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## Notice of Convocation of the Ordinary General Meeting of Shareholders for the 129th Fiscal Year



### Date and Time

Tuesday, June 28, 2022 at 10:00 a.m. at Japan Time



### Place

Head Office of the Company

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

### Voting deadline by mail or the Internet

June 27 (Monday), 2022 until 5:15 p.m.

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Securities Code: 7732

## To Our Shareholders

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

The environment in which we operate is changing at a dizzying pace on a daily basis. In addition to the symbiotic relationship with the new coronavirus, now in its third year, uncertainty is further heightened by the emergence of many more uncertain factors than last year, including heightened geopolitical risks threatening the global economy and major shifts in financial policy. In such a challenging business environment, we have demonstrated our strength with our Essential Businesses under our mission to contribute to solving social issues, growing our business in the global market last year and achieving record sales and record levels of profit.

The company was established in 1932 as Tokyo Kogaku Kikai Kabushiki Kaisha (Tokyo Optical Machinery Co., Ltd.), with the management philosophy: "We contribute to the creation of a prosperous society by solving social issues related to medicine, food and housing." Under this philosophy, we have been solving various issues related to medicine, food and housing with DX solutions, with the aim of realising a sustainable society. In order to fulfil our social responsibility as a company, we will continue to further develop under the slogan 'Round the world with sharp DX'. We will continue to strive for further value creation under the slogan "Round the world with sharp DX" to fulfil our corporate social responsibility. Our management philosophy is the very future sought by the SDGs advocated by the UN, and we will continue to be a company that contributes to society by addressing the social issues outlined in the SDGs.

On 1 September this year, we will celebrate our 90th anniversary. We are deeply grateful for the kindness and patronage of our shareholders and other stakeholders who have supported us in various ways over the years, and we are determined to keep in mind the many traditions built up by our predecessors and continue to push forward with the collective efforts of the Topcon Group. We will continue to push forward with the collective efforts of the Topcon Group, bearing in mind the many traditions built up by our predecessors.

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



A handwritten signature in black ink, appearing to read 'Satoshi Hirano'.

Representative Director, President & CEO

Satoshi Hirano

**Topcon for Human Life**

**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 129th Fiscal Year**

Dear Shareholders:

It is our pleasure to inform you of the 129th 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 Monday, June 27, 2022 Japan standard time.

- 1. Date and Time:** Tuesday, June 28, 2022 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 129th Fiscal Year (from April 1, 2021 to March 31, 2022) 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 Ten (10) Directors  
**Proposal No. 3:** Election of One (1) Substitute Corporate Auditor  
**Proposal No. 4:** Revision of Amount of Compensation for Directors and Determination of Compensation for Granting Restricted Stocks to Directors (Excluding Outside Directors)

**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.
- The exercise of your voting rights by proxy is limited to one (1) other shareholder holding voting rights of the Company. Please note that the said proxy is required to submit a written document certifying the right of proxy at the reception desk of the venue on the day of the meeting.

# 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

The revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for General Meetings of Shareholders.

- (1) Article 17, Paragraph 1 of the proposed amendments stipulates that information that is the content of reference documents for the General Meeting of Shareholders, etc., shall be provided electronically.
- (2) Article 17, Paragraph 2 of the proposed amendments establishes stipulations to limit the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
- (3) As Article 17 of the current Articles of Incorporation will no longer be necessary, this shall be deleted.
- (4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

#### 2. Details of Amendment

The details of amendment are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 17. In the convocation of General Meetings of Shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference documents for general meetings of shareholders, business report, non-consolidated financial statements, and consolidated financial statements via internet disclosure in conformity with definitions provided in the Ordinance of the Ministry of Justice.</u></p> <p>&lt;Newly established&gt;</p>	<p>&lt;Deleted&gt;</p> <p><u>Article 17. In the convocation of General Meetings of Shareholders, the Company shall provide electronically information that is the content of reference documents for the general meeting of shareholders, etc.</u></p> <p><u>2. Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed amendments
<Newly established>	<p data-bbox="799 208 1426 241"><u>(Supplementary provisions)</u></p> <ol style="list-style-type: none"> <li data-bbox="799 241 1426 488">1. <u>The amendments to Article 17 of the current Articles of Incorporation shall become effective as of September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Enforcement Date”).</u></li> <li data-bbox="799 488 1426 678">2. <u>Notwithstanding the provisions of the previous paragraph, Article 17 of the current Articles of Incorporation shall remain valid for General Meetings of Shareholders held on a day that is within six months of the Enforcement Date.</u></li> <li data-bbox="799 678 1426 907">3. <u>These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the General Meeting of Shareholders in the previous paragraph, whichever is later.</u></li> </ol>

## Proposal No. 2: Election of Ten (10) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. To strengthen the management supervisory function, the Company proposes increasing the number of Outside Directors by one (1) and electing ten (10) Directors.

The candidates for Director are as follows:

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

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
1	[Re-appointment]  Satoshi Hirano (December 12, 1957)  No. of years served as Director: 12 years	<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 General Manager, Positioning Business Unit</p> <p>June 2012      Director, Managing Executive Officer</p> <p>June 2013      Representative Director, President &amp; CEO (to present)</p> <p>[Reasons for selection as a candidate for Director] 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>	62,434
2	[Re-appointment]  Takashi Eto (February 18, 1960)  No. of years served as Director: 7 years	<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 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 General Manager, Sales &amp; Marketing Div.</p> <p>April 2018      General Manager, Smart Infrastructure Business Div. General Manager, Corporate Planning Div.</p> <p>April 2021      Director, Senior Managing Executive Officer General Manager, Quality Assurance Div. (to present)</p> <p>June 2021      Representative Director, Senior Managing Executive Officer</p> <p>April 2022      Representative Director, Executive Vice President (to present)</p> <p>[Reasons for selection as a candidate for Director] Through many years of involvement in sales &amp; marketing and business planning, Mr. Takashi Eto has achieved outstanding results in terms of sales and profit growth through sales &amp; marketing reform and business reform. Currently serving as Representative Director, Executive Vice President and General Manager of Quality Assurance Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of company-wide strategy 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>	30,340

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
3	[Re-appointment] Haruhiko Akiyama (February 25, 1963)  No. of years served as Director: 7 years	<p>April 1986      Joined the Company</p> <p>June 2005      Senior Manager, Finance Group, General Administration &amp; Accounting Group</p> <p>April 2014      Deputy General Manager, General Accounting &amp; Finance Div.</p> <p>June 2014      Executive Officer</p> <p>April 2015      Deputy General Manager, General Accounting &amp; Finance Div.</p> <p>June 2015      Director, Executive Officer</p> <p>April 2016      General Manager, General Accounting &amp; Finance Div.</p> <p>June 2019      General Manager, Accounting &amp; Finance Div. (to present)</p> <p>April 2021      Director, Senior Executive Officer</p> <p>April 2021      Director, Managing Executive Officer (to present)</p> <p>                    General Manager, Custom Products Business Promotion Div. (to present)</p>	25,308
		<p>[Reasons for selection as a candidate for Director]</p> <p>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 &amp; Finance Div., and General Manager of Custom Products Business Promotion Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of financial strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>	
4	[Re-appointment] Takayuki Yamazaki (August 10, 1966)  No. of years served as Director: 6 years	<p>April 1989      Joined the Company</p> <p>October 2006    Executive Vice President, Topcon Positioning Systems, Inc.</p> <p>June 2012      Senior Manager, Corporate Planning Dept., Corporate Strategy Div.</p> <p>April 2014      Executive Senior Manager, Corporate Planning Dept.</p> <p>June 2014      Executive Officer</p> <p>                    General Manager, Corporate Planning Div.</p> <p>June 2016      Director, Executive Officer</p> <p>April 2018      General Manager, Product Development Div.</p> <p>June 2019      Director, Senior Executive Officer</p> <p>January 2021    General Manager, R&amp;D Div.</p> <p>April 2021      Director, Managing Executive Officer (to present)</p> <p>                    General Manager, Manufacturing Div. (to present)</p> <p>                    General Manager, POC-SIB Joint Business Development Div. (to present)</p>	20,106
		<p>[Reasons for selection as a candidate for Director]</p> <p>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.</p>	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
5	[Re-appointment]  Kaoru Kumagai (February 9, 1961)  No. of years served as Director: 1 year	<p>April 1983      Joined the Company</p> <p>April 2005      Deputy Chief Engineer, Surveying Instruments Business Div.</p> <p>April 2006      Chief Engineer, Surveying Instruments Business Div.</p> <p>April 2007      Chief Engineer, Positioning Business Unit</p> <p>April 2014      Advisory Engineer, Smart Infrastructure Company</p> <p>April 2015      Advisory Engineer, Research &amp; Development Div.</p> <p>June 2015      Executive Officer</p> <p>                    Chief Advisory Engineer, Research &amp; Development Div.</p> <p>April 2016      Deputy General Manager, Research &amp; Development Div.</p> <p>April 2020      Senior Executive Officer</p> <p>                    Deputy General Manager, Product Development Div.</p> <p>April 2021      General Manager, Research &amp; Development Div. (to present)</p> <p>June 2021      Director, Senior Executive Officer</p> <p>April 2022      Director, Managing Executive Officer (to present)</p> <p>[Reasons for selection as a candidate for Director] Through many years of involvement in research and development, Mr. Kaoru Kumagai has achieved outstanding results in terms of development of fundamental technologies and new products. Currently serving as Director, Managing Executive Officer and General Manager of Research &amp; Development Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of research and development strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of corporate value and thus has selected him as a candidate for Director.</p>	10,175
6	[Re-appointment]  Kazuyuki Matsumoto (September 21, 1945)  (Outside Director) (Independent Director)  No. of years served as Outside Director: 9 years	<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, Corporate Officer, Nabtesco Corporation</p> <p>                    Deputy General Manager, Technology and R&amp;D Div. (in charge of technological development), Nabtesco Corporation</p> <p>June 2005      Representative Director and President, Nabtesco Corporation</p> <p>June 2011      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) Outside Director, Kitz Corporation</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] 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>	5,000

