



# Mercuria Holdings Co., Ltd.

Summary of Financial Highlights for the Fiscal Year  
Ended December 31, 2023

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

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# FY2023 Highlights ~ Steady Growth in Management Fees, YoY Decrease in Revenue

## Business Progress

- ❑ **Management fees have increased steadily:**
  - Asset under management have increased with the fundraising of Buyout Fund II ( the total fund amount of approx. ¥44 bn). The Management fees have steadily increased.
- ❑ **Realization of performance fees will be in FY2024:**
  - Fund management is steady, the partial realization of performance fees, which was originally planned in 2023, will be in 2024

## Results of FY2023 /Forecasts of FY2024

- ❑ **YoY decrease in revenue in FY2023:**
  - Although the management fees increased steadily, YoY in revenue decreased due to the absence of principal investment income from the fund exits, as well as appraisal loss from change of holding scheme of Spring REIT
  - The results exceeded the revised forecasts
- ❑ **Aim for the record-high profit in FY2024:**
  - Aim for record-high operating gross profit of ¥6.7 billion (166% vs. 2023)/ordinary profit of ¥3.0 billion (197% vs. 2023)

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

- ❑ **Medium-term Profit Plan:**
  - Medium-term profit plan remains unchanged. Targeting 5-year average net income of ¥2.0 billion in FY2025
- ❑ **Compliance with TSE Prime Market Listing Standards:**
  - The total market capitalization of tradable shares is approx. ¥8.66 billion. 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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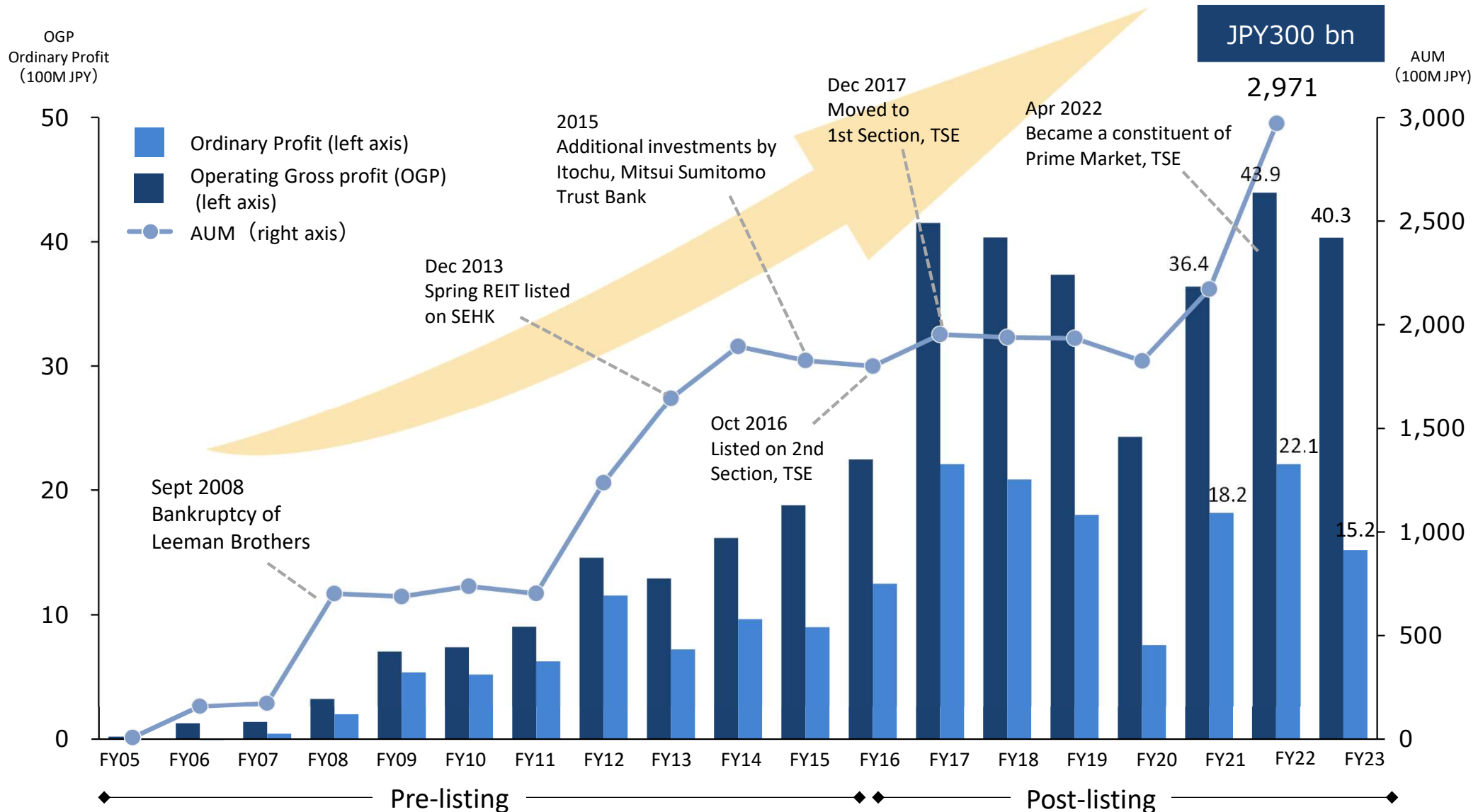
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1. Update of Progress Report
  2. Financial Highlights
  3. Progress of Medium-term Profit Plan and Status of Compliance with  
TSE Market Listing Standards
  4. Group Overview

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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.
- Assets under management have reached 300 billion yen, and we aim to further expand it through the planning and establishment of new funds in the future.



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

- Business operations consist primarily of two categories. One is business investments, which are buyout and growth investments. The other is asset investments, which are real estate, aircraft and renewable energy investments.
- 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.
- Successor funds to the current funds under management are also being launched successfully.

