



Mercuria Holdings Co., Ltd.

TSE Prime Market: 7347

Summary of Results of Operations

for the Second Quarter of the Fiscal Year Ended December 31, 2024

August 29, 2024

Notes:

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1. Group Management and Business Strategy Progress

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 the end of June 2024)

Company name	Mercuria Holdings Co., Ltd.
Head office	Daibiru Bldg., 1-3-3 Uchisaiwaicho, Chiyoda-ku, Tokyo
Established	Becoming a holding company on July 1, 2021 (the former Mercuria Investment Co., Ltd. was established in October 2005)
Capital	¥4,066,183,280
Business	Holding company, fund management business and principal investment business
Management personnel	Toshihiro Toyoshima, CEO Hideya Ishino, Director, COO, Head of Asset Investment Dept. Kiyoto Koyama, Director, CIO, Head of Business Investment Dept.
Number of employees	115(consolidated)
Listing	Tokyo Stock Exchange, Prime Market (stock code 7347)
Strategic shareholders	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**

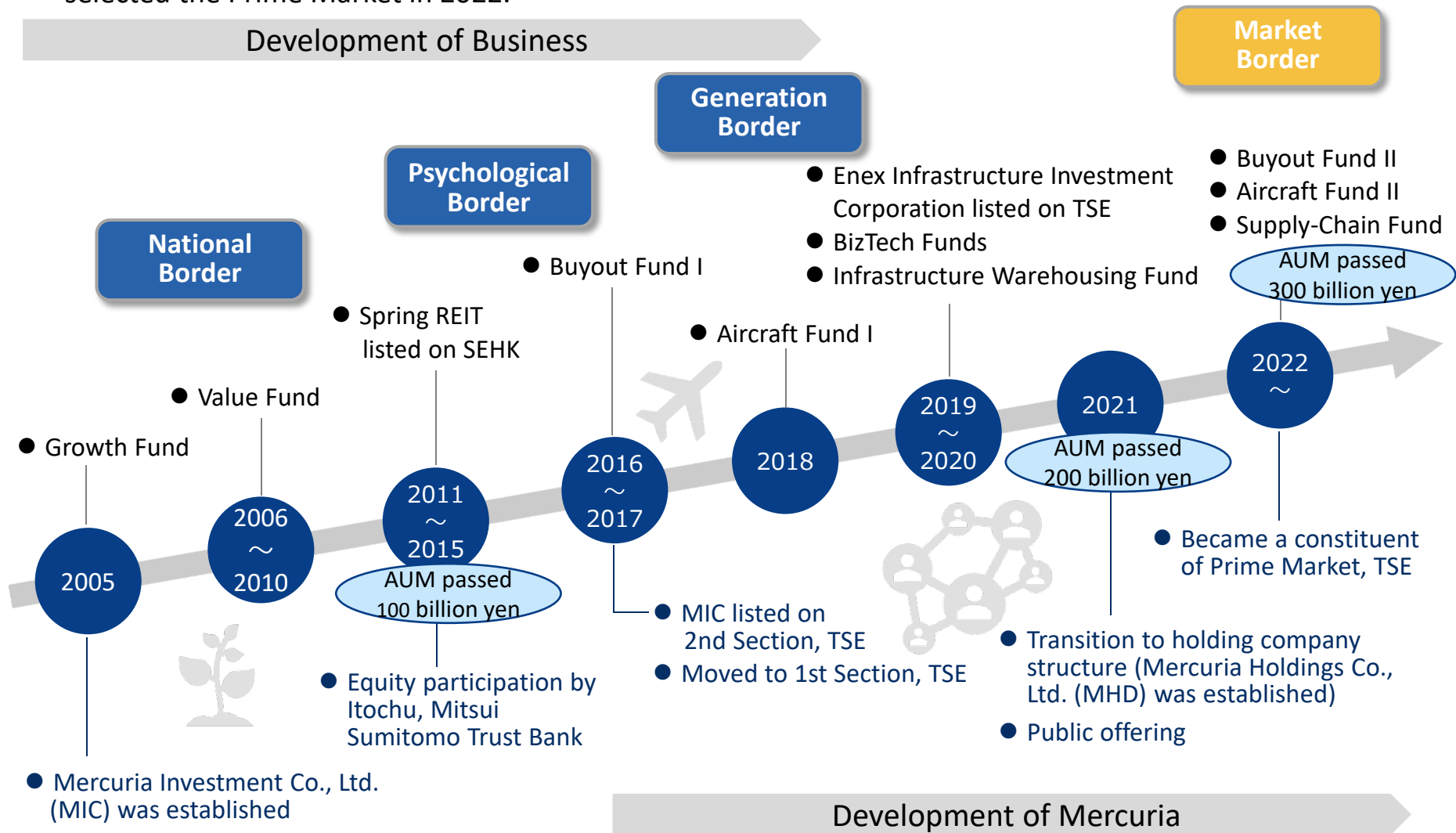
**Cross-
Border**

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



Aircraft Investments

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



Renewable energy Investments

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

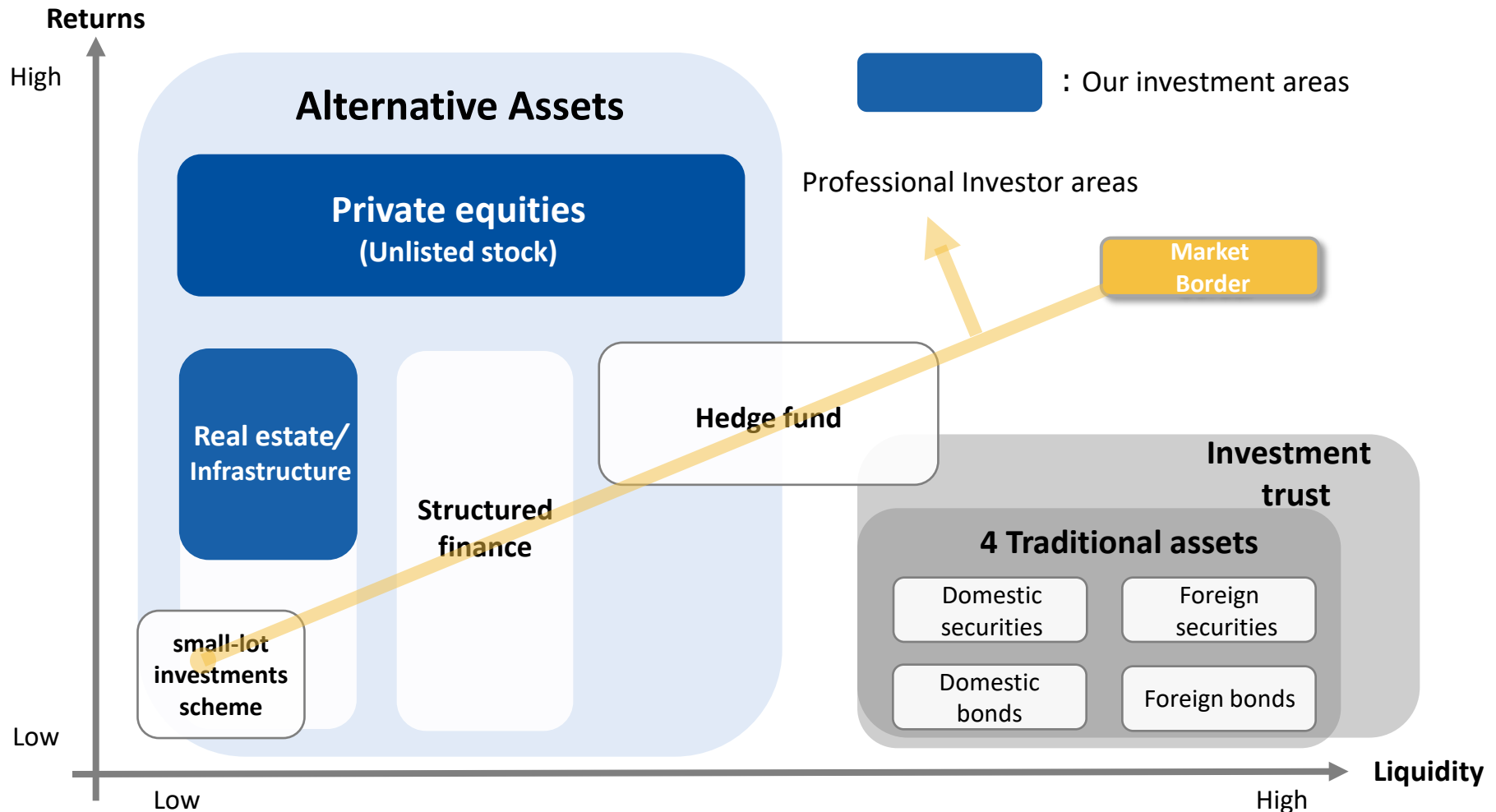


Value Investments

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

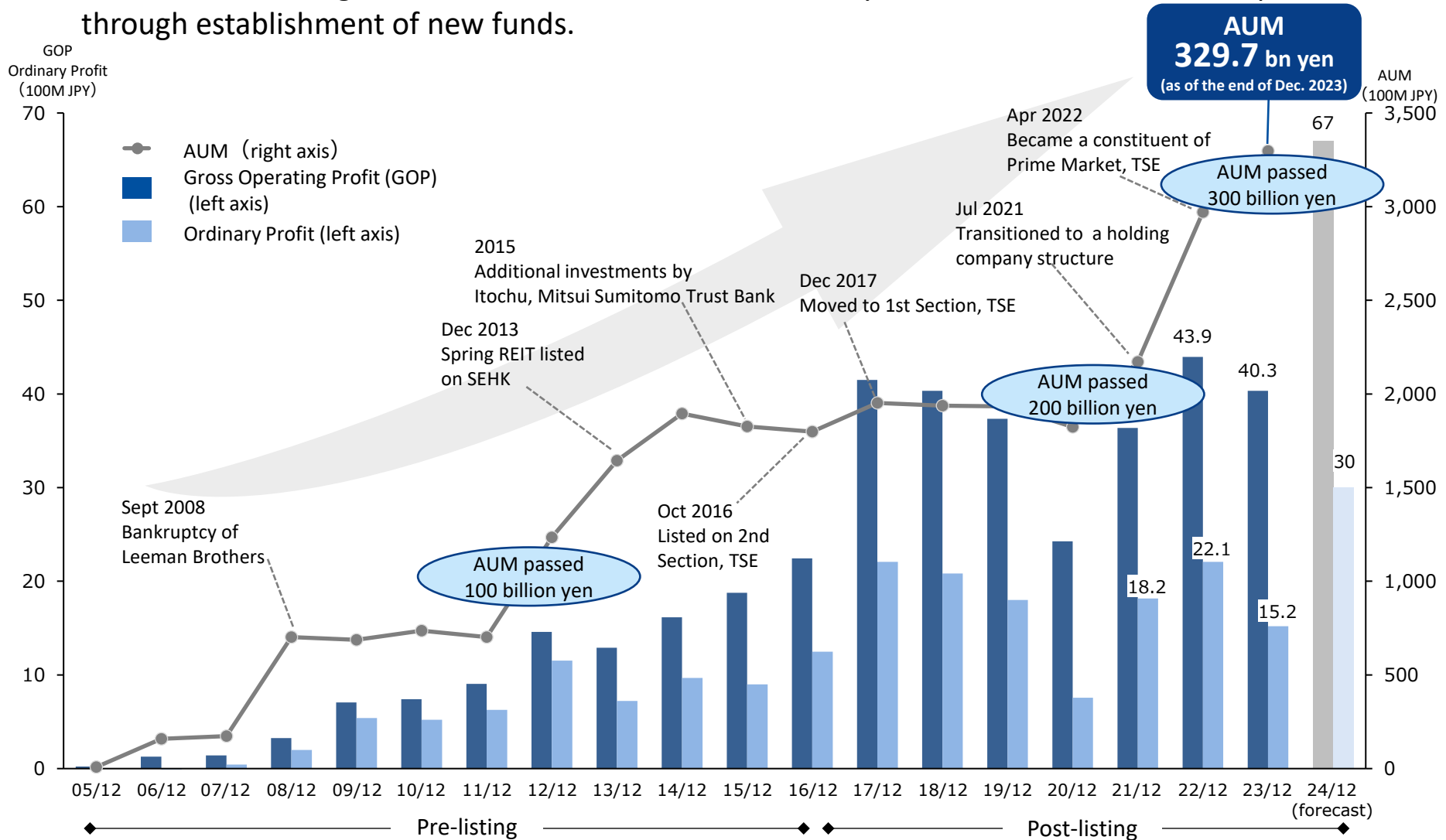
Alternative Investment and Investment Areas

- Alternative investment, which has less liquidity than the four traditional asset classes and generally takes longer to achieve returns, is an investment strategy to earn reasonable excess returns.
- Mercuria Investment Group's investment area is the alternative assets such as private equities (Buyout Investment and Growth Investment), real estate and infrastructure (Real Estate Investment, Aircraft Investment and Renewable Energy Investment).



Trend of Key Performance Indicators

- We have developed new investment areas forecasting macroeconomic trends and achieving strategic transitions.
- Assets under management have increased to 329.7 billion yen, and we aim to further expand it through establishment of new funds.



Competitive Advantages of Mercuria Investment Group

Fund planning according to the macro environment

Business Investments

Buyout Investment



Growth Investment



Value Investment

Asset Investments

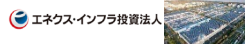
Real Estate Investment



Aircraft Investment



Renewable Energy 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



MERCURIA INVESTMENT

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



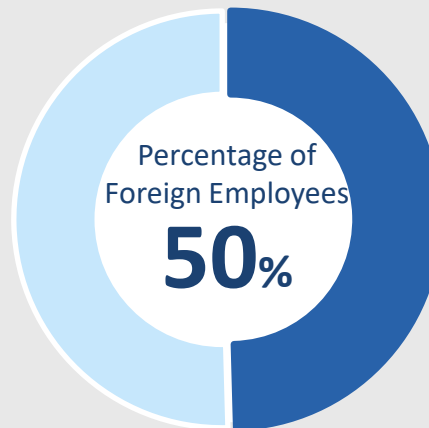
HONG KONG



Ho Chi Minh City



SINGAPORE



*as of the end of June 2024
(consolidated)



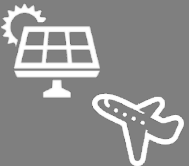
Collaboration with strategic shareholders



三井住友信託銀行

Summary of Business Progress (Current fund operations/fundraising)

- Fund operations and fundraising for each business category are steady.
- Buyout Fund I has reached the performance fee stage.

Category	Current Situation
