

These documents have been translated from a part of the Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for these translations or for direct, indirect or any other forms of damages arising from the translations.



Notice of Convocation of the Ordinary General Meeting of Shareholders for the 131st Fiscal Year



A digital transformation
with a human touch



Date and Time

June 26(Wednesday), 2024 at 10:00 a.m. at Japan Time



Place

Head Office of the Company

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

Voting deadline by mail or the Internet

June 25 (Tuesday), 2024 until 5:15 p.m.

Index

Notice of Convocation of the Ordinary General Meeting of Shareholders for the 131st Fiscal Year P3

Reference Documents for the General Meeting of Shareholders P5

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

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

Attachment of Notice of Convocation of the Ordinary General Meeting of Shareholders for the 131st Fiscal Year

Business Report P17

Consolidated Financial Statements P34



Securities Code: 7732



*Topcon for
Human Life*



Topcon will continue to be a company that is needed by our stakeholders with our sharp DX solutions.

To Our Shareholders

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

Topcon's management philosophy is "Topcon contributes to the creation of a prosperous society by solving social issues related to medicine, food, and housing. Since its establishment in 1932, Topcon has continued to innovate with the changing times based on its core technologies in optics and sensing.

Since the 1990s, we have created unique products and solutions that no one had ever thought of by combining our core technologies with cutting-edge technologies through M&As and alliances with overseas technology ventures, thereby uncovering latent customer demand and creating new markets.

Today, under the slogan "Make the world round with sharp DX. Under the catchphrase "Round the world with sharp DX," we aim to realize a prosperous society by proposing DX solutions globally in the business fields of medicine (healthcare), food (agriculture), and housing (construction). In recognition of these efforts, we have been selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange, Inc. as a "Digital Transformation Stock (DX Stock)" for five consecutive years, and in fiscal 2023, we were selected as a "DX Grand Prix Company" as a "company leading the digital age. In 2023, we were selected as a "DX Grand Prix Company" as a "company leading the digital era. We will continue to emphasize "Customer Orientation and Frontline Orientation," listen to the voices of the frontline, and propose unique DX solutions that our customers have not yet discovered, in the spirit of "Think Globally, Act Locally.

In our Mid-term Business Plan 2025, we aim to achieve consolidated net sales of 250 billion yen, operating margin of 10% or higher, and ROE of 13-15%. And we aim to achieve consolidated net sales of 400 billion yen by the 100th anniversary of our founding in 2032.

We will promote ESG (Environmental, Social, and Governance) management in order to continue to be a company that is needed by our stakeholders, while maintaining our customer orientation, hands-on approach, and spirit of challenge.

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

To Shareholders with Voting Rights:

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

Notice of Convocation of the Ordinary General Meeting of Shareholders for the 131st Fiscal Year

Dear Shareholders:

It is our pleasure to inform you of the 131st Ordinary General Meeting of Shareholders of TOPCON CORPORATION (the “Company”). The meeting will be held for the purposes described below.

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

■ The Company’s website:

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

■ Tokyo Stock Exchange Listed Company Search:

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

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

If you are not attending the meeting, you can exercise your voting rights in writing or by electromagnetic means (via the Internet etc.). Please review the Reference Documents for the General Meeting of Shareholders, contained in the matters subject to electronic provision measures, and exercise your voting rights by 5:15 p.m. on Tuesday, June 25, 2024 Japan standard time.

1. Date and Time: Wednesday, June 26, 2024 at 10:00 a.m. Japan time

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

3. Meeting Agenda:

Matters to be reported: The Company’s Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 131st Fiscal Year (from April 1, 2023 to March 31, 2024) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements

Proposals to be resolved:

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

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

(Securities Code: 7732)

Thursday, June 6, 2024

(Date of commencement of electronic provision measures: Thursday, May 30, 2024)

Notes concerning General Meeting of Shareholders

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

Reference Documents for the General Meeting of Shareholders

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

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

The candidates for Director are as follows:

