

Overview of Venture Market in Japan

Japan's Innovation Landscape

Japan's innovation in the past

- Pocket calculator (1970)
- Walkman (1979)
- Blue LED light (early 1990s)
- Android robots (2003)
- Others include:
 - Automobiles
 - Bullet trains
 - Digital Cameras
 - ...



Current Innovation

?

*Japan used to be a leader in technological innovation...
Where have all the innovations gone?*



What's remaining in Japan?

- High-Quality Food and Cuisine
- Precision Engineering and Manufacturing; automotive, electronics, robotics...etc
- IPs: Anime and Manga
- Agricultural Innovation
- Fashion and design
- ...

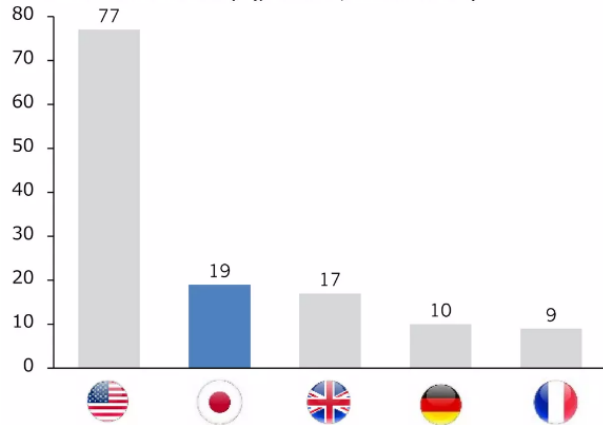
Japan still has many sectors that could potentially attract foreign investors!



Japan's Technological Capabilities & Change in Japanese People's Mindset

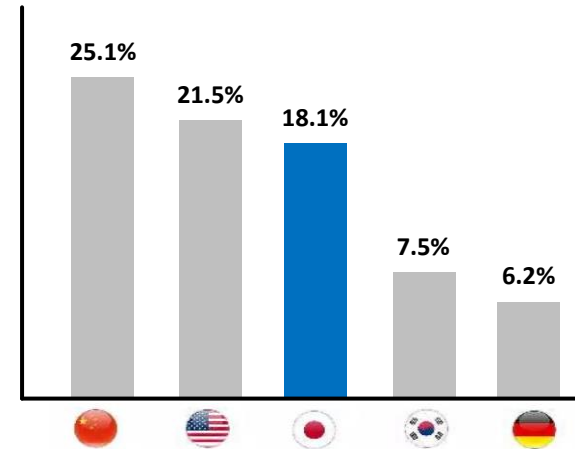
Natural Sciences Nobel Laureates

Number of natural science Nobel Prize winners in the 21st century (persons, 2001-2021)



Source: JVCA

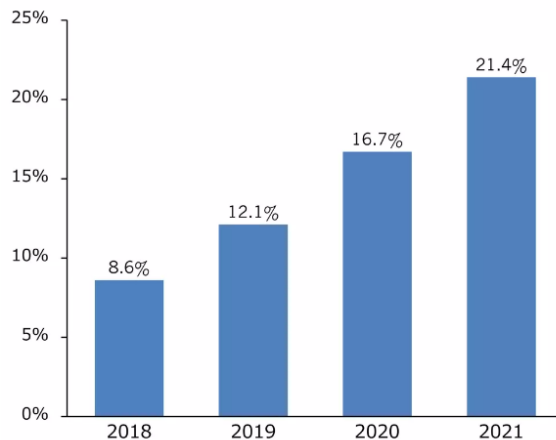
PCT (International applications based on the Patent Cooperation Treaty)



Source: JVCA

% of job transitions to ventures

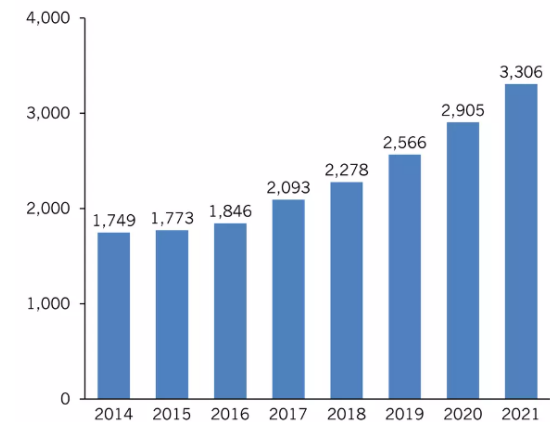
Percentage of startups in job change (%)



Source: JVCA

University spin-off ventures

Number of startups originating from universities (Companies)

