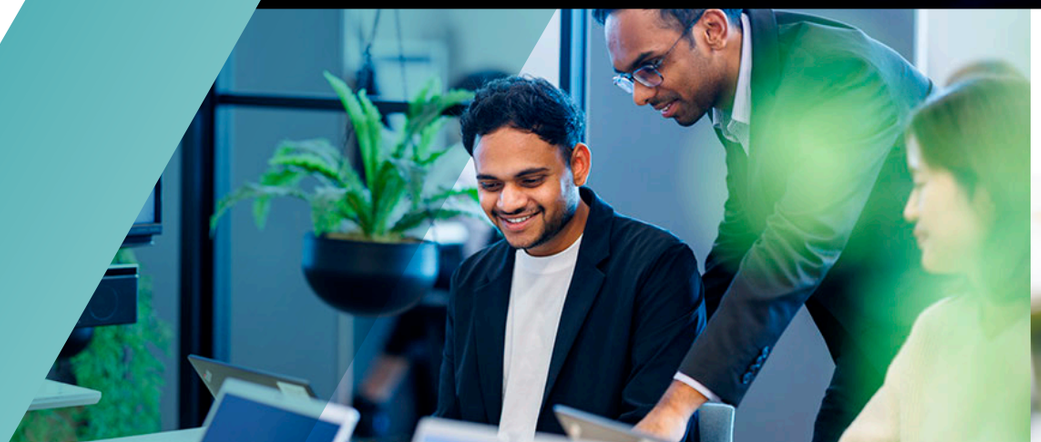
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At a Glance (As of the end of March 2026)

Group revenue

731.2 billion yen

Number of employees

Non-consolidated 3,208

Consolidated 15,698

Main products

Global share in spark plugs
Global share in oxygen sensors

No. 1

* Our estimate as of the end of March 2025

Paid-in capital

47,869 million yen

Operating income ratio

18.9%

Operating locations

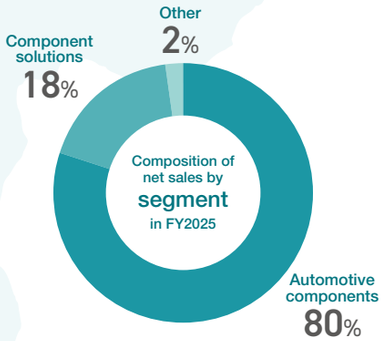
Japan 30 locations

Overseas 58 locations

Return on equity (ROE)

15.7%

Composition of net sales



Global expansion

Number of countries where our products are sold	Overseas sales ratio	Overseas employee ratio
approx. 140	81%	approx. 46%

Return on invested capital (ROIC)

10.3%

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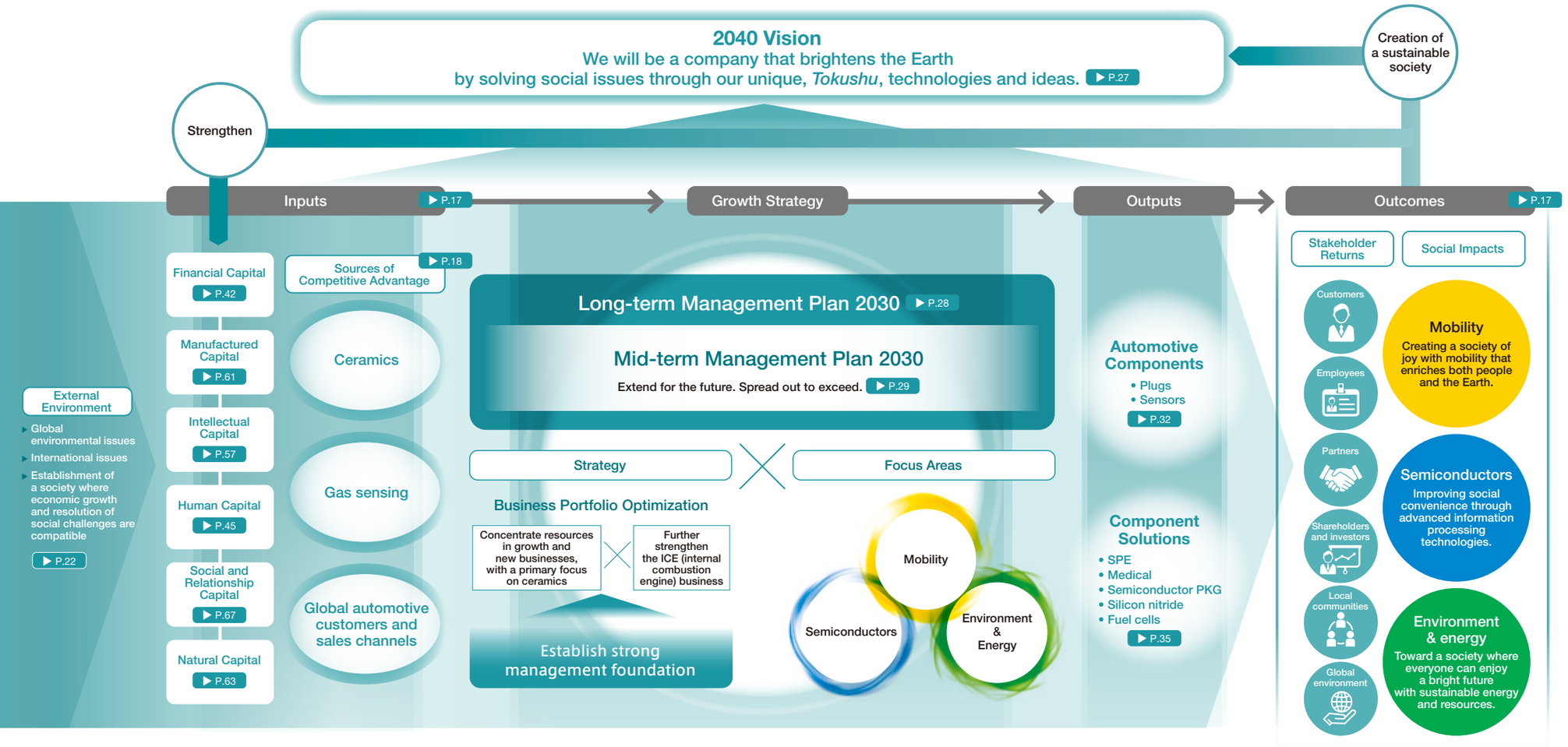
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Value Creation Process

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.



The Niterra Way ▶ P.03

Corporate Philosophy — Commitment / Management Policy / Action Guideline

Sustainability Charter — We contribute to developing a sustainable society, thereby improving our corporate value.

