

# **3. THE 13<sup>TH</sup> MEDIUM-TERM MANAGEMENT PLAN**



The 13<sup>th</sup> Medium-term Management Plan

# Energize the Future 100

Transformation to create a robust future  
for the 100<sup>th</sup> anniversary & beyond

FY2023/3 - FY2025/3

SUSTAINABLE  
DEVELOPMENT GOALS



# Agenda

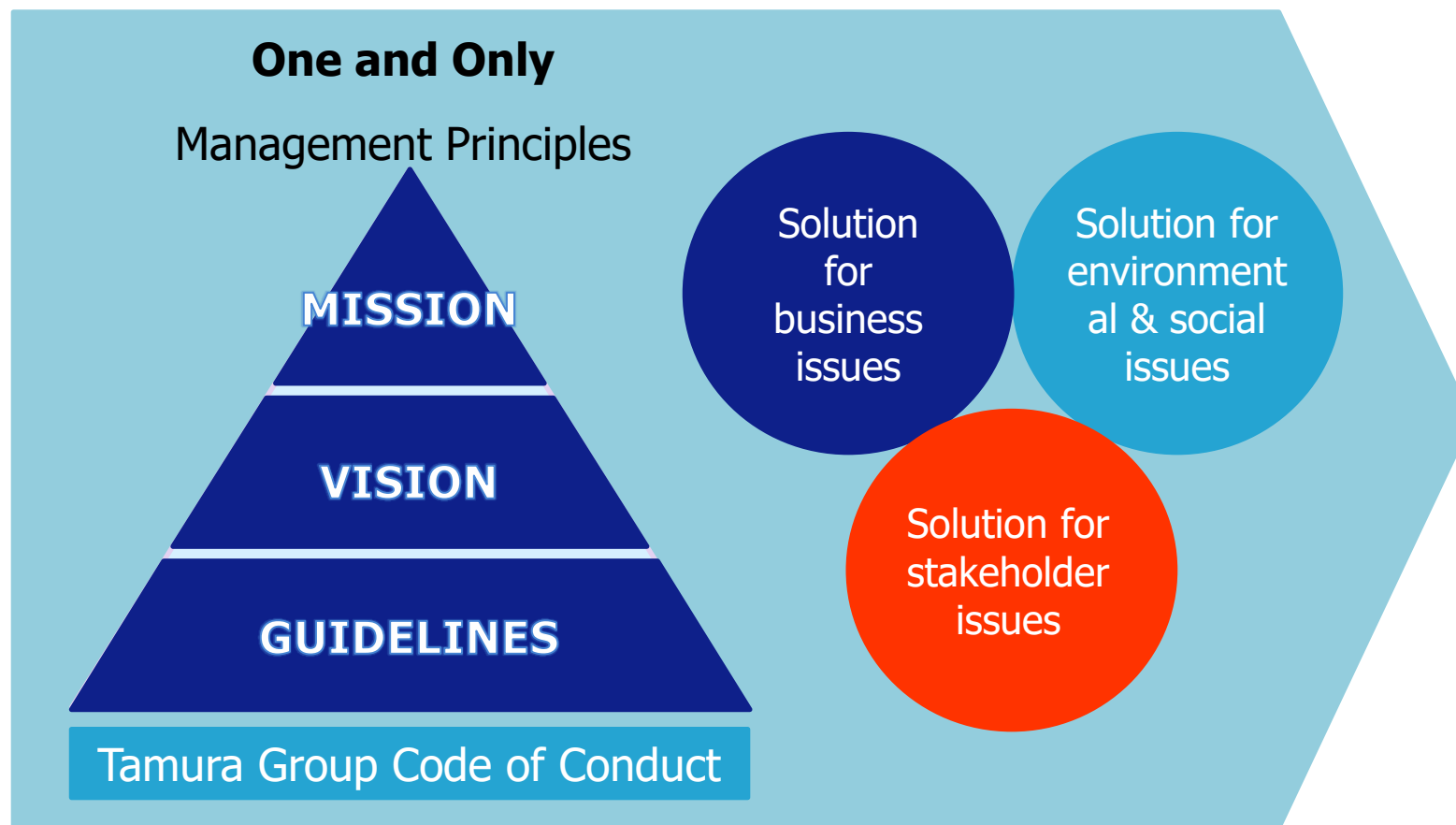
- Aspiration for 2050
- Review of the 12<sup>th</sup> Medium-term Management Plan and Assumptions
- The 13<sup>th</sup> Medium-term Management Plan
  - Overview
  - Financial Targets
  - Business Strategy
  - Sustainability Strategy

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- Aspiration for 2050
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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 12<sup>th</sup> Medium-term Management Plan

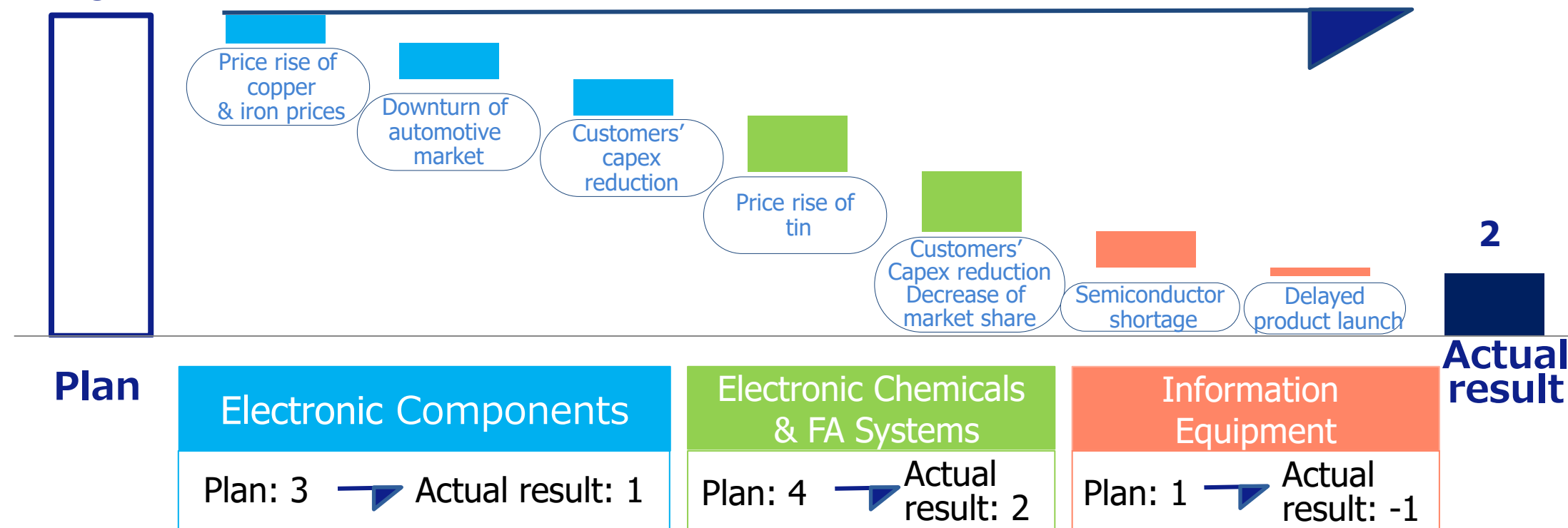
- ◆ Insufficient actions against sudden changes in business environment including material cost rises
- ◆ Significantly missing profitability target due to soaring costs of raw materials, logistics and energy

