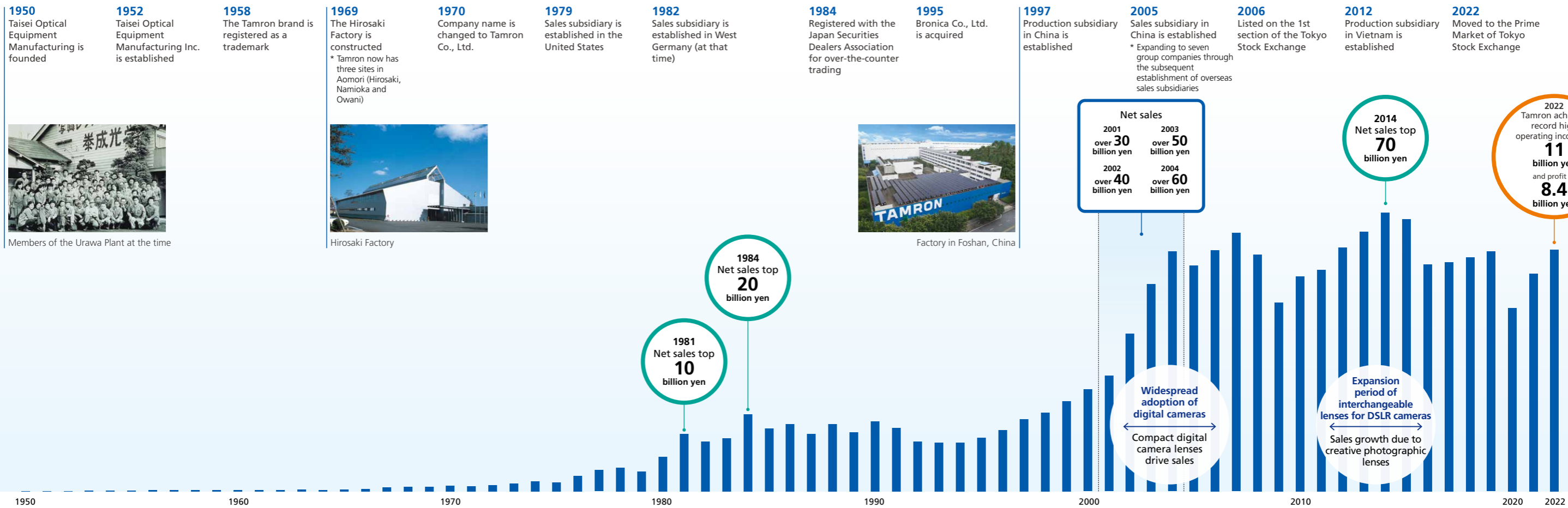


# Tamron's Value Creation Story

## Tamron's history of growing with society and continuing to create emotion and reassurance

### Company History | Becoming a global company providing products around the world



### Product History | Developing a wide range of products through technologies to develop high precision in lenses



## Message from the President & CEO

We aim to create emotion and reassurance to shape a fulfilling society.



Shiro Ajisaka

President & CEO  
Tamron Co., Ltd.

## Looking Back on the Fiscal Year under Review

The management environment in 2022 was affected by the spread of COVID-19 infections from the beginning of the year, but in part due to most of the world shifting course to a live-with-COVID approach, the effects gradually diminished.

However, the effects of high resource prices, high component and material costs and semiconductor shortages that continued from 2021 were prolonged. Combined with other developments such as the Russian invasion of Ukraine, accelerating inflation and weakening of the yen, 2022 was a year of dizzying changes to the management environment, despite a moderate recovery trend overall.

Under these conditions, Tamron achieved double-digit growth in net sales in every segment, controlled the effects of rising component and materials costs to the best of its ability, and focused on lowering its operating expenses and costs to absorb those impacts as much as possible. Additionally, although R&D

expenses that support the core of Tamron's business increased, by continuing with our approach of implementing appropriate SG&A expense control, we managed increase operating income by approximately 1.5 times.

In doing so, we achieved record-high operating income for the first time in 15 periods, with operating income, ordinary income and profit all surpassing previous highs by a healthy margin. This also marks the first time Tamron has topped the benchmark 10 billion yen in operating income, making a significant advance into 11 billion yen territory.

When I assumed the position of President & CEO, I advocated the policy of being "a good company that puts profit first." This has steadily taken root within Tamron, and as a result of each employee understanding it and putting it into practice in various situations, the policy manifested itself in a grand form in 2022.

To increase social value in addition to economic value, we also

achieve our targets in various areas, such as reducing CO<sub>2</sub> emissions based on Environmental Vision 2050, and raising the percentage of management positions filled by women as part of stepped up human resource initiatives.

