

TOPCON CORPORATION

FY2024 Q3 Financial Results

President & CEO
Takashi Eto

January 30, 2025





Financial Results: Key Points and Outlook

Consolidated

- The full-year outlook for FY24 was revised downward, as the downturn in the Positioning Business was sharper than anticipated
- **Unshakable confidence in the prospects for medium- to long-term profit growth was maintained with growth scenarios and structural reforms in the two businesses**

Positioning Business

- The impact of restraint on investment was greater than expected, reflecting the uncertainty of policies by the incoming U.S. administration and the market downturn
- **Sustainable growth despite being affected by the impact of the economic cycle; sought to enhance profitability and achieve stabilization through structural reforms**

Eye Care Business

- The FY24 full-year outlook **remains unchanged from the initial plan, with a record high expected**
- Given the strength of the Screening Business, **sales growth was accelerated through expansion to shared care**
- Drove **business efficiency and profitability improvements** through structural reforms

FY24 Q3 Financial Results Highlights



● FY24 Q3 YTD Financial Results

Consolidated

Net Sales	¥153.5B YoY -2%
Operating Income	¥0.8B YoY -88%

Positioning Business

	YoY
Net Sales	
Operating Income	

Profit decreased despite **a reduction in fixed costs achieved through structural reforms**, given a sharper decrease in sales amid the ongoing slump in demand

Eye Care Business

	YoY
Net Sales	
Operating Income	

Despite **steady sales**, profit declined temporarily due to an increase in allocations for growth investment

● FY24 Full Year Outlook

Consolidated | Revised plan

Net Sales	¥211.0B YoY -3%
Operating Income	¥7.0B YoY -38%

Positioning Business

	YoY
Net Sales	
Operating Income	

The external environment will remain challenging, accelerate structural reforms

Eye Care Business

	YoY
Net Sales	
Operating Income	

Expect record highs in both net sales and operating income, with the increase in expenses absorbed

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- 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 Progress of Each Business

- Positioning Business | Business Featuring Cyclicity
- Positioning Business | New Product Releases
- Eye Care Business | Further Accelerating Initiatives in the Growth Phase
- Eye Care Business | Accelerating Expansion from Screening to Shared Care

04 Appendix

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

FY24 Q3 Financial Results

01

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

Consolidated Financial Results



(Unit: billion yen)	FY2023 Q3 YTD Actual	FY2024 Q3 YTD Actual	YoY	%
Net Sales	156.9	153.5	-3.3	-2%
Gross Profit	83.2	80.9	-2.3	-3%
Gross Profit Ratio	53.1%	52.7%	-0.4pt	
SGA	76.7	80.1	+3.4	+4%
Operating Income	6.5	0.8	-5.7	-88%
Operating Income Ratio	4.1%	0.5%	-3.6pt	
Ordinary Income	4.6	-2.1	-6.7	-
Extraordinary Losses	-3.3	-0.4	+2.9	-
Net Income	0.4	-2.9	-3.2	-
Exchange rate	USD	¥142.76	¥152.87	+¥10.11
(Average)	EUR	¥155.19	¥164.91	+¥9.72

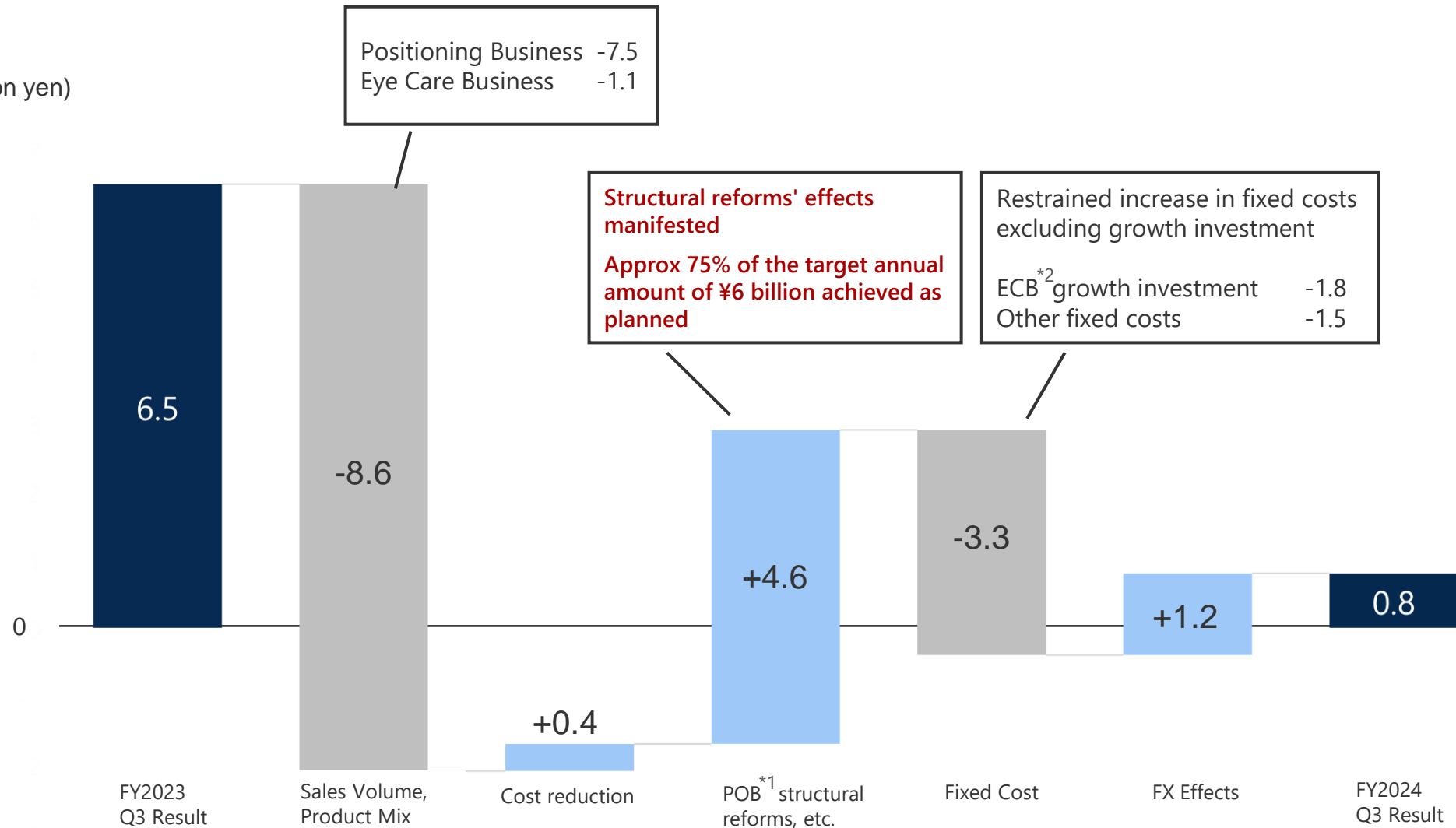
YoY comparisons
excluding FX effects
-¥11.7B (-7%)

YoY comparisons
excluding FX effects
-¥0.9B (-1%)



Consolidated | Operating Income YoY Breakdown

(Unit: billion yen)



Structural reforms' effects manifested
Approx 75% of the target annual amount of ¥6 billion achieved as planned

