

TANABE CONSULTING GROUP

Press Release

March 5, 2025

Tanabe Consulting Co., Ltd.

<Tanabe Consulting Survey>

Small and midsize companies focus on "new product and business development" and large companies on "global strategy"!

Performance is improving toward FY2025.

What are the key themes for each sector in FY2025?

Results of the "2025 Questionnaire on Corporate Management" announced.

Tanabe Consulting Co., Ltd. a pioneer in management consulting in Japan (Head office: Chiyoda-ku, Tokyo and Yodogawa-ku, Osaka; President: Takahiko Wakamatsu), announces the results of its "Questionnaire on Corporate Management in 2025," which was administered to managers and executives who participated in the "Management Strategy Seminar 2025" organized by the company, and to corporate managers, directors, executives, and managers in charge of management planning departments nationwide.

1. Summary of Survey Results

(1) Regarding the outlook for business performance in FY2024 and FY2025, an increase in the number of firms responding "increase in revenue and profit" and a decrease in the number of firms responding "decrease in revenue and profit" toward FY2025 suggests expectations for improved business performance. On the other hand, the number of "unknown" responses increased, indicating that uncertainty remains high.

(2) "Profit improvement" and "new product/new business development" were the key themes for medium- and long-term strategies that garnered the most responses. When analyzed by company size, mid-sized enterprises and small and medium-sized enterprises (SMEs) place more importance on "new product and business development" while large companies place more importance on "global strategy formulation. When analyzed by business outlook, "new product/new business development" and "human capital management/human resource development/hiring" were highest among firms with higher or lower revenues and profits, respectively.

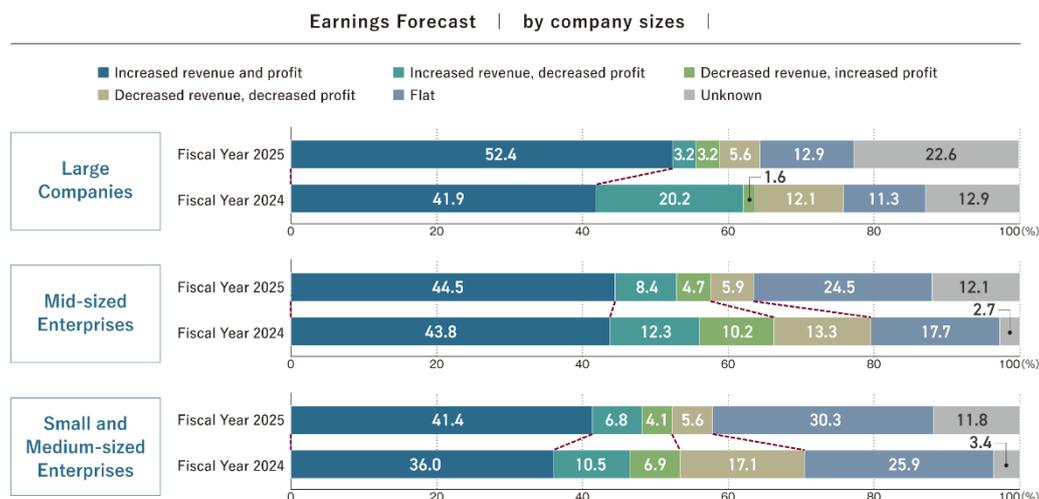
(3) Business portfolio and M&A strategies focused on "new business development," human capital strategies on "enhancement of human resource development programs" and "recruitment," branding strategies on "increasing brand awareness" and "raising brand awareness among employees," and DX on "building a data analysis and utilization system.

