



# Mercuria Holdings Co., Ltd.

## Summary of Financial Highlights for the First Quarter of the Fiscal Year Ending December 31, 2024

**Stock code: 7347 (TSE Prime Market)**

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# 1Q highlights: Quarterly achievement rate is low, but we aim to achieve record-high annual profit

## Business Progress

### □ Steady growth of AUM:

– Asset under management has grown to ¥329.7 billion at the end of Dec. 2023, mainly with the fundraising of Buyout Fund II.

### □ Expecting the realization of performance fees in FY2024:

– Fund management is steady. The partial realization of performance fees from Buyout Fund I is expected in 2024.  
Reached the share transfer agreement of SHINX Co., Ltd., investee company.

## Results of First Quarter of FY2024

### □ 1Q achievement rate is low:

– The quarterly achievement rate is low due to the impact of unrealized performance fees and posting of Spring REIT's market value loss.

### □ Aiming to achieve record-high annual profit in FY 2024:

– However, since partial realization of performance fees from Buyout Fund I and recovery of Spring REIT's market value loss are expected for 2Q onwards, we aim to achieve record high annual profit in FY 2024, with gross operating profit of ¥6.7 billion/ ordinary profit of ¥3 billion.

## Compliance with TSE Prime Market Listing Standards

### □ Current market value of MHD shares in circulation is higher than TSE Prime Market listing standard:

– The current market value of MHD shares in circulation as of December 2023 is lower than the TSE Prime Market listing standard (current market value of shares in circulation of ¥10 billion). However, when calculated with the current MHD share price, the value is ¥12 billion, higher than the Prime Market standard.

# Contents

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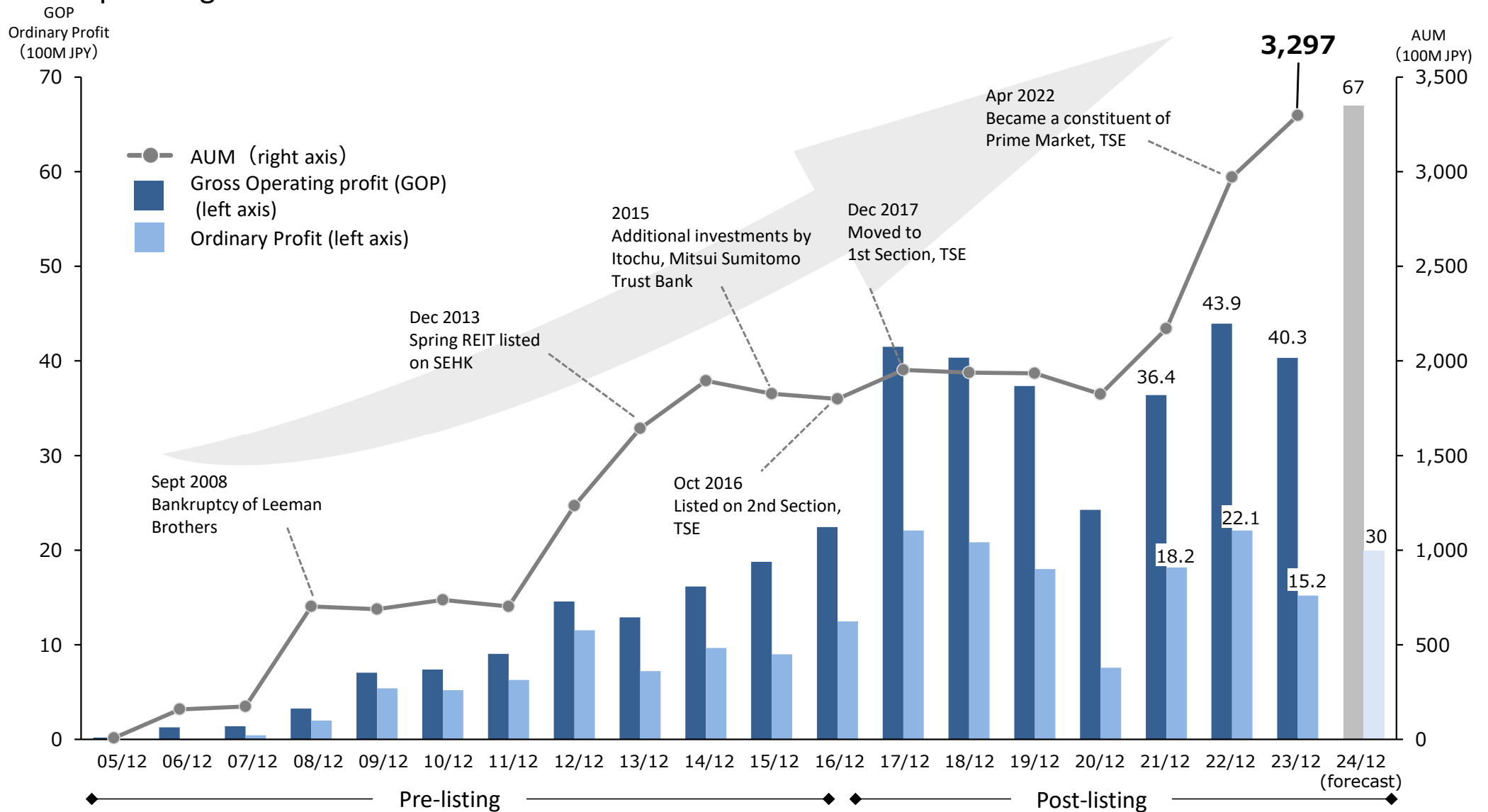
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1. Update of Progress Report
  2. Financial Highlights
  3. Status of Compliance with TSE Market Listing Standards
  4. Group Overview

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# 1. Update of Progress Report

# 1.1 Summary of Business Progress (History and Key Performance Indicators)

- We have developed new investment areas forecasting macroeconomic trends and achieving strategic transitions.
- Assets under management have reached ¥329.7 billion, and we aim to further expand it through the planning and establishment of new funds in the future.



# 1.1 Summary of Business Progress (Business Investments/Asset Investments)

- Business operations consist primarily of two categories. One is business investments, which are buyout and growth investments. The other is asset investments, which are real estate, aircraft and renewable energy investments.
- After listing, formed new funds in each investment fields.

## Business Investments

### □ Buyout Investments

- Buyout Fund I (2016-)
- Buyout Fund II (2022-)



### □ Growth Investments

- BizTech Fund (2019-)
- Supply-Chain Fund (2024-)



## Asset Investments

### □ Real estate Investments

- Spring REIT(2013-)
- Acquisition of Spring REIT assets (2017/2022)



### □ Aircraft Investments

- Aircraft fund I (2018-)
- Aircraft fund II (2022-)






### □ Renewable energy Investments

- Enex Infrastructure Fund (2018-)
- Infrastructure warehousing fund (2020-)



# 1.1 Summary of Business Progress (Current fund operations/fundraising)

- Fund operations and fundraising for each business category are steady.
- Successor funds to the current funds under management are also being launched successfully.

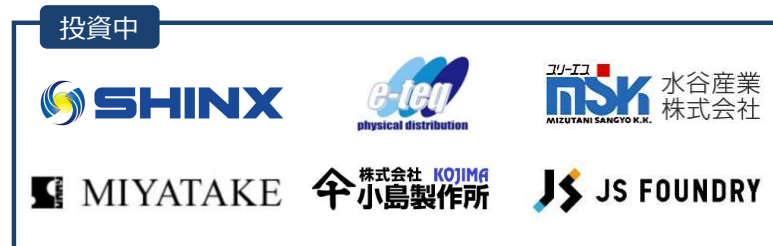
Category	Current Situation	Management	Fundraising
<b>Business Investments</b> 	<ul style="list-style-type: none"> <li>➤ <u>Buyout Fund I</u> : Operating above target returns, soon to reach the stage of performance fees.</li> <li>➤ <u>Buyout Fund II</u> : Achieved its final closing in 2023 with the total fund amount of ¥43.85 billion, more than double the total amount of Buyout Fund I.</li> <li>➤ <u>Growth Investment</u> : Under establishment of Supply-Chain Fund as the successor fund of BizTech Fund.</li> </ul>	◎	◎
<b>Spring REIT</b> 	<ul style="list-style-type: none"> <li>➤ <u>Spring REIT</u> : Listed on Hong Kong Stock Exchange (Market cap: ¥53.6 billion, total asset: ¥254.9 billion).</li> <li>➤ <u>Owned Assets</u> : Office (Beijing: 145,000m<sup>2</sup>), Shopping mall (Huizhou: 145,000m<sup>2</sup>), Store real estate (UK: 84 stores)</li> <li>➤ <u>Occupancy rate</u> : Both are at around 90% level; operating steadily.</li> </ul>	◎	-
<b>Asset Investments</b> 	<ul style="list-style-type: none"> <li>➤ <u>Aircraft Fund I</u> : Although there was an impact of Covid-19, aircraft investment is going well in the post-Covid-19 period.</li> <li>➤ <u>Aircraft Fund II</u> : Fundraising was closed with the fund amount of ¥7.0 billion. Considering new structures for further expansion.</li> <li>➤ <u>Renewable Energy Investment</u> : AUM for Enex Infrastructure Investment Corporation achieved ¥100 billion. The Case Number 1 solar power plant in a Taiwan-based mega solar development project has started its operations. Aiming for further expansion.</li> </ul>	○	○

## 1.2 Buyout Business (Business Progress)

- Buyout Fund I: Completed 4 divestments. Aim to realize the performance fees through the future exits (already reached the exit agreement of SHINX Co., Ltd., investee company, to Hanwa Co., Ltd.)
- Buyout Fund II: Achieved its final close in 2023 with the fund amount of ¥43.85 billion.

### Buyout Fund I

Name of fund	Mercuria Japan Industrial Growth Fund
Total Fund Amount	¥21.3 billion
Establishment	August 2016
Returns	<b>Operational performance</b> <ul style="list-style-type: none"> <li>• Net IRR: 15%+</li> <li>• Net return on investment: 2x+</li> </ul>
Investors	DBJ, SMTB, Major financial institutions, Regional banks, Non-financial companies
Investment Strategy	Business succession, Privatization, Carve-out deals, etc.



### Buyout Fund II

Name of fund	Mercuria Japan Industrial Growth Fund II
Total Fund Amount	¥43.85 billion
Establishment	March 2022
Returns	<b>Operational performance</b> <ul style="list-style-type: none"> <li>• Net IRR: 15%+</li> <li>• Net return on investment: 2x+</li> </ul>
Investors	DBJ, SMTB, Life insurance companies, Non-life insurance companies, Pension funds, Major financial institutions, Regional banks, Non-financial companies, Overseas investors
Investment Strategy	Business succession, Privatization, Carve-out deals, etc.





