

FY2022 Financial Results



May 12, 2023
TOPCON CORPORATION
Chairman of the Board of Directors
Satoshi Hirano



Company
Profile
Movie

FY2022 Financial Results

I . FY2022 Financial Results

**II . The Third Mid-term Business Plan
Review**

III . Appendix

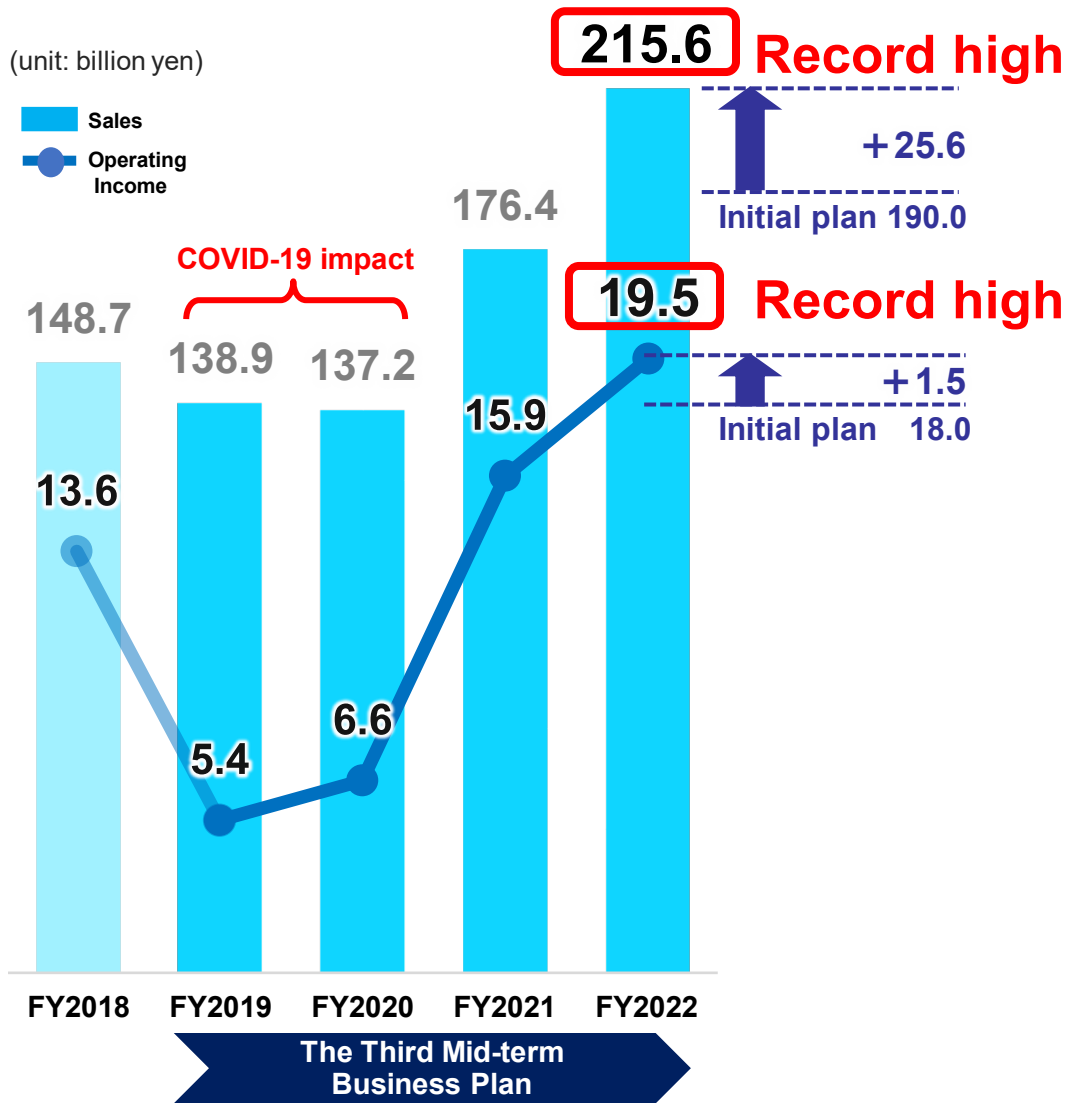
I . FY2022 Financial Results

I-1. FY2022 Financial Results

I-2. Overview of Each Business

FY2022 Overview

Significant increase in sales and profit, achieved the plan



	YoY
Net Sales	122%
Operating Income	123%
Dividends	Actual
	¥42 Record high

- Growth business including IT Construction, IT Agriculture, and Screening Business are driving the sales increase
- Effect of price revisions
- Benefit of a weak yen
- Reduce the impact of component shortages and component and logistics costs surge by fostering collective efforts throughout the company

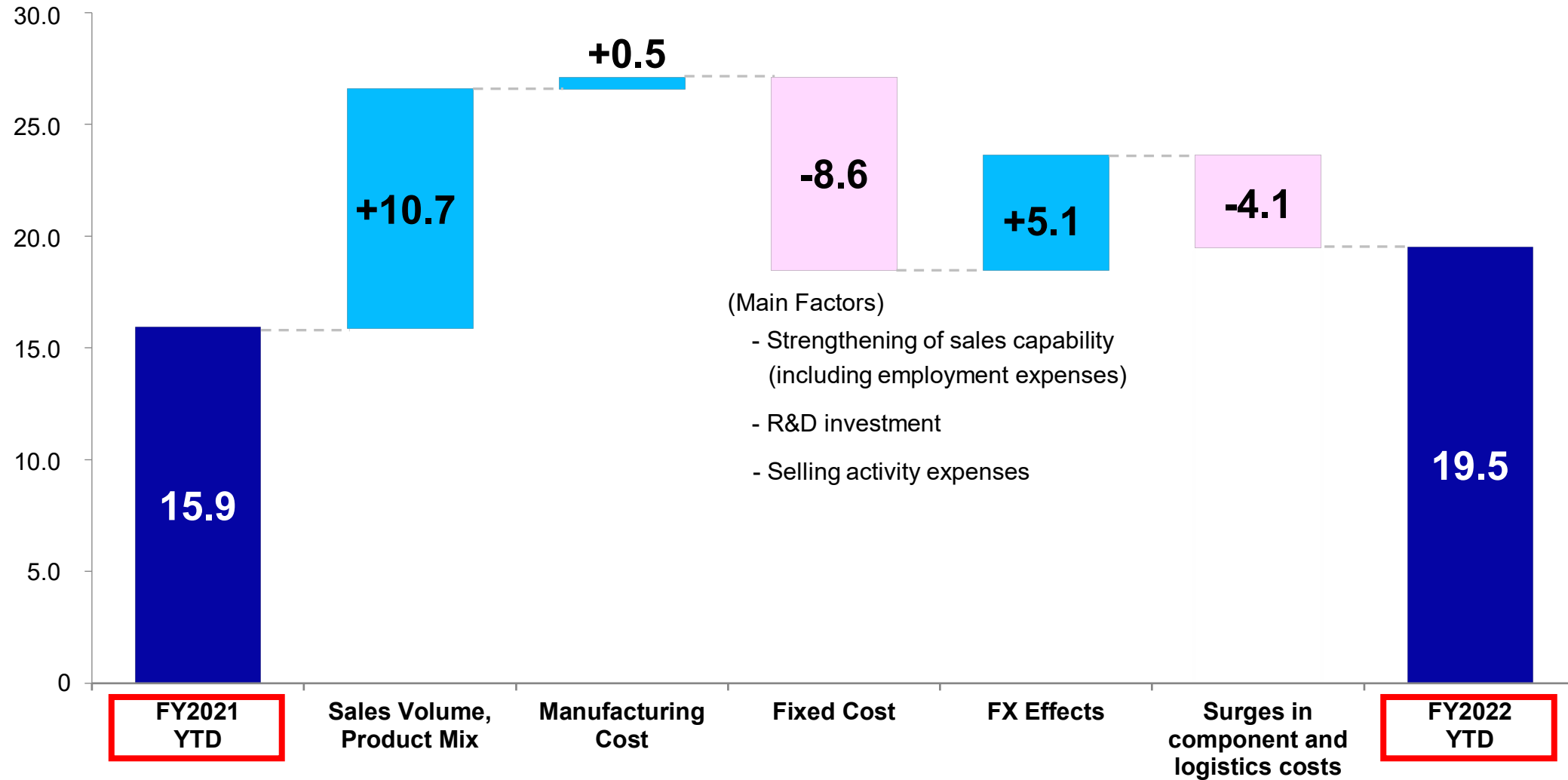
FY 2022 Financial Results

(unit: million yen)