By helping to shape a sustainable, fulfilling society, Tamron

aims to become a company that is respected and truly needed by society. The furtherance of sustainability expands social and non-financial value while enhancing corporate value, thus fulfilling stakeholder expectations. In recognition of this, we will continue to step up our efforts.

## Progress of the Mid-Term Management Plan

Tamron got off to a new start in 2021 with the announcement of the Vision23 Mid-Term Management Plan. On the profit front we achieved the target set out in the Mid-Term Management Plan in the first year, managing to achieve v-shaped recovery back to the highly profitable pre-pandemic structure at an early stage. Then in 2022, the second year of the plan, we maintained the highly profitable structure while working to expand sales in areas of growth and development, namely Surveillance & FA Lenses and Mobility & Healthcare.

We also set the initial plan of achieving the target for net sales set in the Mid-Term Management Plan a year ahead of schedule.

As a result, despite the effects of an increasingly weak yen, we expanded net sales in our mainstay business as well as in growth and development areas. Not only were we able to achieve our Mid-Term Management Plan targets in terms of net sales, operating income and ROE, but we managed to boost operating income by around 1.6 times the level set out in the Mid-Term Management Plan and increase operating income margin to 17.4%.

In terms of progress on a per-segment basis, in our mainstay Photographic Products Business we achieved our mid-term targets for net sale and operating income margin in the first year, and made further improvements in the second year. Operating income margin rose by almost 10% over these two years, enabling us to firmly establish the segment as a highly profitable business. In terms of product launches, our lineup of own-brand products for mirrorless cameras has grown about 2.5-fold compared with 2020, and in addition to lenses for Sony E-mount, we started to offer lenses compatible with Fujifilm's X-mount and Nikon's Z-mount.

In the Surveillance & FA Lenses segment, despite falling short of planned net sales figures, revenue from mainstay surveillance and FA lenses recorded double-digit growth for two straight periods, increasing to more than 10 billion yen. We managed to raise operating income margin into the 10% range, our mid-term target, and achieved growth in net sales due to profit growth. We also renewed the FA lens product lineup and acquired new business for OEM products.

In the Mobility & Healthcare and Others segments, net sales of mainstay automotive lenses achieved double-digit growth for the second straight year, growing to more than 5 billion yen. We also launched the Health Care business as a new area of operations and created businesses for the next fiscal period while achieving the mid-term target of operating income margin in the 10% range in the first year and further improving it in the second year.

As a result, the development of a business portfolio with an operating income margin of 10% across all segments, which we had targeted for 2023, was successfully achieved a year earlier than planned in 2022.

In addition to growth in net sales and profit, we see the development of our desired operating portfolio through the development of each business to be a significant achievement. In 2023, the final year of the plan, we will not rest on these accomplishments; we will aim to reach net sales in the 70 billion yen range for the first time since 2015, again far outpacing the targets set in the Mid-Term Management Plan. We will also aspire to greater heights, planning to generate operating income of 11.5 billion yen, an increase in all profit levels.

### Progress of the New Mid-Term Management Plan

Net Sales	Operating Income	Operating Income Margin	ROE
61.0 ▶ 70.0 billion yen ▶ billion yen (Vision23) (2023 plan)	7.0 ▶ 11.5 billion yen ▶ billion yen (Vision23) (2023 plan)	11.5% ▶ 16.4% (Vision23) (2023 plan)	Over 9.1% ▶ 13.2% (Vision23) (2023 plan)

## Sustainability Initiatives

Based on its corporate mission of “creating emotion and reassurance through its mastery of light, contributing to the realization of a fulfilling society,” Tamron aims to realize the sustainable society described in the Sustainable Development Goals (SDGs) together with customers, suppliers, shareholders, local communities, employees and all other stakeholders. To help achieve these goals through our core business, we have continued to support the Ten Principles of the United Nations Global Compact. Tamron recognizes these principles as standards to be put into practice by global companies. Accordingly, we have reflected them in the Tamron Standards of Business Conduct and have thoroughly integrated elements into our in-house training, including at overseas sites. We have also identified issues that are of high importance to society and Tamron (Key CSR issues), and work to solve them.

### E (Environmental)

In terms of the environment, we recognize reducing CO<sub>2</sub> emissions as a key CSR issue in light of the importance of climate change due to global warming in recent years. To realize a fulfilling society in which all people can live lively and energetic lives, the shaping of decarbonized society is essential. As part of its action on this issue, in Environmental Vision 2050 Tamron set the targets of reducing CO<sub>2</sub> emissions by 30% compared with 2015 levels by 2030 and to zero by 2050, and is stepping up initiatives to meet these targets.