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
7	<p>[Re-appointment]</p> <p>Akira Sudo (September 11, 1951)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 8 years</p>	<p>April 1980      Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)</p> <p>June 2007      Chief Technology Executive, Power Systems Company, Toshiba Corporation</p> <p>June 2008      Executive Officer, Corporate Vice President, Toshiba Corporation (Director, Corporate Research &amp; Development Center)</p> <p>June 2010      Executive Officer, Corporate Senior Vice President, Toshiba Corporation (Director, Corporate Research &amp; Development Center)</p> <p>June 2011      Executive Officer, Corporate Executive Vice President, Toshiba Corporation</p> <p>June 2013      Director, Representative Executive Officer, Corporate Senior Executive Vice President, Toshiba Corporation</p> <p>June 2014      Executive Vice President, Toshiba Corporation</p> <p>June 2016      Executive Adviser, Toshiba Corporation</p> <p>June 2017      Director, the Company (to present)</p> <p>June 2017      Senior Fellow, Toshiba Corporation</p> <p>May 2018      Fellow, Toshiba Corporation</p> <p>                    Science and Technology Advisor to Cabinet Office (to present)</p> <p>(Significant concurrent positions) Science and Technology Advisor to Cabinet Office</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Akira Sudo has a wealth of experience and profound insight concerning corporate management, especially in the R&amp;D field, gained through his many years of service at a company which operates globally and has advanced technology. He has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning the R&amp;D field so that the Company will achieve sustainable enhancement of corporate value.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
8	<p>[Re-appointment]</p> <p>Naoko Yamazaki (December 27, 1970)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 4 years</p>	<p>April 1996      Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA)) (retired in August 2011)</p> <p>April 2010      Crew Member of Space Shuttle Discovery as Mission Specialist, participated in Construction and Supply for ISS</p> <p>September 2011      Honorary Chairperson, the National Soroban Education Association (to present)</p> <p>April 2012      Visiting Professor, Ritsumeikan University (to present)</p> <p>July 2012      Member, Committee on National Space Policy, Cabinet Office (to present)</p> <p>May 2013      Visiting Professor, Joshibi University of Art and Design (to present)</p> <p>July 2015      President, Japanese Rocket Society (to present) and Chairperson of Sorajo Committee (to present)</p> <p>March 2016      Outside Director, Nabtesco Corporation</p> <p>September 2017      Outside Director, Optorun Co., Ltd. (to present)</p> <p>April 2018      Director, Kitakamakura Joshi Gakuen (to present)</p> <p>June 2018      Director, the Company (to present)</p> <p>July 2018      Representative Director, Space Port Japan Association (to present)</p> <p>May 2019      Director, Sora Tourism Promotion Council (to present)</p> <p>June 2019      Director, Gifu-Kakamigahara Air and Space Museum (to present)</p> <p>June 2020      Outside Director, FANUC CORPORATION (to present)</p> <p>June 2021      Representative Director, Young Astronauts Club - Japan (to present)</p> <p>August 2021      Director, ARIGATO Foundation (to present)</p> <p>(Significant concurrent positions) Outside Director, Optorun Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Ms. Naoko Yamazaki has a wealth of experience and profound insight about the science and technology field and risk management. She has been engaged in cutting-edge aerospace engineering. As an astronaut, she was a crewmember of Space Shuttle Discovery as Mission Specialist and participated in construction and supply for ISS and has experience in conducting crisis management in the harsh, resource-limited environment of spacecraft. She has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected her as a candidate for Outside Director in the expectation that she will continue to oversee management and give advice leveraging her wealth of experience and profound insight mainly concerning the science and technology field and risk management so that the Company, which operates globally and has advanced technology related to space such as GPS, will achieve sustainable enhancement of corporate value.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
9	<p>[Re-appointment]</p> <p>Yoshiharu Inaba (July 23, 1948)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 2 years</p>	<p>April 1973      Joined Isuzu Motors Limited</p> <p>September 1983      Joined FANUC CORPORATION</p> <p>June 1989      Director, FANUC CORPORATION</p> <p>June 1992      Senior Vice President (Director), FANUC CORPORATION</p> <p>June 1995      Executive Vice President (Director), FANUC CORPORATION</p> <p>May 2001      Senior Executive Vice President (Representative Director), FANUC CORPORATION</p> <p>June 2003      President and CEO (Representative Director), FANUC CORPORATION</p> <p>June 2016      Chairman and CEO (Representative Director), FANUC CORPORATION</p> <p>April 2019      Chairman (Representative Director), FANUC CORPORATION (to present)</p> <p>June 2020      Outside Director, the Company (to present) (Significant concurrent positions)</p> <p>Chairman (Representative Director), FANUC CORPORATION</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Yoshiharu Inaba has a wealth of experience and profound insight concerning corporate management gained through his many years of service in senior management of a company which operates globally and is a pioneer in factory automation revolution, and has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management and automation technology so that the Company will achieve sustainable enhancement of corporate value.</p>	0

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company and significant concurrent positions	Number of shares of the Company held
10	[New appointment]  Naoki Hidaka (May 16, 1953)  (Outside Director) (Independent Director)	<p>April 1976      Joined SUMITOMO CORPORATION</p> <p>April 2001      General Manager, Chicago Branch, Sumitomo Corporation of U.S.A.</p> <p>April 2007      Executive Officer, General Manager of Metal Products for Automotive Industry Division, SUMITOMO CORPORATION</p> <p>April 2009      Managing Executive Officer, Head of Chubu Block, SUMITOMO CORPORATION</p> <p>April 2012      Senior Managing Executive Officer, Head of Kansai Block, SUMITOMO CORPORATION</p> <p>June 2013      Representative Director, Senior Managing Executive Officer, and General Manager, Transportation &amp; Construction Systems Business Unit, SUMITOMO CORPORATION</p> <p>April 2015      Representative Director, Executive Vice President, Executive Officer, and General Manager, Transportation &amp; Construction Systems Business Unit, SUMITOMO CORPORATION</p> <p>June 2018      Special Adviser, SUMITOMO CORPORATION</p> <p>June 2019      Adviser, SUMITOMO CORPORATION (retired in March 2020)</p> <p>June 2020      Outside Director, BROTHER INDUSTRIES, LTD. (to present)</p> <p>March 2021      Outside Director, Nabtesco Corporation (to present)</p> <p>(Significant concurrent positions) Outside Director, BROTHER INDUSTRIES, LTD. Outside Director, Nabtesco Corporation</p>	500
		<p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Naoki Hidaka has a wealth of experience and profound insight concerning corporate management and overseas business, gained through his many years of service as a Representative Director of a company which operates globally in a wide range of industries and involvement in overseas operations. Therefore, the Company has selected him as a new candidate for Outside Director in the expectation that he will oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management and overseas business so that the Company will achieve sustainable enhancement of corporate value.</p>	

(Notes)

- No conflict of interest exists between the Company and any of the candidates for Directors.
- Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba and Mr. Naoki Hidaka 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. In addition, if the election of Mr. Naoki Hidaka is approved, the Company intends to designate him as Independent Director as defined by the Tokyo Stock Exchange and submit a notification to the said exchange.
- Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with Outside Director candidates Mr. 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. In addition, if the election of Mr. Naoki Hidaka, a candidate for Outside Director, is approved, the Company intends to conclude a contract of the same nature with him.
- The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance contract covers damages that may arise due to the insured persons assuming liability for the execution of their duties or receiving a claim pertaining to the pursuit of such liability. However, there are certain exemptions, such as in case of claims for damages related to violation of laws and regulations that the insured person has caused intentionally. If the re-appointment or election of each candidate is approved, each candidate will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.

