The 132nd Fiscal Year (From April 1, 2024 to March 31, 2025)

# Annual Securities Report

1. This document is an output or printed copy with a table of contents and pages added to the data of the Annual Securities Report based on Article 24, Paragraph 1 of the Financial Instruments and Exchange Act that was submitted on June 26, 2025 using the Electronic Disclosure for Investors' NETwork (EDINET) provided for in Article 27-30-2 of said act.
2. This document does not contain the materials attached to the Annual Securities Report submitted using the above method. However, the auditor's report is attached at the end hereof (available only in Japanese).

[For English translation]

For reference purposes only, this document has been translated from the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investor's NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for these translations or for direct, indirect or any other forms of damages arising from the translations.

**TOPCON CORPORATION**

# Table of Contents

# Cover page

| | |
|---|---|
| Document title | Annual Securities Report |
| Clause of stipulation | Article 24, Paragraph 1 of the Financial Instruments and Exchange Act |
| Place of filing | Director-General, Kanto Local Finance Bureau |
| Filing date | June 26, 2025 |
| Fiscal year | The 132nd fiscal year (From April 1, 2024 to March 31, 2025) |
| Company name | Kabushiki-Kaisha TOPCON |
| Company name in English | TOPCON CORPORATION |
| Title and name of representative | Takashi Eto, Representative Director, President & CEO |
| Address of registered headquarters | 75-1, Hasunuma-cho, Itabashi-ku, Tokyo, Japan |
| Telephone number | +81-3-3558-2536 |
| Name of contact person | Haruhiko Akiyama, Director, Senior Managing Executive Officer, General Manager, Accounting & Finance Div. |
| Nearest place of contact | 75-1, Hasunuma-cho, Itabashi-ku, Tokyo, Japan |
| Telephone number | +81-3-3558-2536 |
| Name of contact person | Tadasuke Moriguchi, Vice General Manager, Accounting & Finance Div. |
| Place for public inspection | Tokyo Stock Exchange, Inc.<br>(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan) |

# Part I. Company Information

## I. Overview of Company

### 1. Key financial data

(1) Key financial data of group

| Fiscal year | | 128th | 129th | 130th | 131st | 132nd |
|---|---|---|---|---|---|---|
| Year ended | | March 2021 | March 2022 | March 2023 | March 2024 | March 2025 |
| Net sales | (Million yen) | 137,247 | 176,421 | 215,625 | 216,497 | 216,000 |
| Operating profit | (Million yen) | 6,593 | 15,914 | 19,537 | 11,204 | 8,826 |
| Ordinary profit | (Million yen) | 5,587 | 14,820 | 17,829 | 8,857 | 4,729 |
| Profit attributable to owners of parent | (Million yen) | 2,376 | 10,699 | 11,806 | 4,940 | 417 |
| Comprehensive income | (Million yen) | 7,463 | 16,594 | 16,738 | 17,757 | (437) |
| Net assets | (Million yen) | 70,687 | 85,150 | 97,040 | 110,298 | 104,840 |
| Total assets | (Million yen) | 168,210 | 184,983 | 207,890 | 247,029 | 249,144 |
| Net assets per share | (Yen) | 659.31 | 793.57 | 905.17 | 1,027.99 | 980.39 |
| Earnings per share | (Yen) | 22.59 | 101.71 | 112.16 | 46.90 | 3.96 |
| Diluted earnings per share | (Yen) | 22.59 | 101.69 | 112.15 | 46.89 | 3.96 |
| Equity ratio | (%) | 41.2 | 45.1 | 45.8 | 43.8 | 41.5 |
| Return on equity | (%) | 3.6 | 14.0 | 13.2 | 4.9 | 0.4 |
| Price earnings ratio | (Times) | 59.4 | 15.4 | 15.9 | 38.0 | 821.6 |
| Cash flows from operating activities | (Million yen) | 19,439 | 20,527 | 9,828 | 8,850 | 9,505 |
| Cash flows from investing activities | (Million yen) | (9,226) | (9,779) | (12,759) | (26,622) | (15,721) |
| Cash flows from financing activities | (Million yen) | (6,195) | (13,606) | (1,937) | 17,989 | 8,765 |
| Cash and cash equivalents at end of period | (Million yen) | 20,446 | 19,009 | 14,950 | 16,672 | 18,420 |
| Number of employees | (Persons) | 4,955 | 5,248 | 5,543 | 5,556 | 5,327 |

Notes: 1) The Group's subsidiaries that apply the U.S. accounting standards have applied the U.S. accounting standard ASC Topic 842 "Leases" from the beginning of the 130th fiscal year. Key financial data for the 130th and subsequent fiscal years reflects these accounting standards, etc.

2) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 129th fiscal year. Key financial data for the 129th and subsequent fiscal years reflects these accounting standards, etc.

(2) Key financial data of reporting company

| Fiscal year | | 128th | 129th | 130th | 131st | 132nd |
|---|---|---|---|---|---|---|
| Year ended | | March 2021 | March 2022 | March 2023 | March 2024 | March 2025 |
| Net sales | (Million yen) | 40,548 | 49,859 | 55,207 | 56,764 | 57,624 |
| Operating profit (loss) | (Million yen) | (1,436) | 2,076 | 2,054 | 4,753 | 3,166 |
| Ordinary profit (loss) | (Million yen) | (984) | 7,707 | 9,094 | 9,578 | 8,857 |
| Profit (loss) | (Million yen) | (917) | 7,551 | 8,260 | 9,154 | 7,773 |
| Share capital | (Million yen) | 16,697 | 16,706 | 16,780 | 16,837 | 16,891 |
| Total number of issued shares | (Shares) | 108,156,842 | 108,179,842 | 108,265,842 | 108,322,242 | 108,382,642 |
| Net assets | (Million yen) | 53,049 | 58,214 | 61,797 | 67,283 | 70,396 |
| Total assets | (Million yen) | 121,556 | 119,874 | 124,026 | 146,772 | 155,591 |
| Net assets per share | (Yen) | 503.69 | 552.68 | 586.29 | 638.05 | 667.22 |
| Dividends per share | (Yen) | 10.00 | 36.00 | 42.00 | 42.00 | 20.00 |
| [Of which, interim dividends per share] | (Yen) | [−] | [10.00] | [20.00] | [20.00] | [20.00] |
| Earnings (loss) per share | (Yen) | (8.72) | 71.79 | 78.48 | 86.91 | 73.76 |
| Diluted earnings per share | (Yen) | − | 71.77 | 78.47 | 86.89 | 73.73 |
| Equity ratio | (%) | 43.6 | 48.5 | 49.8 | 45.8 | 45.2 |
| Return on equity | (%) | − | 13.6 | 13.8 | 14.2 | 11.3 |
| Price earnings ratio | (Times) | − | 21.8 | 22.7 | 20.5 | 44.1 |
| Dividend payout ratio | (%) | − | 50.1 | 53.5 | 48.3 | 27.1 |
| Number of employees | (Persons) | 654 | 678 | 718 | 749 | 830 |
| Total shareholder return | (%) | 168.6 | 200.9 | 233.2 | 238.5 | 424.7 |
| [Comparative indicator: Dividend-included TOPIX] | (%) | (142.1) | (145.0) | (153.4) | (216.8) | (213.4) |
| Highest share price | (Yen) | 1,472 | 2,185 | 2,033 | 2,164.5 | 3,270 |
| Lowest share price | (Yen) | 653 | 1,211 | 1,439 | 1,273.5 | 1,213 |

Notes: 1) Diluted earnings per share for the 128th fiscal year are not stated because, although dilutive shares exist, a loss per share was recorded.
2) Return on equity, price earnings ratio, and dividend payout ratio for the 128th fiscal year are not stated because a loss was recorded.
3) The highest and lowest share prices on and before April 3, 2022 refer to those of the First Section of the Tokyo Stock Exchange. Such prices on and after April 4, 2022 refer to those on the Prime Market of the Tokyo Stock Exchange.
4) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 129th fiscal year. Key financial data for the 129th and subsequent fiscal years reflects these accounting standards, etc.

## 2. History

| | |
|---|---|
| September 1932 | Established based on the surveying instruments division of K. Hattori & Co., Ltd (currently SEIKO HOLDINGS CORPORATION) with a paid-in capital of ¥1,000 thousand.<br>Trade name: Tokyo Kogaku Kikai Kabushikikaisha (Tokyo Optical Co., Ltd.)<br>Headquarters: 2, Ginza 4-chome, Kyobashi-ku, Tokyo<br>Factories: Toshima-ku and Takinogawa-ku, Tokyo |
| April 1933 | Built headquarters and main factory at 180, Shimura-motohasunuma-cho, Itabashi-ku, Tokyo (current address) and moved headquarters functions there. |
| December 1946 | Established Yamagata kikai kogyo kabushikikaisha. (currently TOPCON YAMAGATA CO., LTD.) in Yamagata-shi, Yamagata Prefecture. |
| May 1949 | Topcon stock listed on the Tokyo and Osaka Stock Exchanges. |
| March 1960 | Became an affiliate of Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation). |
| October 1969 | Established Tokyo Kogaku Seiki Kabushikikaisha (currently TOPCON OPTONEXUS CO., LTD.) in Tamura-gun, Fukushima Prefecture. |
| April 1970 | Established Topcon Europe N.V. (currently Topcon Europe B.V.) in Rotterdam, the Netherlands. |
| September 1970 | Established Topcon Instrument Corporation of America (currently Topcon Healthcare, Inc.) in New York, the U.S. (currently New Jersey State). |
| January 1975 | Established Topcon Sokki Co., Ltd. (currently TOPCON SOKKIA POSITIONING JAPAN CO., LTD.), a surveying instruments sales company. |
| December 1976 | Established TOPCON MEDICAL JAPAN CO., LTD., a medical instruments sales company. |
| April 1979 | Established Topcon Singapore Pte. Ltd. in Singapore. |
| April 1986 | Established Topcon Optical (H.K.) Ltd. in Hong Kong. |
| September 1986 | Topcon stock transferred to the first sections of the Tokyo and Osaka Stock Exchanges. |
| April 1989 | Changed corporate name to TOPCON CORPORATION |
| September 1994 | Established Topcon Laser Systems, Inc.(currently Topcon Positioning Systems,Inc.)in California, the U.S.<br>Acquired Advanced Grade Technology, entry into the machine control business. |
| July 2000 | Acquired Javad Positioning Systems, Inc. in the U.S. Started selling of precision GPS receivers and related system products. |
| July 2001 | Established Topcon America Corporation as a holding company in New Jersey, the U.S. Reorganized the sales companies, etc. by business domains of the medical instruments and the surveying instruments. |
| July 2002 | Liquidated Topcon Singapore Pte. Ltd. and newly established Topcon South Asia Pte. Ltd. (currently Topcon Singapore Medical Pte. Ltd.) in Singapore. |
| July 2004 | Topcon Optical (H.K.) Ltd. established Topcon Optical (Dongguan) Technology Ltd. as a joint venture with Yue Long Industrial Company in Dongguan, China. |
| July 2005 | Established Topcon Europe Positioning B.V. and Topcon Europe Medical B.V. in the Netherlands. |
| October 2006 | Acquired KEE Technologies Pty Ltd. (currently Topcon Precision Agriculture Pty Ltd.) in Australia for a full-scale entry into a field of agriculture. |
| May 2007 | Received the mobile control business from Javad Navigation Systems, Inc. in the U.S. |
| February 2008 | Conducted a takeover bid for shares of SOKKIA Co., LTD. (later Sokkia Topcon Co., Ltd.) and made it a subsidiary. |
| March 2009 | Delisted on the Osaka Securities Exchange. |
| December 2014 | Acquired Wachendorff Electronik GmbH & Co. KG (currently Topcon Electronics GmbH) in Germany, a display manufacturer. |
| April 2015 | Acquired Digi-Star Investments, Inc. (currently integrated into Topcon Positioning Systems, Inc.) in the U.S. to expand the IT agriculture business. |
| June 2015 | Acquired NORAC Systems International Inc. (currently Topcon Agriculture Canada, Inc.) in Canada to expand the IT agriculture business. |
| September 2015 | Excluded from affiliates of Toshiba Corporation. |
| August 2017 | Established Topcon Healthcare Solutions, Inc. (currently integrated into Topcon Healthcare, Inc.) in New Jersey, the U.S. as a promotion site of the eye-care IoT business. |
| April 2018 | Acquired KIDE Clinical Systems, Oy (currently Topcon Healthcare Solutions EMEA Oy), a Finnish eye-care IoT business development company. |
| January 2020 | Liquidated Sokkia Topcon Co., Ltd. |
| July 2021 | Acquired VISIA Imaging S.r.l. in Italy as a manufacturing base of eye-care products. |
| April 2022 | Topcon stock transferred to the Prime Market of the Tokyo Stock Exchange from the First Section due to market restructuring. |
| June 2023 | Acquired Satel Oy, a Finnish radio manufacturer. |

## 3. Description of business

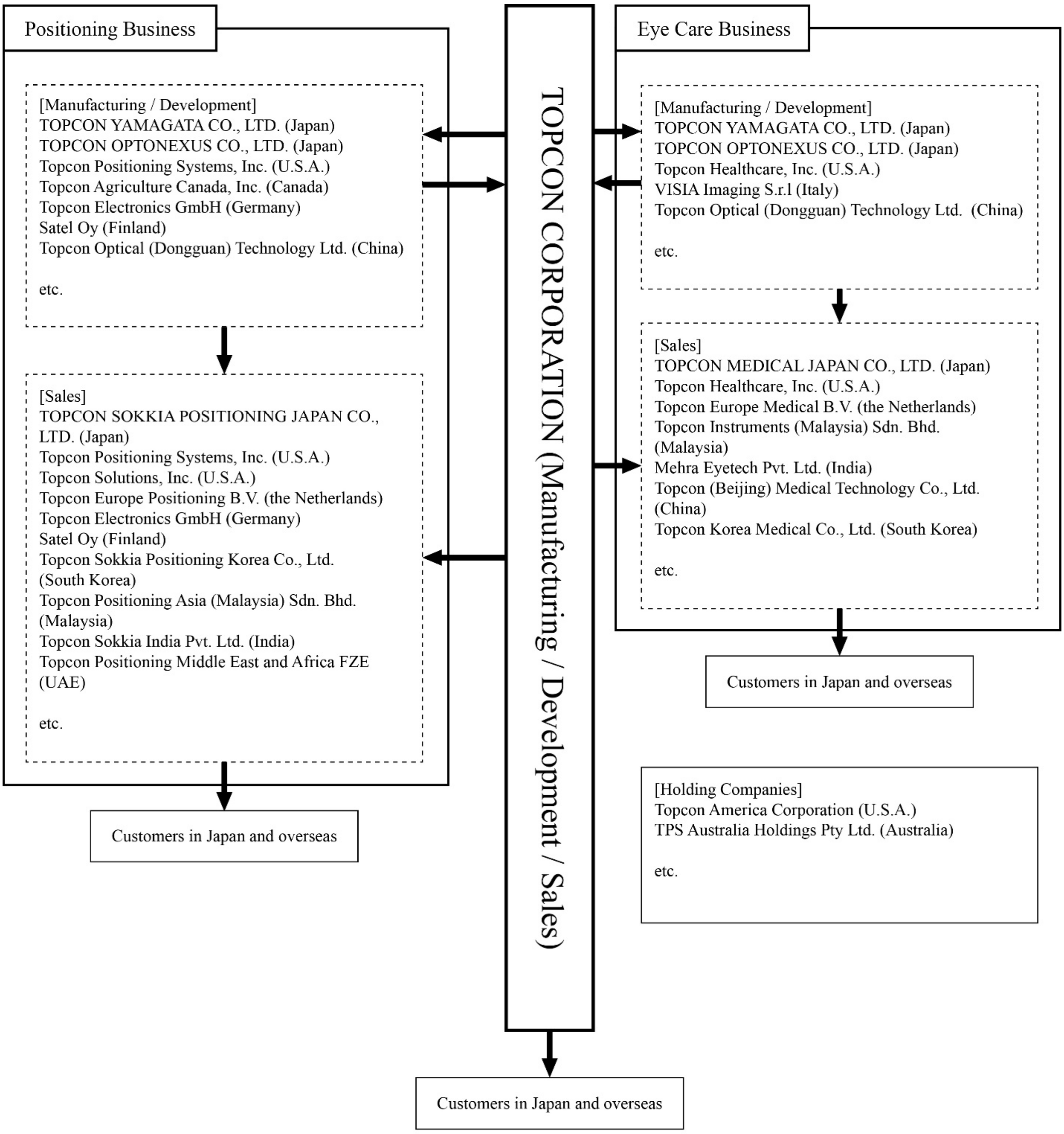
As of March 31, 2025, Topcon Group consists of TOPCON CORPORATION (the Company), 56 consolidated subsidiaries, 8 equity method affiliates, and 1 non-consolidated subsidiary, which manufactures and sells products and provides services using advanced technologies in each segment of the Positioning Business and the Eye Care Business.

Relationships between principal consolidated subsidiaries and each segment are as follows.

These segments are the same as the segment classification listed in "V. Financial Information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, [Notes]."

| Principal products | Positioning of principal consolidated subsidiaries | |
|---|---|---|
| | Manufacturing / Development | Sales / Services / Others |
| Positioning Business<br>Total stations<br>3D laser scanners<br>IT construction systems<br>IT agriculture systems<br>GNSS receivers for surveying<br>Laser products<br>Software (construction management, surveying and civil engineering, 3D point cloud processing / modeling, etc.) | TOPCON YAMAGATA CO., LTD.<br>TOPCON OPTONEXUS CO., LTD.<br>Topcon Positioning Systems, Inc.<br>Topcon Agriculture Canada, Inc.<br>Topcon Electronics GmbH<br>Satel Oy<br>Topcon Optical (Dongguan) Technology Ltd. | TOPCON SOKKIA POSITIONING JAPAN CO., LTD.<br>Topcon Positioning Systems, Inc.<br>Topcon Solutions, Inc.<br>Topcon Europe Positioning B.V.<br>Topcon Electronics GmbH<br>Satel Oy<br>Topcon Sokkia Positioning Korea Co., Ltd.<br>Topcon Positioning Asia (Malaysia) Sdn. Bhd.<br>Topcon Sokkia India Pvt. Ltd.<br>Topcon Positioning Middle East and Africa FZE |
| Eye Care Business<br>3D optical coherence tomography systems (3D OCT)<br>Retinal cameras<br>Auto refractometers / auto kerato-refractometers<br>Slit lamps<br>Tonometers<br>Lens meters<br>Optical laser photocoagulators<br>Software (ophthalmologic image filing and data management, electronic ophthalmologic medical records, etc.)<br>Optometry systems | TOPCON YAMAGATA CO., LTD.<br>TOPCON OPTONEXUS CO., LTD.<br>Topcon Healthcare, Inc.<br>VISIA Imaging S.r.l.<br>Topcon Optical (Dongguan) Technology Ltd. | TOPCON MEDICAL JAPAN CO., LTD.<br>Topcon Healthcare, Inc.<br>Topcon Europe Medical B.V.<br>Topcon Instruments (Malaysia) Sdn. Bhd.<br>Mehra Eyetech Pvt. Ltd.<br>Topcon (Beijing) Medical Technology Co., Ltd.<br>Topcon Korea Medical Co., Ltd. |

The business diagram is as follows:




Note: The above chart includes major consolidated subsidiaries only.
Arrows ( → ) indicate the flow of products.

## 4. Subsidiaries and other affiliated entities

| Name of company | Address | Share capital or investments in capital (Million yen) | Principal businesses | Percentage of voting rights: Voting rights holding (%) | Percentage of voting rights: Voting rights held (%) | Business relationship | Notes |
|---|---|---|---|---|---|---|---|
| (Consolidated subsidiaries) | | | | | | | |
| TOPCON YAMAGATA CO., LTD. | Yamagata-shi, Yamagata Prefecture | 371 | Positioning Business<br>Eye Care Business | 100.0 | | Manufactures some of the Company's smart infrastructure and eye care products.<br>Four employees of the Company serve concurrently as officers of this company. | Note 2 |
| TOPCON OPTONEXUS CO., LTD. | Tamura-shi, Fukushima Prefecture | 100 | Positioning Business<br>Eye Care Business | 100.0 | | Manufactures some of the Company's smart infrastructure and eye care products.<br>Four employees of the Company serve concurrently as officers of this company. | |
| TOPCON SOKKIA POSITIONING JAPAN CO., LTD. | Itabashi-ku, Tokyo | 269 | Positioning Business | 100.0 | | Sells the Company's smart infrastructure and positioning products.<br>It rents part of a building owned by the Company.<br>Three employees of the Company serve concurrently as officers of this company. | Note 2 |
| TOPCON MEDICAL JAPAN CO., LTD. | Itabashi-ku, Tokyo | 100 | Eye Care Business | 100.0 | | Sells the Company's eye care products.<br>It rents part of a building owned by the Company.<br>Three employees of the Company serve concurrently as officers of this company. | |
| Topcon America Corporation | Oakland New Jersey U.S.A. | Thousand USD 165,020 | Positioning Business<br>Eye Care Business | 100.0 | | A holding company of Topcon Positioning Systems, Inc., Topcon Medical Systems, Inc., and other companies.<br>Three officers of the Company serve concurrently as officers of this company. | Note 2 |
| Topcon Positioning Systems, Inc. | Livermore California U.S.A. | Thousand USD 138,905 | Positioning Business | 100.0 (100.0) | | Develops, manufactures and sells the Company's positioning products, .<br>Five officers and one employee of the Company serve concurrently as officers of this company. | Note 2<br>Note 4 |
| Topcon Solutions, Inc. | Illinois U.S.A. | Thousand USD 25,034 | Positioning Business | 100.0 (100.0) | | Sells the Company's positioning products. | Note 2 |
| Topcon Agriculture Canada, Inc. | Saskatchewan Canada | Thousand USD 0 | Positioning Business | 100.0 (100.0) | | Develops the Company's positioning products. | |
| TPS Australia Holdings Pty Ltd. | Mawson Lakes SA Australia | Thousand USD 60,670 | Positioning Business | 100.0 (100.0) | | A holding company of Topcon Precision Agriculture Pty Ltd. and Topcon Positioning Systems (Australia) Pty Ltd. | Note 2 |
| Topcon Healthcare, Inc. | Oakland New Jersey U.S.A. | Thousand USD 16,104 | Eye Care Business | 100.0 (100.0) | | Develops and sells the Company's eye care products.<br>Two officers of the Company serve concurrently as officers of this company. | Note 2<br>Note 4 |
| Topcon Europe Positioning B.V. | Zoetermeer the Netherlands | Thousand EUR 18 | Positioning Business | 100.0 (100.0) | | Sells the Company's positioning products.<br>One officer of the Company serves concurrently as an officer of this company. | |
| Topcon Electronics GmbH | Geisenheim Germany | Thousand EUR 105 | Positioning Business | 100.0 (100.0) | | Develops manufactures and sells the Company's positioning products. | |
| Satel Oy | Salo Finland | Thousand USD 2 | Positioning Business | 100.0 (100.0) | | Develops, manufactures and sells the Company's positioning products.<br>Two officers of the Company serve concurrently as officers of this company. | |
| Topcon Europe Medical B.V. | Capelle the Netherlands | Thousand EUR 18 | Eye Care Business | 100.0 (100.0) | | Sells the Company's eye care products.<br>One officer of the Company serves concurrently as an officer of this company. | Note 4 |

| Name of company | Address | Share capital or investments in capital (Million yen) | Principal businesses | Percentage of voting rights | | Business relationship | Notes |
|---|---|---|---|---|---|---|---|
| | | | | Voting rights holding (%) | Voting rights held (%) | | |
| VISIA Imaging S.r.l. | Tuscany Italy | Thousand EUR 300 | Eye Care Business | 100.0 (100.0) | | Develops, manufactures and sells the Company's eye care products. One officer of the Company serves concurrently as an officer of this company. | |
| Topcon Sokkia Positioning Korea Co., Ltd. | Seoul Korea | Thousand KRW 2,041,700 | Positioning Business | 100.0 | | Sells the Company's positioning products. Three employees of the Company serve concurrently as officers of this company. | |
| Topcon Korea Medical Co., Ltd. | Seoul Korea | Thousand KRW 2,000,000 | Eye Care Business | 100.0 | | Sells the Company's eye care products. One officer and two employees of the Company serve concurrently as officers of this company. | |
| Topcon Instruments (Malaysia) Sdn. Bhd. | Shah Alam Selangor Malaysia | Thousand MYR 6,600 | Eye Care Business | 100.0 (100.0) | | Sells the Company's eye care products. | |
| Topcon Positioning Asia (Malaysia) Sdn. Bhd. | Shah Alam Selangor Malaysia | Thousand USD 4,823 | Positioning Business | 100.0 | | Sells the Company's positioning products. Two employees of the Company serve concurrently as officers of this company. | |
| Topcon Sokkia India Pvt. Ltd. | Gurgaon India | Thousand INR 10,973 | Positioning Business | 100.0 | | Sells the Company's positioning products. Two employees of the Company serve concurrently as officers of this company. | |
| Mehra Eyetech Pvt. Ltd. | Mumbai India | Thousand INR 9,000 | Eye Care Business | 51.0 | | Sells the Company's eye care products. One officer and two employees of the Company serve concurrently as officers of this company. | |
| Topcon Optical (Dongguan) Technology Ltd. | Guangdong Province China | Thousand HKD 93,727 | Positioning Business<br>Eye Care Business<br>Optical Device Business | 90.0 (90.0) | | Manufactures some of the Company's positioning, eye care and optical device products. Four employees of the Company serve concurrently as officers of this company. | |
| Topcon (Beijing) Medical Technology Co., Ltd. | Beijing China | Thousand RMB 15,000 | Eye Care Business | 100.0 | | Sells the Company's eye care products. One officer and two employees of the Company serve concurrently as officers of this company. | |
| Topcon Positioning Middle East and Africa FZE | Dubai UAE | Thousand USD 1,089 | Positioning Business | 100.0 | | Sells the Company's positioning products. One employee of the Company serves concurrently as an officer of this company. | |
| 32 other consolidated subsidiaries | | | | | | | |
| (Equity method affiliates)<br>8 companies in total | | | | | | | |

Notes: 1) The Principal businesses column mainly states the name of the segment.
2) Corresponds to a specified subsidiary.
3) No company has filed a Securities Registration Statement or Annual Securities Report.
4) Net sales (excluding internal sales within the Group) of the three companies below exceeded 10% of consolidated net sales.

Major profit or loss information, etc.

Topcon Positioning Systems, Inc.

| | |
|---|---|
| (1) Net sales | ¥70,632 million |
| (2) Ordinary profit | ¥1,927 million |
| (3) Profit | ¥1,912 million |
| (4) Net assets | ¥94,387 million |
| (5) Total assets | ¥110,857 million |

Topcon Healthcare, Inc.

| | |
|---|---|
| (1) Net sales | ¥30,212 million |
| (2) Ordinary profit | ¥248 million |
| (3) Profit | ¥147 million |
| (4) Net assets | ¥8,681 million |
| (5) Total assets | ¥41,146 million |

Topcon Europe Medical B.V.

| | |
|---|---|
| (1) Net sales | ¥26,305 million |
| (2) Ordinary profit | ¥1,632 million |
| (3) Profit | ¥1,684 million |
| (4) Net assets | ¥18,578 million |
| (5) Total assets | ¥25,462 million |

5) The figures in parentheses in the Percentage of voting rights show the percentage of voting rights indirectly held by the Company, which is a part of the total voting rights.
6) The Business relationship column mainly states relationships with the Company as of March 31, 2025. The number of officers of the Company includes that of Executive Officers.

## 5. Employees

(1) Information about the Topcon Group

As of March 31, 2025

| Segment name | Number of employees (Persons) |
|---|---|
| Positioning Business | 2,893 |
| Eye Care Business | 2,171 |
| Other | 263 |
| Total | 5,327 |

Note: The above number of employees is that of the regular employees in service.

(2) Information about reporting company

As of March 31, 2025

| Number of employees (Persons) | Average age (Years old) | Average years of service (Years) | Average annual salary (Yen) |
|---|---|---|---|
| 830 | 43.5 | 12.3 | 8,089,702 |

| Segment name | Number of employees (Persons) |
|---|---|
| Positioning Business | 430 |
| Eye Care Business | 400 |
| Total | 830 |

Notes: 1) The above number of employees is that of the regular employees in service.
2) Average annual salary includes bonuses and extra wages.

(3) Labor unions

The name of the Company's labor union is Topcon Labor Union, which does not join higher level bodies. The number of union members is 570 as of March 31, 2025. There are no matters to be noted between labor and management.

(4) Percentage of female workers in management positions, percentage of male workers taking child care leave, and difference of wages between men and women

| | Current fiscal year | | | | | |
|---|---|---|---|---|---|---|
| Name | Percentage of female workers in management positions (Note 1) | Percentage of female employees | Difference of wages between men and women (Note 1) | | | Percentage of male workers taking child care leave (Note 2) |
| | | | All workers | Regular workers | Part-time and fixed-term workers | |
| Reporting company | | | | | | |
| TOPCON CORPORATION | 9% | 19% | 77% | 75% | 99% | 71% |
| Principal domestic consolidated subsidiaries | | | | | | |
| TOPCON YAMAGATA CO., LTD. | 0% | 30% | 68% | 70% | 86% | 75% |
| TOPCON OPTONEXUS CO., LTD. | 5% | 49% | 62% | 65% | 89% | |
| TOPCON SOKKIA POSITIONING JAPAN CO., LTD. | 2% | 14% | 70% | 69% | 56% | |
| TOPCON MEDICAL JAPAN CO., LTD. | 0% | 13% | 69% | 72% | 58% | |
| Consolidated (Note 3) | 19.1% | 27.5% | | | | |

Notes: 1) Calculated based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2) Calculated the percentage of child care leave taken under Article 71-6, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
3) Percentage on a consolidated basis, including the reporting company and all (56) consolidated subsidiaries

## II. Overview of Business

### 1. Management policy, business environment, issues to be addressed

(1) Basic policy on the Company's management

The Company executes "TOPCON WAY," ensuring all the employees understand this identity and take specific actions.

[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.

(2) The Company's management strategy in the medium- to long-term

The Company is currently implementing the three-year "Mid-Term Business Plan 2025" beginning from FY2023 as described below, and in the current fiscal year, the second year of the Plan, it implemented various strategic measures of the Plan.

[Management vision and long-term numerical vision]

Under the "Mid-Term Business Plan 2025," we will continue to pursue our management vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure, aiming to realize our long-term numerical vision to approximately double the consolidated net sales of the final year of the previous Mid-Term Business Plan to ¥400.0 billion by 2032, the Company's 100th anniversary.

[Basic policy of the Mid-Term Business Plan]

The basic policy of Mid-Term Business Plan 2025 is to "pursue a 100-year venture for sustainable growth," and we have positioned it as a three-year mid-term business plan that will be our first step toward 2032, the Company's 100th anniversary. We are engaging in initiatives in each business under the three basic strategies as described below.

[Basic strategies of the Mid-Term Business Plan]


(3) Target management indicator

The Company considers return on equity (ROE) as an important indicator in the Group's Mid-Term Business Plan.

(4) Business environment and issues to be addressed

As mentioned above, we will pursue our vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure and advance the development and spread of "DX solutions" to solve these societal challenges under the "Mid-Term Business Plan 2025." (*DX: Digital transformation that leads to new growth and enhanced competitiveness of corporations by realizing a business model that makes people's lives better through utilizing evolving digital technologies)

Specifically, in the healthcare domain, one of our business fields, in order to cope with an increase in eye diseases resulting from global population aging 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 through promotion of shared care.

In the domain of agriculture, in order to respond to societal challenges such as food shortages due to global population growth, decreases in crop production and damage caused by global warming and extreme weather events, 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 such as a skilled worker shortage due to increasing global demand for infrastructure and intensifying and frequent disasters associated with a climate change, 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 $CO_2$ emissions. Also, in the domain of healthcare, we are contributing to early detection and treatment of eye diseases through the expansion of screening.

A tender offer for the Company's shares is scheduled to be conducted as part of a management buyout (MBO) by an offeror primarily backed by capital from KKR Japan ("KKR") and JIC Capital, Ltd. ("JICC").

As stated above, the Company is working toward the realization of its long-term vision under its basic policy of to" pursue a 100-year venture for sustainable growth." At present, however, we believe we are entering a critical phase in which both our Positioning Business and Eye Care Business must accelerate bold growth investments. This means that, amid predictions that the major construction machinery and agricultural machinery manufacturers will advance their shift toward in-house production, in light of this changing business environment, the Positioning Business will need initiatives to improve profitability and stability by developing and launching new middle-of-the-range products and products for small- to medium-sized construction machinery manufacturers, deepening collaboration with manufacturers, and undertaking further structural reforms. We also recognize the swift development of new services and the further acceleration of growth investments for new market development in the Eye Care Business as management challenges for the medium- to long-term enhancement of the Company's corporate value.

To advance initiatives that go beyond conventional business measures, it will be essential to maintain sustained, long-term investments despite an increasingly uncertain business environment driven by economic instability and geopolitical risks, particularly in Europe and the U.S. Furthermore, in creating new businesses, there are also uncertain risks in executing out our business. While these measures are expected to enhance the Company's corporate value over the long term, they may have a negative impact on the Group's short-term income and cash flow. If such measures were to be implemented while the Company remains publicly listed, there is a risk that the capital markets may not fully appreciate their value in the short term. As a result, it could potentially disadvantage the Company's current shareholders.

After a careful evaluation of a range of options for these issues, the Company has concluded that the best path forward to benefit all stakeholders, including shareholders, is to address these management challenges flexibly through privatization. This will be achieved under a management buyout (MBO) in strategic partnership with KKR and JICC, while continuing to lead the current management policies, strategies, and overall management. This will allow the Company to establish a strong and stable management structure where shareholders and the management team work as one, and to pursue its long-term growth.

KKR will help the Company's expansion into overseas markets, particularly the U.S., which the Company positions as a key region, by leveraging its global network, expertise in both the healthcare and industrial fields, deep knowledge of manufacturing, access to various management resources, and industry best practices. JICC, a government-affiliated fund, brings a broad public-private network and extensive management support know-how accumulated through its investment activities both in Japan and overseas. JICC supports the Company's transformation into a global solutions provider, recognizing its policy significance in fostering the creation of new industries and strengthening international competitiveness.

Following careful deliberation while fully ensuring the fairness of the process, the Company expressed its support for the tender offer, and decided to recommend shareholders to tender their shares. Going forward, the Company aims to evolve into a new "TOPCON 2.0"—a business structure designed to further accelerate the competitiveness of the Group and drive global growth by leveraging the strengths of Japanese manufacturing. This transformation will follow the execution of a series of transactions, including this tender offer and subsequent procedures, with the goal of taking the Company private.

