing surveys and analyzing the results, to collaborating on specific initiatives for improvement. I listen seriously to comments from employees and use this information to raise engagement across the organization. Increased engagement is directly connected to personal growth and improved productivity at an organization. I believe that bringing out the most of employees to deliver even better products will help achieve the sustainable development of the Company. Through my role, I want to build an organizational culture that makes all employees work with enthusiasm and maximizes their motivation and skills, and where the resulting products provide new social value.



K.F.
HR Planning & Promotion
Section, Human Resources
Department, Business
Operations Division

Social and Relationship Capital

I have been with the company for over 3 years, working as a Technical Salesperson responsible for the state of Paraná, in Southern Brazil. I focus on developing B-to-B sales and negotiation strategies to drive efficiency, build strong relationships, and achieve sustainable results. Additionally, I oversee the national administration of CRM system in the Aftermarket department, ensuring optimized processes and greater agility in commercial operations. My goal is to add value to society by promoting access to reliable automotive solutions, enhancing user safety, encouraging sector innovation, and supporting the growth of business partners. By leveraging technology, technical expertise, and a commitment to quality, I believe I am contributing to create a positive and lasting impact on society.



G.L.P.
Sales Department, National
Market, Niterra do Brasil Ltda.

Natural Capital

I work in a department that studies and promotes specific policies for achieving carbon neutrality by 2050, which is a key target of the Company. It's now three years since I joined the Company, and I'm mainly responsible for drafting measures to reduce CO₂ at worksites, and creating and rolling out model case studies. Through this work, I feel like I'm making a real contribution to address one of the most important issues facing the Company, although I'm also very aware that many challenges remain. In particular, wide-ranging transformation will be essential to achieve carbon neutrality, including the manufacturing processes of products and the awareness of each individual employee. Going forward, I will strive to solve these issues while involving even more employees, as we seek to deliver products to customers with as little environmental impact as possible.



T.U.
Carbon Neutrality Support
Section, Environment & Safety
Management Department,
Business Operations Division



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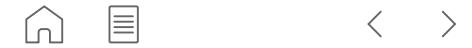
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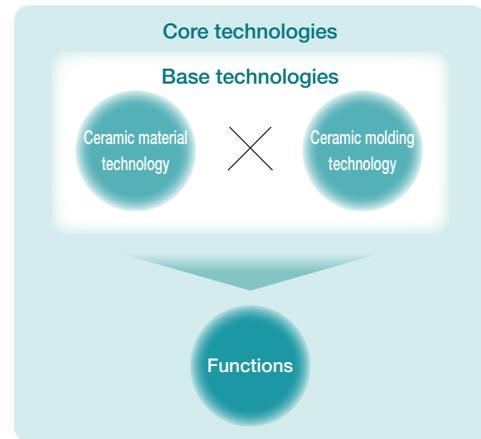
Sources of Competitive Advantage



1. Technologies (Ceramics/Gas Sensing)

In our more than 80 years of history, we have cultivated ceramic material technologies and processing technologies with ceramics at their core. We will continue to contribute to society by leveraging the excellent characteristics of ceramics to provide solutions that make people's lives more comfortable and preserve and improve the global environment.

Representative core technologies of Niterra



Base technologies

Ceramic material technology

Expertise to maximize ceramic characteristics and add new characteristics by bonding different materials together

We develop in-house the actual materials used in manufacturing. Our strength is our expert technical skills in bonding different materials together, which is based on our intensive research and unique know-how for finding the optimal material from countless formulations and combinations. Heat resistance, hardness, and abrasion resistance are inherent advantages of ceramics, and we combine ceramics with resins and metals to draw out new performance. We also mix different types of ceramics to create ceramics with unprecedented properties.

Examples of products using ceramic material technology

Oxygen sensors

(Measures the concentration of oxygen in the exhaust gas from the engine)

Zirconia (a type of ceramic) and platinum are joined together using a technology called metallization. This helps improve product performance.



