

TOPCON CORPORATION FY2024 Q2 Financial Results

President & CEO
Takashi Eto

October 30, 2024



Event Overview

Company	TOPCON CORPORATION
Event Type	Presentation of Financial Results
Event Name	FY2024 Q2 Financial Results
Report Period	FY2024 Q2
Date	October 30, 2024
Time	3:30-4:20 PM (Total: 50 minutes; Presentation: 20 minutes; Q&A: 30 minutes)
Event Format	Online (streamed)
Number of Speakers	3 Takashi Eto Representative Director, President and CEO Haruhiko Akiyama Director, Senior Managing Executive Officer, General Manager of Accounting & Finance Div. Takaaki Hirayama Executive Officer, General Manager of Corporate Communication Div.

Highlight of FY2024 Q2 Financial Results



FY24 1H Financial Results

Consolidated		Positioning Business		Eye Care Business	
Net Sales	¥105.5B YoY +1%	Net Sales	YoY ↓	Net Sales	YoY ↑
Operating Income	¥3.0B YoY -22%	Operating Income	YoY ↓	Operating Income	YoY ↑
Net sales were flat year on year, but profit decreased		Sales decreased due to slowdown in the agricultural machinery market, and profit decreased despite the reduction of fixed costs as planned through structural reforms		Sales were steady and profit increased despite increase in expenses for growth investment	

FY24 Full Year Outlook

Consolidated		Positioning Business		Eye Care Business	
Revised plan					
Net Sales	¥220.0B YoY +2%	Net Sales	YoY ↓	Net Sales	YoY ↑
Operating Income	¥12.0B YoY +7%	Operating Income	YoY ↑	Operating Income	YoY ↑
		Despite a decline in sales of IT Agriculture, expect profits increase due to structural reforms		No change from the initial plan Expect record high in both net sales and operating income	

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Financial highlights

• FY2024 1H Financial Results

Consolidated: Net sales were flat year on year, but profit decreased

Positioning Business: Sales decreased due to slowdown in the agricultural machinery market, and profit decreased despite the reduction of fixed costs as planned through structural reforms

Eye Care Business: Sales were steady and profit increased despite increase in expenses for growth investment

• FY2024 Full Year Outlook

Consolidated: Revised initial plan to net sales of ¥220 billion and operating income of ¥12 billion

Positioning Business: Expect profits increase through structural reforms despite sales decline in IT Agriculture

Eye Care Business: No change from the initial plan. Expect record high in both net sales and operating income

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

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- Outlook | Positioning Business
- Outlook | Eye Care Business

03 Topics

- Positioning Business | Progress of Structural Reforms
- Positioning Business | Launch of Strategic Product for the IT Agricultural Market
- Eye Care Business | Progress toward "Healthcare from the Eye"

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- Q2 Financial Results Summary

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- Financial Results
- Sales by Region
- Capital Expenditure, Depreciation and R&D / Forex Sensitivity
- TOPCON REPORT 2024 has been issued

FY24 Q2 Financial Results

01

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



Consolidated Financial Results



(Unit: billion yen)	FY2023 1H Actual	FY2024 1H Actual	YoY	%
Net Sales	104.5	105.5	+1.0	+1%
Gross Profit	55.0	56.0	+1.0	+2%
Gross Profit Ratio	52.6%	53.1%	+0.5pt	
SGA	51.2	53.1	+1.9	+4%
Operating Income	3.8	3.0	-0.8	-22%
Operating Income Ratio	3.7%	2.8%	-0.8pt	
Ordinary Income	3.4	0.4	-3.0	-89%
Extraordinary Losses	-1.4	-	+1.4	-
Net Income	0.6	0.1	-0.5	-90%
Exchange rate	USD	¥141.31	¥152.30	+¥10.99
(Average)	EUR	¥153.51	¥165.46	+¥11.95

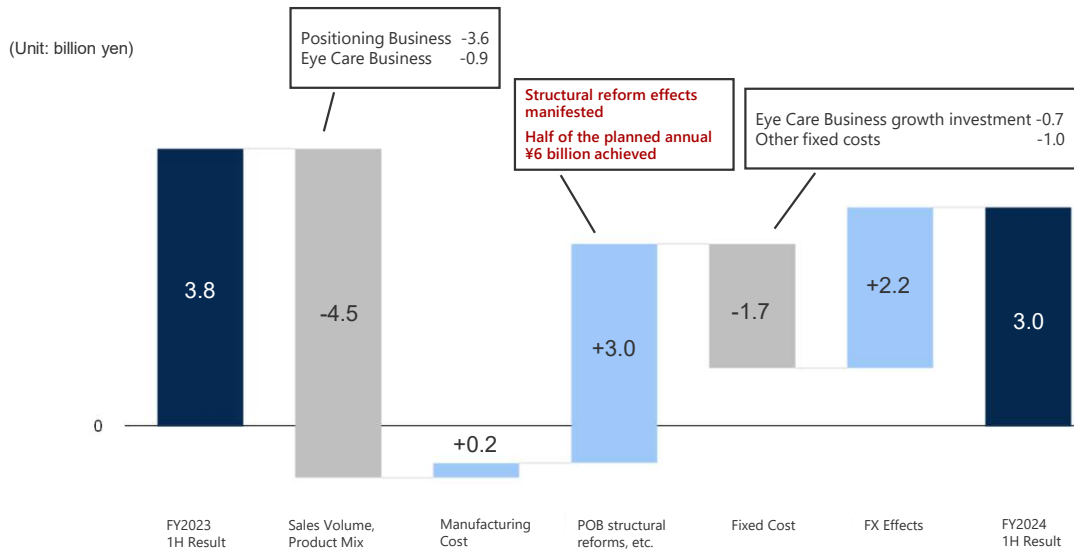
YoY comparisons
excluding FX effects
-¥5.4B (-5%)

YoY comparisons
excluding FX effects
-¥1.4B (-3%)

Consolidated Financial Results

- Net sales were ¥105.5 billion (+1% increase), but sales decreased excluding the effect of the weak yen
- As the effects of structural reforms were manifested in the Positioning Business, SG&A expenses were held down to -1.4 billion yen YoY, excluding the impact of foreign exchange, despite continued growth investment in the Eye Care Business. However, this was not enough to cover the decline in sales and operating income decreased.
- Ordinary income also decreased owing to the impact of foreign exchange losses and an increase in interest expenses in non-operating expenses
- The yen depreciated by about ¥11 against the dollar and about ¥12 against the euro

