

TOPCON CORPORATION

FY2024 Q1 Financial Results

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July 30, 2024



Highlight of FY2024 Q1 Financial Results



● FY24 Q1 Financial Results



Consolidated

Net Sales **¥51.4B**
YoY +3%

Operating Income **¥0.7B**
YoY -60%



Net sales were flat year on year, but profit decreased

Positioning Business

Net Sales YoY 
Operating Income YoY 

Market conditions deteriorated from the original forecast, but **fixed cost reductions due to structural reforms were in line with the plan**

Eye Care Business

Net Sales YoY 
Operating Income YoY 

Sales are steady, but expenses for growth investment increased

● FY24 Full Year Outlook



Consolidated

Net Sales **¥230.0B**
YoY +6%

Operating Income **¥18.0B**
YoY +61%



No change from the initial plan

Positioning Business

Net Sales YoY 
Operating Income YoY 

Stimulate demand through **strategic new product launches** and **improve profitability through the effects of structural reforms**

Eye Care Business

Net Sales YoY 
Operating Income YoY 

Accelerate the pace of revenue growth through Screening Business and new product launches
Expect to increase profit despite continued investment

01 FY24 Q1 Financial Results

- Consolidated Financial Results
- Overview | Positioning Business
- Overview | Eye Care Business

02 FY24 Full Year Outlook

- Consolidated Full Year Outlook
- Outlook | Positioning Business
- Outlook | Eye Care Business

03 Topics

- Positioning Business | Supporting the Acceleration of the spread of i-Construction through the introduction of new products
- Eye Care Business | Alliance with TESSAN, a French startup for remote medical care
- External Evaluations

04 Appendix

- Financial Results
- Sales by Region
- Capital Expenditure, Depreciation and R&D / Forex Sensitivity

FY24 Q1 Financial Results

01

- Consolidated Financial Results
- Overview | Positioning Business
- Overview | Eye Care Business

Consolidated Financial Results



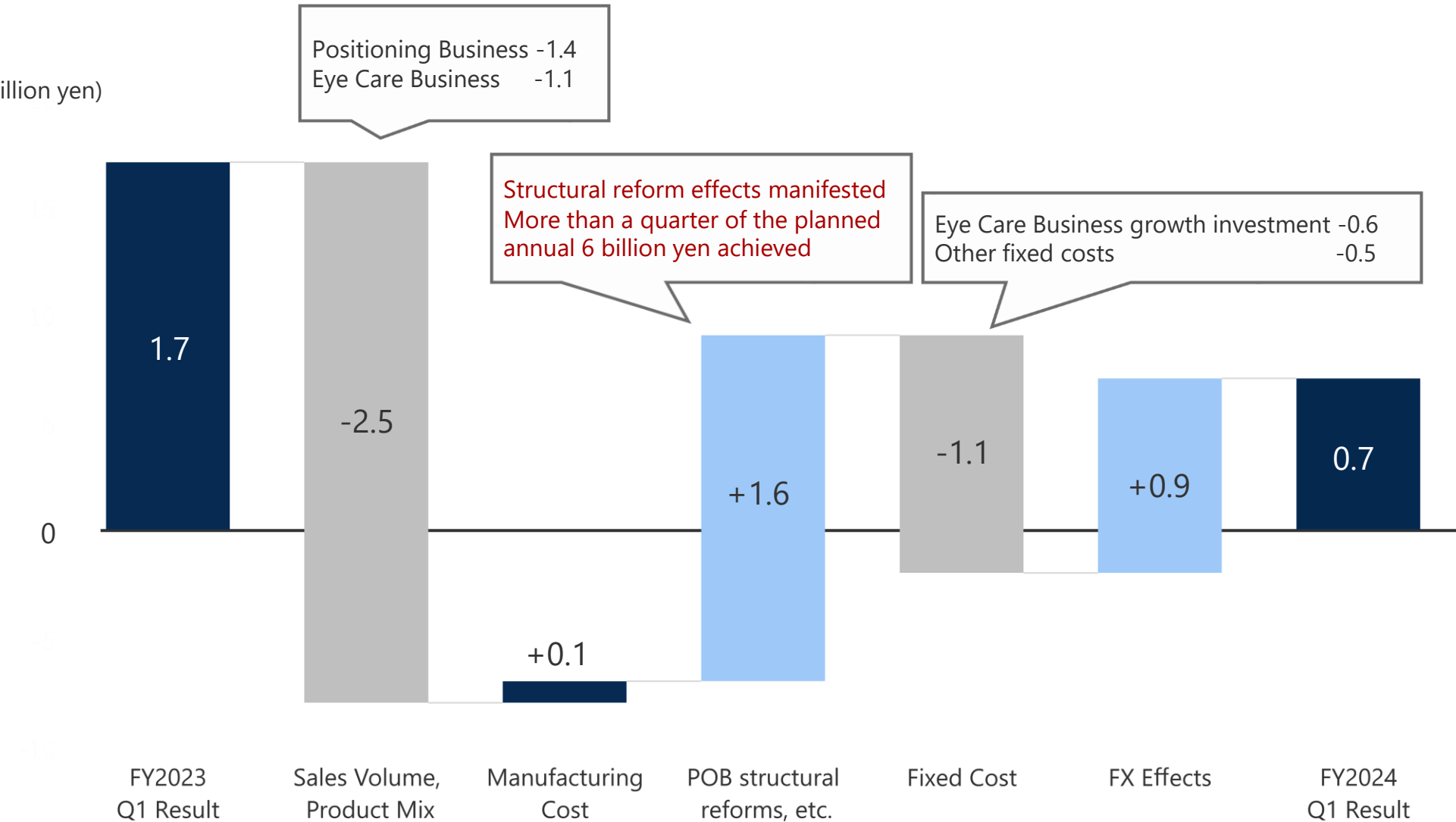
| (Unit: billion yen) | | FY2023 Q1 Actual | FY2024 Q1 Actual | YoY | % |
|------------------------|--|---------------------|---------------------|---------|---------|
| Net Sales | | 49.7 | 51.4 | +1.7 | +3 |
| Gross Profit | | 26.4 | 27.6 | +1.2 | +4 |
| Gross Profit Ratio | | 53.1% | 53.6% | +0.5pt | |
| SGA | | 24.7 | 26.9 | +2.2 | +9 |
| Operating Income | | 1.7 | 0.7 | -1.0 | -60 |
| Operating Income Ratio | | 3.5% | 1.3% | -2.1pt | |
| Ordinary Income | | 1.8 | -0.4 | -2.2 | |
| Extraordinary Losses | | -1.4 | - | +1.4 | |
| Net Income | | -0.2 | -1.0 | -0.8 | |
| Exchange rate | | USD | ¥138.11 | ¥156.53 | ¥+18.42 |
| (Average) | | EUR | ¥150.35 | ¥168.37 | ¥+18.02 |