Electrostatic chucks

(A disk-shaped product that holds silicon wafers in place during the semiconductor manufacturing process)

This technology is used to bond the ceramics and metal firmly together. Since the required performance differs between the front and back sides, we used a special adhesive developed in-house to join the different materials, which was previously extremely difficult.



Ceramic molding technology

Expertise to produce high-quality products by freely processing ceramic materials that are difficult to process due to their extreme hardness

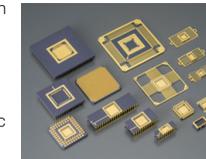
For more than 80 years we have developed a wide range of manufacturing methods for ceramic materials, and our numerous molding technologies allow us to choose the optimal technology for each product.

Examples of products using ceramic molding technology

Semiconductor packages

(Semiconductor packages essential for protecting semiconductors)

These products use our sheet lamination technology. Sheet-like ceramics with fine wiring formed at high density are piled up in multiple layers to be formed into a plate, and baked. This precise lamination technology has greatly contributed to the evolution of electronic equipment and smart devices.



Functions

Gas sensing

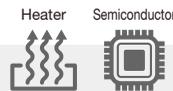
Used for this >



As vehicle exhaust gas regulations are becoming stricter year by year, Niterra's oxygen sensing technology can help. This constantly monitors the concentration of oxygen in exhaust gas, which changes depending on the combustion state of the engine, and is used to control fuel injection. As a result, harmful exhaust emissions are reduced and fuel efficiency is improved. Engines are very hot, so the sensor must withstand the hot exhaust and water splashing in the exhaust pipes. With our own unique technology, we have achieved performance that can stably and accurately sense oxygen concentrations in this harsh environment. This technology leads the world in terms of precision, responsiveness, heat resistance, and water resistance. By both achieving precise detection and being easy to mass produce, this technology is contributing in many ways to improving the environmental performance of automobiles.

Heater control

Used for this >



A heater that blows hot air as soon as the switch is turned on. A car engine that starts smoothly even on cold days. Such performance is also thanks to the characteristics of ceramics. Niterra has developed an electric heater made of ceramics. Ceramic is an insulator, and when mixed with metal, the electrical resistance generates heat. Ceramics and metals are mixed with ceramics thinned by sheet molding technology to form electrodes and are then sintered together. At this time, it is necessary to control the timing of the sintering so that distortion does not occur. We have established a technology that stably controls the electrical resistance required for heaters, and provides high-quality, highly efficient heaters. This excellent heat conduction, which can heat rapidly up to about 1,000°C in 1 second, is also used for the temperature control of semiconductor manufacturing equipment, such as an "electro-static chuck," contributing to higher performance through thorough temperature control. The possibilities of "heating power" are continuing to expand.

Power generation technology

Used for this >



Fuel cells are gaining attention as clean energy that does not emit CO₂. Zirconia, a type of ceramic, is used for the generation of fuel cell power. Oxygen ions move through the ceramic when there is a difference in oxygen concentration between the front and back of the ceramic plate. MORIMURA SOFC TECHNOLOGY, a Group company, has developed a "stack" with high output density that consists of many layers of sheet-shaped zirconia, and is working on the practical application of SOFC, a type of fuel cell. Zirconia does not move oxygen ions unless it is at a high temperature of 600°C. Since the stack must withstand that heat and operate stably, various technologies are leveraged, such as material design technology, sintering technology, seal technology, flow path design technology, and temperature control technology. The MORIMURA SOFC TECHNOLOGY stack has a high output density, and has the advantage of being able to generate power efficiently in a small space. Our aim is to achieve the world's top-level power generation efficiency and contribute to achieving carbon neutrality.

