

Security Code: 6768  
Prime Market, Tokyo Stock Exchange

# TAMURA CORPORATION

## FY2022 2Q Financial Results

SUSTAINABLE  
DEVELOPMENT GOALS

November 9, 2022

Notice: This is a translation of the original Japanese presentation only for reference purposes. In the event of any discrepancy between this translation and the original Japanese document, the latter shall prevail.

**TAMURA**  
Your One and Only Company

# AGENDA

1. FY2022 2Q Financial Results
2. FY2022 Forecast
3. The 13<sup>th</sup> Medium-Term Management Plan Progress
4. Summary

【Appendix】



**Masahiro Asada**  
President & Representative Director

# **1. FY2022 2Q Financial Results**

**(April 1, 2022-September 30, 2022)**

# Consolidated Income Statement

- ◆ YoY increased in sales & profit due to solid customer demand, price revision and production efficiency improvement
- ◆ Significantly higher net profit with recognition of deferred tax assets as well as improved operating profit
- ◆ Steady start in the first year of the 13<sup>th</sup> Medium-term Management Plan

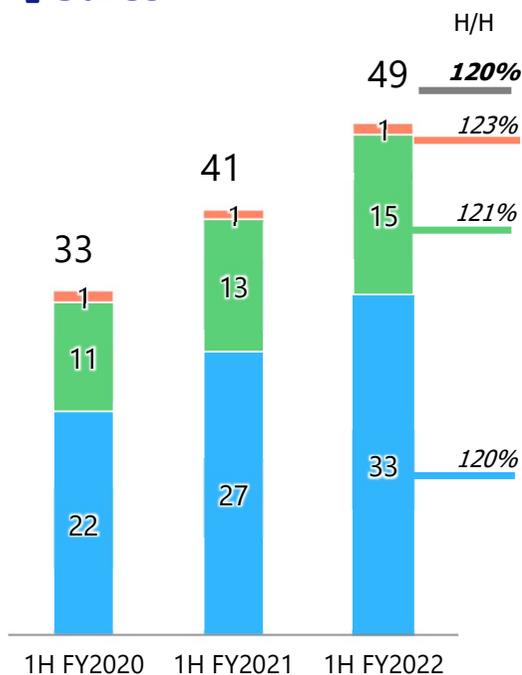
[Billions of yen]		H1 FY2021			H1 FY2022			H1 FY2022	
		Actual	%	Y/Y	Actual	%	Y/Y	Forecast*	%
<b>Sales</b>		41	100.0%	+23.5%	<b>49</b>	100.0%	+20.2%	46	100.0%
	Cost of Sales	31	75.0%	+30.4%	<b>37</b>	74.4%	+19.2%	-	-
	SGA	10	24.3%	+6.9%	<b>11</b>	22.3%	+10.1%	-	-
<b>Operating profit</b>		<b>0</b>	0.7%	(8.7%)	<b>2</b>	3.3%	+482.8%	1	1.8%
<b>Ordinary profit</b>		<b>1</b>	1.6%	+42.5%	<b>1</b>	2.7%	+101.2%	1	1.8%
<b>Net profit</b>		(0)	-	-	<b>1</b>	2.5%	-	0	0.4%
Exchange rate USD-JPY	Average	109.01		+2.18pt	131.04		+22.03pt	Including JPY0.3 bn recognition of deferred tax assets	
	End of term	111.92		+6.12pt	144.81		+32.89pt		

# Sales & Profit by Business

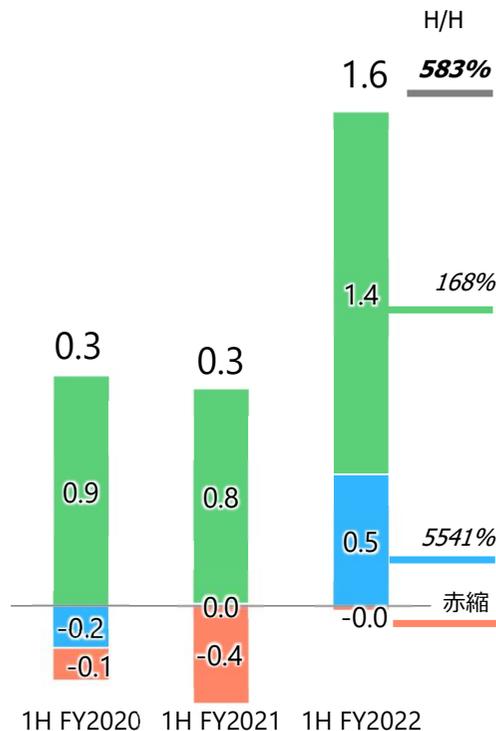
◆ Sales and profit expansion in Components and Chemicals. Deficit reduction in Information equipment

■ Electronic Components ■ Electronic Chemicals/Soldering Systems ■ Information Equipment ■ Total [Billions of yen]

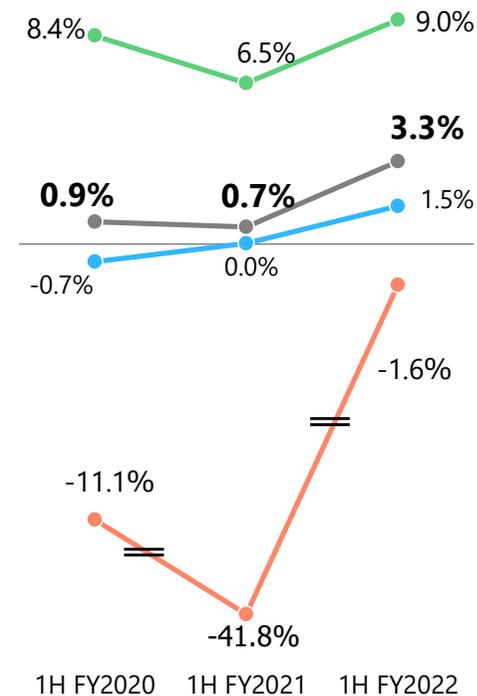
## Sales



## Operating Profit

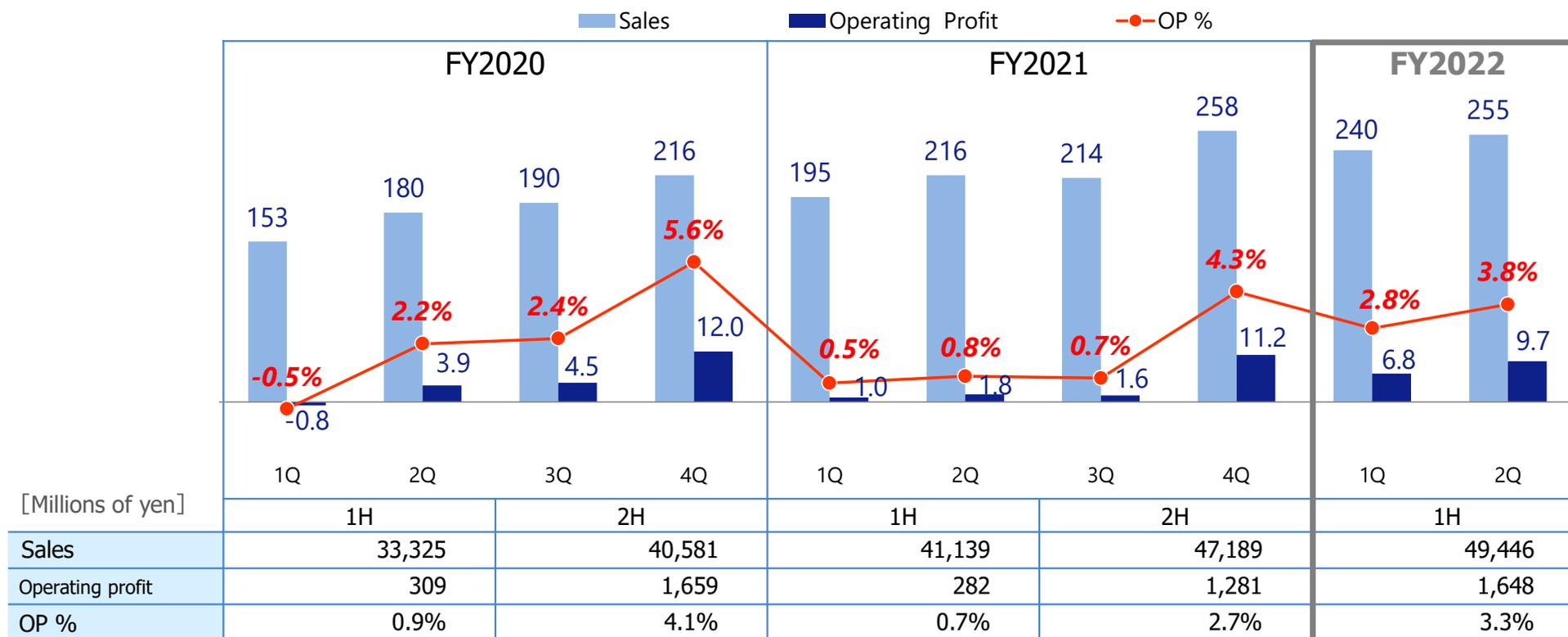


## Operating Margin



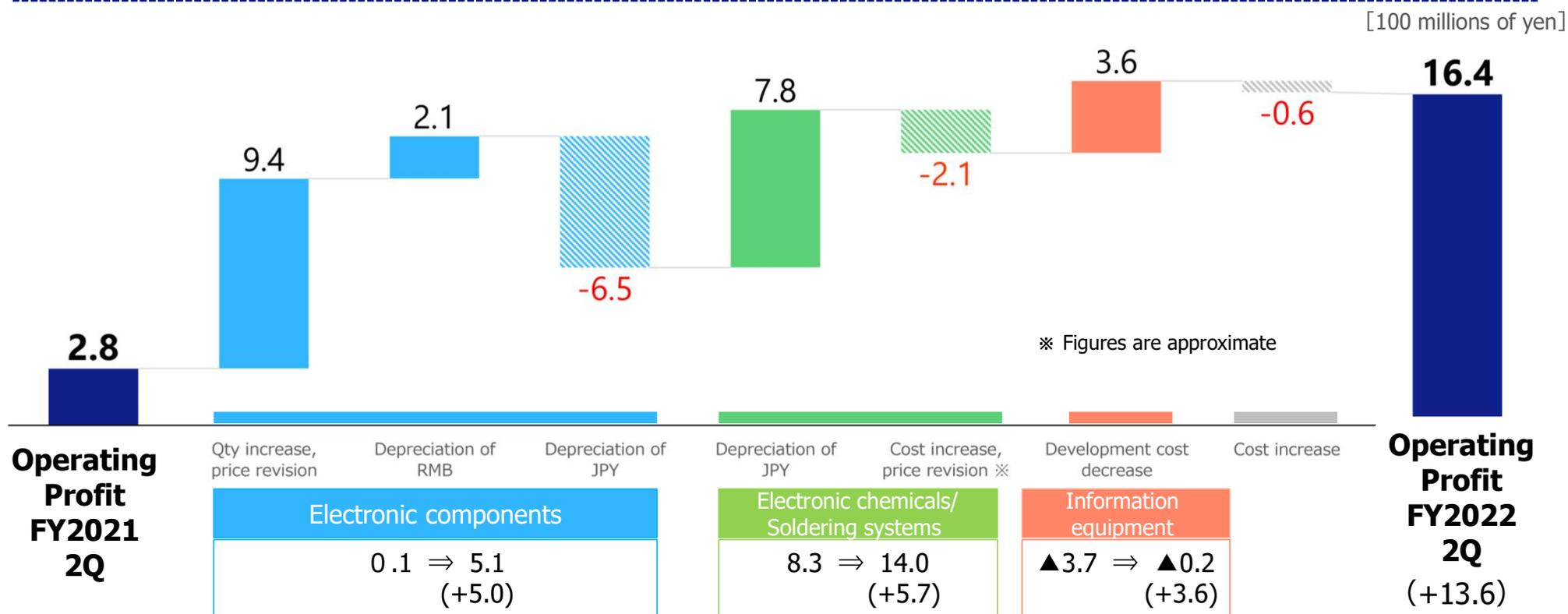
# Sales & Profit Quarterly Trend

- ◆ Record quarterly sales for 2Q, following 1Q
- ◆ Increased sales and profit despite the impact of Covid lockdowns in China in 2Q



