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## Notice of Convocation of the Ordinary General Meeting of Shareholders for the 128th Business Term



### Date and Time

June 25 (Friday), 2021 at 10:00a.m.

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



### Place

Headquarters of the Company

Voting deadline by mail or the Internet

June 24(Thursday) , 2021 until 5:15 pm

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# TOPCON WAY

## Corporate Identity

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

## Management Policy

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

Topcon respects diversity and acts as a global company.

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





## To Our Shareholders

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

We would like to express our deepest condolences to those who died of the COVID-19 and their bereaved families. And we pray for the recovery of the affected people as soon as possible. We would also like to express our sincere respect and gratitude to all those who are making efforts to maintain social functions, including medical professionals.

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

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

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

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

Vaccination to prevent COVID-19 is progressing rapidly around the world. And I believe in the wisdom of mankind and hope to contain it early.

In the midst of an unprecedented COVID-19 disaster, we leverage our strength as an Essential Business. We will strive to realize our growth strategies based on the vision of expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure. I would like to take this occasion to express particular thanks for the support of our shareholders.



President & CEO Satoshi Hirano



**To Shareholders with Voting Rights:**

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

**Notice of Convocation of the Ordinary General Meeting of Shareholders  
for the 128th Business Term**

Dear Shareholders:

It is our pleasure to inform you of the 128th Ordinary General Meeting of Shareholders of TOPCON CORPORATION (the “Company”). The meeting will be held for the purposes described below.

If you are not attending the meeting, you can exercise your voting rights in writing or by electromagnetic means (via the Internet etc.). Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), and exercise your voting rights by 5:15 p.m. on Thursday, June 24, 2021 Japan standard time.

- 1. Date and Time:** Friday, June 25, 2021 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 128th Fiscal Year (from April 1, 2020 to March 31, 2021) 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:** Partial Amendment to the Articles of Incorporation
- Proposal No. 2:** Election of Nine (9) Directors
- Proposal No. 3:** Election of One (1) Corporate Auditor

**Notes concerning General Meeting of Shareholders**

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

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal No. 1: Partial Amendment to the Articles of Incorporation

1. Reason for the Proposal  
To strengthen the audit function, the number of Corporate Auditors is proposed to be increased from the current number of four (4) or fewer to five (5) or fewer.
2. Details of Amendment  
The details of amendment are as follows.

(Amended parts are underlined.)

| Current Articles of Incorporation                                               | Proposed Amendment                                                              |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Article 29. The number of Corporate Auditors shall be <u>four (4)</u> or fewer. | Article 29. The number of Corporate Auditors shall be <u>five (5)</u> or fewer. |

## Proposal No. 2: Election of Nine (9) Directors

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

The candidates for Director are as follows:

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

| No. | Name<br>(Date of birth)                                                                                                    | Career summary, positions and responsibilities at the Company<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | Number of<br>shares of the<br>Company<br>held |
|-----|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------|
| 1   | <p>[Re-appointment]</p> <p>Satoshi Hirano<br/>(December 12, 1957)</p> <p>No. of years served<br/>as Director: 11 years</p> | <p>April 1982      Joined the Company</p> <p>April 1996      Executive Vice President, Topcon Laser Systems, Inc.</p> <p>July 2001      Senior Executive Vice President, Topcon Positioning Systems, Inc.</p> <p>June 2007      Executive Officer</p> <p>June 2010      Director, Executive Officer</p> <p>June 2012      General Manager, Positioning Business Unit</p> <p>June 2013      Director, Managing Executive Officer</p> <p>June 2013      Representative Director, President &amp; CEO (to present)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                       |  | 52,434                                        |
|     |                                                                                                                            | <p>[Reasons for selection as a candidate for Director]</p> <p>Serving as President &amp; CEO, Mr. Satoshi Hirano is appropriately overseeing management. Since assuming office in his current position in June 2013, he has been displaying strong leadership in management. By spearheading the Company's initiatives to solve the societal challenges within healthcare, agriculture and infrastructure, he is driving sustainable growth of the Group. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>                                                                                                                                                                                                                                                                                                                      |  |                                               |
| 2   | <p>[Re-appointment]</p> <p>Takashi Eto<br/>(February 18, 1960)</p> <p>No. of years served<br/>as Director: 6 years</p>     | <p>April 1990      Joined the Company</p> <p>June 2007      Director and President, Topcon Sales Corporation</p> <p>July 2009      Senior Manager, Global Business Planning Dept., Positioning Business Unit</p> <p>June 2013      Executive Officer</p> <p>June 2013      Vice President, Smart Infrastructure Company</p> <p>April 2014      Deputy General Manager, Eye Care Company</p> <p>April 2015      General Manager, Eye Care Company</p> <p>June 2015      Director, Executive Officer</p> <p>April 2016      Director, Managing Executive Officer</p> <p>April 2016      General Manager, Sales &amp; Marketing Div.</p> <p>April 2018      General Manager, Smart Infrastructure Business Div. (to present)</p> <p>April 2018      General Manager, Corporate Planning Div.</p> <p>April 2021      Director, Senior Managing Executive Officer (to present)</p> <p>April 2021      General Manager, Quality Assurance Div. (to present)</p> |  | 25,988                                        |
|     |                                                                                                                            | <p>[Reasons for selection as a candidate for Director]</p> <p>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. Currently serving as Director, Senior Managing Executive Officer, General Manager of Smart Infrastructure Business Div., and General Manager of Quality Assurance Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of business strategy including business reform and quality strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>                                                                                                                                  |  |                                               |

| No. | Name<br>(Date of birth)                                                                                            | Career summary, positions and responsibilities at the Company<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                              | Number of<br>shares of the<br>Company<br>held |
|-----|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 3   | [Re-appointment]<br><br>Haruhiko Akiyama<br>(February 25, 1963)<br><br>No. of years served<br>as Director: 6 years | April 1986<br>June 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Joined the Company<br>General Manager, Finance Group, General Administration &<br>Accounting Group                                                                                                                                                                                                                                                                           | 21,899                                        |
|     |                                                                                                                    | April 2014<br>June 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Deputy General Manager, General Accounting & Finance Div.<br>Executive Officer                                                                                                                                                                                                                                                                                               |                                               |
|     |                                                                                                                    | April 2015<br>June 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Deputy General Manager, General Accounting & Finance Div.<br>Director, Executive Officer                                                                                                                                                                                                                                                                                     |                                               |
|     |                                                                                                                    | April 2016<br>June 2019<br>April 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | General Manager, General Accounting & Finance Div.<br>General Manager, Accounting & Finance Div. (to present)<br>Director, Senior Executive Officer<br>Director, Managing Executive Officer (to present)<br>General Manager, Custom Products Business Promotion Div.<br>(to present)                                                                                         |                                               |
|     |                                                                                                                    | [Reasons for selection as a candidate for Director]<br>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, Managing Executive Officer, General Manager of Accounting & 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. |                                                                                                                                                                                                                                                                                                                                                                              |                                               |
| 4   | [Re-appointment]<br><br>Takayuki Yamazaki<br>(August 10, 1966)<br><br>No. of years served<br>as Director: 5 years  | April 1989<br>October 2006<br>June 2012                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Joined the Company<br>Executive Vice President, Topcon Positioning Systems, Inc.<br>Senior Manager, Corporate Planning Dept., Corporate Strategy<br>Div.                                                                                                                                                                                                                     | 17,402                                        |
|     |                                                                                                                    | April 2014<br>June 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Executive Senior Manager, Corporate Planning Dept.<br>Executive Officer                                                                                                                                                                                                                                                                                                      |                                               |
|     |                                                                                                                    | June 2016<br>April 2018<br>June 2019<br>January 2021<br>April 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | General Manager, Corporate Planning Div.<br>Director, Executive Officer<br>General Manager, Product Development Div.<br>Director, Senior Executive Officer<br>General Manager, R&D Div.<br>Director, Managing Executive Officer (to present)<br>General Manager, Manufacturing Div. (to present)<br>General Manager, POC-SIB Joint Business Development Div.<br>(to present) |                                               |
|     |                                                                                                                    | [Reasons for selection as a candidate for Director]<br>Through many years of involvement in overseas business, Mr. Takayuki Yamazaki has achieved outstanding results in terms of growth of international business. Currently serving as Director, Managing Executive Officer, General Manager of Manufacturing Div., and General Manager of POC-SIB Joint Business Development Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of product development strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.       |                                                                                                                                                                                                                                                                                                                                                                              |                                               |