On the way to meeting our mid-term targets, since 2021 we have worked to reduce CO<sub>2</sub> emissions by 3% each year. In 2022 we achieved a 15% emissions reduction, far surpassing the target reduction of 6% compared with 2015 levels. This marks the second straight year we have achieved our reduction targets. In addition to reducing electricity use through energy saving efforts with the installation of high-efficiency air conditioning equipment and improved productivity in regular operations, from 2022 we began purchasing renewable energy credits. Additionally, Tamron has indicated support for the TCFD recommendations and made TCFD-compliant disclosures. We are working to further broaden these disclosures in the future.

Through the efficient use and re-use of plastics, the promotion of environmentally friendly design and other efforts, Tamron is also working to reduce industrial waste and improve recycling rates, and we are looking to increase our contributions to a resource recycling-oriented society. Meanwhile, on important issues related to the global environment including the management of harmful chemical substances and the mitigation of water risks, we will continuously work to reduce our impact in cooperation with stakeholders.

### S (Social)

With society undergoing significant changes, innovation is essential in striking a balance between Tamron's sustainable growth and the development of a sustainable society. Since its founding, Tamron has pursued advanced optical technologies and combined innovation with technological prowess to continually develop and supply high quality products that are trusted by customers. And today, to shape a sustainable society and help develop a fulfilling society in a wider range of fields through our accumulated technologies, we are driving a shift in technical strategy from the conventional “taking images” to “measuring” in each field. To achieve this goal, our Optical Development Center and R&D Technology Center pursue the development of core optical, mechanical and production technologies, as well as core elemental technologies including R&D and optical development technologies, lens processing technologies, coating and filter technologies, actuator technologies, resin forming and molding technologies, thus contributing to the product development underway in the technical departments of each division. By implementing these initiatives, we will transform the role of our business from the conventional manufacturing to the provision of value through proprietary technology. In the future, we aim to progressively evolve optical technologies that capture images into optical technologies that take measurements, expanding our business domains into nursing and healthcare, robotics, logistics, agriculture, infrastructure and free-space optical communication, and further stepping up activities to create new business.

### G (Governance)

In light of dialogue with shareholders and investors, and the purpose of the Corporate Governance Code, Tamron has continued to make improvements with the aim of enhancing the effectiveness of its governance system. In particular, in 2021 we held in-depth discussions in response to the revised Corporate Governance Code, and in 2022 we tried to make many more improvements, which led to Tamron being listed in the new Prime Market TSE section and implementing all principles of the revised Corporate Governance Code.

To address the composition of the Board of Directors, we have appointed members with experience in corporate management at other companies as outside directors, raising the percentage of independent outside directors to 36.4% of the Board in 2022, and 40% in 2023, reflecting efforts to make structural improvements ensuring a diverse and effective Board of Directors. At the same time, we have better clarified the management responsibilities of directors and strengthened systems to further raise their awareness of improved corporate value, such as by shortening the term of office for directors to one year, and adding total shareholder return (TSR) as one of the metrics used to determine director compensation.

## “What Tamron Will Continue to Pursue as Its Vision Is Helping Shape a Fulfilling Society through Optical Products.”

Additionally, to further reinforce sustainability promotion functions, in addition to the existing CSR Committee, we have newly established a Risk Management Committee and Information Management Committee as part of efforts to reorganized the committee structure.

In terms of Tamron's organizational structure, we have been implementing a series of streamlining measures based on the declared goal of “improving corporate structure” as an agenda for transformation instituted when I was appointed CEO. In 2016, when I became CEO, there were 27 division-level organizations. To clarify areas of responsibility and produce synergies, we have pursued consolidation to get that number down to 11 in 2023, representing a reduction of around 60%. From 2023, the agenda for transformation will change to “strengthening corporate structure,” an approach designed to strengthen our development into an organization that can respond to changes in the internal and external environment with speed and flexibility, including encouraging the delegation of authority.

We will continue efforts to build a corporate governance system that contributes to sustainable growth along with improved corporate value in the mid- to long-term.



