

TAMRON

Focus on the Future

2nd Quarter 2024 Financial Results

August 8, 2024

Tamron Co., Ltd. (Code: 7740)



I. 1st Half FY2024 Financial Results

- 1. 1st Half FY2024 Summary**
- 2. 1st Half FY2024 Financial Results**
- 3. Factors Affecting Operating Income Variability**
- 4. 1st Half FY2024 Results by Segment**
 - (1) Photographic Products**
 - (2) Surveillance & FA Lenses**
 - (3) Mobility & Healthcare Products, Others**

II. Financial Forecast FY2024

- 1. Financial Forecast FY2024**
- 2. Financial Forecast FY2024 by Segment**
 - (1) Photographic Products**
 - (2) Surveillance & FA Lenses**
 - (3) Mobility & Healthcare Products, Others**

III. Current progress of medium-term management plan “Value Creation 26”

- 1. Positioning of the “Value Creation 26”**
- 2. Outline of the “Value Creation 26”**
- 3. Financial Strategy of the “Value Creation 26”**
- 4. Management with a focus on capital costs and stock prices**
- 5. ESG/Sustainability Strategy of the “Value Creation 26”**

IV. Reference Data

- 1. Financial Summary**
- 2. Capital Investment, Depreciation, and R&D Expenses**
- 3. Cash Flow**
- 4. Cash Dividends Outlook and Key Performance Indicators**
- 5. Impact of Foreign Exchange Rate Fluctuations**



I . 1st Half FY2024 Financial Results

I -1. 1st Half FY2024 Summary

Environment

Economy

- ◆ Moderate economic recovery despite some stagnation in overseas economies
- ◆ Uncertainty continues due to geopolitical risks such as the prolonged situation in Russia and the tense situation in the Middle East, as well as the sluggish real estate market in China.
- ◆ Significant depreciation of JPY (compared to the previous year, USD depreciated by ¥17 and EUR depreciated by ¥19)

Market

- ◆ The interchangeable lens camera market grew by approximately 10% in both volume and value, driven by strong performance in mirrorless cameras.
- ◆ The interchangeable lenses market grew by approximately 10% in volume basis and approximately 25% in value basis.
- ◆ In the surveillance sector, affected by efforts to optimize inventory levels at camera manufacturers.
- ◆ The automotive camera market showed continually strong performance due to the popularization of Advanced Driving Assistant System (ADAS).

Company's Results

- ◆ **Net Sales and Operating Income showed double-digit or higher increase in all segments.**
- ◆ Net Sales significantly increased by **approximately 1.4 times** and Operating Income significantly increased by **approximately 1.7 times YoY**.
- ◆ **Achieved record high Net Sales and Operating Income** for the 1st half of the year.
- ◆ **Achieved 1st half Operating Income of 10-billion-yen for the first time.**
- ◆ The Interim dividend was significantly increased from the initial forecast of 50 yen to **70 yen (double from previous year)**

Topics

- ◆ From Feb. to Mar.: **Repurchase treasury shares of ¥2 billion** to enhance shareholder returns, improve capital efficiency, and implement flexible capital policies
- ◆ Apr. : **Announced development of our first model for Canon RF mounts**, which will be launched within 2024
- ◆ May : **Cancelled of 400,000 treasury stocks**, including those acquired from Feb. to Mar.
- ◆ Jul.: **Conducted a 2-for-1 stock split** of shares of common stock.

I -2. 1st Half FY2024 Financial Results

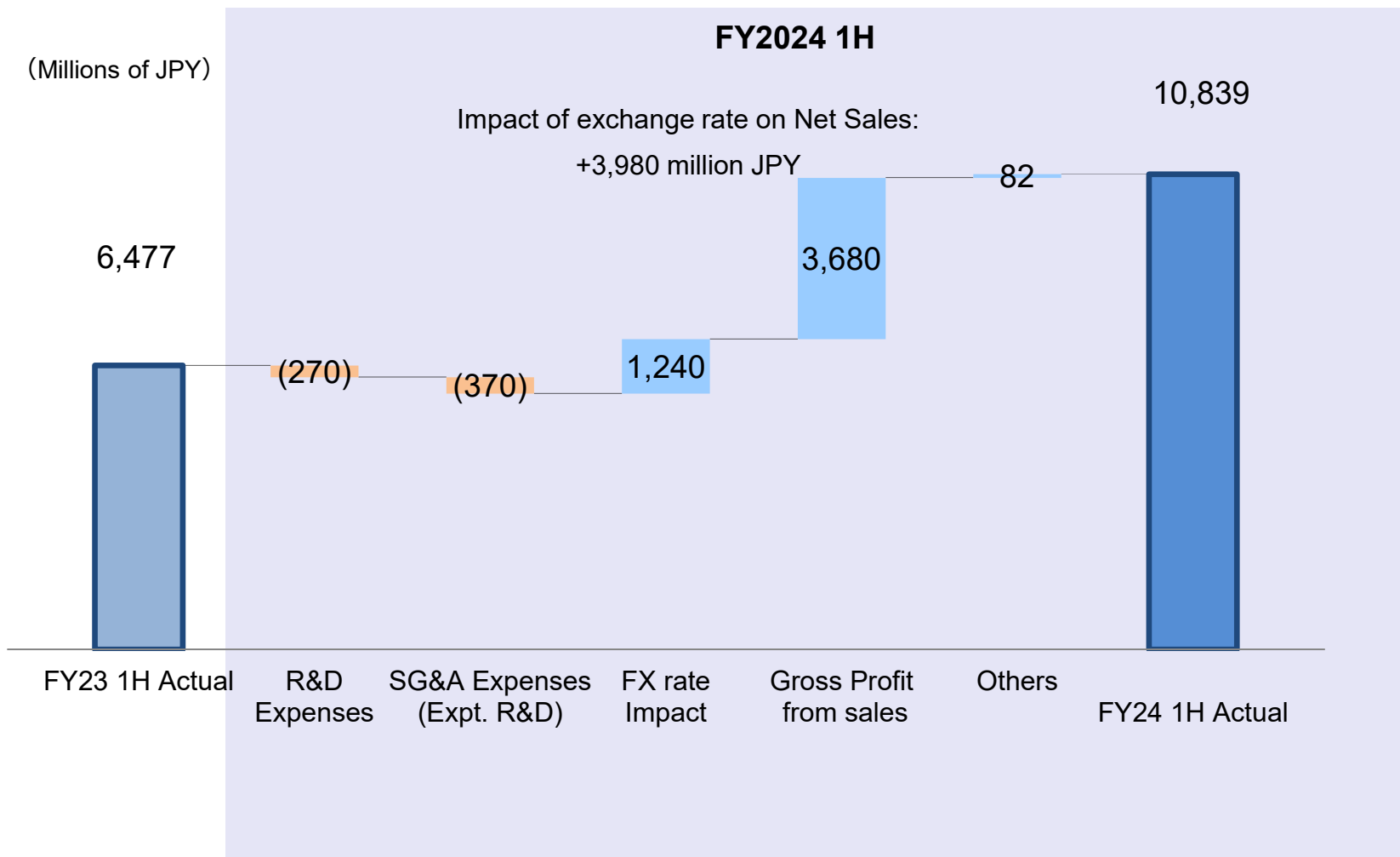
- ◆ Sales of mainstay Photographic Products Segment increased by approximately 1.4 times, and sales of Mobility & Healthcare Products, Others Segment led by Automotive Lenses, increased by approximately 1.5 times, driven by overall Net Sales
- ◆ Maintain gross profit margin at the same level as the previous year due to curtailment of materials costs, cost reductions, etc.
- ◆ Gross profit increased due to a large increase in Net Sales, and SG&A expenses were kept to 10% of the increase, which was much lower than the rate of increase in Net Sales. **Operating Income improved by about 4pt, to 20% or more.**
- ◆ **Sales increased by approximately 10% and Operating Income increased by 30% compared to the 1st half forecast revised significantly upward on April 26.**

| (millions of JPY) | FY23 1H Actual | FY24 1H Forecast (As of Apr. 26) | FY24 1H Actual | Inc/Dec (VS 2023) | | Inc/Dec (VS Forecast) | |
|-------------------------|-------------------|--|-------------------|-------------------|--------------|-----------------------|--------------|
| | | | | Amounts | Ratio | Amounts | Ratio |
| Net Sales | 32,752 | 41,000 | 44,853 | 12,101 | 36.9% | 3,853 | 9.4% |
| Gross Profit | 14,845 | - | 20,205 | 5,359 | 36.1% | - | - |
| (% of Sales) | 45.3% | - | 45.0% | (0.3)% | - | - | - |
| Operating Income | 6,477 | 8,400 | 10,839 | 4,362 | 67.3% | 2,439 | 29.0% |
| (% of Sales) | 19.8% | 20.5% | 24.2% | 4.4% | - | 3.7% | - |
| Ordinary Income | 6,891 | 8,400 | 10,954 | 4,062 | 59.0% | 2,554 | 30.4% |
| (% of Sales) | 21.0% | 20.5% | 24.4% | 3.4% | - | 3.9% | - |
| Net Income | 5,329 | 6,300 | 8,038 | 2,709 | 50.8% | 1,738 | 27.6% |
| (% of Sales) | 16.3% | 15.4% | 17.9% | 1.6% | - | 2.5% | - |
| JPY – 1 USD | 135.01 | 144.32 | 152.37 | 17.36 | - | 8.05 | - |
| JPY – 1 EUR | 145.99 | 156.69 | 164.75 | 18.76 | - | 8.06 | - |

I -3. Factors Affecting Operating Income Variability

Both of Net sales and Operating Income increased in double digit even without favorable foreign exchange effects

(Net Sales increased by approximately 25% and Operating Income Increased by approximately 50% YoY)



I -4. 1st Half FY2024 Results by Segment

① Photographic Products

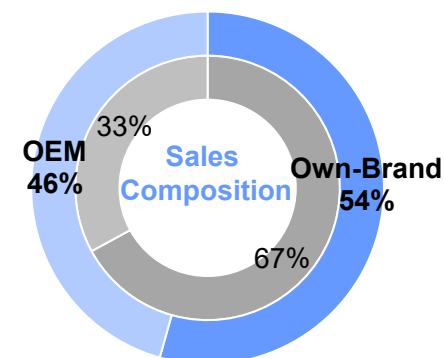
- ◆ Sales of Own-Brand products **increased by double digits, even excluding favorable foreign exchange effects**, due to the impact of the launch of new models last year and continued strong performance in the domestic and Chinese markets.
- ◆ Sales of OEM products **more than doubled** due to strong performance from the second half of the previous fiscal year.
- ◆ Significant increase in Sales led to **approximately 1.5 times of Operating Income YoY, and Operating Income on Net Sales reached 30% level for the first time.**

| (Millions of JPY) | FY23 1H Actual | FY24 1H Forecast | FY24 1H Actual | Inc/Dec (VS 2023) | | FX Impact | Inc/Dec (VS Forecast) | |
|-------------------------|----------------|------------------|----------------|-------------------|--------------|--------------|-----------------------|--------------|
| | | | | Amount | Ratio | | Amount | Ratio |
| Net Sales | 23,425 | 30,600 | 33,097 | 9,671 | 41.3% | 2,780 | 2,497 | 8.2% |
| Operating income | 6,506 | 8,300 | 9,979 | 3,473 | 53.4% | 760 | 1,679 | 20.2% |
| (% of sales) | 27.8% | 27.1% | 30.2% | 2.4% | - | - | 3.1% | - |

Sales Breakdown

| (Billions of JPY) | FY23 1H Actual | FY24 1H Forecast | FY24 1H Actual | Inc/Dec (VS 2023) | | Inc/Dec (VS Forecast) | |
|-------------------|----------------|------------------|----------------|-------------------|--------------|-----------------------|--------------|
| | | | | Amount | Ratio | Amount | Ratio |
| Own-Brand | 15.7 | 17.5 | 18.0 | 2.3 | 14.3% | 0.5 | 2.6% |
| OEM | 7.7 | 13.1 | 15.1 | 7.4 | 96.2% | 2.0 | 15.6% |

| Market environment VS 2023 | Quantity | Amount |
|------------------------------------|----------|--------|
| SLR cameras | (18)% | (16)% |
| Mirrorless cameras | 15% | 15% |
| Interchangeable lens cameras total | 8% | 12% |
| Interchangeable lenses | 9% | 26% |



Inner circle: 2023
Outer circle: 2024

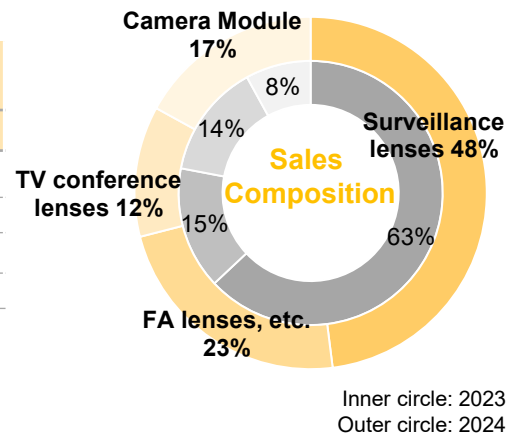
② Surveillance & FA Lenses

- ◆ Sales of Surveillance lenses decreased due to continued efforts to optimize inventory levels at camera manufacturers.
- ◆ Sales of FA lenses continually increased driven by the expansion of the lineup.
- ◆ Sales of Camera Module increased due to significant contribution of new models launched in last year.
- ◆ Due in part to favorable foreign exchange effects, the forecast planned lower Sales and Operating Income YoY resulted **double-digit increases in Sales and Operating Income.**

| (Millions of JPY) | FY23 1H Actual | FY24 1H Forecast | FY24 1H Actual | Inc/Dec (VS 2023) | | FX Impact | Inc/Dec (VS Forecast) | |
|-------------------------|----------------|------------------|----------------|-------------------|-------|-----------|-----------------------|--------|
| | | | | Amount | Ratio | | Amount | Amount |
| Net Sales | 5,432 | 5,300 | 6,011 | 579 | 10.7% | 620 | 711 | 13.4% |
| Operating income | 575 | 500 | 866 | 290 | 50.5% | 280 | 366 | 73.2% |
| (% of sales) | 10.6% | 9.4% | 14.4% | 3.8% | - | - | 5.0% | - |

