

2nd Quarter FY2022 Financial Results

TAMRON
Focus on the Future

August 8, 2022
Tamron Co., Ltd.
(Code: 7740)
Tamron Co., Ltd.

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I. FY 2022 Summary

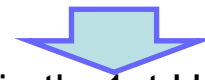
I-1. 1st Half Summary

Business Environment

- Affected by the epidemic of the omicron variant of COVID-19
 - ⇒ At first of 1H: State of emergency in Japan/ Continued restrictions in each country
 - After the Middle of 1H: Lockdown in China
- Affected by rise of material prices, tight logistics supply and demand, and semiconductor shortages.
 - ⇒ In addition, Russia's invasion of Ukraine affected economic activity.
- Positive impact of yen depreciation on net sales and earnings.
- Market environment: Interchangeable lens cameras and interchangeable lenses increased in monetary terms but, decreased in quantity terms YoY.

Company's Results

- **Net sales increased by more than 15%, and operating income increased by more than 1.5 times compared to the same period of the previous year.**
 - ⇒ Sales increased and operating income on net sales achieved more than 10% in all segments.
 - ⇒ Sales and profits on our mainstay Photographic Products and the second pillar, Surveillance & FA lenses **achieved double-digit increase.**
- Gross margin **increased by about 2 percentage points**, SG&A expenses on net sales **decreased by about 3 percentage points.**
 - ⇒ In addition to carry-over costs to the 2nd Half, we reduced costs by suppressing the rise of material cost, and realized efficient and appropriate expenditures
- **Operating income, ordinary income and net income in the 1st Half reached our historic high.**
- **Increased the interim dividend by 5 yen**



I - 2 . FY2022 Forecast

Business Environment

- Uncertainties due to the spread of COVID-19 is expected to continue.
⇒ After-effect of lockdown and zero-COVID measures in China
- Long-term resource high, material cost rising, and semiconductor shortages, a continuous depreciation of JPY, and growing concerns about inflation are expected.
⇒ Impact on economic activity and the real economy due to Russia's invasion of Ukraine will become apparent

Company's Forecast

【Forecast for the 2nd half】

- Expected to review of production plan and development delay on the customer side due to semiconductor shortages and lockdown in China.
- Expected to increase costs due to the gradual reflection of rising material.
- In addition to carry-over costs from the 1st Half, investment and SG&A expenses expected to increase due to new launches of own-brand photographic products in 2nd Half, and medium-to long-term measures.



【Forecast for the full year】

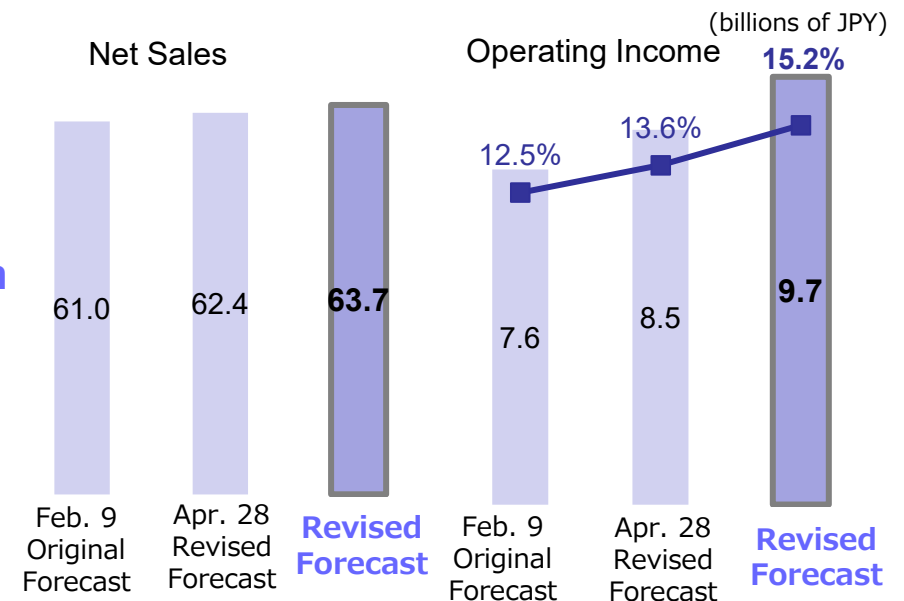
Aiming to set record-high profits with double-digit increase in net sales and increase in operating income by more than 1.3 times compared to the same period of the previous year.

We are aiming to set record high in operating income, ordinary income, and net income. (Operating income and ordinary income are to be the first time in 15 years since 2007.) (Net income is to be the first time in 3 years since 2019.)

⇒ Aiming for a profitable structure that can respond to various changes, and sustainable growth through investment and measures

【Changes in FY2022 Forecast】

Revised upward in both sales and profits



I - 3 . Medium-Term Management Plan “Vision 23” and its Progress

Medium-Term Management Plan “Vision 23” (Announced in Feb., 2021)

	Actual FY20	Target FY23
Sales	¥48.4B	¥61.0B.
Operating Income	¥3.6B.	¥7.0B.
(% Sales)	7.4%	11.5%
ROE	3.9%	9%以上

※The assumption of exchange rate

USD/JPY = ¥105
EUR/JPY = ¥123

1st Year

	Actual FY21
Sales	¥57.5B.
Operating Income	¥7.4B.
(% Sales)	12.9%
ROE	10.5%

USD/JPY = ¥109.91
EUR/JPY = ¥129.95

2nd Year

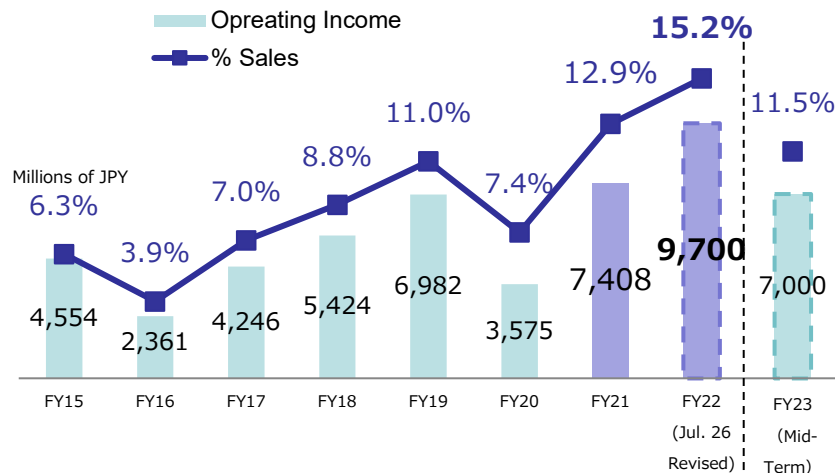
New accounting standards for revenue recognition has applied from FY2022.
Impact on Original Sales Forecast: 1 billion

Revised Upward

	Original Forecast FY22	Revised Forecast *Jul. 26
Sales	¥61.0B.	¥63.7B.
Operating Income	¥7.6B.	¥9.7B.
(% Sales)	12.5%	15.2%
ROE	9.7%	12.5%

USD/JPY = ¥110
EUR/JPY = ¥128

USD/JPY = ¥126.58
EUR/JPY = ¥134.72



➤ Medium-term plans in terms of operating income was achieved in the first year.

- Achieved a quick V-shaped recovery to the pre-COVID high profit structure
- Achieved a record gross margin of 40%
- Achieved increased net sales across all segments

➤ In the second year, net sales targets will be achieved ahead of the medium-term plan.

➤ Planned to further increase in operating income and update the record high

- Steady growth of our mainstay Photographic Products will be achieved.
- Double-digit growth in net sales will be achieved in growth and development areas (Surveillance & FA, Mobility & Healthcare)
- The second pillar, Surveillance & FA lenses profit growth will be also achieved.

➤ Target FY 23 will be revised based on achievement status of FY22.

II. 1st Half Financial Results

II-1. 1st Half Financial Results

- Operating income increased significantly, rising 1.5 times from the year-ago level, on a significant increase in net sales, which grew by more than 15%, and an improvement in the gross profit margin of 2 percentage points.
- Both sales and profits far exceeded the forecast. (Revision of the results forecast was announced on July 26.)

