



Japan

THE TECHNOLOGIES OF TOMORROW, HERE TODAY

These past few years have been witness to an extraordinary economic renaissance in the world's third-largest economy. From cost-cutting and sluggish to dynamic, growth-orientated, and rocket-fuelled by active investment, healthy inflation, and a high-flying equity market, Japan has become the 'buy' of this decade.

According to Morgan Stanley, nominal growth – which gives a clearer picture of Japan's economy than real growth – reached 5% in 2023, its highest level since 1991. For comparison, Japan's nominal growth averaged just 0.2% between 1995 and 2020. Likewise, inflation has kept above the Bank of Japan's 2% target for the past 18 months, incentivising businesses and households to switch from saving to investing. Recognising the opportunity, global investors are piling in. According to Nikkei Asia, foreign holdings of Japanese stocks have jumped to 30%, up from 4% in 1990, with many rotating their investments out of China and the USA. Notably, the minimum amount required to invest in Japanese blue-chip stocks has reduced by about 85% over the same period, as more listed companies have embraced stock splits.

The government is laser-focused on sustaining Japan's economic momentum, making investments in digitalisation, artificial intelligence, education, and advanced technologies to offset and capitalise upon demographic challenges such as an ageing society. As Japan's prime minister, Fumio Kishida, outlined in his New Year's Reflections statement, "I want to make 2024 the year in which we break completely free of the deflationary mindset... we will mobilise a wide range of policies, aiming at a vibrant new economic stage, with human resources, goods, and capital all thoroughly set in motion... As for the economy, wage increases and share prices have reached their highest levels in 30 years."

For firms like Curves, a leading women's gym franchise, Japan's demographic challenge represents a golden opportunity they are taking in their stride. "Thanks to Japan's ageing population, our main target audience is expanding. There's substantial potential in the health services sector and disease prevention market, and the government's support of the private sector will play a crucial role in Japan's economic resurgence," says its representative director and president, Takeshi Masumoto.

Plus, with the return of inflation, Japan's ultra-rich businesses are now deploying their sizable reserves in R&D and forward planning. According to The Economist, the growth rate of planned capital investments is at its highest since the BOJ began collecting data in 1983. Crucially, they are also raising wages, fulfilling their half of the Bank of Japan's winning formula for a 'virtuous cycle of rising wages and rising prices.' The timing could not be better for foreign businesses, many of which are looking to Japan as a source of inspiration for tackling the demographic issues they will soon face. Takeshi Seto, representative director and president of fitness leader Rizap, for one, notes: "Investors looking to experience markets and discover solutions they have never seen before will appreciate Japan. Finding local partners to work with here is easy. Equally, we, as Japanese companies, are keen to explore partnerships abroad."

Wrapping up his New Year's statement, Kishida declared that "Japan is heading into an era of great change." Promising national security and economic prosperity, he took a moment to remind the world that "looking back on history, during times of enormous change... Japan has [always] taken hold of those trends, transforming that change into strength."

Fumio Kishida

Prime Minister
of Japan



Pacific Consultants

PRODUCING THE FUTURE

Japan is one of the world's best enablers of talent, according to the latest Global Talent Competitiveness Index (GTCI). It also ranks top worldwide for youth access to growth opportunities.

With its densely populated cities and natural disaster risk, Japan's civil engineering industry plays an integral role in the country's growth. According to Statista, the industry registered around JPY 25 trillion worth of investments in FY22. And as the government continues to invest heavily in construction projects, demand for specialist firms is rising.

Established in 1951, Pacific Consultants is a leading construction consultancy based in Tokyo. The company has worked on some of Japan's most challenging projects, motivated by its vision of a brighter future.

Pacific Consultants began in Delaware, USA, but established its Tokyo branch soon after. Aligning with Japan's 'miracle' economic growth following World War Two, Pacific Consultants expanded rapidly as demand for major infrastructure projects boomed. It soon established itself in Southeast Asia, the Middle East, and South America, and as a

Photos of the Shibuya redevelopment project, a large-scale urban redevelopment project said to occur once in a hundred years. We took on two significant challenges: revitalizing the town's infrastructure while leveraging its charm and solving problems without stopping the town's activities.



leader at home. In 1974, it made significant contributions to the establishment of The Association of Japanese Consulting Engineers (AJCE), with one of its founders working as a director and chairman to establish Japan's international standing in consultancy from the beginning.

Today, Pacific Consultants draws on a rich bank of experience, knowledge, and creativity to offer a unique array of services. These range from transport links and city planning to disaster prevention, project development, and R&D. Past achievements include project managing the complex redevelopment of Shibuya Station and its surrounding areas, a feat of engineering brilliance, the Jakarta Urban MRT project in Indonesia, and many award-winning designs.

"We're expanding into various fields, primarily civil engineering, including PFI/PPP, digital transformation, Carbon Neutral, PM/CM, smart city development, and energy projects. Going forward, we aim to further expand our presence overseas," explains Osamu Omoto, Pacific Consultants' representative director and president. "Our present business amounts to JPY 61.5 billion, and 90% is domestic. Our target is JPY 120 billion by 2030, with domestic revenue accounting for 70% and the rest international."

To help assert itself in European, US, Asian, and emerging markets, Pacific Consultants is keen on M&A opportunities and capital investment partners on new projects. Omoto reveals multiple US firms have contacted the company to help them enter the Japanese market, as well as Singaporean and Malaysian firms. For inbound investors, Pacific Consultants is providing support in construction projects of data centres and international schools. "Our knowledge about social infrastructure and the bureaucracy here means we're highly sought-after. Plus, we cover topics such as digital transformation and project management."

Above all, Pacific Consultants embodies the values that uphold not just the civil engineering industry but also Japan's business community as a whole. For Omoto, companies like it tell a story that goes much deeper than Japan's GDP. "Japan is always innovating to accommodate the challenges society faces, whether cherishing the environment or combating an ageing population by streamlining administrative services and infrastructure management in PPPs. Japanese people are among the top worldwide for embracing new technologies and we have a lot to offer the world when it comes to the likes of AI, automated driving, smart city concepts, and much more. Japan is also an extremely safe and resilient nation, thanks to its dual strength in autonomous distributed energy systems and renewable energy."



Osamu Omoto
President

**Pacific
Consultants**
Producing
The Future™



Daiso Industries Co., Ltd.

HELPING THE WORLD REDISCOVER THE JOY OF SHOPPING

According to the latest Global Innovation Index (GII), Japan is the 13th most innovative country in the world and the fourth most in its region. Dubbed a 'world innovation leader' in the 2023 GII, Japan ranks as part of a select few high-income countries that are performing above their development level, scoring highly on key parameters like business sophistication (11th globally), infrastructure (13th) and institutional environment (11th).

Japan's retail industry is integral to its economic stability, contributing 10% of its GDP on average. Remarkably, the industry experienced no overall dip in annual sales during or after the COVID-19 pandemic, instead hitting a decade-high JPY 154.4 trillion in sales in 2022, up on JPY 150.46 trillion the year before, according to Statista. Given Japan's past experience with deflation, fixed-price stores – so-called 100-yen stores – have carved out a significant share of the market, surprising savvy shoppers with ingenious everyday items for them to 'discover' at unbeatable prices.

With 4,280 stores in Japan, Daiso Industries Co., Ltd. is the country's most recognisable 100-yen retail chain and the biggest player in the market, selling everything from daily necessities, stationery, and hobby items to homeware, Japanese 'dagashi' snacks, and DIY supplies. Daiso is also the only Japanese fixed-price chain to translate its home success onto the world stage, boasting 967 overseas stores, including in Taiwan, Singapore, Thailand, Canada, the USA, the UAE, Brazil, India, and more.

Daiso initiated the 100-yen craze when it founded its first directly operated store in 1991. Previously, the company had traded as a street vendor before switching to the 100-yen format as a distributor in 1977. During the 1990s, Daiso gained widespread attention for its rapid nationwide expansion, opening as many as 60 stores in some months and surpassing the 1,000 stores milestone



in just eight years. In 2001, Daiso began its overseas expansion in Taiwan, where it was later voted as the number one brand chosen by consumers. By 2005, the company had consolidated a strong presence in 10 countries and regions outside Japan; by 2008, that figure had doubled to 20. Today, the company operates stores in all 47 prefectures of Japan and 25 countries worldwide, spanning a total of four continents, and averages almost 300 new stores each year.

According to the company's president and representative director, Seiji Yano

– whose father founded Daiso – the reason for its popularity lies in its extensive product range, which he says offers customers an unforgettable "treasure hunt" adventure: "In Japan, we offer around 76,000 stock keeping units (SKUs), whilst our largest store carries 50,000 SKUs. The diversity and sheer quantity of products available in our stores makes for a truly unique shopping experience."

Daiso designs about 90% of its products in-house, allowing it to develop an astonishing 1,200 new products every month to surprise its customers with. And despite low price tags, Daiso always keeps quality high. In FY22, three Daiso items were chosen for the prestigious 'Good Design Award' – sponsored by the Japan Institute of Design Procurement – marking the fourth time its products have



received the award.

Despite challenging economic conditions like a weak yen, Daiso has no plans to end its famed 100-yen price tag despite challenging externalities like a weaker yen. "We're actively working to reduce costs while maintaining our commitment to the 100-yen flat price in all stores," says Yano. Since becoming president in 2018, Mr. Yano is trying to attract more customers by investing in premium brands that feature products priced a 300-yen price. These include the playful and colourful homeware and fashion accessories concept brand, 'THREEPPY,' and 'Standard Products,' which offers a curated selection of stylish everyday 'Made in Japan' products.

But the main way Yano plans to reaffirm Daiso's 100-yen model is through increased international expansion. Going forward, he intends to establish Daiso as a truly global brand. "Our aim is for 30% of all sales to be generated overseas by 2030, up on 10%, relying on three pillars: First, by establishing a dominant presence in Singapore and Taiwan; second, by expanding our focus on the USA, where we aim to increase our number of stores from 100 to 1,000; and third, by concentrating on our 'store within a store' model in Brazil." Yano also foresees Daiso entering Mexico, and the EU.

As it expands globally, Daiso is keen to partner with distribution firms to help enhance its substantial domestic and worldwide distribution network – the company currently owns 25 domestic and worldwide distribution centres totalling 826,466 m², as well as several global warehouses and factories. Additionally, Yano says the company is open to M&As: "We've bought several companies via M&As in the past. Our most important criterion is finding synergy – we're looking for companies that can positively impact the business."

Over the past two decades, Daiso has perfected the 'discovery retail model' and, in many ways, is a symbol of what Japan offers international investors: a treasure trove of opportunities. "Japan is known for producing high-quality products at reasonable prices and with the latest technology. This makes it an incredibly attractive investment. Our primary goal is to enhance people's lives worldwide; we're extremely proud of our role in bolstering Japan's image," says Yano.





Nippon Life Insurance Company

JAPAN'S LEADING INSURANCE FIRM EYES GLOBAL EXPANSION

Amidst the global drive to decarbonise, Japanese businesses are paving the way with world-class environmental research, market-leading sustainable technologies, and tactical ESG investing. According to Nikkei Asia, Japanese companies' environmental spending is set to increase by 45.8% this fiscal year (ending in March), bolstered by the government's lucrative green stimulus funds and the country's escape from deflation. Japan's shift towards a net-zero future represents a wealth of untapped potential for investors. "We believe mainstream ESG investors have not yet looked into this space," says Morgan Stanley, "from a market perspective, global investors are still underweight in Japan." Inbound investors will find Japan's appetite for ESG investing reflected in a broader trend – the rapid creation of new business opportunities owing to a change in attitudes amongst the younger generation.

Japan's insurance industry is one of the world's largest and most sophisticated. Given the country's ageing population, life insurance accounts for the lion's share of premiums written at almost USD 300 billion, according to Statista, with shifting demographics creating ever-increasing demand for new insurance products. Significantly, unlike other Asian countries, Japan's insurance market is not dominated by foreign firms; instead, a crop of long-standing, highly trusted insurance firms have come to shape the market landscape, independently building relations with European and US insurers to suit their own customers' needs. Over the past two decades, structural change and market liberalisation have left Japanese insurers in a powerful position, free to capture opportunities overseas and increase collaboration at home to consolidate their markets. According to a recent PWC report, Japanese insurers engaged in a total of 88 M&A transactions, inbound and domestically, between 2018–2022.