(Reference)

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

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

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

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

To prepare for any situation in which the number of Corporate Auditors falls below the number prescribed by laws and regulations, the appointment of one (1) Substitute Corporate Auditor is proposed. The Board of Corporate Auditors has already given its approval for the submission of this proposal. The candidate is as follows:

Name (Date of birth)	Career summary	Number of shares of the Company held
Tsuyoshi Inoue (April 4, 1952)  (Outside Corporate Auditor)	April 1976      Joined Japan Development Bank (currently Development Bank of Japan Inc.)	0
	June 2004      General Manager, Tohoku Branch, Development Bank of Japan Inc.	
	June 2006      Auditor, Development Bank of Japan Inc.	
	October 2008    Audit & Supervisory Board Member, Development Bank of Japan Inc.	
	June 2010      Managing Director, Japan Nuclear Fuel Ltd.	
	June 2013      Director, Managing Executive Officer, Japan Nuclear Fuel Ltd.	
	June 2014      President and Representative Director, Value Management Institute, Inc.	
	June 2015      Outside Auditor, Mitsubishi Paper Mills Limited	
	June 2016      Audit & Supervisory Board Member (Outside), Fuji Oil Company, Ltd. (to present)	
	June 2016      President and Representative Director, Japan Economic Research Institute Inc. Outside Director, Topy Industries, Limited July 2021      Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD. (to present) (Significant concurrent positions) Audit & Supervisory Board Member (Outside), Fuji Oil Company, Ltd. Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD.	
[Reasons for selection as a candidate for Substitute Outside Corporate Auditor] Mr. Tsuyoshi Inoue has a wealth of experience and profound insight concerning business administration, finance and accounting, gained through his many years of service at a financial institution and involvement in corporate management. Therefore, the Company judges that he is capable of appropriately fulfilling duties as an Outside Corporate Auditor of the Company, and thus selected him as a candidate for Substitute Outside Corporate Auditor.		

(Notes)

1. No conflict of interest exists between the Company and Mr. Tsuyoshi Inoue.
2. Mr. Tsuyoshi Inoue is a candidate for Substitute Outside Corporate Auditor. If he is appointed as an Outside Corporate Auditor, the Company intends to designate him as Independent Corporate Auditor as defined by the Tokyo Stock Exchange and submit a notification to the said exchange.
3. If Mr. Tsuyoshi Inoue is appointed as an Outside Corporate Auditor, pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company intends to conclude a contract with him that limits his liability for damages caused by his negligence in performing his duties to the amount prescribed by laws and regulations.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance contract covers damages that may arise due to the insured persons assuming liability for the execution of their duties or receiving a claim pertaining to the pursuit of such liability. However, there are certain exemptions, such as in case of claims for damages related to violation of laws and regulations that the insured person has caused intentionally. If Mr. Tsuyoshi Inoue is appointed as an Outside Corporate Auditor, Mr. Tsuyoshi Inoue will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.

#### **Proposal No. 4: Revision of Amount of Compensation for Directors and Determination of Compensation for Granting Restricted Stocks to Directors (Excluding Outside Directors)**

At the 125th Ordinary General Meeting of Shareholders held on June 27, 2018, the total amount of compensation for Directors of the Company was approved to be 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; the amount does not include employee salaries of Directors who concurrently serve as employees), and of which the total amount for Outside Directors to be set at ¥100 million per year or less (fixed portion only). In addition, it was approved 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 current number of Directors is nine (9) (including four (4) Outside Directors), but provided that “Proposal No. 2: Election of Ten (10) Directors” is approved and adopted as originally proposed, the number of Directors will be ten (10) (including five (5) Outside Directors).

Taking into consideration various recent circumstances, including significant changes in the economic and business environment and the increased responsibilities of Directors, and after the deliberation by the Nomination and Compensation Advisory Committee, chaired by an Independent Outside Director and composed of a majority of Independent Outside Directors and Independent Corporate Auditors, the Company has decided to propose to revise its compensation plan, with the aim of establishing a compensation plan to provide an incentive for Directors to enhance sustainable growth and improve corporate value of the Company on a medium to long term basis, and promoting further shared value with shareholders.

##### **1. Revision of amount of compensation for Directors**

As part of the above revision to the Company’s compensation plan, the total amount of compensation for Directors is proposed to be set at ¥1,100 million per year or less (fixed portion is ¥500 million per year or less, performance-linked portion calculated on the basis of certain indicators for each fiscal year is ¥600 million per year or less; the amount does not include employee salaries of Directors who concurrently serve as employees), and of which the total amount for Outside Directors to be set at ¥100 million per year or less (fixed portion only).

##### **2. Determination of compensation for granting restricted stocks to Directors (excluding Outside Directors)**

As part of the above revision to its compensation plan for Directors, the Company hereby proposes introducing a restricted stock compensation plan in place of the current stock compensation-type stock options plan, with the aim of providing an incentive to Directors (excluding Outside Directors; the “Eligible Directors”) to sustainably increase the Company’s corporate value and to promote further shared value with shareholders, and to pay new compensation for granting restricted stocks to the Eligible Directors separately from the revised amount of compensation described in 1 above.

Provided that this proposal is approved and adopted, the Company shall abolish the stock options plan, with the exception of those stock options that have already been granted, and going forward, will issue no new subscription rights to shares as stock options to the Eligible Directors of the Company.

The compensation to be paid to the Eligible Directors for granting restricted stocks based on this proposal shall be monetary claims and its total amount shall be ¥200 million per year or less (the amount does not include employee salaries of Directors who concurrently serve as employees). The specific timing for providing thereof and the allocation to each Eligible Director shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

In accordance with the resolution of the Board of Directors of the Company, the Eligible Directors shall pay all the monetary compensation claims to be provided under this proposal in the form of property contributed in kind, and shall, in return, receive shares of the Company’s common stock that shall be issued or disposed of by the Company. The total number of shares of the Company’s common stock to be issued or disposed of thereby shall be 100,000 shares per year or less (provided, however, that if the Company performs a split of the Company’s common stock (including the allotment of the Company’s common stock without contribution) or a consolidation of the Company’s common stock, with an effective date that is on or after approval and adoption of this proposal, or if any other event that requires adjustment of the total number of shares of the Company’s common stock to be issued or disposed of as restricted stocks occurs, the relevant total number shall be adjusted to the reasonable extent as necessary).

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the

closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to the Eligible Directors who subscribe such common stock. In addition, the issuance or disposal of the Company's common stock and the provision of monetary compensation claims as property contributed in kind thereby shall be subject to the conclusion of an agreement on allotment of stocks with transfer restrictions that includes the following matters (the "Allotment Agreement") between the Company and each Eligible Director.

The maximum amount of compensation in this proposal, the total number of shares of the Company's common stock to be issued or disposed of, and other conditions for granting restricted stocks to the Eligible Directors in accordance with this proposal were determined in light of aforementioned purpose, the Company's business conditions, the Company's policy on the determination of the content of individual compensation for Directors (Provided that this proposal is approved and adopted, the Company plans to revise the said policy in line with the approved matters.) and various other circumstances, and are deemed reasonable.

#### [Overview of the Allotment Agreement]

##### (1) Restriction Period

The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of shares of the Company's common stock allotted under the Allotment Agreement (the "Allotted Shares") during the period from the date of allotment to immediately after retiring from the executive position of the Company or its subsidiaries defined in advance by the Board of the Directors of the Company (the "Restriction Period") in accordance with the said agreement (the "Transfer Restrictions").

##### (2) Lifting of the Transfer Restrictions

The Company shall lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the executive position of the Company or its subsidiaries defined in advance by the Board of Directors throughout the period defined in advance by the Board of Directors (the "Service Period"). However, if the Eligible Director retires from the executive position of the Company or its subsidiaries defined in advance by the Board of Directors of the Company by the time immediately before the end of the Service Period, or if certain events specified in the Allotment Agreement occur, including the event that the Eligible Director retires for reasons other than those deemed justifiable by the Company during the Restriction Period or at the expiration of the Restriction Period, the Company shall automatically acquire the Allotted Shares without contribution. Furthermore, pursuant to the provisions above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted.

##### (3) Procedures in case of organizational restructuring, etc.

Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc., are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. (with respect to the number of the Allotted Shares for which the Transfer Restrictions is to be lifted, an adjustment includes zero) prior to the date on which the reorganization, etc., becomes effective, by resolution of the Board of Directors of the Company. In cases specified above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted.

##### (4) Other matters

Other matters with regard to the Allotment Agreement shall be determined by the Board of Directors of the Company.

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

### (1) Progress and Results of Operations

The economic environment in fiscal 2021, ended March 31, 2022, was as follows. Although conditions differed from country to country, as a whole, demand remained strong especially in Europe and the U.S. where signs of recovery from the COVID-19 pandemic were clearly shown. On the other hand, supply chain disruptions led to a shortage of parts and materials as well as a logistics shortage, which resulted in a growing impact. In the latter half of the period, the economic environment remained unstable due to increasing uncertainty caused by various factors, including the worsening situation in Ukraine and the impact of the spread of the Omicron variant in China.