(millions of JPY)	Actual 1st H FY21 (※)	Forecast 1st H FY22 <small>*Apr. 28</small>	Actual 1st H FY22	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	27,384	29,000	31,699	+4,314	+15.8%	+2,699	+9.3%
Gross Profit	10,994	-	13,283	+2,288	+20.8%	-	-
(% Sales)	40.1%	-	41.9%	+1.8%	-	-	-
Operating Income	3,646	3,800	5,671	+2,024	+55.5%	+1,871	+49.3%
(% Sales)	13.3%	13.1%	17.9%	+4.6%	-	+4.8%	-
Ordinary Income	3,739	3,800	5,954	+2,215	+59.3%	+2,154	+56.7%
(% Sales)	13.7%	13.1%	18.8%	+5.1%	-	+5.7%	-
Net Income	2,685	2,660	4,565	+1,880	+70.0%	+1,905	+71.6%
(% Sales)	9.8%	9.2%	14.4%	+4.6%	-	+5.2%	-
JPY – 1 USD	107.82	118.17	123.15	+15.33	-	+4.98	-
JPY – 1 EUR	129.92	131.73	134.44	+4.52	-	+2.71	-

• As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

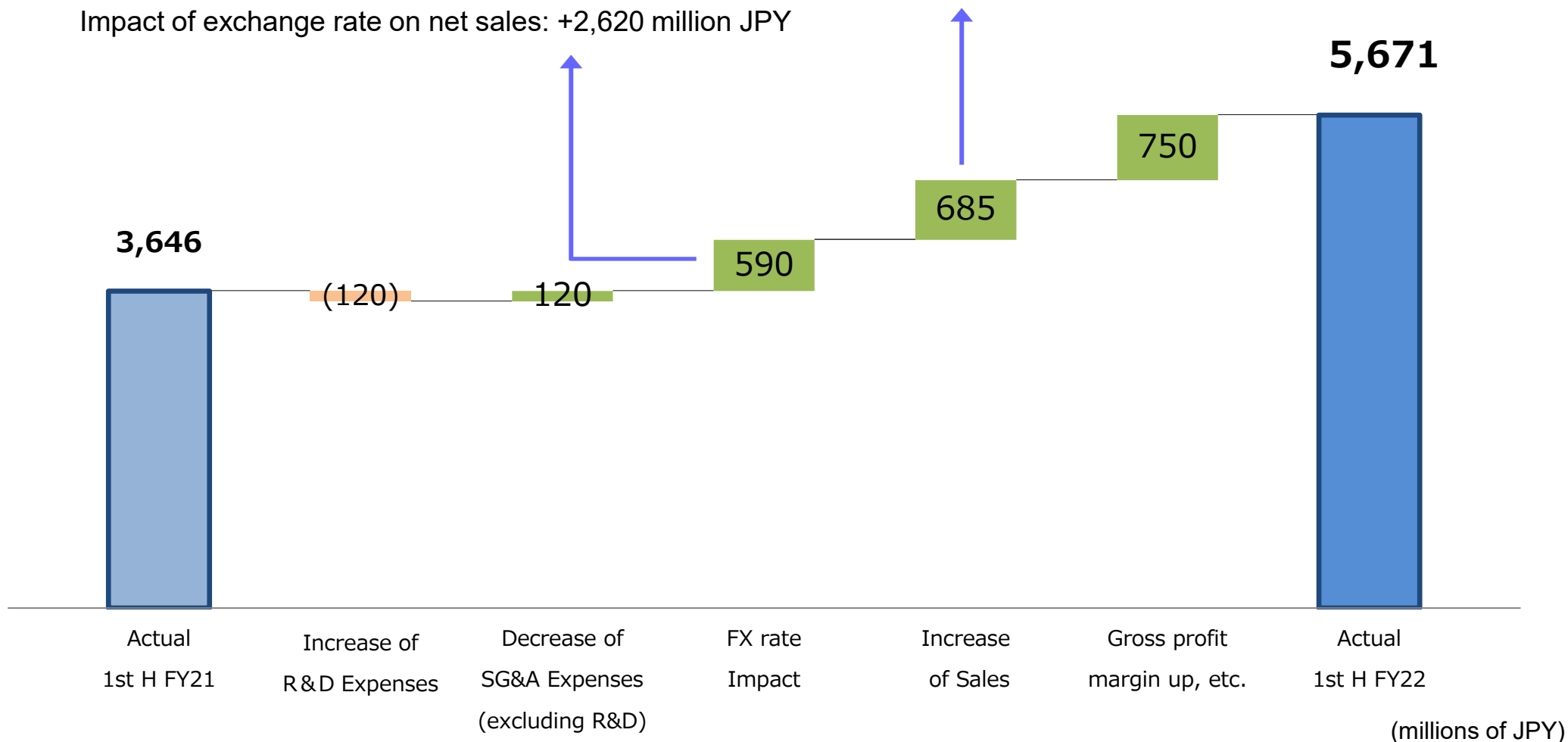
II-2. 1st Half Performance Variation Factors

- Net sales and operating income increased even excluding impact of exchange rate (Significant increase in operating income by about 40% YoY)

Increase of net sales excluding impact of exchange rate:

Photographic Products +1,390 million JPY
 Surveillance & FA Lenses +300 million JPY
 M&H Products, Others +10 million JPY

Impact of exchange rate on net sales: +2,620 million JPY



II-3. 1st Half Results by Segment

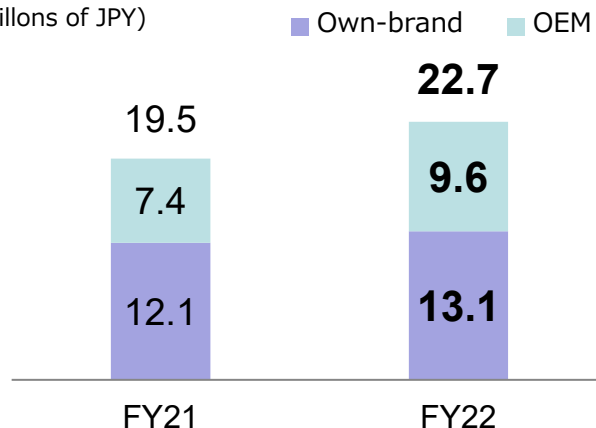
① Photographic Products

(millions of JPY)	Actual 1st H FY21 (※)	Forecast 1st H FY22 *Apr. 28	Actual 1st H FY22	Inc/Dec (YoY)		FX Impact vs. 1st H FY20	Inc/Dec (vs. Forecast)	
				Amounts	Ratio		Amounts	Ratio
Net sales	19,513	20,800	22,737	+3,224	+16.5%	+1,830	+1,937	+9.3%
Operating Income	4,087	4,400	5,766	+1,679	+41.1%	+380	+1,366	+31.1%
(% Sales)	20.9%	21.2%	25.4%	+4.5%	-	-	+4.2%	-

- Own-brand products showed favorable growth due to strong sales of new mirrorless products launched in the middle of 2021.
- OEM products showed steady growth due to an increase in sales from orders for particular models.
- **Operating income on net sales exceeded 25%, far above the forecast**, due to the significant increase in sales and a decline in the ratio of SG&A expenses.

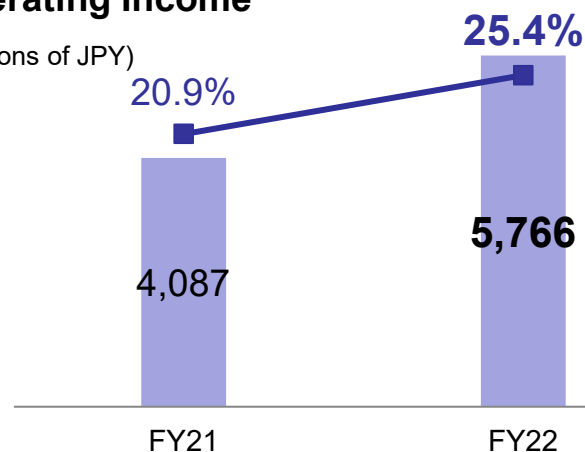
Net Sales

(Billions of JPY)



Operating Income

(millions of JPY)



*Ref. Market environment in the 1st half, FY22 YoY

	quantity	Money
SLR cameras	(29)%	(19)%
Mirrorless cameras	+9%	+35%
Interchangeable lens cameras Total	(8)%	+22%
Interchangeable lenses	(8)%	+24%

- As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

II-3. 1st Half Results by Segment

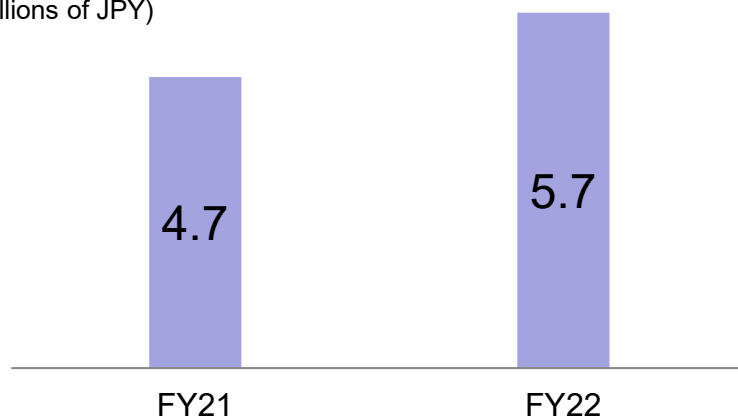
② Surveillance & FA Lenses

(millions of JPY)	Actual 1st H FY21 (※)	Forecast 1st H FY22 *Apr. 28	Actual 1st H FY22	Inc/Dec (YoY)		FX Impact vs. 1st H FY20	Inc/Dec (vs. Forecast)	
				Amounts	Ratio		Amounts	Ratio
Net sales	4,659	5,200	5,694	+1,035	+22.2%	+740	+494	+9.5%
Operating Income	232	300	682	+450	+193.8%	+170	+382	+127.5%
(% Sales)	5.0%	5.8%	12.0%	+7.0%	-	-	+6.2%	-

- As in 2021, sales of surveillance and FA/machine vision lenses continued to grow high by more than 20% YoY.
- Sales of products for video conferencing turned to increase from sluggish because of a decline in demand, and sales of camera module also increased.
- Operating income increased by about 3 times YoY due to double-digit sales growth and raised gross profit margin by improving product mix.