Celebrating its 135 anniversary this July, Nippon Life Insurance Company (Nippon Life) is Japan's largest life insurance firm, giving peace of mind to 15 million people through a wide variety of well-being services. Besides its network of 14 domestic insurance companies, Nippon Life operates a JPY 87.6 trillion asset management business comprising 50 subsidiaries spanning the Asia-Pacific region.

"Our vision is to deliver a variety of exceptional services to our customers throughout their lives, whether insurance



Mr. Hiroshi Shimizu
President

or asset management, childcare, long-term care, or healthcare," says Nippon Life's president, Mr. Hiroshi Shimizu.

Since its founding, Nippon Life has provided reassurance and security to clients and local communities across Japan, emerging as an exemplary model of the 'system of mutual aid' that defines the traditional vision of insurance. In 1898, for example, Nippon Life

became the first Japanese insurance firm to pledge and then pay dividends to policyholders, whilst two decades later, when the 1923 Great Kanto Earthquake struck, the company chose to pay all insurance claims immediately despite the government allowing deferred payments. Likewise, Nippon Life paid out JPY 32.2 billion in the aftermath of the 2011 Great East Japan Earthquake, placing regional revitalisation at the forefront of its business model. A similar response policy was implemented for the recent major earthquake.

Having cemented its reputation in rebuilding Japan, Nippon Life is now helping to resolve some of its biggest social challenges, such as an ageing population, as well as meet the increasingly diversified needs of a digitalised, technologically advanced society. Through a powerful portfolio of integrated services and products aimed at balancing the concerns of Japan's older generations with the nurturing of its newer ones, Nippon Life hopes to make its next century as fruitful as its last. The company offers both conventional life-insurance products like 'Mirai no Katachi,' which covers death, serious disease, nursing care, and medical risks, as well as innovative healthcare services such as dementia and diabetes prevention. Together with numerous hit products and approximately 90,000 employees supporting 15 million customers, Nippon Life is steadily positioning itself as the premier insurer in the era of the 100-year life span.

While emerging trends such as digitalisation and advanced medical care have led the company to launch new products and services, one of the biggest areas of improvement has been to deepen its customer-orientated business model. Recent initiatives include specialised employee training for online face-to-face consultations as well as the construction of new distribution channels to help the company reach more potential customers across Japan. "We have about 50,000 salespeople in the company, and it's our firm belief that in-person or face-to-face consulting provides our customers the most value and peace of mind. Through the economic security we deliver, our customers

have the space to live their lives to the fullest and jump on new opportunities – it's an ongoing mission," says Mr. Shimizu.

Mr. Shimizu also highlights Nippon Life's leadership role as Japan's largest institutional investor – in managing its customers' insurance premiums and promoting ESG-themed investment and finance. The company launched its asset management business' Nissay Asset Management' thirty years ago – before which it conducted its own operations – and is now responsible for assets worth a staggering 6% of Japan's economy. Over time, it has perfected the ALM (Asset/liability management) approach, ensuring it can uphold the long-term promises of its life insurance policies to policyholders. By investing primarily in yen-denominated fixed-income instruments – balanced against higher-risk assets like foreign securities – Nippon Life has secured a track record of stable returns and reliable dividends, leveraging its global investment structure to keep pace with a rapidly changing market environment and continually create value for its customers.

Nippon Life's asset management business is also part of the company's mid-term management plan – 'Going Beyond.' According to Mr. Shimizu, the plan also includes other important growth strategies: cultivating the domestic insurance market wider and more deeply and, following that, pursuing overseas growth. Nippon Life also hopes to expand its childcare and long-term care services – an area in which Mr. Shimizu reveals it recently scored an "epoch-making" deal. Mr. Shimizu notes: "In addition to synergies between overseas and Japanese business, we also want to create synergies between businesses, encompassing insurance, childcare, healthcare, and asset management as well. We hope to supply products between these businesses mutually."

Given its domestic dominance as the leading life insurer and institutional investor, Nippon Life is optimistic it can compete with the giants of the global insurance industry. So far, the company has cut its teeth in diverse markets such as the USA, Australia, India, China, Thailand, and Indonesia, and Mr. Shimizu believes its impressive track record of M&As and joint venture partnerships will help it seize the opportunity. "Currently, we have a joint venture in Thailand with Bangkok Bank and another with National Bank Australia, whilst domestically, we've built partnerships with several companies, including manufacturers, to launch preventative healthcare services. We're actively seeking partnerships in insurance and asset management, whether joint ventures or M&As, to help expand our global footprint."

Elsewhere, Nippon Life is paving the way for Japan's decarbonisation effort as a champion of ESG investing and



financing. Since 2017, the company has invested over JPY 2.3 trillion (as of September 2023) via ESG-themed investing and financing, which it hopes to increase to JPY 5 trillion by the end of this decade. In recognition of its work, Nippon Life was chosen as the lead sponsor for the 2023 United Nations Principles for Responsible Investment (PRI) Conference, one of the world's largest ESG investment events. Some of Nippon Life's more localised initiatives include the 'Nissay Forest' fellowship, a voluntary group begun in 1992, which has since seen over 40,000 employees participate and 1.38 million trees planted. Nippon Life's own decarbonisation targets include a commitment to reducing total emissions by 45% by 2030 (compared to 2010 levels) and emissions per investment by 49% (compared to 2020 levels).

Nippon Life's commitment to creating society-wide support frameworks, from childcare and healthcare to sustainability, embodies its overall message of coexistence, prosperity, and mutualism – to 'enhance today for your future.' It also chimes with the social and economic changes Japan is undergoing as it blossoms into the world's favourite post-pandemic investment destination. "If we have a bright future, Japan will be a country that continues to attract investment. Young people are responsible for creating this future. I recently heard a statistic that between 20-30% of graduates from Japan's top universities choose to launch a startup rather than seek employment in a large company. They're not afraid to make mistakes and be bold; they have an entirely different outlook from previous generations. Over the next decade, I believe this trend will inspire a new brand of Japanese businesses and ensure Japan remains attractive to foreign investors for years to come."

Enhance today for your future.

Nippon Life Insurance Company





Takasago Thermal Engineering

ENVIRONMENT-CREATOR

Japan is at a turning point", the Organisation for Economic Cooperation and Development, a grouping of affluent countries, noted in a January 2024 survey of the country's economy. The OECD noted that the Asian giant is on track to meet its 2% inflation target, while rising wages, government subsidies, and a new fiscal package will help drive growth. It also highlighted Japan's efforts to meet its climate goals through green investment, innovation, and carbon pricing.

It is little surprise that Japan, one of the world's most innovative and knowledge-intensive economies, is taking a global lead in developing hydrogen technology. In 2023, the government announced a revised hydrogen strategy that foresees investment of more than \$107bn over the next 15 years to boost its hydrogen supply and support the shift to a low-carbon economy. The country aims to boost supply to 12m tonnes in 2040 and 20m tonnes in 2050, from 2m tonnes at present. The strategy foresees both the public and private sector participating in developing the sector, and for Japanese companies to boost global electrolyser capacity.

Takasago Thermal Engineering is a leader in the field of HVAC in Japan. The company celebrated its 100th anniversary last year, the milestone coming at a transformational time for the company as it shifts towards a focus on clean energy, including a growing hydrogen business.

"We have the spirit of a venture company," says Kazuhito Kojima, Takasago Thermal Engineering's president. "Initially, we focused on air conditioning and ventilation in a time when Japan lacked air conditioners. The first president coined our name, translating it as "air harmony" to capture the essence of what we do. Over the years, our growth paralleled Japanese society's development. When I became president in 2020, I decided to rebrand the company as an environmental creator. So far, we've focused on creating air conditioning systems for buildings, but moving forward, our goal is to establish a global network for air conditioning systems with an emphasis on environmentally friendly energy."

Around the time of World War I, the company began with providing humidity control for the textile industry – a crucial advance for the industry in Japan, in which Takasago Thermal Engineering was first in the business. In the 1960s, Takasago Thermal Engineering ventured into creating clean rooms for the semiconductor industry, supplying and collaborating with some of the world's leading technology companies.

Another major milestone came in the 1970s, when Takasago Thermal Engineering started supplying air-conditioning systems for skyscrapers and other major buildings – installing its units in some of the Tokyo's most iconic buildings, including the World Trade Centre and the Tokyo Dome. The latter, an indoor stadium, has an air-supported roof, a flexible fibreglass membrane supported by slightly



pressurising the air inside the stadium with independent blowers. The company installed air conditioning equipment in the dome space with a pneumatic structure. It is little surprise that this hugely innovative business has more than 750 patents – and counting. The company's TCR-SWIT solution, an air-conditioning system for clean rooms in semiconductor manufacturing, holds

several patents. Clean rooms require extremely precise, consistent control of temperature, humidity, and of course cleanliness. TCR-SWIT applies SWIT, a swirl-inducing type stratified air-conditioning system that cleans and maintains the temperature manufacturing environments while saving energy and reducing CO2 emissions.

"In essence, our company has evolved with Japanese society, pioneering new air conditioning systems," says Kojima. "Despite the perception of us as construction company, our core identity lies in engineering. We're not just creators; we're entrepreneurs, evident in our development of hydrogen production in 1996."

Hydrogen is only a small part of Takasago Thermal Engineering's business at present, but the company plans to expand its activities in this growing area over the coming years. The company is a corporate partner of ispace Inc.'s HAKUTO-R commercial lunar exploration program. Founded in 2010 with the vision "Expand our Planet. Expand our Future", ispace specialises in designing and building lunar landers and rovers. The company aims to extend the sphere of human life into space and create a sustainable world by providing high-frequency, low-cost transportation services to the Moon. The next ispace mission is currently scheduled to be launched in 2024. As part of the mission, the lunar lander will carry Takasago Thermal Engineering's hydrogen generator system on board, aiming to be the first to generate hydrogen on the moon. Takasago Thermal Engineering is taking on the challenge of pioneering new hydrogen technology to showcase its innovation to the world. Takasago Thermal Engineering already has an efficient hydrogen manufacturing process, using less energy than most, and it sees hydrogen as the key to its global future, putting green innovation at the forefront of its strategy.

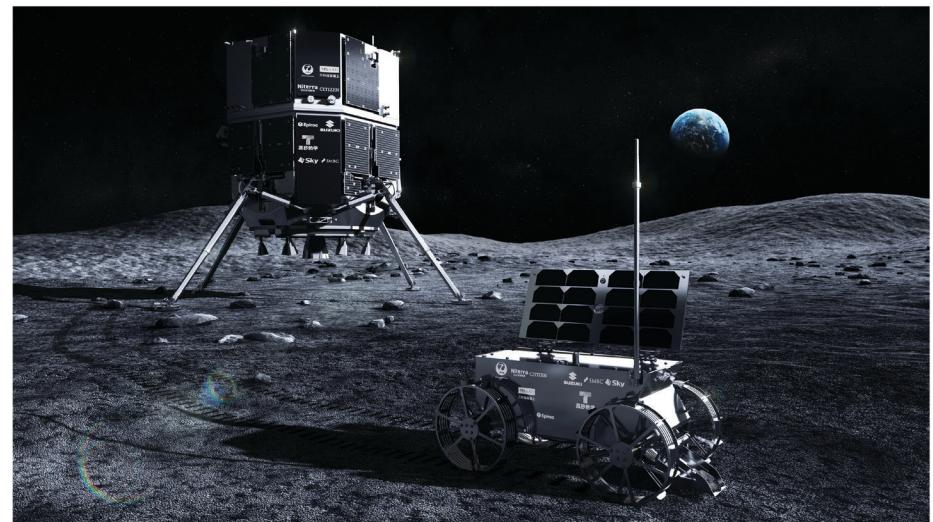
"Historically, as a engineering company, we've grown alongside the development of Japanese society," says Kojima. "However, our current focus is on the global environment. We aim to contribute to the prosperity of the global society by creating a highly efficient and environmentally friendly system. We are proud to have technology that enables us to provide our customers with the best quality products and services. In the carbon neutrality market, we will aim to create new business that includes investment in the creation of, and operations related to, renewable energy."

Having grown hand-in-hand with Japanese society, Takasago Thermal Engineering now aims to evolve with global society as it

embraces clean energy technology. It is seeking to drive improvements in and implement environmental technologies that can realise a decarbonised, recycling-oriented society, while strengthening the environment for innovation through a more open innovation process. The company is eyeing expansion in South East Asia in particular. It already has deep roots in the region - this year marks the 50th anniversary of Takasago Thermal Engineering opening its business in Singapore, where it is established as a leading player in air conditioning for buildings. It also has group companies in China, Hong Kong, Thailand, Malaysia, Vietnam, India, and Mexico and aims to expand its business into carbon-neutral initiatives, applying its innovative solutions in these burgeoning markets.