## 2. Approach and initiatives for sustainability

The Group's approach and initiatives for sustainability are as follows.

Forward-looking statements herein are based on the Group's judgment as of the end of the current fiscal year.

(1) Sustainability in common

(i) Sustainability policy

As a corporate group that provides products to global markets, the Company aims to realize sustainable society and become a corporation that can achieve sustainable growth based on its Corporate Identity to "contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure."

(ii) Topcon Group ESG Vision

To realize a sustainable society, we will put ESG Management into practice through our business activities and fulfill our responsibilities as a corporation. The Topcon Group ESG Vision presents our vision toward the achievement of SDGs by 2030.

**Topcon Group Environmental Vision 2030**

Based on the TOPCON WAY, the TOPCON Group will further enhance its corporate value by addressing the two issues of "reducing environmental impact through products" and "addressing climate change".

(1) Reducing environmental impact through products

We will promote the energy conservation and resources saving including water by further reducing environmental impact through the utilization 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 basically endeavor to recycle and effectively use waste generated from our business activities, including procurement, development, manufacturing, sales and services. In addition, we make efforts to use resources appropriately by promoting reductions in the use of chemicals and water in manufacturing processes.

(2) Responding to climate change

The Topcon Group regards response to climate change as the most important environmental issue, 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 FY2030 compared to the FY2013.

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

**Topcon Group Social Vision 2030**

Based on the "TOPCON WAY," the Topcon Group aims to realize the creation of social value by contributing to society. As society's values continue to diversify, we will promote efforts to realize a sustainable society through our business activities.

(1) Creation of social value

We contribute to solving social issues by creating new social value through the provision of original products based on technological innovations, productivity improvements based on DX solutions, and innovative services. Furthermore, we aim to coexist with local communities to realize affluent lifestyles for people.

(2) Creating an organization that can co-create with diverse values

We develop and strengthen human resources that enable our people to maximize their abilities and realize changes by respecting the values of each individual and fostering an organizational culture that allows for diverse and flexible work styles.

(3) Respect for human rights

We respect diverse values of individuals in light of respect for human rights, and realize a society without discrimination through a deep understanding of human rights not only in our own company but also in our supply chain.

**<u>Topcon Group Governance Vision 2030</u>**

The Topcon Group realizes effective corporate governance based on the TOPCON WAY to achieve sustainable growth and medium- to long-term enhancement of corporate value.

(1) Corporate governance

The highest priority in corporate governance is to increase management transparency, strengthen supervisory functions, accelerate decision-making, and ensure compliance. We aim to enhance corporate value by promoting the strengthening and enhancement of our corporate governance system.

(2) Compliance and risk management

In conducting our business activities, we shall act in accordance with the “Topcon Global Code of Conduct”, which was established from the perspective of complying with laws, regulations, and internal rules, and acting in accordance with social ethics and other relevant standards. Furthermore, we strengthen our risk management system to ensure timely and appropriate response to any risks that may occur in the course of our business activities.

(iii) Materiality

We have identified six Material Issues (key challenges) based on the concept of practicing contribution to a sustainable society and environment together with sustainable economic growth through our business activities.

When identifying these Material Issues, we have not only verified their consistency with the Topcon Group ESG Vision but also with the Sustainable Development Goals (SDGs) established by the United Nations. We have selected eight goals out of the 17 SDGs that are especially related to the Topcon Group’s Material Issues (key challenges).

| | |
|---|---|
| Providing Creative Products through Technological Innovation<br>We will provide creative leading-edge products through improved accuracy of technology in order to contribute to the affluent life of people by solving societal issues through optimization and energy conservation within the field of healthcare, agriculture, and infrastructure. |  |
| Promoting and Accelerating DX solutions<br>We will promote the creation of new businesses and the provision of innovative services by accelerating productivity growth and work efficiency through DX solutions drawing upon IoT and network technology. |  |
| Respecting Human Rights<br>We will contribute to a society without discrimination through a deep understanding of human rights not only within the company but also within the supply chain. |  |
| Coexisting with the Local Community<br>We will commit to the development and issue-solving of the local community through our business activities with our business partners. |  |

| | |
|---|---|
| Reducing the Impact on the Global Environment<br>We will promote actions regarding climate change, water-supply problems and recycling of resources, thereby contributing with our stakeholders to the reduction of the impact on the environment of the society as a whole, and aim to realize a sustainable society. |  |
| Being an Organization that Respects Individuality and Creates Together<br>We will foster an organizational culture that embraces various values and in which all individuals respect each other and create new value together. |  |

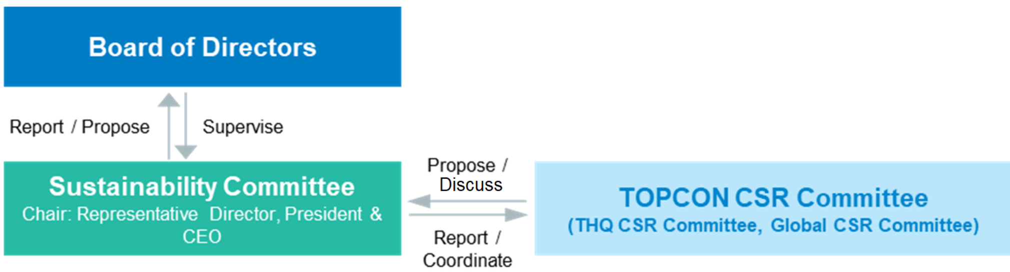
(iv) Governance

The Company has established a Sustainability Committee as an advisory body to the Board of Directors, comprising the President & CEO, the Sustainability Promotion Officer, and Outside Directors.

The Sustainability Committee, chaired by the President & CEO, meets at least twice a year. Under the direction of the Board of Directors and in cooperation with the TOPCON CSR Committee (THQ* CSR Committee and Global CSR Committee), the Committee deliberates on sustainability and ESG (Environment, Society, and Governance) initiatives in a speedy and flexible manner. As a rule, the outcomes of Sustainability Committee meetings are reported and recommended to the Board of Directors.

The sustainability-related governance structure is as shown below. An overview of the Company's basic policy on corporate governance and the Topcon Group's corporate governance structure is stated in IV. Information About Reporting Company, 4. Corporate Governance.

*Topcon Headquarters




(v) Risk Management

The Company has established the Rules for Risk and Compliance to manage business risks, including sustainability-related risks. In accordance with the Rules, division risk officers report risks to the individuals appointed to be responsible for risk management and relevant divisions. Risks that require judgment at the executive level are managed on a company-wide level.

(2) Climate Change

(i) Approach to Climate Change

The Company regards climate change as the most serious global environment issue. Identifying "reducing the impact on the global environment" as a material issue, we will work together with our stakeholders to contribute to the reduction of environmental impact, including climate change, on the whole of society and aim for the realization of a sustainable society.

(ii) Governance

The Company has built a governance structure with the view that initiatives for sustainability, including climate change, are a key management issue. For details, please refer to (1) Sustainability in common, (iv) Governance" under "2.

Approach and initiatives for sustainability."

(iii) Risk Management

The Company conducts monitoring and management with the view that climate change-related risks are part of business risk. For details, please refer to (1) Sustainability in common, (v) Risk Management" under "2. Approach and initiatives for sustainability."

(iv) Strategy

We conducted scenario analyses for the Company's businesses to identify the risks and opportunities related to climate change that are expected to have a major impact in 2030. In those scenario analyses, based on the Task Force on Climate-related Financial Disclosures (TCFD), we envisaged scenarios in which the global temperature rise in 2100 would be 1.5°C and 4°C higher than pre-industrial levels.

Climate-related risks and opportunities under 1.5°C scenario

Climate-related risks

| Category | | Envisaged impact on business | Details | | Applicable Segment* |
|---|---|---|---|---|---|
| Transition risk | Policy and Legal | Introduction of carbon tax | R01 | Increased operating costs, such as procurement and transport costs, due to introduction of carbon tax | Company-wide |
| | | | R02 | Decline in price competitiveness of products if costs resulting from introduction of carbon tax are passed through to product prices, resulting in reduction of market share | |
| | | Tightening of decarbonization regulations, heightened awareness of decarbonization | R03 | Increased energy costs if restrictions on thermal power generation using fossil fuels are tightened | Company-wide |
| | | | R04 | Costs to update to alternative equipment if use of fossil fuels is restricted | |
| | | | R05 | Imposition of fines and penalties and even suspension of operations if unable to respond to tighter carbon-related regulations | Company-wide |
| | | Restriction of movement of people and goods | R06 | In the movement of people and goods, possibility that the use of aircraft, which have large $CO_2$ emissions, will be restricted, making lead times from product manufacture to sale longer, increasing operational costs and reducing revenue | Company-wide |
| | | Tightening of regulations for measurement, tracking and reporting of environmental initiatives | R07 | In addition to existing compliance requirements in the EU, such as CSDDD and CSRD, increased emphasis on regulations for measurement, tracking and reporting of environmental initiatives, with a focus on climate change, and higher operational costs to address those regulations | Company-wide |
| | Technology | Increased demands for energy-saving performance | R08 | Demands for use of renewable energy and carbon neutral responses resulting from growing customer demands on suppliers for energy-saving, and loss of opportunity and reduced revenue if unable to meet those demands | Company-wide |
| | Market and Reputation | Changes in reputation among customers/investors | R09 | Reduced revenue if unable to respond to customers' demands for electrification | Company-wide |
| | | | R10 | Decrease in corporate value due to reputational damage if decarbonization responses and information disclosures are inadequate | Company-wide |
| | | | R11 | Reduced revenue caused by customers choosing products made in their own country or region with the promotion of local production for local consumption caused by heightened customer awareness of decarbonization | Company-wide |

Climate-related opportunities

| Category | | Envisaged impact on business | Details | | Applicable Segment* |
|---|---|---|---|---|---|
| Opportunities | Resource efficiency | Improvement of efficiency of production and logistics processes | O01 | Reduced $CO_2$ emissions and costs related to packaging materials and transport from simplification of packaging for product shipment and streamlining of logistics | Company-wide |
| | | | O02 | Possibility of enhancement of corporate value by increasing customers' and investors' recognition of technologies and business developments for the reduction of future carbon taxes, energy costs, and $CO_2$ emissions and contributing to the realization of a decarbonized society through reduced energy consumption and other measures achieved by introducing efficient production processes, energy-saving activities, optimization of lighting, renovating manufacturing buildings and replacement of air conditioning systems | Company-wide |

| | | | | | |
|---|---|---|---|---|---|
| | Products and services | Increased demand for assistance with productivity improvements across entire value chain | O03 | Higher demand for GHG emissions reductions across customers' entire value chains and increased sales of the Company products to meet that demand, against the background of energy reduction and efficiency improvement needs in the healthcare, agriculture, and construction sectors | Company-wide |
| | Market | Higher demand for low-carbon/decarbonization in construction, measurement, and farming sectors | O04 | Increased revenue from construction machinery that contributes to low/zero-carbon efforts and surveying instruments that achieve quality improvement in the construction market and, by extension, ICT construction solutions | POB |
| | | | O05 | Increased revenue from farming machinery that contributes to optimization of water use and low/zero-carbon efforts in the agricultural market and, by extension, auto steering systems for farming machinery | POB |
| | | Progress in high-precision, efficient farming and construction solutions | O06 | Potential for increased demand for the Company's farming automation systems if restrictions on use of fossil fuels lead to advancement of large-scale cultivation of crops that can be used as raw materials for bioethanol such as sugar cane and maize | POB |
| | | Higher environmental awareness | O07 | Enhanced competitiveness by contributing to environment through reduction of waste of the Company's customers by providing after-sales service and achieving longer service life for its products | Company-wide |
| | Technology | Advancement of next-generation technologies | O08 | Expansion of market and increased revenue with advancement of hybridization, electrification, and IT conversion of construction machinery | POB |
| | | | O09 | Expansion of market and increased revenue with advancement of hybridization and electrification of farming machinery and of smart agriculture | POB |
| | | Increased demand for products and services that address climate change | O10 | Greater recognition from customers/investors, leading to enhancement of corporate value by strengthening responses to regulations with the promotion of GHG emissions reductions through adoption of technologies and business expansion that contribute to the realization of a carbon-free society, the introduction of renewable energy, and cooperation with suppliers. | POB |

Climate-related risks and opportunities under 4C° scenario

Climate-related risks

| Category | | Envisaged impact on business | Details | | Applicable Segment* |
|---|---|---|---|---|---|
| Physical risk | Acute | Increased severity of extreme weather events (larger-scale typhoons and hurricanes) | R12 | In cases of increased severity and incidence of extreme weather events such as torrential rain and floods, as manufacturing facilities located in Italy and Germany are particularly vulnerable to flood risk, deterioration of financial situation due to disaster-related losses, including reduced revenue and higher costs caused by suspension of production and shipment of the Company plants affected by such disasters. | Company-wide |
| | | | R13 | Reduced revenue caused by decline in customers' financial leeway when crop productivity declines and infrastructure construction projects are interrupted as a result of extreme weather events caused by climate change | POB |
| | | Rising temperatures, increased incidence of extreme weather events | R14 | Reduced revenue due to suspension of distribution, sales, repair services, etc. in manufacturing and sale regions around the world resulting from extreme weather events caused by climate change | Company-wide |
| | Chronic | Rising temperatures | R15 | Rising costs for stringent temperature management in production processes of precision equipment | Company-wide |
| | | Changes in precipitation patterns and weather patterns | R16 | Reduced demand for products caused by higher farm production costs in drought-prone regions and by decline in land under cultivation in regions with high water stress | POB |
| | | Rising sea level, rising temperature, and increased frequency of extreme weather events | R17 | Possibility that manufacturing facilities in Italy and Germany, the local subsidiaries in Europe, will be affected by flood risk and heat stress, and the operating costs will increase due to weather damage if progression of climate change leads to intensification of extreme weather events, changes in weather patterns, and rises in mean temperatures and sea levels | Company-wide |

Climate-related opportunities

| Category | | Envisaged impact on business | | Details | Applicable Segment* |
|---|---|---|---|---|---|
| Opportunities | Market | Higher incidence of eye diseases due to climate change | O11 | Possibility of increased revenue due to increased demand for the Company's eye examination and surgical equipment resulting from higher incidence of eye diseases due to climate change and the further acceleration of near-sighted population as people spend more time indoors | ECB |

| | | | | | |
|---|---|---|---|---|---|
| | | Increased demand for products and services that address disaster and climate change | O12 | Increased demand for the Company's telemedicine and mobile medical devices as climate disasters increase, creating new market opportunities | ECB |
| | Resilience | Increased demand for products and services that address disaster recovery | O13 | Increased revenue as high-precision, efficient farming solutions will enable ideal fertilization and irrigation after efficient evaluation measurement, making agricultural farming possible, even if progression of climate change causes a shift in land suitable for cultivation | POB |

*POB: Positioning Business, ECB: Eye Care Business

We have implemented five main measures to minimize the identified risks and maximize the opportunities. Going forward, we will continue to work on initiatives to curb the global temperature rise in 2100 to within 1.5°C compared with pre-industrial levels and continue with our sustainable business activities.

| Responses to Risks and Opportunities | Risks and Opportunities Responded to |
|---|---|
| Reduction of GHG emissions in business activities | R01, R02, R03, R04, R05, R08, R09, R12 |
| Reduction of GHG emissions in supply chain | R01, R02, O01, O03, O04, O05, O06, O07, O10 |
| Provision of products that contribute to prevention of global warming | R08, R09, O03, O04, O05, O06, O07, O08, O13 |
| Response to early restoration in the event of a disaster | R12, R14 |
| Raising of internal awareness of climate change issues and implementation of appropriate disclosure to external parties | R10, O10 |

(v) Indicators and targets

The Topcon Group uses the amount of GHG emissions as an indicator to manage climate-related risk and opportunities in order to respond to risk and opportunities including those relating to climate change. We have set a target of a 40% reduction in emissions compared to 2013 in Japan to take actions toward realizing a decarbonized society. The amounts of emissions in FY2024 were: 1,988t-$CO_2$ for Scope 1 and 8,024t -$CO_2$ for Scope 2 (both at manufacturing sites in Japan and overseas).

(3) Human capital

(i) Policy and strategy on development of human resources and improvement in internal environments

The Topcon Group provides employees, etc. 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.

Each employee working autonomously and achieving maximum performance in a variety of work styles will be key to the Company's acceleration of its growth strategy and the further development of its business. To create an environment in which diverse human resources can each maximize their individual performance, we have introduced flexible work styles such as flextime and work-from-home to support the advancement of each and every employee.

(ii) Measurable indicators and targets for human capital and diversity

To create a workplace culture that is conducive to leveraging the resources of a diverse workforce, we are engaged in the key challenge of 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 to exempting employees from working hours necessary for health check-ups, we have established a system to support childbirth, including a "spouse's maternity leave" system, which allows employees to take three days' leave when their spouse gives birth. Even after childbirth, we have established a childcare leave system that allows employees to take childcare leave until the first April 30 after their child reaches two years of age, to coincide with the child's starting at childcare. As a result, 70.6% of male employees took childcare leave in FY2024 (reporting company).

We are also enhancing our systems to give employees greater flexibility in their choice of work styles, such as shorter working hours/fewer working days, work-from-home, and flexitime working systems. We also offer a childcare leave system for employees with children who are still in elementary school, which allows employees to take up to five days a year for one child and up to ten days a year for two or more children. In such ways, we accommodate diverse work styles to support the child-rearing generation. As a result of these activities, the Company obtained Kurumin Certification as a child-rearing support company in 2024, and Eruboshi Certification (Level 2) as a company that excels in promoting the active participation of women in 2025 from the Ministry of Health, Labour and Welfare.

As part of its efforts to promote the active participation of women, the Company has set a target of "increasing the percentage of women employed to at least 30%." The result for the most recent year was 31%.

## 3. 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.

(1) Economic conditions relating to product demand

The Topcon Group (hereinafter "the Group") is primarily engaged in two businesses, namely the Positioning 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, which include North America, Europe, and Asia, as well as Japan, the economic conditions in these areas may impact the financial position and business results of the Group.

(2) 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.

(3) 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.

(4) 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 net 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.

(5) 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.

(6) 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.

(7) 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.

(8) Non-current assets

The Group holds property, plant and equipment and intangible 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.

(9) 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 or soaring prices 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 prices of parts and materials and delays of production and potentially impact the financial position and business results of the Group.

(10) 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.

(11) 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.

(12) Laws and regulations

The Group operates businesses overseas, which are subject to legal regulations in relevant countries and regions. Also, certain products in the Eye Care Business are subject to the laws and regulations relating to medical devices of the countries in which the Group operates. We are working to constantly obtain information to take appropriate measures. However, should import and export of the Company's products be restricted due to changes in these laws and regulations, or the Group fails to obtain the approvals and authorizations necessary to conduct business in the relevant countries in a timely manner, it may impact the financial position and business results of the Group.

(13) 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.

(14) Natural disaster and accidents

Should any unforeseen disaster such as fires, earthquakes, terrorism, wars, pandemics, or epidemics occur in the areas in which the Group conducts its business, the Group will take such measures as securing the capabilities to raise funds to meet its capital needs or minimizing the impact of a pandemic. However, it 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.

(15) Information security

The Group has improved and built information systems for each of the manufacturing, sales, R&D and other activities as an infrastructure for business promotion. To prepare for failures of these systems (equipment malfunctions, power failures, etc.) and prevent unauthorized access and information leaks, the Group is taking such measures as ensuring the thorough application of security policies, providing education to all employees, reinforcing system backups, and preventing confidential information from leaking out. However, should an unexpected, large-scale system failure, cyberattack, or fraud by a malicious third party occur, that may impact the financial position and business results of the Group.

(16) Seasonality

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

## 4. Management's analysis of financial position, operating results and cash flows

Overview of financial position, business results, and cash flows of the Group (the Company, consolidated subsidiaries, and equity method affiliates) (hereinafter, referred to as the "operating results, etc."), for the current fiscal year as well as awareness, analysis and review of operating results, etc. of the Group from management's perspective are as follows.

Forward-looking statements herein are based on the judgment as of the end of the current fiscal year.

### (1) Operating results

In FY2024, although interest rate cuts and other moves were seen in Europe and the U.S. against the background of falling inflation rates, the outlook for the global economic environment remained uncertain due mainly to the impact of prolonged geopolitical risks and increased uncertainty in global trade triggered by the effects of U.S. tariff policies in the second half of the period.

In such an economic environment, the 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 digital transformation solutions to various issues related to healthcare, agriculture and infrastructure in order to achieve a sustainable society.

In this context, the Group's consolidated performance in the current fiscal year was as follows:

In fiscal year 2024, the Topcon Group's consolidated net sales decreased by 0.2% year on year to ¥216,000 million, mainly due to lower sales in the Positioning Business that offset continued strong sales in the Eye Care business. In terms of profits, despite the effects of structural reforms on fixed costs reduction being in line with the plan, operating profit decreased by 21.2% year on year to ¥8,826 million, and ordinary profit fell by 46.6% year on year to ¥4,729 million. Profit attributable to owners of parent was ¥417 million, a decrease of 91.5% year on year. This was due to the recording as extraordinary losses of the effects of impairment losses resulting from structural reforms, extra retirement payment and TOB related expenses.

Performance by segment is as follows:

In the Positioning Business, net sales decreased 6.4% year on year to ¥131,359 million as sales fell due to consistently high interest rates on ICT construction in Europe and the U.S. and the impact of restrained investment due to uncertainty regarding the trade, financial, and industrial policies of the new U.S. administration. In addition, sales of surveying instruments were sluggish despite the release of new products, which were unable to make up for the delay during the period. In IT agriculture, sales slowed globally due to the impact of investment restraints caused by the decline in grain prices. Operating profit decreased by 34.3% year on year to ¥5,984 million, due to the year-on-year decrease in net sales, despite the effects of structural reforms being in line with the plan.

In the Eye Care Business, net sales increased by 12.2% year on year to ¥84,311 million, reflecting continued solid sales mainly to large chain eyewear stores in Europe and the U.S. and the acquisition of a large-scale strategic project in North America, despite sluggish sales in China. Operating profit increased by 27.0% year on year to ¥8,527 million, due mainly to an increase in sales, despite increases in personnel costs and software development costs to strengthen sales in North America.

Results of production, orders received, and sales are as follows.

(i) Actual production

The following table shows actual production for each segment in the current fiscal year.

| Segment name | Production amount (Million yen) | YoY change (%) |
|---|---|---|
| Positioning Business | 122,023 | (13.3) |
| Eye Care Business | 82,878 | +7.7 |
| Other | 298 | (78.9) |
| Total | 205,200 | (6.3) |

Note: The production amounts are based on sales prices.

(ii) Orders received

As the Company’s production is mainly based on projection, the number of orders received is not shown.

(iii) Actual sales

The following table shows actual sales for each segment in the current fiscal year.

| Segment name | Sales amount (Million yen) | YoY change (%) |
|---|---|---|
| Positioning Business | 131,359 | (6.4) |
| Eye Care Business | 84,311 | + 12.2 |
| Other | 435 | (62.7) |
| Elimination of inter-segment transactions | (106) | — |
| Total | 216,000 | (0.2) |

Note: The sales amount of each segment includes internal sales.

(2) Analysis and review of operating results, etc. from management’s perspective

Under the “Mid-Term Business Plan 2025,” the Company has engaged in the various strategic measures of the Business Plan, aiming to improve ROE as an important indicator (ROE target for the final fiscal year of the plan: 13-15%). In the current fiscal year, the second fiscal year of the Mid-Term Business Plan 2025, although the Eye Care Business maintained strong sales, sales slowed down globally in the Positioning Business, mainly due to restrained investment. This, in addition to the recording of one-time losses, including structural reform-related expenses, resulted in a fall in profit attributable to owners of parent, and ROE as an important indicator was 0.4%.

In the next fiscal year and beyond, we will aim for the improvement of ROE by reaping the benefits of the current fiscal year’s structural reform and by continuing with the thorough implementation of the various measures found in the Mid-Term Business Plan.

The Company recently formulated the “Mid-Term Business Plan 2025” beginning from FY2023 under the basic policy of “pursuing a 100-year venture for sustainable growth.” The Mid-Term Business Plan 2025 aims for consolidated net sales of ¥400.0 billion by FY2032, the Company’s 100th anniversary. The Company aims to achieve sustainable growth as well as improve and maintain profitability with three basic strategies, that is, “Deepening Customer Orientation,” “Reforming the Foundation,” and “DX Acceleration.” Under the slogan “A digital transformation with a human touch,” the Company will continuously work to enhance corporate value, while providing solutions to societal challenges toward realizing a sustainable society and implementing its growth scenario.

(3) Financial position

Assets

As of March 31, 2025, total assets stood at ¥249,144 million, an increase of ¥2,115 million from the end of the previous fiscal year.

a. Current assets

Current assets decreased by ¥1,729 million from the end of the previous fiscal year to ¥132,821 million. This was mainly due to a decrease in inventories.

b. Non-current assets

Non-current assets increased by ¥3,845 million from the end of the previous fiscal year to ¥116,323 million. This was mainly due to an increase in deferred tax assets.

Liabilities

As of March 31, 2025, total liabilities stood at ¥144,304 million, an increase of ¥7,573 million from the end of the previous fiscal year.

a. Current liabilities

Current liabilities increased by ¥22,169 million from the end of the previous fiscal year to ¥95,293 million. This was mainly due to increases in short-term borrowings and the current portion of bonds payable.

b. Non-current liabilities

Non-current liabilities decreased by ¥14,596 million from the end of the previous fiscal year to ¥49,010 million. This was mainly due to the reclassification of bonds into the current portion of bonds payable under current liabilities.

Net assets

As of March 31, 2025, total net assets stood at ¥104,840 million, a decrease of ¥5,458 million from the end of the previous fiscal year. This was mainly due to decreases in retained earnings and foreign currency translation adjustment. As a result, the equity ratio decreased by 2.4% from the end of the previous fiscal year.

(4) Cash flows

As of March 31, 2025, cash and cash equivalents (hereinafter referred to as “net cash”) stood at ¥18,420 million, an increase of ¥1,748 million from the end of the previous fiscal year. This was due to an increase in net cash resulting primarily from the recording of profit before income taxes, a decrease in inventories, and an increase in short-term borrowings, despite a decrease in net cash resulting primarily from purchase of non-current assets.

(Cash flows from operating activities)

During the fiscal year ended March 31, 2025, net cash provided by operating activities totaled ¥9,505 million, compared to ¥8,850 million provided in the previous fiscal year. This was mainly due to an increase in net cash resulting primarily from the recording of profit before income taxes and a decrease in inventories, despite a decrease in net cash resulting primarily from an increase in trade receivables and income taxes paid.

(Cash flows from investing activities)

During the fiscal year ended March 31, 2025, net cash used in investing activities totaled ¥15,721 million, compared to ¥26,622 million used in the previous fiscal year. This was mainly due to a decrease in net cash resulting primarily from the purchase of non-current assets.

(Cash flows from financing activities)

During the fiscal year ended March 31, 2025, net cash provided by financing activities totaled ¥8,765 million, compared to ¥17,989 million provided in the previous fiscal year. This was mainly due to an increase in net cash resulting primarily from an increase in short-term borrowings, despite a decrease in net cash resulting primarily from dividends paid.

(5) Information about capital resources and liquidity

It is a basic policy of the Company to make investment in M&As, plants and equipment, and development using cash flows from operating activities and its own funds as resources. In addition, the Company received an "A-" issuer rating from Rating and Investment Information, Inc. If fund raising is necessary, we will respond to such needs by selecting optimum financing methods such as bonds and loans from a bank. During the current fiscal year, we made strategic M&A investments, including minority investments in several start-ups in the Eye Care Business. We made necessary capital investments mainly for improving the production system, promoting the growth strategy, and improving operational efficiency. We continued to make development investments actively, mainly for expanding DX solutions as well as developing new products and next-generation technologies to enter new business domains. Net cash generated by cash flows from operating activities were mainly used for these investment activities, supplemented by funds procured through bonds and bank loans, etc.. Also in the future, we will continue to invest mainly in new technologies and new business domains to expand our shares in growth areas.

As for funding liquidity, the Company and some of its consolidated subsidiaries use the cash management service (CMS) to improve capital efficiency. In addition, with the purpose of ensuring flexible and stable fundraising, the Company has concluded a commitment line contract with financial institutions and obtained an "a-1" rating from Rating and Investment Information, Inc. in preparation for the issuance of commercial papers. Hence, we are preparing for liquidity risk.

Please see the preceding section "(4) Cash flows" for the overview of cash flows for the current fiscal year. Also, the Company's dividend policy is stated in "IV. Information About Reporting Company, 3. Dividend policy."

(6) Significant accounting estimates and assumptions used for such estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. Significant accounting policies are stated in "V. Financial Information, 1. Consolidated financial statements, etc., [Notes], (Important fundamental matters for preparation of consolidated financial statements)." In preparing the consolidated financial statements, some assets are evaluated by using accounting estimates. Assets listed below, in particular, may impact the financial position and business results of the Group, depending on future changes in assumptions.

Deferred tax assets

The Group records deferred tax assets based on a judgement that deductible temporary differences recognized to have effects of mitigating the future tax burden are recoverable. As the preconditions, we use estimates of future taxable income, etc. for each taxable entity of the Group. However, if any revision of assumptions used for estimating such taxable income, etc. becomes necessary due to factors such as changes in economic conditions, the amount of deferred tax assets and tax expense may be affected in the consolidated financial statements for the following fiscal years.

Non-current assets

The Group determines whether there is any indication of an impairment loss by asset group on non-current assets. If there exists any indication, the undiscounted future cash flows are estimated based on the business plan and then, the necessity of recognition of an impairment loss is determined. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount. The future business plan of each asset group is used for consideration in measuring the recoverable amount. However, if any revision of such estimates becomes necessary due to factors such as changes in the business plan, market environments and investment plans, an additional impairment loss may arise in the consolidated financial statements for the following fiscal years and may impact the financial position and business results of the Group.

## 5. Material contracts, etc.

As announced in "Notice Concerning the Supporting Opinion and Tender Recommendation Opinion for the Planned Commencement of the Tender Offer for Company Share Certificates by TK Co., Ltd. as part of the implementation of MBO, and capital participation by KKR Japan and. JIC Capital, Ltd." announced on March 28, 2025 and "(Amendment) Partial Amendment to 'Notice Concerning the Supporting Opinion and Tender Recommendation Opinion for the Planned Commencement of the Tender Offer for Company Share Certificates by TK Co., Ltd. as part of the implementation of MBO, and capital participation by KKR

Japan and. JIC Capital, Ltd.'" announced on April 16, 2025, on March 28, 2025, the Company entered into a Tender Offer Agreement with TK Co., Ltd. (the "Tender Offerer"), TK Holdings Co., Ltd., and TK Investment L.P. This agreement sets forth the conditions precedent of the tender offer for Company share certificates, etc. by the Tender Offerer, the obligations, representations, and warranties of the Company and the Tender Offerer, and other matters.

Further details of this tender offer are provided in 1. Consolidated financial statements, etc., (1) Consolidated financial statements, "Notes (Additional Information)" and 2. Financial statements, etc., (1) Financial statements, Notes (Additional Information)" under V. Financial Information.

## 6. Research and development activities

The Group captures voices of customers (VOC) in the global market and actively conducts global research and development activities at each technical and other department at the headquarters as well as subsidiaries located in the U.S., Europe, Australia, and other regions. In addition to this, toward early establishment of new technologies, we actively communicate with external research institutes in Japan and overseas. In particular, we focus on research and development such as of optical application technologies supporting broadband wavelength, core technologies for the global navigation satellite system (GNSS), machine control (MC) technologies, precision agriculture technologies, ranging and angle measuring technologies, interference measurement and sensing technologies including optical coherence tomography (OCT), and image application technologies including point cloud processing. Furthermore, toward the business expansion, we are making investments in development of new functions and automation technologies that utilize the state-of-the-art machine learning technologies, remote and surveillance technologies, and development of creative solutions through cloud computing technologies, aiming to enhance technological advantages of each business area.

The entire Group's R&D expenditures amounted to ¥25,147 million for the current fiscal year (up 3.9% year on year). The following are the purposes and outcomes of research by each segment, as well as R&D expenditures. In addition to the below, we are conducting advanced research and development as corporate expenses, R&D expenditures of which were ¥2,126 million.

### (1) Positioning Business

Society is facing many challenges, such as a skilled worker shortage due to increasing global demand for infrastructure and intensifying and frequent disasters associated with a climate change, while in the agricultural sector, there are concerns about food shortages due to global population growth and decreases in crop production and damage caused by global warming and extreme weather events.

To solve these social issues, the Positioning Business earnestly continues research and development for higher sophistication and functionality of its proprietary technologies. It also conducts research and development of new technologies and the IT application thereof worldwide to provide a wide variety of products and services to various business fields with cutting-edge GNSS core technologies, machine control (MC) technologies, IMU application technologies, precision agriculture (AG) technologies, interferometric measurement and sensing technologies, including ranging and angle measurement technologies, image processing technologies such as point-cloud processing, land surveying application technologies, and web and cloud computing technologies as its core technologies, to release high value-added, differentiated products not found anywhere else ahead of any other company.

Outcomes of research during the current fiscal year are as follows and R&D expenditures for this segment was ¥18,284 million.

- In January 2025, we released the GT-1500/700 series, a new motor drive total station, that incorporates the newly developed Silky Drive® technology. As the result of the pursuit of higher efficiency, more compact size, and safer, quieter operation, in addition to re-designing the brushless DC motor (BLDC motor), which is used widely in a wide variety of industrial products, for surveying applications, we developed it into the Silky Drive® technology, which incorporates our proprietary control technology. Further, by adopting Topcon's proprietary direct-drive unit, we have achieved one of the smallest and lightest motor drive total stations in the world. In addition, as well as the drive unit, we also reconsidered the materials used on the rotating axis and the shapes of components of the total station itself, thus doubling the tracking performance and increasing turning velocity by 10% compared with the previous model, allowing for swifter and more efficient surveying operations.
- We released LN-160, the latest model in the Layout Navigator series, more than 35,000 units of which have been sold to date. Retaining the functions that allow for easy, trouble-free positioning that have proved popular with users, the LN-160 now offers an expanded measurable range. We also increased the continuous operating time by 20% in response to many requests for the ability to operate the unit for longer periods. Further, the LN-160 is equipped with an external power port, making it possible to use the unit for longer periods without stopping. A lower-priced version of the LN-160 was also released for the Asian market as the LN-60. By combining it with Toplayout, Topcon's control software that accommodates various Asian languages, we have rolled out a package that will introduce users to the Layout Navigator series at an affordable price.
- In April 2025, aiming to make a full-scale entry into the construction sector, the largest market for 3D scanners, we launched a new product, CR-P1, with FARO as the OEM supplier. This product, which accommodates the point cloud matching function that is an essential specification in the construction sector, inherits the high market competitiveness of the base model Focus

Premium series. Further, with the adoption of our Collage Site as a dedicated app, the entire process from data acquisition to processing and confirmation can be completed in a single app, resulting in major efficiency improvements in overall workflow and reducing the time required.

