

**Navigating Japan's Growth Market:
Environment, Trends, and Opportunities
Across Public & Private Markets**

**Japan Evolution Fund
MCP Asset Management**

MCP's Private Market Activities

Today's presenter



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Investment

Selected Biography:

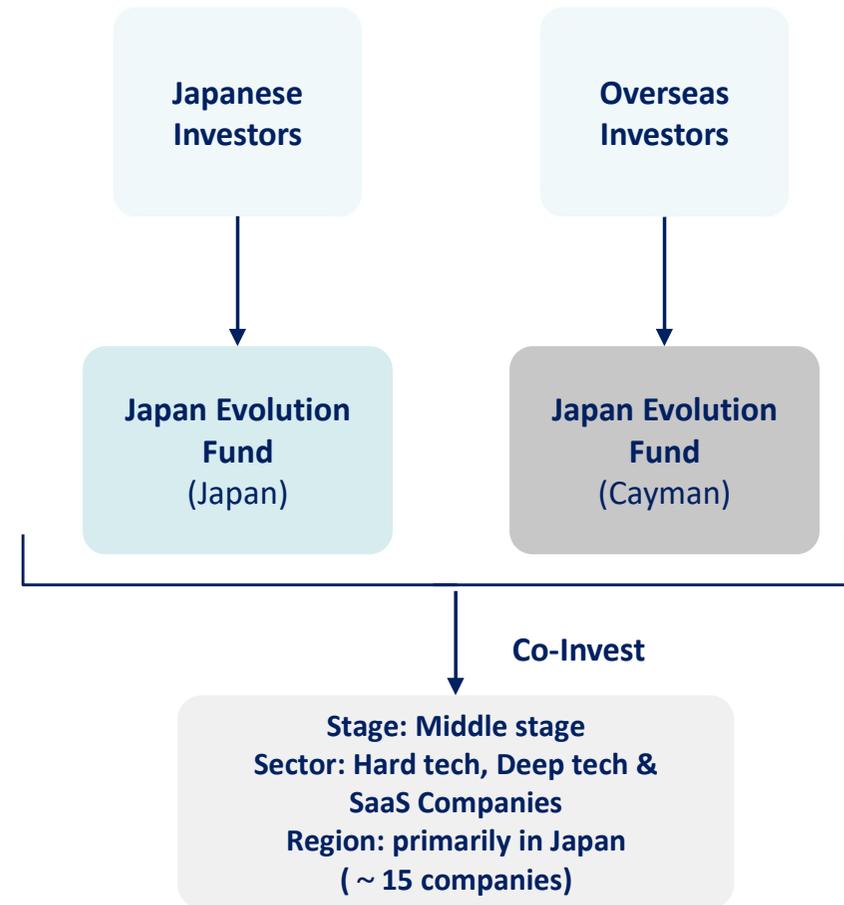
He started his finance career in the Investment Banking Department (M&A) in J.P. Morgan Japan and United Kingdom. After joining Dymon Asia Capital Singapore in 2017, he founded Dymon Asia Capital Japan in April 2019 as a representative director. He joined MCP Asset Management to lead VC and PE Investment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

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

Other relevant roles:

Investment Committee member for Nishinohon City Bank's venture capital funds, board member for multiple companies

Japan Evolution Fund



Planned Tightening of Listing Maintenance Standards for the Growth Market

Background: The Tokyo Stock Exchange (TSE) is considering stricter listing maintenance standards for the Growth Market

Purpose: Encourage the “natural selection” of companies by prompting turnover among so-called “growth companies in name only” whose share prices have not performed after IPO

Current rule:

Companies must maintain a market capitalization of at least **JPY 4 billion** after 10 years of listing



Proposed rule:

JPY 10 billion after 5 years of listing. The new standard is expected to take effect around 2030

70% of the companies in the Growth Market will be impacted!!

The Alt Inc. Scandal

Overview:

Alt Inc., known for its “AI GIJIROKU” transcription service, went public on the TSE Growth Market in 2024 amid high expectations.

However, in 2025, fraudulent accounting practices were uncovered.

A third-party investigation **revealed over JPY 10 billion (USD 70M) (80~90% of the entire revenue) in overstated revenue and circular transactions**, with most sales lacking actual usage.

The company delayed financial reporting, its share price collapsed, and it eventually filed for bankruptcy protection under the civil rehabilitation law.