To this end, it is actively seeking partners, particularly in the carbon neutrality, including the hydrogen field. It has already evaluated potential acquisitions in South East Asia. Takasago Thermal Engineering plans to allocate expenses for mergers and acquisitions in its cash allocation plan, and leverages its long experience of forming partnerships with some of the world's leading technology companies.

"Over the past century, even though we transitioned from being mere construction company to engineers, we've played a leading role



company's long-term strategy leading to 2040, and has set the target of ordinary income of JPY20bn and consolidated ROE of approximately 10% by 2026. By 2040, it aims to make the carbon neutrality business a major pillar of earnings to achieve consolidated ordinary income of JPY40bn, more than double its JPY16.6bn performance in the 2022 financial year. Carbon neutrality is one of four business domains the company is focusing on in its work in the built environment and the broader global environment, along with the construction business, equipment maintenance and management, and environmental equipment manufacturing and sales. All are linked by Takasago

Thermal Engineering's commitment to digital transformation. Underlining its commitment to people at the heart of innovation, the company has pledged to increase its investment in human capital by JPY10bn year on year - including employee training, improving working environment, increasing wages, and hiring new employees. Indeed, recruitment is one of its most important initiatives for the coming four years.

The company has an excellent track record in achieving the goals it sets. Its GReeN PRIDE100 management plan that ran from FY2014 to FY2023, it increased its ordinary income from JPY9.1bn to JPY16.6bn, as well as achieving a range of M&A transactions aimed at expanding and stabilising its international business revenue, and invested in new businesses utilising environmental technologies that will stand it in good stead for the next phase of its development. Between FY2013 and FY2022, it raised its

return on equity from 4.4% to 8.9%.

Takasago Thermal Engineering is building its international presence in the decarbonisation sector, while it remains rooted in the innovative, skill-intensive, industrious culture of its homeland.

"Why Japan?" says Kojima. "In one word: Trust. The Japanese commitment to custom product making is unparalleled globally. Exceeding expectations is hard-wired into Japanese values. We're proud to promote Japan as an investment destination, and want to continue to strengthen the Japanese brand globally."



Takasago
Thermal Engineering



in supporting the foundations of both industry and society," says Kojima. "Presently, we continue to collaborate with a wide range of trusted manufacturers, including several that are household names globally. As a company, we boast a strong network and teamwork that we proudly showcase to the rest of the world. We believe it's the opportune moment to highlight our capabilities to the broader Japan team. Our technology is not just about specifications; it's a constant introspection of what we can do next and how we can continually improve."

Takasago Thermal Engineering's long history of success, innovative hydrogen technology, and ambitious expansion plans also make it an enticing prospect for investors. The Tokyo-listed company has seen its share price soar by nearly 90% in the year to mid-January 2024, and boasts assets of more than JPY300bn. Takasago Thermal Engineering's medium-term management plan is the first phase of the



RIZAP Group

JAPANESE GYM CHAMPION GOING GLOBAL

Major Japanese stock indices have reached their highest levels in decades and foreign investment is growing, according to a recent report by investment bank Goldman Sachs. The bank noted that these trends are supported by domestic macroeconomic growth, a price breakout after years of deflation, and accelerated corporate governance reform. It concluded that the outlook for the Asian giant is more favourable than it has been in the past, benefitting active investors in particular. Indeed, the bank noted "a meaningful shift in investor sentiment". It identified particular benefits for Japanese companies with ample foreign exposure, given the exchange rate situation, with the yen trading at levels not seen for nearly two decades.

In this affluent, health-conscious society, the gyms, health and fitness club market is large and flourishing, generating estimated revenue of \$4bn in 2021, making it by some way the largest in the Asia Pacific region, accounting for more than a quarter of overall regional market size, according to MarketLine. The industry is growing quickly, with the number of active sports participants in Japan recently hitting an all-time high. Gym membership is relatively low compared to other developed markets including the US, UK, and Australia – showing huge potential for growth.

RIZAP Group has become a leader in this thriving sector, with over 1,000 gyms across Japan as well as in Los Angeles, Beijing, Shanghai, Hong Kong and Taiwan.

"Our business model is to create gyms that are in a way like Japanese convenience stores, with a low barrier to entry due to convenience and low prices," says Takeshi Seto, the representative director and president of RIZAP Group. "We aim to attract clients including people who have never trained in the past."

Costs are kept low partly by having gyms without staff – support is provided via mobile technology. It is a successful model, and the group is trying to expand in Asian markets in particular, and is keen on establishing partnerships with local investors as it grows internationally, marrying its unique business proposition with domestic capital and expertise.

RIZAP aims to be no less than the number one global brand in the self-actualization industry – a sector it sees as committed to making lives "healthier and brighter". To this end, it aims to continue providing products and services that attract people around the world. The business is clearly aligned with the essential human desire to live happier, more radiant lives, and it is a model that has generated considerable success, with brands not just in the gym business but a beauty and health-food e-commerce company; a



Takeshi Seto
President and Representative Director

retail store chain including entertainment goods, kitchen appliances, home interior goods, travel goods and apparel; and other investing group companies.

Within the self-actualization business, RIZAP supports people's desire to change, aiding and harnessing their efforts to expand their personal potential, build confidence, and shape a better future. Its core message is "people can change", and it continuously strives to provide goods and services that match that principle, providing true value and avoiding selling mass-produced and unsuitable products.

RIZAP is committed the principle that everyone, regardless of age or status, has an idea of their ideal self – and that RIZAP can help customers meet those goals. Supporting customers in tackling their challenges has in turn helped strengthen the company itself, and underlines its relentless focus on delivery.

"We've reached numerous milestones, making it challenging to pinpoint a single one," says Seto. "However, a source of immense pride for us is our resilience during the COVID-19 pandemic. Initially, RIZAP gained recognition as a personal trainer gym, where our trainers made explicit commitments to their trainees. Clients were assured visible results within the first two months of training, with a full refund for their gym membership fee if expectations were not met. Our distinguishing factor lies in our unwavering commitment to delivering tangible results. To achieve these outcomes, we utilise a wide array of data to enhance individuals' health and fitness. Initially, we exclusively offered private training, but we've expanded our offerings to make our services more accessible. When COVID-19 made in-person training challenging, we innovated by introducing chocoZAP, a fully digitalised gym membership service."

ChocoZAP has proved such a success that the company is rolling it out internationally, banking on its universal appeal. One year after its launch in July 2022, annual sales reached JPY20bn, with 1,010,000 members and 1,160 gyms engaged by November 2023 – from an initial 77 gyms, and well ahead of target. Its consumer base has diversified at the same time, with a corporate programme involving 1800 companies with 280,000 employees, as well as partnerships with over 30 local governments. The company aims to open 2000 chocoZAP gyms over by March 2026. ChocoZAP is already Japan's largest fitness brand by members.

"Pre-pandemic, much of our service delivery was in-person, but we've successfully transitioned to a digital model," says Seto. "Our clients have come to appreciate our high-quality services at competitive prices. We've amassed unique expertise in this sector, and our method empowers clients to apply our approach to their daily lives, continually improving their health. Our online gym subscription, including chocoZAP, stands out as a unique offering



globally, not limited to Japan alone. With chocoZAP, we aim to cater to newcomers to fitness who seek affordable health solutions. In terms of the fitness market, the US and Japan differ in their everyday approach. We're exploring innovative strategies to make fitness more accessible."

ChocoZAP gyms are all directly-managed, which provides flexibility in gym management and high profitability. RIZAP's strategy is to attract customers using only advertising costs, which are easier to control, and with advertising order placements for only up to two months, to prevent costs from becoming fixed. From April 2023, the gyms were advertised in television commercials featuring actor Ken Matsudaira, emphasising the opportunities



for a quick work-out at chocoZAP gyms, and the ease of signing up with a smartphone. As the chocoZAP offering develops, it will increasingly deploy AI and big data to deliver the best for its clients. Its app already offers round-the-clock support to members, with everything from matching them to the best trainers, to step counting, body temperature measurement, and food records. The company is now rolling out AI and repast management functions, which will give AI-based instructions about nutrition.

The gyms are also operated in an agile manner, with negotiations with landlords to ensure that restrictions on early termination are eased. The opening strategy will follow a comprehensive analysis of recovering demand post-pandemic, the operating cash flow of existing gyms, and the funding situation, among other factors.

"While fitness remains our primary focus, we've observed a

shift in people's attitudes toward health and well-being post-pandemic," says Seto. "Our target audience comprises individuals willing to invest in their health, happiness, and beauty. In Japan, we've championed the concept of 24-hour convenience stores for consumer goods, but there's currently no equivalent for gyms. We're exploring the possibility of offering affordable 24-hour gym services to enable continued investment in health and self-actualization. This is a concept we're actively exploring."

RIZAP's diverse business makes it an excellent choice for investors looking for exposure to the Japanese market, the world's third-biggest economy. In the financial year ending March 2023, the group achieved net sales of JPY160bn. It is currently investing heavily upfront in the expansion of chocoZAP, with JPY7.7bn invested in the last financial year alone, but expects to enter the "profit growth" phase in 2024, with the medium-term goal of achieving operating profit of JPY30bn in the financial year ending March 2026. ChocoZAP gyms are already turning a profit. The company's debt is expected to reach a peak in the current financial year, and decline from then on, while its equity ratio should also climb due to chocoZAP's growing profitability and the repayment of debt.

RIZAP Group has become a market leader with its focus on supporting its clients in their desire to live better lives. In its innovative, people-oriented approach, it reflects the values and business principles of Japan as a nation.

"Looking ahead, two global challenges will be labour shortages and aging populations," says Seto. "Japan is already grappling with these issues, necessitating improvements in productivity for companies to survive. Health is a universal concern, and our motto revolves around challenging the uncharted. We aim to ensure the health and fulfilment of the Japanese population, ultimately contributing to increased societal happiness. We welcome foreign companies to invest in Japan and explore our country's unique attributes."





Inaba Foods

THE WORLD'S LEADING CAT TREATS BUSINESS

After years of deflation, Japan is experiencing its fastest price growth in over three decades and has "convincingly emerged from three decades of stagnation," according to Morgan Stanley. On the level of businesses and people, expenditure and consumption trends indicate the long-awaited reversal of a 'deflationary mindset.' Younger people, especially, are more willing to accept price increases without changing their consumer behaviour, enabling businesses to be more assertive in price-setting and capital spending, a recent report by Lazard Asset Management found. In short, 2024 is the year Japan will finally be able to flex its economic muscle. For inbound businesses, Japan's full health economy is the perfect backdrop to the country's advantages as an innovation and logistics leader. Japan's transport and logistics capabilities rank fourth in the world and first in the G7, according to the Japan External Trade Organization (JETRO), placing it first globally for rail services, third for airport connectivity, and fifth for seaport services.

Japan is one of the most pet-obsessed countries in the world. In 2021, Japan was the only country in the world where pets outnumbered children, according to the Japan Pet Food Association. Many childless households, particularly in urban areas, consider pet ownership an alternative to raising a child and are willing to spoil their pets with premium food and treats. According to Euromonitor, sales within Japan's pet food market, which mainly comprises cat and dog food, are forecast to grow by about JPY 6.7 billion in 2024, whilst Statista projects market revenue to register a CAGR of 16.49% between 2023-2028.

Drawing on over 65 years of experience in the pet food industry, Inaba Foods has created some of Japan's most beloved cat food brands, notably INABA and CIAO, and is synonymous worldwide with the best in quality. Inaba Foods prides itself on creating delicious, human-grade pet food products and occupies a staggering 70% share of the global market for premium cat treats.

Inaba Foods is one of Japan's oldest family-owned and operated companies. Founded in 1805 in Shizuoka, on the



Atsuhiko Inaba
CEO

south coast of Japan, by father and son duo Yokichi and Kasuke Inaba, the company's illustrious history spans eight generations of the Inaba family, all the way to the current president and CEO, Atsuhiko Inaba. Inaba Foods started as a small marine fish products business until the third-generation owner, Yoshizo Inaba, commercialised its production of dried bonito – an essential ingredient in Japanese cuisine once flaked (katsuobushi) – during the end of the Edo and early Meiji periods. By the fifth generation in the 1930s, Inaba Foods operated its own canning factory, an asset that helped usher in the 'golden age of exports' the company experienced post-WW2.

