



Topcon Report 2024



TOPCON CORPORATION

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

**Corporate Planning &
Digital Business Operation Div.
Corporate Communication Dept.**

TEL: +81-3-3558-2532
<https://global.topcon.com>



To Our Stakeholders



Takashi Eto
Takashi Eto
President and Chief Executive Officer

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

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

Since our founding, we have developed our business globally, focusing on surveying instruments and ophthalmic medical devices, leveraging our strengths in precision optics and optomechatronics technology. In 1994, we came up with a new concept of "automating the construction process," which no one had thought of at that time, and created a new business market and potential demands.

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

Currently, in addition to the core optical and sensing technologies developed since its founding, Topcon integrates applied technologies such as image processing, machine learning, automation, and remote operation to provide a diverse range of digital transformation solutions in the areas of healthcare, agriculture, and infrastructure. Our strength lies in our dual-pronged approach to business growth, driven by advanced hardware products as well as services in our solutions business.

This Integrated Report communicates our story of achieving a sustainable society and sustainable growth for our company. This year, we further enhanced the explanation of our businesses, including synergies between them, in order to clearly convey our efforts to our investors and stakeholders. We are confident that this report will provide you with a deeper understanding of our company.

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Editorial Policy
As stated in our Corporate Identity, Topcon contributes to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure. Based on this identity, we strive to contribute to the development of society and conservation of the global environment, through our unique products and services. In FY2016, we began publishing the Integrated Report, "Topcon Report" in order to inform the public regarding our initiatives to continuously increase our corporate value over the long term. The Topcon Report centers on information that has a significant impact on our corporate value. It uses as references the disclosure framework of the International Integrated Reporting Council (IIRC), as well as the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.



Note on performance forecasts and outlook statements
All plans, strategies, future performance forecasts, and outlooks presented in this report are based on information currently available to the Company. Our actual performance may deviate from these statements if conditions change in the future.

Topcon's Philosophy

Mission

TOPCON WAY

Corporate Identity

Management Policy

Materiality

Topcon's Materiality

- Providing Creative Products through Technological Innovation
- Promoting and Accelerating DX Solutions
- Respecting Human Rights
- Coexisting with the Local Community
- Reducing the Impact on the Global Environment
- Being an Organization that Respects Individuality and Creates Together

Strategy

Challenging to sustainably growing 100 year venture

Challenge 2032

Mid-term Business Plan 2025

A digital transformation with a human touch

With its leading-edge digital transformation solutions, Topcon streamlines the entire workflow in the fields of agriculture and construction, and creates a new system for eye disease screening. This is how we contribute to helping people around the world live better lives.



Topcon's Mission

In today's fast-paced business environment, it is crucial to showcase a wide range of capabilities. That is why we have redefined and clarified our shared values --going beyond nationalities and individual companies. This allows us to leverage our strengths, such as our global scale and diversity, and foster a culture of self-reliance.

With every employee embracing the TOPCON WAY, we are moving in a new direction as we approach our centennial. This path focuses on executing strategies to enhance profitability in response to evolving market conditions and strengthening our overall capabilities with a TOPCON WAY mindset



TOPCON WAY

Corporate Identity

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

Management Policy

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

Topcon respects diversity and acts as a global company.

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

Materiality

Topcon's Materiality

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

With the goal of solving the societal challenges and contributing to the enrichment of human life as stated in the TOPCON WAY, we will continue to generate corporate value while simultaneously building connections to enable our stakeholders to relate to and participate in these efforts.



Introduction

Topcon's Path Forward

Topcon's Value Creation

Sustainability

Information



See P32 for details on Materiality

Key Initiatives

Healthcare

Collaborated with the Healthy Athletes® Program (HAP) to promote the health of athletes with intellectual disabilities

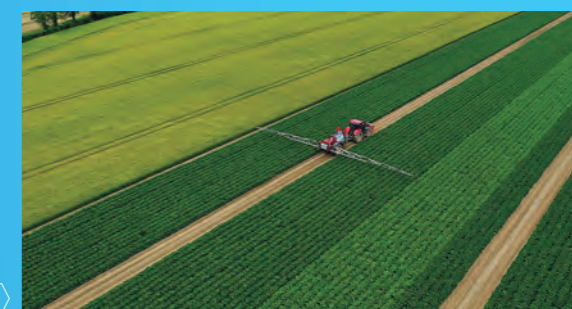
See P42 for details on this initiative



Agriculture

Reduced pesticides and fertilizers and visualized the level of growth to increase yield and uniformity in potato production

See P36 for details on this initiative



Infrastructure

In cooperation with Southeast Asian government agencies, collaborated with Japanese and Thai companies, in the fields of surveying and construction

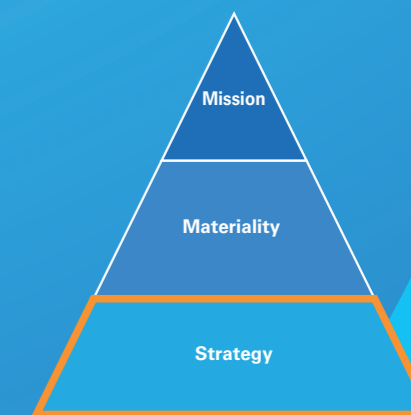
See P42 for details on this initiative



Challenging to sustainably growing 100 year venture

Since its founding in 1932, Topcon has innovated on various fronts in different eras, and has continued to grow while providing the new innovative products and solutions.

Even with more than 90 years of history, Topcon positions ourselves as a venture company and continues to tackle societal challenges as a solution provider in the fields of healthcare, agriculture, and infrastructure.



Net Sales

1932-1969

Significantly expanded production capacity to meet the growing demand for domestically produced surveying instruments

1970-1989

Opened global markets through successive planning and development of new products

1990-2009

Transitioned to a solutions-based business model with the acquisition of an overseas venture company as a turning point

2010-2021

Accelerated overseas M&A strategy to become a truly global company

2022-Future

Solving societal challenges through digital transformation solutions that leverage advanced technologies

- 1932 Established as Tokyo Kogaku Kikai Kabushikikaisha (Tokyo Optical Co., Ltd.) to meet the demand for domestically produced binoculars, surveying instruments, and other optical equipment
- 1945 Converted to the production of civilian products and resumed production
- 1965 Released Japan's first mydriatic fundus camera
- 1963 Released TOPCON RE Super, the world's first single-lens reflex camera with a TTL full-aperture metering system



TOHKOH Transit 3-and-half inch, the first surveying instrument manufactured at the main factory at Itabashi



TOPCON RE Super

- 1970 Established sales companies in the U.S. and the Netherlands, with main product lines including ophthalmic medical devices and vision testers
- 1979 Established a sales company in Singapore
- 1986 Established our first overseas production base in Hong Kong and a service center in Suzhou, China
- 1988 Established a sales company in Australia
- 1989 Established sales companies in Germany, France, and Spain, creating a global tetrapolar network by that year
- 1989 Changed company name to Topcon Corporation



Electronic Total Station GTS-3 series
An industry-leading surveying instrument that evolved from optomechanics technology, which combines mechanical and electrical technologies with our proprietary optical technology

- 1994 Acquired Advanced Grade Technology, Inc., a U.S.-based venture aiming for the robotization of construction machinery
- 2000 Acquired JPS, Inc., a U.S.-based venture with precision GNSS (global navigation satellite system) technology
- 2006 Acquired KEE Technologies Pty Ltd., an Australian pioneer in precision agriculture, and entered the agriculture field



IT Construction product package

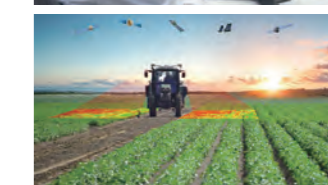


- 2011 Established TOPCON WAY, the Group's common values, as a global company
- 2011 The overseas sales ratio exceeded 70%
- 2013 Released a fully-automatic 3D optical coherence tomography system, 3D OCT-1 (Type: Maestro)
- 2014 Formulated the First Mid-term Business Plan, and accelerated M&A strategy
- 2017 The overseas sales ratio and overseas employee ratio reached approx. 80% and 70%, respectively



3D optical coherence tomography system, 3D OCT-1 (Type: Maestro)

- 2022 Announced the catchphrase: "A digital transformation with a human touch" to mark the 90th anniversary
- 2023 Selected as a DX Stock for the fourth consecutive year and chosen for the DX Grand Prix 2023 designated by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
- 2024 Selected as one of DX Platinum Companies 2024-2026



Challenge 2032

As a first step toward our Long-term Goal for 2032, we have formulated the Mid-term Business Plan 2025, which covers the period from FY2023 to FY2025. Under this plan, we aim to achieve sustainable sales growth while improving and maintaining profitability. We have also established the Long-term Goal of achieving net sales of ¥400 billion by 2032, the year of Topcon's 100th anniversary. To achieve this goal, we will pursue sustainable growth with an entrepreneurial spirit.

Long-Term Goal Challenge 2032



Net Sales
¥400_B

Creating new business models,
striving for sustainable growth

First Mid-term Business Plan

FY2014 - FY2016

- 1 Enhance new business and strengthen core business
- 2 Launch disruptive strategic products
- 3 Utilize global human resources

Results

Net Sales
¥130.7_B

- Cultivated new markets including IT agriculture, 3D measurement, and remote diagnosis
- Increased the number of launched disruptive strategic products

Second Mid-term Business Plan

FY2016 - FY2018

- 1 Strengthening the management structure
- 2 Advancement of the growing business
- 3 Creation of a subscription business model

Results

Net Sales
¥148.6_B

- Achieved sales target as specified in growth strategy
- Achieved a large-scale increase in profit, and put a high priority on strategic up-front investments in the Eye Care Business

Third Mid-term Business Plan

FY2019 - FY2022

- 1 Acceleration of business development in the growing market
- 2 Strengthen profitability of core business
- 3 Creation of new potential market

Results

Net Sales
¥215.6_B

- Accelerated the development of growing business and created new markets
- Achieved net sales of ¥250.0 billion in view

Note: The period of the plan was initially three years, but was extended by one year due to the COVID-19 pandemic.

Mid-term Business Plan 2025

FY2023 - FY2025

Net Sales
¥250.0_B

Deepening Customer Orientation

Remain a needed company

Reforming the Foundation

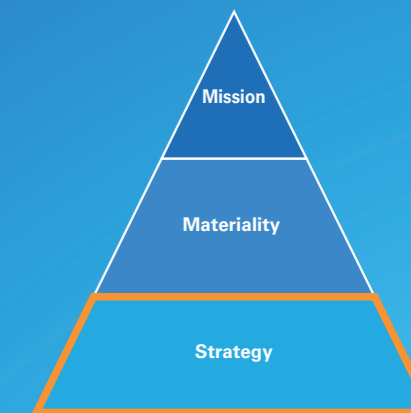
Establish an efficient organization

DX Acceleration

Continue to create the next growing business

Mid-term Business Plan 2025

In each of the three pillars of the Mid-term Business Plan: “Deepening Customer Orientation,” “Reforming the Foundation,” and “DX Acceleration,” we have defined focusing areas in both the Eye Care Business and the Positioning Business as we promote business activities for sustainable growth.



Three pillars of the Mid-term Business Plan 2025

Deepening Customer Orientation

Remain a needed company

Develop products and solutions with an emphasize on customers and markets

Get advanced hardware to the de facto standard

Reforming the Foundation

Establish an efficient organization

Maximizing efficiency of the Positioning Business

Improving the profitability of the Eye Care Business

Increasing production capacity and advancing production efficiency

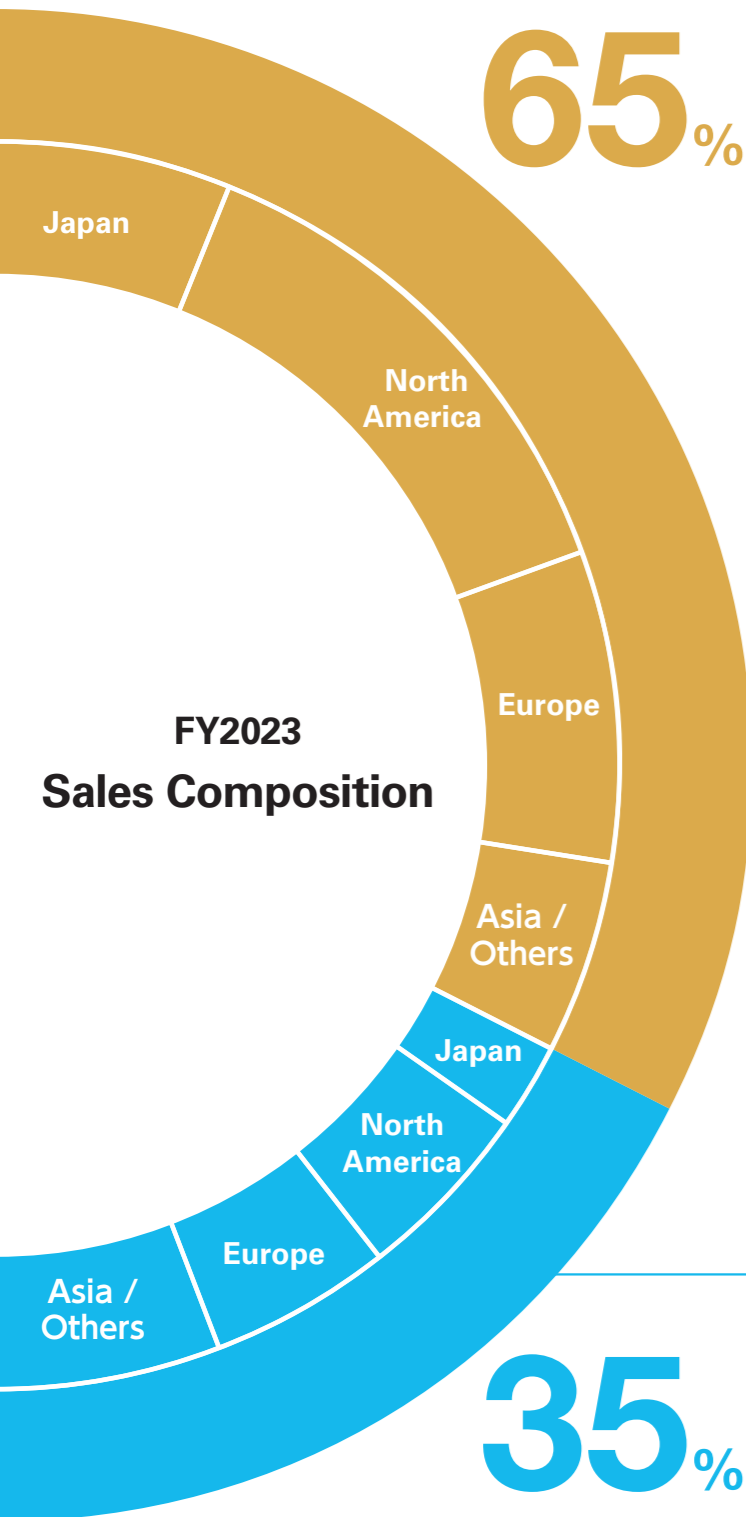
DX Acceleration

Continue to create the next growing business

Continuing investment focused on growth areas (R&D, M&A)

Strengthened foundation to accelerate evelopment/ deployment of Digital Transformation

65%



Positioning Business

Contributing to the improvement of productivity and quality, and resolving labor shortages through “automation of farm operations” and “automation of construction work”

IT Construction

- ▶ Cultivate huge potential market with solutions for small-to-mid-sized construction machinery
- ▶ Strengthen business in road paving (ICT Road pavement)

IT Agriculture

- ▶ Continue to strengthen the OEM business

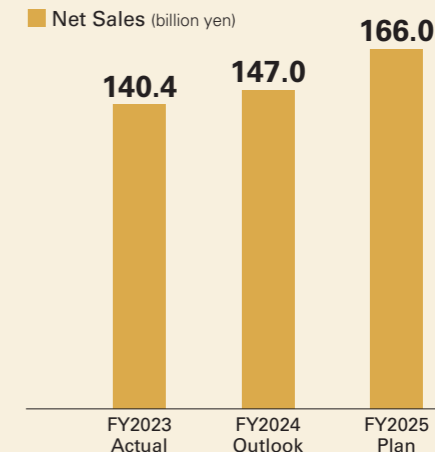
Building Construction DX business

- ▶ Unique proprietary solution for improving productivity of building construction

Survey/Laser

- ▶ Strengthen sales network under global trilateral sales framework
- ▶ Continuing to provide new products and customized solutions to each regions

Agriculture Infrastructure



Eye Care Business

Contributing to the early detection/early treatment of eye diseases through the creation of the eye screening system

Expansion of Screening Business

- ▶ Expansion of sales of 3D OCT/fundus cameras

Promotion of Shared Care

- ▶ Launch of a shared care model in the U.S.

Dissemination of remote optometry

- ▶ Increase in software solutions

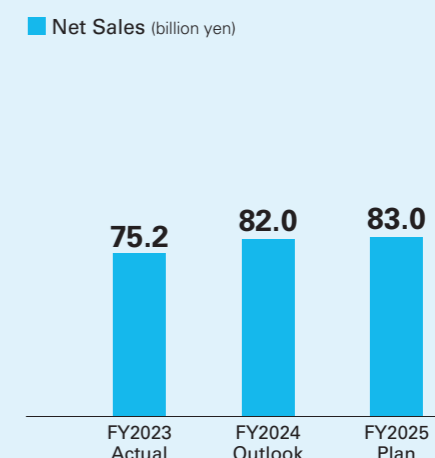
Medical examination and optometry equipment

- ▶ Leveraging the strength of Screening Business, increasing the sales mainly for major optical chain stores in the U.S.