Operating Income YoY Breakdown



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Operating income YoY breakdown

- Calculating from ¥3.8 billion of FY2023 1H result
 - Effects of Sales Volume, Product Mix: -¥4.5 billion (-¥3.6 billion in the Positioning Business and -¥0.9 billion in the Eye Care Business)
 - Effect of Manufacturing Cost: +¥0.2 billion
 - Effects of structural reforms, etc. in the Positioning Business: ¥3.0 billion, 50% progress compared to the plan (¥6.0 billion per year)
 - Effect of Fixed Cost: -¥1.7 billion less than the plan (¥6.5 billion per year) (-¥0.7 billion of growth investment in the Eye Care Business and -¥1.0 billion of other fixed costs)
 - FX effects: +¥2.2 billion. Effect of yen depreciation
- Total FY2024 1H results: ¥3.0 billion

Overview | Positioning Business



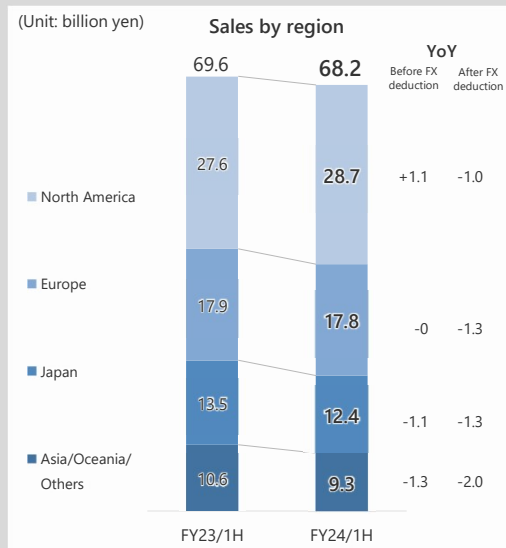
- Sales decreased due to slowdown in the agricultural machinery market, and profit decreased despite **the reduction of fixed costs as planned through structural reforms**

		FY2023 1H Actual	FY2024 1H Actual	YoY	%
(Unit: billion yen)					
Net Sales		69.6	68.2	-1.4	-2%
Operating Income		4.9	4.1	-0.8	-17%
Operating Income Ratio		7.0%	6.0%	-1.0pt	
Exchange rate (Average)	USD	¥141.31	¥152.30	+¥10.99	
	EUR	¥153.51	¥165.46	+¥11.95	

YoY comparisons excluding
FX effects
-¥5.6B (-8%)

Overview of Positioning Business

- Sales decreased due to slowdown in the agricultural machinery market, and profit decreased despite the reduction of fixed costs as planned through structural reforms
- Net sales were ¥68.2 billion, a decrease of ¥1.4 billion YoY
- The effect of fixed cost reductions through structural reforms was achieved as planned, but operating income decreased by ¥0.8 billion to ¥4.1 billion
- Excluding FX effects, sales decreased by ¥5.6 billion



- North America**
 - ✓ IT Construction is on a **recovery trend mainly in the aftermarket*** mainly due to stabilization of market inventories and demand for infrastructure, etc.
 - ✓ The impact of restrained investment due to decline in grain prices continues in IT Agriculture
 - Europe**
 - ✓ The impact of restrained investment due to decline in grain prices continues in IT Agriculture
 - Japan**
 - ✓ IT Construction is **steady, particularly for "Kui-Navi Shovel"**
 - ✓ Sales of surveying instruments decreased due to the delay in the release of new products and the impact of inventory adjustments in the market
 - Asia/Oceania**
 - ✓ In China, sales of surveying instruments decreased
 - ✓ In Oceania, sales of IT Construction and surveying instruments/lasers decreased
- *Aftermarket: sales of retrofit systems for IT Construction and IT Agriculture

Overview of Positioning Business by region

(From this term, the differences excluding the effect of FX deduction are also shown for sales by region)

- After FX deduction, sales decreased in North America, Europe, Japan, and Asia/Oceania

Main reasons for increase/decrease in each region

North America: IT Construction is on a recovery trend mainly in the aftermarket due to stabilization of market inventories and demand for infrastructure, etc. IT Agriculture sales decreased because the impact of restrained investment due to decline in grain prices continues

Europe: IT Agriculture sales declined as in North America, because the impact of restrained investment due to decline in grain prices continues

Japan: IT Construction is steady, particularly for "Kui-Navi shovel" Sales of surveying instruments decreased due to the delayed launch of new products and the continuous adjustment of inventory in the market

Asia/Oceania: In China, sales of surveying instruments decreased. Oceania struggled, as did Europe and the U.S.

Overview | Eye Care Business



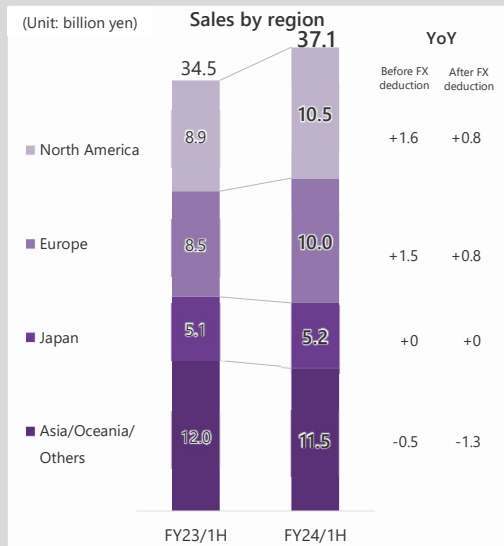
- **Sales were steady and profit increased** despite increase in expenses for growth investment

(Unit: billion yen)		FY2023 1H Actual	FY2024 1H Actual	YoY	%
Net Sales		34.5	37.1	+2.7	+8%
Operating Income		1.3	1.4	+0.1	+9%
Operating Income Ratio		3.7%	3.7%	0pt	-
Exchange rate (Average)	USD	¥141.31	¥152.30	+¥10.99	
	EUR	¥153.51	¥165.46	+¥11.95	

