



# Mercuria Holdings Co., Ltd.

## Summary of Financial Highlights for the Third Quarter of the Fiscal Year Ending December 31, 2023

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

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## 3Q 2023 Highlights ~ Steady Growth in Management Fees, YoY Decrease in Quarterly Revenue

### Business Progress

- ❑ **Management fees have increased steadily:** Asset under management have increased with the fundraising of Buyout Fund II (achieved its final closing at the end of September 2023 with the total fund amount of approx. ¥44 bn). The Management fees have steadily increased.
- ❑ **Expecting the performance fees in the 4th Quarter of the fiscal year:** The partial realization of performance fees from Buyout Fund I is expected in the 4th quarter of the fiscal year, reflecting the steady operation of the fund.

### Summary of 3Q 2023

- ❑ **Financial Statement:** The management fees have been steady; YoY decrease is due to the absence of principal investment income and performance fees from the fund exits, as well as appraisal loss from restructuring of Spring REIT.
- ❑ **Year Forecasts:** Aiming for a record high of ¥5.1 billion in operating gross profit and ¥2.45 billion in ordinary profit, with no revisions.
- ❑ **Shareholder Returns:** In addition to the distribution of dividends, the stock repurchase was conducted, and the total return ratio was 59.9% as of the end of September 2023.

- **Mid-Term Profit Plan**
- **Compliance with TSE Prime Market Listing Standards**

- ❑ **Medium-term Profit Plan:** Targeting 5-year average net income of ¥2.0 billion in 2025
- ❑ **ROE:** Aiming for a 10%-15% level in ROE from 2023 to 2025
- ❑ **Compliance with TSE Prime Market Listing Standards:** The total market capitalization of tradable shares is approx. ¥8.74 billion based on the closing price of ¥758 on November 10, 2023 (PBR 0.90x level). Continue to strive to meet the TSE Prime Market Listing Standards (¥10 billion in total market capitalization of tradable shares ).

# Contents

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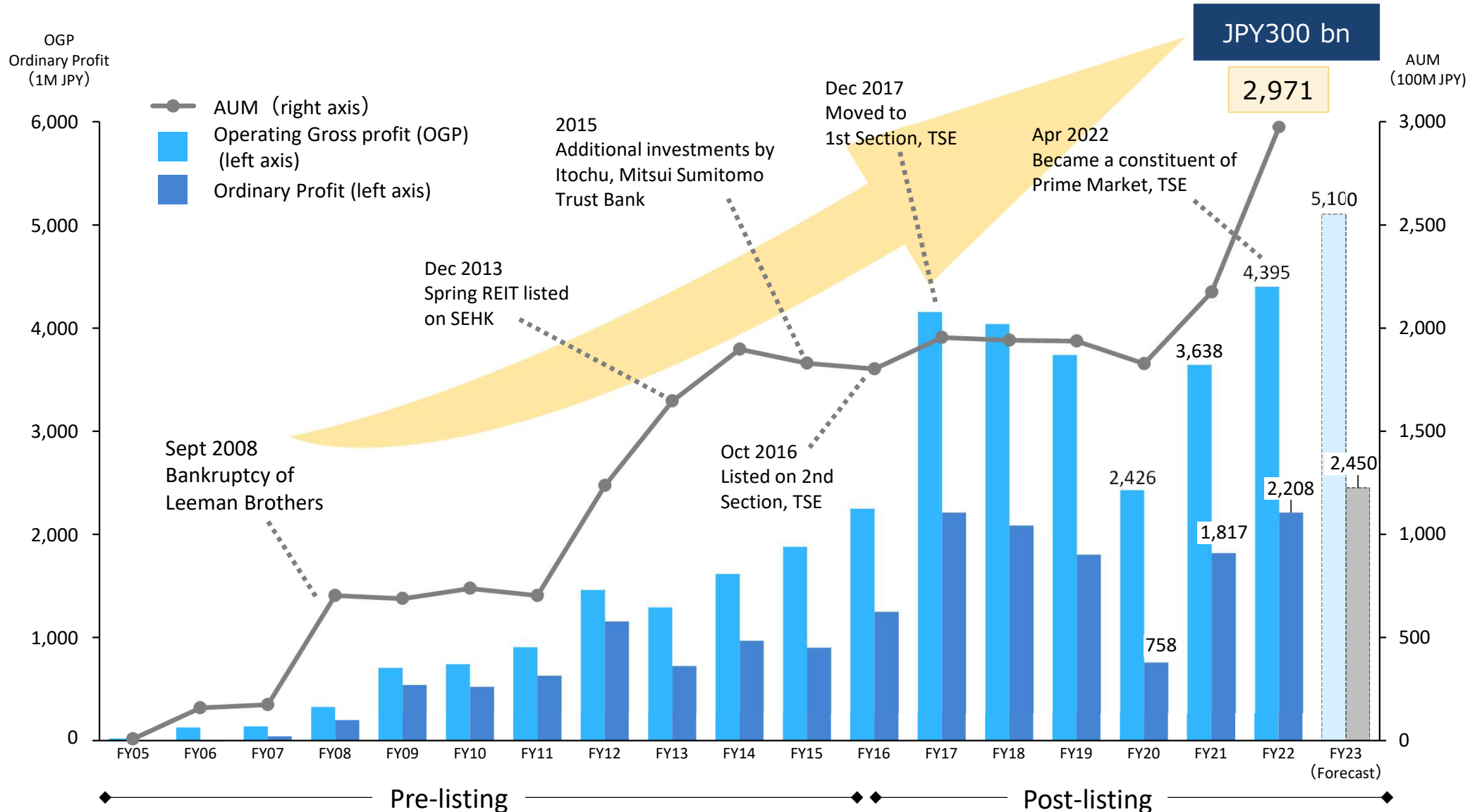
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1. Update of Progress Report
  2. Financial Highlights
  3. Progress of Medium-term Profit Plan and Status of Compliance with  
TSE Market Listing Standards
  4. Group Overview

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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.
- AUM at the end of FY2022 amounted to ¥297 billion, with the aim of further expanding the balance of AUM in FY2023, mainly through the fundraising for Buyout Fund II.



# 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.
- Formed new funds in each investment fields.

## Business Investments

### □ Buyout Investments

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



### □ Growth Investments

- BizTech Fund (2019-)
- Successor Fund (under planning)



## 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 REIT (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.
- In addition to the current funds under management and funds under the process of establishment, we are planning successor funds for the next five years.

Category	Current Situation	Manage ment	Fundra ising
<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 at the end of September 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> : In addition to Biztech Fund, planning successor funds.</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: ¥52.9 billion, total asset: ¥266.7 billion).</li> <li>➤ <u>Owned Assets</u> : Luxury offices (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 above 90%; 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> : Strive for the total fund amount of ¥15-18 billion (¥50 billion combined with loans) toward the final closing.</li> <li>➤ <u>Renewable Energy Investment</u> : AUM for Enex Infrastructure REIT exceeds ¥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)

- Achieved its final closing at the end of September 2023 with the total 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	Buyout Fund II
Name of fund	Mercuria Japan Industrial Growth Fund	Mercuria Japan Industrial Growth Fund II
Total Fund Amount	¥21.3 billion	<b>¥43.85 billion</b> *Achieved the final closing in Sept. 2023
Establishment	August 2016	March 2022
Returns	Operational performance <ul style="list-style-type: none"> <li>• Net IRR: 15%+</li> <li>• Net return on investment: 2x</li> </ul>	Target Returns <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	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.	Business succession, Privatization Carve-out deals, etc.
Status of Investment	<div>Exits</div> <div>     </div> <div>Current holdings</div> <div>    </div> <div>    </div>	<div>Current holdings</div> <div>   </div> <div>  </div> <div>Plan to invest in</div> <div>   </div>



## 1.2 Buyout Business (Performance of Buyout Fund I)

- Performance has been good, with returns above targets. (net IRR of at least 15%/gross MOIC of at least 2x)
- Income generated from performance fees is expected as the fund reaches the performance fee stage after completing 4 divestments.

### Overview of Buyout Fund I

Fund size	¥21.3 billion (Fully funded)
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



**Pentel**



#### Current holdings



## 1.2 Buyout Business (Establishment and Status 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; 3 investments have been made since the fund establishment in March 2022. (The announcement of the decision to invest in JX Metals Precision Technology Co., Ltd. as the 4th investment was released in October 2023.)