In this economic environment, the Topcon Group has established a corporate identity—“Topcon contributes to enrichment of human life by solving the societal challenges within healthcare, agriculture and infrastructure.”—and worked to achieve sustainable enhancement of corporate value as a global company that promotes its efforts to solve societal challenges of “healthcare,” “agriculture,” and “infrastructure” utilizing DX solutions under the slogan of “contributes to the enrichment of human life through leading-edge technology”.

In this context, the Group’s consolidated performance in fiscal 2021 was as follows.

In fiscal 2021, the Topcon Group’s consolidated net sales increased by 28.5% year on year to ¥176,421 million, as a result of steadily capturing robust demand for essential businesses in addition to the success of various measures in procurement, design, and manufacturing, despite the impact of supply chain disruptions. Mainly due to this increase in net sales, operating income was ¥15,914 million, an increase of 141.4% year on year, and ordinary income was ¥14,820 million, an increase of 165.2% year on year. As a result, profit attributable to owners of the parent was ¥10,699 million, an increase of 350.3% year on year.

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

#### Smart Infrastructure Business

##### Principal Products

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

In the Smart Infrastructure Business, net sales increased by 14.9% year on year to ¥39,040 million, driven by not only firm domestic sales but also continued strong sales of surveying and laser instruments to the U.S. and Europe, a recovery in sales to Asian countries, etc., despite the impact of a shortage of parts and materials. Operating income increased by 17.1% year on year to ¥5,821 million, driven by increased profits associated with a rise in sales, although the business was affected by a price hike in parts and materials.

#### Positioning Company

##### Principal Products

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

In the Positioning Company, net sales increased by 35.4% year on year to ¥96,692 million, driven by increased sales in IT construction, IT agriculture systems, and surveying and laser instrument products as a result of capturing robust demand in the construction and agriculture markets in North America and Europe, the main markets for this segment, despite the impact of a shortage of parts and materials. Operating income increased by 90.5% year on year to ¥11,548 million, driven by increased profits associated with a rise in sales, although the business was affected by a shortage and price hike of parts and materials.

#### Eye Care Business

##### Principal Products

3D optical coherence tomography systems (3D OCT), retinal cameras, non-mydratric retinal cameras, non-contact tonometers, slit lamps, operation microscopes, specular microscopes, IMAGeNet ophthalmic

examination data filing systems, IMAGEnet electronic ophthalmic medical record systems, wavefront analyzers, vision testers, auto refractometers, auto kerato-refractometers, lens meters, refraction testing systems

In the Eye Care Business, net sales increased by 29.6% year on year to ¥57,352 million mainly thanks to expanded sales of screening equipment in Europe, the U.S., and China, as well as strong sales of a digital optometry system to major optical chain stores in the U.S. and Europe. Operating income increased by ¥3,081 million year on year to ¥3,203 million, driven by increased profits associated with a rise in sales, although the business was affected by a shortage and price hike of parts and materials.

**(2) Capital Investment**

Total capital expenditures for the Topcon Group amounted to ¥5,279 million in fiscal 2021. By business segment, capital expenditures were ¥1,141 million for the Smart Infrastructure Business, ¥2,649 million for the Positioning Company, and ¥1,420 million for the Eye Care Business.

**(3) R&D**

The Topcon Group's R&D expenditure amounted to ¥16,180 million in fiscal 2021. The Group is conducting vigorous R&D. The Company's R&D unit and technology departments and technology departments of subsidiaries in the United States and Europe are engaged in R&D.

**(4) Financing**

Not applicable

**(5) Significant business Combinations**

Not applicable

## (6) Financial Position and Earnings

	125th term FY2017	126th term FY2018	127th term FY2019	128th term FY2020	129th term FY2021
Net sales (Millions of yen)	145,558	148,688	138,916	137,247	176,421
Operating income (Millions of yen)	12,073	13,596	5,381	6,593	15,914
Operating income ratio (%)	8.3	9.1	3.9	4.8	9.0
Ordinary income (Millions of yen)	10,674	11,497	2,895	5,587	14,820
Profit attributable to owners of parent (Millions of yen)	6,028	6,548	935	2,376	10,699
Profit attributable to owners of parent per share (yen)	56.87	61.76	8.87	22.59	101.71
Total assets (Millions of yen)	160,747	160,288	161,721	168,210	184,983
Net assets (Millions of yen)	68,336	71,148	64,659	70,687	85,150
Shareholders' equity ratio (%)	40.5	43.1	39.0	41.2	45.1
Shareholders' equity per share (yen)	614.78	651.11	600.03	659.31	793.57
Return on equity (ROE) (%)	9.7	9.8	1.4	3.6	14.0

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, 2022)**

1) Relationship with the parent company

Not applicable

2) Significant subsidiaries

Company name	Capital	Percentage of voting rights (%)	Principal business
Topcon Yamagata Co., Ltd.	JPY371 million	100.0%	Manufacturing and sales of Smart Infrastructure and Eye Care products
Topcon Sokkia Positioning Japan Co., Ltd.	JPY269 million	100.0% [100.0%]	Sales of Smart Infrastructure and Positioning products
Topcon Medical Japan Co., Ltd.	JPY100 million	100.0%	Sales of Eye Care products
Topcon Optonexus Co., Ltd.	JPY100 million	100.0%	Manufacturing of Smart Infrastructure and Eye Care products
Topcon Positioning Systems, Inc.	USD138,905 thousand	100.0% [100.0%]	Manufacturing and sales of Positioning products and sales of Smart Infrastructure products
Topcon Medical Systems, Inc.	USD16,094 thousand	100.0% [100.0%]	Sales of Eye Care products
Topcon Europe Positioning B.V.	EUR18 thousand	100.0% [100.0%]	Sales of Smart Infrastructure and Positioning products
Topcon Europe Medical B.V.	EUR18 thousand	100.0% [100.0%]	Sales of Eye Care products
Topcon Optical (Dongguan) Technology Ltd.	USD12,000 thousand	90.0% [90.0%]	Manufacturing and sales of Smart Infrastructure, Eye Care products and optical devices
Topcon (Beijing) Medical Technology Co., Ltd.	RMB15,000 thousand	100.0%	Sales of Eye Care products

Notes: 1. The Company has 64 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.

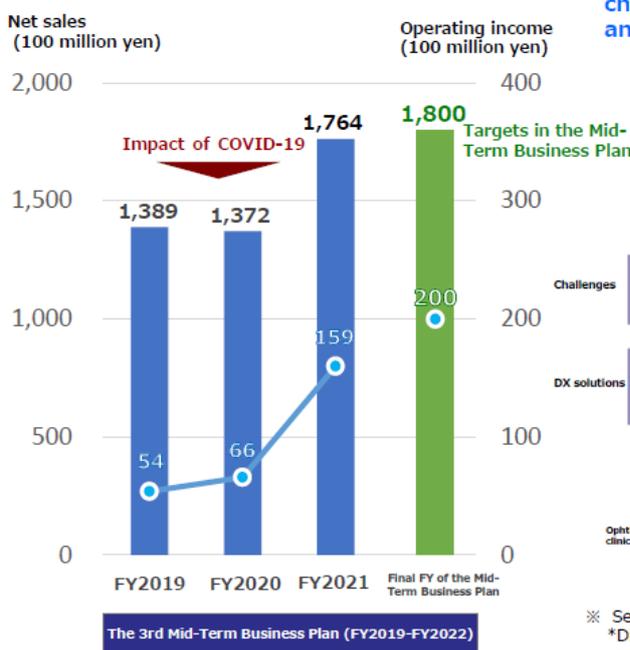
## (8) Issues to Be Addressed

The Company established the “3rd Mid-Term Business Plan” starting from FY2019, and has been working on the initiatives in line with this plan.

Subsequently, in response to the unprecedented COVID-19 crisis that began at the end of FY2019, the Company extended the period of the 3rd Mid-Term Business Plan by one year, to four years through FY2022 as a result of concluding that the impact of COVID-19 on the timeline for implementation of the plan was inevitable as of the beginning of FY2021. However, we have continued to work on the plan maintaining our management policy and targets of the plan as initially set while only changing the timeline.

Currently, we have advanced development and spread of “DX solutions” to solve societal challenges in the fields of “healthcare,” “agriculture,” and “infrastructure” toward the goals of the 3rd Mid-Term Business Plan while devoting our efforts to recovering from the impact of the restrictions, etc., due to COVID-19 on our measures.

