

JAPAN MARKET ROUNDTABLE

AGENDA 9:15 – 10:15 AM

- Japan Health & Wellbeing market
- Tokyo Olympics
Pavillion @ Embassy of Finland
- Open discussion and Q&A



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WEBINAR
Health Tuesday (April 2020)
Japan case

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Business Finland Tokyo Office
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(7th April, 2020)

Healthcare industry in general, Japan

- Opportunities in Japan could be for Pharmaceutical industry and Digital Healthcare.
- Pharmaceutical industry has chances by exporting, licensing out/in, research cooperation & CRO with Invest-in opportunity.
- Digital Healthcare industry could be used for Prevention care, AI/IoT elderly care, Digitalized patients' record and General Healthcare promotion work.
 1. Japanese government's initiatives in digital healthcare are limited to the medical field, and there are no policies that focus on health promotion or preventive medicine.
 2. However, an action plan for preventive care using digital technology has been proposed.
 3. On the other hand, some private companies are using services to diagnose and treat life logs in cooperation with medical institutions.
 4. In addition, services for extending healthy life expectancy have begun, including the services that provide a health promotion menu optimized from individual user life logs and services that provide health guidance.

Short summary of pharmaceutical market in Japan

- Japanese pharmaceutical companies are expected to get global market's demand in the lack of prospects for growth in the domestic market.
- Japanese companies are lagging behind European and American pharmaceutical companies in terms of scale and speed of innovation.
- There is concern that Japanese companies' presence will decline in the medium term.
- Japanese companies will be required to survive by developing new drug to accelerate their entry into global markets.
- Need to strengthen their continuous pipeline to create innovative new drugs.

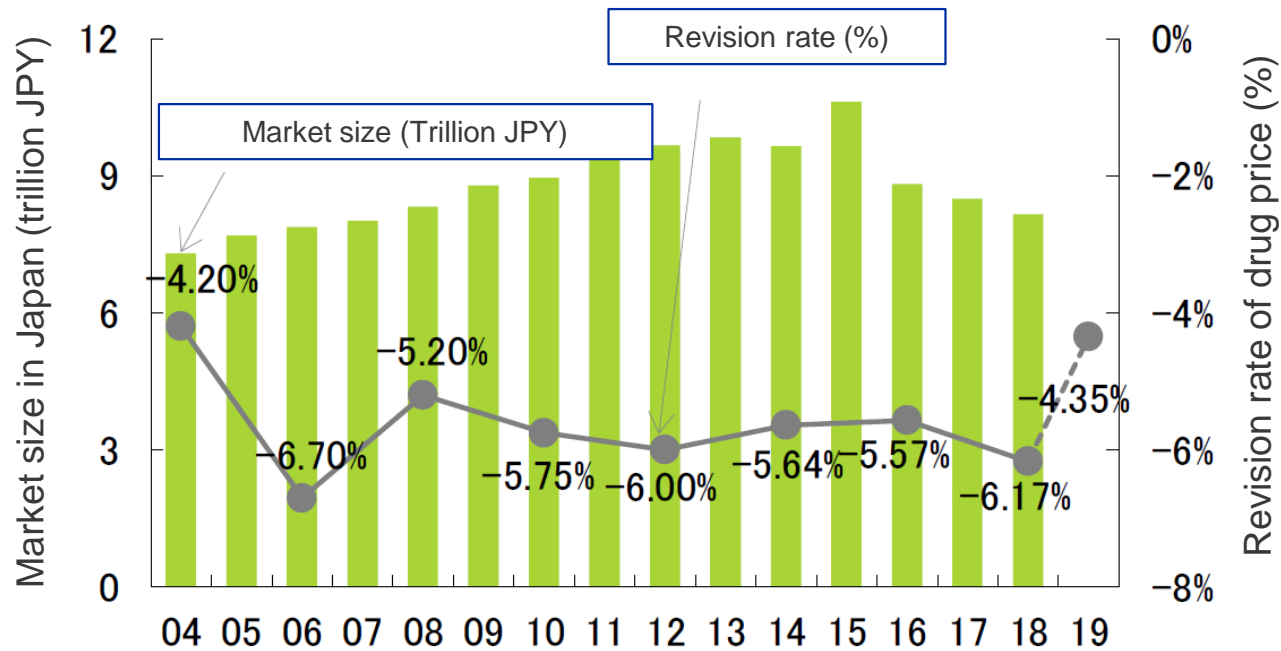
Table; Size of market in Japan

		2019 Prospect	2020 Estimate	2024 Estimate
Market in Japan	Billion JPY Change for previous year	107698 --	106040 - 1,5%	101699 --
Export	Billion JPY Change for previous year	5081 --	5335 + 5,0%	6485 --
Import	Billion JPY Change for previous year	24816 --	25238 + 1,7%	26998 --
Production in Japan	Billion JPY Change for previous year	90672 --	89284 - 1,5%	83711 --