### Overview of Buyout Fund II

Fund size	¥43.85 billion
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



DELIGHT



### Plan to invest



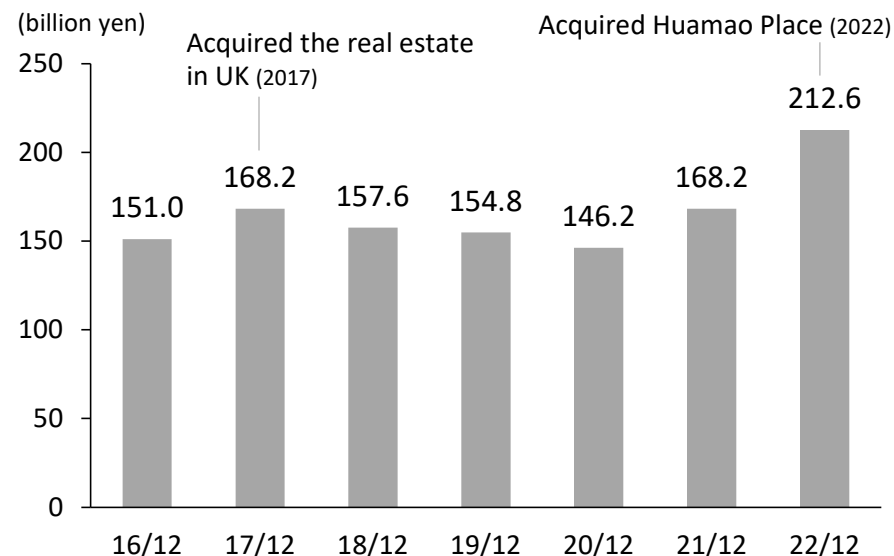
## 1.3 Spring REIT Business (Operation Status of Owned Properties )

- Managing Spring REIT (Stock coder: 1426 / Total assets: ¥266.7 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. ¥266.7 billion (as of June 2023)
Market cap	Approx. ¥52.9 billion (as of Sept. 2023)

### 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  
**91%**  
(as of the end of  
Sept. 2023)

#### 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  
**96%**  
(as of the end of  
Sept. 2023)

#### 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.

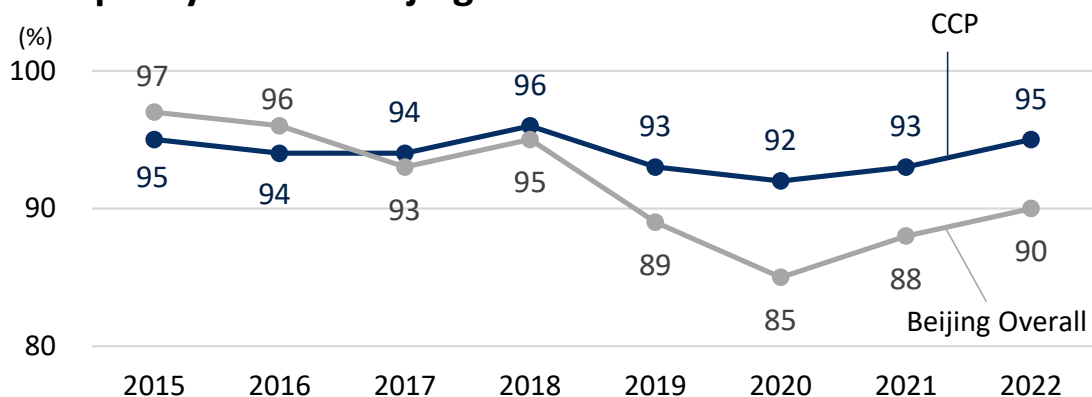


Investment  
Ratio  
**6%**

## 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.
- Maintained the high occupancy rate of 91% in September 2023 at Beijing office building (CCP), the main portfolio of Spring REIT.

### Occupancy Rate in Beijing Overall and CCP



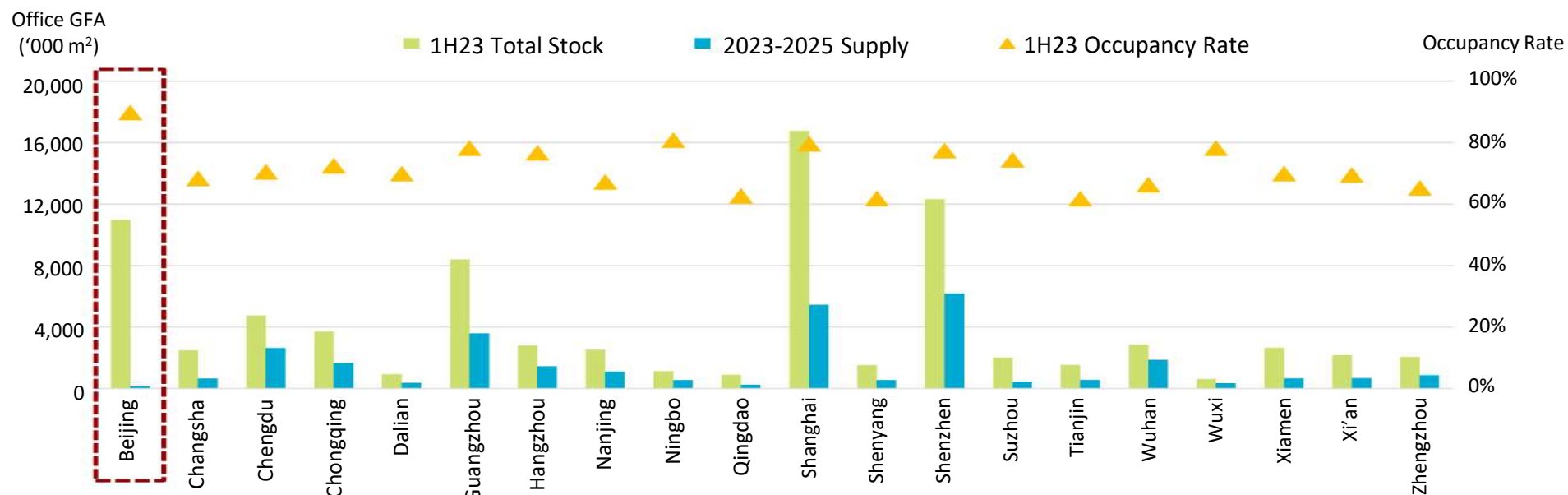
\* Prepared by Mercuria Holdings Co., Ltd.(MHD) based on Spring REIT's "Interim Results 2023 Presentation"



China Central Place (Beijing)

### Grade-A Office Markets in China

\* Prepared by MHD based on Spring REIT's "Interim Results 2023 Presentation" (Source: JLL Research, Jun 2023)



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

- In July 2022, Aircraft Fund II was launched with Airport Facilities Co., Ltd. as the anchor investor (Initial closing at approx. ¥5.5 billion). Further fundraising is planned with a target AUM of ¥15-¥18 billion (¥50 billion combined with loans).
- This fund completed the acquisition of its first aircraft in February 2023, currently considering the second and the subsequent acquisition of aircrafts.

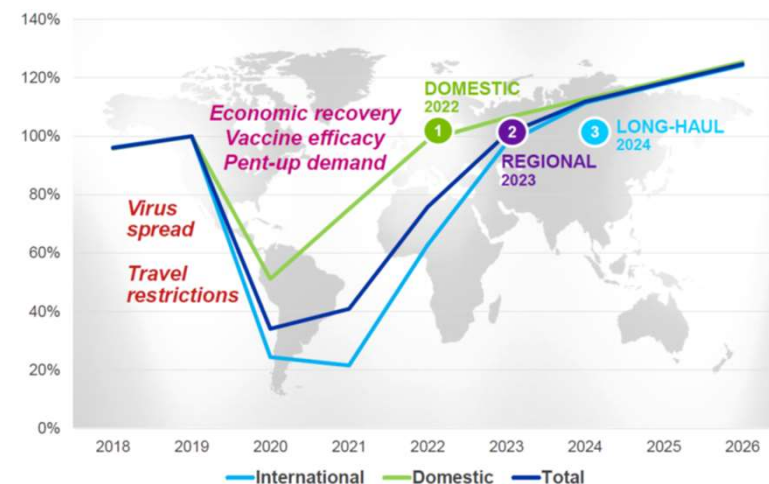
### Overview of Aircraft Fund II (MACH I)

<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. ¥5.5 billion (1st close) Plan to procure capital to increase assets to about ¥50 billion including loans
<b>Establishment</b>	July 2022
<b>Investors</b>	Airport Facilities Co., Ltd. Mercuria Holdings Co., Ltd., etc.
<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)





## 1.4 Asset Investment Business

### (Summary 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.
- Aiming to earn a development profit and establish a new fund by the principal investment of ¥1 bn.
- The case number 1 solar power plant was completed in June 2023, started to sell electricity.

