

Message from the President & CEO

Following the path of
light to the future of a
100-year company

President & CEO
Tamron Co., Ltd.

Shiro Ajisaka



To Our Valued Stakeholders Celebrating Our 70th Anniversary

In November 2020, Tamron observed the 70th anniversary of its founding. Since Tamron was founded in 1950, it has produced numerous revolutionary and highly unique products through a focus on optical technologies and a willingness to take on the challenge of technological innovation. Today, Tamron has grown into one of the world's few comprehensive optical manufacturers capable of deploying its end-to-end business structure from R&D to planning, design, manufacturing, sales and support on a global scale. I would like to express my heartfelt gratitude for all our stakeholders for their support in these endeavors.

The world is now in a period of great change. With intensive economic competition in each country and global environmental

issues on top of the global COVID-19 pandemic, our lives are undergoing significant changes due to the various issues that society faces. In order to respond flexibly to these environmental changes, we used our 70th anniversary as an opportunity to revisit Tamron's mission and the direction it should take going forward. While continuing to pass down the founding spirit at the root of Tamron, we have revised our Corporate Mission and Corporate Vision with the aim of striking a balance between solving social issues and corporate growth. In addition to formulating the structure of the Corporate Mission to reflect our stance on achieving these goals, we have also established a new brand slogan.

Tamron will deliver emotion and reassurance to the world through products that leverage a strength in optical technologies that trace back to its founding, and strive to achieve a fulfilling society.

Our Vision for the Tamron Group (Long-Term Vision)

In order to make dramatic progress over the next decade and towards becoming a hundred-year company, we have formulated the Tamron Group's long-term vision as a company respected and needed by society.

By solving social issues through our business activities, we will achieve the following three goals.

The first is to become a good company that focuses on profits. A company that expands without making a profit cannot survive. By generating profit instead of blindly pursuing expansion, we will reward our stakeholders and contribute to society.

The second goal is enhancing our brand power. We think that a brand represents trust. It is because there is trust in the Tamron brand that we receive orders from various customers in addition to selling our own products. That is why creating a large number of own-brand products, including new businesses, and raising their percentage will provide the strong foundation for Tamron to survive. Given this, our first target will be to raise the percentage of own-brand products from the current 40%+ to somewhere over 50%.

The third goal is becoming a fulfilling place to work. To achieve a fulfilling society, it will be essential for employees to be empowered more than ever before. To accomplish this, we will develop a workplace environment that balances job fulfillment and ease of work. We aim to become a company whose employees lead healthy and fulfilling lives and are able to maximize their performance.

Mid-Term Management Plan

Review of the Previous Mid-Term Management Plan (2018 to 2020)

In 2018 the Tamron Group started its mid-term management plan, whose last year was fiscal 2020, by declaring the goals of 72 billion yen in net sales, 6.6 billion yen in operating income and an ROE of at least 9%. As a result of achieving higher-than-expected profitability in our core businesses, we managed to reach our target for ROE and income a year ahead of schedule.

During 2020, the final fiscal year of the plan, we were forced to endure a decline in both net sales and income due to the COVID-19 pandemic, but by the second year we successfully pivoted to a profit focused structure and managed to maintain profit margins at a certain level, posting operating income on net sales of 7.4% even when net sales fell considerably to below the 50 billion yen mark.

Additionally, in light of various factors including uncertainty over when the COVID-19 pandemic will end, we have started to review and reinforce our strategies from a medium-to-long-

term perspective, including revising the structure of Group-wide businesses and functions. We have also taken decisive action to enhance the competitiveness of our businesses in the future, including optimizing the personnel structure at our domestic production sites.

Meanwhile, in terms of the business expansion over the duration of our previous mid-term management plan, although the automotive lenses business achieved 1.5 times growth in net sales over the past three years, in other areas we were unable to achieve sufficient results due to the COVID-19 pandemic and other factors, and issues will remain with respect to the creation of new businesses.

Key Points to the Launch of Our New Mid-Term Management Plan, Vision23

In light of the accomplishments and issues that emerged from the previous mid-term management plan, in Vision23, our new mid-term management plan whose final year will be fiscal 2023, we will adopt the basic policies of executing investments and resource allocations for dramatic progress from a long-term perspective, and steadily implementing the development of business foundations that will enable sustainable growth.

Under Vision23, we will execute business strategies for each business following a review of our business portfolio, raise the percentage that products other than those in the Photographic Products Business contribute to net sales from 30% to 40%, and aim to develop and optimize a business portfolio insuring at least 10% in operating income on net sales across all segments.

In our core Photographic Products Business, we will maintain the highly profitable structure that forms the revenue base of the Tamron Group while accelerating our focus on the robust mirrorless camera market and improving market share through a bolstered lineup.

We rank Surveillance & FA Lenses as our second core business. We will strengthen our efforts aimed at the Chinese market in the surveillance field, while making improvements in the FA field through new technologies and customer development. At the same time, we will step our progress toward a phase of achieving profit growth in addition to sales growth.

In terms of Mobility & Healthcare Products and Others, we will also implement full-scale launches to make the automotive lenses and health care fields pillars of the next generation, while expanding our presence or making forays into their related markets and new domains.

In concurrent efforts based on functions that support these business strategies, we will strengthen our competitiveness through organizational and operational reforms and the adoption of smart factories as part of production structural

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reforms already underway, and also make even greater use of our global sales network. On the R&D front, we will not only elevate our in-house technologies but also promote collaboration with outside parties including alliances to facilitate the early commercialization of R&D results and contribute to business operations. We will also make the head office functions supporting overall corporate activities both sophisticated and flexible, and also build a sustainable business foundation by making various management enhancements such as new business development processes.