One of Inaba Food's biggest achievements during the 'golden age' was the launch of Inaba Light Tuna – canned yellowfin tuna – which marked a world first in the canned fish industry. At the time, processing yellowfin tuna was rarely attempted for mass production, but Inaba's success was a revelation. Inaba Foods went on to launch its now iconic Inaba Light Tuna Flakes product, taking the domestic light tuna market by storm in the 1960s and propelling it to industry leader. This was followed in the 1980s by the company's timely entry into health-conscious fish products, such as low-salt and non-oil varieties of canned tuna, which helped the company increase its total sales-to-date to JPY 120 billion by 1992.

By the time it hit that milestone figure, Inaba Foods' pet food business, founded back in 1948, was experiencing its own exceptional run of success. The company had just launched its cat food brand CIAO, based on the concept of 'Freshness and Affection,' which became an instant hit – it remains the number one premium cat food in Japan, winning a National Brand of the Year award at the prestigious World Branding Awards in 2018. Subsequently, in 1997, Inaba Foods established INABA PETFOOD, paving the way for an ever-expanding, global pet food business, notably establishing a production base in Thailand.

Today, pet food dominates Inaba Foods' production, explains Atsuhiko: "Three years ago, it was a 50-50 split between pet food and human food production. Now it's an 80-20 split. Our pet food is mainly focused on cats, but we also cater to dogs." Atsuhiko himself had a hand in the shift. In 2012, he invented the Churu lickable cat treat, a grain-free,



non-additive, high-moisture treat that comes in a tube and is designed for hand feeding to help cat owners bond with their pets. "So far, dogs have been considered a part of the family, and cats not as much. If you call a dog, it will come, but cats will not. So, we thought about how to make them respond to calls and achieved that by making tasty treats that cats love," says Atsuhiro.

Churu treats can be found in pet stores all over the world and are packed with high-quality ingredients to help cats thrive. "All our pet food is human grade; it's something we truly care about. Our cat treats are the only ones in the world that humans can safely eat," says Atsuhiro. By carving out a niche in a relatively open market, INABA's products have experienced rapid success, explains Atsuhiro: "If we ventured into the main meal segment for cat food, we'd be up against a lot of competition. But with cat treats and mixers, which can be served between meals, the competition is much lower – it's a completely new product. Our Churu product is expanding incredibly fast at the moment, and we've already hit all our financial targets for this fiscal year."

INABA also leads the way in terms of innovation, collaborating with professors from the University of Tokyo to help develop its products. Cats naturally have a lower thirst drive than dogs, which means they are prone to kidney disease as they age, particularly when fed an exclusively dry food diet. All INABA treats are, therefore, tailored to provide as much hydration as possible to ensure cats enjoy a balanced diet. "The moisture content of our food is 91%. Dogs have a habit of drinking water, but cats don't. This food will be able to resolve that. With this product, cats will be healthier. Our competitors can't provide the same product as us. We have a huge passion for what we do; it's what fuels our business," says Atsuhiro.

In 2022, INABA ranked as the world's number-one brand of wet cat treats and mixers in terms of retail sales value, according to Euromonitor International. With INABA PETFOODS now the undisputed global industry leader, Inaba

Foods is keen to continue expanding the business under its motto, 'Delighting Cats Around the World.' So far, the company owns and operates two factories out of Thailand, including the world's largest wet food factory, giving it a base to export to China. Two further Thai facilities are scheduled to be completed, the first – a dry food factory – this year, the second in 2026, and the company also has plans to expand production to Atlanta, USA, and Brazil, as well as to the UK.

Atsuhiro believes Inaba Foods is the ideal candidate for global expansion: "We're not limited by anything – we can go anywhere in the world. Normally, companies are limited to market areas, but in our case, that's not an issue; pet ownership is global. We're doubling our sales every year and planning to increase our employee numbers as fast as possible to accommodate our strong growth. Whilst we want to keep our know-how a secret, we are open to partnering with distributors, retailers, or wholesalers to help us enter new markets." Inaba Foods is also looking to increase its dog food sales, offering more opportunities to prospective partners. At present, INABA PETFOOD's domestic market share for dog food is two and a half times bigger than its next competitor, and Atsuhiro is confident it can reach 15% and emulate the success of its cat food brands.

From domestic light tuna pioneer to global pet food heavyweight, Inaba Foods' journey stretches over two centuries and five continents, telling the remarkable story of one family's drive to bring Japanese culture and tradition to the world. Above all, it epitomises the honed skills and strengths that have allowed Japanese businesses to outstay their global peers and come out on top time and time again.

INABA



Raysum

UNLOCKING VALUE IN JAPAN'S REAL ESTATE MARKET

Last year, Japan's stock market reached its highest peak in over three decades. This year, observers are optimistic it could go even further. Lazard Asset Management, for one, says now "is an excellent opportunity for investors to re-evaluate their portfolio weightings to Japanese equities, considering the extremely positive longer-term structural changes underway." One such change lies in how Japanese businesses are being run. A new generation of C-Suite innovators is challenging the status quo and helping to undo decades of entrenched underperformance. Their efforts helped Japan move five places to second on the Asian Corporate Governance Association's 2023 ranking. Courage is also back in style across the nation's boardrooms. Management buyouts – where a company's management team purchases its assets – are accelerating at their fastest pace since the 2008 crisis – so much so that the Financial Times estimates they could be the biggest driver of deals in the coming years.

Another reason to invest in Japan is the country's low-interest rate environment. One of the simplest ways to take advantage is through real estate. Just over 10% of Japan's GDP is in real estate, according to Statista, and the market is currently experiencing what the CBRE has declared a 'golden period.' Over the first six months of 2023, international investors ploughed USD 14.5 billion into the market, according to Jones Lang LaSalle (JLL). That equates to 12% of the total investment received over the entire decade preceding it. Real estate prices remain the highest in the Tokyo Metropolitan Area – Tokyo, Saitama, Chiba, and Kanagawa – which enjoys a constant stream of redevelopment projects and booming tourism. Last year, JLL named Tokyo as the second-most investible real estate market in the world, proclaiming Japan to be "one of the few markets amongst advanced nations where one can expect a return on real estate investments."

Founded in 1992, Raysum made its fortune buying up 'bad assets' during the downfall of Japan's 'bubble economy' and is now one of the country's most highly sought-after real estate players. As of September 2023, Raysum's total assets amounted to JPY 121.22 billion.

"Our mission is simple: to create value for customers," says the company's President, Tsuyoshi Komachi. "To do that, we focus on three things: long-term security, high liquidity, and the fact that half our customers are individuals. Many of the properties



Tsuyoshi Komachi
President

we handle are family assets, and they need rarity as precious family treasures, so we're very careful about how we work."

Raysum maintains this level of care across its three business segments: real estate purchasing and selling, real estate building management, and investing in emerging industries such as advanced medical care and gas-powered

generators focusing on emergency use. Purchasing and selling accounts for about 90% of Raysum's net sales and is where the company creates the most value. At each stage, Raysum's unique skillset allows it to work faster than its competitors, whether turning buildings lacking in character into multi-floor commercial spaces or new condominiums for the mass market into luxury and premium residential property.

The company conducts most of its business in the Tokyo Metropolitan Area, where it mainly focuses on older medium-sized buildings and uses its stable relations within the finance industry to gain funding for difficult projects. "Other real estate players generally don't like to invest in buildings that are 20 years old or more," explains Komachi, "I wouldn't call us niche, but others don't buy medium-sized or older buildings. We're one of the few firms operating in that segment."

Raysum follows a simple strategy – taking low-liquid acquisitions and converting them into highly liquid assets. More specifically, the company seeks out real estate with an eye on future trends, rarity, and improving NOI. Additionally, Raysum's close ties to contractors give it access to complex building and development methods, allowing it to deal in a wide range of asset classes – from JPY 1 billion to 10 billion or more. Currently, about 70% of the properties Raysum sells are for individual investors (by transaction value base). The company's sales for corporate investors and institutional investors are increasing as the size of real estate Raysum handles gets larger.

To widen its customer base, Raysum launched RAYEX, which sells small-lot properties around the JPY 50 million mark. Raysum handles everything from borrowing to leveraging to give peace of mind to its investors – in addition to attractive yields, twice-yearly dividends, and prospective capital gains upon sale. Phase one, which launched at the end of 2021, sold out immediately, and phase two also sold out, whilst phase three just launched. RAYEX also encourages investment into Raysum's larger assets,

as investors who get a taste of the company's returns often come back for more.

An easier way to cash in on Raysum's success is to invest in the company's stock. From the start of 2020 to the start of 2024, Raysum's stock price jumped 429.54%. In the process, the company became one of Japan's top ten highest dividend stocks. Yet, there is still much more room for growth. In FY23/3, Raysum's revenue from purchasing and selling real estate stood at JPY 61.4 billion. Meanwhile, in 2020, the value of transactions across the whole market stood at JPY 4.363 trillion. Raysum has already made a promising start to catch up with some of the difference – and with plenty of success: The value of net sales in Q2 of this fiscal year improved by 105.6% year-over-year (YOY), gross profit by 92.9%, and ordinary profit by 196.1%.

Raysum is active in what is arguably the fastest-growing segment in Japanese real estate – older small

and medium-sized buildings. The market for leased office space is worth more than JPY 20 trillion, and offices under 16,500 m² (5,000 tsubo) in buildings over 20 years old account for over 80% of the office space in Tokyo's five central wards. In total, more than 5,000 properties fit this category, and

the supply of old buildings is increasing over time. To put it into perspective, Raysum conducts around JPY 100 billion worth of



gas-powered generator manufactured by Raysum



Treatment at Medock – Raysum's Medical Checkup Center

attractiveness to its unrivalled ability to position itself at the start of emerging trends. He recalls how, in the early years of the company, Raysum's bet on 'bad assets' piqued the interest of a global commodity giant. "They were the first investors who expressed interest in us. This was before we went public in 2001, but they found out about our strategy and contacted us. Most Japanese companies hesitated to invest in these assets, but we didn't, and they came to Japan to check out the situation." It remains a striking example of just how ahead of the curve Raysum was compared to others.

Two decades later, Raysum is in a position to take advantage of these opportunities. And Komachi believes now is the time to partner up. He is particularly keen on partnerships with medical firms despite the segment being Raysum's smallest business venture. "We're open to all kinds of relationships. It's evident that Japan is experiencing a super-ageing society, and I believe we have to do something about it. Japan also experiences lots of medical tourism from wealthy older people from China, Hong Kong, and Taiwan, and our medication is highly advanced."

Komachi also reveals that Raysum has hired a world-famous doctor as the adviser for the company's medical department. The opportunity is huge, he says: "When we first ventured into medical care six years ago, many people said we shouldn't touch it. They said it was too complicated and overly regulated by the government. But they didn't see the gaps in the market. For example, the number of beds in hospitals in Japan might be over 100 times more than necessary, but there still aren't enough specialised beds. We need a balance. The market is growing, and I believe we will be successful."

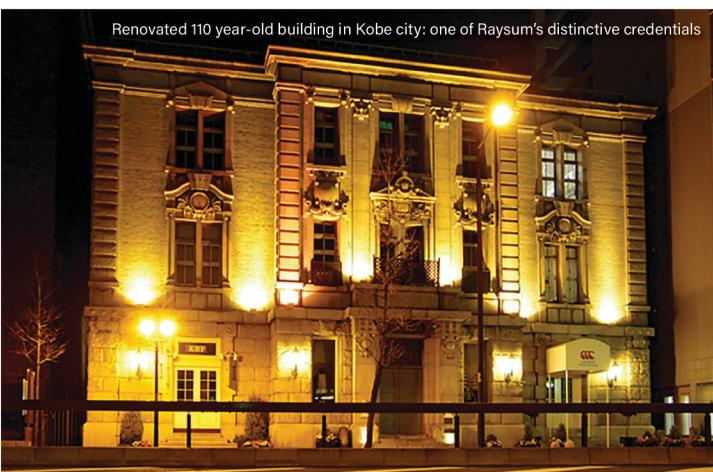
Raysum has always remained one step ahead of everybody else. Above all, its courage to go against the grain speaks to the broader shift now taking place in businesses across the country – and the riches they could earn investors in doing so.

Creating nothing but happiness for our customers and society alike.

