

Consolidated Financial Results for FY2020 Ended March 2021

(Japanese GAAP)

TOPCON CORPORATION

Release Date: May 11, 2021

1. Summary of Business Results for FY2020 ended March 2021 (April 1, 2020 - March 31, 2021)

% 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	%
FY2020 ended March 2021	137,247	(1.2)	6,593	22.5	5,587	93.0	2,376	154.0
FY2019 ended March 2020	138,916	(6.6)	5,381	(60.4)	2,895	(74.8)	935	(85.7)

Note: Comprehensive income
 FY2020 ended March 2021 7,463 million yen (- %)
 FY2019 ended March 2020 (2,013) million yen (- %)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	yen	yen	%	%	%
FY2020 ended March 2021	22.59	22.59	3.6	3.4	4.8
FY2019 ended March 2020	8.87	8.87	1.4	1.8	3.9

Note: Share of profit (loss) of entities accounted for using equity method
 FY2020 ended March 2021 (296) million yen
 FY2019 ended March 2020 (416) million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
FY2020 ended March 2021	168,210	70,687	41.2	659.31
FY2019 ended March 2020	161,721	64,659	39.0	600.03

Note: Shareholders' equity
 FY2020 ended March 2021 69,351 million yen
 FY2019 ended March 2020 63,100 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
FY2020 ended March 2021	19,439	(9,226)	(6,195)	20,446
FY2019 ended March 2020	7,944	(6,806)	1,995	15,784

2. Dividends

	Dividends per share					Dividends paid (Annual) million yen	Dividends payout ratio (Consolidated) %	Dividends on equity (Consolidated) %
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total			
FY2019 ended March 2020	—	14.00	—	10.00	24.00	2,523	270.7	3.8
FY2020 ended March 2021	—	0.00	—	10.00	10.00	1,051	44.3	1.6
FY2021 ending March 2022 (forecast)	—	10.00	—	10.00	20.00		42.0	

3. Business Forecasts for FY2021 ending March 2022 (April 1, 2021 - March 31, 2022)

% 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	149,000	8.6	10,000	51.7	8,000	43.2	5,000	110.4	47.54

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 financial statements

Consolidated balance sheets

(Unit: million yen)

	FY2019 ended March 2020	FY2020 ended March 2021
Assets		
Current assets		
Cash and deposits	16,134	20,815
Notes and accounts receivable - trade	40,631	42,028
Merchandise and finished goods	21,063	17,570
Work in process	1,510	1,537
Raw materials and supplies	13,188	13,298
Other	8,555	9,665
Allowance for doubtful accounts	(2,555)	(2,973)
Total current assets	98,528	101,942
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,078	9,051
Machinery, equipment and vehicles, net	2,687	3,204
Land	3,100	3,363
Construction in progress	1,374	541
Other, net	6,497	6,359
Total property, plant and equipment	20,738	22,520
Intangible assets		
Goodwill	10,856	9,307
Software	10,821	10,568
Other	7,004	8,079
Total intangible assets	28,683	27,955
Investments and other assets		
Investment securities	2,301	4,407
Long-term loans receivable	695	358
Deferred tax assets	9,679	9,873
Other	1,108	1,168
Allowance for doubtful accounts	(15)	(14)
Total investments and other assets	13,770	15,792
Total non-current assets	63,192	66,268
Total assets	161,721	168,210
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,981	12,880
Short-term borrowings	26,831	12,530
Lease obligations	1,260	1,357
Accrued expenses	8,655	12,375
Income taxes payable	1,159	1,005
Provision for product warranties	1,124	1,009
Current portion of bonds payable	10,000	—
Other	6,353	7,902
Total current liabilities	68,366	49,062
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term borrowings	4,397	5,162
Lease obligations	4,883	3,937
Deferred tax liabilities	2,388	3,049
Provision for retirement benefits for directors (and other officers)	44	51
Retirement benefit liability	5,263	4,582
Other	1,718	1,677
Total non-current liabilities	28,695	48,460
Total liabilities	97,062	97,522
Net assets		
Shareholders' equity		
Share capital	16,680	16,697
Capital surplus	20,630	20,599
Retained earnings	35,749	37,074
Treasury shares	(3,170)	(3,170)
Total shareholders' equity	69,889	71,200
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	434	1,095
Deferred gains or losses on hedges	(47)	(14)
Foreign currency translation adjustment	(6,278)	(2,360)
Remeasurements of defined benefit plans	(897)	(569)
Total accumulated other comprehensive income	(6,788)	(1,849)
Share acquisition rights	58	67
Non-controlling interests	1,499	1,269
Total net assets	64,659	70,687
Total liabilities and net assets	161,721	168,210

Consolidated statements of income

(Unit: million yen)