# 2Q Operating Profit Y-o-Y Change (Analysis focusing on foreign exchange)

◆ Negative impact of JPY depreciation on Components more than offset by positive impact on Chemicals

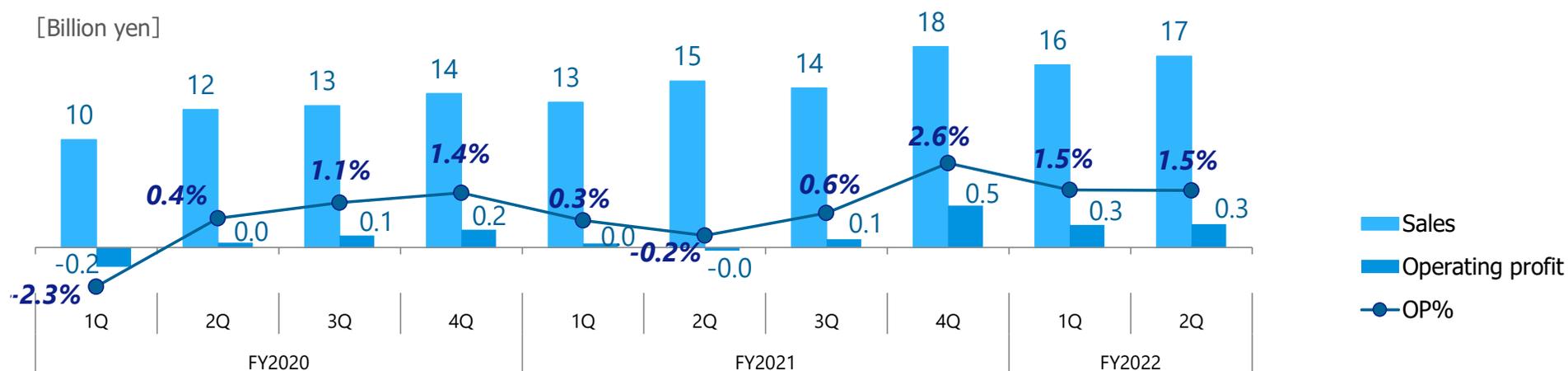
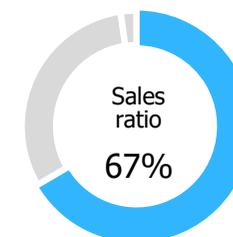


※ Electronic chemicals/Soldering systems  
Price of tin, the main material of solder paste, rose sharply from March last year to May this year. Profitability is improving due to price revisions but has not fully recovered.

# Electronic Components

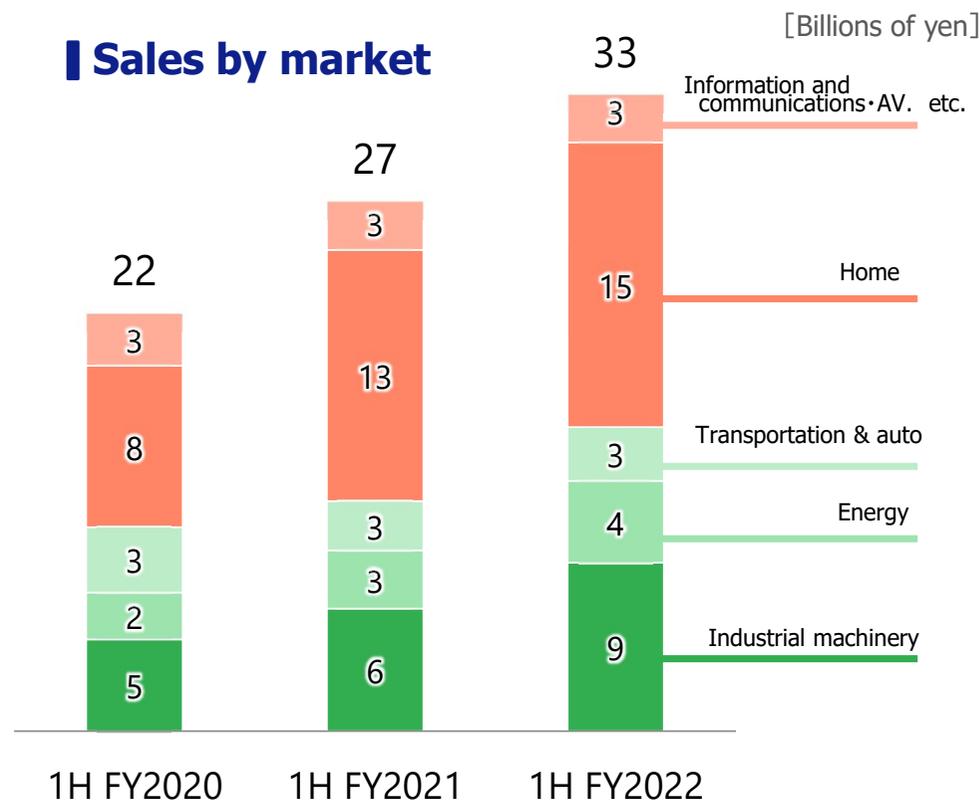
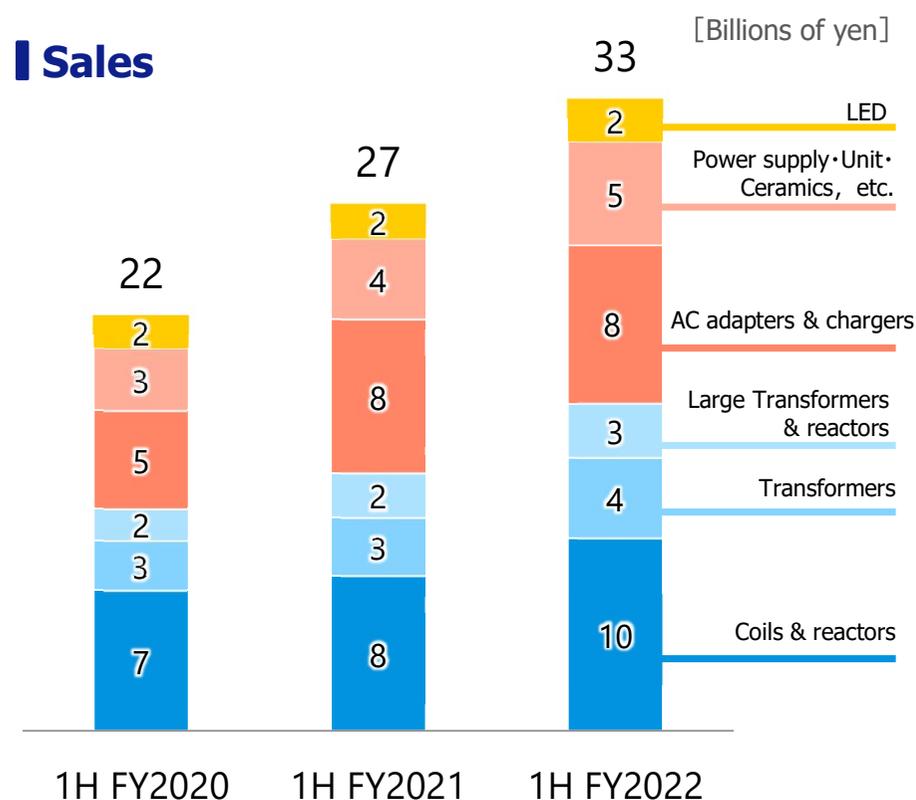
- ◆ Continued strong sales and improved profitability yoy due to price revisions and production improvements
- ◆ Despite lockdowns in China and depreciation of the yen, stable profit partly supported by RMB depreciation

[Billions of yen]	H1 FY2021		H1 FY2022		H1 FY2022
	Actual	H/H	Actual	H/H	Forecast
<b>Sales</b>	27	+26.7%	<b>33</b>	+20.0%	30
<b>Operating profit</b>	0	-	<b>1</b>	Approx. 55 times	0
<b>OP %</b>	0.0%	+0.8pt	<b>1.5%</b>	+1.5pt	0.3%



# Electronic Components

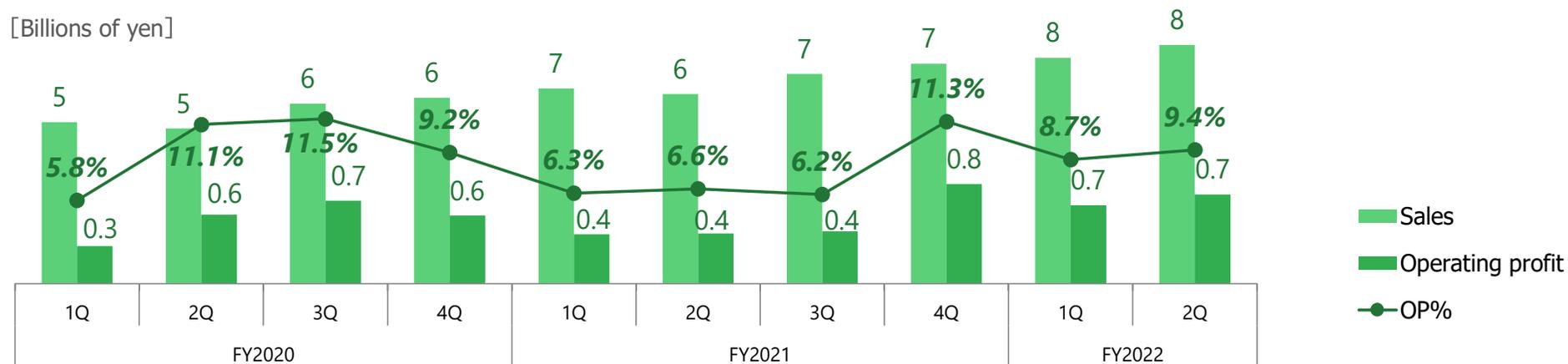
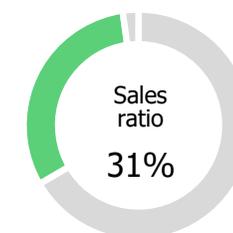
- ◆ Sales expansion due to growth of transformers and reactors for industrial machinery, reactors for air conditioners and chargers for power tools
- ◆ Sluggish growth in automotive reactors due to customers' production reduction caused by supply disruptions
- ◆ Recovered sales of LED buttons for vending machines to pre-Covid19 levels



# Electronic Chemicals & Soldering Systems

◆ Improved sales and profit due to solid demand for solder paste as well as price revisions and depreciation of JPY