Sales Breakdown

| (Billions of JPY) | FY23 1H Actual | FY24 1H Forecast | FY24 1H Actual | Inc/Dec (VS 2023) | | Inc/Dec (VS Forecast) | |
|----------------------|----------------|------------------|----------------|-------------------|---------|-----------------------|--------|
| | | | | Amount | Ratio | Amount | Ratio |
| Surveillance lenses | 3.4 | 2.6 | 2.9 | (0.5) | (15.7)% | 0.3 | 10.4% |
| FA lenses, etc. | 0.8 | 1.1 | 1.4 | 0.6 | 69.3% | 0.3 | 24.8% |
| TV conference lenses | 0.7 | 0.8 | 0.7 | 0.0 | 0% | (0.1) | (5.1)% |
| Camera Module | 0.5 | 0.8 | 1.0 | 0.5 | 119.6% | 0.2 | 26.2% |



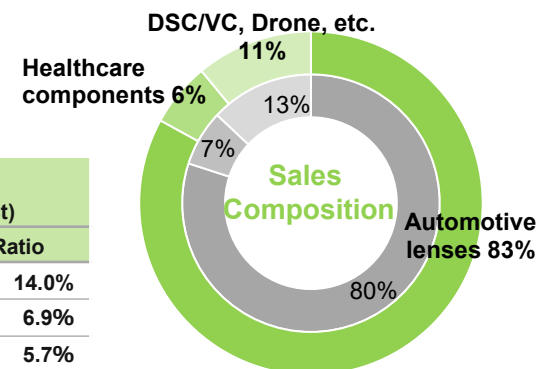
③ Mobility & Healthcare, Others

- ◆ Sales of Automotive lenses **increased significantly by approximately 1.5 times YoY** because of strong demand mainly for sensing applications due to the popularization of Advanced Driving Assistant System (ADAS).
- ◆ Sales of Healthcare components in the cultivation field showed **double-digit increase** driven by the expansion of the lineup.
- ◆ While cultivating new fields, **Operating Income doubled** due to the strong sales of each product group, including mainstay automotive lenses.

| (Millions of JPY) | FY23 1H Actual | FY24 1H Forecast | FY24 1H Actual | Inc/Dec (VS 2023) | | FX Impact | Inc/Dec (VS Forecast) | |
|-------------------------|----------------|------------------|----------------|-------------------|---------------|------------|-----------------------|--------------|
| | | | | Amount | Ratio | | Amount | Ratio |
| Net Sales | 3,894 | 5,100 | 5,744 | 1,850 | 47.5% | 580 | 644 | 12.6% |
| Operating income | 669 | 900 | 1,359 | 690 | 103.1% | 200 | 459 | 51.1% |
| (% of sales) | 17.2% | 17.6% | 23.7% | 6.5% | - | - | 6.1% | - |

Sales Breakdown

| (Billions of JPY) | FY23 1H Actual | FY24 1H Forecast | FY24 1H Actual | Inc/Dec (VS 2023) | | Inc/Dec (VS Forecast) | |
|------------------------------|----------------|------------------|----------------|-------------------|--------------|-----------------------|--------------|
| | | | | Amount | Ratio | Amount | Ratio |
| Automotive lenses | 3.1 | 4.2 | 4.8 | 1.7 | 53.1% | 0.6 | 14.0% |
| Healthcare components | 0.26 | 0.3 | 0.3 | 0.1 | 22.9% | 0.0 | 6.9% |
| DSC/VC, Drone, etc. | 0.5 | 0.6 | 0.6 | 0.1 | 25.6% | 0.0 | 5.7% |



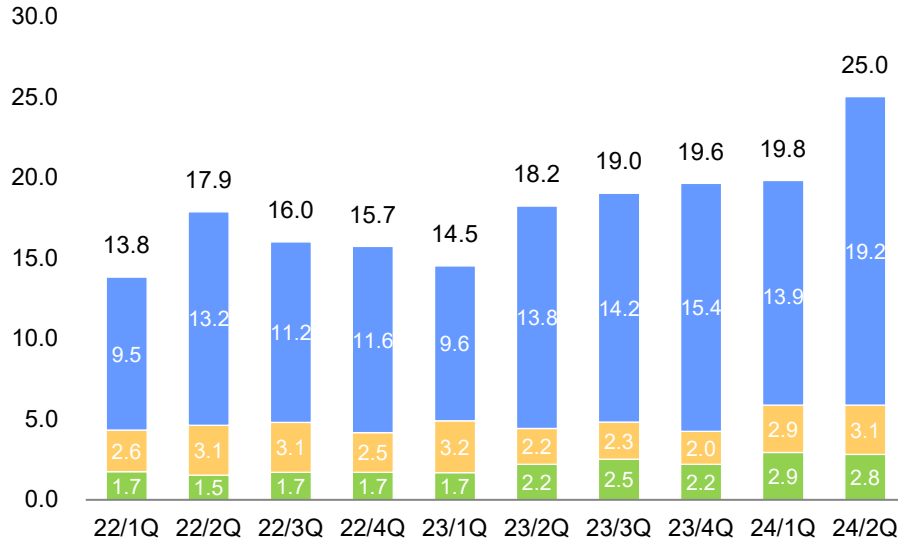
Inner circle: 2023
Outer circle: 2024

Summary of revenue and operating income by segment

| (Millions of JPY) | | FY23 1Q | YoY (%) | FY23 2Q | YoY (%) | FY23 3Q | YoY (%) | FY23 4Q | YoY (%) | FY24 1Q | YoY (%) | FY24 2Q | YoY (%) |
|--|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Photographic Products | Net Sales | 9,615 | 1.3 | 13,809 | 4.3 | 14,207 | 26.6 | 15,399 | 33.2 | 13,944 | 45.0 | 19,152 | 38.7 |
| | Operating Income | 2,666 | 20.0 | 3,839 | 8.3 | 3,948 | 30.0 | 3,553 | 51.0 | 4,019 | 50.8 | 5,960 | 55.2 |
| Surveillance & FA Lenses | Net Sales | 3,215 | 24.5 | 2,216 | (28.7) | 2,312 | (25.1) | 2,041 | (16.8) | 2,939 | (8.6) | 3,072 | 38.6 |
| | Operating Income | 288 | 37.8 | 286 | (39.4) | 102 | (78.8) | 37 | (83.6) | 428 | 48.4 | 437 | 52.6 |
| Mobility & Healthcare Products, Others | Net Sales | 1,690 | (3.1) | 2,203 | 44.8 | 2,510 | 47.0 | 2,202 | 28.5 | 2,935 | 73.6 | 2,809 | 27.5 |
| | Operating Income | 284 | 13.5 | 385 | 123.8 | 507 | 41.9 | 314 | 12.0 | 729 | 156.3 | 630 | 63.8 |
| Total | Net Sales | 14,521 | 5.1 | 18,230 | 2.0 | 19,031 | 18.8 | 19,642 | 24.9 | 19,819 | 36.5 | 25,034 | 37.3 |
| | Operating Income | 2,630 | 26.4 | 3,847 | 7.1 | 3,704 | 18.9 | 3,425 | 52.2 | 4,547 | 72.9 | 6,292 | 63.6 |

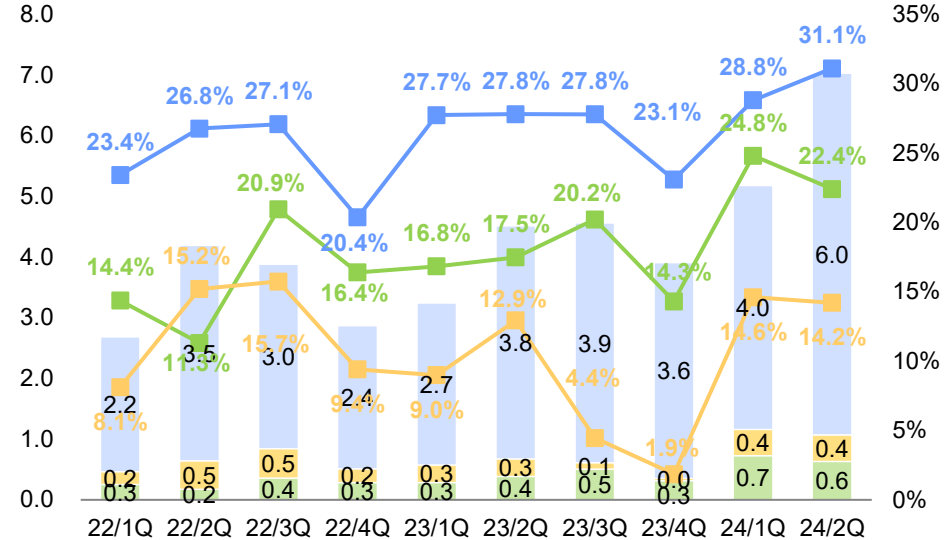
Net Sales

(Billions of JPY)



Operating Income/ Operating Income ratio

(Billions of JPY)





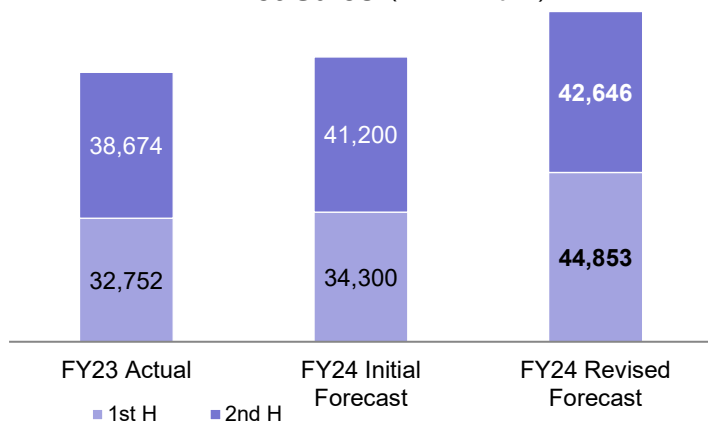
II. Financial Forecast FY2024

II-1. Financial Forecast FY2024

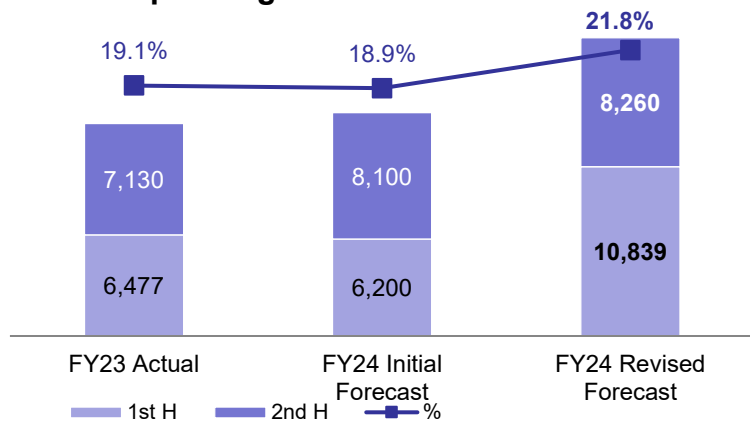
- The 1st half financial results performed significantly exceed the plan, leading to **double-digit upward revisions to full-year sales and profits**
- **Planned double-digit increase in Net Sales and Operating Income in the 2nd half** as in the 1st half.
⇒ Full-year forecast revised upward from single-digit to double-digit sales and profits growth.
- ⇒ **The year-end dividend forecast revised upwards from the initial plan by the same amount as the interim dividend increased**
(Year-end dividend forecast revised from 80 yen to **90 yen**)

| (millions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|-------------------------|---------------|-----------------------|-----------------------|--------------------------|--------------|------------------------------------|--------------|
| | | | | Amount | Ratio | Amount | Ratio |
| Net Sales | 71,426 | 75,500 | 87,500 | 16,073 | 22.5% | 12,000 | 15.9% |
| Operating Income | 13,607 | 14,300 | 19,100 | 5,492 | 40.4% | 4,800 | 33.6% |
| (% of Sales) | 19.1% | 18.9% | 21.8% | 2.8% | - | 2.9% | - |
| Ordinary Income | 13,972 | 14,300 | 19,100 | 5,127 | 36.7% | 4,800 | 33.6% |
| (% of Sales) | 19.6% | 18.9% | 21.8% | 2.3% | - | 2.9% | - |
| Net Income | 10,812 | 10,730 | 14,130 | 3,317 | 30.7% | 3,400 | 31.7% |
| (% of Sales) | 15.1% | 14.2% | 16.1% | 1.0% | - | 1.9% | - |
| USD/JPY | 140.68 | 140.00 | 148.69 | 8.01 | - | 8.69 | - |
| EUR/JPY | 152.17 | 152.00 | 161.38 | 9.21 | - | 9.38 | - |

Net Sales (millions of JPY)



Operating Income (millions of JPY)



II-2. Financial Forecast FY2024 by Segment

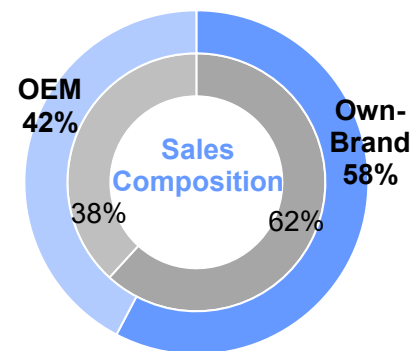
① Photographic Products

- ◆ Own-Brand products sales are expected to **increase by double digits** due to new model launches and sales recovery in Europe and US markets.
- ◆ OEM products sales in the 1st half far exceeded the plan, leading to revised sales forecast decrease in the 2nd half compared to the 1st half. However, the initial sales forecast in the 2nd half, which are planned to decrease YoY revised upward to **double-digit growth**.
- ◆ The initial forecast for single-digit increase in Sales and Operating Income has been revised **double-digit increase by maintaining a high profitability** due to higher gross profit from higher sales and favorable foreign exchange efforts.

