

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

Sales Ratio (FY2021 results)



POSITIONING COMPANY

SMART INFRASTRUCTURE BUSINESS

EYE CARE BUSINESS

Corresponding SDGs

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Business domains

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

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- 住 Infrastructure
- 食 Agriculture
- Surveying
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Business domains

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

Major Sales Areas

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- 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.)

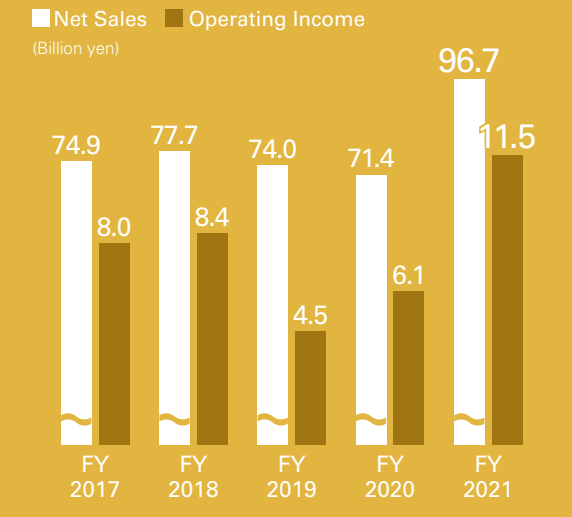
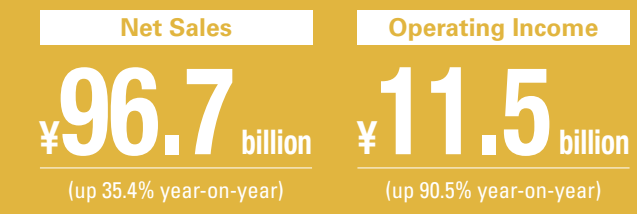
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- Major Products Manufactured and Sold by the Segment**
- 3D Optical Coherence Tomography systems (3D OCT)
 - Fundus Camera
 - Auto Refractometer/ Auto Kerato-refractometer
 - Slit Lamp
 - Tonometer
 - Lens Meter
 - Ophthalmic Laser Photocoagulator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

- 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

- 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

POSITIONING COMPANY



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.

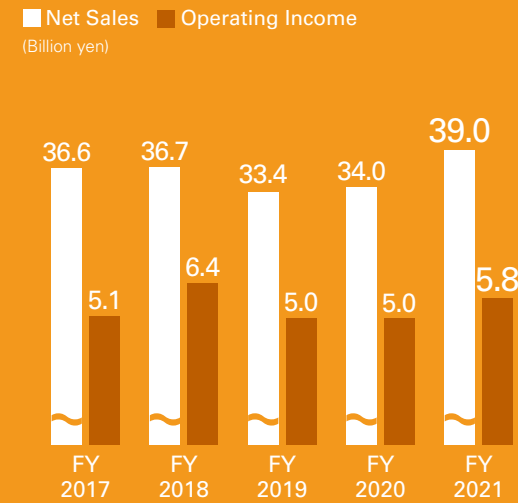


Introduction Topcon's Value Creation Message from the CEO Topcon's Manufacturing Partnership Strategies by Business Sustainability Governance Information

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)



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 labor-saving. 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.

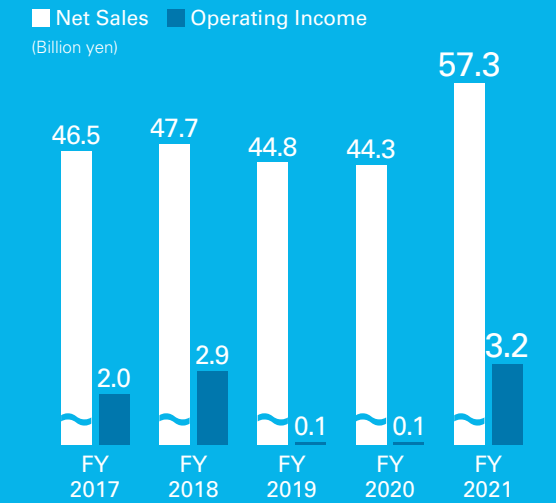
With regard to developing the BIM market, major construction companies are starting to utilize our products as they promote DX revolution at their construction sites. In order to fill in the gap between the virtual and the real, our 3D measurement equipment and software construct 3D data of worksites,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

