Spotlight on

JAPAN

UPGRADING CAPITALISM BY EQUIPPING
TODAY'S BUSINESSES WITH TOMORROW'S TECHNOLOGIES

As the Nikkei index rockets to heights last seen at the peak of Japan's post-war miracle economy, investors worldwide have reached a consensus: Japan is a 'buy.' According to analysts from Goldman Sachs and J.P. Morgan, record gains have been driven by the high upside in Japan's equity market, a position all but confirmed by the Tokyo Stock Exchange (TSE) itself – when it outlined plans this March to force companies trading below their book value to increase their stock prices. Another reason is Japan's accelerated adoption of global megatrends like digitalisation, decarbonisation, and automation – Japan has the third highest robot density in the world, according to the latest data compiled by the International Federation of Robotics (IFR).

But the return to form of Japanese stocks has been coming for a long time. Ever since Japan's 'Lost Decade' – a period of policy-resistant economic stagnation in the 1990s – successive governments have championed self-sustaining growth, macroeconomic stability, and an innovation-rich private sector. As a percentage of GDP, Japan spent the most of any G7 country on R&D in 2021, according to the World Intellectual Property Organisation (WIPO), and for the decade ending that year, was home to the third highest number of researchers, according to the National Institute of Science and Technology Policy (NISTEP).

Today, Japan's prime minister, Fumio Kishida, is supercharging the economy through what he calls "a new form of capitalism," which he believes will "revive Japan as an international financial centre." In his First Policy Speech as prime minister, Kishida stated, "the concept is this: a virtuous cycle of growth and distribution, and developing a new post-Covid-19 society." Later, in a speech addressing the City of London in May 2022, Kishida explained that "under this new form of capitalism, social challenges [will] become engines of growth." We have already seen this in how Japan responded to its ageing population by building the world's third-largest pharmaceutical market, and Kishida has outlined four "pillars" for like investment – human capital; science, technology, and innovation; start-ups; and digitalisation and green energy.

Kishida's 'new form of capitalism' is also supercharging Japan's investment climate. Thanks to key performance indicators (KPIs) for 2040 – 1,500 start-ups in Tokyo, an investment of JPY 100 billion in start-ups in Nagoya, and a 45% innovation-focused business sphere in Hiroshima – Japan is now swimming in venture capital. A JPY 10 trillion university fund has been launched to support student-led R&D – alongside the government's long-term plan to raise JPY 150 trillion through public-private partnerships in green initiatives – and international investors can expect a lack of red tape, competitive tax incentives, and financial packages for large investments. Further incentives will come as Japan looks to increase public-private sector collaboration in the run-up to Expo 2025, which is being hosted in Osaka.

For investors, Japan's world-leading R&D capabilities, IP assets, and research facilities constitute an undeniable advantage in global markets, particularly in areas like digitalisation. One of the biggest challenges companies face when digitalising is data security and cross-border connectivity. Japan has been an early innovator in this aspect, for example, by pitching the now well-established Data Free Flow with Trust (DFFT) global concept to the World Economic Forum (WEF).

But Japan is also connecting businesses to global markets through international trade. According to its Ministry of Foreign Affairs, about 80% of Japan's trade happens through Economic Partnership Agreements (ETAs) and Free Trade Agreements (FTAs), and Kishida wants businesses to continue benefitting. "Let me be clear," he declared in his City of London speech, "Japan is and will continue to be a trading and investment powerhouse open to the world. Japan will grow by being connected to the rest of the world through the free movement of people, goods, money, and digital technologies across borders."

Meanwhile, in a September 2022 speech to the New York Stock Exchange (NYSE), Kishida commended Japan's decade-long push for corporate reform as the reason behind soaring ROE ratios and the country's low-risk investment environment. This year, Japan leapfrogged Germany to third place on the Kearney FDI Confidence Index (FCI), and its government has never been more serious about providing a quality business environment. Importantly, this has not come at the expense of ease of doing business; according to the Organisation for Economic Co-operation and Development's (OECD) FDI Regulatory Restrictiveness Index (FDI Index), Japan remains less restrictive than the OECD average.

So, there are many reasons Japan is a 'buy.' In the short term, there is the structurally high upside in its equity market; in the medium term, Kishida's new form of capitalism offers international businesses more opportunities than ever; and in the long term, Japan's global vision for the future promises security and innovation-driven growth.

As Kishida put it to the City of London: "You can invest in Japan with confidence… One feature of the Japanese economy is stability… we live in an era of geopolitical uncertainty with supply chain disruptions and drastic shifts in energy and other resources, [and] I see this as an advantage for Japan. Sustained growth; stable markets; and safe, reliable companies, products, and services. This is why Japan is a "buy."

Fumio Kishida
Prime Minister of Japan

Mizuho Financial Group

BRIDGING JAPAN AND THE WORLD

Noting the country's leading position in the global economy – with the world's third-largest gross domestic product – global consultancy giant McKinsey has praised Japan's strong national balance sheet, and dynamic manufacturing and machinery sectors. The country's total assets rank second globally, at a remarkable 23 times GDP.

In a 2022 report, McKinsey asserted that "Japanese banks have renewed opportunities to become engines of prosperity" at "a critical juncture" in the country's economic history. The company noted that Japan's banks have a dual mission as "engines of prosperity" – both their own growth, and "their long tradition of serving society" and powering national economic development. McKinsey calculates that the industry generates revenue of $180bn, which could rise by $45bn by 2030 if banks "decide to develop their roles in service of national growth".


Masahiro Kihara
President & Group CEO

The country can rely on Mizuho Financial Group ("Mizuho" or the "Group") to deliver on this promise. Ranking as one of the world's top twenty banks, and one of the largest financial groups in Japan, the Group is a vital supporter of Japanese business, and a key partner linking companies to global markets.

"One of our main goals is to revitalise Japan's economy," says Mizuho's president, Masahiro Kihara. "Our focus is on helping mid-cap companies in Japan to grow and supporting them in achieving their goals. We aim to identify mid-cap companies with technological potential and work closely with their CEOs to provide support. Many Japanese mid-cap companies possess advanced technology, but they may be hesitant to expand internationally or access global markets. We want to bridge that gap and connect them with opportunities worldwide."

Mizuho was created in 2002 by a super merger of three major financial groups, and has its roots in First National Bank of Japan, the first bank established in the country. The bank was founded in 1873 by Eiichi Shibusawa, "the father of Japanese capitalism", a totemic figure who introduced such innovations as double-entry accounting and joint stock corporations to the Japanese market, and who played a crucial role in driving the country's modernisation. He was involved in the founding of around 500 companies, and collaborated with Japan's leading entrepreneurs, hiring the best talent. Many of these companies are still operating today, including Tokyo Gas, Tokio Marine, and, of course, Mizuho.

"Shibusawa had an open-minded, fair, and transparent approach, always prioritising public interest over his own," says Kihara. "This DNA is embedded in our corporate identity."

Kihara says that the coming years are crucial for Mizuho, as it looks to expand its overseas business, particularly in the US and Asia. The Group has also been expanding its corporate & investment banking capabilities in capital markets and advisory solutions, including through an active acquisition strategy.

In 2015, Mizuho acquired the North American assets of RBS, bringing with it more than 100 investment bankers, a catalyst for expansion in these key markets. Since this breakthrough, Mizuho's US operation has consistently ranked in the top ten for investment-grade debt capital markets.

In May 2023, the Group announced the $550m acquisition of M&A advisory company Greenhill. The transaction is designed to accelerate Mizuho's investment banking growth strategy, building on Greenhill's three decades of advisory work. Greenhill will operate as Mizuho's M&A and restructuring advisory business from its 15 locations worldwide.

"We have made strategic acquisitions like Greenhill, which will bring significant synergies and enhance our presence in the US market, and is a testament to our commitment to expanding our business in the US market through M&A," says Kihara. "We plan to transfer our global corporate & investment banking capabilities from the US to other regions, such as Asia and Europe. We are focused on demonstrating to the investment community that we have the potential and aspiration for growth."

Mizuho actively reassesses its portfolio to ensure it continues to deliver returns and growth. The Group defines its purpose as "proactively innovating together with our clients for a prosperous and sustainable future", acknowledging that the world is rapidly changing, both geopolitically and in terms of its approach to carbon neutrality. The latter shift towards a greener future creates opportunities as well as challenges, and Mizuho operates a dedicated equity fund that invests in hitherto unproven carbon-neutral and sustainability-related technologies. Kihara takes a personal interest in such breakthrough technologies, in which Japanese companies are active. Mizuho plays a role in connecting such companies with international partners with innovative technology, and bringing Japanese startups to foreign markets. The Group has a strong network of relationships with 1,500 blue-chip companies in the US, making it the ideal partner for facilitating connections between the world's largest economy and Japan.

"There are many challenges that our clients need to overcome, and we want to be there alongside them," says Kihara. "We believe in the power of collaboration and connecting. We want to connect our clients, understand their challenges, and also take on our own challenges."

Kihara is confident that Japan's growing competitiveness will enhance Mizuho's price-to-book ratio; it aims to be a catalyst for enhancing the country's economic position. The Mizuho president says that Japanese CEOs' mindsets have undergone a sea-change in recent years, with a new emphasis on moving swiftly to seize opportunities, focusing on core strengths, and consolidating resources to optimise returns. This shift to a more assertive, focused business approach is bearing fruit, further strengthening the world's third-largest economy.

"First and foremost, Japan is a politically stable country," says Kihara. "There are numerous areas where Japan is at the forefront. Even when we are not the leading producer, we excel in many aspects, particularly when it comes to the interconnectedness of supply chains. The startup ecosystem is growing steadily. Moreover, we all aspire to create a better world, focusing on sustainability and achieving carbon neutrality."

MIZUHO

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.

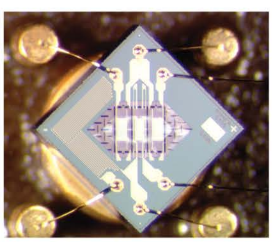
Kiyohiro Yamamoto
President and CEO

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 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.



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

"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-effeictive, 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."

Mitsubishi Research Institute

UNLOCKING JAPAN'S POTENTIAL WITH COMPANIES FROM AROUND THE WORLD

For a variety of societal issues, Japan is one of the first countries to address them head on—a societal issue leader of sorts. With mainstays over the decades, like disaster prevention, Japan can bring its proven technologies to the world, and for issues that have cropped up relatively recently, like power grid balancing, Japan can serve as a stage for promising technologies from abroad. Whether the past or present, Mitsubishi Research Institute has been at the crux of resolving Japan's societal issues.

Founded in 1970, on the centennial anniversary of the Mitsubishi Group, Mitsubishi Research Institute, Inc. (MRI) is one of Japan's leading think tanks and a globally-oriented policy consultant with a unique approach to co-creating value in society. MRI provides proof of concept services for the public and private sectors, including healthcare, human resources, sustainability, energy, artificial intelligence (AI), and frontier technologies.

"Japan, and the world, has many societal issues it needs to overcome. Success will come down to how well businesses and governments implement new systems, and our solutions make that possible," says MRI's president, Kenji Yabuta. Yabuta also emphasises the role of subsidiary Mitsubishi Research Institute DCS, founded the same year, which specialises in system integration.

MRI's work has centered on two main business areas. In the first, research and consulting, it has forged a close relationship with the national government through decades of support for policymaking with strengths in quantitative data analysis. Group company DCS has lead the second, IT services, for half a century with a focus on financial institutions.

Kenji Yabuta
President

Yabuta is now leading the effort to forge a third focused on public and private sector digital transformation. For example, MRI is activating Japan's regional economies to combat the effects of population shrinkage by implementing local digital currencies using blockchain technology.

Meanwhile, through collaborating with US and European firms in joint ventures, MRI is fortifying energy forecasting initiatives to help Japan achieve carbon neutrality. Unique technologies, says Yabuta, will be key, and MRI has the credentials, experience, and knowledge – for example, of Japan's energy regulations – to help foreign companies launch their technologies in Japan.

Alternatively, MRI can support foreign governments and investment promotion agencies (IPAs) to effectively attract Japanese capital and technologies. The firm is focused on the Middle East and Asia, providing clients with support for crafting policies and introducing the new solutions required. Its local offices are also building platforms that connect the public and private sectors to address societal issues through business.

MRI envisions a sustainable and prosperous future for the world, and Yabuta believes that MRI and foreign companies together can lead the way. "I look forward to more companies setting their sights on projects in Japan, to collaborate with us and unlock Japan's potential. It's an excellent place to invest."

Mitsubishi Research Institute

Tomoku

BUILDING A GLOBAL FUTURE THROUGH TECHNOLOGY-DRIVEN MANUFACTURING

With corporate profits high and business sentiment unfazed by global events, Japan will surpass its projected economic growth rate in the second half of this fiscal year, according to the Bank of Japan. The Bank also attributes pent-up demand and recent government measures to the "accommodative financial conditions" Japanese businesses are now enjoying.

According to the World Bank, Japan is the world's fourth-largest importer of goods, generating high demand within its packaging industry. In recent years, increased globalisation, new consumer sentiments, and megatrends like sustainability have intensified demand for lightweight, recyclable packaging material such as corrugated cardboard.

