Section 02

Growth Strategy

27 2040 Vision and Mission
28 Long-term Management Plan 2030
29 Mid-term Management Plan 2030
32 Business Strategy: Automotive Components
35 Business Strategy: Component Solutions
40 Financial and Non-Financial Highlights









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.

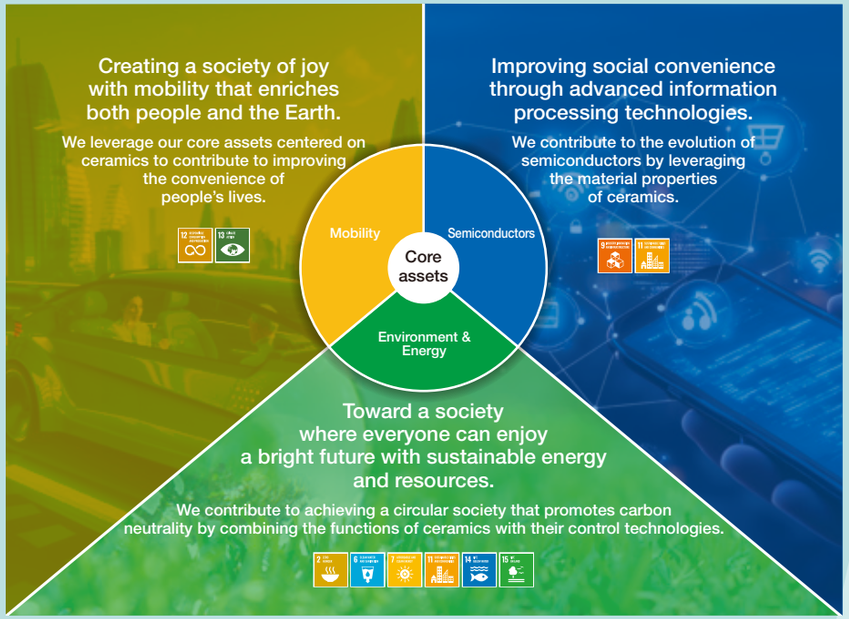
ceramics and Beyond,
eXceeding imagination

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.

* Our core assets are defined as ceramics, gas sensing and global automotive customers and sales channels.
* Medical business: not defined as a primary focus area, but rather as a business initiative that utilizes our core assets.

▶ P.18



2040 Vision
We will be a company that brightens the Earth

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Growth Strategy

Long-term Management Plan 2030

Long-term Management Plan 2030

The Niterra Group will continue with its business portfolio optimization to achieve the targets of the Mid-term Management Plan 2030. Using the profits generated from Automotive Components, the Group will concentrate resources on adjacent areas that are compatible with its core assets and ceramic material technologies, aiming to expand into new business areas.

7th Mid-term Management Plan (Final Fiscal Year) (April 2020–March 2021)

Break to change.
Change to create.

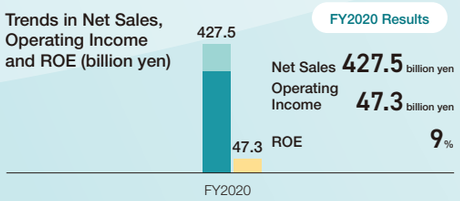
Mid-term Management Plan 2025
(April 2021–March 2025)

Extend for the future.
Spread out to exceed.

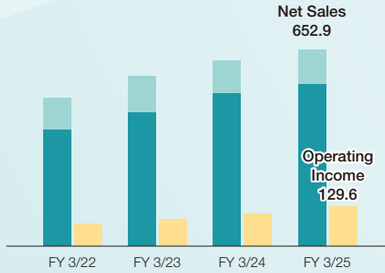
Mid-term Management Plan 2030
(April 2025–March 2030)

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.

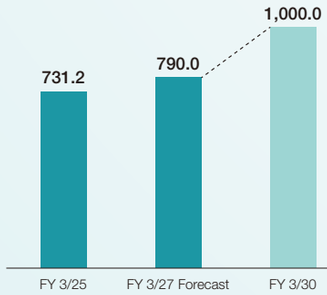
Trends in Net Sales, Operating Income and ROE (billion yen)



FY2020 Results
Net Sales 427.5 billion yen
Operating Income 47.3 billion yen
ROE 9%



FY2024 Results
Net Sales 652.9 billion yen
Operating Income 129.6 billion yen
ROE 14%



FY2029 Targets
Net Sales 1,000.0 billion yen
Operating Income 210.0 billion yen
ROE 16%

April 2020 — April 2021 — April 2025 — March 2030

	Achievements (April 2020–March 2021)	Priorities (April 2021–March 2025)	Achievements (April 2021–March 2025)	Priorities (April 2025–March 2030)
ICE (Internal Combustion Engine) business	▶ Established a dominant position in spark plugs ▶ Achieved the world's top market share in exhaust gas sensors	▶ Transforming the business portfolio due to rapid technological innovation such as EVs ▶ Maximizing cash generation through "ultra-efficiency" such as increasing market share and reducing inventories	▶ Transitioned to high value-added products • Increased sales of repair and commercial sparkplugs • Promoted sales of precious metal sparkplugs, all sensors ▶ Adjusted prices, offsetting rising raw material costs	▶ Adapting the ICE business to Environmental Changes • Optimizing production locations • Enhancing adaptability to fluctuations in demand ▶ Significant improvements in operational efficiency including digitalization
Growth and new businesses	▶ Expanded business in the medical field through the acquisition of CAIRE ▶ Implemented the "seeds" of new businesses, such as establishing a subsidiary for fuel cell business and making venture investments	▶ Presenting a concrete growth vision and shortening the business creation cycle ▶ Achieving growth exceeding the market growth rate in each business and realizing new business pillars	▶ Expanded revenue in SPE business ▶ Strengthened xEV business through acquisition of Niterra Materials ▶ Improved profit structure by liquidating unprofitable businesses	▶ Further expanding sales and improving efficiency of SPE business ▶ Establishing growth and new businesses • Concentrating resources into focus areas and businesses • Management speed and mindset development tailored to each business type
Headquarters indirect functions	▶ Flattened the executive hierarchy and introduced an Employee Corporate Officer System ▶ Enhanced shareholder returns ▶ Established an agile decision-making system through the introduction of Regional Headquarters (RHQ) and internal company systems	▶ Maximizing return on investment through target management using ROIC (return on invested capital) ▶ Supporting business transformation through transformation of the talent portfolio and fostering self-leading and innovative persons	▶ Achieved ROIC and ROE targets ▶ Enhanced shareholder returns ▶ Implemented business portfolio management	▶ Strengthening Management Foundation • 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

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

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

Business Portfolio Optimization

Concentrate resources in growth and new businesses, with a primary focus on ceramics	×	Further strengthen the ICE (internal combustion engine) business
We will establish future pillars of our business by concentrating resources in domains where we can maximize our core assets, and by building a track record of success.		We will realize sustainable growth by strengthening our dominant presence in the market and strategically investing the resulting profits that underpin Niterra's corporate foundation.

