

FY2021 Q3 Financial Results



January 28, 2022

TOPCON CORPORATION

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

Haruhiko Akiyama



Company
Profile
Movie

FY2021 Q3 Financial Results

I . FY2021 Q3 Financial Results

II . FY2021 Full Year Plan

III . Summary

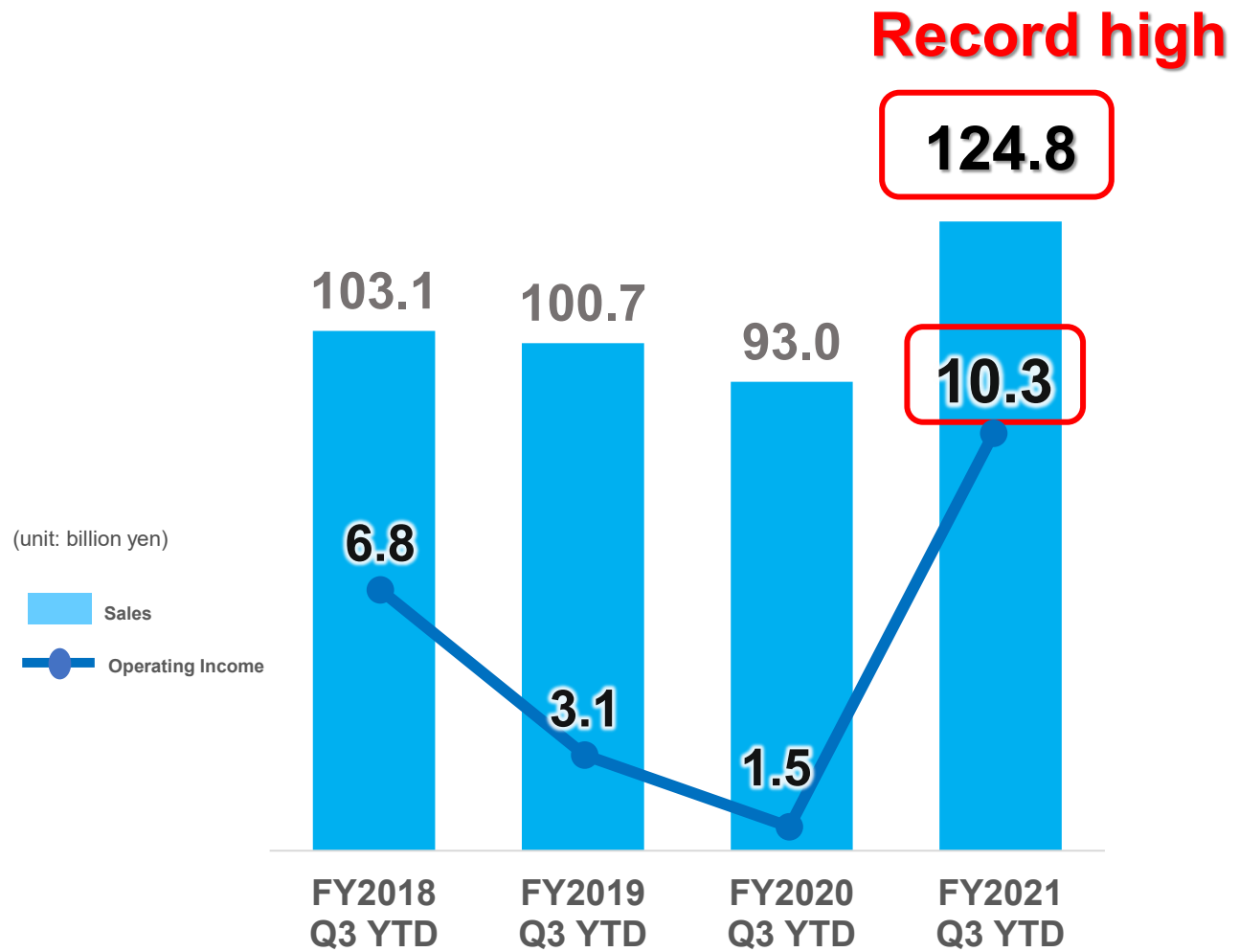
IV . Appendix

I . FY2021 Q3 Financial Results

I - 1 . FY2021 Q3 Financial Results

I - 2 . Overview of Each Business

FY2021 Q3 Overview



Significant increase in sales and profit

Record high in both sales and profit

	<u>vs. FY2020</u>	<u>vs. FY2019</u>
Sales	134%	124%
Operating Income	711%	338%

FY2021 Q3 Financial Results

Record high sales and profit

(unit : million yen)

	Q3 YTD			
	FY2020	FY2021	YoY	YoY%
Net Sales	92,991	124,834	31,842	+34%
Gross Profit	45,676	63,959	18,282	+40%
(Gross Profit Ratio)	(49.1%)	(51.2%)		
SGA	44,221	53,611	9,390	
Operating Income	1,455	10,347	8,891	+611%
(Operating Income Ratio)	(1.6%)	(8.3%)		
Non-Operating Income (Expenses)	-1,394	-1,101	293	
Ordinary Income	60	9,246	9,185	
Extraordinary Income (Loss)	-221	292	513	
Income Before Income Taxes and Minority Interests	-160	9,538	9,699	
Net Income	-1,322	5,752	7,075	
Exchange Rate	USD	¥105.87	¥111.38	¥5.51
(Average)	EUR	¥122.30	¥130.85	¥8.55

FY2021 Q3 Financial Results by Business

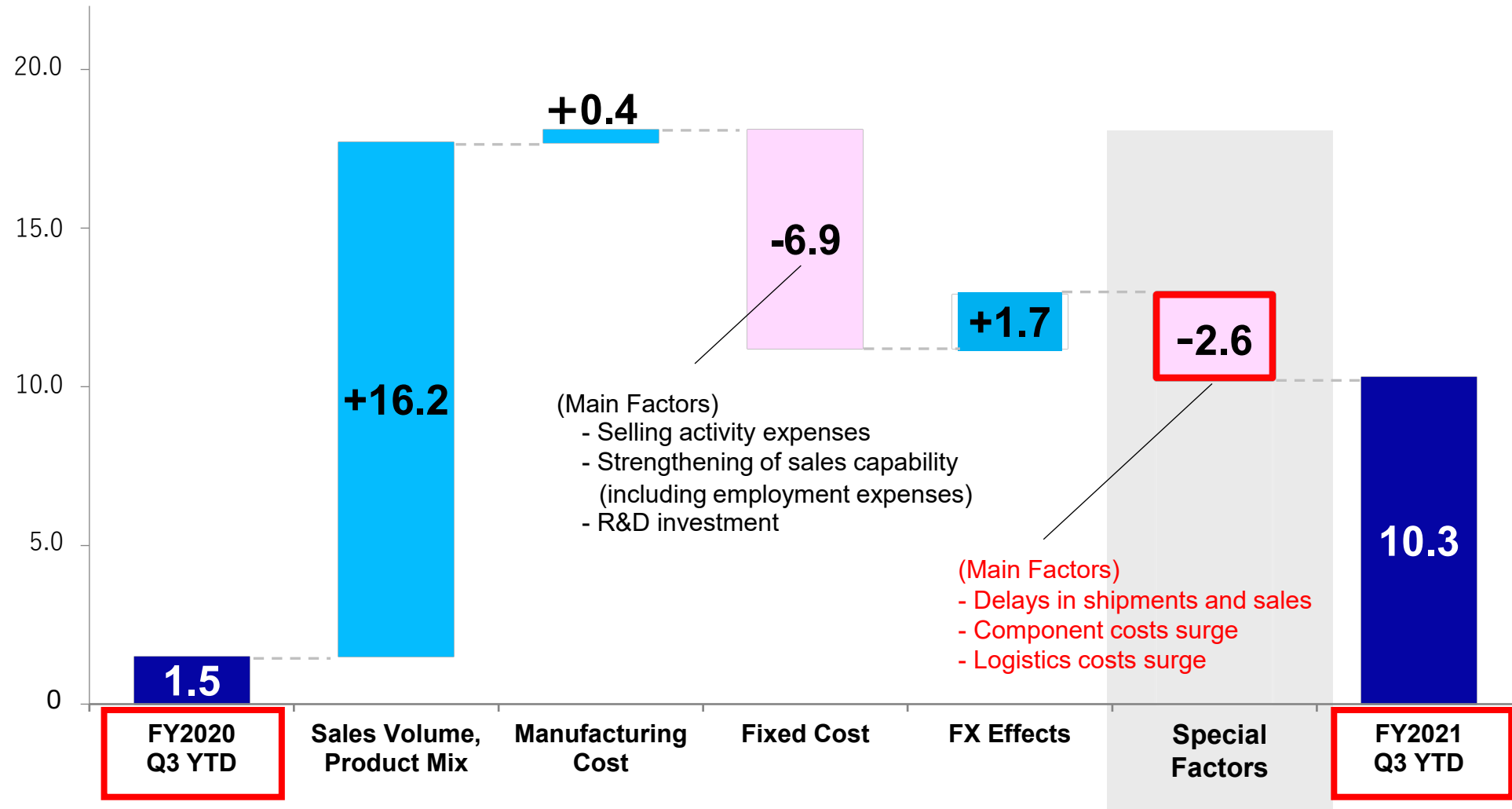
Significant increase in sales and operating income for all business segments