Founded in 1949, Tomoku is one of Japan's largest corrugated container and display carton manufacturers and an industry leader in logistics. Through 17 state-of-the-art factories and 32 consolidated subsidiaries and affiliates, Tomoku's unique portfolio is built to achieve continuous innovation and support the circular, green economy.

"We started in Otaru, Hokkaido as a wooden container manufacturer for canned items. The pivotal moment came in 1955 when we realised that low-cost, environmentally friendly corrugated cardboard containers were the future," says Tomoku's president, Mitsuo Nakahashi.

Within the next decade, Tomoku was proved correct. And as demand for corrugated cardboard containers surged, Tomoku reinvested its profits to diversify into housing business in 1984. Today, its subsidiary Sweden House is one of Japan's top housing construction companies of eco-friendly and Scandinavian life style houses using imported Swedish housing components.

Mitsuo Nakahashi
President

Nakahashi is now keen to add to the company's USA portfolio of affiliates through M&As, having spent the past five years overseeing upgrades to its subsidiary Southland Box Company. Nakahashi also sees Southeast Asia as an obvious candidate for expansion, his long-term plan being to use the company's foothold in the USA, Southeast Asia, and Europe – the idea being for 20% of Tomoku's revenue to be generated overseas.

Equally, Nakahashi wants to leverage the company's technological leadership to drive share price growth. Right now, the company's stock is undervalued, and Nakahashi believes its proprietary technology will be vital to achieving its projected growth plan.

Alongside boosting productivity through office communication robots, automated stacking robots, and unmanned forklifts, Tomoku recently developed the world's fastest corrugating machine – the TM450 – named after its breathtaking 450 metres per minute corrugating speed. Tomoku's invention has been implemented in three factories so far, including its USA site, and deploys image quality inspection equipment to maximise precision.

As Japan continues to court global investment, Tomoku's innovative approach to the traditional gift-wrapping art of 'tsutsumu' illustrates how Japanese businesses are reimagining their heritage to forge new futures.

"Japanese companies have a long history, and we've always focused on sustainable growth. Japan is the perfect investment destination for international businesses seeking stable growth," says Nakahashi.

TOMOKU CO., LTD.

IDOM Inc.

CELEBRATING THIRTY YEARS OF AUTOMOTIVE EXCELLENCE

Japan's economy grew by an annualised 2.7% in Q1 of this year, according to the latest official figures, as capital spending and private demand surpassed government expectations. Still, this pales in comparison to the performance of Japanese businesses. As of June, Japan's Topix Index, which tracks the Tokyo Stock Exchange's (TSE) Prime market division, has risen almost 20% this year to reach a 33-year high. Japan is also one of the most competitive countries in helping businesses across any sector enter 'the markets of tomorrow,' according to the World Economic Forum Global Competitiveness Report, which ranked it third in this area.

Takao Hatori
President

Japan's used car market is worth JPY 4 trillion, according to Statista, which recorded sales of used passenger cars at 5.63 million in 2021. Last year, according to Bloomberg, Japan's historically low Yen, combined with the global parts shortage – which forced automobile manufacturers to cut production and created uncertainty in the new car buyers – drove substantial foreign investment in its used car market. Today, Statista suggests that the assumption of a 70/30 split between new car and used car purchases in Japan is now more likely a 50/50 split, with rising used car prices indicating higher demand.

Founded in 1994, IDOM operates a network of used car stores throughout Japan and the USA. IDOM's main business is purchasing and selling used cars at large-sized Gulliver stores. IDOM also offers additional vehicle services, such as insurance, loans, warranties, safety inspections, in-house maintenance, and leasing.

Promoting the circular ownership of used cars is fundamental to IDOM, and the company now hopes to realise it through leveraging its rich tradition of innovation and digitalisation, including a pioneering subscription-based retail model. "The average buy-sell cycle of a used car is currently five and a half years. In the future, we aim to increase the number of vehicles the average person has in their lifetime to between 7-30 – depending on their lifestyle – through either our subscription service, sharing, or e-commerce transactions," says IDOM's President, Takao Hatori.

A subscription-based model resolves two of the biggest challenges used car buyers face – depreciation and choice overload – and IDOM is always looking for ways to help consumers. For example, through IDOM's app, buyers can personalise everything from colour to vehicle type – including electric vehicles (EVs) – without having to go to a showroom. Buyers can even change their car if its value is decreasing and receive monthly discounts of JPY 30 thousand through IDOM's sharing system. Recently, IDOM launched Gulliver Fle-Ma (flea market), a C2C platform to broker used car sales between sellers.

IDOM's efforts have resulted in a 5% market share in Japan's used car market, and in the past five-to-six years, the company has sold over one million vehicles, including total wholesale and retail sales. Going forward, Hatori's goal is to acquire 85% of the market share through its Papamama Shops.

IDOM is no stranger to rapid expansion. In 2005, after becoming the second-fastest company to list on the TSE in 1998, it became Japan's first and only hyper-growth company – defined by reaching USD 10 billion in sales within ten years of founding – when it achieved JPY 156.7 billion in net sales.

Back then, IDOM's early adoption of cloud services and benchmark-setting vehicle catalogue platform Dolphinet drove its rapid growth.

Today, with the company in its third business phase, Hatori is pursuing greater asset efficiency and consumer confidence. By FY 2027, Hatori's target is for IDOM to manage a retail volume of 170,000 vehicles in its stores, and he wants to increase the number of large stores in Japan from 29 to 80. Additionally, he has set a target of JPY 21 billion in operating profit, with a 5% or higher operating profit margin and a 10% or higher return on investment capital (ROIC).

Hatori also wants to expand the company's presence in the USA, where used cars dominate the market. In 2005, IDOM established its first overseas subsidiary, Gulliver USA, which now has stores in several major cities like New York, San Francisco, and Los Angeles.

Hatori is also interested in Asia, specifically Southeast Asia. "Japan has been at the top of the world in distributing cars. But in Southeast Asia, there is not enough organisation in the used car market for buyers. IDOM's subscription model will bring about structural change to these countries." Southeast Asia, alongside the USA, is also a high-potential market for franchising, Hatori says, and IDOM's return-customer business model and seamless digital system make it the perfect franchisee partner. "Real estate, insurance, and automobiles etc. – I don't think there are many companies that do all this via e-commerce," says Hatori.

For investors, Hatori believes IDOM's solution to the widening mismatch of automotive innovation and same-old buyer patterns will net the company strong long-term growth. In FY23, IDOM registered an operating profit margin of 4.5% and a record JPY 18.7 billion operating profit, almost double the figure it posted in FY21 (JPY 10.6 billion). In FY24, IDOM will open ten large stores and forecasts an increase in operating profit to JPY 19.0 billion, with a profit margin of 4.8%.

"The future is with EVs, automatics, and self-driving cars, possibly even flying cars. We are creating a model to enable consumers to try them all," says Hatori, adding, "young people are more environmentally-conscious and increasingly less resistant to owning a used car."

IDOM also sets an example across the automotive industry through its corporate social responsibility (CSR) commitments. In 2011, the company provided 1,000 used cars free of charge to support victims of the Great East Japan Earthquake, whilst, in 2020, it lent used cars free of charge to healthcare professionals coping with the peak of the Covid-19 pandemic.

IDOM Inc.

KU Holdings

FROM A SMALL-TOWN DEALER TO ONE OF JAPAN'S MOST SUCCESSFUL AUTOMOBILE COMPANIES

Tetsuyuki Bando
Chairman of Board & CEO

According to the latest quarterly 'tankan' – a short-term survey of Japanese businesses by the Bank of Japan (BOJ) – business sentiment has greatly improved in Q2 2023. Japanese businesses expect to increase capital expenditure and project inflation to stay above the BOJ's planned 2% inflation for the next five years, indicating its monetary stimulus policy has paid off. To future-proof its growth, Japan has embarked on a major decarbonisation effort, which has resulted in the ideal investment and trade climate for foreign businesses. Last year, Japan ranked fourth out of the 30 economies studied in the Hinrich-IMD Sustainable Trade Index – a measurement of how well countries accommodate ESG in their global trade.

Japan's automobile industry is the fourth-largest in the world and is renowned for world-leading innovation and reliability, having been an early adopter of new technologies like hybrid engines and electric vehicles (EVs). Despite Japan's shrinking population, 2.54 million more vehicles joined the roads between 2013-2022. Whilst brands like Toyota – the world's second-largest car manufacturer – dominate the industry, demand for premium European and American brands like Mercedes-Benz and Jeep is rising. Last year, according to the Japanese Automobile Dealers Association (JADA), Mercedes-Benz overtook Isuzu to come ninth in the best-selling category, as seven non-Japanese brands stood amongst the top 20 best-selling car brands in Japan.

Founded in 1972 as a small-town second-hand car company, KU Holdings has grown to become one of Japan's most successful automobile dealers. KU Holdings operates 44 stores in the Tokyo metropolitan area, as well as 16 further in prominent regions like Hokkaido, and is listed on the Tokyo Stock Exchange (TSE).

KU Holdings has two main business operations, firstly as a domestic car dealer and secondly as an importer and authorised dealer for premium European and American brands, including Mercedes-Benz, BMW, Volkswagen, MINI, Chrysler, Jeep, and Harley Davidson. "We have a unique history for a Japanese company. It's a true automotive success story, and the brands we're dealing with now highlight how far we've come," says KU Holdings' president, Mr. Tetsuyuki Bando.

Bando is particularly proud of KU Holdings' relationship with Mercedes-Benz, having accomplished several world-firsts for the brand. In January 2017, KU Holdings opened 'AMG Tokyo Setagaya,' the world's first dealership dedicated to Mercedes-AMG – the high-performance division of Mercedes-Benz. More recently, in December 2022, KU Holdings unveiled Mercedes-Benz's first showroom for its high-end, exclusive range – including Mercedes-Maybach and the brand's iconic G-class luxury SUV – as well as its first EQ-only dealership, located in Yokohama.

Having built a niche for itself, KU Holdings wants to become the distributor of choice for premium and luxury automotive brands targeting Japan's rising high-earner population. "There's a massive opportunity in Japan for us and global brands to take advantage of Japan's increasing wealth," says Bando. "We've considered all our options, and we're open to everything in terms of partnerships. Besides manufacturing the cars themselves, there's nothing we can't do." KU Holdings is especially interested in joint ventures, and Bando is keen to add more "speciality" dealerships to its portfolio. Additionally, KU Holdings welcomes new M&A opportunities for expansion, whether abroad or domestically, as it strives to offer every customer a range of choices no matter their budget.

KU Holdings prides itself on offering customers exceptional service, whether they want to buy a second-hand or higher-end luxury vehicle. Modesty, trust, passion, and progressive business are the values which root the company to its small-town heritage, and Bando believes its future success will depend on them. "Our biggest asset is the quality of customer service we provide; we care for our customers and are committed to their satisfaction."

For foreign investors, KU Holdings' small-town heritage plays a massive role in its decision-making, thanks to its major shareholder, the Inoue family, who own a large amount of land in the area and have a say in its use. "We have strong expertise in the industry, and, as a company with a single major shareholder, we're extremely stable, which is important for foreign partners and lets us react fast and decisively to new opportunities," says Bando.

KU Holdings' underdog story also makes for an exceptional investment proposition, and the company's performance and virtually zero debt represent a solid choice for investors. "We have full control over our business and share price, which is quite difficult as these are fundamentally two different things. I believe we will grow further in the future," says Bando. In the previous fiscal year, KU Holdings' net sales increased year-over-year by 17% to JPY 153.346 billion and operating income by 16.7% to JPY 9.685 million, whilst its dividend per share rose from JPY 56.00 to JPY 68.00.

As Japan enters a new era of optimism, KU Holdings is helping customers access new technological innovations and the next generation of mobility. For Bando, now is the perfect time for foreign investors. "Japanese companies used to be overly focused on the domestic economy, tending to neglect foreign investments. But years of economic growth and stability have changed this, and there continues to be greater communication between us and the global business community."

KU HOLDINGS

Belc

A DIGITAL VISION FOR A HEALTHY FUTURE

Established in 1959, Belc is a leading family business and retailer based in Saitama, with a network of 136 stores spanning the Tokyo Metropolitan Area. Belc's community-focused, digitally advanced blend of Western and Japanese retail philosophers have helped it rise above an intensely competitive market.


Issei Harashima
President

Belc began as a domestic supermarket chain after its founder travelled to the USA and became inspired by how retailers there operated. By the time the second generation took over in the mid-1990s, Belc had established itself as a pillar of the local community, and the current president's father, who was leading the company, decided to expand the business. "We began spreading to different locations, opening stores in places we could offer consumers the most value. My father also took inspiration from the USA and the UK's approach to retail, and he used that knowledge to streamline our operations, for example, through building a large logistics warehouse," says Issei Harashima, President of Belc.

