

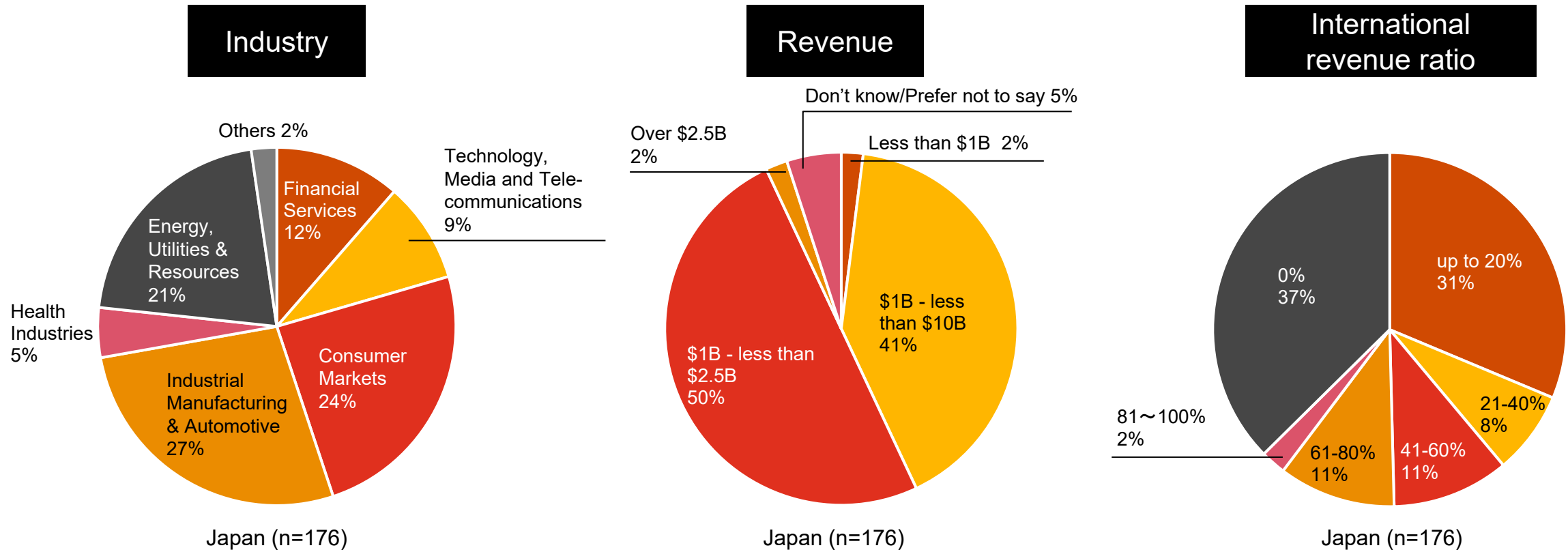
PwC's 26th Annual Global CEO Survey

Winning today's race while running tomorrow's

February 2023



The PwC Global CEO Survey was completed by 4,410 CEOs across 105 countries / territories (including 176 CEOs in Japan)



- This survey was conducted in October and November of 2022.
- Global is based on weighted data, and Japan, China and US are based on unweighted data.

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Executive summary

The results of our 26th CEO Survey show that CEOs around the world are skeptical of growth prospects amidst expected changes in the global economy. Concerns about global inflation have led to changes in the way CEOs are looking at financing and investments and everyday life, and the Russian invasion of Ukraine has heightened concerns related to geopolitical risks.

Significant findings based on the responses we received from 176 CEOs in Japan include:

- ◆ Although 65% of Japanese CEOs expect the global economy to decline over the next 12 months, most are fairly confident that their own companies' revenue will grow in the same period.
- ◆ Most CEOs in Japan report a reluctance to reduce their workforce or freeze hiring, with 77% and 89%, respectively, responding that they have no plans to do so.
- ◆ Inflation and geopolitical conflict have become top concerns, and while climate change is now ranked slightly lower in comparison, Japanese companies are continuing their proactive efforts to address climate-related threats.
- ◆ 72% of Japanese CEOs think their company will no longer be economically viable a decade from now, if it continues on its current path. This greatly exceeds the global figure of 39%.

Growth

■ Many CEOs expect a decline in the global economy

73% of all CEOs worldwide expect the global economy to decline in the next 12 months. This nearly matches figures from the US (84%) and Japan (65%), with China a notable exception at only 45%.

