COMPANY RESEARCH AND ANALYSIS REPORT

Tamron Co., Ltd.

7740

Tokyo Stock Exchange Prime Market

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Contents

Summary

Achieved 2026 targets of medium-term management plan which runs from 2024 to 2026 in the first year, and focusing on cultivating new market for optical lenses

Tamron Co., Ltd. <7740> (hereafter, also "the Company") is a major manufacturer of interchangeable lenses for interchangeable lens cameras and the world's biggest manufacturer of lenses other than those produced by camera manufacturers. With the advanced technological capabilities, the company expands its business into areas including industrial-use, automotive, and medical application lenses. It has built a global tri-pillar production system that includes production facilities in Japan, China, and Vietnam, with about 90% of products manufactured outside of Japan.

1. Outline of results for FY12/24

In the FY12/24 consolidated results, net sales increased by 23.9% year on year (YoY) to ¥88,475mn and operating income rose by 41.1% to ¥19,201mn. This represented a fourth consecutive fiscal year of sales and profit increases, significantly surpassing the previous record. In the Company's main Photographic Products business, sales grew by about 1.2 times compared to the previous fiscal year and operating income by about 1.3 times, driven by favorable conditions in the interchangeable camera lens market, while smooth performance in other businesses also contributed to sales and operating income growth. Even excluding the effect of weaker yen (a positive factor of ¥5,110mn in net sales and ¥1,550mn in operating income), sales and operating income showed double-digit growth. On a quarterly bases, net sales in 4Q grew by 1.9% YoY but operating income declined by 27.9%, giving the impression of a slowdown. However, one reason for the decrease was due to the seasonal factor of OEM products sales in the Photographic Products business. In the OEM business, sales usually progress in 3Q for customers' sales season of 4Q and calm down in 4Q. The other reason was due to a one-off decrease in gross profit due to the recording of allowance for obsolete inventory. In addition to this, certain expenses, including an increase in R&D expenses due to development projects, an increase in bonuses due to strong business performance over the year, and office improvement expenses for the future, were concentrated in 4Q, so the business trends itself does not seem to have changed.

2. Outlook for FY12/25

For its FY12/25 forecasts, the Company is aiming for steady growth, with net sales increase by 4.0% YoY to ¥92,000mn and operating income increase by 4.2% to ¥20,000mn. This assumes that in the interchangeable camera lens market, sales will remain roughly level in terms of quantity but a rise in the ratio of added-value products in the sales mix will result in a single-figure increase in terms of value. As for the Company, in the Photographic Products business, net sales are planned to increase by 4.0% and operating income by 9.3%. In other businesses, although sales are expected to increase, operating incomes are forecast to decrease due to more aggressive business development in new areas and the effects of yen appreciation on exchange rates. The assumed exchange rates for the fiscal year are ¥145 to the U.S. dollar (¥151.69 in FY12/24) and ¥155 to the euro (¥164.09 in FY12/24). Foreign exchange fluctuations will have a negative impact of approximately ¥3.2bn on net sales and ¥0.9bn on operating income, but the forecast excluding the foreign exchange effect is for about double-figure growth in both sales and operating income. Although the Company is forecasting decreases in sales and operating income in 1H as a rebound from a sudden increase in the shipment of interchangeable lenses (OEM product) in the previous fiscal year driven by a rise in customers' requests, in 2H the Company expects to recover to double-figure sales and operating income growth in all segments. As long as the yen does not appreciate beyond the assumed exchange rates, then the Company's forecasts are at achievable levels.

3. Medium-term management plan

Regarding the medium-term management plan covering the three years up to FY12/26, the Company achieved its targets (net sales of ¥83.0bn and operating income of ¥15.3bn) in the first year of the plan, so it has set new targets of net sales of ¥95.0bn and operating income of ¥20.5bn for FY12/26. Its strategies of advancing the structure of the Photographic Products business as a cash cow and expanding the scale of its business while cultivating new applications for optical lenses remain unchanged. In addition to expanding its business beyond the photography market to areas including the security, factory automation (FA), automotive, and medical industries, it is also advancing research and development in new fields such as robotics, agriculture, and optical communications. Its strategy is aiming for further growth as a manufacturer of optics for diverse applications by developing these new business areas.

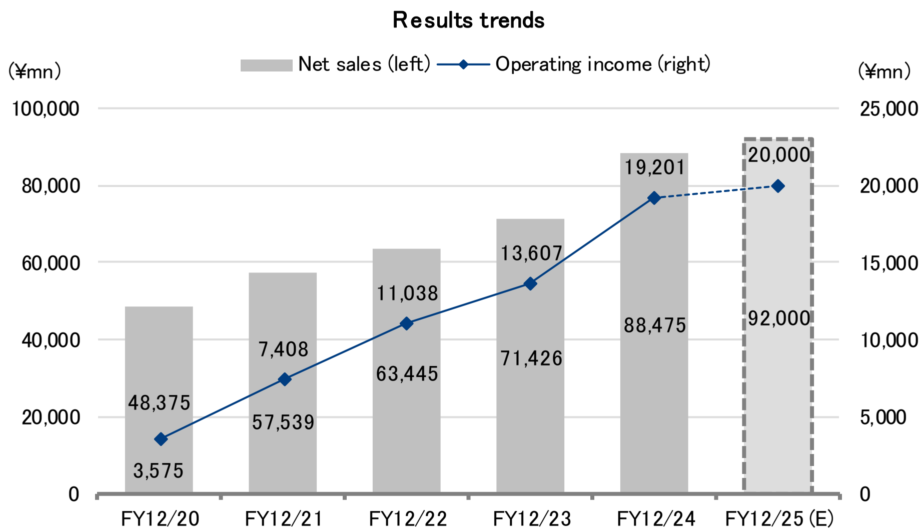
4. Shareholder return policies

The Company's shareholder return policies are to pay dividends (target dividend payout ratio of approximately 40%) and repurchase treasury stock with a target total return ratio of approximately 60%. In FY12/24, it increased the dividend by ¥55 YoY to ¥140 per share (dividend payout ratio of 39.8%) and in FY12/25, it is expected to raise the dividend for a fifth consecutive fiscal year by increasing it by ¥5 to ¥145 (dividend payout ratio of 40.4%), based on the amount before applying the effects of a stock split*. In regard to the repurchase of treasury stock, in February 2025 it acquired one million shares for ¥3,980mn, and the total return ratio for FY12/25 is forecast to be approximately 67%.

* The Company plans to implement a 4-for-1 stock split with June 30, 2025 as the record date. The forecast for the interim dividend will be ¥40.0 and for the year-end dividend will be ¥26.25, to be paid after the stock split.

Key Points

- A manufacturer of optics for diverse applications with interchangeable lenses for cameras as its mainstay business
- Recorded a fourth consecutive fiscal year of sales and operating income increases in FY12/24, significantly surpassing the previous record
- Forecasting continually increases in sales and profit in FY12/25, despite being weighted toward 2H
- Targets for FY12/26 have been revised upward to net sales of ¥95.0bn and operating income of ¥20.5bn



Source: Prepared by FISCO from the Company's financial results

Company profile

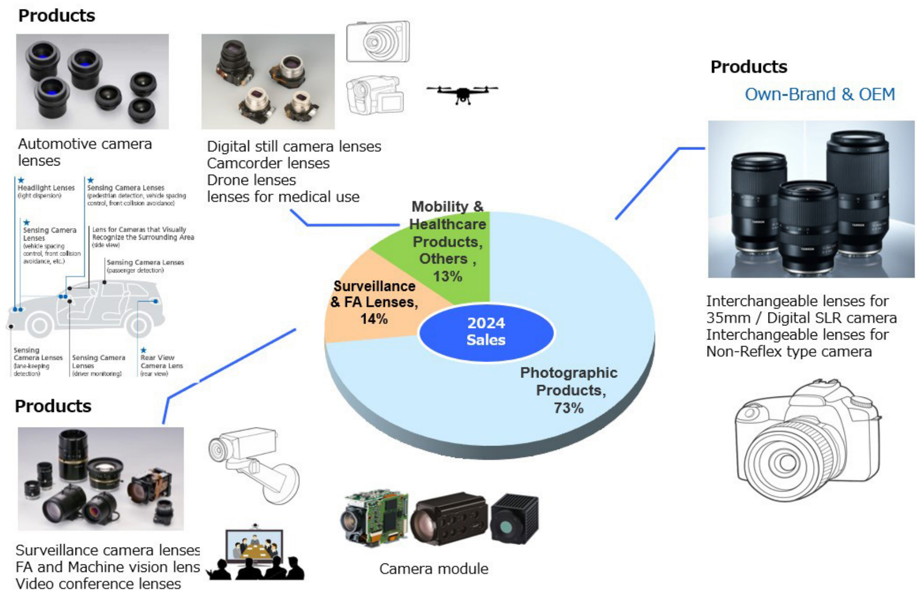
A manufacturer of optics for diverse applications with interchangeable lenses for cameras as its mainstay business

1. Business overview

The Company started business in 1950 by polishing camera and binocular lenses and in 1958, it started selling interchangeable lenses for interchangeable lens cameras as the first product under the Tamron brand. Following this, it grew into a major manufacturer of interchangeable lenses for SLR cameras, and it is now a comprehensive manufacturer of optical products that is leveraging the technologies and expertise it has cultivated in its photographic lens business to expand into new markets, such as industrial-use lenses and automotive applications.

