

TOPCON CORPORATION

FY2024 Financial Results

President & CEO
Takashi Eto

May 12, 2025



Today's Key Points



FY24 Financial Results

- FY24 full-year results: Net sales remained at the same level as the previous year, but profits declined.
- Positioning Business: Continued to be impacted by the restraint in investments due to the market downturn and policy uncertainty.
- Eye Care Business: **The growth of sales accelerated** in regions excluding China.

Progress of Mid-Term Business Plan 2025

- **No change of Long-Term Vision.** Continuing to promote three key pillars, including structural reforms, to support sustainable growth.
- Positioning Business: Improving profitability through structural reforms, while introducing new products and pursuing strategic M&A activities and partnerships.
- Eye Care Business: Accelerating investment towards the realization of the “Healthcare from the Eye” business and transitioning to a direct sales system in the U.S.

Accelerating Growth Strategy through MBO

- On March 28, 2025, Topcon announced its endorsement and recommendation of a tender in relation to tender offer planned by TK Co., Ltd. The tender offer is currently scheduled to commence around the end of July.
- Strengthening the business foundation to accelerate growth through a partnership with KKR and JICC.

Highlights





● FY24 Financial Results

Consolidated

Net Sales	¥216.0B
	YoY -0%
Operating Income	¥8.8B
	YoY -21%

Positioning Business

	YoY
Net Sales	
Operating Income	
✓ Sales decreased amid the ongoing slump in demand. Structural reforms reduced fixed costs , but profits still decreased.	

Eye Care Business

	YoY
Net Sales	 (record high)
Operating Income	 (record high)
✓ Both net sales and operating income reached record highs .	
✓ Net sales and operating income margin: The Mid-Term Business Plan targets were achieved one year ahead of schedule.	

- The Company's full-year outlook for FY25 has not been disclosed.

01 FY24 Financial Results

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

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- Progress of Basic Measures

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- Capital Expenditure, Depreciation and R&D / Forex Sensitivity
- Overview of MBO

FY24 Financial Results

01

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

Consolidated Financial Results



	FY2023 Actual	FY2024 Actual	YoY	%
(Unit: billion yen)				
Net Sales	216.5	216.0	-0.5	-0%
Gross Profit	114.8	113.9	-0.9	-1%
Gross Profit Ratio	53.0%	52.7%	-0.3pt	
SGA	103.6	105.1	+1.5	+1%
Operating Income	11.2	8.8	-2.4	-21%
Operating Income Ratio	5.2%	4.1%	-1.1pt	
Ordinary Income	8.9	4.7	-4.1	-
Extraordinary Losses	-4.4	-2.7	+1.7	-
Net Income	4.9	0.4	-4.5	-
Exchange rate	USD	¥144.40	¥152.48	+¥8.08
(Average)	EUR	¥156.80	¥163.62	+¥6.82

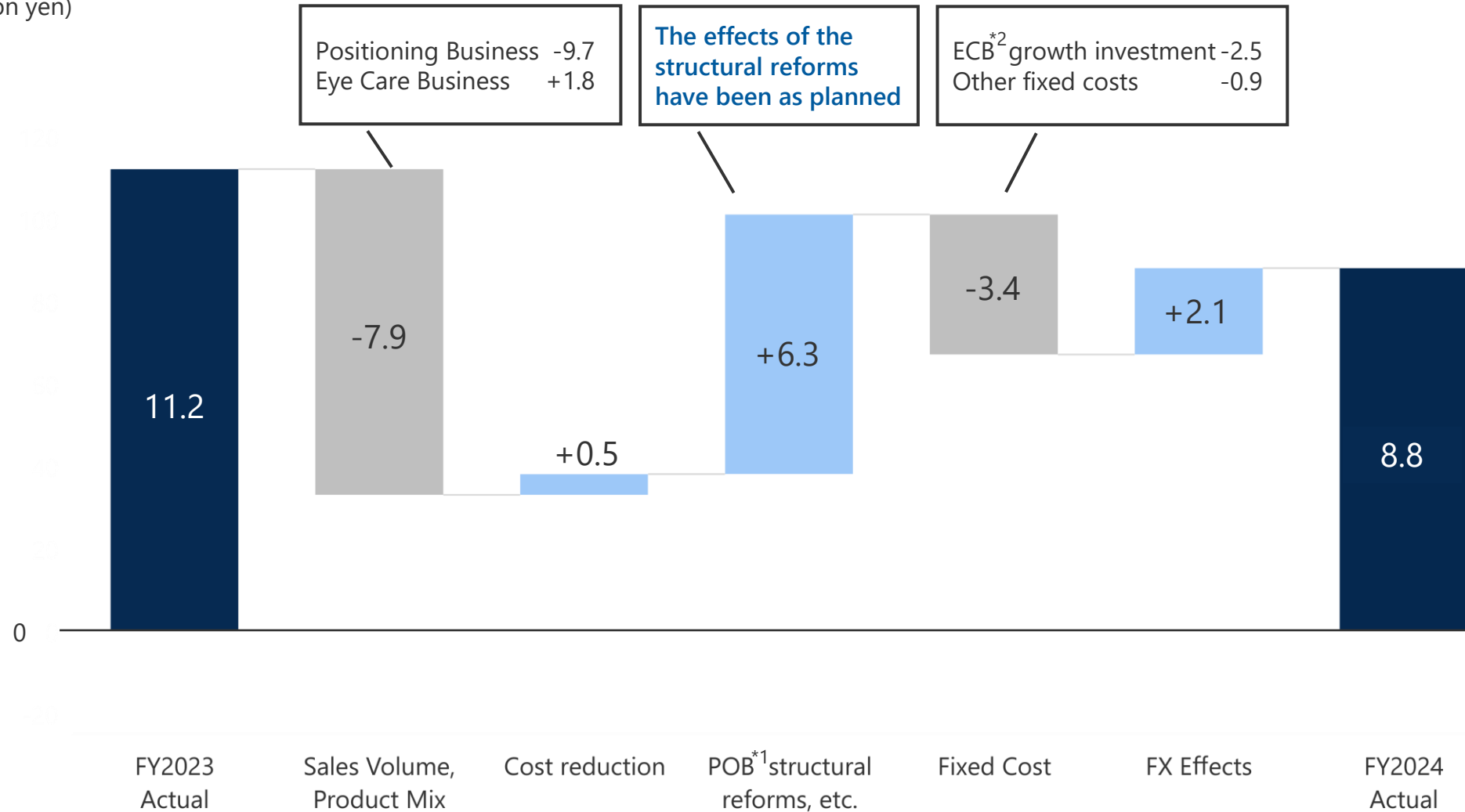
YoY comparisons
excluding FX effects
-¥9.6B (-4%)

YoY comparisons
excluding FX effects
-¥2.9B (-3%)



Consolidated | Operating Income YoY Breakdown

(Unit: billion yen)



*1 POB: Positioning Business

*2 ECB: Eye Care Business



Overview | Positioning Business

- Sales decreased amid the ongoing slump in demand. Structural reforms reduced fixed costs, but profits still decreased.