· In response to the Ministry of Land, Infrastructure, Transport and Tourism's policy to promote the adoption of ICT-based construction, we launched the 3D scanner, ESN-100, onto the market in July 2024.This product has three distinctive features: (1) improved operability through automatic leveling, automatic target detection, and automatic registration functions; (2) a lower barrier to entry through a design that achieves a lower price compared with earlier models; and (3) the realization of immediate, on-site data confirmation by linking it with the dedicated app, Topcon Raster Scan. This product achieves improved efficiency and quality of 3D data acquisition on surveying and civil engineering sites, contributing to the further advancement of ICT construction.

· In the precision agriculture sector, we released the Value Line series (XC1/XR-1-SET, XC1 plus/XR-1-SET) of entry-level Auto Steering System models. In the pursuit of ease of use and accessibility (lower price), we added various operation assist buttons to the steering wheel, assigning to those buttons frequently used functions such as an On/Off switch for auto steering, and A-B line creation. The console features a touch-screen, full-flat monitor (7-inch/10-inch) that offers excellent operability and visibility. This series is perfect for people considering an auto steering system as a first step toward the introduction of smart agriculture and for people who are considering a second or third set.

(2) Eye Care Business

Globally, the population aging, along with population growth, has been rapidly progressing and there occur various problems such as an increase in eye disease resulting from population aging, rising medical costs, and a shortage of physicians. In addition, with the spread of smartphones and tablet devices, there has been a sharp rise in nearsightedness in young people under the age of 20, resulting in increased demand for eye examinations. To solve these issues, the Eye Care Business conducts research and development of instruments for examination, diagnosis, and therapy for ophthalmologists and optical stores, and IT application thereof, aiming at "contributing to health of human eyes," particularly improving quality of vision, mainly in "examination," "diagnosis," and "therapy" domains.

Outcomes of research during the current fiscal year are as follows. R&D expenditure for this segment was ¥4,182 million.

- We released the TRK-3 OMNIA, a multifunctional 4-in-1 device that combines refractometer, keratometer, tonometer, and pachymeter into one instrument. The capability of capturing all four measurements with a single device allows eye health practitioners to optimize clinical workflow and streamline patient care. This product builds on the strengths of the previous model and achieves further functional enhancements. With stable measurements achieved with Topcon's intellectual property, Rotary Prism technology, and an improved user interface, the new model is even easier to use. Connectivity has also been improved with the addition of a DICOM function.
- We released the CV-5000 SightPilot NAVi, an eye examination solution that enables patients to perform the vision test themselves using voice guidance and operating dial controls. The voice guidance is available in multiple languages to accommodate the device's use by people overseas as well. This product also features a near vision test function that does not use a near test chart, allowing for seamless testing from far vision to near vision. With a simple, intuitive design, this system can be mastered in a short time, and is easy for facility staff, and even patients, to use. The CV-5000 SightPilot NAVi can be easily added onto by upgrading the existing CV-5000 and MC-5/MC-5S vision test systems.

# III. Information About Facilities

## 1. Overview of capital expenditures

During the current fiscal year, total capital expenditures for the Group amounted to ¥6,791 million.

Total capital expenditures by business segment comprised ¥3,789 million for the Positioning Business and ¥2,703 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.

There were no retirement, sale of facilities or other factors that significantly impact the production capacity.

## 2. Major facilities

(1) Reporting company

As of March 31, 2025

| Name of facilities (Location) | Segment name | Description of facilities | Carrying amount (Million yen) | | | | | | Number of employees (Persons) |
|---|---|---|---|---|---|---|---|---|---|
| | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area: m$^2$) | Leased assets | Other | Total | |
| Headquarters and factory (Itabashi-ku) | Positioning Business, Eye Care Business | Company-wide administration facilities Manufacturing, sales and R&D facilities | 2,508 | 368 | 236 (21,011) | 161 | 1,662 | 4,937 | 830 [78] |

Notes: 1) The carrying amount does not include that of construction in progress.
2) Includes ¥23 million for land lent to entities other than the consolidated companies.
3) There are no major facilities that are currently idle.
4) Brackets [ ] in the number of employees describe the number of temporary employees, excluded from the number of employees.
5) Major facilities leased from entities other than the consolidated companies are as follows.

As of March 31, 2025

| Name of facilities | Segment name | Description of facilities | Number of units | Lease period | Annual lease fee (Million yen) | Lease contract balance (Million yen) |
|---|---|---|---|---|---|---|
| Headquarters and factory | Positioning Business, Eye Care Business | Computers for design development and administration, and others | 1 set | 3-5 years | 57 | 161 |

(2) Domestic subsidiaries

As of March 31, 2025

| Company name | Name of facilities (Location) | Segment name | Description of facilities | Carrying amount (Million yen) | | | | | | Number of employees (Persons) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area: m$^2$) | Leased assets | Other | Total | |
| TOPCON YAMAGATA CO., LTD. | Headquarters and factory (Yamagata-shi, Yamagata Prefecture) | Positioning Business, Eye Care Business | Manufacturing facilities | 923 | 546 | 1,080 (66,423) | — | 457 | 3,008 | 315 [39] |
| TOPCON OPTONEXUS CO., LTD. | Headquarters and factory (Tamura-shi, Fukushima Prefecture) | Positioning Business, Eye Care Business | Manufacturing facilities | 1,562 | 383 | 16 (14,404) | 5 | 54 | 2,023 | 192 [30] |

Notes: 1) The carrying amount does not include that of construction in progress.
2) There are no major facilities that are currently idle.
3) Brackets [ ] in the number of employees describe the number of temporary employees, excluded from the number of employees.

(3) Foreign subsidiaries

As of March 31, 2024

| Company name | Name of facilities (Location) | Segment name | Description of facilities | Carrying amount (Million yen) | | | | | | Number of employees (Persons) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Buildings and structures | Machinery, equipment and vehicles | Land (Area: m$^2$) | Leased assets | Other | Total | |
| Topcon Positioning Systems, Inc. | California, U.S.A. | Positioning Business | Manufacturing and sales facilities | 2,843 | 989 | 1,709 (441,391) | 824 | 345 | 6,711 | 588 [−] |
| Topcon Optical (Dongguan) Technology Ltd. | Guangdong Province, China | Positioning Business, Eye Care Business, Optical Device Business | Manufacturing facilities | − | 535 | − | 66 | 119 | 721 | 366 [39] |

Notes: 1) The carrying amount does not include that of construction in progress.
2) There are no major facilities that are currently idle.
3) Brackets [ ] in the number of employees describe the number of temporary employees, excluded from the number of employees.

## 3. Planned addition, retirement, and other changes of facilities

(1) Addition, etc. of significant facilities

| Company name | Name of facilities (Location) | Segment name | Description of facilities | Scheduled investment | | Method of funds procurement | Commencement | Completion (scheduled) | Increased capacity after completion |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Total amount (Million yen) | Amount paid (Million yen) | | | | |
| Reporting company | Headquarters Factory | Positioning Business, Eye Care Business | Buildings, machinery, equipment, and others | 3,050 | – | Self-funded | April 2025 | March 2026 | Quality improvement, streamlining, and R&D |

(2) Retirement, etc. of significant facilities

Not applicable.

# IV. Information About Reporting Company

## 1. Company's shares, etc.

(1) Total number of shares

(i) Total number of shares

| Class | Number of authorized shares (Shares) |
|---|---|
| Common shares | 160,000,000 |
| Total | 160,000,000 |

(ii) Issued shares

| Class | Number of issued shares as of fiscal year end (Shares) (March 31, 2025) | Number of issued shares as of filing date (Shares) (June 26, 2025) | Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered | Description |
|---|---|---|---|---|
| Common shares | 108,382,642 | 108,382,642 | Prime Market, Tokyo Stock Exchange | The number of shares constituting one unit is 100 shares. |
| Total | 108,382,642 | 108,382,642 | – | – |

(2) Share acquisition rights

(i) Stock option plans

The Company has adopted the stock option plan. In this plan, share acquisition rights are issued based on the Companies Act. Details of this plan are as follows.

7th share acquisition rights (resolution made at the Board of Directors' meeting on June 25, 2021)

| | |
|---|---|
| Date of resolution | June 25, 2021 |
| Classification and number of persons eligible for grants (Persons) | 1 Executive Officer of the Company |
| Number of share acquisition rights (Units) | 1,000 |
| Class of shares underlying share acquisition rights | Common shares (Note 1) |
| Number of shares underlying share acquisition rights (Shares) | 100,000 (Note 1) |
| Amount to be paid in upon exercise of share acquisition rights (Yen) | (Note 2) |
| Period for exercising share acquisition rights | (Note 3) |
| Share issue price and amount to be incorporated into capital when shares are issued due to exercise of share acquisition rights (Yen) | (Note 4) |
| Matters relating to transfer of share acquisition rights | (Note 5) |
| Conditions for exercising share acquisition rights | (Note 6) |
| Cases where the Company acquires share acquisition rights and conditions for such acquisition | (Note 7) |
| Matters relating to granting of share acquisition rights accompanying acts of organizational restructuring | (Note 8) |

* The details stated are as of the end of the current fiscal year (March 31, 2025). As of the end of the month before the filing date (May 31, 2025), there are no changes in these matters.

Notes: 1) The class of shares underlying share acquisition rights shall be the common shares of the Company and the number of shares underlying each share acquisition right (hereinafter, referred to as the "number of shares granted") shall be 100 shares per share acquisition right.
The number of shares granted shall be adjusted according to the following formula, if the Company conducts a stock split (including gratis allotment of shares) or stock consolidation of the common shares after the day on which share

acquisition rights are allotted (hereinafter, referred to as the "allotment date"). However, such adjustment shall be made to the number of shares underlying share acquisition rights that have not yet been exercised at the time of such adjustment. Any fraction less than one share arising from the adjustment shall be rounded down.

| | | | | |
|---|---|---|---|---|
| Number of shares granted after adjustment | = | Number of shares granted before adjustment | × | Ratio of stock split or stock consolidation |

Other than the above, if it is necessary to adjust the number of shares granted, an adjustment which the Board of Directors of the Company deems necessary shall be made.

2) The amount of property to be contributed upon exercising share acquisition rights shall be ¥1,366, the average closing price (rounded down to the nearest yen) of ordinary transactions of the Company's common shares at the Tokyo Stock Exchange on each day of March 2021, per share to be granted by exercising share acquisition rights, multiplied by the number of shares allotted.

3) The period for exercising share acquisition rights shall be from April 1, 2024 through March 31, 2029.

4) The amounts of share capital and legal capital surplus to be increased in the event of issuance of shares due to exercise of share acquisition rights shall be as follows:
   (i) The amount of share capital to be increased in the event of issuance of shares due to the exercise of share acquisition rights shall be the maximum amount of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting multiplied by 0.5. Fractions less than one yen arising as a result of the calculation shall be rounded up.
   (ii) The amount of legal capital surplus to be increased in the event of issuance of shares due to the exercise of share acquisition rights shall be an amount obtained by deducting the amount of share capital to be increased stipulated in (i) above from the maximum amount of increase in stated capital in (i) above.

5) Acquisition of share acquisition rights through transfers shall require approval by a resolution of the Board of Directors.

6) For exercising share acquisition rights, all of the following conditions shall be met.
   (i) A holder of share acquisition rights may exercise the number of share acquisition rights that corresponds to the percentage specified for each, if phased targets determined by the Board of Directors of the Company are satisfied, with consolidate net sales of the Company's business for which the relevant holder of share acquisition rights was responsible for the fiscal year ended March 31, 2023 as the indicator.
   (ii) A holder of share acquisition rights may not exercise the share acquisition rights, if he/she is dismissed.
   (iii) In the case of a death of a holder of share acquisition rights during the exercise period specified in 3) above, his/her spouse (in the case of no spouse, the eldest legal heir) or any person permitted separately by the Company may exercise the share acquisition rights only by the method specified by the Company within three months from the date on which such holder deceased.
   (iv) Other conditions for exercising share acquisition rights shall be as stipulated in the "share acquisition right allotment agreement" to be concluded between the Company and persons who will receive share acquisition rights based on the resolution by the Board of Directors' meeting to determine subscription requirements of the share acquisition rights.

7) Cases where the Company acquires share acquisition rights and conditions for such acquisition
   (i) If a holder of share acquisition rights no longer satisfies the conditions for exercising the rights stipulated in 6) (ii) above and may not exercise part or all of the share acquisition rights, the Company may acquire those share acquisition rights without contribution on the date specified separately by the Board of Directors.
   (ii) The Company may acquire the share acquisition rights without contribution on the date specified separately by the Board of Directors, if the Board of Directors deems it necessary in the case of organizational restructuring of the Company or other events.

8) Matters relating to granting of share acquisition rights accompanying an act of organizational restructuring

   If the Company conducts a merger (only if the Company ceases to exist due to the merger), absorption-type split or incorporation-type split (only if the Company becomes a split company in each case), or share exchange or share transfer (only if the Company becomes a wholly owned subsidiary in each case) (hereinafter, collectively referred to as an "act of organizational restructuring"), the Company shall grant share acquisition rights of the stock companies listed in Article 236, Paragraph 1, Item (viii), (a) through (e) of the Companies Act (hereinafter, referred to as the "restructured companies") in each case to holders of the share acquisition rights who holds the share acquisition rights that are remaining immediately prior to the effective date (refers to the effective date of the absorption-type merger for an absorption-type merger, the establishment date of the newly incorporated merged stock company for an incorporation-type merger, the effective date of the absorption-type split for an absorption-type split, the establishment date of the newly incorporated split stock company for an incorporation-type split, the effective date of the share exchange for a share exchange, and the establishment date of the wholly-owning parent company established through the share transfer for a share transfer. Hereinafter, the same shall apply.) of the act of organizational restructuring (hereinafter, referred to as the "remaining share acquisition rights"). Provided, however, that the absorption-type merger contract, incorporation-type merger contract, absorption-type split contract, incorporation-type split plan, share exchange contract, or share transfer plan shall prescribe that share acquisition rights of the restructured companies shall be granted in accordance with the following items.
   (i) Number of share acquisition rights of the restructured companies to be granted
   The number of share acquisition rights equal to the number of remaining share acquisition rights held by holders of share acquisition rights shall be granted to each holder.
   (ii) Class of shares of restructured companies that are the objective of the share acquisition rights
   It shall be common shares of the restructured companies.
   (iii) Number of shares of the restructured companies underlying the share acquisition rights
   It shall be determined in accordance with 1) above in consideration of conditions of an act of organizational

restructuring, etc.

(iv) Amount of property to be contributed upon exercising share acquisition rights
The amount of property to be contributed upon exercising each share acquisition right to be granted shall be an amount obtained by multiplying an exercise price after restructuring stipulated as below by the number of shares of the restructured companies underlying the relevant share acquisition rights to be determined in accordance with (iii) above. The exercise price after restructuring shall be ¥1,366 per share of the restructured companies that can be granted by exercising each share acquisition right to be granted.

(v) Period during which share acquisition rights may be exercised
It shall be the period from the date of the beginning of the period during which the share acquisition rights may be exercised as stipulated in 3) above or the effective date of the act of restructuring, whichever is later, through the expiration date of the period during which the share acquisition rights may be exercised as stipulated in 3) above.

(vi) Matters relating to share capital and legal capital surplus to be increased in the event of issuance of shares due to the exercise of share acquisition rights
It shall be determined in accordance with 4) above.

(vii) Restrictions on the acquisition of share acquisition rights due to transfers.
The acquisition of share acquisition rights due to transfers shall require approval by a resolution of the board of directors of the restructured companies.

(viii) Conditions for exercising share acquisition rights
It shall be determined in accordance with 6) above.

(ix) Provisions for acquisition of share acquisition rights
It shall be determined in accordance with 7) above.

(ii) Rights plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in total number of issued shares, share capital and legal capital surplus

| Date | Changes in total number of issued shares (Shares) | Balance of total number of issued shares (Shares) | Changes in share capital (Million yen) | Balance of share capital (Million yen) | Changes in legal capital surplus (Million yen) | Balance of legal capital surplus (Million yen) |
|---|---|---|---|---|---|---|
| August 11, 2020 (Note 1) | 26,000 | 108,156,842 | 17 | 16,697 | 17 | 19,186 |
| August 10, 2021 (Note 1) | 23,000 | 108,179,842 | 9 | 16,706 | 9 | 19,195 |
| July 27, 2022 (Note 2) | 53,000 | 108,232,842 | 47 | 16,754 | 47 | 19,243 |
| August 3, 2022 (Note 1) | 33,000 | 108,265,842 | 26 | 16,780 | 26 | 19,269 |
| July 27, 2023 (Note 3) | 56,400 | 108,322,242 | 56 | 16,837 | 56 | 19,326 |
| July 25, 2024 (Note 4) | 60,400 | 108,382,642 | 53 | 16,891 | 53 | 19,380 |

Notes: 1) Increase due to exercise of share acquisition rights
2) The total number of issued shares increased by 53,000 and the share capital and legal capital surplus each increased by ¥47 million due to the issuance of new shares as restricted stock compensation with payment date set for July 27, 2022.
3) The total number of issued shares increased by 56,400 and the share capital and legal capital surplus each increased by ¥56 million due to the issuance of new shares as restricted stock compensation with payment date set for July 27, 2023.
4) The total number of issued shares increased by 60,400 and the share capital and legal capital surplus each increased by ¥53 million due to the issuance of new shares as restricted stock compensation with payment date set for July 25, 2024.

(5) Shareholding by shareholder category

As of March 31, 2025

| Category | Status of shares (1 unit = 100 shares) | | | | | | | | Shares less than one unit (Shares) |
|---|---|---|---|---|---|---|---|---|---|
| | National and local governments | Financial institutions | Financial service providers | Other corporations | Foreign investors | | Individuals and others | Total | |
| | | | | | Other than individuals | Individuals | | | |
| Number of shareholders (Persons) | – | 24 | 35 | 118 | 222 | 20 | 8,458 | 8,877 | — |
| Number of shares held (Units) | – | 276,288 | 90,415 | 14,353 | 601,727 | 261 | 100,374 | 1,083,418 | 40,842 |
| Percentage of shareholdings (%) | – | 25.50 | 8.35 | 1.32 | 55.54 | 0.02 | 9.27 | 100.00 | — |

Notes: 1) Of 2,970,630 treasury shares, 29,706 units are included in “Individuals and others” and 30 shares are included in “Shares less than one unit.”
For reference, 2,970,630 treasury shares refer to the number of shares recorded in the shareholder registry and the actual number of shares held as of the fiscal year end.
2) The above “Other corporations” includes 90 units of shares under the name of Japan Securities Depository Center, Incorporated.

(6) Major shareholders

As of March 31, 2025

| Name | Address | Number of shares held (Thousands) | Shareholding ratio (excluding treasury shares) (%) |
|---|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo | 14,888 | 14.12 |
| CGML PB CLIENT ACCOUNT/ COLLATERAL (Standing proxy: Citibank, N.A., Tokyo Branch) | CITIGROUP CENTRE, CANADA SQUARE, CANARY WHARF, LONDON E14 5LB (6-27-30, Shinjuku, Shinjuku-ku, Tokyo) | 9,754 | 9.25 |
| BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE. (Standing proxy: MUFG Bank, Ltd.) | 2 KING EDWARD STREET, LONDON EC1A 1HQ UNITED KINGDOM (1-4-5, Marunouchi, Chiyoda-ku, Tokyo) | 7,824 | 7.42 |
| STATE STREET BANK AND TRUST COMPANY 505010 (Standing proxy: Mizuho Bank, Ltd.,) | 12 NICHOLAS LANE LONDON EC4N 7BN U.K (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo) | 5,671 | 5.37 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 4,912 | 4.66 |
| The Dai-ichi Life Insurance Company, Limited (Standing proxy: Custody Bank of Japan, Ltd.) | 1-13-1, Yurakucho, Chiyoda-ku, Tokyo (1-8-12, Harumi, Chuo-ku, Tokyo) | 4,038 | 3.83 |
| STATE STREET BANK AND TRUST COMPANY 510312 (Standing proxy: Mizuho Bank, Ltd.,) | P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo) | 2,935 | 2.78 |
| GOLDMAN, SACHS & CO. REG (Standing proxy: Goldman Sachs Japan Co., Ltd.) | 200 WEST STREET NEW YORK, NY, U.S.A. (Toranomon Hills Station Tower, 2-6-1, Toranomon, Minato-ku, Tokyo) | 2,359 | 2.23 |
| STATE STREET BANK AND TRUST COMPANY 510311 (Standing proxy: Mizuho Bank, Ltd.,) | P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo) | 2,337 | 2.21 |
| J.P. Morgan Securities Japan Co., Ltd. | Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo | 2,336 | 2.21 |
| Total | – | 57,057 | 54.12 |

Notes: 1) Major shareholders are based on the shareholder registry as of March 31, 2025.

2) A report of large volume holding (change report) provided by ValueAct Capital Management, L.P. and its joint owners for public inspection on January 11, 2024 reports that they hold the following shares as of January 3, 2024. However, the Company was unable to confirm the number of shares actually held by them as of March 31, 2025. Accordingly, details of these shareholders are not included in the above major shareholders. In addition, as the Company confirmed a change in major shareholders based on the report of large volume holding (change report), the Company submitted an extraordinary report (change of major shareholders) on January 12, 2024.

The details in the report of large volume holding (change report) are as follows:

| Name | Address | Number of shares, etc. held (Thousands) | Ratio of shares held (%) |
|---|---|---|---|
| ValueAct Capital Management, L.P. | c/o The Corporation Trust Company Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801 U.S.A. | 0 | 0 |
| ValueAct Japan Master Fund, L.P. | Craigmuir Chambers, PO Box 71 Road Town, Tortola, VG1110, British Virgin Islands | 9,162 | 8.46 |
| ValueAct Strategic Master Fund II, L.P. | Craigmuir Chambers, PO Box 71 Road Town, Tortola, VG1110, British Virgin Islands | 5,671 | 5.24 |
| Total | – | 14,833 | 13.69 |

3) A report of large volume holding (change report) provided by GIC Private Limited for public inspection on January 24, 2025 reports that they hold the following shares as of January 17, 2025. However, the Company was unable to confirm the number of shares actually held by them as of March 31, 2025. Accordingly, details of these shareholders are not included in the above major shareholders.

The details in the report of large volume holding (change report) are as follows:

| Name | Address | Number of shares, etc. held (Thousands) | Ratio of shares held (%) |
|---|---|---|---|
| GIC Private Limited | 168 Robinson Road ＃37-01 Capital Tower, Singapore 068912 | 3,365 | 3.11 |

4) A report of large volume holding (change report) provided by Oasis Management Company Ltd. for public inspection on January 29, 2025 reports that they hold the following shares as of January 22, 2025. However, the Company was unable to confirm the number of shares actually held by them as of March 31, 2025. Accordingly, details of these shareholders are not included in the above major shareholders. In addition, as the Company confirmed a change in major shareholders based on the report of large volume holding (change report), the Company submitted an extraordinary report (change of major shareholders) on January 30, 2025.

The details in the report of large volume holding (change report) are as follows:

| Name | Address | Number of shares, etc. held (Thousands) | Ratio of shares held (%) |
|---|---|---|---|
| Oasis Management Company Ltd. | P.O. Box 309, Ugland House, c/o Maples Corporate Services Limited, Grand Cayman, KY1-1104 CAYMAN ISLANDS | 11,461 | 10.58 |

5) A report of large volume holding (change report) provided by J.P. Morgan Securities Japan Co., Ltd. and its joint owners for public inspection on April 3, 2025 reports that they hold the following shares as of March 31, 2025. However, the Company was unable to confirm the number of shares actually held by them as of March 31, 2025. Accordingly, details of these shareholders are not included in the above major shareholders.

The details in the report of large volume holding (change report) are as follows:

| Name | Address | Number of shares, etc. held (Thousands) | Ratio of shares held (%) |
|---|---|---|---|
| JPMorgan Asset Management (Japan) Limited. | Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo | 2,658 | 2.45 |
| J.P. Morgan Securities Japan Co., Ltd. | Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo | 2,673 | 2.47 |
| J.P. Morgan Securities plc | 25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom | 729 | 0.67 |
| J.P. Morgan Securities LLC | 383 Madison Ave, New York, NY, 10179, United States | 169 | 0.16 |
| Total | – | 6,230 | 5.75 |

6) A report of large volume holding (change report) provided by BofA Securities Japan Co., Ltd. and its joint owners for public inspection on April 7, 2025 reports that they hold the following shares as of March 31, 2025. However, the Company was unable to confirm the number of shares actually held by them as of March 31, 2025. Accordingly, details of these shareholders are not included in the above major shareholders.

The details in the report of large volume holding (change report) are as follows:

| Name | Address | Number of shares, etc. held (Thousands) | Ratio of shares held (%) |
|---|---|---|---|
| BofA Securities Japan Co., Ltd. | Nihonbashi 1-chome Mitsui Building 1-4-1, Nihonbashi, Chuo-ku, Tokyo | 37 | 0.00 |
| Merrill Lynch International | 2, King Edward Street, London, EC1A 1HQ, United Kingdom | 7,981,262 | 7.36 |
| BofA Securities Europe SA | 51 rue la Boetie, Paris, 75008 | 40 | 0.00 |
| BofA Securities Inc. | One Bryant Park, New York, New York 10036 | 1,200 | 0.00 |
| Total | – | 7,982,539 | 7.37 |

7) A report of large volume holding (change report) provided by Nomura Securities Co., Ltd. and its joint owners for public inspection on April 7, 2025 reports that they hold the following shares as of March 31, 2025. However, the Company was unable to confirm the number of shares actually held by them as of March 31, 2025. Accordingly, details of these shareholders are not included in the above major shareholders.
The details in the report of large volume holding (change report) are as follows:

| Name | Address | Number of shares, etc. held (Thousands) | Ratio of shares held (%) |
|---|---|---|---|
| Nomura Securities Co., Ltd. | 1-13-1, Nihonbashi, Chuo-ku, Tokyo | 2,834 | 2.62 |
| NOMURA INTERNATIONAL PLC） | 1 Angel Lane, London EC4R 3AB, United Kingdom | 453 | 0.42 |
| Nomura Asset Management Co., Ltd. | 2-2-1, Toyosu, Koto-ku, Tokyo | 3,795 | 3.50 |
| Total | – | 7,082 | 6.54 |

(7) Voting rights

(i) Issued shares

As of March 31, 2025

| Category | Number of shares (Shares) | Number of voting rights (Units) | Description |
|---|---|---|---|
| Shares with no voting rights | – | – | – |
| Shares with restricted voting rights (Treasury shares, etc.) | – | – | – |
| Shares with restricted voting rights (Other) | – | – | – |
| Shares with full voting rights (Treasury shares, etc.) | (Treasury shares) Common shares 2,970,600 | — | – |
| Shares with full voting rights (Other) | Common shares 105,371,200 | 1,053,712 | – |
| Shares less than one unit | Common shares 40,842 | — | – |
| Number of issued shares | 108,382,642 | — | – |
| Total voting rights held by all shareholders | – | 1,053,712 | – |

Notes: 1) Common shares in the “Shares with full voting rights (Other)” row include 9,000 shares under the name of Japan Securities Depository Center, Incorporated. In addition, the “Number of voting rights” column includes 90 voting rights in relation to shares with full voting rights under the name of Japan Securities Depository Center, Incorporated.
2) Common shares in the “Shares less than one unit” row include 30 treasury shares held by the Company.

(ii) Treasury shares, etc.

As of March 31, 2025

| Name of shareholder | Address of shareholder | Number of shares held in own name (Shares) | Number of shares held in others’ names (Shares) | Total number of shares held (Shares) | Shareholding ratio (%) |
|---|---|---|---|---|---|
| (Treasury shares) TOPCON CORPORATION | 75-1, Hasunuma-cho, Itabashi-ku, Tokyo | 2,970,600 | — | 2,970,600 | 2.74 |
| Total | – | 2,970,600 | — | 2,970,600 | 2.74 |

## 2. Purchase and disposal of treasury shares

Class of shares, etc. Purchase of common shares under Article 155, Item (vii) of the Companies Act

(1) Purchase by resolution of General Meeting of Shareholders

Not applicable.

(2) Purchase by resolution of Board of Directors' meeting

Not applicable.

(3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors' meeting

| Category | Number of shares (Shares) | Total amount (Millions yen) |
|---|---|---|
| Treasury shares purchased during the current fiscal year | 302 | 0 |
| Treasury shares purchased during the current period | 124 | 0 |

Note: Treasury shares purchased during the current period do not include shares acquired by purchase of shares less than one unit during the period from June 1, 2025 to the filing date of this Annual Securities Report.

(4) Disposal of purchased treasury shares and number of treasury shares held

| Category | Current fiscal year | | Current period | |
|---|---|---|---|---|
| | Number of shares (Shares) | Total disposal amount (Yen) | Number of shares (Shares) | Total disposal amount (Yen) |
| Purchased treasury shares for which subscribers were solicited | – | – | – | – |
| Purchased treasury shares that were canceled | – | – | – | – |
| Purchased treasury shares which were transferred in association with merger, share exchange, share granting, or company split | – | – | – | – |
| Other | – | – | – | – |
| Number of treasury shares held | 2,970,630 | — | 2,970, 754 | – |

Note: The number of treasury shares held during the current period does not include shares acquired by purchase of shares less than one unit during the period from June 1, 2025 to the filing date of this Annual Securities Report.

## 3. Dividend policy

As a basic policy, the Company 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 of surplus by determining a separate record date.

As for the dividends of surplus for the fiscal year ended March 31, 2025, the Company distributed an interim dividend of ¥20.00 per share (¥20.00 for the interim dividend for the previous fiscal year), but as announced in the "Notice of Revision to the Year-End Dividend Forecast (No Dividends) For FYE March 2025" on March 28, 2025, the Company resolved not to distribute a year-end dividend with a record date of March 31, 2025 in light of the fact that a tender offer for the common shares, share options, and American Depositary Receipts of the Company by TK Co., Ltd. is scheduled to be implemented.

Dividends of surplus for the current fiscal year are as follows:

| Date of resolution | Total amount of dividends (Million yen) | Dividends per share (Yen) |
|---|---|---|
| October 30, 2024 Resolution of the Board of Directors' meeting | 2,108 | 20.00 |

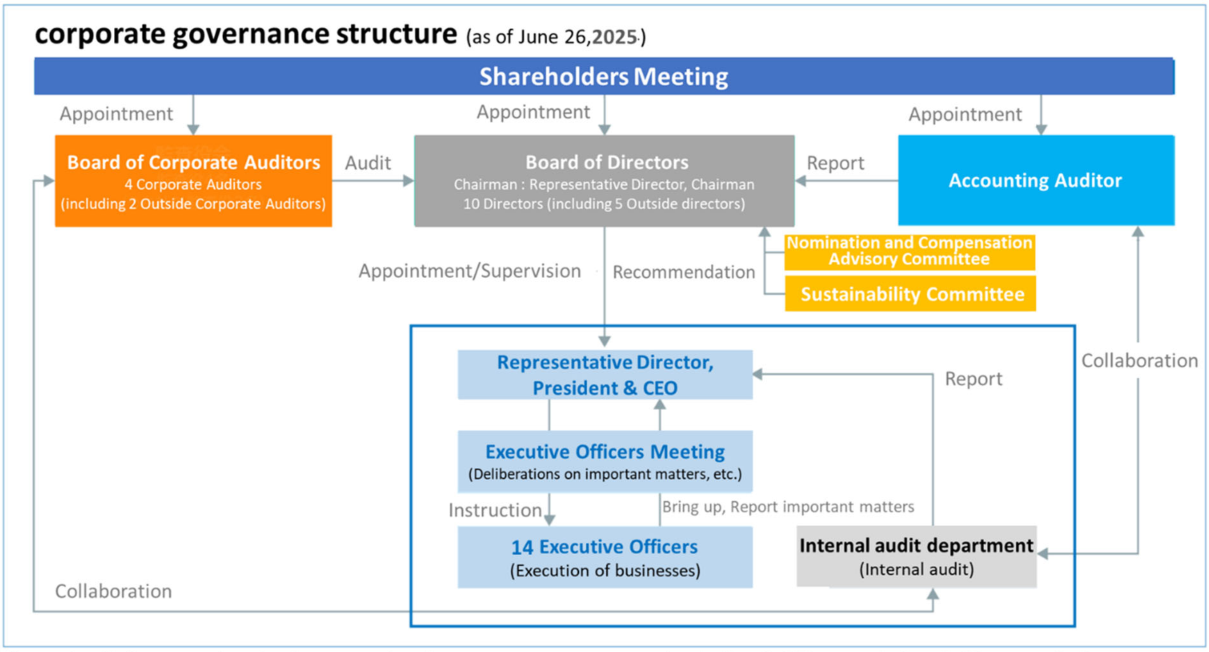
## 4. Corporate governance

### (1) Overview of corporate governance

(i) Basic corporate governance policy

The Company 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.

(ii) Outline of the corporate governance structure




*Internal audit department is under the system where important matters are reported to the Board of Directors, the Board of Corporate Auditors, and the President & CEO in a timely manner, if any.

1. Corporate organization

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

The Board of Directors appoints at least two Independent Outside Directors to enhance supervisory functions by incorporating outside opinions into management.

The Board of Corporate Auditors and the Corporate Audit Division (internal audit department) mutually discuss audit plans and policies in advance, 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.

