



Japan

DAWN BREAKS FOR THE RISING SUN

Boasting a multi-decade-high equity market, a supply chain haven for countries diversifying away from China, and "immense technological innovation and digitalisation," according to the IMF, Japan continues to remind global investors why, in 2023, they should bet on Asia's largest and most advanced economy. Enabled by the Bank of Japan's ultra-loose monetary policy, this year marks a historic turning point for Japan – a meaningful return to healthy inflation after three decades of stagflation. As Prime Minister Fumio Kishida declared in his speech to the Economic Club of New York this September: "Japan's economic indicators during the past year are at levels not seen in 30 years: Our nominal GDP annual growth rate was 11.4%, making it the highest among major developed countries; domestic investment is forecast to surpass 100 trillion yen this year, breaking a record-high in Japanese history... labour-management negotiations resulted in wage increases greater than 3.5%, which exceeded price hikes... Meanwhile, stock prices have risen to a level not seen in 33 years."

Underpinning the strong performance of Japan's equity market – both the TOPIX index and the Nikkei 225 far outstripped the USA's S&P 500 across the first seven months of this year – is Kishida's 'new form of capitalism,' which emphasises creating a 'virtuous cycle' of income to spending that injects the economy with inflation and the dynamism of a tight, highly mobile labour market. It is also a perfect illustration of how Japan is defying its 'demographic destiny' and translating its biggest social challenges into fuel for economic growth. For example, to afford higher wages and compete for talent in a declining workforce, Japanese corporations are now more motivated than ever to increase their ROIs and profitability – this year, summer bonuses in Japan's biggest firms rose to their second-highest level on record, whilst structural wage hikes have already spread to SMEs, according to Reuters.

Rising wages are also key to the government's goal of creating an environment that attracts foreign talent and enables elite human capital to flourish. Ultimately, the government wants to transform Japan into Asia's premier R&D and FDI hub – by 2030, it aims to raise Japan's stock of inward FDI to JPY 100 trillion, more than double the JPY 40 trillion stock it held in 2020. Here, Japan's declining workforce has engineered another huge demographic dividend by helping to inspire a transformative shift in the business community's openness to the world. "Japan has seen a period of introspection and withdrawal. But now, it's time for re-engagement; investors are now recognising how committed we are to fulfilling our promises. With its safety, top-tier infrastructure, and outstanding people, Japan holds immense potential," states Jean-Marc Gilson, president of Mitsubishi Chemical Group.

A go-getting corporate Japan has also generated a more rewarding shareholder experience, with record dividend pay-out ratios and enthusiastic share buybacks – which reached their highest level in 16 years in FY22 – encouraging more investors to take advantage of the historically low yen. Early in April, Warren Buffet's USD 7 billion vote of confidence in Japanese stocks catalysed a decade-high investment binge by overseas firms totalling JPY 1.05 trillion in the trading week through to April 14, as Berkshire Hathaway upped its stakes in Japan's top five trading houses by 7.4%. This was later mirrored by BlackRock's announcement it would go "overweight" on Japanese equities.

To sustain this momentum, Kishida is rolling out the red carpet to overseas asset management firms with "decisive" structural reforms to remove barriers to entry, including establishing special business zones where firms can make applications in English. The industry currently manages around JPY 800 trillion of assets – up 50% in three years,



Fumio Kishida
Prime Minister
of Japan

according to Nikkei Asia – and Kishida's reforms will target major banks, brokerage firms, and insurers. As a sweetener to new entrants, the government also plans to introduce a tax-free investment account for savers – the Nippon Individual Savings Account (Nisa) – to help unlock USD 14 trillion of household financial assets.

Whilst attracting foreign talent and higher FDI is fundamental to protecting Japan's strong economic growth, corporations across the country are helping to redefine its traditional strengths for the modern era. Innovating within tradition is something the president of Tsuburaya Fields Holding – a leading player in the 'smart' transformation of Japan's decades-old pachinko industry – Mr. Hidetoshi Yamamoto knows all about: "As the world evolves, we wonder about what new experiences we can introduce. To encapsulate our success mantra: It's about unwavering dedication and patience. That's the essence." Mr. Yamamoto's sentiment is echoed across corporate Japan, including by Akihide Tsuchiya, the president of Vertex Corporation, a leading manufacturer of construction materials, who states: "Yes, Japan faces a labour shortage, but as our labour force diminishes, there's a growing recognition of the need for change." Building on this sentiment of change and the role of individuals in driving it, many leaders share similar perspectives. "It is now clear that human capital plays a pivotal role in determining our country's competitive position," according to Yoshihisa Ozasa, chairman and representative director of Link and Motivation, a leading Japanese business consulting firm.

Innovation has always been the Japanese response, embedded within corporate philosophies like 'Kaizen' – meaning 'continuous improvement' – and today illustrated by Japan becoming the second most robot-dense country in the world, according to the International Federation of Robotics. To harness this energy, Kishida wants Japan to pioneer a new form of public-private partnerships, where government, industry, and labour work in harmony to accomplish paradigm-shifting policies, including enacting a legislative framework to accommodate JPY 150 trillion in investments across cutting-edge sectors like artificial intelligence, semiconductors, and renewable energy.

With businesses and the government open to global investment on an unprecedented scale and inflation back for good, Japan represents an investment opportunity more than three decades in the making. "I would urge you to evaluate what we are doing in my country, look at the underlying strength of our economy and our plans for the future, and then invest in Japan," said Prime Minister Fumio Kishida.



Mitsubishi Chemical Group

SHAPING A SUSTAINABLE GLOBAL FUTURE

Private consumption and investment have been the driving forces behind Japan's economic recovery from the COVID-19 pandemic, according to the International Monetary Fund. Furthermore, the IMF expects this growth to further accelerate in the current year. Exports are on the rise, and the forecasted current account surplus stands at a robust 2.9%, signaling the resurgence of Japan's globally competitive businesses.

The Japanese chemicals industry houses many of these businesses, with Japan ranking as the world's third-largest chemicals producer, according to the Japanese Chemical Industry Association. The chemicals industry contributes JPY 18 trillion in value-added to the economy, with JPY 2.6 trillion allocated to R&D, accounting for over a sixth of the manufacturing sector's R&D expenditure.

Mitsubishi Chemical Group (MCG) stands as one of the world's largest chemical producers. While the past decade witnessed growth that was not as robust as desired, the traditionally conservative company made a pivotal decision to bring in new leadership from outside. In December 2021, MCG launched "Forging the Future," a new management policy aimed at optimizing corporate value through a clearer strategy, driving operational excellence, and unlocking the company's immense growth potential.

Jean-Marc Gilson, Mitsubishi Chemical Group's President and CEO, the first foreigner to lead the company and a recognized leader with a clear strategic vision, shares his insights, saying, "Our first milestone was focusing on discipline and excellence within MCG to optimize financial performance. We simplified the organization, unified all goals, reduced costs, restructured, and invested heavily in digitalization. Over the past two years, we've made significant progress, and it's now time to embark on the next chapter—focusing on mid-term strategies and pillars for the future. We are concentrating on fewer industries, with our four key target markets being EV & mobility, digital, food, and medical."

Innovation and the deployment of cutting-edge technology have long been integral to the company's distinct competitive advantages. This, coupled with its customer-centric approach and consistent delivery of premium-quality products, sets Mitsubishi Chemical Group apart. At the core of MCG's business is its unique concept of "KAITEKI," signifying the company's commitment to the sustainable well-being of people and the planet. To achieve KAITEKI, MCG identifies three axes: MOT (Management of Technology), MOE (Management of Economics), and MOS (Management of Sustainability). MCG is dedicated to addressing environmental and social issues in collaboration with supply chain partners, customers, and other stakeholders in its ecosystem.

Gilson emphasizes, "Our drive is to provide innovative solutions that improve people's lives while ensuring profitability. We hold a responsibility to our stakeholders, and our reputation and respect in the industry necessitate maintaining the highest standards."

To continue delivering value to stakeholders, the company is actively striving to become "the digital chemical company," with seamless digital integration as a central element of its strategy. This digitalization initiative not only enhances the company's market position but also underscores its commitment to transformation.

Gilson states, "Investors are now witnessing our commitment to action. Our growth strategy, focusing on specific markets and product lines, is



Jean-Marc Gilson
President and CEO

creating substantial value. They recognize our dedication to streamlining and refocusing the company. We have built that trust."

The company's financial results confirm the success of this strategy and reinforce investor confidence. In the 2022 financial year (ending March 2023), sales revenues surged by 16.5% to JPY 4.6 trillion.

MCG's share price has soared from below JPY 700 to above JPY 900 in the past year alone. With a leaner organization that specializes in growth segments, the company is well-positioned to continue delivering excellent returns in the coming years.

Furthermore, Mitsubishi Chemical Group is poised to strengthen its position as a partner for other businesses. This includes strategic collaborations, joint ventures, or distribution agreements with global industry leaders. As MCG develops and diversifies its client portfolio on a global scale, opportunities for such collaborations are expected to grow. The company, which already generates more than half of its sales outside Japan, is actively working on building its international brand and establishing a robust presence in each market.

"We are committed to localizing sales while upholding our distinct Japanese qualities, which include our commitment to quality, exceptional customer service, and innovation," says Gilson. "We invest locally, embrace collaboration, and remain open to new opportunities."

The President of MCG is leading his company through a transformative journey, one that is already yielding positive results. This path aligns with other leading Japanese businesses that are also adapting to change while retaining the qualities and values that have made Japan such a successful nation.

Gilson concludes, "Japan, at times, has been introspective in recent years. It's time to open up. Many Japanese companies are beginning to realize that with the right approach, they can achieve remarkable success. Japan offers safety, excellent living conditions, top-notch infrastructure, outstanding people, and immense talent—advantages that should not be underestimated."



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Value.
Life.



T&D Holdings

PIONEERING EXCELLENCE IN THE LIFE INSURANCE INDUSTRY

As Japan entered the new year, fresh from relaxing its COVID-19 restrictions, proof of its economic resilience came instantly. Among the major developed economies, Japan boasted the highest employment rate in the first quarter of 2023, at 77.3%, according to Statista. To ensure continuous economic growth, Japan needs to address its most significant social challenges, particularly the increased demand for healthcare due to its aging and declining population. Japan's highly sophisticated insurance market will be an essential tool in addressing the evolving needs of its citizens, particularly given that the country has one of the highest rates of insurance policy ownership globally.

Japan's insurance market is among the largest in the world, with some of the highest premiums written globally. In 2021, 72% of total gross premiums written in 2021 were for life insurance, amounting to USD 295.85 billion, according to Statista. With over 30% of Japan's population aged 65 or older and more than 50% of the wealth held by this age group, Japan's aging society presents a significant opportunity for life insurers specializing in preventative health and wellness, long-term care, retirement, and wealth transfer, as indicated in a 2023 PwC report.

Founded two decades ago, T&D Holdings stands as Japan's leading insurance business, housing three life insurance companies under its umbrella – Dai-ichi Life, Taiyo Life, and T&D Financial Life – each addressing Japan's most critical issues. T&D Holdings also offers pet insurance and asset management services.

"Each of our three life insurance companies has a dedicated business structure. We've segmented the market, and each company concentrates on its unique segment," says T&D Holdings' President, Hirohisa Uehara. Since taking on the role in 2018, Uehara has championed life insurance to combat Japan's problems and create economic value. For instance, Uehara propelled Dai-ichi Life's mission to support Japan's SME-dominated economy, where 99.7% of all Japanese businesses are SMEs. This involves helping SME owners deal with the unexpected financial challenges caused by the retirement or absence of owners, managers, or employees through protection products like term life and critical illness insurance.

Simultaneously, through Taiyo Life, Uehara has aligned the group with the needs of Japan's aging population, providing tailored medical insurance and nursing care products for senior citizens and households. In 2018, Taiyo Life pioneered a new aspect of the market with the launch of its groundbreaking 'Dementia Prevention Insurance'. Also, in June 2021, Taiyo Life launched 'Cancer and Critical Illness Prevention Insurance', offering coverage of a lump sum across 19 predefined illnesses and disabilities, including cancer and diabetes. Similarly, T&D Financial Life focuses on the Japanese social issue of asset formation and offers bespoke products designed for senior citizens to support post-retirement expenditures and provide financial peace of mind for bereaved families.

Uehara's decision to prioritize Japan's most important social issues at T&D Holdings has yielded dividends. From December 28th, 2018, to September 14th, 2023, T&D Holdings' share price rose by 99.26%. In this year alone, as of September 14th, it shot up by 33.99%. Likewise, in FY22, the group's ordinary revenue increased by 22.94% year-over-year to JPY 3,214.1 billion, and its annual dividends per share rose to JPY 62.0, with the group forecasting an



increase to JPY 70.0 in FY23. T&D Holdings' solid financial performance also results from improved capital efficiency, explains Uehara: "Before, it was always thought that more capital was better from a life insurer's perspective. But to improve profits in a sustainable way, you need to enhance capital efficiency, which is why we prioritize optimizing the capital entrusted to us by our shareholders."

For Uehara, M&A has been another key driver of growth for the group. In 2020, in partnership with Carlyle, T&D Holdings acquired a 25% stake in a reinsurance company, Fortitude Re. "When we initially invested in Fortitude Re was engaged in the closed-book insurance business primarily in the U.S., creating value from insurance business that has been issued in the past but is no longer open to new policies," says Uehara, adding, "the original insurer transfers these policies to reinsurance companies to release reserves and capital for these policies. More recently, Fortitude Re has developed capabilities to assist insurers issuing new policies through its flow reinsurance solutions globally. Additionally, it has already transacted multiple times in Japan, further expanding its international presence. Since 2020, our investment in Fortitude Re has contributed c. 20% of our adjusted profits. And we're thinking about extending the scope of our closed-book business strategy to other regions such as Europe"

The group is currently open to further partnership opportunities, including strategic alliances or joint ventures, whether with global financial institutions, reinsurers, or other key players in the insurance industry. The ultimate goal is to optimise the business portfolio, including geographically: "We need a partner with special knowledge of their region, one that would help us explore new opportunities globally and align with our values and vision. We would provide funding and, more importantly, allow them to leverage our considerable industry experience and knowledge – a great asset in a joint venture," says Uehara.

Ultimately, what makes T&D Holdings the ideal partner is the same reason so many customers choose it – its integrity. "Sincerity and honesty are fundamental in this industry, and management understands what our stakeholders want. It's reflected in how we do business." From social and sustainability-focused impact investing – the group's ESG investment balance increased to JPY 790 billion by the end of December 2022 – to a long-term vision of creating shared value within Japanese society, T&D Holdings has proven itself to be much more than just an insurance business but a source of unwavering support as Japan tackles its biggest issues.

T&D Insurance Group



TAIYO-LIFE



DAI-ICHI LIFE INSURANCE COMPANY



T&D FINANCIAL LIFE



Mitsui O.S.K. Lines

STEERING GLOBAL SUSTAINABILITY THROUGH PIONEERING INNOVATION

According to the IMF report published in July, Japan's economy will grow by 1.4% in 2023, fueled by pent-up demand, supply chain improvements, and policy support as the country seeks to strengthen its recovery from the COVID-19 pandemic. Since lifting border control measures for overseas travelers in May 2023, Japan has seen a significant rebound in its tourism industry. In August, tourism levels reached 85.6% of the pre-pandemic figures, as reported by the Japan National Tourism Organization, marking the first time they surpassed the 80% threshold since the onset of the pandemic.

Japan's maritime strength is central to its position as the world's third-largest economy. Over 99% of Japan's foreign trade occurs by sea, as per Statista, with the high demand leading to one of the most sophisticated maritime transportation industries and the globe's most valuable merchant fleet. As Japan sets its sights on achieving net-zero emissions by 2050, the government has heavily emphasized the green transformation of the industry. Japan currently stands as the world's largest LNG importer and specialized service vessels are being deployed to harness its world-leading potential in offshore wind energy, offering support to foreign investors in the sector.

Founded in 1884, Mitsui O.S.K. Lines (MOL) ranks among the top maritime transportation firms worldwide and is a member of Japan's 'big three' international shippers. As of March 2023, MOL manages the third-largest global fleet, comprising 799 vessels. This includes the world's most extensive collection of LNG carriers (97) and dry bulkers (276).

For around 140 years, MOL has played a pivotal role in advancing Japanese industries both locally and on the global stage, driven by its pioneering innovations. From high-speed cargo ships in the 1930s that traversed the Yokohama-New York route ten days faster than the industry average, to introducing the world's first automated ship in 1961, followed by Japan's inaugural methanol carrier in 1983 and its first fully-fledged cruise ship in 1989, MOL has consistently positioned itself at the forefront of the global maritime transportation industry.