Source; Mizuho Bank report 2019

Drug price revision policy influences negatively

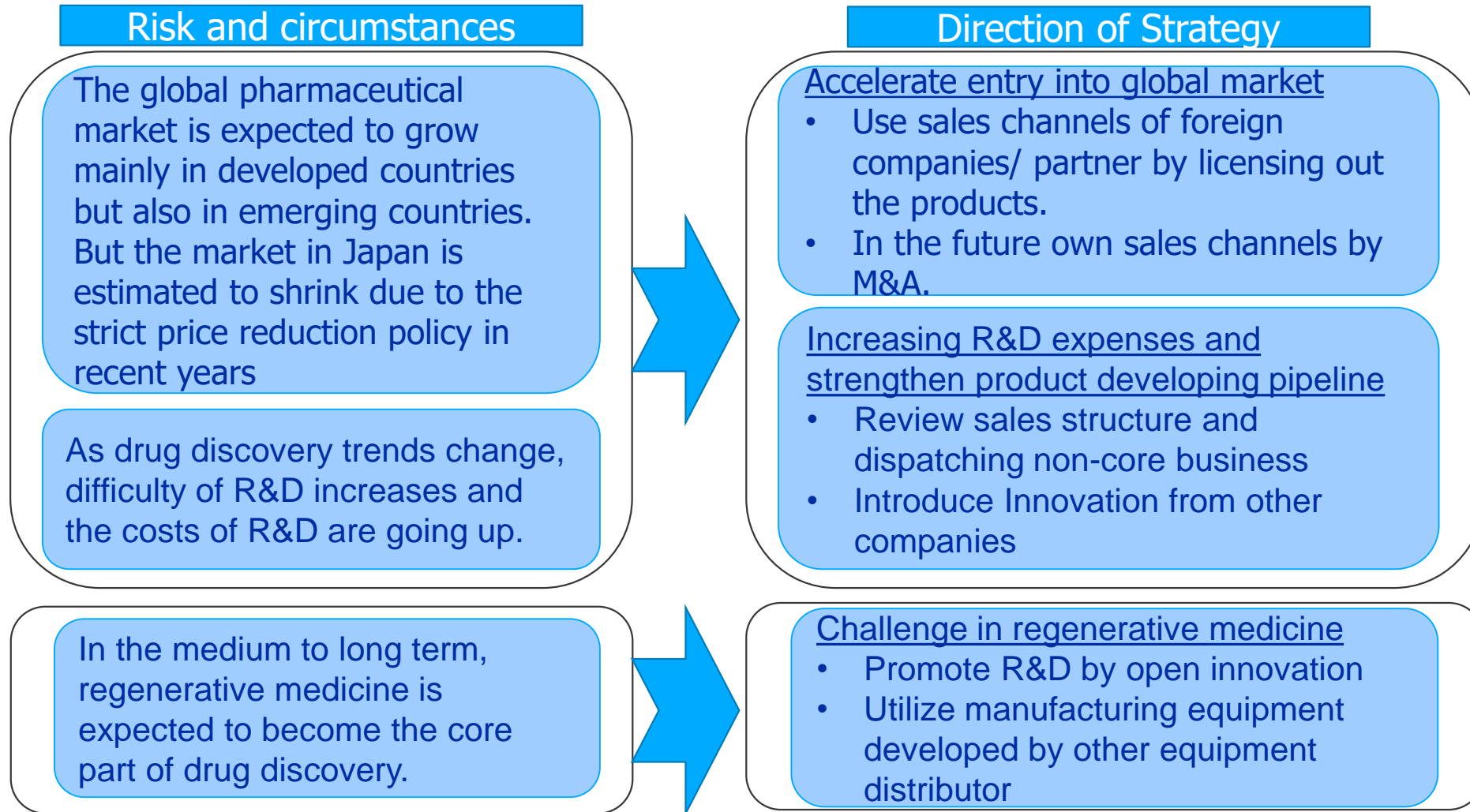
Fig.; Drug pricing revision rate



Source; Sumitomo Mitsui Bank report 2019

- The consuming of medicine continues to increase in Japan because of aging society.
- Japanese government is revising the drug pricing system to keep medical costs down, at the same time of promoting the use of generic medicine.
- As a result, the market in Japan has shrunk since 2015, and the drug price has been reduced due to the drug price revision.
- Business environment for manufacturers has become increasingly severe.

Japanese pharmaceutical companies' business circumstances and their strategy



Key market drivers in Japan; sales

Table; Major player in Japan (2018 F. year)

	Company	Annual sales (Billion JPY)	Income (Billion JPY)
1	Takeda Pharma.	20 972	2 050
2	Astellas	13 063	2 439
3	Otsuka Holdings	12 920	1 083
4	Daiichi Sankyo	9 297	837
5	Eisai	6 001	772
6	Chugai	5 798	1 243
7	Sumitomo Dainippon Pharma.	4 593	579
8	Mitsubishi Tanabe Pharma	4 248	503
9	Kyowa Kirin	3 465	587
10	Shionogi	3 637	1 385

Source; Sumitomo Mitsui Bank report 2019

Key market drivers in Japan; Investment

Table; Examples of major M&A case (July 2018 – August 2019)

