

Tamron Co., Ltd.
FY2025 Financial Results Briefing

Friday, February 6, 2026, at 16:30-17:30

[Main Questions and Answers]

Q1. How do you view market conditions for camera bodies and interchangeable lenses in 2026, including supply-side factors such as semiconductor shortages?

A1. Regarding the camera lens market in 2026, on a volume basis we expect it to remain largely flat compared with 2025. On a value basis, although demand in the volume zone such as APS-C products has been increasing, demand for high value-added products remains firm, and therefore we view the market as showing a slight increase overall.

By region, our outlook is largely the same as in 2025. We expect positive growth in Europe and Asia, while Japan and the United States are expected to face challenging conditions and show negative growth. In China, the year-end shopping season cooled significantly, but depending on conditions in the year-end shopping season in 2026, we believe growth of around 5% could be possible.

Q2. Is there potential for growth in the photographic OEM business at some point going forward?

A2. At present, the OEM business is in an adjustment phase. However, looking ahead, we are working to further strengthen relationships with our customers, and over the medium to long term we aim to increase the number of models under development. By building and strengthening our development structure, we aim to achieve stable and continuous growth in orders.

Q3. I would like to confirm your shareholder return policy. Over the past two years, you have operated under a framework of a 40% dividend payout ratio plus share buybacks equivalent to 20%, resulting in a total payout ratio of 60%. Is it correct to understand that in 2026 you will start the year without setting a share buyback plan at the beginning of the fiscal year?

In 2025, you conducted share buybacks based on the initial net income forecast, but as profits ultimately fell short of the initial plan, the total payout ratio became very high. Is there an intention to make adjustments in 2026 as a reaction to this?

Could you explain your thinking behind this decision, including how you are considering the remaining 20% portion of shareholder returns aside from the 40% dividend payout ratio in 2026?

A3. In our new medium-term management plan, in addition to significantly enhancing shareholder returns, we also intended to introduce greater flexibility and agility into our shareholder return policy. Accordingly, we have newly set the total payout ratio as a target.

For 2026, which is the final year of the medium-term management plan, we intend to consider more appropriate timing and methods of implementation. That said, our policy of maintaining a total payout ratio of 60% in 2026 remains unchanged.

Q4. I would like to hear your assessment of the fourth-quarter results. You state that sales of Own-Brand products in the Photographic Products Business “reached JPY 10 billion,” but compared with the initial plan, this appears to have fallen short. What were the factors behind this shortfall?

Sales increased from the third quarter to the fourth quarter, but this could be due to seasonality. Has there been an improvement in earnings momentum?

A4. Overall, in the fourth quarter, sales increased slightly by 3%, or JPY 600 million, compared with the third quarter. This increase was driven by growth in sales of Own-Brand products in the Photographic Products Business and in the Healthcare component business.

On the profit front, sales of Own-Brand products in Europe and China were sluggish, leading to an increase in inventories. As a result, internal profit eliminations increased. In addition, the impact of U.S. tariffs increased by approximately JPY 100 million compared with the third quarter, and there were also some year-end factors such as impairment losses, which affected gross profit.

Furthermore, the fourth quarter coincided with the peak sales season, during which advertising and promotional expenses increased, and R&D expenses also rose as we invested with a view to the future. As a result, SG&A expenses increased overall, leading to a decline in profit.

Q5. Regarding Own-Brand products in the Photographic Products Business in the October–December period (fourth quarter), is it correct to understand that conditions in China and Europe continue to remain weak?

A5. At present, both Europe and China continue to face challenging conditions.

Q6. Your plan for the Photographic Products Business in 2026 shows a structure of weaker performance in the first half and stronger performance in the second half, which is understandable from a seasonality perspective. However, looking at the past three years, there have been many cases where profits weakened in the fourth quarter, and in fact profits were higher in the first half.

In 2026, you appear to be planning new product launches. Could you once again explain how this differs from past trends?

A6. In 2026, for Own-Brand products, we plan to begin launching new products relatively early in the first half. However, for OEM products, we expect a significant decline in orders to continue in the first half, resulting in a structure where overall sales decline in the first half.