## Operating profit FY2022/3

[Billion yen]

8

Fell short of the target by 6bn



# Review of the 12<sup>th</sup> 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	<b>88</b>	88%
Operating profit %	8.0%	<b>1.8%</b>	23%
ROE	9%<	<b>-0.2%</b>	—

## ✓ 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

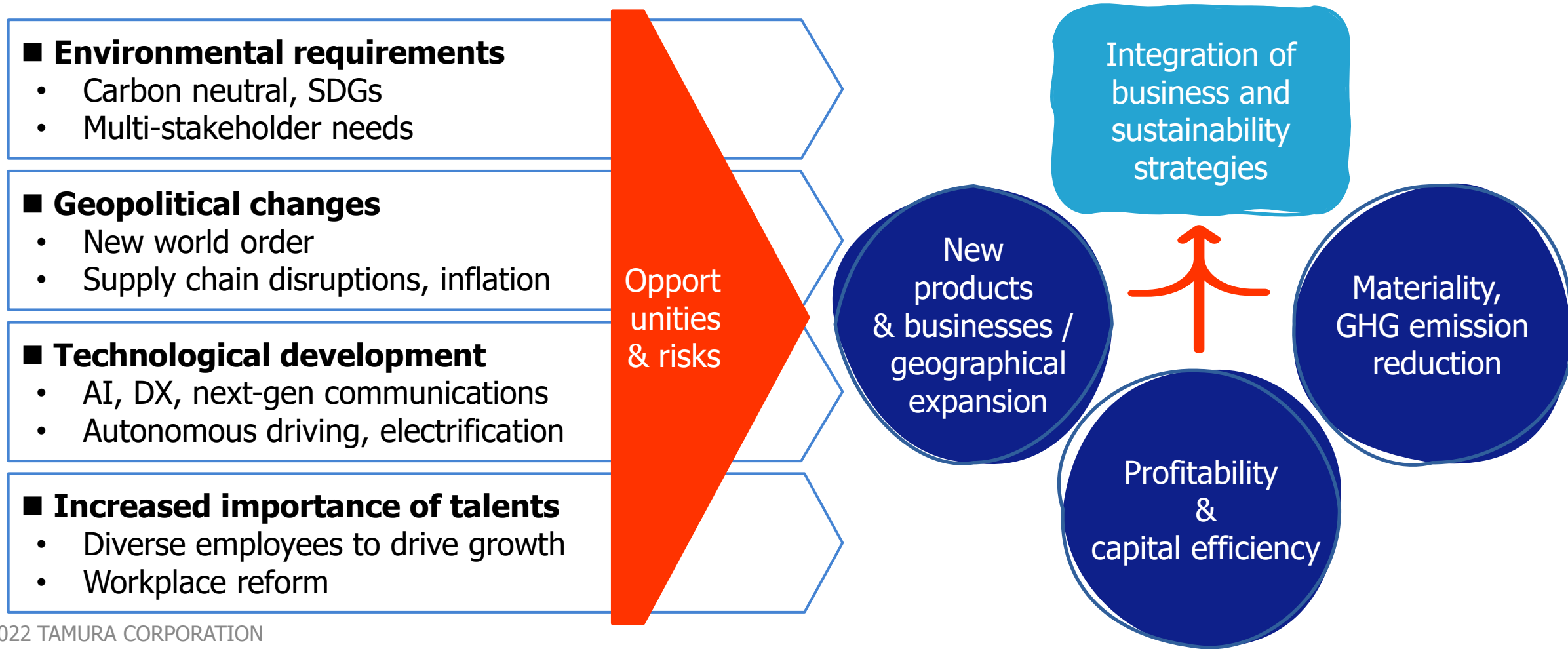
## The 13<sup>th</sup> Medium-term Management Plan

### 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 13<sup>th</sup> 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 100<sup>th</sup> 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%

2024  
100<sup>th</sup>  
Anniversary

### 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

2050

### 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%

## ■ Guidelines for achieving targets

Consolidated sales

88bn

Business OP%

Electronic Components

0.9%

Electronic Chemicals &

7.7%

FA Systems

Information Equipment

-30.7%

ROIC

1.6%

## **The 13th Medium-term Management Plan**

FY2023/3

FY2024/3

FY2025/3

3bn

5bn<

6bn<

3.2%

5%

6%

8%

Beyond

8%

10%

130bn<

94bn

≒100bn

100bn<

1.5%

4%

5%

8.7%

9%

10%

4.2%

12%

15%

6%

8%

# 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 100<sup>th</sup> 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