Implications

Impact on Companies:

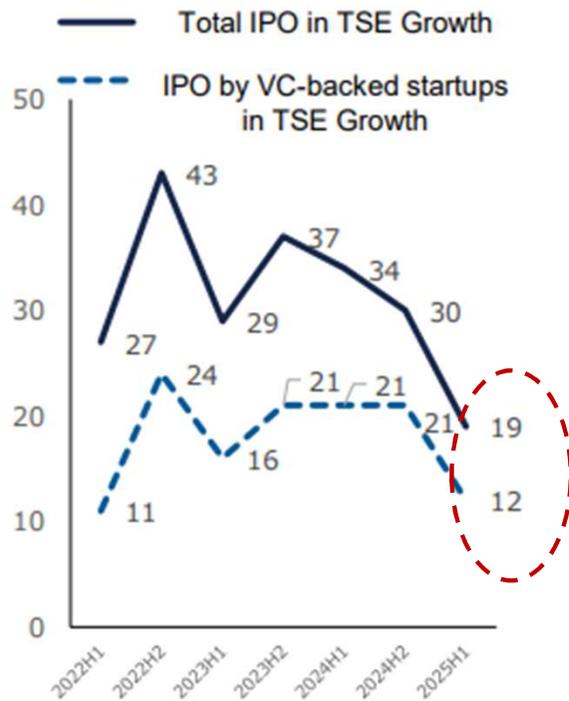
- ✓ Companies are now under stronger pressure to demonstrate tangible growth through M&A, business expansion, or profitability improvements
- ✓ IPO gatekeeping has tightened: **major underwriters now require a JPY 15–20 billion market cap threshold** for eligibility
- ✓ Startups must provide strong governance to maintain market confidence
- ✓ As IPO hurdles rise, strategic M&A or buyouts are increasingly viewed as alternative liquidity and growth paths

Impact on Investors:

- ✓ The Alt Inc. case revealed that traditional due diligence and formal monitoring are no longer sufficient
- ✓ Investors must adopt multi-dimensional verification frameworks
- ✓ Public investors, amid heightened uncertainty, are shifting away from small-cap tech names
- ✓ VC and PE funds are expected to demonstrate responsible investment judgment, provide governance support, and ensure continuous post-investment monitoring

Recent Performance on The TSE Growth Market

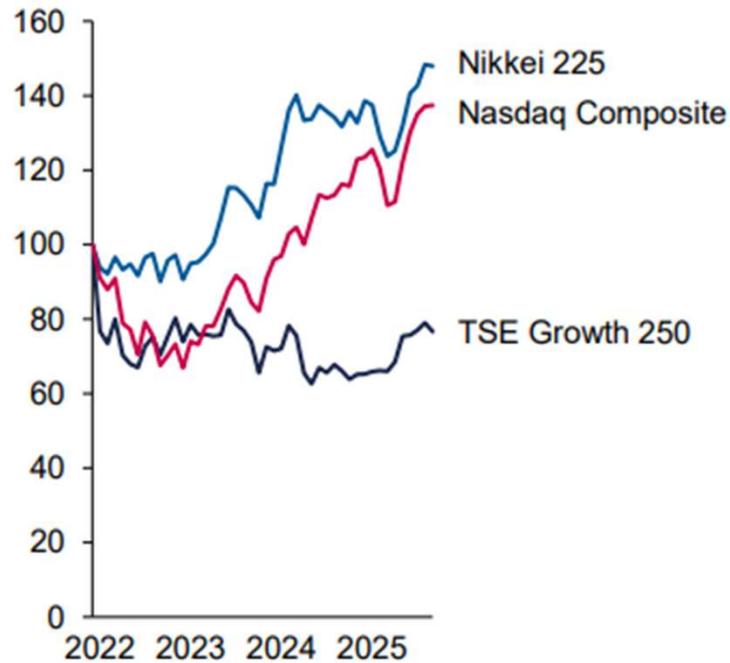
IPO Deal count of TSE Growth¹



- The number of IPOs in the first half of 2025 dropped

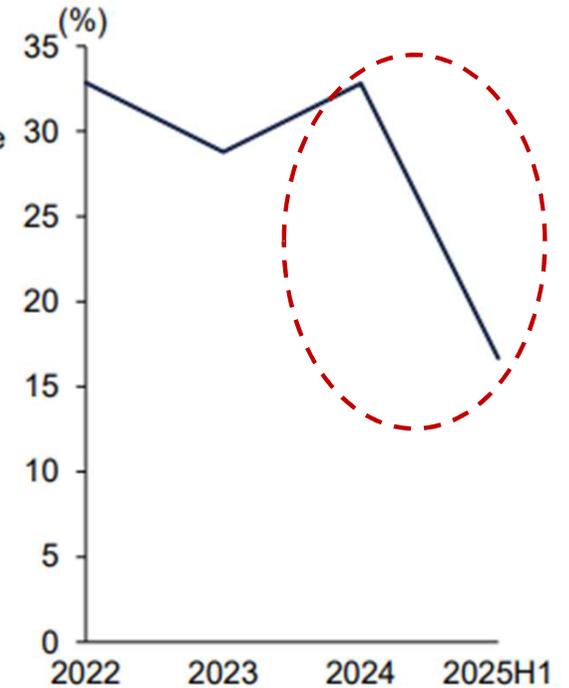
TSE Growth250 Index Trends

(2021-end as100)



