

Security Code: 6768
Prime Market, Tokyo Stock Exchange

TAMURA CORPORATION

Financial Results for H1 FY2023

SUSTAINABLE
DEVELOPMENT **GOALS**

November 10, 2023

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. H1 FY2023 Financial Results
2. FY2023 Forecast
3. The 13th Medium-Term Management Plan
4. Summary

【Appendix】



Masahiro Asada

Representative Director, President & CEO

1. H1 FY2023 FINANCIAL RESULTS

(APRIL 1 TO SEPTEMBER 30, 2023)

Consolidated Profit Statement

- ◆ Sales expansion due to price revision and foreign exchange rate. Operating profit increase yoy, significantly ahead of forecast
- ◆ Net profit reduction due to extraordinary loss related to UK subsidiary's pension buyout

[Billions of yen]		H1 FY2022	H1 FY2023			H1 FY2023	
		Actual	Actual	Changes	Y/Y	Forecast*	
Sales		49	52	2	4.9%	50	Record high sales for H1
Cost of sales (Cost of sales %)		37 (74.4%)	38 (73.8%)	1 (-0.6pt)	4.1%	-	
SGA (SGA %)		11 (22.3%)	12 (22.9%)	1 (0.6pt)	7.8%	-	
Operating profit (%)		2 (3.3%)	2 (3.3%)	0 (-0.0pt)	4.6%	1 (2.0%)	Operating profit significantly ahead of forecast, despite SGA increase associated with enterprise IT system renewal cost
Ordinary profit		1	2	1	40.4%	-	
Net profit		1	0	(1)	▲95.8%	-	Including extraordinary loss JPY 0.9bn related UK subsidiary's pension buyout
Exchange rate USD-JPY	Average	131.04	139.00	7.96	6.1%	130.00	
	End of term	144.81	149.58	4.77	3.3%	130.00	

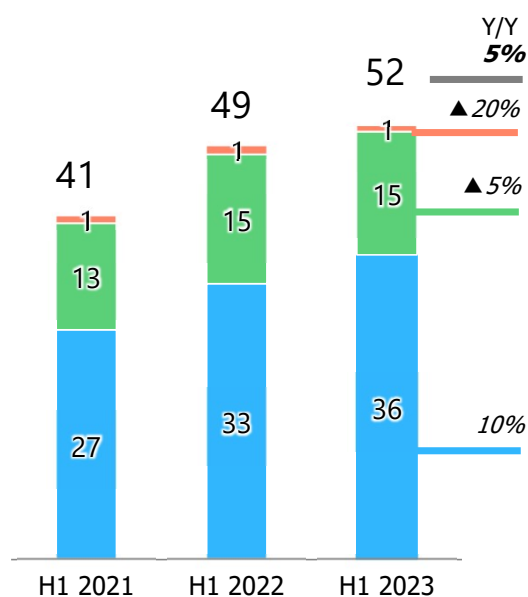
* Forecast announced at financial results briefing held on May 17, 2023

Sales & Profit by Business

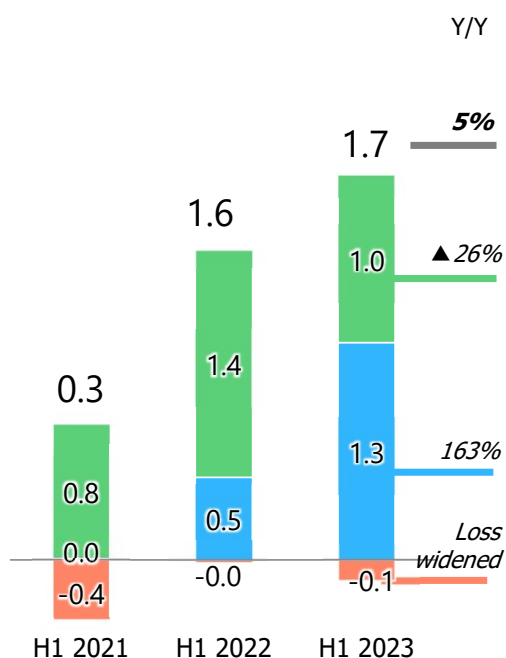
- ◆ Sales and profit decline in Chemicals & Soldering Systems due to market conditions and widened loss in Information Equipment. Sales and profit increase in Components

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

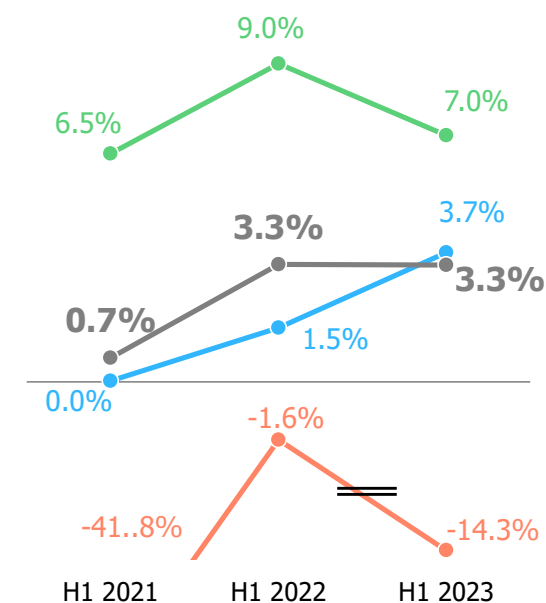
Sales



Operating profit



Operating profit %

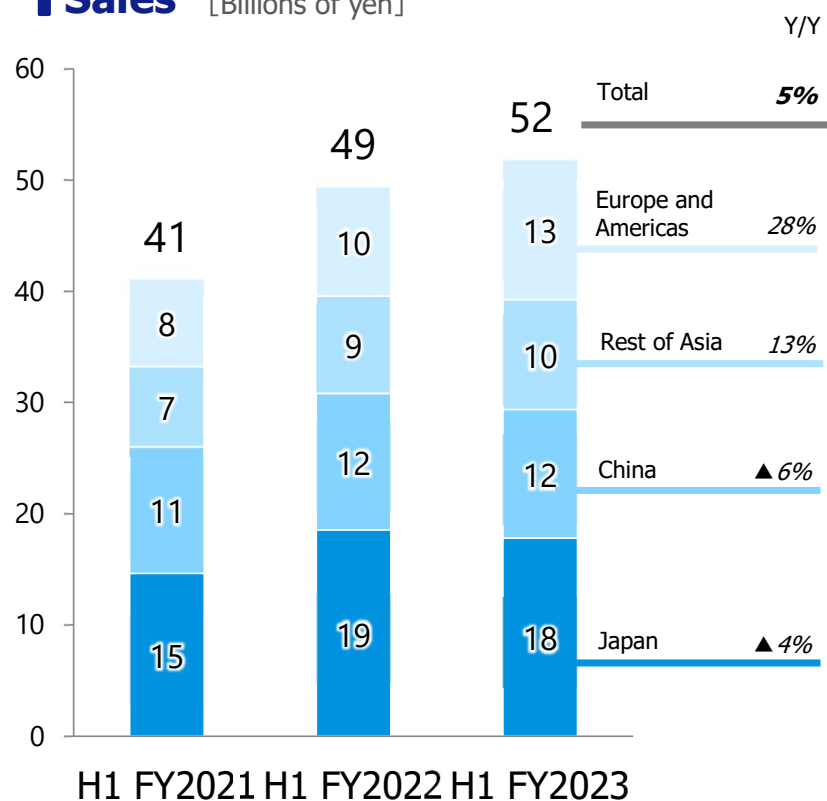


* Gap between total operating profit and the sum of businesses is consolidation adjustments and unallocated HQ cost such as R&D.

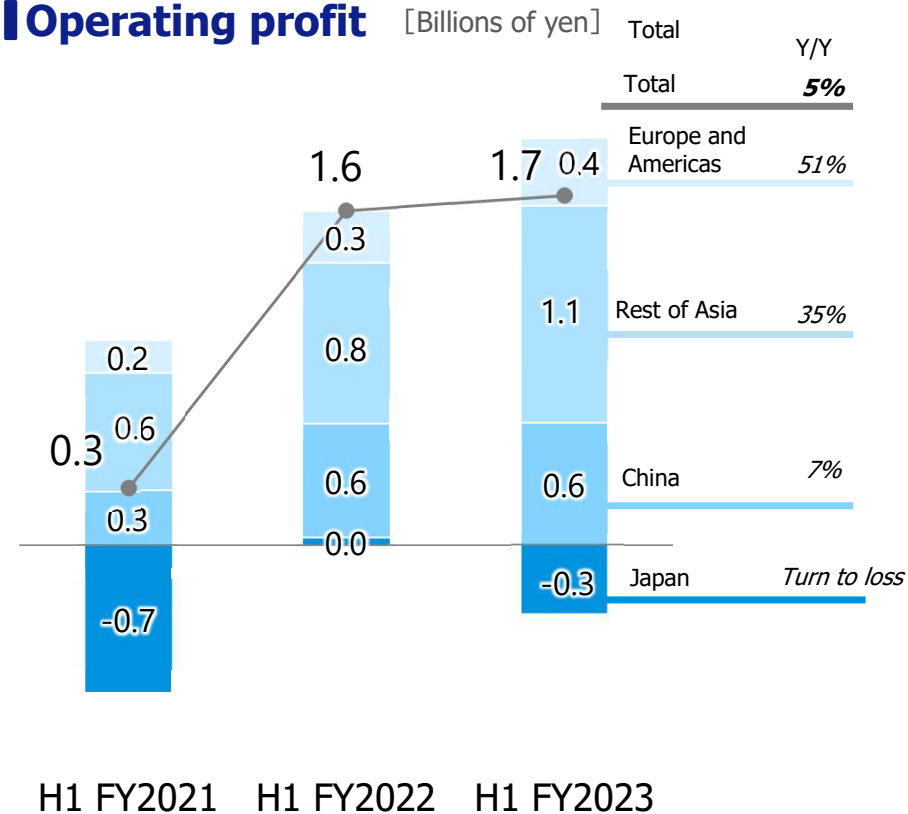
Sales & Profit by Area

- ◆ Sales and profit expansion in Europe and Americas where Tamura intend to grow
- ◆ Operating loss in Japan due to enterprise IT system renewal cost

Sales [Billions of yen]



Operating profit [Billions of yen]

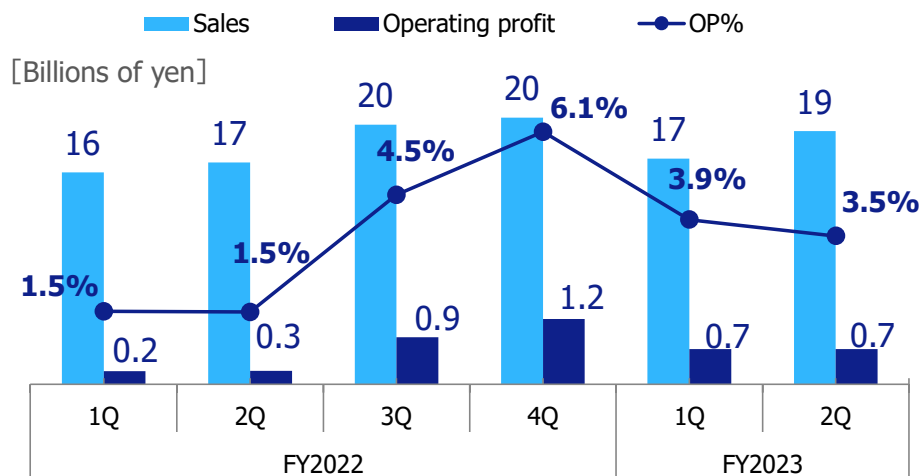


* Japan operating profit includes consolidation adjustments and unallocated HQ cost

Sales & Profit Forecast: Electronic Components

- ◆ Sales expansion due to solid demands for large transformers and LED buttons, as well as JPY depreciation
- ◆ Improved operating profit due to price revisions and product mix

[Billions of yen]	H1 FY2022 Actual	H1 FY2023 Actual	Y/Y	H1 FY2023 Forecast*
Sales	33	36	10.4%	35
Operating profit	1	1	163.1%	1
OP %	1.5%	3.7%	2.1pt	3.0%



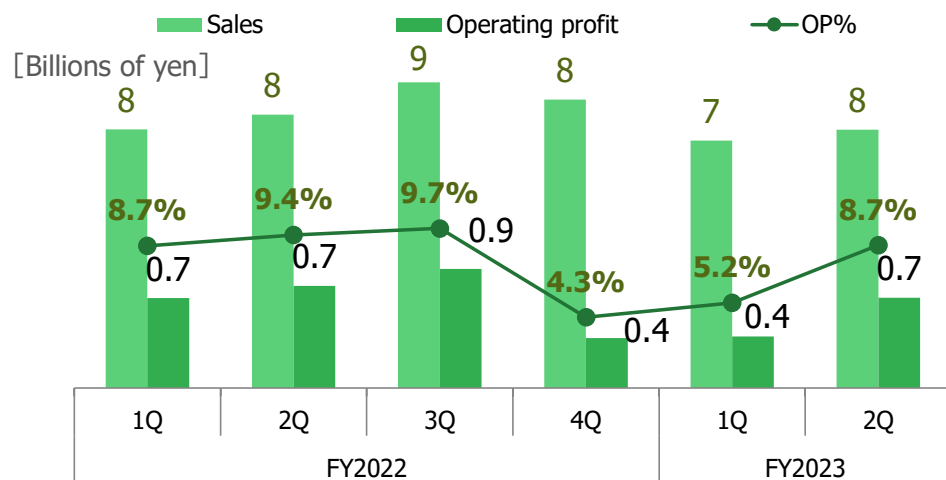
[Billions of yen]	H1 FY2022 Actual	H1 FY2023 Actual	%	Y/Y
Sales by product	33	36	100.0%	10.4%
Coils & reactors	10	11	31.5%	14.0%
Transformers	4	5	12.9%	11.9%
Large transformers & reactors	3	5	13.0%	68.1%
AC adapters & chargers	8	5	14.7%	▲35.1%
Power supply・Module・Ceramics, etc.	5	7	19.0%	27.3%
LED	2	3	9.0%	45.2%
Sales by market	33	36	100.0%	10.4%
Industrial machinery	9	10	28.6%	19.5%
Energy	4	6	15.9%	36.6%
Transportation & auto	3	3	9.5%	24.6%
Home	15	14	37.2%	▲8.0%
Information & communications・AV, etc.	3	3	8.8%	26.9%