 <p>Business Investments</p>	<ul style="list-style-type: none">➤ <u>Buyout Fund I</u> : Reached the stage of performance fee by SHINX Co., Ltd.'s exit. Aiming for further performance fees from the fund exits in FY2024.➤ <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. Fund operations are steady (5 new investments).➤ <u>Growth Investment</u> : Established of Supply-Chain Fund as the successor fund of BizTech Fund, executed 2 new investments
 <p>Spring REIT</p>	<ul style="list-style-type: none">➤ <u>Spring REIT</u> : Listed on Hong Kong Stock Exchange (Market cap: ¥60.1 billion, total asset: ¥254.9 billion).➤ <u>Owned Assets</u> : Office (Beijing: 145,000m²), Shopping mall (Huizhou: 145,000m²), Store real estate (UK: 84 stores)➤ <u>Operational Status</u> : Maintaining high occupancy rate and stable dividends.
 <p>Asset Investments</p>	<ul style="list-style-type: none">➤ <u>Aircraft Fund I</u> : Operating steadily in the post-Covid-19 period. Partial exiting started (1 aircraft exit).➤ <u>Aircraft Fund II</u> : Fundraising was closed with the fund amount of ¥7.0 billion. Full investment is expected to be achieved soon, preparations begin for the successor fund launch.➤ <u>Renewable Energy Investment</u> : AUM for Enex Infrastructure Investment Corporation achieved ¥100 billion. The Case Number 2 solar power plant in a Taiwan-based mega solar development project has started its operations and on track. The Pipeline is also expanding.➤ <u>Thailand and Vietnam</u> : Managed projects expanded to 17 projects.



2. Business Investments

Overview of Business Investment

- We manage two "Buyout Funds", whose primary investment strategy is business succession, and two "Venture Fund", which invests in companies providing innovative services in the BtoB sectors.

Buyout Fund

Buyout Fund I

- Fund size: 21.3 bn yen
- Executed 10 investments (including 5 exits)
- Reached the performance fee stage

Growth Fund

BizTech Fund

- Fund size: 3.1 bn yen
- Executed 17 investments
- Expect IPO of the companies invested by the fund in the future (One company listed in March 2024)

Although teams are clearly separated, they work closely together to share know-how/DXing to investees, etc.

Buyout Fund II

- Fund size: 43.85 bn yen
- Executed 5 investments
- Target net IRR: 15%+

Supply-Chain Fund

- First close: April 2024
- Fund size: ¥3~5 billion (target)
- Executed 2 investments

Overview of Buyout Funds

- Buyout Fund II: Achieved its final close in 2023 with the fund amount of ¥43.85 billion, more than double the total amount of Buyout Fund I.
- The annual management fees from Buyout Fund II will be approximately ¥0.8 billion during the investment period.

Buyout Fund I

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

Exits



Current holdings



Buyout Fund II

Name of fund	Mercuria Japan Industrial Growth Fund II
Total Fund Amount	¥43.85 billion
Establishment	March 2022
Returns	Operational performance <ul style="list-style-type: none"> • Net IRR: 15%+ • Net return on investment: 2x+
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.

More than double

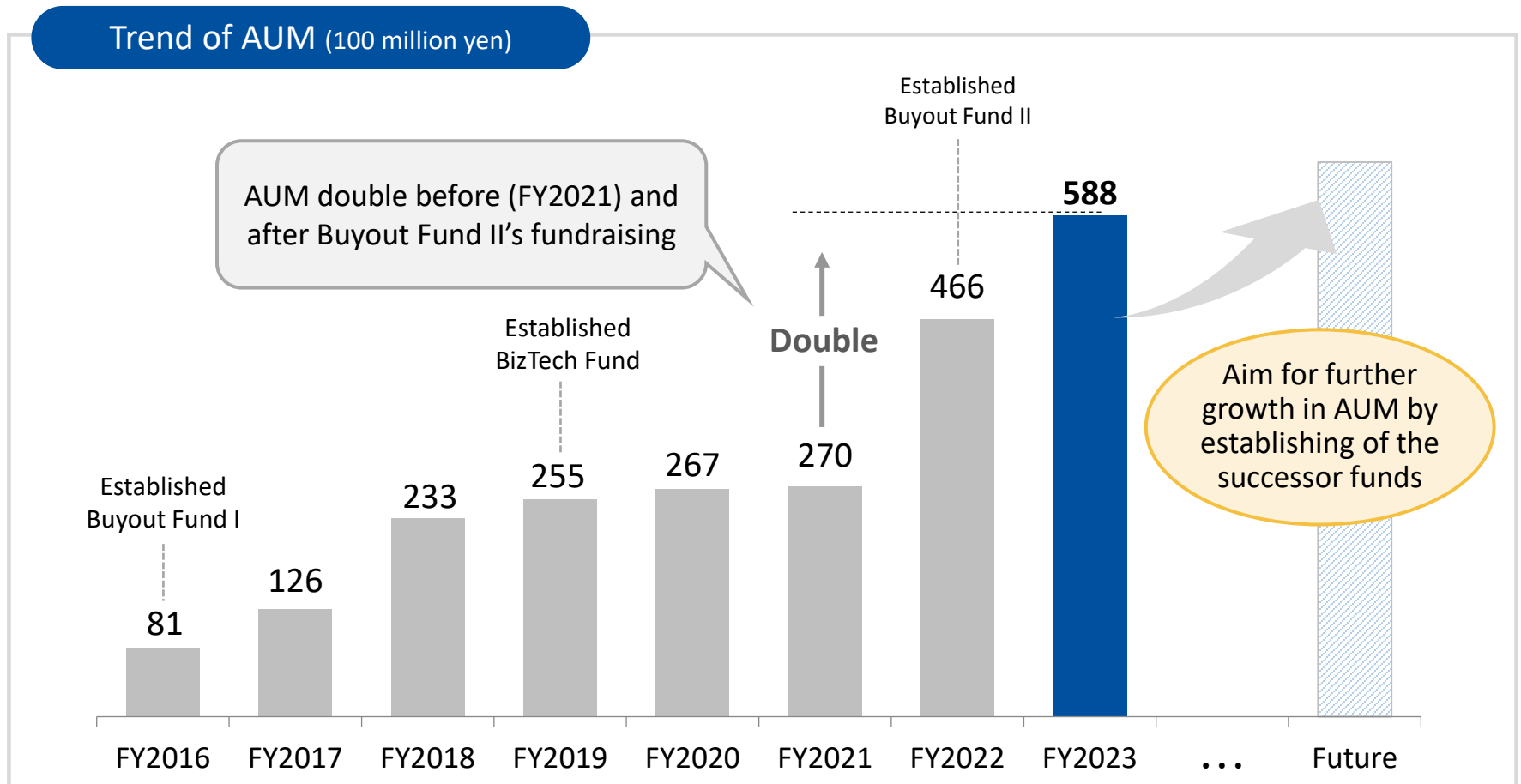
Current holdings



Investor base expanded compared to Buyout Fund I

AUM has increased steadily

- AUM reached ¥58.8 billion, double the AUM prior to the establishment of Buyout Fund II, etc.
- As the management fees have increased, we have strengthened the team structure by hiring professional staff and achieving the investment flow from sourcing, execution, PMI (Post Merger Integration) and exit by close collaboration of highly specialized team members.



