

Topcon Report 2022

A heart-shaped Earth, symbolizing a human touch in digital transformation.

A digital transformation
with a human touch

Topcon for Human Life

Societal Challenges Topcon Should Face

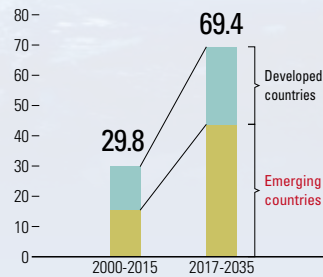
Topcon is committed to sustainably increasing its corporate value,
based on the Corporate Identity stated in the TOPCON WAY:
Topcon contributes to enrich human life by solving the societal
challenges within healthcare, agriculture and infrastructure.



**Shortage of Skilled
Engineers Resulting from
Globally Rising
Infrastructure Demands**

**Necessity of resilient infrastructure
in the wake of climate change**

Increasing Demand for Infrastructure
(Trillion Dollars)

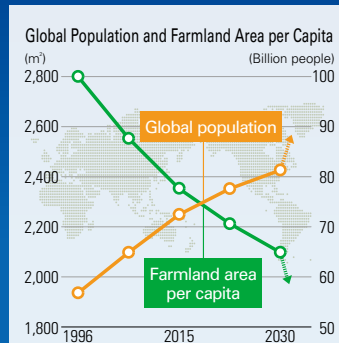


Sources: GVI, HIS Global Insight, ITF, Nation Statics, McKinsey Global Institute analysis



**Food Shortages
Resulting from Global
Population Growth**

**Stable securing of crops in
unstable climate**



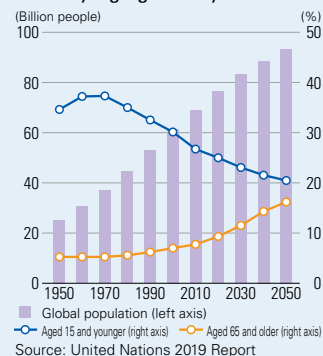
Source: Topcon's estimates based on documents by the Food and Agriculture Organization of the United Nations (FAO)



**Increase in Eye Disease
Resulting from Global
Population Aging**

**Global shortage of
ophthalmologists**

Globally Aging Society



Source: United Nations 2019 Report

Topcon's Commitment to Addressing Societal Challenges
in Healthcare, Agriculture and Infrastructure

**Enriching the lives of people around the world
with cutting-edge DX solutions**



A digital transformation
with a human touch

Topcon celebrated its 90th anniversary since its foundation on September 1, 2022.

By combining the precision optical technology Topcon has developed since its founding with cutting-edge technology acquired through M&As with overseas technology venture companies, Topcon will create potential markets with DX solutions rather than rely on its experience and intuition to solve societal challenges in healthcare, agriculture and infrastructure and create a sustainable society.

Topcon was selected as one of the “Digital Transformation Stocks (DX Stocks) 2022” for three consecutive years, as jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



Philosophy System

TOPCON WAY

Under current business situation such that it is always required to demonstrate its all-round ability, it redefined and clarified its common values transcending nationalities and individual companies in order to exert its strengths such as global scale and diversity, and to build a self-supporting organizational culture. Every employee conducts TOPCON WAY, and Topcon group will step in brandnew direction for centennial through which it does not only conduct its strategies to strengthen the profitability by foreseeing changes of business environment, but also enhance its capability with the mindset of TOPCON WAY.

Corporate Identity

Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.

Management Policy

Topcon focuses on leading-edge technology to provide new value through innovation and manufacturing.

Topcon respects diversity and acts as a global company.

Topcon places the utmost priority on compliance and continues to be a trustworthy partner to all stakeholders.

Table of Contents

01



Introduction

Societal Challenges Topcon Should Face	01
Topcon's Commitment to Addressing Societal Challenges in Healthcare, Agriculture and Infrastructure	02
Philosophy System	03
Table of Contents	04
Topcon's Overview	05

07



Value Creation of TOPCON

Value Creation Process	07
Societal Value Topcon Provides	09

11



Message from the CEO

A Venture Company with 90 Years of Tradition

—The History and Future of Creating New Markets—

15



Topcon's Manufacturing Craftsmanship

90 Years of History and Venture Spirit 1	15
90 Years of History and Venture Spirit 2	17
Highly Globalized	19
Advanced Technology	21

23



Strategies by Business

POSITIONING COMPANY	24
SMART INFRASTRUCTURE BUSINESS	25
EYE CARE BUSINESS	26

27



Sustainability

Sustainability	27
Environmental Initiatives	29
Societal Initiatives	32

35



Governance

Corporate Governance Initiatives	35
Compliance/Risk Management	39
Interview with an Outside Director	43
Management Structure	45

47



Information

Financial Highlights	47
Discussion and Analysis of Financial Results	49
Topcon Group List	51
Corporate Profile and Stock Information	52

Editorial Policy

As stated in our Corporate Identity, Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure. Based on this identity, Topcon strives to contribute to the development of society and conservation of the global environment, through its unique products and services. In FY2016, we began publishing the Integrated Report, "Topcon Report" in order to inform the public regarding our initiatives to continuously increase Topcon's corporate value over the long term. The Topcon Report centers on information that has a significant impact on our corporate value. It uses as references the disclosure framework of the International Integrated Reporting Council (IIRC), as well as the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.



Note on performance forecasts and outlook statements

All plans, strategies, future performance forecasts, and outlooks presented in this report are based on information currently available to the Company. Our actual performance may deviate from these statements if conditions change in the future.

Topcon's Overview

Main Products and Solutions



Topcon's proprietary technologies which realize to enhance the automation of construction process

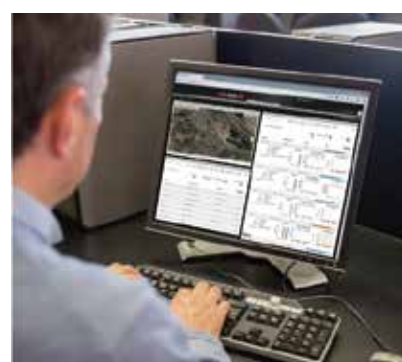
IT Construction



3D Measurement Equipment



Real-time Construction Management System



Topcon's proprietary technologies which realize to enhance the automation of farm operations

Auto Steering System for Agricultural Machines



Laser-type Crop Sensor



Agriculture Management System



Topcon's proprietary technologies which realize to create a system for eye screening

Fully Automatic Screening Equipment



Tele-optometry System

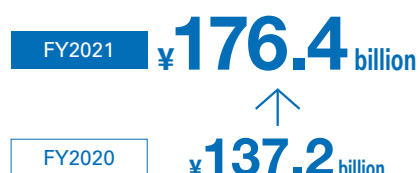


Data Management System



At a Glance

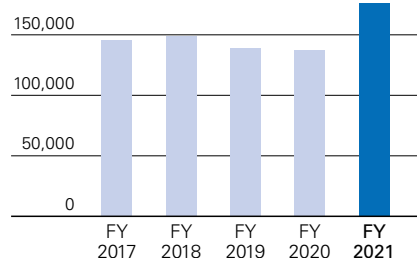
Net Sales



Net Sales

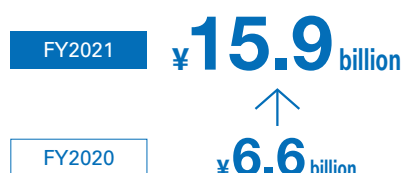
(Million yen)

200,000



Despite the impact of supply chain disruptions, net sales in FY2021 reached a record high as a result of capturing the strong demand.

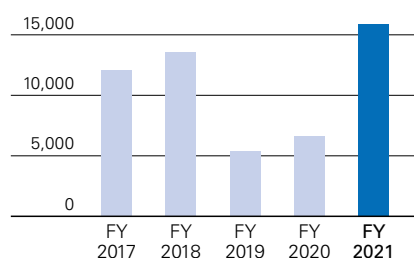
Operating Income



Operating Income

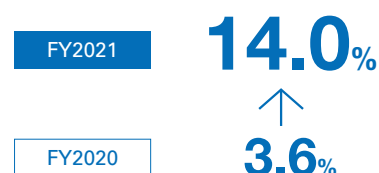
(Million yen)

20,000



Operating income for FY2021 was ¥15.9 billion, 99% of the record high, despite the impact of higher component and logistics costs.

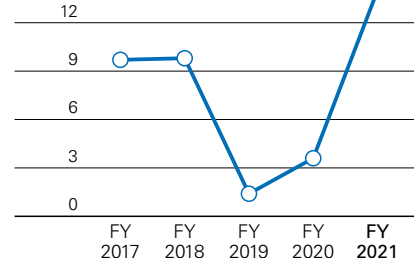
ROE



ROE

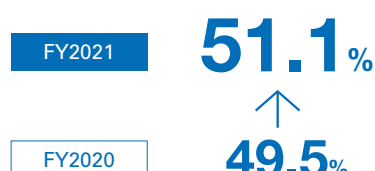
(%)

15

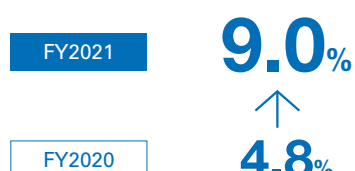


ROE for FY2021 was 14%, achieving the range (13–15%) set forth in the Third Mid-term Business Plan.

Gross Profit



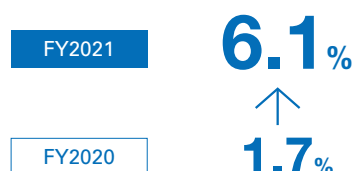
Operating Income Ratio



Net Income Attributable to Owners of the Parent



Net Income Ratio



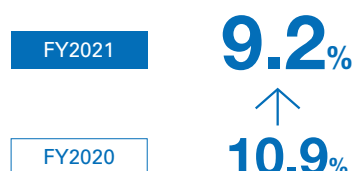
Capital Expenditure



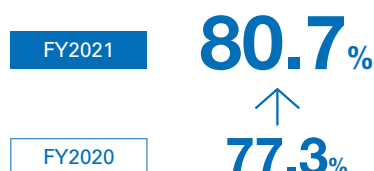
Depreciation



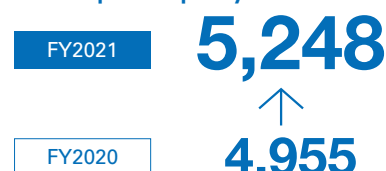
Ratio of R&D Expenditure to Net Sales



Overseas Sales Ratio



Number of Group Employees



Value Creation Process

Topcon is committed to leveraging its management resources/strengths to realize its Corporate Identity, described as: Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure. Topcon will also contribute to the creation of a sustainable society with a focus on ESG initiatives.

Changes in the External Environment and Societal Challenges

Increase in eye disease resulting from global population aging

Global shortage of ophthalmologists

Food shortages resulting from global population growth

Stable securing of crops in unstable climate

Shortage of skilled engineers resulting from globally rising infrastructure demands

Necessity of resilient infrastructure in the wake of climate change

Inputs (Management Resources)



Financial capital

pp.47-50

Sound financial base



Manufactured capital

pp.19-20

15 production bases in 8 countries



Intellectual capital

pp.19-22

27 development bases in 11 countries



Human capital

pp.32-33

Securing and training diverse human resources to support value creation



Social and Relationship capital

pp.19-20

63 sales bases in 29 countries



Natural capital

pp.29-31

CO₂ and water emissions

Contributing to a reduction in environmental impact through our core businesses

Business (Business Activities and Strategies)

Management Vision

pp.9-14

Expand our businesses and solve the societal challenges within the growing market of healthcare, agriculture and infrastructure

Business Segments

pp.23-26



Positioning Company

- Surveying
- Construction/Building
- Civil Engineering
- Agriculture



Smart Infrastructure Business

- Surveying
- Construction/Building
- Civil Engineering
- Agriculture



Eye Care Business

- Examination/Diagnosis/ Treatment for ophthalmology
- Screening (Preventive/ Prognostic)
- Phoropter for Optical Stores

Source of Manufacturing

pp.15-22

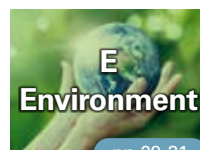
90 years of history and venture spirit

Highly globalized

Advanced technology

Foundation Supporting Value Creation

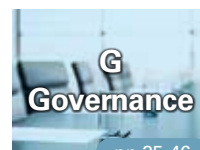
pp.27-46



pp.29-31



pp.32-34



pp.35-46

Venture spirit of 90 years since found

Corporate Identity

Outputs

(Products and Technologies)

Creating a system for eye disease screening



Automation of farm operations



Automation of construction process



Outcomes

(Three Values Created)

Social value



Early detection and treatment of eye diseases

Healthy and comfortable daily life for more people



Improved agriculture productivity and quality

A rich and abundant diet that everyone can enjoy



Improved construction work productivity and solutions to a skilled worker shortage

Providing the world with a social infrastructure that enables people to live with peace of mind

Environmental value

- Reducing environmental impact through products
- Mitigation and adaptation of climate change

Human capital value

- A workplace culture that allows employees to maximize their potential
- A work environment where all individuals are respected

SUSTAINABLE DEVELOPMENT GOALS



Societal Value Topcon Provides

Topcon is committed to sustainably increasing its corporate value, based on the Corporate Identity stated in the TOPCON WAY: Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.

Tackling Societal Challenges

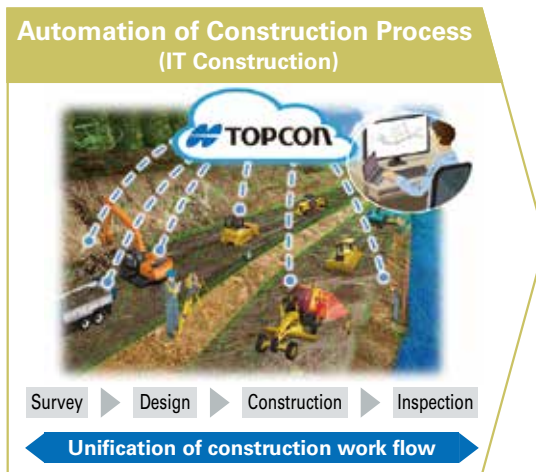


住 Infrastructure

Shortage of Skilled Engineers Resulting from Globally Rising Infrastructure Demands

Necessity of resilient infrastructure in the wake of climate change

Automation of Construction Process (IT Construction)



Survey ▶ Design ▶ Construction ▶ Inspection

Unification of construction work flow

Topcon's pr

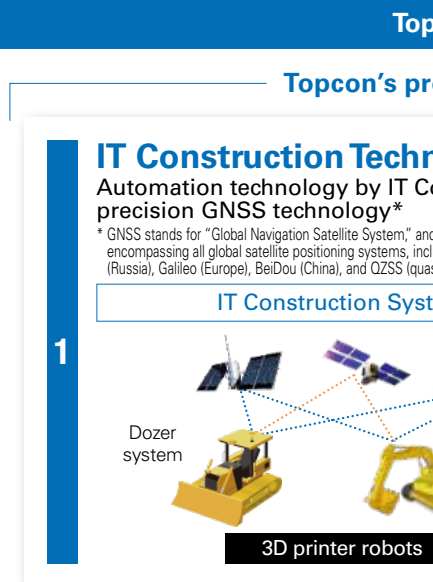
IT Construction Techn

Automation technology by IT C precision GNSS technology*

* GNSS stands for "Global Navigation Satellite System," and encompassing all global satellite positioning systems, incl (Russia), Galileo (Europe), BeiDou (China), and QZSS (qua

IT Construction Syst

1



Dozer system

3D printer robots

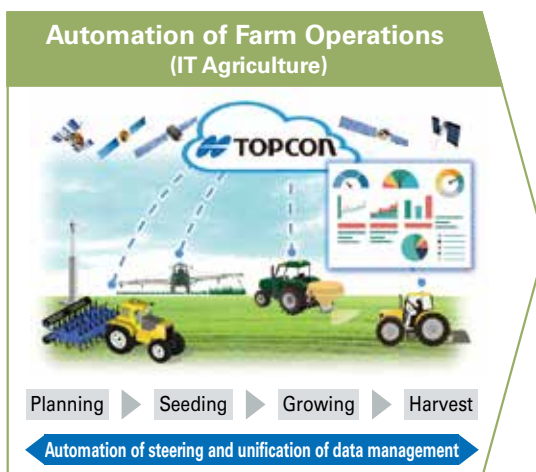


食 Agriculture

Food Shortages Resulting from Global Population Growth

Stable securing of crops in unstable climate

Automation of Farm Operations (IT Agriculture)



Planning ▶ Seeding ▶ Growing ▶ Harvest

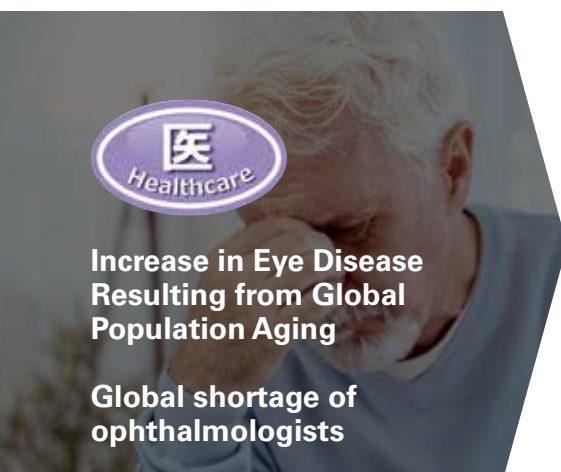
Automation of steering and unification of data management

IT Agriculture Techno

Auto Steering System for farmi using precision GNSS technolo

Auto Steering System for farmi

1

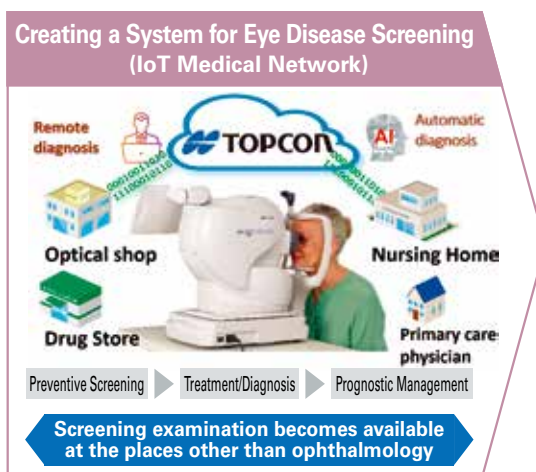



医 Healthcare

Increase in Eye Disease Resulting from Global Population Aging

Global shortage of ophthalmologists

Creating a System for Eye Disease Screening (IoT Medical Network)



Remote diagnosis ▶ Optical shop ▶ Drug Store ▶ Nursing Home ▶ Primary care physician

Preventive Screening ▶ Treatment/Diagnosis ▶ Prognostic Management

Screening examination becomes available at the places other than ophthalmology

Fully automatic screenin

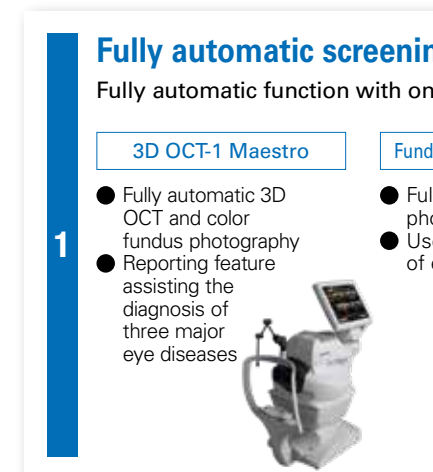
Fully automatic function with on

3D OCT-1 Maestro

Fund

1

- Fully automatic 3D OCT and color fundus photography
- Reporting feature assisting the diagnosis of three major eye diseases



Topcon's Solutions for Societal Challenges

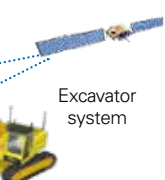
Proprietary technologies for the realization

Technology

Construction using

is an umbrella term including GPS (U.S.), GLONASS (Russia), and BeiDou (China). (Japan).

em



3D Measurement Technology

Sensor digitization that allows central management of construction site workflow

3D Measurement

2

Precision GNSS

Laser scanner

UAV



Terrestrial surveying instruments

Aerial photogrammetry

Corresponding
SDGs

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES
AND COMMUNITIES



✓ Higher Precision
✓ Solution to Labor Shortages
✓ Productivity and Quality Improvement

Technology

ing machinery
gy

ing machinery

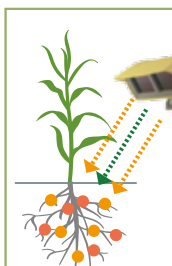


Optical Sensor Technology

Digitization using crop monitoring and yield sensors

Laser-type crop sensor

2



2 ZERO
HUNGER



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



✓ Higher Precision
& Laborsaving
✓ Productivity and Quality Improvement

ing equipment:

re-touch operation

us Camera TRC-NW400

ly automatic fundus
photography
eeful for the diagnosis
eye diseases



Tele-optometry System



2

Cloud

RDx

Optical Store 1

Optical Store 2

Optical Store 3

3 GOOD HEALTH
AND WELL-BEING



✓ Early Detection
✓ Improvement
of Healthcare Efficiency

A Venture Company with 90 Years of Tradition

—The History and Future of Creating New Markets—

President Satoshi Hirano in his 10th year in office, talks about the history and future of Topcon's challenges and its background, the Third Mid-term Business Plan, and Topcon's sustainability initiatives.