Shared Values

- Dokuritsu-Jiei Demonstrate a commitment to taking ownership-trusting in your own capabilities without relying on others.
- Soshi-Kantetsu Have cherished desire, and carry it through till the end.
- Shisei-Shinjitsu Embody the highest levels of sincerity, honesty, and authenticity-free from deception or pretense.
- Shikai-Keitei Conduct business that contributes to global peace and shared prosperity.

Key Management Priorities (Niterra Materiality) ▶ P.22

Solving social issues	Brightens the Earth through our technologies and ideas
Human capital	Diverse and proactive individuals embody the Niterra Way ▶ P.45
Management foundation	Establish new global management foundation to drive transformation

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Timeline from Morimura Gumi to Niterra

History of the Morimura Group

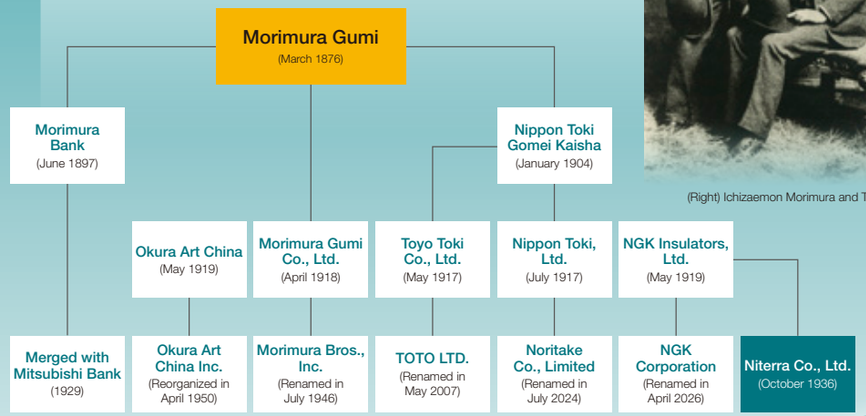
The Morimura Group, a leading corporate group in the Japanese ceramics and porcelain industry, traces its roots back to 1876, when Morimura Gumi*1 was founded by brothers Ichizaemon and Toyo Morimura, pioneers of the Japanese trading industry. The history of the Group dates back to 1904, when the founders 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 Corporation
*5 Now Okura Art China Inc.



(Right) Ichizaemon Morimura and Toyo, 1889

Morimura Group Map of Company History



1876 Morimura Gumi established

1876
Ichizaemon Morimura VI and his brother Toyo founded Morimura Gumi in Tokyo, with Toyo starting an imported variety business in the U.S.

1881
Morimura Brothers established. Identified potential in porcelain exports.

1897
Morimura Bank established (merged with Mitsubishi Bank in 1929).

1904 Nippon Toki Gomei Kaisha established

1904
Nippon Toki Gomei Kaisha established.

1917
Nippon Toki Gomei Kaisha's sanitary ware division spun-off into Toyo Toki Co., Ltd. Nippon Toki converted into a joint stock company.

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.

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History of Niterra

Historical Background

Domestic automobile industry depending on imports

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.

Automobile production growing rapidly

In the 1940s, domestic automobile production rose to 46,000 cars, as automobiles and related parts manufacturing developed into a major industry. After WWII, Japan ushered in a period of high economic growth in the late 1950s, when the country was rapidly becoming motorized.

Impact of high economic growth

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.

Tackling new social challenges

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 lifestyles. 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.

Aiming to create a sustainable society

Uncertainty in the business environment is higher than ever, driven by factors such as the response to climate change, expanding geopolitical risks, and the evolution of AI and digital technologies. While the automotive industry continues to undergo dramatic changes, including a slowdown in the shift toward EVs and the growth of hybrid electric vehicles (HEVs), we will accurately perceive these environmental changes and concentrate our management resources on our focus areas to contribute to solving social issues.

1936
NGK Spark Plug Co., Ltd. founded

Startup period

Growth period

Establishment period

Development period

From present to future

History of Group Value Creation

1937
Production of NGK Spark Plugs started

In 1930, we released NG Spark Plugs, Japan's first domestically produced spark plug, and began producing NGK Spark Plugs in 1937.



NGK Spark Plug

1949
Production of NTK Technical Ceramics started

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.



1959
Overseas business expansion

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.



Cerâmica E Velas De Ignição NGK Do Brasil Ltda

1967
Production of ceramic substrates and IC packages started

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.



IC packages

1982
Production of oxygen sensors for automobiles started

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.



Oxygen sensors for automobiles

1989
Sales of electro-static chuck started

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 electro-static chuck and commenced mass production of the product in the 2000s to expand sales.



Electro-static chuck

2007
Development of Solid Oxide Fuel Cells (SOFCs)

Leveraging development technologies for IC packages and exhaust gas sensors for automobiles, we developed compact solid oxide fuel cells (SOFCs) boasting world-class power generation efficiency. We have begun taking on challenges in the next-generation energy field.



Solid Oxide Fuel Cell (SOFC)

2023
Change of English Company Name to Niterra

The English company name was changed to "Niterra," a combination of the Latin words "niteo" (to shine) and "terra" (Earth). This name expresses our desire and stance to become a company that contributes to a sustainable society and brightens the Earth.

2025
Establishment of Niterra Materials

We acquired all shares of Toshiba Materials (now Niterra Materials), making it a wholly-owned subsidiary. We supply a wide range of high-performance materials and products, such as heat dissipation substrates and ceramic balls, expanding our expertise in ceramics into a broad range of industrial fields.

Competitive advantages resulting in value creation
▶ P.18

Ceramics

Global automotive customers and sales channels

Gas sensing

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Inputs (Six Types of Management Capital)

Financial Capital
▶ P.42

Stable cash flow and robust financial base to support increases in ROE and PER

- Operating cash flow: 109,384 million yen
- Ratings: AA- (R&I), AA- (JCR)
- Equity ratio attributable to owners of the parent: 62.8%
- Interest-bearing debt: 255,356 million yen

Manufactured Capital
▶ P.61

Production systems that provide stable, high-quality, and highly reliable products

- Bases in Japan: 30
- Bases overseas: 58
- Capital investment: 48,997 million yen

Intellectual Capital
▶ P.57

Various applied technologies, expertise and innovative creation with ceramics material technologies and ceramics at the core

- R&D expense: 26,782 million yen
- R&D expense ratio: 3.7%
- Patents owned: 5,221