Category	Current Situation	Management	Fundraising
<b>Business Investments</b> 	<ul style="list-style-type: none"> <li>➤ <u>Buyout Fund I</u> : Operating above target returns, soon to reach the stage of performance fees.</li> <li>➤ <u>Buyout Fund II</u> : Achieved its final closing 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: ¥59.6 billion, total asset: ¥266.7 billion).</li> <li>➤ <u>Owned Assets</u> : Office (Beijing: 145,000m<sup>2</sup>), Shopping mall (Huizhou: 145,000m<sup>2</sup>), Store real estate (UK: 84 stores)</li> <li>➤ <u>Occupancy rate</u> : Both are 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> : Fundraising was closed with the fund amount of ¥7.0 billion yen. Considering new structures for further expansion.</li> <li>➤ <u>Renewable Energy Investment</u> : AUM for Enex Infrastructure Investment Corporation achieved ¥100 billion. The Case Number 1 solar power plant in a Taiwan-based mega solar development project has started its operations. Aiming for further expansion.</li> </ul>	○	○

## 1.2 Buyout Business (Business Progress)

- 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 style="border: 1px solid gray; padding: 5px;"> <p>Exits</p>  </div> <div style="border: 1px solid gray; padding: 5px; margin-top: 5px;"> <p>Current holdings</p>  </div>	<div style="border: 1px solid gray; padding: 5px;"> <p>Current holdings</p>  </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)
- Completed 4 divestments. Since the performance fee stage will soon be reached, we expect to receive the performance fee from Buyout Fund I through the future exits.

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; 4 investments have been made since the fund establishment in March 2022.

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

**MUTUAL**  
株式会社 ミューチュアル

**DELIGHT**

**JS JS FOUNDRY**

**JX JX金属プレシジョンテクノロジー**

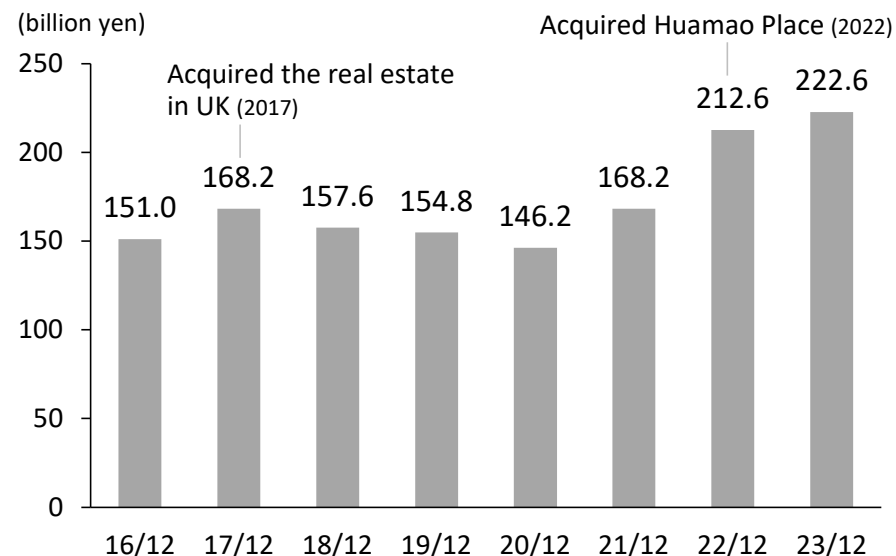
# 1.3 Spring REIT Business (Operation Status of Owned Properties )

- 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. ¥59.6 billion (as of Dec. 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 Dec. 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  
**98%**  
(as of the end of Dec. 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.

