

Consolidated Financial Results for the Second Quarter of FY2021 Ending March 2022

(Japanese GAAP)

TOPCON CORPORATION

Release Date: October 29, 2021

1. Summary of Second Quarter Business Results for FY2021 ending March 2022 (April 1, 2021 - September 30, 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	%
2nd quarter of FY2021	81,251	39.0	6,980	—	6,285	—	3,883	—
2nd quarter of FY2020	58,465	(15.9)	(768)	—	(1,797)	—	(2,037)	—

Note: Comprehensive income
 2nd quarter of FY2021 4,207 million yen (— %)
 2nd quarter of FY2020 (1,202) million yen (— %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
2nd quarter of FY2021	36.92	36.92
2nd quarter of FY2020	(19.38)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
2nd quarter of FY2021	167,232	73,830	43.3	688.46
FY2020 ended March 2021	168,210	70,687	41.2	659.31

Note: Shareholders' equity
 2nd quarter of FY2021 72,433 million yen
 FY2020 ended March 2021 69,351 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
FY2020 ended March 2021	—	0.00	—	10.00	10.00
FY2021 ending March 2022	—	10.00			
FY2021 ending March 2022 (forecast)			—	10.00	20.00

*Revision to the most recently disclosed dividend forecasts : No

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	160,000	16.6	12,500	89.6	10,500	87.9	6,500	173.5	61.79

*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)

	FY2020 ended March 2021	2nd quarter of FY2021
Assets		
Current assets		
Cash and deposits	20,815	20,966
Notes and accounts receivable - trade	42,028	37,153
Merchandise and finished goods	17,570	18,047
Work in process	1,537	1,942
Raw materials and supplies	13,298	14,677
Other	9,665	9,632
Allowance for doubtful accounts	(2,973)	(3,082)
Total current assets	101,942	99,336
Non-current assets		
Property, plant and equipment	22,520	23,105
Intangible assets		
Goodwill	9,307	8,456
Other	18,648	20,612
Total intangible assets	27,955	29,068
Investments and other assets	15,792	15,721
Total non-current assets	66,268	67,896
Total assets	168,210	167,232
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,880	12,497
Current portion of bonds payable	-	10,000
Short-term borrowings	12,530	10,161
Lease obligations	1,357	1,392
Income taxes payable	1,005	1,456
Provision for product warranties	1,009	1,228
Other	20,278	19,672
Total current liabilities	49,062	56,409
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	5,162	2,970
Lease obligations	3,937	3,660
Provision for retirement benefits for directors (and other officers)	51	55
Retirement benefit liability	4,582	4,503
Other	4,727	5,802
Total non-current liabilities	48,460	36,992
Total liabilities	97,522	93,402
Net assets		
Shareholders' equity		
Share capital	16,697	16,706
Capital surplus	20,599	20,608
Retained earnings	37,074	39,905
Treasury shares	(3,170)	(3,170)
Total shareholders' equity	71,200	74,049
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,095	1,088
Deferred gains or losses on hedges	(14)	2
Foreign currency translation adjustment	(2,360)	(2,221)
Remeasurements of defined benefit plans	(569)	(485)
Total accumulated other comprehensive income	(1,849)	(1,616)
Share acquisition rights	67	22
Non-controlling interests	1,269	1,374
Total net assets	70,687	73,830
Total liabilities and net assets	168,210	167,232

Consolidated quarterly statements of income

(Unit: million yen)

	2nd quarter of FY2020	2nd quarter of FY2021
Net sales	58,465	81,251
Cost of sales	30,075	39,667
Gross profit	28,389	41,583
Selling, general and administrative expenses	29,158	34,602
Operating profit (loss)	(768)	6,980
Non-operating income		
Interest income	47	23
Dividend income	30	16
Gain on valuation of investment securities	-	162
Subsidy income	92	-
Other	122	109
Total non-operating income	293	311
Non-operating expenses		
Interest expenses	345	219
Share of loss of entities accounted for using equity method	194	223
Foreign exchange losses	184	53
Compensation expenses	-	187
Other	598	322
Total non-operating expenses	1,322	1,006
Ordinary profit (loss)	(1,797)	6,285
Extraordinary income		
Subsidy income	-	495
Total extraordinary income	-	495
Extraordinary losses		
Extra retirement payments	162	-
Total extraordinary losses	162	-
Profit (loss) before income taxes	(1,960)	6,781
Income taxes - current	356	2,858
Income taxes - deferred	(309)	(51)
Total income taxes	47	2,806
Profit (loss)	(2,007)	3,974
Profit attributable to non-controlling interests	30	91
Profit (loss) attributable to owners of parent	(2,037)	3,883