(Unit: billion yen)		FY2023 Actual	FY2024 Actual	YoY	%
Net Sales		140.4	131.4	-9.0	-6%
Operating Income		9.1	6.0	-3.1	-34%
Operating Income Ratio		6.5%	4.6%	-1.9pt	
Exchange rate (Average)	USD	¥144.40	¥152.48	+¥8.08	
	EUR	¥156.80	¥163.62	+¥6.82	

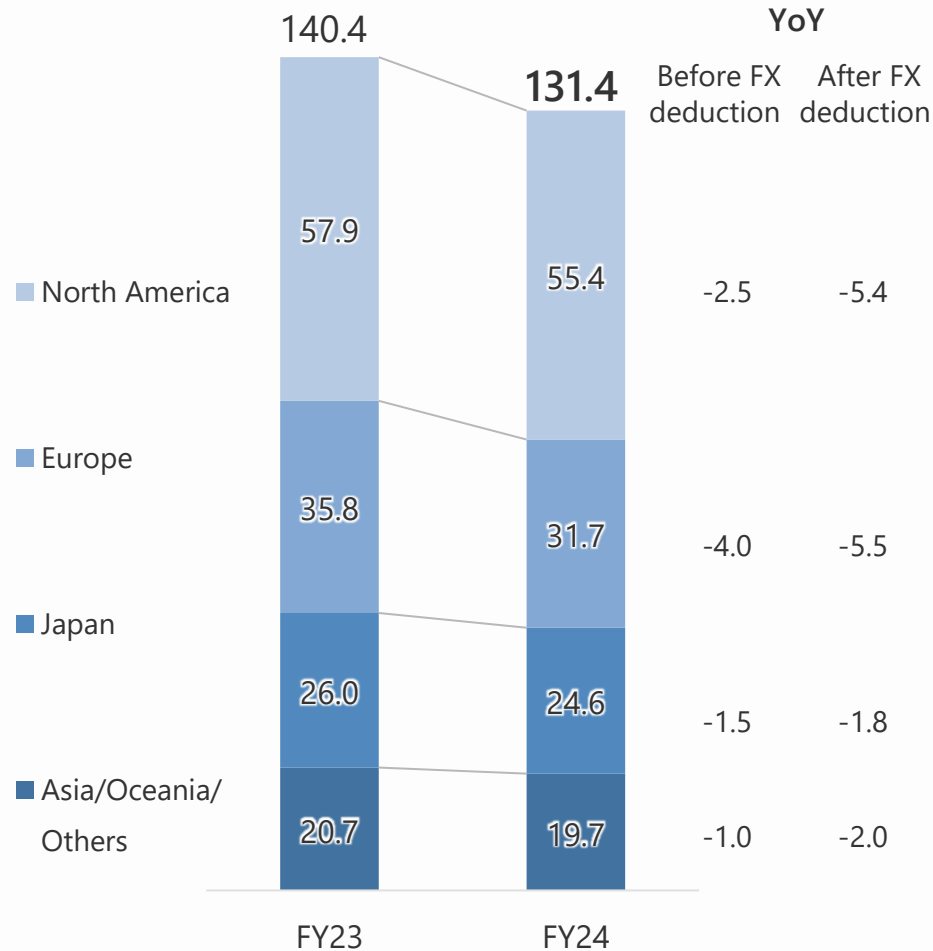
YoY comparisons excluding
FX effects
-¥14.6B (-10%)



Overview by Region | Positioning Business

(Unit: billion yen)

Sales by Region



North America

- ✓ IT Construction continued to face a slump in sales mainly of OEM, given the impact of restrained investment reflecting uncertainty about future financial and trade policies
- ✓ IT Agriculture continued to be affected by the restrained investment attributed to the decline in grain prices

Europe

- ✓ IT Agriculture continued to be affected by the restrained investment attributed to the decline in grain prices.

Japan

- ✓ Although new products for surveying instruments and IT agriculture were released, delays during the period could not be recovered, resulting in a decline in sales

Asia/Oceania

- ✓ In China and Oceania, sales of surveying instruments decreased



Overview | Eye Care Business

- Both net sales and operating income reached record highs.
- Net sales and operating income margin: The Mid-Term Business Plan targets were achieved one year ahead of schedule.

(Unit: billion yen)		FY2023 Actual	FY2024 Actual	YoY	%
Net Sales		75.2	84.3	+9.1	+12%
Operating Income		6.7	8.5	+1.8	+27%
Operating Income Ratio		8.9%	10.1%	+1.2pt	
Exchange rate (Average)	USD	¥144.40	¥152.48	+¥8.08	
	EUR	¥156.80	¥163.62	+¥6.82	