Satoshi Hirano

President & CEO

Q Please tell us about the history of Topcon's growth from its founding to the present.

As a venture company with 90 years of tradition, we have developed our business as a solution provider in the fields of healthcare, agriculture and infrastructure, which are essential to society.

We were founded in 1932 as Tokyo Kogaku Kikai Kabushikikaisha (Tokyo Optical Co., Ltd.), with the aim of domestically producing surveying instruments and also manufactured binoculars, cameras, and other products for the army. After World War II, we transitioned to serving civilian demand. We have since been globally expanding our optical products, including surveying instruments and ophthalmic medical devices, leveraging our expertise in the field of optics and optomechanics technology.

A major turning point came in 1994. The surveying instruments business in those days extended its focus to enter the civil engineering and construction market by developing products that matched the needs of that market. At that time, Raymond O'Connor, our current Executive Vice President and President & CEO of Topcon Positioning Systems, Inc., encountered an interesting venture company in the U.S. that was aiming for the robotization of construction machinery by utilizing Topcon's surveying technology and sensors. After our headquarters executive team visited this venture company and endorsed uniqueness of its innovative idea, we then acquired this venture to launch a new business based on the concept of automation of construction machinery, which no one had thought of at the time. Subsequently in 2000, we acquired JPS, Inc. (California), another U.S. based venture with precision GNSS (global navigation satellite system) technology and obtained precise positioning technology using satellite signals.

This acquisition of automation technology for construction machinery and precision GNSS technology marked the turning point for the automation of construction process in the current infrastructure (construction) business field. Since then, we have conducted M&As with various overseas technology ventures and transformed ourselves into a healthcare, agriculture and infrastructure solution proposal-based company that aims for growth through both hardware (products) and DX solutions (services) by combining unique ideas to develop potential markets and our proprietary technologies.

Our Corporate Identity is to "contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure." Each of the three businesses is essential and indispensable for enriching human life. We will continue to aim for growth as a DX solution provider that solves societal challenges in the fields of healthcare, agriculture and infrastructure.

Q Which business fields do you expect to see growth going forward?

In the areas of agriculture (farming) and infrastructure (construction), we aim for the automation of farm operations and construction process and provide DX solutions that improve productivity and quality by digitizing and automating construction and farming workflows, connecting them to allow unified management of entire workflow. This will enable us to respond to societal challenges. In the field of agriculture, these include concerns about future food shortages due to global population growth and climate change, and in infrastructure, a shortage of skilled workers due to global demand for infrastructure.

In the field of healthcare, we are trying to bring about the similar transformation as in infrastructure and agriculture. For over 70 years, we have been providing ophthalmic examination, diagnosis and treatment equipment and systems, as well as vision tester and lens edger for optical stores. Currently, we are expanding the scope of our business to preventive and prognostic screening to realize early detection and treatment of eye diseases, regional medical collaboration, and remote diagnosis. We are also creating an eye disease screening system as an initiative to improve the quality of medical care.

It has been said that humans obtain 80% of information from their eyes. However, regular eye examinations are yet to be familiarized, and an increase in eye diseases due to aging populations and changes in the living environment has become a societal challenge worldwide. A representative product that realizes our goal of creating an eye disease screening system is the 3D Optical Coherence Tomography (3D OCT), which can take tomographic images of the retina with full-automatic operation. The entire operation is performed on a touch screen, eliminating complicated mechanical operations, making the system usable by people other than skilled ophthalmologists and hospital doctors, and allowing eye disease screening to be performed at optical stores and drugstores. Recently, more detailed observation of the fundus of the eye has also revealed information other than ocular diseases. The eyes are sometimes said to be the windows of the body. By promoting DX solutions in the healthcare field, we will make eye disease screening available in more places people find familiar and contribute to the health and comfort of people around the world.

In the field of infrastructure (construction), the market for building construction work is approximately twice the size of that for civil engineering work. We see this as a growth area with the potential for dramatic improvements in productivity through digitalization and achieving unified management leveraging digital data.

We believe that our DX solutions can contribute to this field as well. Specifically, we will realize DX in building construction by connecting the gap between design (BIM, the virtual digital

world) and the construction site (the real analog world) with our technology, thereby promoting the automation of the construction process.

Q What kind of ideas are behind the various creative businesses you have created?

Looking back over our 90-year history, we have innovated on various fronts to provide world's only products and solutions. It led to develop potential markets and create new demand. The key is to propose what customers potentially want in unexpected ways before competitors do. People often say, "Listen to the needs of the market." But it is not enough just to listen to needs. For example, before the introduction of smartphones, did the market have a specific need for a mobile phone that could connect to the internet and function as a PC? But as soon as they were introduced to the world, people said, "This is what I wanted." This is a different concept from creating something that is superior to or less expensive than those of other companies in an existing market. We believe that this kind of innovative thinking is the result of our globalization and sensitivity to the needs of the world since the end of World War II, as well as the venture spirit we have had since our founding, when we took on new challenges one after another.

The investment in DX solutions for the construction and agricultural fields was supported by the surveying instruments business, which is our founding business. Although the surveying instruments market is mature, demand will not disappear because surveying instruments are, and will always be, used at construction sites around the world. As a leading manufacturer in this market, we maintain a large market share thanks to our innovative product development capabilities and strong global sales network.

Q I understand that investment is necessary to develop new businesses. Please tell us about the business that generates the source of funds for such investments.

The investment in DX solutions for the construction and agricultural fields was supported by the surveying instruments business, which is our founding business. Although the surveying instruments market is mature, demand will not disappear because surveying instruments are, and will always be, used at construction sites around the world. As a leading manufacturer in this market, we maintain a large market share thanks to our innovative product development capabilities and strong global sales network.

Meanwhile, our Eye Care Business has also supported our long history. Our main products are refraction equipment for optical stores, examination and diagnostic instruments for ophthalmology, and IT solutions. We laid the

foundation for our overseas sales and distribution locations in the U.S. and the Netherlands beginning in 1970. Since then, we have focused on developing distribution network globally. As a result, our refraction equipment and examination and diagnostic instruments are widely used in many countries and regions around the world today. Although this is also a mature market with stable growth, some of these products have made major contributions to our sales even after more than a decade since their launch, and we maintain a large market share.

We are a company that continuously pursues new innovation. This challenge has been made possible by our robust businesses, such as surveying instruments, refraction equipment, examination and diagnostic instruments for ophthalmology, which hold large shares in the global market.

Q Could you tell us about the status of the Third Mid-term Business Plan?

FY2022 is the final year of the Third Mid-term Business Plan, although it was to finalize in FY2021 with the original intention. In fact, the COVID-19 pandemic brought a significant impact on the timeline, we therefore announced at the time of the FY2020 financial results that we would not change our management vision or the plan's content because our healthcare, agriculture and infrastructure businesses are essential businesses and indispensable to society, but extend the period by one year. As a result, our business went well as had intended in FY2021, returning to the growth path of the original plan, and we recognize that the Third Mid-term Business Plan is progressing well.

Uncertainty is increasing in FY2022 even though strong demand is expected to continue. In particular, it is difficult to predict when supply chain issues will be resolved. The Ukraine issue as well as China's zero-COVID measures may have a negative impact. Moreover, inflation is rising and monetary tightening policy is being implemented mainly in the U.S. and Europe, making the outlook extremely difficult. However, taking into consideration the fact that strong demand continues even amid these increasing uncertainties, we have announced guidance figures for FY2022 of ¥190 billion in net sales, ¥18 billion in operating income, ¥17 billion in ordinary income, and ¥12 billion in net income (attributable to owners of the parent). Compared to the Third Mid-term Business Plan, we expect net sales to be higher than planned, while operating income is expected to be 10% lower.

Q Topcon will celebrate its 100th anniversary in 10 years. Please tell us about Topcon's sustainability initiatives.

Sustainability initiatives are important for the lasting prosperity of a company. In the case of Topcon, our



healthcare, agriculture and infrastructure businesses themselves are linked to social contributions, including to the global environment.

For example, automation technology by IT Construction reduces the operating time of construction machinery by approximately 30%. If we multiply this by the total number of construction machines with our system installed, it can be estimated that CO₂ emissions will be reduced by approximately 600,000 tons per year worldwide. The same is true for farming machinery. It has been estimated that our Auto Steering System reduces operating time by approximately 20% as well as CO₂ emissions by approximately 500,000 tons per year worldwide.

In addition, we believe that the field of healthcare has even greater potential. The fundus of the eye is the only part of the body where the flow of blood can be directly observed. For this reason, AI development companies and research institutes around the world are analyzing the fundus images to work on detecting various diseases at an early stage. If this is achieved, we can provide a higher quality of life (QoL) to people all over the world while reducing enormous medical costs. We believe that we can make a significant contribution to this progress. Because our instruments can take stable and high-quality fundus images thanks to our fully automatic features. They have high affinity for AI image analysis.

Healthcare, agriculture and infrastructure are essential domains. From now on, we will further accelerate the pace of the Digital Transformations we propose in all of these domains. However, we must not forget the perspectives of ESG (environmental, social, and corporate governance) and sustainability. Approximately 80% of our sales are overseas, and about 70% of our employees are non-Japanese. We are aiming for our 100th anniversary 10 years from now with the diverse experiences, values, technologies, and ideas of our global employees. We will continue to contribute not only to our business but also to entire society with the management style of a venture company with 100 years of tradition." In order to achieve this, we believe it is important to constantly take on challenges to create innovation, which is part of Topcon's DNA.

In order to emphasize this corporate stance, we created a new catchphrase this year: "A digital transformation with a

human touch." The design features a heart-shaped globe and expresses our commitment to solving societal challenges and enriching the world with our advanced technologies and DX solutions.

In the future, companies that focus on solving societal challenges will be chosen by customers and also as places to work. We will continue to contribute to society through our own businesses.

Q In closing, is there a message you would like to convey to shareholders and investors?

Topcon has long been a company that discovers the future by developing potential markets and creating new demand. When we were working on the launch of a new business, the automation of construction machinery, which was unprecedented at the time, headquarters voiced such doubts as, "Can we really commercialize this business?" However, when the executive team from the headquarters came to the U.S. and saw the automated operation of construction machinery, they were all convinced that this would be the future of civil engineering worksites, and they supported this new business. In the healthcare business, we continued to invest in the Screening Business, believing that the widespread use of eye disease screening in the future would lead to early detection and treatment of eye diseases. The Screening Business has finally entered the investment payback phase.

Take the first step without fear of failure. This is the spirit of taking on challenges that has been a tradition of our company for 90 years. We will contribute to society by opening up a blue ocean for ourselves. We believe that this way of thinking will solve social issues and enrich human life around the world.

Creating new markets and proposing potential demand in unexpected ways is not easy. Nonetheless, we hope that our shareholders and investors will agree with our venture spirit of taking on challenges without being bound by past experience or stereotypes and will dream of the future with us.

90 Years of History and Venture Spirit **1**

An 90 years-old venture company with entrepreneurial spirit who used to be a pioneer of optical equipment in Japan becoming a solution provider in healthcare, agriculture and infrastructure in the world

In September 1932, Tokyo Kogaku Kikai Kabushikikaisha (Tokyo Optical Co., Ltd.) was established with the aim of domestically producing surveying instruments for the Army Ministry, based on the surveying instruments division of K. Hattori & Co., Ltd (currently SEIKO HOLDINGS CORPORATION).

In 1970, we established an overseas sales company in the United States and the Netherlands, which built a foundation for subsequent global expansion.

Since the 1990s, through overseas M&As and alliances, we have expanded our business into new fields such as automatic control technology for construction machinery, precision GNSS, and IT agriculture. We are working to solve the societal challenges in healthcare, agriculture and infrastructure through DX solutions, which make full use of IoT and network technology based on the proprietary technology cultivated since our establishment.



Founded in 1932



A pioneer in optical equipment made in Japan

In 1932, Tokyo Kogaku Kikai Kabushikikaisha (Tokyo Optical Co., Ltd.) was established with the aim of domestically producing surveying instruments for the Army Ministry. Initially, the company produced surveying instruments, binoculars and cameras, as well as sniper scopes used mainly by the Army.

After the war, the company focused on manufacturing binoculars and exported them primarily to the United States. In addition, the company produced surveying instruments and contributed to the nation's postwar reconstruction and development. In 1947, the company started medical device business.

Overseas expansion: 1970-



Numerous hit products using optomechatronics technology

In 1970, we established two overseas sales companies in the United States and the Netherlands, followed by establishment of overseas manufacturing subsidiary in Hong Kong in 1986, which built a foundation for subsequent global expansion.

In the 1970s and 1980s, we evolved optomechatronics technology by combining mechanical and electrical technologies with our proprietary optical technology. We have established a solid position as a comprehensive precision optical equipment manufacturer by producing industry leading surveying instruments and vision testers.

In 1989, the company name was changed to Topcon Corporation.

(Sales)

The turning point

Overseas M&As and alliances strategy



1994

Automatic control of construction machinery



2000

Precision GNSS technology



2006

IT Agriculture solutions



2009

Wireless communication



2013

Infrastructure software



2008

Surveying instruments



2008

Telematics



2008

3D laser scanner



2010

Laser photocoagulator for ophthalmology



2014

Display for construction and farming machinery



2015

Dairy solution



2015

IT Agriculture (boom control)



2018

Pavement construction software



2018

Ophthalmic data management software



2018

BIM software



2016

3D data processing software



2016

VR technology for infrastructure



2014

Launch of Non-mydratric Fundus Camera TRC-NW400



2017

Establishment of Topcon Healthcare Solutions Inc. to promote telemedicine solutions



2020

Perimetry product



2021

Ophthalmic medical device

Solution business

Existing business

*based on sales of healthcare, agriculture and infrastructure

1994

2000

65%

2006

70%

2014

2022

85%

Evolving to a solution provider: 1994-



Expanding through overseas M&A and new business development

In the 1990s, through aggressive overseas M&As and alliances, we obtained new technologies such as automatic machine control (the United States in 1994), precision GNSS (the United States in 2000), and IT agriculture solutions (Australia in 2006).

In 2006, we developed the world's first 3D OCT combining OCT and fundus camera. We launched fully automatic 3D OCT and non-mydratric fundus camera in 2013 and 2014, respectively.

We have transformed our business model to being solution-driven through M&As and alliances and new business development.

Acceleration of global investment

Since 2014, we have further accelerated our global investments, and have conducted M&As and alliances with more than 35 companies in Japan and overseas. From 2014 to 2015, we expanded our IT agriculture business through M&As and alliances. Furthermore, through our Eye care IoT business (the United States) and the acquisition of an IoT system development company (Finland), we have created an eye disease screening business.

We are addressing the societal challenges within healthcare, agriculture and infrastructure using DX solutions, by fusing leading-edge IoT and AI technologies.

Introduction

Topcon's Value Creation

Message from the CEO

Topcon's Manufacturing Craftsmanship

Strategies by Business

Sustainability

Governance

Information

90 Years of History and Venture Spirit **2**

Chronicle of New Business Creation



Entering the IT Agriculture Business

Topcon Acquires an Enterprise with IT Agriculture Technology

Topcon has acquired KEE Technologies Pty Ltd. (currently Topcon Precision Agriculture Pty Ltd.), an Australian company which has a wealth of applications and expertise in the IT Agriculture field. We have achieved full entry into the IT Agriculture business by integrating its technology with our precision GNSS technology.



2006

2000

1994



Creation of the IT Construction Business

Topcon Acquires a Company with Cutting-edge Precision GNSS Technology

Topcon has acquired Javad Positioning Systems, Inc., an American company with a development center in Moscow, Russia, and possessing a cutting-edge technology for precision GNSS (Global Navigation Satellite System) which obtains highly precise positional information by combining data from multiple satellite positioning systems. By combining it with the surveying technologies based on optical technologies we own since our founding and the automated control technology for construction machinery we acquired in 1994, we have become possible to provide solutions to realize the automation of construction process.



Acquisition of a Venture Company with Automated Control Technology for Construction Machinery

Topcon has acquired Advanced Grade Technology, Inc., an American company which possesses the technology to automatically control the hydraulics of dozers, motor graders, and other construction machinery and perform construction and civil engineering work in accordance with data surveyed in advance. This has expanded our business field into construction in addition to surveying for construction sites.