■ Optimism toward the next 12 months is fairly high

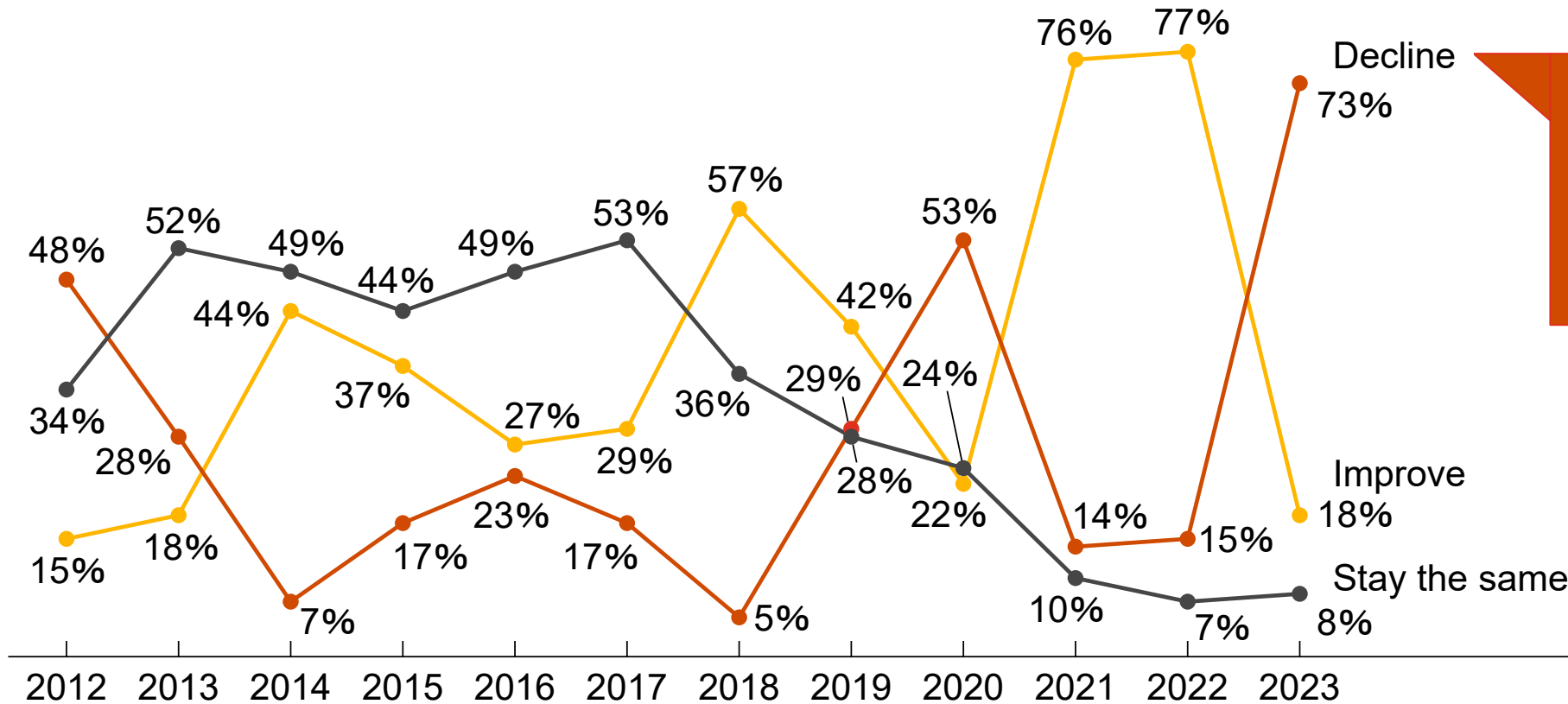
On the whole, Japanese CEOs are fairly confident that their companies' revenue will grow in the next 12 months. 25% said they were 'extremely/very confident' in such growth, while 51% chose 'moderately confident'.

■ However, Japanese CEOs' outlook for the next three years is about the same

While US CEOs reported an increased level of confidence in growth over the next three years (with 61% responding 'extremely confident', compared to only 41% for the next 12 months), Japanese CEOs' outlook did not differ greatly between the short and medium term.

65% of CEOs in Japan expect a decline in global economic growth, compared to 73% worldwide

