

**TAMRON**

Focus on the Future

# **FY2024 Financial Results**

February 7, 2025

Tamron Co., Ltd. (Code: 7740)



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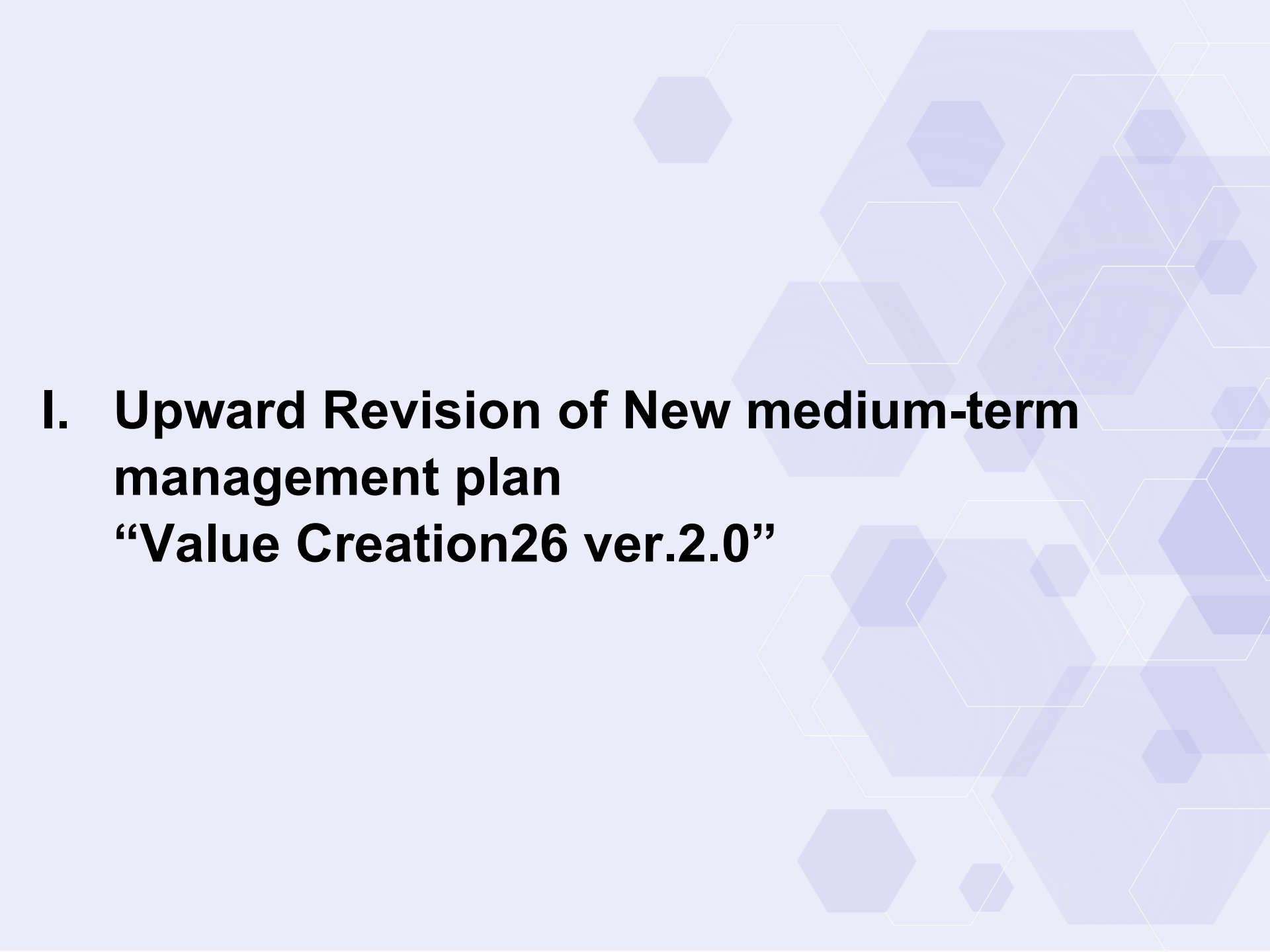
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**I. Upward Revision of New medium-term  
management plan  
“Value Creation26 ver.2.0”**

# I.-1. Positioning of the “Value Creation26 ver.2.0”

## Launch of the new medium-term plan “Value Creation26”



With the strong progress made since the first year of the new medium-term plan, we have evolved “Value Creation26” into “Value Creation26 ver.2.0”



- ◆ Improve Profitability of core business
- ◆ Expand business in growing fields
- ◆ Improvement of corporate constitution

- ◆ Portfolio optimization
- ◆ Development & growth of new business
- ◆ Establish a functional strategy
- ◆ Development of human resources & Activate the organization

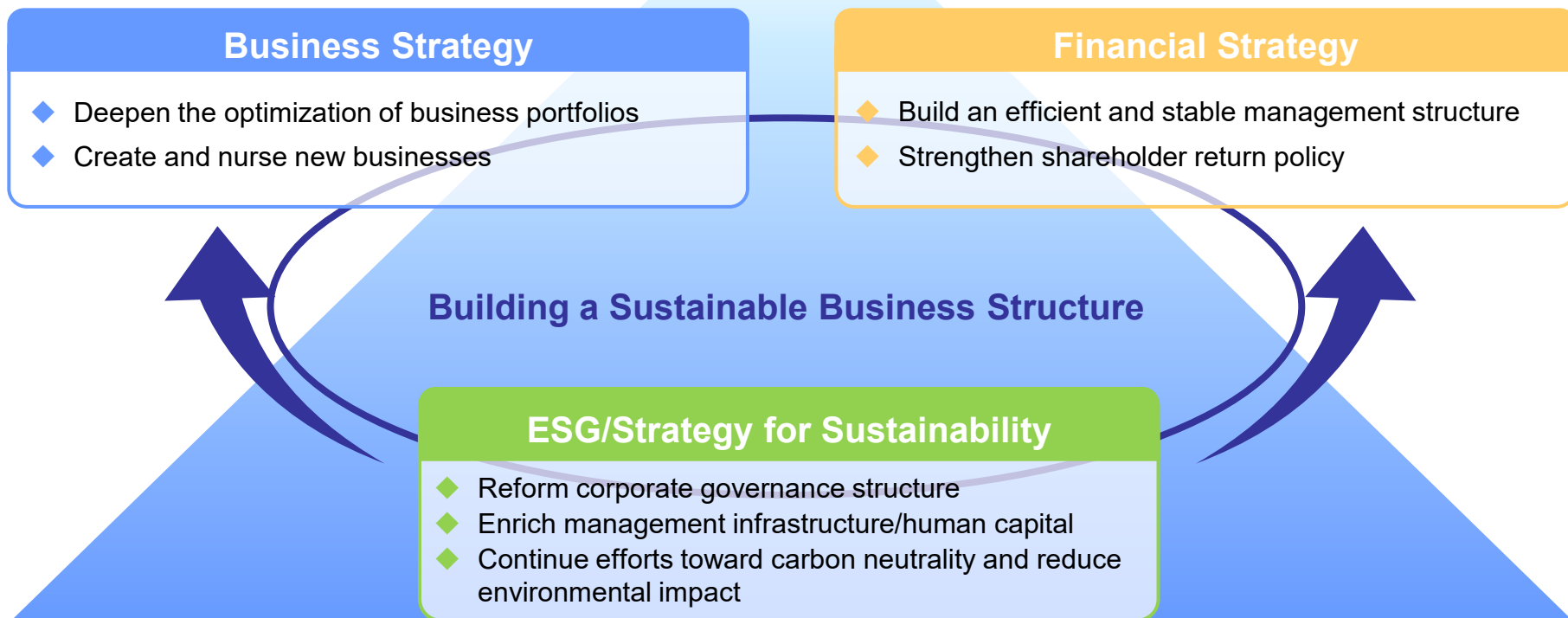
- Under Vision23’s achievements, we will overcome challenges, achieve high-quality leaps, and maximize corporate value through new endeavors.**
- ~Basic policy~
- ◆ Grow existing segments steadily and create new business
  - ◆ Create a workplace with a fulfilling environment and high corporate value

## Sustainable Enhancement of Corporate Value

## "Value Creation26 ver.2.0"

**We will overcome challenges, achieve high-quality leaps,  
and maximize corporate value through new endeavors.**

Reaching long-term vision "Net sales 100-billion-yen Company"  
in the next Medium-Term Plan



# I.-2. Outline of the "Value Creation26 ver.2.0" ② Management Numerical Targets

## 『Value Creation26 ver.2.0』

Significant achievement of all targets in the first year of the new medium-term plan ⇒ Significant upward revision of targets

	Actual 2023	Announced in Feb. 2024 Target 2026	Upward Revision in Feb. 2025 Target ver.2.0 2026
Net Sales	¥ 71.4B.	¥ 83.0B.	<b>¥ 95.0B.</b>
Operating Income	¥ 13.6B.	¥ 15.3B.	<b>¥ 20.5B.</b>
(% Sales)	19.1%	18.4%	<b>21.6%</b>

	2021-2023 Average	Target 2026	Target ver.2.0 2026
EBITDA (% Sales)	21% level	More than 22%	<b>More than 24%</b>
ROE	13% level	More than 14%	<b>More than 16%</b>
Shareholder return policy	Dividend payout ratio 30% level	Total payout ratio Approx. 60%	<b>Total payout ratio Approx. 60%</b>

※Exchange rate  
assumption

USD/JPY:140  
EUR/JPY:152

USD/JPY:145  
EUR/JPY:155

- ◆ Achieve growth in sales and profit while maintaining high profitability and efficiency.

FY2024 Results:

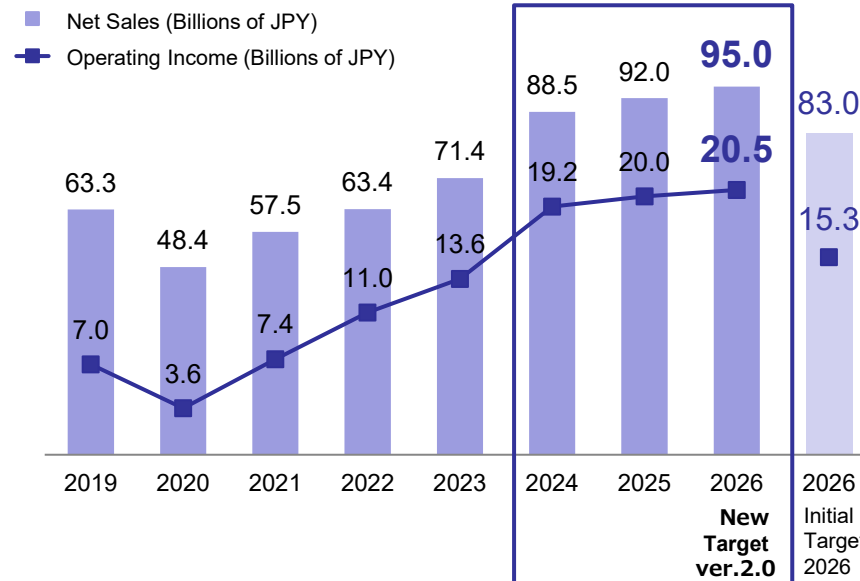
- Record high Net sales for the first time in 10 fiscal years, reached the 80-billion-yen level (near 90 billion yen)
- Record-high profits for the three consecutive years, raised up to 25% compared to medium-term plan, Operating Income on Net Sales up to 20% level

FY2026 Targets:

- Aiming to more than 1.3 times in Net sales and 1.5 times in Operating income compared to 2023.
- Aiming to grow business toward Net sales of 100 billion yen and Operating income of over 20 billion yen.
- ◆ Create a corporate value that significantly exceeds current financial value and business scale.

※ Initial Medium-term management plan announced in Feb. 2024:

Aim for our first Net sales of 80 billion yen and Operating income of 15 billion yen or more.



## Business Strategy

**Ensure continuous growth by allocating appropriate resources to each business**

- ◆ Advance the structure of the Photographic products business as a cash cow
- ◆ Expand scale in both “Surveillance & FA lenses”, and “Mobility & Healthcare Products, Others” business.
  - ➔ Aiming to increase **sales composition ratios of “Surveillance & FA lenses”, and “Mobility and Healthcare, others” business by more than 15% each.** (even though they are less than 15% each in 2026, Net Sales planned to increase by more than **1.5 times** in 2026 compared to 2023)
  - ➔ **Adjust the sales composition ratio of the Photographic products business from 3/4 to 2/3.** (aiming to approx. 70% in 2026)

## Functional Strategy

**Evolution of each function to support growth in existing business growth and new business creation**

### Production · Procurement

- ◆ Reinforce the global tri-pilar production system by starting the 2<sup>nd</sup> plant in Vietnam.
- ◆ Increase the resilience of the supply chain, and enhance allocation flexibility
- ◆ Promote automation · labor saving · manpower reduction
- ◆ Re-emphasize independent profitability and establish competitive advantage.

### Marketing · Sales

- ◆ Recover sales in US & European markets.
- ◆ Incorporate domestic demand in the Chinese market.
- ◆ Capture demand in emerging markets.
- ◆ Enhance digital marketing
- ◆ Strengthen the ability to identify the needs on a global basis.

### R&D · New Business Creation

- ◆ Advance fundamental optics and elemental technologies.
- ◆ Improve productivity in product design and development
- ◆ Enhance the discovery of the seeds/connection of needs.
- ◆ Reinforce the function for new business creation
- ◆ Accelerate open innovation design

# I.-3. ① Functional Strategy - Reinforce the global tri-pilar production system

## Start operation of Vietnam 2<sup>nd</sup> Factory

- ◆ Expand production capacity
- ◆ Strengthen risk response & stable supply system (risks: geopolitical risks, tariff risks, etc.)
- ◆ Strengthen cost response capabilities

Name	<b>Tamron Vietnam Vinh Phuc Factory</b>
Place	Thang Long Industrial Park 3, Vinh Phuc Province, Vietnam
Investment	<b>Approximately 4 billion yen (scheduled)</b>
Schedule	Start of Construction: October 2023 <b>Start of Operation: January 2025</b> Establishment of mass-production system: 2026 Full-capacity operation: 2028
Plant Scale	Land Area : <b>Approx. 25,000m<sup>2</sup></b> Building Area : approx. 8,000m <sup>2</sup> Total Floor Area : <b>Approx. 28,500m<sup>2</sup></b> (3 stories: Plant Building 17,000m <sup>2</sup> 、 Motorcycle Parking 11,500m <sup>2</sup> )

## Early establishment of a manufacturing system that can respond to long-term vision "Net sales 100 billion yen"

① Tamron Group's production capacity

**Increase by 1.2 times compared to current**

② Production ratio (value basis)

	Current	2028
Vietnam	Approx. 25%	Approx. <b>45%</b>
China	Approx. 65%	Approx. <b>45%</b>
Japan	Approx. 10%	Approx. <b>10%</b>

③ Parts procurement rate from China

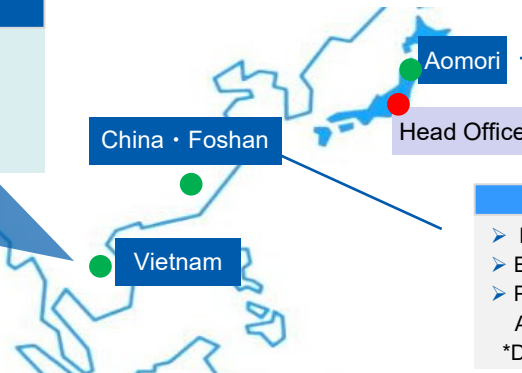
Current Approx. 30%  
↓  
2025~: **20% or below**

### < Vietnam 2nd Factory: Vinh Phuc Factory >

- Lens Processing, Metal Processing, Molding, Coating, Assembling
- Employees: Approx. 1,500 (at full-capacity operation)
- Products: Photographic lenses, Surveillance lenses, Automotive lenses

### < Existing Vietnam factory: Noi Bai Factory >

- Lens Processing, Metal Processing, Molding, Assembling
- Employees: Approx. 1,500
- Products: Photographic lenses, Surveillance lenses