The Company has three business segments. These are the Photographic Products business, which covers products such as interchangeable lenses for interchangeable lens cameras (DSLR camera and mirrorless camera), the Surveillance & FA Lenses business which covers products such as surveillance cameras, lenses for FA and TV conferencing, and camera modules that combine lenses and control boards, and the Mobility & Healthcare Products, Others business which covers products such as lenses for automotive cameras, medical applications, and drone and video cameras. In FY12/24, the Photographic Products business accounted for 73% of net sales while the Surveillance & FA Lenses business accounted for 14% and the Mobility & Healthcare Products, Others business accounted for 13%. Similarly, Photographic Products was also the main business in terms of operating income (excluding unallocated operating expenses related to general affairs, accounting and other departments of the Company), accounted for 82%.

Business overview



Source: The Company's website

The Group comprises the Company and nine consolidated subsidiaries, including manufacturing companies in China and Vietnam, a logistics and sales company in Hong Kong, and six sales companies in Europe, U.S., and Asia. Approximately 90% of products are manufactured outside of Japan (65% in China and 25% in Vietnam) and overseas sales accounted for about 82% of total sales (FY12/24 results).

2. Features and strengths

The Company's strengths are the planning and technological development capabilities it has cultivated since its founding that enable it to create innovative products, and its production capabilities that allow it to mass produce while maintaining high levels of quality. In terms of innovation, in 1957 it developed and launched the world's first mount interchangeable T mount lens for SLR cameras, in 2008 it launched an SLR zoom lens with a zoom ratio of 15x, which was the highest in the world at the time, and in 2017, it developed an ultra-telephoto all-in-one zoom lens covering a focal range of 18-400mm. By developing and launching a wide range of appealing lenses like these, it has won the support of many customers.

On the technological development front, it has established unique technologies, including glass-molded aspherical manufacturing methods, a nano-structured lens coating technology, and a wide band anti-reflection coating (eBAND processing)*. Other technological strengths include design and structuring technologies for realizing compact, lighter-weight lenses, and precision metal molding technologies.

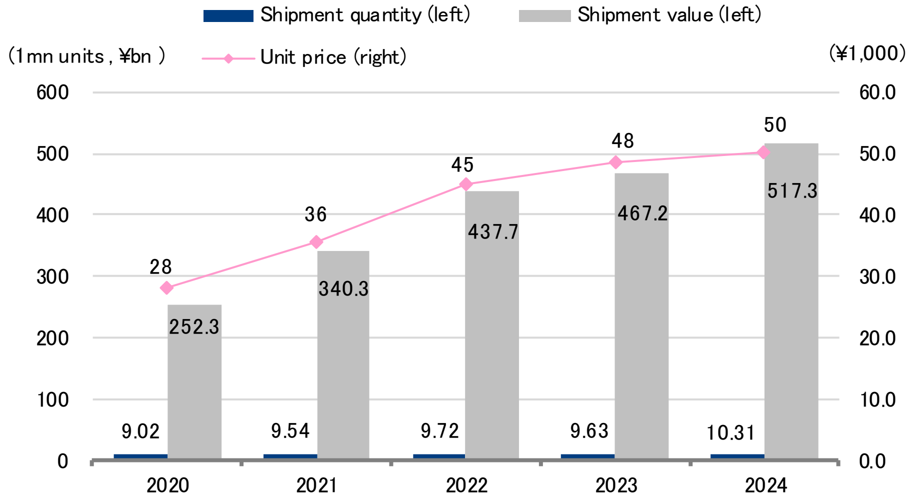
* Compared to conventional multiple-layer coatings, eBAND Coating offers superior anti-reflection performance over an ultrawide band ranging from visible to short-wave infrared and its transmittance performance is considerably higher. Lenses with this coating can improve the measurement accuracy of measuring equipment and inspection apparatus and can realize high image quality in outdoor surveillance cameras by reducing the effects of ghosting and flare generated by light disturbance.

In terms of production capabilities, the Aomori Factory plays the role of a mother factory where many of the Company's most skilled employees work. It maintains expertise in advanced manufacturing technologies and high-precision processing technologies and engages in the mass production of the more difficult to produce lenses and test plates. Technical employees are also trained at Aomori Factory and then apply the skills in the factories in China and Vietnam to realize large-scale mass production that retains the same high levels of quality as in Japan. Processes carried out at overseas factories range from lens processing through to assembly and inspections.

3. Interchangeable camera lens market trends and the Company's position

According to statistical data issued by the Camera & Imaging Products Association, the shipment quantity of interchangeable lenses for interchangeable lens cameras in 2024 increased by 7.0% YoY to 10.31mn units, turned to an increase for the first time in two years. Shipment value increased for a fourth consecutive year, rising by 10.7% to ¥517.3bn and reaching a record high for the first time in 11 years. As there are also companies that were not covered by these statistics, the global market is a little bit larger, but as Japanese companies possess a share of the market in excess of 90%, the difference is not very big.

Interchangeable lens shipment quantities, shipment values, and average unit prices



Source: Created from materials issued by the Camera & Imaging Products Association

In terms of quantity, the market peaked at 30.37mn units in 2012 and then shrank continuously until 2020 as the performance of smartphone camera functions improved, but since then, it has remained stable at around 10mn units per year. This is because the functionality, resolution, and rendering capabilities of interchangeable lens cameras have improved and a certain amount of demand has been captured as the scope of people who want to take beautiful photographs has grown beyond traditional photo enthusiasts to include younger people who want to take photos to use on social media. On the other hand, shipment value shrank to ¥252.3bn in 2020, about half the value of when it peaked at ¥504.2bn in 2013, but since then it has been on an upward trend. The reason behind this is that the functionality of cameras has improved and interchangeable lenses have become higher performance and more miniaturization and lightweight design, and average unit prices continue to rise. Average unit prices have risen from ¥16,000 in 2012 to almost three times this amount at ¥50,000 in 2024. At FISCO, our outlook for the interchangeable camera lens market is that if shipment quantity remains stable at around 10mn units per year, then the rise in average unit prices driven by technological progress will maintain single-figure growth in shipment value.

Interchangeable lenses are produced by either camera manufacturers that develop and manufacture their own products, or specialist lens manufacturers like the Company that supply products as a third party. Almost 80% of the market is accounted for by camera manufacturers while the remaining share of just over 20% is accounted for by third-party products. The Company and Sigma Corporation are the two major third-party manufacturers. In addition to own-brand products, the Company also supplies some OEM products to major camera manufacturers such as the Sony Group Corporation <6758>, and it is estimated to possess a share of about 14% of the overall market and a top share of about 60% of the market for third-party (including OEM) products.

Furthermore, Japanese companies dominate the global market for interchangeable lens camera with a share of around 95% and the share for interchangeable lenses is estimated to be around the same. In the period after 2000, when digital cameras began to spread rapidly, low-cost products from optical product manufacturers in other Asian countries began to emerge. However, the market for low-cost products has shrunk and the technological hurdles in the high-performance product field are high, so currently only a few of these companies remain and they are of little threat to the Company. Although the camera market is mature, there is relatively little cost-competition, and currently, it is a highly profitable business area with an operating income margin at almost 30%.