| No. | Name<br>(Date of birth)                                                                                                         | Career summary, positions and responsibilities at the Company<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Number of<br>shares of the<br>Company<br>held |
|-----|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 5   | [New appointment]<br><br>Kaoru Kumagai<br>(February 9, 1961)                                                                    | <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      Executive Officer</p> <p>                    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      Senior Executive Officer</p> <p>                    General Manager, Research &amp; Development Div. (to present)</p>      | 8,471                                         |
|     |                                                                                                                                 | <p>[Reasons for selection as a candidate for Director]</p> <p>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 Senior Executive Officer and General Manager of Research &amp; Development Div., 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 new candidate for Director.</p>                                                                                                                                                                                                                                                                                                                    |                                               |
| 6   | [Re-appointment]<br><br>Kazuyuki<br>Matsumoto<br>(September 21,<br>1945)<br><br>(Outside Director)<br>(Independent<br>Director) | <p>April 1970      Joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation)</p> <p>June 2000      Executive Officer, Teijin Seiki Co., Ltd.</p> <p>June 2001      Director, Teijin Seiki Co., Ltd.</p> <p>September 2003 Executive Officer, Nabtesco Corporation</p> <p>June 2004      Director of the Board, Corporate Officer, Nabtesco Corporation</p> <p>                    Deputy General Manager, Technology and R&amp;D Div. (in<br/>                    charge of technological development), Nabtesco Corporation</p> <p>June 2005      Representative Director, President &amp; CEO, Nabtesco<br/>                    Corporation</p> <p>June 2011      Director &amp; Chairman, Nabtesco Corporation</p> <p>June 2013      Outside Director, the Company (to present)</p> <p>                    Outside Director, Kitz Corporation (to present)</p> <p>(Significant concurrent positions)</p> <p>Outside Director, Kitz Corporation</p> | 5,000                                         |
|     | No. of years served<br>as Outside Director:<br>8 years                                                                          | <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles]</p> <p>Mr. Kazuyuki Matsumoto has a wealth of experience and profound insight concerning corporate management gained through his many years of service in senior management of a company which operates globally and has advanced technology. He has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management so that the Company will achieve sustainable enhancement of corporate value.</p>                                                                                                                                                                                             |                                               |

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

| No. | Name<br>(Date of birth)                                                                                                                                                                            | Career summary, positions and responsibilities at the Company<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Number of<br>shares of the<br>Company<br>held |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 8   | <p>[Re-appointment]</p> <p>Naoko Yamazaki<br/>(December 27,<br/>1970)</p> <p>(Outside Director)<br/>(Independent<br/>Director)</p> <p>No. of years served<br/>as Outside Director:<br/>3 years</p> | <p>April 1996      Joined the National Space Development Agency of Japan<br/>(currently Japan Aerospace Exploration Agency (JAXA))<br/>(retired in August 2011)</p> <p>September 2001      Certified as International Space Station (ISS) onboard astronaut</p> <p>May 2004      Acquired certification for Flight Engineer, Soyuz Spacecraft</p> <p>February 2006      Acquired certification for Mission Specialist, Space Shuttle</p> <p>April 2010      Crew Member of Space Shuttle Discovery as Mission<br/>Specialist, participated in Construction and Supply for ISS</p> <p>September 2011      Honorary Chairperson, the National Soroban Education<br/>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<br/>(to present)</p> <p>May 2013      Visiting Professor, Joshibi University of Art and Design (to<br/>present)</p> <p>July 2015      President, Japanese Rocket Society (to present) and<br/>Chairperson of Sorajo Committee (to present)</p> <p>December 2015      Advisory Board Member, International Robot Competition<br/>Executive Committee (to present)</p> <p>March 2016      Outside Director, Nabtesco Corporation</p> <p>September 2017      Outside Director, Oporun Co., Ltd. (to present)</p> <p>June 2018      Outside Director, the Company (to present)</p> <p>July 2018      Representative Director, Space Port Japan Association (to<br/>present)</p> <p>June 2020      Outside Director, FANUC CORPORATION (to present)<br/>(Significant concurrent positions)<br/>Outside Director, Oporun Co., Ltd.<br/>Representative Director, Space Port Japan Association<br/>Outside Director, FANUC CORPORATION</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles]<br/>Although Ms. Naoko Yamazaki has no experience of involvement in corporate management<br/>other than serving as an Outside Director, she has a wealth of experience and profound insight<br/>about the science and technology field and risk management. She has been engaged in cutting-<br/>edge aerospace engineering. As an astronaut, she was a crewmember of Space Shuttle<br/>Discovery as Mission Specialist and participated in construction and supply for ISS and has<br/>experience in conducting crisis management in the harsh, resource-limited environment of<br/>spacecraft. She has been appropriately overseeing management as an Outside Director.<br/>Therefore, the Company has selected her as a candidate for Outside Director in the expectation<br/>that she will continue to oversee management and give advice leveraging her wealth of<br/>experience and profound insight mainly concerning the science and technology field and risk<br/>management so that the Company, which operates globally and has advanced technology<br/>related to space such as GPS, will achieve sustainable enhancement of corporate value.</p> | 0                                             |

| No. | Name<br>(Date of birth)                                                                                                                                                        | Career summary, positions and responsibilities at the Company<br>and significant concurrent positions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Number of<br>shares of the<br>Company<br>held |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 9   | [Re-appointment]<br><br>Yoshiharu Inaba<br>(July 23, 1948)<br><br>(Outside Director)<br>(Independent<br>Director)<br><br>No. of years served<br>as Outside Director:<br>1 year | April 1973      Joined Isuzu Motors Limited<br>September 1983      Joined FANUC CORPORATION<br>June 1989      Director, FANUC CORPORATION<br>June 1992      Senior Vice President (Director), FANUC CORPORATION<br>June 1995      Executive Vice President (Director), FANUC CORPORATION<br>May 2001      Senior Executive Vice President (Representative Director),<br>FANUC CORPORATION<br>June 2003      President and CEO (Representative Director), FANUC<br>CORPORATION<br>June 2016      Chairman and CEO (Representative Director), FANUC<br>CORPORATION<br>April 2019      Chairman (Representative Director), FANUC CORPORATION<br>(to present)<br>June 2020      Outside Director, the Company (to present)<br>(Significant concurrent positions)<br>Chairman (Representative Director), FANUC CORPORATION<br><br>[Reasons for selection as a candidate for Outside Director and summary of expected roles]<br>Mr. Yoshiharu Inaba has a wealth of experience and profound insight concerning corporate<br>management gained through his many years of service in senior management of a company<br>which operates globally and is a pioneer in factory automation revolution, and has been<br>appropriately overseeing management as an Outside Director. Therefore, the Company has<br>selected him as a candidate for Outside Director in the expectation that he will continue to<br>oversee management and give advice leveraging his wealth of experience and profound<br>insight mainly concerning corporate management and automation technology so that the<br>Company will achieve sustainable enhancement of corporate value. | 0                                             |

(Notes)

1. No conflict of interest exists between the Company and any of the candidates for Directors.
2. Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki, and Mr. Yoshiharu Inaba are candidates for Outside Director. The Company has designated Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki, and Mr. Yoshiharu Inaba 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.
3. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with Outside Director candidates Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki, and Mr. Yoshiharu Inaba 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.
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 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. 3: Election of One (1) Corporate Auditor

To strengthen the audit function, we propose an increase in the number of Outside Corporate Auditors by one (1), subject to approval of the Partial Amendment to the Articles of Incorporation under Proposal No.1.