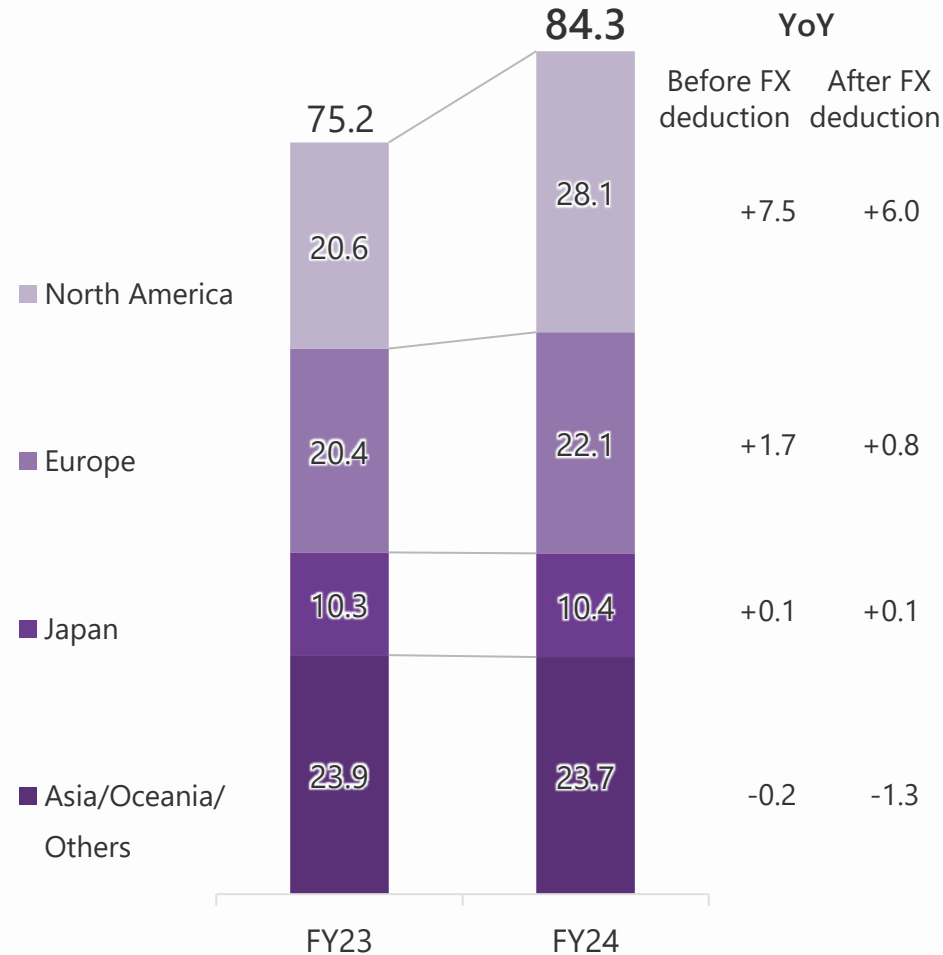
YoY comparisons
excluding FX effects
+¥5.7B (+7%)



Overview by Region | Eye Care Business

(Unit: billion yen)

Sales by Region



North America

- ✓ **The business for Private Practitioner expanded** through the establishment of a direct sales system. Furthermore, by developing a solutions-based business, **sales significantly increased** with the acquisition of strategic projects for major ophthalmology groups.

Europe

- ✓ Although there are regional differences, **steady sales continued**, mainly due to sales to major optical chain stores and **large tender wins**

Asia/Oceania

- ✓ In China, sales decreased significantly due to fewer tenders reflecting anti-corruption campaigns and the worsening of hospital management caused by delays and reductions in insurance reimbursement
- ✓ In India and Asia excluding China, **sales increased** mainly due to the continuous tender wins

Progress of Mid-Term Business Plan 2025

02

- Progress of Basic Measures



Progress of Basic Measures

Long-Term Goal		Aiming for 400.0 billion yen in net sales by the company's 100th anniversary in 2032.		
Mid-Term Business Plan 2025		Challenging to sustainably growing 100 year venture Three pillars of sustainable growth		
		Deepening Customer Orientation Remain a company needed by society	Reforming the Foundation Establish an efficient organization	DX^{*1} Acceleration Continue to create future growth businesses
		<ul style="list-style-type: none"> Developing products and solutions emphasizing customers and markets Getting advanced hardware to the de facto standard 	<ul style="list-style-type: none"> Maximizing the efficiency of the Positioning Business Improving the profitability of the Eye Care Business Increasing production capacity and advancing production efficiency 	<ul style="list-style-type: none"> Continuing investment focused on growth areas (R&D, M&A) Strengthening the foundation to accelerate the development/deployment of digital transformation
FY2024 Progress	Positioning Business	<ul style="list-style-type: none"> Transitioning to a divisional system to facilitate product and solution development closer to customers. 	<ul style="list-style-type: none"> Organizational restructuring and reduction of SG&A expenses in Europe, the U.S. and Asia. 	<ul style="list-style-type: none"> Executing strategic M&A activities and partnerships.
	Eye Care Business	<ul style="list-style-type: none"> Steady release of new products in both the Positioning and Eye Care Businesses. 	<ul style="list-style-type: none"> Structural reforms and profitability enhancements in each region. Transitioning to a direct sales system in the U.S. 	<ul style="list-style-type: none"> Accelerating investment to realize the "Healthcare from the Eye" business.
	Production		<ul style="list-style-type: none"> Construction of new factories to increase production capacity. 	<ul style="list-style-type: none"> Automation and digitalization to improve production efficiency.
	Corporate		<ul style="list-style-type: none"> Restructuring low-profit businesses Addressing geopolitical risks. 	<ul style="list-style-type: none"> Advancing the development of the next-generation PLM and ERP systems.

Accelerating Growth Strategy through MBO

03

- Significance of This Transaction
- Long-Term Vision
- Strategic Partnership
- Reference | Schedule

03 | Accelerating Growth Strategy through MBO | Significance of This Transaction

Securing a Stable Management Environment Through Privatization and Accelerating Bold Growth Investments

Added to the
March 28 materials



Business Challenges

- **It is necessary to enhance corporate value by executing a long-term strategy that includes bold upfront investment.**
 - Proactive investment in new solution businesses within the Eye Care Business
 - Strategic initiatives for the next leap forward in the Positioning Business
- **It is necessary to transform into an organizational structure that can further develop Topcon's unique strengths.**

Maximize synergy between Japan's manufacturing and fast-moving solution businesses in overseas markets such as the U.S. with an optimal organizational structure and governance.
- **The return and time-horizon demands of shareholders in a publicly listed company are incompatible with executing a long-term strategy that may entail short-term profit declines.**



Privatization

- **Stable management environment that enables long-term strategic execution.**
 - We will continue long-term management with partners (KKR, JICC) who deeply understand our business and share our vision.
 - Takashi Eto will continue as CEO, leading overall management and accelerating the strategies for each business.

* KKR: One of the world's leading diversified asset management firms. The holding company, KKR & Co. Inc. (Kohlberg Kravis Roberts & Co.), is listed on the New York Stock Exchange

* JIC Capital, Ltd (JICC): A fund management company established as a wholly owned subsidiary of the Japan Investment Corporation (JIC)



TOPCON 2.0

Achieving Greater Global Growth, while Leveraging Japan's Manufacturing Excellence

- Through partnership with KKR and JICC, we will be able to continue bold, upfront investments and accelerate growth.
 - We will sustain appropriate investments in creating new businesses that will become future growth drivers, as well as in research and development of new technologies.
 - We will plan and execute maximum business growth in each business segment.

