

Consolidated Financial Results for the Second Quarter of FY2022 Ending March 2023

(Japanese GAAP)

TOPCON CORPORATION

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1. Summary of Second Quarter Business Results for FY2022 ending March 2023 (April 1, 2022 - September 30, 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	%
2nd quarter of FY2022	102,715	26.4	9,336	33.7	9,428	50.0	6,032	55.3
2nd quarter of FY2021	81,251	39.0	6,980	—	6,285	—	3,883	—

Note: Comprehensive income
 2nd quarter of FY2022 13,281 million yen (215.7 %)
 2nd quarter of FY2021 4,207 million yen (— %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
2nd quarter of FY2022	57.32	57.32
2nd quarter of FY2021	36.92	36.92

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
2nd quarter of FY2022	206,716	95,657	45.4	891.83
FY2021 ended March 2022	184,983	85,150	45.1	793.57

Note: Shareholders' equity
 2nd quarter of FY2022 93,906 million yen
 FY2021 ended March 2022 83,491 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
FY2021 ended March 2022	—	10.00	—	26.00	36.00
FY2022 ending March 2023	—	20.00			
FY2022 ending March 2023 (forecast)			—	22.00	42.00

*Revision to the most recently disclosed dividend forecasts : Yes

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

"%" 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	200,000	13.4	19,000	19.4	18,000	21.5	12,500	16.8	118.77

*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)

	FY2021 ended March 2022	2nd quarter of FY2022
Assets		
Current assets		
Cash and deposits	20,124	21,089
Notes and accounts receivable - trade	45,864	45,868
Merchandise and finished goods	19,510	24,368
Work in process	1,805	2,039
Raw materials and supplies	18,309	24,221
Other	10,658	9,675
Allowance for doubtful accounts	(2,232)	(2,391)
Total current assets	114,041	124,871
Non-current assets		
Property, plant and equipment	24,863	31,951
Intangible assets		
Goodwill	9,741	10,226
Other	20,172	20,477
Total intangible assets	29,914	30,703
Investments and other assets	16,164	19,189
Total non-current assets	70,942	81,844
Total assets	184,983	206,716
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,687	15,683
Short-term borrowings	5,586	20,941
Lease liabilities	1,415	2,619
Income taxes payable	2,152	1,731
Provision for product warranties	1,444	1,781
Current portion of bonds payable	10,000	-
Other	25,108	22,564
Total current liabilities	61,394	65,320
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	2,547	2,098
Lease liabilities	3,812	8,311
Provision for retirement benefits for directors (and other officers)	59	38
Retirement benefit liability	4,333	5,121
Other	7,685	10,167
Total non-current liabilities	38,438	45,738
Total liabilities	99,833	111,059
Net assets		
Shareholders' equity		
Share capital	16,706	16,780
Capital surplus	20,608	20,682
Retained earnings	45,670	48,969
Treasury shares	(3,171)	(3,171)
Total shareholders' equity	79,813	83,260
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	900	831
Deferred gains or losses on hedges	(72)	54
Foreign currency translation adjustment	3,088	9,972
Remeasurements of defined benefit plans	(238)	(213)
Total accumulated other comprehensive income	3,677	10,645
Share acquisition rights	67	45
Non-controlling interests	1,591	1,705
Total net assets	85,150	95,657
Total liabilities and net assets	184,983	206,716

Consolidated quarterly statements of income

(Unit: million yen)

	2nd quarter of FY2021	2nd quarter of FY2022
Net sales	81,251	102,715
Cost of sales	39,667	49,199
Gross profit	41,583	53,515
Selling, general and administrative expenses	34,602	44,179
Operating profit	6,980	9,336
Non-operating income		
Interest income	23	59
Dividend income	16	17
Foreign exchange gains	-	1,075
Gain on valuation of investment securities	162	-
Other	109	417
Total non-operating income	311	1,569
Non-operating expenses		
Interest expenses	219	344
Share of loss of entities accounted for using equity method	223	214
Loss on valuation of investment securities	-	479
Foreign exchange losses	53	-
Compensation expenses	187	-
Other	322	438
Total non-operating expenses	1,006	1,476
Ordinary profit	6,285	9,428
Extraordinary income		
Subsidy income	495	-
Total extraordinary income	495	-
Extraordinary losses		
Impairment losses	-	426
Total extraordinary losses	-	426
Profit before income taxes	6,781	9,002
Income taxes - current	2,858	2,672
Income taxes - deferred	(51)	204
Total income taxes	2,806	2,876
Profit	3,974	6,126
Profit attributable to non-controlling interests	91	94
Profit attributable to owners of parent	3,883	6,032

Consolidated quarterly statements of cash flows

(Unit: Million Yen)

	2nd quarter of FY2021	2nd quarter of FY2022
Cash flows from operating activities		
Profit before income taxes	6,781	9,002
Depreciation	3,644	4,974
Amortization of goodwill	923	796
Increase (decrease) in allowance for doubtful accounts	72	(170)
Interest and dividend income	(39)	(76)
Interest expenses	219	344
Subsidy income	(495)	-
Impairment losses	-	426
Increase (decrease) in retirement benefit liability	27	(141)
Decrease (increase) in trade receivables	5,044	5,245
Decrease (increase) in inventories	(1,810)	(5,855)
Decrease (increase) in accounts receivable - other	593	699
Increase (decrease) in trade payables	(377)	(1,148)
Increase (decrease) in accounts payable - other	(672)	457
Increase (decrease) in accrued expenses	67	(3,176)
Other, net	395	(6,172)
Subtotal	14,373	5,204
Interest and dividends received	36	99
Interest paid	(216)	(353)
Income taxes paid	(2,454)	(3,207)
Net cash provided by (used in) operating activities	11,739	1,742
Cash flows from investing activities		
Payments into time deposits	(56)	(606)
Proceeds from withdrawal of time deposits	56	-
Purchase of property, plant and equipment	(2,362)	(2,039)
Proceeds from sale of property, plant and equipment	69	34
Purchase of intangible assets	(1,018)	(1,144)
Purchase of investment securities	(56)	(278)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,651)	-
Payments for acquisition of businesses	(33)	(11)
Other, net	(41)	(448)
Net cash provided by (used in) investing activities	(5,094)	(4,494)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,880)	16,846
Repayments of long-term borrowings	(918)	(2,375)
Redemption of bonds	-	(10,000)
Repayments of lease liabilities	(761)	(796)
Dividends paid	(1,051)	(2,733)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(6,612)	940
Effect of exchange rate change on cash and cash equivalents	125	2,034
Net increase (decrease) in cash and cash equivalents	157	223
Cash and cash equivalents at beginning of period	20,446	19,009
Cash and cash equivalents at end of period	20,604	19,232

[Segment Information by business category]

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 .

2nd quarter of FY2022 (April 1, 2022 - September 30, 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	14,188	56,566	31,372	586	102,715	—	102,715
Intercompany sales or transfer	6,584	3,328	119	1	10,033	(10,033)	—
Total	20,773	59,895	31,492	588	112,749	(10,033)	102,715
Segment Profit (Operating Income)	2,652	7,590	1,487	(204)	11,526	(2,190)	9,336

Note: Segment Profit (2,190) 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 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

2nd quarter of FY2022 (April 1, 2022 - September 30, 2022)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	41,979	22,274	5,732	9,367	5,584	84,938
Consolidated Sales						102,715
Ratio to Consolidated Sales (%)	40.9	21.7	5.6	9.1	5.4	82.7

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.