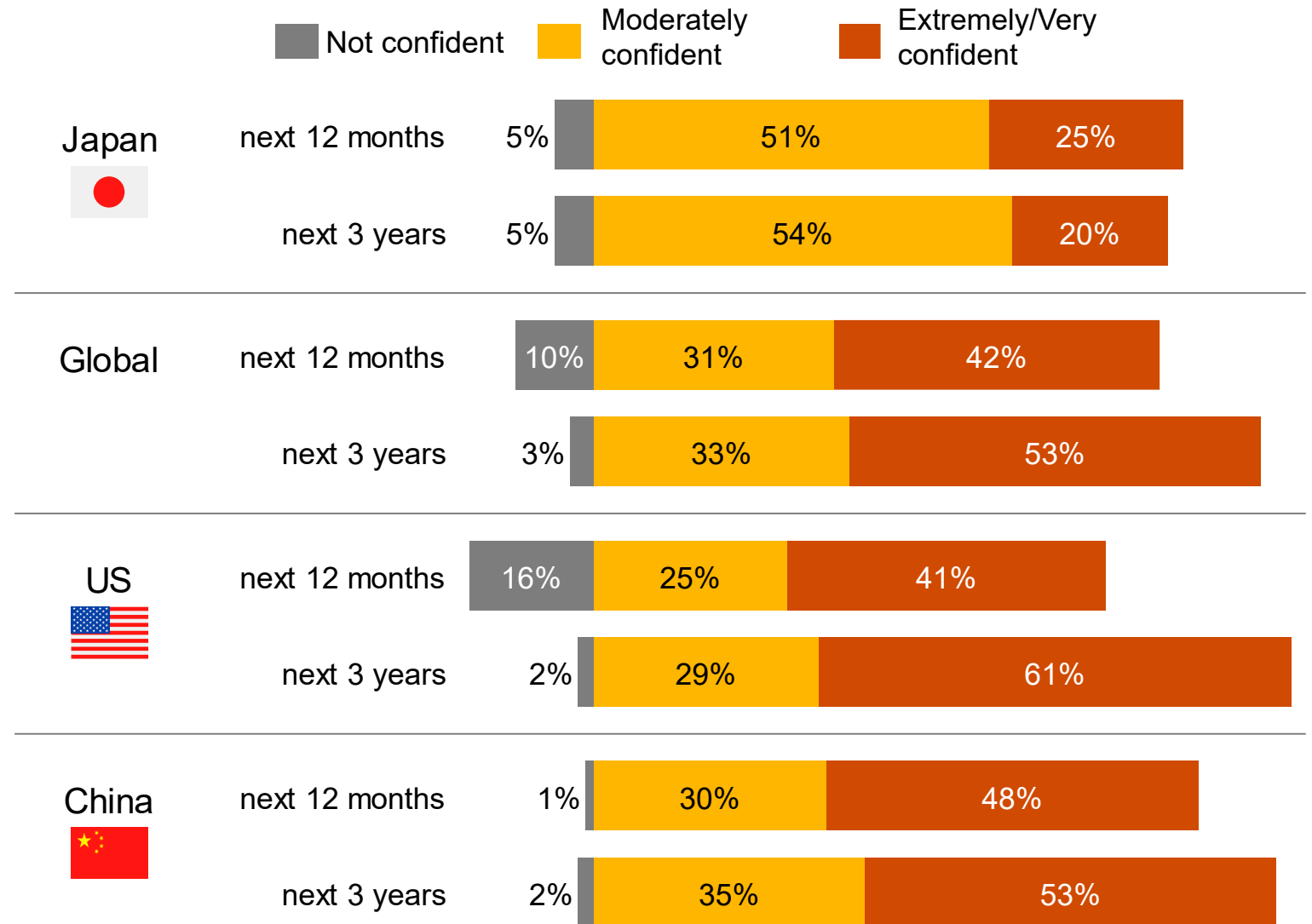
Question: How do you believe global economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months?



Japan	65%
US	84%
China	45%

Japanese CEOs are optimistic to a point, but lack confidence about their growth prospects over the next three years

Question: How confident are you about your company's prospects for revenue growth over the next 12 months/over the next 3 years?



Threats to growth

■ Inflation and geopolitical conflict

Inflation and geopolitical conflict are seen as major threats by Japanese CEOs, with 49% and 43% respectively selecting these issues as serious concerns.

■ Climate change is now seen as a moderate threat

Rising inflation and an increasingly severe geopolitical environment have made those threats a higher priority, reducing the relative urgency of climate change-related concerns.