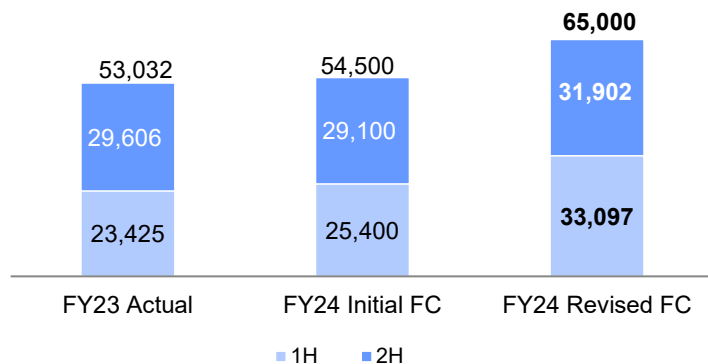
| (Millions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|-------------------------|-------------|-----------------------|-----------------------|--------------------------|-------|------------------------------------|-------|
| | | | | Amount | Ratio | Amount | Ratio |
| Net Sales | 53,032 | 54,500 | 65,000 | 11,967 | 22.6% | 10,500 | 19.3% |
| Operating Income | 14,008 | 15,000 | 18,900 | 4,891 | 34.9% | 3,900 | 26.0% |
| (% of Sales) | 26.4% | 27.5% | 29.1% | 2.7% | - | 1.6% | - |

Sales Breakdown

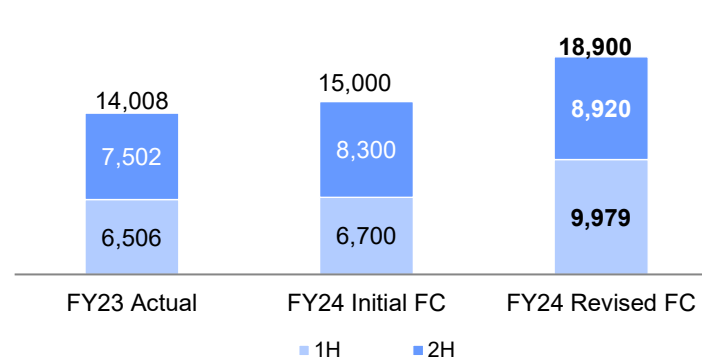
| (Billions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|-------------------|-------------|-----------------------|-----------------------|--------------------------|-------|------------------------------------|-------|
| | | | | Amount | Ratio | Amount | Ratio |
| Own-Brand | 32.8 | 35.2 | 37.5 | 4.7 | 14.5% | 2.3 | 6.5% |
| OEM | 20.2 | 19.3 | 27.5 | 7.3 | 35.7% | 8.2 | 42.5% |



Net Sales (millions of JPY)



Operating Income (millions of JPY)



Photographic Products - New Models

Before 2023: Approximately 5 new models ⇒ Original plan for 2024: 6 new models ⇒ **Revised plan for 2024: 7 new models**

| | 2021 | | | 2022 | | 2023 | |
|----------------------|---|--|--|--|--|--|--|
| For SONY E-mount | Jan  17-70mm F/2.8 VC RXD (B070) | June  11-20mm F/2.8 RXD (B060) | June  150-500mm F/5-6.7 VC VXD (A057) | Sep.  50-400mm F/4.5-6.3 VC VXD (A067) | Oc.  20-40mm F/2.8 VXD (A062) | Oc.  17-50mm F/4 VXD (A068) | Oct.  70-180mm F/2.8 VC VXD G2 (A065) |
| | Sep.  18-300mm F/3.5-6.3 VC VXD (B061) | Oct.  28-75mm F/2.8 VXD G2 (A063) | Oct.  35-150mm F/2-2.8 VXD (A058) | | | | |
| For FUJIFILM X-mount | Oct.  18-300mm F/3.5-6.3 VC VXD (B061) | | | July  17-70mm F/2.8 VC RXD (B070) | Oct.  150-500mm F/5-6.7 VC VXD (A057) | May  11-20mm F/2.8 RXD (B060) | |
| For NIKON Z-mount | | | | Sep.  70-300mm F/4.5-6.3 RXD (A047) | | Sep.  35-150mm F/2-2.8 VXD (A058) | Oct.  150-500mm F/5-6.7 VC VXD (A057) |

Planned to launch 7 new models in 2024

Apr.

28-75mm F/2.8 VXD G2 (A063)

For Nikon Z-mount



Jun.

50-300mm F/4.5-6.3 VC VXD (A069)

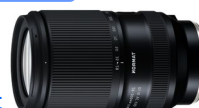
For Sony E-mount



To be launched in Aug.

28-300mm F/4-7.1 VC VXD (A074)

For Sony E-mount



To be launched in 2024

Our 1st model for CANON RF-mount

Small and lightweight, an ultra wide-angle zoom lens with a maximum aperture of F2.8 across its full range of focal lengths. RXD G2 (B060)



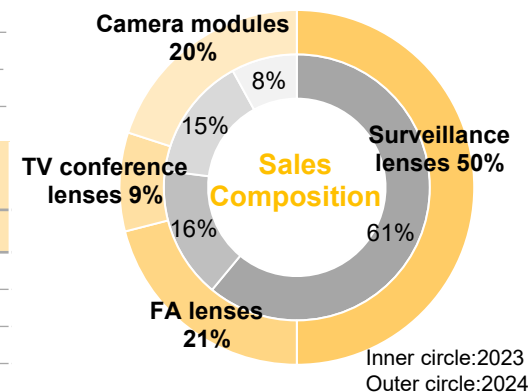
② Surveillance & FA Lenses

- ◆ Although Surveillance lenses sales for the 1st half decreased YoY due to the remaining impact inventory adjustments at customers, the Full-year sales are expected to recover to the same level as the previous year.
- ◆ Sales of FA lenses and camera modules are expected to significantly increase YoY due to an expanded lineup.
- ◆ **Aim to improve Operating Income on Sales to over 10%** through **double-digit sales increase and large growth in Operating Income.**

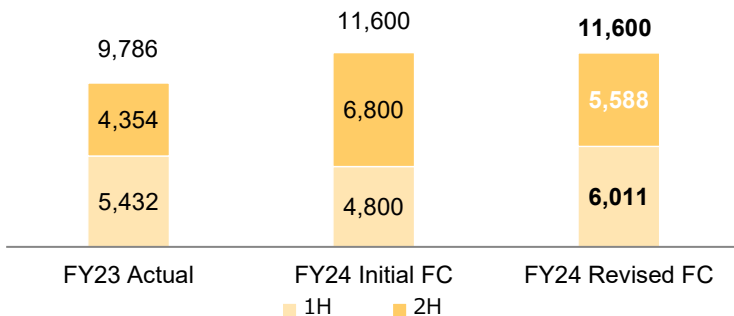
| (Millions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|-------------------------|-------------|-----------------------|-----------------------|--------------------------|-------|------------------------------------|--------|
| | | | | Amount | Ratio | Amount | Ratio |
| | | | | Net Sales | 9,786 | 11,600 | 11,600 |
| Operating Income | 716 | 1,000 | 1,300 | 583 | 81.5% | 300 | 30.0% |
| (% of Sales) | 7.3% | 8.6% | 11.2% | 3.9% | - | 2.6% | - |

Sales Breakdown

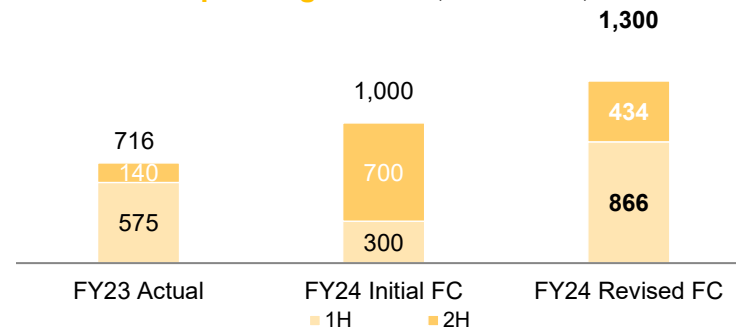
| (Billions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|-----------------------------|-------------|-----------------------|-----------------------|----------------------------|---------|------------------------------------|--------|
| | | | | Amount | Ratio | Amount | Ratio |
| | | | | Surveillance lenses | 5.9 | 6.2 | 5.8 |
| FA lenses, etc. | 1.6 | 2.6 | 2.4 | 0.8 | 53.9% | (0.2) | (7.7)% |
| TV conference lenses | 1.5 | 0.6 | 1.1 | (0.4) | (27.2)% | 0.5 | 83.3% |
| Camera Module | 0.8 | 2.2 | 2.3 | 1.5 | 186.5% | 0.1 | 4.5% |



Net Sales (millions of JPY)



Operating Income (millions of JPY)



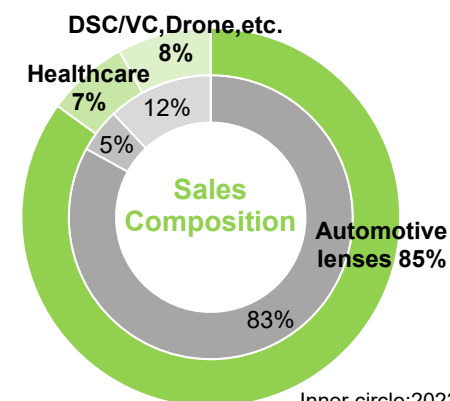
③ Mobility & Healthcare Products, Others

- ◆ Planning to maintain high growth and achieve **more than 30% increase in Automotive lenses sales**
- ◆ Sales of Healthcare components are expected to progress as planned, **continue to increase by double digits** due to steady sales growth.
- ◆ **Planning to double-digit increase in Operating Income YoY** despite of SG&A increase with fostering Health Care field and strengthening the development of elemental technologies in new fields.

| (Millions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|-------------------------|--------------|-----------------------|-----------------------|--------------------------|--------------|------------------------------------|---------------|
| | | | | Amount | Ratio | Amount | Ratio |
| | | | | Net Sales | 8,607 | 9,400 | 10,900 |
| Operating Income | 1,492 | 1,100 | 1,800 | 307 | 20.6% | 700 | 63.6% |
| (% of Sales) | 17.3% | 11.7% | 16.5% | (0.8)% | - | 4.8% | - |

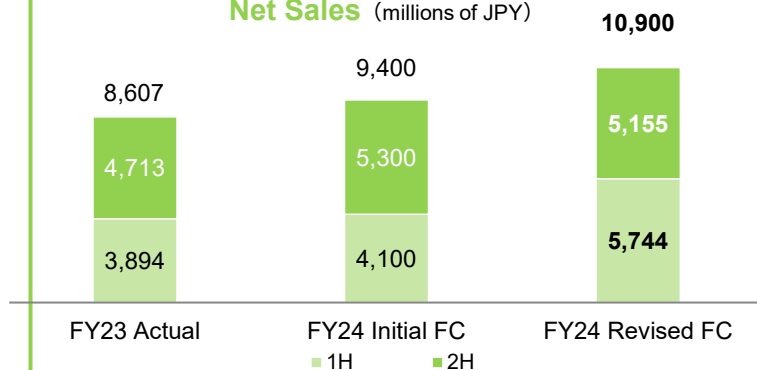
Sales Breakdown

| (Billions of JPY) | FY23 Actual | FY24 Initial Forecast | FY24 Revised Forecast | Inc/Dec (VS Actual FY23) | | Inc/Dec (VS Initial Forecast FY24) | |
|------------------------------|-------------|-----------------------|-----------------------|--------------------------|----------------|------------------------------------|--------------|
| | | | | Amount | Ratio | Amount | Ratio |
| | | | | Automotive lenses | 7.1 | 8.0 | 9.3 |
| Healthcare components | 0.4 | 0.7 | 0.7 | 0.3 | 80.3% | - | -% |
| DSC/VC, Drone, etc. | 1.1 | 0.7 | 0.9 | (0.2) | (15.9)% | 0.2 | 28.6% |

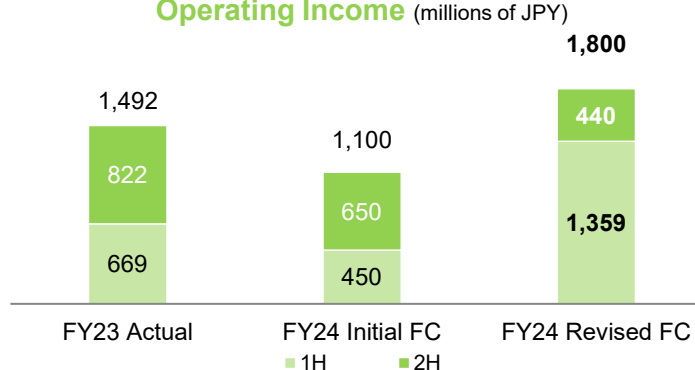


Inner circle:2023
Outer circle:2024

Net Sales (millions of JPY)



Operating Income (millions of JPY)





Ⅲ. Current progress of medium-term management plan “Value Creation 26”

III-1. Positioning of the "Value Creation26"

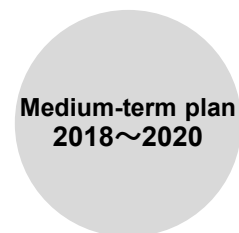
Launch of the new medium-term plan "Value Creation26"



Under Vision23's achievements, we will overcome challenges, achieve high-quality leaps, and maximize corporate value through new endeavors.