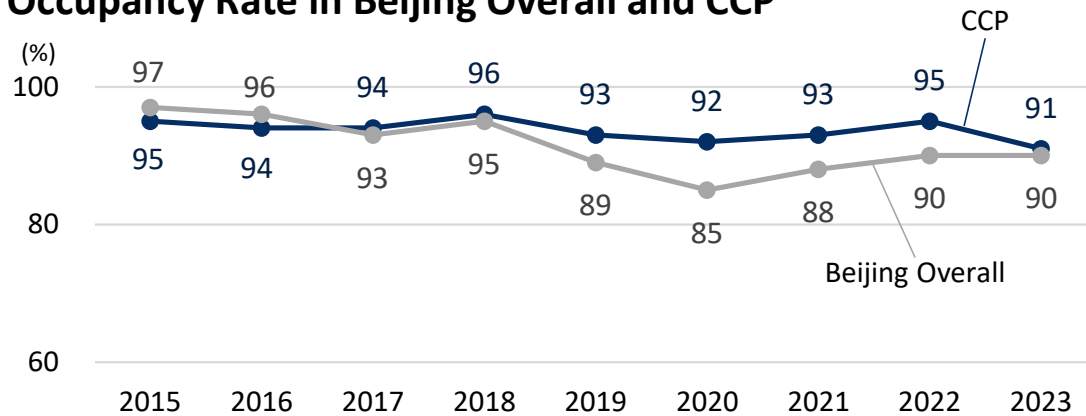


Investment  
Ratio  
**6%**

# 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 December 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)

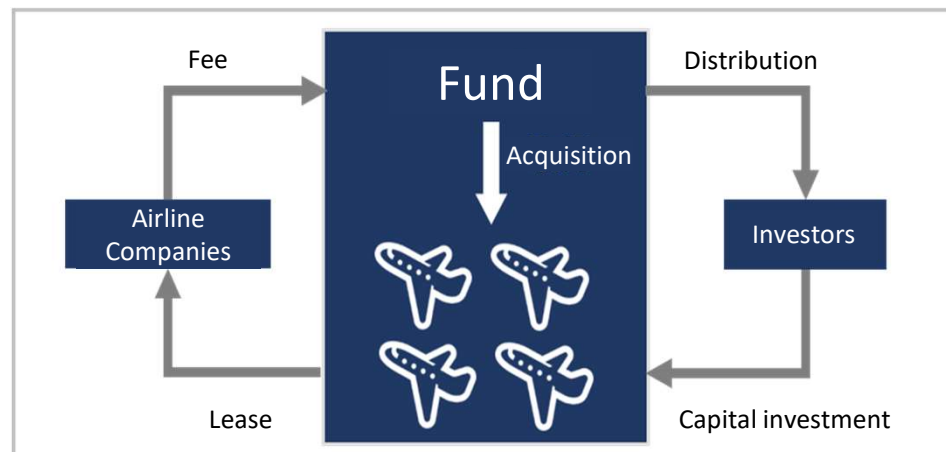


## 1.4 Asset Investment Business (Profile and Progress of Aircraft Business)

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

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

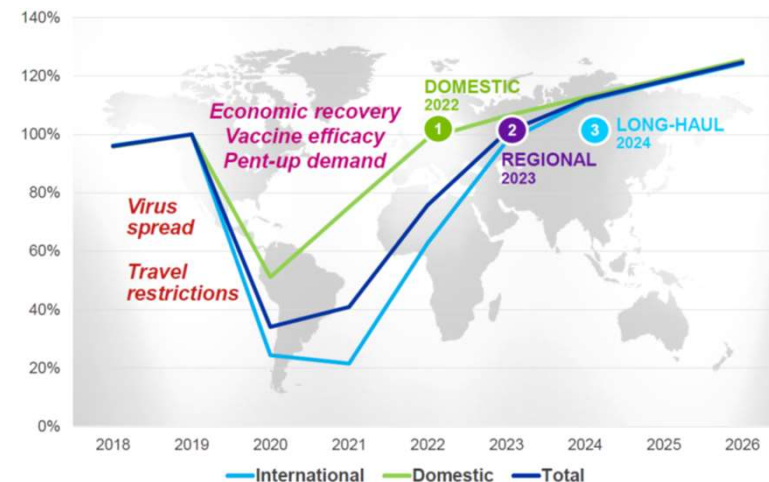
<b>Holdings</b>	Aircraft Mainly small and midsize aircraft that account for the majority of jets operated by airlines worldwide
<b>Fund size</b>	Approx. ¥7.0 billion Considering new structures for further expansion
<b>Establishment</b>	July 2022
<b>Investors</b>	Airport Facilities Co., Ltd., and others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



### Post-pandemic Market Environment for Aircraft Investments

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

### Demand for Aircraft (Actual and Outlook)



Source: The Boeing Company

# 1.4 Asset Investment Business

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

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

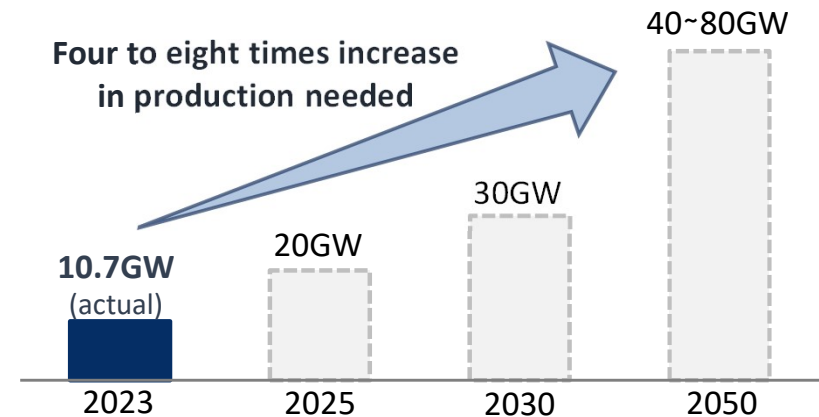
### Advantages of the Taiwan renewable energy business

- 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

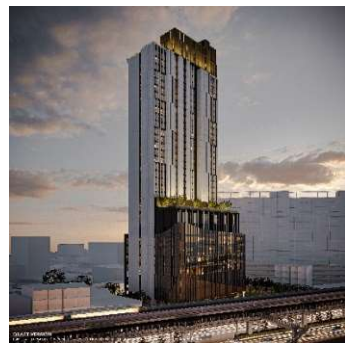
# 1.5 Consulting Business in Thailand

- 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. 7,141 Million THB (Approx. ¥28.5 billion) *calculated with 1THB=¥4
Number of projects covered above	16 (including 1 divested)

## Completion images (examples)



↑ One Sukhumvit 68 (Hotel)



↑ Kave Coco (Low-rise Condominium)



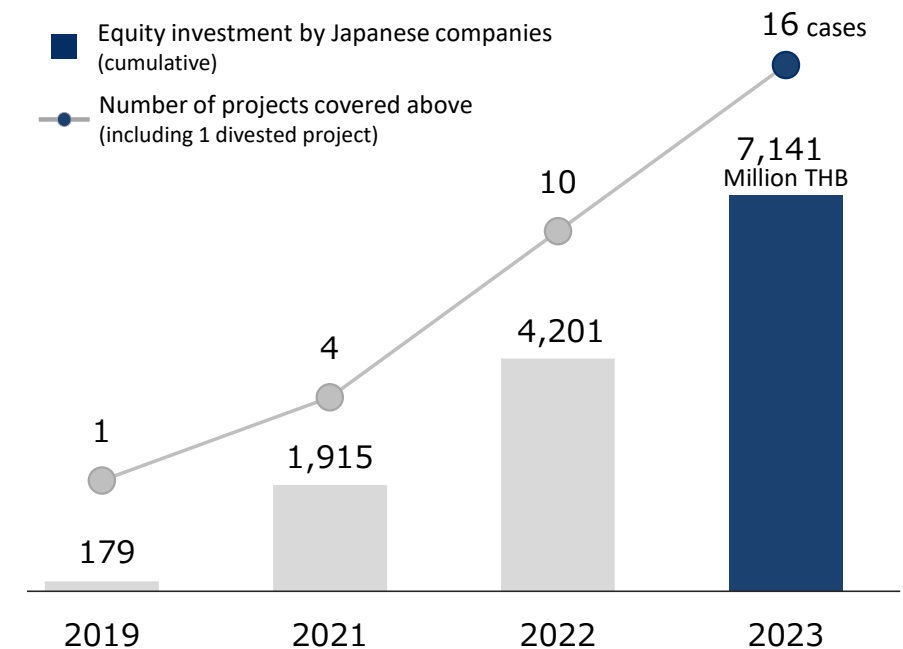
↓ Alpha Phanthong (Warehouse)