Strengthening the profitability of Eye Care Business

- ▶ Operating profit margin of 10% or more in FY2025

Healthcare



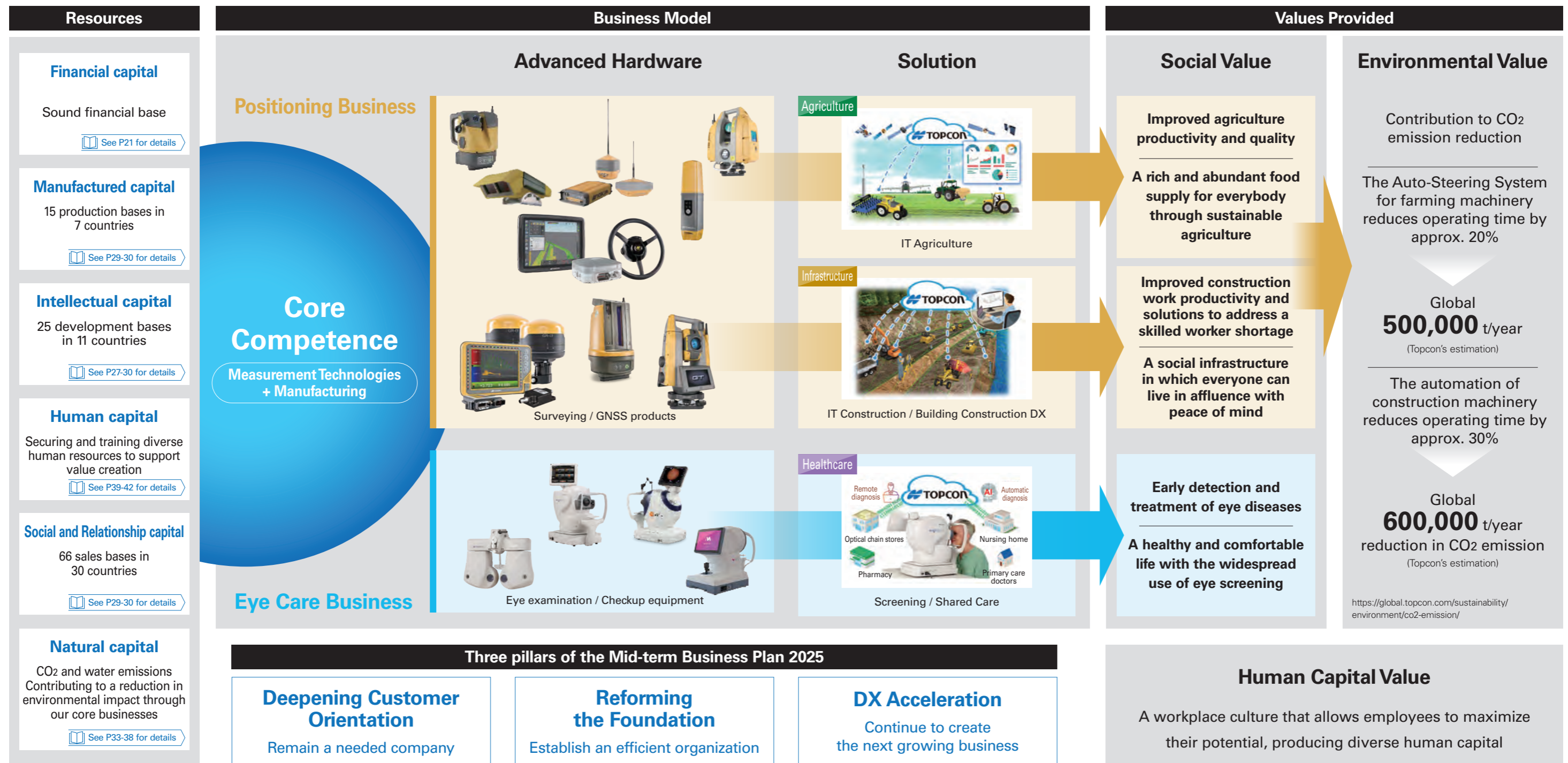
Value Creation Process

Leveraging our resources, Topcon advances our business strategies with advanced hardware and solutions, and creates social and environmental value. We will also connect the organizational culture it has valued since its founding with the human capital value to drive further growth.



TOPCON WAY

Materiality





Message from the CEO

Continuing Strong Growth by Solving Societal Challenges

Takashi Eto, President and Chief Executive Officer of Topcon, talks about the FY2023 performance, the progress of the Mid-term Business Plan 2025, and future prospects.

Expanding the solutions business based on "Measurement" Technologies

Topcon has developed solutions to societal challenges in the fields of healthcare, agriculture, and infrastructure based on "measurement" technologies.

Founded in 1932 with the aim of domesticizing Japan's production of surveying instruments, we have been creating innovation since the 90's by introducing unique technology from overseas through M&As in addition to our high-precision optical technology. We are expanding our areas of business from surveying instruments to civil engineering, construction/building, and agriculture, as well as healthcare through eye disease screening in the field of eye care.

Drawing fully upon our core competences of optical, sensing, image processing, and automation technology, we create solutions that digitize analog tasks which conventionally relied on experience and intuition, from eye condition to crop growth conditions. We use the data obtained in these processes to optimize work processes in the fields of eye disease screening, civil engineering, construction/building, and agriculture. That is the unparalleled strength of Topcon.

In the Mid-term Business Plan 2025 started in FY2023, in order to accelerate the momentum of doubling sales in 10 years, we aim to sublimate our unique strength and achieve further growth in the fields of healthcare, agriculture, and infrastructure. We have set net sales goals of ¥250 billion in FY2025, and ¥400 billion in 2032, which will mark our 100th anniversary.

Upfront investments in the Eye Care Business began to pay off

Reflecting on FY2023, the first year of the Mid-term Business Plan, consolidated net sales remained stagnant year-on-year, while operating income declined. This is due to the prolonged financial tightening mainly in Europe and the U.S. The housing construction market was particularly stagnant, and holding off purchases continued due to inflation and higher interest rates. As a result, while there were benefits from the depreciation of the yen, net sales in our mainstay Positioning Business fell short of the previous fiscal year. Amongst continuing severe external conditions, we took various aggressive measures to

address decreased sales by reducing selling, general and administrative expenses, but it will take time for the effects of these measures to manifest. Consequently, operating income was also down from the previous fiscal year.

On the other hand, our upfront investments in the Eye Care Business began to yield profits, resulting in new records being hit for both net sales and operating income. Steady progress is being made toward achieving the 10% operating income ratio in the Eye Care Business that was established in the Mid-term Business Plan. From a regional standpoint, revenue has also increased across all regions, with a particularly strong performance being maintained in businesses aimed at major U.S. and European optical store chains. Additionally, we utilized the strength of the Screening Business to expand sales of our core products, including digital optometry equipment aimed at major optical store chains.

Progress of the Mid-term Business Plan

Under the theme of "challenging to sustainably growing 100-year venture," we have developed our businesses in line with the three basic policies established in our Mid-term Business Plan 2025, which are "Deepening Customer Orientation," "Reforming the Foundation," and "DX Acceleration." In FY2023, the first year of the plan, we focused on securing a foothold for sustainable growth. I will now talk about the progress of various measures based on these three basic policies.

1 Deepening Customer Orientation

In terms of deepening customer orientation, we are developing advanced hardware products based on our core "measurement" technologies and manufacturing strength to expand them into the solutions business. In FY2023, we strengthened our lineup of MC-Mobile by expanding the types of applicable construction machinery. MC-Mobile is a system that can be retrofitted onto existing construction machinery, including small-to-mid sized machinery, to give it IT Construction capability. We thus are encouraging the further proliferation of IT Construction. In the construction/building field, we released the Raku Choku smartphone app, which allows one person to quickly and easily perform construction work involving installing steel frames. In the Eye Care Business, we introduced the ful-

Takashi Eto
President and Chief Executive Officer

Message from the CEO



Example of MC-Mobile in use



NW500 Non-Mydriatic Retinal camera

ly-automatic NW500 Non-Mydriatic Retinal camera, which has already had strong sales in Japan and the U.S., to the European market in November 2023. Since it can capture high-resolution eye fundus images even in bright settings, it is very popular among our customers in ophthalmology and optical stores.

Our strength is creating unique hardware that forms the foundation of our solutions business. Going forward, we will continue to develop products and services that not only solve the immediate challenges of our customers who are professionals in various fields, but also allow us to propose solutions to challenges in advance.

2 Reforming the Foundation

In terms of reforming the foundation, in FY2023, we initiated structural reforms to our core Positioning Business and began focusing on maximizing organizational efficiency. Specifically, we have rearranged our planning and development organizations and reformed our processes. In addition, with a view to improve the efficiency of our sales organizations, we have consolidated our sales companies and logistics hubs in Europe and scaled back our sales organizations in North America and Asia. We expect the effects of these reforms to manifest in FY2024 in the form of a 5% year-on-year improvement in the selling, general and administrative expenses ratio.

Additionally, with a view to boosting production capacity, we began expanding the factory at Topcon Yamagata, our main factory for surveying instruments and eye care equipment, and at our German factory that produces displays for construction and agricultural machinery. We will move forward with this in tandem with efforts aimed at strengthening production capacity and improving productivity in order to support sustainable business growth.

3 DX Acceleration

In terms of DX acceleration, we continue to invest with a focus on growth areas.

In the Positioning Business, we acquired Satel Oy, (Finland), whose strength lies in radio communications technology in June 2023. The acquisition of this company has important and

strategic significance in terms of creating an in-house source of radio communications technology, which is essential to digital transformation solutions in the construction/building, agriculture, and measurement business areas.

In the Eye Care Business, we have begun to see results from our ongoing upfront investments in the Screening Business, which has now entered the growth phase. Due in part to social conditions during the COVID-19 pandemic that encouraged the spread of remote optometry solutions, the need for remote optometry is rising, mainly for major U.S. and European optical store chains.

Along with continuing the momentum achieved by the record-high net sales and operating income achieved in FY2023, we will continue to invest in growth as we aim to boost profitability even further.

In addition, as part of efforts to promote the Screening Business, we announced the formation of a partnership with Microsoft Corporation in May 2024 aimed at achieving "healthcare from the Eye." We have discovered that the eye fundus images that can be obtained from ophthalmic medical devices can give us information about not only the eye, but various diseases such as diabetes, Alzheimer's, and heart disease. By partnering with Microsoft, we hope to use AI and other tools to screen for systemic diseases through the eye and



At the Microsoft headquarters in Seattle, the U.S. (May 8, 2024)

uncover a sizeable latent need in the U.S. in the area of preventive medicine.

In recognition of our digital transformation promotion in the fields of healthcare, agriculture, and infrastructure, we have been included on the list of DX Stocks selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for fourth consecutive year since 2020. In FY2023, we also received the DX Grand Prix among the DX Stocks, and in May 2024, we were named on the list of DX Platinum Companies 2024–2026. It brings me great joy to have been commended for our sustainable digital transformation promotion.

Securing operating income as a result of structural reforms

In FY2024, the second year of the Mid-term Business Plan, in addition to business growth, we will also aim to secure steady operating income. While uncertain business conditions such as the receding expectations of monetary easing in the U.S., the Russia-Ukraine conflict, and geopolitical risk in the Middle East are expected to continue, we intend to increase consolidated net sales for FY2024 to ¥230 billion, a 6% year-on-year increase, through the expansion of growing businesses. In addition to this increase in sales, we also expect large-scale increases in operating income, ordinary income, and profit attributable to owners of the parent due to the effects of structural reforms implemented mainly in the Positioning Business.

In the Positioning Business, while the first half of the year had a slightly slow start due to the ongoing impact of the previous fiscal year's market conditions, we will work to stimulate demand with strategic product launches and other efforts in anticipation of a recovery in the second half of the year. At the same time, we expect an increase in income from the reduction of selling, general and administrative expenses stemming from the effects of the structural reforms that began in FY2023.

The Eye Care Business achieved record-high net sales and operating income in FY2023, driven mainly by the Screening Business for major U.S. and European optical store chains, with further increases expected in FY2024. We will continue to invest in growth, including investment in human capital for new businesses, while striving to increase operating profit.

Aiming to achieve the Plan through business growth that addresses societal challenges

The societal challenges of global labor shortages, aging population, disaster recovery, and infrastructure enhancement needs continue. In Japan, the Noto Peninsula Earthquake that occurred at the beginning of 2024 reaffirmed the need for disaster-resistant urban planning. Looking abroad, in addition to labor shortages in the construction and agriculture fields, the soaring cost of raw materials and labor due to inflation and the global shortage of ophthalmologists are unchanging societal challenges. Our Mid-term Business Plan aims to provide solutions to such societal challenges, thereby accelerating the sustainable



growth of both the Positioning Business and the Eye Care Business and making further progress by reducing costs through structural reform.

While the Positioning Business in particular is easily affected in the short term by fluctuating business conditions in the construction market, We are confident that we can accelerate our sustainable growth. Looking at past performance, while we were affected ahead of the recession, our businesses saw strong growth in performance in the economic recovery phase, bringing us to the present day. Considering such past trends, we would like to commit to the values in the Mid-term Business Plan 2025 and achieve sustainable growth by utilizing our solid business foundations, which include a unique product lineup, strong sales channels, and OEM partnerships.

Becoming a company that grows sustainably with society

Along with business growth, contributing to a sustainable society is also critical. It is the wish of everyone to be blessed with a healthy, rich diet and live in a safe environment. But, as stated earlier, a variety of societal challenges associated with aging populations, increasing populations, and other issues remain throughout the world. Under our Corporate Identity to "contribute to the enrichment of human life by solving the societal challenges," we continue to grow by providing products and solutions that contribute to the sustainable development of the global environment and society. For example, the popularization of the IT Construction solutions that we provide in the construction industry lead to increased operational efficiency and reduced work hours of construction machinery. We estimate that this would allow us to reduce global CO2 emissions by 600,000 tons per year. Similarly, in the agriculture industry, we estimate that we could reduce global CO2 emissions by 500,000 tons per year with the popularization of auto-steering systems for agricultural machinery. Going forward, we will continue to contribute to the sustainable development of society by sustainably growing our businesses.

Topcon will continue to take on challenges with the aim of being a company needed by our customers and society. The support of all of our stakeholders is greatly appreciated.

Financial Strategy



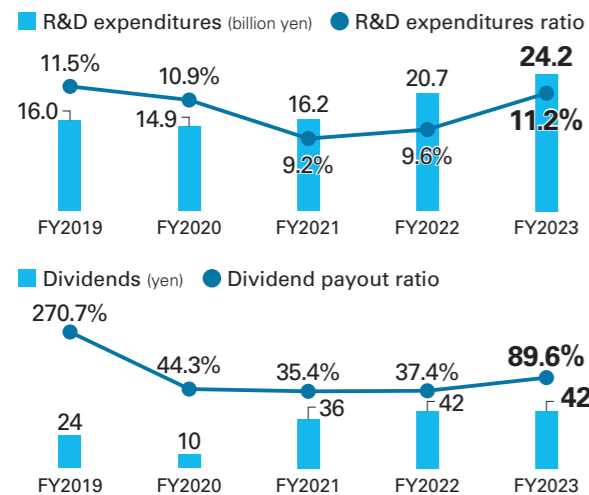
Mid-term Business Plan 2025

Under the Mid-term Business Plan 2025, which began in FY2023, we have set targets of ¥250 billion in net sales and ¥28 billion in operating income for FY2025, and have established return on equity (ROE) as a KPI with a target of 13-15% ROE for the final fiscal year of the plan period. Shown below is the basic approach and situation regarding our financial strategy and measures that have been consciously incorporated into the Mid-term Business Plan.

Capital Allocation

We operate growing businesses, and it is our policy to prioritize the allocation of capital to investment in growth, aiming to further accelerate our numerous growth themes. Specifically, we will continue to invest in research and development. In addition to accelerating growth in our core businesses of IT Construction, IT Agriculture, and Screening, we plan to continue to allocate approximately 10% of net sales to R&D expenditures for the continued creation of new businesses that make maximum use of new ideas and digital transformation. In addition, under the Mid-term Business Plan 2025, we have established a budget of ¥40 billion for growth investment, centered on M&A to enhance and expand new business fields. In FY2023, we made strategic investments to acquire technology, such as the acquisition of a Finnish radio manufacturer in our Positioning Business.

Even as we actively invest, however, we are also maintaining a balance with shareholder returns. We have established a basic policy of continuing stable dividends with a payout ratio of at least 35%. In FY2023, despite profit falling below the previous year's performance, we set dividends at ¥42 per year (89% payout ratio), comprehensively taking into account our confidence in sustainable business growth in FY2025 and beyond, the continuation of stable dividends, and other factors.



Fund Raising Capacity

The D/E ratio is one of the key indicators we use to assess financial soundness. As of the end of FY2023, the ratio was 0.7 times. We regard a ratio of 1.0 or less as sufficient, while maintaining a credit rating of "A-" from R&I, and we believe we have ample additional borrowing capacity.

We intend to fund M&As, capital expenditures, and other activities using funds from operating cash flow, and we will select the optimal financing method each time, including issuing corporate bonds or borrowing from financial institutions if necessary. In FY2023, due in part to the aforementioned M&A financing, corporate bonds were selected as the optimal financing method at this time, and we have raised ¥20 billion in funds.

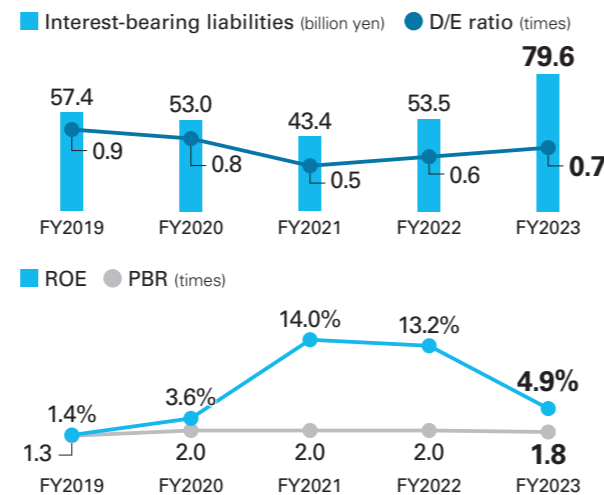
Furthermore, in addition to securing the funds for growth investment, we have also secured sufficient credit limits (commitment lines, etc.) at our transacting financial institutions so that we can flexibly respond to any dramatic changes in the environment.

Cost of Capital

We have established ROE as a KPI under the Mid-term Business Plan 2025. We are working to strengthen management with an awareness of the cost of capital, while focusing not only on profitability but also on capital efficiency and the optimal capital structure. When implementing M&A and business investments, we will make investment decisions with ample consideration based on investment payback plans incorporating individual risks.

In FY2023, the first year of the Mid-term Business Plan, in addition to concerns such as ongoing sluggish sales growth due to market inventory adjustment and other factors in the Positioning Business, we recorded transitory losses including expenses related to structural reforms, resulting in a decrease in profit attributable to owners of the parent and an ROE of 4.9%. In FY2024 and beyond, we will aim to manifest the effects of the structural reforms implemented in FY2023 and to improve ROE by continuing to fully implement the various measures of the Mid-term Business Plan.