~Basic policy~

- ◆ Grow existing segments steadily and create new business
- ◆ Create a workplace with a fulfilling environment and high corporate value



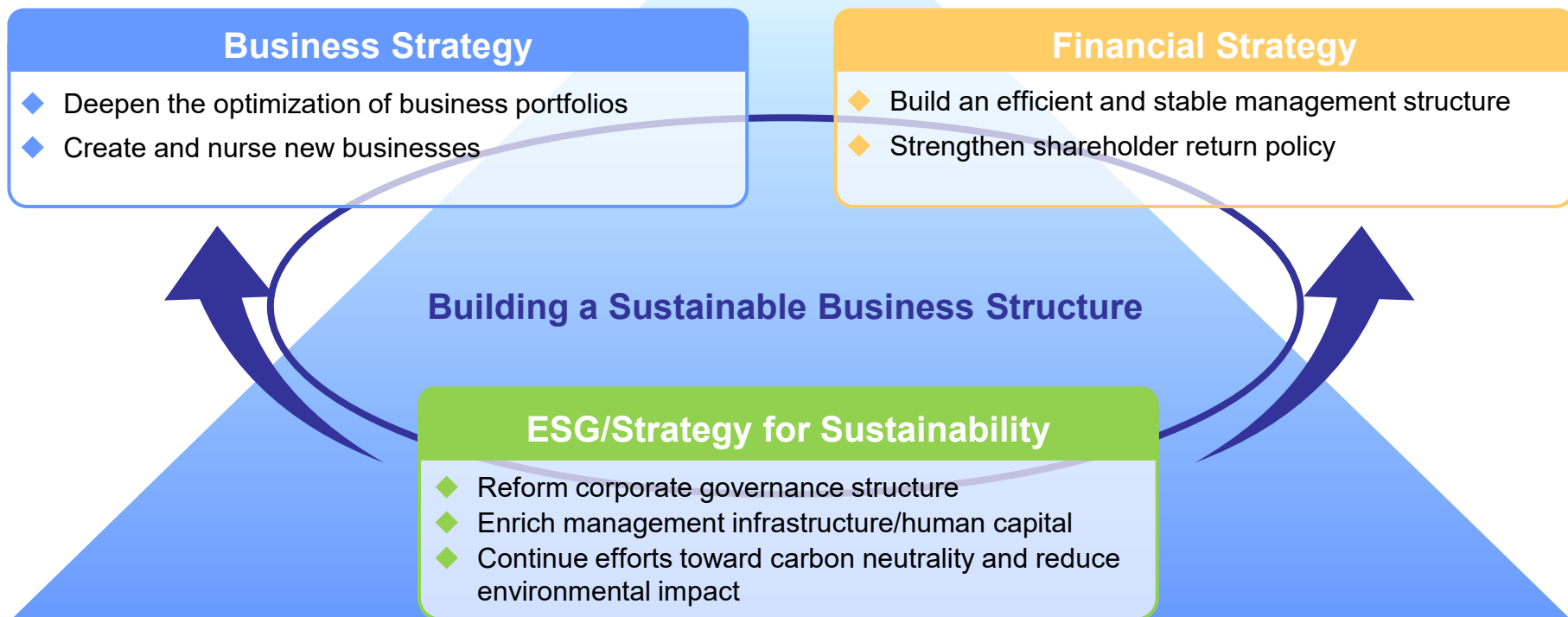
- ◆ Portfolio optimization
- ◆ Development & growth of new business
- ◆ Establish a functional strategy
- ◆ Development of human resources & Activate the organization

- ◆ Improve Profitability of core business
- ◆ Expand business in growing fields
- ◆ Improvement of corporate constitution

Sustainable Enhancement of Corporate Value

"Value Creation26"

Under Vision23's achievements,
we will overcome challenges, achieve high-quality leaps,
and maximize corporate value through new endeavors.



III-2. Outline of "Value Creation26" ② Management Numerical Targets

『Value Creation26』

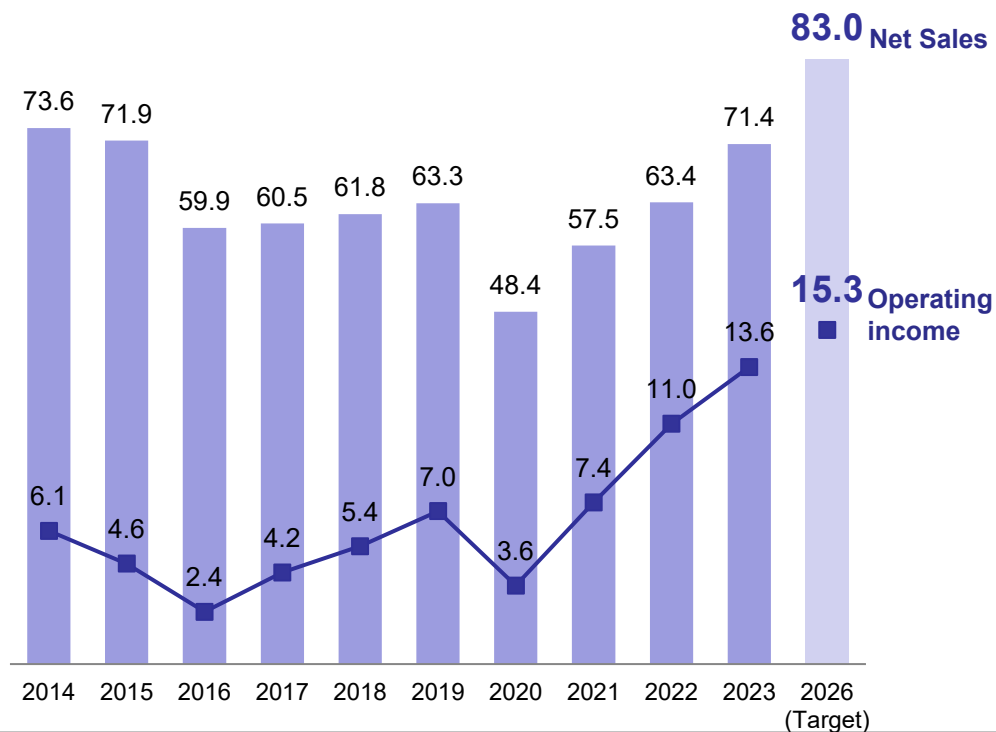
| | 2023 Actual | 2026 Target |
|------------------|----------------|-----------------|
| Net Sales | ¥ 71.4B. | ¥ 83.0B. |
| Operating Income | ¥ 13.6B. | ¥ 15.3B. |
| (% Sales) | 19.1% | 18.4% |

| | 2021-2023 Average | 2026 Target |
|------------------------------|------------------------------------|---|
| EBITDA (% Sales) | 21% level | More than 22% |
| ROE | 13% level | More than 14% |
| Shareholder return policy | Dividend payout ratio 30% level | Total payout ratio Approx. 60% |

※Exchange rate assumption USD/JPY:140 EUR/JPY:152

- ◆ Achieve growth in sales and profit while maintaining high profitability and efficiency. Targeting our first major milestone of 80 billion yen in sales and 15 billion yen in operating income.
- ◆ Create a corporate value that significantly exceeds current financial value and business scale.

— Net Sales (Billions of JPY)
— Operating Income (Billions of JPY)



III-2. ③ Status of Management Numerical Targets

Target of “Value Creation26”

- ◆ Achieve growth in sales and profit while maintaining high profitability and efficiency. Targeting our first major milestone of 80 billion yen in sales and 15 billion yen in operating income.
- ◆ Create a corporate value that significantly exceeds current financial value and business scale.

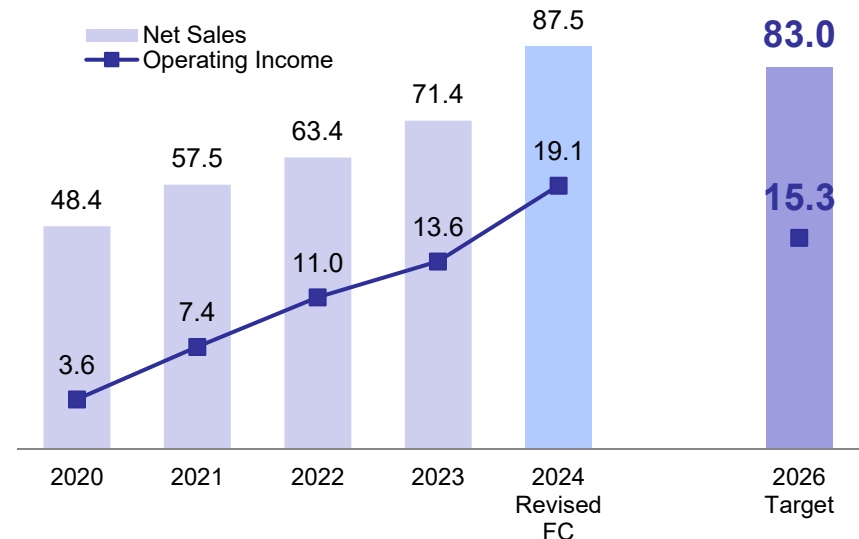
| | 2023 Actual | 2026 Target |
|------------------|----------------|-----------------|
| Net Sales | ¥ 71.4B. | ¥ 83.0B. |
| Operating Income | ¥ 13.6B. | ¥ 15.3B. |
| (% Sales) | 19.1% | 18.4% |

| | 2021-2023 Average | 2026 Target |
|------------------------------|------------------------------------|---|
| EBITDA (% Sales) | 21% level | More than 22% |
| ROE | 13% level | More than 14% |
| Shareholder return policy | Dividend payout ratio 30% level | Total payout ratio Approx. 60% |

Current Status of “Value Creation26”

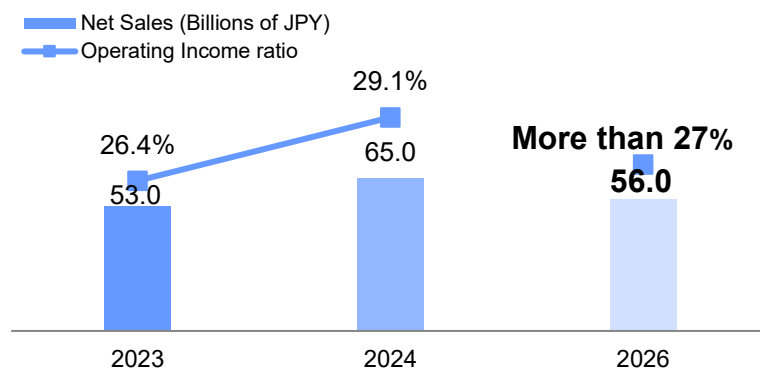
- Sales and profits in the 1st half of FY24 exceeded the forecast.
- **Upward revision of full-year forecast** due to strong performance in the 1st half and sales situation, etc. in the 2nd half
 ⇒ **Planning to achieve significantly the target of the FY26 medium-term management plan in the first year of the plan.**

| | FY24 Revised Forecast |
|------------------|-----------------------------|
| Net Sales | ¥87.5B. |
| Operating Income | ¥19.1B. |
| (% of Sales) | 21.8% |
| USD/JPY | 148.69 |
| EUR/JPY | 161.38 |

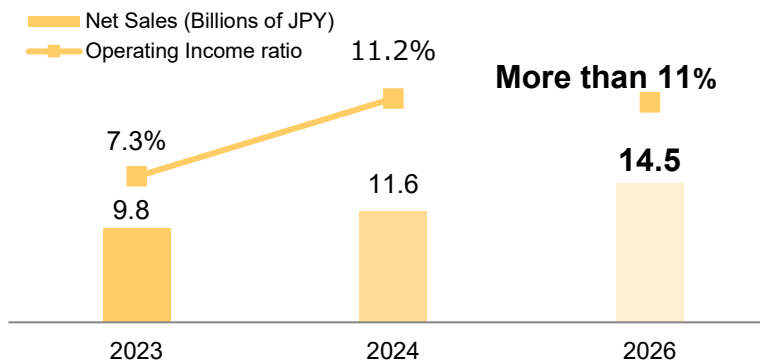


III-2. ③ Status of Management Numerical Targets by Segment

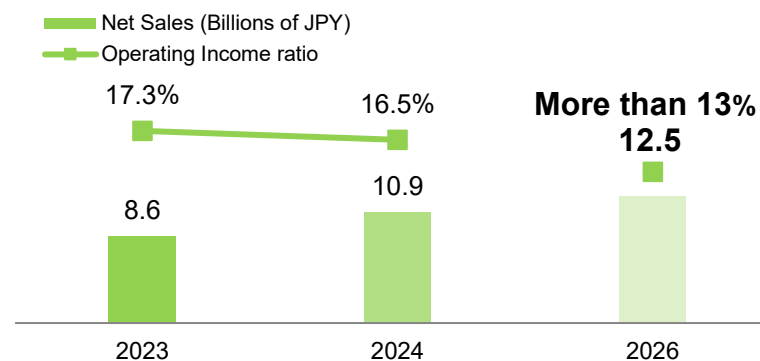
| | FY23 Actual | FY24 Forecast | FY26 Medium-term plan |
|------------------------------|----------------|------------------|--------------------------|
| Photographic Products | | | |
| Net Sales | ¥53.0B. | ¥65.0B. | ¥56.0B. |
| Own-Brand | ¥32.8B. | ¥37.5B. | ¥37.0B. |
| OEM | ¥20.2B. | ¥27.5B. | ¥19.0B. |
| Operating Income | ¥14.0B. | ¥18.9B. | ¥15.2B. |
| (% of Sales) | 26.4% | 29.1% | More than 27% |



| | FY23 Actual | FY24 Forecast | FY26 Medium-term plan |
|-------------------------------------|----------------|------------------|--------------------------|
| Surveillance & FA Lenses | | | |
| Net Sales | ¥9.8B. | ¥11.6B. | ¥14.5B. |
| Surveillance lenses | ¥5.9B. | ¥5.8B. | ¥7.4B. |
| FA lenses, etc. | ¥1.6B. | ¥2.4B. | ¥3.6B. |
| Camera Module | ¥0.8B. | ¥2.3B. | ¥3.5B. |
| TV conference lenses | ¥1.5B. | ¥1.1B. | - |
| Operating Income | ¥0.7B. | ¥1.3B. | ¥1.6B. |
| (% of Sales) | 7.3% | 11.2% | More than 11% |



| | FY23 Actual | FY24 Forecast | FY26 Medium-term plan |
|--|----------------|------------------|--------------------------|
| Mobility & Healthcare, Others | | | |
| Net Sales | ¥8.6B. | ¥10.9B. | ¥12.5B. |
| Automotive lenses | ¥7.1B. | ¥9.3B. | ¥10.2B. |
| Healthcare components | ¥0.4B. | ¥0.7B. | ¥1.4B. |
| DSC/VC, Drone, etc. | ¥1.1B. | ¥0.9B. | ¥0.9B. |
| Operating Income | ¥1.5B. | ¥1.8B. | ¥1.7B. |
| (% of Sales) | 17.3% | 16.5% | More than 13% |



