

# Quarterly Report

1st Quarter : 3 months ended June 30, 2018

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

**Part .1**

**1st Quarter : from April 1 to June 30, 2018 <IFRS>**

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**Notes:**

1. HOYA's fiscal year (FY) : from April 1 to March 31 of the following year.
2. These financial statements are excerpt translation of Japanese "*Kessan Tanshin*" and have been prepared for the references only of foreign investors.

## HOYA CORPORATION

This report is provided solely for the information of professional analysts who are expected to make their own evaluation of the company. This report contains forward-looking statements that are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, currency exchange rates, etc.

We accept no liability whatsoever for any direct or consequential loss arising from any use of this report.

## 1. Quarterly Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

### 1. Performance for the three months ended June 30, 2017 and 2018 (All operations \*Notes)

( The yen amounts shown therein are rounded off to the nearest million.)

	Three months ended		Variance (%)
	Jun. 30, 2017	<b>Jun. 30, 2018</b>	
(1)Revenue and Profit before tax			
Revenue	127,158	138,891	9.2
Profit before tax	30,548	35,220	15.3
Ratio of profit before tax(%)	24.0%	25.4%	
Profit for the quarter	25,193	28,490	13.1
Ratio of profit for the quarter(%)	19.8%	20.5%	
Profit attributable to owners of the Company	25,119	28,506	13.5
Ratio of profit attributable to owners of the Company(%)	19.8%	20.5%	
Basic earnings per share (yen)	64.71	75.11	
Diluted earnings per share (yen)	64.56	74.96	

	As of	
	Mar. 31, 2018	<b>Jun. 30, 2018</b>
(2)Financial Position		
Total assets	650,645	662,134
Total equity	530,677	547,296
Equity attributable to owners of the Company	526,193	542,847
Ratio of assets attributable to owners of the Company	80.9%	82.0%
Assets attributable to owners of the Company per share (yen)	1,386.49	1,430.21

	Three months ended	
	Jun. 30, 2017	<b>Jun. 30, 2018</b>
(3) Conditions of Cash Flows		
Net cash generated from operating activities	24,820	25,781
Net cash used in investing activities	-4,533	-32,169
Free cash flow	20,287	-6,387
Net cash provided by (used in ) financing activities	-17,084	-16,938
Cash and cash equivalents at end of period	304,183	226,208

### 2. Projected Results for the First Half (Six months ending September 30, 2018) for All Operations

	Six months ended/ending		Variance (%)
	Sep. 30, 2017	<b>Sep. 30, 2018</b>	
Revenue	262,930	278,000	5.7
Profit before tax	63,416	69,000	8.8
Profit for the term	51,960	56,000	7.8
Profit attributable to owners of the Company	52,285	56,000	7.1
Profit for the term per share (Yen)	134.81	147.54	—

### 3. Other

	Three months ended	
	Jun. 30, 2017	<b>Jun. 30, 2018</b>
Capital expenditure	4,408	6,228
R&D expenses	5,463	6,650

#### Notes:

"All operations" means here that the figures are including not only "Continuing operations" but also "Discontinued operations".

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.

## 2. Results of Operations

### 1) General Overview

The overall global economy was strong during the first quarter of the consolidated fiscal year under review (three months ended June 30, 2018). The economy of the United States continued to expand, while the economy of Europe grew at a moderate pace. The Chinese economy demonstrated stability throughout the period. The economy of Japan was similarly stable during the period. However, fears about the global economy are rising as the protectionist stance of the United States provokes economic friction with other countries around the world.

Given this environment, the HOYA Group saw higher sales of eyeglass lenses and contact lenses for health care applications. In medical-related products, sales of endoscopes and intraocular lenses for cataracts rose year on year. The combined performance of these products drove Life Care segment sales higher for the period first three months of fiscal 2018.

The Information Technology segment reported higher sales of electronics-related semiconductor mask blanks and LCD photomasks. At the same time, sales of glass substrates for hard disk drives were level with the same period in the prior fiscal year. Imaging-related product sales rose year on year. As a result, the Information Technology segment as a whole reported higher revenues year on year.

As a result, sales for the consolidated first quarter increased 9.2% year on year, reaching 138,891 million yen.