(unit : million yen)

		Q3 YTD			
		FY2020	FY2021	YoY	YoY%
Net Sales	Positioning	49,061	67,812	18,751	+38%
	Smart Infrastructure	23,804	28,027	4,223	+18%
	Eye Care	28,976	41,360	12,383	+43%
	Others	838	867	28	
	Elimination	-9,688	-13,233	-3,545	
	Total	92,991	124,834	31,842	+34%
Operating Income (Operating Income Ratio)	Positioning	3,087 (6.3%)	7,248 (10.7%)	4,161	+135%
	Smart Infrastructure	2,944 (12.4%)	4,405 (15.7%)	1,461	+50%
	Eye Care	-1,211 (-4.2%)	1,983 (4.8%)	3,194	Turns profitable
	Others	-340	-264	76	
	Elimination	-3,024	-3,025	-1	
	Total	1,455 (1.6%)	10,347 (8.3%)	8,891	+611%

FY2021 Q3 Operating Income YoY Breakdown

(unit: billion yen)



I . FY2021 Q3 Financial Results

I - 1 . FY2021 Q3 Financial Results

I - 2 . Overview of Each Business

Record high sales and operating income

(unit: million yen)

	Q3 YTD			
	FY2020	FY2021	YoY	%
Net Sales	49,061	67,812	18,751	+38%
Operating Income (Operating Income Ratio)	3,087 (6.3%)	7,248 (10.7%)	4,161	+135%
Exchange Rate USD	¥105.87	¥111.38	¥5.51	
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Review of Financial Results

Overall

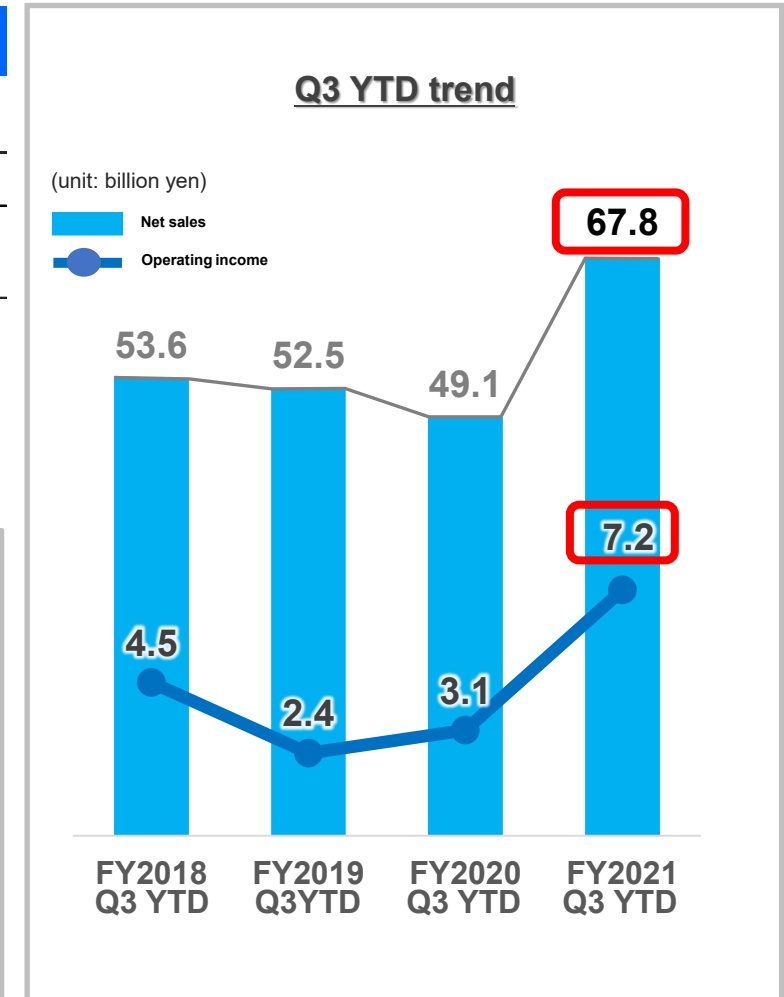
- Significant increase in sales and profit driven by active housing and infrastructure investment demands in the U.S. and Europe
- Increasing impact of component and logistics surge and material shortages

IT Construction and IT Agriculture

- Continuing strong sales for both aftermarket and OEM

Surveying and laser products

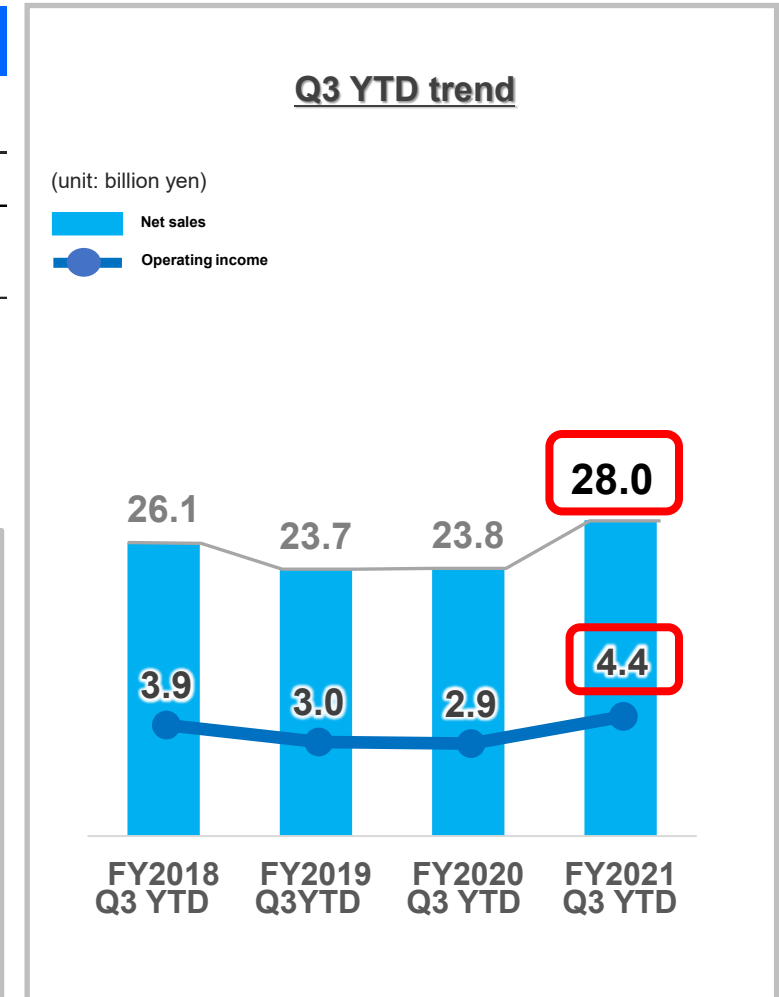
- Robust sales thanks to continued booming housing construction market mainly in the U.S. and Europe