Restrained increase in fixed costs excluding growth investment

*1 POB : Positioning Business

*2 ECB : Eye Care Business



Overview | Positioning Business

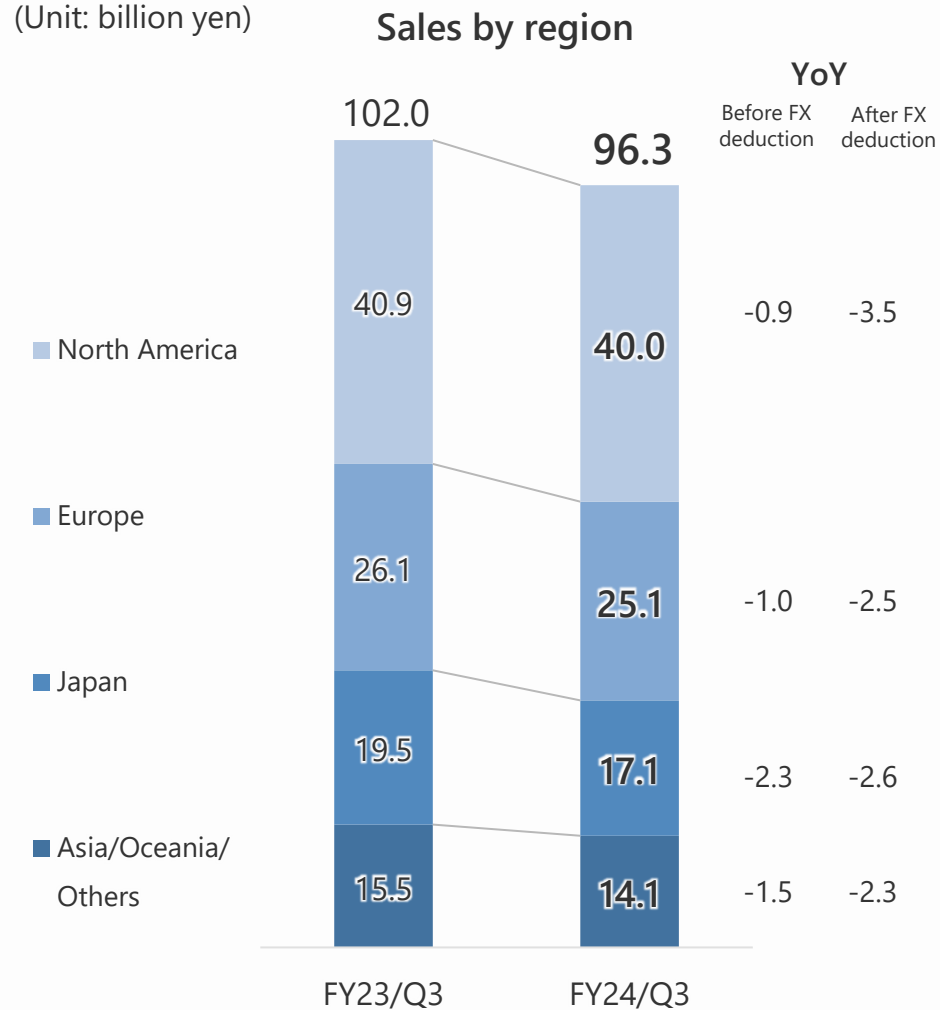
- Profit decreased despite a reduction in fixed costs achieved through structural reforms, given a sharper decrease in sales amid the ongoing slump in demand

		FY2023 Q3 YTD Actual	FY2024 Q3 YTD Actual	YoY	%
(Unit: billion yen)					
Net Sales		102.0	96.3	-5.7	-6%
Operating Income		5.9	2.1	-3.8	-64%
Operating Income Ratio		5.8%	2.2%	-3.6pt	
Exchange rate (Average)	USD	¥142.76	¥152.87	+¥10.11	
	EUR	¥155.19	¥164.91	+¥9.72	

YoY comparisons excluding
FX effects
-¥11.0B (-11%)



(Unit: billion yen)



North America

- ✓ IT Construction continued to face a slump in sales mainly of OEM, despite the **stabilization of market inventories**, given the impact of restrained investment reflecting uncertainty about future 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

- ✓ The delayed **new surveying instruments were released**, but their contribution to sales will start in Q4 at the earliest

Asia/Oceania

- ✓ In China, sales of surveying instruments decreased
- ✓ In Oceania, sales of IT Construction and surveying instruments/lasers decreased



Overview | Eye Care Business

- Despite steady sales, profit declined temporarily due to an increase in allocations for growth investment

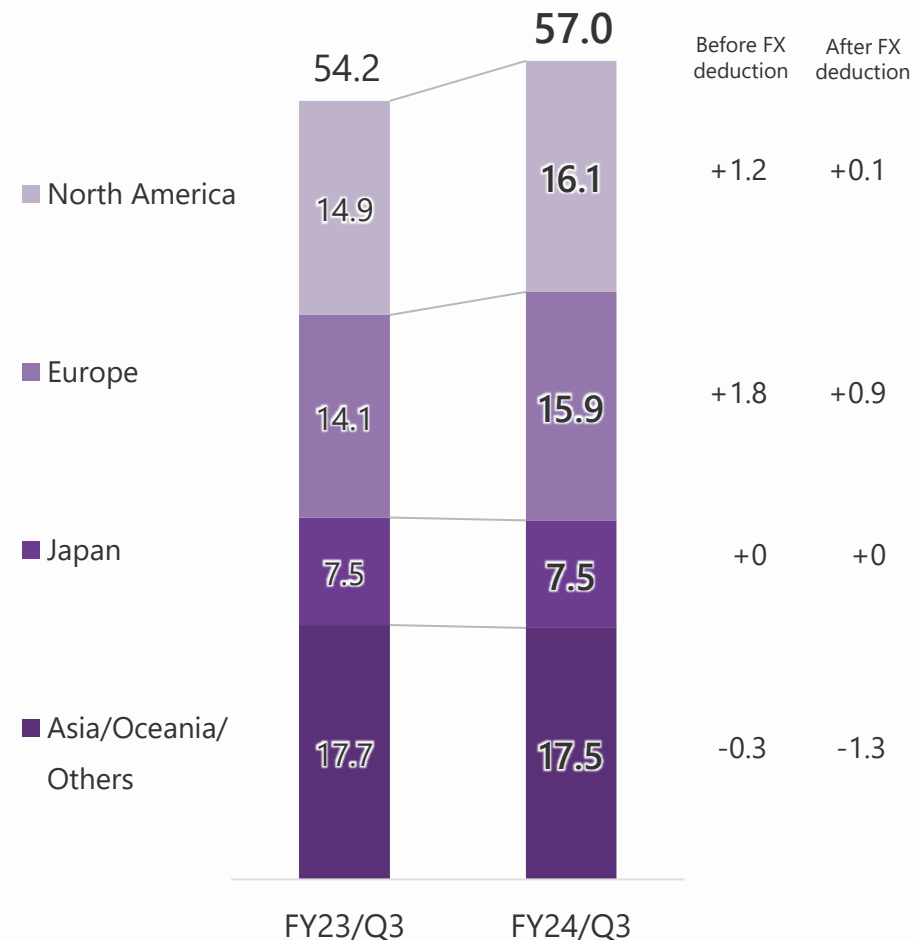
(Unit: billion yen)		FY2023 Q3 YTD Actual	FY2024 Q3 YTD Actual	YoY	%
Net Sales		54.2	57.0	+2.8	+5%
Operating Income		4.2	2.6	-1.6	-39%
Operating Income Ratio		7.7%	4.5%	-3.2pt	
Exchange rate (Average)	USD	¥142.76	¥152.87	+¥10.11	
	EUR	¥155.19	¥164.91	+¥9.72	

YoY comparisons excluding
FX effects
-¥0.3B (-0%)



(Unit: billion yen)

Sales by region



North America

- ✓ Sales were strong, mainly to major optical chain stores, although the recording of some sales was delayed into Q4
- ✓ Business for ophthalmologists was expanded with the effects of the establishment of a direct sales system

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

FY24 Full Year Outlook

02

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



Consolidated Full Year Outlook

● Assumptions for full year outlook

Positioning Business

- IT Construction was more susceptible than before to restrained investment with the generation of a gap with the Company's outlook, which reflected the uncertainty over the policies of the new U.S. administration
- IT Agriculture is expected to see prolonged restraint on investment amid falling grain prices

Eye Care Business

- No change from the initial forecast

Structural reforms

- In order to **improve the profit structure** further, additional structural reforms* are planned to be instituted, mainly in the Positioning Business