As MOL sets its sights on the future, President and CEO Takeshi Hashimoto envisions a global business expansion. He remarks, "Our ambition extends beyond Japanese shores, primarily targeting emerging markets. Over the last twenty years, we've significantly aided the growth of the Chinese economy by accommodating its vast transportation needs. Our focus now shifts to Asian nations, along with India, African nations, and South America. In these regions, forging solid partnerships with local entities will be paramount. As we continue to evolve, we're intensively building our intelligence and expanding our business networks, ensuring that MOL remains agile and adaptive to global changes."

In light of the unpredictability inherent in the international shipping industry, Hashimoto is advocating for a transformative shift in MOL's strategy. Keenly aware of the perils of over-reliance on shipping, he is championing business diversification to mitigate market risks, ensuring both sustainable and sustained growth that will also contribute to the shareholders. His vision is to transition MOL from being solely anchored in shipping to a 'social infrastructure company', although the main business remains in shipping, presenting a varied portfolio of services that capitalize on the company's marine transport expertise.

One focus will be on tourism - MOL is poised to tap into Japan's booming



Takeshi Hashimoto
President and CEO

tourism industry, with plans to establish a cruise line and a hospitality-focused real estate portfolio. "We aim to significantly shift our business mix, aiming to reduce our traditional shipping ratio in asset to 60% from 75% by 2035," Hashimoto explains. This strategic move is designed to offer stability to investors and stakeholders. On the partnership front, Hashimoto reveals MOL's inclination towards collaborations with international firms, for example, those in Europe and the USA, who possess vast expertise and experience in the cruise business and are interested in investing in the expansive cruise business domain in Japan. In return,

MOL offers an unparalleled wealth of knowledge of Japan.

Transitioning to eco-friendly fuel alternatives remains a formidable challenge for the global maritime industry. Addressing this, MOL unveiled its Environmental Vision 2.0 in 2021 and updated this April to "MOL Group Environmental Vision 2.2", setting ambitious goals: a 45% cut in GHG emissions by 2035 (relative to 2019 levels) and a target of net-zero emissions by 2050. While accelerating the shift to green fuels like sustainably-produced green ammonia and green methanol is crucial, Hashimoto emphasizes the need to first identify the right partner. "The USA presents emerging opportunities, and we're keen on exploring potential collaborations or acquisitions. Our commitment to sustainability is unwavering, but realizing our goals hinges on partnering with a competitive fuel provider equipped with the requisite technical expertise and industry experience."

MOL has set its sights on launching its inaugural net-zero ocean-going vessels within this decade, with an ambitious goal of operating a fleet of 130 such vessels by 2035. Presently, the company's endeavors center around enhancing the energy efficiency of net-zero power. Initiatives like the 'Wind Hunter' project exemplify this effort: it features an automated hard sail technology, which not only propels the vessel but also generates electricity to produce hydrogen. Furthermore, the vessel is capable of storing hydrogen, ensuring propulsion is maintained even in calm sea conditions. MOL will exhibit the "Wind Hunter" at the Japan Pavilion during COP28, which will be held in Dubai, United Arab Emirates, from November to December 2023."

Meanwhile, MOL has leveraged its maritime prowess to deliver renewable energy-related infrastructure services, encompassing operation, installation, and maintenance. Notably, through its Service Operation Vessel (SOV) business, MOL supports Danish sustainability leader Ørsted to maintain its offshore wind farm in Taiwanese waters. Actively involved in the SOV sector, MOL aspires to become an indispensable player in the global offshore wind value chain.

MOL stands as a cornerstone of Japan's illustrious maritime heritage. Today, its international approach and commitment to sustainability not only epitomize Japan's aspirations for an eco-friendly future but also position MOL as a pivotal force in realizing those dreams. "Japan's distinctive history has sometimes seen it separated from global currents. Yet, in today's age, a broad, global perspective is indispensable. For companies like ours to drive progress and achieve Japan's goals, we must think and act globally. Through strategic international partnerships, MOL reinforces its identity not just as a Japanese maritime icon, but as a global social infrastructure company."





Elevating Excellence

COCA-COLA BOTTLERS JAPAN HOLDINGS INC.'S VISION FOR 2028

According to a 2022 report by Fitch Ratings, an impressive 96 out of the top 100 companies in Japan find themselves in "positive credit change zones." This finding is indicative of the expected reduction in leverage across these businesses, as the increase in EBITDA generation effectively counters the rises in capital expenditure and dividends. These results underscore the remarkable resilience and profitability of the Japanese corporate sector, despite global headwinds.

In this affluent and consumer-conscious market, the soft drinks industry is thriving. Statista predicts that it will generate over \$27 billion in revenue in 2023, equating to a per-person expenditure of \$127.

Coca-Cola Bottlers Japan Holdings Inc. (CCBJH) stands as the largest bottler of the iconic soft drink in Japan and is responsible for approximately 90% of sales volume in the Coca-Cola system. Over recent years, CCBJH has undertaken a comprehensive transformation of its business, seizing the COVID-19 pandemic as an opportunity to invigorate its strategic approach. Presently, it is driving forward with an extensive overhaul to enhance its efficiency, strength, and profitability further.

Calin Dragan, Representative Director and President of Coca-Cola Bottlers Japan Holdings Inc., explains, "We accelerated the transformation by making substantial investments in digitalization, thereby laying the foundation for growth. Despite the challenges posed by COVID-19, our results this year have been outstanding. This has prompted us to unveil our strategic business plan, Vision 2028. We have set the stage for growth, transformed our business operations, and anticipate reaching our highest profit levels ever in 2028. Our targets are ambitious, but we are confident in our ability to deliver, and our progress in the first year has been highly promising."

In the first half of 2023, the company achieved JPY 404.1 billion in revenue, surpassing H1 2022, indicating that it is reaping the benefits of these implemented changes.

Among the significant changes made in the past was the consolidation of the business into a single operating company. This shift marked a departure from the previous model that comprised 12 bottling companies, each with numerous subsidiaries. Dragan sees this consolidation as the foundational step upon which further growth can be built. Coca-Cola Bottlers Japan Holdings Inc. has also taken bold steps in pricing, marking the first price increase in 27 years in 2019, followed by subsequent increases in response to inflation. Remarkably, revenues have risen without a corresponding drop in sales volumes, as consumers are willing to pay a premium for the perceived value of the company's products. With the business environment stabilizing after the pandemic and challenging cost conditions, the company is now committed to realizing Vision 2028.

The key objectives of this program include achieving a 2-3% CAGR in revenue growth, while also maintaining business income margin and return on invested capital at 5% or higher. The company's vision is anchored in sustainable, profitable growth supported by a resilient cost structure. This involves focusing on pillars such as commercial excellence, supply chain optimization, back-office and IT enhancements, and bolstering ESG, human capital, and financial foundations. To



Calin Dragan
Representative Director & President

achieve these goals, product strategies aligned with market trends, channel-specific growth strategies, profitability-focused commercial activities, and a transformation of the vending function will be implemented. On the supply chain side, CCBJH aims for more agile logistics, a flexible manufacturing structure, and comprehensive digital integration, with a strong emphasis on data-driven management and efficient administrative and business operations.

Coca-Cola Bottlers Japan Holdings Inc. has agreed to form a partnership with the prominent global technology consultancy, Accenture, to enhance digitalization across its entire value chain, streamlining processes. This joint venture between the two companies is scheduled to commence operations on January 4, 2024.

Calin Dragan emphasizes the significance of this partnership, stating, "This is one of the largest enterprise agreements that Accenture has entered to support in Japan. We chose Accenture for their technological prowess and access to cutting-edge technology globally. The success of this business hinges on doing things differently. Our primary goal in this partnership is to enhance productivity from the outset, while also making substantial investments in technology and core process improvements over the long term. This partnership holds immense importance, and we are committed to its success, making it a top priority."

CCBJH's tech master plan is already in motion, and Dragan anticipates witnessing its impact in approximately three years.

Coca-Cola Bottlers Japan Holdings Inc. enjoys a high level of market credibility, bolstered not only by its strong international brand associations but also by its investor base, with approximately 40% of its market capitalization owned by foreign investors. Furthermore, its approach to business is unique and competitive.

"We are competitive in terms of our values – we move swiftly and in the right direction," Dragan asserts. "We have invested more in digitalization than anyone else in the industry. We act with agility, speed, and scale."

Investors and partners can place their confidence in CCBJH's future, as the company remains open to collaborations that create value for both shareholders and employees. In 2014, Dragan facilitated the import of ten production lines from a global industry-leading company, demonstrating CCBJH's commitment to strengthening its own business and the domestic market.

"Japanese companies excel in continuous improvement," Dragan notes. "While decision-making may appear slow, our implementation is certainly not, distinguishing us from many other countries. At CCBJH, we are advancing, and through our partnership with Accenture, we are bringing a wealth of technology and expertise to Japan."

We bottle happy moments.

Coca-Cola

BOTTLERS JAPAN HOLDINGS INC.



Shionogi & Co., Ltd.

INNOVATING TO SECURE LIVES

Japan "continues to post economic gains, with a service sector recovery and pent-up demand driving growth", according to a recent report by global professional services firm Deloitte. An upcoming wage bump and accommodative monetary policy should help support demand through the year. Solid growth, high incomes, and an aging population make Japan the world's third-largest pharmaceutical market, according to the US International Trade Administration. The country is home to one of the world's most innovative pharmaceutical sectors, exporting drugs worth \$45bn annually.

Osaka-based Shionogi is at the cutting edge of this industry, and is building a global presence. Shionogi aims to continue to grow sustainably with society by addressing the needs of patients and society around the world, by continuously creating innovation solutions for a wide range of healthcare issues.

"Our mission is to deliver beneficial solutions (drugs and services) as quickly, as widely, and as affordably as possible to the people who need it," says Shionogi Chief Executive Officer Isao Teshirogi, Ph.D. "In order to do that, we will continue to refine our established capabilities (such as our small-molecule drug discovery engine), and to expand our technological and business scope by becoming the partner of choice for a wide variety of companies, breaking through "common sense" limitation to meet the needs of people and society. We intend to open up a new era of healthcare as the premier hub of co-creation".

Shionogi has already established and continues to engage in a number of highly-successful partnerships with top global pharmaceutical companies. It works with AstraZeneca, which has participated in the development and commercialization of Shionogi's cholesterol drug, and has an important relationship with ViiV Healthcare, a global specialist HIV medicine company majority owned by GlaxoSmithKline, with both relationships dating back more than two decades. Shionogi receives royalty income from sales of HIV products licensed to ViiV. Currently, the treatment of HIV is evolving, with a new generation of long-acting injectable treatments coming to the forefront. As sales of these long-acting drugs grow, the royalty income received by Shionogi is also on an upward trend. Shionogi received approximately 230 billion yen in royalties and dividend income from ViiV in fiscal 2022. In the future, the market for long-acting drugs for HIV treatment and prevention, which enable a higher quality of life for people living with HIV, is expected to expand.

With 60 years' experience in infectious disease research, Shionogi has remained specialised in infectious diseases, investing heavily in R&D in this area even when other pharmaceutical companies were leaving the field. The company prides itself on its innovative compounds – it is one of only three companies worldwide to develop and bring to patients an oral antiviral pill for the Covid-19 virus, ensitrelvir (known in Japan as Xocova). It is able to develop products for the global market as quickly as the world's biggest pharmaceutical companies, and its goal is to continue to do so with a wider, more impactful scope. The development of ensitrelvir is a substantial boost for the company, confirming it was correct in its strategy of focusing on infectious diseases, and giving it strong impetus for further developments in this area. In this regard, the company



Isao Teshirogi, Ph.D.
Chief Executive Officer

is currently pursuing medicines to combat infectious diseases including antimicrobial resistance (AMR), malaria and tuberculosis. AMR is estimated to have killed approximately 1.27 million people in 2019. It is estimated that if effective AMR measures are not taken in the future, approximately 10 million people will die annually by 2050, causing an economic impact of \$100 trillion. Shionogi is committed to the research and development of new antimicrobial therapies to benefit both patients and wider society. And, Shionogi is reinforcing its cooperation with national governments, international agencies, pharmaceutical companies, doctors who prescribe antibiotics, and other stakeholders to advance initiatives focused on AMR countermeasures. As one example, its partnership with GARDP and CHAI will pave the way for access to cefiderocol, a treatment for multidrug-resistant bacterial infections, in 135 countries globally.

In 2023, Shionogi signed a collaboration agreement with Nagasaki University and the non-profit Medicines for Malaria Venture (MMV) to create new drugs for malaria, which infects around 250m people a year, killing 620,000. The partners will seek

to develop preventions as well as treatments for malaria, for which an effective preventative vaccine does not yet exist.

"Addressing the scourge of infectious disease is an essential initiative for society, and we will continue to innovate in the pursuit of total care for infectious diseases. By building a sustainable infectious disease business model together with governments and global policy makers, we aim to be a company that can grow sustainably together with society", says Teshirogi. Given the universal nature of infectious diseases and the world's growing population, Shionogi foresees a strong business outlook, and will continue to expand globally. In its medium-term business plan, the company has set "Further progress in the HIV business," "Growth of COVID-19 drugs," and "Expansion of new products and new businesses" as the pillars of its growth through 2030. The sales target for fiscal 2030 as been set at 800 billion yen, almost double the level attained in fiscal 2022. Listed on the Tokyo Stock Exchange, the company is open to global equity investors looking to tap into its growth story, and into the strength of the Japanese pharmaceutical market as a whole.

"I want to take advantage of the positive recognition of the high quality of Japanese-made products, which gives us a very strong competitive advantage as an exporter," says Teshirogi. "People are comfortable with Japanese-made pharmaceuticals, they trust them. I want to build Shionogi-made vaccines and other Shionogi-made healthcare products that truly bring better health and improved quality to the lives of many people."

Indeed, the company's strengths reflect those of the country as a whole.

"I think Japan's strength is based in production sectors, including raw material production and agriculture," says Teshirogi. "Our quality in these areas reflects our commitment – we can deliver. We invest time, money, and effort in everything we commit to."





NHK Spring

FROM THE AUTOMOTIVE TO THE TECH HARDWARE INDUSTRY – JAPAN'S MOST INNOVATIVE SPRING MANUFACTURER

Fuelled by a rise in car exports and inbound tourism, Japan's economy grew an annualised 6.0% in April-June this year, according to government data, equivalent to a quarterly gain of 1.5% – almost double Reuters' forecast of 0.8%. The expansion was the fastest since the final quarter of 2020, and businesses have responded with confidence and optimism. According to a recent survey by the Japan External Trade Organization (JETRO), more than half of all major companies approached stated they would "strengthen/expand" their future business development in Japan, citing "the potential to acquire new customers" as their most important reason besides the government's promotion of digital transformation and carbon neutrality.

By 2035, Japan aims for all new cars sold to be environmentally friendly. Environmentally friendly vehicles in Japan fall under two categories: Clean Energy Vehicles (CEVs) – which include Battery Electric Vehicles (BEVs) and Fuel Cell Electric Vehicles (FCEVs) – and Hybrid Electric Vehicles (HEVs). According to the Japanese Automobile Dealers Association (JADA), sales of new electric vehicles in 2020 reached almost 1.4 million – of which 97.8% were HEVs – and accounted for 36.2% of total new car sales. As Japanese carmakers continue diversifying their fleets, innovative suppliers and firms creating new technologies will be key to helping them consolidate global leadership as the automotive industry electrifies.

With over eight decades of specialised industry experience, NHK Spring is one of the world's leading spring manufacturers, with approximately one in every four cars worldwide using its automotive suspension springs. Roughly half of the world's hard disk drives contain springs made by NHK Spring.

Initially a car parts business specialising in truck suspension for the Japanese automotive industry for clients like Toyota and Subaru, NHK now provides engine, transmission, and car seat parts, and is also deploying its spring-making expertise within the tech hardware industry through precision springs for hard disk drive suspensions. "Our springs are our key product and core growth driver. We focus on quality, innovation, and technological development. Springs are essential for many industries," says NHK's president and CEO, Mr. Takashi Kayamoto.

Still, Mr. Kayamoto believes supplying the automotive industry is its "bread and butter" and that NHK's biggest advantage is that "we sell our product to all companies, not just a select few, which means we're not dependent on anyone." A diverse clientele base is also important for NHK's future success in



Takashi Kayamoto
President & CEO

an industry set to become one of the biggest arenas for carbon-neutral technologies. NHK is currently developing motor cores – a key component used in electric vehicles – and is moving ahead with R&D for new parts used in hybrid and clean diesel cars. NHK is also invested in ground-breaking companies like Sky Drive, which is developing zero-emission flying cars, as well as R&D to improve the safety of its driver seat technology.