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2. Details of each data

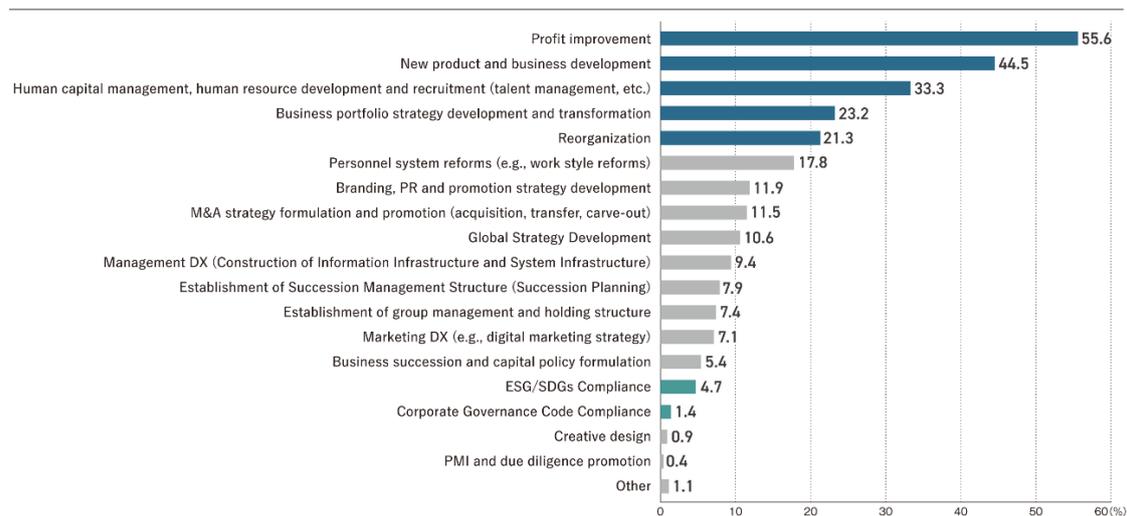
(1) While there are expectations of improved performance toward FY2025 for all company sizes, uncertainty remains.



For large firms, the percentage of firms with increased revenues and profits increased from 41.9% to 52.4%, indicating that growth is expected to be particularly pronounced. Mid-sized enterprises also show a trend toward an increase in the percentage of companies with higher revenues and profits, and a decrease in the percentage of companies with lower revenues and profits. The same is true for small and medium-sized enterprises (SMEs), with the percentage of firms increasing revenues and profits increasing from 36.0% in FY2024 to 41.4% in FY2025, and the percentage of firms decreasing revenues and profits decreasing significantly from 17.1% to 5.6%. While the global economy is expected to grow at a slow but steady pace as inflation settles down, the Japanese economy is expected to see a recovery in real growth as wage hikes and increased inbound travel support domestic demand. Large companies in particular are expected to benefit from the growth, as they are able to respond quickly to changes in the global economic environment. On the other hand, the percentage of "Unknown" for FY2025 has increased for all company sizes, suggesting that uncertainty still remains. In particular, uncertainty over the political situation in the U.S. and the Chinese economy requires companies to strengthen their risk management and develop flexible business strategies.

(2) More than half of the respondents focused on "profit improvement" as the key theme of their medium- to long-term strategy, and more than 40% of them also focused on "new product and business development."

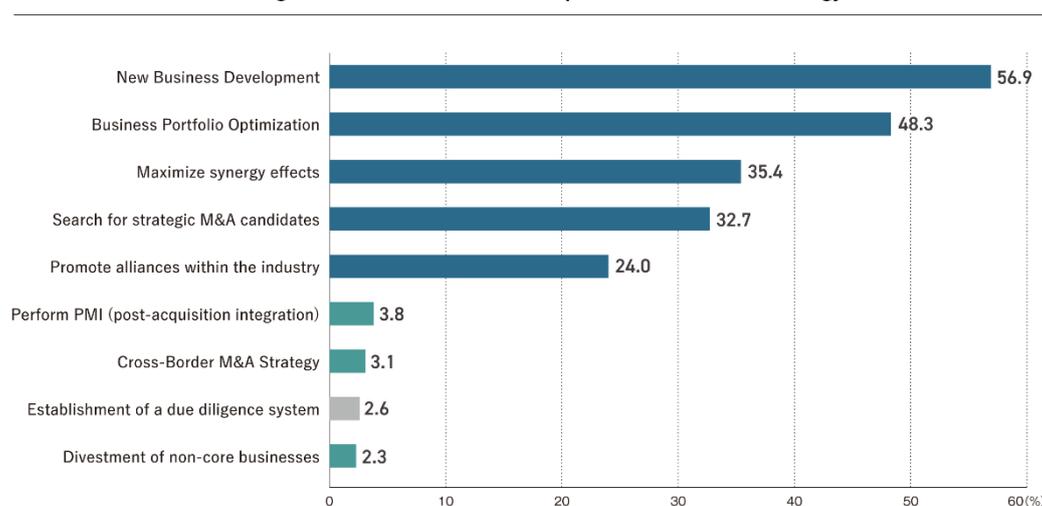
Priority themes in the mid-to long-term strategies (3-5 years) for FY2025 onwards