Establish strong Management Foundation

Human Capital Reform and the Pursuit of Overwhelming Efficiency to Drive Sustainable Growth

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 3/26	FY 3/30	
Net sales (billion yen)	652.9	731.2	1,000.0	
Of which: Component solutions, etc.	114.0	143.7	300.0	
EBITDA (billion yen)*1	175.0	187.2	285.0	
Operating income (billion yen)	129.6	138.1	210.0	*2
Operating income ratio	20%	19%	21%	*2
Profit attributable to owners of the parent (billion yen)	92.6	112.8	145.0	*2
ROIC	11%	10%	12%	*2
ROE	14%	16%	16%	*2
Exchange rate	1.00 USD = 153 JPY	1.00 USD = 151 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.

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Initiatives under the Mid-term Management Plan 2030

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

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 CO_2 emissions), and strengthening non-financial capital by managing human capital, while also striving to reduce our cost of capital.

Meanwhile, 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. 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.

Enhancing Corporate Value (PBR Improvement)

FY2025 1.9x ◀ FY2024 1.3x

PER Improvement

FY2025 14x approx. ◀ FY2024 10x approx.

It is calculated by dividing the closing stock price at the end of each period In the forecasted EPS (market consensus) at that time.

ROE Improvement

FY2025 15.7% ◀ FY2024 14.1%

Strengthening Growth Businesses (Future earnings expectations)

Focus on leveraging core assets, centered on ceramics

Status
- The sales revenue and operating profit in the automotive business achieved record highs.
- The profitability in the SPE business has been improved.
- Silicon nitride-related products for EVs have been expanded by the acquisition of Niterra Materials.

Initiatives for Sustainable Growth (Reduction of cost of capital)

Formulating and executing priority management issues

Status
- Promoting human capital management
  - Assigning human resources appropriately (using NiterraTalent Management)
  - Changing to a performance-linked compensation system.
  - Implementing a stock option system through the Employee Stock Ownership Association.

ROIC Improvement (Profitability)

- Making our ICE business stronger and maximizing cash generation
- Improving unprofitable businesses

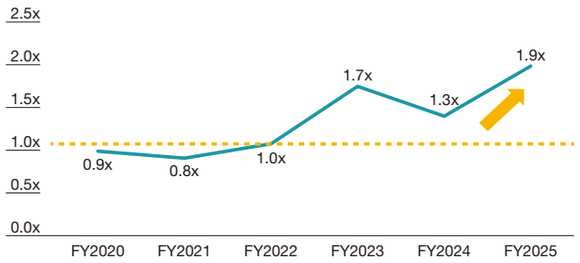
Status
- The ROIC has remained at a high level contributed by excellent results in the automotive business.
- We have started fixed cost reduction in the Medical business.

Financial Leverage

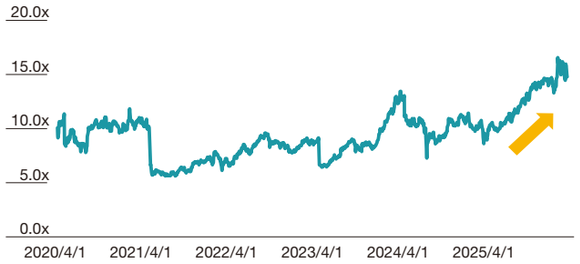
Capital policy

Status
- The 30 billion yen share repurchase resolved in October 2025 is in progress.
- The acquisition of Niterra Materials shares is by borrowing.

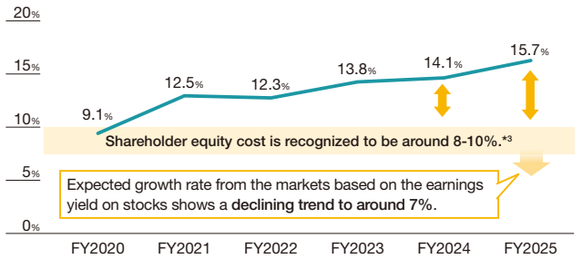
PBR*1



PER*2



ROE

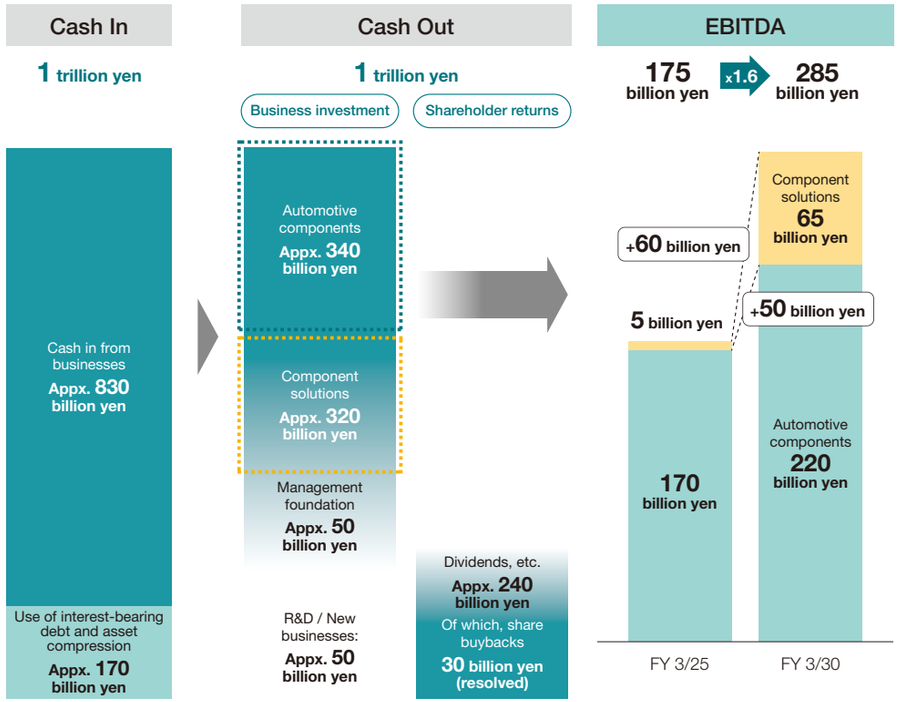


*1 It is calculated by dividing the stock closing price at the end of each fiscal year by the corresponding BPS (Book-Value Per Share, excluding non-controlling interests) at the end of the previous fiscal year.
*2 It is calculated by dividing the stock closing price at each point in time by the forecasted EPS (market consensus) at that point in time.
*3 It is calculated as the estimated range from the market's expected growth rate based on the Capital Asset Pricing Model (CAPM) and the earnings yield on stocks

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Cash allocation and shareholder returns

Our core strategy is to support sustainable growth by concentrating cash allocation on our focus areas of Mobility, Semiconductors, and Environment & Energy, while also enhancing shareholder returns. Regarding shareholder returns, we will base our dividend policy on stable dividends through the introduction of the DOE index, while also considering profit growth. In addition, after comprehensively considering capital allocation, including business investment, investments in human capital, and R&D expense, we will consider buying back our own shares for any amount exceeding our appropriate capital level.