Mr. Kayamoto also recognises the pace at which NHK's other ventures are growing: "As for the non-automotive part of our business, it's highly profitable and will be a solid investment. While the automotive business is our bread and butter, the non-automotive business is what we call a barbeque." A harmonious mix between the automotive and non-automotive sides of the business is key, adds Mr. Kayamoto: "We see it as integral to the growth of the company and a

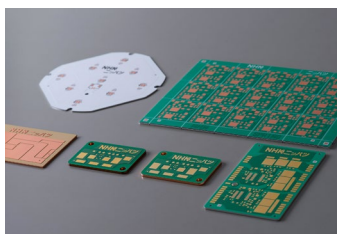
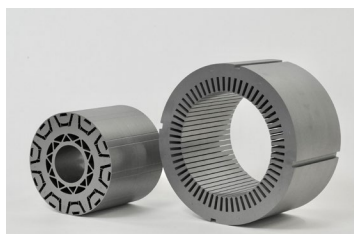
way to reduce risk."

For this reason, NHK is keen to partner with companies involved in the non-automotive industries. Alongside R&D innovations in response to emerging customer needs, including a stage heater – a component for semiconductor manufacturing equipment –

and an integrated metal substrate with excellent heat dissipation, plus some of the industry's most advanced R&D facilities – for next-gen materials, processing technologies, and the analysis tech and diagnosis fields – NHK offers prospective partners considerable advantages in accessing new markets. The company currently has 19 consolidated subsidiaries across China, the United States, India, Thailand, Mexico, the Netherlands, Malaysia, and Hungary, established presence in overseas via joint venture partnership. Mr. Kayamoto is also proud of NHK's progressive workplace culture, which he believes to be its biggest asset in supporting new partners. By encouraging collaboration, collective accountability, and a highly aware workforce, NHK's management ensures the company can rapidly adapt to customer needs, especially in new industries.

Ultimately, everything at NHK is done for its stakeholders, and the company's management ethos, together with its consolidated market share, translates into an exceptional opportunity for investors. In FY22, NHK achieved net sales of JPY 693.246 billion – up 18.1% year-over-year – and an operating profit of JPY 28.838 billion – up 35% year-over-year. Meanwhile, in Q1 2023, the company's net sales rose 15.6% year-over-year to JPY 179.293 billion, whilst between 4 January 2023–4 September 2023, its stock price by 39.82%.

Innovation is in NHK's DNA, and the company's ambitious pursuit of new opportunities not only makes for the ideal investment but also reflects Japan's business environment as a whole. "Japanese companies such as ourselves are always creating new products – that's how we do business," states Mr. Kayamoto, who also emphasises the role that trust plays in Japan's business community: "It's part of our business culture, not just in the automotive industry, to put out clients first. We always fulfil our promises. It's one of the biggest reasons to invest in Japan."





Daido Steel

A CENTURY IN THE MAKING – JAPAN'S LEADING SPECIALTY STEEL MANUFACTURER

As the world deals with the serious threat of climate change and the social structure transforms to reduce CO2 emissions, the electrification of the automotive industry will continue to accelerate, with hydrogen attracting attention as a clean energy source. Additionally, with the advancement of digitalization and automation, an increase in medium-to-long-term demand is expected for semiconductor-related products. Daido Steel supplies high-performance materials to various industries such as aircraft manufacturing, energy, industrial machinery, electronics, information and communications, and medical equipment through its outstanding technological capabilities. As the social structure continues to change, Daido will continue to contribute to the "realization of a green society" by sincerely listening to the needs of people and taking on the challenge of going "Beyond the Special" to provide products that support changing lifestyles.

Japan's steel industry is one of the country's biggest arenas for technological advances, achieving rapid growth post-World War Two by supplying the automotive industry. In 2021, Japan was the world's second-largest steel exporter at 33.8 million tonnes, according to Statista, with specialty steel exports alone reaching a value of USD 10.695 billion, according to the Ministry of Finance. Going forward, the industry's shift from emission-intensive to carbon-neutral steel manufacturing is set to be its biggest achievement, whilst the global trend towards reducing CO2 emissions has greatly increased demand for high-value-added steel materials, such as those used in electric vehicles.

Since its founding in 1916, Daido Steel has positioned itself as Japan's specialty steel manufacturer of choice. Distinguished by a unique catalogue of made-to-order specialty steel products and high-performance materials, Daido Steel has grown from a domestic pioneer into a global leader, with 13 plants and two research institutes under its ownership and a group of 33 domestic companies and 38 overseas companies.

When Daido Steel began operations, it primarily supplied Japan's heavy-duty industries, as the rise in industries like shipbuilding and machinery stimulated intense demand for steel production. Then, starting in the 1960s, Daido Steel saw an opportunity in the booming automotive industry. To meet the highly specialized, technologically sophisticated expectations of car makers, Daido Steel co-created unique material technologies with such car makers, expanding its expertise over time. Eventually, it merged with two specialty steel manufacturers, each with their own unique technologies, to form the Daido Steel of today, amassing a wealth of specialized technology and becoming one of the world's largest specialty steel manufacturers in the process. "To put it simply, we became a one-stop destination for all aspects of the specialized steel industry in Japan," explains Daido Steel's chairman, Takeshi Ishiguro.

By the 1980s, Daido Steel's dominant position in the competitive landscape provided it a platform for global expansion, which continued into the early 2000s. More recently, as it approached its 100th anniversary in 2016, the company unveiled a series of manufacturing reforms to help chart its next 100 years, emphasizing quality, efficiency, and innovation. "To this day, we're devoted to perfecting the manufacturing process. We carefully examine our production facilities, and we're constantly improving their efficiency. Our persistent efforts have culminated in a unique business model," says Ishiguro.

To realize continuous business growth, Daido Steel makes strategic investments in high-value-added products where demand is expected to grow, including free forgings for aircraft engine shafts, gas turbine parts, and marine diesel engine valves. Daido Steel's unique production process supplies distinctive products, such as clean stainless steel for semiconductor



Takeshi Ishiguro
Chairman

manufacturing equipment. In addition to advanced steel products – such as steel for e-axle gears required by electric vehicles and hydrogen embrittlement-resistant steel used in the clean energy field – Daido Steel also manufactures ferrous metals such as NdFeB magnets for electric motors and new materials for storage batteries. Whilst the competition in Japan is tough, Daido Steel's decades of expertise, acquired skills and technology, and sheer product diversity ultimately give it the edge. In response to requests for economic security from industries, moves to restructure the supply chain in the future based on customer needs are underway, as Ishiguro explains: "For example, Daido Steel manufactures and provides NdFeB magnets by building a supply chain that does not include China, a major country of mining rare earth elements. We are working to create new business opportunities while meeting the needs of our customers."

Additionally, Daido Steel is keen to enhance its global presence, especially in Asia. Rather than starting from scratch with overseas manufacturing plants, Ishiguro explains the strategy is to create a new value chain to increase the value-added via partnerships: "It's something we've been doing and plan to continue – producing custom-made products. We're open to sharing our technology and collaborating to create custom products with the companies that approach us."

For Ishiguro, such partnerships play into Daido Steel's biggest asset as a supplier and manufacturer – uniqueness. "The individuality of each of our products is intricately tied to the client's requirements. Rather than boasting about our success, we prefer that our customers appreciate what distinguishes our products." Ishiguro points out that the products it makes for Honda will differ from those for Nissan, and the same goes for the aerospace sector. "What we're doing cannot be replicated," he says, adding: "For investors who appreciate distinctiveness, cutting-edge capabilities, and pioneering technology, we're an excellent choice." In FY22, Daido Steel achieved a 28.33% year-over-year increase in its consolidated net sales, which reached JPY 529.667 billion, and in the first eight months of this year, its share price rose a staggering 45.90%.

With a dedication to pushing 'Beyond the Special,' Daido Steel's century-long journey reflects the pioneering manufacturing spirit that sets Japanese companies apart. "Japan's strength ultimately lies in monozukuri and the companies and skilled individuals who meticulously craft products with the approach that every detail matters. We hold craftsmanship in the highest regard, which is why Japan's skill level ranks so highly," says Ishiguro.





TSUBURAYA FIELDS HOLDINGS

ULTRAMAN'S ASCENT FROM JAPANESE ICON TO GLOBAL PHENOMENON

As highlighted by KPMG, "Japan has great potential to become a regional hub and R&D center in Asia." This is attributed to its robust economy, a workforce brimming with talent, a dependable tax framework, and its longstanding culture of openness and innovation. In a proactive step to energize its private sector, the Japanese

government unveiled an updated rendition of its 'new capitalism' strategy in June 2023. This strategy emphasizes the importance of investing in human capital, groundbreaking startups, GX & DX, as well as science, technology, and innovation. Paired with meaningful labor reforms, the aim is to boost productivity, thereby fostering a prosperous cycle in which rising income spurs increased spending.

Delving into the heart of Japanese entertainment, pachinko shines as an iconic and cherished pastime. Bearing similarities to a vertical pinball machine, pachinko thrives in countless parlors across the nation, offering players the thrill of trading their wins for exclusive prizes, which can later be converted to cash off-site. In a remarkable feat, the pachinko industry generated a whopping 26.2% of the leisure sector's revenue in 2021, amassing JPY 14.60 trillion. To put this into perspective, this is not only more than the combined revenue of Japanese tourism and sports but also an astounding tenfold the amount the Las Vegas strip garnered. Modern parlors primarily feature 'pachislot' machines, characterized by captivating music, radiant lights, and dynamic LED displays showcasing animations. Despite facing challenges during the pandemic, the industry rebounded with the introduction of eased regulations and cutting-edge technologies like smart machines, sparking a notable uptick in pachinko-related stocks, as reported by Bloomberg.

Emerging as the standout performer on the TOPIX index in 2022, TSUBURAYA FIELDS HOLDINGS has established itself as more than just another player in the market. They are the leading supplier and manufacturer of pachislot machines, with the largest distribution network in the industry. Their success in parlors is backed by a powerful intellectual property (IP) arsenal, boasting hit series such as the renowned Evangelion series. But that is not all. As the overarching entity behind the vast content and digital realm of Tsuburaya Productions, they carry a legacy of 60 years. This studio has been at the forefront of creating globally resonant IP. One of their standout creations is 'Ultraman' – the brainchild of Eiji Tsuburaya. This Japanese superhero has transcended its original narrative, evolving into a global pop-culture phenomenon and gracing international media platforms such as Amazon Prime Video and Netflix. TSUBURAYA FIELDS HOLDINGS group is creating leisure experiences that resonate with the hearts of the future



Hidetoshi Yamamoto
President and Group CEO

generation, hoping to realize 'The Greatest Leisure for All People.'

Driven by the core principle of enriching lives through thrilling leisure experiences, TSUBURAYA FIELDS HOLDINGS remains steadfast in its mission to amplify the value of its IP through diverse multimedia entertainment and immersive digital content. At the heart of their treasured IP portfolio stands Ultraman, hailed as Asia's paramount heroic figure. Ever since winning its overseas rights in the USA Court in 2020,

Ultraman has been pivotal in the global outreach of TSUBURAYA FIELDS HOLDINGS. This momentum was further accelerated with the launch of the critically acclaimed "Shin Ultraman" in 2022 and its subsequent feature on Amazon Prime Video. Building on this success, the company unveiled the world's inaugural Ultraman-centric attraction at Shanghai Haichang Ocean Park: "Ultraman-Area." This theme park marvel boasts a grand 12-meter-tall Ultraman statue and meticulous recreations of iconic scenes from the beloved TV series.

"The timing was excellent because it coincided with the end of lockdown in Shanghai. People from all over China traveled to the site, and there was a waiting time of 4-5 hours just to enter. We also began selling trading cards in China, and our sales of those skyrocketed. We were not surprised to see a lot of copies of our character in China, but now people want the authentic Ultraman. Our operating profit grew tenfold compared to FY2020, up to 4.3 billion yen, as a result," explains TSUBURAYA FIELDS HOLDINGS' President and Group CEO, Mr. Hidetoshi Yamamoto.

Mr. Yamamoto further elaborates, "following this success, we expanded with new attractions in Dalian and Chengdu, China. Our partnership with Chinese enterprises has paved the way for around ten more prospective openings, all anchored by our cherished Ultraman. It's heartening to observe that those who cherished Ultraman in their youth continue to do so, driving them to our attractions. As we continue to harness the appeal of Ultraman through fresh films and TV productions, we're also contemplating potential franchising opportunities in the future."

TSUBURAYA FIELDS HOLDINGS is now expanding its activities into China and Asia and aims to become a global company and premier global IP entity in the near future, with an ambitious target to double the operating profit of its content and digital business to JPY 9 billion by FY25. The company's three-year strategy revolves around fortifying its foothold in China's content and digital domains, utilizing digital tools like social media for IP creation. Armed with established brand equity, the plan extends to harnessing growth opportunities in the ASEAN region, specifically through trading cards, exclusive merchandise, and cutting-edge digital services that increase touchpoints to its IPs, alongside promoting e-commerce development to expand its sales network

efficiently. The roadmap for 2024 is promising. The company has also been approached to establish Ultraman Areas in multiple theme parks in Asia and is currently in discussion with relevant parties. This expansion will be bolstered by a highly anticipated Netflix Ultraman film – a collaborative venture with Tsuburaya Productions – destined for global audiences. In the future, the company aims for Ultraman to become a long-loved IP in multiple countries by producing films rooted in other countries' cultures.

More broadly, TSUBURAYA FIELDS HOLDINGS hopes to achieve its global ambitions through strategic partnerships and by creating new IP and leveraging existing IP in line with market trends. "We're interested in partnerships, of course. We have valuable IP, and by finding a local partner and granting a license, we hope to localize our works and produce local products – that's the aim. We're interested in large, holistic contracts that enable different players to use our IP," says Mr. Yamamoto. In terms of supporting future partners, TSUBURAYA FIELDS HOLDINGS has recently opened an office in Singapore for the Asian market. The company also opened an office in Los Angeles in May to focus on the American market from 2024.

Meanwhile, as the only nationwide distributor to the pachinko sector, its subsidiary FIELDS CORPORATION has carved out a unique, strategic position in the industry, with a network of branch offices and showrooms spanning 41 regions and 7,000 pachinko parlors across Japan, giving it a market share of 15%. Using data collected from customers and parlors, FIELDS CORPORATION is able to produce more 'hit' machines than others in the industry, which it does by leveraging its rich IP portfolio. According to the company's research, machines based on 'hit' animation series outperform those based on new series or even well-known series, and as the market transitions to smart machines, FIELDS CORPORATION plans to continue providing unique and exclusive IP added value to manufacturers and parlors alike.

"Back when we started, it was impossible to show a game on the screen; you could only see numbers or letters. But we had a feeling that it could be done; eventually, we began applying popular animations to pachinko machines. At that time, we could not use popular animation characters in the machines because there was a technological limit," says Mr. Yamamoto. "But today, the graphics and style of Japanese machines are much more advanced than the slot machines in Las Vegas." Manufacturers can now display all kinds of animations – from music stars to popular television show franchises – enabling them to bring in new fans who might have previously only watched the show to play pachinko. Given TSUBURAYA FIELDS HOLDINGS' high-valued IP portfolio, including popular television show characters and franchises, smart pachislot machines will only accelerate the company's growth as the importance of exclusive IP comes to bear on the industry.

The multi-generational appeal of pachinko will significantly influence the market's future stability, with TSUBURAYA FIELDS HOLDINGS poised at the forefront. As Mr. Yamamoto explains: "Our corporate philosophy is to provide the 'Greatest Leisure for All People,' including the older population. It differs from era to era and age to age what will be successful, but by being attentive to trends and the situation we are in, we've been able to keep providing the



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best leisure to people. In a few years, there will be a new lifestyle where automated driving will be a part of everyday life. We're not so much interested in automated driving but rather the free time it gives people to enjoy more entertainment. We're always thinking about what else we can do to provide a better customer experience."

TSUBURAYA FIELDS HOLDINGS' ability to stay in sync and adapt to each new generation through trending IP has made it one of Japan's biggest gainers in its current sky-high equity market. From the beginning of 2018 to the start of August 2023, TSUBURAYA FIELDS HOLDINGS' stock price rose by over 376%, and by approximately 139% in the first seven months of this year. In just its pachinko and pachislot business, TSUBURAYA FIELDS HOLDINGS made an operating profit of JPY 7.71 billion in FY23 (compared to JPY 4.37 billion in its content and digital business). In the next fiscal year, the company aims to reach JPY 8 billion in operating profit, followed by JPY 8.5 billion in FY24 and JPY 9 billion in FY25 – by which point the company aims to have a total consolidated operating profit of JPY 16 billion.

