

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

(Japanese GAAP)

TOPCON CORPORATION

Release Date: January 28, 2022

1. Summary of Third Quarter Business Results for FY2021 ending March 2022 (April 1, 2021 - December 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	%
3rd quarter of FY2021	124,834	34.2	10,347	610.9	9,246	* —	5,752	—
3rd quarter of FY2020	92,991	(7.7)	1,455	(52.5)	60	(96.6)	(1,322)	—

Note: Comprehensive income
 3rd quarter of FY2021 7,433 million yen (— %)
 3rd quarter of FY2020 (21) million yen (— %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
3rd quarter of FY2021	54.68	54.68
3rd quarter of FY2020	(12.58)	—

* Year-to-year increase (decrease) percentage of ordinary profit for the 3rd quarter of FY2021 is shown as — because the percentage was in excess of 1,000%.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
3rd quarter of FY2021	174,492	75,982	42.7	708.66
FY2020 ended March 2021	168,210	70,687	41.2	659.31

Note: Shareholders' equity
 3rd quarter of FY2021 74,557 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	165,000	20.2	13,500	104.7	11,500	105.8	7,000	194.6	66.54

*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	3rd quarter of FY2021
Assets		
Current assets		
Cash and deposits	20,815	24,322
Notes and accounts receivable - trade	42,028	37,617
Merchandise and finished goods	17,570	18,917
Work in process	1,537	1,890
Raw materials and supplies	13,298	17,061
Other	9,665	9,854
Allowance for doubtful accounts	(2,973)	(3,182)
Total current assets	101,942	106,481
Non-current assets		
Property, plant and equipment	22,520	23,992
Intangible assets		
Goodwill	9,307	8,261
Other	18,648	20,393
Total intangible assets	27,955	28,654
Investments and other assets	15,792	15,363
Total non-current assets	66,268	68,010
Total assets	168,210	174,492
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,880	14,122
Current portion of bonds payable	-	10,000
Short-term borrowings	12,530	12,929
Lease obligations	1,357	1,468
Income taxes payable	1,005	1,592
Provision for product warranties	1,009	1,299
Other	20,278	19,887
Total current liabilities	49,062	61,299
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	5,162	2,766
Lease obligations	3,937	3,853
Provision for retirement benefits for directors (and other officers)	51	57
Retirement benefit liability	4,582	4,462
Other	4,727	6,070
Total non-current liabilities	48,460	37,211
Total liabilities	97,522	98,510
Net assets		
Shareholders' equity		
Share capital	16,697	16,706
Capital surplus	20,599	20,608
Retained earnings	37,074	40,723
Treasury shares	(3,170)	(3,171)
Total shareholders' equity	71,200	74,866
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,095	933
Deferred gains or losses on hedges	(14)	(7)
Foreign currency translation adjustment	(2,360)	(791)
Remeasurements of defined benefit plans	(569)	(444)
Total accumulated other comprehensive income	(1,849)	(308)
Share acquisition rights	67	44
Non-controlling interests	1,269	1,379
Total net assets	70,687	75,982
Total liabilities and net assets	168,210	174,492

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2020	3rd quarter of FY2021
Net sales	92,991	124,834
Cost of sales	47,315	60,875
Gross profit	45,676	63,959
Selling, general and administrative expenses	44,221	53,611
Operating profit	1,455	10,347
Non-operating income		
Interest income	61	52
Dividend income	46	35
Subsidy income	105	-
Other	154	209
Total non-operating income	368	297
Non-operating expenses		
Interest expenses	463	337
Share of loss of entities accounted for using equity method	247	265
Foreign exchange losses	220	29
Loss on valuation of investment securities	-	115
Compensation expenses	-	188
Other	831	462
Total non-operating expenses	1,763	1,399
Ordinary profit	60	9,246
Extraordinary income		
Subsidy income	-	495
Total extraordinary income	-	495
Extraordinary losses		
Impairment losses	-	203
Extra retirement payments	221	-
Total extraordinary losses	221	203
Profit (loss) before income taxes	(160)	9,538
Income taxes - current	1,165	3,675
Income taxes - deferred	(48)	4
Total income taxes	1,116	3,679
Profit (loss)	(1,277)	5,859
Profit attributable to non-controlling interests	45	106
Profit (loss) attributable to owners of parent	(1,322)	5,752

[Segment Information by business category]

3rd quarter of FY2020 (April 1, 2020 - December 31, 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	17,386	45,942	28,827	835	92,991	—	92,991
Intercompany sales or transfer	6,417	3,118	149	2	9,688	(9,688)	—
Total	23,804	49,061	28,976	838	102,680	(9,688)	92,991
Segment Profit (Operating Income)	2,944	3,087	(1,211)	(340)	4,479	(3,024)	1,455

Note: Segment Profit (3,024) 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 FY2021 (April 1, 2021 - December 31, 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	18,514	64,236	41,218	866	124,834	—	124,834
Intercompany sales or transfer	9,513	3,576	142	1	13,233	(13,233)	—
Total	28,027	67,812	41,360	867	138,068	(13,233)	124,834
Segment Profit (Operating Income)	4,405	7,248	1,983	(264)	13,373	(3,025)	10,347

Note: Segment Profit (3,025) 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 FY2020 (April 1, 2020 - December 31, 2020)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	29,400	22,305	6,477	7,452	5,732	71,368
Consolidated Sales						92,991
Ratio to Consolidated Sales (%)	31.6	24.0	7.0	8.0	6.2	76.7

3rd quarter of FY2021 (April 1, 2021 - December 31, 2021)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	41,163	32,035	8,532	10,719	8,137	100,587
Consolidated Sales						124,834
Ratio to Consolidated Sales (%)	33.0	25.7	6.8	8.6	6.5	80.6

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.