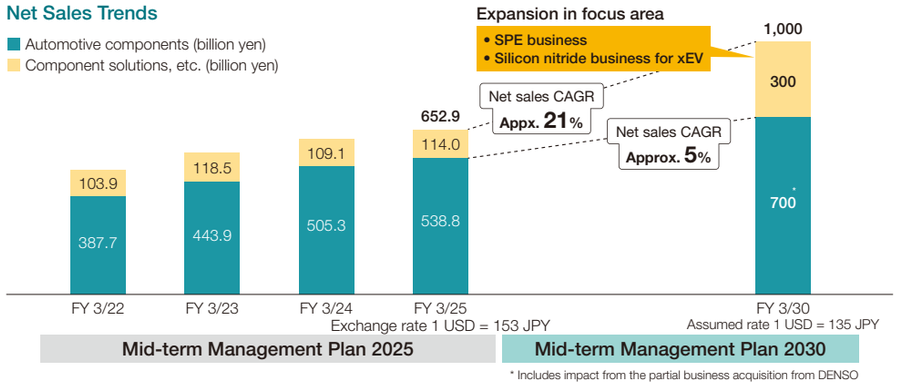
Dividend Aim for stable dividends by combining a stable dividend portion (with a minimum DOE of appx. 4%) and a performance-linked portion (targeting a dividend payout ratio of appx. 10%)

Additional return After comprehensively considering capital allocation for business portfolio reform, human capital investment, R&D for future growth, and investment/contributions for business expansion/streamlining, any capital exceeding the appropriate level will be subject to shareholder returns, including share buybacks.

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.

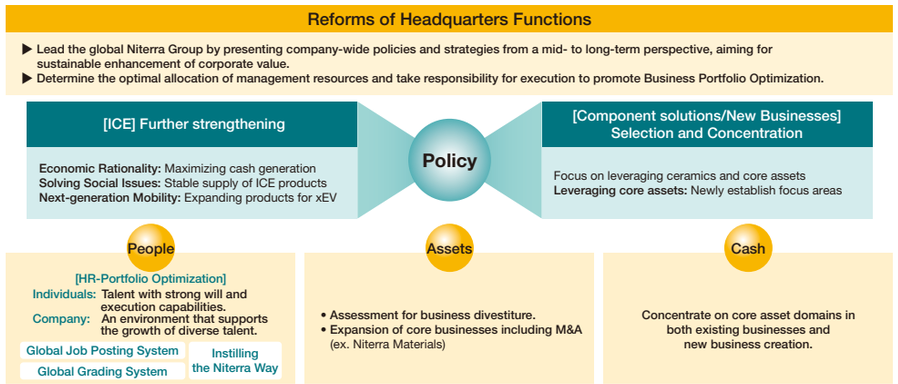
Net Sales Trends



* Includes impact from the partial business acquisition from DENSO

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
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

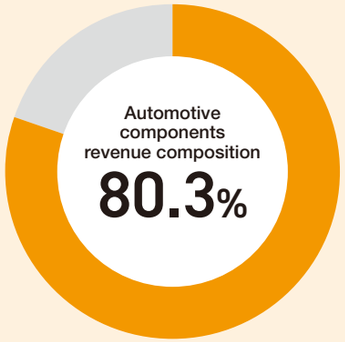
Business Strategy: Automotive Components

* 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.





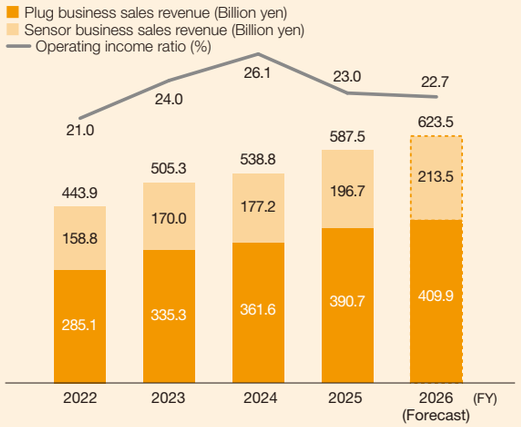
Revenue and operating income ratio



FY2025 results

Revenue ▶ **587.5 billion yen**

Operating income ratio ▶ **23.0%**



* Figures of FY2024 and earlier are based on the reportable segment classifications applicable to each respective fiscal year.

	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 the smart factory transformation of existing production processes	• Extended manufacturing/sales period 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

Relevant Group companies CERAMIC SENSOR, SparkTec WKS, Overseas manufacturing and sales subsidiaries ▶ P.19

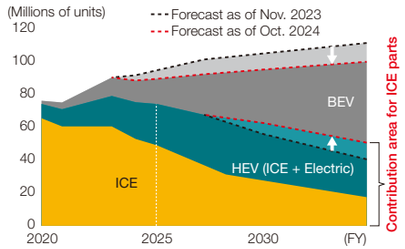
PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Main products • Plugs for new vehicle assembly • Plugs for aftermarket • Exhaust gas sensors

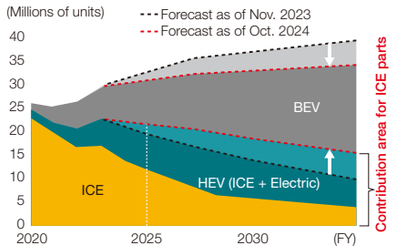
01 External Environment

The global economy is expected to face increased uncertainty regarding the future, including risks of an economic slowdown, due to rising energy prices accompanying the deterioration of the situation in the Middle East and continuous inflationary pressures. In addition, there are concerns such as tariff measures by the U.S. government and a rapid rise in the prices of precious metals, which are raw materials for our main products. On the other hand, in the automobile market, against the backdrop of a global slowdown in electrification, the number of internal combustion engine (ICE) vehicles in operation globally is expected to remain at a high level even by 2030. In China, the world's largest market, there is a reassessment of the flexible use of internal combustion engines, moving away from a sole focus on BEVs toward increased demand for hybrid vehicles. Against this backdrop of continuous demand, we predict that the market size for ICE components will continue to trend stably.