Record high sales and operating income

(unit: million yen)

	Q3 YTD			
	FY2020	FY2021	YoY	%
Net Sales	23,804	28,027	4,223	+18%
Operating Income (Operating Income Ratio)	2,944 (12.4%)	4,405 (15.7%)	1,461	+50%
Exchange Rate USD	¥105.87	¥111.38	¥5.51	
(Average) EUR	¥122.30	¥130.85	¥8.55	



Review of Financial Results

General

- Solid sales in Japan, substantially sales surpassed in the U.S. and Europe
- Increased the impact for surges of component costs and material shortages

Surveying instruments

- Sales were strong, but due to a component shortage, the backlog of orders have not reached to the proper level

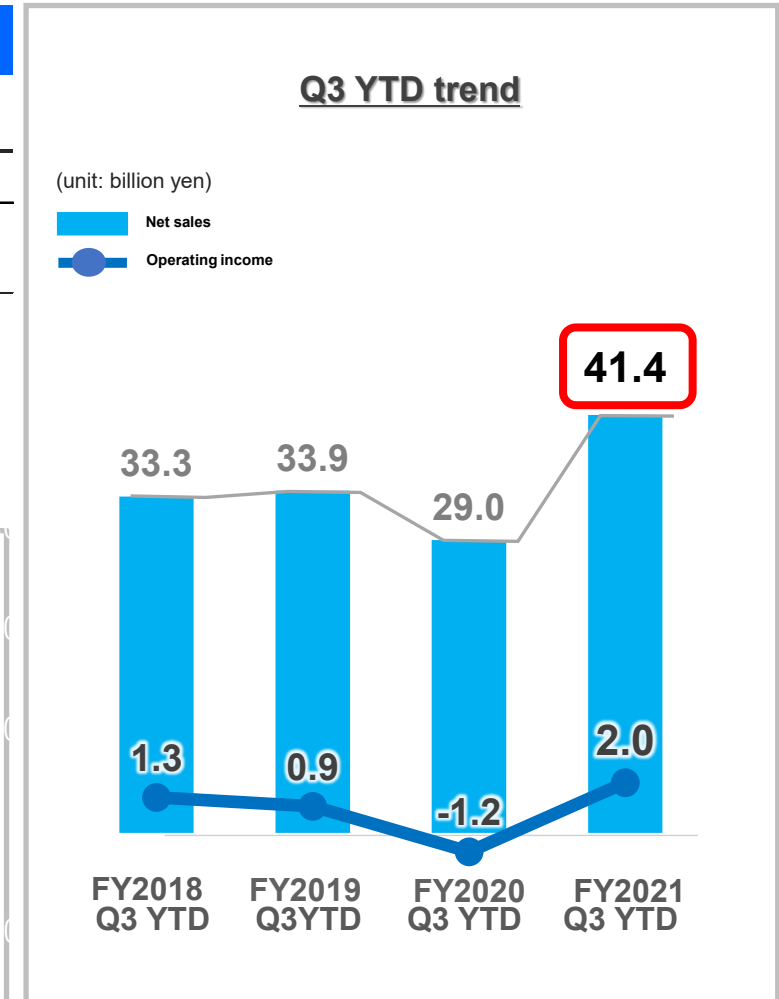
IT Construction · IT Agriculture

- Realizing the impact of the delay in purchasing and expanding impacts on sales

Record High sales, turning profitable

(unit: million yen)

	Q3 YTD			
	FY2020	FY2021	YoY	%
Net Sales	28,976	41,360	12,383	+43%
Operating Income (Operating Income Ratio)	-1,211 (-4.2%)	1,983 (4.8%)	3,194	Turns profitable
Exchange Rate USD	¥105.87	¥111.38	¥5.51	
(Average) EUR	¥122.30	¥130.85	¥8.55	



Review of Financial Results

Overall

- Despite COVID-19, demands remain strong, especially in major markets
- Increased the impact for surges of component and logistics costs

Screening Business

- Strong sales in Europe, the U.S., and China
 - Maestro : Large orders from multiple optical chain stores in the U.K.
 - TRC-NW 400 : Strong demands continue for hospitals and screening centers in China

Tele-optometry

Sales to major chains in Europe and the U.S. continue to be strong at a record high pace

Ⅱ . FY2021 Full Year Plan

Ⅱ -1. FY2021 Full Year Plan

Ⅱ -2. Topics of Each Business

Upward revision

Outlook for business environment in Q4

<Positive factors >

- Continuing growing demands for surveying equipment and IT construction thanks to solid demands for housing and civil infrastructure investment mainly in the U.S. and Europe
- The demands for IT agriculture is also on the rise due to high crop prices and labor shortages
- Continued steady capital investment of ophthalmic and optical chain markets in the U.S. and Europe

<Negative factors >

- Expanding impacts of delays in shipments and sales due to component shortages
- Increasing effects from component and logistics costs surge

Based on Q3 results and above environment outlook in Q4, we revised full year plan as below

