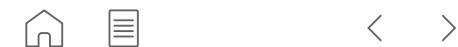
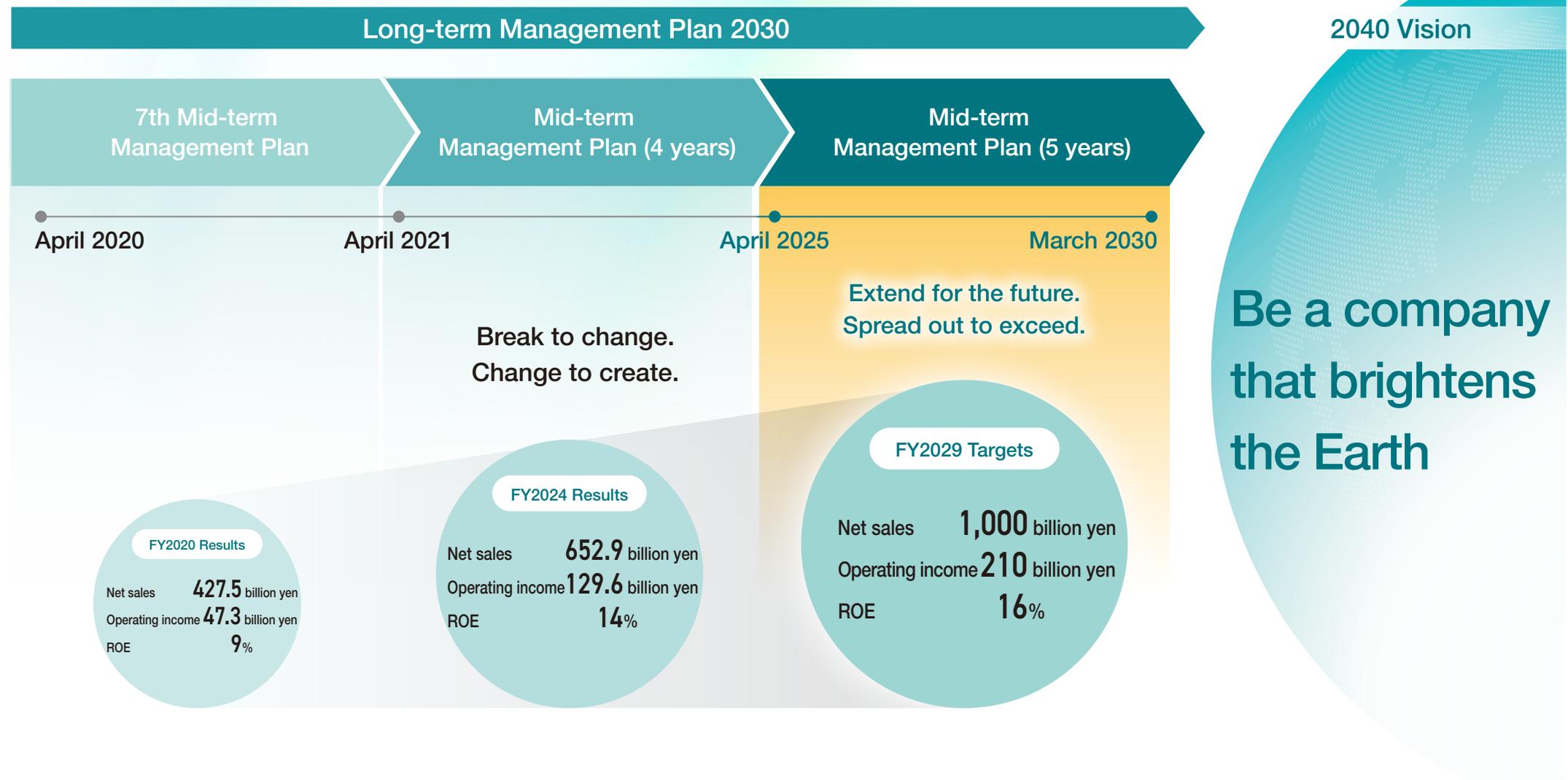


02 Growth Strategy

Course of Our Growth Strategy

The Mid-term Management Plan 2030 is positioned as the final step toward the 2040 Vision.
 We will expand priority areas by leveraging our ceramic technologies, building on profit growth in the internal combustion engine (ICE) business.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy 2040 Vision and Mission

2040 Vision

We will be a company that brightens the Earth

The Niterra Group's 2040 Vision is "We will be a company that brightens the Earth by solving social issues through our unique, *Tokushu*, technologies and ideas." To respond to the rapid changes in the business environment following the Mid-term Management Plan 2025 (FY2021–FY2024) and achieve sustainable growth, it is necessary to reconfigure the Company's unique core assets to align with management issues and enhance our own competitiveness. We have established this 2040 Vision to clearly articulate our commitment to solving social challenges by creating new value while leveraging the technologies and core assets accumulated over the years from our business operations.

Mission

By integrating our established ceramics-based core assets with newly developed ones, we will link these core assets together, optimize the efficient use of minimal resources, and deliver regenerative and circular solutions to society. This initiative is encapsulated in the phrase "Ceramics and Beyond, Exceeding Imagination." Our Group will strive to solve social challenges as one, leveraging the technologies and core assets accumulated over time through our management approach while clearly demonstrating our commitment to creating new value and addressing social challenges.



Focus Areas

We are narrowing down our focus areas in the creation of businesses centered on core assets for solving social issues. Specifically, we plan to concentrate our management resources on three areas: Mobility, Semiconductors, and Environment & Energy, where our core assets can be fully leveraged, and advance their commercialization.

* Medical business: not defined as a primary focus areas, but rather as a business initiative that utilizes our core assets.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

Key Management Priorities (Niterra Materiality)

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. Previously, the priority issues were identified at the outset of the Long-term Management Plan 2030, which focused primarily on ESG-related topics. However, with the commencement of the Mid-term Management Plan 2030 from FY2025, we have newly established the fundamental concept of Key Management Priorities and then reclassified the previous eight priority issues into three categories.

Steps to Define Key Management Priorities

Understanding the 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	●	→	→
Efficient use of CO ₂ for a decarbonized and carbon-circulating society (adaptation to climate change)	Opportunity		●	→
Expansion of 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	●	→	→
Stricter environmental regulations (carbon tax, recycling regulations, chemical regulations, etc.)	Risk	●	→	
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	●	→	→
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	●	→	
Diversification of work styles and values (work-life balance, equal opportunity and equity)	Risk	●	→	
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	●	→	
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; Mid-term: Until around 2030, in line with the target year of the Long-term Management Plan; Long-term: Until around 2040, in line with the vision of the Long-term Management Plan

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy

Key Management Priorities (Niterra Materiality)



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities**
- Review of Activities for Key Management Priorities
- Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

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.



Intensive discussion

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 our Group experiences. Furthermore, based on the risks and opportunities identified in Step 1, we conducted thorough deliberations. Following discussions within the CSR and 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 have been reclassified into three newly established Key Management Priorities.



We aim to enhance our corporate value by contributing to the realization of a sustainable society, as clearly expressed in the Niterra Way (CSR and Sustainability Charter). To this end, we consider solving social challenges to be our foremost management priority. We will simultaneously advance three initiatives: embodying Niterra's unique ethos to brighten the Earth with technology and innovation; fostering talent to brighten the Earth, ensuring diverse and proactive individuals embody the Niterra Way; and establishing a foundational framework to brighten the Earth, thus creating a new global

management foundation that drives transformation. Specifically, we will contribute to solving social challenges in the form of renewable and circular solutions by combining diverse technologies. Furthermore, as part of the human capital investment underpinning this, we will expand our framework enabling diverse talent to thrive by leveraging their individual strengths, cultivate individuals who proactively drive change and pioneer the future even amidst transformation, and develop talent capable of creating new value with specialized expertise to tackle increasingly sophisticated challenges.

Furthermore, as part of the management foundation overhaul supporting these initiatives, we will establish an organizational platform that enables swift decision-making and facilitates strategic risk control. To realize these objectives, we believe it is crucial to establish more concrete initiatives and their targets within a mid- to long-term perspective across the respective fields of solving social issues, human capital, and management foundation, and to firmly pursue these endeavors.



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

Details: Review of Activities for Key Management Priorities (Niterrra Materiality) [▶ P.30-31](#)

Key Management Priorities	Reasons for identification as a priority issue	Major initiatives	Goals and outputs (FY2029)	Reference page
<p>Brightens the Earth through our technologies and ideas</p> <ul style="list-style-type: none"> Contribute to solving social issues by integrating diverse technologies Provide regenerative and circular solutions 	Responding to Climate Change	Reduction of CO ₂ emissions	<ul style="list-style-type: none"> CO₂ emissions (compared with the FY2018 level) <ul style="list-style-type: none"> FY2030: 30% reduction * Scheduled to change to 46% reduction in April 2026 FY2035: 71.4% reduction FY2050: Carbon neutrality (Net Zero) 	▶ P.70
	Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	Dissemination and expansion of environmentally friendly automobile-related products	<ul style="list-style-type: none"> Sales ratio of precious metal plugs: at least 50% Sales ratio of wide range oxygen sensors: at least 50% 	▶ P.30
<p>Diverse and proactive individuals embody the Niterra Way</p> <ul style="list-style-type: none"> At Niterra, the personal growth of each individual is the driving force that fosters their contribution to the sustainable development of the Niterra Group. 	Global Talent Management	Development of fuel cells	<ul style="list-style-type: none"> Disseminating high-efficiency distributed power supply systems with an eye on the use of CO₂-free hydrogen fuel 	▶ P.30
		Development of applications for lead-free piezoelectric materials	<ul style="list-style-type: none"> Promoting substitution for lead-based piezoelectric materials 	▶ P.30
		Development of sensing IoT business	<ul style="list-style-type: none"> Improving operational efficiency through automation, optimization and generalization 	▶ P.30
		Carbon Neutrality as a Service	<ul style="list-style-type: none"> Establishing and introducing a synthetic fuel (methane) production system 	▶ P.30
		Promotion of employment of women, foreign nationals, and mid-career employees	<ul style="list-style-type: none"> Percentage of female, foreign nationals, and mid-career employees in managerial posts: 25% 	▶ P.61
<p>Establish new global management foundation to drive transformation</p> <ul style="list-style-type: none"> Transform into a more resilient corporate structure, adapting to changes in the external environment Facilitate swift decision-making and strategic risk management 	Corporate Governance	Increasing the ratio of female and foreign nationals to directors	<ul style="list-style-type: none"> Percentage of female and foreign nationals as directors: at least 30% 	▶ P.77
		Increasing the ratio of outside directors	<ul style="list-style-type: none"> Ratio of outside directors: at least one-third 	▶ P.77
	Risk Management	Management of serious incidents signs and prevention of their occurrence	<ul style="list-style-type: none"> Establishing a risk management system that contributes to management decision making 	▶ P.90
	Compliance	Survey of officers' and employees' awareness and continuous education	<ul style="list-style-type: none"> Conducting compliance awareness surveys and disclosing the results 	▶ P.91
	Information Security	Maintaining and strengthening incident response organizations and building preventive systems	<ul style="list-style-type: none"> Maintaining information security management system 	▶ P.93
	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.		

* 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.

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management

Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management

Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

Review of Activities for Key Management Priorities (Niterra Materiality)

Progress on key initiatives from FY2024 is generally proceeding smoothly, with some goals achieved in climate change, talent management, and governance.