Performance of Buyout Fund I

- 10 investments have been made, 5 of which have already been exited.
- DPI (Distribution to Paid in Capital) exceed 1x and reached the stage of performance fee by SHINX Co., Ltd.'s exit. Expecting for further the performance fees in the future.

Buyout Fund I

Fund size	¥21.3 billion (Fully funded)
Establishment	August 2016
Returns	Net IRR: 15%+ Net return on investment: 2x
Fund investors	DBJ, SMTB Major financial institutions, Regional banks Non-financial companies
Investment strategies	Business succession Privatization Carve-out deals, etc.

Exits



Current holdings



Performance of Buyout Fund II

- Achieved its final closing at the end of September 2023 with the total fund amount of ¥43.85 billion. (The annual management fees will be approx. ¥0.8 billion during the investment period.)
- Investment progress is on track; 5 investments have been made since the fund establishment in March 2022.

Buyout Fund II

Fund size	¥43.85 billion
Establishment	March 2022
Target returns	Net IRR: 15%+ Net return on investment: 2x
Fund investors	DBJ, SMTB Life insurance companies, Non-life insurance companies, Pension funds, Major financial institutions, Regional banks, Non-financial companies, Overseas investors
Investment strategies	Business succession Privatization Carve-out deals, etc.

Current holdings

MUTUAL
株式会社 ミューチュアル

DELIGHT

JS FOUNDRY

JX 金属プレシジョンテクノロジー

CLC

BizTech Fund/ Areas of Investment and Examples of Investment

- Invest in companies that provide innovative services in the real estate and logistics sectors.
- Investment progress has been steady, and the investment period ended with a total of 17 investments. Aiming to exit through an IPO in the future.

Areas of Investment

Real Estate



Logistics



Examples of Investment



Outline of Supply-Chain Fund

- **Established MSCF in April 2024** with the concept of specializing in the area or theme of Logistics and Supply Chain and focusing on collaboration between our portfolio companies and LP investors who have a strong business connection to the area or theme.

The Concept of MSCF

“Logistics and Supply chain” Theme or area specialized VC

- Narrow investment targets to venture companies that are related to Logistics and Supply chain or may become related to Logistics and Supply chain in the future.
- While narrowing down the theme, not limiting to so-called “Logistics Tech” and selecting investment targets with a broad perspective, including future applications and market entry possibilities.



Co-operation and collaboration with LP investors and related parties

- Inviting strategic LP investors with a strong interest in the theme, mainly from business companies in Logistics and Supply chain business domain.
- As fund, Committed to promoting collaboration between such LP investors (and related parties) and our portfolio companies.

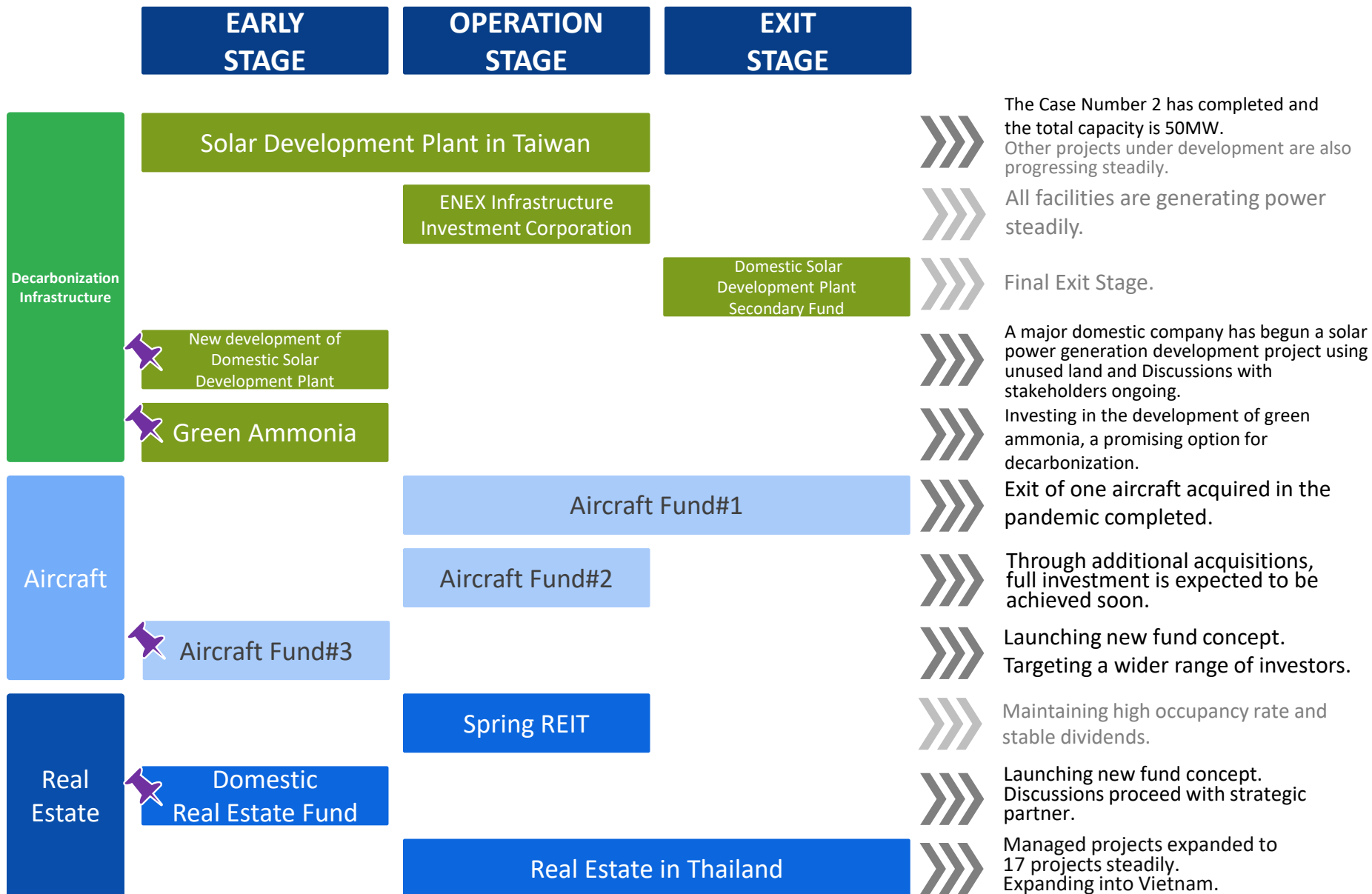
The Overview of MSCF

Name of Fund	Mercuria Supply Chain Investment Limited Partnership (MSCF)
Date of Establishment	April 26, 2024
General partner	Mercuria Investment Co., Ltd.
Fund investors	Development Bank of Japan, Sankyu Inc., Mitsubishi Logistics Corporation, JA MITSUI LEASING, LTD. Mercuria Holdings Co., Ltd. (As of June 2024)
Total fund amount	JPY 3~5 billion (target)
Investment target	Venture companies, spin-out companies from major companies, joint ventures, and other businesses with innovative technologies and business models that can contribute to the solution of issues related to logistics and supply chain management.
Investment per company	JPY About 30~300 million (approx.)
Reference	Venture investment strategy (https://mercuria-ventures.com/)



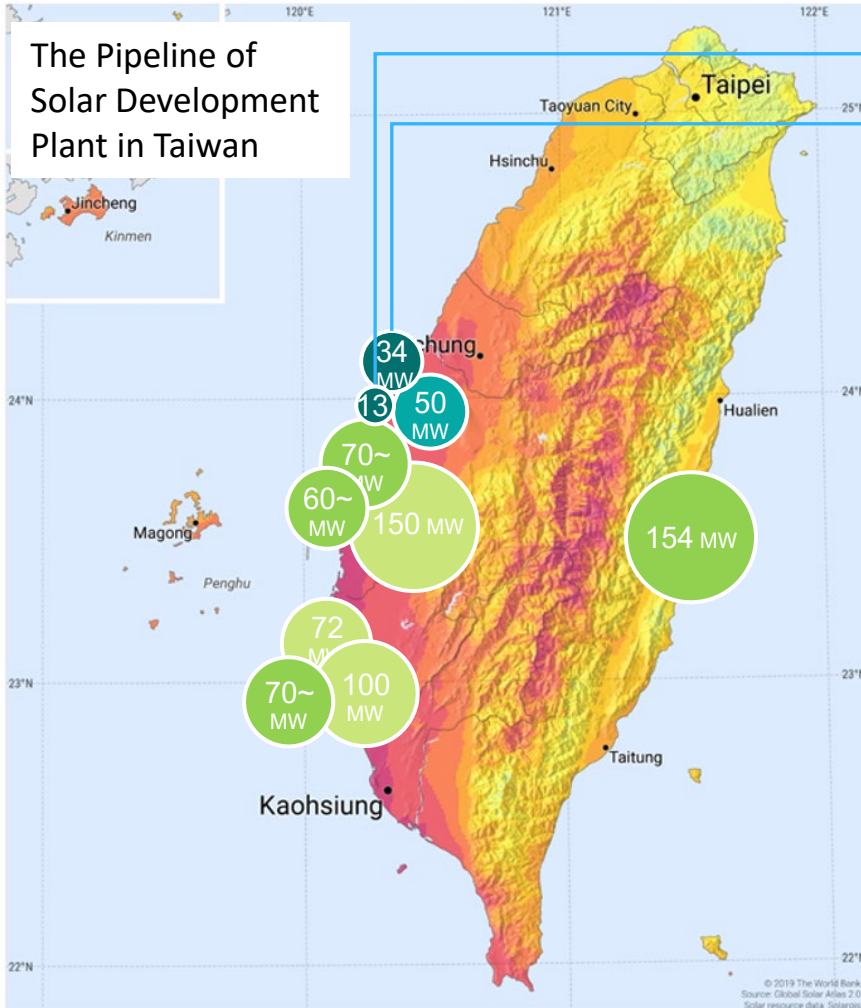
3. Asset Investments

Asset Investments : Business Progress



Solar Development Plant in Taiwan

The Case Number 2 solar power plant has completed and sales of electric power started. Getting on track as a business.



Completed in July 2023, in operating.

Completed in June 2024, in operating.