During his leadership, the most significant Western-inspired undertaking Harashima's father made was Belc's standardisation, which Harashima considers one of its biggest assets. Today, every Belc store is formatted identically, each using a consistent sales floor layout underscored by tried and tested retail ideals. Most importantly, Belc's standardisation has been fundamental to its pursuit of new retail innovations – enabling the rapid, regionwide deployment of innovations based on single-store trial runs. Belc's portfolio of supermarket tech now includes 'smabelc' – a self-service app that allows customers to pay for items using their smartphone via a QR code and avoid the checkout queue - and 'Otodoke Pack' – an online shopping service. Additionally, Belc is developing a metaverse retail product that will enable customers to shop from home in the future.

According to Harashima, digital transformation will define Belc's current generation as the company looks to evolve with the ever-changing needs of its customers. "Over the next five-to-ten years, we aim to continue expanding the e-commerce side of the business, both locally and overseas. At present, our main export business is Japanese confectionaries, whilst our domestic t-shirt sales are also strong." "We're also recruiting 50 engineers from India and internationally to help digitally transform the business." One of Belc's most exciting developments is its Digital Lab, which launched in August 2022 and is open for tech companies to collaborate and participate in its ambition to become a digital supermarket. "We want to move away from being just a grocery store and towards a technical, specialised retailer, with an emphasis on online sales. Anyone that comes our way and is looking to partner with us, we will welcome them," says Harashima.

Belc is also open to joint ventures as it looks to expand into Southeast Asia – primarily Vietnam and Malaysia. Belc currently has 600 private brand – 'kurabelc' – products, many inspired by the UK, covering everything from fruit & vegetables to alcoholic beverages, cosmetics, and general merchandise, and the company is looking to increase the contribution of these brands from 7% to 10% of total sales – by developing ten new products each month and becoming a manufacturer. Belc's willingness to try new things, be disruptive, and challenge the market – whether through digital firsts like the metaverse or own brand successes like its Italian mozzarella – offers partners a win-win proposition.

Additionally, Belc is the ideal distributor for importers from around the world. Belc's distribution network is centralised in its three large-scale logistics centres, the most recent opening in Ichikawa City, Chiba, and the other two covering the Kanto region. From product procurement to 'just-in-time' (JIT) retail management, Belc's streamlined and automated distribution system enables it to handle large volumes – particularly of fresh food – and provide confidence to overseas partners and local suppliers.

Going forward, Belc plans to minimise its logistics routes and work directly with local suppliers. Each Belc store is rooted in its local community – for example, collaborating with the Kagawa Nutrition University to develop balanced, healthy delicatessen products and provide nutritional education to kindergartens through school programmes – and sustaining Belc's culture throughout its digital and overseas expansion is paramount to Harashima's vision for the future. "When my grandfather founded the company, he chose to open its first store in Saitama. Unlike most regions, Saitama is far from the sea and heavily dependent on local procurement, farming, and suppliers. His concept – to provide residents with fresh meat and fish – went against the grain of other retailers, and the company remains dedicated to upholding this vision."

Belc's community mindset is not just its DNA; it is also what the company stands for – 'Better Life with Community' – as realised in initiatives like the 'Tokushimaru' mobile supermarket service, which ensures everyone has access to fresh food. Within its own community, Belc's progressive workplace ethos provides employees with the opportunity to better themselves. Belc is a Platinum-certified company for promoting diverse workstyles and, in 2019, received the Minister Award for best practices in employing people with disabilities.

Elsewhere, Belc is making a positive impact on the sustainability of Japan's retail sector through new technologies, like its AI-driven demand forecasting model, which reduces food waste. Belc has also implemented recycling stations at all stores as well as raw waste processors in some stores.

Belc's dedication to Environmental Social Governance (ESG) and Corporate Social Responsibility (CSR) highlights its ability to evolve and lead the market – attributes which have served investors well. Between January and the end of July this year, Belc's share price has risen by over 20%, and Harashima has made the company's stable 4.5% annual profit rate a benchmark target. Most importantly, Belc has increased the speed at which it is surpassing new milestones: it took the company eight years to go from JPY 100 billion in net sales to JPY 200 billion (2010-2018) and then only five to surpass JPY 300 billion (2018-2023). "We will continue to increase the number of physical stores, and our goal is to reach JPY 1 trillion in sales. We're not stopping halfway; there will always be demand for our products," says Harashima.

Japan's silver economy has become a role model to nations worldwide by achieving strong economic growth and social security whilst managing a shrinking population. According to the Organisation for Economic Co-operation and Development (OECD), since 1994, there has been a 45%

rise in real income per working-age adult, whilst the employment rate for men aged 22-54 years has remained above 90% for the past three decades. And as the country looks to leverage the purchasing potential of its ageing population, Belc's innovations are helping to satisfy its communities' changing lifestyle needs. Partnering with Japanese companies offers businesses the exclusive opportunity to get ahead of upcoming megatrends and stay competitive. According to a July 2023 survey by The Asahi Shimbun – one of Japan's oldest and largest daily newspapers – more than 90% of Japanese businesses are considering or have already adopted artificial intelligence (AI), and the retail sector is one of the country's most innovative across the board, having embraced new technologies like cashier-less technology and smart shelving.

Going forward, retailers like Belc are set to benefit massively from a rise in inbound tourism. Tourist spending recovered to 90% of pre-pandemic levels by Q1 2023, according to the Japan National Tourism Organisation, whilst inbound tourism is expected to make a full recovery by the end of this year, as pent-up demand could trigger a frenzy reminiscent of 2019 when retail sales topped USD 1.35 trillion in the lead-up to the Tokyo 2020 Summer Olympics.

OSC Olympic Group

CELEBRATING OVER 60 YEARS OF RETAIL EXCELLENCE


Yoshiki Kanazawa
President

Japan's economy grew an annualised 2.7% in Q1 2023, according to Reuters, following the removal of pandemic-related restrictions and a gain in confidence amongst businesses. According to the Bank of Japan's latest short-term survey of Japanese businesses, the headline index measuring large manufacturers' mood rose to plus 5 in June – the highest since December 2022 – whilst the non-manufacturers' sentiment index, increasing for the fifth-consecutive quarter, soared to plus 23 – the highest since June 2019. Conversely, as the number of dual-earner households rises, businesses are cashing in on the double benefit of the country's high disposable income and pent-up consumer demand. In 2021, the average monthly disposable income of Japanese workers' householders was JPY 492.7 thousand, according to Statista, the second-highest in the past decade, after a record near JPY 499 thousand in 2020.

With private consumption accounting for over half of Japan's economy, the removal of pandemic-related restrictions has reawakened its enormous retail industry. In Q1 2023, retail sales in Japan rose by 6.5% year-over-year, according to global real estate giant Cushman & Wakefield, and department store sales by 14.6% year-over-year. The industry is characterised by innovative retail technology and broadening supply chains, but the biggest trend lies in the population's unique purchasing habits and consumer behaviour. By and large, demand for store-based retailing far outstrips that for e-commerce, with Japanese consumers preferring the physical experience of shopping as a source of entertainment and leisure. As such, high-tech shopping malls, department stores, and medium and large-sized speciality stores dominate the retail landscape, often commanding a loyal following and becoming tourist attractions in their own right.

Boasting more than 60 years in the retail industry, OSC Olympic Group is a family business and one of Japan's leading speciality retailers, with a network of 89 stores under its Olympic brand and 61 speciality stores across Tokyo and surrounding prefectures – Saitama, Chiba, and Kanagawa.

Last year, OSC Olympic Group commemorated the 60th anniversary of its first supermarket store. Opened in Tachikawa, Tokyo, in 1962, the store marked the beginning of OSC Olympic Group's ambitious retail journey and was quickly transformed into a general merchandise store (GMS), providing food, daily essentials, home electrical appliances, and clothes to local residents. Over the following decades, as Japan's economy boomed, one store became many, and the company began trading over-the-counter (OTC) in 1988 before listing on the 2nd section of the Tokyo Stock Exchange (TSE) in 1996 (OSC Olympic Group later moved to the 1st section in 2001). As Japan's economy then cooled in the 1990s, OSC Olympic Group retained its red-hot growth by pivoting to a hypermarket business model to satisfy all customer needs under one roof in a unique, one-stop shopping experience.

Still, further transformation was to come. As competition in Japan's retail sector intensified in the early 2000s, OSC Olympic Group's management sought a way to establish the company's identity. "We shifted our focus to high-value-added products through private merchandise brands. Eventually, we came up with the idea of opening a speciality shop. We believed it would differentiate us from our competitors," says OSC Olympic Group's CEO, Yoshiki Kanazawa. Success followed, prompting the company's reorganisation into a holding company with two subsidiaries – Food Market Olympic and Hyper Market Olympic, which later merged to form Olympic Co. in 2013.

"Based on our performance, we knew our future was secure. Most importantly, we'd identified the best strategy and structure to help us continue growing," says Kanazawa. Buoyed with confidence, OSC Olympic Group then took the leap in 2014 to split Olympic Co. into Olympic plus several speciality subsidiaries – Yourepethia (Your Petia), Cycle Olympic, Shoes Forest, and Ouchi DEPO, an expanding chain of DIY and home improvement stores tapping into Japan's JPY 4.2 trillion retail market for DIY (Statista, 2022).

OSC Olympic Group's Your Petia chain of pet stores represents one of its most reliable sources of income; in 2021, Japan was the only country in the world where pets outnumbered children, according to the Japan Pet Food Association, and last year households welcomed 10% more new dogs and cats than pre-pandemic. Your Petia offers pet owners the ultimate pet shop experience, including on-site grooming, a comprehensive range of nutritious food options and high-quality accessories, plus veterinary care – as an intermediary to the General Animal Medical Centre, an advanced veterinary care provider under OSC Olympic Group's ownership.

Another trend OSC Olympic Group benefits from is Japan's acceleration towards carbon neutrality, as citizens looking to reduce their carbon footprint – and avoid the overcrowded metro lines in cities like Tokyo – are increasingly taking up cycling. Cycle Olympic, OSC Olympic Group's specialist bike shop, is tapping into this demand through a premium range of road bikes for commuters and families at an unbeatable price point. Cycle Olympic has also developed the world's first silicone gear crank system, which allows it to fit a battery-free assist gear, making the transition to environmental transport as comfortable and eco-friendly as possible.

Comfort also motivates OSC Olympic Group's speciality chain of Shoes Forest stores, which offer a wide variety of quality-made shoes for all generations and occasions. Shoes Forest highlights OSC Olympic Group's dedication to great customer service and the commitment of its employees to finding the perfect product for each customer.

Olympic is OSC Olympic Group's most successful chain of speciality stores, which go above and beyond to offer customers exceptional value for money and a range of products selected to meet their needs. Olympic comprises a discount department offering daily essentials at the lowest market prices and a food department with a dedicated in-store delicatessen. Food currently accounts for 60% of Olympic's total sales, and OSC Olympic Group plans to transform the department by moving from large-scale stores to store sizes that allow greater market responsiveness. The company has also established multiple subsidiaries, including in manufacturing, IT, and logistics, to support growth through independent merchandising and in-house brands.

So far, besides its home-roasted coffee brand and café service food counter, OSC Olympic Group has established Olympic Cellar, an integrated wine speciality store now present in 11 Olympic stores. Each Olympic Cellar department has a resident sommelier with knowledge of its entire catalogue of 500 wines from around the world – from entry-level to high-end – and is equipped with a state-of-the-art cellar.

Whilst many of its competitors' stores were forced to close during the pandemic, OSC Olympic Group experienced no significant fall in sales at

its Olympic stores, which Kanazawa attributes to its loyal customer base and high-volume sales of daily essentials at bargain prices. "For customers affected by the pandemic, the sense of value we bring is very much a necessity," says Kanazawa, "we rely on our employees and their attention to detail. Beneath it all, we're selling honesty – that's what customers value the most." OSC Olympic Group also used the pandemic to recharge and reassess, and Kanazawa is optimistic about the post-Covid era as a new phase for the company. "We're finally at the start line for what we want to do. We've decided to open more shops in the surrounding Tokyo area, and our gastronomy business is picking up. As an immediate future target, we aim to achieve a total group revenue of JPY 200 billion."

Going forward, partnerships will be key, says Kanazawa, and OSC Olympic Group welcomes new opportunities. Besides OSC Olympic Group's wealth of human resources – Kanazawa considers its employees its biggest asset – the company's well-established logistics subsidiary provides foreign businesses easy access and integration with Japan's tight-knit supplier networks. "In our 60 years of operating, we've been involved in distribution and retail logistics," says Kanazawa. "Moving forward, we need to cooperate with the world, especially in merchandising and HR. We have to accommodate the market's transformation and embrace of foreign investors. We're looking for partnerships to expand our know-how and strengthen product development."

Meanwhile, OSC Olympic Group represents the perfect opportunity for individual investors to enter Japan's sky-high equity market at a reasonable price. The company's stock price has already risen by 9.67% in the first six months of this year, and with its philosophy of giving back, Kanazawa is confident its shareholders will continue to luck in. "We give shares to our shareholders as much as possible. One-third of our profit goes to our employees, one-third to our shareholders, and the rest we reinvest in the company. We want to keep doing that."