Above all, the mission at the heart of TSUBURAYA FIELDS HOLDINGS is to infuse joy and enrichment into the lives of both present and future generations of fans. This commitment is not just limited to producing hit pachislot machines or crafting new media around its iconic characters and narratives. A testament to this dedication is the establishment of The Ultraman Foundation in 2011. This initiative facilitates visits by Ultra Heroes to educational institutions and care centers in disaster-afflicted regions of Japan. In commemoration of the golden jubilee of the Ultraseven television show in 2017, the foundation launched the 'Ultra Dream Project', making a difference in the lives of children by visiting 600 child welfare facilities across Japan. Taking their benevolence a step further, the foundation coordinated special visits from Ultraseven and Ultraman Zero to ten educational centers in March 2023, all of which had suffered the wrath of a typhoon in central Japan. Reflecting on the ethos of the company, Mr. Yamamoto profoundly states, "If I were to encapsulate the essence of our success, it's our unwavering dedication to invest both heart and soul into our endeavors."

TSUBURAYA FIELDS HOLDINGS



Belluna

A CATALOGUE RETAIL SPECIALIST

A leading contributor to Asia Pacific's rise into global prominence", Japan has helped the region become "a global production powerhouse" with its focus on product design and higher value-added manufacturing, according to global professional services company PWC. Highlighting the country's long-term investments in industry, infrastructure and technology, PWC notes that the country has "significantly enhanced human development levels" alongside its economic development.

This in turn has led to a high-income and quality-conscious consumer market, PWC says. This market is large and growing strongly – retail sales grew 5.3% in the year to June 2023, according to official figures.

This is a boon for sophisticated consumer businesses like Belluna. The company started as a catalogue shopping company focusing on apparel and other goods, but has expanded considerably. It now has eight business sectors: apparel and goods; cosmetics and health food; gourmet; nurse-related; database utilisation (call centres, distribution centres, and financial services); kimono-related (traditional Japanese garments); and property. Under each of these, there are various business lines: as part of its property business, Belluna operates 18 hotels, while it has five different kimono brands, and its nurse-related business is diverse enough to include both mail order for nurses, and recruitment.

"We are certainly open to strategic partnerships," says Kiyoshi Yasuno, Belluna's president. "We welcome the opportunity to be the supplier of choice for interested parties. We are also open to discussions about potential mergers and acquisitions. We encourage international businesses to consider us as potential partners, especially those interested in retail, Japanese culture, cosmetics, and related industries. We understand the value of partnerships and are eager to explore opportunities that align with our vision for the future. Together, we can achieve more and adapt to the ever-changing market dynamics. We know it can be challenging operating overseas and it is very beneficial to have a partner that has strengths in the market in question."

Belluna has a strong record of partnerships around the world. Its overseas interests include hotels in the Maldives, Waikiki in Hawaii, and Colombo and Galle in Sri Lanka. Its development business has projects in Los Angeles, Kuala Lumpur, Colombo, and Yangon. It has formed a successful partnership with a Taiwanese counterpart in its cosmetics business, generating JPY3.1bn (\$21.6m) ※FY March 23 in sales thanks to a strong and high-trust relationship. And in 2020, Belluna acquired Singaporean company Jobstudio, which hires personnel – particularly doctors and nurses – for the Singaporean market, seeing a strategic fit with its existing nursing products business. Yasuno says that further opportunities may arise for partnerships in Belluna's solutions business in particular.



Kiyoshi Yasuno
President

"Common values are always crucial in any partnership," he says. "What's important is not to start big, but to start steadily, enabling us to check compatibility and build a strong bond over time."

Investing in new ventures is only a part of what the company calls "healthy adventure", that includes numerous ways of trying new things. Belluna aims to maintain such "adventures" within a range of 10-20% of its entire business. Some of the new ventures may not prove profitable, but those that do become strong pillars of the business.

Throughout, Belluna remains focused on three core aspects: customer satisfaction, employee satisfaction, and creating profitable companies.

"We are innovative and always strive for higher quality," says Yasuno. "We adapt to trends and are flexible, to deliver what our customers want – while continuing to deliver the best in class. We want to keep excelling in our business areas and remain top choice for customers."

Already known as a top catalogue business, the increasingly specialised Belluna is currently number one in Japan in mail-order shopping for wine, sake (the rice-based Japanese alcoholic drink), and nurse-related items, and aims to retain that position over the coming decade; it is also one of the market leaders in the kimono retail industry.

Tokyo-listed Belluna's values, strategy, and outlook also make it an excellent investment. Its focus on growing areas including specialty mail-order and property are enhancing its position at a time in which the general catalogue business is seeing flatter growth.

"Instead of solely focusing on increasing sales, we prioritise profitability," says Yasuno. "As a publicly listed company, we offer transparency and accountability to our shareholders. By investing in Belluna stock, they become part of a forward-thinking organisation with a bright future and potential for significant returns."

Yasuno is similarly upbeat about the outlook for his country. The world's third-largest economy has been characterised by slower growth in recent decades, but has reached a turning point, he argues – with a bright future ahead.

"Japan is currently undergoing significant changes, and looking at the stock market, Japanese stocks may appear undervalued at the moment," says Yasuno. "However, the situation is set to change as more young people enter the business world. These young talents are like rough stones that can be polished into shining diamonds in the near future. I am impressed with the power and potential of the younger generation, and we are eager to harness their capabilities in our company. Japan is evolving, and we want global investors to have high expectations for the new Japan that is emerging."

BELLUNA



DIGITAL HEARTS HOLDINGS Co., Ltd

ACCELERATING JAPAN'S IT RENAISSANCE

In recent decades, Japan's accelerating external globalisation has netted it strong growth and closer economic ties with Asia's fastest-growing markets. Last year, Japan's annual outward FDI flows rose to USD 161.56 billion, according to Statista, up 10.7% year-over-year, whilst between 2000-2019, FDI income from Japanese firms overseas soared from JPY 1.8 trillion to JPY 14.4 trillion, according to the Bank of Japan. On the flip side, Japan's world-leading domestic infrastructure and government incentives for new R&D – including fast-tracked patent examinations – have made it a business hub for overseas firms.

Since the 1980s, Japan has dominated the global gaming industry and is now the world's third-largest video games market, with revenue projected to reach USD 46.18 billion in 2023 and USD 57.96 billion in 2027, according to Statista. Whilst the share of people in Japan playing video games on home consoles increased significantly during the Covid-19 pandemic – according to a mid-pandemic McKinsey survey, Japanese consumers listed at-home entertainment alongside groceries and household supplies in terms of spending importance – mobile gaming is projected to be the largest market this year, with a volume of USD 35.93 billion, according to Statista.

DIGITAL HEARTS HOLDINGS is a leader in Japan's debugging and software testing sphere, with two main subsidiaries: DIGITAL HEARTS – Japan's number-one debugging firm for console and mobile games, founded in 2001 – and AGESt – a one-stop quality assurance (QA) service for the global IT industry.

Beginning as a way to monetise Japan's all-day gaming culture through a working space that paid dedicated gamers to find bugs in video games, DIGITAL HEARTS HLDGS underwent a 'second founding' in 2017, as its president and CEO, Yasumasa Ninomiya, explains: "Our chairman realised that if we stayed within just the gaming industry, the business would slow down, he believed it was time to jump into developing testing services for non-game software. After inviting some of the top leaders from other companies, we began to develop the 'enterprise' side of the business." Five years after founding its non-gaming enterprise model, DIGITAL HEARTS HLDGS decided to form a new subsidiary – AGESt – the next core company to DIGITAL HEARTS, to manage the two business segments more effectively.

Currently, DIGITAL HEARTS HLDGS' enterprise portfolio comprises QA solution utilizing advanced Integrated Testing Management Systems – covering everything from system integration and software testing, the process of finding bugs, to cybersecurity – and IT services, including IT support and security monitoring. Now looking to expand this range, AGESt is focusing on upskilling software development engineers to transfer their skills into next-gen QA engineering, with capabilities in both software development and the testing process, which only a limited number of engineers have. By FY28, the company hopes to have 500 next-gen QA engineers, a goal that its training program and AGESt academy will support.

Ultimately, AGESt plans to become the leading global QA solutions provider, the key to which lies in developing original tools and infrastructure, as its president and CEO, Yasumasa Ninomiya, explains: "It's necessary for



us to develop our own testing method. We are providing a new solution named "QA for development" that includes the know-how of the development side – which covers the pre-testing stage – and that is a major differentiator from our competitors. For example, through providing automated testing or preparing for AI utilization as a service – it's something other testing companies aren't doing." AGESt has already grown from JPY 1 billion to JPY 16 billion since 2017, and the company is now

planning a spin-off listing for it in the next two to three years, as well as global expansion. As one of the few software testing specialists operating in Japan, AGESt is the ideal partner for foreign businesses looking to capitalise on a relatively underdeveloped industry.

Turning to the entertainment side of the business, Eichi Miyazawa is confident that DIGITAL HEARTS' unique debugging method – DIGITAL HEARTS Quality (DHQ) – will help it become the global partner of choice for the gaming industry. For Eichi Miyazawa, positioning itself as a one-stop service is the key to DIGITAL HEARTS' success, and as new trends such as Web 3.0 and the Metaverse arise, he wants to expand its range, whether through M&As, joint ventures, or strategic partnerships. "It's essential for us to provide a one-stop service to our clients. We've already developed it in Asia, now we're looking at Europe," says Eichi Miyazawa, founder and chairman.

DIGITAL HEARTS HLDGS's growth strategy is boosted by the fact that the Japanese are suited for debugging and QA. Eichi Miyazawa recalls an anecdote from the early days of DIGITAL HEARTS: "We entered a competition to see who could identify the most bugs, and we found a larger number of bugs, far more in comparison to the Microsoft team. Japan is known for quality assurance; Japanese people are the best in this niche."

For investors, AGESt and DIGITAL HEARTS' market leadership and planned expansion represent a significant opportunity, especially given the group's exceptional financial performance in recent years. DIGITAL HEARTS HLDGS grew at a CAGR of 16% between FY17-22, reaching record-high net sales of JPY 36.517 billion in FY22 across its two business segments, up 125.2% year-over-year, with double-digit growth in operating income to JPY 3.0 billion; by FY28 the target is a total of JPY 115 billion in net sales, with AGESt projected to reach JPY 80 billion. DIGITAL HEARTS HLDGS's M&A target range for FY28 is between a few JPY billion and JPY 10 billion.

At the forefront of one of the world's most significant gaming and tech sectors and a leading player in Japan's IT renaissance, an investment in DIGITAL HEARTS HLDGS is also an investment in Japan, and, for Yasumasa Ninomiya, the time is now: "Japan is growing, and the structure of the IT industry here is unique. Each industry player is now becoming global, which comes down to two aspects: positive changes in the style of IT development and globalisation."





FORVAL Corporation

EMPOWERING SMES GLOBALLY
THROUGH DIGITAL AND
GREEN TRANSFORMATION INITIATIVES

In an age where economic growth is a challenge due to a declining population, Japan is capitalizing on its renowned culture of innovation to reinforce its traditional strengths. Central to this is the government's ambitious 'Society 5.0' initiative, designed to integrate groundbreaking technologies like AI and IoT to propel human development into its next phase.

Alongside digital transformation (DX), Japan is also keenly focused on green transformation (GX). A comprehensive GX roadmap was unveiled in December 2022, earmarking a staggering JPY 150 trillion for public-private financing over the next decade to accelerate the sustainability efforts of businesses both in Japan and across Asia.

Founded in 1980, FORVAL Corporation has emerged as a cornerstone in this ambitious vision, expertly guiding SMEs in Japan and beyond in both DX and GX. With a forward-thinking approach encapsulated by its concept of 'New Standard,' FORVAL delivers top-tier consultancy services in five pivotal domains: information and telecommunications technology, overseas business, environmental stewardship, human resources and training, and entrepreneur and business succession. Through its consultancy services, FORVAL significantly contributes to its customers by enhancing "Value proposition," optimizing "Operating mechanisms," and ensuring comprehensive "Risk hedging."

Beginning as a game changer in the monopoly of Japan's telecommunications industry, FORVAL has harnessed decades of experience to aid SMEs in optimizing their profitability. As a case in point, FORVAL is enabling these enterprises to leverage big data analytics, thus transitioning from a traditional

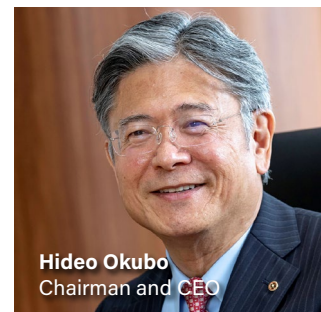
customer-first model to an innovative individual-first (B2i) approach.

Through its groundbreaking F-Japan project, FORVAL is magnifying its impact on DX and GX at the grassroots level, deploying specialized staff to approximately 1,700 local government offices across Japan. According to Chairman and CEO Mr. Hideo Okubo, "SMEs often lack the resources that larger companies have for meeting GX targets. Our mission is to inspire them to take action and understand that GX is instrumental for their long-term growth."

Moving forward, FORVAL is strategically positioned to solidify its status as the premier consultancy firm in Japan and throughout Asia, drawing on its triumphant ventures in Myanmar, Thailand, Vietnam, Indonesia, and Cambodia. Mr. Okubo emphasizes, "The essence of any strategic alliance is rooted in mutual respect and harmonizing philosophies, values, and cultures. We are open to forging alliances with companies whose visions resonate with ours."

FORVAL's partnership strategy is rooted in collaborating to generate meaningful social impact. With an abundant reservoir of knowledge, technological expertise, and a proven track record, FORVAL stands out as a premier partner. Mr. Okubo underscores, "We prioritize the satisfaction and gratitude of our customers, and this ethos equally extends to our partners and team members."

In the initial eight months of 2023, FORVAL saw an impressive 24.95% surge in its share price. Thanks to its forward-thinking ESG-centric strategy, the firm is ideally poised to harness the growing demand for GX and DX facilitation. As both Japan and the wider Asian region aim to address the key challenges facing businesses and governments, firms like FORVAL will continue to play a crucial role in determining success or failure.



Hideo Okubo
Chairman and CEO



ELAN Corporation

EMPOWERING WORLDWIDE
SOLUTIONS FOR AGING POPULATIONS

Japan, the third-largest economy globally, boasts a sizable, affluent market of 125 million individuals. In 2021, Japan's medical costs impressively reached \$329 billion, as noted by the government trade body, JETRO. Health expenditure represents nearly 11% of GDP, according to the World Bank. Spending is high and likely to climb due to the country's aging population; nearly 30% of Japanese citizens are aged 65 or over. It is perhaps the country's most pressing social issue.

ELAN Corporation, a leading nursing care service provider, adeptly navigates these challenges by offering specialized products and services tailored for patients within the healthcare ecosystem.

"Our strategy centers on converting individual challenges into viable business opportunities," remarks Hideharu Sakurai, the President of ELAN Corporation. "Through this journey, we offer services that genuinely touch our clients, bringing them joy and contentment. This method of molding services into successful business models has become our most potent asset and the cornerstone of our success."

A highlight in ELAN's offerings includes the CS sets—comprehensive rentable packages comprising clothing, towels, diapers, and other inpatient essentials. This all-inclusive approach eases the stress for patients and their loved ones during challenging times.

"There are no companies quite like ours in the world. In our domain, we're unparalleled," says Sakurai. "There's a genuine need for this business and the overwhelming demand for our services attests to that."

The statistics speak for themselves. ELAN Corporation services 12.8% of Japan's healthcare facilities, and of those outsourcing in this specific sector, they command

an impressive 30% market share, significantly surpassing their closest rivals.

For a remarkable fifteen consecutive years, Tokyo-listed ELAN Corp has demonstrated steady sales and profit growth. In 2021 alone, they reported a profit of JPY1.9 billion and an ROE of 27.9%, ensuring reliable returns for its shareholders.

Navigating personal challenges in his early years, Sakurai's entrepreneurial spirit and vision drove him to start a futon mattress venture. His astute business acumen and entrepreneurial spirit later led him to recognize an untapped opportunity in the medical industry, culminating in the creation and success of ELAN. Drawing from his background as a former professional racer, Sakurai emphasizes: "Racers need to be swift and precise," he states. "In business, as on the track, rapid and accurate decision-making without mistakes is paramount—speed, coupled with precision, is of the utmost importance."

His aspirations now lie in driving ELAN's global footprint, recognizing opportunities in regions where societies are witnessing an aging population and a growing demand for robust healthcare support systems.

"Be it through Joint Ventures, Mergers & Acquisitions, or strategic capital partnerships, we are versatile in our approach to collaborations to realize our global goals," shares Sakurai.

With its pioneering stance in a country leading the way in senior-focused products, ELAN emerges as the ultimate growth partner.

Japan stands at the forefront of innovation for products tailored to the aging population," notes Sakurai. "The global community can greatly benefit from Japan's pioneering advancements, and in tandem, Japan presents a wealth of investment opportunities."



Hideharu Sakurai
President



Koshidaka Holdings

LEADING JAPAN'S ENTERTAINMENT ODYSSEY

According to a July survey by The Asahi Shimbun, Japanese business confidence has doubled since spring of 2021; 76% of business leaders surveyed express belief that the economy is expanding, and that personal consumption is improving.

