

# FY2022 Q3 Financial Results



January 30, 2023

**TOPCON CORPORATION**

Director and Managing Executive Officer, CFO  
General Manager of Accounting and Finance Div.

**Haruhiko Akiyama**



Company  
Profile  
Movie

# **FY2022 Q3 Financial Results**

**I . FY2022 Q3 Financial Results**

**II . FY2022 Full Year Plan**

**III. Topics**

**IV. Summary**

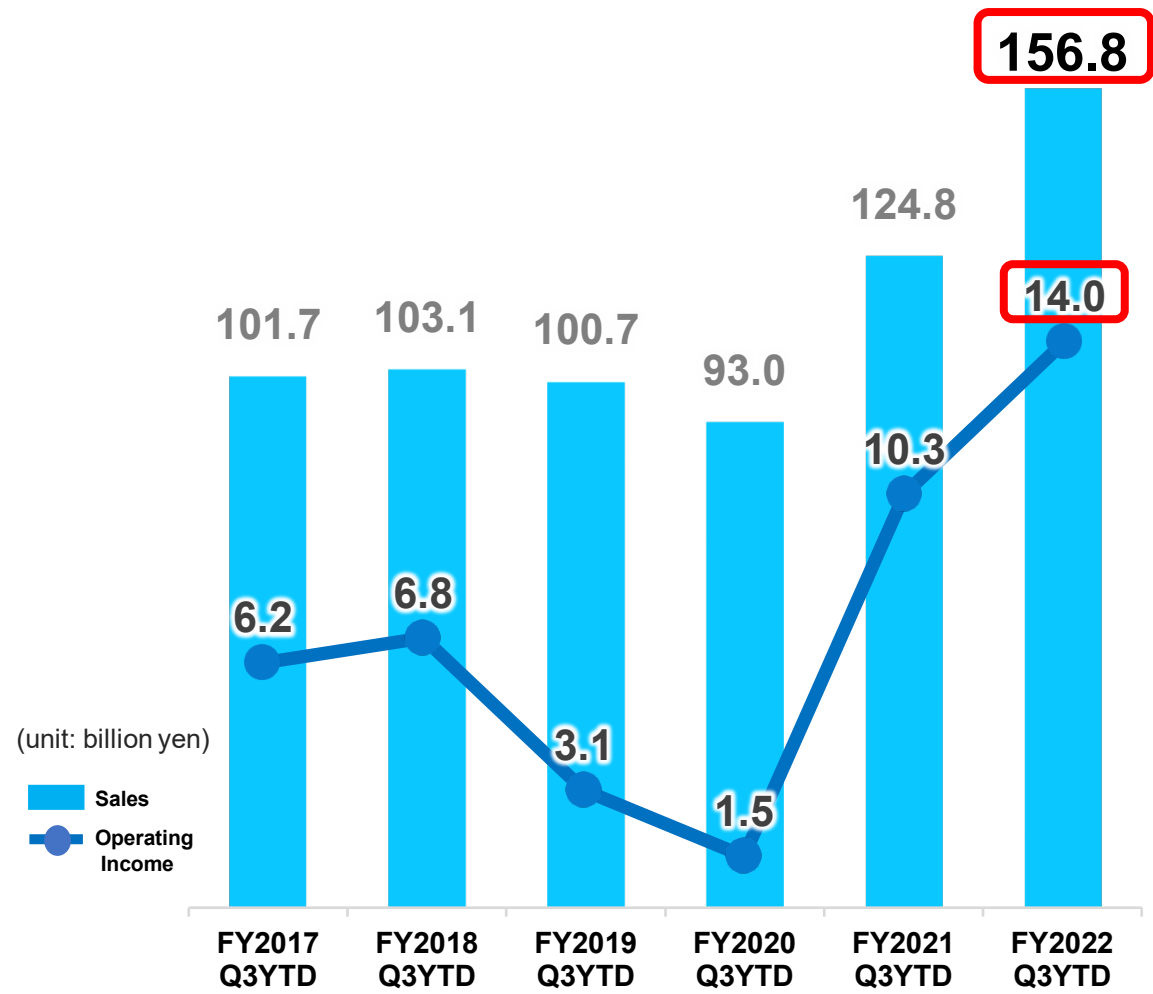
**V . Appendix**

# **I . FY2022 Q3 Financial Results**

**I - 1. FY2022 Q3 Financial Results**

I - 2. Overview of Each Business

# FY2022 Q3 Overview



- **Increase in sales and profit**  
**Net sales and operating income exceed the record high**
  - Growth business including IT Construction, IT Agriculture and Screening Business are driving the sales increase
  - Continued impacts of component shortages and component and logistics cost surges

# FY2022 Q3 Financial Results

## Record high sales and income

(unit: million yen)

	FY2021	FY2022		
	Q3 YTD	Q3 YTD	YoY	YoY%
Net Sales	124,834	156,790	31,955	+ 26%
Gross Profit (Gross Profit Ratio)	63,959 (51.2%)	81,465 (52.0%)	17,506	
SGA	53,611	67,491	13,879	
Operating Income (Operating Income Ratio)	10,347 (8.3%)	13,974 (8.9%)	3,626	+ 35%
Non-Operating Income (Expenses)	-1,101	-1,409	-307	
Ordinary Income	9,246	12,565	3,318	+ 36%
Extraordinary Income (Loss)	292	-462	-754	
Income Before Income Taxes and Minority Interests	9,538	12,103	2,564	
Net Income	5,752	7,859	2,106	+ 37%
Exchange Rate	USD	¥111.38	¥135.40	¥24.02
(Average)	EUR	¥130.85	¥140.42	¥9.57

# FY2022 Q3 Financial Results by Business

## ■ Increase in sales for all business segments

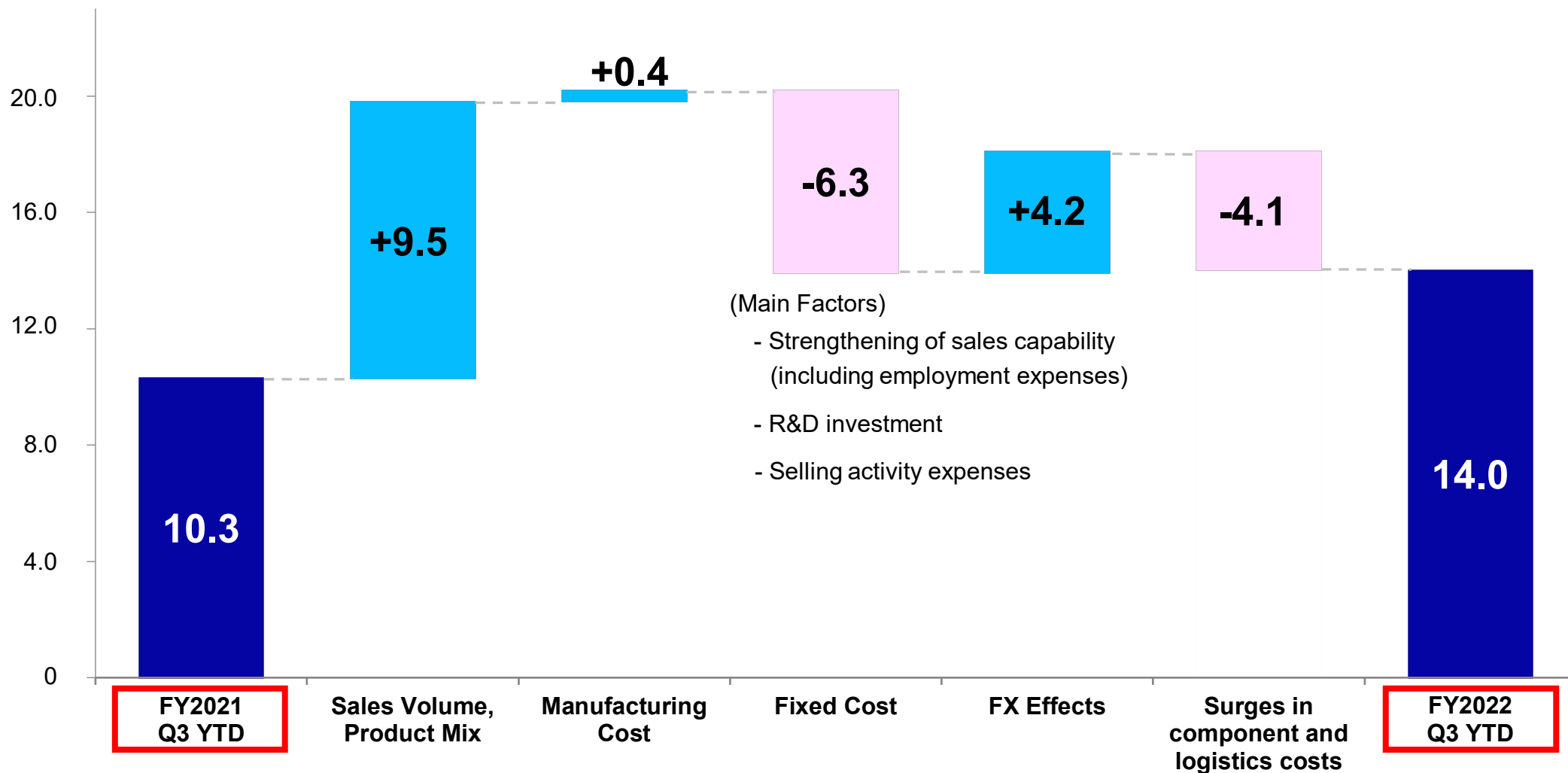
(unit: million yen)