On top of everything, OSC Olympic Group's greatest asset has always been its prime location in the Tokyo Metropolitan Area – the world's most densely populated area and a global economic powerhouse in its own right. Whilst Japan has faced a shrinking population for the past decade, the Tokyo Metropolitan Area stands out as one of the few regions that have seen an increase in population, and Kanazawa believes OSC Olympic Group's strategy of opening new stores exclusively within it represents a massive strategic advantage. "It's a special place in the world, and we share in the economic highs Japan is going through right now; inflation is rising, which is good for retail businesses like us. We're lucky to be based here, and the location is certainly a factor to consider when investing."

HESTA Okura

ENERGISING JAPAN THROUGH THE IoT AND AI

As US-China tensions continue to reshape the global financial system, Japan – the world's third-largest economy – is achieving strong growth and record FDI levels by incentivizing businesses to diversify away from China. This June, the Nikkei index posted its highest gain in over three decades, rising by 20% from the start of the year. This is an incredibly positive sign given that Japan is still in the early stages of its post-Covid rebound, having lifted strict border controls in October 2022. Besides a secure alternative to China, Japan offers businesses a world-leading R&D ecosystem, fuelled by government subsidies aimed at transforming major cities into global start-up hubs.

Shizou Kiyotaki
President

By 2036, one-third of Japan's population will be aged 65 and over. As a result, its government is investing in healthcare advances and digital progress encompassing artificial intelligence (AI), big data, and the Internet of Things (IoT) to build the world's first 'Society 5.0.' According to Japan's Cabinet Office, Society 5.0 constitutes "a human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space." Through cross-sector IoT and AI connectivity, Society 5.0 – which goes hand-in-hand with the concept of a smart city – promises to resolve today's biggest social challenges.

With "regional revitalization" front and centre of its business philosophy, HESTA Okura traces Japan's journey from the past to the present. Founded in 1962 as a real estate developer, HESTA Okura has recently reimagined its traditional strengths through a pioneering range of smart home and hotel technologies.

Okura's overarching aim is to make the IoT a natural part of family life – 'HESTA' comes from 'Hestia,' the ancient Greek goddess of domesticity. The company first launched its HESTA range of smart healthcare products – which include an AI-leveraged smart mirror that monitors health and automatic sensors that contact emergency services in the event of a home accident – during the global Covid-19 pandemic to help older people in rural Japan live safely and comfortably, whilst giving their city-dwelling families peace of mind.

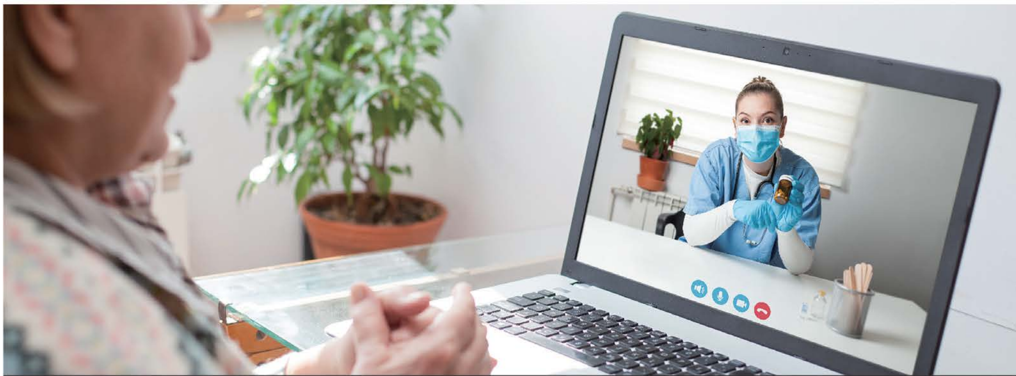
But what has been most surprising is how popular the range has become with Japan's Generation Z. In response, the company has started to offer smart household plans aimed at families and young people, covering everything from home security to household chores and pet safety – all controlled through an integrated app. Today, Okura's next-generation IoT devices come as standard in all housing the company sells and can turn existing household appliances with smartphone or smart speaker accessibility into smart appliances.

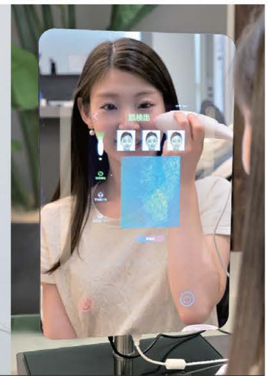
Still, as Okura's CEO & COO, Shizuo Kiyotaki, states, "preventative healthcare remains one of our top priorities." With the time constraints modern life imposes, Okura understands that many feel they no longer have the time to go to a hospital unless in an emergency and often overlook or ignore any symptoms they might have. "Our devices do all the work for them – we analyze the data using AI to determine whether our clients should seek in-person healthcare or go for a check-up," says Kiyotaki.

Okura now has 150,000 customers for its at-home medical devices and is developing a cloud-based medical card, which it wants to export overseas through international institutions. At present, alongside products like its virus-removing HESTA AirClean purifier, Okura's cloud-based electronic medical records system is being used by regional medical centres like Kojinkai – which provides hospital care in Hokkaido, northern Japan – but the company wants to expand its service offering. "We want to connect each patient's medical card – that's how it started. Our development team has already started testing, and it will be released soon," says Kiyotaki.

Another way to access Okura's smart technologies is to book a room in any one of its approximately 20 hotels, where guests can try out and purchase any of them to take home after their stay. "We support a new five-star, about 600-room hotel. All the amenities are provided by us, including the restaurants – which we designed ourselves. We want to export Japanese health & beauty through our hotels and the hotels we support," says Kiyotaki. Alongside nearby parks and entertainment, all hotel guests have access to an e-commerce mall, which provides data-driven meal plan recommendations to help them choose from a full range of international food offerings. Okura is now trialling its hotel business model in Hawaii before it commits to the wider US hospitality market.

Okura's rapid multi-sector growth has given Kiyotaki confidence in the company's global ambitions, and he is now looking for international partners. "We want to show our technology





to the world. Dubai is one of our biggest international markets at the moment, but we've also had inquiries from companies based in China and Southeast Asia. The USA is also on my radar – we want to create a smart city there using existing infrastructure," says Kiyotaki, adding, "We have a solid track record of working internationally and our systems are designed for a seamless transition." Future partners will not only have access to one of Japan's fastest-growing IoT ecosystems but also Okura's direct e-commerce platform and the wealth of consumer data it provides.

Meanwhile, Okura is the ideal stock choice for investors looking to take advantage of the high upside in Japan's equity market. Smart homes are the building blocks of smart cities, and Okura's unique ability to turn existing appliances into smart appliances could see its stock rise massively as Society 5.0 gains traction worldwide. More excitingly, Okura's investment portfolio includes several healthcare companies researching new areas of medicine, including regenerative medicine and the possibility of eliminating the need for dialysis. Okura is also invested in 5G communication and believes it to be the key to unlocking 24/7 medical care, for example, by enabling medical professionals to receive and instantly check large-capacity X-ray results from home.

"Okura is the ideal safe investment destination. Our bonds were recently ranked as safer than the Japanese Yen," says Kiyotaki, who believes that Okura's performance embodies much of what has made Japanese stocks so successful in recent years. "In Japan, it's no secret that businesses are willing to opt for a lower-risk strategy to avoid losses – for example, Okura only enters JPY 50 billion markets. Okura's portfolio is highly diversified, and the profit is certainly there."

Kiyotaki also says that Okura will be divided into several smaller companies to reflect its multi-sector interests, and he expects the majority to go public. "Usually, IPOs are made to raise money, but that's not the case with us. We want to divide our management to preserve our flexibility."

Looking ahead, Okura also has a restaurant business that it can franchise, whilst its smart security company, which provides advanced facial recognition software, continues to spread worldwide. Elsewhere, the company is working on growing its presence in Thailand's health & beauty market. "Our smart mirror, for example, doubles as a personalized cosmetics device by accumulating data and suggesting products to users – that's where I see the future of our IoT ecosystem," says Kiyotaki.

Okura celebrated its 60th-anniversary last year, and whilst the company's aim to build smarter communities might be new, its corporate ethos remains firmly the same. In the past decade, since the Great East Japan Earthquake in 2011, Okura has committed itself to supporting vital social and disaster prevention projects – like installing water purification equipment in all new housing units. In 2017, the company donated 73 pieces of playground equipment to the 'Pep Kids Koriyama' facility – one of Tohoku's largest indoor playgrounds – which opened in 2011 for children unable to play freely outside due to the radiation caused by the earthquake.

More recently, to return the joy of sport to communities during the Covid-19 pandemic, Okura donated its HESTA AI security gate to ensure events like the 47th All-Japan Junior High School Baseball Pony League Championships could take place. "It takes a lot of time and money to develop everything. But with our structure in place, we believe we can grow further and contribute even more to society," says Kiyotaki.

HESTA OKURA

Komehyo Holdings

BUILDING A GLOBAL 'RELAY USE' CULTURE

As the sluggish commercial landscape of Japan in the late 1990s and early 2000s subsided to dynamic, healthy inflation rates, Japanese businesses have since undergone a psychological sea change. What began as a top-down push for better corporate governance and capital efficiency at the beginning of the last decade has transformed into the default management philosophy of industry leaders across the country. As such, when the Tokyo Stock Exchange published its milestone corporate governance code in 2015, it took just two years for nearly 90% of all listed companies to have external directors.

Takuji Ishihara
President

This culture of change has also been realised in how Japanese businesses have embraced the country's push for decarbonisation. In 2021, Japan's reuse market amounted to JPY 2.7 trillion, according to Statista, driven by the expansion of C2C, B2C, and B2B online platforms and physical stores for second-hand goods. That same year, Japan was the world's 14th largest exporter of used clothing, according to The Observatory of Economic Complexity (OEC), following a gigantic rise in the retail value of second-hand Japanese clothing in the years leading up to the Covid-19 pandemic – from JPY 460 billion in 2016 to JPY 720 billion in 2019, according to Statista.

Founded in 1947 by Daiji Ishihara, a native of Handa, Aichi Prefecture, as a small used clothing shop in Osu, Nagoya, Komehyo Holdings is a fourth-generation family-run company and one of Japan's oldest second-hand goods businesses. Komehyo's overarching goal is to have customers all over the world experience the "relay use" that connects premium products that are no longer used to the next owner, and "We develop a concept of environmentally and socially conscious "relay use" into a culture".

Komehyo began in response to Japan's post-war Japan need for affordable household products and clothing. Over the next few decades, Komehyo charted the rise and fall of Japan's miracle economy, from expanding to luxury goods – like jewellery, watches, and cameras – in the 1970s to gaining widespread recognition as a second-hand dealer in the 1980s, when these goods became even more popular. In the 1990s, as the asset bubble burst, an increase in demand for high-priced, branded goods saw the company open stores and buying centres across Tokyo. Komehyo then listed on the TSE in 2004 and used the capital to open a flagship store in Shinjuku, Tokyo.

Over the last decade, Komehyo has continued to refine its business model, whether through new technologies like AI or organisational changes. In October 2020, to address the market's growing momentum, Komehyo shifted to its present holding structure and new CEOs were sent out from Komehyo to increase the autonomy of its subsidiaries and encourage faster decision-making.

At present, KomehyoHD operates 15 subsidiaries and 189 shops – the majority dedicated to purchasing used goods – including an e-commerce store, and the company has established a joint venture in Thailand and a B2B office in Hong Kong under the name of KOMEHO HONG KONG. "About 70% of our sales are commercial, and out of the 15 companies we have, eight came from mergers and acquisitions," says KomehyoHD's president Takuji Ishihara, who is also the chairman of the Japan Reused Affairs Association, an organisation focused on changing consumer mindsets towards used goods. "Our global vision revolves around 'relay use,' our unique approach to circulating used items whilst adding value to them and connecting them to new owners."

Overseas business currently accounts for 9.3% of KomehyoHD's total sales, and Ishihara believes there is plenty of room for expansion. "Wherever there's a market for branded items, there's a market for us. We don't ship anything from Japan, so we need to establish purchasing shops before we can start selling in a new country." Ishihara is particularly interested in working with shopping malls and joint venture partnerships. Komehyo currently has a successful joint venture in Thailand and is open to any opportunity which helps it bring awareness to the joy of second-hand shopping.

At the centre of this mission is Komehyo's state-of-the-art merchandise centre, where expert teams of appraisers conduct industry-leading quality control and AI authentication to eliminate counterfeits – for example, branded wallets and handbags – and give customers confidence in their purchases. Besides enabling Komehyo to co-create value with consumers, the centre also provides a goldmine of data on emerging market trends and consumer preferences, which future partners can tap into.

Komehyo handles 1.7 million items yearly and boasts a 95% talent retention rate, and its massive product range, stability, and continuous progress make KomehyoHD an exceptional investment opportunity. Since the Covid-19 pandemic began, KomehyoHD's stock price has multiplied by almost seven times, whilst in the first six months of this year alone, it rose by a staggering 85%.