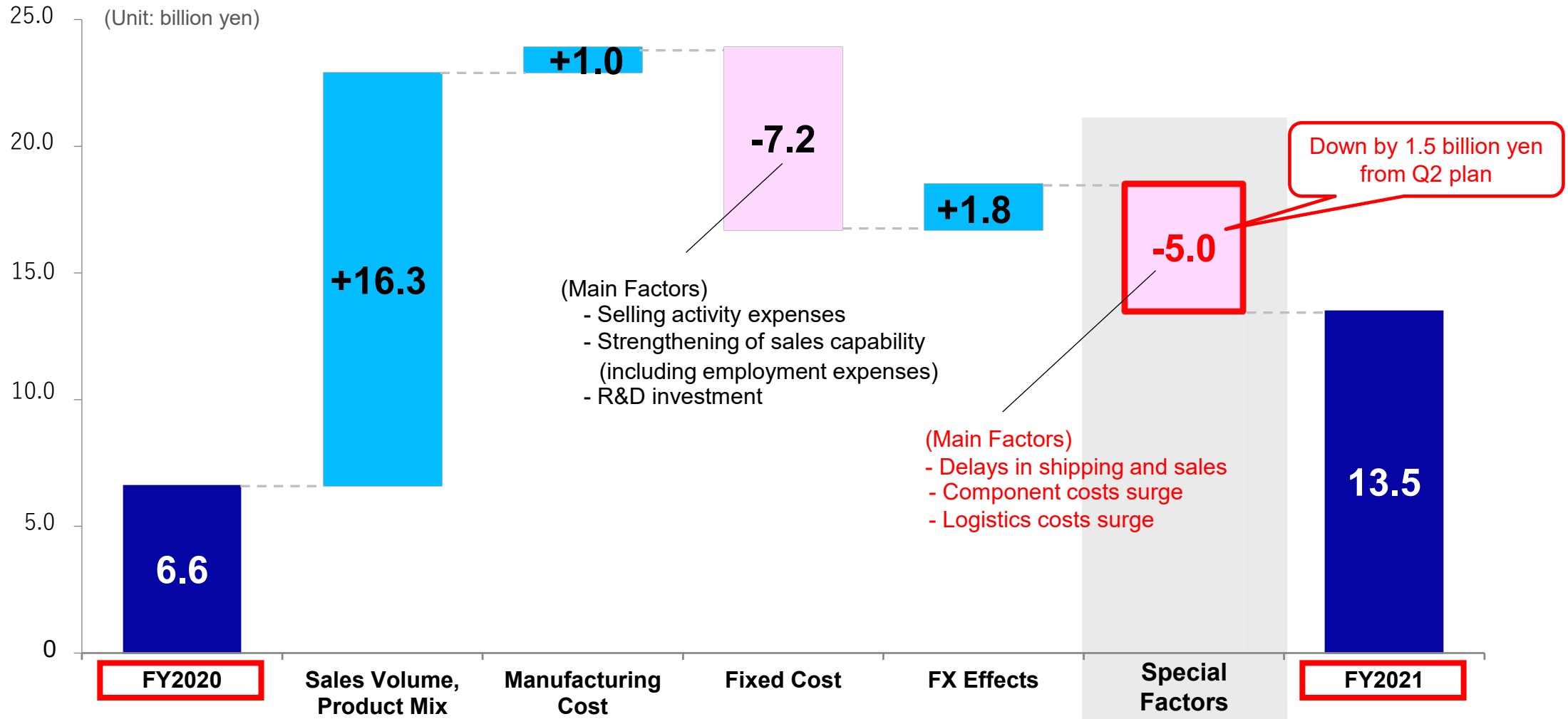
Revised Plan

Q4 Exchange rate assumptions :
\$= 108 yen/€= 128 yen remain unchanged

	Previous Plan (As of October 29, 2021)	Revised Plan (As of January 28, 2022)	Actual (FY2020)	Change
Sales	¥160.0B	¥165.0B	¥137.2B	+20%
Operating Income	¥12.5B	¥13.5B	¥6.6B	+105%
Ordinary Income	¥10.5B	¥11.5B	¥5.6B	+106%
Net Income	¥6.5B	¥7.0B	¥2.4B	+195%
Dividends	¥20	¥20	¥10	

FY2021 Operating Income YoY Breakdown

Upward revision despite expanding impacts of component shortages and tightening supply chains



FY2021 Full Year Plan

- Sales **1.2 times**, Operating Income **2 times**, Net Income **3 times** YoY
(unit: million yen)

	FY2020	FY2021		
		Full Year Actual	Full Year Plan	YoY %
Net Sales	137,247	165,000	+20%	160,000
Operating Income	6,593	13,500	+105%	12,500
(Operating Income Ratio)	(4.8%)	(8.2%)		(7.8%)
Ordinary Income	5,587	11,500	+106%	10,500
Net Income	2,376	7,000	+195%	6,500
ROE	3.6%	10%		9%
Dividends	¥10	¥20		¥20
Exchange Rate	USD	¥106.17	(Q4 Assumption) ¥108	(2H Assumption) ¥108
(Average)	EUR	¥123.73	¥128	¥128

FY2021 Full Year Plan

(unit: million yen)

		FY2020	FY2021		
		Full Year Actual	Full Year Plan	YoY %	Full Year Plan * <small>* Announced on Oct. 29</small>
Net Sales	Positioning	71,416	91,000	+27%	88,000
	Smart Infrastructure	33,982	37,000	+9%	37,000
	Eye Care	44,251	54,000	+22%	52,000
	Others	1,165	1,000		1,000
	Elimination	-13,568	-18,000		-18,000
	Total	137,247	165,000	+20%	160,000
Operating Income (Operating Income Ratio)	Positioning	6,064 (8.5%)	10,500 (11.5%)	+73%	9,500 (10.8%)
	Smart Infrastructure	4,972 (14.6%)	5,000 (13.5%)	+1%	5,000 (13.5%)
	Eye Care	122 (0.3%)	2,500 (4.6%)	+1,949%	2,500 (4.8%)
	Others	-536	-300		-300
	Elimination	-4,028	-4,200		-4,200
	Total	6,593 (4.8%)	13,500 (8.2%)	+105%	12,500 (7.8%)

Ⅱ . FY2021 Full Year Plan

Ⅱ -1. FY2021 Full Year Plan

Ⅱ -2. Topics of Each Business

- Exhibited at a U.S. Large Construction Exhibition for the first time in 2 years
Convincing the strong momentum of the U.S. construction market

World of Concrete (U.S. Construction Exhibition)



Reference: video
<https://www.topcon.co.jp/invest/popup/WOC2022.html>

Venue : Las Vegas, NV, USA
Date : Jan 18th – 20th , 2022
Attendees : 60,000 visitors every years



Venue Appearance



Topcon Booth

Received inquiries exceeding pre-COVID-19 levels

↓

Reconfirmed the strong momentum of the U.S. construction market

New products launch

Guidance system for small to medium-sized construction machinery

- Expanding the base range of applicable machine in the market
- Utilizing success stories in the Japanese market



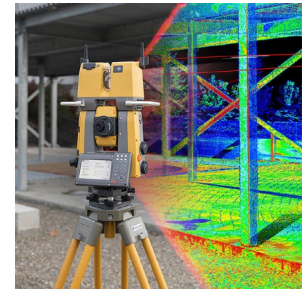
Compact Track Loader



Small Sized Excavator

Total station with scanner

- Realizing efficiencies for survey & 3D measurement with two-in-one function
- Dramatically reducing work processes




Full-scale start of building construction DX and introduction of new products to accelerate promotion


New product launch for building construction

High precision positioning navigator dedicated to building construction

✓ Doubling productivity!
Manpower saving in essential process, marking work



Raku-ichi




Expanding lineup of products for building construction

	Existing products	New products
Hardware		
Software		


A lot of products are under development!

Conventional work




Two people working in analog


NEW



Our Solutions



Raku-zumi



For marking App

- ✓ **One person** with digital surveying equipment
- ✓ **Time saving**
- ✓ **Improvement of accuracy**

The 6th "Japan Build 2021"

Venue : Tokyo Big Sight
 Date : December 6-8, 2021
 Number of attendees: More than 30k



Scene of the venue



Topcon Booth

- ✓ First participation in a large-scale building construction exhibition
- ✓ Approaching new targets including housing companies and building construction companies
- ✓ Strong inquiries for new products

World's largest ophthalmological society held physically in two years

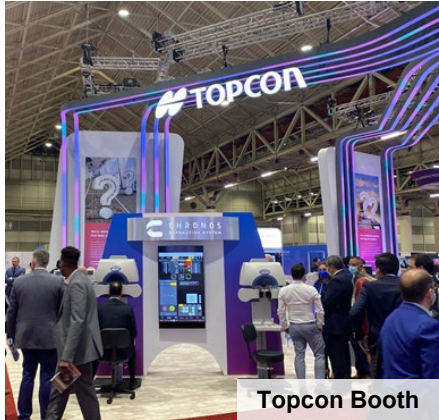
American Academy of Ophthalmology (AAO)