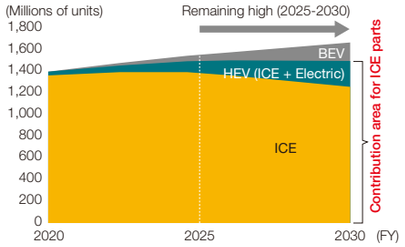
Number of production vehicles (global total)



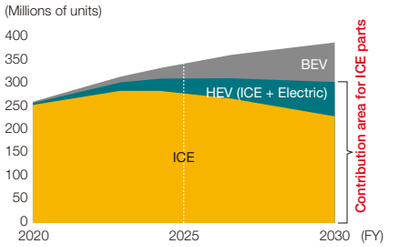
Number of production vehicles (China only)



Number of owned vehicles (global total)



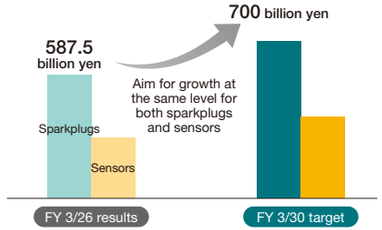
Number of owned vehicles (China only)



02 Our Vision/Key Initiatives

Sales Target

As countries explore pathways toward achieving carbon neutrality, ongoing demand for internal-combustion engines is expected to continue. We will formulate respective strategies for both new vehicle assembly products and aftermarket parts, aiming for steady sales growth. While reliably capturing demand, we will also achieve improved efficiency through smart factory conversion and aim to achieve sales revenue of 700 billion yen for the automotive components business as a whole by FY2029.



*Includes impact from the partial business acquisition from DENSO CORPORATION

Key Initiatives for Different Commercial Flows

<Products for installation in new vehicles>

Plugs We will reliably capture the steady demand for internal combustion engine vehicles resulting from sluggish electrification. In particular, since precious metal types are more widely used for HEV and PHEV applications and contribute to improved fuel efficiency, we will aim to further expand our sales market share.

Sensors The two-wheeler market is expected to continue expanding, particularly in emerging markets such as India. Therefore, focusing on high-value-added products, we will continue to consider necessary investments and aim to expand our market share through increased sales volume and improve profitability by maximizing the utilization of existing facilities.

<Products for aftermarket>

Plugs In addition to an increase in sales volume on a global scale, we will aim for further revenue growth through expanding the sales of high-value-added products with higher unit prices and passing on rising raw material costs and inflation to appropriate sales prices. Furthermore, we will contribute to reducing environmental impact by increasing the proportion of precious metal plugs. In preparation for changes in demand, we will also establish an efficient production and supply system through measures such as consolidating part numbers and reducing inventory by strengthening our supply-demand and production systems.

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

03 Review and Outlook

Review

Revenue

Plugs Sales revenue for the plug business was 390.7 billion yen, an increase of 7.7% year-on-year. Although global production of internal combustion engine vehicles decreased slightly, both new vehicle assembly and aftermarket products trended steadily, resulting in increased revenue.

Sensors Sales revenue for the sensor business was 196.7 billion yen, an increase of 9.2% year-on-year. Similar to the plug business, although it was impacted by the decrease in production of internal combustion engine vehicles, revenue increased due to growth in products for new vehicle assembly globally.

Sales results

Global production volume of internal combustion engine vehicles decreased slightly year-on-year, influenced by factors such as the increase in electric vehicle production in China. However, in this business segment, products for new vehicle assembly grew globally, including in the U.S., Europe, China, and Japan. Furthermore, as aftermarket products also trended steadily, the automotive components business as a whole achieved increased revenue and profit, with sales revenue of 587.5 billion yen and operating income of 135.3 billion yen.

Sales amounts and volumes by region (Full year in FY2024 vs. full year in FY2025)

Region	ICE Automotive Production Volume (Niterra estimation)	Sales Amounts (Exclude FOREX)		Sales Volume		
		Plugs	Sensors	Plugs		Sensors for exhaust gas
				OEM	AM	
North America	-9.2%	+12.5%	+4.5%	+2.3%	+2.9%	+2.4%
Europe	-4.9%	+6.2%	-0.5%	+4.2%	+0.2%	-0.7%
China	-0.7% (-6.6%)*1	+3.7%	-7.5%	+1.0%	-1.8%	-3.9%
South East Asia	-3.9%	+2.9%	*2	*3	+3.0%	*2
India	-0.8%	*3	+73.7%	*3	*3	+67.8%
Global total	-4.5%	+8.0%	+8.6%	+3.4%	+2.2%	+0.4%

*1. ICE vehicle production by Japanese, European and American automobile makers, which are Niterra'scustomers in China
*2. In the sensor business, the proportion of sales in Southeast Asia to the global sales is very low.
*3. In the plugs business, proportion of sales in OEM business in Southeast Asia and the Indian market is low.

Future Forecast

For the next fiscal year (ending March 2027), uncertainty in the external environment is expected to increase further due to factors such as the deterioration of the situation in the Middle East, inflation, U.S. tariff policies, and a sharp rise in precious metal prices. However, we will mitigate the impact on business performance by setting appropriate sales prices and other measures. Even in such an environment, stable demand is expected for internal combustion engine vehicles. By reliably capturing this demand and expanding the sales of high-value-added products, we expect the automotive components business to continue its trend of increased revenue and profit, with sales revenue of 623.5 billion yen and operating income of 141.5 billion yen.

Executive Officer's Message

Further refining our strong ICE business to support the next stage of growth for the Niterra Group



Kazunobu Hasegawa

Executive Officer
Mobility Company President
Head of Strategy Business Unit, Mobility Company

In the Mid-term Management Plan 2030 currently being promoted by the Niterra Group, the automotive components business bears an extremely important mission: "Make our strong ICE business even stronger and maximize cash generation." Due to the global slowdown in the shift to EVs and increased demand for hybrid vehicles, stable demand for internal combustion engine (ICE) vehicles is expected to continue for some time. We will reliably capture this demand and promote the expansion of sales market share for high-value-added products, such as precious metal plugs that contribute to reducing environmental impact, for both new vehicle assembly and aftermarket products, thereby contributing to the sustained growth of the entire Group.

To this end, we believe it is vital to seek further improvements in profitability without becoming complacent with our current strong performance. We will aim to further strengthen our earning power and maintain our competitive advantage by promoting smart factory conversion at manufacturing sites based on the "Niterra Data-Driven Factory" concept and thoroughly improving efficiency across the entire supply chain through measures such as consolidating part numbers.

Currently, we are operating in an uncertain environment, facing challenges such as intensifying geopolitical risks and continuous inflationary pressures, as well as surging precious metal prices, which are raw materials for our products, and U.S. tariff measures. However, by promptly optimizing production locations and implementing appropriate price pass-throughs in response to market trends, we have minimized the impact on business performance. As a result, we were able to capture steady demand globally for both new vehicle assembly and aftermarket products, once again demonstrating the earning power of this business segment. Consequently, the first fiscal year of our Mid-term Management Plan 2030 is progressing steadily.

We have long contributed to reducing environmental impact by leveraging our technologies built over many years to improve combustion efficiency and reduce exhaust emissions. Moving forward, toward realizing our vision as "a company that brightens the Earth," we will use the cash generated by this business to strongly support strategic investments in focus areas where our core assets can be utilized, thereby steadily supporting the next stage of growth for the entire Group. We will continue to take on challenges bravely, diligently, and with sincerity, even in a highly uncertain market environment.

