



December 6, 2021

To whom it may concern:

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Representative: Toshihiro Toyoshima, CEO
Stock code: 7347 (Tokyo Stock Exchange, First Section)
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Notice Concerning Issuance of New Shares and Secondary Offering of Shares

Mercuria Holdings Co., Ltd. (hereinafter the “Company”) hereby announces that, at a meeting of the Board of Directors held on December 6, 2021, its Board of Directors resolved the issuance of new shares and the secondary offering of shares, as set forth below.

Purpose of the Issuance of New Shares and Secondary Offering of Shares

1. The Group’s Concept and Efforts

Since its establishment, the Group has taken as its core concept a “cross border” approach, that is not bound by the constraints of national borders or preconceived ideas, to formulate diverse investment strategies, such as (1) growth investment strategy, (2) value investment strategy, (3) buyout and succession investment strategy, (4) real estate investment strategy, and (5) cash flow investment strategy, and by forming and managing new funds based on these investment strategies, the Group has established a firm footing as a corporate group that operates multi-strategy funds.

The Company currently operates funds including the Mercuria Japan Industrial Growth Fund (Buyout Fund I) formed primarily with Development Bank of Japan Inc. and Sumitomo Mitsui Trust Bank, Limited for the purpose of supporting changes to the control structure of companies, such as company business succession, going private, and the sale of non-core business; the Mercuria BizTech Investment Limited Partnership formed with ITOCHU Corporation for the purpose of supporting growth through technology in the real estate and logistics fields; Enex Infrastructure Investment Corporation (listed on the Tokyo Stock Exchange infrastructure fund market) formed jointly with business partners including ITOCHU ENEX CO., LTD. and Sumitomo Mitsui Trust Bank, Limited for the purpose of investment in renewable energy generation facilities, etc. and steadily expanding asset size and creating stable cash flows; and the Spring Real Estate Investment Trust (Spring REIT) (listed on the Hong Kong Stock Exchange) that invests primarily in office buildings, etc. in Beijing, China.

2. External Environment and the Group’s Future Developments

The current external environment has gone through major changes, such as changes to industrial structures in connection with aging population, global environmental issues, and the spread of COVID-19.

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Under such circumstances, the Group believes that it is essential to create a framework to facilitate swift and flexible management decision-making, clarify the organizational business management structure, place its existing talents in right positions, timely recruit people when necessary, and expand and improve our internal education programs, with a view to collaboration with our business partners and potential company restructuring including M&As as one of our growth strategies. To that end, we established Mercuria Holdings Co., Ltd. and changed to a holding company structure in July 2021.

Mercuria Holdings Co., Ltd., the holding company, upholds “Change Today’s Japan through Power of Funds” as its mission and “Cross Border (that transcends national, mental and generational barriers),” “Global Reach (becoming a world-class investment group),” and “Undiscovered Common (becoming commonplace in the next five years)” as its concept. As a platform operating company, the Company aims to manage group companies while driving the growth of business fields and collaborating with new strategic partners.

Going forward, the Company intends to flexibly meet business succession needs that arise from a lack of successors in small-and medium-sized companies and aviation financing needs, respond to a global transition to green energy, and seize business opportunities such as a satellite rideshare service, which are all we continue to expect, in addition to stably operating its existing funds including Buyout Fund I and Spring REIT. To that end, the Company aims to maximize performance fees, increase income from fund management fees, and increase revenue from the principal investing business by forming Buyout Fund II, Solar Power Generation Development Fund, and other funds that invest in new assets and making principal investments (same-boat investments) in these funds.

3. Purpose of the Issuance of New Shares and Use of Proceeds

We intend to use proceeds from the issuance of new shares as principal investment funds for Buyout Fund II and Taiwanese Solar Power Generation Development Fund. Through these principal investments, the Group will demonstrate its strong commitment to investors in the funds, thereby creating an environment to facilitate their participation. In addition, earning returns on its principal investments in the funds is expected to help the Company’s growth in terms of business and finance as well as corporate value enhancement.

