

# FY2023 Q1 Financial Results

July 26, 2023



Infrastructure



Agriculture



Healthcare



## TOPCON CORPORATION

Senior Managing Executive Officer, CFO

General Manager of Accounting and Finance Div.

**Haruhiko Akiyama**

# Highlight of FY2023 Q1 Financial Results



## ■ Q1 Results

### Summary

Sales increase and  
Profit decrease

Net Sales **49.7 Billion yen**  
YoY +6%

Operating Income **1.7Billion yen**  
YoY -55%

### Positioning Business

Flat net sales from the previous year.  
Profit decreased due to unable to absorb  
increased expenses.

Sluggish sales due to current inventory  
adjustment and holding off purchases in the  
construction market in North America

### Eye Care Business

Generally solid

**Record High** for net sales and profit  
**Continued Strong Performance** in  
both Screening and Core business

## ■ Full Year Plan

### Financial Plan

**No change from  
the initial plan**

Net Sales **208.0 Billion yen**

Operating Income **19.0 Billion yen**

### Positioning Business

#### Business Outlook

Expects an increase in infrastructure demand in  
North America and an expansion of demands for  
labor saving and efficiencies despite uncertainties in  
the macro environment in the U.S. and Europe

#### Strategic Plans

Expanding sales of **MC-Mobile** ※  
Continue to strengthen OEM Business for IT AG  
Expansion of **Building Construction DX Business**

### Eye Care Business

#### Business Outlook

Increase of capital expenditure by major optical  
chain stores in the U.S and Europe for needs of  
efficiencies

#### Strategic Plans

Continued expansion of **Screening Business**  
Strengthening **Core business** by leveraging  
the strength of Screening Business



## FY2023 Q1 Financial Results Briefing

- 1 . FY2023 Q1 Financial Results**
- 2 . FY2023 Full Year Plan**
- 3 . Topics**
- 4 . Appendix**

**1 . FY2023 Q1 Financial Results**

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# 1. FY2023 Q1 Financial Results

- **FY2023 Q1 Financial Results**
- Overview of Each Business

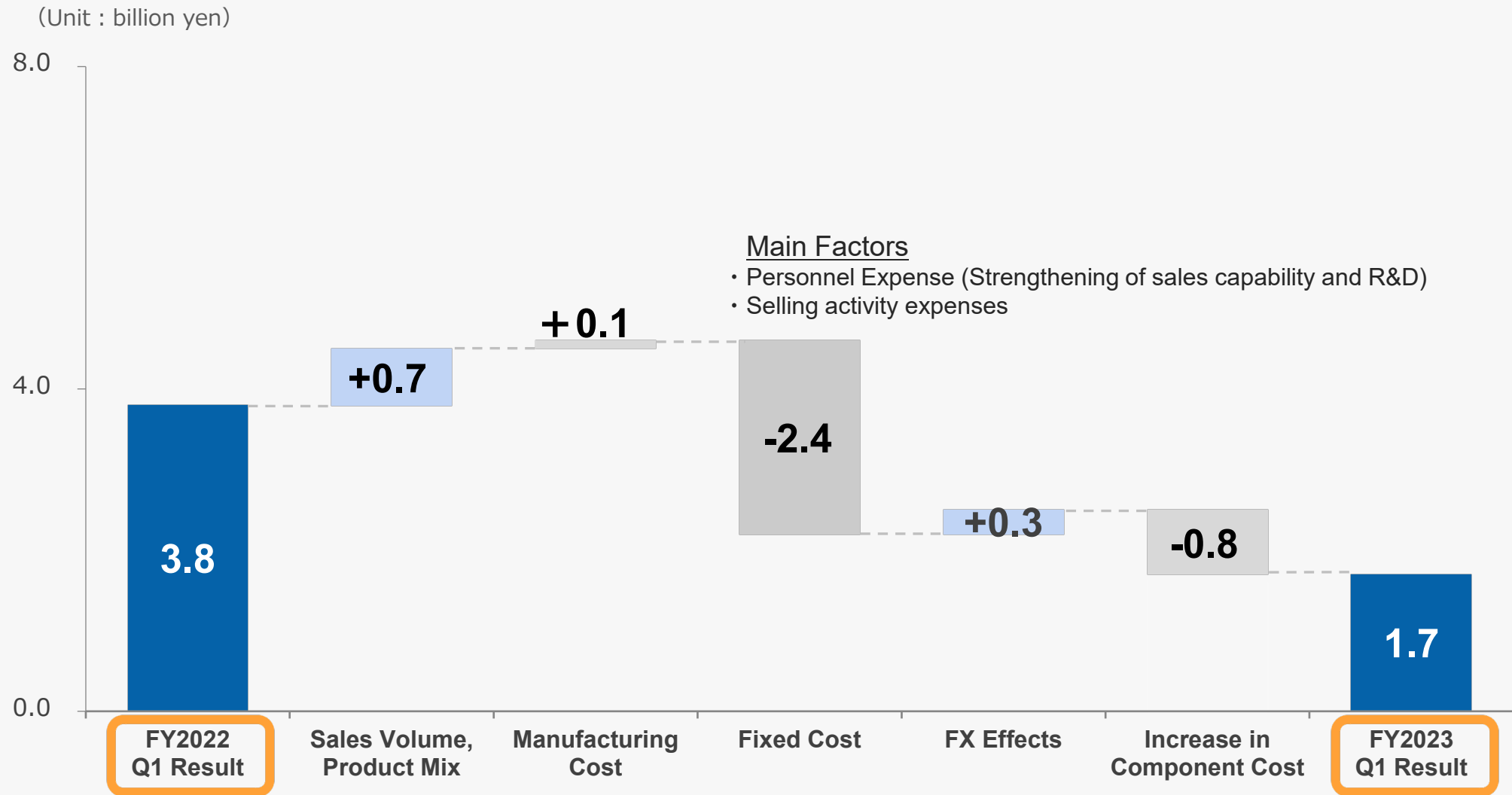
# FY2023 Q1 Financial Results



## ■ Sales increase and profit decrease

(unit : billion yen)	FY2022 Q1 Actual	FY2023 Q1 Actual	YoY	%
Net Sales	47.0	<b>49.7</b>	+2.7	+6%
Gross Profit	24.8	<b>26.4</b>	+1.6	+6%
Gross Profit Ratio	52.8%	<b>53.1%</b>	+0.3pt	
SGA	21.0	<b>24.7</b>	+3.7	+18%
Operating Income	3.8	<b>1.7</b>	-2.1	-55%
Operating Income Ratio	8.2%	<b>3.5%</b>	-4.7pt	
Ordinary Income	4.0	<b>1.8</b>	-2.2	-54%
Extraordinary Losses	0.0	<b>-1.4</b> ※	-1.4	※Impairment loss for development project
Net Income	2.8	<b>-0.2</b>	-3.0	
Exchange Rate	USD	¥129.04	¥138.11	+¥9.07
(Average)	EUR	¥138.24	¥150.35	+¥12.11