### < Aomori Factory >

- Lens processing, GM lens processing, Molding, Assembling
- Employees: Approx. 300 (include temporary employee)
- Products: Photographic lenses, Surveillance lenses, Medical application lenses, Test plates

### < China : Foshan Factory >

- Lens Processing, Metal Processing, Molding, Coating, Assembling
  - Employees: Approx. 2,500 (include temporary employee)
  - Products: Photographic lenses, Surveillance lenses, Automotive lenses, DSC/VC\* lenses, Drone lenses
- \*Digital Still Camera/ Video Camera



Inspire and enrich people’s lives

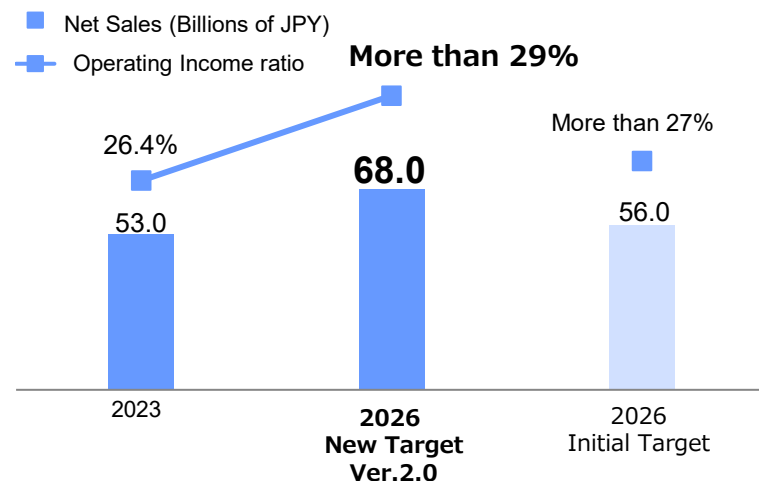


## Photographic Products

Improve the high-profit structure as core business

- ◆ Accelerate the development of own-brand product
  - ※Before 2023 : 5 models/per year
  - ➔ **Initial Medium-Term Plan (Initial Target 2026):**  
6~7 models/per year
  - ➔ **New Medium-Term Plan (New Target ver.2.0 2026):**  
10 models/per year from 2026
  
- ◆ Continuously adapts to new formats
  - ➔ **New Medium-Term Plan (New Target ver.2.0 2026):**  
establish and expand structure from 3 to 4 mounts
  
- ◆ Improving own-brand share
  - Recover sales in the US and Europe
  - Expand continuously in Chinese and Asian markets
  - Explore developing markets (Latin America, Middle East, Africa)
  - ※Market Share by revenue: 5% ➔ **New Medium-Term Plan: 7~8%**
  
- ◆ Strengthen the relationship with OEM business partners

	Actual 2023	Initial Target 2026	New Target ver.2.0 2026
Net Sales	¥53.0B.	¥56.0B.	<b>¥68.0B.</b>
Own-brand	¥32.8B.	¥37.0B.	<b>¥39.0B.</b>
OEM	¥20.2B.	¥19.0B.	<b>¥29.0B.</b>
Operating Income	¥14.0B.	¥15.2B.	<b>¥20.0B.</b>
(% Sales)	26.4%	More than 27%	<b>More than 29%</b>



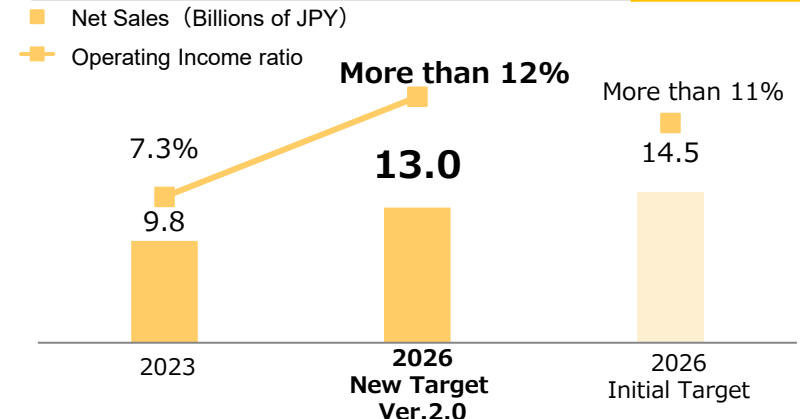
## Create a secure and safe society

### Surveillance & FA Lenses

Re-transform into a growth business, targeting for more than 10% in operating income on net sales

- ◆ Shift to dual strategy
  - ➔ Acquire more orders on volume zone products, in addition to high-value-added products.
- ◆ Develop customers in the FA market and other new business fields
  - ➔ Expand FA lens’s lineup, Increase OEM orders, and sales of SWIR and Zoom, etc.
  - ➔ **New Medium-Term Plan (New Target ver.2.0 2026):**  
**Entry into new fields**
    - Market for Laser Processing head
    - Market for Thermal emitter with meta surface
    - Market for Commercial camcorder
- ◆ Expand the camera module’s lineup
  - ➔ Achieve 4K · high magnification · miniaturization
  - ➔ Expand sales in both OEM and own-brand
  - ➔ **New Medium-Term Plan (New Target ver.2.0 2026):**  
**Development of Thermal Zoom Camera Module**
- ◆ Select and review the business structure
- ◆ Strengthen the development · production · sales structure in China

	Actual 2023	Initial Target 2026	New Target ver.2.0 2026
Net Sales	¥9.8B.	¥14.5B.	<b>¥13.0B.</b>
Surveillance lenses	¥5.9B.	¥7.4B.	<b>¥7.0B.</b>
FA lenses, Others	¥1.6B.	¥3.6B.	<b>¥2.8B.</b>
Camera module	¥0.8B.	¥3.5B.	<b>¥3.2B.</b>
TV conference lenses	¥1.5B.	-	-
Operating Income	¥0.7B.	¥1.6B.	<b>¥1.6B.</b>
(% Sales)	7.3%	More than 11%	<b>More than 12%</b>



# I.-3. Business Strategy of the “Value Creation 26 ver.2.0”

## ④ Mobility & Healthcare Products, Others

Healthy and secure lifestyle

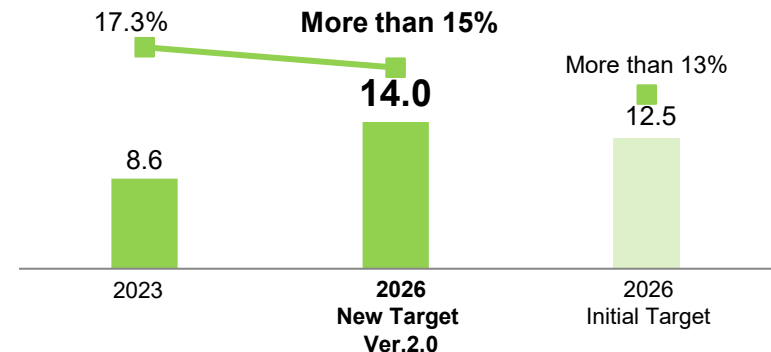
### Mobility & Healthcare Products, Others

#### Further growth in automotive and medical business & accelerate creation of new business

- ◆ Focus on the sales of automotive lenses for sensing applications with the expansion of ADAS
- ◆ Establish a next-generation cost structure for cost competition
- ◆ Establish technologies for High pixels, durability, high heat resistance, and reliability assurance
- ◆ Reform order acquisition activities, and start early engagement from the upstream planning stage
  - ➔ **Initial Medium-Term Plan (Initial Target 2026):**  
Grow the automotive business to a 10-billion-yen sales scale
  - ➔ **New Medium-Term Plan (New Target ver.2.0 2026):**  
Expand the automotive business to a 12-billion-yen sales scale
- ◆ Further step up the rigid endoscope business
- ◆ Full-scale entry into surgical microscopes and life sciences field
  - ➔ **Expand the medical business to a 1-billion-yen sales scale (target to a 3-billion-yen sales scale in 2030)**
- ◆ Planned to increase operating income whereas the operating income on net sales decreased due to advance investment to create new business

	Actual 2023	Initial Target 2026	New Target ver.2.0 2026
Net Sales	¥8.6B.	¥12.5B.	<b>¥14.0B.</b>
Automotive lens	¥7.1B.	¥10.2B.	<b>¥12.2B.</b>
Healthcare components	¥0.4B.	¥1.4B.	<b>¥1.1B.</b>
DSC, VC, Drone, Others	¥1.1B.	¥0.9B.	<b>¥0.7B.</b>
Operating Income	¥1.5B.	¥1.7B.	<b>¥2.2B.</b>
(% Sales)	17.3%	More than 13%	<b>More than 15%</b>

■ Net Sales (Billions of JPY)  
 ■ Operating income ratio



## Building effective management while ensuring stability

### Appropriate Capital Structure

- ✓ Sustain an ROE of appx.16%
- ✓ Secure capital at twice of the cost
  - ◆ Utilize available funds while ensuring financial safety, achieving efficient management
  - ◆ Gradually reduce the equity ratio to be around 75%
  - ◆ Aim for a liquidity reserve of approx. 3 month's worth of monthly turnover

#### <Equity Ratio>

- The precision equipment industry has a high risk of technological innovation, and from the perspective of maintaining a financial structure that can achieve a rating of A-, a target equity ratio of around 75% is set.

#### <Liquidity on hand>

- As a globally expanding manufacturer, there is a need to prepare for unforeseen circumstances including geopolitical risks, and the monthly revenue for 3 months is a measure of liquidity on hand.

### Enhance Shareholder Return

- ✓ Stable shareholder returns & flexible repurchase of treasury stock
- ✓ Aiming for total return ratio of 60%
  - ◆ Set a minimum annual dividend of **80 yen**  
Target dividend payout ratio of approx. **40%**  
(Minimum annual dividend of 50 yen in initial Medium- Term plan increased by 1.6 times in the new plan “Ver. 2.0”)
  - ◆ Aim for a total return ratio of approx. **60%**  
Conduct flexible repurchase of treasury stock

#### <Expansion of return ratio>

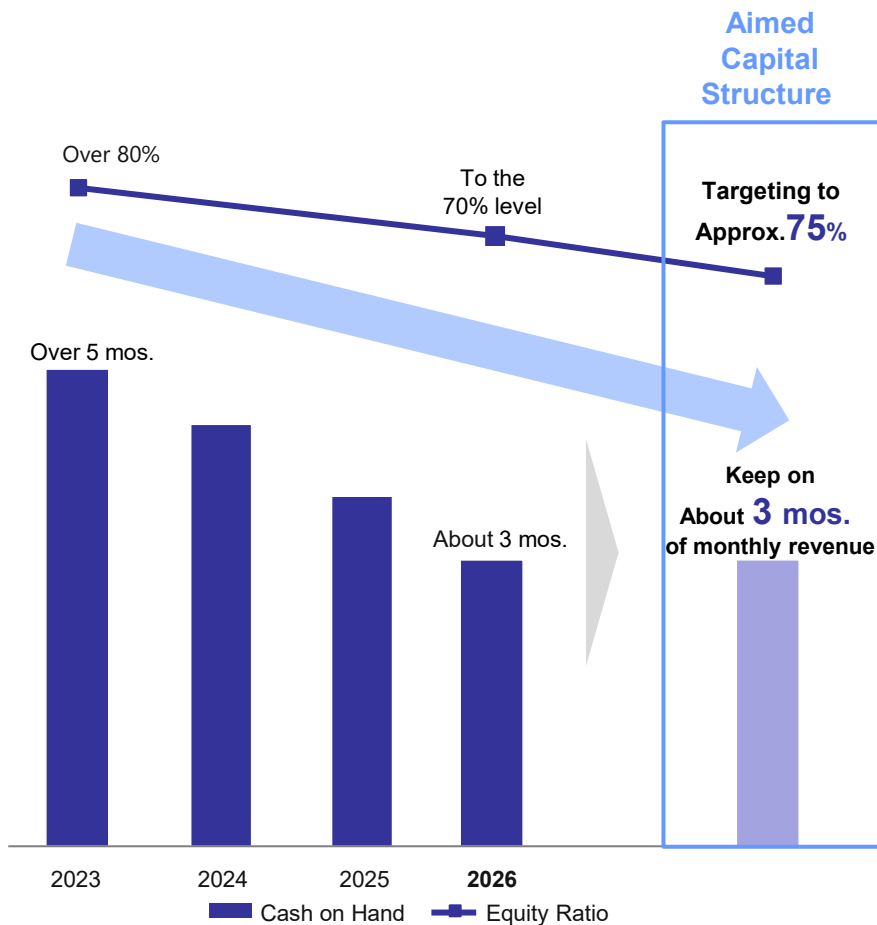
- Double increase the investment amount aimed at sustainable growth compared to the previous medium-term plan period, as well as double increase the return ratio (60% of total return ratio) with considering the targeted capital structure and cash levels, etc.
- After raising dividend payout ratio to 40%, setting the total return ratio from the viewpoint of improving the flexibility of capital policies.

#### <Stable dividend>

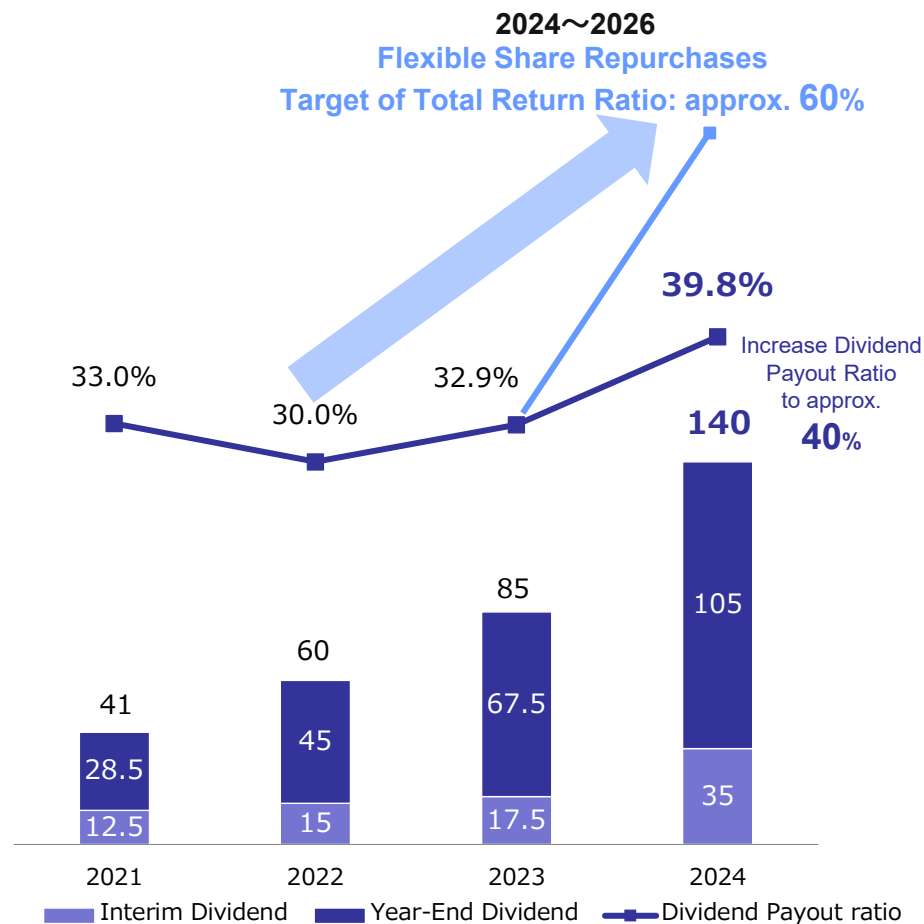
- While maintaining a high return ratio based on business performance, we also implement stable and continuous dividends within the range that can be distributed from our financial structure, even in times of sluggish business performance.
- The minimum stable dividend is set based on DOE (Dividend on Equity ratio) of 3% or more.

