

TAMRON

Focus on the Future

1st Quarter FY2024 Financial Results

April 26, 2024

Tamron Co., Ltd. (Code: 7740)



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I . 1st Quarter FY2024 Financial Results

I - 1 . 1st Quarter 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 ¥16 and EUR depreciated by ¥19)
- ◆ Higher material costs due to higher raw material costs and soaring energy prices

Market

- ◆ In the interchangeable lens camera market, although DSLR cameras were weak, mirrorless cameras performed well, resulting in an overall double-digit increase on a volume and value basis.
- ◆ Interchangeable lenses market showed double-digit growth on both volume and value basis, reflecting the strong performance of the camera market.
- ◆ In the surveillance sector, efforts to optimize inventory levels at camera manufacturers continued due to easing of semiconductor shortages.

Company's Results

- ◆ Net Sales increased significantly by **approximately 1.4 times** YoY: **Achieved Net Sales of more than 4th quarter, the sales season**

The overall Net Sales increase attribute to significant Net Sales increase in mainstay Photographic Products Segment and Mobility & Healthcare Products, Others Segment led by Automotive lens business, in addition to favorable impact of weaker yen.

- ◆ The increase in SG&A expenses due to the strengthening of advertising and sales promotions, the strengthening of R & D, and the rise in personnel expenses were absorbed by the increase in gross profit due to the increase in sales.

- ◆ Operating Income increased significantly by **approximately 1.7 times** YoY : **Significant record-high profits for the 1st quarter**

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 1st Canon RF lens, which will be launched within 2024**

I - 2 . 1st Quarter FY2024 Financial Results

- ◆ Sales of mainstay Photographic Products Segment increased by approximately 1.5 times, and sales of Mobility & Healthcare Products, Others Segment led by Automotive Lenses, increased by approximately 1.7 times, driving 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 on Net Sales improved by about 5pt, to 20% or more.**

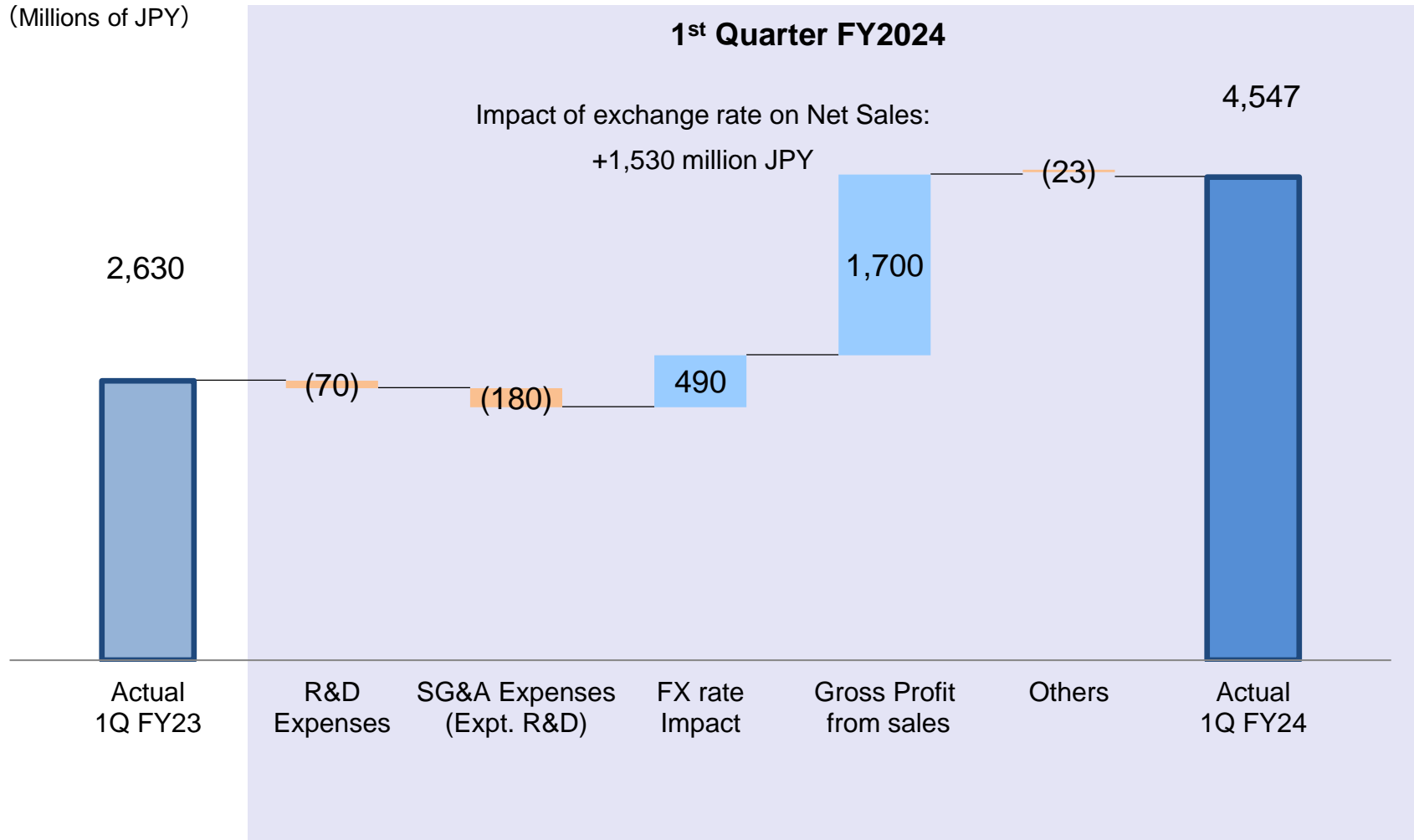
(Millions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23	
			Inc./Dec.	%
Net Sales	14,521	19,819	5,297	36.5%
Gross Profit	6,562	8,882	2,319	35.4%
(% Sales)	45.2%	44.8%	(0.4)%	-
Operating Income	2,630	4,547	1,917	72.9%
(% Sales)	18.1%	22.9%	4.8%	-
Ordinary Income	2,589	4,598	2,008	77.6%
(% Sales)	17.8%	23.2%	5.4%	-
Net Income	2,347	3,344	996	42.5%
(% Sales)	16.2%	16.9%	0.7%	-
USD/JPY	132.44	148.63	16.19	-
EUR/JPY	142.23	161.38	19.15	-

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 1.4 times and Operating Income Increased by approximately 1.7 times YoY)

(Millions of JPY)