TOPCON 2.0

Japan's Manufacturing

Centered on hardware product development and manufacturing, based on optical technologies.

Expanding Solutions in the U.S.

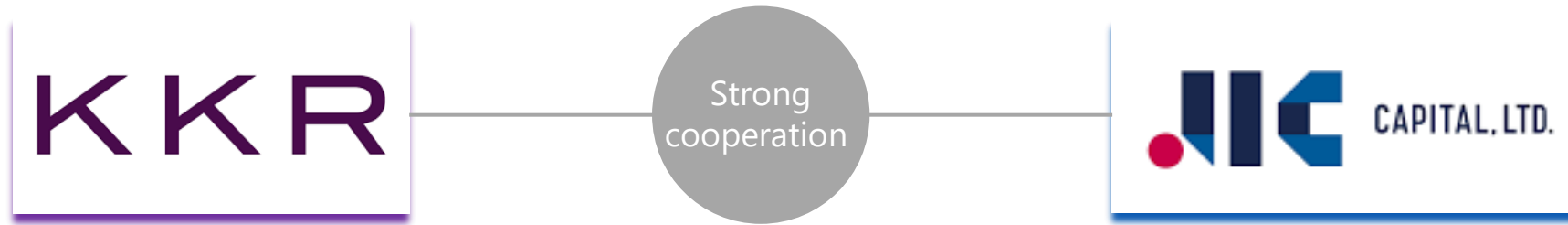
Rapid introduction and expansion of solutions in the fast-evolving U.S. market.

Maximize synergy



Building the Optimal Partnership and Team to Achieve Our Vision

- KKR and JICC have a deep understanding of our business and share our vision. KKR, JICC, and our management team will work in strong collaboration.
- With the support of KKR and JICC, we will advance the business in full alignment with our management team.



KKR is a global investment fund with significant investment experience in areas such as eye care and the industrial sector worldwide.

- With extensive expertise and networks in overseas market expansion, KKR will strongly support our further growth
- In the Eye Care business, we expect to broaden sales channels through collaborations with major eye care retail and ophthalmology clinic chains invested in by KKR.
- Leveraging its extensive investing experience in the industrial sector in Europe and the U.S., KKR will enhance the value of our Positioning business.

JICC contributes to the creation of new industries and the strengthening of international competitiveness and therefore provide support in recognition of its policy significance.

- JICC strongly supports the global business development centered around Japan's manufacturing strength, which we are striving to achieve.
- By providing long-term and neutral funding, JICC seeks to share risks from a medium- to long-term perspective.
- JICC serves as a supplement to private-sector businesses, including quantitative and credit supplementation for private equity financing.
- JICC is also a reliable partner in protecting and nurturing the space and defense industries, which are designated as core sectors under Japan's Foreign Exchange and Foreign Trade Act.



Reference | Schedule

- The start of the tender offer is currently scheduled for around the end of July 2025.
- However, as of now, it is difficult to precisely predict the time required for various procedures and responses from domestic and overseas competition authorities, etc.
- The FAQ has been published on the company's website.

Expected Transaction Schedule

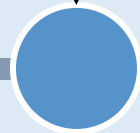
28th March

Board resolution and public announcement (advance notice) of the tender offer*



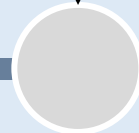
End of July

Aim for the commencement of the tender offer by KKR

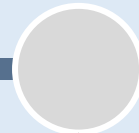


← Necessary procedures and responses under domestic and overseas competition laws and laws related to foreign direct investment →

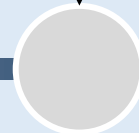
Completion of the tender offer



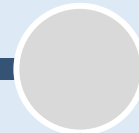
Investment by JICC



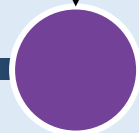
Start of tender offer settlement



Delisting



Effective date of squeeze-out



CEO Eto's re-investment



* On April 16, tendering all of the shares of the target company VAC holds in a public tender offer by the acquirer was announced.



A digital transformation
with a human touch

Appendix

04

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

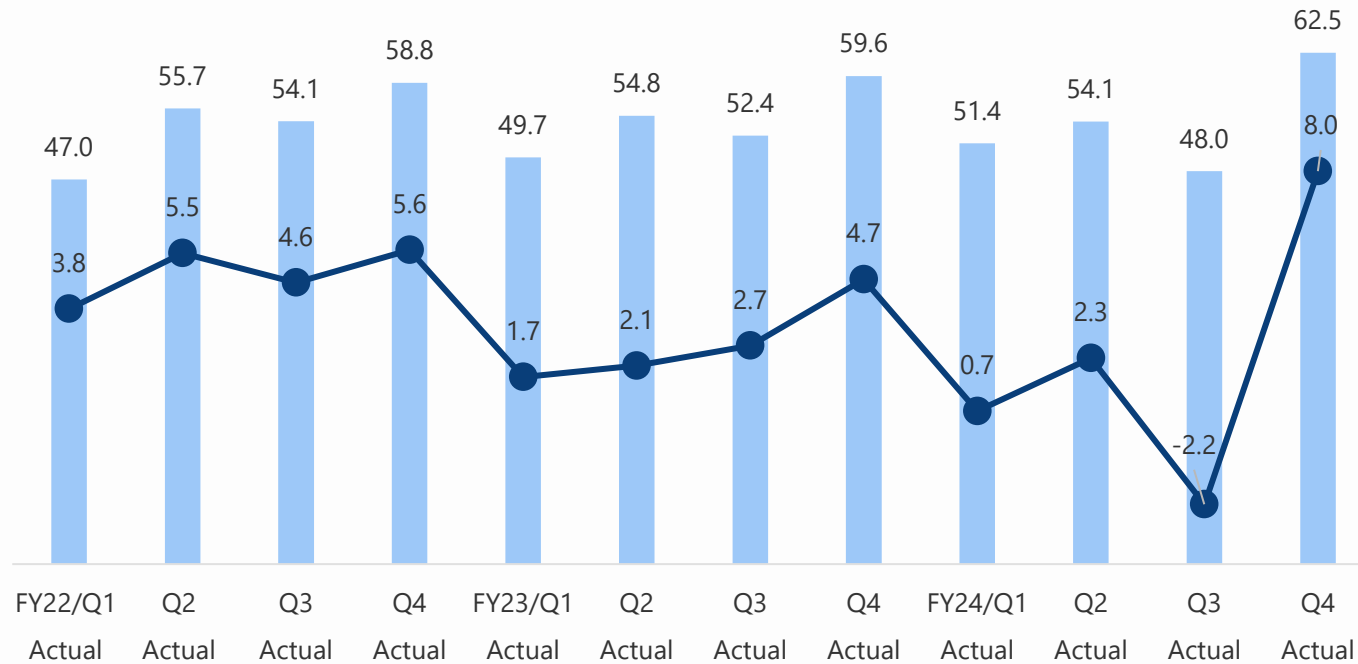
Financial Results | Consolidated



Quarterly

(Unit: billion yen)

