

# Consolidated Financial Results

(Japanese GAAP)

FY2018 ending March 2019

TOPCON CORPORATION

Release Date: January 30, 2019

## 1. Summary of Third Quarter Business Results for FY2018 ending March 2019 (April 1, 2018 - December 31, 2018)

"%" 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 FY2018	103,106	1.4	6,758	8.5	5,611	5.5	2,518	(14.5)
3rd quarter of FY2017	101,660	16.3	6,227	41.1	5,319	76.8	2,946	235.3

Note: Comprehensive income  
 3rd quarter of FY2018 2,681 million yen [ (66.3%) ]  
 3rd quarter of FY2017 7,959 million yen [ 448.9% ]

	Basic earnings per share	Diluted earnings per share
	yen	yen
3rd quarter of FY2018	23.75	23.75
3rd quarter of FY2017	27.80	27.79

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
3rd quarter of FY2018	157,357	68,613	41.5	616.54
FY2017 ended March 2018	160,747	68,336	40.5	614.78

Note: Shareholders' equity  
 3rd quarter of FY2018 65,372 million yen  
 FY2017 ended March 2018 65,173 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
FY2017 ended March 2018	—	10.00	—	10.00	20.00
FY2018 ending March 2019	—	12.00	—		
FY2018 ending March 2019 (forecast)				12.00	24.00

\*Revisions to the projected dividends : No

## 3. Business Forecasts for FY2018 ending March 2019 (April 1, 2018 - March 31, 2019)

"%" 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	150,000	3.1	15,000	24.2	13,000	21.8	7,000	16.1	66.03

\*Revisions to the business forecasts : No

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)

	FY2017 ended March 2018	3rd quarter of FY2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,316	14,220
Notes and accounts receivable - trade	44,647	36,203
Merchandise and finished goods	19,019	22,564
Work in process	1,863	1,699
Raw materials and supplies	10,545	12,172
Other	6,788	6,687
Allowance for doubtful accounts	(1,967)	(2,171)
Total current assets	95,214	91,377
Non-current assets		
Property, plant and equipment	15,900	17,137
Intangible assets		
Goodwill	14,771	14,685
Other	20,692	20,501
Total intangible assets	35,464	35,186
Investments and other assets	14,168	13,657
Total non-current assets	65,533	65,980
Total assets	160,747	157,357
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,384	11,157
Short-term loans payable	17,776	14,435
Lease obligations	670	639
Income taxes payable	1,519	1,325
Provision for product warranties	1,075	1,038
Other	14,417	15,307
Total current liabilities	47,843	43,905
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	10,449	10,675
Lease obligations	4,390	4,004
Provision for directors' retirement benefits	48	53
Net defined benefit liability	5,883	5,386
Other	3,795	4,719
Total non-current liabilities	44,567	44,839
Total liabilities	92,411	88,744
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,638	16,658
Capital surplus	20,799	20,819
Retained earnings	33,464	33,587
Treasury shares	(2,090)	(2,091)
Total shareholders' equity	68,811	68,973
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,757	924
Deferred gains or losses on hedges	(7)	(21)
Foreign currency translation adjustment	(4,158)	(3,713)
Remeasurements of defined benefit plans	(1,228)	(791)
Total accumulated other comprehensive income	(3,637)	(3,600)
Share acquisition rights	29	31
Non-controlling interests	3,133	3,209
Total net assets	68,336	68,613
Total liabilities and net assets	160,747	157,357

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2017	3rd quarter of FY2018
Net sales	101,660	103,106
Cost of sales	49,765	48,399
Gross profit	51,894	54,707
Selling, general and administrative expenses	45,667	47,948
Operating profit	6,227	6,758
Non-operating income		
Interest income	83	98
Dividend income	35	43
Foreign exchange gains	240	—
Other	149	231
Total non-operating income	507	374
Non-operating expenses		
Interest expenses	672	736
Share of loss of entities accounted for using equity method	103	69
Foreign exchange losses	—	241
Other	640	473
Total non-operating expenses	1,415	1,521
Ordinary profit	5,319	5,611
Extraordinary income		
Gain on transfer of business	141	—
Gain on extinguishment of debts	—	148
Total extraordinary income	141	148
Extraordinary losses		
Loss on valuation of investment securities	267	—
Loss on retirement of non-current assets	—	497
Special retirement expenses	—	150
Loss on abolishment of retirement benefit plan of subsidiaries and associates	—	231
Total extraordinary losses	267	879
Profit before income taxes	5,193	4,880
Income taxes - current	2,751	2,211
Income taxes - deferred	(400)	(3)
Total income taxes	2,350	2,208
Profit	2,843	2,672
Profit (loss) attributable to non-controlling interests	(102)	154
Profit attributable to owners of parent	2,946	2,518

[Segment Information by business category]

3rd quarter of FY2017 (April 1, 2017 - December 31, 2017)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	18,894	48,552	32,623	1,589	101,660	—	101,660
Intercompany sales or transfer	6,612	4,036	205	3	10,857	(10,857)	—
Total	25,506	52,589	32,828	1,592	112,517	(10,857)	101,660
Segment Profit (Operating Income)	2,680	4,485	1,207	(81)	8,291	(2,064)	6,227

Note: Segment Profit (2,064) on "Elimination & Common" is mainly goodwill amortization expense which is not distributed to each reportable segment.

3rd quarter of FY2018 (April 1, 2018 - December 31, 2018)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	18,542	50,118	33,145	1,300	103,106	—	103,106
Intercompany sales or transfer	7,513	3,526	192	0	11,232	(11,232)	—
Total	26,055	53,645	33,338	1,301	114,339	(11,232)	103,106
Segment Profit (Operating Income)	3,933	4,496	1,310	(46)	9,694	(2,935)	6,758

Note: Segment Profit (2,935) 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 FY2017 (April 1, 2017 - December 31, 2017)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	29,638	25,823	5,734	12,059	7,590	80,846
Consolidated Sales						101,660
Ratio to Consolidated Sales (%)	29.2	25.4	5.6	11.9	7.5	79.5

3rd quarter of FY2018 (April 1, 2018 - December 31, 2018)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	30,759	25,963	5,528	11,479	7,133	80,863
Consolidated Sales						103,106
Ratio to Consolidated Sales (%)	29.8	25.2	5.4	11.1	6.9	78.4

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.