On the profit side, although this will be a phase of declining sales, SG&A expenses are expected to increase due to factors such as higher personnel costs, development expenses for new models scheduled for launch in the second half, and increased R&D expenses. As a result, we are planning for a lower level of profit in the first half.

Q7. Could you provide details on your sales plan for the first and second halves of the year for OEM products and Own-Brand products within the Photographic Products Business?

A7. For Own-Brand products, we expect sales of JPY 17.5 billion in the first half and JPY 21.5 billion in the second half.

For OEM products, we expect sales of JPY 10.9 billion in the first half and JPY 13.1 billion in the second half.

Q8. Regarding rising material prices, particularly memory prices, to what extent has this been factored into your plan? Is there any risk that you may be unable to procure materials at all? Please explain your view on procurement risks going forward.

A8. Rising material prices have already been factored into our plans, and we intend to absorb a certain portion of the impact through cost reduction measures.

From a procurement risk perspective, the issue we are particularly mindful of is rare earth regulations. The components used by our company that could be subject to such regulations are primarily lenses and magnets.

At present, we do not see any significant impact on lenses. While lenses contain rare earth elements such as yttrium and gadolinium, and therefore are subject to export regulations from China at the raw material level, we are able to avoid importing regulated "materials themselves" by melting and processing the raw materials in China and importing them after they have been formed into lens shapes. In addition, our partner manufacturers hold sufficient long-term inventories, so we believe near-term concerns are limited.

We also do not see any impact on magnets at present. The magnets used in TAMRON products contain less than 0.1% of regulated rare earth elements in total, and therefore fall outside the scope of export controls. As such, we recognize no significant near-term risk.

Q9. Your plan for automotive lenses in 2026 calls for a 10% increase in sales. Is there potential for greater growth? There are views that ADAS adoption, particularly among Chinese manufacturers, will expand rapidly over the next few years as it spreads to mass-market vehicles. Is the relatively modest growth outlook due to Japanese manufacturers lagging in this area? How do you view growth prospects going forward?

A9. We believe that the automotive market itself will continue to grow going forward. However, at present there is a sense of stagnation in the Chinese market, and price competition has intensified, requiring corresponding pricing measures.

In addition, as we operate this business on an OEM basis, we are currently projecting growth of approximately 10% in 2026.

Q10. Could you explain your outlook by region for Own-Brand products in 2026? It appears that the recovery in Europe and China has been delayed compared with expectations in the latter half of 2025. Please explain your outlook, including the impact of new products.

A10. On a local currency basis, in our plan for 2026, we aim for year-on-year growth of 10% in Europe, which has been sluggish, and around 5% growth in China, where the market has been stagnant recently.

In Japan, we expect growth to moderate somewhat, with planned growth of 5%. In the United States, including upside potential, we are planning growth of 10%, consistent with 2025. For other distributor regions, we are planning growth of 5%.

Q11. Mr. Okabe has been nominated as a new candidate for director. Could you explain the background to this appointment and the role he is expected to play? If he is to assume a CFO-like role, many previous appointees have come from banking backgrounds. This time, you have appointed someone from an operating company. Is this a new initiative, and what was the intention behind it?

A11. At present, we have four executive directors on the management side, a structure that has been in place since 2023. However, we believe that strengthening our financial management capabilities is necessary, and we have been seeking appropriate talent. In doing so, we were specifically looking for someone with experience in financial management at an operating company.

(Remarks by the appointee)

I have been nominated as a candidate for director, and going forward I am scheduled to oversee the Corporate Strategy Division and the Administration Division. There are three main areas I would like to focus on: pursuing capital efficiency, steadily executing growth strategies and optimizing the business portfolio, and enhancing the effectiveness of governance, all with the aim of increasing corporate value over the medium to long term. In promoting these initiatives, I recognize the importance of constructive dialogue with investors, and I look forward to working with you.

<Note>

This material is provided as a reference for the convenience of those who were unable to attend the financial results briefing. Please note that it is not a verbatim transcript of the briefing, but a summary prepared at our discretion.

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