I - 4 . 1st Quarter FY2024 Results by Segment

① Photographic Products

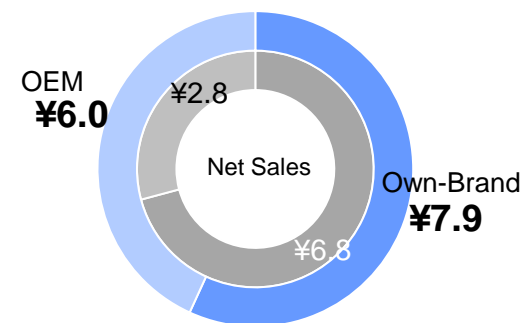
- ◆ Sales of Own-Brand products **increased by double digits, even excluding favorable foreign exchange effects**, due to the impact of the launch of a new models last year and continued strong performance in the domestic and Chinese markets.
- ◆ Sales of OEM products **more than doubled** due to strong performance from the second half of the previous fiscal year.
- ◆ **Operating Income increased significantly by approximately 1.5 times due to higher profit margin.**

(Millions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23		VS. 1Q FY23
			Inc./Dec.	%	FX Impact
Net Sales	9,615	13,944	4,328	45.0%	980
Operating Income	2,666	4,019	1,353	50.8%	230
(% Sales)	27.7%	28.8%	1.1%	-	-

Sales Breakdown

(Billions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23	
			Inc./Dec.	%
Own-Brand	6.8	7.9	1.1	16.6%
OEM	2.8	6.0	3.2	114.6%

Market environment VS.2022	quantify	money
SLR cameras	(10)%	(4)%
Mirrorless cameras	28%	33%
Interchangeable lens cameras Total	19%	29%
Interchangeable lenses	13%	23%



Inner circle: 1Q FY23
Outer circle: 1Q FY24

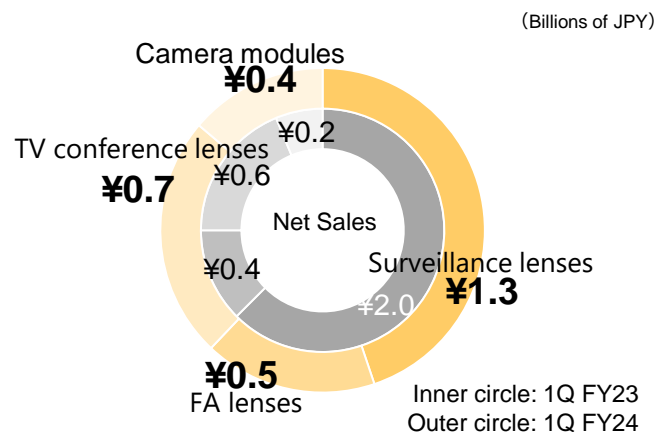
② Surveillance & FA Lenses

- ◆ 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, and sales of TV conference lenses increased with the elimination of inventory adjustments at customers.
- ◆ Despite lower sales, **Operating Income significantly increased by approximately 1.5 times** due to product mix improvement and cost control, etc.

(Millions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23		VS. 1Q FY23
			Inc./Dec.	%	FX Impact
Net Sales	3,215	2,939	(276)	(8.6)%	300
Operating Income	288	428	139	48.4%	170
(% Sales)	9.0%	14.6%	5.6%	-	-

Sales Breakdown

(Billions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23	
			Inc./Dec.	%
Surveillance lenses	2.0	1.3	(0.7)	(37.0)%
FA lenses, etc.	0.4	0.5	0.1	20.6%
TV conference lenses	0.6	0.7	0.1	36.8%
Camera Module	0.2	0.4	0.2	79.1%



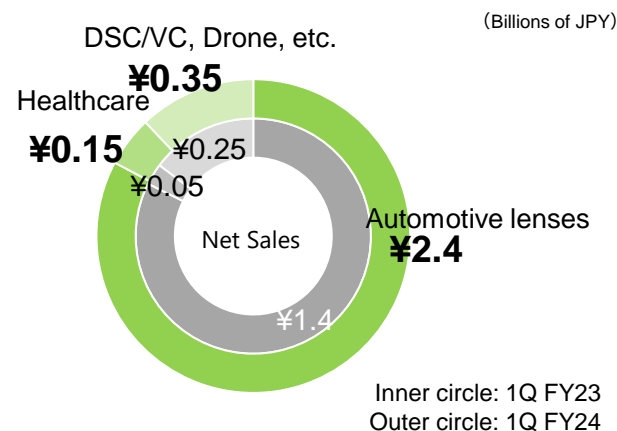
③ Mobility & Healthcare, Others

- ◆ Sales of Automotive lenses **increased significantly by more than 70%** due to strong demand mainly for sensing applications due to the popularization of Advanced Driving Assistant System (ADAS).
- ◆ Sales of Healthcare components in the cultivation field **increased by approximately 3 times** due to the increased lineup.
- ◆ While cultivating new fields, profit margins improved with the strong sales of mainstay automotive lenses, resulting in a **significant Operating Income increase of approximately 2.6 times**.

(Millions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23		VS. 1Q FY23
			Inc./Dec.	%	FX Impact
Net Sales	1,690	2,935	1,245	73.6%	250
Operating Income	284	729	444	156.3%	90
(% Sales)	16.8%	24.8%	8.0%	-	-

Sales Breakdown

(Billions of JPY)	1Q FY23	1Q FY24	VS. 1Q FY23	
			Inc./Dec.	%
Automotive lenses	1.4	2.4	1.0	73.3%
Healthcare components	0.05	0.15	0.1	217.8%
DSC/VC, Drone, etc.	0.25	0.35	0.1	41.7%

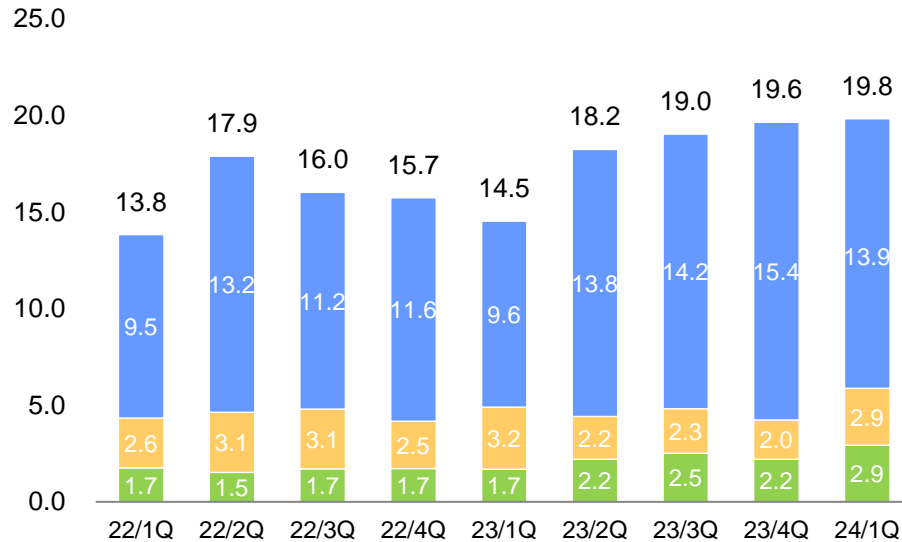


Summary of revenue and operating income by segment

(Millions of JPY)		1Q FY23	YoY (%)	2Q FY23	YoY (%)	3Q FY23	YoY (%)	4Q FY23	YoY (%)	1Q FY24	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
	Operating Income	2,666	20.0	3,839	8.3	3,948	30.0	3,553	51.0	4,019	50.8
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)
	Operating Income	288	37.8	286	(39.4)	102	(78.8)	37	(83.6)	428	48.4
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
	Operating Income	284	13.5	385	123.8	507	41.9	314	12.0	729	156.3
Total	Net Sales	14,521	5.1	18,230	2.0	19,031	18.8	19,642	24.9	19,819	36.5
	Operating Income	2,630	26.4	3,847	7.1	3,704	18.9	3,425	52.2	4,547	72.9

