

Engineering Business

Main products

- High-efficiency heating furnace roller hearth kilns
- Far-infrared drying furnace
- Mixing and stirring machines (static mixer, etc.)
- Coolant filtration systems
- Carbide-tipped circular sawing machine
- Circular sawing cutting machine

Group General
Manager of
Engineering Group
Yoshiaki
Takaba



Performance in fiscal 2022

Performance of our business has generally remained steady. As for heat business which is our mainstay, both sales and income grew due to the strong performance of lithium-ion battery (LiB) kilns, and both consumables sales and after-sales service grew significantly. Heating furnaces for electronic components also remained steady. Meanwhile, automotive hot stamping decreased due to a slowdown in capital investments by customers, so we began to expand into new fields. Sales of

LiB also increased significantly for NORITAKE TCF. In the fluid machine business, sales of chemical equipments and filtration systems were sluggish, but sales of machinery for the newly established construction materials sector increased.

As a result, net sales in the Engineering Business were 25.905 billion yen (YoY increase of 9.8%) while operating profit was 2.05 billion yen (YoY decrease of 0.2%).

Progress of the 12th Three-year Business Plan

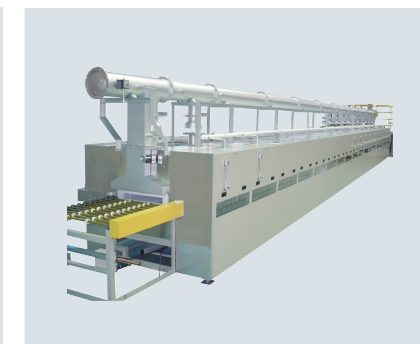
We are continuing to develop the heat business for energy and electronics, and we appreciate that we have been able to carry out these activities firmly. We also began building a local sales and after-sales service system in line with the expansion of LiB materials manufacturers into North America. In FY2023, we will be establishing sites in North America and promote the development of partner companies.

The fluid machine business will advance into the three growth areas of the environment, electronics and well-being as our next

business development since the automotive and bearing sectors which had been our core sectors are unlikely to grow substantially. In the environment field, we are creating business models related to the circular economy, such as sludge solidification machine and equipment which contribute to reduce food loss. In the well-being field, we established a foothold in various fields, such as the development of equipment for the pharmaceuticals and cosmetics fields.



Static mixer



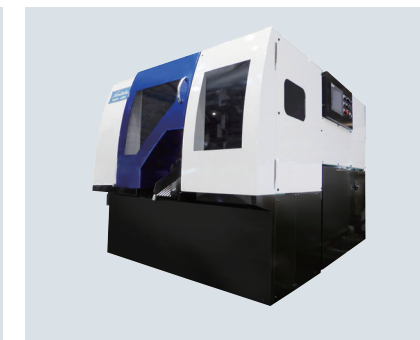
Roller hearth kiln



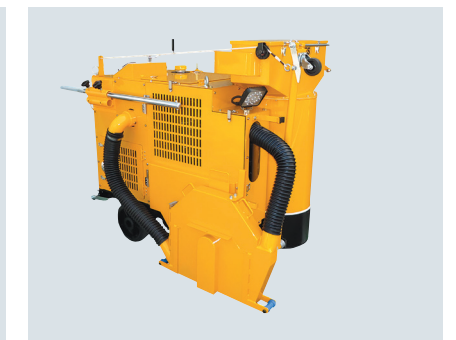
Coolant filtration system



Rotary kiln



Carbide-tipped circular sawing machine (Thin Cut Master)



Circular sawing cutting machine

Growth Strategy

In the heat business, which is our core business, we have invested approximately 2.5 billion yen toward construction of a new building at the Komaki Plant. This is to increase production of heating furnaces to meet the immense number of inquiries from LiB-related manufacturers. As noted above, we will also actively invest in the United States. MLCC and film substrates are our mainstay electronic components, and we are aiming to propose and sell high-productivity facilities for next generation products. In addition, we are also working urgently to develop new sectors outside the automotive sector.

We recognize that the biggest challenge for this business is the balance by product. Currently, the heat business accounts for 70-80% of sales, but we intend to expand this business in a

well-balanced manner, including other businesses. To this end, it is essential to reinforce and train personnel. As this business is deeply involved in the manufacturing processes of our customers, there are large amount of knowledge and technologies to be acquired and it takes time to develop. Accordingly, we intend to develop methods to assign and train human resources more efficiently.

On the other hand, one of this division's major strengths is that it has an open atmosphere with low barriers to manufacturing, design, and sales. Moreover, since there are many members in our business group who wish to take on new challenges, we aim to achieve significant growth in our business by creating an environment in which our members can maximize their capabilities.

MESSAGE

Creating a Workplace where All Employees Can Exercise Their Strengths

This business employs wide range of employees from new employees to mid-career employees and experienced employees. There are also many mid-career hires. This all bring to our workplace a mix of diverse values. Some employees are highly motivated with their work, while others emphasize work-life balance. While making sure to achieve results, we need to create an organization that allows various working styles and career development to meet such diverse values. Regardless of gender or position, we are providing active support for employees who want to improve their skills so that they can grow further. We also focus on

creating an atmosphere in which employees who want to emphasize work-life balance, including life events, can find it easier to use the employee benefits.

I believe that "people" are the most important factor in the growth of our business. Usually, the time spent in the workplace is about eight hours, one third of a day. We intend to create a work environment where our employees can work comfortably, and lead to improved engagement and productivity so they can demonstrate their full strengths. I think this will become a driving force for business growth.