



FY2022 Q3 Financial Results



January 30, 2023
TOPCON CORPORATION
Director and Managing Executive Officer, CFO
General Manager of Accounting and Finance Div.
Haruhiko Akiyama



Topcon for Human Life

TOPCON CORPORATION

FY2022 Q3 Financial Results

January 30, 2023

Event Overview

Company	TOPCON CORPORATION
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Event Name	FY2022 Q3 Financial Results
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Number of Speakers	2
	Haruhiko Akiyama Director, Managing Executive Officer, General Manager of Accounting & Finance Div.
	Takaaki Hirayama Executive Officer, General Manager of Corporate Communication Div.

FY2022 Q3 Financial Results

I . FY2022 Q3 Financial Results

II . FY2022 Full Year Plan

III . Topics

IV . Summary

V . Appendix



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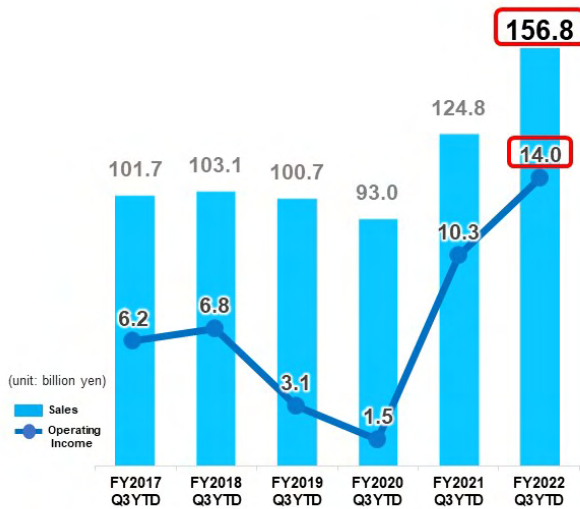
Thank you very much for taking the time to attend today's briefing. I would like to begin my FY2022 Q3 presentation. Today, I will report our financial results for FY2022 Q3, followed by our full year plan for FY2022, topics, and a summary.

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



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This is an overview of our results for the third quarter of FY2022. The bar graph shows sales and the line graph shows operating income. As you can see at the right end of the graph, we posted a significant increase in sales and operating income, both of which were record highs for a Q3 YTD.

The increase in sales was driven by growth businesses such as IT Construction, IT Agriculture and Screening Business, which are our main focus. However, component shortages and the increase in component and logistics costs continue to negatively impact us.

As you can see, in FY2021 and FY2022 sales and operating income jumped from their stagnant levels in FY2019 and FY2020, which were attributable to COVID-19, to exceed their pre-COVID levels of FY2017 and FY2018.

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



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Here are the detailed figures. Net sales increased by 32.0 billion yen, 26% YoY, to 156.8 billion yen. The gross profit ratio was 52%, up slightly from the same period last year.

Operating income was up 36.3 billion yen, 35% YoY, to 14.0 billion yen. Ordinary income and net income increased similarly, at 36% and 37% YoY, respectively.