*YoY -¥3.5B
excluding FX effects



Operating Income YoY Breakdown

(Unit: billion yen)





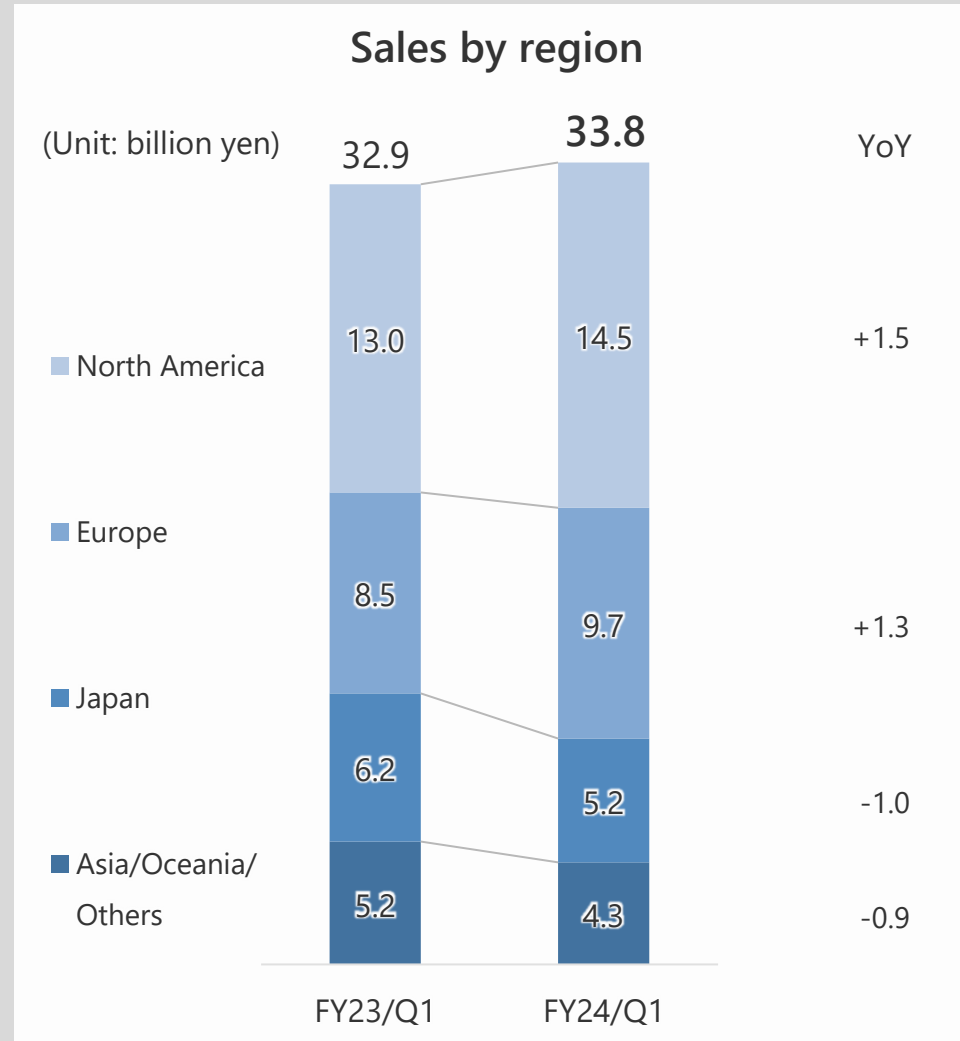
Overview | Positioning Business

- Market conditions deteriorated from the original forecast, but **fixed cost reductions due to structural reforms were in line with the initial plan**

| (Unit: billion yen) | | FY2023 Q1 Actual | FY2024 Q1 Actual | YoY | % |
|----------------------------|-----|---------------------|---------------------|---------|----|
| Net Sales | | 32.9 | 33.8 | +0.9 | +3 |
| Operating Income | | 1.8 | 1.9 | +0.1 | +6 |
| Operating Income Ratio | | 5.4% | 5.6% | +0.2pt | |
| Exchange rate (Average) | USD | ¥138.11 | ¥156.53 | ¥+18.42 | |
| | EUR | ¥150.35 | ¥168.37 | ¥+18.02 | |

*YoY -¥2.7B
excluding FX effects

Overview by Region | Positioning Business



North America

- ✓ ICT Construction was **showing signs of recovery mainly in the aftermarket*** due to stabilization of market inventories and demand for infrastructure, etc.
- ✓ IT Agriculture sales decreased as lower grain prices curbed investment

Europe

- ✓ IT Agriculture sales decreased as lower grain prices curbed investment
- ✓ **New consolidation** of the acquired Satel* **contributed to sales increase**

Japan

- ✓ **ICT Construction is steady, particularly for “Kui-Navi shovel”**
- ✓ IT Agriculture continues to be impacted by the loss of subsidy effects, etc.
- ✓ Sales of Surveying instruments temporarily decreased owing to inventory adjustments in the market

*Aftermarket: sold to distributors of construction and agricultural machinery, etc.

