

# Consolidated Financial Results

(Japanese GAAP)

FY2018 ending March 2019

TOPCON CORPORATION

Release Date: July 31, 2018

## 1. Summary of First Quarter Business Results for FY2018 ending March 2018 (April 1, 2018 - June 30, 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	%
1st quarter of FY2018	33,406	5.8	1,905	44.3	1,601	35.7	492	47.0
1st quarter of FY2017	31,578	20.4	1,321	79.4	1,180	—	334	—

Note: Comprehensive income  
1st quarter of FY2018 1,735 million yen [ (18.8%) ]  
1st quarter of FY2017 2,136 million yen [ —% ]

	Basic earnings per share	Diluted earnings per share
	yen	yen
1st quarter of FY2018	4.64	4.64
1st quarter of FY2017	3.16	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
1st quarter of FY2018	163,353	68,862	40.2	619.67
FY2017 ended March 2018	160,747	68,336	40.5	614.78

Note: Shareholders' equity  
1st quarter of FY2018 65,691 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	—				
FY2018 ending March 2019 (forecast)		12.00	—	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
First half	70,000	2.9	5,000	9.4	4,200	2.7	2,100	12.5	19.81
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	1st quarter of FY2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,316	18,564
Notes and accounts receivable - trade	44,647	39,563
Merchandise and finished goods	19,019	20,429
Work in process	1,863	1,742
Raw materials and supplies	10,545	11,477
Other	6,788	6,407
Allowance for doubtful accounts	(1,967)	(2,067)
Total current assets	95,214	96,118
Non-current assets		
Property, plant and equipment	15,900	16,355
Intangible assets		
Goodwill	14,771	15,744
Other	20,692	20,738
Total intangible assets	35,464	36,483
Investments and other assets	14,168	14,396
Total non-current assets	65,533	67,235
Total assets	160,747	163,353
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,384	10,985
Short-term loans payable	17,776	20,408
Lease obligations	670	635
Income taxes payable	1,519	945
Provision for product warranties	1,075	1,101
Other	14,417	15,743
Total current liabilities	47,843	49,819
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	10,449	10,591
Lease obligations	4,390	4,248
Provision for directors' retirement benefits	48	50
Net defined benefit liability	5,883	5,747
Other	3,795	4,034
Total non-current liabilities	44,567	44,672
Total liabilities	92,411	94,491
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,638	16,638
Capital surplus	20,799	20,799
Retained earnings	33,464	32,808
Treasury shares	(2,090)	(2,090)
Total shareholders' equity	68,811	68,155
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,757	2,009
Deferred gains or losses on hedges	(7)	(24)
Foreign currency translation adjustment	(4,158)	(3,306)
Remeasurements of defined benefit plans	(1,228)	(1,142)
Total accumulated other comprehensive income	(3,637)	(2,463)
Share acquisition rights	29	39
Non-controlling interests	3,133	3,130
Total net assets	68,336	68,862
Total liabilities and net assets	160,747	163,353

Consolidated quarterly statements of income

(Unit: million yen)

	1st quarter of FY2017	1st quarter of FY2018
Net sales	31,578	33,406
Cost of sales	15,660	15,328
Gross profit	15,917	18,077
Selling, general and administrative expenses	14,596	16,171
Operating profit	1,321	1,905
Non-operating income		
Interest income	23	59
Dividend income	11	35
Foreign exchange gains	188	—
Other	38	78
Total non-operating income	262	173
Non-operating expenses		
Interest expenses	213	275
Share of loss of entities accounted for using equity method	49	27
Foreign exchange losses	—	57
Settlement package	90	—
Other	48	117
Total non-operating expenses	402	477
Ordinary profit	1,180	1,601
Extraordinary losses		
Special retirement expenses	—	150
Total extraordinary losses	—	150
Profit before income taxes	1,180	1,451
Income taxes - current	785	567
Income taxes - deferred	0	324
Total income taxes	786	891
Profit	394	559
Profit attributable to non-controlling interests	59	67
Profit attributable to owners of parent	334	492

[Segment Information by business category]

1st quarter of FY2017 (April 1, 2017 - June 30, 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	5,678	16,040	9,021	837	31,578	—	31,578
Intercompany sales or transfer	2,162	1,187	64	8	3,423	(3,423)	—
Total	7,841	17,227	9,086	846	35,001	(3,423)	31,578
Segment Profit (Operating Income)	793	1,684	(451)	(49)	1,977	(656)	1,321

Note: Segment Profit (656) on "Elimination & Common" is mainly goodwill amortization expense which is not distributed to each reportable segment.

1st quarter of FY2018 (April 1, 2018 - June 30, 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	5,486	17,480	9,988	450	33,406	—	33,406
Intercompany sales or transfer	2,695	950	58	0	3,704	(3,704)	—
Total	8,182	18,430	10,047	450	37,110	(3,704)	33,406
Segment Profit (Operating Income)	877	1,823	246	(19)	2,929	(1,023)	1,905

Note: Segment Profit (1,023) on "Elimination & Common" are mainly goodwill amortization expense and corporate expense (advanced research and development expense), both of which are not distributed to each reportable segment.

[Overseas Sales]

1st quarter of FY2017 (April 1, 2017 - June 30, 2017)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	9,117	8,133	1,974	4,162	2,196	25,584
Consolidated Sales						31,578
Ratio to Consolidated Sales (%)	28.9	25.8	6.3	13.2	7.0	81.0

1st quarter of FY2018 (April 1, 2018 - June 30, 2018)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	10,323	9,116	2,018	3,744	2,151	27,354
Consolidated Sales						33,406
Ratio to Consolidated Sales (%)	30.9	27.3	6.0	11.2	6.4	81.9

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.