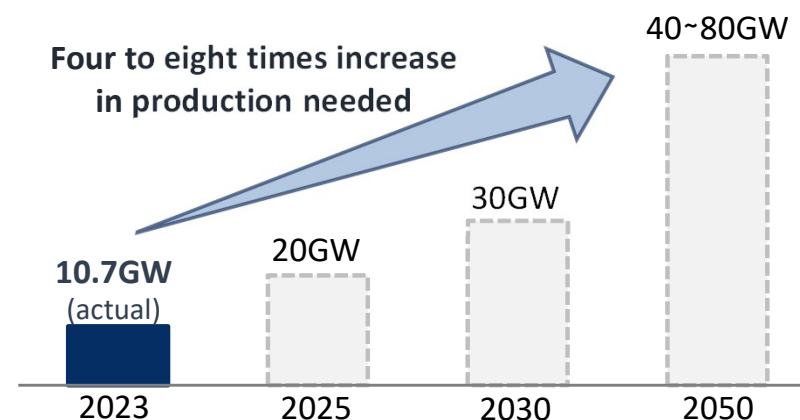
#### Advantages of the Taiwan renewable energy business

- 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,



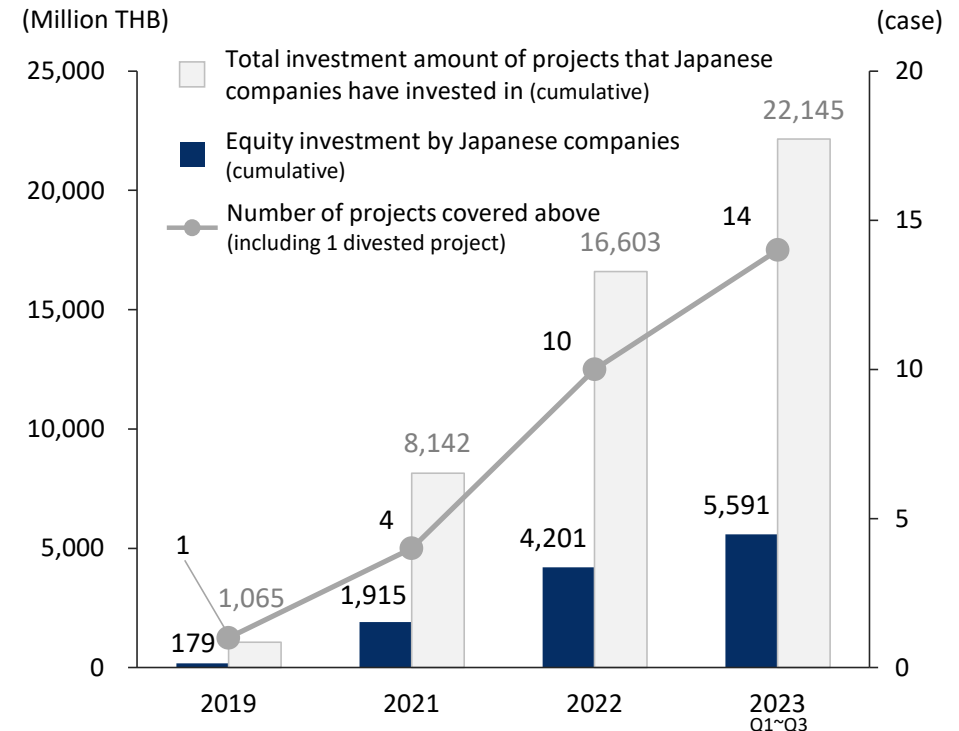
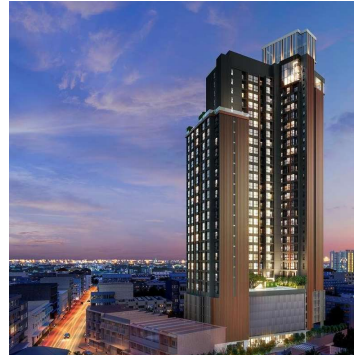
The Case Number 1 solar power plant located in Dacheng Township, Changhua County

## 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. 5,591 Million THB (Approx. ¥22 billion)
Number of projects covered above	14 (including 1 divested)



#### ● 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 Future Initiatives

### Maximize performance fees



Continue a stable fund operations and maximize the performance fees

### Accumulate management fees



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

### Initiatives for new business



Expand the product lineups through new business initiatives

### Broaden investor base



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



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## 2. Financial Highlights

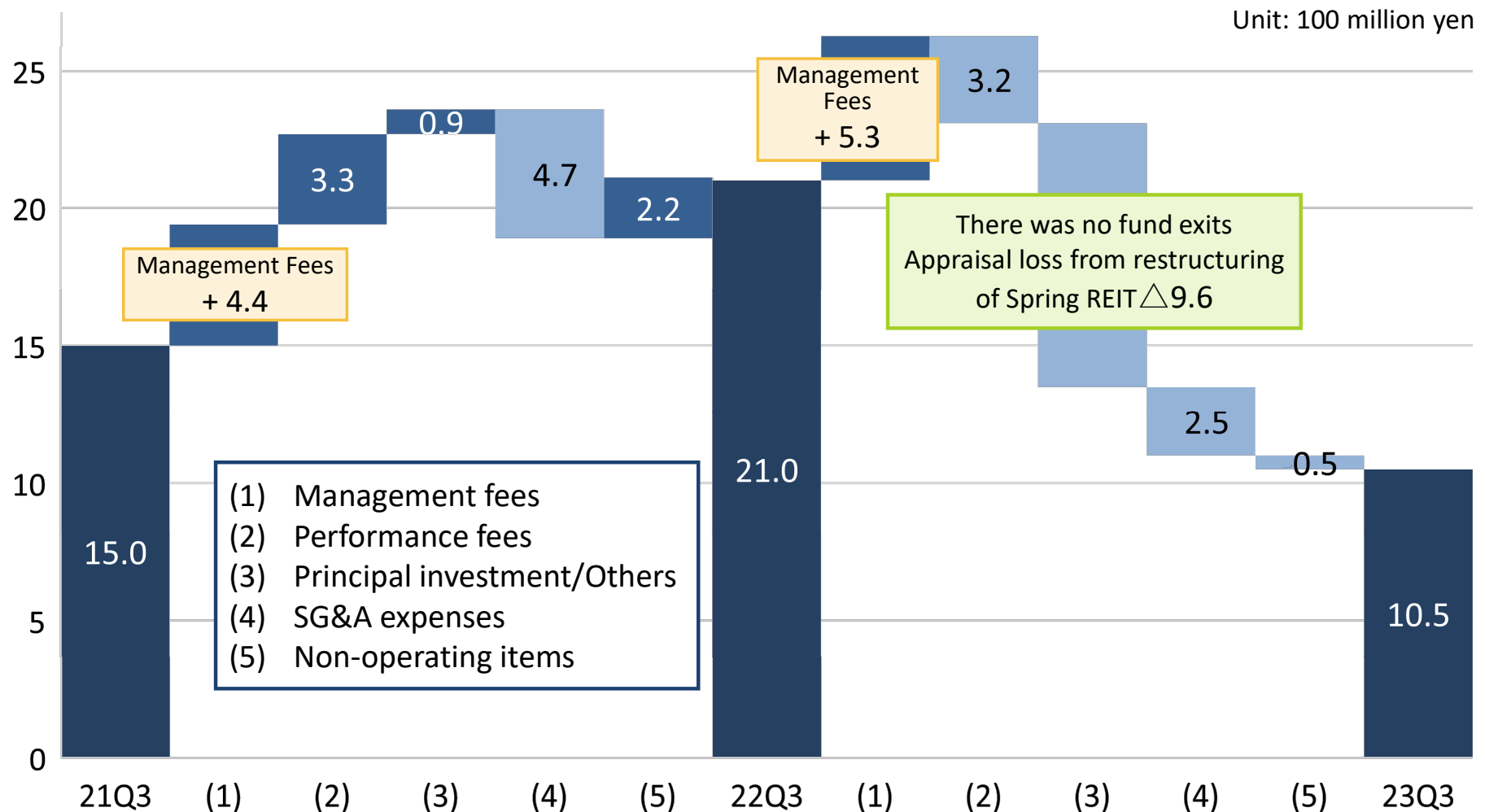
## 2.1 Consolidated Financial Results (Progress Rate)

- The management fees have been steady; YoY decrease is due to the absence of principal investment income from the fund exits, as well as appraisal loss from restructuring of Spring REIT.
- Reflecting steady fund management, partial realization of performance fees from Buyout Fund I is expected in the 4th quarter of the fiscal year.