2. Board of Directors

i) 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.

ii) Composition of the Board of Directors

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

(Members of the Board)

Satoshi Hirano (Chairman of the Board, Representative Director, Chairman), Takashi Eto (Representative Director, President & CEO), Haruhiko Akiyama (Director), Yoshikuni Ito (Director), Reiko Watanabe (Director), Naoko Yamazaki (Outside Director), Yoshiharu Inaba (Outside Director), Naoki Hidaka (Outside Director), Katsuhiro Teramoto (Outside Director), Hajime Nakai (Outside Director)

- 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.

iii) Internal controls

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 Corporate Audit Division as an internal audit department to validate the appropriateness and effectiveness of internal management systems, and maintains a system that facilitates the timely reporting of significant matters to the Board of Directors, etc.
- 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.
- Competing transactions of Directors, transactions between Directors and the Company, and transactions that involve conflicts of interest between the parties shall be matters to be approved by the Board of Directors.

iv) Activities of the Board of Directors

- The Board of Directors holds meetings once a month in principle and extraordinary meetings as needed. As a result, 15 meetings were held for the current fiscal year. The status of attendance of each Director is as follows:

| Position in the Company*1 | Name | Number of meetings held | Number of attendance |
|---|---|---|---|
| Chairman of the Board, Representative Director, Chairman | Satoshi Hirano | 15 | 15 |
| Representative Director, President & CEO*2 | Takashi Eto | 15 | 13 |
| Director | Haruhiko Akiyama | 15 | 15 |
| Director | Takayuki Yamazaki | 15 | 15 |
| Director*3 | Kaoru Kumagai | 3 | 3 |

| | | | |
|---|---|---|---|
| Director*4 | Reiko Watanabe | 12 | 12 |
| Outside Director*3 | Akira Sudo | 3 | 3 |
| Outside Director | Naoko Yamazaki | 15 | 15 |
| Outside Director | Yoshiharu Inaba | 15 | 15 |
| Outside Director | Naoki Hidaka | 15 | 15 |
| Outside Director | Katsuhiro Teramoto | 15 | 15 |
| Outside Director*4 | Hajime Nakai | 12 | 12 |

*1 Details as of the end of the fiscal year (March 31, 2025) are shown.
*2 As Mr. Takashi Eto was deemed an interested party in connection with the tender offer for the Company's shares through an MBO involving capital participation by KKR Japan and JIC Capital, Ltd., he did not attend the two Board of Directors' meetings held to deliberate on the matter.
*3 The attendance statuses of Mr. Kaoru Kumagai and Mr. Akira Sudo are until they retired from their positions on June 26, 2024.
*4 The attendance statuses of Ms. Reiko Watanabe and Mr. Hajime Nakai are since they assumed office on June 26, 2024.

• The Board of Directors made decisions on matters specified in laws and regulations, the Articles of Incorporation and other rules, matters entrusted by the General Meeting of Shareholders, and other significant matters relating to management and supervised the execution of business operations from the perspectives of compliance with laws and regulations, the Articles of Incorporation and other rules and appropriateness of operations. As specific considerations, the Board of Directors makes decisions on development of corporate strategies and business plans as well as important execution of business operations to enhance medium- to long-term corporate value of the business.

v) Activities of the 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 Chairman, 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)

Yoshiharu Inaba (Chairman, Independent Outside Director), Satoshi Hirano (Representative Director, Chairman), Takashi Eto (Representative Director, President & CEO), Naoki Hidaka (Independent Outside Director), Katsuhiro Teramoto (Independent Outside Director)

• Meetings of the Nomination and Compensation Advisory Committee are held upon receiving consultation from the Board of Directors. As a result, four meetings of the Committee were held for the current fiscal year. The status of attendance of each member of the Committee is as follows:

| Position in the Company*1 | Name | Number of meetings held | Number of attendance |
|---|---|---|---|
| Chairman of the Committee, Independent Outside Director | Yoshiharu Inaba | 4 | 4 |
| Independent Outside Director*2 | Akira Sudo | 1 | 1 |
| Representative Director, Chairman | Satoshi Hirano | 4 | 4 |
| Representative Director, President & CEO | Takashi Eto | 4 | 4 |
| Independent Outside Director | Naoki Hidaka | 4 | 4 |
| Independent Outside Director*3 | Katsuhiro Teramoto | 3 | 3 |

*1 Details as of the end of the fiscal year (March 31, 2025) are shown.
*2 The attendance status of Mr. Akira Sudo is until he retired from his position on June 26, 2024.
*3 The attendance status of Mr. Katsuhiro Teramoto is since he assumed office on June 26, 2024.

- As specific considerations, the Nomination and Compensation Advisory Committee, upon receiving consultation from the Board of Directors, makes considerations about selection of candidates for Directors, policies for determining compensation for individual Directors, amounts of compensation for individual Directors, and the number of shares of restricted stock to be granted to individual Directors and makes proposals to the Board of Directors.

3. Board of Corporate Auditors

i) 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.

ii) 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).

(Members of the Board)

Shokyu Nakamura (Chairman, full-time Corporate Auditor), Nobuyuki Ryu (full-time Corporate Auditor), Keiji Taketani (Outside Corporate Auditor), Kiyoshi Suzuki (Outside Corporate Auditor)

- 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 finance and accounting.

iii) Relationships with the Accounting Auditor and internal audit department

The Board of Corporate Auditors has established a system to conduct sufficient and appropriate audits in collaboration with the Accounting Auditor and the internal audit department.

- The Board of Corporate Auditors checks the independence and expertise of the Accounting Auditor, by formulating standards for the proper assessment and appointment of the Accounting Auditor.
- The Board of Corporate Auditors has established a system to respond to cases where the Accounting Auditor or the internal audit department discovers misconduct and requests appropriate measures, or identifies any inadequacies or problems.

4. Accounting Auditor

The Accounting Auditor assumes an important role to secure the reliability of the financial information of the Group and bears responsibility to shareholders and investors.

- The Accounting Auditor ensures that there is a system in place to conduct appropriate audits in collaboration with the Board of Corporate Auditors.
- The Accounting Auditor ensures independence and expertise.
- The Accounting Auditor complies with standards on quality control for audits necessary to appropriately conduct accounting audits.

5. 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.

6. Directors and Corporate Auditors

i) 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 business performance and restricted stock compensation, towards the Group's sustainable growth and enhancement of the corporate value of the Group over the medium- to long-term.

ii) 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.

iii) 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 five Independent Outside Directors and two 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.

iv) 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.
  1) The Company prepares an annual schedule of the Board of Directors' meetings and an annual plan of the matters for discussion.
  2) The Company sets aside time for sufficient discussion at the Board of Directors' meetings.
  3) The Company distributes materials on matters for discussion of the Board of Directors' meetings well in advance and provides advance explanations on particularly material and complex matters.
  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.

v) 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 to be addressed, even after they have assumed office.

(iii) Background for adopting the current corporate governance structure

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

The Board of Directors appoints at least two Independent Outside Directors to enhance supervisory functions by incorporating outside opinions into management.

The Board of Corporate Auditors and the Corporate Audit Division (internal audit department) mutually discuss audit plans and policies in advance, 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. We have judged that, through these systems, the supervisory function of management works sufficiently and therefore, adopted the current structure.

(iv) Other matters related to corporate governance

1. Development status of the internal control system

i) System to ensure that the execution of duties by Directors and employees conforms to laws and regulations, and the Articles of Incorporation

1) The Company sets the TOPCON WAY as corporate values common throughout the Topcon Group, as well as a specific

action guideline referred to as the Topcon Global Code of Conduct. It makes Directors, executives, and all other employees aware of the importance of these values on all occasions, including the company anniversary, and keeps them informed through daily educational activities.

2) The Board of Directors decides on significant matters that could impact the Company and the Group as a whole. The Company appoints Outside Directors to maintain and strengthen the supervisory function related to the execution of the duties by Directors.

3) The Company strives to put the whistleblower system to effective use, in order to detect problems at an early stage and deal with them in a timely and appropriate manner.

4) The Company has established the Corporate Audit Division, which reports directly to the President, as an internal audit department to validate the appropriateness and effectiveness of the internal management system, including compliance. In addition, the Company maintains a system that facilitates the timely reporting of any significant matters to the President and the Board of Directors.

5) The Company works to ensure transparency through visualization of the status of business execution, create a system to guarantee the timely and appropriate disclosure of the Company's important information, and improve business processes.

6) The Company ensures that the duties of Directors and employees are executed in compliance with laws and regulations. In particular, the Company has established internal rules and management systems in line with the Antimonopoly Act, export control regulations, and insider trading regulations, as well as the protection of personal or confidential information and environmental protection.

7) The Company sets a guideline for the exclusion of relationships with anti-social forces, which is specified in the Topcon Global Code of Conduct, and works to ensure company-wide refusal to be involved in the business activities of anti-social forces.

ii) System for the storage and management of information on the execution of duties by Directors

1) The Company appropriately stores and manages important documents, including minutes, related materials, and approval forms of the Board of Directors' meetings and Executive Officers meetings, in accordance with laws and regulations, the Articles of Incorporation, and internal rules, such as the Regulations of the Board of Directors, the Executive Officers Regulations, the Group Governance Rules, the Basic Regulations on Information Security, the Document Handling Official Regulations, and the Documents Preservation Standard (Rules).

(Because the Company has adopted an Executive Officer System, information on the execution of duties, as specified herein includes information not only on the Board of Directors, but also on Executive Officers meetings.)

2) The Company has established a system which enables Directors, Corporate Auditors, the Accounting Auditor, and the employees designated by them to examine important documents, as necessary.

iii) Risk management regulations against loss and other systems

1) The Company has established the Basic Rules for Risk and Compliance, and appointed individuals responsible for risk management to deal with any risks which may arise in the Company and the Group companies, in a timely and appropriate manner, depending on the nature of the risk.

2) The Company has introduced a whistleblower system that allows a person who discovers a risk to report it directly, without having to go through the normal chain of command. This contributes to the early detection of risk information, as well as a prompt and proper response to any risk that has occurred. In addition, the Company works to raise awareness of risk management among Directors, executives and all other employees, including at the Group companies. The Corporate Audit Division, which serves as the internal audit department, is in charge of the whistleblower system.

3) The Company has established the Basic Regulations on Personal Information Protection concerning the protection of personal information and the Basic Regulations on Information Security regarding the handling of confidential information, as well as their subordinate regulations. The Company works to ensure Group-wide observance of these regulations.

iv) System to ensure efficient execution of the Directors' duties

1) The Board of Directors meets, in principle, once per month (and on other occasions as needed) to deliberate on issues and receive reports about regular agenda items related to management policies, laws and regulations, the Articles of Incorporation, or other important matters related to the management of the Company, practicing and strengthening the

supervisory function over the Company.

2) The Company has established a system to ensure sufficient and substantive discussion as well as prompt decision-making at the Board of Directors, and the Board of Directors delegates day-to-day business execution to Executive Officers. In addition, Executive Officers meetings deliberate on and decide matters on important business execution within the scope of the President's decision-making authority, based on the internal rules.

3) All duties are executed in line with the appropriate procedures stipulated in rules and regulations such as the Regulations of the Board of Directors, the Executive Officers Regulations, the Group Governance Rules, and the Business Organization Regulations.

v) System to ensure the appropriateness of business of the corporate group comprising the Company, its parent company and subsidiaries

1) Directors, executives, and all other employees of the Topcon Group in each region and country share the Group's common values and criteria, as embodied in the TOPCON WAY, across national and corporate borders. The Company and the Group adopt and enforce the Topcon Global Code of Conduct, as a specific action guideline of such values, in order to raise awareness of legal compliance.

2) The Company has established the Group Governance Rules for the Company and its Group companies, to define and ensure decision-making standards and matters to be reported. Furthermore, the Company has established forums for reporting the status of business execution several times during the fiscal year, to share information within the Group and provide guidance aimed at raising awareness of legal compliance at the Group companies.

3) The Corporate Audit Division, which serves as the internal audit department of the Company, also audits the Group companies in collaboration with audits by Corporate Auditors and the Accounting Auditor, to ensure the appropriateness of business.

4) To ensure the reliability and appropriateness of financial reporting, the Company and its Group companies have established an internal control system and an operational system in line with the Financial Instruments and Exchange Act, while continuously evaluating the effectiveness of the internal control system and taking necessary corrective actions.

vi) Matters on employees who are asked to assist in the duties of Corporate Auditors

Employees who belong to the Corporate Audit Division, which serves as the internal audit department, assist with the duties of Corporate Auditors, as needed in response to requests from Corporate Auditors.

vii) Matters related to the independence from Directors of employees who assist the Corporate Auditors in their duties

The work performed by employees of the Corporate Audit Division who assist the Corporate Auditors in their duties shall be exempt from the involvement of Directors and Executive Officers, and transfers of these employees shall be decided after consultation with the Board of Corporate Auditors.

viii) System for Directors and employees to report to Corporate Auditors, and other systems for reporting to Corporate Auditors

1) The Company has established a system that Corporate Auditors attend important company meetings, including the Board of Directors' meetings and Executive Officers meetings, and collect information from meeting minutes and other materials, in order to audit the decision-making process.

2) The Company ensures that Corporate Auditors receive reports on business status from each department in charge of operations in the Company during the fiscal year, and visit Group companies to audit their business status.

3) In addition to the above, Corporate Auditors can request business status reports from Directors, Executive Officers, and employees of the Company and Group companies, whenever necessary.

4) The Corporate Audit Division reports the status of internal audits and the audit results to Corporate Auditors, to enhance cooperation and efficiency.

ix) Other systems to ensure effective audits by Corporate Auditors

1) The Board of Directors ensures that Corporate Auditors can sufficiently audit the execution of duties by Directors, by means such as attending the Board of Directors' meetings, Executive Officers meetings, or other important company meetings, providing opportunities to regularly audit the status of business execution by the Company and its Group companies, and appointing employees to assist in the duties of Corporate Auditors.

2) The Company has set up regular forums for exchanging opinions between Corporate Auditors and Directors, to properly reflect the opinions of Corporate Auditors in business decisions.
3) The Company has set up forums for exchanging information and opinions between Corporate Auditors and the Accounting Auditor.

2. Outline of liability limitation contract

Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with each Outside Director and each Outside Corporate Auditor that limit their liability for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations.

3. Outline of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured persons of this insurance contract includes Directors, Corporate Auditors and Executive Officers of the Company as well as Directors and Corporate Auditors of the Company's subsidiaries. The Company bears the full amount of the insurance premium. This insurance contract covers damages that may arise due to the insured persons assuming liability for the execution of their duties or receiving a claim pertaining to the pursuit of such liability. However, there are certain exemptions, such as in case of claims for damages related to violation of laws and regulations that the insured person has caused intentionally.

4. Number of Directors

The number of Directors is set at 17 or fewer in the Company's Articles of Incorporation.

5. Resolution requirements for appointment of Directors

The Company's Articles of Incorporation stipulate that resolutions for the appointment of Directors require the attendance of at least one-third of the shareholders with voting rights, with approval based on the majority of those voting rights.

The Company's Articles of Incorporation also stipulates that the resolution for appointment of Directors shall not be based on cumulative voting.

6. Matters for which the Board of Directors may pass a resolution, even if such matters usually require a resolution by a General Meeting of Shareholders

i) Purchase of treasury shares

To execute a flexible capital policy, the Articles of Incorporation stipulate that treasury shares may be purchased after a resolution passed by the Board of Directors, pursuant to Article 165, Paragraph 2 of the Companies Act.

ii) Dividends of surplus, etc.

To return profits to the shareholders in a prompt and flexible manner, the Articles of Incorporation stipulate that the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act concerning dividends of surplus, etc. can be determined through a resolution of the Board of Directors without requiring a resolution of a General Meeting of Shareholders, unless separately stipulated by laws and regulations.

7. When matters for a resolution of the Board of Directors may not be decided by a General Meeting of Shareholders

To return profits to the shareholders in a prompt and flexible manner, the Articles of Incorporation stipulate that the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act concerning dividends of surplus, etc. can be determined through a resolution of the Board of Directors without requiring a resolution of a General Meeting of Shareholders, unless separately stipulated by laws and regulations.

8. Requirements for special resolutions of the General Meeting of Shareholders

To ensure that a quorum for a special resolution of the General Meeting of Shareholders is reached, the Articles of

Incorporation stipulate that special resolutions of the General Meeting of Shareholders, as stipulated in Article 309, Paragraph 2 of the Companies Act, require the attendance of at least one-third of shareholders with voting rights, with approval based on at least two-thirds of those voting rights.

(2) Directors and other officers

(i) List of officers

12 males, 2 females (female ratio of 14.3%)

| Titles | Name | Date of birth | Career summary | | Term of office | Number of shares held (Shares) |
|---|---|---|---|---|---|---|
| Representative Director, Chairman | Satoshi Hirano | December 12, 1957 | April 1982 | Joined the Company | Note 3 | 101,236 |
| | | | April 1996 | Executive Vice President, Topcon Laser Systems, Inc. | | |
| | | | July 2001 | Senior Executive Vice President, Topcon Positioning Systems, Inc. | | |
| | | | June 2007 | Executive Officer | | |
| | | | June 2010 | Director, Executive Officer<br>General Manager, Positioning Business Unit | | |
| | | | June 2012 | Director, Managing Executive Officer | | |
| | | | June 2013 | Representative Director, President & CEO | | |
| | | | April 2023 | Representative Director, Chairman (to present) | | |
| | | | June 2024 | External Director of the Board, JVCKENWOOD Corporation (to present) | | |
| | | | June 2025 | Outside Director, SAXA, Inc. (to present) | | |
| Representative Director, President and CEO | Takashi Eto | February 18, 1960 | April 1990 | Joined the Company | Note 3 | 70,336 |
| | | | June 2007 | Director, President, Topcon Sales Corporation | | |
| | | | July 2009 | Senior Manager, Global Business Planning Dept., Positioning Business Unit | | |
| | | | June 2013 | Executive Officer<br>Vice President, Smart Infrastructure Company | | |
| | | | April 2014 | Deputy General Manager, Eye Care Company | | |
| | | | April 2015 | General Manager, Eye Care Company | | |
| | | | June 2015 | Director, Executive Officer | | |
| | | | April 2016 | Director, Managing Executive Officer<br>General Manager, Sales & Marketing Div. | | |
| | | | April 2018 | General Manager, Smart Infrastructure Business Div.<br>General Manager, Corporate Planning Div. | | |
| | | | April 2021 | Director, Senior Managing Executive Officer<br>General Manager, Quality Assurance Div. | | |
| | | | June 2021 | Representative Director, Senior Managing Executive Officer | | |
| | | | April 2022 | Representative Director, Executive Vice President | | |
| | | | April 2023 | Representative Director, President and CEO (to present) | | |
| Director<br>Senior Managing Executive Officer<br>General Manager, Accounting & Finance Div.<br>General Manager, Custom Products Business Promotion Div. | Haruhiko Akiyama | February 25, 1963 | April 1986 | Joined the Company | Note 3 | 53,284 |
| | | | June 2005 | Senior Manager, Finance Group, General Administration & Accounting Group | | |
| | | | April 2014 | Deputy General Manager, General Accounting & Finance Div. | | |
| | | | June 2014 | Executive Officer | | |
| | | | April 2015 | Deputy General Manager, General Accounting & Finance Div. | | |
| | | | June 2015 | Director, Executive Officer<br>General Manager, General Accounting & Finance Div. | | |
| | | | April 2016 | General Manager, Accounting & Finance Div. (to present) | | |
| | | | June 2019 | Director, Senior Executive Officer | | |
| | | | April 2021 | Director, Managing Executive Officer<br>General Manager, Custom Products Business Promotion Div. (to present) | | |
| | | | April 2023 | Director, Senior Managing Executive Officer (to present) | | |

| Titles | Name | Date of birth | Career summary | | Term of office | Number of shares held (Shares) |
|---|---|---|---|---|---|---|
| Director<br>Senior Managing Executive Officer<br>General Manager, Corporate Planning & Digital Business Operation Div. | Yoshikuni Ito | November 19, 1967 | May 1992<br><br>March 2004<br>January 2005<br>July 2006<br><br>January 2018<br><br><br>April 2018<br>April 2019<br><br><br>April 2021<br><br><br>April 2024<br>April 2025<br>June 2025 | Joined Andersen Consulting (currently Accenture Japan Ltd.)<br>Joined InfoDeliver Corporation<br>Director, InfoDeliver Corporation<br>Director and Vice President, InfoDeliver Corporation.<br>Joined the Company<br>In charge of Corporate Planning Dept., Corporate Planning Div.<br>In charge of Corporate Planning Div.<br>Executive Officer<br>Vice General Manager, Corporate Planning Div.<br>Senior Executive Officer<br>General Manager, Corporate Planning & Digital Business Operation Div. (to present)<br>Managing Executive Officer<br>Senior Managing Executive Officer<br>Director, Senior Managing Executive Officer (to present) | Note 3 | 21,594 |
| Director<br>Managing Executive Officer<br>General Manager, General Administration, Human Resource & Legal Div.<br>(Sustainability Promotion Officer) | Reiko Watanabe | March 28, 1969 | November 1993<br>May 2001<br>November 2002<br>July 2004<br><br>January 2010<br><br>April 2018<br><br><br><br>June 2021<br><br><br>April 2023<br><br>April 2024<br>June 2024<br>April 2025 | Joined M&C CONSULTING<br>Joined Unify Network Co., Ltd.*<br>Joined Chuo Aoyama Audit Corporation<br>Transferred to Chuo Aoyama PricewaterhouseCoopers HRS Co., Ltd.*<br>Transferred to PricewaterhouseCoopers Co., Ltd.*<br>Joined the Company<br>Executive Officer<br>Vice General Manager, General Administration & Legal Div.<br>Senior Executive Officer<br>General Manager, General Administration & Legal Div.<br>General Manager, General Administration, Human Resource & Legal Div. (to present)<br>Managing Executive Officer<br>Director, Managing Executive Officer<br>Director, Managing Executive Officer (Sustainability Promotion Officer) (to present)<br>*Currently PwC Consulting LLC | Note 3 | 24,081 |

| Titles | Name | Date of birth | Career summary | | Term of office | Number of shares held (Shares) |
|---|---|---|---|---|---|---|
| Director | Naoko Yamazaki | December 27, 1970 | April 1996 | Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA)) (retired in August 2011) | Note 3 | – |
| | | | April 2010 | Crew Member of Space Shuttle Discovery as Mission Specialist, participated in Construction and Supply for ISS | | |
| | | | July 2012 | Member, Committee on National Space Policy, Cabinet Office (retired in July 2022) Provisional Member of the Committee (to present) | | |
| | | | March 2016 | Outside Director, Nabtesco Corporation (retired in March 2020) | | |
| | | | September 2017 | Outside Director, Optorun Co., Ltd. (retired in March 2025) | | |
| | | | June 2018 | Director, the Company (to present) | | |
| | | | July 2018 | Representative Director, Space Port Japan Association (to present) | | |
| | | | June 2020 | Outside Director, FANUC CORPORATION (to present) | | |
| | | | June 2021 | Representative Director, Young Astronauts Club - Japan (to present) | | |
| | | | March 2023 | Member, Global Environment Subcommittee, Central Environmental Council, Ministry of the Environment (to present) | | |
| | | | February 2025 | Member, Council for Science and Technology, Ministry of Education, Culture, Sports, Science and Technology, Japan (to present) | | |

| Titles | Name | Date of birth | Career summary | | Term of office | Number of shares held (Shares) |
|---|---|---|---|---|---|---|
| Director | Yoshiharu Inaba | July 23, 1948 | April 1973 | Joined Isuzu Motors Limited | Note 3 | 1,194 |
| | | | September 1983 | Joined FANUC CORPORATION | | |
| | | | June 1989 | Director, FANUC CORPORATION. | | |
| | | | June 1992 | Senior Vice President (Director), FANUC CORPORATION | | |
| | | | June 1995 | Executive Vice President (Director), FANUC CORPORATION | | |
| | | | May 2001 | Senior Executive Vice President (Representative Director), FANUC CORPORATION | | |
| | | | June 2003 | President and CEO (Representative Director), FANUC CORPORATION | | |
| | | | June 2016 | Chairman and CEO (Representative Director), FANUC CORPORATION | | |
| | | | April 2019 | Representative Director, Chairman, FANUC CORPORATION | | |
| | | | June 2020 | Director, the Company (to present) | | |
| | | | June 2023 | Director, Chairman, FANUC CORPORATION (expected to retire in June 2025) | | |
| Director | Naoki Hidaka | May 16, 1953 | April 1976 | Joined SUMITOMO CORPORATION | Note 3 | 4,242 |
| | | | April 2001 | General Manager, Chicago Branch, Sumitomo Corporation of U.S.A. | | |
| | | | April 2007 | Executive Officer, General Manager of Metal Products for Automotive Industry Division, SUMITOMO CORPORATION | | |
| | | | April 2009 | Managing Executive Officer, Head of Chubu Block, SUMITOMO CORPORATION | | |
| | | | April 2012 | Senior Managing Executive Officer, Head of Kansai Block, SUMITOMO CORPORATION | | |
| | | | June 2013 | Representative Director, Senior Managing Executive Officer, and General Manager, Transportation & Construction Systems Business Unit, SUMITOMO CORPORATION | | |
| | | | April 2015 | Representative Director, Executive Vice President, Executive Officer, and General Manager, Transportation & Construction Systems Business Unit, SUMITOMO CORPORATION | | |
| | | | June 2018 | Special Adviser, SUMITOMO CORPORATION | | |
| | | | June 2019 | Adviser, SUMITOMO CORPORATION (retired in March 2020) | | |
| | | | June 2020 | Outside Director, BROTHER INDUSTRIES, LTD. (to present) | | |
| | | | March 2021 | Outside Director, Nabtesco Corporation (to present) | | |
| | | | June 2022 | Director, the Company (to present) | | |

| Titles | Name | Date of birth | Career summary | | Term of office | Number of shares held (Shares) |
|---|---|---|---|---|---|---|
| Director | Katsuhiro Teramoto | December 13, 1955 | April 1979<br>April 2007<br>June 2009<br><br><br>June 2011<br>August 2012<br><br><br>February 2013<br><br><br><br>June 2015<br><br><br><br>March 2017<br><br>March 2022<br><br>March 2023<br><br>June 2023 | Joined Kobe Steel, Ltd.<br>Joined Nabtesco Corporation<br>General Manager, Planning Department, Accessibility Innovations Company, Nabtesco Corporation<br>Executive Officer, Nabtesco Corporation<br>Vice President and General Manager, Planning Department, Accessibility Innovations Company, Nabtesco Corporation<br>Deputy Senior General Manager, Corporate Planning Division and General Manager, Corporate Planning Department, Nabtesco Corporation<br>Representative Director, Managing Executive Officer and Senior General Manager of Corporate Planning Division, Nabtesco Corporation<br>Representative Director, President and Chief Executive Officer, Nabtesco Corporation<br>Representative Director, Chairman of the Board, Nabtesco Corporation<br>Director, Chairman of the Board, Nabtesco Corporation (retired in March 2024)<br>Director, the Company (to present) | Note 3 | – |
| Director | Hajime Nakai | March 9, 1953 | April 1976<br><br>June 1999<br><br><br><br>April 2004<br><br>April 2005<br><br>April 2007<br>June 2007<br><br>June 2009<br><br>June 2012<br><br>June 2016<br><br>March 2017<br><br>April 2017<br><br><br>June 2017<br>May 2020<br><br><br>June 2022<br><br>June 2024 | Joined Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)<br>General Manager, New York Sales Department I of Industrial Bank of Japan, Ltd. and President of Industrial Bank of Japan Trust Company<br>Executive Officer, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)<br>Managing Executive Officer, Mizuho Securities Co., Ltd.<br>Advisor, Central Glass Co., Ltd.<br>Executive Managing Officer, Central Glass Co., Ltd.<br>Director, Executive Managing Officer, Central Glass Co., Ltd.<br>Representative Director, Senior Executive Managing Officer, Central Glass Co., Ltd.<br>Special Advisor, Central Glass Co., Ltd. (retired in March 2018)<br>Outside Auditor, SHIZUOKA GAS CO., LTD. (retired in March 2021)<br>Chief Ceremony Officer, The Tokyo Organising Committee of the Olympic and Paralympic Games<br>Outside Director, Utoc Corporation<br>Ceremony Advisor, The Tokyo Organising Committee of the Olympic and Paralympic Games (retired in September 2021)<br>Advisor, Utoc Corporation (retired in March 2023)<br>Director, the Company (to present) | Note 3 | 502 |
| Corporate Auditor (full time) | Shokyu Nakamura | March 26, 1961 | April 1985<br>October 2002<br>April 2010<br><br>April 2015<br>June 2017<br>August 2017<br><br>April 2019<br>June 2019 | Joined the Company<br>President, Topcon Singapore Pte. Ltd.<br>Senior Manager, Positioning Asia Sales Dept., Positioning Business Unit<br>President, Topcon Sokkia India Pvt. Ltd.<br>Executive Officer<br>President, Topcon Singapore Holdings Pte. Ltd.<br>Assistant of President<br>Corporate Auditor (to present) | Note 4 | 10,904 |

| Titles | Name | Date of birth | Career summary | | Term of office | Number of shares held (Shares) |
|---|---|---|---|---|---|---|
| Corporate Auditor (full time) | Nobuyuki Ryu | April 29, 1961 | April 1985<br>July 2001<br>July 2006<br><br><br>July 2009<br>April 2012<br><br>December 2012<br><br>June 2016<br>April 2017<br><br>April 2018<br><br>April 2020<br>June 2020 | Joined the Company<br>President, Topcon Australia Pty. Ltd.<br>Senior Manager, Ophthalmic and Medical Instruments 1st International Sales Dept., Ophthalmic and Medical Instruments Div.<br>President, Topcon Medical Systems, Inc.<br>Senior Manager, Eye Care 2nd International Sales Dept., Eye Care Business Unit<br>President, TOPCON MEDICAL JAPAN CO., LTD.<br>Executive Officer<br>Vice General Manager of Sales & Marketing Div., in charge of Smart Infrastructure<br>Vice General Manager of Smart Infrastructure Business Div.<br>Assistant of President<br>Corporate Auditor (to present) | Note 4 | 11,226 |
| Corporate Auditor | Keiji Taketani | July 8, 1956 | April 1980<br><br>April 2006<br><br>June 2010<br><br>September 2015<br><br><br>June 2016<br>June 2017<br><br>June 2018 | Joined Sony Corporation (currently Sony Group Corporation)<br>General Manager, Corporate Internal Control Review Office, Sony Corporation<br>Audit & Supervisory Board Member, Sony Semiconductor Corporation<br>Senior Advisor, Risk & Control Dept., Sony Corporation (currently Sony Group Corporation)<br>Corporate Auditor, the Company (to present)<br>Outside Corporate Auditor, Ekitan & Co., Ltd.<br>Outside Corporate Auditor (full time), Ekitan & Co., Ltd. (to present) | Note 4 | – |
| Corporate Auditor | Kiyoshi Suzuki | February 18,1959 | April 1982<br>April 1994<br><br>October 1998<br><br>April 2003<br>October 2008<br><br>February 2012<br><br>June 2016<br><br>June 2021 | Joined Mitsubishi Corporation<br>Executive Vice President, MIC Consulting Inc.<br>Team Leader, Investment Team, Merchant Banking Dept., Mitsubishi Corporation<br>Vice President, Millennia Venture Partners<br>Team Leader, Planning Team, Food Business Div., Mitsubishi Corporation<br>Executive Vice President, Hongling Financial Leasing Co., Ltd.<br>Executive Vice President, Mitsubishi Auto Leasing Corporation<br>Corporate Auditor, the Company (to present) | Note 5 | – |
| Total | | | | | | 298,599 |

Notes: 1) Directors Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba, Mr. Naoki Hidaka, Mr. Katsuhiro Teramoto, and Mr. Hajime Nakai are Outside Directors.

2) Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki are Outside Corporate Auditors.

3) The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

4) The term of office of Corporate Auditors Mr. Shokyu Nakamura, Mr. Nobuyuki Ryu and Mr. Keiji Taketani is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2027.

5) The term of office of Corporate Auditor Mr. Kiyoshi Suzuki is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2029.

6) The above numbers of shares held include those actually held in the name of Topcon Officer Stock Ownership Association. Since the number of shares purchased by the Association in June 2025 cannot be confirmed as of the filing date of this Annual Securities Report, those actually held as of May 31, 2025 are shown.

7) To prepare for any situation in which the number of Corporate Auditors falls below the number prescribed by laws and regulations, the Company appointed one Substitute Corporate Auditor pursuant to Article 329, Paragraph 3 of the Companies Act. The career summary of the Substitute Corporate Auditor is as follows:

| Name | Date of birth | Career summary | | Number of shares held (Shares) |
|---|---|---|---|---|
| Tsuyoshi Inoue | April 4, 1952 | April 1976 | Joined Japan Development Bank (currently Development Bank of Japan Inc.) | – |
| | | June 2004 | General Manager, Tohoku Branch, Development Bank of Japan Inc. | |
| | | June 2006 | Auditor, Development Bank of Japan Inc. | |
| | | October 2008 | Audit & Supervisory Board Member, Development Bank of Japan Inc. | |
| | | June 2010 | Managing Director, Japan Nuclear Fuel Ltd. | |
| | | June 2013 | Director, Managing Executive Officer, Japan Nuclear Fuel Ltd. (retired in June 2014) | |
| | | June 2014 | President and Representative Director, Value Management Institute, Inc. (retired in June 2017) | |
| | | | Outside Auditor, Mitsubishi Paper Mills Limited (retired in June 2018) | |
| | | June 2015 | Audit & Supervisory Board Member (Outside), Fuji Oil Company, Ltd. (retired in June 2023) | |
| | | June 2016 | President and Representative Director, Japan Economic Research Institute Inc. (retired in June 2017) | |
| | | | Outside Director, Topy Industries, Limited (retired in June 2020) | |
| | | July 2021 | Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD. (to present) | |

8) The Company has adopted the Executive Officer System. Executive Officers excluding the above Directors concurrently serving as Executive Officers are: Raymond O'Connor, Executive Vice President (Chairman, Topcon Positioning Systems, Inc.); Hideyuki Takizawa, Managing Executive Officer, General Manager, Eye Care Business Div.; Ivan Di Federico, Senior Executive Officer, General Manager, Positioning Company (President & CEO, Topcon Positioning Systems, Inc.); David Alan Mudrick, Senior Executive Officer, President & CEO, Topcon America Corporation; Tetsuya Morita, Senior Executive Officer, General Manager, Smart Infrastructure Business Div.; Takafumi Kira, Senior Executive Officer, General Manager, Production Div.; Shigehiro Ogino, Executive Officer, Vice General Manager, Eye Care Business Div.; Murray Lodge, Executive Officer, Executive Vice President, General Manager, Positioning Solution Business Unit, Topcon Positioning Systems, Inc.; Kazuyuki Nojima, Executive Officer, General Manager, Quality Assurance Div.; and Hiroaki Okada, Executive Officer, Vice General Manager, Eye Care Business Div.

(ii) Outside officers

• The Company has five Outside Directors and two Outside Corporate Auditors.

• 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.

• At least half of the Board of Corporate Auditors shall be Independent Outside Corporate Auditors, in order to ensure transparency and fairness.

• 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 finance and accounting.

• The Company appoints Outside Directors and Outside Corporate Auditors who meet the criteria for independence set forth by the Financial Instruments Exchange.

• Outside Director Mr. Naoki Hidaka had received compensation as an advisor of the Company. However, the amount of such compensation is insignificant and the Company has determined that his independence is ensured. This advisory agreement has already terminated. There are no special interests between other Outside Directors or Outside Corporate Auditors and the Company.

- 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.

