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# Notice of Convocation of the Ordinary General Meeting of Shareholders for the 130th Fiscal Year



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*Topcon for  
Human Life*



Topcon aims to become a company that customers need with our advanced DX solutions.

To Our Shareholders

I would like to express my sincere gratitude to all of our shareholders for your continued support.

I am Takashi Eto, President and Chief Executive Officer of Topcon Corporation, succeeding Satoshi Hirano, who has served as President and Chief Executive Officer since 2013. I am determined to achieve further growth and development of Topcon.

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

Since our founding, we have developed our business globally, focusing on surveying instruments and ophthalmic medical devices, leveraging our strengths in precision optics and optomechanics technology.

In 1994, we came up with a new concept of “automating the construction process,” which no one had thought of at that time, and created a new business market and potential demands.

This was a turning point, and we promoted mergers and acquisitions of various overseas technology venture companies and distribution companies, integrating our unique technology and ideas and transforming into a solution provider for the “healthcare, agriculture, and construction industries.”

Our customers are professionals with specialized knowledge. With a “Think Global, Act Local” mindset, we try to explore their needs, listen to their opinions, and propose new unique DX solutions they don’t even think of to contribute to creating a prosperous society globally. This is the “TOPCON WAY” that we aim for.

Going forward, with a customer-oriented, field-oriented approach and a spirit of challenge, we will continue to strive for “the company that is needed” by stakeholders and promote ESG (environmental, social, and governance) management through our business

We would like to ask for the continued support of our shareholders.

A handwritten signature in black ink, reading "Takashi Eto".

(Securities Code: 7732)

June 8, 2023

(Date of commencement of electronic provision measures: May 31, 2023)

**To Shareholders with Voting Rights:**

Takashi Eto  
President and Chief Executive Officer  
75-1 Hasunuma-cho,  
Itabashi-ku, Tokyo, Japan

**Notice of Convocation of the Ordinary General Meeting of Shareholders  
for the 130th Fiscal Year**

Dear Shareholders:

It is our pleasure to inform you of the 130th Ordinary General Meeting of Shareholders of TOPCON CORPORATION (the “Company”). The meeting will be held for the purposes described below.

We have adopted electronic provision measures for the convocation of this Ordinary General Meeting of Shareholders. Matters subject to electronic provision measures are posted on the following website on the Internet. This information is also posted on the following website of the Tokyo Stock Exchange, Inc.

■ The Company’s website:

<https://global.topcon.com/invest/stock-bonds/s-meeting/>

■ Tokyo Stock Exchange Listed Company Search:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website, enter “TOPCON” or “7732” (securities code) under “Quick search” to search, then click the Company’s “Basic Information” button, “Documents for public inspection/PR information” tab, and “Click here for access” button under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]” to view the information.

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, contained in the matters subject to electronic provision measures, and exercise your voting rights by 5:15 p.m. on Tuesday, June 27, 2023 Japan standard time.

**1. Date and Time:** Wednesday, June 28, 2023 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 130th Fiscal Year (from April 1, 2022 to March 31, 2023) 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 Ten (10) Directors

**Proposal No. 2:** Election of Three (3) Corporate Auditors

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

**Notes concerning General Meeting of Shareholders**

- The details of any corrections made to the matters subject to electronic provision measures shall be posted on each of the websites where the matters are posted.
- For those attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the venue on the day of the meeting.
- If you do not indicate a vote to a proposal on the Voting Rights Exercise Form, this will be treated as a vote in favor of that proposal
- The exercise of your voting rights by proxy is limited to one (1) other shareholder holding voting rights of the Company. Please note that the said proxy is required to submit a written document certifying the right of proxy at the reception desk of the venue on the day of the meeting.
- Some matters are not included in the physical documents that are provided to shareholders who request provision of physical documents, pursuant to applicable laws and regulations and Article 17 of the Company's Articles of Incorporation. These physical documents therefore comprise only some of the documents that have been audited by the Accounting Auditor and Corporate Auditors in preparing their respective audit reports.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Election of Ten (10) Directors

The terms of office of all ten (10) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of ten (10) Directors.

The candidates for Director are as follows:

No.		Name	Current position at the Company
1	Re-appointment	Satoshi Hirano	Representative Director, Chairman
2	Re-appointment	Takashi Eto	Representative Director, President & CEO
3	Re-appointment	Haruhiko Akiyama	Director, Senior Managing Executive Officer
4	Re-appointment	Takayuki Yamazaki	Director, Senior Managing Executive Officer
5	Re-appointment	Kaoru Kumagai	Director, Managing Executive Officer
6	Re-appointment Outside Director Independent Director	Akira Sudo	Director
7	Re-appointment Outside Director Independent Director	Naoko Yamazaki	Director
8	Re-appointment Outside Director Independent Director	Yoshiharu Inaba	Director
9	Re-appointment Outside Director Independent Director	Naoki Hidaka	Director
10	New appointment Outside Director Independent Director	Katsuhiro Teramoto	

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	[Re-appointment] Satoshi Hirano (December 12, 1957)  No. of years served as Director: 13 years	<p>April 1982    Joined the Company 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                 General Manager, Positioning Business Unit June 2012    Director, Managing Executive Officer June 2013    Representative Director, President &amp; CEO April 2023    Representative Director, Chairman (to present)</p> <p>[Reasons for selection as a candidate for Director] Mr. Satoshi Hirano has displayed strong leadership in management over a decade of service as Representative Director, President &amp; CEO since June 2013. By spearheading the Company's initiatives to solve the societal challenges within healthcare, agriculture and infrastructure, he has made a great contribution to the sustainable growth of the Group. Since assuming office as Representative Director, Chairman in April 2023, he has assisted the new management team, appropriately supervised management, and contributed to the appropriate operation of the Board of Directors as its chair. 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>	84,434
2	[Re-appointment] Takashi Eto (February 18, 1960)  No. of years served as Director: 8 years	<p>April 1990    Joined the Company June 2007    Director, 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                 General Manager, Sales &amp; Marketing Div. April 2018    General Manager, Smart Infrastructure Business Div.                 General Manager, Corporate Planning Div. April 2021    Director, Senior Managing Executive Officer                 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 &amp; CEO (to present)</p> <p>[Reasons for selection as a candidate for Director] Through many years of involvement in sales &amp; marketing and business planning, Mr. Takashi Eto has achieved outstanding results in terms of sales and profit growth through sales &amp; marketing reform and business reform, and has implemented various measures related to quality assurance. As Representative Director, President &amp; CEO since April 2023, he has moved ahead with the Mid-Term Business Plan, which he played a leading role in establishing, while leading the whole Group and directing the management. 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>	45,685

