

# Interview with an Outside Director

## Topcon's Management and Future as Seen from a prominent business executive with a Global Perspective



**Kazuyuki Matsumoto**  
Outside Director

Kazuyuki Matsumoto was born in Hiroshima Prefecture in 1945. In 1970, he joined Teijin Seiki Co., Ltd. (currently Nabtesco Corporation). He became a Director of Teijin Seiki Co., Ltd. in 2001. He was appointed Corporate Officer of Nabtesco Corporation in 2003, Representative Director, President & CEO in 2005, and Director & Chairman in 2011. He became an Outside Director of Kitz Corporation (his current position) in 2013 and assumed his current position of Director at Topcon.

Kazuyuki Matsumoto is in his 10th year since being appointed as Topcon's first Outside Director in 2013. He has many years of experience in manufacturing and is a former President of Nabtesco Corporation, which operates globally and possesses cutting-edge technology. We asked Mr. Matsumoto about Topcon's governance, management, and future.

### Governance with Active Discussion without Restraint

Topcon's Board of Directors currently consists of five internal Directors and five Outside Directors, which I believe is well-balanced in terms of governance. Nine years ago, I was the only Outside Director, and the Board of Directors at that time seemed to be overly formal. However, each of the five Outside Directors has unique experiences in areas such as manufacturing and business, so questions at the current meetings of the Board of Directors are asked from various perspectives and lively discussions take place.

What is important for me as an Outside Director is, first of all, my role to restrain the top management from getting out of control, although I am not worried by that. Topcon's Board of Directors provides an environment in which it is easy to express opinions. While there is mutual trust and respect, opinions that "this isn't right" are honestly expressed without any restraint. I feel that we have a good governance structure with a group of members who are constantly striving to improve our corporate value.

### A Step Forward with a Focus on Both Hardware and Software

Topcon is working on DX (digital transformation) globally in the three fields of healthcare, agriculture and infrastructure. Although it has been said that this is the software age, Topcon is not neglecting hardware (products). Recognizing that hardware is our base, Topcon is developing a business that produces services by adding software on top of hardware. While some of our competitors have their focus on software, Topcon has successfully combined hardware and software to enhance its product strength as a solution. Another strength of Topcon is that it is vendor neutral (not dependent on a specific manufacturer or sales network). Being vendor neutral means that we must always be one step ahead of our vendors. I feel that our strength lies in the

fact that we are steadily taking on this task with a challenging and venture spirit.

Once again, I feel that Topcon has a very high level of willingness to take on challenges. President Hirano has been communicating his management stance as "a venture company with 90 years of tradition." I believe that all our employees have come to understand this. The design thinking approach, in which employees go out to customers, see and hear for themselves, and enhance their ability to make proposals, has been well implemented. If we can successfully test hypotheses and launch new products one after another at the current pace, we will be unrivaled in the future.

### Business Itself is Directly Contributing to SDGs/ Look Forward to the Medium to Long Term Future

Topcon's goal of automation follows the workflow of each of the three domains of healthcare, agriculture and infrastructure. For example, in the case of agriculture, Topcon is involved in the entire workflow of tilling the soil (planning), planting seeds (seeding), providing water and fertilizer without excess or deficiency (growing), and harvesting, and not just a partial digitization, automation and networking of farming process, but their entire process. This is Topcon's unrivaled strength as a business model.

The business model that Topcon is implementing is an advanced approach that no one has ever thought of. Although the rate of automation (robotization) in construction and agriculture is still low, even globally, productivity and quality must be improved as a common issue worldwide due to the current aging population and a shortage of skilled workers. There is also a shortage of ophthalmologists in the world, so the development of a solution that allows fundus screening without a skilled physician is a great breakthrough. The data obtained from fundus screening is also expected to create new business opportunities. I believe that Topcon's outstanding business model of solving social issues in the fields of healthcare, agriculture and infrastructure through digitalization,

automation, and the networked centralized management of processes has the potential to continue to evolve and expand on a global scale.

It is also worth mentioning that Topcon's business itself is making a significant contribution to the SDGs. The more widespread the solutions are, the more they will contribute to the SDGs, such as reducing CO<sub>2</sub> emissions by the labor and time saving from the automation of construction process and farm operations and contributing to people's quality of life through the creation of a system for eye disease screening. Rather than aiming for the SDGs, I also feel that deepening our own business naturally led to social contributions. This may be a rare case in which leveraging one's own strengths is linked to the SDGs.

I hope that all stakeholders will watch Topcon's medium- and long-term development and see the growth of Topcon as it is. Topcon's business is now in the process of becoming a large global business. Even in the age of VUCA, we are making steady progress. We are enjoying this. As the business itself grows very large, we will continue to lead the way while working as hard as we can. That is the kind of company I want Topcon to be and I believe Topcon will continue to be.