*Scheduled to be recorded as an extraordinary loss

● Downward revision | Revised plan

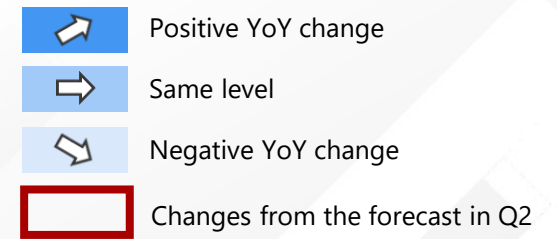
(Unit: billion yen)	Previous (as of Oct. 30)	Current (as of Jan. 30)	Comparison	FY2023 Actual
Net Sales	220.0	211.0	-9.0	216.5
Operating Income	12.0	7.0	-5.0	11.2
Ordinary Income	8.0	3.5	-4.5	8.9
Net Income	4.5	0	-4.5	4.9
ROE	4%	0%	-4pt	5%
Dividend	¥42	¥42	¥0	¥42
Exchange rate	USD	¥145.00	¥145.00	¥144.40
(Average)	EUR	¥155.00	¥155.00	¥156.80

Assumed rate from Q3

Assumed rate in Q4

Consolidated Full Year Outlook | Sales by Business

- Revised the forecast on surveying/laser products and the aftermarket in the Positioning Business



- Positive YoY change
- Same level
- Negative YoY change
- Changes from the forecast in Q2



Segment	Solution	Main Market ^{*2}	FY2024	
			1H	2H(Plan)
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	→	→

Reference: Forecast in Q2

FY2024	
1H	2H
↘	→
↘	↘
→	↘
↘	↘
↘	→
→	→
→	→

*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



Outlook | Positioning Business

- The external environment will remain challenging, accelerate structural reforms

(Unit: billion yen)	Previous (as of Oct. 30)	Current (as of Jan. 30)	Comparison	FY2023 Actual
Net Sales	137.0	128.0	-9.0	140.4
Operating Income	10.0	5.0	-5.0	9.1
Operating Income Ratio	7.3%	3.9%	-3.4pt	6.5%
Exchange rate (Average)	USD	¥145.00	¥145.00	¥144.40
	EUR	¥155.00	¥155.00	¥156.80

Assumed rate from Q3

Assumed rate in Q4



Outlook | Eye Care Business

- No change from the initial plan
- Expect record highs in both net sales and operating income, with the increase in expenses absorbed

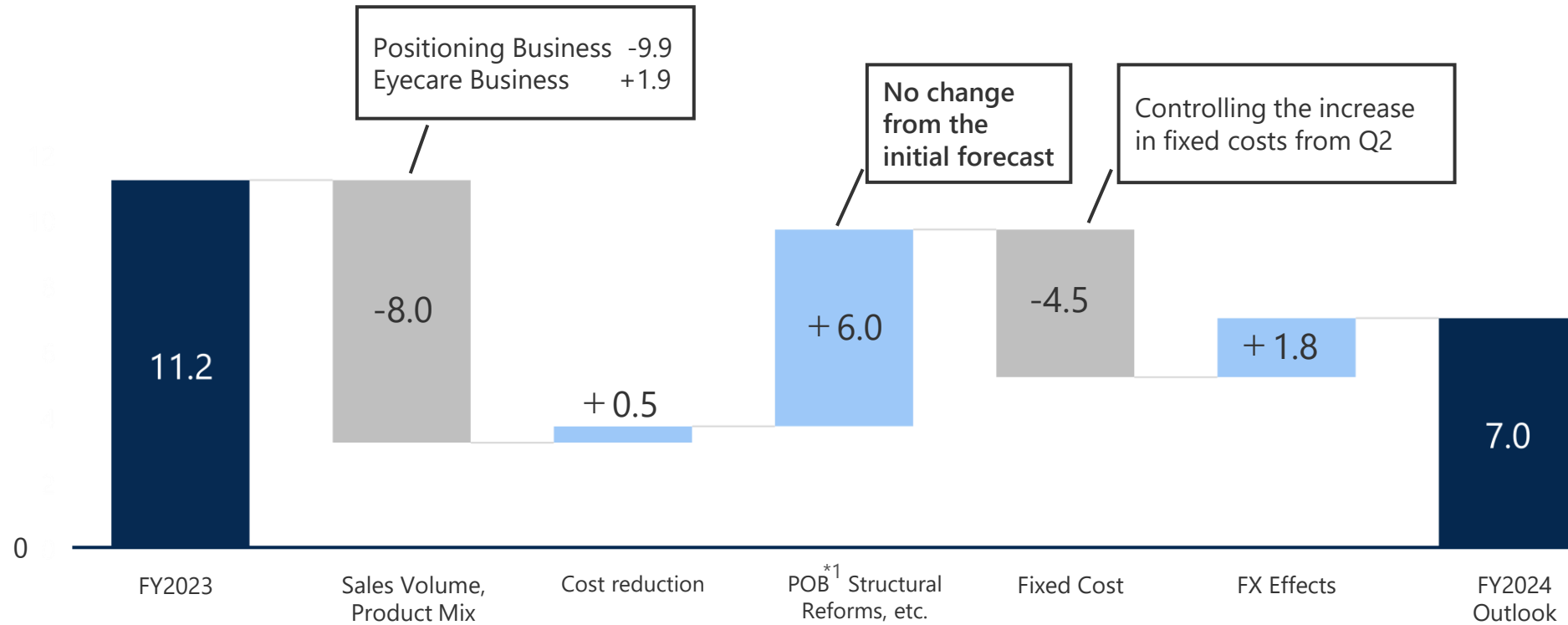
(Unit: billion yen)	Previous (as of Oct. 30)	Current (as of Jan. 30)	Comparison	FY2023 Actual
Net Sales	82.0	82.0	-	75.2
Operating Income	7.5	7.5	-	6.7
Operating Income Ratio	9.1%	9.1%	-	8.9%
Exchange rate (Average)	USD	¥145.00	¥145.00	¥144.40
	EUR	¥155.00	¥155.00	¥156.80

Assumed rate from Q3 Assumed rate in Q4



Consolidated | Operating Income YoY Breakdown

(Unit: billion yen)



*1 POB : Positioning Business

Progress of Each Business

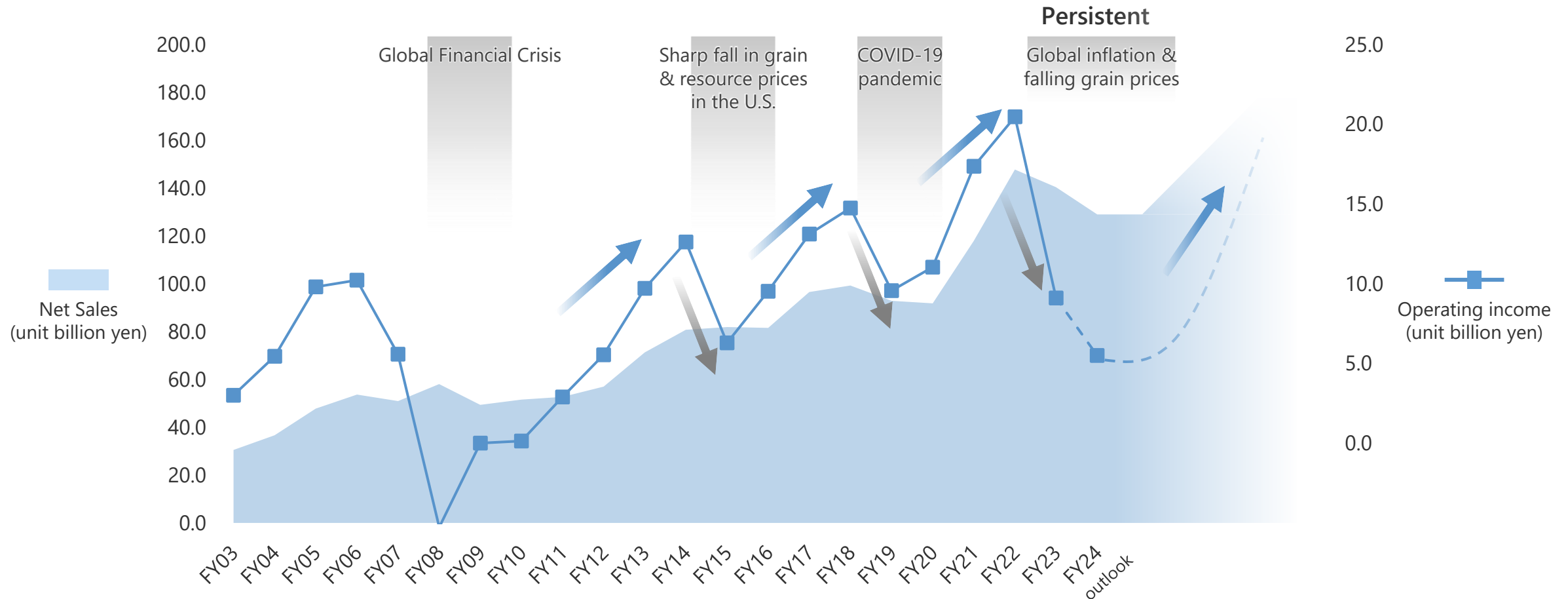
03

- Positioning Business | Business Featuring Cyclicity
- Positioning Business | New Product Releases
- Eye Care Business | Further Accelerating Initiatives in the Growth Phase
- Eye Care Business | Accelerating Expansion from Screening to Shared Care