Additionally, as there is little difference between camera manufacturers and third-party manufacturers in regard to technological capabilities concerning lenses, the sales price of a third-party product tends to be about 40% lower than a product of the same specifications produced by a camera manufacturer. As camera manufacturers operate a business model in which they sell the body of the camera at a low margin and then generate profit through interchangeable lenses, they will not lower prices recklessly. Different manufacturers' lenses possess distinct features such as rendering performance, so the photographs they produce will look different from those taken by other manufacturers' lenses, even if the specifications are the same. Users purchase interchangeable lenses after comprehensive consideration that includes the features and price of each lens. Therefore, even though the relative lack of competition is a factor, it seems to be these unique structural characteristics of the camera industry that keep prices stable.

Results trends

Recorded a fourth consecutive fiscal year of sales and profits increases in FY12/24, significant record high results

1. Outline of results for FY12/24

In the FY12/24 consolidated results, net sales increased by 23.9% YoY to ¥88,475mn, operating income rose by 41.1% to ¥19,201mn, ordinary income increased by 38.2% to ¥19,304mn, and profit attributable to owners of parent increased by 34.4% to ¥14,526mn. This represented a fourth consecutive fiscal year of increases in sales and profits and significant record high results*. It also means that the Company achieved the 2026 targets of medium-term management plan which runs from 2024 to 2026 (net sales of ¥83.0bn and operating income of ¥15.3bn in FY12/26) in the first year. In addition to a supportive business environment, which included the continuation of favorable conditions in the interchangeable lens camera market and exchange rates with a weak yen, this also shows that Shogo Sakuraba, who took over as president and CEO in August 2023, has been successful in taking a bird's-eye view of the entire business and then actively developing each business under a new management structure.

* Record high net sales for the first time in 10 fiscal years and record high profit for a third consecutive fiscal year

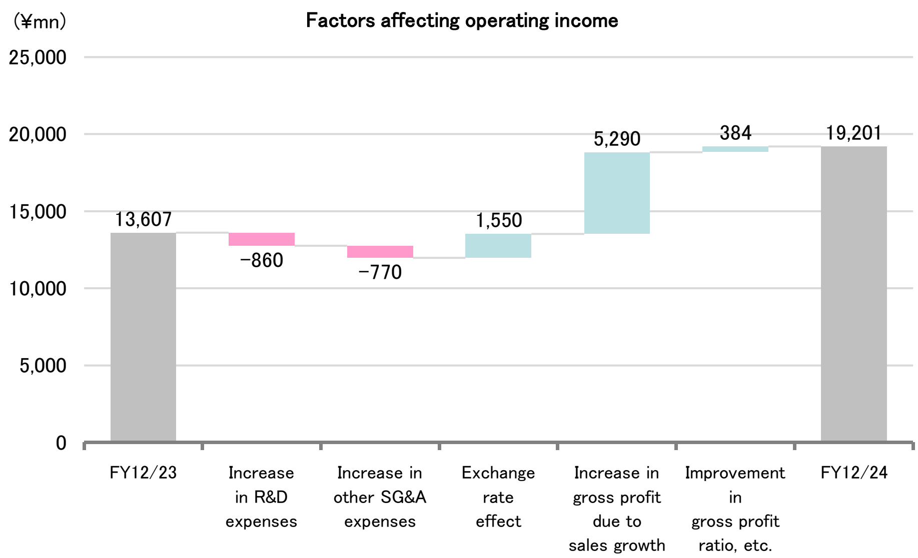
Consolidated results for FY12/24

(¥mn)

	FY12/23		FY12/24				
	Results	% of net sales	Company forecast*	Results	% of net sales	YoY change	vs. forecast
Net sales	71,426	-	87,500	88,475	-	23.9%	1.1%
Cost of sales	39,768	55.7%	-	49,088	55.5%	23.4%	-
SG&A expenses	18,049	25.3%	-	20,184	22.8%	11.8%	-
Operating income	13,607	19.1%	19,100	19,201	21.7%	41.1%	0.5%
Ordinary income	13,972	19.6%	19,100	19,304	21.8%	38.2%	1.1%
Profit attributable to owners of parent	10,812	15.1%	14,130	14,526	16.4%	34.4%	2.8%

Average exchange rate: FY12/23 (¥140.68/USD, ¥152.17/EUR), FY12/24 (¥151.69/USD, ¥164.09/EUR)
* Revised forecast issued in August 2024
Source: Prepared by FISCO from the Company's financial results and results briefing materials

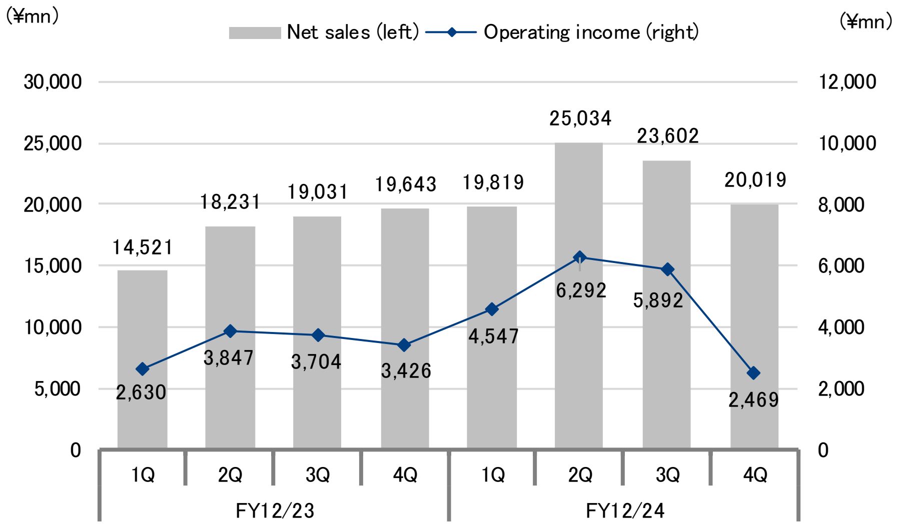
Exchange rate fluctuations (the yen weakened YoY by about ¥11 to the U.S. dollar and ¥12 to the euro) had a positive effect on results, boosting net sales by ¥5,110mn and operating income by ¥1,550mn, but even excluding this effect, there was double-figure growth for both sales and operating income, with net sales increasing by more than 15% and operating income by about 30%. Looking at the factors behind the YoY change in operating income, the positive effects of exchange rates which drove a ¥1,550mn increase in profit mostly covered negative factors such as ¥860mn profit decrease due to R&D expenses increase and ¥770mn due to other SG&A expenses increase (both excluding the effect of exchange rates). Therefore, a ¥5,290mn increase in gross profit due to the sales growth, and ¥384 increase in gross profit with improved cost rate (both excluding the effect of exchange rates) resulted in the overall operating income increase.



Source: Prepared by FISCO from the Company's results briefing materials

On a quarterly basis, net sales peaked in 2Q and decreased by about ¥3.6bn in 4Q compared to 3Q. It was mainly due to a sales decrease of approximately ¥3.1bn in OEM products because of a seasonal factor. In addition, operating income in 4Q declined by about ¥3.4bn compared to 3Q. This was mainly due to a decline in gross profit because of the sales decline, as well as, recording a provision for the write-down of tied-up stock of about ¥0.2bn, and an increase in SG&A expenses of about ¥0.7bn in 4Q compared to 3Q, such as advertising expenses for the peak sales period for the Company's own-brand products, R&D expenses, bonuses, and costs associated with improving office environments. The majority of these cost increases are temporary, so it seems like the business trend remains steady.