Topcon Acquires Enterprises with Key Technologies for Expanding IT Agriculture Business



In 2014, Topcon acquired Wachendorff Elektronik GmbH (currently Topcon Electronics GmbH & Co. KG), a German company which develops and manufactures highly environment resistant displays demanded in agriculture. In 2015, we acquired Digi-Star Investments, Inc. (currently Topcon Positioning Systems, Inc.), an American company which manufactures, develops, and markets fertilization/feed volume analysis and management equipment systems for agriculture and dairy farming. Furthermore, NORAC Systems International Inc. (currently Topcon Agriculture Canada, Inc.), a Canadian company which is a pioneer in the development of ultrasound sensing and boom control technologies for IT Agriculture. Through these acquisitions, we have become able to offer solutions meeting a wide range of farming business needs.

2013

2014

2015

2017



Creation of the Screening Business

Established a Subsidiary in the U.S. to Enhance the Screening Business

With the aim of expanding the ophthalmic disease screening business, Topcon Healthcare Solutions, Inc. was established in the United States to develop and promote new business models (including billing), and specialized software and IoT platforms for efficient use of 3D OCT, fundus cameras, etc. in facilities other than ophthalmology.



Launch of the Fully Automatic OCT 3D OCT-1 Maestro / Fully Automatic Fundus Camera TRC-NW400



These products are fully automatic screening systems leveraging Topcon's proprietary technologies and are suited for use outside of ophthalmic hospitals. They enable the novel use of screenings outside of ophthalmic hospitals (excluding Japan) for early detection of eye diseases. Taking advantage of this feature, we have created a new business where screenings can be conducted for the early detection of eye diseases in places other than ophthalmic hospitals.

Maestro is the product name for our 3D OCT (Optical Coherence Tomography). The Maestro can be operated easily with a single touch, and provides speedy automated image capture, freedom of measurement positioning and automatic measurement of each eye. This device can obtain detailed information of the body in the depth orientation by using optical interference for biomedical measurement. Similarly, the NW400 is a non-mydratic fundus camera that can also be operated easily with a single touch and provides speedy automated image capture, freedom of measurement positioning and automatic measurement of each eye.

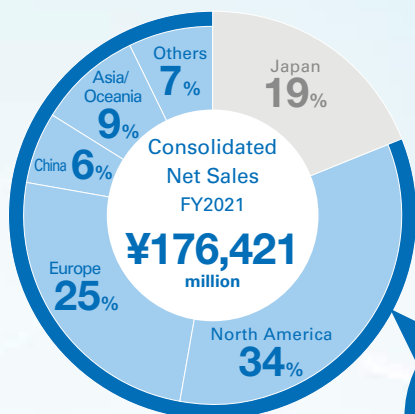
Highly Globalized

Topcon is active worldwide

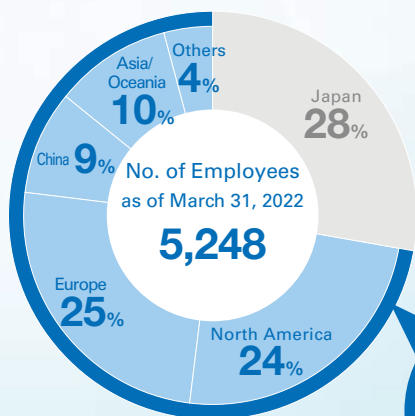
We were a forerunner of overseas expansion. Sales companies in the U.S. and Europe have more than a half century of history. Currently we have 63 sales bases in 29 countries around the world. Thanks to such global development, Topcon products are delivered to 198 countries and regions.

We have acquired various technologies through aggressive M&As and alliances to address societal challenges since the 1990s. Today, there are 27 development bases in 11 countries. In addition, we are operating 15 production bases in 8 countries. We are highly globalized with 81% of sales generated outside of Japan and 72% of employees are non-Japanese.

We will continue to take on the task of solving societal challenges within healthcare, agriculture and infrastructure through the unification of global development, production, and sales systems.



Sales outside of Japan account for approx. **81%** of the total sales



Non-Japanese employees account for approx. **72%** of the total employees

The U.S.



Development and manufacturing of GNSS and IT Construction-related products



The U.S.



Development of tele-optometry system and OCT-related hardware and software



The U.S.



Development of software for creating 3D models



The U.S.



Development and manufacturing of systems for IT Agriculture





Advanced Technology

Providing new value based on optical technology

We have been introducing game-changing products in the field of surveying and ophthalmic instruments for 90 years since its foundation.

Since the mid-1990s, various M&As and alliances with overseas companies have taken place to acquire various technologies. We provide leading-edge and unique products and solutions such as automation of construction process, automation of farm operations, and eye disease screening in familiar places other than ophthalmology (offered in countries excluding Japan) through the integration of proprietary developed technologies and newly acquired ones. We are highly acclaimed with advanced technologies.

In order to achieve our mission to solve societal challenges in healthcare, agriculture and infrastructure, we will continue to push the envelope and develop disruptive technology.

GNSS (Global Navigation Satellite System) technology

Our proprietary Vanguard Technology™ reliably captures signals from all positioning satellites. This includes not only GPS and GLONASS, but also QZSS and Galileo and others. In order to realize high-speed and high-precision positioning, it is equipped with a 452 channel reception capability, enabling highly sensitive and stable reception. With positioning accuracy of several millimeters, it is widely used not only for surveying but also for civil engineering and IT agriculture.



Optical sensing/ Applied optics

The distance measurement technology used in surveying instruments realizes accurate measurement to the millimeter, by precisely measuring the time of the laser beam transmitted back and forth to an object. This technology provides highly accurate 3D position measurement. In addition, the noncontact measurement of crop growth using spectroscopic technology controls the amount of fertilizer applied in real time. This technology is a driving force of IT Agriculture which optimizes crop growth and quality.



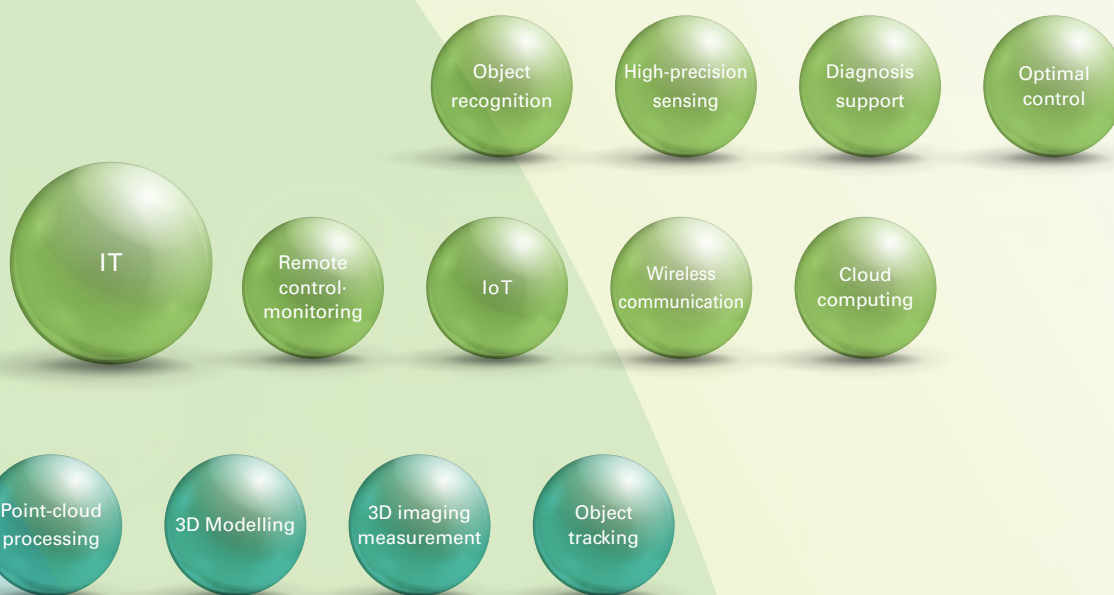


New value creation “Sensor to AI”

While AI, or artificial intelligence, is attracting worldwide attention, we are developing technology based on integrating high-performance sensors with AI. Using our core optical technology, the high-performance sensor suppresses noise and fluctuations in real world data, enabling stable and highly accurate information collection. The ability to develop “Sensors and AI” as a single unit is unique to Topcon.



learn more



Control technology

Combining high-precision 3D position measurement technology and precision hydraulic control technology enables automatic control of construction machine blades and buckets to match 3D design data. In the field of IT agriculture, the combination of location information and electric steering makes it possible for farming machinery to run automatically, and greatly increases the efficiency of farm operations.



Optical design

We possess lens design and thin-film technology, which are the backbone of sensing technology for “Sensor to AI”. Our optical design optimizes the entire optical measurement system. We leverage special thin film coating technology, mass production technology, and special processing technology to create highly advanced optical sensors.



Thorough examination of 3D fundus

3D OCT (Optical Coherence Tomography) is the culmination of optical sensing, optometry, and image processing technologies, and we were the first in the world to bring this to market. In addition to conventional fundus camera functions, we have developed a new technology that instantly reflects the microscopic 3D structure of the fundus, opening a new era in ophthalmic examination and diagnosis. Some of the models can capture high-resolution images of not only the retina but also the vitreous body and choroid, and is widely used for research on the degree of disease progression and disease mechanism.



Topcon operates businesses in three segments: Positioning, Smart Infrastructure, and Eye Care.

Sales Ratio (FY2021 results)

Others 1%



POSITIONING COMPANY

Corresponding SDGs

Business domains

- 住 Infrastructure
- 食 Agriculture
- Surveying
- Civil Engineering
- Construction/Building
- Agriculture

Major Sales Areas

Major Products Sold by the Segment

- Total Station
- 3D Laser Scanner
- IT Construction System
- IT Agriculture System
- GNSS Receiver for Surveying
- Laser Instruments
- 3D Mobile Mapping System
- Software (Construction Site Management System, Surveying & Civil Engineering System, System for 3D Point Cloud Data Management and Modeling, etc.)

Major Products Manufactured by the Segment

Products and software based on core technology of GNSS receiver

- IT Construction System
- IT Agriculture System
- GNSS Receiver for Surveying
- Construction Site Management Software
- Surveying & Civil Engineering Software

SMART INFRASTRUCTURE BUSINESS

Corresponding SDGs

Business domains

- 住 Infrastructure
- 食 Agriculture
- Surveying
- Civil Engineering
- Construction/Building
- Agriculture

Major Sales Areas

Major Products Sold by the Segment

- Total Station
- 3D Laser Scanner
- IT Construction System
- IT Agriculture System
- GNSS Receiver for Surveying
- Laser Instruments
- 3D Mobile Mapping System
- Software (Construction Site Management System, Surveying & Civil Engineering System, System for 3D Point Cloud Data Management and Modeling, etc.)

Major Products Manufactured by the Segment

Optical products including surveying instruments and software

- Total Station
- 3D Laser Scanner
- Laser Instruments
- 3D Mobile Mapping System
- Surveying & Civil Engineering Software
- Software for 3D Point Cloud Data Management/Modeling

EYE CARE BUSINESS

Corresponding SDGs

Business domains

- 医 Healthcare
- Examination/Diagnosis/Treatment for ophthalmology
- Screening (Preventive/Prognostic)
- Phoropter for Optical Stores

Major Sales Areas

Major Products Manufactured and Sold by the Segment

- 3D Optical Coherence Tomography systems (3D OCT)
- Fundus Camera
- Auto Refractometer/Auto Kerato-refractometer
- Slit Lamp
- Tonometer
- Lens Meter
- Ophthalmic Laser Photocoagulator
- Software (Image Filing, Data Management, EMR, etc.)
- Optometry Systems

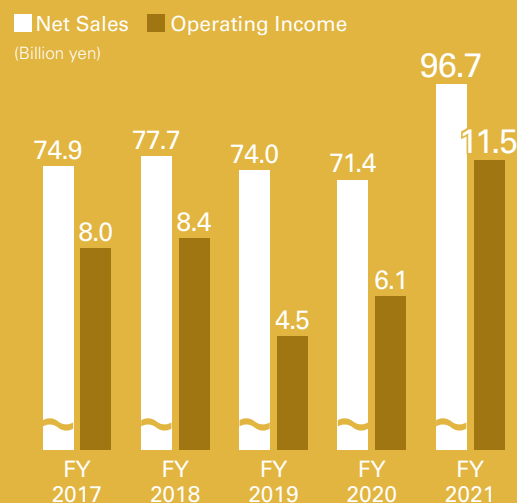
POSITIONING COMPANY

Net Sales

¥96.7 billion
(up 35.4% year-on-year)

Operating Income

¥11.5 billion
(up 90.5% year-on-year)



FY2021 Financial Results

Net sales of Positioning Company increased by 35.4% year-on-year to ¥96,692 million, despite the impact of component shortages, due to increased sales of IT Construction, IT Agriculture, and surveying and laser products, capturing strong demand in the construction and agriculture markets in North America and Europe, our main markets. Operating income was ¥11,548 million (up 90.5% year-on-year) due to increased profits from higher net sales, despite the impact of higher component and logistics costs.

Outlook for Business Conditions in FY2022 and Beyond

In the construction field, although there are concerns about the negative impact of higher interest rates on housing construction, infrastructure demand is expected to increase.

On the other hand, in the agriculture field, despite the benefits of soaring grain prices, demand for agricultural machinery is uncertain due to rising fuel and fertilizer costs. Laborsaving needs due to labor shortages and rising fuel costs are expected to remain strong in both the construction and agriculture fields. Meanwhile, there are causes for concern, including rising prices of components and higher logistics costs, 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 also believe that there is a major untapped market for guidance systems for small- and medium-sized construction machinery. We will introduce a variety of new products to this market.

For IT Agriculture, we are striving to develop untapped markets for 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

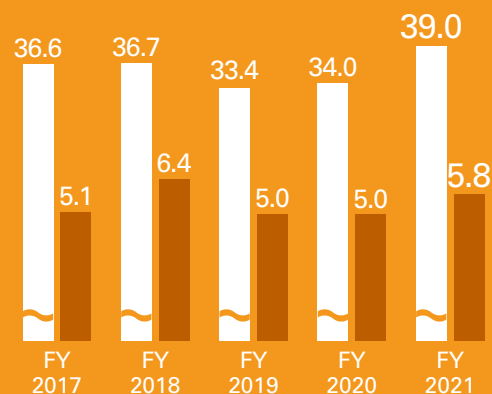
Net Sales

¥39.0 billion
(up 14.9% year-on-year)

Operating Income

¥5.8 billion
(up 17.1% year-on-year)

■ Net Sales ■ Operating Income
(Billion yen)



FY2021 Financial Results

In Smart Infrastructure Business, net sales increased by 14.9% year-on-year to ¥39,040 million primarily due to solid domestic sales, despite the impact of component shortages, as well as continued strong sales of surveying and laser equipment to the U.S. and Europe and a recovery in sales in Asia. Operating income was ¥5,821 million (up 17.1% year-on-year) due to increased profits from higher net sales, despite the impact of cost increases.

Outlook for Business Conditions in FY2022 and Beyond

In Japan, the National Resilience policy is providing a tailwind for the continued increase in construction projects utilizing IT Construction. We also expect progress in automation for IT Agriculture against the backdrop of a deep-rooted need for laborsaving. Demand has also picked up in Southeast Asia as the region recovers from the COVID-19 pandemic. On the other hand, there are causes for concern, including rising prices of component, 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, not only construction projects managed directly by the national government but also local government projects are increasingly using IT Construction as i-Construction progresses. 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.

In domestic IT Agriculture, amid the increased demand for automation, in addition to the existing Auto Steering System for large farming machinery, we will actively introduce new strategic products for small- and medium-sized farming machinery, launched in 2021, to the market, aiming to further capture demand with a full lineup of products.

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.

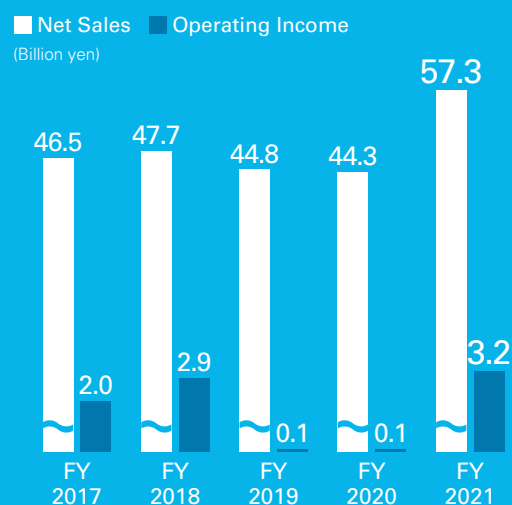
* i-Construction is a registered trademark of the National Institute for Land and Infrastructure Management, Ministry of Land, Infrastructure, Transport and Tourism.



EYE CARE BUSINESS

Net Sales
¥57.3 billion
 (up 29.6% year-on-year)

Operating Income
¥3.2 billion
 (increased by 3,081 million year-on-year)



FY2021 Financial Results

In Eye Care Business, net sales increased by 29.6% year-on-year to ¥57,352 million, mainly due to expanded sales of screening equipment in Europe, the U.S., and China. Sales of digital optometry systems to major optical chain stores in Europe and the U.S. were also steady. Operating income was ¥3,203 million (up ¥3,081 million year-on-year) due to increased profits from higher net sales, despite the impact of higher component and logistics costs.

Outlook for Business Conditions in FY2022 and Beyond

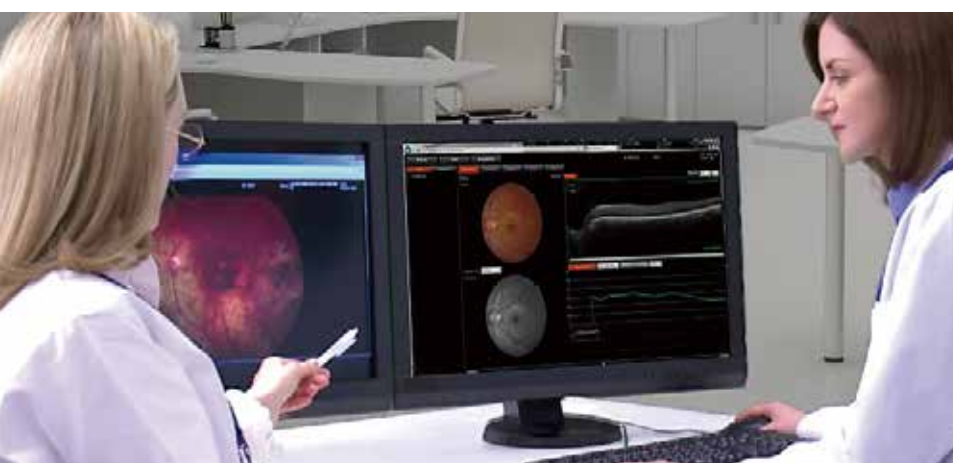
Demand for screening and tele-optometry in Europe and the U.S. is expected to grow steadily due to a strong willingness of major optical chain stores to invest in equipment. In our business in China, we aim to increase sales through collaboration with major health screening groups and AI developers, but there are concerns about the prolonged economic impact of the country's zero-COVID-19 policy. Additionally, there are causes for concern, including rising prices of component and logistics costs, 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-NW400, our fully automatic screening equipment, that can be operated with a single touch. In FY2022, we will continue to work for further sales growth through penetration of Screening Business for major optical chains in Europe and the U.S., and through collaboration with major health screening groups and AI developers in China. We are building a hybrid production system in Japan and China to respond flexibly to China's increasing import restrictions.