Unit: 100 million yen		(1) 2021 Results	(2) 2022 Results	(3) 2023 Q3 Results	(4) 2023 forecasts	(5) Progress Rate to forecasts
Operating revenue		41.7	46.0	49.6	67.0	74%
Operating costs		△5.3	△2.0	△21.7	△16.0	136%
Operating gross profit	Fund management (management fees)	18.9	24.4	23.3	51.0	55%
	Fund management (performance fees)	7.3	3.1	0.2		
	Principal investments/ Others	10.1	16.5	4.3		
	Total	36.4	43.9	27.9		
SG&A expenses		△18.8	△23.4	△19.4	△26.5	73%
Operating profit		17.6	20.5	8.5	24.5	35%
Ordinary profit		18.2	22.1	10.5	24.5	43%
Profit attributable to owners of parent		13.0	15.6	7.2	17.0	42%

## 2.1 Consolidated Financial Results (YoY in Ordinary Profit from Previous Period)

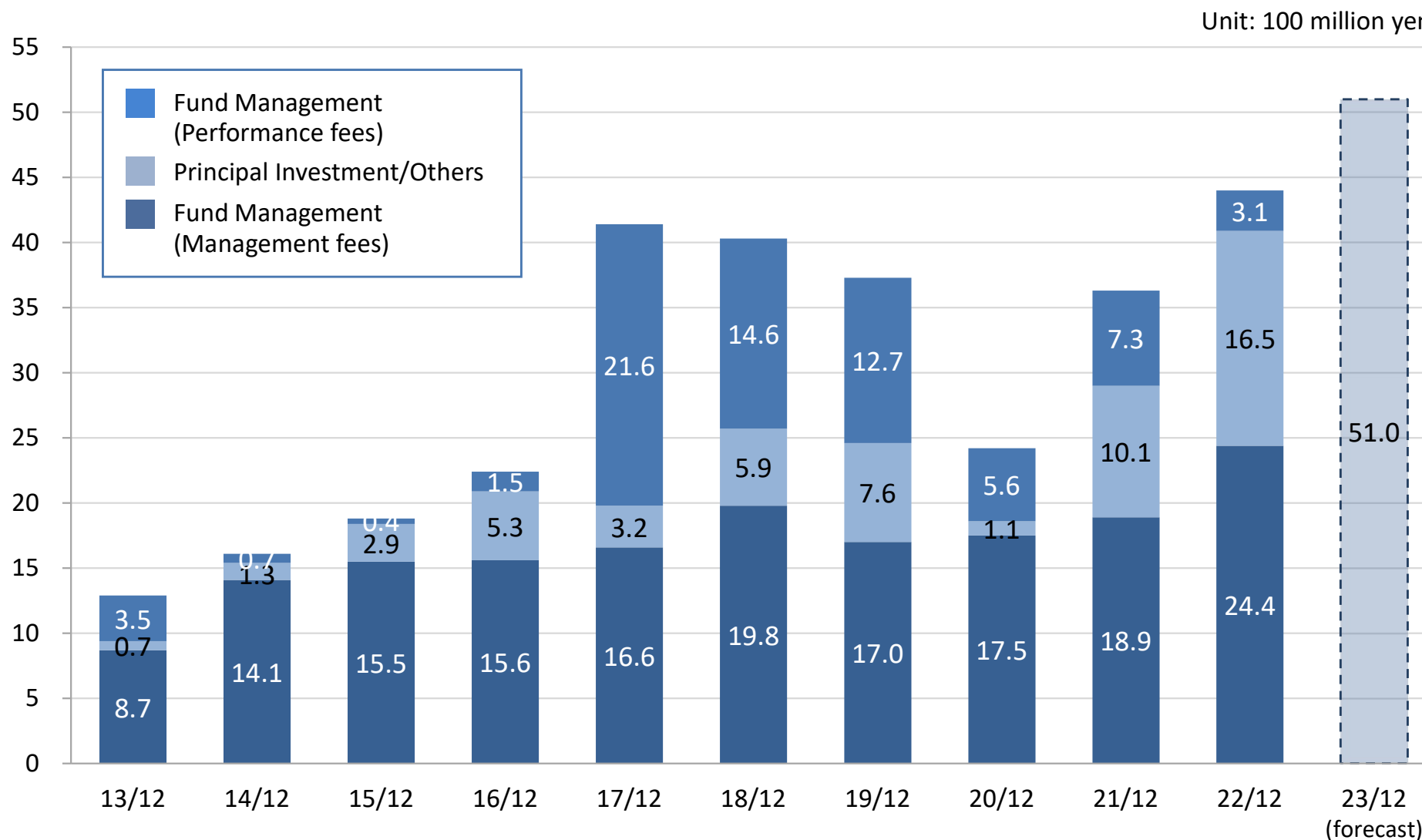
- Management fees (1) : increased by ¥0.97 billion with steady fundraising led by Buyout Fund II.
- Performance fees (2) : decreased by ¥0.32 billion due to the absence of the performance fees from acquisitions at Spring REIT
- Principal investment income (3) : decreased ¥0.96 billion due to the absence of principal investment income from the fund exits, as well as appraisal loss from restructuring of Spring REIT.



## 2.1 Consolidated Financial Results

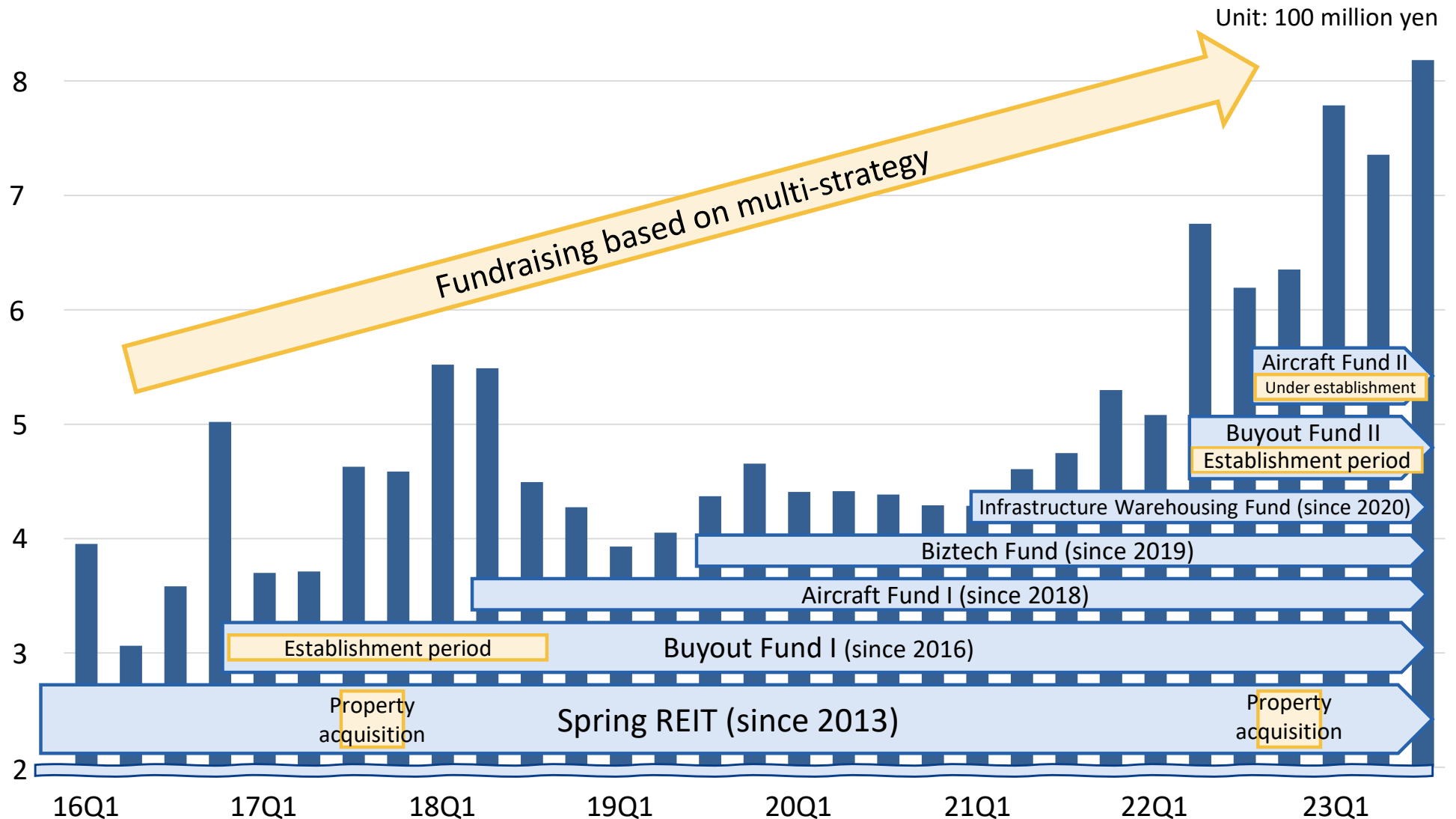
### (Operating Gross Profit By Revenue Categories)

- Performance fees between 2017 and 2022 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.