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

The candidate for Corporate Auditor is as follows:

| Name<br>(Date of birth)                                                                                                                    | Career summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Number of<br>shares of the<br>Company held |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| [New appointment]<br><br>Kiyoshi Suzuki<br>(February 18, 1959)<br><br>(Outside Corporate<br>Auditor)<br>(Independent<br>Corporate Auditor) | April 1982      Joined Mitsubishi Corporation<br>April 1994      Executive Vice President, MIC Consulting Inc.<br>October 1998   Team Leader, Investment Team, Merchant Banking Dept.,<br>Mitsubishi Corporation<br>April 2003      Vice President, Millennia Venture Partners<br>October 2008   Team Leader, Planning Team, Food Business Div.,<br>Mitsubishi Corporation<br>February 2012   Executive Vice President, Hongling Financial Leasing Co.,<br>Ltd.<br>June 2016      Executive Vice President, Mitsubishi Auto Leasing<br>Corporation (to present) | 0                                          |
|                                                                                                                                            | [Reasons for selection as a candidate for Outside Corporate Auditor]<br>Mr. Kiyoshi Suzuki has a wealth of experience and profound insight concerning corporate management as well as finance and accounting gained through many years of involvement in finance-related operations of a company which operates globally. Therefore, the Company judges that he is the ideal person for the position of Corporate Auditor, and thus selected him as a new candidate for Outside Corporate Auditor.                                                              |                                            |

(Notes)

1. No conflict of interest exists between the Company and Mr. Kiyoshi Suzuki.
2. Mr. Kiyoshi Suzuki is a candidate for Outside Corporate Auditor. If his appointment is approved, 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 the election of Mr. Kiyoshi Suzuki, a candidate for Outside Corporate Auditor, is approved, 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 Mr. Kiyoshi Suzuki 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 the election of Mr. Kiyoshi Suzuki, a candidate for Outside Corporate Auditor, is approved, Mr. Kiyoshi Suzuki will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.



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

### (1) Progress and Results of Operations

In fiscal 2020, ended March 31, 2021, there was stagnation in global economic activities, with lockdowns implemented in some regions in response to the impact of COVID-19 from the end of the previous fiscal year. In the second half of the fiscal year, recovery could be seen mainly in the manufacturing industry, although there were some differences between regions. However, the outlook for the global economy is still uncertain due to many discouraging factors, such as the status of COVID-19 and concerns about conflict between the United States and 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.

In this context, the Group’s consolidated performance in fiscal 2020 was as follows.

In fiscal 2020, the Topcon Group’s consolidated net sales were ¥137,247 million, a decrease of 1.2% year on year. Net sales, which bottomed in the first half of the first quarter, were on a recovery trend with the restart of economic activities around the world, and a strong recovery continued until the end of the fiscal year as an essential business. Due to reduction of fixed costs including expenses and R&D expenditure, and the recovery of net sales, operating income was ¥6,593 million, an increase of 22.5% year on year. Ordinary income was ¥5,587 million, an increase of 93.0% year on year, and profit attributable to owners of the parent was ¥2,376 million, an increase of 154.0% 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 1.7% year on year to ¥33,982 million. Although this business was impacted by the COVID-19 pandemic in the first quarter, sales steadily increased as an essential business. In Japan, expansion of solid demand for construction projects applying i-Construction and increased sales of IT agricultural products due to the effect of government subsidies limited the impact of the COVID-19 pandemic. Meanwhile, in parts of Asia, India and the Middle East, the prolonged spread of the COVID-19 pandemic led to a decrease in sales. In terms of profit, while net sales increased and we continued to reduce selling, general and administrative expenses, the impact of the temporary decline in the operating rate due to inventory reduction at the end of the previous fiscal year caused operating income to remain at the same level as the previous fiscal year at ¥4,972 million.

#### 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 decreased by 3.5% year on year to ¥71,416 million. Although the lockdowns especially in the U.S. and Europe had an impact on this segment in the first quarter, sales steadily increased on the back of strong demand by virtue of this segment’s strength as an essential business. Sales to the aftermarket grew in IT agriculture, and sales of laser products rose thanks to a rapid recovery in the U.S. homebuilding market in construction. IT construction, too, is showing a recovery trend. In terms of profit, operating income improved significantly, increasing by 33.6% year on year to ¥6,064 million, mainly due to reductions in selling, general and administrative expenses.

## **Eye Care Business**

### **Principal Products**

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

The Eye Care Business exhibited a recovery trend after bottoming in April, despite a sharp decline in demand stemming from the impact of the lockdown enforced because of the COVID-19 pandemic. Robust demand for tele-optometry compliant with social distancing, as well as a market recovery and the effect of sales network reorganization in China led to a rapid recovery since the third quarter. As a result, net sales decreased by 1.1% year on year to ¥44,251 million. In terms of profit, operating income decreased by 10.5% year on year to ¥122 million, mainly reflecting the impact of a decrease in net sales, despite efforts to reduce fixed costs.

**(2) Capital Investment**

Total capital expenditures for the Topcon Group amounted to ¥4,206 million in fiscal 2020. By business segment, capital expenditures were ¥972 million for the Smart Infrastructure Business, ¥1,546 million for the Positioning Company, and ¥1,599 million for the Eye Care Business.

**(3) R&D**

The Topcon Group's R&D expenditure amounted to ¥14,916 million in fiscal 2020. 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**

In June 2020, the Company issued unsecured corporate bonds and raised ¥20,000 million as funds for R&D, capital investment and repayments of borrowings.

**(5) Significant business Combinations**

Not applicable

## (6) Financial Position and Earnings

|                                                           | 124th term<br>FY2016 | 125th term<br>FY2017 | 126th term<br>FY2018 | 127th term<br>FY2019 | 128th term<br>FY2020 |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net sales (Millions of yen)                               | 128,387              | 145,558              | 148,688              | 138,916              | 137,247              |
| Operating income (Millions of yen)                        | 9,551                | 12,073               | 13,596               | 5,381                | 6,593                |
| Operating income ratio (%)                                | 7.4                  | 8.3                  | 9.1                  | 3.9                  | 4.8                  |
| Ordinary income (Millions of yen)                         | 7,622                | 10,674               | 11,497               | 2,895                | 5,587                |
| Profit attributable to owners of parent (Millions of yen) | 4,395                | 6,028                | 6,548                | 935                  | 2,376                |
| Profit attributable to owners of parent per share (yen)   | 41.46                | 56.87                | 61.76                | 8.87                 | 22.59                |
| Total assets (Millions of yen)                            | 158,280              | 160,747              | 160,288              | 161,721              | 168,210              |
| Net assets (Millions of yen)                              | 63,313               | 68,336               | 71,148               | 64,659               | 70,687               |
| Shareholders' equity ratio (%)                            | 37.7                 | 40.5                 | 43.1                 | 39.0                 | 41.2                 |
| Shareholders' equity per share (yen)                      | 563.30               | 614.78               | 651.11               | 600.03               | 659.31               |
| Return on equity (ROE) (%)                                | 7.4                  | 9.7                  | 9.8                  | 1.4                  | 3.6                  |

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, 2021)**

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%<br>[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%<br>[100.0%]              | Manufacturing and sales of Positioning products and sales of Smart Infrastructure products |
| Topcon Medical Systems, Inc.                  | USD16,094 thousand  | 100.0%<br>[100.0%]              | Sales of Eye Care products                                                                 |
| Topcon Europe Positioning B.V.                | EUR18 thousand      | 100.0%<br>[100.0%]              | Sales of Smart Infrastructure and Positioning products                                     |
| Topcon Europe Medical B.V.                    | EUR18 thousand      | 100.0%<br>[100.0%]              | Sales of Eye Care products                                                                 |
| Topcon Optical (Dongguan) Technology Ltd.     | USD12,000 thousand  | 90.0%<br>[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 67 consolidated subsidiaries including the significant subsidiaries listed above.