# I.-4. Financial Strategy of the “Value Creation 26 ver.2.0” ② Aimed Capital Structure

## Optimal Capital Structure



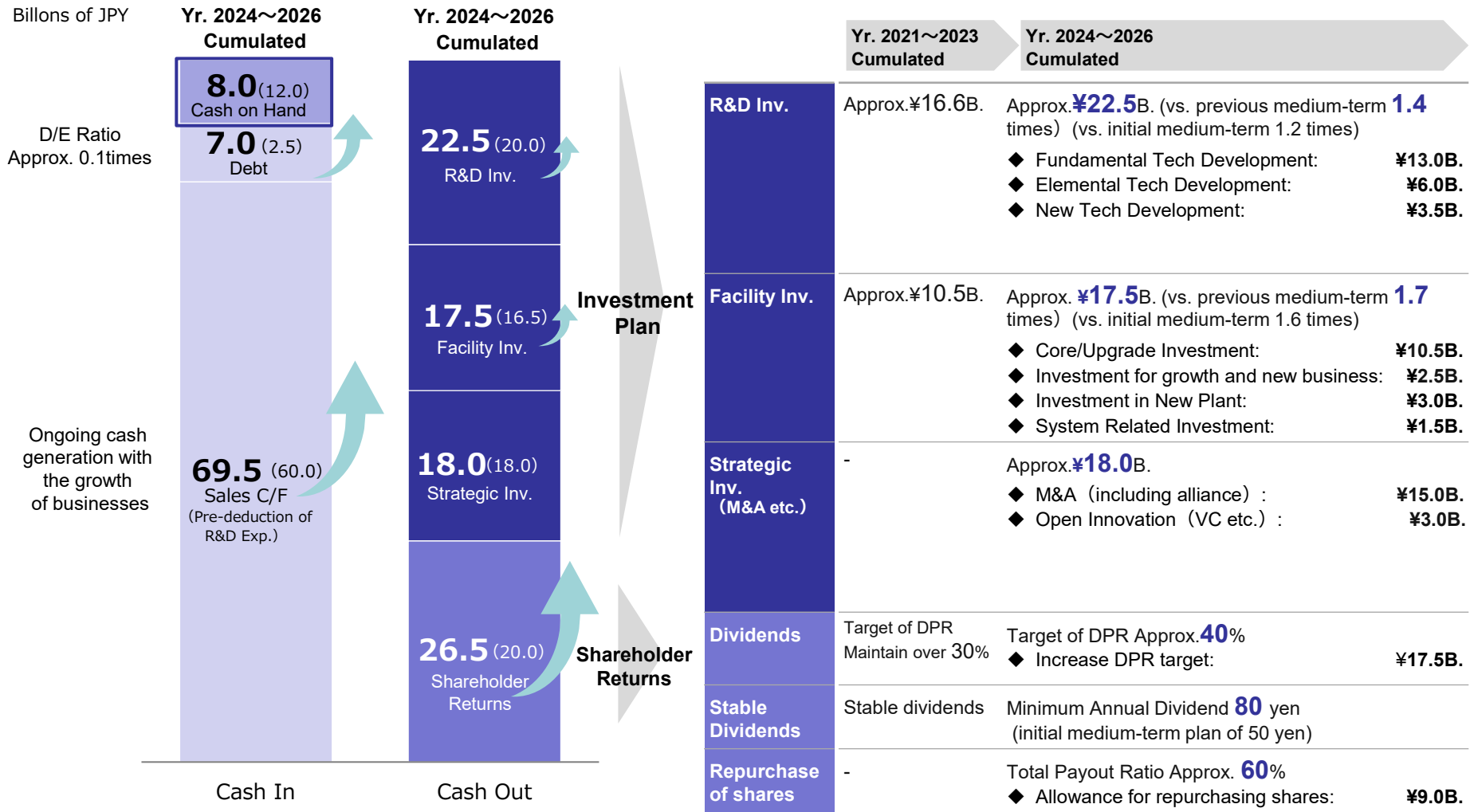
## Shareholder Return



※ After considering the 2024 stock split

# I.-4. Financial Strategy of the “Value Creation 26 ver.2.0” ③Cash Allocation

Compared to term of the previous medium-term management plan, **the amount of investment has set to be more than doubled, and the return rate has also set to be doubled.**



※() Figures in the initial medium-term management plan announced in Feb. 24

# I.-4. Financial Strategy of the “Value Creation 26 ver2.0”

## ④ Strategic Investment—with an eye toward the 2030s and next 100 years

Accelerate “expansion of business domain by leveraging tech”  
Early commercialization of the new business by “Technology Strategy”

⇒ Long-Term Vision “New Business Sales Target of 10 Billion Yen”

### Open Innovation Upfront Investment with an eye toward the 2030s and next 100 years

#### Industry-academia-government collaboration

- ◆ Collaboration and co-creation with companies and research institutions in different fields to generate new technologies

#### Collaboration with VC

##### ⇒ VC investments (starting from 2024)

- Obtaining cutting-edge technology, information, and business models
- Investment assessment, internal incentive/system deployment

##### ⇒ The long-term goal includes establishing Corporate Venture Capital (CVC) and expanding internal innovation systems.

### Business expansion aimed at contributing to earnings in the next medium-term and the 2030s New business creation through M&A

#### Surveillance & FA

- ◆ FA, New field: Investment for business expansion (Customer acquisition /Lineup expansion /Partner alliance /Cost adaptability acquisition)

#### Mobility & Healthcare Products, Others

- ◆ Medial · Healthcare: Investment for business expansion
- ◆ Technology Theme: Investment for commercialization

### Strengthen the investment process

- ◆ Assess investments from the perspective of validity, financial soundness, etc.
- ◆ Investment decisions based on IRR and hurdle rate settings, etc.
- ◆ Visualize the capital costs and profitability

### Contributing to solving social issues <Our focus area>



- ✓ Goal 3 : Medical field, Nursing care/Health care
- ✓ Goal 9 : Automotive field, optical communication field
- ✓ Goal 11 : Infrastructure field
- ✓ Goal 13 : Agricultural field/ environmental analysis (measurement)
- ✓ Goal 16 : Security field/ AI

### <Examples of technical themes>

Development of optics for satellite implementation  
Optics for free space optical communication



Development of optics for satellite implementation  
Optical technology for star trackers



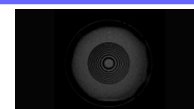
Optical Technology for High-Power Laser



Hyper-wide-angle fundus camera allowing wide field fundus photography



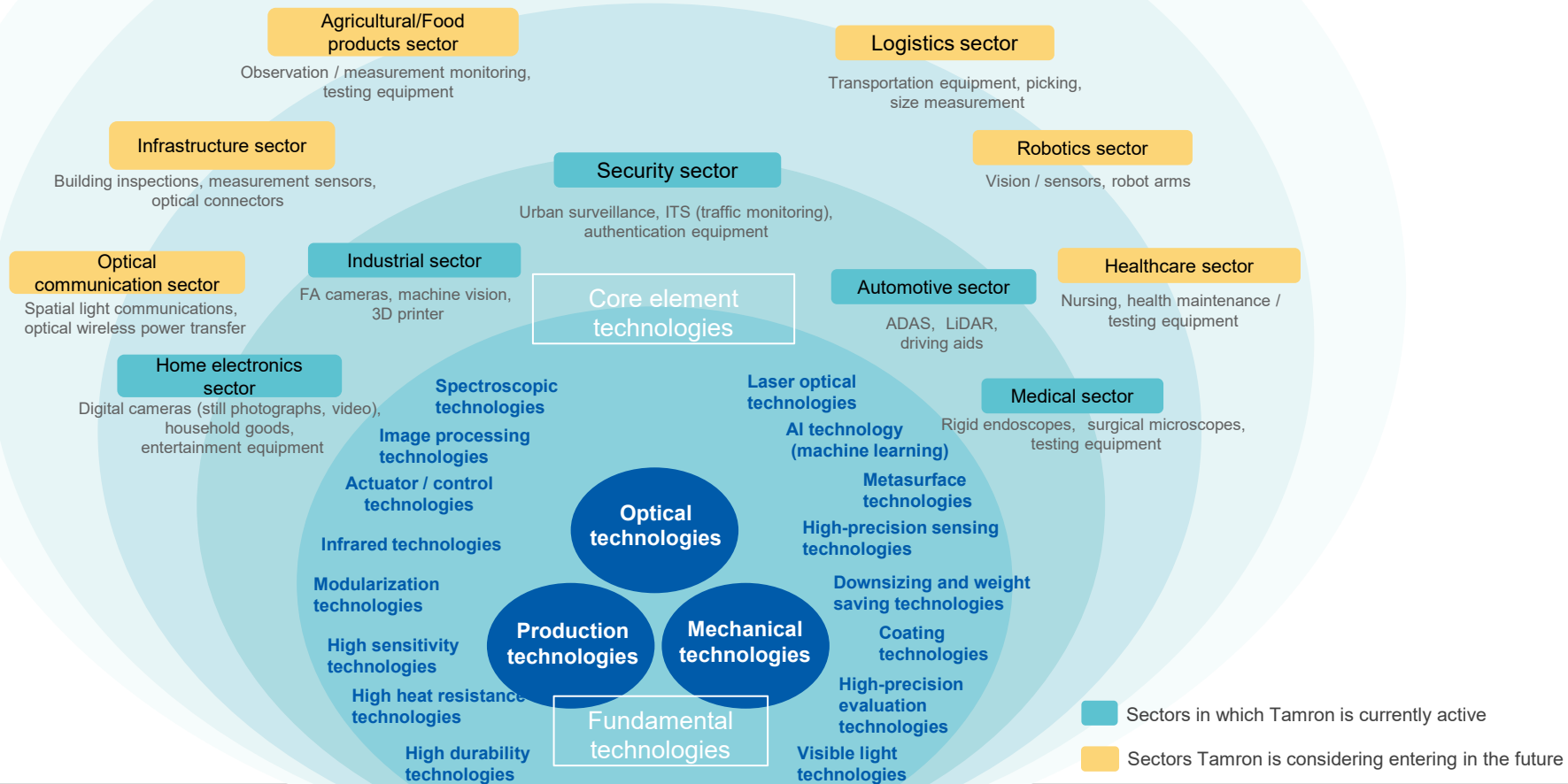
Infrared camera technology with Fresnel lens



# I.-4. Financial Strategy of the “Value Creation 26 ver2.0”

## ④ Strategy Investment – Technology Strategy ver.2.0

**Making technologies that are next-generation solutions**  
**Tamron's technologies are evolving from imaging to measuring**

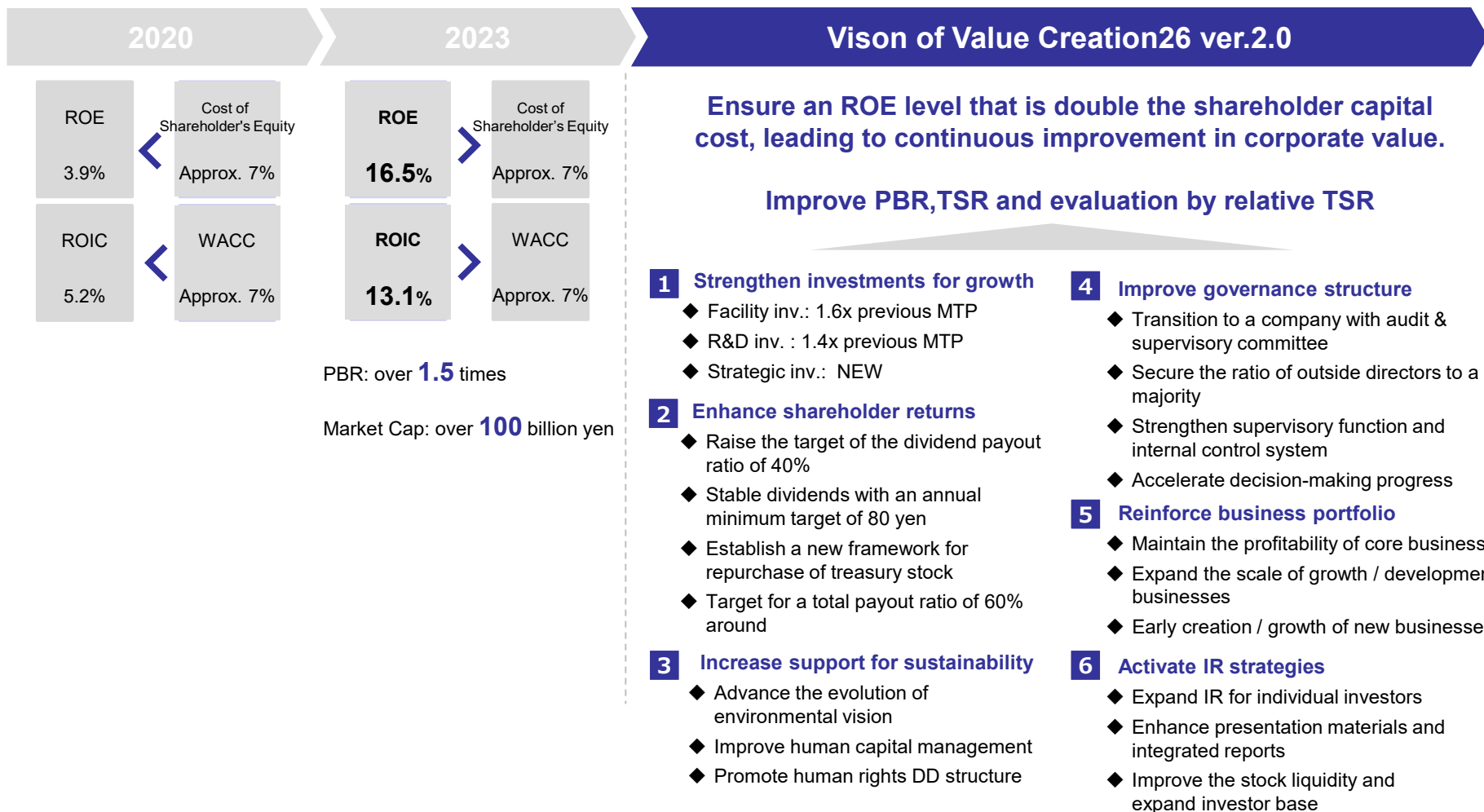




# I.-5. Management with a focus on capital costs and stock prices

## ① Status of action

By promoting management with awareness of capital costs, aimed to improve and maximize corporate value with achieving ROE over 16%, which is double of the cost of shareholder's equity (approx.7%)



# I.-5. Management with a focus on capital costs and stock prices

## ② Stock Initiatives

### Repurchase of Shares of Common Stock

The purpose is to enhance shareholder returns, while improving capital efficiency and ensuring a flexible capital policy

(1) Type of stock to be repurchased	Common Stock
(2) Number of shares to be repurchased	Up to <b>1,000,000</b> shares. (Equivalent to <b>2.40%</b> of outstanding shares, excluding treasury stock)
(3) Total repurchase amount	Up to <b>4</b> billion yen
(4) Repurchase period	From February 10, 2025 to May 30, 2025
(5) Method of repurchases	Market trading transactions on Tokyo Stock Exchange

※ Planned to cancel all the treasury stock repurchased as described above

⇒ Conducted for 2 consecutive years following 2024. Acquisition amount doubled in 2025 compared to 2 billion in 2024.

### Stock Split

The purpose is to improve the liquidity of the Company's stock and expand the investor base by reducing the stock price per investment unit.

(1) Stock Split Method		Each share of common stock owned by shareholders recorded in the closing register of shareholders on the record date of June 30, 2025 will be split into <b>4 share per share</b> .
(2) Schedule of the stock split	Public notice of record date	June 13, 2025 (scheduled)
	Record date	June 30, 2025
	Effective date	July 1, 2025

⇒ Conducted for 2 consecutive years following 2024. 2-for-1 stock split has conducted in 2024, while in 2025 it will be split into 4.