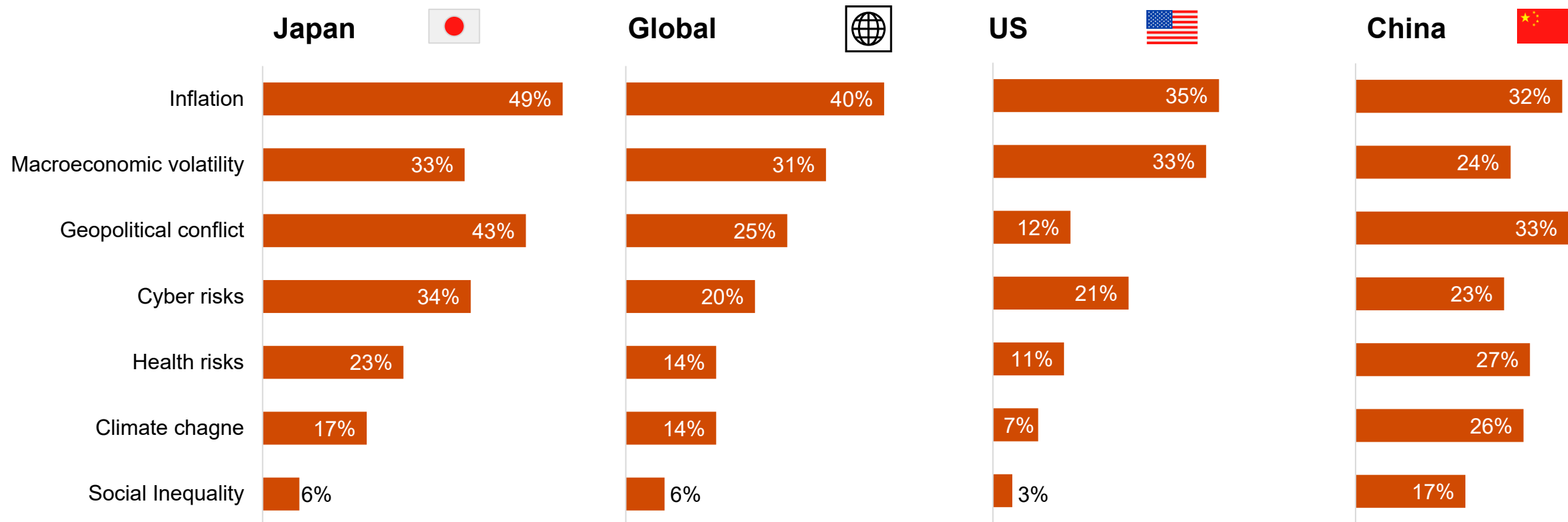
■ Reluctance to reduce workforce

About 80-90% of Japanese CEOs have no plans to reduce their workforce or implement hiring freezes over the next 12 months, marking a significant difference between Japan and other countries, including China and the US.

Japanese CEOs consider inflation and geopolitical conflict to be key threats

Question: How exposed do you believe your company will be to the following key threats in the next 12 months?

(Percent of CEOs who responded 'highly exposed' or 'extremely exposed')