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

## (8) Issues to Be Addressed

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

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

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

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

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

### ■ The Third Mid-term Business Plan

Vision

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

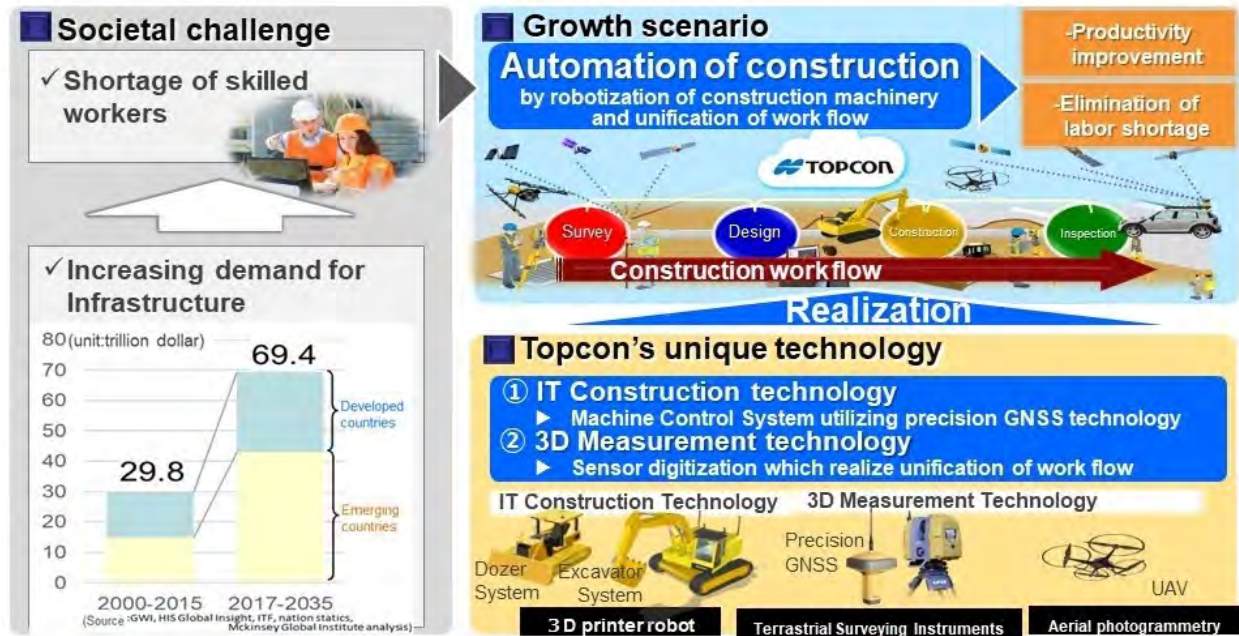
- Proved our strength as an Essential Business
- Vision is intact
- Timeline is inevitable to change



- Only the timeline is changed
  - Timeline is extended for another one year while the financial targets remain unchanged
- FY2019~FY2021 ➡ **FY2022**

## Infrastructure: IT construction and infrastructure development

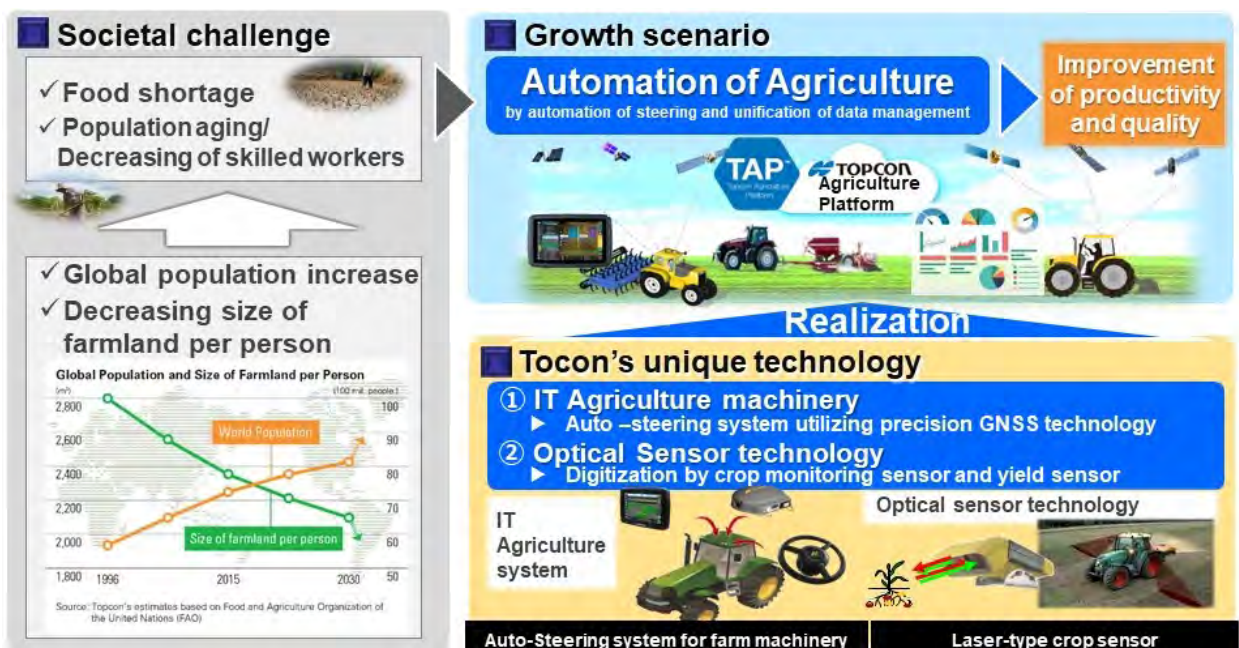
In infrastructure, the social issue of a shortage of skilled workers following the worldwide increase in demand for infrastructure remains the same. In construction, the impact from COVID-19 is believed to be limited compared to other industries. Additionally, growing infrastructure investment for the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



## Agriculture: IT agriculture

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

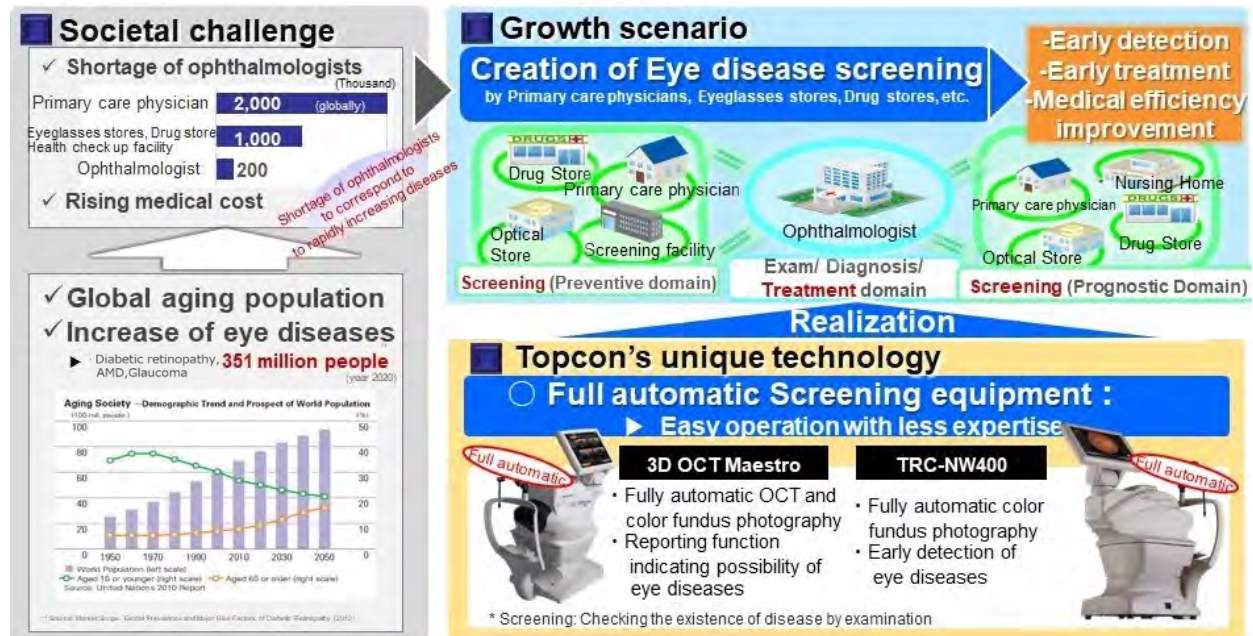
In addition, labor shortages caused by cross-border travel restrictions to combat COVID-19 will serve as a tailwind pushing the automation of agriculture forward with automated agricultural equipment.