(iii) Mutual cooperation between supervision or audits by Outside Directors or Outside Corporate Auditors, internal audits, audits by Corporate Auditors, and audits by the Accounting Auditor, and their relationships with the internal control department

- 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.
- 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.
- The Board of Corporate Auditors collaborates with Outside Directors and the internal audit department.
- The Board of Corporate Auditors ensures that there is a system in place to conduct sufficient and appropriate audits in collaboration with the Accounting Auditor and the internal audit department.
- The Board of Corporate Auditors checks the independence and expertise of the Accounting Auditor, by formulating standards for the proper assessment and appointment of the Accounting Auditor.
- The Board of Corporate Auditors has established a system to respond to cases where the Accounting Auditor or the internal audit department discovers misconduct and requests appropriate measures, or identifies any inadequacies or problems.
- The Accounting Auditor ensures that there is a system in place to conduct appropriate audits in collaboration with the Board of Corporate Auditors.
- The Company has established the Corporate Audit Division 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.

(3) Audits

(i) Audits by Corporate Auditors

1. Board of Corporate Auditors

i) 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.

ii) 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 finance and accounting.
- Corporate Auditors Mr. Shokyu Nakamura and Mr. Nobuyuki Ryu have a wealth of experience and profound insight

concerning business administration. Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki have in-depth knowledge of finance and accounting based on extensive experience in business administration and extensive knowledge in the financial business, respectively.

iii) Relationships with the Accounting Auditor and internal audit department

The Board of Corporate Auditors ensures that there is a system in place to conduct sufficient and appropriate audits in collaboration with the Accounting Auditor and the internal audit department.

- The Board of Corporate Auditors checks the independence and expertise of the Accounting Auditor, by formulating standards for the proper assessment and appointment of the Accounting Auditor.
- The Board of Corporate Auditors has established a system to respond to cases where the Accounting Auditor or the internal audit department discovers misconduct and requests appropriate measures, or identifies any inadequacies or problems.

2. 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.

3. Activities of the Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors holds regular meetings once a month in principle and extraordinary meetings as needed. As a result, 13 meetings were held for the current fiscal year. The status of attendance of each Corporate Auditor is as follows:

| Position in the Company*1 | Name | Number of meetings held | Number of attendance |
|---|---|---|---|
| Chairman of the Board, Full-time Corporate Auditor | Shokyu Nakamura | 13 | 13 |
| Full-time Corporate Auditor | Nobuyuki Ryu | 13 | 12 |
| Outside Corporate Auditor | Keiji Taketani | 13 | 13 |
| Outside Corporate Auditor | Kiyoshi Suzuki | 13 | 13 |

*1 Details as of the end of the fiscal year (March 31, 2025) are shown.

- The Board of Corporate Auditors exchanges opinions about matters discussed at meetings of the Board of Directors, confirms explanations, etc. from the Accounting Auditor, receives reports and exchange opinions of each visiting audit, and exchanges information and opinions about agenda of important meetings which they attended.
- Matters discussed include giving consent to the reappointment of the Accounting Auditor, audit plans, preparation of audit reports, candidates for Corporate Auditors, candidates for Substitute Corporate Auditors, and compensation for the Accounting Auditor. For matters to which consent should be given, opinions are exchanged with the executive side as necessary and their intent is confirmed. Other than meetings of the Board of Corporate Auditors, there are opportunities

where all Corporate Auditors including Outside Corporate Auditors gather to facilitate sharing of information and opinions.

- Corporate Auditors attend regular meetings of the Board of Directors that are held monthly in principle, as well as extraordinary meetings to be held as needed, after exchanging opinions about agenda at the above-mentioned meetings of the Board of Corporate Auditors. At meetings of the Board of Directors, Corporate Auditors ask questions whenever necessary and express their opinions. For the current fiscal year, 15 meetings of the Board of Directors were held.
- As other important meetings, several Corporate Auditors attend each Executive Officers meeting and conduct audits of decision-making of management. Also at Executive Officers meetings, Corporate Auditors ask questions whenever necessary and express their opinions.
- Corporate Auditors have meetings with the President & CEO almost regularly four times a year where Corporate Auditors report their visiting audits and exchange opinions.
- For the current fiscal year, they held three meetings mainly to report results of audits by the Accounting Auditor, receive explanations of the audit plan of the Accounting Auditor, and discuss annual review. While receiving explanations of the status from the Accounting Auditor, they exchange opinions about each other’s audit plans, etc. to facilitate collaborations.
- The Corporate Auditors receives reports such as audits conducted and hearings once a month from the Corporate Audit Division serving as an internal audit department and shares information about visiting audits, etc. as well as adjusts each other’s audit plans. In addition, Corporate Auditors may ask the Corporate Audit Division as an assistant to Corporate Auditors to partly follow up visiting audits conducted by Corporate Auditors.
- Corporate Auditors, including Full-time Corporate Auditors and Outside Corporate Auditors, have shared audits on the Company’s nine important departments and 21 domestic and overseas companies, centered on the important subsidiaries listed in the Business Report.
- Corporate Auditors regularly exchange opinions with Outside Directors at meetings of the “Outside Officer Liaison” to be held with an Outside Corporate Auditor serving as an organizer. The meetings were held twice in the current fiscal year.

(ii) Internal audits

For the Company’s internal audits, the Corporate Audit Division, which is directly under the President & CEO and comprises seven members holding specialist qualifications, including certified internal auditor (CIA), qualified internal auditor, and information systems internal audit specialist qualifications, conducts the following audit activities pursuant to the Corporate Audit Regulations.

- From a fair and objective position independent of the individual departments, the Corporate Audit Division conducts risk-based internal audits of the status of business execution of the Group, including compliance with laws and regulations, effectiveness and efficiency of operations, reliability of reports, and asset holdings, and provides advice for remedies.
- The Corporate Audit Division strives to share recognition of the audit results with the audited departments, follows up on correction and remedy measures, provides advice when necessary, and aims to enhance the corporate value of the Group through internal control and the improvement of the effectiveness and efficiency of operations.
- The Corporate Audit Division reports its audit plans, audit implementation status, results of evaluation of internal control status based on audits, and the status of correction and remedy measures based on audit results to the President & CEO and, when necessary, to the Executive Officers meetings and Board of Directors. It also shares information and coordinates with the Board of Corporate Auditors.
- The Corporate Audit Division coordinates closely with the three auditors attached to the holding companies in Europe and the U.S. through mutual cooperation on audit operations. It has established common basic internal audit rules to ensure that audits of the entire Group are conducted appropriately and effectively on a global basis, and summarizes audit plans and results, which it reports to the President & CEO and, when necessary, to the Board of Executive Officers and Board of Directors.

(iii) Accounting audits

a. Name of audit corporation

Ernst & Young ShinNihon LLC

b. Consecutive auditing period

54 years (The actual consecutive auditing period may exceed this period, as it is significantly difficult to investigate.)

c. Certified public accountants who executed audit services

Designated limited liability partners, engagement partners: Seikou Ishimaru and Daisuke Shiratori

d. Composition of assistants involved in audit services

10 certified public accountants, and 33 other persons

e. Policy and reason for selection of audit corporation

The Company's Board of Corporate Auditors has formulated evaluation and selection criteria for the Accounting Auditor. Specifically, the Board of Corporate Auditors discusses and evaluates the matters specified in the above criteria after collecting information on independence, expertise, auditing system, and grounds for disqualification of the Accounting Auditor, if any, as well as the status of audit performance and audit quality. As a result, the Board has deemed the independence, expertise, auditing system, status of audit performed, and audit quality of the above Accounting Auditor to be appropriate, received the opinions of the Business Management Division regarding the appointment of the Accounting Auditor, and judged the reappointment of the above Accounting Auditor to be appropriate.

The Company's Board of Corporate Auditors decides on a proposed resolution for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders, when duties are not duly executed by the Accounting Auditor or when necessary.

In addition to the above, the Board of Corporate Auditors will dismiss the Accounting Auditor with the consent of all of the Corporate Auditors, if the Accounting Auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In such case, a Corporate Auditor selected by the Board of Corporate Auditors will report the fact that the Accounting Auditor was dismissed along with the reason for the dismissal, at the first General Meeting of Shareholders convened after the dismissal of the Accounting Auditor.

f. Evaluation of audit corporation by the Corporate Auditors and the Board of Corporate Auditors

The Company's Board of Corporate Auditors has formulated evaluation and selection criteria for the Accounting Auditor, based on the criteria stipulated in the Practical Guidelines for Corporate Auditors on Evaluation and Selection Criteria for the Accounting Auditor, established by the Japan Audit & Supervisory Board Members Association. The Corporate Auditors have discussed and evaluated the matters specified in the above criteria, and the reappointment of the above Accounting Auditor has been judged to be appropriate.

(iv) Audit fees

a. Fees for certified public accountants, etc. who performed audits

| Category | FY2023 | | FY2024 | |
|---|---|---|---|---|
| | Fees for audit and attestation services (Million yen) | Fees for non-auditing services (Million yen) | Fees for audit and attestation services (Million yen) | Fees for non-auditing services (Million yen) |
| Reporting company | 98 | 3 | 96 | ― |
| Consolidated subsidiaries | ― | ― | ― | ― |
| Total | 98 | 3 | 96 | ― |

The non-auditing service to the reporting company for FY2023 was the preparation of comfort letters, which is a service outside the services in Article 2, Paragraph 1 of the Certified Public Accountants Act.

b. Fees for organizations belonging to the same network as the certified public accountants, etc. who performed audits (excluding a.)

| Category | FY2023 | | FY2024 | |
|---|---|---|---|---|
| | Fees for audit and attestation services (Million yen) | Fees for non-auditing services (Million yen) | Fees for audit and attestation services (Million yen) | Fees for non-auditing services (Million yen) |
| Reporting company | — | 3 | — | 18 |
| Consolidated subsidiaries | 483 | 47 | 512 | 86 |
| Total | 483 | 51 | 512 | 105 |

Non-auditing services to the reporting company and consolidated subsidiaries for FY2023 mainly include support and advisory services regarding tax affairs and business combination.

Also, non-auditing services to the reporting company and consolidated subsidiaries for FY2024 mainly include support and advisory services regarding tax affairs and business combination.

c. Fees for other important audit and attestation services

Not applicable.

d. Policy on determining the audit fees

The amount of audit fees for the Accounting Auditor is determined based on the estimated number of days required for the audit and the estimated labor hours, taken into consideration the size and business nature of the Company and other factors.

e. Reasons for the Board of Corporate Auditors' consent to fees, etc. for Accounting Auditor

The Board of the Corporate Auditors gave consent specified in Article 399, Paragraph 1 of the Companies Act, as it confirmed and deliberated the details of audit plans of the Accounting Auditor, the implementation status of accounting audits, the grounds for calculation of estimated fees and, as a result, determined these matters are appropriate, after receiving necessary information and reports from Directors, relevant internal departments, and the Accounting Auditor.

(4) Executive compensation

1) 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 and medium-term performance-linked compensation), and restricted stock compensation. Outside Directors and Corporate Auditors receive only fixed compensation.

The Company has established the Nomination and 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 Nomination and 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 and proposals 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 Representative Director, President & CEO (Takashi Eto), considering factors such as that the Representative Director, President & CEO has a full view of the Company's overall performance, and the procedures required to have discussions with and obtain proposals from the Nomination and Compensation Advisory Committee in advance. The Representative Director, President & CEO 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 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.

(i) 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.

(ii) 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 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.
- 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 parent of ¥417 million and ROE of 0.4%. As for cumulative results for the Third Mid-Term Business Plan, consolidated profit attributable to owners of parent was ¥5,357 million, and average ROE was 2.6%.

(iii) 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.

  At the 129th Ordinary General Meeting of Shareholders held on June 28, 2022, the Company made a resolution that it would adopt the restricted stock compensation plan, in place of the previous stock compensation type stock option plan. The outline of this restricted stock compensation plan is as follows:

  <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 shares 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 shares (including the allotment of the Company’s common shares without contribution) or a consolidation of the Company’s common shares, 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 the Company’s common shares 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 shares 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 shares. 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 shares (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 (i) 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 (ii) 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.

(iv) Compensation composition ratio

- Compensation for Directors (excluding Outside Directors) consists of fixed compensation, performance-linked compensation, and restricted stock 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.

2) 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 129th Ordinary General Meeting of Shareholders held on June 28, 2022 is as follows: a total annual amount of up to ¥1,100 million, consisting of fixed compensation of ¥500 million or less and performance-linked compensation determined by prescribed benchmarks for the relevant fiscal year of ¥600 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. The number of Directors as of the close of that Ordinary General Meeting of Shareholders was ten (including five Outside Directors).

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

3) Total amount of compensation by category of officers and by type of compensation, and number of officers receiving such compensation

| Category of officers | Total amount of 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) | 270 | 206 | — | 63 | 6 |
| Corporate Auditors (excluding Outside Corporate Auditors) | 37 | 37 | — | — | 2 |
| Outside Officers | 86 | 86 | — | — | 8 |

Notes: 1) Non-monetary compensation is the amount of expenses recorded as restricted stock compensation during the current fiscal year.
2) One Outside Director, who retired at the conclusion of the 131st Ordinary General Meeting of Shareholders held on June 26, 2024, is included in the number of Directors (excluding Outside Directors)
3) One Outside Director, who retired at the conclusion of the 131st Ordinary General Meeting of Shareholders held on June 26, 2024, is included in the number of Outside Officers.

4) Total amount of compensation for those receiving such compensation exceeding ¥100 million

Not applicable.

(5) Shareholdings

(i) Standards and concepts for classification of investment shares

With respect to the classification of investment shares held for pure investment purposes and investment shares held for purposes other than pure investment, the Company classifies shares held solely for the purpose of receiving profits from changes in value of shares or share-related dividends as investment shares held for pure investment purposes. Other shares are classified as investment shares held for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

a. Shareholding policy and method of verifying the rationality of shareholding, as well as details of verification on the appropriateness of shareholding of individual stocks at the Board of Directors, etc.

The Company holds strategic shareholdings for maintaining and strengthening stable procurement and transactions necessary for conducting business activities. The Company holds strategic shareholdings only in cases where it deems that doing so will lead to medium- to long-term enhancement of corporate value of the Group by verifying the medium- to long-term economic rationality including transaction status and reviewing the rationality of holdings including disposal as necessary at meetings of the Board of Directors. For the current fiscal year, at a meeting of the Board of Directors held in December 2024, we verified the transaction status and the medium- to long-term economic rationality and reviewed the rationality of shareholdings including disposal.

b. Number of stocks and amount on the balance sheet

| | Number of stocks (Stocks) | Total amount on the balance sheet (Million yen) |
|---|---|---|
| Unlisted shares | 6 | 63 |
| Shares other than unlisted shares | 6 | 2,353 |

(Note) One stock that was classified as "unlisted shares" in the previous fiscal year has been classified as "shares other than unlisted shares" in the current fiscal year as it has been newly listed on the market. The stock in question is not included in either increase or decrease in the table below.

(Stocks whose number of shares increased during the current fiscal year)

Not applicable.

(Stocks whose number of shares decreased during the current fiscal year)

| | Number of stocks (Stocks) | Total sale amount for decreased shares (Million yen) |
|---|---|---|
| Unlisted shares | — | — |
| Shares other than unlisted shares | 3 | 55 |

c. Information on number of shares, amount on the balance sheet, etc. of specified investment shares and deemed holdings of shares by stock

Specified investment shares

| Stock | FY2024 | FY2023 | Purpose of shareholding, details of business collaboration, etc., quantitative effects of shareholding, and reason for increase in the number of shares | Holding of shares of the Company |
|---|---|---|---|---|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Amount on the balance sheet (Million yen) | Amount on the balance sheet (Million yen) | | |
| JENOBA CO., LTD. | 1,500,000 | 1,500,000 | (Purpose of shareholding) To enhance continuous transactions, including GNSS positional information data distribution, with this major business partner | No |
| | 1,149 | 1,257 | | |
| OHARA INC. | 673,600 | 673,600 | (Purpose of shareholding) To receive smooth and continuous supplies of materials from this major business partner as a supplier of glass materials | Yes |
| | 714 | 906 | | |
| NISHIO HOLDINGS CO., LTD. | 48,338 | 48,338 | (Purpose of shareholding) To enhance smooth and continuous transactions with this major customer | No |
| | 202 | 187 | | |
| HAMAMATSU PHOTONICS K.K. | 126,000 | 63,000 | (Purpose of shareholding) To enhance smooth and continuous transactions with this major technology-related business partner<br>(Reason for increase in the number of shares) Due to a stock split | No |
| | 183 | 337 | | |
| Fukui Computer Holdings, Inc. | 20,000 | 20,000 | (Purpose of shareholding) To enhance smooth and continuous transactions with this major customer | Yes |
| | 67 | 51 | | |
| CTS Corporation | 48,000 | 48,000 | (Purpose of shareholding) To enhance smooth and continuous transactions with this major customer | Yes |
| | 37 | 38 | | |

| Stock | FY2024 | FY2023 | Purpose of shareholding, details of business collaboration, etc., quantitative effects of shareholding, and reason for increase in the number of shares | Holding of shares of the Company |
|---|---|---|---|---|
| | Number of shares (Shares) | Number of shares (Shares) | | |
| | Amount on the balance sheet (Million yen) | Amount on the balance sheet (Million yen) | | |
| Komatsu Ltd. | — | 10,000 | — | No |
| | — | 44 | | |
| SHIMIZU CORPORATION | — | 10,000 | — | No |
| | — | 10 | | |
| Mitsubishi UFJ Financial Group, Inc. | — | 10 | — | Yes |
| | — | 0 | | |

Notes: 1) A dash (–) indicates that the Company does not hold said stock.
2) The quantitative shareholding effect is not stated due to difficulty in describing it. The rationality of shareholdings has been verified as stated above in “a. Shareholding policy and method of verifying the rationality of shareholding, as well as details of verification on the appropriateness of shareholding of individual stocks at the Board of Directors, etc.”

Deemed holdings of shares

Not applicable.

(iii) Investment shares held for pure investment purpose

Not applicable.

(iv) Investment shares whose purpose of holding changed from pure investment to purposes other than pure investment for the current fiscal year

Not applicable.

(v) Investment shares whose purpose of holding changed from purposes other than pure investment to pure investment for the four fiscal years preceding the current fiscal year and the current fiscal year.

Not applicable.

# V. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in conformity with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28, 1976; the “Regulation for Consolidated Financial Statements”).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59, 1963; the “Regulation for Financial Statements”).

As the Company falls under the category of a special company submitting financial statements, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulation for Financial Statements.

2. Auditing and certification

The consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) and the non-consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) were audited by Ernst & Young ShinNihon LLC in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Particular efforts to secure the appropriateness of consolidated financial statements, etc.

The Company is making particular efforts to secure the appropriateness of consolidated financial statements, etc. Specifically, the Company has become a member of the Financial Accounting Standards Foundation and participated in training sessions and other programs held by the Financial Accounting Standards Foundation and other organizations in order to have an appropriate understanding of accounting standards, etc. and establish a system to properly respond to changes in accounting standards, etc.

# 1 Consolidated financial statements, etc.

## (1) Consolidated financial statements

### (i) Consolidated balance sheet

(Millions of yen)

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,623 | 20,235 |
| Notes and accounts receivable - trade | ※5※6 48,067 | ※5 53,438 |
| Merchandise and finished goods | 26,758 | 23,969 |
| Work in process | 2,084 | 2,189 |
| Raw materials and supplies | 28,569 | 25,608 |
| Other | 11,171 | 8,989 |
| Allowance for doubtful accounts | (1,723) | (1,610) |
| Total current assets | 134,551 | 132,821 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 10,856 | 9,827 |
| Machinery, equipment and vehicles, net | 6,654 | 6,567 |
| Land | 4,491 | 3,802 |
| Leased assets, net | 9,151 | 6,973 |
| Construction in progress | 3,825 | 8,772 |
| Other, net | 5,263 | 5,052 |
| Total property, plant and equipment | ※1 40,242 | ※1 40,994 |
| Intangible assets | | |
| Goodwill | 15,764 | 13,286 |
| Software | 9,315 | 7,377 |
| Other | 16,214 | 14,637 |
| Total intangible assets | 41,295 | 35,301 |
| Investments and other assets | | |
| Investment securities | ※2 6,017 | ※2 6,912 |
| Long-term loans receivable | 477 | 3,297 |
| Deferred tax assets | 19,010 | 23,746 |
| Other | 5,446 | 6,080 |
| Allowance for doubtful accounts | (11) | (10) |
| Total investments and other assets | 30,940 | 40,026 |
| Total non-current assets | 112,478 | 116,323 |
| Total assets | 247,029 | 249,144 |

(Millions of yen)

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | ※6 15,394 | 13,311 |
| Short-term borrowings | 27,154 | 42,053 |
| Lease liabilities | 3,306 | 3,004 |
| Accrued expenses | 11,169 | 11,165 |
| Income taxes payable | 3,131 | 1,750 |
| Provision for product warranties | 1,791 | 1,896 |
| Current portion of bonds payable | - | 10,000 |
| Other | 11,176 | 12,111 |
| Total current liabilities | 73,123 | 95,293 |
| Non-current liabilities | | |
| Bonds payable | 40,000 | 30,000 |
| Long-term borrowings | 1,554 | 972 |
| Lease liabilities | 7,544 | 4,994 |
| Deferred tax liabilities | 5,646 | 5,367 |
| Provision for retirement benefits for directors (and other officers) | 20 | 24 |
| Retirement benefit liability | 2,275 | 1,316 |
| Other | 6,564 | 6,334 |
| Total non-current liabilities | 63,606 | 49,010 |
| Total liabilities | 136,730 | 144,304 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,837 | 16,891 |
| Capital surplus | 20,739 | 20,792 |
| Retained earnings | 53,151 | 49,143 |
| Treasury shares | (3,172) | (3,172) |
| Total shareholders' equity | 87,556 | 83,654 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,579 | 1,220 |
| Foreign currency translation adjustment | 17,810 | 16,794 |
| Remeasurements of defined benefit plans | 1,354 | 1,675 |
| Total accumulated other comprehensive income | 20,743 | 19,690 |
| Share acquisition rights | 63 | 63 |
| Non-controlling interests | 1,934 | 1,431 |
| Total net assets | 110,298 | 104,840 |
| Total liabilities and net assets | 247,029 | 249,144 |

(ii) Consolidated statement of income and consolidated statement of comprehensive income

[Consolidated statement of income]

(Millions of yen)

| | | FY2023 (From April 1, 2023 to March 31, 2024) | | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|---|---|
| Net sales | ※1 | 216,497 | ※1 | 216,000 |
| Cost of sales | ※2,※4 | 101,731 | ※2,※4 | 102,098 |
| Gross profit | | 114,766 | | 113,902 |
| Selling, general and administrative expenses | ※3,※4 | 103,561 | ※3,※4 | 105,075 |
| Operating profit | | 11,204 | | 8,826 |
| Non-operating income | | | | |
| Interest income | | 336 | | 291 |
| Dividend income | | 66 | | 53 |
| Foreign exchange gains | | 210 | | - |
| Gain on valuation of investment securities | | 221 | | - |
| Other | | 351 | | 445 |
| Total non-operating income | | 1,186 | | 790 |
| Non-operating expenses | | | | |
| Interest expenses | | 2,228 | | 2,624 |
| Interest expenses on other liabilities | | 146 | | 90 |
| Share of loss of entities accounted for using equity method | | 246 | | 151 |
| Foreign exchange losses | | - | | 471 |
| Loss on valuation of investment securities | | - | | 490 |
| Other | | 912 | | 1,058 |
| Total non-operating expenses | | 3,534 | | 4,888 |
| Ordinary profit | | 8,857 | | 4,729 |
| Extraordinary income | | | | |
| Gain on sale of investment securities | | 394 | | - |
| Gain on sale of shares of subsidiaries and associates | | 760 | | - |
| Insurance claim income | | 801 | | - |
| Total extraordinary income | | 1,956 | | - |
| Extraordinary losses | | | | |
| Impairment losses | ※5 | 1,434 | ※5 | 890 |
| Extra retirement payments | | 1,070 | | 1,204 |
| Loss on retirement of non-current assets | | - | ※6 | 125 |
| TOB related expenses | | - | ※7 | 501 |
| Loss on litigation | ※8 | 3420 | | - |
| Loss on sale of shares of subsidiaries | | 440 | | - |
| Total extraordinary losses | | 6,366 | | 2,721 |
| Profit before income taxes | | 4,446 | | 2,007 |
| Income taxes - current | | 4,420 | | 6,330 |
| Income taxes - deferred | | (5,185) | | (4,982) |
| Total income taxes | | (764) | | 1,348 |
| Profit | | 5,211 | | 659 |
| Profit attributable to non-controlling interests | | 271 | | 241 |
| Profit attributable to owners of parent | | 4,940 | | 417 |

[Consolidated statement of comprehensive income]

(Millions of yen)

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Profit | 5,211 | 659 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | ※1 687 | ※1 (358) |
| Deferred gains or losses on hedges | ※1 (14) | - |
| Foreign currency translation adjustment | ※1 10,666 | ※1 (1,044) |
| Remeasurements of defined benefit plans, net of tax | ※1 1,189 | ※1 321 |
| Share of other comprehensive income of entities accounted for using equity method | ※1 17 | ※1 (14) |
| Total other comprehensive income | ※1 12,546 | ※1 (1,096) |
| Comprehensive income | 17,757 | (437) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 17,300 | (635) |
| Comprehensive income attributable to non-controlling interests | 457 | 198 |

(iii) Consolidated statement of changes in equity

FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 16,780 | 20,682 | 52,635 | (3,171) | 86,926 | 891 | 14 | 7,313 | 164 | 8,384 | 63 | 1,666 | 97,040 |
| Changes during period | | | | | | | | | | | | | |
| Dividends of surplus | | | (4,423) | | (4,423) | | | | | | | | (4,423) |
| Profit attributable to owners of parent | | | 4,940 | | 4,940 | | | | | | | | 4,940 |
| Purchase of treasury shares | | | | (0) | (0) | | | | | | | | (0) |
| Other | 56 | 56 | | | 113 | | | | | | | | 113 |
| Net changes in items other than shareholders' equity | | | | | | 687 | (14) | 10,497 | 1,189 | 12,359 | - | 268 | 12,628 |
| Total changes during period | 56 | 56 | 516 | (0) | 629 | 687 | (14) | 10,497 | 1,189 | 12,359 | - | 268 | 13,258 |
| Balance at end of period | 16,837 | 20,739 | 53,151 | (3,172) | 87,556 | 1,579 | - | 17,810 | 1,354 | 20,743 | 63 | 1,934 | 110,298 |

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | 16,837 | 20,739 | 53,151 | (3,172) | 87,556 | 1,579 | - | 17,810 | 1,354 | 20,743 | 63 | 1,934 | 110,298 |
| Changes during period | | | | | | | | | | | | | |
| Dividends of surplus | | | (4,425) | | (4,425) | | | | | | | | (4,425) |
| Profit attributable to owners of parent | | | 417 | | 417 | | | | | | | | 417 |
| Purchase of treasury shares | | | | (0) | (0) | | | | | | | | (0) |
| Other | 53 | 53 | | | 107 | | | | | | | | 107 |
| Net changes in items other than shareholders' equity | | | | | | (358) | - | (1,015) | 321 | (1,053) | - | (503) | (1,556) |
| Total changes during period | 53 | 53 | (4,008) | (0) | (3,901) | (358) | - | (1,015) | 321 | (1,053) | - | (503) | (5,458) |
| Balance at end of period | 16,891 | 20,792 | 49,143 | (3,172) | 83,654 | 1,220 | - | 16,794 | 1,675 | 19,690 | 63 | 1,431 | 104,840 |

(iv) Consolidated statement of cash flows

(Millions of yen)

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 4,446 | 2,007 |
| Depreciation | 12,155 | 12,359 |
| Amortization of goodwill | 2,131 | 2,206 |
| Increase (decrease) in allowance for doubtful accounts | (416) | (36) |
| Interest and dividend income | (402) | (344) |
| Interest expenses | 2,228 | 2,624 |
| Loss on retirement of property, plant and equipment | 73 | 60 |
| Share of loss (profit) of entities accounted for using equity method | 246 | 151 |
| Loss (gain) on sale of investment securities | (394) | (46) |
| Loss (gain) on sale of shares of subsidiaries and associates | (760) | - |
| Insurance claim income | (801) | - |
| Impairment losses | 1,434 | 890 |
| Extra retirement payments | 1,070 | 1,204 |
| Loss on retirement of non-current assets | - | 125 |
| TOB related expenses | - | 501 |
| Loss on litigation | 3,420 | - |
| Loss (gain) on sale of shares of subsidiaries | 440 | - |
| Decrease (increase) in retirement benefit asset | (122) | (182) |
| Increase (decrease) in retirement benefit liability | (515) | (97) |
| Decrease (increase) in trade receivables | 4,341 | (6,565) |
| Decrease (increase) in inventories | (139) | 4,952 |
| Decrease (increase) in prepaid expenses | (125) | (860) |
| Increase (decrease) in trade payables | (2,092) | (1,638) |
| Decrease (increase) in accounts receivable - other | (539) | 1,653 |
| Increase (decrease) in accrued expenses | (1,637) | 630 |
| Other, net | (6,720) | 1,533 |
| Subtotal | 17,324 | 21,130 |
| Interest and dividends received | 367 | 355 |
| Interest paid | (2,187) | (2,642) |
| Income taxes paid | (2,884) | (7,631) |
| Extra retirement payments | (1,070) | (1,204) |
| TOB related expenses paid | - | (501) |
| Payments for loss on litigation | (3,420) | - |
| Proceeds from insurance income | 722 | - |
| Net cash provided by (used in) operating activities | 8,850 | 9,505 |

(Millions of yen)

| | FY2022 (From April 1, 2022 to March 31, 2023) | FY2023 (From April 1, 2023 to March 31, 2024) |
|---|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (1,081) | (220) |
| Proceeds from withdrawal of time deposits | 1,157 | 1,350 |
| Purchase of property, plant and equipment | (8,861) | (9,444) |
| Proceeds from sale of property, plant and equipment | 173 | 123 |
| Purchase of intangible assets | (4,805) | (3,343) |
| Purchase of investment securities | (1,614) | (965) |
| Proceeds from sale of investment securities | 1,169 | 55 |
| Decrease (increase) in short-term loans receivable | (0) | 50 |
| Long-term loan advances | (282) | (3,183) |
| Proceeds from collection of long-term loans receivable | 189 | 63 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | ※2 (11,963) | - |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | ※3 (127) | - |
| Other, net | (575) | (207) |
| Net cash provided by (used in) investing activities | (26,622) | (15,721) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 5,115 | 14,605 |
| Proceeds from long-term borrowings | - | 981 |
| Repayments of long-term borrowings | (562) | (400) |
| Proceeds from issuance of bonds | 20,000 | - |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (4,423) | (4,425) |
| Dividends paid to non-controlling interests | (10) | (1) |
| Repayments of lease liabilities | (2,018) | (1,994) |
| Other, net | (109) | - |
| Net cash provided by (used in) financing activities | 17,989 | 8,765 |
| Effect of exchange rate change on cash and cash equivalents | 1,503 | (262) |
| Net increase (decrease) in cash and cash equivalents | 1,721 | 2,287 |
| Cash and cash equivalents at beginning of period | 14,950 | 16,672 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | - | (539) |
| Cash and cash equivalents at end of period | ※1 16,672 | ※1 18,420 |

[Notes]

(Important fundamental matters for preparation of consolidated financial statements)

1. Matters relating to scope of consolidation

(1) Number of consolidated subsidiaries: 56

[Names of principal companies]

This information is omitted because it is stated in "I. Overview of company, 4 Subsidiaries and other affiliated entities."

(Transfer of consolidated subsidiaries)

In the current fiscal year, Topcon Healthcare Solutions, Inc. and Topcon Healthcare, Inc. were excluded from the consolidated subsidiaries due to their merger with Topcon Medical Systems, Inc. (currently Topcon Healthcare, Inc.), one of the Company's consolidated subsidiaries; TOPCON POSITIONING ASIA CO., LTD. was excluded from the consolidated subsidiaries due to its merger with the Company.

(2) Names, etc. of principal non-consolidated subsidiaries

[Principal non-consolidated subsidiaries] TOPCON G.S. CORPORATION

(Reasons for exclusion from the scope of consolidation)

The non-consolidated subsidiary is small in scale, and none of its total assets, net sales, profit or loss (amount corresponding to equity), and retained earnings (amount corresponding to equity) have a material impact on the consolidated financial statements.

2. Matters relating to application of equity method

(1) Number of equity method non-consolidated subsidiaries: 1

[Names of principal companies] TOPCON G.S. CORPORATION

(2) Number of equity method associates: 8

[Names of principal companies] Crewt Medical Systems, Inc.

(3) Among the equity method companies, TOPCON ESSILOR JAPAN, CO., LTD. closes its accounts on December 31. In the preparation of consolidated financial statements, the financial statements as of the same date are utilized, and necessary adjustments for consolidation purposes are made to significant transactions that have occurred between December 31 and the consolidated closing date. For other equity method companies with closing dates different from the consolidated closing date, the financial statements for their respective fiscal years are utilized.

3. Matters relating to fiscal years of consolidated subsidiaries, etc.

Among the consolidated subsidiaries of the Company, the eight companies listed below close their accounts on December 31. In the preparation of consolidated financial statements, the financial statements as of the same date are utilized, and necessary adjustments for consolidation purposes are made to significant transactions that have occurred between December 31 and the consolidated closing date.

Topcon (Beijing) Opto-Electronics Development Corporation,
Topcon (Beijing) Medical Technology Co., Ltd., Topcon Optical (Dongguan) Technology Ltd.,
Shanghai Topcon-Sokkia Technology & Trading Co., Ltd., Norac Trading (Shanghai) Inc.,
Topcon Precision AG Europe S.L., Topcon Positioning Spain, S.L.U., and Topcon Positioning Portugal, L.D.A.

The other consolidated subsidiaries close their accounts on the same date as the consolidated closing date.

4. Matters relating to accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Held-to-maturity bonds

The amortized cost method (straight-line method)

Other securities

Securities other than shares, etc. without market prices

The market value method (Valuation differences are included directly in net assets, and sales costs are calculated by the moving average method.)

Shares, etc. without market prices

The cost method based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries calculate inventories by the cost method based on the average method (for their balance sheet amounts, the book value write-down method based on decreased profitability), and its consolidated subsidiaries outside of Japan state inventories at the lower of cost or market determined by the average method, or at the lower of cost or market determined by the first-in, first-out method.

(2) Method of depreciating significant assets

(i) Property, plant and equipment (excluding leased assets)

The straight-line method is used.

Their major useful lives are as follows.

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 4 to 7 years

(ii) Intangible assets (excluding leased assets)

For software for internal use, the Company and its domestic consolidated subsidiaries use the straight-line method based on the internal usable period (5 to 10 years), and its consolidated subsidiaries outside of Japan mainly use the straight-line method.