* Forecast announced at financial results briefing held on May 17, 2023

Sales & Profit Forecast: Electronic Chemicals & Soldering Systems

- ◆ Decline in sales and profit due to Chinese market slowdown and weak demand for semiconductors
- ◆ Moderate recovery in profitability after bottoming out in FY2022 4Q

[Billions of yen]	H1 FY2022 Actual	H1 FY2023 Actual	Y/Y	H1 FY2023 Forecast*
Sales	15	15	-4.9%	15
Operating profit	1	1	-26.3%	1
OP %	9.0%	7.0%	-2.0pt	5.1%



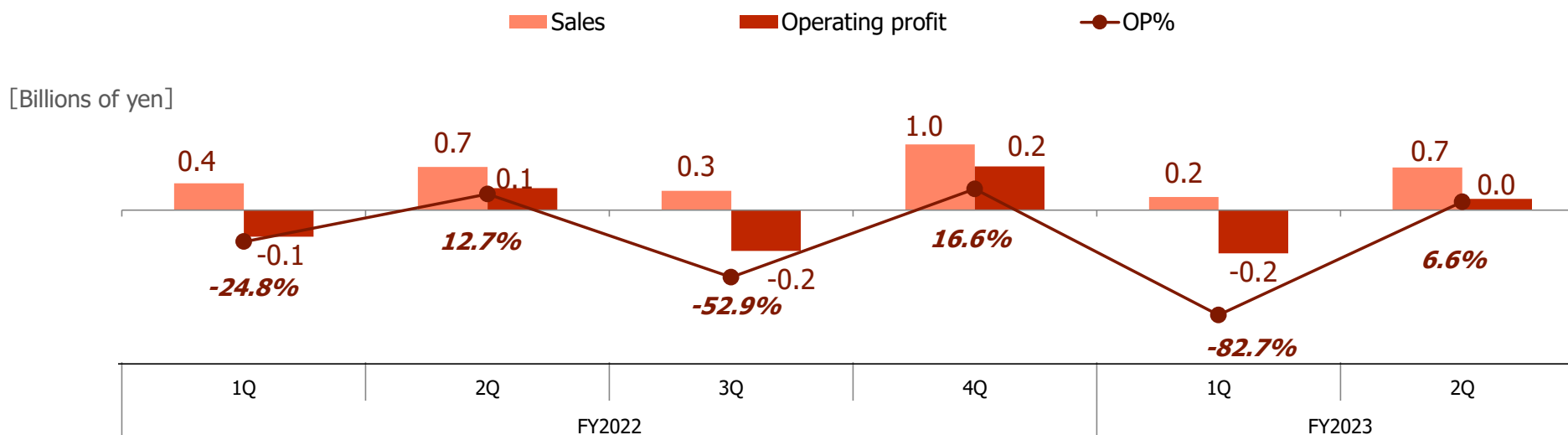
[Billions of yen]	H1 FY2022 Actual	H1 FY2023 Actual	%	Y/Y
Sales by product	15	15	100.0%	-4.9%
Solder paste	9	9	60.0%	-4.0%
Solder resist	3	2	15.8%	-24.3%
Flux	1	1	7.9%	-1.9%
Soldering Systems	2	2	16.4%	19.4%

* Forecast announced at financial results briefing held on May 17, 2023

Sales & Profit Forecast: Information Equipment

◆ Sales decline yoy due to lack of one-off factor included in FY2022 and continued operating loss recorded

[Billions of yen]	H1 FY2022	H1 FY2023	Y/Y	H1 FY2023
	Actual	Actual		Forecast*
Sales	1	1	-20.4%	1
Operating profit	(0)	(0)	Loss widened	(0)
OP %	-1.6%	-14.3%	-12.7pt	-22.2%



* Forecast announced at financial results briefing held on May 17, 2023

Balance Sheet and Cash Flows

- ◆ Increased inventories. Initiative underway to reduce inventory turnover period to defined targets
- ◆ Turning positive in free cash flow due to significant expansion in operating cash flow

[Billions of yen]

	23/3	23/9	Changes
Cash and bank deposit	14	15	1
Trade receivables	27	27	0
Inventories	26	26	1
Tangible fixed assets	29	30	1
Total assets	112	115	4
Accounts payable	14	14	0
Interest-bearing debt	35	35	0
Net assets	53	55	2
Total liabilities and net assets	112	115	4

	23/3	23/9	Changes
Equity ratio	47.1%	47.7%	0.6pt

Cash Flows	22/9	23/9	Changes
Cash flows from operating activities	-1.0	3.8	4.8
Cash flows from investing activities	-1.2	-1.3	-0.1
Cash flows from financing activities	0.9	-1.9	-2.8
Free cash flows	-2.2	2.4	4.6
Increase/decrease in cash and cash equivalents	-0.2	1.1	1.3
Cash and cash equivalents at end of year	12.7	14.7	-

2. FY2023 FORECAST

(APRIL 1, 2023 TO MARCH 31, 2024)

FY2023 Forecast

◆ FY2023 forecast unchanged in the backdrop of mixed conditions among markets

[Billion yen]		FY2022	FY2023			Y/Y
		Actual	H1 Actual	H2 Forecast	FY Forecast	
Sales		108	52	56	108	0.0%
Operating profit (%)		5 (4.5%)	2 (3.3%)	3 (5.1%)	5 (4.3%)	▲4.7%
Ordinary profit		4	2	2	4	▲5.3%
Net profit		2	0	1	1	▲36.5%
Exchange rate USD-JPY	Average	134.39	139.00	138.00		2.7%
	End of term	133.53	149.58	138.00		3.3%

Including
Extraordinary
loss related
pension buyout

FY2023 Forecast by Business & Area

- ◆ Profit decrease expected due to HQ cost increase
- ◆ Sales and profit expected to expand in Europe and Americas

Business	FY2022	FY2023	
[Billions of yen]	Actual	Forecast	Y/Y
Sales	108.0	108.0	0.0%
Electronic Components	73.0	73.0	0.0%
Elec Chemicals & Soldering Systems	32.8	31.6	▲3.5%
Information Equipment	2.4	3.4	39.1%
Operating profit	4.8	4.6	▲4.7%
Electronic Components	2.6	2.5	▲5.4%
Elec Chemicals & Soldering Systems	2.6	2.7	2.8%
Information Equipment	(0.0)	0.4	Return to positive
Others	(0.4)	(1.0)	-
OP %	4.5%	4.3%	▲0.2pt
Electronic Components	3.6%	3.4%	▲0.2pt
Elec Chemicals & Soldering Systems	8.0%	8.5%	0.5pt
Information Equipment	▲0.3%	11.8%	12.0pt

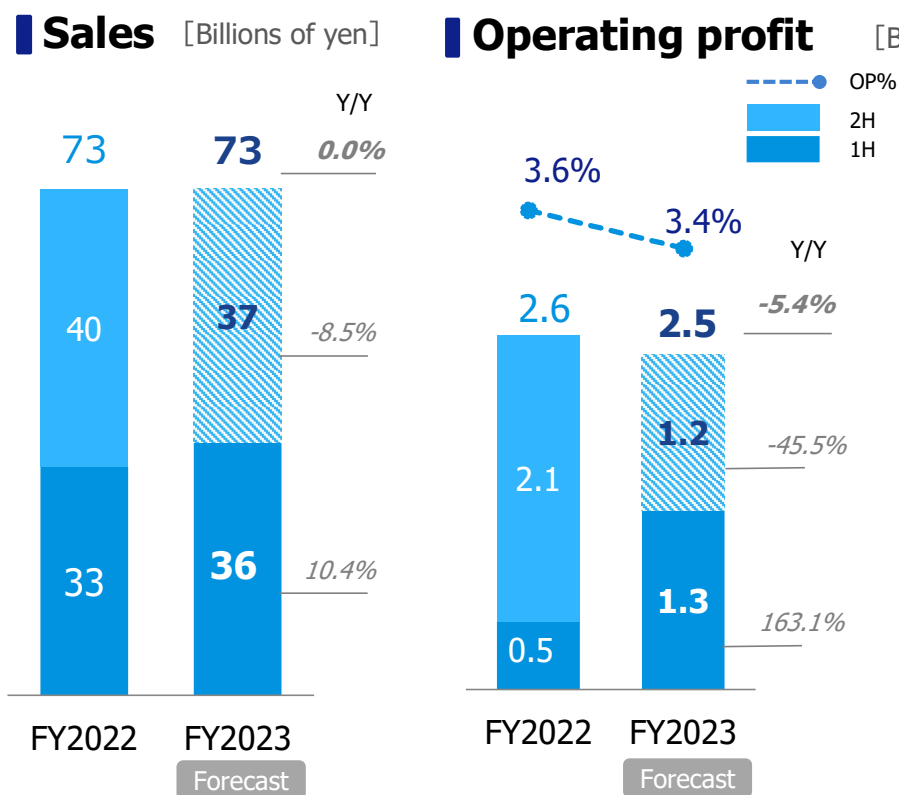
Area	FY2022	FY2023		
[Billions of yen]	Actual	Forecast	%	Y/Y
Sales	108.0	108.0	100.0%	0.0%
Japan	39.0	38.0	35.2%	▲2.4%
China	29.0	25.0	23.1%	▲13.7%
Rest of Asia	19.9	19.4	18.0%	▲2.5%
Europe and Americas	20.2	25.6	23.7%	26.9%
Operating profit	4.8	4.6	100.0%	▲4.7%
Japan*	0.3	0.1	2.2%	▲68.7%
China	2.1	1.7	37.0%	▲17.6%
Rest of Asia	2.1	2.0	43.5%	▲4.2%
Europe and Americas	0.4	0.8	17.4%	123.1%

Including JPY 0.5bn enterprise IT system renewal cost
(forecasted to occur over a few years)

* Japan operating profit includes such as HQ cost.

Sales & Profit Forecast: Electronic Components

- ◆ Weak demand expected in chargers for power tools, transformers and reactors for industrial machinery and reactors for air conditioners
- ◆ Slightly lower profits expected due to weak second half



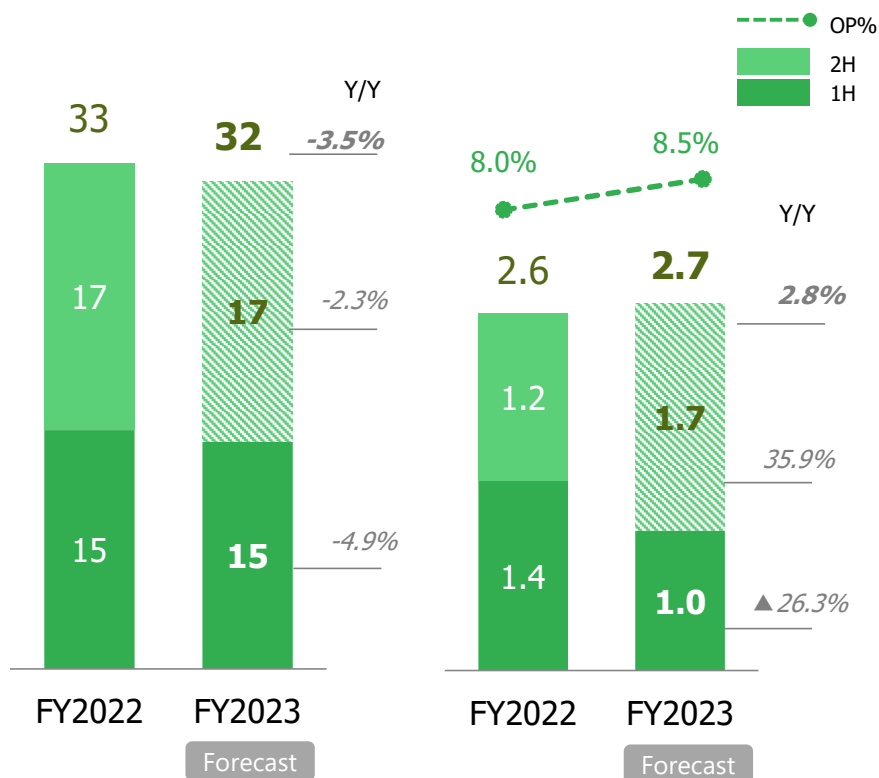
* Please refer S37 for quarterly forecast.