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

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | | Number of shares of the Company held |
|-----|--|---|--|---|
| 1 | <p>[Re-appointment]</p> <p>Satoshi Hirano (December 12, 1957)</p> <p>No. of years served as Director: 14 years</p> <p>Attendance at Board of Directors’ meetings: 100% (13/13)</p> <p>Attendance at Nomination and Compensation Advisory Committee meetings: 100% (7/7)</p> | <p>April 1982</p> <p>April 1996</p> <p>July 2001</p> <p>June 2007</p> <p>June 2010</p> <p>June 2012</p> <p>June 2013</p> <p>April 2023</p> <p>June 2024</p> | <p>Joined the Company</p> <p>Executive Vice President, Topcon Laser Systems, Inc.</p> <p>Senior Executive Vice President, Topcon Positioning Systems, Inc.</p> <p>Executive Officer</p> <p>Director, Executive Officer</p> <p>General Manager, Positioning Business Unit</p> <p>Director, Managing Executive Officer</p> <p>Representative Director, President & CEO</p> <p>Representative Director, Chairman (to present)</p> <p>External Director of the Board, JVCKENWOOD Corporation (expected to assume the post)</p> | 92,835 |
| | | <p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Satoshi Hirano has displayed strong leadership in management over a decade of service as Representative Director, President & CEO since June 2013. By spearheading the Company’s initiatives to solve the societal challenges within healthcare, agriculture and infrastructure, he has made a great contribution to the sustainable growth of the Group. Since assuming office as Representative Director, Chairman in April 2023, he has assisted the current business execution system, appropriately supervised management, and contributed to the appropriate operation of the Board of Directors as its chair. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of its corporate value and thus has selected him as a candidate for Director.</p> | | |
| 2 | <p>[Re-appointment]</p> <p>Takashi Eto (February 18, 1960)</p> <p>No. of years served as Director: 9 years</p> <p>Attendance at Board of Directors’ meetings: 100% (13/13)</p> <p>Attendance at Nomination and Compensation Advisory Committee meetings: 100% (7/7)</p> <p>Attendance at Sustainability Committee meetings: 100% (4/4)</p> | <p>April 1990</p> <p>June 2007</p> <p>July 2009</p> <p>June 2013</p> <p>April 2014</p> <p>April 2015</p> <p>June 2015</p> <p>April 2016</p> <p>April 2018</p> <p>April 2021</p> <p>June 2021</p> <p>April 2022</p> <p>April 2023</p> | <p>Joined the Company</p> <p>Director, President, Topcon Sales Corporation</p> <p>Senior Manager, Global Business Planning Dept., Positioning Business Unit</p> <p>Executive Officer</p> <p>Vice President, Smart Infrastructure Company</p> <p>Deputy General Manager, Eye Care Company</p> <p>General Manager, Eye Care Company</p> <p>Director, Executive Officer</p> <p>Director, Managing Executive Officer</p> <p>General Manager, Sales & Marketing Div.</p> <p>General Manager, Smart Infrastructure Business Div.</p> <p>General Manager, Corporate Planning Div.</p> <p>Director, Senior Managing Executive Officer</p> <p>General Manager, Quality Assurance Div.</p> <p>Representative Director, Senior Managing Executive Officer</p> <p>Representative Director, Executive Vice President</p> <p>Representative Director, President & CEO (to present)</p> | 58,024 |
| | | <p>[Reasons for selection as a candidate for Director]</p> <p>Through many years of involvement in sales & marketing and business planning, Mr. Takashi Eto has achieved outstanding results in terms of sales and profit growth through sales & marketing reform and business reform, and has implemented various measures related to quality assurance. As Representative Director, President & CEO since April 2023, he has moved ahead with the Mid-Term Business Plan, which he played a leading role in establishing, while leading the whole Group and directing the management. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of its corporate value and thus has selected him as a candidate for Director.</p> | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | | Number of shares of the Company held |
|-----|---|---|---|---|
| 3 | [Re-appointment] Haruhiko Akiyama (February 25, 1963) No. of years served as Director: 9 years Attendance at Board of Directors' meetings: 100% (13/13) | April 1986 June 2005 | Joined the Company Senior Manager, Finance Group, General Administration & Accounting Group | 44,040 |
| | | April 2014 June 2014 April 2015 June 2015 April 2016 June 2019 April 2021 April 2023 | Deputy General Manager, General Accounting & Finance Div. Executive Officer Deputy General Manager, General Accounting & Finance Div. Director, Executive Officer General Manager, General Accounting & Finance Div. General Manager, Accounting & Finance Div. (to present) Director, Senior Executive Officer Director, Managing Executive Officer General Manager, Custom Products Business Promotion Div. (to present) Director, Senior Managing Executive Officer (to present) | |
| 4 | [Re-appointment] Takayuki Yamazaki (August 10, 1966) No. of years served as Director: 8 years Attendance at Board of Directors' meetings: 100% (13/13) | April 1989 October 2006 June 2012 | Joined the Company Executive Vice President, Topcon Positioning Systems, Inc. Senior Manager, Corporate Planning Dept., Corporate Strategy Div. | 30,473 |
| | | April 2014 June 2014 June 2016 April 2018 June 2019 January 2021 April 2021 April 2023 | Executive Senior Manager, Corporate Planning Dept. Executive Officer General Manager, Corporate Planning Div. Director, Executive Officer General Manager, Product Development Div. Director, Senior Executive Officer General Manager, R&D Div. Director, Managing Executive Officer General Manager, Manufacturing Div. General Manager, POC-SIB Joint Business Development Div. Director, Senior Managing Executive Officer (to present) Executive Vice President, Chief Business Integration Officer, Topcon Positioning Systems, Inc. (to present) | |
| | | [Reasons for selection as a candidate for Director] Through many years of involvement in finance and accounting, Mr. Haruhiko Akiyama has achieved outstanding results in terms of improvement of finance and accounting. Currently serving as Director, Senior Managing Executive Officer, General Manager of Accounting & Finance Div., and General Manager of Custom Products Business Promotion Div., while appropriately overseeing management, he is mainly engaged in formulation and implementation of financial strategy. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of its corporate value and thus has selected him as a candidate for Director. | | |
| | | [Reasons for selection as a candidate for Director] Through many years of involvement in overseas business, Mr. Takayuki Yamazaki has achieved outstanding results in terms of growth of international business and implemented various measures related to development and product development. Currently serving as Director, Senior Managing Executive Officer of the Company and Executive Vice President and Chief Business Integration Officer of Topcon Positioning Systems, Inc., while appropriately overseeing management, he is mainly engaged in formulation and implementation of strategy for the positioning business. Therefore, the Company judges that he is the ideal person to achieve sustainable enhancement of its corporate value and thus has selected him as a candidate for Director. | | |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|--|---|---|
| 5 | <p>[New appointment]</p> <p>Reiko Watanabe (March 28, 1969)</p> <p>Attendance at Sustainability Committee meetings: 100% (4/4)</p> | <p>November 1993 Joined M&C CONSULTING May 2001 Joined Unify Network Co., Ltd.* November 2002 Joined Chuo Aoyama Audit Corporation July 2004 Transferred to Chuo Aoyama PricewaterhouseCoopers HRS Co., Ltd.* January 2010 Transferred to PricewaterhouseCoopers Co., Ltd.* April 2018 Joined the Company Executive Officer Vice General Manager, General Administration & Legal Div. June 2021 Senior Executive Officer General Manager, General Administration & Legal Div. April 2023 General Manager, General Administration, Human Resource & Legal Div. (to present) April 2024 Managing Executive Officer (to present) *Current PwC Consulting LLC</p> <p>[Reasons for selection as a candidate for Director] Ms. Reiko Watanabe has many years of both global and Japan-based experience as an organizational HR consultant. She has served many companies in areas such as the formulation of human resource transfer and integration plans for organizational restructuring (M&A, PMI), organizational transformation and personnel system revisions. After joining the Company as an Executive Officer in 2018, she has promoted the reform of the organization and human resource management foundation. She has played a central role in formulating the sustainability strategy and building the global team structure as Executive Officer in charge of Sustainability. Since April 2024, she has served as Managing Executive Officer and General Manager of the General Administration, Human Resource & Legal Division, directing general affairs, personnel affairs, and legal affairs. Therefore, the Company judges that she is the ideal person to achieve sustainable enhancement of its corporate value and thus has selected her as a candidate for Director.</p> | 16,147 |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|---|
| 6 | <p>[Re-appointment]</p> <p>Naoko Yamazaki (December 27, 1970)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 6 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p> <p>Attendance at Sustainability Committee meetings: 100% (4/4)</p> | <p>April 1996 Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA)) (retired in August 2011)</p> <p>April 2010 Crew Member of Space Shuttle Discovery as Mission Specialist, participated in construction and supply for ISS</p> <p>July 2012 Member, Committee on National Space Policy, Cabinet Office (retired in July 2022) Provisional Member of that Committee (to present)</p> <p>March 2016 Outside Director, Nabtesco Corporation (retired in March 2020)</p> <p>September 2017 Outside Director, OPTORUN Co., Ltd. (to present)</p> <p>June 2018 Director, the Company (to present)</p> <p>July 2018 Representative Director, Space Port Japan Association (to present)</p> <p>June 2020 Outside Director, FANUC CORPORATION (to present)</p> <p>June 2021 Representative Director, Young Astronauts Club - Japan (to present)</p> <p>October 2022 Project Professor, Keio University Global Research Institute (retired in March 2024)</p> <p>March 2023 12th Space Development and Utilization Committee of Ministry of Education, Culture, Sports, Science and Technology, Japan (Provisional Member, Council for Science and Technology) (to present) Member, Global Environment Subcommittee, Central Environmental Council of Ministry of the Environment (to present)</p> <p>(Significant concurrent positions) Outside Director, OPTORUN Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Ms. Naoko Yamazaki has a wealth of experience and profound insight about the science and technology field and risk management. She has been engaged in cutting-edge aerospace engineering. As an astronaut, she was a crewmember of Space Shuttle Discovery as Mission Specialist and participated in construction and supply for ISS and has experience in conducting crisis management in the harsh, resource-limited environment of spacecraft, and has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected her as a candidate for Outside Director in the expectation that she will continue to oversee management and give advice leveraging her wealth of experience and profound insight mainly concerning the science and technology field and risk management so that the Company, which operates globally and has advanced technology related to space such as GPS, will achieve sustainable enhancement of its corporate value.</p> | 0 |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|--|--|---|
| 7 | <p>[Re-appointment]</p> <p>Yoshiharu Inaba (July 23, 1948)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 4 years</p> <p>Attendance at Board of Directors' meetings: 100% (13/13)</p> <p>Attendance at Nomination and Compensation Advisory Committee meetings: 100% (7/7)</p> | <p>April 1973 Joined Isuzu Motors Limited</p> <p>September 1983 Joined FANUC CORPORATION</p> <p>June 1989 Director, FANUC CORPORATION</p> <p>June 1992 Senior Vice President (Director), FANUC CORPORATION</p> <p>June 1995 Executive Vice President (Director), FANUC CORPORATION</p> <p>May 2001 Senior Executive Vice President (Representative Director), FANUC CORPORATION</p> <p>June 2003 President and CEO (Representative Director), FANUC CORPORATION</p> <p>June 2016 Chairman and CEO (Representative Director), FANUC CORPORATION</p> <p>April 2019 Chairman (Representative Director), FANUC CORPORATION</p> <p>June 2020 Outside Director, the Company (to present)</p> <p>June 2023 Director, Chairman, FANUC CORPORATION (to present)</p> <p>(Significant concurrent position) Director, Chairman, FANUC CORPORATION</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Yoshiharu Inaba has a wealth of experience and profound insight concerning corporate management gained through his many years of service in senior management of a company which operates globally and is a pioneer in factory automation revolution, and has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management and automation technology so that the Company will achieve sustainable enhancement of its corporate value.</p> | 571 |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|--|--|---|
| 8 | <p>[Re-appointment]</p> <p>Naoki Hidaka (May 16, 1953)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 2 years</p> <p>Attendance at Board of Directors’ meetings: 100% (13/13)</p> <p>Attendance at Nomination and Compensation Advisory Committee meetings: 100% (7/7)</p> | <p>April 1976 Joined SUMITOMO CORPORATION</p> <p>April 2001 General Manager, Chicago Branch, Sumitomo Corporation of U.S.A.</p> <p>April 2007 Executive Officer, General Manager of Metal Products for Automotive Industry Division, SUMITOMO CORPORATION</p> <p>April 2009 Managing Executive Officer, Head of Chubu Block, SUMITOMO CORPORATION</p> <p>April 2012 Senior Managing Executive Officer, Head of Kansai Block, SUMITOMO CORPORATION</p> <p>June 2013 Representative Director, Senior Managing Executive Officer, and General Manager, Transportation & Construction Systems Business Unit, SUMITOMO CORPORATION</p> <p>April 2015 Representative Director, Executive Vice President, Executive Officer, and General Manager, Transportation & Construction Systems Business Unit, SUMITOMO CORPORATION</p> <p>June 2018 Special Adviser, SUMITOMO CORPORATION</p> <p>June 2019 Adviser, SUMITOMO CORPORATION (retired in March 2020)</p> <p>June 2020 Outside Director, BROTHER INDUSTRIES, LTD. (to present)</p> <p>March 2021 Outside Director, Nabtesco Corporation (to present)</p> <p>June 2022 Director, the Company (to present)</p> <p>(Significant concurrent positions) Outside Director, BROTHER INDUSTRIES, LTD. Outside Director, Nabtesco Corporation</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Naoki Hidaka has a wealth of experience and profound insight concerning corporate management and overseas business, gained through his many years of service as a Representative Director of a company which operates globally in a wide range of industries and involvement in overseas operations, and has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management and overseas business so that the Company will achieve sustainable enhancement of its corporate value.</p> | 2,997 |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | Number of shares of the Company held |
|-----|---|---|---|
| 9 | <p>[Re-appointment]</p> <p>Katsuhiro Teramoto (December 13, 1955)</p> <p>(Outside Director) (Independent Director)</p> <p>No. of years served as Outside Director: 1 year</p> <p>Attendance at Board of Directors' meetings: 100% (10/10)</p> | <p>April 1979 Joined Kobe Steel, Ltd.</p> <p>April 2007 Joined Nabtesco Corporation</p> <p>June 2009 General Manager, Planning Department, Accessibility Innovations Company, Nabtesco Corporation</p> <p>June 2011 Executive Officer, Nabtesco Corporation</p> <p>August 2012 Vice President and General Manager, Planning Department, Accessibility Innovations Company, Nabtesco Corporation</p> <p>February 2013 Deputy Senior General Manager, Corporate Planning Division and General Manager, Corporate Planning Department, Nabtesco Corporation</p> <p>June 2015 Representative Director, Managing Executive Officer and Senior General Manager of Corporate Planning Division, Nabtesco Corporation</p> <p>March 2017 Representative Director, President and Chief Executive Officer, Nabtesco Corporation</p> <p>March 2022 Representative Director, Chairman of the Board, Nabtesco Corporation</p> <p>March 2023 Director, Chairman of the Board, Nabtesco Corporation (retired in March 2024)</p> <p>June 2023 Director, the Company (to present)</p> <p>[Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Katsuhiro Teramoto has a wealth of experience and profound insight concerning corporate management and overseas business, gained through his many years of service leading management of a company which operates globally with advanced technology, and has been appropriately overseeing management as an Outside Director. Therefore, the Company has selected him as a candidate for Outside Director in the expectation that he will continue to oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning corporate management so that the Company will achieve sustainable enhancement of its corporate value.</p> | 0 |