Building effective management while ensuring stability

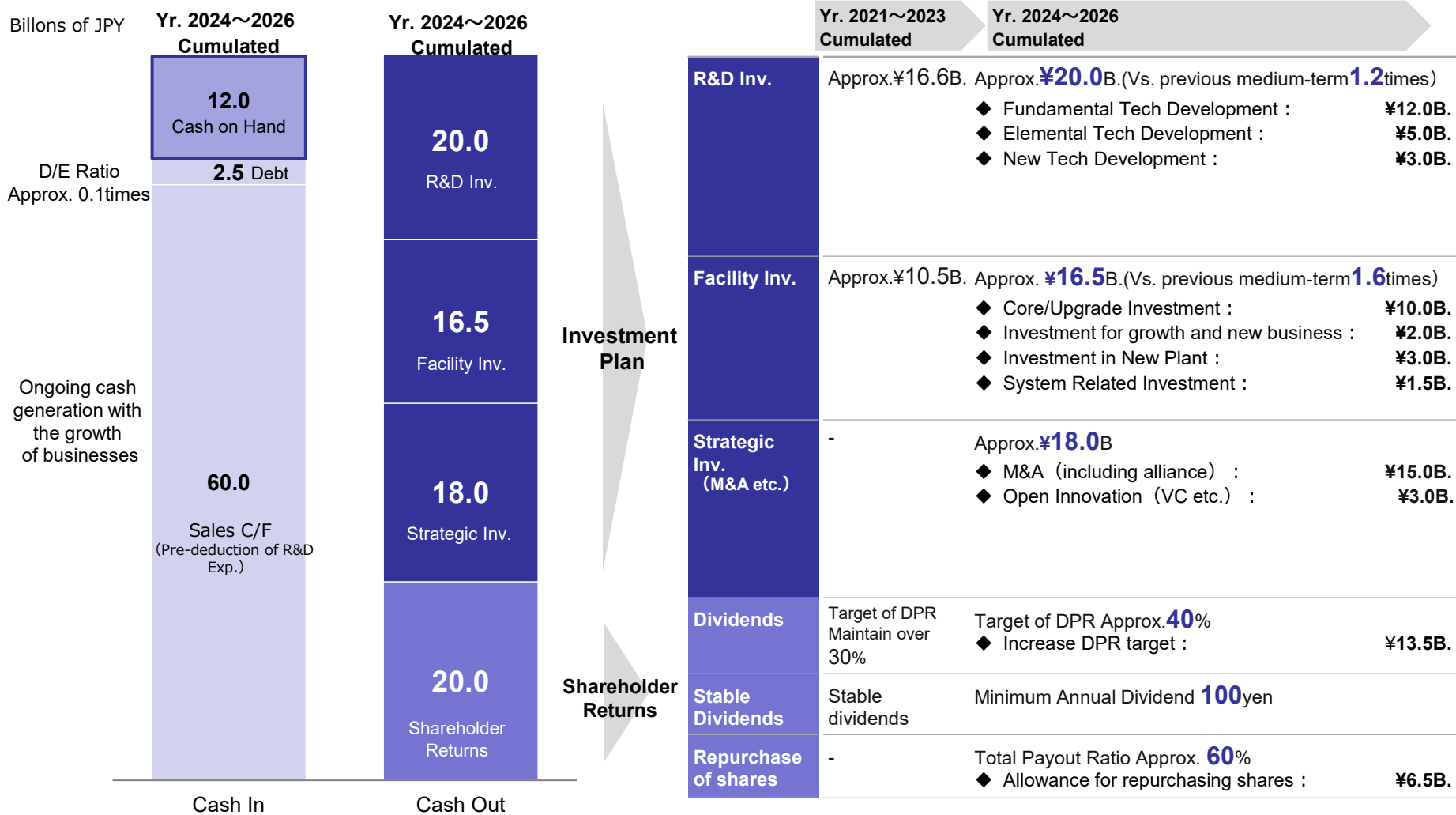
Appropriate Capital Structure

- ✓ Sustain an ROE of appx.14%
- ✓ Secure capital at twice of the cost
- ◆ Utilize available funds while ensuring financial safety, achieving efficient management
- ◆ Gradually reduce the equity ratio to be around 75%
- ◆ Aim for a liquidity reserve of approx. 3 month's worth of monthly turnover

Enhanced Shareholder Return

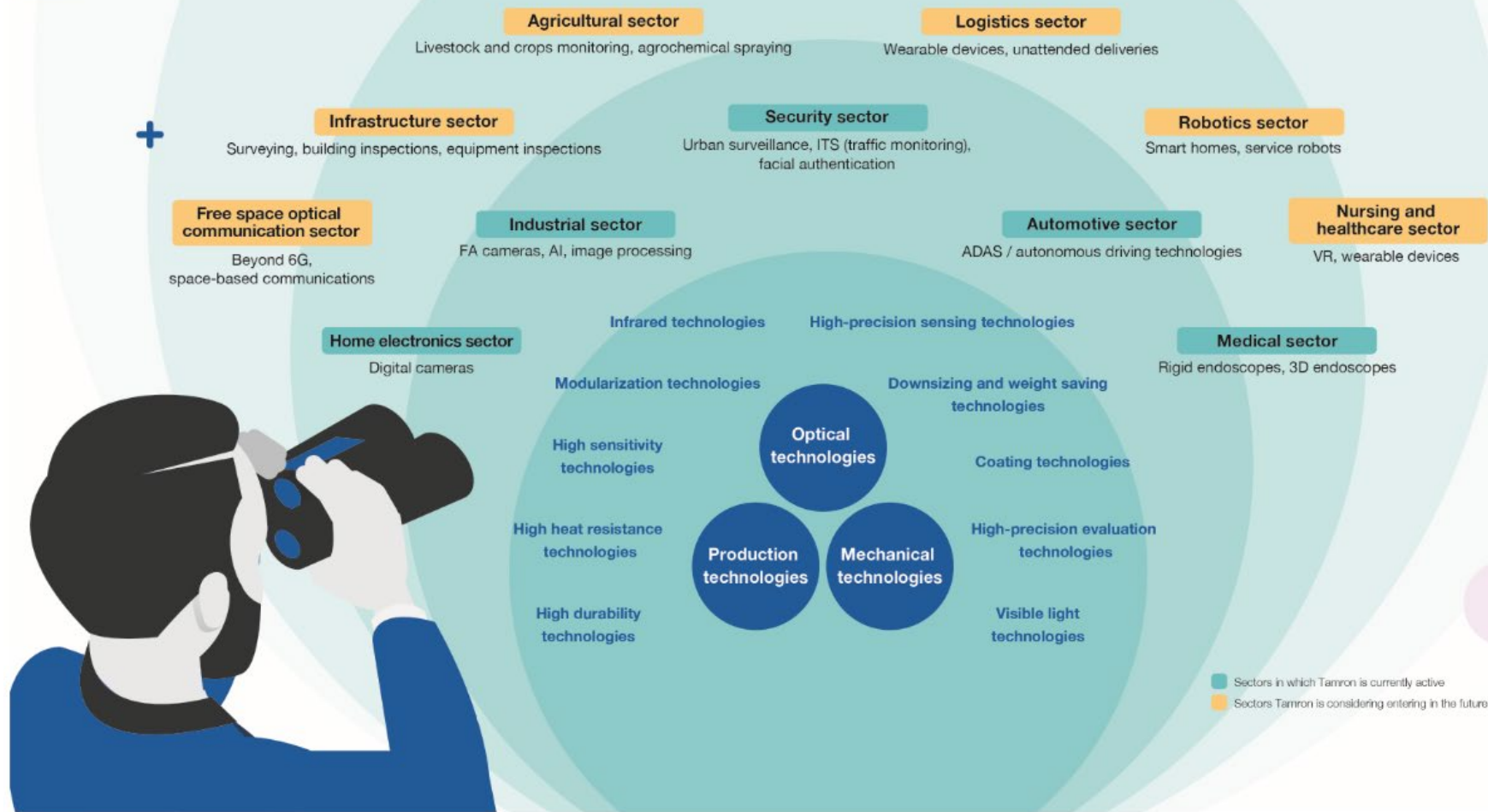
- ✓ Stable shareholder returns & flexible repurchase of treasury stock
- ✓ Aiming for total return ratio of 60%
- ◆ Set a minimum annual dividend of 100 yen
Target dividend payout ratio of approx. 40%
- ◆ Aim for a total return ratio of approx. 60%
Conduct flexible repurchase of treasury stock

III-3. Financial Strategy of the “Value Creation 26” ②Cash Allocation



III-3. Financial Strategy ③ Technology Strategy

Making technologies that are next-generation solutions +
 Tamron's technologies are evolving from imaging to measuring

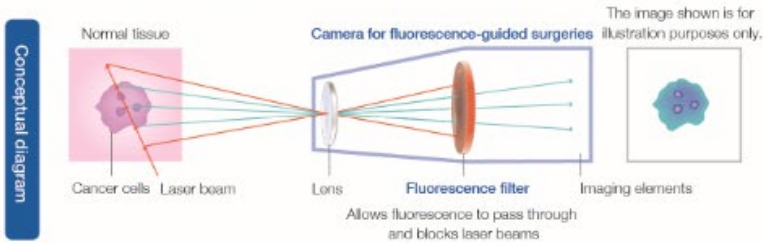


Tamron's Measuring Technologies

New technologies in development or production

1 Measuring cancer cells with fluorescence filters

We are developing and producing fluorescence filters which will play important roles in fluorescence-guided surgeries, in which hardly-identifiable cancer cells are clearly visualized to ensure high-precision surgical operations.



2 Measuring moisture content using shortwave infrared (SWIR) lenses

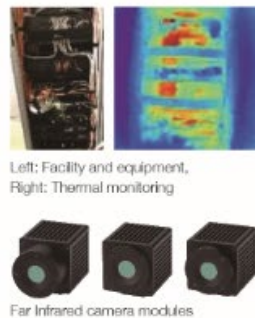
SWIR lenses measure moisture content without destroying the objects being inspected. They help reduce labor and the burdens on workers. A large amount of moisture oozes within bruised fruit. This makes it possible to exclude any fruit displayed in a dark color on the monitor screen. This opens the way for automation and the simplification of the shipping process.



3 Measuring heat using far infrared camera modules

Far infrared camera modules detect and visualize the far infrared radiation from objects and perform a temperature conversion process. This paves the way for monitoring data about the overheating of equipment and facilities.

At biomass power plants, they are used to monitor the temperature of biomass fuel storage warehouses which are likely to experience abnormal temperature increases, in addition to being used to monitor boilers, power generation turbines and other positions when biomass fuels are being injected into the systems. They operate every day to ensure the safety of power generation.



4 Measuring distances using sensing camera lenses and LiDAR

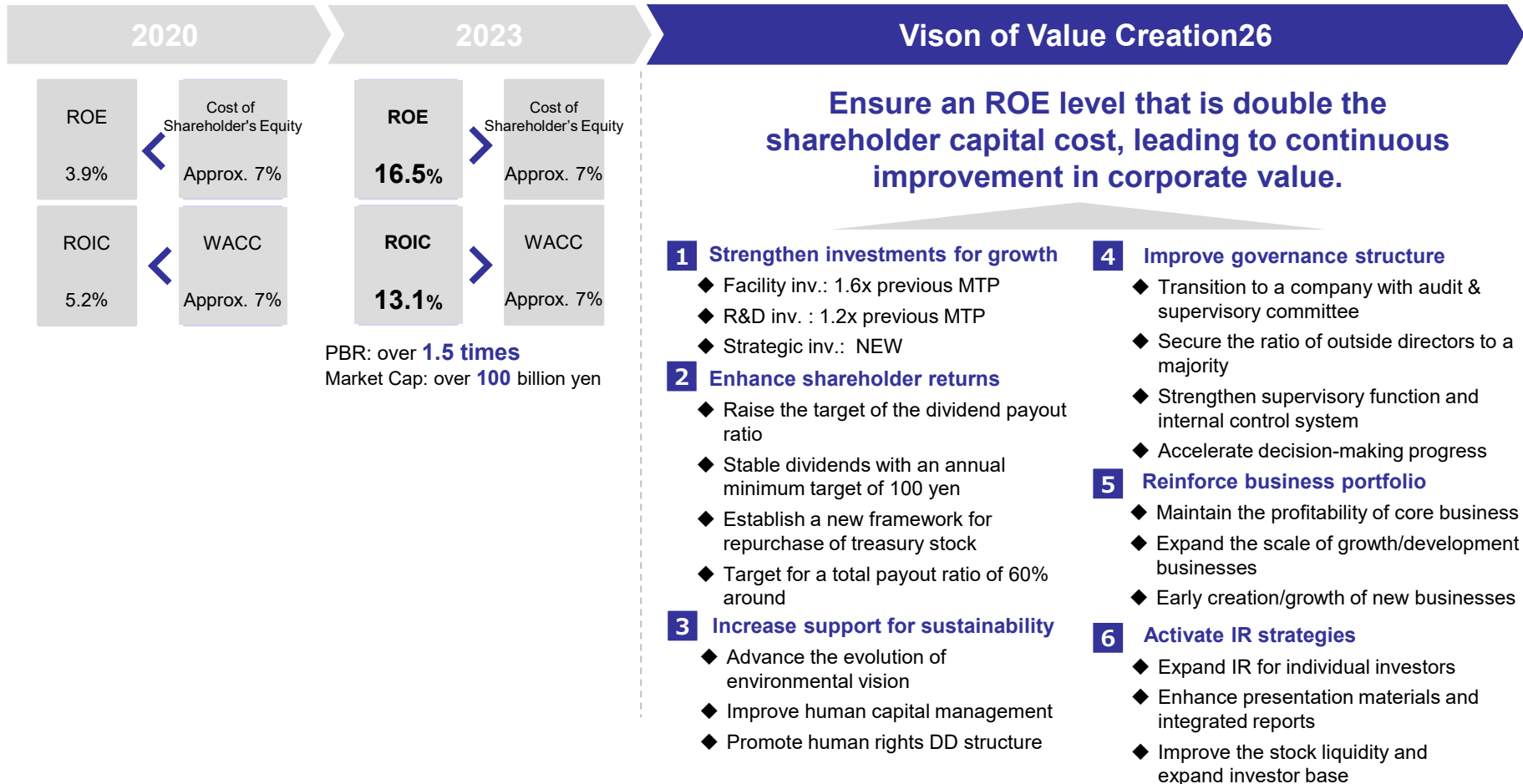
The safety of autonomous vehicles is supported by automotive sensing camera lenses. Vehicles, pedestrians, traffic signs and other objects in the digital image data captured by cameras are identified to properly control vehicles, and Light Detection and Ranging (LiDAR) light sensor technology is used to measure the distance to an object by capturing the scattering and reflection of laser light.