Human Capital
▶ P.45

Promotion of business portfolio optimization through Niterra Talent Management

- Employees (consolidated): 15,698
- Ratio of employees overseas: Approx. 46%
- Number of positions under the global grading system: 1046
- Ratio of female managers: 5.5%

Social and Relationship Capital
▶ P.67

A global sales structure supplying products to more than 140 countries around the world, collaborative relationships with stakeholders

- Distributors association: Membership consisting of domestic 370 parts dealers. This provides possible business relationships with nearly 80% of more than 70,000 maintenance shops across Japan
- Global sales presence: Approx. 140 countries

Natural Capital
▶ P.63

Electricity, raw materials, water resources, etc., required for business activities

- Electricity: 509,850,000 kWh
- Raw material input: 54,000 tons
- Water input: 2,080,000 m^3

Business Overview
▶ P.20

Outputs
▶ P.32-39

Outcomes (Returns to Stakeholders and Social Impact)

Customers
- Help customers improve product quality by providing high-quality materials and components (help customers increase their competitive stance)
- Improve customer satisfaction

Employees
- Help employees acquire skills (provide growth opportunities)
- Enhance job fulfillment and motivation

Partners
- Improve the sustainability of business activities through transparency and stable transactions (strengthen profit base)
- Continue with good partnerships

Shareholders and Investors
- Stable shareholder returns
- Increase share price and market capitalization

Local Communities
- Hold and sponsor community events
- Pay taxes
- Create employment opportunities

Global Environment
- Reduce CO_2 emissions
- Reduce our environmental footprint across the value chain

Mobility
Creating a society of joy with mobility that enriches both people and the Earth.



Semiconductors
Improving social convenience through advanced information processing technologies.



Environment & Energy
Toward a society where everyone can enjoy a bright future with sustainable energy and resources.



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1. Technologies (Ceramics/Gas Sensing)

The Niterra Group has leveraged its core competencies to realize the performance and shapes required by our customers, creating both social and economic value.
We will deploy these technological foundations across three focus areas (Mobility, Semiconductors, and Environment & Energy) to contribute to solving the challenges facing the world.

Imparting “Tokushu” (unique) performance

Structural Materials

Providing resistance to extreme environments, which is key to product performance

We design and manufacture robust ceramics (such as alumina and silicon nitride) capable of withstanding high temperatures, high voltages, and highly corrosive plasma environments.

We have realized higher engine performance and cleaner semiconductor manufacturing processes.

Functional Materials

Creating materials with diverse properties, the key to next-generation energy

We develop and provide materials that perform specific roles, such as conducting electricity or converting pressure into signals.

We support the evolution of next-generation energy devices with materials such as solid electrolytes.

Realizing commercialization and mass production

Processing Technology

Large-scale, ultra-fine, and disparate material bonding, responding to the “complex and advanced”

This is a powder metallurgy process that creates the ideal shape from powder, achieving both “complex shapes” and “advanced functions.”

Additionally, our disparate material bonding technology strongly joins materials with vastly different properties, such as ceramics and metals. It realizes components and products with complex structures.

Improving development speed

Analysis and Evaluation Technology

Providing evidence of performance improvements

We theoretically support the performance of materials and products, and utilize this for development and quality improvement. This contributes to a reduction in the number of prototypes and increases the development speed of next-generation products tailored to needs.

MI/RX

Connecting on-site technology with data science

We highly integrate digital technology with the knowledge of ceramics manufacturing accumulated over many years. It supports the shortening of the period from materials development to mass production and the advancement of the development process.

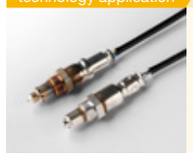
Achieving the performance and shapes that lead to problem-solving, contributing to a sustainable future through products indispensable to society.

Mobility

We broadly support the evolution of mobility, from making internal combustion engines cleaner and more efficient to implementing electrolytic corrosion countermeasures associated with higher voltages in EVs. They contribute to the realization of a reliable mobility society that enriches both people and the Earth through composite technical capabilities that overcome harsh environments.

Example of technology application

Oxygen Sensors



They utilize the properties of zirconia ceramics with oxygen ion conductivity at high temperatures to detect oxygen concentrations in exhaust gas. They enable optimal air-fuel ratio control and realizing clean exhaust gas.

Semiconductors

We integrate materials that withstand extreme environments with micron-level processing technology to provide broad support, from the stable operation of precise semiconductor manufacturing processes to advanced mounting and thermal management for electronic devices. They support the foundation of rapidly evolving generative AI and digital devices, contributing to improved convenience in an advanced information processing society.

Example of technology application

Electro-static chuck



We enable precise manufacturing processes in extreme clean environments using alumina and other materials with high corrosion resistance and large-scale, ultra-flat surface processing technology.

Environment & Energy

We are opening up new areas such as next-generation energy infrastructure and continuing to boldly challenge ourselves to realize a carbon-neutral society. We are powerfully driving the transition to a sustainable future through the creation of high-efficiency energy and the effective use of resources.

Example of technology application

Solid Oxide Fuel Cell (SOFC)



This device contributes to energy savings and CO_2 reduction by maximizing power generation efficiency. By specializing in monogeneration, significant downsizing and weight reduction of the system are made possible.

*This is a product of MORIMURA SOFC TECHNOLOGY.

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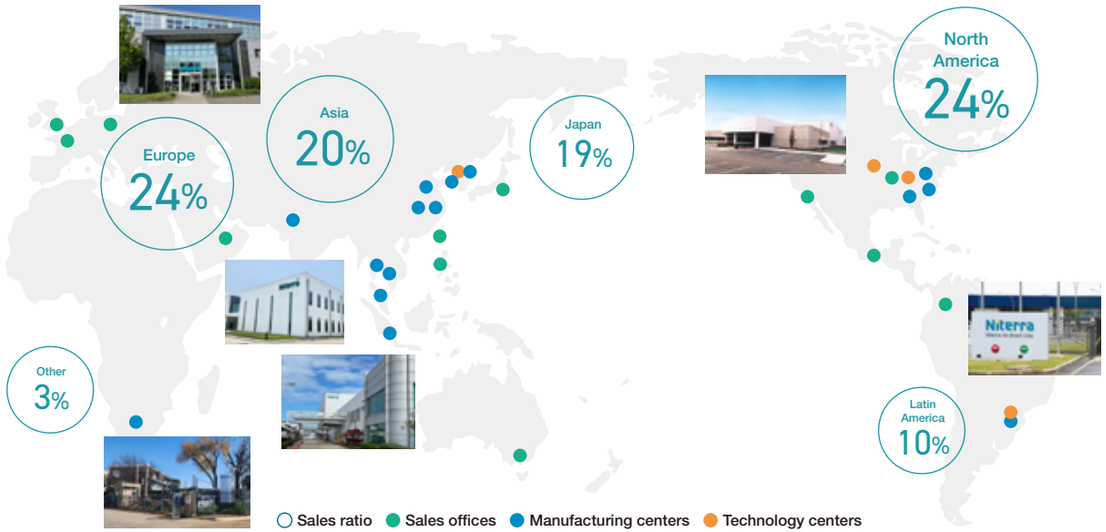
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2. Global automotive customers and sales channels

