



Overview of our venture capital strategy

October 2024

MCP Asset Management (Japan), Inc.

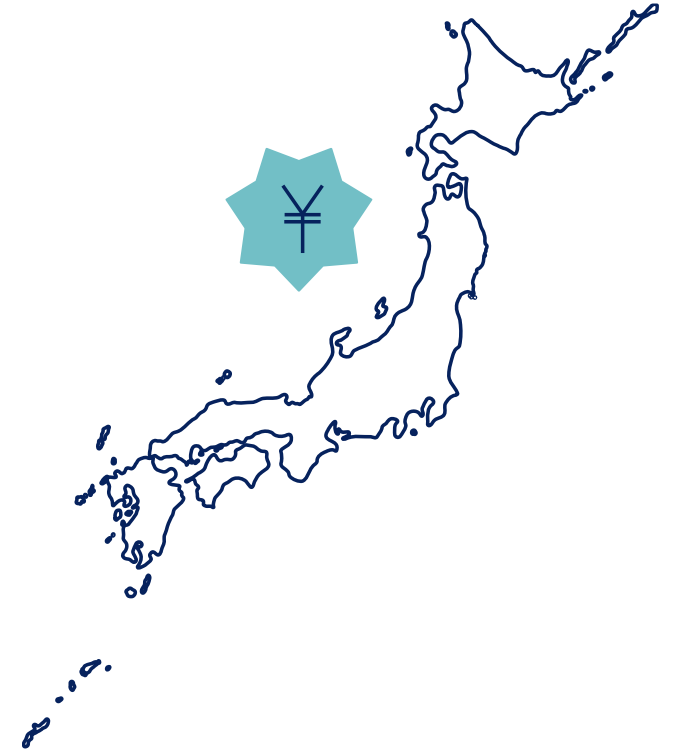
Investment Philosophy

Our Mission



Our mission is to enable Japanese entrepreneurs to embrace innovative creation and foster scalable deeptech and hardtech companies that can compete globally.

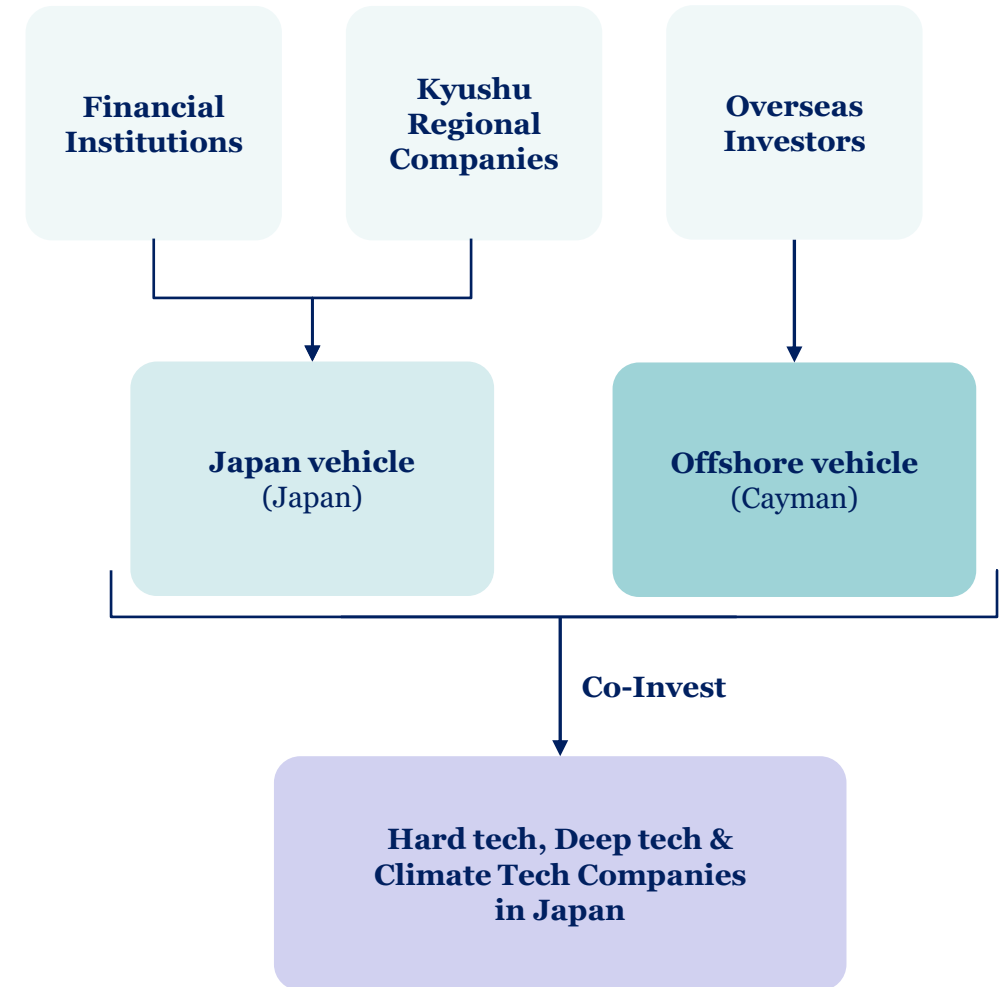
We will do this by leveraging the extensive network and partnerships of the MCP group, which has facilitated connections between Japan and overseas markets for over 20 years, in support of the Japanese government's national economic goals.