As Japan 'reuses' its advanced technologies to realise key environmental objectives, companies like KomehyoHD hold the key to getting consumers onboard. And now, KomehyoHD maintains the No.1 brand reuse in Japan. "We've reached a high level of growth and global expansion. It's only been a few years since we entered overseas markets, and now we're planning on a global scale." Komehyo's success has also given him confidence in Japan's business environment as a whole. "Many other Japanese reuse companies are doing the same as us in terms of worldwide expansion, and I believe Japan is set to become a major business destination in the future."

At the merchandise centre, bags are checked for accessories and fabric condition.

KOMEHYO
HOLDINGS

Anicom Holdings

MAKING PETS AND OWNERS SMILE

Capital spending and domestic demand buoyed the Japanese economy in the first quarter of 2023, with 2.7% year-on-year growth outstripping analysts' expectations by more than a percentage point. This pace will keep the country's GDP ahead of Germany's for another year.


Masayoshi Yamada
President

This economic strength feeds into the booming pet insurance market, which has grown by 50% over the past three years alone to a value of more than JPY100bn ($720m), according to reporting by Nikkei Asia. There are around 20 companies offering pet insurance, and they are seeing strong demand as a record 880,000 dogs and cats were acquired in 2021 as people spent more time at home due to the covid-19 pandemic. With only around 15% of pets insured, the scope for growth is substantial.

Leading pet insurer Anicom Holdings' technology keeps it well ahead of the curve, with a highly-sophisticated IT infrastructure that supports it in its fundamental goal of delivering greater health and happiness.

"Our company generates the power of life, by loving pets that cannot live by themselves," says Anicom Holdings' president Nobuaki Komori. "We have more veterinarians than any other company in Japan. The greatest purpose of our company is to make health visualised. There are companies which treat the sickness, but we want insurance to be prevention and educational, so once 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 – DNA, food, oral health, intestinal bacteria. We are able to analyse whether the pets are smiling using IT and AI, and find out which foods make them healthier and happier – and make them smile."

Komuri 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 underlines the company's understanding that support and company from pets can give humans better mental and physical health, and vice versa; caring for pets is mutually-reinforcing.

"The love of pets gives us more strength and makes society happier and healthier," he says. "It makes us better towards each other – it can even lead to world peace. Society will be more emotionally-driven and it would lead to our goal - both from philosophical and a business point of view."

Anicom 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 easy and early treatment of pets' injuries and illnesses. Most veterinary clinics accept the company's health card, which can be used like Japanese National Health Insurance. Anicom Medical operates 20 of its own clinics, which also provide services such as regular teeth-cleaning to combat the 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, including patient information and accounting management.

Over the years, Anicom has also developed cutting-edge technological capacity, including leveraging its pool of data on pets to deliver complete nutritional plans with diversified food products that provide daily stimulation to pets through their diet, ensuring that they are happy, healthy animals. Its current business focus is on development of pet food based on genetics and gut microbiomes, as well as big data on pet insurance. Its DNA check-up centres help ascertain how diseases are developing.

"We're really going to take off with this technology," says Komori. "We're very proud of it – we have the second most patents in the sector. We use AI and scientific research to determine if pets are healthy and happy, and use DNA to find out which food is needed to support them."

He adds that the technology Anicom has developed is also applicable to humans as well as livestock; he sees an aggressive approach to prevention as "the main battlefield" to strengthen human health in the coming years. Opportunities to join the company on this journey are manifold.

"We are open to all kinds of partnerships," say 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.

"Our health sector and the technology around it is world-beating," says Komori. "Our viewpoint in healthcare and indeed life itself is quite different; in Japan we consider all living organisms divine. We have eight million gods and goddesses. We think we can learn a lot from the natural world, and in Japan we have access to gold from unknown territories, as it were."

OAT Agrio

HELPING THE WORLD MASTER AGROTECHNOLOGY

In affirming Japan's credit rating at 'A' – stable outlook – Fitch Ratings praised it as a "wealthy economy with correspondingly robust governance standards and public institutions." Reforms in the past decade to Japan's business environment, such as the Stewardship Code in 2013 and the launch of its regulatory sandbox in 2018, offer international businesses both security and unparalleled opportunities to test their products in a live market. The country's ageing population also provides businesses with a golden opportunity to test their technology early against one of the biggest global trends of the near future.

Hisashi Oka
President & CEO

An ageing population also means a stronger demand for healthy food. Foods which reduce cholesterol or contain high levels of antioxidants dominate Japan's quality-sensitive cuisine, and globally, their demand has been felt in nine consecutive years of record-high exports of Japanese agricultural and related products, which reached JPY 1.4 trillion in 2022 after surpassing the JPY 1 trillion mark in 2021. Crop farming generated about two-thirds of the sector's total output between 2014-2020, according to Statista, and Japan's government continues to encourage farmers to shift to modern, organic farm production techniques and harness advanced technologies to increase productivity.

OAT Agrio was established in 2010 and became independent from Otsuka Chemical by way of MBO.

Corporate philosophy of OAT Agrio is "We contribute to the people in the world with our agritechnorogy and sincerity". OAT Agrio's products are being sold in over 80 countries, and the group is committed to helping farmers worldwide benefit from sustainable, smart agrotechnologies.

"Our three business pillars – Crop protection, fertilization & drip irrigation with Cultivation technology using Hydroponic fertilizers, and Biostimulants – are centred around protecting plants from environmental damage whilst respecting biodiversity. About 80% of the food we eat comes from plants, and around 40% of that is affected by pests and diseases every year," says Oat Agrio's president and CEO, Hisashi Oka.

"No other company has three agro-technologies: Crop Protection, Fertilization & Drip Irrigation, and Biostimulant. Based on our cultivation technology, we combine the three agri-technologies to help growers solve their problems and increase food production," Oka adds.

OAT Agrio currently operates 2 R&D centres – in Japan and India – to explore new molecules for crop protection .

The company is currently developing a technology for self-diagnosis of crop growth stages using various sensors and cameras, and is also offering a total solution service that packages this technology with the crop protections, fertilizers, and Biostimulants necessary for crop growth and provides it to customers for a fixed price.

This service enables to reduce the burden on farmers and at the same time makes it easier for new farmers to secure a certain level of yields.

Improving resource efficiency and reducing reliance on external conditions are two of the best defences against food security and form a vital part of the group's global ESG mission and SDGs.

"The corporate activities of our group itself are our SDG initiative, and we will promote business activities that contribute to creating a sustainable society through ESG management.", Oka expresses.

We are also focusing on the development of human- and environment-friendly pesticides (we call them "green products") derived from natural products and food additives.

We are also developing a hydroponic soil cultivation system that provides the minimum amount of water and fertilizer necessary to prevent soil degradation caused by excessive use of fertilizers.

"This system allows us to reduce fertilizer use by about 25% compared to conventional farming methods.", says Mr. Oka.

In the long term, OAT Agrio's goal is to be a response-orientated company capable of generating new markets and original ideas to overcome external environmental and regionally-specific challenges.

In order to contribute to the promotion and development of local agriculture, the company signed a partnership agreement with Shintomi Town in Miyazaki Prefecture in January of this year, and agreed to demonstrate our technology in a local field, utilizing Probioponics, hydroponic cultivation for which organic fertilizers are used.

By launching the fun & the challenge of cultivation as our Corporate Culture, we would like to deliver all of the people "Joy of Cultivating", "Emotion of Watching" and "Contentment of Eating".

Financially, OAT Agrio projects strong growth across all sectors. "We're working on a solution to global food insecurity. It's necessary, and naturally, we'll have an upward trajectory given our core strengths and market leadership," says Oka. Between 2018-2022, Oat Agrio's net sales rose by 76.46% to reach JPY 26.96 billion, whilst net sales per employee increased from JPY 37.20 million to JPY 47.60 million. Over the same period, OAT Agrio's gross profit almost doubled to JPY 12.66 billion. More recently, in the first three months of this fiscal year, net sales for the group were up by 113.3% year-over-year and operating profit by 142% year-over-year.

OAT Agrio is open to partnerships and offers exclusive access to advanced technologies and materials. As has been key to Japan's corporate success overseas in the past, Oka points out that the group takes its partnerships seriously and looks to accelerate mutual growth through trust-based business.

"Trust is the most paramount thing to emphasise in Japan, and we take our business seriously day to day. All Japanese companies are like that at their core – we really care about moving forward and overcoming challenges," emphasizes Oka.

Delta-Fly Pharma

PIONEERING THE NEXT PARADIGM FOR ONCOLOGY

According to the latest edition of the World Intellectual Property Organisation's Global Innovation Index (GII), Japan is home to the world's largest science and technology cluster.

Cancer is currently the leading cause of death in Japan, as it has been for the past forty years, and demand for novel oncology is now at an all-time high. Whereas Japan used to suffer a 'drug lag,' targeted government subsidies and private sector collaboration means it now competes with the USA in terms of developing and launching new drugs.

Dr. Kiyoshi Eshima
President

Founded in 2010 in Tokushima to develop safe and effective anticancer drugs, Delta-Fly Pharma is using its own "Module Technology" to radically improve the lives of cancer patients by identifying fast-acting, novel oncology treatments without serious side effects. This has often been considered the 'holy grail' for oncology and results in a gentler overall experience for cancer patients. Delta-Fly is listed on the Tokyo Stock Exchange (security code: 4598).

"The company's name comes from the dragonfly, which always flies forward and flies over the Great Wall of China. Delta-Fly's goal is to achieve effective oncology treatment without serious side effects for cancer patients. We combine existing, complementary molecules to remove the toxicity of anticancer drugs," says Dr. Eshima, who previously worked for many years in a major pharmaceutical company in the oncology field.

Delta-Fly has a large number of unique oncology pipelines, including DFP-10917, DFP-14323, DFP-14927 – a PEGylated DFP-10917 – DFP-17729 – an orally active alkaline product with the biological mechanism of a tumour microenvironment (TME) modulation – and DFP-11207 – a modulator of cancer cell metabolites. These oncology pipelines are currently undergoing clinical studies globally. Whilst there is no NDA approval for these drugs yet, the phase 1 study of DFP-10825 (a nanocapsule of RNAi for intra-peritoneal injection) will be tried shortly in Japan and/or the USA to test its efficacy against peritoneal disseminated ovarian, gastric, and pancreatic cancer.

Additionally, DFP-10917 is undergoing phase 3 clinical trials – a G2/M cell cycle check point inhibitor – in the randomised patients with relapsed/refractory myeloid leukaemia (R/R AML) and is under interim analysis as 150 patients randomised. Delta Fly is aiming for NDA approval of DFP-10917 by the FDA in the USA following this analysis. Meanwhile, in a phase 2 study of DFP 14323 – an orally active inhibitor of APN (amino-peptidase N), which is identical to CD13 of cancer stem cells – the m PFS (means of progression-free survival) with a low dose of Afatinib in NSCLC EFGR-mutation (+) patients was 23.0 months without interstitial pneumonitis – superior to both m PFS of Afatinib (11.1 months) and Osimertinib (18.9 months).

Delta-Fly's next step for NDA approval is the comparative phase 3 study of DFP-14323 with a low dose of Afatinib versus Osimertinib (80mg). "We're focusing on the NDA approval of DFP-10917 and DFP-14323, and then we can look at delivering our products to the mass market," says Dr. Eshima.

Delta-Fly's drugs not only show a higher efficacy than traditional clinical treatments but, importantly, have none of the associated debilitating side effects. The company is currently in talks with the FDA in the US to gain worldwide market access for its anticancer drugs and is looking to collaborate with international pharmaceutical companies either through R&D or capital partnerships. As cancer patient rates continue to rise worldwide and dramatically for people under 50 years old, Delta-Fly hopes to meet the global demand as fast as possible with cost-effective and safe treatment options that patients feel comfortable using. The company is open to supplying through lump sum contracts and has a proven track record of working with international companies and clinics, including top class clinical sites in the world, like M. D. Anderson Cancer Centre (MDACC).

"Our advantage is development and our capacity to enter larger markets. We tackle extremely tough cancers, such as pancreatic cancer and non-small lung cancer and are on the verge of taking off in the USA. All the fundamentals for rapid growth are there for us.

As Japan faces steadily and steeply increasing cancer mortality rates, Delta-Fly's win-win approach to fighting the disease without side effects represents a golden opportunity for the global oncology community and people living with cancer – which is why international collaboration to accelerate market access is so important. Please refer the home page of Delta Fly Pharma, Inc.: https://www.delta-flypharma.co.jp

Delta-Fly Pharma

Airweave

AN INNOVATOR IN QUALITY SLEEP

Japan's "growth potential is immense", according to a 2022 report by global consultancy McKinsey, highlighting the country's role as a "global innovator". McKinsey noted strengths including the country's robust national balance sheet, and contributions from industries including automotive, chemicals, computers and electronics, and machinery. As the company has noted, the government is committed to supporting startups and SMEs as part of a broader programme of invigorating economic growth.


Motokuni Takaoka
President & CEO

McKinsey attributes Japan's "important position on the world economic stage...in large part to its strong manufacturing and machinery sectors". Manufacturing accounted for around 20% of GDP before the pandemic, according to official figures, and numerous Japanese manufacturers have become household names globally.

