



Japanet Holdings

A JOURNEY OF EVOLUTION: FROM MAIL-ORDER PIONEER TO GLOBAL VENTURES
DRIVING SOCIAL IMPACT

Japan's economic landscape boasts a record current account surplus of JPY 12.71 trillion in the first half of FY23, alongside a significant fifteenfold increase in the travel surplus to JPY 1.65 trillion. Driven by substantial foreign investment and a weakened yen, this signifies Japan's escalating globalization and revival as a global tourism hub post-pandemic.

To sustain robust economic growth amidst a declining workforce, Japan prioritizes enhancing female employment and regional revitalization. The 2016 Regional Revitalization Law offers subsidies to bolster local areas through government-led or independent projects. Japan aims to attract people and businesses to rural regions, leveraging its scenic beauty and exceptional infrastructure to spur local economies via increased inbound and domestic tourism, including cruise tours and sports events.

Japan's top-notch infrastructure favors mail-order and e-commerce retailers, with FY21's e-commerce market hitting JPY 11 trillion, growing at an average annual rate of 8% over the last decade. Concurrently, the mail-order market doubled since 2012, standing at JPY 11.46 trillion, driven by a multi-channel approach embraced by numerous businesses.

Founded in 1986 by the visionary businessman and marketing pioneer Akira Takata, Japanet, through its group company Japanet Takata, has become synonymous with mail order in Japan. The company is famous for its "selective focus" approach, which refines quality and service by narrowing down products to provide customers with the best options on the market. Over the past decade, Japanet has successfully diversified its business portfolio by applying its "selective focus" approach cultivated through mail-order sales to cruise travel and sports businesses, resulting in a revenue growth up to 248.7 billion yen in 2022.

Notably, a significant initiative in this diversification is the private sector-driven sports-centric regional revitalization project in Nagasaki. At its heart lies Nagasaki Stadium City—a sprawling complex set to encompass a soccer stadium, arena, offices, hotels, and commercial facilities across a 7-hectare site, brimming with innovative concepts.

"Our mission is to harmonize the needs of our business partners and the talented individuals within local communities, who craft exceptional products, centered on the purpose of enriching our customers' lives and delivering the joy of living in the present moment," explains Japanet's President & CEO, Akito Takata.

Japanet originated as a single camera store in Nagasaki, where Akito's father, Akira, specialized in selling cameras and providing photo development services. Adopting a genuinely customer-oriented approach, Akira became a prominent figure in the community, known for his expertise in cameras and his hands-on involvement in all aspects of the business, including marketing. In 1990, showcasing his entrepreneurial spirit, Akira served as MC on a radio shopping program on NBC Nagasaki Broadcasting, a move that laid the foundation for the launch of Japanet's mail-order business.

Building on this momentum, in 1994, Akira made appearances on a series of TV shopping programs produced by Japanet, expanding the company's reach to a larger audience. Further evolution occurred in 2000 when Japanet expanded its operations to include an e-commerce site and in 2001, established a large-scale logistics center to cope with growing sales demands. They have grown the business by constantly imagining the lives of customers such as selling sets of accessories so that they can be used immediately when they arrive, and covering fees for installment plans



Akito Takata
President & CEO

In 2015, Akira stepped down, passing the reins to Akito. Reflecting on this transition, Akito shares, "My time working with my father was exciting, but it was also overwhelming. Inheriting my father's love and passion for our products, I have worked hard to ensure that our customers have confidence in our products. Refine the products and services that we can deliver. As a call center manager, I focused my efforts on the fundamental purpose of the business: providing the highest quality customer service possible."