Positioning Business | Business Featuring Cyclicity

- Impacts of global inflation and falling grain prices remained longer than expected
- Attempted to enhance profitability and achieve stabilization through sustainable growth and structural reforms, despite being affected by the impact of the economic cycle





Positioning Business | New Product Releases

- New products were released with effects of the strengthening of the planning and development management system in Japan

Top seller, covering surveying to IT Construction
Layout Navigator “Kui-Navi”

Released the LN-160, which features a stronger power supply system and expanded measurable range

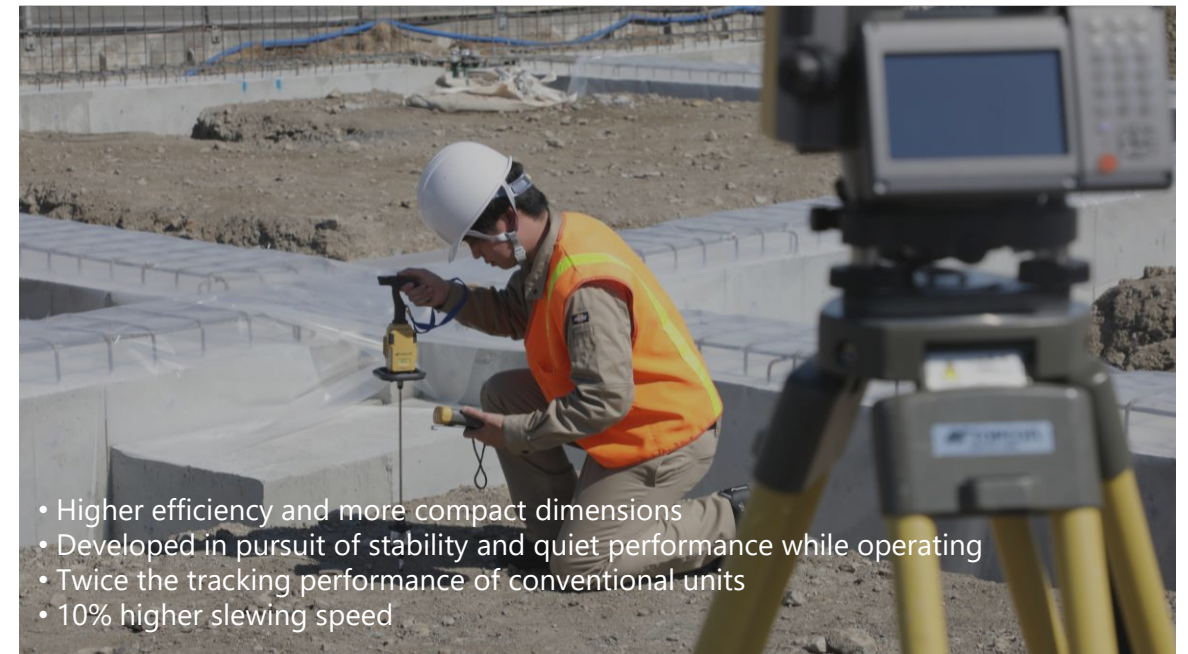


- Longer battery life
- Expanded measurable range

2024 Dec.2 (<https://www.topcon.co.jp/news/15022/>)

The quickest, smallest, and lightest in the world
Robotic Total Station

Released the GT-1500/700 series,
which incorporate the Silky Drive® technology



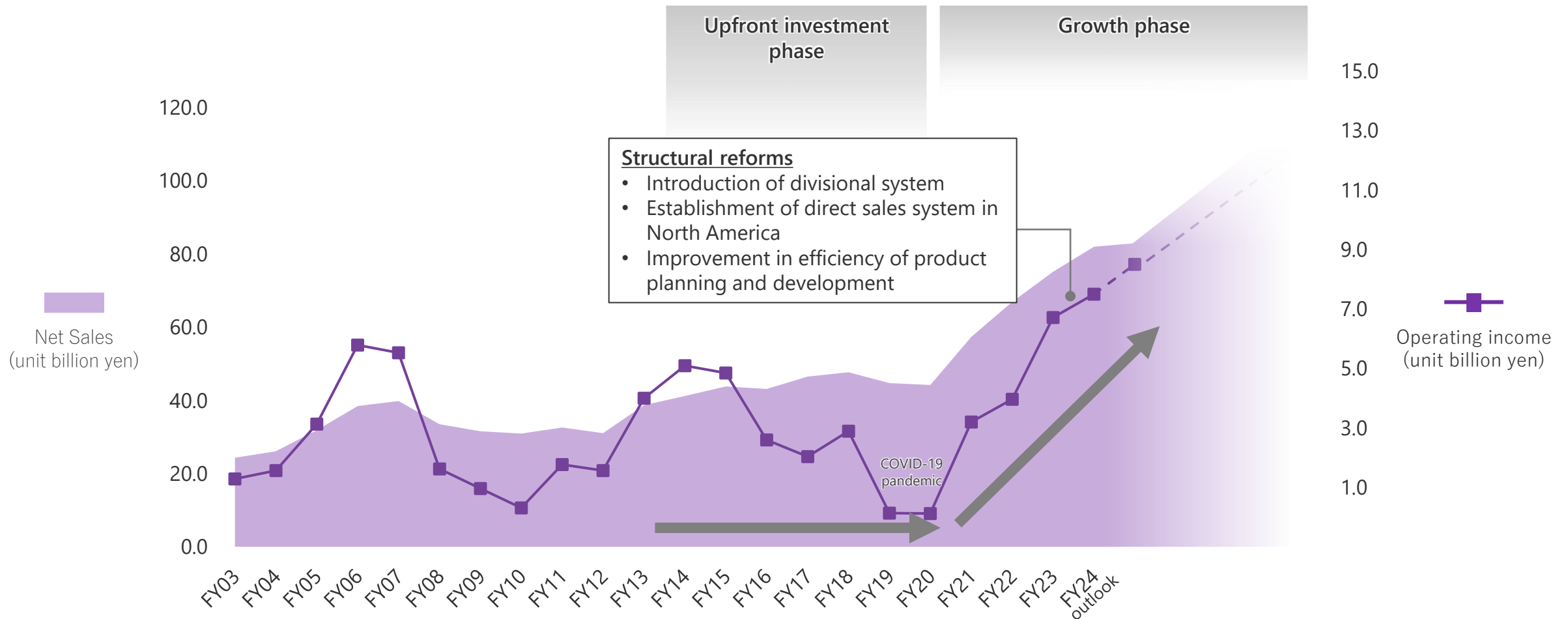
- Higher efficiency and more compact dimensions
- Developed in pursuit of stability and quiet performance while operating
- Twice the tracking performance of conventional units
- 10% higher slewing speed

2025 Jan.14 (<https://www.topcon.co.jp/news/15155/>)



Eyecare Business | Further Accelerating Initiatives in the Growth Phase

- Blossoming of the solution business and expansion from screening to shared care
- Improving business efficiency and profitability through structural reforms





Eye Care Business | FY23 Full-Year Financial Results Material (Repost)

*DX: Digital Transformation

- Towards the realization of "Healthcare from the Eye"

Highlight
▶

Eye Care Business | Blossoming of Screening Business, Further Ahead [2/3].

