
3. THE 13TH MEDIUM-TERM MANAGEMENT PLAN

The 13th Medium-term Management Plan

Energize the Future 100

Transformation to create a robust future
for the 100th anniversary & beyond

FY2023/3 - FY2025/3

SUSTAINABLE
DEVELOPMENT  GOALS


TAMURA
One and Only

Agenda

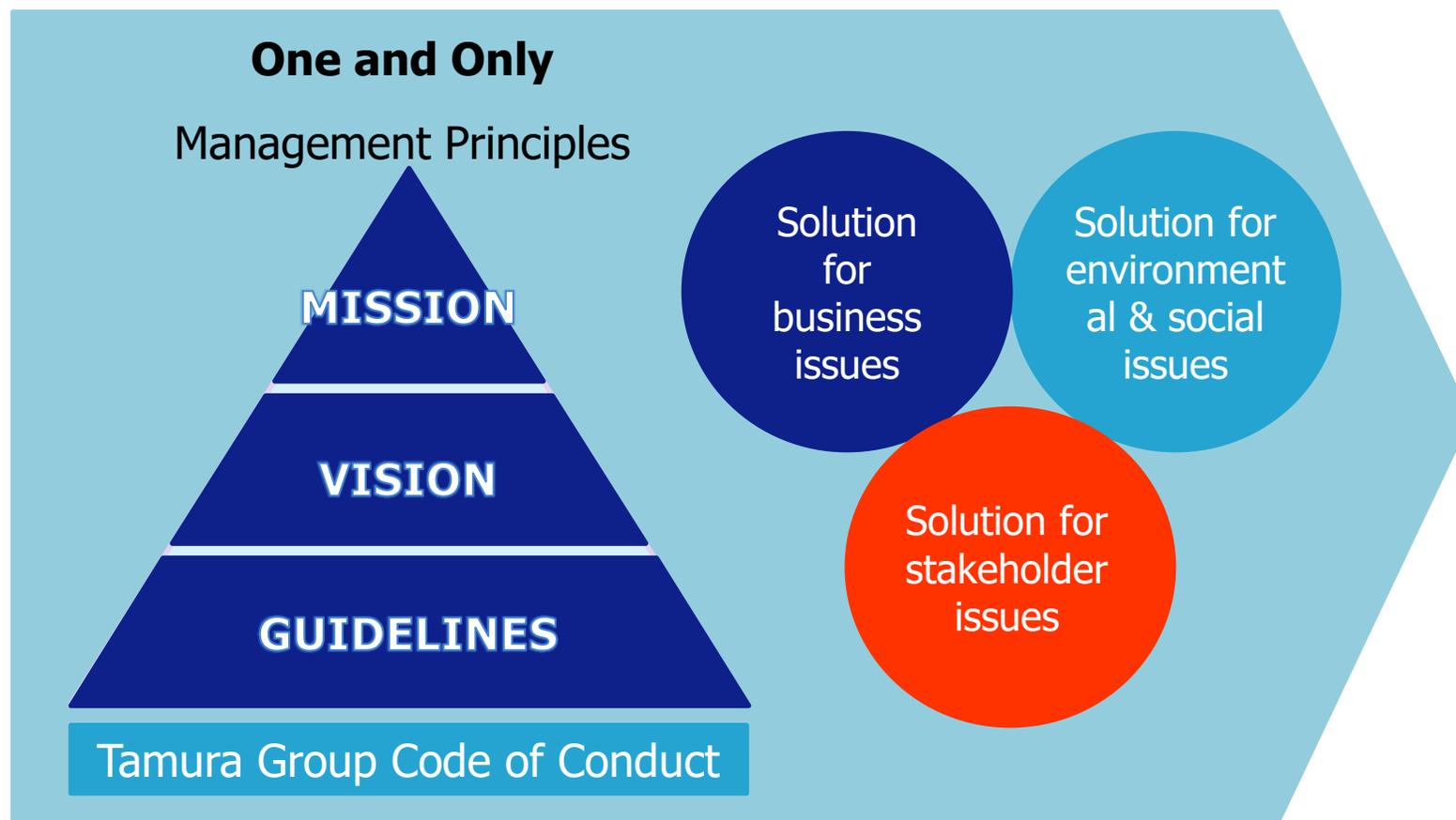
- Aspiration for 2050
- Review of the 12th Medium-term Management Plan and Assumptions
- The 13th Medium-term Management Plan
 - Overview
 - Financial Targets
 - Business Strategy
 - Sustainability Strategy

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Aspiration for 2050

- ◆ Defined based on extensive discussions over three years, reflecting the spirits of foundation and management principles as well as addressing stakeholder requirements and business issues
- ◆ Announced at the same time as the new medium-term management plan



Aspiration for 2050

A leading company well-recognized by global electronics markets to contribute to realizing decarbonized society

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Review of the 12th Medium-term Management Plan

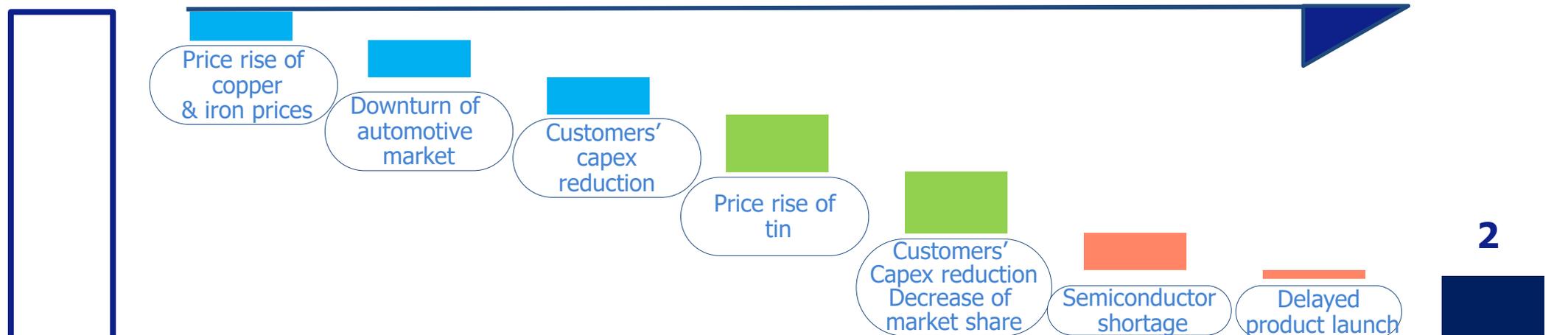
- ◆ Insufficient actions against sudden changes in business environment including material cost rises
- ◆ Significantly missing profitability target due to soaring costs of raw materials, logistics and energy

Operating profit FY2022/3

[Billion yen]

8

Fell short of the target by 6bn



Plan

Electronic Components

Plan: 3 ➔ Actual result: 1

Electronic Chemicals & FA Systems

Plan: 4 ➔ Actual result: 2

Information Equipment

Plan: 1 ➔ Actual result: -1

Actual result

Review of the 12th Medium-term Management Plan

- ◆ While falling short of financial targets, materialized the strategies which become basis for next medium-term plan, such as “One TAMURA “(business collaboration), sustainability strategy, management structure, production system, personnel system, IT infrastructure

The 12th Medium-term Management Plan Biltrite Tamura GROWING ANEW

✗ Financial targets

	Plan	Actual result	Achievement
Sales (Billion yen)	100	88	88%
Operating profit %	8.0%	1.8%	23%
ROE	9%<	-0.2%	—

✓ Strategies achieved

- Launched cross-business development project
=>Development of new core technology
- Reorganization of China factories
=>Newly built 2, Moved 1, Closed 1
- Job system & job satisfaction improvement
=>ICT promotion、 personnel system

ect.

