

Consolidated Financial Results for FY2021 Ended March 2022

(Japanese GAAP)

TOPCON CORPORATION

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1. Summary of Business Results for FY2021 ended March 2022 (April 1, 2021 - March 31, 2022)

"%" 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	%
FY2021 ended March 2022	176,421	28.5	15,914	141.4	14,820	165.2	10,699	350.3
FY2020 ended March 2021	137,247	(1.2)	6,593	22.5	5,587	93.0	2,376	154.0

Note: Comprehensive income
 FY2021 ended March 2022 16,594 million yen (122.3 %)
 FY2020 ended March 2021 7,463 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	%	%	%
FY2021 ended March 2022	101.71	101.69	14.0	8.4	9.0
FY2020 ended March 2021	22.59	22.59	3.6	3.4	4.8

Note: Share of profit (loss) of entities accounted for using equity method
 FY2021 ended March 2022 (351) million yen
 FY2020 ended March 2021 (296) million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
FY2021 ended March 2022	184,983	85,150	45.1	793.57
FY2020 ended March 2021	168,210	70,687	41.2	659.31

Note: Shareholders' equity
 FY2021 ended March 2022 83,491 million yen
 FY2020 ended March 2021 69,351 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
FY2021 ended March 2022	20,527	(9,779)	(13,606)	19,009
FY2020 ended March 2021	19,439	(9,226)	(6,195)	20,446

2. Dividends

	Dividends per share					Dividends paid (Annual)	Dividends payout ratio (Consolidated)	Dividends on equity (Consolidated)
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
FY2020 ended March 2021	—	0.00	—	10.00	10.00	1,051	44.3	1.6
FY2021 ended March 2022	—	10.00	—	26.00	36.00	3,787	35.4	5.0
FY2022 ending March 2023 (forecast)	—	20.00	—	20.00	40.00		35.1	

3. Business Forecasts for FY2022 ending March 2023 (April 1, 2022 - March 31, 2023)

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

Annual	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
	190,000	7.7	18,000	13.1	17,000	14.7	12,000	12.2	114.07

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)

	FY2020 ended March 2021	FY2021 ended March 2022
Assets		
Current assets		
Cash and deposits	20,815	20,124
Notes and accounts receivable - trade	42,028	45,864
Merchandise and finished goods	17,570	19,510
Work in process	1,537	1,805
Raw materials and supplies	13,298	18,309
Other	9,665	10,658
Allowance for doubtful accounts	(2,973)	(2,232)
Total current assets	101,942	114,041
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,051	9,679
Machinery, equipment and vehicles, net	3,204	3,670
Land	3,363	3,723
Leased assets, net	2,161	2,689
Construction in progress	541	952
Other, net	4,197	4,146
Total property, plant and equipment	22,520	24,863
Intangible assets		
Goodwill	9,307	9,741
Software	10,568	9,620
Other	8,079	10,552
Total intangible assets	27,955	29,914
Investments and other assets		
Investment securities	4,407	3,711
Long-term loans receivable	358	352
Deferred tax assets	9,873	10,821
Other	1,168	1,294
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	15,792	16,164
Total non-current assets	66,268	70,942
Total assets	168,210	184,983
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,880	15,687
Short-term borrowings	12,530	5,586
Lease liabilities	1,357	1,415
Accrued expenses	12,375	15,013
Income taxes payable	1,005	2,152
Provision for product warranties	1,009	1,444
Current portion of bonds payable	-	10,000
Other	7,902	10,095
Total current liabilities	49,062	61,394
Non-current liabilities		
Bonds payable	30,000	20,000
Long-term borrowings	5,162	2,547
Lease liabilities	3,937	3,812
Deferred tax liabilities	3,049	4,247
Provision for retirement benefits for directors (and other officers)	51	59
Retirement benefit liability	4,582	4,333
Other	1,677	3,438
Total non-current liabilities	48,460	38,438
Total liabilities	97,522	99,833
Net assets		
Shareholders' equity		
Share capital	16,697	16,706
Capital surplus	20,599	20,608
Retained earnings	37,074	45,670
Treasury shares	(3,170)	(3,171)
Total shareholders' equity	71,200	79,813
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,095	900
Deferred gains or losses on hedges	(14)	(72)
Foreign currency translation adjustment	(2,360)	3,088
Remeasurements of defined benefit plans	(569)	(238)
Total accumulated other comprehensive income	(1,849)	3,677
Share acquisition rights	67	67
Non-controlling interests	1,269	1,591
Total net assets	70,687	85,150
Total liabilities and net assets	168,210	184,983

Consolidated statements of income

(Unit: million yen)