- Strategically Promote Business to Realize "Healthcare from the eye"
- Accelerate Development of Solutions for Primary Care Doctors and Expand Disease Areas by Utilizing AI, etc.*

Primary Care Doctors
130,000 locations

**Major Optical chain stores/
Drugstores (Optometrists)**
40,000 people

Ophthalmologists
20,000 people

(1) Core (ophthalmological checkups and exams)

(2) Screening

(3) Shared Care

(4) Healthcare from the eye
Create a Larger Market

Eye Disease
Cataract, glaucoma, diabetic retinopathy, etc.

To systemic diseases
Diabetes, neurological diseases, Alzheimer's disease, Parkinson's disease, myocardial infarction, etc.

※FDA approval required

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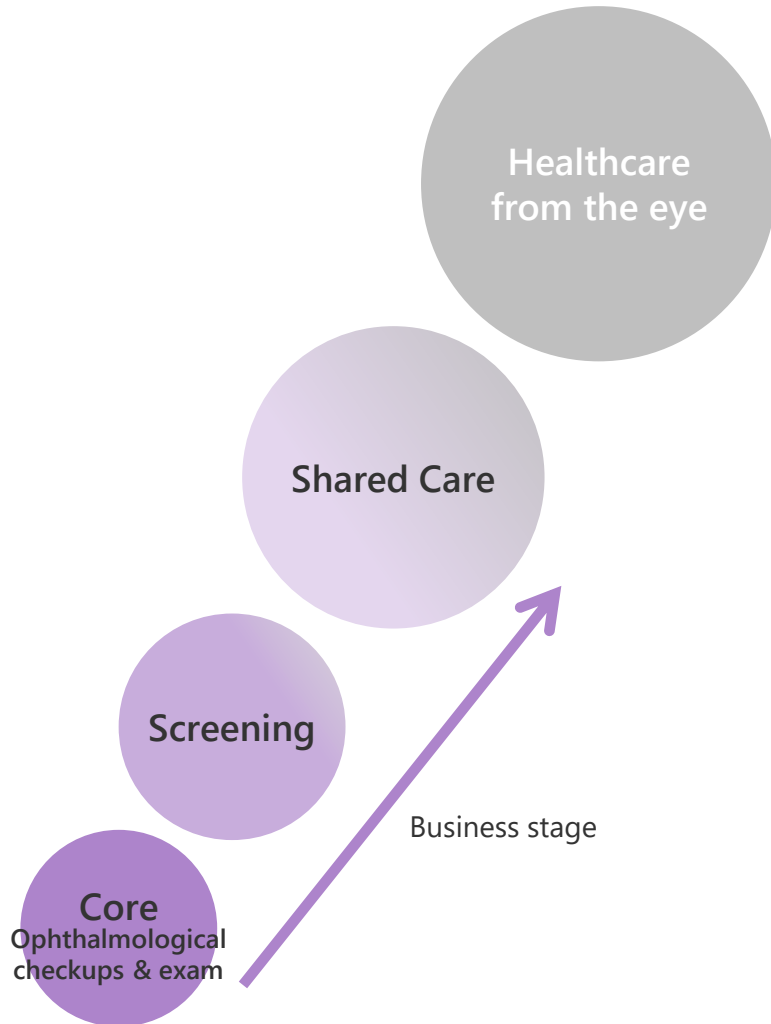
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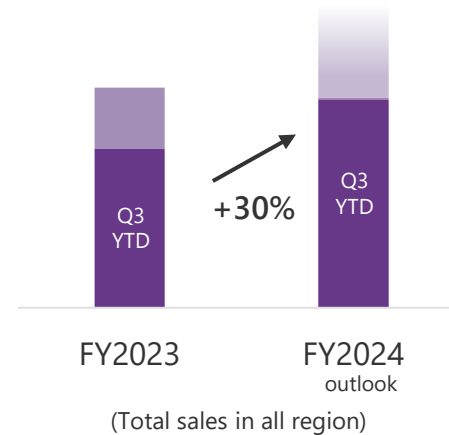
Eye Care Business | Accelerating Expansion from Screening to Shared Care

*DX: Digital Transformation

- Further expansion of screening solutions and data platform

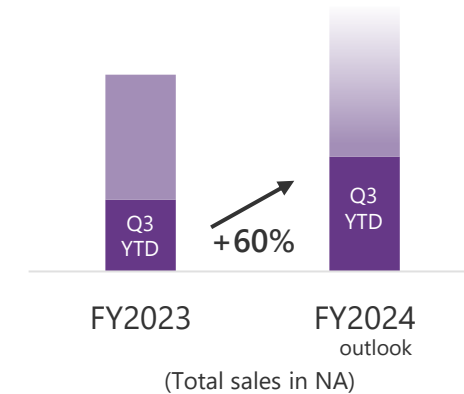


Screening equipment
Unit sales of Maestro•NW^{*1}



*1 One-touch, fully automatic easy-to operate OCT & Fundus camera Maestro and non-mydriatic fundus camera NW

Data platform
Sales revenue of IT solution^{*2}



*2 Total IT solutions including Harmony/RDx



A digital transformation
with a human touch

Appendix

04

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

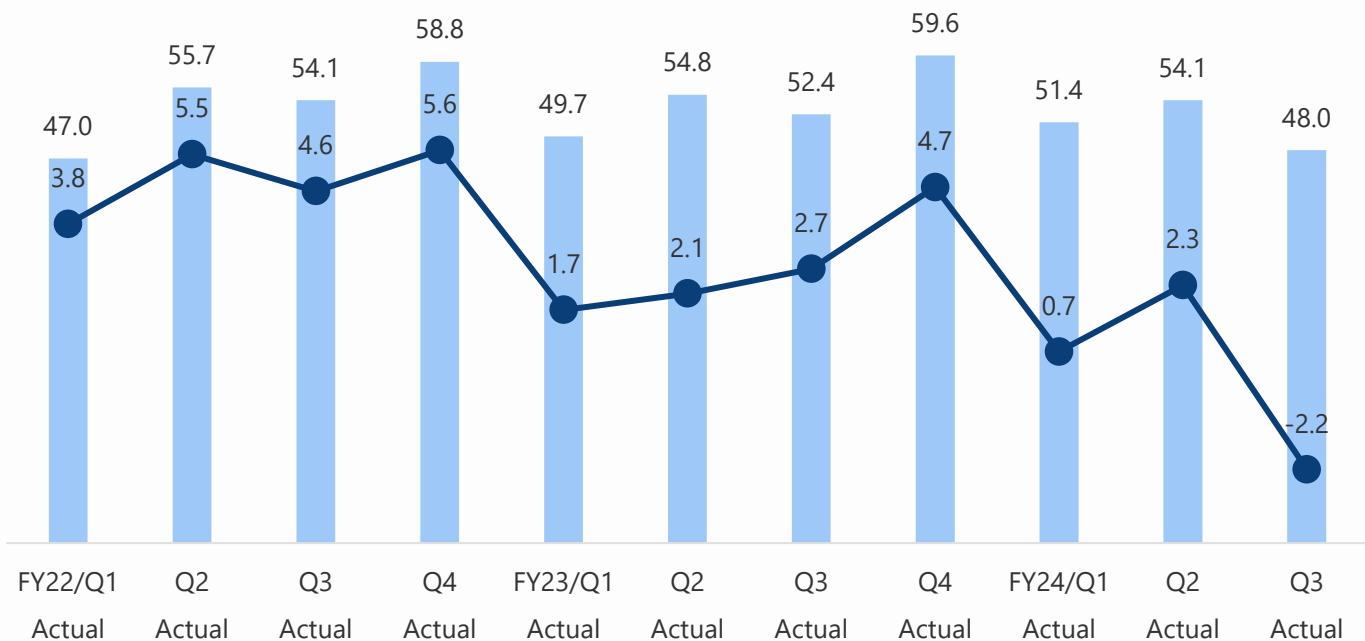
Financial Results | Consolidated



Quarterly

(Unit: billion yen)

