

Special Feature | Messages from General Managers of

our Business Groups

We will move further forward to solve social issues by changing ourselves and pushing ahead with reforms without being bound by conventions.

Electric Wire and Cable Business

- Infrastructure wire business
- Industrial equipment wire business

A comprehensive electric wire manufacturer that supports electric power infrastructure and various industries

The Wire & Cable (W&C) Group is responsible for the core operations of TATSUTA Electric Wire and Cable, which has been in business for more than 75 years since its founding in 1947. Our electric wires provide support for vital domestic electric power infrastructure, including that related to electric power companies and nuclear and thermal power plants. We also manufacture and sell a wide variety of industrial electric wires used in solar power generation, railways, FA equipment, industrial robots, and semiconductor and automobile production facilities.

In addition to continuing high-quality and stable production and providing an extensive lineup of electric wires and cables for various fields, our integrated production system, ranging from wire drawing, wire twisting, and sheathing, in place since our founding is likely the reason why many of our customers have remained loyal to us for many years. This has led to our strengths in being able to meticulously respond to customer requests in each process, including development, design, and mass production.

FY2022 was a very challenging year, due to a combination of soaring prices of raw material copper, sheathing materials, and energy, the inability to immediately reflect rising production costs in product prices, and a downward trend in demand for electric wires. As a result of careful attempts to raise prices, we are gradually gaining understanding from customers, and are currently on the road to profitability improvement.

Initiatives to solve social issues from various angles

The W&C Group engages in initiatives geared toward solving social issues from various angles.

We manufacture and sell solar power generation cables used mainly in mega solar facilities as products that contribute to society in terms of pursuing carbon neutrality. We also play a role in supporting public infrastructure, as there is increasing demand for electric cables for railway cars that can contribute to the reduction of CO₂ emissions in the field of mobility. Our long-life electric cables for FA equipment and industrial robots are products that leverage the characteristics of our original KORIKI™ high-strength copper alloy, and contribute to resource conservation. In addition, **かるまげ™** (Karu Mage) (KM-CC), 600V fire-resistant flexible crosslinked polyethylene eco-friendly cable, which is suitable for wiring in narrow places, boasts excellent flexibility that helps save labor and manhours for cable laying operations.

In terms of efforts to achieve carbon neutrality at the production bases of the W&C Group, Group subsidiaries Tatsuta Tachii Electric Cable Co., Ltd. and Chugoku Electric Wire & Cable Co., Ltd. completed the shift of all electric power to that sourced from renewable energy in FY2022. The Osaka Works, another production base, is also gradually increasing its use of electric power sourced from renewable energy, and is scheduled to complete the shift in FY2025.



INTERVIEW
Senior Executive Officer
General Manager of
Wire & Cable Group
Kenzo Ide

INTERVIEW
Director,
Senior Executive Officer
General Manager of
Electronic Materials &
System Equipment Group
Shohei Morimoto

Meanwhile, we are also focusing on logistics issues. As the mega-solar market stabilizes, demand for solar power generation equipment from companies and households is increasing nationwide. From the perspective of White Logistics (movement launched by the Japanese government to improve the work environment of the logistics industry), as well as from the perspective of achieving short delivery times and increasing customer satisfaction, we are considering establishing another logistics base in the Kanto area to expand our distribution network, which is currently centered around the Osaka Works. Since electric wires and cables are heavy and large in volume, they place a heavy burden on logistic workers. We recognize that the strain on the logistics industry is an important issue for the W&C Group that has an impact on sustainable business management.

To always provide products that our customers need

Amid being affected by various global situations in recent years, we have reaffirmed our social responsibility to provide a stable supply of electric wires and cables that support electric power infrastructure and various industrial equipment.

When I first joined the Company, I was responsible for the development and production technology of conductors for our KORIKI™ high-strength copper alloy and other electric wires. After that, I was involved in the technology development, manufacturing, and sales of bonding wires in the semiconductor industry. This has allowed me to gain a wide range of valuable experience. Especially in the bonding wire manufacturing process, I have worked to thoroughly increase efficiency, lower costs, and improve quality to increase profitability. These efforts helped make the business into what it is today.

In keeping with our commitment to become a valuable company that continues to provide differentiated products and services that customers need, we must pursue the development of new products, such as modular wiring solutions or systems for the devices and peripherals attached to electric wires and cables. We also need to provide added value other than products, such as shortened delivery times and advanced services. To this end, it is essential to build a consensus across the Group and create a framework (establish systems) that enables us to continue to respond to customer needs. We plan to continue pursuing reforms from multiple perspectives going forward.

Businesses born from numerous challenges we overcame with our core technologies

The Electronic Materials & System Equipment Group consists of four business divisions: Functional materials, Bonding wire, Advanced paste, Sensor & medical products. In the 1980s, our core technologies cultivated in the field of electric wires, the cornerstone of our founding, were utilized to tackle a number of issues in non-electric wire fields. We have since tapped into and expanded the market to match the needs of the times.