# FY2023 Q1 Operating Income YoY Breakdown



# 1. FY2023 Q1 Financial Results

- FY2023 Q1 Financial Results
- **Overview of Each Business**



# Overview of Each Business 【Positioning Business】



- Flat net sales from the previous year. Profit decreased due to unable to absorb increased expenses.

(Unit : billion yen)		FY2022	FY2023	YoY	%
		Q1 Actual	Q1 Actual		
Positioning Business	Net Sales	32.8	<b>32.9</b>	+0.1	+0%
	Operating Income	4.5	<b>1.8</b>	-2.7	-60%
	Operating Income Ratio	13.7%	5.4%	-8.3pt	-
Exchange Rate (Average)	USD	¥129.04	¥138.11	+¥9.07	
	EUR	¥138.24	¥150.35	+¥12.11	



## ■ Review of Financial Results

### Overall

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- ✓ Sluggish sales due to current inventory adjustment and holding off purchases in the construction market in North America
- ✓ Increase in expenses due to increased business activity and effect of the inflation including an increase in personnel costs

### ICT Construction · IT Agriculture

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- ✓ OEM sales of ICT construction remained stable, but sales slowed for the aftermarket due to inventory adjustments in the market.
- ✓ For IT Agriculture both OEM and aftermarket remained steady
- ✓ Both ICT Construction and IT Agriculture remained firm in Japan due to the spread of automation

### Surveying and laser products

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- ✓ Hold off on purchase due to prolonged inventory adjustment in the slowing housing construction market and economic uncertainty
- ✓ Japan is firm, Asia continues recovery trend

# Overview of Each Business [Positioning Business]

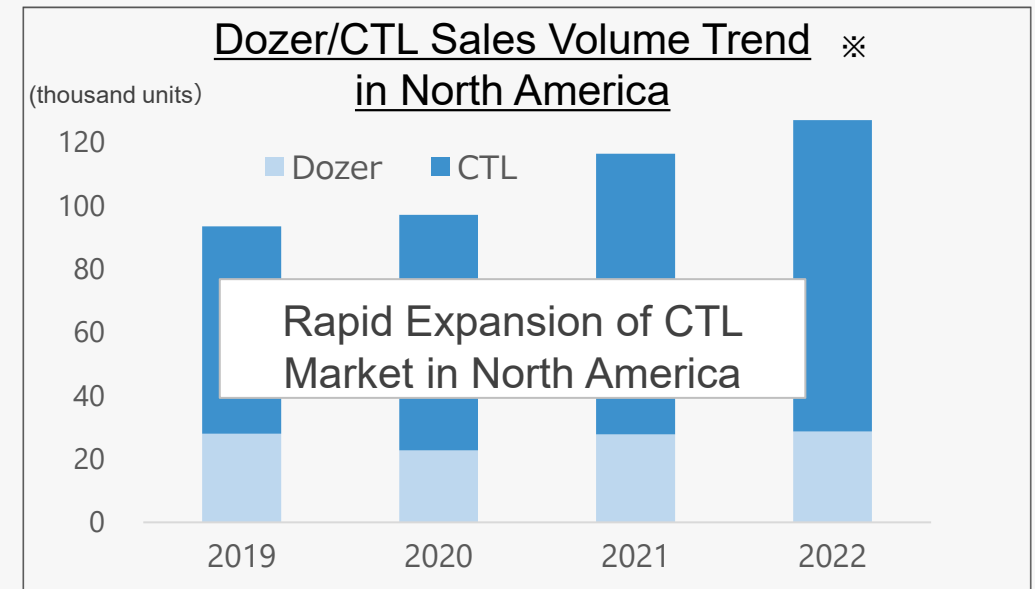


## ■ New Products : MC-Mobile for CTL (Compact Track Loader) Launched in May 2023



Addition of two systems using GNSS and surveying instruments

Strategic products responding to need for labor saving and efficiency at construction sites



※ Source : Off-Highway Research

Product Information MC-Mobile <https://www.topconpositioning.com/machine-control/compact-machines/mc-mobile>

# Overview of Each Business 【Eye Care Business】



## ■ Record high sales and operating income both Screening and Core businesses continue to perform well

(Unit : billion yen)		FY2022	FY2023	YoY	%
		Q1 Actual	Q1 Actual		
Eye Care Business	Net Sales	14.1	<b>16.6</b>	+2.5	+18%
	Operating Income	0.6	<b>1.1</b>	+0.5	+88%
	Operating Income Ratio	4.0%	6.4%	+2.4pt	-
Exchange Rate (Average)	USD	¥129.04	¥138.11	+¥9.07	
	EUR	¥138.24	¥150.35	+¥12.11	



## ■ Review of Financial Results

### **Overall**

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- ✓ Sales increase from stable capex appetites at major optical chain stores in the U.S. and Europe
- ✓ Recovery trend in China

### **Screening Business**

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- ✓ Sales for major optical chain stores fairly progress as planned
- ✓ Sales of a new fundus camera, NW500, exceed the plan

### **Optometry and diagnostic device**

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- ✓ Sales increase for major optical chain stores in the U.S. and Europe by leveraging the strength of Screening Business