# I.-6. ESG/Sustainability Strategy of the “Value Creation26”

## **E**nvironment

Reduce environmental burden through carbon neutral, in-house products designing and services

Promote and drive the evolution of the 2050 environmental vision

- ◆ **Reduce greenhouse gas emission**
  - Scope1,2
    - **18%** reduction (vs 2015)
      - ※ in 2030 : **30%** reduction
      - ※ in 2050 : **Zero emission**
  - Scope3
    - Set Measurement method and reduction targets
- ◆ **Improve contribution to resource-recycling-society**
  - Evolve towards a circular economy
- ◆ **Encourage initiatives for a society in harmony with nature**
  - Strengthen conservation of biodiversity and sustainable utilization
- ◆ **Refine CDP evaluation**

## **S**ocial

Promote human capital management, DE&I, and job satisfaction

Promote human capital management

- ◆ **Advance DE&I**
  - Female managerial ratio: over **12%**
  - Career recruitment ratio: over **60%**
  - Male parental leave adapt ratio: over **80%**
  - Broaden human resources programs (recruitment, development, evaluation)
- ◆ **Enrich human capital investments**
  - Double education and training expenses
  - Refresh HR system and expand functions
  - Reinforce the education of engineers (Increase R&G expenses)
- ◆ **Refine human rights DD system**
  - Implement SAQ, refine risk analysis, and make improvement
- ◆ **Promote health management**
- ◆ **Expand engagement activities**

## **G**overnance

Reform the Corporate Governance Structure

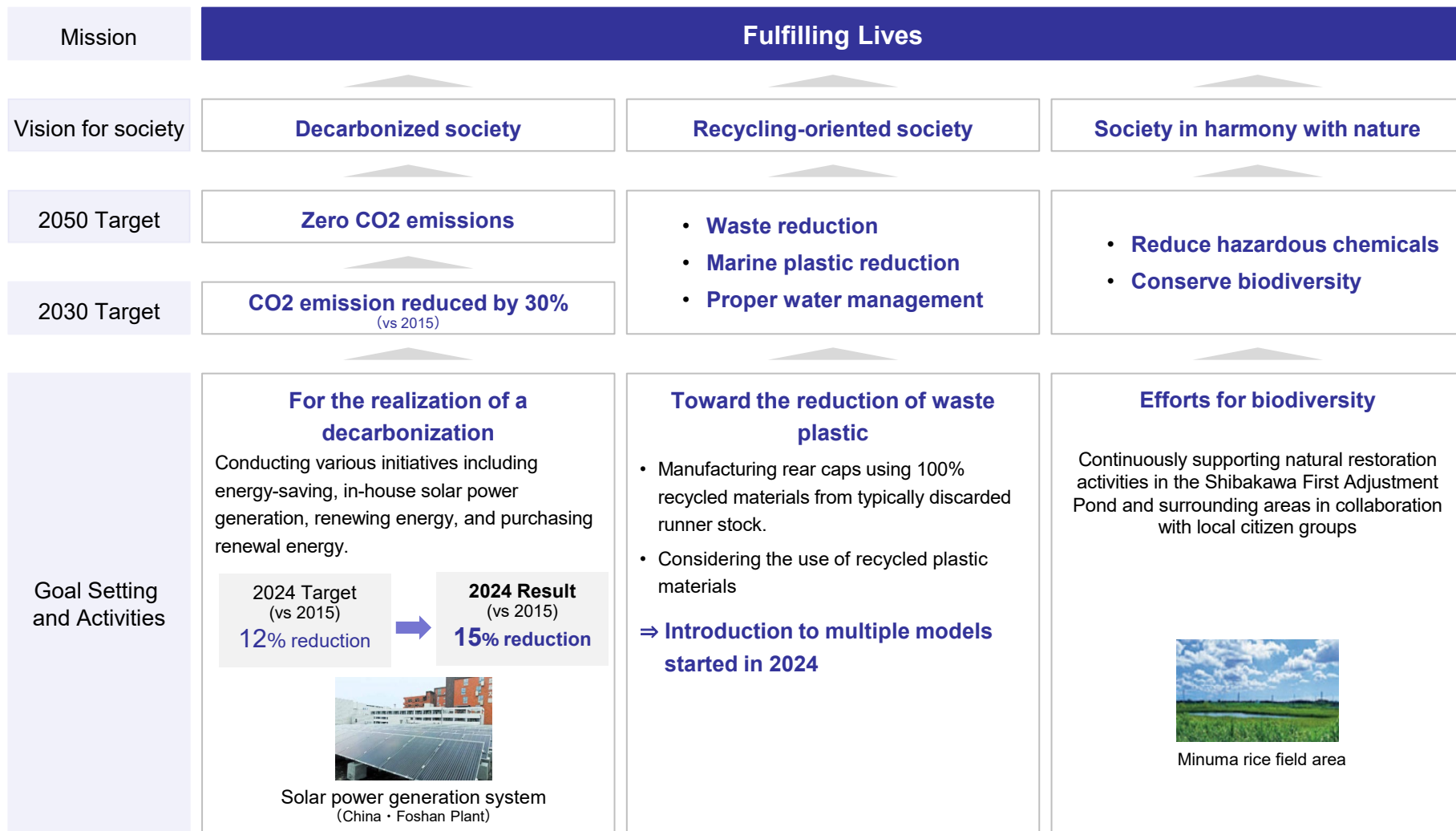
Strengthen supervision, speed up decision-making

- ◆ **Transition to a Company with an Audit & Supervisory Committee**
  - Strengthen supervisory functions, expedite decision-making
- ◆ **Increase the ratio of outside directors**
  - Secure the ratio of outside directors to a majority
- ◆ **Refine the assessment of the effectiveness of the Board of Directors**
  - Implementation with third-party involved
  - Strengthen supervision for each committee
- ◆ **Improve Board Advisory Committee**
  - Enhance the transparency
- ◆ **Enhance executive functions**
  - Promote authority delegation
- ◆ **Expand the internal control system**
- ◆ **Foster a better company culture**

# I.-6. ESG/Sustainability Strategy ① Environmental Vision 2050

To realize a spiritual-rich society where everyone can live fulfilling lives

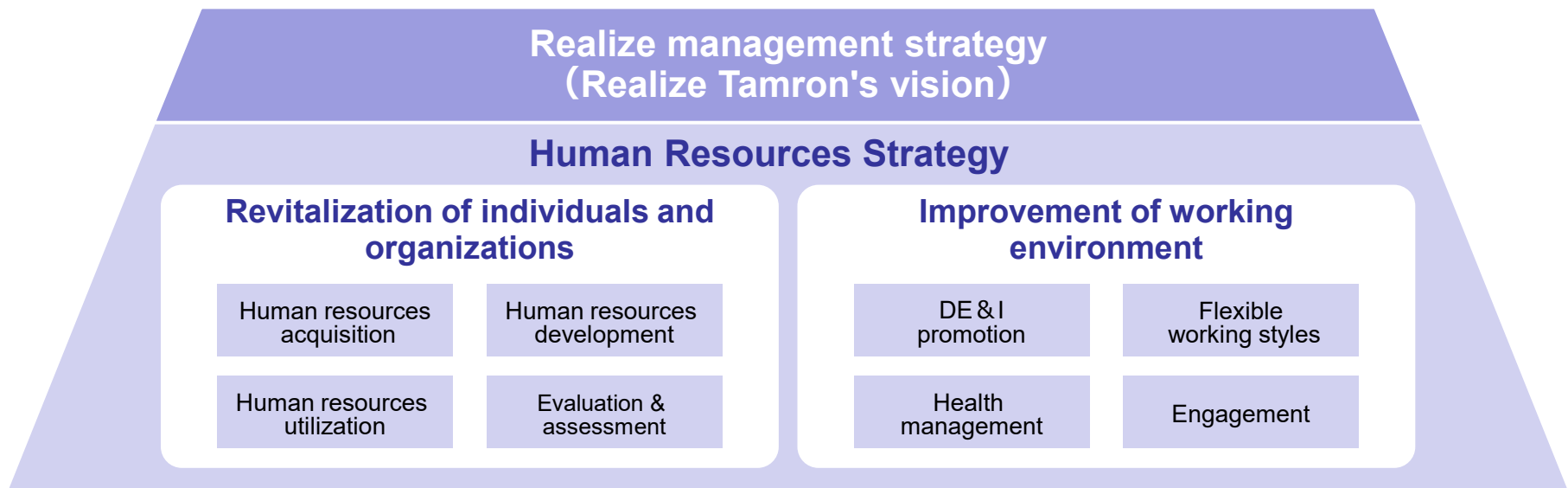
## “Environmental Vision 2050”



# I.-6. ESG/Sustainability Strategy ② Promote human capital management

## Human Resources Strategy Basic Policy

- ◆ The key to realize Tamron's vision and management strategies is the human resource strategy aligned with the management strategies. For this purpose, we will accelerate the priority on revitalizing individuals and organizations, developing systems and environments that enable individuals and organizations to maximize their potential.
- ◆ To adapt to the changing business environments in line with the alternations in business structure and the progress of digitalization, we will upgrade the knowledge and skills of all employees, acquiring and strengthening key jobs and key skills in focused areas, and flexibly deploying personnel according to business environments.
- ◆ Tamron's human resource strategy consists of two elements: "revitalization of individuals and organizations" and "improvement of working environment". For each of the elements, we are steadily working to realize the strategy by incorporating the human resource strategy themes that we have positioned as important based on our management strategy, setting targets, planning, and implementing measures.



- <Initiatives E.g.>
- ✓ Expand incentives for learning and challenge, cross-divisional achievements, and new business creation activities, etc.
  - ✓ Introduction of ESOP
  - ✓ Start using share point (internal communications tool)
  - ✓ Open in TAMRON Square (renovated to dining hall ⇒ multi-purpose space)
  - ✓ Begin engagement survey, introduction of talent management system

# I.-6. ESG/Sustainability Strategy ③ Improve Governance

Restore stakeholder's trust by thoroughly implementing measures to prevent a recurrence, along with the overall improvement of the corporate governance system, including the transition to a company with an audit & supervisory committee.

- ◆ Establish a Governance Review Committee, to continuously monitor to ensure the proper implementation of preventive measures, and to study and of preventive measures will be implement improvements in other governance overall.
- ◆ Planned to regularly disclose the progress on recurrence prevention measures.

## Governance Review Committee

New

### Goal · Role

- ◆ Consider a framework to improve the corporate governance system to strengthen the supervisory of the Board of Directors
- ◆ Create an implementation plan for preventive measures based on recommendations from the special investigation committee.
- ◆ Manage the progress of preventive measures overall based on the established plan.
- ◆ Develop rules and implement operations to prevent recurrence.

### Constructure

#### Chairperson

- President & CEO

#### Members

- Directors · Auditors
- Managers to promote recurrence preventive measures.  
(Administrative Management Unit, Corporate Strategy Unit, Internal Audit & Supervision Board, Executive Assistant Section)

## Preventive Measures

### 1 Review the entertainment expenses of officers/Establish new rules for internal dining expenditure.

- ◆ Set upper limits for entertainment expenses for officers
- ◆ Introduce new regulations for internal dining expenditure, ensuring awareness in the company.

### 2 Restrain and enhance audits toward officer-related expenses

- ◆ Establish a check flow within the internal control department for officer expenses' settlement.
- ◆ Grant certain directives and approval authority to the audit committee over the internal audit department, including opinions on the audit plan.
- ◆ Expand internal audit regulations, increase the frequency of internal audits, and review audit items

### 3 Monitor executive-related expenses by the Board of Directors (BOD)

- ◆ Detailed departmental budget information will be required for the presentation of the budget proposals to BOD.
- ◆ Distribute a list of actual executive office entertainment expenses to BOD meetings.

### 4 Introduce stricter measures to nominate and operate the Nomination Committee

- ◆ Stricter adherence to the guidelines for nomination procedures of the committee officers
- ◆ Improving the operation of the Nomination Committee (enhancing document provision, increasing meeting frequency, etc.).

### 5 Increase the awareness of all employees, conduct training for officers by external experts, and reinforce training for all staff.

- ◆ Conduct training for officers by external experts
- ◆ Strengthen the training by the compliance committee for all staff members to promote the understanding of the internal reporting system.
- ◆ Visualize organizational culture through surveys for all employees and cultivate a positive corporate culture.
- ◆ Conduct training sessions and workshops for all employees with external directors and external auditors as instructors.

# I.-6. ESG/Sustainability Strategy ④ Progress on recurrence prevention

## measures

Recurrence prevention measures	Contents of the initiative	Progress
<p><b>1</b></p> <p><b>Review officer-related entertainment expenses, establish new rules for internal dining expenditures, and ensure awareness</b></p> <ul style="list-style-type: none"> <li>• Set upper limits for officer-related entertainment expenses</li> <li>• Introduce new internal rule regarding meal expenses for employees only and Inform employees.</li> </ul>	<ol style="list-style-type: none"> <li>① Revise job authority details (set upper limits for entertainment expenses).</li> <li>② Specify self-approval prohibition</li> <li>③ Establish guidelines for approval, operation, and expenditure of entertainment expenses.</li> <li>④ Promote internal and departmental awareness through periodical education.</li> </ol>	<p>①24/2 done ②24/2 done ③24/2 done ④24/2 done ※ To be implemented as appropriate thereafter.</p>
<p><b>2</b></p> <p><b>Strengthen checks and audits on officer-related expenses</b></p> <ul style="list-style-type: none"> <li>• Set a check flow by the internal control department for officer-related expense settlement.</li> <li>• Grant auditors the authority to give instructions and approval to the internal audit office and the right to express opinions on the audit plans.</li> <li>• Expand internal audit regulations, increase the frequency of internal audits and review the audit items.</li> </ul>	<ol style="list-style-type: none"> <li>① Introduce a control flow in the accounting dept. (pre-check at the time of Concur application).</li> <li>② Grant auditors the authority to give instructions and approval to the internal audit office.</li> <li>③ Grant auditors the right to express opinions on the internal audit plans approved by CEO.</li> <li>④ Revise internal audit regulations (clarify that, in case there is a conflict between the instructions and approvals of the president of the internal audit and the audit committee, the instructions and approvals of the audit committee take precedence).</li> <li>⑤ Increase the frequency of internal audits for the executive assistant section (from approximately once every 3 years to once every year).</li> <li>⑥ Review internal audit items (including officer-related expenses)</li> </ol>	<p>①23/12 done ②24/3 done ③24/3 done ④24/3 done ⑤24/6 done ⑥24/1 done</p>
<p><b>3</b></p> <p><b>Monitor officer-related expenses by the Board of Directors:</b></p> <ul style="list-style-type: none"> <li>• Detailed departmental budget information is required to present the budget proposal to the Board of Directors.</li> <li>• Distribute the result of officer-related entertainment expenses at Board of Directors meetings.</li> </ul>	<ol style="list-style-type: none"> <li>① Attach departmental expense details (including officer-related expenses) to Board of Directors resolutions for budget proposals</li> <li>② Distribute the list of officer-related entertainment expenses of the previous month at Board of Directors meetings.</li> </ol>	<p>①23/12 done ②24/1 done ※ To be implemented monthly thereafter.</p>
<p><b>4</b></p> <p><b>Introduce stricter nomination procedures and Improve the operation of the Nomination Committee</b></p> <ul style="list-style-type: none"> <li>• Stricter nomination procedures by the Nomination Committee in line with governance guidelines</li> <li>• Improving the operation of the Nomination Committee (enhancing document provision, increasing meeting frequency, etc.).</li> </ul>	<ol style="list-style-type: none"> <li>① Stricter nomination procedures by the Nomination Committee (confirm and document officer qualification item listed in governance.</li> <li>② Enhance the materials for consideration and nomination at the Board of Directors by the Nomination Committee.</li> <li>③ Increase the frequency and quality of Nomination Committee meetings (from 1-2 times a year to 4 times a year)</li> </ol>	<p>①24/1 done ②24/2 done ③24/1, 7, 9, 12 done</p>
<p><b>5</b></p> <p><b>Reform the mindset of all executives and employees through training by external experts</b></p> <ul style="list-style-type: none"> <li>• Conduct special training for officers by external experts</li> <li>• Strengthen the training by the compliance committee for executives and employees and promote the understanding of the whistleblowing system.</li> <li>• Visualize the company culture through surveys for all employees and foster it.</li> <li>• Conduct training and seminars for all employees by outside directors and outside auditors as instructors.</li> </ul>	<ol style="list-style-type: none"> <li>① Conduct special training by corporate lawyer for executives (twice a year).</li> <li>② Conduct compliance training by the Compliance Committee etc. for all executives and staff (twice a year).</li> <li>③ Promote understanding of the whistle-blowing system through training for all employees and promote its use by the education.</li> <li>④ Understand the current state of corporate culture through engagement surveys for all employees and foster a corporate culture that prevents fraud and scandals through monitoring.</li> <li>⑤ Conduct training and seminars for all employees by outside directors and outside auditors (twice a year).</li> </ol>	<p>①24/3, 12 done ②24/6, 12 done ③24/1 done ④24/12 done ⑤24/7, 11 done</p>
<p><b>6</b></p> <p><b>Overall improvement of the governance structure</b></p>	<ol style="list-style-type: none"> <li>① Decision to transition to a company with an audit and supervisory committee.</li> <li>② Decision to secure a majority of outside directors.</li> <li>③ Report of the committee activities to the board of directors.</li> <li>④ Improvement of the effectiveness evaluation of the Board of Directors (third-party involvement in the effectiveness evaluation).</li> <li>⑤ Add ESG element to the Board of Directors' performance metrics (no initial forecast)</li> </ol>	<p>①23/12 done, 24/3 transition done ②24/2 done ③24/2 done ④24/12 done ⑤24/11 done</p>

Note: After the transition to a company with an audit and supervisory committee scheduled for March 2024, matters that are scheduled to be handled by corporate auditors will be handled by directors who are audit and supervisory committee members.