Overview of venture capital strategy

Summary

- Plans to invest in **~15 Japanese companies**, focused on the Kyushu region
- **Focused Sectors:** Hardtech, deeptech and climate tech companies that can compete globally
- **Focused Stage:** Middle/growth stage
- **Schedule:**
 - The Japan vehicle is backed by investment from **Mitsubishi UFJ Financial Group, Development Bank of Japan, Sumitomo Mitsui Trust Bank, Fukuoka Financial Group** and the **Nishi-Nihon City Bank**
 - The offshore vehicle (Cayman) successfully completed its first close in March 2024, securing investments from several family offices and HNWIs
- **Deal Pipeline:** MCP has made seven investments, two of which have already successfully completed upround financing rounds
- **Operational/Strategic Involvement:** Lead investor and/or board seat, providing hands-on support to assist with international expansion





Climate / Social Impact

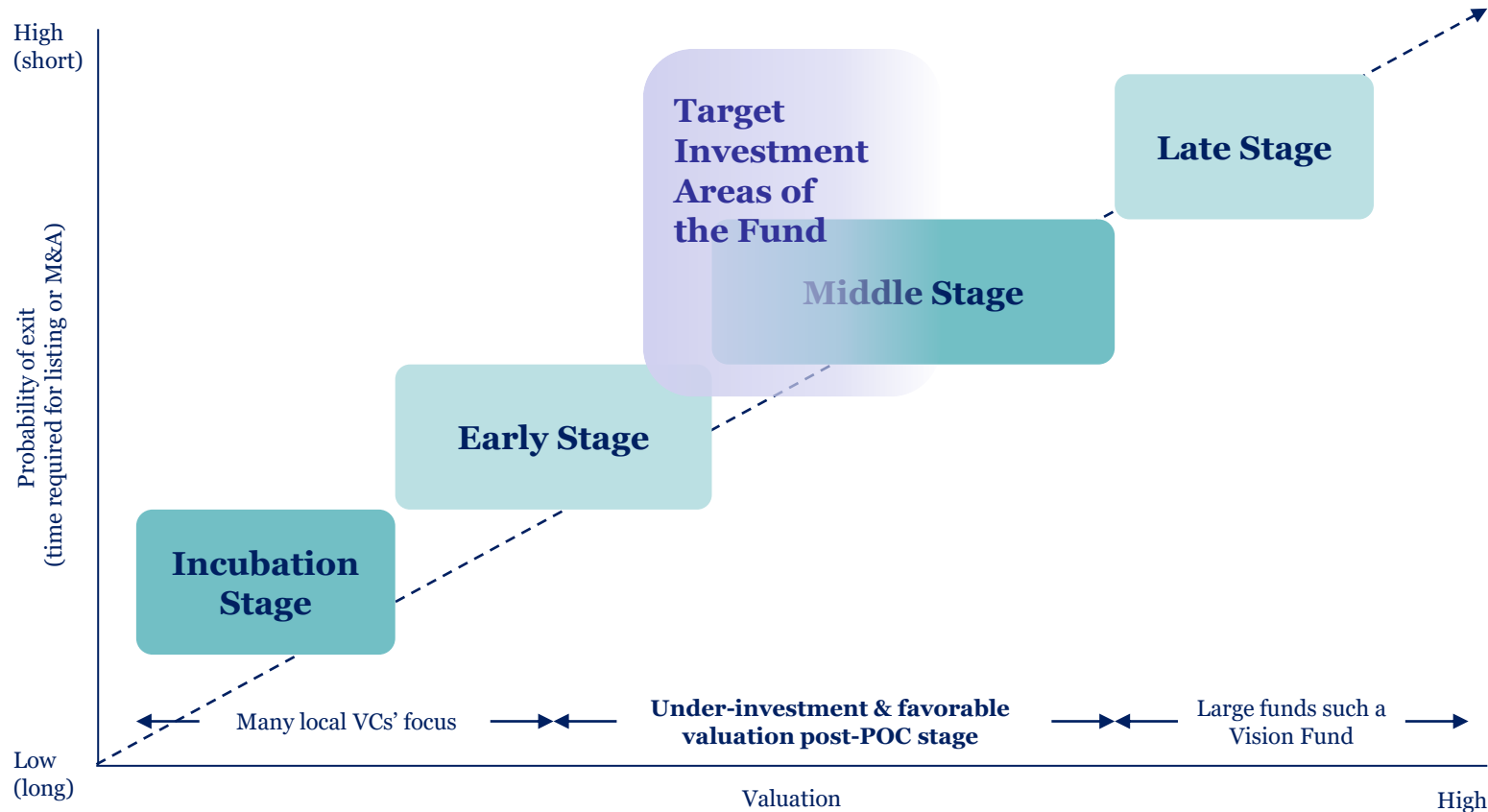
- Environmental technology addressing climate change and decarbonization
- Technologies and services that contribute to addressing social issues aligned with the SDGs
- Scalable business model targeting global social impact beyond Japan