FY2022 Q3 Financial Results by Business

■ Increase in sales for all business segments

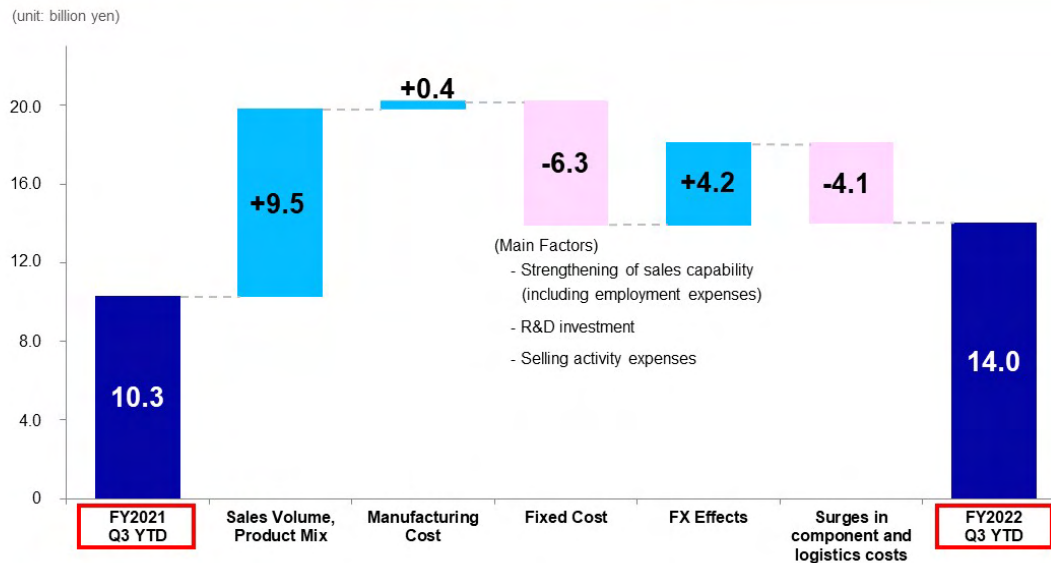
(unit: million yen)

		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%

6

I will explain sales and operating income by business segment later.

FY2022 Q3 Operating Income YoY Breakdown



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Next is a YoY analysis of the change in operating income for Q3 YTD. Compared to the 10.3 billion yen operating income in Q3 YTD of the previous fiscal year, operating income was up by 3.7 billion yen this year to 14.0 billion yen, and I will explain the factors for this. The sales volume/product mix contributed +9.5 billion yen.

Fixed costs were large at -6.3 billion yen, mainly including employment expenses to strengthen sales capabilities. In addition, R&D investment and selling activity expenses also increased.

FX effects were favorable at +4.2 billion yen, thanks to the depreciation of the yen, which dropped approximately 24 yen and 10 yen against the US dollar and EUR, respectively, compared to the same period last year.

Finally, surging component and logistics costs totaled -4.1 billion yen. They totaled -3.1 billion yen in Q2 YTD. We had thought that the effect would ease considerably from Q3 onward. However, the results show that we will continue to be affected by surging component and logistics costs.

I . FY2022 Q3 Financial Results

I - 1. FY2022 Q3 Financial Results

I - 2. Overview of Each Business



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I will now discuss our results by business segment.

Overview of Each Business

Positioning

Record high sales and operating income

(unit: million yen)

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

Review of Financial Results

Overall

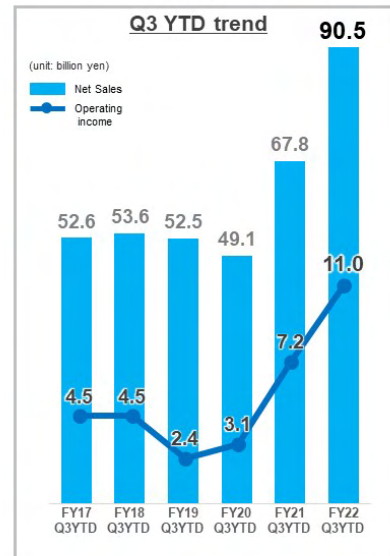
- Significant sales and operating income growth YoY by capturing strong demand including non-residential construction related in North America despite component shortages
- Continued impacts of component and logistics cost surges

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



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First is Positioning Company. Net sales exceeded 90.0 billion yen to 90.5 billion yen, an increase of 33%. Operating income exceeded 11.0 billion yen, an increase of 52%. We posted a significant increase in both sales and operating income, and the operating margin ratio was 12.2%.

In general, despite the continued impact of component shortages, we were able to capture strong demand, including non-residential construction-related demand in North America. In addition, the surging component and logistics costs will also continue to impact us.

Sales of mainstay IT Construction and IT Agriculture products continue to be strong for both aftermarket and OEMs. On the other hand, sales of surveying instruments have slowed due to a shortage of components, while sales of laser products have been sluggish due to a decrease in residential investment, as represented in the decline in housing starts in the U.S.