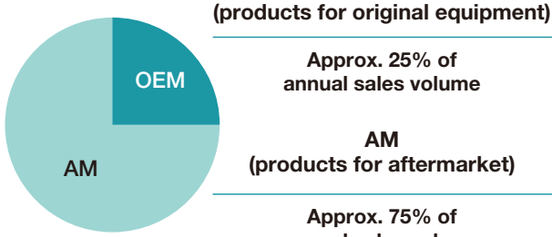
We established a global production and sales system that supplies products to more than 140 countries. Through this system, we provide the same standard and high-quality products from anywhere on the planet in cooperation with Niterra Group companies around the world.
The sales channels we developed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

Sales conducted through 30 offices in Japan, 58 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.



OEM (products for original equipment)

Approx. 25% of annual sales volume

AM (products for aftermarket)

Approx. 75% of annual sales volume

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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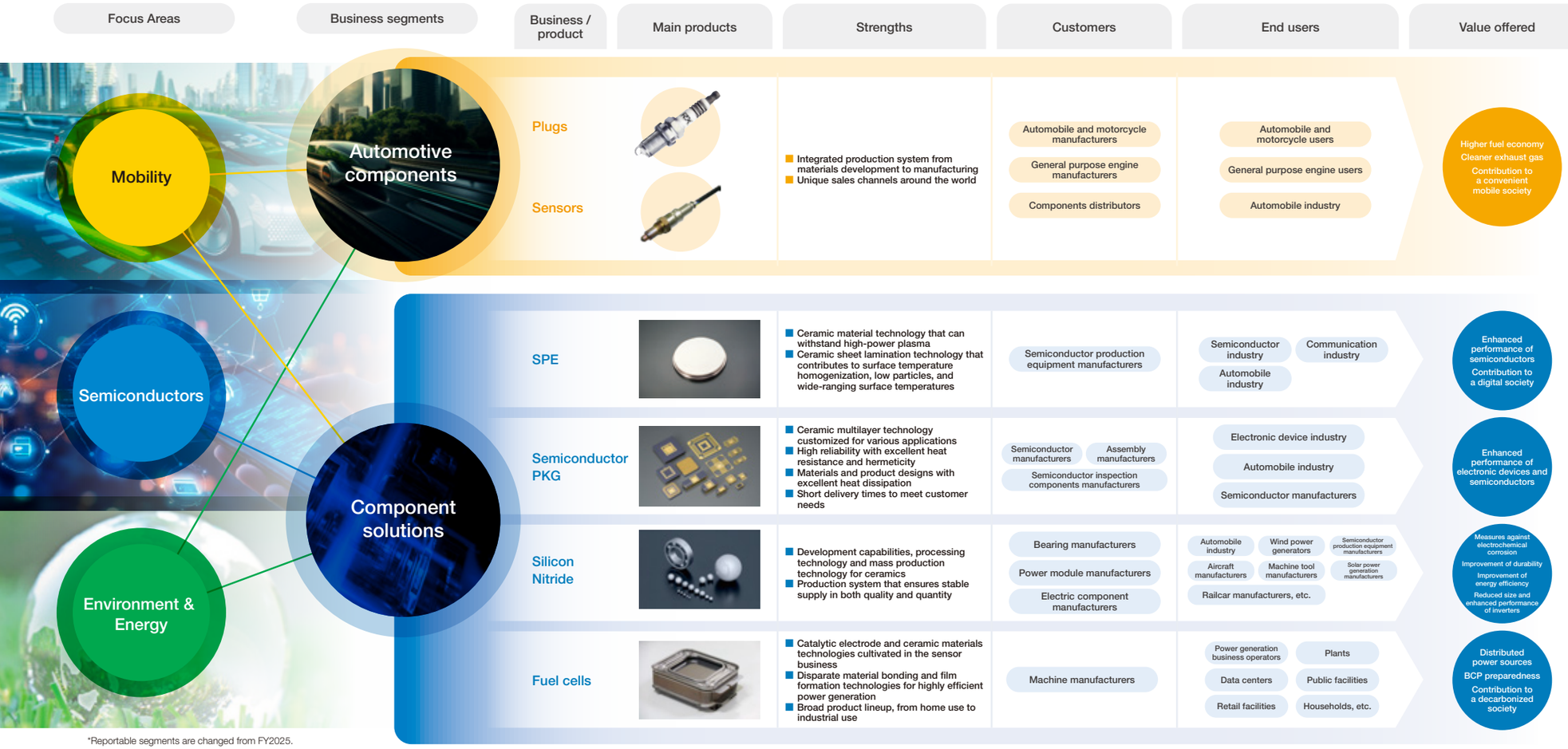
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Business Overview

Our history that spans more than 90 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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Sustainability Promotion System

Sustainability Charter and Basic Policy

We are committed to delivering new value to people all over the world and contributing to society, as expressed in our corporate philosophy. This commitment is associated with our concept of sustainability, which is to help solve social issues through business activities.

We established the Sustainability Charter and the Sustainability Basic Policies (12 in total), which dictate Group action guidelines for Sustainability, to present our concept more clearly and communicate it widely both internally and externally.

Sustainability Charter

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

- We build relations of trust with our stakeholders while making highly transparent decisions and actions.
- We cocreate and provide new value to solving social issues.