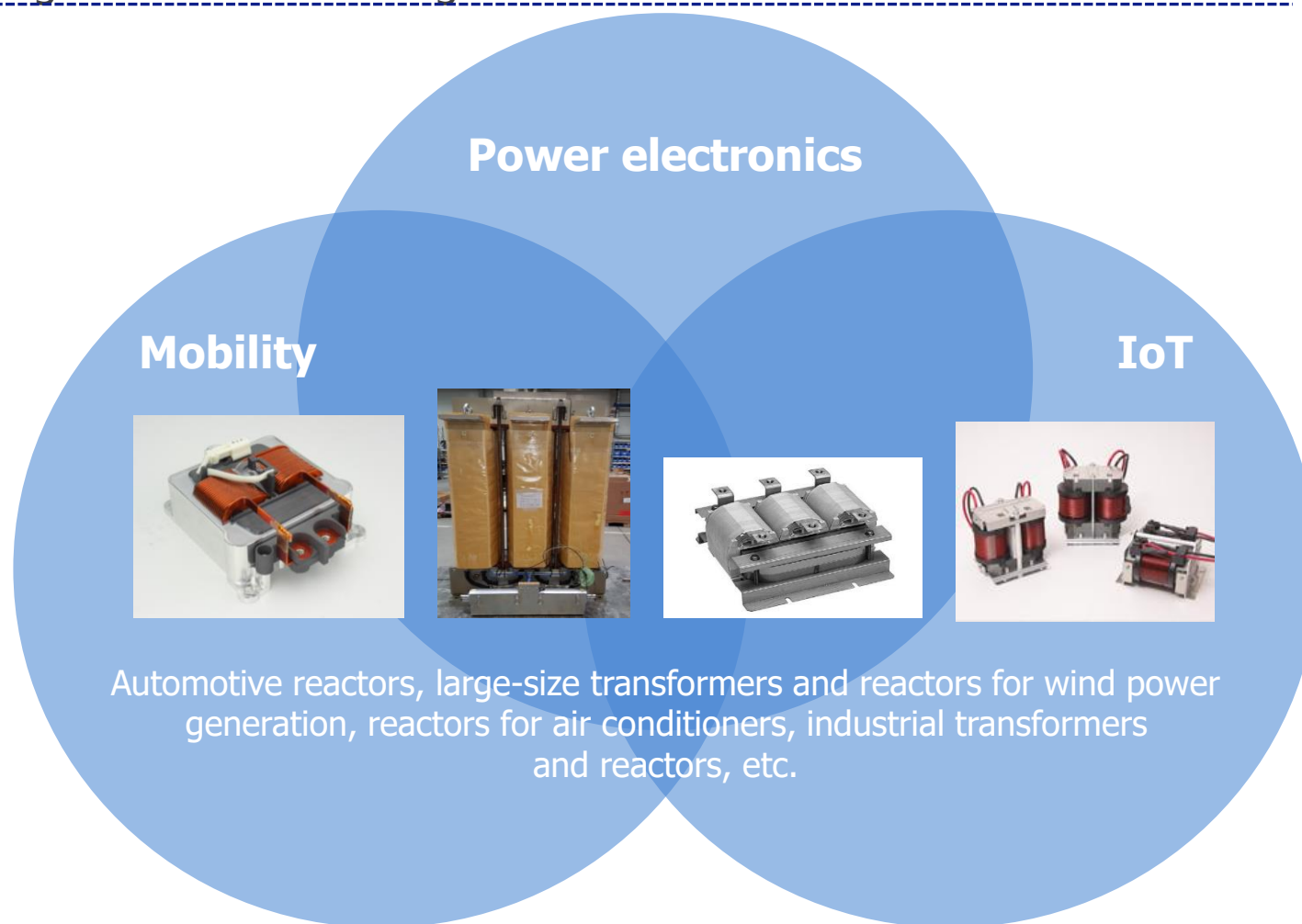
## Core technology

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**

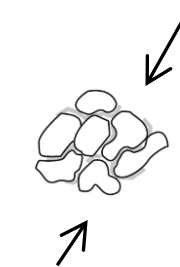
For high frequency, high voltage  
**Next-gen power semiconductor (Gallium oxide)**



# Cross Business Product Development Based on Material Technology

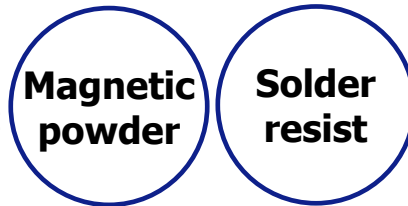
## Press-molded magnetic powder core

- A core of magnetic powder with a particle size of 10s to 100s of  $\mu\text{m}$ , 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



Magnetic powder

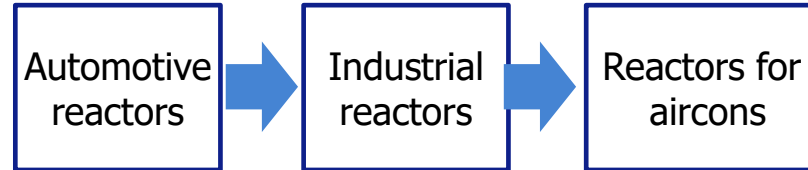
## Material technologies of Electronic Chemicals Business



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



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時間経過後に測定 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

## 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

## 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

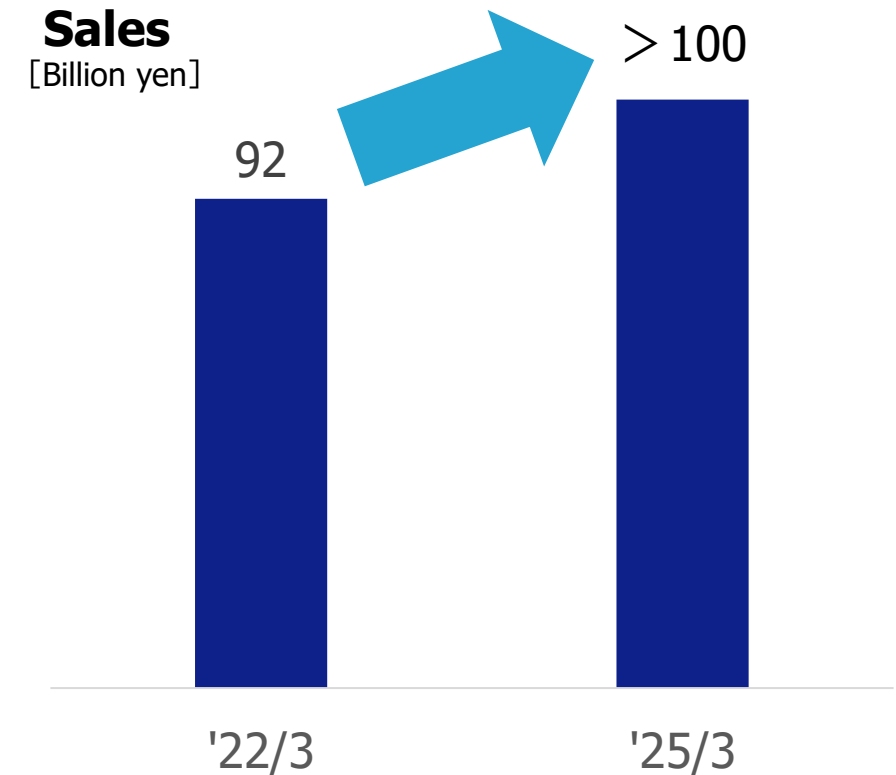
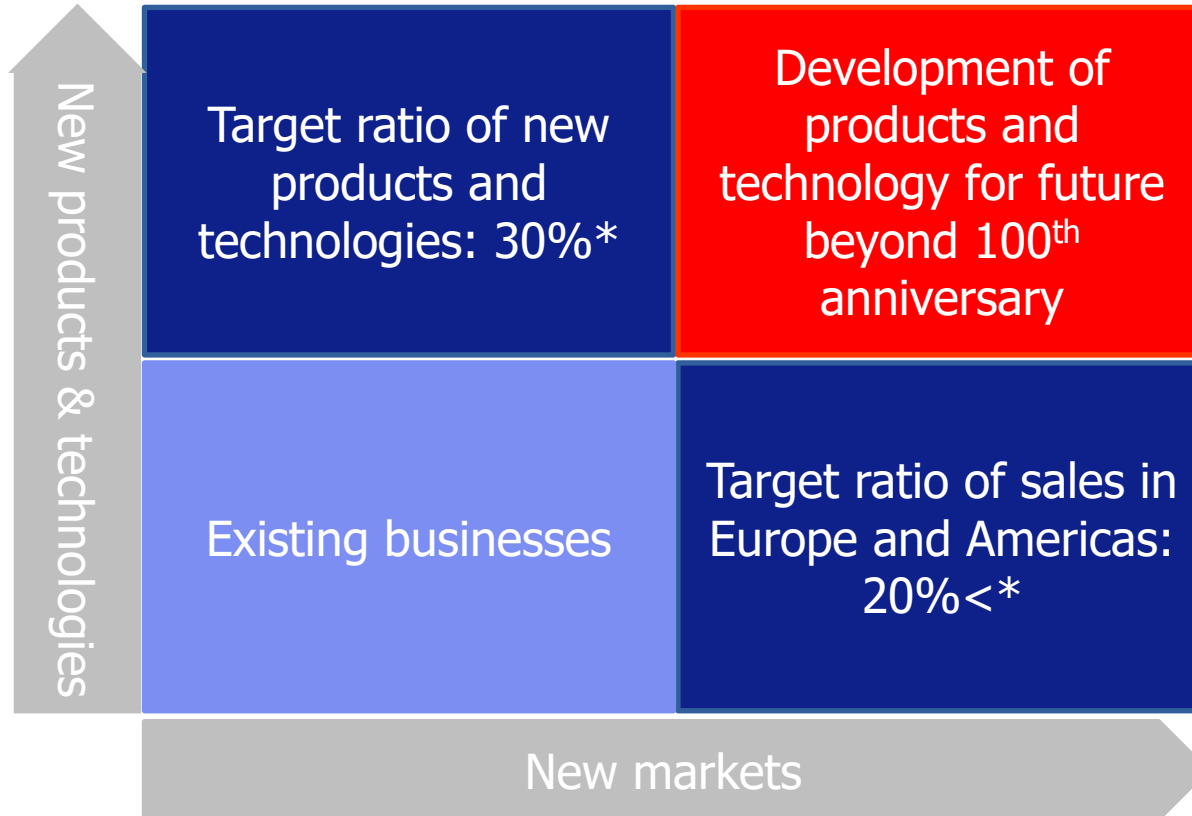