	FY2022 Actual	FY2023		
		Forecast	%	Y/Y
Sales by product	73	73	100.0%	0.0%
Coils & reactors	22	24	32.5%	6.8%
Transformers	10	9	12.5%	-5.7%
Large transformers & reactors	6	11	14.4%	62.7%
AC adapters & chargers	18	10	13.6%	-43.5%
Power supply・Module・Ceramics, etc.	12	13	18.3%	14.9%
LED	5	6	8.7%	17.6%
Sales by market	73	73	100.0%	0.0%
Industrial machinery	19	20	27.8%	7.6%
Energy	10	13	17.9%	34.2%
Transportation & auto	6	8	10.4%	25.8%
Home	32	26	35.2%	-20.0%
Information & communications・AV, etc.	6	6	8.8%	2.7%

Sales & Profit Forecast: Electronic Chemicals & Soldering Systems

◆ Despite sales to decrease, profit to remain same level due to recovery of profitability in Chemicals

Sales [Billions of yen]

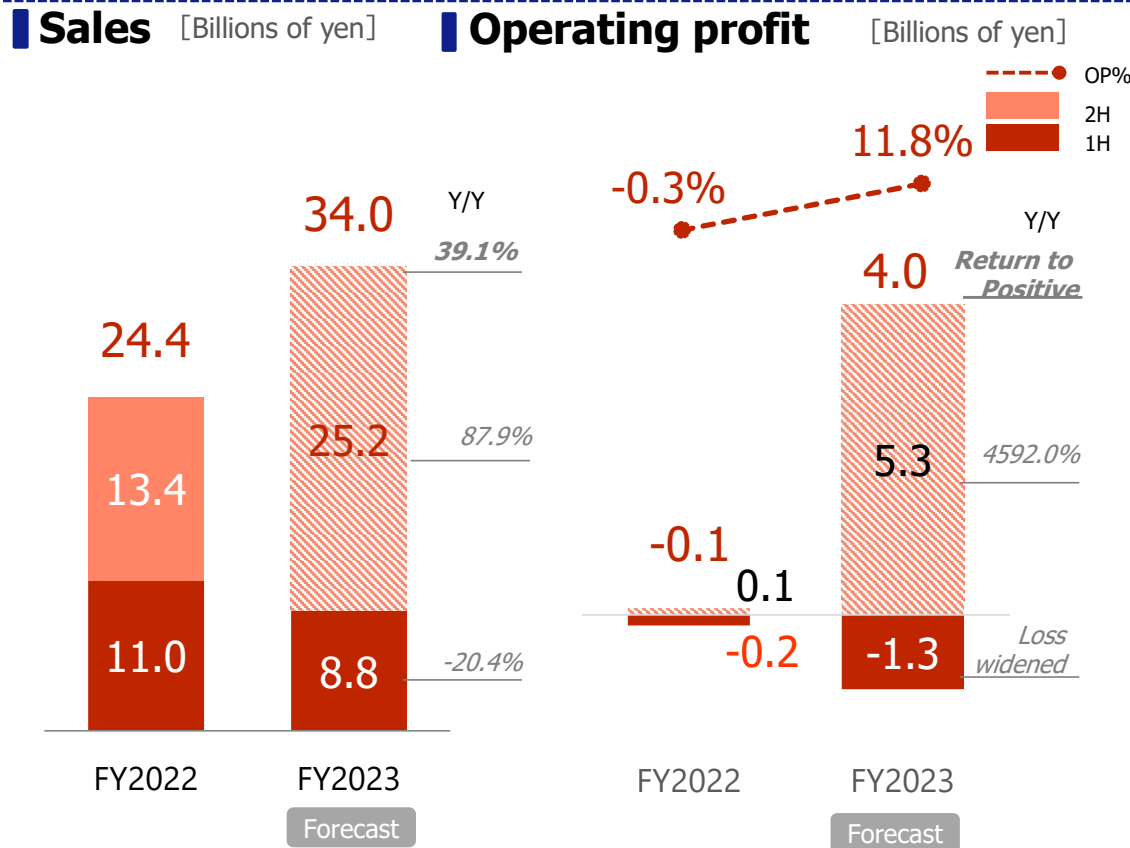


	FY2022	FY2023		
	Actual	Forecast	%	Y/Y
Sales by product	33	32	100.0%	-3.5%
Solder paste	20	19	60.1%	-2.9%
Solder resist	6	5	16.7%	-12.3%
Flux	3	3	8.0%	-0.6%
Soldering systems	5	5	15.2%	-1.3%

* Please refer S38 for quarterly forecast.

Sales & Profit Forecast: Information Equipment

◆ Sales to increase and profit to turn positive due to demand for latest network-compatible audio mixing console in 2H



- Suitable for IP-based next-generation broadcasting system
- Reduction in rack space and low power consumption through high-density mounting
- High-performance audio signal processing
- To be exhibited at Inter BEE 2023 (International Broadcast Equipment Exhibition)

* Please refer S38 for quarterly forecast.

Capital Expenditure, Depreciation and R&D

- ◆ Capital expenditure expected to decrease due to completion of large-scale projects
- ◆ R&D cost to increase due to strengthen of elemental technology development as well as development of products for wide bandgap semiconductors

■ Capital Expenditure・Depreciation・R&D*

[Billions of yen]	FY2022	FY2023		
	Actual	Forecast	Changes	Y/Y
Capital expenditure	3.4	2.7	-0.7	-20.3%
Depreciation *Leases include	3.9	3.9	-0.0	-0.6%
R&D (R&D to Sales)	3.5 (3.2%)	4.2 (3.9%)	0.7	19.7%

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

3. PROGRESS OF THE 13TH MEDIUM-TERM MANAGEMENT PLAN

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

- ◆ Business strategy based on the twin pillars of growth and efficiency, and sustainability strategy based on materiality
- ◆ Seeking to create a robust future for the 100th anniversary and beyond with sustainable business growth and corporate value expansion

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%

2024
100th
Anniver-
sary

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

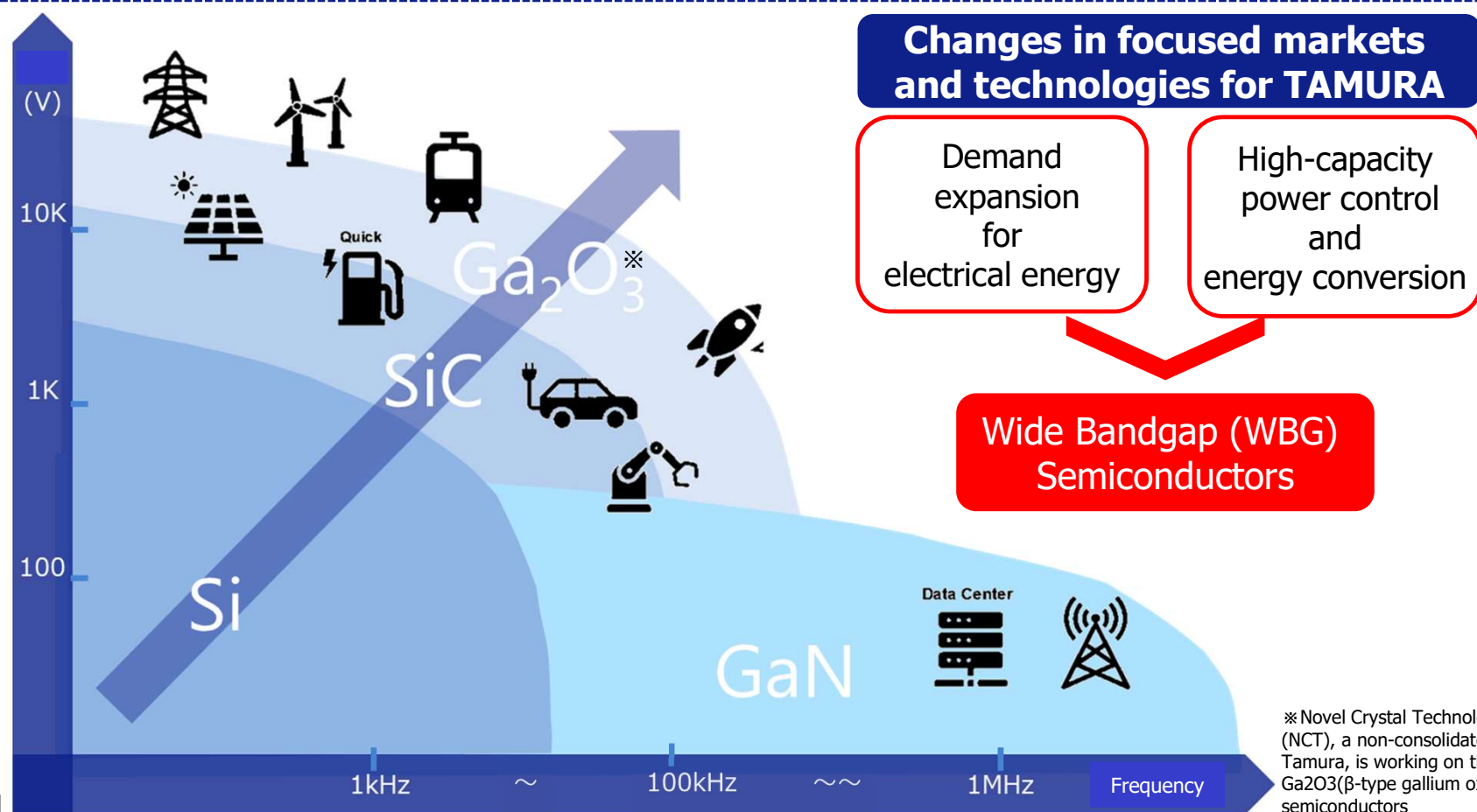
Approach to Medium- to Long-term Growth

- ◆ 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 one and only electronic products**
3. **Leveraging cross business alliance within Tamura Group (One TAMURA) and allocating key technological and management resources to strategic sectors**

Growth of Demand for Wide Bandgap (WBG) Semiconductors

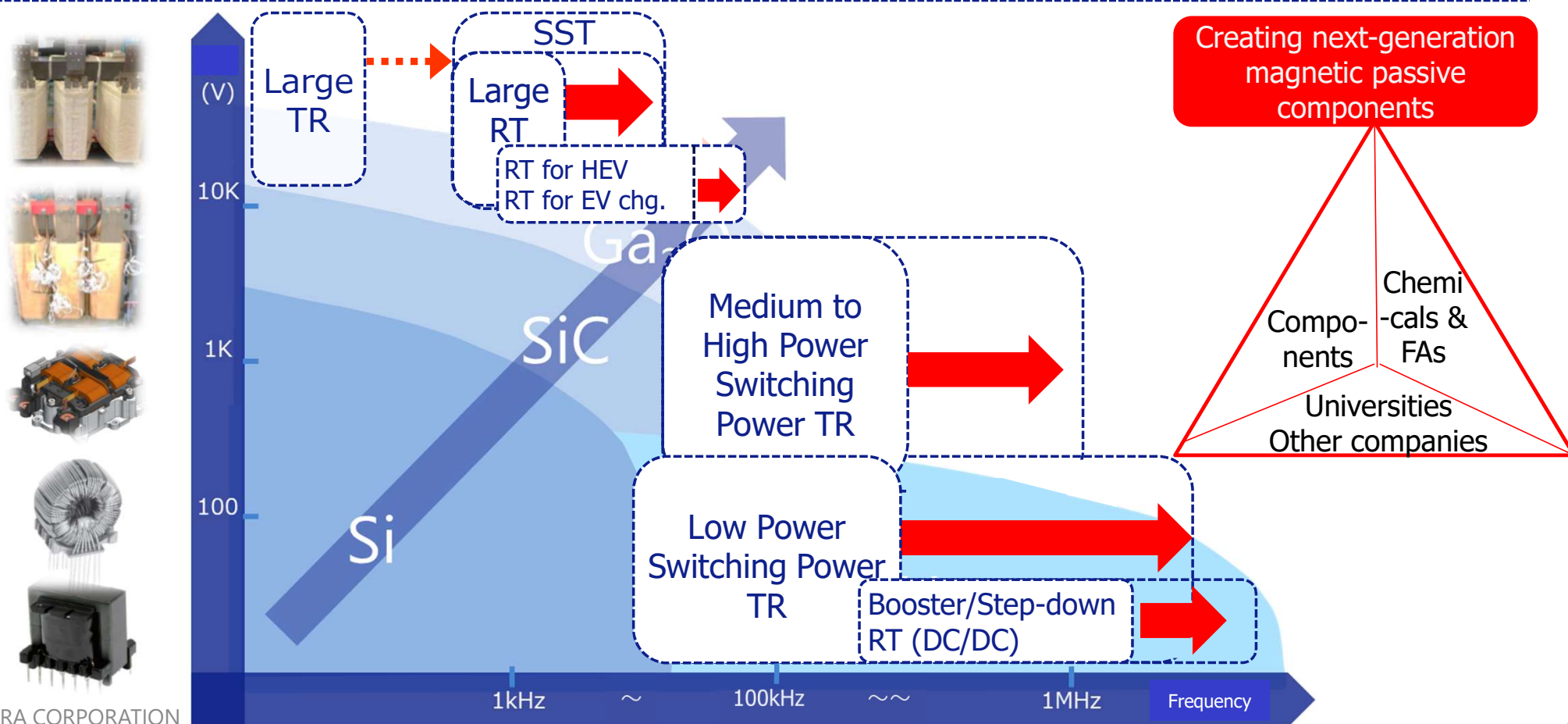
- ◆ Needs for WBG semiconductors increasing due to demand expansion for large-capacity power energy and for higher efficiency in energy conversion



※ Novel Crystal Technology, Inc. (NCT), a non-consolidated affiliate of Tamura, is working on the R&D of β -Ga₂O₃ (β -type gallium oxide) power semiconductors