# Overview of Each Business 【Eye Care Business】



## ■ New fundus camera, NW500, with the sales of more than plan drives Screening Business <sup>\*1</sup>



### Attractive Points

- Can be photographed even with small pupil

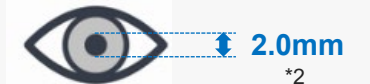
Minimum imageable pupil diameter

Image picture of pupil diameter

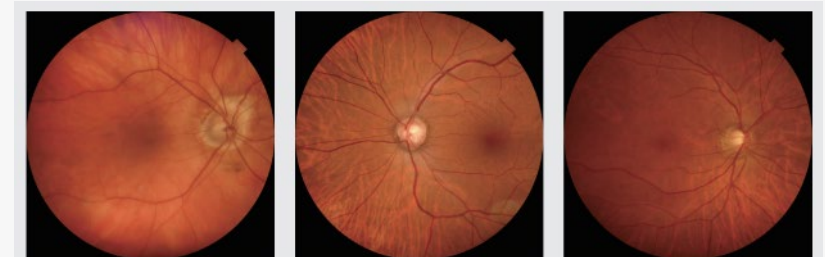
Previous model



**NW500 (new model)**



- High-quality fundus images



Cataract  
(Pupil diameter:2.0mm)

Glaucoma  
(Pupil diameter:3.0mm)

Diabetic retinopathy  
(Pupil diameter:3.0mm) <sup>\*3</sup>

Product Information NW500 APAC <https://topconhealthcare.jp/products/nw500/>  
US <https://topconhealthcare.com/products/nw500/>

<sup>\*1</sup> Product name: NON-MYDRIATIC RETINAL CAMERA NW 500

<sup>\*2</sup> Verified with model eyes

<sup>\*3</sup> Image courtesy: Michael H. Chen, OD

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# FY2023 Full Year Plan



## ■ No change from the initial plan

		FY2022	<b>FY2023</b>		
(Unit : billion yen)		Actual	<b>Plan</b>	YoY	%
Net Sales		215.6	<b>208.0</b>	-7.6	-4%
Operating Income		19.5	<b>19.0</b>	-0.5	-3%
Operating Income Ratio		9.1%	<b>9.1%</b>		
Ordinary Income		17.8	<b>17.0</b>	-0.8	-5%
Net Income		11.8	<b>11.0</b>	-0.8	-7%
Dividends		¥42	<b>¥42</b>	-	-
Payout Ratio		37%	<b>40%</b>	+3pt	-
Exchange Rate		USD	¥134.95	¥130.00	
(Average)		EUR	¥141.24	¥135.00	

Q2 onward



# FY2023 Full Year Plan by Business



A digital transformation with a human touch

(Unit : billion yen)		FY2022	FY2023	YoY	%	Overview
		Actual	Plan			
Positioning Business	Net Sales	147.7	<b>137.0</b>	-10.7	-7%	<ul style="list-style-type: none"> <li>■ Increase demand for infrastructure in North America</li> <li>■ Capture real demand to meet the need for labor saving and efficiencies</li> <li>■ Continuing expansion of ICT Construction, IT Agriculture and Building construction DX Business</li> </ul>
	Operating Income	20.5	<b>18.5</b>	-2.0	-10%	
	Operating Income Ratio	13.9%	13.5%	-0.4pt		
Eye Care Business	Net Sales	66.9	<b>70.0</b>	+3.1	+5%	<ul style="list-style-type: none"> <li>■ Continuing capital expenditure by major optical chain stores in the U.S and Europe for needs of efficiencies</li> <li>■ Screening Business stays in a recovery phase of the upfront investment</li> <li>■ Strengthening core business by leveraging the strength of Screening Business</li> </ul>
	Operating Income	4.0	<b>5.0</b>	+1.0	+26%	
	Operating Income Ratio	5.9%	7.1%	+1.2pt		
Exchange Rate (Average)	USD	¥134.95	¥130.00			
	EUR	¥141.24	¥135.00			

Q2 onward

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## ■ Selected as DX Stock\* for 4 consecutive years, and first time for the Grand Prix

DX solutions that solved societal challenges related to Healthcare, Agriculture, and Infrastructure are highly rated

\*DX Stocks: Companies that are actively engaged in DX, selected once a year by the Ministry of Economy, Trade and Industry, Tokyo Stock Exchange, and the Information-technology Promotion Agency. Particularly outstanding companies are chosen for the Grand Prix (2 companies selected this year).



DXグランプリ2023  
Digital Transformation



Presentation by Takashi Eto president and CEO at the award ceremony

## Reason for the award

- Topcon leverage DX as a driving force for business transformation and achieve work efficiency and labor-saving in the construction, agriculture, and ophthalmology fields.
- Topcon offers DX solutions that combine advanced technical expertise and services to address the challenges in each industry.

■ News release : <https://global.topcon.com/news/11304/>

## ■ Layout Navigator (LN-100) won the WIPO prize\* at the National Commendation for Invention

\*WIPO (World Intellectual Property Organization = Specialized agency of the United Nations dedicated to developing a balanced, accessible and international intellectual property (IP) system.)



3D measuring system "Layout Navigator LN-100"