Quarterly profit before tax amounted to 35,220 million yen with 28,490 million yen in profit, representing year-on-year increases of 15.3% and 13.1%, respectively.

Profit before tax ratio was 25.4%, representing a year-on-year increase of 1.4 points.

Disclosed figures and change ratios are for businesses with continuing operations. There were no discontinued businesses in the first quarter or in the same quarter of the previous year.

### 2) Segment Overview

The following discusses results by reportable segment. (Segment sales represent sales to external customers.)

#### Life Care

##### <Health care related products>

Eyeglass lens sales in Japan were level with the same period in the prior fiscal year. Overseas sales grew year on year. We stably captured market growth in Asia, while our own organic growth in the Americas, combined with our acquisition of Performance Optics, LLC, resulted in a significant jump in sales in that region.

New store openings of our Eyecity contact lens specialty stores, as well as new customer expansion efforts at existing stores, resulted in higher year-on-year sales for contact lenses.

##### <Medical related products>

Medical-use endoscope sales were strong in the U.S. and Europe in response to measures to strengthen our sales systems.

Sales of intraocular lenses for cataracts in Japan were solid. Overseas, our highly competitive Vivinex product outperformed year on year.

As a result, sales for the Life Care segment grew 10.2% year on year, reaching 91,302 million yen. Segment profit rose 23.6% year on year to 17,409 million yen.

## Information Technology

### <Electronics related products>

The smartphone market has slowed, while the market for end products using HOYA components, such as PCs and tablets, continues to be saturated. However, sales revenues of mask blanks for semiconductors grew year on year. This growth was mainly due to our capturing active research and development demand for cutting-edge products.

Sales revenues of photomasks for LCDs were level with the strong performance of the year-ago period, as research and development demand recovered, while we grew our business in the expanding Chinese market.

Our 2.5-inch products make up the majority of sales revenues of glass substrates for hard disk drives. Overall demand for hard disk drives had been strong since the second half of fiscal 2016 due to NAND flash memory supply shortages. NAND supply recovered in the preceding fourth quarter, and demand for hard disk drives returned to normal levels overall. Accordingly, sales of 2.5-inch glass substrates for hard disk drives fell compared to the same period in the prior fiscal year. Sales revenues of 3.5-inch products grew significantly, adopted for use in data centers, which are the end users of these products. As a result of these factors, sales of glass substrates for hard disk drives were level with the same period in the prior fiscal year.

### <Imaging related products>

While contraction of the digital camera market slowed last fiscal year, contraction began again due to the encroachment of smartphones and other products. However, sales of products for surveillance cameras and other new applications expanded, driving overall growth for imaging-related products.

As a result, Information Technology segment sales revenues rose 6.9% year on year, reaching 46,567 million yen. Segment profit rose 14.3% to 19,047 million yen.

## Other

The HOYA Group Other business segment consists of new businesses and businesses offering information systems services. The Other segment reported sales revenues of 1,022 million yen, an increase of 28.8% year on year. Segment profit fell 61.3% to 72 million yen.

### 3.Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2018		As of Jun. 30, 2018		Variance		As of Jun. 30, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
NON-CURRENT ASSETS								
Property, plant and equipment-net	105,493		105,543		50		102,575	
Goodwill	31,892		32,916		1,024		14,353	
Intangible assets	36,863		36,307		-556		25,984	
Investments in associates	1,476		1,462		-14		1,524	
Long-term financial assets	15,595		42,662		27,067		7,401	
Other non-current assets	2,302		2,329		27		2,521	
Deferred tax assets	10,834		9,241		-1,593		8,433	
Total non-current assets	204,455	31.4	230,461	34.8	26,006	12.7	162,791	24.5
CURRENT ASSETS								
Inventories	71,341		72,875		1,534		65,742	
Trade and other receivables	107,632		108,872		1,240		99,644	
Other short-term financial assets	4,955		4,895		-60		16,350	
Income tax receivables	1,228		923		-306		348	
Other current assets	15,198		17,901		2,703		16,704	
Cash and cash equivalents	245,835		226,208		-19,628		304,183	
Total current assets	446,190	68.6	431,674	65.2	-14,516	-3.3	502,971	75.5
Total assets	650,645	100.0	662,134	100.0	11,490	1.8	665,762	100.0