[Brazil: Indusul Industria De Transformadores]

# 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

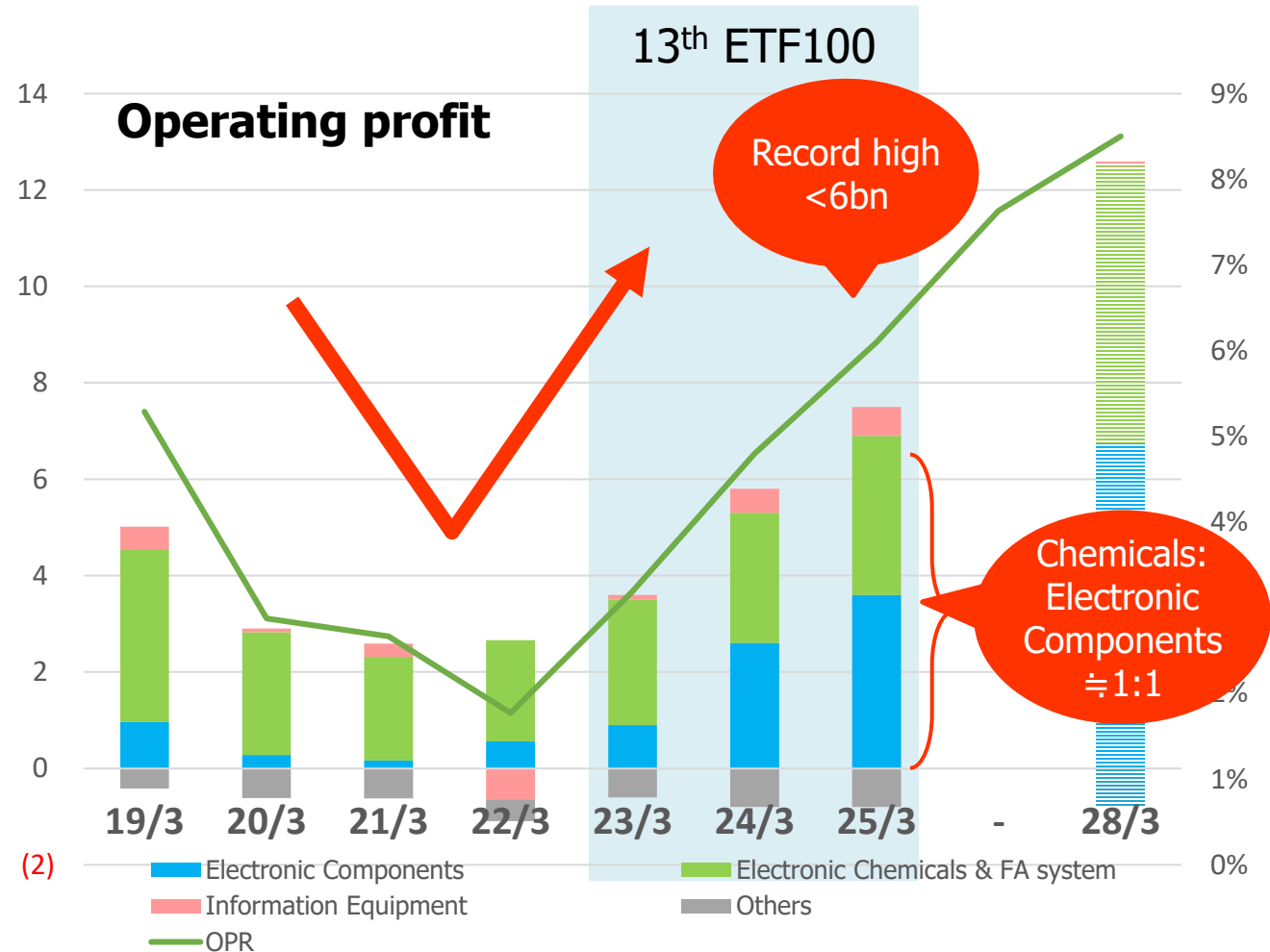
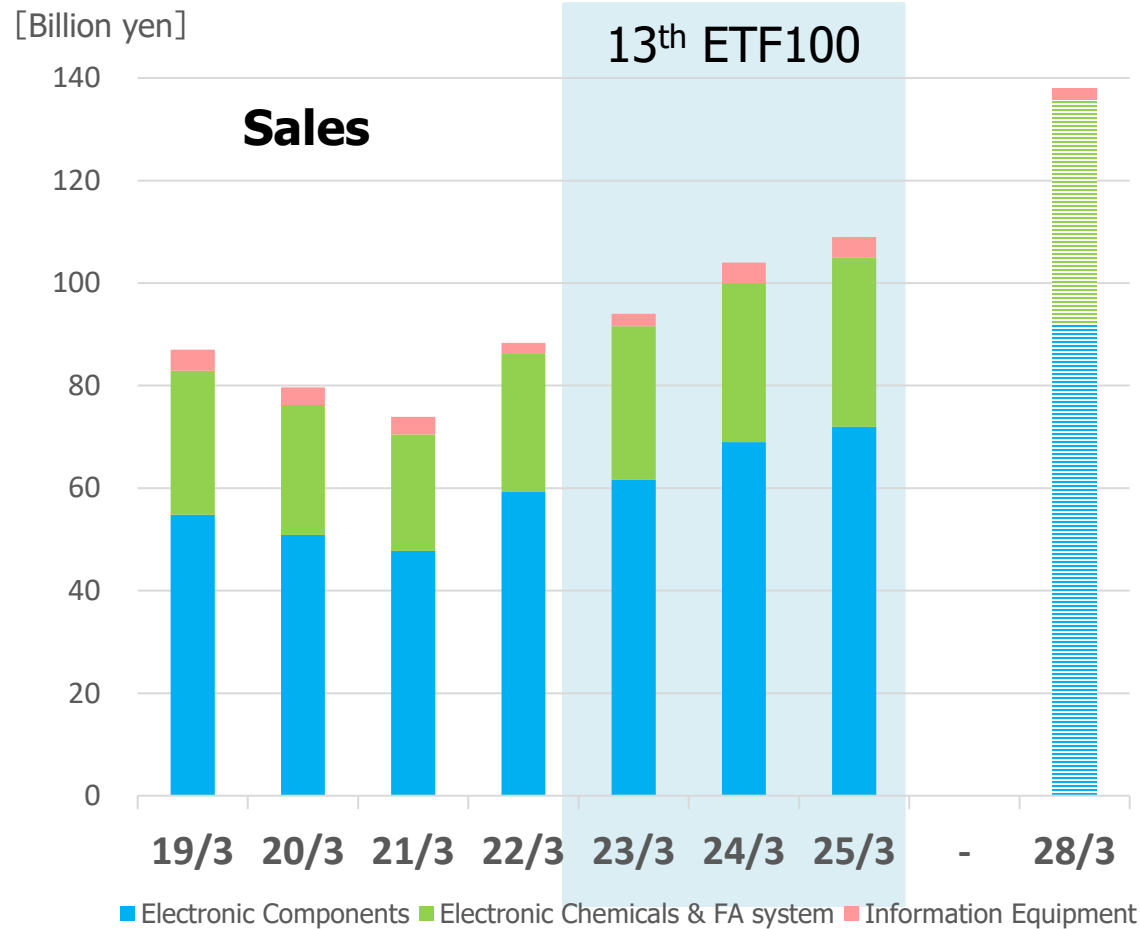
## Geographical Expansion and New Products & Businesses