(iii) Leased assets

Leased assets related to finance lease transactions that transfer ownership

We have adopted the same depreciation method as that applied to self-owned non-current assets.

Leased assets related to finance lease transactions that do not transfer ownership

We have adopted the straight-line method, assuming the lease period as the useful life and no residual value.

The Group's subsidiaries applying IFRS have applied International Financial Reporting Standards 16, Leases ("IFRS 16"). Under IFRS 16, lessees in principal recognize all leases as assets and liabilities in the balance sheet, and the recognized right-of-use assets are depreciated by the straight-line method.

The Group's subsidiaries applying U.S. GAAP have applied Accounting Standards Codification (ASC) 842, Leases. Under ASC 842, lessees in principal recognize all leases as assets and liabilities in the balance sheet, and the recognized right-of-use assets are depreciated by the straight-line method.

(3) Recognition criteria for significant provisions

(i) Allowance for doubtful accounts

The Company and its consolidated subsidiaries recognize estimated unrecoverable amounts related to general receivables based on the historical bad debt ratio, and those related to doubtful and other specific receivables by individually examining their recoverability, to prepare for bad debt losses on receivables.

(ii) Provision for product warranties

Provision for product warranties is recognized based on an experience rate relative to net sales to prepare for complimentary after-sales service costs for sold products.

(iii) Provision for retirement benefits for directors (and other officers)

Certain domestic consolidated subsidiaries recognize the amount to be accrued at the end of each fiscal year based on their internal regulations in preparation for the payment of retirement benefits for directors (and other officers).

(4) Accounting method for retirement benefits

(i) Method of attributing projected retirement benefits to periods

We calculate retirement benefit obligations by attributing projected retirement benefits to periods up to the end of the current fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized mainly using the straight-line method over a specified period (9 to 10 years) within the average remaining employee service period at the time of their occurrence, from the fiscal year following their occurrence.

Past service cost is amortized mainly using the straight-line method over a specified period (9 to 10 years) within the average remaining employee service period at the time of their occurrence.

(iii) Adoption of simplified method at small-scale companies, etc.

Certain consolidated subsidiaries have adopted a simplified method, which regards the amount of benefits payable assuming the voluntary retirement of all employees at the fiscal year-end as retirement benefit obligations, to calculate retirement benefit liability and retirement benefit expenses.

(5) Recognition criteria for significant income and expenses

The Group primarily engages in the manufacturing and sales of various products of the Positioning Business and the Eye Care Business. Regarding the sales of these products, we predominantly recognize revenue at the time of product delivery, as we consider that customers gain control over the respective products and our performance obligations are satisfied at that time. However, for domestic sales, we primarily recognize revenue at the time of shipment.

Additionally, revenue is measured at the amount of the consideration promised in the contract with the customer, net of any discounts and rebates.

The consideration from transactions is received within one year of satisfying performance obligations and does not include significant financing elements.

(6) Criteria for translating significant foreign currency assets or liabilities into Japanese currency

Foreign currency monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the consolidated closing date. The resulting exchange differences are accounted for as an exchange gain or loss. Assets and liabilities of the consolidated subsidiaries outside of Japan are translated into Japanese yen at the spot exchange rates on the consolidated closing date, while their revenues and expenses are translated into Japanese yen with the average exchange rates during the period. The resulting exchange differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Method of significant hedge accounting

(i) Method of hedge accounting

We have adopted deferred hedge treatment. We have also adopted the special method to account for interest rate swaps.

(ii) Hedging instruments and hedged items

| Hedging instruments | Hedged items |
|---|---|
| Interest rate swaps | Interest rates on borrowings |
| Forward exchange contracts | Foreign currency receivables and payables |

(iii) Hedge policy

In accordance with the Financial Management Regulations, our policy is to engage in derivative transactions within the scope of genuine business needs in order to avoid exchange-rate and interest-rate fluctuation risks. We refrain from engaging in derivative transactions for speculative purposes.

(iv) Method of assessing hedge effectiveness

Given that significant conditions of the hedging instruments and hedged items are identical, and a continuing offset or containment of the impact of exchange-rate and interest-rate fluctuations is expected, we omit the assessment of hedge effectiveness.

(8) Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over a period of up to 20 years.

(9) Scope of funds in the consolidated statement of cash flows

The funds consist of cash on hand, deposits that may be withdrawn at any time, and high liquid short-term investments due no later than three months from the acquisition date that are readily convertible to cash and are subject to an insignificant risk of changes in value.

(10) Significant Matters for Preparation of Consolidated Financial Statements

The Company and certain domestic consolidated subsidiaries adopt the group tax sharing system. Furthermore, in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021), we conduct accounting treatment or tax-effect accounting treatment and disclosure related to corporate income tax and local corporate income tax.

(Significant accounting estimates)

The items whose amounts were recognized in the consolidated financial statements for the current fiscal year based on accounting estimates and may have a material impact on the consolidated financial statements for the following fiscal year are as follows.

1. Recoverability of deferred tax assets

(1) Amounts recognized in the consolidated financial statements for the current fiscal year

| | FY2023<br>(As of March 31, 2024) | FY2024<br>(As of March 31, 2025) |
|---|---|---|
| Deferred tax assets | 19,010 million yen | 23,746 million yen |

(2) Information on details of significant accounting estimates related to identified items

Deferred tax assets are estimated for deductible temporary differences and losses carried forward, taking into account the timing and amount of taxable income to be generated according to the business plans of each taxable entity, scheduled reversal of deferred tax liabilities, and tax planning strategies. The estimation of taxable income based on future profitability relies on future business plans, with the key assumptions being the projected growth in sales revenue and market forecasts by region and product category within each business segment. This estimation is subject to the potential impact of uncertain fluctuations in future economic conditions. If the timing and amount of taxable income actually generated differ from the estimates, this may have a material effect on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

2. Impairment of non-current assets

(1) Amounts recognized in the consolidated financial statements for the current fiscal year

| | FY2023<br>(As of March 31, 2024) | FY2024<br>(As of March 31, 2025) |
|---|---|---|
| Property, plant and equipment | 40,242 million yen | 40,994 million yen |
| Intangible assets | 41,295 million yen | 35,301 million yen |
| Impairment losses | 1,434 million yen | 890 million yen |

(2) Information on details of significant accounting estimates related to identified items

Regarding non-current assets, we assess the presence of impairment indicators for each asset group. Where the indicators exist, we estimate pre-discounted future cash flows based on business plans to determine the necessity of recognizing impairment losses. When it is determined that impairment loss recognition is necessary, we reduce the carrying amount to the recoverable amount. The key assumptions used in calculating the pre-discounted future cash flows include the projected growth in sales revenue and market forecasts by region and product category within each asset group. This estimation is subject to the potential impact of uncertain fluctuations in future economic conditions. If estimates of future cash flows decrease, impairment losses may arise in the consolidated financial statements for the following fiscal year, potentially having a material effect on the amounts of property, plant and equipment as well as intangible assets. As indicated in Notes, (Consolidated statement of income), *5., in the current fiscal year, impairment losses of ¥890 million were recognized for idle assets of consolidated subsidiaries of the Company.

(Non-applicable accounting standards, etc.)

(Accounting Standard for Leases, etc.)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of efforts to make the Japanese GAAP internationally consistent, the Accounting Standards Board of Japan (ASBJ) conducted a review for the development of accounting standards for leases that recognize assets and liabilities for all leases of lessees in light of international accounting standards, resulting in the announcement of the Accounting Standard for Leases, etc. As a basic policy, this standard is based on the single accounting model of IFRS 16, but it does not incorporate all of that model's provisions, only the main ones, making it simple and convenient, so that, basically, revisions will not be required even if the IFRS 16 provisions are used in individual financial statements.

For lessee accounting, the single accounting model, which, as in IFRS 16, accounts for depreciation on right-of-use assets and interest on lease liabilities for all leases, regardless of whether the leases are finance leases or operating leases, is applied to determine how the lessee's lease expenses are allocated.

(2) Scheduled date of application

Scheduled to be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Effect of application of the accounting standards, etc.

The effect on the consolidated financial statements due to the application of the Accounting Standard for Leases, etc. is currently being evaluated.

(Changes in accounting estimates)

In the past, the period of amortization of actuarial gains and losses in the Company's and its consolidated subsidiaries' accounting for retirement benefits was uniformly 10 years. However, in the Company's defined benefit corporate pension plan, the average remaining service period of employees has shortened, and therefore, the period of amortization has been changed to 9 years from the current fiscal year.

This change has no impact on earnings for the current fiscal year. Further, the impact on profit and loss in the following consolidated fiscal year is immaterial.

(Additional Information)

At a meeting of the Board of Directors held on March 28, 2025, with regard to the tender offer (hereinafter referred to as the "Tender Offer") by TK Co., Ltd. for the common shares of the Company (hereinafter referred to as the "the Company Shares"), the Share Options (Note 1) and ADRs (Note 2) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948; including its subsequent revisions) and related laws and regulations as part of the implementation of a so-called Management Buyout (MBO) (Note 3), the Company's Board of Directors resolved that, as the Company's opinion as of that date, if the Tender Offer is commenced, the Board of Directors would express its opinion in support of the Tender Offer and recommend that the Company's shareholders and holders of Share Options tender their shares and options in the Tender Offer. The Company's Board of Directors also resolved the recommendation that holders of ADRs deliver their ADRs to the depositary bank in advance, receive the Company Shares related to the ADSs (Note 4), and thereafter tender such shares in the Tender Offer.

The resolution of the Board of Directors was made on the assumption of the delisting of the Company Shares as a result of the Tender Offer and series of subsequent procedures.

For more details, please refer to the "Notice Concerning the Supporting Opinion and Tender Recommendation Opinion for the Planned Commencement of the Tender Offer for Company Share Certificates by TK Co., Ltd. as part of the implementation of MBO, and capital participation by KKR Japan and. JIC Capital, Ltd." announced on March 28, 2025 and "(Amendment) Partial Amendment to 'Notice Concerning the Supporting Opinion and Tender Recommendation Opinion for the Planned Commencement of the Tender Offer for Company Share Certificates by TK Co., Ltd. as part of the implementation of MBO, and capital participation by KKR Japan and. JIC Capital, Ltd.'" announced on April 16, 2025.

(Note 1) Share Options refers to the 7th share acquisition rights issued based on a resolution of the Board of Directors held on June 25, 2021 (exercise period: April 1, 2024 through March 31, 2029)

(Note 2) ADRs refer to American Depositary Receipts for the Company Shares issued in the United States by Citibank, N.A. (hereinafter referred to as the "Depositary Bank").

(Note 3) "Management Buyout (MBO)" generally refers to a tender offer in which the tender offeror is an officer of the target company (including a tender offer in which the offeror conducts a tender offer at the request of an officer of the target company and has common interests with the officer). (Securities Listing Regulations, Rule 441)

(Note 4) ADSs refer to American Depositary Shares represented by American Depositary Receipts and deposited at the Depositary Bank.

(Consolidated balance sheet)

*1. Accumulated depreciation

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Accumulated depreciation | 53,595 million yen | 57,126 million yen |

*2. Notes related to non-consolidated subsidiaries and associates

The amounts related to non-consolidated subsidiaries and associates are as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Investment securities (shares) | 889 million yen | 1,483 million yen |

3. Liquidation of receivables

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Transfer balance of notes and accounts receivable - trade | 2,449 million yen | 2,739 million yen |

4. Commitment line agreements

The Company has entered into commitment line agreements with financial institutions to ensure the flexibility and stability of fund procurement. The balance of unexecuted loans under these agreements at the end of each fiscal year is as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Total amount of commitment lines | 32,000 million yen | 32,000 million yen |
| Balance of executed loans | 10,500 | 17,600 |
| Difference | 21,500 | 14,400 |

The above-mentioned commitment line agreements include the following financial covenants.

(i) Maintain the amount obtained by deducting total foreign currency translation adjustment from total net assets on the consolidated balance sheet as of the last day of each fiscal year at least 75% of the amount obtained by deducting total foreign currency translation adjustment from total net assets on the consolidated balance sheet as of the end of the fiscal year ended March 31, 2021.

(ii) Ensure that operating profit on the consolidated statement of income, which is stated in reports and other documents, does not record a loss for two consecutive fiscal years.

*5. Among notes and accounts receivable - trade, the amounts of receivables arising from contracts with customers are as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Notes receivable - trade | 3,136 million yen | 2,607 million yen |
| Accounts receivable - trade | 44,931 | 50,830 |

*6. Notes with maturity dates of the last day of the consolidated fiscal year

The Company accounts for notes with maturity dates of the last day of the consolidated fiscal year (March 31) on the assumption that settlement took place on the maturity date. Because March 31, 2024 was a bank holiday, the following notes with maturity dates of March 31 were accounted for on the assumption that settlement took place on the maturity date.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Notes receivable - trade | 497 million yen | – million yen |
| Notes payable - trade | 295 | – |

(Consolidated statement of income)

*1. Revenue from contracts with customers

We do not differentiate between revenue from contracts with customers and that from other sources in the presentation of net sales. The amount of revenue from contracts with customers is stated in "Consolidated financial statements, Notes, (Revenue recognition), 1. Information on breakdown of revenue from contracts with customers."

*2. The year-end inventory balance is the amount after write-down of book value due to decreased profitability, and the following loss on valuation of inventories is included in cost of sales.

| FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|
| 1,029 million yen | 1,864 million yen |

*3. Major items and amounts of selling, general and administrative expenses are as follows.

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Employees' salaries and allowances | 44,994 million yen | 45,357 million yen |
| Retirement benefit expenses | 1,831 | 1,948 |
| Depreciation | 7,012 | 7,445 |
| Amortization of goodwill | 2,131 | 2,206 |
| Provision of allowance for doubtful accounts | 303 | 159 |

*4. The total amount of R&D expenditures included in general and administrative expenses and manufacturing costs is as follows.

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| General and administrative expenses | 18,584 million yen | 18,881 million yen |
| Manufacturing costs | 5,615 | 6,266 |
| Total | 24,200 | 25,147 |

*5. Impairment losses

The Group recognized impairment losses for the following asset groups.

FY2023 (from April 1, 2023 to March 31, 2024)

| Use | Place | Type | Amount |
|---|---|---|---|
| Idle assets | Russian Federation | Buildings | 9 million yen |
| | | Machinery and equipment | 139 million yen |
| | | Tools, furniture and fixtures | 19 million yen |
| | | Construction in progress | 583 million yen |
| | | Other intangible assets | 683 million yen |

The Group conducts individual grouping for idle assets. In the previous fiscal year, with regard to the above assets that became idle, we reduced the carrying amount to the recoverable amount. The resulting decrease was recognized as an impairment loss under extraordinary losses. The recoverable amount of this asset group was measured with net realizable value and was evaluated as zero.

FY2024 (from April 1, 2024 to March 31, 2025)

| Use | Place | Type | Amount |
|---|---|---|---|
| Idle assets | United States | Machinery, equipment and vehicles | 4 million yen |
| | | Leased assets | 21 million yen |
| | | Software | 714 million yen |
| Idle assets | Europe | Goodwill | 75 million yen |
| | | Other intangible assets | 74 million yen |

The Group conducts individual grouping for idle assets. In the current fiscal year, with regard to the above assets that became idle, we reduced the carrying amount to the recoverable amount. The resulting decrease was recognized as an impairment loss under extraordinary losses. The recoverable amount of this asset group was measured with net realizable value and was evaluated as zero.

*6. Loss on retirement of non-current assets is as follows

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Buildings and structures | – million yen | 125 million yen |

*7. TOB related expenses

This includes advisory fees and attorneys' fees associated with the management buyout, on which the Company resolved to express its approval at the Board of Directors meeting held on March 28, 2025.

*8. Loss on litigation

A U.S. subsidiary of the Company had been sued for damages by Carl Zeiss Meditec, Inc. on the grounds that the subsidiary used trade secrets of Carl Zeiss Meditec, Inc. in its business activities, but settlement was reached on January 9, 2024. Loss on litigation in the previous fiscal year is a loss that includes settlement payments based on that settlement.

(Consolidated statement of comprehensive income)

*1. Reclassification adjustments and income tax and tax effect amounts related to other comprehensive income

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Valuation difference on available-for-sale securities: | | |
| Amount arising during period | 1,924 million yen | (541) million yen |
| Reclassification adjustment | (933) | 46 |
| Before income tax and tax effect adjustment | 990 | (494) |
| Income tax and tax effect amount | (303) | 136 |
| Valuation difference on available-for-sale securities | 687 | (358) |
| Deferred gains or losses on hedges: | | |
| Amount arising during period | (18) | — |
| Reclassification adjustment | — | — |
| Before income tax and tax effect adjustment | (18) | — |
| Income tax and tax effect amount | 3 | — |
| Deferred gains or losses on hedges | (14) | — |
| Foreign currency translation adjustment: | | |
| Amount arising during period | 10,666 | (1,044) |
| Reclassification adjustment | — | — |
| Before income tax and tax effect adjustment | 10,666 | (1,044) |
| Income tax and tax effect amount | — | — |
| Foreign currency translation adjustment | 10,666 | (1,044) |
| Remeasurements of defined benefit plans, net of tax: | | |
| Amount arising during period | 1,682 | 545 |
| Reclassification adjustment | 30 | (54) |
| Before income tax and tax effect adjustment | 1,712 | 490 |
| Income tax and tax effect amount | (522) | (169) |
| Remeasurements of defined benefit plans, net of tax | 1,189 | 321 |
| Share of other comprehensive income of entities accounted for using equity method: | | |
| Amount arising during period | 17 | (14) |
| Reclassification adjustment | — | — |
| Share of other comprehensive income of entities accounted for using equity method | 17 | (14) |
| Total other comprehensive income | 12,546 | (1,096) |

(Consolidated statement of changes in equity)

FY2023 (from April 1, 2023 to March 31, 2024)

1. Matters relating to class and total number of issued shares, and class and total number of treasury shares

| | Number of shares at beginning of FY2023 (Thousands of shares) | Number of shares increased during FY2023 (Thousands of shares) | Number of shares decreased during FY2023 (Thousands of shares) | Number of shares at end of FY2023 (Thousands of shares) |
|---|---|---|---|---|
| Issued shares | | | | |
| Common shares | 108,265 | 56 | – | 108,322 |
| Total | 108,265 | 56 | – | 108,322 |
| Treasury shares | | | | |
| Common shares | 2,970 | 0 | – | 2,970 |
| Total | 2,970 | 0 | – | 2,970 |

(Overview of reasons for changes)

Increase in issued shares

Issue of new shares as restricted stock compensation: 56 thousand shares

Increase in treasury shares

Increase in common shares due to purchase of shares less than one unit: 0 thousand shares

2. Matters relating to share acquisition rights and treasury share acquisition rights

| Company name | Breakdown | Class of underlying shares | Number of underlying shares (Shares) | | | | Fiscal year-end balance (Millions of yen) |
|---|---|---|---|---|---|---|---|
| | | | At beginning of FY2023 | Increase | Decrease | At end of FY2023 | |
| Reporting company | Share acquisition rights as stock options | – | – | – | – | – | 63 |
| Total | | | – | – | – | – | 63 |

3. Matters relating to dividends

(1) Dividends paid

| Resolution | Class of shares | Total amount of dividends (Millions of yen) | Dividend per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|
| May 25, 2023, Board of Directors | Common shares | 2,316 | 22 | March 31, 2023 | June 9, 2023 |
| October 27, 2023, Board of Directors | Common shares | 2,107 | 20 | September 30, 2023 | December 7, 2023 |

(2) Dividends whose record date belongs to the fiscal year ended March 31, 2024 but whose effective date belongs to the fiscal year ended March 31, 2025

| Resolution | Class of shares | Total amount of dividends (Millions of yen) | Source of dividends | Dividend per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| May 24, 2024, Board of Directors | Common shares | 2,317 | Retained earnings | 22 | March 31, 2024 | June 7, 2024 |

FY2024 (from April 1, 2024 to March 31, 2025)

1. Matters relating to class and total number of issued shares, and class and total number of treasury shares

| | Number of shares at beginning of FY2024 (Thousands of shares) | Number of shares increased during FY2024 (Thousands of shares) | Number of shares decreased during FY2024 (Thousands of shares) | Number of shares at end of FY2024 (Thousands of shares) |
|---|---|---|---|---|
| Issued shares | | | | |
| Common shares | 108,322 | 60 | – | 108,382 |
| Total | 108,322 | 60 | – | 108,382 |
| Treasury shares | | | | |
| Common shares | 2,970 | 0 | – | 2,970 |
| Total | 2,970 | 0 | – | 2,970 |

(Overview of reasons for changes)

Increase in issued shares

Issue of new shares as restricted stock compensation: 60 thousand shares

Increase in treasury shares

Increase in common shares due to purchase of shares less than one unit: 0 thousand shares

2. Matters relating to share acquisition rights and treasury share acquisition rights

| Company name | Breakdown | Class of underlying shares | Number of underlying shares (Shares) | | | | Fiscal year-end balance (Millions of yen) |
|---|---|---|---|---|---|---|---|
| | | | At beginning of FY2024 | Increase | Decrease | At end of FY2024 | |
| Reporting company | Share acquisition rights as stock options | – | – | – | – | – | 63 |
| Total | | | – | – | – | – | 63 |

3. Matters relating to dividends

(1) Dividends paid

| Resolution | Class of shares | Total amount of dividends (Millions of yen) | Dividend per share (Yen) | Record date | Effective date |
|---|---|---|---|---|---|
| May 24, 2024, Board of Directors | Common shares | 2,317 | 22 | March 31, 2024 | June 7, 2024 |
| October 30, 2024, Board of Directors | Common shares | 2,108 | 20 | September 30, 2024 | December 6, 2024 |

(2) Dividends whose record date belongs to the fiscal year ended March 31, 2025 but whose effective date belongs to the fiscal year ending March 31, 2026

Not applicable.

(Consolidated statement of cash flows)

*1. The relationship between cash and cash equivalents at end of period and the amounts of respective items listed on the consolidated balance sheet

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Cash and deposits in progress | 19,623 million yen | 20,235 million yen |
| Time deposits exceeding three months | (2,951) | (1,814) |
| Cash and cash equivalents | 16,672 | 18,420 |

*2. Breakdown of major assets and liabilities of the subsidiaries newly consolidated through share acquisition

FY2023 (from April 1, 2023 to March 31, 2024)

This information is omitted due to its lack of significance.

FY2024 (from April 1, 2024 to March 31, 2025)

Not applicable.

*3. Breakdown of major assets and liabilities of the companies which is no longer consolidated subsidiary companies as a result of sales of shares

FY2023 (from April 1, 2023 to March 31, 2024)

This information is omitted due to its lack of significance.

FY2024 (from April 1, 2024 to March 31, 2025)

Not applicable.

(Lease transactions)

(Lessee side)

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

(i) Breakdown of leased assets

Intangible assets

Software

(ii) Depreciation method for leased assets

The method as stated in “Important fundamental matters for preparation of consolidated financial statements, 4. Matters relating to accounting policies, (2) Method of depreciating significant assets”

(2) Finance lease transactions that do not transfer ownership

(i) Breakdown of leased assets

Property, plant and equipment

Primarily, design and development computers, office computers, and automatic electronic components assemble machines (“machinery, equipment and vehicles” and “tools, furniture and fixtures”)

(ii) Depreciation method for leased assets

The method as stated in “Important fundamental matters for preparation of consolidated financial statements, 4. Matters relating to accounting policies, (2) Method of depreciating significant assets”

(Financial instruments)

1. Matters relating to the status of financial instruments

(1) Policy for handling financial instruments

The Group adopts a policy to limit its fund management to short-term deposits and similar instruments, and raise funds through borrowings from banks. For unique capital needs arising from large-scale M&A or similar events, we consider fund procurement methods including direct financing such as bond issues, on a case-by-case basis. In addition, we are utilizing Cash Management System (CMS) to achieve proper fund management. Our policy is to use derivatives to mitigate exchange-rate and interest-rate fluctuation risks, and refrain from engaging in speculative transactions.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are trade receivables, are exposed to customer credit risk. Foreign currency trade receivables arising from our global business operations are exposed to exchange-rate fluctuation risk; however, we hedge this risk by utilizing forward exchange contracts.

Investment securities primarily consist of stocks related to business collaborations with counterpart companies and are exposed to market price fluctuation risk.

Notes and accounts payable - trade, which are trade liabilities, generally have payment terms within one year.

Borrowings, bonds payable, and finance leases are mainly intended to raise funds required for capital expenditures and research and development investments, as well as to facilitate financing for operational transactions. Their redemption dates are up to ten years after the closing date. Some of them are subject to variable interest rates, exposing us to interest-rate fluctuation risk. However, we utilize interest rate swap transactions as hedging instruments. In order to ensure the flexibility and stability of our fund procurement, the Company has entered into commitment line agreements with financial institutions. These agreements include financial covenants, and in the event of non-compliance, they may be terminated at the request of the counterparties.

Please refer to “Method of significant hedge accounting” outlined in the aforementioned “Matters relating to accounting policies” for details regarding hedging instruments, hedged items, hedge policy, and the method of assessing hedge effectiveness in relation to hedge accounting.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk related to contractual default by business partners, etc.)

Regarding trade receivables, in accordance with our receivables management regulations, the department in charge of finance regularly monitors the status of our business partners, and manages due dates and balances for each business partner, while proactively identifying and mitigating recovery concerns arising from deteriorating financial conditions or other problems. Similar management is conducted at each consolidated subsidiary, in line with the Company’s receivables management regulations. In using derivatives, we conduct transactions exclusively with highly-rated financial institutions to mitigate credit risk. Therefore, we believe our credit risk is minimal.

The maximum credit risk amount as of the consolidated closing date for the current fiscal year is presented as the balance sheet amounts of financial assets that are exposed to credit risk.

(ii) Management of market risk (exchange-rate and interest-rate fluctuation risks)

With regard to investment securities, we regularly assess market values and the financial condition of issuers (counterpart companies), and the custody department continuously reviews the holding status, considering the relationship with the counterpart companies.

For derivative transactions, the department in charge of finance conducts trading, recording, and reconciliation of balances with counterparties based on internal regulations that define trading authorization and risk management policies. Monthly transaction results are reported to officers with jurisdiction over the department in charge of finance. Each consolidated subsidiary also conducts management in line with the Company’s internal regulations.

(iii) Management of liquidity risk related to fund procurement (risk of being unable to execute payments on due dates)

The Company manages its liquidity risks, such as by maintaining the amount of liquidity on hand exceeding that of each company’s monthly net sales, while having the department in charge of finance prepare and update cash flow plans in a timely manner based on reports from each department.

(4) Supplementary explanation of matters relating to market values of financial instruments, etc.

Since the calculation of the market values of financial instruments incorporates variable factors, the values may fluctuate due to the adoption of different underlying assumptions or conditions. Furthermore, the contractual amounts, etc. related to derivative transactions referred to in “2. Matters relating to market values of financial instruments, etc.” do not inherently represent market risk associated with derivative transactions.

2. Matters relating to market values of financial instruments, etc.

Amounts recognized in the consolidated balance sheet, market values, and the differences between them are as follows. Unlisted shares, for which there is no market price, are excluded from the table below.

FY2023 (As of March 31, 2024)

| | Consolidated balance sheet amount (Millions of yen) | Market value (Millions of yen) | Difference (Millions of yen) |
|---|---|---|---|
| (1) Notes and accounts receivable - trade | 48,067 | | |
| Allowance for doubtful accounts (*3) | (1,723) | | |
| | 46,344 | 46,344 | — |
| (2) Investment securities | | | |
| Other securities | 3,822 | 3,822 | — |
| Total assets | 50,167 | 50,167 | — |
| (1) Notes and accounts payable - trade | 15,394 | 15,394 | — |
| (2) Short-term borrowings | 26,754 | 26,754 | — |
| (3) Bonds payable | 40,000 | 39,530 | (469) |
| (4) Long-term borrowings (*4) | 1,954 | 1,864 | (90) |
| (5) Lease liabilities | 10,851 | 10,858 | 7 |
| Total liabilities | 94,954 | 94,403 | (551) |
| Derivative transactions (*5) | (60) | (60) | — |

(*1) "Cash and deposits" are omitted because they are cash and because deposits are settled in a short period of time and their market values approximate their carrying amounts.

(*2) Shares, etc. without market prices are not included in "(2) Investment securities." The amount of the financial instrument on the consolidated balance sheet is as follows.

| Category | FY2023 (As of March 31, 2024) |
|---|---|
| Unlisted shares | 2,194 million yen |

(*3) Allowance for doubtful accounts related to notes and accounts receivable - trade is deducted.

(*4) Previous long-term borrowings that have payment terms within one year and are recognized as short-term borrowings are presented as long-term borrowings in this table.

(*5) Net receivables and payables arising from derivative transactions are presented in net amounts.

FY2024 (As of March 31, 2025)

| | Consolidated balance sheet amount (Millions of yen) | Market value (Millions of yen) | Difference (Millions of yen) |
|---|---|---|---|
| (1) Notes and accounts receivable - trade | 53,438 | | |
| Allowance for doubtful accounts (*3) | (1,610) | | |
| | 51,828 | 51,828 | – |
| (2) Investment securities | | | |
| Other securities | 2,834 | 2,834 | – |
| Total assets | 54,663 | 54,663 | – |
| (1) Notes and accounts payable - trade | 13,311 | 13,311 | – |
| (2) Short-term borrowings | 40,953 | 40,953 | – |
| (3) Bonds payable | 40,000 | 37,835 | (2,164) |
| (4) Long-term borrowings (*4) | 2,072 | 2,076 | 4 |
| (5) Lease liabilities | 7,998 | 8,000 | 1 |
| Total liabilities | 104,336 | 102,177 | (2,158) |
| Derivative transactions (*5) | 12 | 12 | – |

(*1) "Cash and deposits" are omitted because they are cash and because deposits are settled in a short period of time and their market values approximate their carrying amounts.

(*2) Shares, etc. without market prices are not included in "(2) Investment securities." The amount of the financial instrument on the consolidated balance sheet is as follows.

| Category | FY2024 (As of March 31, 2025) |
|---|---|
| Unlisted shares | 4,077 million yen |

(*3) Allowance for doubtful accounts related to notes and accounts receivable - trade is deducted.

(*4) Previous long-term borrowings that have payment terms within one year and are recognized as short-term borrowings are presented as long-term borrowings in this table.

(*5) Net receivables and payables arising from derivative transactions are presented in net amounts.

(Note 1) Scheduled redemption amounts of monetary receivables and securities with maturity after the consolidated closing date

FY2023 (As of March 31, 2024)

| | Within one year (Millions of yen) | Over one year and within five years (Millions of yen) | Over five years and within ten years (Millions of yen) | Over ten years (Millions of yen) |
|---|---|---|---|---|
| Cash and deposits | 19,623 | – | – | – |
| Notes and accounts receivable - trade | 48,067 | – | – | – |
| Total | 67,691 | – | – | – |

FY2024 (As of March 31, 2025)

| | Within one year (Millions of yen) | Over one year and within five years (Millions of yen) | Over five years and within ten years (Millions of yen) | Over ten years (Millions of yen) |
|---|---|---|---|---|
| Cash and deposits | 20,235 | – | – | – |
| Notes and accounts receivable - trade | 53,438 | – | – | – |
| Total | 73,673 | – | – | – |

(Note 2) Scheduled repayment amounts of bonds payable, long-term borrowings, lease liabilities, and other interest-bearing liabilities after the consolidated closing date

FY2023 (As of March 31, 2024)

| | Within one year (Millions of yen) | Over one year and within two years (Millions of yen) | Over two years and within three years (Millions of yen) | Over three years and within four years (Millions of yen) | Over four years and within five years (Millions of yen) | Over five years (Millions of yen) |
|---|---|---|---|---|---|---|
| Short-term borrowings | 26,754 | — | — | — | — | — |
| Bonds payable | — | 10,000 | 10,000 | — | 10,000 | 10,000 |
| Long-term borrowings | 400 | 1,100 | — | — | — | 454 |
| Lease liabilities | 3,306 | 2,800 | 1,563 | 1,065 | 837 | 1,278 |
| Total | 30,461 | 13,900 | 11,563 | 1,065 | 10,837 | 11,732 |

FY2024 (As of March 31, 2025)

| | Within one year (Millions of yen) | Over one year and within two years (Millions of yen) | Over two years and within three years (Millions of yen) | Over three years and within four years (Millions of yen) | Over four years and within five years (Millions of yen) | Over five years (Millions of yen) |
|---|---|---|---|---|---|---|
| Short-term borrowings | 40,953 | — | — | — | — | — |
| Bonds payable | 10,000 | 10,000 | — | 10,000 | — | 10,000 |
| Long-term borrowings | 1,100 | — | — | — | — | 972 |
| Lease liabilities | 3,004 | 1,762 | 1,242 | 825 | 668 | 495 |
| Total | 55,058 | 11,762 | 1,242 | 10,825 | 668 | 11,467 |

3. Matters relating to breakdown of financial instruments by market value level, etc.

The market values of financial instruments are categorized into the following three levels depending on the observability and significance of inputs for market value calculations.

Level 1 Market Value: Market values calculated with quoted market prices formed in active markets for assets or liabilities subject to the market value calculations, among observable inputs for market value calculations.

Level 2 Market Value: Market values calculated with inputs for market value calculations other than Level 1 inputs, among observable inputs for market value calculations.

Level 3 Market Value: Market values calculated with unobservable inputs for market value calculations.

When multiple inputs with significant impacts on market value calculations are used, the market value is categorized in the level with the lowest priority in the market value calculations, among the levels to which those inputs belong.

(1) Financial instruments recognized in the consolidated balance sheet at market value

FY2023 (As of March 31, 2024)

| Category | Market value (Millions of yen) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities and investment securities<br>Other securities<br>Shares | 3,822 | ― | ― | 3,822 |
| Total assets | 3,822 | ― | ― | 3,822 |
| Derivative transactions<br>Currency-related | ― | 60 | ― | 60 |
| Total liabilities | ― | 60 | ― | 60 |

FY2024 (As of March 31, 2025)

| Category | Market value (Millions of yen) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Securities and investment securities<br>Other securities<br>Shares | 2,834 | ― | ― | 2,834 |
| Derivative transactions<br>Currency-related | ― | 12 | ― | 12 |
| Total liabilities | 2,834 | 12 | ― | 2,847 |

(2) Financial instruments other than those recognized in the consolidated balance sheet at market value

FY2023 (As of March 31, 2024)

| Category | Market value (Millions of yen) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds payable | — | 39,530 | — | 39,530 |
| Long-term borrowings | — | 1,864 | — | 1,864 |
| Lease liabilities | — | 10,858 | — | 10,858 |
| Total liabilities | — | 52,253 | — | 52,253 |

FY2024 (As of March 31, 2025)

| Category | Market value (Millions of yen) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds payable | — | 37,835 | — | 37,835 |
| Long-term borrowings | — | 2,076 | — | 2,076 |
| Lease liabilities | — | 8,000 | — | 8,000 |
| Total liabilities | — | 47,912 | — | 47,912 |

(Note) Explanation of valuation techniques used in and inputs for market value calculations

Securities and investment securities

Listed shares and bonds payable are valued with quoted market prices. The market values of listed shares are categorized as Level 1 because listed shares are traded in active markets.