↑ The Origin Phahol 57 (Low-rise Condominium)

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

\*Not included in MHD's AUM



### ● Examples of Consulting Business in Thailand

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

### ● Newly established Vietnam subsidiary

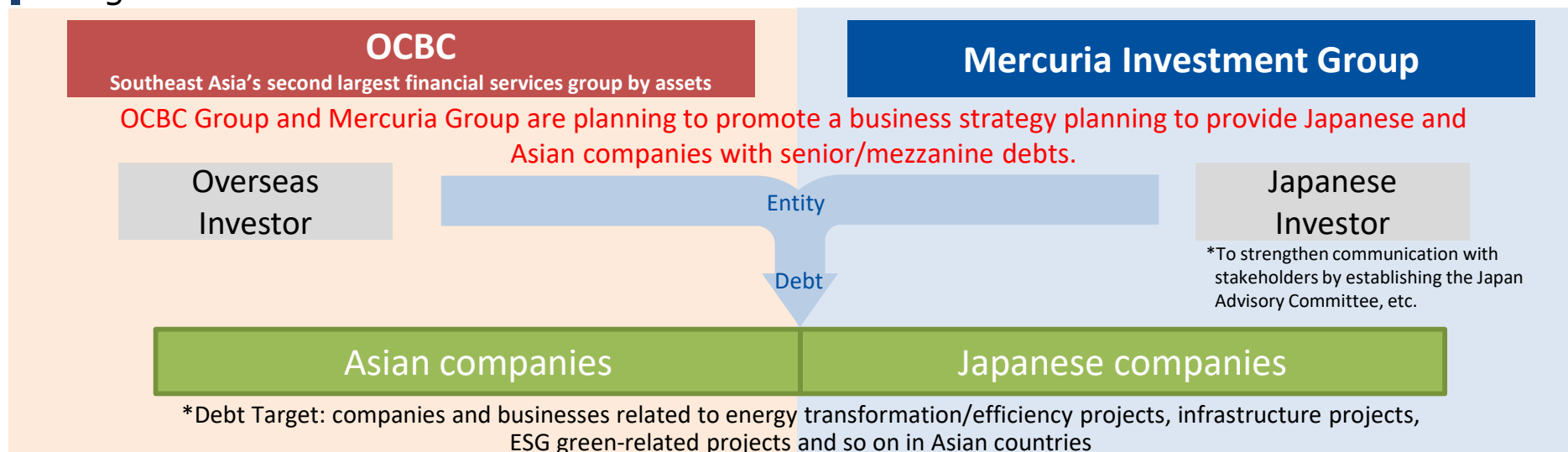
Since its launch in 2018, the Thailand consulting business has established a business model in the field of JV support for Japanese companies expanding overseas and their overseas partners, and has achieved profitability. Newly established a subsidiary in Vietnam to horizontally expand this business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



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

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

### Image of the Business



The activities undertaken through the business partnership with OCBC are expected to be in line with the Asia Zero Emission Community (AZEC) concept advocated by the Japanese government. With such a background, OCBC and Mercuria attended the MOU signing event in the AZEC Summit meeting on December 16, 2023 with the MOU signed between OCBC and Mercuria. As business and technological alliances that lead to the AZEC concept are being formed among a number of companies, OCBC and Mercuria aim to provide financial support through our fund business to improve sustainability in the ASEAN region, including the realization of carbon neutrality.

In response to these changes in the macro environment, new projects, including renewable energy-related projects, are being developed in the Asian region, and the associated financing needs are expanding. By collaborating with OCBC which has a strong regional network in Asia, we hope to pursue and realize business opportunities in Asia with more businesses.

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

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



## 1.7 Future Initiatives

### Maximize performance fees



Continue a stable fund operations and maximize the performance fees

- ❑ Buyout Business (Business Investment)