YoY comparisons excluding
FX effects
+¥0.4B (+1%)

Overview of Eye Care Business

- Net sales were ¥ 37.1 billion, a solid +¥2.7 billion YoY
- Operating income increased by ¥0.1 billion to ¥1.4 billion, despite an increase in growth investment expenses
- Excluding the FX effects, sales increased by ¥0.4 billion



North America

- ✓ **Solid sales continued**, mainly to major optical chain stores
- ✓ **Renewed the management team in North America**, established a direct sales structure, and strengthened the business for ophthalmologists

Europe

- ✓ Although there are regional differences, **steady sales continued**, including for major eyeglass chain stores
- ✓ **Strong sales** of fundus cameras, including large tender wins

Asia/Oceania

- ✓ In China, sales have fallen significantly due to fewer tenders because of anti-corruption campaigns and worsening hospital management caused by delays and reductions in insurance reimbursement
- ✓ In India and Asia excluding China, **sales increased** owing to continuous acquisition of tender projects, etc.

Overview of Eye Care Business by region

(As in the Positioning Business, from this term, the differences excluding the effect of FX deduction are also shown for sales by region)

- Sales increased in all regions except Asia/Oceania, which were affected by a decline in sales in China

Main reasons for increase/decrease in each region

North America: Solid sales continued, mainly to major optical chain stores. A new management team has been appointed, establishing a direct sales structure and strengthen business for ophthalmologists

Europe: Solid sales continued, mainly to major optical chain stores, although there were regional differences. Strong sales of fundus cameras, including large tender wins

Asia/Oceania: In China, sales have fallen significantly due to fewer tenders because of anti-corruption campaigns and worsening hospital management caused by delays and reductions in insurance reimbursement. In India and other Asia regions, excluding China, sales increased mainly 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

- **Downward revision: Positioning Business is lagging behind in its recovery. Eye Care Business remains unchanged from the initial forecast.**

Reasons for revision

- ✓ IT Agriculture is not expected to improve market conditions such as grain prices in Europe and the U.S.
- ✓ The sales of surveying instruments were affected by the delay of new products and the 1H adjustment of domestic inventories in the market
- ✓ Structural reforms are progressing as planned

Measures (focus in FY2024 2H)

- ✓ Creating demand by launching strategic new products in IT Agriculture and strengthening sales networks in Europe and the U.S.
- ✓ From Q3 onward, planning to release four new models of surveying instruments
- ✓ Reinforcing cost control in line with declining sales

Revised plan

(Unit: billion yen)	Previous plan (as of July 30)	Revised plan (as of Oct. 30)	Comparison	FY2023 Actual
Net Sales	230.0	220.0	-10.0	216.5
Operating Income	18.0	12.0	-6.0	11.2
Ordinary Income	15.5	8.0	-7.5	8.9
Net Income	9.5	4.5	-5.0	4.9
ROE	9%	4%	-5pt	5%
Dividend	¥42	¥42	0	¥42
Dividend payout ratio	47%	98%	+51pt	90%
Exchange rate	USD	¥145.00	¥145.00	¥144.40
(Average)	EUR	¥155.00	¥155.00	¥156.80

Assumption rate of Q2 onward

Assumption rate of Q3 onward
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Consolidated full year outlook

- Positioning Business: Downward revision due to lagging behind in its recovery
- Eye Care Business: No change from the initial forecast

Reasons for revision

- IT Agriculture is not expected to improve market conditions such as grain prices in Europe and the U.S.
- The sales of surveying instruments were affected by the delay of new products launch and the 1H adjustment of inventories in the market
- On the other hand, structural reforms are progressing as planned

Focus for the 2H in response to this situation

- Creating demand by launching strategic new products in IT Agriculture and strengthening sales networks in Europe and the U.S.
- From Q3 onward, planning to release four new models of surveying instruments
- Reinforcing cost control in line with declining sales

The difference between operating income and ordinary income is due to an increase in foreign exchange losses

No change in dividends

Consolidated Full Year Outlook | Sales by Business



- Revised initial forecast, focusing on surveying and laser products, and IT Agriculture

Segment	Solution	Main Market ^{*2}	FY2023		FY2024		Reference: Initial forecast	
			1H	2H	1H	2H(Plan)	1H	2H
POB (Positioning Business)	Surveying and laser products	Surveying & Construction	➔	➔	➔	➔	➔	➔
	IT Construction ^{*1}	OEM	➔	➔	➔	➔	➔	➔
		Aftermarket	➔	➔	➔	➔	➔	➔
	IT Agriculture ^{*1}	OEM	➔	➔	➔	➔	➔	➔
Aftermarket		➔	➔	➔	➔	➔	➔	
ECB (Eye Care Business)	Optometry and diagnostic equipment	Medical institutions/major optical chain stores/drugstores	➔	➔	➔	➔	➔	➔
	Screening and other services	Medical institutions/major optical chain stores/drugstores	➔	➔	➔	➔	➔	➔

*1 Comparison on a dollar basis

*2 OEM : Sold to construction machinery manufacturers and agricultural machinery manufacturers
Aftermarket: sales of retrofit systems for IT Construction and IT Agriculture