Investment Returns

- Hard Tech, Deep Tech & Climate Tech focused reasonable valuations upon entry
- Near-term achievement of profitability
- Ensuring reasonable valuations upon entry
- Realizing valuation growth through mid/growth stage focused investment

Investment Stage



- **Our investment strategy** is centered on identifying undervalued companies in the middle stage, that have successfully completed the POC (proof-of-concept) stage. As the supply of risk capital into the middle-stage is insufficient in Japan, we can uncover promising opportunities with significant growth potential
- While our **middle-stage investment approach** reduces downside risk, our aim is to enhance the valuation of our portfolio companies to a global level, thereby unlocking substantial upside potential. Through our fund, we provide strategic business collaborations and investment opportunities that connect Japanese startups to overseas markets, benefiting our LPs with both strategic and financial returns

Our investment strategy focuses on securing a lead or lead-equivalent role in funding rounds, actively participating in portfolio companies to enhance their value and global competitiveness. We provide comprehensive support including:

- **Development** of a detailed 3-5 year business plan alongside management that aligns operational funding with long-term goals.
- **Strategic advice** in monthly management meetings, focusing on financials and marketing.
- **Enhancement** of operational execution and governance by appointing necessary directors or observers.
- **Expert advice** from our CIO on optimizing corporate value, including exit strategies.
- **Collaboration** on impact investments to set KPIs and goals, and ensure regular monitoring.

Key Distinguishing Factors



1

Access to middle/growth startups

- We have cultivated valuable local relationships and networks, enabling us to tap into exclusive deal opportunities
- On-the-ground presence brings a deep understanding of the local market and strong channels to source investments

2

Linking Japan and overseas markets

- One of the few Japanese financial institutions with a robust network of investors and entrepreneurs across Asia and the USA
- This unique advantage allows us to foster collaborations and partnerships that bridge the gap between Japan and other dynamic markets, unlocking cross-border opportunities for our investors

3

Deal team offers unique insights

- Team comprises extensive experience in private and public equities investment, investment banking, and operations
- Portfolio company investments analyzed from multiple angles, including value drivers and outcomes

4

MCP support in infrastructure

- Extensive investor servicing capability to manage LP relationships
- World-class institutional infrastructure run by team with extensive operational experience