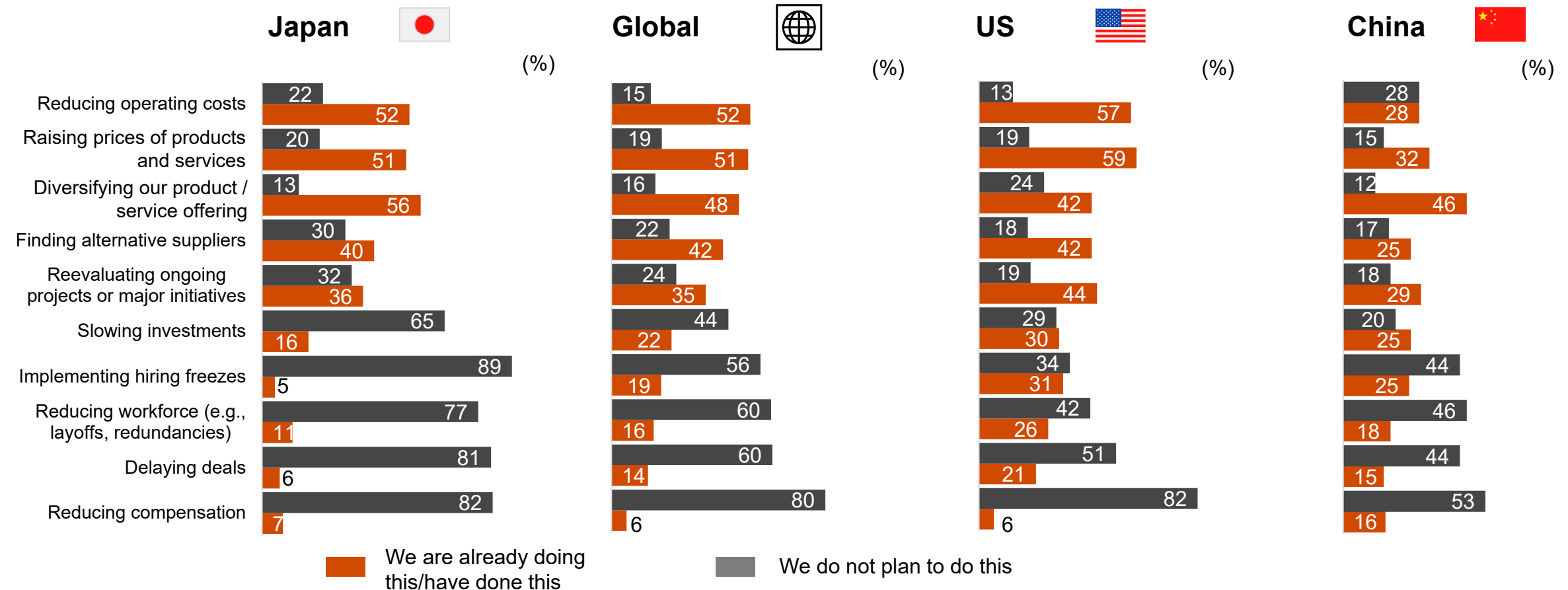


Source: PwC's 26th Annual Global CEO Survey

Most CEOs in Japan are not considering workforce reduction or hiring freezes

Question: Which of the following options best describes any action your company may be considering to mitigate against potential economic challenges and volatility in the next 12 months?

(Percentage of CEOs who replied 'We do not plan to do this' vs. those who replied 'We are already doing this/have done this')



Countermeasures against climate change

■ Continuing initiatives to tackle climate change

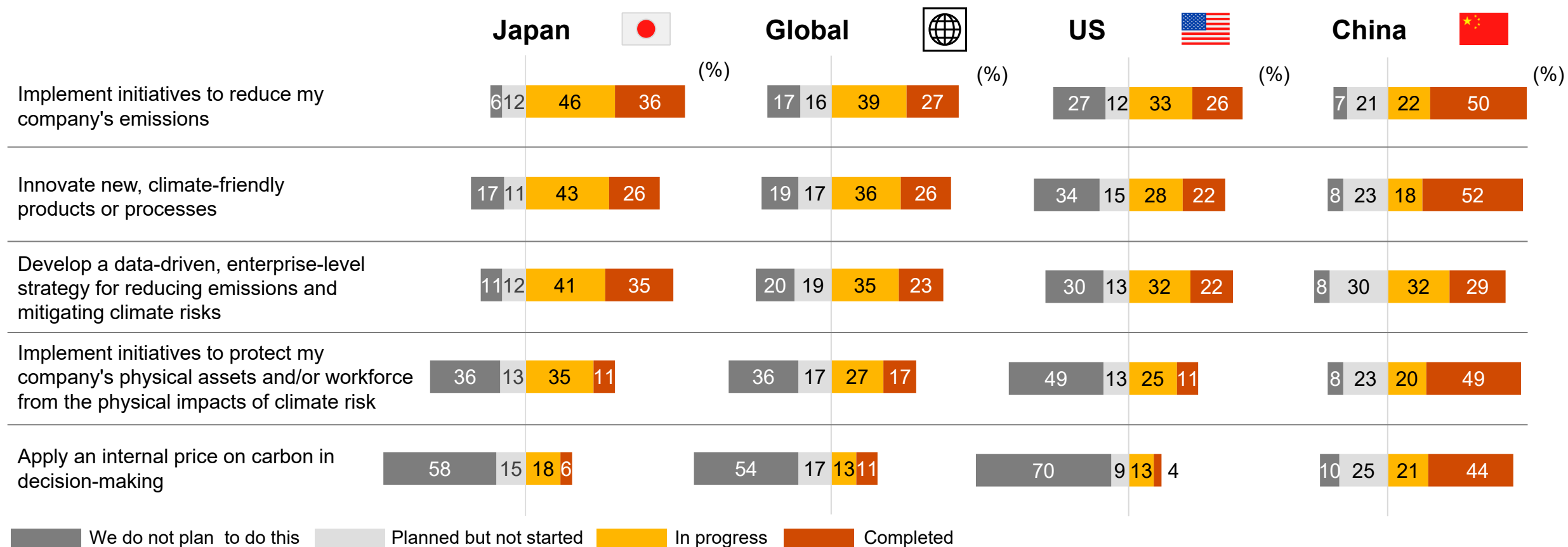
Although inflation and geopolitical conflict have overtaken climate change as the top concerns for CEOs in Japan, survey results indicate that Japanese CEOs remain engaged in proactive efforts to take on the risk of climate change.

■ Investment in decarbonisation

46% of Japanese CEOs selected ‘decarbonising the company’s business model’ as a target area for investment during the next 12 months—a higher response rate than that of either the US or China.

Japanese companies are working to advance their proactive response to climate change, as are their Chinese counterparts

Question: Below is a list of actions companies may undertake to prepare for the risk of climate change. Which statement best characterises your company's level of progress on these actions?