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] Haruhiko Akiyama (February 25, 1963)  No. of years served as Director: 8 years	<p>April 1986      Joined the Company June 2005      Senior Manager, Finance Group, General Administration &amp; Accounting Group</p> <p>April 2014      Deputy General Manager, General Accounting &amp; Finance Div. June 2014      Executive Officer</p> <p>April 2015      Deputy General Manager, General Accounting &amp; Finance Div. June 2015      Director, Executive Officer</p> <p>April 2016      General Manager, General Accounting &amp; Finance Div. June 2019      General Manager, Accounting &amp; Finance Div. (to present) April 2021      Director, Senior Executive Officer Director, Managing Executive Officer General Manager, Custom Products Business Promotion Div. (to present)</p> <p>April 2023      Director, Senior Managing Executive Officer (to present)</p>	35,687
		<p>[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 Managing Executive Officer, General Manager of Accounting &amp; Finance Div., and General Manager of Custom Products Business Promotion 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.</p>	
4	[Re-appointment] Takayuki Yamazaki (August 10, 1966)  No. of years served as Director: 7 years	<p>April 1989      Joined the Company October 2006    Executive Vice President, Topcon Positioning Systems, Inc. June 2012      Senior Manager, Corporate Planning Dept., Corporate Strategy Div.</p> <p>April 2014      Executive Senior Manager, Corporate Planning Dept. June 2014      Executive Officer General Manager, Corporate Planning Div.</p> <p>June 2016      Director, Executive Officer</p> <p>April 2018      General Manager, Product Development Div. June 2019      Director, Senior Executive Officer</p> <p>January 2021    General Manager, R&amp;D Div. April 2021      Director, Managing Executive Officer General Manager, Manufacturing Div. General Manager, POC-SIB Joint Business Development Div.</p> <p>April 2023      Director, Senior Managing Executive Officer (to present) Executive Vice President, Chief Business Integration Officer, Topcon Positioning Systems, Inc. (to present)</p>	29,796
		<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 and implemented various measures related to development and product development. Currently serving as Director, Senior Managing Executive Officer of the Company and Executive Vice President and Chief Business Integration Officer of Topcon Positioning Systems, Inc., while appropriately overseeing management, he is mainly engaged in formulation and implementation of strategy for the positioning business. 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
5	[Re-appointment] Kaoru Kumagai (February 9, 1961) No. of years served as Director: 2 years	<p>April 1983    Joined the Company</p> <p>April 2005    Deputy Chief Engineer, Surveying Instruments Business Div.</p> <p>April 2006    Chief Engineer, Surveying Instruments Business Div.</p> <p>April 2007    Chief Engineer, Positioning Business Unit</p> <p>April 2014    Advisory Engineer, Smart Infrastructure Company</p> <p>April 2015    Advisory Engineer, Research &amp; Development Div.</p> <p>June 2015    Executive Officer</p> <p>                  Chief Advisory Engineer, Research &amp; Development Div.</p> <p>April 2016    Deputy General Manager, Research &amp; Development Div.</p> <p>April 2020    Senior Executive Officer</p> <p>                  Deputy General Manager, Product Development Div.</p> <p>April 2021    General Manager, Research &amp; Development Div. (to present)</p> <p>June 2021    Director, Senior Executive Officer</p> <p>April 2022    Director, Managing Executive Officer (to present)</p> <p>[Reasons for selection as a candidate for Director] Through many years of involvement in research and development, Mr. Kaoru Kumagai has achieved outstanding results in terms of development of fundamental technologies and new products. Currently serving as Director, Managing Executive Officer and General Manager of Research &amp; Development Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of research and 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>	18,865
6	[Re-appointment] Akira Sudo (September 11, 1951) (Outside Director) (Independent Director) No. of years served as Outside Director: 9 years	<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 Corporation (Director, Corporate Research &amp; Development Center)</p> <p>June 2010    Executive Officer, Corporate Senior Vice President, Toshiba Corporation (Director, Corporate Research &amp; 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</p> <p>                  Director, the Company (to present)</p> <p>June 2016    Senior Fellow, Toshiba Corporation</p> <p>June 2017    Fellow, Toshiba Corporation</p> <p>May 2018    Science and Technology Advisor to Cabinet Office (to present)</p> <p>(Significant concurrent position) Science and Technology Advisor to Cabinet Office</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Akira Sudo has a wealth of experience and profound insight concerning corporate management, especially in the R&amp;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 leveraging his wealth of experience and profound insight mainly concerning the R&amp;D field 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
7	<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: 5 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>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>March 2016      Outside Director, Nabtesco Corporation</p> <p>September 2017      Outside Director, Optorun Co., Ltd. (to present)</p> <p>April 2018      Director, Kitakamakura Joshi Gakuen (to present)</p> <p>June 2018      Director, the Company (to present)</p> <p>July 2018      Representative Director, Space Port Japan Association (to present)</p> <p>May 2019      Director, Sora Tourism Promotion Council (to present)</p> <p>June 2019      Director, Gifu-Kakamigahara Air and Space Museum (to present)</p> <p>June 2020      Outside Director, FANUC CORPORATION (to present)</p> <p>June 2021      Representative Director, Young Astronauts Club - Japan (to present)</p> <p>August 2021      Director, ARIGATO Foundation (to present)</p> <p>October 2022      Project Professor, Keio University Global Research Institute (to present)</p> <p>(Significant concurrent positions) Outside Director, Optorun Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION Project Professor, Keio University Global Research Institute</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Ms. Naoko Yamazaki 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 leveraging her wealth of experience and profound insight mainly concerning the science and technology field and risk management 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
8	<p>[Re-appointment]</p> <p>Yoshiharu Inaba (July 23, 1948)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 3 years</p>	<p>April 1973      Joined Isuzu Motors Limited</p> <p>September 1983      Joined FANUC CORPORATION</p> <p>June 1989      Director, FANUC CORPORATION</p> <p>June 1992      Senior Vice President (Director), FANUC CORPORATION</p> <p>June 1995      Executive Vice President (Director), FANUC CORPORATION</p> <p>May 2001      Senior Executive Vice President (Representative Director), FANUC CORPORATION</p> <p>June 2003      President and CEO (Representative Director), FANUC CORPORATION</p> <p>June 2016      Chairman and CEO (Representative Director), FANUC CORPORATION</p> <p>April 2019      Representative Director, Chairman, FANUC CORPORATION (to present)</p> <p>June 2020      Outside Director, the Company (to present) (Significant concurrent position)</p> <p>Chairman (Representative Director), FANUC CORPORATION</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] 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 is a pioneer in factory automation revolution, and 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 leveraging his wealth of experience and profound insight mainly concerning corporate management and automation technology 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
9	<p>[Re-appointment]</p> <p>Naoki Hidaka (May 16, 1953)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 1 year</p>	<p>April 1976      Joined SUMITOMO CORPORATION</p> <p>April 2001      General Manager, Chicago Branch, Sumitomo Corporation of U.S.A.</p> <p>April 2007      Executive Officer, General Manager of Metal Products for Automotive Industry Division, SUMITOMO CORPORATION</p> <p>April 2009      Managing Executive Officer, Head of Chubu Block, SUMITOMO CORPORATION</p> <p>April 2012      Senior Managing Executive Officer, Head of Kansai Block, SUMITOMO CORPORATION</p> <p>June 2013      Representative Director, Senior Managing Executive Officer, and General Manager, Transportation &amp; Construction Systems Business Unit, SUMITOMO CORPORATION</p> <p>April 2015      Representative Director, Executive Vice President, Executive Officer, and General Manager, Transportation &amp; Construction Systems Business Unit, SUMITOMO CORPORATION</p> <p>June 2018      Special Adviser, SUMITOMO CORPORATION</p> <p>June 2019      Adviser, SUMITOMO CORPORATION (retired in March 2020)</p> <p>June 2020      Outside Director, BROTHER INDUSTRIES, LTD. (to present)</p> <p>March 2021      Outside Director, Nabtesco Corporation (to present)</p> <p>June 2022      Director, the Company (to present)</p> <p>(Significant concurrent positions) Outside Director, BROTHER INDUSTRIES, LTD. Outside Director, Nabtesco Corporation</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Naoki Hidaka has a wealth of experience and profound insight concerning corporate management and overseas business, gained through his many years of service as a Representative Director of a company which operates globally in a wide range of industries and involvement in overseas operations, and 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 oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management and overseas business so that the Company will achieve sustainable enhancement of corporate value.</p>	1,643