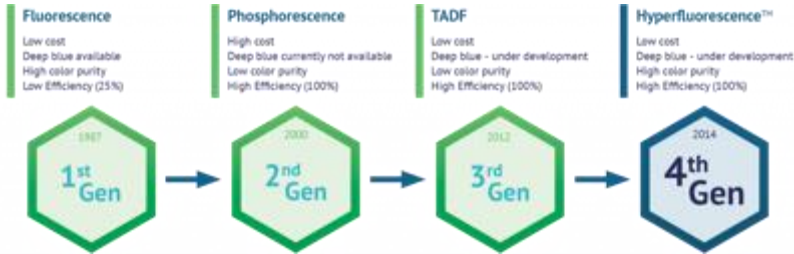
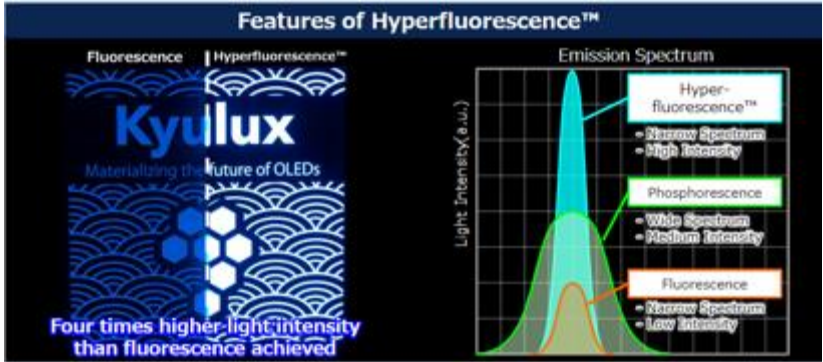


Appendix

Appendix

Selected Portfolio Companies

Item	Overview
Location	Fukuoka City, Fukuoka Prefecture
Business summary	Development, manufacturing and sales of next generation OLED materials
Sourcing	Introduction from local Kyushu VC
Series	Series C
Procurement amount	About 4.3 bn yen MCP contribution amount 1 bn yen (JPY200m from Japan Evolution Fund) & Series A stakes from secondary transaction (JPY100 m from Japan Evolution Fund with 33% discount)
Major shareholder	Managements, LG Display, Samsung Display, QB Partners, Celesta Capital El Camino, etc.
Features	<ul style="list-style-type: none">• The OLED market is expected to grow driven by the increasing demand for highly designed devices and the trend towards smarter, more technologically advanced products• The current OLED materials encounter challenges, including high costs attributed to the use of rare metals and hurdles in productization due to durability concerns• Kyulux has developed next generation emitting materials for OLED and has a proprietary technology called OLED TADF/Hyperfluorescence™• This technology enables high-efficiency light emission without relying on rare metals, while successfully achieving the challenging task of blue light emission• Significant cost reductions and power savings are expected by not using rare metals• Well established intellectual property (IP) property strategy.
Investment Criteria	<div><div>E</div><div>S</div><div>Scale</div></div>



Kyulux: Investment Highlights



Large-scale production nearing completion, indicating limited downside risk	<ul style="list-style-type: none"> • In a rare occurrence, both LG Display and Samsung Display have made an investment • Have already established an advanced mass production structure by collaborating with multiple leading global display manufacturers for green and red emitting materials • Could potentially realize over 5x in valuation, even without the success of mass production for the blue material
Technology and development capabilities expected to expand globally	<ul style="list-style-type: none"> • Low manufacturing costs by not relying on rare metals, making it far cheaper than conventional phosphorescent and fluorescent materials • High color purity, aiming for practical use in TVs in the future • Succeeded in establishing the technology for the highly difficult blue emitting • Has the potential to be a game changer if they can further extend the lifespan of the product and successfully establish a production system for blue emitting materials • Great improvements in the speed of material developments through the use of materials informatics (“Kyumatic”)
Attractive market with high growth and low competitions	<ul style="list-style-type: none"> • OLED light-emitting material market is estimated to expand to about \$2,300M by 2027 from \$500M in 2019. • Its only competitor, Universal Display (manufacturing only red and green emitting materials): \$616M revenue / \$267M operating profits with 40% margins in 2022
Managements with global business development experiences	<ul style="list-style-type: none"> • The global expansion of the technology invented by the world-renowned OLED expert, Prof. Adachi, is being spearheaded by a highly capable team. Led by CEO Nakano, who brings a wealth of business experience from large corporations to venture companies, Kyulux is well-positioned to drive the widespread adoption of this groundbreaking technology • The company has garnered keen interest not only from leading display manufacturers but also from esteemed institutions such as Harvard University and SWFs worldwide • Exploring exit strategies such as an IPO on Nasdaq or M&A, rather than a domestic IPO
High energy-efficiency	<ul style="list-style-type: none"> • Power savings with significantly better performance than the existing phosphorescent and fluorescent materials • No use of rare metals