While initiatives related to new ventures among technologies, products, and businesses that contribute to solving social issues are not progressing as anticipated 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	CO ₂ emissions: 30% reduction [compared to FY2018] (FY2030) * Scheduled to change to 46% reduction in April 2026
Progress in FY2024	Reduced by 31.7% (191k tons)		
Initiatives in FY2024	<ul style="list-style-type: none"> A company-specific CO₂ reduction roadmap has been formulated. In FY2023, we launched an international version of the dedicated climate change response website established on our intranet and began distributing information. 		
Recognition of issues in FY2025 and beyond	<ul style="list-style-type: none"> Revision of target values to suit the 1.5°C target Promotion of CO₂ reduction activities at overseas Group companies 		

Solving Social Issues		Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	
Major initiatives	Promotion and expansion of sales for environmentally friendly automotive products	Goals and outputs	1) Sales ratio of precious metal plugs: at least 50% 2) Sales ratio of wide range oxygen sensors: at least 50%
Progress in FY2024	1) 46%, 2) 41%		
Initiatives in FY2024	<ul style="list-style-type: none"> The slowdown in the shift to EVs and the sustained sales of four-wheeled vehicles equipped with precious metal plugs helped maintain the sales ratio of these plugs. In the market for China, where the ratio of wide range oxygen sensors is high, sales ratio growth was lower than expected because local manufacturers who are not our customers have made significant gains. This has led to sluggish new vehicle sales for Japanese, U.S., and European manufacturers, who use our products. As a result, the sales ratio of wide range oxygen sensors did not increase as much as anticipated. 		
Recognition of issues in FY2025 and beyond	Assessment of the market environment, including trends in EVs and competing products		

Solving Social Issues		Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	
Major initiatives	Development of fuel cells	Goals and outputs	Disseminating high-efficiency distributed power supply systems with an eye on the use of CO ₂ -free hydrogen fuel
Progress in FY2024	<ul style="list-style-type: none"> Expanding sales for new applications Development of a high-efficiency monogeneration system for household use 		
Initiatives in FY2024	<ul style="list-style-type: none"> We worked to expand sales for new applications such as multi-fuel compatibility. We revised plans to enter the residential fuel cell market and developed a high-efficiency monogeneration system. 		
Recognition of issues in FY2025 and beyond	<ul style="list-style-type: none"> Robust launch for business and industrial use Market expansion for new applications and relaunch of household-use planning Proactive proposals made to overseas customers 		

Solving Social Issues		Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	
Major initiatives	Development of applications for lead-free piezoelectric materials	Goals and outputs	Promoting substitution for lead-based piezoelectric materials
Progress in FY2024	Achievement of annual target for replacement parts		
Initiatives in FY2024	<ul style="list-style-type: none"> Lead-free piezoelectric materials, as replacements for lead-based piezoelectric materials, were shipped as scheduled. We have attracted new customers requiring lead-free piezoelectric materials, not limited to alternative applications. Working to enhance the performance of lead-free piezoelectric materials. 		
Recognition of issues in FY2025 and beyond	<ul style="list-style-type: none"> Identification of regulatory trends for lead-based piezoelectric materials and enhancing performance Increasing awareness of lead-free piezoelectric materials 		

Solving Social Issues		Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	
Major initiatives	Development of sensing IoT business (Land-based aquaculture system)	Goals and outputs	Improving operational efficiency through automation, optimization and generalization
Progress in FY2024	Commencement of market delivery for land-based aquaculture systems		
Initiatives in FY2024	<ul style="list-style-type: none"> We established the new company Niterra AQUA. We established an online sales system and began selling Urumi Ebi. We completed the base construction of the Niterra aquaculture system that can be applied to demonstration trials. 		
Recognition of issues in FY2025 and beyond	<ul style="list-style-type: none"> Establishment of the Niterra aquaculture system that can be applied to business Demonstration testing and acquisition of business customers Development of shrimp sales channels for system purchasers 		

Solving Social Issues		Development of Technologies, Products, and Businesses for Contributing to the Resolution of Social Issues	
Major initiatives	Carbon Neutrality as a Service*	Goals and outputs	Establishing and introducing a synthetic fuel (methane) production system
Progress in FY2024	<ul style="list-style-type: none"> Completing methane production test unit installation Conducting a demonstration test as a regional CCU 		
Initiatives in FY2024	<ul style="list-style-type: none"> We worked to lower the reaction initiation temperature for methanation. We sold "Regional CCU™ greenhouse mandarin oranges" harvested from the Regional CCU demonstration experiment. Monitoring CO₂ emissions during the transportation of recovered CO₂. 		
Recognition of issues in FY2025 and beyond	<ul style="list-style-type: none"> Further cost reduction and energy savings in CO₂ recovery Expanding the utilization of recovered CO₂ 		

* Carbon Neutrality as a Service is our vision of a decarbonized circular society and solution services. For more information please visit our website:

- <https://www.sustainability.niterragroup.com/en/themes/524/>
- https://www.niterragroup.com/english/business/innovation/new_business/ccu/

* 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.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management

Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management

Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy

Review of Activities for Key Management Priorities (Niterra Materiality)



Human Capital		Global Talent Management	
Major initiatives	1) Promotion of employment of women, foreign nationals, and mid-career employees 2) Designing a new HR System	Goals and outputs	1) Percentage of female, foreign nationals, and mid-career employees in managerial posts: 25% 2) Improve the results of employee satisfaction surveys
Progress in FY2024	1) 26.4% (as of April 1, 2025) * Domestic group: 26.9% (as of the end of March 31, 2025, excluding managerial-level professionals) 2) 3.48 (FY2022: 3.33; FY2023: 3.46)		
Initiatives in FY2024	1) • We launched the Pre-Raise UP Program, a precursor to the Raise UP Program (selective training for female manager promotion), to cultivate talent with the potential to become future section managers and team leaders. • To foster a culture that embraces diversity, we continued to hold DE&I WEEK. 2) • We have addressed the most critical task of addressing our talent portfolio (workforce planning) and completed our assessment of the current situation. • We held a workshop for department managers to share initiatives, discuss specific actions of each department, and cultivate a mindset of connection, or "symbiosis," with other departments.		
Recognition of issues in FY2025 and beyond	1) Shortage of candidates for the Raise UP Program and Pre-Raise UP Program 2) Appropriate placement of talent in the right positions for the business portfolio		

Management Foundation		Corporate Governance	
Major initiatives	1) Increasing the ratio of female and foreign nationals becoming directors 2) Increasing the ratio of outside directors	Goals and outputs	1) Percentage of female and foreign nationals as directors: at least 30% 2) Ratio of outside directors: at least one-third
Progress in FY2024	1) 36% (4 out of 11), 2) 64% (7 out of 11)		
Initiatives in FY2024	• At the Board of Directors meetings, opinions were freely exchanged and vigorous deliberations were held, regardless of whether the directors were outside or inside the Company. • Offsite meetings for directors also facilitated free exchange of opinions.		
Recognition of issues in FY2025 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	Establishing a risk management system that contributes to management decision making
Progress in FY2024	• Monitoring of countermeasures for priority risks and promotion of risk reduction activities • To incorporate strategic risks into our integrated risk management framework from a management perspective, we conducted a risk factor identification exercise.		
Initiatives in FY2024	• We monitored the status of countermeasures for priority risks by the department in charge of risk management, and promoted risk reduction activities. • We continued addressing global priority risks and conducted monitoring and evaluation of responses by the head office risk management department. • We defined "strategic risk" as "risks that hinder the achievement of the Mid-term Management Plan objectives" and identified relevant risk factors.		
Recognition of issues in FY2025 and beyond	• Supporting response to and monitoring of global priority risks • Promoting risk prevention activities using integrated risk management that incorporates strategic risks		

Management Foundation		Compliance	
Major initiatives	Survey of officers' and employees' awareness and continuous education	Goals and outputs	Conducting compliance awareness surveys and disclosing the results
Progress in FY2024	• Continuing implementation of improvement measures for low-scoring departments • Implementation of education by level		
Initiatives in FY2024	• As a result of continuously implementing improvement measures in departments with low scores in the 2023 Compliance Awareness Survey, we confirmed improvements have been accomplished. • Compliance training was conducted by level.		
Recognition of issues in FY2025 and beyond	• Implementation of a compliance awareness survey and verification of the effectiveness of improvement measures based on its results • Enhancing compliance activities from a global perspective • Implementation of continuous education by level		

Management Foundation		Information Security	
Major initiatives	Maintaining and strengthening incident response organizations and building preventive systems	Goals and outputs	Establishing an information security management system
Progress in FY2024	• Continuous enhancement of the global security framework • Establishment of Cyber BCP • Auditing IT security at all domestic and overseas sites		
Initiatives in FY2024	• We revised group regulations and held a global conference to strengthen the Group's organizational structure. • IT-BCP was created and training was conducted at the target company. IT-BCP development is currently underway at overseas Group companies. • IT security audits were conducted at all domestic and overseas sites.		
Recognition of issues in FY2025 and beyond	• Inter-company collaboration and overall optimization in IT-BCP • Streamlining and enhancing IT security audits		

* 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.

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management

Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management

Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

Development of technologies, products, and businesses for contributing to the resolution of social issues

Compact Reversible SOC System Capable of Hydrogen Production and Power Generation

The Niterrra Group has identified fuel cell development as one of the key initiatives among our Key Management Priorities. As part of this initiative, we developed the reversible SOC system, which utilizes a solid oxide cell (SOC) currently under development to achieve both hydrogen production via water electrolysis and power generation using fuel cells within a single cell stack.

Development background

In recent years, the adoption of electricity derived from renewable energy sources has been advancing toward realizing a carbon-neutral society. However, renewable energy sources such as solar and wind power fluctuate in output, potentially disrupting the balance between electricity supply and demand and resulting in either surpluses or shortages. When surplus electricity is generated, output is curtailed, and it is predicted that as the proportion of renewable energy increases across society, output curtailment will further increase, making the utilization of surplus electricity problematic.

One solution that is attracting attention is energy management that converts surplus electricity into hydrogen for storage, and then uses the stored hydrogen to generate electricity during power shortages or blackouts caused by disasters. Our Group has developed a reversible SOC system that applies our fuel cell technology cultivated over many years, enabling both hydrogen production via water electrolysis and power generation from fuel cells within a single cell stack.

System features and capabilities

Our cell stack is capable of operating in both modes: SOEC, which generates hydrogen using electricity, and SOFC, which generates electricity using hydrogen and air. Both technologies are essential for achieving carbon neutrality because they do not emit greenhouse gases such as CO₂.

The system offers the advantage of being more compact and space-saving compared to installing SOEC and SOFC separately, as it can switch between hydrogen production and power generation within a single stack.

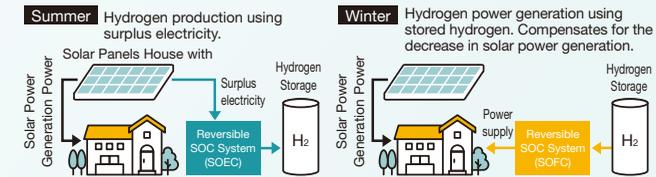
In a SOC system, the cell stack must be maintained at a high temperature of around 700°C, and managing this thermal energy significantly influences the system's efficiency. Our system incorporates a compact, high-efficiency hot module that effectively utilizes internally generated heat, applying our technologies cultivated over many years for controlling the electrochemical characteristics of cell stacks in high-temperature environments, as well as thermal fluid analysis technology.



System use scenarios

<Seasonal electricity supply and demand adjustment>

By converting surplus electricity generated in summer into hydrogen using SOEC and storing it, then supplementing winter electricity shortages with SOFC power generation using the hydrogen stored in summer, it becomes possible to balance electricity supply and demand across seasons.

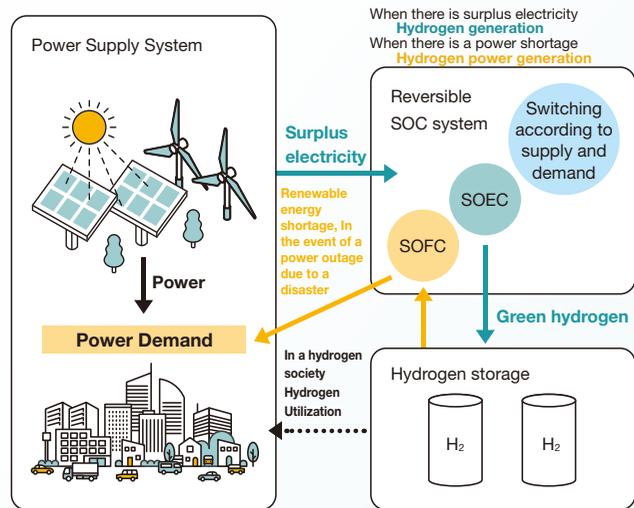


<Use as an emergency power source>

During power outages caused by disasters, solar power generation can provide electricity during the day, but it is difficult to obtain electricity during poor weather or at night. The SOC system can generate electricity using stored hydrogen whenever needed, thereby providing a flexible supply of energy at all times, whether day or night.

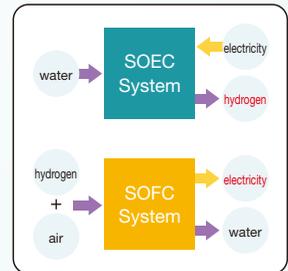
Future prospects

We plan to conduct verification as an energy management system, while also promoting awareness activities to advance the adoption of SOC systems and seeking collaborative partners to aim for commercialization by FY2025. As renewable energy generation such as solar and wind power becomes more widespread, small-scale power generation will increase. This is expected to lead to a migration away from the current power system, which relies on centralized large-scale power plants and long-distance power lines, toward a form of self-sufficient power within regions and a locally self-contained energy supply model. In that world, distributed power systems combining fuel cells and hydrogen generators will become a highly promising format that promises future market growth.



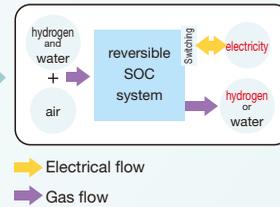
When SOEC/SOFC systems are installed side by side

- Two systems are required.
- The installation area is large and each facility requires its own infrastructure.



In the case of a reversible SOC system

- Both hydrogen production and power generation functions in one system
- Consolidated and compact.
- Reversible operation possible with external switching command.



Comment from the person in charge

The reversible SOC system we developed is a technology capable of long-term energy storage, and it has attracted considerable interest from numerous companies and organizations. We will conduct operations for hydrogen production, storage, and power generation using our in-house verification equipment to identify challenges. Based on the insights gained, we will implement continuous improvements and work to promote the widespread adoption of SOC systems that leverage Niterrra's strengths.
K.T., Energy Business Division

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management

Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management

Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy

Message from the Well-being Strategy Officer

By focusing on the well-being of each employee and the organization, we will contribute to the well-being of society as a whole and become a company people choose

Hiromi Kitagawa

Corporate Officer

In charge of Human Resources Strategy Dept., Sustainability Strategy Dept., Corporate Communication Dept., Well-being Strategy Group, Global Strategy Div.