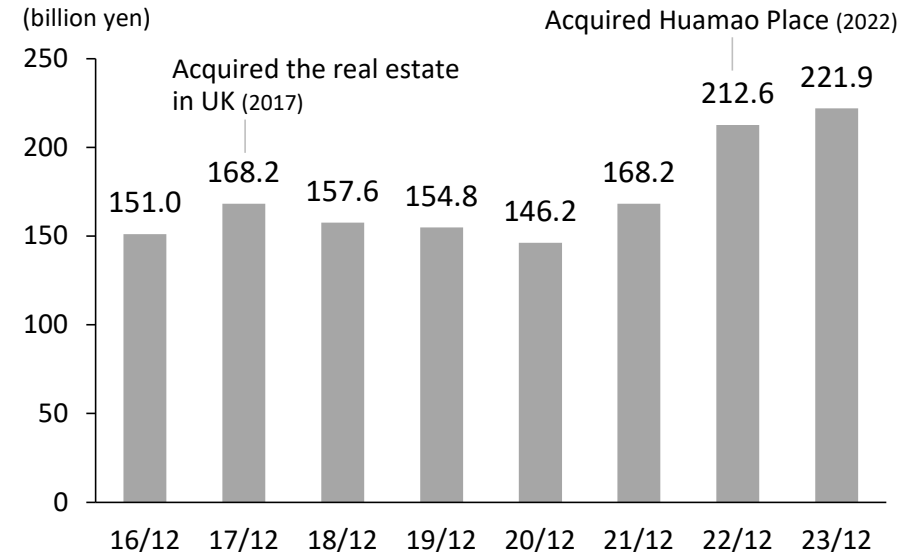
# 1.3 Spring REIT Business (Operation Status of Owned Properties )

- Managing Spring REIT (Stock coder: 1426 / Total assets: ¥254.9 billion), listed on Hong Kong Stock Exchange.
- Maintaining the high occupancy rates at Beijing office building (CCP), Retail network real estate in the UK acquired in 2017, and Shopping mall in Guangdong acquired in 2022.

## Overview of Spring REIT

Items	Details
Owned properties	Office buildings (Beijing): 145,000m <sup>2</sup> Shopping mall (Guangdong):145,000m <sup>2</sup> Store real estate (UK): 84 stores
Total assets	Approx. ¥254.9 billion (as of Dec. 2023)
Market cap	Approx. ¥53.6 billion (as of March 2024)

## Trend of AUM as a basis for management fees



## Portfolio

### China Central Place (CCP) (office building in Beijing)

Considered one of the highest quality office buildings in Beijing, it is located in the CBD district, the largest center of international business. It is excellent in terms of both quality and location.



Investment ratio  
**77%**  
Occupancy rate  
**89%**  
(average for the three months ended March 31, 2024)

### Huamao place (Shopping mall in Guangdong)

A landmark shopping center located in the central district of Huizhou, a major city in the Greater Bay Area of China, with the highest sales in the region (2021).



Investment ratio  
**17%**  
Occupancy rate  
**99%**  
(average for the three months ended March 31, 2024)

### Retail network real estate in the UK

The tenant is Kwik-Fit Ltd., the largest automotive service center operator in the UK with over 600 locations throughout the UK. The lease agreement is concluded on a long-term basis and is expected to generate stable income.

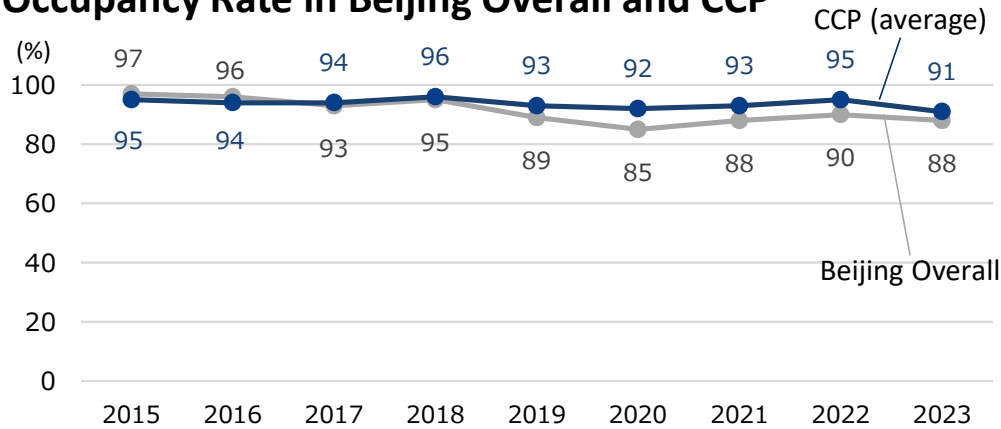


Investment ratio  
**6%**  
Occupancy rate  
**100%**  
(long-term contract)

# 1.3 Spring REIT Business (Operation Status of Owned Properties )

- Office occupancy rates in Beijing have remained stable with the tight supply of high-quality office space.
- Maintaining the occupancy rate of 90% level at Beijing office building (CCP), the main portfolio of Spring REIT.

## Occupancy Rate in Beijing Overall and CCP



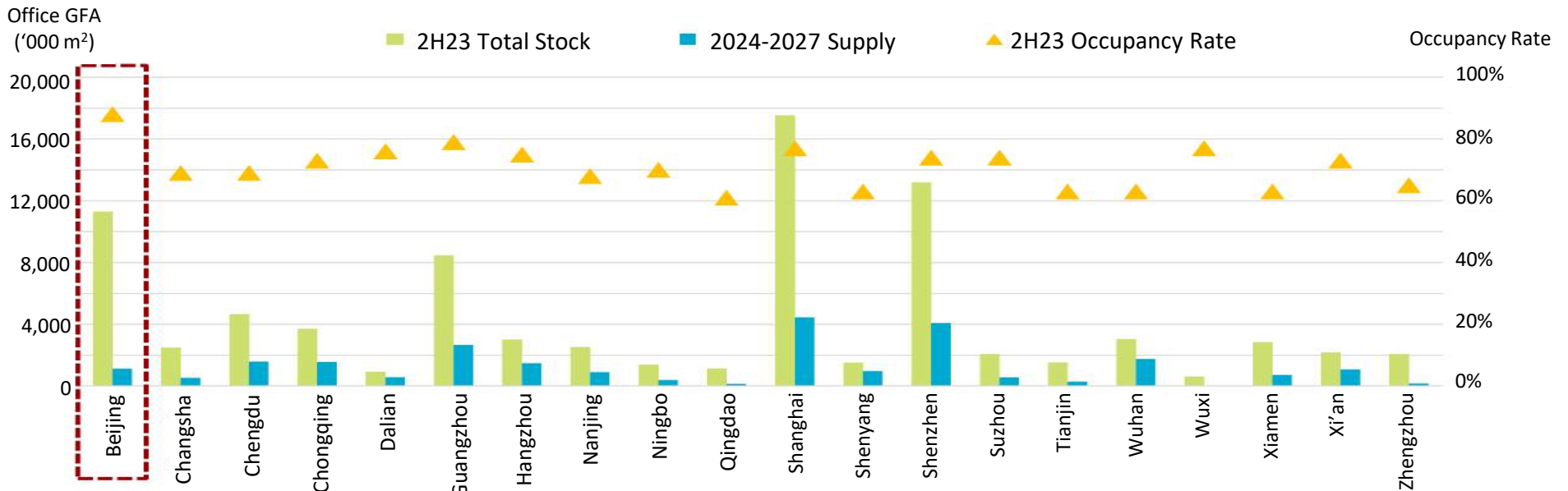
\* Prepared by Mercuria Holdings Co., Ltd.(MHD) based on Spring REIT’s “Final Results 2023 Presentation”



China Central Place (Beijing)

## Grade-A Office Markets in China

\* Prepared by MHD based on Spring REIT’s “Final Results 2023 Presentation” (Source: JLL Research, Dec. 2023)

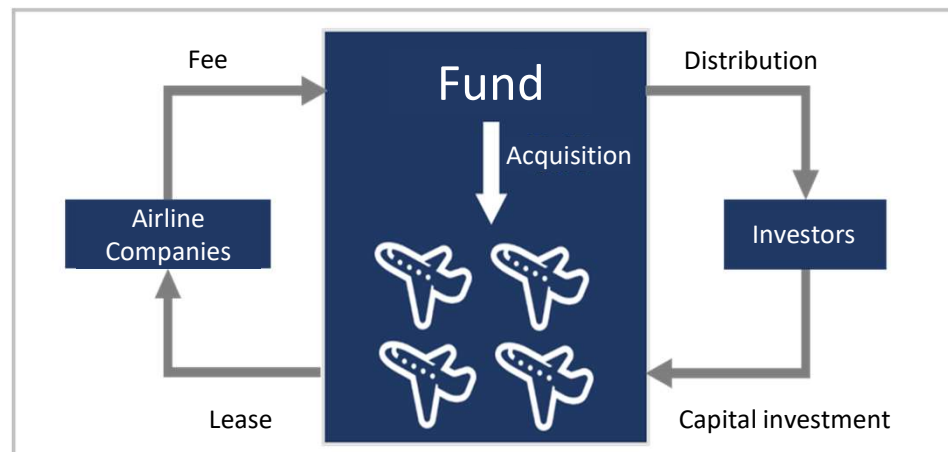


## 1.4 Asset Investment Business (Profile and Progress of Aircraft Business)

- Aircraft Fund II's fundraising, with Airport Facilities Co., Ltd. as the anchor investor in July 2022, was closed with ¥7.0 billion. Considering new structures for further expansion.
- Aircraft Fund II already completed three acquisitions of aircrafts.

### Overview of Aircraft Fund II (MACH I)

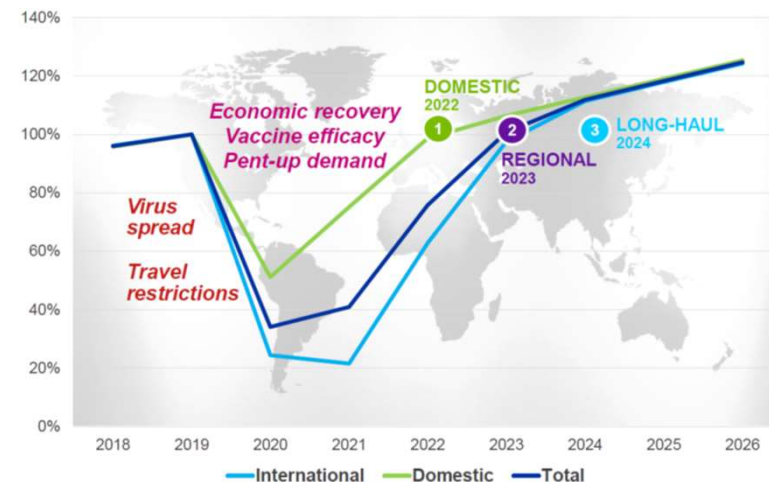
<b>Holdings</b>	Aircraft Mainly small and midsize aircraft that account for the majority of jets operated by airlines worldwide
<b>Fund size</b>	Approx. ¥7.0 billion Considering new structures for further expansion
<b>Establishment</b>	July 2022
<b>Investors</b>	Airport Facilities Co., Ltd., and others
<b>External partner</b>	Airborne Capital Limited (Ireland)



### Post-pandemic Market Environment for Aircraft Investments

- Demand for aircraft is expected to continue to increase with global economic growth; the pandemic temporarily impacted demand.
- Airlines have significantly increased the pct. of leased aircraft in their fleets. The role of lessors is expected to continue increasing as airlines procure new aircraft.
- A correction is taking place in the aircraft financing market, which was somewhat overheated. The timing is now good for obtaining more favorable investment terms than prior to the pandemic.