Results by quarter



Source: Prepared by FISCO from the Company's financial results and results briefing materials

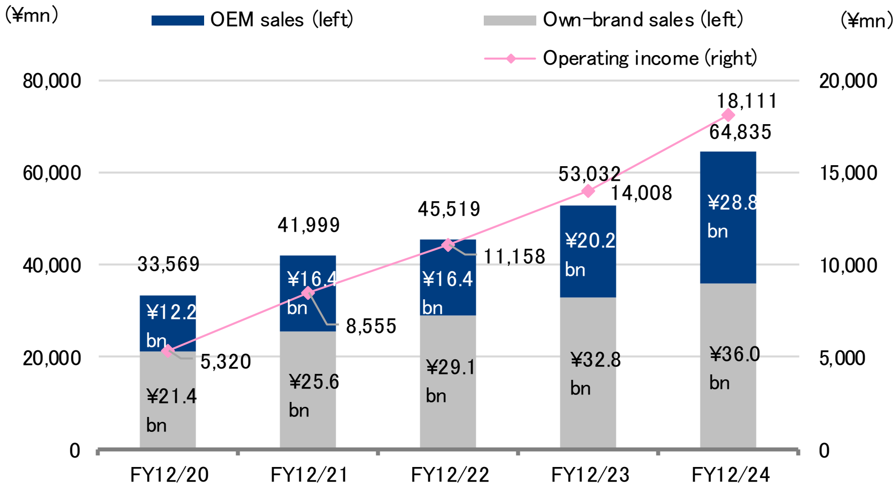
Double-figure increased in sales and operating income, significant growth in all segments

2. Performance trends by business segment

(1) Photographic Products business

In the Photographic Products business, net sales grew by 22.3% YoY to ¥64,835mn and operating income increased by 29.3% to 18,111mn. This represented record high net sales for the first time in nine fiscal years and record high operating income for a fourth consecutive fiscal year. The operating income margin rose from 26.4% in FY12/23 to 27.9% due to the effect of increased sales.

Photographic Products business results



Source: Prepared by FISCO from the Company's results briefing materials

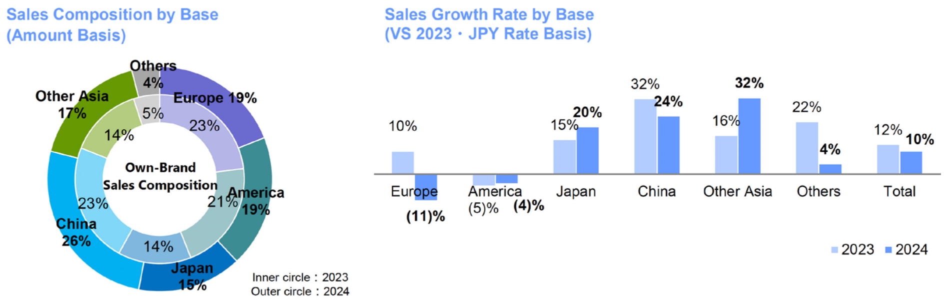
In regard to trends in the overall camera market in 2024, mirrorless cameras were the driving force in the interchangeable lens camera market as the quantity of sales grew by 10.2% YoY, a fourth consecutive fiscal year of growth since 2020, when the market dipped due to the COVID-19 pandemic. It was also a positive year for interchangeable lenses as the quantity of sales increased by 7% while the total value of sales increased by 11%. Within this, sales of the Company's own-brand products that were launched in 2023 and 2024 (12 models in total) were strong, with the quantity of sales increasing by 9.5% to 470,000 units and the total value of sales increasing by 9.8% to ¥36.0bn. There was also considerable growth in OEM products as strong performance, including additional orders from major customers, resulting in the quantity of sales increasing by 23.4% to 920,000 units and the total value of sales increasing by 42.5% to ¥28.8bn.

Looking at the YoY change in net sales of own-brand products by region, despite slumps in Europe and the U.S., with Europe declining by 11% and the U.S. by 4%, performance in Asia was good, with increases of 20% in Japan, 24% in China, and 32% in other Asian countries. In regard to sales composition, China is the largest sales destination, accounting for 26% of total sales. In the Chinese market, there was growing demand for high-performance mirrorless cameras in order to take beautiful photos to upload onto social media, and sales of interchangeable lenses increased accordingly. On the new product front, the Company launched the 11-20mm F/2.8 RXD (B060), its first ultra wide-angle zoom lens for the CANON RF mount* in December 2024, and it is expected to expand its lineup of Canon products in the future.

* The Canon RF mount is a mount for single-lens mirrorless cameras equipped with a full-size sensor.

Results trends

Photographic Products business (own-brand)



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)

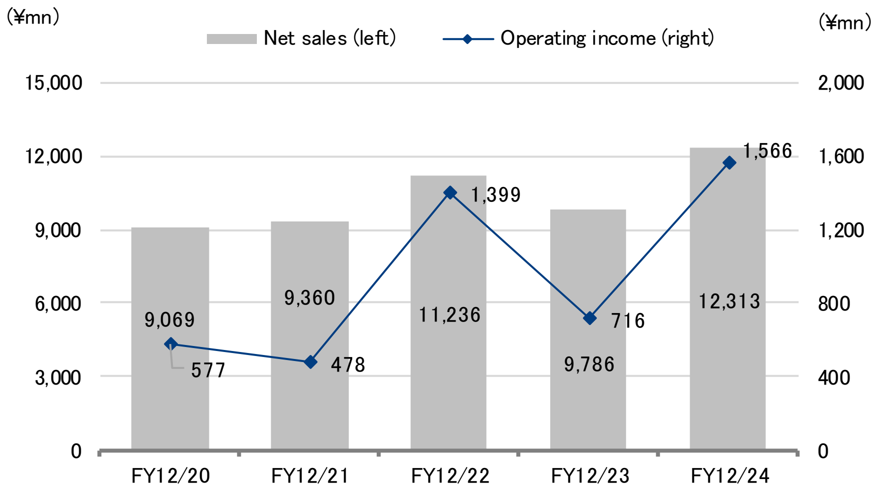
	2023	2024
Europe	(4)%	(4)%
America	+1%	+5%
Japan	+13%	+18%
China	+23%	+21%
Other Asia	+11%	+21%
Others	+12%	+20%
Total	+7%	+11%

Source: The Company's results briefing materials

(2) Surveillance & FA Lenses business

In the Surveillance & FA Lenses business, net sales grew by 25.8% YoY to ¥12,313mn and operating income increased by 118.7% to ¥1,566mn. Net sales growth was positive for the first time in two fiscal years while the operating income margin rose from 7.3% in FY12/23 to 12.7% as a result of efforts to improve the product mix and control costs, leading to a considerable increase in profit.

Surveillance & FA Lenses business results



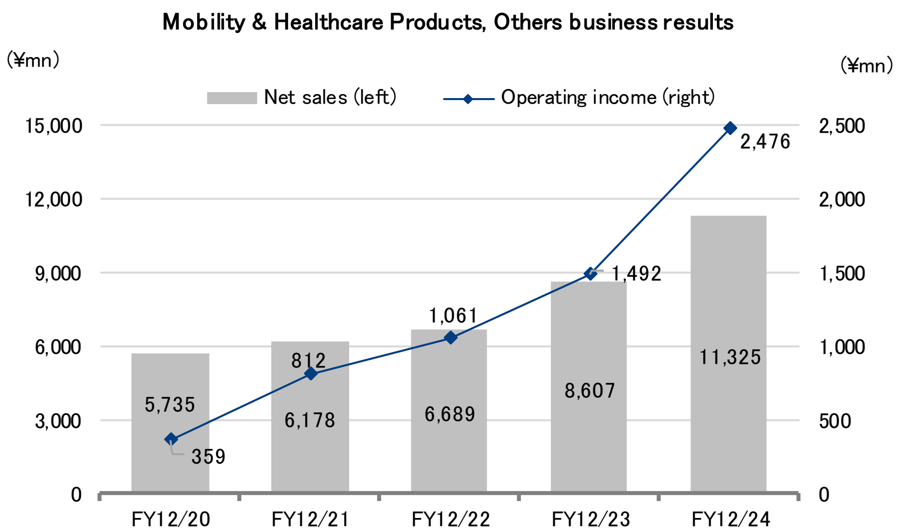
Source: Prepared by FISCO from the Company's results briefing materials

A breakdown of net sales shows that sales of lenses for surveillance cameras increased by 6.8% YoY to ¥6.3bn as the impact of inventory optimization at customers came to an end. Sales of lenses for FA and machine vision increased by 54.6% to ¥2.4bn as the Company expanded its lineup to meet the rising need for high-definition, high-resolution lenses, while sales of camera modules increased significantly, rising by 199.2% to ¥2.4bn as new models of compact camera modules launched since 2023 captured a growing share of the security market. On the other hand, sales of TV conference lenses remained on a downward trend, shrinking by 21.5% to ¥1.2bn as the market continued to slump. The overall quantity of sales increased slightly by 2.3% to 1.15mn units, while growth in sales of added-value products boosted margins.

Looking at the YoY change in net sales by region, there was an increase of 50% in Japan, but other regions performed poorly, with an increase of only 1% in China and decreases of 20% in Europe, 55% in the U.S., and 24% in other regions. As a result, the proportion of sales accounted for by Japan rose from 67% in FY12/23 to 80%.