## **II. FY2024 Financial Results**



# II-1. FY2024 Summary

## Environment


### Economy

- ◆ Moderate economic recovery despite some stagnation in overseas economies.
- ◆ Uncertainty continues due to geopolitical risks such as the prolonged Russia-Ukraine conflict and the tense situation in the Middle East.
- ◆ Significant depreciation of JPY (compared to the previous year, USD depreciated by ¥11 and EUR depreciated by ¥12)

### Market

- ◆ The interchangeable lens camera and the interchangeable lens market grew by more than 10% in both volume and value, driven by strong performance in mirrorless cameras.
- ◆ In the surveillance sector, camera manufacturers' effort to optimize inventory levels have almost come to an end.
- ◆ The automotive camera market showed continually strong performance due to the popularization of Advanced Driving Assistant System (ADAS).

## Company's Results

- ◆ **Net Sales and Operating Income showed double-digit or higher increase in all segments.**
  - ◆ Net Sales **significantly increased by approximately 1.2 times** and Operating Income **significantly increased by approximately 1.4 times YoY.**
- 
- ◆ **Record high Net Sales for the first time in 10 fiscal years and record high Operating Income for the 3 consecutive years.**
  - ◆ **Significant achievement of the 2026 Targets of Medium-Term Plan "Value Creation 26", which runs from 2024 to 2026, in the first year of the plan.**

## Topics

- ◆ From Feb. to Mar.: **Repurchased treasury shares of 2 billion yen** to enhance shareholder returns, improve capital efficiency, and implement flexible capital policies
- ◆ May : **Cancelled of 400,000 treasury stocks**, including those acquired from Feb. to Mar.
- ◆ Jul.: **Conducted a 2-for-1 stock split** of shares of common stock.
- ◆ Aug.: **Increased interim dividend (double increased compared to previous fiscal year).**
- ◆ Nov.: **Completed construction of second plant in Vietnam.**
- ◆ Dec.: **Entered Canon RF Mount market** (launched our first model for Canon RF mount).
- ◆ Dec.: Followed the increase for interim dividend in Aug, upward revised the forecast for year-end dividend from 90 yen **to 105 yen (above 1.5 times YoY), bringing the annual dividend to 140 yen (more than 1.6 times YoY).**

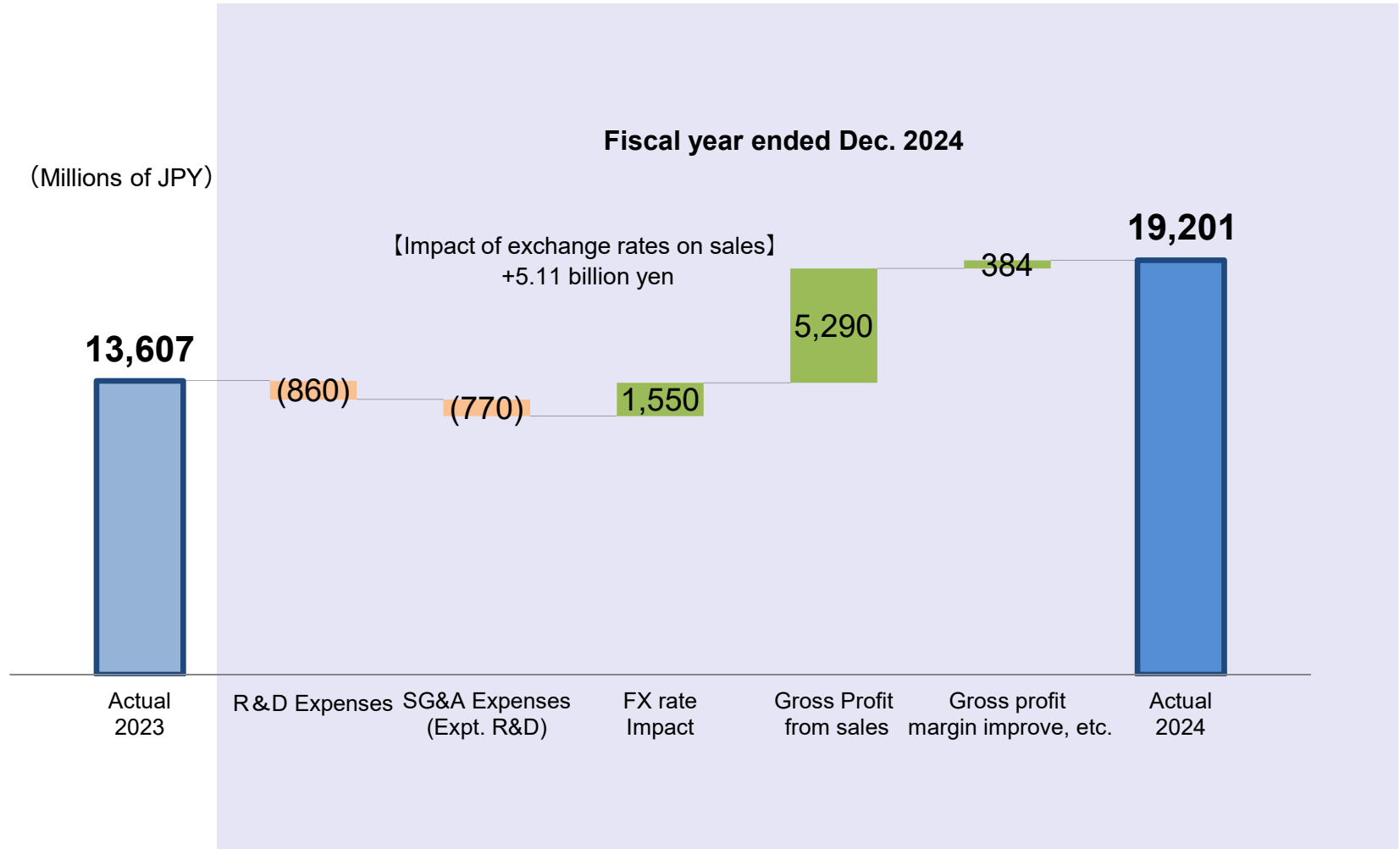
## II-2. FY2024 Financial Results

- ◆ **Significant YoY sales increases in all segments:**
  - ✓ Photographic Products Segment: more than 1.2 times
  - ✓ Surveillance & FA Lenses Segment: more than 1.2 times
  - ✓ Mobility & Healthcare Products, Others Segment: more than 1.3 times
  
- ◆ **Significant improvement in Operating Income by more than 40% YoY** driven by increase in gross profit with strong sales, as well as the suppression of SG&A expenses to an increase of 12% YoY which was about half of the growth rate in net sales.
  
- ◆ **Operating Income on net sales increased by more than 20%.**

(Millions of JPY)	Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Revised Forecast 2024	
				Inc./Dec.	%	Inc./Dec.	%
<b>Net Sales</b>	<b>71,426</b>	<b>89,000</b>	<b>88,475</b>	<b>17,048</b>	<b>23.9%</b>	<b>(524)</b>	<b>(0.6)%</b>
<b>Gross Profit</b>	<b>31,657</b>	-	<b>39,386</b>	<b>7,729</b>	<b>24.4%</b>	-	-
(% Sales)	44.3%	-	44.5%	0.2%	-	-	-
<b>Operating Income</b>	<b>13,607</b>	<b>19,600</b>	<b>19,201</b>	<b>5,594</b>	<b>41.1%</b>	<b>(398)</b>	<b>(2.0)%</b>
(% Sales)	19.1%	22.0%	21.7%	2.6%	-	(0.3)%	-
<b>Ordinary Income</b>	<b>13,972</b>	<b>19,500</b>	<b>19,304</b>	<b>5,331</b>	<b>38.2%</b>	<b>(195)</b>	<b>(1.0)%</b>
(% Sales)	19.6%	21.9%	21.8%	2.2%	-	(0.1)%	-
<b>Net Income</b>	<b>10,812</b>	<b>14,430</b>	<b>14,526</b>	<b>3,713</b>	<b>34.4%</b>	<b>96</b>	<b>0.7%</b>
(% Sales)	15.1%	16.2%	16.4%	1.3%	-	0.2%	-
USD/JPY	140.68	149.84	151.69	11.01	-	1.85	-
EUR/JPY	152.17	162.94	164.09	11.92	-	1.15	-

## II- 3 . Factors Affecting Operating Profit Variability

Two-digit-increase in Net Sales and Operating Income even without favorable foreign exchange effects  
 (Net sales increased by more than 15% YoY, operating income increased by approx. 30% YoY)



# II-4 . FY2024 Results by Segment

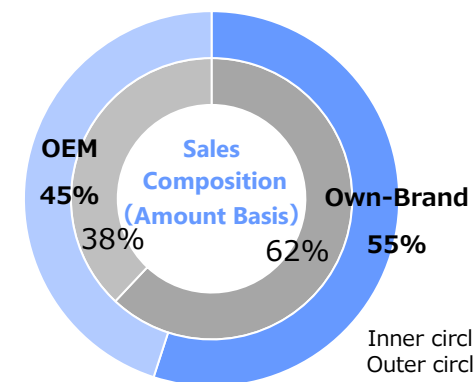
## ① Photographic Products

- ◆ Sales of Own-Brand products **increased by approximately 10%**, due to the impact of new models launched through 2023 and 2024, as well as strong performance in the domestic, Chinese, and other Asian markets.
- ◆ **More than a 1.4 times increased YoY** in the sales of OEM products due to strong performance from the 2<sup>nd</sup> half of the previous fiscal year.
- ◆ **Operating Income on net sales improved 1.5point YoY, and Operating Income increased significantly by approximately 1.3 times YoY.**

(Millions of JPY)	Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Actual 2023 FX Impact	VS. Revised Forecast 2024	
				Inc./Dec.	%		Inc./Dec.	%
<b>Net Sales</b>	53,032	65,800	64,835	11,803	22.3%	3,640	(964)	(1.5)%
<b>Operating Income</b>	14,008	19,000	18,111	4,103	29.3%	1,020	(888)	(4.7)%
(% Sales)	26.4%	28.9%	27.9%	1.5%	-	-	(1.0)%	-

### Sales Breakdown

		Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Revised Forecast 2024	
					Inc./Dec.	%	Inc./Dec.	%
<b>Amount</b> (Billions of JPY)	Own-Brand	32.8	36.8	36.0	3.2	9.8%	(0.8)	(2.3)%
	OEM	20.2	29.0	28.8	8.6	42.5%	(0.2)	(0.4)%
<b>Quantity</b> (10K units)	Own-Brand	43	49	47	4	9.5%	(2)	(4.1)%
	OEM	74	93	92	18	23.4%	(1)	(1.4)%



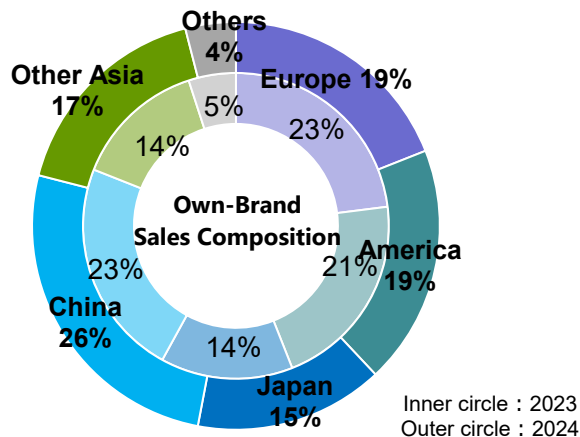
### FY2024 Market environment VS FY2023

	Quantity	Amount
SLR cameras	(14)%	(16)%
Mirrorless cameras	16%	16%
Interchangeable lens cameras total	10%	14%
Interchangeable lenses	7%	11%

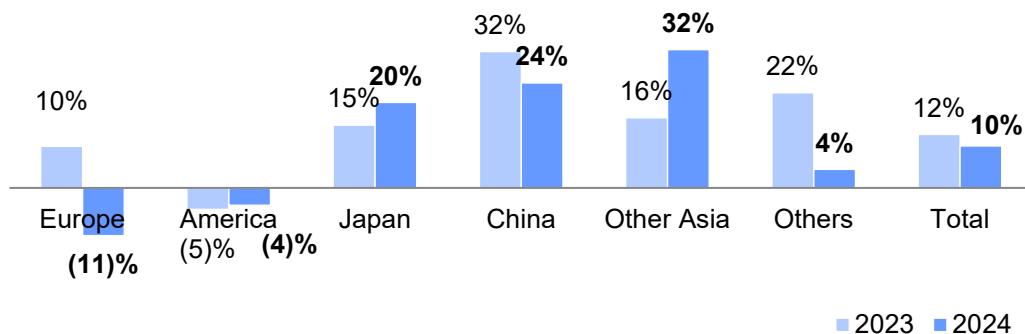
# II-4 . FY2024 Results by Segment

## ① Photographic Products (Own-Brand)

Sales Composition by Base  
(Amount Basis)



Sales Growth Rate by Base  
(VS 2023 · JPY Rate Basis)



Rate of Market Share of interchangeable lenses  
(Amount Basis)

	2023	2024
Europe	24%	21%
America	26%	24%
Japan	10%	11%
China	22%	24%
Other Asia	14%	15%
Others	4%	5%
Total	100%	100%

Sales Growth Rate of Market Share of interchangeable lenses  
(Amount Basis · VS 2023)


















	2023	2024
Europe	(4)%	(4)%
America	+ 1%	+ 5%
Japan	+ 13%	+ 18%
China	+23%	+ 21%
Other Asia	+11%	+ 21%
Others	+12%	+ 20%
Total	+7%	+ 11%

## Photographic Products - New Models

Before 2023: Approximately 5 new models

⇒ Initial medium-term (2024-2026) management plan: 6 to 7 new models a year ⇒ achieved 7 new models in the first year (2024) of the plan

⇒ New medium-term (2024-2026) management plan: 10 new models a year from 2026

	2022		2023		2024		
<b>For SONY E-mount</b> <b>Total: 21 models</b>	Sep.  50-400mm F/4.5-6.3 VC VXD (A067)	Oct.  20-40mm F/2.8 VXD (A062)	Oct.  17-50mm F/4 VXD (A068)	Oct.  70-180mm F/2.8 VC VXD G2 (A065)	Jun.  50-300mm F/4.5-6.3 VC VXD (A069)	Aug.  28-300mm F/4-7.1 VC VXD (A074)	Oct.  90mm F/2.8 VXD (F072)
<b>For FUJIFILM X-mount</b> <b>Total: 4 models</b>	Jul.  17-70mm F/2.8 VC RXD (B070)	Oct.  150-500mm F/5-6.7 VC VXD (A057)	May  11-20mm F/2.8 RXD (B060)				
<b>For NIKON Z-mount</b> <b>Total: 6 models</b>	Sep.  70-300mm F/4.5-6.3 RXD (A047)		Sep.  35-150mm F/2-2.8 VXD (A058)	Oct.  150-500mm F/5-6.7 VC VXD (A057)	Apr.  28-75mm F/2.8 VXD G2 (A063)	Sep.  50-400mm F/4.5-6.3 VC VXD (A067)	Oct.  90mm F/2.8 VXD (F072)
<b>For CANNON RF-mount</b> <b>Total: 1 model</b>					Dec. <b>Our 1<sup>st</sup> model for CANON RF-mount</b>  11-20mm F/2.8 RXD (B060)		

# II- 4 . FY2024 Results by Segment

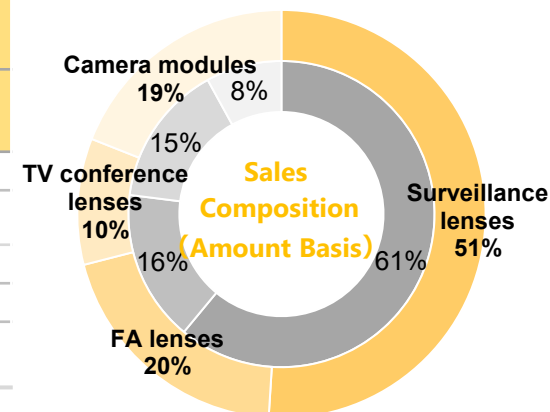
## ② Surveillance & FA Lenses

- ◆ The impact of inventory optimization at customers has almost come to an end, sales of Surveillance lenses recovered from 2<sup>nd</sup> half of 2024 and **shifted to an increase in sale.**
- ◆ Sales of FA lenses continually increased **approximately 1.5 times YoY** driven by the expansion of the lineup.
- ◆ Sales of Camera Module **increased significantly by approximately 3 times YoY** due to the large contribution of new models launched in 2023 and 2024.
- ◆ **Operating Income on net sales improved by 5-point YoY** and **Operating Income increased significantly by more than double YoY** due to increased gross profit from increased sales, improved product mix, and SG&A expense reductions.
- ◆ **V-shaped recovery** from declining sales and profits in 2023 to more than the sales and profits of 2022.

