TANABE CONSULTING GROUP

Press Release

June 12, 2025
Tanabe Consulting Co.

<Tanabe Consulting survey>
More than 60% are positive about overseas expansion, but tend to be highly dependent on the domestic market.
Over the next three years, there are signs of positive developments in both new development and the deepening of existing markets.

Results of the "2025 Management Growth Investment Survey (Global) 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 the "FY2025 Survey on Management Investment for Growth (Global)," conducted** among corporate managers, executives, and senior management nationwide. **The results of the survey are as follows.**

1. Summary of Survey Results

(1) More than 60% of all companies are developing overseas business or intend to do so in the future. 43.2% of companies responded that they have already expanded overseas, and 18.3% responded that they have not expanded overseas yet but are considering doing so in the future, indicating a positive attitude.

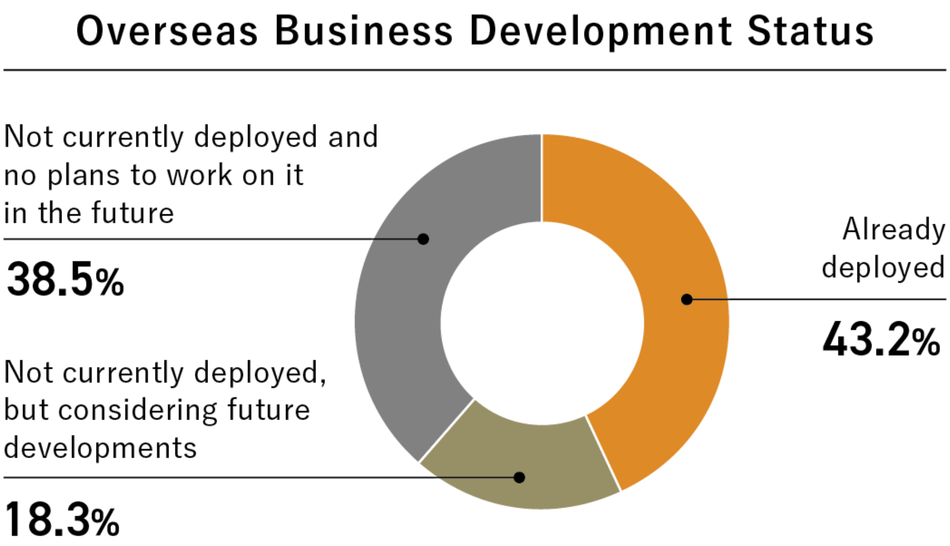
(2) Of the companies with overseas operations, the largest percentage (60.3%) answered that their overseas operations accounted for "less than 10%" of their total sales. It is clear that many companies are still highly dependent on the domestic (Japanese) market in terms of sales composition, and their overseas operations are positioned only as a supplement to the domestic market.

(3) With regard to their policies regarding overseas expansion and business advancement in FY2025 and over the next three years, 44.4% of companies responded "no plans for overseas expansion or advancement" in FY2025 and 40.2% over the next three years. On the other hand, 32.5% of companies chose "business expansion in existing overseas markets" in FY2025 and 33.1% over the next three years, showing a stable trend, indicating that although corporate awareness of overseas expansion is not uniform, positive trends are gradually spreading over the next three years, both in terms of new expansion and deepening existing markets.

For media inquiries, please contact: Yoshida & Shimizu, Corporate Planning Department (Public Relations), Tanabe Consulting Group, Inc.
tel:06-7177-4011 / fax:06-7177-4020 / MAIL:pr-tanabe@tanabeconsulting.co.jp