Starting with the development of conductive paste, we later went on to develop and launch the world's first electromagnetic interference (EMI) shielding film, indispensable for smartphones and other devices. We have grown to command an overwhelming share of the global market for functional films. We are currently expanding our core technologies to other fields, making inroads into the areas of semiconductors, sensors, and medical devices.

I plan to make use of my experience in leading the functional films business from launch to market expansion to carry out initiatives aimed at boosting the profitability of our businesses. We will also take on the challenge of creating new businesses in the pursuit of medium- to long-term growth.

A business portfolio that contributes to society with an eye to the future

In this section, I will describe the portfolio of the Electronic Materials & System Equipment Group for promoting sustainable businesses, including initiatives for environmentally-friendly products.

The functional paste business began with the development of conductive paste approximately 40 years ago. The paste enables part of the manufacturing process for printed circuit boards to be replaced with a plating-free dry process, and has contributed to the reduction of liquid waste as an environmentally-friendly product. We are currently working to further improve functionality and enhance our product lineup.

In the functional films business, there is growing demand for high-performance and highly reliable products due to the needs of society and customers. By leveraging the strengths of our development technologies that we have cultivated over the years, we have been among the first to develop and launch products compatible with 5G communication technology and foldable phones. In recent years, we have been taking on new challenges in the field of recycled materials, and are working to increase the usage ratio of recycled film. We will also endeavor to fulfill our social mission by focusing on providing stable quality and a stable supply of related products, such as by obtaining BCMS^{*1} and ISMS^{*2} certifications, and maintaining and improving these systems.

In the bonding wire business, we have developed wire products ranging from gold wire to silver wire by reducing costs while maintaining quality. We have already commenced mass production, and have set our sights on improving customer satisfaction.

Our sensor business is also supported by the technologies we have cultivated through our electric wire operations. Thanks to this, we have an overwhelming share in the domestic water leakage detection sensor market. We are also promoting measures that give consideration to the environment, such as the development of parts that comply with RoHS 2^{*3} and other regulations. Meanwhile, the medical products business is a relatively new business for us. Looking ahead, as medical devices make further technological

We will continue to take on new challenges by leveraging our core technologies to fulfill our social responsibility and customer requests.

Electronic Materials Business/Other Businesses

- Functional films business
- Bonding wire business
- Functional paste business
- Sensor & medical products business

advances, we aim to solve various issues in the medical field by collaborating with startups and other companies while leveraging our technologies and knowhow.

^{*1} BCMS: Business continuity management system (ISO 22301: Acquired certification in FY2016)
^{*2} ISMS: Information security management system (ISO 27001: Acquired certification in FY2022)
^{*3} RoHS: An EU directive that restricts the use of certain hazardous substances in electrical and electronic equipment.
RoHS 2 is the revised directive that includes additional hazardous substances.

The functional films business essentially achieved carbon neutrality in FY2022

While we are aiming to achieve company-wide carbon neutrality by FY2025, the functional films business essentially achieved carbon neutrality (Scope 1 and 2) in April 2022, due partly to the requests of customers. In the previous fiscal year, in addition to energy conservation, we expanded and newly installed solar power generation facilities at the TATSUTA Technical Center, Sendai Works, and Kyoto Works, as part of our. We also carried out energy generation initiatives to increase the volume of power generated in-house. We were able to achieve carbon neutrality for this business ahead of the rest of the Company because we have consistently responded to clear and high expectations in terms of ESG and SDGs, particularly from our customers in the Electronic Materials Business. We will continue to proactively carry out these initiatives going forward.

Furthermore, as a BCP measure, the Electronic Materials & System Equipment Group plans to build a distribution center at the Kyoto Works in the Kansai region (to be completed in March 2024) in order to spread out the inventory at the Sendai Works, which is our main production base, and respond to logistics issues brought on by tighter labor regulations, specifically caps on overtime for truck drivers, scheduled to come into effect from April 2024. We expect this to reduce Scope 3 CO₂ emissions associated with transportation and distribution through improvement in the loading rate for transportation between plants, and also help to reduce costs. We will continue to deliver high-quality products and services that are useful to society while increasing customer satisfaction.

Our wealth of information and speedy development are the strengths of the Electronic Materials & System Equipment Group

The Electronic Materials & System Equipment Group is currently focusing on the mobile device market, including smartphones, and the automotive market, where a shift to autonomous driving is accelerating. The large volume of information we have, which is indispensable in quickly grasping market trends, is one of our strengths, as we have a global advantage in functional films. We also command a swift development speed we have cultivated through many years of doing business with global companies.

We have been a leading company since the launch of our functional films business to the expansion of the market. As someone familiar with the difficulties of that time, I am confident that we will be able to overcome the current tough operating environment caused by various global situations. We will use our experience to boldly take on challenges. In particular, we will work to increase the profitability of our businesses and create new businesses in the pursuit of medium- to long-term growth.