Sales outlook by business

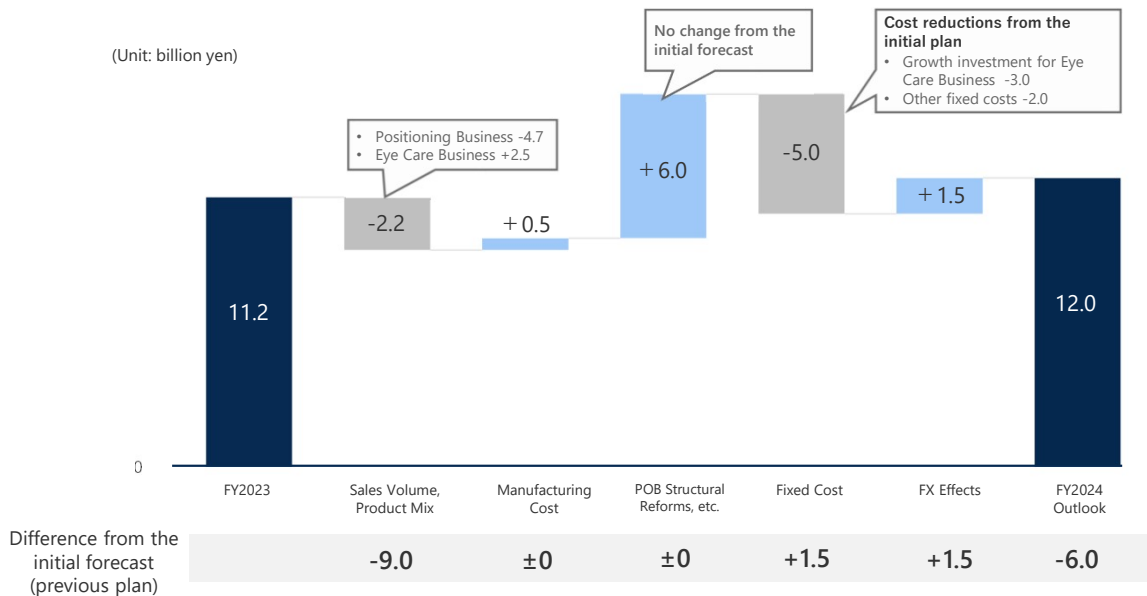
Changes from the initial forecast are indicated in red

Revised initial forecast, focusing on surveying and laser products, and IT Agriculture

Operating Income YoY Breakdown



(Unit: billion yen)



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Operating income YoY breakdown

(The difference from the previous plan is shown at the bottom of the slide)

- Calculating from ¥11.2 billion of FY2023 result

Effects of Sales Volume, Product Mix: Sales of Positioning Business decreased by ¥2.2 billion.

Effect of Manufacturing Cost: +¥0.5 billion

Effects of Structural Reforms, etc. in the Positioning Business: No change from the initial forecast (previous plan) . Expected to contribute ¥6.0 billion in profits annually

Effect of Fixed Cost: -¥5.0 billion less than the initial forecast (previous plan: ¥6.5 billion per year)

FX effects: +¥1.5 billion. Effect of yen depreciation

- Total FY2024 outlook: ¥12.0 billion

Outlook | Positioning Business



- Sales and operating income plans revised downward due to slower-than-expected slowdown in agricultural machinery market
- Expect **profit increase secured through structural reform**

(Unit: billion yen)	Previous plan (as of July 30)	Revised plan (as of Oct. 30)	Comparison	FY2023 Actual
Net Sales	147.0	137.0	-10.0	140.4
Operating Income	16.5	10.0	-6.5	9.1
Operating Income Ratio	11.2%	7.3%	-3.9pt	6.5%
Exchange rate (Average)				
USD	¥145.00	¥145.00		¥144.40
EUR	¥155.00	¥155.00		¥156.80

Assumption rate of Q2 onward

Assumption rate of Q3 onward

Positioning Business outlook

- Due to slower-than-expected slowdown in agricultural machinery market, sales and operating income plans revised downward by ¥10 billion and ¥6.5 billion, respectively
- Compared to FY2023, expect profit increase secured through structural reforms

Outlook | Eye Care Business



- **No change from the initial plan**
- **Expect record high in both net sales and operating income**

(Unit: billion yen)	Previous plan (as of July 30)	Revised plan (as of Oct. 30)	Comparison	FY2023 Actual
Net Sales	82.0	82.0	-	75.2
Operating Income	7.5	7.5	-	6.7
Operating Income Ratio	9.1%	9.1%	-	8.9%
Exchange rate (Average)				
USD	¥145.00	¥145.00		¥144.40
EUR	¥155.00	¥155.00		¥156.80

Assumption rate of Q2 onward

Assumption rate of Q3 onward

Eye Care Business Outlook

- No change from initial plan
- Expect both sales and operating income to reach record high. Net sales are at a level that will almost achieve the goals of Mid-Term Business Plan

Topics

03

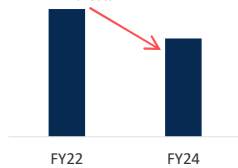
- Positioning Business | Progress of Structural Reforms
- Positioning Business | Launch of Strategic Product for IT Agricultural Market
- Eye Care Business | Progress toward "Healthcare from the Eye"



- Appropriate organizational structure in Europe and the U.S.

✓ Completed personnel optimization, especially in Europe and the U.S.

Reduction of over 250 Employees
 ※ Net reduction including workforce increase of about 80 employees from the acquisition of Satel



✓ New CEO appointed (Sep. 2024)
 Continuing to focus on structural reforms



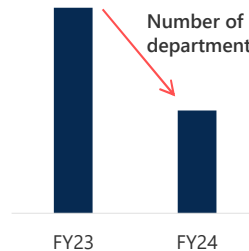
Ivan Di Federico
 (President of Topcon Positioning Systems)

Since joining the company in 2005, he has worked with former CEO Ray O'Connor to drive the growth of the Positioning Business through strategy and innovation

- Streamlining the sales company organizations in Japan in charge of Asia region

✓ Eliminating the hierarchical structure by reviewing the sales structure

Number of departments halved



- Accelerating the introduction of new products by reforming product planning and development organizations

✓ Completed strengthening planning and development management system in Japan



Progress of structural reforms in the Positioning Business

1) Appropriate organizational structure in Europe and the U.S.