\* Targets for FY2025/3

# Profitability

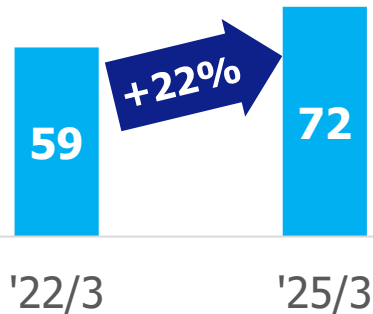
- ◆ Aiming for V-shaped recovery from Covid-19 and related impacts and record high operating profit
- ◆ Making the profit of Components business comparable to Chemicals business in FY 3/2025



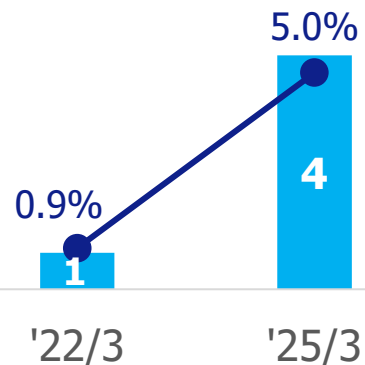
# Business Strategy: Electronic Components

- ◆ 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

**Sales** [Billion yen]



**Operating profit** [Billion yen]  
**OP%**



Momentum of  
CN market

×

Market and  
geographical growth

×

High  
profitability

=

Return on  
investment

- 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

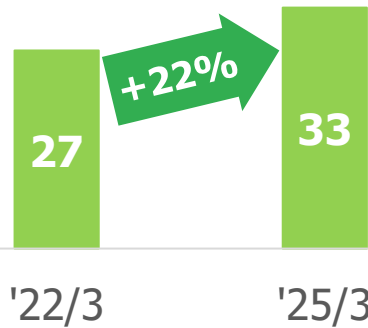


[TAMURA ELECTRONICS (SUZHOU) CO., LTD.]

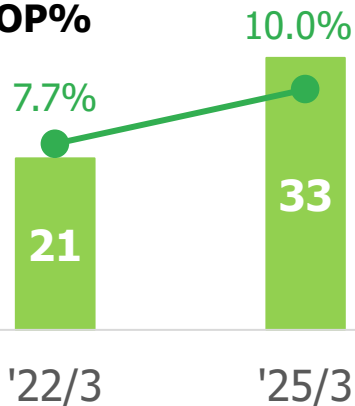
# Business Strategy: Electronic Chemicals & FA Systems

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

## Sales [Billion yen]



## Operating profit OP% [Billion yen]



New products

×

New markets

×

Production improvement

=

Preparation toward future profit expansion

### ■ New product development

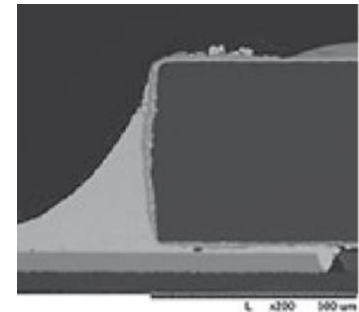
- High heat resistant soldering materials for next-generation power semiconductors
- Coverlay market products
- Solder paste for new semiconductor construction method
- Energy saving reflow soldering systems

### ■ 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

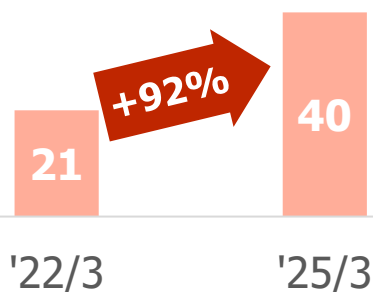


High Heat Resistant Soldering Materials for Next-Generation Power Semiconductor

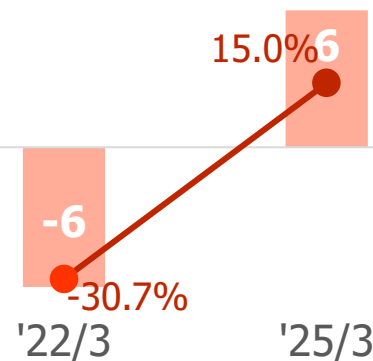
# Business Strategy: Information Equipment

- ◆ 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%	3 すべての人に健康と福祉を
② Product quality improvement	Quality cost: 15% reduction against the average during the 12 <sup>th</sup> management plan period	5 ジェンダー平等を推進しよう
③ Proper supply chain management	SAQ survey on key suppliers: 100%	7 エネルギーをみんなにそしてクリーンに
④ Compliance	Compliance training: 100%	8 働きがいも経済成長も
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	9 気候変動に具体的な対策を
⑥ Cooperation with communities	Social contribution cost: 1% of ordinary profit	11 住み続けられるまちづくりを
⑦ Environmental protection & contribution to decarbonized society	Ratio of sustainability-contributing product sales: 27% GHG (scope 1&2) reduction: 33% or more from 2013	12 つくる責任 つかう責任
⑧ Proactive information disclosure	Publication of integrated report Climate related disclosure based on TCFD	13 気候変動に具体的な対策を
		15 陸の豊かさも守ろう
		16 平和と公正をすべての人に
		17 パートnershipで目標を達成しよう

# 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 13<sup>th</sup> 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.