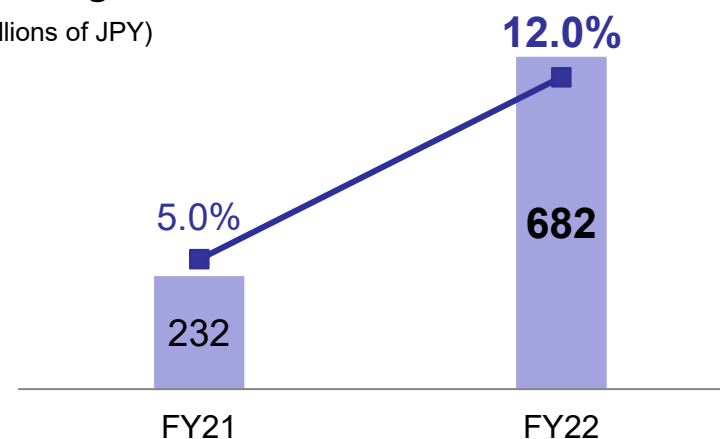
Net sales

(billions of JPY)



Operating Income

(millions of JPY)



- As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

II-3. 1st Half Results by Segment

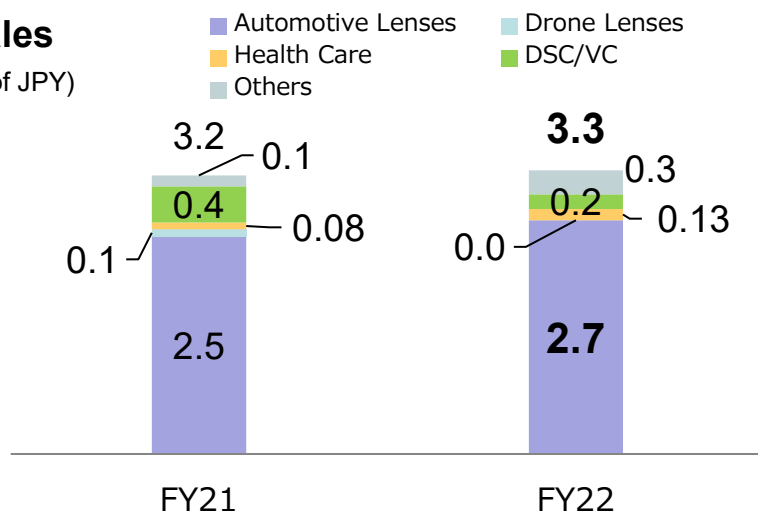
③ Mobility & Healthcare Products, Others

(millions of JPY)	Actual 1st H FY21 (※)	Forecast 1st H FY22 *Apr. 28	Actual 1st H FY22	Inc/Dec (YoY)		FX Impact vs. 1st H FY20	Inc/Dec (vs. Forecast)	
				Amounts	Ratio		Amounts	Ratio
Net sales	3,211	3,000	3,267	+55	+1.7%	+50	+267	+8.9%
Operating Income	496	300	422	(74)	(14.9)%	+40	+122	+40.9%
(% Sales)	15.5%	10.0%	12.9%	(2.6)%	-	-	+2.9%	-

- Sales of automotive lenses in both for view and sensing devices showed high growth.
- Sales of DSC/VC and drone lenses declined due to market shrinkage and sluggish growth in sales of existing products.
- **Operating income on net sales was about 13%, far exceeding the forecast**, mainly reflecting the effects of increase in sales of automotive lenses.

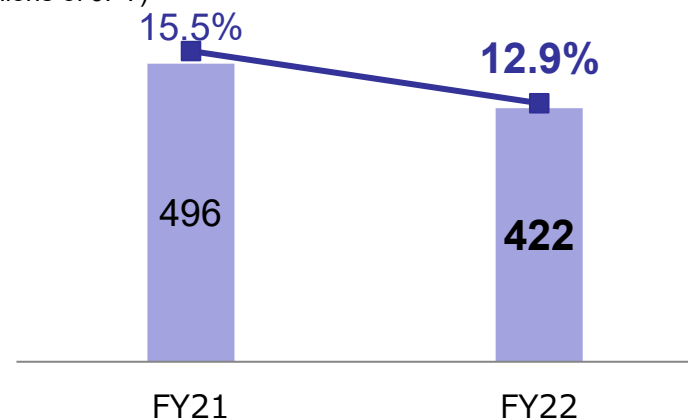
Net sales

(billions of JPY)



Operating Income

(millions of JPY)



- As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

III. FY2022 Financial Forecast

III-1. FY2022 Financial Forecast

- Although affected by the semiconductor shortages, lockdown in China, and soaring material prices in the second half, net sales and profits are expected to increase YoY as in the first half. For the full year, **operating income expected to increase by about 30% YoY** due to double-digit increase of net sales. (Net sales and profits are expected to increase even excluding the positive impact of exchange rate)
- **Planned to a business structure with operating income on net sales exceeding 15% and aiming to set a new high record in operating income, ordinary income and net income.**

(millions of JPY)	Actual FY21 (※)	Forecast FY22 *Apr. 28	Revised Forecast FY22	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net Sales	56,523	62,400	63,700	+7,176	+12.7%	+1,300	+2.1%
Operating Income	7,384	8,500	9,700	+2,315	+31.3%	+1,200	+14.1%
(% Sales)	13.1%	13.6%	15.2%	+2.1%	-	+1.6%	-
Ordinary Income	7,507	8,500	9,900	+2,392	+31.9%	+1,400	+16.5%
(% Sales)	13.3%	13.6%	15.5%	+2.2%	-	+1.9%	-
Net Income	5,149	5,840	6,930	1,780	+34.6%	+1,090	+18.7%
(% Sales)	9.1%	9.4%	10.9%	+1.8%	-	+1.5%	-
JPY – 1 USD	109.91	119.09	126.58	+16.67	-	+7.49	-
JPY – 1 EUR	129.95	132.37	134.72	+4.77	-	+2.35	-

※The assumption of exchange rate for 2H:
 JPY120/USD ⇒ JPY130/USD
 JPY133/EUR ⇒ JPY135/EUR

- As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

III-2. FY2022 Forecast by Segment

① Photographic Products

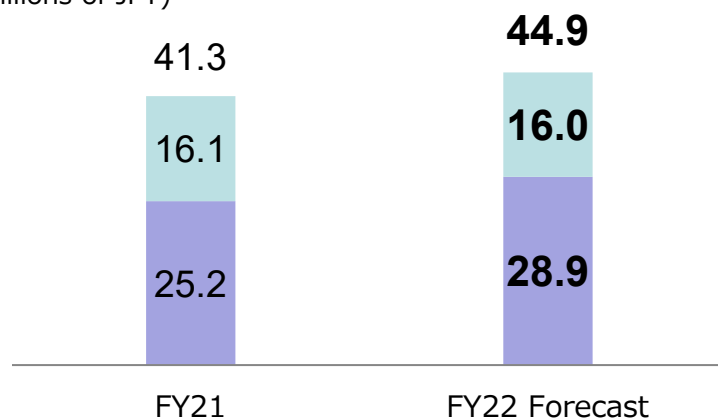
(millions of JPY)	Actual FY21 (※)	Forecast FY22 *Apr. 28	Revised Forecast FY22	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	41,257	43,200	44,900	+3,642	+8.8%	+1,700	+3.9%
Operating Income	8,530	9,300	10,600	+2,069	+24.3%	+1,300	+14.0%
(% Sales)	20.7%	21.5%	23.6%	+2.9%	-	+2.1%	-

- Sales of own-brand products is expected to increase by double-digits, and sale of OEM products will remain flat.
- Operating income on net sales is expected to increase further due to the improvement of the gross profit margin, and operating income is expected to increase by double-digits.