## Healthcare: Healthcare and life science

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



## Massive market scope

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

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

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



**(9) Principal Offices (as of March 31, 2021)****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 Optonexus 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. (Capelle, Netherlands)                 |
|          | Topcon Europe Medical B.V. (Capelle, Netherlands)                     |
|          | Topcon Optical (Dongguan) Technology Ltd. (Guangdong Province, China) |
|          | Topcon (Beijing) Medical Technology Co., Ltd. (Beijing, China)        |

**(10) Employees (as of March 31, 2021)**

| Business category             | Number of employees | Increase (Decrease) from the previous fiscal year-end |
|-------------------------------|---------------------|-------------------------------------------------------|
| Smart Infrastructure Business | 966                 | +72                                                   |
| Positioning Company           | 1,980               | -35                                                   |
| Eye Care Business             | 1,752               | -39                                                   |
| Other                         | 257                 | +18                                                   |
| Total                         | 4,955               | +16                                                   |

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, 2021)**

| Lender                              | Outstanding borrowings |
|-------------------------------------|------------------------|
| Sumitomo Mitsui Banking Corporation | 4,696 million yen      |
| MUFG Bank, Ltd.                     | 3,797 million yen      |
| Mizuho Bank, Ltd.                   | 3,303 million yen      |

## 2. Status of Shares (as of March 31, 2021)

|                                        |                                                |
|----------------------------------------|------------------------------------------------|
| <b>(1) Number of Shares Authorized</b> | 160,000,000 shares                             |
| <b>(2) Number of Shares Issued</b>     | 108,156,842 shares                             |
| <b>(3) Number of Shareholders</b>      | (including 2,969,391 shares of treasury stock) |
| <b>(4) Major Shareholders</b>          | 16,029                                         |

| Shareholder name                                                     | Number of shares held<br>(shares) | Percentage of<br>shares held |
|----------------------------------------------------------------------|-----------------------------------|------------------------------|
| Custody Bank of Japan, Ltd. (trust account)                          | 10,447,900                        | 9.93%                        |
| The Master Trust Bank of Japan, Ltd. (trust account)                 | 9,614,600                         | 9.14%                        |
| J.P. MORGAN BANK LUXEMBOURG S.A. 381593                              | 4,694,300                         | 4.46%                        |
| The Dai-ichi Life Insurance Company, Limited                         | 4,038,000                         | 3.83%                        |
| THE BANK OF NEW YORK MELLON 140051                                   | 3,365,800                         | 3.19%                        |
| STATE STREET BANK AND TRUST COMPANY<br>505103                        | 3,039,717                         | 2.88%                        |
| Custody Bank of Japan, Ltd. (securities investment trust<br>account) | 2,644,000                         | 2.51%                        |
| Custody Bank of Japan, Ltd. (trust account 9)                        | 2,597,500                         | 2.46%                        |
| TAIYO FUND, L.P.                                                     | 2,543,100                         | 2.41%                        |
| THE CHASE MANHATTAN BANK 385013                                      | 2,364,000                         | 2.24%                        |

The Company's holding of treasury stock (2,969,391 shares of the total number of issued shares) is not included in the above. Shareholding ratio is calculated by deducting the number of treasury stocks from total shares issued.

### 3. Matters Concerning the Subscription Rights to Shares

- (1) Status of subscription rights to shares held by the Company's Directors as of March 31, 2021, which were issued as compensation for their execution of duties

| Category                                                                               | Directors (excluding Outside Directors)                                             |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Name                                                                                   | Topcon Corporation Series 5 Subscription Rights to Shares                           |
| Date of resolution on issue                                                            | June 25, 2020                                                                       |
| Number of subscription rights to shares                                                | 220                                                                                 |
| Class and number of shares to be issued upon exercise of subscription rights to shares | 22,000 shares of common stock<br>(100 shares for each subscription right to shares) |
| Value of property to be contributed upon exercise of each subscription right to shares | 1 yen per share                                                                     |
| Exercise period                                                                        | From July 10, 2021 to July 10, 2031                                                 |
| Number of holders of subscription rights to shares                                     | 5                                                                                   |

- (2) Status of subscription rights to shares issued to the Company's employees as compensation for their execution of duties during fiscal 2020

| Category                                                                               | Executive Officers of the Company                                                  |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Name                                                                                   | Topcon Corporation Series 5 Subscription Rights to Shares                          |
| Date of resolution on issue                                                            | June 25, 2020                                                                      |
| Number of subscription rights to shares                                                | 40                                                                                 |
| Class and number of shares to be issued upon exercise of subscription rights to shares | 4,000 shares of common stock<br>(100 shares for each subscription right to shares) |
| Value of property to be contributed upon exercise of each subscription right to shares | 1 yen per share                                                                    |
| Exercise period                                                                        | From July 10, 2021 to July 10, 2031                                                |
| Number of holders of subscription rights to shares                                     | 3                                                                                  |

## 4. Matters Concerning Officers

### (1) Directors and Corporate Auditors (as of March 31, 2021)

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

- Notes:
1. Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki and Mr. Yoshiharu Inaba are Outside Directors.
  2. Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani are Outside Corporate Auditors.
  3. The Company has designated Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki and Mr. Yoshiharu Inaba and Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange.
  4. Corporate Auditors Mr. Tatsuya Kuroyanagi and Mr. Keiji Taketani have in-depth knowledge of finance and accounting based on extensive experience in the financial business and extensive experience in business administration, respectively.
  5. Changes of Directors and Corporate Auditors during fiscal 2020 are as follows:
    - (1) The election of Mr. Yoshiharu Inaba and Mr. Nobuyuki Ryu as Director and Corporate Auditor, respectively, was approved at the 127th Ordinary General Meeting of Shareholders held on June 25, 2020, and they assumed each office.
    - (2) The term of office of Director Mr. Yasufumi Fukuma expired at the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 25, 2020, and he retired from the position of Director.
    - (3) Corporate Auditor Mr. Akinori Mitake resigned from the position of Corporate Auditor at the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 25, 2020.
  6. Changes in significant concurrent positions during fiscal 2020 are as follows:  
Director Ms. Naoko Yamazaki was appointed as an Outside Director of FANUC CORPORATION on June 26, 2020.
  7. Changes in Directors' responsibilities during fiscal 2020 are as follows:

| Name              | After change                                                               | Before change                               | Date of change  |
|-------------------|----------------------------------------------------------------------------|---------------------------------------------|-----------------|
| Takayuki Yamazaki | General Manager of Product Development Div.<br>General Manager of R&D Div. | General Manager of Product Development Div. | January 1, 2021 |



## (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]<br>14/14                                                     | 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]<br>14/14                                                     | 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]<br>14/14                                                     | 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]<br>10/10                                                     | 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.       |
| Outside Corporate Auditor | Tatsuya Kuroyanagi | [Board of Directors' meetings]<br>14/14<br>[Board of Corporate Auditors' meetings]<br>16/16 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance.                                                                                                                                           |
|                           | Keiji Taketani     | [Board of Directors' meetings]<br>14/14<br>[Board of Corporate Auditors' meetings]<br>16/16 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning business administration.                                                                                                                           |

- Notes:
1. Although Director Mr. Kazuyuki Matsumoto is an Outside Director of Kitz Corporation, no special relationship exists between the Company and Kitz Corporation.
  2. Although Director Mr. Akira Sudo is a Fellow of Toshiba Corporation and a Science and Technology Advisor to the Cabinet Office, no special relationship exists between the Company and Toshiba Corporation or the Cabinet Office.
  3. Although Director Ms. Naoko Yamazaki is an Outside Director of Oporun Co., Ltd., the Representative Director of Space Port Japan Association and an Outside Director of FANUC CORPORATION, no special relationship exists between the Company and any of these companies.
  4. Although Director Mr. Yoshiharu Inaba is a Chairman (Representative Director) of FANUC CORPORATION, no special relationship exists between the Company and FANUC CORPORATION.
  5. Although Corporate Auditor Mr. Tatsuya Kuroyanagi is a Senior Advisor of Kadota & Co., Inc., no special relationship exists between the Company and Kadota & Co., Inc.
  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. Yoshiharu Inaba as Director was approved at the 127th Ordinary General Meeting of Shareholders held on June 25, 2020 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 and performance-linked compensation (short-term performance-linked compensation, medium-term performance-linked compensation, and stock options). Compensation for Outside Directors and Corporate Auditors consists of a fixed compensation only.

The Company has established a 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 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 Compensation Advisory Committee.

The amount of individual compensation for Directors is decided based on the deliberation and recommendations of the 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 amount of stock options 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 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 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.

- Subscription rights to shares are granted as stock options to Directors (excluding Outside Directors) with a view to further raising motivation and morale to enhance long-term results. The number of subscription rights to shares to be allotted to each Director is decided based on rank. Such subscription rights to shares 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 subscription rights to shares are allotted are offset against the amount to be paid in for such subscription rights to shares. The content and status of issuance of such subscription rights to shares are as provided in "3. Matters Concerning the Subscription Rights to Shares."

- The financial results of fiscal 2020, an indicator which constitutes the basis for performance-linked compensation, were consolidated profit attributable to owners of the parent of ¥2,376 million and ROE of 3.6%, and cumulative performance during the period of the 3rd Mid-Term Business Plan was consolidated profit attributable to owners of the parent of ¥3,311 million and ROE of 2.5% (average).

