

FY2021 Q1 Financial Results

July 30, 2021

TOPCON CORPORATION

Director and Managing Executive Officer, CFO
General Manger of Accounting & Finance Div.

Haruhiko Akiyama



Company
Profile
Movie

FY2021 Q1 Financial Results

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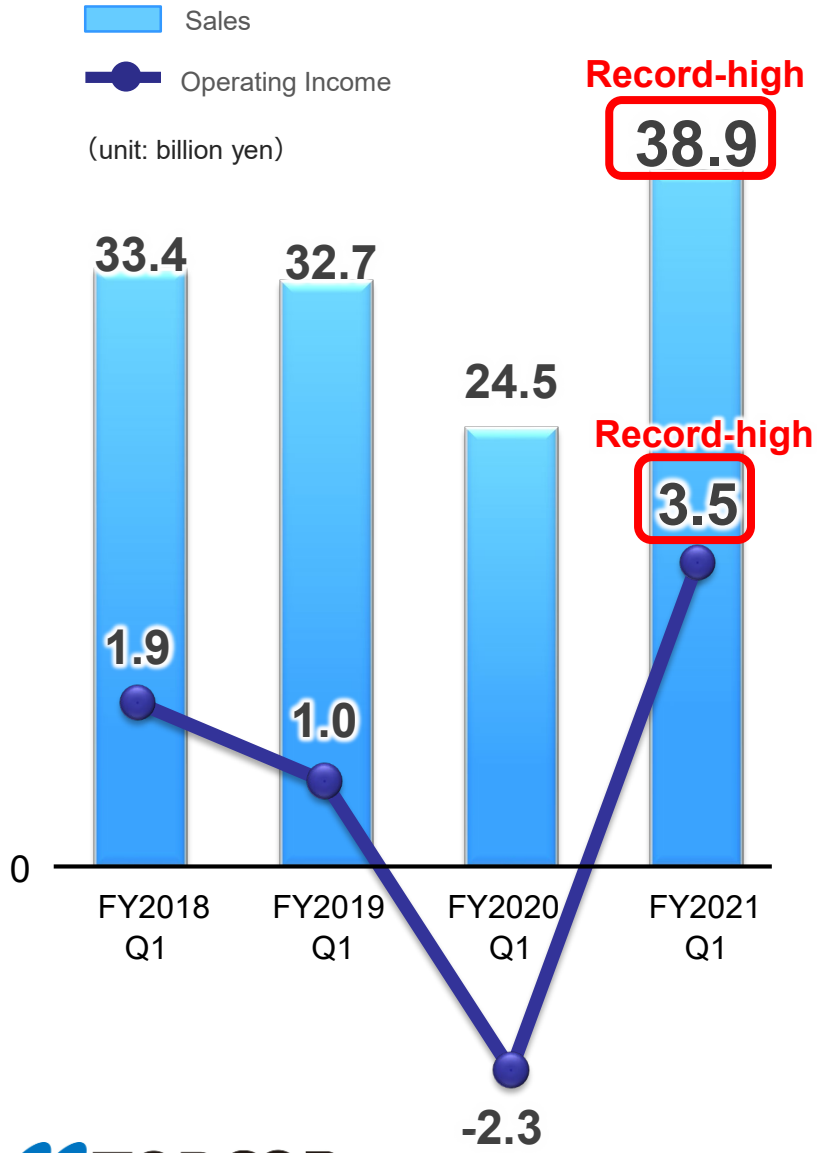
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FY2021 Q1 Overview



V-shaped recovery!

Record-high sales and operating income for Q1

Exceed pre-COVID-19 levels

	YoY	vs FY2019
Sales	+59%	+19%
Operating Income	—	+242%

FY2021 Q1 Financial Results

Record-high sales, operating income, and ordinary income for Q1

(unit : million yen)

	FY2020	FY2021		
		Q1 Actual	Q1 Actual	YoY
Net Sales	24,493	38,898	14,404	+59%
Gross Profit (Gross Profit Ratio)	11,680 (47.7%)	20,331 (52.3%)	8,650	+74%
SGA	14,003	16,872	2,869	
Operating Income (Operating Income Ratio)	-2,322 (-9.5%)	3,458 (8.9%)	5,781	
Non-Operating Income (Expenses)	-721	-250	470	
Ordinary Income	-3,043	3,208	6,252	
Extraordinary Income (Loss)	-31	0	31	
Income Before Income Taxes and Minority Interests	-3,074	3,208	6,283	
Net Income	-2,482	1,823	4,305	
Exchange Rate (Average)	USD	¥107.74	¥110.00	¥2.26
	EUR	¥118.94	¥131.78	¥12.84