| No. | Name (Date of birth) | Career summary, positions and responsibilities at the Company and significant concurrent positions | Number of shares of the Company held | |
|---|---|---|--|---|
| 10 | [New appointment] Hajime Nakai (March 9, 1953) (Outside Director) (Independent Director) | April 1976 | Joined Industrial Bank of Japan, Ltd. (current Mizuho Bank, Ltd.) | 0 |
| | | June 1999 | General Manager, New York Sales Department I of Industrial Bank of Japan, Ltd. and President of Industrial Bank of Japan Trust Company | |
| | | April 2004 | Executive Officer, Mizuho Corporate Bank, Ltd. (current Mizuho Bank, Ltd.) | |
| | | April 2005 | Managing Executive Officer, Mizuho Securities Co., Ltd. | |
| | | April 2007 | Adviser of Central Glass Co., Ltd. | |
| | | June 2007 | Executive Managing Officer, Central Glass Co., Ltd. | |
| | | June 2009 | Director, Executive Managing Officer, Central Glass Co., Ltd. | |
| | | June 2012 | Representative Director, Senior Executive Managing Officer, Central Glass Co., Ltd. | |
| | | June 2016 | Special Advisor, Central Glass Co., Ltd. (retired in March 2018) | |
| | | March 2017 | Outside Auditor, SHIZUOKA GAS CO., LTD. (retired in March 2021) | |
| | | April 2017 | Chief Ceremony Officer, The Tokyo Organising Committee of the Olympic and Paralympic Games | |
| | | June 2017 | Outside Director, Utoc Corporation | |
| | | May 2020 | Ceremony Advisor, The Tokyo Organising Committee of the Olympic and Paralympic Games (retired in September 2021) | |
| June 2022 | Advisor, Utoc Corporation (retired in March 2023) | | | |
| [Reasons for selection as a candidate for Outside Director and summary of expected roles] Mr. Hajime Nakai has a wealth of experience and profound insight concerning finance and accounting in the areas of corporate finance and international finance, etc. He has also served as a representative director of a company that operates globally. Therefore, the Company has selected him as a new candidate for Outside Director in the expectation that he will oversee management and give advice leveraging his wealth of experience and profound insight mainly concerning international operations and finance and accounting so that the Company will achieve sustainable enhancement of its corporate value. | | | | |

(Notes)

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

contracts with them. In addition, if the election of Mr. Hajime Nakai, a candidate for Outside Director, is approved, the Company intends to conclude a contract of the same nature with him.

4. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance contract covers damages that may arise due to the insured persons assuming liability for the execution of their duties or receiving a claim pertaining to the pursuit of such liability. However, there are certain exemptions, such as in case of claims for damages related to violation of laws and regulations that the insured person has caused intentionally. If the re-appointment or election of each candidate is approved, each candidate will be included as the insured person in this insurance contract. The Company plans to renew this insurance contract in July this year.
5. FANUC CORPORATION, of which Outside Director candidate Mr. Yoshiharu Inaba is Director and Chairman and Outside Director candidate Ms. Naoko Yamazaki is Outside Director, has been suspected of testing the Company's products in a state that is not conformant with harmonized standards in accordance with Europe's EMC Directive. Ms. Naoko Yamazaki was not previously aware of the facts of this matter, but as an Outside Director in FANUC, she satisfied her responsibilities by calling for attention to be paid to the importance of legal and regulatory compliance and providing compliance recommendations, etc., at FANUC Board of Directors meetings. After discovering the facts of this suspicion, she has taken necessary respond including recommending a full-scale investigation be performed to gain a full and thorough understanding of the issue.