The purpose behind establishing the Well-being Strategy Group and the vision embodied in well-being

As of April 2025, I am responsible for the Human Resources Strategy Department, Sustainability Strategy Department, and Corporate Communication Department, within the newly established Well-being Strategy Group. By bringing together three departments that play crucial roles in enhancing our Group's non-financial value under the same umbrella, we will lower barriers between departments, facilitate smoother information sharing and collaboration, and strengthen alignment with our management strategy. Having the same officer handle these processes will speed up decision-

making. The ultimate goal of this shift is to ensure more transparent disclosure of information and consistent accountability. Under this new framework, we will strive to provide more comprehensive explanations regarding non-financial information to all stakeholders, including investors. For example, our management strategy will integrate human capital initiatives (Human Resources Strategy Department) going forward. This will be communicated externally as part of our efforts to help solve societal challenges (Sustainability Strategy Department), and we will clearly convey how this fulfills our role as a responsible corporate citizen (Corporate Communication Department), forging synergies and creating a collaborative effect.

The term "well-being" in our group name generally refers to "a concept

signifying mental, physical, and social health." There are generally two approaches to the concept of well-being. The top-down approach pursues the well-being of society as a whole to improve the well-being of each individual. The bottom-up approach instead focuses on the well-being of individuals to improve the well-being of society as a whole. Our Group has embraced the latter approach. Sustainable corporate activities must begin with employees in a state of well-being. We want our employees to find joy in contributing to the Company and society by fully utilizing their abilities in a safe and secure workplace environment, while experiencing growth over the course of their work.

Providing a safe and secure workplace environment allows us to



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy

Message from the Well-being Strategy Officer



harness our employees' capabilities and provide opportunities, while pooling our collective strength to both resolve social challenges and achieve economic efficiency. As a result, the Company will contribute to the well-being of society. This is how our Group perceives well-being. By promoting it, we believe we can provide new value to society via our business and become a company chosen by society.

Reorganization of materiality with sustainability challenges faced and future responses

For our Group to become "a company that brightens the Earth," we must consistently consider the well-being of the planet. We have reorganized our traditional materiality framework using a double materiality approach that examines impacts on both our Company and society. We recognize that social issues require more complex and integrated consideration, and that biodiversity, climate change, human rights, and other related matters form a

series of interconnected challenges. For example, in the shrimp farming related to the land-based aquaculture support business utilizing our Group's sensing technology, current mainstream methods involve the use of chemicals to prevent outbreaks of shrimp disease, as well as practices such as forced labor and child labor. This can lead to both environmental and human rights issues. It was crucial to include these factors and examine the overall interconnected impact on society as a whole, and we then overlaid our business operations onto this framework for further consideration.

Our methodology is based on our approach to the requirements of the Corporate Sustainability Reporting Directive (CSRD) established by the EU as the latest external environmental framework. Considering the current and future state of our Group's businesses, we narrowed down highly relevant items to create projected scenarios, then conducted intensive discussions with the corporate officers responsible for each function. We then scored the impact on both our Company and society, mapped these factors, and established Key Management Priorities following discussions in the CSR and Sustainability Committee and with the approval of the Board of Directors. Previously, there had been challenges in embedding materiality at the corporate officer level, so we incorporated focused discussions into the process as a strategic engagement. It was highly beneficial to have in-depth discussions with corporate officers alongside updates on the outside sustainability environment. The reorganized materiality aligns seamlessly with the sustainability policy of our Mid-term Management Plan 2030 (MMP 2030), which aims to "resolve social issues while achieving economic rationality." During the Mid-term Management Plan 2025 (MMP 2025) period, insufficient attention was given to items showing slow progress. While confirming progress with the CSR and Sustainability Committee which represents management, we intend to strengthen our efforts on the executive side to drive improvements.

The most critical issue we face in sustainability is undoubtedly the response to climate change. Eco Vision 2030 was established by the Group to outline what we want to be by 2030 (goal) and the vision of what we will pursue until 2040, with an eye toward achieving carbon neutrality by 2050. To reduce CO₂ emissions, our Group will pursue four plans: promoting energy conservation, initiatives to improve *monozukuri* (manufacturing) and work practices, developing energy creation, and utilizing procurement and certificates.

Our Group views carbon neutrality initiatives as an opportunity for innovation and technological development. We place high importance on implementing fundamental CO₂ emission reduction measures centered on the first two of the above plans, leveraging technology and ingenuity. While CO₂ reduction efforts are proceeding as planned, the impact of factors such as U.S.-China trade friction, the COVID-19 pandemic, and progress in renewable energy adoption has resulted in reductions appearing to outpace emissions. However, CO₂ emissions are expected to increase in line with planned production growth going forward, so we anticipate achieving our target by FY2030. To set targets for 2030 and beyond, we established an ambitious new interim goal for carbon neutrality this spring: a 71% reduction in CO₂ emissions by FY2035 (compared to FY2018 levels) and have begun preparations to achieve this target. We intend to incorporate various new technologies and innovations to tackle even more challenging areas.

With regard to human rights within global supply chains, we recognize that while compliance with various laws and regulations is essential, it is also necessary to effectively consider differences in culture and working practices across various countries.

- ▶ P. 63 Respect for Human Rights
- ▶ P. 68 Natural Capital - TCFD

Achievements and challenges in strengthening human capital, and future initiatives

Our Group views human resources as human capital, the source of value creation. To reinforce this position, we have implemented numerous measures over the years. "Developing self-leading and innovative persons" was a theme of the four-year MMP 2025, which concluded in FY2024. Self-reliant and Creative Talents refers to individuals who can independently devise optimal solutions and take initiatives in response to the various challenges we face. The active participation of these talented individuals is what drives the growth of our Group. In recognition of this, we have established the following as the foundation of our Human Capital Policy: To become a company that thrives alongside diverse, motivated individuals, working together to enact our vision. The main pillars we have devoted our initiatives to are further leveraging existing talent, developing and managing managerial talent, and acquiring



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer**
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy

Message from the Well-being Strategy Officer

outside specialized talent. We have achieved consistent results in each area, and are particularly pleased to see that the recruitment of outside specialists has increased the number of career hires. These specialists are now actively contributing across all departments.

We are only halfway toward achieving our human capital management strategy, which can be achieved by integrating the individual initiatives we have pursued thus far to enable the human capital strategy aligned with our business strategy, the development of talents who support portfolio optimization, the placement of the right people in the right roles, and unified global talent management to create a talent pool. The various initiatives we have pursued have become increasingly robust, but we have not yet reached the point where they are fully integrated with our management strategy and incorporated into an evaluation system that properly recognizes the daily contributions of our employees. Taking these points into consideration, we have made human capital a major topic among our Key Management Priorities, Integrating individual initiatives to achieve results as part of an overall strategy is also a key point in the human capital strategy outlined in the MMP 2030, which launched this fiscal year. Our vision is to cultivate "talent and workplaces that brighten the Earth," aiming to nurture individuals who possess both strong will and execution capabilities. Underpinning each of these individual decision-making criteria is our philosophy system known as the Niterra Way. We are re-examining our initiatives to cultivate individuals who embody and act upon our shared values: Dokuritsu-Jiei (independent spirit), Soshi-Kantetsu (perseverance in one's original aspirations), Shisei-Shinjitsu (utmost sincerity and trustworthiness), and Shikai-Keitei (universal brotherhood). These four principles are our fundamental foundation and guiding criteria for action. Additionally, we linked the system for evaluating remuneration for directors (and other officers) to engagement scores to achieve this goal. As mentioned earlier, it is only by making the necessary human capital investments and achieving well-being that we can begin moving other indicators, including responding to climate change.

The key initiative we particularly aim to advance as part of our MMP 2030's human capital strategy is global talent management that strives to achieve both corporate sustainability and well-being. In order to successfully implement our business strategy, we will identify and optimally place the necessary talents, further implement talent development and capability

enhancement, improve individual performance, and boost organizational strength. Under this strategy, we will specifically implement the following initiatives: promote the permeation of the Niterra Way; introduce a global grading system to unify key position ranks worldwide, enabling employees to work anywhere in the world; establish a global job posting system to clarify the necessary job requirements and skills for each position; and develop key positions and future management talent to build a talent pool. We will ensure that all individuals working within our Group embody the Niterra Way which will be achieved by firmly linking it to evaluations within our HR systems and training programs, recognizing exemplary behavior through awards and acknowledgments, and continuously creating and sharing role models for globally required conduct. All of these efforts will elevate the Niterra Way into a definitive standard for judgment. Corporate Communications plays a crucial role in championing this initiative, and it needs to be executed across the entire Well-being Strategy Group. We intend to promote this initiative in collaboration with relevant departments.

▶ P. 56 Human Capital

Thoughts from the Well-being Strategy Officer

It has been four years since I transferred to the Sustainability Department within our Group. Compared to four years ago, I feel that both management's mindset and employees' perceptions have changed immensely. As I mentioned earlier, it is crucial for corporate growth to cultivate individuals who find joy in personal development by improving their potential and experience, and who contribute to society through the company. In that sense, I also hope to gain experience and continue growing through the Well-being Strategy Group functioning organically and creating a positive environment both inside and outside the Company. The Well-being Strategy Group is recognized as an organization that particularly contributes to reducing the cost of capital to improve PBR. Our Group is tasked with identifying and maximizing non-financial value looking forward to the day it translates into financial value. This organization is crucial to our Group's sustained growth and future value creation, and I feel a deep sense of responsibility for this. It is crucial to link these non-financial values to the enrichment of our business activities and thereby contribute to the enhancement of corporate value. To that end, we



are investigating specific logic models and calculation formulas for quantifying the impact of non-financial information, but determining the extent to which these can be adopted remains a challenge for the future. For instance, when advancing new business pillars, we believe it is possible to calculate the impact in areas where economic effects are difficult to measure and use this as a basis for development-related decisions.

While there has been a backlash against the recent aggressive push for ESG initiatives, climate change remains a challenge that must be addressed over the long term. More and more people are feeling that each summer is hotter than the last. Long-term social challenges will not resolve themselves without action, and we view addressing them as a critical management priority and business opportunity. We face a multitude of challenges, but we intend to continue thinking about how our Group will address them and taking action ourselves. As the responsible corporate officer, I plan to dedicate myself wholeheartedly to addressing these challenges.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer**
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy Sustainability Promotion System

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

Promotion System

To ensure our Group's sustainable growth alongside society, we have established a CSR and Sustainability Committee (holding four regular meetings annually and additional meetings as needed). With an outside director serving as chairperson to emphasize external perspectives, we have identified three Key Management Priorities: solving social issues, human capital, and management foundation, and are pursuing activities to advance these areas.

They engage in multifaceted discussions on various ESG topics to encourage long-term sustainability management. In response to inquiries from the Board of Directors, the Committee will invite outside experts as necessary to enhance its insights and perspectives, and submit its recommendations accordingly to the Board.

Additionally, regarding important ESG topics, we will establish a subcommittee under the CSR and Sustainability Committee to monitor them closely. At this time, we have established a Human Rights Subcommittee to oversee the effectiveness of human rights due diligence.

We monitor each special committee to ensure that its respective specialized operational functions are performing effectively.

Key information regarding progress on Key Management Priorities such as main initiatives for Responding to Climate Change and Risk Management is also shared with the CSR and Sustainability Committee. Important decisions made by each special committee are reported to the Board of Directors via the Corporate Management Committee, which deliberates, decides, and supervises important matters concerning business execution.

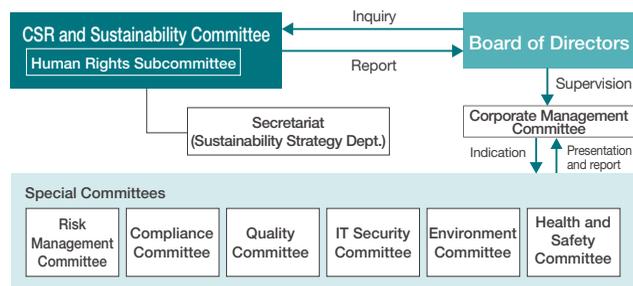
The Sustainability Strategy Department, which plays a key role in execution,

CSR and Sustainability Charter

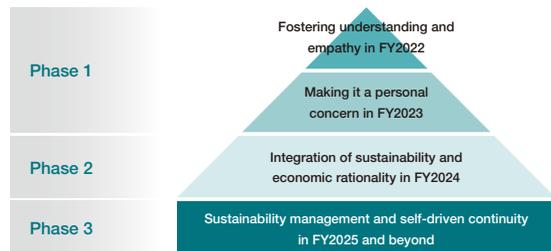
- We contribute to develop a sustainable society, thereby improving our corporate value.
- We build relations of trust with our stakeholders while making highly transparent decisions and actions.
 - We cocreate and provide new value to solving social issues.

CSR 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



CSR and Sustainability Committee Mid-term Management Plan



has become a department under the newly established Well-being Strategy Group as of April 2025. By collaborating and integrating with the Human Resources Strategy Department and Corporate Communication Department within the same group, we have established a framework enabling more cohesive sustainability management in collaboration with HR and PR strategy.