(Millions of Yen)

	As of Mar. 31, 2018		As of Jun. 30, 2018		Variance		As of Jun. 30, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
Share capital	6,264		6,264		—		6,264	
Capital reserves	15,899		15,899		—		15,899	
Treasury shares	-10,886		-10,635		251		-6,136	
Other capital reserves	-6,660		-6,702		-42		-5,443	
Retained earnings	529,818		541,240		11,422		514,022	
Accumulated other comprehensive income/(loss)	-8,242		-3,219		5,023		-866	
Equity attributable to owners of the Company	526,193	80.9	542,847	82.0	16,654	3.2	523,740	78.7
Non-controlling interests	4,484		4,449		-35		4,868	
Total equity	530,677	81.6	547,296	82.7	16,619	3.1	528,608	79.4
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	451		473		22		480	
Other long-term financial liabilities	6,983		6,939		-44		4,812	
Retirement benefits liabilities	2,127		2,227		99		2,088	
Provisions	2,398		2,437		38		2,423	
Other non-current liabilities	956		972		15		807	
Deferred tax liabilities	2,774		2,749		-25		2,781	
Total non-current liabilities	15,690	2.4	15,796	2.4	106	0.7	13,391	2.0
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	1,901		1,876		-26		36,932	
Trade and other payables	46,555		46,736		181		41,064	
Other short-term financial liabilities	643		703		60		500	
Income tax payables	12,355		6,719		-5,636		6,655	
Provisions	1,280		1,286		6		1,350	
Other current liabilities	41,542		41,722		180		37,263	
Total current liabilities	104,277	16.0	99,042	15.0	-5,235	-5.0	123,764	18.6
Total liabilities	119,967	18.4	114,838	17.3	-5,129	-4.3	137,154	20.6
Total equity and liabilities	650,645	100.0	662,134	100.0	11,490	1.8	665,762	100.0
Total number of issued shares in thousand	379,514		379,559		44		388,262	
Equity attributable to owner of the Company per share	1,386.49 Yen		1,430.21 Yen		43.72 Yen		1,348.93 Yen	

## (2) Quarterly Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended		Variance	Three months ended Mar. 31, 2018
	Jun. 30, 2017	Jun. 30, 2018		
Cash flows from operating activities				
Profit before tax	30,548	35,220	4,672	26,150
Depreciation and amortization	7,319	6,845	-474	7,234
Impairment losses	—	—	—	5,615
Finance income	-459	-482	-23	-413
Finance costs	260	82	-178	68
Share of (profits)/loss of associates	-6	-1	5	4
(Gain)/loss on sales of property, plant and equipment	-22	-81	-58	-277
Loss on disposal of property, plant and equipment	14	71	58	351
Gain on business transfer	—	-3	-3	—
Foreign exchange (gain)/loss	-502	-137	365	-319
Others	-3,964	-2,648	1,317	2,486
Net cash generated from operating activities (Before adjustment of movements in working capital)	33,186	38,866	5,680	40,900
Movements in working capital				
Decrease/(increase) in inventories	300	-1,591	-1,891	850
Decrease/(increase) in trade and other receivables	58	-1,620	-1,678	-1,451
Increase/(decrease) in trade and other payables	-567	-61	507	3,005
Increase/(decrease) in retirement benefits liabilities and provisions	15	101	87	14
Sub total	32,991	35,696	2,704	43,318
Interests received	418	361	-56	311
Dividends received	7	8	-1	0
Interests paid	-25	-5	20	-19
Income taxes paid	-9,001	-10,631	-1,631	-4,313
Income taxes refunded	429	353	-76	186
Net cash generated from operating activities	24,820	25,781	962	39,483
Cash flows from investing activities				
Withdrawals of time deposit	5,007	4,299	-709	1,366
Payments for time deposit	-3,738	-4,254	-517	-612
Proceeds from sales of property, plant and equipment	31	907	877	128
Payments for acquisition of property, plant and equipment	-3,942	-5,733	-1,790	-4,690
Proceeds from sales of investment	—	—	—	959
Payments for acquisition of investment	-1,333	-27,000	-25,667	—
Proceeds from sales of subsidiary	—	—	—	78
Payments for purchase of subsidiary	-55	-56	-1	—
Payments to non-controlling interests upon merger	—	—	—	5
Proceeds from business transfer	—	4	4	—
Payments for business transfer	-141	-89	52	—
Other proceeds	70	123	53	111
Other payments	-431	-368	62	-729
Net cash used in investing activities	-4,533	-32,169	-27,636	-3,385
Cash flows from financing activities				
Dividends paid to owners of the Company	-17,467	-17,012	455	-26
Repayments of long-term borrowings	-74	-64	9	-133
Payments for redemption of bonds	-11	-14	-3	—
Payments for purchase of treasury shares	-0	-1	-0	-9,696
Proceeds from exercise of stock options	467	152	-315	141
Proceeds from share issuance to non-controlling shareholders	—	—	—	45
Net cash used in financing activities	-17,084	-16,938	146	-9,669
Net increase/(decrease) in cash and cash equivalents	3,203	-23,326	-26,528	26,429
Cash and cash equivalents at the beginning of the term	296,851	245,835	-51,016	228,586
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	4,130	3,698	-432	-9,180
Cash and cash equivalents at the end of the term	304,183	226,208	-77,976	245,835