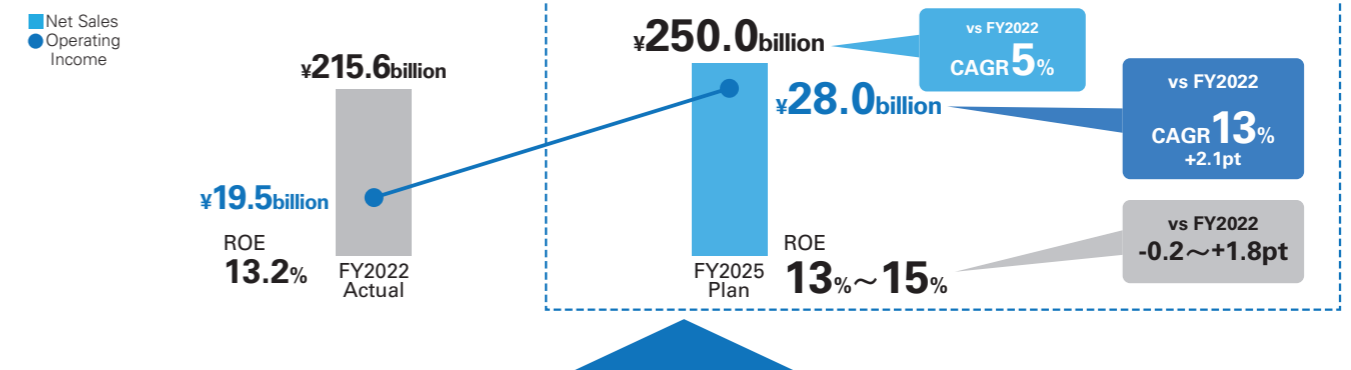
We will also focus on engaging in active dialogue with capital markets through IR activities to achieve management with an awareness of both the cost of capital and the share price. PBR (price book-value ratio) has remained around 2.0 times for the past five years, sufficiently exceeding the level of "1.0 or lower" established as problematic by the Tokyo Stock Exchange.



Mid-term Business Plan 2025

Challenging to sustainably growing 100 year venture

FY2025 Financial Targets



Mid-term Business Plan 2025

Basic Policy

To achieve sustainable growth and our financial targets, we have established three basic policy pillars as a key point of our Mid-term Business Plan 2025: Deepening Customer Orientation, Reforming the Foundation, and DX Acceleration.

Mid-term Business Plan 2025	Challenging to sustainably growing 100 year venture Three pillars supporting sustainable growth		
	Deepening Customer Orientation	Reforming the Foundation	DX Acceleration
	Remain a needed company	Establish an efficient organization	Continue to create the next growing business
	<ul style="list-style-type: none"> Develop products and solutions with an emphasize on customers and markets Get advanced hardware to the de facto standard 	<ul style="list-style-type: none"> Maximizing efficiency of the Positioning Business Improving the profitability of the Eye Care Business Increasing production capacity and advancing production efficiency 	<ul style="list-style-type: none"> Continuing investment focused on growth areas (R&D, M&A) Strengthened foundation to accelerate development/deployment of Digital Transformation

FY23 Progress situation	Positioning Business	<ul style="list-style-type: none"> Reforming to a business division system, Development closer to customers 	<ul style="list-style-type: none"> Promotion of One POB Structural Reforms-SGA reduction 	<ul style="list-style-type: none"> Expansion of solutions for building construction Strategic M&A to acquire technology
	Eye Care Business	<ul style="list-style-type: none"> Developing solutions with advanced hardware at its core 	<ul style="list-style-type: none"> Structural Reforms -Profitability improvement 	<ul style="list-style-type: none"> Screening Business blossoming, further ahead
	Production		<ul style="list-style-type: none"> Beginning plant construction toward increased production capacity 	<ul style="list-style-type: none"> Production automation and digitalization to improve production efficiency
	Corporate		<ul style="list-style-type: none"> Liquidation of unprofitable businesses 	

Strategies by Business

POSITIONING BUSINESS

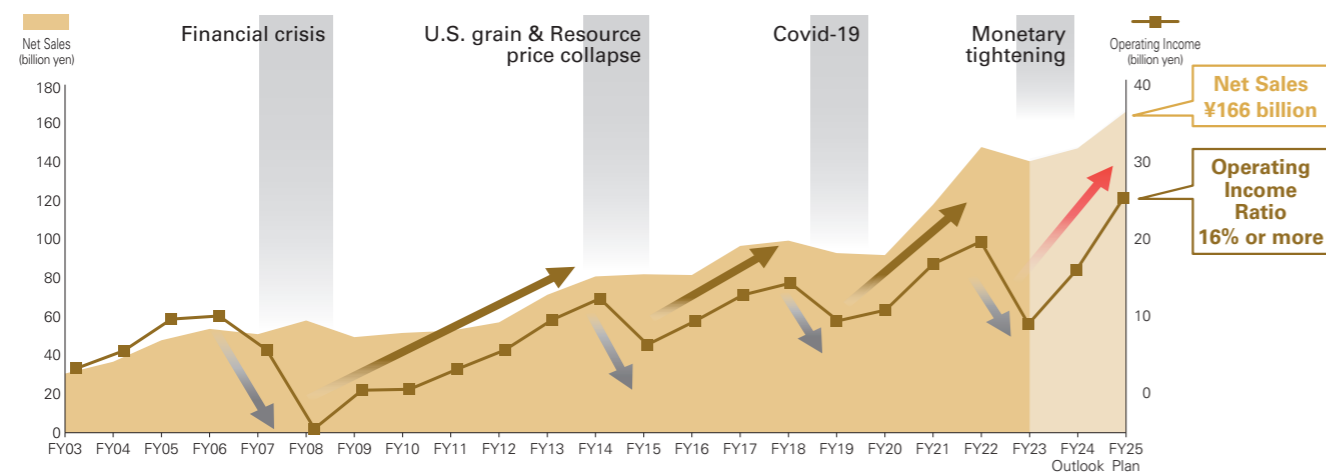


FY2023 Financial Results

In the Positioning Business, net sales decreased 4.9% year on year to ¥140,386 million as sales fell in the U.S., the largest market, due to stagnation in the housing construction market in North America and holding off purchases due to prolonged financial tightening. In addition, the Group benefitted from the weak yen but not from sales of custom products (large projects), which was recorded in the previous fiscal year. Operating profit decreased by 55.5% year on year to ¥9,106 million, as the effects of measures for addressing reduced selling, general and administrative expenses taken to deal with the decrease in net sales were not sufficient.

Long-term Business Performance

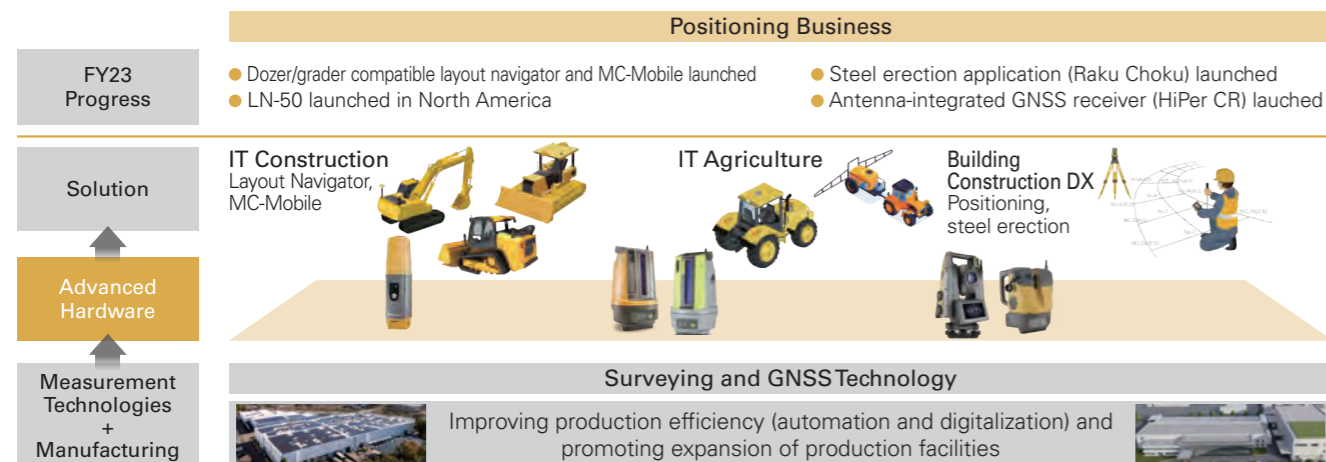
Although affected ahead of the economic recession, sustaining growth over the long term due to strong performance growth during the economic recovery phase.



Mid-term Business Plan 2025 Progress in Growth Strategies

Solution development with advanced hardware at its core **Highlight**

In the Positioning Business, we launched the LN, also known as "Kui-Navi", a surveying instrument which is compatible with dozers and graders; the LN-50 surveying instrument in North America; the "Raku Choku" application for construction; and the antenna-integrated GNSS receiver, HiPer CR.

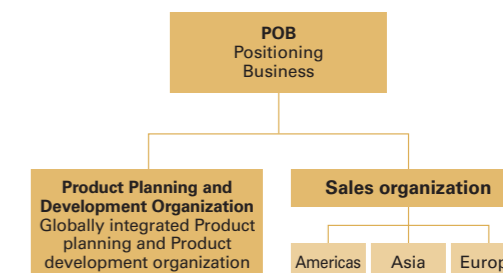


Promotion of One POB* **Highlight**

As one of the main measures, we are promoting the reallocation and reform of the processes of the planning and development organizations. Under this structure, we have formulated a product development plan map, reviewed our development priorities as POB, and strengthened our development project management system.

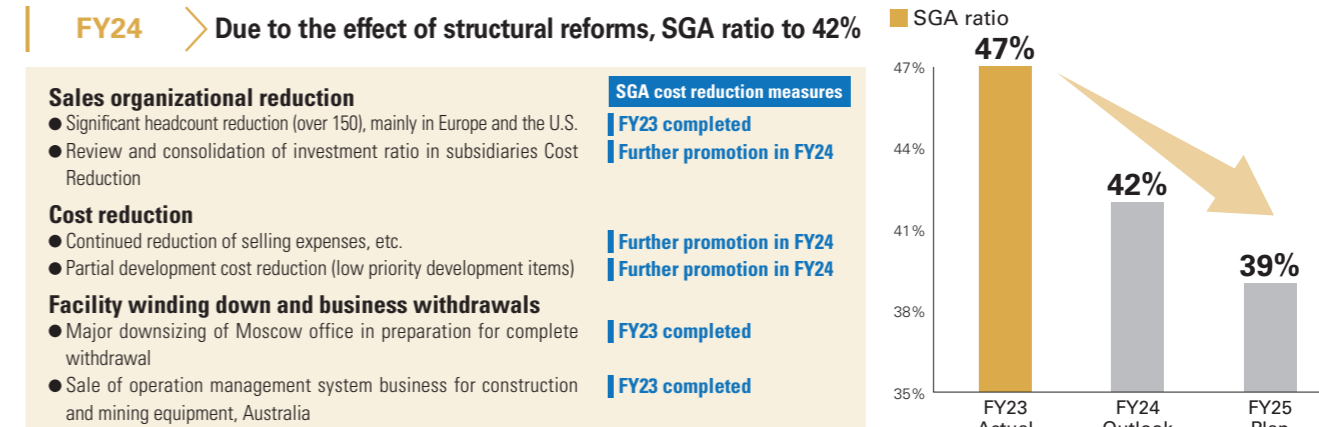
We are also working to improve the efficiency of our sales organization. We have completed the integration into a global tri-polar structure. In Europe, we reorganized sales offices and distribution centers, and in North America and Asia, we reviewed and streamlined the sales organization.

* POB: Positioning Business



Structural reforms - selling, general and administrative expenses reduction **Highlight**

In FY2024, we expect to be able to reap the effects of structural reforms and improve the general and administrative expenses ratio to 42%. We will accomplish this by sales organizational reduction, cost reduction and facility winding down and business withdrawals. In the final year of the Mid-Term Business Plan 2025, we plan to improve the selling, general and administrative expenses ratio to 39% by continuing to reduce selling, general and administrative expenses cost.



FY24 > Due to the effect of structural reforms, SG A ratio to 42%

Sales organizational reduction

- Significant headcount reduction (over 150), mainly in Europe and the U.S.
- Review and consolidation of investment ratio in subsidiaries Cost Reduction

Cost reduction

- Continued reduction of selling expenses, etc.
- Partial development cost reduction (low priority development items)

Facility winding down and business withdrawals

- Major downsizing of Moscow office in preparation for complete withdrawal
- Sale of operation management system business for construction and mining equipment, Australia

SG A cost reduction measures

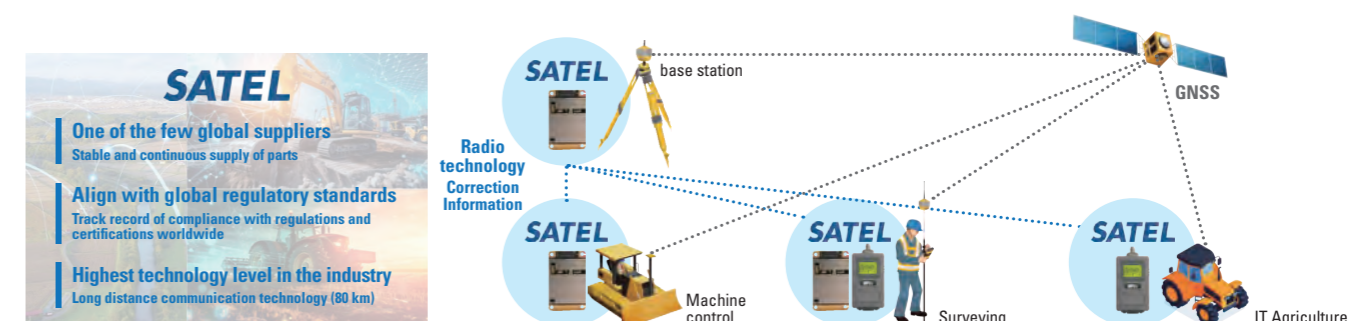
- FY23 completed
- Further promotion in FY24
- Further promotion in FY24
- Further promotion in FY24
- FY23 completed
- FY23 completed

FY25 > Continuing to reduce SG A cost by further promoting "One POB", and SG A ratio to 39%

Technology acquisition through strategic M&A **Highlight**

In June 2023, we acquired Satel, a company with strengths in radio technology, and made it a subsidiary. A Satel's technology is an indispensable radio technology for ICT in construction /surveying /agriculture. Over the years, we have built a solid track record and position in the industry.

We are pleased to announce that we have been able to secure a valuable technology. By incorporating Satel's global supplier status and technical capabilities into our products, we will accelerate the digital transformation of our solutions.



Press Releases: <https://www.topconpositioning.com/articles/topcon-acquires-finnish-industrial-radio-solutions-manufacturer>

EYE CARE BUSINESS



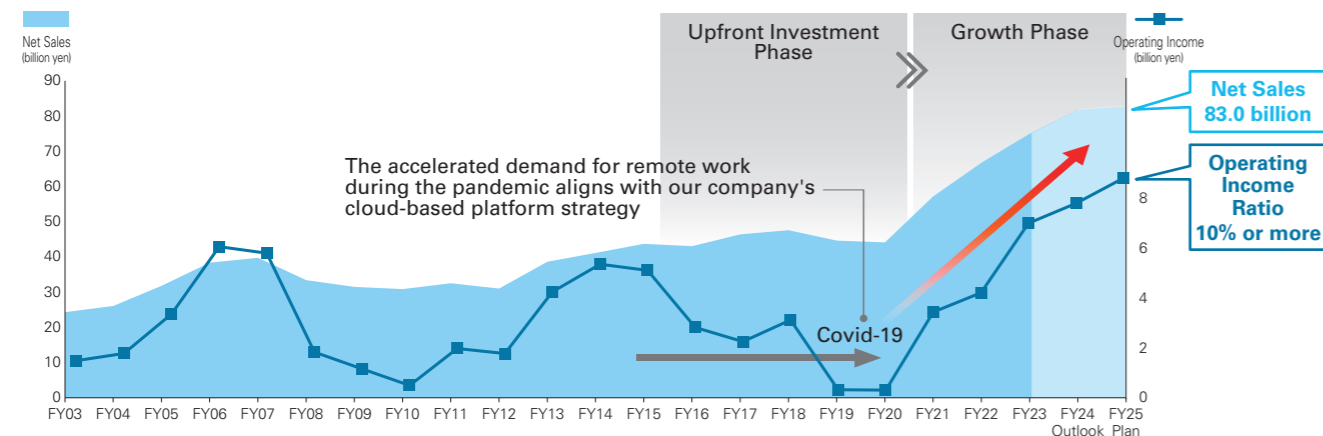
FY2023 Financial Results

In the Eye Care Business, net sales increased by 12.4% year on year to ¥75,172 million reflecting the steady progress of the Screening Business, which is positioned as a growing business focusing mainly on major optical store chains. The expansion of the core business, which draws on the strengths of the screening business, also contributed to the strong sales. Operating profit increased by 69.2% year on year to ¥6,715 million, driven by the rise in sales as selling, general and administrative expenses were kept under control while continuing investments for growth.

Long-term Business Performance

Eye Care Business has continued to make upfront investments in Screening Business in recent years. During this period, we continued to invest upfront even though the business environment was difficult due to the COVID-19 pandemic.