## To Our Valued Stakeholders

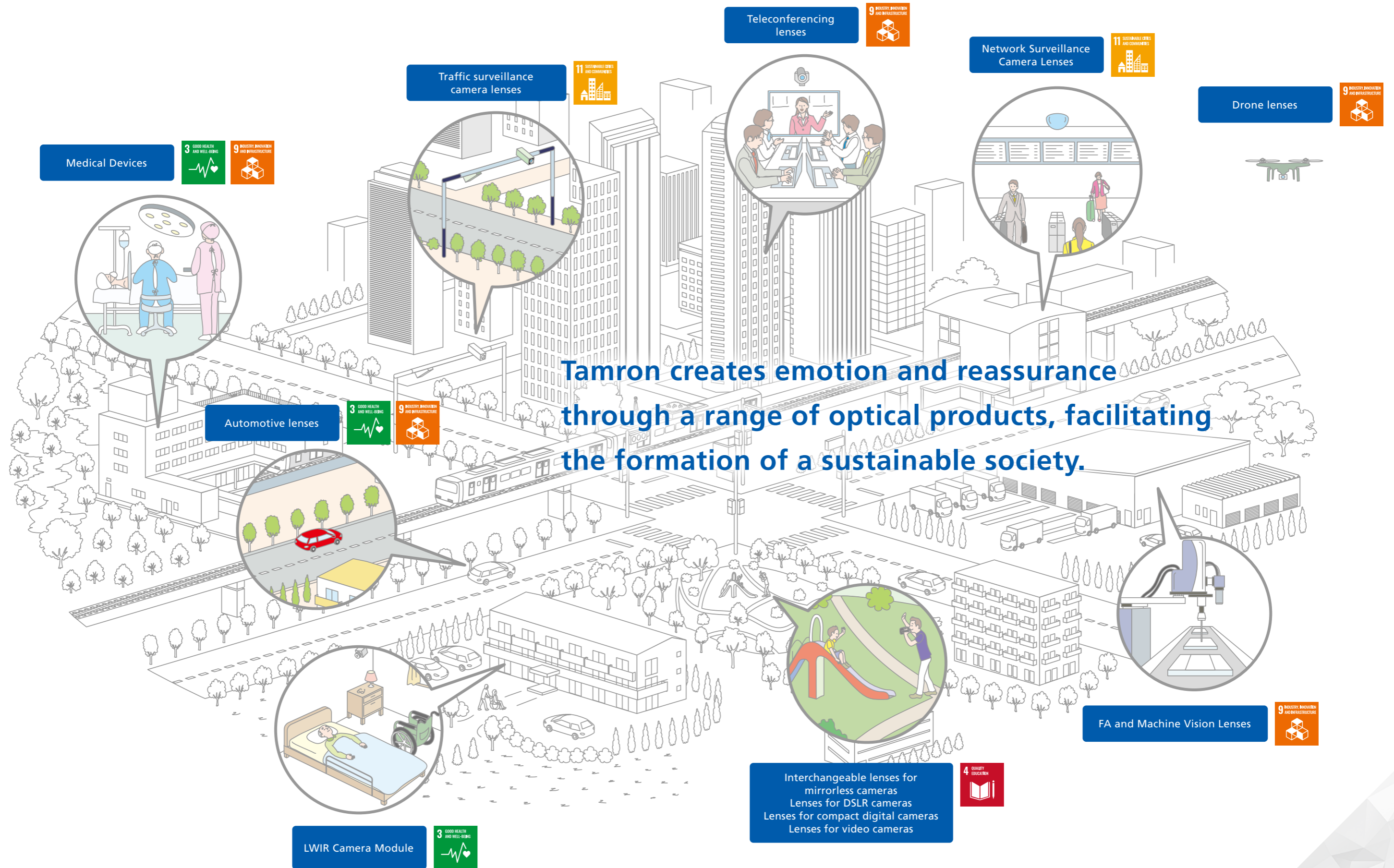
Over the past few years, the COVID-19 pandemic has raged and brought about significant changes throughout the world. The global outlook has also become increasingly uncertain, and the management environment has been subject to wild swings. Operating within this social climate, Tamron will continue to pursue its vision of helping to shape a fulfilling society through optical products. Tamron's social mission is to bring excitement and reassurance to all stakeholders through the mastery of optical technologies and products that solve social issues. In other words, our mission is to work with our stakeholders to help solve social issues through fair and honest business activities. I believe that pursuing the sustainability of society and our own sustainable growth by achieving this mission represents Tamron's sustainability.

As a company that operates globally, we will cooperate with our stakeholders to address a range of issues, not only within our own company but also in our supply chain, and to make steady progress toward our long-term vision of becoming a company that is respected and truly needed by society. We greatly appreciate your continued support and cooperation.

**Shiro Ajisaka**

President & CEO  
Tamron Co., Ltd.

# Tamron Products Promoting Sustainability (Sustainable Society)



Tamron creates emotion and reassurance through a range of optical products, facilitating the formation of a sustainable society.

# The Value Creation Process

Tamron utilizes its optical technologies to provide products that create emotion and reassurance. By creating environmental, social and economic value through these products and business activities, Tamron will achieve sustainability in society and its own sustainable growth.