(Millions of JPY)	Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Actual 2023  FX Impact	VS. Revised Forecast 2024	
				Inc./ Dec.	%		Inc./ Dec.	%
<b>Net Sales</b>	<b>9,786</b>	<b>12,200</b>	<b>12,313</b>	<b>2,527</b>	<b>25.8%</b>	<b>720</b>	<b>113</b>	<b>0.9%</b>
<b>Operating Income</b>	<b>716</b>	<b>1,500</b>	<b>1,566</b>	<b>850</b>	<b>118.7%</b>	<b>250</b>	<b>66</b>	<b>4.4%</b>
(% Sales)	7.3%	12.3%	12.7%	5.4%	-	-	0.4%	-

### Sales Breakdown

		Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Revised Forecast 2024	
					Inc./ Dec.	%	Inc./ Dec.	%
<b>Amount</b> (Billions of JPY)	<b>Surveillance lenses</b>	<b>5.9</b>	<b>6.2</b>	<b>6.3</b>	<b>0.4</b>	<b>6.8%</b>	<b>0.1</b>	<b>1.9%</b>
	<b>FA lenses, etc.</b>	<b>1.6</b>	<b>2.4</b>	<b>2.4</b>	<b>0.8</b>	<b>54.6%</b>	<b>-</b>	<b>0.5%</b>
	<b>TV conference lenses</b>	<b>1.5</b>	<b>1.1</b>	<b>1.2</b>	<b>(0.3)</b>	<b>(21.5)%</b>	<b>0.1</b>	<b>7.8%</b>
	<b>Camera module</b>	<b>0.8</b>	<b>2.5</b>	<b>2.4</b>	<b>1.6</b>	<b>199.2%</b>	<b>(0.1)</b>	<b>(3.9)%</b>
<b>Quantity</b> (10K units)	<b>Total</b>	<b>112</b>	<b>116</b>	<b>115</b>	<b>3</b>	<b>2.3%</b>	<b>(1)</b>	<b>(1.1)%</b>

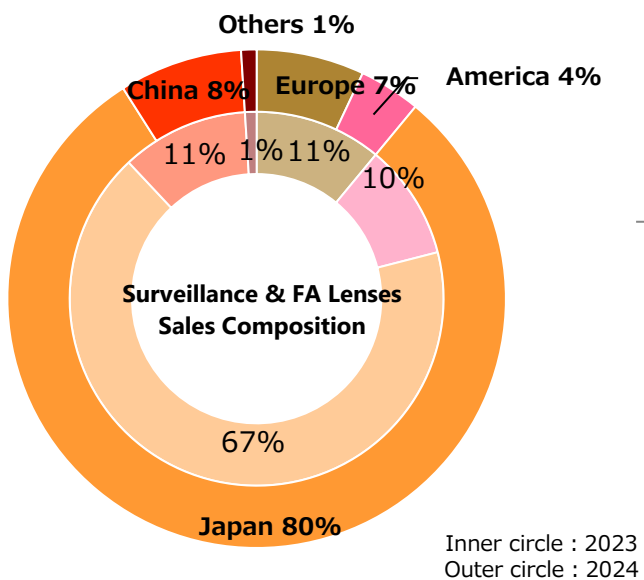


Inner circle : 2023  
Outer circle : 2024

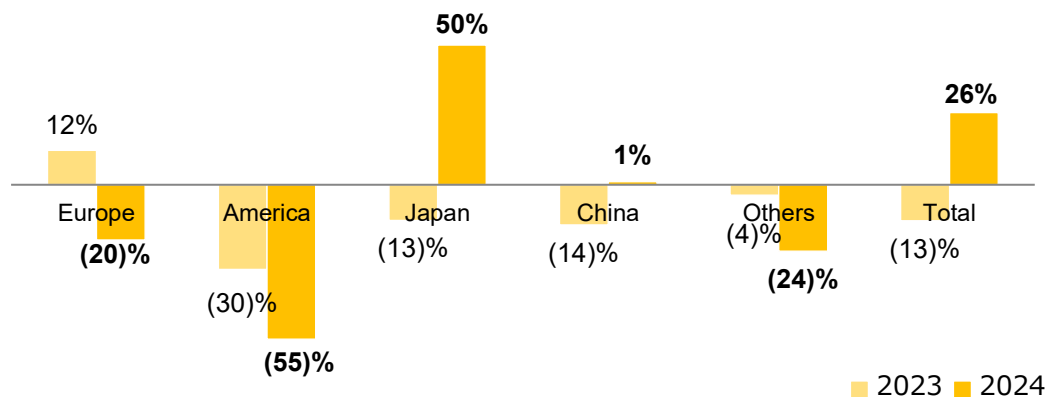
# II- 4 . FY2024 Results by Segment

## ② Surveillance & FA Lenses

Sales Composition by Base



Sales Growth Rate by Base (VS 2023 · JPY Rate Basis)





# II- 4 . FY2024 Results by Segment

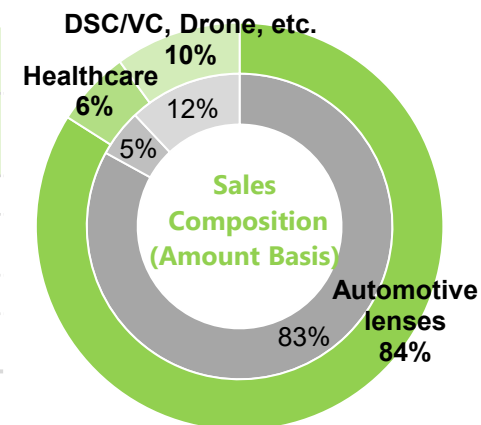
## ③ Mobility & Healthcare, Others

- ◆ Sales of Automotive lenses **increased significantly by approximately 1.3 times YoY** because of 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 approximately 1.7 times YoY** driven by the expansion of the lineup.
- ◆ While cultivating new fields, the sales of mainstay Automotive lenses has increased. As a result, **Operating Income on net sales improved to 20% range, and Operating Income increased significantly by approximately 1.7 times YoY.**

(Millions of JPY)	Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Actual 2023 FX Impact	VS. Revised Forecast 2024	
				Inc./ Dec.	%		Inc./ Dec.	%
<b>Net Sales</b>	<b>8,607</b>	<b>11,000</b>	<b>11,325</b>	<b>2,717</b>	<b>31.6%</b>	<b>750</b>	<b>325</b>	<b>3.0%</b>
<b>Operating Income</b>	<b>1,492</b>	<b>2,200</b>	<b>2,476</b>	<b>984</b>	<b>66.0%</b>	<b>280</b>	<b>276</b>	<b>12.6%</b>
(% Sales)	17.3%	20.0%	21.9%	4.6%	-	-	1.9%	-

### Sales Breakdown

Amount (Billions of JPY)		Actual 2023	Revised Forecast 2024 (6, Nov)	Actual 2024	VS. Actual 2023		VS. Revised Forecast 2024	
					Inc./ Dec.	%	Inc./ Dec.	%
Amount	Automotive lenses	7.1	9.3	9.5	2.4	33.2%	0.2	2.4%
	Healthcare components	0.4	0.65	0.67	0.3	72.7%	0.02	3.1%
	DSC/VC, Drone, etc.	1.1	1.05	1.1	-	5.7%	0.1	7.5%
Quantity (10K units)	Automotive lenses	847	1,032	1,049	203	23.9%	17	1.7%



Inner circle : 2023  
Outer circle : 2024



# **III. FY2025 Financial Forecast**

# III-1. FY2025 Financial Forecast

## Environment

### Economy

- ◆ Although the economy is generally on a recovery trend, uncertainty remains high due to Russia's prolonged invasion of Ukraine, the tense situation in the Middle East, the sluggish Chinese economy, and uncertainty about the policies of the new U.S. administration, etc.

### Market

- ◆ In the interchangeable lens camera and lens market, the quantity remains flat, but the total amount increases due to the strong performance of high-value-added products YoY.
- ◆ The surveillance market is experiencing stable growth due to strong security demand such as urban surveillance.
- ◆ In the automotive sector, is expected to remain strong due to ADAS growth.

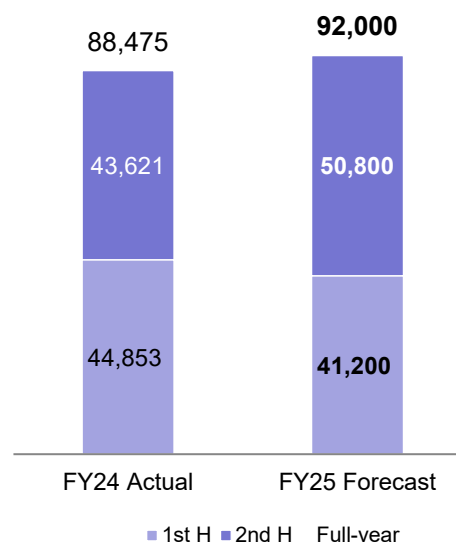
## Company's Forecast

- ◆ Assumption of a strong yen against 2024, although there is an impact of higher material costs by rising prices of resources, aggressive investment, and higher R&D, plan to absorb these costs and achieve an **increase in sales and profit**.
- ◆ Expecting to **reach our first Net Sales of 90 billion yen and Operating Profit of 20 billion yen**, and **grow steadily toward the new upwardly revised medium-term target for 2026**.

(millions of JPY)	Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
			Amount	Ratio
<b>Net Sales</b>	<b>88,475</b>	<b>92,000</b>	<b>3,524</b>	<b>4.0%</b>
<b>Operating Income</b>	<b>19,201</b>	<b>20,000</b>	<b>798</b>	<b>4.2%</b>
(% of Sales)	21.7%	21.7%	0.0%	-
<b>Ordinary Income</b>	<b>19,304</b>	<b>20,000</b>	<b>695</b>	<b>3.6%</b>
(% of Sales)	21.8%	21.7%	(0.1)%	-
<b>Net Income</b>	<b>14,526</b>	<b>14,800</b>	<b>273</b>	<b>1.9%</b>
(% of Sales)	16.4%	16.1%	(0.3)%	-
USD/JPY	151.69	145.00	(6.69)	-
EUR/JPY	164.09	155.00	(9.09)	-

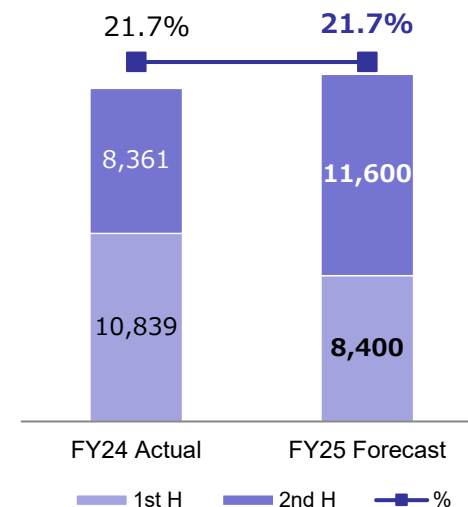
### Net Sales

(Millions of JPY)



### Operating Income

(Millions of JPY)



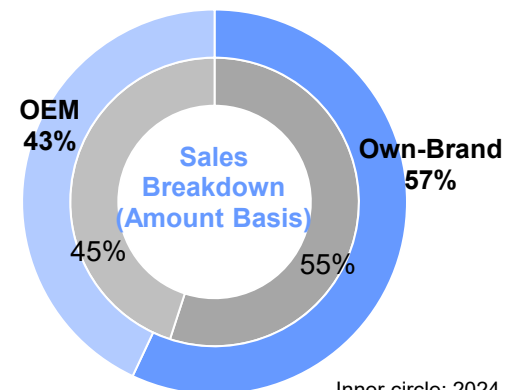
# III-2. FY2025 Forecast by Segment

## ① Photographic Products

- ◆ Sales of Own-Brand products is expected to **grow further than the market growth**, due to full-year contribution of new models launched in 2024 and the impact of new models to be launched in 2025
- ◆ OEM products sales is expected to be **continually grow**
- ◆ **Operating Income is expected to improve further**, driven by growth of Own-Brand products.

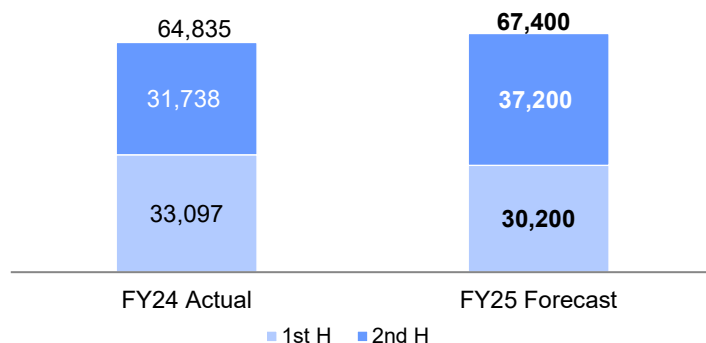
(Millions of JPY)	Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
			Amount	Ratio
<b>Net Sales</b>	<b>64,835</b>	<b>67,400</b>	<b>2,564</b>	<b>4.0%</b>
<b>Operating Income</b>	<b>18,111</b>	<b>19,800</b>	<b>1,688</b>	<b>9.3%</b>
(% of Sales)	27.9%	29.4%	1.5%	-

Sales Breakdown		Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
				Amount	Ratio
<b>Amount</b> (Billions of JPY)	<b>Own-Brand</b>	<b>36.0</b>	<b>38.4</b>	<b>2.4</b>	<b>6.8%</b>
	<b>OEM</b>	<b>28.8</b>	<b>29.0</b>	<b>0.2</b>	<b>0.4%</b>
<b>Quantity</b> (10K units)	<b>Own-Brand</b>	<b>47</b>	<b>51</b>	<b>4</b>	<b>8.5%</b>
	<b>OEM</b>	<b>92</b>	<b>90</b>	<b>(2)</b>	<b>(1.9)%</b>

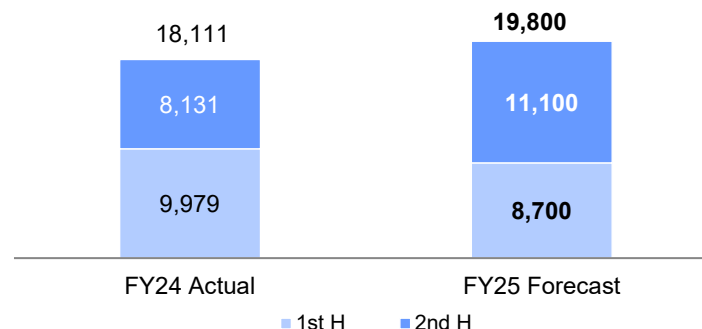


Inner circle: 2024  
Outer circle: 2025

**Net Sales** (Millions of JPY)



**Operating Income** (Millions of JPY)



# III-2. FY2025 Forecast by Segment

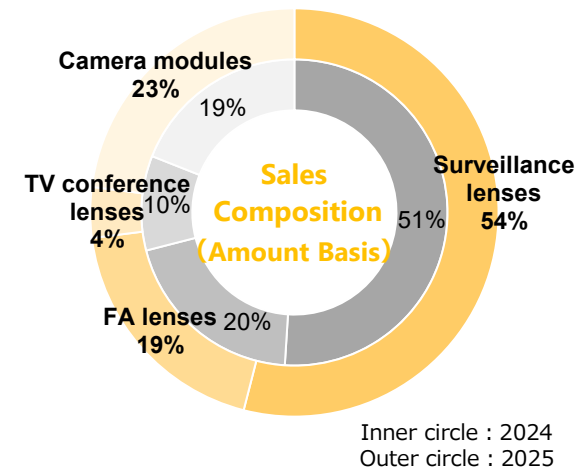
## ② Surveillance & FA Lenses

- ◆ **Sales of Surveillance is expected to increase** due to elimination of the impact of inventory optimization at customers and stable growth of the market.
- ◆ Sales of Camera Module is expected to **increase significantly by approximately 1.2 times YoY** due to the full-year contribution of new models launched in 2023 and in the 3<sup>rd</sup> quarter of 2024.
- ◆ Planned to keep more than 10% of Operating Income on Net Sales, despite of a decline in profit margin due to decline of TV conference lenses sales in the sluggish market, the negative impact of foreign exchange rates, and an increase in R&D expenses in new fields.