*Satel has been consolidated since June 2023



Overview | Eye Care Business

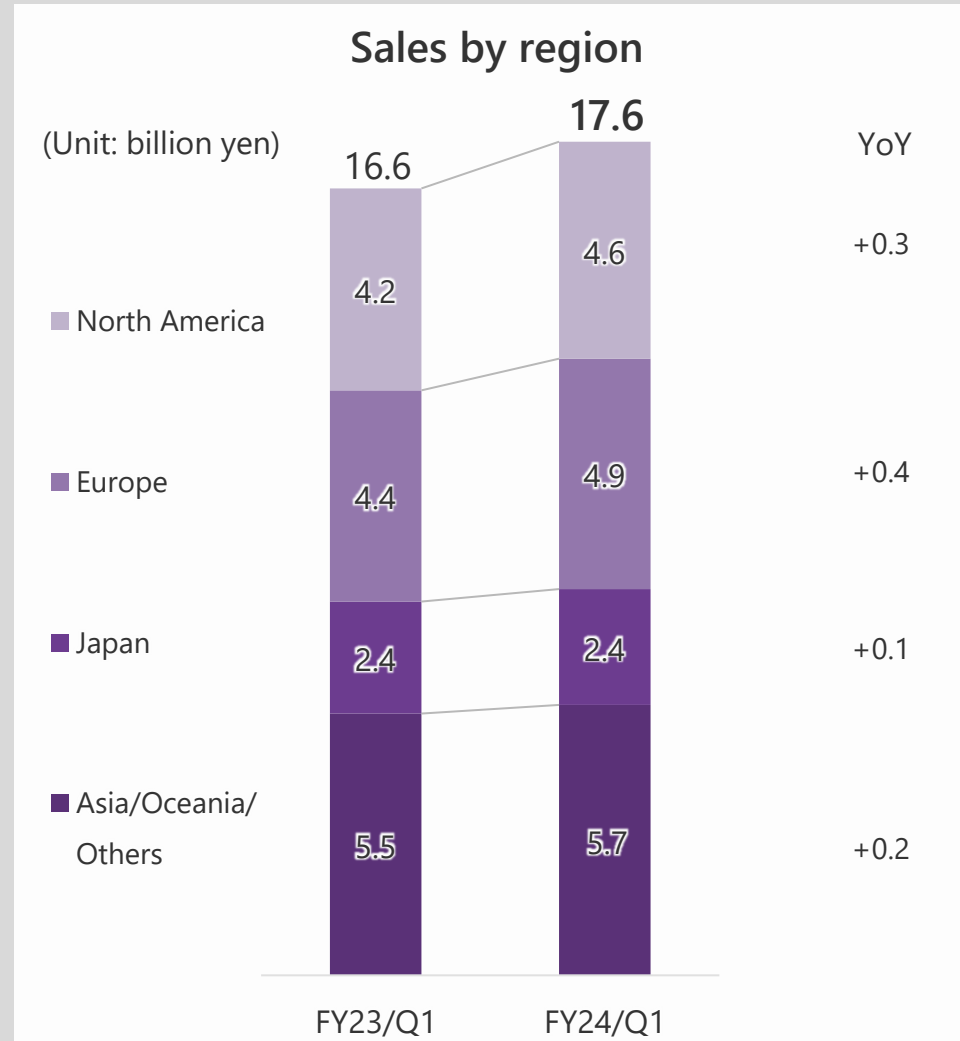
- **Sales are steady**, but expenses for growth investment (Strengthening personnel and R&D for new business development) increased

| (Unit: billion yen) | | FY2023 Q1 Actual | FY2024 Q1 Actual | YoY | % |
|----------------------------|-----|---------------------|---------------------|---------|----|
| Net Sales | | 16.6 | 17.6 | +1.0 | +6 |
| Operating Income | | 1.1 | 0 | -1.0 | - |
| Operating Income Ratio | | 6.4% | 0.1% | -6.3pt | |
| Exchange rate (Average) | USD | ¥138.11 | ¥156.53 | ¥+18.42 | |
| | EUR | ¥150.35 | ¥168.37 | ¥+18.02 | |

*YoY -¥0.6B
excluding FX effects



Overview by Region | Eye Care Business



North America

- ✓ **Solid sales continued**, mainly to major optical chain stores
- ✓ **Streamlining the sales company organisations** to improve operational efficiency
- ✓ **Reorganisation and strengthening of the sales structure and organisation**

Europe

- ✓ **Solid sales continued**, mainly to major optical chain stores
- ✓ **Strong sales** of fundus cameras including large tender wins

Asia/Oceania

- ✓ In China, tight local finance and anti-corruption campaigns have led to a significant decrease in sales
- ✓ In India and Southeast Asia, **sales increased** owing to continuous acquisition of tender projects, etc.

FY24 Full Year Outlook

02

- Consolidated Full Year Outlook
- Outlook | Positioning Business
- Outlook | Eye Care Business



Consolidated Full Year Outlook

- No change from the initial plan

| (Unit: billion yen) | | FY2023 Actual | FY2024 Outlook | YoY | % |
|-------------------------|--|------------------|-------------------|-------|-----|
| Net sales | | 216.5 | 230.0 | +13.5 | +6 |
| Operating income | | 11.2 | 18.0 | +6.8 | +61 |
| Ordinary income | | 8.9 | 15.5 | +6.6 | +75 |
| Net income | | 4.9 | 9.5 | +4.6 | +92 |
| ROE | | 5% | 9% | +4pt | |
| Dividend | | ¥42 | ¥42 | 0 | 0 |
| Dividend payout ratio | | 90% | 47% | -43pt | |
| Exchange rate (Average) | | | | | |
| USD | | ¥144.40 | ¥145.00 | | |
| EUR | | ¥156.80 | ¥155.00 | | |

Assumption rate of
Q2 onward



Outlook | Positioning Business

- Stimulate demand through **strategic new product launches** and **improve profitability through the effects of structural reforms**

| (Unit: billion yen) | | FY2023 Actual | FY2024 Outlook | YoY | % |
|----------------------------|-----|------------------|-------------------|--------|-----|
| Net sales | | 140.4 | 147.0 | +6.6 | +5 |
| Operating income | | 9.1 | 16.5 | +7.4 | +81 |
| Operating Income Rate | | 6.5% | 11.2% | +4.7pt | |
| Exchange rate (Average) | USD | ¥144.40 | ¥145.00 | | |
| | EUR | ¥156.80 | ¥155.00 | | |

Assumption rate of
Q2 onward



Outlook | Eye Care Business

- **Accelerate the pace of revenue growth** through Screening Business and new product launches
Expect to increase profit despite continued investment

| (Unit: billion yen) | | FY2023 Actual | FY2024 Outlook | YoY | % |
|----------------------------|-----|------------------|-------------------|--------|-----|
| Net sales | | 75.2 | 82.0 | +6.8 | +9 |
| Operating income | | 6.7 | 7.5 | +0.8 | +12 |
| Operating Income Rate | | 8.9% | 9.1% | +0.2pt | |
| Exchange rate (Average) | USD | ¥144.40 | ¥145.00 | | |
| | EUR | ¥156.80 | ¥155.00 | | |