Net sales

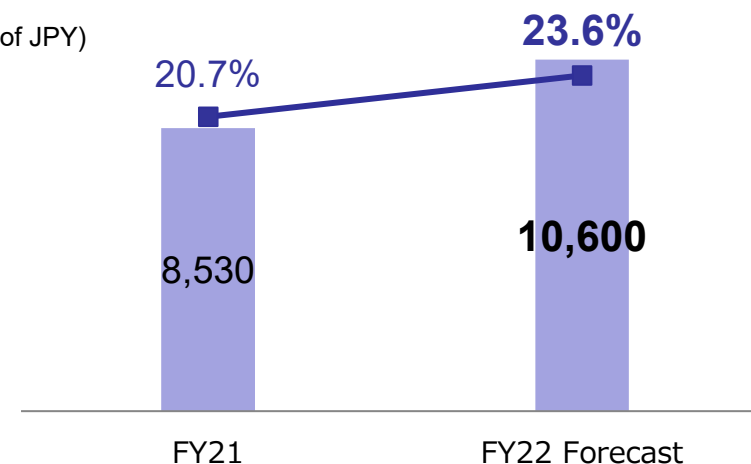
■ Own-brand ■ OEM

(billions of JPY)



Operating Income

(millions of JPY)



• As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

Photographic Products - New Models

Launched in
Jul. 2022

17-70mm F/2.8
VC RXD (Model B070)
For FUJIFILM X-mount



With a focal length range of 17-70mm, it's the world's first 17-70mm F2.8 standard zoom lens with a 4.1x zoom ratio for APS-C cameras.

-The second model for FUJIFILM X-mount

















To be Launched in
the fall, 2022

50-400mm F/4.5-6.3
VC VXD (Model A067)



Game-changing
ultra-telephoto zoom
starting at 50mm

Planned to launch
total of about 5 new
models in 2022

Category		Launched in 2019		Launched in 2020		Launched in 2021	
Mirrorless	Fixed Focal	Launched in Dec.  24mm F/2.8 OSD M1:2 (F051)	Launched in Dec.  35mm F/2.8 OSD M1:2 (F053)	Launched in Jan.  20mm F/2.8 OSD M1:2 (F050)			
	Wide-angle Zoom	Launched in Jul.  17-28mm F/2.8 RXD (A046)				Launched in Jun.  11-20mm F/2.8 RXD (B060)	
	Standard Zoom					Launched in Jan.  17-70mm F/2.8 VC RXD (B070)	Launched in Oct.  28-75mm F/2.8 VXD G2 (A063)
	Telephoto Zoom			Launched in May  70-180mm F/2.8 VXD (A056)	Launched in Oct.  70-300mm F/4.5- 6.3 RXD (A047)	Launched in Jun.  150-500mm VC VXD (A057)	Launched in Oct.  35-150mm F/2-2.8 VXD (A058)
	All-in-one Zoom			Launched in Jun.  28-200mm F/2.8-5.6 RXD (A071)		Launched in Sep.  For Sony E-mount 18-300mm VC VXD (B061)	Launched in Oct.  For FUJIFILM X-mount 18-300mm VC VXD (B061)
DSLR		Launched in May  35-150mm F/2.8-4 VC OSD (A043)	Launched in Jun.  SP 35mm F/1.4 USD (F045)				

III-2. FY2022 Forecast by Segment

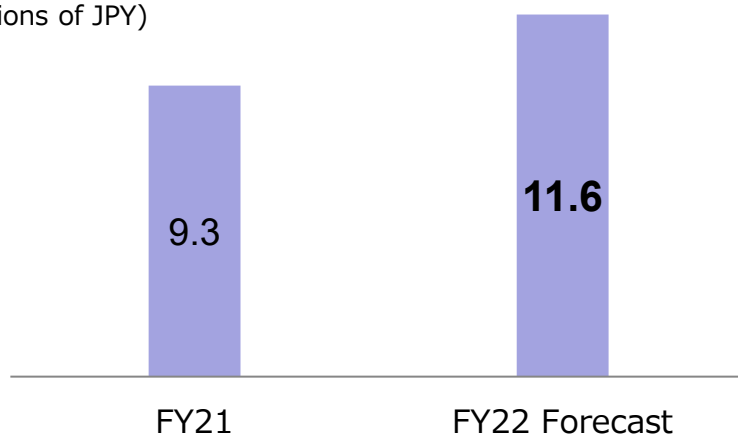
② Surveillance & FA Lenses

(millions of JPY)	Actual FY21 (※)	Forecast FY22 *Apr. 28	Revised Forecast FY22	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	9,326	12,300	11,600	+2,273	+24.4%	(700)	(5.7)%
Operating Income	477	900	1,000	+522	+109.6%	+100	+11.1%
(% Sales)	5.1%	7.3%	8.6%	+3.5%	-	+1.3%	-

- Although forecast on net sales was revised downward due to lockdown in China, semiconductor shortages, etc., **operating income is expected to increase by double digits YoY.**
- Due to the effects of the significant rise in net sales, **operating income will double. (Entering the business growth stage with profit growth)**

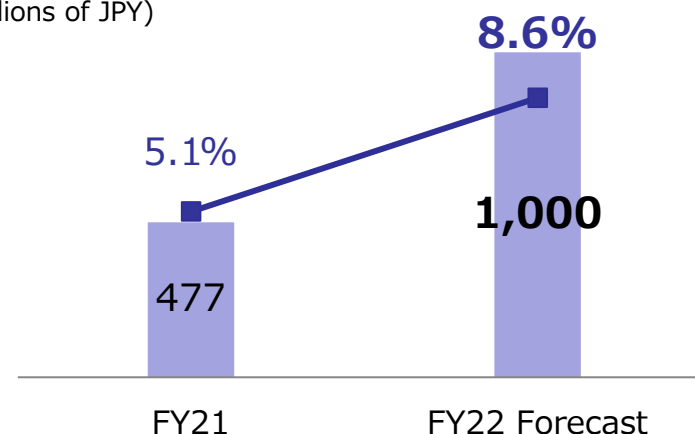
Net sales

(billions of JPY)



Operating Income

(millions of JPY)



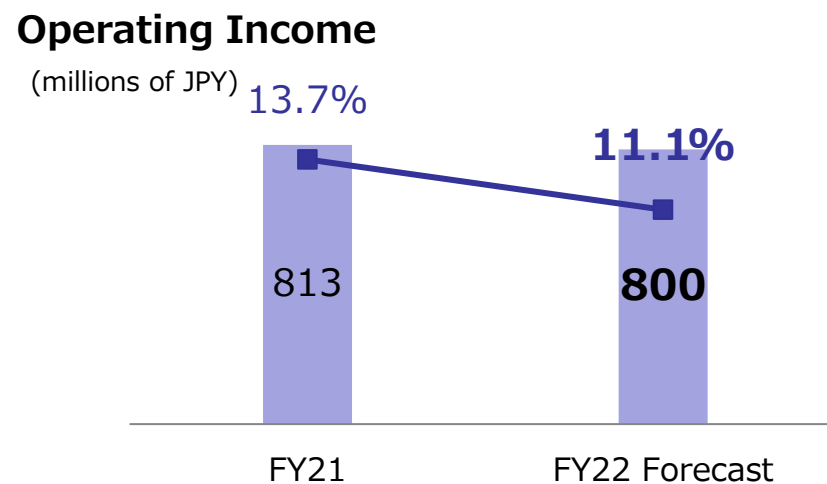
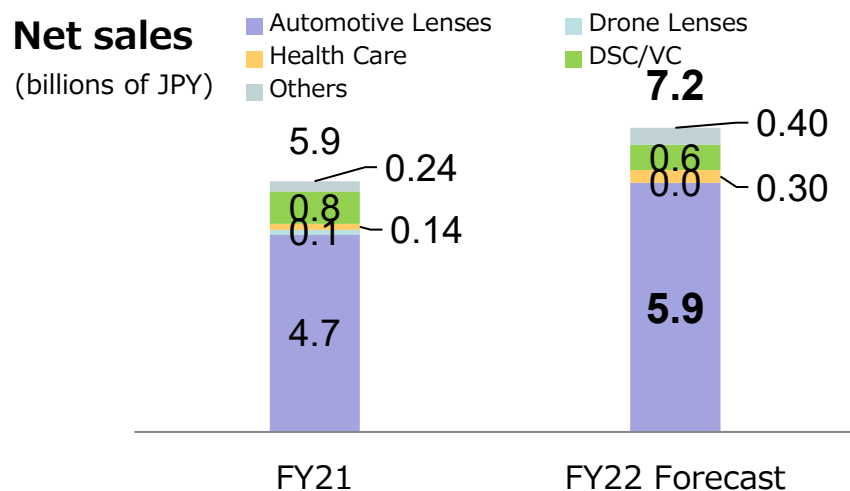
• As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

III-2. FY2022 Forecast by Segment

③ Mobility & Healthcare Products, Others

(millions of JPY)	Actual FY21 (※)	Forecast FY22 *Apr. 28	Revised Forecast FY22	Inc/Dec (YoY)		Inc/Dec (vs. Forecast)	
				Amounts	Ratio	Amounts	Ratio
Net sales	5,940	6,900	7,200	1,259	+21.2%	+300	+4.3%
Operating Income	813	900	800	(13)	(1.7)%	(100)	(11.1)%
(% Sales)	13.7%	13.0%	11.1%	(2.6)%	-	(1.9)%	-

- Since sales of automotive lenses will continue to grow by double digits YoY, and sales in the healthcare field will increase double, **sales for the segment as a whole is expected to grow by double digits.**
- Sales of DSC/VC and drone lenses declined due to market shrinkage and sluggish growth in sales from orders for particular models.
- Operating income for the segment as a whole will remain flat due to a decrease in profits of DSC/VC.



