

Tamron Co., Ltd.
2nd Quarter FY2023 Financial Results Briefing
On Tuesday, August 8, 2023 at 17:30-18:30

[Main Questions and Answers]

Q1. The interchangeable lens camera and interchangeable lens markets are strong. What is your view of sustainability? This is probably attributed to the post-COVID-19 resumption of economic activities, the easing of restrictions, and other factors. What is your thinking on this?

A1. Due to the easing of COVID-19-related restrictions, the activities of people, including holiday travel, have been revitalized. In the first half of this year, the market remained flat in terms of quantity but grew in monetary terms due to the trend toward high-grade products. Speaking about the future outlook, we are not saying that we expect constant growth because the products are used for hobbies. We expect the current level to be maintained. We also believe that high-value added products will continue to grow.

Q2. Comparing the original forecast to this revised forecast, it appears that forecast for the second half was virtually revised down. You explained that this is due to an increase in SG&A expenses including expenses for sales activities for medium- to long-term measures. Does this mean that the specific uses of the expenses have been determined with a high degree of certainty at present, or do you position it as a cushion? What are your views on this?

A2. It reflects necessary expenses that are forecast to be generated at present. We do not see it as a cushion. In addition, new photographic lens products are released mostly in the second half, so we expect some extra expenses related to that.

Q3. What is your view of shareholder returns? While TAMRON's financial standing has been strong, you revised the results forecast upward. I believe that because of the good results, you have been accumulating cash and deposits. Will you use them for any investments other than the investment in Vietnam? Will you use them for shareholder returns? What will you use the cash for?

A3. We plan to use the cash for M&A activities for the growth of the business, R&D, new plant construction for medium- to long-term production, system investment, etc. Regarding shareholder returns, we increased the interim dividend for the current fiscal year by 5 yen. Going forward, we will consider shareholder returns from a perspective of overall balance.

Q4. Photographic Products were very strong in the first half. In the beginning of the year, you said there would be a promising new product in the second half. Can we expect sales to grow in the second half as well?

A4. We believe that we will achieve the full-year forecast because we will launch a new product in the second half of the year as planned in the beginning of the year. New products in the second half will have an effect not only in the second half but also in the following term. We would like to maintain this virtuous circle.

Q5. You said that you will launch around five new models of Own-Brand products every year. Do you plan to increase the number to seven to eight models, including ones for different mounts, from next year onwards?

A5. The number is around five models per year partly because of our development capacity.

Q6. Are you implementing any organizational initiatives regarding new businesses, such as the formation of an M&A team?

A6. We have a new business development team in the R&D Technology Center. This team

works with the Corporate Strategy Unit in considering new businesses.

Q7. I believe that profitability of Own-Brand products was high in the first half. What is your view of its sustainability moving into the second half and next year?

A7. We cannot say that profitability will grow constantly because sales activities have been revitalized due to the easing of COVID-19-related restrictions, generating costs related to participation in trade fairs and other activities. We would like to formulate product and sales strategies with the goal of maintaining the current situation as the minimum target.

Q8. You referred to inventory adjustments in the fields of Surveillance & FA lenses and automotive lenses. How long will these inventory adjustments last?

A8. In terms of automotive lenses, moves to increase production are seen among automotive manufacturers at present because the semiconductor shortage has been eliminated. However, we deliver our products to tier 1 and 2 suppliers, and at present, they are using products that we delivered to them before and that are in stock now. The inventory adjustments will end at some time if the final manufacturers continue to increase production, however, we believe that this is unlikely to happen in the second half.

<Note>

This material is provided as a reference material for the convenience of those who were unable to attend the financial results briefing. Please note that its content is not an exact copy of what was discussed in the event but that it is a summary made at our discretion.

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