		FY2021	FY2022		
		Q3 YTD	Q3 YTD	YoY	YoY%
Net Sales	Positioning	67,812	90,488	22,675	+33%
	Smart Infrastructure	28,027	30,636	2,609	+9%
	Eye Care	41,360	49,289	7,928	+19%
	Others	867	913	46	
	Elimination	-13,233	-14,538	-1,305	
	Total	124,834	156,790	31,955	+26%
Operating Income (Operating Income Ratio)	Positioning	7,248 (10.7%)	11,009 (12.2%)	3,761	+52%
	Smart Infrastructure	4,405 (15.7%)	3,275 (10.7%)	-1,130	-26%
	Eye Care	1,983 (4.8%)	3,329 (6.8%)	1,346	+68%
	Others	-264	-320	-55	
	Elimination	-3,025	-3,320	-294	
	Total	10,347 (8.3%)	13,974 (8.9%)	3,626	+35%



# FY2022 Q3 Operating Income YoY Breakdown

(unit: billion yen)



# **I . FY2022 Q3 Financial Results**

**I - 1. FY2022 Q3 Financial Results**

**I - 2. Overview of Each Business**



### Record high sales and operating income

(unit: million yen)

		FY2021	FY2022		
		Q3 YTD	Q3 YTD	YoY	%
<b>Net Sales</b>		67,812	<b>90,488</b>	22,675	<b>+33%</b>
<b>Operating Income</b> (Operating Income Ratio)		7,248 (10.7%)	<b>11,009</b> (12.2%)	3,761	<b>+52%</b>
<b>Exchange Rate</b> (Average)	USD	¥111.38	¥135.40	¥24.02	
	EUR	¥130.85	¥140.42	¥9.57	

### Review of Financial Results

#### Overall

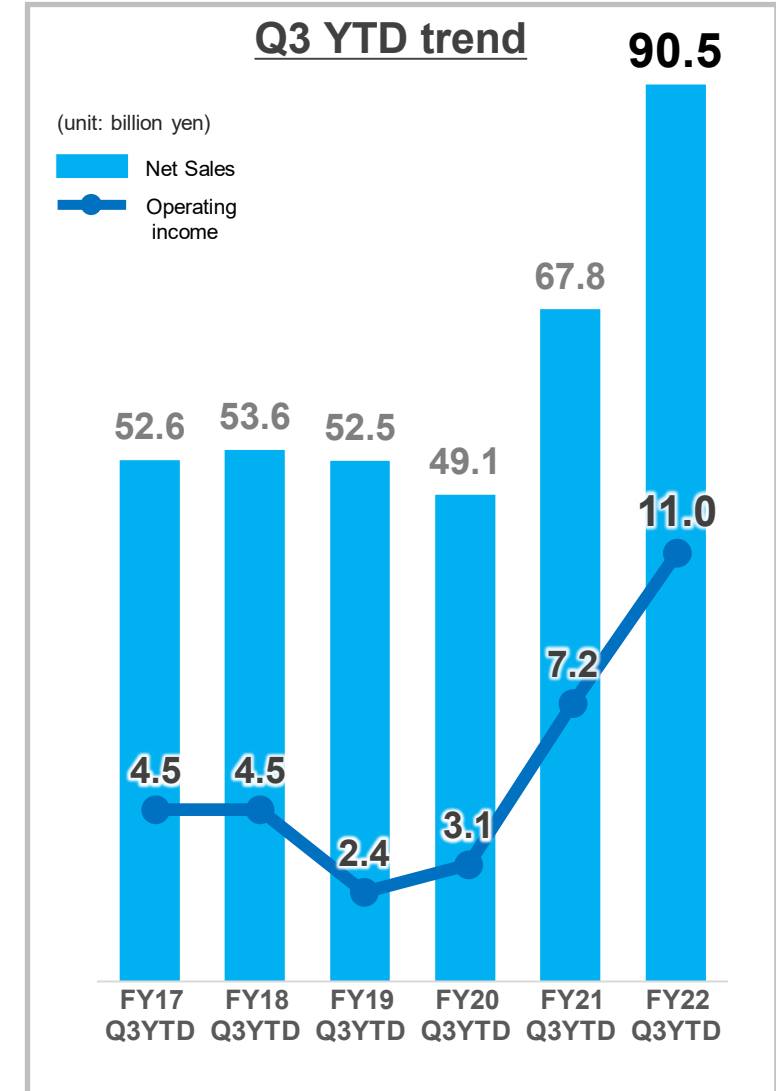
- Significant sales and operating income growth YoY by capturing strong demand including non-residential construction related in North America despite component shortages
- Continued impacts of component and logistics cost surges

#### IT Construction and IT Agriculture

- Continuing strong sales for both aftermarket and OEM

#### Surveying and laser products

- Sales slowdown due to component shortages for surveying and decreasing residential investment for laser



### Record high sales

(unit: million yen)

		FY2021	FY2022		
		Q3 YTD	Q3 YTD	YoY	%
Net Sales		28,027	30,636	2,609	+9%
Operating Income (Operating Income Ratio)		4,405 (15.7%)	3,275 (10.7%)	-1,129	-26%
Exchange Rate (Average)	USD	¥111.38	¥135.40	¥24.02	
	EUR	¥130.85	¥140.42	¥9.57	

## Review of Financial Results

### Overall

- Strong domestic sales, recovery trend in Asia and the Middle East
- Continued impact from the decline in production of surveying instruments due to component shortages

### IT Construction and IT Agriculture in Japan

- Strong orders of the focused automation systems for small and medium-sized construction and agricultural machinery

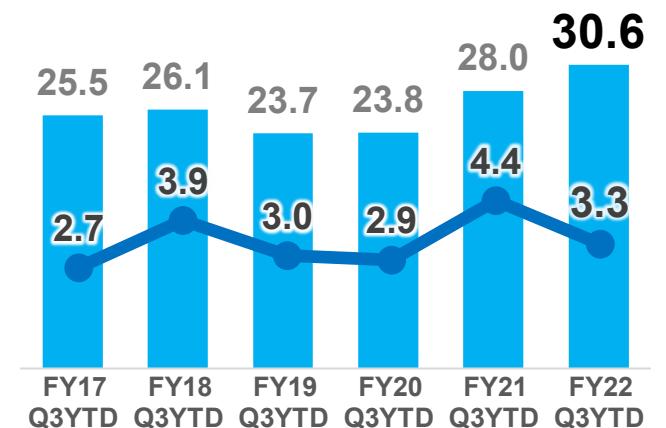
### Growth Investments

- Building construction DX: At the exhibitions, to develop new clients
- Asia: Recruiting the talented resource and strengthening organizations for market development

### Q3 YTD trend

(unit: billion yen)

Net Sales  
Operating income



## Record high sales

(unit: million yen)

	FY2021	FY2022		
	Q3 YTD	Q3 YTD	YoY	%
Net Sales	41,360	49,289	7,929	+19%
Operating Income (Operating Income Ratio)	1,983 (4.8%)	3,329 (6.8%)	1,346	+68%
Exchange Rate (Average)	USD	¥111.38	¥135.40	¥24.02
	EUR	¥130.85	¥140.42	¥9.57