Creation of Products for Wide Bandgap (WBG) Semiconductors

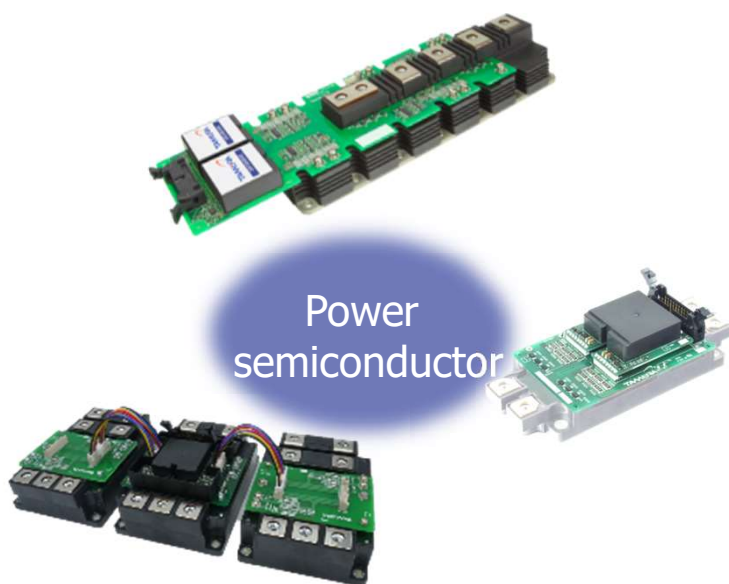
- ◆ Opportunities in the evolution of WBG semiconductors by creating next-generation magnetic passive components differentiated by material technologies



Development of Gate Driver Modules

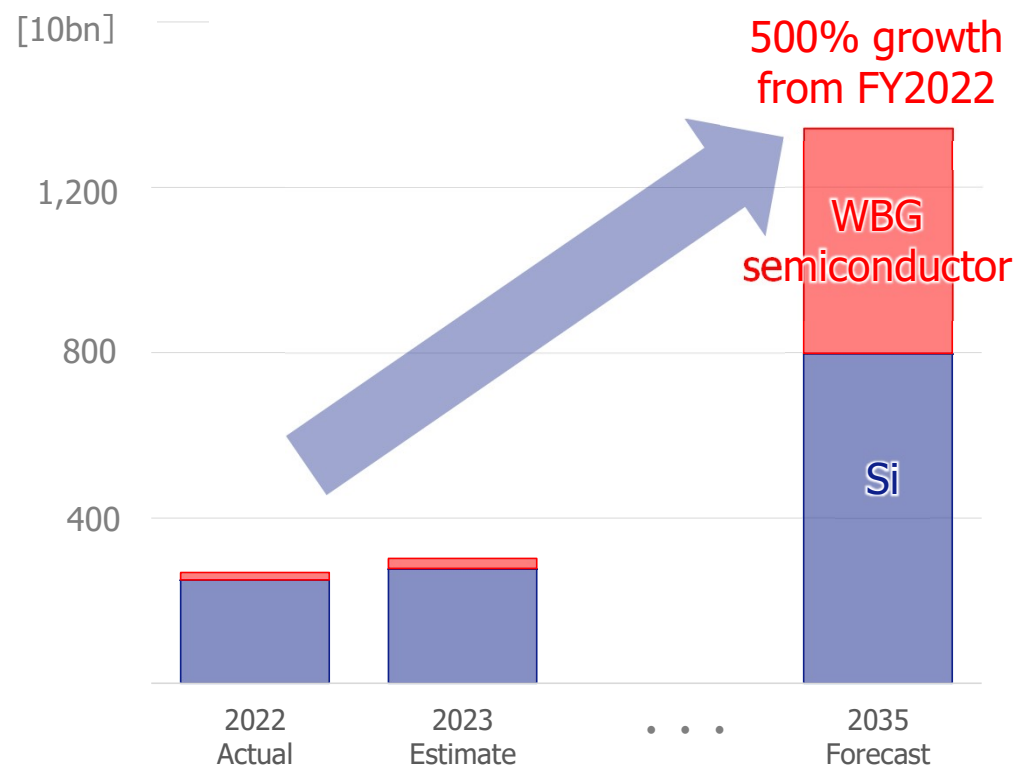
- ◆ To develop and to increase sales of gate driver modules for the market expanding along with evolution to WBG semiconductors

Gate Driver Modules of TAMURA



- Gate driver modules make power semiconductors to operate optimally by matching the specification of inverter

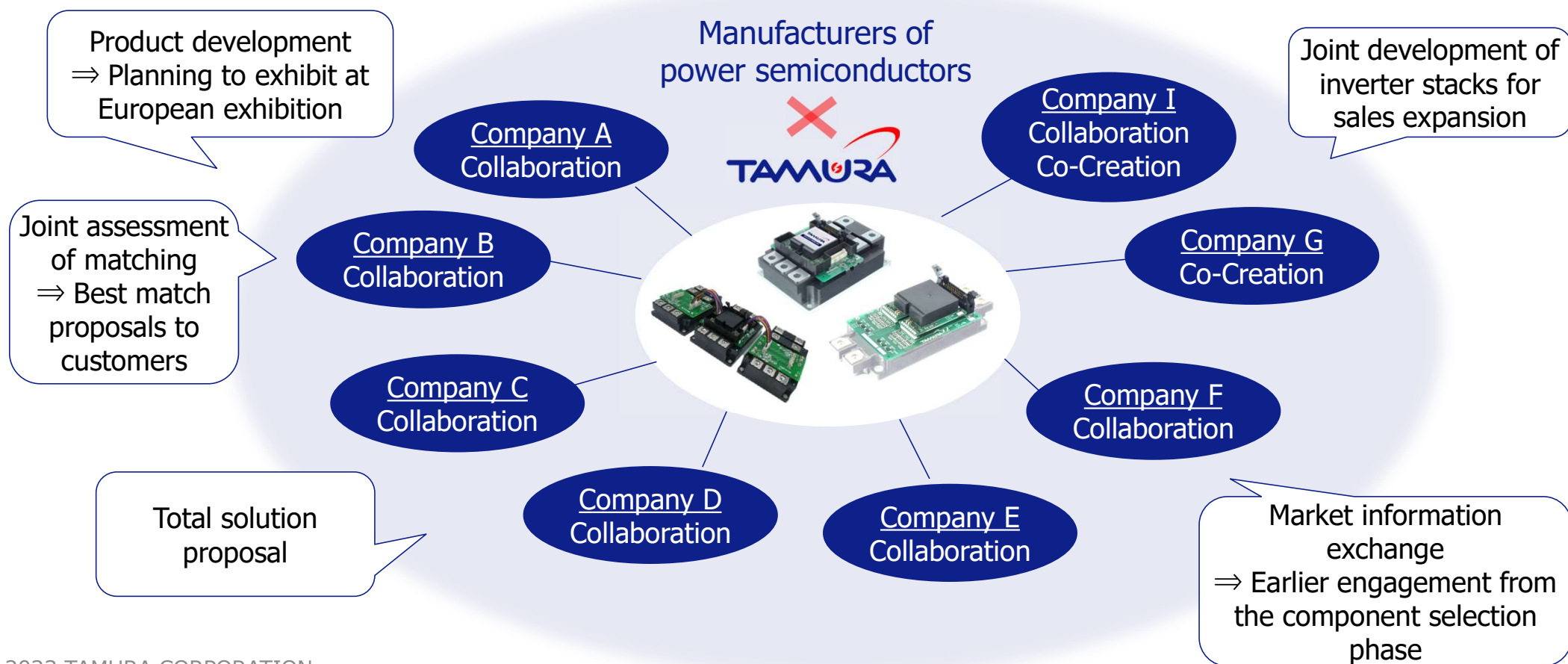
Growth of Power Semiconductor Market



Source : Press release of Fuji Keizai ,10th.April 2023

Sales Strategy of Gate Driver Modules

- ◆ Collaborating and co-creating with Japanese as well as overseas manufacturers of power semiconductors. Focusing on power electronics systems to expand sales



Sales Expansion of Products for Power Electronics Systems

- ◆ Offering a total solution approach combining large transformers & reactors, gate driver modules and current sensors

Tamura's Key Components for Power Electronics Systems



Large transformers
& reactors

- Used in large-scale power generation systems or high-voltage DC transmission (HVDC)
- Completed plant expansion in Mexico

Power
semiconductor



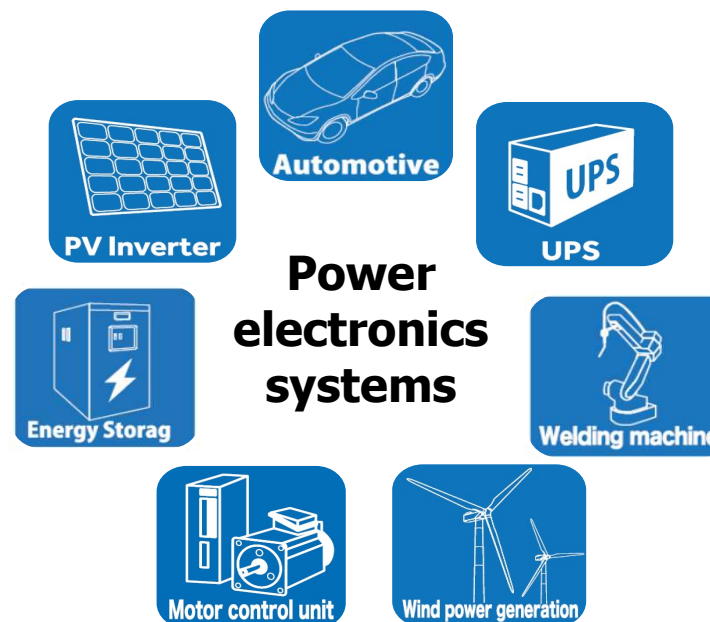
Gate driver modules



Current sensors

- Detect current which controls inverter's operation

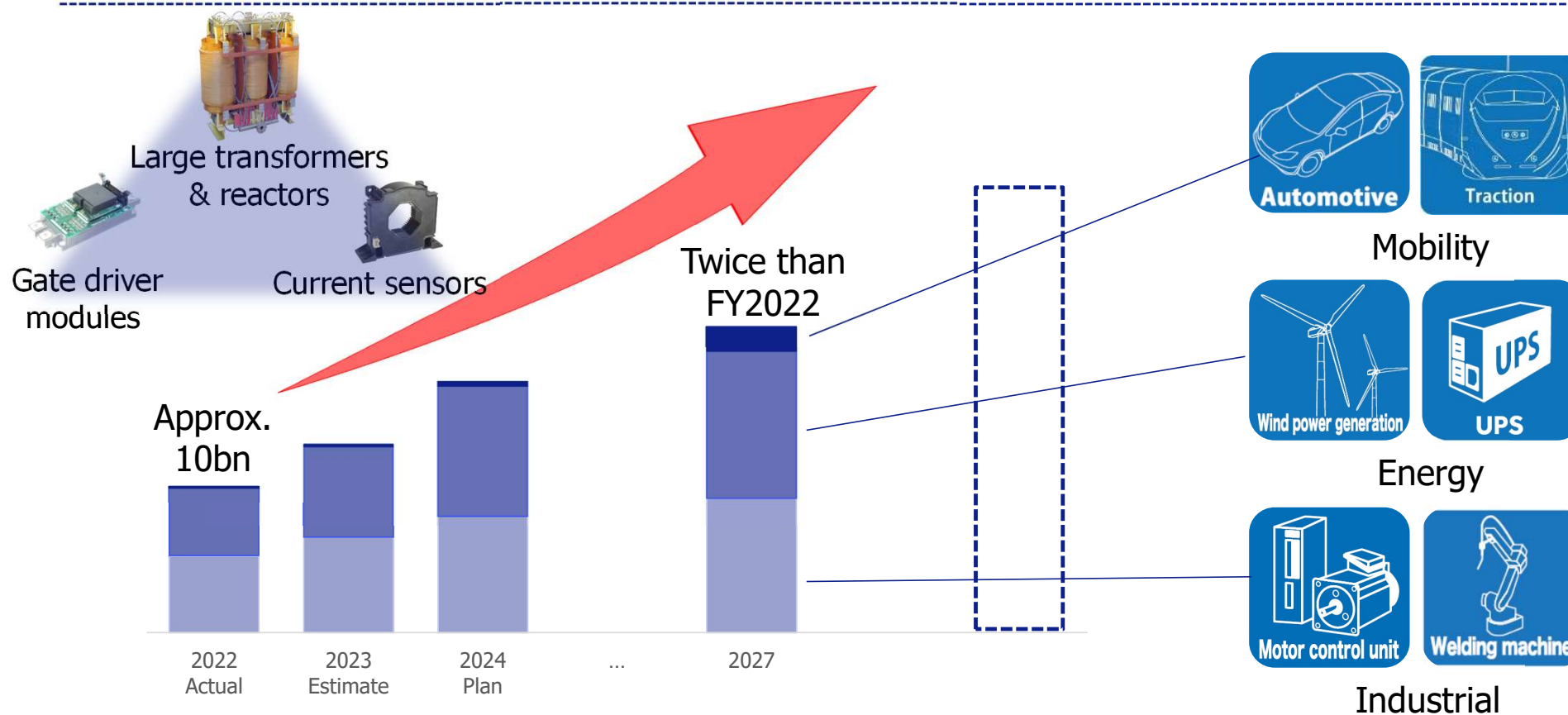
Total Solution Proposal



- Providing key components as a total package which determine the properties of power electronics systems

Sales Expansion with Total Solution

- ◆ Making proposal for total solution to seize opportunity of demand growth in data center market and renewable energy market especially in US



High Heat Resistant Soldering Materials for Power Electronics Systems

- ◆ Developed high heat resistant soldering materials for power electronics systems and started to introduce to customers.
- ◆ Researching and developing more advanced soldering materials