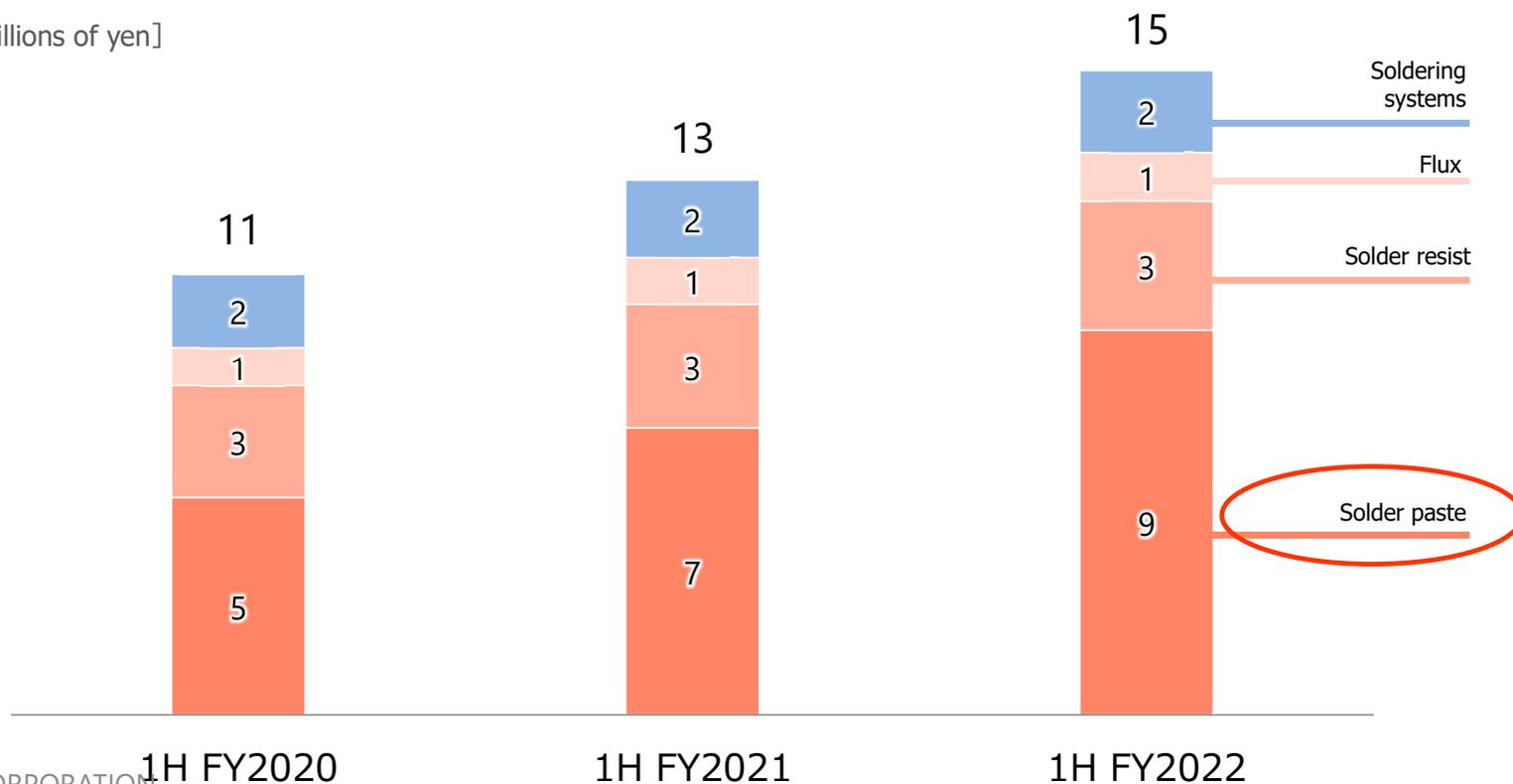
[Billions of yen]	H1 FY2021		H1 FY2022		H1 FY2022
	Actual	H/H	Actual	H/H	Forecast
<b>Sales</b>	13	+21.5%	<b>15</b>	+20.7%	15
<b>Operating profit</b>	1	▲6.6%	<b>1</b>	+68.1%	1
<b>OP %</b>	6.5%	▲1.9pt	<b>9.0%</b>	+2.5pt	7.5%



# Electronic Chemicals & Soldering Systems

- ◆ Solid demand for solder paste, including EV applications in China. Higher sales due to JPY deprecation and price revisions to reflect higher material cost
- ◆ Sales of solder resist for smartphones in line with plan
- ◆ Sales recovery of soldering machines for Japanese car makers, expecting demand growth with car electrification

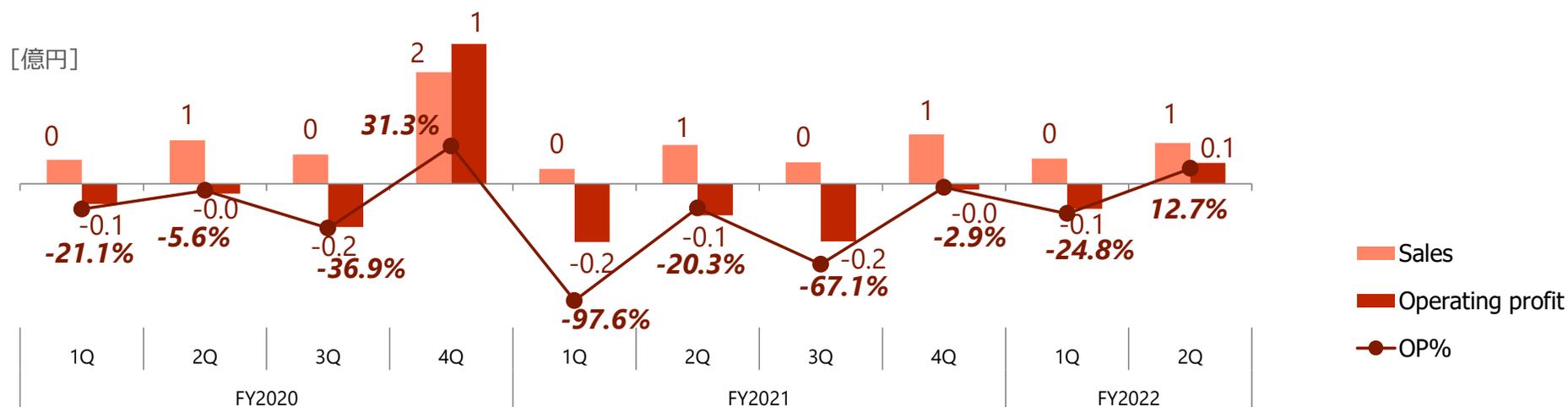
[Billions of yen]



# Information Equipment

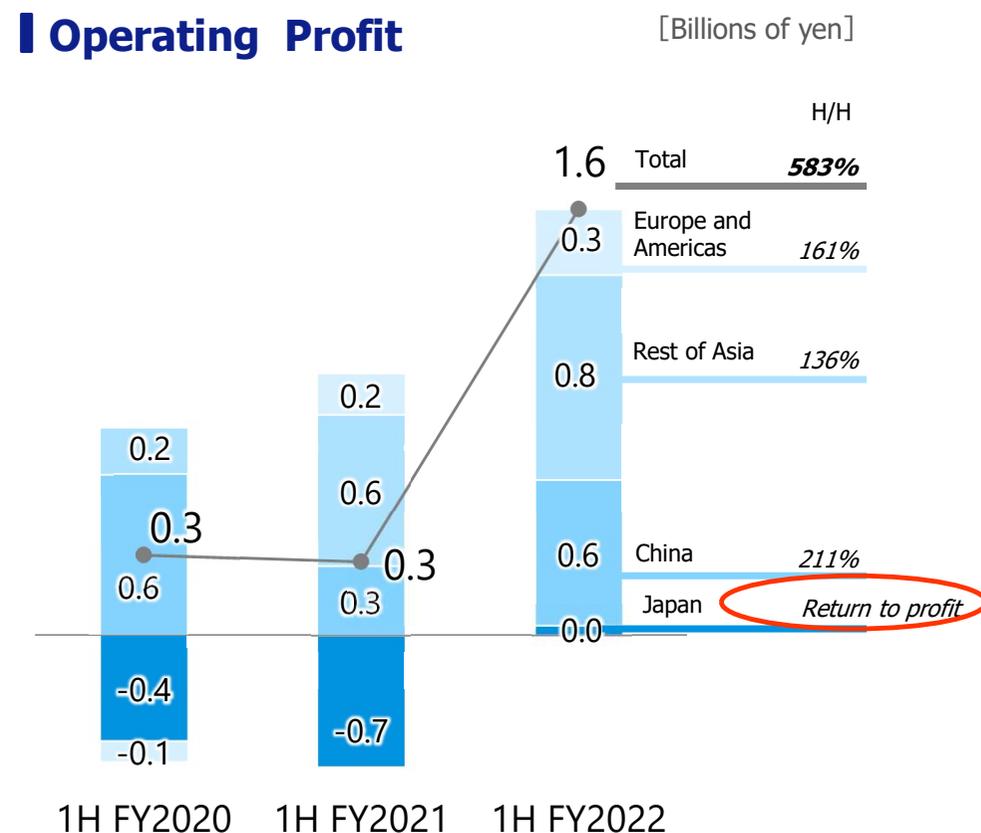
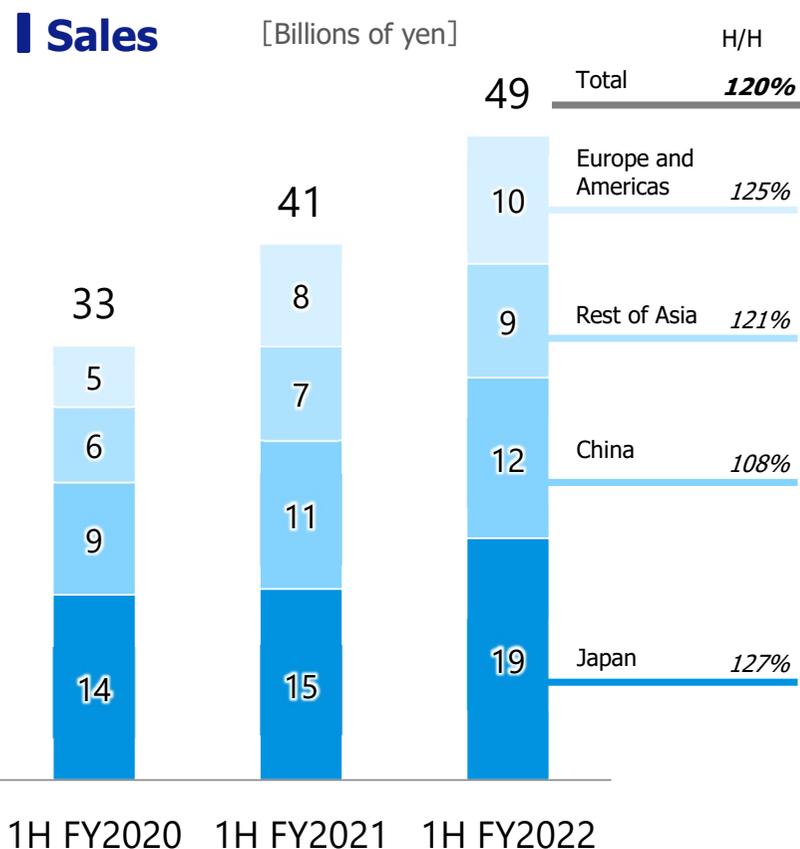
◆ Turning positive as R&D cost reduced after completing the next-generation audio mixing console development

[Billions of yen]	H1 FY2021		H1 FY2022		H1 FY2022
	Actual	H/H	Actual	H/H	Forecast
<b>Sales</b>	1	(20.4%)	<b>1</b>	+23.1%	1
<b>Operating profit</b>	(0)	-	<b>(0)</b>	-	(0)
<b>OP %</b>	(41.8%)	) (30.7pt)	<b>(1.6%)</b>	+40.1pt	(11.1%)



# Sales & Profit by Area

- ◆ Higher sales in all regions partly assisted by FX effect, resulting in increased operating profit
- ◆ Returning to profit in Japan helped by depreciation of JPY and recovery of domestic demand



\* Japan Operating Profit includes consolidation adjustments and unallocated HQ cost such as R&D.

