

TOP MESSAGE

Exploring the infinite possibilities of optical technologies to provide new value to address future social issues globally

President & CEO Shogo Sakuraba

Looking back on the fiscal year under review

FY2024 was a year of great progress, with all segments achieving revenue and profit growth in double digits or higher. Net sales increased 24% year on year to 88.5 billion yen, reaching a record high for the first time in 10 years, and operating income increased 41% to 19.2 billion yen, marking the third consecutive year of record profits. In just the first year of our “Value Creation26” Medium-term Management Plan, we achieved results that significantly exceeded our final-year target figures. In February 2025, we announced “Value Creation26 ver.2.0,” adjusting our targets upward with a view to further growth.

The main reason for this strong performance was that we were able to achieve a significant increase in production of OEM photographic products and automotive lenses while expanding sales of own-brand products and camera modules as planned. We believe that the figures reflect our ability to respond quickly and flexibly to customer requests through the concerted efforts of all Group employees, business divisions, procurement, and factories—all working together as one team.



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Our competitive advantages

TAMRON's Characteristics and Strengths P04

As the only listed company that specializes in lenses, Tamron boasts unparalleled characteristics and uniqueness. For instance, it holds the world's largest market share among manufacturers specializing in interchangeable lenses. Our competitive advantage lies in our ability to provide a full range of services, including product planning, development, design, procurement, production, sales, and after-sales services, all in-house, which is a major advantage.



In the product planning process, which is the source of this advantage, we engage in discussions with a focus on customer satisfaction by gathering socioeconomic and marketing information across business divisions and sales subsidiaries. Our advanced optical design, mechanical design, and manufacturing technologies are what make planned products a reality. The company-wide integration of these technologies leads to a smooth process from design and prototyping to mass production, while maintaining high mass production quality. In terms of production and procurement, we have achieved a manufacturing process that is not dependent on the place of production, having expanded into China early on. We have also made progress in the internalization of parts and component production. By managing the quality of most key parts in-house, we can uphold our quality standards while maintaining a cost advantage over suppliers. Our factories have advanced considerably in terms of automation and multi-skilled labor, and flexible production systems have been established through stronger cooperation among factories.

In the photographic industry, which is said to be the last stronghold of Japanese industry, with Japanese companies holding a 90% share of the global market, we have been engaged in the manufacturing of OEM products in addition to our own products. In terms of sales, we have established a solid customer base of several hundred companies and photography equipment users around the world. We have worked with a diverse range of customers on many types of OEM products. We have cultivated relationships in every area of development, procurement, and production, learning and absorbing from each other in terms of technologies and management. This has provided a foundation for us to continue refining our strengths.

Human capital management and philosophy

Human Resources Strategy P32

Human Rights Initiatives P41

Our human resources are key to maximizing the strengths we have accumulated over the years. Since becoming President in August 2023, I have upheld the three policies of maximization of existing businesses, development of new businesses, and happiness of employees. Because we have experienced many talented engineers leaving the Company in the past, I have placed a special emphasis on employee happiness. In addition, I have communicated the following four things to our employees: First, that I want each individual employee to exercise creativity and feel fulfilled in his or her work. Second, that the Company will properly evaluate their achievements. Third, that I want employees to value human relationships and communication, and fourth, that I want them to value their mental and physical health, which form the core foundation for human beings. I believe that employees leave a company when one or more of these four key principles is not met, and that adherence to these articles creates a workplace where employees feel fulfilled.

I also place a particular emphasis on communication to unify employees' efforts and ensure that everyone is moving in the same direction. We have seven sales companies located globally: in the United States, Germany, France, China, Hong Kong, India, and Russia. We also have three production bases in Japan, China, and Vietnam. I visit each of these locations once a year, except for Russia, where we primarily offer after-sales services. I value these opportunities to communicate with local employees. This culture of openness, in which information is shared at an early stage between the field, heads of each department, and management, and in which management quickly makes adjustments and decisions from a company-wide perspective, has strengthened our organization and led to improved business performance.

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Business portfolio transformation

Business Portfolio Transformation
P20

In terms of business strategy, we allocate appropriate resources to each business from a long-term perspective. While maintaining the stable growth of Photographic Products as a cash cow, we aim to increase the sales composition of both Surveillance & FA Lenses and Mobility & Healthcare Products, Others to at least 15% of total sales each. The core Photographic Products, which currently accounts for around 75% of total sales, will account for around 70% of total sales. In a rapidly changing and highly uncertain business environment, I strongly believe that forming an appropriate business portfolio is crucial for achieving sustainable growth and building resilience as a company.

We will also focus on fostering new businesses. The portion of the light spectrum that is visible to the human eye accounts for only around 1/10,000th of the light in the ultraviolet to far-infrared range. By making it possible to analyze the near infinite amount of invisible light using the power of optical technologies, we will develop products that contribute to solving social issues in new areas such as agriculture, food, cosmetics, and communications.

