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Notice of Convocation of the Ordinary General Meeting of Shareholders for the 127th Business Term



Date and Time

June 25 (Thursday), 2020 at 10:00a.m.

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



Place

Headquarters of the Company

Voting deadline by mail or the Internet June 24(Wednesday) , 2020 until 5:15 pm

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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.



To Our Shareholders

I would like to take this occasion to express particular thanks for the support of our shareholders.

Topcon embraces the philosophy of Topcon for Human Life. We will accelerate our growth strategies based on the vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure.

In healthcare, we will address the increase in eye disease resulting from global population aging by working to enhance IoT medical network solutions to improve early detection of diseases and increasing medical efficiency.

In agriculture, we will address food shortages resulting from global population growth by enhancing our IT agriculture solutions to improve productivity and quality.

For infrastructure, we will enhance IT construction solutions to respond to engineering labor shortages caused by increasing global infrastructure demand.

Due to the global spread of the COVID-19, it is expected that difficult times will continue for the time being, but we will strive to realize our growth strategy, and I would like to take this occasion to express particular thanks for the support of our shareholders.



President & CEO Satoshi Hirano



To Shareholders with Voting Rights:

Satoshi Hirano
President and CEO
75-1 Hasunuma-cho,
Itabashi-ku, Tokyo, Japan

**Notice of Convocation of the Ordinary General Meeting of Shareholders
for the 127th Business Term**

Dear Shareholders:

It is our pleasure to inform you of the 127th Ordinary General Meeting of Shareholders of TOPCON CORPORATION (the “Company”). The meeting will be held for the purposes described below.

If you are not attending the meeting, you can exercise your voting rights in writing or by electromagnetic means (via the Internet etc.). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and exercise your voting rights by 5:15 p.m. on Wednesday, June 24, 2020 Japan standard time.

1. Date and Time: Thursday, June 25, 2020 at 10:00 a.m. Japan time

2. Place: Head Office of the Company,
75-1 Hasunuma-cho, Itabashi-ku, Tokyo, Japan

3. Meeting Agenda:

Matters to be reported: The Company’s Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 127th Fiscal Year (from April 1, 2019 to March 31, 2020) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements

Proposals to be resolved:

Proposal No. 1: Election of Nine (9) Directors

Proposal No. 2: Election of One (1) Corporate Auditor

Proposal No. 3: Election of One (1) Substitute Corporate Auditor

Notes concerning General Meeting of Shareholders

- Of the documents required to be attached to this Notice of Convocation, the Notes to Consolidated Financial Statements, which are part of the Consolidated Financial Statements, and the Notes to Non-consolidated Financial Statements, which are part of the Non-consolidated Financial Statements, have been posted on the Company’s website (<https://www.topcon.co.jp/invest/>) pursuant to applicable laws and regulations and Article 17 of the Company’s Articles of Incorporation, and are therefore not included in the attached documents. The attached documents of this Notice and the above-mentioned statements posted on the Company’s website have been audited by the Accounting Auditor and Corporate Auditors in preparing their respective audit reports.
- Any corrections made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements shall be posted on the Internet, on the Company’s website (<https://www.topcon.co.jp/invest/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of nine (9) Directors is proposed.

The candidates for Director are as follows:

No.		Name	Position at the Company
1	Re-appointment	Satoshi Hirano	President & CEO
2	Re-appointment	Makoto Iwasaki	Representative Director, Senior Managing Executive Officer
3	Re-appointment	Takashi Eto	Director, Managing Executive Officer
4	Re-appointment	Haruhiko Akiyama	Director, Senior Executive Officer
5	Re-appointment	Takayuki Yamazaki	Director, Senior Executive Officer
6	Re-appointment Outside Director Independent Director	Kazuyuki Matsumoto	Director
7	Re-appointment Outside Director Independent Director	Akira Sudo	Director
8	Re-appointment Outside Director Independent Director	Naoko Yamazaki	Director
9	New appointment Outside Director Independent Director	Yoshiharu Inaba	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions		Number of shares of the Company held
1	<p>[Re-appointment]</p> <p>Satoshi Hirano (December 12, 1957)</p> <p>No. of years served as Director: 10 years</p>	<p>April 1982 Joined the Company</p> <p>April 1996 Executive Vice President, Topcon Laser Systems, Inc.</p> <p>July 2001 Senior Executive Vice President, Topcon Positioning Systems, Inc.</p> <p>June 2007 Executive Officer</p> <p>June 2010 Director, Executive Officer</p> <p> General Manager, Positioning Business Unit</p> <p>June 2012 Director, Managing Executive Officer</p> <p>June 2013 Representative Director, President & CEO (to present)</p>		42,433
		<p>[Reasons for selection as a candidate for Director]</p> <p>Serving as President & CEO, Mr. Satoshi Hirano is appropriately overseeing management. Since assuming office in his current position in June 2013, he has been displaying strong leadership in management. By spearheading the Company's initiatives to solve the societal challenges within healthcare, agriculture and infrastructure, he is driving sustainable growth of the Group. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>		
2	<p>[Re-appointment]</p> <p>Makoto Iwasaki (August 10, 1955)</p> <p>No. of years served as Director: 6 years</p>	<p>April 1979 Joined the Company</p> <p>June 2000 General Manager, Parts Plant, Production & Environment Group</p> <p>June 2010 Executive Officer</p> <p>June 2011 General Manager, Quality & Production Group</p> <p>April 2014 General Senior Manager, General Administration & Legal Div.</p> <p>June 2014 Director, Executive Officer</p> <p>June 2015 Director, Managing Executive Officer</p> <p>April 2016 Director, Senior Managing Executive Officer</p> <p>April 2017 Representative Director, Senior Managing Executive Officer (to present)</p> <p>April 2018 General Manager of Manufacturing Div. General Manager of General Administration & Legal Div. (to present)</p> <p>November 2018 General Manager of Quality Assurance Div. (to present)</p> <p>June 2019 General Manager of Corporate Planning Div. (to present)</p>		20,117
		<p>[Reasons for selection as a candidate for Director]</p> <p>Through many years of involvement in production and production technology, Mr. Makoto Iwasaki has achieved outstanding results in terms of improvement of profitability through production reform. Currently serving as Representative Director, Senior Managing Executive Officer, General Manager of Quality Assurance Div., General Manager of General Administration & Legal Div., and General Manager of Corporate Planning Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of quality strategy and in promotion of management reform and growth strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
3	[Re-appointment] Takashi Eto (February 18, 1960) No. of years served as Director: 5 years	April 1990 Joined the Company June 2007 Director and President, Topcon Sales Corporation July 2009 Senior Manager, Global Business Planning Dept., Positioning Business Unit June 2013 Executive Officer 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 (to present) General Manager of Sales & Marketing Div. April 2018 General Manager of Smart Infrastructure Business Div. (to present) General Manager of Corporate Planning Div.	21,437
		[Reasons for selection as a candidate for Director] Through many years of involvement in sales & marketing and business planning, Mr. Takashi Eto has achieved outstanding results in terms of sales and profit growth through sales & marketing reform and business reform. Currently serving as Director, Managing Executive Officer, and General Manager of Smart Infrastructure Business Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of business strategy including business reform. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.	
4	[Re-appointment] Haruhiko Akiyama (February 25, 1963) No. of years served as Director: 5 years	April 1986 Joined the Company June 2005 General 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 General Manager, General Accounting & Finance Div. April 2016 General Manager of Accounting & Finance Div. (to present) June 2019 Director, Senior Executive Officer (to present)	17,695
		[Reasons for selection as a candidate for Director] Through many years of involvement in finance and accounting, Mr. Haruhiko Akiyama has achieved outstanding results in terms of improvement of finance and accounting. Currently serving as Director, Senior Executive Officer, and General Manager of Accounting & Finance Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of financial strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
5	<p>[Re-appointment]</p> <p>Takayuki Yamazaki (August 10, 1966)</p> <p>No. of years served as Director: 4 years</p>	<p>April 1989 Joined the Company</p> <p>Oct. 2006 Senior Vice President, Topcon Positioning Systems, Inc.</p> <p>June 2012 Senior Manager, Corporate Planning Dept., Corporate Strategy Div.</p> <p>April 2014 Executive Senior Manager, Corporate Planning Dept.</p> <p>June 2014 Executive Officer General Manager of Corporate Planning Div.</p> <p>June 2016 Director, Executive Officer</p> <p>April 2018 General Manager of Product Development Div. (to present)</p> <p>June 2019 Director, Senior Executive Officer (to present)</p> <p>[Reasons for selection as a candidate for Director] Through many years of involvement in overseas business, Mr. Takayuki Yamazaki has achieved outstanding results in terms of growth of international business. Currently serving as Director, Senior Executive Officer, and General Manager of Product Development Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of product development strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>	14,300
6	<p>[Re-appointment]</p> <p>Kazuyuki Matsumoto (September 21, 1945)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 7 years</p>	<p>April 1970 Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)</p> <p>June 2000 Executive Officer, Teijin Seiki Co., Ltd.</p> <p>June 2001 Director, Teijin Seiki Co., Ltd.</p> <p>Sept. 2003 Executive Officer, Nabtesco Corporation</p> <p>June 2004 Director of the Board, Corporate Officer, Nabtesco Corporation Deputy General Manager, Technology and R&D Div. (in charge of technological development), Nabtesco Corporation</p> <p>June 2005 Representative Director, President & CEO, Nabtesco Corporation</p> <p>June 2011 Director & Chairman, Nabtesco Corporation</p> <p>June 2013 Outside Director, the Company (to present) Outside Director, Kitz Corporation (to present)</p> <p>(Significant concurrent positions) Outside Director, Kitz Corporation</p> <p>[Reasons for selection as a candidate for Outside Director] Mr. Kazuyuki Matsumoto has a wealth of experience and profound insight concerning corporate management gained through his many years of service in senior management of a company which operates globally and has advanced technology. He has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice so that the Company will achieve sustainable enhancement of corporate value.</p>	5,000