III-4. Management with a focus on capital costs and Stock prices

Status of action

By promoting management with awareness of capital costs, aimed to improve and maximize corporate value with achieving ROE over 14%, which is double of the cost of shareholder's equity (approx.7%)



III-5. ESG/Sustainability Strategy of the “Value Creation 26”

E nvironment

Reduce environmental burden through carbon neutral, in-house products designing and services

Promote and drive the evolution of the 2050 environmental vision

- ◆ **Reduce greenhouse gas emission**
 - Scope1,2
 - **18%** reduction (vs Yr.2015)
 - ※in 2030 : **30%** reduction
 - ※ in 2050 : **Zero emission**
 - Scope3
 - Set Measurement method and reduction targets
- ◆ **Improve contribution to resource-recycling-society**
 - Evolve towards a circular economy
- ◆ **Encourage initiatives for a society in harmony with nature**
 - Strengthen conservation of biodiversity and sustainable utilization
- ◆ **Refine CDP evaluation**

S ocial

Promote human capital management, DE&I, and job satisfaction

Promote human capital management

- ◆ **Advance DE&I**
 - Female managerial ratio: over **12%**
 - Career recruitment ratio: over **60%**
 - Male parental leave adapt ratio: over **80%**
 - Broaden human resources programs (recruitment, development, evaluation)
- ◆ **Enrich human capital investments**
 - Double education and training expenses
 - Refresh HR system and expand functions
 - Reinforce the education of engineers (Increase R&G expenses)
- ◆ **Refine human rights DD system**
 - Implement SAQ, refine risk analysis, and make improvement
- ◆ **Promote health management**
- ◆ **Expand engagement activities**

G overnance

Reform the Corporate Governance Structure

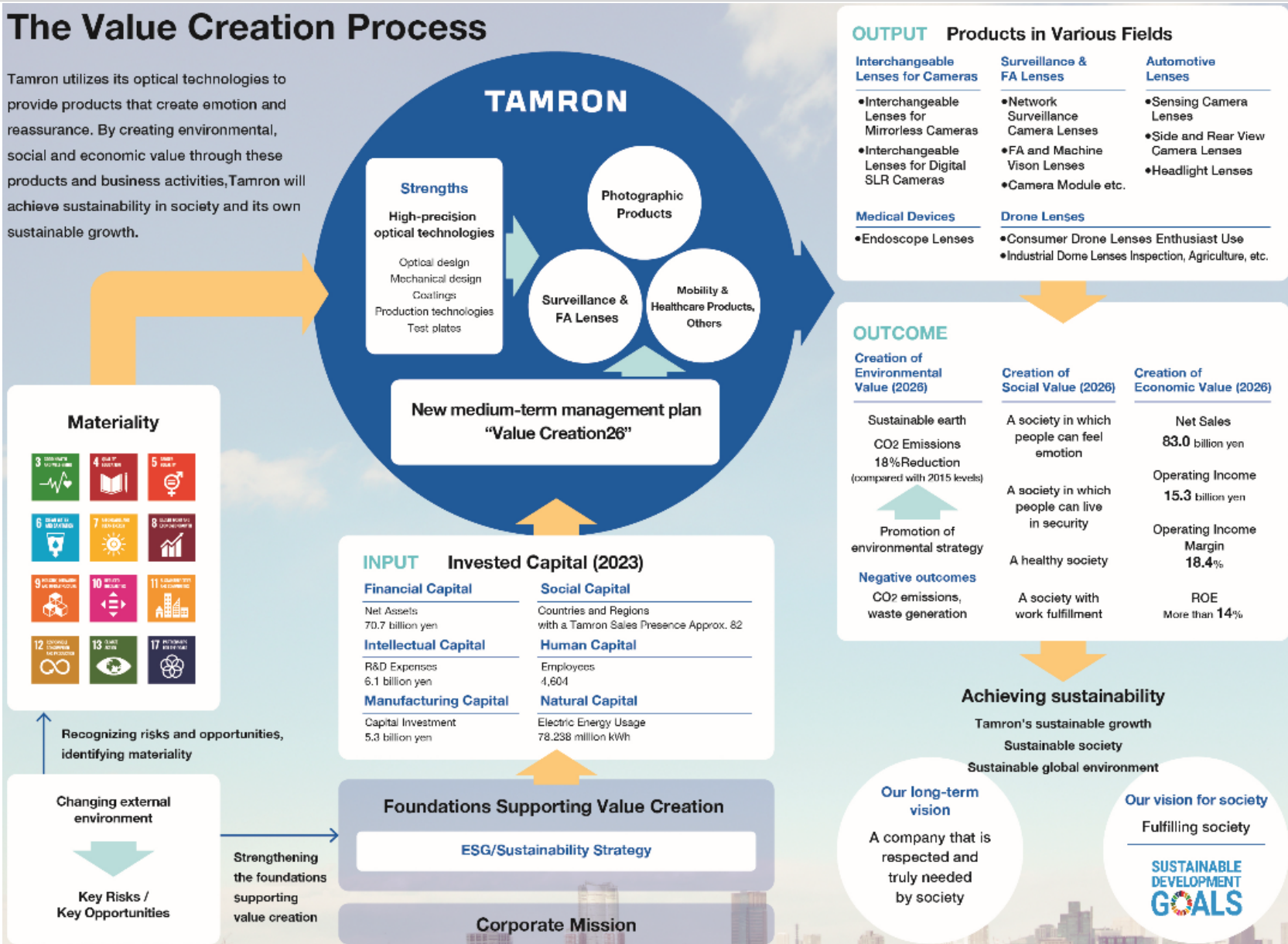
Strengthen supervision, speed up decision-making

- ◆ **Transition to a Company with an Audit & Supervisory Committee**
 - Strengthen supervisory functions, expedite decision-making
- ◆ **Increase the ratio of outside directors**
 - Secure the ratio of outside directors to a majority
- ◆ **Refine the assessment of the effectiveness of the Board of Directors**
 - Implementation with third-party involved
 - Strengthen supervision for each committee
- ◆ **Improve Board Advisory Committee**
 - Enhance the transparency
- ◆ **Enhance executive functions**
 - Promote authority delegation
- ◆ **Expand the internal control system**
- ◆ **Foster a better company culture**

III- 5 . ESG/Sustainability Strategy

The Value Creation Process

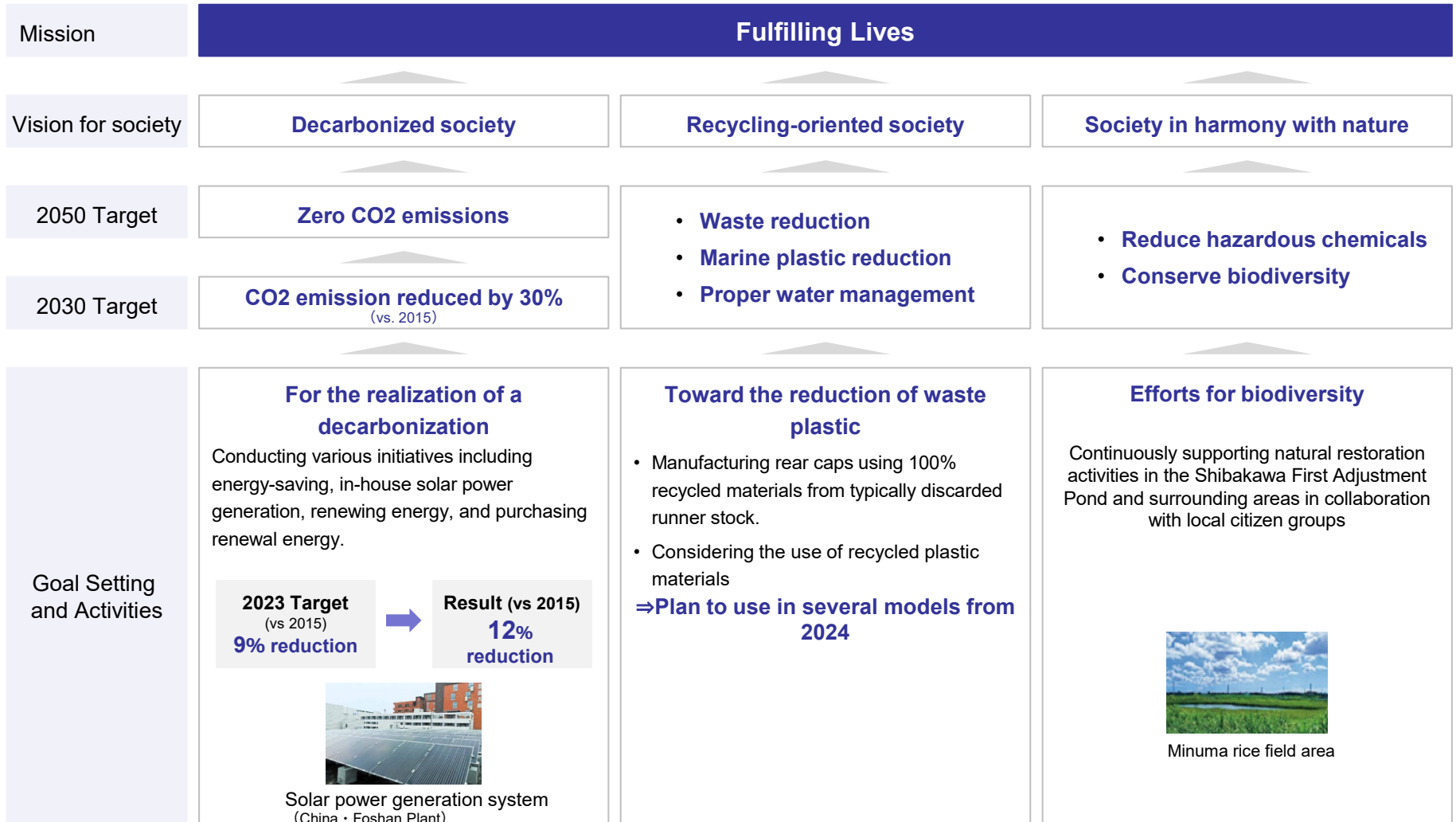
Tamron utilizes its optical technologies to provide products that create emotion and reassurance. By creating environmental, social and economic value through these products and business activities, Tamron will achieve sustainability in society and its own sustainable growth.