Sustainability Basic Policy

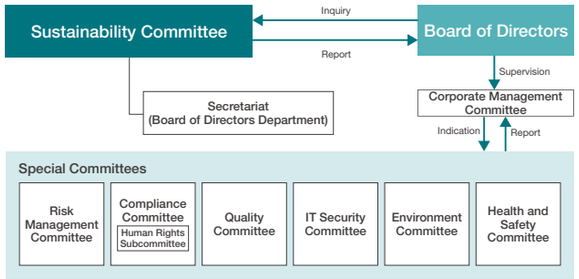
- Risk Management Policy
- Compliance Policy
- Human Rights Policy
- Quality Policy
- Information Security Policy
- Procurement Policy
- Information Disclosure Policy
- Environmental Policy
- Human Capital Policy
- Occupational Health and Safety Policy
- Social Contribution Policy
- Tax Policy

Promotion System

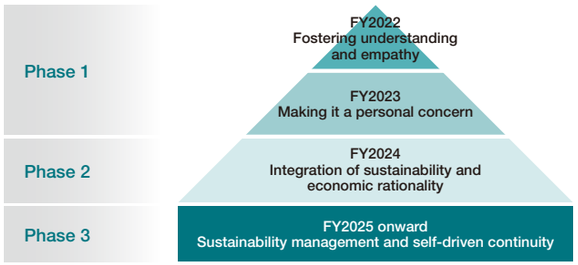
The Group has established the following governance and promotion system to ensure the effectiveness of sustainability management and to supervise the enhancement of corporate value over the medium to long term.

The Sustainability Committee, established as an advisory body to the Board of Directors, is structured to facilitate objective and substantive discussions by prioritizing external perspectives—appointing an Outside Director as chair and including external experts as members—while also having the Representative Directors participate. The committee deliberates primarily on matters concerning long-term sustainability management policy and submits reports to the Board of Directors.

Regarding the business execution function and promotion system, we have established six special committees to carry out concrete activities across various ESG areas. Important decisions made by these special committees are reported to the Board of Directors through the Corporate Management Committee. Through this reporting line, key information, such as matters related to climate change response and risk management, is also shared with and reported to the Board of Directors in a timely and appropriate manner. Furthermore, regarding the highly important theme of human rights, we have established the Human Rights Subcommittee within the Compliance Committee to verify the effectiveness of our human rights due diligence.



Sustainability Committee Mid-term Management Plan



Message from the Chair of the Sustainability Committee



Chiharu Takakura
Member of the Board (Outside Director),
Chair of the Sustainability Committee

Recognizing External Environments

How we, as a company, perceive and address various issues facing society and the planet, such as climate change, biodiversity and human rights, has become increasingly important. In this era of uncertainty, non-financial information is gaining significance alongside financial information. We recognize the need to integrate a sustainability perspective into our business development. So, we hope to enhance the sustainability of society and our group by working to solve social challenges through our group business operations.

Mission and Vision of the Sustainability Committee

With an eye toward the ideal form of sustainability management, we are discussing what we can do to address social issues, based on our core competencies and management philosophy. The Sustainability Committee aims to realize our Mission and Vision through recommendations and proposals to the Board of Directors.

Mission
Shift Niterra Group Sustainability Management to future-oriented resolutions by improving corporate value through the coexistence of society and our group beyond the current framework toward a sustainable society

Vision
Our pursuit of creating a sustainable coexistence between human happiness, the earth and the universe with our accumulated experience and technology has gained the understanding and empathy of society.

Committee Activities

In FY2025, aiming for sustainability management and self-driven continuity, we revisited the discussion on the ideal role of the committee and deepened the dialogue regarding materiality, building upon the previous fiscal year's efforts. Consequently, we obtained Board approval to restructure the system to enable objective and substantive discussions. While leaving short- to medium-term ESG issues to executive leadership, in FY2026 we will add two Outside Directors, external experts, and two Representative Directors to the committee tasked with deeply exploring —from a long-term perspective —three key management priorities; namely, solving social challenges, human capital, and management foundation.

In FY2026, continuing on from the previous fiscal year, we aim to achieve sustainability management and self-driven continuity. Under our new system, we will define the future direction of the Niterra Group and pursue the enhancement of corporate value by addressing key management priorities.

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The Niterra Group believes it is important to identify key management issues requiring priority attention from a mid- to long-term perspective, set goals, and work towards them. Having launched Mid-Term Management Plan 2030 in FY2025, we newly established Solving Social Issues, Human Capital, and Management Foundation as our Key Management Priorities and set out the major initiatives to address each.

Steps to Define Key Management Priorities

Step 1 External environment

We identified societal requirements (challenges) in reference to external requirements such as the United Nations Global Compact, SDGs, GRI Standards, ESG survey content, industry association guidelines, ISSB, ESRS (CSRD), and competitors' benchmarks, while recognizing related risks and opportunities.

Social issues and external environment

Global environmental issues
- Climate change
- Decarbonized and carbon-circulating society
- Biodiversity
- Environmental destruction
- Circular economy

International issues
- Protectionism
- International conflict
- Rise of emerging markets
- Global South
- Disparities in society
- Human rights

Establishment of a society where economic growth and resolution of social challenges are compatible
- Robots, automation, and labor saving
- Artificial intelligence (AI)
- Sensing IoT
- Nanotechnology
- Biotechnology
- Aging society with a decreasing birthrate/Population explosion
- Diversity
- Work-life balance
- Pandemic
- Earthquakes

Risks and opportunities			Short-term*	Medium-term*	Long-term*
Reduction of greenhouse gas emissions: Investments in energy-saving, renewable energy, and environmentally friendly technologies (carbon neutrality)	Risk	Opportunity	●	→	→
Efficient use of CO_2 for a decarbonized and carbon-circulating society (adaptation to climate change)		Opportunity		●	→
Expanding Environmentally Friendly Products		Opportunity	●	→	→
Effective use of renewable energy (carbon neutrality)		Opportunity	●	→	→
Distributed power sources, and local production and consumption of energy (energy)		Opportunity		●	→
Biodiversity Conservation	Risk	Opportunity	●	→	→
Stricter environmental regulations (carbon tax, recycling regulations, chemical regulations, etc.)	Risk	Opportunity	●	→	
Decline in the number of internal combustion engine vehicles	Risk				●
Expanding demand for automobiles in emerging markets and the Global South (air pollution, etc.)		Opportunity	●	→	
Change in people's preferences regarding transportation means and consumption	Risk	Opportunity	●	→	→
Development of technologies, products, and businesses for contributing to the resolution of social issues		Opportunity	●	→	→
Securing and diversification of talent (employment stability, diversity, and talent development)	Risk	Opportunity	●	→	
Diversification of work styles and values (work-life balance, equal opportunity and equity)	Risk	Opportunity	●	→	
Well-being (health and safety, appropriate working hours)		Opportunity		●	→
Respect for Human Rights	Risk		●	→	→
Maintenance of the quality management system	Risk		●	→	→
Diversification of executive talent	Risk	Opportunity	●	→	
Stable procurement of raw materials	Risk		●	→	→
Geopolitical risks	Risk		●	→	→
Disasters caused by earthquakes and climate change	Risk		●	→	→
Implementation of compliance	Risk		●	→	→
Measures for information security (cyberattacks)	Risk		●	→	→