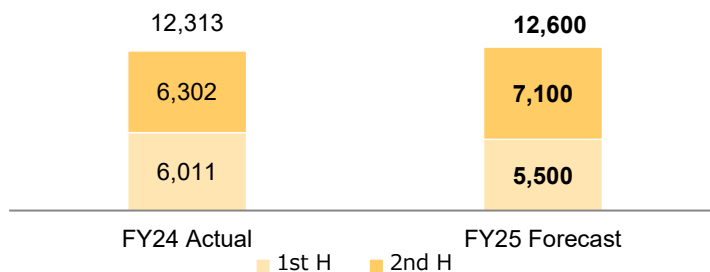
	Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
			Amount	Ratio
(Millions of JPY)				
<b>Net Sales</b>	<b>12,313</b>	<b>12,600</b>	<b>286</b>	<b>2.3%</b>
<b>Operating Income</b>	<b>1,566</b>	<b>1,400</b>	<b>(166)</b>	<b>(10.6)%</b>
(% of Sales)	12.7%	11.1%	(1.6)%	-

### Sales Breakdown

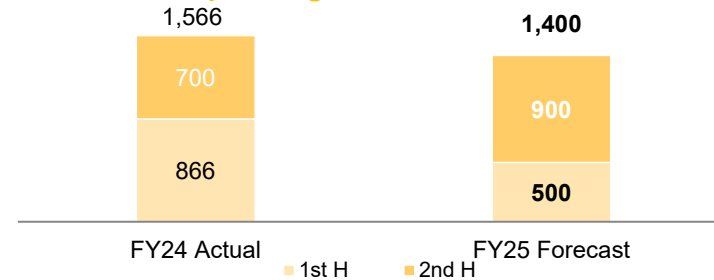
		Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
				Amount	Ratio
Amount (Billions of JPY)	Surveillance lenses	6.3	6.8	0.5	7.7%
	FA lenses, etc.	2.4	2.4	(0.0)	(0.5)%
	TV conference lenses	1.2	0.5	(0.7)	(57.8)%
	Camera module	2.4	2.9	0.5	20.8%
Quantity (10K units)	<b>Total</b>	<b>115</b>	<b>135</b>	<b>20</b>	<b>17.6%</b>



### Net Sales (Millions of JPY)



### Operating Income (Millions of JPY)



# III-2. FY2025 Forecast by Segment

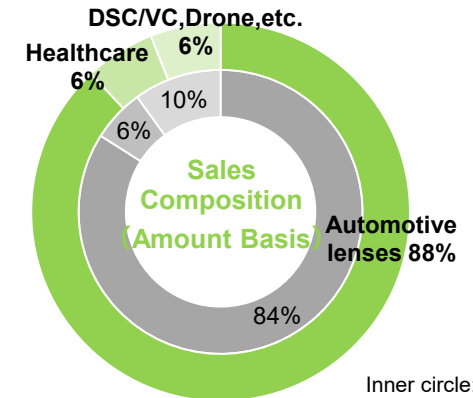
## ③ Mobility & Healthcare Products, Others

- ◆ Automotive lenses is expected continually strong growth **increase by double digits in sales and expand the business to a 10-billion-yen sales scale** through sustained high growth.
- ◆ Sales of Healthcare components in the cultivation field is expected to **increase** due to continued steady business development.
- ◆ Although Operating Income expected to decline due to responding to price reductions, negative impact of foreign exchange rates, fostering the healthcare fields, and strengthening the development of elemental technologies in new fields, planned to keep more than 15% of Operating Income on Net Sales.

	Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
			Amount	Ratio
(Millions of JPY)				
<b>Net Sales</b>	<b>11,325</b>	<b>12,000</b>	<b>674</b>	<b>6.0%</b>
<b>Operating Income</b>	<b>2,476</b>	<b>1,900</b>	<b>(576)</b>	<b>(23.3)%</b>
(% of Sales)	21.9%	15.8%	(6.1)%	-

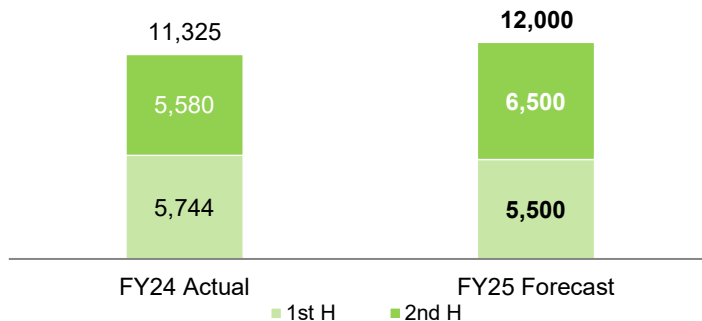
### Sales Breakdown

		Actual 2024	Forecast 2025	Inc/Dec (VS Actual 2024)	
				Amount	Ratio
<b>Amount</b>	<b>Automotive lenses</b>	<b>9.5</b>	<b>10.6</b>	<b>1.1</b>	<b>11.3%</b>
(Billions of JPY)	<b>Healthcare components</b>	<b>0.67</b>	<b>0.7</b>	<b>0.03</b>	<b>4.4%</b>
	<b>DSC/VC, Drone, etc.</b>	<b>1.1</b>	<b>0.7</b>	<b>(0.4)</b>	<b>(38.0)%</b>
<b>Quantity (10K units)</b>	<b>Automotive lenses</b>	<b>1,049</b>	<b>1,112</b>	<b>63</b>	<b>6.0%</b>

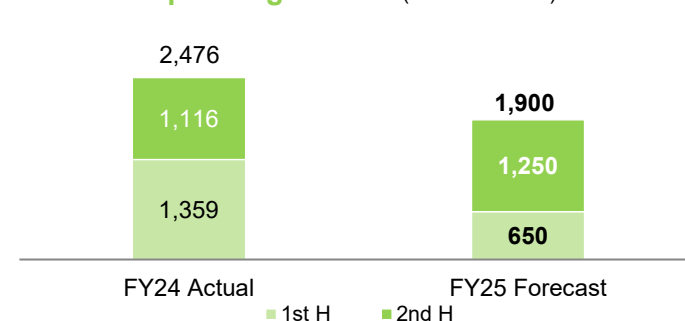


Inner circle:2024  
Outer circle:2025

### Net Sales (Millions of JPY)



### Operating Income (Millions of JPY)



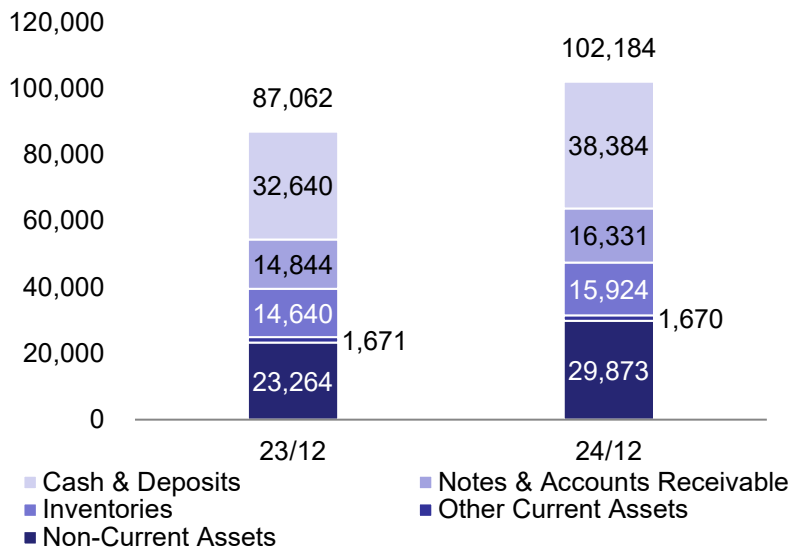
## **IV. Reference Data**



# IV-1. Financial Summary

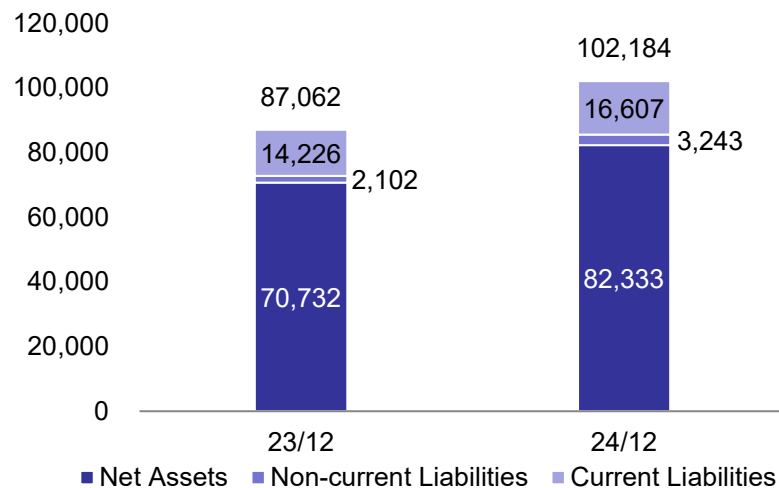
## Assets

(Millions of JPY)

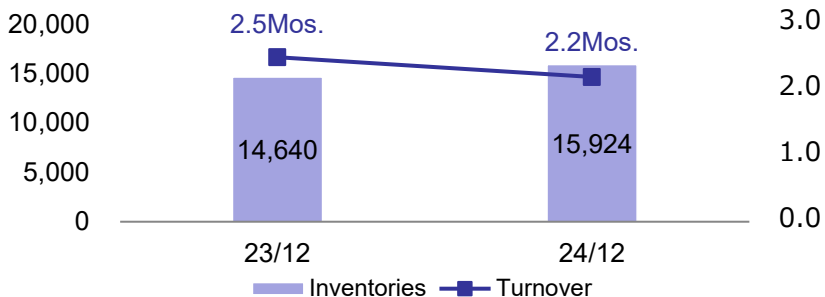


## Liabilities · Net Assets

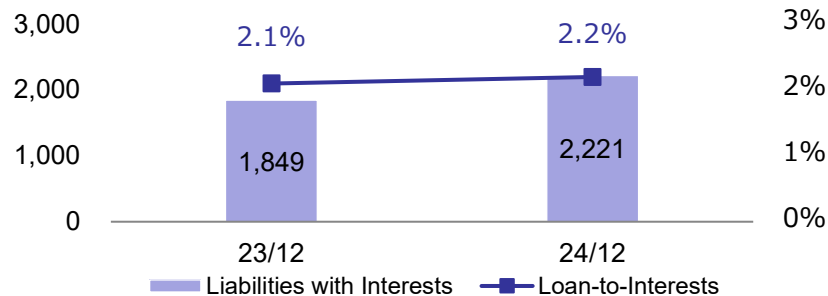
(Millions of JPY)



## Inventories



## Liabilities with Interests

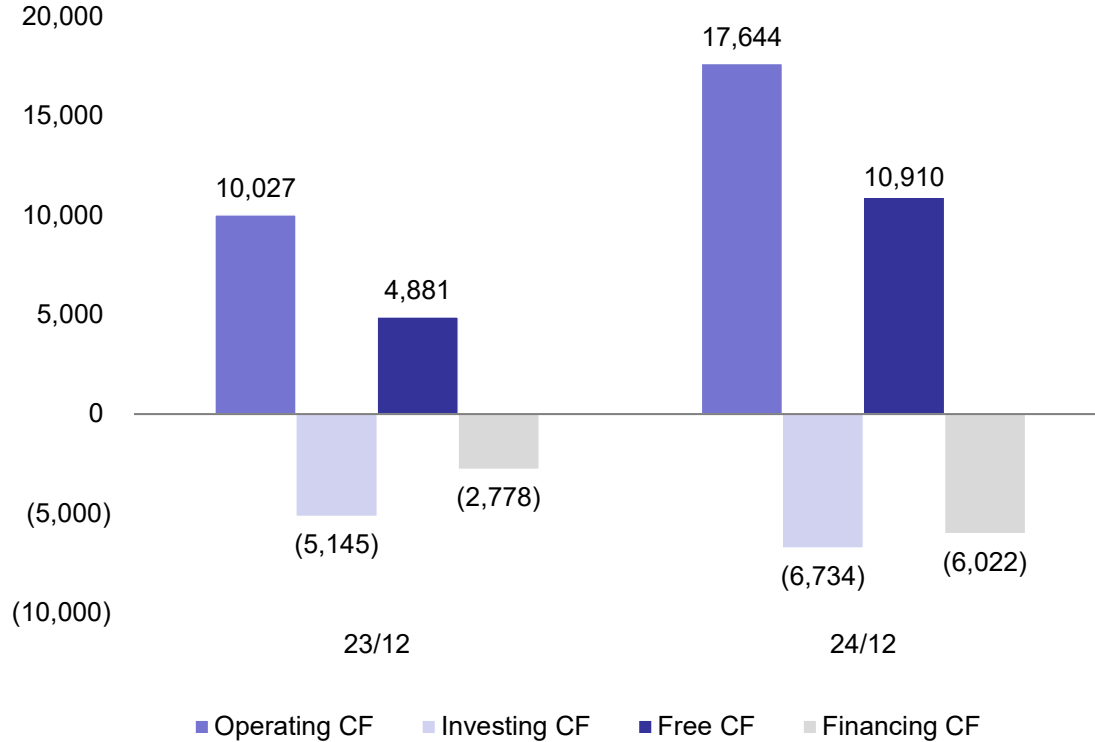






# IV-2. Cash Flow

(Millions of JPY)