- Completed the personnel optimization, especially in Europe and the U.S., reducing over 250 employees including workforce increase of about 80 employees from the acquisition of Satel
- New CEO, Ivan de Federico, appointed

2) Streamlining the sales company organizations in Japan in charge of Asia region

- Eliminating the hierarchical structure by reviewing the sales structure
- Effectively halved the number of departments and streamlined sales operations

3) Acceleration of new product launches through product planning and development organizational reform

- The effects of strengthening domestic planning and development management system are emerging
- Accelerate the launch of new products from the 2H of the year



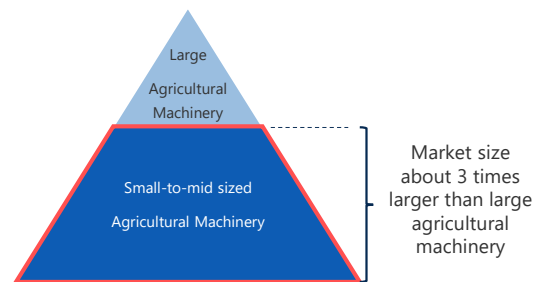
- Launch a low-priced Auto Steering System for mid- to small-sized agricultural machinery
- Take a foothold in the aftermarket to target the mid- to small-sized tractor market and to strengthen sales with a view to OEM development

Auto Steering System: Value Line Model



Market size of agricultural machinery*

Main markets (the U.S. and Europe): About 500,000 units/year



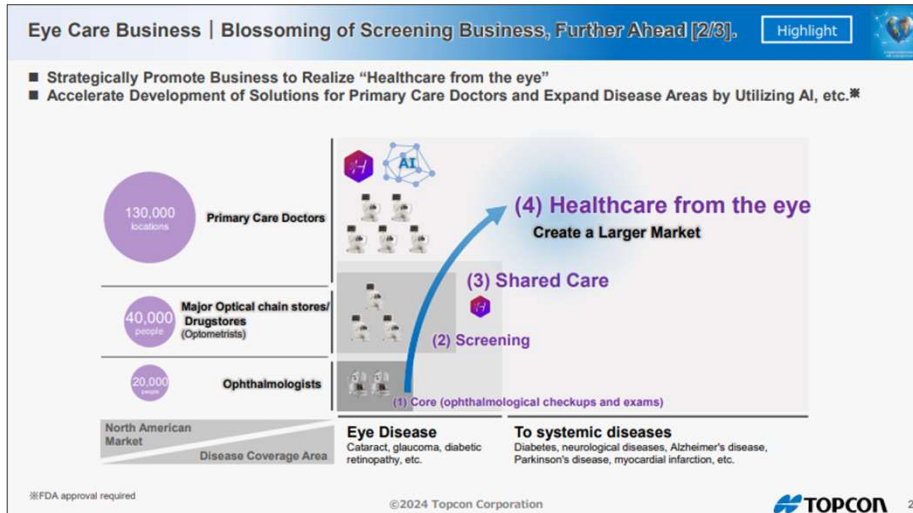
※ As of 2023, market size (The company's research: Large defined as engine power of 75 kW and above; Small-to mid sized defined as engine power below 75 kW)

Strategic products for the IT Agricultural market

- Launched the Value Line model, a low-priced automatic steering system for mid- to small-sized agricultural machinery
- The market size of mid- to small-sized agricultural machinery is overwhelmingly larger than that of large agricultural machinery. For example, the market size of agricultural machinery is about three times that of large tractors
- Take a foothold in the aftermarket to target the mid- to small-sized tractor market and to strengthen sales with a view to OEM development



- Towards the realization of “Healthcare from the Eye”

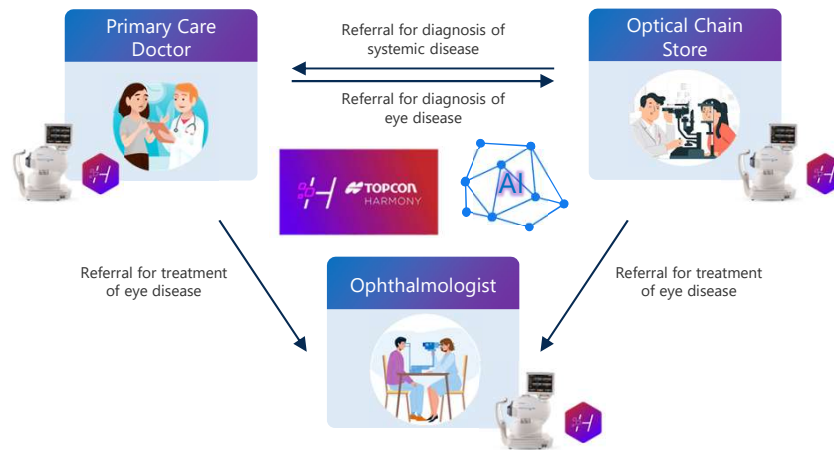


Eye Care Business Topics

- When announcing the partnership with Microsoft strategically at the time of FY2023 financial results announcement (May 10), we introduced this slide “Healthcare from the Eye”.
- The next three slides describe the business concept and recent initiatives



- Early detection of systemic diseases through a screening ecosystem involving primary care doctors, optical chain stores, and ophthalmologists
- Using AI diagnosis, it is possible to perform health checks by non-specialists. Primary care doctors, optical chain stores, and ophthalmologist - all benefit from this arrangement
- Early detection of diseases and early treatment through referrals can significantly reduce the burden on patients and medical costs



*FDA approval required

*In Japan, optical stores without a doctor are not covered.

Enable by our screening equipment + platform + AI

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Progress toward “Healthcare from the Eye”

Overview of the business concept

- Aiming to build a healthcare ecosystem in which primary care doctors, optical chain stores, and ophthalmologists work together

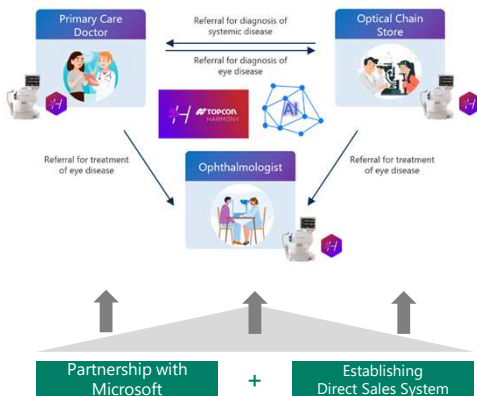
The world that this ecosystem is aiming for

- Primary care doctors, optical chain stores, and ophthalmologists provide patients with the opportunity to be screened, enabling the early detection of systemic diseases.
- Using AI diagnosis, it is possible to perform health checks by non-specialists. Primary care doctors, optical chain stores, and ophthalmologists—all benefit from this arrangement.
- Early detection of diseases and early treatment through referrals can significantly reduce the burden on patients and medical costs.

This concept wouldn't be possible without our three solutions: Screening equipment + platform + AI.