National Commendation for Invention ceremony



Layout Navigator LN-100 at Construction site

### About the WIPO Award

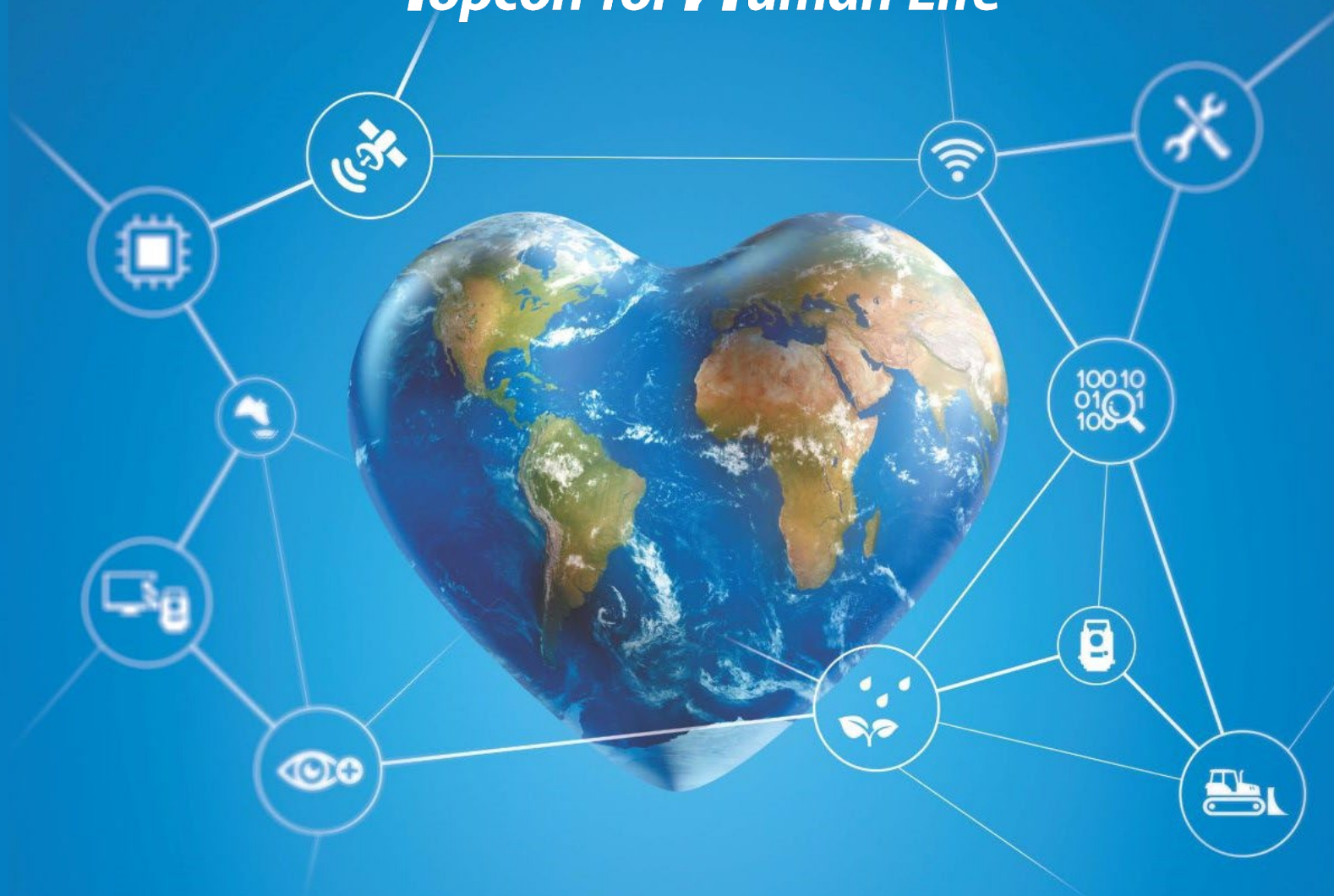
One of the Special prizes presented at the National Commendation for Invention (from 1919) in recognition of outstanding inventions and contributions to the promotion of science, technology, industrial and economic development in Japan. This year, this WIPO prize has been newly established to honor outstanding designs that leverage intellectual property and make significant societal contributions through innovation and creativity.

### Reason for the award

- A user-friendly tool with a simple and approachable design, enables one person to perform quick measurement work without requiring professional skill.
- By lowering the barriers to ICT construction implementation and promoting DX this measuring tool enhance in productivity and quality at construction sites worldwide.



# Topcon for *Human Life*



A digital transformation  
with a human touch

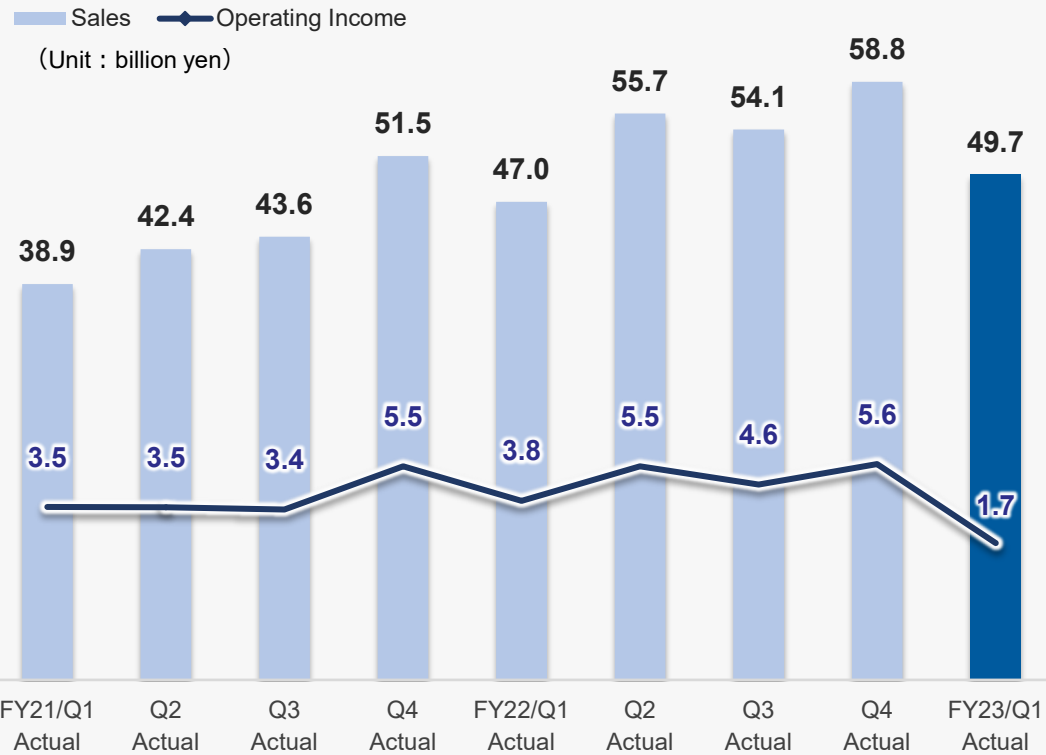
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# Financial Results