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
10	[New appointment] Katsuhiro Teramoto (December 13, 1955)  (Outside Director) (Independent Director)	<p>April 1979      Joined Kobe Steel, Ltd.</p> <p>April 2007      Joined Nabtesco Corporation</p> <p>June 2009      General Manager, Planning Department, Accessibility Innovations Company, Nabtesco Corporation</p> <p>June 2011      Executive Officer, Nabtesco Corporation</p> <p>August 2012    Vice President and General Manager, Planning Department, Accessibility Innovations Company, Nabtesco Corporation</p> <p>February 2013   Deputy Senior General Manager, Corporate Planning Division and General Manager, Corporate Planning Department, Nabtesco Corporation</p> <p>June 2015      Representative Director, Managing Executive Officer and Senior General Manager of Corporate Planning Division, Nabtesco Corporation</p> <p>March 2017     Representative Director, President and Chief Executive Officer, Nabtesco Corporation</p> <p>March 2022     Representative Director, Chairman of the Board, Nabtesco Corporation</p> <p>March 2023     Director, Chairman of the Board, Nabtesco Corporation (to present)</p> <p>(Significant concurrent position) Chairman of the Board, Nabtesco Corporation</p>	0
		[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Katsuhiro Teramoto has a wealth of experience and profound insight concerning corporate management and overseas business, gained through his many years of service leading management of a company which operates globally with 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 leveraging his wealth of experience and profound insight mainly concerning corporate management so that the Company will achieve sustainable enhancement of corporate value.	

(Notes)

- No conflict of interest exists between the Company and any of the candidates for Directors.
- Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba, Mr. Naoki Hidaka and Mr. Katsuhiro Teramoto are candidates for Outside Director. The Company has designated Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba and Mr. Naoki Hidaka 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. Katsuhiro Teramoto 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.
- 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. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba and Mr. Naoki Hidaka 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 Mr. Katsuhiro Teramoto, a candidate for Outside Director, is approved, the Company intends to conclude a contract of the same nature with him.
- The Company has entered into a directors and officers liability insurance contract with an insurance company. 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. If the re-appointment or election of each candidate is approved, each candidate will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.

**Proposal No. 2: Election of Three (3) Corporate Auditors**

The terms of office of Corporate Auditors Mr. Shokyu Nakamura, Mr. Nobuyuki Ryu, and Mr. Keiji Taketani will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of three (3) Corporate Auditors.

The Board of Corporate Auditors has already given its approval for the submission of this proposal. The candidates for Corporate Auditor are as follows:

No.	Name	Current position at the Company
1	Re-appointment Shokyu Nakamura	Corporate Auditor
2	Re-appointment Nobuyuki Ryu	Corporate Auditor
3	Re-appointment Outside Corporate Auditor Independent Corporate Auditor Keiji Taketani	Corporate Auditor

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company	Number of shares of the Company held
1	[Re-appointment] Shokyu Nakamura (March 26, 1961)  No. of years served as Corporate Auditor: 4 years	<p>April 1985      Joined the Company October 2002    President, Topcon Singapore Pte. Ltd. April 2010      Senior Manager, Positioning Asia Sales Dept., Positioning Business Unit April 2015      President, Topcon Sokkia India Pvt. Ltd. June 2017      Executive Officer August 2017    President, Topcon Singapore Holding Pte. Ltd. April 2019      Assistant of President June 2019      Corporate Auditor (to present)</p> <p>[Reasons for selection as a candidate for Corporate Auditor] Mr. Shokyu Nakamura has a wealth of experience and profound insight concerning business administration gained through his many years of involvement in overseas sales and marketing and service as President of overseas subsidiaries. He has been utilizing this experience and insight to appropriately fulfill his duties as a Corporate Auditor. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him again as a candidate for Corporate Auditor.</p>	9,604
2	[Re-appointment] Nobuyuki Ryu (April 29, 1961)  No. of years served as Corporate Auditor: 3 years	<p>April 1985      Joined the Company July 2001      President, Topcon Australia Pty. Ltd. July 2006      Senior Manager, Ophthalmic and Medical Instruments 1st International Sales Dept., Ophthalmic and Medical Instruments Div. 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 April 2017      Vice General Manager of Sales &amp; Marketing Div., in charge of Smart Infrastructure April 2018      Vice General Manager of Smart Infrastructure Business Div. April 2020      Assistant of President June 2020      Corporate Auditor (to present)</p> <p>[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. He has been utilizing this experience and insight to appropriately fulfill his duties as a Corporate Auditor. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him again as a candidate for Corporate Auditor.</p>	10,575

No.	Name (Date of birth)	Career summary and positions and responsibilities at the Company	Number of shares of the Company held
3	[Re-appointment]  Keiji Taketani (July 8, 1956)  (Outside Corporate Auditor) (Independent Corporate Auditor)  No. of years served as Outside Corporate Auditor: 7 years	<p>April 1980      Joined Sony Corporation (currently Sony Group Corporation)</p> <p>April 2006      General Manager, Corporate Internal Control Review Office, Sony Corporation</p> <p>June 2010      Audit &amp; Supervisory Board Member, Sony Semiconductor Corporation</p> <p>September 2015 Senior Advisor, Risk &amp; Control Dept., Sony Corporation (currently Sony Group Corporation)</p> <p>June 2016      Corporate Auditor, the Company (to present)</p> <p>June 2017      Outside Corporate Auditor (full time), Ekitan &amp; Co., Ltd. (to present)</p> <p>(Significant concurrent position) Outside Corporate Auditor (full time), Ekitan &amp; Co., Ltd.</p> <p>[Reasons for selection as a candidate for Outside Corporate Auditor] Mr. Keiji Taketani has a wealth of experience and profound insight concerning business administration, finance and accounting gained through his many years of involvement in business administration of companies developing business globally. He has been appropriately fulfilling duties as a Corporate Auditor. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him again as a candidate for Outside Corporate Auditor.</p>	0

(Notes)

1. No conflict of interest exists between the Company and any of the candidates for Corporate Auditor.
2. Mr. Keiji Taketani is a candidate for Outside Corporate Auditor. The Company has designated him as an Independent Corporate Auditor as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange. If his re-appointment as Outside Corporate Auditor is approved, the Company intends to continue his designation as Independent Corporate Auditor.
3. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded a contract with Outside Corporate Auditor candidate Mr. Keiji Taketani that limits his liability for damages caused by negligence in performing his duties to the amount prescribed by laws and regulations. If his re-appointment is approved, the Company intends to renew the contract with him.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company. 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. If the re-appointment of each candidate is approved, each candidate will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.

(Reference)

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

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

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



### 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	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 Audit & Supervisory Board Member (Outside), Fuji Oil Company, Ltd. (scheduled to retire in June 2023)	
	June 2016	President and Representative Director, Japan Economic Research Institute Inc.	
	July 2021	Outside Director, Topy Industries, Limited Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD. (to present) (Significant concurrent position) Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., 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 Outside 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.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company. 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. If Mr. Tsuyoshi Inoue is appointed as an Outside Corporate Auditor, Mr. Tsuyoshi Inoue will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.

# Business Report

## 1. Matters Concerning the Current Status of the Topcon Group

### (1) Progress and Results of Operations

In fiscal year 2022, ended March 31, 2023, the outlook for the economic environment remained uncertain due to factors such as a worldwide shortage of parts and materials, soaring parts, materials and logistics costs, the continuation of interest rate hikes to control inflation and the dramatic movements in foreign exchange rates that resulted from this, rising financial unrest, especially in Europe and the U.S., as well as the prolonged impact of Russia's military invasion of Ukraine and zero-COVID policies in China.