Item	Overview
Location	Uruma City, Okinawa Prefecture
Business summary	Planning, development, manufacturing and sales of eco-friendly products (water purifiers, seawater desalination equipment)
Sourcing	Introduction from K-RIP (Kyushu Environment and Energy Industry Promotion Organization)
Series	Series C
Procurement amount	200 million yen MCP contribution 100 million yen & 40million yen from secondary shares
Major shareholder	Yoshifumi Yanase (CEO), Sony Group, Kyushu Electric Power, Mitsubishi UFJ Capital
Features	<ul style="list-style-type: none">Water market concerns are not only limited to developing countries, but also developed countries, where there are only a limited number of countries that can use sanitary water, and climate change is an issueDeveloped the world's smallest seawater desalination and filtration equipmentThe suitcase-sized device can be mounted on a small shipProduces fresh water at a level that clears the standard values of the Water Supply Law set by the Ministry of Health, Labor and Welfare. Removes 99.2%-99.8% or more of chloride ions (salt content)The circulation type hand washing unit does not require plumbing work and can be used for an extended period of time with a power supply of only 100V. The filter function can withstand over 3600 usesEach device is equipped with an IoT function, enabling remote managementTransactions and joint Research & Development with major companies in fields such as ship design and constructionODA has been specified by Crown Agents and shipped to Tajikistan, Laos, Papua New Guinea, and Pakistan
Investment Criteria	<div><div>E</div><div>S</div><div>DX</div><div>Scale</div></div>

Waquu

MYZ series (seawater desalination equipment) E-40



MYZ series (seawater desalination equipment) y-4



MYZ series (seawater desalination equipment) E-40H (portable)



Okinawa head office



Waqua: Investment Highlights



World's smallest level compact RO membrane filtration technology	<ul style="list-style-type: none">• High versatility of small-scale, high-performance freshwater and water purification technology, with significant demand both domestically and internationally• Capable of producing purified water of a standard that meets the criteria set by the Ministry of Health, Labour and Welfare under the Water Supply Act• Can be operated using a household 100V power supply or solar power generation. It has a considerable track record of implementation in disaster response construction sites
Increasing demand for industrial-grade purified water	<ul style="list-style-type: none">• Highly trusted products on civil engineering and construction sites, with demand remaining robust even post the COVID-19 pandemic• Vast market potential due to its miniaturization technology, coupled with substantial demand from international markets• Reconstruction needs from areas such as the Noto Peninsula and Ukraine
Potential revenue expansion through the broadening of applicable fields	<ul style="list-style-type: none">• Expansion of existing transactions with major construction machinery rental companies, coupled with further revenue growth by leveraging factory periodic maintenance• Revenue expected to grow from JPY600mm in 2022 to JPY3bn in 2025• IPO planning for fiscal year 2026, with arrangements finalized for lead securities firms and auditing firms
Integration of IoT	<ul style="list-style-type: none">• In partnership with a major general contractor, IoT technology development is underway to manage water quality data after wastewater treatment at construction sites in real time• Planning to acquire new customer segments by providing accompanying services for existing facilities
Contribution to the environment and sustainability	<ul style="list-style-type: none">• Significant reduction of environmental burden through effective use of water resources• High expectation from the public sector regarding the replacement of aging water supply infrastructure and ensuring potable water during disasters• In the Noto Peninsula earthquake of Reiwa 6 (2024), emergency manual water purifiers were provided to the affected areas

Appendix

Selected Pipeline

Fukuoka Stock Exchange ('FSE')



Sector	Business Overview	Investment Stage	HQ	Priority	Sourcing Route
Stock Exchange	Operation of Exchange	N/A	Fukuoka	N/A	MCP's Incubation

Overview

- The FSE, established in 1949, is **one of the 4 remaining securities exchanges in Japan** (23 companies listed solely, 81 companies listed on multiple exchanges)
- There are two market segments on the FSE: the "Main Market,"** which targets companies with a certain track record demonstrating stability and growth potential, and the "Q-Board," which anticipates growth potential
- The trading value of the FSE was approximately JPY13bn in 2023,** which is less than 0.1% of the trading volume of the Tokyo Stock Exchange. The exchange lacks liquidity and sufficient fundraising capabilities.
- As a **membership-based financial organization**, there are difficulties in securing talent and fundraising to execute agile and rapid decision-making and reforms.
- In realizing Fukuoka City's vision as an international financial hub, the existence and revitalization of the exchange are essential for enabling regional companies to raise funds and enhance their corporate value and visibility through the listed market. **Fukuoka City is leading the reform efforts and focusing on revitalizing the exchange**
- MCP Group is conducting advisory and proposal activities to realize the FSE,** which is said to have "high liquidity and can raise funds from around the world, with a focus on Asia," by dispatching advisors and attracting companies such as Dharma Capital