As Japanese businesses ride the post-pandemic economic high, so is its entertainment sector. Japan's nightlife scene is dominated by karaoke, a regular fixture in major cities and small towns, with millions of people from all generations participating in karaoke sessions each year in an industry worth upwards of JPY 380 billion, according to Statista.

Founded out of a ramen shop, Koshidaka Holdings operates Japan's largest karaoke chain. An on-trend entertainment pioneer for the past three decades with a unique revitalisation business model, the company now wants to bring the joy of karaoke to the rest of the world.

By focusing on renovating existing properties and opening karaoke rooms in high foot traffic areas, like downtown shopping districts and near train stations, Koshidaka has achieved rapid success. Its main brand 'Karaoke Manekineko' has about 620 stores, and the company operates about 16,000 karaoke rooms across Japan – a number it plans to double over the next five years. Customer-centricity is key to Koshidaka's broad appeal, embodied by its multi-generational portfolio of brands like 'MAFU,' which caters for university students and 'ASA UTA' for seniors.

Koshidaka has opened 60 new stores in the past year, and its president, Hiroshi Koshidaka, plans to continue its overseas expansion into Southeast Asia. "Our priorities are Indonesia, Malaysia, and Thailand. Given Japan's shrinking population, it's essential we're established in

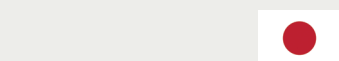
other markets," says Hiroshi. "Currently, there's no competition in Southeast Asia, but we're looking for local partners to help us." Hiroshi also highlights the USA – specifically the West Coast – as a massive untapped opportunity, especially after the success of its 'Wave 808' branch in Hawaii.



Meanwhile, Koshidaka is employing its 'entertainment as infrastructure' philosophy to diversify its services portfolio. For example, its 'Mira Pon!' brand lets groups watch movies and play games in its karaoke rooms. In December 2020, Koshidaka opened 'AQERU MAEBASHI,' a five-story entertainment and commercial hub with next-generation facilities like 'HADO,' an augmented reality (AR) sports venue, and 'ENNICHI,' which offers customers an immersive experience of traditional Japanese culture.

Koshidaka is the ideal investment proposition. "We're already a success story, we have a proven track record, and with our vision of enhancing the global karaoke boom, there's no way our corporate value will go down," says Hiroshi. Between August 2022-August 2023, Koshidaka's stock price rose 55.99%, whilst, in the first six months of this year, it rose 23.63%.

Above all, Koshidaka's recent performance is a testament to both the resilience of Japanese businesses and the investment potential of their unique skillsets in an increasingly connected post-pandemic world.



Link and Motivation

PIONEERING EMPLOYEE ENGAGEMENT IN JAPAN'S TRANSFORMATIONAL JOURNEY

According to McKinsey, by 2030, Japan could undergo "one of the most inspirational transformations of our time." Japan has the right endowment, with smart citizens and quality assets; the technology to build is readily available, and the barriers to transformation are largely mindset-related.

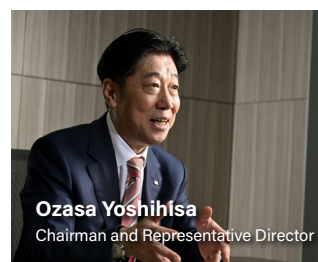
The business consulting industry plays a pivotal role in transforming Japan's mindset. In 2022 alone, it generated revenues of JPY 5.8 trillion, as reported by Statista. Faced with an aging and shrinking workforce, Japan's demand for HR-centric solutions and strategies to enhance organizational performance has surged in the past decade. Consequently, consulting firms addressing these needs have emerged as vital drivers of growth.

Established in 2000, Link and Motivation stands out as a leading Japanese business consulting firm. It seamlessly blends academic research, business administration, social systems theory, behavioral economics, and psychology to assist businesses in adapting to the evolving labor market and enhancing productivity.

Link and Motivation emerged in 2000 as a leading motivation-focused business consulting firm. Over the following two decades, the company has honed its core technology, known as 'Motivational Engineering'. This approach perceives businesses as collaborative systems where performance ties directly to employee engagement and individual motivation. "I noticed a prevalent issue across companies: the challenge of enhancing and sustaining employee motivation," observes Link and Motivation's chairman and representative director, Yoshihisa Ozasa. "Upon researching various consulting firms, the lack of motivational consulting stood out.

I knew I had to address it."

In FY 2022 alone, approximately 1,600 companies have benefited from the support of Link and Motivation. The company offers tailor-made solutions, providing revisions to a comprehensive range of services from recruitment, training, consulting on personnel systems, culture reform, IT skills support, to global human



Ozasa Yoshihisa
Chairman and Representative Director

resources. Link and Motivation's flagship product is its 'Motivation Cloud,' Japan's first cloud-based product to measure, visualize, and deeply analyze areas of improvement in employee engagement using concrete and objective data.

The 'Motivation Cloud' has already found its way into major Japanese corporations such as Panasonic Holdings and Seiko Epson Corporation. However, Ozasa envisions a global market for the product. "We've established agency partnerships in Asia, specifically in Vietnam and Thailand, to facilitate its distribution. As we broaden our reach overseas, we're enthusiastic about partnering locally or entering joint ventures. Our ultimate ambition is to penetrate the North American market, where I'm confident that the 'Motivation Cloud' will strongly resonate with the U.S. audience."

Link and Motivation holds a prominent share in Japan's emerging employee engagement solutions market. Its wealth of information and data gives it an undeniable advantage, especially for the future landscape in Japan. According to the market research report "ITR Market View: Human Resources Management Market 2023" by ITR, the company has impressively been ranked No. 1 in sales amount and share by vendor in the employee engagement market for six consecutive years (from 2017 to 2022). This remarkable achievement highlights their leading position and prominence in the industry. "We're witnessing a paradigm shift toward a service-oriented society, transitioning from tangible assets to the prowess of human skills and innovative ideas. Human capital now determines Japan's competitive standing. Looking ahead, an investment in our company's shares is synonymous with a bright future," remarks Ozasa.



Link and Motivation Group



Sakai Moving Service

JAPAN'S INDUSTRY-LEADING MOVING FIRM PLANS ASIAN EXPANSION

In a country that has experienced some of the worst natural disasters in modern history, Japanese businesses have become masters of resiliency. According to a 2020 survey by Nikkei BP Consulting, Japan is home to more than 33,000 'shinise' companies – businesses over 100 years old – and 1,340 companies with a 200-year history, representing 41.3% and 65.0%, respectively, of the world's total. Besides a well-drilled focus on long-term, sustainable growth – which embraces the need to pivot and diversify – Japanese businesses place great cultural emphasis on values such as family business, community, and tradition.

Given the longevity of Japanese businesses, fierce competition within industries is the norm. This is especially true for the logistics sector. Japan ranked 13th on the 2023 World Bank's Logistic Performance Index, and customers have come to expect an exceptionally high level of accuracy, reliability, and flexibility from providers, particularly in stressful situations like relocating offices or moving house. Some Japanese logistics businesses have taken their skills beyond just transporting goods to providing replacement merchandise, or even processing and returning goods to market – Japan's reuse industry was worth JPY 2.7 trillion in 2019, according to Statista.

Beginning as a general cargo transporter over 50 years ago, Sakai Moving Service is one of Japan's most successful moving service businesses, with a nationwide network of 210 branches across 47 prefectures and 12 subsidiary businesses.

"My parents started the business, and at the time, the business ran into difficulties. They racked their brains, produced new idea to provide our moving service on the weekends. But eventually, in 1979, we established it as our main business activity," states Sakai Moving Service's president, Tetsuyasu Tajima.

From that point onwards, according to Tajima, the company began an expansion phase that would culminate in a nationwide presence by 1993, aided by a memorable TV advertising campaign, and in 2006, following over a decade of quality-focused growth the company launched on the Tokyo Stock Exchange (TSE).

When it comes to moving, whether domestic or overseas, large-scale or family-sized, Sakai Moving Service always puts the customer first, with cost-effectiveness and efficiency its two biggest assets, according to Tajima: "For example, whilst most of our competitors are limited to one relocation a day, we can carry out two within the same time." As a result, in March 2023, Sakai Moving Service was



Tetsuyasu Tajima
President

chosen by the government office to be responsible for relocation and transportation work between Tokyo and Kyoto, using its fleet of trucks to mobilise 1000 people for a total of 34 days.

Ultimately, Sakai Moving Service's success today comes down to much more than its professional expertise as a moving business; it stands as a testament to how well the company has embraced new opportunities and capitalised on the aligned interests of its moving customers. With the aim to help families and businesses settle in as quickly as possible, Sakai Moving Service offers an extensive portfolio of services, including electrical engineering and cleaning services – with sales in this segment alone reaching JPY 8.8 billion. Sakai Moving Service also operates a highly successful reuse business. "When people move, they leave behind lots of valuable things, such as TVs, air conditioner units, and furniture, that can be reused for something else. 'Made in Japan' goods are very sturdy and lend

themselves to reuse. We are going to continue to grow the reuse business, and to address environmental tasks through the reuse business," says Tajima.

Through a growth strategy aimed at accelerating existing synergies, Sakai Moving Service plans to become the world's leading one-stop lifestyle support group. For Tajima, such an undertaking requires an aggressive M&A policy – Sakai Moving Service recently concluded a capital and business alliance with CANDEAL, a repair & inspection service and construction service – and he is keen for new partners to help the company expand its business interests globally. Having already established a strong European presence through acquisitions of moving businesses in the UK and France, Tajima's focus is now on Asia, where he wants partner companies. And with over 800,000 completed moves and a wealth of customer data to leverage, Sakai Moving Service constitutes the ideal partner, particularly for overseas companies looking to tap into Japan's high-quality moving services and reuse markets.

In an industry that prizes 100% reliability, Sakai Moving Service's longevity speaks for itself. And for investors, it represents an excellent opportunity to enter Japan's high-performing stock market. For the fiscal year ending March 31st, 2023, Sakai Moving Service registered a 5.5% year-over-year increase in total sales to JPY 109.556 billion and a 22.3% year-over-year increase in net income to JPY 8.21 billion. Looking ahead, the company's 10% profit rate – a rarity in the logistics industry – puts it in an excellent position to reach its targets. "We're the leading company in Japan with a steady increase in sales. Our medium-term aim is to reach JPY 140 billion in total sales across all business segments, strives to grow and develop as lifestyle support group" says Tajima. Alongside increasing its market share through partnerships, Sakai Moving Service is expanding into building maintenance, security services, and living environment maintenance to increase the number of touchpoints it has with customers and market share.

Sakai Moving Service epitomises everything that Japanese businesses have built their reputation on, from exceptional customer service and quality products to balancing tradition with the need to reinvent. As the company continues its journey, Tajima believes Japan will offer it a unique competitive advantage: "Japan is now facing a turning point where its ability to adjust and work with Asia constitutes a massive advantage. We're the only country that can do it; it's Japan's time to rise."



SAKAI Moving Service Co.,Ltd



Beauty Garage

JAPAN'S LEADING B2B E-COMMERCE BEAUTY BUSINESS

According to a July 2023 outlook report by the Bank of Japan (BOJ), Japan's economy will "continue growing at a pace above its potential growth rate as a virtuous cycle from income to spending gradually intensifies the overall economy." Alongside a substantial wage increase, the BOJ cited advances in digitalisation and increased investment in human capital as driving forces behind a strong flow of corporate profits and the country's sky-high equity market. Going forward, the BOJ expects businesses to continue investing in research and development (R&D), decarbonisation, and strengthening their supply chains.

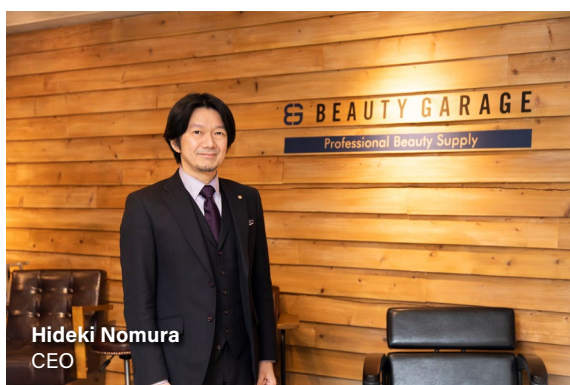
Japan is one of the world's biggest beauty and personal care markets. Industry revenue currently amounts to USD 41.88 billion, according to Statista, with 23.7% of total revenue attributed to e-commerce. Japanese consumers value high-quality products and are willing to spend big to keep up with the latest trends. Consequently, beauty salons, which offer hair-related beauty services, and aesthetic salons, which offer cosmetic and anti-ageing treatments, have become embedded in Japanese everyday life. In 2021, the number of beauty salons reached 264,220, whilst in the last fiscal year, the value of beauty salon sales topped JPY 1.48 trillion and JPY 314.1 billion for aesthetic salons.

Founded in 2003, Beauty Garage is the leading B2B e-commerce business in Japan's beauty industry and a game-changer through its unique distribution model and solutions for start-up salons.

Beauty Garage began as a reuse business for used beauty equipment until 2007 when it began plans to develop its own products. Initially faced with unwillingness from Japanese manufacturers to invest in its vision, Beauty Garage forged its own path. "We used the roadblock as an opportunity; we designed products ourselves and manufactured them in Southeast Asia and countries like China and Korea to maximise their price competitiveness," says Beauty Garage's CEO, Hideki Nomura. "We chose not to follow the traditional Japanese distribution model, opting to go directly to salons through online sales."

Despite the criticism it faced, Beauty Garage's rule-breaking synergy of IT and direct sales proved a massive hit with salons and the company soon launched services to help salon start-ups with financing, insurance, salon interior design, real estate, and point-of-sale (POS) technology. Today, the company boasts a membership of more than 600,000 beauty professionals and continues to support aspiring beauty entrepreneurs launch their own salons. "Our biggest asset is the transformation of our e-commerce website into a SaaS marketplace platform to promote the industry's digital transformation," says Nomura.

Beauty Garage's evolution into a tech company marks the beginning of a new era and will be crucial in achieving its goal of being Japan's number-one B2B beauty product distributor by FY 2025. Partnerships will also be key, says Nomura, as the company



looks to expand its e-commerce product range – which currently accounts for 80% of wholesale sales – and enhance its human resources through a combination of M&As and joint ventures. "We're already in negotiations with some companies for collaboration and M&As. Whenever the opportunity arises, we'll be open." Beauty Garage is also looking to expand overseas, having proved itself in Singapore, Taiwan, and Malaysia.

Future partners will have access to an extensive range of collaborative opportunities as the

company's horizontal growth strategy favours diversification. "We're venturing into fitness spas, gyms, and hot bath facilities. Our targets are always expanding," says Nomura. Beauty Garage recently added fitness products to its online portfolio. Partners will also benefit from Beauty Garage's progressive leadership philosophy, which blends top-down management with bottom-up 'outside the box' thinking to achieve sustainable, impactful growth.

Ultimately, Beauty Garage's mission is simple: to make beauty fun. In an industry where reputation and customer loyalty mean everything, Beauty Garage's numbers speak for themselves. A staggering 75% of all sales come from just 15% of customers – many VIPs accessing Beauty Garage's VIP programme – whilst customer engagement numbers are soaring. In FY 2019, 29% of Beauty Garage's 95,516 users – separate from its 600,000 beauty members – were return or frequent customers (making six or more purchases in a year); today, that ratio has risen to 40.5% of 162,006 users.

Beauty Garage's market leadership and bullet-proof credibility have resulted in a rarity for the beauty industry – a listing on the Tokyo Stock Exchange (TSE) – representing a lucrative opportunity for global investors to participate in Japan's high-upside equity market. Between August 2022-August 2023, Beauty Garage's stock rose by over 60.8% and 26.0% in just the first six months of this year. "There's considerable scope for further growth, especially with the rise in inbound tourism. Our future is very promising," says Nomura. In FY 2024, sales are forecast to increase year-over-year by 14.1% to reach JPY 30.158 billion – almost double the results posted in FY 2020 – and net profit by 22.0% to reach JPY 865 million.

From cars, clothes, and food to entertainment and beauty, Japanese culture is now a global phenomenon. Japan has positioned itself as a staple for Western investors, assured by its democratic values – Japan ranked 16th on the 2022 Economist Intelligence Unit (EIU) Democracy Index – and business freedoms. For Nomura, Japan now sits at a crossroads: "whilst many believe the economy is shrinking, we believe big change is coming. Japan's economy will flourish by being more open-minded and embracing international partnerships. We see great opportunities ahead."





Honda Techno Fort

CELEBRATING FOUR DECADES OF AUTOMOTIVE BRILLIANCE

According to the World Intellectual Property Organisation's (WIPO) 2022 Global Innovation Index (GII), Japan is the world's 13th most innovative country and fourth most across Southeast Asia, East Asia, and Oceania. Japan is a "leader in innovation," according to the index's measurement of innovation and economic development, and it scores amongst the highest in the world for how effectively it converts high-cost innovation investments into high-quality products. Japan also scores highly in R&D, ranking fourth globally, as well as human capital, where it ranks third for the percentage of research talent in business.