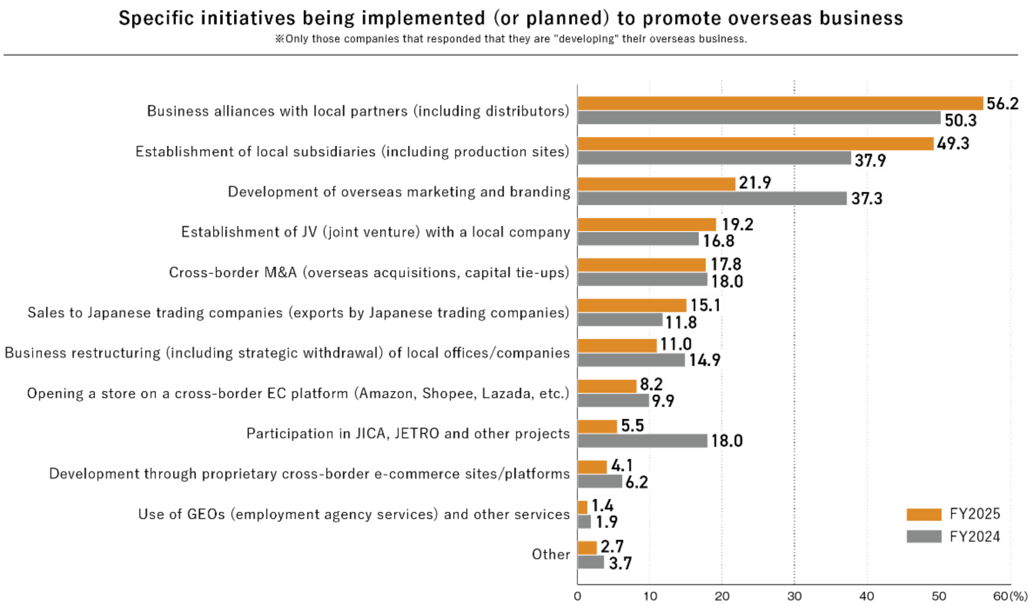
2. Details of Each Data

(1) More than 60% of all companies have already developed overseas business or intend to do so in the future.



The number of companies that have already developed overseas or intend to do so in the future exceeds 60% of the total, indicating a certain level of expansion. 43.2% of companies responded that they have already developed overseas, and 18.3% responded that they are not currently developing overseas operations but are considering doing so in the future, indicating a positive attitude. On the other hand, 38.5% of the companies answered that they "have no plans to overseas expansion," indicating that there is a gap between companies in terms of their interest in and commitment to overseas expansion.

(2) More than half of the respondents answered that their specific measure to promote overseas business is "business alliances with local partners (including sales agents)! They are trying to utilize local networks.