## Balance Sheet Items and Cash Flows

- ◆ Increased inventories due to customers' ordering ahead for later shipment, securing parts inventory for production as well as effect of currency translation. Increased tangible fixed assets due to capital expenditure
- ◆ Focusing on asset rationalization and cash generation to improve financial conditions

[Billions of yen]

	22/3	22/9	Changes
Cash and bank deposit	13.7	<b>13.5</b>	(0.2)
Trade receivables	22.5	<b>25.7</b>	3.2
Inventories	22.1	<b>27.3</b>	5.2
Tangible fixed assets	30.4	<b>31.9</b>	1.5
<b>Total assets</b>	<b>104.1</b>	<b>114.4</b>	<b>10.4</b>
Accounts payable	13.3	<b>14.7</b>	1.4
Interest-bearing debt	31.2	<b>35.8</b>	4.6
Net assets	50.2	<b>54.3</b>	4.1
<b>Total debt &amp; equity</b>	<b>104.1</b>	<b>114.4</b>	<b>10.4</b>

	21/9	22/9	Changes
Cash flows from operating activities	(2.7)	<b>(1.0)</b>	1.7
Cash flows from investing activities	(2.2)	<b>(1.2)</b>	1.0
Cash flows from financing activities	2.3	<b>0.9</b>	(1.4)

	22/3	22/9	Changes
Equity ratio	48.0%	<b>47.2%</b>	(0.8%)

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## **2. FY2022 Forecast**

**(April 1, 2022-March 31, 2023)**

# FY2022 Forecast

- ◆ Assuming uncertain business environment such as temporary slowdown in demand
- ◆ Aiming to achieve the plan by continuing price revisions and production efficiency improvements

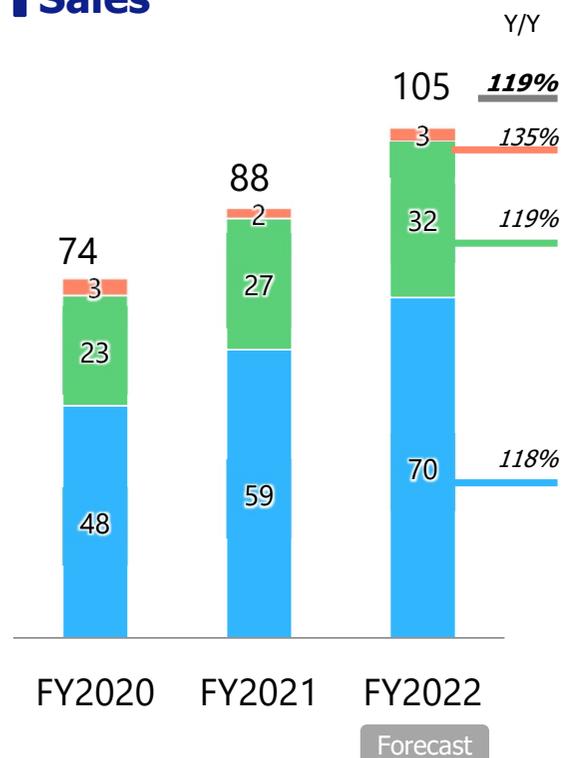
[Billions of yen]		FY2021			FY2022 (Publication September 26, 2022)			FY2022	
		Actual	%	Y/Y	Forecast	%	Y/Y	22/5 Forecast	%
<b>Sales</b>		88	100.0%	+19.5%	<b>105</b>	100.0%	+18.9%	94	100.0%
<b>Operating profit</b>		2	1.8%	(20.5%)	<b>4.5</b>	4.3%	+187.6%	3	3.2%
<b>Ordinary profit</b>		2	2.3%	(16.1%)	<b>3.9</b>	3.7%	+94.9%	3	3.2%
<b>Net profit</b>		(0)	-	-	<b>2.7</b>	2.6%	Return profitability	1.8	1.9%
Exchange rate USD-JPY	Average	111.16		+5.73	135.00		+23.84	120.00	
	End of term	122.39		+11.68	135.00		+12.61	120.00	
Dividends per share		JPY10.00		JPY+2.00	JPY10.00		JPY10.00	JPY10.00	
Dividend payout ratio		-		-	32.6%		-	45.6%	
ROE		(0.2%)		(1.4pt)	5.1%		+5.3pt	3.6%	

# Sales & Profit Forecast by Business

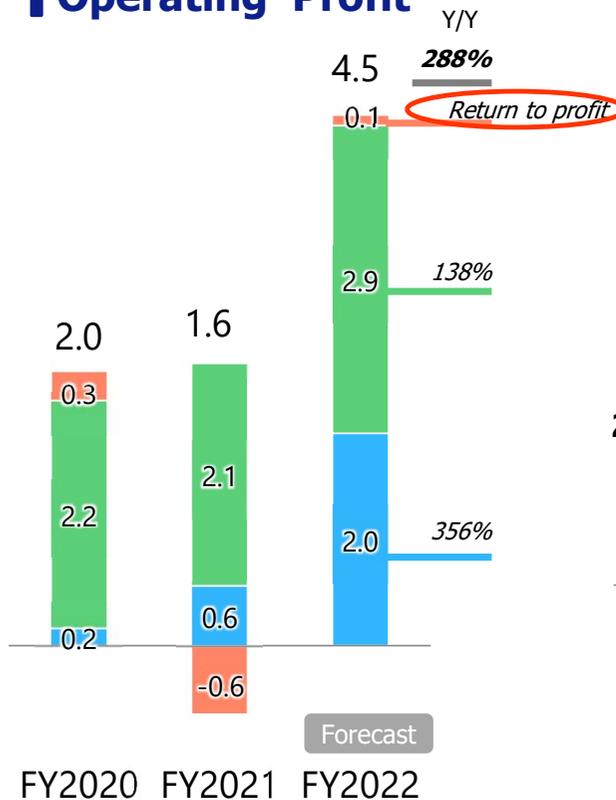
◆ Sales and profit improvement in both Components and Chemicals. Return to profit in Information Equipment

■ Electronic Components ■ Electronic Chemicals/Soldering Systems ■ Information Equipment ■ Total [Billions of yen]