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
7	<p>[Re-appointment]</p> <p>Akira Sudo (September 11, 1951)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 6 years</p>	<p>April 1980 Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)</p> <p>June 2007 Chief Technology Executive, Power Systems Company, Toshiba Corporation</p> <p>June 2008 Executive Officer, Corporate Vice President, Toshiba Corp. (Director, Corporate Research & Development Center)</p> <p>June 2010 Executive Officer, Corporate Senior Vice President, Toshiba Corporation (Director, Corporate Research & Development Center)</p> <p>June 2011 Executive Officer, Corporate Executive Vice President, Toshiba Corporation</p> <p>June 2013 Director, Representative Executive Officer, Corporate Senior Executive Vice President, Toshiba Corporation</p> <p>June 2014 Executive Adviser, Toshiba Corporation Outside Director, the Company (to present)</p> <p>June 2016 Senior Fellow, Toshiba Corporation</p> <p>June 2017 Fellow, Toshiba Corporation (to present)</p> <p>May 2018 Science and Technology Advisor to Cabinet Office (to present)</p> <p>(Significant concurrent positions) Fellow, Toshiba Corporation Science and Technology Advisor to Cabinet Office</p> <p>[Reasons for selection as a candidate for Outside Director] Mr. Akira Sudo has a wealth of experience and profound insight concerning corporate management, especially in the R&D field, gained through his many years of service at a company which operates globally and has advanced technology. He has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice so that the Company will achieve sustainable enhancement of corporate value.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
8	<p>[Re-appointment]</p> <p>Naoko Yamazaki (December 27, 1970)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 2 years</p>	<p>April 1996 Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA)) (retired in August 2011)</p> <p>September 2001 Certified as International Space Station (ISS) onboard astronaut</p> <p>May 2004 Acquired certification for Flight Engineer, Soyuz Spacecraft</p> <p>February 2006 Acquired certification for Mission Specialist, Space Shuttle</p> <p>April 2010 Crew Member of Space Shuttle Discovery as Mission Specialist, participated in Construction and Supply for ISS</p> <p>September 2011 Honorary Chairperson, the National Soroban Education Association (to present)</p> <p>April 2012 Visiting Professor, Ritsumeikan University (to present)</p> <p>July 2012 Member, Committee on National Space Policy, Cabinet Office (to present)</p> <p>May 2013 Visiting Professor, Joshibi University of Art and Design (to present)</p> <p>July 2015 President, Japanese Rocket Society (to present) and Chairperson of Sorajo Committee (to present)</p> <p>December 2015 Advisory Board Member, International Robot Competition Executive Committee (to present)</p> <p>March 2016 Outside Director, Nabtesco Corporation</p> <p>September 2017 Outside Director, Optorun Co., Ltd. (to present)</p> <p>June 2018 Outside Director, the Company (to present)</p> <p>July 2018 Representative Director, Space Port Japan Association (to present)</p> <p>(Significant concurrent positions) Outside Director, Optorun Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION (expected to assume the post from June 2020)</p> <p>[Reasons for selection as a candidate for Outside Director] Although Ms. Naoko Yamazaki has no experience of involvement in corporate management other than serving as an Outside Director, she has a wealth of experience and profound insight about the science and technology field and risk management. She has been engaged in cutting- edge aerospace engineering. As an astronaut, she was a crewmember of Space Shuttle Discovery as Mission Specialist and participated in construction and supply for ISS and has experience in conducting crisis management in the harsh, resource-limited environment of spacecraft. She has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected her as a candidate for Outside Director in the expectation that she will continue to oversee management and give advice so that the Company, which operates globally and has advanced technology related to space such as GPS, will achieve sustainable enhancement of corporate value.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
9	[New appointment] Yoshiharu Inaba (July 23, 1948) (Outside Director) (Independent Director)	April 1973 Joined Isuzu Motors Limited 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 Chairman (Representative Director), FANUC CORPORATION (to present) (Significant concurrent positions) Chairman (Representative Director), FANUC CORPORATION [Reasons for selection as a candidate for Outside Director] Mr. Yoshiharu Inaba has a wealth of experience and profound insight concerning corporate management gained through his many years of service in senior management of a company which operates globally and has advanced technology. Therefore, the Company has selected him as a new candidate for Outside Director in the expectation that he will oversee management and give advice so that the Company will achieve sustainable enhancement of corporate value	0

(Notes)

1. No conflict of interest exists between the Company and any of the candidates for Directors.
2. Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki and Mr. Yoshiharu Inaba are candidates for Outside Director. The Company has designated Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki as Independent Directors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange. If their re-appointment as Outside Directors is approved, the Company intends to continue their designation as Independent Directors. In addition, if the election of Mr. Yoshiharu Inaba is approved, the Company intends to designate him as Independent Director as defined by the Tokyo Stock Exchange, and submit a notification to the said exchange.
3. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with Outside Director candidates Mr. Kazuyuki Matsumoto, Mr. Akira Sudo and Ms. Naoko Yamazaki that limit their liability for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations. If their re-appointment is approved, the Company intends to renew the contracts with them. In addition, if the election of Outside Director candidate Mr. Yoshiharu Inaba is approved, the Company intends to conclude a contract of the same nature with him.

Proposal No. 2: Election of One (1) Corporate Auditor

Corporate Auditor Mr. Akinori Mitake will retire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of one (1) Corporate Auditor is proposed to replace him.

The Board of Corporate Auditors has already given its approval for the submission of this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary and positions at the Company	Number of shares of the Company held
[New appointment] Nobuyuki Ryu (April 29, 1961)	April 1985 Joined the Company	7,366
	July 2001 President, Topcon Australia Pty. Ltd.	
	July 2006 Senior Manager, Ophthalmic and Medical Instruments 1st International Sales Dept., Ophthalmic and Medical Instruments Business Dept.	
	July 2009 President, Topcon Medical Systems, Inc.	
	April 2012 Senior Manager, Eye Care 2nd International Sales Dept., Eye Care Business Unit	
	December 2012 President, Topcon Medical Japan Co., Ltd.	
	June 2016 Executive Officer (to present)	
	April 2017 General Manager of Sales & Marketing Div., in charge of Smart Infrastructure	
	April 2018 Vice General Manager of Smart Infrastructure Business Div.	
	April 2020 Assistant to President (to present)	
[Reasons for selection as a candidate for Corporate Auditor] Mr. Nobuyuki Ryu has a wealth of experience and profound insight concerning business administration gained through his many years of involvement in sales and marketing in Japan and overseas, and his service as President of subsidiaries in Japan and overseas. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him as a new candidate for Corporate Auditor.		

Proposal No. 3: Election of One (1) Substitute Corporate Auditor

To prepare for any situation in which the number of Corporate Auditors falls below the number prescribed by laws and regulations, the appointment of one (1) Substitute Corporate Auditor is proposed.

The Board of Corporate Auditors has already given its approval for the submission of this proposal.

The candidate is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company held
Tsuyoshi Inoue (April 4, 1952) (Outside Corporate Auditor)	April 1976 Joined Japan Development Bank (currently Development Bank of Japan Inc.)	0
	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.	
	June 2014 President and Representative Director, Value Management Institute, Inc.	
	June 2015 Outside Auditor, Mitsubishi Paper Mills Limited	
	June 2016 Audit & Supervisory Board Member (Outside), Fuji Oil Company, Ltd. (to present)	
	June 2016 President and Representative Director, Japan Economic Research Institute Inc.	
	Outside Director, Topy Industries, Limited (to present) (Significant concurrent positions) Audit & Supervisory Board Member (Outside), Fuji Oil Company, Ltd.	
	[Reasons for selection as a candidate for Substitute Outside Corporate Auditor] Mr. Tsuyoshi Inoue has a wealth of experience and profound insight concerning business administration, finance and accounting, gained through his many years of service at a financial institution and involvement in corporate management. Therefore, the Company judges that he is capable of appropriately fulfilling duties as an Outside Corporate Auditor of the Company, and thus selected him as a candidate for Substitute Corporate Auditor.	

(Notes)

1. No conflict of interest exists between the Company and Mr. Tsuyoshi Inoue.
2. Mr. Tsuyoshi Inoue is a candidate for Substitute Outside Corporate Auditor. If he is appointed as an Outside Corporate Auditor, the Company intends to designate him as Independent Corporate Auditor as defined by the Tokyo Stock Exchange and submit a notification to the said exchange.
3. If Mr. Tsuyoshi Inoue is appointed as an Outside Corporate Auditor, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company intends to conclude a contract with him that limits his liability for damages caused by his negligence in performing his duties to the amount prescribed by laws and regulations.

1. Matters Concerning the Current Status of the Topcon Group

(1) Progress and Results of Operations

The economic environment in fiscal 2019, ended March 31, 2020, was as follows. Whereas the United States economy remained firm thanks to robust consumption, the world economy slowed due to factors including the impact of prolonged U.S.-China trade friction, a slowdown in the growth of the Chinese economy, and Brexit.