Through these actions in 2023 we aim to generate net sales of 61 billion yen, up around 25% from 2020 levels, and achieve operating income of 7 billion yen, surpassing the ten-year high set in 2019 and representing a V-shaped recovery to the high profitability from before COVID-19. In terms of capital efficiency, we will look to achieve an ROE of at least 9%, above capital costs.

We will achieve these goals and use them as the foundation for high-quality and full-scale business growth and maximization of corporate value in the future, with the Group making a united effort to achieve forward progress towards fulfilling our long-term vision.

Sustainability

Technological Capabilities to Create New Businesses with an Eye to Solving Social Issues

Tamron possesses outstanding technological capabilities honed over many years to produce high-quality lenses. From Opto-Science R&D and Optical Design & Engineering R&D to lens processing technologies, coating and filter technologies, actuator technologies, resin forming and molding technologies, by combining and utilizing these technical skills, we have continued to deliver valuable optical products to the market for many years.

Our Optical Design & Engineering R&D support a wide range of light applications from visible to far-infrared ray, and from consumer to industrial. We develop the core technologies for our lens products, including design, simulation, manufacturing and evaluation.

In the area of lens processing, we will further evolve our technologies to deal with various lens shapes, big and small, including processing methods such as polishing, grinding and pressing. We are also working on a regular basis to combine our expertise in lens processing techniques with optical development technology to produce the wide range of lenses that will be required in the future.

In terms of the coating and filter technologies that are essential for maximizing lens performance, we are able to give lenses a range of effects and functions by applying coatings to their surfaces based on specific aims.

Various motors are used in optical lens systems for zoom, focus, iris and vibration compensation. One of Tamron's strengths is the ability to develop actuators, control circuits and software entirely in-house to combine with optical systems.

In manufacturing, recently plastic lenses have been utilized for a wide range of applications to reduce product weight and to produce different shapes such as aspheric shapes with complex optical surfaces. Tamron produces plastic lenses that can endure harsh environments and maintains resin forming and molding technologies giving it the ability to deliver products with high added value.

We are also working on research and development to solve future social issues with optical technologies. Tamron will help solve social issues by not only advancing its own technologies but also by creating new technologies through wide-ranging collaboration and co-creation.

Environmental Action

As phenomena such as global warming have shown, the world faces a sustainability crisis, and concerns over various social issues such as human rights and labor problems are becoming increasingly serious. Tamron recognizes the need to deal with these social issues and has continued to support the 10 principles of the United Nations Global Compact. In recent years, companies have been increasingly called upon to contribute solutions to the social issues identified in the Sustainable Development Goals (SDGs). Tamron has identified the social issues it must help solve while pursuing sustainable growth as Key CSR Issues, and works to help achieve the SDGs by incorporating these issues into its management strategies.

Towards achieving one of these Key CSR Issues, Reducing CO₂ emissions, Tamron will contribute to the realization of a decarbonized society by achieving zero CO₂ emissions by the year 2050. While implementing energy-saving activities by introducing high-efficiency air conditioning equipment and making productivity improvements to regular operations, we will also adopt in-house power generation using renewable energies and purchase renewable energy credits. Through these efforts, we first aim to reduce CO₂ emissions by 30% by 2030. Additionally, on important issues related to the global environment including plastic waste, harmful chemical substances and water risks, we will work to reduce our impact in cooperation with stakeholders.



A Company that is a Fulfilling Place to Work

For Tamron to achieve sustainable growth going forward, improving the optical technological capabilities we have cultivated since our founding is only one part; we also need to build an organization in which each employee can be healthy, fulfilled and demonstrate their abilities to the fullest while becoming increasingly efficient in their duties. We also believe it is important to accept and utilize different ideas, perspectives and values irrespective of nationality, gender, age and other attributes. Regarding the composition of Tamron's Board of Directors, since March 2021 two of the three outside directors have been women. Tamron will continue to ensure diversity in its Board of Directors going forward, including one director who is a foreign national.

We are also focusing on cultivating the next generation of candidates for top management. In 2021 we started a mission leadership system where section managers are allowed to operate on their own as the smallest unit leaders and Team Tamron as a whole shares goals and works to achieve them. By giving each sectional and departmental leader their own departmental mission and giving them the task of contributing to the mission of head office above them, this system will help Tamron achieve its company-wide Vision23 plan. By channeling ingenuity to achieve their mission, each leader will undergo personal growth that we believe will reinforce Tamron's organizational strength.

Governance Initiatives

Tamron respects the purpose of the Corporate Governance Code and implements all principles that make up its current iteration by making ongoing improvements to its governance system through effectiveness evaluations and other efforts. To date, Tamron has established highly independent nomination and compensation committees, worked to ensure and enhance the independence and diversity in the composition of its Board of Directors, reduced the size of the board, reviewed the compensation system including the introduction of stock-based compensation, and made improvements to the frequency and operation of meetings as needed.

In light of future revisions to the Corporate Governance Code and other developments, we will actively work to establish a corporate governance system that is able to respond to internal and external environmental changes with flexibility and speed, and help achieve sustainable growth and medium-to-long-term improvements to corporate value.

In Closing

Looking at the current state of society, the COVID-19 pandemic and other factors continue to bring dramatic changes to external and internal environments. Even under this business environment, Tamron will continue to regard change as an opportunity and provide products that deliver excitement and peace of mind to industry, society and people's lives. Having reached our milestone 70th anniversary and as we pursue the fields of our existing businesses in greater depth and enter new business areas in recognition of the opportunities afforded by the SDGs, we will continue venturing forward over the next decade and on the way to becoming a 100-year company.

Under our new Corporate Mission, Tamron will continue to follow the path of light to create excitement and peace of mind, contributing to the realization of a fulfilling society.

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