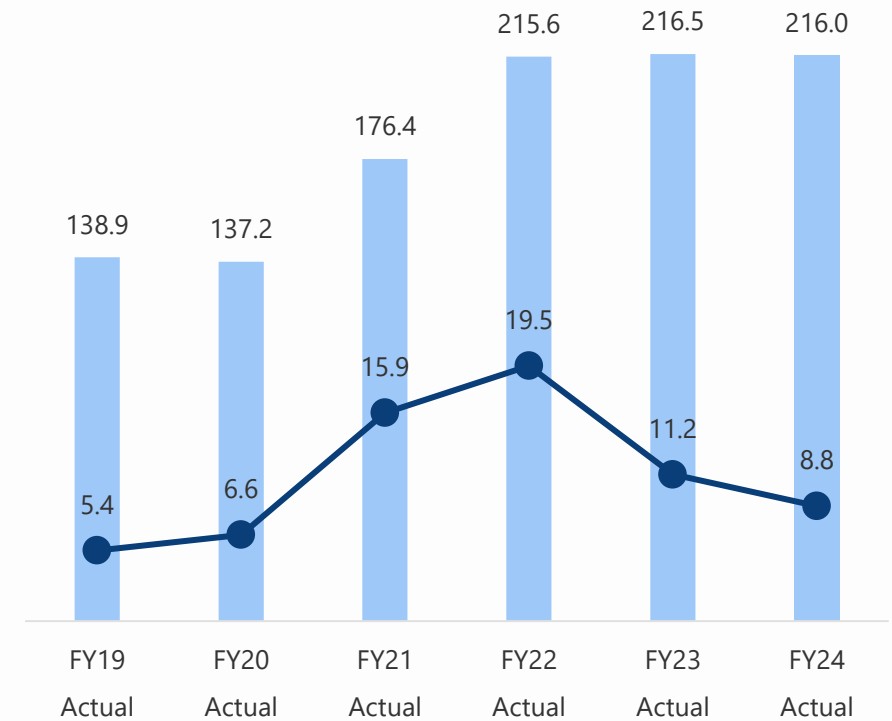
Sales Operating Income



Annual

(Unit: billion yen)

Sales Operating Income



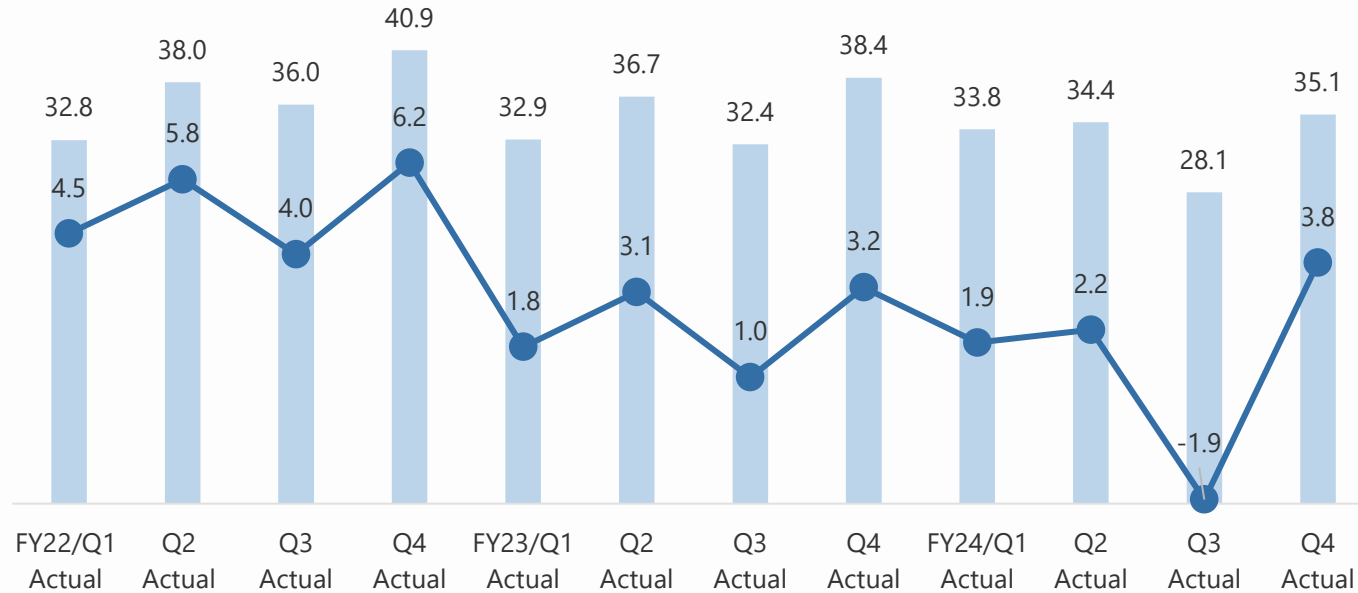
Financial Results | Positioning Business



Quarterly

(Unit: billion yen)