Japanese innovation has helped it become the third-largest auto-producing nation in the world. In 2021, Japan produced 7.85 million vehicles, according to the International Organisation of Motor Vehicle Manufacturers (OICA). Of this figure, 6.6 million were non-commercial cars – the second-highest in the world by some margin. At the heart of the industry is the Japanese manufacturing philosophy of continuous improvement – monozukuri – which, together with the government's social and environmental commitments, has encouraged the rapid adoption of new technologies like autonomous driving, electric vehicles (EVs), and hydrogen fuel cells. Honda, for example, has set a target for EVs to account for all unit sales by 2040.

Founded in 1987, Honda Techno Fort began its business by operating as a testing department for Honda vehicles.

And over the years, the company has continued to develop new business areas and is now involved in the design, testing, styling data creation, and CAE for many automotive components, as well as assembly (prototypes), vehicle management/maintenance, PG operations management, and public relations. Diversification remains a priority, as Masahito Kanekuro, the company's President and CEO, explains: "We want to expand our portfolio beyond our core business of developing vehicle components to developing full vehicles." In addition to this, IT system operation and intellectual property management are services that Honda Techno Fort has further established. In addition, an office in Ohio, USA, is involved in the design and development of US vehicles.

'Going beyond the impossible' is Honda Techno Fort's motto, and the company is proud to share in Honda's industry-leading innovation DNA. Honda is a one-of-a-kind company, unlike any other Japanese brand. Honda is able to build cars that exceed customer expectations," said Mr. Kanekuro. Every year, Honda Techno Fort discusses its strategy and future goals with Honda's R&D department, including what kind of cars it will develop in the next five to ten years. The company uses the information it receives to adjust its own skill set and ensure that its development is in line with Honda's future needs. Furthermore, Honda Techno Fort emphasizes the importance of genba, genbutsu, genjitsu (Honda's Three Reality Principle) in development. In other words, it is important not to do things in the desk but to go to the site, see the actual thing, and think about it realistically. This is essential for problem solving and enriches the company's creative knowledge of automotive development. Mr. Kanekuro states that this way of thinking is something



that cannot be obtained through remote development, which has become the mainstream since the Covid-19 pandemic.

Today, while Honda is rapidly shifting its focus to new technology development in a variety of areas, not just automotive development, Honda Techno Fort is involved in the development of many of Honda's automotive functions, as well as minor model change vehicle development. We are a loyal partner to Honda, and by 2030 we hope to take on the challenge of taking on even more full-model changes for Honda." We are also training several project leaders who can be entrusted with organizing and leading the development of a vehicle as a whole. In many ways, we already know many of the parts of a Honda vehicle, and we want to challenge ourselves to put the puzzle together and create the whole picture.

Gaining Honda's trust to build its own designs will be a massive achievement for Honda Techno Fort, and Mr. Kanekuro believes that with its unique expertise, decades of experience, and philosophy of never giving up, it can level up its win-win relationship with the automotive giant for many years to come. Ultimately, ambition lies at the core of Honda Techno Fort and, as a long-term strategy, Mr. Kanekuro states, "Once we are able to develop full vehicles, we may want to cross this river and aim for potential customers outside of Honda in the future."

Either way, Honda Techno Fort has systems in place to ensure its accumulated knowledge will be passed on to the next generation and all new employees. Indeed, for Mr. Kanekuro, this – sustaining and passing on knowledge – is what sets Japan apart from South Asia when it comes to emerging technologies. He also believes the Honda brand maintains the same unity that has made Japanese industry so successful: "There's a kind of national character that unites all manufacturing, technology, and R&D-related companies, a feeling of teamwork and responsibility to the whole process. It's what defines Japan and creates a solid foundation for businesses here."

HTFT
Honda Techno Fort



Ichiyoshi Securities

TAILOR-MADE STRATEGIES IN JAPAN'S DYNAMIC FINANCIAL LANDSCAPE

Japan stands as the second-largest economy in Asia and ranks third globally, cementing its role as a major force in the financial world. The Tokyo Stock Exchange further underscores this dominance as the fourth-largest in the world by market capitalization, as noted by the financial services firm, Refinitiv.

Under the leadership of Japanese Prime Minister Fumio Kishida, there's a heightened commitment to advancing the country's capital markets. This commitment was evident in September 2023 when he actively participated in "Japan Weeks." This series of events, orchestrated by the Financial Services Agency, was a clarion call to promote capital markets. The gatherings served as a platform for domestic and foreign investors, emphasizing the importance of proactive asset-building.

Ichiyoshi Securities stands prominently in this rapidly evolving sector, distinguishing itself with an innovative investment strategy and philosophy. Hirofumi Tamada, Ichiyoshi's president, proudly shares, "We pioneered the shift from a fee-based corporate income approach to one that emphasizes asset management advice. Our goal? To ensure our customers' assets grow safely and consistently."

Tamada continues, "We refrain from short-term deals, even if there's an immediate profit. Why? Because our customers' long-term benefit is our priority. We're not here to deplete our customers' assets. We don't push trendy products that don't align with our clients' best interests. Instead, we offer insightful advice, instilling confidence in their financial decisions. Our approach to service is built on a foundation of trust and expertise. We mirror Edward Jones, a U.S. financial services firm, in our client relationships, ensuring transparency and consistency. This unwavering approach fosters mutual trust, leading to satisfied customers who continue to invest with us. It's more than just a method—it's our philosophy."



Hirofumi Tamada
President

Ichiyoshi emphasizes not just offering these solutions but also maintaining regular engagement with customers, ensuring that their investment needs are continually followed up.

A defining feature of Ichiyoshi is its esteemed research division, the Ichiyoshi Research Institute (IRI). This division shines for its expertise in small- and medium-cap growth companies. In 2022, the IRI achieved an impressive feat by topping the Best Research House Rankings in the small- and medium-cap stock category for the 19th year in a row. Demonstrating its unparalleled reach, the institute boasts an access ratio of nearly 17%, eclipsing its closest competitors by a significant stretch. IRI delves into various burgeoning sectors, notably IT and high-tech industries. Each year, they produce comprehensive analyses on approximately 500 companies and publish over 3000 additional reports for investors, encompassing in-depth industry insights.

"Japan's domestic market holds immense promise," remarks Tamada. "At times, the barrier for investors is simply the absence of accurate information. Our strength lies in bridging that gap; providing insightful data becomes our edge."

Ichiyoshi's core values emphasize societal contribution, which naturally aligns with its focus on sustainability. The company's endeavours stretch across various facets of sustainability: from the environment and the larger community to individual stakeholders like employees, shareholders, and customers. Its commitment resonates with the United Nations' Sustainable Development Goals. This is evident in its multifaceted initiatives, from fostering a vibrant and inclusive work environment and reimagining asset management for an aging global population to championing child health and well-being projects.

Ichiyoshi is ready for the future, embracing both its challenges and opportunities. In this sense, it embraces the Japanese vision – taking a long-term view and putting trust and value creation first.

"Japan is engineering-driven by nature," says Tamada. "We have a lot of good corporations, and we have a system and culture of protecting and growing our assets. In this respect, Japan is number one in Asia. Our Prime Minister champions this strength of our nation, and the momentum feels perfect. All signs point to growth – making Japan a compelling investment choice, so why not invest in Japan?"

We refrain from selling products that are not in the long-term interests of our customers, even if they are popular.

Seven "Ichiyoshi Standards" for products for our customers.

1. We do not deal in publicly-offered structured bonds.
2. We do not deal in non-rated bonds.
3. We do not deal in privately-placed funds.
4. We do not hold individual foreign stocks.
5. We select investment trust managers based on their reliability and continuity.
6. We do not select investors to invest in futures and options.
7. We do not deal in FX (Foreign Exchange Margin Contracts).

We have been adhering to the Ichiyoshi Standards for 20 years.

It is the desire of our executives and employees to be of assistance to our customers in their efforts to increase their assets safely, steadily, and slowly. We do not merely offer an assortment of products, but also dare to decline them so that the products and services we introduce can always help our clients to hold their valuable assets safely and securely in the medium to long term. Our goal is to gain the trust of our customers and to have them stay with us for a longer period of time.

ICHIIYOSHI
SECURITIES

At the heart of Ichiyoshi's ethos lies a steadfast commitment to being a trusted and preferred boutique brand in the financial services domain. This commitment extends to every stakeholder. We value the uniqueness of our employees, nurturing talent and fostering growth; we aim to be the top pick for every client; we continuously strive to enhance performance and boost shareholder value; and, importantly, we take an active role

ICHIIYOSHI
SECURITIES



Vertex Corporation

PIONEERING UNIQUE PRODUCTS FOR A RESILIENT JAPAN

Japan's economy experienced a remarkable surge, growing at an annualized rate of 6% year-on-year in the second quarter of 2023. This growth nearly doubled what economists had projected. A significant boost in exports played a pivotal role in this economic achievement, pushing net trade to unprecedented levels. Echoing this uptrend, Japan's construction industry is witnessing "robust activity," as highlighted in a recent report by the global professional services company Deloitte. The report projects that the construction sector will contribute a staggering JPY62.1 trillion to the economy this year.

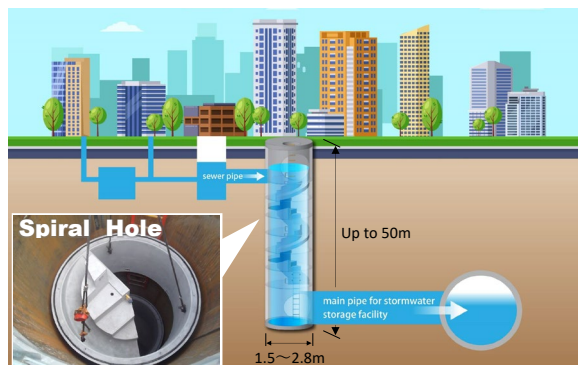
In the competitive construction materials sector, Vertex stands out distinctly. Offering a diverse product range—from concrete to netting that controls rockfalls—the company boasts a comprehensive portfolio of construction materials designed to instill peace of mind. By leveraging proprietary technology and an extensive nationwide network, Vertex can respond swiftly to any situation. Their products cater to a variety of fields, including sewers, roads, agriculture, and railroads, with a particular emphasis on flood control and disaster prevention.

Recognizing the constant threat of natural disasters, Vertex offers unparalleled products tailored for a society frequently confronted by such calamities, consistently prioritizing the safety of families through innovative, market-leading solutions. "We create something truly unique, a product you won't find anywhere else in Japan, or even worldwide, and this is our key strength," says Akihide Tsuchiya, President & Representative Director of Vertex Corporation.

"Our company's primary product is sturdy precast concrete, known for its excellent functionalities. We possess this exceedingly rare, unique product, which is our core strength. We've dedicated significant effort into developing this distinctive product alongside our more conventional offerings. While many competitors lean towards more generic, easily duplicated products, our emphasis on distinctiveness positions us ahead of the curve."

Vertex prides itself on its strengths in product development and technology. The majority of its products are innovated in-house, boasting the highest number of patents and utility models in the industry. The company consistently seeks blue-ocean opportunities, areas untouched by competitors.

Given Japan's vulnerability to natural disasters such as earthquakes, typhoons, and torrential rains that often result in flooding and landslides, the need to protect human lives becomes increasingly paramount. Recognizing this, Vertex has positioned itself as the leading company in the disaster prevention and mitigation sector.



Akihide Tsuchiya
President & Representative Director

For Tsuchiya, the prevention of damage from natural disasters stands at the forefront of the company's mission. Vertex is dedicated to supporting communities, households, and individuals with its distinctive offerings, aiming to make a meaningful difference by reducing the impact of disaster-related damages.

Vertex's rich history stems from the amalgamation of four distinguished companies. Hanex, Haneda Concrete Industry, and Nippon Zenith Pipe, each with a legacy spanning 80-90 years, united in 2014. They were later joined by Hokukon in 2018, a major precast concrete manufacturer with six decades of expertise. This merger facilitated the horizontal integration of Japan's top precast concrete manufacturers, leading to synergies that birthed a conglomerate greater than the sum of its individual components. Among the 500+ precast

concrete manufacturers in Japan, Vertex stands out, ranking first in sales volume as a conduit product maker."

The consolidation drive that created Vertex achieved both horizontal and vertical mergers, from which a fresh strategy emerged. The business eliminated unprofitable business lines and revitalized others, with a keen focus on profitable ventures. This approach propelled Vertex at the top of industry profitability. Its asset value, which stood at JPY13.4bn in 2018, has surged to JPY47.5 billion — a staggering 3.5-fold increase, attesting to the efficacy of its strategy.

Tokyo-listed Vertex stands as a pivotal opportunity for investors keen on tapping into the Japanese construction sector, all while benefiting from the company's innovative product lineup and ambitious vision. For the fiscal year ending March 2023, Vertex reported sales figures of JPY39 billion, marking a 4.2% ascent from the prior year. The company's value proposition for investors is further accentuated by its sustained stock performance: its share price skyrocketed from just over JPY350 in December 2018 to an impressive JPY1500 by summer 2023. Such robust performance is bound to capture the attention of discerning international investors.

As Tsuchiya notes, while the company is currently focused on catering to the high demand in the Japanese market, companies across the globe can benefit from Vertex's technology. Many countries face the risk of natural disasters and could utilize the company's products to ensure safer, more resilient structures. "If an international company is interested in our technology, we are open to collaboration," says Tsuchiya. "Looking ahead, we aim to forge partnerships by showcasing our distinctive products, such as the high drop manhole, Spiral Hole, designed to counteract flooding damage, and preventive nets to counteract mudslides and rockfall-related incidents."

Vertex's growth is rooted in Japan's unique challenges — not just its seismic and climatic conditions, but also its emphasis on fostering innovative, problem-solving businesses that address global needs. "At Vertex, our mission is to do what only Vertex can do. The keywords are Safety and Security" says Tsuchiya. "Our commitment stems from Japan's vulnerability to diverse natural disasters; we constantly confront the potential of calamities. Mitigating the harm these disasters cause while providing the highest quality innovative products is our foremost objective."





Gremz

INSPIRING BUSINESSES THROUGH CUTTING-EDGE ENVIRONMENTAL ENERGY SOLUTIONS

With a GDP of USD 4.231 trillion as of 2022, Japan is the world's third-largest economy, according to the World Bank. SMEs dominate the economic landscape, accounting for 99.7% of all businesses and employing 70% of the workforce, according to ministry data.

Japan is committed to becoming net-zero by 2050, and helping SMEs embrace environmentally friendly energy sources will be vital to realising a sustainable future and a more competitive business community.

Founded in 2005, Gremz provides Japanese SMEs with environmentally friendly, cost-cutting energy solutions. Gremz specialises in photo-voltaic systems for businesses, storage batteries, and electricity retailing services for low and high-voltage clients and is listed on the Tokyo Stock Exchange (TSE).

Since spotting a gap in the market for SME-focused energy services, Gremz has grown its customer base to 60,000 factories. "SMEs need cost-effective energy solutions. In the past, there wasn't much of a support system. What we're doing is niche, but the market potential is huge," says Gremz's president, Masomi Tanaka.

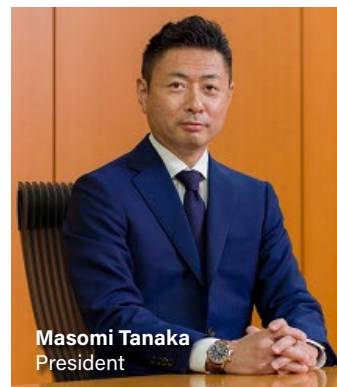
Gremz now plans to set up solar panels on factory rooftops to encourage nationwide solar adoption. Most importantly, Gremz understands the need to provide confidence to those, including households, thinking about making the switch, as Tanaka explains: "There's a lot to do to cover all of Japan, and solar panels only work when the weather is fair, which is why we're developing storage batteries that save electricity to fill in when

necessary."

Gremz's biggest strength is its tight-knit customer base, and the company is quick to seize new opportunities. "We're very welcoming when it comes to partnerships and joint ventures. We like to visit all of our clients one by one; there are no competitors that do this. If a new company wanted to replicate our model, it would be near impossible," says Tanaka. Gremz's knowledge of Japan's energy regulations makes it the ideal local supplier for foreign firms, and the company is also open to partners utilising its network.

Stability against fluctuating electricity prices and rapid installation has allowed Gremz to move fast to fill gaps in the market – which its employees are experts at identifying – and the company's win-win proposition has resulted in over 17 years of consecutive increases in sales. In FY03/2023, Gremz achieved net sales of JPY 31.392 billion – a year-over-year rise of 35.0% – and an operating profit of JPY 3.600 billion – up 46.9% year-over-year – whilst foreign investment has increased to 12% of all investment by the end of FY03/2023.