• As the new accounting standards for revenue recognition has applied from FY2022, results from FY2021 are also shown as if the same standards had been applied.

Expanding the scope of business

Expanding the scope of business utilizing technological capabilities

Legend

Sectors Tamron is considering entering in the future

Sectors in which Tamron is currently active

Achieving a fulfilling society across a wide range of fields

Promoting a technology strategy
Shifting from taking images to measuring in each industry

Agricultural sector

Monitoring of livestock and crops, dispersal of pesticides

Logistics sector

Wearable devices, unattended deliveries

Infrastructure sector

Surveying, building inspections, equipment inspections

Robotics sector

Smart homes, service robots

Home electronics sector

Digital cameras

Security sector

Urban surveillance, ITS (traffic monitoring), facial authentication

Automotive sector

ADAS / autonomous driving technologies

Spatial light communications sector

6G, space-based communications

Nursing and healthcare sector

VR, wearable devices

Industrial sector

FA cameras, AI, image processing

Infrared technologies

High-precision sensing technologies

Modularization technologies

Technologies reducing size and weight

High sensitivity technologies

Coating technologies

High heat resistance technologies

High-precision evaluation technologies

High durability technologies

Visible light technologies

Optical technologies

Production technologies

Mechanical technologies

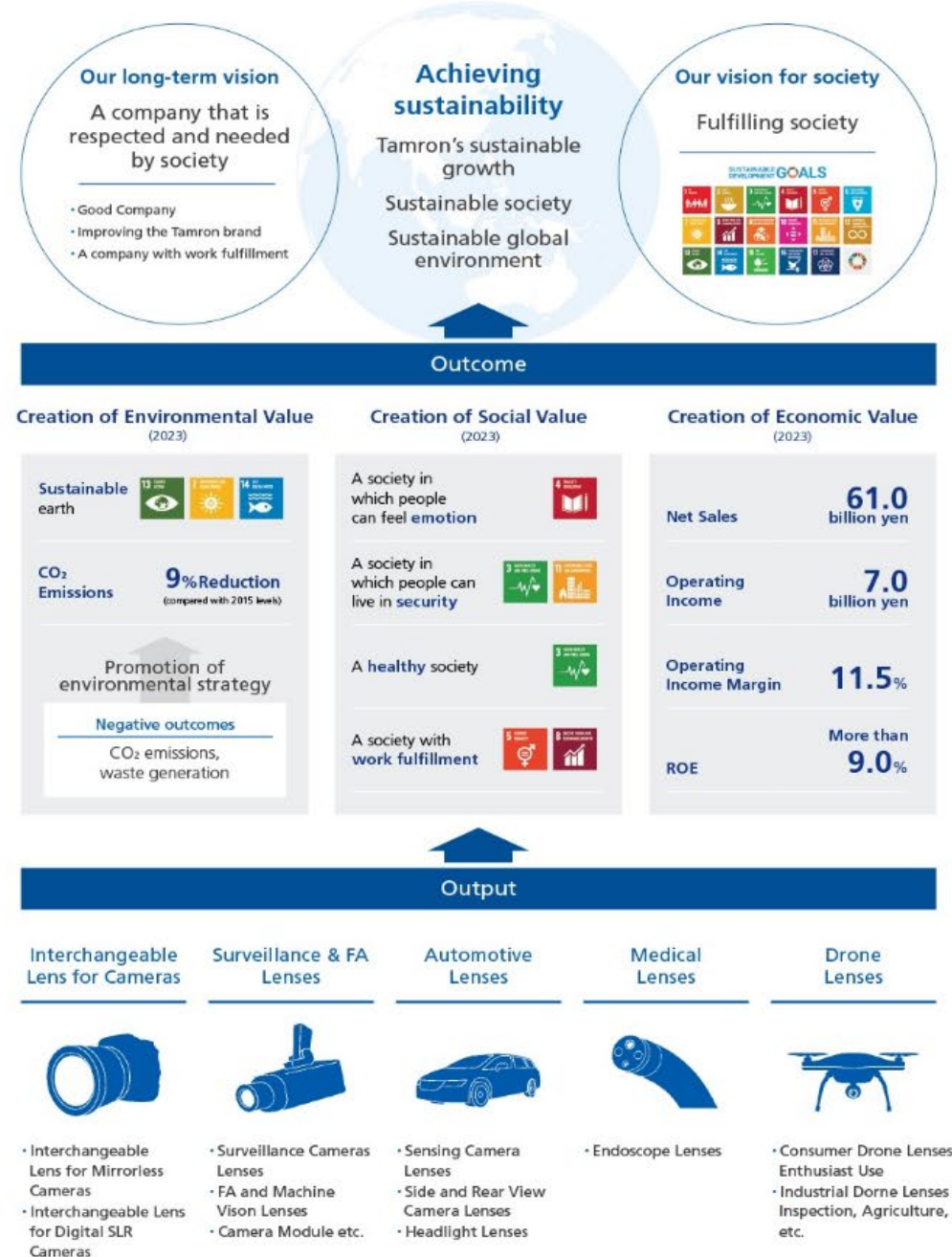
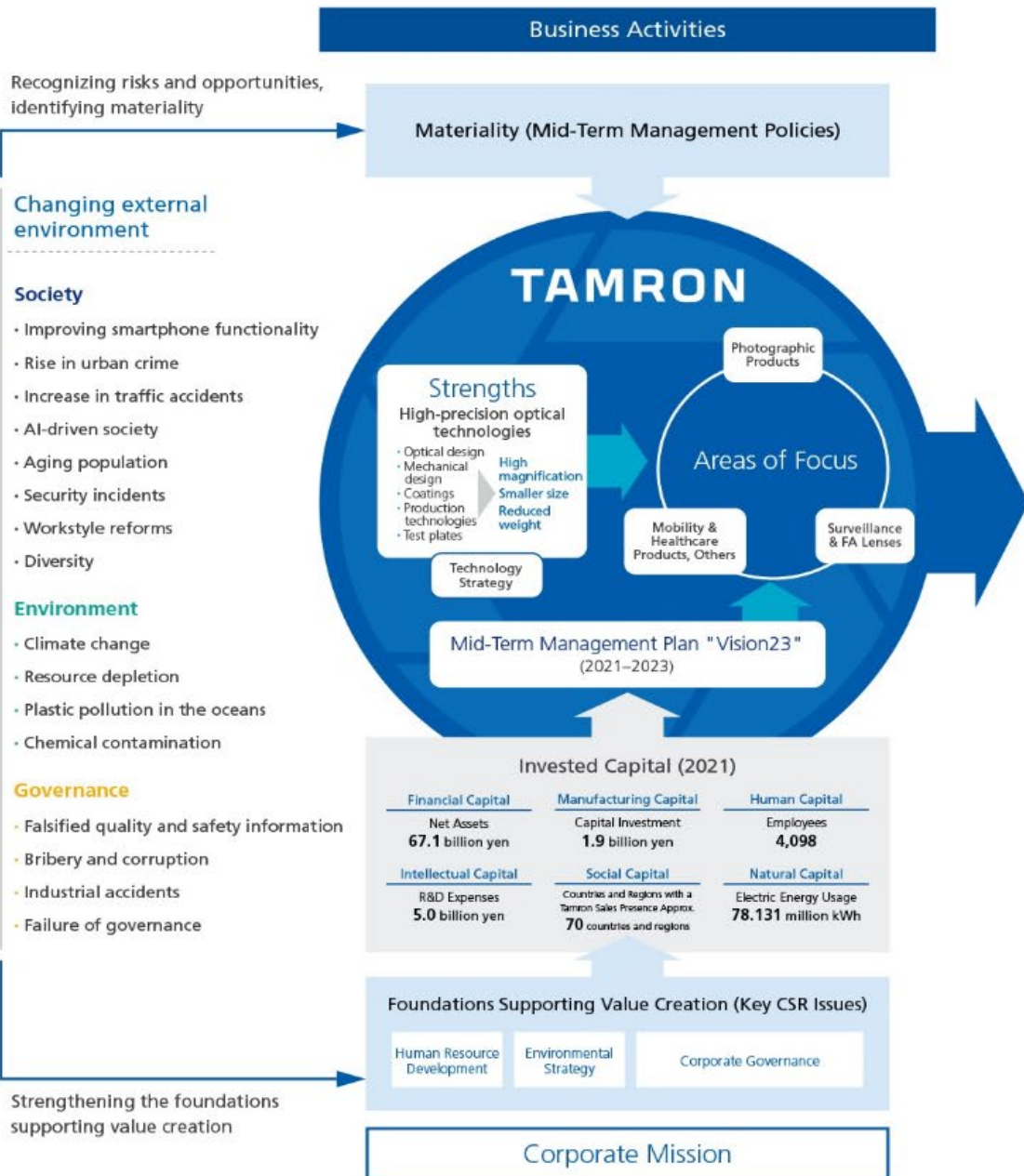
Medical sector