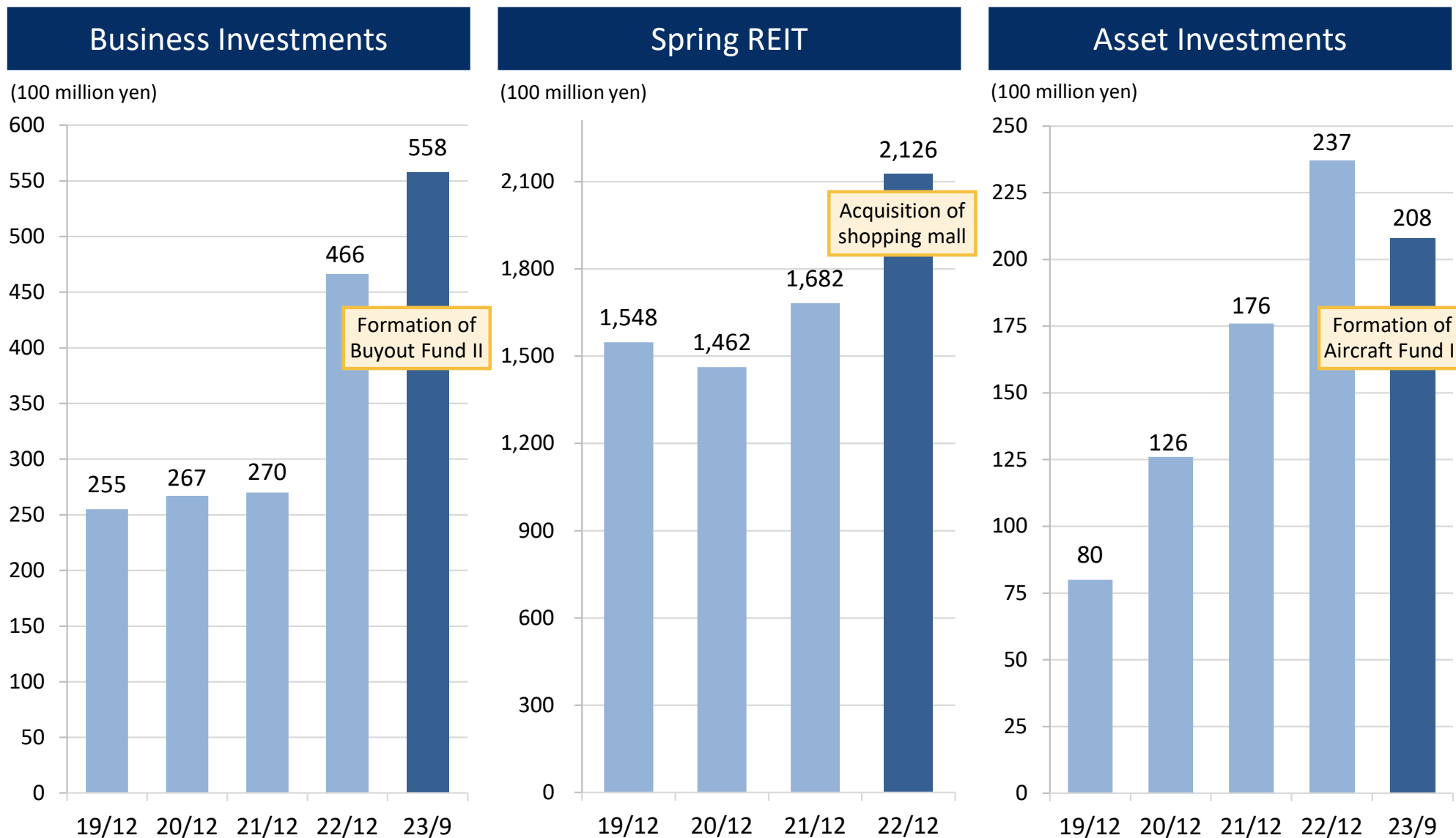
## 2.1 Consolidated Financial Results (Quarterly Management Fees)

- 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 September 2023. Aim to further increase management fees with the establishment of Aircraft Fund II, etc.



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

- Stable fundraising for Buyout Fund II (Business Investments), as well as the inclusion of new assets in Spring REIT in 2022, resulted in a marked increase in the AUM as a basis for management fees.
- Although Aircraft Fund II is under fundraising, as the investment period for the Renewable Energy Fund (Asset Investments) expired, the AUM and management fee decreased accordingly.



## 2.2 Consolidated Financial Results (Overview)

- Assets side consists of Operational investment securities/Operating loans (principal investment) which is ¥12.9 billion and Cash and deposits of ¥3.4 billion.
- No borrowings are on balance, ¥16.4 billion in equity capital against ¥1.7 billion in liabilities.

Unit: 100 Million yen

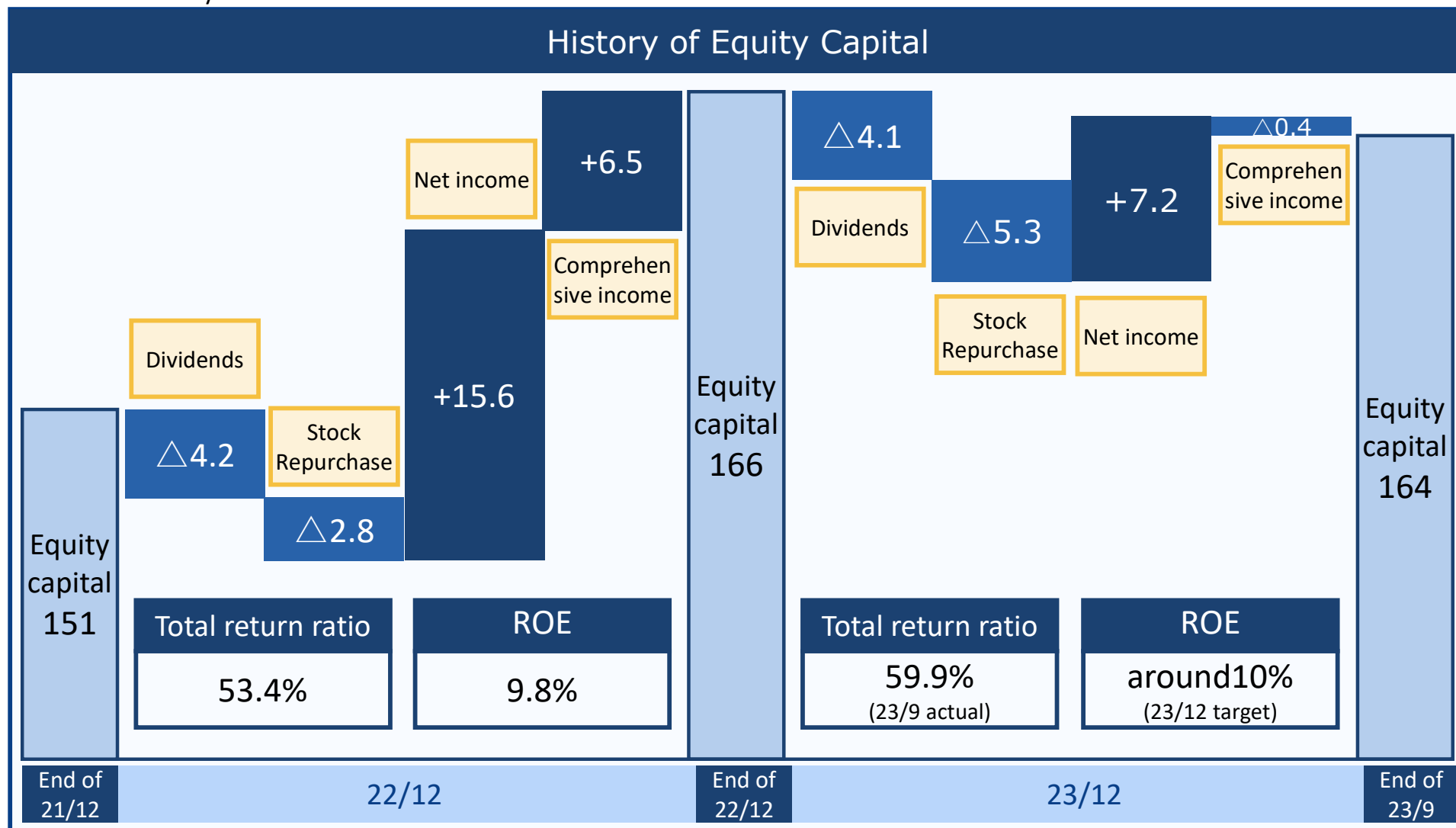
Assets		End-Dec.2022	End-Sept.2023		Liabilities and net assets		End-Dec.2022	End-Sept.2023	
Current assets	Cash and deposits	30	34 18%	+	Liabilities	Borrowings	8	-	-
	Trade accounts receivable	6	8			Other current liabilities	10	10	
	Operational investment securities/ Operating loans	140	129 67%	-		Other non-current liabilities	6	7	
	Other current assets	12	8		Net assets	Equity capital	166	164 86%	
Non-current assets		11	12			(Breakdown) Shareholders' equity Valuation difference on available-for-sale securities	164 2	160 3	
Total		200	191			Non-controlling interests	9	11	
Total		200	191		Total		200	191	