(Reference)

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

| | Name | Corporate Management Experience | Global Business | Technology / Manufacturing / Science | Business Strategy / Marketing | Legal / Risk Management | Finance / Accounting | ESG / Social Contribution |
|-------------------|--------------------|---------------------------------|-----------------|--------------------------------------|-------------------------------|-------------------------|----------------------|---------------------------|
| Director | Satoshi Hirano | ● | ● | | | | | ● |
| | Takashi Eto | ● | ● | | ● | | | |
| | Haruhiko Akiyama | | ● | | | ● | ● | |
| | Takayuki Yamazaki | | ● | ● | ● | | | |
| | Reiko Watanabe | | ● | | | ● | | ● |
| | Naoko Yamazaki | Outside Director | ● | ● | | | | ● |
| | Yoshiharu Inaba | Outside Director | ● | ● | ● | | | |
| | Naoki Hidaka | Outside Director | ● | ● | | ● | | |
| | Katsuhiro 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 ●.

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

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

| Name (Date of birth) | Career summary | Number of shares of the Company held | |
|---|----------------|--|---|
| Tsuyoshi Inoue (April 4, 1952) (Outside Corporate Auditor) | April 1976 | Joined Japan Development Bank (currently Development Bank of Japan Inc.) | 0 |
| | June 2004 | General Manager, Tohoku Branch, Development Bank of Japan Inc. | |
| | June 2006 | Auditor, Development Bank of Japan Inc. | |
| | October 2008 | Audit & Supervisory Board Member, Development Bank of Japan Inc. | |
| | June 2010 | Managing Director, Japan Nuclear Fuel Ltd. | |
| | June 2013 | Director, Managing Executive Officer, JAPAN NUCLEAR FUEL LIMITED (retired in June 2014) | |
| | June 2014 | President and Representative Director, Value Management Institute, Inc. (retired in June 2017) Outside Auditor, Mitsubishi Paper Mills Limited (retired in June 2018) | |
| | June 2015 | Audit & Supervisory Board Member (Outside), FUJI OIL CO., LTD. (retired in June 2023) | |
| | June 2016 | President and Representative Director, Japan Economic Research Institute Inc. (retired in June 2017) Outside Director, Topy Industries, Ltd. (retired in June 2020) | |
| | July 2021 | Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD. (to present) (Significant concurrent position) Outside Director (Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD. | |
| [Reasons for selection as a candidate for Substitute Outside Corporate Auditor] Mr. Tsuyoshi Inoue has a wealth of experience and profound insight concerning business administration, finance and accounting, gained through his many years of service at a financial institution and involvement in corporate management. Therefore, the Company judges that he is capable of appropriately fulfilling duties as an Outside Corporate Auditor of the Company, and thus selected him as a candidate for Substitute Outside Corporate Auditor. | | | |

(Notes)

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

Business Report

1. Matters Concerning the Current Status of the Topcon Group

(1) Progress and Results of Operations

In fiscal year 2023, ended March 31, 2024, the outlook for the economic environment remained uncertain impacted mainly by prolonged monetary tightening and receding expectations for monetary easing primarily in Europe and the U.S., as well as the prolonged conflict between Russia and Ukraine and Israel's invasion of Gaza.

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

In this context, the Group's consolidated performance in fiscal year 2023 was as follows.

In fiscal year 2023, the Topcon Group's consolidated net sales increased by 0.4% year on year to ¥216,497 million, mainly due to continued strong sales in the Eye Care business that, combined with a tailwind from the weak yen, offset lower sales in the Positioning Business. In terms of profits, due to a decrease in sales (without foreign exchange effects) fell below the previous fiscal year, it was not possible to absorb increases in costs such as labor costs and development costs. As a result, operating profit came to ¥11,204 million, a decrease of 42.6% year on year, and ordinary profit was ¥8,857 million, a decrease of 50.3% year on year. Profit attributable to owners of the parent was ¥4,940 million, a decrease of 58.2% year on year. This was due to the effects of impairment losses recorded in the first quarter, litigation expenses recorded in the third quarter, and restructuring expenses recorded in the fourth quarter.

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

Positioning Business

Principal Products

Total stations, 3D laser scanners, IT construction system, IT agriculture system, GNSS receivers for surveying, laser products, 3D mobile mapping systems, software (construction management, surveying and civil engineering, 3D point cloud processing/modeling, etc.)

In the Positioning Business, net sales decreased 4.9% year on year to ¥140,386 million yen as sales fell in the United States, 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 yen, as the effects of measures for suppress selling, general and administrative expenses taken to deal with the decrease in net sales were not sufficient.

Eye Care Business

Principal Products

3D optical coherence tomography systems (3D OCT), retinal cameras, auto refractometers/auto kerato-refractometers, slit lamps, tonometers, lensmeters, optical laser photocoagulators, software (ophthalmologic image filing and data management, electronic ophthalmologic medical records, etc.), optometry systems.

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 growth 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.

(2) Capital Investment

Total capital expenditures for the Topcon Group amounted to ¥19,332 million in fiscal year 2023. By business segment, capital expenditures were ¥10,928 million for the Positioning Business, and ¥7,832 million for the Eye Care Business.

(3) R&D

The Topcon Group's R&D expenditure amounted to ¥24,200 million in fiscal year 2023. The Group is conducting vigorous R&D. The Company's R&D unit and technology departments and technology departments of subsidiaries in the United States and Europe are engaged in R&D.

(4) Financing

The Company issued unsecured straight bonds in June 2023 and procured ¥20,000 million as funds for R&D and capital investments, as well as for repaying borrowings.

(5) Significant business Combinations

Not applicable

(6) Financial Position and Earnings

| | | 127th term FY2019 | 128th term FY2020 | 129th term FY2021 | 130th term FY2022 | 131st term FY2023 |
|---|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net sales | (Millions of yen) | 138,916 | 137,247 | 176,421 | 215,625 | 216,497 |
| Operating profit | (Millions of yen) | 5,381 | 6,593 | 15,914 | 19,537 | 11,204 |
| Operating profit ratio | (%) | 3.9 | 4.8 | 9.0 | 9.1 | 5.2 |
| Ordinary profit | (Millions of yen) | 2,895 | 5,587 | 14,820 | 17,829 | 8,857 |
| Profit attributable to owners of parent | (Millions of yen) | 935 | 2,376 | 10,699 | 11,806 | 4,940 |
| Profit attributable to owners of parent per share | (yen) | 8.87 | 22.59 | 101.71 | 112.16 | 46.90 |
| Total assets | (Millions of yen) | 161,721 | 168,210 | 184,983 | 207,890 | 247,029 |
| Net assets | (Millions of yen) | 64,659 | 70,687 | 85,150 | 97,040 | 110,298 |
| Shareholders' equity ratio | (%) | 39.0 | 41.2 | 45.1 | 45.8 | 43.8 |
| Shareholders' equity per share | (yen) | 600.03 | 659.31 | 793.57 | 905.17 | 1,027.99 |
| Return on equity (ROE) | (%) | 1.4 | 3.6 | 14.0 | 13.2 | 4.9 |

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

(7) Parent Company and Significant Subsidiaries (as of March 31, 2024)

1) Relationship with the parent company

Not applicable

2) Significant subsidiaries

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

Notes: 1. The Company has 64 consolidated subsidiaries including the significant subsidiaries listed above.

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

(8) Issues to Be Addressed

We started the three-year Mid-Term Business Plan 2025 outlined below with the current fiscal year 2023 (FY2023) as the first year. We implemented the first year of each strategic measure set forth in the plan.