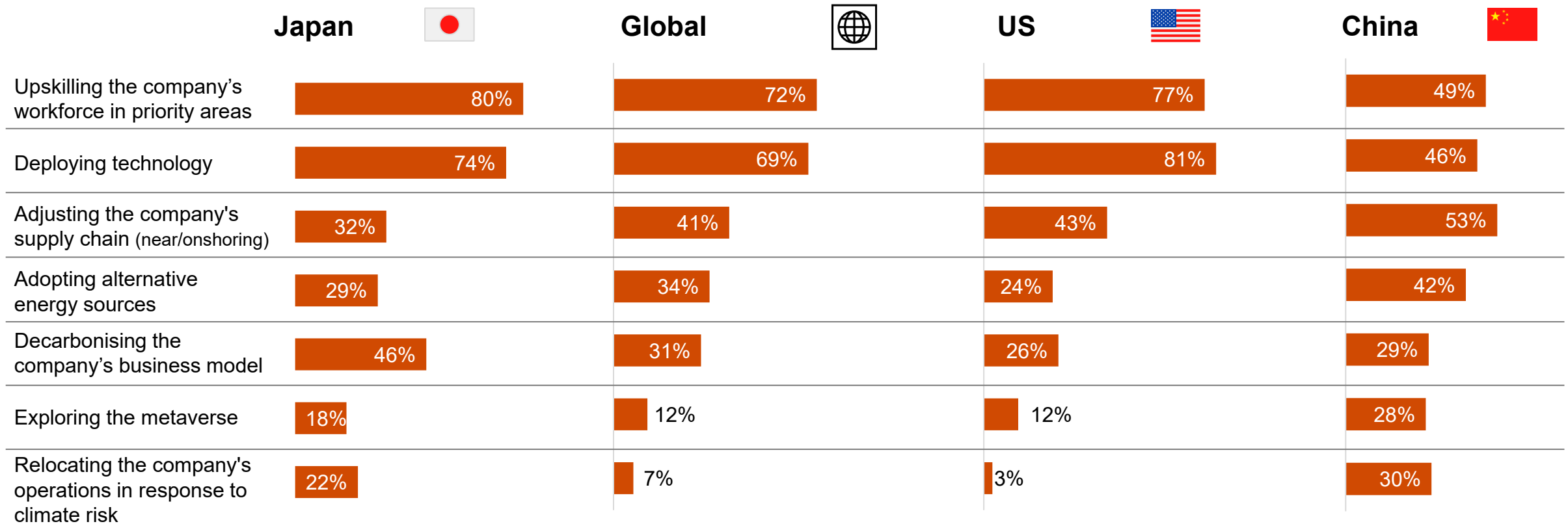


Source: PwC's 26th Annual Global CEO Survey

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Many Japanese CEOs plan to invest in decarbonising their companies' business models

Question: Which of the following investments, if any, is your company making in the next 12 months?



Source: PwC's 26th Annual Global CEO Survey

A sense of crisis for survival drives change

■ A sense of crisis for survival

72% of Japanese CEOs think their company will no longer be economically viable a decade from now, if it continues on its current path. This greatly exceeds the global figure of 39% and indicates a sense of caution toward the future.