### Progress of the Third Mid-Term Business Plan



### DX solutions to solve societal challenges in healthcare, agriculture, and infrastructure

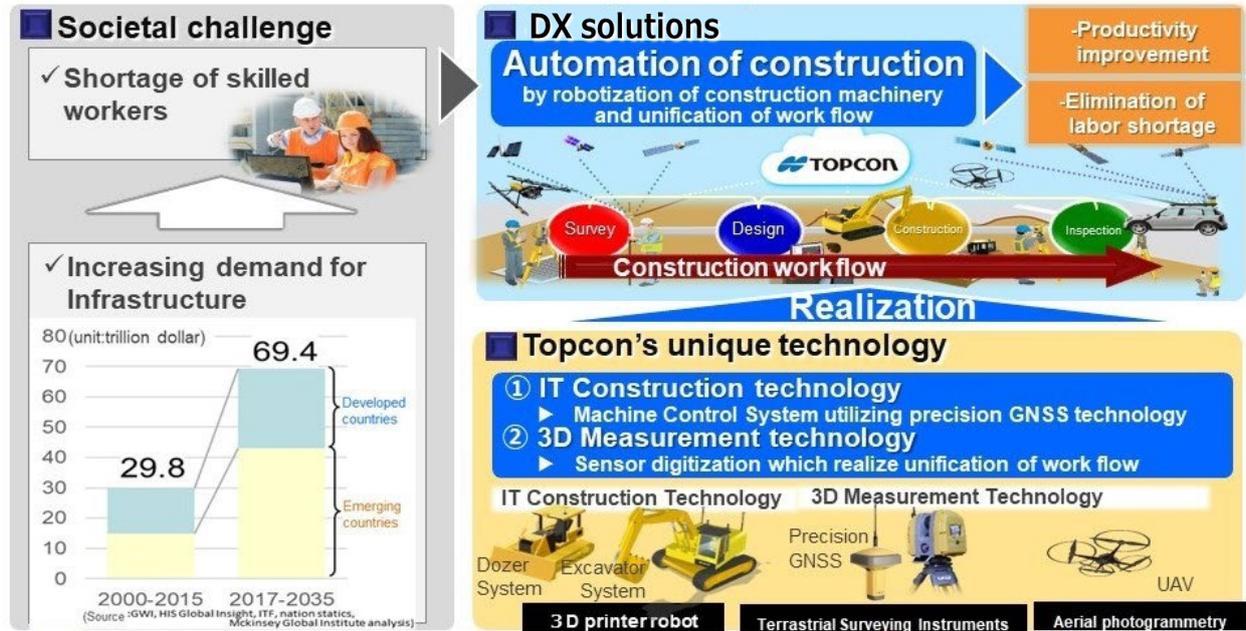


※ Selected as DX Stock\* for the 2nd consecutive year.

\*Digital Transformation Stock (DX Stocks) is a system for selecting companies listed on TSE that have established internal mechanisms to promote digital transformation (DX) that lead to increased corporate value and have demonstrated excellent digital operational performance.

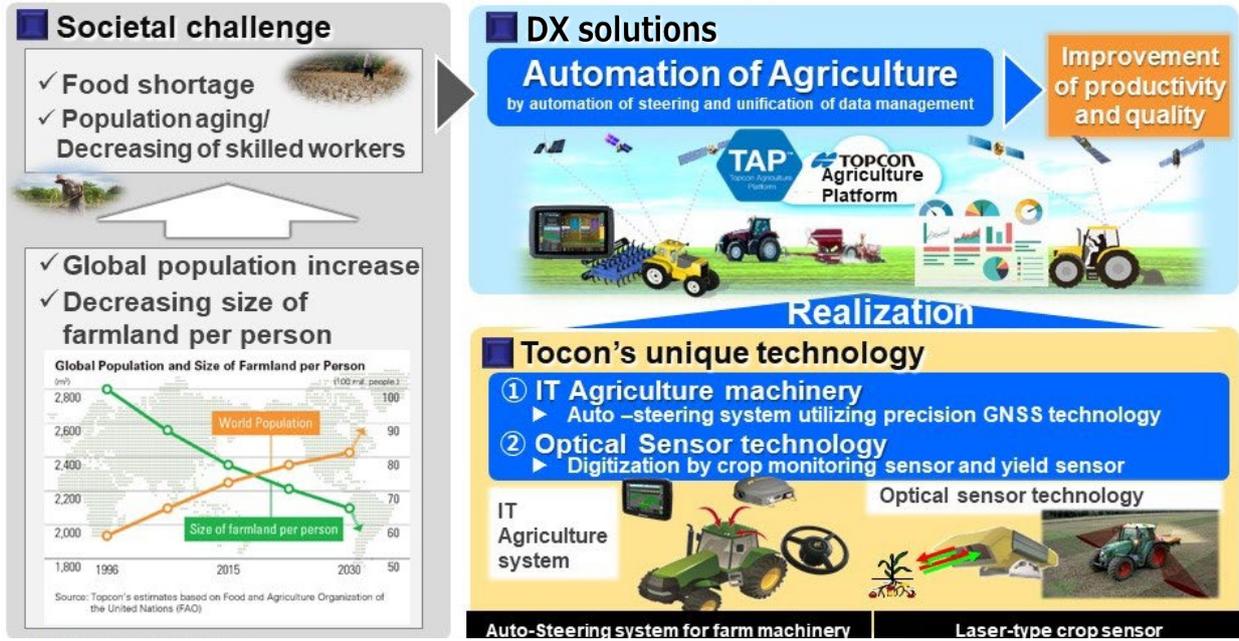
## Infrastructure: IT construction and infrastructure development

In the field of infrastructure, in order to address the social issue of a shortage of skilled workers associated with the worldwide increase in demand for infrastructure, we will strive to promote DX solutions which can be defined as automation of construction utilizing the Company's IT construction technology and 3D measurement technology to improve productivity as well as alleviate the shortage of skilled workers at construction sites.



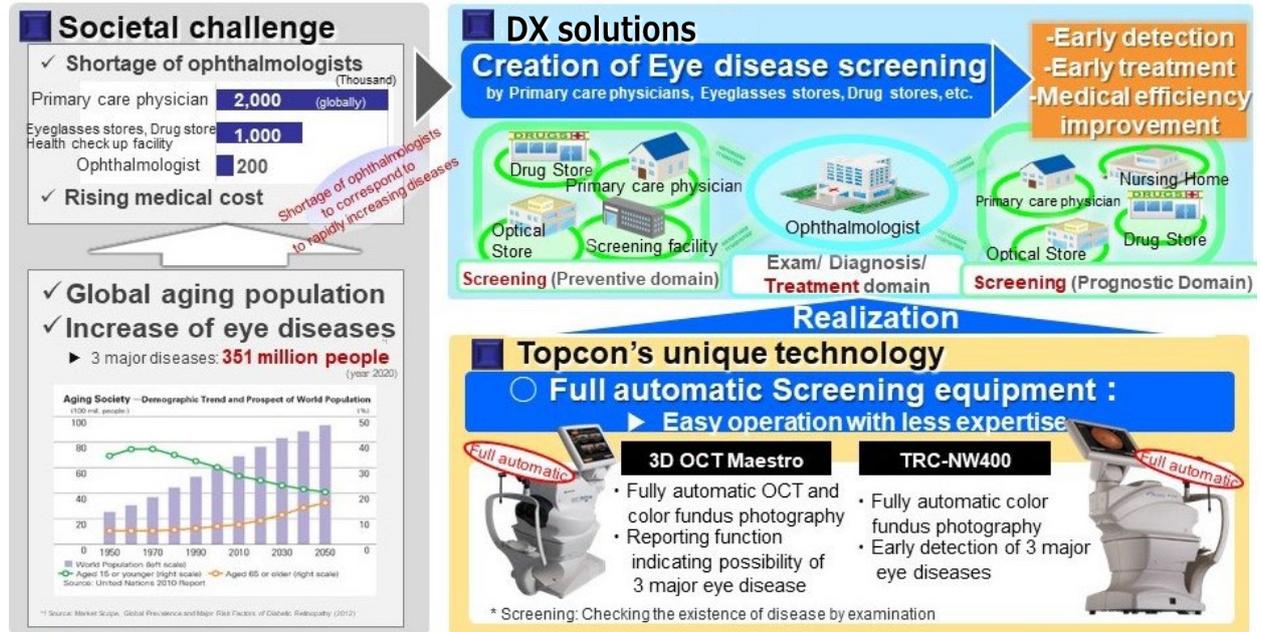
## Agriculture: IT agriculture

In the field of agriculture, in order to address food shortages caused by an increasing population worldwide, and other social issues such as aging and the declining number of skilled workers, we will also strive to promote DX solutions which can be defined as automation of agriculture utilizing the Company's IT agriculture machinery and optical sensor technology to improve productivity and quality.



## Healthcare: Healthcare and life science

In the field of healthcare, in order to address increased incidence of eye disease from an aging worldwide population and a shortage of ophthalmologists, we will strive to promote DX solutions to establish a system for eye disease screening offered by primary care physicians, optical stores, drug stores, etc., utilizing the Company's fully automatic screening equipment to realize early detection and early treatment of eye disease and medical efficiency improvement.



## Commitment to SDGs: Contribution to CO<sub>2</sub> emission reduction

Our technologies to realize DX solutions, including the automation of construction machinery for IT construction and the auto steering system for farming machinery for IT agriculture, have contributed to the reduction of CO<sub>2</sub> emissions.

Since we have adopted a vendor neutral strategy, which allows existing construction and farming machinery provided by other companies to install our products later, further CO<sub>2</sub> reduction can be expected as a result of spreading our automation technologies.