	Company	Target company	Acquisition price
Aug. 2018	Otsuka Holdings	Visterra (US)	4,3 billion USD
May 2019	Taisho Parma Holdings	Duoc Hau Giang Pharmaceutical JSC (Vietnam)	160 billion JPY
July 2019	Taisho Pharma	UPSA SAS (France)	16,2 billion USD
Aug. 2019	Fuji film Holdings	Biogen Manufacturing (Denmark)	890 million USD

Source; Sumitomo Mitsui Bank report 2019

Investment Trends in Japan

- Japanese invested 2.3B EUR (40% for overseas startups) in 2018
- Corporates are more active investors than VC/CVCs
- Early stage startups have most chance to get investments
- Ave. Invest. size to overseas "health" startup is 2.2MEUR
- "Health" sector investment may be more domestic focus

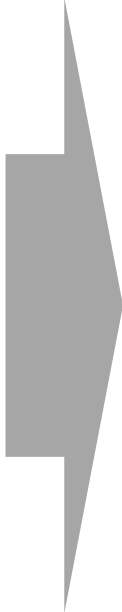
Invest In - Success Case, 2019



Nightingale

KIRIN

Nightingale
Announces Strategic
Partnership with Kirin
and Mitsui to Bring
Nightingale's
Internationally
Recognised Blood-
Testing Services to
the Japanese Market

- 
- Launch blood-testing service
 - Develop novel wellness products
 - Minority equity investment

Invest In - Success Case, 2019 (cont)

Key Success Factor

- ❑ Pursue NOT only today's product sale BUT **future co-development**
- ❑ Negotiate investment not for money but for a **sign of commitment**
- ❑ BF could reach a very **right person** at Mitsui/Kirin → Need a good luck

Tips for seeking JP investor 1/3

- ❑ Japanese investors want **compelling stories** from startups: **why seek investment from Japan**, e.g.,
 - Will become a leader in Japan, then expand to Asia
 - Strengthen collaboration with Japanese partners

Tips for seeking JP investor 2/3

- **Step by step approach** may work well. Do not rush!
 - **Take an intermediate step, e.g. R&D/channel collaboration**
 - **Well documented offering** helps a lot to move JP investors - *they do not appreciate "please see the website".*

Tips for seeking JP investor 3/3

❑ **Business Units or Corporate div. of JP companies** make larger decision than their CVCs.

- CVCs (and VCs) tend to want local investor partners in Finland first, while BUs or corporate may proceed by themselves
- Shall appeal to the companies **strategic collaboration not just limited to fund raising**

Business Finland Japan

- ❑ **Provide holistic support, from export to invest-in.**
- ❑ **Help you seek or tap into investors in Japan, by “localizing” your message to potential investors**
- ❑ **Nordic Innovation House# starts in Tokyo from 2H/2020.**

Provide soft-landing support, e.g. office /co working space, networking,...

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TYPICAL MISUNDERSTANDINGS ABOUT JAPAN

- **SIZE – EACH ECONOMIC REGION IS “A COUNTRY”**

- SEGMENTATION & FOCUS

- **TRUST AND RISK AVOIDANCE**

- STEP BY STEP, REFERENCES, RELATIONSHIP BUILDING

- **HUNTERS VS. FARMERS (HUNTING DOES NOT WORK)**

- VALUE OF CUSTOMER RELATIONSHOPS, LIFE CYCLE THINKING,

- PILOT PROJECTS = COMMITMENT

- **JAPANESE ARE DETAIL & CONCRETE (FINNS; CONCEPTUAL THINKING, “TALKING ABOUT FOREST”)**

- SHOW YOUR CONCEPT IN PRACTISE, MAKE A PROPOSAL, LISTEN FEEDBACK AND ADJUST

- **HIERARCHY & COLLECTIVE THINKING**

- CONSENSUS IN DECISION MAKING, OFFICIAL VS. REAL, BE PATIENT

JOIN METSÄ PAVILION IN TOKYO 2020

Is Japan your target market?

If yes, use this opportunity in Tokyo 2020

- Business Finland and partners build a wooden pavilion to the Finnish Embassy's grounds.
- Thematic weeks and different events by Business Finland and partners showcase the Finnish expertise to Japanese target groups (B2C, B2B).
- During Tokyo 2020 Olympics (23.7.-8.8.2021) and Paralympics (24.8.-5.9.2021) the pavilion is the "National Hospitality House" of Finnish teams and National Broadcasting company YLE.

Why participate?

- Finland's largest export campaign of history in Japan.
- A unique opportunity to benefit from Finland promotion and publicity of the pavilion.
- Week 42/2020 is planned as Healthcare Week in Metsä Pavilion (TBC).

How to participate?

- Join pavilion as official partner, or take part in Healthcare thematic week, where companies share the pavilion costs and time.
- More information: www.businessfinland.fi/tokyo2020/ or Project Manager Elina Puszkarczycz, tel. +358 40 343 3349.



METSÄ PAVILION 東京 2020 メツア・パビリオン

東京に半年間オープンする、フィンランド企業によるサステナブル(持続可能)でスタイリッシュなフィンランドの「家」。フィンランドの2020年オリンピックおよびパラリンピックチームのためのホスピタリティ・ハウス。

OPEN DISCUSSION

QUESTIONS?