In addition, a significant impact was felt from the lock-downs implemented around the world in response to the spread of COVID-19 in the final three months of the fiscal year. The impact of self-imposed restrictions on movement, etc. were also felt within Japan.

In this economic environment, the Topcon Group has established a corporate identity—"Topcon contributes to enrichment of human life by solving the societal challenges within healthcare, agriculture and infrastructure."—and worked to achieve sustainable enhancement of corporate value.

In this context, the Group's consolidated performance in fiscal 2019 was as follows.

In fiscal 2019, the Topcon Group's consolidated net sales were ¥138,916 million, a decrease of 6.6% year on year, mainly owing to reduced sales of IT construction to OEM, the impact of delays in the recovery of infrastructure demand in China and the rest of Asia, and the impact of the spread of COVID-19 in the final three months of the fiscal year.

Reflecting lower sales, as well as factors such as upfront investment in research and development, and the impact of foreign exchange rates, operating income was ¥5,381 million, a decrease of 60.4% year on year, and ordinary income was ¥2,895 million, a decrease of 74.8% year on year. Profit attributable to owners of the parent was ¥935 million, a decrease of 85.7% year on year.

An overview of segment information by business category follows. (Sales include internal sales achieved through the transactions among business segments.)

Smart Infrastructure Business

Principal Products

Total stations (robotic total stations, motor drive total stations, manual total stations, total stations for industrial measurement, imaging stations), Layout Navigator, Millimeter GPS, 3D mobile mapping systems, 3D laser scanners, data collectors, theodolites, digital levels, levels, rotating lasers, pipe lasers

In addition to a decrease in sales, particularly in China and the rest of Asia, due to U.S.-China trade friction and delays in the recovery of demand attributable to general elections, the impact of the spread of COVID-19 was felt during the final three months of the fiscal year. In Japan, sales were robust until December, and some success was achieved from efforts to respond to customer demand and secure sales amid the subsequent spread of self-imposed restrictions on movement to prevent COVID-19 infection. Sales decreased to ¥33,398 million, a 9.1% decrease year on year, and operating income was ¥5,027 million, a 21.4% decrease year on year, due to the impact of lower sales, despite successful cost reduction.

Positioning Company

Principal Products

GNSS (GPS + GLONASS + GALILEO) receivers for surveying, GNSS receivers for GIS, GNSS reference station systems, machine control systems for civil engineering, machine control systems for precision agriculture, asset management system

Sales of IT construction to OEM decreased, while sales to aftermarket were robust. However, the spread of COVID-19 directly impacted sales in the last three months of the fiscal year, usually the busiest time, and sales activities and deliveries were significantly restricted, particularly in Europe. In this harsh business environment, sales decreased despite efforts to prioritize response to demand from customers in construction and agriculture, who are unable to suspend operations. Sales were ¥73,989 million, a 4.8% decrease year on year, and operating income was ¥4,537 million, a 45.7% decrease year on year, due to the impact of lower sales and upfront investment in research and development, despite efforts to reduce selling, general and administrative expenses.

Eye Care Business

Principal Products

3D optical coherence tomography systems (3D OCT), retinal cameras, non-mydratic retinal cameras, ophthalmic laser photocoagulators, non-contact tonometers, slit lamps, operation microscopes, specular microscopes, IMAGEnet ophthalmic examination data filing systems, IMAGEnet electronic ophthalmic medical record systems, wavefront analyzers, vision testers, auto refractometers, auto kerato-refractometers, lens meters, refraction testing systems

The Company engaged in upfront investment, mainly directed towards strengthening sales in the screening business and the rapidly growing Chinese market, and sales expanded smoothly. During the final three months of the year, however, the spread of COVID-19 significantly impacted performance, as business opportunities rapidly dried up, with the suspension of business activities in China, a focus market, due to the lock-down after the Chinese New Year, which was followed by restrictions on sales activities and deliveries to medical facilities in other parts of the world, as well as a global decline in demand and temporary postponement of investment by opticians. Due to these effects, sales were ¥44,758 million, a 6.2% decrease year on year. Operating income was ¥136 million, a 95.3% decrease year on year, due to the impact of lower sales, as well as the effect of exchange rates and upfront investment to screening business and to expand the business in China.

(2) Capital Investment

Total capital expenditures for the Topcon Group amounted to ¥8,399 million in fiscal 2019. By business segment, capital expenditures were ¥2,769 million for the Smart Infrastructure Business, ¥2,813 million for the Positioning Company, and ¥2,281 million for the Eye Care Business.

(3) R&D

The Topcon Group's R&D expenditure amounted to ¥15,979 million in fiscal 2019. The Group is conducting vigorous R&D. The Company's R&D unit and technology departments and technology departments of subsidiaries in the United States and Europe are engaged in R&D.

(4) Financing

Not applicable

(5) Significant business Combinations

Not applicable

(6) Financial Position and Earnings

	123rd term FY2015	124th term FY2016	125th term FY2017	126th term FY2018	127th term FY2019
Net sales (Millions of yen)	130,735	128,387	145,558	148,688	138,916
Operating income (Millions of yen)	8,803	9,551	12,073	13,596	5,381
Operating income ratio (%)	6.7	7.4	8.3	9.1	3.9
Ordinary income (Millions of yen)	7,366	7,622	10,674	11,497	2,895
Profit attributable to owners of parent (Millions of yen)	4,197	4,395	6,028	6,548	935
Profit attributable to owners of parent per share (yen)	38.97	41.46	56.87	61.76	8.87
Total assets (Millions of yen)	166,542	158,280	160,747	160,288	161,721
Net assets (Millions of yen)	61,143	63,313	68,336	71,148	64,659
Shareholders' equity ratio (%)	35.0	37.7	40.5	43.1	39.0
Shareholders' equity per share (yen)	550.04	563.30	614.78	651.11	600.03
Return on equity (ROE) (%)	6.9	7.4	9.7	9.8	1.4

Note: Profit attributable to owners of parent per share is calculated based on the number of shares corresponding to the average number of shares issued and outstanding during the period from which the average number of shares of treasury stock during the period is deducted.

(7) Parent Company and Significant Subsidiaries (as of March 31, 2020)

1) Relationship with the parent company

Not applicable

2) Significant subsidiaries

Company name	Capital	Percentage of voting rights (%)	Principal business
Topcon Yamagata Co., Ltd.	JPY371 million	100.0%	Manufacturing and sales of Smart Infrastructure and Eye Care products
Topcon Sokkia Positioning Japan Co., Ltd.	JPY269 million	100.0%	Sales of Smart Infrastructure and Positioning products
Topcon Medical Japan Co., Ltd.	JPY100 million	100.0%	Sales of Eye Care products
Topcon Positioning Systems, Inc.	USD138,905 thousand	100.0% [100.0%]	Manufacturing and sales of Positioning products and sales of Smart Infrastructure products
Topcon Medical Systems, Inc.	USD16,094 thousand	100.0% [100.0%]	Sales of Eye Care products
Topcon Europe Positioning B.V.	EUR18 thousand	100.0% [100.0%]	Sales of Smart Infrastructure and Positioning products
Topcon Europe Medical B.V.	EUR18 thousand	100.0% [100.0%]	Sales of Eye Care products
Topcon Optical (Dongguan) Technology Ltd.	USD12,000 thousand	90.0% [90.0%]	Manufacturing and sales of Smart Infrastructure, Eye Care products and optical devices

Notes: 1. The Company has 70 consolidated subsidiaries including the significant subsidiaries listed above.

2. Indicated in square brackets in the “Percentage of voting rights” column is the percentage of voting rights indirectly held by the Company.

(8) Issues to Be Addressed

The Company established the three-year 3rd Mid-Term Business Plan in FY2019, and the Company engaged in initiatives this fiscal year as the first fiscal year of this plan.

Meanwhile, the future outlook of our management environment remains uncertain. This is because the COVID-19 pandemic that began in the fourth quarter of FY2019 is having direct impacts on business activities worldwide and raising concerns about the future world economic environment.

Given this management environment, as a short-term response, the Company will reduce expenses, lower executive compensation, and curb capital investment, from the standpoint of the company's continuity, while emphasizing employees' jobs, health and safety, and preventing the spread of the pandemic. Nevertheless, the Company will continue with essential R&D after careful scrutiny with an eye toward the post-COVID-19 world. In addition, the Company will increase its financing capabilities to secure working capital and funds for growth.

Although the timeline of the 3rd Mid-Term Business Plan will be affected by COVID-19, the Company's vision outlined in the Mid-Term Business Plan of "Expand our businesses and solve the social challenges within the growing market of Healthcare, Agriculture and Infrastructure" will remain the same.

Furthermore, regarding the specific growth scenario for each business domain established following our management vision, the three new key words of "social distancing, essential business, and economic restoration" mark a new era of society during and after COVID-19. The Company believes this new normal will have a positive impact on the mid-term growth scenarios for all business domains, including healthcare, agriculture and infrastructure.