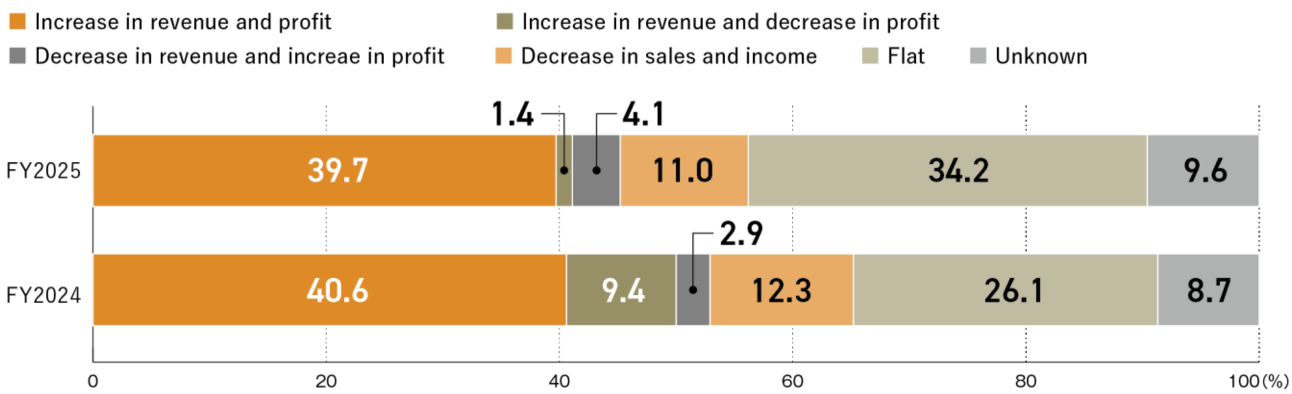


Companies that are developing overseas operations are using a combination of various methods to promote their overseas operations. Of these, "business alliances with local partners (including sales agents)" was the most frequently cited initiative (56.2%), indicating that more than half of the companies are utilizing local networks. This is an increase from the previous year (50.3%), indicating that cooperation with reliable partners is recognized as the key to accelerating business development in overseas markets. This was followed by "establishing a local subsidiary (including a production base)" (49.3%), also up significantly from the previous year (37.9%). The trend to strengthen business foundations by localizing sales and manufacturing bases is accelerating, indicating that companies are "going local" in order to restructure their supply chains and respond quickly to local needs.

(3) About 40% of the respondents answered that they expect "increase in revenue and profit" from overseas business.

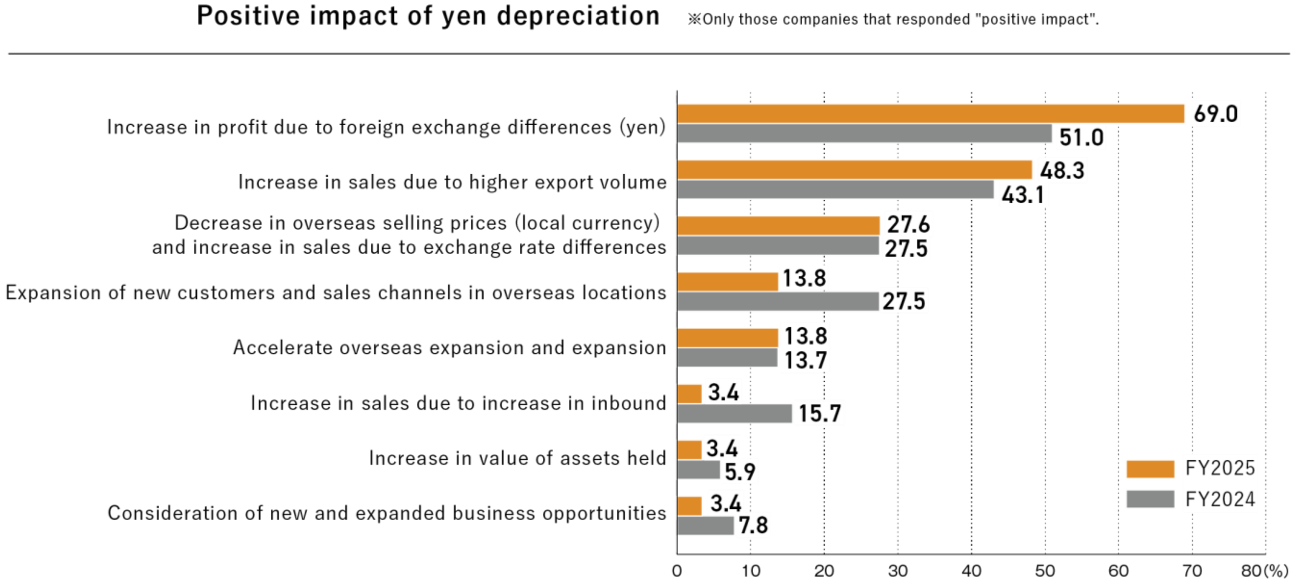
Outlook for Overseas Business Performance in the Current Fiscal Year

※Only those companies that responded that they have overseas operations.