	FY2021 Actual	FY2022			
		Actual	YoY	%	Plan* <small>*Announced on January 30</small>
Net Sales	176,421	215,625	39,204	+22%	205,000
Gross Profit (Gross Profit Ratio)	90,093 (51.1%)	112,401 (52.1%)	22,308		
SGA	74,178	92,864	18,685		
Operating Income (Operating Income Ratio)	15,914 (9.0%)	19,537 (9.1%)	3,622	+23%	19,500 (9.5%)
Non-Operating Income (Expenses)	-1,094	-1,707	-612		
Ordinary Income	14,820	17,829	3,009	+20%	18,000
Extraordinary Income (Loss)	-174	-1,791 *	-1,616		<i>*Impairment loss on certain development expenses and Asbestos-related expenses, and settlement money</i>
Income Before Income Taxes and Minority Interests	14,645	16,038	1,392		
Net Income	10,699	11,806	1,106	+ 10%	12,500
ROE	14.0%	13.2%			14%
Dividends	¥36	¥42			¥42
Payout Ratio	35%	37%			
Exchange Rate	USD	¥112.86	¥134.95	¥22.09	(Q4 Assumption) ¥130
(Average)	EUR	¥131.01	¥141.24	¥10.23	

FY 2022 Operating Income YoY Breakdown

(unit: billion yen)



I . FY2022 Financial Results

I-1. FY2022 Financial Results

I-2. Overview of Each Business

Record high sales and operating income

(unit: million yen)

	FY2021	FY2022			Plan* *Announced on January 30
	Actual	Actual	YoY	%	
Net Sales	96,692	124,731	28,039	+29%	118,000
Operating Income (Operating Income Ratio)	11,548 (11.9%)	15,427 (12.4%)	3,878	+34%	14,500 (12.3%)
Exchange Rate (Average)	USD	¥112.86	¥134.95	¥22.09	
	EUR	¥131.01	¥141.24	¥10.23	

Review of Financial Results

Overall

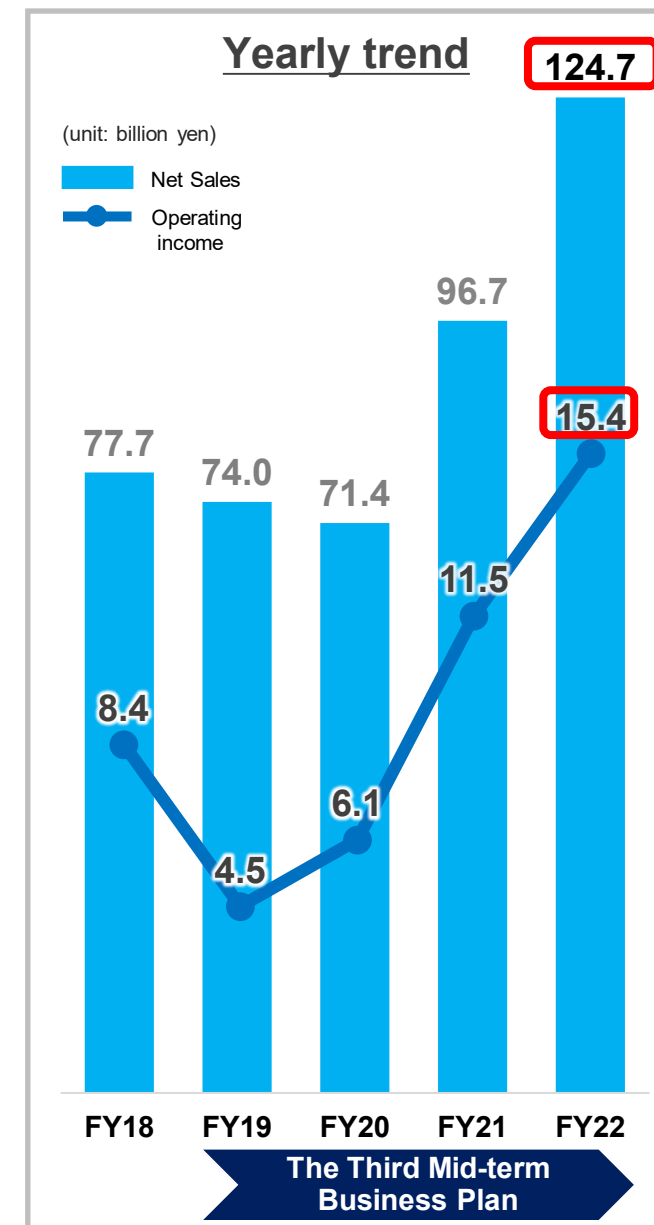
- Significant sales and operating income growth by capturing strong demand despite component shortages
- Continued impacts of component and logistics cost surges

IT Construction and IT Agriculture

- Continuing strong sales for both aftermarket and OEM

Surveying and laser products

- Sales decrease due to component shortages for surveying and decreasing residential investment for laser



Record high sales

(unit: million yen)

	FY2021	FY2022			Plan* *Announced on January 30
	Actual	Actual	YoY	%	
Net Sales	39,040	42,163	3,122	+8%	42,000
Operating Income (Operating Income Ratio)	5,821 (14.9%)	5,037 (11.9%)	-784	-13%	5,000 (11.9%)
Exchange Rate (Average)	USD	¥112.86	¥134.95	¥22.09	
	EUR	¥131.01	¥141.24	¥10.23	

Review of Financial Results

Overall

- Solid sales in Japan, sales growth in Asia and the Middle East
- Continued impact from the decline in production for surveying instruments due to component shortages

IT Construction and IT Agriculture in Japan

- Significant growth in sales of automation systems for small to medium-sized construction and agricultural machinery

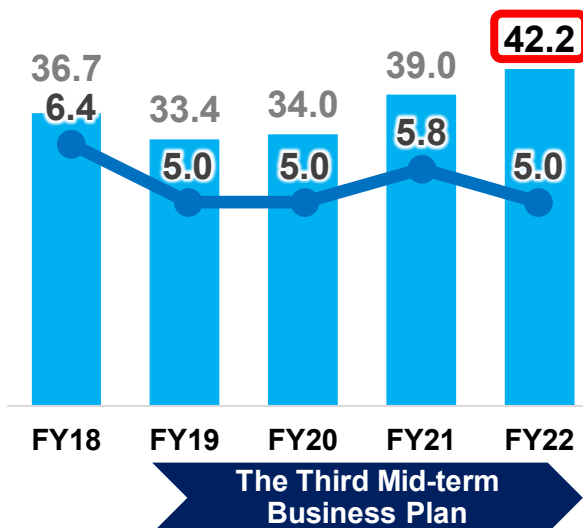
Investment for growth

- Building construction DX: Increase sales force for sales network and development of new business partners, and large orders from major home construction groups
- Asia: Recruiting talented resource and strengthening organization for market development

Yearly trend

(unit: billion yen)

Net Sales
Operating income



Record high sales

(unit: million yen)

	FY2021	FY2022			Plan* <small>*Announced on January 30</small>
	Actual	Actual	YoY	%	
Net Sales	57,352	66,899	9,547	+17%	65,000
Operating Income <small>(Operating Income Ratio)</small>	3,203 <small>(5.6%)</small>	3,968 <small>(5.9%)</small>	765	+24%	5,000 <small>(7.7%)</small>
Exchange Rate <small>(Average)</small>	USD	¥112.86	¥134.95	¥22.09	
	EUR	¥131.01	¥141.24	¥10.23	

Review of Financial Results

Overall

- Significant increase in sales thanks to strong revenue in the U.S., Europe and Asia despite component shortages
- Sales decline in China due to the prolonged impact of COVID-19
- Continued impact of component and logistics cost surges
- Upfront investment for new businesses

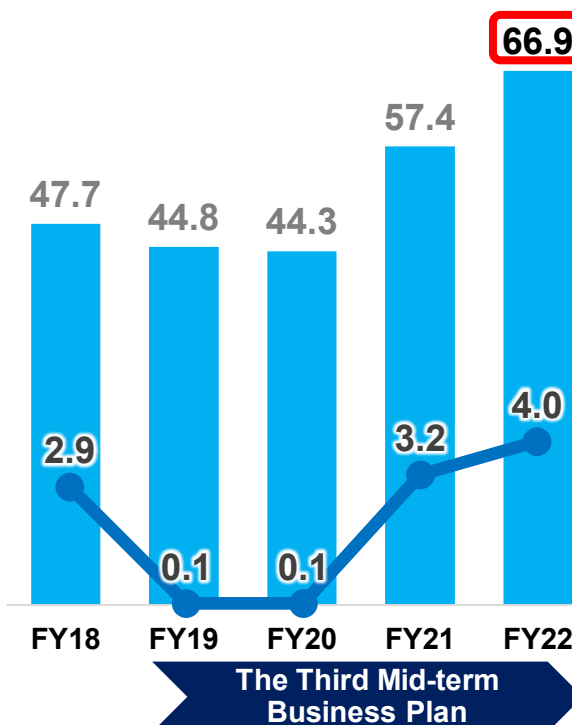
Screening equipment, digital optometry system

- Continued high level of sales for major optical chain stores in the U.S. and Europe

Yearly trend

(unit: billion yen)

Net Sales
Operating income



Ⅱ . The Third Mid-term Business Plan Review

Ⅱ -1. The Third Mid-Term Business Plan Review

Ⅱ -2. Review by Business

Ⅱ -3. Summary

Review of The Third Mid-Term Business Plan

Reposted **The Third Mid-term Business Plan** (released on April 26, 2019)

The Third Mid-term Business Plan (FY2019 - FY2022)