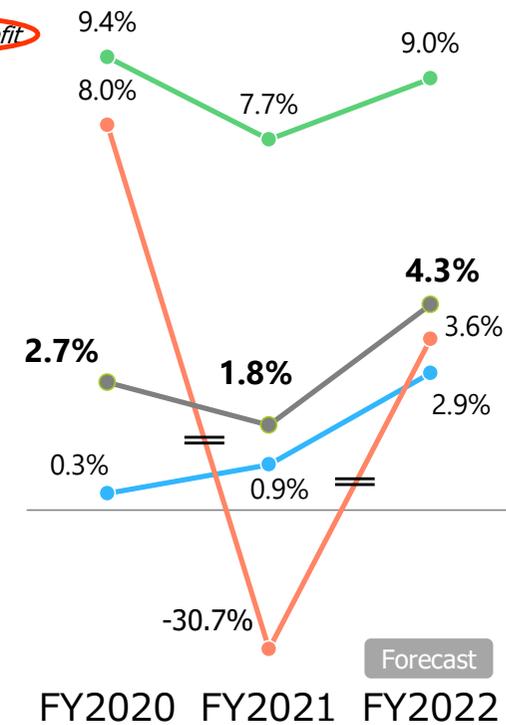
## Sales



## Operating Profit

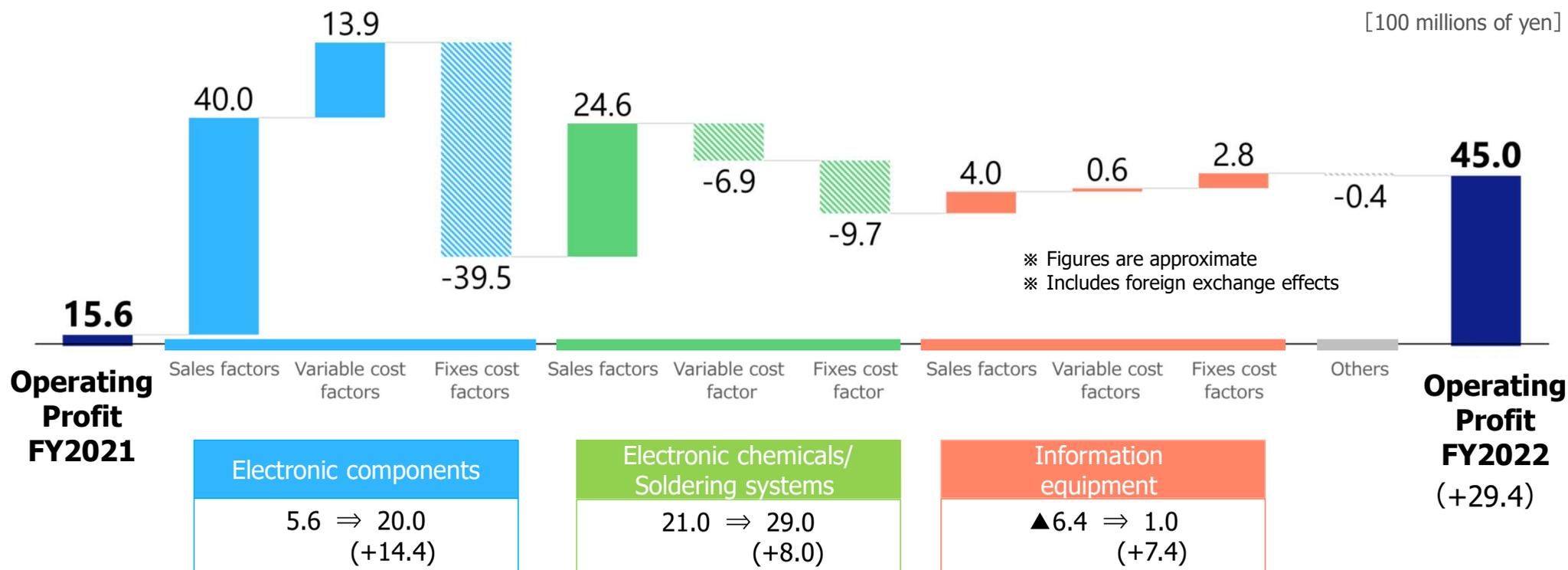


## Operating Margin



# FY2023 Operating Profit Change Analysis

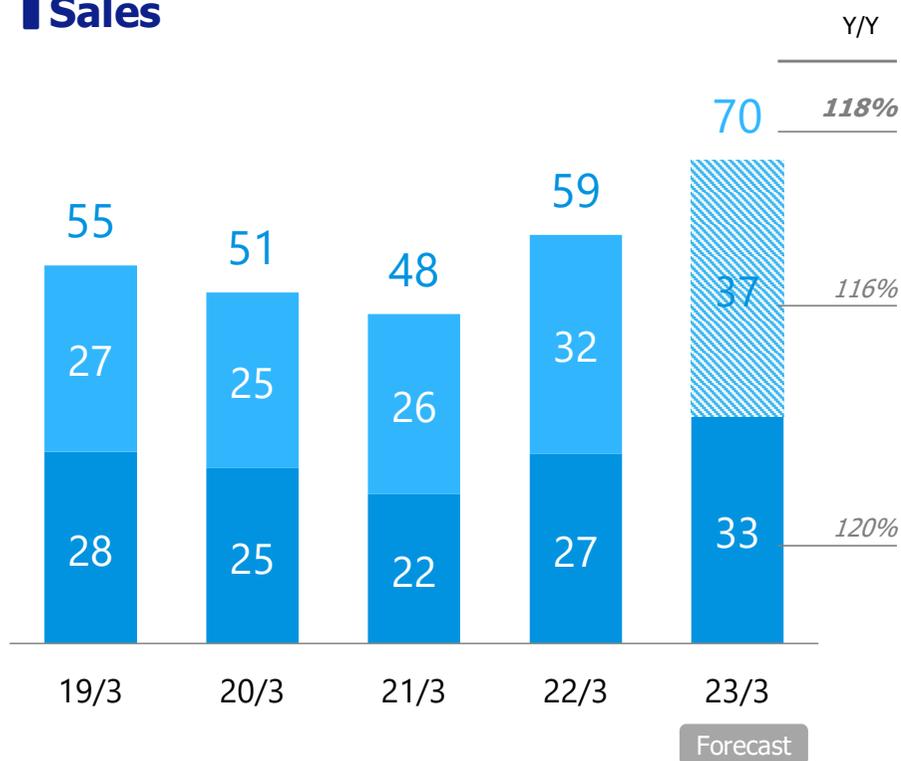
- ◆ Cost improvement in Components due to price revisions. Room for improvement in Chemicals
- ◆ Fixed cost increase in Components due to higher depreciation resulting from automotive capital expenditure and site consolidation investment in China in previous year
- ◆ Lower cost in Information Equipment due to completion of next-gen audio mixer



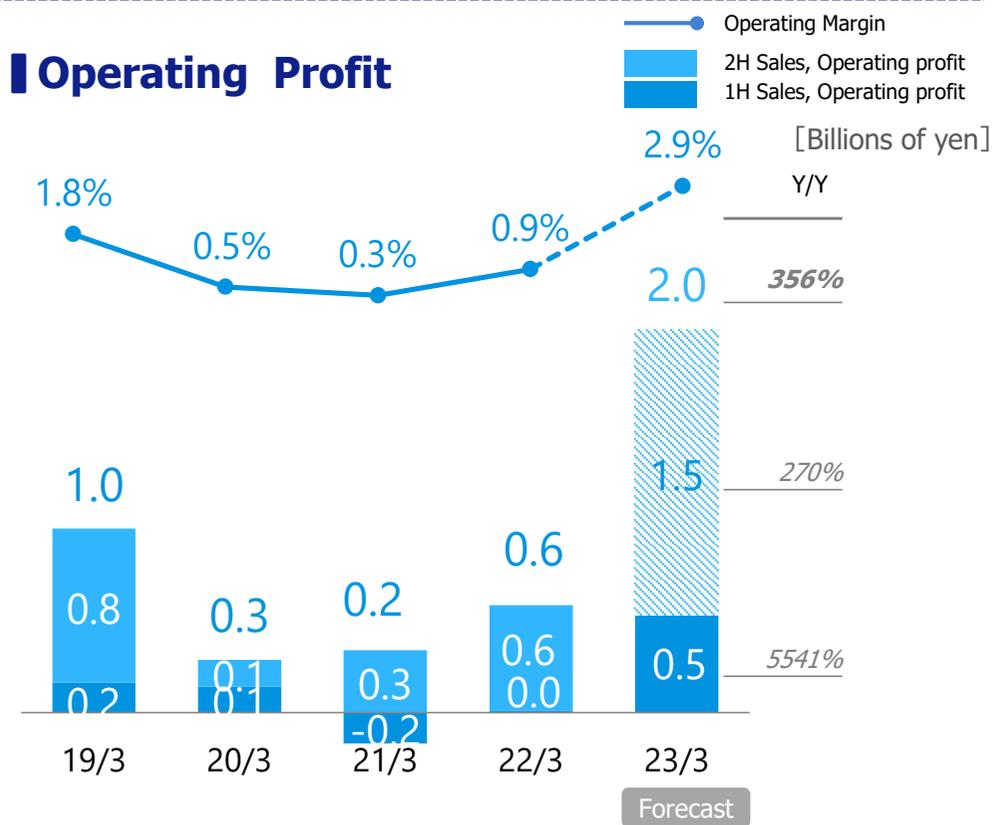
# Sales & Profit Forecast: Electronic Components

- ◆ Higher sales in 2H due to seasonality and assumption of no lockdowns in China
- ◆ Profit expected to improve reflecting price revisions and production efficiency improvement

## Sales

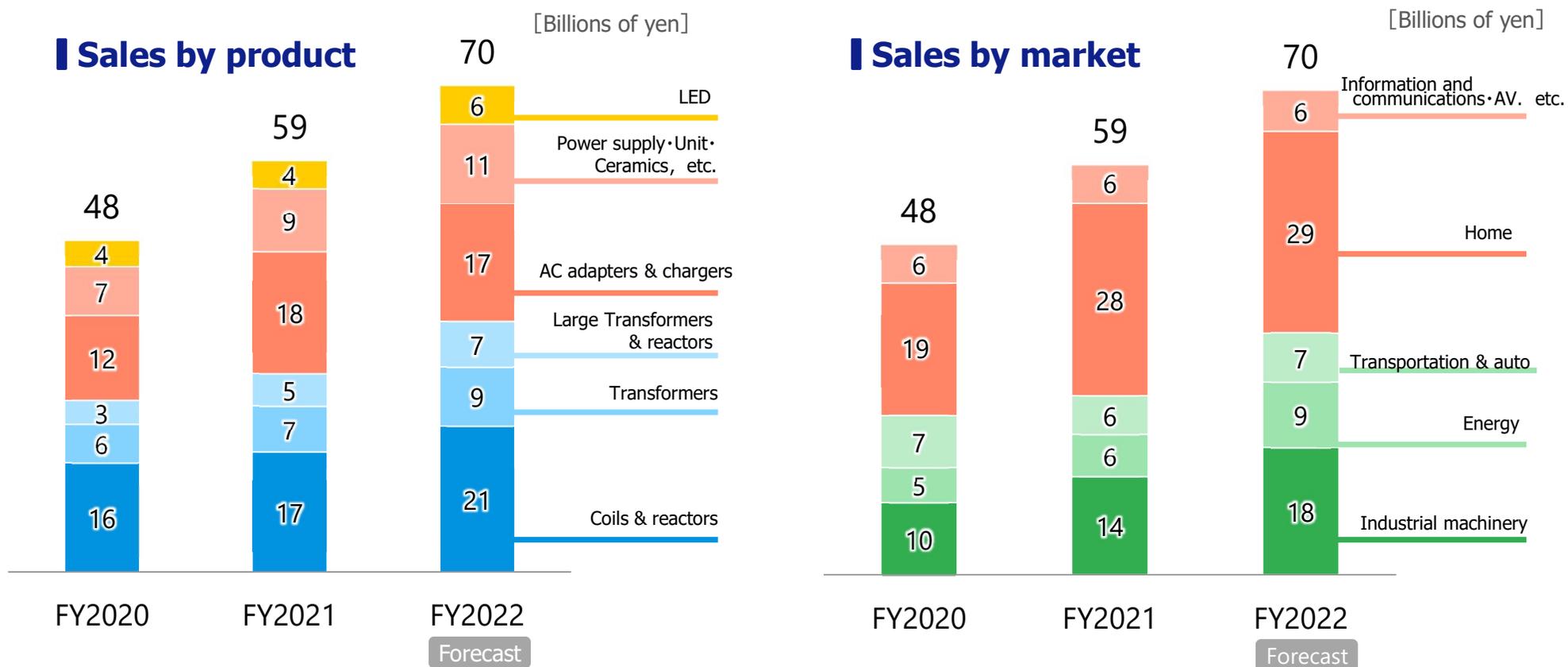


## Operating Profit



# Sales Forecast: Electronic Components

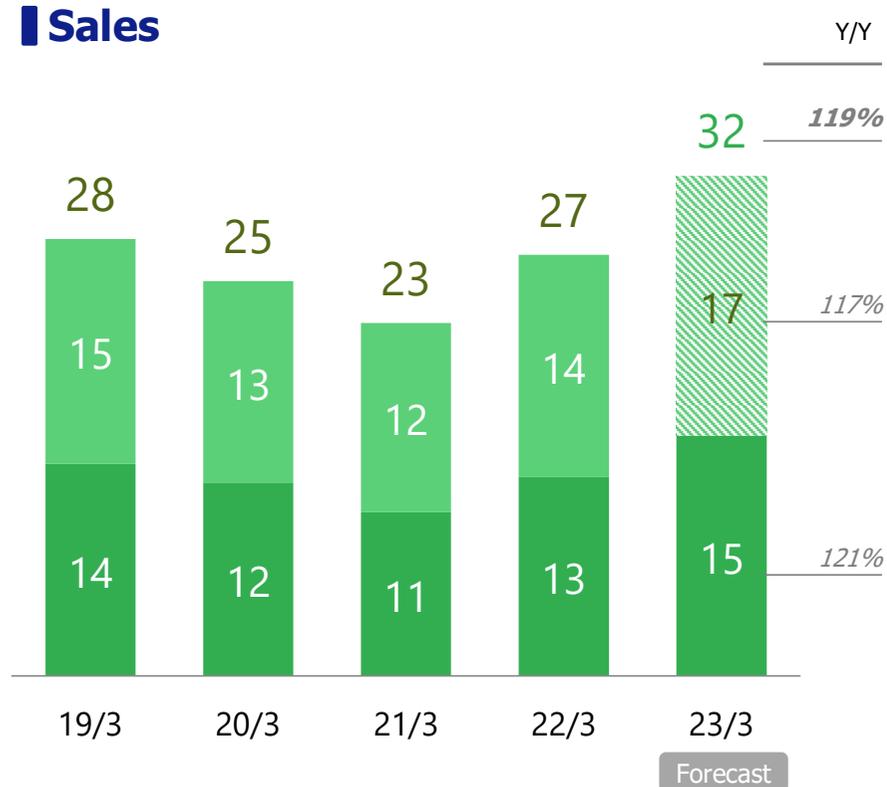
- ◆ Sales slowdown in AC adapters & chargers for home applications
- ◆ Stable demand for energy markets and Large transformers & reactors, particularly in Europe and Americas
- ◆ Sales recovery in LED products such as vending machine buttons to the pre-Covid levels