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



Sustainability

The Topcon Group strives to fulfill its social responsibilities by promoting ESG activities through its core businesses, and to enhance its medium- to long-term corporate value.

The Group endorses the principles of the United Nations Global Compact (UNGC), and continues to strive to achieve profitable growth based on its spirit. We are working to expand our businesses and solve the societal challenges within the growing market of healthcare, agriculture and infrastructure. We pride ourselves in making a significant contribution to the Sustainable Development Goals (SDGs), while resolving these societal issues.

Topcon has established a basic policy for CSR that underpins all of its CSR-related activities. It also sets annual action plans based on this policy. In addition to providing products that help to address societal issues, we attach considerable importance to promoting communication with stakeholders and contributing to society through our business activities. We are also committed to global environmental solutions, CSR activities that contribute to society, optimal corporate governance structures, and compliance with all legal and regulatory requirements.

Establishment of Sustainability Committee

In July 2022, we established the Sustainability Committee, chaired by the President & CEO. Its goal is to achieve a sustainable society by “contributing to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure,” as stated in the TOPCON WAY.

The committee is an advisory body to the Board of Directors. Under the direction of the Board of Directors and in cooperation with the TOPCON CSR Committee, it deliberates on sustainability and ESG (environmental, societal, and governance) initiatives and reports and makes recommendations to the Board of Directors.



Basic Policy for CSR

- 1 Topcon will locate CSR activities in the center of business and work on it intentionally in order to build, share and implement the sense of values and standards suitable for global enterprise.
- 2 Topcon will, to the extent of our influence, support and implement the rules and regulations that are globally approved regarding Human Rights, Labor Standards, Environment and/or Anti-Corruption as declared in the Global Compact.
- 3 Topcon will make a social contribution voluntarily and actively through developments, production, sales and services of useful products.
- 4 Topcon will promote an environmental management through the creation of environmentally-conscious business process and through providing with environmentally-conscious products and services.
- 5 Topcon will strive to establish CSR activities in every officer and employee's daily work and to infiltrate and establish them within global Topcon Group companies.
- 6 Topcon will acquire understanding and confidence of all the stakeholders of Topcon Group companies by providing with information actively.

UNGC and SDGs

While sales outside of Japan account for nearly 80% of the Topcon Group's sales, the group, as a global company, is actively involved in international frameworks, such as the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs).

Since joining the UNGC in October 2007, the Topcon Group has incorporated the 10 principles^{*1} proposed by the UNGC into its core policies and systems, including both the TOPCON WAY and its basic policy for CSR. The Group conducts various activities which embody and put in practice the spirit of the UNGC, with the aim of raising awareness.

Furthermore, the Group is committed to taking actions with respect to the SDGs adopted at the UN Summit in 2015. Companies are encouraged to participate in the SDGs to work toward the 17 goals^{*2} that are applied to all countries, including developed countries, which include reducing poverty and inequality, ensuring sustainable consumption and production, and combating climate change. Topcon is working to address priority issues, with this international backdrop in mind.

Given the many overlaps that exist between the SDGs and our social contributions, particularly in our core businesses of "healthcare," "agriculture," and "infrastructure," we strive to adapt to the SDGs by resolving the respective issues through our core businesses.

*1 <https://www.unglobalcompact.org/what-is-gc/mission/principles>

*2 <https://www.mofa.go.jp/policy/oda/sdgs/index.html>



Environmental Initiatives

The Topcon Group believes that its core businesses, which is based on our Corporate Identity of “contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure,” can also contribute to the global environment. Although Topcon is not a manufacturer of construction or farming machinery, we provide IT solutions that realize improved efficiency and productivity in construction process and farm operations.

Our IT agriculture solutions contribute not only to stable production, but also to protection of the global environment by saving fuel, water, fertilizer, and pesticides through the efficient operation of farming machinery.

Topcon Group Environmental Vision 2030

As a corporate group that provides products to global markets, the Topcon Group aims to further enhance its corporate value by solving the societal challenges within healthcare, agriculture and infrastructure to enrich human life, and at the same time, tackling the two goals of reducing environmental impact through products and responding to climate change as below.

1 Reducing Environmental Impact through Products

We promote energy and resource conservation by further reducing the environmental impact of our products. We also work with our customers to offer products, technologies and services that contribute to the prevention of global warming, the effective use of resources, and the conservation of biodiversity. Furthermore, in our manufacturing-oriented environment, we endeavor to recycle and effectively use waste products generated from our business activities, including procurement, development, manufacturing, sales and services.

2 Responding to Climate Change

The Topcon Group regards response to climate change as the most important environmental protection task, and is striving to increase the use of renewable energy power. We seek to reduce greenhouse gas emissions from our business activities in Japan by 40% by the end of fiscal 2030 compared to the fiscal 2013 level.

In accordance with this policy, we strive to reduce greenhouse gas emissions and increase the use of renewable energy power at overseas sites.

Environmental Policy for Topcon and its domestic affiliated companies

We uphold the TOPCON WAY, which embodies our Corporate Identity of “contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.” We strive to reduce the environmental footprint of our business activities based on the Topcon Global Code of Conduct. Furthermore, we contribute to reductions in the environmental footprint through our products and services, with the aim of realizing a sustainable society.

1. We promote the continued improvement of our environmental management system, in order to enhance the environmental performance of our business activities. To this end, we consider our environmental efforts as one of our important management tasks, and set environmental goals and targets involving all employees, including the top management.
2. We comply with applicable laws and regulations, acts, guidelines, agreements, and other accepted requirements, and apply strict management and control.
3. We strive to reduce our environmental footprint, conserve biodiversity, and prevent environmental pollution. We have set the following goals to reduce environmental risks.
 - (1) We will offer environmentally friendly products and services, with our product lifecycle in consideration.
 - (2) We will increase the level of control of chemical substances and the chemical substances contained in our products.
- (3) We will focus on reducing waste emissions, and strive to enhance the value of waste as a recyclable resource.
- (4) We will promote efforts to mitigate global warming, and strive to reduce greenhouse gas emissions.
4. We strive to keep our premises and neighborhood clean and beautiful, and actively participate in local community activities, in order to exist in harmony with the local community.
5. We raise the awareness of our employees through the enhancement of environmental education and PR activities, and improve environmental conservation activities, with the participation of all employees.
6. We provide systematic and active guidance and support to subsidiaries and affiliates, in order to raise the awareness of the Topcon Group as a whole.

Environmental Management System:

ISO14001-related Initiatives

The Topcon Group has acquired ISO14001 certification, which is an international standard for environmental management systems, particularly among manufacturing related companies. The Group passed the transition audit for to ISO14001:2015 in August 2018, and maintains its certification.

Names of the organizations with the integrated certification

1	TOPCON CORPORATION
2	TOPCON TECHNOHOUSE CORPORATION
3	TOPCON POSITIONING ASIA CO., LTD.
4	TOPCON SOKKIA POSITIONING JAPAN CO., LTD.
5	TOPCON MEDICAL JAPAN CO., LTD.
6	TOPCON ESSILOR JAPAN, CO., LTD.
7	TOPCON G.S. CORPORATION
8	TOPCON YAMAGATA CO., LTD. (Head Quarter and factory)
9	TOPCON YAMAGATA CO., LTD. (West factory)
10	TOPCON YAMAGATA CO., LTD. (Shirakawa factory)
11	TOPCON OPTONEXUS CO., LTD.

Topcon's Environmental Footprint Report (FY2021)

1 Mitigating Global Warming (CO₂ Emissions Reduction)

Considering global warming as a top environmental priority, we sought to reduce our emissions to 4,710.0 t-CO₂, which is equivalent to a 25% reduction in emissions below the benchmark (three-year average for FY2005 to FY2007) stipulated by an ordinance of the Tokyo Metropolitan Government. In FY2021, we reduced our emissions by 63.4%, to 2,300.7 t-CO₂. We are also working to reduce our CO₂ emissions at over-seas business bases, in accordance with this approach.

2 Effective Use of Resources (Total Emissions Reduction)

We strive to reduce our total emissions based on a zero-emission initiative, in order to make effective use of the Earth's limited resources. In FY2021, we achieved the target with the total emissions of 198.1 tons, which is less than the target of 230.0 tons.

3 Management of Chemical Substances (VOC Reduction)

We are working to reduce volatile organic compounds (VOC) as part of the management of chemical substances. In FY2021, whereas our total emissions target was 2,805 kg, which represents an 85% reduction below our FY2000 level, we were able to reduce VOC usage to 1,967 kg (89.5% reduction).

In addition, we also switched from solvent paint to water paint to effectively reduce VOCs. The wear durability of conventional water-based paints tends to be lower than those of solvent paints. However, the developed water-based paints have wear durability equal to or better than those of solvent paints and are compatible with both environmental conservation and product durability.

		FY2018	FY2019	FY2020	FY2021
CO ₂ emissions	(t-CO ₂)	3,502.5	3,332.0	3,243.8	2,300.7
Total emissions	(tons)	197.2	230.3	242.7	198.1
VOC emissions	(kg)	2,865	2,525	1,556	1,967

4 Water Drainage

Topcon Group uses a large amount of water in the lens manufacturing process, one of our core technologies, and the metal processing process. Since water generated in each manufacturing process contains organic and inorganic substances, we strictly control and properly treat wastewater to keep it below the standard values for hazardous substances specified in the Water Pollution Control Law before discharging it to not adversely affect the ecosystem and people's lives. We will continue to monitor water risks at each of our business sites and strive to ensure the appropriate use of water resources by promoting water conservation and reducing water consumption.

Water discharge data (Headquarter and domestic group companies)

Unit : Cubic Meter

		FY2018	FY2019	FY2020	FY2021
Head quarter	Sewage system	25,917	23,261	23,521	18,867
	Surface water	0	0	0	0
Topcon Yamagata	Sewage system	5,677	5,441	3,604	4,452
	Surface water	73	109	261	0
Topcon Optonexus	Sewage system	2,611	2,892	7,740	20,341
	Surface water	41,228	33,303	33,140	0
Total	Sewage system	34,205	31,594	34,865	43,660
	Surface water	41,301	33,412	33,401	0
Grand Total		75,506	65,006	68,266	43,660

5 Water Risk

We investigated water risk for all manufacturing sites (Total 13) of Topcon Group using Aqueduct*. One site operates in an area with high risk (Aqueduct Overall Water Risk: High). However, we do not use any water in the manufacturing process at the site. There is no site in an extremely high-risk area (Aqueduct Overall Water Risk: Extremely High).

*Aqueduct: An online tool developed by WRI (World Resources Institute) to evaluate water risk

6 Legal compliance and reports on complaints in FY2021

In 2021, there were no violations of environment-related laws and no customer complaints, and no incidents.

Environmental Initiatives

Green Procurement Activities

As part of the environmental protection activity process, recognizing our responsibility to maintain the health of the global environment as an irreplaceable asset for future generations, we at Topcon Corporation are engaging in environmental activities in close cooperation with our suppliers.

As one of our efforts, we are promoting the supply of products and services with 1 minimal environmental impacts. For this purpose, the concept of green procurement is essential.

We aim at procuring the parts, materials, units, products, secondary materials, etc. (hereinafter delivered items) with low environmental loads by promoting the business activities, being aware of the environmental loads and risks.



Green Procurement Guidelines ▶

<https://global.topcon.com/about/procurement/green-03/>

Topics

Examples of the contribution through our business

Topcon's automation technologies for construction and farming machinery themselves contribute to reduce environmental impact

IT Construction

By automating construction machinery, operating time reduced by approximately 30% ^{*1}



Reduction in CO₂ emission from our products (Topcon's estimation) **Global 600,000 t-CO₂/year** ^{*2}

IT Agriculture

By Auto Steering System for farming machinery, Operating time reduced by approximately 20% ^{*3}



Reduction in CO₂ emission from our products (Topcon's estimation) **Global 500,000 t-CO₂/year** ^{*4}

By leveraging the strength of vendor neutral strategy, penetrate automation technology for existing construction and farming machinery

Expecting further CO₂ reduction by spreading of the automation technologies

^{*1}: Source - Ministry of Land, Infrastructure, Transport and Tourism i-Construction promotion consortium "Progress of i-Construction" (2019)
https://www.mlit.go.jp/tec/iconstruction/pdf/03.5_kikaku_siryoku6.pdf

^{*2}: Basis of calculation
Based on the numbers with multiplying the estimated annual CO₂ emissions per unit of construction machinery and the estimated reduction rate of working hours through the use of ICT, calculating the CO₂ emissions reduction multiplying the estimated number of ICT automated construction machinery in operation worldwide and the estimated share of our company.

^{*3}: Source: AEM "The Environmental Benefits of Precision Agriculture in the United States" (2020)
https://newsroom.aem.org/asset/977839/environmentalbenefitsofprecisionagriculture-2#_YBdQZR2Lc74.link

^{*4}: Basis of Calculation
Based on the numbers with multiplying the estimated annual CO₂ emissions per unit of farming tractor and the estimated reduction rate of working hours through the use of Auto Steering System, calculating the CO₂ emissions reduction multiplying the estimated number of tractors with Auto Steering System in operation worldwide and the estimated share of our company.

^{*} i-Construction is a registered trademark of Ministry of Land, Infrastructure, Transport and Tourism's National Institute for Land and Technology Policy.

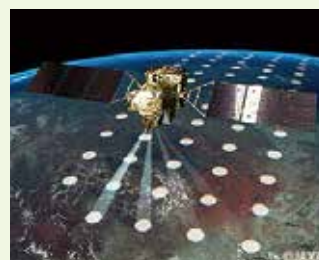
Contribution to Greenhouse Gas Monitoring

Ibuki 2 was launched on October 29, 2018 as a successor to GOSAT Ibuki, the world's first dedicated greenhouse gas observation satellite.

Aiming to contribute to the targets agreed upon in the 2015 Paris Agreement (Temperature rises below 2°C, virtually zero emissions of greenhouse gases), Ibuki 2 will use 2 types of sensors, a greenhouse gas sensor type 2 and a cloud/aerosol sensor type 2, to observe the concentrations of greenhouse gases and PM 2.5 on the earth.

Our company supplies the optical units mounted on the Cloud and Aerosol Sensor Type 2, and contributes to observations of clouds and aerosols to correct observed data of greenhouse gas concentrations, and estimates of PM 2.5 concentration and black carbon content. Ibuki 2 is expected to contribute to international efforts to reduce greenhouse gas emissions because it can accurately measure greenhouse gas emissions in each country.

^{*} The name "Ibuki" was chosen from the public offering and it means a "breath". The name well represents the activity of Ibuki as it observes the absorption and emission of CO₂, which is a breath of the earth.



Societal Initiatives

The Topcon Group, as a global company, respects human rights and diversity through the development of Topconians (our human resources who share the Group's values and contribute to value creation). We will diligently work together with various stakeholders to create an affluent society.

Valuing People (Respect for Human Rights)

The Topcon Group has a global, diverse workforce with a wide variety of backgrounds, origins, experiences, and cultures. We respect diverse values, fundamental human rights, and individual personalities and characters in light of human dignity, and seek to maintain a workplace where every individual is respected.

We are committed to providing equal opportunity in employment and business. We will not tolerate unlawful discrimination in the workplace, and ensure that all employees, job applicants, customers, and suppliers are treated equally and respectfully, regardless of race, religion, sex, nationality, age, physical or mental disability, sexual orientation, or other attributes. Our commitment to a safe and secure work environment means that we will not tolerate workplace violence or threats. Prohibited conduct includes not only physical violence or abuse, but also abusive, intimidating, or disorderly conduct and threatening language. Moreover, we will not allow for using child labor or forced labor.

The Topcon Group considers a direct exchange of views between labor and management as critical for protecting the rights of workers. In Japan, we have both the Topcon Labor Union and the Topcon Group Labor Union Council for affiliated group manufacturers. Topcon holds regular labor management gatherings and councils, where we explain the Company's business conditions to the Topcon Labor Union, in an effort to enhance communication.

Diversity

Respecting Diversity

The Topcon Group values communication with its employees, with the aim to be a company that employees with different personalities and values can make the most of their capabilities, and thrive with creativity and an innovative spirit, regardless of nationality, race, or sex. To this end, we disseminate and implement the Topcon Global Code of Conduct, which is an action guideline for all Topcon Group employees, and ensure compliance with applicable laws and regulations.

The Topcon Group is a company with overseas sales accounting for roughly 80% of sales, and non-Japanese employees accounting for roughly 70% of the total workforce. In addition, 8 out of 25 Executive Officers are non-Japanese. The Group possesses a global business network with bases in 31 countries and regions. Accordingly, we have hired the right people from a highly diverse pool of talent, for the right jobs from a global perspective.

Promoting the Active Participation of Women in the Workplace

To create a workplace culture that is conducive to leveraging the resources of a diverse workforce, we place great importance on creating an environment in which women are able to fully exercise their individuality and abilities, and realize their own careers.

In terms of specific measures, we aim to create a support system that enables women to build continuous, long-term careers, by providing an environment where women can play even more active roles, regardless of their line of work. In addition, we also create opportunities for female employees to work overseas. By granting opportunities to ambitious individuals regardless of sex or age, we provide a setting in which our female staff can develop a global mindset.

As of the end of fiscal 2021, the proportion of female employees in the group is 27% (27% in fiscal 2020) in total, 15% (15%) in management. In headquarters, it is 18% (17%) as a whole, 8% (8%) in managerial positions. In addition, there are 2 female Directors (out of 10) and 2 female Executive Officers (out of 25).

Providing Flexible Working Arrangements

Topcon supports Work Style Reform to help employees achieve a balance between work and private life, while boosting labor productivity. We have established a variety of support programs for childbirth and childrearing, as part of these efforts.

Our Maternity Work Exemption Program allows pregnant employees or employees who have given birth within the past year to take leave to allow the time necessary for medical examinations as directed by an obstetric nurse. In addition, we have established a system to support childbirth, including a spouse maternity leave system that allows the employees to take three days off when their spouses give birth. After the birth of a child, we offer a Child Care Leave that can be taken until the end of the first April after the child reaches the age of 2, in accordance with the time when the child enters nursery school. In addition, we have expanded programs that allow employees to flexibly choose their work style, including Short-time, Short-day, Teleworking, and Flextime Work Programs. We also offer a Child Nursing Leave Program that allows employees raising an elementary school child or younger to take five days off per year for a single child and 10 days off per year for two or more such children. These programs help working parents raise their children and arrange flexible work styles.