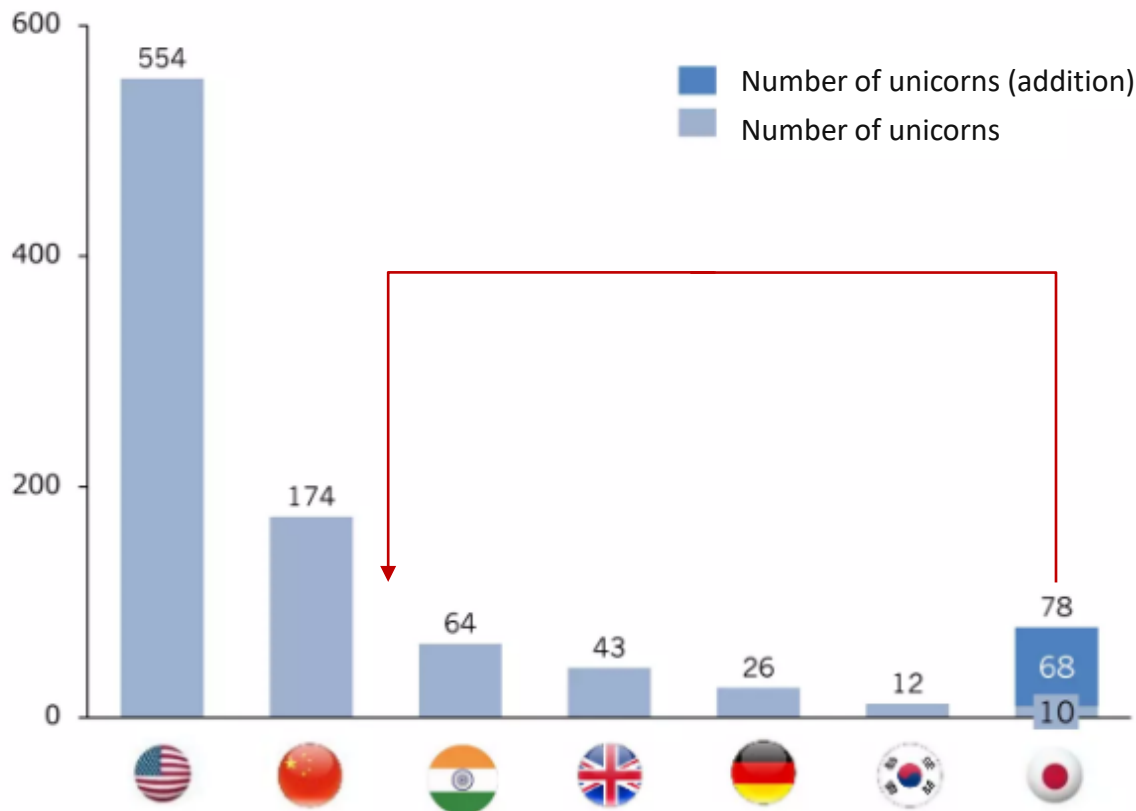


Source: JVCA



Comparison of the Number of Unicorns by Country for Startups

Comparison of the number of unicorns by country (as of June 2022)



Source : CB Insight 「State of Venture 2022 Report」 ; Initial 「Japan Startup Finance 2022」