TAIWAN NET ZERO

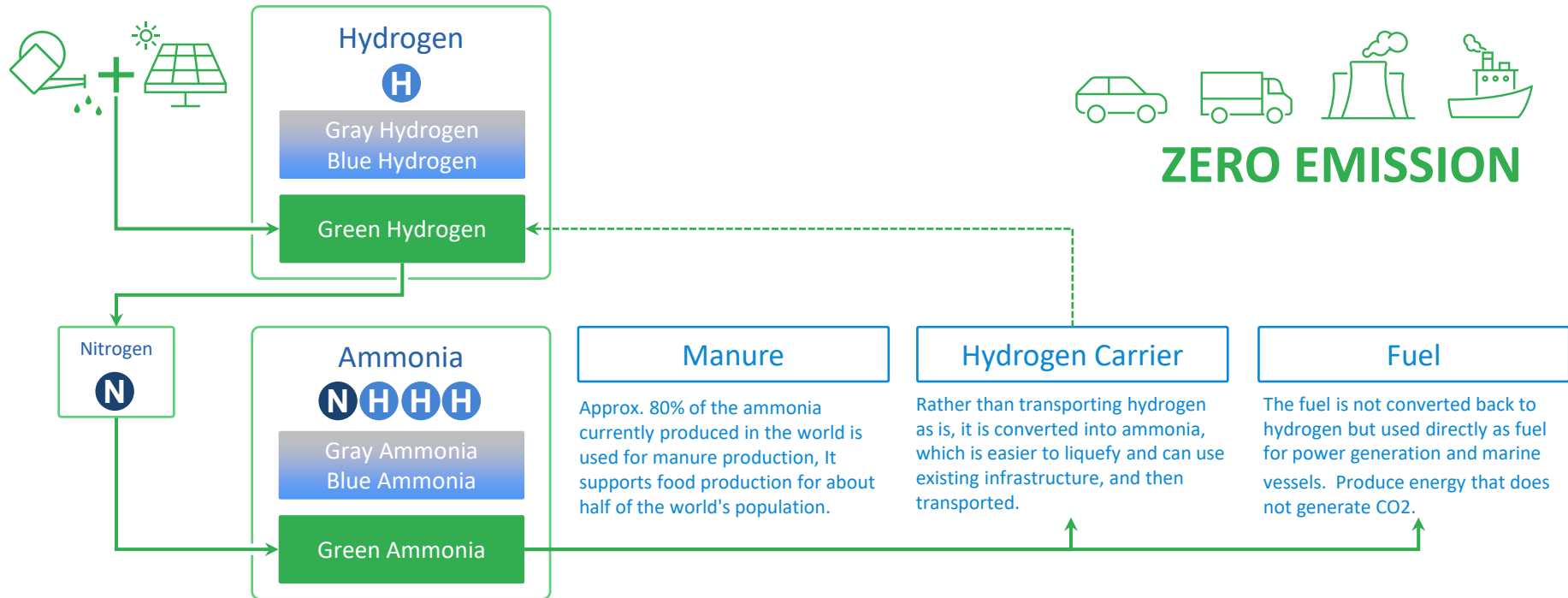
Increasing demand for Power Purchase Agreement (PPA) in corporate

Global IT Companies demand net zero for supply chain companies as well, major Taiwanese chip makers and others are also initiatively promoting greenery. To secure renewable energy sources, PPA will be concluded at prices above Feed in Tariff (FIT).

Taiwan produces 60% of the world's semiconductor chips and Taiwan consumes 6.4% of Taiwan's total electricity in TSMC alone in 2021.

Developing New Investment Themes : Green Ammonia

Green Ammonia is a realistic and effective means of decarbonizing power sources.



- Problem**
- »»» Need cheap renewable energy
 - »»» Efficient large-scale ammonia production facility
 - »»» Smooth transportation and supply logistics
 - »»» Advantage of offtaker

BREAK THROUGH ?

Green Ammonia : Global trend aiming for breakthrough

JAPAN

Coal fired power generation
Completely abolished in Europe and America,
Ammonia mono-fuel and co-fuel in Japan.
Differences in renewable energy generation costs make decarbonization more realistic.

Successfully developed ammonia-fired gas turbine.
Aiming to bring to market in 2025-2027.

Major manufacturer converts fuel into ammonia in its own factory.
Also Issuance of carbon-neutral transition bonds.

Developing an ammonia supply network
for businesses across Japan.
Development of receiving base by repurposing existing LPG facilities, etc.
In addition to large consumer,
it also serves as a heat source for local industries.

Japanese government subsidy system launched
GX Bonds ¥3 trillion.
Development of Ammonia base
Compensation for price difference with existing fuel.



ASIA

Ammonia co-firing in coal-fired boilers.
Effective for GX in Japan, Korea, and Southeast Asia, which are highly dependent on coal
Demonstration experiment by major power company.

Major Japanese company
joins blue ammonia production project in the US.
Price competitiveness through bulk procurement.

Green ammonia production plans around the world.
Issues in reducing production costs and
utilizing government subsidies in producing countries.

Ammonia fuel supply base in Singapore.
Japanese companies take the lead in
ensuring stable operation of ammonia carriers.

The Asia Zero Emission Community.

Japan, Australia and
Southeast Asia cooperation for decarbonization.

Economic cooperation through decarbonization
in Japan and Korea.

Supporting stable procurement of Green Ammonia.

WORLD

**Consider investment for
early establishment Green
Ammonia and value chain.**



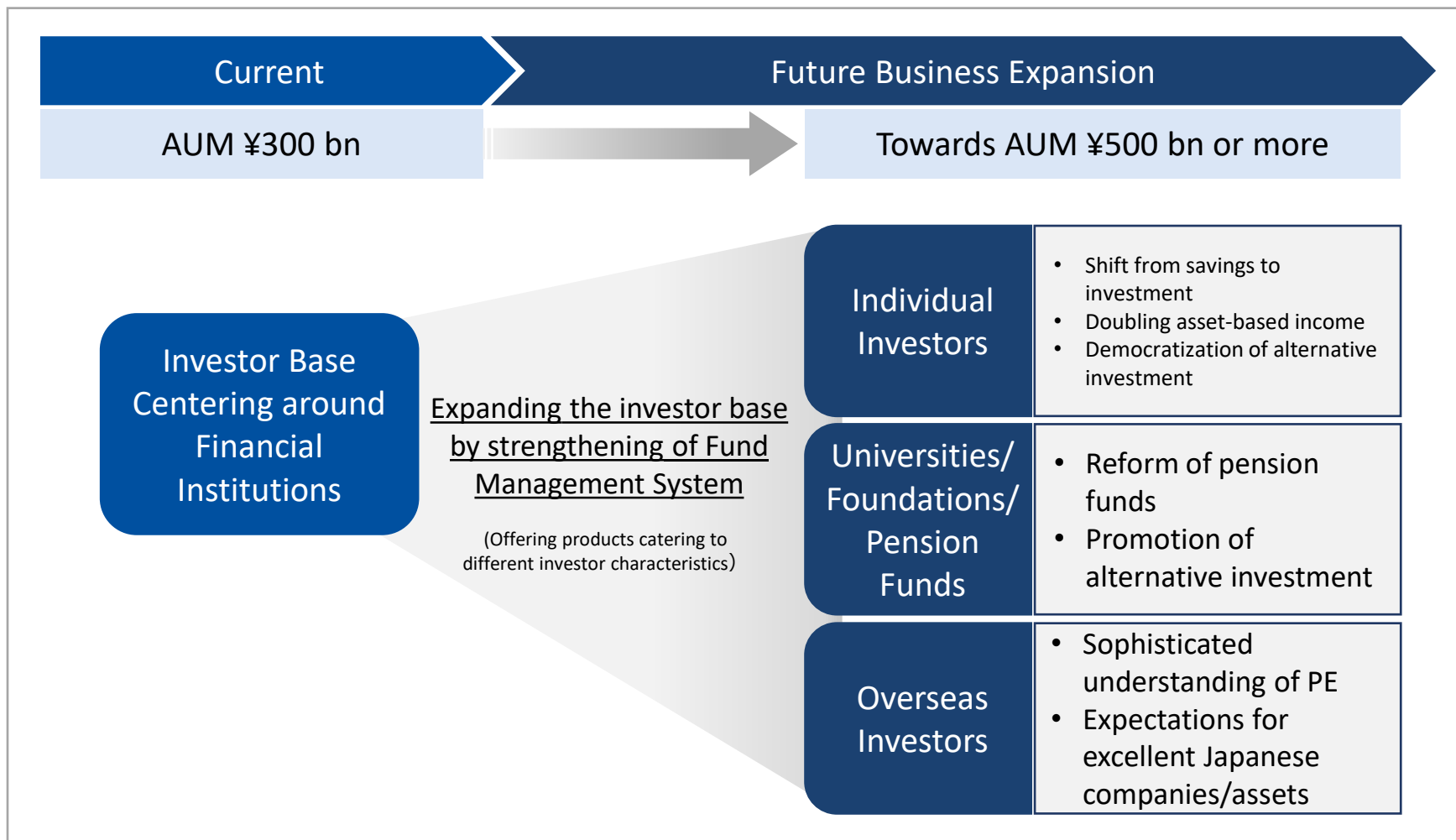
Inflation Reduction Act in America.
Supporting industries that contribute to
energy security and climate change measures.



4. Future Strategy

Future Business Expansion (Transcend Market Border/Dialogue with a wide range of investors)

- As a fund management company, to further strengthen the fund management system and expand the investor base by offering products that meet the characteristics of each investor category, such as different risk/return perspectives and investment periods.