The Group currently does not meet the threshold of market capitalization of outstanding shares, which is one of the listing criteria for the Prime Market, a new market segment at the Tokyo Stock Exchange. The Group will aim to meet the listing criteria for the Prime Market by enhancing its corporate value as mentioned above in addition to improving liquidity by increasing the number of outstanding shares and expanding its shareholder base including institutional investors through the issuance of new shares.

I. Issuance of New Shares and Secondary Offering of Shares

1. Issuance of New Shares by way of Public Offering (Public Offering)

	Particulars
(1) Class and Number of Shares to be Offered	3,200,000 shares of common stock of the Company
(2) Method of Determination	The amount to be paid in will be determined on a day in the period from Tuesday, December 14, 2021 to Thursday,

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- of Amount to be Paid December 16, 2021 (such date, the “Pricing Date”) in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association.
- (3) Amount of Share Capital and Legal Capital Surplus to be Increased The amount of share capital to be increased is half of the maximum amount of increase in share capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of legal capital surplus to be increased is the amount obtained by subtracting the amount of share capital to be increased from the maximum amount of increase in share capital.
- (4) Method of Offering The offering will be a public offering, and an underwriting group with SBI SECURITIES Co., Ltd. as the lead managing underwriter (hereinafter collectively the “Underwriters”) shall underwrite and purchase all of the shares. The issue price (the offer price) with regard to the public offering will be determined in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the Japan Securities Dealers Association, based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.
- (5) Underwriting Commissions The Company shall not pay any underwriting commissions to the Underwriters, although the aggregate amount of the difference between (i) the issue price (the offer price) in the public offering and (ii) the amount to be paid to the Company by the Underwriters shall constitute the proceeds to the Underwriters.
- (6) Subscription Period The subscription period is from the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (7) Payment Date The payment date is expected to be a day in the period from Tuesday, December 21, 2021 to Wednesday, December 22, 2021.
- (8) Delivery Date The delivery date is the business day immediately following the payment date above.
- (9) Advance on Subscription Advance on subscription is the same amount as the issue price per share.

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- (10) Subscription Unit 100 shares
- (11) The amount to be paid, the amounts of share capital and legal capital surplus to be increased, and any other matters necessary for the issuance of new shares by way of public offering will be determined at the discretion of CEO of the Company.
- (12) The foregoing items are subject to the registration taking effect under the Financial Instruments and Exchange Act.

2. Secondary Offering of the Company's Shares (Secondary Offering by way of Over-Allotment)

(See Item 1 of Reference below.)

- | | Particulars |
|---|--|
| (1) Class and Number of Shares to be Sold | 480,000 shares of common stock of the Company
The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or this secondary offering by way of over-allotment itself may be cancelled, depending on market demand and other conditions. The final number of shares to be sold will be determined on the Pricing Date, taking into account market demand and other conditions. |
| (2) Seller | SBI SECURITIES Co., Ltd. |
| (3) Selling Price | To be determined (The selling price will be determined on the Pricing Date; however, such selling price will be the same as the issue price (the offer price) in the public offering.) |
| (4) Method of Secondary Offering | Taking into account market demand and other conditions for the public offering, SBI SECURITIES Co., Ltd. will make a secondary offering of up to 480,000 shares of common stock of the Company that it borrows from certain shareholder(s) of the Company. |
| (5) Subscription Period | The same as the subscription period in the public offering. |
| (6) Delivery Date | The same as the delivery date in the public offering. |
| (7) Advance on Subscription | The same as the advance on subscription in the public offering. |
| (8) Subscription Unit | 100 shares |
| (9) The selling price and any other matters necessary for this secondary offering by way of over-allotment of will be determined at the discretion of CEO of the Company. | |
| (10) The foregoing items are subject to the registration taking effect under the Financial Instruments and Exchange Act. | |

3. Issuance of New Shares by way of Third-Party Allotment (Capital Increase by way of Third-Party Allotment)

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(See Item 1 of Reference below.)