One
TAMURA

✓ Sustainable Management

- Defined Materiality and prepared for sustainability strategies

Outcome

- 2018/10: Basic policy of SDGs
- 2019/4: Sustainability strategies
- 2020/5: Reduction target of GHG
- 2021/5: Defined materiality
- 2021/5: Revised Reduction target of 2030 GHG

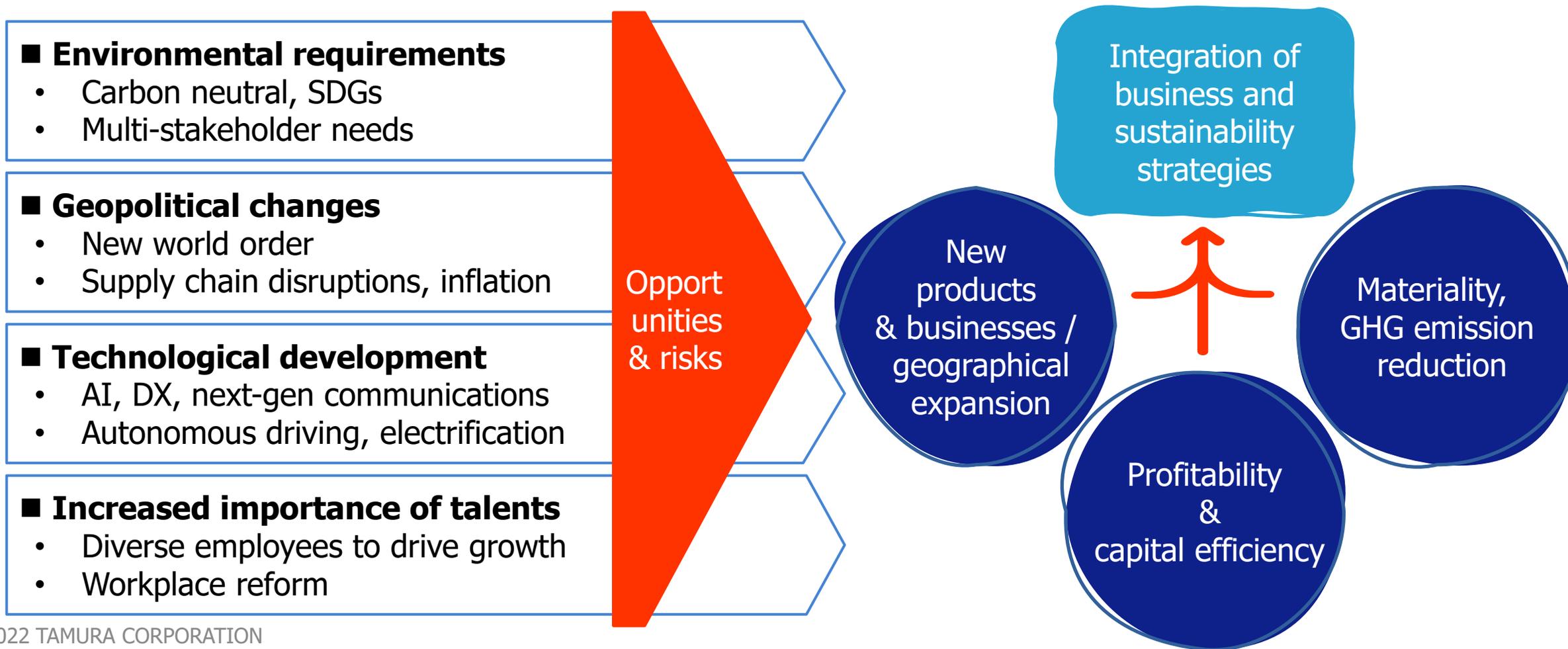
The 13th Medium-term Management Plan

Energize the Future 100

Transformation to create a robust future for the 100th anniversary & beyond

Assumptions

- ◆ Against the backdrop of accelerating volatility in global economy such as supply chain disruptions and geopolitical risks, to focus on agility to create value by mitigating risks and taking opportunities



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Overview of the 13th Medium-term Management Plan (FY2023/3-FY2025/3)

◆ Defined based on Aspiration for 2050, review of previous plan and business environment

Energize the Future 100

Transformation to create a robust future for the 100th anniversary & beyond



Business Strategy: Growth & Efficiency

- Business growth contributing to carbon neutrality

Geographical expansion

New products & businesses

- Profitability & capital efficiency improvement

Operating profit margin 6%

ROE 8%



Sustainability Strategy

To achieve 2030 GHG emission target and realize Aspiration for 2050 based on defined materiality

Materiality

- 1 Sustainable business growth
- 2 Product quality improvement
- 3 Proper supply chain management
- 4 Compliance
- 5 Fulfilling workplace
- 6 Cooperation with communities
- 7 Environmental protection & contribution to decarbonized society
- 8 Proactive information disclosure

Aspiration for 2050

A leading company well-recognized by global electronics markets to contribute to realizing decarbonized society

Group Financial Targets

- ◆ Priority on returning to profitability by taking swift actions, aiming for both profit growth and capital efficiency improvement with KPIs of operating profit, margin and ROE

■ Financial targets

	FY2022/3 (Actual)
Operating profit	2bn
Operating profit %	1.8%
ROE	-0.2%

The 13th Medium-term Management Plan

	FY2023/3	FY2024/3	FY2025/3
Operating profit	3bn	5bn<	6bn<
Operating profit %	3.2%	5%	6%
ROE			8%

Beyond

Operating profit %	8%
ROE	10%

■ Guidelines for achieving targets

Consolidated sales	88bn
Business OP%	
Electronic Components	0.9%
Electronic Chemicals & FA Systems	7.7%
Information Equipment	-30.7%
ROIC	1.6%

	FY2023/3	FY2024/3	FY2025/3
Consolidated sales	94bn	≒100bn	100bn<
Business OP%			
Electronic Components	1.5%	4%	5%
Electronic Chemicals & FA Systems	8.7%	9%	10%
Information Equipment	4.2%	12%	15%
ROIC			6%

Consolidated sales	130bn<
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ROIC	8%
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Approach to Medium- to Long-term Growth

◆ Actions taken to become “One and Only” company, essential to the world and continuing to grow toward the 100th anniversary and beyond

1. Providing products and services that anticipate the change of the times, as was the spirit of foundation of the company
=> to enhance technology contributing to **carbon neutrality** and focus on **energy-related markets**
2. Developing and providing products by leveraging the strengths of core technology
=> to develop **materials** that can innovate **electronic** products
3. Improving profitability of **Electronic Components Business** to make it become mainstay of company profit together with **Electronic Chemical Materials & FA Systems Business**
=> Leveraging cross business alliance within Tamura Group and allocating key technological and management resources to strategic sectors

Business Areas Contributing to Carbon Neutrality

- ◆ To seek growth leveraging technical strengths in large capacity electric control & conversion efficiency for high-frequency applications in promising car electrification & renewable energy markets and responding to stricter energy saving regulations across the globe