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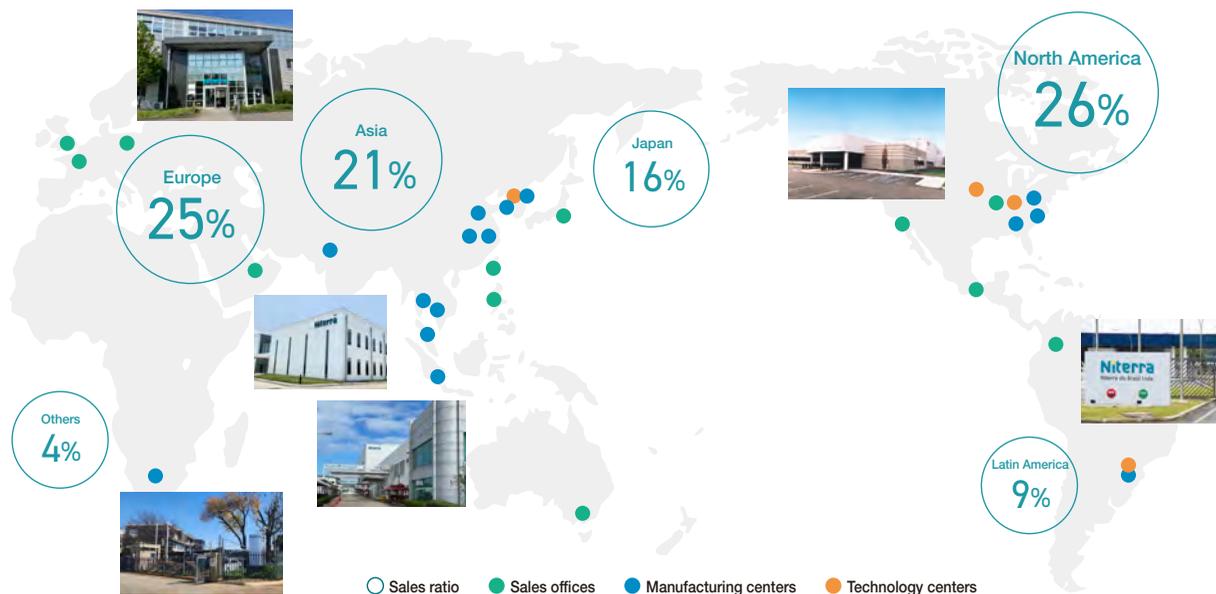
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2. Global automotive customers and sales channels

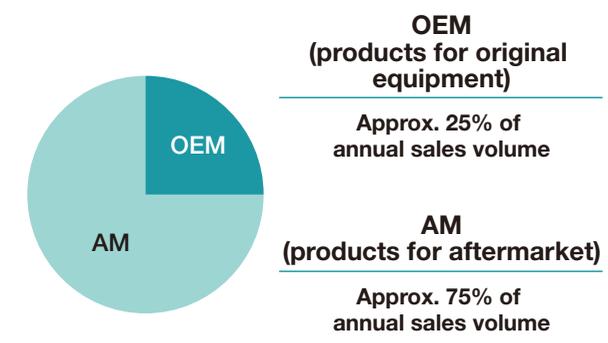
We established a global production and sales system that supplies products to more than 140 countries. Through this system, we provide the same standard and high-quality products from anywhere on the planet in cooperation with Niterra Group companies around the world. The sales channels we developed over the years for NGK Spark Plug have become the source of our revenue.

Sales conducted through 31 offices in Japan, 62 offices overseas, and in 140 countries and regions



Features and advantages of OEM (original equipment) and AM (products for aftermarket)

About 75% of the annual sales volume of our NGK Spark Plugs comes from the aftermarket (AM). OEM sales volume is affected by the shift to BEVs in the new vehicle market, but in the AM, since demand originates in the number of ICE vehicles that are owned, future sales are expected to be stable. Thanks to our high quality and technological strengths, we have achieved the top market share worldwide for OEM sales. As a result, the reliability of our NGK Spark Plugs is well known in the AM too, enabling us to build a robust brand image. Going forward, we will continue to work toward the stable global supply of spark plugs for both OEMs and the AM.