FY2021 Q1 Financial Results by Business

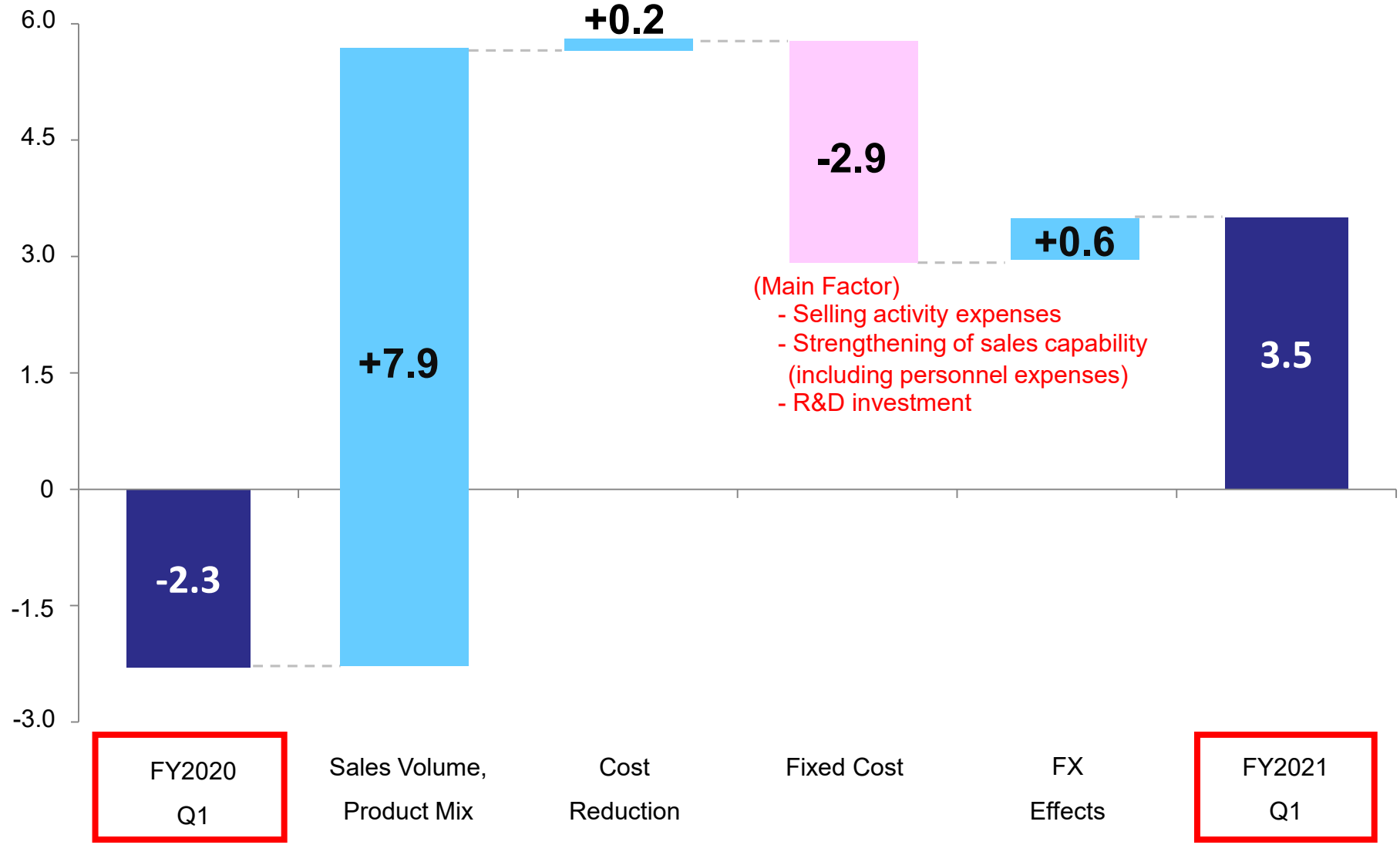
Significant increase in sales and operating income for all business segments

(unit : million yen)

		FY2020	FY2021		
		Q1 Actual	Q1 Actual	YoY	%
Net Sales	Positioning	14,416	22,645	8,228	+57%
	Smart Infrastructure	6,331	8,700	2,369	+37%
	Eye Care	6,343	11,398	5,055	+80%
	Others	229	275	45	+20%
	Elimination	-2,827	-4,122	-1,295	
	Total	24,493	38,898	14,404	+59%
Operating Income (Operating Income Ratio)	Positioning	553 (3.8%)	3,061 (13.5%)	2,508	+453%
	Smart Infrastructure	235 (3.7%)	1,287 (14.8%)	1,051	+446%
	Eye Care	-1,904 (-30.0%)	233 (2.1%)	2,138	Turns profitable
	Others	-138 (-60.2%)	-89 (-32.5%)	48	-
	Elimination	-1,069	-1,034	35	
	Total	-2,322 (-9.5%)	3,458 (8.9%)	5,781	-

FY2021 Q1 Operating Income YoY Breakdown

(unit: billion yen)



I . FY2021 Q1 Financial Results

I - 1 . FY2021 Q1 Financial Results

I - 2 . Overview of Each Business

Record high sales and operating income for Q1

(unit: million yen)

		FY2020	FY2021		
		Q1 Actual	Q1 Actual	YoY	%
Net Sales		14,416	22,645	8,228	+57%
Operating Income (Operating Income Ratio)		553 (3.8%)	3,061 (13.5%)	2,508	+453%
Exchange Rate (Average)	USD	¥107.74	¥110.00	¥2.26	
	EUR	¥118.94	¥131.78	¥12.84	

Review of FY2021 Q1 Financial Results

Overall

- Significant increase in sales and operating income on strong demands mainly in the U.S. and Europe

IT Construction

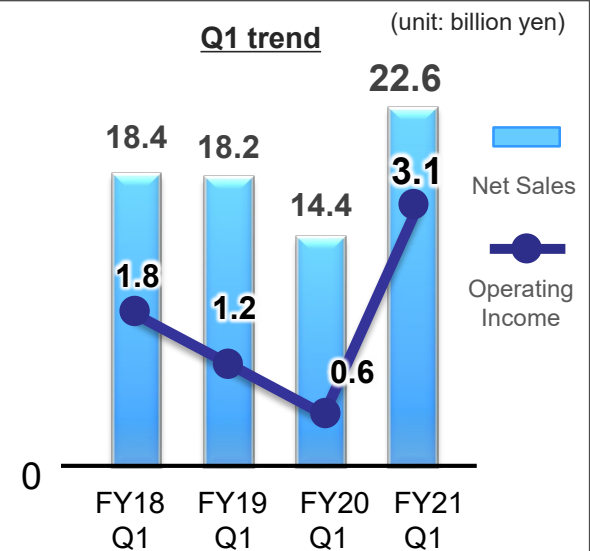
- Continuing strong sales for the aftermarket, substantially surpassed the pre-COVID-19 level
- Significant sales growth for OEM, recover to pre-COVID-19 level

