

Consolidated Financial Results

(Japanese GAAP)

FY2019 ending March 2020

TOPCON CORPORATION

Release Date: January 31, 2020

1. Summary of Third Quarter Business Results for FY2019 ending March 2020 (April 1, 2019 - December 31, 2019)

"%" 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 FY2019	100,724	(2.3)	3,062	(54.7)	1,771	(68.4)	254	(89.9)
3rd quarter of FY2018	103,106	1.4	6,758	8.5	5,611	5.5	2,518	(14.5)

Note: Comprehensive income
 3rd quarter of FY2019 (60) million yen (- %)
 3rd quarter of FY2018 2,681 million yen (66.3) %

	Basic earnings per share	Diluted earnings per share
3rd quarter of FY2019	2.41	2.41
3rd quarter of FY2018	23.75	23.75

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
3rd quarter of FY2019	159,466	66,634	40.7	617.85
FY2018 ended March 2019	160,288	71,148	43.1	651.11

Note: Shareholders' equity
 3rd quarter of FY2019 64,974 million yen
 FY2018 ended March 2019 69,037 million yen

2. Dividends

	Dividends per share				
	end of 1st qtr	end of 2nd qtr	end of 3rd qtr	year-end	Total
FY2018 ended March 2019	—	12.00	—	12.00	24.00
FY2019 ending March 2020	—	14.00	—		
FY2019 ending March 2020 (forecast)				14.00	28.00

*Revisions to the projected dividends : No

3. Business Forecasts for FY2019 ending March 2020 (April 1, 2019 - March 31, 2020)

"%" 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	147,000	(1.1)	10,000	(26.5)	8,000	(30.4)	4,300	(34.3)	40.72

*Revisions to the 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)

	FY2018 ended March 2019	3rd quarter of FY2019
Assets		
Current assets		
Cash and deposits	13,894	16,965
Notes and accounts receivable - trade	45,609	34,727
Merchandise and finished goods	18,509	21,697
Work in process	1,377	1,440
Raw materials and supplies	11,254	13,077
Other	7,608	8,568
Allowance for doubtful accounts	(2,098)	(2,056)
Total current assets	96,154	94,420
Non-current assets		
Property, plant and equipment	16,950	21,736
Intangible assets		
Goodwill	13,162	11,542
Other	19,252	17,157
Total intangible assets	32,415	28,700
Investments and other assets	14,767	14,609
Total non-current assets	64,133	65,045
Total assets	160,288	159,466
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,990	12,215
Current portion of bonds	—	10,000
Short-term borrowings	13,563	22,809
Lease obligations	641	1,424
Income taxes payable	1,420	771
Provision for product warranties	1,069	1,170
Other	15,675	14,959
Total current liabilities	44,360	63,350
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term borrowings	10,497	5,072
Lease obligations	3,853	5,185
Provision for retirement benefits for directors (and other officers)	57	43
Retirement benefit liability	6,391	5,310
Other	3,979	3,869
Total non-current liabilities	44,779	29,480
Total liabilities	89,139	92,831
Net assets		
Shareholders' equity		
Share capital	16,658	16,680
Capital surplus	20,819	20,630
Retained earnings	37,595	35,104
Treasury shares	(2,091)	(3,170)
Total shareholders' equity	72,981	69,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	879	1,245
Deferred gains or losses on hedges	5	0
Foreign currency translation adjustment	(3,776)	(4,592)
Remeasurements of defined benefit plans	(1,051)	(923)
Total accumulated other comprehensive income	(3,943)	(4,270)
Share acquisition rights	47	45
Non-controlling interests	2,063	1,614
Total net assets	71,148	66,634
Total liabilities and net assets	160,288	159,466

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2018	3rd quarter of FY2019
Net sales	103,106	100,724
Cost of sales	48,399	47,431
Gross profit	54,707	53,293
Selling, general and administrative expenses	47,948	50,230
Operating profit	6,758	3,062
Non-operating income		
Interest income	98	144
Dividend income	43	56
Other	231	189
Total non-operating income	374	390
Non-operating expenses		
Interest expenses	736	679
Share of loss of entities accounted for using equity method	69	176
Foreign exchange losses	241	457
Other	473	367
Total non-operating expenses	1,521	1,681
Ordinary profit	5,611	1,771
Extraordinary income		
Gain on extinguishment of debts	148	—
Gain on sales of investment securities	—	140
Total extraordinary income	148	140
Extraordinary losses		
Loss on sales of shares of subsidiaries	—	556
Loss on retirement of non-current assets	497	—
Extra retirement payments	150	—
Loss on abolishment of retirement benefit plan of subsidiaries and associates	231	—
Total extraordinary losses	879	556
Profit before income taxes	4,880	1,355
Income taxes - current	2,211	720
Income taxes - deferred	(3)	374
Total income taxes	2,208	1,094
Profit	2,672	261
Profit attributable to non-controlling interests	154	7
Profit attributable to owners of parent	2,518	254

[Segment Information by business category]

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.

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.

[Overseas Sales]

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

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

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.