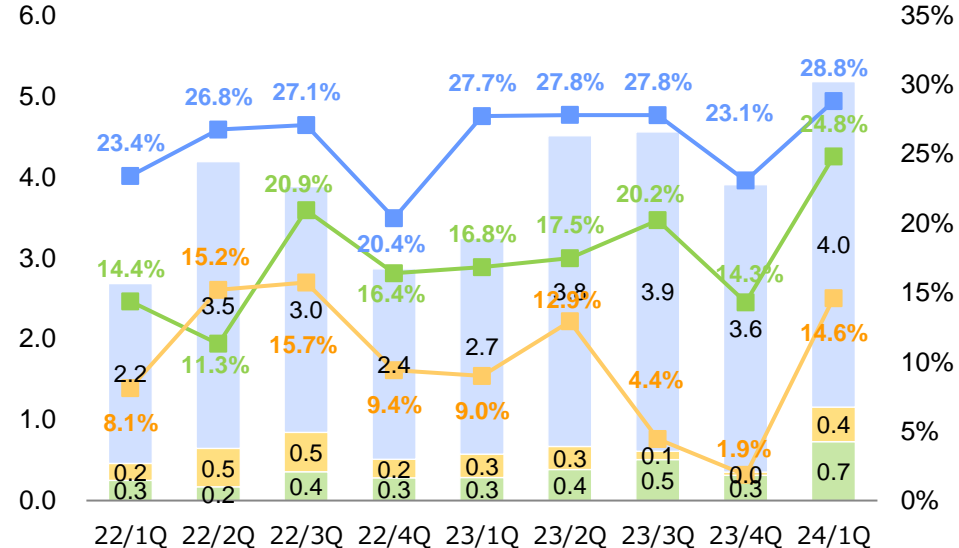
Net Sales

(Billions of JPY)



Operating Income/ Operating Income ratio

(Billions of JPY)





II. 1st Half Revised Financial Forecast & Full Year Financial Forecast FY2004

II - 1 . Financial Forecast FY2024 (1st Half & Full Year)

Both sales and profit have been revised upward by double digits in the first half due to strong sales, the positive impact of the weaker yen, and the first quarter results far exceeding plan.

⇒ Revenues up 5% and Operating Income down forecast to change to double-digit Net Sales and Operating Income growth forecast

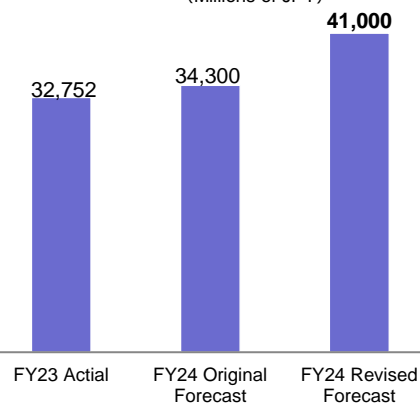
Although the full-year forecasts are unchanged due to uncertainties in future trend at this point, the forecast will be revised in light of the progress in 1st half results and trends in 2nd half.

(millions of JPY)	Actual 1 st Half FY23	Original Forecast 1 st Half FY24	Revised Forecast 1 st Half FY24	Vs. FY23		Vs. Original Forecast	
				Inc./Dec.	%	Inc./Dec.	%
Net Sales	32,752	34,300	41,000	8,247	25.2%	6,700	19.5%
Operating Income	6,477	6,200	8,400	1,922	29.7%	2,200	35.5%
(% Sales)	19.8%	18.1%	20.5%	0.7%	-	2.4%	-
Ordinary Income	6,891	6,200	8,400	1,508	21.9%	2,200	35.5%
(% Sales)	21.0%	18.1%	20.5%	(0.6)%	-	2.4%	-
Net Income	5,329	4,650	6,300	970	18.2%	1,650	35.5%
(% Sales)	16.3%	13.6%	15.4%	(0.9)%	-	1.8%	-
USD/JPY	135.01	140.00	144.32	9.31	-	4.32	-
EUR/JPY	145.99	152.00	156.69	10.70	-	4.69	-

Actual Full-Year FY23	Forecast Full-Year FY24	Vs. FY23	
		Inc./Dec.	%
71,426	75,500	4,073	5.7%
13,607	14,300	692	5.1%
19.1%	18.9%	(0.2)%	-
13,972	14,300	327	2.3%
19.6%	18.9%	(0.7)%	-
10,812	10,730	(82)	(0.8)%
15.1%	14.2%	(0.9)%	-
140.68	140.00	(0.68)	-
152.17	152.00	(0.17)	-

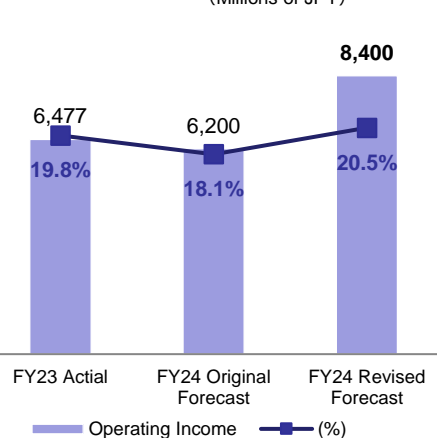
1st Half Net Sales

(Millions of JPY)



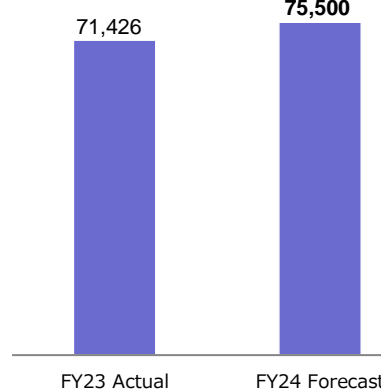
1st Half Operating Income

(Millions of JPY)