Key Considerations for Potential Investment

- The reform of the FSE is being led by the Fukuoka City,** with advisory support from MCP. The measures currently under consideration are as follows:
 - As the first step of growth, introducing a derivative market to strengthen the financial foundation of the FSE. Aim to break away from the membership-based organization through corporatization and establishment of subsidiaries
 - Subsequently, as the second step, opening a market focusing on ESG and social impact, which is a global trend in international finance. Aim to attract ESG-related companies to the region and expand the inflow of investment funds
 - Establishment of the reform structure is mostly completed, and the transition to the execution phase is forthcoming
- When planning fundraising for the FSE, we will consider investment from the Japan Evolution Fund. Currently, there are only four securities exchanges in Japan, and **there is considerable value in the existing license of the securities exchange.** However, when considering actual investment, there are several factors to be considered including the exit strategy



Appendix Team



Keisuke Yamashita

CIO, Head of VC and PE Investment

He started his finance career in the Investment Banking Department (M&A) in J.P. Morgan Japan and United Kingdom. After joining Dymon Asia Capital Singapore in 2017, he founded Dymon Asia Capital Japan in April 2019 as a representative director. He joined MCP Asset Management to lead VC and PE Investment in October 2022.

He graduated from Wesleyan University (Phi Beta Kappa) with a Bachelor of Arts in Mathematics & Economics under the Freeman Asian Scholarship.



Tetsuo Ochi

Managing Partner and Chief Executive Officer (Hong Kong)

Prior to founding MCP in 1999, he was a Managing Director at Credit Suisse Financial Products in Tokyo. Before April 1997 when Credit Suisse Financial Products commenced business in Tokyo, he was a Director and subsequently a Managing Director in the Structured Products Group of Credit Suisse First Boston Securities (Japan) Limited. Prior to joining Credit Suisse First Boston in 1994, he worked as a Senior Vice President and Head Trader in the Equity Derivatives/Swaps and Financial Products Group of Lehman Brothers Japan Inc. which he joined in 1988.

He received a Master of Arts degree from The University of Tokyo in 1988.



Shun Fujii

Managing Partner (Hong Kong)

Prior to joining MCP in 2004, he was a Chief Investment Analyst in Center for Financial Engineering of Fuji Research Institute Corporation (predecessor entity of Mizuho Information & Research Institute, Inc.). Previously, he was a Senior Financial Analyst in Alternative Investment Team, a Financial Analyst in New Products and Business Development /Strategy Planning and a Financial Analyst in Research and Development and Financial Information System Division of Fuji Research Institute Corporation (predecessor entity of Mizuho Information & Research Institute, Inc.).

He received a Master of Science in Mechanics and Electronics Course from Musashi Institute of Technology in 1991 and BA in Mechanical Engineering from Musashi Institute of Technology in 1989.



Saiji Kataoka

Director

Prior to joining MCP, he served as CFO for a venture company. He has also worked as a consultant since 2017, focusing on corporate restructuring, regional revitalization, and specialized in M&A services for small and medium-sized enterprises. Prior to this, he was responsible for providing financing, foreign exchange dealing, and managing foreign currency ALM for individuals and corporations at Mitsui Bank (currently Mitsubishi UFJ Bank).



Yuka Amano
Director

After working in HR business sales at Recruit, she transitioned to roles in organizational strategy and marketing. She later became the President of a publicly listed subsidiary, focusing on female empowerment, workstyle reform, and diversity. She also advised local governments on policy formulation for regional revitalization and served as a regional revitalization advisor for economic organizations. Prior to joining MCP, she served as CMO for a venture company.



Yuichiro Tsuchi
Senior Vice President

Yuichiro commenced his financial career at UBS Japan in 2017, where he thrived in the equity research department as an associate analyst. His role encompassed in-depth coverage of industrial & consumer electronics, and semiconductor sectors. In 2021, he was promoted to the position of Lead Analyst for the Transportation sector. He joined MCP Asset Management in March 2023 to spearhead VC Investments.

He received a Master of Science in Agriculture with a major in biological engineering from Kyoto University Graduate School in 2017. During his academic pursuit, he also contributed as a researcher in the Faculty of Agricultural & Biological Engineering at the University of Illinois Urbana Champaign in 2016.

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