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 as a global company that promotes its efforts to solve societal challenges of "healthcare," "agriculture," and "infrastructure" utilizing DX solutions under the slogan of "contributes to the enrichment of human life through leading-edge technology".

In this context, the Group's consolidated performance in fiscal year 2022 was as follows.

In fiscal year 2022, the Topcon Group's consolidated net sales increased by 22.2% year on year to ¥215,625 million, driven by a steady increase in sales in IT construction, IT agriculture systems, and other growth businesses, and boosted by the effects of product price revisions and the depreciation of the yen. This was despite the impact of supply constraints and shipping delays due to the shortage of parts and materials. Mainly due to this increase in net sales, and despite the continuing effects of parts and materials shortages and soaring parts, materials and logistics costs, operating profit was ¥19,537 million, an increase of 22.8% year on year, and ordinary profit was ¥17,829 million, an increase of 20.3% year on year. As a result, profit attributable to owners of the parent was ¥11,806 million, an increase of 10.3% 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 the Smart Infrastructure Business, net sales increased by 8.0% year on year to ¥42,163 million, driven by firm domestic sales and sales growth to countries in Asia and the Middle East, despite the impact of shipping delays due to the shortage of parts and materials. Operating profit decreased by 13.5% year on year to ¥5,037 million due to the effect of upfront investments in new business fields, as well as the continued impact of a decline in production of surveying instruments associated with the shortage of parts and materials and elevated parts and materials costs.

#### 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

In the Positioning Company, net sales increased by 29.0% year on year to ¥124,731 million, as the Group captured non-housing-related robust demand, even as the effects of a slowdown in housing investment became apparent in North America, the main market for this segment, amid the continuing impact of shipping delays due to the shortage of parts and materials. Operating profit increased by 33.6% year on year to ¥15,427 million, driven mainly by the rise in sales, although the business continued to be affected by soaring parts, materials, and logistics costs.

## **Eye Care Business**

### **Principal Products**

3D optical coherence tomography systems (3D OCT), retinal cameras, non-mydratric retinal cameras, 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

In the Eye Care Business, net sales increased by 16.6% year on year to ¥66,899 million mainly thanks to the continuation of a high level of sales of flagship screening equipment and digital optometry equipment, mainly in Europe and the U.S., as well as sales growth to Asia (excluding China), despite the prolonged impact of shipping delays due to the shortage of parts and materials and zero-COVID policies in China. Operating profit increased by 23.9% year on year to ¥3,968 million, driven mainly by the rise in sales and the depreciation of the yen, although the business was affected by upfront investment, in addition to soaring parts, materials, and logistics costs.

### **(2) Capital Investment**

Total capital expenditures for the Topcon Group amounted to ¥8,618 million in fiscal year 2022. By business segment, capital expenditures were ¥1,526 million for the Smart Infrastructure Business, ¥4,137 million for the Positioning Company, and ¥2,838 million for the Eye Care Business.

### **(3) R&D**

The Topcon Group's R&D expenditure amounted to ¥20,743 million in fiscal year 2022. 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

	126th term FY2018	127th term FY2019	128th term FY2020	129th term FY2021	130th term FY2022
Net sales (Millions of yen)	148,688	138,916	137,247	176,421	215,625
Operating profit (Millions of yen)	13,596	5,381	6,593	15,914	19,537
Operating profit ratio (%)	9.1	3.9	4.8	9.0	9.1
Ordinary profit (Millions of yen)	11,497	2,895	5,587	14,820	17,829
Profit attributable to owners of parent (Millions of yen)	6,548	935	2,376	10,699	11,806
Profit attributable to owners of parent per share (yen)	61.76	8.87	22.59	101.71	112.16
Total assets (Millions of yen)	160,288	161,721	168,210	184,983	207,890
Net assets (Millions of yen)	71,148	64,659	70,687	85,150	97,040
Shareholders' equity ratio (%)	43.1	39.0	41.2	45.1	45.8
Shareholders' equity per share (yen)	651.11	600.03	659.31	793.57	905.17
Return on equity (ROE) (%)	9.8	1.4	3.6	14.0	13.2

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, 2023)**

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% [100.0%]	Sales of Smart Infrastructure and Positioning products
Topcon Medical Japan Co., Ltd.	JPY100 million	100.0%	Sales of Eye Care products
Topcon Optonexus Co., Ltd.	JPY100 million	100.0%	Manufacturing of Smart Infrastructure and 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
Topcon (Beijing) Medical Technology Co., Ltd.	RMB15,000 thousand	100.0%	Sales of Eye Care products

Notes: 1. The Company has 65 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

Under the “Third Mid-Term Business Plan,” of which FY2022 was the final year, the Company has pursued the theme of “acceleration of growing business.” The term of the “Third Mid-Term Business Plan” was marked by the massive impact of the COVID-19 pandemic and shortages of component, among other factors, but the Company achieved the goals set forth in the plan, including the expansion of net sales through business growth.

From this position, the Company has established the new “Mid-Term Business Plan 2025,” described below, spanning the three years from FY2023.

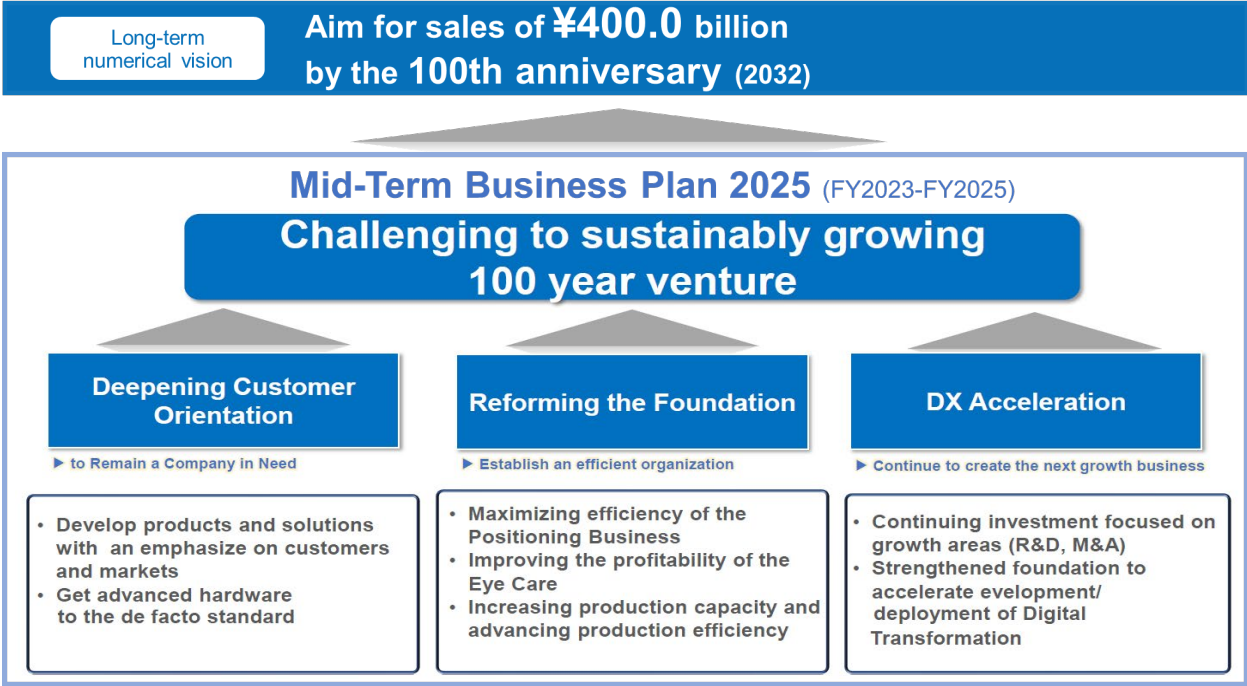
### Overview of “Mid-Term Business Plan 2025” (FY2023-FY2025)

We will continue to pursue our vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure, as we advance the development and spread of “DX solutions” to solve societal challenges in each business domain: “healthcare,” “agriculture,” and “infrastructure.”