Procurement

Stable supply via a global supply chain

We have built a global production system to support sales in more than 140 countries worldwide. We have established a procurement system that sources from multiple regions and suppliers to avoid geopolitical risks and fluctuations in the supply chain, enabling us to supply a stable volume of materials in Japan and overseas. This both reduces costs and enables us to supply products in a stable manner under any conditions by leveraging our long-standing know-how in selecting and procuring high-quality raw materials.

Production

Integrated global production system from materials development to manufacturing

We have an integrated production system from materials development to manufacturing, and by leveraging this strength and establishing production sites worldwide to match our global sales and supply system, we have built a system capable of supplying anywhere in the world. Brazil has been a particular focus. We entered the country more than 60 years ago to start production and have contributed to local communities and the market for a long time. In addition to this global production system, we allocate production in line with the strengths and roles of each site to achieve production that is highly cost-competitive.

Sales

Channel partners supporting product brand power and the global sales network

Among our strengths that support sales in the AM are our channel partners, who extend globally. Achieving a high adoption rate in OEM sales is effective promotion for the AM, and as our product brand won recognition and our partners who handle NGK Spark Plugs grew, we became able to supply products worldwide. We are also further refining this strength by offering appropriate support and communication to our partners to make our sales network even more robust.

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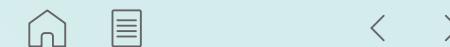
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Our history that spans more than 80 years started with the manufacture of spark plugs. We then diversified our business with ceramics as our core technology. Going forward, we are pivoting to new areas where we can leverage our ceramic materials and core assets while aiming for stable growth in the ICE business as we seek to create sustainable value.



* Reportable segments are changed from FY2025.



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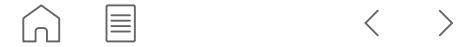
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01 Value Creation Story

Growth Strategy Roundtable Discussion



To be “a company that brightens the Earth,” what should we keep, and what should we change? Exploring our strengths and challenges from business strategy and human capital perspectives

We started the new Mid-term Management Plan 2030 (MMP 2030) as a means for realizing our 2040 Vision. Based on the MMP 2030, how should we optimize our business portfolio?
Four outside directors and Takeshi Kawai, Representative Director and President, came together to discuss the strengths that Niterra should build upon and the existing issues.

Strengths the Niterra Group should rediscover, revealed when formulating the MMP 2030

Kawai The Niterra Group 2040 Vision is to be a company that brightens the Earth by solving social issues through our unique, *Tokushu*, technologies and ideas. As the final step toward realizing this Vision, we started the MMP 2030 in FY2025. When formulating the MMP 2030, we received wide-ranging advice from our outside directors at Board of Directors meetings throughout FY2024. Although there were many changes in the external environment during this period, our discussions focused more on issues related to Niterra’s strengths and stability, such as our management foundation, human capital, governance, and philosophy. In particular, we dove deep on fundamental questions like whether we should maintain our current methods or make any changes, and we identified our strengths and which capabilities we need to develop. We also discussed how our philosophy has not sufficiently permeated the Company. Thanks to these deliberations, I believe that we were able to formulate an MMP that will serve as a strong foundation for future growth. At our roundtable discussion today, I’d like us to recount the discussions we had when creating the MMP.



Takeshi Kawai
Representative Director, President & Chief Operating Officer

Miwako Doi
Outside Director

Chiharu Takakura
Outside Director

Takayoshi Mimura
Outside Director

Hisanori Makaya
Outside Director

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Doi I think that the tough business environment under which the MMP 2030 was created is what motivated the Company to make a plan that leverages Niterra's inherent strengths, without being blown off course by external change. Niterra's spark plug business was stable, because even though it was affected by U.S. tariff policy, the Company was able to pass through costs associated with soaring raw material prices. Also, while looking ahead to future EV adoption trends, the Company formulated a strategy that refines their existing strengths rather than implementing sudden portfolio transformation. Niterra will further enhance their strengths through actions such as M&A that will enable the Company to respond flexibly to future uncertainties. This capability is a competitive advantage of the Group. Finally, the focus on developing talent rounds out a solid MMP.