As shown in the graph, operating income has totaled 11.0 billion yen in Q3 YTD. Operating income in full year of FY2021 was 11.5 billion yen, and we have already reached that level in the first 9 months.

Overview of Each Business

Smart Infrastructure

Record high sales

(unit: million yen)

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

Review of Financial Results

Overall

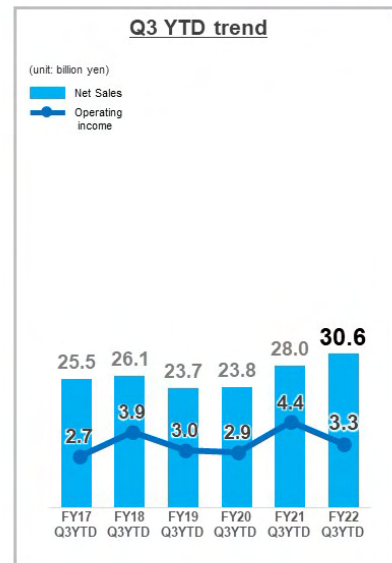
- Strong domestic sales, recovery trend in Asia and the Middle East
- Continued impact from the decline in production of surveying instruments due to component shortages

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



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Next is Smart Infrastructure Business. Net sales rose 9% to a record high of 30.6 billion yen, similarly to Positioning Company which posted record high sales and operating income. Meanwhile, operating income was 32.8 billion yen, down by 26%.

In general, domestic sales were strong, and sales in Asia and the Middle East are on a recovery track. On the other hand, compared with other segments, the impact of component shortages was particularly significant in Smart Infrastructure Business. Consequently, operating income ratio deteriorated given a decline in the production of surveying instruments associated with the component shortages.

In domestic IT Construction and IT Agriculture, there have been strong orders of focused automation systems for small and medium-sized construction and agricultural machinery, and we have a considerable backlog of orders.

In Building Construction DX, where we have been accelerating growth investments, we are working to develop new clients through measures that include attending exhibitions. In Asia, we are hiring talented resources for market development. These increases in expenses, which are upfront investments, are one of the factors for the decrease in profit.

Overview of Each Business

Eye Care

Record high sales

(unit: million yen)

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

Review of Financial Results

Overall

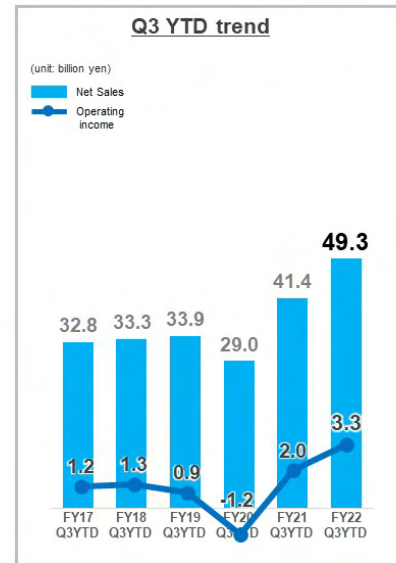
- Significant increase in sales and profit thanks to strong revenue in the U.S. and Europe despite component shortages
- Sales decline in China due to the prolonged impact of COVID-19
- Continued impacts of component and logistics cost surges

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



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In Eye Care Business, net sales were 49.3 billion yen, an increase of 7.9 billion yen, or 19%. Operating income was up 68%, to 3.3 billion yen. As in other segments, sales were also at a record high. Despite the impact of component shortages, strong sales in the U.S. and Europe contributed to a significant increase in sales and profits.

However, sales to China have declined due to the impact of COVID-19. In particular, sales dropped significantly in the three months of Q3. In addition, the surging component and logistics costs have continued to negatively impact us.

Our focused Screening Business continues to enjoy strong sales, particularly for the 3D OCT and fundus camera. We also continue to see strong sales of digital optometry systems to major optical chain stores in the U.S. and Europe.

Compared with the operating income of 3.2 billion yen in the full year of FY2021, we have already achieved 3.3 billion yen in the 9 months of Q3 YTD.