RAYSUM

business each year with just 30 or so properties. As the most established player in this field, Raysum is poised to capitalise on the segment's upward trajectory. "We're always thinking of the future and where we're going. Innovation is everything. But we're also realistic – if you think too far ahead, the future becomes blurred. By being just one step ahead, we can continue to steadily add value for customers," explains Komachi.

Indeed, Komachi credits much of Raysum's investment



Renovated 110 year-old building in Kobe city: one of Raysum's distinctive credentials



Broadleaf

HELPING THE AUTOMOTIVE SECTOR LEAPFROG INTO SOCIETY 5.0

With the stars aligning in 2023 to unleash a multi-decade-defining performance across Japan's equity market, observers around the world believe 2024 will be no different. Goldman Sachs, for instance, forecasts the TOPIX index – which tracks domestic companies listed on the Prime division of the Tokyo Stock Exchange (TSE) – to rally by 13% by the end of the year, "boosted by solid global economic growth and stock market reform." Beginning in 2015 with a new corporate governance code for 'growth-orientated governance,' recent announcements by the government and TSE to reform the stock market have put Japan's listed companies under more pressure to adapt to international standards, increase their valuations, and enhance their ROE. So far, their response has been incredibly rewarding for shareholders: According to BlackRock, share buybacks and dividends amounted to USD 200 million in 2022, more than double the figure posted in 2014.

Amidst Japan's shrinking population, one of the best-performing and most secure investments is the country's automotive industry. Whilst the average household size has decreased, the number of households – and passenger-type vehicles – continues to grow. As such, revenue in adjacent sectors like the automotive aftermarket – worth over JPY 20 trillion, according to Statista – and the maintenance & repair industry has risen steadily over the past decade. In 2022, the total revenue of domestic maintenance shops stood at over JPY 5.7 trillion, according to the Automotive Inspection & Registration Association (AIRIA), an increase from JPY 5.55 trillion in 2021. Going forward, megatrends like digital transformation (DX), green transformation (GX), and smart cities are set to revolutionise the industry landscape. Yet in many key areas, Japan and Asia lag behind – an August 2022 survey by Statista found that over half of Japanese companies were not utilising cloud computing services – creating an unprecedented opportunity for IT firms to lead the way.

Founded in 2005, Broadleaf is the dominant IT player in Japan's automotive aftermarket sector and provides cutting-edge software and cloud-based services to promote DX at home and abroad.

"In Japan, our main clients are engaged in the automotive aftermarket, from inspection, maintenance, and repairs to painting, vehicle recycling, and wholesale auto parts. We also provide services to mobile phone shops, travel agencies, bus operators, and machine tool dealers," explains Broadleaf's president, Kenji Oyama, who adds: "Almost 40,000 clients have trusted our services for many years as their core business system; we help power their businesses forward."



Kenji Oyama
President and CEO

Broadleaf's offering can be divided into three market-leading services: cloud-based infrastructure, IT solutions, and Operations Analysis Software. In terms of cloud computing, Broadleaf streamlines its clients' IT innovations through a unique cloud-based digital business platform and exchanging data. Designed to integrate high-volume data gathering, high-speed search and analysis, as well as operational API services, Broadleaf's cloud platform enables businesses across the automotive industry chain to implement technologies such as

artificial intelligence and capture growth opportunities from big data.

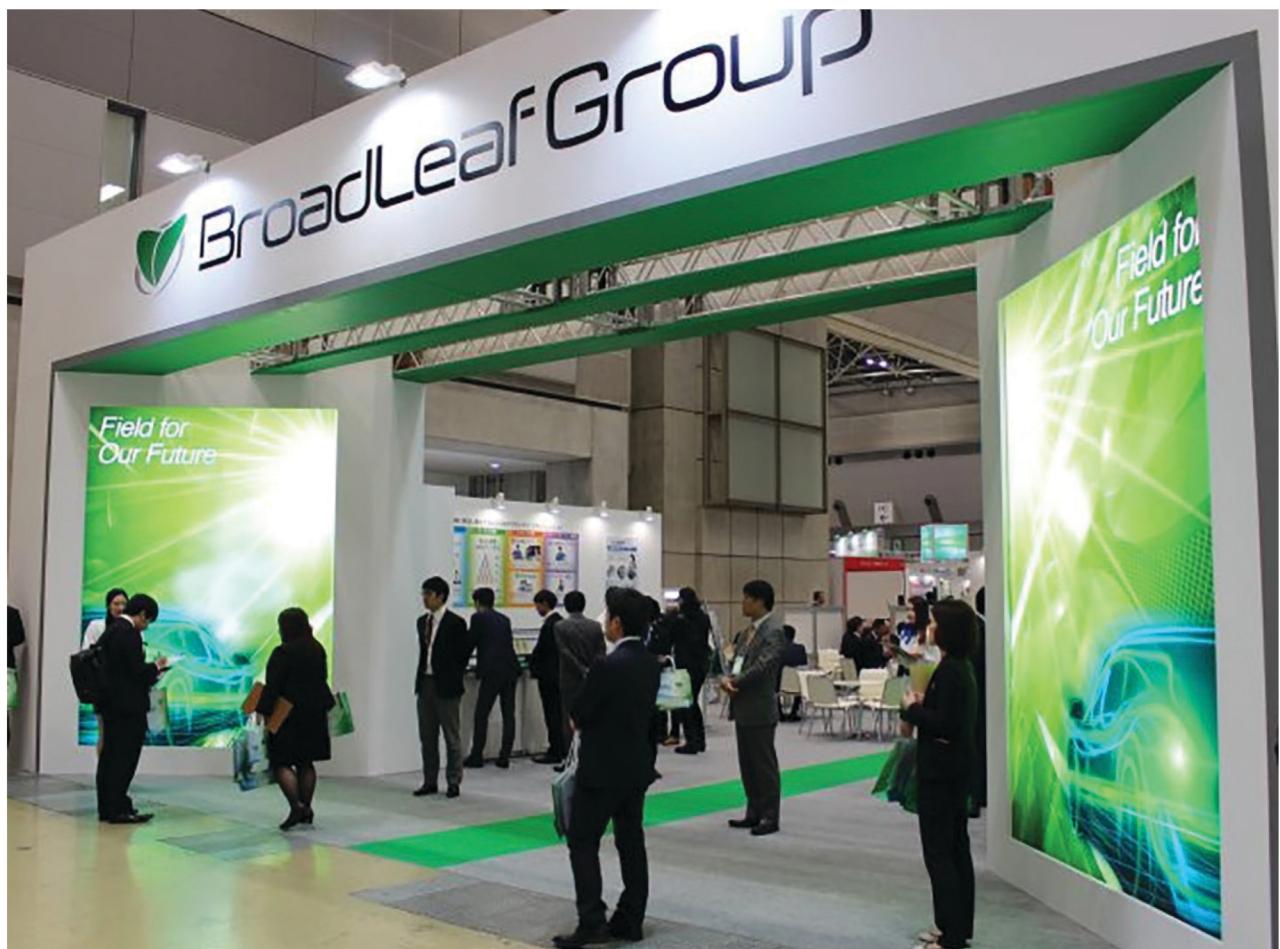
Likewise, Broadleaf's original IT solutions are geared towards making rapid improvements in its clients' business management, including customs, sales, and inventory management systems. As a one-stop service, Broadleaf covers everything from development and sales to installation and deployment.

Meanwhile, to help companies improve their overall operational efficiency, Broadleaf has created a superior and simple-to-use software product centred around the Japanese business concept of Kaizen, meaning 'continuous improvement.' It is a video-based movement analysis software that enhances labour efficiency and software to reduce on-site manufacturing costs. Since launching its Kaizen improvement product 20 years ago, Broadleaf has expanded its customer base outside of Japanese manufacturers to include the logistics, medical care, elderly care, agriculture, and education sectors, deploying them to over 6,000 users spanning 20 countries.

For the automotive aftermarket sector, Broadleaf provides an extended software option in the form of a platform for buying, selling, and categorising auto parts. The platform is built around a network of buyers and sellers of auto repair parts, from auto maintenance shops to recycling shops and auto parts dealers – Broadleaf is the only IT service company that incorporates this network in an IT product.

Under its Medium-Term Management Plan (2022-2028), Broadleaf is undergoing a landmark transition into a cloud-based monthly subscription business model, aiming to open its cloud platform services to new domains and double its revenue.

"This digital integration of cloud technology extends to all our business partners and customers," says Oyama. "It marks a pivotal shift in our operations, aligning with our overarching six-year plan to broaden and enhance our business scope. It's important to note that our original business in the automotive sector remains integral; however, our strategic focus on mobility within the broader automotive landscape will now encompass surrounding domains. Ultimately, our fundamental mission remains constant:



to elevate the overall standard of the industry and encourage all parties to advance to the forefront."

Oyama takes great pride in Broadleaf's unwavering commitment to its clients and views the company's evolution as a way of fulfilling that duty. But he also acknowledges the distinctive nature of Broadleaf's path, confident that it sets the company apart from the competition. "Subscription-based models are certainly not the norm here. Nevertheless, I consider myself a challenger who embraces and enjoys taking on challenges. By shifting from a position of constraint to one of significant growth, we're departing from the conventional approach in Japan. Rather than being content with our top-ranking status, we aspire to go beyond. I believe it's what makes us such a formidable contender in the global business arena."

Backed by an enthusiastic attitude towards risk, Oyama envisions Broadleaf competing on equal footing with the giants of the IT industry. And in an equity market that favours the brave, Broadleaf's pioneering spirit makes it an exceptional investment opportunity. Indeed, between January 2022, when it launched its new plan, and December 2023, Broadleaf's share price rallied by 40%, whilst the revenue from its cloud services more than doubled to reach JPY 3.624 billion. Another advantage for investors is Broadleaf's unique shareholding structure, featuring several prestigious foreign entities such as Baillie Gifford, Norges Bank, and Vanguard, amongst others. Collectively, these investors own a 20% share in the company.

New horizons also mean new opportunities for collaboration, and as the company expands, Oyama is keen to get more

partners on board. "We're actively engaged in discussions with potential partners who align with our vision, and we're open to collaborative opportunities that leverage our cloud services." One opportunity Broadleaf has already identified is partnering with global automotive inspection companies – a perfect match for Broadleaf's unique Cloud Platform. Future partners will be able to provide services that utilise Broadleaf's extensive database of automotive information, which maps the entire sector, from vehicle type information to auto parts, workspaces, and inspection and maintenance. Compiled and systemised over the past four decades, Broadleaf's database contains an overwhelming amount of data, offering partners an undeniably edge over their competitors.

Since its inception, Broadleaf has transformed the technological background of Japan's automotive aftermarket sector, equipping clients with the tools they need to succeed in a crowded market. As the company forges a new path in next-gen mobility, Oyama hopes Broadleaf's dynamic mindset resonates with Japan's broader business community and encourages others to break the mould. "The cultural inclination in Japan is towards a safe and secure life, with a preference to avoid significant risks, particularly amongst larger companies. But now is the time to overcome this deep-seated fear. We hope to open the door to a more dynamic and innovative approach to decision-making in Japan."



BroadLeaf Group



Curves Japan

JAPANESE MODEL FOR GLOBAL SUCCESS

Japanese companies are geared up for more transformative mergers and acquisitions, global consultancy Bain wrote in its 2023 M&A report. It noted that financial investors are well-positioned to buy, while Japan's private equity market remains hot; funds created to invest in Japan are growing, and many Asia-focused funds are shifting their attention to the world's third-largest economy. Interest rates have also remained relatively low.

This wealthy market has one of the world's largest "wellness economies", totalling \$241bn and ranking fourth in the world, according to the Global Wellness Institute. High levels of disposable income, a cultural tradition of health and wellbeing, and an aging population all support this growing industry.

It is these factors – and particularly demographic change – that have driven the growth of Curves Holdings, which operates gyms across Japan and is now taking its unique business model to markets internationally.

"In 2018, we acquired the license for the US, granting us global rights to the Curves brand," says Takeshi Masumoto, representative director and president of Curves Holdings. "In 2019, we also acquired the franchise headquarters in Europe, making it our subsidiary and initiating franchise operations there. Our primary global strategy now revolves around expanding our European presence. In 2019, we began sharing and exporting our Japanese business know-how to Europe, utilising 10 model shops.

