**Business Overview**
(For the year ending March 31, 2018)

### POSITIONING COMPANY

**Major Products**
- GNSS receiver
- Machine control system
- IT agriculture system
- IT site management solution

**Fields**
- IT construction
- IT agriculture
- GNSS surveying

**Sales Ratio (%)** 47.8%

### SMART INFRASTRUCTURE BUSINESS

**Major Products**
- Total Station (Motorized robotic Total Station, Imaging Station)
- Mobile mapping system
- 3D laser scanner
- Data collector
- Theodolite
- Levels/digital level
- Self-leveling construction laser
- Pipe Laser
- Asset management system (Cloud-based Total Station management system)

**Fields**
- Surveying/ Construction/ Building
- 3D measurement/ monitoring
- BIM
- IT agriculture

**Sales Ratio (%)** 18.7%

### EYE CARE BUSINESS

**Major Products**
- 3D optical coherence tomography system (3D OCT)
- Retinal camera
- Ophthalmic digital image filing system
- Auto refractometer/ Auto kerato-refractometer
- Slit lamp
- Computerized tonometer
- Lens edger
- Lens meter
- Ophthalmic laser photoagulator

**Fields**
- Preventive medicine/ physical checkups
- Examination
- Diagnosis
- Treatment

**Sales Ratio (%)** 31.8%

*Sales ratio figures are calculated based on sales to external customers.*
**Strengths** We are providing products and systems using high-precision GNSS positioning technology in the fields of GNSS surveying, IT construction, and IT agriculture on a global scale.

**Strategies** With GNSS positioning technology at the heart of our activities, we will lead the market in IT construction by the innovative technology not found in other companies. We will also expand our share in new IT agricultural field through generating synergy effects through M&As.

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**Strengths** We are utilizing high-precision position data acquired through combining optical technologies we have developed since our founding with cutting-edge technologies including lasers and image processing.

**Strategies** We will work to strengthen core businesses and develop high value-added growing businesses. At the same time, we will build global manufacturing, sales, and engineering structures and work toward becoming an industry leader.

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**Strengths** We will provide total IoT medical network solutions through our expanded product lineup, ranging from examination and diagnostic systems (hardware) using optomechatronic technology to IT solutions including image processing software, and telemedicine systems.

**Strategies** We are expanding our business domains from the core fields of examination, diagnostic, and treatment to include physical checkups, screening, and prognostic management. In addition, we will make every effort to generate stable profits on a worldwide basis.
FY2017 Financial Results
The Positioning Company posted net sales of ¥74,945 million, up 23.7% year on year, backed by solid growth in IT construction and IT agriculture systems in various regions. Operating income rose 43.3% to ¥8,018 million mainly due to increase in net sales. Thanks to substantial increases in revenue and earnings, we reported record highs for both net sales and operating income.

In particular, we posted a 20% year-on-year increase in sales of IT construction systems which had entered a period of widespread use. In IT agriculture, we enjoyed 30% growth in sales, thanks to recovery in grain prices and expanding OEM sales. In preparation for future market growth, we made investments to develop advanced technologies and enhance our sales network.

By region, we reported sales growth in North America, where our IT construction and IT agriculture systems performed well, and posted higher sales in regions including Europe, Asia and Oceania, China.

Future Initiatives
The Positioning Company has developed a paving work system as a new pillar supporting its IT construction systems business. Called “integrated resurfacing system,” it features a mechanism for automating all of the processes—pavement measurement, design, milling, paving, and compaction—through integrated data. Centralized control of data also helps in terms of maintenance. For example, it enables decisions on resurfacing after the paving work has been completed.

In IT agriculture, we will strengthen our sales capabilities, especially in the aftermarket, through the acquisition of one of Europe’s largest distributors. We will also aim to increase sales in the OEM market by expanding cross-selling in collaboration with more than 200 OEM partners.

Release of Topcon Agriculture Platform (TAP™)
Topcon has developed Topcon Agriculture Platform (TAP), which brings together multiple agricultural work systems and displays that are fitted into different tractors into a single unit to improve operational efficiency and productivity.

In the United States and Europe, advances in IT agriculture have led to widespread use of systems that manage information using independent displays by each agricultural task such as irrigating and composting. This results in situations where multiple displays are installed in the cockpit, which is burdensome for operators.

With TAP, information related to agricultural work is centrally managed in the cloud, enabling operators to recall only the information necessary for tasks of the moment onto one display. In addition to improving the productivity of individual tractors, TAP provides operators with centrally controlled information for use to manage all aspects of agricultural work. We position TAP as the core system of our agriculture-related businesses because it allows centralized management of all processes pertaining to IT agriculture.
FY2017 Financial Results
The Smart Infrastructure Business posted net sales of ¥36.626 billion, up 10.7% year on year mainly due to growth in i-Construction and IT agriculture in Japan. Operating income surged 29.5% to ¥5.102 billion due to higher net sales.