Ultimately, Gremz's mission is to improve society and inspire businesses. "Some companies don't have enough information; we want to share our knowledge," says Tanaka, adding: "The key for local businesses like us is to facilitate the opportunities Japan's huge market provides. Those kinds of partnerships are always win-win."



Masomi Tanaka
President



Takachiho Koheki

THE GATEWAY TO JAPAN'S ELECTRONICS RENAISSANCE AND GLOBAL OUTREACH

According to a September 2023 government report, Japan's robust economic recovery has generated a promising pickup in capital spending and private consumption – which accounts for over half the economy – and boosted corporate profits.

Keen to reassert its electronics dominance on the world stage, Japan plans to triple the sales of chips made in the country to JPY 15 trillion by 2030. Promisingly, in 2022, Japan's electronics industry registered an 11.7% year-over-year rise in exports to JPY 12.52 trillion, according to Statista.

Founded in 1952, Takachiho Koheki is a leading technology trader and services provider specializing in cutting-edge electronics for domestic and overseas markets.

By integrating product sales and added-value services, Takachiho Koheki has achieved astronomical growth in recent years, as its president, Takanobu Ide, explains: "Since I became president in 2018, our stock price has tripled, from approximately JPY1,000 to over JPY3,000, which is due to the growth in our financial performance as well as our enhanced shareholder returns. We cover everything from consulting to installation and after-sales service. It's a unique approach for a trading company." For example, one of Takachiho Koheki's cloud service and support contracts – "MSP (Managed Service Provider) Service" – includes system design and construction, equipment, operation, and maintenance as standard.

Similarly, Takachiho Koheki's business and retail solutions – from advanced office security, access control systems, and authentication devices to shop surveillance systems and traffic counter security systems – come with 24/7 professional customer support. "We're a one-stop service. About 40% of our employees are engineers and understand the

technicalities of the products. This allows us to provide a one-stop service. It's why we have 25,000 long-term customers," says Ide.

Takachiho Koheki also offers customers a comprehensive lineup of high-performance semiconductors, ICs, electronic components, and sensor products tailored to suit their needs, whatever industry they operate in. "Under its 'Movement Solutions' initiative aimed at creating a comfortable living environment, Takachiho Koheki provides a range of mechatronics products.

These include hardware and cable solutions, power supply products, EV charging connectors, slide rails, and hydraulic lift systems. These products are designed for both home and industrial machinery applications.

Takachiho Koheki is currently looking for global partners in semiconductors and mechanical components in China, the USA, and Southeast Asia. "As for total sales, domestic accounts for 70% and overseas for 30%. We're deeply rooted and highly successful in Japan; now we want to expand internationally," says Ide.

For inbound companies keen to partner with a local distributor or cloud services provider, Takachiho Koheki is a gateway to the Japanese market. Indeed, as the country's GDP and export competitiveness go from strength to strength, now, says Ide, is the ideal time to invest in Japan: "It's the perfect investment destination, especially for overseas investors given the yen's depreciation. Our political climate is stable, and we're still one of the world's economic giants."



Takanobu Ide
President



高千穂交易株式会社
TAKACHIHO KOHEKI CO.,LTD.



O'Will Corporation

JAPAN'S DISTRIBUTOR AND SUPPLIER OF CHOICE

The world's third-largest economy, Japan is one of the great economic success stories of the modern era.

One of the drivers of this success has been Japan's trading companies, which capitalise on the country's productive capacity, excellent infrastructure, and large domestic market.

O'Will Corporation is more than just a trading company – it positions itself as a market-builder, creating added value for its customers by developing new supply sources, client networks, and market potential. Its combination of the detail-oriented approach of a speciality seller and broad range of a general trader makes it unique. It handles a range of products from food additives (where it has a 13% market share of ascorbic acid in Japan) through dairy products (a 10% market share in pasteurised milk), beverages, and wastewater purification and ceiling fans (HVLS) for food factories and logistic centers.

"We are always seeking partners and investors," says Hideki Oguchi, O'Will Corporation's Chairman. "We are particularly interested in partners who bring expertise and a network of infrastructure and logistics; we're also open to M&A to grow. We want to expand to new markets, particularly in the USA and Southeast Asia – we can be a distributor and supplier of choice for our partners."

Oguchi founded O'Will in 1986, following a desire he had since he was a student to build a company from scratch. The company's founding team of eight experienced people developed the business, and within a decade it had developed strong sales channels, and Oguchi created a strategy for the coming years. In November 2008, following the company's long-term plan, O'Will launched an IPO on Tokyo's JASDAQ exchange. This achieved widespread public recognition that the company has leveraged to attract talent, and helped build the corporate strength to turn its new business concepts into reality. Investors in the stock have repeated the rewards – O'Will's consolidated operating income grew

to JPY942m in the financial year ending March 2023, up 14% from the previous year, and 40% from 2020.

"We have a strong growth strategy in place, and a new generation of management focused on that plan," says Oguchi.

"Our market value is JPY3bn now, and there's so much room to grow by building our client base."

In 2019, Oguchi appointed Kazuki Date as a new president & COO together with new young board members, through whom he is willing to accelerate the company's growth.

As a relatively small company, O'Will can make decisions quickly, which is a competitive advantage as it enters new markets overseas. The company focuses first and foremost on building credibility and value with its clients, such as big food and beverage companies, with the knowledge that business growth will follow. Sincerity and reliability in relationships is essential to its approach – as is supporting its home market.

"We care about Japan's growth story, and want to promote our country," says Oguchi. "Japan is rich in knowledge and experience to tap into. Supply chain and logistics are important for Japan's growth, and the country needs partners to support these industries."



Hideki Oguchi
Chairman & CEO

Kazuki Date
President & COO



NEXYZ.Group

THE BOUNDARY-BREAKING GREEN
FINANCE LEADER

As Japan's core inflation held above the Bank of Japan's 2% target for the 16th consecutive month in July 2023, the country's decades-long struggle against deflation seems to be at an end. Japan's economic progress is welcome news for inbound investors, who can now reap the rewards of its future-ready business community with confidence.

Japan is committed to reaching carbon neutrality by 2050, and businesses have responded with overwhelming financial support. According to Reuters, the volume of sustainability, social, and green bonds sold domestically increased a staggering 47 times between 2016-20, reaching JPY 2.1 trillion.

One company leading the way in Japan's green finance market is NEXYZ.Group, whose flagship financial business, NEXYZ.ZERO, provides embedded finance for energy-efficient products such as LED lighting with zero upfront investment.

NEXYZ.ZERO has already amassed 100,000 customers and a product catalogue of 490,000 items since its inception, according to Mr. Takami Kondo (NEXYZ.Group's president and CEO), who terms the service 'Lease 2.0.' And with formal support by Japan's Minister of the Environment as well as a world-first AAA accreditation from Moody's for its securitised lease bonds, Kondo has set his sights high: "Our goal by 2025 is to reduce 2 million tons of CO2 through the service, which is equivalent to the annual CO2 emissions of the Westminster area in London or Shibuya in Tokyo."

To help introduce new clients, NEXYZ.ZERO has partnered with 52

banks – over half of all Japan's banks. But the company is also keen to collaborate with local governments, such as by providing LED streetlighting – Japan plans for LED usage to reach 100% by 2030 – and energy-efficient products to hospitals, fire stations, and indoor farms. "None of our clients pay the construction or initial costs," says Kondo, who estimates that 15,000 new businesses would have benefitted from the service in the past year.

NEXYZ.Group is also open to international partnerships, whether through joint ventures, technology transfers and collaborative R&D, or as the supplier or distributor of choice for energy-efficient products. Most importantly, NEXYZ.Group's unique business model allows partners to gain the first-mover advantage through popularising new paradigms and markets. "We have exceptional sales and planning abilities, and if we're not sure we can become number one in a market, we won't enter it," says Kondo.

As businesses across Japan navigate the post-pandemic era, services that provide cost savings with zero initial expenses like NEXYZ.ZERO will inevitably see higher demand. Paired with NEXYZ.Group's discounted, post-pandemic share price and strong growth last year, this makes it the ideal investment opportunity.

More broadly, for Kondo, now is the perfect time to invest in Japan: "We have exceptional infrastructure, high academic standards, and our goods are about 60% the price of the USA's. It's essential we attract more foreign talent, and companies like us must lead the way and tell Japan's story to the world."



Takami Kondo
President & CEO

One For Earth





Benda Kogyo

BENDING THE WORLD'S IRON

Strong consumer demand backed by a robust labour market have bolstered Japan's growth in 2023, according to a recent briefing by global professional services company Deloitte.

The manufacturing sector is also picking up, showing its strongest growth in a year in both output and new orders in May 2023.

Japan has long been renowned for its world-leading innovative manufacturing companies, and Benda Kogyo is a stand-out example. Founded in 1964 by Kazuyoshi Yashiro, the current company president Kazunari Yashiro's grandfather, in 1975 the company received patents for "the Benda Method" for cold-bending steel. This enables 95% material yield, and dramatically raises processability and productivity. The company's technology gives it a unique edge in supplying the fast-evolving global automotive industry.



"We can provide high quality products for combustion, hybrid, and electric cars," says Kazunari Yashiro. "We are now preparing for the transformation of our business structure to respond to the great transformation in the automobile industry that will happen in the next years. We will have an ever-greater percentage

of our business from hybrid and electric vehicle manufacturing. We always invest in R&D and innovation, which has led to more growth - and we want to grow more."

Over the years, the company has expanded across Asia, with facilities in Japan, China, Korea, Thailand, and Vietnam. While working internationally, Benda Kogyo, a third-generation family business, has retained a united corporate culture founded on the philosophy of Yasuhiro Yashiro, the current company president Kazunari Yashiro's father, - "quality is vital". Benda brings its Japanese quality and operational excellence, as well as integrity and style, to its partnerships around the world. This combination led to the company being awarded "Minister of Economy, Trade and Industry Award" in the "Manufacturing Japan Awards" in 2009.

Benda Kogyo counts leading Japanese steelmakers among its suppliers, while trading partners are major domestic and international automobile manufacturers and global Tier 1 manufacturers.

"We have a range of business partners integrated into our group," says Yashiro. "We have good partnerships in every market we operate in. We won't achieve the growth we want on our technologies alone, so we'll make further partnerships, whether Japan or overseas."

As a unique, niche business, which is privately owned, Benda can move quickly to seize opportunities that come its way, including in activities with its partners. The company places a great importance on communication, which is appreciated by those with which it does business.

As it undertakes its transition, Benda will continue to enhance its environmentally-friendly technology, while also accelerating its digitalisation. As Kazuyoshi Yashiro said: "Let's bend the world's iron!"



Kazunari Yashiro
President

BENDA-KOGYO CO., LTD.



Slim Beauty House

BRIDGING TRADITIONAL JAPANESE WELLNESS
WITH MODERN SCIENCE

As Japan strengthens its economic recovery, its biggest industries are regaining momentum. According to the World Travel & Tourism Council, Japan's travel and tourism sector's GDP contribution will reach USD 285.5 billion in 2023 and drive a 553.4% surge in international visitor spending to USD 16.8 billion. One standout sector is wellness, with pioneers like Slim Beauty House leading the way.

Centered around holistic concepts of beauty, health, and wellness, Japan's beauty industry's focus on both physical and psychological therapies has gained significant popularity worldwide. According to the Global Wellness Institute, Japan is now the world's third-largest - and Asia's second-largest - wellness tourism destination.

Founded in Tokyo, Slim Beauty House is a technologically advanced beauty company with a unique, research-driven program that combines Oriental aesthetic principles with modern science to impact both the mind and body.

In a time of booming economic growth in Japan, where a rising health consciousness was juxtaposed with increasing health issues, Ms. Saiko Nishizaka took action. As the leading force behind Slim Beauty House, she was driven by the principles of Oriental medicine, which focus on inner health and well-being. With this in mind, she launched a research institute in Shinjuku in 1980. This was succeeded by the opening of an acupuncture and moxibustion clinic in 1983. By 1987, her vision was fully realized with the establishment of Slim Beauty House, which offered courses as a fresh alternative to conventional treatments.

Today, Slim Beauty House operates 60 luxurious beauty spa salons and clinics and offers a range of services. These include cupping, and cup drainage - a novel treatment method that combines cupping therapy with lymph drainage practices and Yin-Yang aroma treatments that harness the five elements to bring balance between mind and body. "Blood circulation, lymph flow, and meridian balance are essential foundations for

holistic well-being. My approach emphasizes healthy weight management and slimming. I aim to support individuals in their journey towards achieving their personal wellness goals," says Ms. Nishizaka.

Slim Beauty House's therapies undergo meticulous, uncompromising research, carving out their towering competitive edge.

The company has showcased its findings - most notably its weight-loss technique using enzyme-based supplements combined with electric muscle stimulation (EMS) - at over 30 academic conferences both in Japan and internationally. Moreover, the acclaimed Slim Beauty House Academy offers accredited, world-class training programs. Their deep-rooted expertise in proficient human resource nurturing stands as their crowning strength.

With an expansive global vision, Ms. Nishizaka ardently seeks formidable strategic business alliances and adept product distributors. "Premium hotels align perfectly with our vision, particularly those emphasizing wellness tourism."

Internationally, we're actively searching for partners well-versed in marketing tailored to their respective countries. In exchange, we bring to the table our distinguished Japanese brands, premium products, certified therapists, and profound academic expertise," she articulates.

Slim Beauty House presents an unparalleled investment proposition in Japan's burgeoning medical tourism space. Their clinics represent an evolved fusion of beauty treatments and holistic medical care. With plans to amplify the number of clinics, particularly designed for beauty and slimming, there's an anticipation to cater to foreign clients visiting Japan for beauty retreats. The clinic model, inherently more appealing, offers a ripe opportunity for potential investors or travel agencies willing to forge partnerships.

Beauty treatments pave the way to holistic medical care, a bond that's set to grow even stronger in their state-of-the-art clinics. Yet for Ms. Nishizaka, it's more than just a commercial endeavor. She envisions a future where Slim Beauty House becomes emblematic of Japanese health excellence. More than a mere expansion plan, this is a golden chance to highlight Japan's distinctive approach to health and wellness to the world. As economic booms often bring health challenges, the insights from Japan's past are now visible across Asia and beyond. Today, there's a growing demand for the exceptional hospitality and slimming expertise honed in Japan.



Saiko Nishizaka
Representative Director





KOA Corporation

THE WORLD'S LEADING RESISTORS COMPANY, SUPPORTING ELECTRIFICATION AND AUTONOMOUS DRIVING VEHICLES

According to a July 2023 economic outlook report by the Bank of Japan (BOJ), "as a virtuous cycle from income to spending gradually intensifies, Japan's economy is projected to continue growing at a pace above its potential growth rate." Beyond pent-up demand and stimulative financial conditions, the BOJ highlighted investments in the labor market, digitalization, productivity, and R&D related to decarbonization as primary growth drivers.

Japanese electronic components manufacturers continue to have a strong presence, producing one-third of the world's total demand. According to the Japan Electronics and Information Technology Industries Association, the value of production by Japan's electronic component manufacturers is set to grow 4.0% year-over-year, reaching JPY 10.8456 trillion in 2023. One of the factors supporting this growth is the transformation towards a carbon-neutral society, particularly the vehicle electrification strategy of each country set to achieve carbon neutrality by 2050. Megatrends like the surge in hybrid (HEV) and electric vehicle (EV) ownership due to this transformation are attracting attention. The EV market is expected to expand at a CAGR of 5.95% from 2023-28, culminating in a market volume of USD 9.2 billion, as per Statista.

Established in 1940, KOA Corporation stands as the global market leader in resistors, a key electronic component. Its products are supplied to the automotive, industrial equipment, aerospace, medical, and telecommunications industries, which require top-level precision and reliability. In addition to its main production and sales bases in Japan, the company has production bases in China, Malaysia, and Taiwan and sales bases in Germany, China, Taiwan, Malaysia, and Singapore, including the United States, where KOA accounts for 40% of the resistor market share.

Today, KOA is striving to achieve the goals outlined in its long-term management plan, Vision 2030, announced in 2022. The plan is based on trends in the automotive industry, which accounts for more than 40% of the company's sales, particularly electrification. According to data obtained by KOA in dismantling certain vehicles, its flagship thick film chip resistors are used 1.5 more in HEVs and 1.6 times more in EVs compared to internal combustion engine vehicles. Advances in autonomous driving technologies are also boosting the demand. KOA offers pioneering solutions in this field, such as high-precision current sensing resistors, which are essential for improving EV efficiency and making life-critical systems. "We are stimulating innovation to make our company and products essential to the world in 2030," remarks KOA Corp's president,



Tadao Hanagata
President

Tadao Hanagata.