- Establishing direct sales system in North America, promoting business vision to optical chain stores and ophthalmologists
- Highly praised by ophthalmologists at the largest U.S. ophthalmology conference (American Academy of Ophthalmology (AAO))

Sales Force
EnhancementConferences and
ExhibitionsAAO 2024 Annual Meeting
for Ophthalmologists– Chicago, October 2024Vision Expo West 2024 Exhibitions for Optometrists
–Las Vegas, September 2024

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Progress toward “Healthcare from the Eye”

Recent efforts to realize the business concept

1) Strengthen sales in North America

- To realize the ecosystem, it is necessary to have access to the three groups of primary care doctors, optical chain stores, and ophthalmologists.
- Achieving this by the development of a direct sales system and partnership with Microsoft

2) Also focusing on activities to convey our business plans and our vision.

- In the largest ophthalmological society in the U.S. (AAO), we have also received highly positive reviews from ophthalmologists.



- Acquired certification from the U.S. FDA for Maestro 2’s OCT-Angiography (August 2024)
→ Accelerate the spread of our screening equipment in North America

Solutions Deployment

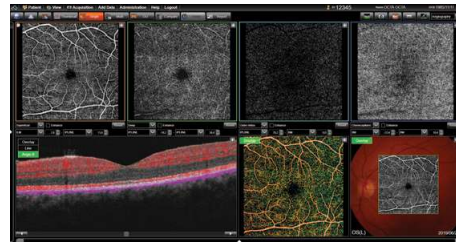
FDA certification in the U.S.

- The first and only fully automatic system in the U.S. equipped with the OCT-Angiography



What is the OCT-Angiography?

- A non-invasive test that can visualize blood vessels without injecting a drug
- Reducing the burden on patients and contributing to early detection of diseases



Expand the user bases, including optical chain stores and ophthalmologists

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Progress toward “Healthcare from the Eye”

Recent efforts to realize the business concept

3) Solution deployment is also progressing well

- Acquired certification from the U.S. FDA for Maestro 2’s OCT-Angiography in August 2024
- The first and only fully automatic system in the U.S. equipped with the OCT-Angiography
(OCT-Angiography enables non-invasive tests that can visualize blood vessels without injecting a drug. Reduce the burden on patients)
- Expand the user bases, including optical chain stores and ophthalmologists, to promote our screening equipment

Summary

04

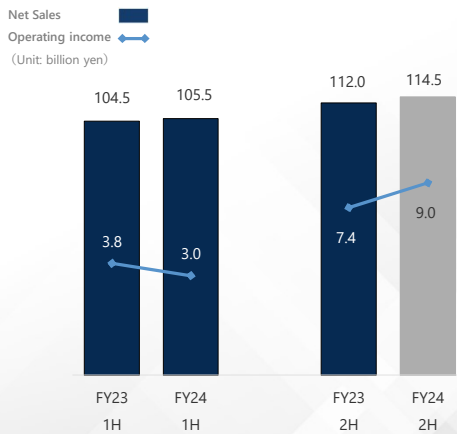
• FY2024 Q2 Financial Results Summary



FY2024 Q2 Financial Results Summary



Consolidated (Full Year)

Net Sales **¥220.0B** YoY +2%Operating Income **¥12.0B** YoY+7%

Downward revision of the full-year outlook

- ✓ Unable to make up for the low level of performance in 1H while expecting an increase in sales and profit in 2H

Positioning Business

- ✓ Expected an increase in profit by boosting sales through introduction of new products, etc. and working to reduce costs through structural reforms despite the expectation of difficult business environment, mainly in IT agriculture

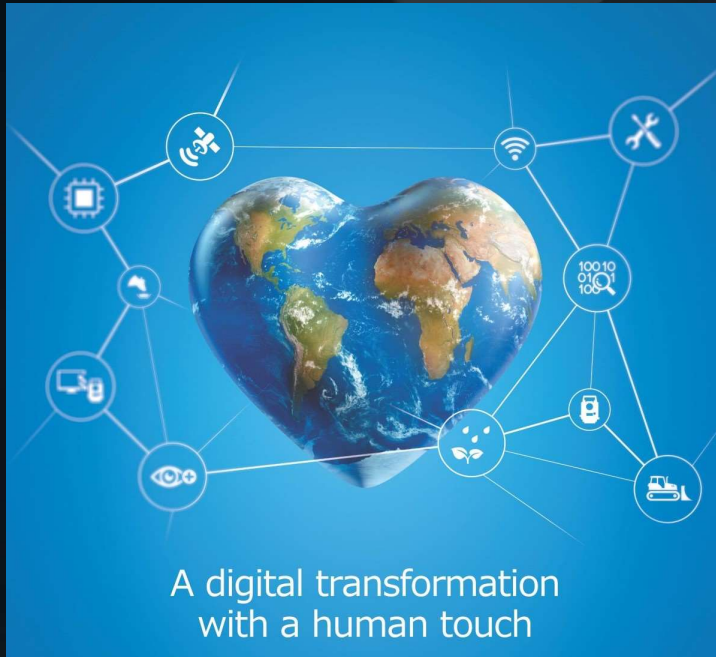
Eye Care Business

- ✓ Profitability improved as planned while continuing to invest in growth businesses

FY2024 Q2 Financial Results Summary

The slide shows net sales and operating income divided into 1H (left side) and 2H (right side).