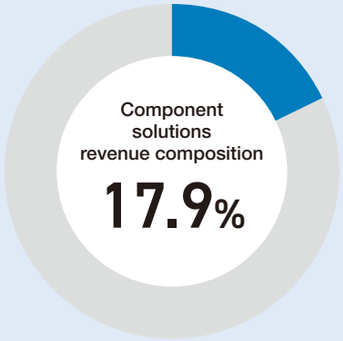
PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Business Strategy: Component Solutions



*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.

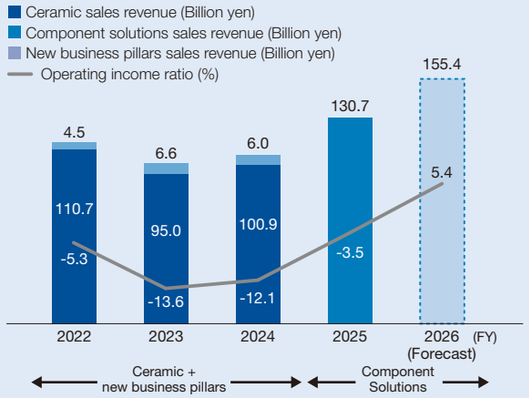
Revenue and operating income ratio



FY2025 results

Revenue ▶ **130.7 billion yen**

Operating income ratio ▶ **-3.5%**



* Figures of FY2024 and earlier are based on the reportable segment classifications applicable to each respective fiscal year.

	S (Strength)	W (Weakness)	O (Opportunity)	T (Threat)	Group companies
SPE	• 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	• Responding to volatility in the semiconductor market	• Expansion of the semiconductor market driven by growing demand for generative AI • Enhanced performance and increased complexity of semiconductors	• Geopolitical risks such as U.S.-China tensions and the situation in the Middle East • The speed of semiconductor technological innovations	**NTK CERATEC**
Semiconductor PKG	• Multi-layer ceramic sheet stacking technology customized for various applications • Product designs with excellent heat dissipation • Short delivery times to meet customer needs	• Price competitiveness • Responding to volatility in the semiconductor market	• Expansion of the semiconductor market driven by growing demand for generative AI • Expansion of related markets for high-frequency and high-speed communications	• Transition from ceramic to organic PKG • Geopolitical risks such as U.S.-China tensions	**NTK CERAMIC**
Silicon nitride	• 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	• Price competitiveness	• Electrification of various power sources toward achieving a decarbonized society • High-voltage systems addressing energy-saving and charging time reduction needs	• Slowdown in EV market growth • Declining market prices due to the rise of Chinese competitors • Chinese rare earth procurement risks	**Niterra Materials**
Fuel cell (SOFC)	• 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	• A latecomer as a stack manufacturer • System manufacturers have a significant influence on the direction of development	• Momentum toward achieving a decarbonized society (government policies, subsidy programs, etc.) • Increased demand for electricity due to the expanding adoption of AI (data center market) • The presence of large untapped markets (existing buildings, multi-unit housing, LP gas, diverse fuels, etc.) • Increased awareness of usefulness in disaster preparedness	• Slowdown due to the political impact of the decarbonization momentum (impact of global circumstances, etc.) • Obsolescence of CO_2 reduction potential in SOFCs due to accelerated decarbonization efforts • Entry of overseas manufacturers into the domestic market	**MORIMURA SOFC TECHNOLOGY**

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

SPE

Main products • Electro-static chuck • Pin chucks • Porous chucks, etc.

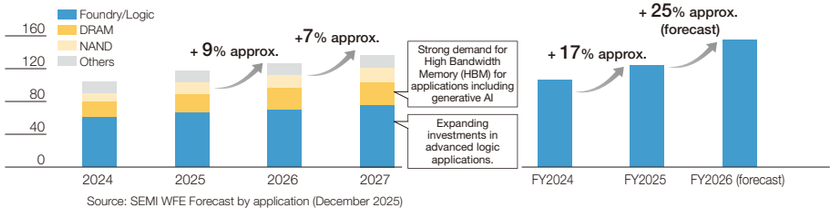
01 External Environment

The external environment surrounding the semiconductor production equipment (SPE) business is expected to experience steady growth over the medium to long term. At present, inventory adjustments in the memory market are progressing, and the supply-demand balance is on an improving trend. Moving forward, in addition to a surge in demand for high bandwidth memory (HBM) for AI servers driven by the rapid spread of generative AI, expanded capital investment for advanced logic semiconductors will drive the market, and the wafer fab equipment (WFE) market is predicted to grow to a record-high scale. To enhance AI capabilities, increasing the capacity and speed of DRAM is essential, and development for advanced semiconductor manufacturing and mass production is expected to accelerate further. Along with this, there is growing demand in manufacturing processes to improve yield and throughput, leading to expanding equipment demand through the introduction of new technologies. On the other hand, concerns exist such as geopolitical risks, including U.S.-China tensions and the situation in the Middle East, as well as the rapid pace of technological innovation. It is necessary to accurately capture these market changes and increasingly complex needs.

03 Review and Outlook

In FY2025, driven by increased shipments following rising semiconductor demand, the SPE business saw improved capacity utilization and trended steadily, resulting in increased profit. In FY2026, we expect to capture robust demand from data centers and generative AI, with growth in both the memory and logic segments, leading to a 25% increase in revenue. Furthermore, by aiming to improve production efficiency through increased capacity utilization, we aim for profit contributions from business scale expansion and further increases in profit.

Wafer Fab Equipment Market Forecast (US$ Billion)



Source: SEMI WFE Forecast by application (December 2025)

Our Revenue

02 Our Vision/Key Initiatives

We aim to differentiate ourselves through unique technologies and continue to contribute to semiconductor technological innovation as a leading company in ceramics for semiconductor production equipment. We aim to achieve 100.0 billion yen in sales revenue for the SPE business by the end of March 2030 (CAGR of approximately 17%). As key initiatives, first, we will promote “differentiation through unique technologies and the expansion of our customer portfolio.” In response to the growing demand for etching equipment in the memory and logic markets, we will apply our ceramic material technology that can withstand high-power plasma and our strength in sheet lamination technology to provide “surface temperature homogenization,” “low particle counts,” and “wide-ranging surface temperatures.” This will enable the prototyping and mass production of products developed for cutting-edge equipment. Second, we will work on “expanding production capacity and building a production system that is resilient to market fluctuations.” To capture robust demand, we will construct a new factory in Tomiya City, Miyagi Prefecture (scheduled to be operational within FY2026) and increase our production capacity by approximately 2.5 times compared to FY2025 by around 2030. At the same time, we will improve labor productivity through measures such as optimizing inventory and improving capacity utilization to build a resilient supply chain.