Assumption rate of
Q2 onward

Topics

03

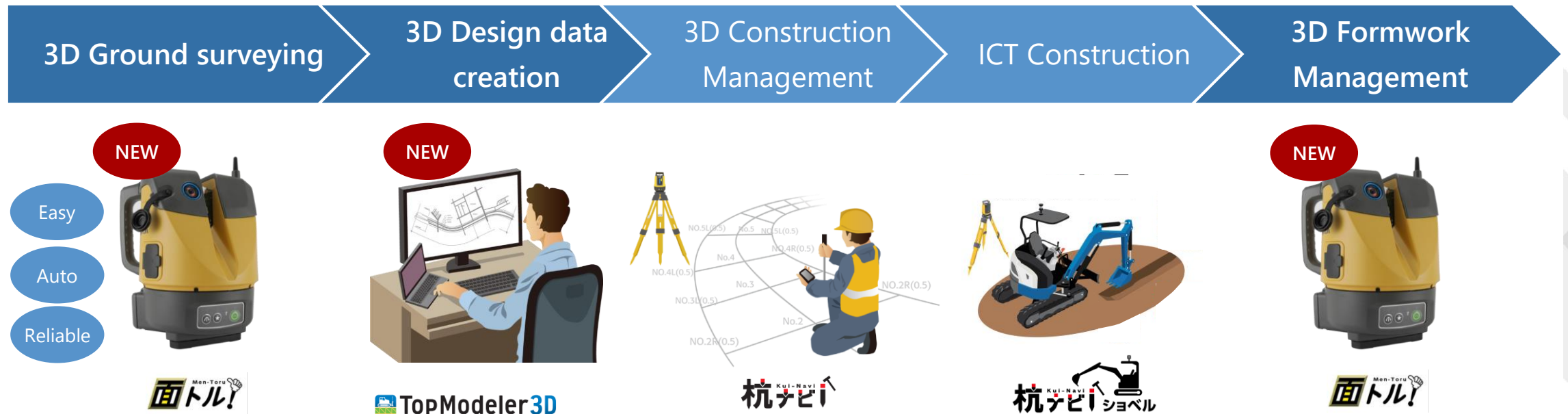
- Positioning Business | Supporting the acceleration of the spread of i-Construction through the introduction of new products
- Eye Care Business | Alliance with TESSAN, a French startup for remote medical care
- External Evaluations

Supporting the acceleration of the spread of i-Construction through the introduction of new products



- Support for in-house production of 3D data acquisition and creation, a bottleneck in the spread of i-Construction*
- Released an easy-to-operate, low-cost 3D laser scanner “Men-Toru” and 3D design data conversion software “TopModeler 3D”

■ Construction process in i-Construction



*In the past, some work was outsourced by construction companies to external specialist contractors



Alliance with TESSAN, a French startup for remote medical care

- Lack of Ophthalmologists in France causing long wait times for eyeglass prescriptions
- Promoting efficiency through remote medical examinations using our fully-automated testing equipment
- Currently, the service is mainly offered in France, but will be expanded to other European countries

TESSAN's Business

General purchase period for glasses
in France: 90 days

Reduced to 3-5 days



(i) Web reservations
3-5 days in advance



(ii) Go to an optical store, have an
eye exam remotely, and receive a
prescription



(iii) Purchase glasses
immediately after the
eye exam

Previously, clients had to wait 90 days or more to see an ophthalmologist and get a prescription.
By using TESSAN's services, clients can purchase glasses with a 3-5 day advance reservation

Our fully-automated testing equipment

Completes testing in approximately
10 minutes



**Introduction
started in optical
stores in France**

Topcon's fully-automated inspection equipment is used to
perform eye exams in approximately 10 minutes
at the TESSAN remote medical care station

External Evaluations



- Selected as one of DX Platinum Companies 2024-2026 and a component of MSCI NIHONKABU ESG Select Leaders Index for its digital transformation and sustainability initiatives, respectively

New

Selected as one of DX Platinum Companies 2024-2026



DXプラチナ企業
2024-2026
Digital Transformation

In DX Stocks 2024 selected by The Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, following last year's DX Grand Prix award, selected as one of **DX Platinum Companies 2024-2026**

Selection criteria

- Selected as a DX Stock for three consecutive years (achieved in 2021-2023)
- Selected as DX Grand Prix in the past (achieved in 2023)

New

Selected as a component of MSCI NIHONKABU ESG Select Leaders Index

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

Selected as a component of the **MSCI NIHONKABU ESG Select Leaders Index**, which covers domestic stocks adopted by Japan's Government Pension Investment Fund (GPIF)

- The MSCI NIHONKABU ESG Select Leaders Index is an index constructed by selecting companies that excel in ESG evaluations provided by Morgan Stanley Capital International (MSCI) of the United States
- Topcon has already been selected as a component of the ESG index (*1, *2, *3) listed on the right, which cover domestic stocks adopted by the GPIF

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Major External Evaluations



FTSE Blossom Japan Sector Relative Index

*1 FTSE Blossom Japan Sector Relative Index



*2 S&P/JPX Carbon Efficient Index

MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index

*3 Morningstar Gender Diversity Index





A digital transformation
with a human touch

Appendix

04

- Financial Results
- Sales by Region
- Capital Expenditure, Depreciation and R&D / Forex Sensitivity