## 2.2 Consolidated Financial Results

### (History of Equity Capital (Shareholder Return and ROE))

- In addition to dividend as shareholder return, stock repurchase was conducted; the total return ratio was 53.4% as of the end of December 2022, and 59.9% as of the end of September 2023.
- Aiming for around 10% of ROE by achieving ¥1.7 billion of net income forecast in the fiscal year of 2023.

Unit: 100 Million yen





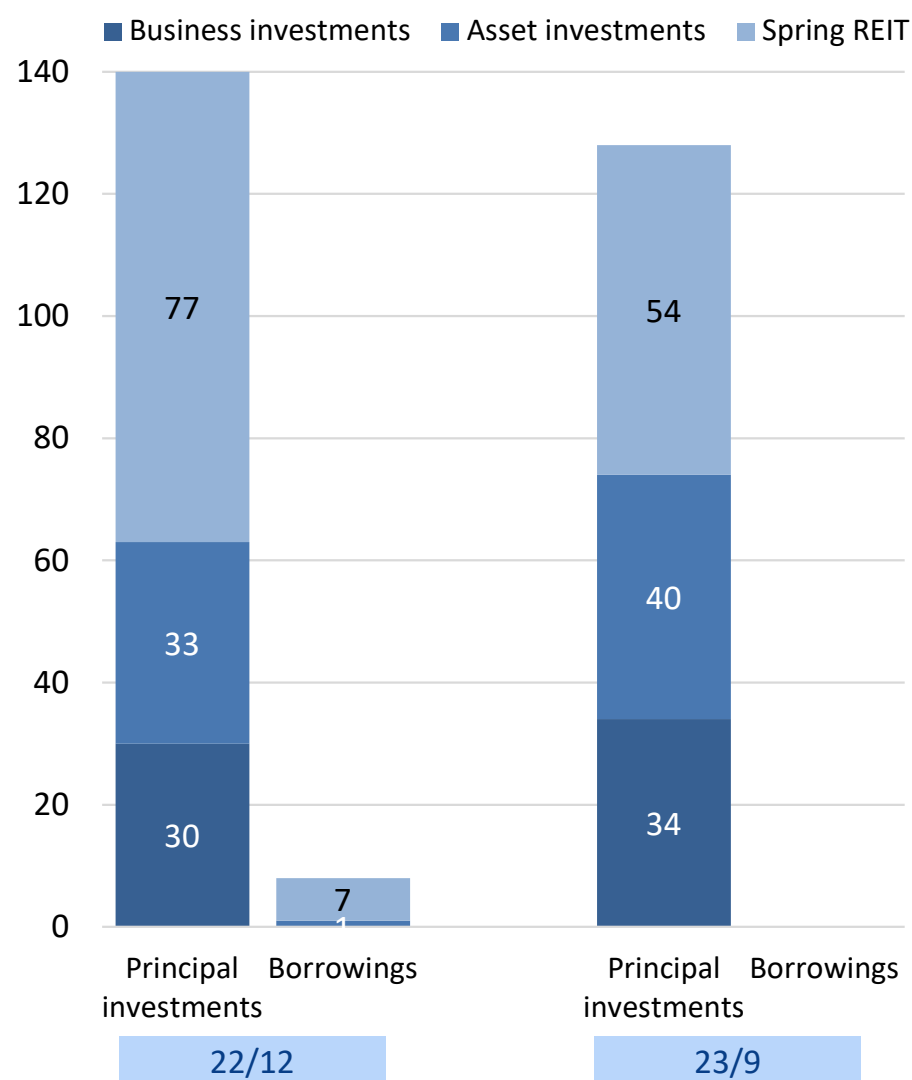
## 2.2 Consolidated Financial Results (Asset-Liability Structure)

- Principal investments and Loans decreased respectively due to the asset liquidation with restructuring of Spring REIT.
- Considering the use of the asset liquidation and the financial leverage through borrowings.

### Asset-Liability Structure

100 million yen	22/12	23/9
Business investments	30	34
Spring REIT	77	54
Asset investments	33	40
Operational investment securities and Operating loans	140	129
Cash and deposits	30	34
Trade accounts receivable	6	8
Other current assets	12	8
Investment securities	3	2
Other non-current assets	8	10
(1)Total assets	200	191
Business investments	-	-
Spring REIT	7	-
Asset investments	1	-
Borrowings	8	-
Other current liabilities	10	10
Other non-current liabilities	6	7
(2)Total liabilities	24	17
Shareholder's equity	166	164
Non-controlling interests	9	11
(3)Total net assets (1)-(2)	175	174

### Principal investment and borrowings



## 2.3 Dividends

- In accordance with the dividend policy, MHD plans to pay a dividend of ¥21 for 2023, which will result in an average payout ratio of 32.8% of net income during the past five years.

Dividend policy	<ul style="list-style-type: none"> <li>Dividends are the primary way to distribute earnings to shareholders and the priority is dividend stability.</li> <li>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.</li> <li>The goal is to raise the dividend along with growth of the five-year average of net income.</li> </ul>
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Unit: Million yen	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecasts
(1) Profit attributable to owners of parent	1,245	525	1,304	1,563	1,700
(2) Five-year average of net income	1,124	1,105	1,195	1,210	1,267
(3) Dividend per share	¥19	¥20	¥20	¥20	¥21
(4) Total number of <sup>(Note)</sup> outstanding shares (after deduction of treasury shares)	17,606,389 Shares	17,113,389 Shares	20,911,579 Shares	20,500,979 Shares	19,776,179 Shares
(5) Total dividends (3) × (4)	335	342	418	410	415
(6) Dividend payout ratio (5) / (2)	29.8%	31.0%	35.0%	33.9%	32.8%

(Note) The number of shares in the 2023 forecast is as of June 30, 2023.