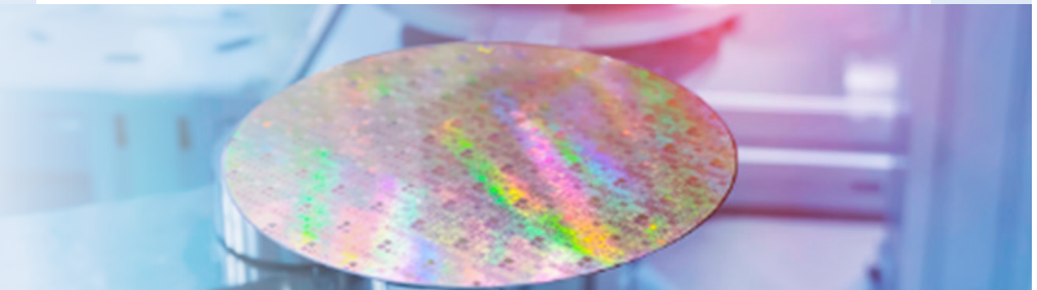


*Image for illustrative purposes only

Logic	DRAM	3D NAND
Growing Demand for Advanced Logic Semiconductors	Growth of High Bandwidth Memory to Meet Demand from AI and Data Centers	The explosive growth of digital data
Demand of SPE Miniaturization of wiring	Miniaturization, increased stacking	Increasing NAND layer count
Our Strengths • Complex heater electrode configuration, • Flexible placement		• High-density ceramic materials • Flexibility in electrode positioning • Spray deposition for insulating film formation







PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Silicon Nitride

Main products • Silicon nitride balls • Silicon nitride heat dissipation substrates

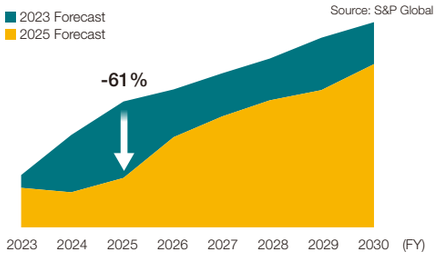
01 External Environment

In electric drive systems for electric vehicles (EVs), as the transition to higher voltages (up to 800 V) for improved energy efficiency and reduced charging times progresses, electrolytic corrosion of bearings has become a challenge. Silicon nitride balls offer excellent insulation and durability, and since they can be easily replaced simply by changing the balls within the bearing, they are attracting attention from European and Chinese automakers as a countermeasure against electrolytic corrosion.

Furthermore, due to increased power density in EV power control units and rising thermal density caused by the miniaturization of semiconductor chips, the requirements for heat dissipation and reliability in heat dissipation and insulation substrates are becoming even more demanding. For future EVs, the adoption of silicon carbide (SiC), a next-generation power semiconductor, is expected to expand; the resulting increase in operating temperatures will serve as a factor driving demand for high-heat-resistant silicon nitride components.

In addition, demand is also increasing in a wide range of fields such as renewable energy, medical, aerospace, and industrial machinery due to their insulation and corrosion resistance properties; consequently, the silicon nitride market is predicted to expand over the medium to long term.

BEV production volume (Japan)

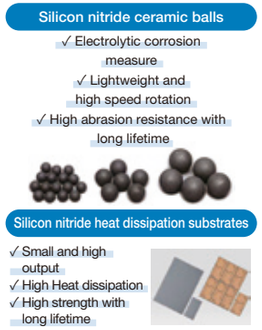


02 Our Vision/Key Initiatives

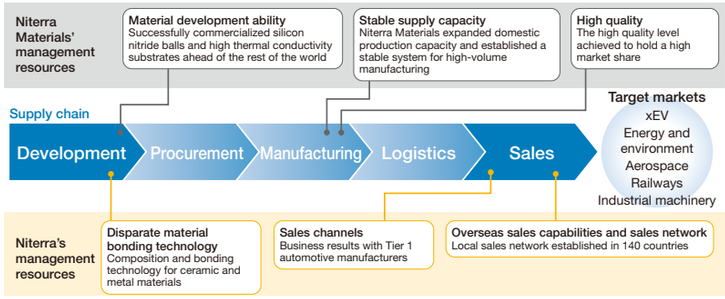
By combining the strengths of the Niterra Group and Niterra Materials, we will achieve transformative change beyond the scope of our past efforts and strive to remain the leading company in ceramic components.

We meet diverse customer needs by supplying high-end silicon nitride balls for applications demanding high reliability, such as aircraft, and offering cost-effective options including low-cost silicon nitride balls and Alumina-Zirconia balls for applications requiring lower costs, such as EVs. Furthermore, we will accelerate the mass production of high-durability substrates and high heat dissipation 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.



Capital synergies between Niterra Materials and Niterra



03 Review and Outlook

In FY2025, due to customer inventory adjustments and changes in plans resulting from sluggish EV demand, the silicon nitride business saw a decrease in profit compared to the previous year. On the other hand, technological and sales synergies through integration into the Niterra Group began, making it a year that laid the foundation for new products and acquiring new customers. In FY2026, we expect to trend toward recovery in both revenue and profit, driven by increased sales of silicon nitride balls due to growing demand from semiconductors and data center fan motors as well as reduced customer inventory, and through new overseas sales expansion for heat dissipation substrates leveraging the Niterra Group's sales network.

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Message from President of Group companies



Responding to Semiconductor Advancement, Expanding the Possibilities of Ceramics

Satoshi Hotta
Corporate Officer
President of NTK CERATEC CO., LTD.

In the Mid-term Management Plan 2030, NTK CERATEC is responsible for the SPE business, which is one of the key businesses driving the growth of the Niterra Group. Against the backdrop of the rapid spread of AI and expanding data center demand, semiconductors are becoming increasingly important as a social and industrial foundation. Ceramics for semiconductor production equipment that support the evolution of semiconductors represent an area expected to see significant growth, and we are expanding our business as a core player in this field.

Our strength lies in advanced ceramic technologies capable of handling wide temperature ranges (high and low temperatures), combined with the R&D and manufacturing capabilities to realize these into products. High-performance components, including electro-static chuck, play a vital role in supporting the world's most advanced semiconductor manufacturing processes and have received high praise from our customers. We will continue to increase added value through technological innovation and aim for growth that exceeds market expansion.

Our investments toward growth are also progressing steadily. We are promoting plans to expand our production capacity by approximately 2.5 times compared to FY2025 by around 2030, including the construction of a new factory in Tomiya City, Miyagi Prefecture, which is scheduled to be operational within FY2026, thereby strengthening our ability to respond to future demand expansion. In addition to capital investment, we are continuously working on improving productivity, strengthening quality assurance systems, and developing human resources to improve sustainable competitiveness.

The current semiconductor market is experiencing a period of record high growth driven by expanding AI-related demand. On the other hand, the business environment remains highly volatile due to demand fluctuations specific to the semiconductor market, geopolitical risks, and supply chain uncertainties. Rather than viewing such changes solely as risks, we view them as new growth opportunities and will proceed with investments in priority areas and optimal allocation of management resources while accurately identifying market trends.

Semiconductors are used in all fields that support social development, such as AI, mobility, communications, and medicine. By supporting the semiconductor manufacturing that serves as their foundation, our products contribute to social digitalization and sustainable development. Moving forward, we will further deepen our collaboration with the Niterra Group, pursue differentiation through unique technologies, and strive to become the most trusted partner in the field of ceramics for semiconductor production equipment. Through this, we will balance the enhancement of corporate value with the creation of social value to achieve sustained growth.