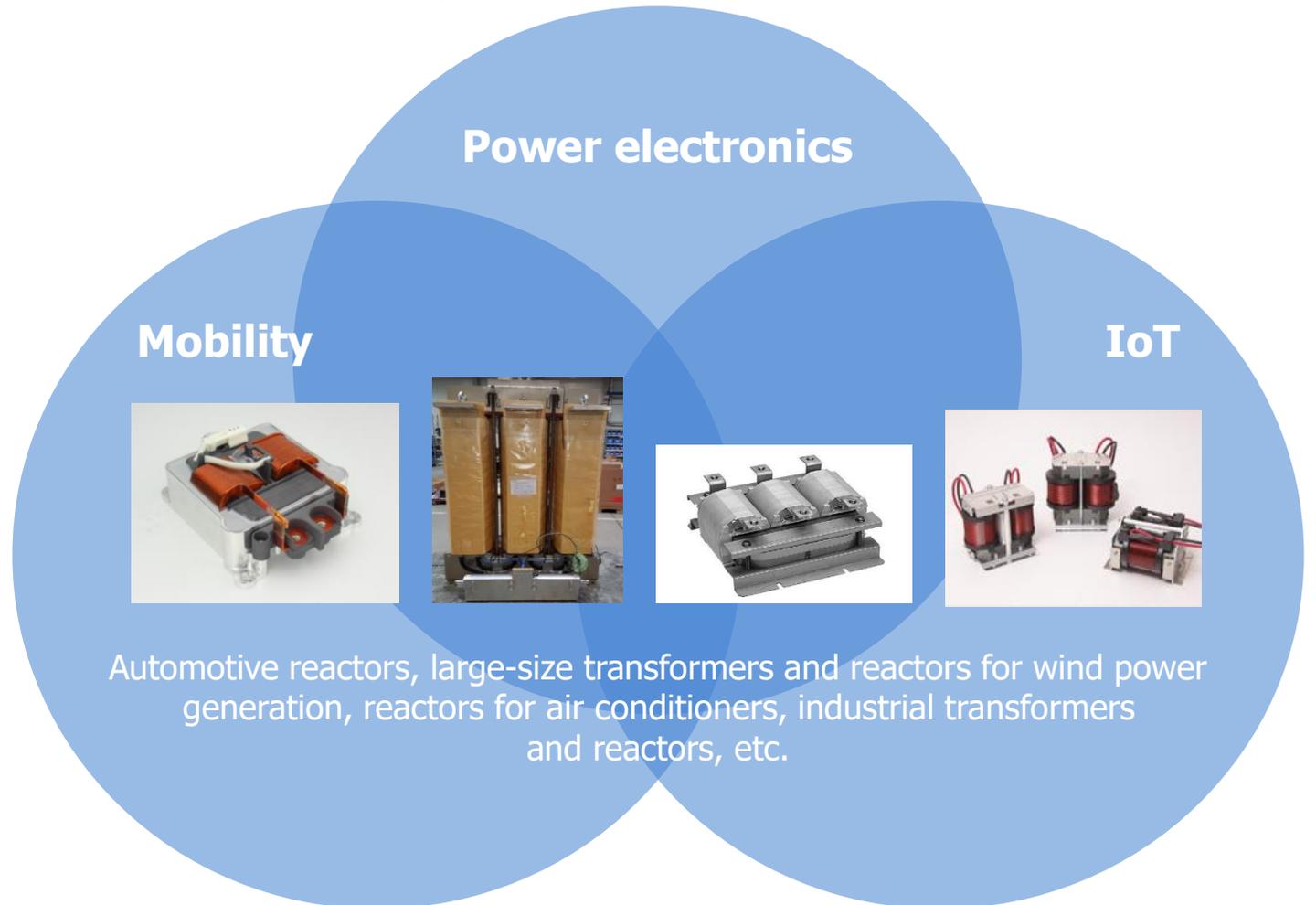
Core technology

For high-frequency magnetic parts
Press-molded magnetic powder core

For power semiconductor
High heat resistant soldering materials

For reflow soldering equipment
Heat convection control

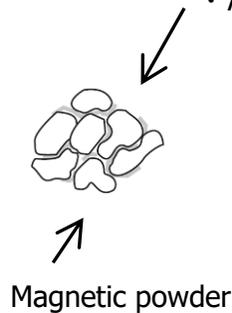
For high frequency, high voltage
Next-gen power semiconductor (Gallium oxide)



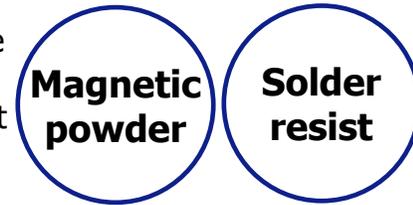
Cross Business Product Development Based on Material Technology

Press-molded magnetic powder core

- A core of magnetic powder with a particle size of 10s to 100s of μm , molded and thermally treated after insulated and mixed with lubricant
- Press-molded magnetic powder core is indispensable for high-frequency applications
- Such as highly acclaimed automotive reactors, Tamura Group leads the technology of press-molded magnetic powder core

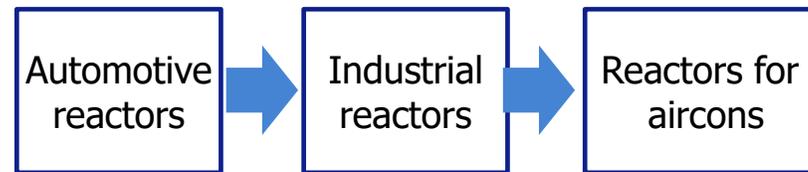


Material technologies of Electronic Chemicals Business



Joining materials
 • Electrical insulation
 • Adhesive bonding

Expand sales of products differentiated by materials



- ◆ The electrification of automobiles leads to high demand for automotive reactors. Key technologies for electrification around motors or inverters are used also in industrial or home appliance market.
- ◆ Products of Tamura Group, such as transformers, reactors, current sensors or gate driver module contribute CO2 reduction in factories and support to realize carbon neutrality.
- ◆ Improving production efficiency and quality by using common core materials for the products of industrial, automotive and home appliance market.

Core Technologies × Carbon Neutrality × Regional Strategy

Reflow soldering system

- This machine joins the circuit of components and the board with the heated and melted solder
- With the technologies of solder paste or soldering flux for surface mounting, Tamura group can provide distinctive products



TNV Ver. III “P” Panel “X” Panel

熱抵抗値2倍の炉体断熱新構造 New structure of the furnace body insulation thermal resistance value twice

安定時の平均有効電力 **8.2kW** (弊社従来機種 12.6kW)
Average effective power in stability **8.2kW** Our previous model 12.6kW

弊社ショールームにて 室温23℃ 装置運転6時間経過時に測定 At our showroom temperature 23℃ Measured after system operated for 6 hours

消費電力削減
約**40%**
Power consumption
about 40% reduced

Realization of carbon-neutral becomes urgent issue for all factories in the world

Acclaimed by Japanese automotive manufacturers and EMS companies

Global specifications

Expand sales to non-Japanese manufacturers

Thermal technology

Heat Convection & thermal control

Energy Saving

Price setting

Regional specifics

- ◆ Tamura Group products can save power and resource with high environmental performance and core technology. Further, they can streamline mounting lines and support manufacturing in evolving factories around the world.
- ◆ The newly-developed systems are equipped with convection control technology that efficiently circulates gas within the systems, making it possible to suppress flux adhesion to the inner surface of the furnace as well as reduce nitrogen consumption
- ◆ Tamura Group provides high-performance soldering systems compatible with other assembly equipment.
- ◆ Such systems are needed due to an increase in demand for in-vehicle PCBs associated with advances in automotive electronics or to development in smart factories typified by Industry 4.0.

Core Technologies × Energy × Regional Strategy

Large-size transformers and reactors



- ◆ Large-size transformers and reactors are used in large-scale wind power generation systems or high-voltage direct current (HVDC) transmission and distribution
- ◆ To lower transportation cost because of their weight, Tamura Group can supply the products from eight factories around the world

Respond necessity of large-scale wind power generation systems and like with European-origin technologies

Engineers based in Europe started developing large-size transformers and reactors from 2010



Expand in large-scale wind power generation systems in Europe, US, and emerging markets

Gate driver module supports energy conversion by power semiconductor

- ◆ Supplying products by locally, marketing large-size transformers and reactors in booming Brazil or Mexico

Gate driver module



- ◆ Gate driver module is for driving high-power switching semiconductors used in inverters, etc.
- ◆ Suitable for both IGBT and SiC-MOSFET because of its low noise characteristics. This product can contribute to drastic simplification of equipment design
- ◆ Currently, demand is expanding for wind power generation in Europe