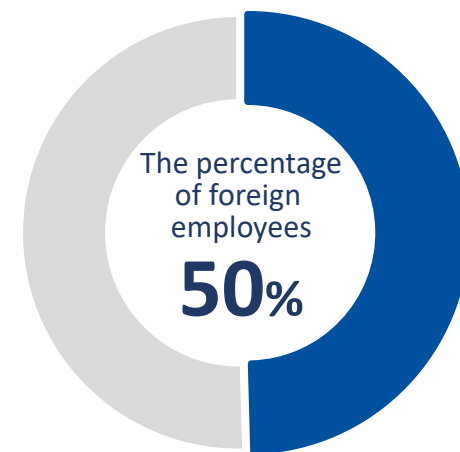
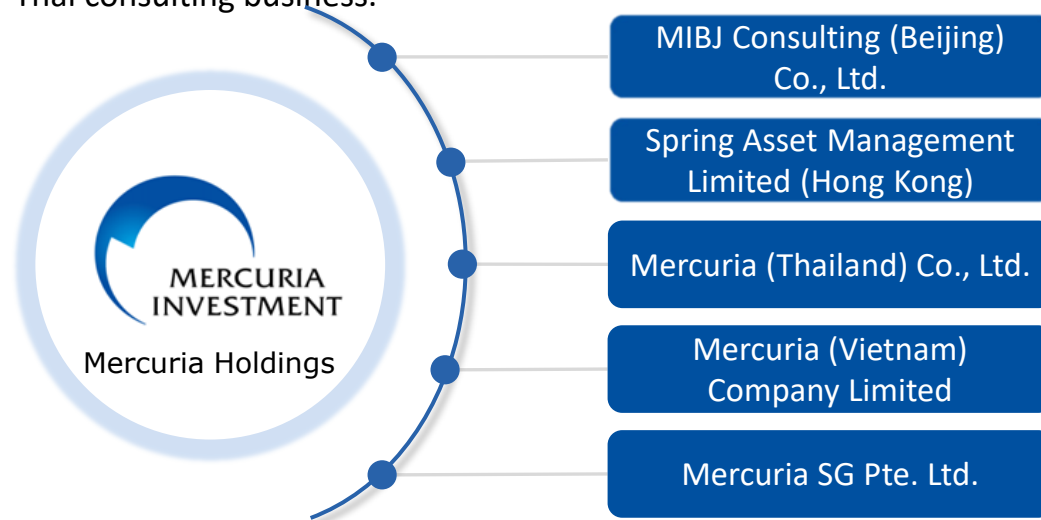
Overseas Business Development (1/2)

- MIBJ Consulting (Beijing) Co., Ltd., established in 2011, followed by overseas subsidiaries in Hong Kong, Thailand, and Vietnam.
- Mercuria SG Pte. Ltd., established in Singapore in July 2023.



Overseas Business Development (2/2)

- Mercuria Group subsidiaries manage overseas operations by leveraging the on-site capabilities of local professional personnel. The percentage of foreign employees on the consolidated basis is 50%.
- Strong support for JVs between Japanese companies and overseas partners by supporting for Japanese companies in their overseas expansion by local professionals and leveraging our expertise in PE investment management including Thai consulting business.



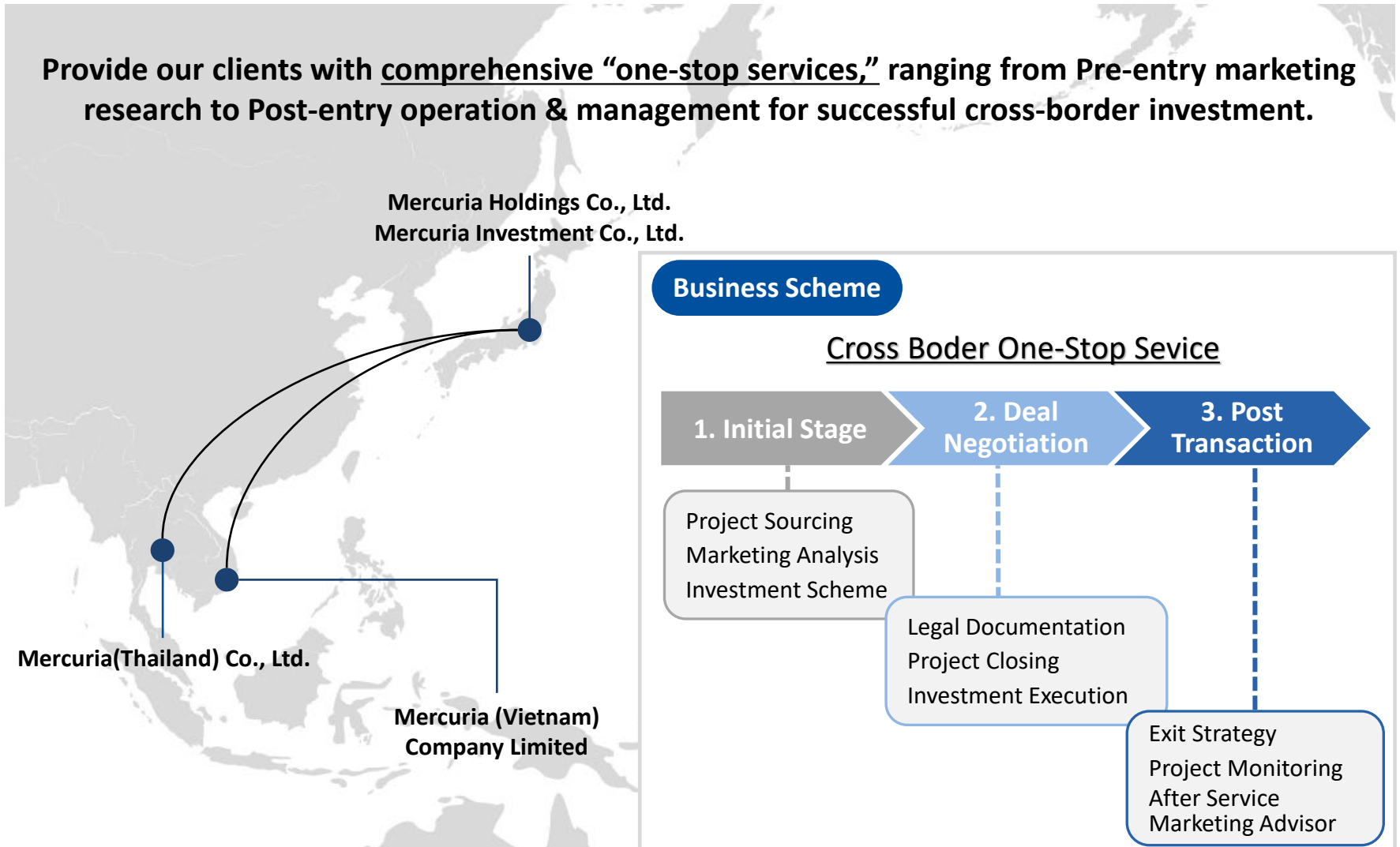
*as of the end of June 2024
(consolidated basis)

Overseas Subsidiaries	Establishment of company	Business Outline	Number of employees (June 2024)
MIBJ Consulting (Beijing) Co., Ltd.	Aug. 2011	Business and asset management in China for Mercuria Investment Group	9
Spring Asset Management Limited	Jan. 2013	Investment management on Spring REIT listed on HK Stock Exchange	8
Mercuria (Thailand) Co., Ltd.	Mar. 2018	Investment consulting for Japanese developers in Thailand and support JVs	34
Mercuria (Vietnam) Company Limited	Feb. 2023	Advisory on M&A, fundraising and so on in Vietnam	7
Mercuria SG Pte. Ltd.	Jul. 2023	Consulting service for establishment of private credit fund	1

Consulting Business in Thailand (1/2)

- 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. In order to expand this business model, we established a new subsidiary in Vietnam.

Provide our clients with comprehensive “one-stop services,” ranging from Pre-entry marketing research to Post-entry operation & management for successful cross-border investment.



Consulting Business in Thailand (2/2)

Main Service Area

Mezzanine financing
Principal investment

Joint Venture Consultation

Marketing Research

Financial Advisory

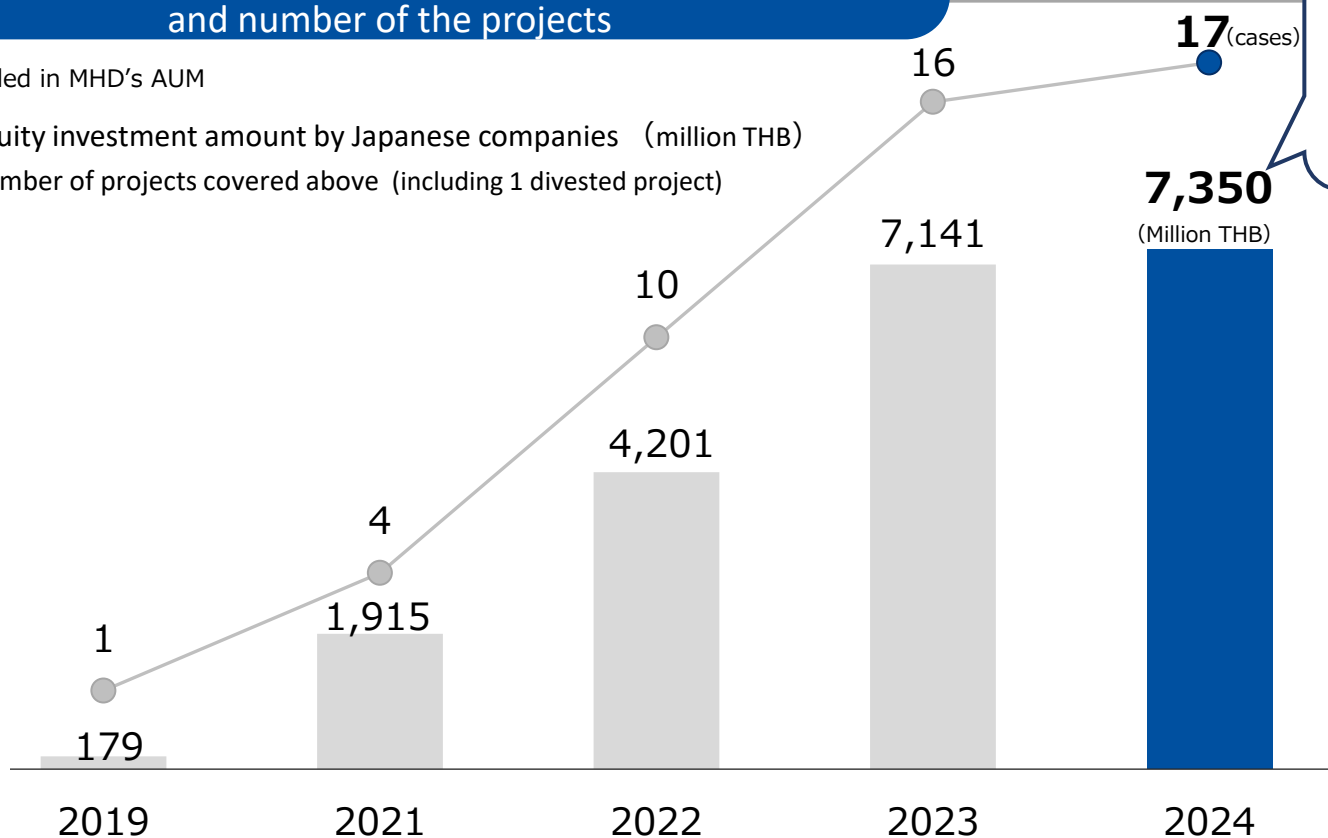
Legal Documentation
Support

Administrative
Management Services

Equity investment amount by Japanese companies (cumulative) and number of the projects

*Not included in MHD's AUM

- Equity investment amount by Japanese companies (million THB)
- Number of projects covered above (including 1 divested project)