2030

Aspiration  
for 2050

### **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 13<sup>th</sup> plan period



Ratio among managers (FY2025/3)

Female:  
10%

Non-  
Japanese:  
5%

Mid-career:  
50%

## 4. SUMMARY

# Summary

## **Review of the 12<sup>th</sup> 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 13<sup>th</sup> Medium-term Management Plan**

- Integration of business and sustainability strategies, driving transformation to create a robust future for the 100<sup>th</sup> 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

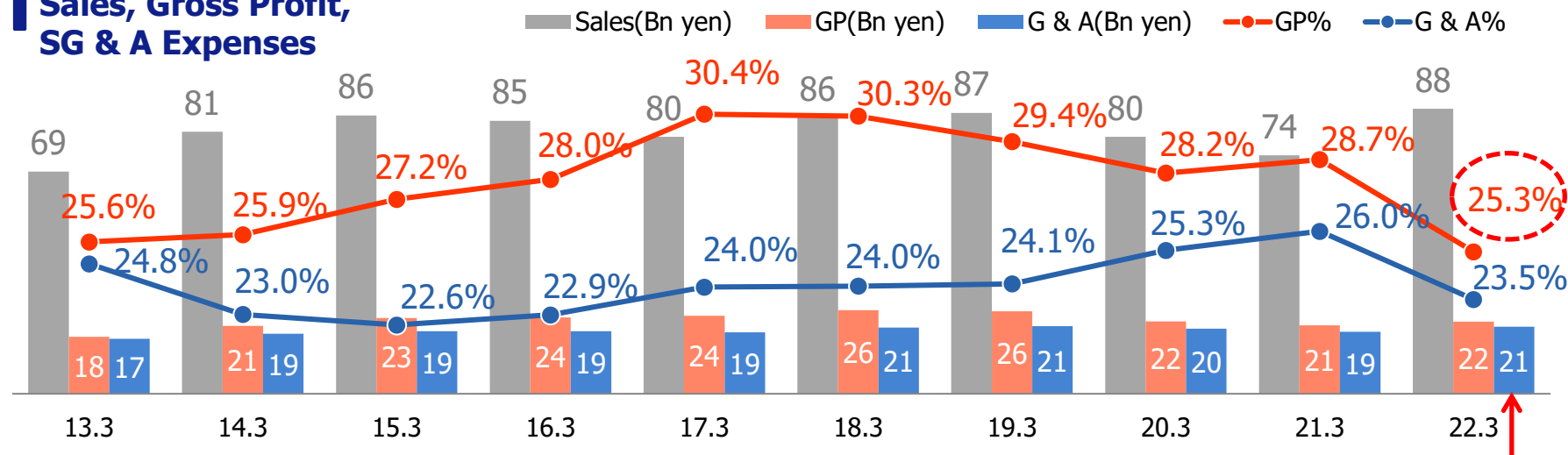
China  
Sales: 25 billion yen  
Number of employees: 1,759

Other Asian Countries  
Sales: 15 billion yen  
Number of employees: 1,084

Europe and the Americas  
Sales: 15 billion yen  
Number of employees: 374

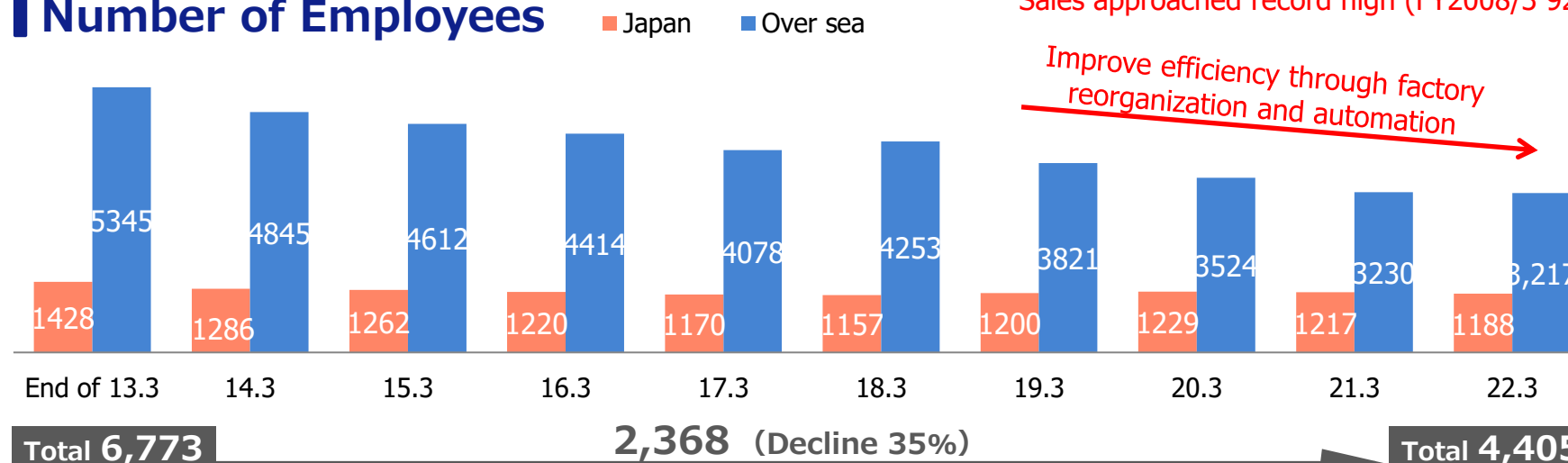
# Sales, Gross Profit, SG & A Expenses and the Number of Employees