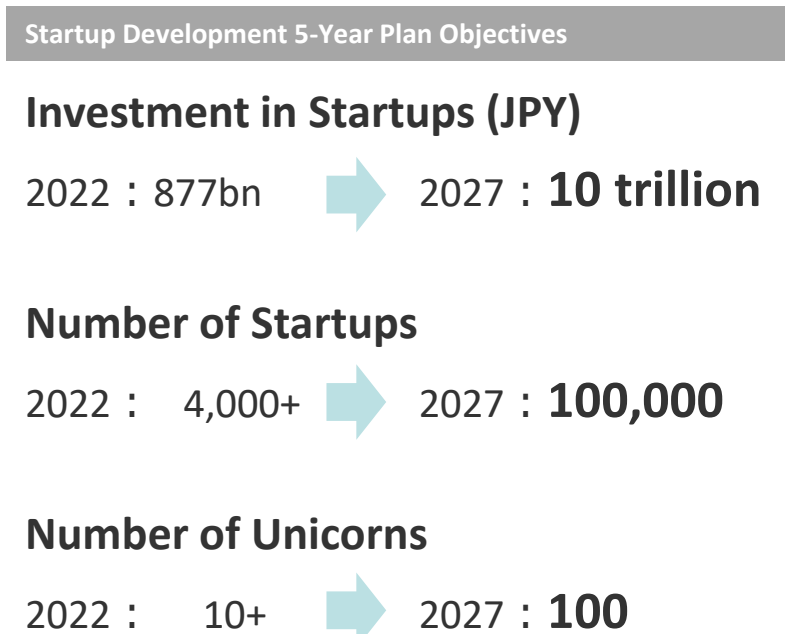
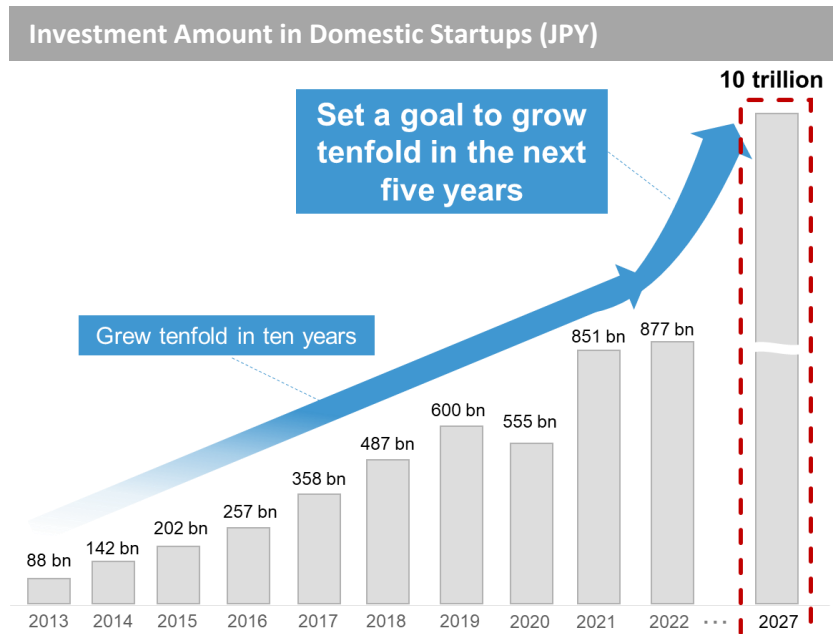
Characteristics of Japanese Startups

The low listing requirements of the Growth Market (with a market capitalization of **at least 500 million yen**) contribute to the tendency of domestic startups to go public at an early stage with a lower market capitalization

Number of publicly listed unicorns

When including publicly listed companies, **the number of companies with a market capitalization of over 100 billion yen is nearly five times** higher than when limited to private companies

Strong Support by the Government



- While Japan's venture ecosystem remains in its early stages, the Japanese Cabinet has introduced an ambitious five-year plan known as the "Startup Development Five-year Plan"
- This initiative seeks to enhance support for the startup ecosystem, indicating a significant positive trajectory for Japan's venture landscape

Source: MCP (based on METI's Startup Policy Document)

* https://www.cas.go.jp/jp/seisaku/atarashii_sihonsyugi/pdf/sdfyplan2022en.pdf

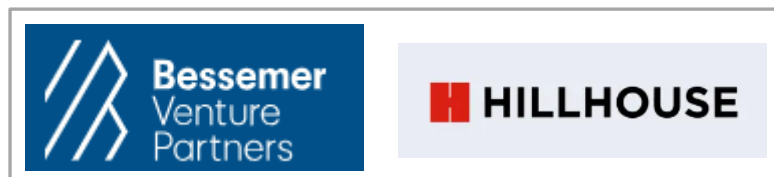
Recent Investments by International Investors