Bonds payable

Bonds issued by the Company are valued with market prices. The market values of bonds payable are categorized as Level 2 because bonds payable are traded infrequently in markets and their market values are not recognized as quoted market prices in active markets.

Long-term borrowings and lease liabilities

Their market values are categorized as Level 2 because they are calculated with the present values of the total principal and interest amounts, discounted at the rates assumed when new similar borrowings or lease transactions are entered into.

Derivative transactions

The market values of interest rate swaps and forward exchange contracts are categorized as Level 2 because they are calculated by the discounted present value method, which uses observable inputs such as interest rates and exchange rates.

(Securities)

1. Other securities

FY2023 (As of March 31, 2024)

| | Type | Consolidated balance sheet amount (Millions of yen) | Acquisition cost (Millions of yen) | Difference (Millions of yen) |
|---|---|---|---|---|
| Those whose amount recognized in the consolidated balance sheet exceeds their acquisition cost | Share | 3,092 | 854 | 2,238 |
| | Subtotal | 3,092 | 854 | 2,238 |
| Those whose amount recognized in the consolidated balance sheet does not exceed their acquisition cost | Share | 730 | 1,514 | (784) |
| | Subtotal | 730 | 1,514 | (784) |
| Total | | 3,822 | 2,368 | 1,454 |

(Note) Unlisted shares (consolidated balance sheet amount of ¥2,194 million) are not included in "Other securities" in the above table since they have no market price.

FY2024 (As of March 31, 2025)

| | Type | Consolidated balance sheet amount (Millions of yen) | Acquisition cost (Millions of yen) | Difference (Millions of yen) |
|---|---|---|---|---|
| Those whose amount recognized in the consolidated balance sheet exceeds their acquisition cost | Share | 2,595 | 811 | 1,784 |
| | Subtotal | 2,595 | 811 | 1,784 |
| Those whose amount recognized in the consolidated balance sheet does not exceed their acquisition cost | Share | 239 | 1,495 | (1,255) |
| | Subtotal | 239 | 1,495 | (1,255) |
| Total | | 2,834 | 2,306 | 528 |

(Note) Unlisted shares (consolidated balance sheet amount of ¥4,077 million) are not included in "Other securities" in the above table since they have no market price.

2. Other securities sold during each fiscal year

FY2023 (from April 1, 2023 to March 31, 2024)

| Category | Sale amount (Millions of yen) | Total gain on sale (Millions of yen) | Total loss on sale (Millions of yen) |
|---|---|---|---|
| Share | 532 | 394 | 0 |
| Total | 532 | 394 | 0 |

FY2024 (from April 1, 2024 to March 31, 2025)

| Category | Sale amount (Millions of yen) | Total gain on sale (Millions of yen) | Total loss on sale (Millions of yen) |
|---|---|---|---|
| Share | 55 | 46 | － |
| Total | 55 | 46 | － |

(Derivative transactions)

1. Derivative transactions not subject to hedge accounting

Currency-related

FY2023 (As of March 31, 2024)

| Category | Type of transactions | Contractual amount, etc. (Millions of yen) | Contractual amount, etc. over one year (Millions of yen) | Market value (Millions of yen) | Valuation gain or loss (Millions of yen) |
|---|---|---|---|---|---|
| Non-market transactions | Forward exchange contract transactions<br>Short-position trading | | | | |
| | US$ | 2,209 | – | (45) | (45) |
| | EUR | 1,619 | – | (6) | (6) |
| | SEK | 237 | – | 4 | 4 |
| | DKK | 240 | – | 0 | 0 |
| | Subtotal | 4,307 | – | (46) | (46) |
| | Long-position trading | | | | |
| | Yen | 22 | – | (0) | (0) |
| | US$ | 364 | – | 6 | 6 |
| | Subtotal | 386 | – | 6 | 6 |
| Non-market transactions | Currency swap transactions<br>Short-position trading | | | | |
| | US$ | 17,924 | – | (20) | (20) |
| | Subtotal | 17,924 | – | (20) | (20) |
| Total | | 22,618 | – | (60) | (60) |

FY2024 (As of March 31, 2025)

| Category | Type of transactions | Contractual amount, etc. (Millions of yen) | Contractual amount, etc. over one year (Millions of yen) | Market value (Millions of yen) | Valuation gain or loss (Millions of yen) |
|---|---|---|---|---|---|
| Non-market transactions | Forward exchange contract transactions<br>Short-position trading | | | | |
| | US$ | 2,823 | – | 12 | 12 |
| | EUR | 770 | – | (6) | (6) |
| | SEK | 341 | – | (7) | (7) |
| | DKK | 117 | – | (0) | (0) |
| | Subtotal | 4,052 | – | (0) | (0) |
| | Long-position trading | | | | |
| | US$ | 749 | – | (6) | (6) |
| | Subtotal | 749 | – | (6) | (6) |
| Non-market transactions | Currency swap transactions<br>Short-position trading | | | | |
| | US$ | 21,040 | – | 20 | 20 |
| | Subtotal | 21,040 | – | 20 | 20 |
| Total | | 25,842 | – | 12 | 12 |

2. Derivative transactions subject to hedge accounting

(1) Currency-related

FY2023 (As of March 31, 2024)

Not applicable.

FY2024 (As of March 31, 2025)

Not applicable.

(2) Interest rate-related

FY2023 (As of March 31, 2024)

Not applicable.

FY2024 (As of March 31, 2025)

Not applicable.

(Retirement benefits)

1. Overview of adopted retirement benefit plans

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans to provide retirement benefits for employees. The defined benefit corporate pension plan (funded plan) provides a lump-sum payment or pension based on the employee's salary and length of service. The retirement lump-sum payment plan (unfunded plan) provides a lump-sum payment as a retirement benefit based on the employee's salary and length of service or on the employee's qualification grade and length of service. The Company revised its retirement benefit plans on June 1, 2023, transitioning the defined benefit corporate pension plan and part of the retirement lump-sum payment plan to a defined contribution corporate pension plan, applicable from the portions pertaining to future service. Additionally, with regard to the defined benefit corporate pension plan and the retirement lump-sum payment plan adopted by certain consolidated subsidiaries, a simplified method is used to calculate retirement benefit liability and retirement benefit expenses.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans applying a simplified method)

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Retirement benefit obligations balance at beginning of period | 16,389 million yen | 15,366 million yen |
| Service cost | 222 | 195 |
| Interest cost | 244 | 262 |
| Actuarial gains and losses incurred | (419) | (928) |
| Retirement benefits paid | (753) | (839) |
| Past service cost incurred | (637) | — |
| Other | 320 | (21) |
| Retirement benefit obligations balance at end of period | 15,366 | 14,035 |

(2) Reconciliation of beginning and ending balances of pension assets (excluding plans applying a simplified method)

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Pension assets balance at beginning of period | 13,529 million yen | 14,403 million yen |
| Expected return | 360 | 375 |
| Actuarial gains and losses incurred | 623 | (387) |
| Contributions from employer | 130 | 96 |
| Retirement benefits paid | (541) | (628) |
| Other | 300 | (20) |
| Pension assets balance at end of period | 14,403 | 13,839 |

(3) Reconciliation of beginning and ending balances of retirement benefit liability for plans applying a simplified method

| | FY2023 (From April 1, 2023 to March 31, 2024) | | FY2024 (From April 1, 2024 to March 31, 2025) | |
|---|---|---|---|---|
| Retirement benefit liability balance at beginning of period | 1,610 | million yen | 1,311 | million yen |
| Retirement benefit expenses | 150 | | 257 | |
| Retirement benefits paid | (98) | | (175) | |
| Contributions to plans | (76) | | (51) | |
| Other | (275) | | (221) | |
| Retirement benefit liability balance at end of period | 1,311 | | 1,120 | |

(4) Reconciliation of ending balances of retirement benefit obligations and pension assets to retirement benefit liability and retirement benefit asset recognized in the consolidated balance sheet

| | FY2023 (As of March 31, 2024) | | FY2024 (As of March 31, 2025) | |
|---|---|---|---|---|
| Retirement benefit obligations for funded plans | 13,393 | million yen | 12,355 | million yen |
| Pension assets | (15,157) | | (14,605) | |
| | (1,764) | | (2,249) | |
| Retirement benefit obligations for unfunded plans | 4,039 | | 3,566 | |
| Net of liabilities and assets recognized in the consolidated balance sheet | 2,275 | | 1,316 | |
| | | | | |
| Retirement benefit liability | 4,242 | | 3,740 | |
| Retirement benefit asset | (1,967) | | (2,423) | |
| Net of liabilities and assets recognized in the consolidated balance sheet | 2,275 | | 1,316 | |

(Note) Plans applying a simplified method are included.

(5) Amounts of retirement benefit expenses and their components

| | FY2023 (From April 1, 2023 to March 31, 2024) | | FY2024 (From April 1, 2024 to March 31, 2025) | |
|---|---|---|---|---|
| Service cost | 222 | million yen | 195 | million yen |
| Interest cost | 244 | | 262 | |
| Expected return | (360) | | (375) | |
| Amortization of actuarial gains and losses | 77 | | 9 | |
| Retirement benefit expenses calculated by a simplified method | 150 | | 257 | |
| Amortization of past service cost | (53) | | (63) | |
| Retirement benefit expenses in connection with defined benefit plans | 282 | | 286 | |

(6) Remeasurements of defined benefit plans

Items (before deducting income taxes and tax effects) recognized as remeasurements of defined benefit plans are as follows.

| | FY2023 (From April 1, 2023 to March 31, 2024) | | FY2024 (From April 1, 2024 to March 31, 2025) | |
|---|---|---|---|---|
| Actuarial gains and losses | 1,074 | million yen | 554 | million yen |
| Past service cost | 637 | | (63) | |
| Total | 1,712 | | 490 | |

(7) Cumulative remeasurements of defined benefit plans

Items (before deducting income taxes and tax effects) recognized as cumulative remeasurements of defined benefit plans are as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Unrecognized actuarial gains and loses | (1,367) million yen | (1,922) million yen |
| Unrecognized past service cost | (584) | (520) |
| Total | (1,952) | (2,443) |

(8) Matters relating to pension assets

(i) Breakdown of major pension assets

The ratios of major categories to total pension assets are as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Bonds | 29.7 % | 22.0 % |
| Shares | 15.5 | 15.2 |
| Cash and deposits | 1.7 | 9.1 |
| General account of life insurance company | 35.8 | 36.1 |
| Other | 17.3 | 17.6 |
| Total | 100.0 | 100.0 |

(ii) Method of determining long-term expected rate of return

To determine the long-term expected rate of return on pension assets, we consider the current and projected allocation of pension assets, as well as the current and future long-term rates of return expected from various assets comprising the pension assets.

(9) Matters relating to basis of actuarial calculations

Basis of major actuarial calculations

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Discount rate | 0.8-3.1 % | 0.9-3.5 % |
| Long-term expected rate of return | 2.1-3.1 | 2.1-3.5 |
| Expected salary increase rate | 1.0-2.0 | 1.0-2.0 |

3. Defined contribution plans

The amounts of required contributions to the defined contribution plans of the Company and its consolidated subsidiaries for the fiscal years ended March 31, 2024 and 2025 were ¥2,069 million and ¥2,114 million, respectively.

(Stock options, etc.)

1. Expenses and account titles for stock options

   Not applicable.

2. Description, size, and changes of stock options

(1) Description of stock options

| | 7th share acquisition rights |
|---|---|
| Company name | Reporting company |
| Date of resolution | June 25, 2021 |
| Classification and number of persons eligible for grants | 1 Executive Officer of the Company |
| Class and number of shares granted (Note 1) | 100,000 common shares |
| Grant date | July 12, 2021 |
| Vesting conditions | (Note 2) |
| Eligible service period | Not specified. |
| Rights exercise period | From April 1, 2024<br>to March 31, 2029 |

(Notes) 1. The number of stock options is translated into and presented as the number of shares.

2. Upon the exercise of share acquisition rights, it is required that all of the following conditions have been fulfilled.

(i) The holder of the share acquisition rights may exercise the number of share acquisition rights that corresponds to a specified percentage if the consolidated net sales of the Company's business of which the holder is in charge, which serve as an indicator, meet any of the gradual target values determined by the Company's Board of Directors for the fiscal year ended March 31, 2023.

(ii) If the holder of the share acquisition rights is dismissed, the holder shall be ineligible to exercise the share acquisition rights.

(iii) If the holder of the share acquisition rights dies during the rights exercise period, the exercise of the share acquisition rights is approved only when his/her spouse (or, in the absence of a spouse, his/her eldest statutory heir) or any individual separately approved by the Company exercises them within three months from the date of his/her death, in the manner prescribed by the Company.

(iv) Other conditions for the exercise of share acquisition rights shall be as stipulated in a share acquisition rights allotment agreement to be concluded between the Company and the parson seeking to accept the share acquisition rights.

(2) Size and changes of stock options

The stock options below are those that existed during the fiscal year ended March 31, 2025. The number of stock options is translated into and presented as the number of shares.

(i) Number of stock options

| | 7th share acquisition rights |
|---|---|
| Date of resolution | June 25, 2021 |
| Before vesting (Shares) | |
| As of March 31, 2024 | — |
| Granted | — |
| Forfeited | — |
| Vested | — |
| Yet to be vested | — |
| After vesting (Shares) | |
| As of March 31, 2024 | 100,000 |
| Vested | — |
| Exercised | — |
| Forfeited | — |
| Yet to be exercised | 100,000 |

(ii) Unit price information

| | 7th share acquisition rights |
|---|---|
| Date of resolution | June 25, 2021 |
| Exercise price (Yen) | 1,366 |
| Average stock price when exercised (Yen) | — |
| Fair market value on grant date (Yen) | 636 |

3. Method of estimating the number of stock options vested

We adopt the method of reflecting only the number of stock options actually forfeited since it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

II. Consolidated subsidiaries

1. Expenses and account titles for stock options

Not applicable.

2. Description, size, and changes of stock options

(1) Description of stock options

| Date of resolution | Classification and number of persons eligible for grants | Class and number of shares granted (Note 1) | Grant date | Eligible service period | Rights exercise period |
|---|---|---|---|---|---|
| May 25, 2023 | 3 Directors of consolidated subsidiary, 1 external cooperator | 475 common shares | July 1, 2023 | Not specified | Within 10 years after the rights granted |
| | 1 Employee of consolidated subsidiary | 100 common shares | November 1, 2024 | | |
| | 1 Employee of consolidated subsidiary | 50 common shares | December 16, 2024 | | |
| | 2 Employees of consolidated subsidiary | 75 common shares | March 7, 2025 | | |
| | 1 Director of consolidated subsidiary | 42.5 common shares | March 28, 2025 | | |

| | |
|---|---|
| Vesting conditions | Upon the exercise of share acquisition rights, it is required that all of the following conditions have been fulfilled.<br>(i) The holder of the share acquisition rights may exercise the number of share acquisition rights that corresponds to a specified percentage if the net sales of the consolidated subsidiary's business of which the holder is in charge, which serve as an indicator, meet any of the target values determined by the subsidiary's Board of Directors for the fiscal year ending March 31, 2026.<br>(ii) On the conditions that the rights to 20% of the share acquisition rights unforfeited have been vested as of March 31, 2027, and the services continue to be provided every one year thereafter, share acquisition rights are vested in 20% increments. However, as an exception, for one executive officer of the Company who is a holder of such share acquisition rights, the period for providing such services shall be until March 31, 2025. For one external cooperator, the period for providing such services shall be until March 31, 2026, and the rights shall all be vested on March 31, 2027.<br>(iii) Other conditions for the exercise of share acquisition rights shall be as stipulated in a share acquisition rights allotment agreement to be concluded between the subsidiary and the person seeking to accept the share acquisition rights. |

(Notes) The number of stock options is translated into and presented as the number of shares.

The maximum number of shares to be granted has been resolved at 1,000 shares.

(2) Size and changes of stock options

The stock options below are those that existed during the fiscal year ended March 31, 2025. The number of stock options is translated into and presented as the number of shares.

(i) Number of stock options

| Date of resolution | May 25, 2023 |
|---|---|
| Before vesting (Shares) | |
| As of March 31, 2024 | 475 |
| Granted | 267.5 |
| Forfeited | 150 |
| Vested | — |
| Yet to be vested | 592.5 |
| After vesting (Shares) | |
| As of March 31, 2024 | – |
| Vested | – |
| Exercised | – |
| Forfeited | – |
| Yet to be exercised | – |

(ii) Unit price information

| Date of resolution | May 25, 2023 |
|---|---|
| Exercise price (US$) | 16,745.00 |
| Average stock price when exercised (US$) | – |
| Fair market value on grant date (US$) | 13,242.45 |

(Note) As the shares of the consolidated subsidiary are unlisted at the time of grant of share acquisition rights, the valuation method of the shares of the consolidated subsidiary is based on a combination of the income approach and the market approach methods.

3. Method of estimating the fair market value of stock options granted in the current fiscal year

(1) Estimation technique: the Black-Scholes model

(2) Main basic figures and their estimation methods

| | |
|---|---|
| Volatility (Note 1) | 72.7% |
| Expected remaining period (Note 2) | 10 years |
| Expected dividend (Note 3) | US$ 0.00/share |
| Risk free interest rate (Note 4) | 3.5% |

(Notes) 1. Calculated based on comparable company analysis
2. Contractual expiration date
3. No dividend is assumed.
4. Yield on 10-year U.S. government bonds at the valuation date

4. Method of estimating the number of stock options vested

We consider the vesting conditions in the estimation of the number of stock options forfeited due to unvested rights.

(Tax-effect accounting)

1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities (Millions of yen)

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| (Deferred tax assets) | | |
| Inventories | 3,129 | 3,661 |
| Accrued bonuses | 550 | 518 |
| Accrued enterprise taxes | 144 | 118 |
| Retirement benefit liability | 523 | 416 |
| Unrealized profit | 2,071 | 1,937 |
| Allowance for doubtful accounts | 258 | 257 |
| Software | 724 | 790 |
| Loss carried forward (Note 2) | 2,397 | 2,775 |
| Asset retirement obligations | 173 | 147 |
| Other | 13,664 | 18,268 |
| Subtotal of deferred tax assets | 23,636 | 28,893 |
| Valuation allowance for tax loss carried forward (Note 2) | (2,000) | (1,412) |
| Valuation allowance for total deductible temporary differences, etc. | 594 | (103) |
| Subtotal of valuation allowance (Note 1) | (1,406) | (1,516) |
| Total deferred tax assets | 22,230 | 27,377 |
| (Deferred tax liabilities) | | |
| Depreciation | 6,088 | 6,700 |
| Asset retirement obligations | 55 | 46 |
| Valuation difference on available-for-sale securities | 697 | 561 |
| Other | 2,025 | 1,689 |
| Total deferred tax liabilities | 8,867 | 8,998 |
| Net deferred tax assets | 13,363 | 18,379 |

(Note 1) Major fluctuations in the valuation allowance are attributed to loss in valuation of shares of subsidiaries and associates and changes in valuation allowances related to tax loss carried forward.

(Note 2) Amounts of tax loss carried forward and corresponding deferred tax assets by carryforward period (Millions of yen)

FY2023 (As of March 31, 2024)

| | Within one year | Over one year and within two years | Over two years and within three years | Over three years and within four years | Over four years and within five years | Over five years | Total |
|---|---|---|---|---|---|---|---|
| Tax loss carried forward (*) | 100 | 62 | 304 | 4 | 365 | 1,559 | 2,397 |
| Valuation allowance | (97) | (60) | (210) | (4) | (67) | (1,559) | (2,000) |
| Deferred tax assets | 3 | 1 | 93 | 0 | 297 | 0 | 396 |

(*) Tax loss carried forward is calculated by multiplying the effective statutory tax rate.

FY2024 (As of March 31, 2025)

| | Within one year | Over one year and within two years | Over two years and within three years | Over three years and within four years | Over four years and within five years | Over five years | Total |
|---|---|---|---|---|---|---|---|
| Tax loss carried forward (*) | 56 | 232 | 2 | 153 | 154 | 2,176 | 2,775 |
| Valuation allowance | (54) | (189) | (2) | (0) | (150) | (1,014) | (1,412) |
| Deferred tax assets | 1 | 42 | 0 | 153 | 4 | 1,161 | 1,363 |

(*) Tax loss carried forward is calculated by multiplying the effective statutory tax rate.

2. Major reasons for significant difference between the effective statutory tax rate and the burden rate of income taxes after application of tax-effect accounting

| | FY2023<br>(As of March 31, 2024) | FY2024<br>(As of March 31, 2025) |
|---|---|---|
| Effective statutory tax rate | 30.62 % | 30.62 % |
| (Adjustments) | | |
| Permanent difference due to non-deductible expenses such as entertainment expenses | 4.08 | 8.67 |
| Permanent difference due to non-taxable income such as dividend income | (10.00) | (9.82) |
| Inhabitant tax on per capita basis, etc. | 0.30 | 1.16 |
| Change in valuation allowance | (14.27) | (2.70) |
| Tax credit | (24.66) | (44.73) |
| Difference in tax rates of consolidated subsidiaries | 17.88 | 44.07 |
| Share of loss (profit) of entities accounted for using equity method | 0.18 | (1.55) |
| Effect of effective statutory tax rate change | 0.00 | (2.42) |
| Loss carried forward | 1.68 | 2.14 |
| Past year remeasurements | (2.46) | (4.74) |
| Change in unrecognized tax effects related to unrealized profit | (11.22) | 6.50 |
| Amortization of goodwill | 14.68 | 33.65 |
| Effect of liquidation of subsidiaries, etc. | (20.45) | 4.70 |
| Other | (3.55) | 1.62 |
| Burden rate of income taxes after application of tax-effect accounting | (17.19) | 67.17 |

3. Adjustment of amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rate

Due to the enactment of the Act for the Partial Amendment of the Income Tax Act, etc. (Law No. 13 of 2025) by the National Diet on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in consolidated fiscal years beginning on or after April 1, 2026, the effective statutory tax rate has been changed from 30.62% to 31.52% for calculation purposes.

Due to this change, the amount of deferred tax assets (after subtraction of deferred tax liabilities) in FY2024 increased by ¥12 million, remeasurements of defined benefit plans decreased by ¥21 million, income taxes – deferred decreased by ¥49 million, and valuation difference on available-for-sale securities decreased by ¥ 15 million.

(Business combinations, etc.)

FY2023 (from April 1, 2023 to March 31, 2024)

This information is omitted because there were no significant transactions.

FY2024 (from April 1, 2024 to March 31, 2025)

This information is omitted because there were no significant transactions.

(Asset retirement obligations)

FY2023 (from April 1, 2023 to March 31, 2024)

This information is omitted because there were no significant transactions.

FY2024 (from April 1, 2024 to March 31, 2025)

This information is omitted because there were no significant transactions.

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

Net sales of the Group primarily comprises revenue recognized from contracts with customers. Information on breakdown of revenue from contracts with customers by region based on the locations of the customers is provided as follows.

FY2023 (from April 1, 2023 to March 31, 2024) (Millions of yen)

| | Japan | North America | Europe | Asia and Oceania | Other | Total |
|---|---|---|---|---|---|---|
| Positioning Business | 26,019 | 57,887 | 35,774 | 13,912 | 6,785 | 140,379 |
| Eye Care Business | 10,043 | 20,596 | 20,392 | 15,819 | 8,101 | 74,954 |
| Other | 428 | 282 | 13 | 437 | 2 | 1,163 |
| Total | 36,491 | 78,766 | 56,179 | 30,170 | 14,889 | 216,497 |

FY2024 (from April 1, 2024 to March 31, 2025) (Millions of yen)

| | Japan | North America | Europe | Asia and Oceania | Other | Total |
|---|---|---|---|---|---|---|
| Positioning Business | 24,554 | 55,385 | 31,734 | 12,706 | 6,978 | 131,359 |
| Eye Care Business | 10,255 | 28,114 | 22,108 | 14,953 | 8,774 | 84,206 |
| Other | — | 294 | — | 139 | — | 434 |
| Total | 34,809 | 83,795 | 53,842 | 27,800 | 15,752 | 216,000 |

2. Foundational information to understand revenue from contracts with customers

The foundational information to understand revenue is as stated in "(Important fundamental matters for preparation of consolidated financial statements), 4. Matters relating to accounting policies, (5) Recognition criteria for significant income and expenses."

3. Information on the relationship between the fulfillment of performance obligations based on contracts with customers and the cash flows resulting from the contracts, as well as information regarding the amounts and timings of revenue expected to be recognized in the following or any subsequent fiscal year from contracts with customers existing at the end of the current fiscal year

(1) Balances, etc. of contract assets and contract liabilities

Contract assets and contract liabilities for the Company and its consolidated subsidiaries are omitted due to the lack of significance in their balances and the absence of significant fluctuations. In addition, there is no significance in revenue recognized in the current fiscal year from performance obligations fulfilled (or partially fulfilled) in previous periods.

(2) Transaction price allocated to remaining performance obligations

Due to the absence of significant contracts with an expected initial term in excess of one year, the Company and its consolidated subsidiaries have applied a practical expedient and omitted transaction prices allocated to remaining performance obligations. Furthermore, there are no significant amounts in the consideration arising from contracts with customers that are not included in transaction prices.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available and regular review by the Board of Directors is performed in order to make decisions about management resources to be allocated and to assess their performance.

The Company formulates comprehensive domestic and international strategies for each unit categorized by product and service, and conducts business operations accordingly.

Thus, the Company's reportable segments are the constituent units "Positioning Business," "Eye Care Business," and "Other."

Major products manufactured and sold by each reportable segment are as follows.

Positioning Business

Total stations, 3D laser scanners, IT construction system, IT agriculture systems, GNSS receivers for surveying, laser products, software (construction management, surveying and civil engineering, 3D point cloud processing / modeling, etc.)

Eye Care Business

3D optical coherence tomography systems (3D OCT), retinal cameras, auto refractometers / auto kerato-refractometers, slit lamps, tonometers, lens meters, optical laser photocoagulators, software (ophthalmologic image filing and data management, electronic ophthalmologic medical records, etc.), optometry systems

2. Method of calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

The accounting method for the reportable segments is almost the same as that for the consolidated financial statements.

Reportable segment profit is recorded on an operating profit (before amortization of goodwill and allocation of corporate expenses) basis.

Internal revenues and transfers between reportable segments are based on market prevailing prices.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment

FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | Adjustment | Consolidated financial statements amount |
|---|---|---|---|---|---|---|
| | Positioning Business | Eye Care Business | Other | Total | | |
| Net sales | | | | | | |
| Net sales to external customers | 140,379 | 74,954 | 1,163 | 216,497 | — | 216,497 |
| Internal revenues or transfers between segments | 6 | 218 | 3 | 228 | (228) | — |
| Total | 140,386 | 75,172 | 1,167 | 216,726 | (228) | 216,497 |
| Segment profit (loss) | 9,106 | 6,715 | (177) | 15,644 | (4,439) | 11,204 |
| Segment assets | 179,800 | 62,686 | 263 | 242,750 | 4,279 | 247,029 |
| Other items | | | | | | |
| Depreciation | 7,620 | 2,743 | 295 | 10,659 | 1,495 | 12,155 |
| Investments in equity method companies | 446 | 406 | 36 | 889 | — | 889 |
| Increase in property, plant and equipment and intangible assets | 11,266 | 4,580 | 204 | 16,051 | 1,336 | 17,387 |

(Notes) 1. The classification of "Other" refers to the Precision Measurement Business, the Optical Device Business, etc.

2. Adjustment for segment profit (loss) of ¥(4,439) million primarily represents amortization of goodwill and corporate expenses (advanced R&D expenditures) not allocated to each reportable segment.

3. Adjustment for segment assets represents intersegment transaction eliminations and corporate assets. Corporate assets mainly consist of goodwill amounting to ¥15,764 million, and surplus operating funds (cash and deposits) and long-term investment funds (investment securities) totaling ¥3,409 million at the parent company.

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | Adjustment | Consolidated financial statements amount |
|---|---|---|---|---|---|---|
| | Positioning Business | Eye Care Business | Other | Total | | |
| Net sales | | | | | | |
| Net sales to external customers | 131,359 | 84,206 | 434 | 216,000 | — | 216,000 |
| Internal revenues or transfers between segments | 0 | 105 | 0 | 106 | (106) | — |
| Total | 131,359 | 84,311 | 435 | 216,106 | (106) | 216,000 |
| Segment profit (loss) | 5,984 | 8,527 | (1,350) | 13,160 | (4,333) | 8,826 |
| Segment assets | 177,443 | 68,198 | 771 | 246,413 | 2,731 | 249,144 |
| Other items | | | | | | |
| Depreciation | 7,476 | 3,143 | 245 | 10,866 | 1,493 | 12,359 |
| Investments in equity method companies | 1,278 | 169 | 35 | 1,483 | — | 1,483 |
| Increase in property, plant and equipment and intangible assets | 7,841 | 4,307 | 304 | 12,452 | 1,932 | 14,385 |

(Notes) 1. The classification of "Other" mainly refers to the Optical Device Business, etc.

2. Adjustment for segment profit (loss) of ¥(4,333) million primarily represents amortization of goodwill and corporate expenses (advanced R&D expenditures) not allocated to each reportable segment.

3. Adjustment for segment assets represents intersegment transaction eliminations and corporate assets. Corporate assets mainly consist of goodwill amounting to ¥13,286 million, and surplus operating funds (cash and deposits) and long-term investment funds (investment securities) totaling ¥3,427 million at the parent company.

[Notes - Information associated with reportable segments]

FY2023 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

This information is omitted as similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

| Japan | North America | Europe | Asia and Oceania | Other | Total |
|---|---|---|---|---|---|
| 36,491 | 78,766 | 56,179 | 30,170 | 14,889 | 216,497 |

(Note) Net sales are categorized by country or region based on the locations of customers.
In North America, the U.S. accounts for ¥75,866 million.

(2) Property, plant and equipment

(Millions of yen)

| Japan | North America | Europe | Asia and Oceania | Other | Total |
|---|---|---|---|---|---|
| 12,435 | 13,613 | 11,594 | 2,590 | 8 | 40,242 |

(Note) In North America, the U.S. accounts for ¥13,074 million.
In Europe, the Netherlands accounts for ¥4,488 million.

(Changes in Presentation)

"China" was categorized separately in the previous consolidated fiscal year, but has been included in "Asia and Oceania" from the current consolidated fiscal year due to the decline in its importance.

3. Information by major customer

This information is omitted because no net sales to a single external customer account for 10% or more of the net sales recorded in the consolidated statement of income.

FY2024 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

This information is omitted as similar information is disclosed in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

| Japan | North America | Europe | Asia and Oceania | Other | Total |
|---|---|---|---|---|---|
| 34,809 | 83,795 | 53,842 | 27,800 | 15,752 | 216,000 |

(Note) Net sales are categorized by country or region based on the locations of customers.
In North America, the U.S. accounts for ¥80,608 million.

(2) Property, plant and equipment

(Millions of yen)

| Japan | North America | Europe | Asia and Oceania | Other | Total |
|---|---|---|---|---|---|
| 15,585 | 12,343 | 10,775 | 2,275 | 15 | 40,994 |

(Note) In North America, the U.S. accounts for ¥11,896 million.
In Europe, the Netherlands accounts for ¥3,896 million.

3. Information by major customer

This information is omitted because no net sales to a single external customer account for 10% or more of the net sales recorded in the consolidated statement of income.

[Information on impairment losses on non-current assets for each reportable segment]

FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segment | | | | Elimination and corporate | Total |
|---|---|---|---|---|---|---|
| | Positioning Business | Eye Care Business | Other | Total | | |
| Impairment losses | 1,434 | ― | ― | 1,434 | ― | 1,434 |

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segment | | | | Elimination and corporate | Total |
|---|---|---|---|---|---|---|
| | Positioning Business | Eye Care Business | Other | Total | | |
| Impairment losses | 814 | ― | ― | 814 | 75 | 890 |

[Amortization and unamortized balance of goodwill for each reportable segment]

FY2023 (from April 1, 2023 to March 31, 2024)

The amortization of goodwill, ¥2,131 million, and its unamortized balance, ¥15,764 million, are not allocated to the reporting segments.

FY2024 (from April 1, 2024 to March 31, 2025)

The amortization of goodwill, ¥2,206 million, and its unamortized balance, ¥13,286 million, are not allocated to the reporting segments.

[Information about gain on bargain purchase for each reportable segment]

FY2023 (from April 1, 2023 to March 31, 2024)

Not applicable.

FY2024 (from April 1, 2024 to March 31, 2025)

Not applicable.

[Notes - Related parties]

FY2023 (from April 1, 2023 to March 31, 2024)

| Type | Name of company, etc. | Location | Share capital or investments in capital (Millions of yen) | Description of business or occupation | Percentage of voting rights holding (held) (%) | Relationship with related party | Details of transaction | Transaction amount (Millions of yen) | Item | Balance at end of period (Millions of yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Officer | Satoshi Hirano | – | – | Representative Director, Chairman, the Company | (Held) Directly 0.09 | – | Contribution in kind of monetary compensation receivables (Note 1) | 16 | – | – |
| Officer | Takashi Eto | – | – | Representative Director, President and CEO, the Company | (Held) Directly 0.05 | – | Contribution in kind of monetary compensation receivables (Note 1) | 24 | – | – |
| Officer | Haruhiko Akiyama | – | – | Director, Senior Managing Executive Officer, the Company | (Held) Directly 0.04 | – | Contribution in kind of monetary compensation receivables (Note 1) | 14 | – | – |
| Officer | Kaoru Kumagai | – | – | Director, Managing Executive Officer, the Company | (Held) Directly 0.02 | – | Contribution in kind of monetary compensation receivables (Note 1) | 12 | – | – |

(Note) Transaction terms, policies for determining transaction terms, etc.

1. This represents contribution in kind of monetary compensation receivables associated with the Restricted Stock Compensation Plan.