Message from the Chair of the CSR and Sustainability Committee



Chiharu Takakura
Outside Director, Chair of the CSR and 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 issues through our Group business operations.

Mission and Vision of the CSR and 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 CSR and Sustainability Committee aims to achieve its mission and vision through reporting and making 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 FY2024, we continued in-depth discussions on materiality, aiming to integrate our findings into our long-term and medium-term plans and to harmonize sustainability with economic rationality. We then submitted a proposal to the Board of Directors identifying resolution of social issues, human capital, and management foundation as the three Key Management Priorities, and obtained its approval. Additionally, to determine Niterra's future direction, the committee hosted an expert lecture for members to gain the latest insights, learning alongside executives and managers about sustainability and corporate strategy at this pivotal moment in time. Furthermore, to promote the permeation of our philosophy and its embodiment in business activities, and to enhance the engagement of all officers and employees, we plan to implement a revamped internal recognition program called the Niterra Award during FY2025.

In FY2025, we intend to advance discussions on the committee's activities under the new Mid-term Management Plan, aiming for sustainability management and self-driven continuity. We will also pursue the resolution of social issues and the enhancement of corporate value in the course of our business activities by vigorously supporting specific actions on the executive side, focusing primarily on the key initiatives for the management issues that we address with the highest priority.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

Message from the Corporate Strategy Officer



Driving further growth in our automotive components businesses and cultivating new business pillars to maximize utilization of our core assets to become a company that brightens the Earth

Keiji Suzuki

Director, Executive Officer
In charge of Corporate Strategy Dept. and Business Infrastructure Strategy Dept.
within Corporate Strategy Group, Global Strategy Div.,
General Manager of Management of Technology Div., Head of Business Implementation Div.,
In charge of Platform Development Center and Energy Business Div.

The Mid-term Management Plan 2025 (MMP 2025), which we pursued through FY2024, largely achieved its financial targets and concluded at a level that could be considered impressive in numerical terms at first glance. However, these results were significantly affected by beneficial exchange rates. If the influence of the rates is excluded, the results were not perfect.

While we fully recognize that the automotive components business has driven growth and emerged as a major pillar of earnings, the growth businesses and new business pillars, which were expected to lead future growth, failed to achieve the anticipated growth. Progress in optimizing the business portfolio fell short of expectations, which we view as an area requiring reassessment. Reflecting on these successes and failures, the factors that need to be resolved for the next stage of growth have become clear.

Our Company has grown primarily through automotive components businesses and has expanded its operations based on this solid business foundation. To build on that stability, we needed to take a more proactive stance of taking on new challenges and risks. During the MMP 2025 period, we implemented a company system and worked to foster a shift in mindset and

revitalize our corporate culture. Although this yielded some results, the steady performance of our automotive components businesses meant that initiatives aimed at transforming our business structure did not progress sufficiently. We recognize this as an ongoing challenge requiring continuous attention.

Next, we must also reflect on the fact that by expanding the scope of our challenges in creating new business pillars too broadly, we failed to narrow down the areas we needed to focus on and nurture. We made some adjustments during the MMP 2025 period to narrow down the focus of our areas of challenge. MMP 2025 served as a preparatory phase leading to Mid-term Management Plan 2030 (MMP 2030), and we also view it as a period for laying the groundwork to chart a new course for growth.

Balancing economic rationality and social value to be a company that brightens the Earth

In formulating our MMP 2030, we began by re-examining the value of our Group.

For nearly 90 years, we have supported the evolution of the mobility sector by providing spark plugs and oxygen sensors. We take pride in the fact that improvements in combustion efficiency and exhaust gas control through spark plugs and oxygen sensors have led to reduced environmental impact and enhanced energy efficiency, and generated significant social and economic value.

The technology our Company has cultivated over the course of this journey is unique. Leveraging this strength, our core vision to become a company that brightens the Earth is born from our determination to expand our sphere of influence beyond the mobility sector and contribute to society in diverse ways. This concept is also embodied in the name “Niterrra,” a combination of the Latin words “niteo,” meaning “to brighten,” and “terra,” meaning “Earth.”

However, companies cannot sustain themselves on social significance alone. Economic rationality in securing profits and creating value necessary for society are not mutually exclusive; sustainable growth is achieved only when both are pursued simultaneously. We view these two values as two



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management Priorities

Special Feature on Key Management Priorities
Message from the Well-being Strategy Officer
Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

wheels driving our progress and have enshrined our aspiration to become a company that brightens the Earth through sustainable development in our MMP 2030.

Regarding the Mid-term Management Plan starting in FY2025

MMP 2030 sets very challenging target values. In the automotive components business, we anticipate solid growth exceeding the MMP 2025 period. We envision strategically allocating the resources gained from this to areas where our core assets can be maximally leveraged, further strengthening our robust automotive components business while utilizing our cultivated core assets to create new businesses that will drive next-generation growth. The three areas



we have positioned as our focus areas are Mobility, Semiconductors, and Environment & Energy. We will concentrate the majority of our investments in areas highly compatible with leveraging our core assets, such as our proprietary ceramic and inorganic material technologies, as well as our established commercial channels and customer resources, to act as the core drivers of our business expansion. While MMP 2025 included the medical field, we have decided to remove the broad medical field from our focus areas. This decision reflects our strategy to concentrate on areas such as the respiratory system by leveraging our gas sensing technology, one of our core strengths.

For businesses centered on ceramic technologies and products involving NTK CERATEC and Niterra Materials in particular, we aim to make solid investments based on near-term growth expectations and significantly expand these operations.

In the Environment & Energy sector, we expected it will take some time to contribute to revenue. We are currently engaged in the fuel cell business, but there is potential for future expansion into areas such as hydrogen production. We will continue to make appropriate investments from a mid-to-long term perspective, aiming to increase future returns beyond 2030. We will strategically pursue revenue generation with a focus on the time axis, taking into account the characteristics of our business areas.

Specific initiatives for growth

As mentioned earlier, NTK CERATEC and Niterra Materials are indispensable for growth centered on ceramic technologies and finished goods. Initiatives to promote each company's growth require different points of focus.

NTK CERATEC operates in the highly volatile semiconductor sector and must carefully assess timing and areas of focus, clearly distinguish between areas warranting investment and those that do not, and adopt a focused approach. To achieve this, it is essential both to receive proposals from business departments and for corporate divisions to work together to foster the growth of the business. Headquarters must take a leading role in decision-making, including investment decisions, and manage them appropriately.

For Niterra Materials, it is crucial to first ensure the successful execution of the Purchasing Managers' Index (PMI) and to systematically capture any new

synergies identified within that plan. Initially, we saw our respective strengths (namely, oxide ceramics for our Company and silicon nitride ceramics for Niterra Materials) as creating a complementary relationship with minimal overlap, which proved advantageous. However, it has become clear that the Company possesses insights and technical capabilities regarding silicon nitride systems that exceed initial expectations. We have high expectations that combining the insights of both sides will yield significant results going forward. We are also exploring potential synergies beyond Niterra Materials' core products, such as ceramic balls and heat dissipation substrates.

For Niterra Materials, our competitive advantage in overseas markets and sales channels targeting automakers could serve as a stepping stone for expanding into new markets. To maximize these synergies, we have carefully organized each element and incorporated them into our Mid-term Management Plan.

However, when technology companies merge, mutual understanding of each other's technologies can also lead to misperceptions arising from differences in corporate culture. While we will strive to achieve technical synergies early on, we will carefully and gradually integrate management practices and cultural aspects over time, with the aim of maximizing integration benefits with a balanced approach.

Even in fields where the connection to ceramic technologies and products is tenuous, we are proactively pursuing the launch of new business pillars by leveraging our Group's core assets and strengths using frameworks such as internal ventures in areas where we identify significance and value. For example, we have a business called Niterra Electric Power that harnesses the relationship between our Group and automotive repair centers to sell electricity generated by solar panels installed on the repair centers' rooftops back to those centers. At first glance, this may seem unrelated to our technologies and core assets, but it adds value by strengthening and streamlining our relationships with these repair centers.

We are also commercializing a water quality management system utilizing our proprietary sensing technology and applying it to shrimp farming. Even in areas outside of ceramics, we will continue to pursue initiatives with an eye toward the future whenever we determine that our technologies and assets can be leveraged to create new value.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management Priorities

Special Feature on Key Management Priorities
Message from the Well-being Strategy Officer
Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data



Clarifying the functions of corporate divisions and enhancing governance to implement growth strategies

While MMP 2025 respected the autonomy of business divisions, it lacked corporate functions to supervise the entire company. I believe this was one factor that delayed the transformation of our business structure. Based on this consideration, we restructured our organization to strengthen our management foundation and clarified the roles of corporate divisions, enhanced their capabilities, and transitioned to a more efficient system for accurately monitoring business units.

In managing our business portfolio, we have established specific criteria starting from the MMP 2025 phase and are implementing response policies that include withdrawal. However, for businesses positioned to cultivate our proprietary technologies and core assets, we make comprehensive judgments on whether to continue them based not only on profitability but also on their overall significance, including their technological and strategic value.

In our efforts to create new business pillars, we continuously monitor whether sufficient returns relative to capital costs can be expected and determine whether to incorporate them into the portfolio based on these results. For projects lacking commercial viability, we consider removing them from the portfolio as necessary based on a quantitative assessment. The corporate divisions will take the lead in strictly managing this entire process while ensuring effective governance is in place.

This clarification of roles is an important theme not only for corporate divisions but also for research and development divisions. While a business perspective is essential for technological development that creates a competitive advantage, fundamental research is indispensable for long-term growth. Based on this philosophy, we have restructured our R&D organization, dividing the technology development department into distinct functions: basic research, applied research focused on business needs, and development directly linked to business operations. While research activities vary in their timeframes and focal points, clarifying each respective role allows us to establish a framework that allows for more steady progress toward our objectives. From 2024 onward, these initiatives are moving steadily forward.

Advancing the definition of smart factories toward full implementation

In our specific growth initiatives, digital transformation (DX) is a major theme. For our Group in particular, DX in manufacturing processes, particularly building out smart factory systems, is an essential part of improving profitability.

A smart factory is more than merely incorporating digital technology into manufacturing processes. We envision an integrated system that connects and visualizes the entire process, from the placement of orders and manufacturing to shipping and delivery by means of data, while incorporating automation into each process and logistics.

In comparison to the ideal state, our current reality is at the stage of digitalization rather than advancing DX. To this point, we have been unable to significantly change our traditional methods due to an excessive focus on process efficiency, resulting in only limited digitalization. Using DX, we will drive fundamental reforms in production processes and clearly reflect the resulting efficiency gains in quantitative metrics. During the MMP 2030 period, we will first define the scope of our smart factory initiative and incorporate these concepts into the design for new production lines. However, for existing processes, we aim to establish a framework to horizontally deploy these concepts wherever feasible.

DX is also crucial for enhancing efficiency within indirect departments as part of bolstering headquarters functions. We will analyze indirect efficiency based on objective data and strive for continuous improvement.

To our stakeholders

We anticipate that Automotive Components will continue to generate stable profits going forward. However, we will not be complacent with the current situation and instead strive to achieve further efficiency improvements, so that everyone can grasp the growth and solidity of our Group.

During the MMP 2030 period, we will strive to draw people's attention to our growth areas, particularly in Component Solutions, where we have



implemented various measures for improvement based on past successes and failures. We will also establish an integrated management foundation between headquarters and operations to support this growth.

We hope that we can continue to rely on your support as we strive to become a company that brightens the Earth, focusing not only on Mobility but also on our key areas of Semiconductors and Environment & Energy solutions.

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer**
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

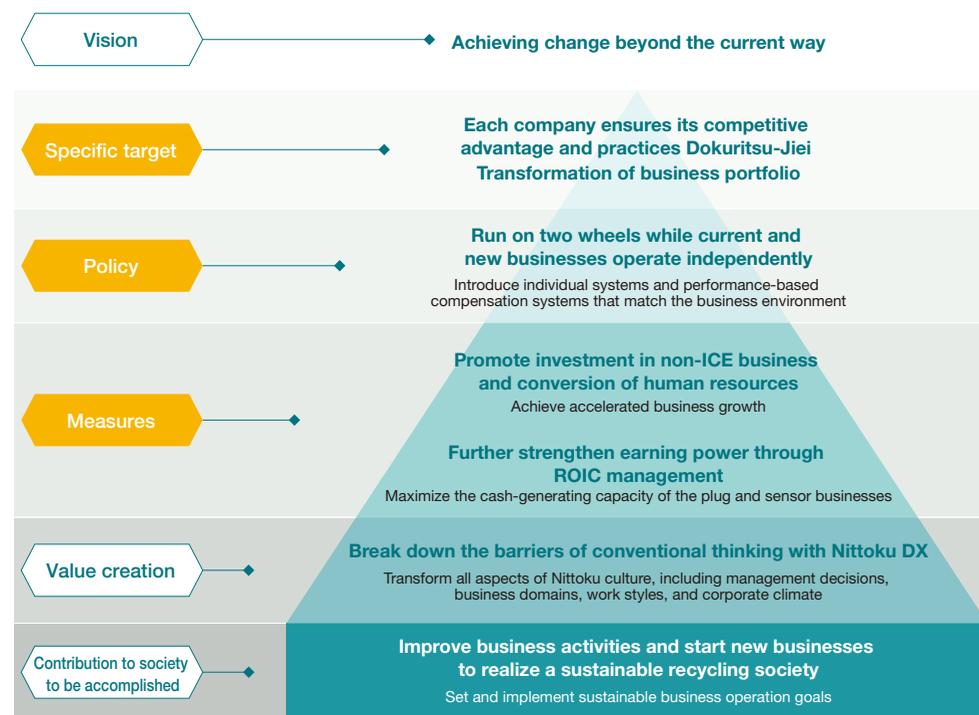
02 Growth Strategy

Looking Back on the Mid-term Management Plan 2025



Mid-term Management Plan 2025 Basic Policy

In the Mid-term Management Plan 2025, we positioned the four-year period from FY2021 to FY2024 in the Long-term Management Plan 2030 as a time for organizational transformation under the slogan: “Break to change” and “Change to create.” Guided by the principle that current and new businesses would operate independently yet run on two wheels, we embarked on a transformation from the ground up.