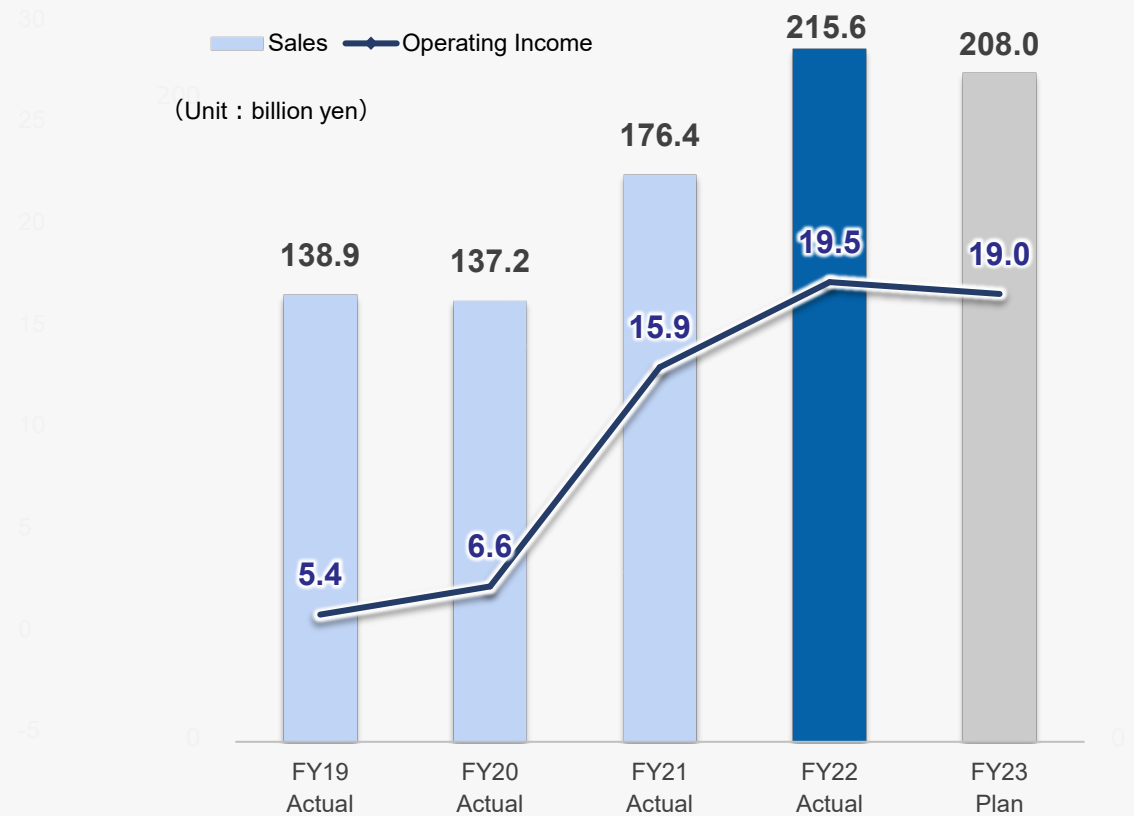


## Consolidated

### Quarterly



### Annually



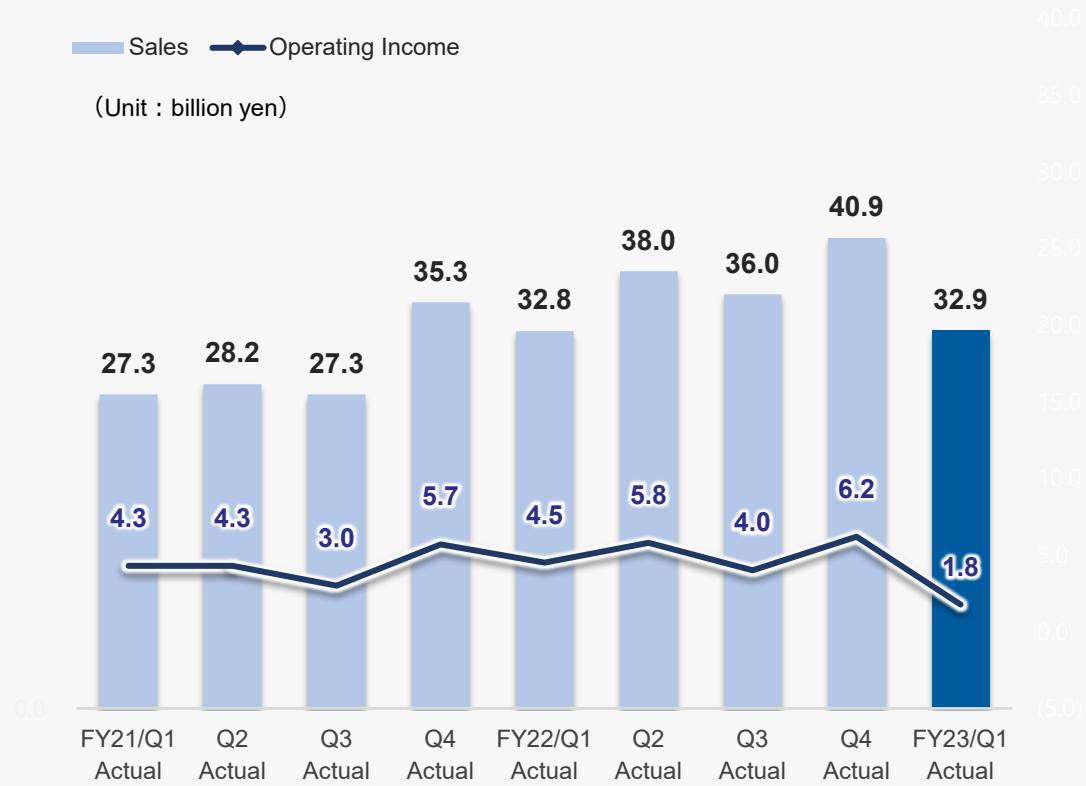


## ■ Positioning Business

### Quarterly

— Sales — Operating Income

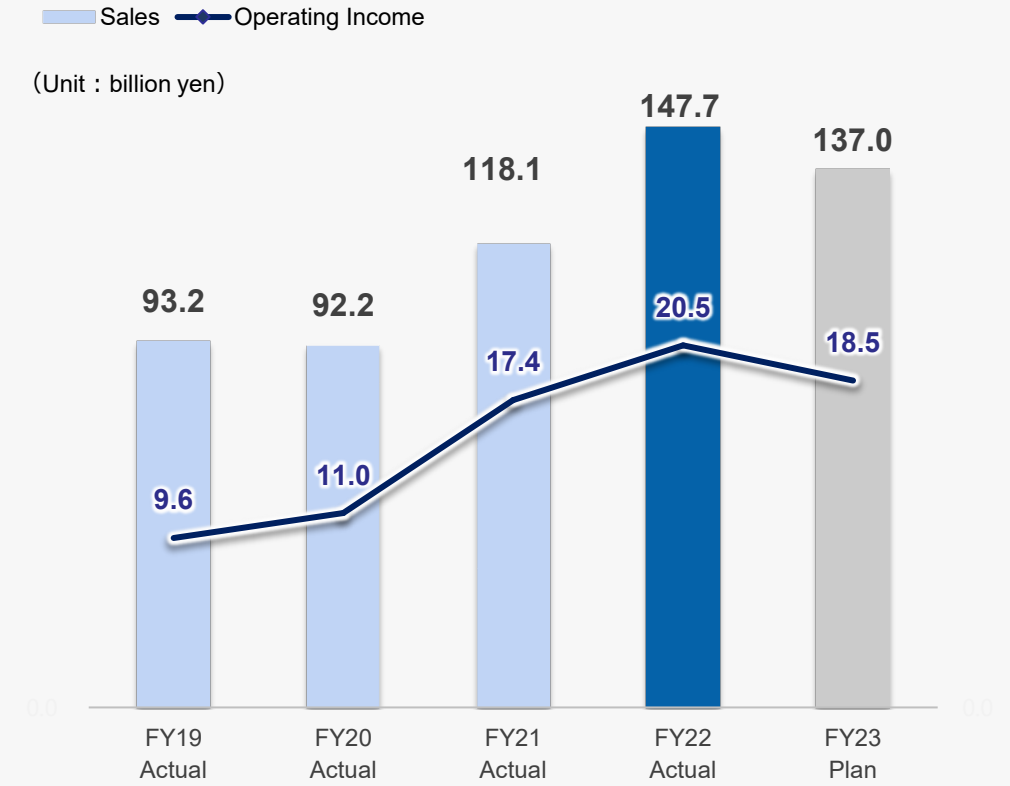
(Unit : billion yen)



### Annually

— Sales — Operating Income

(Unit : billion yen)