Societal Initiatives

Human Resource Development

The Topcon Group provides employees and other personnel with fair and equitable opportunities to grow through independent learning, and strives to foster a workplace culture that is conducive to making the most of their qualities. We provide employees and other personnel with opportunities for self-improvement, to enable them to perform duties that are commensurate with their assigned areas, responsibilities, and authority, while improving their skills both in and outside of work.

The development of Topconians is Topcon Group's strategic human resource theme to realize its management vision. A Topconian possesses three qualities: 1) seeks to develop and maintain a high level of expertise, while utilizing their expertise to generate profits; 2) acts with universal values, including thinking globally and respecting cultural diversity; and 3) is a team player who makes the most of collaboration. We hold lectures and training regularly in order to further the development of such human resources.

Specifically, we provide personnel training in accordance with the organization's growth strategy, including position-specific training to develop the abilities required at each level from new employees to executives, training for selected employees to acquire the knowledge and skills necessary for future management positions, compliance training, improvement and transmission of technology and skills, and self-development.

In addition, as initiatives to support employees' self-supporting career building, we have a mentor system and a career training program that allows employees to reflect on their careers at a certain age. The mentor system is operated with the objectives of relieving young employees' anxiety about work and career development, fostering a sense of security by having someone they can feel free to talk to at any time, and providing support in resolving specific concerns, as well as creating dialogue that leads to an image of their future careers. Moreover, career training provides opportunities to promote self-understanding of career strengths cultivated over the years and to think comprehensively, including financial planning, toward the fulfillment of life careers, with an eye toward the 100-year age of life.

Ensuring the safety of group employees

The Topcon Group views ensuring safety and health as essential to enabling its employees to perform at their best and avoiding workplace accidents. The Group has adopted the necessary safety measures for buildings and facilities, and established work standards that prioritize employee safety and health based on this policy. Recognizing that safety comes first, employees are required to comply with laws, regulations, and internal company rules regarding safety and health.

We have established a crisis response system for unforeseen events, to ensure the safety of employees on business trips and overseas assignments, as well as that of their families, regardless of country or region. We are working to establish and strengthen safety measures with the primary aim of preventing incidents and accidents.

Quality Policy

We will continuously improve the quality of Topcon's products and services from the customer's perspective and build relationships of trust with our customers.

Sign of Trust: ISO9001 Certified

Topcon has obtained "ISO9001: 2005", an international standard for quality management system, for its business field (Surveying instruments and optical unit products for overseas markets) from SGS United Kingdom Ltd., (SGS Japan Inc. in Japan).

This certificate is proof that Topcon's quality assurance system is globally approved.

Through the certification and maintenance of "ISO9001", Topcon Group aims for "customer first" "quality first" in all its tasks from development and production to sales and after services, always thriving for improvement.

Never satisfied with the status quo, we intend to continue to work on offering even more reliable products and services, and meet our commitments as a global company.

Sign of Trust: ISO13485 Certified

Topcon has obtained "ISO13485: 2016", an international regulatory requirement for medical devices, for the scope of qualification (design, development, production and distribution of ophthalmic medical devices) from TÜV SÜD (Germany).

This certificate is proof that Topcon's quality assurance system for its medical devices is globally approved.

Through the certification and maintenance of "ISO13485", Topcon Group will do its utmost to improve quality in all stages from development and design, production, sales to services, providing highly reliable products in order to advance our customers' businesses.

Never satisfied with the status quo, we intend to continue to work on offering even more reliable products and services, and meet our commitments as a global company.



Quality Assurance ▶

<https://global.topcon.com/about/quality/>

Basic Procurement Policy of Topcon

Equal and fair procurement activities

We engage in transparent, equal, and fair procurement activities in new transactions with all clients.

We make decisions on the selection of clients based on comprehensive and objective evaluations and procedures covering aspects such as certainty in quality, price, deadline, stability in technical standards and administration, and an environmental consideration.

Coexistence and co-prosperity

We constantly maintain and encourage trust-based relationships and aim to achieve coexistence and co-prosperity with our clients through business transactions.

Rules on the compliance with laws

We engage in business transactions while complying with laws, social norms, and healthy commercial practices.

Management and protection of information

We never disclose confidential information of our procurement activities with clients to the outside of our company.

CSR Procurement

Topcon establish "Business Partners' Code of Conduct" (<https://global.topcon.com/about/governance/code/business/>) with the aim of better society and the global environment and realize sustainable development of the company together with our suppliers. We ask all of our suppliers to implement this guideline.

Green procurement

We procure items from partners that are implementing conservation activities. We also purchase/use products, parts, materials, and raw materials which produce low environmental load in their lifecycles.



Basic Procurement Policy ▶

<https://global.topcon.com/about/procurement/>

Communication with Stakeholders

The Topcon Group offers products and services that address societal issues, based on its basic policy for CSR. At the same time, the Group attaches great importance to communications with its diverse stakeholders, and endeavors to make social contributions through its business activities.

The Group conducts checks and evaluations of the performance of its ESG activities each fiscal year, and draws on the results of these evaluations to set goals for the activities for each shareholder in the following fiscal year. Our website is our primary channel for disclosing information in our communications with stakeholders. In addition, we also utilize various other means, such as IR, local events, exhibitions, academic conferences, and publications, in order to disclose information and communicate with stakeholders, in a multifaceted and multilayered manner.

Communication with various stakeholders

Stakeholders	Ways of communication
Clients	Exhibitions, academic conferences, publications, call centers Provision of products and services
National and local governments	Legal documents, support for environmental administration Compliance with laws and regulations
Business partners	System for managing the chemical substances contained in products Clear statement regarding our green procurement policy, SCM promotion, etc.
Employees	Topcon Global Code of Conduct Skill development, fair evaluations, safety, health, etc.
Global and local communities	Support for local events Environmental protection, plant tours, and cooperation toward local revitalization, etc.
Shareholders and investors	IR activities Information disclosure, dividend distribution, governance, etc.
NPOs and civic groups	Support for activities and information exchange Third-party opinions and cooperative works

Report on CSR Activities



Preventing Aboriginal blindness

The rate of blindness among Australia's Aboriginal people is about three times that of non-indigenous people. Of these cases, it is said that 90% could have been prevented. Our Australian Group company is contributing to the early detection and treatment of ocular diseases by providing NGOs with 3D Optical Coherence Tomography (3D OCT), which takes cross-sectional images of the retina.



Visualization of growth conditions to increase potato production

Topcon's Auto Steering System and laser-type growth sensor visualized growth conditions at a farm in Ireland. As a result, the amount of water and fertilizer could be adjusted, resulting in improved production per unit area. This provides high-quality potatoes that meet consumer expectations and promotes sustainable agriculture.



Donated surveying instruments to a social action program to eliminate poverty by building bridges

Approximately one billion people around the world lack safe access to vital resources such as healthcare, education, and employment because of a lack of bridges.

Our Group company in the U.S. endorsed Bridges to Prosperity, which was established in 2001 with the philosophy of connecting communities through bridges and eliminating poverty caused by isolation. The company has donated surveying instruments necessary for bridge construction.



Corporate Governance Initiatives

Topcon has established the TOPCON Corporate Governance Guidelines, in pursuit of the sustainable growth and medium- to long-term enhancement of the corporate value of the Topcon Group (hereinafter, referred to as the "Group"), comprising the Company and its affiliates. The Guidelines are based on the TOPCON WAY, which forms a set of fundamental values, evaluation standards, and basic principles of conduct that are to be shared by directors, executives, and all other employees of the Group to achieve effective corporate governance.

Outline of the Corporate Governance Structure

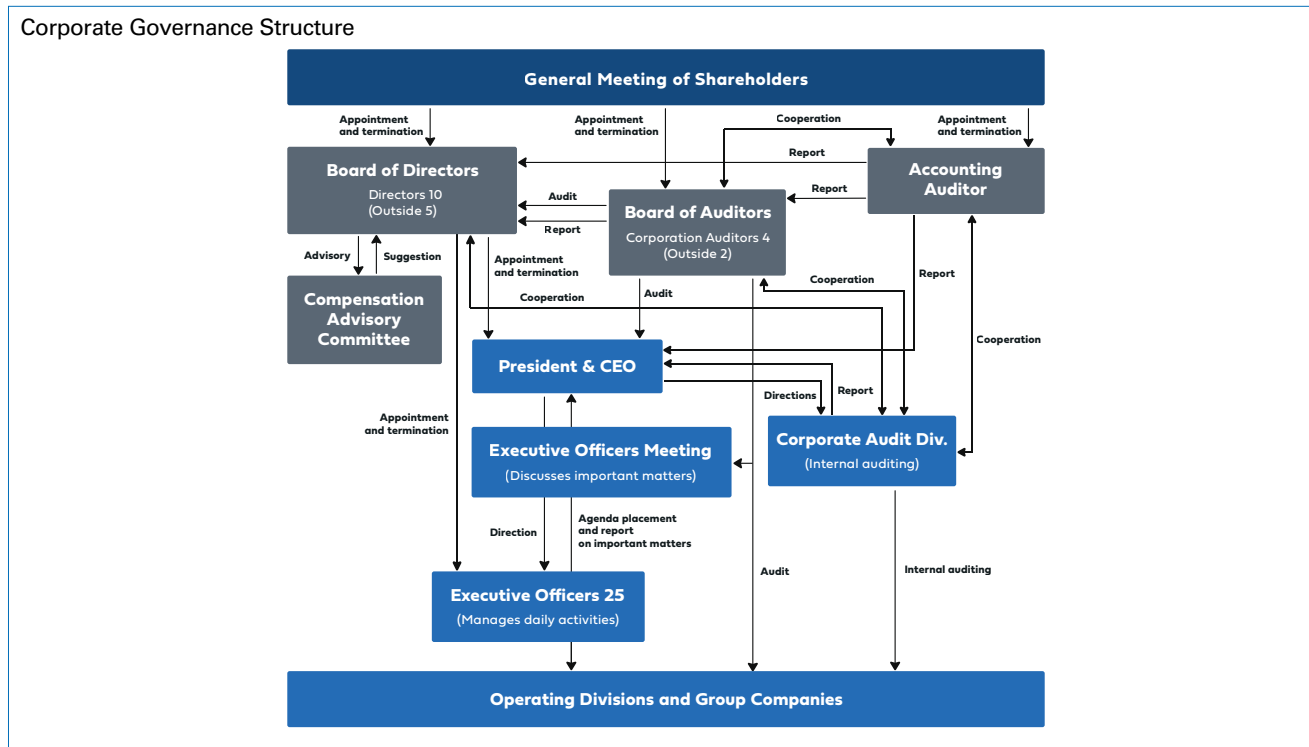
Corporate Organization

Topcon has adopted the corporate structure of a Company with a Board of Corporate Auditors under the Companies Act.

The Board of Corporate Auditors and the Corporate Audit Division (internal audit department) mutually discuss audit plans and policies, and work in mutual cooperation by regularly sharing

information throughout the fiscal year, in order to increase the efficiency and effectiveness of the work of the Corporate Auditors.

In addition, the Company has established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors, which is chaired by an Independent Outside Director, and the majority of whose members are Independent Outside Officers.



* Reports to the Board of Directors, the Board of Corporate Auditors, and President & CEO in a timely manner if any significant issue is discovered.

Board of Directors

Roles and responsibilities of the Board of Directors

The Board of Directors recognizes its fiduciary responsibility to the shareholders, towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group. Based on such recognition, the Board of Directors works to achieve improved management efficiency, in addition to maintaining management soundness, ensuring transparency in management, and fulfills its responsibilities towards all stakeholders of the Group.

- To fulfill the above-stated responsibilities, the Board of Directors conducts assessments of performance, appropriate development and implementation of the internal control system and the risk management system, and supervision of the overall business management of the Group, from an independent and objective standpoint.
- The Board of Directors makes decisions on matters provided for in laws and regulations, and the Articles of Incorporation,

as well as on important matters relating to business management. The Board of Directors has adopted the Executive Officer System as a business execution system based on its decision making, and delegates day-to-day business execution to Executive Officers. Executive Officers are appointed by a resolution of the Board of Directors, taking into account their level of knowledge and experience required by the business domains of the Group.

- The Board of Directors has established a system to respond to cases where a Corporate Auditor or the Accounting Auditor discovers misconduct and requests appropriate measures, or identifies any inadequacies or problems.
- The Board of Directors conducts an analysis and assessment of the overall effectiveness of the Board of Directors, and discloses a summary of the results.

Composition of the Board of Directors

- The Board of Directors of the Company comprises ten Directors (including five Outside Directors).

- The Company ensures that there is a system in place to supervise the operation of the Company by appointing at least two Independent Outside Directors, who express their opinions from an independent and objective standpoint at the meetings of the Board of Directors.
- The Board of Directors is composed of Directors with different backgrounds in terms of expertise and experiences, and maintains an appropriate number of Directors to ensure that the Board of Directors can effectively exercise its decision-making and supervisory functions.

■ Board of Corporate Auditors

Roles and responsibilities of the Board of Corporate Auditors

The Board of Corporate Auditors recognizes its fiduciary responsibility to the shareholders, towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group. Based on this recognition, the Board of Corporate Auditors ensures corporate soundness and strives for the common interests of the shareholders.

- The Board of Corporate Auditors collaborates with Outside Directors and the internal audit department.

Composition of the Board of Corporate Auditors

- At least half of the Board of Corporate Auditors shall be Independent Outside Corporate Auditors, in order to ensure transparency and fairness.
- The Board of Corporate Auditors of the Company consists of four Corporate Auditors (including two Outside Corporate Auditors).
- Corporate Auditors with the appropriate experience and skills have been appointed.
- The Board of Corporate Auditors appoints Corporate Auditors with the knowledge of finance, accounting, and legal matters necessary to serve on the Board of Corporate Auditors, and in particular, appoints at least one Corporate Auditor with sufficient knowledge of accounting.

■ Nomination and Compensation Advisory Committee

The Company has established the Nomination and Compensation Advisory Committee, which is independent of the Board of Directors, for the purpose of ensuring objectivity and transparency in the selection of candidates for President and Director and in the handling of compensation for Directors.

- The Nomination and Compensation Advisory Committee is chaired by an Independent Outside Director, and the majority of the committee members are Independent Outside Officers. (Members of the Committee)
Kazuyuki Matsumoto (Chairman, Independent Outside Director), Satoshi Hirano (Representative Director, President & CEO), Yoshiharu Inaba (Independent Outside Director), Naoki Hidaka (Independent Outside Director)
- The Nomination and Compensation Advisory Committee makes proposals to the Board of Directors upon receiving consultation from the Board of Directors.

■ Directors and Corporate Auditors

Directors

Directors recognize their fiduciary responsibility to the shareholders, and execute their duties as Directors towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.

- Directors, as members of the Board of Directors, supervise the execution of business operations by Executive Directors and Executive Officers.
- Directors collect sufficient information to execute their duties, while requesting explanations on various matters, proactively expressing opinions, and holding open and constructive discussions at the Board of Directors' meetings.

- Directors proactively collect information to appropriately fulfill their roles and responsibilities, and if necessary, seek the advice of external experts at the expense of the Company.
- Directors set aside time to appropriately fulfill their roles and responsibilities in the Company, by limiting outside executive jobs to a reasonable extent when concurrently serving as executives at other companies.
- As an incentive for Directors (excluding Outside Directors), the Company offers compensation linked to its medium- to long-term business performance, towards the Group's sustainable growth and enhancement of the corporate value of the Group over the medium- to long-term.

Corporate Auditors

Corporate Auditors recognize their fiduciary responsibility to the shareholders and execute their duties as Corporate Auditors, thereby ensuring corporate soundness towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.

- In accordance with the policies and assigned duties set forth by the Board of Corporate Auditors, Corporate Auditors conduct audits on the status of the execution of duties by the Directors and Executive Officers of the Company, through the following activities: attending important meetings of the Company, including the Board of Directors' meetings; receiving reports from Directors on the status of the execution of their duties; receiving materials and information on related matters; and, collaborating with the internal audit department and the Accounting Auditor.
- Corporate Auditors audit the decisions made by the Board of Directors, and the status of development and implementation of the internal control system.
- Corporate Auditors proactively collect the information necessary for audits through such as attending the Company's important meetings, and give appropriate feedback to Directors, as needed.
- Corporate Auditors proactively collect the information for appropriately fulfilling their roles and responsibilities, and if necessary, seek the advice of external experts at the expense of the Company.
- Corporate Auditors set aside time to appropriately fulfill their roles and responsibilities in the Company, by limiting outside executive jobs to a reasonable extent when concurrently serving as executives at other companies.

Independent Outside Directors and Independent Outside Corporate Auditors

Independent Outside Directors and Independent Outside Corporate Auditors supervise the execution of business operations, provide advice for the sustainable growth and the medium- to long-term enhancement of the corporate value of the Group, and manage conflicts of interest, while ensuring that the opinions of stakeholders, including minority shareholders, are reflected in the Board of Directors.

- The Company has four Independent Outside Directors and three Independent Outside Corporate Auditors.
- Independent Outside Directors share information regarding matters related to the business and corporate governance of the Group, and exchange opinions with each Director, Executive Officer, and Corporate Auditor.
- The Company appoints Outside Directors and Outside Corporate Auditors who meet the criteria for independence set forth by the Financial Instruments Exchange.
- Independent Outside Directors and Independent Outside Corporate Auditors strive to exchange information and share perspectives based on an independent and objective standpoint, by holding regular meetings and other occasions.

Support system for Directors and Corporate Auditors

The Company has established an effective and sufficient support system for Directors and Corporate Auditors, to assist them in fulfilling their roles and responsibilities, as described below.

- The Company runs the meetings of the Board of Directors to enable sufficient discussion at Board meetings, as follows.

Corporate Governance Initiatives

- 1) The Company prepares an annual schedule of the Board meetings and an annual plan of the matters for discussion.
 - 2) The Company sets aside time for sufficient discussion at the Board meetings.
 - 3) The Company distributes materials on matters for discussion of the Board meetings, well in advance.
 - 4) In addition to the above, the Company provides information that the Directors need for decision making and information that the Corporate Auditors need to execute their duties, as necessary.
- The Company appoints an assistant to help in the duties and other activities of the Corporate Auditors, as necessary, in order to provide the corporate information that the Corporate Auditors need, and to coordinate in-company collaboration.
 - The Company proactively provides information when Outside Directors and Outside Corporate Auditors request information necessary for the execution of their duties.
 - The Company secures the budget necessary for the execution of duties by Directors and Corporate Auditors.

Training Policy for Directors and Corporate Auditors

The Company provides information and knowledge on business activities necessary for Directors and Corporate Auditors to fulfill their roles and responsibilities appropriately, as follows.

- When Directors or Corporate Auditors are newly appointed, the Company provides training on laws and regulations related to the business of the Group and corporate governance, and continues to provide such training even after they have assumed office.
- In addition to the above, when Outside Directors or Outside Corporate Auditors are newly appointed, the Company provides information regarding the Group's business and overall organization, as well as necessary information on an ongoing basis regarding the Group's business strategies and issues, even after they have assumed office.