### Accumulate management fees



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

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

### Initiatives for new business



Expand the product lineups through new business initiatives

- ❑ Consulting Business in Thailand
- ❑ ASEAN Sustainability Business

### Broaden investor base



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

- ❑ Initiatives in all businesses

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## 2. Financial Highlights

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

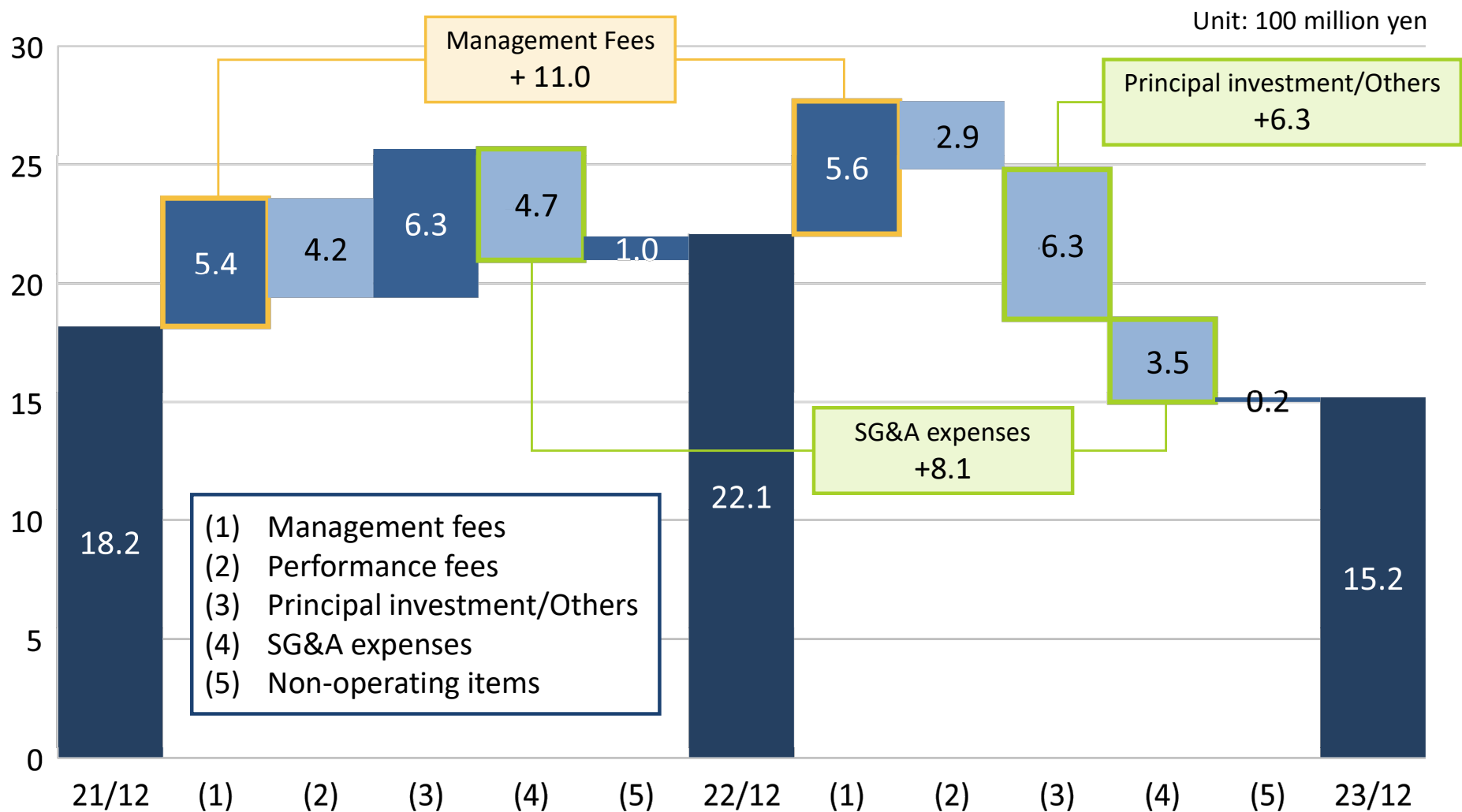
- The management fees have been steady; YoY decrease is due to the absence of principal investment income from the fund exits, as well as appraisal loss from change of holding scheme of Spring REIT.
- Although the forecasts for FY2023 were revised, the results exceeded the revised forecasts due to improving the unit price of Spring REIT.

Unit: 100 million yen

		(1) 2021 Results	(2) 2022 Results	(3) 2023 Results	(4) Forecasts for FY2023 <small>(the forecasts before revised)</small>	(5) Progress Rate to forecasts
Operating revenue		41.7	46.0	58.4	58 (67)	101%
Operating costs		△5.3	△2.0	△18.1	△22 (△16)	82%
Operating gross profit	Fund management (management fees)	18.9	24.4	30.0	36 (51)	112%
	Fund management (performance fees)	7.3	3.1	0.2		
	Principal investments/ Others	10.1	16.5	10.1		
	Total	36.4	43.9	40.3		
SG&A expenses		△18.8	△23.4	△26.9	△26 (△26.5)	103%
Operating profit		17.6	20.5	13.4	10 (24.5)	134%
Ordinary profit		18.2	22.1	15.2	12 (24.5)	127%
Profit attributable to owners of parent		13.0	15.6	10.6	8 (17)	132%

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

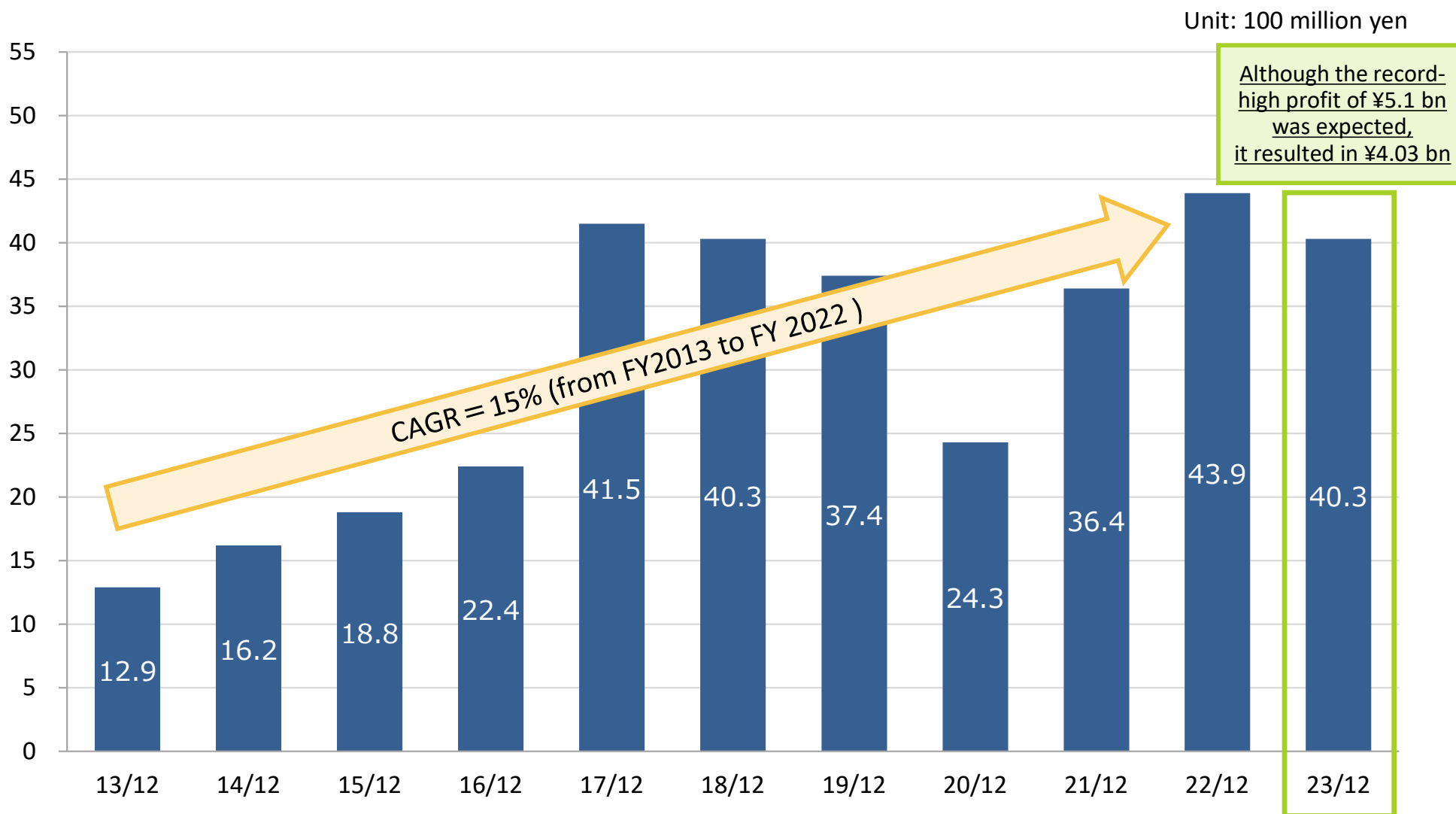
- Management fees (1) : increased by ¥1.10 billion with steady fundraising led by Buyout Fund II.
- Principal investment/Others (3) : decreased by ¥0.63 billion due to the absence of principal investment income from the fund exits, as well as appraisal loss from restructuring of Spring REIT.
- SG&A expenses(4) : increased by ¥0.81 billion due to strengthening the system by increasing the workforce.