Venue: New Orleans, USA
Date: November 12-15, 2021



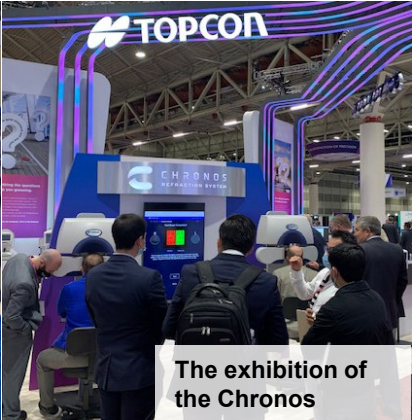
Scene of the venue



Topcon Booth



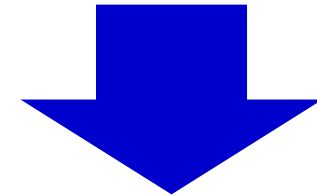
The exhibition of the Maestro 2



The exhibition of the Chronos

✓ Number of attendees: more than 12,000
Physical : 80%
Online : 20%

✓ Increasing inquiries and orders

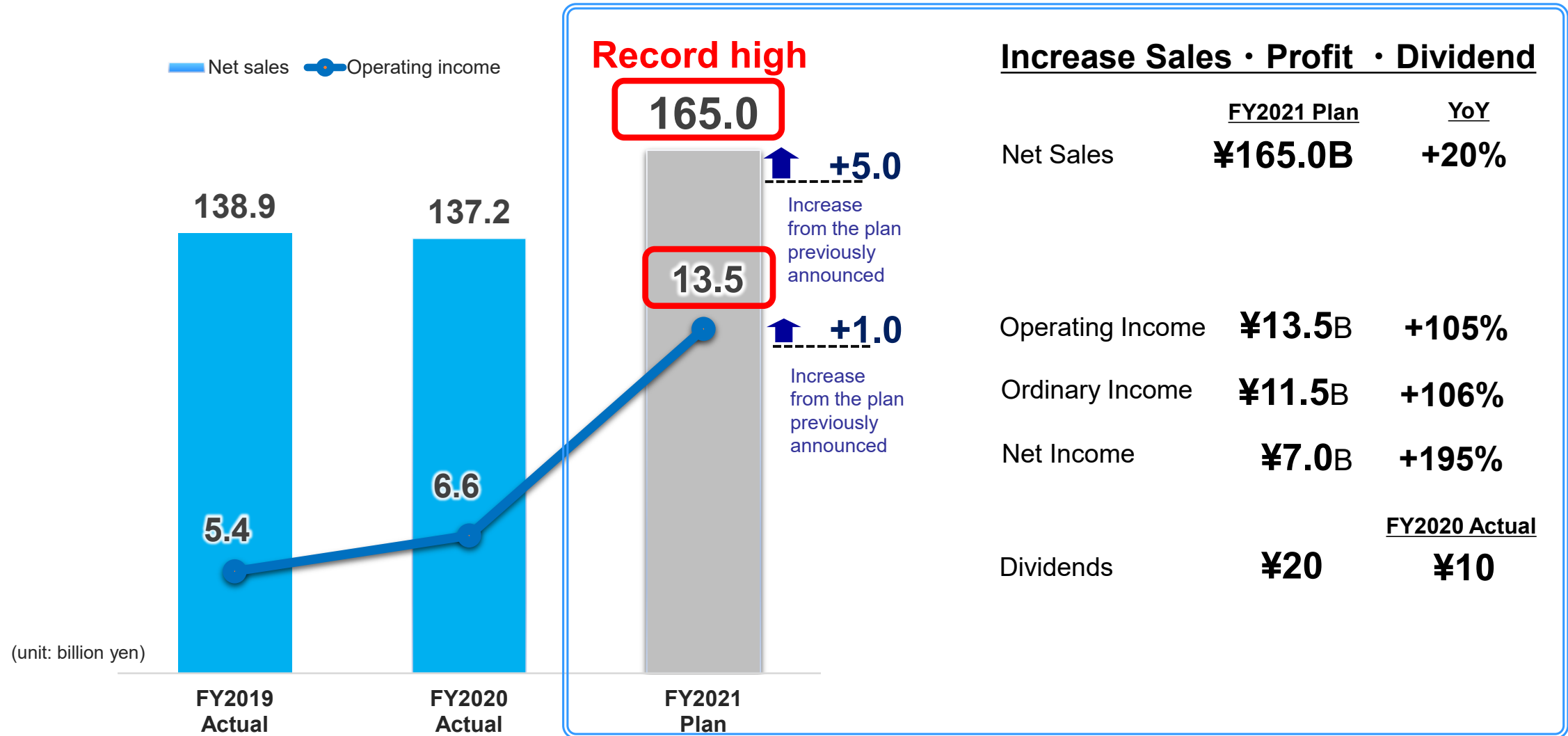


Confirmed strong ophthalmological markets in the U.S.

III. Summary

Summary

■ Upward revision: Sales **1.2 times**, Operating Income **2 times**, Net Income **3 times** YoY from FY2020



Topcon for Human Life

【Topcon Way】

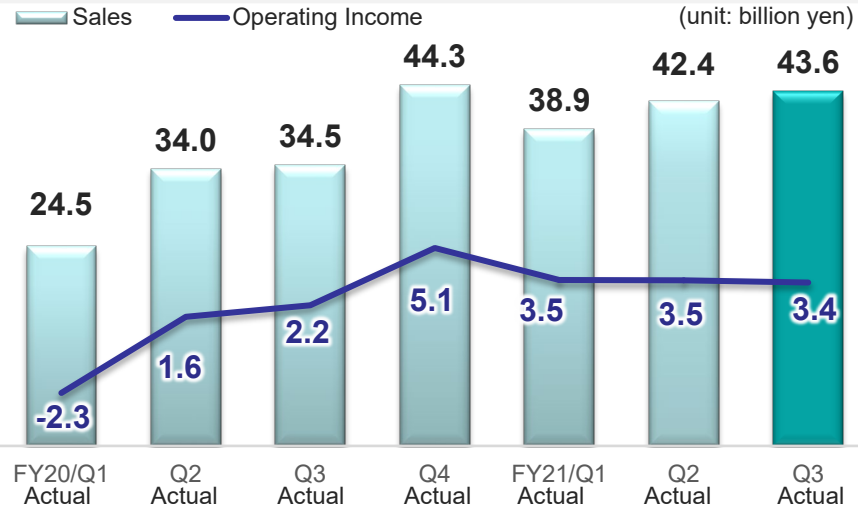
We aim to contribute to the creation of a prosperous society by solving societal challenges on healthcare, agriculture, and infrastructure



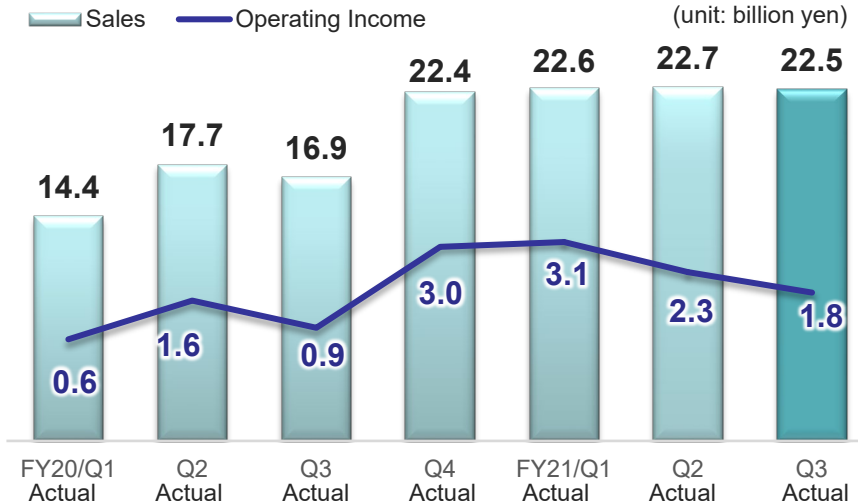
IV. Appendix

Financial Results (Quarterly)