① KKR's & OTTP's investment into Smart HR



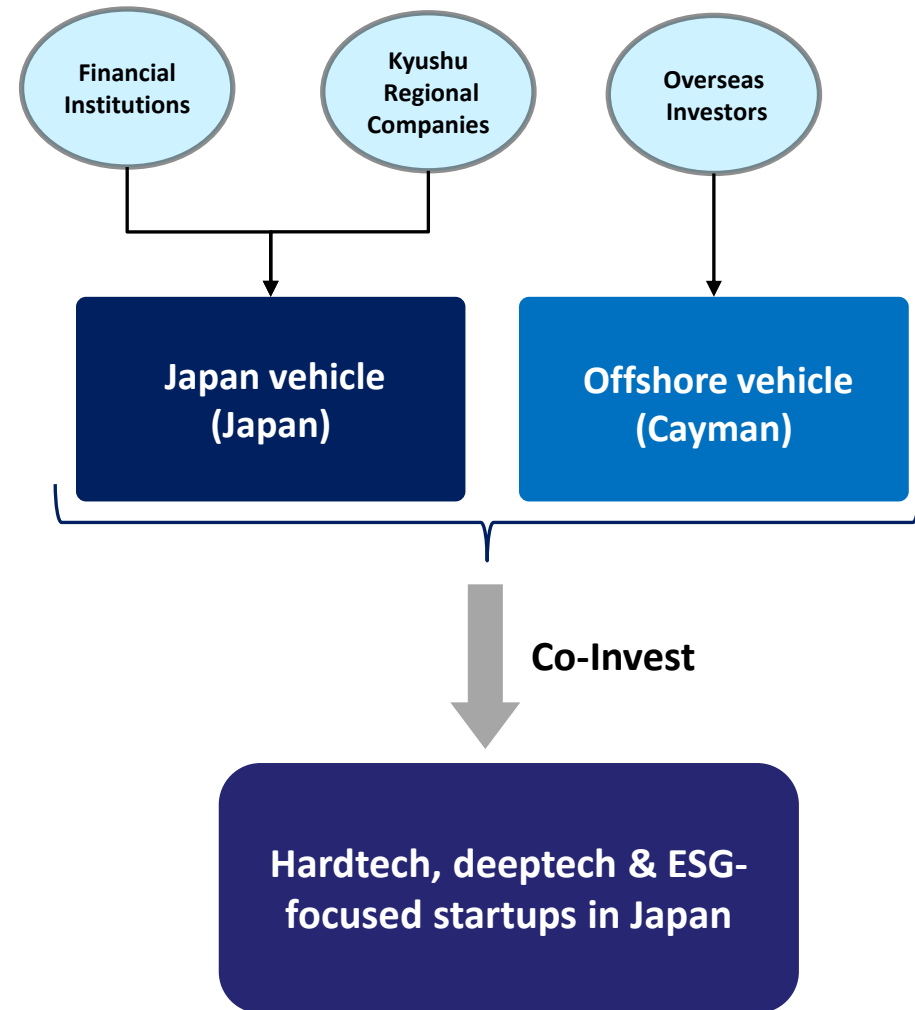
- July 2024: KKR's & OTTP's **US\$140m (JPY21.4bn)** investment into Smart HR, a leading cloud-based human resources management platform in Japan
- The investment involved a combination of primary (series E) and secondary transactions

② Bessemer's & Hillhouse's investment into Dinii



- September 2024: Dinii, a cloud-based restaurant management platform, has raised JPY7.5 bn (\$52 million) in a series B round
- Bessemer's and Hillhouse's first startup investment in Japan

Overview of our venture capital strategy



Summary

- Intends to invest in **approximately 15 Japanese companies**, with a strong focus on the Kyushu region, where we have identified compelling and time-sensitive investment opportunities
- **Focused Sector:** Hardtech, deeptech and globally competitive ESG-related technologies that can compete on a global scale
- **Focused Stage:** Middle/growth stage
- **Deal Pipeline:** MCP has already made investment in seven companies, two of which have already successfully completed upround financing rounds
- **Value Enhancement:** We are the lead investor in all seven investments, providing **highly hands-on support** to company management
- **Schedule:**
 - The Japan vehicle (Japan) successfully secured investments from prominent investors, such as **Mitsubishi UFJ Financial Group, Development Bank of Japan, and Sumitomo Mitsui Trust Bank**
 - The offshore vehicle (Cayman) successfully completed its closing in 2024, securing investments from several family offices and HNWIs.

Selected Portfolio Companies & Special pipeline

Video Links:

#1: Kyulux: [Kyulux_2024.mp4](#)

#2: Waqua: [Water Purifiers Video](#)

Selected Portfolio Companies:

#1: Kyulux

Supplier of Organic LED (OLED) Material from University–Originated Technology, with a single competitor valued at US\$10bn in NASDAQ

– *we invested in \$ <200m value range along with a secondary acquisition at a 33% discount*

#2: Waqua

A Water Purification Technology Company with Portal Technology, preparing an IPO on the TSE Mothers Market

– *we invested in \$ <20m value range along with a secondary acquisition at a 34% discount. The current valuation has increased by 40% from the round in which we invested (and by 112% from the secondary valuation)*

Selected Pipeline:

#1: Fukuoka Stock Exchange

MCP has been appointed as an official advisor to Fukuoka City Government to advise the reform of Fukuoka Stock Exchange

– *we have been incubating and progress has finally started to materialize. If this transaction materializes, we can expect returns of more than 25 times from this single transaction. Only Japan Evolution Fund and its LPs can access to this deal*