IT Agriculture

- Continuing strong sales for the aftermarket, substantially surpassed the pre-COVID-19 level
- Significant sales growth for OEM, recover to pre-COVID-19 level

Surveying and laser products

- Buoyant housing construction market in the U.S. and Europe continues due to increase of relocation demands to suburbs amid COVID-19



Record high sales and operating income for Q1

(unit: million yen)

	FY2020	FY2021		
		Q1 Actual	YoY	%
Net Sales	6,331	8,700	2,369	+37%
Operating Income (Operating Income Ratio)	235 (3.7%)	1,287 (14.8%)	1,051	+446%
Exchange Rate (Average)				
USD	¥107.74	¥110.00	¥2.26	
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Review of FY2021 Q1 Financial Results

Overall

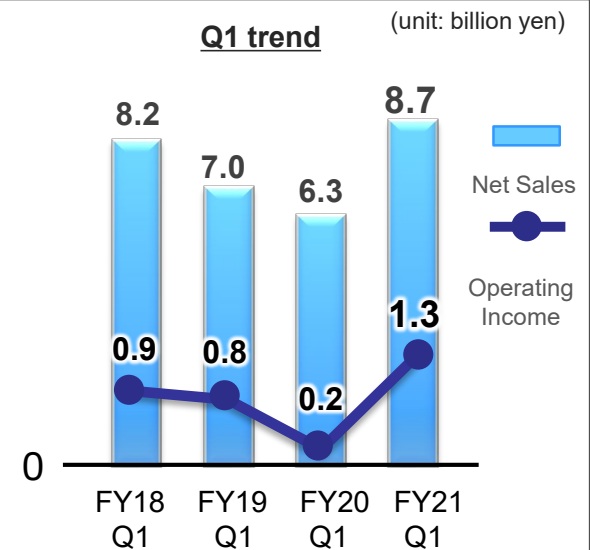
- Growing sales driven by solid domestic sales
- Stagnation in Southeast Asia continues

Japan

- Construction: Strong sales for surveying instruments and machine guidance system for small-sized excavators
- IT Agriculture: Despite temporary backlash of increased demand due to subsidies of last year, we see solid progress in sales thanks to persistent demand for labor saving technology

The U.S. and Europe

- Strong sales continues for surveying instruments and laser products



■ Significant sales increase, turning profitable

(unit: million yen)

		FY2020	FY2021		
		Q1 Actual	Q1 Actual	YoY	%
Net Sales		6,343	11,398	5,055	+80%
Operating Income (Operating Income Ratio)		-1,904 (-30.0%)	233 (2.1%)	2,138	Turns profitable
Exchange Rate (Average)	USD	¥107.74	¥110.00	¥2.26	
	EUR	¥118.94	¥131.78	¥12.84	

■ Review of FY2021 Q1 Financial Results

Overall

- Continuing strong sales driven by the U.S., Europe, and China

Screening business

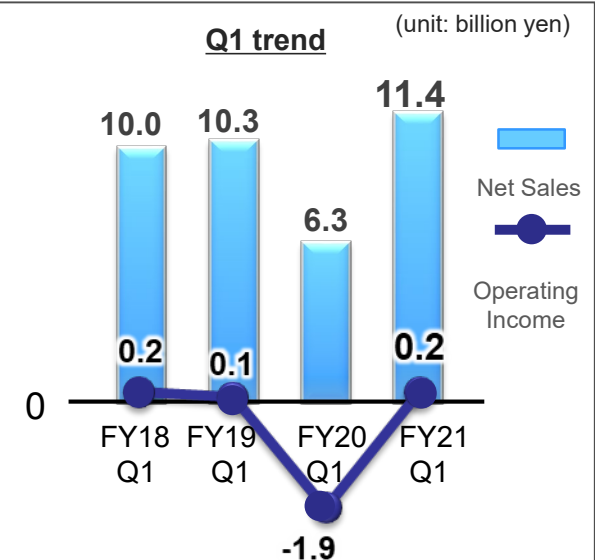
- Demands from major optical chain stores have recovered
Sales of 3D OCT continue to grow

Tele-optometry

- Solid demands continue for remote eye-exam

China

- Continuing strong sales by capturing strong appetite for capital investment and growing demands for AI Screening



II . FY2021 Full Year Plan

Outlook

■ Outlook for the macro environment

- Thanks to vigorous demands for housing and civil infrastructure investment and high level of grain prices, demands will continue to expand in construction and agricultural sectors mainly in the U.S. and Europe
- On the other hand, the outlook remains uncertain due to rising material prices and logistics costs, the impact of semiconductor shortages on production and subsequent longer lead-time of shipping/sales, and rising concerns over the spread of new variants of COVID-19 mainly in Southeast Asia

■ Outlook for each Business

Positioning

- Strong trend will continue in the U.S. and Europe construction markets while automation needs are increasing due to the shortage of construction labor force
- Farmers' strong appetite for capital investment will continue thanks to high level of grain prices

Smart Infrastructure

- Favorable trend will continue due to National resilience program and numbers of i-Construction works are expected to grow
- In terms of IT agriculture, the demands reactionary decline due to termination of the subsidies, however, uptrend of adoption of automation technologies will continue thanks to persistent labor-saving needs
- Southeast Asia will continue to suffer from prolonged COVID-19 pandemic and the timing of recovery remains uncertain

Eye Care

- Demands for screening business in the U.S. and Europe is expected to expand steadily
- There is certain growth prospects in China while the economic outlook is somewhat uncertain
- Southeast Asia will continue to suffer from prolonged COVID-19 pandemic and the timing of recovery remains uncertain

FY2021 Full Year Plan

■ No change from the initial plan

(unit: million yen)