One of Akito's initial initiatives was to establish after-sales service, including repairs for home appliances sold on Japanet Takata, making it one of the pioneers in the mail-order industry to offer such a service. "Our dedicated repair team handles everything, from initially addressing customers' phone calls reporting issues to the actual repair process," notes Akito. He emphasizes that Japanet Takata's strong position in the market is due to its in-house approach, where it takes responsibility for all aspects of quality, from product purchasing to after-sales service. This allows the company to swiftly address customer inquiries. He also mentioned

that their "selective focus" style, which involves narrowing down products and handling them in large quantities, enables them to further refine quality. Typically, repairs are directed to the manufacturer, but by managing repairs within Japanet, they can accurately pinpoint areas requiring improvement in future product versions and continue enhancing products in collaboration with the manufacturer.

Furthermore, not only does the company provide after-sales services, but it also handles installations for large household appliances within its own group. Particularly notable is its performance in air conditioners, with sales reaching approximately 493,000 units in 2022, accounting for approximately 5.4% of the market share. Mr. Akito emphasizes that customer satisfaction can be immensely improved through selective focus measures.

Japanet continues to evolve into a new business entity, with mail-order business at its core. One notable initiative that has already been undertaken is the cruise business. Venturing into travel in 2017, the company secured a Class 1 Travel Business License, enabling the planning and execution of comprehensive Japan-exclusive tours. Akito emphasized, "In our cruise business, our enduring "selective focus" philosophy remains intact. We are elevating service quality by exclusively chartering large cruise ships and refining our tour offerings to provide a tailored experience."

This entrepreneurial leap into the cruise business reflects Akito's visionary leadership and commitment to innovation. The inspiration for this endeavor originated from an employee's suggestion, showcasing Akito's openness to fresh ideas and his willingness to explore unconventional paths. This strategic diversification underscores not only Akito's entrepreneurial spirit but also Japanet's proactive approach to exploring innovative avenues for growth and community impact. Akito's leadership style is characterized by a dynamic and forward-thinking approach that continues to drive Japanet toward exciting and diverse ventures.

"We recently partnered with MSC Cruises, a European cruise company, to charter a large cruise ship," says Akito. "In the past year, we conducted 13 charters of MSC Bellissima, attracting around 44,000 passengers. By organizing multiple tours with the same ship and itinerary, we've significantly enhanced our staff's expertise and skills. Swift resolution of identified issues in subsequent tours has notably improved our product's quality and appeal. Every detail matters, from boarding procedures to onboard information displays and even the flavor of the miso soup, tailored to satisfy Japanese tastes on a foreign vessel.



Our success stems from our "selective focus" and in-house approach, prioritizing and adapting to our customers' expectations and needs. Initially achieving a 70% satisfaction rate on our maiden tour in 2023, we diligently listened to feedback. With continual enhancements, we achieved a remarkable 95% satisfaction rate by the 10th tour."

Approximately 80% of the participants on the company's cruise offerings are first-time cruisers, indicating an indisputable expansion of Japanet's presence in the domestic cruise market. Mr. Akito unveiled the group's aspirations to extend its cruise business to the United States. As part of a strategic initiative to introduce Japanet's cruise business to a broader global audience, the company is progressing with plans to debut its inaugural tour in late March of the current year.

Apart from the mail-order business, Akito has established another cornerstone of the company known as the "sports and regional revitalization business". In 2017, Japanet acquired full ownership, stepping in to resolve the business crisis faced by V. Varen Nagasaki, a J2 professional soccer club that the company had sponsored for eight years. Akito serves as the representative director and president of this club. Moreover, with ambitions to join the B League by 2021, Akito spearheaded the establishment of Nagasaki Velca, marking Nagasaki's inaugural professional basketball club. Notably, construction is underway for Nagasaki Stadium City, an elaborate complex centered around the home stadium and arena for both clubs.



Nagasaki Stadium City is located a 10-minute walk from Nagasaki Station and consists of facilities centered around a soccer stadium. It includes a versatile arena suitable for basketball games, concerts, and other events, open layout offices, commercial facilities, hotels, and other surrounding amenities. It is a state-of-the-art soccer stadium designed allowing fans to sit 5 meters from the pitch, close to the action. The entire project has been meticulously crafted from the visitor's perspective, emphasizing an immersive and enjoyable experience.