## 2.1 Consolidated Financial Results

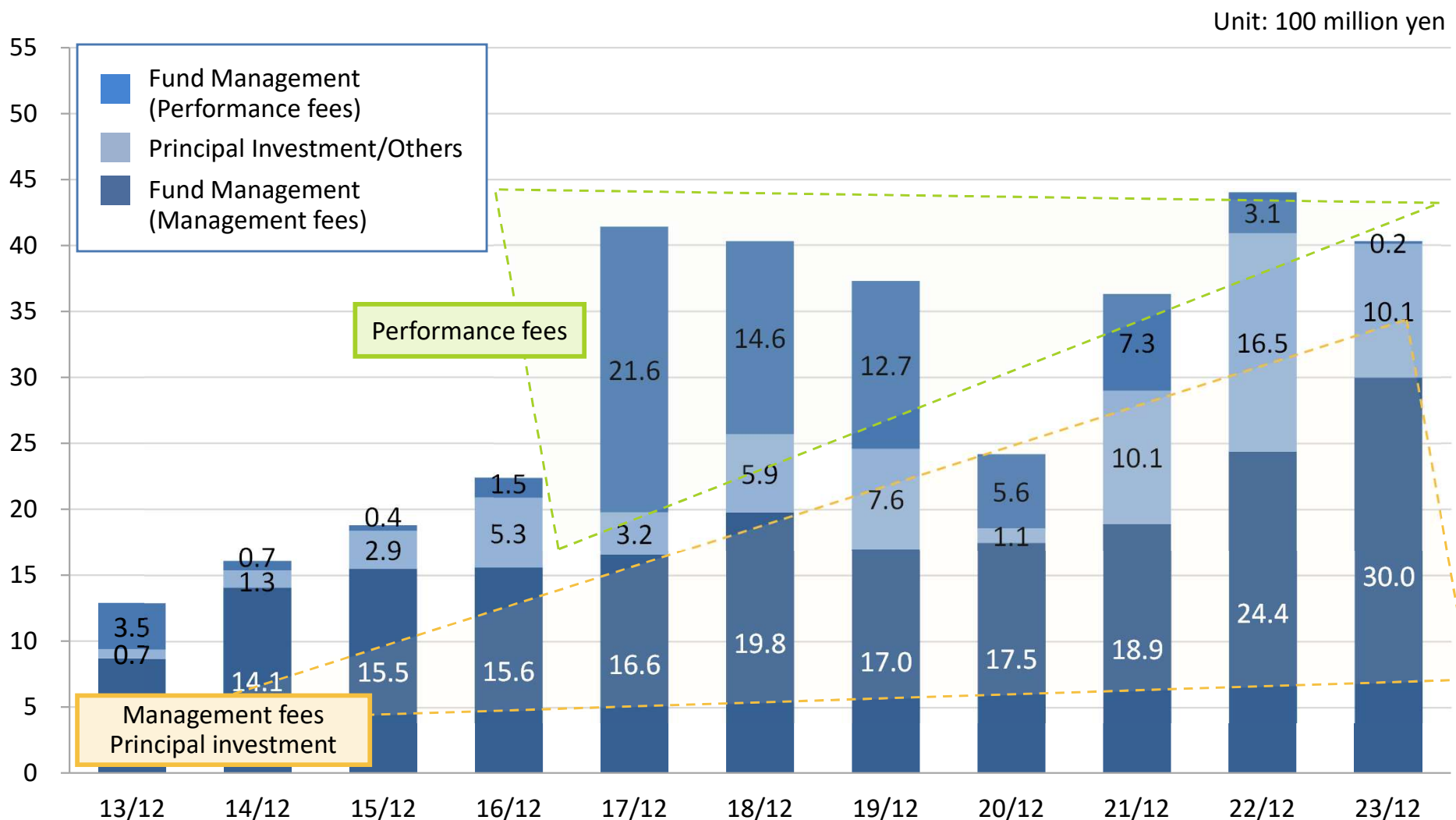
### (Operating gross profit from a long-term perspective)

- Although operating gross profits have temporarily declined since FY2017, operating gross profit of 2022 reached a record high of ¥4.4 billion.
- The average annual growth rate from FY2013 to FY 2022 (past 10 years) was at the 15% level.
- Although the record-high operating gross profit of ¥5.1 billion was expected, it resulted in ¥4.03 billion in FY2023.