III- 5 . ESG/Sustainability Strategy ① Environmental Vision 2050

To realize a spiritual-rich society where everyone can live fulfilling lives

“Environmental Vision 2050”

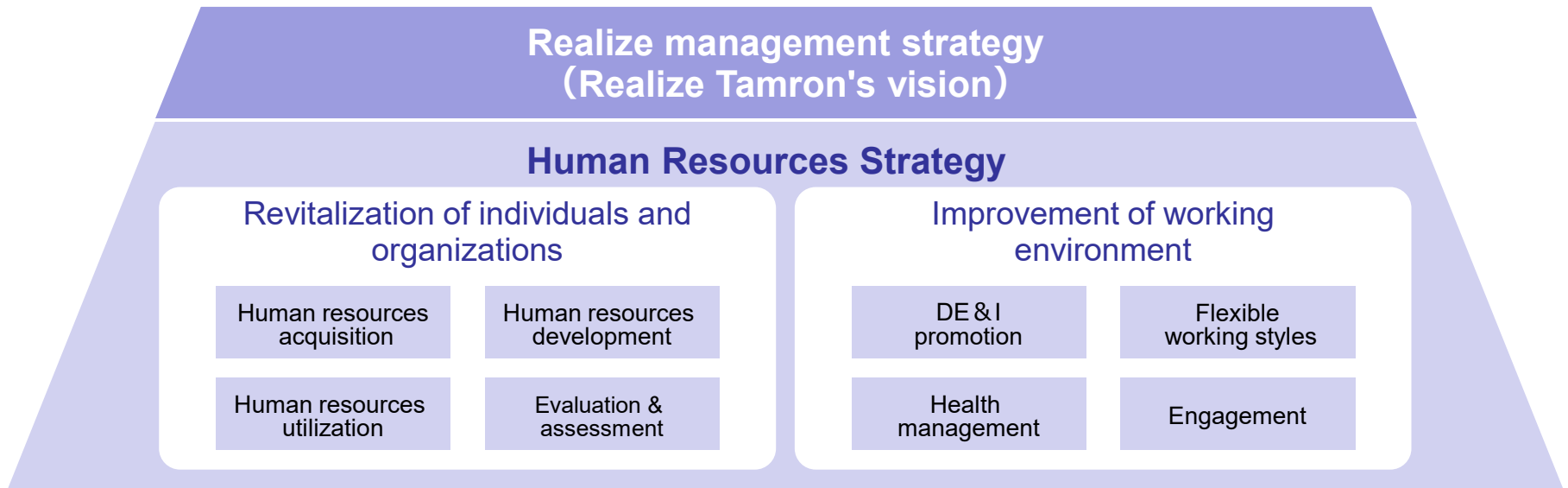


III- 5 . ESG/Sustainability Strategy

② Promote human capital management

Human Resources Strategy Basic Policy

- ◆ The key to realize Tamron's vision and management strategies is the human resource strategy aligned with the management strategies. For this purpose, we will accelerate the priority on revitalizing individuals and organizations, developing systems and environments that enable individuals and organizations to maximize their potential.
- ◆ To adapt to the changing business environments in line with the alternations in business structure and the progress of digitalization, we will upgrade the knowledge and skills of all employees, acquiring and strengthening key jobs and key skills in focused areas, and flexibly deploying personnel according to business environments.
- ◆ Tamron's human resource strategy consists of two elements: "revitalization of individuals and organizations" and "improvement of working environment". For each of the elements, we are steadily working to realize the strategy by incorporating the human resource strategy themes that we have positioned as important based on our management strategy, setting targets, planning, and implementing measures.



III- 5 . ESG/Sustainability Strategy

③ Progress on recurrence prevention measures

| Recurrence prevention measures | Contents of the initiative | Progress | Completion (Target) |
|--|--|---|--|
| <p>1</p> <p>Review officer-related entertainment expenses, establish new rules for internal dining expenditures, and ensure awareness</p> <ul style="list-style-type: none"> • Set upper limits for officer-related entertainment expenses • Introduce new internal rule regarding meal expenses for employees only and Inform employees. | <ol style="list-style-type: none"> ① Revise job authority details (set upper limits for entertainment expenses). ② Specify self-approval prohibition ③ Establish guidelines for approval, operation, and expenditure of entertainment expenses. ④ Promote internal and departmental awareness through periodical education. | <ol style="list-style-type: none"> ① 24/2 done ② 24/2 done ③ 24/2 done ④ done | <ol style="list-style-type: none"> ④ 24/12 Continuous awareness & education |
| <p>2</p> <p>Strengthen checks and audits on officer-related expenses</p> <ul style="list-style-type: none"> • Set a check flow by the internal control department for officer-related expense settlement. • Grant auditors the authority to give instructions and approval to the internal audit office and the right to express opinions on the audit plans. • Expand internal audit regulations, increase the frequency of internal audits and review the audit items. | <ol style="list-style-type: none"> ① Introduce a control flow in the accounting dept. (pre-check at the time of Concur application). ② Grant auditors the authority to give instructions and approval to the internal audit office. ③ Grant auditors the right to express opinions on the internal audit plans approved by CEO. ④ Revise internal audit regulations (clarify that, in case there is a conflict between the instructions and approvals of the president of the internal audit and the audit committee, the instructions and approvals of the audit committee take precedence). ⑤ Increase the frequency of internal audits for the executive assistant section (from approximately once every 3 years to once every year). ⑥ Review internal audit items (including officer-related expenses) | <ol style="list-style-type: none"> ① 23/12 done ② 23/3 done ③ 24/3 done ④ 24/3 done ⑤ 24/3 done ⑥ 24/1 done | |
| <p>3</p> <p>Monitor officer-related expenses by the Board of Directors:</p> <ul style="list-style-type: none"> • Detailed departmental budget information is required to present the budget proposal to the Board of Directors. Distribute the result of officer-related entertainment expenses at Board of Directors meetings. | <ol style="list-style-type: none"> ① Attach departmental expense details (including officer-related expenses) to Board of Directors resolutions for budget proposals ② Distribute the list of officer-related entertainment expenses of the previous month at Board of Directors meetings. | <ol style="list-style-type: none"> ① 23/12 done ② 24/1-24/7 done | <ol style="list-style-type: none"> ② Held monthly |
| <p>4</p> <p>Introduce stricter nomination procedures and Improve the operation of the Nomination Committee</p> <ul style="list-style-type: none"> • Stricter nomination procedures by the Nomination Committee in line with governance guidelines • Improving the operation of the Nomination Committee (enhancing document provision, increasing meeting frequency, etc.). | <ol style="list-style-type: none"> ① Stricter nomination procedures by the Nomination Committee (confirm and document officer qualification item listed in governance. ② Enhance the materials for consideration and nomination at the Board of Directors by the Nomination Committee. ③ Increase the frequency and quality of Nomination Committee meetings (from 1-2 times a year to 4 times a year) | <ol style="list-style-type: none"> ① 24/1 done ② 24/2 done ③ 24/1,24/7 held | <ol style="list-style-type: none"> ③ 24/12 Held regularly |
| <p>5</p> <p>Reform the mindset of all executives and employees through training by external experts</p> <ul style="list-style-type: none"> • Conduct special training for officers by external experts • Strengthen the training by the compliance committee for executives and employees and promote the understanding of the whistleblowing system. • Visualize the company culture through surveys for all employees and foster it. • Conduct training and seminars for all employees by outside directors and outside auditors as instructors. | <ol style="list-style-type: none"> ① Conduct special training by corporate lawyer for executives (twice a year). ② Conduct compliance training by the Compliance Committee etc. for all executives and staff (twice a year). ③ Promote understanding of the whistle-blowing system through training for all employees and promote its use by the education. ④ Understand the current state of corporate culture through engagement surveys for all employees and foster a corporate culture that prevents fraud and scandals through monitoring. ⑤ Conduct training and seminars for all employees by outside directors and outside auditors (twice a year). | <ol style="list-style-type: none"> ① 24/3 done ② 24/6 done ③ 24/1 done ⑤ 24/7 done | <ol style="list-style-type: none"> ① 24/12 ② 24/12 ④ 24/12 ⑤ 24/12 <p>※①②⑤: Held in 1st half/ 2nd half</p> |
| <p>6</p> <p>Overall improvement of the governance structure</p> | <ol style="list-style-type: none"> ① Decision to transition to a company with an audit and supervisory committee. ② Decision to secure a majority of outside directors. ③ Report of the committee activities to the board of directors. ④ Improvement of the effectiveness evaluation of the Board of Directors (third-party involvement in the effectiveness evaluation). | <ol style="list-style-type: none"> ① 23/12 done ② 24/2 done ③ 24/2 done | <ol style="list-style-type: none"> ③ 24/11 |

Note: After the transition to a company with an audit and supervisory committee in March 2024, directors who are audit and supervisory committee members responded the matters that had been scheduled to be handled by corporate auditors.

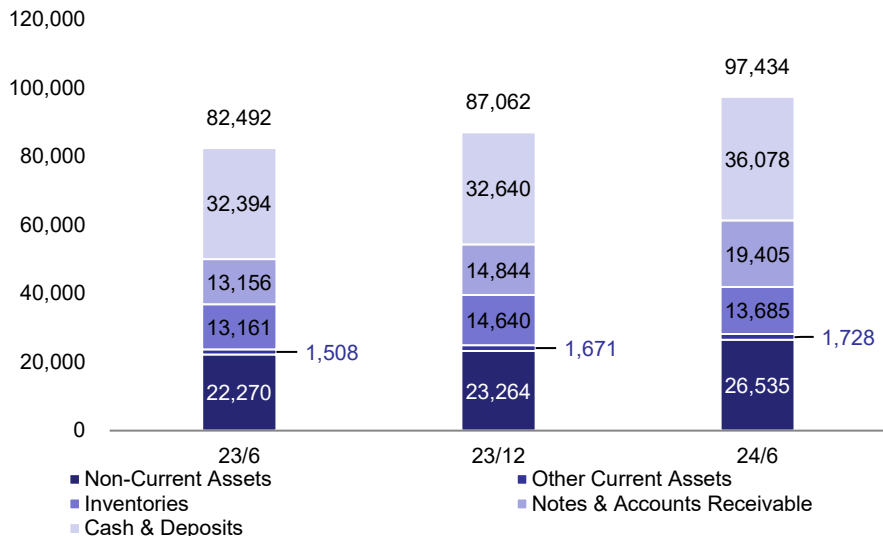
IV. Reference Data



IV- 1 . Financial Summary

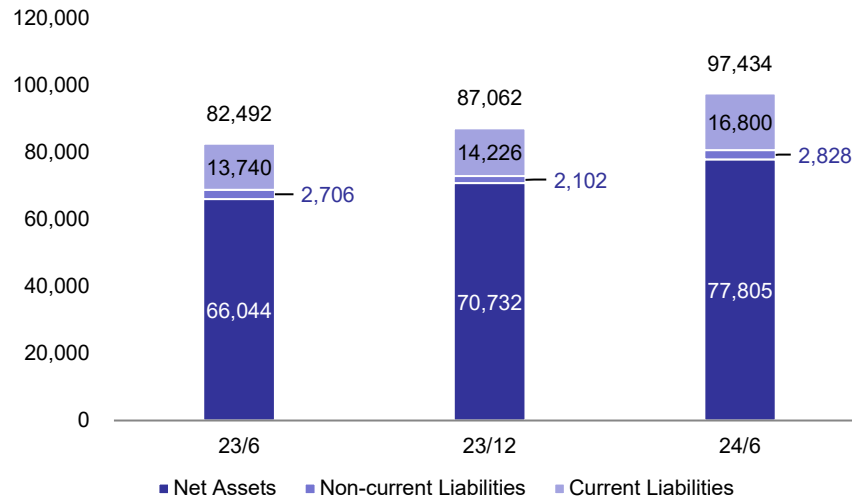
Assets

(Millions of JPY)

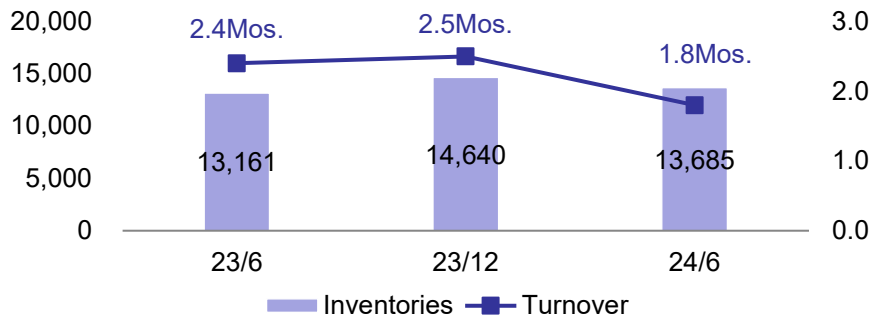


Liabilities · Net Assets

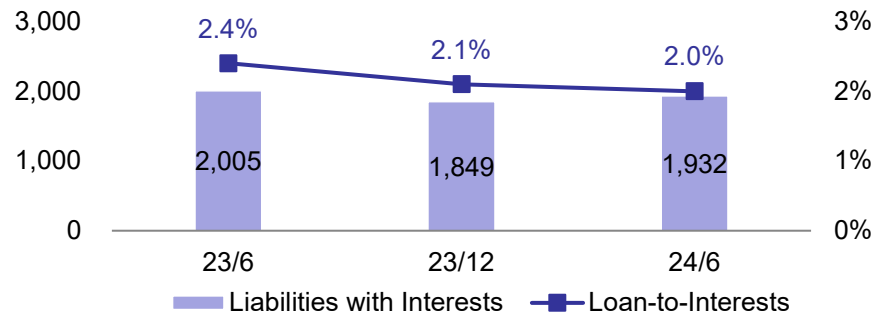
(Millions of JPY)



Inventories

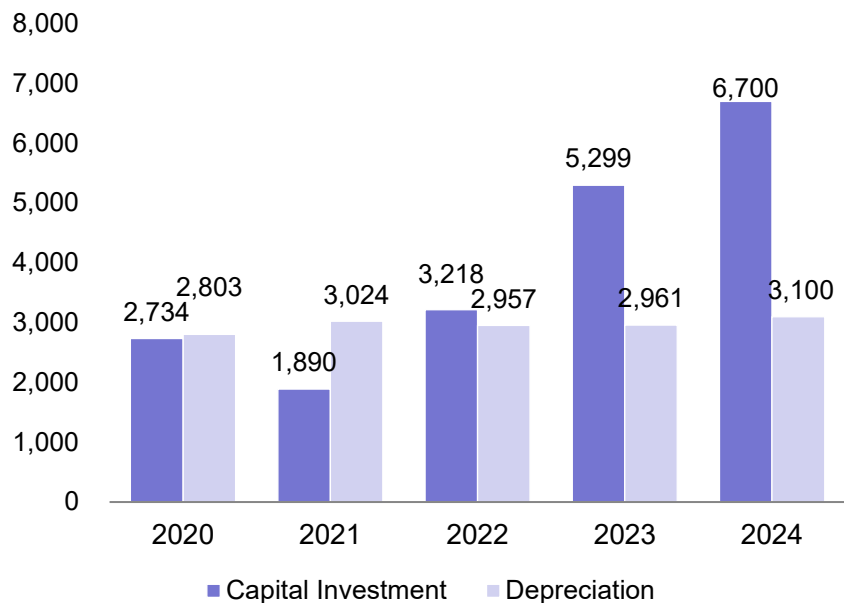
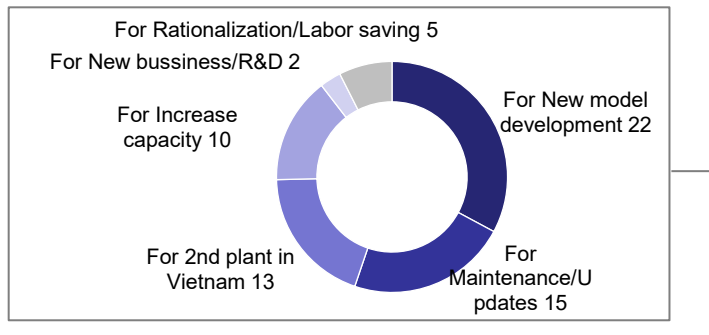