Takakura The first draft prepared by the executive team just followed a textbook plan, but it evolved step by step by incorporating multiple rounds of

feedback from the outside directors, finally resulting in an MMP fully adapted for the unique characteristics of Niterra. An extremely valuable part of this process was the deeper discussions we had by focusing anew on policies that were important during the founding of the Company, such as the Niterra Way, the philosophy system that has guided the Company since its foundation. For example, we exchanged a wide range of opinions on how to roll out Niterra's strength of ceramic technologies to new businesses, homing in not just on the management philosophy slogan, but getting into the specifics of how to apply it to actual business activities and organizational management.

Mimura I was appointed as an outside director in 2023, and this was my first involvement in discussions about formulating an MMP. We were able to hold more concrete discussions about the Company's commitment to establishing new business pillars. As a means to achieve this, the MMP reflected management's strong will to focus on developing talent.

Makaya One year has passed since I became an outside director in 2024, and during this time, I was able to give various suggestions when formulating the MMP and in other discussions. I was involved in business transformation in my previous job too, but in the end there was simply no time to implement reforms. In contrast, I believe that the Niterra Group has great potential in terms of both time and business performance to actually transform their organization. To be specific, the slowdown in worldwide EV demand makes it easier for the Company to implement its portfolio optimization plan with a good balance between the ICE business and new businesses.

Kawai During the drafting phase, the executive team learned a lot as we listened to your candid yet pertinent comments. We hope to continue receiving your feedback when we report on our progress going forward.

Leveraging new technologies as we try entering new markets with a B-to-C perspective

Kawai Under the MMP 2030, we aim to optimize our business portfolio by focusing our investment resources on areas where we have a clear path to victory. To do this, I would first like us to demonstrate some new success stories. From the viewpoint of business strategy, what issues do you think the

Group is facing and what are our opportunities?

Mimura As someone who has been involved in many business start-ups, I believe that you are now at a major turning point. Previously, because the ICE business was so robust and produced such high profits, even if the Company tried out new ventures, there was a tendency to revert back to the safety of the current business. Nevertheless, the history of the market was one of constant evolution as products with added value were developed and markets expanded thanks to globalization. While keeping in mind both the challenges and growth of the existing business, the Company is now transitioning to a stage where it will take on the challenge of entering new businesses by leveraging its core ceramic technology and assets. One key enabling factor is Niterra's acquisition of Toshiba Materials Co., Ltd. (now Niterra Materials), which gives the Company a great chance to achieve a new dominant position.

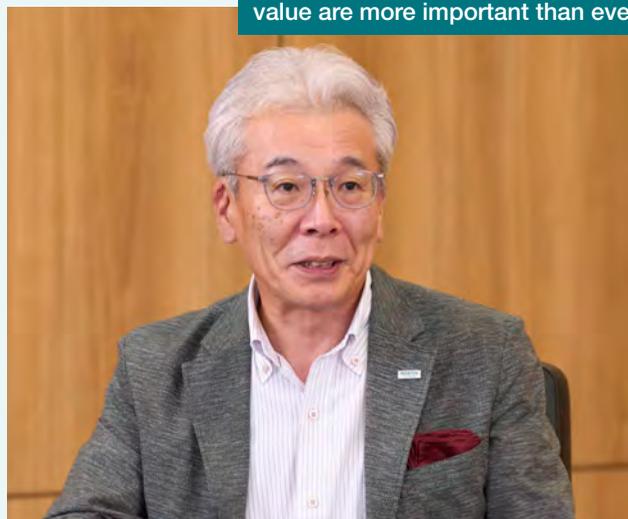
Makaya Fundamentally, I feel that Niterra is a solid manufacturing company focused on its core products of spark plugs and exhaust gas sensors, and that the Group faces hurdles in taking on new challenges both in terms of human capital and corporate culture. In particular, the importance of IT and DX has not permeated the Company sufficiently. Going forward, it will be important to take on the challenge of instituting bold operational reforms that will instill this culture. I also think that adding Niterra Materials to the Group is a symbolic move that will influence future growth. By bringing in these new core assets, this M&A has the potential to be a valuable leap forward that wouldn't have been possible with just the Company's core competencies.