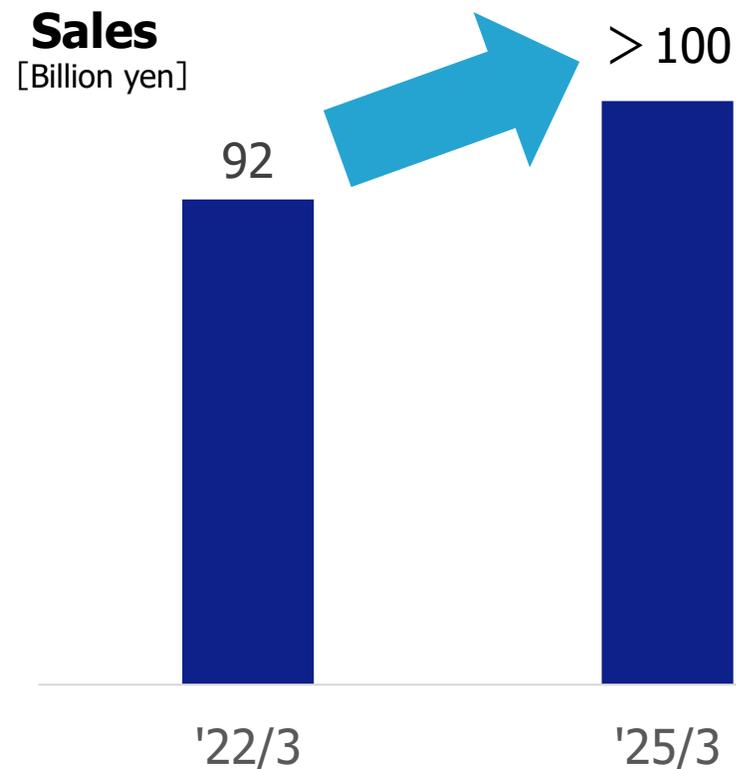
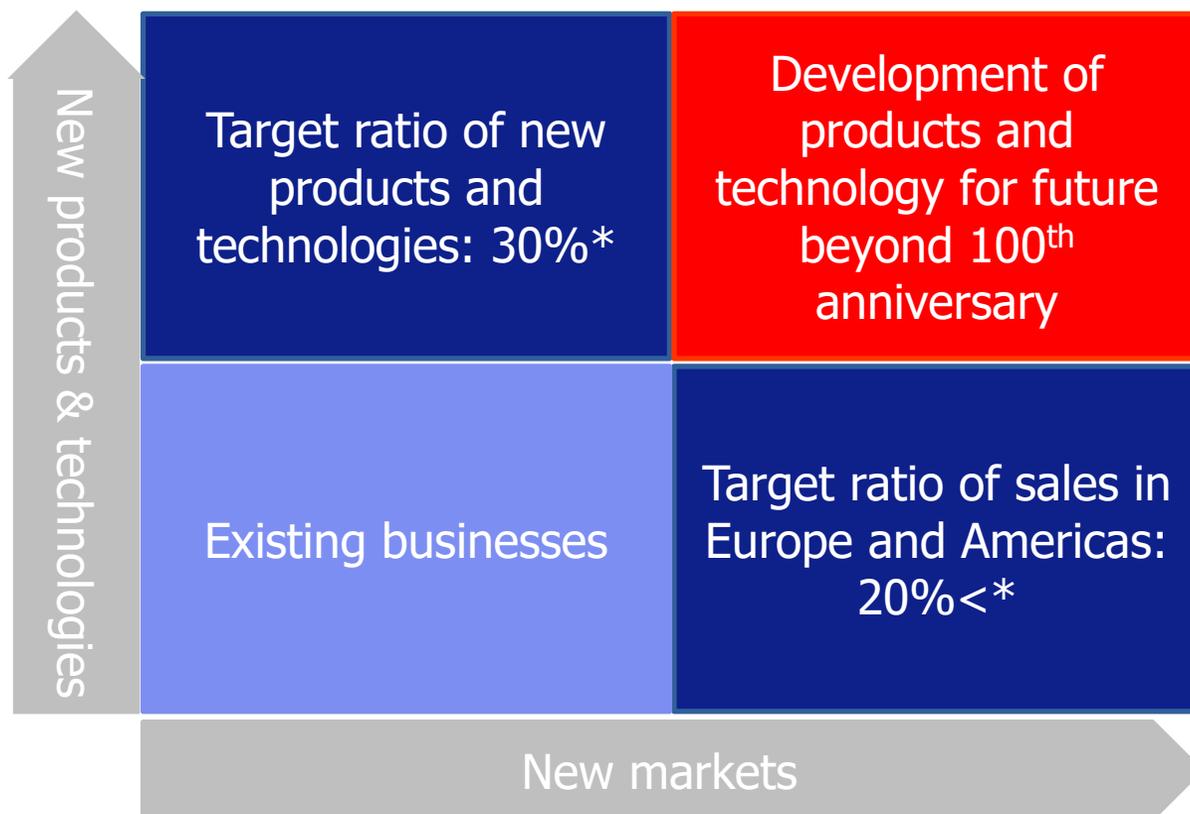


[Brazil: Indusul Industria De Transformadores]

Growth: Geographical Expansion and New Products and Businesses

- ◆ Anticipating the saturation of existing products and markets as well as the advent of block economy, growth sought with new technologies and new markets, especially in Europe and Americas

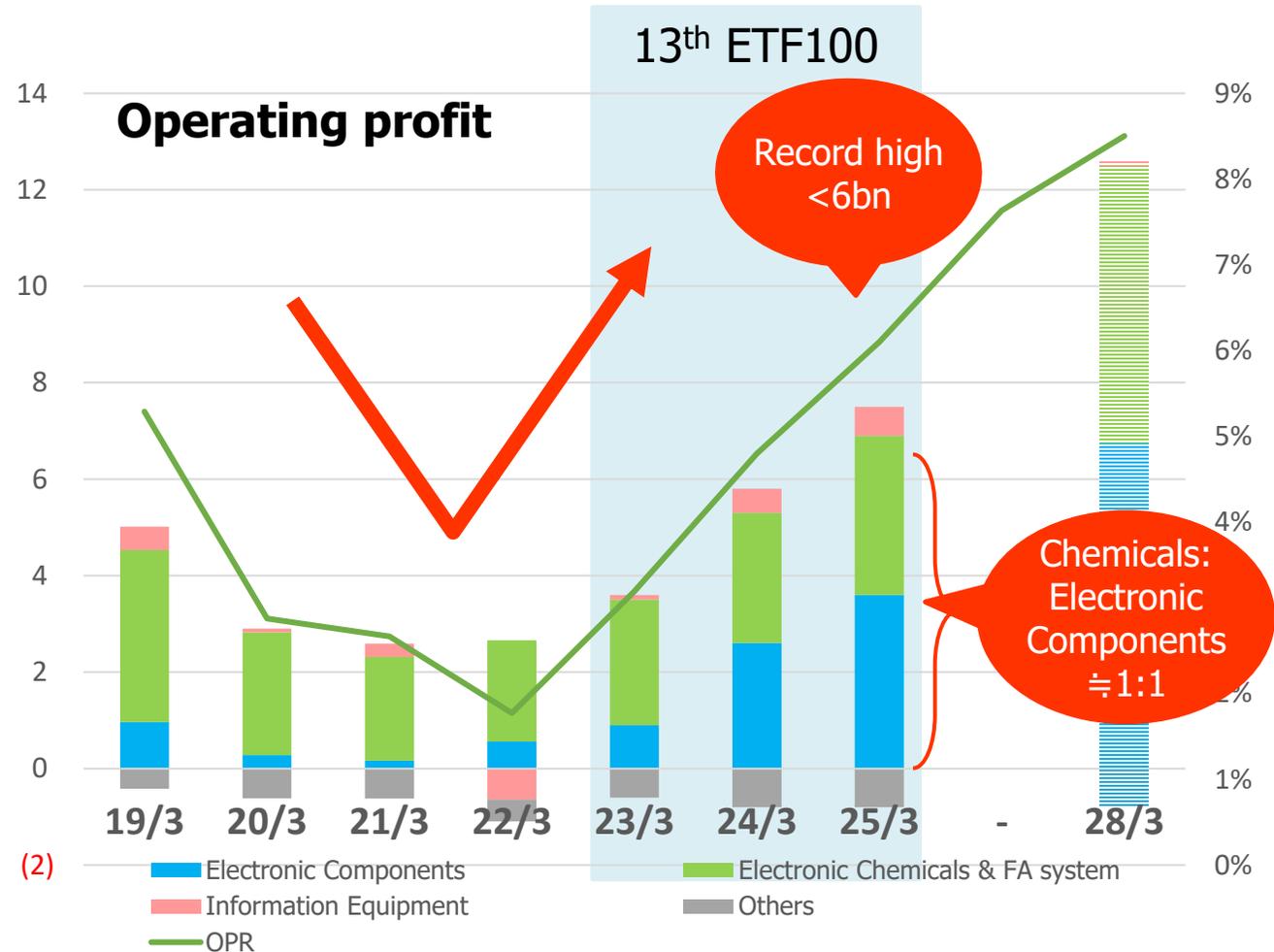
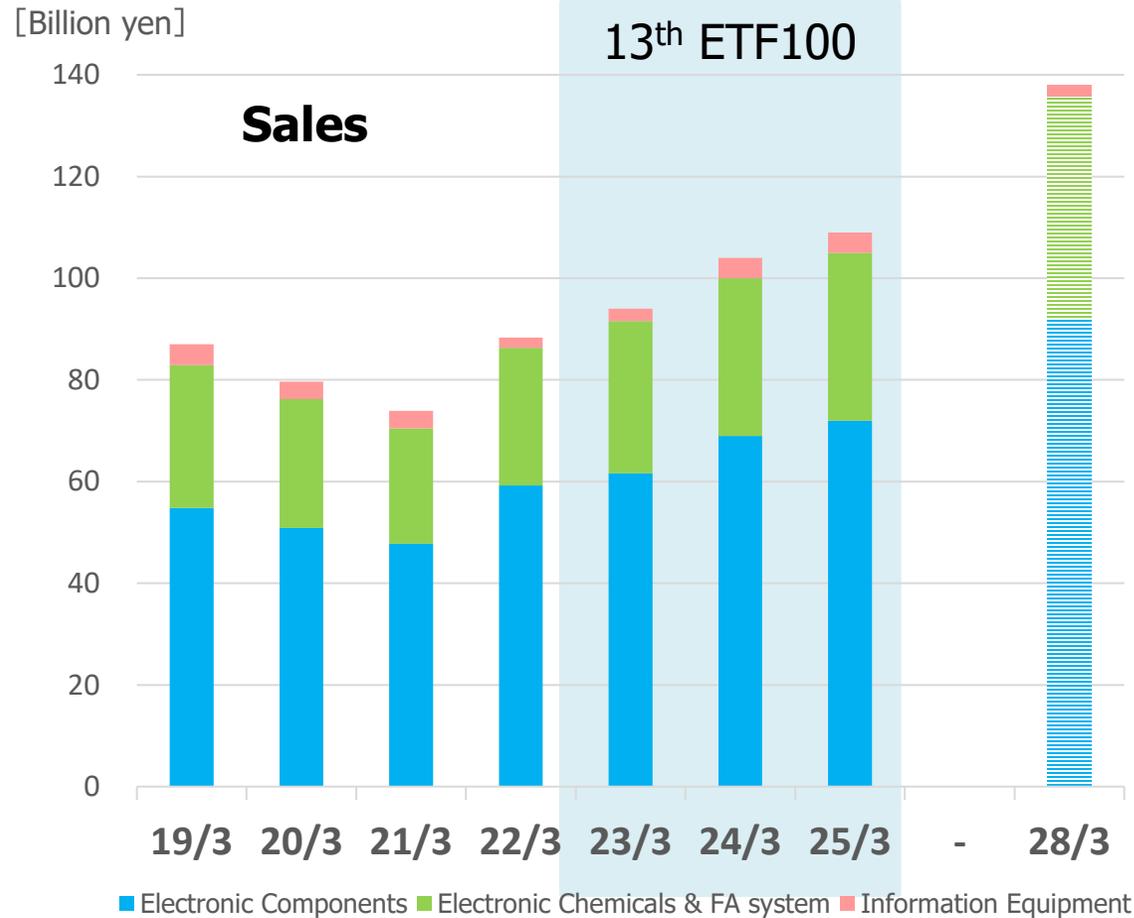
Geographical Expansion and New Products & Businesses