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|--|--|
| (1) Class and Number of Shares to be Offered | 480,000 shares of common stock of the Company

All or part of the shares to be issued under the capital increase by way of third-party allotment may not be subscribed for, which may result in a decrease in the number of shares to be ultimately issued under the capital increase by way of third-party allotment, or in the cancellation of the entire issuance due to forfeiture. |
| (2) Amount to be Paid | The same as the amount to be paid in the public offering. |
| (3) Amount of Share Capital and Legal Capital Surplus to be Increased | The amount of share capital to be increased is half of the maximum amount of increase in share capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of legal capital surplus to be increased is the amount obtained by subtracting the amount of share capital to be increased from the maximum amount of increase in share capital. |
| (4) Allottee and Number of Shares to be Allotted | SBI SECURITIES Co., Ltd. and 480,000 shares |
| (5) Subscription Period (Subscription Date) | Friday, December 24, 2021 |
| (6) Payment Date | Monday, December 27, 2021 |
| (7) Subscription Unit | 100 shares |
| (8) The amount to be paid, the amounts of share capital and legal capital surplus to be increased, and any other matters necessary for this capital increase by way of third-party allotment will be determined at the discretion of CEO of the Company. | |
| (9) The shares that have not been subscribed for by SBI SECURITIES Co., Ltd. will be forfeited. | |
| (10) The foregoing items are subject to the registration taking effect under the Financial Instruments and Exchange Act. | |

<Reference>

1. Secondary Offering by way of Over-Allotment, etc.

The secondary offering by way of over-allotment described in “2. Secondary Offering of the Company’s Shares (Secondary Offering by way of Over-Allotment)” above is a secondary offering to be made in conjunction with the public offering described in “1. Issuance of New Shares by way of Public Offering (Public Offering)” above in an amount not exceeding 480,000 shares, which will be borrowed by SBI SECURITIES Co., Ltd. from certain shareholder(s) of the Company (hereinafter the “Borrowed Shares”), taking into account market demand

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and other conditions. The number of shares in the secondary offering by way of over-allotment is the maximum number of shares to be sold. The above number may decrease, or this secondary offering by way of over-allotment itself may be cancelled, depending on market demand and other conditions.

In connection with the secondary offering by way of over-allotment, the Board of Directors of the Company resolved, at the meeting held on Friday, December 6, 2021, that the Company will issue 480,000 shares of its common stock by way of third-party allotment to SBI SECURITIES Co., Ltd. (hereinafter the “Capital Increase by way of Third-Party Allotment”) with the payment date of Monday, December 27, 2021, separate from the public offering.

SBI SECURITIES Co., Ltd. may conduct stabilizing transactions during the subscription period for the public offering and the secondary offering by way of over-allotment (hereinafter the “Subscription Period”). The shares of common stock of the Company purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

SBI SECURITIES Co., Ltd. may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, Inc., up to the number of shares offered in the secondary offering by way of over-allotment (hereinafter the “Syndicate Cover Transactions”). All the shares of common stock of the Company purchased through the Syndicate Cover Transactions shall be used to return the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the Subscription Period and ending on Wednesday, December 22, 2021 (hereinafter the “Syndicate Cover Transaction Period”). During the Syndicate Cover Transaction Period, SBI SECURITIES Co., Ltd. at its discretion may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of shares purchased reaches the number of shares offered in the secondary offering by way of over-allotment.

SBI SECURITIES Co., Ltd. plans to accept the allotment under the Capital Increase by way of Third-Party Allotment of an equivalent number of shares of common stock of the Company obtained by deducting (i) the number of shares purchased through the above-mentioned stabilizing transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares, from (ii) the number of shares offered in the secondary offering by way of over-allotment.

Accordingly, all or part of the shares to be issued under the Capital Increase by way of Third-Party Allotment may not be subscribed for, which may result in a decrease in the number of shares to be ultimately issued under the Capital Increase by way of Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture.

The execution of the secondary offering by way of over-allotment and the number of shares in such secondary offering will be decided on the Pricing Date. If the secondary offering by way of over-allotment is not executed, SBI SECURITIES Co., Ltd. will not borrow common stock of the Company from the above-mentioned shareholder(s) of the Company. Accordingly, in such case, SBI SECURITIES Co., Ltd. will not accept the allotment under the Capital Increase by way of Third-Party Allotment and will not subscribe for shares, which may result in the cancellation of the entire new issuance under the Capital Increase by way of Third-Party Allotment due to forfeiture. The Syndicate Cover Transactions on the Tokyo Stock Exchange, Inc. will not be executed, either.