3) Compensation composition ratio

• Compensation for Directors (excluding Outside Directors) consists of a fixed compensation and performance-linked compensation. The ratio of performance-linked 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.

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

Compensation for Directors of the Company is determined by resolution of the 125th Ordinary General Meeting of Shareholders held on June 27, 2018, and the total amount is set at ¥800 million per year or less (fixed portion is ¥400 million or less, performance-linked portion calculated on the basis of certain indicators for each fiscal year is ¥400 million per year or less), 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 nine (including three Outside Directors). In addition, it was resolved at the 124th Ordinary General Meeting of Shareholders held on June 28, 2017, to carry out allotment of subscription rights to shares granted as stock options to Directors (excluding Outside Directors) of the Company. The number of Directors at the conclusion of this Ordinary General Meeting of Shareholders is eight (including two Outside Directors).

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)                   | 281                          | 193                                       | 66                              | 21                        | 6                           |
| Outside Directors                                         | 43                           | 43                                        | —                               | —                         | 4                           |
| Corporate Auditors (excluding Outside Corporate Auditors) | 36                           | 36                                        | —                               | —                         | 3                           |
| Outside Corporate Auditors                                | 16                           | 16                                        | —                               | —                         | 2                           |

- Notes: 1. Non-monetary compensation is the amount of expenses recorded during fiscal 2020 in connection with subscription rights to shares granted as stock options.  
2. One (1) Director who retired at the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 25, 2020 is included in the number of Directors (excluding Outside Directors).  
3. One (1) Corporate Auditor who retired at the conclusion of the 127th Ordinary General Meeting of Shareholders held on June 25, 2020 is included in the number of Corporate Auditors (excluding Outside 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**

Directors and Corporate Auditors bear 9% of the total insurance premium, distributing the burden so that Directors (excluding Outside Directors) and Corporate Auditors (excluding Outside Corporate Auditors) bear 2/3 of that amount, while Outside Directors and Outside Corporate Auditors bear the remaining 1/3 of that amount.

### **(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 2020                                                                            | 93 million yen |
| 2) Total amount of cash and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries | 93 million yen |

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

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

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

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

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

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

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

#### 2. Compliance with laws and regulations and risk management

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

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

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

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

#### 3. Ensuring reliability and appropriateness of financial reporting

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

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

The Board of Corporate Auditors met 16 times. At the meetings, the Board of Corporate Auditors reported, discussed, and made decisions on important matters concerning auditing. Corporate auditors conduct audits of Group companies, attend meetings of the Board of Directors and other important meetings, and periodically exchange information with the Representative Director, the accounting auditor, and the Corporate Audit Division and thereby audit performance of duties by directors.

### (3) Dividend Policy

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

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

As for the dividends from surplus for fiscal 2020, interim dividend was not paid as initially planned (compared with the interim dividend of 14 yen per share for fiscal 2019), taking into consideration the impact of the COVID-19 pandemic. Although a year-end dividend of 5 yen per share was initially planned, in light of the fact that profit exceeded the plan and the basic policy to return profits to our shareholders, the Company paid a year-end dividend of 10 yen per share (compared with the year-end dividend of 10 yen per share for fiscal 2019), bringing the full-year dividend payment to 10 yen per share (compared with the full-year dividend of 24 yen per share for fiscal 2019).



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 Balance Sheet**  
(As of March 31, 2021)

|                                            |                | (Millions of yen)     |
|--------------------------------------------|----------------|-----------------------|
|                                            | FY2020         | FY2019<br>(Reference) |
| <b>Assets</b>                              |                |                       |
| <b>Current assets</b>                      |                |                       |
| Cash and deposits                          | 20,815         | 16,134                |
| Notes and accounts receivable – trade      | 42,028         | 40,631                |
| Merchandise and finished goods             | 17,570         | 21,063                |
| Work in process                            | 1,537          | 1,510                 |
| Raw materials and supplies                 | 13,298         | 13,188                |
| Other                                      | 9,665          | 8,555                 |
| Allowance for doubtful accounts            | (2,973)        | (2,555)               |
| <b>Total current assets</b>                | <b>101,942</b> | <b>98,528</b>         |
| <b>Non-current assets</b>                  |                |                       |
| <b>Property, plant and equipment</b>       |                |                       |
| Buildings and structures, net              | 9,051          | 7,078                 |
| Machinery, equipment and vehicles, net     | 3,204          | 2,687                 |
| Land                                       | 3,363          | 3,100                 |
| Construction in progress                   | 541            | 1,374                 |
| Other, net                                 | 6,359          | 6,497                 |
| <b>Total property, plant and equipment</b> | <b>22,520</b>  | <b>20,738</b>         |
| <b>Intangible assets</b>                   |                |                       |
| Goodwill                                   | 9,307          | 10,856                |
| Software                                   | 10,568         | 10,821                |
| Other                                      | 8,079          | 7,004                 |
| <b>Total intangible assets</b>             | <b>27,955</b>  | <b>28,683</b>         |
| <b>Investments and other assets</b>        |                |                       |
| Investment securities                      | 4,407          | 2,301                 |
| Long-term loans receivable                 | 358            | 695                   |
| Deferred tax assets                        | 9,873          | 9,679                 |
| Other                                      | 1,168          | 1,108                 |
| Allowance for doubtful accounts            | (14)           | (15)                  |
| <b>Total investments and other assets</b>  | <b>15,792</b>  | <b>13,770</b>         |
| <b>Total non-current assets</b>            | <b>66,268</b>  | <b>63,192</b>         |
| <b>Total assets</b>                        | <b>168,210</b> | <b>161,721</b>        |

|                                                       | FY2020         | FY2019<br>(Reference) |
|-------------------------------------------------------|----------------|-----------------------|
| <b>Liabilities</b>                                    |                |                       |
| <b>Current liabilities</b>                            |                |                       |
| Notes and accounts payable – trade                    | 12,880         | 12,981                |
| Short-term loans payable                              | 12,530         | 26,831                |
| Lease obligations                                     | 1,357          | 1,260                 |
| Accrued expenses                                      | 12,375         | 8,655                 |
| Income taxes payable                                  | 1,005          | 1,159                 |
| Provision for product warranties                      | 1,009          | 1,124                 |
| Current portion of bonds payable                      | –              | 10,000                |
| Other                                                 | 7,902          | 6,353                 |
| <b>Total current liabilities</b>                      | <b>49,062</b>  | <b>68,366</b>         |
| <b>Non-current liabilities</b>                        |                |                       |
| Bonds payable                                         | 30,000         | 10,000                |
| Long-term loans payable                               | 5,162          | 4,397                 |
| Lease obligations                                     | 3,937          | 4,883                 |
| Deferred tax liabilities                              | 3,049          | 2,388                 |
| Provision for directors' retirement benefits          | 51             | 44                    |
| Net defined benefit liability                         | 4,582          | 5,263                 |
| Other                                                 | 1,677          | 1,718                 |
| <b>Total non-current liabilities</b>                  | <b>48,460</b>  | <b>28,695</b>         |
| <b>Total liabilities</b>                              | <b>97,522</b>  | <b>97,062</b>         |
| <b>Net assets</b>                                     |                |                       |
| <b>Shareholders' equity</b>                           |                |                       |
| Capital stock                                         | 16,697         | 16,680                |
| Capital surplus                                       | 20,599         | 20,630                |
| Retained earnings                                     | 37,074         | 35,749                |
| Treasury shares                                       | (3,170)        | (3,170)               |
| <b>Total shareholders' equity</b>                     | <b>71,200</b>  | <b>69,889</b>         |
| <b>Accumulated other comprehensive income</b>         |                |                       |
| Valuation difference on available-for-sale securities | 1,095          | 434                   |
| Deferred gains or losses on hedges                    | (14)           | (47)                  |
| Foreign currency translation adjustment               | (2,360)        | (6,278)               |
| Remeasurements of defined benefit plans               | (569)          | (897)                 |
| <b>Total accumulated other comprehensive income</b>   | <b>(1,849)</b> | <b>(6,788)</b>        |
| <b>Subscription rights to shares</b>                  | <b>67</b>      | <b>58</b>             |
| <b>Non-controlling interests</b>                      | <b>1,269</b>   | <b>1,499</b>          |
| <b>Total net assets</b>                               | <b>70,687</b>  | <b>64,659</b>         |
| <b>Total liabilities and net assets</b>               | <b>168,210</b> | <b>161,721</b>        |