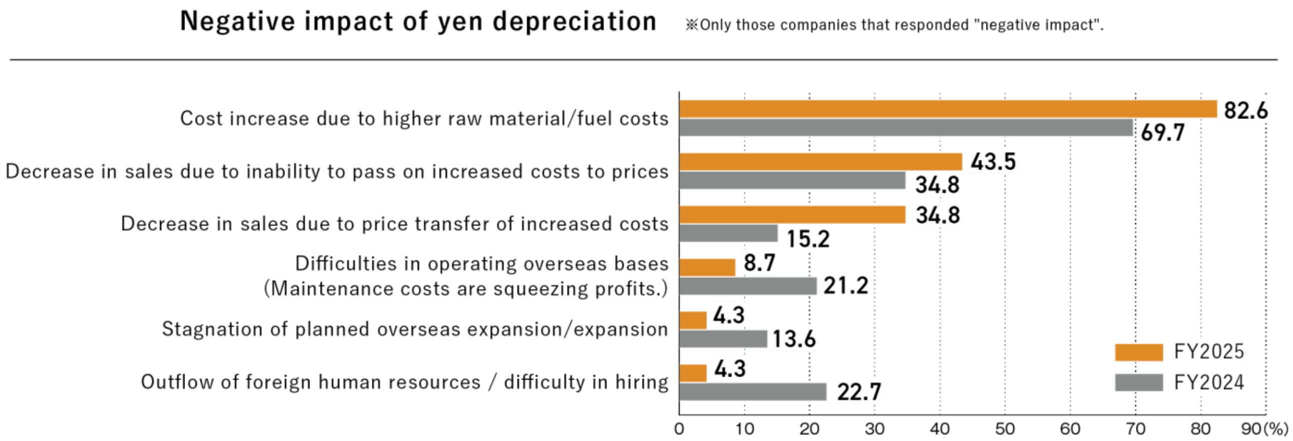
Regarding the outlook for overseas operations, the largest percentage of companies (39.7%) answered that they expect both revenue and profit to increase, remaining at about the same level as in the previous year (40.6%). About 40% of companies expect to maintain growth, indicating a certain level of solidity. On the other hand, 34.2% of companies answered that they expect their business performance will remain "flat," up 8.1 points from the previous year (26.1%), indicating an increasing trend toward flat performance. Only 11.0% of respondents expected a "decrease in revenue and profit" and 4.1% expected a "decrease in revenue and increase in profit," indicating that only a small percentage of companies anticipate a significant deterioration in their business performance. Only 1.4% of respondents expected an "increase in revenue and decrease in profit," a significant decrease from the 9.4% of the previous year.

(4) About 70% of the respondents answered that the positive impact of yen depreciation was "increase in profit (yen) due to exchange rate differences.



The most frequently cited positive impact of the yen's depreciation was "increase in profit (yen) due to foreign exchange differences," at 69.0%. This is a significant increase from the previous year (51.0%), indicating that accounting foreign exchange gains are contributing to corporate earnings. This was followed by "increased sales due to increased export volume" (48.3%) and "lower overseas sales prices (local currency) and increased sales due to exchange rate differences" (27.6%), both of which are linked to increased sales through increased price competitiveness due to the weaker yen. On the other hand, "expansion of new customers and sales channels overseas" (13.8%) and "sales increase due to increased inbound sales" (3.4%) declined significantly from the previous year, suggesting a lull in the short-term profit boost from the weaker yen. The reality is that this has not led to a structural expansion of demand.

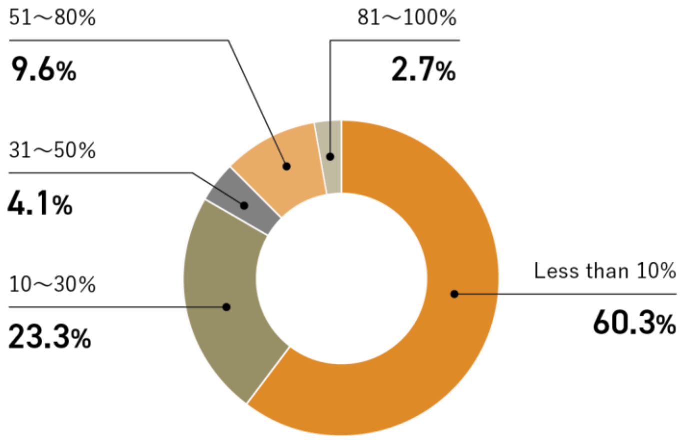
(5) More than 80% of respondents answered that the negative impact of the yen's depreciation was "increased costs due to higher raw material/fuel costs.