These efforts led to increased sales and reduced member attrition. Our main focus in Europe is Western Europe, with core markets including the UK, Ireland, Spain, and Italy. While we may not achieve our goal of opening 1000 gyms in the region within the next two to three years, we aim to lay the foundation for this ambitious strategy."

Curves Japan, a subsidiary of Curves Holdings was established in 2005 before the founders secured a master licence agreement with US-based Curves International, granting the Japanese business the right to operate under the Curves brand in its home market. In 2006, the company initiated a nationwide franchise rollout, opening gyms in all of Japan's 47 prefectures. By 2007, it had already established 600 locations. Yet the management found that 80% of these were struggling to replicate the business model and success that had been seen in its Corporate-owned gyms. This led to a change in strategy, a pivotal moment in the company's growth story.

"Our initial step was to redefine our target audience," says Masumoto. "While Curves in the US primarily catered to women in their 30s and 40s, our Japanese clientele skewed older, in their late 50s and early 60s. Our goal was to tap into the needs of Japan's baby boomer generation, aged 50 and up, many of whom have rarely if ever been inside a fitness gym before. To succeed, we knew we had to offer top-notch services tailored to this demographic. We leveraged the exercise expertise from the US but adapted and refined it for the



Takeshi Masumoto
Representative Director

Japanese market and our target audience."

The cornerstone of Curves Japan's success was investing in highly educated and skilled instructors, ensuring the provision of top-quality fitness services to its clients. These changes revitalised the business, making all the gyms profitable, and from then on consistently opened 100 new gyms each year.

By 2011, Curves had over 1000 locations in Japan, 1500 in 2014, and 2000 by 2019. The business has navigated several other major challenges, including damage to 100 of its outlets in the 2011 earthquake and tsunami, and the covid-19 pandemic, which had a huge impact on the sector across the world. Its strengths lie in its franchise development, with franchise owners and more than 8000 instructors working collaboratively, sharing know-how and embracing the cooperative philosophy. Curves can also leverage its high levels of brand recognition and respect.

Additionally, there are no direct competitors that target the specific demographic that makes up most of Curves' client base in Japan.

That target market includes people who have never exercised or used gym or wellness services, many of whom are grappling with health issues associated with aging, such as hormonal imbalances. It is this hugely successful model that Curves Japan aims to bring to its international businesses.

"By applying Curves Japan's know-how, we have the confidence to drive the revival and success of Curves in North America and Europe," says Masumoto. Curves Holdings is listed on the Tokyo Stock Exchange, giving international investors the opportunity to participate in its success.

In its 2023 fiscal year, the company achieved operating profit of JPY3.851bn, up 140.4% year-on-year, on sales of JPY30.022bn (up 109.1% y-o-y). This was driven by growth in a range of areas, including royalty fees and merchandise sales.

Masumoto is confident that the outlook for the company is strong – and is similarly upbeat about the future for Japan. "Japan remains a substantial economy, with a high GDP per capita," says Masumoto. "Japan is a land of abundant opportunities, often underestimated by those outside the country. Additionally, while Japan's labour force population is decreasing, companies are finding ways to boost productivity in this context. We are investing in IT services to enhance productivity, and rising wages are increasing purchasing power. We anticipate a revival of Japan's economic growth and individual consumption for our services in the next few years, potentially attracting more investment interest to our country."

Despite the challenges posed by COVID-19, Japanese companies have become more resilient, positioning us for future success."

Curves



Sunco Industries Co., Ltd

THREADING TOGETHER THE WORLD'S SUPPLY CHAINS

Following a record-breaking performance by its stock market, Japan topped off 2023 with a third straight quarter of improving business sentiment as its largest firms continued to grow more optimistic. In the Bank of Japan's final 'tankan' survey of the year, sentiment amongst Japanese manufacturers rose significantly to plus-12 - up on plus-5 in June - indicating the long-term return of domestic and overseas demand. Entering 2024 on a high, Nikkei Asia has reported that capital investment by large Japanese companies will hit a record JPY 31.9 trillion by the end of FY23 this March.

Fasteners - whether bolts, nuts, or screws - are used in almost all manufactured products and several key global industries, including the aerospace, automotive, and shipbuilding sectors. Around the world, Japanese International Standard (JIS) screws, also known as metric screws, are synonymous with exceptional quality and craftsmanship, with manufacturers pushing to gain the leading edge with the latest technologies and most diverse ranges. According to the Fasteners Institute of Japan (FIT), there are approximately 3,000 manufacturers of fasteners in Japan, producing a total of JPY 1 trillion worth of fasteners each year, supported by a fine-tuned network of over 400 distributors and trading companies, which collectively generate JPY 450 billion in annual revenue.

With over 75 years of specialist experience and an inventory exceeding 2.0 million types of fasteners, Sunco Industries is the trusted B2B distributor of choice for JIS screws at home and abroad. Sunco currently occupies a 10% share of the domestic market and offers one-stop shopping as well as international Door to Door (D2D) shipping across its product range.

Sunco's unrivalled industry presence encompasses business relations with over a third of all Japanese screw manufacturers, ensuring its exclusive range covers all customer needs. Whether JIS screws or pre-assembled (SEMS) screws, thin-headed screws, or RoHS-compliant screws, Sunco meets the diverse requirements of key industries, both traditional and cutting-edge. The company even offers sales of individual screws, fulfilling its motto: 'There is no screw that doesn't exist.'

But where Sunco truly excels is in its world-class logistics and distribution operation. In total, the company ships a staggering 30,000 orders each day, offering next-day D2D for domestic firms as well as rapid international shipping, utilising advanced logistics systems and mathematical modelling to streamline everything from procurement and warehouse storage to distribution and customer queries. "We're incredibly proud of our distribution centres, specifically the use of sophisticated IT and mathematics in our patented control system. We have the best data analysis



Yoshihide Okuyama
CEO

computers in the world, allowing customers to place 150 orders each day with us. All our parts picking is automated, and we have machines to perform quality assurance so we can deliver to customers in the automotive market," says Sunco's CEO, Mr. Yoshihide Okuyama, whose grandfather established the company.

Everything at Sunco is geared towards maximising convenience. "Our computers can also evaluate each customer's order, so we can provide recommendations on the screws they need. This is something no other company does," says Mr. Okuyama, who sees Sunco as the Amazon of fasteners. Most importantly, Sunco's state-of-the-art logistics means it can handle more orders than any of its competitors, and as the company continues to strengthen its

distribution system on a daily basis, Mr. Okuyama believes its biggest strength is ultimately geographical. "We're located in Higashi-Osaka City, the capital of Japanese fastener production. There are about 450 screw manufacturers in the area and about 150 companies within a 3-kilometre radius of us."

Leveraging its prime location, Sunco has managed to quadruple its inventory size over the past decade, growing its sales by an average of 7% each year. But despite its top-ranking position, Mr. Okuyama believes there is still plenty of room for growth, particularly in maximising its global footprint. "We started our overseas business in 2020. It's a fairly new business, accounting for just 1% of our sales, but the potential is huge. Many overseas companies, including in the USA and the UK, are in the business of restoring Japanese automobiles and bikes, but they face a challenge in obtaining JIS screws or machinery parts. We're fixing this issue." To this end, Sunco launched its B2B e-commerce platform '3Q Net,' offering overseas customers access to its entire inventory for the first time, allowing them to check the status of specific products and order with D2D shipping.

By allowing overseas firms unprecedented access to JIS screws and fasteners, Sunco has overcome one of the most entrenched obstacles to Japanese firms exporting overseas - the inability of non-Japanese firms to maintain Japanese machinery and equipment. In laying the groundwork for the globalisation of 'Made in Japan,' Sunco proudly symbolises everything Japan's business community stands for. "Japanese people are extremely good at focusing on the details - it's why we can pick out and deliver a single screw to a customer from a sea of thousands of fasteners. Japanese businesses here are experts at scaling up quality," says Mr. Okuyama.





Logicom Holdings

BESPOKE INTERNATIONAL LOGISTICS SERVICES

For global businesses expanding into Asia-Pacific (APAC), Japan's exceptional trade infrastructure and extensive catalogue of free trade agreements (FTAs) make it the ideal choice. From Kansai International Airport, located in Osaka, businesses can easily access major Asian markets, including Seoul in under two hours and Shanghai in under three. Japan's FTAs also cover key markets like the USA and the EU, and the country is the world's fifth-largest exporter and the fourth-largest importer of goods, according to the World Bank, with foreign trade accounting for 37% of its GDP.

Boasting automotive giants like Toyota and Honda, Japan is currently the world's third-largest producer of cars. Behind the scenes, Japanese carmakers are supported by an army of world-class logistics providers who work tirelessly to ensure the entire supply chain runs like clockwork. In FY22, sales across Japan's logistics industry totalled a staggering JPY 24.6 trillion, according to Statista, with most business conducted via truck transportation and coastwise shipping.

Drawing on 65 years of experience in the logistics industry, Logicom Holdings is the trusted logistics firm of Japan's top automobile manufacturers, enjoying strong relationships with the likes of Toyota, Suzuki, Honda, Mitsubishi, and Nissan.

Logicom's ability to consistently deliver a superior service to its customers has cemented its reputation in a fiercely competitive industry, enabling it to rise through the ranks and carve out a niche for itself. "We bridge the gap between parts manufacturers and automakers," says Logicom's president, Masato Oue. "We're primarily a logistics and warehousing company, but specialising in automotive parts. We deliver a range of components, from tyres and wheels to steering, windows, and headlights - essentially everything a car requires."

The lifeblood of Logicom's business is its unique transportation system. Oue says Logicom can have up to 600 truck drivers on the roads on any given day, but where the company truly excels is through its use of fine-tuned distribution models. One example is cross-docking, where goods are sorted upon reception and then immediately loaded onto outgoing trucks - removing the need to store goods in warehouses for long periods. Logicom also utilises the milk-run logistics model - instead of sending an individual truck, it transports mixed loads and visits multiple customers on a single run. Both methods enable efficient just-in-time (JIT) delivery to customers, and the company even goes one step further in offering to pick up products and deliver on a Door-to-Door (D2D) basis.

To coordinate everything, Logicom relies on a highly sophisticated Warehouse Management System (WMS), which encompasses the entire process from receiving goods to transportation, warehouse storage, distribution, processing, and finally, delivery. Logicom developed its WMS as early as 1976, and today, it forms an integral part of the company's bespoke logistics service. Through its WMS, Logicom



Masato Oue
CEO

can offer its customers unrivalled customisation options, including sequential delivery matched to their production chain, perfected with real-time demand forecasting and live inventory data.

Constantly seeking new ways to add value to its customers' businesses, Logicom prides itself on being much more than just a logistics provider. "We always strive to go beyond traditional logistics, offering superior solutions that exceed our customers' expectations," says Oue. For example, since 1965, Logicom has manufactured its own automobile parts, offering customers unrivalled customisation and flexibility. From high-precision prototypes based on customer drawings to secure delivery of the finished goods, Logicom takes control of the whole process. The company's capabilities even extend to assembling and performing in-depth quality control on all parts before delivery.

With such a diverse skill set, Logicom has forged an enviable financial position over recent years. "We recovered quickly from the COVID-19 pandemic, and in the final half of our last fiscal year, we registered our highest-ever sales and profit figures," explains Oue. "We're continuing to increase our market share and anticipate a strong performance this fiscal year, with sales forecast to reach JPY 33 billion. In comparison, our pre-COVID turnover was roughly JPY 25 billion."

As Logicom pilots its course towards future success, the company aims to channel new growth through its international business. So far, Logicom has established local subsidiaries in China, Thailand, India, and Indonesia, with capabilities for D2D worldwide shipping backed by a wealth of experience in international air and ocean freight shipping. Plus, as an AEO-certified customs broker, Logicom ensures its customers have access to the best routes and the fastest delivery times.

Logicom also provides an invaluable service to foreign firms looking to do business in Japan, something Oue is keen to expand through joint ventures. "We can handle all the administrative aspects and inventory management. Currently, we're doing this with a Chinese company, importing wheels from China and then selling them to Japanese carmakers in Thailand." Logicom has also agreed to form a joint venture with the same Chinese company and will begin working together this year in Mexico.