The current year saw a remarkable improvement in profitability with the operating margin rising 2% from 11.9% to 13.9%. The main driving forces were i-Construction and IT agriculture in Japan: the former increased by 40% year-on-year in operating income, and the latter almost tripled with a 190% jump in operating income.

In the year under review, we promoted the use of a common platform for our Total Stations, which are our core products, with the aim of improving profitability.

We performed well outside Japan as well. We reported steady sales of Total Stations in North America and Europe. We also enjoyed sales growth in Asia and Oceania, as well as in other regions such as the Middle East and Latin America.

Future Initiatives
In the Smart Infrastructure Business, we will target ongoing sales growth in i-Construction and IT agriculture. In i-Construction, under the initiative of Japan’s Ministry of Land, Infrastructure, Transport and Tourism in its third year, we will further enhance educational support and systems to address the shortage of technicians and engineers, which has become an serious issue. In IT agriculture, we will step up sales to small farms.

Furthermore, we will complete our shift to common platforms for our Total Stations, thereby reducing the number of models from 300 to 30. At the same time, we will consolidate our production operations in Topcon Yamagata. In addition, we will target full-scale entry into the Building Information Modeling (BIM) market, taking advantage of our ability to easily link measurement with design data thanks to our acquisition of ClearEdge3D.

Full-scale Entry into Building Information Modeling (BIM) Market
On February 2018, Topcon has acquired ClearEdge3D, a U.S. company offering software technologies and products for the efficient 3D modeling of point cloud data obtained from drones, laser scanners and other devices. This marks our full-scale entry into the BIM market which brings about more efficient production processes in the construction field.

By combining ClearEdge3D’s three-dimensional (3D) model construction technology with our own 3D measurement technologies using drones and 3D scanners, we can seamlessly link basic design data—using measurement data—with construction data from the site (these two data sets were previously fragmented). As a result, the work that it took nine weeks to complete previously is now expected to be completed in three days, ensuring improved productivity and major reductions in construction periods. The construction industry has been thought to be slow in improving efficiency of production process. Nevertheless, recent moves in the United Kingdom and other countries to make BIM mandatory focus on efficiency improvement. Going forward, we will aim to grow in the BIM market by leveraging our 3D measurement technologies along with the 3D modeling technologies of ClearEdge3D.

* “i-Construction” is a registered trademark of National Institute for Land and Infrastructure Management, MLIT, Japan.
EYE CARE BUSINESS

FY2017 Financial Results
The Eye Care Business recorded a 7.8% year-on-year increase to ¥46,515 million in net sales owing largely to growth in sales of 3D optical coherence tomography (OCT) systems mainly in the United States. On the other hand, operating income declined by 21.6% to ¥2,038 million due to an increase in the costs of upfront investments in IoT-related fields as well as sluggish sales in Europe.

Our 3D OCT systems, the core products of the Eye Care Business, performed well, with 3D OCT Maestro enjoying particularly healthy sales. During the year, we also obtained Food and Drug Administration (FDA) approval in the United States for our top-end 3D OCT Triton which we subsequently started selling. In addition, sales of the Topcon TRC-NW400 retinal camera in the screening market grew significantly.

In addition to North America, we posted increased sales of 3D OCT Maestro in Asia and Oceania.

Future Initiatives
In the Eye Care Business, we will focus on expanding sales of the top-end 3D OCT Triton, which we launched in the United States in fiscal 2017. We will expand our sales targets from university hospitals and other research organizations to clinical practices that have broader horizons. As for 3D-OCT Maestro, which received FDA approval in July 2016, we will broaden sales coverage to include health screenings at clinics where there is greater market potential than existing clinical uses. We aim to expand sales in markets other than North America through focusing on our two main OCT systems—Triton and Maestro.

In addition, we will work to expand our businesses in the eye care field, specifically preventive and prognostic care areas. To this end, we will promote upfront investments and commercialization aimed at launching an IoT business in this field.

TOPICS
Upfront Investments and Commercialization aimed at IoT Business Launch
One of our growth strategies in the eye care business is to expand our presence in the screening field. As part of this strategy, we acquired KIDE Clinical Systems, a Finland-based data management company specializing in ophthalmology.

KIDE has a system that allows remote diagnosis in image-reading centers of examination data taken by examination equipment. Its vendor-neutral system is compatible with equipment made by any company. Despite our enhanced performances of Maestro, Triton, and other equipment, we have not developed a system for accurately diagnosing data measured by the equipment. With KIDE’s system, we will establish a remote diagnosis capability. In addition to Northern Europe, where we have developed our business centered on large-scale optical chainstores, we will reinforce sales in Central Europe and Southern Europe.

In the meantime, we have formed an alliance with U.S.-based IDx in the eye care business. IDx is the world’s first company to obtain FDA approval for an AI automated diagnostic system, which it developed using our Topcon TRC-NW400 retinal camera. Going forward, we will use this system to perform diagnoses related to diabetic retinopathy, thus aiming for early detection and treatment of eye diseases as well as improved medical efficiency.