Note: The Syndicate Cover Transaction Period will be either of the following:

- (i) Period from Friday, December 17, 2021 to Wednesday, December 22, 2021 when the Pricing Date is Tuesday, December 14, 2021,

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- (ii) Period from Saturday, December 18, 2021 to Wednesday, December 22, 2021 when the Pricing Date is Wednesday, December 15, 2021, or
- (iii) Period from Tuesday, December 21, 2021 to Wednesday, December 22, 2021 when the Pricing Date is Thursday, December 16, 2021

2. Change in the total number of issued shares resulting from this capital increase by way of public offering and third-party allotment

Total number of issued shares at present:	17,710,900 shares (as of November 30, 2021)
Increase in the number of shares resulting from the capital increase by way of public offering:	3,200,000 shares
Total number of issued shares after the capital increase by way of public offering:	20,910,900 shares
Increase in the number of shares resulting from the capital increase by way of third-party allotment:	480,000 shares (Note 1)
Total number of issued shares after the capital increase by way of the third-party allotment:	21,390,900 shares (Note 1)

(Notes) 1. The number of shares assumes that SBI SECURITIES Co., Ltd. subscribes for all of the shares to be offered stated in “3. Issuance of New Shares by way of Third-Party Allotment (Capital Increase by way of Third-Party Allotment)” above and the shares of common stock of the Company are issued.

2. The above number of shares may increase upon the exercise of stock acquisition rights.

3. Use of proceeds

(1) Use of proceeds

The maximum approximate net proceeds of 2,431,824,000 yen from the public offering and third-party allotment (“the Raised Proceeds”) will be used as follows. These proceeds will be invested in assets such as highly secure financial instruments until the actual payment is made.

Use of proceeds	Amount (millions of yen)	Scheduled timing of expenditure
(i) For principal investment (same-boat investment) in a buyout fund	2,000	Fiscal year ending Dec. 31, 2022 to Fiscal year ending Dec. 31, 2023
(ii) For principal investment (same-boat investment) in an infrastructure fund	431	Fiscal year ending Dec. 31, 2022
Total	2,431	—

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The specific use of the Raised Proceeds is as follows.

(i) For principal investment (same-boat investment) in a buyout fund

In the buyout fund business, a part of the Company's fund management business (business investment), the Company established Buyout Fund I in 2016 against the backdrop of the need for business succession due to the lack of successors among small and medium-sized companies amid the declining birthrate and aging population in Japan.

As Buyout Fund I is performing well in terms of both management and investment progress, the Company is preparing Buyout Fund II, which will be participated mainly by existing investors in Buyout Fund I, alongside overseas investors, so as to address the need for business succession that is expected to continue.

Buyout Fund II is scheduled for a first close in 2022, and the ultimate target size is expected to be around 40 billion yen to 50 billion yen. The Group plans to make a principal investment (same-boat investment) of 2,000 million yen in Buyout Fund II as the fund manager. Through such principal investment, the Group will demonstrate its strong commitment to investors in the fund, thereby creating an environment to facilitate their participation. In addition, earning reasonable returns on its principal investment in the fund is expected to the Company's growth in terms of business and finance.

(ii) For principal investment (same-boat investment) in an infrastructure fund

In the infrastructure fund business, a part of the Company's fund management business (asset investment), in Japan the Company has been working with the relevant business partners in the joint management, among others, of Enex Infrastructure Investment Corporation amid the global demand for a shift to green energy. The Company has recently been preparing to establish Taiwanese Solar Power Generation Development Fund with business partners. In Asia, Taiwan has high credit ratings, a stable legal system, and a certain investment environment; on the other hand, its solar power market is still in its infancy.

Taiwanese Solar Power Generation Development Fund will consist of a mezzanine fund and an equity fund, both of which are scheduled to be established in 2022. The ultimate target size for the mezzanine fund is expected to be approximately 12 billion yen. The Group plans to make a principal investment (same-boat investment) of 431 million yen in the equity fund. As with the Buyout Fund II mentioned above, such principal investment is expected to generate reasonable returns and therefore lead to the Company's growth in terms of business and finance.