Hard endoscopes, 3D endoscopes

Deep cultivation of existing technology field

Entry into peripheral technology field

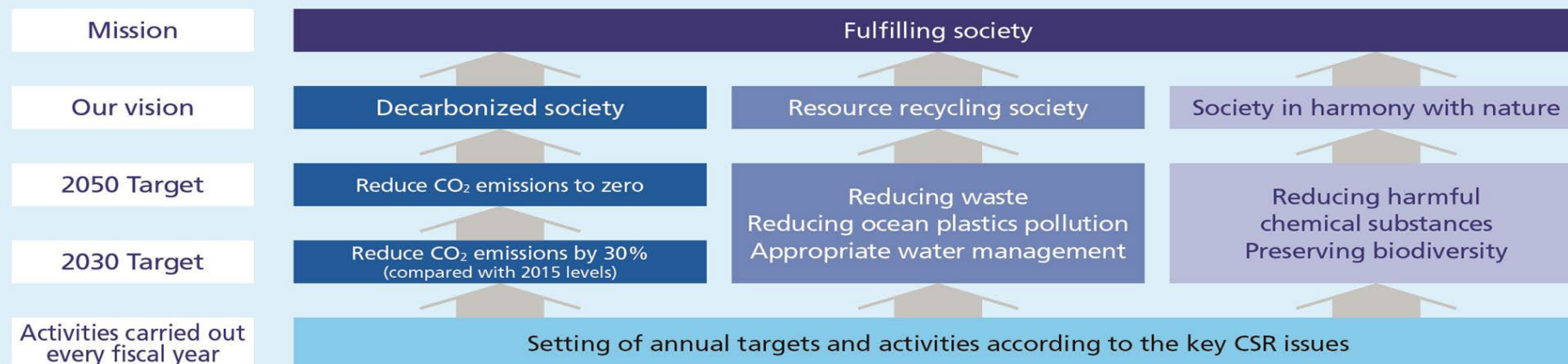
III-3. Sustainability and ESG Initiatives (1) Value Creation Process



III-3. Sustainability and ESG Initiatives (2) Main initiatives

Environmental Vision 2050

We recognize that global environmental issues affect all of humanity. We will strive to reduce environmental impact, conserve the environment, and contribute to the development of a sustainable society that exists in harmony with the environment.



Main Items	Details
Improved structure of the Board of Directors	- Increasing the percentage of independent outside directors (with experience in corporate management at another company) to at least one-third
Improved structure of the Nomination Committee and Compensation Committee	- Making a majority of members independent outside directors
Shorter terms of office for directors Review of director compensation indices	- Changing terms of office to 1 year - Adding total shareholder return (TSR) to the medium-term performance indicators for stock-based compensation
Disclosure of the skill matrix for directors	- Implemented in the notice of convocation for the March 2022 General Meeting of Shareholders
Enhanced sustainability disclosures	- Enhanced Integrated report (Disclosure based on TCFD)
Reduce CO₂	- 2021 CO ₂ reduction (compared with 2015) : Target: 3% reduction →Actual: 5.6% reduction - Start purchasing renewable energy in 2022
Promotion of resource recycling	Industrial waste recycling rate: 97.4% in 2020 →98.1% in 2021

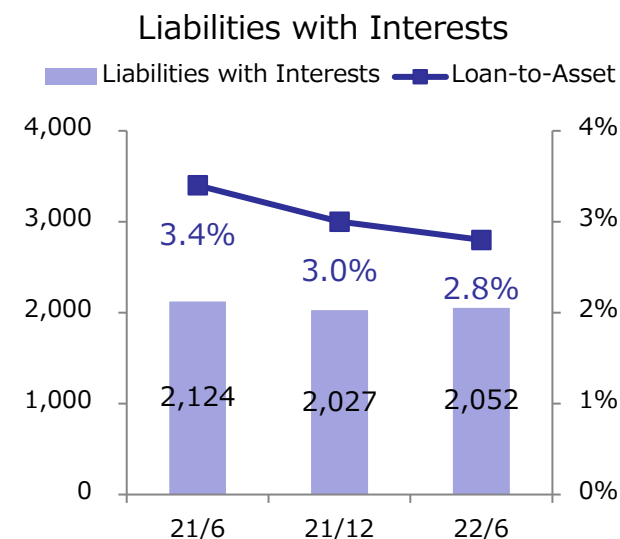
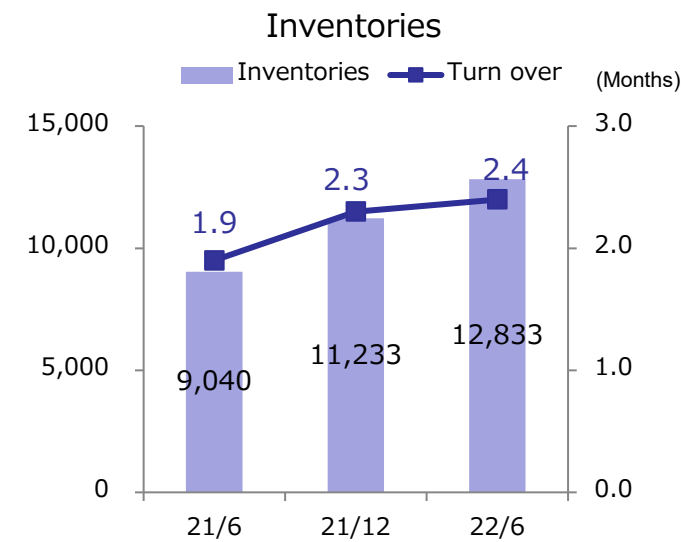
➤ **Complied with all principles of revised Governance Code (including principles for the prime market)**

IV. Reference Data

IV-1. Financial Summary

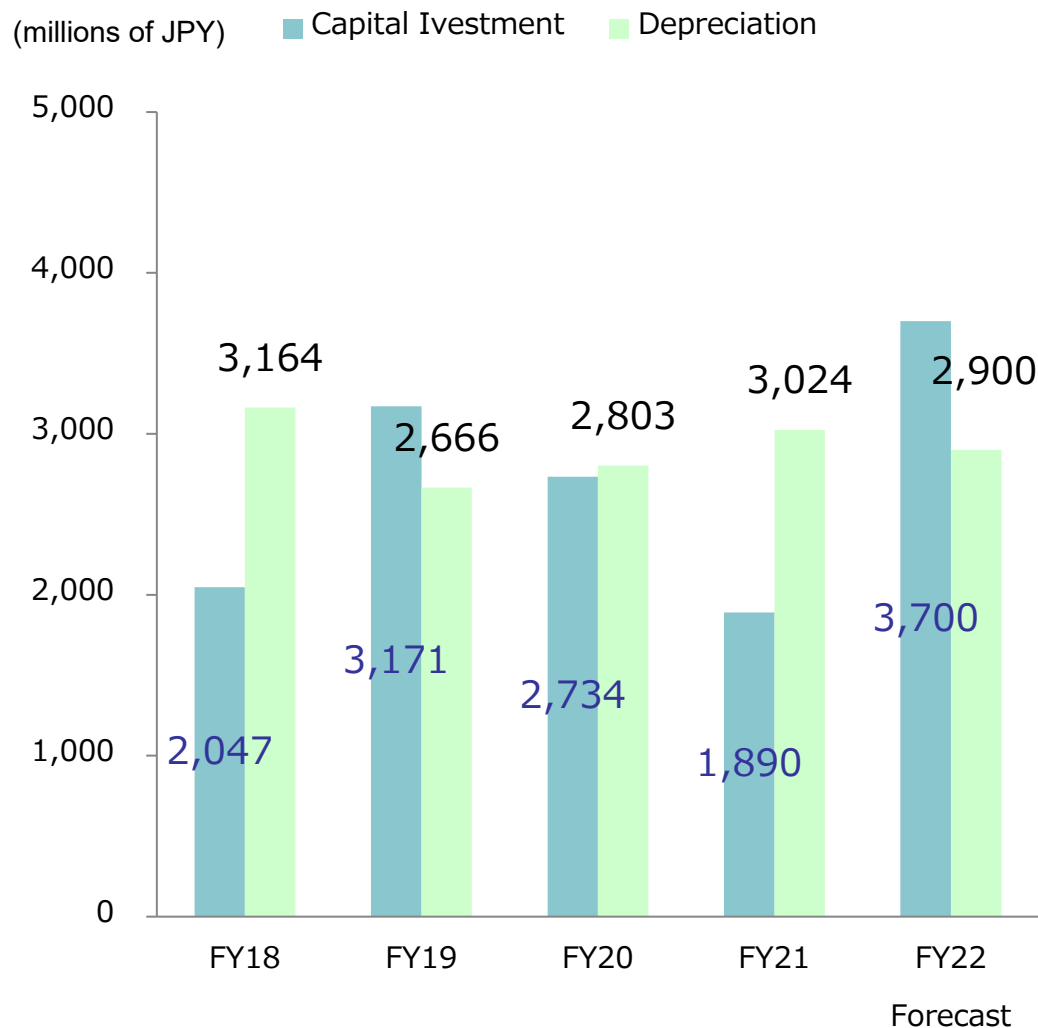
(millions of JPY)