Acceleration of Growing Business

Strategy 1

Acceleration of
business development
in the **growing market**

Strategy 2

Strengthen
profitability of
Core Business

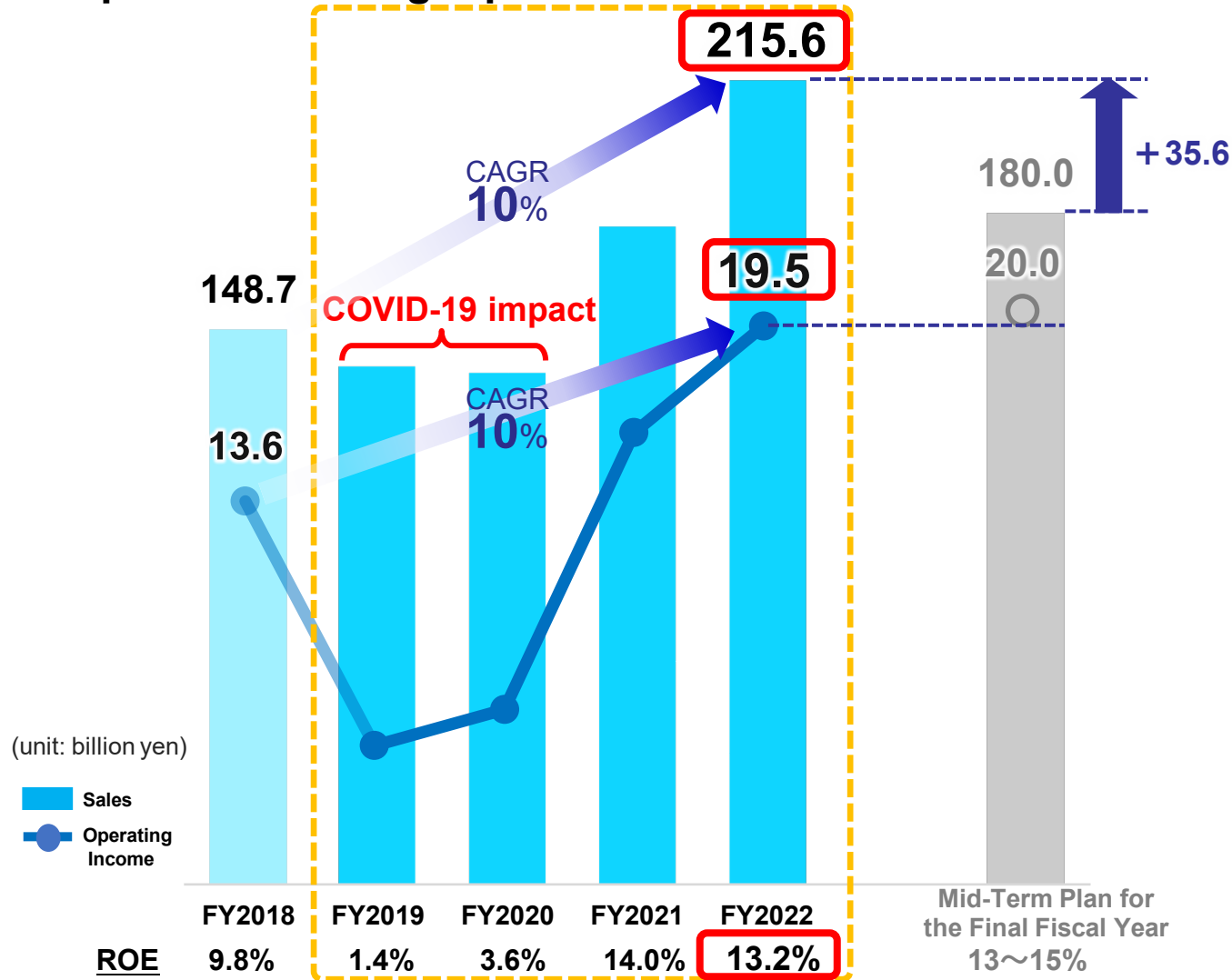
Strategy 3

Creation of
new potential market

Aim for ROE 13 ~ 15%!

Review : The Third Mid-Term Business Plan

- Double-digit annualized growth in both sales and profits despite the devastating impact of COVID-19 pandemic and geopolitical issues



Net sales

Successful growth strategy, exceeds the plan

Operating income

Record high profit despite cost increase due to supply chain problems

ROE

Successful growth strategy, meets the plan

Ⅱ . The Third Mid-term Business Plan Review

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Review by Business

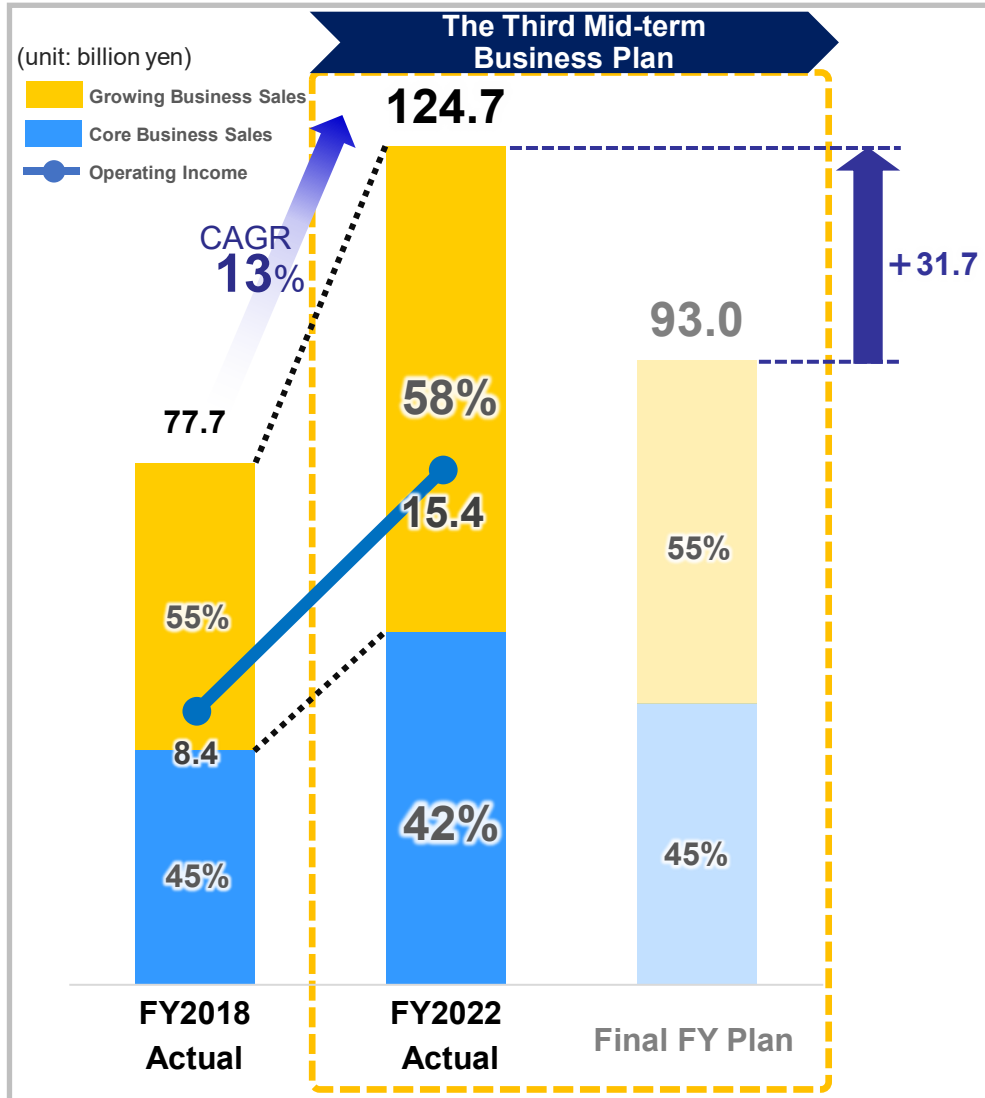
Strategy 1
Acceleration of business development in the growing market

Strategy 2
Strengthen profitability of Core Business

Strategy 3
Creation of new potential market

Positioning

Net sales : Significantly exceed the plan



Acceleration of business development in the growing market

	FY2018	FY2022
Sales	¥42.4B	¥72.2B

IT Construction

- Capture automation needs due to labor shortages, growth in sales for both aftermarket and OEM

IT Agriculture

- Grabbing automation needs thanks to high crop prices and labor shortages, growth in sales for both aftermarket and OEM

Strengthen profitability of Core Business

	FY2018	FY2022
Sales	¥35.3B	¥52.5B

- Capture the demand from public investments under the US Infrastructure Investment and Employment Act, totaling \$1.2 trillion

Creation of new potential market

- Launched and commercialized affordable automation systems for small to medium-sized construction and agricultural machinery
- Launched and commercialized an ecosystem for resurfacing roads