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

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

Management vision

 医
Healthcare

 食
Agriculture

 住
Infrastructure

Expanding our businesses and solving the societal challenges within the growing markets of healthcare, agriculture and infrastructure

| | | |
|--|--|--|
| <p style="text-align: center; font-weight: bold; margin: 0;">Societal challenges</p> <ul style="list-style-type: none"> - Increase in eye disease resulting from global population aging - Global shortage of ophthalmologists | <p style="text-align: center; font-weight: bold; margin: 0;">Societal challenges</p> <ul style="list-style-type: none"> - Food shortages resulting from global population growth - Decreases in crop production and damage caused by global warming and extreme weather events | <p style="text-align: center; font-weight: bold; margin: 0;">Societal challenges</p> <ul style="list-style-type: none"> - Shortage of skilled engineers resulting from globally rising infrastructure demands - Intensifying and frequent disasters associated with climate change |
|--|--|--|

Innovating Healthcare, Agriculture and Infrastructure through DX

| | | |
|--|---|---|
| <p style="text-align: center; font-weight: bold; margin: 0;">Creating a system for eye disease screening</p> <p style="text-align: center; font-size: 0.8em; margin-top: 5px;"> Preventive (Screening) → Diagnosis and Treatment → Prognosis (Follow-up) </p> <p style="text-align: center; font-size: 0.7em; margin-top: 5px;"> ← Screening examination becomes available at the places other than ophthalmology → </p> | <p style="text-align: center; font-weight: bold; margin: 0;">Automation of farm operations</p> <p style="text-align: center; font-size: 0.8em; margin-top: 5px;"> Planning → Seeding → Growing → Harvesting </p> <p style="text-align: center; font-size: 0.7em; margin-top: 5px;"> Auto steering and unification of data management </p> | <p style="text-align: center; font-weight: bold; margin: 0;">Automation of construction process</p> <p style="text-align: center; font-size: 0.8em; margin-top: 5px;"> Survey → Design → Construction → Inspection </p> <p style="text-align: center; font-size: 0.7em; margin-top: 5px;"> Unification of construction work flow </p> |
|--|---|---|

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

The basic policy of Mid-Term Business Plan 2025 is to “pursue a 100-year venture for sustainable growth,” and we have positioned it as a 3-year mid-term business plan that will be our first step in preparing for the Company’s 100th anniversary. We will engage in business challenges under the three basic strategies presented in the figure below, pursuing growth strategies in each business.

In fiscal year 2023, the first year of Mid-Term Business Plan 2025, we have implemented strategic measures in each domain as presented in the figure below.

| | | | | |
|------------------------------------|----------------------|---|--|--|
| Long-term numerical vision | | Aim for sales of ¥400.0 billion by the 100th anniversary (2032) | | |
| Mid-Term Business Plan 2025 | | Challenging to sustainably growing 100 year venture Three Pillars Supporting Sustainable Growth | | |
| | | Deepening Customer Orientation Remain a company in need | Reforming the Foundation Establish an efficient organization | DX Acceleration Continue to create the next growth 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 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 Developing solutions with advanced hardware at its core | <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"> 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 | |

(9) Principal Offices (as of March 31, 2024)

1) The Company

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

2) Subsidiaries

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

(10) Employees (as of March 31, 2024)

| Business category | Number of employees | Increase (Decrease) from the previous fiscal year-end |
|----------------------|---------------------|---|
| Positioning Business | 3,193 | -81 |
| Eye Care Business | 2,131 | +137 |
| Other | 232 | -43 |
| Total | 5,556 | +13 |

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

(11) Principal Lenders and (as of March 31, 2024)

| Lender | Outstanding borrowings |
|-------------------------------------|------------------------|
| Sumitomo Mitsui Banking Corporation | 11,789 million yen |
| MUFG Bank, Ltd. | 8,323 million yen |
| Mizuho Bank, Ltd. | 5,525 million yen |

2. Status of Shares (as of March 31, 2024)

| | |
|---------------------------------|--|
| (1) Number of Shares Authorized | 160,000,000 shares |
| (2) Number of Shares Issued | 108,322,242 shares (Including 2,970,328 shares of treasury stock) |
| (3) Number of Shareholders | 14,509 |
| (4) Major Shareholders | |

| Shareholder name | Number of shares held (shares) | Percentage of shares held |
|--|--------------------------------|---------------------------|
| 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 COMPANY505103 | 2,638,625 | 2.50% |
| GIC PRIVATE LIMITED - C | 2,235,031 | 2.12% |
| STATE STREET BANK AND TRUST COMPANY505001 | 2,058,055 | 1.95% |
| Morgan Stanley MUFG Securities Co., Ltd. | 2,023,341 | 1.92% |

The Company's holding of treasury stock (2,970,328 shares of the total number of issued shares) is not included in the above. Shareholding ratio is calculated by deducting the number of treasury stocks from total shares issued.

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

The Company grants restricted stocks to Directors (excluding Outside Directors) with the aim of providing an incentive for Directors to enhance the corporate value of the Company and promoting further shared value with shareholders. A total of 33,400 shares were delivered to four (4) Directors (excluding Outside Directors) in fiscal year 2023, as consideration for the execution of duties.

3. Matters Concerning the Subscription Rights to Shares

- (1) Status of subscription rights to shares held by the Company's Directors as of March 31, 2024, which were issued as compensation for their execution of duties.
Not applicable.
- (2) Status of subscription rights to shares issued to the Company's employees as compensation for their execution of duties during fiscal 2023.
Not applicable.

4. Matters Concerning Officers

(1) Directors and Corporate Auditors (as of March 31, 2024)

| Positions | Name | Responsibilities and significant concurrent positions |
|--|--------------------|---|
| Representative Director, Chairman | Satoshi Hirano | |
| Representative Director President & CEO | Takashi Eto | CEO |
| Director | Haruhiko Akiyama | Senior Managing Executive Officer General Manager of Accounting & Finance Div. General Manager of Custom Products Business Promotion Div. |
| Director | Takayuki Yamazaki | Senior Managing Executive Officer Executive Vice President, Chief Business Integration Officer, Topcon Positioning Systems, Inc. |
| Director | Kaoru Kumagai | Managing Executive Officer General Manager, Research & Development Div. |
| Director | Akira Sudo | Science and Technology Advisor to Cabinet Office |
| Director | Naoko Yamazaki | Outside Director, OPTORUN Co., Ltd. Representative Director, Space Port Japan Association Outside Director, FANUC CORPORATION Project Professor, Keio University Global Research Institute |
| Director | Yoshiharu Inaba | Director, Chairman, FANUC CORPORATION |
| Director | Naoki Hidaka | Outside Director, BROTHER INDUSTRIES, LTD. Outside Director, Nabtesco Corporation |
| Director | Katsuhiro Teramoto | |
| Corporate Auditor (full time) | Shokyū Nakamura | |
| Corporate Auditor (full time) | Nobuyuki Ryu | |
| Corporate Auditor | Keiji Taketani | Outside Corporate Auditor (full time), Ekitan & Co., Ltd. |
| Corporate Auditor | Kiyoshi Suzuki | |

- Notes:
- Directors Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba, Mr. Naoki Hidaka and Mr. Katsuhiro Teramoto are Outside Directors.
 - Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki are Outside Corporate Auditors.
 - The Company has designated Directors Mr. Akira Sudo, Ms. Naoko Yamazaki, Mr. Yoshiharu Inaba, Mr. Naoki Hidaka and Mr. Katsuhiro Teramoto and Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and submitted notifications to the said exchange.
 - Corporate Auditors Mr. Keiji Taketani and Mr. Kiyoshi Suzuki have in-depth knowledge of finance and accounting based on extensive experience in business administration and extensive knowledge in the financial business, respectively.
 - Changes of Directors and Corporate Auditors during fiscal year 2023 are as follows:
 - Assumption of office
The election of Mr. Katsuhiro Teramoto as Director was approved at the 130th Ordinary General Meeting of Shareholders held on June 28, 2023, and he assumed office.
 - Retirement
Director Mr. Kazuyuki Matsumoto retired from the position of Director at the conclusion of the 130th Ordinary General Meeting of Shareholders held on June 28, 2023, due to expiry of his term of office.
 - Changes in significant concurrent positions
Director Mr. Yoshiharu Inaba resigned as Representative Director of FANUC CORPORATION on June 29, 2023.
Director Mr. Katsuhiro Teramoto resigned as Director, Chairman of the Board, Nabtesco Corporation on March 26, 2024.