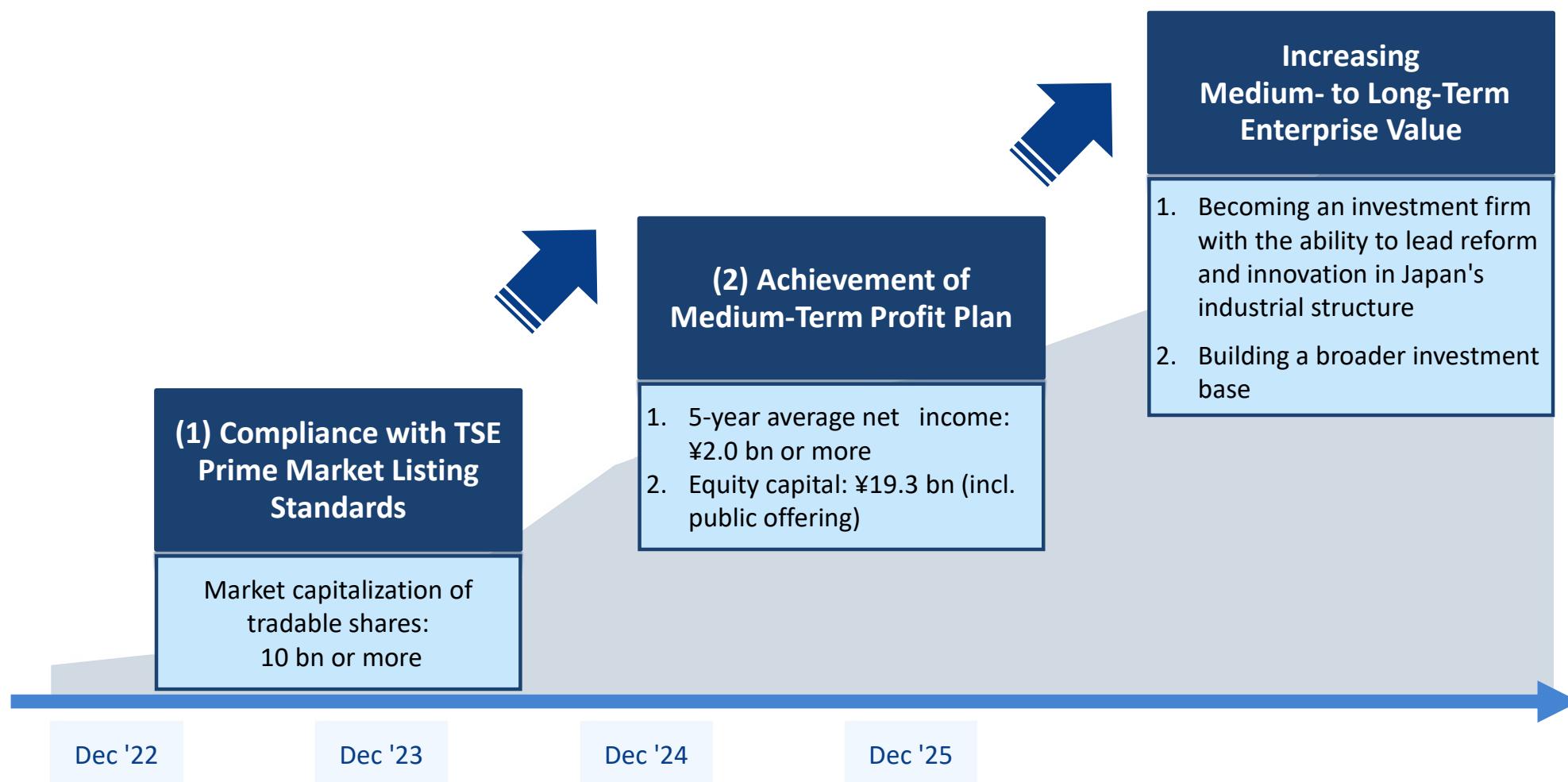
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# **3. Progress of Medium-term Profit Plan and Status of Compliance with TSE Market Listing Standards**

### 3.1 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

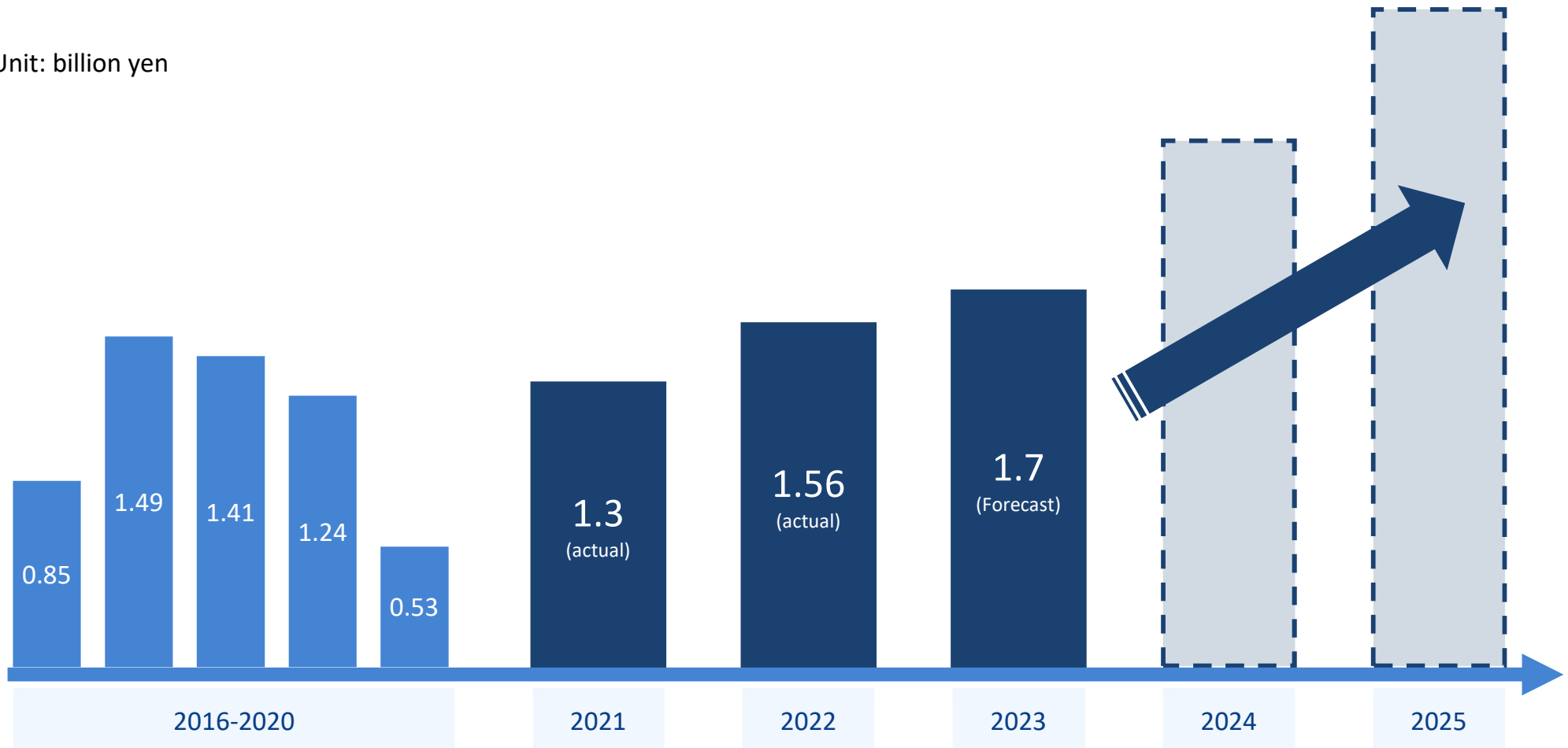


## 3.2 Progress of Medium-term Profit Plan (Five-year Average of Net Income )

- Results of 2021 and 2022: Net income of ¥1.3 billion and ¥1.56 billion respectively while the funds formed before listing coming to the end of generating performance fee stage.
- 2023 onward: Aiming for the five-year average of net income of ¥2.0 billion in 2025 by accumulating management fees from newly established Buyout Fund II and performance fees from Buyout Fund I.