The most common priority themes for medium- to long-term strategies were "improving profitability" (55.6%), followed by "new product and business development" (44.5%) and "human capital management, human resource development and recruitment (talent management, etc.)" (33.3%). Many companies are focusing on improving profitability and creating new business opportunities, and recognize that securing and developing human resources is the foundation for these efforts. Business portfolio strategy development/transformation" (23.2%) and "organizational restructuring" (21.3%) also ranked high, indicating a move to enhance competitiveness through organizational and business reorganization, while "ESG/SDGs compliance" (4.7%) and "Corporate Governance Code compliance" (1.4%) ranked low. It is evident that there is a common understanding that companies must first focus on ensuring profitability and growth, and that strengthening human capital is essential to achieving this goal. However, ESG and governance are also important to address when considering long-term sustainability. Management is required to formulate a comprehensive strategy based on a balance of these factors.

(3) More than half of the respondents answered "new business development" as a theme in their business portfolio and M&A strategy!

Management themes in business portfolio and M&A strategy



"New business development" (56.9%) was the most frequently selected management theme in the business portfolio and M&A strategy that should be prioritized in FY2025. This was followed by "business portfolio optimization" (48.3%) and "maximizing synergies" (35.4%), indicating that many

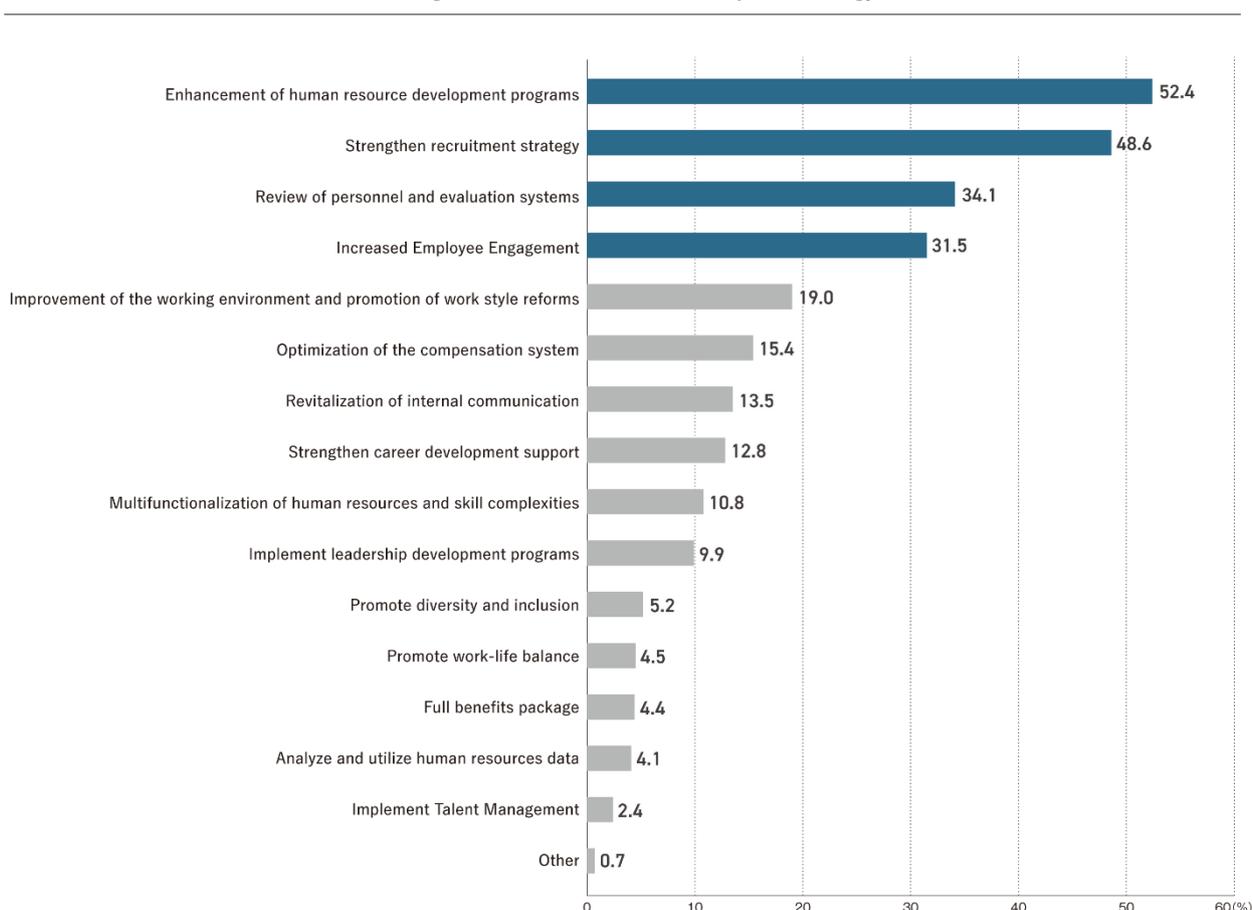
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managers are focusing on creating new growth opportunities and improving overall business efficiency by combining existing businesses. It is presumed that management is aiming to create added value through the search for appropriate M&A candidates and alliances, while focusing on the development of new businesses and business portfolio review as growth strategies. Going forward, it will be important to strengthen execution capabilities to effectively pursue these strategies and realize post-merger synergies.