The markets for the Company’s business domains of healthcare, agriculture and infrastructure have remained slow to adopt IT and automation. This represents significant growth potential as we develop and expand our DX solutions. In addition to accelerating growth businesses and strengthening core businesses, we will continue to achieve business expansion by creating more new markets with the potential to take advantage of our unique technology. We will aim to realize our long-term numerical vision to double our consolidated net sales to ¥400.0 billion by 2032, the 100th anniversary.

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 3-year mid-term business plan that will be our first step in preparing for the Company’s 100th anniversary. We will engage in business challenges under the three basic strategies presented in the figure below, pursuing growth strategies in each business.



**(9) Principal Offices (as of March 31, 2023)**

## 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)
	Topcon Optonex Co., Ltd. (Tamura-shi, Fukushima)
Overseas	Topcon Positioning Systems, Inc. (California, U.S.A.)
	Topcon Medical Systems, Inc. (New Jersey, U.S.A.)
	Topcon Europe Positioning B.V. (Zoetermeer, The Netherlands)
	Topcon Europe Medical B.V. (Capelle, The Netherlands)
	Topcon Optical (Dongguan) Technology Ltd. (Guangdong Province, China)
	Topcon (Beijing) Medical Technology Co., Ltd. (Beijing, China)



**(10) Employees (as of March 31, 2023)**

Business category	Number of employees	Increase (Decrease) from the previous fiscal year-end
Smart Infrastructure Business	1,012	+38
Positioning Company	2,262	+120
Eye Care Business	1,994	+138
Other	275	-1
Total	5,543	+295

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, 2023)**

Lender	Outstanding borrowings
Sumitomo Mitsui Banking Corporation	10,942 million yen
MUFG Bank, Ltd.	4,931 million yen
Mizuho Bank, Ltd.	3,047 million yen

## 2. Status of Shares (as of March 31, 2023)

<b>(1) Number of Shares Authorized</b>	160,000,000 shares
<b>(2) Number of Shares Issued</b>	108,265,842 shares (including 2,970,058 shares of treasury stock)
<b>(3) Number of Shareholders</b>	15,793
<b>(4) Major Shareholders</b>	

Shareholder name	Number of shares held (shares)	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (trust account)	16,978,100	16.12%
Custody Bank of Japan, Ltd. (trust account)	10,110,500	9.60%
Morgan Stanley MUFG Securities Co., Ltd.	4,277,604	4.06%
The Dai-ichi Life Insurance Company, Limited	4,038,000	3.83%
THE BANK OF NEW YORK MELLON 140051	2,989,800	2.83%
TAIYO FUND, L.P.	2,011,400	1.91%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,969,731	1.87%
THE BANK OF NEW YORK MELLON 140044	1,922,907	1.82%
THE BANK OF NEW YORK MELLON 140042	1,611,263	1.53%
Sumitomo Mitsui Banking Corporation	1,464,492	1.39%

The Company's holding of treasury stock (2,970,058 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.

### **(5) Shares Delivered to Officers as Consideration for the Execution of Duties during the Period**

The Company grants restricted stocks to Directors (excluding Outside Directors) with the aim of providing an incentive for Directors to enhance the corporate value of the Company and promoting further shared value with shareholders. A total of 35,000 shares were delivered to five (5) Directors (excluding Outside Directors) in fiscal year 2022, as consideration for the execution of duties.

### **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, 2023, which were issued as compensation for their execution of duties  
Not applicable.
- (2) Status of subscription rights to shares issued to the Company's employees as compensation for their execution of duties during fiscal 2022  
Not applicable.

## 4. Matters Concerning Officers

### (1) Directors and Corporate Auditors (as of March 31, 2023)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director, President & CEO	Satoshi Hirano	CEO
Representative Director	Takashi Eto	Executive Vice President General Manager of Quality Assurance Div.
Director	Haruhiko Akiyama	Managing Executive Officer General Manager of Accounting & Finance Div. General Manager of Custom Products Business Promotion Div.
Director	Takayuki Yamazaki	Managing Executive Officer General Manager of Product Development Div. General Manager of POC-SIB Joint Business Development Div.
Director	Kaoru Kumagai	Managing Executive Officer General Manager, Research & Development Div.
Director	Kazuyuki Matsumoto	Outside Director, Kitz Corporation
Director	Akira Sudo	Science and Technology Advisor to Cabinet Office
Director	Naoko Yamazaki	Outside Director, Oporun Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION Project Professor, Keio University Global Research Institute
Director	Yoshiharu Inaba	Representative Director, Chairman FANUC CORPORATION
Director	Naoki Hidaka	Outside Director, BROTHER INDUSTRIES, LTD. Outside Director, Nabtesco Corporation
Corporate Auditor (full time)	Shokyu Nakamura	
Corporate Auditor (full time)	Nobuyuki Ryu	
Corporate Auditor	Keiji Taketani	Outside Corporate Auditor (full time), Ekitan & Co., Ltd.
Corporate Auditor	Kiyoshi Suzuki	

- Notes: 1. Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba and Mr. Naoki Hidaka are Outside Directors.
2. Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki are Outside Corporate Auditors.
3. The Company has designated Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba and Mr. Naoki Hidaka and Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange.
4. 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.
5. Changes of Directors and Corporate Auditors during fiscal year 2022 are as follows:
- (1) Assumption of office  
The election of Mr. Naoki Hidaka as Director was approved at the 129th Ordinary General Meeting of Shareholders held on June 28, 2022, and he assumed office.
  - (2) Retirement  
Corporate Auditor Mr. Tatsuya Kuroyanagi resigned at the conclusion of the 129th Ordinary General Meeting of Shareholders held on June 28, 2022, and he retired from the position of Corporate Auditor.
  - (3) Changes in significant concurrent positions  
Director Ms. Naoko Yamazaki was appointed Project Professor of Keio University Global Research Institute on October 1, 2022.