## Review of Financial Results

### Overall

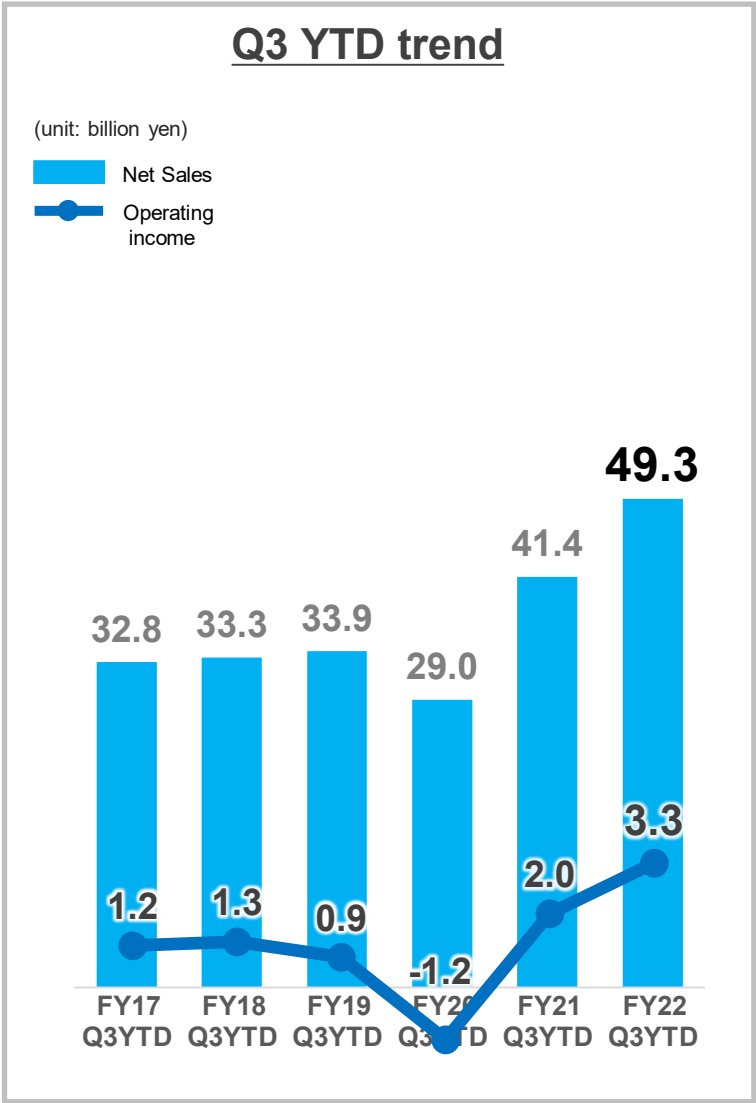
- Significant increase in sales and profit thanks to strong revenue in the U.S. and Europe despite component shortages
- Sales decline in China due to the prolonged impact of COVID-19
- Continued impacts of component and logistics cost surges

### Screening Business

- Continued strong sales, especially in Maestro/NW 400

### Digital Optometry System

- Strong sales to major optical chain stores in the U.S. and Europe



## Ⅱ . FY2022 Full Year Plan

# FY2022 Full Year Plan

## ■ Upward revision

### Business environment outlook

- Continuing resilient demand thanks to increasing non-residential construction investment in the U.S.
- Increasing demand for labor saving solutions due to labor shortages in each of the construction, agriculture, and healthcare area at our main markets

### Outlook for the macro environment

- Continued impacts of component shortages and price surges
- Recession risks due to global monetary tightening
- Geopolitical risks including the Russia-Ukraine war
- Uncertainty over Chinese economy due to the spread of COVID-19

In light of the results up to Q3 and the business and macro environment outlook described above, we revised the full year plan as below

### Revised Plan

	Previous Plan (As of October 28)	Revised Plan (As of January 30)	Change	FY2021 Actual	Change
Net Sales	¥200.0B	<b>¥205.0B</b>	+3%	¥176.4B	+16%
Operating Income	¥19.0B	<b>¥19.5B</b>	+3%	¥15.9B	+23%
Ordinary Income	¥18.0B	<b>¥18.0B</b>	-	¥14.8B	+22%
Net Income	¥12.5B	<b>¥12.5B</b>	-	¥10.7B	+17%
Dividends	¥42	<b>¥42</b>	-	¥36	+¥6

Exchange rate assumption of Q4: \$ = 130 yen / EUR = 135 yen (unchanged)

# FY2022 Full Year Plan

(Unit: million yen)

	FY2021	FY2022			*Announced on October 28, 2022
	Full Year Actual	Full Year Plan	YoY (%)	Full Year Plan*	
<b>Net Sales</b>	176,421	<b>205,000</b>	<b>+16%</b>	200,000	
<b>Operating Income</b> (Operating Income Ratio)	15,914 (9.0%)	<b>19,500</b> (9.5%)	<b>+23%</b>	19,000 (9.5%)	
<b>Ordinary Income</b>	14,820	<b>18,000</b>	<b>+21%</b>	18,000	
<b>Net Income</b>	10,699	<b>12,500</b>	<b>+17%</b>	12,500	
<b>ROE</b>	14.0%	<b>14%</b>		14%	
<b>Dividends</b>	¥36	<b>¥42</b>	<b>+¥6</b>	¥42	
Exchange Rate      USD	¥112.86	(Assumption of Q4)	¥130.00		
(Average)            EUR	¥131.01		¥135.00		

# FY2022 Full Year Plan by Business

(Unit: million yen)

		FY2021	FY2022			*Announced on October 28, 2022
		Full Year Actual	Full Year Plan	YoY (%)	Full Year Plan*	
Net Sales	Positioning	96,692	118,000	+22%	113,000	
	Smart Infrastructure	39,040	42,000	+8%	43,000	
	Eye Care	57,352	65,000	+13%	65,000	
	Others	1,184	1,000		1,000	
	Elimination	-17,848	-21,000		-22,000	
	Total	176,421	205,000	+16%	200,000	
Operating Income (Operating Income Ratio)	Positioning	11,548 (11.9%)	14,500 (12.3%)	+26%	13,500 (11.9%)	
	Smart Infrastructure	5,821 (14.9%)	5,000 (11.9%)	-14%	5,500 (12.8%)	
	Eye Care	3,203 (5.6%)	5,000 (7.7%)	+56%	5,000 (7.7%)	
	Others	-365	-400		-400	
	Elimination	-4,293	-4,600		-4,600	
	Total	15,914 (9.0%)	19,500 (9.5%)	+23%	19,000 (9.5%)	



# III. Topics

### ■ Brisk U.S. construction trade shows



Proving the robustness of the infrastructure construction market in the U.S.



Held  
(held annually)

**World of Concrete, a large construction exhibition in the U.S.**

Date : Jan 17th – 19th, 2023  
Venue : Las Vegas, NV, USA  
Attendees : **Approximately 50k (33k last year)**

**Received orders significantly higher than last year**



Scheduled to be held  
(held every three years)

**CONEXPO, the largest construction equipment exhibition in the U.S.**

Date: Mar 14th – 18th, 2023  
Where: Las Vegas, NV, USA  
Visitors: **Approximately 130k(estimated)**

**The previous exhibition (2020) ended in the mid-course due to COVID-19**



- **Building Construction DX Business, a part of growth investment**  
Exhibited at “JAPAN BUILD 2022,” a large building & housing industries exhibition

Date : December 5th- 7th, 2022  
Venue : Tokyo Big Sight  
Attendees : 31k



Scene of the venue



Topcon Booth

**Successful acquisition of new clients of home builders, construction firms, building constructors, etc.!**

### Conventional work



Manual work on paper drawings



Analog work by multiple workers

### Our solutions

- ✓ **One person with digital surveying equipment**
- ✓ **Time saving**
- ✓ **Improvement of accuracy**



Easy extraction of coordinate data from CAD drawings



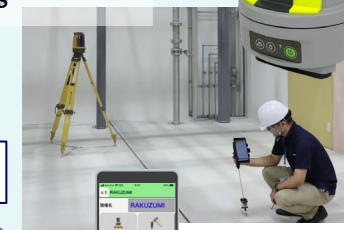
Raku-za

NEW



Raku-ichi

High-precision layout navigator



Raku-zumi

Single-worker marking work smartphone app

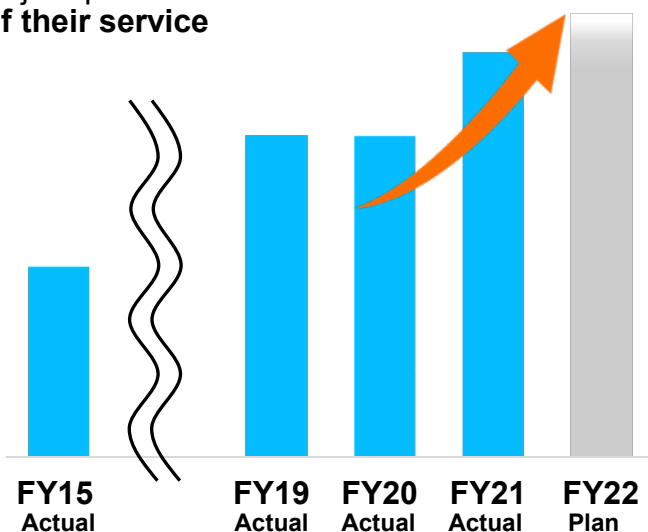


## Expanding sales for major optical chain stores

### Screening Devices



- Fully automatic function which enables to take high resolution pictures with easy operation
- Major optical chain stores utilize for **differentiation of their service**