	Dec 31, 2021	Jun 30, 2022	Change (vs. previous Year-end)
Cash & Deposits	25,797	26,182	+385
Notes & Accounts Receivable	10,505	13,491	+2,985
Inventories	11,233	12,833	+1,599
Other Current Assets	1,060	1,217	+156
Non-Current Assets	18,467	19,706	+1,238
Total Assets	67,065	73,431	+6,365
Total Current Liabilities	12,450	12,608	+158
Total Non-Current Liabilities	2,078	2,206	+128
Total Net Assets	52,536	58,615	+6,078
Total Liabilities & Net Assets	67,065	73,431	+6,365
Ratio of Net Assets	78.3%	79.8%	+1.5%

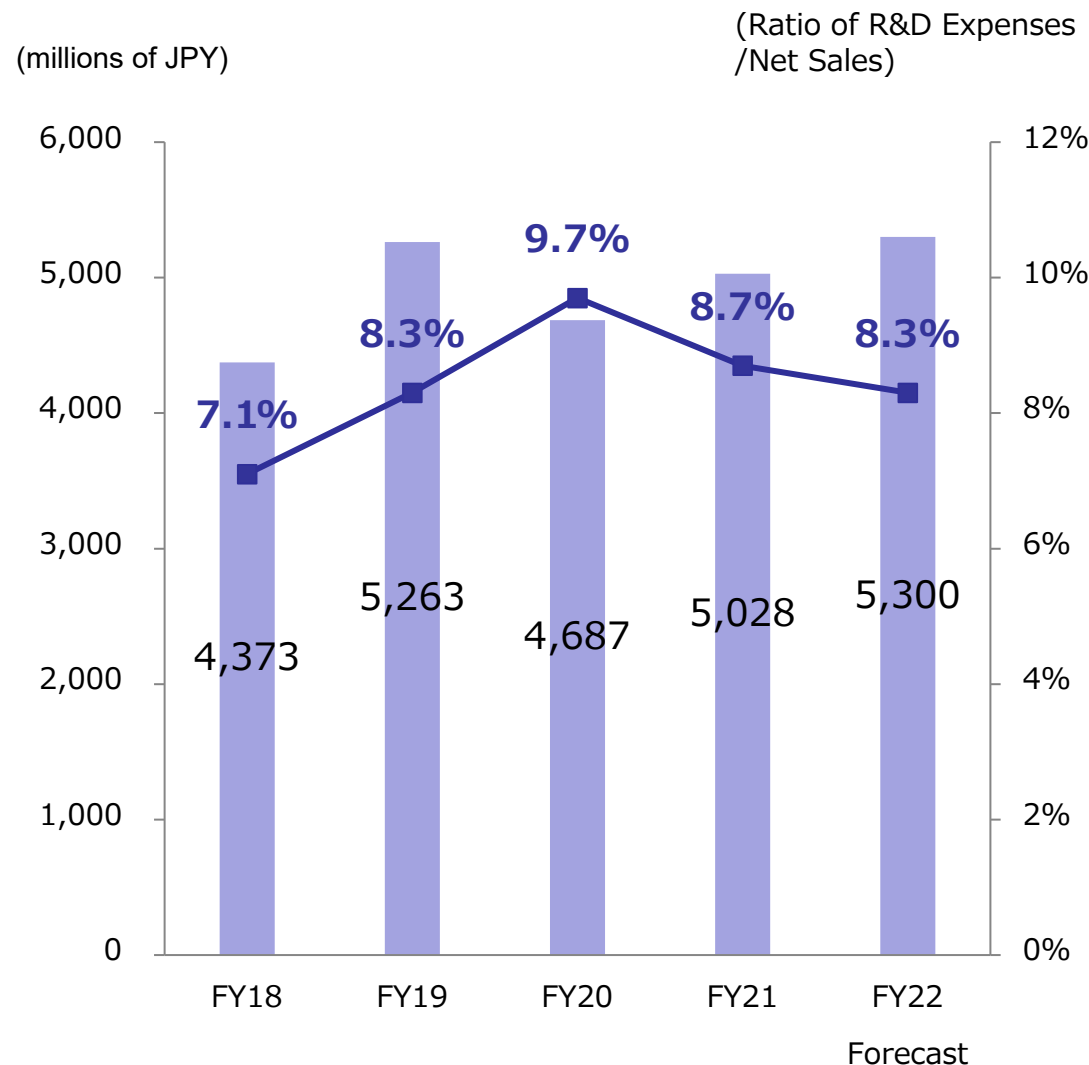


IV-2. Capital Investment, Depreciation, and Research & Development Expenses

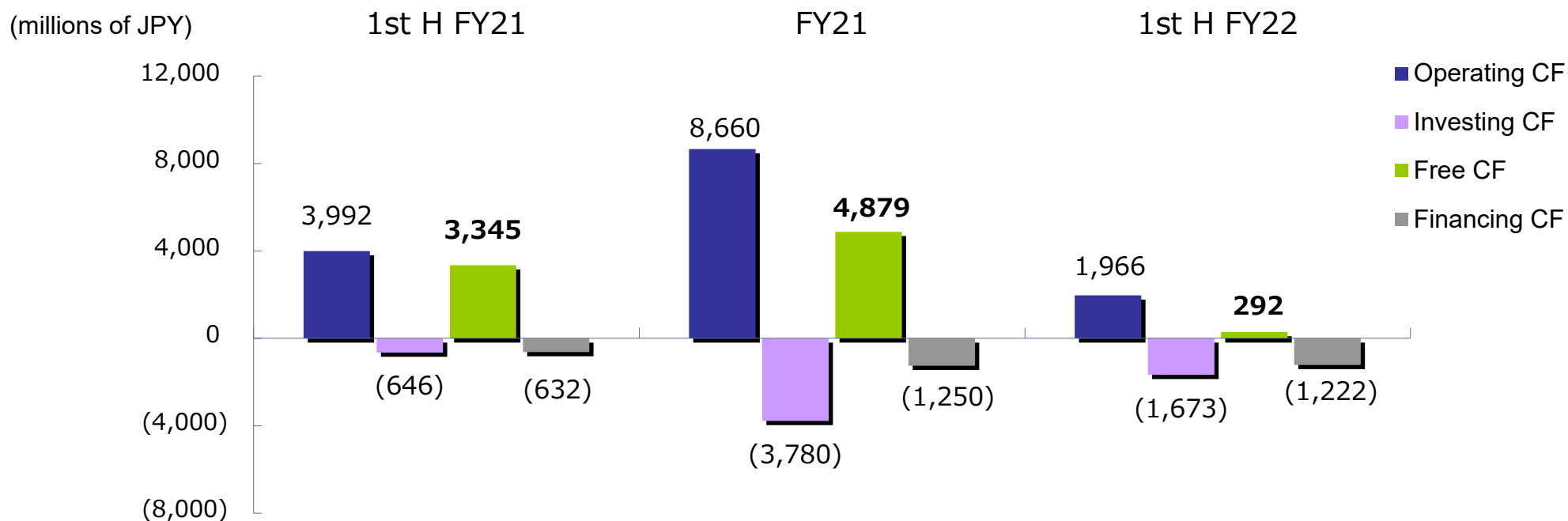
Capital Investment / Depreciation



R&D Expenses

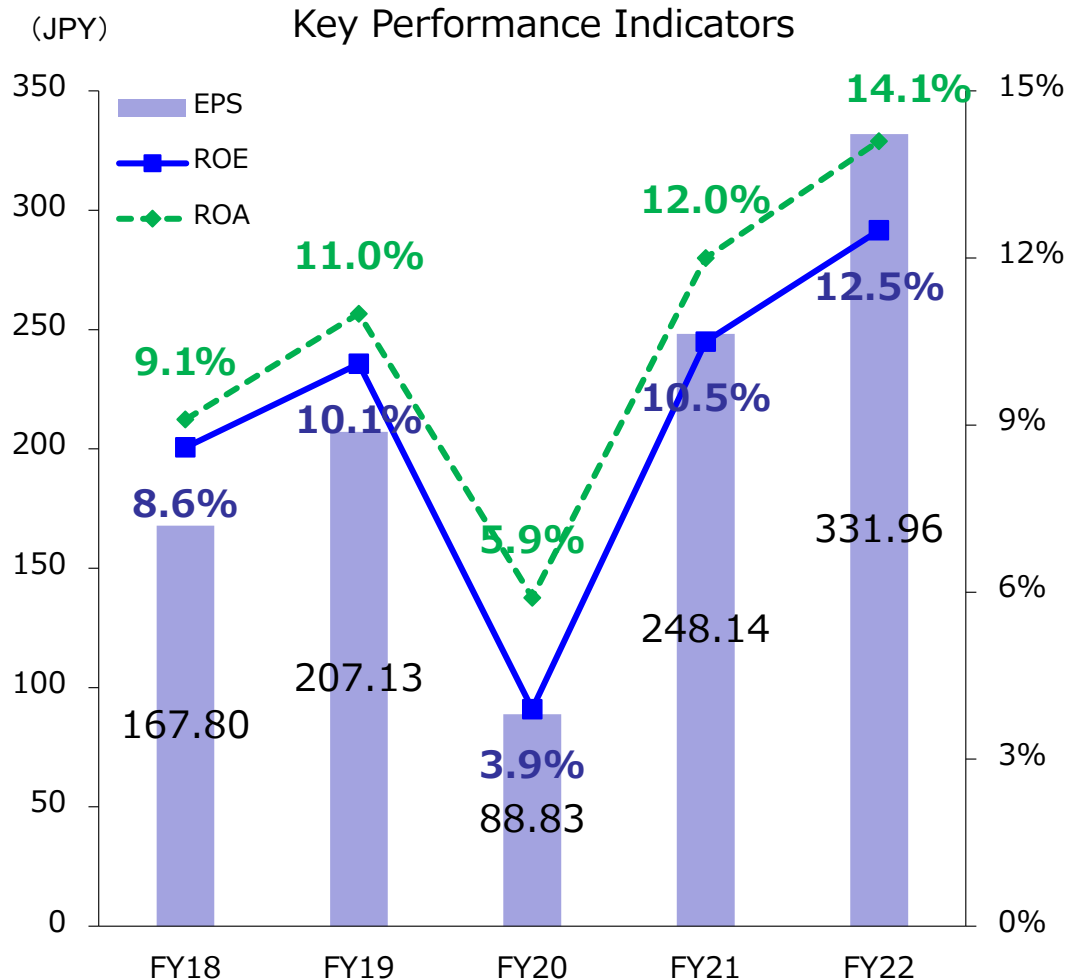
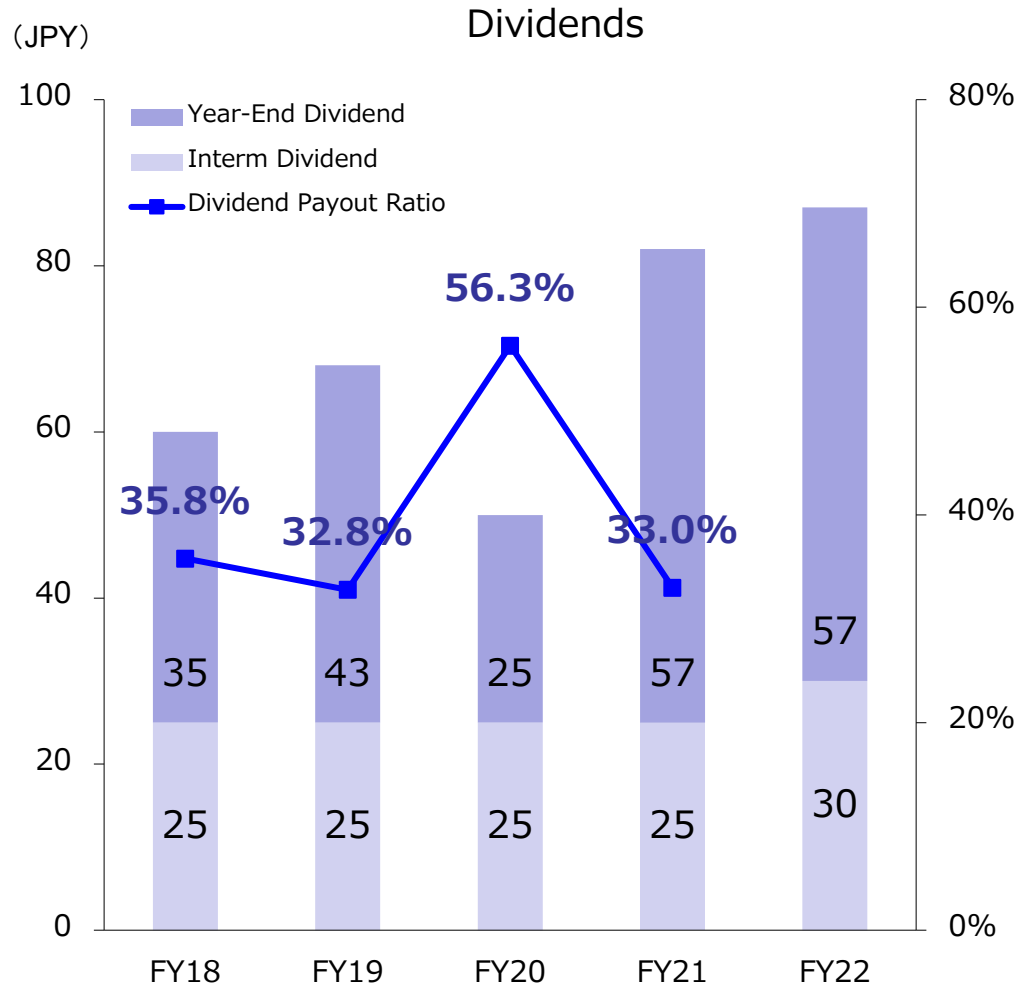


IV-3. Cash Flow Situation



	1st H FY21	FY21	1st H FY22
Cash Flow from Operating Activities	3,992	8,660	1,966
Cash Flow from Investing Activities	(646)	(3,780)	(1,673)
Free Cash flow	3,345	4,879	292
Cash Flow from Financing Activities	(632)	(1,250)	(1,222)
Cash & Cash Equivalents at the End of Period	24,737	25,832	26,182

IV-4. Cash Dividends Outlook & Key Performance Indicators



Acquired treasury stock (¥8.9Bil.) in Mar. 2020.

Record dividend amount

- Increased Interim Dividend
- Planned to update the record high dividend amount

ROE=Net Income/Net Assets (Average for FY)