The most common negative impact of the yen's depreciation was "cost increase due to higher raw material/fuel costs" (82.6%). This was followed by "Profit decrease due to inability to pass on increased costs to customers" (43.5%) and "Decrease in sales due to price pass-on" (34.8%), indicating that rising procurement costs are putting pressure on corporate profits. The negative impact of the yen's depreciation on profitability is manifested as damage to the cost structure. This is a particularly serious issue for companies that handle products and raw materials that are highly dependent on imports. On the other hand, "Difficulty in operating overseas bases (maintenance costs squeezing profits)" (8.7%), "Stagnation of planned overseas expansion" (4.3%), and "Outflow of foreign human resources and difficulty in hiring" (4.3%) decreased significantly from the previous year, indicating that the confusion over human resources and operations caused by the weak yen has subsided.

(6) More than 60% of respondents answered that overseas business sales accounted for "less than 10%" of total sales. The sales composition remains strongly dependent on the domestic (Japanese) market.

Ratio of overseas business sales to total sales ※Only those companies that responded that they have overseas operations.



When companies with overseas operations were asked about the percentage of their total sales accounted for by their overseas operations, the largest percentage (60.3%) answered "less than 10%. It is clear that many companies are still highly dependent on the domestic market in terms of sales composition, and their overseas operations are positioned only as a supplement to the domestic market.

On the other hand, 23.3% of the companies in the "10～ 30%" category are positioned as a segment where a certain contribution to earnings can be seen. This is a phase in which overseas operations are beginning to get into full swing, and it can be inferred that this is a phase that could serve as a starting point for future growth, such as the development of new bases and the expansion of trading partner countries. Only 4.1% of companies responded "31～ 50%," indicating that only a few companies have an overseas sales ratio of nearly half of the total. This segment stands in a position where it is required to flexibly reconfigure its portfolio in response to domestic and international market conditions.

(7) "Securing global human resources (business promoters)" was the top priority for more than half of the respondents!

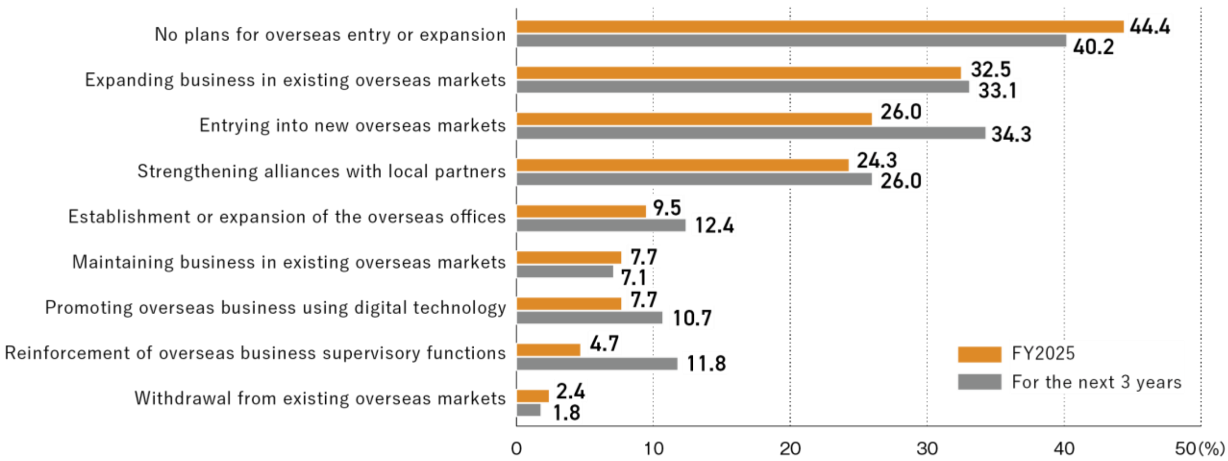
Priority themes to be addressed in FY2025in considering and promoting overseas business strategies
※Answers only for companies with overseas operations