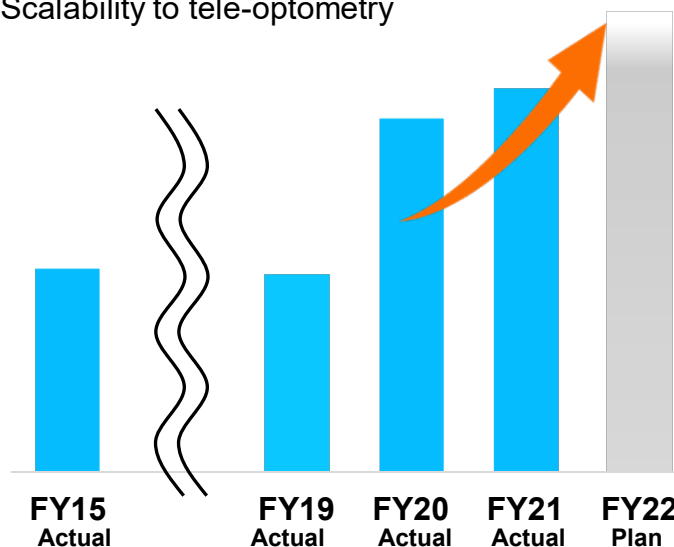


Sales of Screening Equipment (Units)

### Digital optometry system



- **Efficiency** through digital management of examination information
- Scalability to tele-optometry



Sales of Optometry Systems (Units)

### Software

Platform software that enables efficient management of major optical chain stores