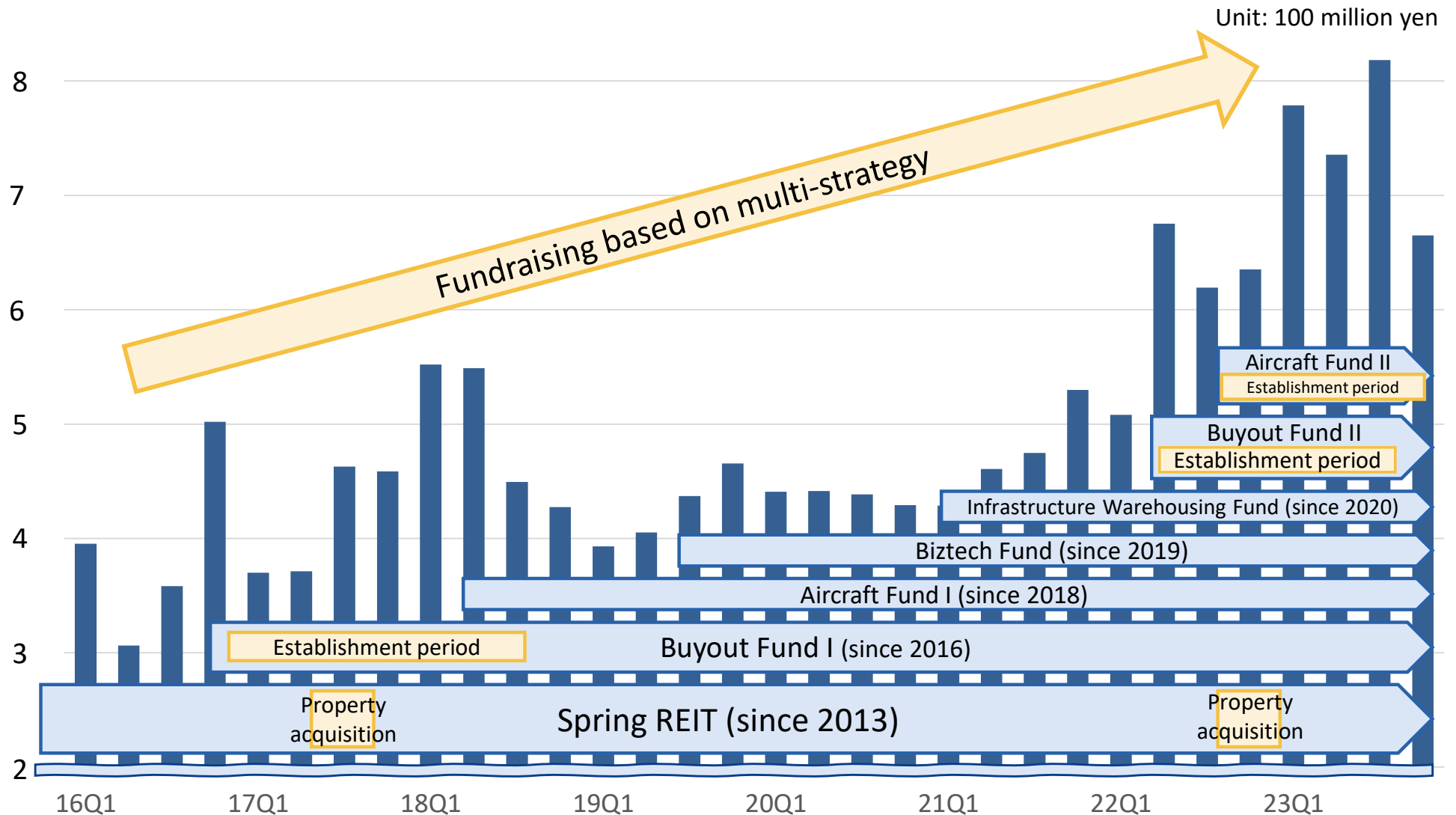
## 2.1 Consolidated Financial Results (Operating Gross Profit By Revenue Categories)

- 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.