Securing global human resources (business promoters)" (52.1%) was the most prioritized theme in considering and promoting overseas business strategies. Although the percentage decreased slightly from the previous year (60.2%), it continues to be positioned as the most important issue. The next most common response was "developing local partners and alliances" (46.6%), indicating that the need to deepen cooperation with external partners in local sales, procurement, distribution, and other areas is recognized as a realistic means of promoting overseas business.

On the other hand, "compliance with regulations, legal systems, and business practices in each country" (52.8% in FY2024) and "understanding the global market" (52.2% in FY2024), which were the top responses in FY2024, decreased significantly to 34.2% and 23.3%, respectively, in FY2025. As more companies have made some progress in prerequisite tasks such as understanding the system and market research, this is thought to be due to a shift to the implementation stage. The items of "increasing recognition in the global market" (21.9%), "building a supply chain/logistics network that responds to geopolitical risks" (11.0%), and "localization of business/organization" (11.0%) also declined significantly from the previous year. It can be seen that the priority of the theme has shifted from "preparation of environment" to "securing partners”.

(8) More than 40% of respondents answered that they have no plans for overseas expansion or advancement. Policies regarding overseas expansion and advancement tend to be polarized.

Policy on Overseas Expansion or Expansion



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Looking at overall policies regarding overseas expansion in FY2025 and over the next three years, we see a polarizing trend in the stance of companies. First, 44.4% of companies answered that they have "no plans to expand or advance overseas" in FY2025 and 40.2% in the next three years, indicating that about 40% of companies are still reluctant to do so.

On the other hand, there are also a steady number of companies that are showing positive trends toward developing and strengthening their overseas business operations. Companies that chose "Expanding business in existing overseas markets" showed a stable trend, with 32.5% in FY2025 and 33.1% over the next three years, indicating a continued trend toward increasing presence and expanding transactions in regions where they already have a presence. The percentage of respondents who will "expand into new overseas markets" also rose to 26.0% in FY2025 and to 34.3% over the next three years, indicating the desire of companies to seek new growth opportunities. While corporate attitudes toward overseas expansion are not uniform, there are signs of a gradual expansion of positive trends over the next three years, both in terms of new expansion and deepening existing markets.

3. Summary and Recommendations

(1) Optimize resource allocation through “selection and concentration”

In particular, mid-sized enterprises and small and medium-sized enterprises (SMEs) are required to clarify which countries/regions and business areas should be prioritized and concentrate their investments there, based on a comparison of their strengths and the external environment, rather than dispersing their limited human and financial resources. This will enable the company to establish a competitive advantage and realize efficient resource allocation.

(2) Build a business model from a “medium- to long-term perspective”

The goal should be to create a structure that generates sustainable profits through value provision in local markets, brand building, and supply chain enhancement, without relying on external factors such as exchange rate fluctuations. By building a business model from a medium- to long-term perspective, rather than focusing on short-term results, we can ensure the stability and growth of our overseas operations.

(3) Formulation of management plan

It is important to incorporate the policy of selection and concentration and the establishment of a medium- to long-term business model into a concrete management plan. Based on market research and competitive analysis, it is necessary to clarify target setting, budget allocation, and risk management, and establish a system that enables management to make decisions consistently. In addition, a system must be established to regularly monitor the progress of the plan and make revisions in a flexible manner.