### (3) Quarterly Consolidated Statement of Comprehensive Income

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

				For the three months ended		Variance		(millions of Yen) For the three months ended	
				Jun. 30,2017		Jun. 30,2018		Mar. 31,2018	
				Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>									
<b>Revenue:</b>									
Sales				127,158	100.0	138,891	100.0	11,733	9.2
Finance income				459	0.4	482	0.3	23	5.0
Share of profit of associates				6	0.0	1	0.0	-5	-84.1
Other income				687	0.5	504	0.4	-183	-26.6
<b>Total Revenue</b>				128,310	100.9	139,878	100.7	11,568	9.0
<b>Expenses:</b>									
Changes in inventories of goods, products and work in progress				-446	-0.4	-461	-0.3	-15	3.4
Raw materials and consumables used				20,335	16.0	22,238	16.0	1,903	9.4
Employee benefits expense				30,208	23.8	32,561	23.4	2,353	7.8
Depreciation and amortization				7,319	5.8	6,845	4.9	-474	-6.5
Subcontracting cost				1,140	0.9	1,299	0.9	159	14.0
Advertising and promotion expense				3,559	2.8	3,207	2.3	-352	-9.9
Commission expense				7,833	6.2	8,367	6.0	535	6.8
Impairment losses				—	—	—	—	—	—
Finance costs				260	0.2	82	0.1	-178	-68.4
Share of loss of associates				—	—	—	—	—	—
Foreign exchange (gain)/loss				-365	-0.3	454	0.3	819	-224.4
Other expenses				27,920	22.0	30,065	21.6	2,146	7.7
<b>Total expense</b>				97,762	76.9	104,658	75.4	6,896	7.1
Profit before tax				30,548	24.0	35,220	25.4	4,672	15.3
Income tax expense				5,355	4.2	6,730	4.8	1,375	25.7
<b>Profit for the term from all operations</b>				25,193	19.8	28,490	20.5	3,297	13.1
<b>Other comprehensive income:</b>									
Items that will not be reclassified subsequently to profit or loss									
Assets measured at fair value through other comprehensive income				—		34		34	—
Remeasurements of the net defined benefit liability(asset)				—		-4		-4	—
Income tax relating to components of other comprehensive income				-0		-12		-12	—
<b>Total Items that will not be reclassified subsequently to profit or loss</b>				-0		18		18	—
Items that may be reclassified subsequently to profit or loss									
Net gain on revaluation of available-for-sale financial assets				70		—		-70	—
Exchange differences on translation of foreign operations				4,854		5,104		250	5.2
Share of other comprehensive income of associates				-12		-15		-3	24.1
Income tax relating to components of other comprehensive income				-20		-109		-89	451.5
<b>Total Items that may be reclassified subsequently to profit or loss</b>				4,892		4,980		88	1.8
<b>Total other comprehensive income/(loss)</b>				4,892		4,998		106	2.2
<b>Total comprehensive income for the quarter</b>				30,085		33,488		3,403	11.3
<b>Profit attributable to :</b>									
Owners of the Company				25,119		28,506		3,386	13.5
Non-controlling interests				74		-16		-90	—
<b>Total</b>				25,193		28,490		3,297	13.1
<b>Total comprehensive income/(loss) attributable to :</b>									
Owners of the Company				29,735		33,523		3,788	12.7
Non-controlling interests				350		-35		-385	—
<b>Total</b>				30,085		33,488		3,403	11.3
<b>Basic earnings/(loss) per share (yen)</b>									
Continuing operations				64.71		75.11		10.40	
Discontinued operations				—		—		—	
<b>Basic earnings per share (yen)</b>				64.71		75.11		10.40	円
<b>Diluted earnings/(loss) per share (yen)</b>									
Continuing operations				64.56		74.96		10.40	
Discontinued operations				—		—		—	
<b>Diluted earnings per share (yen)</b>				64.56		74.96		10.40	円