(4) As for human capital strategies, half of the respondents answered that they place importance on "improving human resource development programs" and "recruiting human resources."

Management Themes in Human Capital Strategy



The most prominent responses were "Enhance human resource development programs" (52.4%) and "Strengthen recruitment strategies" (48.6%), indicating that companies are focusing on improving the quality and quantity of their human resources. This was followed by "Review HR system and evaluation system" (34.1%) and "Improve employee engagement" (31.5%). This trend suggests a growing awareness of the need to acquire and develop excellent human resources in order to maintain a competitive advantage in response to changes in the labor market and the advancement of digitalization. It is also presumed that companies intend to increase employee motivation and engagement and improve organizational productivity through a review of their human resource systems. Going forward, companies will need to further strengthen their investment in human capital to achieve sustainable growth.

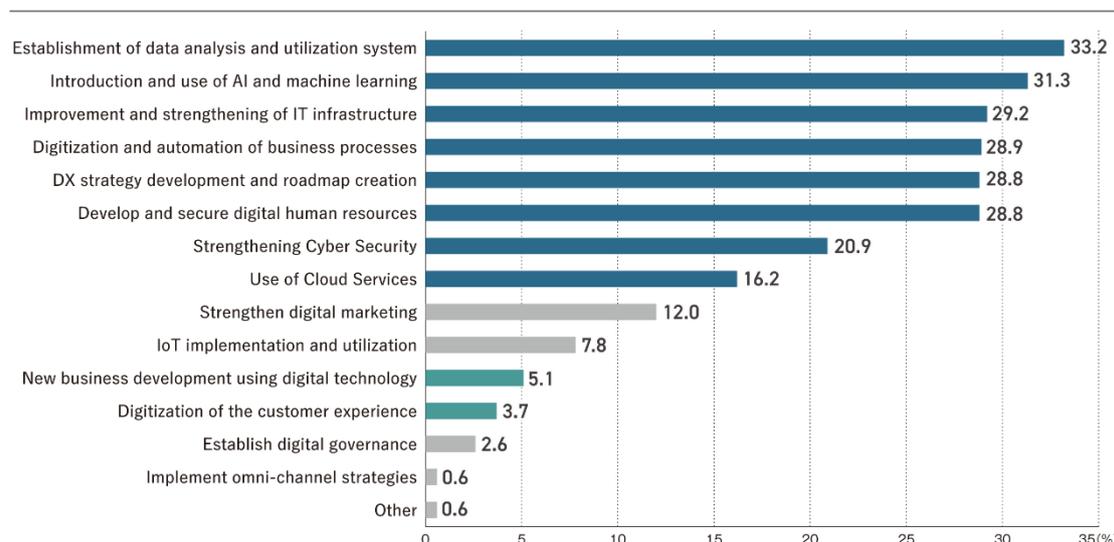
(5) As for branding strategies, more than half of the respondents emphasized "increasing brand awareness" and more than 40% emphasized "increasing brand awareness among employees!"