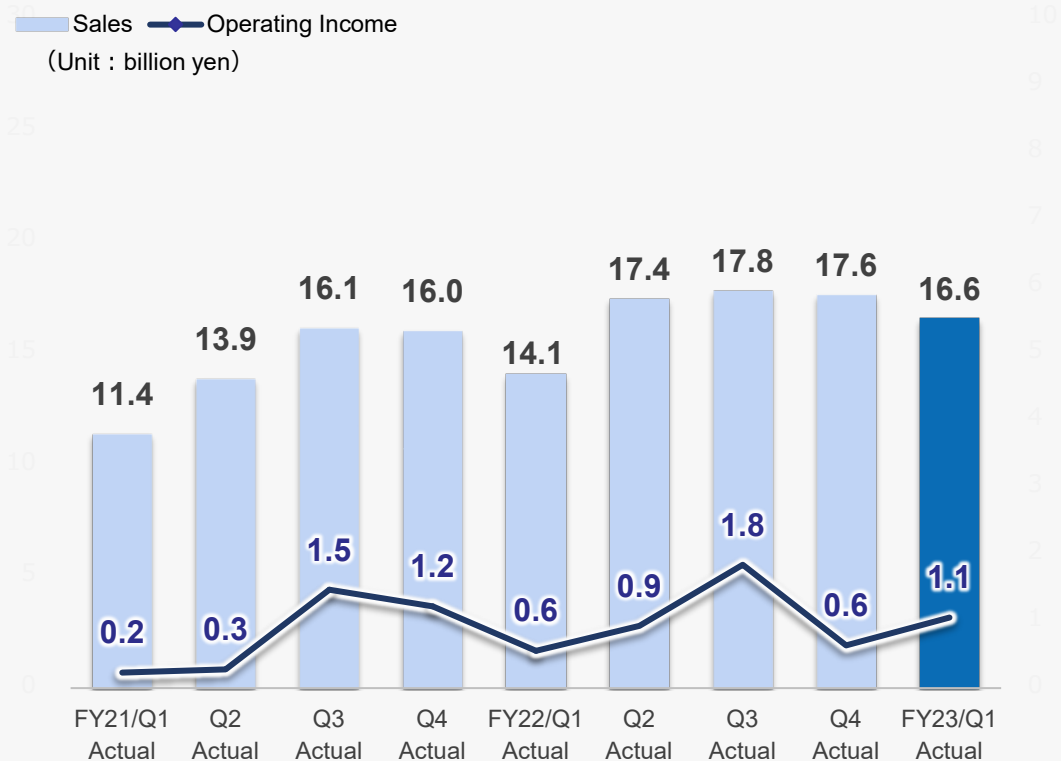




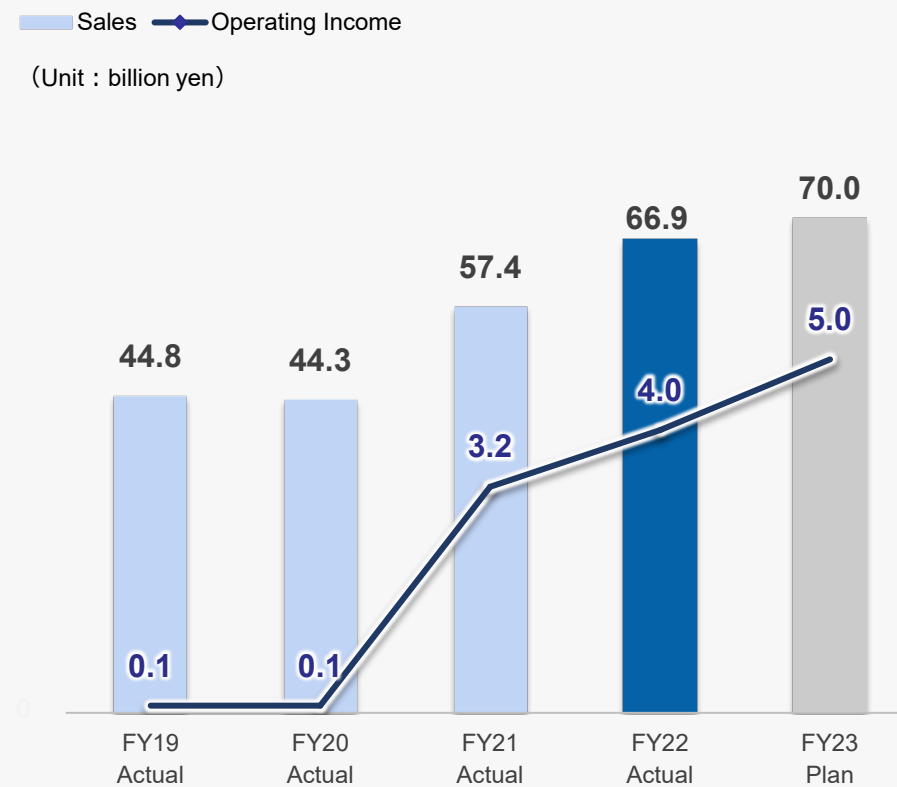


## ■ Eye Care Business

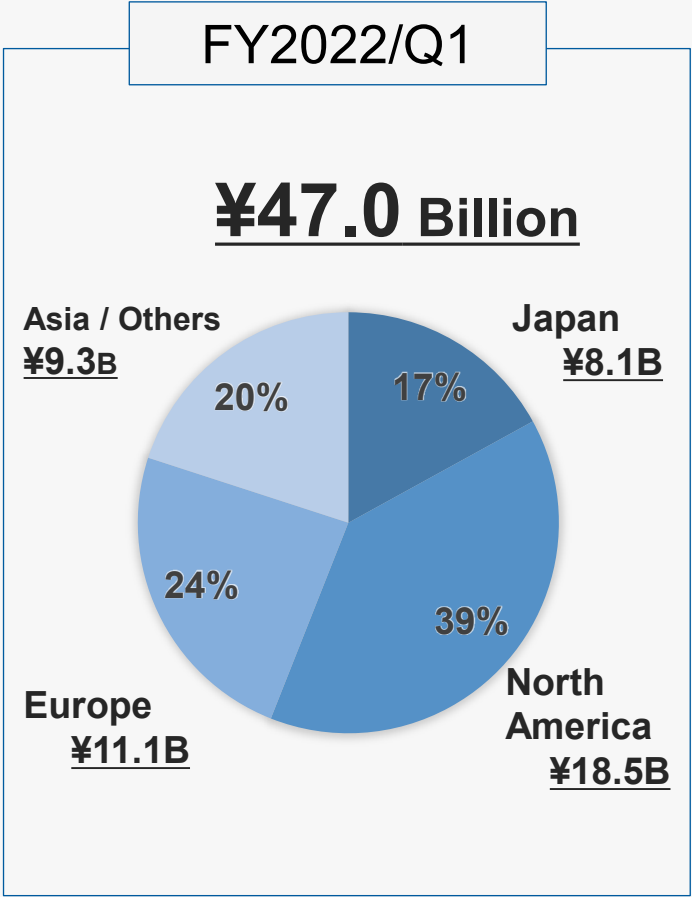
### Quarterly



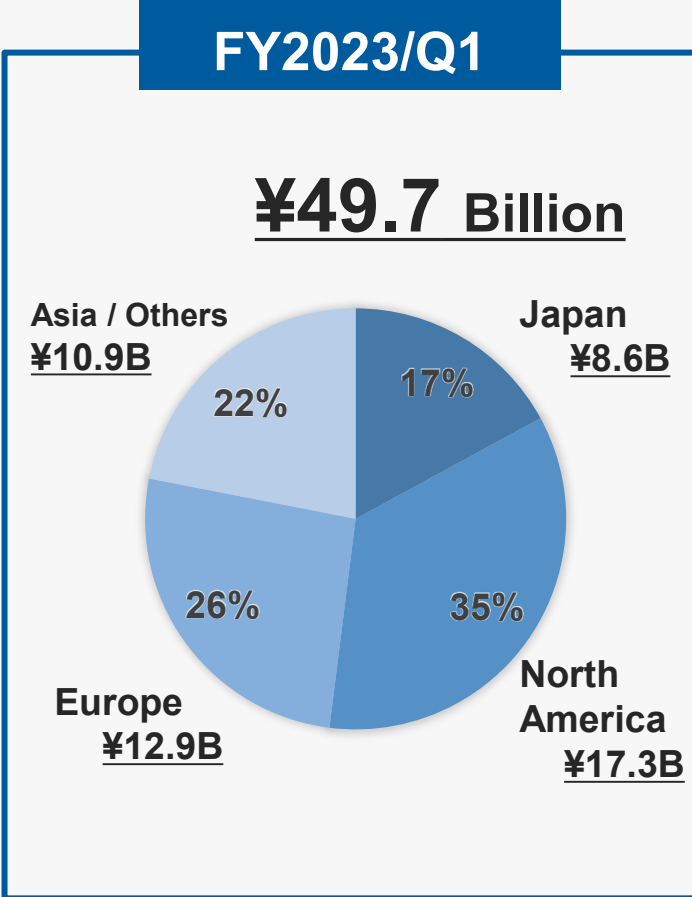
### Annually



# Sales by region (Consolidated)



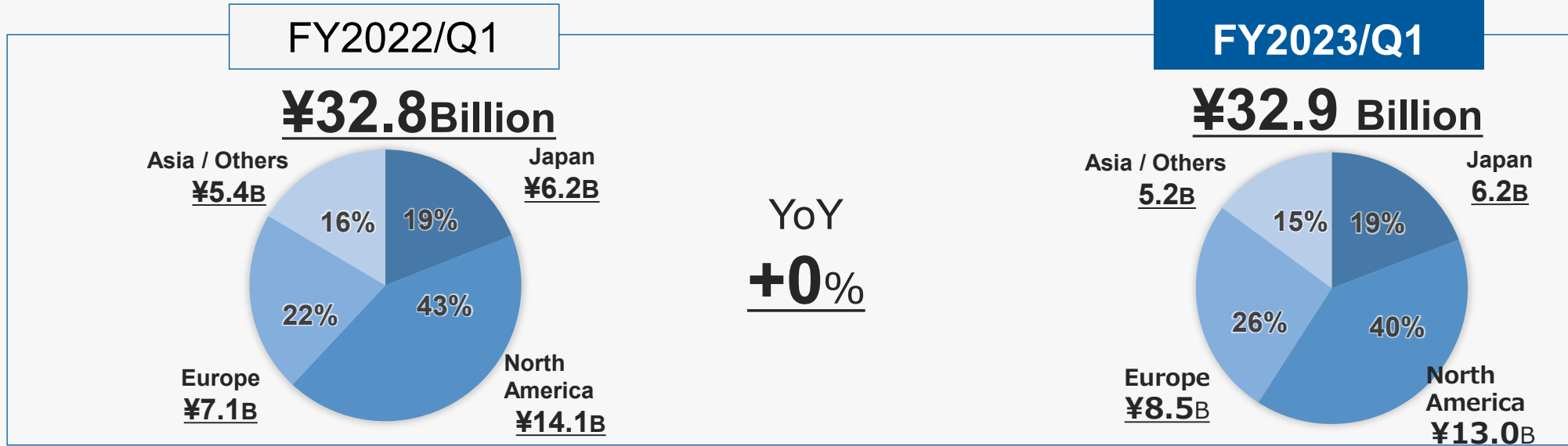