	FY2020	FY2021	
	Full Year Actual	Full Year Plan	YoY (%)
Net Sales	137,247	149,000	+9%
Operating Income (Operating Income Ratio)	6,593 (4.8%)	10,000 (6.7%)	+52%
Ordinary Income	5,587	8,000	+43%
Net Income	2,376	5,000	+110%
ROE	3.6%	7%	
Dividends	¥10	¥20	
Payout Ratio	44%	42%	
Exchange Rate	USD	¥106.17	* ¥108.00
(Average)	EUR	¥123.73	¥128.00

* Q2 onward

FY2021 Full Year Plan

(unit: million yen)

		FY2020	FY2021	
		Full Year Actual	Full Year Plan	YoY (%)
Net Sales	Positioning	71,416	78,000	+9%
	Smart Infrastructure	33,982	36,000	+6%
	Eye Care	44,251	50,000	+13%
	Others	1,165	1,000	-14%
	Elimination	-13,568	-16,000	
	Total	137,247	149,000	+9%
Operating Income (Operating Income Ratio)	Positioning	6,064 (8.5%)	7,000 (9.0%)	+15%
	Smart Infrastructure	4,972 (14.6%)	5,000 (13.9%)	+1%
	Eye Care	122 (0.3%)	2,500 (5.0%)	+1,949%
	Others	-536 (-46.0%)	-300 (-30.0%)	-
	Elimination	-4,028	-4,200	
	Total	6,593 (4.8%)	10,000 (6.7%)	+52%

III. Topics

Strengthening collaboration with Omron Healthcare to grow Screening Business in China

(News released on June 8, 2021) <https://www.topcon.co.jp/news/20210608-29503.html>
*only available in Japanese

Areas of collaboration:

Promotion of **Screening Business**
for lifestyle-related diseases

 **TOPCON**
provides screening equipment



**Fundus Camera
TRC-NW400**

One-touch operation
with a full automatic
functionality

 **OMRON**
develops screening facilities

**Metabolic
Management Centers
(MMCs)**

A facility in which related data of diabetic patients from medical experts, pharmaceutical manufacturers and medical ICT companies is gathered and managed. Appropriate medical examinations including complications are available.
(760 sites as of March 2021)



Social background

Expanding demands for medical screening tests in China, due to an increase in patients with lifestyle-related diseases (hypertension, diabetes, etc.)

Our initiatives



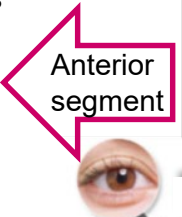
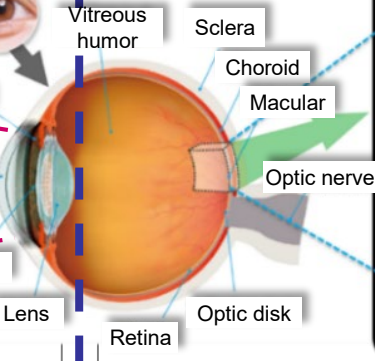

- Provides NW400 to facilities operated by Omron (for diabetic screening tests)
- Strengthen sales activities to other health screening centers as well

Topcon acquires VISIA Imaging S.r.l, ophthalmic medical device manufacturer in Italy

(News released on July 7, 2021) <https://www.topcon.co.jp/en/news/20210707-29645.html>

The Italian company specializes in the design, development, and manufacturing of anterior segment (cornea, crystalline lens, etc.) examination hardware and software

Reinforcing Topcon's comprehensive strength as an ophthalmic diagnostic device manufacturer

	
<p>Strength Developing and manufacturing of anterior segment devices and software</p> <p>Anterior segment</p>  <p>Biometer and corneal topographer MYAH</p>	<p>Strength Developing, manufacturing, and sales of fundus imaging equipment such as fundus cameras and OCTs</p> <p>Posterior segment</p>  <p>Optical Coherence Tomography</p>  <p>3D OCT-1 Maestro <i>Fully automated</i></p>
<p>Objectives</p> <ul style="list-style-type: none">- Enhancing product portfolio- Strengthening global development and production structure for Eye Care Business	

■ Solving the societal challenges within healthcare, agriculture, and infrastructure through **DX solutions** is highly acclaimed!

(News released on June 7, 2021) <https://www.topcon.co.jp/en/news/20210607-29745.html>

株式会社トプコン
(精密機器 / 7732)

「医・食・住」に関する社会的課題を解決し、豊かな社会づくりに貢献します。

DX銘柄2021 Digital Transformation

経営ビジョンにおけるDXの位置づけ

トプコンの事業領域である「医・食・住」の分野は、それぞれ高齢化や人口増加に伴う社会的課題に直面しており、また大きな産業にもかかわらず、IT化や自動化が遅れています。これらの社会的課題に対し、トプコンは光学やセンシング・制御技術などの独自技術に基づき、さらに、グローバルな組織体制で、IoTとネットワーク技術を活用したDXソリューションで解決することを中期経営計画に掲げて取り組んでいます。

トプコンのDXソリューション

① **建築工事の生産性・品質向上への取り組み**

建築工事では既に設計段階でBIMの導入・普及が進んでいますが、実際の現場では、BIMで作成された3次元デジタルモデル(バーチャル)と施工現場(リアル)を繋ぐためのソリューションがなく、2次元の紙図面に印刷出力して、施工作業が行われているのが実状です。

トプコンは、3次元デジタル測量機やレーザーキャナーなどのセンシング機器とBIMデータに連携するソフトウェアを開発し、断絶しているリアルとバーチャルの隙を橋渡しするBIM連携ソリューションにより、「建築工事の工場化」を実現し、省人化、施工品質・生産性の向上を図るDXソリューションを提案します。

② **クラウド型農業マネジメントIoTソリューション**

トラクターの自動操舵システムや各種生育・収量センサ、施肥設計・酪農用ソフトウェアを活用し「農業・酪農の工場化」を推進しています。TAP(Topcon Agriculture Platform)はクラウドで営農サイクルに関わる機器の制御から、データの収集、分析の上、更なる作業効率化を提案するソフトウェアです。