Japanese bedding brand Airweave embraces its homeland's ethos, putting quality, innovation, and customer focus at the heart of its business model.

"Our focus is not merely bedding – we aim to provide quality sleep," says Airweave President and CEO Motokuni Takaoka. "What sets us apart is that we are the first company capable of providing customised, quality sleep based on individual body types. Our technology is one-of-a-kind – we are the people who are innovating and addressing the need for high-quality sleep. That is our company's mission. We have successfully achieved this in Japan, and now plan to spread our mission worldwide."

Takaoka also serves as the director of his family's business, Nippon Kouatsu Electric, which provides high-voltage electric transmission equipment, vital for providing power safely and reliably to homes and businesses. He takes the same approach with Airweave, creating what he calls "a sleep infrastructure business," taking the quality of sleep every bit as seriously as electricity networks.

Airweave also has its roots in Takaoka's uncle's company, which was making extrusion moulding machines for fishing lines and nets. Recognizing the potential of the cushioned resin fibre material, Takaoka diversified the business into manufacturing bedding. The business started by making mattress toppers, expanding into mattresses over the past six years. Airweave's innovative mattresses feature three customizable parts – shoulder, waist, and legs – which both optimize customer choice and make the mattress easy to deliver.

For a decade and a half, Airweave's products have been road-tested and embraced by truly demanding customers – Olympic athletes, who prize quality sleep and the best possible support for their bodies. Airweave started by supplying various Japanese teams at the 2008 Beijing Olympics, and has strengthened its position ever since, supplying all 18,000 athlete beds for the 2020 Tokyo Olympics, and securing the contract to supply all athlete beds at the 2024 Paris Olympics.

"Although sleep is important for everyone, for athletes the first priority is to recover without using their muscles while they sleep," says Takaoka. "We decided to initially provide quality sleep to Olympians and then expand from there. We can't expect them to choose our products solely based on monetary incentives or marketing efforts. They must understand and be convinced of our quality."

Airweave's approach epitomises Japanese "monozukuri" – a term which can be translated as "manufacturing", but implies Japanese companies' commitment to craftsmanship, quality, technology, expertise, and innovation. Bedding engineered with Airweave's cutting-edge technology aligns seamlessly with SDGs, exemplifying the company's commitment to sustainability and circularity. After use, the bedding can be melted down and recycled, reborn as new bedding once again. Airweave products have been employed on JAL's international first and business class flights for approximately ten years, providing passengers with a comfortable sleep experience even in a narrow space. Additionally, Airweave bedding, made of 100% washable polyethylene material and covers, is installed in numerous luxury hotels in Japan and abroad, including the prestigious Ritz Paris. Airweave's dedication to the SDGs, ease of care for cleanliness, and track record at the Tokyo 2020 Games have been instrumental in their popularity, with the company set to provide bedding for around 16,000 mattresses in the athletes' village for the Paris 2024 Games. Quality is hugely important, and Airweave's growing international scope has supported the development of what Takaoka says is "a new way of monozukuri", with an emphasis on sustainability.

With plans to expand into the United States, Airweave aims to offer customers a tangible experience of their innovative bedding through the establishment of multiple physical stores. Collaborations with new business partners and investors are also being explored to expedite growth. Potential partners will find a company at the cutting edge of its industry, led by highly-skilled professionals with an international outlook. Takaoka completed MBA at Stanford University, while the CFO was in practice at the CPA firm in Silicon Valley.

"At Stanford I had the opportunity to witness numerous startups launch and achieve success, and observed first-hand how top leaders approach their ventures. My team shares the same mindset. We are a company that makes quick decisions, which for example was key in winning the Paris Olympics contract in a competitive field," says Takaoka. Airweave combines this international perspective with a proud grounding in the business culture of its homeland, emphasizing innovation, skill, and customer-centricity.

"Japanese corporations have a long history that reflects craftsmanship and sensitivity. To achieve Airweave's mission "The Quality Sleep," we have developed a mattress that can be customized to adapt to individual body shape and weight. While the world of bedding had never been personalized before, Airweave became the first company worldwide to achieve this level of customization through the Olympics," says Takaoka. "Japanese people possess a sensitivity that enables them to understand customer needs and desires. We know what customers need, and we do it best. We want to further elevate Japan's country brand through showing off the monozuriki spirit and craftsmanship. Anyone who comes across the quality created in Japan in all we do falls in love with it. Combined with our spirit of hospitality, it's the perfect recipe for success."

airweave

Papyless

JAPAN'S SUPERSTAR E-COMIC BUSINESS PROVES ITS WORTH OVERSEAS

Over the past decade, Japan has been successful in its efforts to become a top regional hub for foreign direct investment (FDI). In 2013, under the 'Japan Revitalizing Policy,' the government set a target to double inward FDI stocks to JPY 35 trillion by 2020, a figure it surpassed in reaching JPY 39.7 trillion by the end of December 2020, according to the Ministry of Finance. In June 2021, the government announced plans to double inward FDI stocks to JPY 80 trillion by 2030 and reach 12% of GDP. On the flip side, in 2019, Japan was the largest investor in the world, according to the United Nations Conference on Trade and Development (UNCTAD).

Yasuko Matsui
President

Energised by the widespread popularity of Japanese entertainment like manga and anime, Japan's rising 'Gross National Cool' has made it a cultural superpower. Manga – a JPY 600 billion-plus industry comprising Japanese comics and graphic novels – and anime – a popular form of animated television in Japan – have become outright global sensations. The most successful manga publishers have been those able to adapt to evolving consumer trends, namely digitalisation: In 2022, user expenditure on e-books in Japan amounted to JPY 44.6 billion, according to Statista, whilst the estimated market size for digital publications topped JPY 501 billion, up JPY 35 billion on the previous year.

Becoming the world's first e-book retailer when it launched in 1995, Papyless operates Renta! – Japan's largest e-book rental site – and is a pioneer in manga's digital evolution both at home and abroad.

Customer-focused innovation is in Papyless' DNA, as the company's chairman and head-overseas, Mikio Amaya, explains: "We began by distributing e-books through PC communications, as the internet was still not widely accessible. In 2003, we launched the first e-book site for mobile phones and started specialising in comic e-books for mobile phones. We divided each comic frame by frame to make them easier to read."

To add extra convenience, Papyless developed Renta!, as Amaya explains: "It's not always convenient to download e-books, that's why we started Renta! – anyone can access rental e-books, on any device, without having to install software." Renta! was Japan's first e-book rental site, and its popularity was followed by a milestone listing on the Osaka Stock Exchange for Papyless in June 2010 (now listed on the Tokyo Stock Exchange).

With an established domestic presence, Papyless began its overseas expansion, launching an English version of Renta! in 2011. Taiwan came next in 2014 with Taiwan Papyless, followed by the USA in 2017 with the founding of Papyless Global, based in San Francisco.

Today, Taiwan Papyless is home to about 65,000 comics and 18,000 novels in traditional Chinese and is partnered with 250 publishers, whilst Papyless Global has published 10,870 comics and novels in English. As Papyless continues to strengthen its global presence in English and Chinese-speaking regions, it is keen to partner with local companies to gain access to new markets as well as AI firms to help with content development. "We want to expand to French and other European-language versions of Renta!, as well as Thai," says Amaya, adding, "we don't need financial support; we're interested in a long-term partner to jointly expand the global e-book market." This year, Papyless established JadeComix with Sega Sammy Holdings – the company behind Sonic The Hedgehog – to expand its portfolio of original vertical e-comics. The ultimate aim for JadeComix, according to Amaya, is to create world-class IPs.

Nowadays, most people read e-comics on their smartphone, which is why, alongside JadeComix, the company plans to increase investments in its vertically scrollable e-comics innovation – VertiComix. VertiComix is available on Renta! and features smartphone-optimised, full-colour e-comics. Displaying one frame per slide, VertiComix is far superior to its competitors, which still distribute e-comics in their printed form, i.e., as multiple frames arranged on each slide. Papyless has also developed Anicomi, a next-generation e-comic focused on adding sound and motion to manga. "We call it 'Animation comic, or Anicomi for short'" explains Amaya: "there's movement and voice-over, and as you watch, the moving image come to life."

Ground-breaking smartphone content like VertiComix and Anicomi will be key to continued success in a demanding market like Japan's, particularly in encouraging publishers to license with Renta! – which currently has the most individual titles of any Japanese e-book site (over 100,000). Alongside the company's overseas expansion, Amaya believes Papyless' alignment with a long-term digital vision makes for a high-potential investment choice: "We have a track record of getting things right, from our belief that e-comics would surpass paper comics in sales – as they did in 2019 – to the rise of smartphone content. We now believe these trends will expand worldwide," adding, "we offer a platform as well as original content – that's unique."

Whilst Japanese entertainment's ability to transcend culture, language, and geography appears effortless, behind its mass appeal is a dedicated network of businesses like Papyless, which have risen above intense domestic competition to take their industry global. "We want to show the world Japan's creative spirit," says Yasuko Matsui, Papyless President, pointing out that due to Japan's freedom of expression laws, "there's now a huge diversity today when it comes to pop culture like manga, novels, and animation."

Takeuchi Construction

PIONEERING LOW-COST, LOW-TECH CONSTRUCTION SOLUTIONS

Japan is one of the world's most innovative countries. In the previous decade, Japan filed more renewable energy-related patent applications under the Patent Cooperation Treaty (PCT) than any other country – 9,000 – and its strong IP rights give businesses the confidence and security to develop new technologies. Japan is also embracing global trends to make its business environment more competitive. In 2021, it established the Digital Agency to accelerate digital transformation in the public and private sectors, which McKinsey estimates will add up to JPY 78 trillion to its economy by 2030.


Kinji Takeuchi
CEO

Japan is known as one of the world's 'manufacturing superpowers.' Value-added manufacturing accounted for 20% of its GDP in 2020, according to the World Bank, and will be essential going forward in the government's concept of 'Connected Industries,' which aims to resolve social issues through greater data integration in machines and new technologies. The government is also investing JPY 15 trillion in a five-year acceleration scheme for disaster prevention, infrastructure maintenance, and infrastructure reconstruction. Since the Great East Japan Earthquake in 2011, Japan's construction sector has been driven by the need to protect buildings from natural disasters. Meanwhile, recent increased competition for smaller projects has brought about greater demand for efficiency and alternative technologies.

Founded in 1990, Takeuchi Construction is changing how low-rise buildings in Japan are built. Through its original foundation technique – Tender Net Foundation (TNF) – Takeuchi can build on soft ground without needing piles.

Soil stability plays a fundamental role in the structural soundness of a building foundation, and piles, installed deep into the ground, are normally used when the load-bearing capacity of the surface soil is considered inadequate. However, this method is incredibly disruptive and tends to damage underground infrastructures including historical structures. The removal of existing concrete piles is expensive and cannot be used when there is industrial waste underground.

This is where Takeuchi's pioneering TNF technology comes in. TNF, utilizing the grid-shaped ground improvement, integrates the reinforced ground, the concrete foundation, and the slab to dissipate the loads, and furthermore, the grid pattern of the reinforcement layer prevents deformation of the original soil by holding the original ground. – which Takeuchi calls the 'TNF enclosure effect'.

This effect also minimises the damages caused by building settlement and tilt by soil liquefaction. TNF turns the surface layer into the supporting layer (less than five metres) and eliminates any damage to underground infrastructures.

Takeuchi has also patented the T-BAGS Seismic Base Isolation Method, which uses specially designed sandbags in a unique formation to help buildings absorb vibrations during an earthquake.

"Across our 30 years, I believe our biggest milestones are happening right now.

We have always focused on low-cost, low-technology, and high-performance solutions. However, TNF is now poised to take a groundbreaking leap in development.

We have recently upgraded it to TNF 2.0, which makes this technology applicable up to 5-story buildings, leading to an expanding market. "Based on our estimation, we anticipate our market to double anytime soon," says Takeuchi Construction's CEO, Mr. Kinji Takeuchi.

Mr. Takeuchi now wants to take the company's technology global. "In the coming 5-10 years, our priority is the USA – but we're also looking at Vietnam. In the USA, the market for low-rise buildings is huge, particularly with houses and supermarkets, and I believe our low-cost, disaster-protection technology is well-suited. There's nothing like TNF on the market."

Takeuchi is open to partnering, whether through joint ventures or helping governments, and can offer technology transfer as well as training.

Takeuchi is already the partner of choice for many of Japan's construction major players based on our proven track record of 30 years. TNF construction projects are guaranteed up to JPY 1 billion in insurance. That provides our clients with added confidence not only during the construction process but also extends up to the entire lifespan of the building.

"It's a testament to the quality of our work," says Mr. Takeuchi, "we take our responsibilities seriously; credibility is crucial when it comes to what we offer our clients."

The buildings with TNF have shown remarkable resilience with minimal to mostly no damage, even in Japan's disaster-prone environment. Furthermore, the TNF method can shorten the construction period because the footing concrete can be cast to the TNF-improved ground directly without formworks.