Ⅱ . FY2022 Full Year Plan



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Let me explain the 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	¥205.0B	+3%	¥176.4B	+16%
Operating Income	¥19.0B	¥19.5B	+3%	¥15.9B	+23%
Ordinary Income	¥18.0B	¥18.0B	-	¥14.8B	+22%
Net Income	¥12.5B	¥12.5B	-	¥10.7B	+17%
Dividends	¥42	¥42	-	¥36	+¥6



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

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We have revised our full year plan for FY2022 upward. Regarding the background behind this, we expect that solid demand will continue due to the booming investment in non-residential construction, which includes public infrastructure investment and non-residential construction such as private buildings and warehouses in the U.S. that we just mentioned.

In addition, as the demand for labor-saving is increasing with shortages of human resources in the construction, agriculture, and healthcare areas in main markets, we believe that this demand for labor-saving solutions is increasing in each of our key segments.

On the other hand, the negative factors are the same as described in the second quarter. The environment remains uncertain due to the continuing component shortages and price surges.

In light of our performance up to Q3 and this environment, we have decided to revise net sales upward by 5.0 billion yen, to 205.0 billion yen, and to revise operating income upward by 0.5 billion yen, to 19.5 billion yen. Ordinary income, net income, and dividends remain 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*	
Net Sales	176,421	205,000	+16%	200,000	
Operating Income (Operating Income Ratio)	15,914 (9.0%)	19,500 (9.5%)	+23%	19,000 (9.5%)	
Ordinary Income	14,820	18,000	+21%	18,000	
Net Income	10,699	12,500	+17%	12,500	
ROE	14.0%	14%		14%	
Dividends	¥36	¥42	+¥6	¥42	
Exchange Rate	USD	¥112.86	(Assumption of Q4)	¥130.00	
(Average)	EUR	¥131.01		¥135.00	



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This is the plan for the full year after the upward revision. We expect double-digit increases in sales and income from the previous year. The projected exchange rates for Q4 are unchanged at 130 yen to the US dollar and 135 yen to the EUR.

FY2022 Full Year Plan by Business

(Unit: million yen)

		FY2021	FY2022		
		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%)

*Announced on October 28, 2022



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This is the full year plan by business segment. The changes include a 5.0 billion yen upward revision to net sales of Positioning Company, from the previously announced 113.0 billion yen to 118.0 billion yen, and a 1.0 billion yen upward revision of operating income, from the previously announced 13.5 billion yen to 14.5 billion yen.

On the other hand, in Smart Infrastructure Business, we have revised operating income downward by 0.5 billion yen in view of the impact of the aforementioned component shortages and weak residential investment.

In total, operating income has been revised upward by 0.5 billion yen, to 19.5 billion yen.

III. Topics



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Here are the topics. Let me explain them for each business.

■ 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



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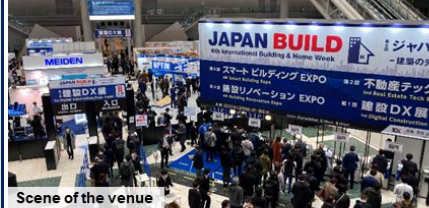
First, Positioning Business. The infrastructure construction market is strong and vibrant, especially in the U.S. There has been uncertainty about the impact of inflation and rising interest rates, but no impact has been seen yet.

An example is on the left side of the slide. The World of Concrete, a large construction exhibition in the U.S., was held in Las Vegas in January of this year. As you can see, attendance was booming, far exceeding last year, and we received far more orders than last year.

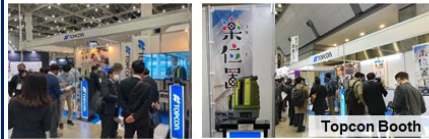
On the right is CONEXPO, the largest construction equipment exhibition in the U.S., which is scheduled to be held every three years in March. The last exhibition three years ago was ended mid-course due to COVID-19. We expect it to be a very active exhibition this time.

- **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



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Next is Smart Infrastructure Business. Let me introduce Building Construction DX Business that we are now focusing on. As part of our investment in growth, we exhibited at JAPAN BUILD 2022, a large building and housing industries exhibition held at Tokyo Big Sight in December last year. As you can see, this was another lively exhibition with many visitors.