- ✓ Downward revision of the full-year outlook: Sales increased but profits decreased in 1H. Unable to make up for the low level of performance in 1H while expecting an increase in sales and profit in 2H
- ✓ Positioning Business : Expected an increase in profit by boosting sales through introduction of new products, etc. and working to reduce costs through structural reforms despite the expectation of difficult business environment, mainly in IT agriculture
- ✓ Eye Care Business: Profitability improved as planned while continuing to invest in growth businesses

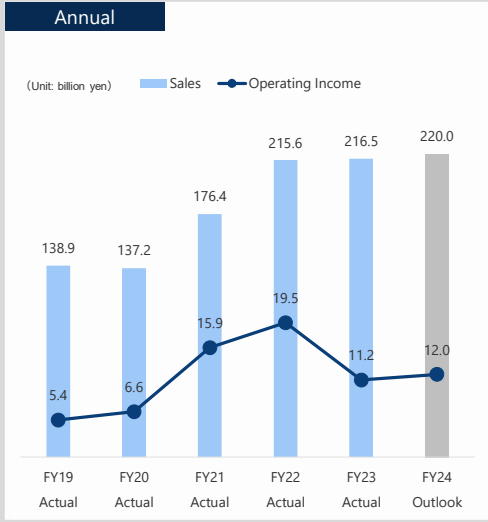


Appendix

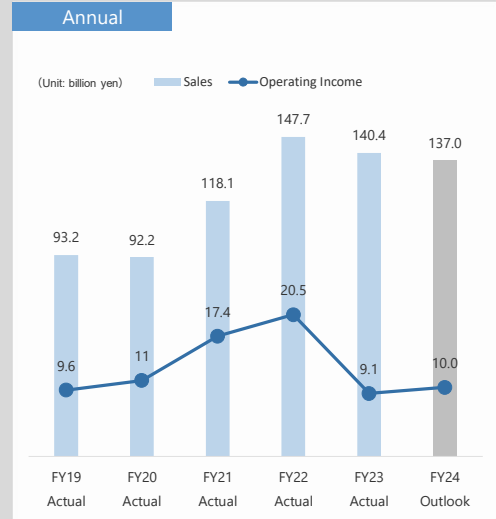
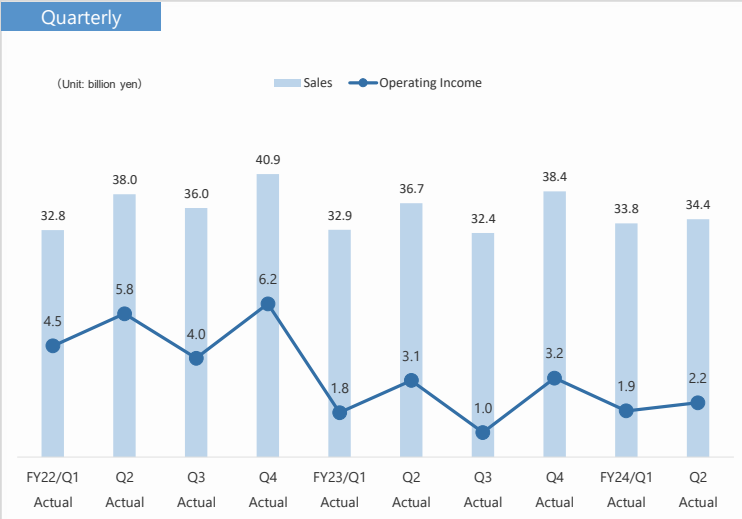
05

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

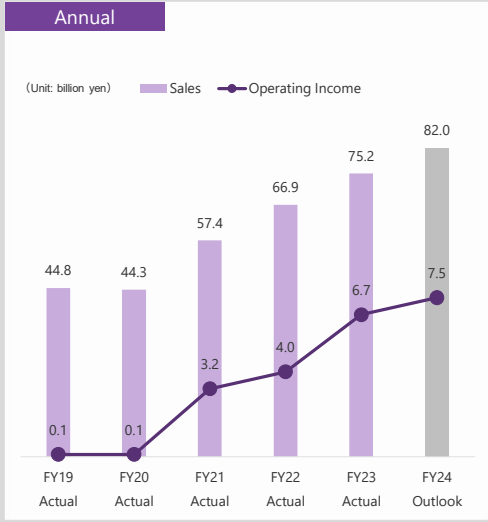
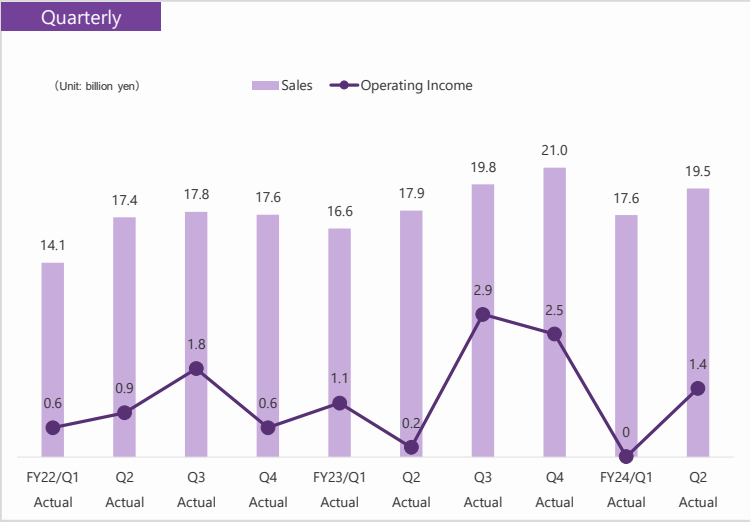
Financial Results | Consolidated



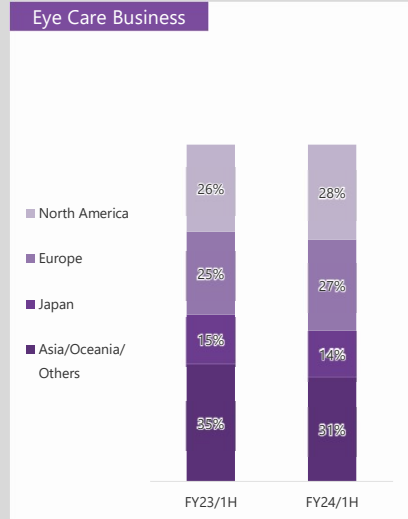
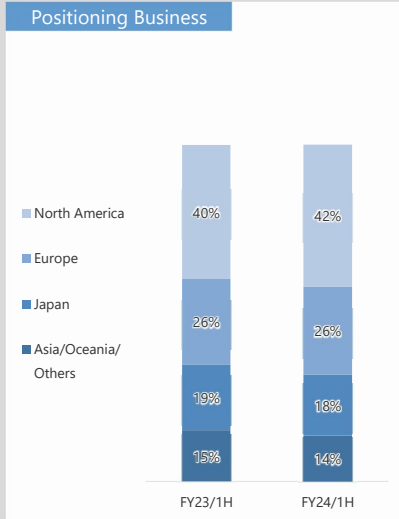
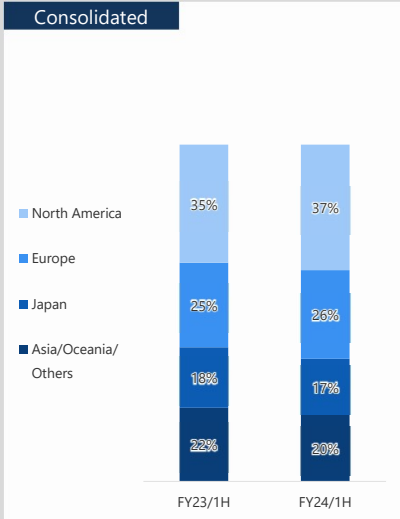
Financial Results | Positioning Business