(3) Mobility & Healthcare Products, Others business

In the Mobility & Healthcare Products, Others business, sales and operating income growth continued with net sales increasing by 31.6% YoY to ¥11,325mn and operating income increasing by 66.0% to ¥2,476mn. Amid ongoing investment in development in new business areas, an increase in sales of the business' mainstay automotive camera lenses and other factors considerably boosted the operating income margin from 17.3% in FY12/23 to 21.9%.



Source: Prepared by FISCO from the Company's results briefing materials

Sales of automotive camera lenses, which account for over 80% of the business' net sales, were strong, increasing by 33.2% YoY to ¥9.5bn as the spread of advanced driver-assistance systems (ADAS) led to an increase in the number of sensing cameras equipped on vehicles. This means the Company has realized double-figure growth every year since entering the automotive camera market in 2008. Although the market is extremely competitive as it contains a lot of Chinese competitors, the Company has developed a specialty in high-performance lenses for sensing applications and its major clients comprise a number of Tier 1 and Tier 2 companies, particularly from Japan. Its lenses are highly evaluated for their rendering performance, quality, and reliability, resulting in high levels of growth.

Sales of lenses for medical applications grew by 72.7% YoY to ¥670mn and primarily consisted of lenses for rigid endoscopes. The Company leveraged its ability to make procedures less invasive through small diameter lens and thin film technologies as a strength to expand its lineup of products, which has led to a considerable increase in sales. Sales of lenses for other applications (such as DSC/VC* and drones) remained roughly level YoY.

* Digital Still Cameras and Video Cameras

A good financial position due to abundant cash on hand and profitability indicators remains on an upward trend

3. Financial position and business indicators

At the end of FY12/24, total assets increased by ¥15.1bn from the end of the previous fiscal year to ¥102.2bn. Looking at the main factors behind this change, in current assets, cash and deposits increased ¥5.7bn due to earnings growth, notes and accounts receivable – trade (including electronically recorded monetary claims – operating) increased by ¥1.5bn, and inventories increased by ¥1.3bn. In non-current assets, property, plant and equipment increased by ¥3.5bn following the construction of a second factory in Vietnam, while intangible assets increased by ¥0.3bn and investments and other assets increased by ¥2.9bn.

The Company built a second factory in Vietnam to expand production capacity, strengthen the stability of supply systems in response to geopolitical and tariff-related risks, and to strengthen its ability to manage costs. Construction started in October 2023 and it began operation in January 2025. It plans to establish a mass production framework in 2026 and operate at full capacity in 2028. The Company has invested a total of ¥4.0bn with the aim of increasing Group production capacity to 1.2 times its current level so that it has a production framework in place that will enable the early achievement of the ¥100.0bn in net sales targeted in its long-term vision. Looking at the current composition of production by region (based on value), China accounts for about 65%, Vietnam for about 25%, and Japan for about 10%, but by 2028, although Japan will still account for about 10%, China and Vietnam will account for about 45% each. Personnel expenses in Vietnam are at roughly half of Chinese levels, so the new factory is expected to enhance cost-competitiveness.

Overview of Group factories

Aomori Factory	Functions	Lens processing, GM lens processing, molding, assembling
	Products	Interchangeable lenses, surveillance lenses, medical application lenses, test plates
	Employees	Approx. 300 (including temporary employees)
China: Foshan Factory	Functions	Lens processing, metal processing, molding, coating, assembling
	Products	Interchangeable lenses, surveillance lenses, automotive lenses, DSC/VC lenses, drone lenses
	Employees	Approx. 2,500 (including temporary employees)
Vietnam first factory: Noi Bai Factory	Functions	Lens processing, metal processing, molding, assembling
	Products	Interchangeable lenses, surveillance lenses
	Employees	Approx. 1,500 (including temporary employees)
Vietnam second factory: Vinh Phuc Factory	Functions	Lens processing, metal processing, molding, coating, assembling
	Products	Interchangeable lenses, surveillance lenses, automotive lenses
	Employees	Approx. 1,500 (at full-capacity operation)

Source: Prepared by FISCO from the Company's results briefing materials

Total liabilities increased by ¥3.5bn from the end of the previous fiscal year to ¥19.9bn. This was mainly due to increases of ¥0.8bn in accounts payable – trade, ¥1.0bn in income taxes payable, ¥0.5bn in deferred tax liabilities, and ¥0.4bn in interest-bearing debt. Net assets increased by ¥11.6bn from the end of the previous fiscal year to ¥82.3bn. Despite outgoings of ¥4.3bn on dividends and ¥2.0bn on the repurchase of treasury stock, the Company recorded profit attributable to owners of parent of ¥14.5bn and accumulated other comprehensive income increased by ¥3.4bn.

Looking at management indicators, the equity ratio, which indicates safety, remained at a high level at 80%, while the interest-bearing debt ratio was low at 2.7% and net cash (cash and deposits minus interest bearing debt) was over ¥36.0bn, having increased by about 1.5 times the levels recorded three years ago due to sales and profit growth. These indicators demonstrate strong financial soundness. Furthermore, profitability indicators ROA, ROE, and operating income margin increased for a fourth consecutive fiscal year to levels around 20%, indicating that the Company is striking a balance between the expansion of its business scale and improvement of profitability.

Balance sheet and management indicators

(¥mn)

	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24	Change
Current assets	41,470	48,597	55,305	63,797	72,310	8,513
Cash and deposits	21,417	25,797	29,948	32,640	38,384	5,743
Inventories	8,604	11,233	12,998	14,640	15,924	1,284
Non-current assets	16,719	18,467	20,250	23,264	29,873	6,608
Total assets	58,190	67,065	75,556	87,062	102,184	15,122
Total liabilities	12,412	14,528	14,981	16,329	19,850	3,521
Interest-bearing debt	2,200	2,027	1,908	1,849	2,221	372
Net assets	45,777	52,536	60,574	70,732	82,333	11,600
(Safety)						
Equity ratio	78.7%	78.3%	80.2%	81.2%	80.6%	-0.6pp
Interest-bearing debt ratio	4.8%	3.9%	3.1%	2.6%	2.7%	0.1pp
Net cash (¥mn)	19,217	23,770	28,040	30,791	36,163	5,372
(Profitability)						
ROA	5.9%	12.0%	16.1%	17.2%	20.4%	3.2pp
ROE	3.9%	10.5%	14.8%	16.5%	19.0%	2.5pp
ROIC	5.2%	9.5%	12.4%	13.1%	15.9%	2.8pp
Operating income margin	7.4%	12.9%	17.4%	19.1%	21.7%	2.6pp
(Efficiency)						
Inventory turnover rate (months)	2.1	2.3	2.5	2.5	2.2	-0.3

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Outlook

Forecasting continually increases in sales and profit in FY12/25, despite being weighted toward 2H

1. Outlook for FY12/25

The outlook for the business environment in FY12/25 is that sales quantities in the Company's main market of interchangeable lens cameras and interchangeable lenses will remain roughly the same, but the firm performance of added-value products will drive single-figure growth in the value of sales. In the surveillance camera market, growth will remain steady due to robust demand related to security, while the automotive market is expected to see continued double-figure growth driven by the spread of ADAS. Within this environment, and based on the assumption that the yen will appreciate, the Company is forecasting further increases in sales and profit, with net sales increasing by 4.0% YoY to ¥92,000mn, operating income increasing by 4.2% to ¥20,000mn, ordinary income increasing by 3.6% to ¥20,000mn, and profit attributable to owners of parent increasing by 1.9% to ¥14,800mn.