High Heat Resistant Soldering Materials for Power Electronics Systems

Points	Requirements		High heat resistant soldering materials
Soldering temperature	Low	Energy saving	△
Pressurization	Not required	Process curtailment	○
Environmental burden	Low	Environment friendly	○
TCT tolerance ※1	High	Tolerance of hyperthermic stress	○
PCT tolerance ※2	High	Tolerance of high humidity	△
Thermal conductivity	High	Good heat dissipation	△
Cost	Low	Cost reduction	△

Introducing to customers



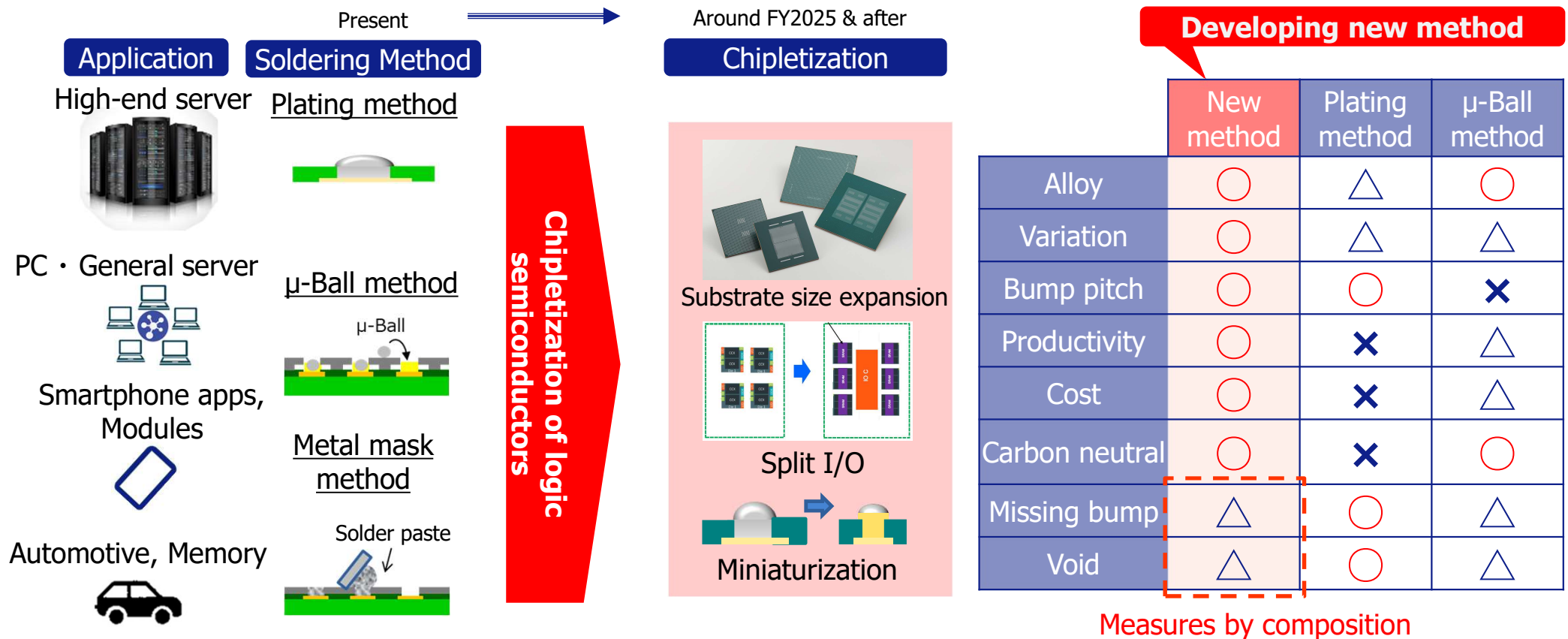
New R & D

WBG semiconductor

Researching and developing next-generation soldering materials

Requirements for Soldering Materials for Logic Semiconductors

- ◆ Chipletization of logic semiconductor expected due to needs for higher performance
- ◆ Researching and developing with semiconductor substrate manufacturers for new soldering method superior in alloy composition, productivity and cost



4. SUMMARY

Summary

H1 FY2023 Financial Results

- Sales expansion due to price revision and foreign exchange rate. Operating profit increase yoy, significantly ahead of forecast
- Net profit reduction due to extraordinary loss related UK subsidiary's pension buyout
- Sales and profit decline in Chemicals & Soldering Systems due to market condition and loss widened in Information Equipment. Sales and profit increase in Components

FY2023 Forecast

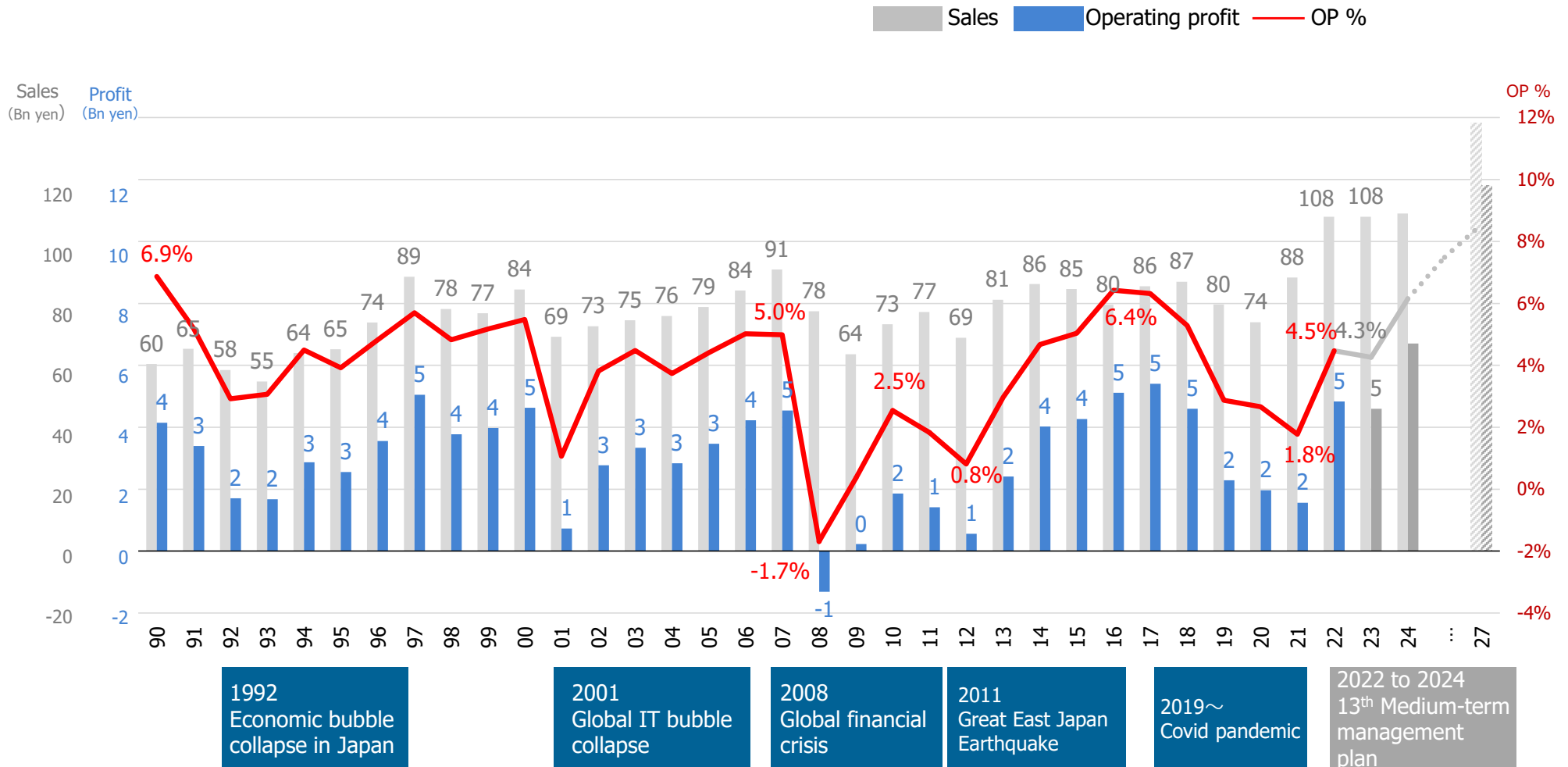
- FY2023 forecast unchanged in the backdrop of mixed condition among markets
- Components: Weak demand expected in main products (chargers, transformers and reactors), slightly lower profits expected
- Chemicals/Soldering systems: Despite sales to decrease, profit to remain same level due to recovery of profitability in Chemicals
- Information Equipment : Sales to increase and profit to turn positive due to demand for latest network-compatible audio mixing console in 2H

The 13th Medium-Term Management Plan

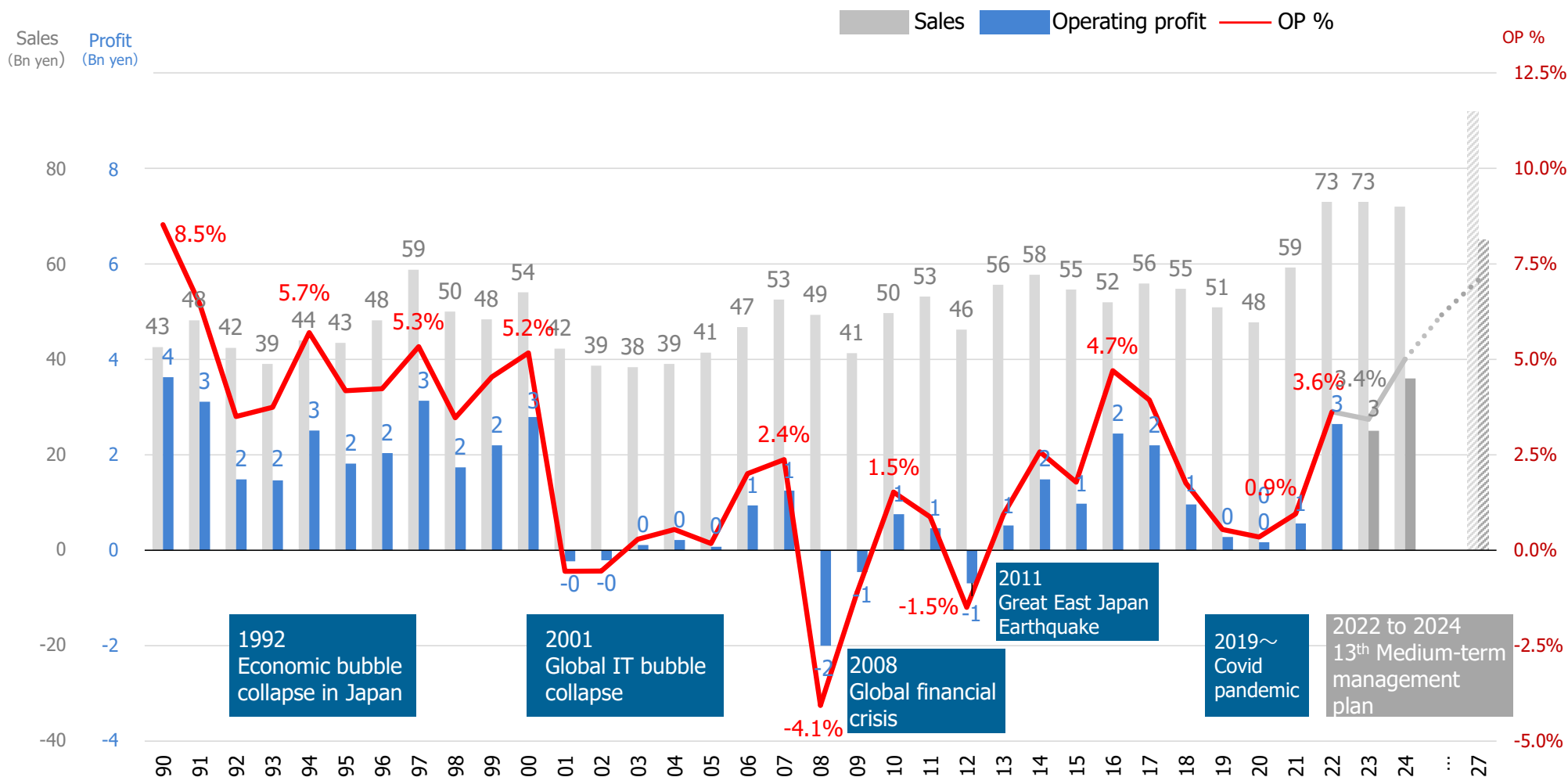
- Focusing on power electronics systems market, which to expand with carbon neutrality, growth sought with strengthening products and technologies development