### Demand for Aircraft (Actual and Outlook)



Source: The Boeing Company

# 1.4 Asset Investment Business

## (Summery and Progress of Renewable Energy Project in Taiwan)

- Participated in the development of solar power generation facilities in Taiwan together with Maiora, a partner with Enex Infrastructure Investment Corp. Aim for a development profit by the principal investment of ¥1 billion.
- The case number 1 solar power plant was completed in June 2023, started to sell electricity.

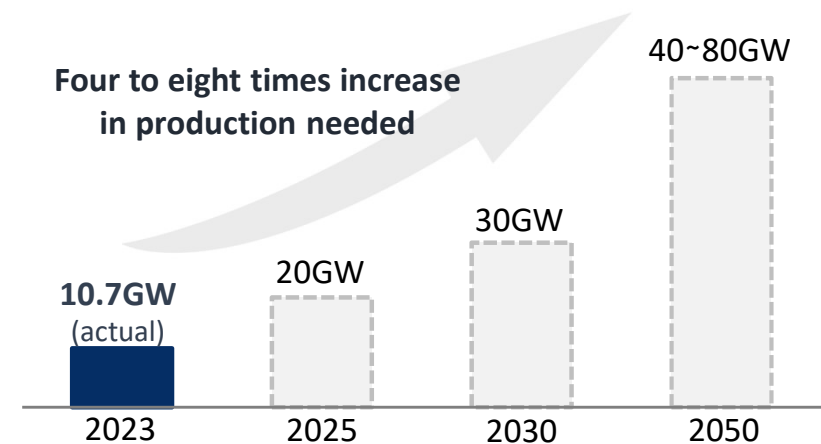
### Advantages of the Taiwan renewable energy business

- Per capita electricity use in Taiwan is higher than in Japan
- The government-owned Taiwan Power Company handles generation, distribution and sales of electricity
- Solar power was 4.15GW as of 2019; a mega-solar market is now emerging due to government policies for speeding up installations of renewable energy facilities
- The FIT purchase period is 20 years, the same as in Japan; the purchase price of solar power is determined when each project is completed

### Large Projects in the Pipeline

- Solar power projects at Maiora currently have a solar panel output of about 400MW and total investments of about ¥90 billion. Projects with an output of about 100MW are planned to start during the next year.
- Including potential projects where negotiations are under way, the pipeline has a maximum solar panel output of about 750MW and total investments of about ¥170 billion.
- Studies are proceeding to determine investment schemes for these pipeline projects.

### Future Plans Related to the Introduction of Solar Power Generation Facilities in Taiwan



\*Figures for 2025, 2030, and 2050 are targets.

\*Source: Bureau of Energy, Ministry of Economic Affairs,



The Case Number 1 solar power plant located in Dacheng Township, Changhua County



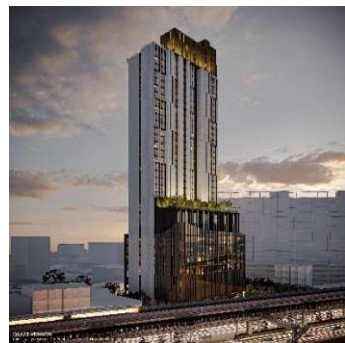
# 1.5 Consulting Business in Thailand

- Since the establishment of the Thai subsidiary (Mercuria (Thailand) Co., Ltd. (MTC)) in 2018, it has established a consulting business to support Japanese companies in their overseas expansion by leveraging local professionals and PE investment management expertise.

## Overview of Consulting Business in Thailand

Items	Details
From Japanese companies Cumulative investment amount	Approx. 7,141 Million THB (Approx. ¥28.5 billion) *calculated with 1THB=¥4
Number of projects covered above	16 (including 1 divested)

## Completion images (examples)



↑ One Sukhumvit 68 (Hotel)



↑ Kave Coco (Low-rise Condominium)

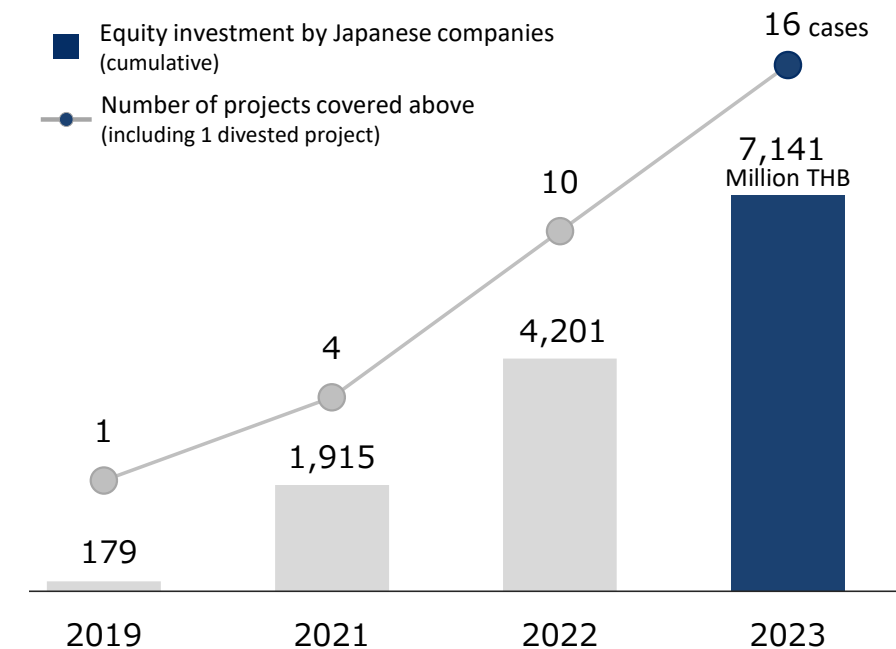
↓ Alpha Phanthong (Warehouse)



↑ The Origin Phahol 57 (Low-rise Condominium)

## Trend of the Amount of Equity Investment by Japanese Companies and Number of the Projects

\*Not included in MHD's AUM



### ● Examples of Consulting Business in Thailand

In March 2023, the Thai subsidiary participated in a condominium project in the suburbs of Bangkok in collaboration with a real estate company of a Japanese railroad group. Combining the high technology of Japanese housing development with Thai real estate business know-how through the high on-site capability of local knowledgeable employees. High returns expected from real estate investment in rapidly urbanizing Bangkok

### ● Newly established Vietnam subsidiary

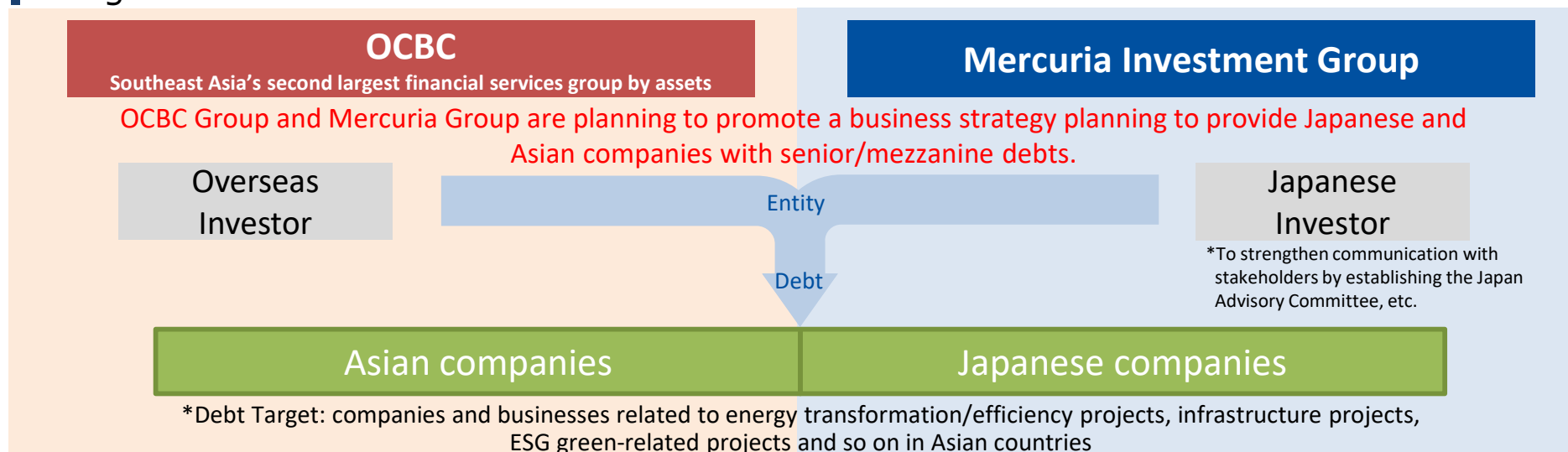
Since its launch in 2018, the Thailand consulting business has established a business model in the field of JV support for Japanese companies expanding overseas and their overseas partners, and has achieved profitability. Newly established a subsidiary in Vietnam to horizontally expand this business model.



## 1.6 Business Partnership with OCBC with the Theme of ASEAN Sustainability

- Signed Memorandum of Understanding (MOU) with OVERSEA-CHINESE BANKING CORPORATION LIMITED (OCBC) to create a credit fund with the theme of ASEAN sustainability.
- Launched initiatives to provide support for projects conducted by Japanese companies and local Asian companies from the perspective of strengthening financial and cross-border relationships.

### Image of the Business



### Participated in the MOU signing ceremony of AZEC Summit

The activities undertaken through the business partnership with OCBC are expected to be in line with the Asia Zero Emission Community (AZEC) concept advocated by the Japanese government. With such a background, OCBC and Mercuria attended the MOU signing event in the AZEC Summit meeting on December 16, 2023 with the MOU signed between OCBC and Mercuria.

As business and technological alliances that lead to the AZEC concept are being formed among a number of companies, OCBC and Mercuria aim to provide financial support through our fund business to improve sustainability in the ASEAN region, including the realization of carbon neutrality.

Picture: MOU signing ceremony at the AZEC Summit (provided by METI)

From the left: Daniel Kwan, Head of Mezzanine Capital Unit, Global Investment Banking, OCBC, Saito Ken, Minister of Economy, Trade and Industry, Toyoshima Toshihiro, Representative Director, CEO, Mercuria Holdings Co., Ltd.

## 1.7 Future Initiatives

### Maximize performance fees



Continue a stable fund operations and maximize the performance fees

Buyout Business  
(Business Investment)

### Accumulate management fees



Establish each fund larger than its 1st fund, and accumulate management fees

Spring REIT Business  
Asset Investment Business  
(Aircraft/Renewable Energy Investment)

### Initiatives for new business



Expand the product lineups through new business initiatives

Consulting Business in Thailand  
ASEAN Sustainability Business

### Broaden investor base



Broaden the investor base by offering the products focus on differences in investors' characteristics

Initiatives in all businesses

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## 2. Financial Highlights



## 2.1 Consolidated Financial Results (vs. Earnings Forecasts and Progress Rate)

- Due to the heavy impact of Spring REIT's value loss of ¥0.39 billion, the achievement rate for 1Q is low with gross operating profit of ¥0.57 billion and ordinary profit of △¥0.08 billion.
- The managed funds are performing well. Performance fees from Buyout Fund I are expected to be partially realized in 2Q onwards.

