

Consolidated Financial Results for FY2023 Ended March 2024

(Japanese GAAP)

TOPCON CORPORATION

Release Date: May 10, 2024

1. Summary of Business Results for FY2023 ended March 2024 (April 1, 2023 - March 31, 2024)

"%" indicate year-to-year increase (decrease)

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2023 ended March 2024	216,497	0.4	11,204	(42.6)	8,857	(50.3)	4,940	(58.2)
FY2022 ended March 2023	215,625	22.2	19,537	22.8	17,829	20.3	11,806	10.3

Note: Comprehensive income
 FY2023 ended March 2024 17,757 million yen (6.1 %)
 FY2022 ended March 2023 16,738 million yen (0.9 %)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	yen	yen	%	%	%
FY2023 ended March 2024	46.90	46.89	4.9	3.9	5.2
FY2022 ended March 2023	112.16	112.15	13.2	9.1	9.1

Note: Share of profit (loss) of entities accounted for using equity method
 FY2023 ended March 2024 (246) million yen
 FY2022 ended March 2023 (344) million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
FY2023 ended March 2024	247,029	110,298	43.8	1,027.99
FY2022 ended March 2023	207,890	97,040	45.8	905.17

Note: Shareholders' equity
 FY2023 ended March 2024 108,300 million yen
 FY2022 ended March 2023 95,310 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
FY2023 ended March 2024	8,254	(26,025)	17,989	16,672
FY2022 ended March 2023	9,828	(12,759)	(1,937)	14,950

2. Dividends

	Dividends per share					Dividends paid (Annual)	Dividends payout ratio (Consolidated)	Dividends on equity (Consolidated)
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2022 ended March 2023	—	20.00	—	22.00	42.00	4,422	37.4	4.9
FY2023 ended March 2024	—	20.00	—	22.00	42.00	4,424	89.6	4.3
FY2024 ending March 2025 (forecast)	—	20.00	—	22.00	42.00		46.6	

3. Business Forecasts for FY2024 ending March 2025 (April 1, 2024 - March 31, 2025)

"%" indicate year-to-year increase (decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Annual	230,000	6.2	18,000	60.6	15,500	75.0	9,500	92.3	90.17

Note: The forecasts above were prepared on the premise of future forecasts available at the time of the release of this document, such as trends of business, competition environment, and currency exchange rates. Due to unforeseen circumstances, however, the actual results may differ from these forecast data.

Consolidated financial statements

Consolidated balance sheets

(Unit: million yen)

	FY2022 ended March 2023	FY2023 ended March 2024
Assets		
Current assets		
Cash and deposits	17,660	19,623
Notes and accounts receivable - trade	47,454	48,067
Merchandise and finished goods	24,309	26,758
Work in process	2,048	2,084
Raw materials and supplies	25,151	28,569
Other	8,375	11,171
Allowance for doubtful accounts	(1,925)	(1,723)
Total current assets	123,074	134,551
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,830	10,856
Machinery, equipment and vehicles, net	4,351	6,654
Land	3,937	4,491
Leased assets, net	8,434	9,151
Construction in progress	1,524	3,825
Other, net	4,770	5,263
Total property, plant and equipment	32,848	40,242
Intangible assets		
Goodwill	8,994	15,764
Software	11,650	9,315
Other	9,683	16,214
Total intangible assets	30,328	41,295
Investments and other assets		
Investment securities	3,225	6,017
Long-term loans receivable	343	477
Deferred tax assets	13,849	19,010
Other	4,230	5,446
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	21,638	30,940
Total non-current assets	84,815	112,478
Total assets	207,890	247,029
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,389	15,394
Short-term borrowings	20,712	27,154
Lease liabilities	2,770	3,306
Accrued expenses	12,313	11,169
Income taxes payable	1,486	3,131
Provision for product warranties	1,890	1,791
Other	11,719	11,176
Total current liabilities	67,282	73,123
Non-current liabilities		
Bonds payable	20,000	40,000
Long-term borrowings	2,058	1,554
Lease liabilities	7,943	7,544
Deferred tax liabilities	4,353	5,646
Provision for retirement benefits for directors (and other officers)	42	20
Retirement benefit liability	4,470	2,275
Other	4,698	6,564
Total non-current liabilities	43,567	63,606
Total liabilities	110,850	136,730
Net assets		
Shareholders' equity		
Share capital	16,780	16,837
Capital surplus	20,682	20,739
Retained earnings	52,635	53,151
Treasury shares	(3,171)	(3,172)
Total shareholders' equity	86,926	87,556
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	891	1,579
Deferred gains or losses on hedges	14	-
Foreign currency translation adjustment	7,313	17,810
Remeasurements of defined benefit plans	164	1,354
Total accumulated other comprehensive income	8,384	20,743