Doi The link-up with Niterra Materials may cause conflict between the egos of engineers. Even so, I'd like them to be persistent and work together toward the Group's ambitious shared goal of supporting EVs worldwide. IT and DX were mentioned earlier, and my suggestion from the standpoint of a researcher is the utilization of generative AI for research. As an example, let's look at the issue of how to commercialize products that leverage Niterra's strength of bonding technology for ceramic and metal materials. Previously, a detailed testing plan needed to be drawn up in advance, but now generative AI can be used to filter options and start testing more rapidly. I'd like to see proactive use of this new technology to make discoveries that exceed one's own imagination. Another crucial factor is to have a B-to-B-to-C perspective. Even while taking into

In an era of great external change,

fundamental discussions about corporate

value are more important than ever



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Developing winning, profitable talent that contributes to growth

account geopolitical risks, it is imperative to expand into the growth markets of the future, such as India and Africa. In markets that have different needs, a process that can identify future customer needs and construct the optimal development and sales strategy is going to be essential. Similarly, when creating new business pillars, an approach is needed that envisions the “C” that lies beyond B-to-B.

Kawai To keep the ICE business in good health as a stable and efficient cash cow, taking on challenges such as DX and raising productivity is crucial. Furthermore, the current period of steady growth in the ICE business is actually an opportune moment for us to establish new business pillars. If we can demonstrate a new success story as a result of the Niterra Materials acquisition that you mentioned earlier, then it will be an important step in our transformation toward our next stage of growth.

In terms of responding to geopolitical risks, we have already started a project for examining sales strategies in North and Central Africa. We will also establish regional strategies to anticipate future trends during the period of the MMP 2030.

Empowerment by developing talent that is self-leading and innovative

Kawai One of our core strategies in the MMP 2030 is to enhance human capital, and I’d like our employees to have the strong will and drive to boldly take on new challenges. Something I’ve realized about our human capital is that they’ve been tasked with further refining and developing core businesses that are the result of the success of their predecessors. They do not have the experience of either the success or failure of taking on challenges for themselves. Put bluntly, they are fixated on maintaining the current steady growth of the business. I’ve come to see this as an issue.

What do you think about the strengths of the talent at our Group and what challenges exist? You can be honest!

Takakura Speaking as an expert in human resource development, the ideal is to have winning (or profitable) talent that will generate business growth. In other words, the human capital policy and the business strategy are two sides of the same coin. As such, in addition to the basic ability to follow rules and provide high-quality products, which is a common challenge across the manufacturing industry, employees are being asked to generate new value that can solve social issues while also ensuring economic rationality. Such empowerment of employees is a key issue that needs addressing to achieve sustainable corporate growth during a time of labor shortages. How can we develop talent that is self-leading and innovative, who have their own ideas and can work by following their own path? Various methods are available, but a strength of employees at the Niterra Group is their determination to directly take on the work that is in front of them in a diligent manner. This strength should be valued, while broadening employee perspectives and extending their areas of interest and concern. An important part of doing this is the evaluation system and other policies that foster an organizational culture that embraces failure.

Mimura To change the quality of the talent that form the basis of an organization, I think it’s important to leverage employees who have been recruited mid-career, as well as experts and talent acquired via M&A, and to assign such talent to leadership positions. As technologies such as generative AI become more widespread, there is a need to proactively recruit people with

powers of imagination and creativity that go drastically beyond the current approach. Finding such talent in large numbers will be a major challenge going forward.