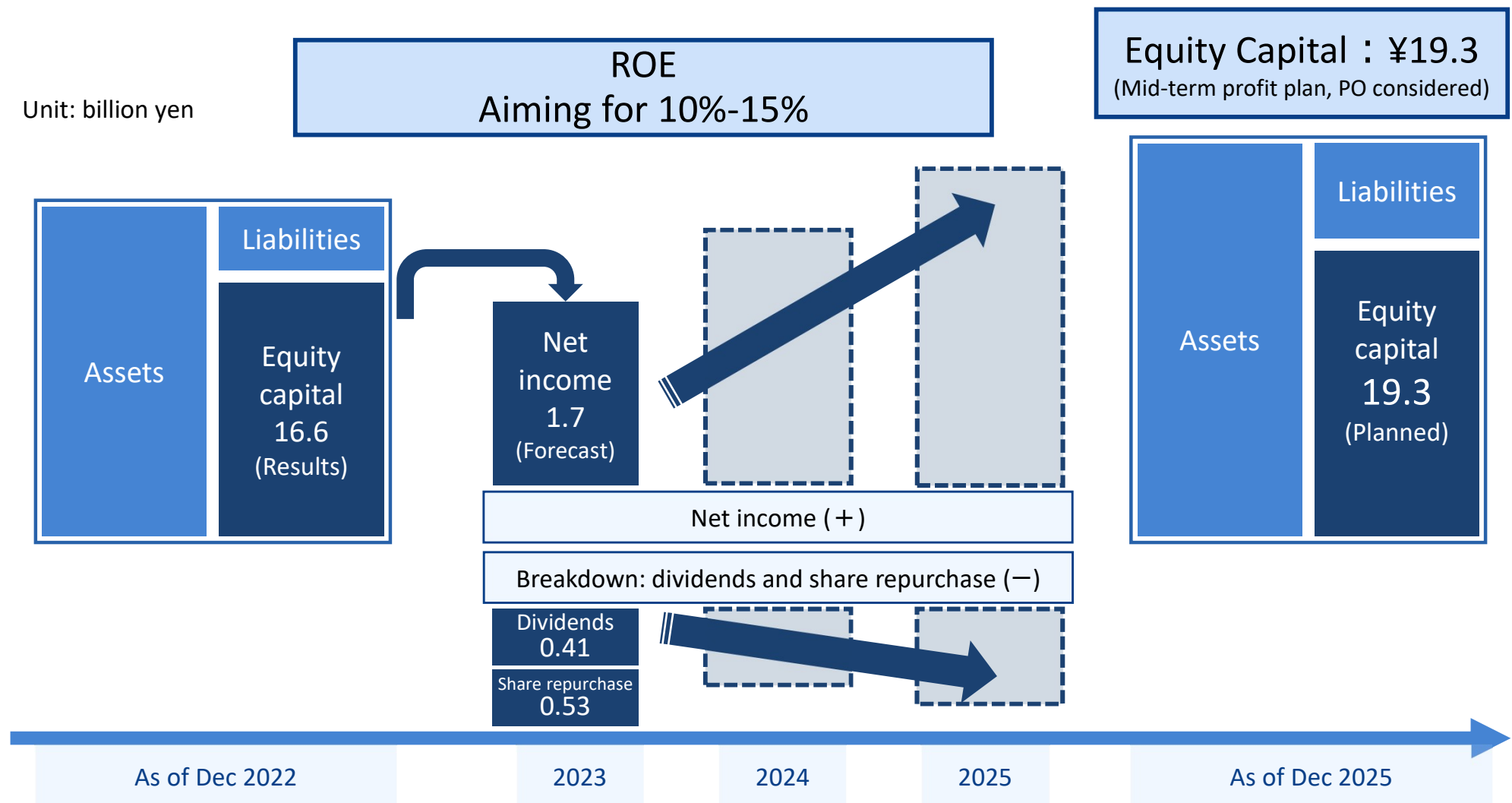
Five-year Average of Net Income : ¥2.0 bn (Mid-term goal)

Unit: billion yen



## 3.2 Progress of Medium-term Profit Plan (Equity Capital and ROE)

- By the end of Dec 2025, the last year of Medium-term profit plan, Mercuria Holdings plans to increase its equity capital to ¥19.3 billion, ¥2 billion procured by public offering added to the initial plan of ¥17.3 billion.
- Targeting ROE level of 10-15% from 2023 to 2025 by solidly accumulating profit based on the medium-term plan and other capitalization strategies such as dividends and share repurchase.



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

- MHD's market cap of tradable shares at the end of December 2022 is ¥7.39 billion (average share price is ¥604.9 from October to December 2022), 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 2022	Current status Closing price as of Nov. 10, 2023	Prime Market	Prime Market Listing Maintenance Criteria
Total market capitalization of the tradable shares		¥7.39 bn	¥8.74 bn		¥10 bn
Stock price		¥604.9	¥758		¥870
PBR	¥846.78 (Result of FY2023 Q3)	0.73	0.90		1.03
PER	¥86.68 (FY2023 forecast)	7.3	8.7		10.1

\* The ratio of tradable shares is calculated considering the stock repurchase announced in May 2023.

As of end of Dec 2022	MHD	TSE Prime Market Listing Maintenance Criteria	Status
Number of share holders	4,230	800 or more	○
Number of tradable shares	122,169 units	20,000 unites of more	○
Market capitalization of tradable shares	¥7.39 bn	¥10 bn or more	×
Ratio of tradable shares	56.86%	35% or more	○
Daily average trading volumes	¥35 mn	¥20 mn or more	○

## (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 ¥15.0 billion as of November 10, 2023. 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	Hidden value that MHD believes exists
	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 ¥16.4 bn + Unrealized capital gain asset value	¥15.0 bn (¥758/share)



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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 June 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>	¥4,063,576,580
<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>	104 (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**

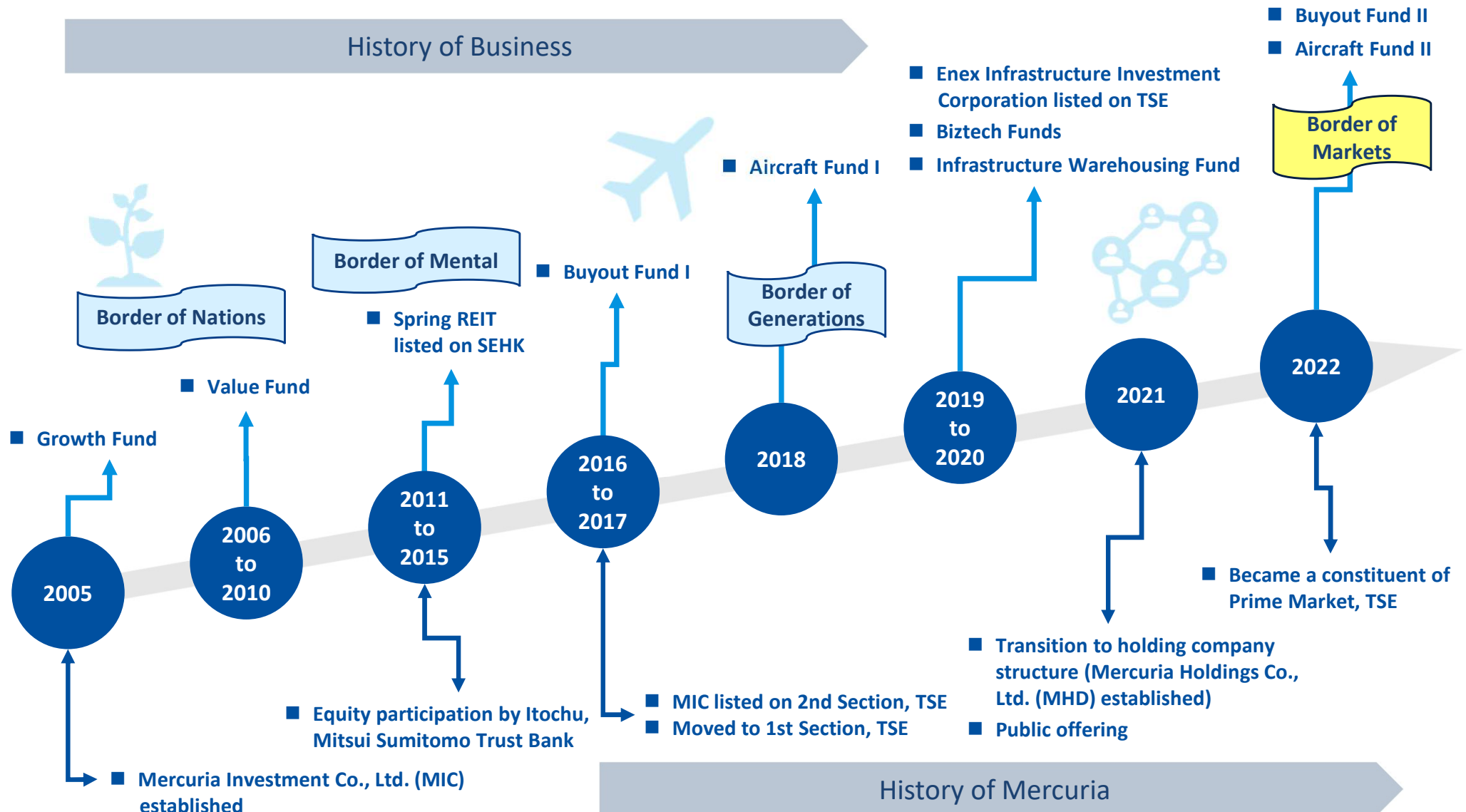
**Cross-  
Border**

**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-)
- Successor Fund (Under planning)



## Asset Investments

### ❑ Real estate Investments

- Spring REIT (2013-)



### ❑ Aircraft Investments

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



### ❑ Renewable energy Investments

- Enex Infrastructure REIT (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



Value Investment

### Asset Investments

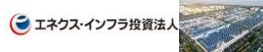
Real Estate Investment



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



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  
**49%**

\*as of June 2023

## Collaboration with strategic shareholders



三井住友信託銀行

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.