Progress Toward Quantitative Objectives

The business environment remained uncertain, marked by the resurgence of COVID-19 infections since the first fiscal year, the impact of semiconductor supply shortages on automobile production volumes, the prolonged Russia-Ukraine situation, and soaring prices of raw materials. However, in the automotive components business, profitability continued to improve due to strong sales of AM products, successful implementation of price increases responding to inflation, and the positive impact of the weakening yen on earnings. Furthermore, in the ceramic business, positioned as an area of growth and new business, despite semiconductor-related operations being impacted by production adjustments in the market, we achieved our targets for revenue, operating income, and capital efficiency metrics one year ahead of schedule. This was driven by factors including the expansion of our business scale.

Items	FY2020 Results of the final year of the Mid-Term Management Plan (April 2016–March 2021)	FY2024 Target for the final year of the Mid-Term Management Plan (April 2021–March 2025)	FY2024 Results of the final year of the Mid-Term Management Plan (April 2021–March 2025)
Net sales (billion yen)	427.5	600.0	652.9
Net sales of growth and new businesses (billion yen)	88.9	150.0	114.0
Business portfolio ratio (ICE:Non-ICE)	79:21	75:25	83:17
Operating income (billion yen)	47.3	100.0	129.6
Operating income ratio	11%	17% or more	20%
ROIC	6%	10%	11%
ROE	9%	13%	14%
Exchange rates	1 dollar = 106 yen 1 euro = 124 yen	1 dollar = 100 yen 1 euro = 120 yen	1 dollar = 153 yen 1 euro = 164 yen

Shareholder Returns

- ✓ A total of approximately 120 billion yen in dividends was distributed during the current Mid-term Management Plan period, exceeding the initial plan of 100 billion yen.
- ✓ In the fiscal year ended March 2025, a minimum dividend was introduced based on DOE.
- ✓ A share buyback of 20 billion yen has been executed

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data



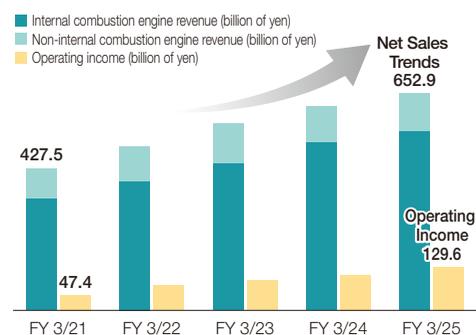
● Achievements and Priorities

	Achievements	Priorities
ICE (Internal Combustion Engine) business	<ul style="list-style-type: none"> ▶ Transitioned to high value-added products <ul style="list-style-type: none"> • Increased sales of repair and commercial sparkplugs • Promoted sales of precious metal sparkplugs, all sensors ▶ Adjusted prices, offsetting rising raw material costs 	<ul style="list-style-type: none"> ▶ Adapting the ICE business to Environmental Changes <ul style="list-style-type: none"> • Optimizing production locations • Enhancing adaptability to fluctuations in demand ▶ Significant improvements in operational efficiency including digitalization
Growth and new businesses	<ul style="list-style-type: none"> ▶ Expanded revenue in SPE business ▶ Strengthened xEV business through acquisition of Niterra Materials ▶ Improved profit structure by liquidating unprofitable businesses 	<ul style="list-style-type: none"> ▶ Further expanding sales and improving efficiency of SPE business ▶ Establishing growth and new businesses <ul style="list-style-type: none"> • Concentrating resources into focus areas and businesses • Management speed and mindset development tailored to each business type
Headquarters indirect functions	<ul style="list-style-type: none"> ▶ Achieved ROIC and ROE targets ▶ Enhanced shareholder returns ▶ Implemented business portfolio management 	<ul style="list-style-type: none"> ▶ Strengthening Management Foundation <ul style="list-style-type: none"> • Strengthening the ability to execute strategies through prompt and appropriate allocation of management resources • Building a flexible and resilient organization by enhancing human capital • Maximizing operational efficiency and productivity gains through digital transformation

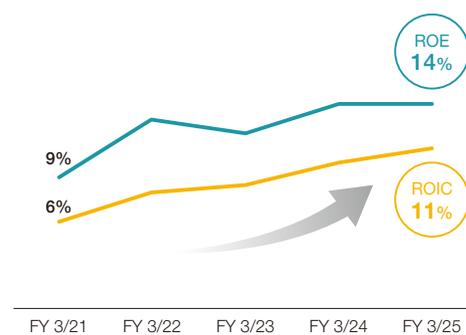
Trends in management indicators

Revenue and operating income reached record highs despite changes in the market environment, including the COVID-19 pandemic, while capital efficiency also improved. Although the business portfolio ratio target was not achieved due to the growth of the ICE business, the scale of the non-ICE business expanded nonetheless.

Net Sales Trends/Operating Income Trends



ROE/ROIC



Transition of the business portfolio

- For growth and new businesses, the scale of revenue increased by approximately 28% compared to FY2020. In the SPE business, we are steadily capturing robust semiconductor demand by meeting increasingly demanding performance requirements with our ceramic material technology. Additionally, in November 2024, we decided to acquire shares in Toshiba Materials Co., Ltd. (now Niterra Materials)—making it a subsidiary—aiming for business growth in areas such as ceramic bearing balls for motors using silicon nitride, which is expected to see market expansion for electric vehicles in the future, and silicon nitride heat dissipation substrates for power semiconductors. On the other hand, we also withdrew from unprofitable businesses and products, thereby improving our revenue structure.
- In April 2021, we transitioned to an internal company system and spun off certain business departments. We will clarify authority and responsibilities within each organization (business divisions, business support divisions, and corporate divisions), and promote further growth through dynamic decision-making and visibility of profitability under an independent and self-managed structure.

Promoting the transformation of the talent portfolio

- To achieve this transformation, which is essential for our business portfolio reform, we actively shifted our workforce to growth and new businesses, while fostering Self-reliant and Creative Talents.

PROLOGUE

01 Value Creation Story

➤ 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy

Mid-term Management Plan 2030



- 1 Generate new businesses by focusing on our cultivated core assets, such as ceramics and inorganic materials.
- 2 Further strengthen our strong Internal Combustion Engine (ICE) business and continue to contribute to society.
- 3 Strongly drive further reforms of our management foundation to support the Business Portfolio Optimization outlined above.



Key Management Targets

With regard to revenue, we will focus on our ceramics-based domains, and considering the anticipated continued existence of the ICE market, we aim to greatly expand our top line, targeting a 1.5x increase to 1 trillion yen between the fiscal year ended March 2025 and the fiscal year ending March 2030.

Furthermore, our policy is to enhance our earning power through growth investments centered on the Automotive Components and SPE businesses, expanding EBITDA to 285 billion yen, which corresponds to a 1.6x increase.

* This management target includes the plug and exhaust sensor businesses, for which a business transfer agreement was concluded with DENSO in September 2025. Although clearance from competition authorities has yet to be obtained, these businesses are included under certain assumptions.

Financial Targets	FY 3/25	FY 3/30
Net sales (billion yen)	652.9	1,000
Of which: Component solutions, etc.	114	300
EBITDA (billion yen)*1	175	285
Operating income (billion yen)	129.6	210
Operating income ratio	20%	21%
Profit attributable to owners of the parent (billion yen)	92.6	145
ROIC	11%	12%
ROE	14%	16%
Exchange rate	1.00 USD = 153 JPY	1.00 USD = 135 JPY

*1 EBITDA: Operating income + Depreciation and amortization + Impairment loss

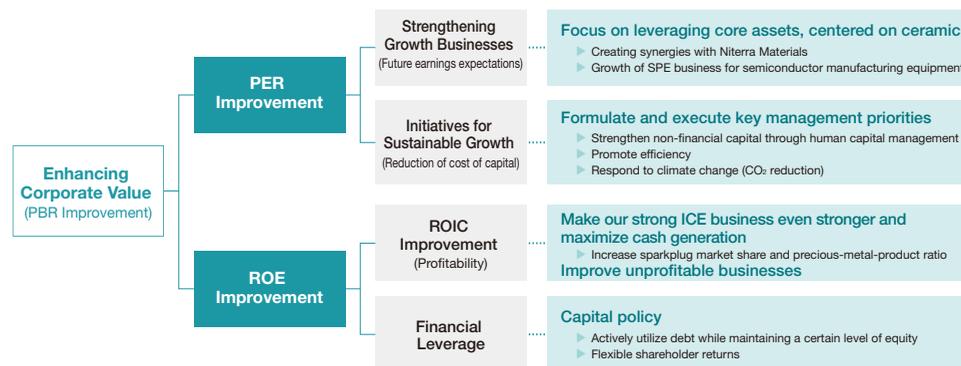
*2 Operating income and related items are figures calculated based on certain assumptions for purchase price allocation (PPA) of M&A projects and related amortization.

Objectives of the Mid-term Management Plan

To enhance corporate value, we will pursue the dual objectives of further improving ROE and increasing the PER (Price Earnings Ratio).

To improve ROE, we will further strengthen our robust ICE business to maximize cash generation while drastically improving unprofitable operations. We will also pursue capital strategies that proactively utilize debt while maintaining equity capital, and optimize financial leverage through flexible shareholder returns.

Meanwhile, to improve the PER, we will strengthen growth businesses centered on ceramics core asset utilization, such as creating synergies with Niterra Materials and driving growth in the SPE business for semiconductor production equipment, thereby raising future earnings expectations. Furthermore, we will advance initiatives for sustainable growth, including enhancing global governance, addressing climate change (reducing CO₂ emissions), and strengthening non-financial capital by managing human capital, while also striving to reduce our cost of capital. By adopting these measures, we will establish a resilient corporate structure capable of achieving sustainable growth and aim to become a company that brightens the Earth.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

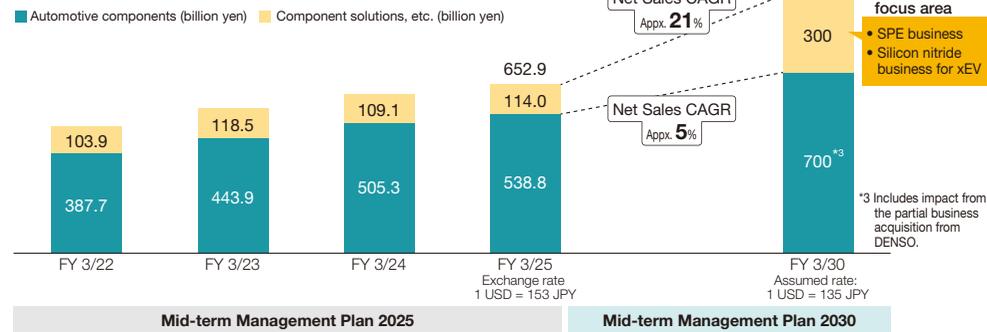
05 Data



Business Portfolio Transformation by FY 3/2030

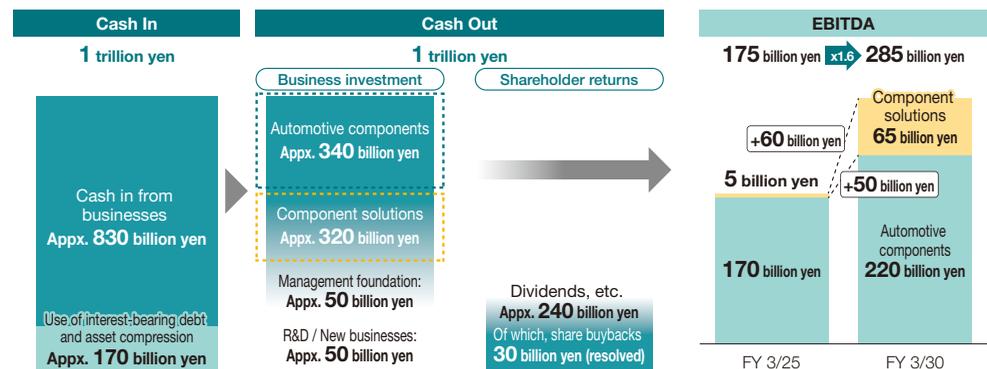
The automotive components business aims for stable growth by accurately capturing the re-evaluation and growing demand for internal combustion engines. The component solutions business will be driven by focus domains centered on the SPE and silicon nitride businesses, while also expanding into xEV applications.