Patient data management software



**Topcon Harmony**

Remote optometry software



**Topcon RDx**

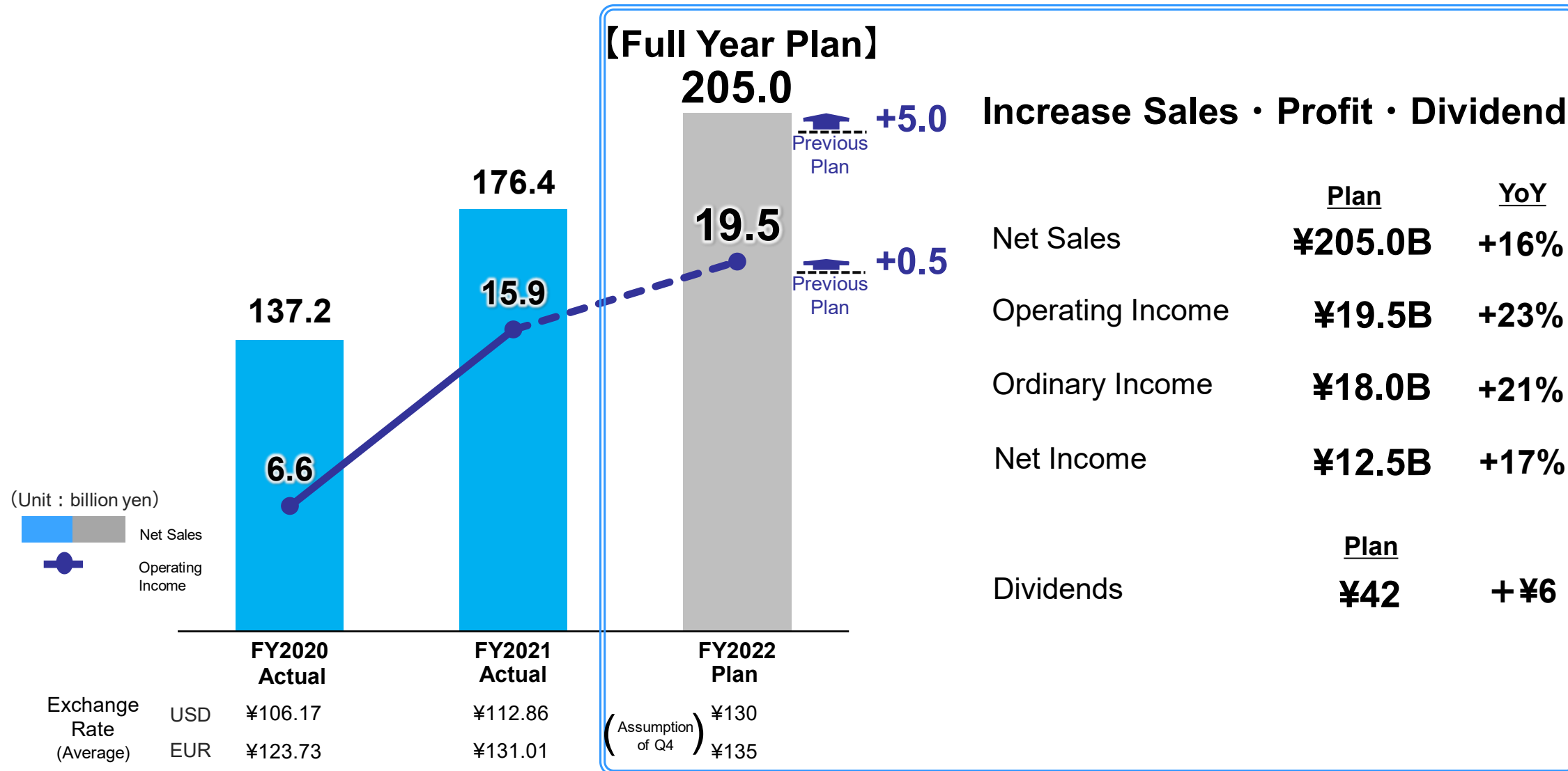
### Our strengths

Providing **total solutions** of hardware and software

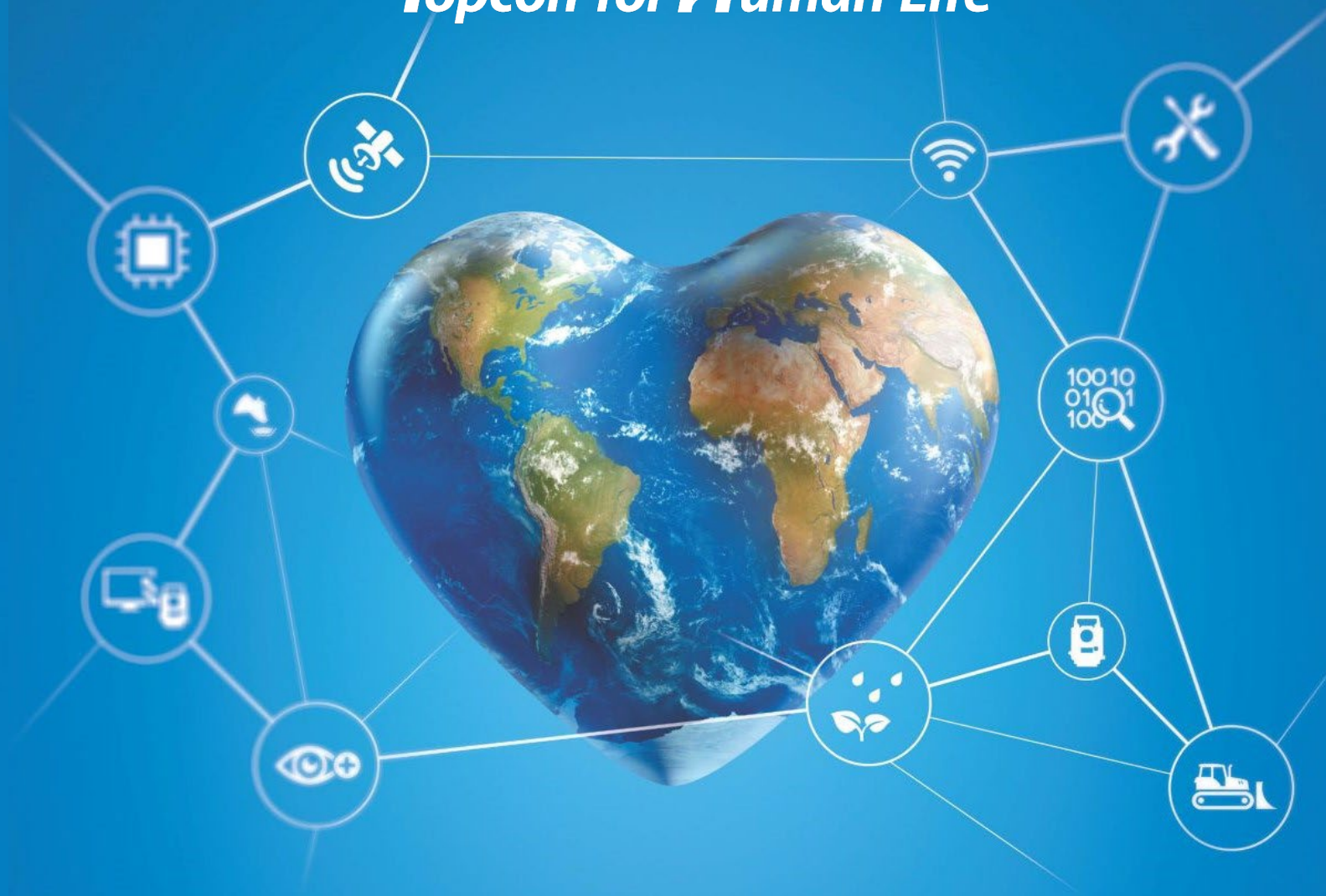
# IV. Summary

# Summary

## Record high net sales, profit and dividends



*Topcon for Human Life*



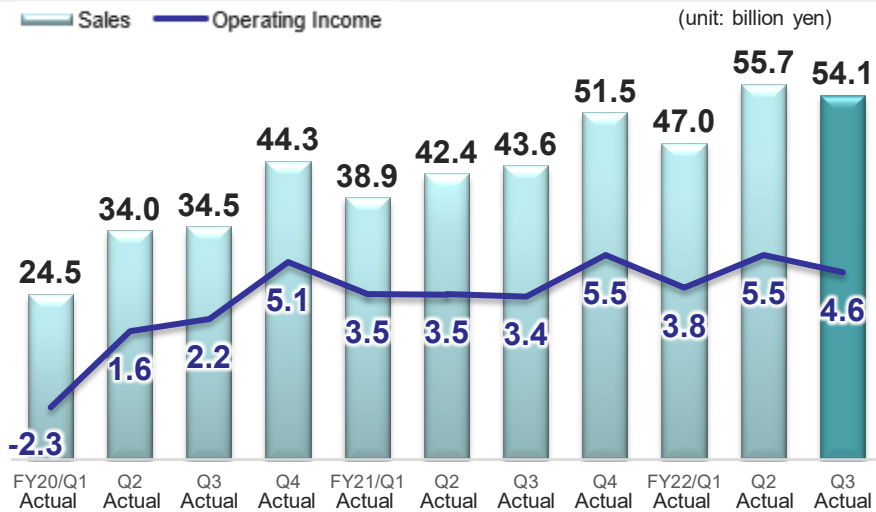
A digital transformation  
with a human touch



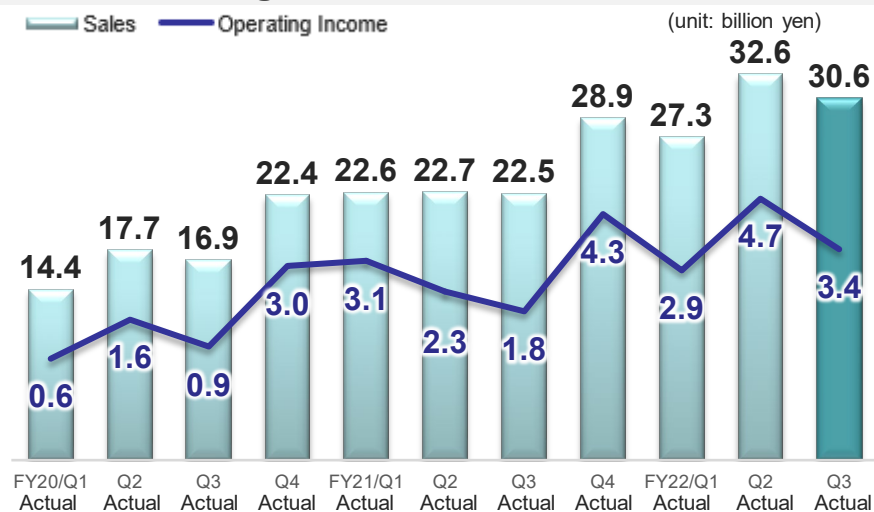
# V. Appendix

# Financial Results (Quarterly)

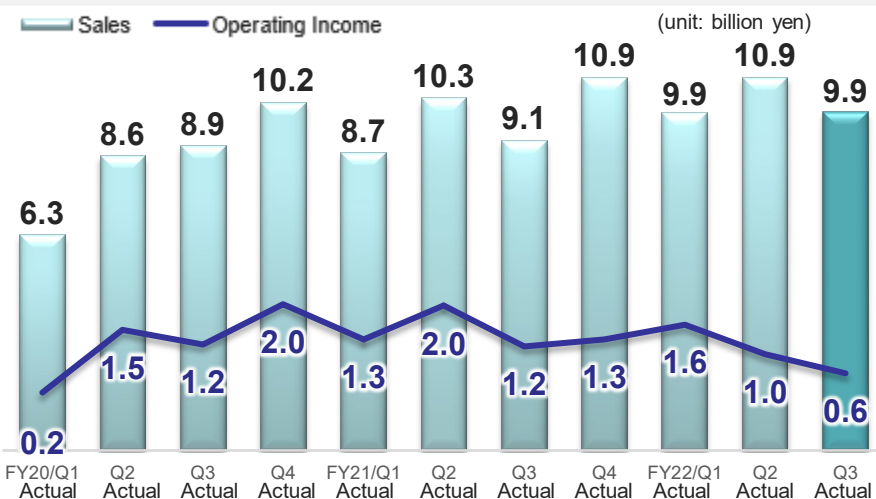
## Consolidated



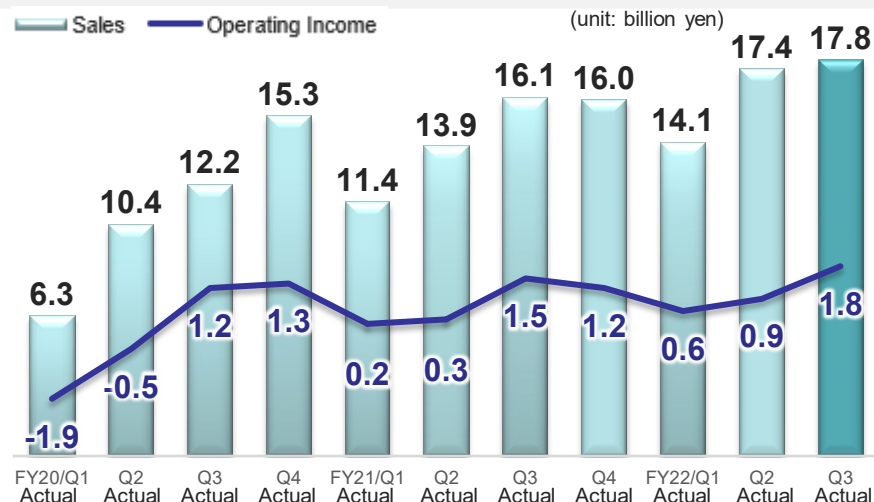
## Positioning



## Smart Infrastructure



## Eye Care

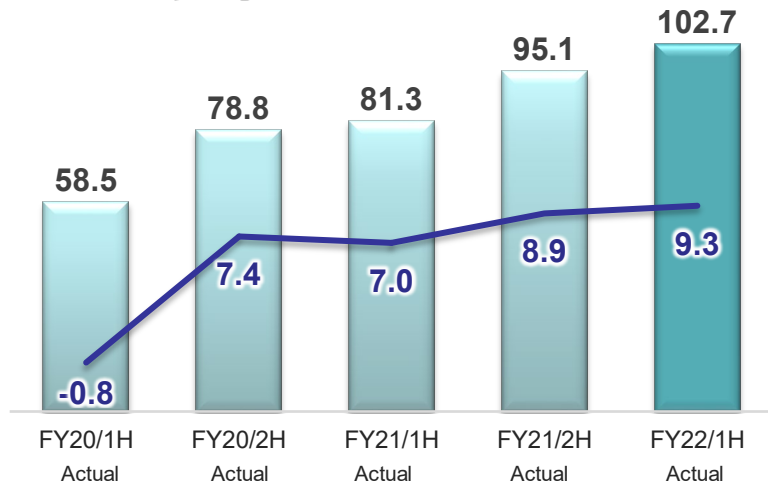


# Financial Results (Semiannually)

## Consolidated

Sales Operating Income

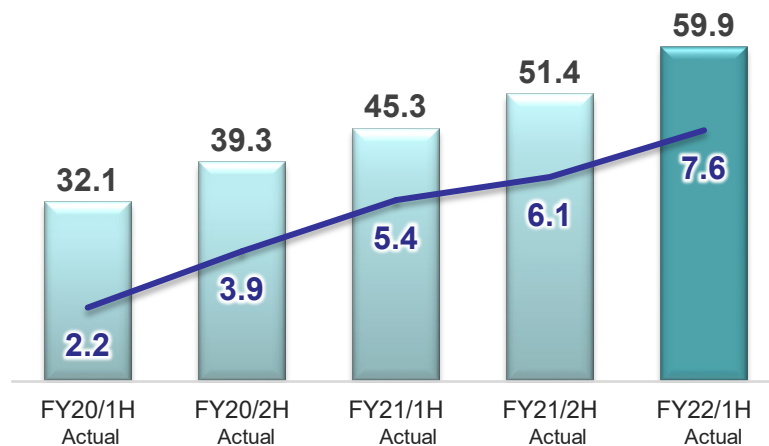
(unit: billion yen)