* Targets for FY2025/3

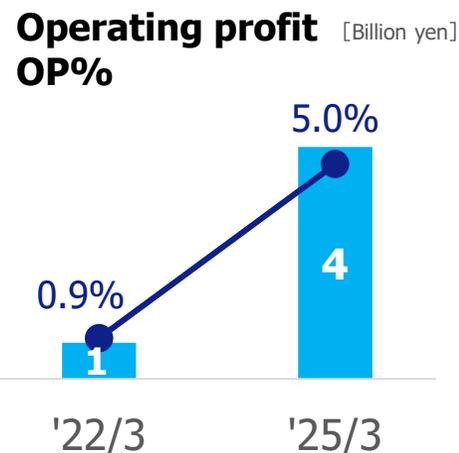
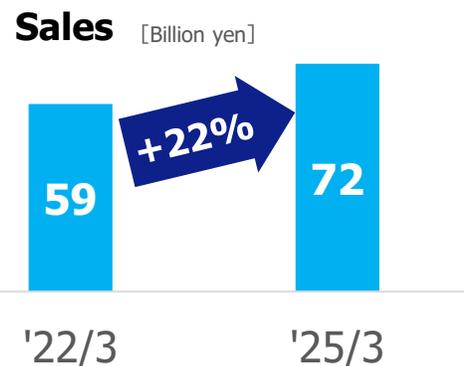
Profitability

- ◆ Aiming for V-shaped recovery from Covid-19 and related impacts and record high operating profit
- ◆ Making the profit of Components business comparable to Chemicals business in FY 3/2025



Business Strategy: Electronic Components

- ◆ Aiming to expand business with multipath approach, responding flexibly to changing needs under uncertainty
- ◆ Making semiconductor drive modules business comparable to power supply business through product development and geographical market expansion



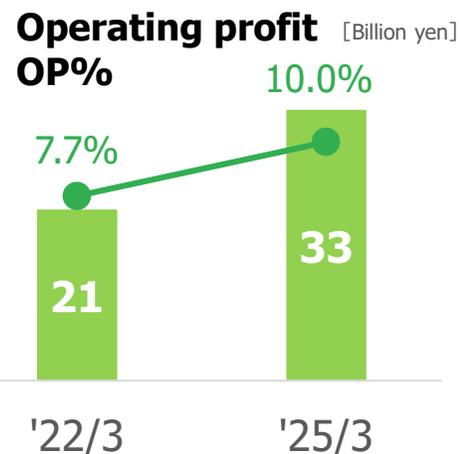
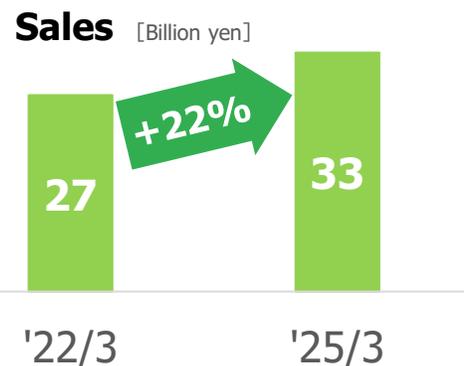
- Market opportunities: robust carbon-neutral market
 - Mobility: boosting reactors, transformers/reactors for car and industrial battery chargers
High voltage/frequency gate drivers, EMC enhanced current sensors
 - Energy: large-size transformers and reactors, gate drivers
 - Region: Growth in Europe and US market (renewable energy, battery chargers)
- Profitability improvement
 - Return on investments in last three years
 - three automotive parts plants in Japan and China
 - Increase of high value-added modules
 - Differentiation by developing high frequency press-molded magnetic powder core
 - Production footprint reorganization to satisfy local content requirements



[TAMURA ELECTRONICS (SUZHOU) CO., LTD.]

Business Strategy: Electronic Chemicals & FA Systems

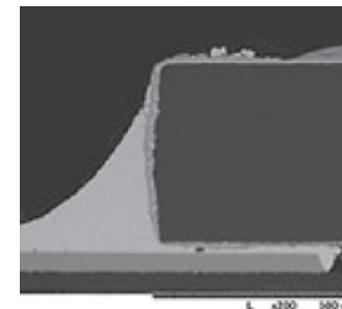
- ◆ More proactive pricing strategy, following significant impact of raw material price rises during the 12th plan period
- ◆ Improving business resilience by increasing high value-added products and reducing costs; creating markets with custom-in approach into growth areas



$$\text{New products} \times \text{New markets} \times \text{Production improvement} = \text{Preparation toward future profit expansion}$$

■ New product development

- High heat resistant soldering materials for next-generation power semiconductors
- Coverlay market products
- Solder paste for new semiconductor construction method
- Energy saving reflow soldering systems



High Heat Resistant Soldering Materials for Next-Generation Power Semiconductor

■ New market expansion

- Seeking approval of US and European customers for automotive solder paste
- Sales expansion of solder resist for Mini LED market
- Sales expansion of reflow soldering systems for non-Japanese customers

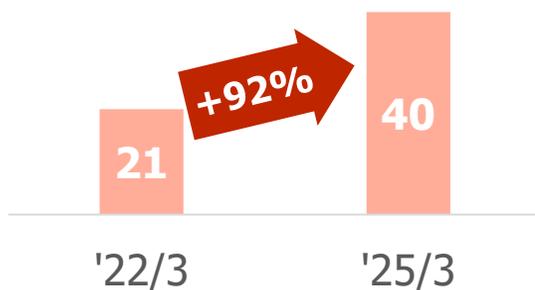
■ Production improvement

- Reorganization of production footprints for local supply

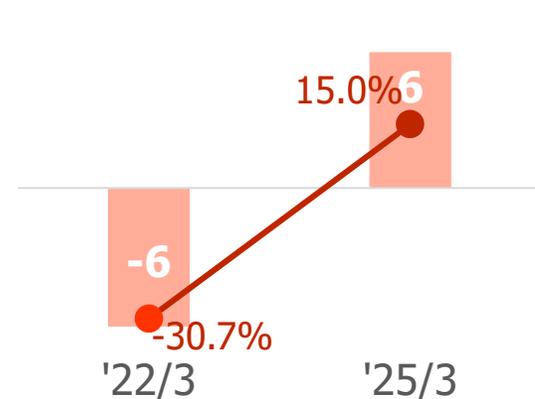
Business Strategy: Information Equipment