	FY2020 ended March 2021	FY2021 ended March 2022
Net sales	137,247	176,421
Cost of sales	69,351	86,328
Gross profit	67,895	90,093
Selling, general and administrative expenses	61,301	74,178
Operating profit	6,593	15,914
Non-operating income		
Interest income	92	79
Dividend income	54	47
Foreign exchange gains	-	235
Reversal of allowance for doubtful accounts	-	492
Gain on valuation of investment securities	97	-
Gain on extinguishment of debts	138	-
Subsidy income	142	-
Other	323	315
Total non-operating income	849	1,170
Non-operating expenses		
Interest expenses	601	459
Interest expenses on other liabilities	-	157
Share of loss of entities accounted for using equity method	296	351
Loss on valuation of investment securities	-	387
Compensation expenses	-	215
Foreign exchange losses	179	-
Other	776	694
Total non-operating expenses	1,855	2,265
Ordinary profit	5,587	14,820
Extraordinary income		
Subsidy income	-	495
Total extraordinary income	-	495
Extraordinary losses		
Impairment losses	91	670
Free repair expense	125	-
Extra retirement payments	334	-
Business structure reform expenses	115	-
Total extraordinary losses	667	670
Profit before income taxes	4,919	14,645
Income taxes - current	2,065	4,399
Income taxes - deferred	365	(701)
Total income taxes	2,430	3,698
Profit	2,489	10,946
Profit attributable to non-controlling interests	113	247
Profit attributable to owners of parent	2,376	10,699

Consolidated statements of cash flows

(Unit: Million Yen)

	FY2020 ended March 2021	FY2021 ended March 2022
Cash flows from operating activities		
Profit before income taxes	4,919	14,645
Depreciation	7,416	7,763
Amortization of goodwill	1,858	1,912
Increase (decrease) in allowance for doubtful accounts	304	(964)
Interest and dividend income	(146)	(126)
Interest expenses	601	459
Loss on retirement of property, plant and equipment	39	21
Share of loss (profit) of entities accounted for using equity method	296	351
Loss (gain) on valuation of investment securities	89	-
Subsidy income	-	(495)
Impairment losses	91	670
Free repair expense	125	-
Extra retirement payments	334	-
Decrease (increase) in retirement benefit asset	110	36
Increase (decrease) in retirement benefit liability	(65)	111
Decrease (increase) in trade receivables	(461)	(550)
Decrease (increase) in inventories	4,043	(4,320)
Decrease (increase) in prepaid expenses	(328)	81
Increase (decrease) in trade payables	(244)	1,976
Increase (decrease) in accrued expenses	2,677	923
Other, net	740	1,684
Subtotal	22,402	24,179
Interest and dividends received	163	155
Interest paid	(589)	(456)
Extra retirement payments	(309)	-
Income taxes paid	(2,227)	(3,351)
Net cash provided by (used in) operating activities	19,439	20,527
Cash flows from investing activities		
Payments into time deposits	(56)	(737)
Proceeds from withdrawal of time deposits	56	56
Purchase of property, plant and equipment	(5,262)	(4,943)
Proceeds from sale of property, plant and equipment	173	110
Purchase of intangible assets	(4,653)	(2,723)
Purchase of investment securities	(1,383)	(229)
Proceeds from sale of investment securities	149	82
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,651)
Payments for acquisition of businesses	(44)	(118)
Proceeds from sale of businesses	1,412	-
Decrease (increase) in short-term loans receivable	71	(0)
Long-term loan advances	(4)	(7)
Proceeds from collection of long-term loans receivable	321	25
Subsidies received	-	495
Other, net	(6)	(137)
Net cash provided by (used in) investing activities	(9,226)	(9,779)

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(12,244)	(7,954)
Proceeds from long-term borrowings	2,248	-
Repayments of long-term borrowings	(3,376)	(1,905)
Proceeds from issuance of bonds	20,000	-
Redemption of bonds	(10,000)	-
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,051)	(2,103)
Dividends paid to non-controlling interests	(31)	(34)
Repayments of lease liabilities	(1,509)	(1,607)
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	(139)	-
Other, net	(119)	-
Net cash provided by (used in) financing activities	(6,195)	(13,606)
Effect of exchange rate change on cash and cash equivalents	645	1,420
Net increase (decrease) in cash and cash equivalents	4,662	(1,437)
Cash and cash equivalents at beginning of period	15,784	20,446
Cash and cash equivalents at end of period	20,446	19,009

[Segment Information by business category]

FY2020 ended March 2021 (April 1, 2020 - March 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	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.

FY2021 ended March 2022 (April 1, 2021 - March 31, 2022)

(unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	26,308	91,791	57,138	1,182	176,421	—	176,421
Intercompany sales or transfer	12,732	4,900	213	1	17,848	(17,848)	—
Total	39,040	96,692	57,352	1,184	194,269	(17,848)	176,421
Segment Profit (Operating Income)	5,821	11,548	3,203	(365)	20,208	(4,293)	15,914

Note: Segment Profit (4,293) 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]

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

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

FY2021 ended March 2022 (April 1, 2021 - March 31, 2022)

Regional information

(unit: million yen)

	Japan	North America	Europe	China	Asia / Oceania	other	Total
Sales	33,983	60,010	44,768	11,059	14,927	11,672	176,421

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