

Industrial Products Business

Main products

- Grinding wheels
- Diamond wheels and tools
- CBN wheels
- Coated abrasives
- Grinding/polishing-related products (grinding oil, etc.)

Group General Manager
of Industrial Products
Group
Tomoaki Maeda



Performance in fiscal 2022

Domestically, production cuts in automobiles were prolonged due to a shortage of semiconductors for automotive applications, and the impact spread to the steel and bearing industries as well. Overseas, sales increased due to the post-COVID market recovery in various countries and the impact of foreign exchange rates. On the other hand, production costs rose due to soaring

raw material and energy prices and the weakening of Japanese yen, which had a significant impact on profitability.

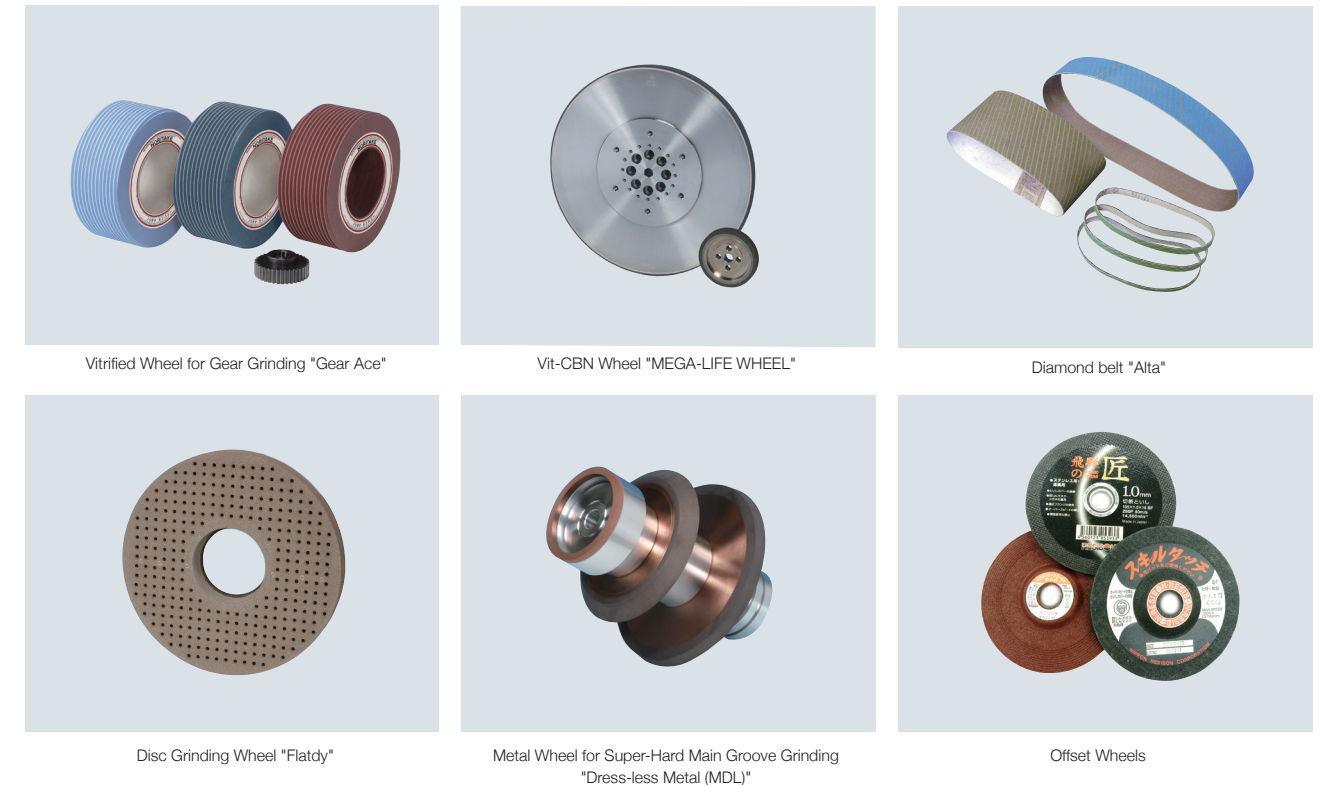
As a result, net sales in the Industrial Products Business were 57.477 billion yen (YoY increase of 0.2%) while operating profit was 2.352 billion yen (YoY decrease of 23.0%).

Progress of the 12th Three-year Business Plan

The basic strategy for the Industrial Products Business is to strengthen the revenue base of existing businesses and to establish a foundation to advance into growth fields. The first step we have been taking for existing businesses is to thoroughly improve profitability as a way to cope with the increasing price of materials and energy that has been increasing for two years. Improving profits is also a key challenge we have been working on at overseas production sites. In China, we achieved profitability by expanding sales and lowering the unit cost of grinding wheels for large, heavy-duty polishing.

In new businesses, progress in the electronics and semiconductor sectors has been slow due to the impact of stagnating demand for devices, such as smartphones and computers. However, automotive applications, which are increasingly being electrified, are expected to grow over the long term, and we intend to recover by expanding our product lineup.

Among our mainstay product lines, improving profitability of diamond-related product businesses is another major issue. We will quickly reduce costs and advance into the electronics and semiconductor fields.



Growth Strategy

We will increase our presence in the growth areas of the environment, electronics and well-being.

As for environmental issues, we are expanding sales of EV-related tools and have begun increasing production of gear polishing grinders at the Miyoshi Plant. In the electronics field, we will focus on expanding into electronics and semiconductor fields. In the well-being field, we will focus mainly on grinding wheels for syringes, for which demand is growing.

Amid growing customer interest in carbon neutrality in manufacturing, we have been developing hydrogen combustion furnace that helps to reduce CO₂ emissions through the firing process of grinding wheels. In addition, activities to switch

packaging materials to reinforced cardboard from the wooden boxes were implemented at the Kamori and Miyoshi plants. In FY 2023, these activities will be introduced to the Kurume and Yasu plants. Furthermore, we plan to install solar panels at the Kamori and Yasu plants during this fiscal year to cover a part of the electricity required for production.

In October 2022, NIPPON RESIBON CORPORATION merged with NCA. Through this merger, we intend to quickly build an efficient business structure and reorganize our manufacturing bases for the future. This was a major merger for the Noritake Group, and we will continue our efforts to achieve positive results in the future.

MESSAGE

Aiming to Reform Our Organizational Structure and Human Resources from a New Perspective

I was transferred to the position as Group General Manager of this business unit from the Engineering Group in April, 2023. This business, which boasts the top share of the domestic market for grinding and polishing products, has advanced technological capabilities and an excellent product lineup. As a result, distinct operations are performed by each manufacturing and sales division, and it seems that a rational system has been established. However, I also think that a well-separated operational structure could be a weakness in terms of development of new fields and products. Going forward, we must transform ourselves into a structure that enables us to take on new challenges with a sense of speed.

Changing the sense of awareness of human resources is essential for

achieving organizational reform. Last fiscal year, we worked to expand our Long-term Vision and business policies so that each individual can realize that each and every employee is playing an important role in the division. In addition, in order for young employees to deepen specialized knowledges, we have published technical journals that summarize the product knowledge and technical know-how, grinding solution catalogs that support product proposals, booklets that summarize the actual experiences of sales staff both domestically and abroad, and textbooks on quality assurance. I hope that through these studies, everyone will be able to work independently and feel a sense of fulfillment of growth. We will also promote job rotation and other types of career development for our employees to gain experience in multiple workplaces.