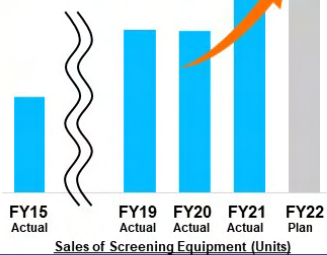
This is one of the solutions introduced at the exhibition. It is one of our surveying equipment and software product lines. This solution enables marking work to be done easily with a smartphone app, and it significantly increases productivity. It has been well received.

Expanding sales for major optical chain stores

Screening Devices



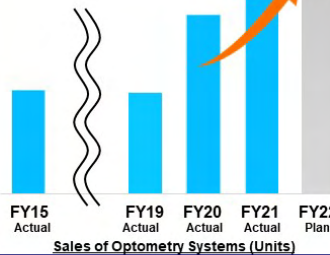
- 3D OCT-1 Maestro2¹⁾
- Non-mydratric fundus camera NW500²⁾
- Fully automatic function which enables to take high resolution pictures with easy operation
- Major optical chain stores utilize for differentiation of their service



Digital optometry system



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



Software

Platform software that enables efficient management of major optical chain stores

Patient data management software



Remote optometry software



Our strengths

Providing total solutions of hardware and software



¹⁾ Product name: 3D OPTICAL COHERENCE TOMOGRAPHY 3D OCT-1 (Type: Maestro2)
²⁾ Product name: NON-MYDRATIC RETINAL CAMERA NW 500

Sales of screening devices, one of the businesses for major optical chains, continued to grow. Fully automatic 3D OCT and fundus cameras are driving sales.

Sales of digital optometry systems also increased, especially in Europe and the U.S., thanks to the ability to expand into tele-optometry. This system, combined with platform software in which our upfront investment was considerable, enables our company to provide a comprehensive hardware and software solution. This is a strength of our company, and it has been well received by optical chain stores.

IV. Summary



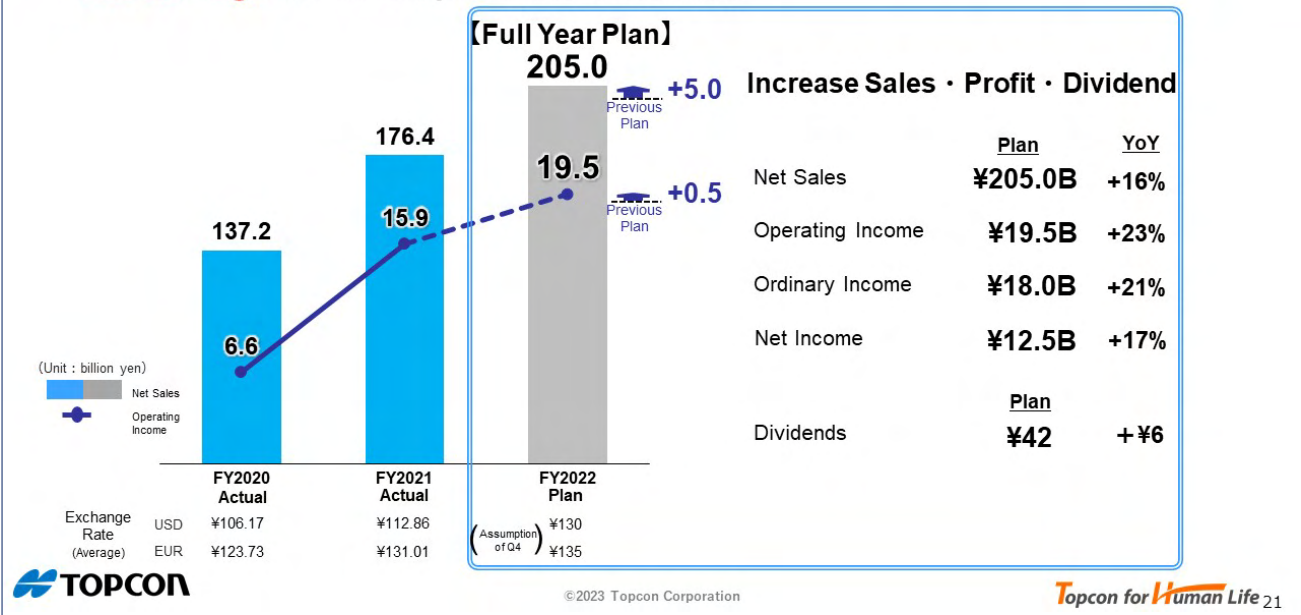
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In closing, I will summarize today's presentation.