【APPENDIX】 REFERENCE

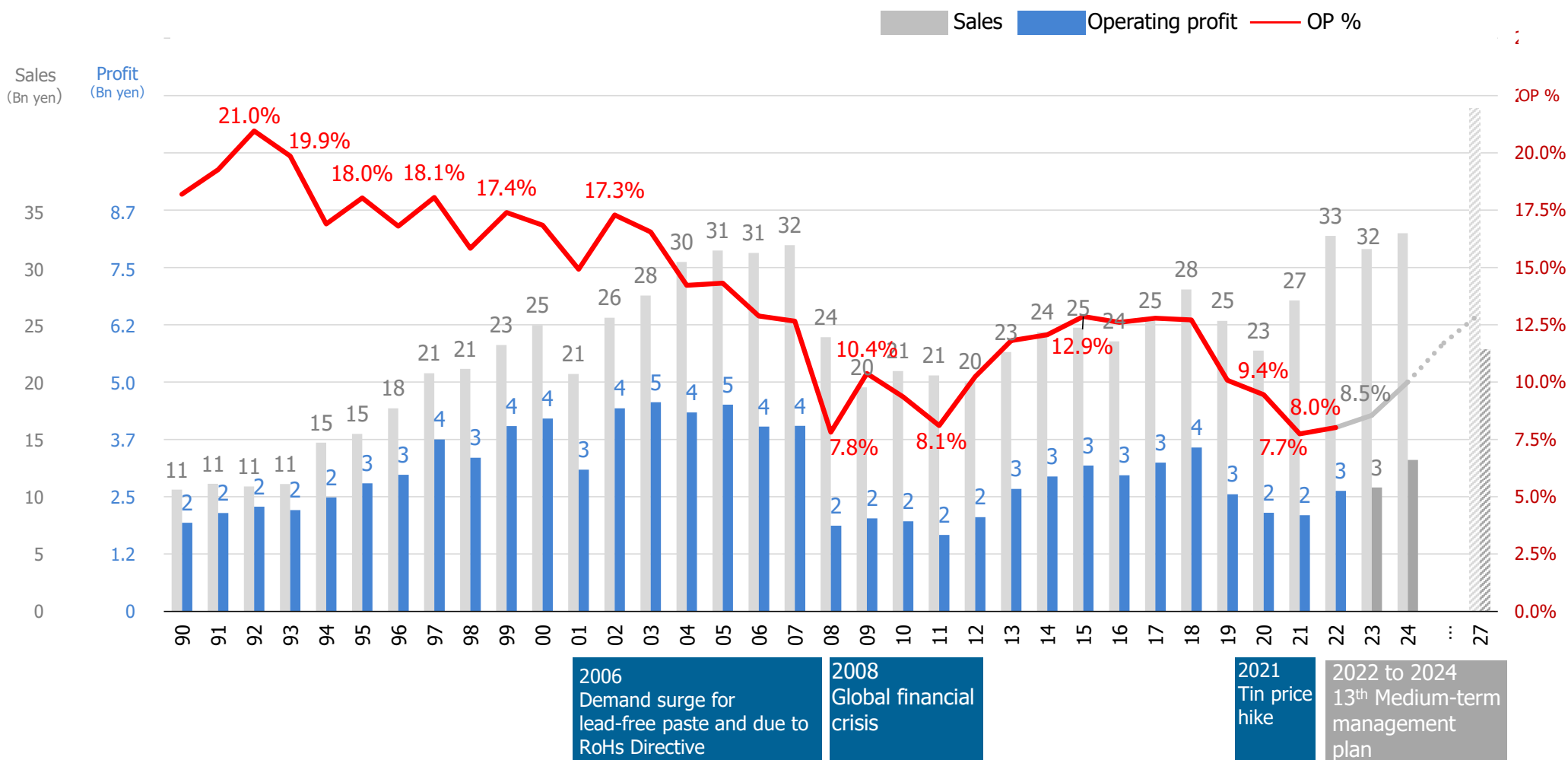
Sales and Operating Profit



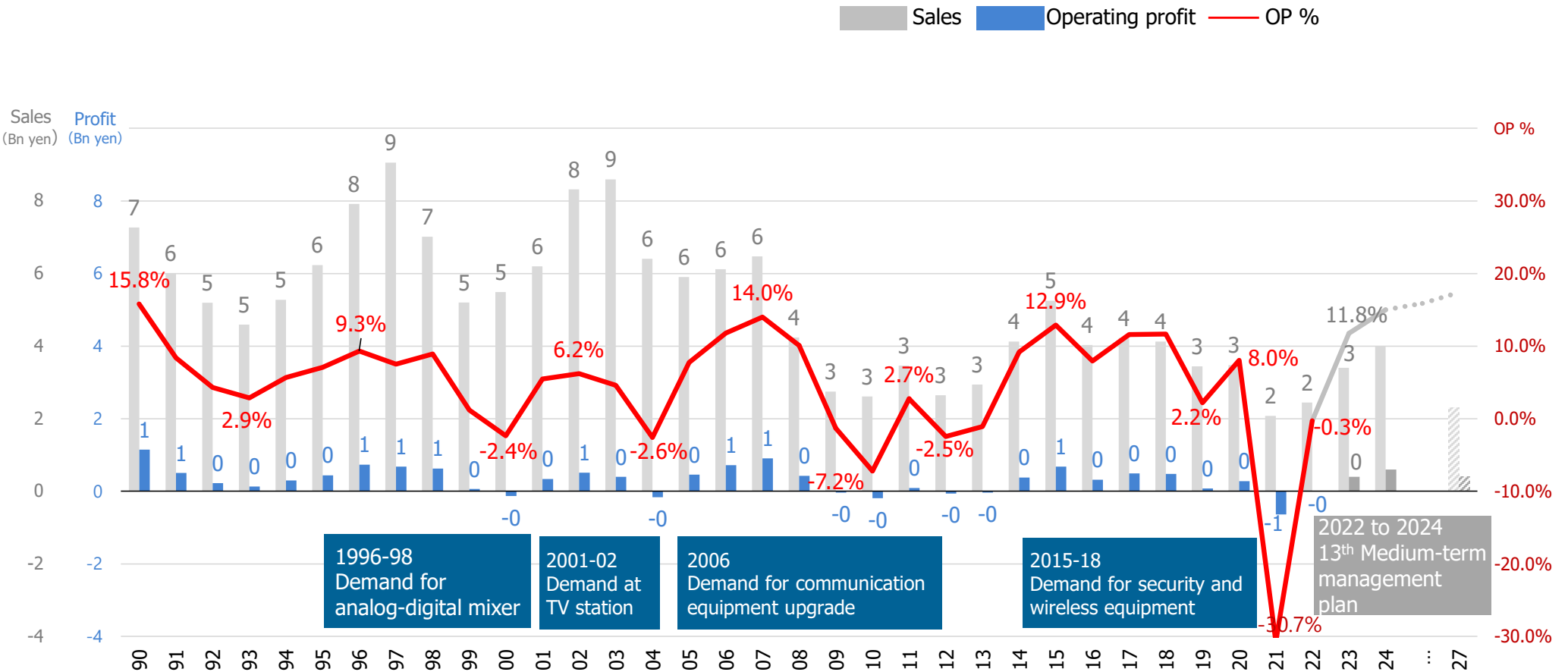
Electronic Components: Sales and Operating Profit



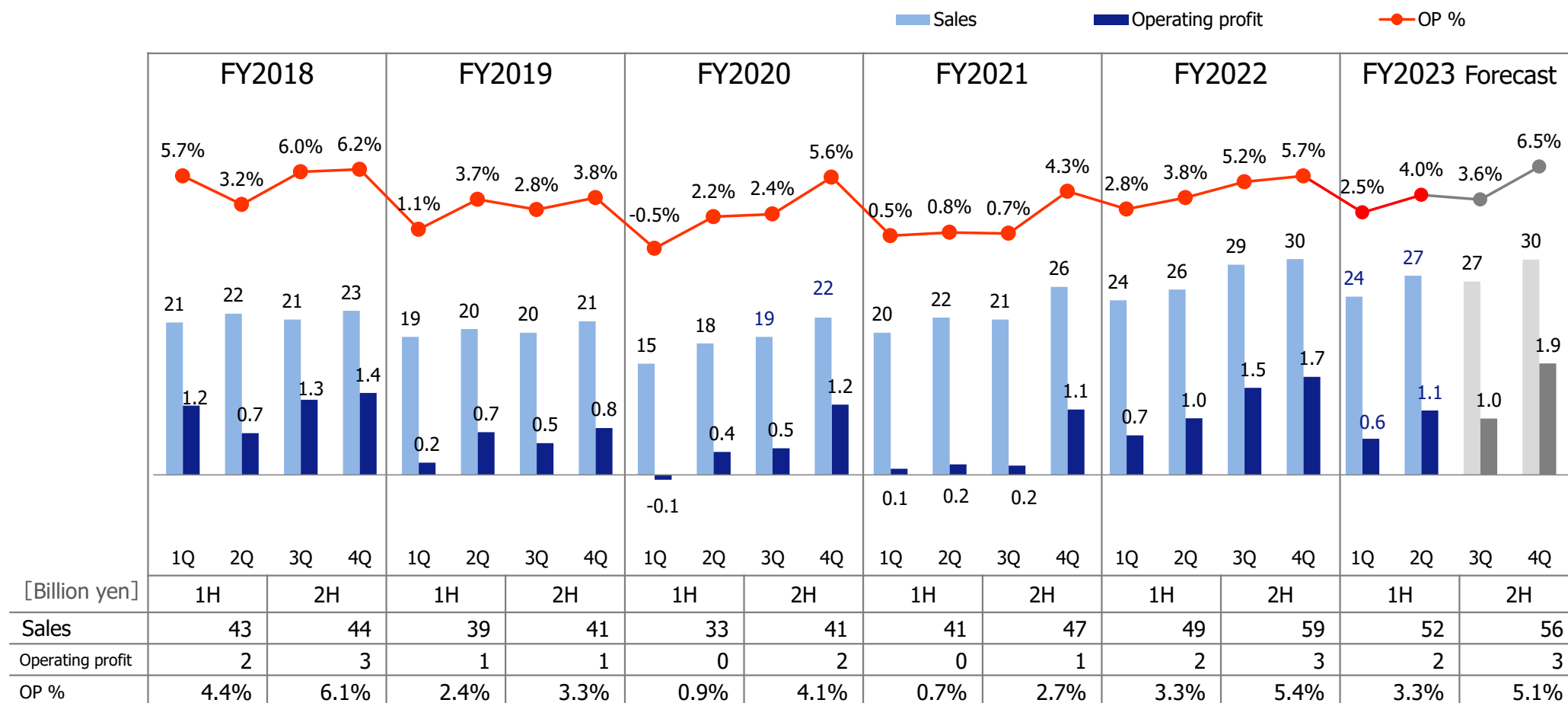
Electronic Chemicals & FA systems: Sales and Operating Profit



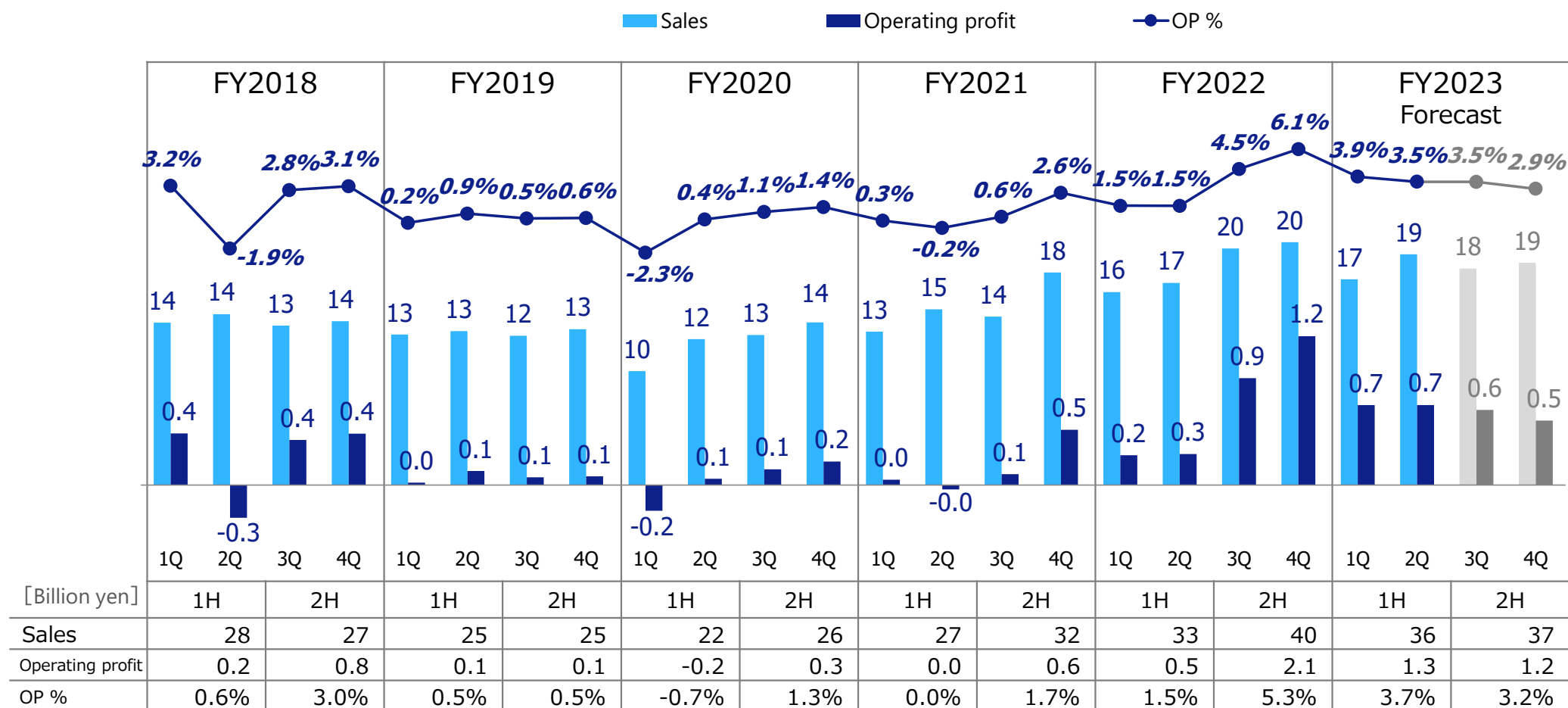
Information Equipment: Sales and Operating Profit