Evaluations of the Effectiveness of the Board of Directors

Once a year, the Company conducts a questionnaire survey of each Director and Corporate Auditor regarding the matters including composition and operation of the Board of Directors, and based on the results, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole.

In FY2021, the Board of Directors, at its meeting held in May 2022, assessed the effectiveness of the Board of Directors as a whole.

On the other hand, there were some opinions regarding strengthening the decision-making and supervisory functions of the Board of Directors.

We will continue to make further improvements to enhance the effectiveness of the Board of Directors as a whole.

In addition, the Board of Directors has determined that the said compensation is in line with the policy on compensation for Directors, as the Nomination and Compensation Advisory Committee has conducted in advance a multifaceted review of the compensation for Directors, including the assessment of its consistency with the policy on compensation for Directors.

Executive Compensation

Policy on Determining Details of Individual Compensation for Directors

Compensation for Directors (excluding Outside Directors) consists of fixed compensation and performance-linked compensation (short-term performance-linked compensation, medium-term performance-linked compensation, and stock options). Outside Directors and Corporate Auditors receive only fixed compensation.

The Company has established a Compensation Advisory Committee in order to ensure objectivity and transparency in relation to the handling of compensation for Directors. The Committee is chaired by an Independent Outside Director, and the majority of its members are Independent Outside Officers. The Committee makes proposals to the Board of Directors

upon receiving consultation from the Board of Directors. The policy on compensation for Directors is determined by a resolution of the Board of Directors based on the discussions and proposals of the Compensation Advisory Committee.

The amount of compensation for each individual Director is determined within the total amount of compensation for Directors determined by the resolution of a General Meeting of Shareholders, in accordance with the policy on compensation for Directors based on the discussions at the Nomination and Compensation Advisory Committee. For restricted stock compensation, the specific number of shares is determined by a resolution of the Board of Directors. For other compensation, the Board of Directors delegates determination of the specific amounts to the President and Representative Director (Satoshi Hirano, CEO), considering factors such as that the President and Representative Director has a full view of the Company's overall performance, and the procedures required to have discussions with and obtain proposals from the Compensation Advisory Committee in advance. The President and Representative Director determines the specific amounts of other compensation in accordance with the delegation. In addition, the Board of Directors has determined that the said compensation is in line with the policy on compensation for Directors, as the Nomination and Compensation Advisory Committee has conducted in advance a multifaceted review of the compensation for Directors, including the assessment of its consistency with the policy on compensation for Directors.

The Compensation Advisory Committee held a meeting to determine the amounts of compensation for Directors for the current fiscal year in May 2021, and the Board of Directors held meetings in June 2020 and February 2021, respectively.

The amount of compensation for each Corporate Auditor is determined by discussions among the Corporate Auditors, and is set within the amount of compensation for Corporate Auditors determined by a resolution of the General Meeting of Shareholders.

Fixed compensation

- Fixed compensation for Directors (excluding Outside Directors) is determined according to rank, and is paid monthly.
- Fixed compensation for Outside Directors is determined based on consideration of their roles and other factors, and is paid monthly.

Performance-linked compensation

- Performance-linked compensation for Directors (excluding Outside Directors) is calculated based on prescribed benchmarks for the relevant fiscal year. The indicators used for performance-linked compensation for Directors include consolidated profit attributable to owners of the parent and ROE, in order to boost the motivation and morale of Directors toward higher performance and to ensure the identity of interest between Directors and the shareholders.
- Short-term performance-linked compensation is calculated based on the results of the current fiscal year. Medium-term performance-linked compensation is calculated based on the cumulative results during the period of the mid-term business plan. Each compensation is paid after the end of the period to which it applies.
- Stock acquisition rights are granted as stock options to Directors (excluding Outside Directors) in order to boost motivation and morale toward the enhancement of long-term performance. The number of stock acquisition rights to be allotted to each Director is determined according to rank. Stock acquisition rights are issued by a resolution of the Board of Directors, on the condition that the rights to request compensation of the Directors whom the stock acquisition rights are allocated to shall be offset against the paid-in amount for the stock acquisition rights by an amount equal to the paid-in amount. Details of the stock acquisition rights are as described in "(2) Status of Stock Acquisition Rights, etc." in "1. Status of Shares, etc." on pages 23 to 28 of the Annual Securities Report (Japanese language only).

- The results of indicators serving as the basis of performance-linked compensation for the current fiscal year are as follows: consolidated profit attributable to owners of the parent of ¥10,699 million and ROE of 14.0%. As for cumulative results for the Third Mid-term Business Plan, consolidated profit attributable to owners of the parent was ¥14,011 million, and average ROE was 6.3%.

(3) Restricted Stock Compensation Plan

- The Company grants restricted stocks to Directors (excluding Outside Directors) with the aim of providing an incentive to sustainably increase the Company's corporate value and to promote further shared value with shareholders. The number of restricted stocks allotted to each Director is decided based on rank. Such restricted stocks are issued by resolution of the Board of Directors on the condition that monetary compensation claims equivalent to the amount to be paid to Directors to whom the restricted stocks are allotted are offset against the amount to be paid for such restricted stocks.

<Overview of the Restricted Stock Compensation Plan>

The total annual amount of monetary compensation claims to be paid to Directors (excluding Outside Directors; hereinafter referred to as the "Eligible Directors"), in accordance with the Restricted Stock Compensation Plan, shall be set at ¥200 million or less (the amount does not include employee salaries of Directors who concurrently serve as employees), and the total annual number of shares of the Company's common stock to be issued or disposed of by the Company shall be set at 100,000 shares or less (provided, however, that if the Company performs a split of the Company's common stock (including the allotment of the Company's common stock without contribution) or a consolidation of the Company's common stock, the total number of shares shall be adjusted to the reasonable extent according to the ratio of the stock split or stock consolidation, on or after the effective date of the stock split or stock consolidation).

The Eligible Directors shall pay all the monetary compensation claims to be provided by the Company, in accordance with the Restricted Stock Compensation Plan, in the form of property contributed in kind, and shall, in return, receive shares of the Company's common stock that shall be issued or disposed of by the Company. The amount to be paid in per share shall be determined by the Board of directors based on the closing price of the Company's common stock at the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no trading on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to the Eligible Directors who subscribe such common stock. The specific timing for provision thereof and the allocation to each Eligible Director shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

Additionally, the issuance or disposal of the Company's common stock (hereinafter referred to as the "Shares") in accordance with the Restricted Stock Compensation Plan shall be subject to the conclusion of an agreement on allotment of restricted stocks between the Company and each Eligible Director that includes (1) the prohibition on the transfer to a third party, creation of a security interest in, or otherwise disposing of the Shares allotted during a certain period (hereinafter referred to as the "Restriction Period"), and (2) the automatic acquisition of the Shares by the Company without contribution, if certain events occur. The Shares are expected to be managed in a dedicated account opened by the Eligible Directors at a securities company during the Restriction Period, to prevent the Shares from being transferred, created a security interest on, or otherwise disposed of.

■ Compensation composition ratio

- Compensation for Directors (excluding Outside Directors) consists of fixed compensation and performance-linked compensation. The ratio of performance-linked compensation and restricted stock compensation to the total amount of compensation is designed to be a maximum of approximately 60% on average for each rank, in order to boost the motivation and morale of Directors toward higher performance and to enhance corporate value and shareholder value over the medium to long term.

■ Matters concerning Resolutions of the General Meeting of Shareholders regarding Compensation of Directors and Corporate Auditors

The compensation for the Company's Directors set by the resolution at the 125th Annual General Meeting of Shareholders held on June 27, 2018 is as follows: a total annual amount of up to ¥800 million, consisting of fixed compensation of ¥400 million or less and performance-linked compensation determined by prescribed benchmarks for the relevant fiscal year of ¥400 million or less. The total annual compensation for the Outside Directors set by the resolution is ¥100 million or less (fixed compensation only). In addition, at the same General Meeting of Shareholders, a resolution was also made to introduce a compensation system for granting restricted stock to the Company's Directors (excluding Outside Directors). The total annual amount of such compensation shall be set at ¥200 million or less, in addition to the amount of compensation mentioned above.

Total annual compensation for the Company's Corporate Auditors was set at ¥100 million or less, by the resolution at the 120th Annual General Meeting of Shareholders held on June 26, 2013. The number of Corporate Auditors as of the close of that Annual General Meeting of Shareholders was four (including two Outside Corporate Auditors).

Total Amount of Compensation by Category of Officers and by Type of Compensation, and Number of Officers Receiving such Compensation

Category of Officers	Total Compensation (Million yen)	Compensation by Type (Million yen)			Number of Eligible Recipients (Persons)
		Fixed Compensation	Short- to Medium-term Performance-linked Compensation	Non-monetary Compensation	
Directors (excluding Outside Directors)	427	200	190	36	6
Corporate Auditors (excluding Outside Corporate Auditors)	37	37	—	—	2
Outside Officers	77	77	—	—	7

Notes: 1) Non-monetary compensation is the amount of expenses accrued during the fiscal year for the stock acquisition rights granted as stock options.

2) One Director, who retired at the conclusion of the 128th Annual General Meeting of Shareholders held on June 25, 2021, is included in the number of Corporate Auditors (excluding Outside Corporate Auditors).

Compliance/Risk Management

To ensure smooth business operations under appropriate controls, the Board of Directors sets forth basic policies regarding the development of the internal control system, and supervises the establishment of the Group's structure and its operational status in terms of compliance, ensuring appropriate financial reporting, and risk management.

The Company has established the Basic Rules for Risk and Compliance, for a risk management system capable of responding to any risk that arises within the Group in a timely and appropriate manner, depending on the nature of the risk.

Internal Audit Department, and Others

The Company has established the Corporate Audit Division consisting of seven members as an internal audit department. The Corporate Audit Division validates the appropriateness and effectiveness of the internal management systems, as described below.

- The Corporate Audit Division aims to contribute to the enhancement of the corporate governance and risk management of the Group. The Corporate Audit Division is responsible for the internal audit process, and develops a system under which the Division validates the appropriateness and effectiveness of the internal management system, including compliance, and reports to the Board of Directors, the Board of Corporate Auditors, and the President & CEO in a timely manner, if a significant issue arises.
- The Corporate Audit Division collaborates with Corporate Auditors and the Accounting Auditor.
- With respect to internal reports, the Corporate Audit Division contributes to the early discovery of risk information, and respond to whistleblower complaints in a prompt and appropriate manner.

Strengthening Global Export Control System

Exports to several countries are subject to strict controls under relevant Japanese and U.S. laws. If our export control compliance were lax, this could result in situations that threaten the basis of our existence as a corporation. In the worst case, the company would be subject to penalties such as an export ban due to violations of applicable laws and regulations. For this reason, as a global company, the Topcon Group is committed to activities related to maintaining and bolstering the global system of export controls.

Conducting export control audits

We conduct annual internal audit on all departments involved in export. Then, measures for improvement which was requested during audit are discussed with departments audited for one to three months after audit to correct nonconformities at an early stage. The next year's audit conducts follow-up to check if such measures are carried out on a continuous basis. It also checks for missing items and inadvertent errors such as in administration procedures in the entire process.

In addition, domestic and overseas group companies are audited according to an annual plan to strengthen global export control system.

Since FY2012, we have started field audit of overseas group companies jointly with in-house lawyers of a U.S. group company specialized in U.S. laws.

Providing export control educations

To raise employees' awareness about compliance, we provide training sessions for employees. We put some thought in training materials to make them easy to understand for employees. Furthermore, we provide mandate training for employees who will be assigned to overseas companies to raise their awareness of their leadership role in administering export control in a region where they will work in order to "enhance a global export control system."

Developing export control specialists

To improve expertise of employees engaged in export control, Topcon Group recommends them to take a "certification exam on export control" held by the Center of Information on Security Trade Control (CISTEC).

Periodically holding export control promotion meetings

To share information on global trends and situations of export control in Topcon Group, we periodically hold export control promotion meetings to raise the awareness of employees within the group. To thoroughly practice export control in line with these changes, the information is shared and fed back internally.

Regions requiring special control

Topcon Group designates six countries/areas including Iran, Iraq, Cuba, Syria, North Korea, and Crimea Region of Ukraine which are subject to special regulations under the Foreign Exchange and Foreign Trade Act of Japan and relevant U.S. laws as "regions requiring special control" and applies the most stringent procedures for screening for trade and administration in the Topcon export control program.

Anti Corruption

As an initiative to combat corruption as stipulated in Principle 10 of the United Nation Global Compact, the Topcon Group prohibits giving out bribes or inappropriate profits in any form that violate laws, regulations or sound business practices. In addition, we prohibit employees from accepting inappropriate

personal benefits or profits in connection to their work or position.

■ We Prohibit Improper Payments

The Topcon Group will not offer or give bribes, or any other improper interests, in violation with laws, regulations, and/or sound customs of trade.

You must understand that bribes not only to government officials, but also to employees in private enterprises are prohibited in certain countries, and You must understand and comply with all applicable laws and regulations of the country or region in which You are involved in business.

What Is A Bribe?

In this Code, the term "Bribe" means anything of value offered or given for the purpose of gaining improper commercial interests, or in consideration of such improper interests and offered or given to the following persons:

- government officials, foreign government officials (including employees of state-owned enterprises and international organizations, also including ex-officials);
- politicians, candidates of politician, political parties and employees thereof;
- customers (legal or natural persons).

A bribe does not have to be cash. It can include rewards, entertainment, gifts, donations, gratuities and any other type of benefits. Even items of minimal value may constitute a wrongful bribe.

When using an intermediary (such as agent) in Our business, We must ensure that they will not engage in the corrupt practices designated above, and also clearly agree in advance on scope of the services as well as on the amount of compensation, and ensure that these conditions are reasonable.

■ We Do Not Demand or Accept Gifts and Entertainment as Business Inducements

Employees must not demand or accept any personal benefits in connection with his/her job.

However, receiving gifts and entertainment from customers, suppliers or contractors is permissible only if it is inexpensive in value and customary in nature and is consistent with applicable laws, regulations and sound customs of trade and only if it would not affect a particular business decision of the Topcon Group.

Any gifts or entertainment which are excessive or seem unreasonable must be refused.

■ We Do Not Accept Money Laundering and Participate to the Financing of Terrorism

The Topcon Group is firmly committed to full compliance with applicable anti-money laundering and counter terrorism laws and regulations. We conduct business only with reputable third parties who engage in legitimate business activities. This applies as well to our relations with trading partners such as suppliers, vendors and others sub-contractors.

Employees must not participate in any activity aimed at laundering money or financing terrorism. In addition, you

must not provide an assistance to any person or organization trying to benefit from the proceeds of a criminal act or illegal activity or controlling funds invested for the benefit of a terrorist organization.

■ Whistle Blowing System

Topcon has established a whistleblower hotline (Topcon Whistleblower System) in accordance with the Whistleblower Protection Act, which is available to directors and employees of Topcon and our domestic group company. The contact points are offered internally and externally (the contact points are independent of the Topcon Group), and reports can be made under real names, anonymously or semi-anonymously. The system also covers reports of bribery, corruption, discrimination, human rights, and harassment.

In addition, to ensure that whistleblowers are NOT treated unfairly, Topcon has put in place thorough measures such as "confidentiality and prohibition of retaliatory actions" to protect whistleblowers. Moreover, the content of the report is promptly reported to the corporate auditors followed by the results of the investigation in a timely manner. In terms of significant risk issues, the responses are reported to the Board of Directors as well. This system is operated to assure that the whistleblower system functions more effectively.

■ Personal Information

Topcon Corporation ("Topcon") will continue to seek to respect and protect each customer's personal data. Topcon will implement following Personal Data Protection Policy in its business activities.

■ Basic Policy

Topcon strictly observes the Personal Data and other relevant laws and regulations.

When Topcon obtains personal data from customers, in case without any individual explanation, Topcon uses personal data with the aim of providing the information of the products and services of Topcon or of its affiliated company, etc for the customer and also of showing new or useful information.

Topcon may provide and confide data to third parties with a view to analyzing or processing, feeding back, etc for our customer. The information will be handled appropriately in all these processes in accordance with the business activities and scale of Topcon.

Topcon takes rational safety measures against the risk of personal data in cases like unauthorized access and disclosure to personal data or the loss, destruction, alternation, etc.

Topcon has established management system relating to personal data protection and strives to continuously improve.

Topcon responds appropriately to questions, complaints and consultations regarding personal data from customers.

Compliance/Risk Management

■ Business Risks

Business risks relating to business conditions, financial status, and other matters that may potentially have a significant impact on investor decisions include the following.

■ Economic Conditions Relating to Product Demand

The Topcon Group (hereinafter “the Group”) is primarily engaged in three businesses, namely the Positioning Company, the Smart Infrastructure Business, and the Eye Care Business. Product demand is impacted by trends in the markets to which the respective business segments belong (construction and civil engineering, agriculture, and ophthalmic/eyeglass markets), and should any major fluctuation occur in these markets, it may impact the financial position and business results of the Group.

Moreover, given the Group's high ratio of overseas sales and its extensive marketing areas around the world, which include the U.S., Europe, Asia, and China, as well as Japan, the economic conditions in these areas may impact the financial position and business results of the Group.

■ Overseas Business Development

The Group is engaged in a wide range of overseas activities, including the export of its products and overseas production. Hence, the deterioration of political and economic conditions overseas, trade and currency restrictions, reforms of laws and tax systems, a deterioration of public security, conflicts and terrorism, wars, and natural disasters may impede the Group's overseas activities, and impact the financial position and business results of the Group.

■ Intensifying Competition (Price and Non-price Competition)

The Group faces competition in the form of the supply of similar products by competitors, in each of its businesses. To maintain its competitive edge, the Group promotes the early market launch of new products, the development of new technologies, and cost reductions, among other efforts. However, should delays occur in new product development, the development of new technologies takes longer than expected, or the price of raw materials soars, it may impair the Group's growth potential and profitability, and impact the financial position and business results of the Group.

■ Fluctuations in Interest Rates, Foreign Exchange Rates, and Other Conditions in the Financial Markets

The Group maintains a high ratio of overseas sales in its total consolidated sales. Since this presents exposure to exchange-rate fluctuation risk, the Group uses forward exchange contracts to maintain an appropriate level of exchange hedge within the scope of demand. Despite these precautions, volatility in exchange rates may impact the business results and financial position of the Group. The Group also borrows funds from financial institutions, which presents exposure to interest-rate fluctuation risk. Changes in financial market conditions could lead to sharp rises in interest rates. Such fluctuations could increase the Group's interest payments, which may impact the business results and financial position of the Group.

