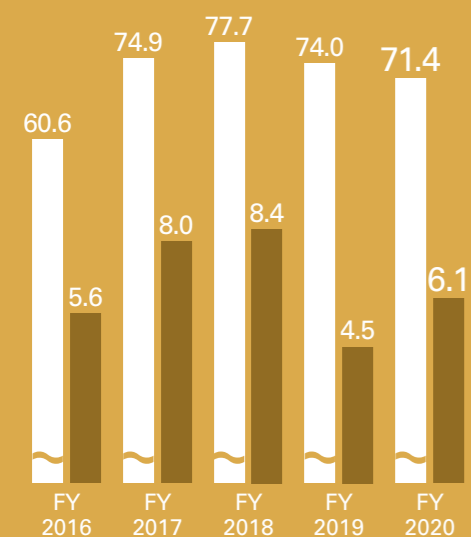


POSITIONING COMPANY

Net Sales: **¥71.4 billion**
(down 3.5% year-on-year)

Operating Income: **¥6.1 billion**
(up 33.6% year-on-year)

■ Net Sales ■ Operating Income
(Billion yen)



FY2020 Financial Results

Although the Positioning Company was affected by lockdowns mainly in Europe and North America in the first quarter, sales remained strong against a backdrop of robust demand as an essential business. In the construction field, the U.S. housing construction market recovered rapidly, which pushed up sales of laser products. IT Construction was also on a recovery trend, and aftermarket sales increased in IT Agriculture. As a result, net sales decreased by 3.5% year-on-year to ¥71,416 million. Operating income increased by a substantial 33.6% year-on-year to ¥6,064 million, due mainly to a reduction in selling, general and administrative expenses.

Outlook for Business Conditions in FY2021 and Beyond

We believe that demand will continue to grow in the construction and agriculture fields especially in the U.S. and Europe against the backdrop of strong housing and infrastructure investment and high level of grain prices. On the other hand, there are causes for concern, including rising prices of components and logistics costs, and the impact of semiconductor shortages on production and the resulting prolongation of lead times.

Growth Strategy under the Third Mid-term Business Plan

In IT Construction, we are steadily promoting development of demands for our strategic product, automated excavator system. In addition, we are also expanding our repaving business targeting the maintenance of aging roads in developed countries, and rolling out our subscription business. We believe there are major untapped markets in emerging countries and small-scale OEM. We will develop these markets by strengthening our sales capabilities through alliances and expanding our sales network through M&As.

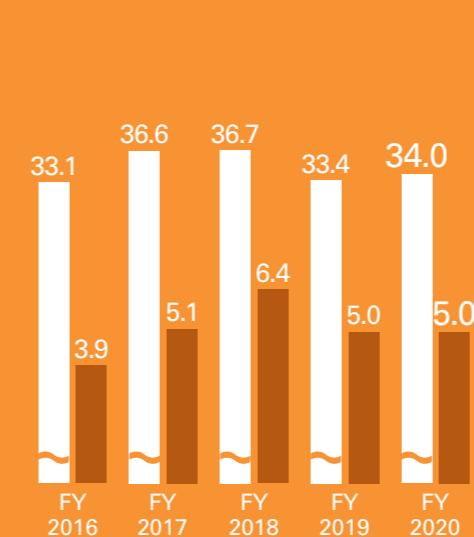
As with IT Construction, we are developing untapped markets for IT Agriculture in emerging countries and small-scale OEM. We are also capturing new customers while improving our products in our subscription business using cloud-based IoT solutions.