■ Factors affecting future profitability

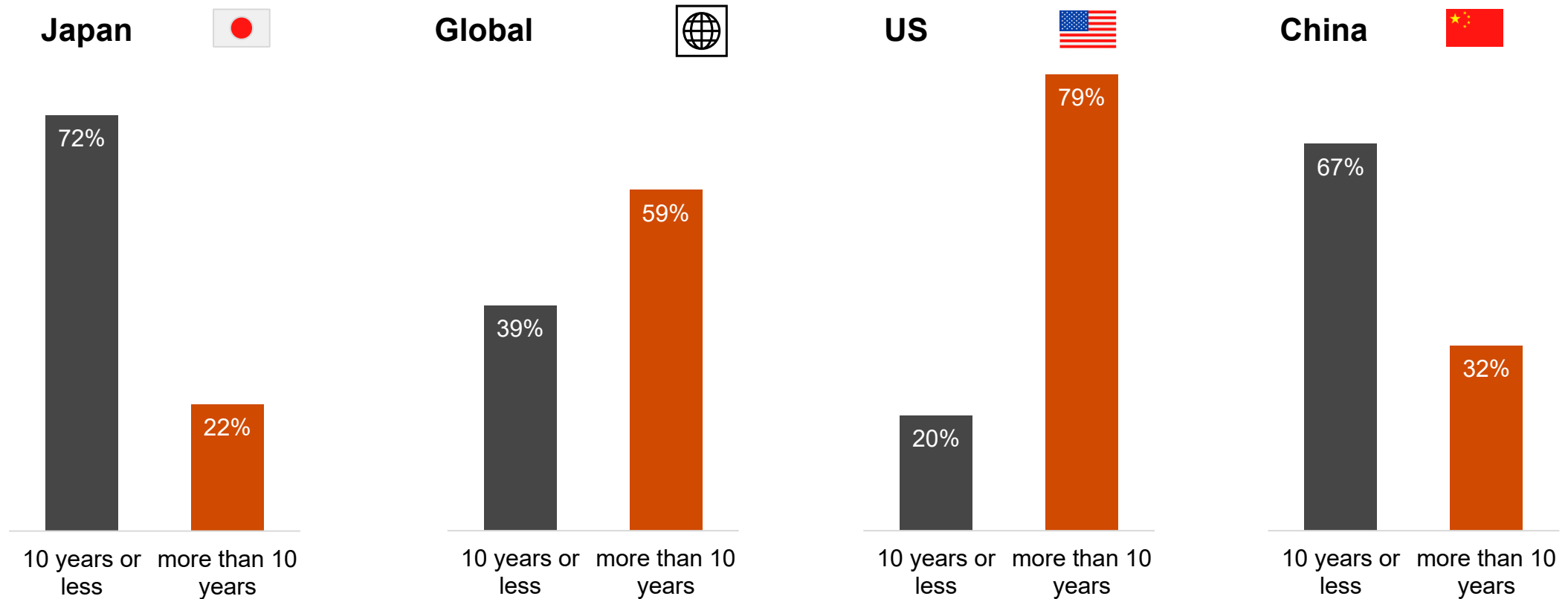
77% of Japanese CEOs expect shortages of talent and skills to impact their companies' profitability over the next 10 years. A slightly smaller but significant number are also concerned about regulatory changes and supply chain disruption.

■ A need to invest more time in planning for change

CEOs around the world, including those in Japan, reported a desire to invest more time than they currently do in evolving their business and its strategy to meet future demands.

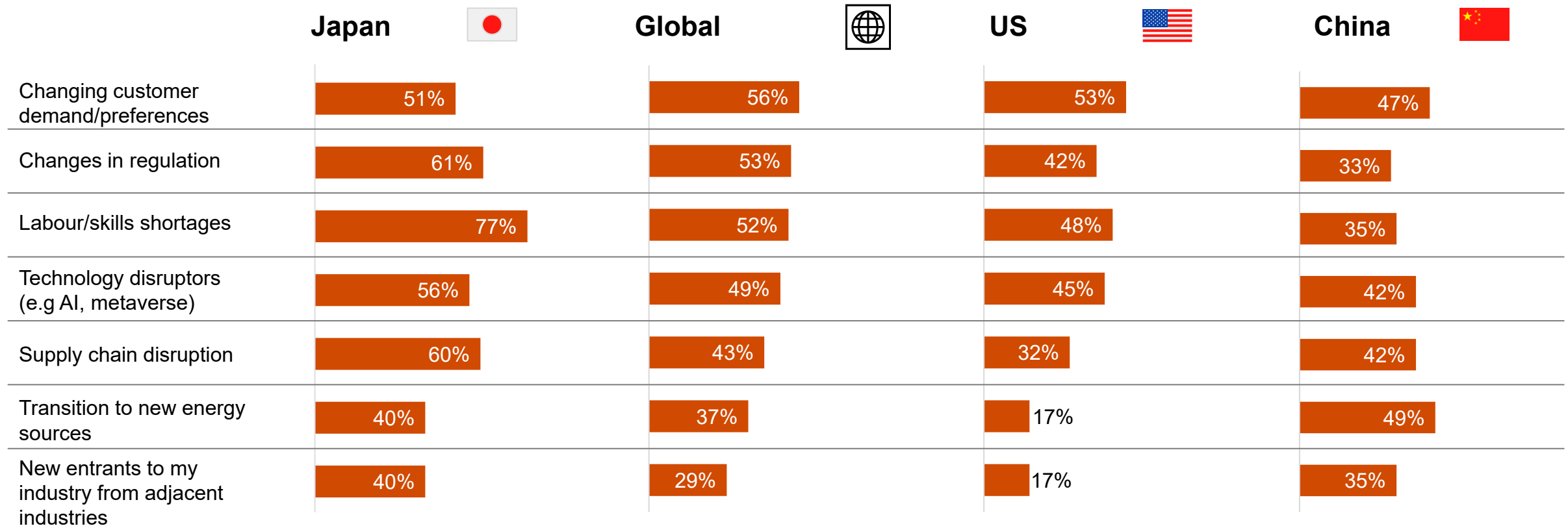
Many CEOs in Japan do not consider their current path viable over the next ten years

Question: If your company continues running on its current path, for how long do you think your business will be economically viable?