Liabilities with Interests



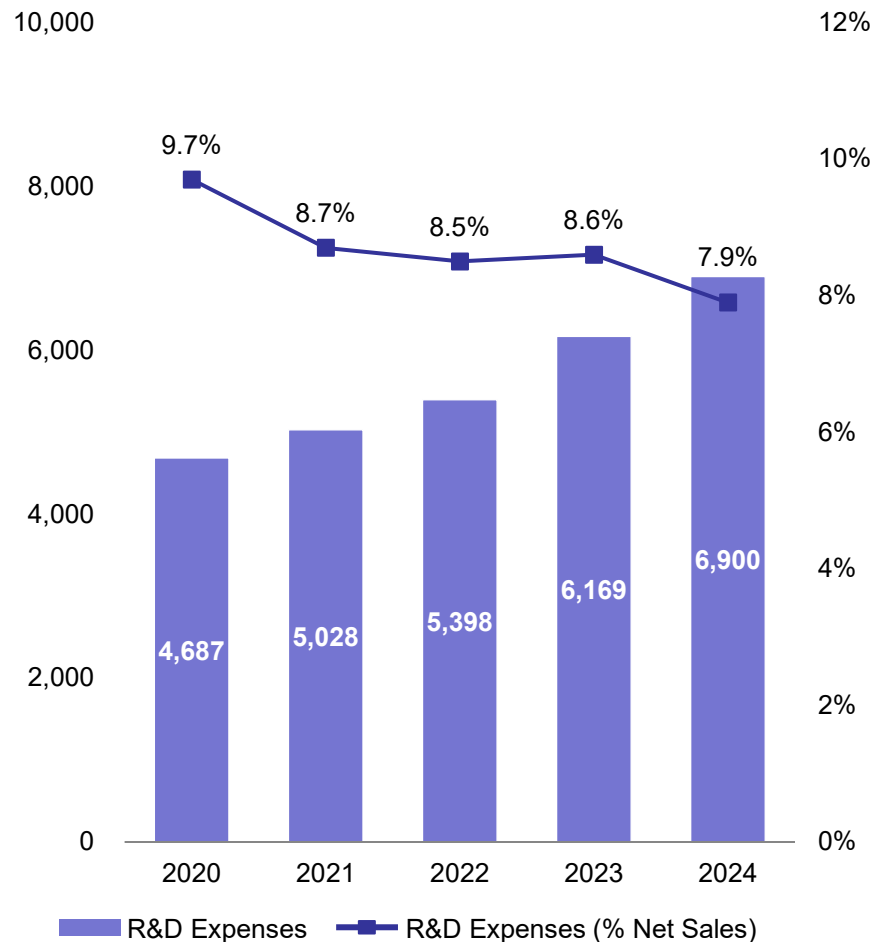
IV- 2 . Capital Investment, Depreciation, and R&D Expenses

Capital Investment · Depreciation



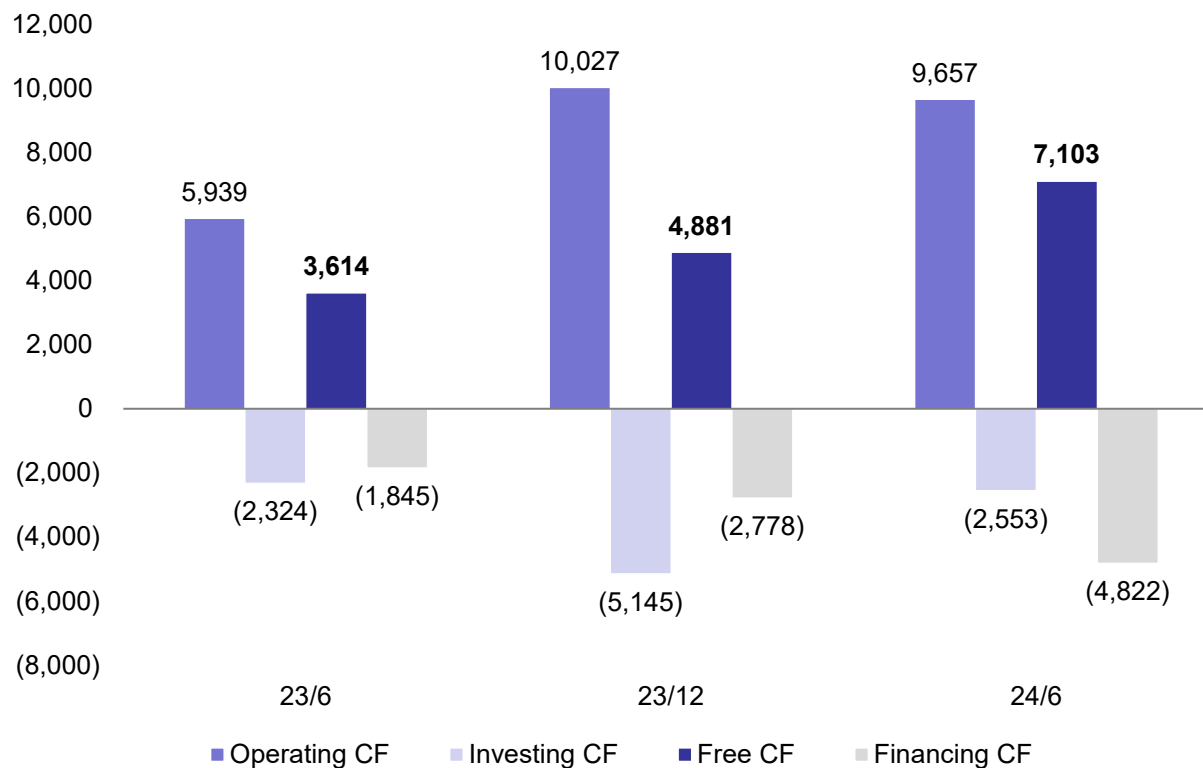
R&D Expenses

(Millions of JPY)



IV- 3 . Cash Flow

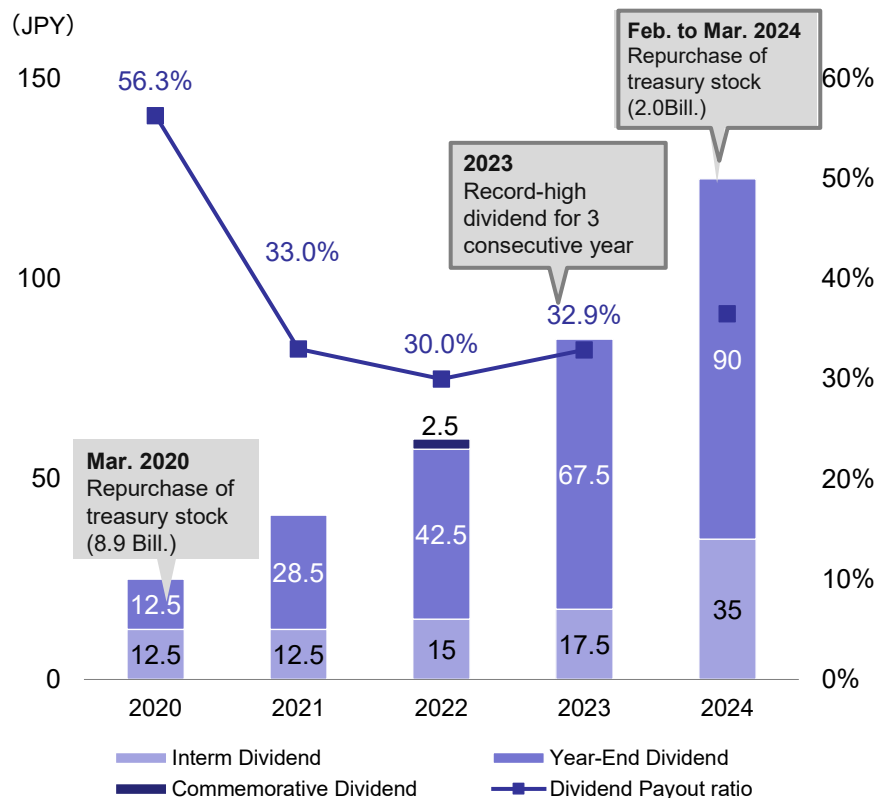
(Millions of JPY)



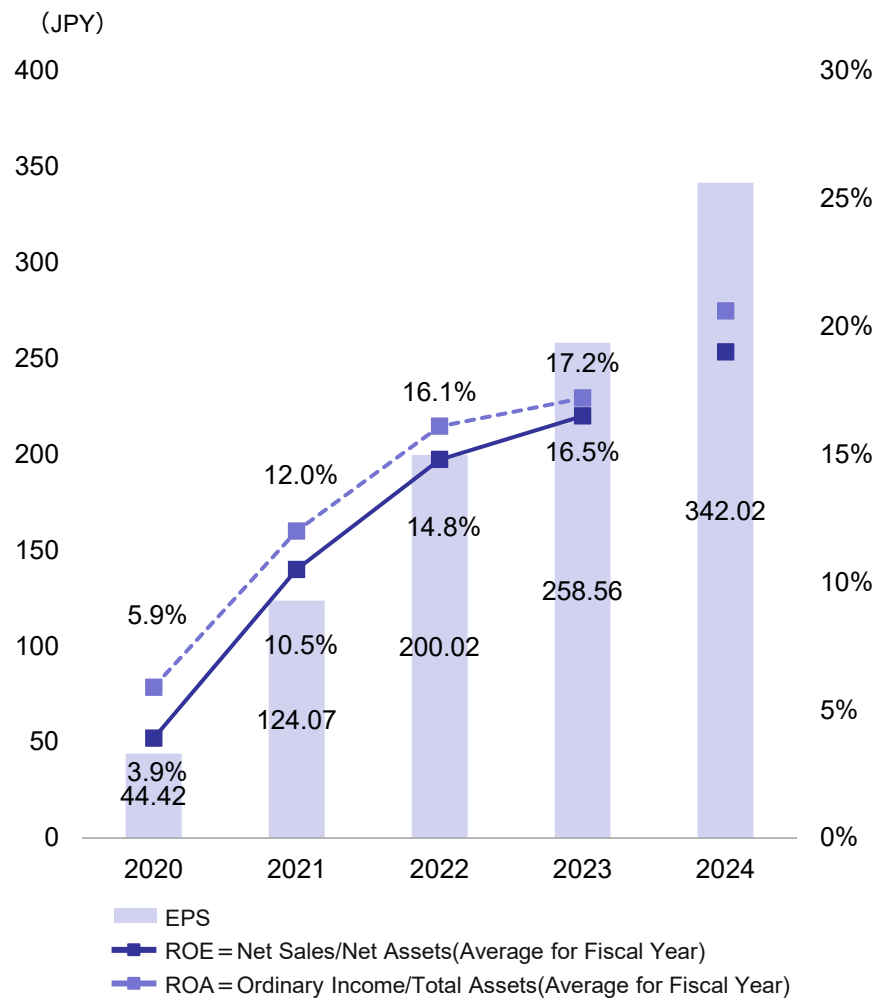
| | 23/6 | 23/12 | 24/6 |
|--|--------------|--------------|--------------|
| Operating Activities CF | 5,939 | 10,027 | 9,657 |
| Investing Activities CF | (2,324) | (5,145) | (2,553) |
| Free CF | 3,614 | 4,881 | 7,103 |
| Financing Activities CF | (1,845) | (2,778) | (4,822) |
| Cash & Cash Equivalents at the End of Period | 32,394 | 32,640 | 36,078 |

IV-4 . Cash Dividends Outlook & Key Performance Indicators

Cash Dividends



Key Performance Indicators



Shareholder Return Strategy

- ◆ Target dividend payout ratio of **approx. 40%**
(Set a minimum **annual dividend of ¥50**)
- ◆ Aim for a **total return ratio of approx. 60%**
Conduct flexible repurchase of treasury stock

(Note) The Company conducted a 2-for-1 stock split of shares of common stock, with an effective date of July 1, 2024.
Cash Dividend and EPS are amounts after the stock split.

IV- 5 . Foreign exchange impact

Foreign exchange impact on 1st half of FY24

| | FY23 1H | FY24 1H | Impact (Millions of JPY) | |
|---------|---------|---------|--------------------------|------------------|
| | | | Net Sales | Operating Income |
| USD/JPY | 135.01 | 152.37 | 2,860 | 360 |
| EUR/JPY | 145.99 | 164.75 | 460 | 380 |
| Others | - | - | 660 | 500 |
| Total | - | - | 3,980 | 1,240 |

(Foreign exchange impact on previous year results)

Foreign exchange impact of ¥1 appreciation (For 2nd half of FY24)

| | Exchange rate assumption for the remainder of FY24 | Impact of ¥1 appreciation (Millions of JPY) | |
|---------|---|---|------------------|
| | | Net Sales | Operating Income |
| USD/JPY | 145.00 | (150) | (10) |
| EUR/JPY | 158.00 | (40) | (30) |



Disclaimer

1. The purpose of this material is to provide information on the actual results for 1st Half FY2024 and future business strategies. It is not an offer or a solicitation of an offer to buy or sell securities.
2. The information provided in this material is based on the data that is obtainable at the time of publication and believed to be 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.