ベンダーフリーであらゆる農機やシステムとも接続可能であり、世界的な人口増加に伴う食糧不足への懸念を解決するDXソリューションとなります。

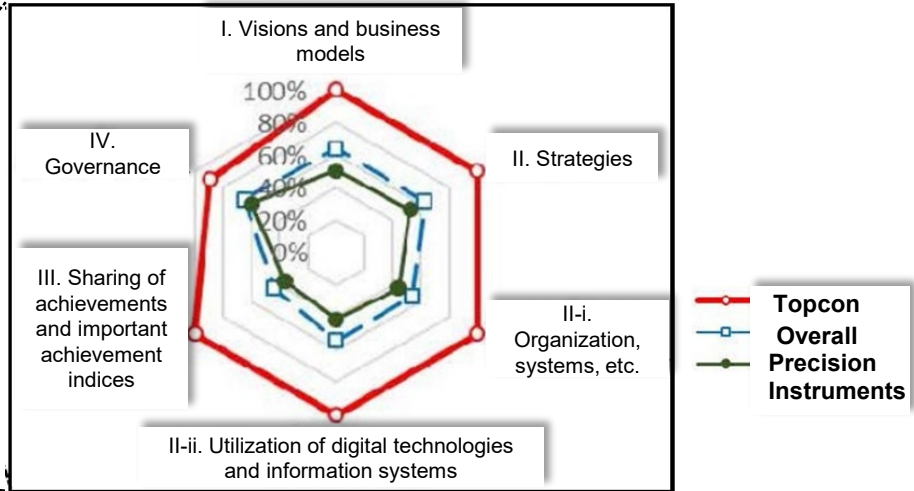
DX調査2021-達成状況

1. ビジネス・ビジネスモデル
2. デジタル技術
3. 成長・成長戦略
4. サイバーセキュリティ

Out of approx. 3,700 listed companies in Japan, **28 with the highest overall rating** were selected as **DX stocks**

Our overall rating

(Source: METI presentation material)

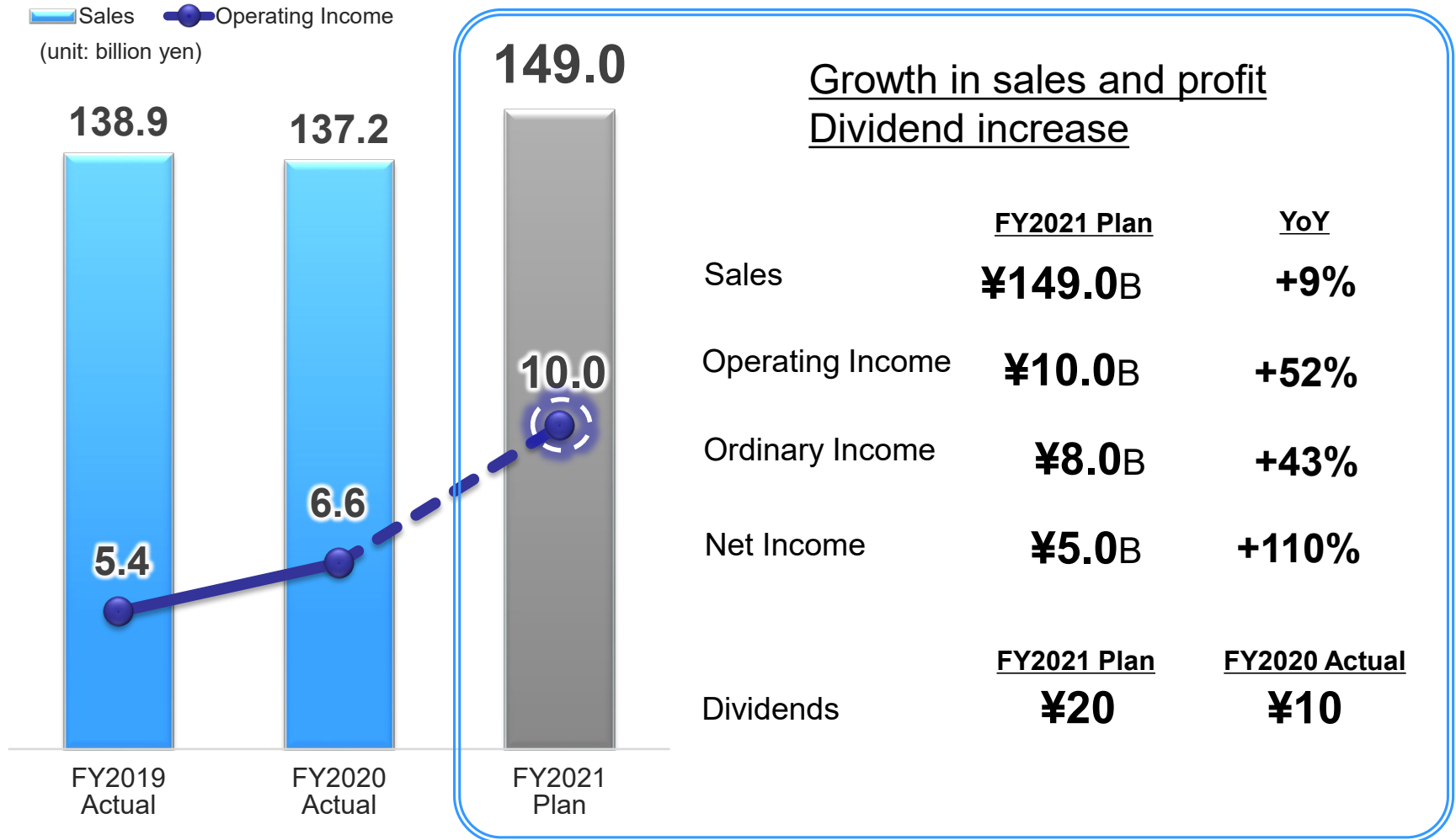


METI presentation material (only in Japanese)