Responding to risks to achieve new goals

There are various risks, both internal and external, that could hinder our efforts to achieve the adjusted targets in “Value Creation26 ver.2.0.” Internally, a major risk is that of talented human resources leaving the Company, as we have experienced in the past. We are working to minimize this risk by thoroughly following our four key principles

and focusing on human capital management. In terms of external risks, we are aware of those posed by natural disasters, including those caused by climate change and earthquakes. We are also aware of the risks posed by geopolitical issues and exchange rate fluctuations and have taken measures to address these risks.

For example, as part of our business continuity planning (BCP), we have established backup systems for important designs and data, primarily at our Aomori site, in case our head office is damaged by a natural disaster. In anticipation of geopolitical risks, such as the reemergence of tariff hikes in China, we are strengthening risk hedging measures for a stable global supply system by constructing a second plant in Vietnam, as a high percentage of our production is in China. Because of our substantial overseas sales, Tamron's business performance is also subject to a certain degree of impact when the yen appreciates. To minimize the risk of exchange rate fluctuations impacting profits, we are working to mitigate the risks associated with the dollar-yen exchange rate through so-called exchange rate “marry and netting,” which involves shifting production overseas to net out our foreign exchange holdings.

Looking 5-10 years ahead

In “Value Creation26 ver.2.0,” we have set a sales target of 95.0 billion yen, which brings us closer to our long-term vision of becoming a 100.0 billion yen net sales company. Although we had set the goal of becoming a 100.0 billion yen net sales company at the time of our listing on the First Section of the Tokyo Stock Exchange, we were unable to reach this goal due to the rapid decline of the compact digital camera market (our main market at the time), the



sluggish growth of the digital SLR camera market, and the end of our mobile phone lens business. It is a major achievement that we are finally able to refocus on this goal. Looking ahead more than 10 years from now, our next goal is to achieve another long-term vision of 10.0 billion yen in new business sales. Our mission is to explore the unlimited possibilities of optical technologies and therefore provide new value to address future social issues globally. We believe that if our technologies can provide value in a variety of fields, that will naturally lead to business growth, which in turn will strengthen our business portfolio. I would like to make progress toward achieving our goals for the next 5-10 years by building a new business portfolio, while at the same time ensuring that the seeds of the R&D division I established will blossom in the future, and that talented human resources will take root in our company and demonstrate their capabilities, thereby realizing the happiness of our employees.

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Financial strategy and capital policy

Financial Strategy PP16-17

With regard to our financial strategy, we will seek to maintain the shareholders' equity ratio and on-hand liquidity at appropriate levels through a combination of the effective use of on-hand funds to make aggressive investments and enhanced shareholder returns, while also considering financial security. In the new Medium-term Management Plan, we plan to double the rate of return to shareholders while more than doubling investment compared with the previous Medium-term Management Plan.

We will use our on-hand funds (cash reserves) to cover approximately three months of monthly sales, while at the same time gradually reducing the shareholders' equity ratio to around 75%. Through these measures, we will raise our ROE target to 16% or more, which is more than twice the cost of capital, and engage in management that maintains high profitability and efficiency.

In terms of shareholder returns, we have increased our target payout ratio from around 30% to 40%. At the same time, to improve the flexibility of our capital policy, we established a new share repurchase program and significantly expanded the total return ratio, aiming for 60%. In addition, we aim to provide shareholders with stable and continuous returns by setting a minimum dividend limit, in addition to profit-based returns. To increase stock liquidity and broaden our investor base, we have decided to carry out a 1-for-2 stock split in 2024, followed by a 1-for-4 stock split in 2025.

Sustainability initiatives

ESG/Sustainability Strategy P35

As a precision equipment manufacturer, we are always mindful of the environmental impact of our core

manufacturing business. In 2020, in our Environment Vision 2050, we set quantitative targets for CO₂ emission reductions. We are actively engaged in the recycling of resources and will strengthen our efforts toward the creation of a circular economy in the future.

In terms of human capital management, we are progressively implementing strategies to promote well-being and have launched an engagement survey. In intellectual capital, we will strengthen our position both offensively and defensively, while establishing KPIs such as the number of patent applications.

With regard to governance, we have taken measures to prevent repeat occurrences of past scandals based on the results of reflection and analysis of their causes to further strengthen our checking functions. In terms of overall governance, we will further strengthen supervision and speed up decision-making to improve the overall effectiveness of governance. Going forward, we will

continue our efforts to ensure highly transparent and open business management, with senior management taking the lead in this area.

To our stakeholders

We are a company that specializes in optical technologies. By not only maximizing our existing businesses but also focusing on new businesses that utilize our optical technologies to help solve the 17 goals of the SDGs and other social issues, we will continue to be a company that is respected, trusted, and needed by society. There are a near endless number of fields in which we can utilize our optical technologies, and the business possibilities are limitless. I would like to ask all of our stakeholders for their continued support.