Makaya Transforming human capital and the corporate culture is not easy, but it also presents a great opportunity to change the Group. As I mentioned earlier, the global slowdown in the shift to EVs can be expected to act as a tailwind for stable growth in the ICE business. This means that resources are available if bold investments are needed. From the viewpoint of investors, it is very rare to see a company capable of taking on the challenge of transformation while in a stable condition and achieving sustainable growth.

Kawai To achieve our aim of fostering talent that is self-leading and innovative, I’m always emphasizing to employees, “It’s OK to fail. Even if we

Bringing in new core assets to achieve a leap forward not possible with just the Company’s core technologies



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fail, it's fine as long as we learn from the experience and use it to come up with the next idea."

I said earlier that now is actually an opportune moment to establish new business pillars. Our current business performance is trending favorably, and if we use this business environment to our advantage and have a resolute will to change the world, like in the Meiji Restoration era of reform in Japan, then I believe that Niterra can become even stronger. I want to build an environment that develops talent who can take on the challenge of this transformation through trial and error.

Achieving this means sharing with employees the gradual shift in direction that the Company needs to take and the resolution that we need to have.

Improving engagement in this way is included as an important theme in the current MMP, and we will implement associated initiatives.

M&A and new business creation

can trigger the establishment of

a second and third business foundation



Implementing the MMP 2030 for five years will lead us toward the Vision of being "a company that brightens the Earth"

Kawai Finally, what do you think of the Group's efforts to realize its Vision? What discussions are needed going forward, and what challenges remain?

Doi The Group has defined "through our unique, *Tokushu*, technologies and ideas." as the means to achieve its goal of becoming "a company that brightens the Earth," but I think that employees who can proactively assert a course of action for themselves are still in the minority. A challenge going forward will be for the Company to outline its objectives in more detail in terms of the fields and technologies that can contribute to society, and to align the awareness of employees with these. This clarification will also be useful when recruiting new talent.

Takakura One more thing I'd like to add to our discussion of human capital is that they should be able to create a company that is respected by society.

One key aspect is to make sure that the "right people" get on the bus; in other words, to recruit people who are aligned with the culture of Niterra. What are the requirements for the "right people"? How can the Company develop the "right people"? For example, if a person can take the lead and take responsibility for their own actions, it will have a positive impact on their personal growth and the ability to assess risks appropriately. Each action like this by individual employees will accumulate and form the organizational culture. Three measures are key to achieving this: training to learn skills that are appropriate for changing times; talent management that recruits based not only on "people who can definitely do the job" like in the past, but also systematizes the allocation of the optimal talent; and the transformation of the corporate culture to improve team skills and prevent situations where experts cannot contribute effectively. Based on the MMP 2030, I hope we can deepen our discussions on topics such as updating the Company's shared values to be even more in tune with the times.

Makaya New businesses and cultures are emerging in fields different from Niterra's core products of spark plugs and exhaust gas sensors. I feel like these could become a starting point for changing the corporate culture across the entire Group. A diverse range of talent will be blended together, led by the current growth business of semiconductors, or by M&A and new businesses,



A B-to-B-to-C perspective is key for developing markets and creating new business pillars

and this will foster a new culture. I have high hopes of seeing new leadership emerge from this mix, and I will make proactive suggestions to facilitate this.

Mimura In addition to the business and human capital synergies from Niterra Materials, if young middle management leaders are born, then we can expect the potential for the establishment of a second and third business foundation within the five years of the MMP 2030. Our role as outside directors is to work hard to achieve this.

Kawai I totally agree that organizational culture is the accumulation of individual actions. To change our actions, I believe it's essential to have a process for holding discussions where there is no fear of occasional conflict. This MMP demonstrates to employees that positive conflict can bring benefits and shows the future that the Company is aiming for, with the aim of gaining their understanding and improving engagement.

The five years of the MMP 2030 provide a great opportunity to change Niterra and we will work tirelessly to see it through to the end. I hope we will continue to receive your candid advice as outside directors going forward.

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