

Consolidated Financial Results for the Third Quarter of FY2023 Ending March 2024

(Japanese GAAP)

TOPCON CORPORATION

Release Date: January 29, 2023

1. Summary of Third Quarter Business Results for FY2023 ending March 2024 (April 1, 2023 - December 31, 2023)

"%" indicate year-to-year increase (decrease)

(1) Consolidated business results

(Rounded down to the nearest million yen)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
3rd quarter of FY2023	156,860	0.0	6,504	(53.5)	4,588	(63.5)	353	(95.5)
3rd quarter of FY2022	156,790	25.6	13,974	35.1	12,565	35.9	7,859	36.6

Note: Comprehensive income
 3rd quarter of FY2023 7,680 million yen (31.7) %
 3rd quarter of FY2022 11,238 million yen (51.2) %

	Basic earnings per share	Diluted earnings per share
	yen	yen
3rd quarter of FY2023	3.35	3.35
3rd quarter of FY2022	74.67	74.67

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
3rd quarter of FY2023	234,136	100,253	42.0	934.01
FY2022 ended March 2023	207,890	97,040	45.8	905.17

Note: Shareholders' equity
 3rd quarter of FY2023 98,399 million yen
 FY2022 ended March 2023 95,310 million yen

2. Dividends

	Dividends per share				
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total
	yen	yen	yen	yen	yen
FY2022 ended March 2023	—	20.00	—	22.00	42.00
FY2023 ending March 2024	—	20.00	—		
FY2023 ending March 2024 (forecast)				22.00	42.00

*Revision to the most recently disclosed dividend forecasts : No

3. Business Forecasts for FY2023 ending March 2024 (April 1, 2023 - March 31, 2024)

"%" indicate year-to-year increase (decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Annual	215,000	(0.3)	13,000	(33.5)	11,000	(38.3)	3,000	(74.6)	28.49

*Revision to the most recently disclosed business forecasts : Yes

Note: The forecasts above were prepared on the premise of future forecasts available at the time of the release of this document, such as trends of business, competition environment, and currency exchange rates. Due to unforeseen circumstances, however, the actual results may differ from these forecast data.

Consolidated quarterly financial statements

Consolidated quarterly balance sheets

(Unit: million yen)

	FY2022 ended March 2023	3rd quarter of FY2023
Assets		
Current assets		
Cash and deposits	17,660	21,728
Notes and accounts receivable - trade	47,454	39,393
Merchandise and finished goods	24,309	27,764
Work in process	2,048	2,197
Raw materials and supplies	25,151	29,738
Other	8,375	12,870
Allowance for doubtful accounts	(1,925)	(1,477)
Total current assets	123,074	132,215
Non-current assets		
Property, plant and equipment	32,848	37,866
Intangible assets		
Goodwill	8,994	18,468
Other	21,333	20,613
Total intangible assets	30,328	39,082
Investments and other assets	21,638	24,971
Total non-current assets	84,815	101,920
Total assets	207,890	234,136
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,389	15,588
Short-term borrowings	20,712	21,884
Lease liabilities	2,770	3,167
Income taxes payable	1,486	2,567
Provision for product warranties	1,890	1,824
Other	24,032	24,804
Total current liabilities	67,282	69,836
Non-current liabilities		
Bonds payable	20,000	40,000
Long-term borrowings	2,058	1,979
Lease liabilities	7,943	7,784
Provision for retirement benefits for directors (and other officers)	42	41
Retirement benefit liability	4,470	3,641
Other	9,052	10,599
Total non-current liabilities	43,567	64,046
Total liabilities	110,850	133,882
Net assets		
Shareholders' equity		
Share capital	16,780	16,837
Capital surplus	20,682	20,739
Retained earnings	52,635	48,565
Treasury shares	(3,171)	(3,172)
Total shareholders' equity	86,926	82,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	891	1,722
Deferred gains or losses on hedges	14	-
Foreign currency translation adjustment	7,313	13,079
Remeasurements of defined benefit plans	164	628
Total accumulated other comprehensive income	8,384	15,430
Share acquisition rights	63	63
Non-controlling interests	1,666	1,790
Total net assets	97,040	100,253
Total liabilities and net assets	207,890	234,136