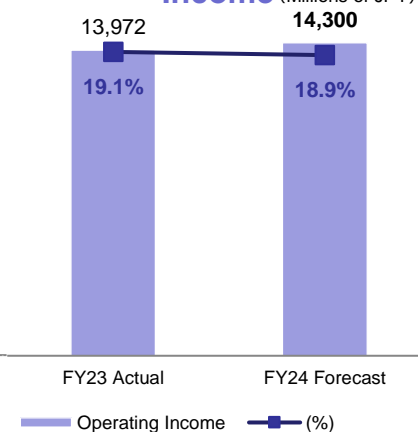
Full-Year Net Sales

(Millions of JPY)



Full-Year Operating Income

(Millions of JPY)



II - 2 . Financial Forecast FY2024 (1st Half & Full Year) by Segment

① Photographic Products

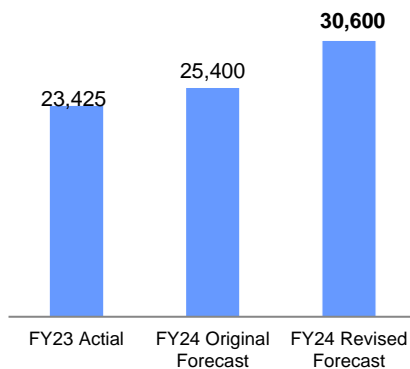
- ◆ Both in Own-Brand products and OEM products, **double-digit upward revision of Original Forecast to double-digit sales growth**
- ◆ Despite of increase in materials costs due to higher raw material costs, planned to achieve **double-digit Operating Income growth with high profitability**

(Millions of JPY)	Actual 1 st Half FY23	Original Forecast 1 st Half FY24	Revised Forecast 1 st Half FY24	Vs. FY23		Vs. Original Forecast		Actual Full Year FY23	Forecast Full Year FY24	Vs. FY23	
				Inc./Dec.	%	Inc./Dec.	%			Inc./Dec.	%
Net Sales	23,425	25,400	30,600	7,174	30.6%	5,200	20.5%	53,032	54,500	1,467	2.8%
Operating Income	6,506	6,700	8,300	1,794	27.6%	1,600	23.9%	14,008	15,000	991	7.1%
(% Sales)	27.8%	26.4%	27.1%	(0.7)%	-	0.7%	-	26.4%	27.5%	1.1%	-

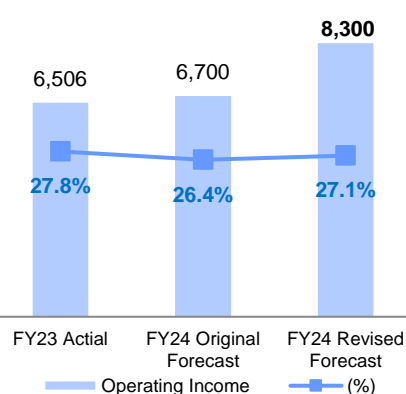
Sales Breakdown

(Billions of JPY)	Actual 1 st Half FY23	Original Forecast 1 st Half FY24	Revised Forecast 1 st Half FY24	Vs. FY23		Vs. Original Forecast		Actual Full Year FY23	Forecast Full Year FY24	Vs. FY23	
				Inc./Dec.	%	Inc./Dec.	%			Inc./Dec.	%
Own-Brand	15.7	15.6	17.5	1.8	11.4%	1.9	12.2%	32.8	35.2	2.4	7.4%
OEM	7.7	9.8	13.1	5.4	69.7%	3.3	33.7%	20.2	19.3	(1.0)	(4.8)%

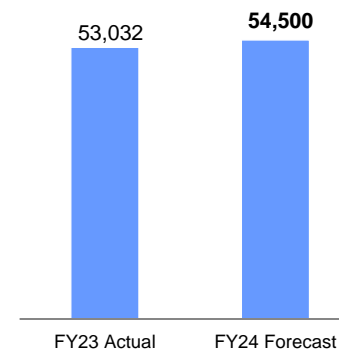
1st Half Net Sales



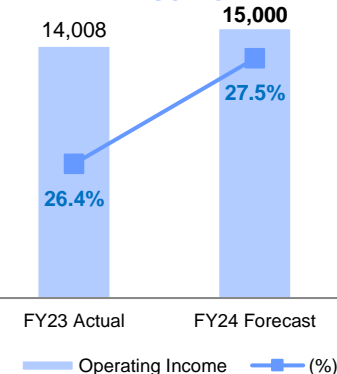
1st Half Operating Income



Full-Year Net Sales




















Full-Year Operating Income



Number of new models launched annually :

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

Photographic Products-New Models

	2021		2022		2023	
Wide-angle Zoom	<p>June</p>  <p>11-20mm F/2.8 RXD (B060)</p>				<p>May</p>  <p>11-20mm F/2.8 RXD (B060) The 4th model for FUJIFILM X-mount</p>	
Standard Zoom	<p>Jan.</p>  <p>17-70mm F/2.8 VC RXD (B070)</p>	<p>Oct.</p>  <p>28-75mm F/2.8 VXD G2 (A063)</p>	<p>Jul.</p>  <p>17-70mm F/2.8 VC RXD (B070) The 2nd model for FUJIFILM X-mount</p>	<p>Oct.</p>  <p>20-40mm F/2.8 VXD (A062)</p>	<p>Oct.</p>  <p>17-50mm F/4 VXD (A068) For Sony E-mount</p>	
Telephoto Zoom	<p>June</p>  <p>150-500mm F/5-6.7 VC VXD (A057)</p>	<p>Oct.</p>  <p>35-150mm F/2-2.8 VXD (A058)</p>	<p>Sep.</p>  <p>50-400mm F/4.5-6.3 VC VXD (A067)</p>	<p>Oct.</p>  <p>150-500mm F/5-6.7 VC VXD (A057) The 3rd model for FUJIFILM X-mount</p>	<p>Sep.</p>  <p>35-150mm F/2-2.8 VXD (A058) The 2nd model for Nikon Z-mount</p>	<p>Oct.</p>  <p>70-180mm F/2.8 VC VXD G2 (A065) For Sony E-mount</p>  <p>150-500mm F/5-6.7 VC VXD (A057) The 3rd model for Nikon Z-mount</p>
All-in-one Zoom	<p>Sep.</p>  <p>For Sony E-mount</p> <p>18-300mm F/3.5-6.3 VC VXD (B061) Developed our 1st model for Fujifilm X-mount and model for Sony E-mount at the same time.</p>	<p>Oct.</p>  <p>For FUJIFILM X-mount</p>	<p>Planned to launch 7 new models in 2024</p> <p>Apr.</p> <p>28-75mm F/2.8 VXD G2 (Model A063) The 4th model for Nikon Z-mount</p>  <p>To be Launch in 2024</p> <p>Our 1st model for CANNON RF-mount</p> <p>Small and lightweight, an ultra wide-angle zoom lens with a maximum aperture of F2.8 across its full range of focal lengths.</p> <p>11-20mm F/2.8 RXD G2 (Model B060)</p>			

② Surveillance & FA Lenses

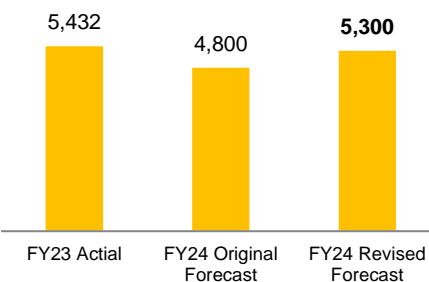
- ◆ Although inventory adjustments at customers are gradually being eliminated, sales of Surveillance lenses are expected to decrease due to the impact of prolonged inventory adjustments.
- ◆ Sales of FA lenses and camera modules are expected to exceed the Original Forecast due to an expanded lineup.
- ◆ Although the 1st half forecast has been revised upward, the impact of the sluggish surveillance lenses has been significant, and the forecast is still for lower sales and Operating Income YoY. Planned to recover in 2nd half.