Unit: 100 million yen		2022 Results	2023 Results	2024 Q1 Results	2024 Forecasts	Progress Rate
Operating revenue		46.0	58.4	10.1	68	15%
Operating costs		△2.0	△18.1	△4.3	△1	433%
Gross operating profit	Fund management (management fees)	24.4	30.0	6.9	67	9%
	Fund management (performance fees)	3.1	0.2	-		
	Principal investments/ Others	16.5	10.1	△1.2		
	Total	43.9	40.3	5.7		
SG&A expenses		△23.4	△26.9	△7.4	△37	20%
Operating profit		20.5	13.4	△1.7	30	△6%
Ordinary profit		22.1	15.2	△0.8	30	△3%
Profit attributable to owners of parent		15.6	10.6	△1.0	20	△5%

## 2.1 Consolidated Financial Results (Spring REIT's Contributions to Group Profit)

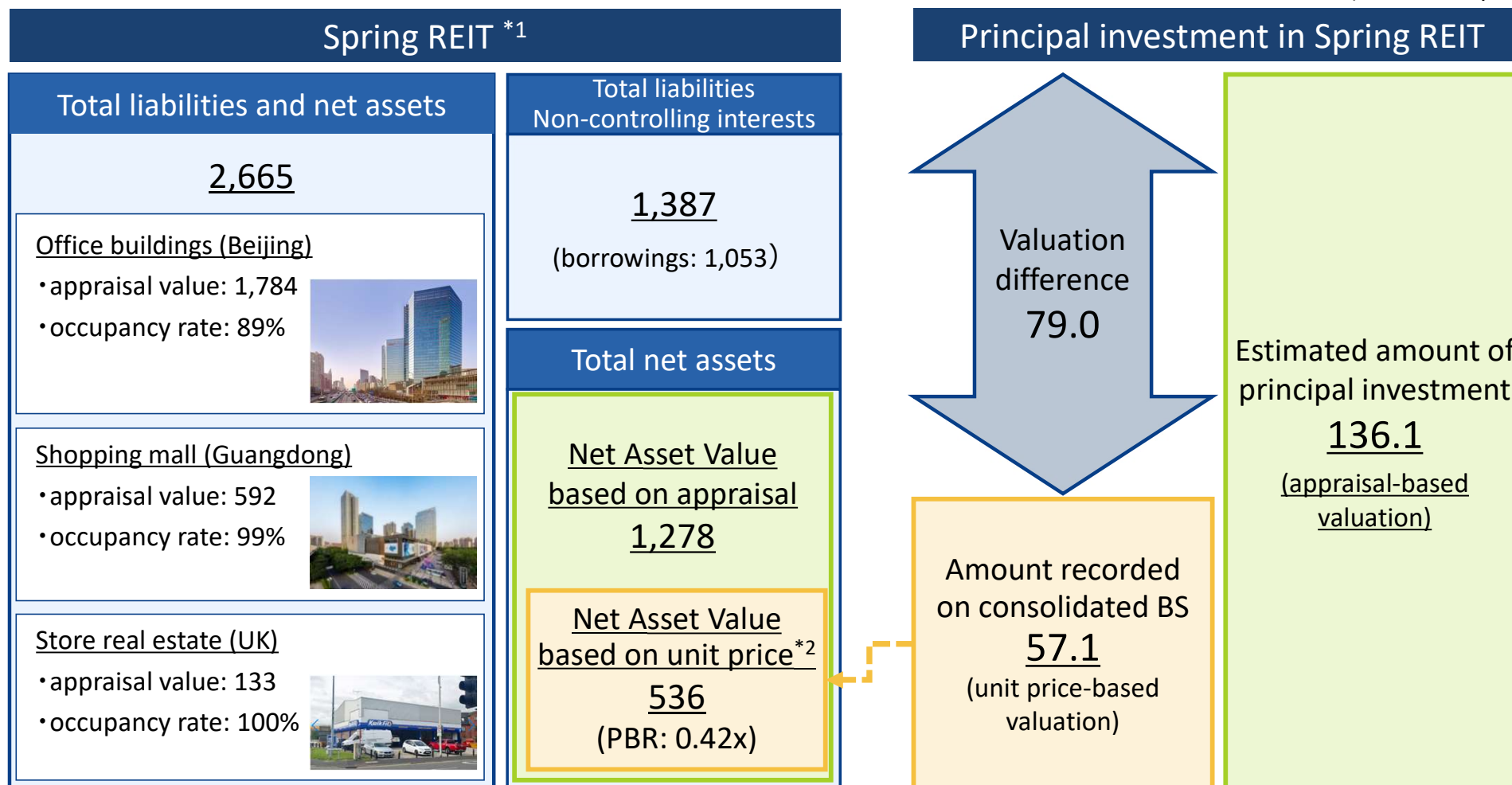
- Management fees and dividend income from Spring REIT are contributing greatly to our group profit.
- Due to decrease in the unit prices, Spring REIT has recently recorded market value loss, but all assets are enjoying actual demand and maintaining high occupancy rates.

Overview of Spring REIT		Revenue Contribution Upper section: FY2023 results Bottom section: FY2024Q1 results		Driver		
Listed market	Hong Kong Stock Exchange (code: 1426)	Fund Management	Management Fee	¥1.39 billion ¥0.32 billion	Actual demand (Cash flow/ Appraisal value)	
Owned properties	Office buildings (Beijing) Shopping mall (Guangdong) Store real estate (UK)		Performance Fee (Acquisition Fee)	- - (recorded when asset acquisition occurred)		
Total assets	¥26.65 billion * calculated the Balance at the end of Dec. 2023 with 20.84 yen/RMB which is the exchange rate at the end of March 2024		Principal investment	Dividend Income (Principal investment income)		¥0.67 billion - (recorded twice a year (Q2,Q3))
Unit price	1.77~2.40 HKD/unit *the lowest and highest price for the last 52 weeks	Market Value Gains/Losses (Principal investment income)		△ ¥0.35 billion △ ¥0.39 billion		Market Value (unit price)
Dividends	0.190 HKD/unit *Total for interim and year-end 2023 *dividend yield: 7.9% -10.7% (with the above unit price)					
The role of our group	Fund management (asset manager) Principal investment (¥5.7 billion)					

## 2.1 Consolidated Financial Results (Spring REIT's Contributions to Group Profit)

- Our principal investment in Sprint REIT projects as of the end of March 2024 is ¥5.71 billion (share price-based valuation).
- The amount of principal investment estimated with the appraised value of Spring REIT's assets is ¥13.61 billion (appraisal-based valuation). There is a difference of approximately ¥7.9 billion between the appraisal-based valuation and the stock price-based valuation.

(100 million yen)



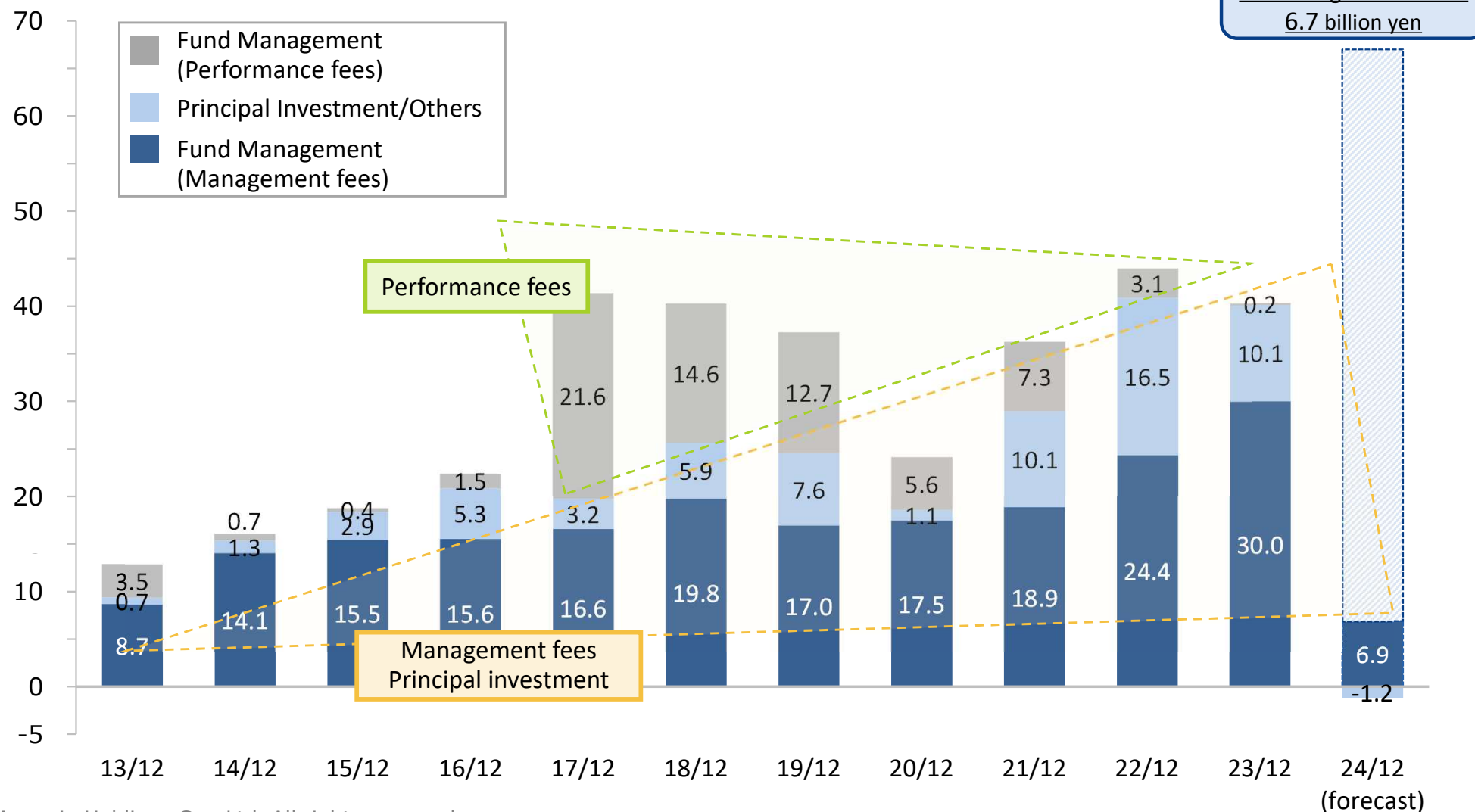
\*1 The balance of BS at the end of December 2023 was calculated at the exchange rate of 20.84 yen/RMB as of the end of March 2024.

\*2 The number of units issued and unit price (1.92 HKD/unit) as of the end of March 2024 were calculated at the exchange rate of 19.33JPY/HKD.