To celebrate its 65 years anniversary this year, Logicom remains guided by the same core values that proved foundational to its success, a business philosophy embodied in its motto, 'Trust and Contribution.' Chosen to represent the company's overarching vision, Logicom's motto is also synonymous with the unwavering care and attention Japanese firms of all stripes offer their customers. Whether at home or overseas, companies like Logicom define what it means to do business the Japanese way.





dip Corporation

RECRUITING THE STARS OF THE FUTURE

Buoyed with confidence by the return of inflation, record wage growth, and low interest rates, foreign investors have made one thing clear: Japan is Asia's most liquid "not China" buy. Their outlook is boosted by several key factors, including shareholder activism, governance reforms, and examples of strength in times of crisis. "The Japanese economy is resilient, undervalued and becoming more productive," stated the Bank of America, praising the country's response to the January 1 Noto Earthquake.

Japan's recruitment industry is one of the largest in the world, valued at over JPY 1 trillion, according to Statista. Over the past few years, the industry has experienced substantial growth across four key sectors: dispatching, outsourcing, job advertising, and placement services. Worth about JPY 696 billion in 2021, according to Statista, job advertising is central to Japan's booming employment market as the primary method for job seekers to gain employment.

Founded in 1997, dip Corporation is a pioneering HR firm specialising in online job advertising and recruitment. Using technologies such as artificial intelligence and data-based analysis, dip has perfected the art of matching employers and job seekers.

According to dip's president, Hideki Tomita, who founded the company from scratch, dip took its starting point from the idea that informed consumers make the best decisions. "In those days, I had no money, no connections, no colleagues. All I had was a dream, an idea, and passion – that's why I named the company 'dip' Corporation," he recalls. dip's first business operation was to advertise English schools and wedding venues using public terminals, where it got the idea to start advertising.

Not long after, dip's sudden rise attracted the interest of Yahoo! Japan, which entered into a partnership with dip to promote job advertisements through the Yahoo! platform. This collaboration progressed well for both parties, until Yahoo! pulled out three days before dip's planned IPO. But where others saw setbacks, Tomita saw new possibilities. "We flipped the Yahoo! situation into an opportunity and decided to focus on creating our brand independently." dip went on to achieve a landmark listing on the Tokyo Stock Exchange and the fastest growth in the industry.

Over the next decade, dip went on to establish a variety of unique services including Baitoru, one of the largest job information sites in Japan; Baitoru NEXT, a site for those seeking the next stage of fixed-term employment as a permanent or contract employee; and Baitoru PRO, a specialised job site for professionals. Their media line-up also features Hatarako net, a comprehensive job site that allows job seekers to choose a job that fits their lifestyle, as well as Nurse de Hatarako and Nursing Care de Hatarako, which are recruiting services for medical and nursing care professionals.



Hideki Tomita
President

In an effort to address some of the disparities facing fixed-term employees, dip's recruiting consultants are proposing higher hourly wages to clients during business negotiations. They have also implemented initiatives and promotions, such as encouraging DEI recruitment regardless of age, gender, or nationality, and have steadily gained the support of job seekers and companies.

As many jobs need to be replaced by digital labour, dip is focusing on DX services for SMEs. In 2019, it launched

KOBOT to help SMEs streamline their recruitment processes. KOBOT enables companies to automate interview scheduling for part-time roles and saves thousands of hours of labour time. Within two years of KOBOT's launch, dip acquired DX certification from the Ministry of Economy, Trade and Industry (METI).

dip's priority this fiscal year is artificial intelligence. Alongside AI-optimising a wide range of essential tasks such as job listing revisions, the company has designed an AI recruitment tool called 'AI-Agent' that creates win-win matches for employers and job seekers. Based on machine learning, it offers clients an unbeatable service – high-quality human resources accurately curated for their needs. Through DX and AI, dip estimates it will save up to 500,000 hours of labour time internally over the coming fiscal year.

Tomita also appreciates the value of collaboration. For example, the company is currently working with the University of Tokyo's Matsuo Laboratory, which specialises in AI applications. "Whether in joint ventures, M&As, or as a preferred supplier, we're interested in all new opportunities to help power growth and technological expansion," says Tomita, adding, "we plan to be reborn as a tech company."

Just as dip understands the significance of finding the 'right fit', Tomita credits much of the company's own success to its team of talented employees, which number roughly 3,000. "Last year, we hired 600 new graduates. Our best asset is our people. We train and nurture all employees, so they understand our DNA and vision."

Investing in the company's stock is another way to participate in dip's success. From the beginning of January 2019-January 2024, dip's stock rose by approximately 84%, whilst in the first nine months of FY24, it registered a 9.6% year-over-year (YoY) rise in sales, with operating income rising 3.4% YoY to JPY 9.818 billion.

As Japan's achievement of economic success despite its ageing population becomes a template others will aim to emulate in the coming decades, Tomita says the country is the perfect destination for investors looking to get ahead of the game. "The quality and level of service here is exceptional, and our product mix is unparalleled around the world. It's not something outsiders are truly aware of unless they experience it for themselves. Competitiveness is embedded in Japanese culture."

dip
Labor force solution company



Yokogawa Rental & Lease

THE SHORTEST ROUTE TO SUCCESS

As Japanese businesses look to drive new growth amidst the country's declining workforce, demand for technologies like artificial intelligence is soaring. Since the government's launch of the Regulatory Sandbox in 2018 – which allows businesses to develop and test novel ideas without the limitations of existing regulation – projects from over 140 businesses have been approved, ranging from FinTech and healthcare to AI and IoT.

Similarly, digital transformation (DX) is now one of the biggest priorities for Japanese businesses. The domestic market size of enterprise software alone totalled USD 9.88 billion in 2023, according to Statista, whilst revenue in the IT services market is forecast to surpass USD 100 billion in 2028.

Founded in 1987, Yokogawa Rental & Lease gives firms across Japan unrivalled access to the latest IT devices and software via a game-changing rental business model. Yokogawa Rental & Lease also sells a range of in-house system solutions designed to help businesses transition to new work styles and accelerate DX.

Over the past three decades, Yokogawa Rental & Lease has supplied businesses with over 1 million rental devices, including state-of-the-art PCs and IT-related equipment. Leveraging its partnership network, they cover the entire life cycle of each rental product, from procurement, installation, and operation to maintenance. Whilst renting is still a relatively new business model in Japan, Yokogawa Rental & Lease's president, Kazuhisa Sawa, senses a huge opportunity: "Rented PCs account for approximately 10% of all PCs used by Japanese businesses. Our service resolves many of the challenges businesses face due to Japan's declining population; we expect a huge demand increase in the near future."

Yokogawa Rental & Lease's rental model is also ideal for businesses looking to incorporate green transformation (GX), and the company's championing

of sustainability has earned it several accolades. Last year, they became one of non-manufacturing companies in Japan to receive SBT (science-based targets) certification for reducing greenhouse gas emissions. The company has also launched a first-of-its-kind rental service with a renewable energy certificate.

"Our business partners are all deeply concerned about addressing environmental issues. They expect this commitment from us, and we want to share that with our customers," says Sawa, who also sees Yokogawa Rental & Lease's environmental mission as a platform for global growth: "Environmental issues are more prominent than ever, and we believe attitudes have shifted – people would rather rent PC and other devices than own them. We're creating new demand upon the most promising markets."

Above all, Sawa is most proud of the frontline work Yokogawa Rental & Lease is doing to enhance the future readiness of Japan's business community, believing it to be vital in securing the country's long-term investment attractiveness. "Japan's dedication to education and continuous improvement will ensure foreign investors always have access to top-tier human capital. Japanese companies are prepared to undergo significant changes to keep pace with their global peers; it's a new era."

YOKOGAWA 
横河レンタ・リース株式会社



Kazuhisa Sawa
President



Nippon Rent-A-Car

PARTNER FOR GROWTH

Japan's economy will pick up pace in 2024, according to the Economist Intelligence Unit – echoing widespread optimism about the world's third-largest economy.

Tourism is one of many sectors rebounding after the covid-19 pandemic, with inbound visitor numbers exceeding pre-pandemic levels in October 2023.

With its red and white logo recognised globally, Nippon Rent-A-Car welcomes them. The company was founded in 1969 and now has 17 subsidiaries. It is backed by two leading Japanese businesses - Tokyo Century (with an 89% stake) and airline ANA (11%).

"We have two unique aspects," says Norihisa Fujiwara, Nippon Rent-A-Car's president. "Firstly, the variety of vehicles in our fleet. Secondly, we own all our locations across Japan, which no other company in the industry can claim; the others operate franchise systems."

This is a model that has proved very successful – the company achieved record sales in 2023, with profit increasing significantly. Fujiwara is determined to build on this to secure long-term growth.

To this end, the company's business strategy focuses on key priorities – uniting Nippon Rent-A-Car groups by strength, operating as one team; lean management that reduces waste and increases efficiency; and improving both customer and employee satisfaction. The company aims to increase the strength of its rental office network, standardising outlets, renovating or relocating a third of them to make them better for customers and employees alike. Undertaking digital transformation, it is building more options for customers in the rental process, reducing wait time and improving operational efficiency. Developing its reservation website and installing translation tablets at all locations, it is

enhancing service at rental offices, while focusing on the inbound tourism market.

"We will achieve sustainable growth through customer and employee happiness," says Fujiwara. "Our culture is to achieve customers' happiness, it's in our DNA. We're a people business, a company which takes care of our employees – employee engagement is so important for us, and we ensure that they understand to do the best for customers. We help our customers to make their holidays or business meetings the most exciting events. Our service is of the highest quality, and we're a leader in the industry because of it. We understand our customers and we are always improving their rental experience, including through digital transformation."

This approach and its strong brand makes Nippon Rent-A-Car not only the ideal car rental option for foreign tourists in Japan, but an excellent business partner in-country. The company has a highly-successful partnership with global rental leader Enterprise Mobility, which has bolstered its experience in working with corporate clients and HWIs. The Japanese company is now seeking various opportunities to help scale up its operations, to further increase profitability, and to take a lead in the mobility service revolution – while proudly flying the flag for Japan as both a tourism and investment destination.

"We want to help promote the brand of Japan which has respect for others, the best hospitality" says Fujiwara. "At Nippon Rent-A-Car we really care about receiving a smile from our customers."



Norihisa Fujiwara
President



Enjoy your Japan vacation more with
NIPPON RENT-A-CAR



Super Hotel

LEADING JAPANESE HOSPITALITY TOWARDS
A CO₂ EMISSION NET-ZERO FUTURE

With external demand strengthening and inbound tourism recovering to pre-pandemic levels, Japan's government has raised its economic growth projections for FY24 to 1.6% in its latest twice-yearly economic outlook report. In nominal GDP terms, the government projects a 3% rise in FY24, bringing it to a record USD 4.29 trillion.

Japan's rich cultural heritage and diverse geography have made it one of the world's most visited tourist destinations. Consequently, Japan's hospitality industry is now worth a staggering USD 25.06 billion, according to Statista, and comprises around 90,000 hotels and accommodation sites. As tourists seek low-carbon travel options, the industry has become an eco-friendly north star for other international tourism hotspots to follow.

With 172 branches nationwide, Super Hotel is on a mission to inspire low-carbon, eco-friendly travel to Japan's top tourist destinations, including Tokyo, Kyoto, and Mount Fuji. In 2011, the Ministry of the Environment certified Super Hotel as the industry's first and only Eco-First company.

Each Super Hotel branch is replete with a unique array of traditional activities designed to give guests an authentic experience of the local area, from natural hot spring facilities to JAS-certified organic food and regional revitalisation initiatives. The company also utilises smart technologies to reduce carbon emissions and offsets 100% of the emissions generated per night's stay by investing in clean energy projects. Between 2010 – when Super Hotel initiated these activities – and 2023, the company has achieved a cumulative total of 20 million 'Eco-stay' nights and saved 123,000 tons of CO₂ emissions.

"As a hospitality provider, I believe it's our duty to educate people about environmental issues," says Super Hotel's executive chairman, Ryosuke Yamamoto. "We have two main pillars: 'Our Eco-stay' activity, where we carbon-offset our

guests' stays, and 'Eco-favourite' activities, where we reward people for bringing their own amenities, such as toothbrushes. We also provide clean, filtered air and ionised water to all rooms."

Super Hotel's dedication to the well-being of its guests has earned it numerous accolades, including the JD Power Guest Satisfaction award for the ninth straight year and the top spot in this year's Japanese Customer Satisfaction Index (JCSI) for Guest Satisfaction. Super Hotel

also boasts a 70% return rate. For Yamamoto, the key to Super Hotel's exceptional performance lies with the 'autonomous & enthusiastic spirit' of its staff, fostered through initiatives like its venture management system – a 50-day training program for high-achievers pursuing management roles at each hotel.