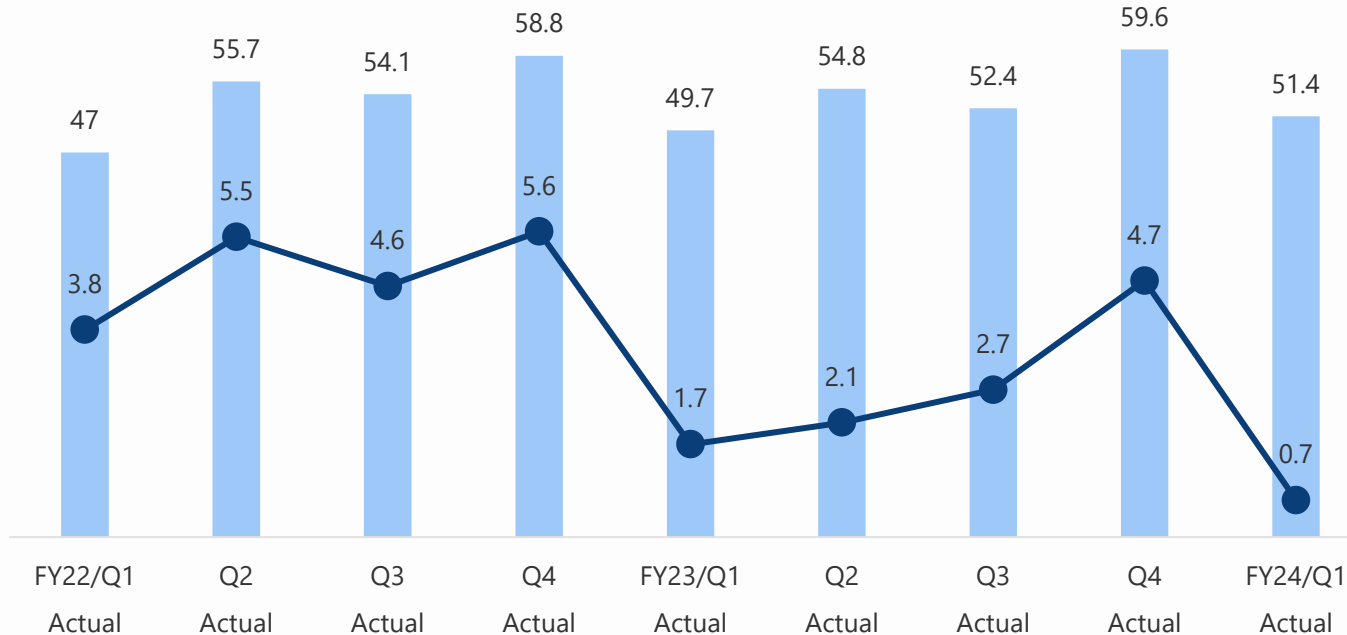
Financial Results | Consolidated



Quarterly

(Unit: billion yen)

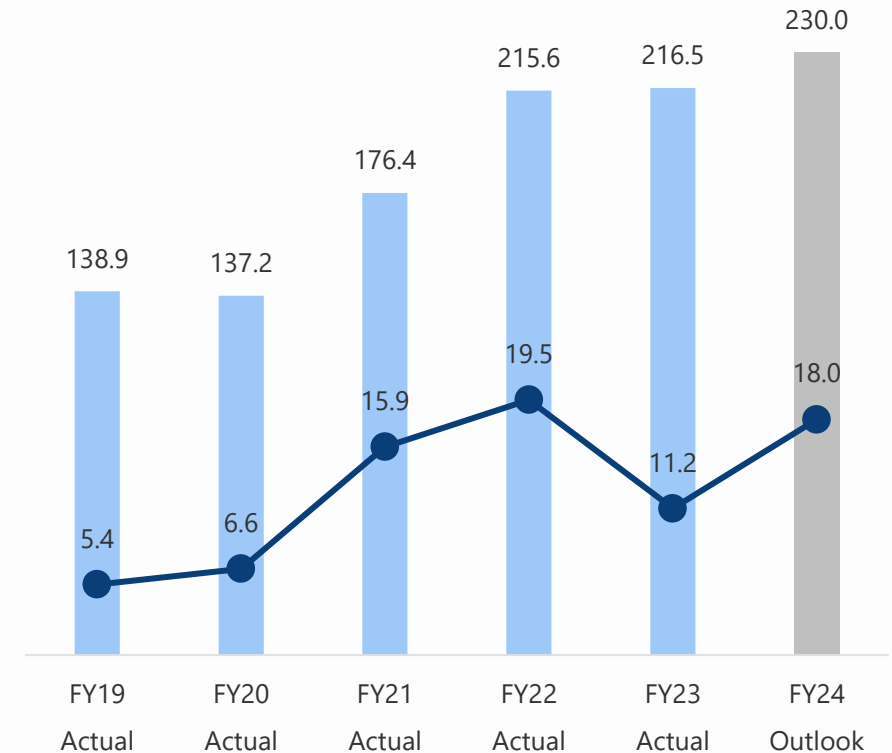
Sales Operating Income



Annual

(Unit: billion yen)