* Short-term: Until around 2027 Medium-term: Medium-term until around 2030 in line with the target year of our Long-term Management Plan
Long-term: Long-term until around 2040 in line with the vision of our Long-term Management Plan

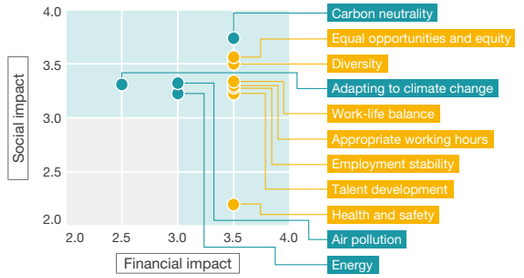
STEP 2 Longlist creation, narrowing down, and scenario development

Among various external requests, we identified CSRD topics as leading-edge and created a long list of approximately 100 items centered around them. Considering the current and future state of our group's business, we narrowed down highly relevant items and created projected scenarios for each.



STEP 3 Quantifying double materiality and identifying Key Management Priorities

Based on the projected scenarios for each item, the Global Strategy Division and executives in charge of major businesses conducted intensive discussions to score and map the social impact our Group has on society and the financial impact on our Group. Furthermore, based on the risks and opportunities identified in Step 1, we further examined these matters. Following discussions within the Sustainability Committee and approval by the Board of Directors, we established the Key Management Priorities. The eight priority issues identified in the Long-term Management Plan 2030 were reclassified into three newly established Key Management Priorities.



Social impact: Average scores for severity (scale, scope, difficulty of recovery) and likelihood of occurrence. Each is rated on a five-point scale.
Financial impact: Average score of impact amount and likelihood of occurrence. The impact amount is evaluated on a five-point scale: 1 for amounts between ¥1 billion and ¥2 billion, and 5 for amounts of ¥8 billion or more. The likelihood of occurrence is rated on a five-point scale, with "rarely occurs" as 1 and "already occurred" as 5.

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The Key Management Priorities identified are listed in the table below.

Details: Review of Activities for Key Management Priorities ▶ P.24-25

Key Management Priorities		Reasons for identification as a priority issue		Major initiatives	Goals and outputs (FY2029)	Reference page
Solving Social Issues	**Brightens the Earth through our technologies and ideas** • Contribute to solving social issues by integrating diverse technologies • Provide regenerative and circular solutions	Responding to Climate Change	The impact of climate change, including the increased severity of natural disasters, hinders the sustainable development of society. For this reason, the world faces the common challenge of reducing CO_2 and other greenhouse gas emissions that cause climate change, while aiming to achieve a decarbonized society. The Group also recognizes that reducing CO_2 emissions from business activities and supply chains is an important issue. In addition to measures such as energy savings, manufacturing improvements, work style reforms, and energy creation, we will also introduce new technologies to achieve both planned CO_2 emission reductions through our own efforts and economic growth.	Reduction of CO_2 emissions	**Scope 1 and 2:** FY2030: **46%** reduction (compared to FY2018 levels) FY2035: **71.4%** reduction (compared to FY2018 levels) FY2050: Net Zero **Scope 3:** FY2030: **30%** reduction (compared to FY2018 levels)	▶ P.65
		Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	The Group is committed to taking on the various challenges of the world. We will cocreate and provide new value to help solve these challenges, so that we can contribute to realizing a better society. The challenges facing the world are wide-ranging, including climate change and energy issues. Minimizing the environmental impact of the products and services we use to ensure limited resources are passed on to future generations is also a critical issue for the sustainability of society as a whole. Our group will contribute to the sustainable development of society as a whole by proposing new value to people worldwide, capitalizing to the fullest on the technology—mainly ceramics—and accumulated experience we have cultivated to date.	Dissemination and expansion of environmentally friendly automobile-related products (Internal Combustion Engine (ICE) business)	Sales ratio of precious metal plugs: **50%** or higher	▶ P.24
					Sales ratio of wide range oxygen sensor: **50%** or higher	▶ P.24
				Dissemination and expansion of environmentally friendly automobile-related products (xEV-related business)	Sales expansion of ceramic bearing balls and ceramic heat dissipation substrates	▶ P.24
				Promotion and expansion of sales for stationary Environmental Energy-related products	Expanding sales of SOFCs as high-efficiency distributed power sources with a view to the use of CO_2-free hydrogen, and developing and commercializing SOECs and reversible solid oxide cells (SOCs) aimed at the widespread adoption of hydrogen production equipment	▶ P.24
Human Capital	**Diverse and proactive individuals embody the Niterra Way** • At Niterra, the personal growth of each individual is the driving force that fosters their contribution to the sustainable development of the Niterra Group.	Respect for diversity and individuality	Japanese companies face a variety of human resources challenges, including labor shortages due to a declining birthrate and aging population, fierce competition for talent with rivals, and increased turnover rates due to low employee engagement. Therefore, promoting human capital management has become essential. The Group acknowledges that employees are the most important management resources. We believe that respecting the diversity and individuality of our approximately 16,000 employees around the world and creating an environment in which each of them can play an active role will help to resolve these issues, and in turn, lead to the development of the Group. To achieve our business strategy, we will implement global talent management to identify and optimally allocate necessary talent, and further develop their skills and abilities to improve individual performance and enhance organizational strength. We will also work to cultivate highly motivated talent and build a talent pool by implementing measures to promote the Niterra Way. The basis for this is our commitment to diversity, equity & inclusion (DE&I). We put an importance in accepting diverse individuals regardless of gender, age, physical condition, nationality, as well as lifestyle and personality, and to provide each one with the best support and opportunities in a fair manner. We leverage new values and ideas coming from an employee-friendly workplace that accepts such people by combining different forms of knowledge.	Establishing and operating human resource systems aimed at achieving optimal placement for each individual and enabling them to maximize their potential to the fullest	Job fulfillment factors in the engagement survey: Average score of **3.56** or higher	▶ P.53
				Promoting the empowerment of women, foreign nationals, and mid-career employees	Ratio of women, foreign nationals, and mid-career employees in managerial posts: **30%** (Group in Japan) Ratio of women employees in managerial posts: **10%** (Non-consolidated)	▶ P.51
Management Foundation	**Establish new global management foundation to drive transformation** • Transform into a more resilient corporate structure, adapting to changes in the external environment • Facilitate swift decision-making and strategic risk management	Corporate Governance	To achieve sustained growth and improve mid- to long-term corporate value, we believe that it is important to structure the Board of Directors with a team of people from different backgrounds with a variety of expertise and experience. We also focus on enhancing the supervisory function of the Board of Directors and ensuring transparency in decision-making by improving the percentage of outside directors on the Board of Directors.	Increasing the ratio of women and foreign nationals to directors	Ratio of women and foreign nationals as directors: **30%** or higher	▶ P.70
				Increasing the ratio of outside directors	Ratio of outside directors: Over **50%**	▶ P.70
		Risk Management	In the modern era of dramatic changes in the environment surrounding business, the risks that companies face are also diversifying. Responding to risks the wrong way could put a company's survival at risk. The Group strives to carry out risk management from day to day, so that it can enhance its corporate value.	Management of serious incidents signs and prevention of their occurrence	Implement mitigation activities for priority risks identified through integrated risk management	▶ P.85
		Compliance	To develop the business of our group, we must continue to be a company that is trusted by society. With the recognition that our group is a member of society, we aim to be a company that is trusted by all our stakeholders by appropriately meeting social demand.	Implementation of compliance awareness surveys and continuous education / awareness-raising activities for all employees	• Conducting compliance awareness surveys and disclosing the results • Zero serious compliance violations	▶ P.86
		Respect for Human Rights	We recognize that our business affects a wide range of people from our employees to the employees of our business partners, and residents of local communities. Therefore, we make our best efforts to protect the dignity of these people based on international norms.	Human rights due diligence initiatives	Conducting surveys regularly and disclosing the results	▶ P.54
		Information Security	Information technology is becoming more sophisticated every day, and we handle a variety of information assets in our business. Meanwhile, as cyberattacks and other risks increase, bolstering information security is crucial. The Group will also enhance information security by positioning information assets as one of its management resources. We will make effective use of them while protecting them appropriately.	Maintaining and strengthening incident response organizations and building preventive systems	• Maintaining information security management system • Conducting IT security audits and disclosing the results • Zero cyber security incidents globally	▶ P.88
		Improving Value-Added Productivity	The Group believes that improving productivity is not simply about finishing work faster, but about generating maximum added value from limited management resources (people, assets, cash, and time). Through this, we aim to achieve sustainable growth as a company.	Evolving our business foundation through multifaceted data utilization, including smart factories, to enhance value-added productivity and revolutionize operational efficiency	Improving value-added productivity: **x1.4** improvement (compared to FY2024 levels)	