Review by Business

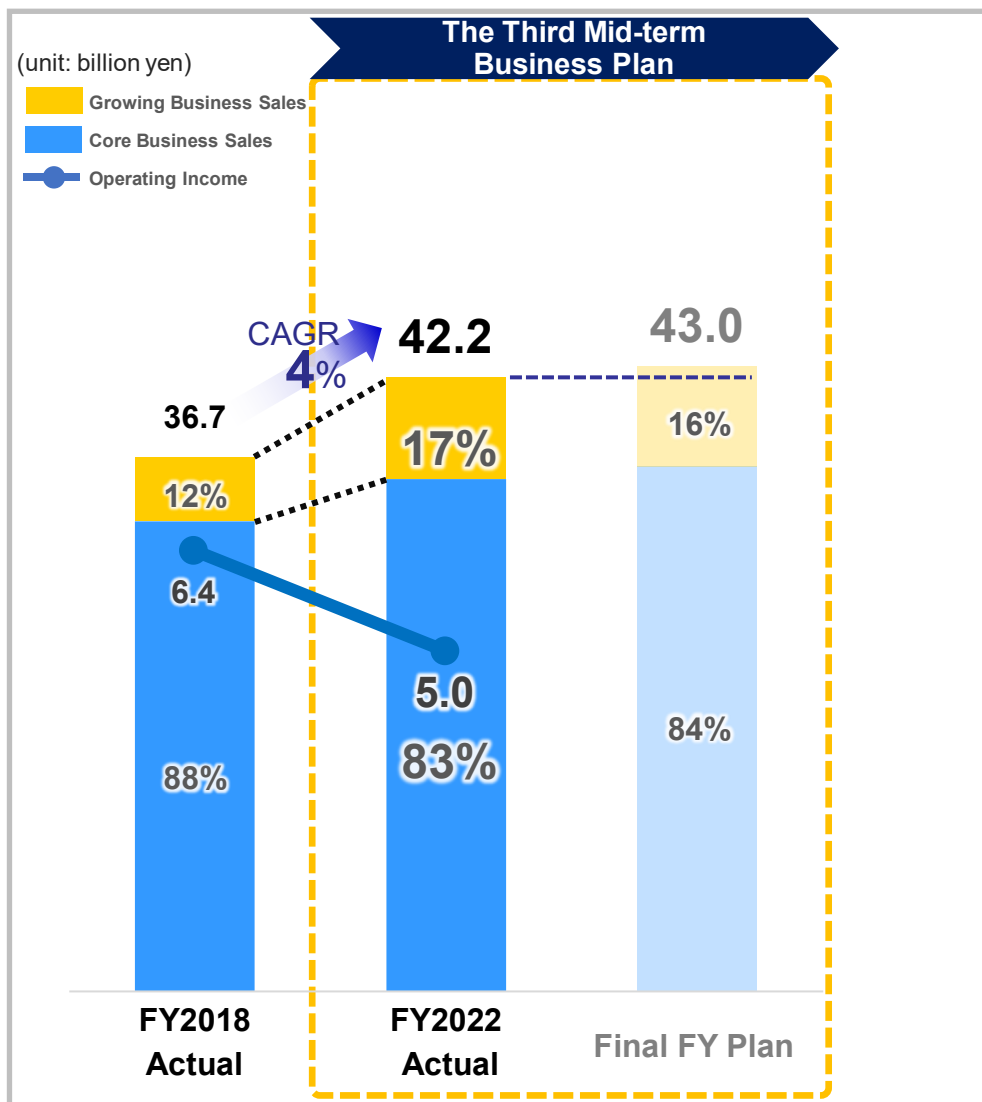
Strategy 1
Acceleration of business development in the growing market

Strategy 2
Strengthen profitability of Core Business

Strategy 3
Creation of new potential market

Smart Infrastructure

Net sales : In line with the plan



Acceleration of business development in the growing market

	FY2018	FY2022
Sales	¥4.5B	¥7.0B

IT Construction

- Sales expansion of IT Construction system and 3D measurement equipment by working on promoting i-Construction in Japan
- Boosting sales of layout navigators as integral equipment for i-Construction's introduction

IT Agriculture

- Increased market share by introducing affordable system in the wake of market expansion thanks to government subsidies for COVID-19

Strengthen profitability of Core Business

	FY2018	FY2022
Sales	¥32.2B	¥35.2B

- Capture construction demand for the National Resilience Project (project size: approximately 15 trillion yen)

Creation of new potential market

- Creating building construction DX business and strengthening the organization by hiring new personnel
- Established a controlling company to create IT Construction and IT agriculture market in Asia (Established in April 2020. 8 offices)

Review by Business

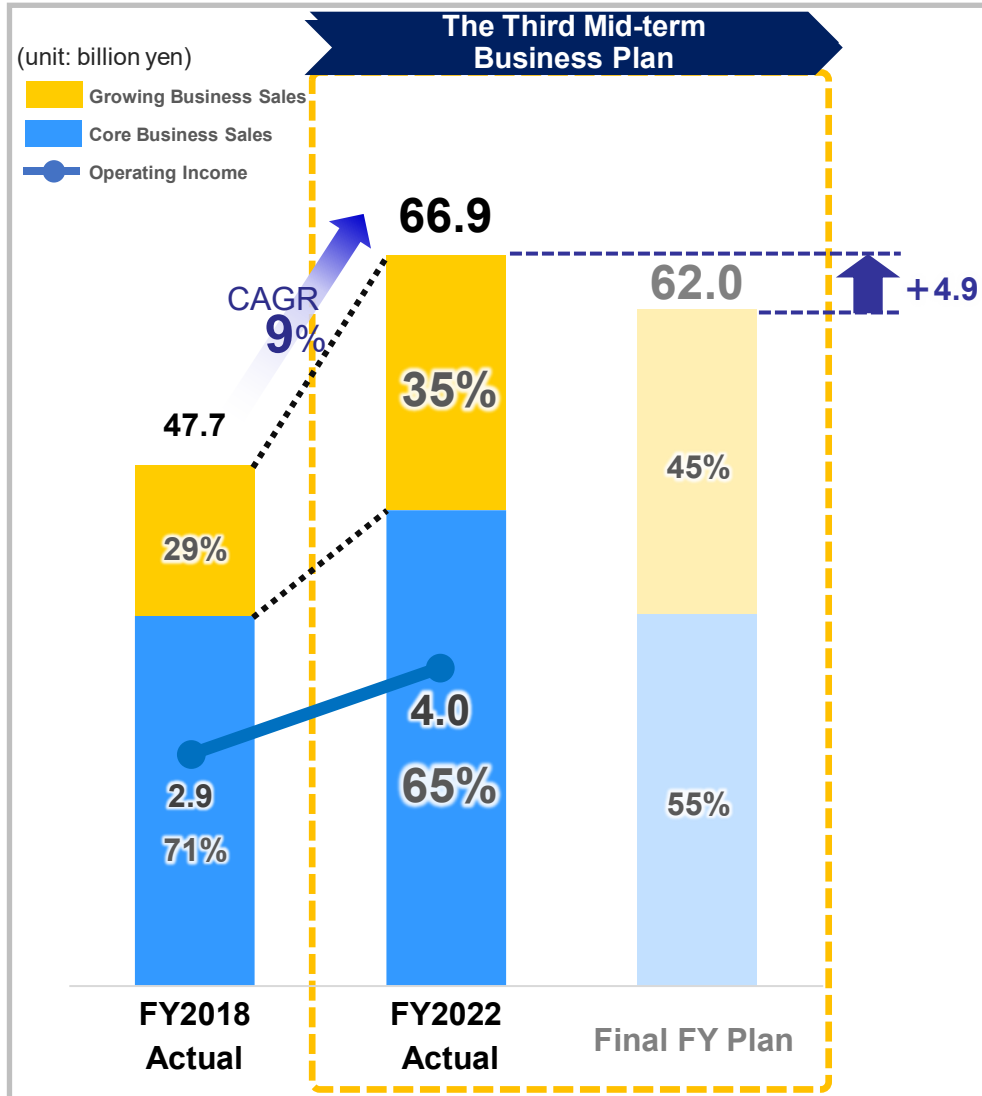
Eye Care

Strategy 1
Acceleration of business development in the growing market

Strategy 2
Strengthen profitability of Core Business

Strategy 3
Creation of new potential market

Net sales : Exceed the plan



Acceleration of business development in the growing market

	FY2018	FY2022
Sales	¥14.0B	¥23.3B

Screening Business

- Sales growth of screening equipment for major optical chain stores in the U.S. and Europe

Software development

- Investment in software development subsidiary (US) for screening contributes to expand the business

China business

- Sales in China doubled due to reorganization of sales network and local production expansion

Strengthen profitability of Core Business

	FY2018	FY2022
Sales	¥33.7B	¥43.6B

- Sales growth of tele optometry systems for major optical chain stores in the U.S. and Europe

- Synergy from acquisition of VISIA in Italy

Creation of new potential market

- Launching shared care business by utilizing screening data
⇒ Expecting to be a game changer

Ⅱ . The Third Mid-term Business Plan Review

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The Third Mid-term Business Plan (FY2019 - FY2022)

Acceleration of Growing Business

Strategy 1

Acceleration of business development in the growing market

Achieved! CAGR 14%

Net sales

¥60.9B (FY2018)



¥102.5B (FY2022)

Strategy 2

Strengthen profitability of Core Business

Achieved! CAGR 7%

Net sales

¥101.2B (FY2018)



¥131.3B (FY2022)

Strategy 3

Creation of new potential market

Achieved!