Vision

Expand our businesses and solve the societal challenges within the growing market of Healthcare, Agriculture and Infrastructure

- **Vision is intact**, whilst the timeline is inevitable to change
- **Tailwind** for our growth scenario

New Keywords

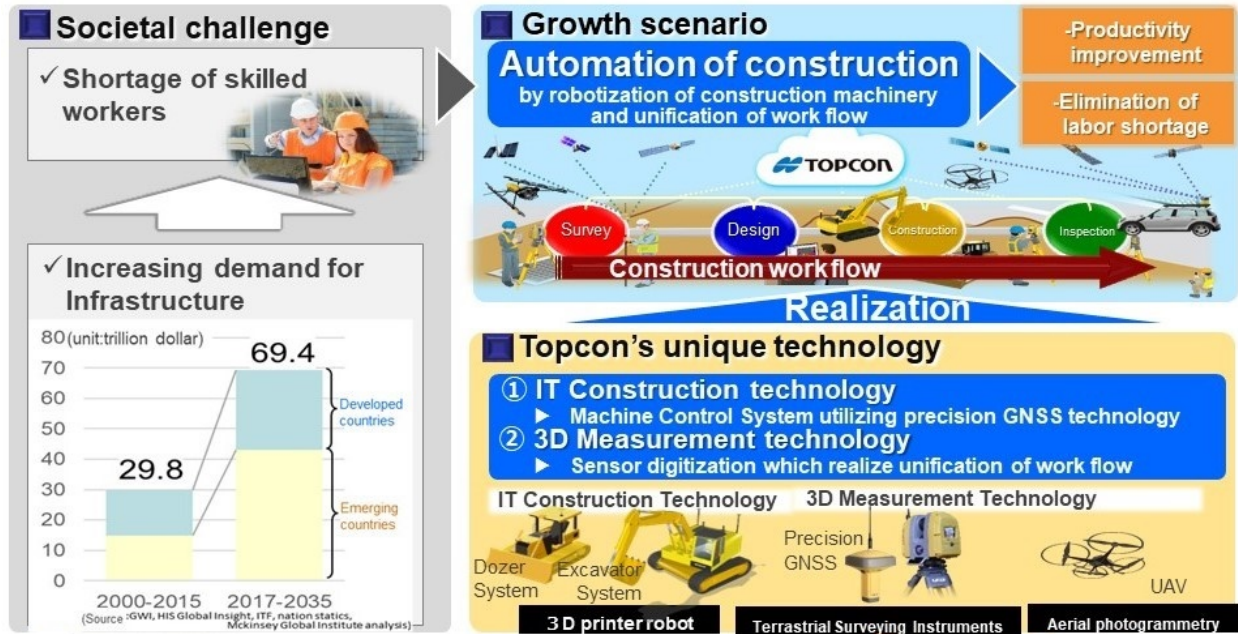
Corresponding to Social Distancing

Essential Business

Economic Restoration

Infrastructure: IT construction and infrastructure development

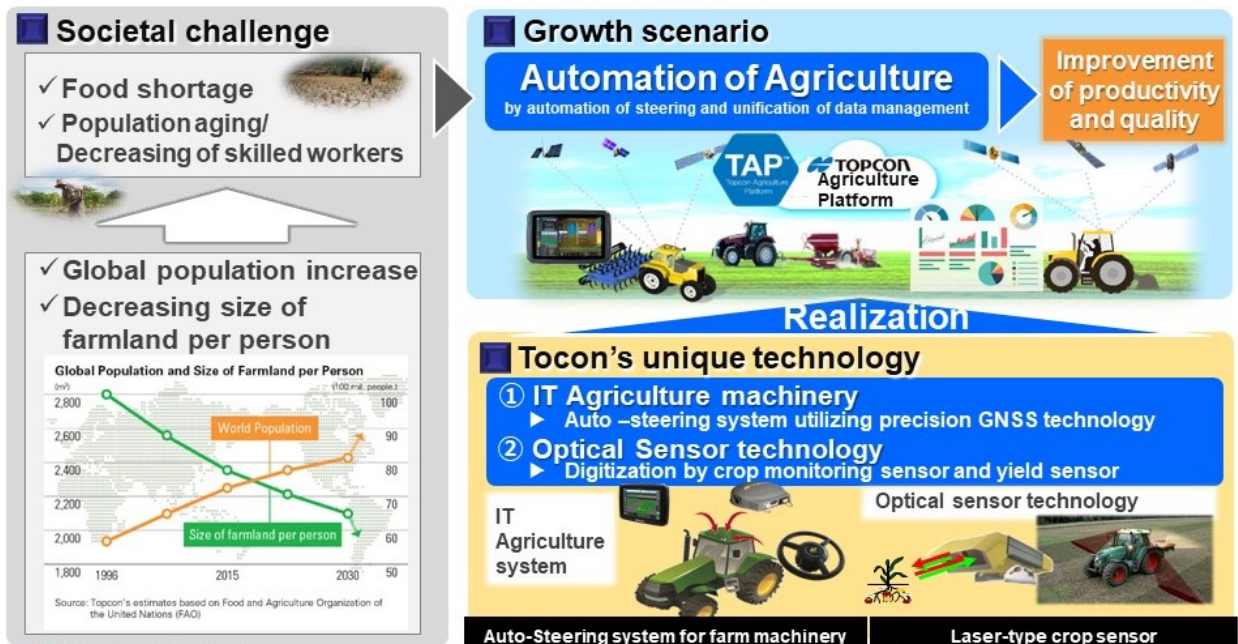
In infrastructure, the social issue of a shortage of skilled workers following the worldwide increase in demand for infrastructure remains the same. In construction, the impact from COVID-19 is believed to be limited compared to other industries. Additionally, growing infrastructure investment for the economic restoration expected to materialize post-COVID-19 will be a tailwind for the growth scenario of automation of construction driven by the automation of construction machinery.



Agriculture: IT agriculture

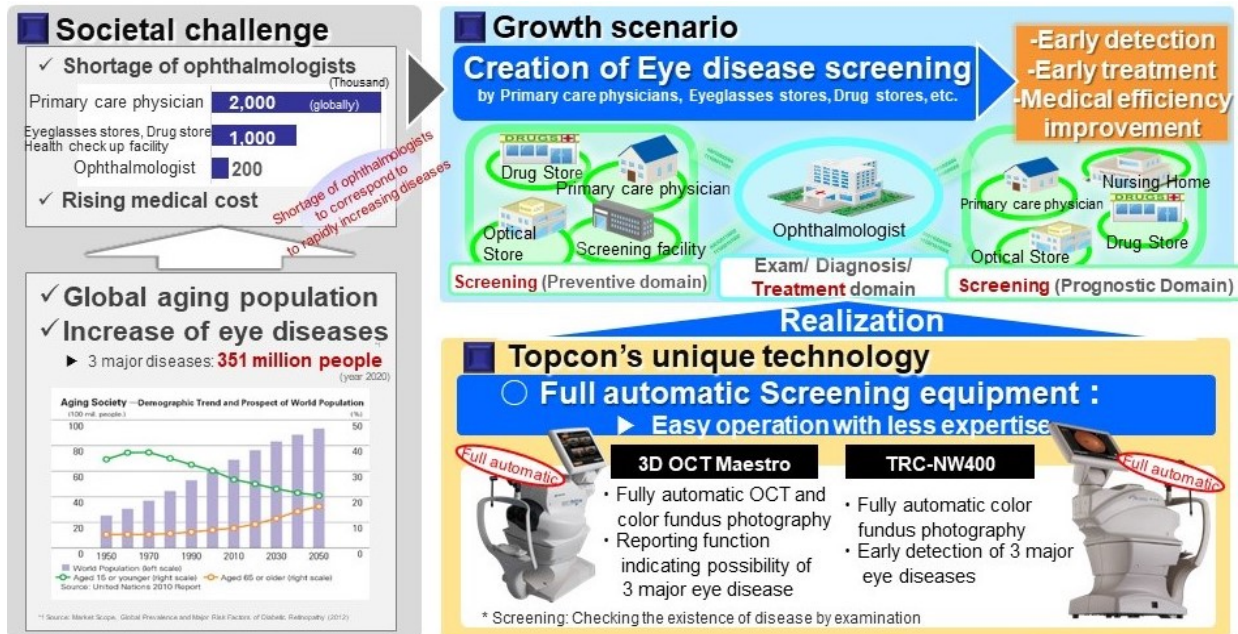
In agriculture, food shortages caused by an increasing population worldwide, and other social issues such as aging and the declining number of skilled workers remain the same. Even during the COVID-19 pandemic, the Company has confirmed strong demand for its offerings as an essential business.

In addition, labor shortages caused by cross-border travel restrictions to combat COVID-19 will serve as a tailwind pushing the automation of agriculture forward with automated agricultural equipment.