Summary

Record high net sales, profit and dividends



We have revised our plan upward to net sales of 205.0 billion yen, operating income of 19.5 billion yen, and net income of 12.5 billion yen, and we expect net sales, operating income, profits at each stage, and dividends will be at record highs.

This concludes my presentation of our results for FY2022 Q3 and our plans for the full year. Thank you very much for your time.

Question and Answers

<Common subjects>

Q. What are the numbers in the new operating income breakdown for the full year?

A. We expect sales volume and product mix to be positive by 9.0-10.0 billion yen, fixed costs to be negative by 6.0-7.0 billion yen, FX effects to be positive by 4.5-5.0 billion yen, and component and logistics costs to be negative by slightly less than 5.0 billion yen.

Q. Could you tell us the factors for the increase in fixed costs and the breakdown by segment in Q3? Also, the outlook for Q4?

A. It increases in each segment along with the growth of sales in Q3. We don't expect a significant increase in Q4 because selling activity expenses last year were largely due to the high level of sales.

Q. I understand that the value of the upward revision is only coming from the amount that Q3 exceeded the previous plan. Is it correct?

A. Although we expect the current stable business environment to continue in Q4, our new plan is conservative in light of macro risk factors.

Q. Are there any changes in order trends in each segment?

A. Each segment is largely unchanged. The backlog of orders decreased slightly at the end of December compared with the end of September but remained high compared with normal.

Q. I understand that the next FY will be the first year of the next Mid-term Business Plan. Will the FY22 trend continue in FY23?

A. Positioning Company and Smart Infrastructure Businesses are seeing strong non-residential construction investment in the U.S., and demand for solution business at Eye Care Business is also strong. We see this trend continuing in FY23. In addition, we will continue upfront investments from a medium- to long-term perspective, but we will do so in a balanced manner. From this perspective, we do not expect earnings to decline in the FY23 plan. However, we expect that the uncertainty regarding the macro environment will persist.

Q. Inventory is increasing. Is the current amount adequate?

A. The increase in inventory was due to three combined factors: an increase in work-in-process inventory, including finished products with shipments on hold due to production delays caused by a shortage of components, the strategic stockpiling of some components (front-loaded purchases), and higher prices, including a weaker yen base purchase. Although the current level is more than adequate, they are not dead stock, and we expect the excess will be eliminated in the next fiscal year and beyond.

<Positioning Company>

Q. What is the ratio of sales to residential construction and non-residential construction, and what is the percentage change for each?

A. We can provide only a rough image of the figures as we do not track whether sales are

residential or non-residential. The residential to non-residential ratio would generally be 3 to 7. While the sales for residential construction fell approximately 20% in Q3 YoY, sales for non-residential construction grew. As a whole, Positioning Company sales increased.

Q. What is your Q4 outlook for non-residential construction?

A. Non-residential demand continued to be strong in Q3 as in Q2. Q3 is usually a time when demand slows due to seasonality, but one of the positive factors is that the backlog of orders was reduced slightly as a result of the partial easing of the impact of component shortages.

Q. What is the investment sentiment of clients at the exhibition, and what is the progress of the U.S. Infrastructure Investment and Employment Act?

A. The investment sentiment of many clients seems bullish, particularly in the infrastructure construction and commercial building sectors. In terms of infrastructure, such as roads and bridges, we're hearing that some projects have started to proceed.