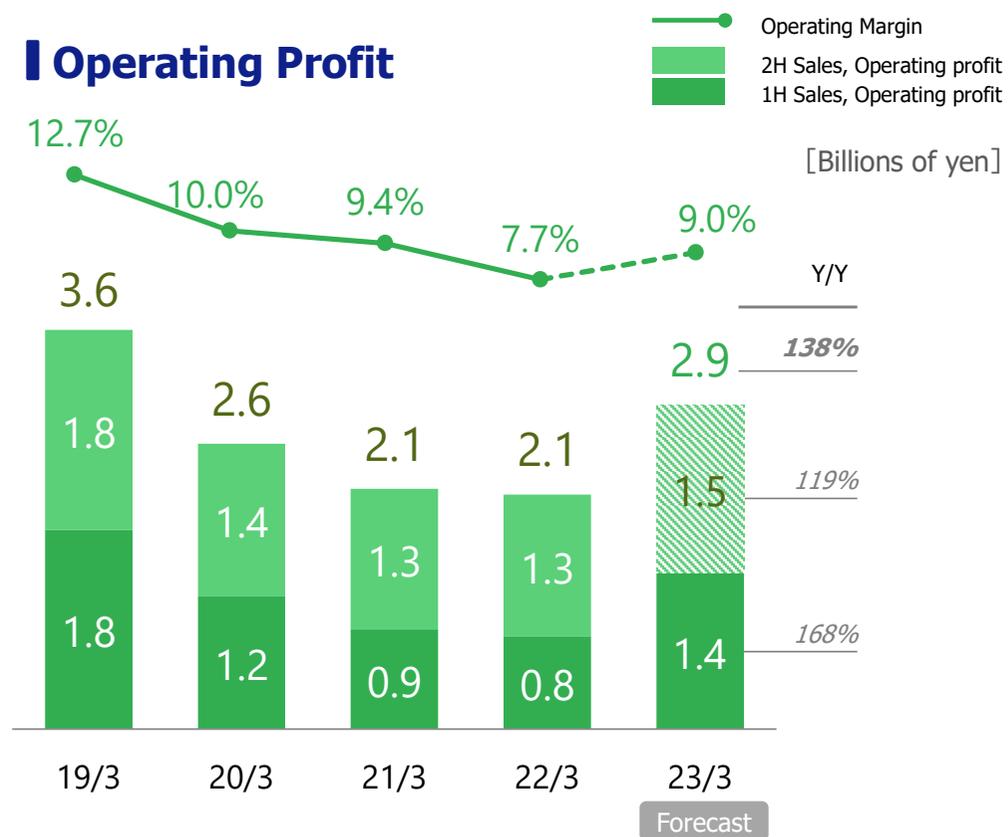
# Sales & Profit Forecast: Electronic Chemicals & Soldering Systems

- ◆ Modest recovery of profit due to time lag in reflecting the market price decline of materials, mainly tin for solder paste, in the inventory cost

## Sales



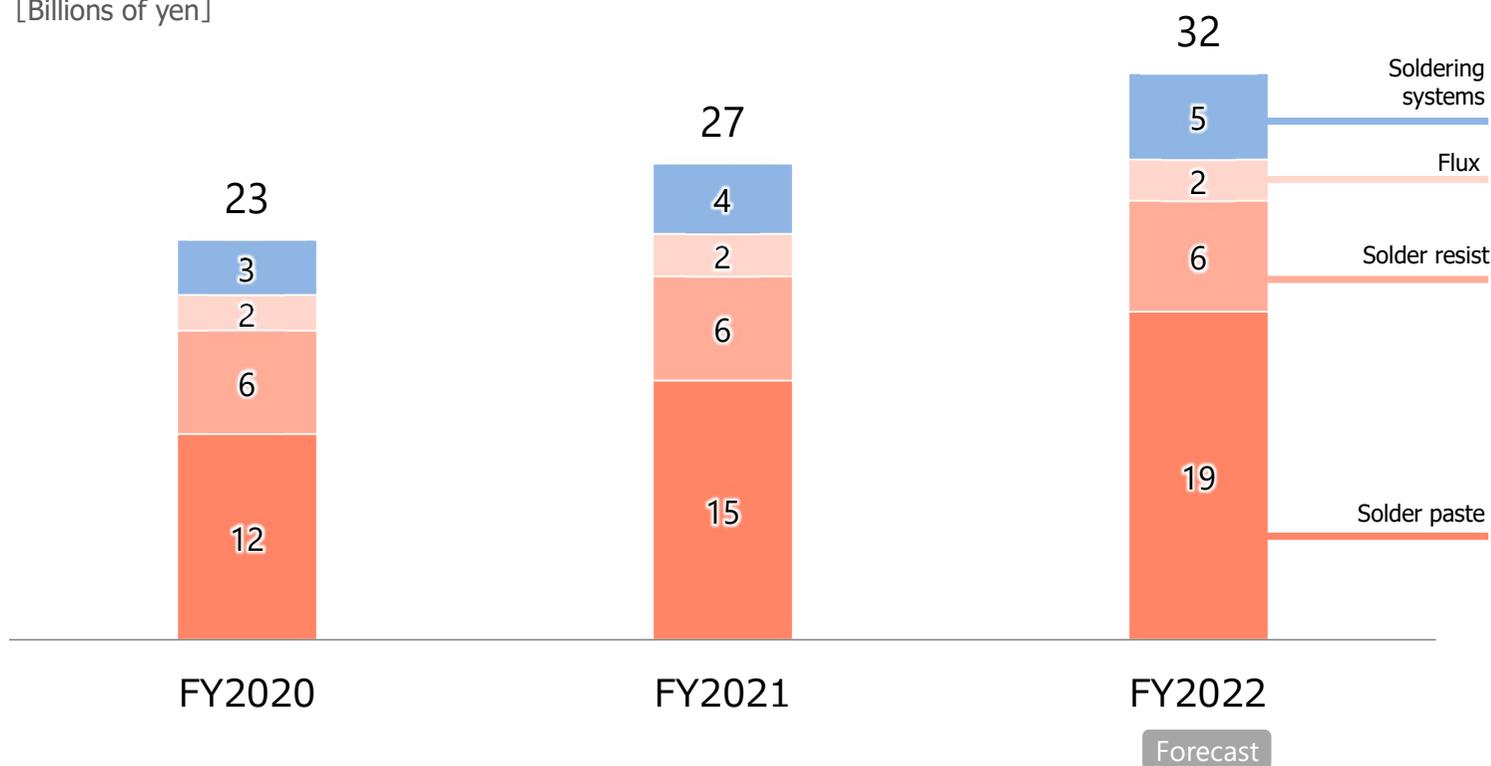
## Operating Profit



# Sales Forecast: Electronic Chemicals & Soldering Systems

- ◆ Sales of solder paste expected to increase with price revisions and foreign exchange effect
- ◆ Upgraded reflow soldering line, TNU Series, launched for uplifting Soldering System sales

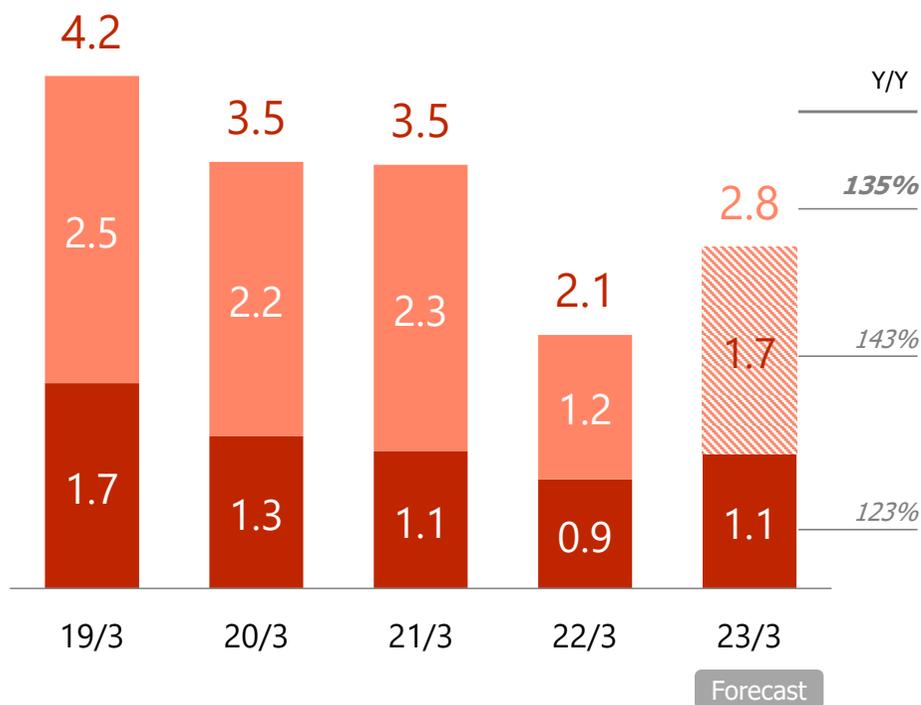
[Billions of yen]



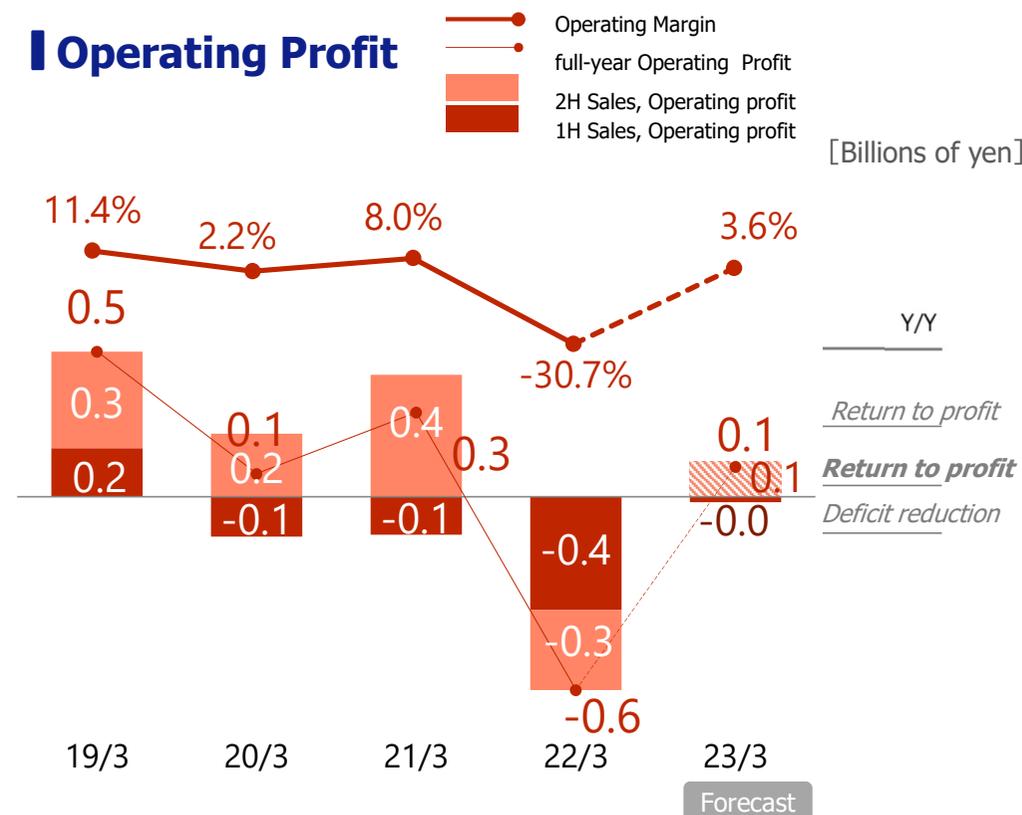
# Sales & Profit Forecast: Information Equipment

- ◆ Latest network-compatible audio mixing console "NTX Series", launched in market
- ◆ Profit to turn positive due to demand for updating security equipment of telecom company