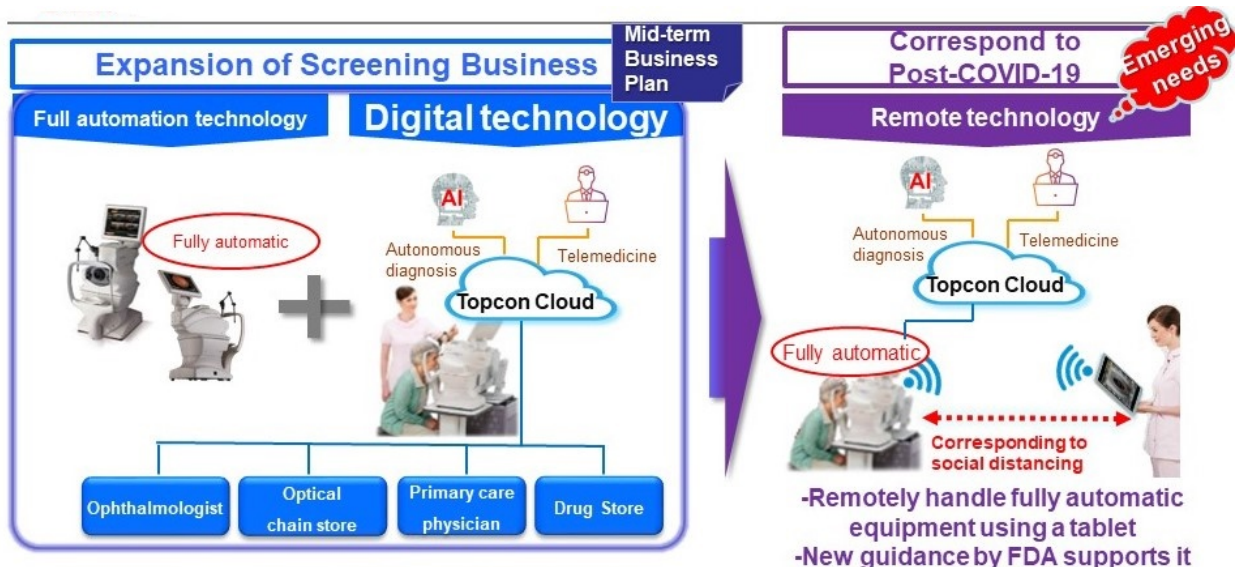


Healthcare: Social distancing

In healthcare, the social issue of increased incidence of eye disease from an aging worldwide population remains unchanged. The Company will continue to focus on identifying needs for eye disease screening. Our strength in ophthalmological equipment with fully automatic functions meet the needs for social distancing expected to become the new normal post-COVID-19.



In addition to our strength in fully automatic technologies and digital technologies, the Company will give priority to accelerating development for remote solutions, enabling the remote operation of fully automatic screening and diagnostic equipment; in the process, realizing a new screening style compliant with social distancing. The Company will fully capture new needs in the post-COVID-19 world and it believes these needs will become a tailwind for the creation and promotion of the screening business, which represents one of our growth scenarios.

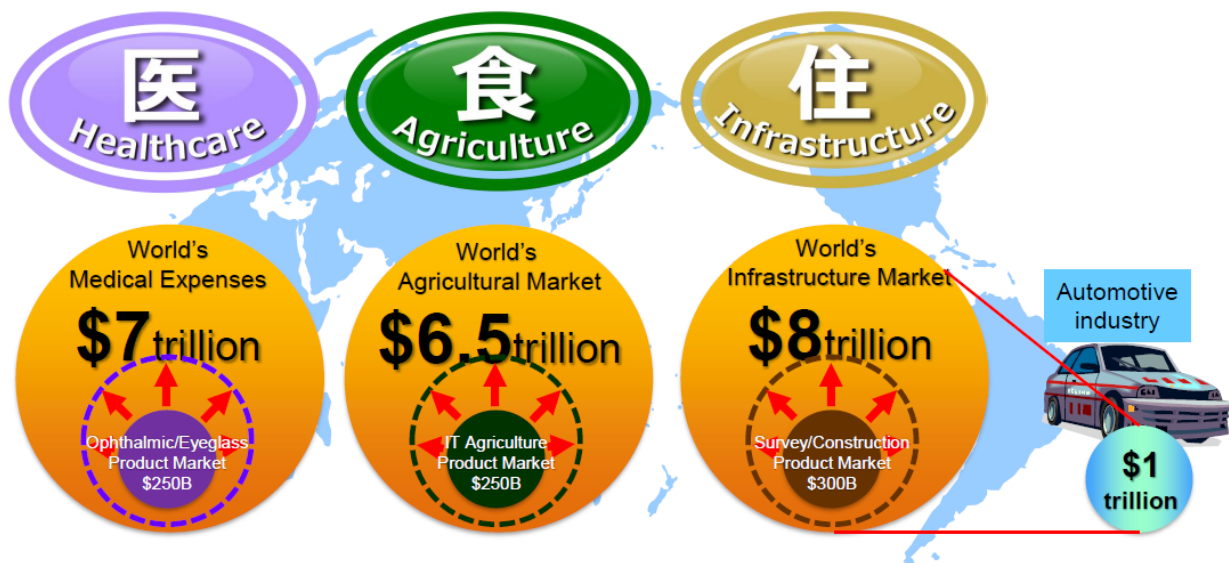


Massive market scope

As shown below, compared to the automobile industry, for example, the healthcare, agriculture, and infrastructure markets, in which we operate, are extremely large markets. However, these markets have been slow to adopt IT and automation.

These markets have significant potential in terms of adopting Topcon solutions. In addition to accelerating growth businesses and strengthening core businesses, we will achieve business expansion by creating new markets with the potential to take advantage of our unique technology.

Although Healthcare, Agriculture and Infrastructure are major industries, they are way behind in automating the process and adopting IT!



(9) Principal Offices (as of March 31, 2020)**1) The Company**

Head Office	Itabashi-ku, Tokyo
Plant	Itabashi-ku, Tokyo

2) Subsidiaries

Japan	Topcon Yamagata Co., Ltd. (Yamagata-shi, Yamagata Prefecture)
	Topcon Sokkia Positioning Japan Co., Ltd. (Itabashi-ku, Tokyo)
	Topcon Medical Japan Co., Ltd. (Itabashi-ku, Tokyo)
Overseas	Topcon Positioning Systems, Inc. (California, U.S.A.)
	Topcon Medical Systems, Inc. (New Jersey, U.S.A.)
	Topcon Europe Positioning B.V. (Capelle, Netherlands)
	Topcon Europe Medical B.V. (Capelle, Netherlands)
	Topcon Optical (Dongguan) Technology Ltd. (Guangdong Province, China)

(10) Employees (as of March 31, 2020)

Business category	Number of employees	Increase (Decrease) from the previous fiscal year-end
Smart Infrastructure Business	894	-86
Positioning Company	2,015	+14
Eye Care Business	1,791	+70
Other	239	+9
Total	4,939	+7

Note: The number of employees indicated above does not include the number of employees seconded to companies outside the Group, part-time workers, contracted workers, and temporary staff.

(11) Principal Lenders and (as of March 31, 2020)

Lender	Outstanding borrowings
Sumitomo Mitsui Banking Corporation	9,888 million yen
MUFG Bank, Ltd.	8,308 million yen
Mizuho Bank, Ltd.	7,271 million yen

2. Status of Shares (as of March 31, 2020)

(1) Number of Shares Authorized	160,000,000 shares
(2) Number of Shares Issued	108,130,842 shares
	(including 2,969,179 shares of treasury stock)
(3) Number of Shareholders	16,726

(4) Major Shareholders

Shareholder name	Number of shares held (shares)	Percentage of shares held
Japan Trustee Services Bank, Ltd. (trust account)	9,589,800	9.11%
The Master Trust Bank of Japan, Ltd. (trust account)	8,777,300	8.34%
The Dai-ichi Life Insurance Company, Limited	4,350,000	4.13%
THE BANK OF NEW YORK MELLON 140051	3,689,900	3.50%
J.P. MORGAN BANK LUXEMBOURG S.A. 381593	2,484,500	2.36%
TAIYO FUND, L.P.	2,441,900	2.32%
Japan Trustee Services Bank, Ltd. (trust account 5)	2,054,600	1.95%
JP MORGAN CHASE BANK 385151	1,891,724	1.79%
THE CHASE MANHATTAN BANK 385013	1,670,500	1.58%
SAJAP	1,645,800	1.56%

The Company's holding of treasury stock (2,969,179 shares of the total number of issued shares) is not included in the above. Shareholding ratio is calculated by deducting the number of treasury stocks from total shares issued.

3. Matters Concerning the Subscription Rights to Shares

- (1) Status of subscription rights to shares held by the Company's Directors as of March 31, 2020, which were issued as compensation for their execution of duties

Category	Directors (excluding Outside Directors)
Name	Topcon Corporation Series 4 Subscription Rights to Shares
Date of resolution on issue	June 26, 2019
Number of subscription rights to shares	250
Class and number of shares to be issued upon exercise of subscription rights to shares	25,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	1 yen per share
Exercise period	From July 11, 2020 to July 11, 2030
Number of holders of subscription rights to shares	6

- (2) Status of subscription rights to shares issued to the Company's employees as compensation for their execution of duties during fiscal 2019

Category	Executive Officers of the Company
Name	Topcon Corporation Series 4 Subscription Rights to Shares
Date of resolution on issue	June 26, 2019
Number of subscription rights to shares	10
Class and number of shares to be issued upon exercise of subscription rights to shares	1,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	1 yen per share
Exercise period	From July 11, 2020 to July 11, 2030
Number of holders of subscription rights to shares	1

4. Matters Concerning Officers

(1) Directors and Corporate Auditors (as of March 31, 2020)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director, President & CEO	Satoshi Hirano	President & CEO
Representative Director	Makoto Iwasaki	General Manager of Quality Assurance Div. General Manager of General Administration & Legal Div. General Manager of Corporate Planning Div.
Director	Takashi Eto	General Manager of Smart Infrastructure Business Div.
Director	Yasufumi Fukuma	General Manager of R&D Div.
Director	Haruhiko Akiyama	General Manager of Accounting & Finance Div.
Director	Takayuki Yamazaki	General Manager of Product Development Div.
Director	Kazuyuki Matsumoto	Outside Director, Kitz Corporation
Director	Akira Sudo	Fellow, Toshiba Corporation Science and Technology Advisor to Cabinet Office
Director	Naoko Yamazaki	Outside Director, Optorun Co., Ltd. Representative Director, Space Port Japan Association
Corporate Auditor (full time)	Shokyu Nakamura	
Corporate Auditor (full time)	Akinori Mitake	
Corporate Auditor	Tatsuya Kuroyanagi	Senior Adviser, Kadota & Co., Inc.
Corporate Auditor	Keiji Taketani	Outside Corporate Auditor (full time), Ekitan & Co., Ltd.