**Consolidated Statement of Income**  
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

|                                                                | FY2020         | FY2019<br>(Reference) |
|----------------------------------------------------------------|----------------|-----------------------|
| <b>Net sales</b>                                               | <b>137,247</b> | <b>138,916</b>        |
| <b>Cost of sales</b>                                           | <b>69,351</b>  | <b>66,283</b>         |
| <b>Gross profit</b>                                            | <b>67,895</b>  | <b>72,632</b>         |
| <b>Selling, general and administrative expenses</b>            | <b>61,301</b>  | <b>67,251</b>         |
| <b>Operating income</b>                                        | <b>6,593</b>   | <b>5,381</b>          |
| <b>Non-operating income</b>                                    |                |                       |
| Interest income                                                | 92             | 182                   |
| Dividend income                                                | 54             | 67                    |
| Subsidy income                                                 | 142            | —                     |
| Other                                                          | 560            | 226                   |
| <b>Total non-operating income</b>                              | <b>849</b>     | <b>476</b>            |
| <b>Non-operating expenses</b>                                  |                |                       |
| Interest expenses                                              | 601            | 915                   |
| Share of loss of entities accounted for using equity method    | 296            | 416                   |
| Foreign exchange losses                                        | 179            | 531                   |
| Other                                                          | 776            | 1,099                 |
| <b>Total non-operating expenses</b>                            | <b>1,855</b>   | <b>2,962</b>          |
| <b>Ordinary income</b>                                         | <b>5,587</b>   | <b>2,895</b>          |
| <b>Extraordinary income</b>                                    |                |                       |
| Gain on sales of investment securities                         | —              | 572                   |
| <b>Total extraordinary income</b>                              | <b>—</b>       | <b>572</b>            |
| <b>Extraordinary losses</b>                                    |                |                       |
| Free repair expenses                                           | 125            | —                     |
| Impairment loss                                                | 91             | —                     |
| Special retirement expenses                                    | 334            | —                     |
| Business structure improvement expenses                        | 115            | —                     |
| Loss on sales of shares of subsidiaries                        | —              | 554                   |
| <b>Total extraordinary losses</b>                              | <b>667</b>     | <b>554</b>            |
| <b>Profit before income taxes</b>                              | <b>4,919</b>   | <b>2,912</b>          |
| <b>Income taxes - current</b>                                  | <b>2,065</b>   | <b>2,293</b>          |
| <b>Income taxes - deferred</b>                                 | <b>365</b>     | <b>(252)</b>          |
| <b>Profit</b>                                                  | <b>2,489</b>   | <b>871</b>            |
| <b>Profit (loss) attributable to non-controlling interests</b> | <b>113</b>     | <b>(64)</b>           |
| <b>Profit attributable to owners of parent</b>                 | <b>2,376</b>   | <b>935</b>            |

**Consolidated Statement of Changes in Net Assets**  
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

|                                                                                 | Shareholders' equity |                 |                   |                |                            |
|---------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                 | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period                                      | 16,680               | 20,630          | 35,749            | (3,170)        | 69,889                     |
| Changes of items during the period                                              |                      |                 |                   |                |                            |
| Dividends from surplus                                                          |                      |                 | (1,051)           |                | (1,051)                    |
| Profit attributable to owners of parent                                         |                      |                 | 2,376             |                | 2,376                      |
| Purchase of treasury stock                                                      |                      |                 |                   | (0)            | (0)                        |
| Change of equity interest in the controlled subsidiary of an overseas affiliate |                      | (48)            |                   |                | (48)                       |
| Other                                                                           | 17                   | 17              |                   |                | 34                         |
| Net changes of items other than shareholders' equity                            |                      |                 |                   |                |                            |
| Total changes of items during the period                                        | 17                   | (30)            | 1,324             | (0)            | 1,310                      |
| Balance at the end of current period                                            | 16,697               | 20,599          | 37,074            | (3,170)        | 71,200                     |

|                                                                                 | 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                                      | 434                                                   | (47)                               | (6,278)                                 | (897)                                    | (6,788)                                      | 58                            | 1,499                     | 64,659           |
| Changes of items during the period                                              |                                                       |                                    |                                         |                                          |                                              |                               |                           |                  |
| Dividends from surplus                                                          |                                                       |                                    |                                         |                                          |                                              |                               |                           | (1,051)          |
| Profit attributable to owners of parent                                         |                                                       |                                    |                                         |                                          |                                              |                               |                           | 2,376            |
| Purchase of treasury stock                                                      |                                                       |                                    |                                         |                                          |                                              |                               |                           | (0)              |
| Change of equity interest in the controlled subsidiary of an overseas affiliate |                                                       | —                                  |                                         |                                          | —                                            |                               |                           | (48)             |
| Other                                                                           |                                                       |                                    |                                         |                                          |                                              |                               |                           | 34               |
| Net changes of items other than shareholders' equity                            | 660                                                   | 32                                 | 3,918                                   | 328                                      | 4,939                                        | 8                             | (230)                     | 4,717            |
| Total changes of items during the period                                        | 660                                                   | 32                                 | 3,918                                   | 328                                      | 4,939                                        | 8                             | (230)                     | 6,028            |
| Balance at the end of current period                                            | 1,095                                                 | (14)                               | (2,360)                                 | (569)                                    | (1,849)                                      | 67                            | 1,269                     | 70,687           |

## Non-consolidated Financial Statements

**Non-consolidated Balance Sheet**  
(As of March 31, 2021)

|                                                       | (Millions of yen) |                       |
|-------------------------------------------------------|-------------------|-----------------------|
|                                                       | FY2020            | FY2019<br>(Reference) |
| <b>Assets</b>                                         |                   |                       |
| <b>Current assets</b>                                 |                   |                       |
| Cash and deposits                                     | 704               | 1,571                 |
| Notes receivable – trade                              | 432               | 545                   |
| Accounts receivable – trade                           | 12,705            | 15,341                |
| Finished goods                                        | 3,873             | 5,189                 |
| Work in process                                       | 511               | 494                   |
| Raw materials and supplies                            | 1,964             | 2,019                 |
| Advance payments - other                              | 255               | 244                   |
| Short-term loans receivable                           | 21,296            | 9,024                 |
| Accounts receivable - other                           | 2,620             | 4,433                 |
| Other                                                 | 142               | 201                   |
| Allowance for doubtful accounts                       | (98)              | (82)                  |
| <b>Total current assets</b>                           | <b>44,406</b>     | <b>38,982</b>         |
| <b>Non-current assets</b>                             |                   |                       |
| <b>Property, plant and equipment</b>                  |                   |                       |
| Buildings                                             | 2,550             | 2,551                 |
| Structures                                            | 94                | 14                    |
| Machinery and equipment                               | 391               | 377                   |
| Vehicles                                              | 0                 | 0                     |
| Tools, furniture and fixtures                         | 1,005             | 1,264                 |
| Land                                                  | 236               | 236                   |
| Leased assets                                         | 90                | 119                   |
| Construction in progress                              | 0                 | 22                    |
| <b>Total property, plant and equipment</b>            | <b>4,369</b>      | <b>4,587</b>          |
| <b>Intangible assets</b>                              |                   |                       |
| Patent right                                          | 320               | 392                   |
| Leasehold right                                       | 57                | 57                    |
| Software                                              | 4,081             | 4,861                 |
| Other                                                 | 2,791             | 215                   |
| <b>Total intangible assets</b>                        | <b>7,249</b>      | <b>5,526</b>          |
| <b>Investments and other assets</b>                   |                   |                       |
| Investment securities                                 | 2,444             | 1,696                 |
| Shares of subsidiaries and associates                 | 57,414            | 56,839                |
| Investments in capital of subsidiaries and associates | 334               | 300                   |
| Long-term loans receivable                            | 2                 | 2                     |
| Long-term prepaid expenses                            | 459               | 577                   |
| Deferred tax assets                                   | 4,578             | 5,067                 |
| Other                                                 | 304               | 350                   |
| Allowance for doubtful accounts                       | (7)               | (8)                   |
| <b>Total investments and other assets</b>             | <b>65,530</b>     | <b>64,826</b>         |
| <b>Total non-current assets</b>                       | <b>77,149</b>     | <b>74,940</b>         |
| <b>Total assets</b>                                   | <b>121,556</b>    | <b>113,923</b>        |