<Smart Infrastructure Business>

Q. Please let us know the reasons for the downward revision.

A. The amount of production fell more than expected due to component shortages in Q3. We expect some recovery in Q4, but not a complete recovery.

<Eye Care Business>

Q. What is the business and competitive environment in the U.S.?

A. The major optical chain stores continue to perform well, partly because they need to be more efficient to differentiate themselves from competitors when the economic environment is weak. We don't have all of the numbers from our competitors, but I don't think we're losing.

Q. Why is the operating margin high in Q3 alone? Did the NW500 contribute?

A. The FX effects are significant. The NW500 made a limited contribution to sales in Q3, with sales having started in December in the U.S., its main market, but sales have not yet started in Europe where the approval of the regulation process is ongoing.

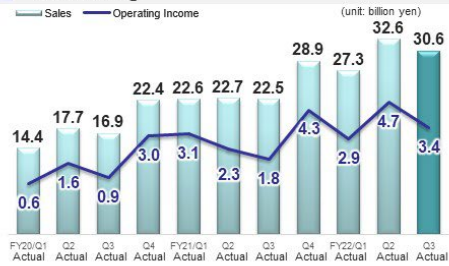
V. Appendix

Financial Results (Quarterly)

Consolidated



Positioning



Smart Infrastructure



Eye Care



Financial Results (Semiannually)

Consolidated



Positioning



Smart Infrastructure



Eye Care



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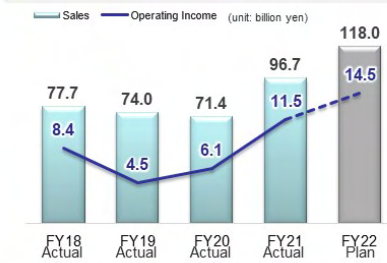
Topcon for Human Life 25

Financial Results and Plan (Annually)

Consolidated



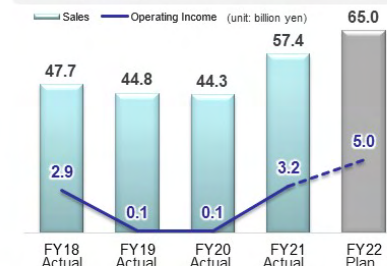
Positioning



Smart Infrastructure



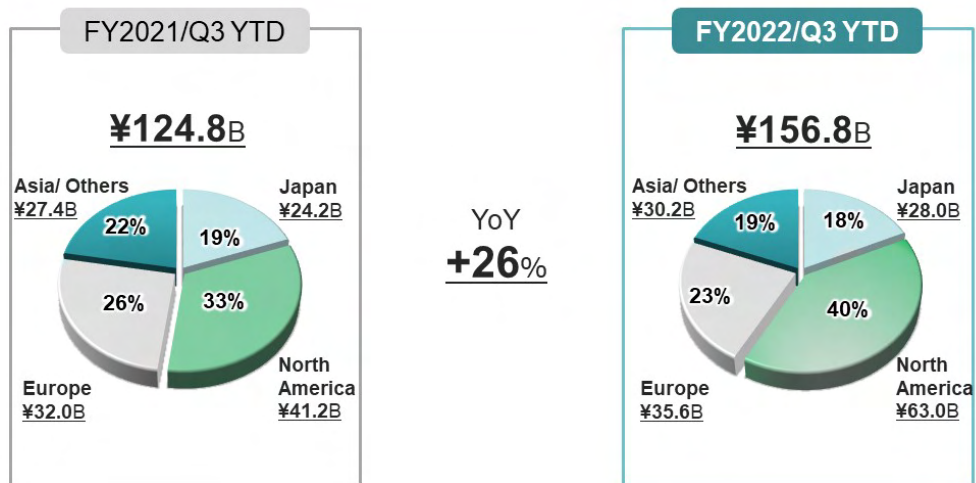
Eye Care



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Sales by region



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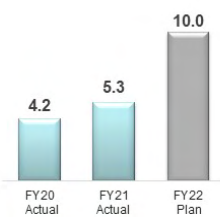
Topcon for Human Life 27