The cumulative amount of the equity investment by Japanese companies as of the end of June, 2024
Approx. 29.4bn yen
*calculated with 1THB = 4 yen

(Reference) Images after Project Completion



The Stage Mindscape Ratchada Huai Khwang (High-rise Condominium)



The Origin Phahol 57 (Low-rise Condominium)



One Sukhumvit 68 (Hotel)



Vivaldi (Housing)



The Origin Phahol 57 (Low-rise Condominium)



Kave Coco (Low-rise Condominium)

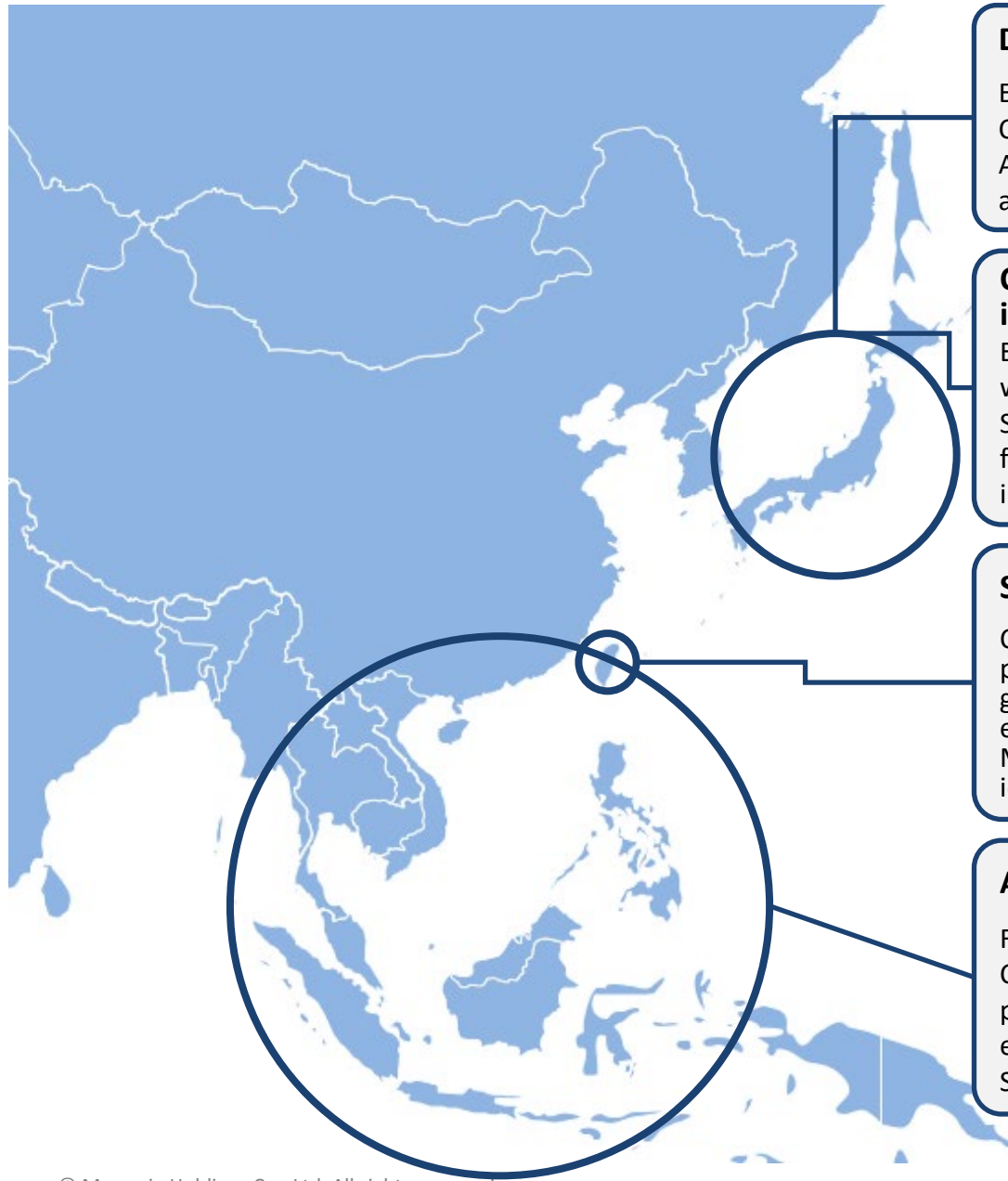


Vivaldi (Housing)



Alpha Phanthong (Warehouse)

Mercuria's Environment-Related Investment



Domestic listed infrastructure Fund

Established Enex Infrastructure Investment Corporation with Itochu Enex, SMTB and Maiora. AUM for Enex Infrastructure Investment Corporation achieved ¥100 billion.

Comprehensive Domestic infrastructure Fund

Established an Investment Advisory Company, with SMTB, specialized in domestic infrastructure. Started managing the comprehensive infrastructure fund to invest in wide range of domestic infrastructure business.

Solar Development in Taiwan

Continue to promote the development of Solar power generation facilities in Taiwan, where the government is pushing for a shift to renewable energy. Working with local partners (Maiora / Manies), we have enhanced own project identification system.

ASEAN Private Debt Fund

Focus on ※ AZEC's initiatives. Continuing discussions about establishment of a private debt fund in the infrastructure and environmental investment sector in ASEAN with Singapore partner.

※Asia Zero Emission Community



5. Financial Highlights

FY2024 Highlights ~ Realization of Performance Fees around the Corner; Target Retained; Record High Profit Expected for FY 2024

Business Progress and Consolidated Financial Result for the Second Quarter of FY 2024

- ❑ **Buyout Fund I reached the performance fee stage:**
 - Buyout Fund I reached the performance fee stage by completing SHINX Co., Ltd.'s exit in July 2024.
 - Performance fee from Buyout Fund I is slated to be reflected for 3Q.
- ❑ **The pace of budget achievement in 2Q was slower:**
 - Because the realization of performance fees was pushed back to 3Q, and Spring REIT recorded a value loss, the pace of budget achievement in 2Q was slower than expected.
- ❑ **Annual Profit Target Retained; Record High Profit Expected for FY 2024:**
 - In addition to receive a performance fee by exit from our investment in SHINX Co., Ltd., expecting for further performance fees from another exits in FY 2024.
 - We have decided to retain our annual targets of achieving a record high profit, gross operating profit of ¥6.7 billion (166% vs. 2023), and an ordinary profit of ¥3 billion (197% vs. 2023).

Compliance with TSE Prime Market Listing Standards

- ❑ **Strive to meet the TSE Prime Market Listing Standards :**
 - MHD met the TSE prime market criteria (the market cap of ¥10 billion or more) at the end of the second quarter, after that, there was a period not meeting the TSE prime market criteria due to market crash in early August, but MHD's market cap of tradable shares reflecting the recent stock price has recovered to the ¥10.57 billion.
 - Continue to strive to meet the TSE Prime Market Listing Standards (¥10 billion in total market capitalization of tradable shares).

Consolidated Financial Results in the Second Quarter

(vs. Earnings Forecasts and Progress Rate)

- The achievement rate for 2Q is low with gross operating profit of ¥1.94 billion and ordinary profit of ¥0.51 billion.
- Performance fee from Buyout Fund I is slated to be reflected for 3Q, Expecting for further performance fees from the fund exits in FY2024.

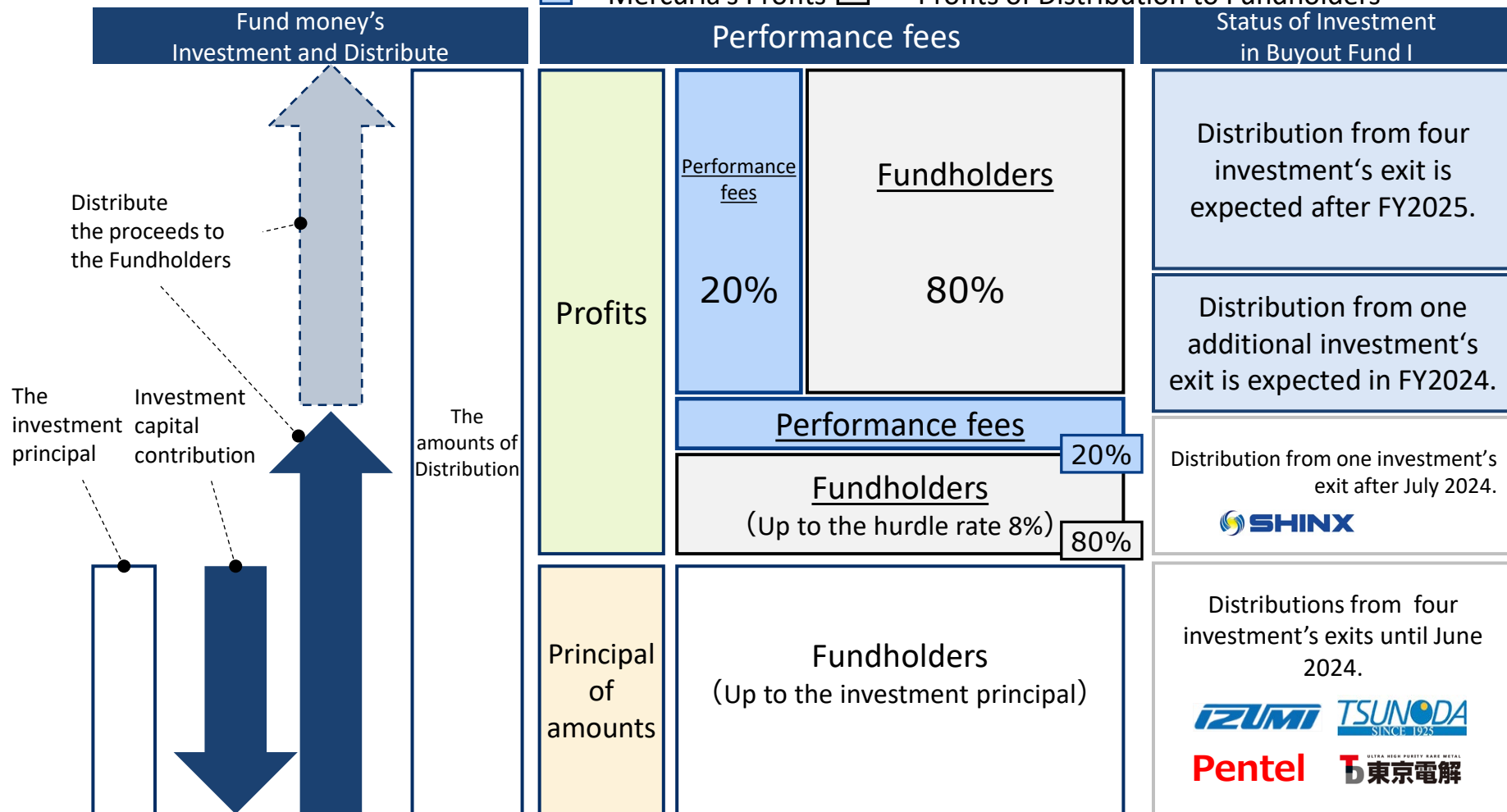
Unit: 100 million yen		2022 Results	2023 Results	2024 Q2 Results	2024 Forecasts	Progress Rate
Operating revenue		46.0	58.4	22.7	68	33%
Gross operating profit	Fund management (management fees)	24.4	30.0	14.8	67	29%
	Fund management (performance fees)	3.1	0.2	-		
	Principal investments/ Others	16.5	10.1	4.6		
	Total	43.9	40.3	19.4		
Operating profit		20.5	13.4	3.2	30	11%
Ordinary profit		22.1	15.2	5.1	30	17%
Profit attributable to owners of parent		15.6	10.6	3.1	20	16%

Consolidated Financial Results in the Second Quarter

(Buyout Fund I's Performance Fees)

- Buyout Fund I has exceeded the hurdle rate and reached the performance fee stage by SHINX Co., Ltd.'s exit. The performance fee is slated to be reflected for 3Q.
- Aiming for further performance fees from the fund exits and one additional investment exit is expected in FY2024.