## 2.1 Consolidated Financial Results (Gross Operating Profit By Revenue Categories)

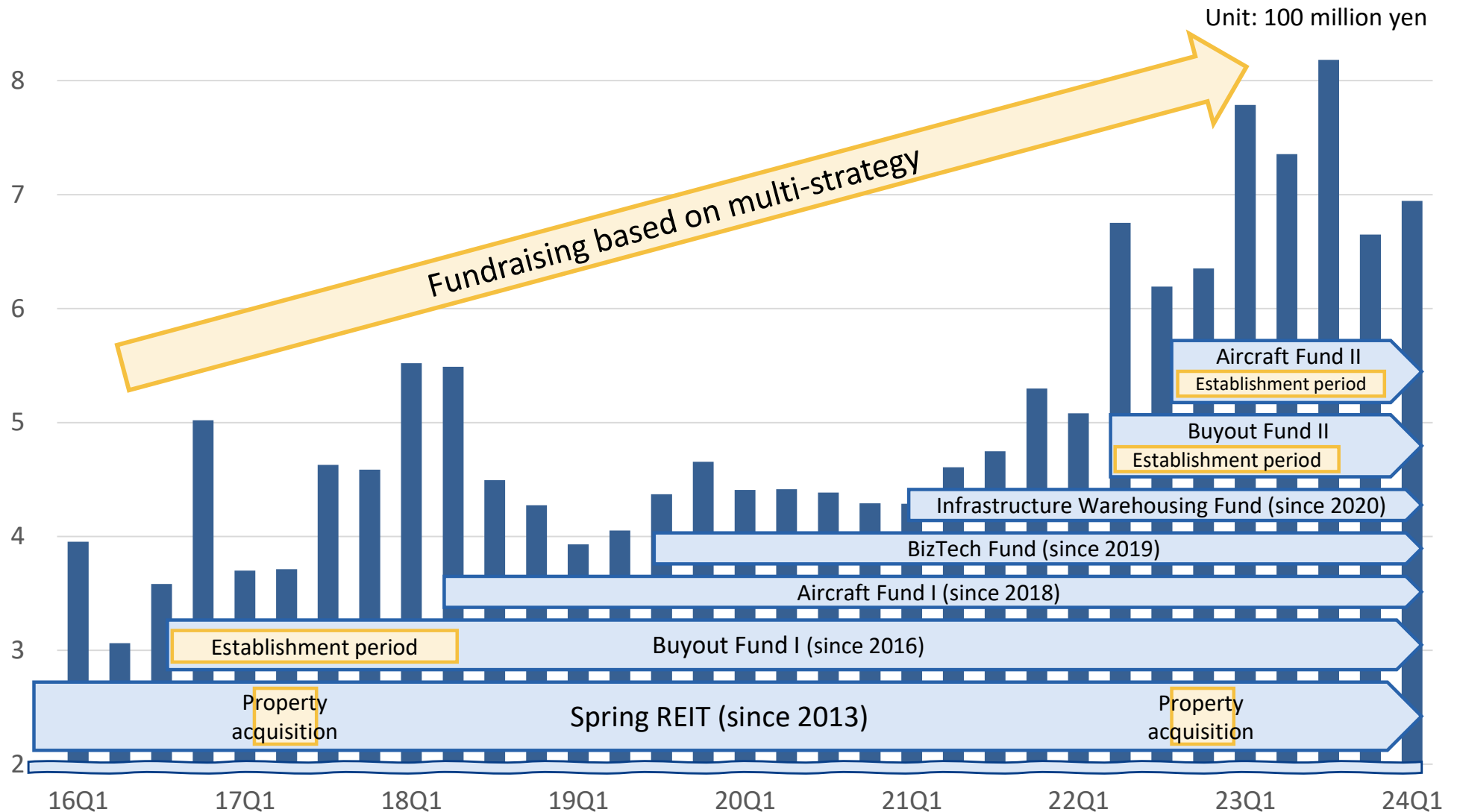
- Performance fees between 2017 and 2023 were ¥6.5 billion, including ¥3.7 billion in the Growth Fund I and ¥1.7 billion in the value investment fund, which was established during the global financial crisis.
- Principal investments have become a major source of revenue along with fund management fees and performance fees because of consistent dividend income from Spring REIT and the strong performances of Buyout Fund I, established in 2016, and other funds.

(100 million yen)



## 2.1 Consolidated Financial Results (Quarterly Management Fees)

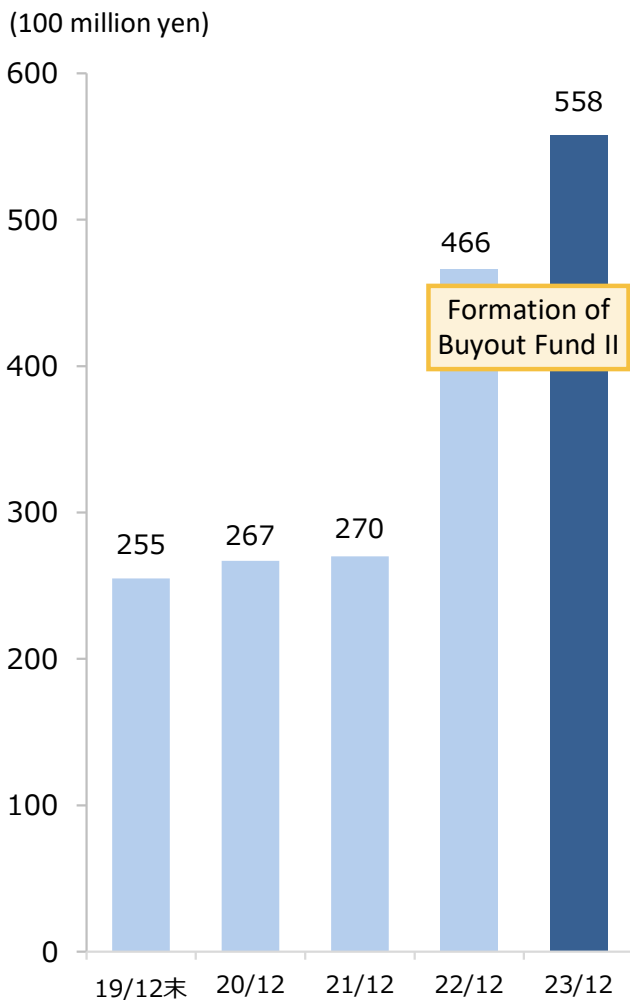
- Since listing in 2016, management fees have increased significantly with the establishment of funds based multi-strategy.
- Completed the establishment of Buyout Fund II in 2023. Aim for further increase management fees with the establishment of new funds in the future.



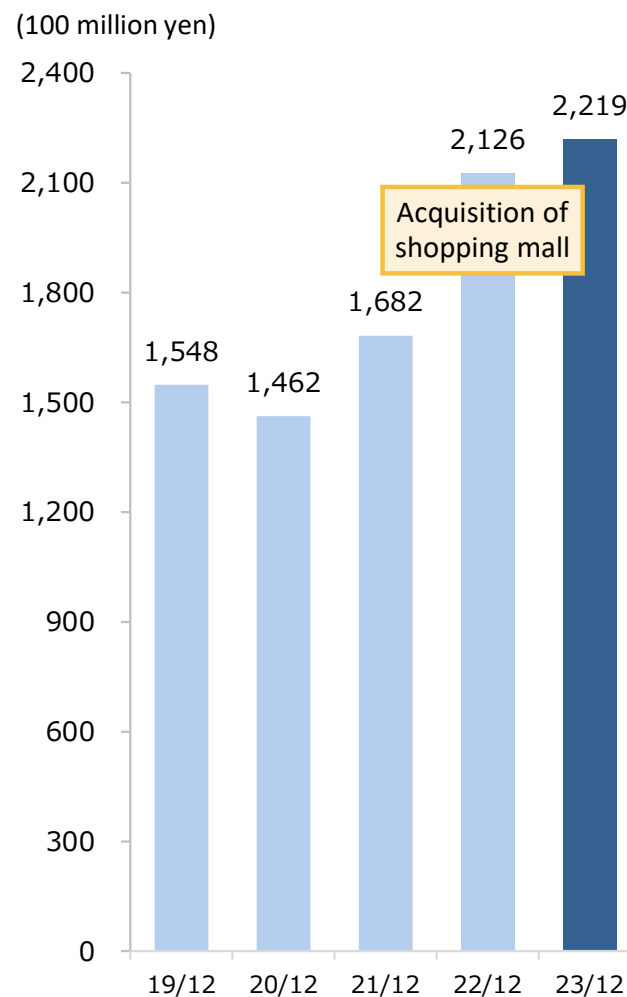
## 2.1 Consolidated Financial Results (Trend of AUM as a basis for management fees)

- The establishment of Buyout Fund II (Business Investments), as well as the inclusion of new assets in Spring REIT, resulted in a marked increase in the AUM as a basis for management fees.
- Although there was a fundraising for Aircraft Fund II, as the investment period for the Renewable Energy Fund (Asset Investments) expired, the AUM and the management fee decreased accordingly.