- Notes: 1. Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo and Ms. Naoko Yamazaki are Outside Directors.
2. Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani are Outside Corporate Auditors.
3. The Company has designated Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo and Ms. Naoko Yamazaki and Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange.
4. Corporate Auditors Mr. Akinori Mitake, Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani have in-depth knowledge of finance and accounting based on extensive experience in the finance industry and extensive experience in business administration, respectively.
5. Director Ms. Naoko Yamazaki retired as Outside Director of Nabtesco Corporation on March 24, 2020.
6. The election of Mr. Shokyu Nakamura as Corporate Auditor was approved at the 126th Ordinary General Meeting of Shareholders held on June 26, 2019, and he assumed office.
7. The term of office of Corporate Auditor Mr. Hiroshi Sakai expired at the conclusion of the 126th Ordinary General Meeting of Shareholders held on June 26, 2019, and he retired from the position of Corporate Auditor.
8. Changes in Directors' responsibilities during fiscal 2019 are as follows:

Name	After change	Before change	Date of change
Makoto Iwasaki	General Manager of Quality Assurance Div. General Manager of General Administration & Legal Div. General Manager of Corporate Planning Div.	General Manager of Quality Assurance Div. General Manager of General Administration & Legal Div.	June 26, 2019
Takashi Eto	General Manager of Smart Infrastructure Business Div.	General Manager of Smart Infrastructure Business Div. General Manager of Corporate Planning Div.	June 26, 2019

(2) Outside Directors/Auditors

Position	Name	Attendance	Main activities
Outside Director	Kazuyuki Matsumoto	[Board of Directors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management.
	Akira Sudo	[Board of Directors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the technology field.
	Naoko Yamazaki	[Board of Directors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the science and technology field and risk management.
Outside Corporate Auditor	Tatsuya Kuroyanagi	[Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 14/14	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance.
	Keiji Taketani	[Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 14/14	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning business administration.

Notes: 1. Although Director Mr. Kazuyuki Matsumoto is an Outside Director of Kitz Corporation, no special relationship exists between the Company and Kitz Corporation.
2. Although Director Mr. Akira Sudo is a Fellow of Toshiba Corporation and a Science and Technology Advisor to the Cabinet Office, no special relationship exists between the Company and Toshiba Corporation or the Cabinet Office.
3. Although Director Ms. Naoko Yamazaki is an Outside Director of Oporun Co., Ltd. and the Representative Director of Space Port Japan Association, and was an Outside Director of Nabtesco Corporation, no special relationship exists between the Company and any of these companies.
4. Although Corporate Auditor Mr. Tatsuya Kuroyanagi is a Senior Advisor of Kadota & Co., Inc., no special relationship exists between the Company and Kadota & Co., Inc.
5. Although Corporate Auditor Mr. Keiji Taketani is an Outside Corporate Auditor (full time) of Ekitan & Co., Ltd., no special relationship exists between the Company and Ekitan & Co., Ltd.
6. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded a contract with each of the Outside Directors and the Outside Corporate Auditors that limits their liability for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations.

(3) Compensation for Directors and Corporate Auditors

1) Policy on the determination of the amount and calculation method of compensation for Directors and Corporate Auditors

The Company has established a Compensation Advisory Committee, chaired by an Outside Director and composed of a majority of Outside Directors and Outside Corporate Auditors, with the aim of ensuring objectivity and transparency regarding the handling of compensation for Directors. The Compensation Advisory Committee makes recommendations to the Board of Directors, in response to consultation by the Board of Directors.

The amount of compensation for each Director is decided by resolution of the Board of Directors, based on the deliberation and recommendations of the Compensation Advisory Committee in accordance with the policy regarding compensation for Directors decided by resolution of the Board of Directors, within the limit for the total amount of compensation for Directors approved by resolution of the General Meeting of Shareholders. The amount of compensation for each Corporate Auditor is decided through consultation of the Corporate Auditors, within the limit for the total amount of compensation for Corporate Auditors approved by resolution of the General Meeting of Shareholders.

Compensation for Directors (excluding Outside Directors) consists of a fixed compensation based on rank, and performance-linked compensation calculated on the basis of certain indicators for each fiscal year. Performance-linked compensation is composed of short-term performance-linked compensation,

based on the financial results of each fiscal year, medium-term performance-linked compensation, based on cumulative performance during the period of each Mid-Term Business Plan, and stock options aimed at further raising the motivation and morale to enhance long-term results. Compensation for Outside Directors and Corporate Auditors consists of a fixed compensation only.

2) Total amount of compensation, amount of each form of compensation, and number of eligible Directors and Corporate Auditors in each classification

(Millions of yen)

Classification	Total amount of compensation	Total amount of each form of compensation			Number of eligible officers
		Fixed compensation	Performance-linked compensation		
			Short-term and medium-term	Stock options	
Directors (excluding Outside Directors)	253	217	0	35	6
Outside Directors	30	30	—	—	3
Corporate Auditors (excluding Outside Corporate Auditors)	31	31	—	—	3
Outside Corporate Auditors	16	16	—	—	2

Note: One (1) Corporate Auditor (excluding Outside Corporate Auditor) who retired at the conclusion of the 126th Ordinary General Meeting of Shareholders held on June 26, 2019 is included in the above table.

5. Accounting Auditor

(1) Accounting Auditor's Name: Ernst & Young ShinNihon LLC

(2) Amount of Remuneration

	Amount paid
1) Amount of remuneration etc. for fiscal 2019	85 million yen
2) Total amount of cash and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	85 million yen

Notes: 1. The Company's Board of Corporate Auditors obtained necessary information and reports from Directors, the internal organizations concerned, and the Accounting Auditor and reviewed the Accounting Auditor's audit plan, the status of performance of duties of accounting audit, and the basis for calculation of remuneration estimates. As a result of deliberation, the Board of Corporate Auditors judged them to be appropriate and gave approval for the amount of remuneration of the Accounting Auditor.

2. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Company Act and that for audits based on the Financial Instruments and Exchange Act are not distinguished. Accordingly, the amount shown in 1) above includes the amount of remuneration for audits based on the Financial Instruments and Exchange Act.

3. The Company's overseas subsidiaries are audited by audit firms (including individuals who have equivalent foreign qualifications) other than the Company's Accounting Auditor.

(3) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor

If any matter arises that makes it difficult for the Accounting Auditor to perform its duties, or if it is deemed necessary, the Company's Board of Corporate Auditors determines the content of a proposal to be submitted to a General Meeting of Shareholders concerning dismissal or non-reappointment of the Accounting Auditor.

In addition to the above, when it is considered that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors may dismiss the Accounting Auditor upon the consent of all the Corporate Auditors. In such case, a Corporate Auditor selected by the Board of Corporate Auditors will report the dismissal of the Accounting Auditor and the reasons for dismissal at the first General Meeting of Shareholders convened after such dismissal.

6. Company's Structure and Policies

(1) Systems for Ensuring Compliance of Performance of Duties by Directors with Laws and Regulations and the Articles of Incorporation and Other Systems for Ensuring the Appropriateness of Operations

The Company has determined "Systems for ensuring the appropriateness of operations" stipulated by the Companies Act and the Enforcement Regulations of the Companies Act by the resolution of the Board of Directors. Details are as follows:

1. System to ensure that the performance of director and employee duties is in compliance with the law and company articles of incorporation
 - 1) Establish the TOPCON WAY as a representation of values common throughout the Topcon Group and the Topcon Global Code of Conduct to outline a specific code of conduct for the Topcon Group. At Topcon, use the company anniversary and other occasions as opportunities for top management to reaffirm the importance of these values and the code of conduct with every director and employee within the Topcon Group. Also work continuously to promote awareness through daily educational activities.
 - 2) Important matters that could impact Topcon or the Topcon Group overall shall be determined by the Board of Directors. Elect outside directors to maintain and strengthen a supervisory function related to the execution of duties by directors.
 - 3) Utilize an Internal Reporting System to uncover issues quickly and work to enhance timely and appropriate responses.
 - 4) Establish a Corporate Audit Division that will serve as an internal audit department under direction directly of the president. Validate the appropriateness and efficacy of compliance and other internal management systems. Establish a system to ensure that reports are made in a timely manner to the president and Board of Directors if a major issue is discovered.
 - 5) Through the business process reform, establish the system to promote high level of transparency in operations and ensure timely and appropriate disclosure of important company information.
 - 6) Reinforce the recognition that legal compliance is vitally important during the execution of duties. In particular, create separate internal rules and management systems to strengthen compliance with respect to the Anti-Monopoly Act, export restrictions, insider trading restrictions, the protection of private/sensitive information, and environmental protection.
 - 7) Outline guidelines in the Topcon Global Code of Conduct related to preventing relationships with antisocial forces and reinforce the refusal to be involved in the business activities of antisocial forces on a company-wide level.
2. System for Preserving and Managing Information related to Directors' Execution of Duties
 - 1) Minutes, documents, approval forms, and other important materials related to Board of Directors and executive officers meetings are preserved and maintained based on laws and regulations, the Articles of Incorporation and internal company rules. The internal company rules include "Regulations of the Board of Directors", "Executive Officers Regulations", "Group Governance Rules", "Basic Regulation on Information Security", "Document handling official regulations" and "Documents preservation standard (rules)".
(This includes executive officers meeting information, as the Company has adopted the executive officer system)
 - 2) Establish a system that enables directors, corporate auditors, the accounting auditor and employees designated by them to access important documents, as necessary.
3. Rules and Systems for Managing Risk of Loss
 - 1) Establish Basic Rules for Risk and Compliance, appoint individuals responsible for risk management, and establish a system capable of responding to any Topcon and Topcon Group risks in a timely and appropriate manner.
 - 2) Establish an Internal Reporting System that allows a person who discovers a risk to report it directly without having to go through the normal chain of command. This will contribute to the early discovery of risk information and assist in the rapid and appropriate response to situations as well as increase risk management awareness among all directors and employees, including at group

companies. It should be noted that the "Internal Reporting System" is under the jurisdiction of the "Corporate Audit Division," which is an internal audit department.