(Millions of JPY)	Actual 1 st Half FY23	Original Forecast 1 st Half FY24	Revised Forecast 1 st Half FY24	Vs. FY23		Vs. Original Forecast		Actual Full Year FY23	Forecast Full Year FY24	Vs. FY23	
				Inc./Dec.	%	Inc./Dec.	%			Inc./Dec.	%
Net Sales	5,432	4,800	5,300	(132)	(2.4)%	500	10.4%	9,786	11,600	1,813	18.5%
Operating Income	575	300	500	(75)	(13.1)%	200	66.7%	716	1,000	283	39.6%
(% Sales)	10.6%	6.3%	9.4%	(1.2)%	-	3.1%	-	7.3%	8.6%	1.3%	-

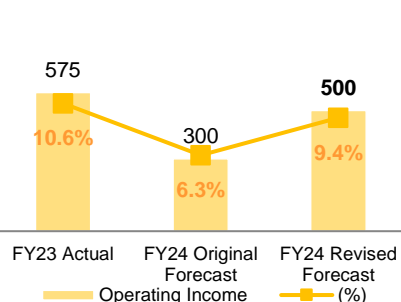
Sales Breakdown

(Billions of JPY)	Actual 1 st Half FY23	Original Forecast 1 st Half FY24	Revised Forecast 1 st Half FY24	Vs. FY23		Vs. Original Forecast		Actual Full Year FY23	Forecast Full Year FY24	Vs. FY23	
				Inc./Dec.	%	Inc./Dec.	%			Inc./Dec.	%
Surveillance lenses	3.4	2.9	2.6	(0.8)	(23.6)%	(0.3)	(10.3)%	5.9	6.2	0.3	4.8%
FA lenses, etc.	0.8	1.0	1.1	0.3	35.7%	0.1	10.0%	1.6	2.6	1.0	66.8%
TV conference lenses	0.7	0.3	0.8	0.1	5.5%	0.5	116.7%	1.5	0.6	(0.9)	(60.3)%
Camera Module	0.5	0.6	0.8	0.3	74.0%	0.2	33.3%	0.8	2.2	1.4	174.1%

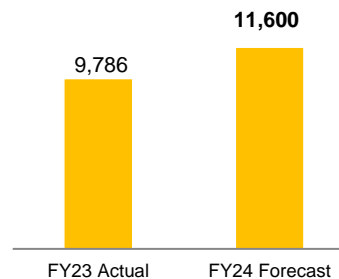
1st Half Net Sales



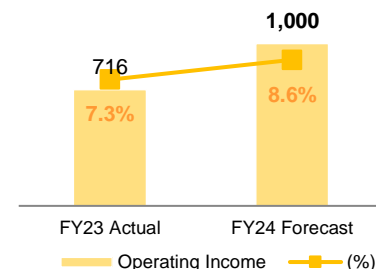
1st Half Operating Income



Full-Year Net Sales



Full-Year Operating Income



③ Mobility & Healthcare, Others

- ◆ Continued strong demand for Automotive lenses sales expected to **increase by more than 30%**
- ◆ Sales of Healthcare components are expected to **continue to increase by double digits** due to steady sales growth.
- ◆ Planning to maintain profitability at the same level as the previous year while fostering Health Care field and strengthening the development of elemental technologies in new fields.

(Millions of JPY)	Actual 1st Half FY23	Original Forecast 1st Half FY24	Revised Forecast 1st Half FY24	Vs. FY23		Vs. Original Forecast	
				Inc./Dec.	%	Inc./Dec.	%
Net Sales	3,894	4,100	5,100	1,205	31.0%	1,000	24.4%
Operating Income	669	450	900	230	34.4%	450	100.0%
(% Sales)	17.2%	11.0%	17.6%	0.4%	-	6.6%	-

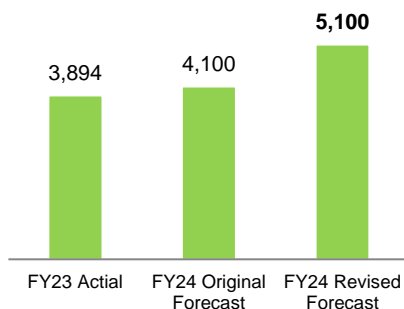
Actual Full Year FY23	Forecast Full Year FY24	Vs. FY23	
		Inc./Dec.	%
8,607	9,400	792	9.2%
1,492	1,100	(392)	(26.3)%
17.3%	11.7%	(5.6)%	-

Sales Breakdown

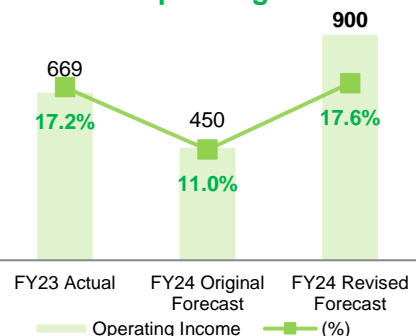
(Billions of JPY)	Actual 1st Half FY23	Original Forecast 1st Half FY24	Revised Forecast 1st Half FY24	Vs. FY23		Vs. Original Forecast	
				Inc./Dec.	%	Inc./Dec.	%
Automotive lenses	3.1	3.5	4.2	1.1	34.2%	0.7	20.0%
Healthcare components	0.26	0.3	0.3	0.0	15.0%	-	-%
DSC/VC, Drone, etc.	0.5	0.3	0.6	0.1	18.9%	0.3	100.0%

Actual Full Year FY23	Forecast Full Year FY24	Vs. FY23	
		Inc./Dec.	%
7.1	8.0	0.9	11.9%
0.4	0.7	0.3	80.3%
1.1	0.7	(0.4)	(34.6)%

