

Tamron Co., Ltd.

2nd Quarter FY2022 Financial Results Briefing

On Monday, August 8, 2022 at 16:00-17:00

[Main Questions and Answers]

Q1. You said you expect an increase in the cost of components toward the second half. However, the second half is a period when you launch multiple new products, so the cost increase can be absorbed by reflecting it appropriately in the price setting, can't it?

A1. We plan for the cost increase for the new 2022 products to be reflected in their prices, although not at a rate of 100%. However, new products will be launched sequentially in the second half, and the percentage of sales that are products launched in 2021 and other existing lens models is high. Therefore, the cost increase cannot be absorbed fully.

Q2. You said you expect the cost of components to increase in the second half, but I believe that, generally, the semiconductor shortage has begun to be alleviated. What is the situation?

A2. It is true that the semiconductor shortage is being alleviated in some quarters. However, there are different types of semiconductors. We believe that the shortage will be alleviated in the second half or next year but we will remain affected by it for the time being.

Q3. I believe that concerns are growing about the risk of economic recession in Europe and the United States. Is there any region, etc. that is showing signs of a slowdown or the like?

A3. In Europe, there is some uncertainty, including uncertainty related to the Russian situation. However, we see no signs that sales trends have been majorly upset, etc. I visited the United States in early July and communicated with dealers. I found them highly motivated, so I expect them to do well in the Christmas shopping season, although there may be risks.

Q4. How have sales in China improved in terms of momentum during the Apr-May period, the Jun-Jul period and thereafter?

A4. April and May were a difficult period with the impact of the lockdowns in Shanghai and other cities. However, sales were not affected very much, offset by sales in areas other than Shanghai. Sales have remained steady since June as well.

Q5. In your forecast for the second half, you have revised operating income downward as of the 1st quarter. What is the background behind this?

A5. Factors behind it include the following: The gross margin will be lower than the initial forecast due to the increase in component costs expected in the second half. Advertisement & sales promotion expenses will increase because we will intensively launch our own-Brand products and other new products in the second half. We also expect an increase in expenses for medium- to long-term measures.

Q6. What is your current view of the degree of certainty of the profit increase in 2023? What is your view of the period until 2023?

A6. From a management perspective, we aim to increase both net sales and profit, but we are considering how to overcome various issues, including the improvement of the gross margin which is expected to decline in the second half. Accordingly, we cannot make any clear statements at present.

Q7. Why is the forecast annual dividend smaller than the target dividend payout ratio? Did you change your policy?

A7. Previously, the amount of the interim dividend would be kept unchanged to ensure stable dividends, partly because our business performance depended heavily on second-half results. This year, however, first-half results were strong, so we decided to increase the amount of the interim dividend and kept the year-end dividend unchanged. There are many uncertainties in the second half, including the semiconductor shortage and the Ukrainian issue, so we have not revised the dividend upward at the moment. However, we would like to increase the dividend if our business performance improves, so our policy has remained unchanged.

<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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