- 3) Topcon has established the Basic Regulations on Personal Information Protection concerning protection of private information, and the Basic Regulations on Information Security regarding confidential information and associated regulations thereof and seeks to keep employees of Topcon and subsidiaries fully informed of these regulations.

4. System to Ensure the Efficient Execution of Director Duties

- 1) The Board of Directors meets 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, articles of incorporation, or other important matters related to the management of the Company, practicing and strengthening the supervisory function over the Company.
- 2) Day-to-day execution is entrusted to executive officers. The Executive Officer Committee shall be established to deliberate on important business execution issues within the scope of the decision-making authority of the president based on the internal rules and make decisions, in order to ensure sufficient and substantive discussion by the Board of Directors and swift decision-making.
- 3) Business shall be executed in accordance with appropriate procedures defined in the internal rules, including "Regulations of the Board of Directors", "Executive Officers Regulations", "Group Governance Rules", and "Business Organization Regulations".

5. System for Ensuring the Appropriate Activities of the Corporate Group, Comprising the Company, Parent Companies, and Subsidiaries

- 1) The application of the TOPCON WAY as values common throughout the Topcon Group enables the company to transcend national and company borders and ensure that Topcon directors and employees in every country and region share the same values and judgment standards throughout the group. Disseminate the Topcon Global Code of Conduct as a detailed code of conduct to ensure adoption by group companies as well as the Company and establish an awareness of legal compliance.
- 2) Establish Group Governance Rules applicable to Topcon and group companies and clearly set decision-making standards and matters for reporting. Make these rules known and throughout the year hold several opportunities for business execution status reporting. Share information within the Topcon Group and provide instruction to group companies aimed at improving compliance awareness.
- 3) The Corporate Audit Division, which is the Topcon internal audit department, shall coordinate with corporate auditors and accounting auditors in their respective audits as well as participate in group company audits to ensure the appropriate conduct of Topcon Group business.
- 4) To ensure reliability and appropriateness of financial reporting, the Company and Group companies shall design internal controls and establish a structure for operation of internal controls in accordance with the Financial Products and Exchange Act. The Company and Group companies also evaluate the effectiveness of internal control systems on a continuous basis and remediate them, as necessary.

6. Matters related to Employees Asked to Assist Corporate Auditors

In response to a request by corporate auditors, employees assigned to the Corporate Audit Division may be asked to assist corporate auditors in their responsibilities.

7. Matters related to Employee Independence from Directors

The duties of the Corporate Audit Division shall not be subject to influence by directors or executive officers. The assignment of the Corporate Audit Division employees shall be determined beforehand in discussions with the board of corporate auditors.

8. System for directors/employees to report to corporate auditors and other systems for reports to corporate auditors

- 1) To ensure audits of the decision-making process, establish a system for corporate auditors to have access to information by attending board of director meetings, executive officers meetings, or other important internal meetings, or by reading meeting minutes or other records/materials.
- 2) Establish a system that allows the corporate auditor to receive reports throughout the year from various executive divisions within the Company regarding business status or visit group companies to conduct audits of business status.
- 3) Corporate auditors may, as deemed necessary, require operational reports from the Company and/or subsidiary directors, executive officers, or employees.

- 4) For corporate auditors, the Corporate Audit Division reports the status concerning internal audits and audit results and seeks cooperation and enhancement of efficiency.

9. System to Ensure Practicality of Corporate Auditor Audits

- 1) The Board of Directors shall exercise consideration to allow unhindered performance of audit activities, allowing corporate auditors to attend Board of Directors' meetings, executive officers meetings, or other important internal meetings (including such meetings at subsidiaries). The Board of Directors shall ensure opportunities for corporate auditors to audit business execution of the Company, including group companies, including the appointment of staff to assist in audit duties.
- 2) Corporate auditors and directors shall establish regular opportunities to exchange opinions, ensuring that the input of corporate auditors is appropriately reflected in management decisions.
- 3) A forum for exchange of information and opinions shall be established for corporate auditors and the accounting auditor.

(2) Status of Operation of Systems for Ensuring the Appropriateness of Operations

1. Performance of duties by directors

The Board of Directors met 13 times. At the meetings, the Board of Directors deliberated, made decisions, and reported on important matters concerning the Group's management and oversaw performance of duties by directors and employees.

2. Compliance with laws and regulations and risk management

In order to enhance awareness of the Group's employees about the importance of legal compliance and risk management, the Company offered governance and compliance education covering the TOPCON WAY, which articulates the shared values of the Topcon Group, the Topcon Global Code of Conduct, which consists of action guidelines for implementing the TOPCON WAY, and the Group Governance Rules, which set decision-making standards and specify matters to be reported.

Minutes of meetings of the Board of Directors and other important materials are prepared and retained based on laws and regulations, the Articles of Incorporation, and internal company rules.

The Corporate Audit Division, which is the internal audit department, evaluated appropriateness and effectiveness of the Group's internal control systems, including compliance.

The Company regularly conducts activities to raise awareness of employees about the Internal Reporting Systems for early detection of risks and swift and appropriate response.

3. Ensuring reliability and appropriateness of financial reporting

To ensure reliability and appropriateness of financial reporting, the Company evaluated effectiveness of internal controls in fiscal 2019.

4. Performance of duties by corporate auditors

The Board of Corporate Auditors met 14 times. At the meetings, the Board of Corporate Auditors reported, discussed, and made decisions on important matters concerning auditing. Corporate auditors conduct audits of Group companies, attend meetings of the Board of Directors and other important meetings, and periodically exchange information with the Representative Director, the accounting auditor, and the Corporate Audit Division and thereby audit performance of duties by directors.

(3) Dividend Policy

The Company places emphasis on dividend payments to return profits to shareholders. Our basic policy regarding the distribution of profits to shareholders is to steadily increase the dividend payment amount in line with growth in consolidated earnings.

Regarding dividend payments, we make payments twice yearly, in principle, as an interim dividend and year-end dividend. Our Articles of Incorporation allow for the payment of dividends by resolution of the Board of Directors, without requiring a resolution of the General Meeting of Shareholders, and provide the record date for the year-end dividend as March 31 and for interim dividend as September 30 each year, as well as allowing for the payment of dividends besides the above with the record date to be determined.

For fiscal 2019, the company paid an interim dividend of 14 yen per share (compared with an interim dividend of 12 yen per share for fiscal 2018). However, the result for fiscal 2019 decreased compared to fiscal 2018 mainly due to spread of COVID-19, and under the circumstances where the outlook for the convergence of COVID-19 is not clear, it is necessary for the Company to reinforce the financial basis, and on top of that, taking into account the basic policy regarding the distribution of profits to shareholders, the Company paid a year-end dividend of 10 yen per share (compared with a year end dividend of 12 yen per share for fiscal 2018), bringing the full year dividend payment to 24 yen per share (compared with the full year dividend of 24 yen per share for fiscal 2018).

The Company intends to use internal reserve effectively for R&D investment and capital investment for vigorous business development for the future.

7. Other Significant Matters concerning the Company's Status

Not applicable

Consolidated Financial Statements

Consolidated Balance Sheet
(As of March 31, 2020)

	(Millions of yen)	
	FY2019	FY2018 (Reference)
Assets		
Current assets		
Cash and deposits	16,134	13,894
Notes and accounts receivable – trade	40,631	45,609
Merchandise and finished goods	21,063	18,509
Work in process	1,510	1,377
Raw materials and supplies	13,188	11,254
Other	8,555	7,608
Allowance for doubtful accounts	(2,555)	(2,098)
Total current assets	98,528	96,154
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,078	7,085
Machinery, equipment and vehicles, net	2,687	2,455
Land	3,100	2,813
Construction in progress	1,374	525
Other, net	6,497	4,070
Total property, plant and equipment	20,738	16,950
Intangible assets		
Goodwill	10,856	13,162
Software	10,821	10,122
Other	7,004	9,130
Total intangible assets	28,683	32,415
Investments and other assets		
Investment securities	2,301	3,961
Long-term loans receivable	695	419
Deferred tax assets	9,679	9,272
Other	1,108	1,144
Allowance for doubtful accounts	(15)	(30)
Total investments and other assets	13,770	14,767
Total non-current assets	63,192	64,133
Total assets	161,721	160,288