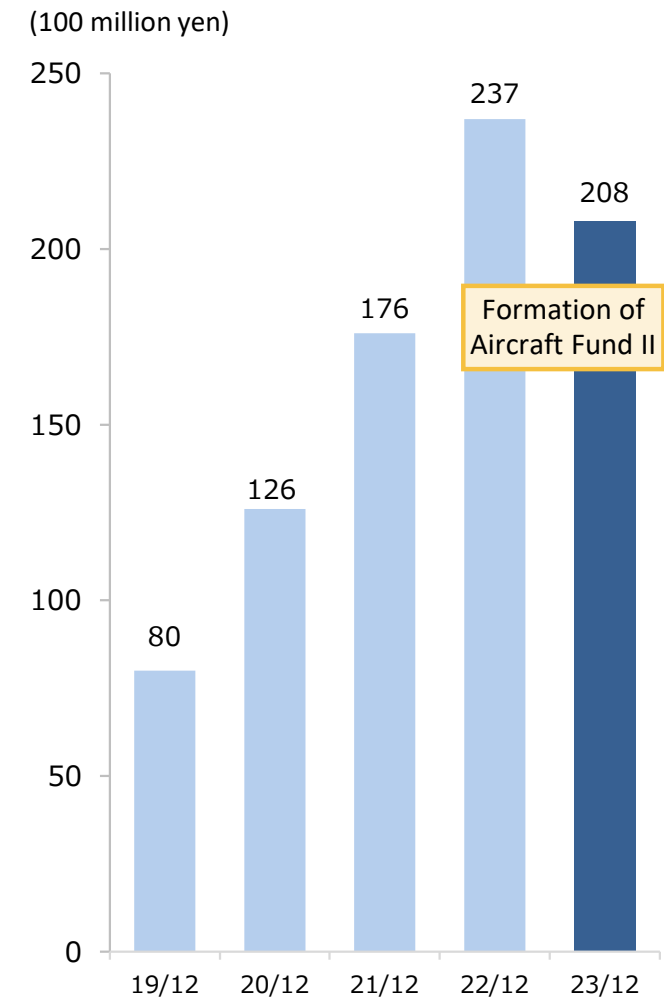
### Business Investments



### Spring REIT

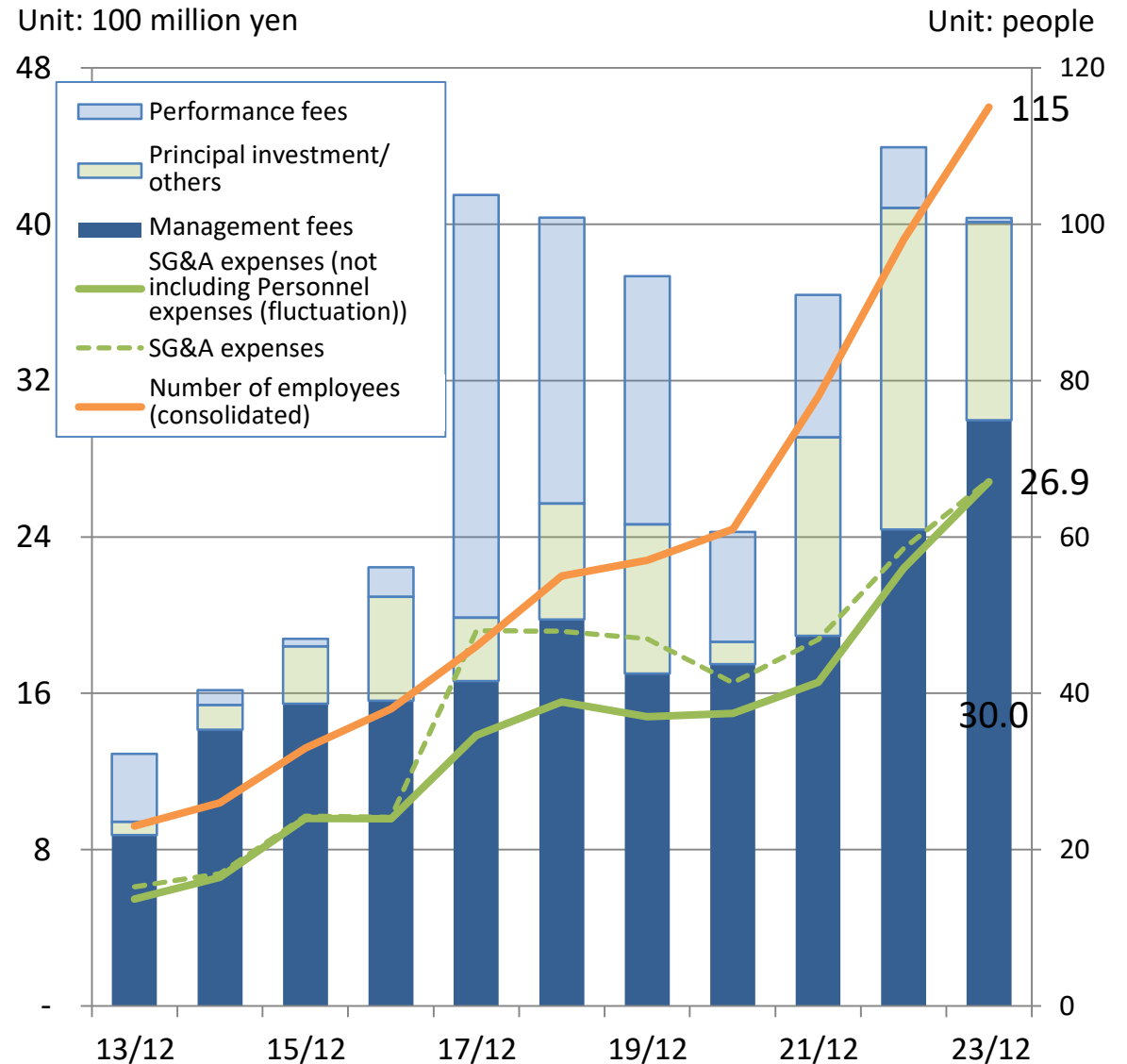
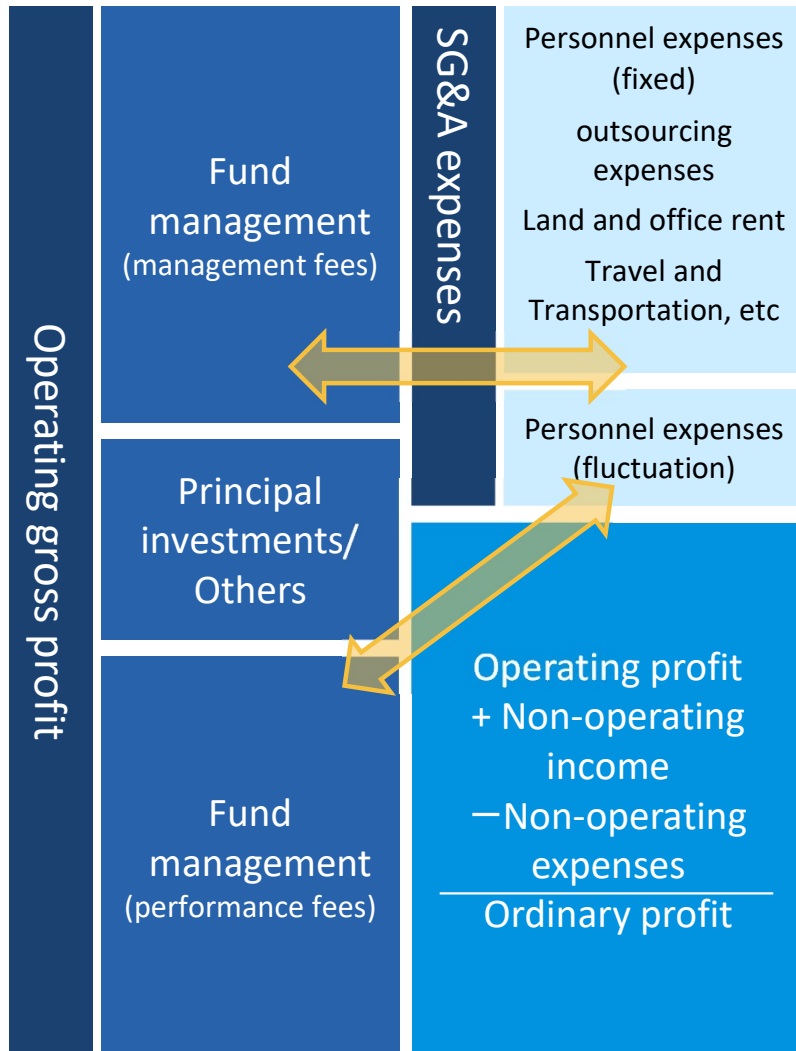


### Asset Investments



## 2.1 Consolidated Financial Results (Structure of Earnings)

- Profit and Loss Structure: Fixed costs are covered by management fees, which are stable revenues, and aim for upside from performance fees and principal investment income.
- Management fees increased due to the fundraising, accordingly, increased the workforce to strengthen the system.



## 2.2 Consolidated Financial Results (Asset-Liability Structure)

- Assets side consists of Operational investment securities/Operating loans (principal investment) which is ¥14.1 billion and Cash and deposits of ¥2.6 billion.
- No borrowings are on balance, ¥16.5 billion in equity capital against ¥1.4 billion in liabilities.

### B/S (as of the end of March 2024)

Unit: 100 Million yen

Current assets	Cash and deposits	26	Liabilities	Borrowings	—
		14%		Other current liabilities	7
	Trade accounts receivable	7		Other non-current liabilities	7
	Operational investment securities/ Operating loans	141	Net assets	Equity capital	165
	74%			86%	
Other current assets	7	Non-controlling interests		12	
Non-current assets		10			
Total		191	Total		191

### Composition of Equity Capital

Unit: 100 Million yen

Business Investments		36
Same-boat investment for buyout funds and growth funds		
Spring REIT		57
Same-boat investment in a fund to invest in Spring REIT Using borrowings		
Asset Investments		48
Same-boat investment for aircraft funds and renewable energy funds, Principal investment in the development of solar power generation facilities in Taiwan, etc.		
Asset Under Management (as of the end of Dec. 2023)		3,297



## 2.2 Consolidated Financial Results (History of Equity Capital (ROE and Total Return Ratio))

- ROE for FY2023 was 6.3% due to the decrease in profit. Aiming for ROE level of 10-15%.
- The level of the total return ratio for the past two fiscal years was over 50% by conducting stock repurchase and dividends as shareholder return.

Unit: 100 Million yen

ROE and Total Return Ratio				History of Equity Capital		
	FY2022	FY2023	FY2024 forecast			
ROE	9.8%	6.3%	10% over (Target)	As of the end of FY2021		151
Average of Equity Capital (Unit: 100 Million yen)	159	169	(TBD)	ROE	Net income	+ 15.6
Net income (Unit: 100 Million yen)	15.6	10.6	20 (Target)		Comprehensive income	+ 6.5
Total Return Ratio	53.4%	59.9%	(TBD)	Total Return Ratio	Dividends	△4.2
Dividends	32.1%	26.2%	39.4%		Stock Repurchase	△2.8
Stock Repurchase	21.4%	33.7%	(TBD)	As of the end of FY2022		166
				ROE	Net income	+ 10.6
					Comprehensive income	+ 3.5
				Total Return Ratio	Dividends	△4.1
					Stock Repurchase	△5.3
				As of the end of FY2023		171

## 2.3 Dividends

- In accordance with the dividend policy, MHD plans to pay a dividend of ¥22 for 2024, which will result in an average payout ratio of 33.8% of net income during the past five years.

### Dividend policy

- Dividends are the primary way to distribute earnings to shareholders and the priority is dividend stability.
- The current payout ratio guideline is about 30%. As performance fees and other one-time revenue has a big effect on earnings, the guideline is to use average net income for five years as the basis. Using this average reduces the effects of earnings swings from year to year and increases the stability of dividends.
- The goal is to raise the dividend along with growth of the five-year average of net income.

Unit: Million yen	2020 Results	2021 Results	2022 Results	2023 Results	2024 Forecasts
(1) Profit attributable to owners of parent	525	1,304	1,563	1,055	2,000
(2) Five-year average of net income	1,105	1,195	1,210	1,138	1,289
(3) Dividend per share	¥20	¥20	¥20	¥21	¥22
(4) Total number of outstanding shares (after deduction of treasury shares)	17,113,389 shares	20,911,579 shares	20,500,979 shares	19,793,579 shares	* 19,793,579 shares
(5) Total dividends (3) × (4)	342	418	410	416	435
(6) Dividend payout ratio (5) / (2)	31.0%	35.0%	33.9%	36.5%	33.8%

\* The total number of outstanding shares stated in 2024 Forecasts is the actual total number of the outstanding shares as of the end of March 31, 2024.

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## **3. Status of Compliance with TSE Market Listing Standards**

### 3.1 Updated status with TSE Prime Market Listing Maintenance Criteria

- The market cap of ¥10 billion or more is required under the criteria for maintaining its listing on TSE prime market. MHD's market cap of tradable shares reflecting the recent stock price is the ¥12.0 billion level or more, which satisfy the TSE prime market criteria.