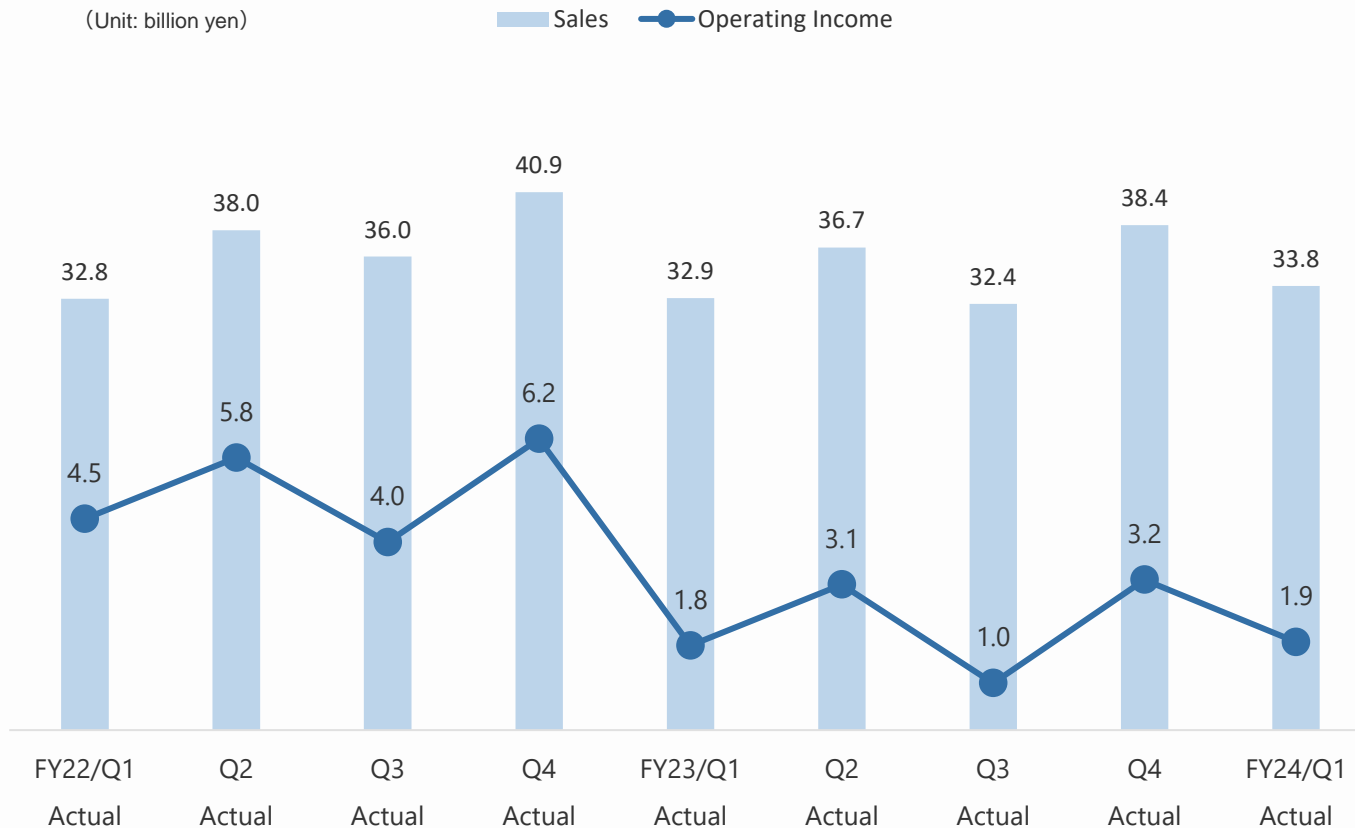
Sales Operating Income



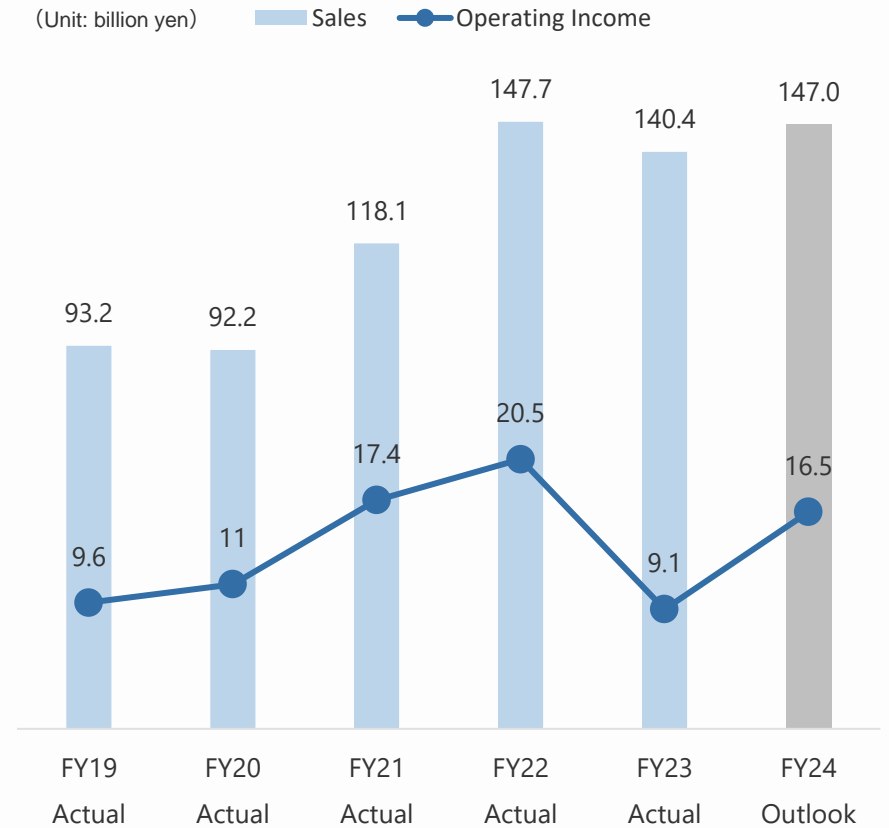
Financial Results | Positioning Business



Quarterly



Annual



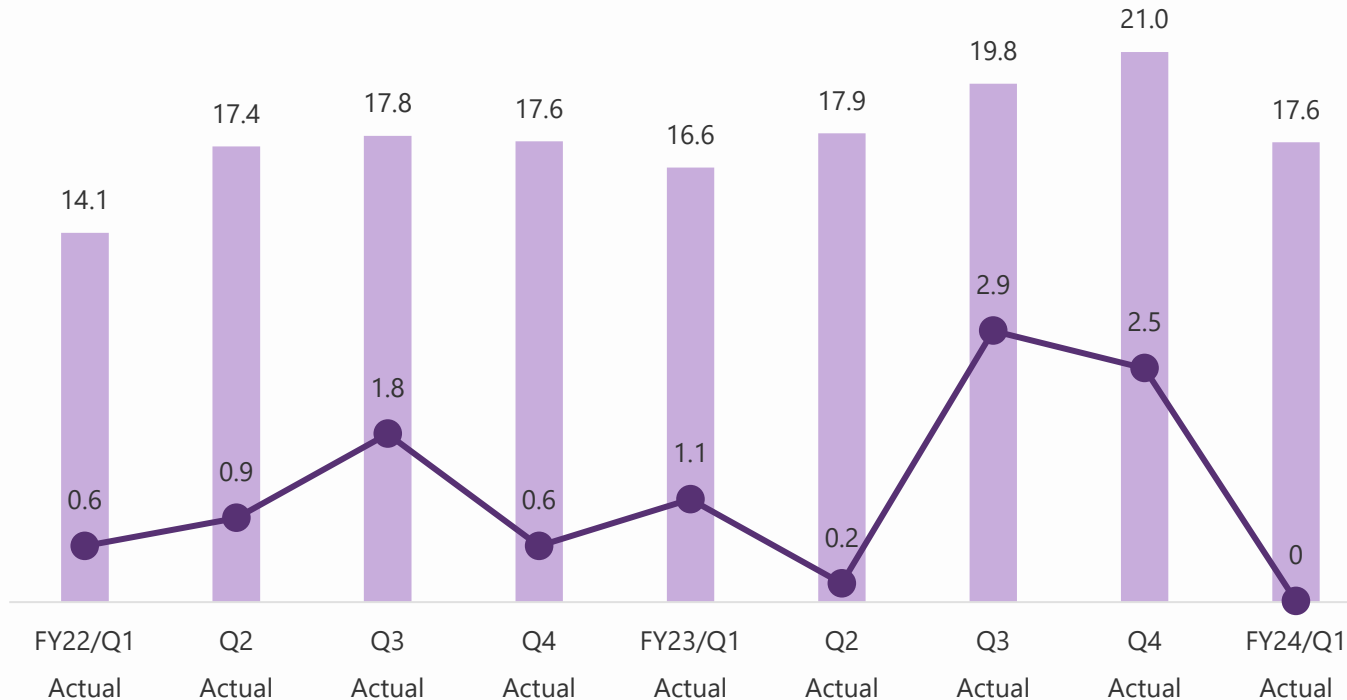
Financial Results | Eye Care Business



Quarterly

(Unit: billion yen)