<sup>\*1</sup>: Source - Ministry of Land, Infrastructure, Transport and Tourism I-Construction promotion consortium "Progress of I-Construction" (2019) [https://www.mlit.go.jp/iteoi/construction/pdf/03\\_5\\_kikaku\\_siryoubu.pdf](https://www.mlit.go.jp/iteoi/construction/pdf/03_5_kikaku_siryoubu.pdf)

<sup>\*2</sup>: Basis of calculation  
Based on the numbers with multiplying the estimated annual CO<sub>2</sub> emissions per unit of construction machinery and the estimated reduction rate of working hours through the use of ICT, calculating the CO<sub>2</sub> emissions reduction multiplying the estimated number of ICT automated construction machinery in operation worldwide and the estimated share of our company.

**By leveraging the strength of vendor neutral strategy, penetrate automation technology for existing construction and farming machinery**

**Expecting further CO<sub>2</sub> reduction by spreading of the automation technologies**

<sup>\*1</sup>-Construction is a registered trademark of Ministry of Land, Infrastructure, Transport and Tourism's National Institute for Land and Technology Policy.

<sup>\*3</sup>: Source: AEM "The Environmental Benefits of Precision Agriculture in the United States" (2020) <https://newsroom.aem.org/asset/977839/environmentalbenefitsofprecisionagriculture-2e1Yb9G2R2Lz74.link>

<sup>\*4</sup>: Basis of Calculation  
Based on the numbers with multiplying the estimated annual CO<sub>2</sub> emissions per unit of farming tractor and the estimated reduction rate of working hours through the use of Auto Steering System, calculating the CO<sub>2</sub> emissions reduction multiplying the estimated number of tractors with Auto Steering System in operation worldwide and the estimated share of our company.

**(9) Principal Offices (as of March 31, 2022)**

## 1) The Company

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

## 2) Subsidiaries

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

**(10) Employees (as of March 31, 2022)**

Business category	Number of employees	Increase (Decrease) from the previous fiscal year-end
Smart Infrastructure Business	974	+8
Positioning Company	2,142	+162
Eye Care Business	1,856	+104
Other	276	+19
Total	5,248	+293

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, 2022)**

Lender	Outstanding borrowings
Sumitomo Mitsui Banking Corporation	1,533 million yen
Mizuho Bank, Ltd.	1,417 million yen
Sumitomo Mitsui Trust Bank, Limited	1,412 million yen
MUFG Bank, Ltd.	664 million yen

## 2. Status of Shares (as of March 31, 2022)

<b>(1) Number of Shares Authorized</b>	160,000,000 shares
<b>(2) Number of Shares Issued</b>	108,179,842 shares (including 2,969,690 shares of treasury stock)
<b>(3) Number of Shareholders</b>	15,329

### **(4) Major Shareholders**

Shareholder name	Number of shares held (shares)	Percentage of shares held
The Master Trust Bank of Japan, Ltd. (trust account)	17,297,600	16.44%
Custody Bank of Japan, Ltd. (trust account)	10,396,100	9.88%
The Dai-ichi Life Insurance Company, Limited	4,038,000	3.83%
J.P. MORGAN BANK LUXEMBOURG S.A. 381593	4,010,400	3.81%
THE BANK OF NEW YORK MELLON 140051	3,334,700	3.16%
STATE STREET BANK AND TRUST COMPANY 505103	2,946,517	2.80%
TAIYO FUND, L.P.	2,380,000	2.26%
THE CHASE MANHATTAN BANK 385013	1,950,000	1.85%
THE BANK OF NEW YORK MELLON 140044	1,612,007	1.53%
THE BANK OF NEW YORK MELLON 140042	1,602,749	1.52%

The Company's holding of treasury stock (2,969,690 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, 2022, which were issued as compensation for their execution of duties

Category	Directors (excluding Outside Directors)
Name	Topcon Corporation Series 6 Subscription Rights to Shares
Date of resolution on issue	June 25, 2021
Number of subscription rights to shares	270
Class and number of shares to be issued upon exercise of subscription rights to shares	27,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	1 yen per share
Exercise period	From July 12, 2022 to July 12, 2032
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 2021

Category	Executive Officers of the Company
Name	Topcon Corporation Series 6 Subscription Rights to Shares
Date of resolution on issue	June 25, 2021
Number of subscription rights to shares	60
Class and number of shares to be issued upon exercise of subscription rights to shares	6,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	1 yen per share
Exercise period	From July 12, 2022 to July 12, 2032
Number of holders of subscription rights to shares	4

Category	Executive Officers of the Company
Name	Topcon Corporation Series 7 Subscription Rights to Shares
Date of resolution on issue	June 25, 2021
Number of subscription rights to shares	1,000
Class and number of shares to be issued upon exercise of subscription rights to shares	100,000 shares of common stock (100 shares for each subscription right to shares)
Value of property to be contributed upon exercise of each subscription right to shares	1,366 yen per share
Exercise period	From April 1, 2024 to March 31, 2029
Number of holders of subscription rights to shares	1

## 4. Matters Concerning Officers

### (1) Directors and Corporate Auditors (as of March 31, 2022)

Positions	Name	Responsibilities and significant concurrent positions
Representative Director, President & CEO	Satoshi Hirano	President & CEO
Representative Director	Takashi Eto	General Manager of Smart Infrastructure Business Div. General Manager of Quality Assurance Div.
Director	Haruhiko Akiyama	General Manager of Accounting & Finance Div. General Manager of Custom Products Business Promotion Div.
Director	Takayuki Yamazaki	General Manager of Product Development Div. General Manager of POC-SIB Joint Business Development Div.
Director	Kaoru Kumagai	General Manager, Research & Development Div.
Director	Kazuyuki Matsumoto	Outside Director, Kitz Corporation
Director	Akira Sudo	Science and Technology Advisor to Cabinet Office
Director	Naoko Yamazaki	Outside Director, Oporun Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION
Director	Yoshiharu Inaba	Chairman (Representative Director), FANUC CORPORATION
Corporate Auditor (full time)	Shokyu 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.
Corporate Auditor	Kiyoshi Suzuki	

- Notes:
- Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki and Mr. Yoshiharu Inaba are Outside Directors.
  - Corporate Auditors Mr. Tatsuya Kuroyanagi, Mr. Keiji Taketani and Mr. Kiyoshi Suzuki are Outside Corporate Auditors.
  - The Company has designated Directors Mr. Kazuyuki Matsumoto, Mr. Akira Sudo, Ms. Naoko Yamazaki and Mr. Yoshiharu Inaba and Corporate Auditors Mr. Tatsuya Kuroyanagi, Mr. Keiji Taketani and Mr. Kiyoshi Suzuki as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange.
  - Corporate Auditors Mr. Tatsuya Kuroyanagi, Mr. Keiji Taketani and Mr. Kiyoshi Suzuki have in-depth knowledge of finance and accounting based on extensive experience in the financial business, extensive experience in business administration and extensive knowledge in the financial business, respectively.
  - Changes of Directors and Corporate Auditors during fiscal 2021 are as follows:
    - Assumption of office  
The election of Mr. Kaoru Kumagai and Mr. Kiyoshi Suzuki as Director and Corporate Auditor, respectively, was approved at the 128th Ordinary General Meeting of Shareholders held on June 25, 2021, and they assumed each office.
    - Retirement  
The term of office of Representative Director Mr. Makoto Iwasaki expired at the conclusion of the 128th Ordinary General Meeting of Shareholders held on June 25, 2021, and he retired from the position of Director.
    - Changes in positions  
Director Mr. Takashi Eto was appointed as a Representative Director on June 25, 2021.
    - Changes in significant concurrent positions  
Director Mr. Akira Sudo retired from the position of Fellow of Toshiba Corporation on June 15, 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] 13/13	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] 13/13	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] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the science and technology field and risk management, as well as fulfilled appropriate roles including overseeing management and providing advice.
	Yoshiharu Inaba	[Board of Directors' meetings] 12/13	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] 13/13 [Board of Corporate Auditors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance.
	Keiji Taketani	[Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 13/13	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning business administration.
	Kiyoshi Suzuki	[Board of Directors' meetings] 11/11 [Board of Corporate Auditors' meetings] 10/10	Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance.

- Notes:
1. Although Director Mr. Kazuyuki Matsumoto is an Outside Director of Kitz Corporation, no special relationship exists between the Company and Kitz Corporation.
  2. Although Director Mr. Akira Sudo is a Science and Technology Advisor to the Cabinet Office and was a Fellow of Toshiba Corporation, no special relationship exists between the Company and the Cabinet Office or Toshiba Corporation.
  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. Kiyoshi Suzuki as Corporate Auditor was approved at the 128th Ordinary General Meeting of Shareholders held on June 25, 2021 and he assumed office, the attendance at the Board of Directors' meetings and Board of Corporate Auditors' 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 Nomination and Compensation Advisory Committee, chaired by an Independent Outside Director and composed of a majority of Independent Outside Directors and Independent Corporate Auditors, with the aim of ensuring objectivity and transparency regarding the handling of compensation for Directors. The Nomination and Compensation Advisory Committee makes recommendations to the Board of Directors, in response to consultation by the Board of Directors, and the policy regarding compensation for Directors is decided by resolution of the Board of Directors based on the deliberation and recommendations of the Nomination and Compensation Advisory Committee.