## Positioning

Sales Operating Income

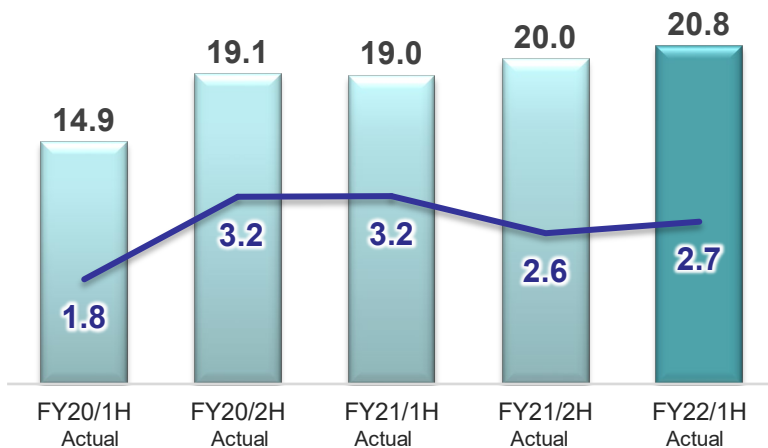
(unit: billion yen)



## Smart Infrastructure

Sales Operating Income

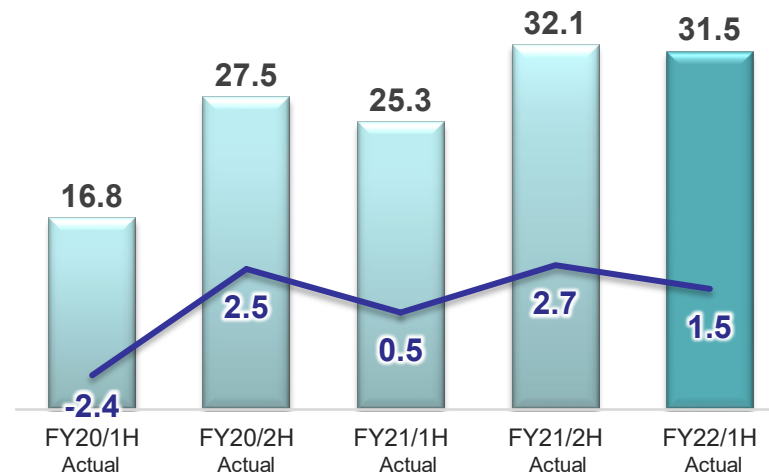
(unit: billion yen)



## Eye Care

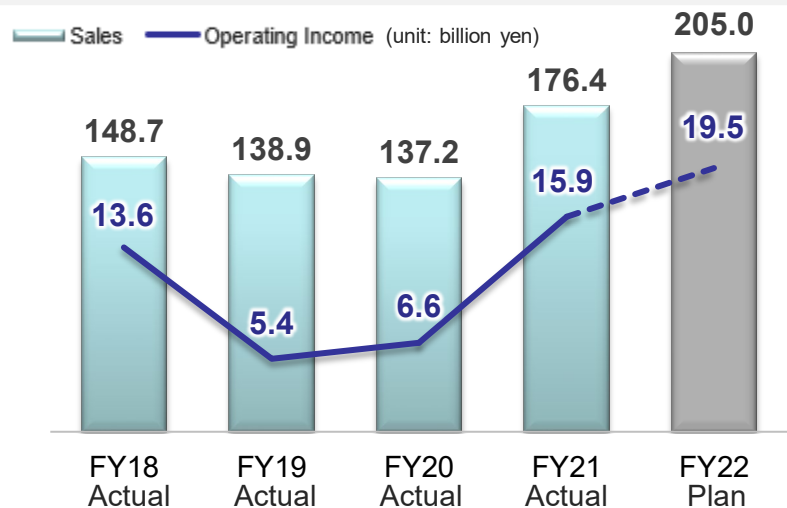
Sales Operating Income

(unit: billion yen)