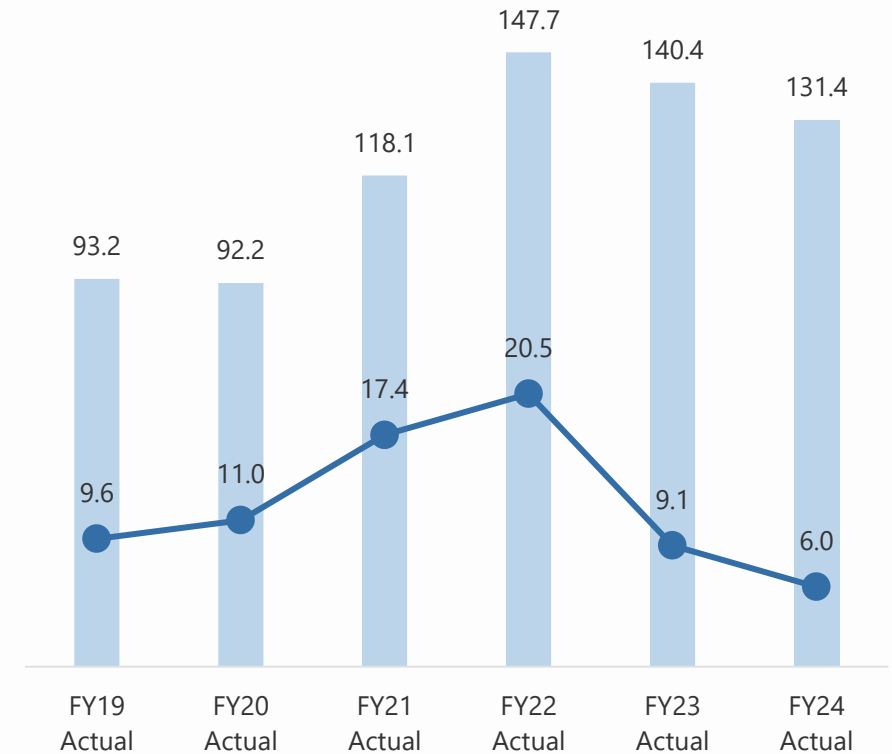
Sales Operating Income



Annual

(Unit: billion yen)

Sales Operating Income



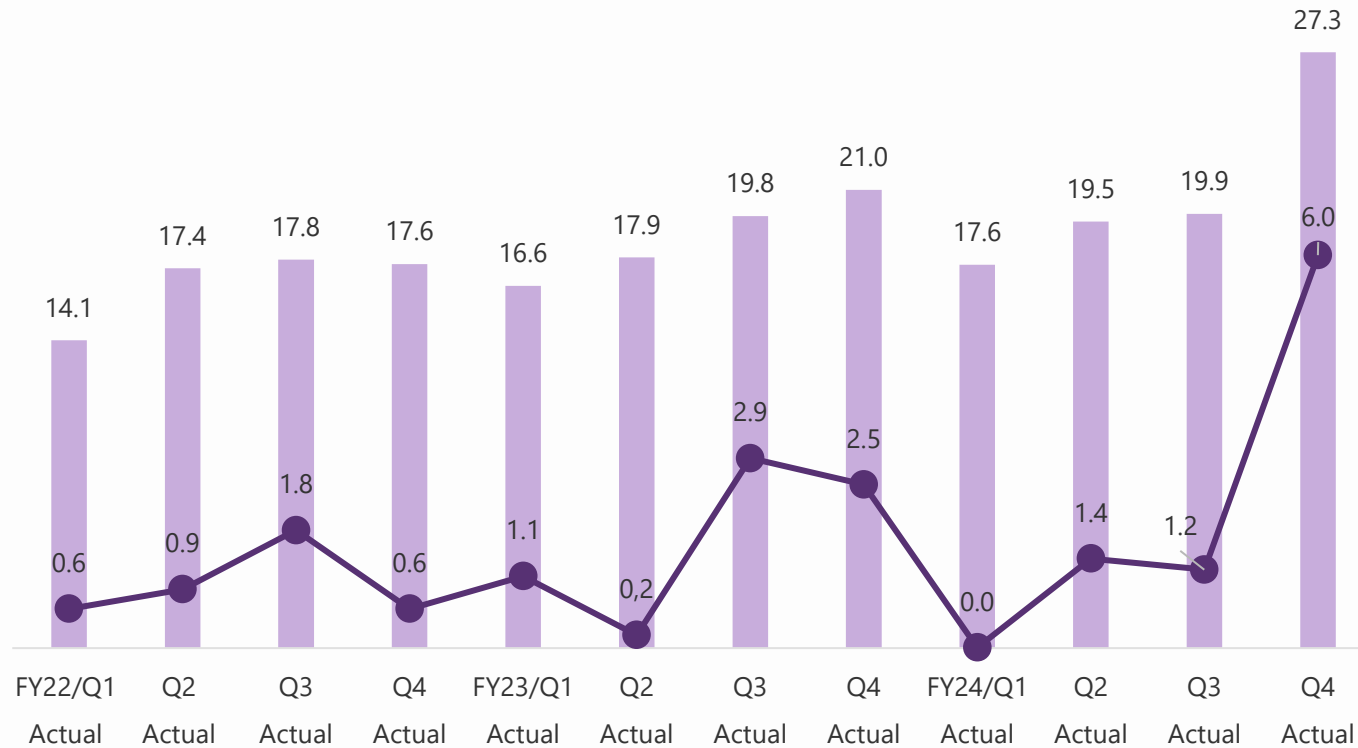
Financial Results | Eye Care Business



Quarterly

(Unit: billion yen)