The most common management theme in the branding strategy was "Increase brand awareness" (52.5%). This was followed by "Raising brand awareness among employees" (44.6%) and "Developing a brand vision" (34.2%). These results indicate that management is emphasizing not only external brand penetration, but also internal brand understanding and empathy. In addition, "strengthening PR activities" (24.9%) and "optimizing the customer experience" (21.1%) also showed a certain percentage, indicating that measures to increase brand value at customer contact points and activities to widely communicate the appeal of the brand are required. It can be inferred that management prioritizes raising awareness and unifying brand awareness both internally and externally as the stage of establishing the foundation of the brand. However, for long-term brand value enhancement, it is also important to pursue strategies such as strengthening brand loyalty and quantifying value in parallel.

(6) "Establishment of a data analysis/utilization system" was the most common DX strategy. New business development using digital technology" and "digitization of customer experience" were given low priority.

Management themes to be addressed in promoting digital transformation (DX)

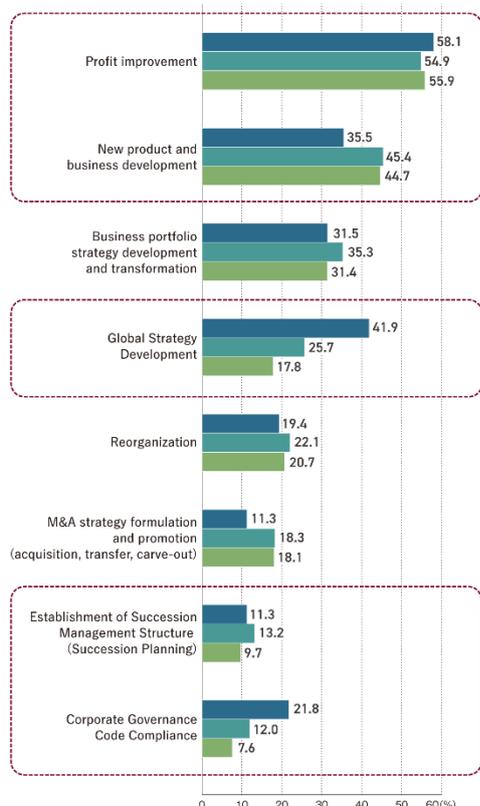


In promoting DX, "Establishment of a data analysis and utilization system" (33.2%) was the most common management theme that should be prioritized in FY2025. This was followed by "introduction and utilization of AI and machine learning" (31.3%) and "development and enhancement of IT infrastructure" (29.2%), indicating that emphasis is being placed on building a foundation for data-driven management using digital technology. In addition, "Digitization and automation of business processes" (28.9%), "DX strategy formulation and roadmap creation" (28.8%), and "Training and securing digital human resources" (28.8%) were also highly ranked, indicating the importance placed on efficient business operations and establishing a DX promotion system throughout the organization. On the other hand, "strengthening cyber security" (20.9%) and "utilizing cloud services" (16.2%) were ranked in the middle, indicating a certain degree of importance placed on efforts to strengthen infrastructure. The next step is to prepare for the development of growth strategies and value provision. In the future, companies will be required to leverage these foundations to enhance their competitive advantage.

(7) Key themes by company size: "new product and business development" for small and medium-sized enterprises (SMEs) and "global strategy formulation" for large companies!