- ◆ Securing semiconductors and other essential components; returning to and increasing profit with next-generation audio mixing consoles
- ◆ Coping with changes in technologies such as network-based broadcasting equipment

Sales [100 million yen]



Operating income
OI%



Seizing market opportunity by responding to the needs of key customers in a timely manner

- ◆ Next-generation audio mixing consoles
 - Timely launch of new products, keep up with facility renovation demand of key broadcasting stations
 - Securing key components such as semiconductors
 - Streamlining business and production processes
 - Collaboration with adjacent technologies to cope with new requirements



[Wireless Intercom System]



[Audio Mixing Console]

Sustainability Strategy

◆ Materiality, KPIs and Targets defined based on extensive management and Board discussions

Materiality	Target for FY2025/3	
① Sustainable business growth	Ratio of new product and market sales: 30%	
② Product quality improvement	Quality cost: 15% reduction against the average during the 12 th management plan period	
③ Proper supply chain management	SAQ survey on key suppliers: 100%	
④ Compliance	Compliance training: 100%	
⑤ Fulfilling workplace	Global) Improvement of employee survey score: 3pt p.a. Japan) Ratio of female, non-Japanese, mid-career employees: 10%, 5%, 50% respectively	
⑥ Cooperation with communities	Social contribution cost: 1% of ordinary profit	
⑦ Environmental protection & contribution to decarbonized society	Ratio of sustainability-contributing product sales: 27% GHG (scope 1&2) reduction: 33% or more from 2013	
⑧ Proactive information disclosure	Publication of integrated report Climate related disclosure based on TCFD	

Carbon Neutrality Strategy

- ◆ To achieve 2030 GHG emission target and realize Aspiration for 2050
- ◆ Prioritizing reduction of scope 1&2 GHG, while preparing for scope 3 reduction target

Target for the 13th Medium-term Management Plan

33% or more reduction from 2013* by FY2025/3

- Target set by backcasting
- Priority on scope 2 reduction, accounting for 99.5% in emission

- PV installations
- Renewable energy certificate etc.

2/3
Switching to renewable energy
(Procurement improvement)

1/3
Energy saving
(Energy usage improvement)

- Visibility improvement
- Facility & equipment improvement
- Energy saving assessment etc.



GHG reduction target

(announced in May 2021)
51% or more reduction from 2013*



Talent Strategy

- ◆ By creating fulfilling workplace across the Group and securing diverse talents in Japan, aiming to be a company where people want to come to and work for

Actions to create fulfilling workplace across the Group

- Ensuring an improvement in employee survey by taking actions based on PDCA cycle

Human rights and safety training

Psychological security actions roll-out

Updating programs



Improvement in employee survey score

Improvement: 3pt p.a. for the Group

Diversity in Japan

- Securing diversity in people, responding to the requirements of global stakeholders and aiming to realize Aspiration for 2050
- Priority on the improvement of less-diverse Japan during the 13th plan period



Ratio among managers (FY2025/3)

Female:
10%

Non-Japanese:
5%

Mid-career:
50%

4. SUMMARY

Summary

Review of the 12th Medium-term Management Plan and Results of FY2022/3

- Significantly affected by supply chain disruption and material price rises
- Profit target of the medium-term and annual plan largely missed, despite sales increase
- Clear improvement seen in 4Q with steady increase of demand

FY2023/3 Forecast

- Despite uncertainties in business environment such as material price rises, parts shortages and exchange rate fluctuations, demand expected to remain robust in electronics market
- Aiming for V-shaped recovery with profitability improvement measures

The 13th Medium-term Management Plan

- Integration of business and sustainability strategies, driving transformation to create a robust future for the 100th anniversary and beyond
- Business strategy: aiming for business growth contributing to carbon neutrality, together with profitability and capital efficiency improvement
- Sustainability strategy: actions taken based on defined materiality and its KPIs and targets

【APPENDIX】 REFERENCE

Corporate Profile

- Capital: 12 billion yen
- Number of employees*: 4,405
- Sales*: 88 billion Yen
- President: Masahiro Asada
- Listed in Prime Market, Tokyo Stock Exchange



Japan(HQ: Nerima-ku, Tokyo)
 Sales: 32 billion yen
 Number of employees: 1,188

China

Sales: 25 billion yen
 Number of employees: 1,759

Other Asian Countries

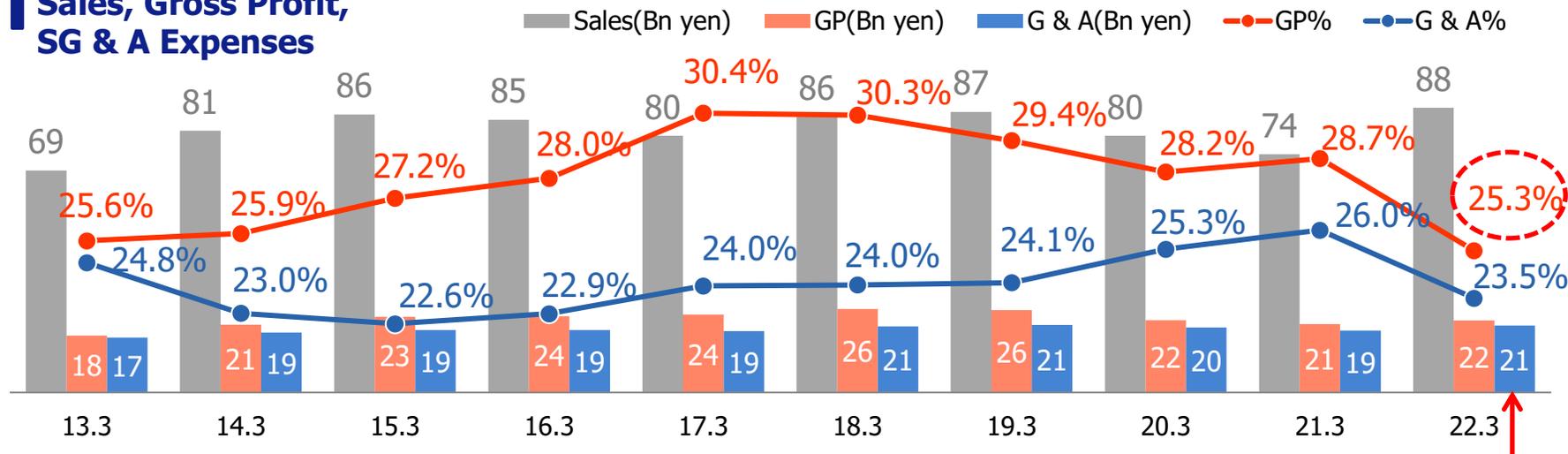
Sales: 15 billion yen
 Number of employees: 1,084

Europe and the Americas

Sales: 15 billion yen
 Number of employees: 374

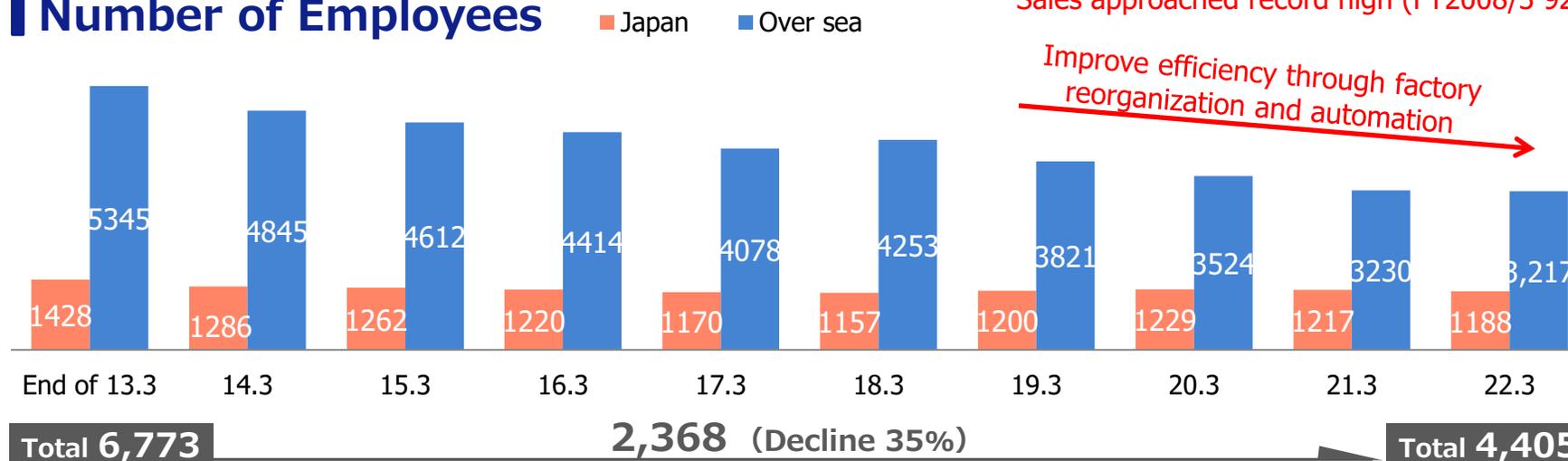
Sales, Gross Profit, SG & A Expenses and the Number of Employees