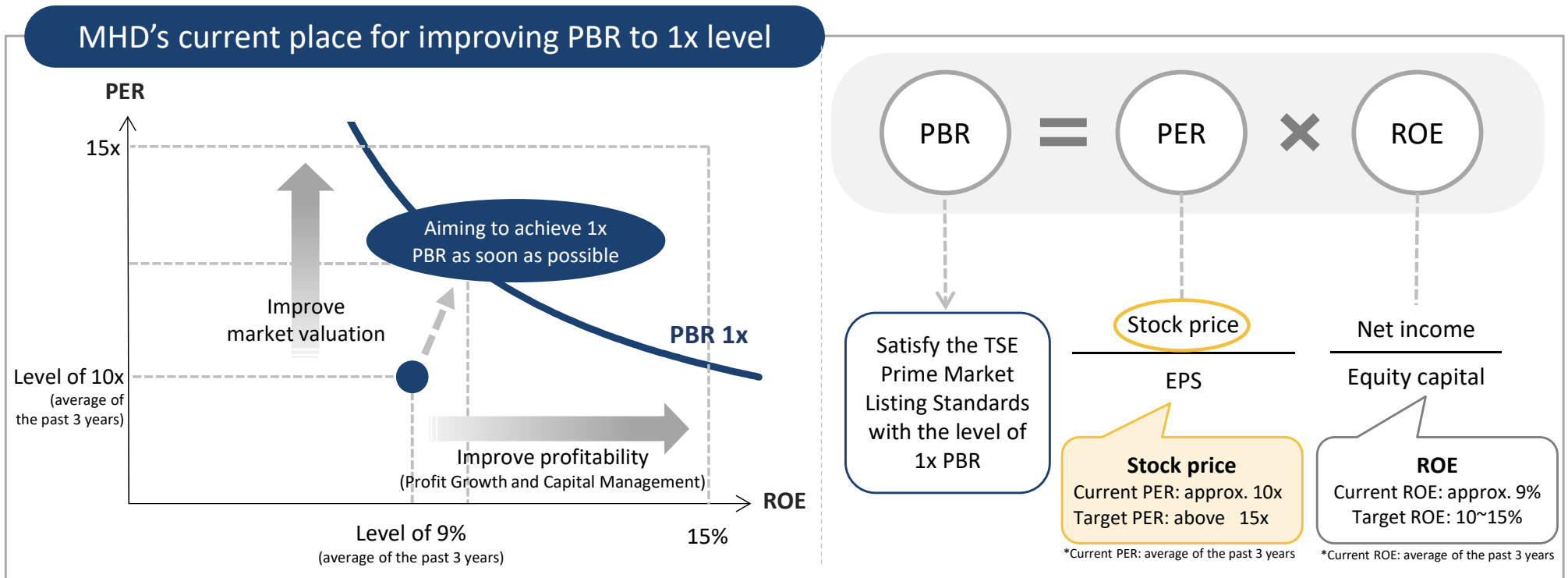
	Reference period Ave. of Oct-Dec 2022	Reference period Ave. of Oct-Dec 2023	Current price As of May 13, 2024	Prime Market Listing Maintenance Criteria
Total market capitalization of the tradable shares	¥7.39 bn	¥8.66 bn	¥12.56 bn	¥10 bn
Stock price	¥604.9	¥750.3	¥1,088	¥870
PBR BPS: 883.56 yen (Result of FY2023)	0.73 X (BPS: ¥829.2 -Result of FY2022)	0.85 X	1.23 X	0.98 X
PER EPS: 103.38 yen (Forecast for FY2024)	7.3 X (BPS: ¥83.21 - FY2023 forecast)	7.3 X	10.5 X	8.4 X

Prime Market

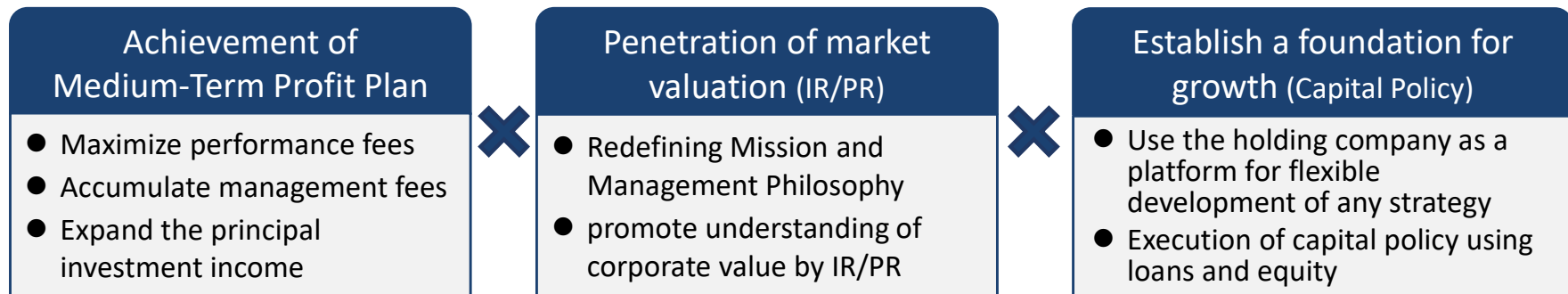
Criteria	FY2022	FY2023	TSE Prime Market Listing Maintenance Criteria	Status
Number of share holders	4,230	3,599	800 or more	○
Number of tradable shares	122,169 units	115,359 units	20,000 unites of more	○
Market capitalization of tradable shares	¥7.39 bn	¥8.66 bn	¥10 bn or more	×
Ratio of tradable shares	56.86%	53.65%	35% or more	○
Daily average trading volumes	¥35 mn	¥37 mn	¥20 mn or more	○

## 3.2 Compliance with TSE Prime Market Listing Standards and PBR Improvement (1/2)

- The stock price of 1xPBR level is required to satisfy the TSE Prime Market Listing Standards (870 yen level)
- To achieve the stock price of 1xPBR level, improving profitability through profit growth based on the medium-term profit plan (ROE) and market valuation by enhancing IR/PR (PER) are required.



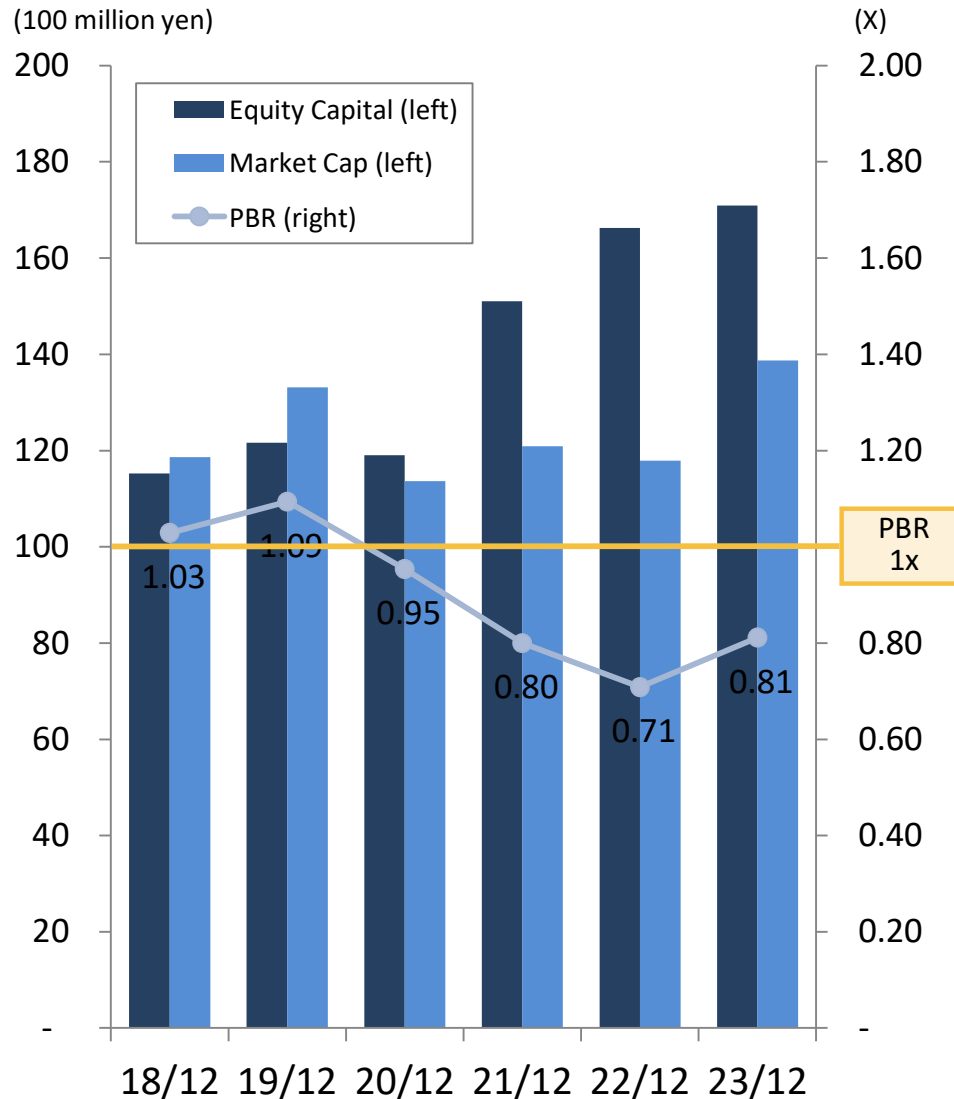
### Initiatives for improving PBR



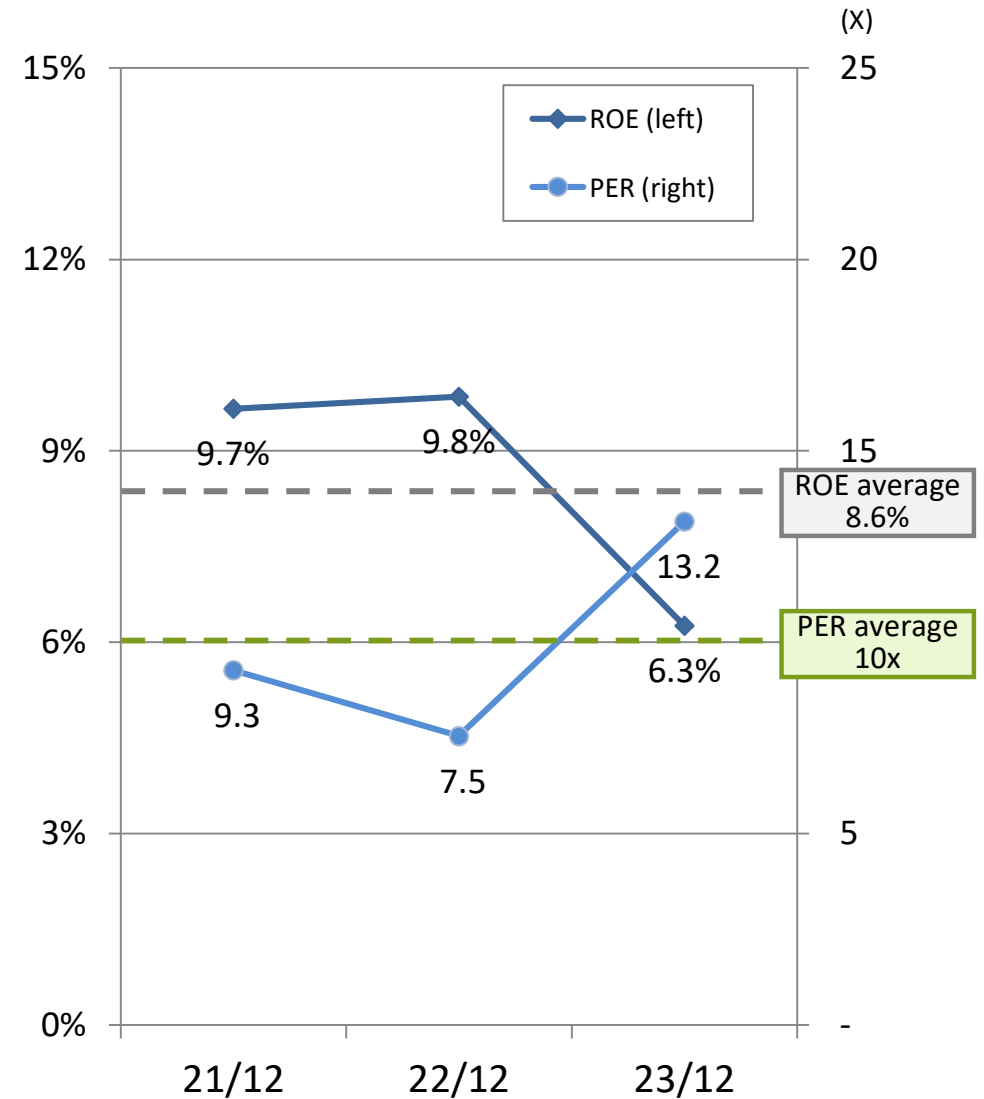
## 3.2 Compliance with TSE Prime Market Listing Standards and PBR Improvement (2/2)

- PBR: after the public offering in FY21/12, PBR has remained below 1x.
- ROE: declined to 6.3% due to the YoY decrease in profit in FY23/12. Aim for ROE level of 10-15% by realizing the performance fees and principal investment income from the Buyout Fund I exits.