Supporting the Electrification of Mobility through Unique Material Technologies and Group Synergies

Takao Shirai
President of Niterra Materials Co., Ltd.

In the Mid-term Management Plan 2030 currently being promoted by the Niterra Group, Niterra Materials bears the important mission of being a "pillar for next-generation growth." Our major role is to establish new revenue sources for the Group in the rapidly progressing electrification of mobility. To fulfill this role, we will contribute to the sustained growth of the entire Group by ensuring a stable supply of high-value-added products, such as silicon nitride balls for motor bearings and silicon nitride or copper substrates for power control units (PCUs).

To this end, we believe it is vital to create synergies between our two companies. By combining our long-cultivated material design/process technology and stable supply capacity with the Niterra Group's strengths in ceramics technology and global automotive customers and sales channels, we aim to introduce unique products in a timely manner to meet diverse customer needs and secure top global market shares.

Currently, we are operating in an uncertain environment characterized by a temporary slowdown in the EV market, the rise of Chinese competitors, and raw material risks; however, the market is on a growth trend over the medium to long term. Last fiscal year, through dialogue with customers, we captured latent needs and promoted approaches tailored to their requirements. As a result, we received many inquiries from new customers, giving us a strong sense that we have made a good start toward achieving the Mid-term Management Plan 2030.

Under our management philosophy of "contribute to the realization of a better future through our original parts and materials," we have met the needs of each era by providing functional materials and components that integrate our unique technologies. Entering this major turning point with our integration into the Niterra Group, we will henceforth cause transformative change beyond the scope of our past efforts. Even in highly uncertain market environments, we will remain committed to our unique material technologies and continue to take on challenges bravely, diligently, and with sincerity. By supporting the electrification and higher voltage requirements of mobility and supplying products essential for realizing a decarbonized and circular society, we will realize the joy and satisfaction of all stakeholders as a leading company in ceramic components.

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

Fuel Cell (Initiatives of MORIMURA SOFC TECHNOLOGY)

Main products • Flat plate type SOFC cell stacks

01 External Environment

As social demand for a decarbonized society strengthens, we expect the widespread use of fuel cells as highly efficient generators and cogeneration systems to significantly reduce CO_2, regulate power sources for renewable electricity, and improve resilience in the event of disasters. In addition to the commercial and industrial sectors traditionally envisioned, such as households, housing complexes, nursing homes, and commercial facilities, there is growing expectation for their introduction into various markets, including factories aiming for carbon recycling, emergency power sources, and the expanding electricity demand from data centers.

02 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 CO_2 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.

03 Review and Outlook

In our activities through FY2025, we have pursued product development by leveraging the advantages of our flat cell stacks—which are smaller, lighter, and more efficient than those of competitors. In addition to the commercial and industrial products already launched in the market, we have also begun demonstrating a 1kW-class mono-generation fuel cell system, and we are advancing our business activities to further strengthen our position as a leading manufacturer of flat plate type cell stacks. Hereafter, we will further improve productivity and strengthen our production system, as well as reinforce and advance collaborations to win more orders.

FOCUS

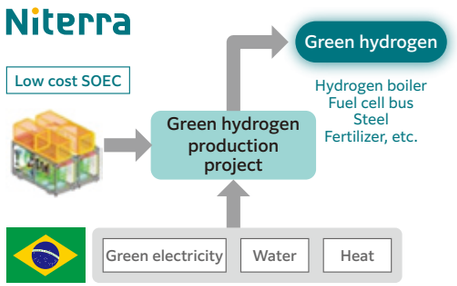
Contributing to a global decarbonized society through SOEC technology

To realize a decarbonized and hydrogen-based society as soon as possible, we are advancing the development of solid oxide electrolysis cells (SOEC) utilizing our ceramic technologies. This technology enables hydrogen production with extremely high conversion efficiency in areas such as the chemical industry, steel industry, and synthetic fuel manufacturing, where hydrogen is used as an industrial raw material and waste heat from processes can also be utilized.

We are currently advancing our SOEC technology from the development phase to the social demonstration and mass production development phases through initiatives in Europe and South America.

In Europe, in 2025, a total of five parties, including Polish research institutes, engineering firms, and chemical manufacturers, signed a memorandum of understanding (MOU) regarding the demonstration development of water electrolysis equipment for green ammonia. The goal is to operate a demonstration unit in early 2026 to verify the feasibility of combining hydrogen production via SOEC with ammonia synthesis through the Haber-Bosch process under actual factory infrastructure environments. As an initial target, we aim to supply green hydrogen to target factories producing hundreds of thousands of tons of ammonia annually, thereby significantly reducing the CO_2 emissions from the process. In South America, in 2026, we were selected for the Ministry of Economy, Trade and Industry's (METI) "Global South Future-Oriented Co-Creation Project" and began demonstrating green hydrogen production in the Federative Republic of Brazil. In Brazil, which possesses abundant renewable energy, we are collaborating with a local hydrogen project developer to conduct verification using a 100 kW module. Specifically, we will verify the environmental impact reduction effects through trial local hydrogen supply chain verification conducted locally, aimed at applications such as fertilizer production via ammonia synthesis and green steelmaking, alongside designing containerized modules that are easy to transport and install and reducing costs through remote monitoring from Japan.

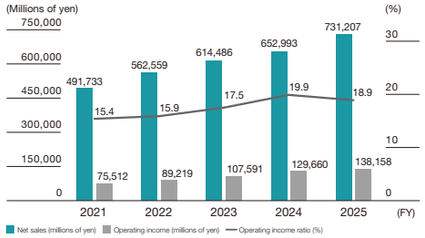
Through these global demonstrations, we aim to establish our advanced Japan-origin SOEC technology as a global standard and become a world-leading SOEC company in the 2030s.



PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data

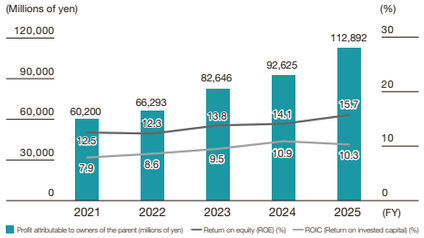
Financial Highlights

Net sales / Operating income / Operating income ratio



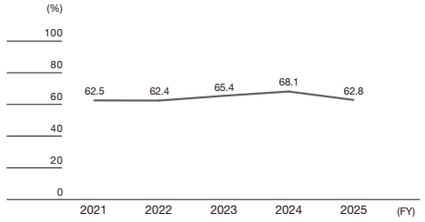
In the Automotive Components business, we secured increased revenue through an increase in sales volume for both new vehicle assembly and aftermarket products, as well as the implementation of price pass-throughs in response to inflation and U.S. tariffs. In the Component Solutions business, sales revenue expanded due to increased generative AI-related demand in the SPE business and the revenue contribution from Niterra Materials, which was consolidated starting this fiscal year.
Regarding profitability, while we were impacted by the surge in prices of precious metals, a major raw material, we mitigated the impact on business performance through price pass-throughs. Furthermore, driven by robust demand, the SPE business grew significantly, resulting in increased profit. As a result, both revenue and operating income reached record highs.