- Creation of markets of automation systems for small to medium-sized construction and agricultural machinery
- Creation of building construction DX market
- Launch a business utilizing screening data

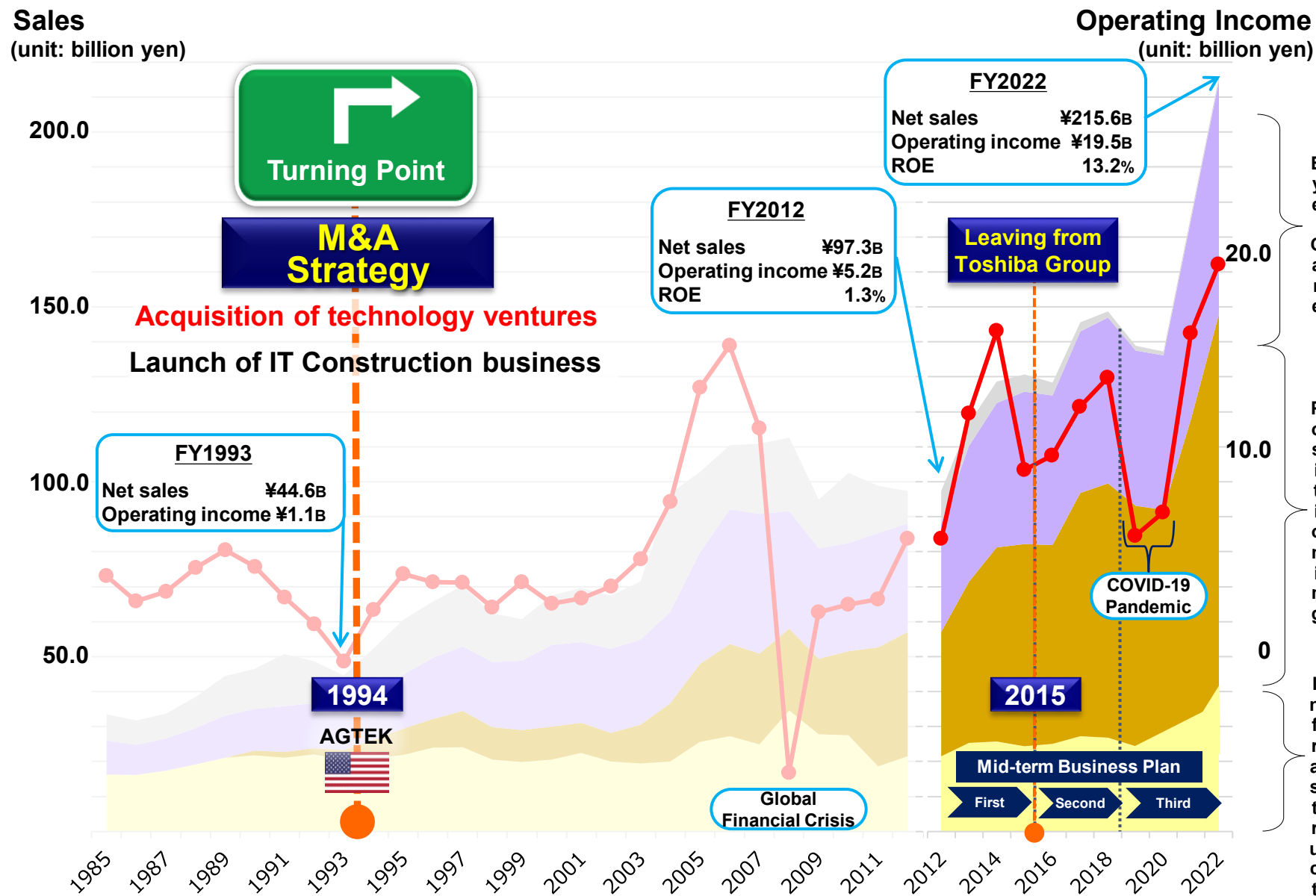
Aim for ROE 13 ~ 15%!

Achieved

13.2% in the final year

Achieved acceleration of growing business despite COVID-19 pandemic, geopolitical issues and supply chain problems associated with them!

A 10 year look back (First, Second and Third Mid-Term Business Plans)



Major financial results

	FY2012	FY2022	
Net sales	¥97.3B	¥215.6B	2X+
Operating income	¥5.2B	¥19.5B	Approx. 4X
ROE	1.3%	13.2%	
Operating CF	¥0.9B	¥16.6B	
Dividends ^{*1}	¥6	¥42	
M&A investments ^{*2}	Approx. ¥50.0B, 20 deals		

Expansion of growing businesses

^{*1} Average of the past three years
^{*2} Total of the past 10 years

IT Construction

Transition from dawning period to growing period

IT Agriculture

Acceleration of growth

Creation of new businesses

Creation of building construction DX

Great expectations for growth

Screening Business

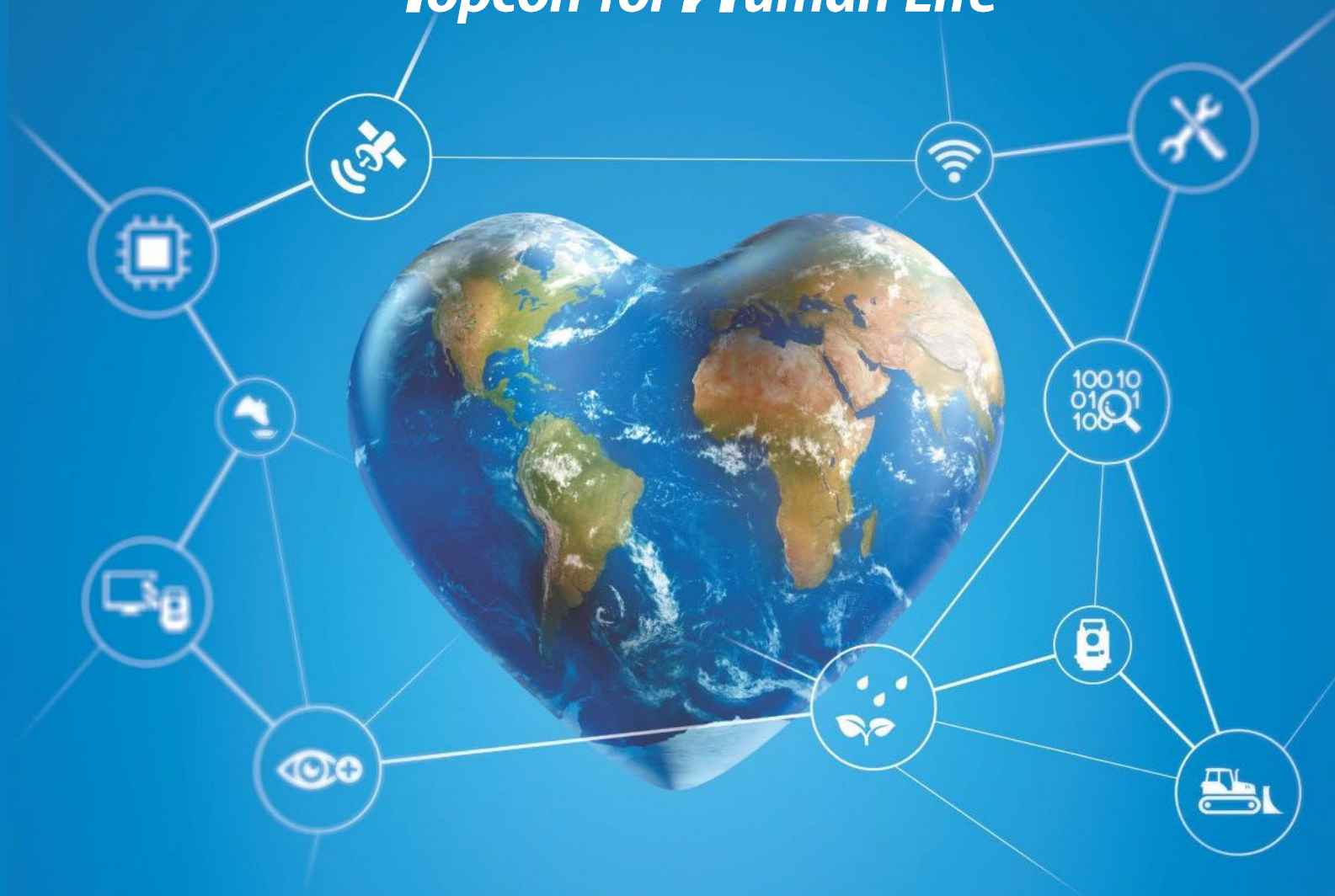
- Transition from creation to expansion
- Creation of businesses utilizing screening data
⇒ Expecting to be a game changer

Eye
Career

Positioning

Infrastructure

Topcon for *Human Life*



A digital transformation
with a human touch

III. Appendix

FY2022 Financial Results by Business

(unit: million yen)