Having solidified its reputation at home, Yamamoto is keen to channel new growth through expanding Super Hotel's overseas portfolio: "We currently have a hotel in Myanmar, and we are confident in SEA's potential for franchising. Regional investors are welcome to support our venture."

By opening Super Hotels outside Japan, the company hopes to continue its work as an ambassador for Japanese hospitality. Above all, as a forerunner in eco-tourism, Yamamoto hopes Super Hotel can encourage others to share in its vision for a more sustainable and authentic experience of new cultures.

SUPERHOTEL

Ryosuke Yamamoto
Executive Chairman



SUS

A GLOBAL STANDARD

Japan can expect steady growth ahead, while the central bank will move towards normalising interest rates in 2024-25, according to the Economist Intelligence Unit.

The Asian giant produced 534,900 tonnes of secondary aluminium in the first nine months of 2023, according to the Japan Aluminium Association; recent media reports have shown that demand from the automaking sector in particular is growing.

Since its founding in 1992, SUS has tackled aluminium as a material and repeatedly challenged and revolutionised its use. As a result, the company is an internationally-known brand, and the global market leader in aluminium extrusion frames, among a range of products it offers from factory automation devices to architectural products. Already present across Southeast Asia, in the United States, Europe and China, the company is eyeing further international expansion.

"We are looking into developing in the US, where I see a lot of potential in the market," says Yasuo Ishida, SUS's president. "We know that being successful in Asian markets is pretty tough. The US is a pretty fair market for competition, and as long as we have a great product offer, the market will accept it at the price point we're happy with. At the moment, Europe is challenging due to the war in Ukraine. If things settle down, we would consider exploring opportunities there."

The company places a strong emphasis on its "global standard" philosophy, with harmony between the business and its customers, a corporate culture filled with energy and communication, with successful results returned to society - and of course an environmental commitment

to using limited resources repeatedly and effectively.

SUS will continue the evolution of its product offering, as it always has done. The company has adapted its range to meet the growing demand for aluminium and automation devices driven by increasing environmental awareness and the need for efficiency. Moreover, the company is developing unique products to optimise the superior features of aluminium as material, and at the same time improving structural stability through uniformity of physical properties.

"We pour energy into the development of our products," says Ishida. "In 30 years, we haven't compromised with development – no-one works on the level of R&D that we do. We work very hard, we're energetic and passionate, and aggressive in our working style."

The company's employees are strongly engaged in the process, and SUS emphasises the importance of passing on that approach to the next generation. Its philosophy is rooted in a Japanese outlook to business – one that has benefitted the country's businesses as they have ventured out around the world.

"Japanese people are meticulous," says Ishida. "We are great partners in other countries because of our nature, our knowledge, and our focus."

SUS

Yasuo Ishida
President





ICHIKAWA

ALWAYS ONE STEP AHEAD OF THE FUTURE

Japan is one of the world's most inventive nations. According to the latest Global Innovation Index (GII), Japan files the most patent families per billion of GDP (PPP) of any country in the world and ranks fifth for the percentage of GDP spent on R&D. In their relentless pursuit of innovation, Japanese firms generate a constant stream of live opportunities open to foreign investors, backed by a dynamic investment climate, a globally harmonised legal system, and a sandbox approach to new technologies and business models.

Japan's construction industry is a central pillar of the economy, generating around 5% of its GDP, according to Statista. Demand has remained robust over the past decade, largely driven by reconstruction after the Great East Japan Earthquake and major events like the Tokyo 2020 Olympics. In the coming years, Japan's pipeline of national infrastructure projects like the Linear Chuo Shinkansen and continued disaster prevention work will sustain strong demand. According to Deloitte, Japan's construction industry will also be vital in carrying out the country's flagship 'Society 5.0' vision as well as decarbonisation effort, offering unprecedented opportunities for firms with diverse strengths in civil engineering and renewable energy infrastructure.

Tracing its history back to the immediate aftermath of the atomic bombing of Hiroshima, ICHIKAWA – founded in 1945 – has played an integral role in the city's rebuild effort and is now one of its top-flight urban developers.

ICHIKAWA's rich history in disaster recovery has provided ample opportunity for the company to perfect and diversify its services. Today, its integrated skill set spans civil engineering & construction, urban energy infrastructure, and Industry 4.0 equipment to automate factory production. In civil engineering & construction, ICHIKAWA's attractiveness – particularly to local governments – lies in its wide-ranging capabilities and focus on creating communities that continue to evolve. From multi-story parking lots, elevator equipment, and rooftop swimming pools to electric power infrastructure encompassing thermal power, nuclear power, hydropower, solar power, and wind power, ICHIKAWA's unique combination of know-how has helped it carve out an enviable position within the industry. Looking ahead, the company's president, Jiro Ichikawa, anticipates a strong period of growth. "We expect to receive more orders for our carbon emission-reducing equipment in the coming years – especially in Tokyo."

ICHIKAWA has also developed a world-leading class of power motor technologies for applications such as air conditioning in new and existing buildings. The company's star products are its LPM and VPM motors, which utilise a magnet to reduce loss in the rotor to zero – cutting annual carbon emissions per LPM and VPM by one ton and making them the world's most efficient motors. ICHIKAWA's

LPM and VPM motors have been installed in some of Japan's most prominent buildings – including the Azabudai Hills, the Roppongi Hills Mori Tower, the Nippon Television Tower, and Tokyo International Airport – plus several semiconductor manufacturing plants.

Since Jiro took over from his father as president in 2013, inventions like the LPM and VPM have become ICHIKAWA's bread and butter, aligning with his vision to reassert the company's reputation as a manufacturer. "At the time I joined, we were seen as just a trading company rather than for our work as a 'technology' trading company. In 2018, I changed the name to give us a fresh slate and increase our customer base, simultaneously forming our current three pillars: engineering (our robot system integrator & HVAC system), trading, and manufacturing our own products."

Jiro has also overseen ICHIKAWA's venture into mobile disaster recovery equipment

through two innovations: a highly mobile water supply vehicle – W-Dash – and an emergency electricity generator vehicle – E-Dash. The former is ICHIKAWA's answer to the lack of fresh water supply in disaster-affected areas and evacuation sites and can supply 20,000 litres of fresh water per day – enough domestic water for 500 people – whilst also being operable under a regular driver's licence. The E-Dash, meanwhile, is a highly mobile emergency power source that can supply 60KVA of electricity for a wide range of purposes, such as lighting, air conditioning, and securing temporary power at disaster sites. As part of its mission to enrich Japan's urban communities, ICHIKAWA donated its E-Dash vehicle to Hiroshima Prefecture in March 2023, and Jiro is now keen to roll out both vehicles through local governments across Japan.

Given the company's success in Japan, Jiro has set his sights on business opportunities further afield, with a view to forging partnerships based on its exclusive catalogue of technologies and services. "We have lots of connections and strong relationships with several companies, as well as manufacturers, and therefore lots of valuable information future partners can utilise. Not only do we have the technological know-how, but we also have the ability to operate and supply it."

At a time of intense global interest in how Japan is solving its climate-change-related issues, ICHIKAWA's proven capacity for world-leading innovation makes it the ideal partner. Indeed, with its story inextricably linked to Hiroshima's blossoming into a prosperous manufacturing hub, ICHIKAWA defines the Japanese spirit of resilience, turning the biggest challenges into unrivalled opportunities for innovation, growth, and leadership.

 ICHIKAWA



Weathernews Inc.

MAKING THE WEATHER

Asia will be the furnace in which a new era is forged," according to global consultancy McKinsey – and Japan, as the continent's second-biggest economy, will play a central role in this.

The key engine of growth is likely to be services, which account for around 70% of Japan's GDP.

The world's number-one weather information service, Weathernews Inc. epitomises the tech-intensive, innovative best of the Japanese service sector. Providing services to companies and people active in variety of sectors including sea, on land and in the air, it combines a vast database with an array of value-added advisory products. The company aims to realize the dream of "Saving the lives of sailors. Saving the future of our planet too."

"We operate globally in the ocean segment, for air currently we focus on Asia, and for the land segment we cover almost Japan only for now," says Weathernews president Chihiro Kusabiraki. "One of our growth strategies is expanding this business globally, with a focus on Asia, Europe, and America. Another one is to expand our services to SMEs in addition to our current service offerings focused on large companies. To this end, building adaptable services and operational systems is also an important point. Also, for a few years we have been receiving a lot of enquiries about climate change, which I believe will be another a new growth pillar for us."

Weathernews cites three strengths: forecast accuracy, database, and community. The factors behind the company's forecast accuracy are its own observation network and observation infrastructure, as well as his more than 180,000 weather reports per day sent in by users of the company's app. The company has also developed the world's largest weather observation database by independently developing satellites and small -scale radars and deploying

them in Asian markets where information is difficult to obtain.

"Our forecast accuracy is extremely high, and has been verified by third parties to be the most accurate available, especially in Japan," Kusabiraki says.

Additionally, Weathernews' capabilities extend beyond simply providing weather information to leveraging our market understanding and long-term client relationships to provide solutions for our clients.

For example, in our services for shipping companies, we provide advice on the optimal engine speed depending on the type of ship and the optimal route for that ship. We have also begun offering analysis services for business risks associated with climate change, and we have the ability to predict climate conditions several decades into the future and support companies in formulating their BCM/BCP.

For this reason, the company, which is listed on the Tokyo Stock Exchange, is in a unique position not only for investors but also for customers.

Weathernews shows how Japan has produced world-leaders in a range of segments, combining local expertise with a global view.

"American companies tend to focus on relative value, and many aim to be number one in market cap and sales, for example," says Kusabiraki. "European companies, on the other hand, tend to focus on definite value, such as providing the best services."

Many Japanese companies aim to realize both of these values, and this is also the future we are aiming for, and that will continue to attract foreign investors."



Chihiro Kusabiraki
President



Miyatsu

A STORY OF INNOVATION SPANNING SIX DECADES

Japan's net worth has reached an astonishing JPY 3.999 quadrillion, according to official data released in January, marking the highest tally since 1994 and the seventh straight year of growth. With inflation also at a four-decade high, Japan's economy is now firing on all cylinders.

Such a strong recovery has brought old industries back into the fold, most notably semiconductor production. Whilst it no longer leads the world in chip making, Japan's expertise in semiconductor materials and equipment has led to the re-emergence of a "globally competitive" export industry, according to the United States International Trade Commission.

Founded in 1969, Miyatsu has been a partner company of Hitachi for many years, gaining experience in manufacturing crossbar switches, mainframe computer peripherals, and CVD and Furness equipment. In addition, it is currently focusing on developing and manufacturing Etching and Ashing equipment. Miyatsu's manufacturing capabilities range from single-wafer ashing equipment using a plasma emitter to OLED display manufacturing equipment. Its standout batch-ashing products - MG6500R/MG8500R and MG200 (single-wafer-ashing) - have received industrywide praise for their environmental credentials and user-friendliness.

As there are few competitors globally in Miyatsu's niche, the company's chairman and CEO, Chiharu Miyata, is confident that by acting decisively, it can become the second-largest industry player for these devices. "We're continuing to focus on development and innovation, particularly in producing Etching and Ashing equipment for SiC semiconductors. These are composed of silicon carbide and rate highly on energy efficiency." Currently, the company is open to partnering as an OEM or licensing its IPs

to help others manufacture semiconductors.

Helping others is also the motivation behind Miyata's second venture - UBC - the network connectivity firm he founded in 2007. Based in Miyata's hometown, UBC was established in response to rural areas' lack of connectivity and digitalization. Leveraging a fiber network utilizing the IoT and sensors to connect over 10,000 homes, UBC is preparing the groundwork for these areas to accommodate new and upcoming technologies. UBC addresses Japan's most pressing social issues with a range of technologies, from remote medical assistance and artificial intelligence to mobility-related 5G and 6G applications. This concept was born in 2003 when he opened an office in San Jose and explored the possibilities of realizing a ubiquitous society. Miyata now wants to spread it worldwide. More specifically, he is searching for an international partner to make UBC's ICT system more user-friendly.

Living in the countryside and running his own ICT business, Miyata has seen first-hand the positive impact technology firms like his can have. More broadly, he views Japan's response to its biggest challenges as something the world can learn from. "An aging population presents opportunities, just like our deep connection to nature does for environmentalism. Japan is entering a new era, and it's an excellent time to invest in our country and businesses."



Chiharu Miyata
Chairman & CEO