



Notice regarding Disposition of Treasury Shares through Third-Party Allotment under Performance-Based Stock Compensation Plan

Tamron Co., Ltd. (hereinafter, the “Company”) announces that its Board of Directors resolved at a meeting held today to dispose of its treasury shares through a third-party allotment as stock compensation (the “Treasury Share Disposition”). Details are as follows.

1. Overview of disposition

(1) Disposition date	August 27, 2021
(2) Class and number of shares to be disposed of	116,500 ordinary shares of the Company
(3) Disposition price	2,717 yen per share
(4) Total amount of disposition price	316,530,500 yen
(5) Allottee	Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trust trustee: Custody Bank of Japan, Ltd. (Trust Account))
(6) Others	The Treasury Share Disposition is conditional on filing under the Financial Instruments and Exchange Act taking effect.

2. Purpose and reason for disposition

The Company resolved to introduce a stock compensation plan (the “Plan”) and has maintained the Plan to this date for the purpose of further clarifying the link between the compensation to the Company’s Directors (excluding Outside Directors. The same shall apply hereunder) and the Company’s business performance and value of its shares, and having the Company’s Directors share with shareholders not only the benefits of share price fluctuations but also the risks of lower share prices, thereby giving them greater motivation to contribute to improving business performance and increase enterprise value over the medium to long term.

For an overview of the Plan, please refer to “Notification regarding Introduction of Performance-Linked Stock Compensation Plan” dated February 13, 2018.

The introduction of the Plan was approved at the 71st Ordinary General Meeting of Shareholders held on March 28, 2018.

The Treasury Share Disposition will be made to a trust (the “Trust”) that has been established with Sumitomo Mitsui Trust Bank, Limited (Trust Account) for the introduction of the Plan (Re-trust trustee: Custody Bank of Japan, Ltd. (Trust Account)).

The number of shares to be disposed of corresponds to the number of shares expected to be distributed to Directors and others of the Company, in consideration of their titles, changes in their composition and other factors during the period of the Trust and in accordance with the Share Delivery Rules established by the Company for the introduction of the Plan. The scale of stock dilution will be 0.47% of the total number of shares issued of 25,000,000 shares as of June 30, 2021 (0.55% of 210,155 voting rights of total shareholders as of June 30, 2021. Both ratios are rounded to two decimal places.) The Company believes that the Plan clarifies the link between compensation to the Company's Directors and the value of its shares and will increase its enterprise value over the medium to long terms. It has determined that both the number of shares to be disposed of and the scale of stock dilution resulting from the Treasury Share Disposition are reasonable, and their impact on the secondary market is insignificant.

(For reference) Overview of trust agreement regarding the Trust

Entruster	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trust trustee: Custody Bank of Japan, Ltd.)
Beneficiary	A director of the Company who fulfills the requirements for a beneficiary
Trust administrator	Selected a third party who has no relationship of interest with the Company or the Company's directors
Exercise of voting rights	Throughout the period of the Trust, the voting rights of the shares of the Company held in the Trust will not be exercised.
Type of trust	Nonmonetary trust (third party-benefit trust)
Entry date of trust agreement	May 10, 2018
Period of trust	May 10, 2018 – May 31, 2024 (plan)
Purpose of trust	To deliver shares of the Company to beneficiaries in accordance with the Share Delivery Rules

3. Basis of calculation of disposition price and its details

The disposition price has been determined to be 2,717 yen, which is the closing price of the Company's shares on Tokyo Stock Exchange on August 5, 2021 (business day immediately preceding the date of the resolution of the Company's Board of Directors on the Treasury Share Disposition), in light of the recent share price performance and for the purpose of eliminating arbitrariness.

With respect to the disposition price, the rate of deviation, as of the business day immediately preceding the date of the resolution of the Company's Board of Directors on the Treasury Share Disposition, from the average closing price of 2,551 yen (fractions discarded) for the immediately preceding one month period (July 6, 2021 - August 5, 2021) was 6.51%, that of 2,480 yen for the immediately preceding three month period (May 6, 2021 - August 5, 2021) was 9.56%, and that of 2,312 yen for the immediately preceding six month period (February 8, 2021 - August 5, 2021) was 17.52% (the deviation rates are rounded at three decimal places).

After having considered these facts, the Company has determined that the disposition price regarding the Treasury Share Disposition is reasonable and cannot be deemed to be particularly favorable to the allottee.

Moreover, all the Corporate Auditors who attended the relevant meeting of the Board of Directors (four, including three Outside Corporate Auditors) have issued an opinion to the effect that the above-mentioned disposition price does not constitute a disposition price that is particularly favorable to the allottee.

4. Matters regarding procedures pertaining to the Code of Corporate Conduct

Because the Treasury Share Disposition will (i) result in a dilution rate of less than 25% and (ii) not be accompanied by a change in the controlling shareholders, the procedures provided in Article 432 of the Securities Listing Regulations prescribed by Tokyo Stock Exchange, Inc. to obtain an opinion from independent third parties or to confirm the intent of shareholders are not required.