IV. Summary

Summary

■ No change from the initial plan



【Topcon Way】

We aim to contribute to the creation of a prosperous society by solving societal challenges on healthcare, agriculture, and infrastructure



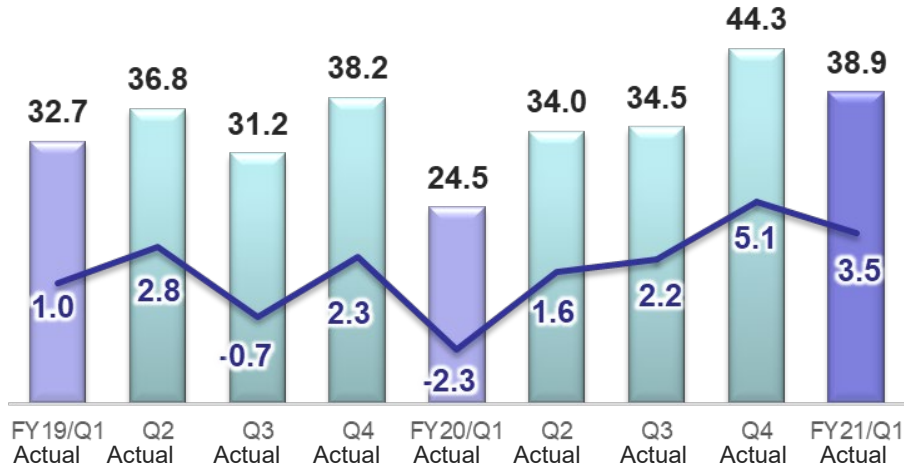
V. Appendix

Financial Results (Quarterly)

Consolidated

Sales Operating Income

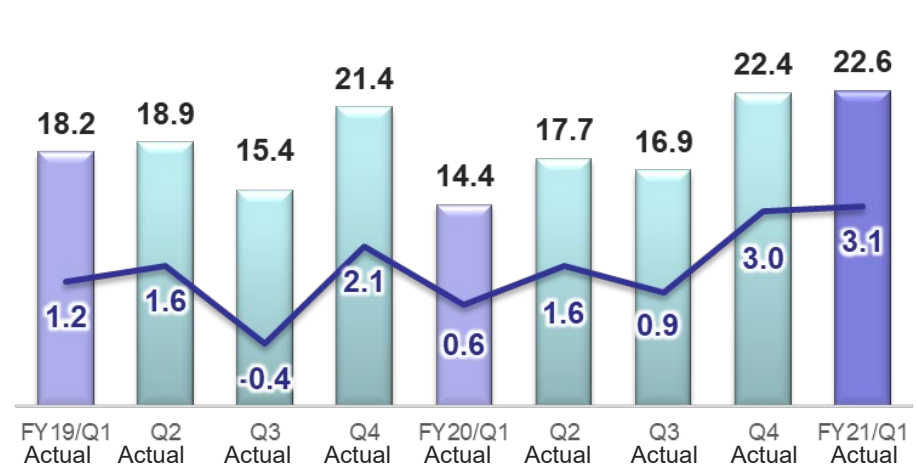
(unit: billion yen)



Positioning

Sales Operating Income

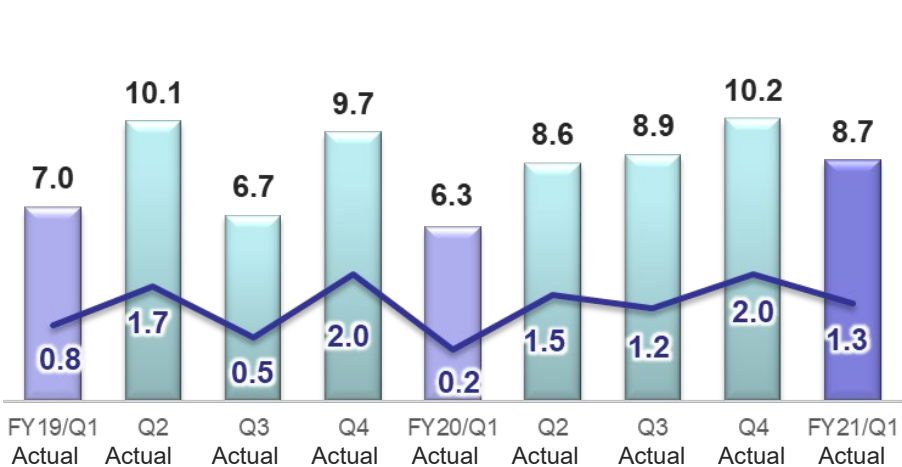
(unit: billion yen)



Smart Infrastructure

Sales Operating Income

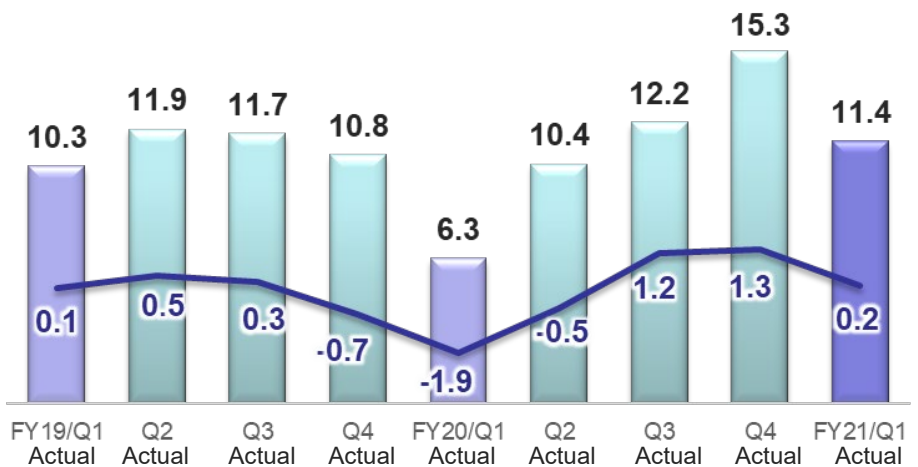
(unit: billion yen)