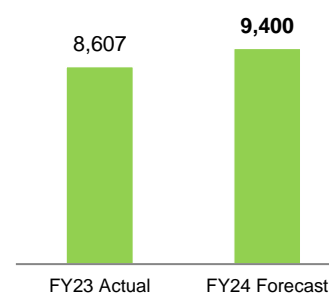
1st Half Net Sales



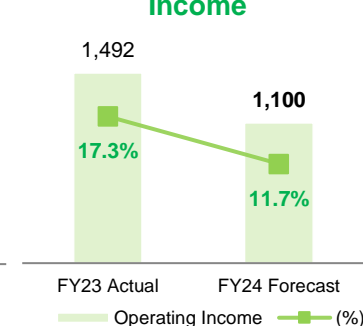
1st Half Operating Income



Full-Year Net Sales



Full-Year Operating Income



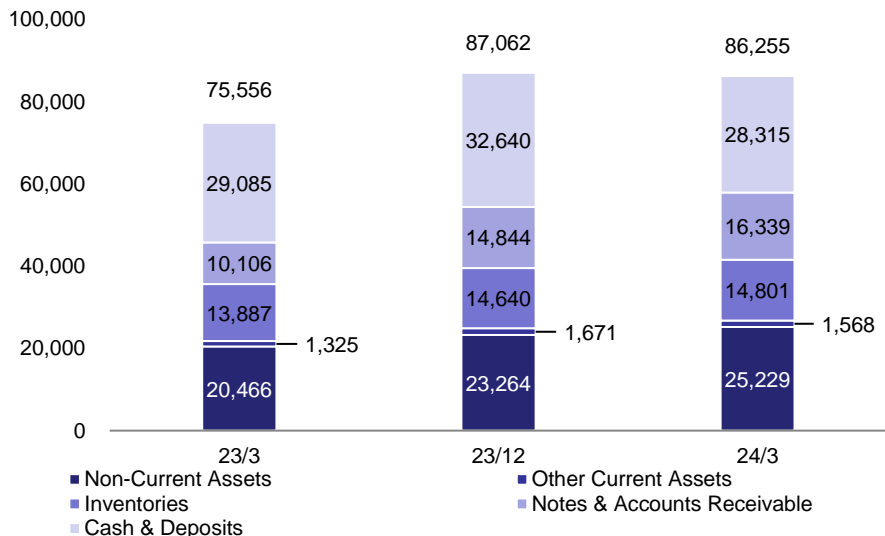
III. Reference Data



III - 1 . Financial Summary

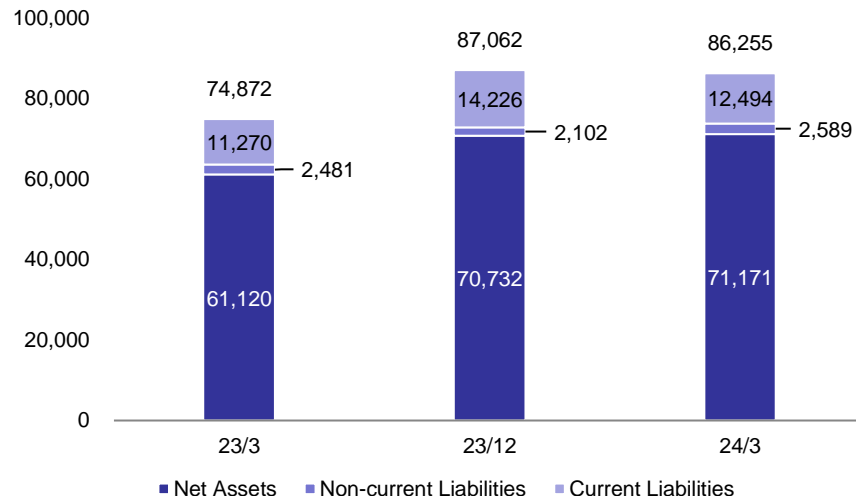
Assets

(Millions of JPY)

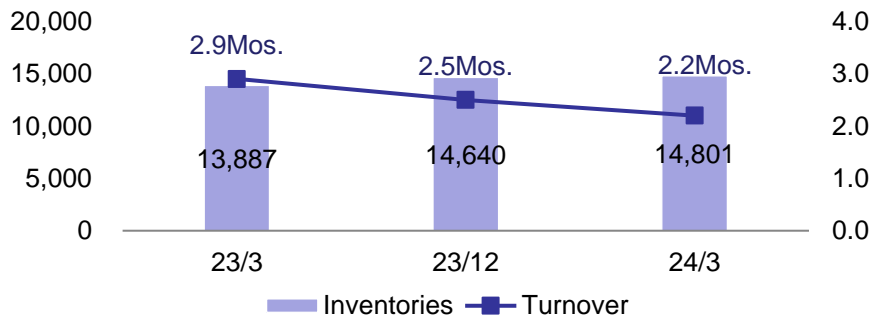


Liabilities · Net Assets

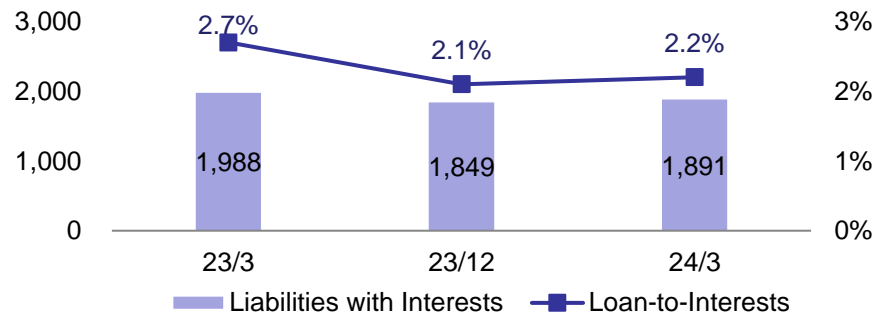
(Millions of JPY)



Inventories

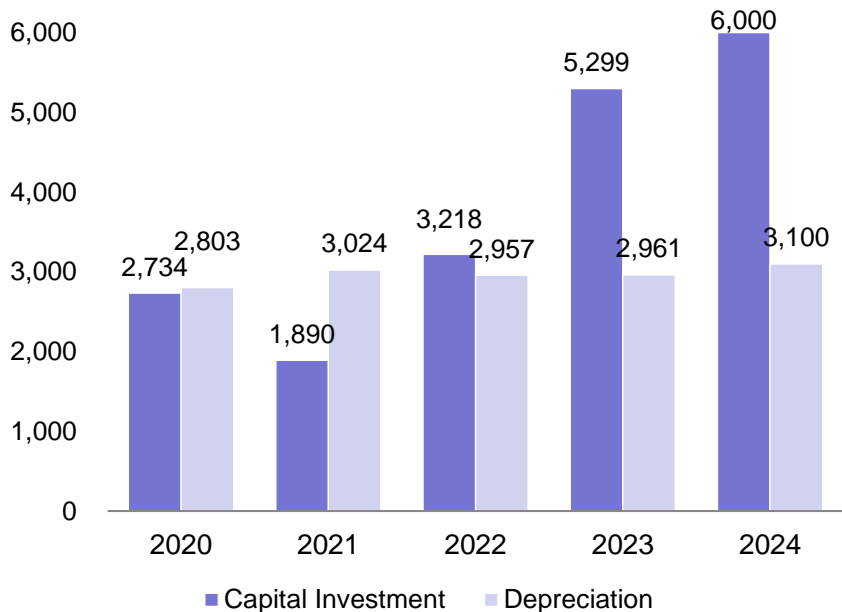
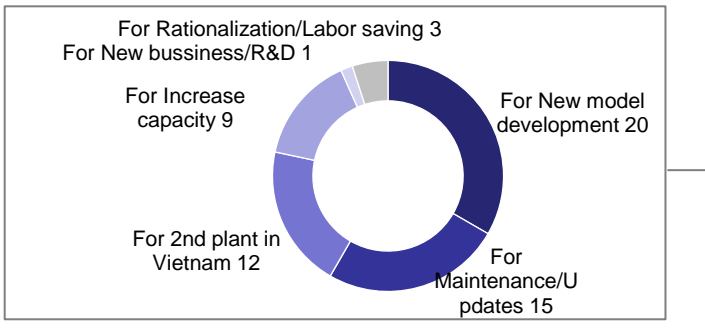