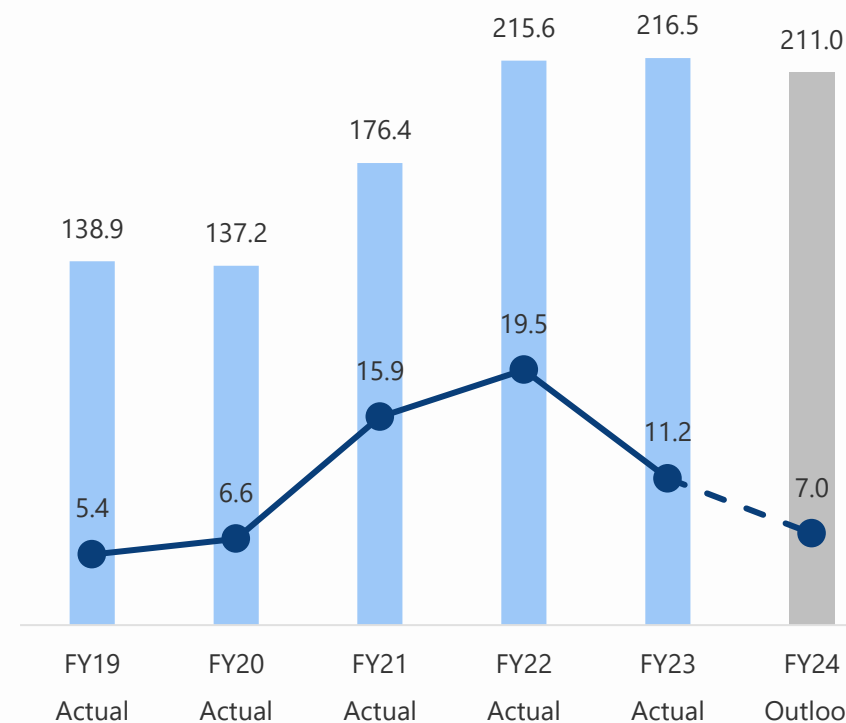
■ Sales ● Operating Income



Annual

(Unit: billion yen)