Sales, Gross Profit, SG & A Expenses



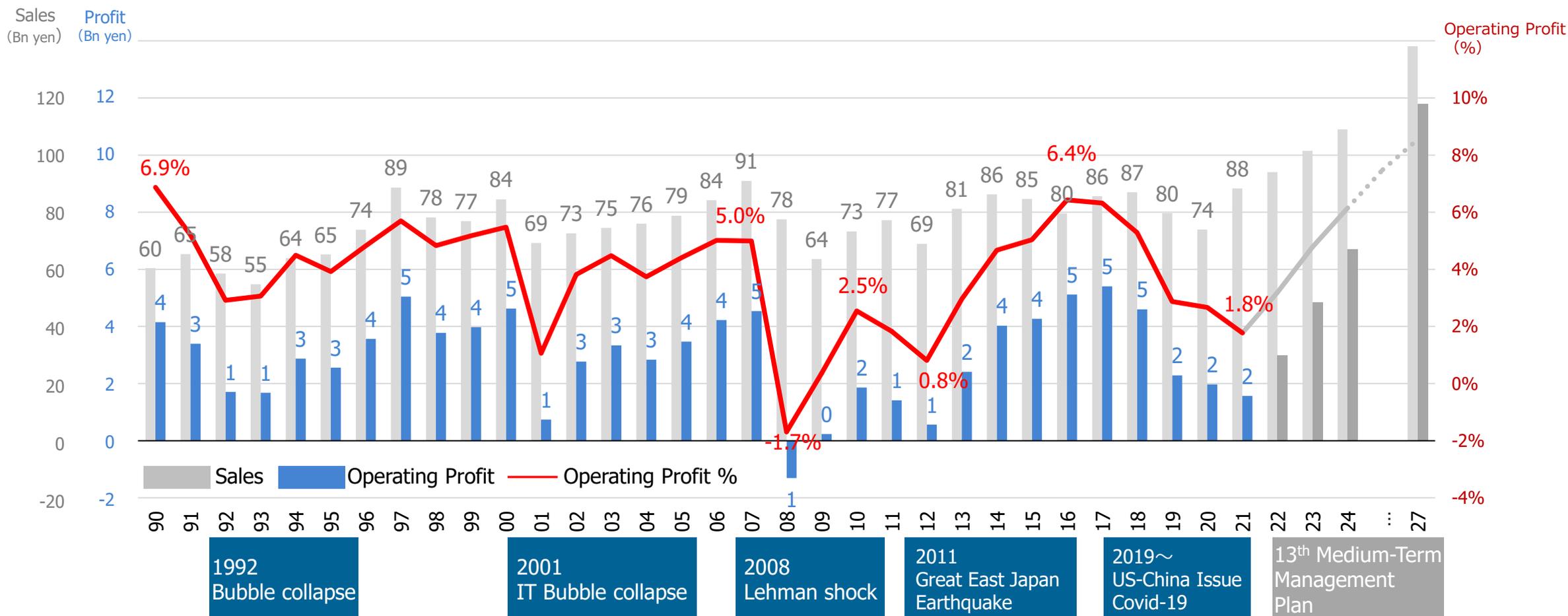
GP% declined due to soaring material prices
Sales approached record high (FY2008/3 92bn yen)

Number of Employees



Sales and Operating Profit

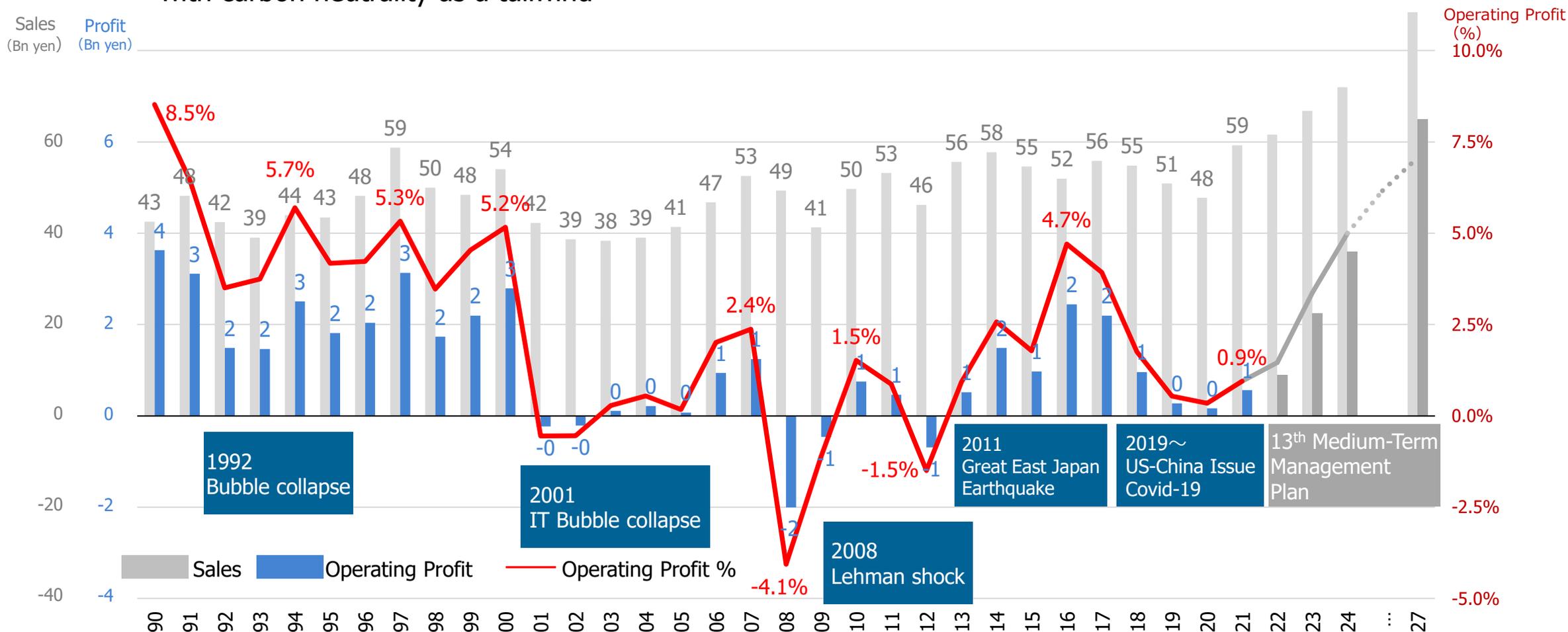
 Tamura Group has overcome various headwind over the last several decades. The 13th Medium-term Management Plan has been launched in April 2022, to recover from COVID-19 impacts and to seize the opportunities of future needs, driving continuous growth for the 100th anniversary and beyond