Net sales trends



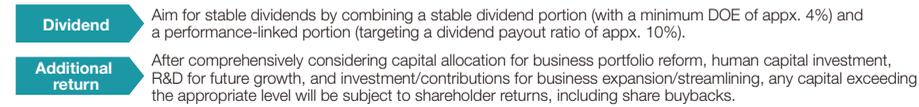
Cash Allocation

Support sustainable growth by intensively allocating cash to our focus domains (Mobility, Semiconductors, Environment & Energy). Enhance shareholder returns by implementing additional returns through share buybacks, in addition to dividends, while maintaining financial soundness. As a result, expand EBITDA 1.6-fold by FY 3/30.

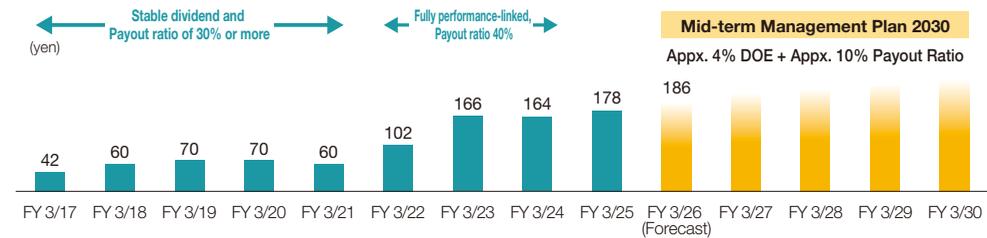


Shareholder Return Policy

We will enhance shareholder returns through a dividend policy based on stable dividends (by introducing a DOE indicator) and consideration for profit growth.

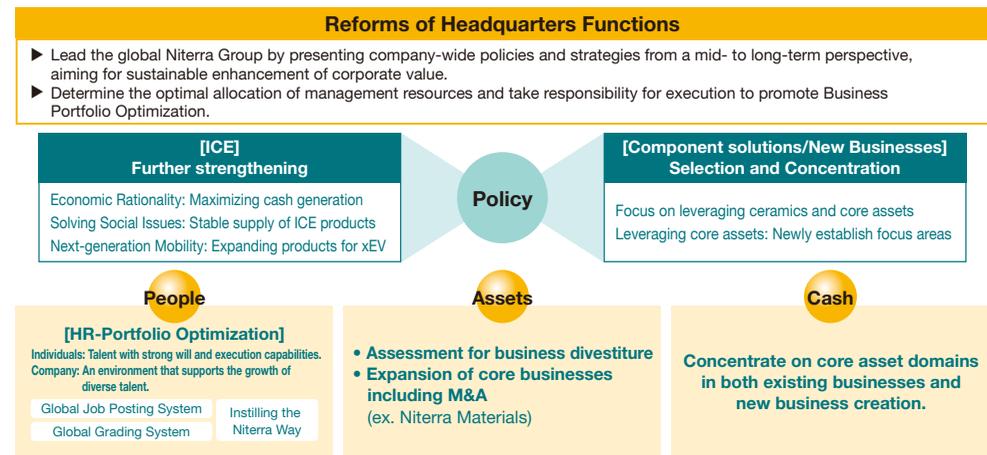


Dividend per Share (DPS): Track Record and Future Outlook



Strengthening the Management Foundation

As part of strengthening our management foundation, we will proceed with reforming our headquarters functions.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management

Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management

Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy DX Strategy

Overview of Niterra DX

We formulated Niterra DX as our vision to promote digital transformation (DX) and to achieve our vision and goals established in the Niterra Group's Mid- to Long-term Management Plan. We will establish basic strategies for each layer of this plan to transform our operations, business, and existing concepts.

1. IT infrastructure to support transformation

We will establish flexible, secure, and safe IT infrastructure to support the digital transformation of the Niterra Group, encourage synergies between businesses, and support new business growth.

2. Talent to support transformation

We will develop educational programs for all Group companies and core talent to foster a culture that is open to change and innovation through education and that proactively embraces and utilizes digital technology.

3. Transformation of operations

We will introduce various work styles in both offices and plants. We will also pursue faster decision-making through data utilization and pursue value creation and productivity improvement through the use of AI and other technologies.

4. Transformation of business

We will create businesses that contribute to achieving a sustainable society based on Niterra Group ceramic technologies cultivated to date.

Goals for Improving Productivity

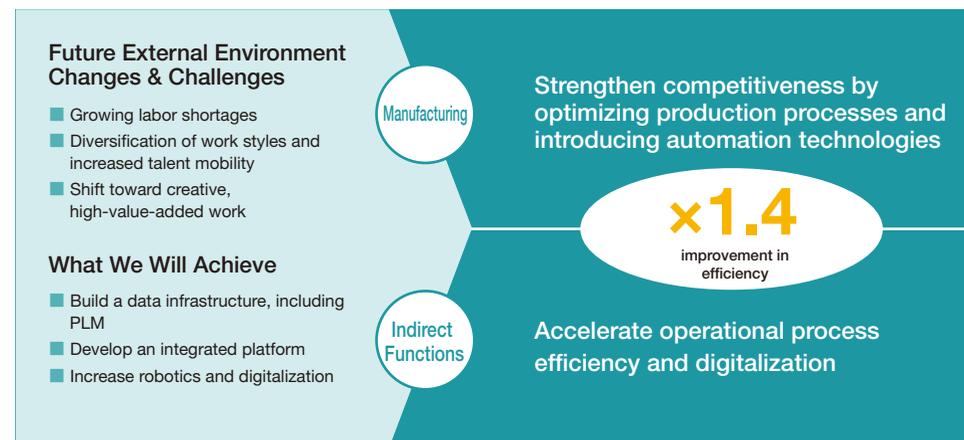
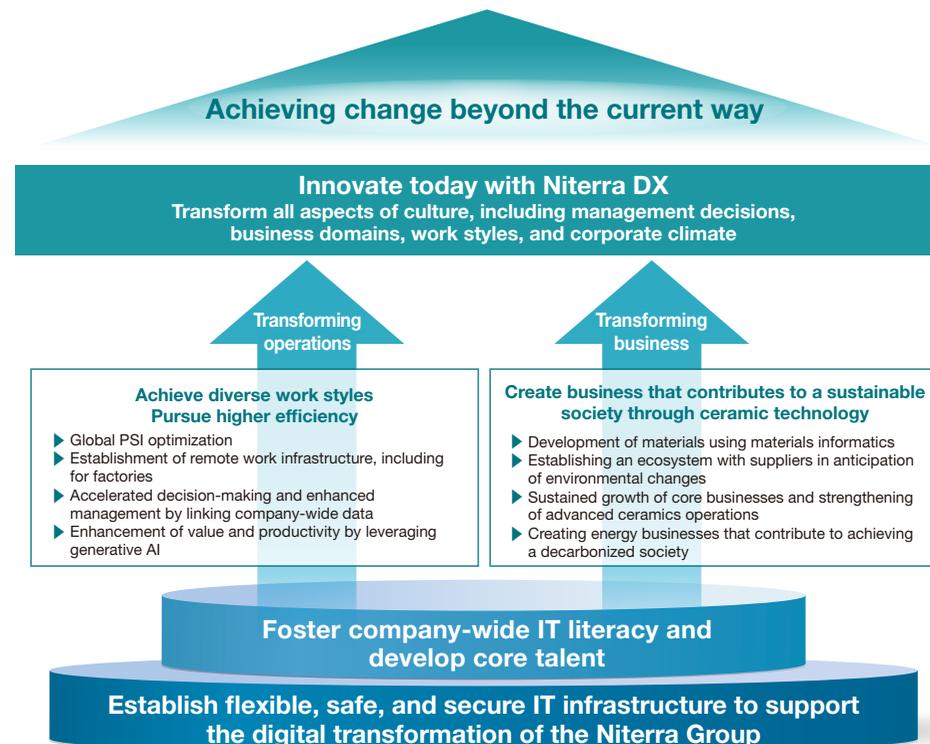
Our Group will evolve our business foundation by utilizing diverse data, including smart factories, to enhance value-added productivity and revolutionize operational efficiency.

Declaration of Niterra DX Promotion

We, the Niterra Group, declare that we will promote Niterra DX as our management strategy to transform through digital technology, contribute to a sustainable society, and achieve our goals set in the Mid- to Long-term Management Plan.

Takeshi Kawai

Representative Director, President & Chief Operating Officer



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

Course of Our Growth Strategy

2040 Vision and Mission

Key Management Priorities

Review of Activities for Key Management

Priorities

Special Feature on Key Management Priorities

Message from the Well-being Strategy Officer

Sustainability Promotion System

Message from the Corporate Strategy Officer

Looking Back on the Mid-term Management

Plan 2025

Mid-term Management Plan 2030

DX Strategy

Business Strategy: Automotive Components

Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

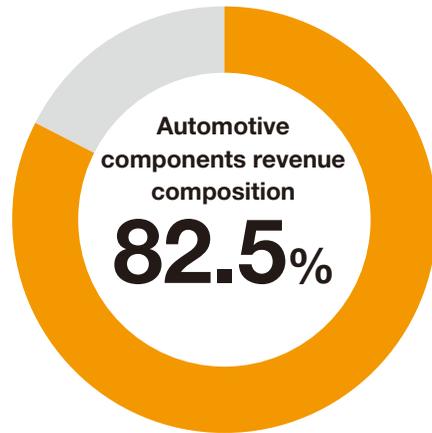
02

Growth Strategy

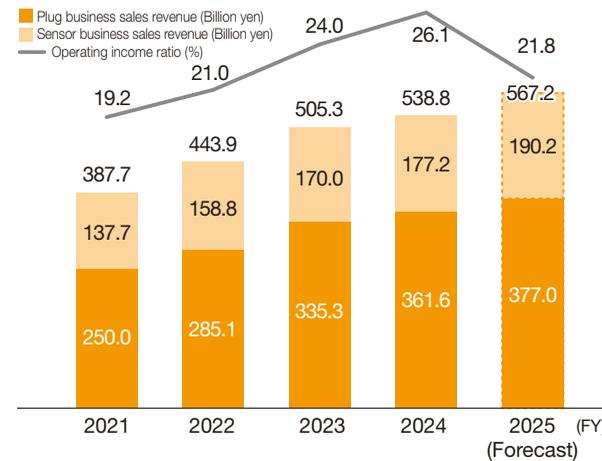
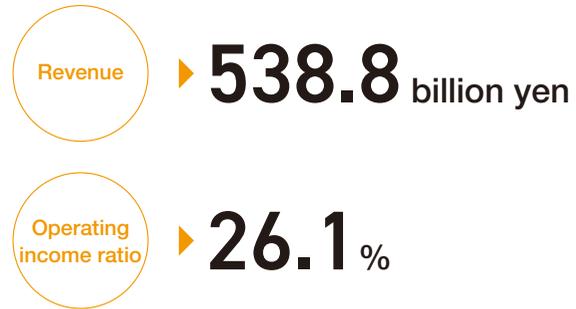
Business Strategy: Automotive Components



Revenue and operating income ratio



FY2024 results



S (Strength)

W (Weakness)

O (Opportunity)

T (Threat)

Plugs/ Sensors

- Ceramic material technology, disparate material bonding technology
- Application technology for harsh environments
- Global production and sales system
- Specification proposals and technical support to meet customer needs

- Delays in advancing digitalization, such as converting existing production processes into smart factories

- Extended lifespan of internal combustion engines due to sluggish electrification and expectations for new technologies such as fuel diversification
- The number of internal combustion engine vehicles in operation remains high
- Continued growth in new vehicle sales in emerging markets, with new demand driven by new regulations

- Decrease in sales of new vehicle products due to the reduced production volume of internal combustion engine vehicles
- Cost impacts from geopolitical risks, including U.S. tariff measures and fluctuations in base prices for rare materials such as precious metals

Affiliated companies

Ceramic Sensor, Nittoku Spark Tech WKS, overseas manufacturing and sales subsidiaries ▶ P. 18



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components**
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

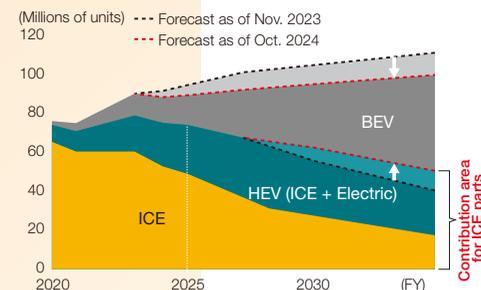
05 Data

02 Growth Strategy Business Strategy: Automotive Components

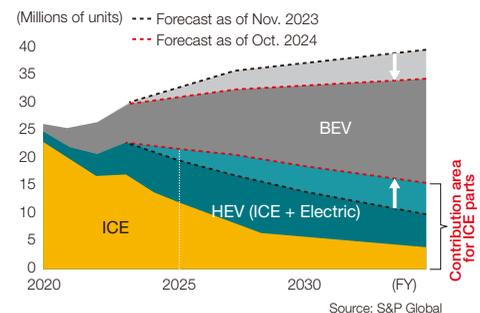
External Environment

The business environment for our automotive components business is characterized by efforts in various countries to reduce CO₂ emissions and achieve carbon neutrality. This involves not only the popularization of battery electric vehicles (BEV), but also a renewed focus on the flexible utilization of internal combustion engines (ICE) which is driven by increased demand for hybrid vehicles in China and the role of ICE as a platform for fuel diversification in Europe. Due to the impact of the aforementioned delay in electrification, the latest forecast for new ICE vehicle production has been revised upwards from the previous year. Particularly in China, anticipating increased demand for hybrid vehicles, there is a noticeable trend toward a temporary shift back to ICE vehicles at present.