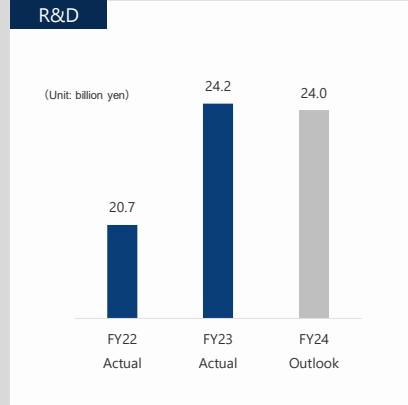
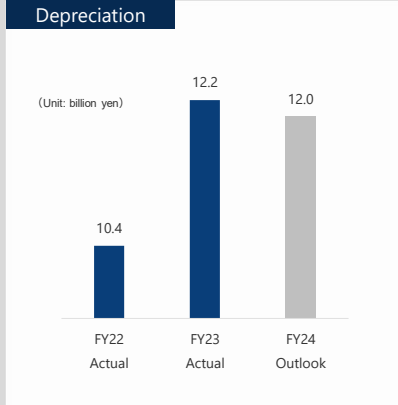
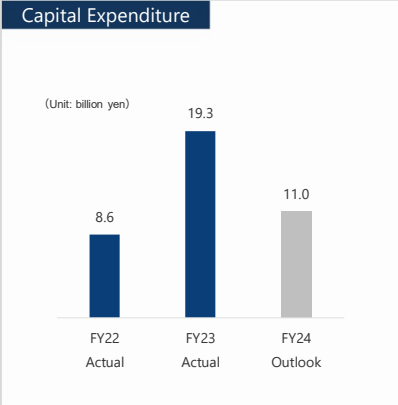
Financial Results | Eye Care Business



Sales by Region



Capital Expenditure, Depreciation and R&D / Forex Sensitivity



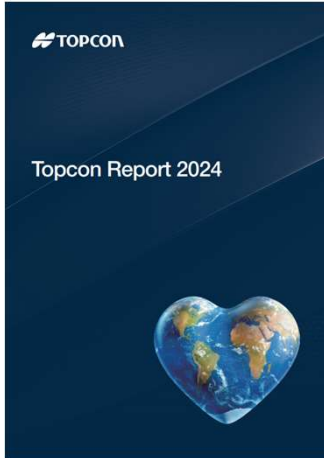
Forex Sensitivity (impact by ¥1 change)

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

TOPCON REPORT 2024 has been issued



■ Cover Page



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

■ Excerpt from the Value Creation Page



TOPCON REPORT 2024 has been issued



■ Excerpt from the Sustainability Page

■ Contribution to environmental issues through our businesses

Contributing to the achievement of greenhouse gas emissions reduction target through "Ibuki 2"

Topcon's optical units are mounted in Ibuki 2 (GOSAT-2, launched on October 23, 2018, a successor to Ibuki (GOSAT), the world's first dedicated greenhouse gas observation satellite. The GOSAT-2 satellite has been operational and remains in service at the present to observe the concentrations of greenhouse gases and PM2.5 on the earth. In October 2022, We were presented with a testimonial by the Japan Aerospace Exploration Agency (JAXA) to commemorate the fifth anniversary of the start of GOSAT-2 operation.



Photo courtesy of JAXA: "JAXA Presents Testimonial (Related to Greenhouse Gases Observing Satellite GOSAT-2)"

Materiality

- Providing Creative Products through Technological Innovation

[Web Link](#)

Automating agriculture to reduce our impact on the environment

One of the challenges facing a large-scale potato farm in Ireland was the search for a method of farming that could reduce chemicals such as pesticides while maintaining productivity. The farm decided to use Topcon's laser-type growth sensors to perform on-going research and analysis of the soil. This revealed the correlation of changes in the soil caused by the amount of fertilizers and pesticides and the growth level of potatoes. In doing this, the farm succeeded in eliminating excessive use of chemicals. By optimizing fertilizer use, land that had previously been unsuitable for crop production now became possible to work, and the crop yield increased. The use of Topcon's auto-steering system also led to reductions in CO₂.



Materiality

- Promoting and Accelerating DX Solutions
- Reducing the Impact on the Global Environment

[Web Link](#)

Realizing community and environment friendly road construction

Topcon's construction site management solutions have been adopted for Norway's national highway improvement project. This is an important construction project that will substantially shorten existing routes and improve safety and convenience in terms of traffic. Further, the new highway project was required to consider the natural environment still remaining in many places around the proposed route, including the installation of dedicated road crossings for wildlife. Our solutions addressed these complex conditions while also achieving a three-month reduction in construction time, a 20% reduction in the construction budget, and a reduction in CO₂ emissions through more efficient construction work. We improved the efficiency of environmentally friendly construction work and contributed to regional development.



Materiality

- Promoting and Accelerating DX Solutions
- Reducing the Impact on the Global Environment

[Web Link](#)

Contributing to the installation of foundations for solar panel facilities

In recent years, large-scale solar power facilities have been increasingly constructed in response to the expanded use of renewable energy as a measure against global warming. However, construction companies often experience inadequate coordinate values when installing solar panels. This can create challenges for them in work speed and cost. The use of Topcon's product has contributed to solving such challenges and increased positioning speed up to 10 times compared to conventional methods.



Materiality

- Reducing the Impact on the Global Environment

[Web Link](#)

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 October 30, 2024 at 15:00(JST)

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