## Sales, Gross Profit, SG & A Expenses



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

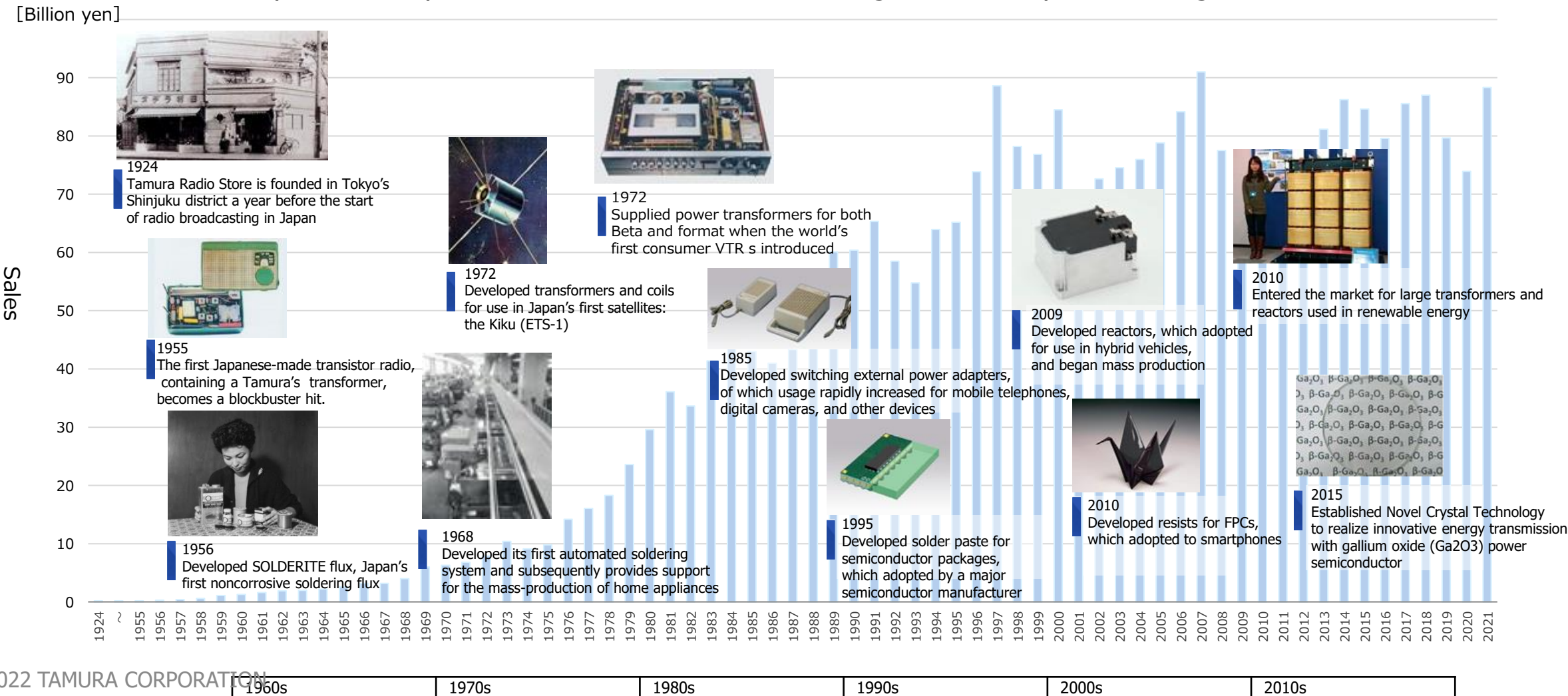
## Number of Employees




# Sales & Technologies towards 100th Anniversary

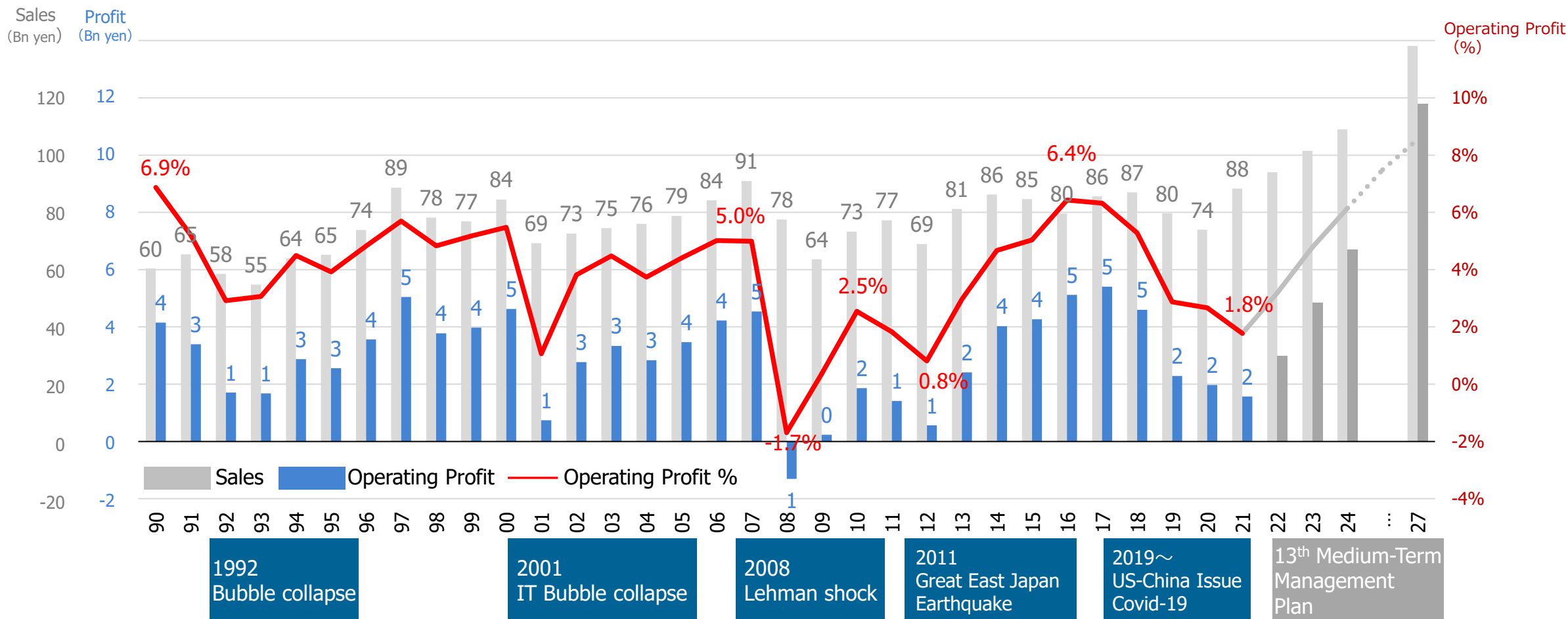


Tamura will celebrate the 100th anniversary in 2024. Anticipating the changes in the world, offering essential products required across the world based on original and unique technologies



# Sales and Operating Profit

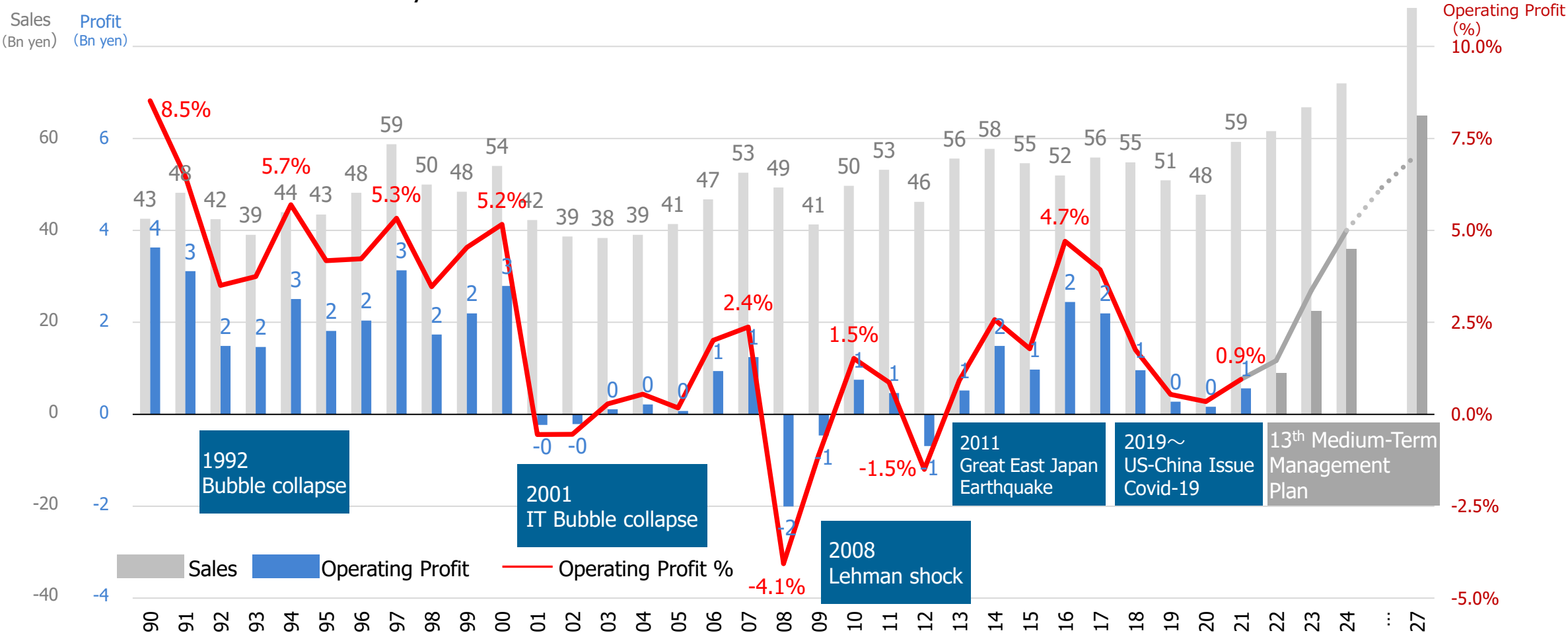
 Tamura Group has overcome various headwind over the last several decades. The 13<sup>th</sup> Medium-term Management Plan has been launched in April 2022, to recover from COVID-19 impacts and to seize the opportunities of future needs, driving continuous growth for the 100<sup>th</sup> anniversary and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