Number of production vehicles (global total)

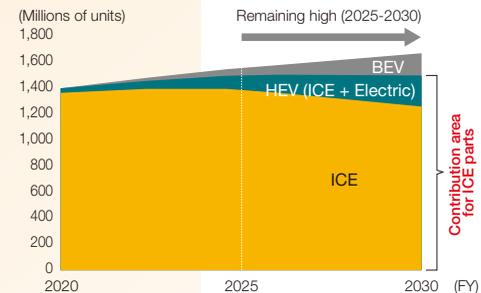


Number of production vehicles (China only)

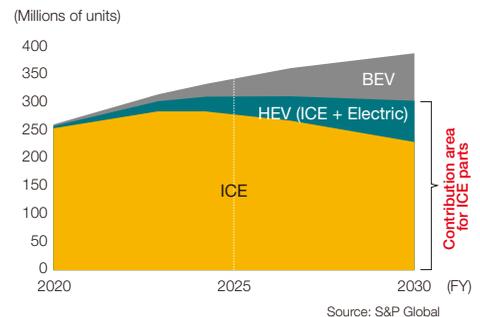


The global fleet of ICE vehicles is expected to remain at the same level of 2020 even by 2030, continuing to maintain a high number of vehicles in operation. The number of vehicles in operation is expected to follow a similar trend in China, the world's largest new car market.

Number of owned vehicles (global total)



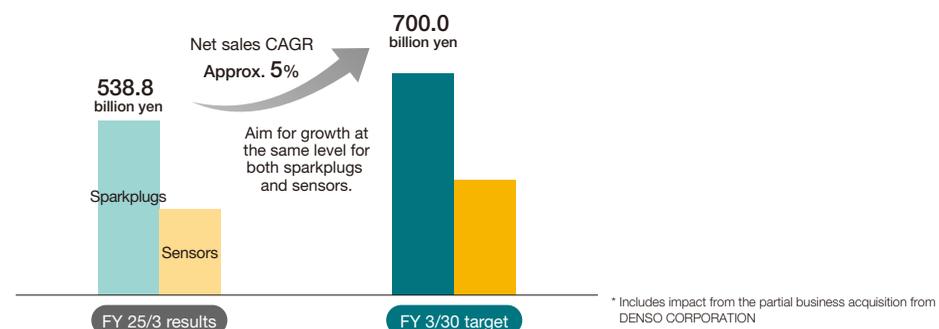
Number of owned vehicles (China only)



Revenue Target for the Fiscal Year Ending March 2030

Considering the external environment described in the preceding section, we will formulate strategies for both new vehicle assembly products and repair parts, aiming for sales growth of our products toward our 2030 target. In addition to this, based on the assumption of acquiring certain businesses from DENSO CORPORATION, we have established a new target of achieving 700 billion yen in overall automotive components business revenue by FY2029.

Sales Target



Partial business acquisition from DENSO CORPORATION

The Company concluded a business transfer agreement regarding the acquisition of the Spark Plug business and the Exhaust Gas Sensor business, from DENSO CORPORATION on September 1, 2025.

While countries explore pathways such as electrification and fuel diversification to achieve carbon neutrality, various power sources and related technologies tailored to regional and national energy circumstances and the vehicles already in use will continue to be required. In that process, ongoing demand for internal-combustion engines is expected to continue. Against this background, the Company aims to contribute to the transition to carbon neutrality by leveraging its core technologies of ceramic development and manufacturing and fulfilling its supply responsibilities for internal-combustion-engine parts. We have concluded that the integration of sales channels and production systems to build an industry-wide, optimized production systems will ensure stable global supply and further strengthening our business foundation will support our sustainable growth. Accordingly, we have decided to proceed with the acquisition of the Business.

Please note that the Acquisition is subject to the fulfillment of conditions precedent to the transaction, including obtaining clearances from domestic and foreign competition authorities and any other permits or approvals from relevant authorities required by law.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components**
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

02 Growth Strategy Business Strategy: Automotive Components



Key Initiatives for Different Commercial Flows

<Products for installation in new vehicles>

To reduce CO₂ emissions and achieve carbon neutrality, the shift toward BEVs is being reevaluated. Flexible utilization of internal combustion engines (ICE) is being reconsidered, alongside discussions on increasing demand for hybrid vehicles (HEV) and adopting biofuels. Consequently, the transition period toward BEV adoption is being reassessed, necessitating an increase in ICE vehicles and technological innovations. In response to this, demand for both spark plugs and sensors for installation in new vehicles has been revised upward.

In the area of spark plugs, precious metal types are more widely used than conventional nickel types for HEV and PHEV applications. Since they also contribute to improved fuel efficiency, we aim to further expand the market share of precious metal spark plugs.

For sensors, as the two-wheeler market is expected to continue expanding, we will continue to consider necessary investments while maximizing the utilization of existing facilities to aim for expanding our market share.

<Products for aftermarket>

We expect increased sales volume for AM spark plugs on a global scale. Furthermore, we anticipate additional revenue growth through expanding sales of high-value-added products with higher unit prices and passing on rising raw material costs and inflation to sales prices. Furthermore, similar to new vehicle assembly, we intend to enhance the proportion of precious metal plugs to reduce CO₂ emissions and increase our environmental contribution. In preparation for the upcoming off-peak demand, we will consolidate part numbers, strengthen our order management system, and reduce inventory. We will also advance smart factory initiatives to establish an efficient production and supply system.

Review of the Previous Fiscal Year and Outlook for the Future

<Revenue and operating income>

Revenue in the plug business increased by 8% year-on-year (YoY), including the impact of foreign exchange rates. Sales of new vehicle assembly products declined YoY, impacted by reduced production of ICE vehicles in China and ongoing adjustments to automobile production by our customers in Europe and the U.S. On the other hand, sales volume of aftermarket (AM) products increased YoY due to higher sales volume driven by steady demand in each region. In addition, the implementation of price adjustments to counter inflation and the weakening yen boosted revenue, leading to an increase in operating income as well.

Sales revenue for the sensor business increased by 4% YoY, including the impact of foreign exchange rates. Similar to products for new vehicle assembly in the plug business, sales increased YoY despite being impacted by the decline in automobile production, particularly the decrease in production of ICE vehicles in the Chinese market, due in part to the weak yen.

<Sales results>

According to our estimates, global production of ICE vehicles decreased by 1.2% in the fiscal year ended March 2025 compared to the previous fiscal year. However, in the Chinese market, production of ICE vehicles by our major customers such as Japanese, the U.S., and European automakers decreased by 15.5% compared to the previous year.

Under these market conditions, sales volume of our plug products for new vehicle assembly in Europe and the U.S. decreased due to production adjustments and demand fluctuations associated with model changes by our customers. In China as well, sales volumes of products for new vehicle assembly have declined due to sluggish production growth among our customers, i.e. Japanese, U.S., and European automotive manufacturers.

On the other hand, sales volume of plug replacement products increased globally compared to the previous year, driven primarily by growth in North America and China.

Excluding foreign exchange effects, sales revenue for plugs increased by 5.2% YoY globally due to price pass-through and higher sales of AM products in North America.

Sales volume and amounts by region (full year ended March 2024 vs. full year ended March 2025)

Region	ICE automotive production volume (Niterra estimation)	Sales amounts (Excluding FOREX impact)		Sales volume		
		Plugs	Sensors	Plugs		Oxygen sensors for exhaust gas
				OEM	AM	
North America	-1.4%	4.3%	2.1%	-9.2%	3.5%	-4.3%
Europe	-3.5%	2.1%	1.8%	-8.8%	0.1%	6.2%
China	1.1% (-15.5%)*1	0.8%	-14.1%	-8.7%	5.5%	-10.2%
South East Asia	-11.7%	4.1%	-17.6%*2	+2.1%*3	-0.1%	-12.3%*2
Global total	-1.2%	5.2%	-1.0%	-3.7%	4.0%	-1.3%

*1 ICE vehicle production by Japanese, European and American automobile makers, which are Niterra's customer in China.

*2 In the sensor business, the proportion of sales in South East Asia to the global sales is very low.

*3 In the OEM market, the proportion of sales in South East Asia to the global sales is low.

<Future forecast>

In the plug business, we anticipate an increase by growing sales volume and continuous price rises for AM products; however, there will be more competitive local manufacturers in the market in China. In the sensor business, we anticipate increased revenue due to rising sales driven by On-Board Diagnostics (OBD) regulations in India.

Although operating income is due to be impacted by U.S. tariffs, we expect an increase in profit excluding the effects of foreign exchange and segment changes. This is due to measures such as passing on price increases, as well as improved profitability driven by increased sales of high-margin AM products.

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components**
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

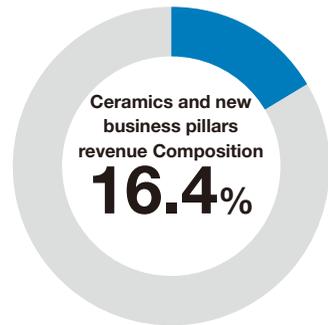
- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions**

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

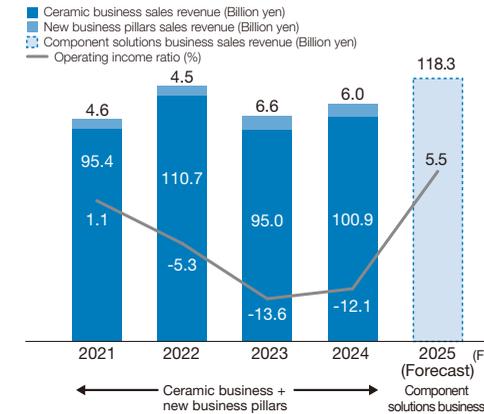
Revenue and operating income ratio



FY2024 results: Ceramics and new business pillars



* In line with our reorganization on April 1 2025, the reportable segments have been changed to the "Automotive components" and "Component solutions." The segment of new business pillars is discontinued.



	S (Strength)	W (Weakness)	O (Opportunity)	T (Threat)
SPE	<ul style="list-style-type: none"> Ceramic material technology that can withstand high-power plasma Ceramic sheet lamination technology that contributes to surface temperature homogenization, low particles, and wide-ranging surface temperatures 	<ul style="list-style-type: none"> Responding to volatility in the semiconductor market 	<ul style="list-style-type: none"> Expansion of the semiconductor market driven by growing demand for generative AI Enhanced performance and increased complexity of semiconductors 	<ul style="list-style-type: none"> Geopolitical risks such as U.S.-China tensions The speed of semiconductor technological innovations
Medical	<ul style="list-style-type: none"> Product lineup including portable and stationary oxygen concentrators and cardiopulmonary diagnostic equipment Worldwide sales channels for rental operators and hospitals 	<ul style="list-style-type: none"> Cost competitiveness for low-priced products 	<ul style="list-style-type: none"> Increased opportunities to support respiratory patients due to global population growth Increased demand for diagnostic equipment driven by heightened health awareness and the advancement of preventive medicine 	<ul style="list-style-type: none"> Further decline in market prices due to the dominance of low-cost products Structural transformation of respiratory medicine itself by using generative AI and cutting-edge technologies
Semiconductor PKG	<ul style="list-style-type: none"> Multi-layer ceramic sheet stacking technology customized for various applications Product designs with excellent heat dissipation Short delivery times to meet customer needs 	<ul style="list-style-type: none"> Price competitiveness Responding to volatility in the semiconductor market 	<ul style="list-style-type: none"> Expansion of the semiconductor market driven by growing demand for generative AI Expansion of related markets for high-frequency and high-speed communications 	<ul style="list-style-type: none"> Transition from ceramic to organic PKG Geopolitical risks such as U.S.-China tensions
Silicon nitride	<ul style="list-style-type: none"> Development capabilities, material design technology, and mass production technology for ceramics materials Production system that ensures stable supply in both quality and quantity Global sales network 	<ul style="list-style-type: none"> Price competitiveness 	<ul style="list-style-type: none"> Electrification of various power sources toward achieving a decarbonized society High-voltage systems addressing energy-saving and charging time reduction needs 	<ul style="list-style-type: none"> Declining market prices due to the rise of Chinese competitors Chinese rare earth procurement risks
Fuel cell (SOFC)	<ul style="list-style-type: none"> Advantages of the flat model (low cost, compact size, ultra-high efficiency) Application of existing proprietary technologies (ceramic materials, catalysts, disparate material bonding, film formation, etc.) Accelerating development via collaboration within the Morimura Group 	<ul style="list-style-type: none"> A latecomer as a stack manufacturer System manufacturers have a significant influence on the direction of development 	<ul style="list-style-type: none"> Momentum toward achieving a decarbonized society (government policies, subsidy programs, etc.) The presence of large untapped markets (existing buildings, multi-unit housing, LP gas, diverse fuels, etc.) Increased awareness of usefulness in disaster preparedness 	<ul style="list-style-type: none"> Slowdown due to the political impact of the decarbonization momentum (impact of global circumstances, etc.) Obsolescence of CO₂ reduction potential in SOFCs due to accelerated decarbonization efforts Entry of overseas manufacturers into the domestic market

Affiliated companies
NTK CERATEC
CAIRE
NTK CERAMIC
Niterra Materials
MORIMURA SOFC TECHNOLOGY

SPE

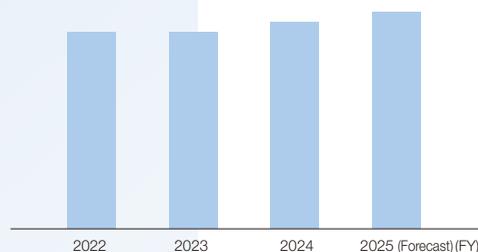
External Environment

The semiconductor production equipment market saw an improving supply-demand balance as inventory adjustments progressed in the memory market, which had been a concern since the latter half of FY2022. Additionally, as demand for AI servers increases in conjunction with the growing demand for generative AI, memory manufacturers' willingness to invest in equipment and facilities is also showing signs of recovery. On the other hand, geopolitical risks such as the Russia-Ukraine conflict, the Palestinian issue, and U.S.-China tensions remain an ongoing concern. The semiconductor production equipment market is expected to grow steadily in FY2025 due to expanding semiconductor demand driven by the adoption of generative AI and other factors. To enhance AI capabilities, DRAM will also require higher capacity and faster speeds, accelerating development and mass production for the manufacture of cutting-edge semiconductors.