The amount of individual compensation for Directors is decided based on the deliberation and recommendations of the Nomination and Compensation Advisory Committee in accordance with the policy regarding compensation for Directors within the limit for the total amount of compensation for Directors approved by resolution of the General Meeting of Shareholders. The specific 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 Nomination and Compensation Advisory Committee in advance. In addition, the Board of Directors conducts a multilateral review, including consistency with compensation for Directors and the policy regarding compensation for Directors, in advance at the Nomination and Compensation Advisory Committee. As such, the Company has determined that such compensation is in conformity with the policy regarding compensation.

The amount of compensation for each Corporate Auditor is decided through consultation of the Corporate Auditors within the limit for the total amount of compensation for Corporate Auditors approved by resolution of the General Meeting of Shareholders.

##### 1) Fixed compensation

Fixed compensation for Directors (excluding Outside Directors) is decided based on rank and paid every month.

- Fixed compensation for Outside Directors is decided taking into consideration their role, etc. and paid every month.

##### 2) Performance-linked compensation

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

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

- 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 2021, an indicator which constitutes the basis for performance-linked compensation, were consolidated profit attributable to owners of the parent of ¥10,699 million and ROE of 14.0%, and cumulative performance during the period of the 3rd Mid-Term Business Plan was consolidated profit attributable to owners of the parent of ¥14,011 million and ROE of 6.3% (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)	427	200	190	36	6
Outside Directors	52	52	–	–	4
Corporate Auditors (excluding Outside Corporate Auditors)	37	37	–	–	2
Outside Corporate Auditors	24	24	–	–	3

Notes: 1. Non-monetary compensation is the amount of expenses recorded during fiscal 2021 in connection with subscription rights to shares granted as stock options.

2. One (1) Director who retired at the conclusion of the 128th Ordinary General Meeting of Shareholders held on June 25, 2021 is included in the number of Directors (excluding Outside Directors).

## **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**

During the period from April 1, 2021 to June 30, 2021, Directors and Corporate Auditors bore 9% of the total insurance premium, distributing the burden so that Directors (excluding Outside Directors) and Corporate Auditors (excluding Outside Corporate Auditors) bore 2/3 of that amount, while Outside Directors and Outside Corporate Auditors bore the remaining 1/3 of that amount. From July 1, 2021, the Company has borne the total amount of the insurance premium,

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

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

## 6. Accounting Auditor

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

### **(2) Amount of Remuneration**

	Amount paid
1) Amount of remuneration etc. for fiscal 2021	92 million yen
2) Total amount of cash and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries	92 million yen

- Notes: 1. The Company's Board of Corporate Auditors obtained necessary information and reports from Directors, the internal organizations concerned, and the Accounting Auditor and reviewed the Accounting Auditor's audit plan, the status of performance of duties of accounting audit, and the basis for calculation of remuneration estimates. As a result of deliberation, the Board of Corporate Auditors judged them to be appropriate and gave approval for the amount of remuneration of the Accounting Auditor.
2. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the 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 13 times. At the meetings, the Board of Directors deliberated, made decisions, and reported on important matters concerning the Group's management and oversaw performance of duties by directors and employees.

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

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

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

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

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

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

To ensure reliability and appropriateness of financial reporting, the Company evaluated effectiveness of internal controls in fiscal 2021.

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

The Board of Corporate Auditors met 13 times. At the meetings, the Board of Corporate Auditors reported, discussed, and made decisions on important matters concerning auditing. Corporate auditors conduct audits of Group companies, attend meetings of the Board of Directors and other important meetings, and periodically exchange information with the Representative Director, the accounting auditor, and the Corporate Audit Division and thereby audit performance of duties by directors.

### **(3) Dividend Policy**

The Company's basic dividend policy for returning profits to shareholders is to steadily increase the dividend payment amount by placing emphasis on distribution of profits in line with growth in consolidated earnings.

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

As for the dividends from surplus for fiscal 2021, the interim dividend was 10 yen per share (compared with the no interim dividend for fiscal 2020), as planned at the beginning of the year. Although a year-end dividend of 10 yen per share was planned at the beginning of the year, 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 26 yen per share (compared with the year-end dividend of 10 yen per share for fiscal 2020), bringing the full-year dividend payment to 36 yen per share (compared with the full-year dividend of 10 yen per share for fiscal 2020).

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, 2022)

	(Millions of yen)	
	FY2021	FY2020 (Reference)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	20,124	20,815
Notes and accounts receivable – trade	45,864	42,028
Merchandise and finished goods	19,510	17,570
Work in process	1,805	1,537
Raw materials and supplies	18,309	13,298
Other	10,658	9,665
Allowance for doubtful accounts	(2,232)	(2,973)
<b>Total current assets</b>	<b>114,041</b>	<b>101,942</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	9,679	9,051
Machinery, equipment and vehicles, net	3,670	3,204
Land	3,723	3,363
Construction in progress	952	541
Other, net	6,836	6,359
<b>Total property, plant and equipment</b>	<b>24,863</b>	<b>22,520</b>
<b>Intangible assets</b>		
Goodwill	9,741	9,307
Software	9,620	10,568
Other	10,552	8,079
<b>Total intangible assets</b>	<b>29,914</b>	<b>27,955</b>
<b>Investments and other assets</b>		
Investment securities	3,711	4,407
Long-term loans receivable	352	358
Deferred tax assets	10,821	9,873
Other	1,294	1,168
Allowance for doubtful accounts	(14)	(14)
<b>Total investments and other assets</b>	<b>16,164</b>	<b>15,792</b>
<b>Total non-current assets</b>	<b>70,942</b>	<b>66,268</b>
<b>Total assets</b>	<b>184,983</b>	<b>168,210</b>

	FY2021	FY2020 (Reference)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	15,687	12,880
Short-term loans payable	5,586	12,530
Lease obligations	1,415	1,357
Accrued expenses	15,013	12,375
Income taxes payable	2,152	1,005
Provision for product warranties	1,444	1,009
Current portion of bonds payable	10,000	–
Other	10,095	7,902
<b>Total current liabilities</b>	<b>61,394</b>	<b>49,062</b>
<b>Non-current liabilities</b>		
Bonds payable	20,000	30,000
Long-term loans payable	2,547	5,162
Lease obligations	3,812	3,937
Deferred tax liabilities	4,247	3,049
Provision for directors' retirement benefits	59	51
Net defined benefit liability	4,333	4,582
Other	3,438	1,677
<b>Total non-current liabilities</b>	<b>38,438</b>	<b>48,460</b>
<b>Total liabilities</b>	<b>99,833</b>	<b>97,522</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
<b>Capital stock</b>	<b>16,706</b>	<b>16,697</b>
<b>Capital surplus</b>	<b>20,608</b>	<b>20,599</b>
<b>Retained earnings</b>	<b>45,670</b>	<b>37,074</b>
<b>Treasury shares</b>	<b>(3,171)</b>	<b>(3,170)</b>
<b>Total shareholders' equity</b>	<b>79,813</b>	<b>71,200</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	900	1,095
Deferred gains or losses on hedges	(72)	(14)
Foreign currency translation adjustment	3,088	(2,360)
Remeasurements of defined benefit plans	(238)	(569)
<b>Total accumulated other comprehensive income</b>	<b>3,677</b>	<b>(1,849)</b>
<b>Subscription rights to shares</b>	<b>67</b>	<b>67</b>
<b>Non-controlling interests</b>	<b>1,591</b>	<b>1,269</b>
<b>Total net assets</b>	<b>85,150</b>	<b>70,687</b>
<b>Total liabilities and net assets</b>	<b>184,983</b>	<b>168,210</b>