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2022	3rd quarter of FY2023
Net sales	156,790	156,860
Cost of sales	75,325	73,636
Gross profit	81,465	83,224
Selling, general and administrative expenses	67,491	76,719
Operating profit	13,974	6,504
Non-operating income		
Interest income	116	196
Dividend income	38	57
Foreign exchange gains	94	-
Gain on valuation of investment securities	-	180
Insurance claim income	278	-
Other	222	328
Total non-operating income	750	762
Non-operating expenses		
Interest expenses	662	1,612
Share of loss of entities accounted for using equity method	330	197
Loss on valuation of investment securities	574	-
Foreign exchange losses	-	133
Other	592	734
Total non-operating expenses	2,159	2,678
Ordinary profit	12,565	4,588
Extraordinary income		
Insurance claim income	-	713
Gain on sale of shares of subsidiaries and associates	-	751
Total extraordinary income	-	1,465
Extraordinary losses		
Impairment losses	462	1,328
Extra retirement payments	-	154
Loss on litigation	-	3,327
Total extraordinary losses	462	4,810
Profit before income taxes	12,103	1,243
Income taxes - current	3,804	1,172
Income taxes - deferred	317	(480)
Total income taxes	4,122	691
Profit	7,981	551
Profit attributable to non-controlling interests	121	197
Profit attributable to owners of parent	7,859	353

[Segment Information by business category]

The reportable segments have been changed since the current fiscal year, from "Smart Infrastructure Business", "Positioning Company", "Eye Care Business" and "Other" to "Positioning Business", "Eye Care Business" and "Other".

Segments which were categorized under "Smart Infrastructure" and "Positioning Company" in prior fiscal years are now categorized under new segment "Positioning Business".

Comparative information for the same period of previous fiscal year shown below are restated to reflect the new categories.

3rd quarter of FY2022 (April 1, 2022 - December 31, 2022)

(Unit: million yen)

	Reportable segment				Elimination & Common	Total
	Positioning Business	Eye Care Business	Other	Sub-Total		
Sales						
Sales to unaffiliated customers	106,761	49,118	910	156,790	—	156,790
Intercompany sales or transfer	—	171	2	174	(174)	—
Total	106,761	49,289	913	156,964	(174)	156,790
Segment Profit (Operating Income)	14,285	3,329	(320)	17,294	(3,320)	13,974

Note: Segment Profit (3,320) on "Elimination & Common" is mainly goodwill amortization expense and corporate expense (advanced research and development expense), both of which are not distributed to each reportable segment .

3rd quarter of FY2023 (April 1, 2023 - December 31, 2023)

(Unit: million yen)

	Reportable segment				Elimination & Common	Total
	Positioning Business	Eye Care Business	Other	Sub-Total		
Sales						
Sales to unaffiliated customers	101,972	54,005	881	156,860	—	156,860
Intercompany sales or transfer	6	198	3	208	(208)	—
Total	101,979	54,204	884	157,068	(208)	156,860
Segment Profit (Operating Income)	5,902	4,182	(150)	9,934	(3,429)	6,504

Note: Segment Profit (3,429) on "Elimination & Common" is mainly goodwill amortization expense and corporate expense (advanced research and development expense), both of which are not distributed to each reportable segment .

[Overseas Sales]

3rd quarter of FY2022 (April 1, 2022 - December 31, 2022)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	62,994	35,564	7,796	13,731	8,738	128,826
Consolidated Sales						156,790
Ratio to Consolidated Sales (%)	40.2	22.7	5.0	8.8	5.6	82.2

3rd quarter of FY2023 (April 1, 2023 - December 31, 2023)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	55,979	40,185	9,167	13,900	10,535	129,768
Consolidated Sales						156,860
Ratio to Consolidated Sales (%)	35.7	25.6	5.8	8.9	6.7	82.7

Notes:1. Sales are classified by country or region based on the location of customers.

2. The main regions which belong to "other" category are Latin America, Middle East, Russia, and Africa.