Liabilities with Interests



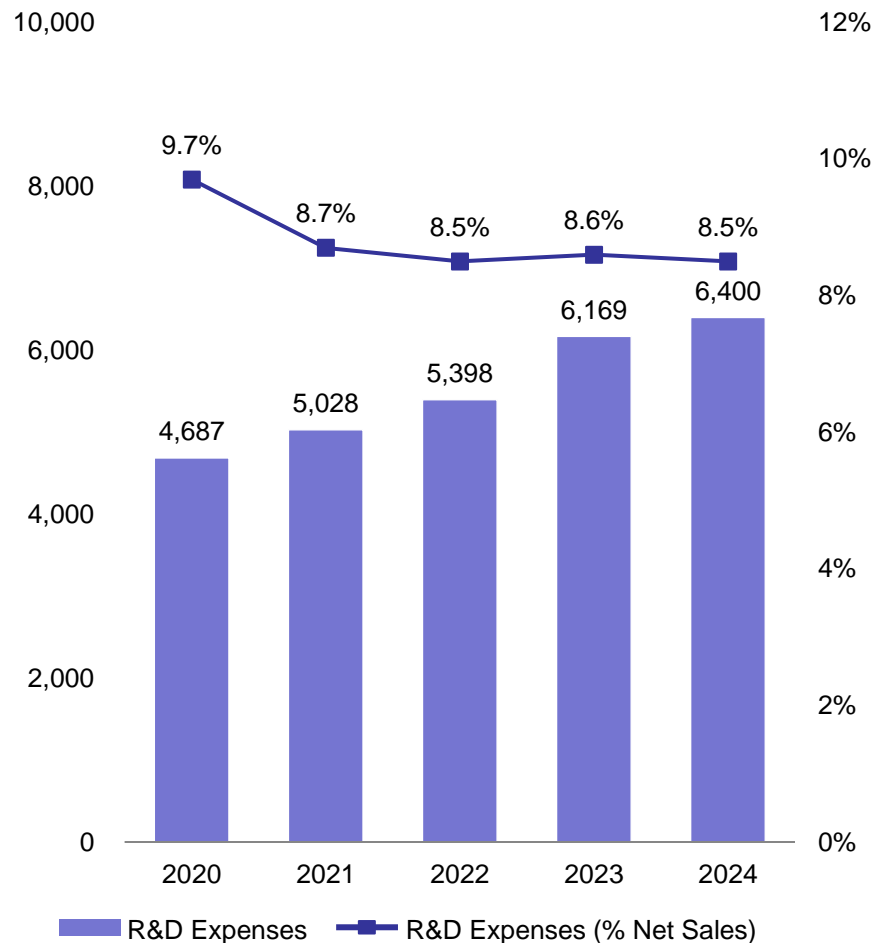
III - 2 . Capital Investment, Depreciation, and R&D Expenses

Capital Investment · Depreciation



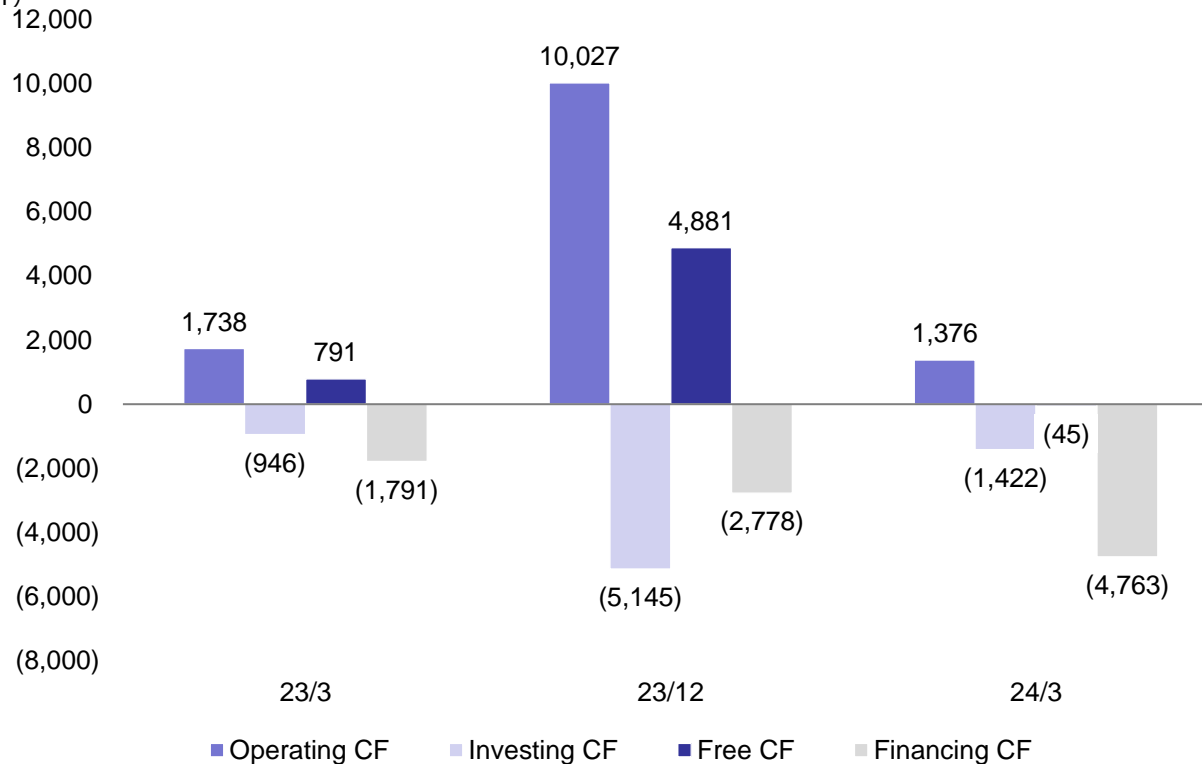
R&D Expenses

(Millions of JPY)