**Consolidated Statement of Income**  
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	FY2021	FY2020 (Reference)
<b>Net sales</b>	<b>176,421</b>	<b>137,247</b>
<b>Cost of sales</b>	<b>86,328</b>	<b>69,351</b>
<b>Gross profit</b>	<b>90,093</b>	<b>67,895</b>
<b>Selling, general and administrative expenses</b>	<b>74,178</b>	<b>61,301</b>
<b>Operating income</b>	<b>15,914</b>	<b>6,593</b>
<b>Non-operating income</b>		
Interest income	79	92
Dividend income	47	54
Foreign exchange gains	235	–
Reversal of allowance for doubtful accounts	492	–
Subsidy income	–	142
Other	315	560
<b>Total non-operating income</b>	<b>1,170</b>	<b>849</b>
<b>Non-operating expenses</b>		
Interest expenses	459	601
Interest on other liabilities	157	–
Share of loss of entities accounted for using equity method	351	296
Loss on valuation of investment securities	387	–
Compensation expenses	215	–
Foreign exchange losses	–	179
Other	694	776
<b>Total non-operating expenses</b>	<b>2,265</b>	<b>1,855</b>
<b>Ordinary income</b>	<b>14,820</b>	<b>5,587</b>
<b>Extraordinary income</b>		
Subsidy income	495	–
<b>Total extraordinary income</b>	<b>495</b>	<b>–</b>
<b>Extraordinary losses</b>		
Impairment loss	670	91
Free repair expenses	–	125
Special retirement expenses	–	334
Business structure improvement expenses	–	115
<b>Total extraordinary losses</b>	<b>670</b>	<b>667</b>
<b>Profit before income taxes</b>	<b>14,645</b>	<b>4,919</b>
<b>Income taxes - current</b>	<b>4,399</b>	<b>2,065</b>
<b>Income taxes - deferred</b>	<b>(701)</b>	<b>365</b>
<b>Profit</b>	<b>10,946</b>	<b>2,489</b>
<b>Profit attributable to non-controlling interests</b>	<b>247</b>	<b>113</b>
<b>Profit attributable to owners of parent</b>	<b>10,699</b>	<b>2,376</b>

## Consolidated Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	16,697	20,599	37,074	(3,170)	71,200
Changes of items during the period					
Dividends from surplus			(2,103)		(2,103)
Profit attributable to owners of parent			10,699		10,699
Purchase of treasury stock				(0)	(0)
Other	9	9			18
Net changes of items other than shareholders' equity					
Total changes of items during the period	9	9	8,595	(0)	8,613
Balance at the end of current period	16,706	20,608	45,670	(3,171)	79,813

	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	1,095	(14)	(2,360)	(569)	(1,849)	67	1,269	70,687
Changes of items during the period								
Dividends from surplus								(2,103)
Profit attributable to owners of parent								10,699
Purchase of treasury stock								(0)
Other								18
Net changes of items other than shareholders' equity	(194)	(58)	5,449	330	5,526	(0)	322	5,848
Total changes of items during the period	(194)		5,449	330	5,526	(0)	322	14,462
Balance at the end of current period	900	(72)	3,088	(238)	3,677	67	1,591	85,150

Non-consolidated Financial Statements

**Non-consolidated Balance Sheet**  
(As of March 31, 2022)

	(Millions of yen)	
	FY2021	FY2020 (Reference)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	487	704
Notes receivable – trade	550	432
Accounts receivable – trade	13,071	12,705
Finished goods	3,449	3,873
Work in process	458	511
Raw materials and supplies	2,320	1,964
Advance payments - other	249	255
Short-term loans receivable	18,738	21,296
Accounts receivable - other	3,351	2,620
Other	69	142
Allowance for doubtful accounts	(102)	(98)
<b>Total current assets</b>	<b>42,645</b>	<b>44,406</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	2,677	2,550
Structures	91	94
Machinery and equipment	349	391
Vehicles	0	0
Tools, furniture and fixtures	905	1,005
Land	236	236
Leased assets	128	90
Construction in progress	151	0
<b>Total property, plant and equipment</b>	<b>4,541</b>	<b>4,369</b>
<b>Intangible assets</b>		
Patent right	272	320
Leasehold right	57	57
Software	3,248	4,081
Other	3,126	2,791
<b>Total intangible assets</b>	<b>6,703</b>	<b>7,249</b>
<b>Investments and other assets</b>		
Investment securities	2,087	2,444
Shares of subsidiaries and associates	57,943	57,414
Investments in capital of subsidiaries and associates	334	334
Long-term loans receivable	2	2
Long-term prepaid expenses	439	459
Deferred tax assets	4,854	4,578
Other	329	304
Allowance for doubtful accounts	(7)	(7)
<b>Total investments and other assets</b>	<b>65,983</b>	<b>65,530</b>
<b>Total non-current assets</b>	<b>77,228</b>	<b>77,149</b>
<b>Total assets</b>	<b>119,874</b>	<b>121,556</b>

	FY2021	FY2020 (Reference)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable – trade	385	273
Accounts payable – trade	7,221	6,050
Short-term loans payable	11,280	17,253
Lease obligations	665	659
Accounts payable – other	228	467
Accrued expenses	3,633	3,178
Income taxes payable	1,051	253
Advances received	11	10
Deposits received	56	58
Provision for product warranties	290	277
Current portion of bonds payable	10,000	–
Other	235	381
<b>Total current liabilities</b>	<b>35,058</b>	<b>28,864</b>
<b>Non-current liabilities</b>		
Bonds payable	20,000	30,000
Long-term loans payable	1,900	4,341
Lease obligations	1,997	2,571
Provision for retirement benefits	2,698	2,723
Other	5	5
<b>Total non-current liabilities</b>	<b>26,602</b>	<b>39,642</b>
<b>Total liabilities</b>	<b>61,660</b>	<b>68,506</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	16,706	16,697
Capital surplus		
Legal capital surplus	19,195	19,186
Other capital surplus	1,924	1,924
<b>Total capital surplus</b>	<b>21,119</b>	<b>21,110</b>
<b>Retained earnings</b>		
Legal retained earnings	571	571
Other retained earnings		
General reserve	12,082	12,082
Retained earnings brought forward	10,056	4,686
Total other retained earnings	22,138	16,768
<b>Total retained earnings</b>	<b>22,710</b>	<b>17,340</b>
<b>Treasury shares</b>	<b>(3,171)</b>	<b>(3,170)</b>
<b>Total shareholders' equity</b>	<b>57,365</b>	<b>51,978</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	781	1,004
<b>Total valuation and translation adjustments</b>	<b>781</b>	<b>1,004</b>
<b>Subscription rights to shares</b>	<b>67</b>	<b>67</b>
<b>Total net assets</b>	<b>58,214</b>	<b>53,049</b>
<b>Total liabilities and net assets</b>	<b>119,874</b>	<b>121,556</b>

**Non-consolidated Statement of Income**  
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	FY2021	FY2020 (Reference)
<b>Net sales</b>	<b>49,859</b>	<b>40,548</b>
<b>Cost of sales</b>	<b>35,974</b>	<b>31,169</b>
<b>Gross profit</b>	<b>13,884</b>	<b>9,378</b>
<b>Selling, general and administrative expenses</b>	<b>11,808</b>	<b>10,815</b>
<b>Operating income (loss)</b>	<b>2,076</b>	<b>(1,436)</b>
<b>Non-operating income</b>		
Interest and dividend income	5,369	780
Rent income	136	133
Foreign exchange gains	465	265
Other	376	184
<b>Total non-operating income</b>	<b>6,348</b>	<b>1,364</b>
<b>Non-operating expenses</b>		
Interest expenses	128	170
Interest on bonds	150	146
Rent cost	66	67
Depreciation	193	78
Bond issuance costs	-	119
Other	178	330
<b>Total non-operating expenses</b>	<b>717</b>	<b>912</b>
<b>Ordinary income (loss)</b>	<b>7,707</b>	<b>(984)</b>
<b>Extraordinary losses</b>		
Free repair expenses	-	125
<b>Total extraordinary losses</b>	<b>-</b>	<b>125</b>
<b>Profit (loss) before income taxes</b>	<b>7,707</b>	<b>(1,110)</b>
<b>Income taxes - current</b>	<b>298</b>	<b>(408)</b>
<b>Income taxes - deferred</b>	<b>(143)</b>	<b>215</b>
<b>Profit (Loss)</b>	<b>7,551</b>	<b>(917)</b>

**Non-consolidated Statement of Changes in Net Assets**  
(From April 1, 2021 to March 31, 2022)

(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	16,697	19,186	1,924	21,110
Cumulative effects of changes in accounting policies				
Restated balance	16,697	19,186	1,924	21,110
Changes of items during the period				
Issuance of new shares	9	9		9
Dividends from surplus				
Profit				
Purchase of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	9	9	—	9
Balance at the end of current period	16,706	19,195	1,924	21,119

	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	4,686	17,340	(3,170)	51,978	
Cumulative effects of changes in accounting policies			(77)	(77)		(77)	
Restated balance	571	12,082	4,608	17,262	(3,170)	51,900	
Changes of items during the period							
Issuance of new shares						18	
Dividends from surplus			(2,103)	(2,103)		(2,103)	
Profit			7,551	7,551		7,551	
Purchase of treasury stock					(0)	(0)	
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	—	5,447	5,447	(0)	5,465	
Balance at the end of current period	571	12,082	10,056	22,710	(3,171)	57,365	

	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	1,004	1,004	67	53,049
Cumulative effects of changes in accounting policies				(77)
Restated balance	1,004	1,004	67	52,972
Changes of items during the period				
Issuance of new shares				18
Dividends from surplus				(2,103)
Profit				7,551
Purchase of treasury stock				(0)
Net changes of items other than shareholders' equity	(222)	(222)	(0)	(223)
Total changes of items during the period	(222)	(222)	(0)	5,241
Balance at the end of current period	781	781	67	58,214