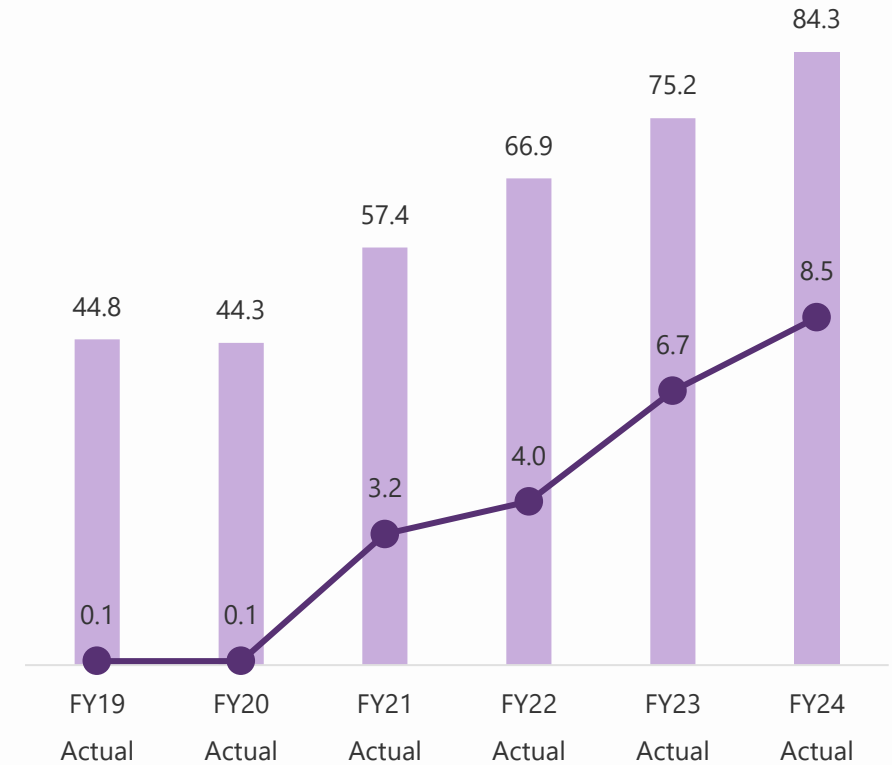
Sales Operating Income



Annual

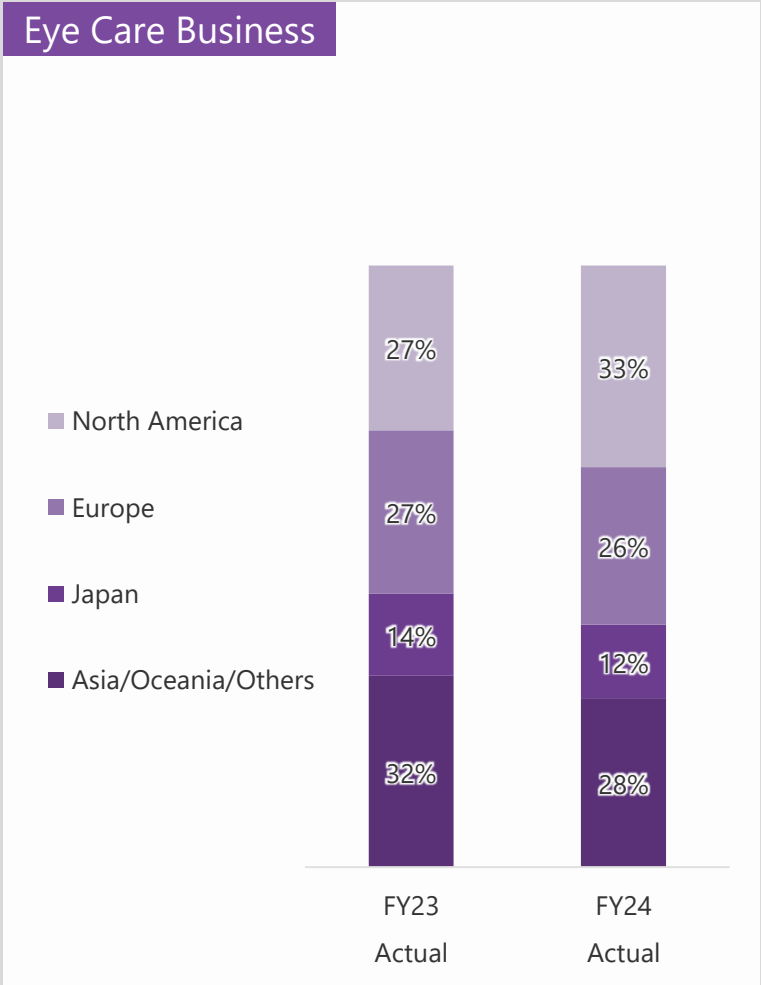
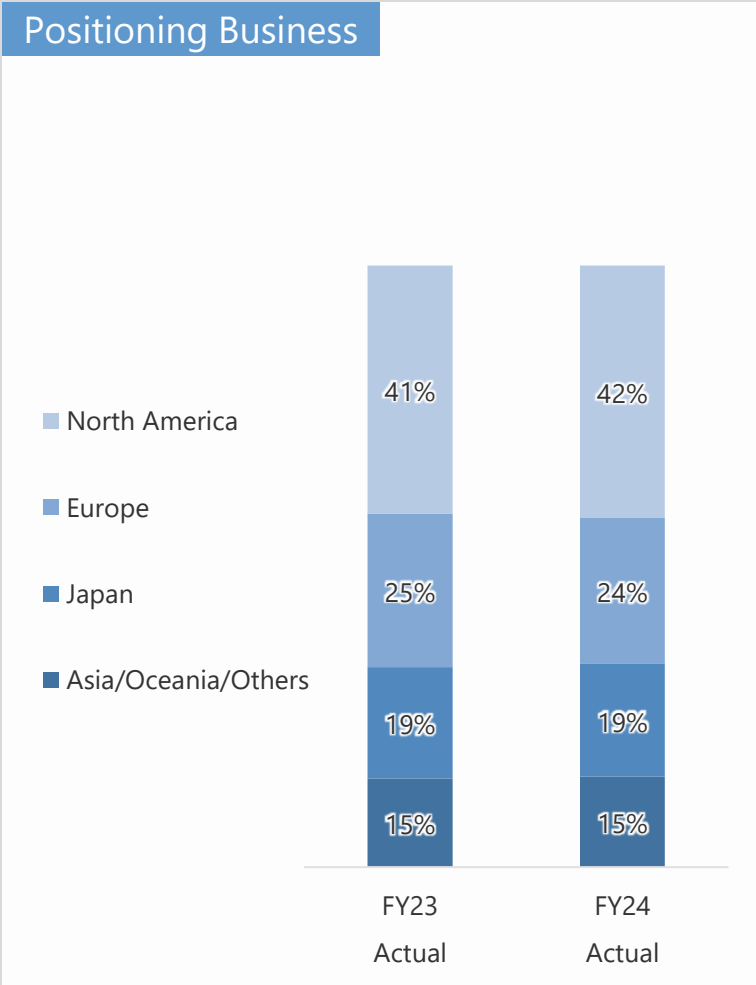
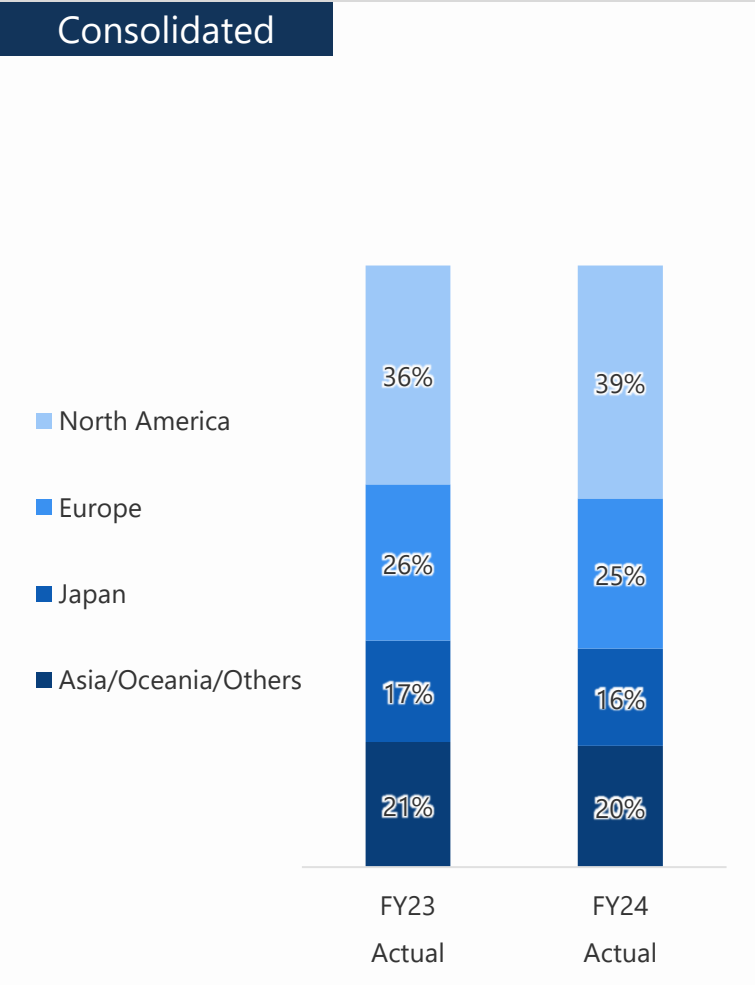
(Unit: billion yen)