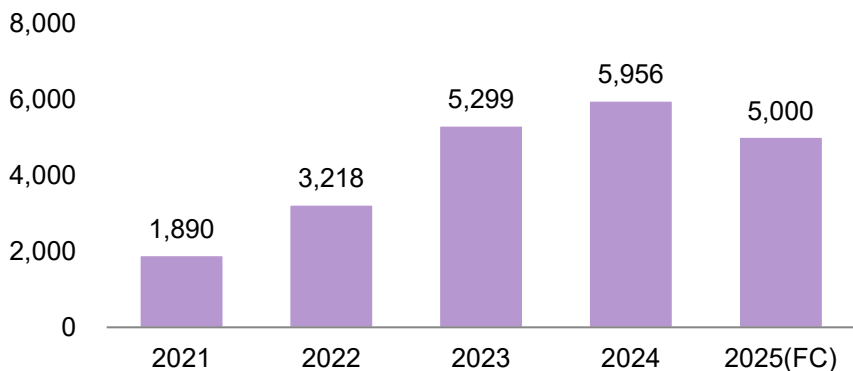


	23/12	24/12
Operating Activities CF	10,027	17,644
Investing Activities CF	(5,145)	(6,734)
<b>Free CF</b>	<b>4,881</b>	<b>10,910</b>
Financing Activities CF	(2,778)	(6,022)
Cash & Cash Equivalents at the End of Period	32,640	38,384

# IV-3. Capital Investment, Depreciation, and R&D Expenses

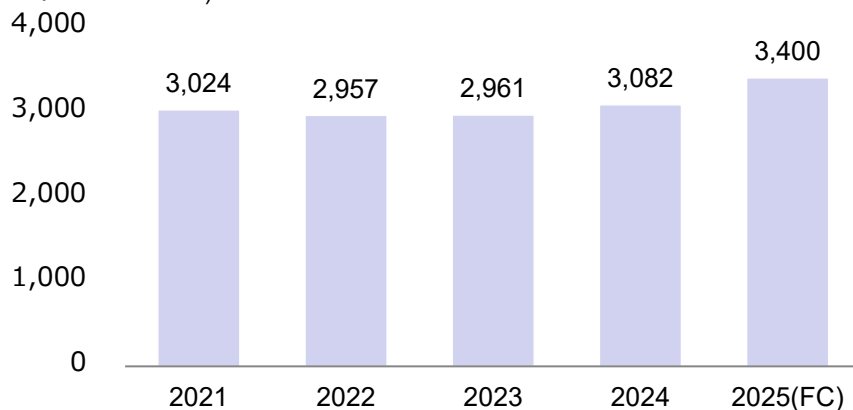
## Capital Investment

(Millions of JPY)



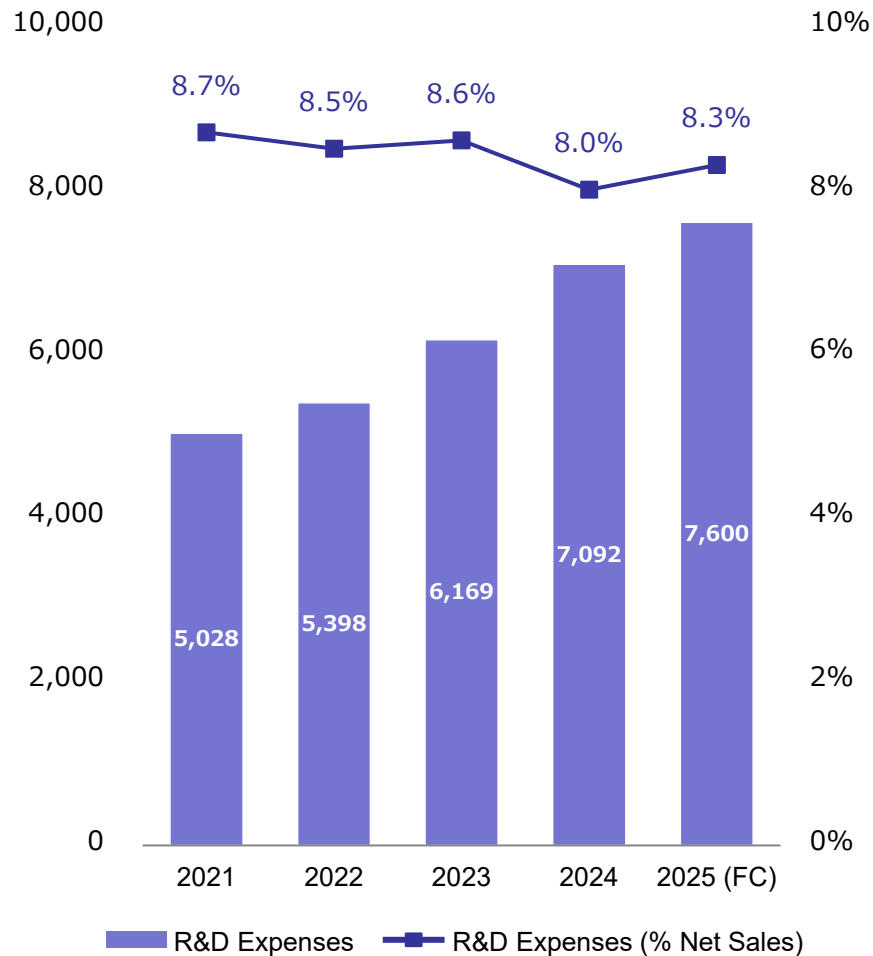
## Depreciation

(Millions of JPY)



## R&D Expenses

(Millions of JPY)



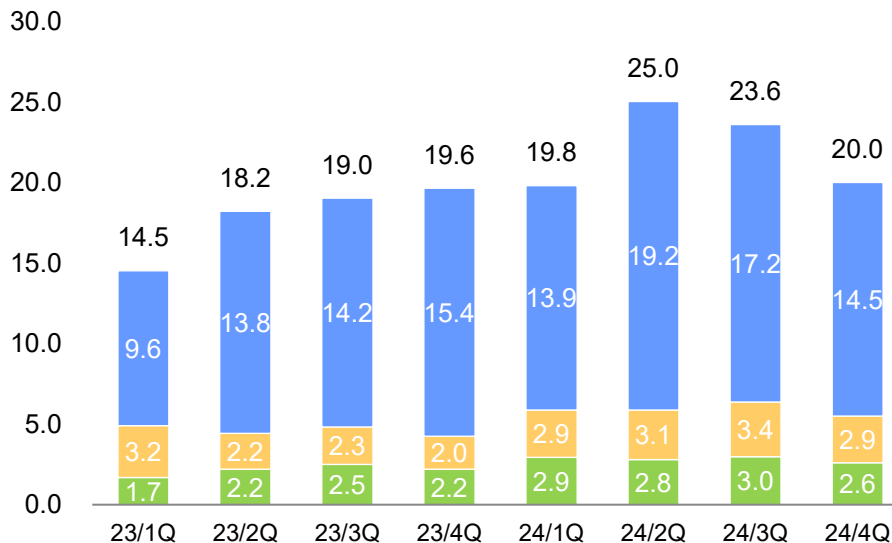
# IV-4 . Quarterly Financial Results

## Summary of revenue and operating income by segment

(Millions of JPY)		2024 1Q	YoY (%)	QoQ (%)	2024 2Q	YoY (%)	QoQ (%)	2024 3Q	YoY (%)	QoQ (%)	2024 4Q	YoY (%)	QoQ (%)
Photographic Products	Net Sales	13,944	45.0	(9.4)	19,152	38.7	37.4	17,228	21.3	(10.0)	14,510	(5.8)	(15.8)
	Operating Income	4,019	50.8	13.1	5,959	55.2	48.3	5,263	33.3	(11.7)	2,868	(19.3)	(45.5)
Surveillance & FA Lenses	Net Sales	2,939	(8.6)	44.0	3,072	38.6	4.5	3,403	47.2	10.8	2,899	42.0	(14.8)
	Operating Income	428	48.4	-	437	52.6	2.1	578	462.2	32.2	121	222.6	(78.9)
Mobility & Healthcare Products, Others	Net Sales	2,935	73.6	33.3	2,809	27.5	(4.3)	2,970	18.3	5.8	2,609	18.5	(12.2)
	Operating Income	729	156.3	131.5	630	63.8	(13.5)	745	46.8	18.2	371	18.0	(50.1)
Total	Net Sales	19,819	36.5	0.9	25,034	37.3	26.3	23,602	24.0	(5.7)	20,019	1.9	(15.2)
	Operating Income	4,547	72.9	32.8	6,292	63.6	38.4	5,892	59.1	(6.4)	2,469	(27.9)	(58.1)

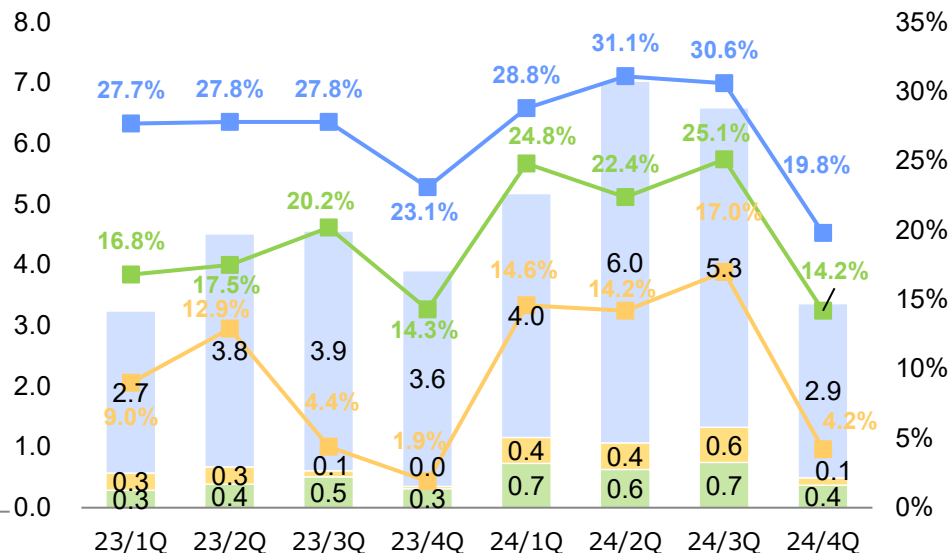
### Net Sales

(Billions of JPY)



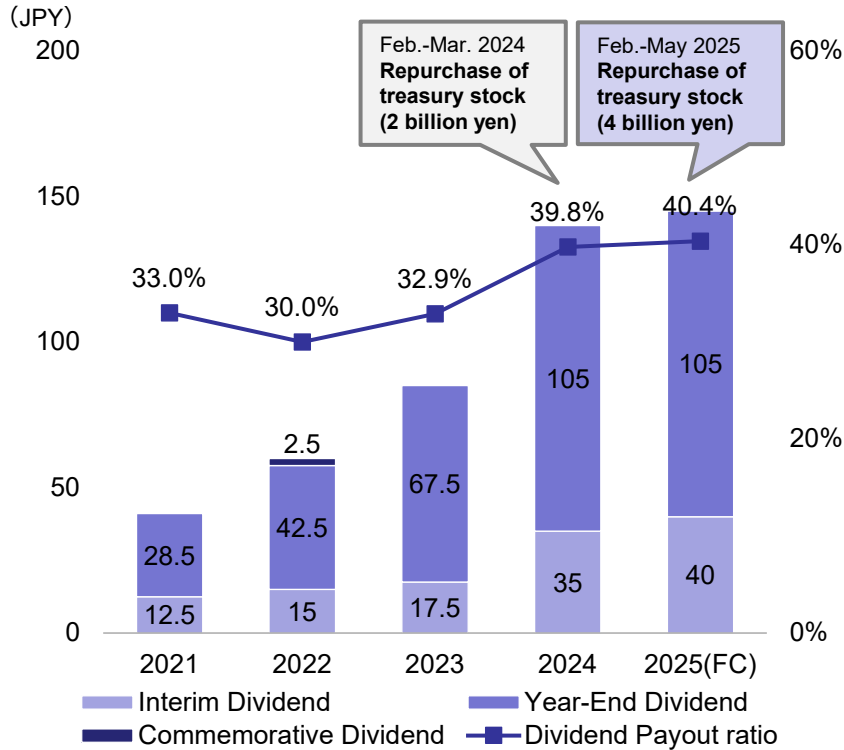
### Operating Income / Operating Income ratio

(Billions of JPY)

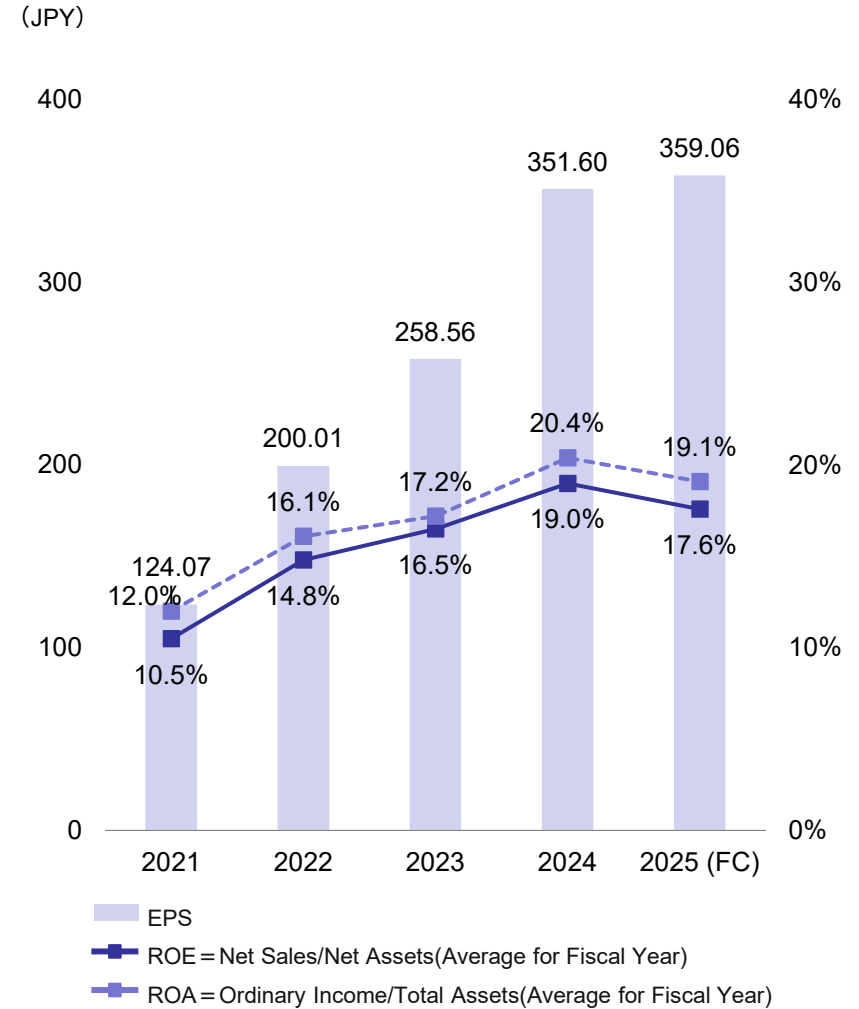


# IV-5. Cash Dividends Outlook & Key Performance Indicators

## Cash Dividends



## Key Performance Indicators



## Shareholder Return Strategy

- ◆ Target dividend payout ratio of **approx. 40%**  
(Set a minimum **annual dividend of ¥80**)
- ◆ Aim for a **total return ratio of approx. 60%**  
Conduct flexible repurchase of treasury stock

(Note) The Company conducted a 2-for-1 stock split of shares of common stock, with an effective date of July 1, 2024. Cash Dividend and EPS are amounts after the stock split.

# IV-6. Impact of Foreign exchange Rate Fluctuations

(Foreign exchange impact on previous year results)

## Actual 2024

	2023	2024	Impact (Millions of JPY)	
			Net Sales	Operating Income
USD/JPY	140.68	151.69	3,640	400
EUR/JPY	152.17	164.09	590	500
Others	-	-	880	650
Total	-	-	5,110	1,550

## Forecast 2025

	Exchange rate assumption 2025	Impact of ¥ 1 appreciation (Millions of JPY)	
		Net Sales	Operating Income
USD/JPY	145.00	(400)	(70)
EUR/JPY	155.00	(60)	(50)



# Disclaimer

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1. The purpose of this material is to provide information on the actual results for FY2024 and future business strategies. It is not an offer or a solicitation of an offer to buy or sell securities.
2. This material and the information provided verbally in the company's presentation are based on the data that are obtainable at the time of the presentation in compliance with the management policies and certain premises that are deemed reasonable by the company.
3. Please note that the actual results may sometimes differ from the forecasts contained herein due to various factors.
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