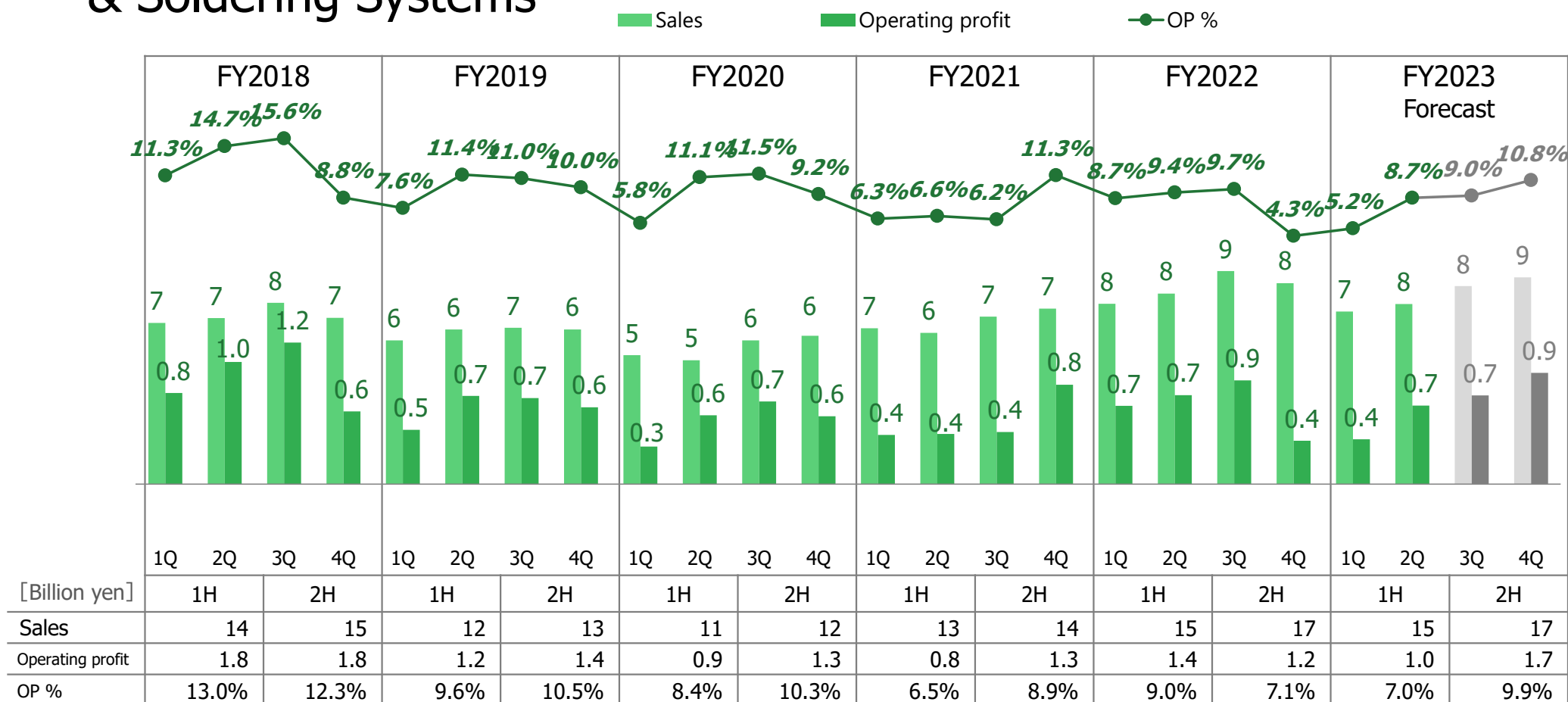
Sales & Profit Quarterly Trend



Quarterly Forecast of Sales & Profit by Electronic Components



Quarterly Forecast of Sales & Profit by Electronic Chemicals & Soldering Systems



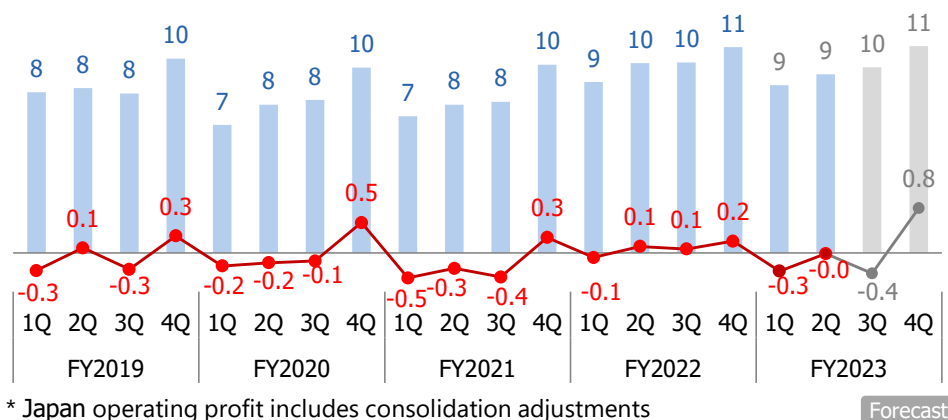


Quarterly Forecast of Sales & Profit by Area

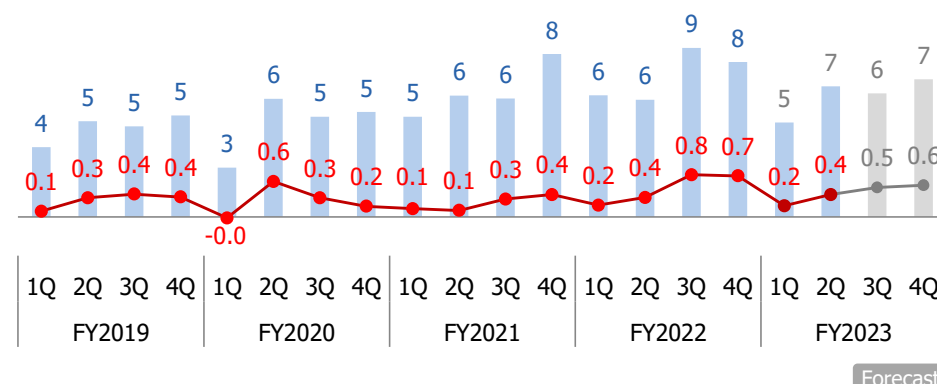
Sales

Operating profit
[Billion yen]

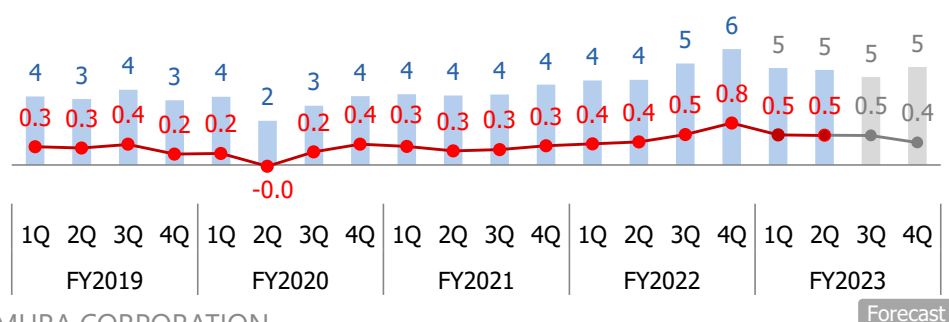
Japan



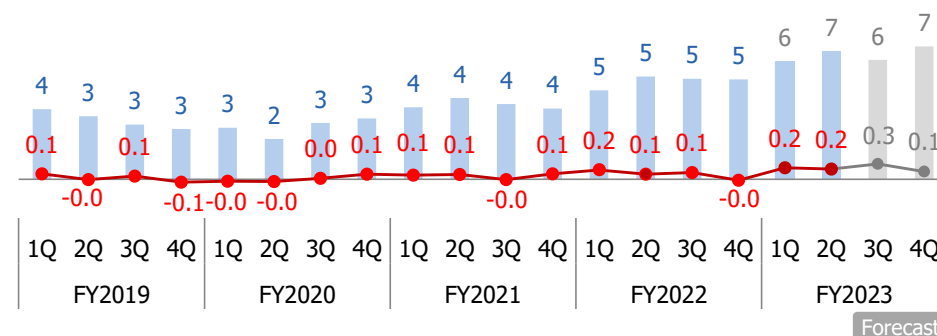
China



Rest of Asia

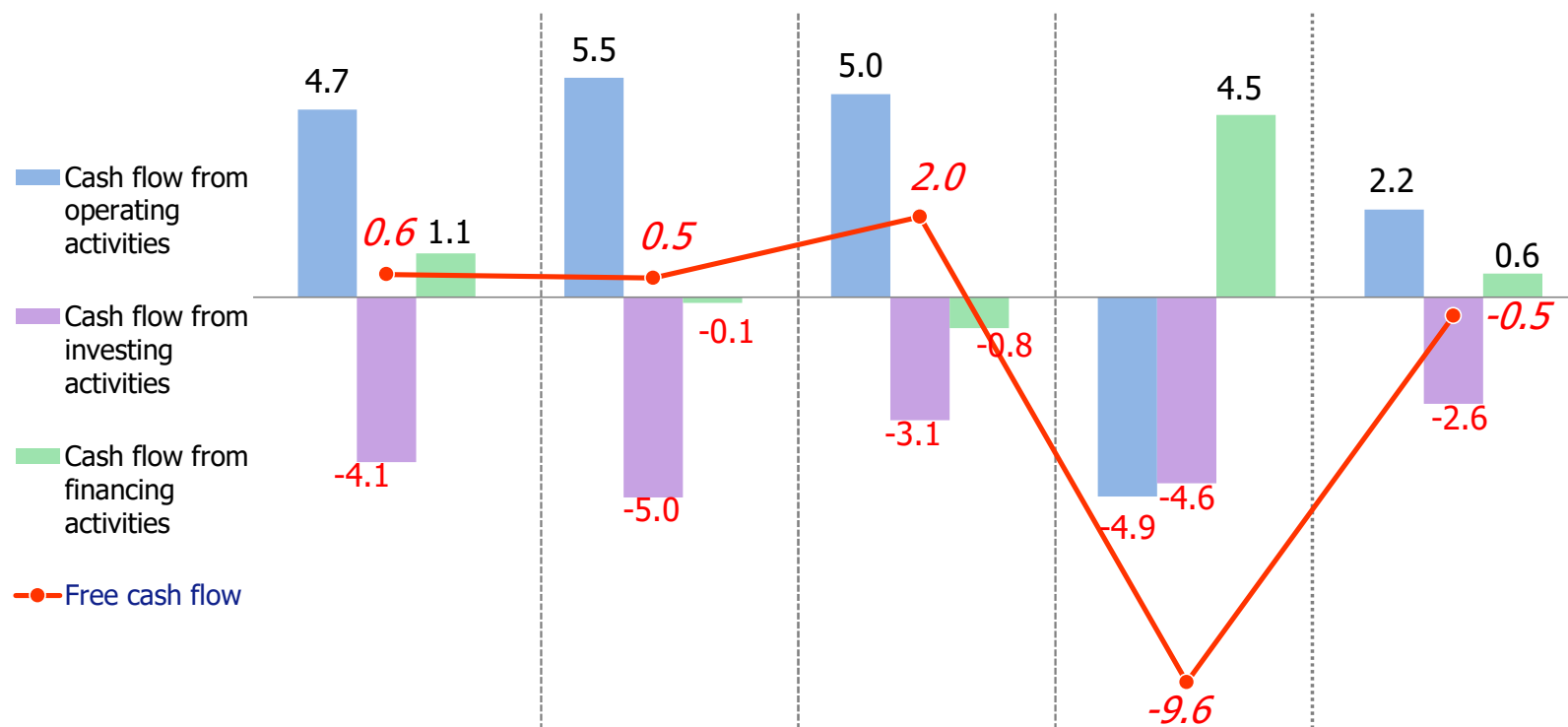


Europe and Americas



Cash Flow

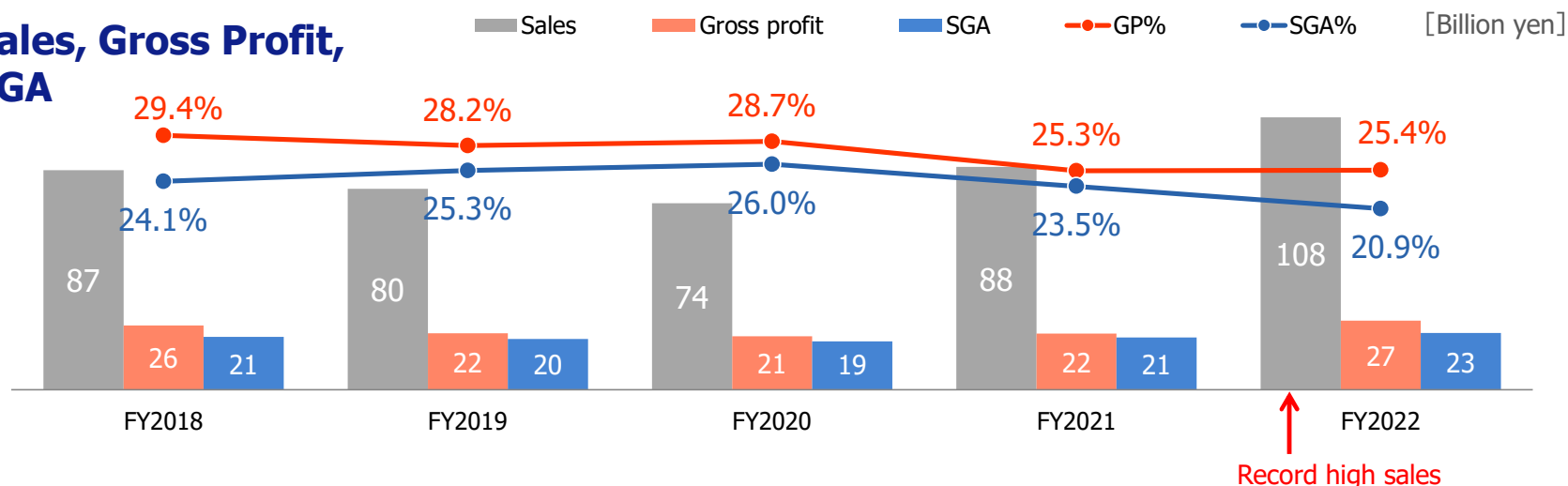
[Billion yen]