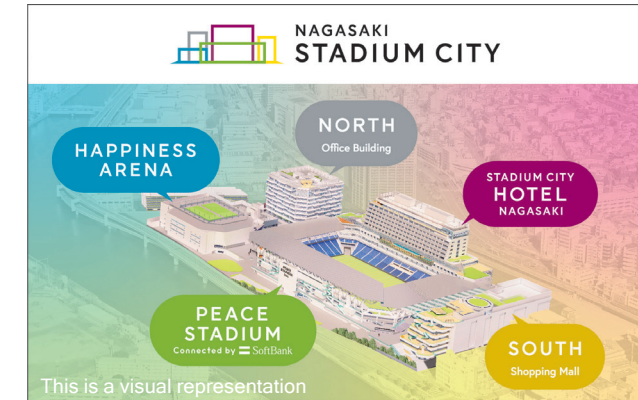
Mr. Akito emphasized that this Japanet project is a rare initiative led by the private sector. This initiative is being promoted through partnerships with prominent companies such as Softbank and Coca-Cola, and represents Japanet's innovative, forward-thinking, and in-house approach to revitalizing Nagasaki. "Normally in Japan, projects of this nature are supervised and completed by the government, but we have confidence in our ability to overcome

this challenge," stated Mr. Akito. As there are only about 20 home soccer matches annually, this project is strategically designed to host various other events. This includes unique attractions such as a zip line above the stadium, captivating laser shows, and projection mapping inspired by the famous Bellagio fountains in Las Vegas, offering enchanting views visible from hotel rooms to guests.

Moreover, with convenient access from Nagasaki Airport and the newly inaugurated West Kyushu Shinkansen, enhancing its appeal as a hub for tourism and shopping, the plan aims to further elevate the attractiveness of Nagasaki as visitors to Nagasaki Stadium City also explore the city, contributing to the revitalization of the entire region.

As of November 2023, the project is over halfway complete, with less than a year until the grand opening on October 14, 2024. The opening of Nagasaki Stadium City stands as a significant milestone in Japanet's ambitious endeavors.

Mr. Akito reportedly realized during his inspection that the sports business



is thriving in overseas clubs, where many spectators visit stadiums in small towns, contributing to regional vitality, education, and cultural formation. He mentioned, "I don't see a reason why things achieved abroad cannot be done in Japan. If everyone says it's difficult, then let's take on the challenge ourselves." This statement was made while considering Nagasaki, situated at the western edge of Japan, with a total project cost exceeding 90 billion yen.

The success of regional revitalization through Nagasaki Stadium City may pave the way for similar initiatives in other regions. Japanet is a crucial contributor to the revitalization of Japan as a whole and aims to actively disseminate information about this project.

Additionally, Akito has been devoted to organizational development to accelerate this business growth. Succeeding his father, Akito has evolved the work environment into a balanced, comfortable space that fosters self-driven project management among employees, emphasizing both productivity-enhancing discipline and the desire for a fulfilling life. Japanet recognizes adaptability as the key to success and has consistently embraced change. His presidency not only reflects industry transformations but also emphasizes initiatives for employee well-being.

"We have aimed to create an atmosphere where employees can enjoy self-improvement while maximizing productivity," states Mr. Akito. Notably, Japanet holds a leading position in the industry concerning maternity leave. "One-third of our managerial positions are held by women, doubling the national average. We support maternity and childcare leave for employees, including executives. Japanet hopes that passionate employees will continue to work with us for an extended period. When considering many years of service, the perception of maternity and childcare leave as tough persists, despite the relatively short duration. We believe that the experience of raising children contributes significantly to the personal growth of our employees."

Overall, Japanet's philosophy and commitment to the in-house, "selective focus" approach and employee inclusivity are the roots of its success. Under Akito Takata's visionary leadership, Japanet stands as an emblem of innovation and community revitalization, setting an inspiring standard for forward-thinking businesses in today's dynamic global landscape.