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2018 B	2018 A	Influences	Real change	(%)
Sales	138,860	138,891	31	11,702	9.2%
Profit before tax	34,883	35,220	337	4,335	14.2%
Profit for the quarter	28,191	28,490	299	2,998	11.9%

		For the three months ended		
		Jun. 30, 2017	Jun. 30, 2018	Variance(%)
2. Average rates of major foreign currencies				
US\$	Yen	111.42	109.53	1.7%
Euro	Yen	124.26	129.01	-3.8%
Thai Baht	Yen	3.25	3.39	-4.3%



## (4) Segment Information

### <Overview of major products and services of reportable segments>

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on a regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorized "life and culture" and "information technology" as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Life Care business, the Information Technology business and Other business, which are consistent with the above business domains.

In the Life Care business, the Group produces and sells health care related products that are used in the healthcare and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically required to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act in Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent the critical elements for operating this business.

In the Information Technology business, the Group has developed an extensive range of products following the digitalization of information and the emergence of the Internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

Other business mainly includes the business that provides information system services and new businesses.

The main products and services for each "reportable segment" described above are as follows:

Reportable Segment		Major Products and Services
Life Care	Health care related products	Eyeglass lenses, Contact lenses, etc.
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone, Metallic implants for orthopedics, etc.
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), etc.
	Imaging related products	Optical lenses, Optical glasses, Lens modules, Laser equipment, etc.
Other		Design of information systems, Speech synthesis software, etc.

## 1. Segment revenues and results

(Millions of Yen)

For the three months ended Jun. 30, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	82,814	43,551	794	127,158	0	127,158
Inter-segment	1	38	415	454	-454	—
<b>Total</b>	82,815	43,589	1,209	127,612	-454	127,158
Segment profit before tax	14,082	16,668	186	30,936	-388	30,548
Segment profit before tax ratio	17.0%	38.2%	15.4%	24.2%	—	24.0%
Ref: Profit from ordinary operating activities	14,060	16,574	179	30,814	-1,065	29,749
% of revenue	17.0%	38.0%	14.8%	24.1%	—	23.4%

For the three months ended Jun. 30, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	91,302	46,567	1,022	138,891	—	138,891
Inter-segment	1	33	352	386	-386	—
<b>Total</b>	91,302	46,601	1,375	139,278	-386	138,891
Segment profit before tax	17,409	19,047	72	36,529	-1,308	35,220
Segment profit before tax ratio	19.1%	40.9%	5.2%	26.2%	—	25.4%
Ref: Profit from ordinary operating activities	17,840	18,784	33	36,658	-1,335	35,323
% of revenue	19.5%	40.3%	2.4%	26.3%	—	25.4%

Ref : Difference between the results of the quarter under review and the same period the previous year is as follows:

	Life Care	Information Technology	Other	Total	Adjustments	All operations
<b>Variance</b>						
Revenue from external customers	8,488	3,017	228	11,733	-0	11,733
Variance	10.2%	6.9%	28.8%	9.2%	—	9.2%
Inter-segment	-0	-5	-63	-68	68	—
<b>Total</b>	8,488	3,012	166	11,665	68	11,733
Segment profit before tax	3,328	2,379	-114	5,592	-920	4,672
Variance	23.6%	14.3%	-61.3%	18.1%	—	15.3%
Profit from ordinary operating activities	3,780	2,210	-146	5,844	-269	5,574
Variance	26.9%	13.3%	-81.5%	19.0%	25.3%	18.7%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period the previous year. unit : millions of Yen)

	2018B	2018A	Influences	Real change	(%)
Life Care					
Revenue from external customers	90,965	91,302	337	8,152	9.8%
Profit from ordinary operating activities	17,592	17,840	248	3,532	25.1%
Segment profit before tax	16,990	17,409	420	2,908	20.6%
Information Technology					
Revenue from external customers	46,874	46,567	-307	3,323	7.6%
Profit from ordinary operating activities	18,846	18,784	-62	2,272	13.7%
Segment profit before tax	19,116	19,047	-69	2,448	14.7%

Ref : Results of the previous quarter are as follows:

For the three months ended Mar. 31, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	91,884	42,648	1,391	135,923	0	135,923
Inter-segment	1	89	438	527	-527	—
<b>Total</b>	91,884	42,736	1,829	136,450	-527	135,923
Segment profit before tax	10,902	15,707	364	26,973	-824	26,150
Segment profit before tax ratio	11.9%	36.8%	19.9%	19.8%	—	19.2%
Ref: Profit from ordinary operating activities	18,110	16,117	360	34,588	-1,546	33,042
% of revenue	19.7%	37.7%	19.7%	25.3%	—	24.3%

Note: Profit from ordinary operating activities is operating profit before finance income/costs, share of profits(loss) of associates, foreign exchange gain/loss and other temporary gain/loss.

## 2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(Millions of Yen)			
	For the three months ended				Variance		For the three months ended		
	Jun. 30,2017		Jun. 30,2018				Mar. 31,2018		
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	

### Revenue from all operations

Life Care	82,814	65.1	91,302	65.7	8,488	10.2	91,884	67.6
Health care related products	62,077	[ 75.0 ]	69,630	[ 76.3 ]	7,553	12.2	69,144	[ 75.3 ]
Medical related products	20,737	[ 25.0 ]	21,671	[ 23.7 ]	935	4.5	22,739	[ 24.7 ]
Information Technology	43,551	34.2	46,567	33.5	3,017	6.9	42,648	31.4
Electronics related products	33,517	[ 77.0 ]	35,431	[ 76.1 ]	1,914	5.7	31,861	[ 74.7 ]
Imaging related products	10,034	[ 23.0 ]	11,136	[ 23.9 ]	1,103	11.0	10,787	[ 25.3 ]
Other	794	0.6	1,022	0.7	228	28.8	1,391	1.0
Corporate (including R&D)	0	0.0	—	—	-0	-100.0	-0	0.0
<b>Total revenue from all operations</b>	<b>127,158</b>	<b>100.0</b>	<b>138,891</b>	<b>100.0</b>	<b>11,733</b>	<b>9.2</b>	<b>135,923</b>	<b>100.0</b>

Notes 1. Figures in [ ] are percentages of each segment.

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2018B	2018A	Influences	Real change	(%)
Life Care	90,965	91,302	337	8,152	9.8%
Health care related products	69,519	69,630	111	7,442	12.0%
Medical related products	21,446	21,671	225	710	3.4%
Information Technology	46,874	46,567	-307	3,323	7.6%
Electronics related products	35,784	35,431	-353	2,266	6.8%
Imaging related products	11,090	11,136	46	1,057	10.5%

## 3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

	(Millions of \$)							
	For the three months ended				Variance		For the three months ended	
	Jun. 30,2017		Jun. 30,2018				Mar. 31,2018	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Total revenue from all operations	127,158	100.0	138,891	100.0	11,733	9.2	135,923	100.0
Japan	38,563	30.3	39,891	28.7	1,328	3.4	38,880	28.6
Americas	20,254	15.9	24,077	17.3	3,824	18.9	23,791	17.5
Europe	25,195	19.8	26,842	19.3	1,647	6.5	28,476	20.9
Asia/Oceania	41,552	32.7	46,343	33.4	4,791	11.5	42,657	31.4
Others	1,594	1.3	1,738	1.3	144	9.0	2,120	1.6

Note: Geographical areas are based on the location of customers.