- The TSE Growth 250 index has significantly underperformed

TSE Growth IPO: ratio of companies in the red in the immediately preceding fiscal period²



- The proportion of loss-making IPOs has declined

Performance of Companies Listed in 2024

• Top 10 companies by market capitalization at the time of listing on the Growth Market in 2024

Company Name	Listing Date (MM/DD)	Price Range	Offering Price	Initial Price	Market Cap at IPO (¥100M)	Latest Market Cap at 10/10 (¥100M)	Price Change (%)	Latest (¥100M)			Forecast (¥100M)		
								Revenue	Operating Profit	Net Income	Revenue	Operating Profit	Net Income
Timee	07/26	1,350~1,450	1,450	1,850	1,760	1,383	-21%	268.8	42.5	28.0	342.2	69.5	49.9
Astroscale Holdings	06/05	750~850	850	1,281	1,448	1,139	-21%	24.6	-187.6	-215.5	55.0	-98.0	-102.0
Ai Robotics	09/27	1,670~1,760	1,760	2,514	286	1,034	262%	142.1	24.8	17.0	280.0	48.0	33.3
Gloving	11/29	4,330~4,530	4,530	5,600	322	686	113%	82.6	28.0	17.7	115.6	35.4	22.7
Kurashiru	12/19	1,170~1,200	1,200	1,001	414	606	47%	131.0	26.6	16.9	171.4	33.7	23.0
Heartseed	07/30	1,110~1,160	1,160	1,548	341	395	16%	8.7	-10.4	-8.1	23.9	-10.1	-9.6
Terra Drone	11/29	2,250~2,450	2,350	2,162	201	313	55%	44.4	-6.3	-4.7	53.0	-6.1	-3.9
Mamezou Digital Holdings	06/27	1,280~1,330	1,330	1,348	216	305	41%	105.5	20.7	14.3	-	-	-
VRAIN Solution	02/22	2,790~2,990	2,990	5,190	525	258	-51%	21.4	5.9	4.3	-	-	-
Alt*	10/11	510~540	540	570	190	0	-100%	60.6	-23.2	-26.9	84.5	-25.0	-19.3

*delisted from the Tokyo Stock Exchange on August 31, 2025

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								Revenue	Operating Profit	Net Income	Revenue	Operating Profit	Net Income
Technology Succession Organization	02/05	1,850~2,000	2,000	2,700	233	766	229%	110.5	15.2	9.0	116.0	-	-
TENTIAL	02/28	1,900~2,000	2,000	2,600	183	371	102%	128.4	14.5	10.6	169.7	16.2	11.1
Digital Grid	04/22	4,400~4,570	4,520	5,310	328	354	8%	35.2	15.5	9.7	55.9	23.6	15.6
Toyoko	03/28	700~730	730	871	113	302	166%	20.3	3.0	3.2	-	-	-
Dynamic Map Platform	03/27	1,130~1,200	1,200	1,530	361	234	-35%	74.7	-12.2	-15.4	70.0	-	-
LOIVE	04/24	1,110~1,250	1,250	1,280	124	137	10%	84.9	10.0	5.0	123.2	14.2	9.1
Progress Technologies Group	03/28	1,890~1,950	1,950	1,980	154	96	-38%	56.5	9.1	5.8	62.4	16.5	11.0
Meeq	03/21	760~800	800	845	96	94	-2%	59.7	9.3	6.3	66.0	10.3	7.0
Booking Resort	02/21	1,200~1,240	1,240	1,550	88	67	-24%	14.6	5.2	3.3	16.6	5.5	3.6
Mirairo	03/24	255~270	270	661	65	54	-17%	7.1	1.2	1.8	8.8	1.8	1.0

Emerging Investment Opportunities in Japan's Growth Markets

Listed Market Opportunities:

- ✓ (Startups) Buyouts by Private Equity Funds
- ✓ (Startups) Buyouts by Large Corporates
- ✓ Roll-up Strategies Among Listed Companies
- ✓ Rising Shareholder Activism

Examples:

- *Carlyle Group's acquisition of Kaonavi*
- *Mizuho Bank's acquisition of Upsider Holdings*
- *SHIFT and other consolidators pursuing vertical acquisitions*
- *Domestic and foreign activist funds driving governance reforms and strategic reviews*

Private Market Opportunities:

- ✓ Majority Investments in Startups by Growth Funds
- ✓ Growth Investments in Global-Minded Startups
- ✓ Increasing Secondary and Down-round Transactions

Recent Fund Setup (e.g.):

- Coalis Growth Buyout Fund (JPY20bn)
- **MCP Japan Evolution Fund**, MUFG's growth fund (JPY 50bn)
- **MCP Japan Evolution Fund**, Kepple Fund, Mitsui Sumitomo Trust Bank's secondary fund

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