Likewise, clients also benefit from a lower removal cost since the reinforced ground can be used again as a base. Compared to piles, removing piles costs twice as much as it took to construct them; while removing TNF only costs half of what it took to construct it.

Meanwhile, technological improvement has given Takeuchi an unparalleled environmental profile in the industry. Not only does TNF minimise the impact on the underground environment, but the company's use of earth-friendly materials and low labour-intensive construction methods allows its technologies to literally return to nature – Takeuchi's overarching philosophy.

Like hundreds of Japanese businesses, Takeuchi offers global investors exclusive exposure to the technologies of tomorrow. "Japan is the Asian leader in the number of Nobel awards won by its people. We've achieved great success in manufacturing, equal to Germany or the USA, but in Japan, there's something special in SMEs' roles," says Mr. Takeuchi.

The company also embodies the values that have made Japanese SMEs so respected internationally. "Generally speaking, Japanese companies are serious about the quality of their products and responsibilities; that's how we build trust. It's foundational to Japanese business."

Takeuchi Construction Inc.

Sankyosha

HIGH-TECH SOLUTIONS, HIGH-QUALITY SUPPORT

For businesses and foreign professionals, Japan serves as one of the most accessible gateways to Asia. More than 100 cities support direct air services to Tokyo alone, whilst the country's 20-plus ports and world-leading transportation system, including its advanced high-speed rail network, guarantee reliability for regional supply chains. Japan has also promoted itself as a hub for foreign talent by easing its visa issuance rules; subsequently, between 2013-2019, the number of high-skilled foreign professionals working in Japan increased by 15 times to 21,347.


Toshiaki Kawanabe
President

According to the International Trade Administration (ITA), Japan is the world's fourth-largest semiconductor manufacturing equipment market, with sales growing fourfold in the past decade. Almost half of the world's top 15 semiconductor equipment manufacturers are based in Japan, and the government is investing heavily to triple chip sales to JPY 15 trillion in 2030 and encourage international partnerships and joint ventures. The government's FY22 budget allocated USD 2.8 billion in subsidies for domestic and overseas chipmakers investing in Japan – which later made up one-third of capital investment in power chips that regulate currents in electric vehicles (EVs) and analog semiconductors, which are widely used in automation technologies – whilst USD 4.5 billion was announced to incentivise the development of production facilities.

Founded in 1958, Sankyosha is a second-generation family business specialising in advanced analog semiconductor solutions, technical support, and distribution for medium and small electronics manufacturers.

Sankyosha was initially focused on electric cable sales before its current president, Mr. Toshiaki Kawanabe, became enamoured with the endless applications for liquid crystal and semiconductors. In 1986, when Seiko Instruments debuted a watch containing a niche semiconductor and decided to sell the ICs externally as well, Mr. Kawanabe saw the opportunity and approached the company about becoming its distributor. "The performance of their semiconductor was excellent. I was persistent about what we could offer and in 1997, we became their distributor."

Another turning point came when Mr. Kawanabe decided to invest in Japan's analog future, with the applications of semiconductor devices, mainly Analog ICs, for emerging technologies like robotics and factory automation equipment. "I looked around a found a company called Linear Technology. I thought combining a successful American company with our Japanese monozukuri spirit – our attention to detail, craftsmanship, and integrated procurement – would be the perfect path to growth. Our technical consulting and support with Japanese style Suriawase which means exchanging detailed views could be effective and practical for Analog circuit design particularly. Linear was eventually bought by another company called Analog Devices, but I knew it was the direction we needed to pursue." In the following years, Sankyosha partnered with multinationals like Epson, Kyocera, and Molex before coming full circle in 2018 when it entered a distributor agreement with Analog Devices.

Today, as a distributor of the USD 12 billion analog semiconductor company, Sankyosha continues to add to its thousands of client-customisable analog solutions. "By introducing these technologies to Japan, we're supporting the growth of Japanese SMEs, helping them succeed in a world dominated by semiconductors," explains Mr. Kawanabe.

Going forward, Sankyosha is interested in partnering with larger companies and SMEs to help them develop and launch their unique technologies, whether in IT, digitalisation, robotics, healthcare and medicine, telecommunications (5G and 6G), or security. For Mr. Kawanabe, partnerships are the key to Sankyosha's success and represent everything the company stands for: mutual growth, constant improvement, and client-centricity.

Indeed, it is for these reasons that many are drawn to Sankyosha in the first place – to leverage its rich human resources and unique, technical-support distribution model. For example, all Sankyosha partners and clients utilize its highly experienced field application engineers (FAEs), equipped with unparalleled knowledge of analog circuitry to answer all queries swiftly and correctly. Attention to detail is perhaps the company's greatest asset, and Sankyosha has even earned an award for supporting monozukuri in manufacturing, despite not being a manufacturing company. "It is very rare that a distributor like ours get such an award," says Mr. Kawanabe.

Meanwhile, Sankyosha's close contact with its suppliers means it can provide retail support for unique requests, like small-quantity, large-variety orders of industrial equipment. The company also offers adaptive delivery management services to integrate with its clients' supply chains seamlessly.

As progress in AI and IoT continues at breakneck speed, Sankyosha will be key for many companies to stay competitive, and its commitment to their future represents its inner 'Sanpo Yoshi' culture – ensuring the three-way satisfaction of its clients, society, and it as a company – of 'winning together.' "Japanese companies will need a huge number of semiconductors over the coming years, and we're committed to their success. We'll support it in the spirit of Japanese culture; we want to perfect our work, make our contribution, and reap the rewards," says Mr. Kawanabe.

With this in mind, Sankyosha pays attention to recent strengthen Japan's overall investment environment, and Mr. Kawanabe believes that now is the perfect time to partner with major Japanese companies. "We have new robotics technologies emerging on the market, for example, which are gaining more and more attention; it's a huge opportunity for Japan."

SANKYOSHA

Kanaflex

INNOVATING AND PROTECTING THE ENVIRONMENT

According to the Organisation for Economic Cooperation and Development (OECD), a grouping of affluent countries, domestic demand will power Japan's economic growth in 2023 and 2024. Wage growth will gain momentum, while government support to help citizens manage the energy price shock, and investments in defence, are boosting consumption and investment. Unemployment, already very low, will continue to fall, the OECD forecasts.


Shigeki Kanao
President of
Kanaflex

Sergiy Korsunsky
Ambassador of
Ukraine to Japan

Japan has long been known for its world-class infrastructure, with Shinkansen "bullet trains" a global icon. Yet some of its transport network and utilities are aging and in need of upgrading, from water and sewage pipes to roads and bridges. With much of its infrastructure having been built in the 1960s, it is nearing the end of its lifespan. By 2033, unless replaced, 63% of Japan's bridges, 42% of its tunnels, and 21% of its sewage pipes will be more than 50 years old, according to official data. The 2023 budget thus allocated more than $42bn to public works, and Japan commits 3% of its GDP to infrastructure investment, above the average of 2.7% for high-income countries, according to Global Infrastructure Hub.

Innovative construction material company Kanaflex is playing a leading role in these developments, and is building a global presence through its portfolio of world-class, environmentally-friendly pioneering products, revolutionising the way Japan approaches infrastructure. Its Kanacrete product is an alternative to reinforced concrete which is three to fi ve times stronger than regular concrete, and can last up to fi ve times as long, while being lighter in weight. Kanacrete also requires less upkeep, meaning it is cheaper to maintain and less expensive over time – a very important competitive advantage at a time of constrained budgets.

"We can really help governments with developing their infrastructure, as they usually have minimal budgets to do so," says Shigeki Kanao, Kanaflex Corporation's president.

Kanaflex proprietary innovative materials can be used instead of the usual products that have been use, for the infrastructure of the future. They are receiving opportunities in markets including the US, France, India, Indonesia, Vietnam, China, and Saudi Arabia, where its technology and products like Kanacrete can be used in major infrastructure projects as it can be used in environments and climates around the world to replace traditional concrete, making a significant impact on construction and the performance of the infrastructure."Many companies have approached us for partnerships, and we are considering a lot of offers, as we are always open to opportunities," says Kanao. "We want to be the supplier of choice, to provide our technology and products to companies and governments, and we want collaboration to expand. We are open to investments and joint ventures as well as new suppliers and clients. Japan's infrastructure is reaching a terminal stage, and we need 400 trillion yen [$2.8tn] to renew it. We want to make this land strong by renewing its infrastructure. There's a lot to do, and if foreign investors and businesses are interested in working with us, that's great. The most important thing for us is to communicate our product and technology."

Kanacrete will make a huge impact on preventing the aging of infrastructure in Japan and overseas. A significant part of existing infrastructure is made from reinforced concrete, with iron and steel bars that are corroded by water. It uses neither iron nor steel, while being stronger and lighter. In buildings, Kanacrete lightweight fibre-reinforced ceramic architectural precast wall panels allow faster build speeds and greater design flexibility, with compatibility for a range of finishes also has the unique feature of built-in thermal resistance within the panels, distinguishing it from "insulated sandwich panels", and eliminating or reducing the need for exterior insulation needed on a project.

Kanaflex's product range also includes KanaStone, a natural stone composite panel manufactured by slicing natural stone like granite or marble, and combining it with a lining panel developed by the company. KanaStone combines light weight, strength, and workability, giving it higher performance than normal stone – it weighs around a third less. Kanaflex also boasts a wide range of pipe and hose products, from every day to industrial use. Its KanaPipe is suitable for residential, commercial, and DOT storm water draining projects. KanaPipe's stiffness strength is up to 200% greater than ordinary corrugated HDPE pipe, and is up to 33% lighter. It is also certified by AASHOT (American Association of State Highway and Transportation Officials) for 264-year long life durability.

"There's a Japanese word, Kokudokyojinka"国土強靭化" which means 'National Resilience', and that's part of who we are," says Kanao. "We are developing products with the goal of 'National Resilience', which is a pledge of the government. "

By virtue of being lighter and easier to maintain, Kanaflex's products are also more environmentally-friendly, leading to lower CO_2 emissions in the projects in which they are deployed. Lowering energy consumption in infrastructure projects has become an increasing priority for governments and contractors due to soaring global energy prices in recent years. Kanaflex is committed to improving the environment and puts sustainability at the heart of its business.

"Our company improves infrastructure through our products, and fights emissions," says Kanao. "I want us to make our contribution to the environment."

This dedication to the natural world matches Kanaflex's commitment to supporting the development of the countries in which it operates – not least the country which it is proud to call home.

"Japan's position as the gateway to Asia matters," says Kanao. "We are a nation of craftsmanship, a country that makes quality products. We have to redouble our efforts so people recognise the contribution of Japanese medium-size companies like ours. It can't be done in a day, but we can show that Japanese companies are innovative and pay attention to detail, like Kanaflex." This time, as an epoch-making event, the Ukrainian government decided to seriously consider Kanaflex products and materials for the reconstruction of Ukraine. This has given rise to the possibility of a deep connection between Japanese technology and people's lives in Ukraine.

Kanaflex

Valuence Holdings Inc.

CIRCULAR DESIGN FOR THE EARTH AND US

As the world's third-biggest economy, Japan is a huge economic success story, with a GDP of around $4.23 trillion, according to the World Bank.

In this wealthy and environmentally conscious country, the reuse market is larger than the GDP of many nations, totaling nearly $20 billion, according to Statista (2023).

Founded in 2011 and now in its twelfth year, Valuence Holdings Inc. is one of the world's leading resellers of pre-owned luxury goods, growing quickly through its innovation and fast decision making.

"We aim to enrich people's lives by giving them more options," says Shinsuke Sakimoto, Representative Director and President of Valuence Holdings Inc. "Many people are influenced by the capitalist society and subconsciously believe that buying new things is the status quo. However, I believe having many options is what can enrich our lives. Therefore, I believe the role of Valuence is to turn the negative image of reuse 180 degrees and make it a positive one, and if we can provide both economic and psychological benefits, the number of customers who choose to reuse will increase. We want to educate people, support a co-living environment, reduce the production of new products, and contribute to solving environmental problems. We want to spread this way of thinking worldwide."

The company expects to have sales of JPY75 billion ($518 million) for the current fiscal year, boosted by its ongoing international expansion, which was a focus for the company during the pandemic. The company was one of the first in the industry in Japan to look at digital marketing and has opened more than 130 buying offices in Japan and more than 30 buying offices in 16 countries around the world to realize the online-to-offline marketing. The company aims to have 300 buying offices worldwide by 2030, applying its successful business model from Japan, but localising it for each market. This gives it touchpoints with around 35,000 customers per month, with a 90% success rate in buying from each consultation; it hits around JPY5 billion a month for the purchases. Valuence has focused on the value of the experience rather than the purchase price since its founding: it aims to give each customer experiential value at each shop globally. This reflects its corporate culture, which emphasises the Japanese concept of omotenashi – whole-hearted and dedicated hospitality.

Shinsuke Sakimoto
Representative Director and President

With this spirit in mind, Valuence is open to partnerships on many levels. In addition to the pre-owned luxury goods buying offices, the company operates B2B auction site and retail stores for the B2C market. Since no other company in the pre-owned luxury goods market has a global presence on this scale, Valuence, is likely to win in both buying and selling with its valuable big data, and the company intends to turn this data into new value as it looks in the medium to long term. Sakimoto says that not even the top global fashion brands have the data that Valuence has.