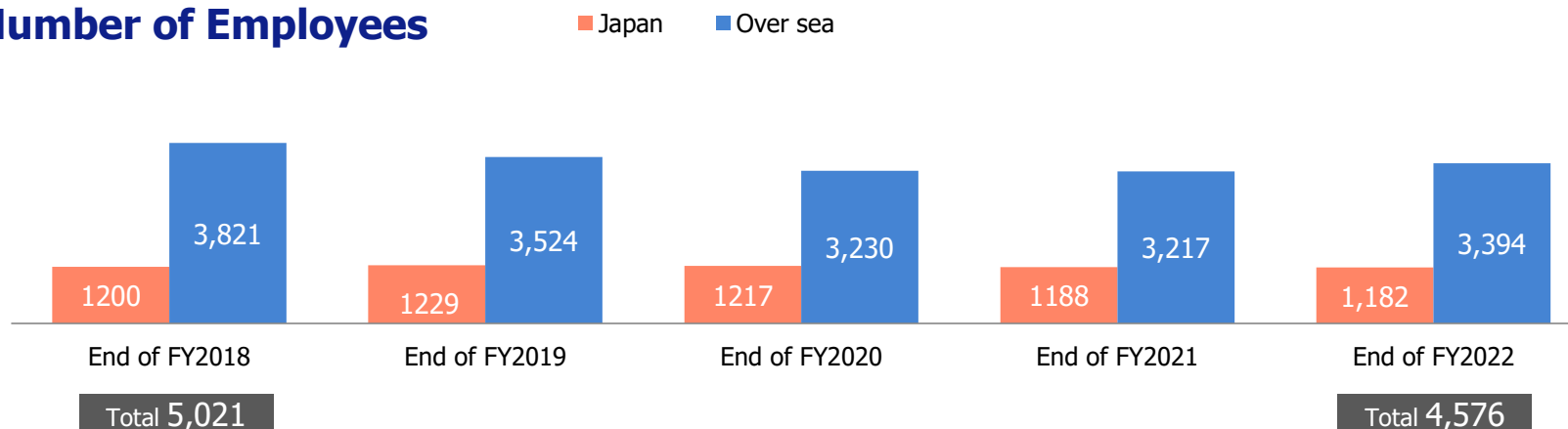
	FY2018	FY2019	FY2020	FY2021	FY2022
Increase/decrease in cash and cash equivalents	1	0	1	(4)	1
End of financial year	16	16	17	13	14

Sales, Gross Profit, SGA and Number of Employees

Sales, Gross Profit, SGA



Number of Employees

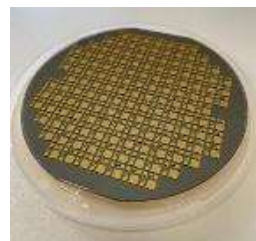
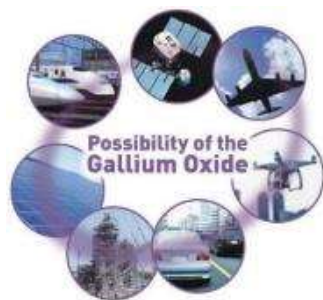


Contributing to Carbon Neutrality

~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 β -type gallium oxide (β -Ga₂O₃) 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



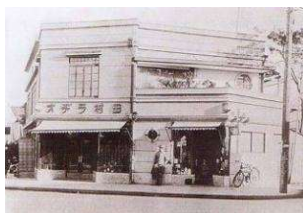
- Developing, manufacturing & supplying β -Ga₂O₃ homo-epitaxial wafers & devices

- β -Ga₂O₃: 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
- December 2022: Developed Crystal defect imaging technology of gallium oxide power semiconductors
- April 2023: Operation succeed as 350W output power continuous current power factor correction circuit with gallium oxide Schottky barrier diodes for the first time in Japan

History of TAMURA



1924 Established
Tamura Radio Store

Development of
transformers



1924~
Radio receiving sets
Gramophones

Development of
soldering technology



1930~
Transformers

Development of
Information & Communication
technology

Electronic Components



1956~ Power supplies
1956~ Current Sensors
2008~ LED products
2009~ Automotive reactor
2010~ Large size transformer

Electronic Chemicals / Soldering Systems



1956~ Flux
1957~ Solder paste
1961~ Resist ink
1968~ Soldering systems
2010~ Solder resist for flexible PCBs

Information Equipment



1961~ Audio mixing console
1962~ Wireless microphone
1976~ Transmission monitoring device
2003~ Digital Audio mixing console
2015~ 8K Audio mixing console

Main Products

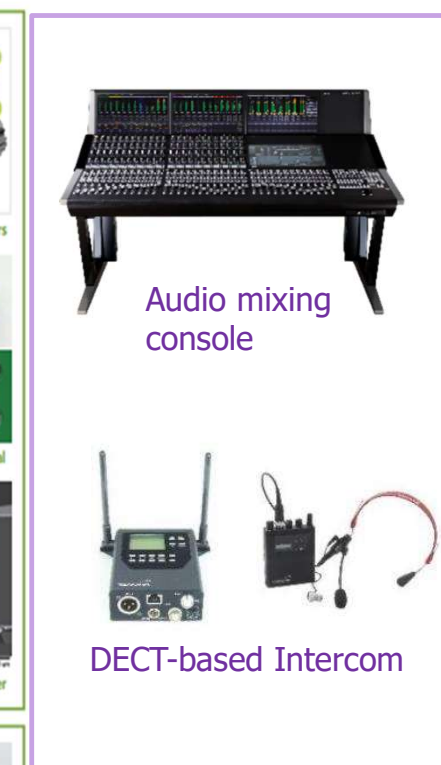
Electronic Components



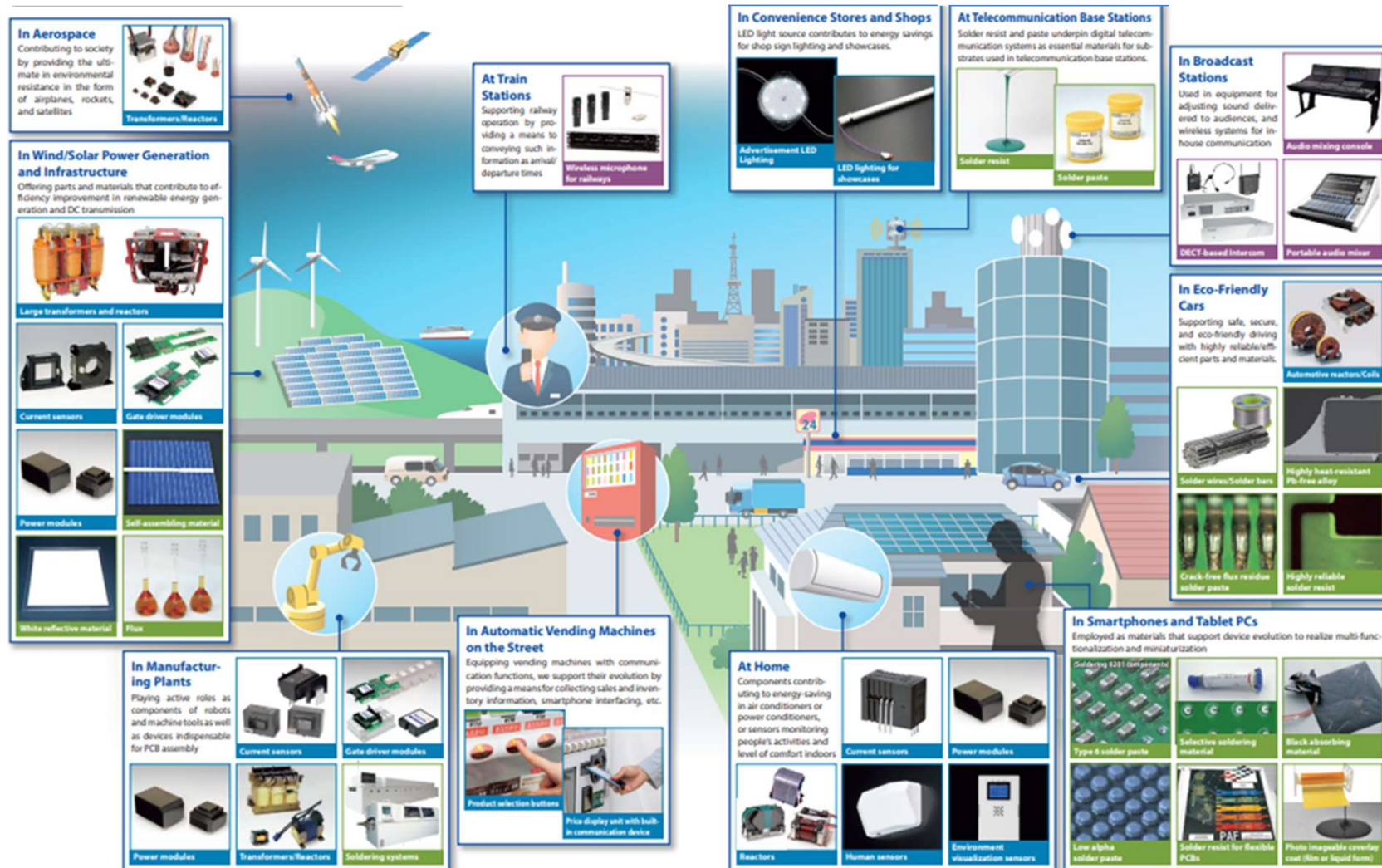
Electronic Chemicals & Soldering Systems



Information Equipment



Tamura's Technologies Supporting Society, Industry, and Daily Life

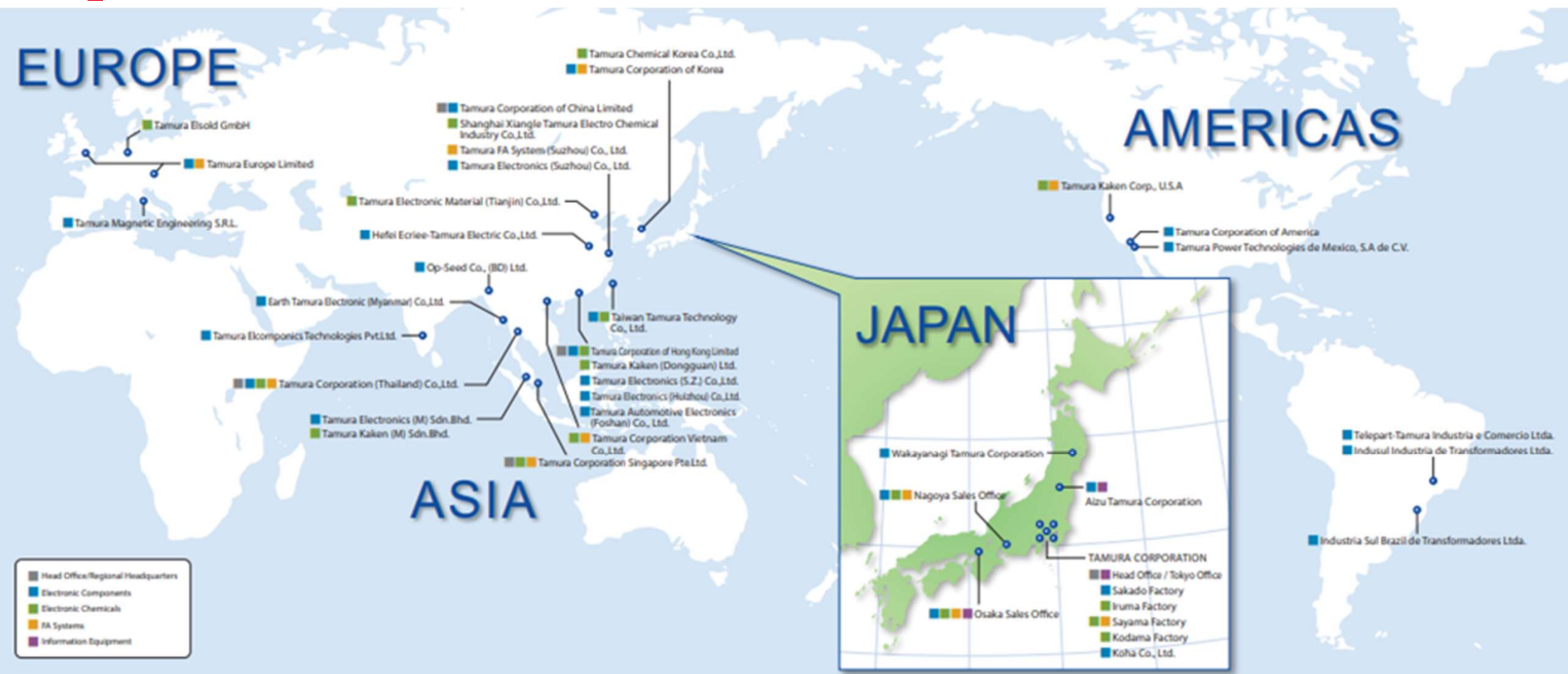


Electronic Components

Electronic Chemicals & Soldering Systems

Information Equipment

Tamura Group Global Network



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