	FY2019	FY2018 (Reference)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	12,981	11,990
Short-term loans payable	26,831	13,563
Lease obligations	1,260	641
Accrued expenses	8,655	9,829
Income taxes payable	1,159	1,420
Provision for product warranties	1,124	1,069
Current portion of bonds payable	10,000	—
Other	6,353	5,846
Total current liabilities	68,366	44,360
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	4,397	10,497
Lease obligations	4,883	3,853
Deferred tax liabilities	2,388	2,622
Provision for directors' retirement benefits	44	57
Net defined benefit liability	5,263	6,391
Other	1,718	1,356
Total non-current liabilities	28,695	44,779
Total liabilities	97,062	89,139
Net assets		
Shareholders' equity		
Capital stock	16,680	16,658
Capital surplus	20,630	20,819
Retained earnings	35,749	37,595
Treasury shares	(3,170)	(2,091)
Total shareholders' equity	69,889	72,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	434	879
Deferred gains or losses on hedges	(47)	5
Foreign currency translation adjustment	(6,278)	(3,776)
Remeasurements of defined benefit plans	(897)	(1,051)
Total accumulated other comprehensive income	(6,788)	(3,943)
Subscription rights to shares	58	47
Non-controlling interests	1,499	2,063
Total net assets	64,659	71,148
Total liabilities and net assets	161,721	160,288

Consolidated Statement of Income
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	FY2019	FY2018 (Reference)
Net sales	138,916	148,688
Cost of sales	66,283	70,173
Gross profit	72,632	78,515
Selling, general and administrative expenses	67,251	64,918
Operating income	5,381	13,596
Non-operating income		
Interest income	182	165
Dividend income	67	65
Other	226	361
Total non-operating income	476	592
Non-operating expenses		
Interest expenses	915	1,041
Share of loss of entities accounted for using equity method	416	67
Foreign exchange losses	531	501
Other	1,099	1,081
Total non-operating expenses	2,962	2,692
Ordinary income	2,895	11,497
Extraordinary income		
Gain on sales of investment securities	572	—
Gain on extinguishment of debts	—	148
Total extraordinary income	572	148
Extraordinary losses		
Loss on sales of shares of subsidiaries	554	—
Loss on liquidation of subsidiaries and associates	—	827
Impairment loss	—	2,772
Loss on retirement of non-current assets	—	497
Special retirement expenses	—	254
Loss on abolishment of retirement benefit plan of subsidiaries and associates	—	294
Free repair expenses	—	522
Total extraordinary losses	554	5,167
Profit before income taxes	2,912	6,478
Income taxes - current	2,293	2,611
Income taxes - deferred	(252)	(1,783)
Profit	871	5,650
Loss attributable to non-controlling interests	(64)	(897)
Profit attributable to owners of parent	935	6,548

Consolidated Statement of Changes in Net Assets
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	16,658	20,819	37,595	(2,091)	72,981
Cumulative effects of changes in accounting policies			(36)		(36)
Restated balance	16,658	20,819	37,558	(2,091)	72,944
Changes of items during the period					
Dividends from surplus			(2,744)		(2,744)
Profit attributable to owners of parent			935		935
Purchase of treasury stock				(1,079)	(1,079)
Change of equity interest in the controlled subsidiary of an overseas affiliate		(211)			(211)
Other	22	22			44
Net changes of items other than shareholders' equity					
Total changes of items during the period	22	(189)	(1,809)	(1,079)	(3,055)
Balance at the end of current period	16,680	20,630	35,749	(3,170)	69,889

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit assets	Total accumulated other comprehensive income			
Balance at the beginning of current period	879	5	(3,776)	(1,051)	(3,943)	47	2,063	71,148
Cumulative effects of changes in accounting policies								(36)
Restated balance	879	5	(3,776)	(1,051)	(3,943)	47	2,063	71,112
Changes of items during the period								
Dividends from surplus								(2,744)
Profit attributable to owners of parent								935
Purchase of treasury stock								(1,079)
Change of equity interest in the controlled subsidiary of an overseas affiliate								(211)
Other								44
Net changes of items other than shareholders' equity	(444)	(52)	(2,502)	154	(2,845)	11	(564)	(3,397)
Total changes of items during the period	(444)	(52)	(2,502)	154	(2,845)	11	(564)	(6,453)
Balance at the end of current period	434	(47)	(6,278)	(897)	(6,788)	58	1,499	64,659

Non-consolidated Financial Statements

Non-consolidated Balance Sheet
(As of March 31, 2020)

	(Millions of yen)	
	FY2019	FY2018 (Reference)
Assets		
Current assets		
Cash and deposits	1,571	902
Notes receivable – trade	545	685
Accounts receivable – trade	15,341	13,318
Finished goods	5,189	4,342
Work in process	494	466
Raw materials and supplies	2,019	1,601
Advance payments - other	244	196
Short-term loans receivable	9,024	4,787
Accounts receivable - other	4,433	2,125
Other	201	156
Allowance for doubtful accounts	(82)	(80)
Total current assets	38,982	28,503
Non-current assets		
Property, plant and equipment		
Buildings	2,551	2,442
Structures	14	17
Machinery and equipment	377	287
Vehicles	0	0
Tools, furniture and fixtures	1,264	1,342
Land	236	236
Leased assets	119	142
Construction in progress	22	17
Total property, plant and equipment	4,587	4,485
Intangible assets		
Patent right	392	61
Leasehold right	57	57
Software	4,861	5,104
Other	215	377
Total intangible assets	5,526	5,600
Investments and other assets		
Investment securities	1,696	2,678
Shares of subsidiaries and associates	56,839	74,103
Investments in capital of subsidiaries and associates	300	668
Long-term loans receivable	2	3
Long-term prepaid expenses	577	632
Deferred tax assets	5,067	4,738
Other	350	328
Allowance for doubtful accounts	(8)	(5)
Total investments and other assets	64,826	83,148
Total non-current assets	74,940	93,235
Total assets	113,923	121,738

	FY2019	FY2018 (Reference)
Liabilities		
Current liabilities		
Notes payable – trade	275	292
Accounts payable – trade	6,124	5,659
Short-term loans payable	18,385	21,911
Lease obligations	651	635
Accounts payable – other	386	159
Accrued expenses	2,857	3,252
Income taxes payable	457	754
Advances received	11	13
Deposits received	77	43
Provision for product warranties	349	343
Current portion of bonds payable	10,000	—
Other	140	103
Total current liabilities	39,717	33,169
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	3,876	9,934
Lease obligations	3,223	3,825
Provision for retirement benefits	2,744	2,764
Other	5	5
Total non-current liabilities	19,850	36,529
Total liabilities	59,567	69,698
Net assets		
Shareholders' equity		
Capital stock	16,680	16,658
Capital surplus		
Legal capital surplus	19,169	19,147
Other capital surplus	1,924	1,924
Total capital surplus	21,093	21,071
Retained earnings		
Legal retained earnings	571	571
Other retained earnings		
General reserve	12,082	14,082
Retained earnings brought forward	6,655	1,054
Total other retained earnings	18,737	15,136
Total retained earnings	19,309	15,708
Treasury shares	(3,170)	(2,091)
Total shareholders' equity	53,913	51,346
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	383	645
Total valuation and translation adjustments	383	645
Subscription rights to shares	58	47
Total net assets	54,355	52,039
Total liabilities and net assets	113,923	121,738

Non-consolidated Statement of Income
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	FY2019	FY2018 (Reference)
Net sales	45,817	45,976
Cost of sales	32,641	32,114
Gross profit	13,175	13,862
Selling, general and administrative expenses	11,644	11,289
Operating income	1,531	2,572
Non-operating income		
Interest and dividend income	4,048	4,252
Rent income	154	177
Other	166	210
Total non-operating income	4,369	4,639
Non-operating expenses		
Interest expenses	232	243
Interest on bonds	115	115
Foreign exchange losses	461	140
Rent cost	77	88
Other	279	637
Total non-operating expenses	1,165	1,224
Ordinary income	4,735	5,988
Extraordinary income		
Gain on sales of investment securities	572	—
Gain on liquidation of subsidiaries	1,487	—
Total extraordinary income	2,059	—
Extraordinary losses		
Loss on liquidation of subsidiaries	282	—
Loss on sales of shares of subsidiaries	142	—
Loss on valuation of investments in capital of subsidiaries and associates	444	402
Loss on retirement of non-current assets	—	497
Special retirement expenses	—	65
Free repair expenses	—	419
Loss on valuation of shares of subsidiaries and associates	—	5,923
Total extraordinary losses	869	7,308
Profit (loss) before income taxes	5,925	(1,319)
Income taxes - current	(206)	356
Income taxes - deferred	(213)	(276)
Profit (Loss)	6,346	(1,399)

Non-consolidated Statement of Changes in Net Assets
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of current period	16,658	19,147	1,924	21,071
Changes of items during the period				
Issuance of new shares	22	22		22
Dividends from surplus				
Provision of general reserve				
Loss				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	22	22	—	22
Balance at the end of current period	16,680	19,169	1,924	21,093

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
		General reserve	Retained earnings brought forward			
Balance at the beginning of current period	571	14,082	1,054	15,708	(2,091)	51,346
Changes of items during the period						
Issuance of new shares						44
Dividends from surplus			(2,744)	(2,744)		(2,744)
Provision of general reserve		(2,000)	2,000			
Profit			6,346	6,346		6,346
Purchase of treasury stock					(1,079)	(1,079)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	(2,000)	5,601	3,601	(1,079)	2,566
Balance at the end of current period	571	12,082	6,655	19,309	(3,170)	53,913

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	645	645	47	52,039
Changes of items during the period				
Issuance of new shares				44
Dividends from surplus				(2,744)
Provision of general reserve				
Profit				6,346
Purchase of treasury stock				(1,079)
Net changes of items other than shareholders' equity	(262)	(262)	11	(250)
Total changes of items during the period	(262)	(262)	11	2,315
Balance at the end of current period	383	383	58	54,355