Share acquisition rights	63	63
Non-controlling interests	1,666	1,934
Total net assets	97,040	110,298
Total liabilities and net assets	207,890	247,029

Consolidated statements of income

(Unit: million yen)

	FY2022 ended March 2023	FY2023 ended March 2024
Net sales	215,625	216,497
Cost of sales	103,223	101,731
Gross profit	112,401	114,766
Selling, general and administrative expenses	92,864	103,561
Operating profit	19,537	11,204
Non-operating income		
Interest income	189	336
Dividend income	54	66
Foreign exchange gains	137	210
Gain on valuation of investment securities	-	221
Insurance claim income	280	-
Other	254	351
Total non-operating income	917	1,186
Non-operating expenses		
Interest expenses	1,058	2,228
Interest expenses on other liabilities	231	146
Share of loss of entities accounted for using equity method	344	246
Loss on valuation of investment securities	567	-
Other	421	912
Total non-operating expenses	2,624	3,534
Ordinary profit	17,829	8,857
Extraordinary income		
Gain on sale of investment securities	-	394
Gain on sale of shares of subsidiaries and associates	-	760
Insurance claim income	-	801
Total extraordinary income	-	1,956
Extraordinary losses		
Impairment losses	880	1,434
Extra retirement payments	-	1,070
Loss on litigation	-	3,420
Loss on sale of shares of subsidiaries	-	440
Settlement payments	911	-
Total extraordinary losses	1,791	6,366
Profit before income taxes	16,038	4,446
Income taxes - current	7,644	4,420
Income taxes - deferred	(3,569)	(5,185)
Total income taxes	4,075	(764)
Profit	11,962	5,211
Profit attributable to non-controlling interests	156	271
Profit attributable to owners of parent	11,806	4,940

Consolidated statements of cash flows

(Unit: Million Yen)

	FY2022 ended March 2023	FY2023 ended March 2024
Cash flows from operating activities		
Profit before income taxes	16,038	4,446
Depreciation	10,383	12,155
Amortization of goodwill	1,589	2,131
Increase (decrease) in allowance for doubtful accounts	(465)	(416)
Interest and dividend income	(243)	(402)
Interest expenses	1,058	2,228
Loss on retirement of property, plant and equipment	22	73
Share of loss (profit) of entities accounted for using equity method	344	246
Loss (gain) on sale of investment securities	-	(394)
Loss (gain) on sale of shares of subsidiaries and associates	-	(760)
Insurance claim income	-	(801)
Impairment losses	880	1,434
Extra retirement payments	-	1,070
Loss on litigation	-	3,420
Loss (gain) on sale of shares of subsidiaries	-	440
Settlement payments	911	-
Decrease (increase) in retirement benefit asset	105	(122)
Increase (decrease) in retirement benefit liability	189	(515)
Decrease (increase) in trade receivables	1,002	4,341
Decrease (increase) in inventories	(9,621)	(139)
Decrease (increase) in prepaid expenses	496	(125)
Increase (decrease) in trade payables	147	(2,022)
Decrease (increase) in accounts receivable - other	341	(539)
Increase (decrease) in accrued expenses	(3,224)	(1,637)
Other, net	(109)	(7,387)
Subtotal	19,847	16,727
Interest and dividends received	287	367
Interest paid	(1,071)	(2,187)
Income taxes paid	(8,323)	(2,884)
Extra retirement payments	-	(1,070)
Payments for loss on litigation	-	(3,420)
Proceeds from insurance income	-	722
Settlement paid	(911)	-
Net cash provided by (used in) operating activities	9,828	8,254
Cash flows from investing activities		
Payments into time deposits	(1,606)	(1,081)
Proceeds from withdrawal of time deposits	-	1,157
Purchase of property, plant and equipment	(5,286)	(8,861)
Proceeds from sale of property, plant and equipment	79	173
Purchase of intangible assets	(4,199)	(4,805)
Purchase of investment securities	(147)	(1,614)
Proceeds from sale of investment securities	9	1,169
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(411)	(11,963)
Proceeds from sale of shares of subsidiaries resulting in change in scope of	-	468
Payments for acquisition of businesses	(11)	-
Decrease (increase) in short-term loans receivable	3	(0)
Long-term loan advances	-	(282)
Proceeds from collection of long-term loans receivable	38	189
Other, net	(1,226)	(575)
Net cash provided by (used in) investing activities	(12,759)	(26,025)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	17,150	5,115
Repayments of long-term borrowings	(2,576)	(562)
Proceeds from issuance of bonds	-	20,000
Redemption of bonds	(10,000)	-