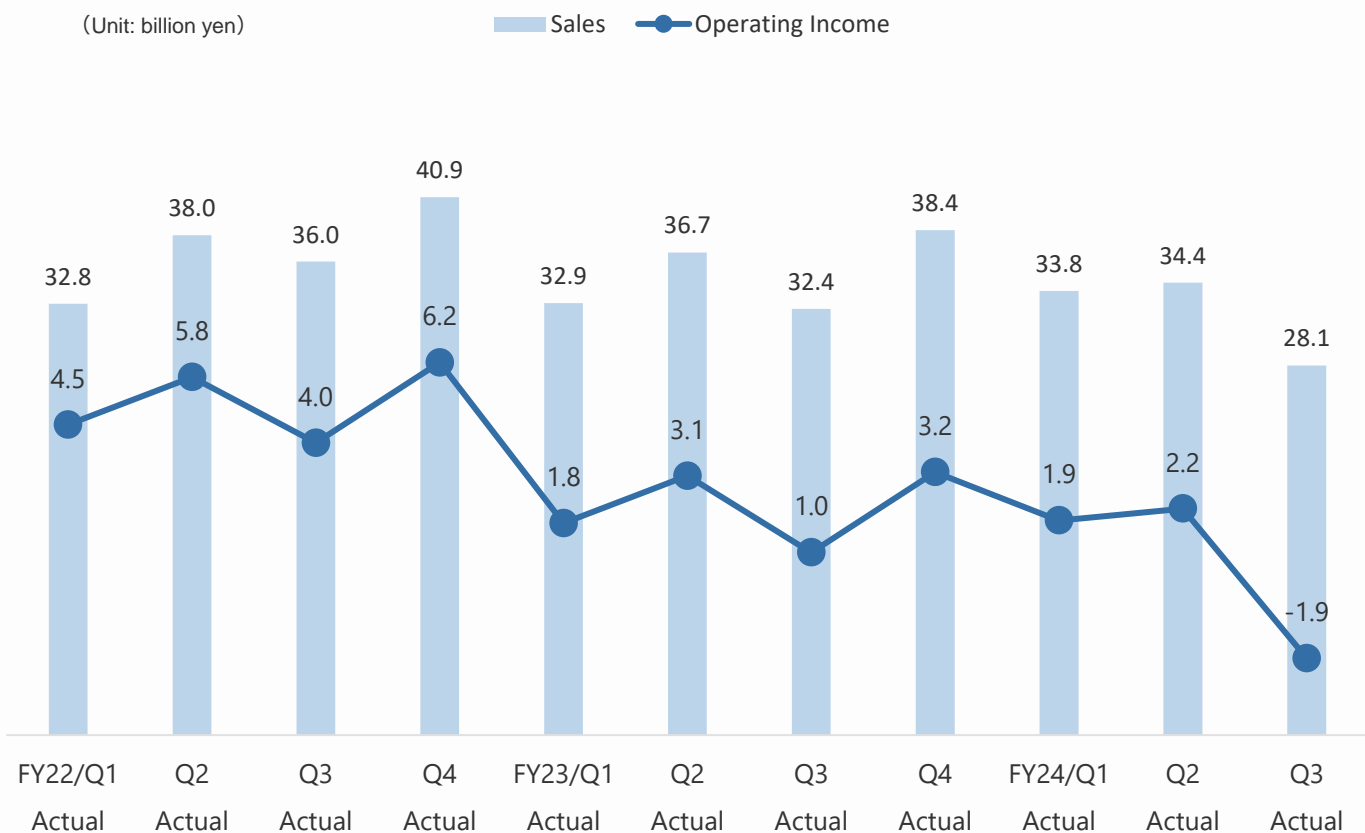
■ Sales ● Operating Income



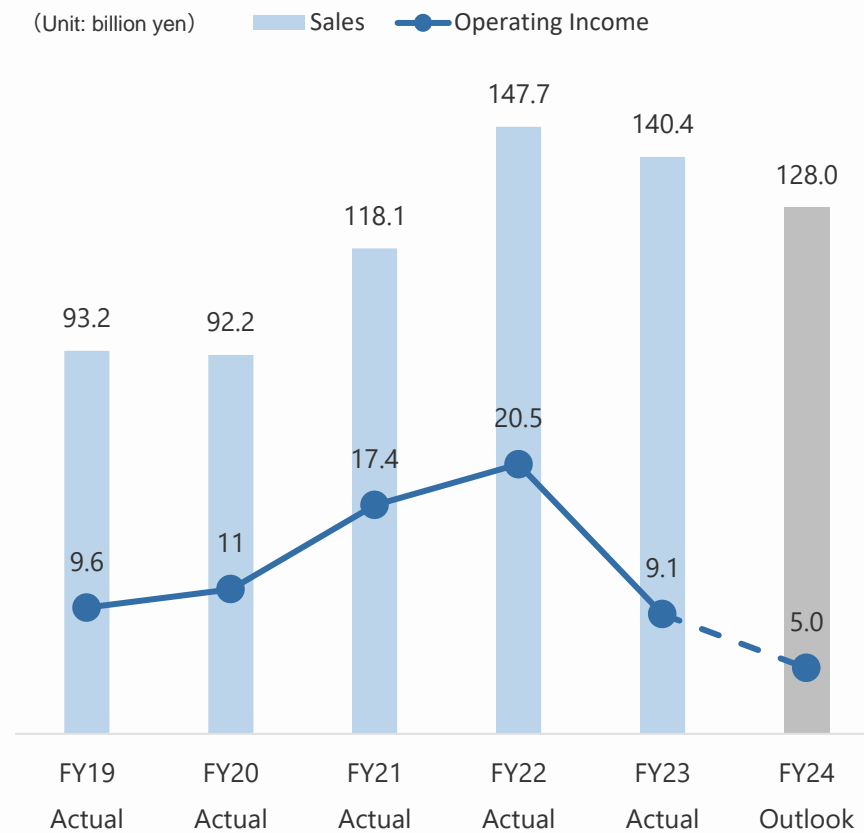


Financial Results | Positioning Business

Quarterly



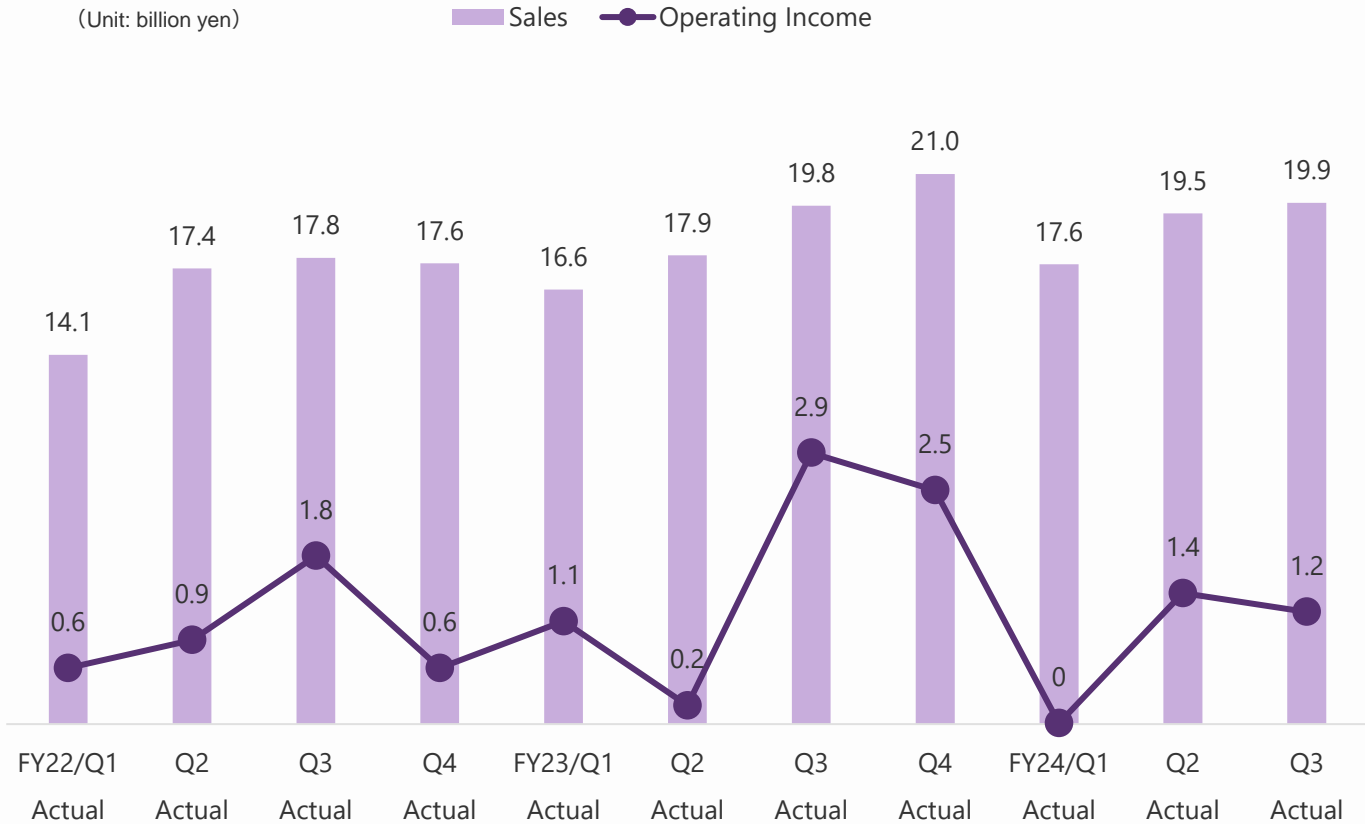
Annual



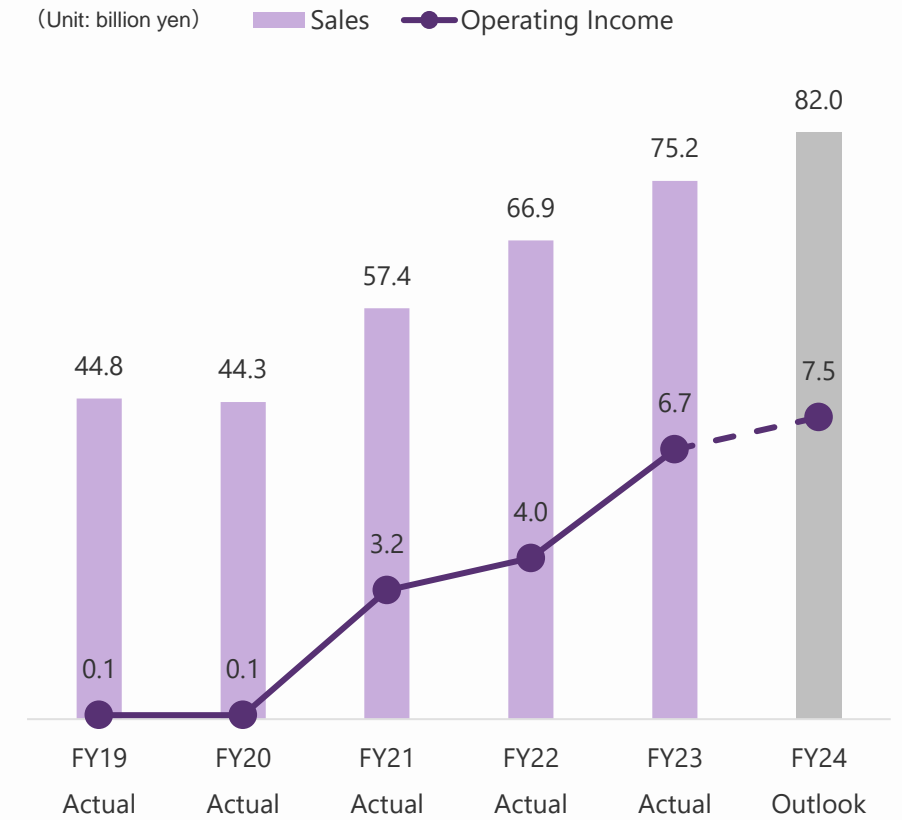


Financial Results | Eye Care Business

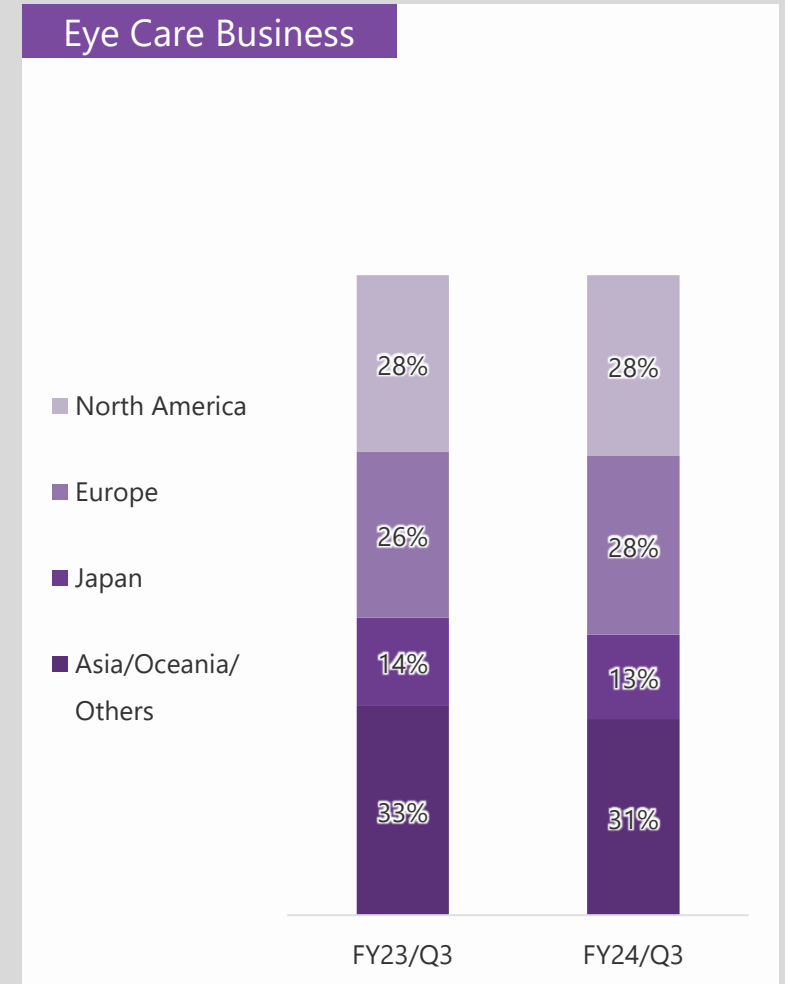
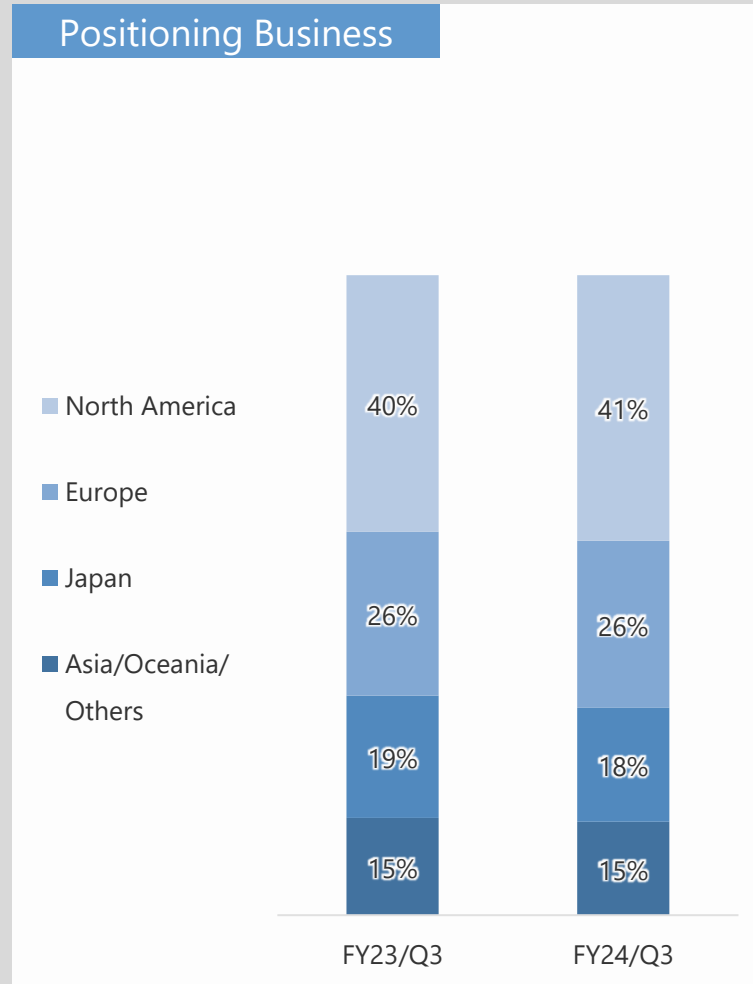
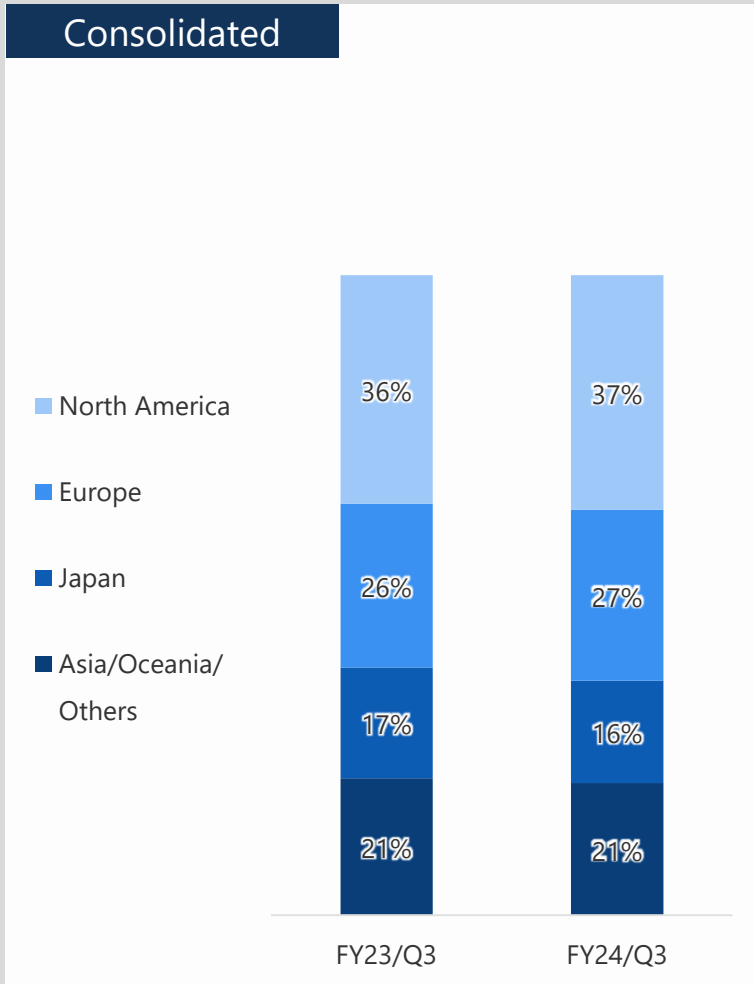
Quarterly



Annual