(2) Outside Directors/Auditors

| Position | Name | Attendance | Main activities and overview of duties executed regarding roles that an Outside Director is expected to play |
|---------------------------|--------------------|---|---|
| Outside Director | Akira Sudo | [Board of Directors' meetings] 13/13 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the technology field, as well as fulfilled appropriate roles including overseeing management and providing advice. |
| | Naoko Yamazaki | [Board of Directors' meetings] 13/13 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning the science and technology field and risk management, as well as fulfilled appropriate roles including overseeing management and providing advice. |
| | Yoshiharu Inaba | [Board of Directors' meetings] 13/13 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management and automation technology, as well as fulfilled appropriate roles including overseeing management and providing advice. |
| | Naoki Hidaka | [Board of Directors' meetings] 13/13 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management and overseas business, as well as fulfilled appropriate roles including overseeing management and providing advice. |
| | Katsuhiro Teramoto | [Board of Directors' meetings] 10/10 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning corporate management and overseas business, as well as fulfilled appropriate roles including overseeing management and providing advice. |
| Outside Corporate Auditor | Keiji Taketani | [Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 14/14 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning business administration. |
| | Kiyoshi Suzuki | [Board of Directors' meetings] 13/13 [Board of Corporate Auditors' meetings] 14/14 | Provided opinions as necessary, mainly based on a wealth of experience and profound insight concerning finance. |

- Notes:
1. Although Director Mr. Akira Sudo was a Science and Technology Advisor to the Cabinet Office, no special relationship exists between the Company and the Cabinet Office.
 2. Although Director Ms. Naoko Yamazaki is an Outside Director of Oporun Co., Ltd., the Representative Director of Space Port Japan Association, an Outside Director of FANUC CORPORATION and a Project Professor of Keio University Global Research Institute, no special relationship exists between the Company and any of these companies or the university.
 3. Although Director Mr. Yoshiharu Inaba is a Director, Chairman of FANUC CORPORATION, no special relationship exists between the Company and FANUC CORPORATION.
 4. Although Director Mr. Naoki Hidaka is an Outside Director of BROTHER INDUSTRIES, LTD. and an Outside Director of Nabtesco Corporation, no special relationship exists between the Company and either of these companies.
 5. Although Director Mr. Katsuhiro Teramoto was a Director, Chairman of the Board of Nabtesco Corporation until March 26, 2024, no special relationship exists between the Company and Nabtesco Corporation.
 6. Although Corporate Auditor Mr. Keiji Taketani is an Outside Corporate Auditor (full time) of Ekitan & Co., Ltd., no special relationship exists between the Company and Ekitan & Co., Ltd.
 7. Pursuant to provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded a contract with each of the Outside Directors and the Outside Corporate Auditors that limits their liability for damages caused by their negligence in performing their duties to the amount prescribed by laws and regulations.
 8. Since the election of Mr. Katsuhiro Teramoto as Director was approved at the 130th Ordinary General Meeting of Shareholders held on June 28, 2023, and he assumed office, the attendance at the Board of Directors' meetings held on and after the date is indicated.

(3) Compensation for Directors and Corporate Auditors

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

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

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

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

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

1) Fixed compensation

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

2) Performance-linked compensation

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

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

- The financial results of fiscal year 2023, an indicator which constitutes the basis for performance-linked compensation, were consolidated profit attributable to owners of the parent of ¥4,940 million and ROE of 4.9%, and cumulative performance during the period of the Mid-Term Business Plan was consolidated profit attributable to owners of the parent of ¥4,940 million and ROE of 4.9% (average).

3) Restricted stock compensation

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

for such restricted stocks.

4) Compensation composition ratio

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

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

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

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

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

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

(Millions of yen)

| Classification | Total amount of compensation | Total amount of each form of compensation | | | Number of eligible officers |
|---|------------------------------|---|---------------------------------|---------------------------|-----------------------------|
| | | Fixed compensation | Performance-linked compensation | | |
| | | | Short-term and medium-term | Non-monetary compensation | |
| Directors (excluding Outside Directors) | 326 | 196 | 63 | 66 | 4 |
| Outside Directors | 69 | 69 | – | – | 6 |
| Corporate Auditors (excluding Outside Corporate Auditors) | 37 | 37 | – | – | 2 |
| Outside Corporate Auditors | 16 | 16 | – | – | 2 |

Notes: 1. Non-monetary compensation is the amount of expenses recorded during fiscal year 2023 as restricted stock compensation.

2. One (1) 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 Directors.

5. Matters Concerning Directors and Officers Liability Insurance Agreement

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

The outline of this agreement is as follows.

(1) Scope of insured person

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

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

The Company bears the total amount of the insurance premium.

(3) Outline of insured events to be covered.

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

6. Accounting Auditor

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

(2) Amount of Remuneration

| | Amount paid |
|---|-----------------|
| 1) Amount of remuneration etc. for fiscal year 2023 | 98 million yen |
| 2) Total amount of cash and other material benefits payable to the Accounting Auditor by the Company and its subsidiaries | 101 million yen |

- Notes: 1. The Company's Board of Corporate Auditors obtained necessary information and reports from Directors, the internal organizations concerned, and the Accounting Auditor and reviewed the Accounting Auditor's audit plan, the status of performance of duties of accounting audit, and the basis for calculation of remuneration estimates. As a result of deliberation, the Board of Corporate Auditors judged them to be appropriate and gave approval for the amount of remuneration of the Accounting Auditor.
2. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Act are not distinguished. Accordingly, the amount shown in 1) above includes the amount of remuneration for audits based on the Financial Instruments and Exchange Act.
3. The Company's overseas subsidiaries are audited by audit firms (including individuals who have equivalent foreign qualifications) other than the Company's Accounting Auditor.
4. We pay the Accounting Auditor consideration for preparation of a comfort letter, which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

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

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

7. Company's Structure and Policies

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

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

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

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

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

4. System to Ensure the Efficient Execution of Director Duties

- 1) The Board of Directors meets, in principle, once per month (and on other occasions as needed) to deliberate on issues and receive reports about regular agenda items related to management policies, laws, articles of incorporation, or other important matters related to the management of the Company, practicing and strengthening the supervisory function over the Company.
- 2) Day-to-day execution is entrusted to Executive Officers. The Executive Officer Committee shall be established to deliberate on important business execution issues within the scope of the decision-making authority of the president based on the internal rules and make decisions, in order to ensure sufficient and substantive discussion by the Board of Directors and swift decision-making.
- 3) Business shall be executed in accordance with appropriate procedures defined in the internal rules, including “Regulations of the Board of Directors”, “Executive Officers Regulations”, “Group Governance Rules”, and “Business Organization Regulations”.

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

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

6. Matters related to Employees Asked to Assist Corporate Auditors

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

7. Matters related to Employee Independence from Directors

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

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

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

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

9. System to Ensure Practicality of Corporate Auditor Audits

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

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

1. Performance of duties by directors

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

2. Compliance with laws and regulations and risk management

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

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

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

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

3. Ensuring reliability and appropriateness of financial reporting

To ensure reliability and appropriateness of financial reporting, the Company evaluated effectiveness of internal controls in fiscal year 2023.