*Goals and outputs are set for the last fiscal year of the Long-term Management Plan, unless a different fiscal year is indicated in the table.

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Review of Activities for Key Management Priorities

Overall, the progress of our major initiatives in FY2025 was generally steady as planned. Among these, while initiatives related to the reduction of CO_2 emissions through technical development as part of responding to climate change and initiatives for new ventures among technologies, products, and businesses that contribute to solving social issues are not progressing as initially planned due to the ambitious goals set, they are nonetheless advancing steadily. We will continue to address these issues and contribute to the realization of a sustainable society.

Solving Social Issues	Responding to Climate Change		
Major initiatives	Reduction of CO_2 emissions	Goals and outputs	(1) Scope 1 and 2 • FY2030: 46% reduction (compared to FY2018 levels) • FY2035: 71.4% reduction (compared to FY2018 levels) • FY2050: Net Zero (2) Scope 3 • FY2030: 30% reduction (compared to FY2018 levels)
Progress in FY2025	(1) 31.9% reduction compared with FY2018 (2) 8.5% reduction compared with FY2018		
Initiatives in FY2025	(1) Scope 1 and 2 • Formulated a company-specific CO_2 reduction roadmap • Proceeded with considering significant emissions reduction projects involving process changes looking toward FY2035 • Considered a system for conducting LCA during the product development phase (2) Scope 3 • For Category 1, we conducted carbon neutrality surveys, briefings, and support activities targeting our business partners. We also considered calculation methods that can reflect the reduction effects.		
Recognition of issues in FY2026 and beyond	(1) Scope 1, 2: Proposal of measures (especially technology development projects) for FY2035 (2) Scope 3: Establish target reductions in Tier 1 of Scope 1 and 2, and further strengthen collaboration with suppliers as co-creation partners		

Solving Social Issues	Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues		
Major initiatives	Dissemination and expansion of environmentally friendly automobile-related products (Internal Combustion Engine (ICE) business)	Goals and outputs	(1) Sales ratio of precious metal plugs: 50% or higher (2) Sales ratio of wide range oxygen sensor: 50% or higher
Progress in FY2025	(1) 46% (2) 43%		
Initiatives in FY2025	(1) In the Independent Automotive Aftermarket (IAM) services market, we aimed to increase the penetration of precious metal plugs by optimizing the pricing structure to reflect the characteristics of each region. (2) In the Chinese market, where the proportion of wide range oxygen sensors is high, we focused on expanding sales to local manufacturers where our market share was low.		
Recognition of issues in FY2026 and beyond	Development and implementation of sales strategies tailored to the stage of market development		

Solving Social Issues	Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues		
Major initiatives	Dissemination and expansion of environmentally friendly automobile-related products (xEV-related business)	Goals and outputs	Sales expansion of ceramic bearing balls and ceramic heat dissipation substrates
Progress in FY2025	Overseas sales through the Niterra Group's sales network		
Initiatives in FY2025	• Promoted strategic order acquisition activities for domestic and international customers • Added new products to our lineup and strengthened our ability to offer solutions that meet customer needs		
Recognition of issues in FY2026 and beyond	• Expand global market access through the Niterra Group's sales network • Optimize procurement routes and promote the transition to alternative materials to ensure a stable supply of raw materials		

Solving Social Issues	Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues		
Major initiatives	Promotion and expansion of sales for stationary Environment & Energy-related products	Goals and outputs	Expanding sales of SOFCs as high-efficiency distributed power sources with a view to the use of CO_2-free hydrogen, and developing and commercializing SOECs and reversible solid oxide cells (SOCs) aimed at the widespread adoption of hydrogen production equipment
Progress in FY2025	(1) Expansion of sales of SOFCs • Expanding sales for multi-fuel applications and new uses		(2) Development and commercialization of SOEC and rSOC • Completion of prototyping and evaluation of 10kW stacks • Improved durability through cell development
Initiatives in FY2025	(1) Expansion of sales of SOFCs • Promoted increased sales and the acquisition of new customers for multi-fuel-compatibility and for new applications (2) Development and commercialization of SOEC and rSOC • Completed prototype of 10kW stack and confirmed that it produced the desired output • Improved durability using cell development		
Recognition of issues in FY2026 and beyond	Strategic updating of the business plan and development of measures for expanding sales and commercialization		