Capital Expenditure and R&D / Forex Sensitivity

Projections

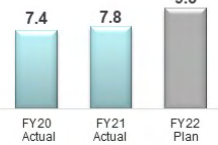
Capital Expenditure

(unit: billion yen)



Depreciation*

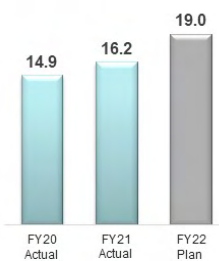
(unit: billion yen)



*Excluding Goodwill Amortization

R&D

(unit: billion yen)



Forex Sensitivity (impact by ¥1 change)

USD : Operating Income ¥0.15B - ¥0.2B

EUR : Operating Income ¥0.07B - ¥0.1B



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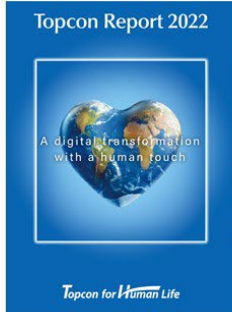
Topcon for Human Life 28

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



Topcon's Management and Future as Seen from a prominent business executive with a Global Perspective

- Governance with active discussion
- The business itself is SDGs

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



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% *1

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

Global **600,000 tons/year** *2

IT Agriculture

By Auto Steering System for farming machinery, Operating time reduced by approximately 20% *3

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

Global **500,000 tons/year** *4

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

*1. Source - Ministry of Land, Infrastructure, Transport and Tourism | Construction promotion consortium "Progress of Construction" (2019) https://www.cmi.go.jp/ict/contents/ict0000003_15_sisaku_senou6.pdf

*2. 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.

*3. Construction is a registered trademark of Ministry of Land, Infrastructure, Transport and Tourism National Institute for Land and Technology Policy.

*3. Source: AEM "The Environmental Benefits of Precision Agriculture in the United States" (2020) <https://www.aem.org/wp-content/uploads/2020/06/2020-06-01-Environmental-Benefits-of-Precision-Agriculture-in-the-United-States.pdf>

*4. 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/10672/> (only in Japanese language)



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Topcon for Human Life 31

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

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

■Nikkei SDGs Topic: <https://global.topcon.com/topics/10340/>

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.

TOPCON & SDGs

Sustainability

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.

SDGs

Environmental initiatives

Social initiatives

Corporate governance initiatives

Helping people live a healthy, comfortable life

Helping feed a growing world

Helping build a strong, sustainable future



Website: https://global.topcon.com/sustainability/s_dgs/

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Topcon for Human Life 32

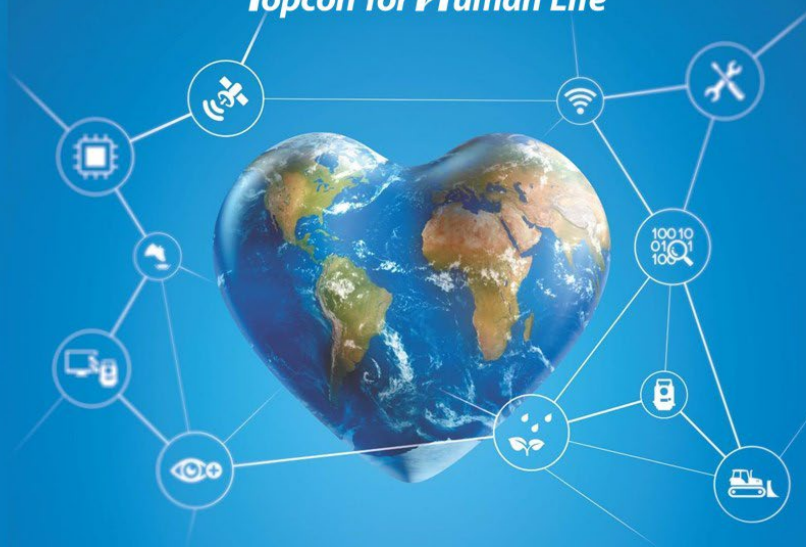
■Website: <https://global.topcon.com/sustainability/>



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A digital transformation
with a human touch