(4) Prepare action plans to steadily implement the management plan

In order to put the management plan into action, it is important to formulate specific action plans and ensure their feasibility at the field level. For example, it is necessary to clarify specific measures at the practical level, such as strengthening cooperation with local partners, assigning dedicated human resources, and developing decision-making processes at overseas offices. Furthermore, the PDCA cycle must be thoroughly implemented to quickly resolve issues at the execution stage.

(5) “Global human resources” development

While it is important to promote the hiring of immediate human resources who will play a central role in overseas operations, the training of existing employees must also be emphasized.

Systematically developing human resources who understand local conditions and are capable of managing in a multicultural environment will determine a company's ability to expand globally. In particular, mid-sized enterprises and small and medium-sized enterprises (SMEs) require a flexible human resource development strategy that combines the use of external organizations and in-house training. This will enable the entire organization to strengthen its ability to respond to globalization.

Author's profile

Koichi Murakami
Managing Director
Tanabe Consulting Co., Ltd

Koichi started his career as a member of a venture capital firm, providing wide-ranging services including strategy planning, marketing, and feasibility study support to various venture companies. He has a track record of supporting international industry-academia collaboration projects: he has supported a Japanese manufacturer establish and operate a local plant in Australia; and helped a U.S. university spinoff cultivate the Japanese market through technology licensing. After joining Tanabe, he has been engaged in various consulting projects primarily focused on business strategy planning, covering areas including business model planning, new business development, and M&A due diligence. He has earned tremendous trust by guiding clients through case studies of highly profitable and excellent companies. He is a certified Small and Medium Enterprise Management Consultant.

Kojiro Mifune
Manager, Global Business Consulting
Tanabe Consulting Co., Ltd

Kojiro was in charge of account and solution sales for various enterprises at a major Japanese IT company. He was seconded to a US group company in the overseas business division, where he was involved in supporting and improving the IT infrastructure of local Japanese companies. After returning to Japan, he participated in the establishment of the Japanese base of a US startup, and was in charge of marketing and developing new customers. After joining Tanabe Consulting, he was in charge of overall coordination related to collaboration with group companies and the promotion of internal projects, with the aim of expanding consulting services overseas.

4. Related Links

Download page for "FY2025 Management's Investment for Growth Questionnaire (Global)
URL: https://www.tanabeconsulting.co.jp/vision/document/detail73.html

5. Survey Summary

[Survey targets] Company owners, directors, executives, etc. nationwide
[Survey period] March 3, 2025 - March 31, 2025
[Survey Area] Nationwide
[Total number of valid responses: 169
*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, listed on the Tokyo Stock Exchange Prime Market. Based on the management philosophy of "loving the company, working with the company, and serving the prosperity of the company," Through the capital and business alliance with Peace Mind, we become a management consulting group with approximately 900 professional personnel in 8 group companies. Our main clients are top management of large, mid-sized enterprises and small and medium-sized enterprises (SMEs) in Japan and abroad, and we have supported more than 17,000 companies since our establishment.

We call our one and only management consulting model "team consulting", which provides comprehensive support from strategy formulation to management implementation such as digital, DX, HR, finance, M&A, brand & PR, etc., through a "top management approach". We are expanding our business from a local presence in Japan to the global market.

Company Profile

Company name: Tanabe Consulting Group Co.,Ltd.
Rep: WAKAMATSU Takahiko (President and CEO)
Established: October 16, 1957
Capital: 1,772 million yen
Sales: 14,543 million yen *Fiscal year ending March 31, 2025
Operating income: 1.5 billion yen *Fiscal year ending March 31, 2025
Total number of employees: 809 (group-wide) *As of May 1, 2025
Listed market: Tokyo Stock Exchange Prime Market
Head office: 1-8-2 Marunouchi, Chiyoda-ku, Tokyo; 3-3-41 Miyahara, Yodogawa-ku, Osaka
Office locations: Nagoya, Fukuoka, Sapporo, Sendai, Niigata, Kanazawa, Hiroshima, Okinawa