Human Capital	Respect for diversity and individuality		
Major initiatives	Establishing and operating human resource systems aimed at achieving optimal placement for each individual and enabling them to maximize their potential to the fullest	Goals and outputs	Job fulfillment factors in the engagement survey: Average score of 3.56 or higher
Progress in FY2025	Average score: 3.42		
Initiatives in FY2025	• Worked on revising the domestic human resource system and made preparations for introducing global grading • Built a comprehensive talent strategy (recruitment, training, evaluation, placement, promotion, and workplace culture) centered on the Shared Values of the Niterra Way		
Recognition of issues in FY2026 and beyond	• Full-scale implementation of the revised human resource system (to be implemented from FY2026) • Refine global grading, expand job descriptions (career and skills), and connect to transfer and training programs • Implement data-driven workplace culture improvement activities by strengthening the linkage of various surveys and evaluations		

Human Capital	Respect for diversity and individuality		
Major initiatives	Promoting the empowerment of women, foreign nationals, and mid-career employees	Goals and outputs	(1) Ratio of women, foreign nationals, and mid-career employees in managerial posts: 30% (Group in Japan) (2) Ratio of women employees in managerial posts: 10% (Non-consolidated)
Progress in FY2025	(1) 27.0% (2) 5.5%		
Initiatives in FY2025	• We continued to implement the Raise UP Program (selective training for female manager promotion). • Held DE&I lectures to foster a culture that accepts diversity		
Recognition of issues in FY2026 and beyond	Continuous development and recruitment of female employees who are candidates for management positions and section manager/team leader roles		

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Management Foundation	Corporate Governance		
Major initiatives	(1) Increasing the ratio of women and foreign nationals to directors (2) Increasing the ratio of outside directors	Goals and outputs	(1) Ratio of women and foreign nationals as directors: 30% or higher (2) Ratio of outside directors: Over 50%
Progress in FY2025	(1) 36% (4 out of 11 Members of the Board) (2) 64% (7 out of 11 Members of the Board)		
Initiatives in FY2025	• At the Board of Directors meetings, opinions were freely exchanged and vigorous deliberations were held, regardless of whether the Members of the Board were outside or inside the company. • Offsite meetings for Members of the Board also facilitated free exchange of opinions.		
Recognition of issues in FY2026 and beyond	Maintaining diversity on the Board of Directors		

Management Foundation	Risk Management		
Major initiatives	Management of serious incidents signs and prevention of their occurrence	Goals and outputs	Implementing risk reduction activities for priority risks identified through integrated risk management
Progress in FY2025	• Advancing measures to address priority risks for FY2025 • Updating the risk map and identifying priority risks for FY2026 • Initiating efforts to implement management risk (strategic risk from a management perspective) management • Selecting global priority risks and reviewing the status of initiatives		
Initiatives in FY2025	• Regarding the status of priority risk countermeasures, promoted responses to issues pointed out by the Risk Management Committee and other relevant bodies • Defined categories of management risks and directions for risk response based on the Mid-term Management Plan, established a department in charge, and conducted interviews and a current situation assessment based on risk scenarios • Continued overseas risk assessments targeting overseas group companies and addressed global priority risks		
Recognition of issues in FY2026 and beyond	• Deepen business risk analysis and improve the accuracy of evaluations • Refine and establish overseas risk assessments and propose risk reduction measures tailored to each location		

Management Foundation	Compliance		
Major initiatives	Implementation of compliance awareness surveys and continuous education / awareness-raising activities for all employees	Goals and outputs	(1) Conducting compliance awareness surveys and disclosing the results (2) Zero serious compliance violations
Progress in FY2025	(1) Compliance awareness survey completed (2) Four serious compliance violations found		
Initiatives in FY2025	• Conducted a compliance awareness survey targeting all employees of the Group in Japan. Currently formulating improvement measures and action plans for departments and Group companies that have received low scores, and are implementing countermeasures. • Conducted compliance training by level for all employees of our domestic Group companies • Issued the Global Compliance Guidebook to all Group companies		
Recognition of issues in FY2026 and beyond	• Improve awareness of internal reporting system in overseas Group companies and implement educational activities using the Global Compliance Guidebook • Further disseminate the internal reporting system and prevent risks through compliance training by level		

Management Foundation	Respect for Human Rights		
Major initiatives	Human rights due diligence initiatives	Goals and outputs	Conducting surveys regularly and disclosing the results
Progress in FY2025	• No significant concerns identified in the human rights due diligence assessment • Disclosure of FY2024 assessment results and initiatives on the website and other channels		
Initiatives in FY2025	• Conducted compliance awareness surveys targeting employees, human rights and labor surveys targeting Group companies, and survey administered through the CSR and Sustainability Procurement Guideline checksheet targeting business partners to confirm the status of initiatives		
Recognition of issues in FY2026 and beyond	• Expand the scope of surveys to improve the comprehensiveness of understanding human rights risks • Improve the effectiveness of human rights due diligence through the introduction of on-site audits, etc.		

Management Foundation	Information Security		
Major initiatives	Maintaining and strengthening incident response organizations and building preventive systems	Goals and outputs	• Maintaining information security management system • Conducting IT security audits and disclosing the results • Zero cyber security incidents globally
Progress in FY2025	• Conducted IT security audits and improved maturity levels. • Advanced the formulation and establishment of a business continuity framework (IT-BCP) for unforeseen events.		
Initiatives in FY2025	• Conducted IT security audits at Group companies both domestically and internationally • Security measures, including ISMS activities, kept the number and severity of incidents at a low level		
Recognition of issues in FY2026 and beyond	Establish IT governance that covers the entire Group and create operational mechanisms that anticipate contingencies		

Management Foundation	Improving Value-Added Productivity		
Major initiatives	Evolving our business foundation through multifaceted data utilization, including smart factories, to enhance value-added productivity and revolutionize operational efficiency	Goals and outputs	Improving value-added productivity: x1.4 improvement (compared to FY2024 levels)
Progress in FY2025	[Direct] Finalization of specifications for the information utilization infrastructure and model line [Indirect] Formulation and target-setting for the medium-term human capital plan (through FY2029)		
Initiatives in FY2025	[Direct] Determined specifications for the integrated platform as an information utilization infrastructure Furthermore, completed verification of equipment specifications for the model line for the smart factory [Indirect] Defined the functional roles and determined the optimal resources based on them		
Recognition of issues in FY2026 and beyond	[Direct] Strengthen collaboration in cross-departmental projects [Indirect] Define functional roles and determine optimal resources within business departments		

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