Consolidated forecasts outlook for FY12/25

(¥mn)

	FY12/24		FY12/25				
	Result	% of net sales	Medium-term management plan	YoY change	Full-year forecast	% of net sales	YoY change
Net sales	88,475	-	41,200	-8.1%	92,000	-	4.0%
Operating income	19,201	21.7%	8,400	-22.5%	20,000	21.7%	4.2%
Ordinary income	19,304	21.8%	8,400	-23.3%	20,000	21.7%	3.6%
Profit attributable to owners of parent	14,526	16.4%	6,220	-22.6%	14,800	16.1%	1.9%
Capital investment	5,956	6.7%	-	-	5,000	5.4%	-16.1%
Depreciation	3,082	3.5%	-	-	3,400	3.7%	10.3%
R&D expenses	7,092	8.0%	-	-	7,600	8.3%	7.2%
Earnings per share (¥)	351.60		150.55		359.06*		

Average exchange rate: FY12/24 (¥151.69/USD, ¥164.09/EUR), FY12/25 (¥145.00/USD, ¥155.00/EUR)
* Earnings per share for FY12/25 do not take into account the effects of a stock split (scheduled for July 2025)
Source: Prepared by FISCO from the Company's financial results and results briefing materials

Net sales are forecast to increase in all segments, particularly the Photographic Products business, and while operating income is expected to rise in the Photographic Products business for another consecutive year, it is forecast to decline in the Surveillance & FA Lenses and Mobility & Healthcare Products, Others businesses. The main assumptions behind these declines are an increase in R&D expenses related to new areas and the strengthening of the yen in foreign exchange rates. The operating income margin is forecast to remain roughly level at 21.7%, as factors such as the cost of establishing operations at the second factory in Vietnam, rising raw material costs, and rise in R&D expenses will be absorbed by the effects of improvements to the product mix and increase in sales.

The assumed exchange rates for FY12/25 are ¥145 to the U.S. dollar and ¥155 to the euro, increases of about ¥6 and ¥9, respectively, and the forecasts factor in the anticipated impact of this yen appreciation, including about ¥3.2bn on net sales and ¥0.9bn on operating income*. However, in recent exchange rates (¥152/USD and ¥158/EUR as of February 18), the yen has remained weaker than the Company's assumptions and if it remains at these levels going forward, it will have a positive effect on results.

* Regarding the impact on results of a change in exchange rates of ¥1 (appreciation), for the U.S. dollar rate, net sales would decrease ¥400mn and operating income would decrease ¥70mn, while for the euro rate, net sales would decrease ¥60mn and operating income would decrease ¥50mn.

Additionally, the interim forecast is for a decrease in sales and operating income, with net sales declining by 8.1% to ¥41,200mn and operating income declining by 22.5% to ¥8,400mn. This is due to a forecast of lower sales and profit in the Photographic Products business resulting from the rebound effect of a sudden increase in sales of OEM products in the same period of FY12/24 and factors such as higher R&D expenses and the effects of yen appreciation in the Surveillance & FA Lenses and Mobility & Healthcare Products, Others businesses. On top of this, there is an increase in costs associated with establishing the second factory in Vietnam, which started operating in January 2025, and growing uncertainty in the external environment, including increasing tariff-related risk, so the Company has been fairly conservative in its interim forecast. However, it expects net sales and profit in all business segments to improve in 2H, resulting in double-figure YoY sales and operating income increases in the full-year results.

(1) Photographic Products business

In the Photographic Products business, net sales are forecast to increase by 4.0% YoY to ¥67,400mn, and operating income to increase by 9.3% to ¥19,800mn, while the operating income margin is forecast to rise from 27.9% at the end of FY12/24 to 29.4%. Breaking down net sales, sales of own-brand products is forecast to increase 6.8% to ¥38.4bn, while sales of OEM products is forecast to remain roughly level, increase 0.4% to ¥29.0bn. In terms of quantity, sales of own-brand products is forecast to increase by 8.5% to 510,000 units while OEM products is forecast to decline by 1.9% to 900,000, and the unit price of own-brand products is forecast to decrease slightly due to yen appreciation and a change in the composition of sales in terms of models.

In regard to new own-brand product launches, the Company plans to release six new models and the proportion of new models, including the seven launched in 2024, within total sales is projected to rise from 20% in 2024 to 25% in 2025. The cost of raw materials has been on an upward trend over the past few years, and these cost increases have been factored into the sales price of new products, so this rise in the ratio of new product sales will have a positive effect on the profit margin. The ratio of own-brand product sales within total sales (based on value) is forecast to rise from 55% to 57%, which will also help boost the profit margin.

The forecast for net sales by region (based on local currencies) is for YoY increases of 10% in Europe and the U.S., 5% in China and the rest of Asia, and 10% in Japan, as the Company aims to rally from the slump in the European and U.S. markets. The Company sees the previously high proportion of specialty camera shops within its sales channels in the European and U.S. markets as one of the factors behind its struggles, so it is working on sales promotion measures, including getting major electronics retailers to handle its products and boosting online sales by strengthening digital marketing. Although the ratio of online sales in Europe and the U.S. has increased year on year to around 50%, the ratio in China is over 70%, so there is room for further growth. The forecast of OEM products sales depends on the sales promotion plans of customers, so the Company's initial forecasts tend to be conservative.

(2) Surveillance & FA Lenses business

In the Surveillance & FA Lenses business, net sales are forecast to increase by 2.3% YoY to ¥12,600mn, but operating income is expected to decrease by 10.6% to ¥1,400mn. Net sales are expected to increase continually, offsetting the decline in sales of TV conference lenses due to growth in sales of lenses for surveillance cameras and camera modules. On the other hand, Operating income are expected to decrease due to the effects of the strengthening yen and an increase in R&D expenses related to new areas. But, despite the operating income decrease, , the operating income margin is expected to remain in double-digit figures at 11.1%.

Looking at the breakdown of net sales, sales of lenses for surveillance cameras are forecast to increase by 7.7% YoY to ¥6.8bn as demand is expected to increase in line with market growth as inventory optimization at customers has come to an end. Similarly, the strong growth in sales of camera modules is forecast to continue, increasing by 20.8% to ¥2.9bn due to sales of new models released in 2023 remaining strong, as well as a full year of contributions from the high-resolution 4K camera module launched in 3Q FY12/24. On the other hand, sales of lenses for FA and machine vision are forecast to remain roughly level, decreasing by 0.5% to ¥2.4bn while sales of TV conference lenses are expected to decrease by 57.8% to ¥0.5bn as the market slows.

(3) Mobility & Healthcare Products, Others business

In the Mobility & Healthcare Products, Others business, net sales are forecast to increase by 6.0% YoY to ¥12,000mn, but operating income is expected to decrease by 23.3% to ¥1,900mn. Automotive camera lenses are expected to continue driving sales growth while factors behind the decline in operating income include a response to customer demand for lower costs, the effects of exchange rates, and an increase in costs associated with cultivating business in the medical field and strengthening the development of elemental technologies in new fields.

Looking at the breakdown of net sales, sales of automotive camera lenses are forecast to remain in double-digit figures, increasing by 11.3% YoY to ¥10.6bn, thereby becoming a ¥10.0-billion business, while sales of lenses for medical applications are expected to increase by 4.4% to ¥0.7bn. On the other hand, sales of lenses for other applications, such as DSC/VC and drones, are expected to decrease by 38.0% to ¥0.7bn as the DSC/VC market shrinks.

Targets for FY12/26 have been revised upward to net sales of ¥95.0bn and operating income of ¥20.5bn

2. Medium-term management plan

(1) Overview of Medium-Term Management Plan “Value Creation 26 ver.2.0”

As the Company achieved the targets of its medium-term management plan “Value Creation 26”, which runs from 2024 to 2026 in the first year, it has evolved the plan into Value Creation 26 ver.2.0, which includes the release of upwardly revised management numerical targets for FY12/26.

The basic policies remain unchanged as “grow existing segments steadily and create new business,” and “create a workplace with a fulfilling environment and high corporate value.” It has positioned the plan as a period for building the management foundation needed to realize its long-term vision of being a company with net sales of ¥100.0bn in the next medium-term management plan. To achieve this, it will maximize corporate value by building on the successes of the previous medium-term management plan while working to make high-quality leaps forward through taking on new challenges.

In regard to basic strategy, the Company aims to build a sustainable business base by pursuing a business strategy (deepen the optimization of business portfolios and create and nurse new businesses), financial strategy (build an efficient and stable management structure and strengthen shareholder return policy), and ESG/strategy for sustainability (reform corporate governance structure, enrich management infrastructure/human capital, continue efforts toward carbon neutrality, and reduce environmental impact).

(2) Numerical targets of the plan

As the Company achieved its FY12/26 targets (net sales of ¥83.0bn and operating income of ¥15.3bn) in the first year of the plan, it has set new targets of net sales of ¥95.0bn and operating income of ¥20.5bn. Based on the considerable growth experienced in FY12/24 and the assumption that the yen will strengthen, it has set the solid target of an annual average growth rate of 3–4% over the next two years. It is also aiming to maintain an operating income margin at similar levels to FY12/24 with the target of 21.6%. It is targeting EBITDA of more than 24% and ROE of more than 16%, both of which have been raised by two percentage points (pp) compared to the initial targets. While fluctuations in the Company's main market of interchangeable lens cameras could have an impact on results, if said market remains stable, then we at FISCO see these targets as fully achievable.