Priority in mid- to long-term strategies | by company sizes

■ Large Companies ■ Mid-sized Enterprises ■ Small and Medium-sized Enterprises



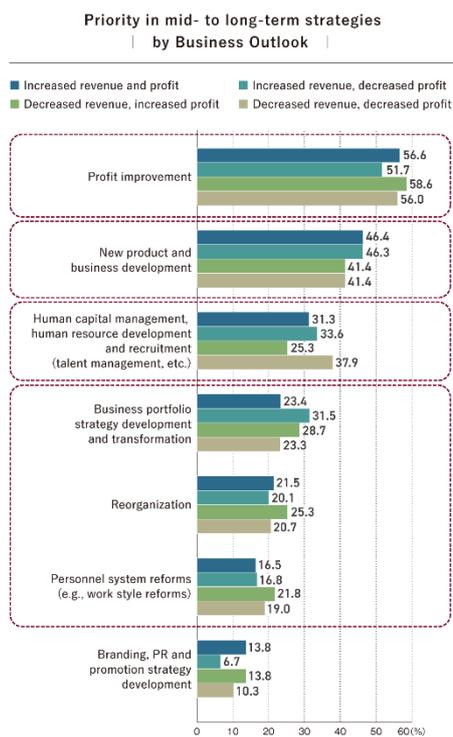
An analysis of key themes in the medium- to long-term strategy for FY2025 and beyond by company size shows that "improving profitability" is the most common issue for all company sizes, at 58.1% for large companies, 54.9% for mid-sized enterprises, and 55.9% for small and medium-sized enterprises (SMEs). This indicates that there is a growing need to review the profit structure and improve efficiency in order to ensure corporate growth and sustainability, regardless of the size of the company. On the other hand, "new product and business development" accounted for more than 40% of the responses among mid-sized enterprises and small and medium-sized enterprises (SMEs), while it was slightly lower among large firms at 35.5%. The larger the size of the company, the more likely it is to strengthen existing businesses and optimize its business portfolio. The difference is more pronounced in the area of "global strategy development," with large companies far outpacing small and medium-sized companies.

Furthermore, large and mid-sized companies outnumbered small and medium-sized enterprises (SMEs) in "building a successor management structure" and "complying with the Corporate Governance Code. In particular, "Corporate Governance Code compliance"

was prominent among large companies, at 21.8%. This indicates that listed companies, in particular, are emphasizing autonomous initiatives to achieve sustainable growth and enhance corporate value over the medium to long term.

While there are differences in challenges and growth strategies faced by companies of different sizes, we can infer that improving profitability and developing new businesses are common challenges for all companies. Among them, large and listed companies are more conscious of global expansion, sustainable growth, and medium- to long-term improvement in corporate value. (Companies with 2,001 or more employees are classified as large companies, companies with more than 100 to 2,000 employees as mid-sized enterprises, and companies with less than 100 employees as small and medium-sized enterprises (SMEs))

(8) Key Themes by Business Outlook: "New Product/New Business Development" and "Human Capital Management/Human Resource Development/Hiring" were highest among companies with higher sales and those with lower sales and profits, respectively.



Further analysis by earnings outlook reveals that "improving earnings" (51.7%-58.6%) accounts for the highest percentage of all earnings outlooks, indicating that strengthening the earnings base is a top priority for companies regardless of their earnings outlook. Next was "new product and business development" (41.4%-46.4%), a result that was of particular interest to companies with increased revenue and profits, and companies with increased revenue but decreased profits. This result may reflect the emphasis on investment in new businesses while pursuing growth potential. On the other hand, "Human capital management/human resource development and recruitment" (25.3%-37.9%) showed the highest percentage among companies with declining sales and profits (37.9%), suggesting the importance of securing and developing human resources in a severe business environment. In addition, "business portfolio strategy formulation/transformation" (23.3%-31.5%) was particularly high among companies with increased sales but decreased profits (31.5%), suggesting the possibility that these companies are reviewing their business structure to improve efficiency. On the other hand, "organizational restructuring" and "personnel system reform" were given low priority overall, but a

certain percentage of companies with declining sales and rising profits showed a certain level of interest, suggesting that they are part of efforts to improve efficiency.

These trends suggest that a diverse range of initiatives, including new business development and human resource strategies, are required, with profit improvement at the core. In particular, flexible strategic planning that takes into account the different challenges of each earnings outlook will be the key to success over the medium to long term.

3. Summary and Recommendations

(1) Achieve growth through company-wide penetration of the vision

Penetration of corporate vision is an important issue regardless of the size of the company. In particular, there is an urgent need to foster a sense of organizational unity by strengthening the sharing of the vision. Companies need to formulate a clear vision and strengthen strategic communication to ensure that it permeates through all employees.

(2) Enhance competitiveness of the organization by strengthening human capital

Improving the quality and securing the quantity of human capital is the source of a company's competitiveness. Organizational optimization is essential to maximize the use of limited management resources. Companies need to enhance their systematic human resource development programs and continuously upgrade the skills of their employees.

(3) Aim to improve profitability by reviewing profit structure

Profitability improvement is recognized as a top-priority management issue regardless of the size of the company. In particular, a fundamental review of cost structure and promotion of operational efficiency are urgent issues, and improving profitability in the short term is the key to sustainable corporate growth.

(4) Pioneering future growth through new business development

In new business development, the search for new market opportunities is an important issue.