■ Fund Procurement

The Group raises its necessary funds through borrowings from financial institutions, bond issues, and other means. Going forward, the Group may encounter situations in which loans cannot be continued or new loans cannot be taken out, due to a deterioration of the financial markets, poor business performance, and other reasons. Moreover, the Group's fund procurement could become restricted or fund-raising costs could rise in the event that the Group's credit rating by the rating agencies is downgraded. Should such a situation occur, it may impact the financial position and business results of the Group.

■ New Business Strategies

The Group considers initiatives for new businesses to ensure future growth, as appropriate. However, new businesses involve numerous uncertainties, and in the event that they are not achieved as planned, it may impact the financial position and business results of the Group.

■ Corporate Acquisitions

The Group strives to build a system that can foster optimal business forms suited for business characteristics, and at times takes steps such as corporate acquisitions to expand operations. Nonetheless, such actions can affect the Group's business results and financial position if sharp changes in the market and competitive environment cause the acquired businesses to underperform or management resources cannot be put to effective use.

■ Fixed Assets

The Group holds tangible fixed assets and intangible fixed assets such as goodwill through corporate acquisitions. Should the value of these assets decrease due to a decline in profitability, fall in market prices, or other factors, it will lead to impairment losses or incurring of loss on sales at the time of disposal, which may impact the financial position and business results of the Group.

■ Procurement of Materials and Other Items

The Group needs to rely on a limited number of suppliers or those who are difficult to replace when using certain special materials in its production activities. In addition, various factors could disrupt the global supply chain, resulting in a shortage of parts and materials. The Group will take various measures in procurement, design, and manufacturing to minimize the impact. However, in the event that the impact is prolonged before the situation is resolved, that may result in soaring purchase prices and delays of production and potentially impact the financial position and business results of the Group.

■ Quality Issues

The Group makes a concerted effort into quality control to ensure optimal quality, in line with the attributes of each product. However, it is virtually impossible to eliminate quality issues completely due to unforeseen circumstances, which could lead to recalls, litigation, and other actions, and such a situation may impact the financial position and business results of the Group.

■ Intellectual Property Rights

The Group utilizes various intellectual property rights in its research and development activities, and recognizes these rights as the Group's proprietary rights or rights under legal licensing agreements. However, the Group may unwittingly become the subject of litigation due to infringements of intellectual property rights by third parties. Should a dispute regarding intellectual property rights occur, it may impact the financial position and business results of the Group.

■ Laws and Regulations

Among the Group's products, certain products in the Eye Care Business are regulated as medical devices by the Pharmaceutical Affairs Act of Japan, as well as the laws relating to medical devices of the countries in which the Group operates. Should these laws and regulations undergo changes, or the Group no longer be able to obtain the approvals and authorizations necessary to conduct business in a timely manner, it may impact the financial position and business results of the Group.

■ Risks Related to Climate Change Issues

In order to curb worsening global warming, the Group has two initiatives to reduce the environmental impact: "reducing environmental impact through products," indicating promotion of energy and resource conservation through the use of our products, and "responding to climate change" to save energy and reduce greenhouse gas emissions in our business activities. In order to contribute to the realization of a sustainable society, we are committed to corporate social-responsibility management in the economic aspects of our business activities as well as in social and environmental aspects. However, if environment-related laws, regulations, and taxation systems are significantly strengthened and appropriate measures cannot be taken, that may impact the financial position and business results of the Group.

■ Natural Disaster and Accidents

Any unforeseen manmade or natural disasters such as fires, earthquakes, terrorism, wars, or epidemics, in the areas in which the Group conducts its business could result in human casualties and property damage, as well as suspension of business activities, and may impact the financial position and business results of the Group.

Risks Associated with the Spread of COVID-19

Although the situation regarding COVID-19 varies by region, a recovery trend in business performance from the pandemic has become evident, especially in the manufacturing industry. The Group expects the same situation to continue going forward. The Group has secured the capabilities to raise funds to meet its business and

working capital needs in order to strengthen its sustainability as a company and to grow its business after COVID-19 is contained. In addition, we have established a system to prevent the spread of infectious diseases. In preparation, we are fully implementing measures to minimize the impact, such as encouraging Group employees to refrain from unnecessary outings or trips and to use remote meetings. However, should the pandemic continue in the long term, it may cause a slowdown in demand and adversely impact the Group's logistics, procurement of materials, production, and accounting estimates, which, in turn, may impact the financial position and business results of the Group.

■ Risks Related to the Situation in Ukraine

The Group is taking careful measures to minimize the impact of its business activities in the region (Russia and Ukraine) amid an uncertain outlook by comprehensively identifying possible risks. However, should the impact on the global economy increase due to tighter sanctions against Russia and other factors, that may cause a slowdown in demand and adversely impact the Group's logistics, procurement of materials, and production, which, in turn, may impact the financial position and business results of the Group.

■ Seasonality

The Group's performance tends to be weighted toward the fourth quarter.

Interview with an Outside Director

Topcon's Management and Future as Seen from a prominent business executive with a Global Perspective

Kazuyuki Matsumoto

Outside Director

Kazuyuki Matsumoto was born in Hiroshima Prefecture in 1945. In 1970, he joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation). He became a Director of Teijin Seiki Co., Ltd. in 2001. He was appointed Corporate Officer of Nabtesco Corporation in 2003, Representative Director, President & CEO in 2005, and Director & Chairman in 2011. He became an Outside Director of Kitz Corporation (his current position) in 2013 and assumed his current position of Director at Topcon.



Kazuyuki Matsumoto is in his 10th year since being appointed as Topcon's first Outside Director in 2013. He has many years of experience in manufacturing and is a former President of Nabtesco Corporation, which operates globally and possesses cutting-edge technology. We asked Mr. Matsumoto about Topcon's governance, management, and future.

Governance with Active Discussion without Restraint

Topcon's Board of Directors currently consists of five internal Directors and five Outside Directors, which I believe is well-balanced in terms of governance. Nine years ago, I was the only Outside Director, and the Board of Directors at that time seemed to be overly formal. However, each of the five Outside Directors has unique experiences in areas such as manufacturing and business, so questions at the current meetings of the Board of Directors are asked from various perspectives and lively discussions take place.

What is important for me as an Outside Director is, first of all, my role to restrain the top management from getting out of control, although I am not worried by that. Topcon's Board of Directors provides an environment in which it is easy to express opinions. While there is mutual trust and respect, opinions that "this isn't right" are honestly expressed without any restraint. I feel that we have a good governance structure with a group of members who are constantly striving to improve our corporate value.

A Step Forward with a Focus on Both Hardware and Software

Topcon is working on DX (digital transformation) globally in the three fields of healthcare, agriculture and infrastructure. Although it has been said that this is the software age, Topcon is not neglecting hardware (products). Recognizing that hardware is our base, Topcon is developing a business that produces services by adding software on top of hardware. While some of our competitors have their focus on software, Topcon has successfully combined hardware and software to enhance its product strength as a solution. Another strength of Topcon is that it is vendor neutral (not dependent on a specific manufacturer or sales network). Being vendor neutral means that we must always be one step ahead of our vendors. I feel that our strength lies in the

fact that we are steadily taking on this task with a challenging and venture spirit.

Once again, I feel that Topcon has a very high level of willingness to take on challenges. President Hirano has been communicating his management stance as "a venture company with 90 years of tradition." I believe that all our employees have come to understand this. The design thinking approach, in which employees go out to customers, see and hear for themselves, and enhance their ability to make proposals, has been well implemented. If we can successfully test hypotheses and launch new products one after another at the current pace, we will be unrivaled in the future.

Business Itself is Directly Contributing to SDGs/ Look Forward to the Medium to Long Term Future

Topcon's goal of automation follows the workflow of each of the three domains of healthcare, agriculture and infrastructure. For example, in the case of agriculture, Topcon is involved in the entire workflow of tilling the soil (planning), planting seeds (seeding), providing water and fertilizer without excess or deficiency (growing), and harvesting, and not just a partial digitization, automation and networking of farming process, but their entire process. This is Topcon's unrivaled strength as a business model.

The business model that Topcon is implementing is an advanced approach that no one has ever thought of. Although the rate of automation (robotization) in construction and agriculture is still low, even globally, productivity and quality must be improved as a common issue worldwide due to the current aging population and a shortage of skilled workers. There is also a shortage of ophthalmologists in the world, so the development of a solution that allows fundus screening without a skilled physician is a great breakthrough. The data obtained from fundus screening is also expected to create new business opportunities. I believe that Topcon's outstanding business model of solving social issues in the fields of healthcare, agriculture and infrastructure through digitalization,

automation, and the networked centralized management of processes has the potential to continue to evolve and expand on a global scale.

It is also worth mentioning that Topcon's business itself is making a significant contribution to the SDGs. The more widespread the solutions are, the more they will contribute to the SDGs, such as reducing CO₂ emissions by the labor and time saving from the automation of construction process and farm operations and contributing to people's quality of life through the creation of a system for eye disease screening. Rather than aiming for the SDGs, I also feel that deepening our own business naturally led to social contributions. This may be a rare case in which leveraging one's own strengths is linked to the SDGs.

I hope that all stakeholders will watch Topcon's medium- and long-term development and see the growth of Topcon as it is. Topcon's business is now in the process of becoming a large global business. Even in the age of VUCA, we are making steady progress. We are enjoying this. As the business itself grows very large, we will continue to lead the way while working as hard as we can. That is the kind of company I want Topcon to be and I believe Topcon will continue to be.

Management Structure

Directors



Satoshi Hirano

Representative Director,
President & CEO

December 12, 1957
No. of years served as
Director: 12 years



Takashi Eto

Representative Director
Executive Vice President
General Manager,
Quality Assurance Div.

February 18, 1960
No. of years served as
Director: 7 years



Haruhiko Akiyama

Director
Managing Executive Officer
General Manager,
Accounting & Finance Div.
General Manager,
Custom Products Business
Promotion Div.

February 25, 1963
No. of years served as
Director: 7 years



Takayuki Yamazaki

Director
Managing Executive Officer
General Manager,
Manufacturing Div.
General Manager,
POC-SIB Joint Business
Development Div.

August 10, 1966
No. of years served as
Director: 6 years



Kaoru Kumagai

Director
Managing Executive Officer
General Manager,
Research & Development Div.

February 9, 1961
No. of years served as
Director: 1 year



Kazuyuki Matsumoto

Director
(Outside Director)

September 21, 1945
No. of years served as
Outside Director: 9 years



Akira Sudo

Director
(Outside Director)

September 11, 1951
No. of years served as
Outside Director: 8 years



Naoko Yamazaki

Director
(Outside Director)

December 27, 1970
No. of years served as
Outside Director: 4 years



Yoshiharu Inaba

Director
(Outside Director)

July 23, 1948
No. of years served as
Outside Director: 2 years



Naoki Hidaka

Director
(Outside Director)

May 16, 1953
Outside Director: —

Corporate Auditors



Shokyu Nakamura

Corporate Auditor

March 26, 1961
No. of years served as
Corporate Auditors : 3 years



Nobuyuki Ryu

Corporate Auditor

April 29, 1961
No. of years served as
Corporate Auditors : 2 years



Keiji Taketani

Corporate Auditor

July 8, 1956
No. of years served as
Corporate Auditors : 6 years



Kiyoshi Suzuki

Corporate Auditor

February 18, 1959
No. of years served as
Corporate Auditors : 1 year

Skills Matrix (Expected skills after this Ordinary General Meeting of Shareholders)

	Name	Corporate Management Experience	Global Business	Technology/ Manufacturing/Science	Business Strategy/ Marketing	Legal/Risk Management	Finance/ Accounting	ESG/Social Contribution
Director	Satoshi Hirano	●	●					●
	Takashi Eto	●	●		●			
	Haruhiko Akiyama		●			●	●	
	Takayuki Yamazaki		●	●	●			
	Kaoru Kumagai		●	●	●			
	Kazuyuki Matsumoto (Outside Director)	●	●	●				
	Akira Sudo (Outside Director)		●	●	●			
	Naoko Yamazaki (Outside Director)		●	●				●
Corporate Auditor	Yoshiharu Inaba (Outside Director)	●	●	●				
	Naoki Hidaka (Outside Director)	●	●		●			
	Shokyu Nakamura	●	●			●		
	Nobuyuki Ryu	●	●			●		
	Keiji Taketani (Outside Corporate Auditor)		●			●	●	
	Kiyoshi Suzuki (Outside Corporate Auditor)		●			●	●	

* Three fields of expertise per each individual where he/she has strengths are marked with ●.

Executive Officers



Raymond O'Connor

Executive Vice President
General Manager,
Positioning Company
President & CEO, Topcon
Positioning Systems, Inc.



Fumio Ohue

Senior Managing Executive
Officer
General Manager,
Eye Care Business Div.



David Alan Mudrick

Senior Executive Officer
President & CEO,
Topcon America Corporation



Ivan Di Federico

Senior Executive Officer
Chief Strategy Officer,
Topcon Positioning Systems, Inc.



Reiko Watanabe

Senior Executive Officer
General Manager,
General Administration &
Legal Div.



Yoshikuni Ito

Senior Executive Officer
General Manager,
Corporate Planning & Digital
Business Operation Div.



Shigehiro Ogino

Executive Officer
Vice General Manager,
Eye Care Business Div.



Takaaki Hirayama

Executive Officer
General Manager,
Corporate Communication Div.



Tsuyoshi Yoshida

Executive Officer
General Manager, Smart
Infrastructure Business Div.



Eric Franken

Executive Officer
Eye Care Business, Global
Operation



Hiroyuki Nishizawa

Executive Officer
General Manager,
Corporate Audit Div.



Yasuyuki Ninomiya

Executive Officer
Vice General Manager,
Manufacturing Div.



Akifumi Baba

Executive Officer
President, Topcon Healthcare
Solutions, Inc.



Keiji Asayama

Executive Officer
Vice General Manager,
Research & Development Div.



Hideyuki Takizawa

Executive Officer
Vice General Manager,
Eye Care Business Div.



Arata Kimura

Executive Officer
Vice General Manager,
Smart Infrastructure Div.



Cindy Hudson

Executive Officer
Executive Vice President,
Engineering and Chief
Information Officer, Topcon
Positioning Systems, Inc.



Raymond Vallejo

Executive Officer
Executive Vice President, Chief
Operations Officer, Topcon
Positioning Systems, Inc.



Takafumi Kira

Executive Officer
Vice General Manager,
Manufacturing Div.
President, Topcon Yamagata
Co., Ltd.

Financial Highlights

Topcon Corporation and Consolidated Subsidiaries

	2013/3	2014/3	2015/3	2016/3
Operating results				
Net sales	97,345	116,685	128,569	130,735
Positioning Company	37,824	48,959	58,672	61,977
Smart Infrastructure Business	29,839	34,621	33,909	32,989
Eye Care Business	31,073	38,736	41,240	43,834
Other Businesses	9,262	6,625	6,558	4,997
Elimination	(10,653)	(12,258)	(11,812)	(13,063)
Overseas sales	72,711	89,187	97,568	102,794
Operating income	5,214	11,730	16,041	8,803
Positioning Company	1,413	4,514	6,652	2,385
Smart Infrastructure Business	4,126	5,201	5,965	3,909
Eye Care Business	1,563	4,003	5,093	4,850
Other Businesses	(269)	(205)	163	196
Elimination	(1,618)	(1,782)	(1,833)	(2,538)
Ordinary income	3,471	11,300	14,880	7,366
Profit attributable to owners of the parent	511	5,963	8,670	4,197
Capital expenditures	3,297	3,692	5,070	5,203
Depreciation	3,384	3,803	3,732	4,715
Amortization of goodwill	1,618	1,782	1,833	2,546
R&D expenditures	8,221	9,184	10,677	11,329
Free cash flows	1,862	4,599	7,951	(23,121)
Financial position				
Shareholders' equity	48,474	53,598	63,460	58,311
Total assets	129,503	135,818	143,181	166,542
Interest-bearing liabilities	50,629	47,733	44,014	70,442
Per share data				
Earnings per share (EPS)	5.48	55.21	80.27	38.97
Net assets per share (BPS)	448.77	496.22	587.52	550.04
Management indicators				
Gross profit ratio (%)	44.0	47.7	51.5	50.2
Operating income ratio (%)	5.4	10.1	12.5	6.7
Net income ratio (%)	0.5	5.1	6.7	3.2
Ratio of R&D expenditures to net sales (%)	8.4	7.9	8.3	8.7
Overseas sales ratio (%)	74.7	76.4	75.9	78.6
Return on assets (ROA) (%)	0.4	4.4	6.1	2.7
Return on equity (ROE) (%)	1.3	11.7	14.8	6.9
Price earnings ratio (PER) (times)	156.3	30.7	36.7	38.1
Price book-value ratio (PBR) (times)	1.9	3.4	5.0	2.7
Equity ratio (%)	37.4	39.5	44.3	35.0
Total assets turnover ratio (times/year)	0.78	0.88	0.92	0.84
D/E ratio (%)	104.4	89.1	69.3	120.8
Dividend payout ratio (%)	109.4	18.1	19.9	61.6

Note: Amounts in parentheses represent negative figures/amounts.

Unit: million yen

2017/3	2018/3	2019/3	2020/3	2021/3	2022/3
128,387	145,558	148,688	138,916	137,247	176,421
60,602	74,945	77,722	73,989	71,416	96,692
33,091	36,626	36,744	33,398	33,982	39,040
43,148	46,515	47,713	44,758	44,251	57,352
3,708	2,493	1,698	1,319	1,165	1,184
(12,163)	(15,023)	(15,190)	(14,549)	(13,568)	(17,848)
98,937	114,847	115,299	108,878	106,041	142,438
9,551	12,073	13,596	5,381	6,593	15,914
5,596	8,018	8,358	4,537	6,064	11,548
3,939	5,102	6,393	5,027	4,972	5,821
2,598	2,038	2,896	136	122	3,203
10	88	(65)	(144)	(536)	(365)
(2,593)	(3,173)	(3,986)	(4,175)	(4,028)	(4,293)
7,622	10,674	11,497	2,895	5,587	14,820
4,395	6,028	6,548	935	2,376	10,699
4,438	5,138	6,234	8,399	4,206	5,279
4,660	5,408	5,983	6,757	7,416	7,763
2,451	2,651	2,145	1,999	1,858	1,912
10,411	12,964	14,014	15,979	14,916	16,180
13,238	5,488	7,844	1,137	10,213	10,748

59,716	65,173	69,037	63,100	69,351	83,491
158,280	160,747	160,288	161,721	168,210	184,983
58,640	53,286	48,554	57,372	52,987	43,362

Unit: yen

41.46	56.87	61.76	8.87	22.59	101.71
563.30	614.78	651.11	600.03	659.31	793.57

51.1	51.5	52.8	52.3	49.5	51.1
7.4	8.3	9.1	3.9	4.8	9.0
3.4	4.1	4.4	0.7	1.7	6.1
8.1	8.9	9.4	11.5	10.9	9.2
77.1	78.9	77.5	78.4	77.3	80.7
2.7	3.8	4.1	0.6	1.4	5.8
7.4	9.7	9.8	1.4	3.6	14.0
48.0	36.5	21.1	90.4	59.4	15.4
3.5	3.4	2.0	1.3	2.0	2.0
37.7	40.5	43.1	39.0	41.2	45.1
0.79	0.91	0.93	0.86	0.83	1.00
98.1	81.8	70.3	90.9	76.4	51.9
38.6	35.2	38.9	270.7	44.3	35.4

Introduction

Topcon's Value Creation

Message from the CEO

Topcon's Manufacturing Craftsmanship

Strategies by Business

Sustainability

Governance

Information

Discussion and Analysis of Financial Results

Market Environment

In the economic environment during the fiscal year under review, conditions differed from country to country, although overall demand remained strong, especially in Europe and the U.S., where recovery from the COVID-19 pandemic was clear, while the impact of component shortages and tight logistics due to supply chain disruptions increased. In the latter half of the fiscal year, the economic environment continued to be unstable due to increased uncertainty caused by various factors, including the worsening situation in Ukraine and the impact of the spread of Omicron variant in China.