Electronic Components: Sales and Operating Profit

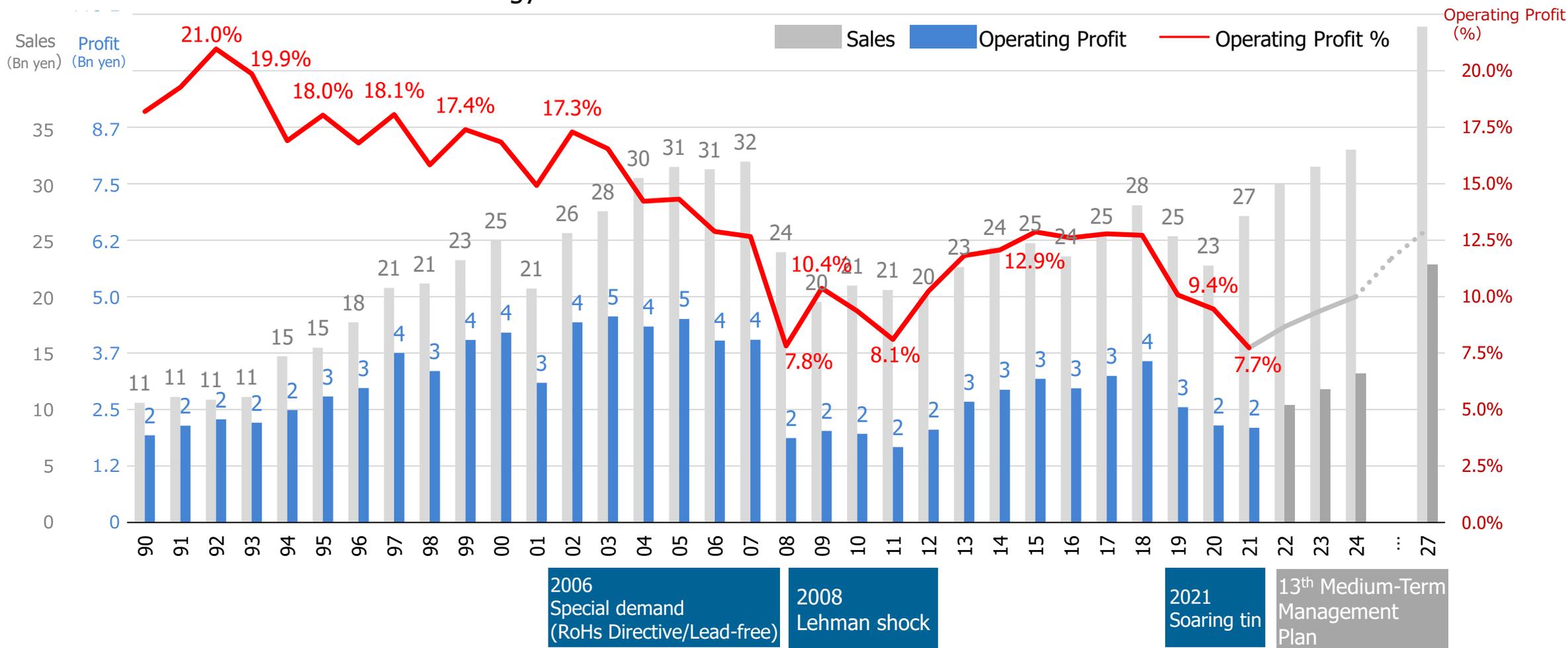


Shift of focus on profit from sales after the collapse of IT bubble in 2001
 Recording highest sales in FY2022/3 and continuing to grow in sales and profit in power electronics market with carbon neutrality as a tailwind



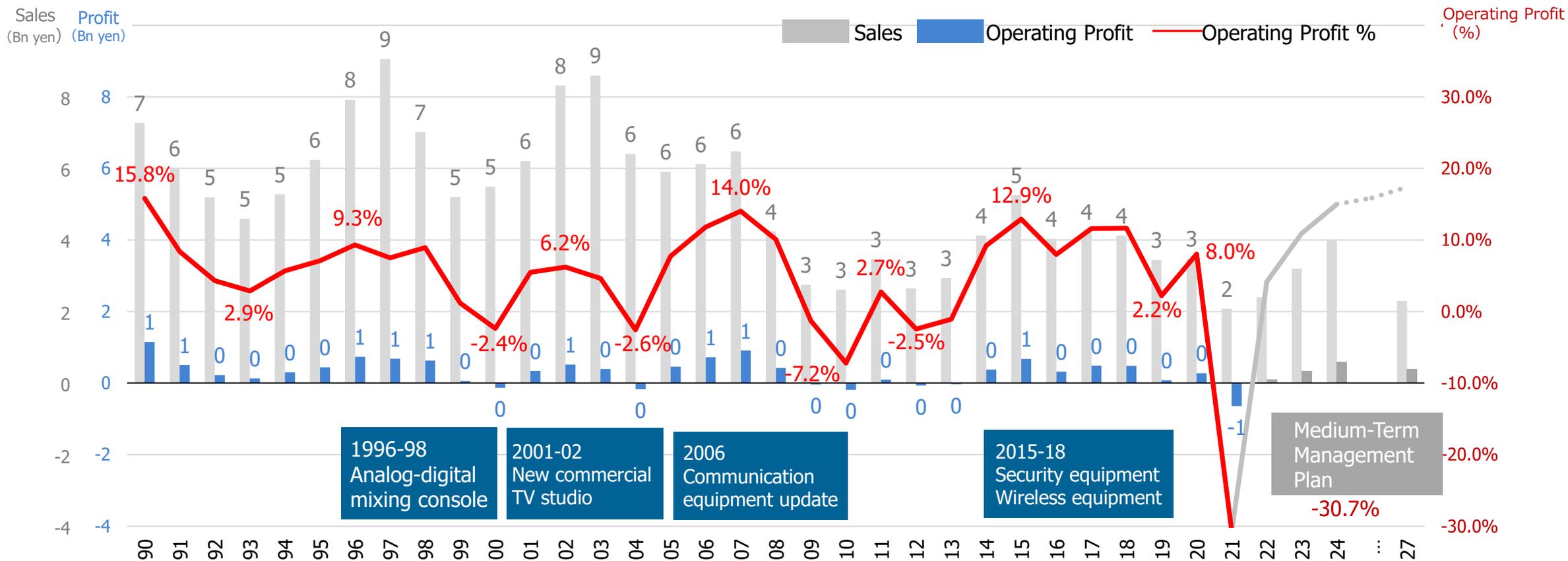
Electronic Chemicals & FA systems: Sales and Operating Profit

Stable profits recorded regardless of economic fluctuations. Sales growth driven with the development of solder products in 2006 prior to the enforcement of the RoHS Directive. Seeking to support the growth of electronics market with material technology and environmental consciousness



Information Equipment: Sales and Operating Profit

Consisting of broadcasting, wireless, communications and security equipment businesses, aiming to take opportunities of broadcasting stations renovations, after the downturn of demand due to seasonality and semiconductor shortages



TAMURA in Your Daily Life

From Corporation Report 2021 <https://www.tamuracorp.com/>

In Aerospace
Contributing to society by providing ultimate environmental resistance in the form of airplanes, rockets, and satellites
Transformers/Reactors

At Lighthouse
Achieving energy-saving, extended service life, and improved maintainability for the luminous source of the lighthouse, which requires ultra-high brightness and high straightness
Power LED

At Train Stations
Supporting railway operation in the audio-visual realm by conveying such information as arrival/departure times
LED electric bulletin board
Wireless microphone for railways

In convenience stores and shops
LED light source contributes to energy savings for shop sign lighting and showcases
Advertisement LED lighting
LED lighting for showcases

At Telecommunication Base Stations
Solder resist and paste underpins digital telecommunication systems as essential materials for substrates used in telecommunication base stations.
Solder resist
Solder paste

In Broadcast Stations
Used in equipment for adjusting sound delivered to audiences, and wireless systems for in-house communication
Audio mixing console
DECT-based Intercom
Portable audio mixer

In Automatic Vending Machines on the Street
Realizing leading-edge functions for display, item selection, interface with a smartphone, etc.
Product selection buttons
Price display unit

In Eco-Friendly Cars
Supporting safe, secure, and eco-friendly driving with highly reliable and efficient parts and materials
Automotive reactors/Coils
Solder wires/Solder bars
Solder resist
Solder paste

In Wind and Solar Power Generation, by infrastructure
Offering parts and materials that contribute to efficiency improvement in renewable energy generation and DC transmission
Large transformers and reactors
Current sensors
Gate driver module
Power modules
Self-assembling material
White reflective material
Flux

In Manufacturing Plants
Playing active roles as components of robots and machine tools as well as devices indispensable for PCB assembly
Current sensors
Gate driver module
Power modules
Transformers/Reactors
Soldering systems

At Home
Components contributing to energy-saving in air conditioners, or power conditioners, or sensors monitoring people's activities indoors.
Reactors
Human sensors
Environment visualization sensors
Current sensors
Power modules

In Smartphones and Tablet PCs
Employed as materials that support device evolution to realize multi-functionalization and miniaturization
Solder resists for flexible PCBs
Low alpha solder paste
Type 6 solder paste
Black absorbing material
Photo imageable coverlay coat (film or liquid form)

Caution Concerning Forward-looking Statements

The forward-looking statements, including the financial results forecast shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance.

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