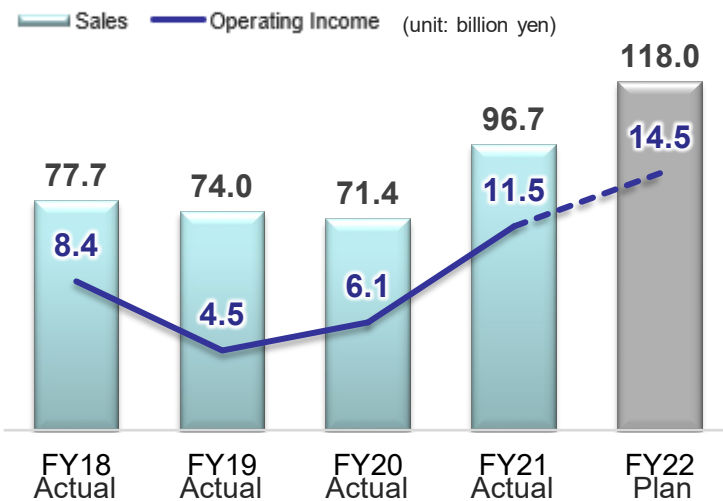


# Financial Results and Plan (Annually)

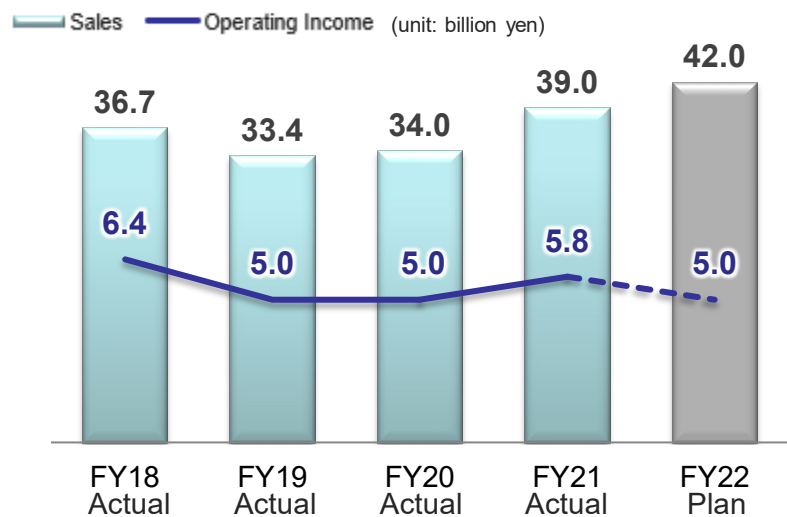
## Consolidated



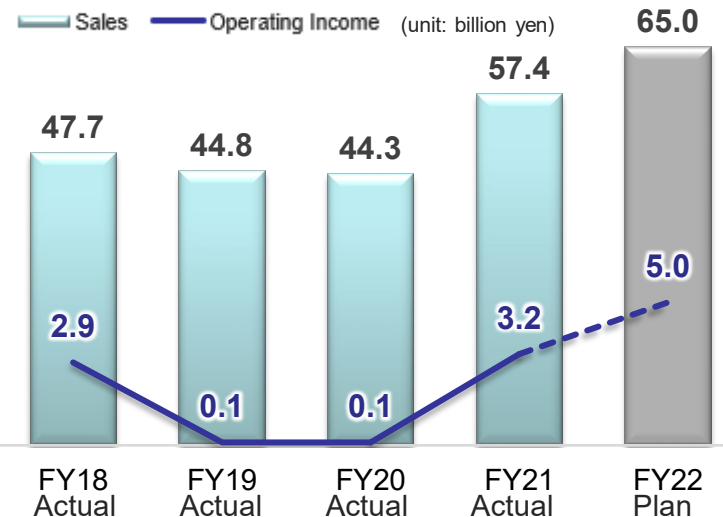
## Positioning



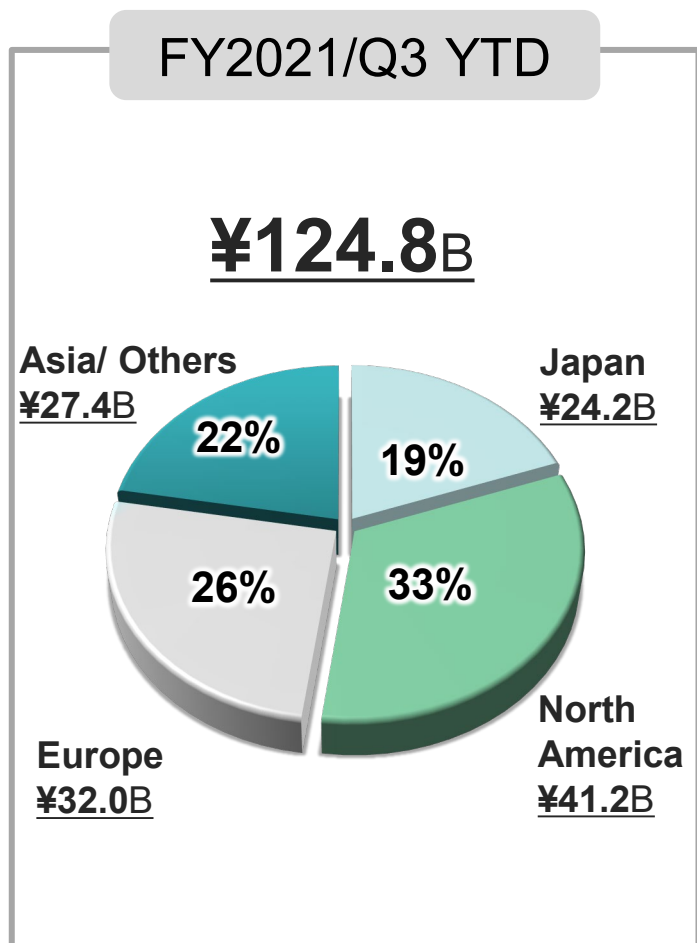
## Smart Infrastructure



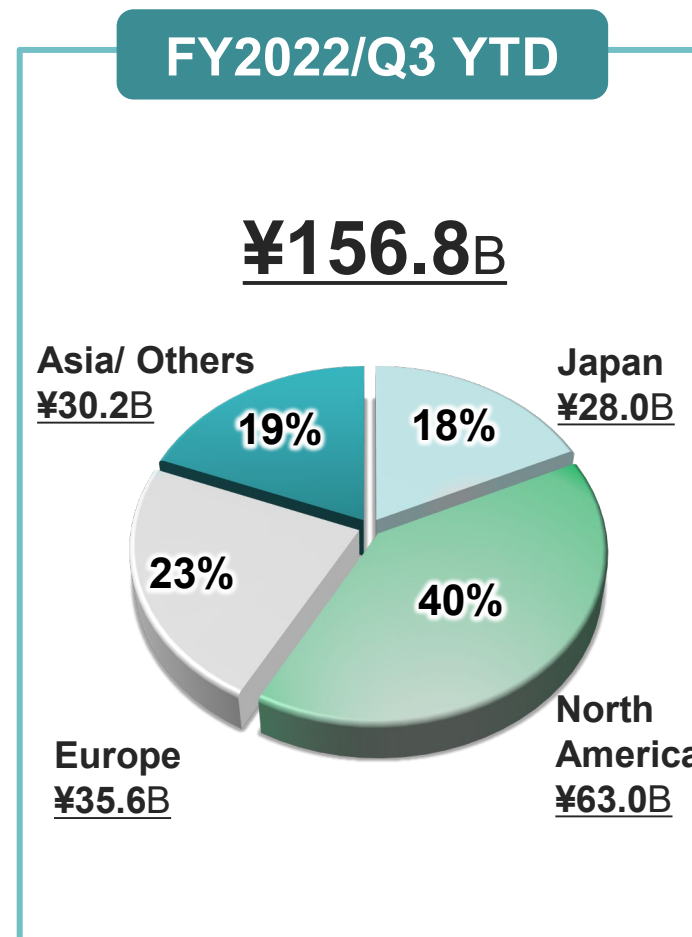
## Eye Care



# Sales by region

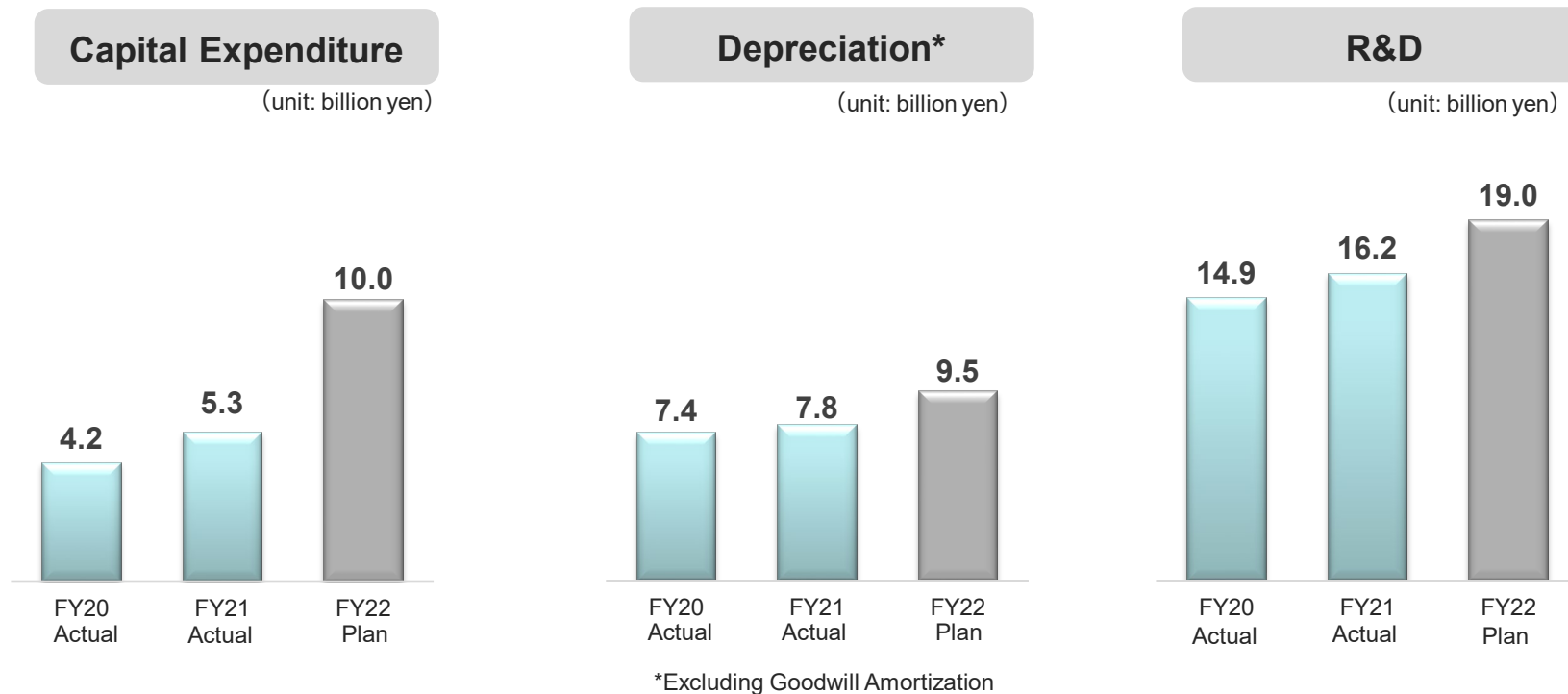


YoY  
**+26%**



# Capital Expenditure and R&D / Forex Sensitivity

## ■ Projections



## ■ Forex Sensitivity (impact by ¥1 change)

USD : Operating Income ¥0.15B - ¥0.2B

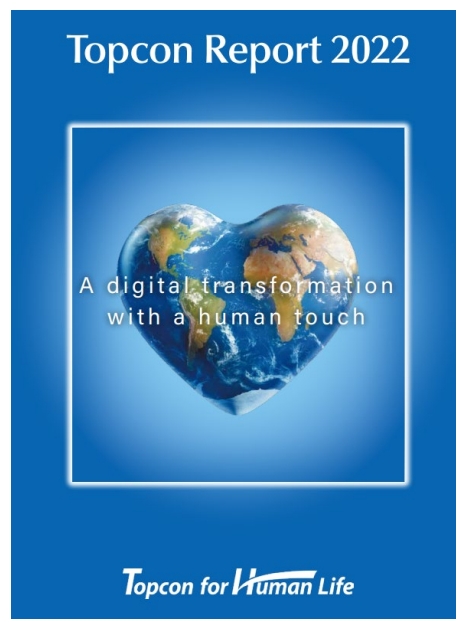
EUR : Operating Income ¥0.07B - ¥0.1B

# Topcon Report 2022 (integrated report)

## ■ Integrated report with enhanced non-financial information content



■ Website: <https://global.topcon.com/invest/library/integration/>



Satoshi Hirano, President and CEO

- The history and future of the Topcon's challenge
- Venture Spirit
- Sustainability Initiatives

