

# Consolidated Financial Results

(Japanese GAAP)

FY2017 ending March 2018

TOPCON CORPORATION

Release Date: January 30, 2018

## 1. Summary of Third Quarter Business Results for FY2017 ending March 2018 (April 1, 2017 - December 31, 2017)

"%" 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 FY2017	101,660	16.3	6,227	41.1	5,319	76.8	2,946	235.3
3rd quarter of FY2016	87,422	(4.5)	4,412	6.3	3,009	(5.8)	878	(20.0)

Note: Comprehensive income  
 3rd quarter of FY2017 7,959 million yen [ 448.9% ]  
 3rd quarter of FY2016 1,450 million yen [ 74.0% ]

	Basic earnings per share	Diluted earnings per share
	yen	yen
3rd quarter of FY2017	27.80	27.79
3rd quarter of FY2016	8.29	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
3rd quarter of FY2017	162,800	69,084	40.2	617.41
FY2016 ended March 2017	158,280	63,313	37.7	563.30

Note: Shareholders' equity  
 3rd quarter of FY2017 65,453 million yen  
 FY2016 ended March 2017 59,716 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
FY2016 ended March 2017	—	8.00	—	8.00	16.00
FY2017 ending March 2018	—	10.00			
FY2017 ending March 2018 (forecast)			—	10.00	20.00

\*Revisions to the projected dividends : No

## 3. Business Forecasts for FY2017 ending March 2018 (April 1, 2017 - March 31, 2018)

"%" 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	138,000	7.5	12,000	25.6	10,500	37.7	5,900	34.2	55.65

\*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)

	FY2016 ended March 2017	3rd quarter of FY2017
<b>Assets</b>		
Current assets		
Cash and deposits	15,570	18,194
Notes and accounts receivable - trade	41,201	36,819
Merchandise and finished goods	19,988	22,277
Work in process	1,930	1,931
Raw materials and supplies	10,429	11,121
Other	11,650	12,554
Allowance for doubtful accounts	(1,680)	(1,901)
Total current assets	99,089	100,996
Non-current assets		
Property, plant and equipment	15,129	16,632
Intangible assets		
Goodwill	14,553	14,386
Other	21,481	21,719
Total intangible assets	36,035	36,106
Investments and other assets	8,025	9,065
Total non-current assets	59,190	61,804
Total assets	158,280	162,800
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	10,353	11,512
Short-term loans payable	16,296	19,206
Lease obligations	687	639
Income taxes payable	991	407
Provision for product warranties	920	965
Other	12,904	13,469
Total current liabilities	42,153	46,200
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	16,725	12,483
Lease obligations	4,901	4,524
Provision for directors' retirement benefits	43	47
Net defined benefit liability	6,743	5,877
Other	4,399	4,582
Total non-current liabilities	52,813	47,515
Total liabilities	94,966	93,716
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	20,950	20,819
Retained earnings	29,344	30,369
Treasury shares	(2,089)	(2,090)
Total shareholders' equity	64,844	65,737
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	740	2,221
Deferred gains or losses on hedges	40	(0)
Foreign currency translation adjustment	(3,849)	(1,211)
Remeasurements of defined benefit plans	(2,059)	(1,293)
Total accumulated other comprehensive income	(5,127)	(283)
Subscription rights to shares	—	24
Non-controlling interests	3,596	3,606
Total net assets	63,313	69,084
Total liabilities and net assets	158,280	162,800

Consolidated quarterly statements of income

(Unit: million yen)

	3rd quarter of FY2016	3rd quarter of FY2017
Net sales	87,422	101,660
Cost of sales	42,296	49,765
Gross profit	45,125	51,894
Selling, general and administrative expenses	40,713	45,667
Operating profit	4,412	6,227
Non-operating income		
Interest income	58	83
Dividend income	22	35
Foreign exchange gains	—	240
Other	174	149
Total non-operating income	255	507
Non-operating expenses		
Interest expenses	670	672
Share of loss of entities accounted for using equity method	204	103
Foreign exchange losses	551	—
Other	232	640
Total non-operating expenses	1,658	1,415
Ordinary profit	3,009	5,319
Extraordinary income		
Gain on transfer of business	—	141
Total extraordinary income	—	141
Extraordinary losses		
Loss on valuation of investment securities	—	267
Office transfer expenses	115	—
Special retirement expenses	59	—
Total extraordinary losses	174	267
Profit before income taxes	2,834	5,193
Income taxes - current	1,431	2,751
Income taxes - deferred	353	(400)
Total income taxes	1,785	2,350
Profit	1,049	2,843
Profit (loss) attributable to non-controlling interests	170	(102)
Profit attributable to owners of parent	878	2,946

[Segment Information by business category]

3rd quarter of FY2016 (April 1, 2016 - December 31, 2016)

(Unit: million yen)

	Reportable segment					Elimination & Common	Total
	Smart Infrastructure Business	Positioning Company	Eye Care Business	Other	Sub-Total		
Sales							
Sales to unaffiliated customers	16,618	38,323	29,907	2,573	87,422	—	87,422
Intercompany sales or transfer	5,826	2,411	171	22	8,431	(8,431)	—
Total	22,445	40,734	30,078	2,596	95,854	(8,431)	87,422
Segment Profit (Operating Income)	1,702	3,010	1,716	(123)	6,306	(1,894)	4,412

Note: Segment Profit (1,894) on "Elimination & Common" is goodwill amortization expense which is not distributed to each reportable segment.

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.

[Overseas Sales]

3rd quarter of FY2016 (April 1, 2016 - December 31, 2016)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	24,039	22,118	5,825	9,896	6,161	68,041
Consolidated Sales						87,422
Ratio to Consolidated Sales (%)	27.5	25.3	6.7	11.3	7.0	77.8

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

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.