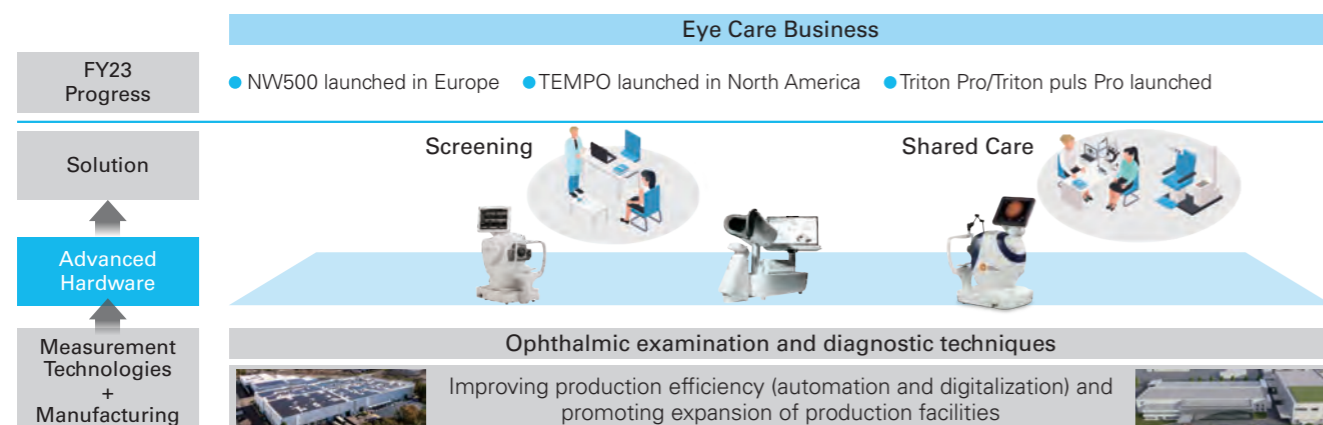
At present, we believe that the upfront investment in Screening Business has blossomed, and we are finally entering the growth phase. As a result of the upfront investment, Screening Business is rapidly expanding, especially at major optical chain stores in Europe and the U.S., in combination with the fact that the social environment during the COVID-19 pandemic has encouraged the spread of remote optometry solutions.



Mid-term Business Plan 2025 Progress in Growth Strategies

Solution development with advanced hardware at its core Highlight

In the Eye Care Business, we launched the NW500 Non-Mydriatic Retinal camera in Europe, new perimeter TEMPO in North America, and DRI OCT Triton Pro.



Structural Reforms - Improvement of Profitability Highlight

First, we are working on organizational optimization. The North American organization, including the sales company and the software development site were consolidated into a single company. We are also working on the organizational and operational reform of our sales offices, in North America, Asia and Japan.

Meanwhile, we are continuously implementing measures in terms of increasing the efficiency and speeding up product planning and development. We are currently strengthening collaboration among global development sites, reforming the planning and development process and streamlining the pharmaceutical affairs process, and increasing development efficiency with IT.

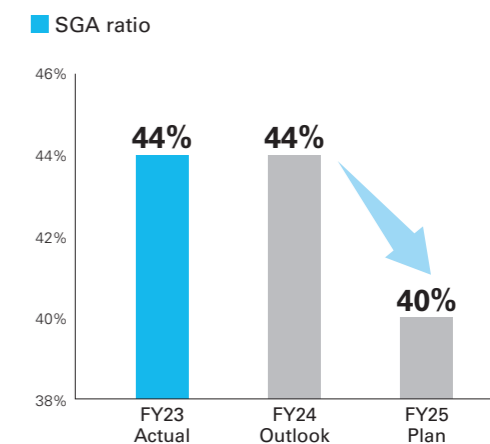
We plan to improve the selling, general and administrative expenses ratio to 40% toward the final year of the Mid-Term Business Plan 2025 by implementing these measures.

Organizational optimization

- Consolidated North American organization (Completed April 2024)
- Organizational and operational reform of sales offices in North America, Asia, and Japan

Increase efficiency and speed up product planning and development

- Strengthen collaboration among global development sites
- Planning and development process reform and streamlining of pharmaceutical affairs processes
- Increase development efficiency with IT



Blossoming of Screening Business, further ahead. Highlight

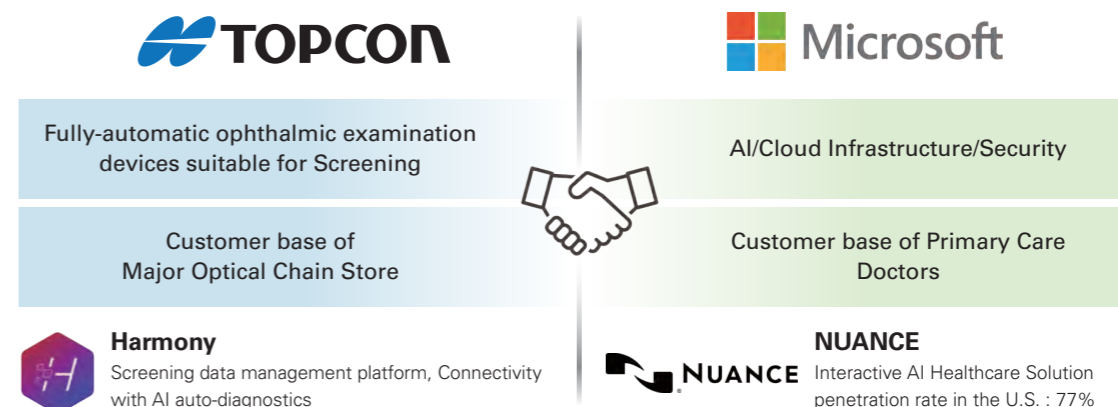
Signed partnership agreement strategically with Microsoft Corp. to accelerate strategic development

Our partnership with Microsoft was established because both companies share the same vision of the social value that will be created in the future by the healthcare model "Healthcare from the Eye," an initiative to detect systemic diseases by examining the eyes.

Microsoft possesses technological assets, including AI, cloud infrastructure, and security, as well as a vast customer base of healthcare providers and payors. Therefore, Microsoft will be a strong partner supporting our strategies of "accelerating the development of solutions for primary doctors" and "expanding disease areas by utilizing AI, etc."

On the other hand, we possess the technological ability to create fully automatic examination devices suitable for screening and a customer base of major optical chain stores as our strengths.

We will continue to collaborate based on the strengths of both companies and maximize synergy to realize healthcare from the eye.



Transforming the Healthcare Industry in the U.S. through Digitalization

Topcon's Manufacturing » Advanced Technology

Creating advanced digital transformation solutions, based on measurement technologies

In addition to the optical technology developed since its founding, Topcon has continually deepened our unique "measurement technologies" by aggressively incorporating new technologies according to the needs of the times. Based on these technologies, unique products and solutions that no one ever imagined have been created. We will continue to work on developing advanced digital transformation solutions.

Positioning Business

Optical technology

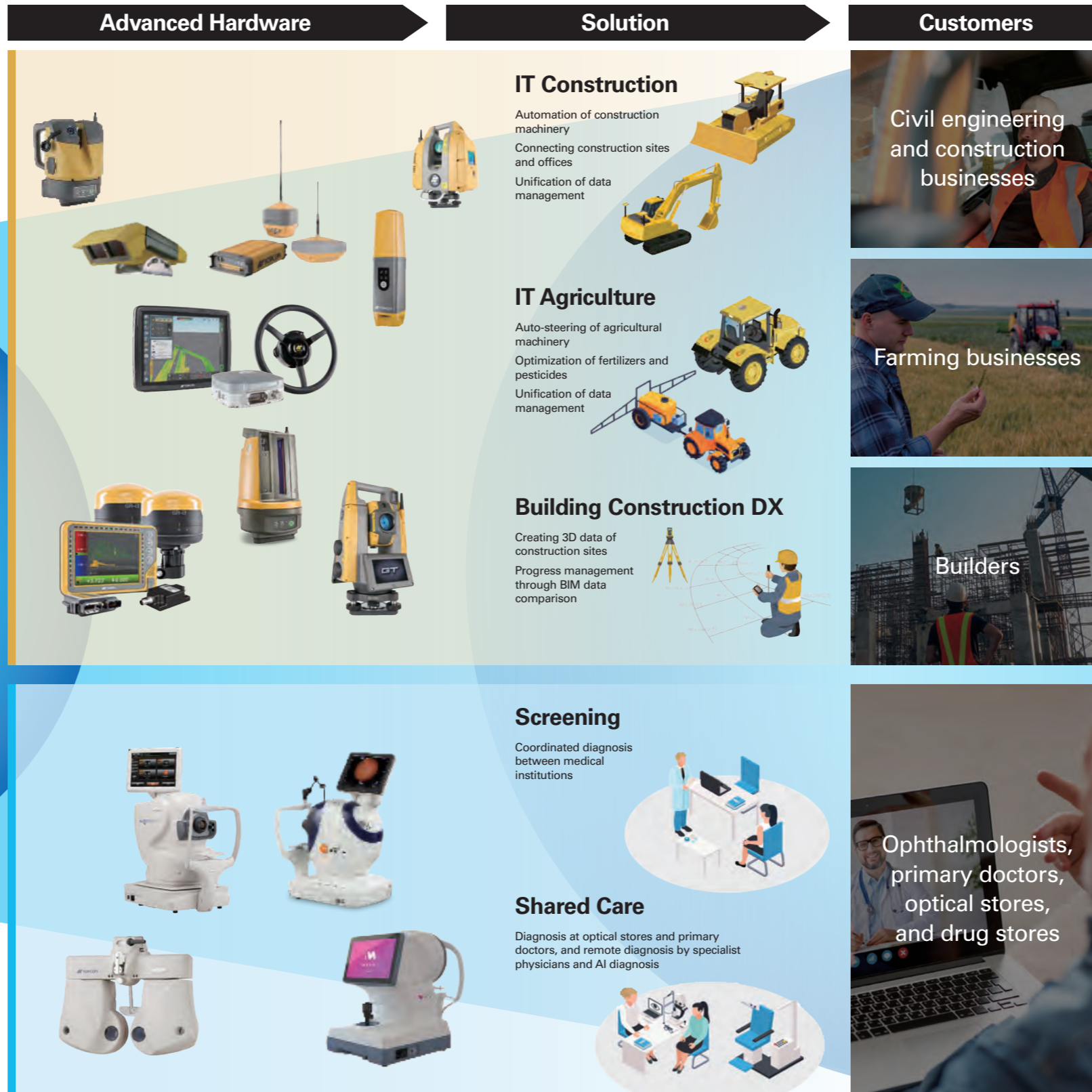
Image Processing

Automation

Sensing technology

Core Competence

Eye Care Business



Optimization and improved efficiency of construction work

Optimization and improved efficiency of farm operations

Optimization and improved efficiency of building work

Social Value

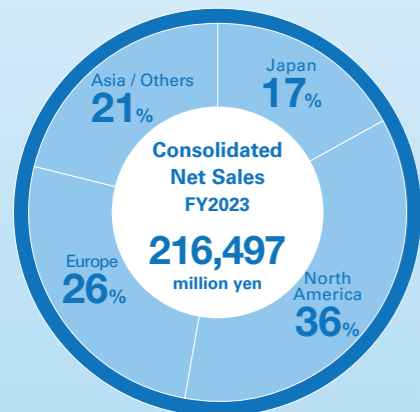
Early detection and treatment of eye diseases

Topcon's Manufacturing » Highly Globalized

Solving societal challenges in healthcare, agriculture, and infrastructure with diverse colleagues around the world.

The Topcon Group has grown our business by acquiring leading-edge companies worldwide through M&As and combining them with existing technologies to create new value. Currently, we have production, development, and sales bases in around 30 countries and regions, and approximately 80% of our sales are generated from overseas markets. In the development of our global operations, our employees of diverse nationalities are exercising their talents and cooperating with team members around the world to resolve societal challenges related to healthcare, agriculture, and infrastructure.

learn more



USA
Development and manufacturing of GNSS and IT Construction products



USA
Development of telehealth, remote examination system and OCT-related hardware and software



Finland
Development of ophthalmic data management systems



Italy
Telematics-related development



Japan
Comprehensive development and manufacturing in all business domains



USA
Development of software for creating 3D models



USA
Development and manufacturing of systems for IT Agriculture



Spain
Development of 3D Mass Data Visualization Software



Italy
Development and manufacturing of ophthalmic medical devices and software



Australia
Development of software for IT Construction



Australia
Development of software for IT Agriculture



Development 25 bases

Development framework to leverage our strengths

Sales 66 bases

Covering the entire world

Production 15 bases

Sharing the spirit of manufacturing (MONOZUKURI Spirit) with the world

*As of March, 2024

Sustainability

Policy

As a corporate group that provides products to global markets, Topcon aims to achieve a sustainable society while also realizing sustainable growth as a company based on our Corporate Identity to “contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure.”

Relationships with stakeholders

The Topcon Group offers products and services that address societal issues, based on our basic policy for CSR. At the same time, the Group attaches great importance to communications with our diverse stakeholders, and endeavors to make social contributions through our business activities. The Group conducts checks and evaluations of the performance of our ESG activities each fiscal year, and draws on the results of these evaluations to set goals for the activities for each shareholder in the following fiscal year. Our website is our primary channel for disclosing information in our communications with all stakeholders. In addition, we also utilize various other means, such as IR, local events, exhibitions, academic conferences, and publications, in order to disclose information and communicate with stakeholders, in a multifaceted and multilayered manner.

Communication with various stakeholders



Materiality

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

When identifying these Material Issues, we have not only verified their consistency with our ESG Management Vision but also with the SDGs established by the United Nations. We have selected eight goals out of the 17 SDGs that are highly relevant to the Group's Material Issues.

Each of our Material Issues (key challenges) and eight SDGs have been identified based on the discussion by the Global CSR Committee, which consists of members across the organizations in the Topcon Group, and opinions of the Sustainability Committee, which includes independent outside directors, and have been reported to and decided by the Board of Directors.

We will proceed to set specific KPIs and steadily promote our efforts, aiming to generate corporate value while simultaneously bringing value to the society and environment that surround us, and build connections to enable our stakeholders to relate to and participate in these efforts.

Process for identifying Material Issues



Environmental Initiatives

The Topcon Group believes that our core businesses, which is based on our Corporate Identity of "contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure," can also contribute to the global environment. Although Topcon is not a manufacturer of construction or farming machinery, we provide IT solutions that realize improved efficiency and productivity in construction process and farm operations.

Environmental Policy for Topcon and our affiliated companies in Japan

We uphold the TOPCON WAY, which embodies our Corporate Identity of "contribute to enrich human life by solving the societal challenges within healthcare, agriculture and infrastructure." We strive to reduce the environmental footprint of our business activities based on the Topcon Global Code of Conduct. Furthermore, we contribute to reductions in the environmental footprint through our products and services, with the aim of realizing a sustainable society.

We promote the continued improvement of our environmental management system, in order to enhance the environmental performance of our business activities. To this end, we consider our environmental efforts as one of our important management tasks, and set environmental goals and targets involving all employees, including the top management.

We comply with applicable laws and regulations, acts, guidelines, agreements, and other accepted requirements, and apply strict management and control.

We strive to reduce our environmental footprint, conserve biodiversity, and prevent environmental pollution. We have set the following goals to reduce environmental risks.

- We will offer environmentally friendly products and services, with our product lifecycle in consideration.
- We will increase the level of control of chemical substances and the chemical substances contained in our products.
- We will focus on reducing waste emissions, and strive to enhance the value of waste as a recyclable resource.
- We will promote efforts to mitigate global warming, and strive to reduce greenhouse gas emissions.
- We strive to keep our premises and neighborhood clean and beautiful, and actively participate in local community activities, in order to exist in harmony with the local community.
- We raise the awareness of our employees through the enhancement of environmental education and PR activities, and improve environmental conservation activities, with the participation of all employees.
- We provide systematic and active guidance and support to subsidiaries and affiliates, in order to raise the awareness of the Topcon Group as a whole.

Topcon Group Environmental Vision 2030

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

1 Reducing environmental impact through products

We will promote the energy conservation and resources saving including water by further reducing environmental impact through the utilization of our products. We also work with our customers to offer products, technologies and services that contribute to the prevention of global warming, the effective use of resources, and the conservation of biodiversity.

Furthermore, in our manufacturing-oriented environment, we basically endeavor to recycle and effectively use waste generated from our business activities, including procurement, development, manufacturing, sales and services. In addition, we make efforts to use resources appropriately by promoting reductions in the use of chemicals and water in manufacturing processes.

2 Responding to climate change

The Topcon Group regards response to climate change as the most important environmental issue, and is striving to increase the use of renewable energy power. We seek to reduce greenhouse gas emissions from our business activities in Japan by 40% by the end of FY2030 compared to the FY2013.

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

Initiatives against Climate Change

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

Disclosure based on the TCFD recommendations

Governance

Topcon has built a governance structure with the view that initiatives for sustainability, including response to climate change, are a key management issue.

Risk Management

We conduct monitoring and management with the view that climate change-related risks are part of business risk. For details of governance and risk management related to climate change, please refer to "Sustainability Governance" on pages 44 and 48.

Strategy

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

The 1.5°C scenario assumes satisfactory progress in the global implementation of measures against climate change, the introduction of climate policies (introduction of carbon tax, tightening of decarbonization regulations, etc.), the transition of markets and technologies to low-carbon models (introduction of energy conservation measures/renewable energy sources, growing need for carbon neutrality, etc.), as well as changes in reputation.

The 4°C scenario assumes little progress in the implementation of measures against climate change and resultant changes such as a more serious impact of climate change, increased severity of extreme weather events (larger-scale typhoons, hurricanes, etc.), rising temperatures, and increased incidence of extreme weather events.

We also conducted materiality assessments and financial impact assessments with reference to the scenarios disclosed by research institutions shown in the table below.

We have summarized risks and opportunities identified through the scenario analyses and considered countermeasures to minimize the risks and maximize the opportunities.