(2) Change in the use of proceeds previously raised

Not applicable.

(3) Effects on business performance

The effects of this funding on the Company's business performance for the fiscal year ending December 31, 2021, will be minor; however, the Company believes that appropriating the proceeds raised this time for the use stated in (1) "Use of proceeds" above will contribute to further enhancement of its corporate value. In addition, the Company will promptly announce any matters requiring disclosure.

4. Distribution of profits to shareholders

(1) Basic policy on distribution of profits

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The Company acknowledges return to shareholders as key management issue and sets out basic policy to continue to return profits to shareholders in line with its business results, while maintaining internal reserves and comprehensively considering the financial position, operating results, and overall management.

(2) Policy for determining dividends

The Company's basic policy regarding dividends of surplus is to make dividends payment annually at year end. The decision-making body is the General Meeting of Shareholders. The Company's Articles of Incorporation provides that the Company may pay interim dividends by resolution of the Board of Directors.

(3) Use of internal reserve funds

The Company's policy on the use of internal reserve funds is to appropriate the money to fund strategic investments for future business expansion, while taking into account the Company's financial structure.

(4) Dividends for the past three fiscal years

This section not applicable since the Company was established as the wholly owning parent company of Mercurial Investment Co., Ltd. on July 1, 2021 through a single-company share transfer, and has not yet completed its first fiscal year.

5. Other matters

(1) Designation of party to receive allocation

Not applicable.

(2) Information regarding dilution from potential shares

The Company has issued share subscription rights (stock options) in accordance with the Companies Act. Details of the share subscription rights are as follows:

(As of November 30, 2021)

Date of resolution	Remaining number of shares to be issued	Amount to be paid upon exercise	Amount to be capitalized	Exercise period
March 31, 2015	166,200 shares	311 yen	156 yen	From Jul. 1, 2021 to Mar. 31, 2025
December 18, 2015	49,200 shares	311 yen	159 yen	From Jul. 1, 2021 to Mar. 31, 2025

(3) Equity financing within the past three years

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(i) Equity financing

Not applicable.

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(ii) Changes in share prices for the past three years and the latest price

	Fiscal year ended Dec. 31, 2018	Fiscal year ended Dec. 31, 2019	Fiscal year ended Dec. 31, 2020	Fiscal year ending Dec. 31, 2021
Opening	—	—	—	789 yen
High	—	—	—	799 yen
Low	—	—	—	704 yen
Closing	—	—	—	740 yen
Price earnings ratio	—	—	—	—

- (Notes)
1. The Company's shares were listed on the First Section of the Tokyo Stock Exchange pursuant to the establishment of the Company as the wholly owning parent company of Mercurial Investment Co., Ltd. on July 1, 2021 through single-company share transfer. Accordingly, share prices and price earnings ratio prior to the date does not apply.
 2. Share prices for the fiscal year ending December 2021 are shown as of December 3, 2021.
 3. Price earnings ratio for the fiscal year ending December 2021 has yet to be confirmed and thus is not indicated in the above table.

(iii) Changes in the holding policy, etc. of the recipients of the allocation in the capital increase by third-party allotment, etc. conducted in the past five years

Not applicable.

(4) Lock-up

In connection with the public offering, the Company's shareholders, Development Bank of Japan Inc., Itochu Corporation, Toshihiro Toyoshima, and Union Bay Limited Liability Company, has agreed with SBI SECURITIES Co., Ltd., not to, among others, sell any of its common stocks (excluding borrowing of shares for secondary offering through over-allotments) without prior written consent of SBI SECURITIES Co., Ltd., during the period beginning on the Pricing Date and ending on the 180th day after the delivery date of the public offering (hereinafter "lock-up period").

The Company also has agreed with SBI SECURITIES Co., Ltd., not to issue the Company's common stock or securities, etc. (excluding public offering, capital increase by way of third-party allotment and issuance of new shares by way of share split, etc.), that represents rights or obligations to acquire the Company's common stock, without prior written consent of SBI SECURITIES Co., Ltd. during the lock-up period.

In any of the cases above, SBI SECURITIES Co., Ltd. is authorized to terminate the said agreement in whole or in part at its discretion even during the lock-up period.

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