FY2024 (from April 1, 2024 to March 31, 2025)

| Type | Name of company, etc. | Location | Share capital or investments in capital (Millions of yen) | Description of business or occupation | Percentage of voting rights holding (held) (%) | Relationship with related party | Details of transaction | Transaction amount (Millions of yen) | Item | Balance at end of period (Millions of yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Officer | Satoshi Hirano | – | – | Representative Director, Chairman, the Company | (Held) Directly 0.10 | – | Contribution in kind of monetary compensation receivables (Note 1) | 14 | – | – |
| Officer | Takashi Eto | – | – | Representative Director, President and CEO, the Company | (Held) Directly 0.07 | – | Contribution in kind of monetary compensation receivables (Note 1) | 21 | – | – |
| Officer | Haruhiko Akiyama | – | – | Director, Senior Managing Executive Officer, the Company | (Held) Directly 0.05 | – | Contribution in kind of monetary compensation receivables (Note 1) | 14 | – | – |
| Officer | Reiko Watanabe | – | – | Director, Managing Executive Officer, the Company | (Held) Directly 0.02 | – | Contribution in kind of monetary compensation receivables (Note 1) | 12 | – | – |

(Note) Transaction terms, policies for determining transaction terms, etc.

1. This represents contribution in kind of monetary compensation receivables associated with the Restricted Stock Compensation Plan.

(Per share data)

| | FY2023<br>(From April 1, 2023<br>to March 31, 2024) | FY2024<br>(From April 1, 2024<br>to March 31, 2025) |
|---|---|---|
| Net assets per share | 1,027.99 yen | 980.39 yen |
| Earnings per share | 46.90 yen | 3.96 yen |
| Diluted earnings per share | 46.89 yen | 3.96 yen |

(Note) The calculation basis for earnings per share and diluted earnings per share is as follows.

| | FY2023<br>(From April 1, 2023<br>to March 31, 2024) | FY2024<br>(From April 1, 2024<br>to March 31, 2025) |
|---|---|---|
| Earnings per share | | |
| Profit attributable to owners of parent (Millions of yen) | 4,940 | 417 |
| Amount not attributable to common shareholders (Millions of yen) | – | – |
| Profit attributable to common share owners of parent (Millions of yen) | 4,940 | 417 |
| Average number of common shares during period (Shares) | 105,334,673 | 105,393,564 |
| Diluted earnings per share | | |
| Adjustment for profit attributable to owners of parent (Millions of yen) | – | – |
| Increase in common shares (Shares) | 21,873 | 31,768 |
| (of which share acquisition rights (Shares)) | (21,873) | (31,768) |
| Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilutive effect | – | |

(Significant subsequent events)

There was an incident at an overseas subsidiary of the Company in which funds flowed out based on false instructions by a third party with malicious intent.

The Company and the overseas subsidiary realized that the instructions were false soon after the funds were transferred out and, determining that there was a high possibility that we had become involved in a crime, launched an investigation and reported the damage to the authorities. We are cooperating fully with the investigation and making every effort to secure and recover the transferred funds.

The loss arising from this incident is scheduled to be recorded as an extraordinary loss in the following consolidated fiscal year.

[Summary]

Estimated loss: Up to approximately ¥1.4 billion

Period of occurrence: Mid April, 2025 to early May 2025

(v) [Annexed consolidated detailed schedules]

[Annexed consolidated detailed schedule of corporate bonds]

| Company name | Issue | Date of issuance | Balance at beginning of period (Millions of yen) | Balance at end of period (Millions of yen) | Interest rate (%) | Collateral | Redemption date |
|---|---|---|---|---|---|---|---|
| TOPCON CORPORATION | 3rd unsecured bonds | June 24, 2020 | 10,000 | 10,000 (10,000) | 0.300 | Unsecured bonds | June 24, 2025 |
| Same as above | 4th unsecured bonds | June 24, 2020 | 10,000 | 10,000 | 0.500 | Unsecured bonds | June 24, 2030 |
| Same as above | 5th unsecured bonds | June 8, 2023 | 10,000 | 10,000 | 0.410 | Unsecured bonds | June 8, 2026 |
| Same as above | 6th unsecured bonds | June 8, 2023 | 10,000 | 10,000 | 0.485 | Unsecured bonds | June 8, 2028 |
| Total | – | – | 40,000 | 40,000 (10,000) | – | – | – |

(Notes) 1. The figures in brackets in the “Balance at end of period” are the amounts scheduled to be redeemed within one year.
2. Total amount of annual redemption scheduled within five years after the consolidated closing date

| Within one year (Millions of yen) | Over one year and within two years (Millions of yen) | Over two years and within three years (Millions of yen) | Over three years and within four years (Millions of yen) | Over four years and within five years (Millions of yen) |
|---|---|---|---|---|
| 10,000 | 10,000 | — | 10,000 | — |

[Annexed consolidated detailed schedule of borrowings]

| Category | Balance at beginning of period (Millions of yen) | Balance at end of period (Millions of yen) | Average interest rate (%) | Repayment date |
|---|---|---|---|---|
| Short-term borrowings | 26,754 | 40,953 | 3.4 | – |
| Current portion of long-term borrowings | 400 | 1,100 | 0.6 | – |
| Current portion of lease liabilities | 3,306 | 3,004 | — | – |
| Long-term borrowings (excluding current portion) | 1,554 | 972 | 3.6 | December 2031 |
| Lease liabilities (excluding current portion) | 7,544 | 4,994 | — | April 2026-December 2032 |
| Other interest-bearing liabilities | — | — | — | – |
| Total | 39,560 | 51,024 | — | – |

(Notes) 1. “Average interest rate” represents the weighted average interest rate for the balance of borrowings, etc. at the end of the period.
2. The average interest rate of lease liabilities is not provided because lease liabilities are recognized in the consolidated balance sheet in the amount before deducting the interest equivalent included in the total lease payments.
3. Total amount of annual repayment scheduled within five years after the consolidated closing date for long-term borrowings and lease liabilities (excluding current portion)

| Category | Over one year and within two years (Millions of yen) | Over two years and within three years (Millions of yen) | Over three years and within four years (Millions of yen) | Over four years and within five years (Millions of yen) |
|---|---|---|---|---|
| Long-term borrowings | — | — | — | — |
| Lease liabilities | 1,762 | 1,242 | 825 | 668 |

[Annexed consolidated detailed schedule of asset retirement obligations]

This information is omitted in accordance with Article 92-2 of the Regulation for Consolidated Financial Statements because the amounts of asset retirement obligations at the beginning and end of the current fiscal year are not more than one percent of the total amount of liabilities and net assets at the beginning and end of the current fiscal year.

(2) Other

Information for first half of the current fiscal year

| (Cumulative period) | | First half of fiscal year | Current fiscal year |
|---|---|---|---|
| Net sales | (Millions of yen) | 105,497 | 216,000 |
| Profit before income taxes | (Millions of yen) | 381 | 2,007 |
| Profit attributable to owners of parent | (Millions of yen) | 61 | 417 |
| Earnings per share | (Yen) | 0.58 | 3.96 |

## 2. Financial statements, etc.

### (1) Financial statements

#### (i) Balance sheet

(Millions of yen)

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 513 | 1,010 |
| Notes receivable – trade | ※1, ※5 174 | ※1 430 |
| Accounts receivable – trade | ※1 13,753 | ※1 15,617 |
| Finished goods | 5,911 | 5,211 |
| Work in process | 188 | 166 |
| Raw materials and supplies | 1,444 | 1,155 |
| Prepaid expenses | 379 | 551 |
| Short-term loans receivable | ※1 29,779 | ※1 31,752 |
| Accounts receivable – other | ※1 3,293 | ※1 3,420 |
| Other | ※1 133 | ※1 106 |
| Allowance for doubtful accounts | (121) | (115) |
| Total current assets | 55,450 | 59,308 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 2,573 | 2,428 |
| Structures, net | 80 | 79 |
| Machinery and equipment, net | 293 | 367 |
| Vehicles, net | 0 | 0 |
| Tools, furniture and fixtures, net | 663 | 720 |
| Land | 236 | 236 |
| Leased assets, net | 189 | 161 |
| Construction in progress | 923 | 2,594 |
| Total property, plant and equipment | 4,959 | 6,590 |
| Intangible assets | | |
| Patent right | 178 | 132 |
| Leasehold interests in land | 57 | 57 |
| Software | 1,623 | 929 |
| Other | 2,644 | 4,472 |
| Total intangible assets | 4,504 | 5,592 |
| Investments and other assets | | |
| Investment securities | 2,896 | 2,417 |
| Shares of subsidiaries and associates | 72,308 | 73,096 |
| Investments in capital of subsidiaries and associates | 545 | 1,010 |
| Long-term loans receivable | 3 | 1 |
| Long-term prepaid expenses | 690 | 869 |
| Deferred tax assets | 5,077 | 6,366 |
| Other | 341 | 341 |
| Allowance for doubtful accounts | (4) | (3) |
| Total investments and other assets | 81,858 | 84,100 |
| Total non-current assets | 91,321 | 96,283 |
| Total assets | 146,772 | 155,591 |

(Millions of yen)

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes payable - trade | ※5 366 | 770 |
| Accounts payable - trade | ※1 7,037 | ※1 3,951 |
| Short-term borrowings | ※1 20,606 | ※1 29,527 |
| Lease liabilities | 682 | 690 |
| Accounts payable - other | ※1 337 | ※1 818 |
| Accrued expenses | ※1 3,543 | ※1 3,931 |
| Income taxes payable | 1,646 | 778 |
| Advances received | 0 | - |
| Deposits received | 76 | 101 |
| Asset retirement obligations | 154 | 62 |
| Provision for product warranties | 155 | 1,522 |
| Current portion of bonds payable | - | 10,000 |
| Other | 213 | 164 |
| Total current liabilities | 34,820 | 52,319 |
| Non-current liabilities | | |
| Bonds payable | 40,000 | 30,000 |
| Long-term borrowings | 1,100 | - |
| Lease liabilities | 809 | 147 |
| Provision for retirement benefits | 2,546 | 2,426 |
| Asset retirement obligations | 210 | 212 |
| Other | 1 | 88 |
| Total non-current liabilities | 44,668 | 32,875 |
| Total liabilities | 79,489 | 85,194 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,837 | 16,891 |
| Capital surplus | | |
| Legal capital surplus | 19,326 | 19,380 |
| Other capital surplus | 1,924 | 1,924 |
| Total capital surplus | 21,250 | 21,304 |
| Retained earnings | | |
| Legal retained earnings | 571 | 571 |
| Other retained earnings | | |
| General reserve | 12,082 | 12,082 |
| Retained earnings brought forward | 18,207 | 21,554 |
| Total retained earnings | 30,861 | 34,208 |
| Treasury shares | (3,172) | (3,172) |
| Total shareholders' equity | 65,777 | 69,231 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 1,442 | 1,101 |
| Total valuation and translation adjustments | 1,442 | 1,101 |
| Share acquisition rights | 63 | 63 |
| Total net assets | 67,283 | 70,396 |
| Total liabilities and net assets | 146,772 | 155,591 |

(ii) Statement of income

| | FY2023<br>(From April 1, 2023<br>to March 31, 2024) | FY2024<br>(From April 1, 2024<br>to March 31, 2025) |
|---|---|---|
| | | (Millions of yen) |
| Net sales | ※1 56,764 | ※1 57,624 |
| Cost of sales | ※1 38,237 | ※1 40,717 |
| Gross profit | 18,526 | 16,907 |
| Selling, general and administrative expenses | | |
| Selling expenses | ※2 2,266 | ※2 2,478 |
| General and administrative expenses | ※2 11,507 | ※2 11,262 |
| Total selling, general and administrative expenses | 13,773 | 13,741 |
| Operating profit | 4,753 | 3,166 |
| Non-operating income | | |
| Interest and dividend income | ※1 4,418 | ※1 6,718 |
| Rental income | ※1 126 | ※1 121 |
| Foreign exchange gains | 773 | - |
| Miscellaneous income | 328 | 391 |
| Total non-operating income | 5,647 | 7,231 |
| Non-operating expenses | | |
| Interest expenses | ※1 87 | ※1 167 |
| Interest expenses on bonds | 152 | 169 |
| Foreign exchange losses | - | 587 |
| Rent cost | 69 | 78 |
| Depreciation | 295 | 313 |
| Bond issuance costs | 109 | - |
| Miscellaneous expenses | 107 | 222 |
| Total non-operating expenses | 822 | 1,539 |
| Ordinary profit | 9,578 | 8,857 |
| Extraordinary income | | |
| Gain on sale of investment securities | 394 | - |
| Gain on sale of shares of subsidiaries | 570 | - |
| Total extraordinary income | 964 | - |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | - | ※3 125 |
| Loss on extinguishment of tie-in shares | - | 304 |
| TOB related expenses | - | 501 |
| Total extraordinary losses | - | 931 |
| Profit before income taxes | 10,542 | 7,926 |
| Income taxes - current | 1,784 | 1,313 |
| Income taxes - deferred | (396) | (1,160) |
| Total income taxes | 1,388 | 153 |
| Profit | 9,154 | 7,773 |

(iii) Statement of changes in equity

FY2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | | | Retained earnings | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | Total retained earnings |
| | | | | | | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 16,780 | 19,269 | 1,924 | 21,193 | 571 | 12,082 | 13,476 | 26,130 |
| Changes during period | | | | | | | | |
| Issuance of new shares | 56 | 56 | | 56 | | | | |
| Dividends of surplus | | | | | | | (4,423) | (4,423) |
| Profit | | | | | | | 9,154 | 9,154 |
| Purchase of treasury shares | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | 56 | 56 | - | 56 | - | - | 4,731 | 4,731 |
| Balance at end of period | 16,837 | 19,326 | 1,924 | 21,250 | 571 | 12,082 | 18,207 | 30,861 |

| | Shareholders' equity | | Valuation and translation adjustments | | Share acquisition rights | Total net assets |
|---|---|---|---|---|---|---|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at beginning of period | (3,171) | 60,933 | 800 | 800 | 63 | 61,797 |
| Changes during period | | | | | | |
| Issuance of new shares | | 113 | | | | 113 |
| Dividends of surplus | | (4,423) | | | | (4,423) |
| Profit | | 9,154 | | | | 9,154 |
| Purchase of treasury shares | (0) | (0) | | | | (0) |
| Net changes in items other than shareholders' equity | | | 641 | 641 | - | 641 |
| Total changes during period | (0) | 4,844 | 641 | 641 | - | 5,485 |
| Balance at end of period | (3,172) | 65,777 | 1,442 | 1,442 | 63 | 67,283 |

FY2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital surplus | | | Retained earnings | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | Total retained earnings |
| | | | | | | General reserve | Retained earnings brought forward | |
| Balance at beginning of period | 16,837 | 19,326 | 1,924 | 21,250 | 571 | 12,082 | 18,207 | 30,861 |
| Changes during period | | | | | | | | |
| Issuance of new shares | 53 | 53 | | 53 | | | | |
| Dividends of surplus | | | | | | | (4,425) | (4,425) |
| Profit | | | | | | | 7,773 | 7,773 |
| Purchase of treasury shares | | | | | | | | |
| Net changes in items other than shareholders' equity | | | | | | | | |
| Total changes during period | 53 | 53 | - | 53 | - | - | 3,347 | 3,347 |
| Balance at end of period | 16,891 | 19,380 | 1,924 | 21,304 | 571 | 12,082 | 21,554 | 34,208 |

| | Shareholders' equity | | Valuation and translation adjustments | | Share acquisition rights | Total net assets |
|---|---|---|---|---|---|---|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at beginning of period | (3,172) | 65,777 | 1,442 | 1,442 | 63 | 67,283 |
| Changes during period | | | | | | |
| Issuance of new shares | | 107 | | | | 107 |
| Dividends of surplus | | (4,425) | | | | (4,425) |
| Profit | | 7,773 | | | | 7,773 |
| Purchase of treasury shares | (0) | (0) | | | | (0) |
| Net changes in items other than shareholders' equity | | | (340) | (340) | - | (340) |
| Total changes during period | (0) | 3,453 | (340) | (340) | - | 3,113 |
| Balance at end of period | (3,172) | 69,231 | 1,101 | 1,101 | 63 | 70,396 |

[Notes]

(Significant accounting policies)

1. Valuation standards and methods for assets

(1) Securities

| | |
|---|---|
| Held-to-maturity bonds | Amortized cost method (straight-line method) |
| Shares of subsidiaries and associates | The cost method based on the moving average method |
| Other securities | |
| Securities other than shares, etc. without market prices | The market value method (Valuation differences are included directly in net assets, and sales costs are calculated by the moving average method.) |
| Shares, etc. without market prices | The cost method based on the moving average method |

(2) Inventories

| | |
|---|---|
| Finished goods | The cost method based on the gross average method |
| Work in process | For make-to-stock products, the cost method based on the gross average method |
| | For make-to-order products, the cost method based on the specific identification method |
| Raw materials and supplies | The cost method based on the moving average method |
| | (for their balance sheet amounts, the book value write-down method based on decreased profitability) |

2. Method of depreciating non-current assets

(1) Property, plant and equipment (excluding leased assets)

The straight-line method

Major useful lives are as follows.

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 4 to 7 years

(2) Intangible assets (excluding leased assets)

For software for internal use, the straight-line method based on the internal usable period (5 to 10 years) is used. For other intangible assets, the straight-line method is used.

(3) Leased assets

Leased assets related to finance lease transactions that transfer ownership

We adopt the same depreciation method as that applied to self-owned non-current assets.

Leased assets related to finance lease transactions that do not transfer ownership

We adopt the straight-line method, assuming the lease period as the useful life and no residual value.

3. Recognition criteria for provisions

(1) Allowance for doubtful accounts

We recognize estimated unrecoverable amounts related to general receivables based on the historical bad debt ratio, and those related to doubtful and other specific receivables by individually examining their recoverability, to prepare for bad debt losses on receivables.

(2) Provision for product warranties

It is recognized based on an experience rate relative to net sales to prepare for complimentary after-sales service costs for sold products.

(3) Provision for retirement benefits

It is recognized based on the projected retirement benefit obligations and pension assets at the end of the current fiscal year to prepare for employee retirement benefits.

(i) Method of attributing projected retirement benefits to periods

We calculate retirement benefit obligations by attributing projected retirement benefits to periods up to the end of the current fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses

Actuarial gains and losses are amortized using the straight-line method over a specified period (9 to 10 years) within the average remaining employee service period at the time of their occurrence, from the fiscal year following their occurrence.

Past service cost is amortized using the straight-line method over a specified period (9 to 10 years) within the average remaining employee service period at the time of their occurrence.

At the end of the current fiscal year, since the projected pension assets exceeded the projected retirement benefit obligations after adjustment for unrecognized actuarial gains and losses, we included the excess amount of ¥741 million as a prepaid pension expense in “Long-term prepaid expenses” under investments and other assets.

4. Recognition criteria for income and expenses

The Company primarily engages in the manufacturing and sales of positioning products and eye care products. For domestic sales of these products, revenue recognition mainly occurs at the time of shipment, while for international sales, revenue recognition primarily occurs at the time of loading onto the vessel.

Additionally, revenue is measured at the amount of the consideration promised in the contract with the customer, net of any discounts and rebates.

The consideration from transactions is received within one year of satisfying performance obligations and does not include significant financing elements.

5. Criteria for translating foreign currency assets and liabilities into Japanese currency

Foreign currency monetary receivables and payables are translated into Japanese yen at the spot exchange rates on the closing date. The resulting exchange differences are accounted for as an exchange gain or loss.

6. Method of hedge accounting

(1) Method of hedge accounting

We have adopted the special method to account for interest rate swaps, and the allocation method to account for currency swaps.

(2) Hedging instruments and hedged items

| Hedging instruments | Hedged items |
|---|---|
| Interest rate swaps | Interest rates on borrowings |
| Currency swaps | Foreign currency loans receivable and foreign currency forecasted transactions |

(3) Hedge policy

Pursuant to the Financial Management Regulations, our policy is to limit the amount of derivative transactions within the scope of genuine business needs in order to avoid exchange-rate and interest-rate fluctuation risks. We refrain from engaging in derivative transactions for speculative purposes.

(4) Method of assessing hedge effectiveness

Given that significant conditions of the hedging instruments and hedged items are identical, and a continuing offset or containment of the impact of exchange-rate and interest-rate fluctuations is expected, we omit the assessment of hedge effectiveness.

7. Other important fundamental matters for preparation of financial statements

(1) Accounting for retirement benefits

The accounting method for unrecognized actuarial gains and losses related to retirement benefits and for unrecognized past service cost differs from the accounting method for those in the consolidated financial statements.

(2) Adoption of the Group Tax Sharing System

The Company adopts the Group Tax Sharing System. Furthermore, in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), the Company conducts accounting treatment or tax-effect accounting treatment and disclosure related to income tax and local income tax.

(Significant accounting estimates)

The items whose amounts were recognized in the financial statements for the current fiscal year based on accounting estimates and may have a material impact on the financial statements for the following fiscal year are as follows.

1. Recoverability of deferred tax assets

(1) Amounts recognized in the financial statements for the current fiscal year

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Deferred tax assets | 5,077 million yen | 6,366 million yen |

(2) Information on details of significant accounting estimates related to identified items

Deferred tax assets are estimated for deductible temporary differences, taking into account the timing and amount of taxable income to be generated according to business plans, scheduled reversal of deferred tax liabilities, and tax planning strategies. The estimation of taxable income based on future profitability relies on future business plans, with the key assumptions being the projected growth in sales revenue and market forecasts by region and product category within each business segment. This estimation is subject to the potential impact of uncertain fluctuations in future economic conditions. If the timing and amount of taxable income actually generated differ from the estimates, this may have a material effect on the amount of deferred tax assets in the financial statements for the following fiscal year.

2. Impairment of non-current assets

(1) Amounts recognized in the financial statements for the current fiscal year

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Property, plant and equipment | 4,959 million yen | 6,590 million yen |
| Intangible assets | 4,504 million yen | 5,592 million yen |
| Impairment losses | — million yen | — million yen |

(2) Information on details of significant accounting estimates related to identified items

Regarding non-current assets, we assess the presence of impairment indicators for each asset group. Where the indicators exist, we estimate pre-discounted future cash flows based on business plans to determine the necessity of recognizing impairment losses. When it is determined that impairment loss recognition is necessary, we reduce the carrying amount to the recoverable amount. The key assumptions used in calculating the pre-discounted future cash flows include the projected growth in sales revenue and market forecasts by region and product category within each asset group. This estimation is subject to the potential impact of uncertain fluctuations in future economic conditions. Depending on the assessment of indicators of impairment and the status of future cash flow estimates, impairment losses may arise in the financial statements for the following fiscal year, potentially having a material effect on the amounts of property, plant and equipment as well as intangible assets.

(Changes in accounting estimates)

In the past, the period of amortization of actuarial gains and losses in the Company's accounting for retirement benefits was uniformly 10 years. However, in the Company's defined benefit corporate pension plan, the average remaining service period of employees has shortened, and therefore, the period of amortization has been changed to 9 years from the current fiscal year.

This change has no impact on earnings for the current fiscal year. Further, the impact on profit and loss in the following fiscal year is immaterial.

(Additional Information)

At a meeting of the Board of Directors held on March 28, 2025, with regard to the Tender Offer by TK Co., Ltd. for the Company Shares and Share Options of the Company and ADRs as part of the implementation of a so-called management buyout (MBO), the Company's Board of Directors resolved that, as the Company's opinion as of that date, if the Tender Offer is commenced, the Board of Directors would express its opinion in support of the Tender Offer and recommend that the Company's shareholders and holders of Share Options tender their shares and options in the Tender Offer. The Company's Board of Directors also resolved the recommendation that holders of ADRs deliver their ADRs to the depositary bank in advance, receive the Company Shares related to the ADSs, and thereafter tender such shares in the Tender Offer.

Further details are provided in "Notes (Additional Information)" in the Consolidated financial statements.

(Non-consolidated balance sheet)

*1. Monetary receivables from and monetary payables to subsidiaries and associates (excluding those presented as a separate component)

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Short-term monetary receivables | 43,809 million yen | 14,710 million yen |
| Short-term monetary payables | 16,429 | 14,718 |

2. Liquidation of receivables

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Transfer balance of notes and accounts receivable - trade | 462 million yen | 294 million yen |

3. Commitment line agreements

The Company has entered into commitment line agreements with financial institutions to ensure the flexibility and stability of fund procurement. The balance of unexecuted loans based on these agreements at the end of the current fiscal year is as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Total amount of commitment lines | 32,000 million yen | 32,000 million yen |
| Balance of executed loans | 10,500 | 17,600 |
| Difference | 21,500 | 14,400 |

The above-mentioned commitment line agreements include the following financial covenants.

(i) Maintain the amount obtained by deducting total foreign currency translation adjustment from total net assets on the consolidated balance sheet as of the last day of each fiscal year at least 75% of the amount obtained by deducting total foreign currency translation adjustment from total net assets on the consolidated balance sheet as of the end of the fiscal year ended March 31, 2021.

(ii) Ensure that operating profit on the consolidated statement of income, which is stated in reports and other documents, does not record a loss for two consecutive fiscal years.

4. Loan commitments

The loan commitments to subsidiaries and associates under the Cash Management System (CMS) are as follows.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Total loan limits under CMS | 19,000 million yen | 19,000 million yen |
| Balance of executed loans | 10,819 | 9,905 |
| Balance of unexecuted loans | 8,180 | 9,094 |

*5. Notes with maturity dates of the last day of the fiscal year

The Company accounts for notes with maturity dates of the last day of the fiscal year (March 31) on the assumption that settlement took place on the maturity date. Because March 31, 2024 was a bank holiday, the following notes with maturity dates of March 31 were accounted for on the assumption that settlement took place on the maturity date.

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Notes receivable - trade | 40 million yen | – million yen |
| Notes payable - trade | 5 million yen | – million yen |

(Non-consolidated statement of income)

*1. Transaction volume with subsidiaries and associates

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Transaction volume of operating transactions | | |
| Net sales | 53,586 million yen | 54,028 million yen |
| Net purchase | 28,832 | 29,740 |
| Transaction volume of non-operating transactions | 4,550 | 8,709 |

*2. Major items and amounts of selling expenses are as follows.

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Salaries and allowances | 433 million yen | 593 million yen |
| Employees' bonuses | 157 | 203 |
| Retirement benefit expenses | 23 | 25 |
| Depreciation | 263 | 251 |
| Outsourcing expenses | 201 | 214 |

Major items and amounts of general and administrative expenses are as follows.

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Salaries and allowances | 2,401 million yen | 2,437 million yen |
| Employees' bonuses | 873 | 813 |
| Retirement benefit expenses | 133 | 109 |
| Depreciation | 836 | 766 |
| Outsourcing expenses | 1,637 | 1,971 |

*3. Loss on retirement of non-current assets is as follows

| | FY2023 (From April 1, 2023 to March 31, 2024) | FY2024 (From April 1, 2024 to March 31, 2025) |
|---|---|---|
| Buildings | – million yen | 125 million yen |

(Securities)

Because shares of subsidiaries and associates are shares, etc. without market prices, their market values are not provided.

The amounts of shares of subsidiaries and associates, which are shares, etc. without market prices, recognized in the balance sheet are as follows.

(Millions of yen)

| Category | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Shares of subsidiaries | 71,867 | 72,655 |
| Shares of associates | 441 | 441 |

(Tax-effect accounting)

1. Major reasons for the accrual of deferred tax assets and deferred tax liabilities

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| (Deferred tax assets) | | |
| Inventories | 1,846 million yen | 2,239 million yen |
| Accrued bonuses | 274 | 293 |
| Accrued enterprise taxes | 108 | 81 |
| Provision for retirement benefits | 742 | 764 |
| Software | 724 | 790 |
| Allowance for doubtful accounts | 38 | 36 |
| Accrued expenses | 185 | 213 |
| Asset retirement obligations | 111 | 84 |
| Other | 2,200 | 3,144 |
| Subtotal of deferred tax assets | 6,233 | 7,648 |
| Valuation allowance | (340) | (503) |
| Total deferred tax assets | 5,893 | 7,145 |
| (Deferred tax liabilities) | | |
| Prepaid pension expense | 133 | 233 |
| Asset retirement obligations | 46 | 37 |
| Valuation difference on available-for-sale securities | 636 | 507 |
| Total deferred tax liabilities | 816 | 778 |
| Net deferred tax assets | 5,077 | 6,366 |

2. Major reasons for significant difference between the effective statutory tax rate and the burden rate of income taxes after application of tax-effect accounting

| | FY2023 (As of March 31, 2024) | FY2024 (As of March 31, 2025) |
|---|---|---|
| Effective statutory tax rate | 30.62 % | 30.62 % |
| (Adjustments) | | |
| Permanent difference due to non-deductible expenses such as entertainment expenses | 0.62 | 0.32 |
| Permanent difference due to non-taxable income such as dividend income | (11.71) | (24.29) |
| Inhabitant tax on per capita basis, etc. | 0.03 | 0.04 |
| Valuation allowance | (0.22) | (1.24) |
| Tax credit | (3.07) | (3.34) |
| Effect of transfer of shares of subsidiaries | (3.76) | — |
| Other | 0.66 | (0.16) |
| Burden rate of income taxes after application of tax-effect accounting | 13.16 | 1.92 |

3. Adjustment of amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rate

Due to the enactment of the Act for the Partial Amendment of the Income Tax Act, etc. (Law No. 13 of 2025) by the National Diet on March 31, 2025, the "Defense Special Corporate Tax" will be imposed starting from consolidated fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in consolidated fiscal years beginning on or after April 1, 2026, the effective statutory tax rate has been changed from 30.62% to 31.52% for calculation purposes.

Due to this change, the amount of deferred tax assets (amount after subtraction of deferred tax liabilities) in FY2024 increased by ¥23 million, income taxes – deferred decreased by ¥37 million, and valuation difference on available-for-sale securities decreased by ¥15 million.

(Revenue recognition)

The foundational information to understand revenue from contracts with customers is provided in "V. Financial information, 1 Consolidated financial statements, etc., Notes, (Revenue recognition)," and therefore this note is omitted.

(Significant subsequent events)

Not applicable.

(iv) Annexed detailed schedules

[Annexed detailed schedule of property, plant and equipment, etc.]

(Millions of yen)

| Category | Type of assets | Balance at beginning of period | Increase during period | Decrease during period | Depreciation during period | Balance at end of period | Accumulated depreciation |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment | Buildings | 11,473 | 102 | 789 | 213 | 10,786 | 8,358 |
| | Structures | 505 | 4 | 19 | 5 | 491 | 411 |
| | Machinery and equipment, | 3,378 | 152 | 582 | 77 | 2,948 | 2,580 |
| | Vehicles | 4 | — | — | 0 | 4 | 4 |
| | Tools, furniture and fixtures | 5,020 | 311 | 601 | 237 | 4,730 | 4,010 |
| | Land | 236 | — | — | — | 236 | — |
| | Leased assets | 707 | 33 | 5 | 55 | 735 | 573 |
| | Construction in progress | 923 | 1,692 | 20 | — | 2,594 | — |
| | Total | 22,249 | 2,298 | 2,019 | 589 | 22,528 | 15,938 |
| Intangible assets | Patent right | 606 | — | — | 45 | 606 | 473 |
| | Leasehold interests in land | 58 | — | — | — | 58 | 1 |
| | Software | 11,095 | 428 | 86 | 1,057 | 11,437 | 10,507 |
| | Other | 3,260 | 3,197 | 916 | 453 | 5,541 | 1,069 |
| | Total | 15,020 | 3,625 | 1,002 | 1,556 | 17,643 | 12,051 |

The figures in parentheses under "Decrease during period" indicate the recognized amounts of impairment losses, which are included in the respective figures above.

(Notes) 1. Major increases during the period are as follows.

| | | |
|---|---|---|
| Construction in progress | Buildings in the Itabashi premises | 1,572 million yen |
| Software | | 261 million yen |
| Other intangible assets | Certification fees, licenses | 2,393 million yen |

2. Major decreases during the period are as follows.

| | | |
|---|---|---|
| Buildings | Renovation in the Itabashi premises | 457 million yen |
| Machinery and equipment | Disposal of manufacturing equipment | 582 million yen |
| Other intangible assets | Certification fees | 549million yen |

3. The balances at the beginning and end of the period are presented at acquisition cost.

[Annexed detailed schedule of provisions]

(Millions of yen)

| Item | Balance at beginning of period | Increase during period | Decrease during period | Balance at end of period |
|---|---|---|---|---|
| Allowance for doubtful accounts | 125 | 0 | 6 | 118 |
| Provision for product warranties | 155 | 1,470 | 104 | 1,522 |

(2) Components of major assets and liabilities

This information is omitted as the Company prepares consolidated financial statements.

(3) Other

Not applicable.

# VI. Outline of Share-Related Administration of Reporting Company

| | |
|---|---|
| Fiscal year | April 1 through March 31 |
| Ordinary General Meeting of Shareholders | In the month of June |
| Record date | March 31 |
| Record date of dividends of surplus | September 30 and March 31 |
| Share unit number | 100 shares |
| Purchase of shares less than one unit | |
| Handling place | (Special account)<br>Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited<br>1-4-1, Marunouchi, Chiyoda-ku, Tokyo |
| Transfer Agent for Common Stock | (Special account)<br>Sumitomo Mitsui Trust Bank, Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo |
| Agency | — |
| Purchase commission | The amount separately specified as an amount equivalent to the commission for consigning trading of shares |
| Method of public notice | Public notices shall be given by electronic means. However, if the Company is unable to give public notices by electronic means due to an accident or any other unavoidable reason, public notices may be given in the Nihon Keizai Shimbun. |
| Special benefits for shareholders | N/A |

# VII. Reference Information of Reporting Company

## 1. Information about parent of reporting company

The Company has no parent company.

## 2. Other reference information

The Company submitted the following documents from the beginning of the current fiscal year to the date of submission of this Annual Securities Report.

(1) Annual securities report, its attached documents, and confirmation documents

The 131st fiscal year (from April 1, 2023 to March 31, 2024): Submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(2) Internal control report and its attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2024

(3) Semi-annual securities reports and confirmation documents

The first half of 132nd fiscal year (from April 1, 2024 to September 30, 2024): Submitted to the Director-General of the Kanto Local Finance Bureau on November 11, 2024

(4) Extraordinary report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024

This is an extraordinary report under Article 19, Paragraph 2, Item ix-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on January 30, 2025

This is an extraordinary report under Article 19, Paragraph 2, Item iv of the Cabinet Office Order on Disclosure of Corporate Affairs.

(5) Amended shelf registration statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024

This is an amended shelf registration statement of the shelf registration (share certificates, bond certificates, etc.) submitted on July 27, 2023.

Submitted to the Director-General of the Kanto Local Finance Bureau on January 30, 2025

This is an amended shelf registration statement of the shelf registration (share certificates, bond certificates, etc.) submitted on July 27, 2023.

(7) Securities registration statement and its attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2024

This is a securities registration statement as a result of the issuance of new shares as restricted stock compensation.

(8) Amended statement of securities registration statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024

This is an amended statement of the securities registration statement submitted on June 26, 2024.

## Part II. Information About Reporting Company's Guarantor, Etc.

Not applicable.