	FY2019 ended March 2020	FY2020 ended March 2021
Net sales	138,916	137,247
Cost of sales	66,283	69,351
Gross profit	72,632	67,895
Selling, general and administrative expenses	67,251	61,301
Operating profit	5,381	6,593
Non-operating income		
Interest income	182	92
Dividend income	67	54
Subsidy income	—	142
Other	226	560
Total non-operating income	476	849
Non-operating expenses		
Interest expenses	915	601
Share of loss of entities accounted for using equity method	416	296
Foreign exchange losses	531	179
Provision of allowance for doubtful accounts	562	—
Other	537	776
Total non-operating expenses	2,962	1,855
Ordinary profit	2,895	5,587
Extraordinary income		
Gain on sale of investment securities	572	—
Total extraordinary income	572	—
Extraordinary losses		
Free repair expense	—	125
Impairment losses	—	91
Extra retirement payments	—	334
Business structure reform expenses	—	115
Loss on sale of shares of subsidiaries	554	—
Total extraordinary losses	554	667
Profit before income taxes	2,912	4,919
Income taxes - current	2,293	2,065
Income taxes - deferred	(252)	365
Total income taxes	2,041	2,430
Profit	871	2,489
Profit (loss) attributable to non-controlling interests	(64)	113
Profit attributable to owners of parent	935	2,376

Consolidated statements of cash flows

(Unit: Million Yen)

	FY2019 ended March 2020	FY2020 ended March 2021
Cash flows from operating activities		
Profit before income taxes	2,912	4,919
Depreciation	6,757	7,416
Amortization of goodwill	1,999	1,858
Increase (decrease) in allowance for doubtful accounts	502	304
Interest and dividend income	(249)	(146)
Interest expenses	915	601
Loss on retirement of property, plant and equipment	14	39
Loss (gain) on valuation of investment securities	—	89
Share of loss (profit) of entities accounted for using equity method	416	296
Loss (gain) on sale of investment securities	(572)	—
Loss (gain) on sale of shares of subsidiaries	554	—
Free repair expense	—	125
Impairment losses	—	91
Extra retirement payments	—	334
Decrease (increase) in retirement benefit asset	63	110
Increase (decrease) in retirement benefit liability	(1,057)	(65)
Decrease (increase) in trade receivables	3,212	(461)
Decrease (increase) in inventories	(5,181)	4,043
Decrease (increase) in prepaid expenses	238	(328)
Increase (decrease) in trade payables	1,269	(244)
Increase (decrease) in accrued expenses	(680)	2,677
Other, net	8	740
Subtotal	11,124	22,402
Interest and dividends received	276	163
Interest paid	(915)	(589)
Extra retirement payments	—	(309)
Income taxes paid	(2,540)	(2,227)
Net cash provided by (used in) operating activities	7,944	19,439
Cash flows from investing activities		
Payments into time deposits	(57)	(56)
Proceeds from withdrawal of time deposits	619	56
Purchase of property, plant and equipment	(4,954)	(5,262)
Proceeds from sale of property, plant and equipment	108	173
Purchase of intangible assets	(3,371)	(4,653)
Purchase of investment securities	(330)	(1,383)
Proceeds from sale of investment securities	1,228	149
Payments for acquisition of businesses	—	(44)
Proceeds from sale of businesses	—	1,412
Decrease (increase) in short-term loans receivable	28	71
Long-term loan advances	(16)	(4)
Proceeds from collection of long-term loans receivable	9	321
Other, net	(71)	(6)
Net cash provided by (used in) investing activities	(6,806)	(9,226)

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,359	(12,244)
Proceeds from long-term borrowings	—	2,248
Repayments of long-term borrowings	(2,751)	(3,376)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	(10,000)
Purchase of treasury shares	(1,079)	(0)
Dividends paid	(2,744)	(1,051)
Dividends paid to non-controlling interests	(54)	(31)
Repayments of lease obligations	(1,426)	(1,509)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	28
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(308)	(139)
Other, net	—	(119)
Net cash provided by (used in) financing activities	1,995	(6,195)
Effect of exchange rate change on cash and cash equivalents	(285)	645
Net increase (decrease) in cash and cash equivalents	2,848	4,662
Cash and cash equivalents at beginning of period	12,935	15,784
Cash and cash equivalents at end of period	15,784	20,446

[Segment Information by business category]

FY2019 ended March 2020 (April 1, 2019 - March 31, 2020)

(unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Company	Positioning Company	Eye Care Company	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	24,335	68,771	44,489	1,318	138,916	—	138,916
Intercompany sales or transfer	9,062	5,218	269	0	14,549	(14,549)	—
Total	33,398	73,989	44,758	1,319	153,466	(14,549)	138,916
Segment Profit (Operating Income)	5,027	4,537	136	(144)	9,557	(4,175)	5,381

Note: Segment Profit (4,175) 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.

FY2020 ended March 2021 (April 1, 2020 - March 31, 2021)

(unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Company	Positioning Company	Eye Care Company	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	25,072	66,986	44,052	1,136	137,247	—	137,247
Intercompany sales or transfer	8,909	4,429	198	29	13,568	(13,568)	—
Total	33,982	71,416	44,251	1,165	150,815	(13,568)	137,247
Segment Profit (Operating Income)	4,972	6,064	122	(536)	10,622	(4,028)	6,593

Note: Segment Profit (4,028) 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.

[Related information]

FY2019 ended March 2020 (April 1, 2019 - March 31, 2020)

Regional information

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Total
Sales	30,038	42,711	34,439	6,889	12,906	11,930	138,916

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

FY2020 ended March 2021 (April 1, 2020 - March 31, 2021)

Regional information

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Total
Sales	31,205	43,690	33,326	8,714	11,380	8,930	137,247

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