|                                                       | FY2020         | FY2019<br>(Reference) |
|-------------------------------------------------------|----------------|-----------------------|
| <b>Liabilities</b>                                    |                |                       |
| <b>Current liabilities</b>                            |                |                       |
| Notes payable – trade                                 | 273            | 275                   |
| Accounts payable – trade                              | 6,050          | 6,124                 |
| Short-term loans payable                              | 17,253         | 18,385                |
| Lease obligations                                     | 659            | 651                   |
| Accounts payable – other                              | 467            | 386                   |
| Accrued expenses                                      | 3,178          | 2,857                 |
| Income taxes payable                                  | 253            | 457                   |
| Advances received                                     | 10             | 11                    |
| Deposits received                                     | 58             | 77                    |
| Provision for product warranties                      | 277            | 349                   |
| Current portion of bonds payable                      | –              | 10,000                |
| Other                                                 | 381            | 140                   |
| <b>Total current liabilities</b>                      | <b>28,864</b>  | <b>39,717</b>         |
| <b>Non-current liabilities</b>                        |                |                       |
| Bonds payable                                         | 30,000         | 10,000                |
| Long-term loans payable                               | 4,341          | 3,876                 |
| Lease obligations                                     | 2,571          | 3,223                 |
| Provision for retirement benefits                     | 2,723          | 2,744                 |
| Other                                                 | 5              | 5                     |
| <b>Total non-current liabilities</b>                  | <b>39,642</b>  | <b>19,850</b>         |
| <b>Total liabilities</b>                              | <b>68,506</b>  | <b>59,567</b>         |
| <b>Net assets</b>                                     |                |                       |
| <b>Shareholders' equity</b>                           |                |                       |
| Capital stock                                         | <b>16,697</b>  | <b>16,680</b>         |
| Capital surplus                                       |                |                       |
| Legal capital surplus                                 | 19,186         | 19,169                |
| Other capital surplus                                 | 1,924          | 1,924                 |
| <b>Total capital surplus</b>                          | <b>21,110</b>  | <b>21,093</b>         |
| <b>Retained earnings</b>                              |                |                       |
| Legal retained earnings                               | 571            | 571                   |
| Other retained earnings                               |                |                       |
| General reserve                                       | 12,082         | 12,082                |
| Retained earnings brought forward                     | 4,686          | 6,655                 |
| Total other retained earnings                         | 16,768         | 18,737                |
| <b>Total retained earnings</b>                        | <b>17,340</b>  | <b>19,309</b>         |
| <b>Treasury shares</b>                                | <b>(3,170)</b> | <b>(3,170)</b>        |
| <b>Total shareholders' equity</b>                     | <b>51,978</b>  | <b>53,913</b>         |
| <b>Valuation and translation adjustments</b>          |                |                       |
| Valuation difference on available-for-sale securities | 1,004          | 383                   |
| <b>Total valuation and translation adjustments</b>    | <b>1,004</b>   | <b>383</b>            |
| <b>Subscription rights to shares</b>                  | <b>67</b>      | <b>58</b>             |
| <b>Total net assets</b>                               | <b>53,049</b>  | <b>54,355</b>         |
| <b>Total liabilities and net assets</b>               | <b>121,556</b> | <b>113,923</b>        |

**Non-consolidated Statement of Income**  
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

|                                                                            | FY2020         | FY2019<br>(Reference) |
|----------------------------------------------------------------------------|----------------|-----------------------|
| <b>Net sales</b>                                                           | <b>40,548</b>  | <b>45,817</b>         |
| <b>Cost of sales</b>                                                       | <b>31,169</b>  | <b>32,641</b>         |
| <b>Gross profit</b>                                                        | <b>9,378</b>   | <b>13,175</b>         |
| <b>Selling, general and administrative expenses</b>                        | <b>10,815</b>  | <b>11,644</b>         |
| <b>Operating income (loss)</b>                                             | <b>(1,436)</b> | <b>1,531</b>          |
| <b>Non-operating income</b>                                                |                |                       |
| Interest and dividend income                                               | 780            | 4,048                 |
| Rent income                                                                | 133            | 154                   |
| Foreign exchange gains                                                     | 265            | –                     |
| Other                                                                      | 184            | 166                   |
| <b>Total non-operating income</b>                                          | <b>1,364</b>   | <b>4,369</b>          |
| <b>Non-operating expenses</b>                                              |                |                       |
| Interest expenses                                                          | 170            | 232                   |
| Interest on bonds                                                          | 146            | 115                   |
| Bond issuance costs                                                        | 119            | –                     |
| Foreign exchange losses                                                    | –              | 461                   |
| Rent cost                                                                  | 67             | 77                    |
| Other                                                                      | 408            | 279                   |
| <b>Total non-operating expenses</b>                                        | <b>912</b>     | <b>1,165</b>          |
| <b>Ordinary income (loss)</b>                                              | <b>(984)</b>   | <b>4,735</b>          |
| <b>Extraordinary income</b>                                                |                |                       |
| Gain on sales of investment securities                                     | –              | 572                   |
| Gain on liquidation of subsidiaries                                        | –              | 1,487                 |
| <b>Total extraordinary income</b>                                          | <b>–</b>       | <b>2,059</b>          |
| <b>Extraordinary losses</b>                                                |                |                       |
| Free repair expenses                                                       | 125            | –                     |
| Loss on liquidation of subsidiaries                                        | –              | 282                   |
| Loss on sales of shares of subsidiaries                                    | –              | 142                   |
| Loss on valuation of investments in capital of subsidiaries and associates | –              | 444                   |
| <b>Total extraordinary losses</b>                                          | <b>125</b>     | <b>869</b>            |
| <b>Profit (loss) before income taxes</b>                                   | <b>(1,110)</b> | <b>5,925</b>          |
| <b>Income taxes - current</b>                                              | <b>(408)</b>   | <b>(206)</b>          |
| <b>Income taxes - deferred</b>                                             | <b>215</b>     | <b>(213)</b>          |
| <b>Profit (Loss)</b>                                                       | <b>(917)</b>   | <b>6,346</b>          |



**Non-consolidated Statement of Changes in Net Assets**  
(From April 1, 2020 to March 31, 2021)

(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           | 16,680               | 19,169                | 1,924                 | 21,093                |
| Changes of items during the period                   |                      |                       |                       |                       |
| Issuance of new shares                               | 17                   | 17                    |                       | 17                    |
| Dividends from surplus                               |                      |                       |                       |                       |
| Loss                                                 |                      |                       |                       |                       |
| Purchase of treasury stock                           |                      |                       |                       |                       |
| Net changes of items other than shareholders' equity |                      |                       |                       |                       |
| Total changes of items during the period             | 17                   | 17                    | —                     | 17                    |
| Balance at the end of current period                 | 16,697               | 19,186                | 1,924                 | 21,110                |

|                                                      | 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                  | 6,655                             | 19,309                  | (3,170)         | 53,913                     |
| Changes of items during the period                   |                         |                         |                                   |                         |                 |                            |
| Issuance of new shares                               |                         |                         |                                   |                         |                 | 34                         |
| Dividends from surplus                               |                         |                         | (1,051)                           | (1,051)                 |                 | (1,051)                    |
| Loss                                                 |                         |                         | (917)                             | (917)                   |                 | (917)                      |
| Purchase of treasury stock                           |                         |                         |                                   |                         | (0)             | (0)                        |
| Net changes of items other than shareholders' equity |                         |                         |                                   |                         |                 |                            |
| Total changes of items during the period             | —                       | —                       | (1,969)                           | (1,969)                 | (0)             | (1,935)                    |
| Balance at the end of current period                 | 571                     | 12,082                  | 4,686                             | 17,340                  | (3,170)         | 51,978                     |

|                                                      | 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           | 383                                                   | 383                                         | 58                            | 54,355           |
| Changes of items during the period                   |                                                       |                                             |                               |                  |
| Issuance of new shares                               |                                                       |                                             |                               | 34               |
| Dividends from surplus                               |                                                       |                                             |                               | (1,051)          |
| Loss                                                 |                                                       |                                             |                               | (917)            |
| Purchase of treasury stock                           |                                                       |                                             |                               | (0)              |
| Net changes of items other than shareholders' equity | 620                                                   | 620                                         | 8                             | 629              |
| Total changes of items during the period             | 620                                                   | 620                                         | 8                             | (1,306)          |
| Balance at the end of current period                 | 1,004                                                 | 1,004                                       | 67                            | 53,049           |