Profit attributable to owners of the parent / Return on equity (ROE) / Return on invested capital (ROIC)



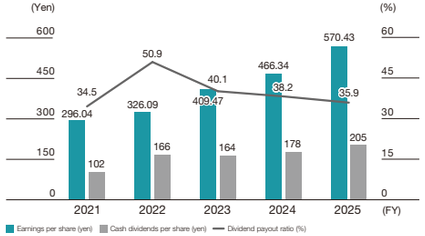
Regarding ROIC, it decreased by 0.6 points compared to the previous fiscal year due to the expansion of invested capital associated with Niterra Materials, which was consolidated starting this fiscal year. On the other hand, regarding ROE, it increased by 1.6 points compared to the previous fiscal year, driven by increased profit from steady sales as well as improvements in foreign exchange gains/losses and the recording of valuation gains on investment securities held.

Equity ratio attributable to owners of the parent



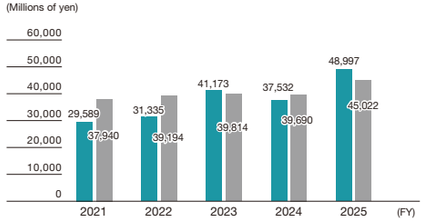
As a result, the equity ratio attributable to owners of the parent decreased by 5.3 points because we implemented share repurchases to fulfill shareholder returns while total assets expanded due to the acquisition of Niterra Materials for portfolio optimization.

Earnings per share / Cash dividends per share / Dividend payout ratio



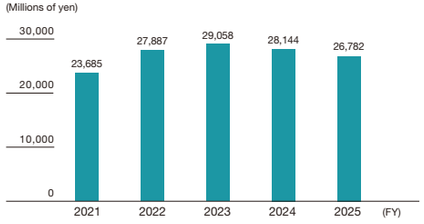
The dividend policy aims to provide stable dividends by combining a fixed portion with a minimum of dividend on equity (DOE) of around 4% with a performance-linked portion with a target dividend payout ratio of around 10%. Portions of capital exceeding appropriate capital levels are subject to shareholder return, including through share repurchases. As a result, the annual dividend for FY2025 was 205 yen.

Capital expenditures / Depreciation



In the Automotive Components business, the company intends to continue to invest in maintaining and updating existing facilities and improving productivity, while investing in increasing production in the Component Solutions business, which is expected to grow over the medium to long term, to accelerate growth.

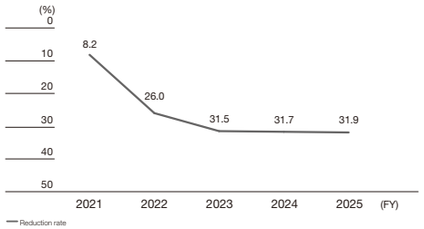
R&D expense



The company has set a policy of allocating approximately 5% of revenue to research and development expenses. In FY2025, although we actively continued development investment for medium- to long-term growth, the R&D expense ratio ended at 3.7% as sales revenue grew strongly at a pace exceeding that of our investments.

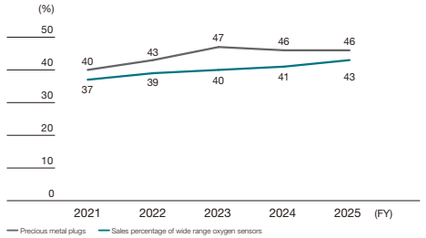
Non-financial Highlights

CO_2 emissions reduction rate



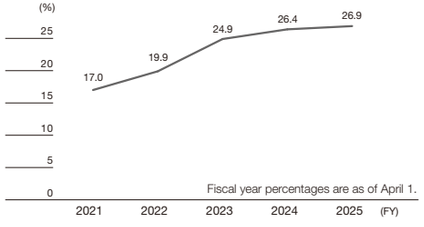
We aim to reduce CO_2 emissions by 46% compared with FY2018 levels by FY2030. We are proceeding with the execution of CO_2 reduction roadmaps by company and the consideration of significant reduction projects involving process changes.

Sales percentage of environmentally friendly products



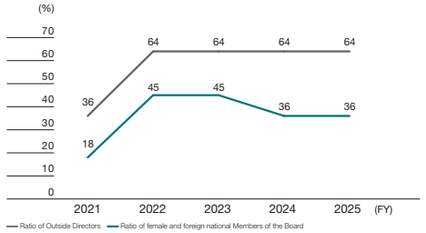
We aim to increase the sales ratio of precious metal plugs and wide range oxygen sensors by over 50%. These products are part of our environmentally friendly Niterra Green Products. Sales ratios are increasing towards this target.

Percentage of female / foreign-national / mid-career employees in managerial posts (non-consolidated)



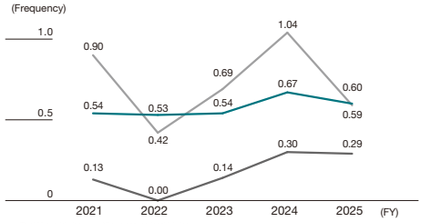
We aim to increase the percentage of women, foreigners, and mid-career hires in managerial positions to 30%, and we continue to conduct awareness-raising initiatives for female candidates for management.

Ratio of Outside Directors / Ratio of female and foreign national Members of the Board



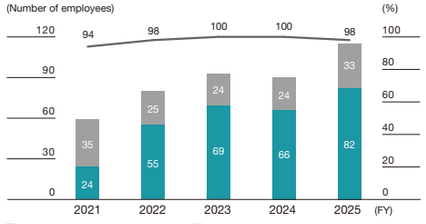
We aim to increase the ratio of Outside Directors to a majority and the ratio of female and foreign national Directors to 30% or more. Since FY2022, both the percentage of Outside Directors and the percentage of female and foreign national Members of the Board have been maintained at high levels.

Occupational injury frequency rate (non-consolidated)



In FY2025, there were four occupational injuries (compared to seven in the previous fiscal year), with an overall frequency rate of 0.59 (compared to 1.04 in the previous fiscal year), showing a decrease in injuries.

Number of employees who took childcare leave / Percentage of employees who returned to work after taking childcare leave (non-consolidated)



More male employees take childcare leave, with a childcare leave uptake rate of 83% in FY2025. Additionally, their return-to-work rate after childcare leave remains high.

PROLOGUE
01 Value Creation Story
02 Growth Strategy
2040 Vision and Mission
Long-term Management Plan 2030
Mid-term Management Plan 2030
Business Strategy: Automotive Components
Business Strategy: Component Solutions
Financial and Non-Financial Highlights
03 Capital for Improving Corporate Value
04 Corporate Governance
05 Data