# Electronic Components: Sales and Operating Profit

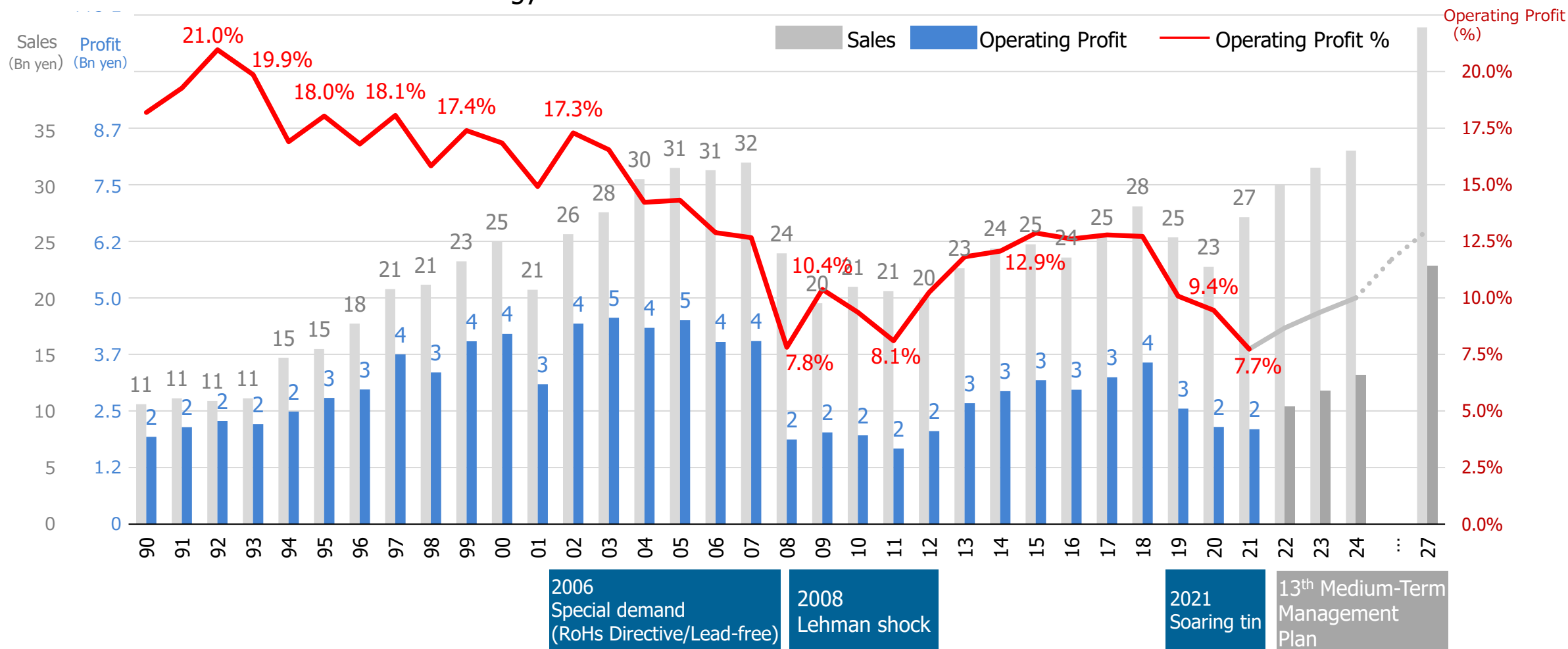


Shift of focus on profit from sales after the collapse of IT bubble in 2001  
 Recording highest sales in FY2022/3 and continuing to grow in sales and profit in power electronics market with carbon neutrality as a tailwind



# Electronic Chemicals & FA systems: Sales and Operating Profit

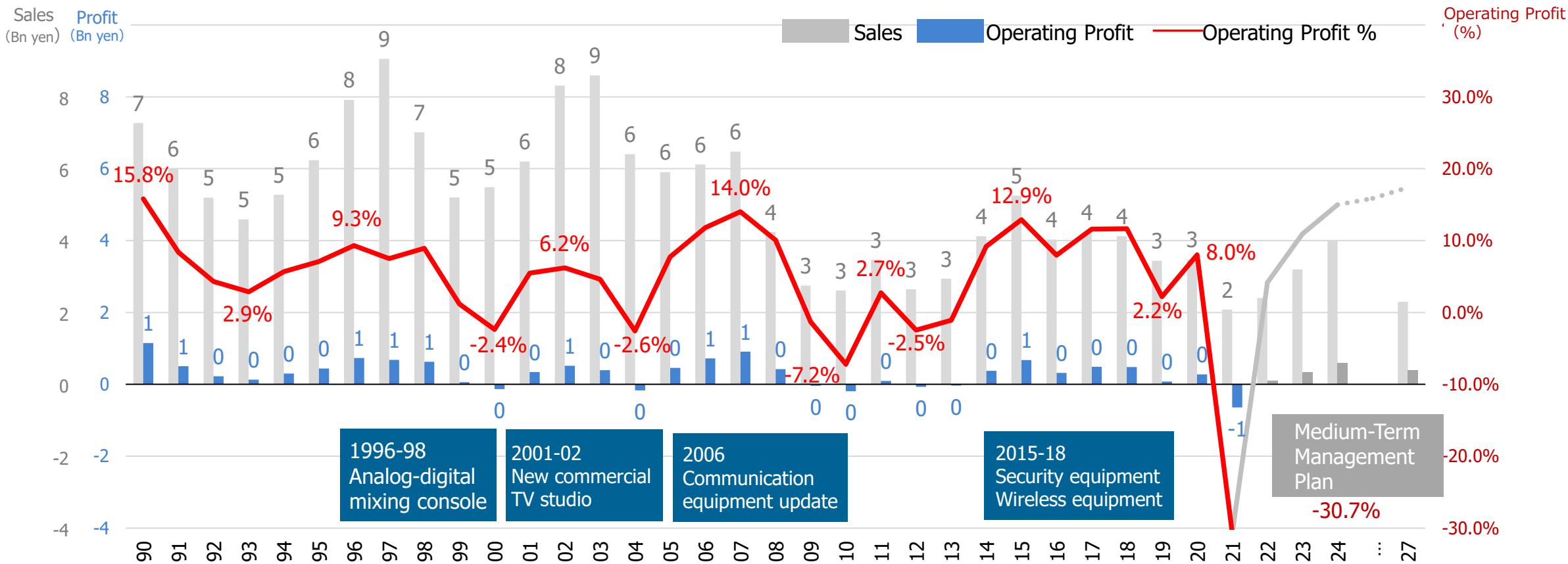
 Stable profits recorded regardless of economic fluctuations. Sales growth driven with the development of solder products in 2006 prior to the enforcement of the RoHS Directive. Seeking to support the growth of electronics market with material technology and environmental consciousness



# 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/Cold**  
**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**

**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**  
**Self assembling material**  
**White reflective material**  
**Flux**

**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**  
**Colloidal 0.25μm particles**  
**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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