YoY  
**+6%**



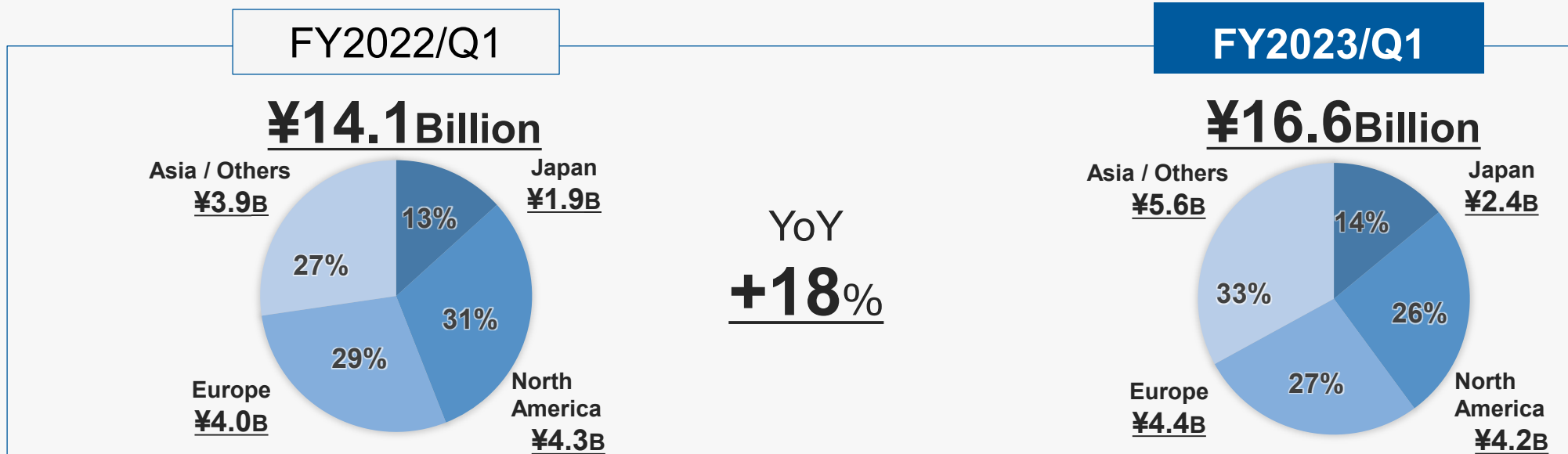
# Sales by region (by Business)



## Positioning Business



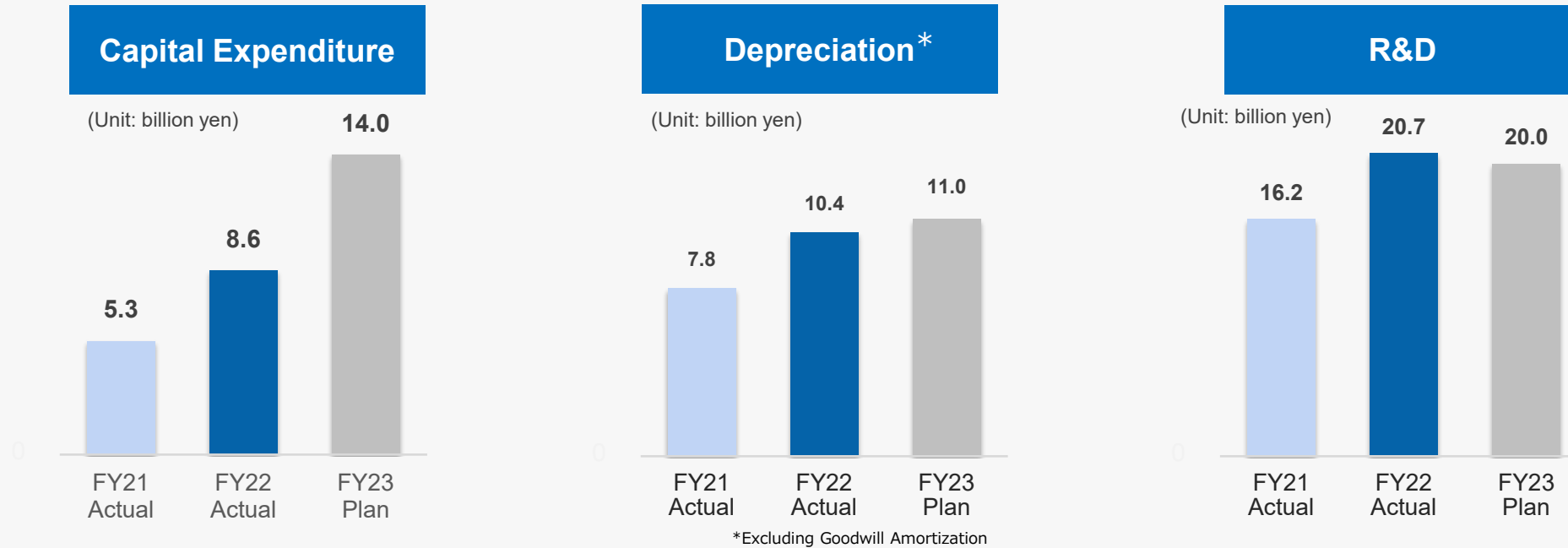
## Eye Care Business



# Capital Expenditure and R&D / Forex Sensitivity



## Projections



## Forex Sensitivity (impact by ¥1 change)

	Operating Income
USD	¥0.15B~¥0.2B
EUR	¥0.07B~¥0.1B



## **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 July 26, 2023 at 15:00(JST)**

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