## 4. Projected Results for the First Half (All Operations)

(Six months ending Sep. 30, 2018)

	<u>Millions of Yen</u>		
	<u>Six months ended/ending</u>		variance
	Sep.30,2017	<b>Sep.30,2018</b>	(%)
Revenue	262,930	278,000	5.7
Profit before tax	63,416	69,000	8.8
Profit for the term	51,960	56,000	7.8
Profit attributable to owners of the Company	52,285	56,000	7.1
Basic earnings per share (Yen)	134.81	147.54	12.73

Ref: for the 2nd quarter

### 1. Year-on-year comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Sep.30,2017	<b>Sep.30,2018</b>	(%)
Revenue	135,772	139,109	2.5
Profit before tax	32,868	33,780	2.8
Profit for the term	26,767	27,510	2.8
Profit attributable to owners of the Company	27,166	27,494	1.2
Basic earnings per share (Yen)	70.11	72.43	2.32

### 2. Quarter-on-quarter comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	June 30,2018	<b>Sep.30,2018</b>	(%)
Revenue	138,891	139,109	0.2
Profit before tax	35,220	33,780	-4.1
Profit for the term	28,490	27,510	-3.4
Profit attributable to owners of the Company	28,506	27,494	-3.5
Basic earnings per share (Yen)	75.11	72.43	-2.68

Notes:

To calculate expected profit for the term per share, expected profit for the term is divided by expected average number of shares through the term.

*These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.*

<Reference>

**Supplementary data for 1st Quarter: from April 1 to June 30, 2018**

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY17-1Q	FY18-1Q	Variance	Foreign exchange	Others
Revenue	127,158	138,891	11,733	31	11,702
Life Care	82,814	91,302	8,488	337	8,152
Health care related products	62,077	69,630	7,553	111	7,442
Medical related products	20,737	21,671	935	225	710
Information Technology	43,551	46,567	3,017	-307	3,323
Electronics related products	33,517	35,431	1,914	-353	2,266
Imaging related products	10,034	11,136	1,103	46	1,057
Profit from ordinary operating activities	29,749	35,323	5,574	182	5,392
Life Care	14,060	17,840	3,780	248	3,532
Information Technology	16,574	18,784	2,210	-62	2,272
Other, adjustment (Corporate)	-886	-1,302	-416	-4	-412
Profit before tax	30,548	35,220	4,672	337	4,335
Life Care	14,082	17,409	3,328	420	2,908
Information Technology	16,668	19,047	2,379	-69	2,448
Other, adjustment (Corporate)	-202	-1,237	-1,034	-14	-1,021

<All operations ~ Adjustments to "Profit from ordinary operating activities">

	All operations		
	FY17-1Q	FY18-1Q	Variance
Profit before tax	30,548	35,220	4,672
Adjustments	799	-103	-902
Finance income	459	482	23
Finance costs	-260	-82	178
Share of loss of associates	6	1	-5
Foreign exchange (gain)/loss	365	-454	-819
Others	230	-49	-279
Profit from ordinary operating activities	29,749	35,323	5,574

<Segment ~ Adjustments to "Profit from ordinary operating activities">

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY17-1Q	FY18-1Q	Variance	FY17-1Q	FY18-1Q	Variance	FY17-1Q	FY18-1Q	Variance
Profit before tax	14,082	17,409	3,328	16,668	19,047	2,379	-202	-1,237	-1,034
Adjustments	22	-431	-453	94	263	169	684	65	-619
Finance income	80	116	36	83	134	51	295	232	-63
Finance costs	-123	-315	-192	-71	-75	-5	-67	308	375
Share of loss of associates	6	7	1	0	3	3	-	-9	-9
Foreign exchange (gain)/loss	90	-188	-277	115	195	80	160	-461	-622
Others	-32	-52	-20	-33	6	40	295	-4	-299
Profit from ordinary operating activities	14,060	17,840	3,780	16,574	18,784	2,210	-886	-1,302	-416