		FY2021	FY2022			
		Actual	Actual	YoY	YoY%	Plan* *Announced on January 30
Net Sales	Positioning	96,692	124,731	28,039	+29%	118,000
	Smart Infrastructure	39,040	42,163	3,122	+8%	42,000
	Eye Care	57,352	66,899	9,547	+17%	65,000
	Others	1,184	1,335	151		1,000
	Elimination	-17,848	-19,505	-1,656		-21,000
	Total	176,421	215,625	39,204	+22%	205,000
Operating Income (Operating Income Ratio)	Positioning	11,548 (11.9%)	15,427 (12.4%)	3,878	+34%	14,500 (12.3%)
	Smart Infrastructure	5,821 (14.9%)	5,037 (11.9%)	-784	-13%	5,000 (11.9%)
	Eye Care	3,203 (5.6%)	3,968 (5.9%)	765	+24%	5,000 (7.7%)
	Others	-365	-344	21		-400
	Elimination	-4,293	-4,551	-257		-4,600
	Total	15,914 (9.0%)	19,537 (9.1%)	3,622	+23%	19,500 (9.5%)

The Third Mid-Term Business Plan Review

(Unit: million yen)

The Third Mid-term Business Plan FY2019-2022

	FY2018	FY2022		
	Actual	Actual	CAGR (vs 2018)	Plan
Net Sales	148,688	215,625	10%	180,000
Operating Income (Operating Income Ratio)	13,596 (9.1%)	19,537 (9.1%)	10%	20,000 (11.1%)
Ordinary Income	11,497	17,829	12%	-
Net Income	6,548	11,806	16%	-
ROE	9.8%	13.2%	+ 3.5pt	13~15%
Dividends	¥24	¥42	+¥18	-
Payout Ratio	39%	37%		Over 35%
Exchange Rate	USD	¥110.69	¥134.95	¥110
(Average)	EUR	¥128.43	¥141.24	¥125

The Third Mid-Term Business Plan Review by Business

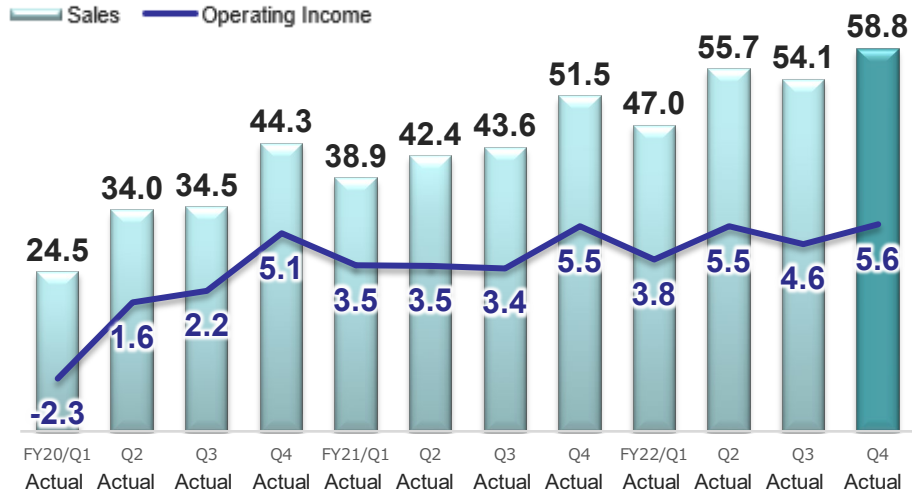
(Unit: million yen)

		The Third Mid-term Business Plan FY2019-2022			
		FY2018	FY2022		
		Actual	Actual	CAGR (vs 2018)	Plan
Net Sales	Positioning	77,722	124,731	13%	93,000
	Smart Infrastructure	36,744	42,163	3%	43,000
	Eye Care	47,713	66,899	9%	62,000
	Others	1,698	1,335		1,000
	Elimination	-15,190	-19,505		-19,000
	Total	148,688	215,625	10%	180,000
Operating Income (Operating Income Ratio)	Positioning	8,358 (10.8%)	15,427 (12.4%)	17%	-
	Smart Infrastructure	6,393 (17.4%)	5,037 (11.9%)	-	-
	Eye Care	2,896 (6.1%)	3,968 (5.9%)	8%	-
	Others	-65	-344		-
	Elimination	-3,986	-4,551		-
	Total	13,596 (9.1%)	19,537 (9.1%)	10%	20,000 (11.7%)

Financial Results (Quarterly)

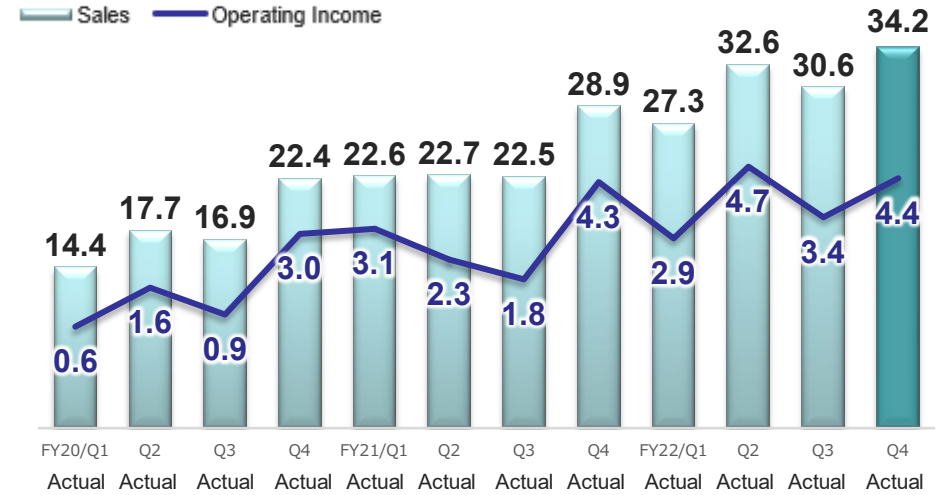
Consolidated

(unit: billion yen)



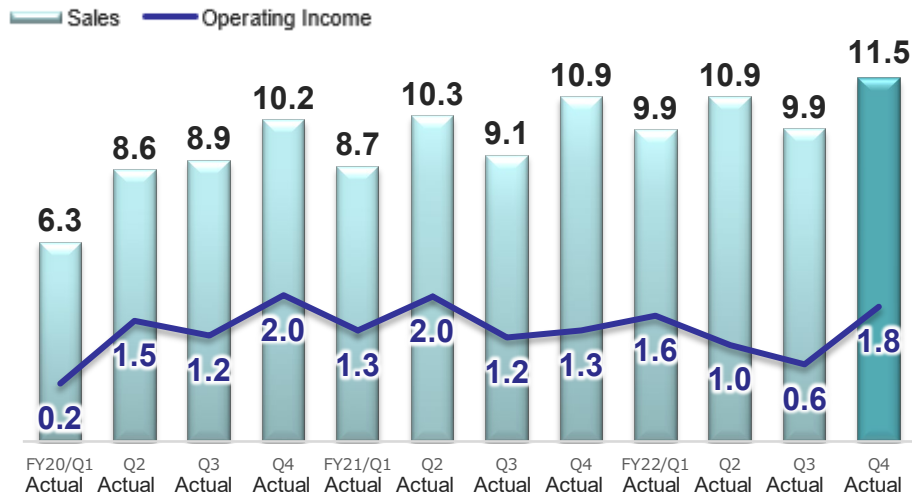
Positioning

(unit: billion yen)



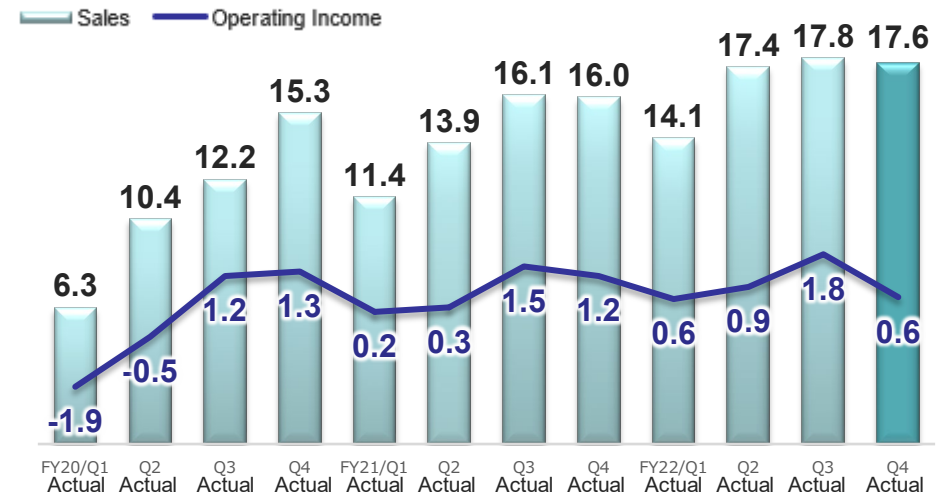
Smart Infrastructure

(unit: billion yen)



Eye Care

(unit: billion yen)