Purchase of treasury shares	(0)	(0)
Dividends paid	(4,841)	(4,423)
Dividends paid to non-controlling interests	-	(10)
Repayments of lease liabilities	(1,669)	(2,018)
Other, net	-	(109)
Net cash provided by (used in) financing activities	<u>(1,937)</u>	<u>17,989</u>
Effect of exchange rate change on cash and cash equivalents	809	1,503
Net increase (decrease) in cash and cash equivalents	<u>(4,058)</u>	<u>1,721</u>
Cash and cash equivalents at beginning of period	<u>19,009</u>	<u>14,950</u>
Cash and cash equivalents at end of period	<u>14,950</u>	<u>16,672</u>

[Segment Information by business category]

FY2022 ended March 2023 (April 1, 2022 - March 31, 2023)

(unit: million yen)

	Reportable segment				Elimination & Common	Total
	Positioning Business	Eye Care Business	Other	Sub-Total		
Sales						
Sales to unaffiliated customers	147,691	66,601	1,332	215,625	—	215,625
Intercompany sales or transfer	-	298	3	301	(301)	—
Total	147,691	66,899	1,335	215,927	(301)	215,625
Segment Profit (Operating Income)	20,464	3,968	(344)	24,088	(4,551)	19,537

Note: Segment Profit (4,551) on "Elimination & Common" is mainly goodwill amortization expense and corporate expense (advanced research and development expense), both of which are not distributed to each reportable segment.

FY2023 ended March 2024 (April 1, 2023 - March 31, 2024)

(unit: million yen)

	Reportable segment				Elimination & Common	Total
	Positioning Business	Eye Care Business	Other	Sub-Total		
Sales						
Sales to unaffiliated customers	140,379	74,954	1,163	216,497	—	216,497
Intercompany sales or transfer	6	218	3	228	(228)	—
Total	140,386	75,172	1,167	216,726	(228)	216,497
Segment Profit (Operating Income)	9,106	6,715	(177)	15,644	(4,439)	11,204

Note: Segment Profit (4,439) on "Elimination & Common" is mainly goodwill amortization expense and corporate expense (advanced research and development expense), both of which are not distributed to each reportable segment.

[Related information]

FY2022 ended March 2023 (April 1, 2022 - March 31, 2023)

Regional information

(unit: million yen)

	Japan	North America	Europe	Asia / Oceania	other	Total
Sales	39,272	82,929	49,865	28,614	14,943	215,625

Note: Sales is classified by country or region based on the location of customers.

FY2023 ended March 2024 (April 1, 2023 - March 31, 2024)

Regional information

(unit: million yen)

	Japan	North America	Europe	Asia / Oceania	other	Total
Sales	36,491	78,766	56,179	30,170	14,889	216,497

Note: Sales is classified by country or region based on the location of customers.