### Trend of PBR



### Trend of ROE and PER



## (Reference) Structure of Earnings and Corporate Value

- MHD's view of the value of its stock is based on following components: (1) business value (management fees); (2) net asset value (principal investments); and (3) upside value (performance fees).
- Market cap was ¥21.5 billion based on the closing price on May 13, 2024. Our goal is to realize the hidden value of MHD that we believe exists.

Value of stock		Market cap
Components of assumed stock value	Upside value (performance fees)	Expectation for performance fees
	Business value (management fees)	Business value with a sound base for management fees based on long-term contract
	Net asset value (principal investments)	Equity capital ¥16.5 bn + Unrealized capital gain asset value
		<div style="border: 1px dashed black; padding: 5px;"> <p><b>Hidden value that MHD believes exists</b></p> </div> <p>¥21.5 bn (¥1,088/share)</p>

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## 4. Group Overview



# Outline of the Mercuria Investment Group

- The Mercuria Investment Group, with its core company Mercuria Investment that was established in 2005, manages funds that invest in alternative assets and makes principal investments in these funds.
- Mercuria's mission is "Change Today's Japan Through Power of Funds."

## Company Profile (As of end of December 2023)

<b>Company name:</b>	Mercuria Holdings Co., Ltd.
<b>Head office:</b>	Daibiru Bldg., 1-3-3 Uchisaiwaicho, Chiyoda-ku, Tokyo
<b>Established:</b>	July 1, 2021 (the former Mercuria Investment Co., Ltd. was established on October 5, 2005)
<b>Capital:</b>	¥4,066,183,280
<b>Business:</b>	Holding company, fund management business and principal investment business
<b>Management personnel:</b>	Toshihiro Toyoshima, CEO Hideya Ishino, Director, COO, Head of Asset Investment Dept. Kiyoto Koyama, Director, CIO, Head of Business Investment Dept.
<b>Number of employees:</b>	115 (consolidated)
<b>Listing:</b>	Tokyo Stock Exchange, Prime Market (stock code 7347)
<b>Strategic shareholders:</b>	Development Bank of Japan Inc. ITOCHU Corporation Sumitomo Mitsui Trust Bank, Limited

## Vision, Mission, and Management Philosophy

### Vision

**"To Become a World-Class Investment Group"**

### Mission

**"Change Today's Japan Through Power of Funds"**

**Management Philosophy  
= Investment Philosophy**

**Growth of  
Happiness**

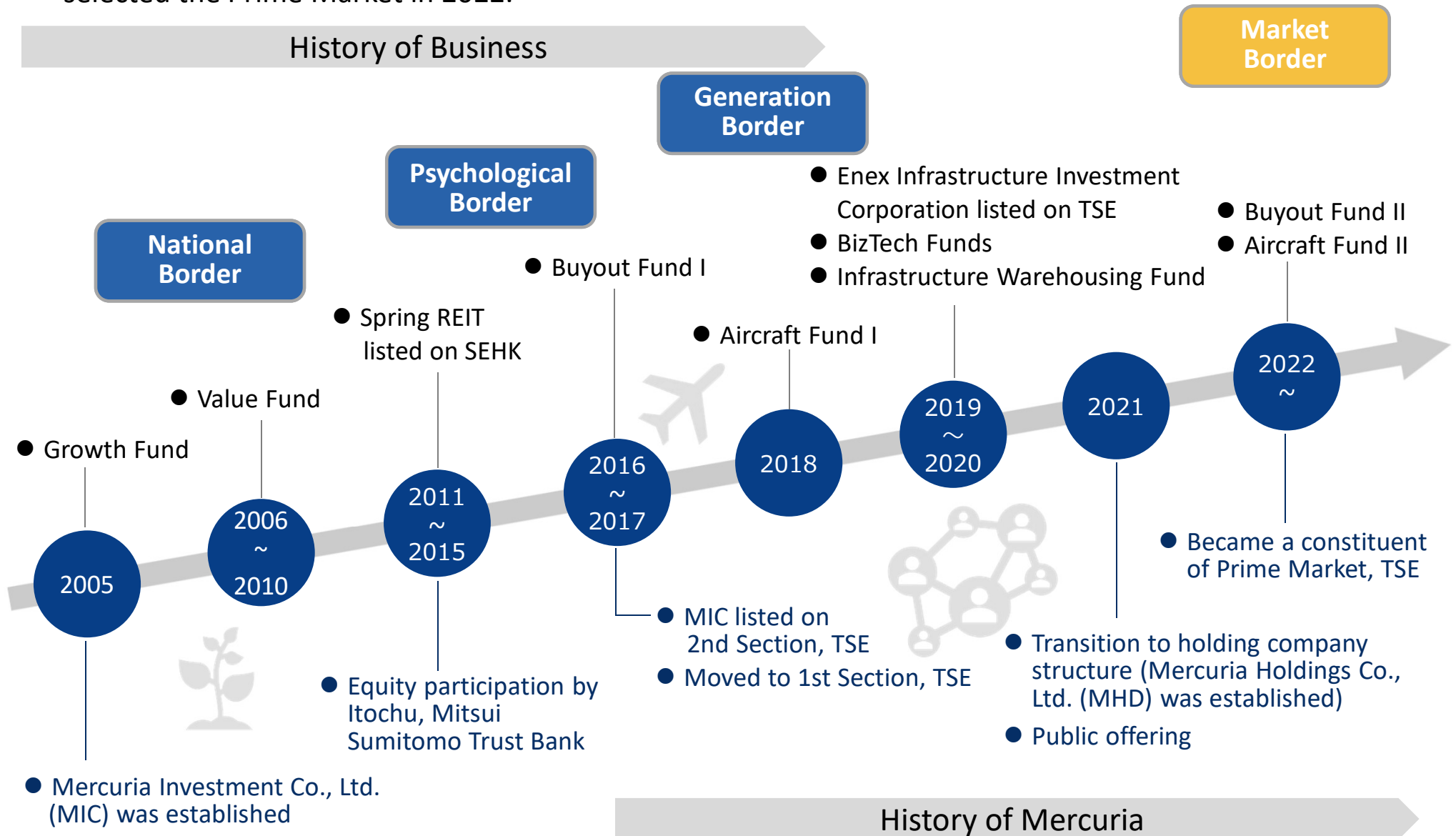
**Cross-  
Border**

**All for the  
Business**

**Undiscovered  
Common**

# History of Mercuria and Its Business

- Since its establishment in 2005, we have expanded our business by strategically shifting investment areas by taking a cross-border approach based on macro trends.
- Listed on the Tokyo Stock Exchange in 2016, transitioned to a holding company structure in 2021, and selected the Prime Market in 2022.



# Company Overview

- Business operations consist primarily of two categories. One is business investments, which are buyout and growth investments. The other is asset investments, which are real estate, aircraft and renewable energy investments.
- Also carry out value investments such as undervalued real estate investments/bonds, etc. during the financial crisis.

## Business Investments

### □ Buyout Investments

- Buyout Fund I (2016-)
- Buyout Fund II (2022-)



### □ Growth Investments

- BizTech Fund (2019-)
- Supply-Chain Fund (2024-)



## Asset Investments

### □ Real estate Investments

- Spring REIT (2013-)



### □ Aircraft Investments

- Aircraft fund I (2018-)
- Aircraft fund II (2022-)



### □ Renewable energy Investments

- Enex Infrastructure Investment Corporation (2018-)
- Infrastructure warehousing fund (2020-)



## Value Investments

- Undervalued real estate investments/ bonds, etc. during the financial crisis

# Competitive Advantages of Mercuria Investment Group

## Fund planning according to the macro environment

### Business Investments

Buyout Investment



Growth Investment



### Asset Investments

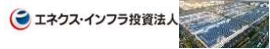
Real Estate Investment



Aircraft Investment



Renewable Energy Investment



Value Investment

## Experienced management team



Chief Executive Officer



CIO, Head of Business Investment Dept.



COO, Head of Asset Investment Dept.

## Credit quality of prime market listing



Investment group whose principal occupation is managing alternative funds, listed on TSE Prime Market

Change Today's Japan Through Power of Funds

## "Overseas Bases" and "Global Team"



BEIJING



BANGKOK



HONG KONG



Ho Chi Minh City



SINGAPORE

Percentage of Foreign Employees  
**48%**

\*as of December 2023

## Collaboration with strategic shareholders



三井住友信託銀行

# (Reference) Initiative for ESG and SDGs

- Not only conducting sustainable management and business operations as a listed company, but also supporting various ESG-related initiatives at investee companies as a qualified institutional investor.
- Build trusted relationships with a wide range of stakeholders and aim to contribute to the business growth of investee companies over the medium to long term, taking into account ESG and SDGs.

## Mercuria's ESG Initiatives

<p><b>E</b> Environment</p>	<ul style="list-style-type: none"> <li>■ <b>Clean energy</b> <ul style="list-style-type: none"> <li>✓ Co-sponsor of the Enex Infrastructure Investment Corporation, which invests in renewable energy.</li> </ul> </li> <li>■ <b>Waste reduction, energy efficiency, and efficient use of resources</b> <ul style="list-style-type: none"> <li>✓ Environmental countermeasures taken at office buildings owned by Spring REIT and managed by our subsidiary SAML</li> <li>✓ Investment in Loft Orbital Solutions, Inc, a developer of ride-share business for satellites</li> </ul> </li> </ul>
<p><b>S</b> Social</p>	<ul style="list-style-type: none"> <li>■ <b>Economic growth, employment security, industrial and technological innovation, and regional revitalization</b> <ul style="list-style-type: none"> <li>✓ Management of funds for supporting smooth succession and growth of SMEs</li> <li>✓ Management of funds for supporting innovation in the real-estate and logistics industries</li> <li>✓ Management of the platform for solving business-related problems run by our subsidiary, Bizma</li> </ul> </li> <li>■ <b>Financial inclusion to eliminate poverty, and improve the usability of financial services</b> <ul style="list-style-type: none"> <li>✓ Management of funds targeted at investments in Zhongguancun Kejin Tecnnology Co., Ltd. (北京中関村科金技術有限公司), a fintech company in China</li> </ul> </li> </ul>
<p><b>G</b> Governance</p>	<ul style="list-style-type: none"> <li>■ <b>Contribution to enhancement of governance functions</b> <ul style="list-style-type: none"> <li>✓ Management of funds for supporting smooth succession and growth of SMEs</li> </ul> </li> </ul>

## Realization of SDGs





Mercuria Investment Group

The above is an English translation of provided for information purpose only. The original Japanese version was released through our website (<https://www.mercuria.jp>). If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.