Sales by Region

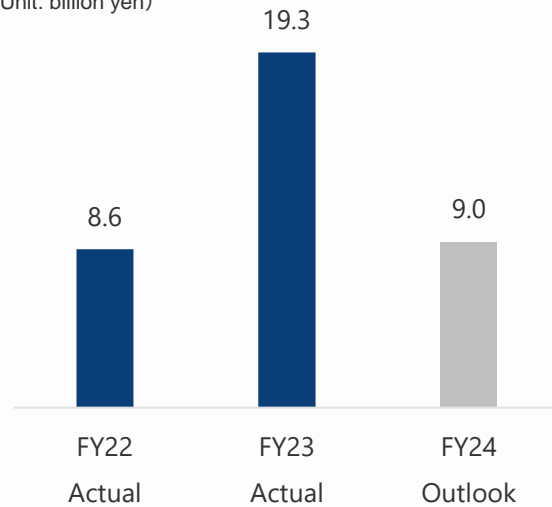




Capital Expenditure, Depreciation and R&D / Forex Sensitivity

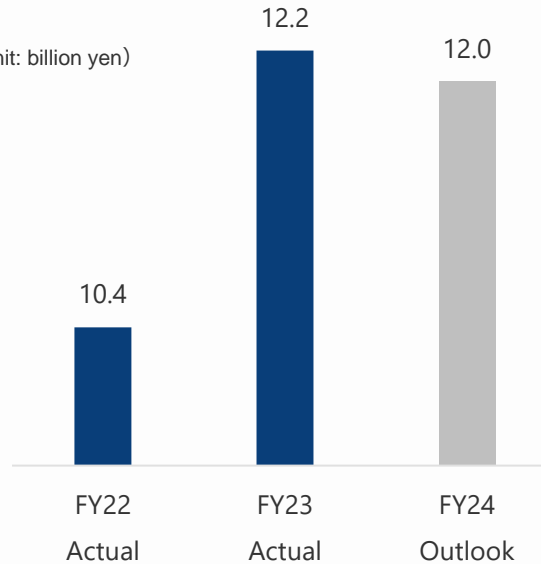
Capital Expenditure

(Unit: billion yen)



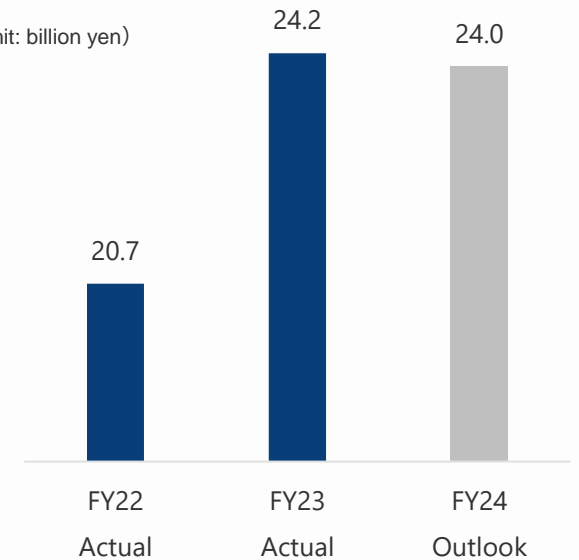
Depreciation

(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.

The original disclosure in Japanese was released on January 30, 2025 at 15:30(JST)

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