Japanese CEOs expect labour and skills shortages to significantly affect profitability over the next 10 years

Question: To what extent do you believe the following will impact (i.e., either increase or decrease) profitability in your industry over the next 10 years? (Percentage of CEOs who responded 'to a large extent' or 'to a very large extent')

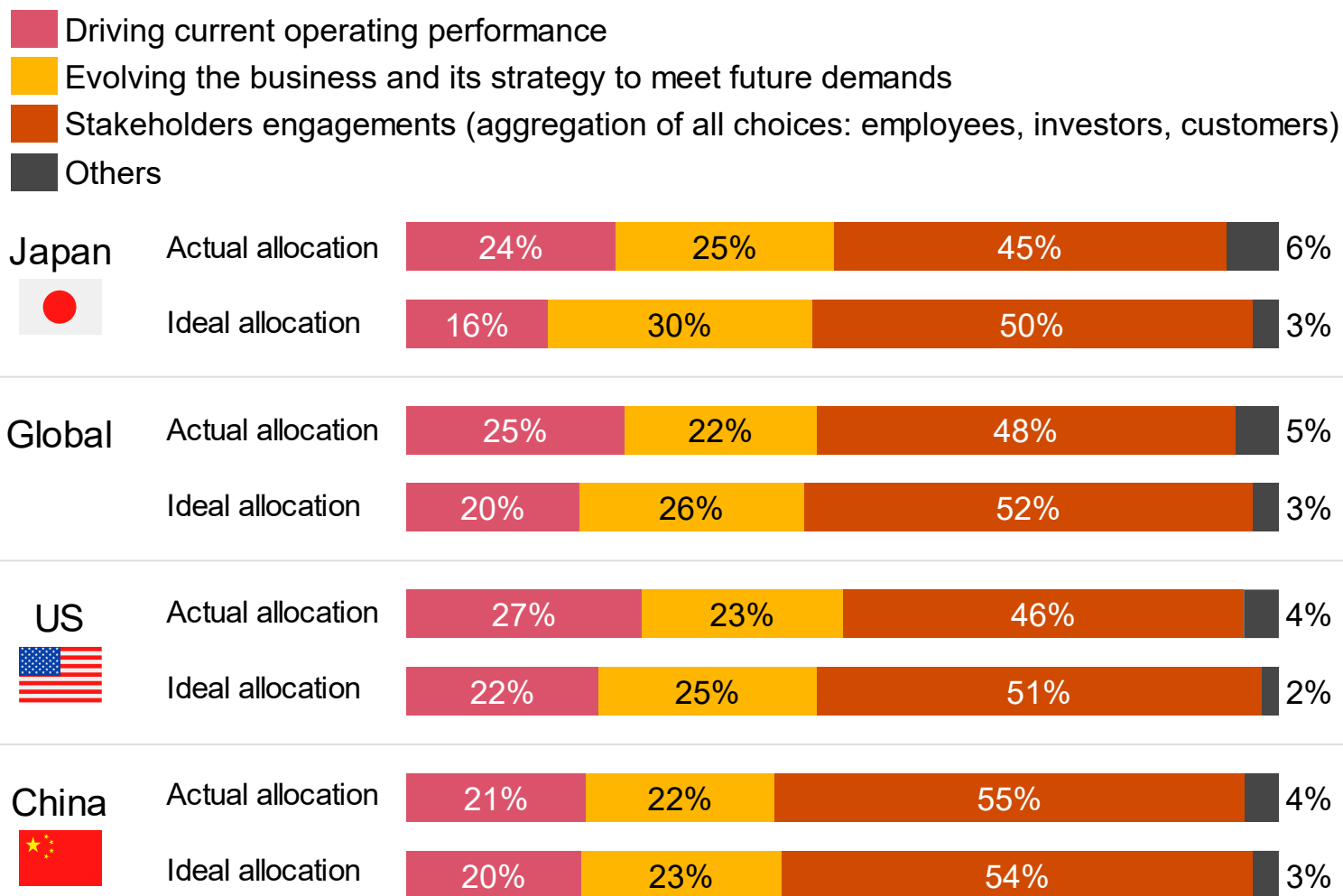


Source: PwC's 26th Annual Global CEO Survey

CEOs in Japan and throughout the world feel the need to invest more time for considering their companies' future.

Question a (current situation): During your work time, on average, what percentage of time do you spend on each of the following?

Question b (ideal): Knowing what you know now, if you could start over with a blank calendar, how would you allocate your time as CEO?



Source: PwC's 26th Annual Global CEO Survey

Thank you

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