6. Changes in the positions and responsibilities of Directors after the end of fiscal year 2022 are as follows:

Name	New position	Previous position	Date of change
Satoshi Hirano	Representative Director, Chairman	Representative Director, President & CEO	April 1, 2023
Takashi Eto	Representative Director, President & CEO	Representative Director Executive Vice President General Manager of Quality Assurance Div.	April 1, 2023
Haruhiko Akiyama	Senior Managing Executive Officer General Manager, Accounting & Finance Div. General Manager, Custom Products Business Promotion Div.	Managing Executive Officer General Manager, Accounting & Finance Div. General Manager, Custom Products Business Promotion Div.	April 1, 2023
Takayuki Yamazaki	Senior Managing Executive Officer Executive Vice President, Chief Business Integration Officer, Topcon Positioning Systems, Inc.	Managing Executive Officer General Manager of Product Development Div. General Manager of POC-SIB Joint Business Development Div.	April 1, 2023

## (2) Outside Directors/Auditors

Position	Name	Attendance	Main activities and overview of duties executed regarding roles that an Outside Director is expected to play
Outside Director	Kazuyuki Matsumoto	[Board of Directors' meetings] 15/15	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management, as well as fulfilled appropriate roles including overseeing management and providing advice.
	Akira Sudo	[Board of Directors' meetings] 15/15	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the technology field, as well as fulfilled appropriate roles including overseeing management and providing advice.
	Naoko Yamazaki	[Board of Directors' meetings] 14/15	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the science and technology field and risk management, as well as fulfilled appropriate roles including overseeing management and providing advice.
	Yoshiharu Inaba	[Board of Directors' meetings] 15/15	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management and automation technology, as well as fulfilled appropriate roles including overseeing management and providing advice.
	Naoki Hidaka	[Board of Directors' meetings] 12/12	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management and overseas business, as well as fulfilled appropriate roles including overseeing management and providing advice.
Outside Corporate Auditor	Keiji Taketani	[Board of Directors' meetings] 14/15 [Board of Corporate Auditors' meetings] 12/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning business administration.
	Kiyoshi Suzuki	[Board of Directors' meetings] 15/15 [Board of Corporate Auditors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance.

- 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 was a Science and Technology Advisor to the Cabinet Office, no special relationship exists between the Company and the Cabinet Office.
  3. Although Director Ms. Naoko Yamazaki is an Outside Director of Oporun Co., Ltd., the Representative Director of Space Port Japan Association, an Outside Director of FANUC CORPORATION and a Project Professor of Keio University Global Research Institute, no special relationship exists between the Company and any of these companies or the university.
  4. Although Director Mr. Yoshiharu Inaba is a Representative Director, Chairman of FANUC CORPORATION, no special relationship exists between the Company and FANUC CORPORATION.
  5. Although Director Mr. Naoki Hidaka is an Outside Director of BROTHER INDUSTRIES, LTD. and an Outside Director of Nabtesco Corporation, no special relationship exists between the Company and either of these companies.
  6. 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.
  7. 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.
  8. Since the election of Mr. Naoki Hidaka as Director was approved at the 129th Ordinary General Meeting of Shareholders held on June 28, 2022 and he assumed office, the attendance at the Board of Directors' meetings held on and after the date is indicated.

### **(3) Compensation for Directors and Corporate Auditors**

#### 1) Matters concerning policy on the determination of the content of individual compensation for Directors

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

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

The amount of individual compensation for Directors is decided based on the deliberation and recommendations of the Nomination and Compensation Advisory Committee in accordance with the policy regarding compensation for Directors within the limit for the total amount of compensation for Directors approved by resolution of the General Meeting of Shareholders. The specific number of shares of restricted stock compensation to be allotted is decided by resolution of the Board of Directors, and the specific amount of other compensation is decided by President & CEO (Satoshi Hirano) on behalf of the Board of Directors, which delegates the decision on the amount to the President & CEO, based mainly on the President & CEO's broad view of the overall results of the Company and the existence of a process to have deliberation and recommendations of the Nomination and Compensation Advisory Committee in advance. In addition, the Board of Directors conducts a multilateral review, including consistency with compensation for Directors and the policy regarding compensation for Directors, in advance at the Nomination and Compensation Advisory Committee. As such, the Company has determined that such compensation is in conformity with the policy regarding compensation.

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.

##### 1) Fixed compensation

- Fixed compensation for Directors (excluding Outside Directors) is decided based on rank and paid every month.
- Fixed compensation for Outside Directors is decided taking into consideration their role, etc. and paid every month.

##### 2) Performance-linked compensation

- Performance-linked compensation for Directors (excluding Outside Directors) is calculated on the basis of certain indicators for each fiscal year. The indicators which constitute the basis for performance-linked compensation consist of consolidated profit attributable to owners of the parent, ROE and other indicators for the purpose of raising Directors' motivation and morale to enhance results as well as aligning interests with shareholders.

- Short-term performance-linked compensation is calculated based on the financial results of each fiscal year, and medium-term performance-linked compensation is calculated based on cumulative performance during the period of each Mid-Term Business Plan, with each being paid after the end of the relevant period.

- The financial results of fiscal year 2022, an indicator which constitutes the basis for performance-linked compensation, were consolidated profit attributable to owners of the parent of ¥11,806 million and ROE of 13.2%, and cumulative performance during the period of the 3rd Mid-Term Business Plan was consolidated profit attributable to owners of the parent of ¥24,882 million and ROE of 10.3% (average).

##### 3) Restricted stock compensation

- The Company grants restricted stocks to Directors (excluding Outside Directors) with the aim of providing an incentive for Directors to enhance sustainable growth and improve corporate value of the Company and promoting further shared value with shareholders. The number of restricted stocks to be allotted to each Director is decided based on rank. The restricted stocks are issued by resolution of the Board of Directors on the condition that rights of claim for compensation equivalent to the amount to be paid in to Directors to whom such restricted stocks are allotted are offset against the amount to be paid in

for such restricted stocks.

4) Compensation composition ratio

• Compensation for Directors (excluding Outside Directors) consists of fixed compensation, performance-linked compensation, and restricted stock compensation. The ratio of the sum of performance-linked compensation and restricted stock compensation to total compensation is designed to be not more than about 60% on average for each rank, based on performance indicators, in order to raise Directors' motivation and morale to enhance the results while emphasizing the medium to long term enhancement of corporate value and shareholder value.

2) Matters concerning resolution of the General Meeting of Shareholders on compensation for Directors and Corporate Auditors

Compensation for Directors of the Company is determined by resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2022, and the total amount is set at ¥1,100 million per year or less (fixed portion is ¥500 million or less, performance-linked portion calculated on the basis of certain indicators for each fiscal year is ¥600 million per year or less, not including employee salaries of Directors who concurrently serve as employees), of which the total amount for Outside Directors is set at ¥100 million per year or less (fixed portion only). The number of Directors at the conclusion of this Ordinary General Meeting of Shareholders is ten (including five Outside Directors).

The provision of monetary claims as compensation for granting restricted stocks, separate from the compensation limits described above, was also resolved at the 129th Ordinary General Meeting of Shareholders. Under this restricted stock compensation plan, the total amount of monetary claims provided to eligible directors for granting restricted stocks is ¥200 million per year or less (the amount does not include employee salaries of Directors who concurrently serve as employees). The total number of shares of the Company's common stock issued or disposed of is 100,000 shares per year or less (provided, however, that if the Company performs a split of the Company's common stock (including the allotment of the Company's common stock without contribution) or a consolidation of the Company's common stock, with an effective date that is on or after the date when the resolution of the General Meeting of Shareholders comes into effect, or if any other event that requires adjustment of the total number of shares of the Company's common stock to be issued or disposed of as restricted stocks occurs, the relevant total number shall be adjusted to the reasonable extent as necessary). The stock option plan was abolished with the introduction of the restricted stock compensation plan, except for stock options already granted.

Compensation for Corporate Auditors of the Company is set at ¥100 million per year or less by resolution of the 120th Ordinary General Meeting of Shareholders held on June 26, 2013. The number of Corporate Auditors at the conclusion of this Ordinary General Meeting of Shareholders is four (including two Outside Corporate Auditors).