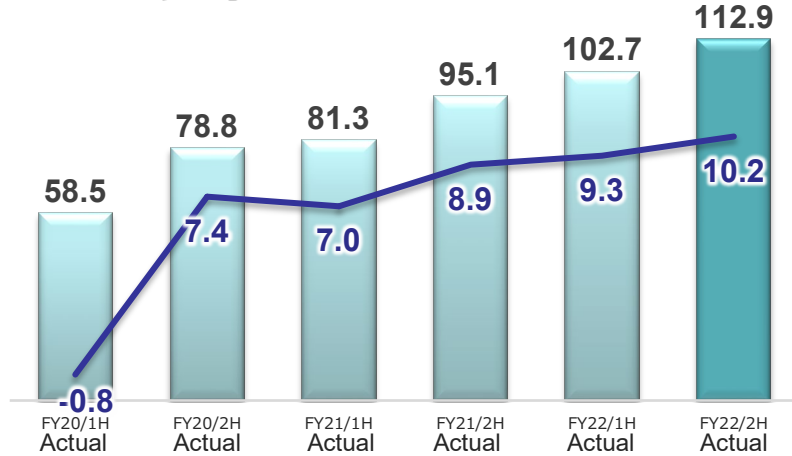


Financial Results (Semiannually)

Consolidated

(unit: billion yen)

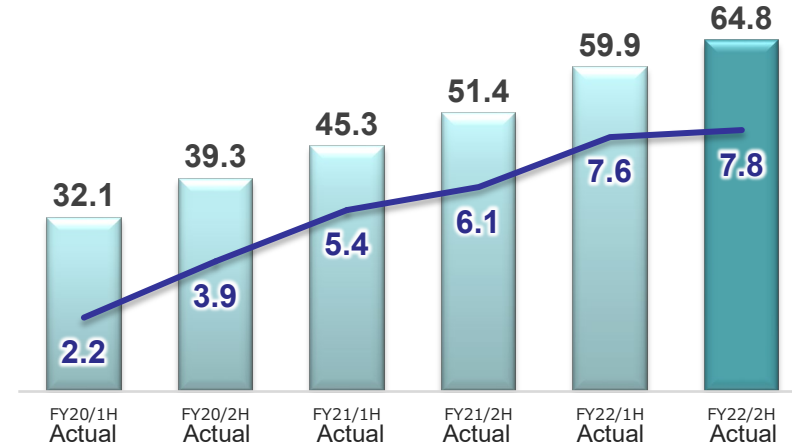
Sales Operating Income



Positioning

(unit: billion yen)

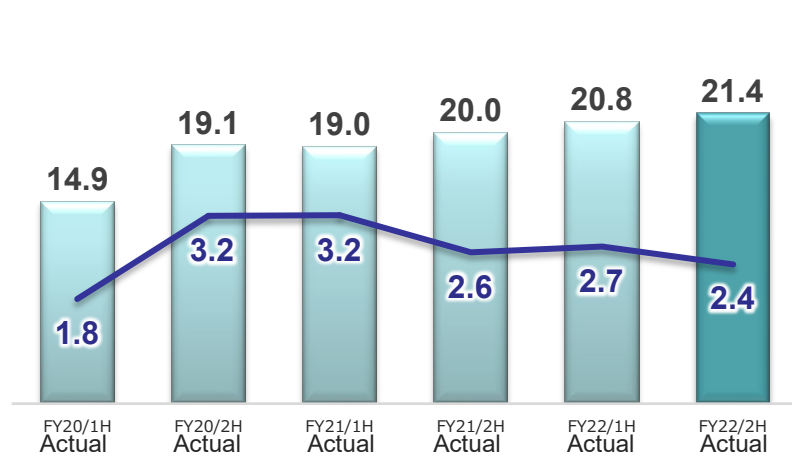
Sales Operating Income



Smart Infrastructure

(unit: billion yen)

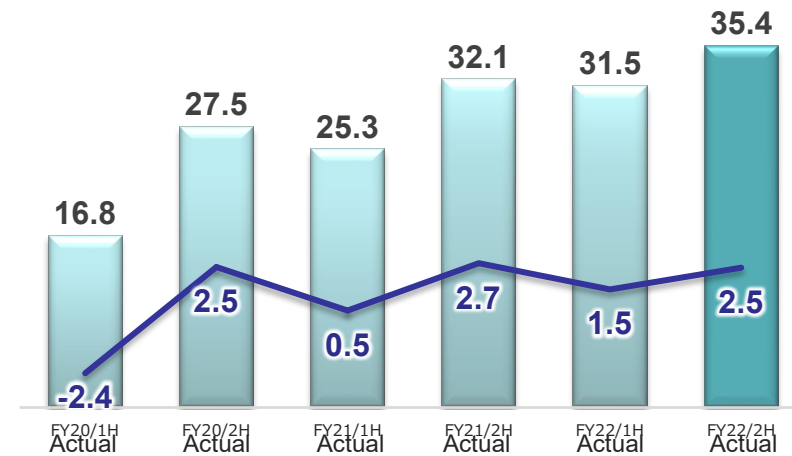
Sales Operating Income



Eye Care

(unit: billion yen)

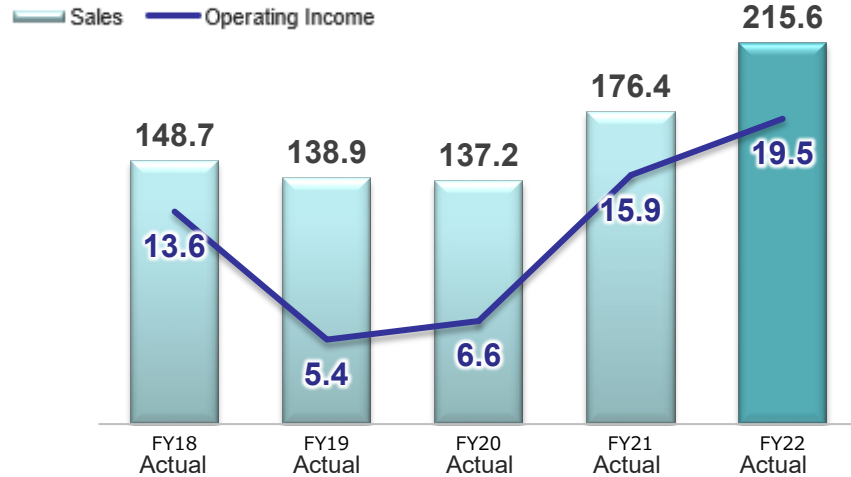
Sales Operating Income



Financial Results (Annually)

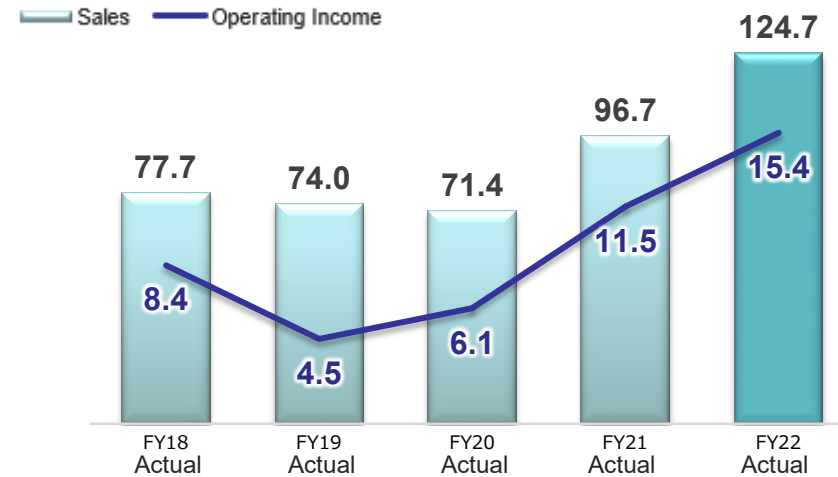
Consolidated

(unit: billion yen)



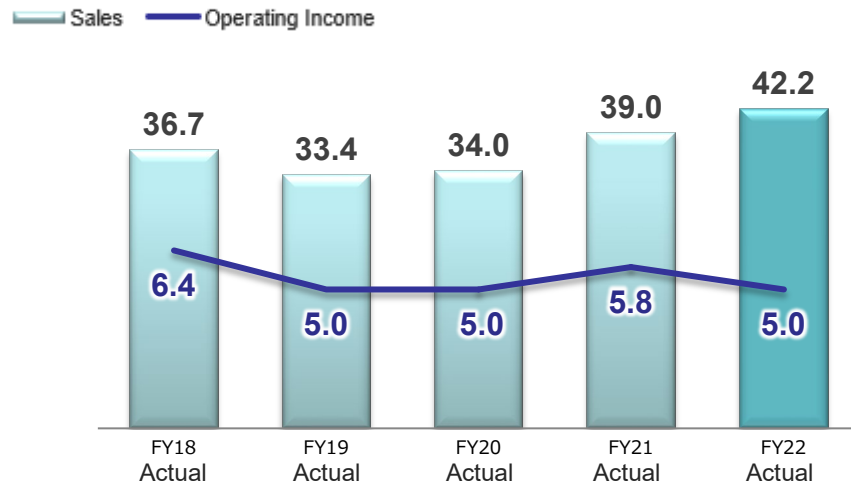
Positioning

(unit: billion yen)