Consolidated quarterly statements of cash flows

(Unit: Million Yen)

	2nd quarter of FY2020	2nd quarter of FY2021
Cash flows from operating activities		
Profit (loss) before income taxes	(1,960)	6,781
Depreciation	3,342	3,644
Amortization of goodwill	955	923
Increase (decrease) in allowance for doubtful accounts	41	72
Interest and dividend income	(78)	(39)
Interest expenses	345	219
Subsidy income	-	(495)
Extra retirement payments	162	-
Increase (decrease) in retirement benefit liability	62	27
Decrease (increase) in trade receivables	6,646	5,044
Decrease (increase) in inventories	602	(1,810)
Decrease (increase) in accounts receivable - other	1,342	593
Increase (decrease) in trade payables	(4,735)	(377)
Increase (decrease) in accounts payable - other	(23)	(672)
Increase (decrease) in accrued expenses	1,363	67
Other, net	996	395
Subtotal	9,063	14,373
Interest and dividends received	70	36
Interest paid	(327)	(216)
Extra retirement payments	(162)	-
Income taxes paid	(1,056)	(2,454)
Net cash provided by (used in) operating activities	7,588	11,739
Cash flows from investing activities		
Payments into time deposits	(724)	(56)
Proceeds from withdrawal of time deposits	55	56
Purchase of property, plant and equipment	(2,486)	(2,362)
Proceeds from sale of property, plant and equipment	97	69
Purchase of intangible assets	(879)	(1,018)
Purchase of investment securities	(161)	(56)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,651)
Payments for acquisition of businesses	(19)	(33)
Long-term loan advances	(3)	-
Other, net	85	(41)
Net cash provided by (used in) investing activities	(4,036)	(5,094)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,092)	(3,880)
Proceeds from long-term borrowings	2,312	-
Repayments of long-term borrowings	(2,649)	(918)
Proceeds from issuance of bonds	20,000	-
Redemption of bonds	(10,000)	-
Repayments of lease obligations	(732)	(761)
Dividends paid	(1,051)	(1,051)
Purchase of treasury shares	(0)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(139)	-
Other, net	(51)	-
Net cash provided by (used in) financing activities	(1,403)	(6,612)
Effect of exchange rate change on cash and cash equivalents	(120)	125
Net increase (decrease) in cash and cash equivalents	2,027	157
Cash and cash equivalents at beginning of period	15,784	20,446
Cash and cash equivalents at end of period	17,811	20,604

[Segment Information by business category]

2nd quarter of FY2020 (April 1, 2020 - September 30, 2020)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	11,016	30,289	16,659	499	58,465	—	58,465
Intercompany sales or transfer	3,870	1,851	126	1	5,849	(5,849)	—
Total	14,886	32,141	16,785	500	64,314	(5,849)	58,465
Segment Profit (Operating Income)	1,777	2,157	(2,388)	(255)	1,291	(2,060)	(768)

Note: Segment Profit (2,060) 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.

2nd quarter of FY2021 (April 1, 2021 - September 30, 2021)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	12,461	43,029	25,160	599	81,251	—	81,251
Intercompany sales or transfer	6,511	2,249	92	0	8,854	(8,854)	—
Total	18,973	45,279	25,252	600	90,106	(8,854)	81,251
Segment Profit (Operating Income)	3,242	5,442	515	(162)	9,038	(2,057)	6,980

Note: Segment Profit (2,057) 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]

2nd quarter of FY2020 (April 1, 2020 - September 30, 2020)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	19,064	13,443	3,942	4,575	3,532	44,559
Consolidated Sales						58,465
Ratio to Consolidated Sales (%)	32.6	23.0	6.7	7.8	6.0	76.2

2nd quarter of FY2021 (April 1, 2021 - September 30, 2021)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	26,172	20,654	5,689	7,005	5,515	65,036
Consolidated Sales						81,251
Ratio to Consolidated Sales (%)	32.2	25.4	7.0	8.6	6.8	80.0

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.