SMART INFRASTRUCTURE BUSINESS

Net Sales: **¥34.0 billion**
(up 1.7% year-on-year)

Operating Income: **¥5.0 billion**
(down 1.1% year-on-year)

■ Net Sales ■ Operating Income
(Billion yen)



FY2020 Financial Results

Although the Smart Infrastructure Business was impacted by COVID-19 in the first quarter, sales saw an increase against the backdrop of robust demand as an essential business. In Japan, the impact of COVID-19 was limited, partly due to healthy demand resulting from the expansion of i-Construction projects and others as well as increased sales of IT Agriculture products owing to a subsidy program by the national government. Meanwhile, sales declined in parts of Asia, India and the Middle East due to the prolonged spread of COVID-19. As a result, net sales increased by 1.7% year-on-year to ¥33,982 million. Operating income was flat year-on-year at ¥4,972 million due in part to the impact of a temporary decline in plant operating rates in order to use up inventories from the end of the previous fiscal year, despite the increase in net sales and continued reductions in selling, general and administrative expenses.

Outlook for Business Conditions in FY2021 and Beyond

In Japan, the National Resilience policy is providing a tailwind for the continued increase in construction projects utilizing IT. We also expect progress in automation for IT Agriculture against the backdrop of a deep-rooted need for laborsaving. Meanwhile, the timing of the recovery in Southeast Asia is uncertain due to the spread of COVID-19 variants. Additionally, there are causes for concern, including rising prices of components and logistics costs, and the impact of semiconductor shortages on production and the resulting prolongation of lead times.

Growth Strategy under the Third Mid-term Business Plan

In the Japanese domestic market, i-Construction is being used increasingly not only in construction projects managed directly by the national government, but also in local government projects. Amid an anticipation of further growth in this market, we will strive to expand our business with solutions in IT Construction and 3D measurement. Through our epoch-making machine guidance system for small-sized excavators to easily adopt ICT feature launched in 2021, we will grow our business by expanding the scope of our markets from our conventional medium to large-sized excavators to small-sized excavators whose market is larger.

The market for IT Agriculture is growing amid the tailwind provided by increased demand for automation and certain government subsidies. We will continue to capture these needs through proactive sales strategies.

With regard to developing the BIM market, major construction companies are starting to utilize our products as they promote DX revolution at their construction sites. In order to fill in the gap between the virtual and the real, our 3D measurement equipment and software construct 3D data of worksites thereby saving labor and improving the quality and productivity of construction.

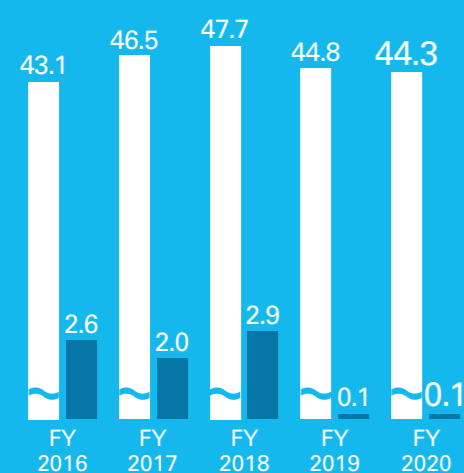
* i-Construction is a registered trademark of the National Institute for Land and Infrastructure Management, Ministry of Land, Infrastructure, Transport and Tourism.

EYE CARE BUSINESS

Net Sales: **¥44.3 billion**
(down 1.1% year-on-year)

Operating Income: **¥0.1 billion**
(down 10.5% year-on-year)

■ Net Sales ■ Operating Income
(Billion yen)



FY2020 Financial Results

In the Eye Care Business, demands dropped sharply as a result of lockdowns imposed due to COVID-19. However, demand has been on a recovery trend after bottoming out in April 2020. The market recovered rapidly from the third quarter onward due to vigorous demand for tele-optometry system that supports social distancing as well as the market recovery and the effects of reorganization of our sales network in China. As a result, net sales decreased by 1.1% year-on-year to ¥44,251 million. Although we worked to reduce fixed expenses, operating income decreased by 10.5% year-on-year to ¥122 million mainly due to the impact of a decline in net sales.

Outlook for Business Conditions in FY2021 and Beyond

We expect screening demand to grow strongly in the U.S. and Europe. The growth trend for the business in China is continuing despite some uncertainties. Meanwhile, the timing of the recovery in Southeast Asia is uncertain due to the spread of COVID-19 variants. Additionally, there are causes for concern, including rising prices of components and logistics costs, and the impact of semiconductor shortages on production and the resulting prolongation of lead times.