ROA=Ordinary Income/Total Assets (Average for FY)

IV-5. Impact of Foreign Exchange Rate Fluctuations

① Actual 1st Half FY2022

(millions of JPY)

	Exchange rate		Impact	
	Actual 1st H FY21	Actual 1st H FY22	Net sales	Operating Income
USD	107.82	123.15	+2,040	+180
EUR	129.92	134.44	+110	+100
Others	-	-	+470	+310
Total	-	-	+2,620	+590

(Impact on previous year performance)

② Forecast 2nd Half FY2022

(millions of JPY)

	Exchange rate	Impact of ¥1 appreciation	
	Assumption 2nd H FY22	Net Sales	Operating Income
USD	130.00	(140)	0
EUR	135.00	(40)	(30)

Disclaimer

1. The purpose of this material is to provide information on the actual results for 1st Half of FY2022 and future business strategies. It is not an offer or a solicitation of an offer to buy or sell securities.
2. This material and the information provided verbally in the company's presentation are based on the data that are obtainable at the time of the presentation in compliance with the management policies and certain premises that are deemed reasonable by the company.
3. Please note that the actual results may sometimes differ from the forecasts contained herein due to various factors.
4. The company is not liable in any ways for any damages or losses incurred in connection with the use of any information or data contained herein or provided verbally in the company's presentation.