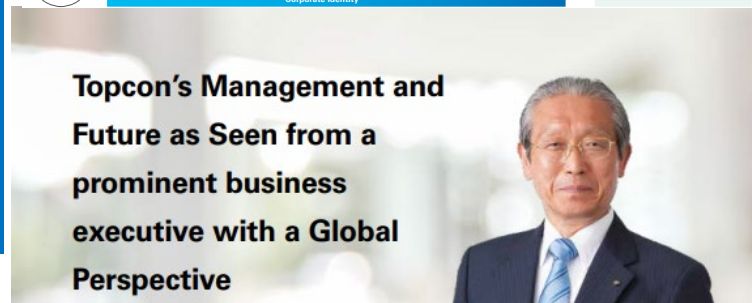
### Content

- Top Message
- Topcon's Value Creation
- Strategies by Business

- Sustainability
- Governance
- Financial Highlights

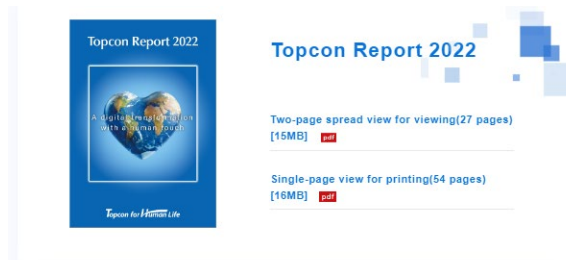
### Value Creation Process

Topcon is committed to leveraging its management resources/strengths to realize its Corporate Identity, described as: Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure. Topcon will also contribute to the creation of a sustainable society with a focus on ESG initiatives.



Outside Director Kazuyuki Matsumoto  
(Former Chairperson of the Board, Nabtesco Corporation)

- Governance with active discussion
- The business itself is SDGs



### Download individual files



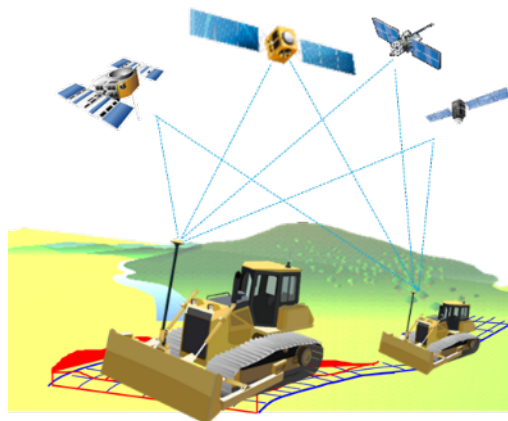




# Initiatives for SDGs: Contribution to CO2 emission reduction

Topcon's **automation technologies for construction and farming machinery itself** contribute to reduce environmental impact

## IT Construction

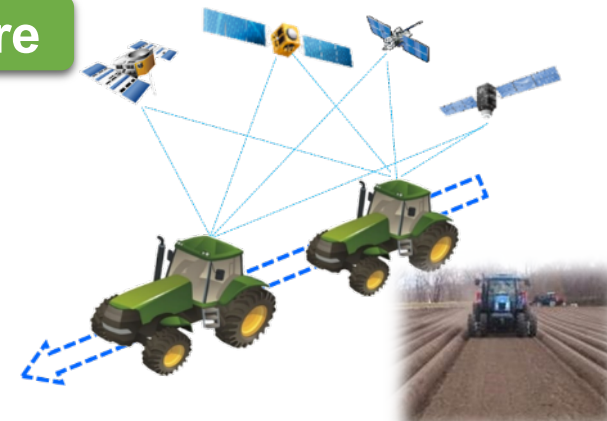


By automating construction machinery,  
operating time reduced by approximately 30% <sup>\*1</sup>

Reduction in CO2  
emission from  
our products  
(Topcon's estimation)

Global  
**600,000 tons/year** <sup>\*2</sup>

## IT Agriculture



By Auto Steering System for farming machinery,  
Operating time reduced by approximately 20% <sup>\*3</sup>

Reduction in CO2  
emission from  
our products  
(Topcon's estimation)

Global  
**500,000 tons/year** <sup>\*4</sup>

**By leveraging the strength of vendor neutral strategy,  
penetrate automation technology  
for existing construction and farming machinery**

**Expecting further CO2 reduction by spreading of  
the automation technologies**

<sup>\*1</sup>: Source - Ministry of Land, Infrastructure, Transport and Tourism i-Construction promotion consortium  
"Progress of i-Construction" (2019)

[https://www.mlit.go.jp/tec/i-construction/pdf/03\\_5\\_kikaku\\_siryuu6.pdf](https://www.mlit.go.jp/tec/i-construction/pdf/03_5_kikaku_siryuu6.pdf)

<sup>\*2</sup>: Basis of calculation

Based on the numbers with multiplying the estimated annual CO2 emissions per unit of construction machinery and the estimated reduction rate of working hours through the use of ICT, calculating the CO2 emissions reduction multiplying the estimated number of ICT automated construction machinery in operation worldwide and the estimated share of our company.

<sup>\*</sup>i-Construction is a registered trademark of Ministry of Land, Infrastructure, Transport and Tourism's National Institute for Land and Technology Policy.

<sup>\*3</sup>: Source: AEM "The Environmental Benefits of Precision Agriculture in the United States" (2020)

<https://newsroom.aem.org/asset/977839/environmentalbenefitsofprecisionagriculture-2#.YBdQZR2Lc74.link>

<sup>\*4</sup>: Basis of Calculation

Based on the numbers with multiplying the estimated annual CO2 emissions per unit of farming tractor and the estimated reduction rate of working hours through the use of Auto Steering System, calculating the CO2 emissions reduction multiplying the estimated number of tractors with Auto Steering System in operation worldwide and the estimated share of our company.

# Non-Financial Information

## External evaluation for our Sustainability

### 2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

#### MSCI Japan Empowering Women Index (WIN)

The index is constructed based on the gender diversity score which is calculated by the data on women's employment disclosures accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. Companies with high scores in each industry are selected.



■ News release : <https://global.topcon.com/news/10159/>



### FTSE Blossom Japan Sector Relative Index

#### FTSE Blossom Japan Sector Relative Index

The index selects the companies who demonstrate strong environmental, social and governance (ESG) practices relative to their respective sectors.



■ News release : <https://global.topcon.com/news/9664/>



### The Fourth Nikkei SDG Management Survey

Three-and-a-half stars for three consecutive year in the annual survey of SDGs initiative by Nikkei



■ News Release: <https://www.topcon.co.jp/topics/10872/> (only in Japanese language)

# Non-Financial Information

■ Sustainability page on our website explaining the social issues we addressed and SDGs, etc.

## Sustainability

*Topcon for Human Life*

Topcon Contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.



### Environmental initiatives

**E**

- Environmental policy
- Topcon group environmental vision 2030
- Environmental management system: ISO14001-related initiatives
- Contribution to environmental issues through our businesses
  - Contribution to CO2 emission reduction
  - Contribution to Greenhouse Gas Monitoring
- Environmental footprint report
- Topcon Green Procurement Standards
- Green Procurement Guidelines

### Societal initiatives

**S**

- Relationships with stakeholders
- Human rights
- Diversity
- Relationships with employees
- Quality Assurance
- Procurement

### Corporate governance initiatives

**G**

- Corporate Governance Initiative
- Introduction of outside directors
- Basic policy for CSR
  - BCP basic policy
  - Privacy Policy
  - Topcon group human resources development policy
  - Topcon group safety and health policy
- Anti corruption
- Global export control system
- Whistle blowing system
- Business partners' code of conduct




TOPCON & SDGs




### Sustainability

- SDGs
- Environmental initiatives
- Societal initiatives
- Corporate governance initiatives
- Social contribution activities
- News/Topics




Topcon's corporate identity is "Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure".

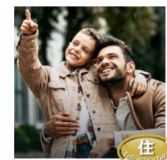
Topcon operates businesses in the fields of healthcare, agriculture, and infrastructure, which are essential areas of life for people all over the world.




Helping people live a healthy, comfortable life




Helping feed a growing world



Helping build a strong, sustainable future





■ Website: <https://global.topcon.com/sustainability/sdgs/>

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Topcon for Human Life 32



## Cautionary Note regarding Forward-Looking Statements

These materials contain forward-looking statements, including projections of future operating performance. Such statements are based on management's best judgment, given the materials available to them at the time these statements are made.

However, please be aware that actual performance may differ from projected figures owing to unexpected changes in the economic environment in which we operate, as well as to market fluctuations.

The original disclosure in Japanese was released on January 30, 2023 at 15:00(UTC+9)

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URL: <https://global.topcon.com/invest/>