"Our market is only going up," says Sakimoto. "And as consumer attitudes shift toward environmental awareness and sustainability, our market will expand. The consumers will continue to want luxury goods, but used or resale."

As Sakimoto says, "Circular Design for the Earth and Us is our purpose," and the company wants to help solve environmental and social challenges, not just in Japan but worldwide. In doing so, it is guided by the values that define this remarkable country.

"The Japanese people never stop pursuing their goals," says Sakimoto. "We're never satisfied; we're always challengers – that's our culture. We are recognized as both for our excellence and our hospitality, and we are always looking to disrupt the status quo."

Valuence

Yokomori

JAPAN'S LEADING VERTICALLY INTEGRATED STAIRCASE MANUFACTURER

Following successive waves of corporate governance reforms beginning in 2014, Japanese businesses have responded with solid profitability and sustainable growth. For international investors, Japan constitutes a gateway to the fast-growing markets of Southeast Asia and offers exclusive exposure to new technologies.

In FY22, Japan's government allocated USD 1.62 billion to support SMEs in achieving Industry 4.0 automation and digitalisation, helping them leverage the renowned 'Made in Japan' brand worldwide. By 2030, the International Trade Administration (ITA) estimates that Japanese manufacturing companies will have spent a staggering USD 4.1 billion on digital infrastructure.

Founded in 1951, Yokomori is Japan's leading provider of integrated construction and technological solutions for steel staircases and railings. From ornamental spiral staircases to large commercial or residential staircases, Yokomori's precision-made, bespoke products have been installed in most of Japan's skyscrapers, as well as international sites like the Shanghai World Financial Center and Japan House London.

Initially a metalworks company, Yokomori specialised in staircase production in the 1960s, spurred by the post-Second World War need for reconstruction in places like Shinjuku, Tokyo – where it helped redevelop the old NHK building. Yokomori gained early success rapidly through its unique modularisation technique and cemented its reputation by completing the notoriously challenging 1964 Olympic caldron project. More recently, Yokomori worked on the Beijing Olympic Stadium and, in a huge undertaking, provided 150 individual staircase units for Amazon's new buildings in Nashville, USA.

Takeshi Ariake
President & CEO

Yokomori currently operates nine state-of-the-art factories, implementing automated, numerically controlled production lines for maximum precision and product safety. Alongside the company's pioneering work with 3D-CAD software, this has been key to its 80% market share in Japan. Yokomori has also developed a special CIM system to streamline its design, production, assembly, and installation process and provides full traceability on all client deliveries through its subsidiary Yokomori Transport.

Going back a few decades to when the current president's father was president, he oversaw the transformation of Yokomori's corporate culture through reforms to boost employee happiness and efficiency. This transformation was centred around the new Japanese business philosophy of continuous improvement – known as 'Kaizen.' Today, this is helping the company complete a historically high project pipeline built up during the Covid-19 pandemic and the 2020 Summer Olympics in Tokyo.

With this new platform for future growth, Yokomori is looking to expand overseas and diversify into new sources of revenue. The company has identified Australia as a priority, particularly for its module staircases, and is keen on joint venture opportunities.

Yokomori's pursuit of perfection, attention to detail, and vertically integrated production model make it the ideal partner. By embracing the spirit of Japanese craftsmanship and the manufacturing philosophy which lies at the heart of it – known as 'monozukuri' – Yokomori hopes to strengthen global recognition of the 'Made in Japan' brand.

YOKOMORI

Cosmo Instruments

A GLOBAL EV PARTNER

The world's third-largest economy, Japan is a huge success story, with an affluent and stable domestic market and a range of world-leading multinationals testament to its strengths as a home to business.

Japan's success has been built on its high-value manufacturing, with value-added industry accounting for around 20% of GDP, according to the World Bank.

The country's reputation for high-quality manufacturing is founded on rigorous standards, upheld by companies such as Cosmo Instruments, a global leader in air leak and flow testing.

"Our philosophy is to accompany the client as much as possible, so that they can contribute to society," says Tomoyuki Furuse, Cosmo Instruments' president. "It is a mutual partnership between the client, society and us."

As the market for electrical vehicles grows, Cosmo sees growing opportunities to support international partners in the segment. Not only is there a commercial opportunity; the company is committed to supporting the development of a better society, and the cultivation of a greener business ecosystem. As the EV sector evolves, Furuse sees his company building its presence in the after-sales market, working with original equipment manufacturers from around the world. It can build on a long history of working with some of the world's leading automakers, including Toyota Mitsubishi and Hyundai.

"We value and support our clients' products and their commitment to quality," says Furuse. "We are a company which gives back to society, and we are satisfied when we see our clients' products succeeding."

Tomoyuki Furuse
President

Cosmo is a proud family business, having been started by Furuse's father in 1970; Furuse senior took a hands-on approach, known as "gemba" in Japanese – that is, on the spot, ensuring that there was sufficient manpower and capacity to deliver. Fifty years on, ensuring quality is still at the heart of the business. Tomoyuki Furuse emphasises his company's "holocracy", which gives autonomy to department heads and other employees, while allowing swift decision-making. The model has proved successful – Cosmo has a presence in 13 countries, with 24 sales and service centres. The company's international presence has long roots, dating back to international expansion in the 1980s, when it started establishing service centres around the world, including in the US. Throughout, it can rely on the strengths of its home market – one of the world's most innovative economies.

"Japan's brand deserves to be on the global stage," says Furuse. "Although Japan is a market with a declining population, we have many small- and medium-sized family businesses with good purposes and excellent technologies and resources here in Japan. I would like to see these Japanese businesses use their strengths to play an active role and succeed in the world. We already have resources, we embrace new technologies, but we have the foundation - that makes the difference."

cosmo

Ands Corporation

A SKINCARE INNOVATION

Private consumption and investment have led the way in Japan's robust economic recovery from the global recession of 2020, according to the International Monetary Fund, which forecast that the country's current account is expected to achieve a 2.9% surplus in 2023.

The Fund noted that "industrial production recovered strongly" in the summer of 2022 – vitally important as manufacturing is a key element in propelling the country to its position as the world's third-largest economy. Cosmetics producer Ands Corporation is a proud standard-bearer in its sector, epitomising Japanese manufacturers' model of innovation, consumer-focus, and rigorous product testing.

"We have unique, top-quality skincare technology," says Ands Corporation president Masayoshi Yamada. "Six years ago, we decided that in order to survive as a company, that sells high-functional products, we need to be able to prove it. Our unique evaluation test enables relative evaluation of skin care functionality, which enhances our competitive edge."

The company started as a contract manufacturer, but is now an "ODM", that is, manufacturing its own products. Ands Corporation's 3D skin product model is a breakthrough in the industry, allowing benchmarking of how effective products are. It can be used to test functionality requested by partners/clients.

Until twelve years ago, Ands charted a stable but somewhat inward-looking course; but then the company started thinking more radically, and shifting the corporate mindset towards more dynamic long-term growth as its starting point.

This entailed a renewed focus on customers and employees, as well as enhancing marketing strategy and technology – the latter being of primary importance to customers. Importantly, it also embraced a shift to a more global mindset.

Masayoshi Yamada
President

Ands's evidence-based approach has strengthened its global competitiveness, and puts it in an enviable position vis-à-vis international partners. The company is open to forging future partnerships based on strategic fit.

"We're in a unique position to prove our technology, and can supply our brand," says Yamada. Since we can create a brand concept so that we can propose consistent formulation development from design. There are a lot of different ways in which we can form partnerships. We are developing our own ODM, and we are in a unique position to approach companies that want to quantitatively confirm the functionality of prescriptions that want to build brand concepts, and make benchmarks and relative comparisons.

We have the know-how to prove high performance formulas, and that makes us a great partner."

Ands Corporation has invested heavily in its manufacturing capacity as it looks globally. Yamada says that skincare products are judged on three criteria: functionality, safety, and how they are perceived. On each, Ands performs strongly. The company has an intimate understanding of what consumers want, and places an emphasis on functionality and filling the crucial mid-price range and above.

In addition, lip balm cream top-class production volume in Japan.

Skincare technology is particularly advanced in Japan, with Japanese companies winning multiple awards in the field. These successes underline the country's approach to business.

"Doing business with Japanese partners is very easy," says Yamada. "Japanese technology is very high quality, and businesspeople are honest. We have a unique value proposition."

ands
Ands Corporation

Hamaya Corporation

A GLOBAL PARTNER IN E-WASTE

Ranking in the top twenty countries in the world on the UN's Human Development Index, Japan has long been considered one of the world's most advanced and successful societies.

Little surprise, then, that in this increasingly environmentally-conscious age, Japan has a large and fast-growing reuse and recycling industry, expected to be worth $25bn by 2025.

Hamaya Corporation is a leader in the sector, both buying and selling used products, and is building a global presence in it. The company aims to increase its e-waste recycling segment tenfold in the coming years

recycling of the e-waste segment tenfold, and its rare metals division by the same scale.

"My vision is to collect e-waste from all over the world, and establish subsidiaries all over the world," says Shigeru Kobayashi, Hamaya Corporation's president. "We want to continue to grow and expand. We decided to modify our business model from establishing subsidiaries in each country to forming partnerships - this is the model we're now implementing. Rather than processing or recycling, we collect waste from all over the world. Compared to bigger players, we have greater agility – we have employees who are fluent in a wide range of languages, and can travel anywhere; they're eager to be dispatched immediately."

Hamaya has the capabilities to operate in a wide range of jurisdictions around the world, and is open to partnerships globally. Key target markets include Nigeria and South Africa, two of the largest economies in Africa; countries which also have high population densities with high usage of electronics, and thus in which the company can have the most impact. Hamaya already has a global network that it can leverage and that its partners can benefit from, with experience of operating in markets including Brazil, the Philippines, Hong Kong, Singapore and Brunei.

Wherever it operates, Hamaya's operations are underpinned by its core values, which are greatly appreciated by those with which it does business.

"We are a company guided by our principle of treating customers with appreciation, a company that delivers its best performance for its customers, with honesty," says Kobayashi. "We are confident that we have the highest quality among our competitors. This leads to the trust that customers around the world put in us."

Kobayashi emphasises that Hamaya's customers come to the company to improve their own lives, and to take better care of their families by bringing its products home. Those that bring products to the company to be recycled and reused are also happy to use its services – and, as Kobayashi notes, please the company's employees in turn. The company's approach to its clients and partners embodies Japanese business ethics.

"Choose Japan because of the trustworthiness of Japanese people," says Kobayashi. "Trust is very important."

HAMAYA

Eight Tool

HAND TOOL SOLUTIONS FOR GLOBAL PROFESSIONALS

Strong consumer demand and a burgeoning service sector are driving Japan's growth in 2023, according to a recent report by professional service company Deloitte. Inflation has been easing, allowing the central bank to maintain accommodative monetary policy to support growth.

As Deloitte has noted, productivity growth in manufacturing has outstripped other sectors, which is significant as industry contributes around 20% to GDP. The country has a long history of leading the world in manufacturing.

Eight Tool is a leading example of Japan's commitment to high-quality, focused manufacturing. The company has earned recognition as a unique brand that specializes in manufacturing high quality hexagon wrench products. The company was founded in 1958, originally making screwdrivers, but soon pivoted to hexagon wrenches, which remains its singular focus. The company has now set its sights on further enhancing its position on global markets.

"We are open to a wide range of potential partnerships," says Yasuhiro Oka, Eight Tool's president. "We are looking for both joint ventures that can help take our technology to the next lever, and customary distributors and wholesalers who can sell and promote Eight products in new segments and markets. Our aim is to be the supplier of choice for distributors across the world, particularly in the USA and Europe, as well as our existing Asian markets. We are looking for partners who can broaden our scope as a business. We would like to service to every industry, including bicycle, automotive, woodworking, medical, and the space exploration segments."

Eight Tool is an ideal partner for ambitious businesses. The company produces the highest quality hexagon wrenches, with a dedication to the "monozukuri" spirit of Japanese manufacturing, which places a strong emphasis on innovation and craftsmanship.

"We can custom-make products according to clients' needs, and can make them in tight timeframes for rapid delivery," says Oka. "We have traditionally handmade our products, but we are looking at increased automation. We take great care of the environment in manufacturing."

This attention to detail has made Eight Tool a trusted supplier to its global clients; 70% of the company's business is with overseas companies. It has long experience of international markets and a global mindset; within ten years of the company's foundation, the founder had set a course for expansion in overseas markets, realising its importance to long-term business growth. Over the past decade, the company has focused on expansion in the new markets including the US, South Asia, and Europe, and in 2018 established Eight Tool America inc. The company recently added another production facility at its manufacturing centre at Tottori, allowing it to reach customers across the world. Wherever in the world the company's tools are delivered, buyers know that they are acquiring the best quality, rooted in Japan's best industrial traditions.

"We want to help further strengthen Japan's country brand as a destination with world-class high-quality manufacturing, with the best technology and innovation behind it," says Oka.

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