Temperature rise	Transition scenarios	Physical scenarios
	IEA*1 "World Energy Outlook 2023"	IPCC*2 "AR5"
4°C	STEPS*3	RCP*4
1.5°C	NZE Scenario*5	RCP1.9

1.5°C rise scenario (NZE, RCP1.9)

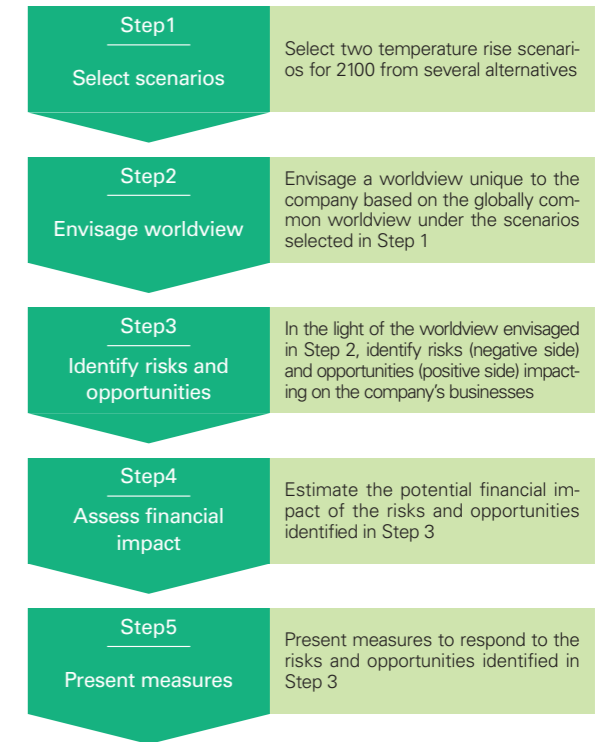
The global temperature in 2100 would be 1.5°C above pre-industrial levels

The implementation of measures against climate change makes progress, curbing global warming
= Transition to a decarbonized society

Envisaged impact on businesses

- **All businesses**
 - Introduction of carbon tax
 - Tighter decarbonization regulations, heightened awareness of decarbonization
 - Restrictions on the movement of people and goods
 - Tighter regulations for measurement, tracking, and reporting of environmental initiatives
 - Increased demand for energy-saving performance
 - Changes in reputation among customers/investors
 - Improvement of efficiency of production and logistics processes
 - Increased demand for assistance with productivity improvements across entire value chain
- **Positioning Business**
 - Growing demand for low-carbon/decarbonization in construction, surveying, and agricultural sectors
 - Progress in high-precision, efficient agricultural and construction solutions
 - Advancement of next-generation technologies
- **Eye Care Business**
 - None

Steps to develop TCFD strategy



4°C rise scenario (STEPS, RCP6.0/RCP8.5)

The global temperature in 2100 would be 4°C above pre-industrial levels

The implementation of measures against climate change hardly makes progress, global warming increases

Envisaged impact on businesses

- **All businesses**
 - Increased severity of extreme weather events (larger-scale typhoons, hurricanes, etc.)
 - Rising temperatures, and increased incidence of extreme weather events
- **Positioning Business**
 - Increased severity of extreme weather events (larger-scale typhoons, hurricanes, etc.)
 - Changes in precipitation/weather patterns
 - Increased demand for products and services for disaster recovery
- **Eye Care Business**
 - Higher incidence of eye diseases due to climate change
 - Increase in near-sighted people due to longer hours of indoor living

*1 IEA: International Energy Agency
 *2 IPCC: Intergovernmental Panel on Climate Change
 *3 STEPS: Stated Policies Scenario
 *4 RCP: Representative Concentration Pathways
 *5 NZE Scenario: Net Zero Emissions by 2050 Scenario

Environmental Initiatives

Climate-related risks and opportunities under 1.5°C scenario

Climate-related risks

Category	Envisaged impact on business	Applicable Segment*	
Transition risk	Policy and Legal	Introduction of carbon tax Increased operating costs, such as procurement and transport costs, due to introduction of carbon tax Decline in price competitiveness of products if costs resulting from introduction of carbon tax are passed through to product prices, resulting in reduction of market share	Company-wide
		Tightening of decarbonization regulations, heightened awareness of decarbonization Increased energy costs if restrictions on thermal power generation using fossil fuels are tightened Costs to update to alternative equipment if use of fossil fuels is restricted	Company-wide
	Restriction of movement of people and goods Imposition of fines and penalties and even suspension of operations if unable to respond to tighter carbon-related regulations	Company-wide	
	Tightening of regulations for measurement, tracking and reporting of environmental initiatives In the movement of people and goods, possibility that the use of aircraft, which have large CO ₂ emissions, will be restricted, making lead times from product manufacture to sale longer, increasing operational costs and reducing revenue	Company-wide	
	Technology	In addition to existing compliance requirements in the EU, increased emphasis on regulations for measurement, tracking and reporting of environmental initiatives, with a focus on climate change, and higher operational costs to address those regulations Increased demands for energysaving performance Demands for use of renewable energy and carbon neutral responses resulting from growing customer demands on suppliers for energysaving, and loss of opportunity and reduced revenue if unable to meet those demands	Company-wide
Market and Reputation	Changes in reputation among customers/investors Reduced revenue if unable to respond to customers' demands for electrification	Company-wide	
	Lower stock prices and reduced revenue due to reputational damage if decarbonization responses and information disclosures are inadequate Reduced revenue caused by customers choosing products made in their own country or region with the promotion of local production for local consumption caused by heightened customer awareness of decarbonization	Company-wide	

Climate-related opportunities

Category	Envisaged impact on business	Applicable Segment*	
Opportunities	Resource efficiency	Improved efficiency of production and logistics processes Reduced CO ₂ emissions and costs related to packaging materials and transport from simplification of packaging for product shipment Lower carbon taxes and energy costs in future due to efficiency improvements and energy-saving activities in production processes and logistics	Company-wide
		Increased demand for assistance with productivity improvements across entire value chain Higher demand for GHG emissions reductions across customers' entire value chains and increased sales of the Company products to meet that demand, against the background of energy reduction and efficiency improvement needs in the healthcare, agriculture, and construction sectors	Company-wide
	Market	Reduced CO ₂ emissions and costs by reducing energy consumption through switch to LED lighting, effective lighting control, repairs of buildings, and replacement of air conditioning equipment Increased revenue from construction machinery that contributes to low/zero-carbon efforts in construction market and, by extension, IT construction solutions Increased revenue from farming machinery that contributes to low/zero-carbon efforts in agricultural market and, by extension, auto steering systems for farming machinery	Company-wide
Technology	Advancement of nextgeneration technologies	Higher demand for lowcarbon/ decarbonization in construction, measurement, and farming sectors Increased revenue from construction machinery that contributes to low/zero-carbon efforts in construction market and, by extension, IT construction solutions	POB
		Progress in highprecision, efficient farming and construction solutions Potential for increased demand for the Company's farming automation systems if restrictions on use of fossil fuels lead to advancement of large-scale cultivation of crops that can be used as raw materials for bioethanol such as sugar cane and maize	POB
	Increased demand for products and services that address climate change Expansion of market and increased revenue with advancement of hybridization, electrification, and IT conversion of construction machinery Expansion of market and increased revenue with advancement of hybridization and electrification of farming machinery and of smart agriculture	POB	
	Increased revenue and higher share price due to higher evaluation from customers/investors of technologies and business expansion that contribute to the realization of a carbon-free society	POB	

Climate-related risks and opportunities under 4°C scenario

Climate-related risks

Category	Envisaged impact on business	Applicable Segment*	
Physical risk	Acute	Increased severity of extreme weather events (larger-scale typhoons and hurricanes) Amid increased severity and incidence of extreme weather events such as torrential rain and floods, deterioration of financial situation due to disaster-related losses, including reduced revenue and higher costs caused by suspension of production and shipment of the Company plants affected by such disasters Reduced revenue caused by decline in customers' financial leeway when crop productivity declines and infrastructure construction projects are interrupted as a result of extreme weather events caused by climate change	Company-wide
		Rising temperatures, increased incidence of extreme weather events Reduced revenue due to suspension of distribution, sales, repair services, etc. in manufacturing and sale regions around the world resulting from extreme weather events caused by climate change	POB
	Chronic	Rising temperatures Rising costs for stringent temperature management in production processes of precision equipment Changes in precipitation patterns and weather patterns Reduced demand for products caused by higher farm production costs in drought-prone regions and by decline in land under cultivation in regions with high water stress	Company-wide

Climate-related opportunities

Category	Envisaged impact on business	Applicable Segment*	
Opportunities	Market	Higher incidence of eye diseases due to climate change Increased revenue from the Company's eye examination equipment and surgical equipment with increase in incidence of eye diseases due to climate change	ECB
		Increase in near-sighted population due to climate change Increased revenue from the Company's eye examination equipment due to further acceleration of near-sighted population as people spend more time indoors	ECB
Resilience	Increased demand for products and services that address disaster recovery and climate change	Increased demand for products and services to respond to national land infrastructure resilience building, including roads, tunnels, bridges, embankments, and dams, disaster readiness and recovery, and climate change, and, simultaneously, increased demand for and revenue from construction with the Company's products	POB
		Continued demand for products and services to respond to national land infrastructure resilience building, including roads, tunnels, bridges, embankments, and dams, disaster readiness and recovery, and climate change, and, simultaneously, increased demand for and revenue from construction with the Company's products	POB

*POB: Positioning Business, ECB: Eye Care Business

Contribution to environmental issues through our businesses

Contributing to the achievement of greenhouse gas emissions reduction target through "Ibuki 2"

Topcon's optical units are mounted in Ibuki 2 (GOSAT-2, launched on October 29, 2018), a successor to Ibuki (GOSAT), the world's first dedicated greenhouse gas observation satellite. The GOSAT-2 satellite has been operational and remains in service at the present to observe the concentrations of greenhouse gases and PM 2.5 on the earth. In October 2023, We were presented with a testimonial by the Japan Aerospace Exploration Agency (JAXA) to commemorate the fifth anniversary of the start of GOSAT-2 operation.

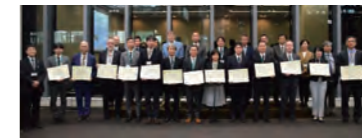


Photo courtesy of JAXA: "JAXA Presents Testimonial Relating to Greenhouse Gases Observing SATellite-2 (GOSAT-2)"



Materiality

- Providing Creative Products through Technological Innovation



Automating agriculture to reduce our impact on the environment

One of the challenges facing a large-scale potato farm in Ireland was the search for a method of farming that could reduce chemicals such as pesticides while maintaining productivity. The farm decided to use Topcon's laser-type growth sensors to perform on-going research and analysis of the soil. This revealed the correlation of changes in the soil caused by the amount of fertilizers and pesticides and the growth level of potatoes. In doing this, the farm succeeded in eliminating excessive use of chemicals. By optimizing fertilizer use, land that had previously been unsuitable for crop production now became possible to work, and the crop yield increased. The use of Topcon's auto-steering system also led to reductions in CO₂.



Materiality

- Promoting and Accelerating DX Solutions
- Reducing the Impact on the Global Environment



Realizing community and environment friendly road construction

Topcon's construction site management solutions have been adopted for Norway's national highway improvement project. This is an important construction project that will substantially shorten existing routes and improve safety and convenience in terms of traffic. Further, the new highway project was required to consider the natural environment still remaining in many places around the proposed route, including the installation of dedicated road crossings for wildlife.

Our solutions addressed these complex conditions while also achieving a three-month reduction in construction time, a 20% reduction in the construction budget, and a reduction in CO₂ emissions through more efficient construction work. We improved the efficiency of environmentally friendly construction work and contributed to regional development.



Materiality

- Promoting and Accelerating DX Solutions
- Reducing the Impact on the Global Environment



Contributing to the installation of foundations for solar panel facilities

In recent years, large-scale solar power facilities have been increasingly constructed in response to the expanded use of renewable energy as a measure against global warming. However, construction companies often experience inadequate coordinate values when installing solar panels. This can create challenges for them in work speed and cost. The use of Topcon's product has contributed to solving such challenges and increased positioning speed up to 10 times compared to conventional methods.



Materiality

- Reducing the Impact on the Global Environment

Environmental Initiatives

Metrics and Targets

Greenhouse gas emissions (t-CO₂)

	FY2022	FY2023
Scope 1 ^{*1}	172	3,552
Scope 2 ^{*1}	4,209	8,833
Scope 3	223,876 ^{*2}	236,310 ^{*3}
Total	228,257	248,695

[Calculation method and scope]

*1 Production bases (FY2022: Japan, FY2023: global)

*2 Categories 1-8

*3 Categories 1-8, 11, 12

Environmental Management System

The Topcon Group has acquired ISO14001 certification, which is an international standard for environmental management systems, particularly among manufacturing related companies.

Organizations with the certification

1	TOPCON CORPORATION
2	TOPCON YAMAGATA CO., LTD. (Headquarters and factory)
3	TOPCON YAMAGATA CO., LTD. (West factory)
4	TOPCON YAMAGATA CO., LTD. (Shirakawa factory)
5	TOPCON OPTONEXUS CO., LTD.
6	TOPCON MEDICAL JAPAN CO., LTD.
7	TOPCON ESSILOR JAPAN, CO., LTD.
8	TOPCON G.S. CORPORATION
9	TOPCON POSITIONING ASIA CO., LTD.
10	TOPCON SOKKIA POSITIONING JAPAN CO.,LTD.
11	Topcon Precision Agriculture Pty Ltd.
12	Topcon Precision Ag Europe S.L.
13	Satel Oy
14	Topcon Electronics GmbH & Co. KG
15	Topcon Optical (Dongguan) Technology Ltd.

Water Resource Initiatives

Topcon Group uses a large amount of water in the processes for lens manufacturing and metal processing, our core technologies. Since water discharged from each process contains organic and inorganic substances, we strictly control and properly treat wastewater to keep it below the standard values for hazardous substances specified in the Water Pollution Prevention Act before discharging it to not adversely affect the ecosystem and people's lives. We will continue to monitor risks at

each of our business sites and strive to ensure the appropriate use of water resources by promoting water conservation and reducing water consumption. We investigated risks related to water resources at all our manufacturing sites (16 sites in total) in and outside Japan using Aqueduct*(in August 2023). One site operates in an area where risk associated with the use of water resources is high (Aqueduct Overall Water Risk: High). However, we do not use any water in the manufacturing process at the site. There is no site involving manufacturing process in an extremely high-risk area (Aqueduct Overall Water Risk: Extremely High).

*Aqueduct: An online tool developed by World Resources Institute (WRI) to evaluate water risk

Water discharge from production bases in Japan (m³)

	FY2022	FY2023
Headquarters	22,382	26,883
Topcon Yamagata	4,794	5,177
Topcon Optonexus	19,508	19,931
Total	46,684	51,991

Topcon's Environmental Footprint Report

Effective Use of Resources

We strive to reduce our total emissions based on a zero-emission initiative, in order to make effective use of the Earth's limited resources.

Management of Chemical Substances (VOC Reduction)

We are working to reduce volatile organic compounds (VOC) as part of the management of chemical substances. We also switched from solvent paint to water paint to effectively reduce VOCs. The wear durability of conventional water-based paints tends to be lower than those of solvent paints. However, the developed water-based paints have wear durability equal to or better than those of solvent paints and are compatible with both environmental conservation and product durability.

(kg)	FY2022	FY2023
VOC	23,217	22,468
Waste	480,206	502,083

Legal Compliance and Reports on Complaints in FY2023

In FY2023, there were no violations of environment-related laws, no customer complaints, and no incidents (Japan).

Activities for Reducing Environmental Impact

Promoting environmentally conscious products*

At least 99% of the products we manufacture are environmentally conscious products.* We have been engaged in developing environmentally conscious products since 2001. In addition to reducing environmental impact throughout the manufacture and sale of these products, we endeavor to recycle and effectively use the waste generated at each stage of the process.

* Environmentally conscious products (ECP): All products whose life cycle, including product planning, material research, manufacturing, distribution, use, disposal and recycling are environmentally conscious



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Materiality

- Reducing the Impact on the Global Environment

Treating industrial wastewater at in-house purifying facilities

We use a large amount of water in the processes for lens manufacturing and metal processing, our core technologies. Water discharged from each process contains organic and inorganic substances and hence poses the risk of adversely affecting the ecosystem and people's lives. We therefore strictly control and properly treat wastewater at purifying facilities on the premises to keep it below the standard values for hazardous substances specified in the Water Pollution Prevention Act before discharging it.

6 CLEAN WATER AND SANITATION **15 LIFE ON LAND**

Materiality

- Reducing the Impact on the Global Environment

Topcon Yamagata starts receiving supply of "Yamagata Hydroelectric Premium" with granted certificate of attestation

Topcon Yamagata introduced "Yamagata Hydroelectric Premium," carbon-free electricity generated at a hydroelectric power plant in Yamagata Prefecture, at its Headquarters factory in April 2022 and at its Shirakawa factory in July 2022, contributing to the reduction of CO₂ emissions at the stage of product manufacturing. Accordingly, Topcon Yamagata was granted a certificate of attestation by Tohoku Electric Power on April 7, 2022.



7 AFFORDABLE AND CLEAN ENERGY **12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

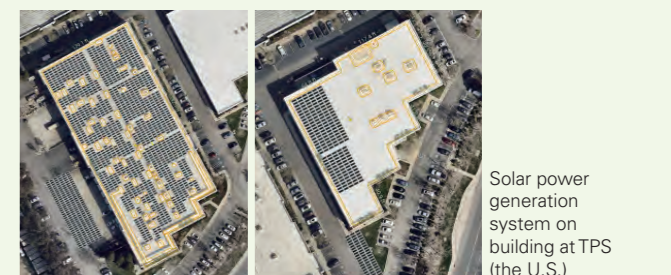
Materiality

- Reducing the Impact on the Global Environment

Use of Renewable Energy

At the Topcon Group's manufacturing bases, renewable energy power is used. We have installed new solar power generation systems in the U.S. and Spain.

- TOPCON
- TOPCON YAMAGATA (Japan)
- TOPCON OPTONEXUS (Japan)
- Topcon Positioning Systems, Inc. (The United States)
- Topcon Precision Ag Europe S.L. (Spain)
- Satel Oy
- Topcon Europe Positioning B.V. (The Netherlands)



7 AFFORDABLE AND CLEAN ENERGY **12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

Materiality

- Reducing the Impact on the Global Environment

Societal Initiatives

The Topcon Group, as a global company, respects human rights and diversity, and will diligently work together with various stakeholders to create an affluent society.

Topcon Group Social Vision 2030

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

1 Creation of social value

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

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

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

3 Respect for human rights

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

Policies and Strategies for Human Capital

The Topcon Group provides employees and other personnel with fair and equitable opportunities to grow through independent learning, and strives to foster a workplace culture that is conducive to making the most of their qualities. We provide employees and other personnel with opportunities for self-improvement, to enable them to perform duties that are commensurate with their assigned areas, responsibilities, and authority, while improving their skills both in and outside of work.

The development of Topconians is Topcon Group's strategic human resource theme to realize our management vision. A Topconian possesses three qualities: 1) seeks to develop and maintain a high level of expertise, while utilizing their expertise to generate profits; 2) acts with universal values, including thinking globally and respecting cultural diversity; and 3) is a team player who makes the most of collaboration. We hold lectures and training regularly in order to further the development of such human resources.