Eye Care

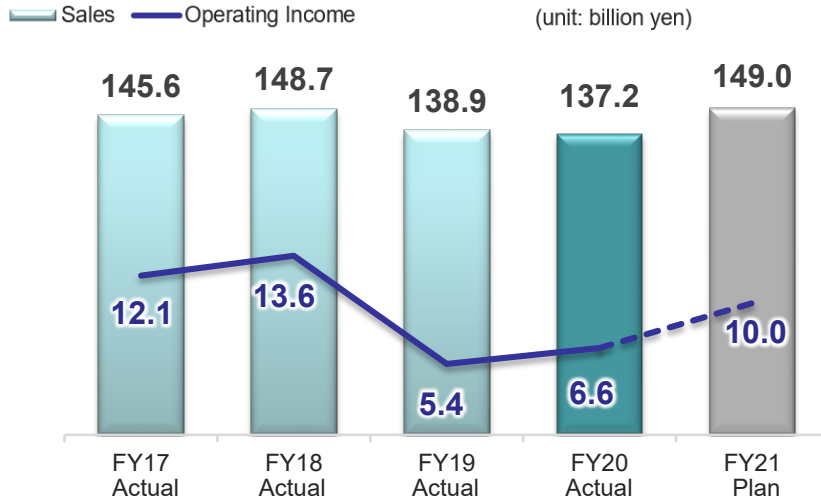
Sales Operating Income

(unit: billion yen)

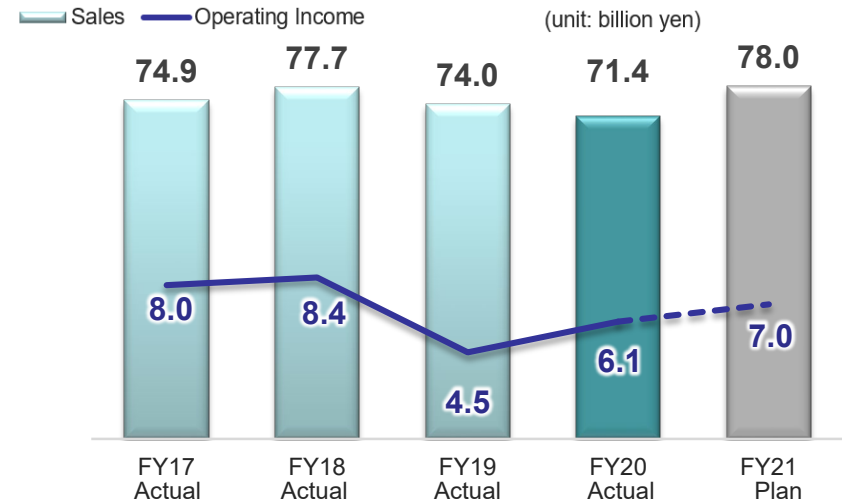


Financial Results and Plan (Annually)