Management numerical targets

(¥bn)

	FY12/23 Result	FY12/24 Result	FY12/26 Initial target	FY12/26 Revised target
Net sales	71.4	88.4	83.0	95.0
Operating income	13.6	19.2	15.3	20.5
Operating income margin	19.1%	21.7%	18.4%	21.6%

	FY12/21–FY12/23 average Result	FY12/24 Result	FY12/26 Initial target	FY12/26 Revised target
EBITDA	21% level	25.2%	More than 22%	More than 24%
ROE	13% level	19.0%	More than 14%	More than 16%
Shareholder return	Dividend payout ratio 30% level	Dividend payout ratio 39.8% Total payout ratio 54%	Total payout ratio Approx. 60%	Total payout ratio Approx. 60%
Exchange rates				
USD		¥151	¥140	¥145
EUR		¥164	¥152	¥155

Source: Prepared by FISCO from the Company's results briefing materials

(3) Business strategy

As a business strategy, the Company aims to ensure continuous growth by allocating appropriate resources to each business. It will develop its mainstay business of Photographic Products business as a cash cow and expand the Surveillance & FA Lenses and Mobility & Healthcare Products, Others businesses in scale in order to realize growth while improving the stability of its business portfolio.

To achieve this business strategy, the Company will work on evolving the three functions of "Production/Procurement," "Marketing/Sales," and "R&D/New Business Creation."

Functional strategy

Production/Procurement	Marketing/Sales	R&D/New Business Creation
• Reinforce the global tri-pillar production system by starting operations at the second factory in Vietnam • Increase the resilience of the supply chain, and enhance allocation flexibility • Promote automation, labor saving, and manpower reduction • Re-emphasize independent profitability and establish a competitive advantage	• Recover sales in U.S. and European markets • Capture domestic demand in the Chinese market • Capture demand in emerging markets • Enhance digital marketing • Strengthen ability to identify needs on a global basis	• Advance fundamental optics and elemental technologies • Improve productivity in product design and development • Enhance the discovery of seed ideas and connection of needs • Reinforce new business creation functions • Accelerate open innovation design

Source: Prepared by FISCO from the Company's results briefing materials

a) Photographic Products business

In the Photographic Products business, the Company has set improving the high-profit structure as core business as its theme and is pursuing net sales of ¥68.0bn and operating income of ¥20.0bn in FY12/26. The main measures are to accelerate the development of own-brand products and enhance its product lineup. Previously it released new products at a pace of 5 models per year, but since 2024 it has raised this to 6 or 7 models, and it is aiming to release 10 models per year by 2026. Also, it is enhancing its lineup by continuously adapting to new formats, including expanding from its previous three-mount structure to a four-mount structure*.

> * Previously the Company launched interchangeable lenses for Sony E-mount, Fujifilm X-mount, and Nikon Z-mount, but in 2024 it also added the Canon RF-mount.

The Company is aiming to raise net sales of own-brand products from the ¥36.0bn recorded in FY12/24 to ¥39.9bn by recovering sales in the U.S. and Europe, expanding continuously in Chinese and other Asian markets, and exploring developing markets (including Latin America, Asia, the Middle East, and Africa). For OEM products, the Company is aiming to expand the sales while strengthening relationships with major customers, planning to keep sales at a flat level of ¥29.0bn. It is aiming to further improve the operating income margin to more than 29% by enhancing its product mix.

Photographic Products business

(¥bn)

	FY12/23 Result	FY12/24 Result	FY12/26	
			Initial target	Revised target
Net sales	53.0	64.8	56.0	68.0
Own-brand	32.8	36.0	37.0	39.9
OEM	20.2	288	19.0	29.0
Operating income	14.0	18.1	15.2	20.0
Operating income margin	26.4%	27.9%	More than 27%	More than 29%

Note: Figures for net sales and operating income have been rounded off to one decimal point
Source: Prepared by FISCO from the Company's results briefing materials

b) Surveillance & FA Lenses business

In the Surveillance & FA Lenses business, the Company has set re-transforming into a growth business, targeting an operating income margin of more than 10% as its theme and is pursuing net sales of ¥13.0bn and operating income of ¥1.6bn in FY12/26, as well as an operating income margin of more than 12%. The net sales target has been reduced by ¥1.5bn compared to the initial target, but the target for operating income remains the same.

Its main measure is to shift its policy in the surveillance camera market to strengthen efforts to sell volume zone products, including competing with Chinese manufacturers, in addition to high-value-added products. It believes that if it can increase mass production to over a certain number of units, it will not only grow the scale of the business but also enhance profitability. To raise its ability to compete over cost, it will have to move away from its current model of "development in Japan, production in China" by strengthening its development, production, and sales frameworks within China. As it already has a track record of dealing with major surveillance camera manufacturers in both Japan and overseas, if it becomes more cost-competitive it should be able expand these relationships to cover the volume zone as well. While there are risk factors regarding sales to Chinese surveillance camera manufacturers, including tariffs and high-tech restrictions concerning U.S. exports, in FY12/24 Chinese sales accounted for 8% of total sales so the impact on the Company would be small. Rather, if the share of the market belonging to Chinese surveillance camera manufacturers shrinks and the share belonging to manufacturers in other advanced countries rises, it will provide a tailwind for the Company.

The Company is also working to enhance its lineup of camera modules, many of which have surveillance applications, by catering to the need for high-resolution, high magnification, and miniaturized products, and to grow sales in a way that balances OEM and own-brand products. In the FA field, it is aiming to cultivate new customers by enhancing its lineup of products, increasing OEM orders, and promoting shortwave infrared (SWIR)* used for inspection cameras and zoom lenses. Also, it plans to enter into the laser processing head, thermal emitter with meta surface, and commercial camcorder markets as new business fields.

* SWIR indicates light in the 900-2,500nm wavelength range, which has a longer wavelength than the visible light range (400-800nm). Light which is not visible to the naked eye can penetrate physical matter. This makes it useful for the detection of contaminants (metals, non-metals, plastics, etc.) in food production and agriculture, as well as applications in the security and environmental monitoring fields.

The Company has a vast global network numbering several hundred companies in the surveillance and FA fields that it has built up over many years of business development, and considering that security, including urban surveillance, is a stable long-term market and that there is growing need for image recognition of difficult-to-perceive subjects in a variety of fields, business opportunities available to the Company are likely to increase.

The breakdown of sales for FY12/26 includes ¥7.0bn in lenses for surveillance cameras, ¥2.8bn in FA lenses and others, and ¥3.2bn in camera modules. TV conference lenses have been left out of the forecast due to the market downturn.

Surveillance & FA Lenses business

(¥bn)

	FY12/23 Result	FY12/24 Result	FY12/26 Initial target	FY12/26 Revised target
Net sales	9.8	12.3	14.5	13.0
Surveillance lenses	5.9	6.3	7.4	7.0
FA lenses, others	1.6	2.4	3.6	2.8
Camera modules	0.8	2.4	3.5	3.2
TV conference lenses	1.5	1.2	-	-
Operating income	0.7	1.6	1.6	1.6
Operating income margin	7.3%	12.7%	More than 11%	More than 12%

Note: Figures for net sales and operating income have been rounded off to one decimal point
Source: Prepared by FISCO from the Company's results briefing materials

c) Mobility & Healthcare Products, Others business

In the Mobility & Healthcare Products, Others business, the Company has set furthering growth in automotive and medical business and accelerating creation of new business as its theme and is pursuing net sales of ¥14.0bn and operating income of ¥2.2bn in FY12/26, as well as an operating income margin of more than 15%.

In the automotive camera market, its strategy is to focus on sales of automotive lenses for sensing applications amid the spread of ADAS and establish technologies that assure reliability, namely high pixel compatibility, durability, and high heat resistance. At the same time, it aims to strengthen cost-competitiveness so it can keep up with customer demand for low-cost products through measures such as establishing molding technologies that reduce costs. Additionally, in its order acquisition activities, it is raising its ability to capture orders by engaging earlier in the upstream product planning stage. Its forecast for FY12/26 is net sales of ¥12.2bn and it expects to maintain a double-figure average annual growth rate.