III - 3 . Cash Flow

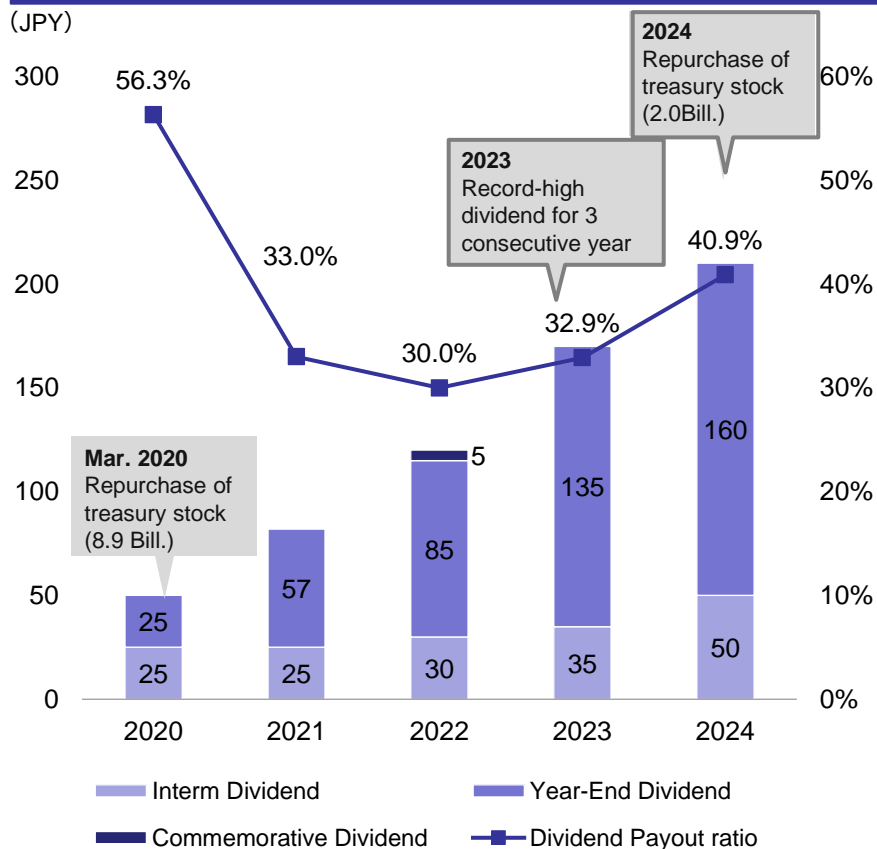
(Millions of JPY)



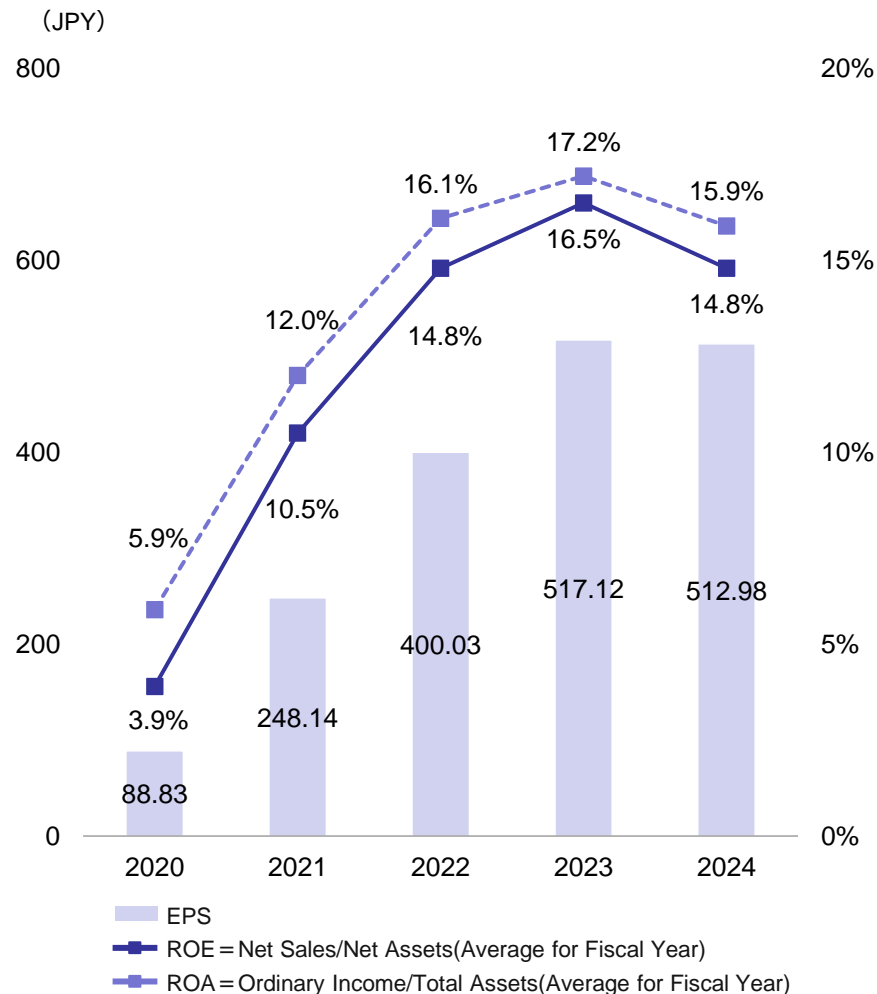
	23/3	23/12	24/3
Operating Activities CF	1,738	10,027	1,376
Investing Activities CF	(946)	(5,145)	(1,422)
Free CF	791	4,881	(45)
Financing Activities CF	(1,791)	(2,778)	(4,763)
Cash & Cash Equivalents at the End of Period	29,085	32,640	28,315

III - 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 ¥100**)
- ◆ Aim for a **total return ratio of approx. 60%**
Conduct flexible repurchase of treasury stock

III - 5 . Foreign exchange impact

Foreign exchange impact on 1Q FY24

	1Q FY23	1Q FY24	Impact (Millions of JPY)	
			Net Sales	Operating Income
USD/JPY	132.44	148.63	1,110	170
EUR/JPY	142.23	161.38	160	120
Others	-	-	260	200
Total	-	-	1,530	490

(Foreign exchange impact on previous year results)

Foreign exchange impact of ¥1 appreciation (For full year)

	Exchange rate assumption for the remainder of FY24	Impact of ¥1 appreciation (Millions of JPY)	
		Net Sales	Operating Income
USD/JPY	140.00	(320)	(40)
EUR/JPY	152.00	(70)	(60)



Disclaimer

1. The purpose of this material is to provide information on the actual results for 1Q 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.