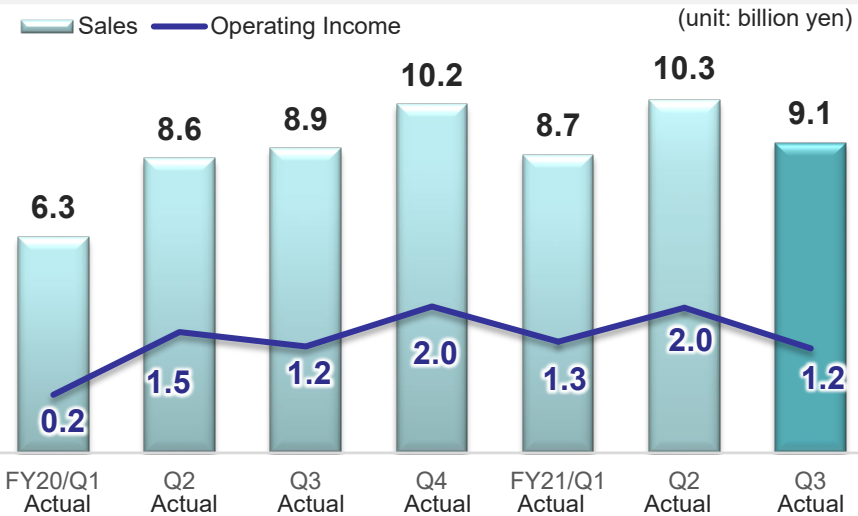
Consolidated



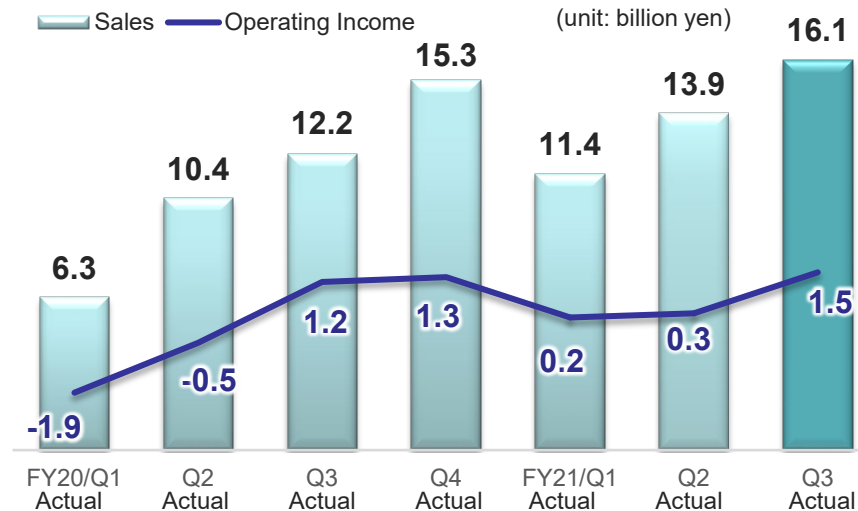
Positioning



Smart Infrastructure



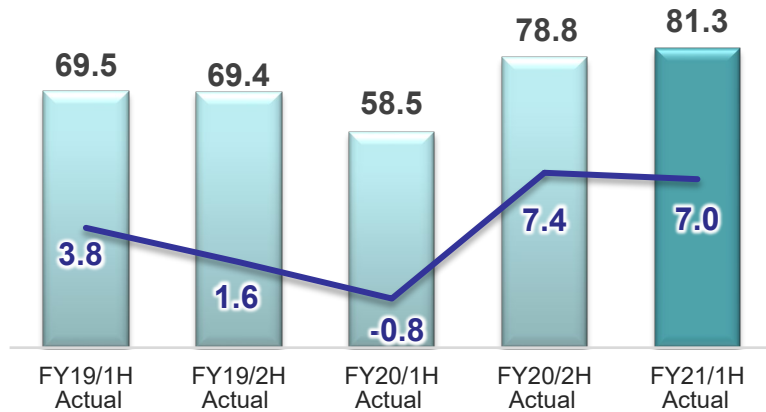
Eye Care



Financial Results (Semiannually)

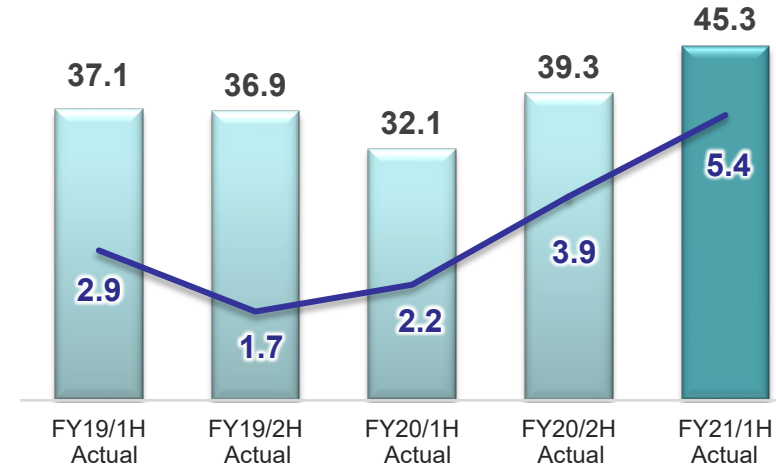
Consolidated

Sales Operating Income (unit: billion yen)



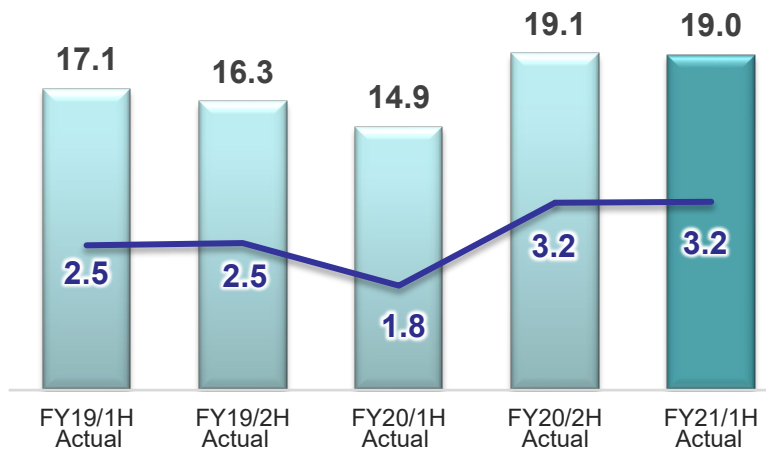
Positioning

Sales Operating Income (unit: billion yen)



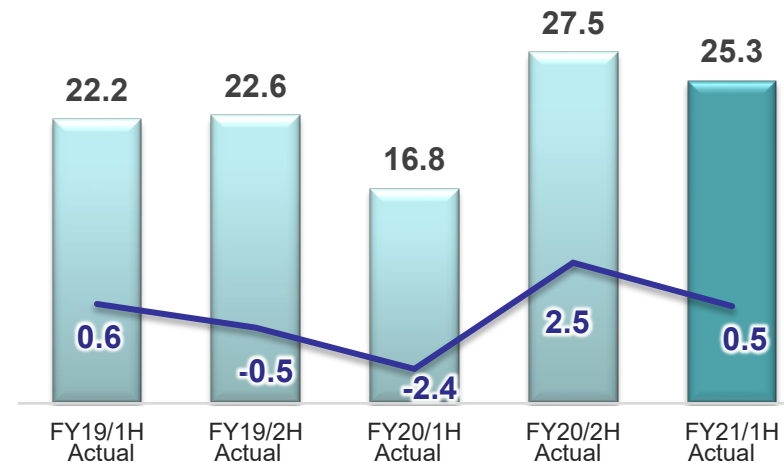
Smart Infrastructure

Sales Operating Income (unit: billion yen)



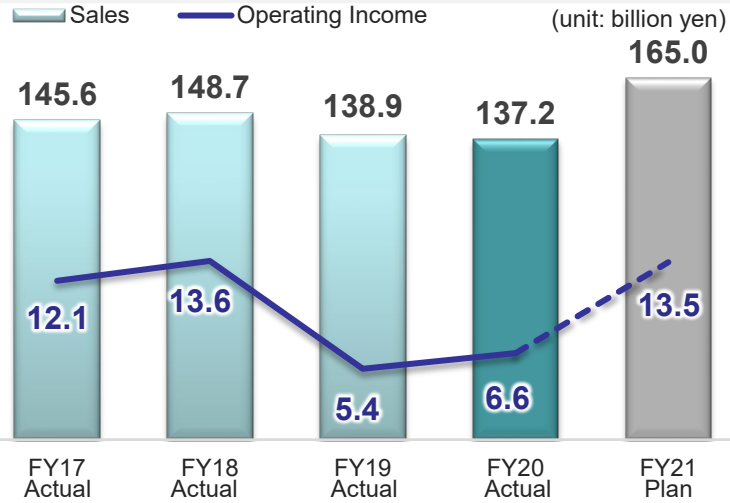
Eye Care

Sales Operating Income (unit: billion yen)