■ = Mercuria's Profits □ = Profits of Distribution to Fundholders



Consolidated Financial Results in the Second Quarter

(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.

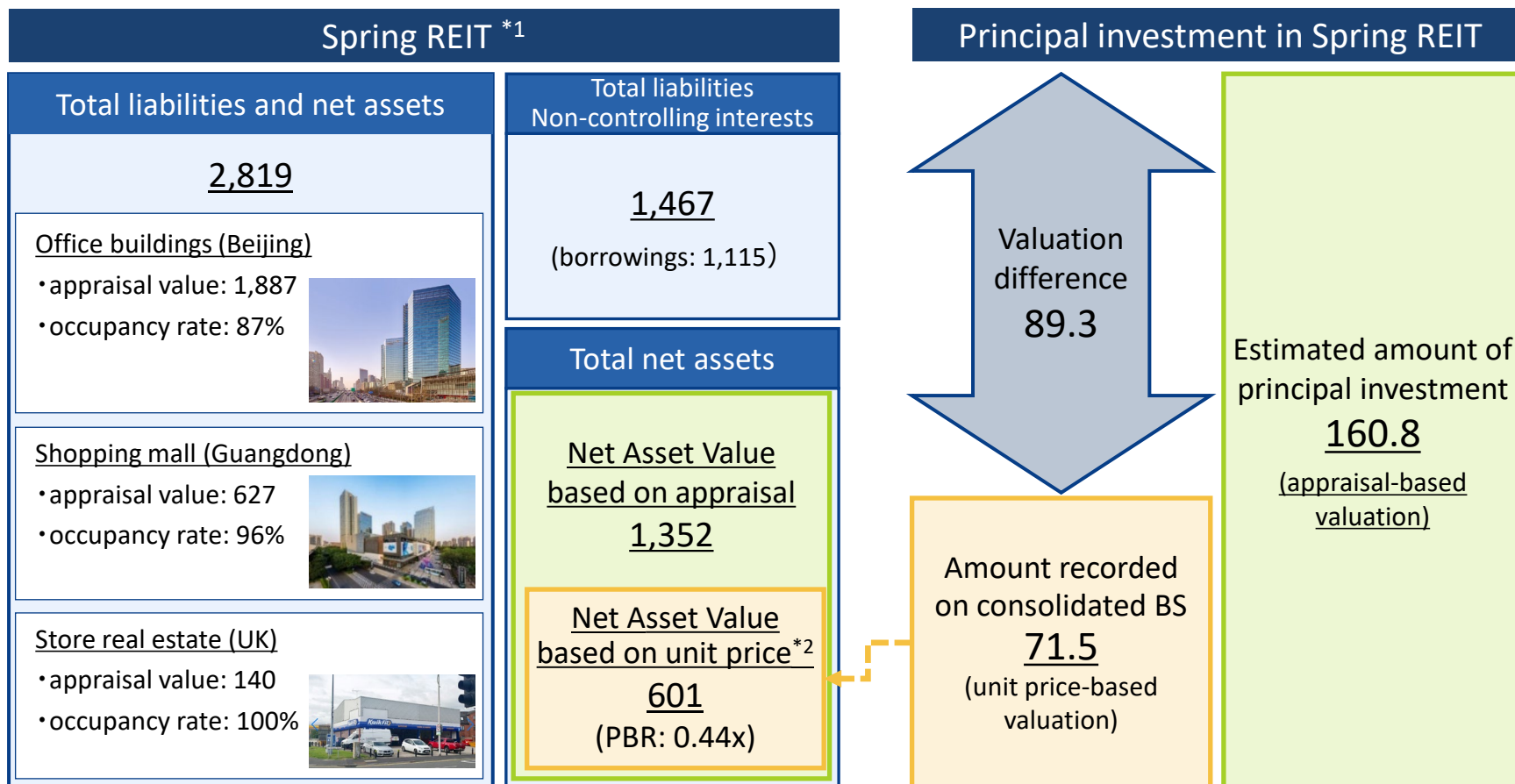
Overview of Spring REIT		Revenue Contribution		Driver	
Listed market	Hong Kong Stock Exchange (code: 1426)	Fund Management	Management Fee	¥1.3~1.4 billion per year	Actual demand (Cash flow/ Appraisal value)
Owned properties	Office buildings (Beijing) Shopping mall (Guangdong) Store real estate (UK)		Performance Fee (Acquisition Fee)	recorded when asset acquisition occurred	
Total assets	¥28.19 billion * calculated the Balance at the end of Dec. 2023 with 22.05 yen/RMB which is the exchange rate at the end of June 2024	Principal investment	Dividend Income (Principal investment income)	¥0.6~0.7 billion per year	
Unit price	1.77~2.30 HKD/unit *the lowest and highest price for the last 52 weeks		Market Value Gains/Losses (Principal investment income)	The Second quarter profit and loss △¥0.28 billion	
Dividends	0.190 HKD/unit *Total for interim and year-end 2023 *dividend yield: 8.3% -10.7% (with the above unit price)	The role of our group		Fund management (asset manager) Principal investment (¥7.1 billion)	

Consolidated Financial Results in the Second Quarter

(Spring REIT's Contributions to Group Profit)

- Our principal investment in Sprint REIT projects as of the end of June 2024 is ¥7.15 billion (share price-based valuation).
- The amount of principal investment estimated with the appraised value of Spring REIT's assets is ¥16.08 billion (appraisal-based valuation). There is a difference of approximately ¥9.0 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 22.05 yen/RMB as of the end of June 2024.

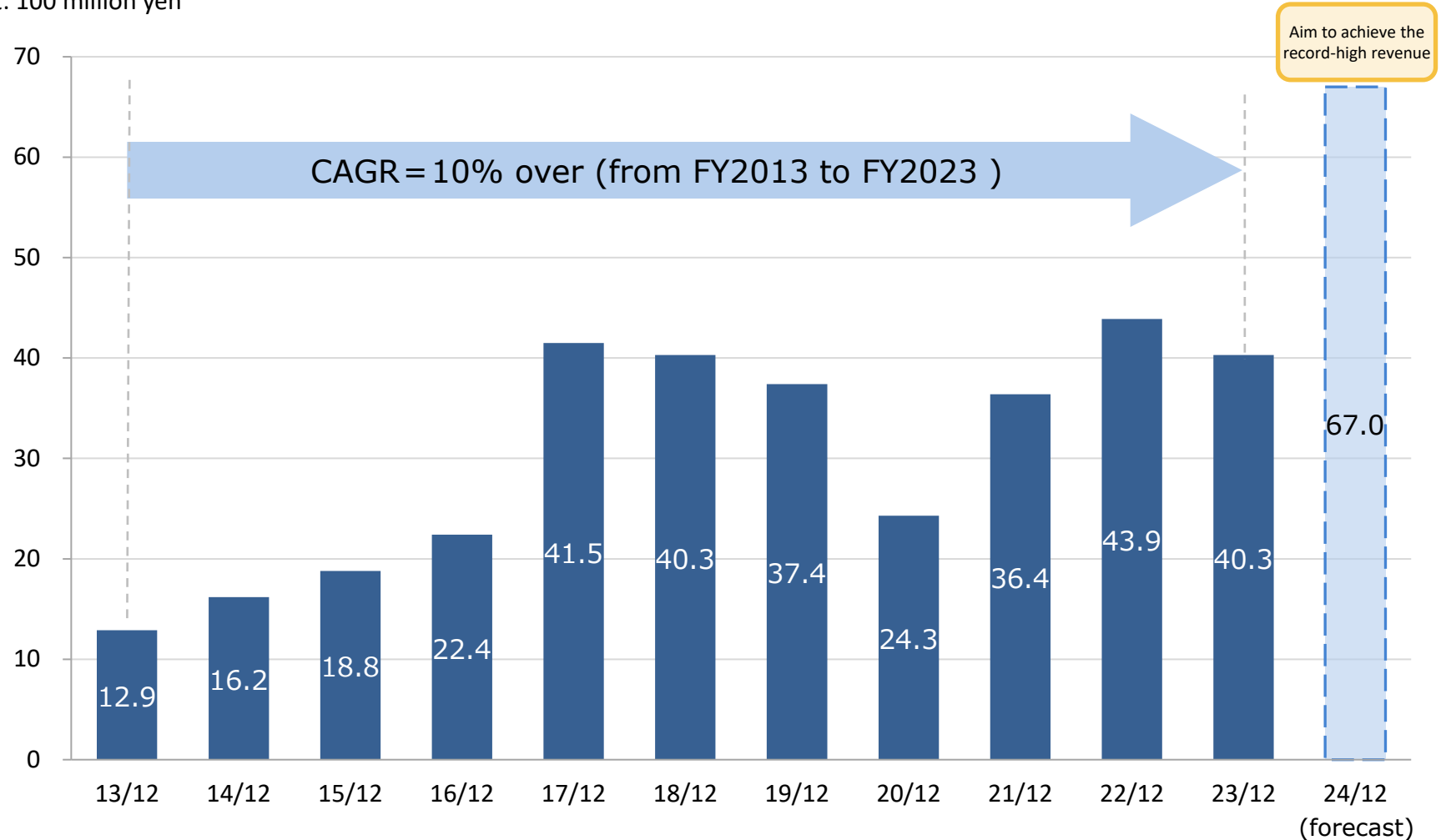
*2 The number of units issued and unit price (2.01 HKD/unit) as of the end of June 2024 were calculated at the exchange rate of 20.63 JPY/HKD.