In the medical field, the Company is aiming for sales of ¥1.1bn in FY12/26 (and ¥3.0bn in FY12/30) by expanding its rigid endoscope business and fully entering the market for surgical microscope lenses and the life sciences field. It has yet to achieve its initial target of ¥1.4bn, but this is due to the extension of its development schedule. In terms of operating income, although the target for FY 12/26 will be lower than the result in FY 12/24 due to increase investment for technological development in new area, the effects of this upfront investment are expected to manifest in the next medium-term management plan period.

Mobility & Healthcare Products, Others business

(¥bn)

	FY12/23 Result	FY12/24 Result	FY12/26	
			Initial target	Revised target
Net sales	8.6	11.3	12.5	14.0
Automotive lenses	7.1	9.5	10.2	12.2
Medical	0.4	0.7	1.4	1.1
DSC/VC, drones, others	1.1	1.1	0.9	0.7
Operating income	1.5	2.5	1.7	2.2
Operating income margin	17.3%	21.9%	More than 13%	More than 15%

Note: Figures for net sales and operating income have been rounded off to one decimal point
Source: Prepared by FISCO from the Company's results briefing materials

Strengthening financial strategy and active investment in growth areas

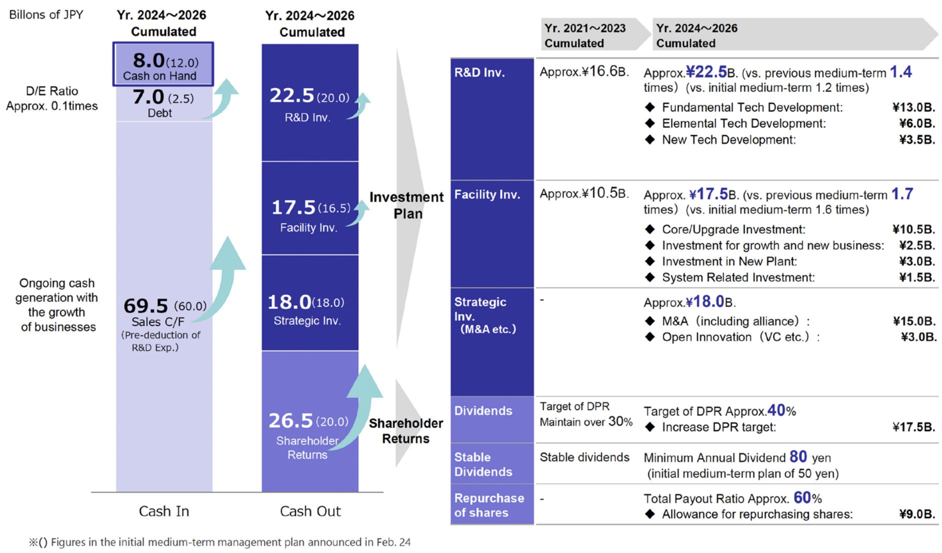
(4) Financial strategy

The financial strategies are "appropriate capital structure" and "enhance shareholder return." For the former, it will achieve efficient management by utilizing available funds while ensuring financial safety, achieving efficient management. In regard to management indicators, it will gradually reduce the equity ratio to around 75% (80.6% at the end of FY12/24)*1 and distribute funds while aiming for a liquidity reserve equivalent to approximately 3 months' worth of monthly turnover (5.2 months' worth in FY12/24)*2.

*1 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.
*2 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.

Looking at cash allocation over the three years from FY12/24, cash inflows total ¥84.5bn, comprising ¥69.5bn in cash flows from operating activities, ¥8.0bn in cash on hand, and ¥7.0bn from utilizing debt. In regard to how this cash will be used, ¥22.5bn will be allocated to R&D investment, ¥17.5bn to investment in facilities, ¥18.0bn to strategic investments, and ¥26.5bn to shareholder returns.

Medium-term management plan cash allocation



Source: The Company's results briefing materials

Cash allocation to R&D investment has been raised by ¥2.5bn compared to the initial plan. The main development themes in new areas include optics for free space optical communication and optical technology for star trackers*, which are both optical applications for satellite implementation, as well as optical technology for high-power industrial lasers, hyper-wide-angle fundus cameras that enable wide-field fundus photography, and infrared camera technology with a Fresnel lens. The Company is focusing development on realizing commercial applications in these new fields so that it can set sales targets in the next medium-term management plan. Its long-term vision is to achieve sales of ¥10.0bn in new business areas, and the president has expressed his intent to personally lead new business development efforts. The president originally worked in technological fields, so it is expected that the Company's active investment in technological development will lead to the growth of new businesses.

* A star tracker is an attitude sensor used for applications such as satellites. It recognizes the position of fixed stars from images of space taken using ultra-high-sensitivity cameras and then uses this positional information to control the satellite's direction and orientation

Strategic investments include M&A (including alliances) and investments realized through open innovation. The Company is looking for M&A targets in the FA, medical, and healthcare fields among others, with the goal of growing business in these areas. For example, the FA field covers a wide variety of different types of lenses and there are many niche areas that require specific technologies that the Company is not developing. Companies that have the technology to manufacture these types of lenses at a low cost are potential M&A targets. It will also consider M&As that contribute to accelerating the commercial application of development theme technologies.

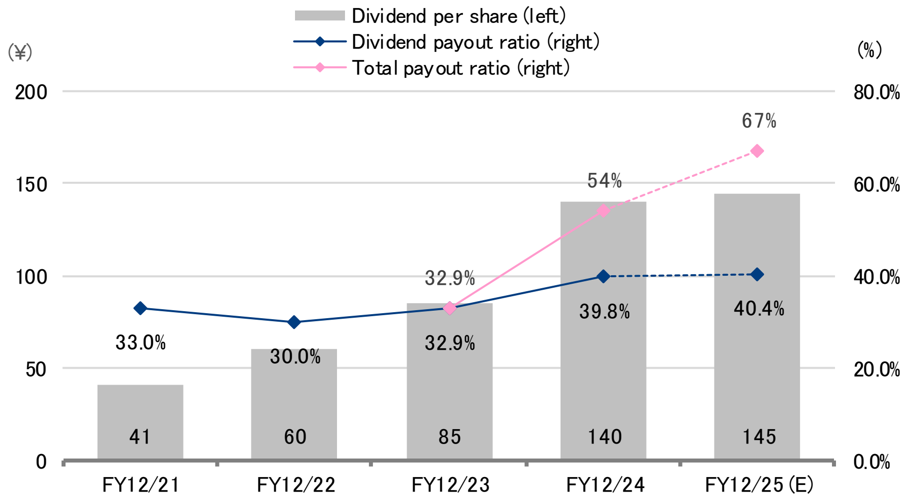
Shareholder return policies

To enhance shareholder return, FY12/25 includes plans to increase the dividend again, repurchase treasury stock for a second consecutive fiscal year, and implement a stock split

One of the Company's shareholder return policy for the medium-term management plan period up to FY12/26 is to pay dividends with a payout ratio of approximately 40% by taking into account R&D and capital investment in an effort to strengthen management structure and develop new businesses based on a long-term view, and by endeavoring to allocate profits based on business performance. In addition to this, it has strengthened efforts to pay a stable dividend by raising the minimum annual dividend per share from ¥50 to ¥80. It is targeting a total payout ratio of approximately 60%, including a dividend payout ratio of 40% and 20% in repurchase of treasury stock.

Based on these policies, in FY12/24, it increased the dividend amount per share by ¥55.0 YoY to ¥140.0 (payout ratio of 39.8%) and repurchased treasury stock amounting to ¥1,999mn (310,000 shares). In FY12/25, it plans to raise the dividend amount by ¥5.0 to ¥145.0 (payout ratio of 40.4%), representing a fifth consecutive year of dividend increases. In February 2025, it repurchased treasury stock amounting to ¥3,980mn (1,000,000 shares) and the forecast total payout ratio for FY12/25 is about 67%. Its policy is to cancel all repurchased treasury shares. Furthermore, it plans to implement a 4-for-1 stock split with June 30, 2025, as the record date in order to raise the liquidity of its shares and broaden its shareholder base. These efforts are gaining attention as a company that is actively engaged in shareholder return.

Dividend per share and dividend payout ratio



Note: Figures have been retroactively revised following the 2-for-1 stock split conducted in July 2024
Source: Prepared by FISCO from the Company's results briefing materials

Disclaimer

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