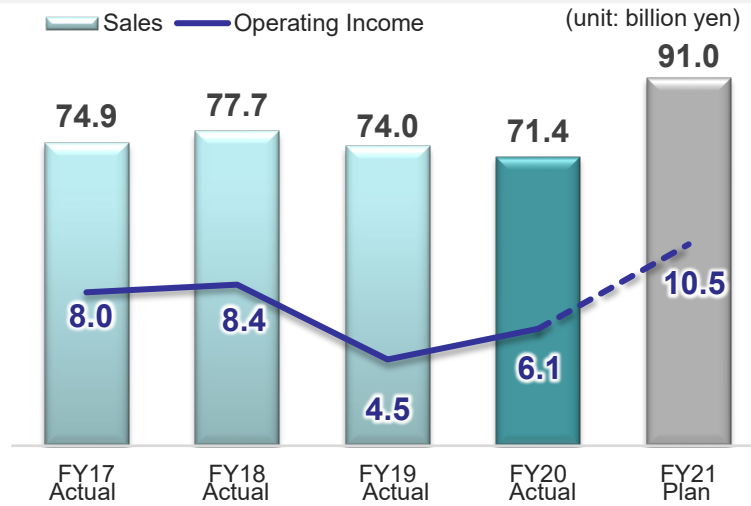


Financial Results and Plan (Annually)