Consolidated Financial Results

(Gross operating profit from a long-term perspective)

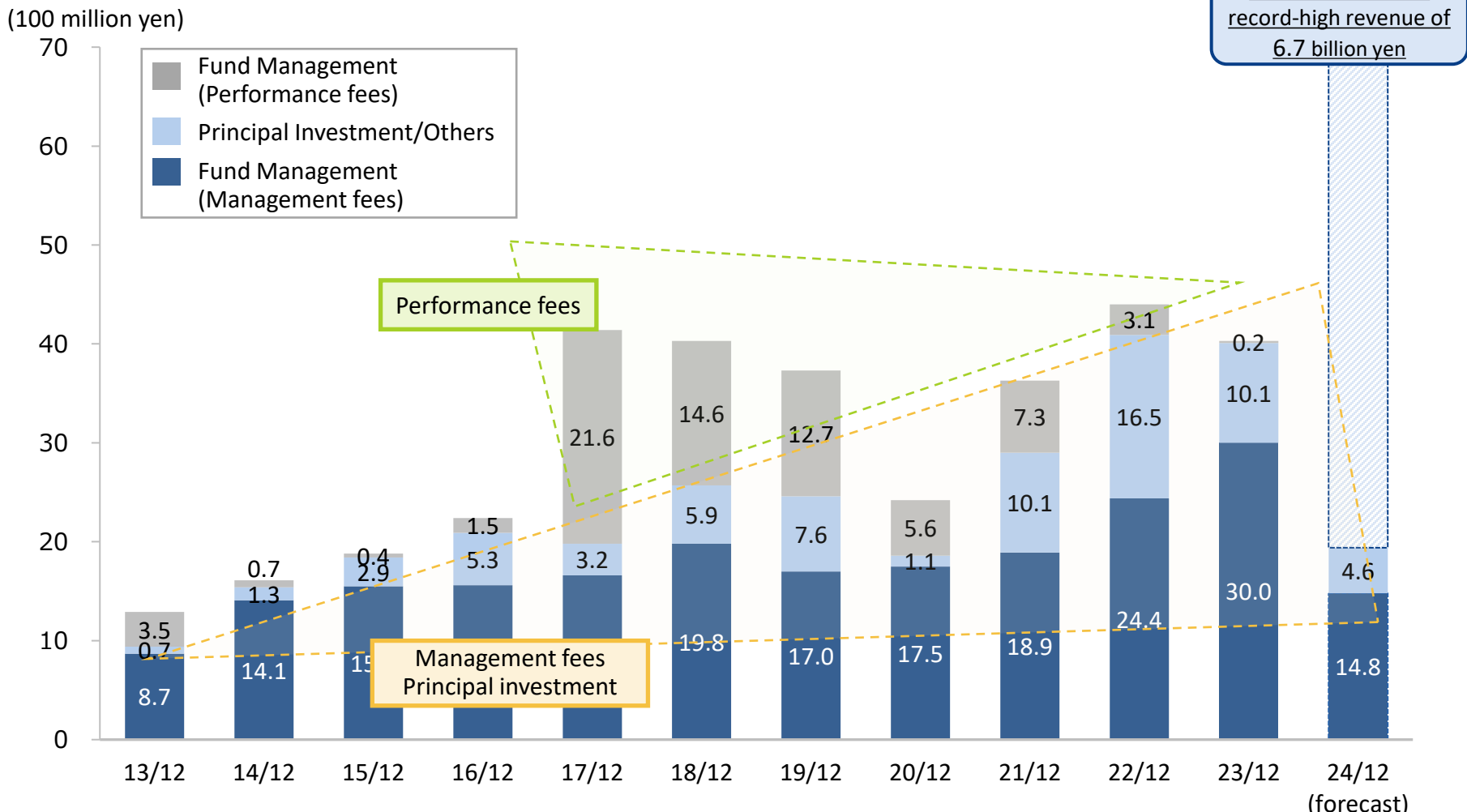
- The average annual growth rate (from FY2013 to FY2023) was at the 10% over level.
- Aim to achieve the record-high revenue in FY2024.

Unit: 100 million yen



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.



Consolidated Financial Results (Asset-Liability Structure)

- Assets side consists of Operational investment securities/Operating loans (principal investment) which is ¥16.4 billion and Cash and deposits of ¥2.3 billion.
- No borrowings are on balance, ¥17.9 billion in equity capital against ¥1.4 billion in liabilities.

B/S (as of the end of June 2024)

Unit: 100 Million yen

Current assets	Cash and deposits	23	Liabilities	Borrowings	—
		11%		Other current liabilities	5
	Trade accounts receivable	8		Other non-current liabilities	9
	Operational investment securities/ Operating loans	164		Net assets	Equity capital
	79%		86%		
Other current assets	2	Non-controlling interests	14		
Non-current assets		9			
Total		207	Total		207

Composition of Principal Investment

Unit: 100 Million yen

Business Investments		41
Same-boat investment for buyout funds and growth funds		
Spring REIT		71
Same-boat investment in a fund to invest in Spring REIT Using borrowings		
Asset Investments		52
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

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 June 2024.

Updated status with TSE Prime Market Listing Maintenance Criteria

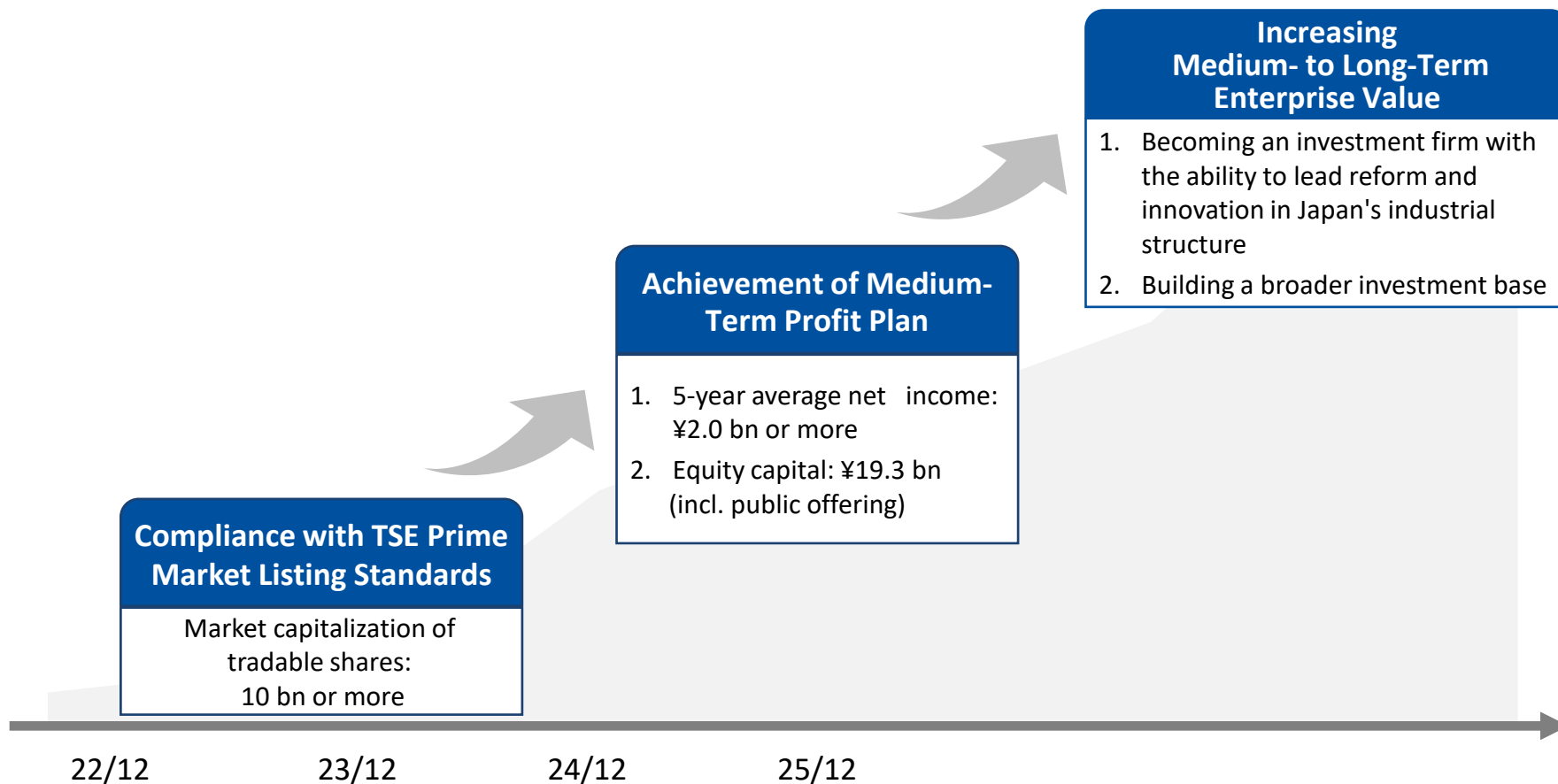
- MHD's market cap of tradable shares at the end of December 2023 is ¥8.66 billion (average share price is ¥750.3 from October to December 2023), compared to the market cap of ¥10 billion or more required under the criteria for maintaining its listing on TSE prime market.
- The stock price to satisfy the criteria for maintaining its listing on TSE prime market is 1x PBR, ¥870 in case of MHD.

	Reference period Ave. of Oct-Dec 2023	Reference period Ave. of Apr-Jun 2024	Current price As of August 28, 2024	Prime Market Listing Maintenance Criteria
Total market capitalization of the tradable shares	¥8.66 bn	¥11.07bn	¥10.57bn	¥10.00bn
Stock price	¥750.3	¥955.7	¥913	¥870
PBR BPS: 883.56 yen (Result of FY2023)	0.85 X	1.08 X	1.03 X	0.98 X
PER EPS: 103.38 yen (Forecast for FY2024)	7.3 X	9.2 X	8.8 X	8.4 X
Criteria	FY2023	TSE Prime Market Listing Maintenance Criteria		Status
Number of share holders	3,599	800 or more		○
Number of tradable shares	115,359 units	20,000 unites of more		○
Market capitalization of tradable shares	¥8.66 bn	¥10 bn or more		×
Ratio of tradable shares	53.65%	35% or more		○
Daily average trading volumes	¥37 mn	¥20 mn or more		○

Medium-Term Profit Plan / Compliance with TSE Prime Market Listing Standards

- As a listed company, we aim to achieve the following interim goals to increase MHD's medium- to long-term market cap and become an investment firm with the ability to lead reform and innovation in Japan's industrial structure: 1) Compliance with TSE Prime Market Listing Standards; 2) Achievement of Medium-Term Profit Plan

Roadmap for Increasing Medium- to Long-Term Corporate Value





Mercuria Investment Group

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