

Ceramics & Materials Business

Main products

- Electronic paste
Electronic paste, decalcomania paper, and decoration materials
- Electronic ceramic powder
- Ceramic raw materials
- Ceramics
Thick film circuit substrate, plaster, ceramic cores, porous ceramic materials, vacuum fluorescent display and modules

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of Ceramics & Materials
Group
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Performance in fiscal 2022

Demand in the electronics and communication field seemed to grow until the second quarter, but slowed down over the second half of the year. Against this backdrop, demand for automotive-related products was firm. Regarding the sales results of each product group, figures for electronic paste was negative due to the significant impact of economic conditions. In electronic component materials, sales for automotive applications were firm, but sales in the telecommunications field did not mark as we planned. In the ceramics sector, we reevaluated our strengths and profitability in each market and

implemented business strategies for the four product groups: thick film circuit substrates, plaster, ceramic cores, and porous ceramic materials. The results of these efforts began to show during FY2022, and while plaster decreased, others increased. As for vacuum fluorescent displays, the sales increased despite difficulties in procuring components and rising prices. In addition, sales of ceramic raw materials increased significantly as well.

As a result, net sales for the Ceramics & Materials Business were 49.206 billion yen (YoY increase of 20.8%), while operating profit was 4.844 billion yen (YoY decrease of 10.7%).

Progress of the 12th Three-year Business Plan

We are planning to increase production capacity of electronic components and electronic paste in preparation for increase in demand in medium- to long-term.

In regard to plaster, originally, it was mainly used for mold materials and dental materials. However, we are currently establishing a sales system and a manufacturing system in Thailand with the aim of improving profitability for construction materials and other applications. As for ceramic core, we are working to attract customers, improve quality, and reduce costs while working to capture demand from advanced industries. For porous ceramic materials, we are working to acquire new

opportunities. With regard to thick film circuit substrates, demand for automotive-related products continues to slow. Therefore, we are implementing strategies in the 12th Three-year Business Plan for to secure opportunities in the semiconductor and medical fields. Measures which we have been implementing, such as restructuring the manufacturing system, have produced results. We are working to restructure our business portfolio in these four businesses.

In addition, we are considering investing approximately 13 billion yen at the Miyoshi Plant and Minato Plant to increase production of materials for multi-layer ceramic capacitors and other products.



Growth Strategy

The Ceramics & Materials Business has a Long-term Vision of "contributing to society through materials based on our unique process technologies." The strength of this business is that we have deepened our technology for each product. In response to the demands of individual customers, we have been able to thoroughly deepen our materials and processing processes. On the other hand, the number of customers has been limited, and the expansion of our customer base has been limited. How to realize the keyword of the 12th Plan, "Material and Process", will be the key to solving this issue. The task force for the creation of new businesses was launched as an initiative to cross-divide the organization in order to make use of the elemental technologies

we have accumulated independently in each business and in each product field. We are taking on the challenge of creating new businesses not only in this business, but also in collaboration with Engineering, Tabletop, and Industrial Products. Several projects are already in progress. I think there are many opportunities to extract business tips from members who interact with customers in each business and work together across divisions as one.

In fiscal 2022, we achieved results in collaboration with business groups, and in fiscal 2023, we will enter a stage where we can contribute as a concrete figure.

MESSAGE

New Challenges Increase Employee Engagement

With the start of the 12th Plan, the members of this business group have taking on challenges and definitely been inspired toward achieving new growth, for example approaching the customers of other business groups. Particularly, project members are beginning to draw up a new business image and act independently with a high level of motivation. If we further expand this cycle, we greatly expect that we will be able to improve the engagement of all employees.

I feel that the Ceramics & Materials Business has a lot of opportunities in the manufacturing, sales and engineering departments for women to play

a role in. It is predicted that securing human resources will become increasingly difficult in the future. In order to secure the growth potential of the organization, it is important to recruit and promote diverse human resources, including women. Our primary goal is to meet the target ratio of female managers in the business unit, so we will be focusing efforts on the education and training of management positions. In addition, we hope to increase the number of women who wish to join us through showing how women can work positively at Noritake.