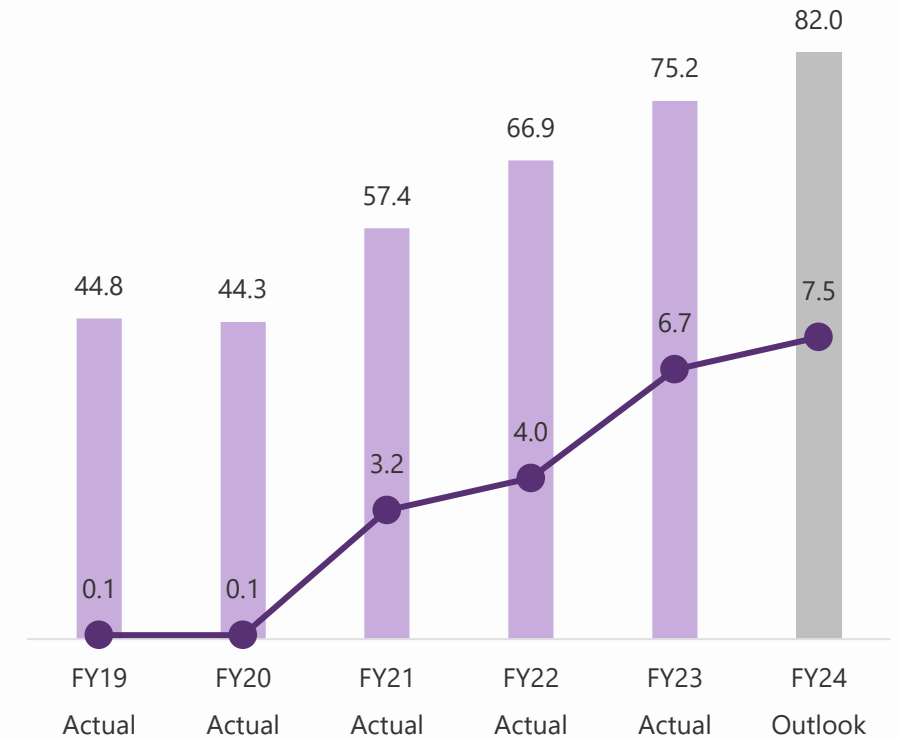
Sales Operating Income



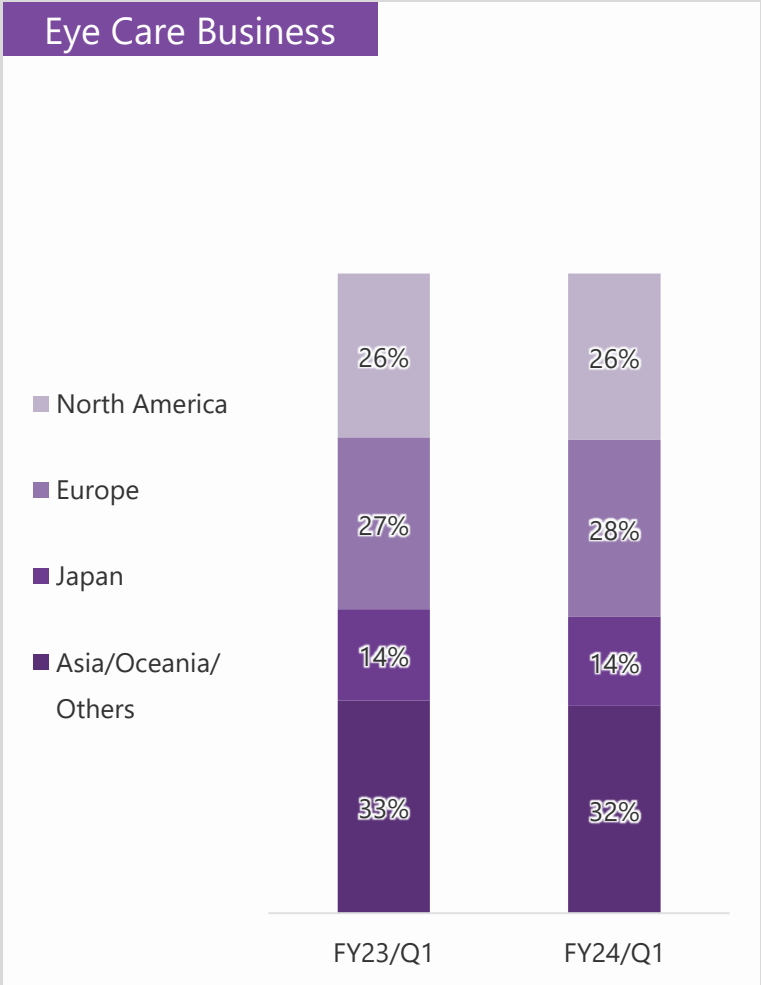
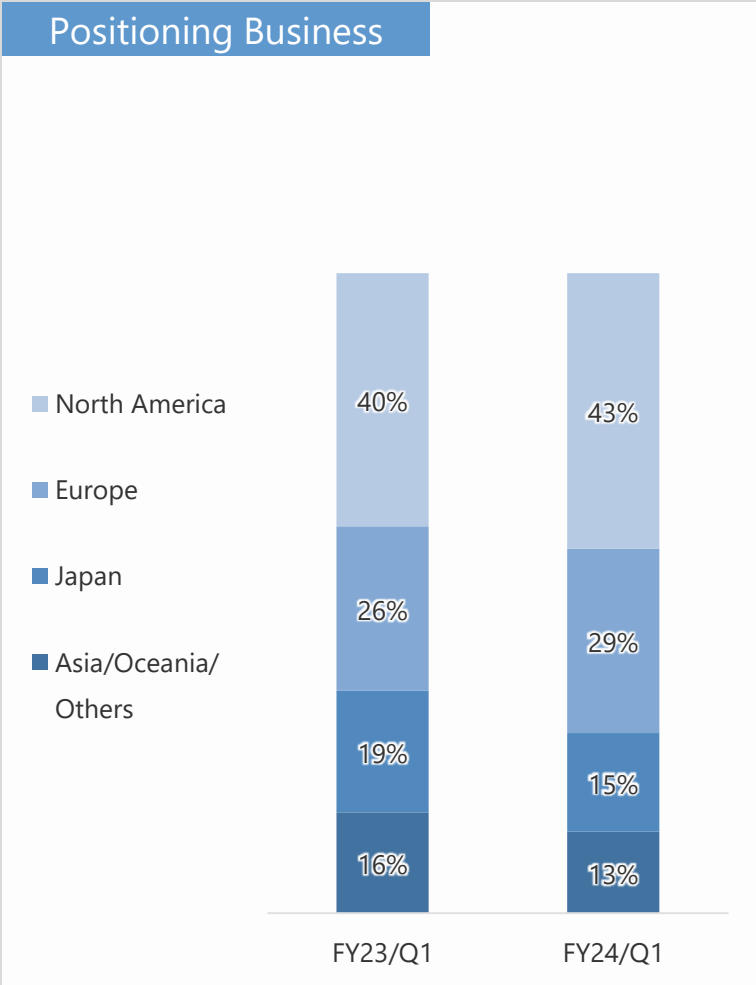
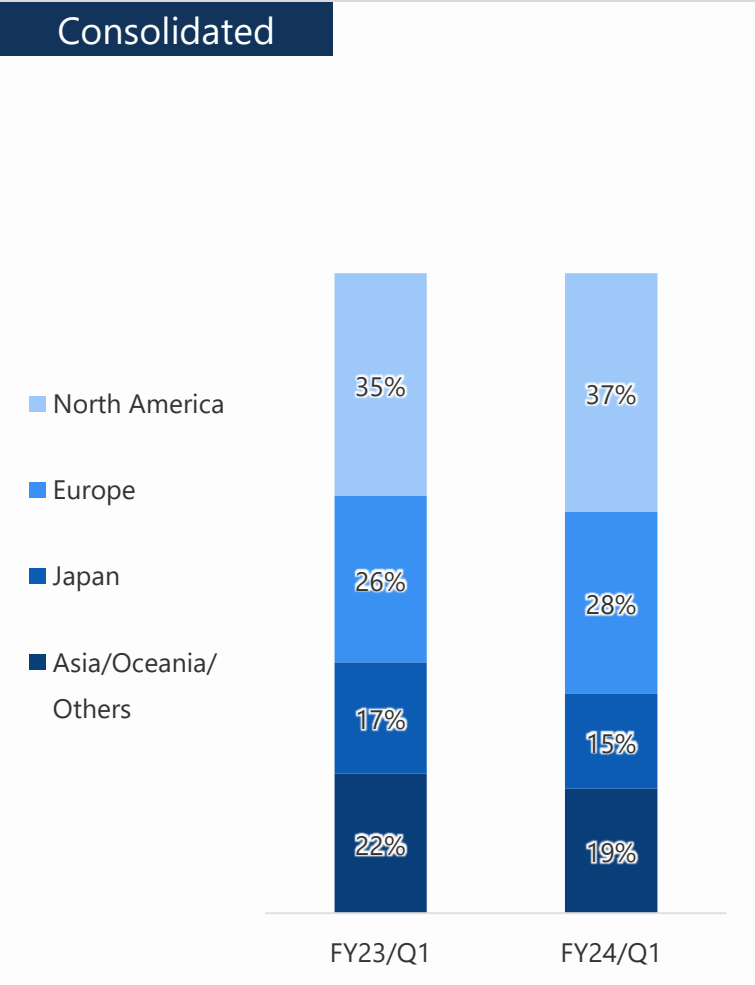
Annual