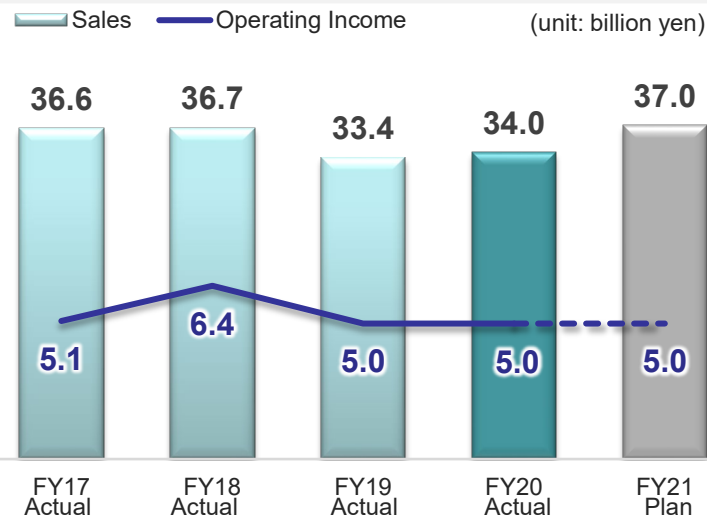
Consolidated



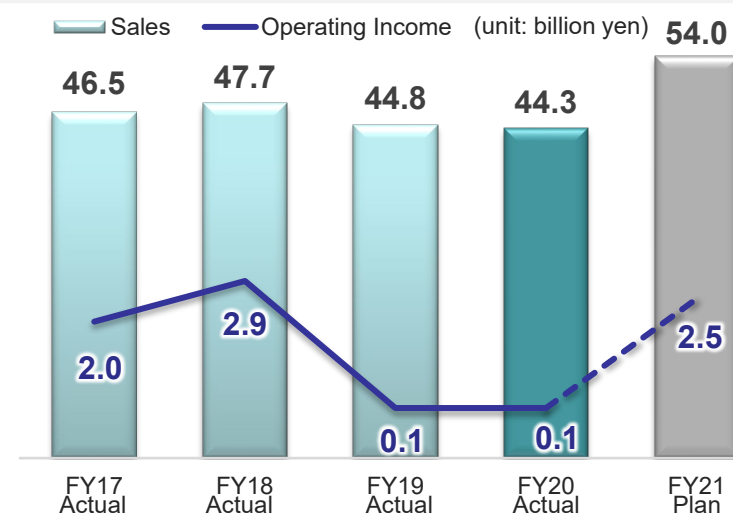
Positioning



Smart Infrastructure



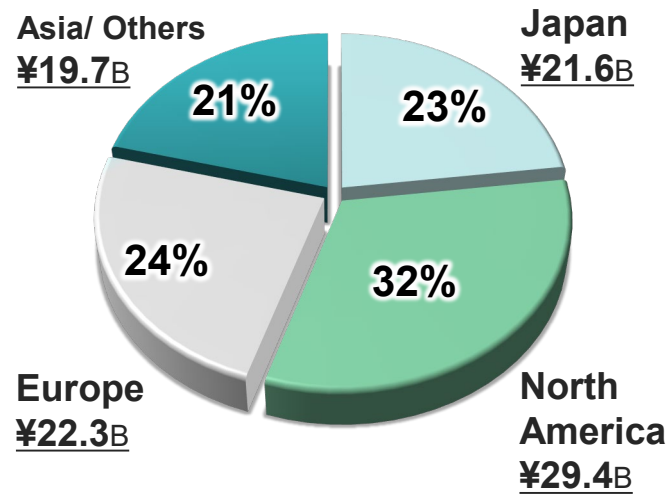
Eye Care



Sales by region

FY2020 / Q3 YTD

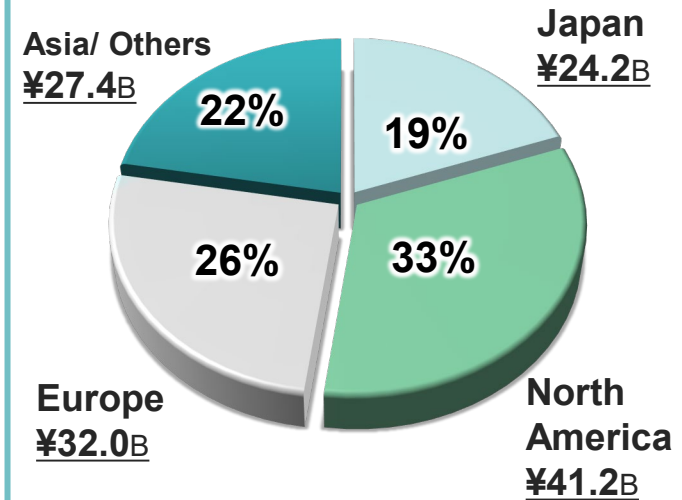
¥93.0B



YoY
+34%

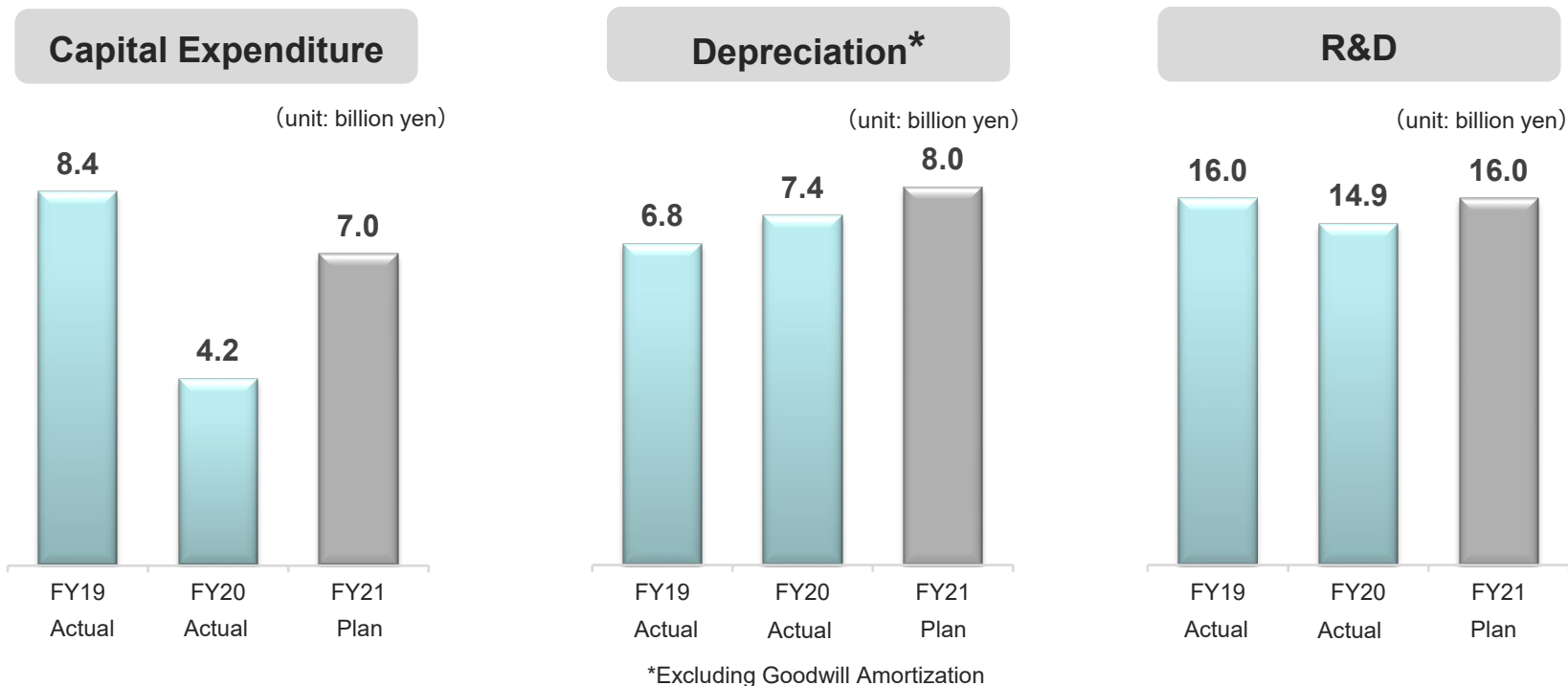
FY2021 / Q3 YTD

¥124.8B



Capital Expenditure and R&D / Forex Sensitivity

■ Projections



■ Forex Sensitivity (impact by ¥1 change)

USD : Operating Income ¥0.15B - ¥0.2B

EUR : Operating Income ¥0.07B - ¥0.1B

Non-Financial Information

Please refer to Topcon Report 2021 (Integrated Report)

Content

- Topcon Way
- Message from the CEO
- Value Creation Story
- Business Overview
- Selected as “DX Stocks” for two consecutive years
- ESG at Topcon
- Financial Highlights

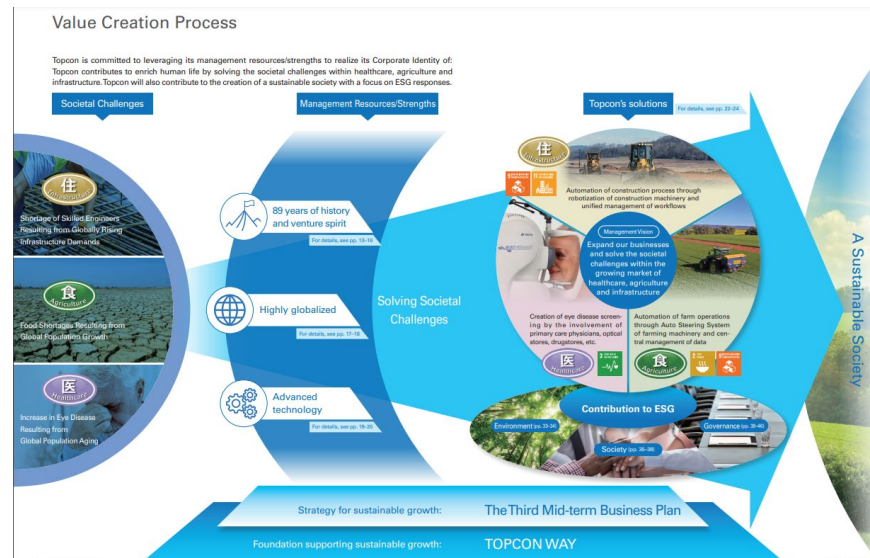
A Venture Company with 89 Years of Tradition

— The History and Future of Creating New Markets —

Representative Director,
President and CEO

Satoshi Hirano

- Growth Trajectory
- The Present and Future
- Carrying on Isms and SDGs



The Future of Topcon through the Eyes of
a Legend of the Manufacturing Industry

Outside Director
Yoshiharu Inaba
(Fanuc Corporation, Chairman
and Representative Director)

- Topcon's Governance
- Similarity with Fanuc



■ Website: <https://global.topcon.com/invest/library/integration/>



Non-Financial Information

- Sustainability page on our website explaining the social issues we addressed and SDGs, etc.

Sustainability

Topcon for Human Life

Topcon Contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.



Environmental Initiatives	Societal Initiatives	Corporate governance Initiatives
<ul style="list-style-type: none"> Environmental policy Topcon group environmental vision 2030 Environmental management system ISO 14001-related initiatives Contribution to environmental issues through our businesses Environmental footprint report Green procurement activities Green procurement guidelines 	<ul style="list-style-type: none"> Relationships with stakeholders Human rights Diversity Relationships with employees Quality assurance Basic Procurement Policy Supply-chain CSR deployment 	<ul style="list-style-type: none"> Corporate governance Corporate governance structure Introduction of outside directors Topcon global code of conduct Basic policy for CSR BCP basic policy Privacy policy Topcon group human resources development policy Topcon group safety and health policy Anti-corruption Whistle-blowing system Global export control system

TOPCON & SDGs



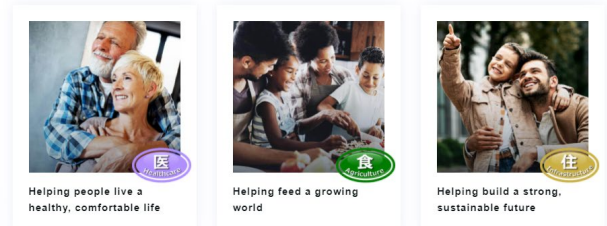
Sustainability

- SDGs
- Environmental Initiatives
- Societal Initiatives
- Corporate governance Initiatives
- Social contribution activities
- News/Topics



Topcon's corporate identity is "Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure".

Topcon operates businesses in the fields of healthcare, agriculture, and infrastructure, which are essential areas of life for people all over the world.



Helping people live a healthy, comfortable life

Helping feed a growing world

Helping build a strong, sustainable future



■ Website: <https://global.topcon.com/sustainability/sdgs/>

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Initiatives for SDGs: Contribution to CO2 emission reduction

Topcon's automation technologies for construction and farming machinery itself contribute to reduce environmental impact

IT Construction

By automating construction machinery, operating time reduced by approximately 30% *1

Reduction in CO2 emission from our products (Topcon's estimation)

Global **600,000 tons/year** *2

IT Agriculture

By Auto Steering System for farming machinery, Operating time reduced by approximately 20% *3

Reduction in CO2 emission from our products (Topcon's estimation)

Global **500,000 tons/year** *4

By leveraging the strength of vendor neutral strategy, penetrate automation technology for existing construction and farming machinery

Expecting further CO2 reduction by spreading of the automation technologies

*1: Source - Ministry of Land, Infrastructure, Transport and Tourism i-Construction promotion consortium "Progress of i-Construction" (2019) https://www.mlit.go.jp/tec/i-construction/pdf/03.5_kikaku_siryou6.pdf

*2: Basis of calculation Based on the numbers with multiplying the estimated annual CO2 emissions per unit of construction machinery and the estimated reduction rate of working hours through the use of ICT, calculating the CO2 emissions reduction multiplying the estimated number of ICT automated construction machinery in operation worldwide and the estimated share of our company.

*3: Source: AEM "The Environmental Benefits of Precision Agriculture in the United States" (2020) <https://newsroom.aem.org/asset/977839/environmentalbenefitsofprecisionagriculture-2#.YBdQZR2Lc74.link>

*4: Basis of Calculation Based on the numbers with multiplying the estimated annual CO2 emissions per unit of farming tractor and the estimated reduction rate of working hours through the use of Auto Steering System, calculating the CO2 emissions reduction multiplying the estimated number of tractors with Auto Steering System in operation worldwide and the estimated share of our company.

*i-Construction is a registered trademark of Ministry of Land, Infrastructure, Transport and Tourism's National Institute for Land and Technology Policy.



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 January 28, 2022 at 15:00(UTC+9)

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