

Consolidated Financial Results for the Third Quarter of FY2020 Ending March 2021

(Japanese GAAP)

TOPCON CORPORATION

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1. Summary of Third Quarter Business Results for FY2020 ending March 2021 (April 1, 2020 - December 31, 2020)

% 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 FY2020	92,991	(7.7)	1,455	(52.5)	60	(96.6)	(1,322)	—
3rd quarter of FY2019	100,724	(2.3)	3,062	(54.7)	1,771	(68.4)	254	(89.9)

Note: Comprehensive income
3rd quarter of FY2020 (21) million yen (— %)
3rd quarter of FY2019 (60) million yen (— %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
3rd quarter of FY2020	(12.58)	—
3rd quarter of FY2019	2.41	2.41

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
3rd quarter of FY2020	157,589	63,464	39.4	589.58
FY2019 ended March 2020	161,721	64,659	39.0	600.03

Note: Shareholders' equity
3rd quarter of FY2020 62,015 million yen
FY2019 ended March 2020 63,100 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
FY2019 ended March 2020	—	14.00	—	10.00	24.00
FY2020 ending March 2021	—	0.00	—		
FY2020 ending March 2021 (forecast)				5.00	5.00

*Revisions to the most recently disclosed dividend forecasts : No

3. Business Forecasts for FY2020 ending March 2021 (April 1, 2020 - March 31, 2021)

% 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	130,000	(6.4)	4,000	(25.7)	2,000	(30.9)	500	(46.6)	4.75

*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)

	FY2019 ended March 2020	3rd quarter of FY2020
Assets		
Current assets		
Cash and deposits	16,134	22,765
Notes and accounts receivable - trade	40,631	32,780
Merchandise and finished goods	21,063	18,623
Work in process	1,510	1,715
Raw materials and supplies	13,188	13,566
Other	8,555	8,542
Allowance for doubtful accounts	(2,555)	(2,606)
Total current assets	98,528	95,386
Non-current assets		
Property, plant and equipment	20,738	21,980
Intangible assets		
Goodwill	10,856	9,231
Other	17,826	16,556
Total intangible assets	28,683	25,787
Investments and other assets	13,770	14,434
Total non-current assets	63,192	62,202
Total assets	161,721	157,589
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,981	9,711
Current portion of bonds payable	10,000	—
Short-term borrowings	26,831	15,852
Lease obligations	1,260	1,347
Income taxes payable	1,159	775
Provision for product warranties	1,124	916
Other	15,009	16,520
Total current liabilities	68,366	45,124
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term borrowings	4,397	5,986
Lease obligations	4,883	4,158
Provision for retirement benefits for directors (and other officers)	44	49
Retirement benefit liability	5,263	5,022
Other	4,107	3,782
Total non-current liabilities	28,695	49,000
Total liabilities	97,062	94,125
Net assets		
Shareholders' equity		
Share capital	16,680	16,697
Capital surplus	20,630	20,599
Retained earnings	35,749	33,375
Treasury shares	(3,170)	(3,170)
Total shareholders' equity	69,889	67,501
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	434	967
Deferred gains or losses on hedges	(47)	(0)
Foreign currency translation adjustment	(6,278)	(5,578)
Remeasurements of defined benefit plans	(897)	(872)
Total accumulated other comprehensive income	(6,788)	(5,485)
Share acquisition rights	58	57
Non-controlling interests	1,499	1,390
Total net assets	64,659	63,464
Total liabilities and net assets	161,721	157,589

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2019	3rd quarter of FY2020
Net sales	100,724	92,991
Cost of sales	47,431	47,315
Gross profit	53,293	45,676
Selling, general and administrative expenses	50,230	44,221
Operating profit	3,062	1,455
Non-operating income		
Interest income	144	61
Dividend income	56	46
Subsidy income	—	105
Other	189	154
Total non-operating income	390	368
Non-operating expenses		
Interest expenses	679	463
Share of loss of entities accounted for using equity method	176	247
Foreign exchange losses	457	220
Other	367	831
Total non-operating expenses	1,681	1,763
Ordinary profit	1,771	60
Extraordinary income		
Gain on sales of investment securities	140	—
Total extraordinary income	140	—
Extraordinary losses		
Extra retirement payments	—	221
Loss on sales of shares of subsidiaries	556	—
Total extraordinary losses	556	221
Profit (loss) before income taxes	1,355	(160)
Income taxes - current	720	1,165
Income taxes - deferred	374	(48)
Total income taxes	1,094	1,116
Profit (loss)	261	(1,277)
Profit attributable to non-controlling interests	7	45
Profit (loss) attributable to owners of parent	254	(1,322)

[Segment Information by business category]

3rd quarter of FY2019 (April 1, 2019 - December 31, 2019)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	16,946	49,000	33,739	1,038	100,724	—	100,724
Intercompany sales or transfer	6,762	3,545	203	0	10,512	(10,512)	—
Total	23,708	52,546	33,943	1,039	111,237	(10,512)	100,724
Segment Profit (Operating Income)	2,984	2,416	871	(93)	6,178	(3,116)	3,062

Note: Segment Profit (3,116) 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 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.

[Overseas Sales]

3rd quarter of FY2019 (April 1, 2019 - December 31, 2019)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	30,453	25,244	6,042	9,594	8,074	79,409
Consolidated Sales						100,724
Ratio to Consolidated Sales (%)	30.2	25.1	6.0	9.5	8.0	78.8

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

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.