By allocating 4% of its sales to R&D, KOA is expanding its line of resistors with a strategic focus on high precision, high reliability, and high power while working on new product development. Moving towards a "trillion-sensor society" is the key trend here. Japan's government has announced "a human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space" - Society 5.0 - and has implemented various policies to realize it. Sensors are essential to integrating this, and KOA

offers a comprehensive range, including current sensors, by utilizing fundamental technologies cultivated in the production of resistors.

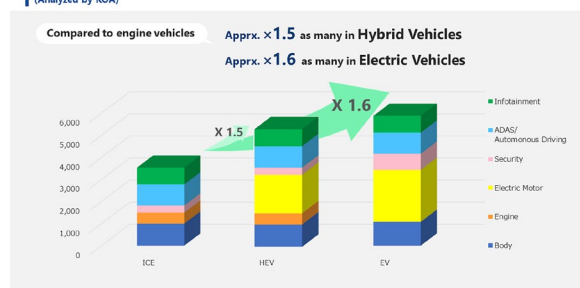
Furthermore, KOA is developing sensors for diverse applications and has launched a distinctive air flow sensor. Under these circumstances, Hanagata articulates the company's vision for collaboration and technology transfer: "We do not intend to collaborate in a way that only aims to expand the size of the company. In the past, we have formed a joint venture with a company in the US to establish a distribution base in the US. We believe that it is the strong trust between managements that has produced KOA success in today's US market. Having this experience, we are eager to collaborate with entities that share the same values and objectives of corporate management for further growth."

Kazuto Mukaiyama founded KOA in 1940, and two years later, he set up a factory in his hometown in the Ina Valley of Nagano Prefecture. From there, he began to make steady progress toward what he later called "Farming and Manufacturing in Unison," supporting the farmers in his hometown, a poor rural area, by melding agriculture and industry. Having overcome great difficulties such as war, the Ina Valley, surrounded on both sides by beautiful mountains called the "Japanese Alps," remains the main production area of KOA. It is also now the "Valley of Electronics," where many electronic component manufacturers derived from KOA operate. Mukaiyama's vision of "Farming and Manufacturing in Unison" and the motto, "let's make our workplace more upbeat and pleasant than anywhere else," have been passed down in the DNA of KOA not only in the Ina Valley region but also around the world.

KOA is also devoted to strengthening its own sustainability initiatives. As outlined in its medium-term management plan, KOA is targeting a 65% reduction in greenhouse gas (GHG) emissions from 2020 levels by FY24, and a further cut to achieve a 70% reduction by FY30. To achieve these goals while adopting cutting-edge energy-saving technologies, KOA has set an ambitious goal to elevate its renewable energy consumption to 70% by FY24, a significant rise from 17% in FY22.

Since the early 2000s, KOA has been engaged in company-wide quality improvement activities with the aim of entering the automotive field in earnest. These activities aim to improve the quality of work of employees who work with customers and partners, as well as product quality. "Thanks to the efforts of all employees, we have gained strong trust from customers in fields that require high precision and reliability, such as automotive industries. We will continue this activity to further enhance the trust in relationships with our customers and business partners," asserts Hanagata.

Quantity of Thick Film Chip Resistors Used by Powertrain
(Analyzed by KOA)



KOA
www.koaglobal.com



Creek & River

INNOVATING JAPAN'S PROFESSIONAL LANDSCAPE ONE TALENT AT A TIME

Japan has among the world's highest World Bank Governance Indicators (WBI), which measure the quality of government, as ratings agency Fitch noted in a recent ratings action on the country. As Fitch says, the strong WBI reflects a "long record of stable and peaceful political transitions, well-established rights for participation in the political process, strong institutional capacity, effective rule of law, and a low level of corruption".

This environment has allowed the world-leading service sector to flourish, contributing 70% of GDP. Business services specifically are a major employer and magnet for investment – ranking in the top three sectors for greenfield foreign direct investments in 2021, according to official figures.

Creek & River stands out as one of Japan's most innovative business services companies. They specialize in recruiting networks of independent professionals spanning a wide array of sectors. Through in-house production, contract development, and outsourcing, they provide clients with top-tier professional human resources. Moreover, they distribute intellectual property crafted by experts, paving the way for the creation of new value.

It works with professions that fulfill three criteria: occupations active all over the world; that cannot be replaced by machines; and in which intellectual property is accumulated. It operates in eight professional domains: creative (including TV, film, and games), medical, construction, quality of life (including fashion and food), life sciences (including agriculture), computer science, and engineering. The company's expertise and scope make it the ideal partner for professionals, clients, and international businesses both in Japan and internationally.

"We work in 18 highly sophisticated professions, and have 29 companies, each one an artwork," says Creek & River CEO Yukihiro Ikawa. "We create networks where professionals can work in a safe and secure environment. Our professionals, highly skilled in their respective areas, choose our company for the opportunities we provide. Clients need the talent. Our mission is to find a person's talent and create a route for this talent."

The company's ethos, "starting from zero to create something," mirrors Ikawa's entrepreneurial spirit. He began as a TV director, producing documentaries, which spurred thoughts about societal challenges and potential solutions. Recognizing the unfavorable treatment and pay for freelancers, Ikawa envisioned a change. This vision laid the foundation for Creek & River, uniting freelance television professionals.

The company now has 800 directors working for it in Japan, dispatched to all the main TV stations, and is involved in a remarkable 45% of all programs made in Tokyo. Following television, Creek & River's next business line was healthcare, where it also has a commanding position, with 153,000 registered doctors on its books, and 80-90% of Japanese hospitals as clients. While television and



Yukihiro Ikawa
Founder & CEO

medicine are very different sectors, the principles of protecting the individual rights of professionals while supplying the best talent to leading clients are the same. In the legal realm, 40% of Japanese lawyers are affiliated with Creek & River. Furthermore, in the accounting sector, the company boasts a robust network of 65,000 certified public accountants and licensed tax accountants, complemented by 6,200 affiliated audit and licensed tax firms. Collectively, Creek & River's extensive network encompasses 368,000 professionals and serves

46,000 clients across 18 diverse sectors.

Creek & River's revenue currently stands at JPY50 billion, with ambitions to double this through organic growth and mergers & acquisitions, eyeing a long-term target of JPY1 trillion.

As it drives towards its ambitious targets, Creek & River will be open to mutually beneficial partnerships with other top-tier companies, both in its own international expansion and as a partner of choice for businesses looking to enter the Japanese market. The company brings a lot to the table: its innovative business model, large network, and deep knowledge of individual markets, particularly in Japan.

Ikawa emphasizes the company's willingness for partnerships, stating, "We're always on the lookout for joint venture opportunities, especially with firms that have a wealth of talent." He envisions building a vast network and sees potential in partnering with companies that have a broad clientele. While Ikawa holds an interest in various global regions, he acknowledges the interconnectedness of today's world. Ikawa believes that opportunity, rather than location, guides his decisions, suggesting he's open to venturing anywhere if the conditions are right.

Ikawa's future endeavors include exploring traditional craftsmanship and potentially establishing a network for businesses specializing in traditional art. He also sees immense potential in curating a network of managers available for deployment, viewing it as a long-term source of revenue. "Managers, seen through a creative lens, can be regarded as works of art," Ikawa muses. "A single transformative manager can overhaul a company; locating 100 such managers could potentially channel JPY5 billion business to an individual."

Potential partners can recognize the business's potential and its impressive track record. In the first quarter of the current Japanese fiscal year, sales increased by 112% compared to the same period in the previous year, with both operating and ordinary profits rising by 94%. The company's gross profit margin was 40.6%.

"As long as we utilize human capital and client-supporting capital in a creative way, we can always create new business and grow," says Ikawa. "Our philosophy is to think about both the dream and the calculator, balancing vision with practicality."



CREEK & RIVER



Azbil Corporation

HUMAN-CENTRED AUTOMATION

Japan's economy, the world's third largest, surprised on the upside in the first quarter of 2023, growing at an annualised rate of 2.7%, almost a percentage point above analyst forecasts. Capital spending helped drive growth, as companies confidently invested for the future.

Japan has long been known for its high-tech, high-quality manufacturing sector, so it is little surprise that the country leads the world in robotics and automation. Some 45% of the industrial robots produced in the world are manufactured in Japan, according to the International Federation of Robotics. Japan has been a global leader in automation since at least the 1960s, when the government launched a campaign to modernise the country's industry.

Azbil Corporation is at the forefront of Japan's thriving automation industry, with an international presence in BA (Building Automation), AA (Advanced Automation: process and factory automation) and now LA (Life Automation). Azbil was established in 1906, when working conditions were often poor, and automation then as now made a significant impact. The company draws on its deep history to underpin its ethos and approach to business.

"Human-centred automation is our identity," says Kiyohiro Yamamoto, Azbil's president and CEO. At the time of our establishment, the company's principle was "freeing people from drudgery"; the working environment was horrible, people worked in dangerous places, and through automation technology, we wanted to release them from that. Our company exists for humans, and we cherish humans. In Japan we have a culture that emphasises that if we have harmony, we can make a better world. Automation needs to focus on making a better world for humans, and giving back to each individual."

In addition to increasing interest in sustainable growth, and changes of social structure as the population ages and the workforce shrinks, the covid-19 pandemic increased people's desire for safer workplaces and increased remote work. Clients' accelerated investments in high-tech products, facilities, and the environment increased demand for Azbil's products. The company's greatest competitive advantage is its technologically-unique micro-electromechanical systems (MEMS) products, including sapphire vacuum gauges used in factory automation. In its engineering capabilities, Azbil has a competitive edge due to its ability to promote BA energy conservation projects, operating as an energy service company in Japan. The company's business structure gives it expertise in and the ability to consolidate



Kiyohiro Yamamoto
CEO

both edge domain (for example sensors and controllers installed at customer sites) and the application domain. Azbil's BA technology monitors buildings throughout their full lifecycle, and helps promote longevity; its early warning system for factories detects the risk of faults in advance, both enhancing safety and reducing machinery downtime and wasted energy.

"Our business is essential for clients' resilience, so there was certain amount of demand during the pandemic," says Yamamoto. "If there's a crisis again in the future, the impact will be limited. I recognise that this stability is important for investors. Azbil can provide engineering in the long-term, which is also essential to achieve carbon-neutral targets as machines age and energy efficiency decreases."

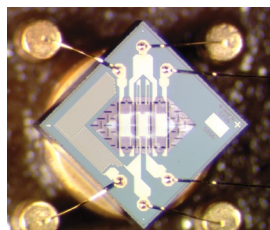
In 1953, the company entered a 50/50 equity-based alliance with US technology company Honeywell Inc., and became known as Yamatake Honeywell. The US partner exited in 2002, and the company became Yamatake, and started to expand internationally. In 2012, it was renamed Azbil Corporation.

Azbil's current sales are around JPY280bn (\$1.94bn), which it aims to increase to JPY400bn by 2030, with JPY100bn of that coming from overseas sales. To support its international expansion, and its overarching goal of improving lives and the environment, the company is scoping out opportunities for partnerships around the world.

"Our customers are familiar with our cost-effective, high-performance products, and that can increasingly be recognised overseas," says Yamamoto. "That's why we are boosting our sales all over the world. Right now our focus is Southeast Asia and China, but we are also looking at the US and Europe. Our aim is to partner with some companies so we can achieve success, to grow. We are open to all sorts of partnerships, even with our competitors, so we can work as one towards the carbon-neutral future."

To achieve its goals, Azbil is making long-term investments to enhance product competitiveness as well as strengthening its HR capabilities, while implementing measures to strengthen cooperation with other companies. In doing so, the company is following the path that Yamamoto thinks more Japanese companies should make: thinking of a high-tech future, while drawing on the country's long and proud manufacturing tradition.

"Japan is an advanced society with an aging population; the knowledge that we have accumulated through the years is an important factor in the future for the world," says Yamamoto. "Secondly, we have a lot of history, and our sustainability from that perspective is unique. From the perspective of a Japanese enterprise able to compete on the global arena, in addition to making use of the well-established strengths of high quality and high performance, it is important to strengthen our ability to generate business models that will lead to growth in the significantly changed society of tomorrow, and also to enhance our competitiveness. The latter can be achieved by harnessing revolutionary new technologies like quantum computing and generative AI."



The independently developed MEMS sensor for gas flow measurement (micro flow sensor) Size 1.7×1.7×0.5mm

azbil



Anicom Holdings

MAKING PETS AND OWNERS SMILE

Japan is not only the world's third largest economy. According to EU data, Japan also has the third largest insurance market. In a report on the industry outlook for 2023, global professional services company PWC emphasised the need for accelerated digital transformation in the Japanese insurance industry, including increased deployment of cloud platforms.

Among the numerous insurance categories in the Japanese insurance market, pet insurance is one of the few growing sectors. The penetration rate for pet insurance is only around 16%, and further market expansion is expected in the future.

Due to rapidly changing global circumstances and accelerating technological advancements, society as a whole has become increasingly engulfed in a sense of anxiety and loneliness. Pets, who provide comfort in such solitude, have gained even more value in recent years as a counterbalance to the volatile global situation and the rapid progress of technology.

"Our company generates the power of life, by loving pets that cannot live by themselves," says Nobuaki Komori, the president of Anicom Holdings. Anicom Insurance, which offers pet insurance, is its core subsidiary. "We have more veterinarians on staff than any other company in Japan. The greatest purpose of our company is to make health visualised. Consistent with this, we want insurance to be preventive and educational, so when clients' pets get insurance with us they will get healthier – this is the fundamental aim of what we do. We want to make pets healthier, and we know the main drivers that accomplish this – DNA, food, oral health, gut microbiota and other factors. We believe we are able to know whether the pets are smiling or not IT and AI. We also believe that we can find out which foods make them healthier and happier – and make them smile."

Komori was inspired to found Anicom in 2000 because at the time veterinary insurance barely existed in Japan. The company's name comes from "ani", meaning "life", and "com", from "communication", emphasising mutual understanding. Komori emphasizes the company's view that companionship and support from pets can give humans better mental and physical health, and vice versa. Caring for pets also has mutually positive effects.

"Through owning pets, different life forms love each other beyond species boundaries, resulting in both humans and pets becoming healthier and happier. Furthermore, this contributes to world peace. It is our mission, from both philosophical and business perspectives, to convey this not only logically but also emotionally."

Anicom has spent several years focused on providing insurance to help make pets healthier, while improving their health benefits. Anicom Insurance has been working to popularise pet insurance across Japan, so that pet owners can easily visit clinics for convenient and early treatment of their pets' injuries and illnesses. Most veterinary clinics accept Anicom's health card, which can be used like Japanese National Health Insurance. Anicom Specialty Medical Institute operates over 50 of its own clinics, which also provide services such as regular teeth-cleaning to combat the



Nobuaki Komori
President

development of oral disease; the subsidiary also has research operations. Another branch, Anicom Pafe, provides services including "Anirece cloud", a cloud-based medical records management system for comprehensive support of hospital administration, which includes both accounting and patient information management.

Anicom utilizes its accumulated big data in pet insurance to engage in cutting-edge technology and product development to ensure health and happiness of pets. Pets require diverse dietary stimuli to improve their immune system, and Anicom has developed food products based on this perspective.

Furthermore, based on statistical analysis indicating that periodontal disease exacerbates various illnesses, the company is also dedicated to oral microbiome analysis and the development of corresponding products.

"We're really going to take off with this technology," says Komori. "In 2022 Anicom had the second most patent applications published among Japanese non-life insurance companies. We use AI and scientific research to determine if pets are healthy and happy. Additionally, we propose necessary dietary recommendations to improve the health of pets through the analysis of genetics and gut microbiota. We take great pride in these efforts."

He adds that the technology Anicom has developed is also applicable to humans and farm animals. No longer viewing combatting illness as "the main battlefield", Komori sees a new, more aggressive approach towards overall health. This prevention focused approach strengthens the health of all lives including human life. This will especially be the case in the coming years. Opportunities to join the company on this journey are manifold.

"We are open to all kinds of partnerships," says Komori. "Joint ventures for expansion and growth, R&D for tech transfer and new breakthroughs, businesses that want to supply our technology to vet clinics; clients for our pet health insurance. We see value in partnerships and helping one another. That's where real business growth and strength happens."

Tokyo-listed Anicom Holdings is also open to equity investors looking to participate in a high-tech company in a growth segment, focused on finding solutions to animal and human health and happiness. And as it expands, Anicom is a proud ambassador of the Japanese country brand, and of the excellence of its healthcare industry.

Komori says "Our viewpoint in healthcare and indeed life itself is quite different from the Western countries; in Japan we consider all living organisms divine. We think that gods dwell in everything in nature. We think we can make new discoveries and inventions by observing, learning a lot from the natural world, and thus in Japan we can create new value from unknown territories."