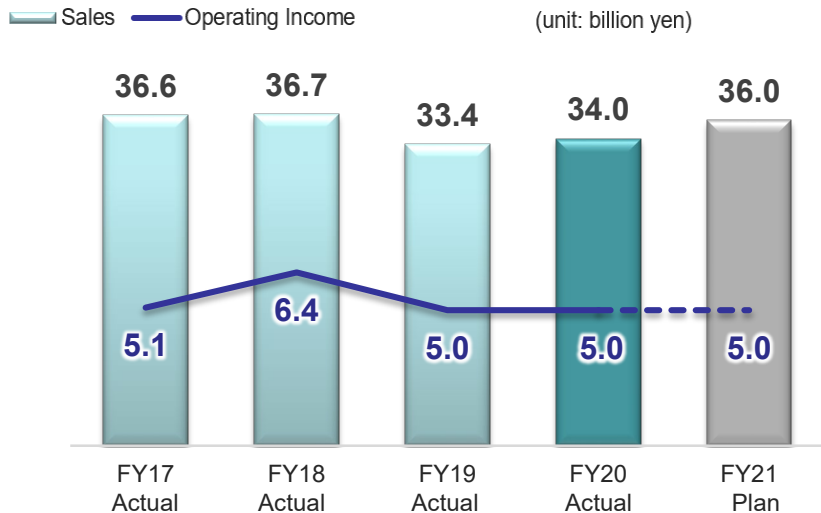
Consolidated



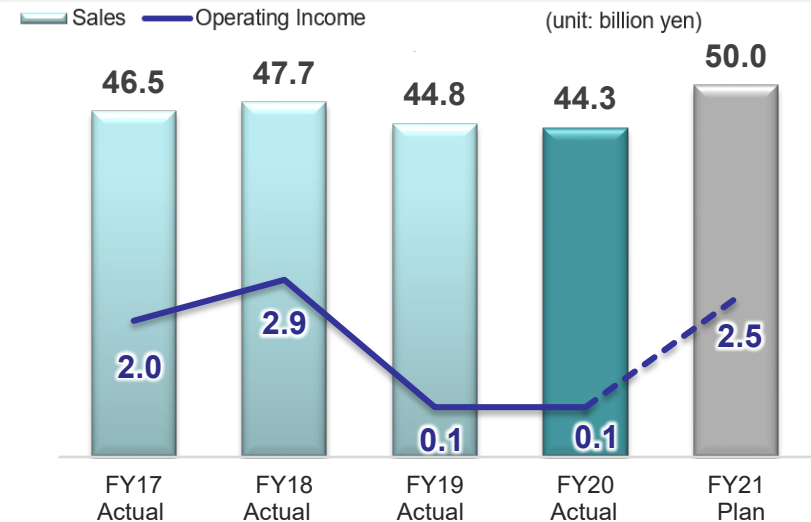
Positioning



Smart Infrastructure



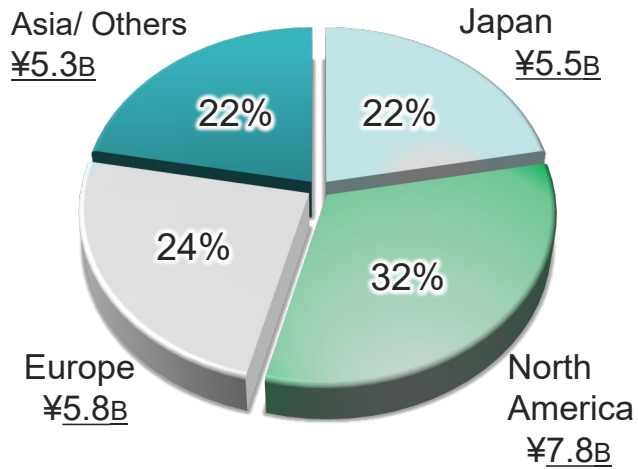
Eye Care



Sales by region

FY2020/Q1

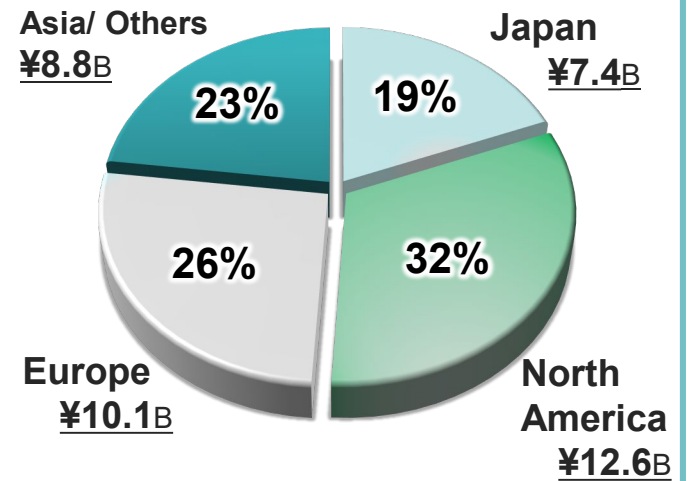
¥24.5B



YoY
+59%

FY2021/Q1

¥38.9B

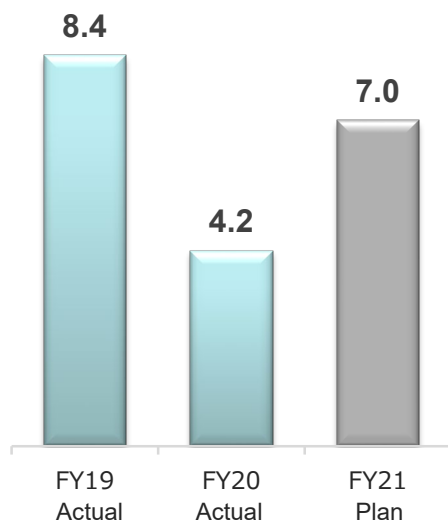


Capital Expenditure and R&D / Forex Sensitivity

Projections

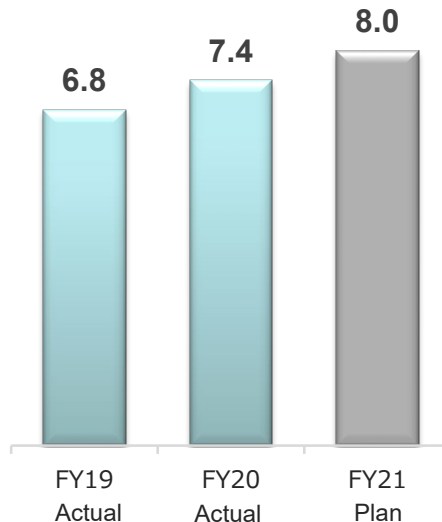
Capital Expenditure

(unit: billion yen)



Depreciation*

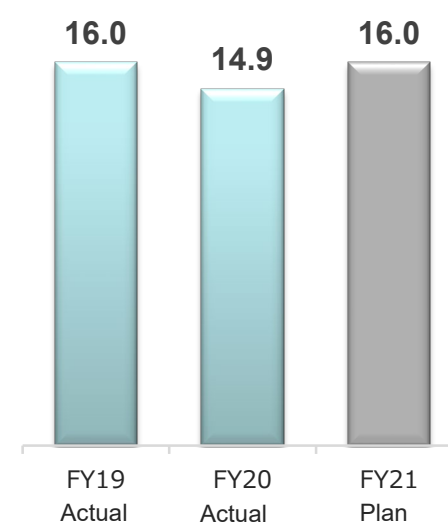
(unit: billion yen)



*Excluding Goodwill Amortization

R&D

(unit: billion yen)



Forex Sensitivity (impact by ¥1 change)

USD : Operating Income ¥0.15B - ¥0.2B

EUR : Operating Income ¥0.07B - ¥0.1B



Cautionary Note regarding Forward-Looking Statements

These materials contain forward-looking statements, including projections of future operating performance. Such statements are based on management's best judgment, given the materials available to them at the time these statements are made.

However, please be aware that actual performance may differ from projected figures owing to unexpected changes in the economic environment in which we operate, as well as to market fluctuations.

The original disclosure in Japanese was released on July 30, 2021 at 15:00(UTC+9)

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