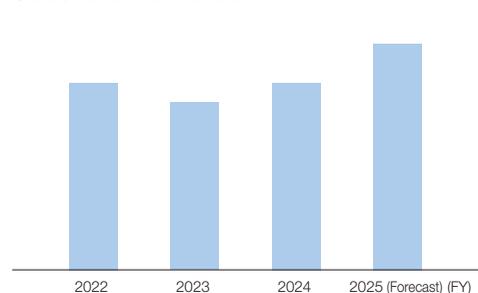
Review of the Previous Fiscal Year and Outlook for the Future

The first half of FY2024 was significantly impacted by prolonged production adjustments at customer sites, and while AM demand increased in the second half due to recovering semiconductor demand, demand for new production equipment showed only a gradual recovery. Consequently, full-year profits declined slightly compared to the previous fiscal year. From FY2025 to FY2028, we plan to achieve the prototyping and mass production of development products for cutting-edge equipment, targeting double-digit growth exceeding the average annual growth rate of the semiconductor production equipment market.

Outlook for semiconductor production equipment market



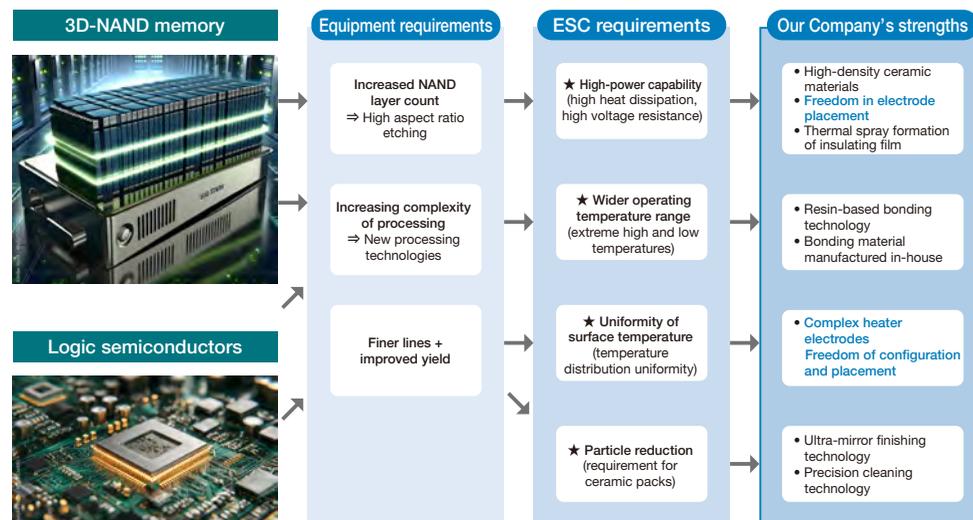
Sales revenue trends



Source: External research organizations (December 2024)

Our Vision/Key Initiatives

We will contribute to meeting the growing demand for etching devices in both the memory and logic markets by providing ceramic material technology that can withstand high-power plasma. We will additionally contribute with our technologies for surface temperatures homogenization, low particle counts, and wide-ranging surface temperatures, all of which are based on our strength technology in ceramic sheet stacking technology. In this way, we aim to achieve an average annual sales growth rate of 12% or higher by differentiating ourselves with our technologies that meet customer needs. We additionally aim to increase labor productivity by 30% compared to FY2021 by establishing a production system that is resistant to market fluctuations through optimizing inventories and improving facility operation rates.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data



Medical

External Environment

The global market for oxygen treatment is expected to continue to expand due to factors such as an aging population and the number of COPD sufferers increasing, such that the projected size of the market in 2025 is 200 billion yen. In regional terms, the North American market is currently the biggest, and the number of patients is expected to continue rising, and we believe that demand for portable oxygen concentrators, in particular, will rise. Meanwhile, in the Chinese market, an increase in the number of people with COPD is expected to lead to higher demand for stationary oxygen concentrators, and this market is forecast to grow at a faster rate than the U.S. market.

Our Vision/Key Initiatives

We continuously develop products that meet market needs, aiming to provide ongoing value to society in the markets and products where our group excels, thereby establishing a revenue foundation for future business. To achieve this, we will develop new products with differentiating features for CAIRE's flagship portable and stationary oxygen concentrators, while for MGC Diagnostics Holdings, Inc.—the cardiopulmonary diagnostics manufacturer acquired in 2022—we plan to develop new products in-house. This will enable us to expand our business, primarily in the U.S. market, with improved profitability, thereby enhancing our contribution to patients and local communities.

Review of the Previous Fiscal Year and Outlook for the Future

For FY2024, while sales of portable oxygen concentrators in North America and sales in Europe improved, the results were on par with the previous fiscal year when excluding the FOREX impact. This was due to the presence of a large-scale project in the on-site oxygen generator business during the previous fiscal year, as well as delays in some orders due to customer circumstances.

We anticipate a recovery in sales in North America for FY2025. We will also review our product portfolio to improve profitability while focusing on new product development to build the foundation for medium-term growth.

Fuel Cell (Initiatives of MORIMURA SOFC TECHNOLOGY)

External Environment

As social demand for a decarbonized society strengthens, we expect the wide-spread use of fuel cells as highly efficient generators and cogeneration systems to significantly reduce CO₂, regulate power sources for renewable electricity, and improve resilience in the event of disasters. Expectations are growing for the introduction of fuel cell into various markets, such as factories aiming to recycle carbon and emergency power sources, in addition to their traditional uses in business areas such as households, housing complexes, nursing homes, and commercial facilities.

Our Vision/Key Initiatives

MORIMURA SOFC TECHNOLOGY aims to expand its business in the energy field by contributing to society through the widespread adoption of clean, highly efficient, and compact SOFCs. This will provide the world with safe and secure lifestyles by reducing CO₂ emissions and enhancing resilience. To that end, we will expand sales in the commercial and industrial fuel cell markets where we are already established, enter the residential fuel cell sector, and pursue new markets such as diverse fuels and distributed power generation to achieve carbon neutrality, thereby enabling us to contribute to achieving a decarbonized society.

Review of the Previous Fiscal Year and Outlook for the Future

In our activities through FY2024, we have pursued product development leveraging the advantages of our flat cell stacks that are smaller, lighter, and more efficient than competitors' offerings. In FY2024, we also launched new high-efficiency commercial and industrial SOFC systems equipped with our stacks, advancing our position as a leading manufacturer of flat fuel cell stacks. Hereafter, we will further improve productivity and strengthen our production system, as well as reinforce and advance collaborations to win more orders.

PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions**

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data

Silicon Nitride

External Environment

To improve energy efficiency and reduce charging time for electric vehicles (EVs), the use of higher voltages (up to 800 V) for electric drive systems has been considered. However, the challenge is electrical corrosion of bearings due to high voltages. Against this backdrop, silicon nitride ceramic balls are attracting attention from European and Chinese automakers as an electrical insulation material that is durable, highly reliable, and relatively easy to replace. In addition to EV applications, the material's excellent insulation, corrosion resistance, light weight, and durability make it a promising material for a wide range of applications, such as renewable energy, medical, aerospace, and industrial machinery. Its demand is growing.

Furthermore, as the power density of electric vehicle power control units increases and the miniaturization of semiconductor chips raises the thermal density of power modules, the thermal performance and reliability requirements for heat dissipation and insulation substrates are becoming more demanding. Therefore, the application of silicon nitride heat dissipation substrates, which possess high mechanical properties and thermal conductivity, is expected to increase.

Our Vision/Key Initiatives

By combining the strengths of the Niterra Group and Niterra Materials, we will achieve transformative change beyond the scope of our past efforts and strive to remain the leading company in ceramic components.

For applications demanding high reliability, such as aircrafts, we supply high-end ceramic balls. Also, for applications requiring lower costs, such as EVs, we offer cost-effective options including low-cost silicon nitride balls and Alumina-Zirconia balls, thereby meeting diverse customer needs. Furthermore, we will accelerate the mass production of plated products and high-thermal-conductivity substrates, while promoting their adoption by major domestic and international customers through the Niterra Group's global sales network.

By taking these measures, we aim to secure the top market share even as the market expands.

Silicon nitride balls

- Electrolytic corrosion measure in motor bearings
- Lightweight and suitable for high-speed rotation
- High wear resistance for extended service life



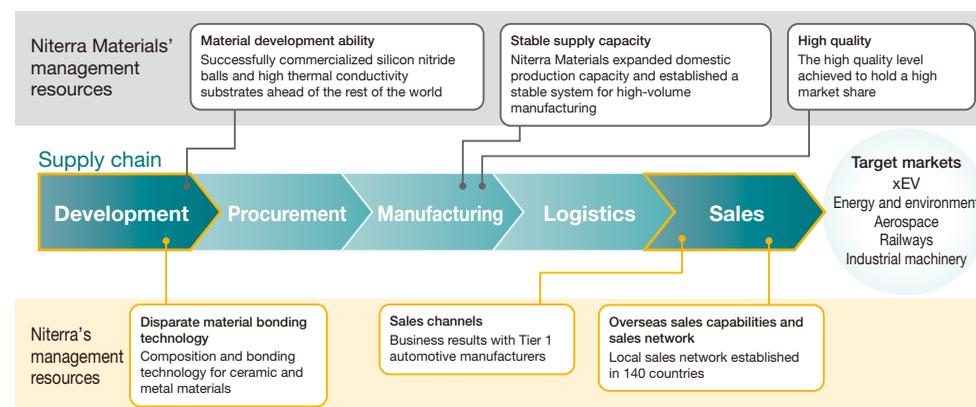
Silicon nitride heat dissipation substrates

- Small and high output
- High heat dissipation capability
- High strength and extended service life



Acquisition of Shares in Toshiba Materials

Our Group has established a major strategic theme of pursuing a dual-track business approach: strengthening our core ICE business by leveraging our core competencies in ceramic materials and processing technologies, while at the same time expanding the scale of our non-ICE businesses. Among these, the market for ceramic balls used in bearings for motors in EVs and other applications, which utilize silicon nitride, is expanding alongside the trend toward higher system voltages. Additionally, silicon nitride heat dissipation substrates for power semiconductors are also considered strong business contenders. Niterra Materials develops, manufactures, and sells the following products and materials: Fine ceramics, fluorescent materials, magnetic components, tungsten, and molybdenum. In particular, Niterra Materials is expected to achieve further growth as a leading company in the industry, thanks to its superior technology, quality, and stable production capacity, especially in silicon nitride balls used in bearings for EVs and similar applications, as well as silicon nitride heat dissipation substrates used in power semiconductors for inverters. We determined that acquiring all shares would enable us to leverage Niterra Materials' material design, process, and product application technologies cultivated over many years in the fields of automotive, semiconductors, medical, and environmental energy. For Niterra Materials, we expect synergies in various aspects, including integration with our ceramic technologies and expansion of its customer base and support systems by utilizing our global network.



PROLOGUE

01 Value Creation Story

> 02 Growth Strategy

- Course of Our Growth Strategy
- 2040 Vision and Mission
- Key Management Priorities
- Review of Activities for Key Management Priorities
- Special Feature on Key Management Priorities
- Message from the Well-being Strategy Officer
- Sustainability Promotion System
- Message from the Corporate Strategy Officer
- Looking Back on the Mid-term Management Plan 2025
- Mid-term Management Plan 2030
- DX Strategy
- Business Strategy: Automotive Components
- Business Strategy: Component Solutions**

03 Capital for Improving Corporate Value

04 Corporate Governance

05 Data