Sales Operating Income



04 | Appendix

Sales Ratio by Region

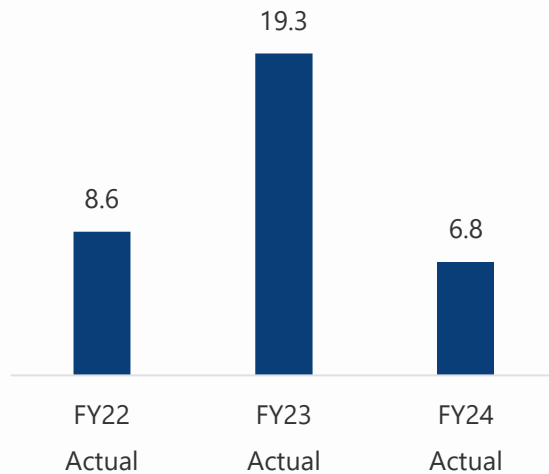




Capital Expenditure, Depreciation and R&D / Forex Sensitivity

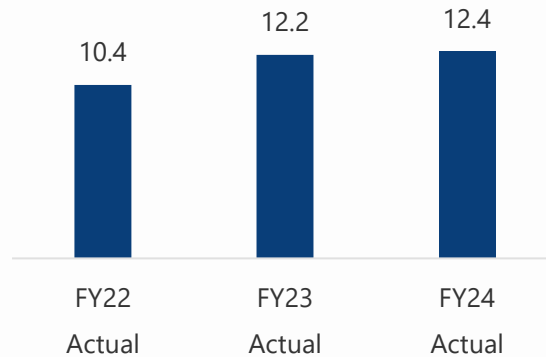
Capital Expenditure

(Unit: billion yen)



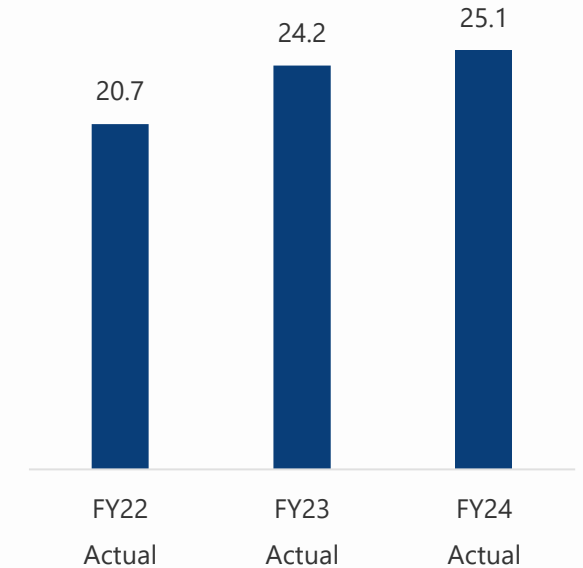
Depreciation

(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

04 | Appendix

Overview of MBO



Tender Offeror	TK Co.,Ltd. (100% owned by a fund indirectly managed by Kohlberg Kravis Roberts & Co. L.P. (KKR))							
Tender Offer Period	21 business days in principle (Aim to launch the tender offer by the end of July 2025)							
Tender Offer Price	<ul style="list-style-type: none">Common Stock: ¥3,300 per share7th Stock Acquisition Rights: ¥193,400 per unit¥3,300 per American Depositary Share represented by an American Depositary Receipt							
Premium	Reference date: December 9, 2024, the day before the first speculative reports	Closing price on the reference date		: 87.87%	Reference date: March 27, 2025	Closing price on the reference date		: 3.45%
		1-month average		: 107.94%		1-month average		: 14.15%
		3-month average		: 110.59%		3-month average		: 15.79%
		6-month average		: 105.22%		6-month average		: 42.30%
Lower Limit of Shares to Be Purchased	52,861,561 shares (representing 50.10% ownership)* ¹							
Upper Limit of Shares to Be Purchased	No upper limit							
Tender Offer Proceeds	¥348,189,920,100 (Borrowing from financial institutions and using our own capital)							
Tender Offer Agent (planned)	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mitsubishi UFJ eSmartSecurities Co., LTD. (sub-agent)							
Planned Capital Participation After the Tender Offer	<ul style="list-style-type: none">JIC Capital Inc. (“JICC”) will subscribe for shares in TK Holdings Co., Ltd (the parent company of the tender offeror) after the tender offer, investing in that company (through Class A and Class B preferred shares with voting rights, ¥95 billion).Our President & CEO, Takashi Eto, after tendering his shares and receiving proceeds, plans to reinvest a portion of that amount into the parent company of the tender offeror.							
Others	Following the successful tender offer, squeeze-out procedures are expected to lead to the company’s delisting and becoming a wholly owned subsidiary of the tender offeror.							

*1 This is the percentage calculated against 105,512,097 shares, which is obtained by subtracting the number of treasury shares as of December 31, 2024 (2,970,545 shares) from the total number of shares issued on the same date (108,382,642 shares), and then adding the number of shares (100,000 shares) corresponding to the remaining stock acquisition rights (1,000 rights).

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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