

Consolidated Financial Results

(Japanese GAAP)
FY2019 ending March 2020
TOPCON CORPORATION
Release Date: July 31, 2019

1. Summary of First Quarter Business Results for FY2019 ending March 2020 (April 1, 2019 - June 30, 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	%
1st quarter of FY2019	32,747	(2.0)	1,009	(47.0)	567	(64.6)	(375)	—
1st quarter of FY2018	33,406	5.8	1,905	44.3	1,601	35.7	492	47.0

Note: Comprehensive income
1st quarter of FY2019 (1,665) million yen (— %)
1st quarter of FY2018 1,735 million yen (18.8 %)

	Basic earnings per share	Diluted earnings per share
	yen	yen
1st quarter of FY2019	(3.54)	—
1st quarter of FY2018	4.64	4.64

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	%
1st quarter of FY2019	153,864	67,959	43.0	624.13
FY2018 ended March 2019	160,288	71,148	43.1	651.11

Note: Shareholders' equity
1st quarter of FY2019 66,177 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
	yen	yen	yen	yen	yen
FY2018 ended March 2019	—	12.00	—	12.00	24.00
FY2019 ending March 2020	—				
FY2019 ending March 2020 (forecast)		14.00	—	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	154,000	3.6	14,500	6.6	12,500	8.7	8,000	22.2	75.45

*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 financial statements

Consolidated balance sheets

(Unit: million yen)

	FY2018 ended March 2019	1st quarter of FY2019
Assets		
Current assets		
Cash and deposits	13,894	15,477
Notes and accounts receivable - trade	45,609	38,233
Merchandise and finished goods	18,509	19,564
Work in process	1,377	1,389
Raw materials and supplies	11,254	11,513
Other	7,608	6,412
Allowance for doubtful accounts	(2,098)	(1,998)
Total current assets	96,154	90,593
Non-current assets		
Property, plant and equipment	16,950	18,849
Intangible assets		
Goodwill	13,162	12,337
Software	10,122	10,019
Other	9,130	7,390
Total intangible assets	32,415	29,747
Investments and other assets	14,767	14,673
Total non-current assets	64,133	63,270
Total assets	160,288	153,864
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,990	11,098
Short-term borrowings	13,563	13,489
Lease obligations	641	1,280
Accrued expenses	9,829	9,044
Income taxes payable	1,420	423
Provision for product warranties	1,069	1,170
Other	5,846	4,833
Total current liabilities	44,360	41,340
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	10,497	10,113
Lease obligations	3,853	5,189
Provision for retirement benefits for directors (and other officers)	57	61
Retirement benefit liability	6,391	5,369
Other	3,979	3,830
Total non-current liabilities	44,779	44,564
Total liabilities	89,139	85,904
Net assets		
Shareholders' equity		
Share capital	16,658	16,658
Capital surplus	20,819	20,819
Retained earnings	37,595	35,947
Treasury shares	(2,091)	(2,091)
Total shareholders' equity	72,981	71,333
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	879	1,034
Deferred gains or losses on hedges	5	24
Foreign currency translation adjustment	(3,776)	(5,204)
Remeasurements of defined benefit plans	(1,051)	(1,009)
Total accumulated other comprehensive income	(3,943)	(5,155)
Share acquisition rights	47	63
Non-controlling interests	2,063	1,718
Total net assets	71,148	67,959
Total liabilities and net assets	160,288	153,864

Consolidated statements of income

(Unit: million yen)

	1st quarter of FY2018	1st quarter of FY2019
Net sales	33,406	32,747
Cost of sales	15,328	15,055
Gross profit	18,077	17,692
Selling, general and administrative expenses	16,171	16,682
Operating profit	1,905	1,009
Non-operating income		
Interest income	59	70
Dividend income	35	31
Share of profit of entities accounted for using equity method	—	18
Other	78	50
Total non-operating income	173	170
Non-operating expenses		
Interest expenses	275	248
Share of loss of entities accounted for using equity method	27	—
Foreign exchange losses	57	284
Other	117	79
Total non-operating expenses	477	613
Ordinary profit	1,601	567
Extraordinary losses		
Loss on sales of shares of subsidiaries	—	562
Extra retirement payments	150	—
Total extraordinary losses	150	562
Profit before income taxes	1,451	4
Income taxes - current	567	94
Income taxes - deferred	324	316
Total income taxes	891	411
Profit (loss)	559	(406)
Profit (loss) attributable to non-controlling interests	67	(31)
Profit (loss) attributable to owners of parent	492	(375)

[Segment Information by business category]

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 is mainly goodwill amortization expense and corporate expense (advanced research and development expense), both of which are not distributed to each reportable segment.

1st quarter of FY2019 (April 1, 2019 - June 30, 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	4,902	17,270	10,257	316	32,747	—	32,747
Intercompany sales or transfer	2,140	917	64	0	3,121	(3,121)	—
Total	7,043	18,188	10,321	316	35,869	(3,121)	32,747
Segment Profit (Operating Income)	797	1,203	114	(47)	2,066	(1,057)	1,009

Note: Segment Profit (1,057) 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]

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

1st quarter of FY2019 (April 1, 2019 - June 30, 2019)

(Unit: million yen)

	North America	Europe	China	Asia / Oceania	Other	Total
Overseas sales	9,720	8,789	2,200	3,392	2,325	26,429
Consolidated Sales						32,747
Ratio to Consolidated Sales (%)	29.7	26.8	6.7	10.4	7.1	80.7

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.