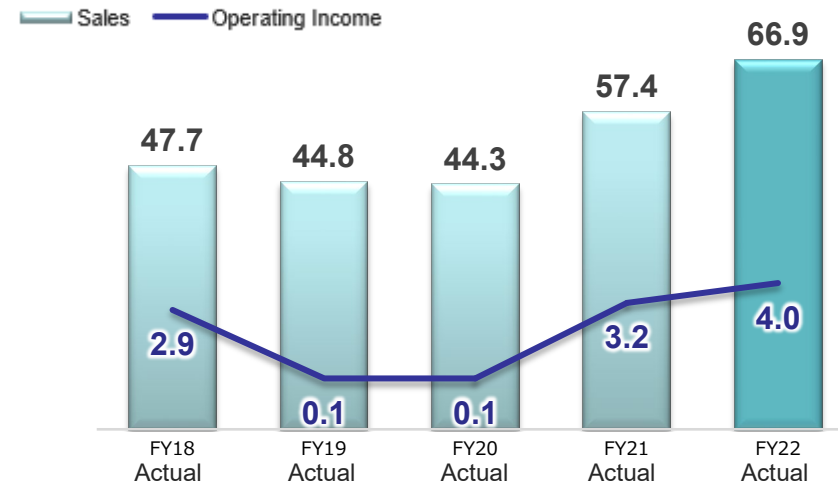
Smart Infrastructure

(unit: billion yen)

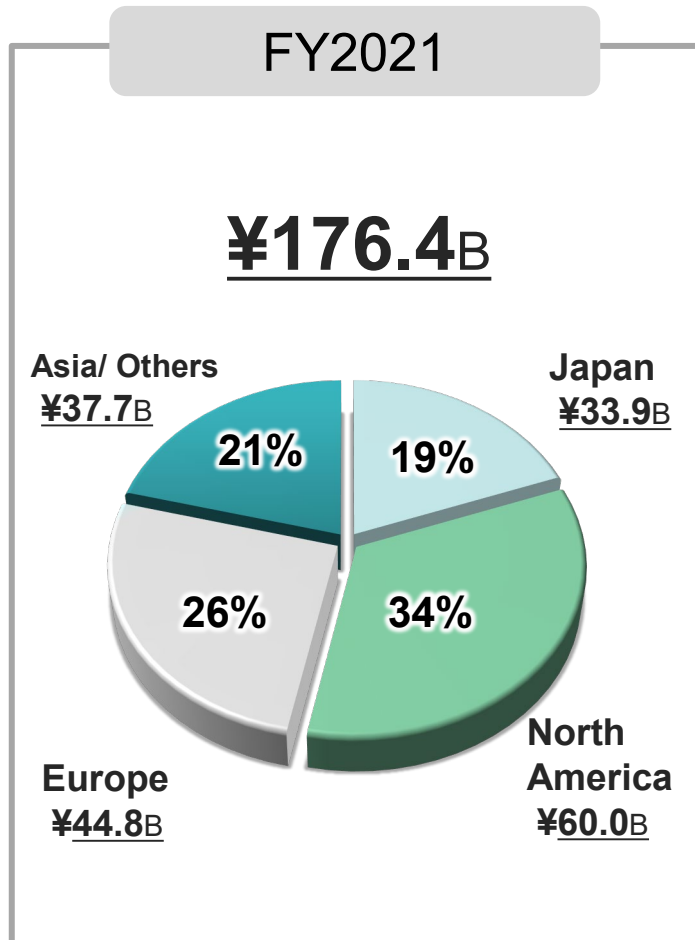


Eye Care

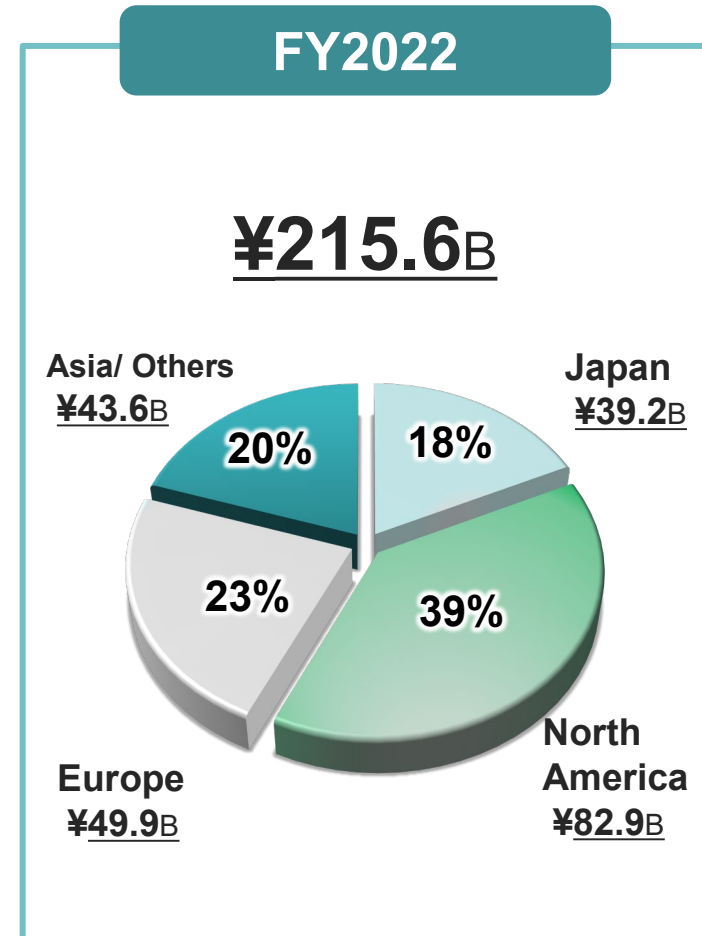
(unit: billion yen)



Sales by region

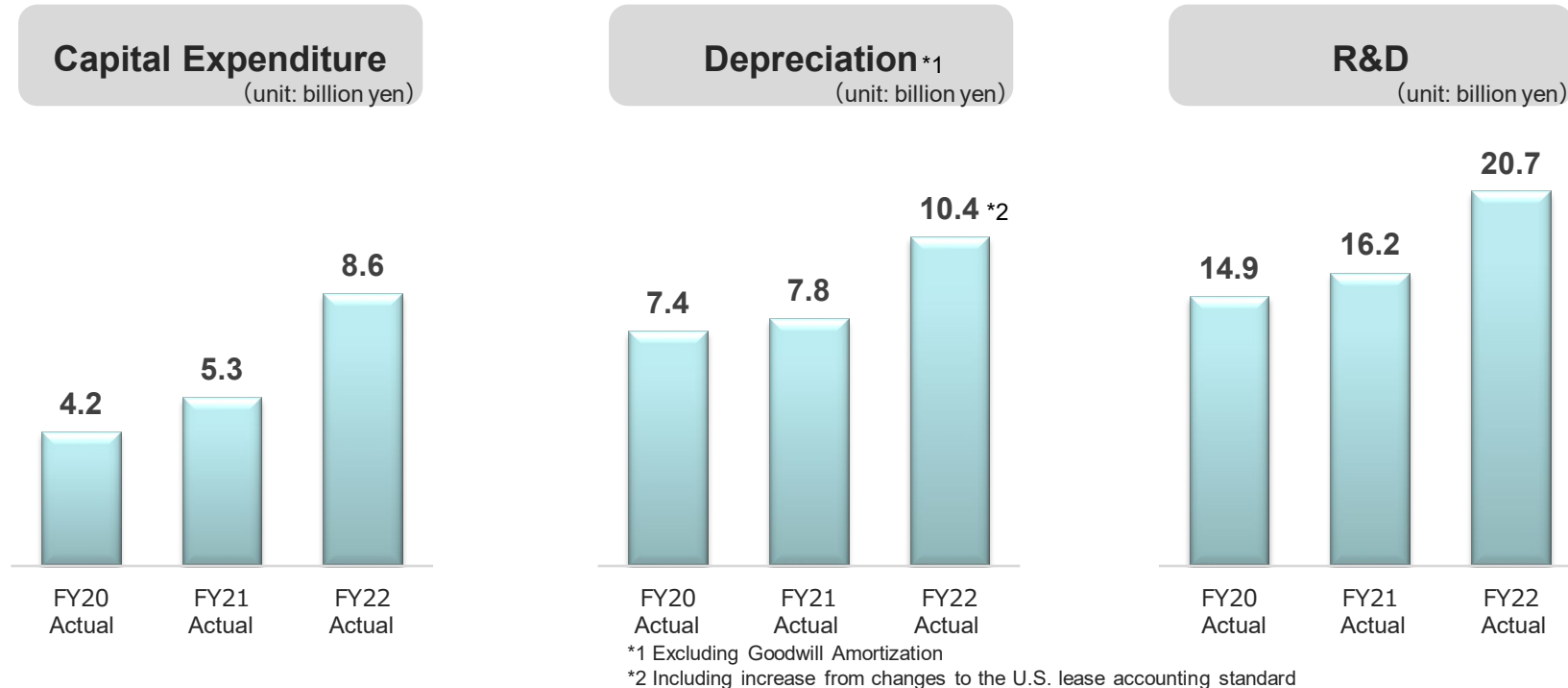


YoY
+22%



Capital Expenditure and R&D / Forex Sensitivity

Actual



Forex Sensitivity (impact by ¥1 change)

USD : Operating Income ¥0.15B - ¥0.2B

EUR : Operating Income ¥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 May 12, 2023 at 15:00(UTC+9)

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