## Sales

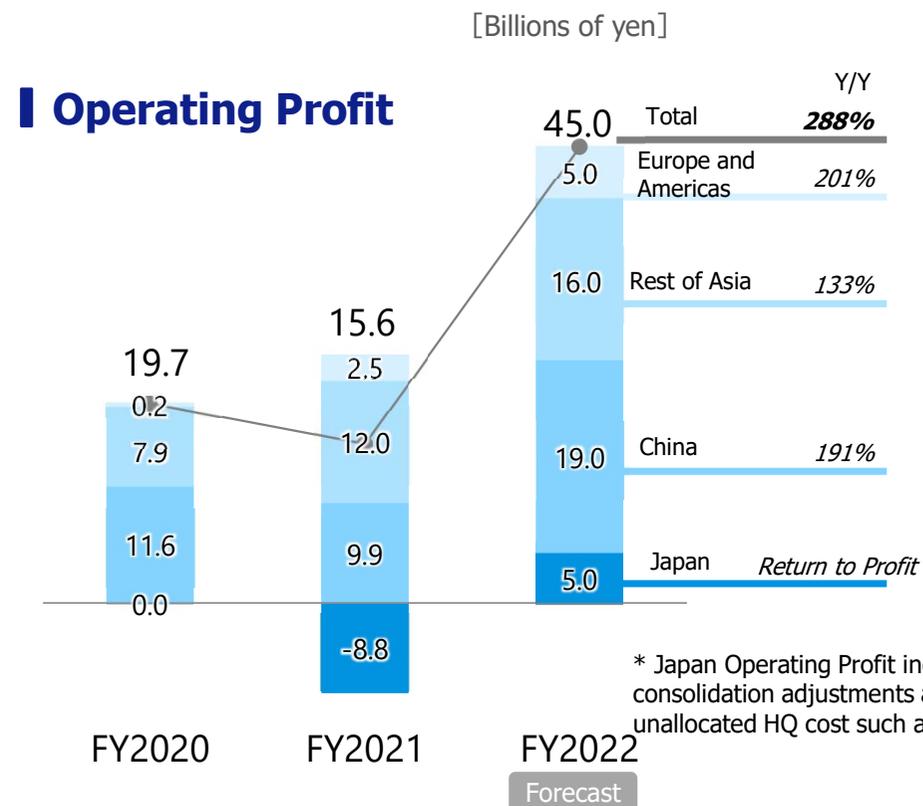
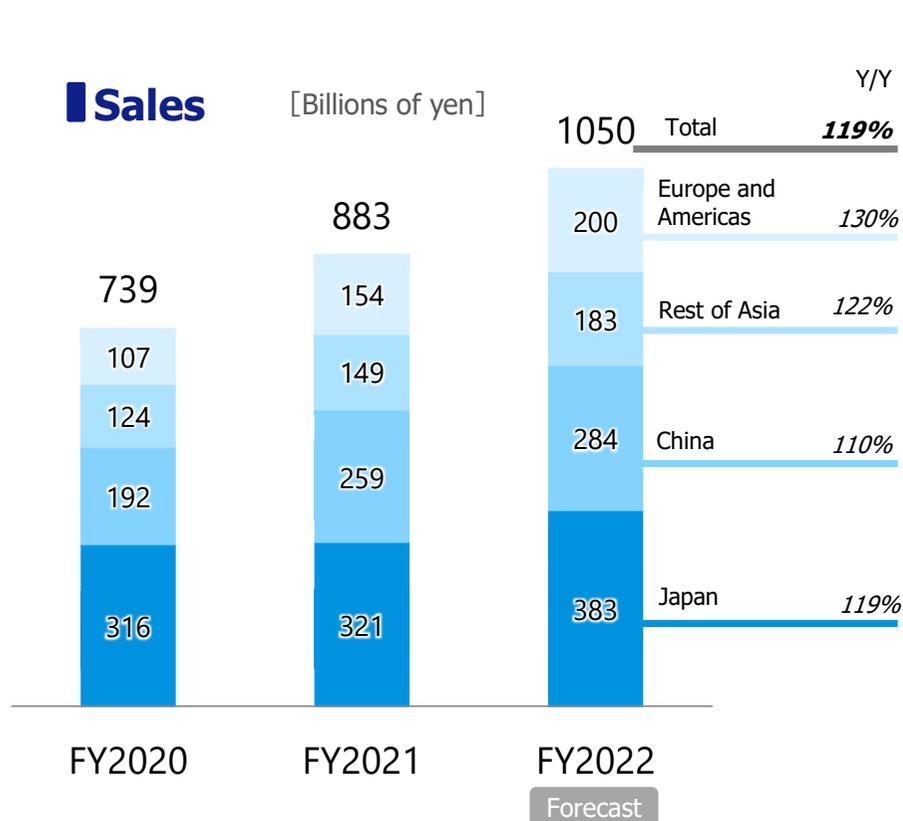


## Operating Profit



# Forecast of Sales & Profit by Area

- ◆ Japan to remain positive with higher sales due to depreciation of JPY and domestic business recovery such as Information equipment. Market & business recovery forecast also in China
- ◆ Large-scale transformer production capacity increase in Mexico, responding to datacenter demand growth in US



# Capital Expenditure, Depreciation & R&D

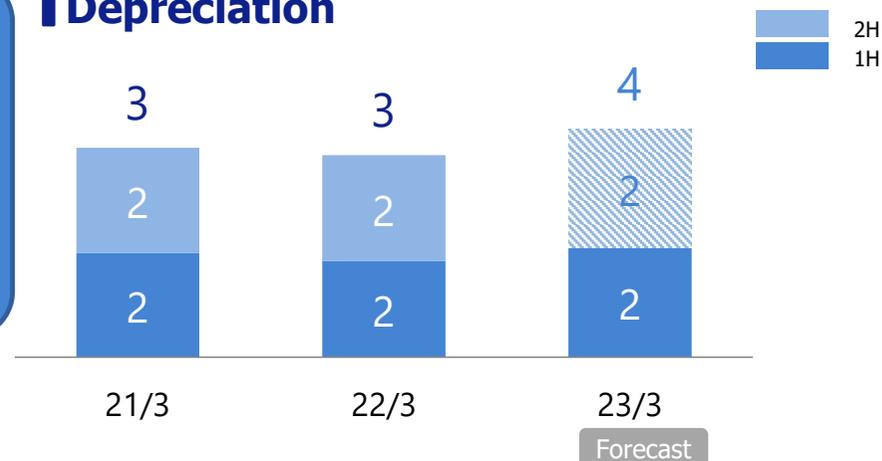
[Billions of yen]

## Capital Expenditure

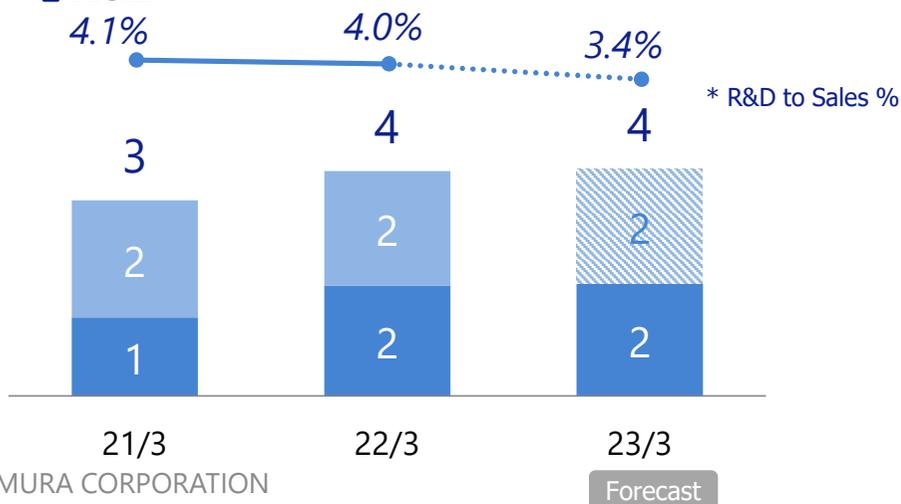


Reduced back to below depreciation levels with completion of investment in automotive and in China

## Depreciation



## R&D



### Key Capex Projects

- Components: mainly for automotive business
- HQ: Information systems upgrade

### Key R&D Projects

- High voltage/frequency gate drivers, high EMC performance currency sensors
- Functional insulation materials
- Environmentally-friendly reflow equipment
- High performance next-gen semiconductor adaptor

- R&D includes labor, capital and other expenditures associated with R&D activities

# 3. MEDIUM-TERM MANAGEMENT PLAN UPDATE

# Business Growth Contributing to Carbon Neutrality

- ◆ Growth sought with strengthening new technologies and new markets, especially in the carbon-neutral, growing Europe and Americas
- ◆ Focus on power electronics, mobility and IoT areas with development of cross business new products & services

## Business Areas Contributing to Carbon Neutrality

### Power electronics



### Mobility



### IoT



# Contributing to Carbon Neutrality ~North American Market

- ◆ Expansion of European-origin large-size transformers & reactors business in Americas
- ◆ Demand growth in US renewable energy market with carbon neutral policies. Production capacity increase in Mexico

## Carbon Neutral Market

### Photovoltaic



### Wind Power Generation



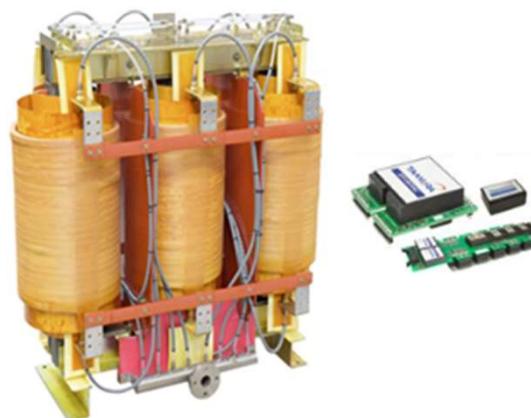
### High-voltage DC transmission (HVDC)



### Datacenter (UPS·PDU)



## North and Latin American Market



- Expand European-origin technology large-size transformers & reactors
  - large-scale wind
  - power generation systems
  - High-voltage DC transmission(HVDC)
  - Data center
- Satisfy customers' need with gate driver module & current sensors
- Expansion of large-size transformers & reactors production capacity in Mexico by 1.5 times
  - Scheduled for launch in 2023

# Contributing to Carbon Neutrality ~Global Expansion of Reflow Machine

- ◆ Launch of upgraded reflow soldering machine, meeting customers' demands outside Japan
- ◆ Contribution to carbon neutrality with factory automation, energy efficiency and production efficiency

## New Reflow Soldering Machine "TNU"



- Flexible functional design to meet non-Japanese customers' need
- Improve production efficiency and energy savings for customers: Temperature change time to change model reduced to 1/3 compared with conventional machine  
⇒ Energy saving with waiting time reduction
- Facilities management using IoT (BIG DATA)

## Global Expansion



- Reaching out to global customers including China or ASEAN utilizing Tamura's global network
- Demonstration machine & electronic chemicals materials installed in Mexico showroom for Europe & American customers

# Sustainability Strategy

- ◆ In line with sustainability strategy based on materiality, focus is on attracting talented people and reducing GHG emissions. Disclosure using TCFD guidelines started in FY2022 1H

## Talent Strategy : Fulfilling workplace across the Group

**For Psychological safety**  
 initiatives for psychological safety underway since 2019, encouraging behaviors of "hear, know, understand, then action", including training or surveys.