(Unit: billion yen)

Sales Operating Income



Sales by Region

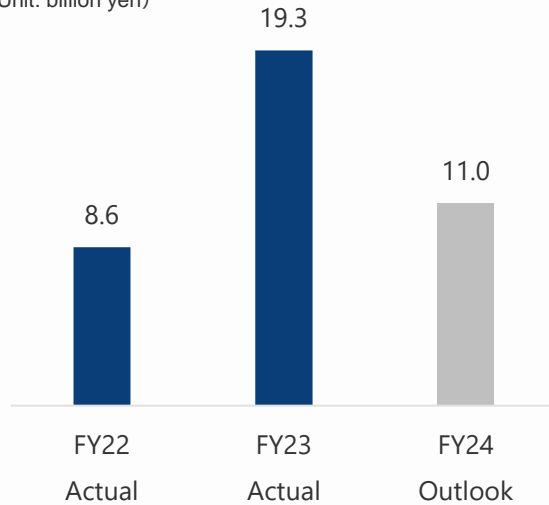




Capital Expenditure, Depreciation and R&D / Forex Sensitivity

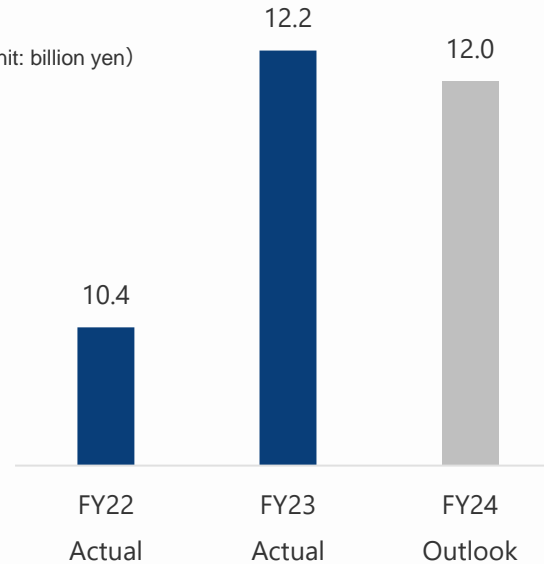
Capital Expenditure

(Unit: billion yen)



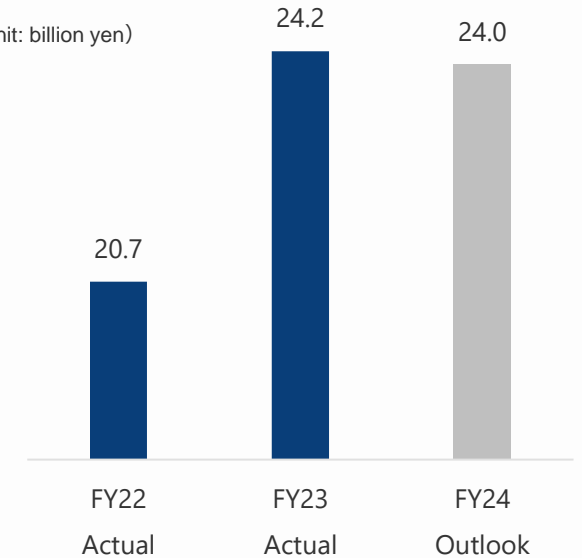
Depreciation

(Unit: billion yen)



R&D

(Unit: billion yen)



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.

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