3) 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	Non-monetary compensation	
Directors (excluding Outside Directors)	513	205	249	58	5
Outside Directors	65	65	–	–	5
Corporate Auditors (excluding Outside Corporate Auditors)	37	37	–	–	2
Outside Corporate Auditors	19	19	–	–	3

- Notes: 1. Non-monetary compensation is the amount of expenses recorded during fiscal year 2022 in connection with subscription rights to shares granted as stock options and restricted stock compensation.  
2. One (1) Outside Corporate Auditor who retired at the conclusion of the 129th Ordinary General Meeting of



Shareholders held on June 28, 2022 is included in the number of Corporate Auditors.

## **5. Matters Concerning Directors and Officers Liability Insurance Agreement**

The Company has concluded a directors and officers liability insurance agreement with an insurance company.

The outline of this agreement is as follows.

### **(1) Scope of insured person**

Insured persons comprise Directors, Corporate Auditors and Executive Officers of the Company as well as Directors and Corporate Auditors of the Company's subsidiaries.

### **(2) Real burden of insurance premium on the insured person**

The Company bears the total amount of the insurance premium.

### **(3) Outline of insured events to be covered**

Damages that may arise due to liability borne by the insured person for executing duties or claims received in connection with pursuit of such liability shall be covered by this insurance agreement. However, coverage is exempted for certain causes such as claims for damages in connection with the intentional violation of laws or regulations.

## 6. Accounting Auditor

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

### (2) Amount of Remuneration

	Amount paid
1) Amount of remuneration etc. for fiscal year 2022	92 million yen
2) Total amount of cash and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	92 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 Companies 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.

## 7. 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, 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, 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 15 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 System 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 year 2021.

#### 4. Performance of duties by corporate auditors

The Board of Corporate Auditors met 13 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's basic dividend policy for returning profits to shareholders is to steadily increase the dividend payment amount by placing emphasis on distribution of profits 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.

Regarding the dividends from surplus for fiscal year 2022, based on the Company's basic policy of distributing profits in accordance with the growth of consolidated profits, the interim dividend was 20 yen per share (compared with 10 yen per share for fiscal year 2021), as planned at the beginning of the year. Moreover, the Company paid a year-end dividend of 22 yen per share (compared with the year-end dividend of 26 yen per share for fiscal year 2021), bringing the full-year dividend payment to 42 yen per share (compared with the full-year dividend of 36 yen per share for fiscal year 2021).

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

## **8. Other Significant Matters concerning the Company's Status**

Not applicable

# Consolidated Financial Statements

## Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

	FY2022	FY2021 (Reference)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	17,660	20,124
Notes and accounts receivable – trade	47,454	45,864
Merchandise and finished goods	24,309	19,510
Work in process	2,048	1,805
Raw materials and supplies	25,151	18,309
Other	8,375	10,658
Allowance for doubtful accounts	(1,925)	(2,232)
<b>Total current assets</b>	<b>123,074</b>	<b>114,041</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	9,830	9,679
Machinery, equipment and vehicles, net	4,351	3,670
Land	3,937	3,723
Leased assets	8,434	2,689
Construction in progress	1,524	952
Other, net	4,770	4,146
<b>Total property, plant and equipment</b>	<b>32,848</b>	<b>24,863</b>
<b>Intangible assets</b>		
Goodwill	8,994	9,741
Software	11,650	9,620
Other	9,683	10,552
<b>Total intangible assets</b>	<b>30,328</b>	<b>29,914</b>
<b>Investments and other assets</b>		
Investment securities	3,225	3,711
Long-term loans receivable	343	352
Deferred tax assets	13,849	10,821
Other	4,230	1,294
Allowance for doubtful accounts	(11)	(14)
<b>Total investments and other assets</b>	<b>21,638</b>	<b>16,164</b>
<b>Total non-current assets</b>	<b>84,815</b>	<b>70,942</b>
<b>Total assets</b>	<b>207,890</b>	<b>184,983</b>

	FY2022	FY2021 (Reference)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	16,389	15,687
Short-term loans payable	20,712	5,586
Lease obligations	2,770	1,415
Accrued expenses	12,313	15,013
Income taxes payable	1,486	2,152
Provision for product warranties	1,890	1,444
Current portion of bonds payable	–	10,000
Other	11,719	10,095
<b>Total current liabilities</b>	<b>67,282</b>	<b>61,394</b>
<b>Non-current liabilities</b>		
Bonds payable	20,000	20,000
Long-term loans payable	2,058	2,547
Lease obligations	7,943	3,812
Deferred tax liabilities	4,353	4,247
Provision for directors' retirement benefits	42	59
Retirement benefit liability	4,470	4,333
Other	4,698	3,438
<b>Total non-current liabilities</b>	<b>43,567</b>	<b>38,438</b>
<b>Total liabilities</b>	<b>110,850</b>	<b>99,833</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
<b>Capital stock</b>	<b>16,780</b>	<b>16,706</b>
<b>Capital surplus</b>	<b>20,682</b>	<b>20,608</b>
<b>Retained earnings</b>	<b>52,635</b>	<b>45,670</b>
<b>Treasury shares</b>	<b>(3,171)</b>	<b>(3,171)</b>
<b>Total shareholders' equity</b>	<b>86,926</b>	<b>79,813</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	891	900
Deferred gains or losses on hedges	14	(72)
Foreign currency translation adjustment	7,313	3,088
Remeasurements of defined benefit plans	164	(238)
<b>Total accumulated other comprehensive income</b>	<b>8,384</b>	<b>3,677</b>
<b>Subscription rights to shares</b>	<b>63</b>	<b>67</b>
<b>Non-controlling interests</b>	<b>1,666</b>	<b>1,591</b>
<b>Total net assets</b>	<b>97,040</b>	<b>85,150</b>
<b>Total liabilities and net assets</b>	<b>207,890</b>	<b>184,983</b>



**Consolidated Statement of Income**  
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	FY2022	FY2021 (Reference)
<b>Net sales</b>	<b>215,625</b>	<b>176,421</b>
<b>Cost of sales</b>	<b>103,223</b>	<b>86,328</b>
<b>Gross profit</b>	<b>112,401</b>	<b>90,093</b>
<b>Selling, general and administrative expenses</b>	<b>92,864</b>	<b>74,178</b>
<b>Operating profit</b>	<b>19,537</b>	<b>15,914</b>
<b>Non-operating income</b>		
Interest income	189	79
Dividend income	54	47
Foreign exchange gains	137	235
Reversal of allowance for doubtful accounts	–	492
Insurance claim income	280	–
Other	254	315
<b>Total non-operating income</b>	<b>917</b>	<b>1,170</b>
<b>Non-operating expenses</b>		
Interest expenses	1,058	459
Interest on other liabilities	231	157
Share of loss of entities accounted for using equity method	344	351
Loss on valuation of investment securities	567	387
Compensation expenses	–	215
Other	421	694
<b>Total non-operating expenses</b>	<b>2,624</b>	<b>2,265</b>
<b>Ordinary profit</b>	<b>17,829</b>	<b>14,820</b>
<b>Extraordinary income</b>		
Subsidy income	–	495
<b>Total extraordinary income</b>	<b>–</b>	<b>495</b>
<b>Extraordinary losses</b>		
Impairment loss	880	670
Settlement payments	911	–
<b>Total extraordinary losses</b>	<b>1,791</b>	<b>670</b>
<b>Profit before income taxes</b>	<b>16,038</b>	<b>14,645</b>
<b>Income taxes - current</b>	<b>7,644</b>	<b>4,399</b>
<b>Income taxes - deferred</b>	<b>(3,569)</b>	<b>(701)</b>
<b>Profit</b>	<b>11,962</b>	<b>10,946</b>
<b>Profit attributable to non-controlling interests</b>	<b>156</b>	<b>247</b>
<b>Profit attributable to owners of parent</b>	<b>11,806</b>	<b>10,699</b>

## Consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	16,706	20,608	45,670	(3,171)	79,813
Changes of items during the period					
Dividends from surplus			(4,841)		(4,841)
Profit attributable to owners of parent			11,806		11,806
Purchase of treasury stock				(0)	(0)
Other	74	74			148
Net changes of items other than shareholders' equity					
Total changes of items during the period	74	74	6,965	(0)	7,112
Balance at the end of current period	16,780	20,682	52,635	(3,171)	86,926

	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	900	(72)	3,088	(238)	3,677	67	1,591	85,150
Changes of items during the period								
Dividends from surplus								(4,841)
Profit attributable to owners of parent								11,806
Purchase of treasury stock								(0)
Other								148
Net changes of items other than shareholders' equity	(8)	87	4,224	403	4,706	(3)	74	4,777
Total changes of items during the period	(8)	87	4,224	403	4,706	(3)	74	11,890
Balance at the end of current period	891	14	7,313	164	8,384	63	1,666	97,040

Non-consolidated Financial Statements

**Non-consolidated Balance Sheet**  
(As of March 31, 2023)

(Millions of yen)

	FY2022	FY2021 (Reference)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	691	487
Notes receivable – trade	234	550
Accounts receivable – trade	12,498	13,071
Finished goods	5,279	3,449
Work in process	145	458
Raw materials and supplies	1,304	2,320
Advance payments - other	240	249
Short-term loans receivable	23,681	18,738
Accounts receivable - other	3,469	3,351
Other	83	69
Allowance for doubtful accounts	(109)	(102)
<b>Total current assets</b>	<b>47,519</b>	<b>42,645</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	2,743	2,677
Structures	86	91
Machinery and equipment	274	349
Vehicles	0	0
Tools, furniture and fixtures	774	905
Land	236	236
Leased assets	132	128
Construction in progress	261	151
<b>Total property, plant and equipment</b>	<b>4,509</b>	<b>4,541</b>
<b>Intangible assets</b>		
Patent right	224	272
Leasehold right	57	57
Software	2,409	3,248
Other	2,683	3,126
<b>Total intangible assets</b>	<b>5,374</b>	<b>6,703</b>
<b>Investments and other assets</b>		
Investment securities	2,099	2,087
Shares of subsidiaries and associates	58,086	57,943
Investments in capital of subsidiaries and associates	545	334
Long-term loans receivable	0	2
Long-term prepaid expenses	571	439
Deferred tax assets	4,963	4,854
Other	360	329
Allowance for doubtful accounts	(4)	(7)
<b>Total investments and other assets</b>	<b>66,623</b>	<b>65,983</b>
<b>Total non-current assets</b>	<b>76,507</b>	<b>77,228</b>
<b>Total assets</b>	<b>124,026</b>	<b>119,874</b>

	FY2022	FY2021 (Reference)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable – trade	431	385
Accounts payable – trade	8,792	7,221
Short-term loans payable	21,025	11,280
Lease obligations	664	665
Accounts payable – other	224	228
Accrued expenses	4,470	3,633
Income taxes payable	293	1,051
Advances received	11	11
Deposits received	64	56
Provision for product warranties	222	290
Current portion of bonds payable	–	10,000
Other	269	235
<b>Total current liabilities</b>	<b>36,470</b>	<b>35,058</b>
<b>Non-current liabilities</b>		
Bonds payable	20,000	20,000
Long-term loans payable	1,500	1,900
Lease obligations	1,392	1,997
Provision for retirement benefits	2,649	2,698
Other	216	5
<b>Total non-current liabilities</b>	<b>25,758</b>	<b>26,602</b>
<b>Total liabilities</b>	<b>62,229</b>	<b>61,660</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	16,780	16,706
Capital surplus		
Legal capital surplus	19,269	19,195
Other capital surplus	1,924	1,924
<b>Total capital surplus</b>	<b>21,193</b>	<b>21,119</b>
<b>Retained earnings</b>		
Legal retained earnings	571	571
Other retained earnings		
General reserve	12,082	12,082
Retained earnings brought forward	13,476	10,056
Total other retained earnings	25,558	22,138
<b>Total retained earnings</b>	<b>26,130</b>	<b>22,710</b>
<b>Treasury shares</b>	<b>(3,171)</b>	<b>(3,171)</b>
<b>Total shareholders' equity</b>	<b>60,933</b>	<b>57,365</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	800	781
<b>Total valuation and translation adjustments</b>	<b>800</b>	<b>781</b>
<b>Subscription rights to shares</b>	<b>63</b>	<b>67</b>
<b>Total net assets</b>	<b>61,797</b>	<b>58,214</b>
<b>Total liabilities and net assets</b>	<b>124,026</b>	<b>119,874</b>

**Non-consolidated Statement of Income**  
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	FY2022	FY2021 (Reference)
<b>Net sales</b>	<b>55,207</b>	<b>49,859</b>
<b>Cost of sales</b>	<b>39,093</b>	<b>35,974</b>
<b>Gross profit</b>	<b>16,113</b>	<b>13,884</b>
<b>Selling, general and administrative expenses</b>	<b>14,059</b>	<b>11,808</b>
<b>Operating profit</b>	<b>2,054</b>	<b>2,076</b>
<b>Non-operating income</b>		
Interest and dividend income	7,144	5,369
Rent income	127	136
Foreign exchange gains	125	465
Other	317	376
<b>Total non-operating income</b>	<b>7,714</b>	<b>6,348</b>
<b>Non-operating expenses</b>		
Interest expenses	106	128
Interest on bonds	102	150
Rent cost	80	66
Depreciation	290	193
Other	94	178
<b>Total non-operating expenses</b>	<b>675</b>	<b>717</b>
<b>Ordinary profit</b>	<b>9,094</b>	<b>7,707</b>
<b>Extraordinary losses</b>		
Impairment losses	749	-
<b>Total extraordinary losses</b>	<b>749</b>	<b>-</b>
<b>Profit before income taxes</b>	<b>8,345</b>	<b>7,707</b>
<b>Income taxes - current</b>	<b>202</b>	<b>298</b>
<b>Income taxes - deferred</b>	<b>(118)</b>	<b>(143)</b>
<b>Profit</b>	<b>8,260</b>	<b>7,551</b>

**Non-consolidated Statement of Changes in Net Assets**  
(From April 1, 2022 to March 31, 2023)

(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	16,706	19,195	1,924	21,119
Changes of items during the period				
Issuance of new shares	74	74		74
Dividends from surplus				
Profit				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	74	74	-	74
Balance at the end of current period	16,780	19,269	1,924	21,193

	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	12,082	10,056	22,710	(3,171)	57,365	
Changes of items during the period							
Issuance of new shares						148	
Dividends from surplus			(4,841)	(4,841)		(4,841)	
Profit			8,260	8,260		8,260	
Purchase of treasury stock					(0)	(0)	
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	3,419	3,419	(0)	3,567	
Balance at the end of current period	571	12,082	13,476	26,130	(3,171)	60,933	

	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	781	781		67	58,214
Changes of items during the period					
Issuance of new shares					148
Dividends from surplus					(4,841)
Profit					8,260
Purchase of treasury stock					(0)
Net changes of items other than shareholders' equity	19	19		(3)	16
Total changes of items during the period	19	19		(3)	3,583
Balance at the end of current period	800	800		63	61,797