4. Performance of duties by corporate auditors

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

(3) Dividend Policy

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

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

Regarding the dividends from surplus for fiscal year 2023, based on the Company's basic policy of distributing profits in accordance with the growth of consolidated profits, the interim dividend was 20 yen per share (compared with 20 yen per share for fiscal year 2022), as planned at the beginning of the year. Moreover, the Company paid a year-end dividend of 22 yen per share (compared with the year-end dividend of 22 yen per share for fiscal year 2022), bringing the full-year dividend payment to 42 yen per share (compared with the full-year dividend of 42 yen per share for fiscal year 2022).

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

8. Other Significant Matters concerning the Company's Status

Not applicable

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

| | FY2023 | FY2022 (Reference) |
|--|----------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,623 | 17,660 |
| Notes and accounts receivable – trade | 48,067 | 47,454 |
| Merchandise and finished goods | 26,758 | 24,309 |
| Work in process | 2,084 | 2,048 |
| Raw materials and supplies | 28,569 | 25,151 |
| Other | 11,171 | 8,375 |
| Allowance for doubtful accounts | (1,723) | (1,925) |
| Total current assets | 134,551 | 123,074 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 10,856 | 9,830 |
| Machinery, equipment and vehicles, net | 6,654 | 4,351 |
| Land | 4,491 | 3,937 |
| Leased assets | 9,151 | 8,434 |
| Construction in progress | 3,825 | 1,524 |
| Other, net | 5,263 | 4,770 |
| Total property, plant and equipment | 40,242 | 32,848 |
| Intangible assets | | |
| Goodwill | 15,764 | 8,994 |
| Software | 9,315 | 11,650 |
| Other | 16,214 | 9,683 |
| Total intangible assets | 41,295 | 30,328 |
| Investments and other assets | | |
| Investment securities | 6,017 | 3,225 |
| Long-term loans receivable | 477 | 343 |
| Deferred tax assets | 19,010 | 13,849 |
| Other | 5,446 | 4,230 |
| Allowance for doubtful accounts | (11) | (11) |
| Total investments and other assets | 30,940 | 21,638 |
| Total non-current assets | 112,478 | 84,815 |
| Total assets | 247,029 | 207,890 |

| | FY2023 | FY2022 (Reference) |
|---|----------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 15,394 | 16,389 |
| Short-term loans payable | 27,154 | 20,712 |
| Lease obligations | 3,306 | 2,770 |
| Accrued expenses | 11,169 | 12,313 |
| Income taxes payable | 3,131 | 1,486 |
| Provision for product warranties | 1,791 | 1,890 |
| Other | 11,176 | 11,719 |
| Total current liabilities | 73,123 | 67,282 |
| Non-current liabilities | | |
| Bonds payable | 40,000 | 20,000 |
| Long-term loans payable | 1,554 | 2,058 |
| Lease obligations | 7,544 | 7,943 |
| Deferred tax liabilities | 5,646 | 4,353 |
| Provision for directors' retirement benefits | 20 | 42 |
| Retirement benefit liability | 2,275 | 4,470 |
| Other | 6,564 | 4,698 |
| Total non-current liabilities | 63,606 | 43,567 |
| Total liabilities | 136,730 | 110,850 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 16,837 | 16,780 |
| Capital surplus | 20,739 | 20,682 |
| Retained earnings | 53,151 | 52,635 |
| Treasury shares | (3,172) | (3,171) |
| Total shareholders' equity | 87,556 | 86,926 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,579 | 891 |
| Deferred gains or losses on hedges | – | 14 |
| Foreign currency translation adjustment | 17,810 | 7,313 |
| Remeasurements of defined benefit plans | 1,354 | 164 |
| Total accumulated other comprehensive income | 20,743 | 8,384 |
| Subscription rights to shares | 63 | 63 |
| Non-controlling interests | 1,934 | 1,666 |
| Total net assets | 110,298 | 97,040 |
| Total liabilities and net assets | 247,029 | 207,890 |

Consolidated Statement of Income
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | FY2023 | FY2022 (Reference) |
|---|----------------|-----------------------|
| Net sales | 216,497 | 215,625 |
| Cost of sales | 101,731 | 103,223 |
| Gross profit | 114,766 | 112,401 |
| Selling, general and administrative expenses | 103,561 | 92,864 |
| Operating profit | 11,204 | 19,537 |
| Non-operating income | | |
| Interest income | 336 | 189 |
| Dividend income | 66 | 54 |
| Foreign exchange gains | 210 | 137 |
| Gain on valuation of investment securities | 221 | – |
| Insurance claim income | – | 280 |
| Other | 351 | 254 |
| Total non-operating income | 1,186 | 917 |
| Non-operating expenses | | |
| Interest expenses | 2,228 | 1,058 |
| Interest on other liabilities | 146 | 231 |
| Share of loss of entities accounted for using equity method | 246 | 344 |
| Loss on valuation of investment securities | – | 567 |
| Other | 912 | 421 |
| Total non-operating expenses | 3,534 | 2,624 |
| Ordinary profit | 8,857 | 17,829 |
| Extraordinary income | | |
| Gain on sale of investment securities | 394 | – |
| Gain on sale of shares of subsidiaries and associates | 760 | – |
| Insurance claim income | 801 | – |
| Total extraordinary income | 1,956 | – |
| Extraordinary losses | | |
| Impairment loss | 1,434 | 880 |
| Extra retirement payments | 1,070 | – |
| Loss on litigation | 3,420 | – |
| Loss on sale of shares of subsidiaries | 440 | – |
| Settlement payments | – | 911 |
| Total extraordinary losses | 6,366 | 1,791 |
| Profit before income taxes | 4,446 | 16,038 |
| Income taxes - current | 4,420 | 7,644 |
| Income taxes - deferred | (5,185) | (3,569) |
| Profit | 5,211 | 11,962 |
| Profit attributable to non-controlling interests | 271 | 156 |
| Profit attributable to owners of parent | 4,940 | 11,806 |

Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 16,780 | 20,682 | 52,635 | (3,171) | 86,926 |
| Changes of items during the period | | | | | |
| Dividends from surplus | | | (4,423) | | (4,423) |
| Profit attributable to owners of parent | | | 4,940 | | 4,940 |
| Purchase of treasury stock | | | | (0) | (0) |
| Other | 56 | 56 | | | 113 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | 56 | 56 | 516 | (0) | 629 |
| Balance at the end of current period | 16,837 | 20,739 | 53,151 | (3,172) | 87,556 |

| | Accumulated other comprehensive income | | | | | Subscription rights to shares | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|--|--|-------------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit assets | Total accumulated other comprehensive income | | | |
| Balance at the beginning of current period | 891 | 14 | 7,313 | 164 | 8,384 | 63 | 1,666 | 97,040 |
| Changes of items during the period | | | | | | | | |
| Dividends from surplus | | | | | | | | (4,423) |
| Profit attributable to owners of parent | | | | | | | | 4,940 |
| Purchase of treasury stock | | | | | | | | (0) |
| Other | | | | | | | | 113 |
| Net changes of items other than shareholders' equity | 687 | (14) | 10,497 | 1,189 | 12,359 | — | 268 | 12,628 |
| Total changes of items during the period | 687 | (14) | 10,497 | 1,189 | 12,359 | — | 268 | 13,258 |
| Balance at the end of current period | 1,579 | — | 17,810 | 1,354 | 20,743 | 63 | 1,934 | 110,298 |

Non-consolidated Financial Statements

Non-consolidated Balance Sheet
(As of March 31, 2024)