Specifically, we provide personnel training in accordance with the organization's growth strategy, including position-specific training to develop the abilities required at each level from new employees to executives, training for selected employees to acquire the knowledge and skills necessary for future management positions, compliance training, im-

provement and transmission of technology and skills, and self-development. To provide opportunities for employees to learn and grow independently, we have built a platform for the distribution of educational content throughout the entire Group by adding an e-learning distribution function to the core personnel system and gathering the educational content found in various parts of the Group together in one location. This structure is designed to view human resources in multifaceted ways, such as 360° evaluation in the search for and development of human resources for the next generation and for its use in succession management.

In addition, as initiatives to support employees' self-supporting career building, we have a mentor system and a career training program that allows employees to reflect on their careers at a certain age. The mentor system is operated with the objectives of relieving young employees' anxiety about work and career development, fostering a sense of security by having someone they can feel free to talk to at any time, and providing support in resolving specific concerns, as well as creating dialogue that leads to an image of their future careers. Moreover, career training provides opportunities to promote self-understanding of career strengths cultivated over the years and to think comprehensively, including financial planning, toward the fulfillment of life careers, with an eye toward the 100-year age of life.

Ensuring Diversity

Initiatives for achieving a workplace culture that fosters individuals

The Topcon Group is a global company with approximately 80% of our net sales in overseas markets, and develops businesses in 25 development bases, 15 production bases, and 66 sales bases worldwide. Likewise, approximately 70% of our employees are people of different nationalities, hailing from Europe, the Americas, Asia, Oceania, and elsewhere, and we recruit a richly diverse range of human resources with a global perspective.

We also recruit the mid-career personnel needed for our growth strategies throughout the year, based on the needs of each division, and appoint them as executive officers and managers. In this way, the Topcon Group provides environments and systems where diverse human resources can play active roles regardless of factors such as nationality and race. Therefore, we have not set specific targets for the promotion of foreigners and mid-career recruits to management positions.

Promoting the active participation of women in the workplace

We aim to create a support system that enables women to build continuous, long-term careers, by providing an environment where women can play even more active roles, regardless of their line of work.

In addition, we are creating opportunities for female employees to work overseas. By granting opportunities to ambitious individuals regardless of sex or age, we provide a setting in which they can develop into human resources with a global mindset.

We have established a goal of "at least 30% women among all graduate recruits" as an initiative to promote the active participation of women in the workplace. We achieved the ratio of female graduate recruits of 26.4% in FY2023. By actively increasing opportunities for an exchange of information and views between employees, the Topcon Group will help to relieve their anxieties about working style, overcome challenges, and support their independent career formation, aiming to increase the percentage of female workers in management positions. Results in FY2023 are shown in the table "Percentage of female workers in management positions, percentage of male workers taking child care leave."

Percentage of female workers in management positions, percentage of male workers taking child care leave

Reporting company		Percentage of female workers in management positions (Note 1)	percentage of female employees	Difference of wages between men and women (Note 1)			Percentage of male workers taking child care leave (Note 2)
				All workers	Regular workers	Part-time and fixed-term workers	
Consolidated subsidiaries	TOPCON CORPORATION	8%	18%	76%	74%	97%	74%
	TOPCON YAMAGATA CO., LTD.	0%	29%	71%	72%	108%	—
	TOPCON OPTONEXUS CO., LTD.	5%	49%	57%	64%	78%	—
	TOPCON SOKKIA POSITIONING JAPAN CO., LTD.	0%	15%	74%	70%	120%	—
	TOPCON MEDICAL JAPAN CO., LTD.	3%	14%	64%	63%	79%	—
	Consolidated (Note 3)	19%	28%				

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

2) Calculated the percentage of child care leave taken under Article 71-4, Item (i) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

3) This is the percentage on a consolidated basis, including Topcon and all 64 consolidated subsidiaries.

Providing flexible working arrangements

Topcon Group supports Work Style Reform to help employees achieve a balance between work and private life, while boosting labor productivity. We have established a variety of support programs for childbirth and childrearing, as part of these efforts.

We have established a system to support childbirth, including a spouse maternity leave system that allows the employees to take three days off when their spouses give birth. After the birth of a child, we offer a Child Care Leave that can be taken until the end of the first April after the child reaches the age of two, in accordance with the time when the child enters nursery school.

Additionally, we have expanded programs that allow employees to flexibly choose their work style, including Short-time, Short-day, Teleworking, and Flextime Work Programs. We also offer a Child Nursing Leave Program that allows employees raising an elementary school child or younger to take five days off per year for a single child and 10 days off per year for two or more such children. These programs help working parents raise their children and arrange flexible work styles. We are also creating an environment in which all employees can work comfortably, such as establishing a date to make it easier for employees to take annual paid leave.

Safety Management of Employees

The Topcon Group views ensuring safety and health as essential to enabling our employees to perform at their best and avoiding workplace accidents. The Group has adopted the necessary safety measures for buildings and facilities, and established work standards that prioritize employee safety and health based on this policy. Recognizing that safety comes first, employees are required to comply with laws, regulations, and internal company rules regarding safety and health.

We have established a crisis response system for unforeseen events, to ensure the safety of employees on business trips and overseas assignments, as well as that of their families, regardless of country or region. We are working to establish and strengthen safety measures with the primary aim of preventing incidents and accidents.

Societal Initiatives

■ Labor-Company Communication

The Topcon Group considers a direct exchange of views between labor and management as critical for protecting the rights of workers. In Japan, we have both the Topcon Labor Union and related labor unions for affiliated group manufacturers. Topcon holds regular labor management gatherings and councils, where we explain the Company's business conditions to the Topcon Labor Union, in an effort to enhance communication.

Labor management gathering:

This gathering is regularly held once a month. Labor union leaders and the management can exchange views and share information. The Labor Union receives reports on business conditions and topics from the management, and in response, the union leaders offer their views on the reports.

Labor management council:

This council meeting is held once a month, and either the Labor Union or the management can propose an extraordinary session not on the regular schedule. At council meetings, both sides exchange views in greater depth and discuss and put forward agenda proposals and topics for debate.

■ Quality Assurance

■ Quality Policy

We will continuously improve the quality of Topcon's products and services from the customer's perspective and build relationships of trust with our customers.

■ Status of obtainment of quality management system certifications

ISO9001 Certified

Topcon has obtained "ISO9001: 2005", an international standard for quality management system, for our business field (Surveying instruments and optical unit products for overseas markets) from SGS United Kingdom Ltd., (SGS Japan Inc. in Japan).

ISO13485 Certified

Topcon has obtained "ISO13485: 2016", an international regulatory requirement for medical devices, for the scope of qualification (design, development, production and distribution of ophthalmic medical devices) from TÜV SÜD (Germany).

Never satisfied with the status quo, we intend to continue to work on offering even more reliable products and services, and meet our commitments as a global company.

See company website for details on Quality Assurance

https://global.topcon.com/about/quality/

■ Procurement

■ Equal and fair procurement activities

We engage in transparent, equal, and fair procurement activities in new transactions with all clients.

We make decisions on the selection of clients based on comprehensive and objective evaluations and procedures covering aspects such as certainty in quality, price, deadline,

stability in technical standards and administration, and an environmental consideration.

■ Coexistence and co-prosperity

We constantly maintain and encourage trust-based relationships and aim to achieve coexistence and coprosperity with our clients through business transactions.

■ Rules on the compliance with laws

We engage in business transactions while complying with laws, social norms, and healthy commercial practices.

■ Management and protection of information

We never disclose confidential information of our procurement activities with clients to the outside of our company.

■ CSR Procurement

Topcon establish "Business Partners' Code of Conduct" with the aim of better society and the global environment and realize sustainable development of the company together with our suppliers. We ask all of our suppliers to implement this guideline.

See company website for details on CSR Procurement

https://global.topcon.com/about/governance/code/business/

■ Green Procurement

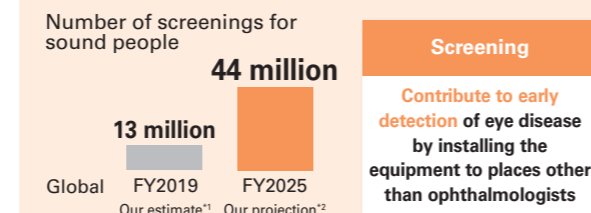
We at Topcon Corporation are engaging in environmental activities in close cooperation with our suppliers and implementing green procurement as part of these activities. As a basic policy, suppliers independently conduct activities for environmental protection, and we help them to improve such activities when necessary. Specifically, we evaluate and determine our suppliers' efforts for the acquisition of externally authenticated ISO14001 certification, green procurement, and environmental protection activities. We also purchase products, parts, materials, and raw materials which produce low environmental load in their lifecycles and procure items from partners that are implementing environmental conservation activities.

See company website for details on Green Procurement

https://global.topcon.com/about/procurement/green-03/

Social contribution through our digital transformation solution

We are contributing to society through the early detection of eye disease, with our digital transformation solutions implemented in eye disease screening for healthy people.



*1 Calculated based on the number of screening equipment we sold in FY2018 and FY2019 multiplied by the average number of annual examinations per unit.

*2 Calculated based on the number of screening equipment we sold between FY2020 and FY2023 and the projected number of that between FY2023 and FY2025

■ Contribution to Environmental Issues through Our Businesses

Collaboration with "Healthy Athletes® Program" in special olympics

Topcon collaborated as volunteers to support eye examinations for the Healthy Athletes® Program, which is intended to promote the health of athletes with intellectual disabilities, by lending diagnostic equipment, an eye care product. The program is conducted during Special Olympics, an international sports event where athletes with intellectual disabilities participate, aiming to help them perform to the best of their abilities in competitions.

The Group supported eye examinations using the NW500 Non-Mydriatic Retinal camera and other equipment. During the two-day event, 200 examinations were conducted.



3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Materiality

- Coexisting with the Local Community

Web Link

Cooperation with Southeast Asian government agencies

Topcon participated in the Japanese government's activities aimed at the development and utilization of electronic reference points in Thailand through JICA's technical promotion project. Because Thailand is facing a serious social issue of labor shortages in the agriculture and civil engineering and construction industries due to rapid aging, the Thai government is promoting the automation of practical work. We have demonstrated the benefits of establishing and utilizing electronic reference points through proof-of-concept experiments and seminars related to IT Construction and high-precision surveying by utilizing high-precision positioning data and 3D data in the fields of surveying, construction, and agriculture.



8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 15 LIFE ON LAND

Materiality

- Coexisting with the Local Community

Web Link

Contribution to the early detection of eye diseases

The rate of blindness among Australia's Aboriginal people is about three times that of non-indigenous people in the country. Of these cases, it is said that 90% could have been prevented by regular medical examinations. Assenting to an NGO that offers the indigenous people remote diagnosis services for eye disease screening in Western Australia, the Topcon Group provides fully-automatic medical devices and remote care platforms for the NGO's mobile vision van, thereby contributing to the early detection/early treatment of eye diseases.



3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Materiality

- Promoting and Accelerating DX Solutions
- Coexisting with the Local Community

Web Link

Protecting work and educational opportunities by eye disease screening

Topcon provided its eye care equipment to a French NGO that engages in activities to maintain eye health in developing countries.

In Cambodia, Topcon has been supporting eye screening, glasses prescriptions, and eye examinations for residents living on the water in cooperation with the NGO.



3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Materiality

- Coexisting with the Local Community

Web Link

Governance

Topcon has established the TOPCON Corporate Governance Guidelines, in pursuit of the sustainable growth and medium-to long-term enhancement of the corporate value of the Topcon Group (hereinafter, referred to as the "Group"), comprising the Company and our affiliates. The Guidelines are based on the TOPCON WAY, which forms a set of fundamental values, evaluation standards, and basic principles of conduct that are to be shared by directors, executives, and all other employees of the Group to achieve effective corporate governance.

Corporate Governance Initiatives

Topcon Group Governance Vision 2030

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

1 Corporate governance

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

2 Compliance and risk management

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

Outline of the corporate governance structure

Corporate organization

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

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

The Board of Corporate Auditors and the Corporate Audit Division (internal audit department) mutually discuss audit plans and policies in advance, and work in mutual cooperation by regularly sharing information throughout the fiscal year, in order to increase the efficiency and effectiveness of the work of the Corporate Auditors.

In addition, the Company has established the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors, which is chaired by an Independent Outside Director, and the majority of whose members are Independent Outside Officers.

Board of Directors

Roles and responsibilities of the Board of Directors

The Board of Directors recognizes its fiduciary responsibility to the shareholders, towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group. Based on such recognition, the Board of Directors works to achieve improved management efficiency, in addition to maintaining management soundness, ensuring transparency in management, and fulfills its responsi-

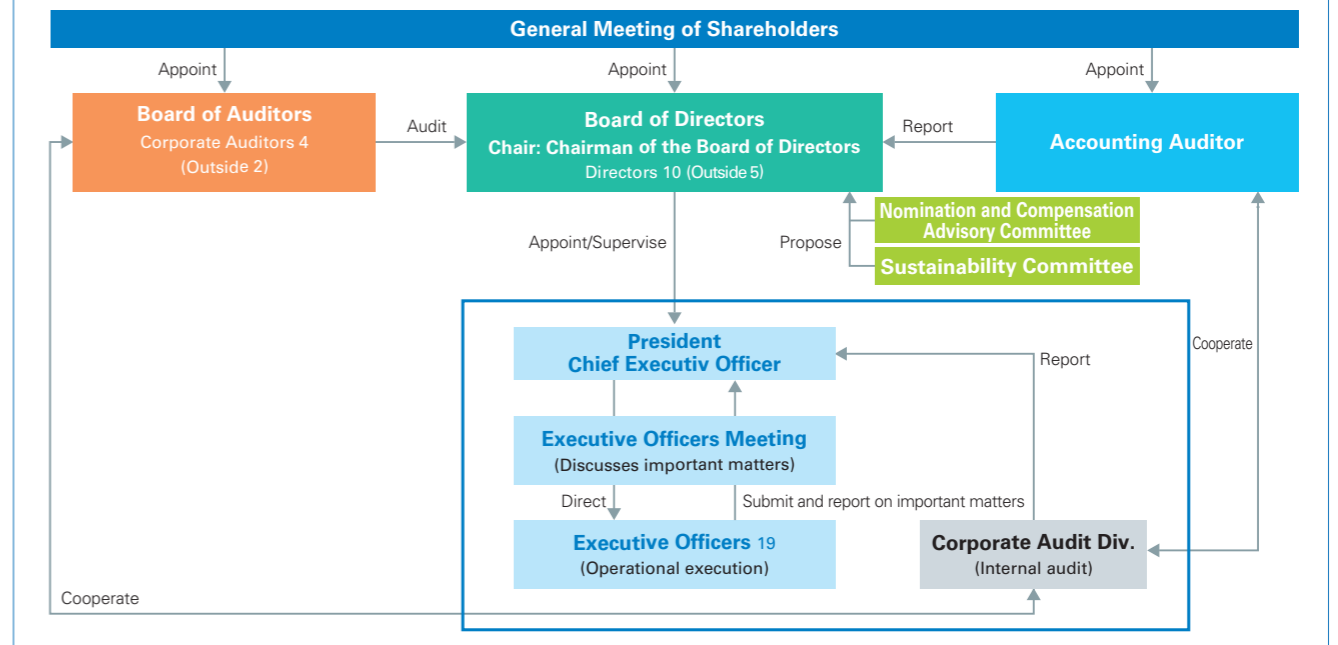
ties towards all stakeholders of the Group.

- To fulfill the above-stated responsibilities, the Board of Directors conducts assessments of performance, appropriate development and implementation of the internal control system and the risk management system, and supervision of the overall business management of the Group, from an independent and objective standpoint.
- The Board of Directors makes decisions on matters provided for in laws and regulations, and the Articles of Incorporation, as well as on important matters relating to business management. The Board of Directors has adopted the Executive Officer System as a business execution system based on its decision making, and delegates day-to-day business execution to Executive Officers. Executive Officers are appointed by a resolution of the Board of Directors, taking into account their level of knowledge and experience required by the business domains of the Group.
- The Board of Directors has established a system to respond to cases where a Corporate Auditor or the Accounting Auditor discovers misconduct and requests appropriate measures, or identifies any inadequacies or problems.
- The Board of Directors conducts an analysis and assessment of the overall effectiveness of the Board of Directors, and discloses a summary of the results.

Composition of the Board of Directors

- The Board of Directors of the Company comprises ten Directors (including five Outside Directors).
- The Company ensures that there is a system in place to supervise the operation of the Company by appointing at least two Independent Outside Directors, who express

Topcon's Corporate Governance Structure (As of June 26 2024)



* Significant issues are reported to Board of Directors, Board of Auditors and President in timely manner, if such issues are discovered by Corporate Audit Div.

their opinions from an independent and objective standpoint at the meetings of the Board of Directors.

- The Board of Directors is composed of Directors with different backgrounds in terms of expertise and experiences, and maintains an appropriate number of Directors to ensure that the Board of Directors can effectively exercise its decisionmaking and supervisory functions.

Board of Corporate Auditors

Roles and responsibilities of the Board of Corporate Auditors

The Board of Corporate Auditors recognizes its fiduciary responsibility to the shareholders, towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group. Based on this recognition, the Board of Corporate Auditors ensures corporate soundness and strives for the common interests of the shareholders.

- The Board of Corporate Auditors collaborates with Outside Directors and the internal audit department.

Composition of the Board of Corporate Auditors

- At least half of the Board of Corporate Auditors shall be Independent Outside Corporate Auditors, in order to ensure transparency and fairness.
- The Board of Corporate Auditors of the Company consists of four Corporate Auditors (including two Outside Corporate Auditors).
- Corporate Auditors with the appropriate experience and skills have been appointed.
- The Board of Corporate Auditors appoints Corporate Auditors with the knowledge of finance, accounting, and legal matters necessary to serve on the Board of Corporate Auditors, and in particular, appoints at least one Corporate Auditor with sufficient knowledge of finance and accounting.

Nomination and Compensation Advisory Committee

The Company has established the Nomination and Compensation Advisory Committee, which is independent of the

Board of Directors, for the purpose of ensuring objectivity and transparency in the selection of candidates for Chairman, President and Director and in the handling of compensation for Directors.

- The Nomination and Compensation Advisory Committee is chaired by an Independent Outside Director, and the majority of the committee members are Independent Outside Officers. (Members of the Committee)

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

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

Sustainability Committee

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

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

*Topcon Headquarters

Governance

■ Directors and Corporate Auditors

Directors

Directors recognize their fiduciary responsibility to the shareholders, and execute their duties as Directors towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.