In such an economic environment, the Topcon Group upheld its Corporate Identity of "Contributing to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure." Under the slogan, "A digital transformation with a human touch," we have been working to enhance our corporate value as a global company that provides DX solutions to various issues related to healthcare, agriculture and infrastructure in order to achieve a sustainable society.

The Third Mid-term Business Plan, underway since FY2019, has been extended by one year to the end of FY2022, as the impact of the COVID-19 pandemic on the timeline cannot be avoided. However, the management vision of the Mid-Term Business Plan, defined as "Expand our businesses and solve the societal challenges within the growing market of healthcare, agriculture and infrastructure," and its growth scenario remain unchanged, and we continue to implement various measures.

In addition to the recent COVID-19 pandemic, various external environmental factors have emerged, including a global shortage of semiconductors and other component, rising logistics costs, and unstable social conditions. However, the Company's business domains of healthcare, agriculture and infrastructure (i.e., eye care, IT Agriculture, and IT Construction and infrastructure development), are all business domains where there are firm social needs and societal challenges to be solved as infrastructure. The strength of these essential businesses has been reaffirmed even in such a business environment.

Currently, in the execution of the Third Mid-term Business Plan, we are earnestly recovering from the impact on various measures due to restrictions on activities during the COVID-19 pandemic, and are moving forward with the development and rollout of DX solutions to solve societal challenges in the fields of healthcare, agriculture and infrastructure in order to achieve the goals of the Mid-term Business Plan.

Specifically, in the healthcare domain, one of our business fields, in order to cope with an increase in eye diseases due to a global-wide aging of societies and the shortage of ophthalmologists, we are promoting a DX solution of creating a system for eye disease screening by utilizing fully automatic screening equipment with primary care physicians, optical stores, and drugstores, to realize early detection and treatment of diseases and improved medical efficiency.

In the domain of agriculture, in order to respond to societal challenges such as food shortages due to global population growth, aging populations, and fewer skilled workers, we will strive to promote DX solutions, which can be called the automation of farm operations, utilizing our IT farming machinery and optical sensor technology to improve productivity and quality in agriculture.

In the domain of infrastructure, in order to address the societal challenges of a skilled worker shortage due to increasing global demand for infrastructure, we are working to promote DX solutions, which can be called the automation of the construction process, utilizing our IT Construction technology and 3D measurement technology to improve productivity at construction sites and alleviate the worker shortage.

As part of our commitment to the SDGs, our technologies to embody DX solutions to societal challenges, such as automation of construction machinery for IT Construction and the Auto Steering System for farming machinery for IT Agriculture, are also contributing to the reduction of CO₂ emissions. Because our products are vendor neutral and can be retrofitted to existing construction and farming machinery from various companies, further reductions can be expected as automation becomes more widespread in the future.

Consolidated Results

Net sales for FY2021 increased by 28.5% from the previous year to ¥176,421 million, despite the impact of supply chain disruptions, as a result of steadily capturing strong demand as an essential business as well as the success of various measures in procurement, design, and manufacturing. Mainly due to this increase in net sales, operating income increased by 141.4% year-on-year to ¥15,914 million. Ordinary income increased by 165.2% year-on-year to ¥14,820 million. As a result, profit attributable to owners of the parent increased by 350.3% year-on-year to ¥10,699 million.

Segment Information

Net sales of Positioning Company increased by 35.4% year-on-year to ¥96,692 million, despite the impact of material shortages, due to increased sales of IT Construction, the IT Agriculture, and surveying and laser products, capturing strong demand in the construction and agriculture markets in North America and Europe, our main markets. Operating income increased by 90.5% year-on-year to ¥11,548 million due to increased profits from higher net sales, despite the impact of higher component and logistics costs.

In Smart Infrastructure Business, net sales increased by 14.9% year-on-year to ¥39,040 million due to strong domestic sales, despite the impact of component shortages, as well as continued strong sales of surveying and laser equipment to the U.S. and Europe and a recovery in sales in Asia. Operating income increased by 17.1% year-on-year to ¥5,821 million due to increased profits from higher net sales, despite the impact of cost increase.

In Eye Care Business, net sales increased by 29.6% year-on-year to ¥57,352 million, mainly due to expanded sales of screening equipment in Europe, the U.S., and China, as well as steady sales of digital optometry systems to major optical chain stores in Europe and the U.S. Operating income increased by ¥3,081 million year-on-year to ¥3,203 million due to increased profits from higher net sales, despite the impact of higher component and logistics costs.

Financial Position

■ Total Assets

As of March 31, 2022, total assets stood at ¥184,983 million, an increase of ¥16,772 million from the end of the previous fiscal year.

Current assets

Current assets increased by ¥12,099 million from the end of the previous fiscal year to ¥114,041 million. This was mainly due to increases in accounts receivable and inventories.

Non-current assets

Non-current assets increased by ¥4,673 million from the end of the previous fiscal year to ¥70,942 million. This was mainly due to increases in tangible fixed assets and intangible fixed assets.

■ Liabilities

As of March 31, 2022, total liabilities stood at ¥99,833 million, an increase of ¥2,310 million from the end of the previous fiscal year.

Current liabilities

Current liabilities increased by ¥12,332 million from the end of the previous fiscal year to ¥61,394 million. This was mainly due to increases in trade payables and the current portion of bonds payable, despite a decrease in short-term borrowings.

Non-current liabilities

Non-current liabilities decreased by ¥10,021 million from the end of the previous fiscal year to ¥38,438 million. This was mainly due to decreases in bonds payable and long-term borrowings.

■ Net Assets

As of March 31, 2022, total net assets stood at ¥85,150 million, an increase of ¥14,462 million from the end of the previous fiscal year. This was mainly due to increases in retained earnings and foreign currency translation adjustment.

■ Cash Flows

As of March 31, 2022, cash and cash equivalents (hereinafter referred to as "net cash") stood at ¥19,009 million, a decrease of ¥1,437 million from the end of the previous fiscal year. This was due to a decrease in net cash resulting from acquisition of fixed assets and repayment of short-term borrowings, despite an increase in net cash resulting from an increase in profit before income taxes.

Net Cash Flow Provided by Operating Activities

During the fiscal year ended March 31, 2022, net cash provided by operating activities totaled ¥20,527 million,

compared to ¥19,439 million in the previous fiscal year. This was mainly due to an increase in net cash resulting from an increase in profit before income taxes, despite a decrease in net cash resulting from an increase in inventories.

Net Cash Flow Used in Investing Activities

During the fiscal year ended March 31, 2022, net cash used in investing activities totaled ¥9,779 million, compared to ¥9,226 million in the previous fiscal year. This was mainly due to purchases of fixed assets and shares of subsidiaries.

Net Cash Flow Used in Financing Activities

During the fiscal year ended March 31, 2022, net cash used in financing activities totaled ¥13,606 million, compared to ¥6,195 million in the previous fiscal year. This was mainly due to repayment of borrowings and dividends paid.

■ Capital Expenditures

In the fiscal year ended March 31, 2022, total capital expenditures for the Topcon Group amounted to ¥5,279 million.

Capital expenditures by business segment comprised ¥1,141 million for the Smart Infrastructure Business, ¥2,649 million for the Positioning Company, and ¥1,420 million for the Eye Care Business. Capital expenditures were mainly for research and development, enhancement of production systems, improvement of business efficiency, and investments for the purpose of updating molds and other items.

■ Dividend Policy

Topcon places priority on the appropriation of profit in line with the growth in consolidated business results as a means of returning profits to shareholders. Topcon's basic dividend policy is to ensure a continuous and stable payment of dividends.

As a basic policy, Topcon makes dividend payments twice per year in the form of interim and year-end dividends. The Company's Articles of Incorporation also allow for dividends to be determined by the resolution of the Board of Directors rather than by the General Meeting of Shareholders, and provide the record date for the year-end dividend as March 31, and for the interim dividend as September 30 of each year, as well as allowing for the payment of dividends from surplus by determining a separate record date.

As for the dividends from surplus for the fiscal year ended March 31, 2022, the interim dividend was ¥10.00 per share as planned at the beginning of the year (no payment for interim dividend for the previous fiscal year). However, because we were able to post profit exceeding the plan, based on the basic policy to return profits to our shareholders, ¥26.00 per share (compared with ¥10.00 per share in the plan at the beginning of the year and ¥10.00 per share in the previous fiscal year) was paid for the year-end dividend, bringing the total full-year dividends to ¥36.00 per share (compared to ¥10.00 per share in the previous fiscal year).

The Company intends to use effectively its internal reserves for the proactive development of its future businesses, including research and development as well as capital expenditures.

Topcon Group List

As of July 31, 2022

Excluding liquidated or inactive entities

Japan	Prefecture
TOPCON CORPORATION	Tokyo
TOPCON YAMAGATA CO., LTD.	Yamagata
TOPCON OPTONEXUS CO., LTD.	Fukushima
TOPCON MEDICAL JAPAN CO., LTD.	Tokyo
TOPCON ESSILOR JAPAN, CO., LTD.	Tokyo
TOPCON POSITIONING ASIA CO., LTD.	Tokyo
TOPCON SOKKIA POSITIONING JAPAN CO., LTD.	Tokyo
TOPCON TECHNOHOUSE CORPORATION	Tokyo
TOPCON G.S. CORPORATION	Tokyo

The Americas	Country
Topcon America Corporation	The United States
Topcon Medical Systems, Inc.	The United States
Topcon Healthcare Solutions, Inc.	The United States
Topcon Positioning Systems, Inc.	The United States
ClearEdge3D, Inc.	The United States
Topcon Solutions, Inc.	The United States
iVolve Americas Inc.	The United States
Digital Construction Works, Inc.	The United States
Topcon Advanced Biomedical Imaging Laboratory	The United States
Topcon Advanced Product Innovation Center	The United States
Topcon Canada Inc.	Canada
Topcon Agriculture Canada, Inc.	Canada

APAC (Asia, Oceania)	Country
Topcon Singapore Medical Pte. Ltd.	Singapore
Topcon Singapore Positioning Pte. Ltd.	Singapore
Topcon Instruments (Thailand) Co., Ltd.	Thailand
Topcon Positioning Asia(Thailand) Co., Ltd.	Thailand
Topcon Instruments (Malaysia) Sdn. Bhd.	Malaysia
Topcon Positioning Asia(Malaysia) Sdn.Bhd.	Malaysia
Sokkia Korea Co., Ltd.	South Korea
Mehra Eyeteck Pvt. Ltd.	India
Topcon Sokkia India Pvt. Ltd.	India
PT. Weeo Solutions Frontier	Indonesia
Topcon (Beijing) Medical Technology Co., Ltd.	China
NORAC Trading (Shanghai) Inc.	China
Shanghai Topcon-Sokkia Technology & Trading Co., Ltd.	China
Topcon Optical (Dongguan) Technology Ltd.	China
Topcon Optical (H.K.) Ltd.	Hong Kong
Topcon Healthcare Solutions Australia Pty Ltd.	Australia
TPS Australia Holdings Pty Ltd.	Australia
Topcon Precision Agriculture Pty Ltd.	Australia
Topcon Positioning Systems (Australia) Pty Ltd.	Australia
iVolve Holdings Pty. Ltd.	Australia
iVolve Pty. Ltd.	Australia
iVolve Technologies Pty. Ltd.	Australia

EMEA (Europe, the Middle East, Africa)	Country
Topcon Europe B.V.	The Netherlands
Topcon Europe Medical B.V.	The Netherlands
Topcon Europe Positioning B.V.	The Netherlands
Topcon Deutschland Medical G.m.b.H.	Germany
Topcon Deutschland Positioning G.m.b.H.	Germany
Topcon Electronics GmbH & Co. KG	Germany
Topcon Positioning France S.A.S.	France
Topcon (Great Britain) Medical Ltd.	The United Kingdom
Topcon Positioning (Great Britain) Ltd.	The United Kingdom
Topcon Technology Ltd.	The United Kingdom
Topcon Espana, S.A.	Spain
Topcon Precision Ag Europe S.L.	Spain
Topcon Positioning Spain, S.L.U.	Spain
Topcon Positioning Canarias, S.L.U.	Spain
Mirage Technologies S.L.U.	Spain
Topcon Scandinavia A.B.	Sweden
Topcon Healthcare Solutions EMEA Oy	Finland
Topcon Technology Finland Oy	Finland
Topcon Agriculture S.p.A.	Italy
Topcon Positioning Italy s.r.l.	Italy
GEOPRO s.r.l.	Italy
Tierra S.p.A.	Italy
TOPFLOOR S.r.l.	Italy
VISIA Imaging S.r.l.	Italy
Topcon Positioning Portugal, L.D.A	Portugal
Topcon Positioning Belgium BV BA	Belgium
Topcon Polska Sp Zo.o.	Poland
Topcon Positioning Systems, LLC.	Russia
Topcon Positioning Middle East and Africa FZE	UAE
Topcon Precision Agriculture Africa (Pty) Ltd.	South Africa

Corporate Profile and Stock Information

Corporate Profile

As of March 31, 2022

Corporate Name	TOPCON CORPORATION
Headquarters	75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580, Japan
Established	September 1, 1932
Paid-in Capital	¥16,706 million
Business Outline	Positioning (GNSS, Machine Control Systems, IT Agriculture) Smart Infrastructure (Surveying instruments, 3D measurement) Eye Care (Instruments for ophthalmic examination, diagnosis and therapy, Ophthalmic network systems, Optometric instruments)
Topcon Group	Consolidated subsidiaries 64 Equity method affiliates 10
Employees	5,248 (consolidated) 678 (non-consolidated)
Number of Authorized Shares	160,000,000
Number of Shares	108,179,842
Issued and Outstanding	(including 2,969,690 shares of treasury stock)
Number of Shareholders	15,329
Stock Exchange Listing	Prime Market, Tokyo Stock Exchange
Securities Code	7732
Number of Shares Per Unit	100
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Ordinary General Meeting of Shareholders	June

Major Shareholders

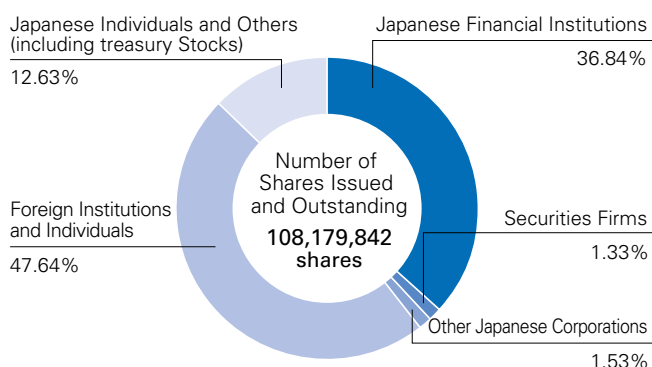
As of March 31, 2022

Shareholder	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,297,600	16.44
Custody Bank of Japan, Ltd. (Trust Account)	10,396,100	9.88
The Dai-ichi Life Insurance Company, Limited	4,038,000	3.83
J.P. MORGAN BANK LUXEMBOURG S.A. 381593	4,010,400	3.81
THE BANK OF NEW YORK MELLON 140051	3,334,700	3.16
STATE STREET BANK AND TRUST COMPANY 505103	2,946,517	2.80
TAIYO FUND, L.P.	2,380,000	2.26
THE CHASE MANHATTAN BANK 385013	1,950,000	1.85
THE BANK OF NEW YORK MELLON 140044	1,612,007	1.53
THE BANK OF NEW YORK MELLON 140042	1,602,749	1.52

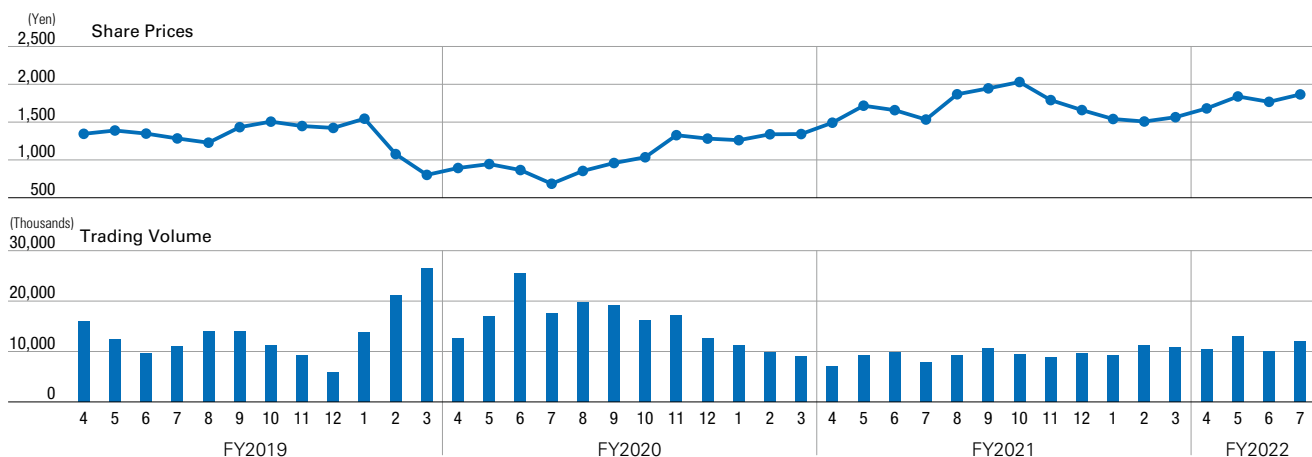
* The Company's holding of treasury stock (2,969 thousand shares of the total number of issued shares) is not included in the above.
 * Shareholding ratio is calculated by deducting the number of treasury stocks from total shares issued.

Breakdown by Type of Shareholders

As of March 31, 2022



Share Prices and Trading Volume



Topcon for Human Life

TOPCON CORPORATION

75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580, Japan

Corporate Communication Div.

TEL: +81-3-3558-2532 FAX: +81-3-3558-0705

URL: <https://global.topcon.com>