(Millions of yen)

| | FY2023 | FY2022 (Reference) |
|---|----------------|-----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 513 | 691 |
| Notes receivable – trade | 174 | 234 |
| Accounts receivable – trade | 13,753 | 12,498 |
| Finished goods | 5,911 | 5,279 |
| Work in process | 188 | 145 |
| Raw materials and supplies | 1,444 | 1,304 |
| Advance payments - other | 379 | 240 |
| Short-term loans receivable | 29,779 | 23,681 |
| Accounts receivable - other | 3,293 | 3,469 |
| Other | 133 | 83 |
| Allowance for doubtful accounts | (121) | (109) |
| Total current assets | 55,450 | 47,519 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 2,573 | 2,743 |
| Structures | 80 | 86 |
| Machinery and equipment | 293 | 274 |
| Vehicles | 0 | 0 |
| Tools, furniture and fixtures | 663 | 774 |
| Land | 236 | 236 |
| Leased assets | 189 | 132 |
| Construction in progress | 923 | 261 |
| Total property, plant and equipment | 4,959 | 4,509 |
| Intangible assets | | |
| Patent right | 178 | 224 |
| Leasehold right | 57 | 57 |
| Software | 1,623 | 2,409 |
| Other | 2,644 | 2,683 |
| Total intangible assets | 4,504 | 5,374 |
| Investments and other assets | | |
| Investment securities | 2,896 | 2,099 |
| Shares of subsidiaries and associates | 72,308 | 58,086 |
| Investments in capital of subsidiaries and associates | 545 | 545 |
| Long-term loans receivable | 3 | 0 |
| Long-term prepaid expenses | 690 | 571 |
| Deferred tax assets | 5,077 | 4,963 |
| Other | 341 | 360 |
| Allowance for doubtful accounts | (4) | (4) |
| Total investments and other assets | 81,858 | 66,623 |
| Total non-current assets | 91,321 | 76,507 |
| Total assets | 146,772 | 124,026 |

| | FY2023 | FY2022 (Reference) |
|---|----------------|-----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes payable – trade | 366 | 431 |
| Accounts payable – trade | 7,037 | 8,792 |
| Short-term loans payable | 20,606 | 21,025 |
| Lease obligations | 682 | 664 |
| Accounts payable – other | 337 | 224 |
| Accrued expenses | 3,543 | 4,470 |
| Income taxes payable | 1,646 | 293 |
| Advances received | 0 | 11 |
| Deposits received | 76 | 64 |
| Provision for product warranties | 155 | 222 |
| Asset retirement obligations | 154 | 153 |
| Other | 213 | 115 |
| Total current liabilities | 34,820 | 36,470 |
| Non-current liabilities | | |
| Bonds payable | 40,000 | 20,000 |
| Long-term loans payable | 1,100 | 1,500 |
| Lease obligations | 809 | 1,392 |
| Provision for retirement benefits | 2,546 | 2,649 |
| Other | 212 | 216 |
| Total non-current liabilities | 44,668 | 25,758 |
| Total liabilities | 79,489 | 62,229 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 16,837 | 16,780 |
| Capital surplus | | |
| Legal capital surplus | 19,326 | 19,269 |
| Other capital surplus | 1,924 | 1,924 |
| Total capital surplus | 21,250 | 21,193 |
| Retained earnings | | |
| Legal retained earnings | 571 | 571 |
| Other retained earnings | | |
| General reserve | 12,082 | 12,082 |
| Retained earnings brought forward | 18,207 | 13,476 |
| Total other retained earnings | 30,289 | 25,558 |
| Total retained earnings | 30,861 | 26,130 |
| Treasury shares | (3,172) | (3,171) |
| Total shareholders' equity | 65,777 | 60,933 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 1,442 | 800 |
| Total valuation and translation adjustments | 1,442 | 800 |
| Subscription rights to shares | 63 | 63 |
| Total net assets | 67,283 | 61,797 |
| Total liabilities and net assets | 146,772 | 124,026 |

Non-consolidated Statement of Income
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | FY2023 | FY2022 (Reference) |
|---|---------------|-----------------------|
| Net sales | 56,764 | 55,207 |
| Cost of sales | 38,237 | 39,093 |
| Gross profit | 18,526 | 16,113 |
| Selling, general and administrative expenses | 13,773 | 14,059 |
| Operating profit | 4,753 | 2,054 |
| Non-operating income | | |
| Interest and dividend income | 4,418 | 7,144 |
| Rent income | 126 | 127 |
| Foreign exchange gains | 773 | 125 |
| Other | 328 | 317 |
| Total non-operating income | 5,647 | 7,714 |
| Non-operating expenses | | |
| Interest expenses | 87 | 106 |
| Interest on bonds | 152 | 102 |
| Rent cost | 69 | 80 |
| Depreciation | 295 | 290 |
| Bond issuance costs | 109 | – |
| Other | 107 | 94 |
| Total non-operating expenses | 822 | 675 |
| Ordinary profit | 9,578 | 9,094 |
| Extraordinary income | | |
| Gain on sale of investment securities | 394 | – |
| Gain on sale of shares of subsidiaries | 570 | – |
| Total extraordinary income | 964 | – |
| Extraordinary losses | | |
| Impairment losses | – | 749 |
| Total extraordinary losses | – | 749 |
| Profit before income taxes | 10,542 | 8,345 |
| Income taxes - current | 1,784 | 202 |
| Income taxes - deferred | (396) | (118) |
| Profit | 9,154 | 8,260 |

Non-consolidated Statement of Changes in Net Assets
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| | Capital stock | Capital surplus | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus |
| Balance at the beginning of current period | 16,780 | 19,269 | 1,924 | 21,193 |
| Changes of items during the period | | | | |
| Issuance of new shares | 56 | 56 | | 56 |
| Dividends from surplus | | | | |
| Profit | | | | |
| Purchase of treasury stock | | | | |
| Net changes of items other than shareholders' equity | | | | |
| Total changes of items during the period | 56 | 56 | - | 56 |
| Balance at the end of current period | 16,837 | 19,326 | 1,924 | 21,250 |

| | Shareholders' equity | | | | | | |
|--|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|-----------------|----------------------------|
| | Retained earnings | | | | | Treasury shares | Total shareholders' equity |
| | Legal retained earnings | Other retained earnings | | Total retained earnings | Total retained earnings | | |
| | | General reserve | Retained earnings brought forward | | | | |
| Balance at the beginning of current period | 571 | 12,082 | 13,476 | 26,130 | (3,171) | 60,933 | |
| Changes of items during the period | | | | | | | |
| Issuance of new shares | | | | | | 113 | |
| Dividends from surplus | | | (4,423) | (4,423) | | (4,423) | |
| Profit | | | 9,154 | 9,154 | | 9,154 | |
| Purchase of treasury stock | | | | | (0) | (0) | |
| Net changes of items other than shareholders' equity | | | | | | | |
| Total changes of items during the period | - | - | 4,731 | 4,731 | (0) | 4,844 | |
| Balance at the end of current period | 571 | 12,082 | 18,207 | 30,861 | (3,172) | 65,777 | |

| | Valuation and translation adjustments | | Subscription rights to shares | Total net assets |
|--|---|---|-------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | | |
| Balance at the beginning of current period | 800 | 800 | 63 | 61,797 |
| Changes of items during the period | | | | |
| Issuance of new shares | | | | 113 |
| Dividends from surplus | | | | (4,423) |
| Profit | | | | 9,154 |
| Purchase of treasury stock | | | | (0) |
| Net changes of items other than shareholders' equity | 641 | 641 | - | 641 |
| Total changes of items during the period | 641 | 641 | - | 5,485 |
| Balance at the end of current period | 1,442 | 1,442 | 63 | 67,283 |