- Directors, as members of the Board of Directors, supervise the execution of business operations by Executive Directors and Executive Officers.
- Directors collect sufficient information to execute their duties, while requesting explanations on various matters, proactively expressing opinions, and holding open and constructive discussions at the Board of Directors' meetings.
- Directors proactively collect information to appropriately fulfill their roles and responsibilities, and if necessary, seek the advice of external experts at the expense of the Company.
- Directors set aside time to appropriately fulfill their roles and responsibilities in the Company, by limiting outside executive jobs to a reasonable extent when concurrently serving as executives at other companies.
- As an incentive for Directors (excluding Outside Directors), the Company offers compensation linked to business performance and restricted stock compensation, towards the Group's sustainable growth and enhancement of the corporate value of the Group over the medium- to long-term.

Corporate Auditors

Corporate Auditors recognize their fiduciary responsibility to the shareholders and execute their duties as Corporate Auditors, thereby ensuring corporate soundness towards the sustainable growth and medium- to long-term enhancement of the corporate value of the Group.

- In accordance with the policies and assigned duties set forth by the Board of Corporate Auditors, Corporate Auditors conduct audits on the status of the execution of duties by the Directors and Executive Officers of the Company, through the following activities: attending important meetings of the Company, including the Board of Directors' meetings; receiving reports from Directors on the status of the execution of their duties; receiving materials and information on related matters; and, collaborating with the internal audit department and the Accounting Auditor.
- Corporate Auditors audit the decisions made by the Board of Directors, and the status of development and implementation of the internal control system.
- Corporate Auditors proactively collect the information necessary for audits through such as attending the Company's important meetings, and give appropriate feedback to Directors, as needed.
- Corporate Auditors proactively collect the information for appropriately fulfilling their roles and responsibilities, and if necessary, seek the advice of external experts at the expense of the Company.
- Corporate Auditors set aside time to appropriately fulfill their roles and responsibilities in the Company, by limiting outside executive jobs to a reasonable extent when concurrently serving as executives at other companies.

Independent Outside Directors and Independent Outside Corporate Auditors

Independent Outside Directors and Independent Outside Corporate Auditors supervise the execution of business operations, provide advice for the sustainable growth and the medium- to long-term enhancement of the corporate value of the Group, and manage conflicts of interest, while ensuring that the opinions of stakeholders, including minority

shareholders, are reflected in the Board of Directors.

- The Company has five Independent Outside Directors and two Independent Outside Corporate Auditors.
- Independent Outside Directors share information regarding matters related to the business and corporate governance of the Group, and exchange opinions with each Director, Executive Officer, and Corporate Auditor.
- The Company appoints Outside Directors and Outside Corporate Auditors who meet the criteria for independence set forth by the Financial Instruments Exchange.
- Independent Outside Directors and Independent Outside Corporate Auditors strive to exchange information and share perspectives based on an independent and objective standpoint, by holding regular meetings and other occasions.

Support system for Directors and Corporate Auditors

The Company has established an effective and sufficient support system for Directors and Corporate Auditors, to assist them in fulfilling their roles and responsibilities, as described below.

- The Company runs the meetings of the Board of Directors to enable sufficient discussion at Board meetings, as follows.
 - 1) The Company prepares an annual schedule of the Board of Directors' meetings and an annual plan of the matters for discussion.
 - 2) The Company sets aside time for sufficient discussion at the Board of Directors' meetings.
 - 3) The Company distributes materials on matters for discussion of the Board of Directors' meetings, well in advance.
 - 4) In addition to the above, the Company provides information that the Directors need for decision making and information that the Corporate Auditors need to execute their duties, as necessary.
- The Company appoints an assistant to help in the duties and other activities of the Corporate Auditors, as necessary, in order to provide the corporate information that the Corporate Auditors need, and to coordinate in-company collaboration.
- The Company proactively provides information when Outside Directors and Outside Corporate Auditors request information necessary for the execution of their duties.
- The Company secures the budget necessary for the execution of duties by Directors and Corporate Auditors.

Training policy for Directors and Corporate Auditors

The Company provides information and knowledge on business activities necessary for Directors and Corporate Auditors to fulfill their roles and responsibilities appropriately, as follows.

- When Directors or Corporate Auditors are newly appointed, the Company provides training on laws and regulations related to the business of the Group and corporate governance, and continues to provide such training even after they have assumed office.
- In addition to the above, when Outside Directors or Outside Corporate Auditors are newly appointed, the Company provides information regarding the Group's business and overall organization, as well as necessary information on an ongoing basis regarding the Group's business strategies and issues to be addressed, even after they have assumed office.

■ Outline of liability limitation contract

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

■ Evaluations of the effectiveness of the Board of Directors

Once a year, the Company, in order to enhance the effectiveness of the Board of Directors, conducts a questionnaire survey of each Director and Corporate Auditor regarding the matters including composition and operation of the Board of Directors, and based on the results, the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole. The Board of Directors, at its meeting held in May 2024, assessed that the effectiveness of the Board of Directors was secured in FY2023, due to measures implemented to secure time for discussion at the Board of Directors' meetings and free discussions held about medium- to long-term management issues to enable fuller deliberation at the Board of Directors meetings. On the other hand, there were some opinions and suggestions for further reviewing themes and topics placed on the agenda at the Board of Directors' meetings and implementing measures aimed at even fuller deliberations by the Board of Directors.

In FY2024, we will continue to endeavor to enhance the effectiveness of the Board of Directors and strengthen governance based on these opinions and suggestions.

■ Executive compensation

■ Policy on determining details of individual compensation for Directors

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

The Company has established the Nomination and Compensation Advisory Committee in order to ensure objectivity and transparency in relation to the handling of compensation for Directors. The Committee is chaired by an Independent Outside Director, and the majority of its members are Independent Outside Officers. The Committee makes proposals to the Board of Directors upon receiving consultation from the Board of Directors. The policy on compensation for Directors is determined by a resolution of the Board of Directors based on the discussions and proposals of the Nomination and Compensation Advisory Committee.

The amount of compensation for each individual Director is determined within the total amount of compensation for Directors determined by the resolution of a General Meeting of Shareholders, in accordance with the policy on compensation for Directors based on the discussions and proposals at the Nomination and Compensation Advisory Committee. For restricted stock compensation, the specific number of shares is determined by a resolution of the Board of Directors. For oth-

er compensation, the Board of Directors delegates determination of the specific amounts to the Representative Director, President & CEO, considering factors such as that the Representative Director, President & CEO has a full view of the Company's overall performance, and the procedures required to have discussions with and obtain proposals from the Nomination and Compensation Advisory Committee in advance. The Representative Director, President & CEO determines the specific amounts of other compensation in accordance with the delegation. In addition, the Board of Directors has determined that the said compensation is in line with the policy on compensation for Directors, as the Nomination and Compensation Advisory Committee has conducted in advance a multifaceted review of the compensation for Directors, including the assessment of its consistency with the policy on compensation for Directors.

The amount of compensation for each Corporate Auditor is determined by discussions among the Corporate Auditors, and is set within the amount of compensation for Corporate Auditors determined by a resolution of the General Meeting of Shareholders.

① Fixed compensation

- Fixed compensation for Directors (excluding Outside Directors) is determined according to rank, and is paid monthly.
- Fixed compensation for Outside Directors is determined based on consideration of their roles and other factors, and is paid monthly.

② Performance-linked compensation

- Performance-linked compensation for Directors (excluding Outside Directors) is calculated based on prescribed benchmarks for the relevant fiscal year. The indicators used for performance-linked compensation for Directors include consolidated profit attributable to owners of parent and ROE, in order to boost the motivation and morale of Directors toward higher performance and to ensure the identity of interest between Directors and the shareholders.
- Short-term performance-linked compensation is calculated based on the results of the current fiscal year. Medium-term performance-linked compensation is calculated based on the cumulative results during the period of the mid-term business plan. Each compensation is paid after the end of the period to which it applies.
- The results of indicators serving as the basis of performance-linked compensation for the current fiscal year are as follows: consolidated profit attributable to owners of parent of ¥4,940 million and ROE of 4.9%. As for cumulative results for the Third Mid-Term Business Plan, consolidated profit attributable to owners of parent was ¥4,940 million, and average ROE was 4.9%.

③ Restricted stock compensation plan

- The Company grants restricted stocks to Directors (excluding Outside Directors) with the aim of providing an incentive to sustainably increase the Company's corporate value and to promote further shared value with shareholders. The number of restricted stocks allotted to each Director is decided based on rank. Such restricted stocks are issued by

<Overview of the restricted stock compensation plan>

The total annual amount of monetary compensation claims to be paid to Directors (excluding Outside Directors; hereinafter referred to as the "Eligible Directors"), in accordance with the Restricted Stock

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Compensation Plan, shall be set at ¥200 million or less (the amount does not include employee salaries of Directors who concurrently serve as employees), and the total annual number of shares of the Company's common shares to be issued or disposed of by the Company shall be set at 100,000 shares or less (provided, however, that if the Company performs a split of the Company's common shares (including the allotment of the Company's common shares without contribution) or a consolidation of the Company's common shares, the total number of shares shall be adjusted to the reasonable extent according to the ratio of the stock split or stock consolidation, on or after the effective date of the stock split or stock consolidation).

The Eligible Directors shall pay all the monetary compensation claims to be provided by the Company, in accordance with the Restricted Stock Compensation Plan, in the form of property contributed in kind, and shall, in return, receive the Company's common shares that shall be issued or disposed of by the Company. The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no trading on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to the Eligible Directors who subscribe such common shares. The specific timing for provision thereof and the allocation to each Eligible Director shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Advisory Committee.

Additionally, the issuance or disposal of the Company's common shares (hereinafter referred to as the "Shares") in accordance with the Restricted Stock Compensation Plan shall be subject to the conclusion of an agreement on allotment of restricted stocks between the Company and each Eligible Director that includes (i) the prohibition on the transfer to a third party, creation of a security interest in, or otherwise disposing of the Shares allotted during a certain period (hereinafter referred to as the "Restriction Period"), and (ii) the automatic acquisition of the Shares by the Company without contribution, if certain events occur. The Shares are expected to be managed in a dedicated account opened by the Eligible Directors at a securities company during the Restriction Period, to prevent the Shares from being transferred, created a security interest on, or otherwise disposed of.

resolution of the Board of Directors on the condition that monetary compensation claims equivalent to the amount to be paid to Directors to whom the restricted stocks are allotted are offset against the amount to be paid for such restricted stocks.

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

④ Compensation composition ratio

- Compensation for Directors (excluding Outside Directors) consists of fixed compensation, performance-linked compensation, and restricted stock compensation. The ratio of performance-linked compensation and restricted stock compensation to the total amount of compensation is designed to be a maximum of approximately 60% on average for each rank, in order to boost the motivation and morale of Directors toward higher performance and to enhance corporate value and shareholder value over the medium to long term.

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

Classification	Total amount of compensation (Millions of yen)	Total amount of each form of compensation (Millions of yen)			Number of eligible officers
		Fixed eligible officers compensation	Short-term and medium-term performance-linked compensation	Non-monetary compensation	
Directors (excluding Outside Directors)	326	196	63	66	4
Directors (excluding Outside Directors)	37	37	—	—	2
Outside Officers	86	86	—	—	8

Notes: 1) Non-monetary compensation is the amount of expenses recorded as restricted stock compensation during the current fiscal year.

2) One Outside Director, who retired at the conclusion of the 130th Ordinary General Meeting of Shareholders held on June 28, 2023, is included in the number of Outside Officers.

Compliance / Risk Management

To ensure smooth business operations under appropriate controls, the Board of Directors sets forth basic policies regarding the development of the internal control system, and supervises the establishment of the Group's structure and our operational status in terms of compliance, ensuring appropriate financial reporting, and risk management.

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

Basic Views

The most important thing for Topcon Group, a global company made up of diverse nationalities and cultures, is that each and every employee makes decisions and acts fairly, honestly, and appropriately based on common values and decision-making principles. Therefore, we established "TOPCON WAY", which sets out the highest values of the Group that transcend national borders and company boundaries, we professed our management philosophy of contribution to the creation of prosperous society by solving social issues related to "healthcare, agriculture and infrastructure", and we declared that we put the highest priority on compliance and continue to be trusted by all stakeholders.

We established the Topcon Global Code of Conduct, which sets out the principles of conduct expected of Topcon Group's employees, so that all directors and employees around the world can fully understand the Topcon Group's management philosophy, vision and values, and can act with a high sense of ethics. We are working actively to ensure that the Topcon Global Code of Conduct be well learned by every director and employee.

Specific Initiatives

The Group continuously implements various training and awareness activities for directors and employees to increase compliance awareness and to foster a compliance mindset.

For example, for all directors and employees of the Group, we conduct a comprehensive compliance, governance, and export control training once a year, which covers essential topics, and has achieved high participation rate. For Group companies in Japan, we conduct trainings on export control, information security, personal information protection, subcontract law and medical compliance, while for overseas companies, legal teams in each main office overseas provide trainings in the respective jurisdictions.

Anti Corruption

As an initiative to combat corruption as stipulated in Principle 10 of the United Nation Global Compact, the Topcon Group prohibits giving out bribes or inappropriate profits in any form that violate laws, regulations or sound business practices. In addition, we prohibit employees from accepting inappropriate personal benefits or profits in connection to their work or position.

Prohibition of improper payments

The Topcon Group will not offer or give bribes, or any other improper interests, in violation with laws, regulations, and/or sound customs of trade. Employees must understand that bribes not only to government officials, but also to employees in private enterprises are prohibited in certain countries, and employees must understand and comply with all applicable laws and regulations of the country or region in which employees are involved in business.

In this Code, the term "Bribe" means anything of value offered or given for the purpose of gaining improper commercial interests, or in consideration of such improper interests and offered or given to the following persons:

- government officials, foreign government officials (including employees of state-owned enterprises and international organizations, also including ex-officials);
- politicians, candidates of politician, political parties and employees thereof;
- customers (legal or natural persons).

A bribe does not have to be cash. It can include rewards, entertainment, gifts, donations, gratuities and any other type of benefits. Even items of minimal value may constitute a wrongful bribe.

When using an intermediary (such as agent) in Our business, employees must ensure that they will not engage in the corrupt practices designated above, and also clearly agree in advance on scope of the services as well as on the amount of compensation, and ensure that these conditions are reasonable.

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■ Prohibition of demanding or accepting gifts and entertainment as business inducements

Employees must not demand or accept any personal benefits in connection with his/her job.

However, receiving gifts and entertainment from customers, suppliers or contractors is permissible only if it is inexpensive in value and customary in nature and is consistent with applicable laws, regulations and sound customs of trade and only if it would not affect a particular business decision of the Group. Any gifts or entertainment which are excessive or seem unreasonable must be refused.

■ Prohibition of accepting money laundering and participate to the financing of terrorism

The Group is firmly committed to full compliance with applicable anti-money laundering and counter terrorism laws and regulations. We conduct business only with reputable third parties who engage in legitimate business activities.

This applies as well to our relations with trading partners such as suppliers, vendors and others sub-contractors. Employees are prohibited from participating in any activity aimed at laundering money or financing terrorism, from benefiting from the proceeds of a criminal act or illegal activity, and from providing assistance to any person or organization controlling funds invested for the benefit of a terrorist organization.

■ Strengthening Global Export Control System

Exports to several countries are subject to strict controls under relevant Japanese and U.S. laws. If our export control compliance were lax, this could result in situations that threaten the basis of our existence as a corporation. In the worst case, the company would be subject to penalties such as an export ban due to violations of applicable laws and regulations. For this reason, as a global company, the Topcon Group is committed to activities related to maintaining and bolstering the global system of export controls.

■ Conducting export control audits

We conduct annual internal audit on all departments in Headquarters involved in export. Then, measures for improvement which was requested during audit are discussed with departments audited for one to two months after audit to correct nonconformities at an early stage. The next year's audit conducts follow-up to check if such measures are carried out on a continuous basis. It also checks for missing items and inadvertent errors such as in administration procedures in the entire process.

Meanwhile, for Group companies in and outside Japan, we have established annual plans and conduct Group company audits, and strive to maintain and strengthen local export control systems.

In addition, we receive an export control audit (external audit) by an outside organization once every three years to have our export control system and control procedures evaluated objectively by external eyes.

■ Providing export control education

At the Topcon Group, we provide export control education annually for all officers and employees in the Group to raise awareness about compliance. We also provide separate education as necessary for employees engaged in export control. In addition, to improve the expertise of employees engaged in export control, we recommend that they take a "certification exam on export control" held by the Center of Information on Security Trade Control (CISTEC).

We are also working to raise the overall base level of awareness of the Group companies through measures such as the provision of export control education for local staff each time we implement audits.

■ Regions requiring special control

Topcon Group designates nine countries/areas including Iran, Iraq, Cuba, Syria, Russia, Belarus, North Korea, the Crimea Region of Ukraine, and regions of Ukraine controlled by pro-Russian groups (including the self-proclaimed Donetsk People's Republic and the self-proclaimed Luhansk People's Republic), which are subject to special regulations under the Foreign Exchange and Foreign Trade Act of Japan and relevant U.S. laws, as "regions requiring special control" and applies stringent procedures for trade screening and administration. (As of June 2024)

■ Personal Information

Topcon Corporation ("Topcon") will continue to seek to respect and protect each customer's personal data. Topcon will implement following Personal Data Protection Policy in our business activities.

■ Basic Policy

Topcon strictly observes the Personal Data and other relevant laws and regulations.

When Topcon obtains personal data from customers, in case without any individual explanation, we use personal data with the aim of providing the information of the products and services of us or of our affiliated company, etc for the customer and also of showing new or useful information. Topcon may provide and confide data to third parties with a view to analyzing or processing, feeding back, etc for our customer. The information will be handled appropriately in all these processes in accordance with the business activities and scale of us.

Topcon takes rational safety measures against the risk of personal data in cases like unauthorized access and disclosure to personal data or the loss, destruction, alteration, etc.

Topcon has established management system relating to personal data protection and strives to continuously improve.

Topcon responds appropriately to questions, complaints and consultations regarding personal data from customers.

■ Internal Audit Department, and Others

The Company has established the Corporate Audit Division consisting of seven members as an internal audit department. The Division validates the appropriateness and effectiveness of the internal management systems, as described below.