Growth Strategy under the Third Mid-term Business Plan

We have identified the Screening Business and our China Business as our two main growth businesses, and are focusing our efforts on expanding them.

With regard to the Screening Business, our development subsidiary in the U.S. has actively recruited from outside the Company. The subsidiary is developing proprietary software to support optical chain stores and primary care physicians to enable them, non-ophthalmologists, to conduct eye screenings. We will work to expand our Screening Business with solutions that bundle this software with 3D OCT-1 Maestro and TRC-NW4 0 0, our fully automatic screening equipment, that can be operated with a single touch. As many AI development companies enter the screening market and AI automatic diagnosis services using our products are expanding, we will work to expand sales of our products.

In our business in China, we will continue to capture vigorous demands by reinforcing our system for approaching customers such as large hospitals, exam chains, and optical stores through the reorganization of our sales network.

* Optical chain stores in Japan are not in the scope of our Screening Business.

TOPICS

Topcon is selected “Digital Transformation Stocks (DX Stocks) 2021” for two consecutive years by Ministry of Economy, Trade and Industry and Tokyo Stock Exchange

DX Stocks are designated for companies that establish internal structures to promote DX that leads to the improvement of corporate values, and aggressively continue to take on challenges to transform their management and the entire business model based on the premise of digital technology. Topcon was selected as one of the 28 domestic listed companies that scored highest in the overall rating of this year's assessment among approximately 3,700 domestic listed companies in the Tokyo Stock Exchange (First Section, Second Section, Mothers, JASDAQ). In the fields of healthcare, agriculture and infrastructure, our business model and growth strategy toward creating new value, and our comprehensive efforts to support it, such as global organizational reform, human resource management, and the development of the IT environment, were highly appreciated.

We have set a corporate identity of “contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure”, and is promoting efforts to aim to solve societal challenges in each business field utilizing DX solutions.



Productivity and quality improvement in building construction work and cloud-based agricultural management IoT software solutions were highly acclaimed for 2021.



METI presentation material



1 DX solution to improve productivity and quality in building construction work

Although BIM has already been introduced and spread in the design stage of construction work, there is no solution to connect the three-dimensional digital model (virtual) created by BIM to the construction site (real). What is occurring is that construction works are carried out by printing out on two-dimensional paper drawings.

We develop software that links BIM data with sensing devices such as 3D digital surveying instruments and laser scanners. Then, we propose DX solutions that realize “automation of construction work”, and improve labor saving, construction quality and productivity by using BIM linkage solutions that bridge the gap between real and virtual.

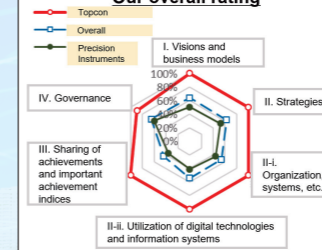
2 Cloud-based agricultural management IoT software solution

We are promoting “automation of farm operations” by providing Auto Steering System for tractors, various crop growth and yield sensors, and software for fertilizer application design and dairy farming.

TAP (Topcon Agriculture Platform) is a software to propose further improvement of work efficiency by collecting and analyzing data, and the control of equipment related to the farming cycle in the cloud.

It is vendor-free and can be connected to any farming machinery and system, providing a DX solution that addresses food shortages resulting from global population growth.

Our overall rating



DX: Digital Transformation

A status in which a company responds to significant changes in its business environment by using data and digital technology to establish a competitive advantage based on transformation of its products, services, or business model, as well as innovating its operations, organization, processes, or corporate culture in accordance with the needs of its customers and society.

News Release by the Ministry of Economy, Trade and Industry Announcing DX Stocks
<https://www.meti.go.jp/press/2021/06/20210607003/20210607003.html> (Japanese only)