**Be a company people want to come to and work for**



**“Psychological Safety AWARD2022”**  
**Winning Gold Ring prize**  
 (Sponsored by ZENTech, Inc.)

## Contribution to realizing decarbonized society

- At five major domestic sites, switching to electricity derived from renewable energy sources by the use of non-fossil certificates. Approx. 8,000 ton per year reduction in CO<sub>2</sub> estimated



- Endorsement of recommendations of Task Force on Climate-Related Financial Disclosures (TCFD)

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## 4. SUMMARY

# Summary

## **1H FY2022 Financial Results**

- Increased sales and profit due to solid demand from major customers, price revisions and production efficiency improvement, despite the impact of lockdowns in China
- Steady start in the first year of the 13<sup>th</sup> Medium-term Management Plan

## **FY2022 Forecast**

- Sales and profit increase expected both in Components and Chemicals. Returning to profit in Information Equipment
- Assuming uncertain business environment, the latest forecast publish on September 26 maintained
- Aiming to achieve the annual forecast by continuing price revisions and production efficiency improvements

## **Actions of Medium-term Management Plan**

- Growth sought with strengthening new technologies and new markets, especially in the carbon-neutral, growing Europe and Americas
- Sustainability strategy developed based on materiality

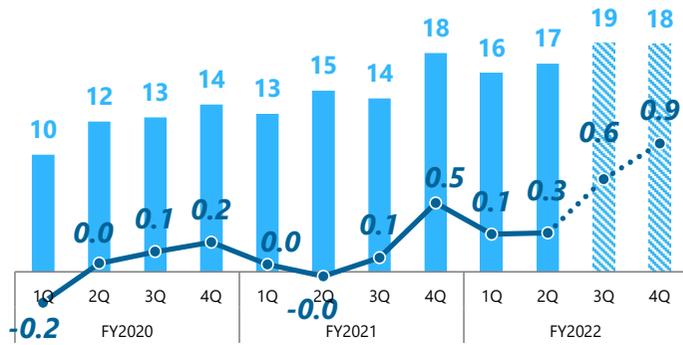
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## **【APPENDIX】 REFERENCE**

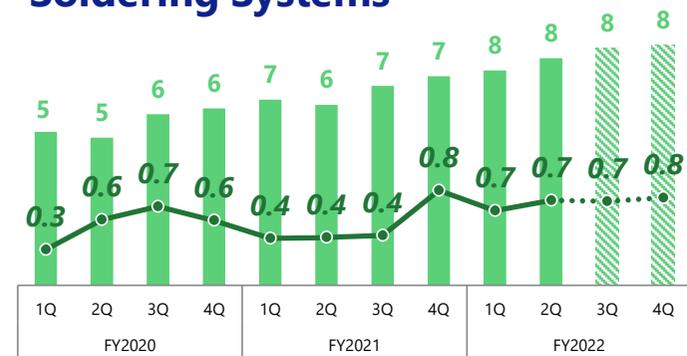
# Quarterly Forecast of Sales & Profit by Business

■ Sales      ● Operating profit [Billions of yen]

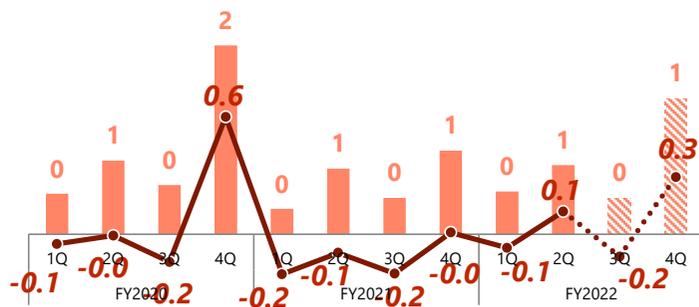
## Electronic Components



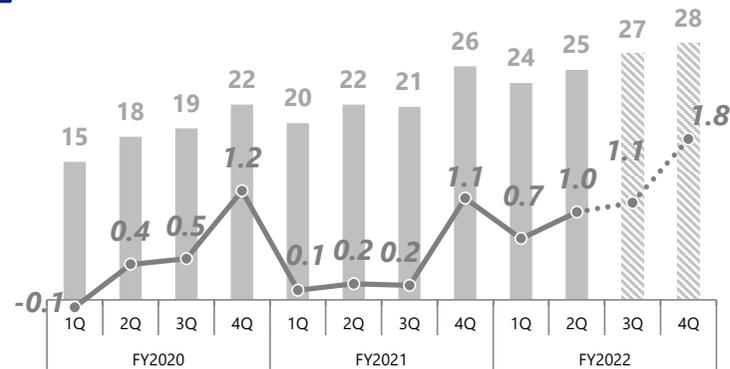
## Electronic Chemicals/ Soldering Systems



## Information Equipment



## Total

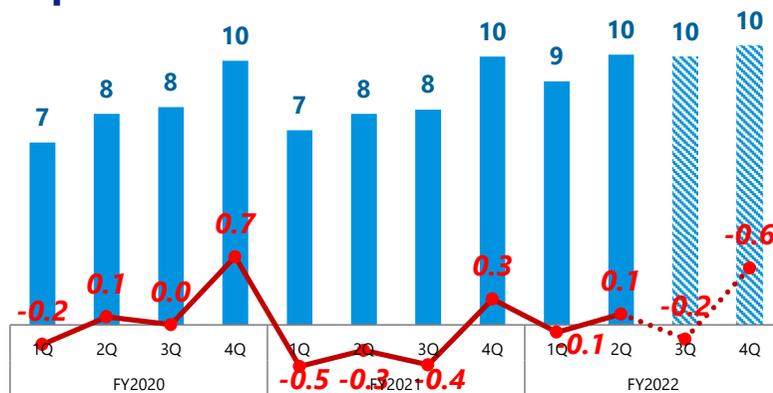


\* Broadcast equipment sales tend to be concentrated at the end of the year (2Q & 4Q).

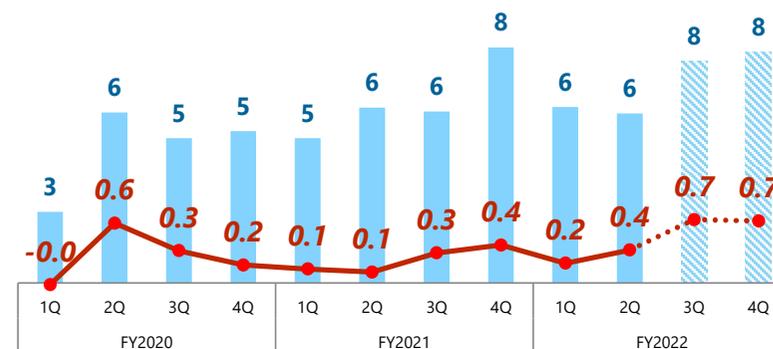
# Quarterly Forecast of Sales & Profit by Area

■ Sales      ● Operating profit [Billions of yen]

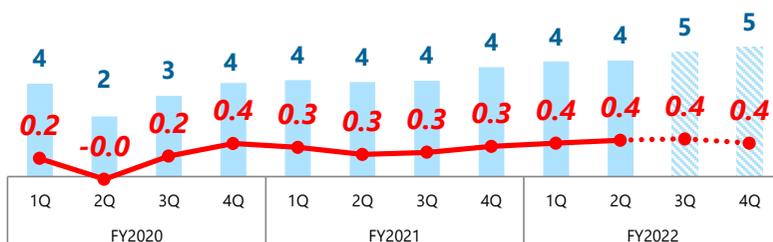
## Japan



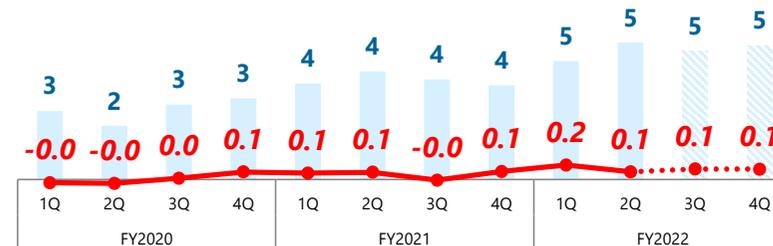
## China



## Rest of asia



## Europe and Americas



# Next-gen Audio Mixing Console NTX Series

## NTX series



### □ IP Audio Mixing Console

- Flexible layout devices
- Remote production
- Remote maintenance

### □ Latest IP interface support

- SMPTE ST2110
- AMWA
- NMOS

### □ Surface size

- NTX800
- NTX600
- NTX300

- Displayed at "Inter BEE 2022 (International Broadcasting Equipment Exhibition)

Broadmedia & Entertainment  
**Inter BEE 2022**

November 16<sup>th</sup> to 18<sup>th</sup>  
2022

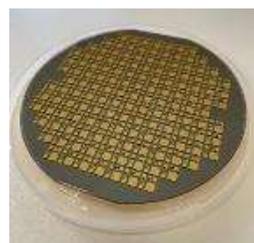
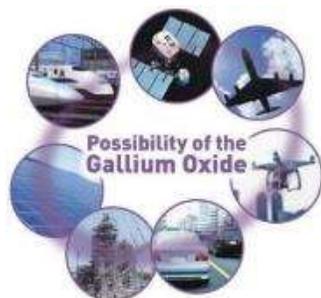
Hall 5  
Booth No.4105

# Contributing to Carbon Neutrality

## ~R&D of Gallium Oxide Power Semiconductors

- ◆ Novel Crystal Technology, Inc. (NCT) is a carve-out venture based on R&D department of Tamura. NCT is working on the R&D of  $\beta$ -type gallium oxide ( $\beta$ -Ga<sub>2</sub>O<sub>3</sub>) power semiconductors, which is expected to contribute to carbon neutrality
- ◆ Tamura and NCT are jointly developing soldering material and power supply components for long term growth.

### R&D of Gallium Oxide Power Semiconductors



### Initiatives of TAMURA & NCT



- Provision of patented technology
- Technical & sales support
- Collaboration in peripheral products and materials



Novel Crystal Technology, Inc.

- Developing, manufacturing & supplying  $\beta$ -Ga<sub>2</sub>O<sub>3</sub> homo-epitaxial wafers & devices

- $\beta$ -Ga<sub>2</sub>O<sub>3</sub>: New semiconductor material for power devices which has larger band-gap energy and low costs compared with SiC and GaN
- R&D Team: NCT, Tamura, the National Institute of Information and Communications Technology (NICT) in Japan & the Tokyo University of Agriculture and Technology are the core figures of the R&D team and lead the world in this field
- NCT: Non-consolidated affiliate of Tamura (approx. 40% stake) . Established in 2015 to actively bring in external capital and to speedily develop and promote commercialization with an independent management

[Latest R&D Results of NCT]

- September 2022: World's first inverted gallium oxide DI-MOS transistor
- March 2022: Third-generation gallium-oxide 100-mm epitaxial wafer with ten times fewer killer defects
- March 2022: World's first successful epitaxial deposition of gallium oxide on a 6-inch wafer using the HVPE method

# 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

# 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  
DECY-based Intercom  
Portable audio mixer

**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 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/Cols  
Solder wires/Solder bars  
Solder resist  
Solder paste

**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.  
Current sensors  
Power modules  
Reactors  
Human sensors  
Environment visualization sensors

**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  
Self-assembling 0.25μm equipment  
Type 6 solder paste  
Black absorbing material  
Photo imageable covering 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.

Corporate Communications

TAMURA CORPORATION