- The Corporate Audit Division aims to contribute to the enhancement of the corporate governance and risk management of the Group. The Corporate Audit Division is responsible for the internal audit process, and develops a system under which the Division validates the appropriateness and effectiveness of the internal management system, including compliance, and reports to the Board of Directors, the Board of Corporate Auditors, and the President & CEO in a timely manner, if a significant issue arises.
- The Corporate Audit Division collaborates with Corporate Auditors and the Accounting Auditor.
- With respect to internal reports, the Corporate Audit Division contributes to the early discovery of risk information, and respond to whistleblower complaints in a prompt and appropriate manner.

■ Whistle Blowing System

Topcon has established a whistleblower hotline (Topcon Whistleblower System) in accordance with the Whistleblower Protection Act, which is available to directors and employees of us and our group companies in Japan. The contact points are offered internally and externally (the contact points are independent of our Group), and reports can be made under real names, anonymously or semi-anonymously.

The system also covers reports of bribery, corruption, discrimination, human rights, and harassment. In addition, to ensure that whistleblowers are NOT treated unfairly, Topcon has put in place thorough measures such as "confidentiality and prohibition of retaliatory actions" to protect whistleblowers. Moreover, the content of the report is promptly reported to the corporate auditors followed by the results of the investigation in a timely manner. In terms of significant risk issues, the responses are reported to the Board of Directors as well. This system is operated to ensure that the whistleblower system functions more effectively.

■ Business risks

Business risks relating to business conditions, financial status, and other matters that may have a significant impact on investor decisions are described in the Annual Securities Report. (https://global.topcon.com/invest/wp-content/uploads/library/Topcon_FY2023_Annual_Securities_Report_EN.pdf)

The risks described in the Report are risks that the Company determined as of the end of March 2024, and the Report does not fully cover every risk related to the Company.





List of officers

As of September 1, 2024















Directors

 <p>Satoshi Hirano Representative Director, Chairman</p> <p>Date of birth December 12, 1957 No. of years served as Director: 14 years</p>	 <p>Takashi Eto Representative Director, President and CEO</p> <p>Date of birth February 18, 1960 No. of years served as Director: 9 years</p>
 <p>Haruhiko Akiyama</p> <p>Director Senior Managing Executive Officer General Manager, Accounting & Finance Div. General Manager, Custom Products Business Promotion Div.</p> <p>Date of birth February 25, 1963 No. of years served as Director: 9 years</p>	 <p>Takayuki Yamazaki</p> <p>Director Senior Managing Executive Officer Executive Vice President, Chief Business Integration Officer, Topcon Positioning Systems, Inc.</p> <p>Date of birth August 10, 1966 No. of years served as Director: 8 years</p>
 <p>Reiko Watanabe</p> <p>Director Managing Executive Officer General Manager, General Administration, Human Resource & Legal Div.</p> <p>Date of birth March 28, 1969 Director: New appointment</p>	 <p>Naoko Yamazaki Director (Outside Director)</p> <p>Date of birth December 27, 1970 No. of years served as Outside Director: 6 years</p>
 <p>Yoshiharu Inaba Director (Outside Director)</p> <p>Date of birth July 23, 1948 No. of years served as Outside Director: 4 years</p>	 <p>Naoki Hidaka Director (Outside Director)</p> <p>Date of birth May 16, 1953 No. of years served as Outside Director: 2 years</p>
 <p>Katsuhiko Teramoto Director (Outside Director)</p> <p>Date of birth December 13, 1955 No. of years served as Outside Director: 1 year</p>	 <p>Hajime Nakai Director (Outside Director)</p> <p>Date of birth March 9, 1953 Outside Director: New appointment</p>

Corporate Auditors

 <p>Shokyu Nakamura Corporate Auditor (full time)</p> <p>Date of birth March 26, 1961 No. of years served as Corporate Auditor: 5 years</p>	 <p>Nobuyuki Ryu Corporate Auditor (full time)</p> <p>Date of birth April 29, 1961 No. of years served as Corporate Auditor: 4 years</p>
 <p>Keiji Taketani Corporate Auditor (Outside Auditor)</p> <p>Date of birth July 8, 1956 No. of years served as Corporate Auditor: 8 years</p>	 <p>Kiyoshi Suzuki Corporate Auditor (Outside Auditor)</p> <p>Date of birth February 18, 1959 No. of years served as Corporate Auditor: 3 years</p>

Executive Officers

 <p>Raymond O'Connor Executive Vice President Chairman, Topcon Positioning Systems, Inc.</p>	 <p>Yoshikuni Ito Managing Executive Officer General Manager, Corporate Planning & Digital Business Operation Div.</p>	 <p>David Alan Mudrick Senior Executive Officer President & CEO, Topcon America Corporation</p>	 <p>Ivan Di Federico Senior Executive Officer General Manager, Positioning Company President & CEO, Topcon Positioning Systems, Inc.</p>
 <p>Hideyuki Takizawa Executive Officer General Manager, Eye Care Business Div.</p>	 <p>Tetsuya Morita Senior Executive Officer General Manager, Smart Infrastructure Business Div.</p>	 <p>Takafumi Kira Executive Officer General Manager, Production Div.</p>	 <p>Keijiro Asayama Executive Officer General Manager, Quality Assurance Div.</p>
 <p>Tsuyoshi Yoshida Executive Officer Vice General Manager, Smart Infrastructure Business Div.</p>	 <p>Shigehiro Ogino Executive Officer Vice General Manager, Eye Care Business Div.</p>	 <p>Takaaki Hirayama Executive Officer Vice General Manager, Corporate Planning & Digital Business Operation Div.</p>	 <p>Arata Kimura Executive Officer Vice General Manager, Smart Infrastructure Div.</p>
 <p>Murray Lodge Executive Officer Executive Vice President, General Manager, Positioning Solution Business Unit, Topcon Positioning Systems, Inc.</p>	 <p>Philip Thach Executive Officer Executive Vice President, Chief Operating Officer, Chief Financial Officer, Topcon Positioning Systems, Inc.</p>		

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		●	●	●			
	Reiko Watanabe		●			●		●
	Naoko Yamazaki (Outside Director)		●	●				●
	Yoshiharu Inaba (Outside Director)	●	●	●				
	Naoki Hidaka (Outside Director)	●	●		●			
	Katsuhiko Teramoto (Outside Director)	●	●		●			
Hajime Nakai (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 ●.

Financial Highlights

Topcon Corporation and Consolidated Subsidiaries

Unit: million yen

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Operating results											
Net sales	116,685	128,569	130,735	128,387	145,558	148,688	138,916	137,247	176,421	215,625	216,497
Positioning Business	—	—	—	—	—	—	—	—	—	—	140,386
Positioning Company	48,959	58,672	61,977	60,602	74,945	77,722	73,989	71,416	96,692	124,731	—
Smart Infrastructure Business	34,621	33,909	32,989	33,091	36,626	36,744	33,398	33,982	39,040	42,163	—
Eye Care Business	38,736	41,240	43,834	43,148	46,515	47,713	44,758	44,251	57,352	66,899	75,172
Other Businesses	6,625	6,558	4,997	3,708	2,493	1,698	1,319	1,165	1,184	1,335	1,167
Elimination	(12,258)	(11,812)	(13,063)	(12,163)	(15,023)	(15,190)	(14,549)	(13,568)	(17,848)	(19,505)	(228)
Overseas sales	89,187	97,568	102,794	98,937	114,847	115,299	108,878	106,041	142,438	176,353	180,006
Operating income	11,730	16,041	8,803	9,551	12,073	13,596	5,381	6,593	15,914	19,537	11,204
Positioning Business	—	—	—	—	—	—	—	—	—	—	9,106
Positioning Company	4,514	6,652	2,385	5,596	8,018	8,358	4,537	6,064	11,548	15,427	—
Smart Infrastructure Business	5,201	5,965	3,909	3,939	5,102	6,393	5,027	4,972	5,821	5,037	—
Eye Care Business	4,003	5,093	4,850	2,598	2,038	2,896	136	122	3,203	3,968	6,715
Other Businesses	(205)	163	196	10	88	(65)	(144)	(536)	(365)	(344)	(177)
Elimination	(1,782)	(1,833)	(2,538)	(2,593)	(3,173)	(3,986)	(4,175)	(4,028)	(4,293)	(4,551)	(4,439)
Ordinary income	11,300	14,880	7,366	7,622	10,674	11,497	2,895	5,587	14,820	17,829	8,857
Profit attributable to owners of the parent	5,963	8,670	4,197	4,395	6,028	6,548	935	2,376	10,699	11,806	4,940
Capital expenditures	3,692	5,070	5,203	4,438	5,138	6,234	8,399	4,206	5,279	8,618	19,332
Depreciation	3,803	3,732	4,715	4,660	5,408	5,983	6,757	7,416	7,763	10,383	12,155
Amortization of goodwill	1,782	1,833	2,546	2,451	2,651	2,145	1,999	1,858	1,912	1,589	2,131
R&D expenditures	9,184	10,677	11,329	10,411	12,964	14,014	15,979	14,916	16,180	20,743	24,200
Free cash flows	4,599	7,951	(23,121)	13,238	5,488	7,844	1,137	10,213	10,748	(2,930)	(17,771)
Financial position											
Shareholders' equity	53,598	63,460	58,311	59,716	65,173	69,037	63,100	69,351	83,491	95,310	108,300
Total assets	135,818	143,181	166,542	158,280	160,747	160,288	161,721	168,210	184,983	207,890	247,029
Interest-bearing liabilities	47,733	44,014	70,442	58,640	53,286	48,554	57,372	52,987	43,362	53,485	79,560
Per share data											
Earnings per share (EPS)	55.21	80.27	38.97	41.46	56.87	61.76	8.87	22.59	101.71	112.16	46.90
Net assets per share (BPS)	496.22	587.52	550.04	563.30	614.78	651.11	600.03	659.31	793.57	905.17	1,027.99
Management indicators											
Gross profit ratio (%)	47.7	51.5	50.2	51.1	51.5	52.8	52.3	49.5	51.1	52.1	53.0
Operating income ratio (%)	10.1	12.5	6.7	7.4	8.3	9.1	3.9	4.8	9.0	9.1	5.2
Net income ratio (%)	5.1	6.7	3.2	3.4	4.1	4.4	0.7	1.7	6.1	5.5	2.3
Ratio of R&D expenditures to net sales (%)	7.9	8.3	8.7	8.1	8.9	9.4	11.5	10.9	9.2	9.6	11.2
Overseas sales ratio (%)	76.4	75.9	78.6	77.1	78.9	77.5	78.4	77.3	80.7	81.8	83.1
Return on assets (ROA) (%)	4.4	6.1	2.7	2.7	3.8	4.1	0.6	1.4	6.1	6.0	2.2
Return on equity (ROE) (%)	11.7	14.8	6.9	7.4	9.7	9.8	1.4	3.6	14.0	13.2	4.9
Price earnings ratio (PER) (times)	30.7	36.7	38.1	48.0	36.5	21.1	90.4	59.4	15.4	15.9	38.0
Price book-value ratio (PBR) (times)	3.4	5.0	2.7	3.5	3.4	2.0	1.3	2.0	2.0	2.0	1.8
Equity ratio (%)	39.5	44.3	35.0	37.7	40.5	43.1	39.0	41.2	45.1	45.8	43.8
Total assets turnover ratio (times/year)	0.88	0.92	0.84	0.79	0.91	0.93	0.86	0.83	1.00	1.10	0.95
D/E ratio (%)	89.1	69.3	120.8	98.1	81.8	70.3	90.9	76.4	51.9	56.1	73.5
Dividend payout ratio (%)	18.1	19.9	61.6	38.6	35.2	38.9	270.7	44.3	35.4	37.4	89.6

Note: Amounts in parentheses represent negative figures/amounts.

Note: In FY2023, the Positioning Company and the Smart Infrastructure Business were integrated into the Positioning Business.

Corporate Profile and Stock Information

Number of Authorized Shares 160,000,000
 Number of Shares 108,322,242
 Issued and Outstanding (including 2,970,328 shares of treasury stock)
 Number of Shareholders 14,509
 Stock Exchange Listing Prime Market, Tokyo Stock Exchange

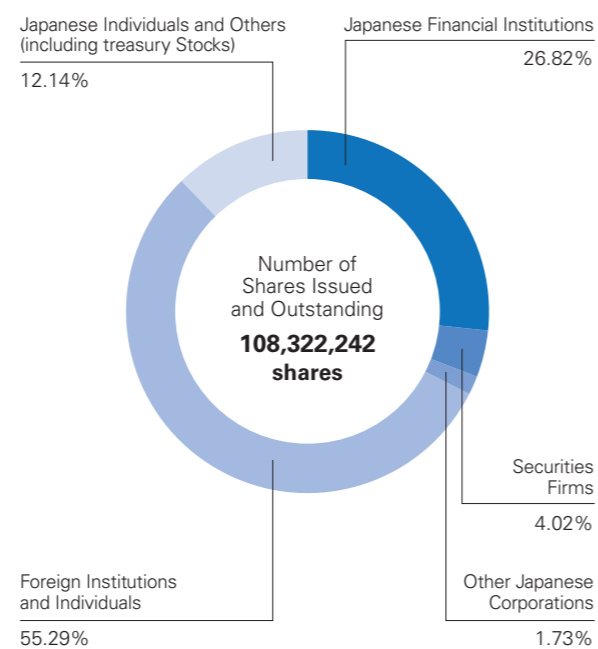
Securities Code 7732
 Number of Shares Per Unit 100
 Transfer Agent for Common Stock Sumitomo Mitsui Trust Bank, Limited
 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
 Ordinary General Meeting of Shareholders June

Major Shareholders (As of March 31, 2024)

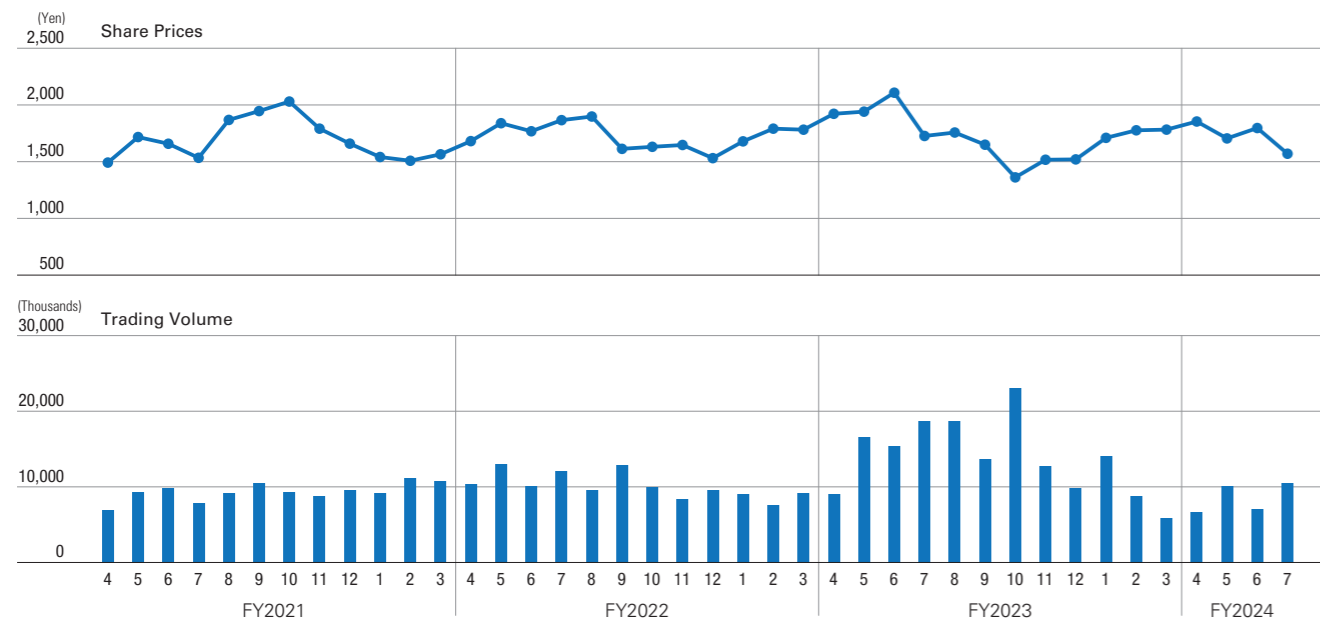
Shareholder	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,201,800	13.48
CGML PB CLIENT ACCOUNT/COLLATERAL	9,754,700	9.25
SSBTC CLIENT OMNIBUS ACCOUNT BRITISH VIRGIN ISLANDS/U.K.	5,441,600	5.16
Custody Bank of Japan, Ltd. (Trust Account)	5,035,200	4.77
GOLDMAN, SACHS & CO. REG	4,451,078	4.22
The Dai-ichi Life Insurance Company, Limited	4,038,000	3.83
STATE STREET BANK AND TRUST COMPANY NY505103	2,638,625	2.50
GIC PRIVATE LIMITED - C	2,235,031	2.12
STATE STREET BANK AND TRUST COMPANY NY505001	2,058,055	1.95
Morgan Stanley MUFG Securities Co., Ltd.	2,023,341	1.92

* The Company's holding of treasury stock (2,970 thousand shares of the total number of issued shares) is not included in the above.

Breakdown by Type of Shareholders As of March 31, 2024



Share Prices and Trading Volume



Corporate Profile (As of March 31, 2024)

Corporate Name TOPCON CORPORATION
 Paid-in Capital ¥16,837 million
 Headquarters 75-1, Hasunuma-cho, Itabashi-ku, Tokyo 174-8580, Japan
 Topcon Group Consolidated subsidiaries 64
 Equity method affiliates 5
 Established September 1, 1932
 Employees 5,556 (consolidated)
 749 (non-consolidated)

External Evaluations <https://global.topcon.com/invest/awards/>

<p>DX Platinum Company 2024-2026</p>	<p>MSCI NIHONKABU ESG Select Leaders Index</p>	<p>FTSE Blossom Japan Sector Relative Index*2</p>
<p>S&P/JPX Carbon Efficient Index</p>	<p>Morningstar GenDi J</p>	<p>CDP Discloser</p>
<p>All Japanese Listed Companies' Website Ranking 2023 AAA</p>	<p>Gomez IR Site Ranking BRONZE 2023</p>	<p>EcoVadis Bronze</p>

Disclaimer

*1 THE INCLUSION OF TOPCON CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF US BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

*2 "FTSE Russell confirms that Topcon Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products."