Companies are required to establish new businesses that will serve as a future revenue base while strengthening the competitiveness of existing businesses. Based on effective market research and customer insight analysis, the development of innovative products and services must be strategically promoted, and it is important to create new business models through the use of open innovation and active collaboration with external partners, including those in other industries.

(5) Secure competitive advantage through DX

Strategic use of digital technology has become an essential element in improving operational efficiency and ensuring competitive advantage. In particular, the establishment of a foundation for data-driven management is positioned as a key issue in modern corporate management. By establishing an advanced data analysis and utilization system and promoting the development of an analysis infrastructure that supports decision-making based on scientific evidence, it is expected to improve the accuracy of management decisions and accelerate the decision-making process.

<Summary and Recommendations Author's Profile>



Tanabe Consulting Co.

Kazuki Hosoe, Executive Partner, General Manager, Strategic Research Institute

After graduating from university, worked in planning and sales for a trading company before joining the company. At the Osaka head office and Hokkaido branch office, he was engaged in consulting for large and medium-sized companies in the region. He is particularly strong in management reforms and management system construction in the school and education industries, and has experience in management reforms at universities, vocational schools, high schools, and children's preschools. He also specializes in the field of human resources, and is highly regarded for his consulting services to expand opportunities for all employees to play an active role by introducing systems that promote the active roles of elderly people and women, not to mention human resource development through the establishment of systems under the motto of "Developing people through human resource systems."

4. Related links

Download page for "Questionnaire on Corporate Management in FY2025"
URL

5. Survey summary

[Survey targets] Managers and executives who participated in our "Management Strategy Seminar 2025," as well as corporate managers, directors, executives, and persons in charge of corporate planning departments nationwide.

[Survey period] November 6, 2024 - December 20, 2024

[Survey Area] Nationwide

[Number of valid responses: 2,021 in total

*The composition ratios (%) in each chart are rounded to the first decimal place, so the total may not equal 100%.

About Tanabe Consulting Group (TCG)

Founded in 1957, TCG is a pioneer of management consulting in Japan with 67 years of history and achievements. Based on the management philosophy of "loving the company, working with the company, and serving the prosperity of the company," TCG has defined the value of contribution from the present to the future society as "Supporting the decision with love and changing the world. This is the value of our contribution to society from the present to the future."

Our main clients are top management (executives and leaders) from large corporations, medium-

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sized and mid-sized companies, and government/public entities, and we have assisted more than 17,000 companies since our founding.

In the area of management consulting, we have established a management consulting model that can provide comprehensive support for corporate management, from strategy formulation (upstream) to implementation and execution of management operations such as DX in the field (midstream to downstream), with close ties to local communities throughout Japan. Based on our client-centered philosophy of "All for Client Success," we provide "team consulting," in which multiple professional consultants are selected to form a team to meet the management challenges of each individual company. We provide "team consulting," in which several professional consultants are selected to form a team according to the management issues of each company.

Management Consulting

Strategies & Domains

Domain (industry-specific) strategy, philosophy/purpose, business model, medium- to long-term vision, sustainability management, global strategy

Digital

Business Model DX, Marketing DX, Management DX, HR DX

HR

Human Capital Management, Recruitment & Job Design, Academy (Corporate University), Top Management Development, DE&I Promotion

Corporate Finance

Corporate Value Vision, Holdings & Group Management, Business Succession & Business Continuity, Corporate Governance

M&A

Growth strategy M&A (strategy x growth M&A), business succession M&A (MIRAI succession), cross-border M&A, IPO/venture company support

Brand & PR

Branding, Strategic PR (domestic and international), Marketing, Creative & Design

Regions (10 regions nationwide)

Sapporo, Sendai, Niigata, Tokyo, Nagoya, Kanazawa, Osaka, Hiroshima, Fukuoka, Naha

Company Profile

Company name: Tanabe Consulting Group, Co., Ltd.

Rep: Takahiko Wakamatsu (President and Representative Director)

Established: October 16, 1957

Established: April 1, 1963

Capital: 1,772 million yen

Total number of employees: 804 (group-wide) *As of December 1, 2024

Listed on: Tokyo Stock Exchange Prime Market

Head office: 1-8-2 Marunouchi, Chiyoda-ku, Tokyo; 3-3-41 Miyahara, Yodogawa-ku, Osaka