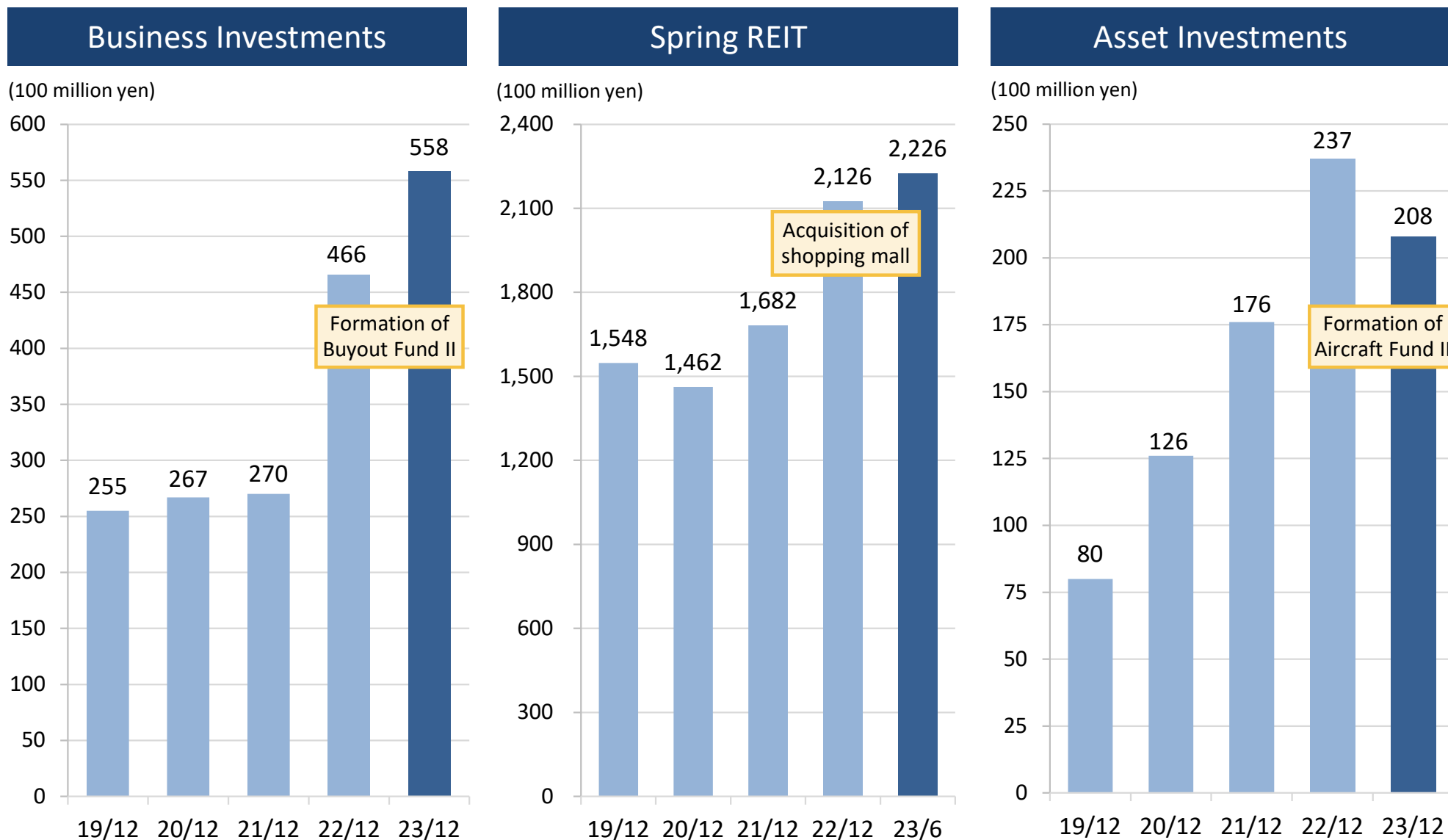
## 2.1 Consolidated Financial Results (Quarterly Management Fees)

- 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 for further increase management fees with the establishment of new funds in the future.



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

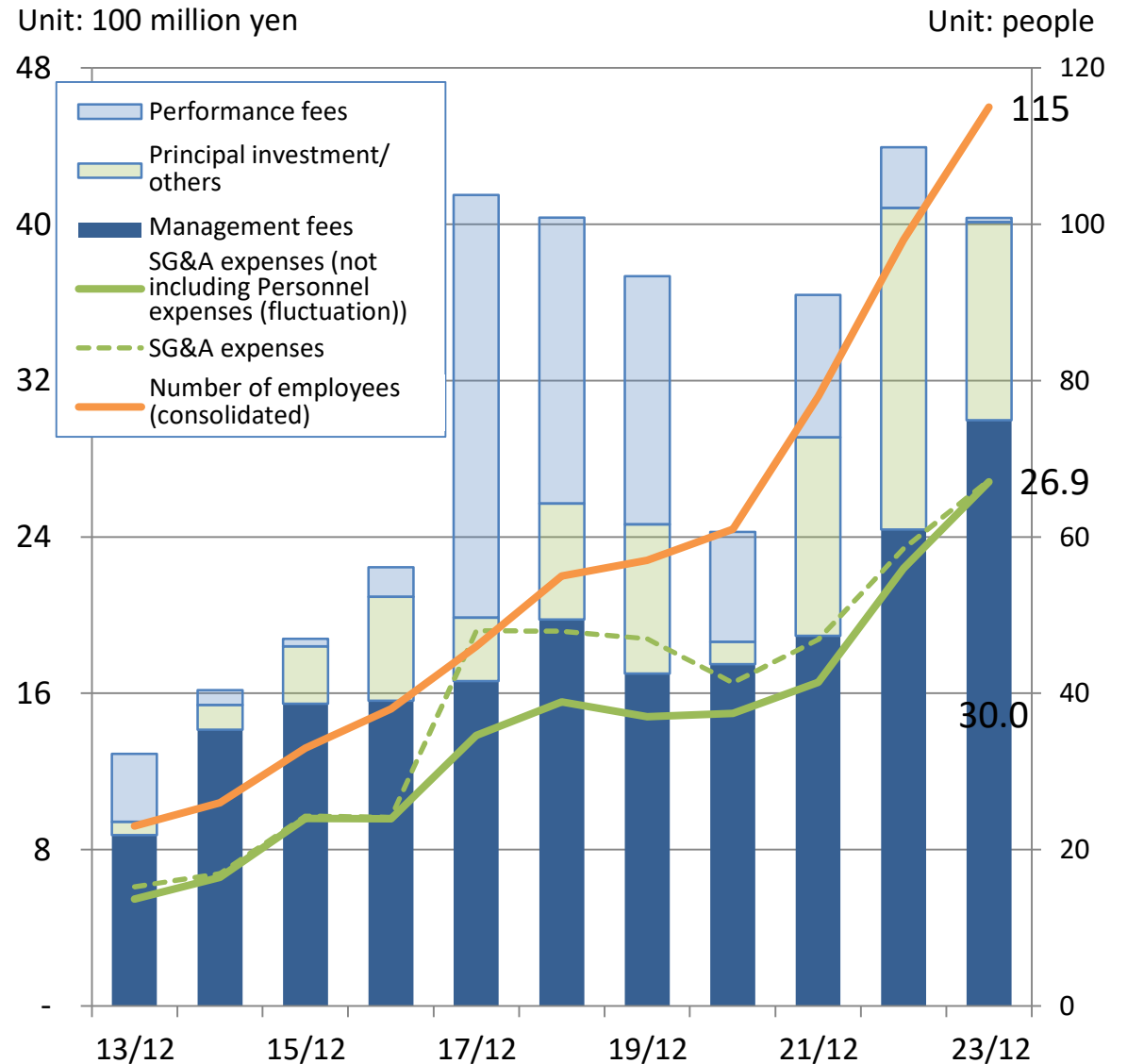
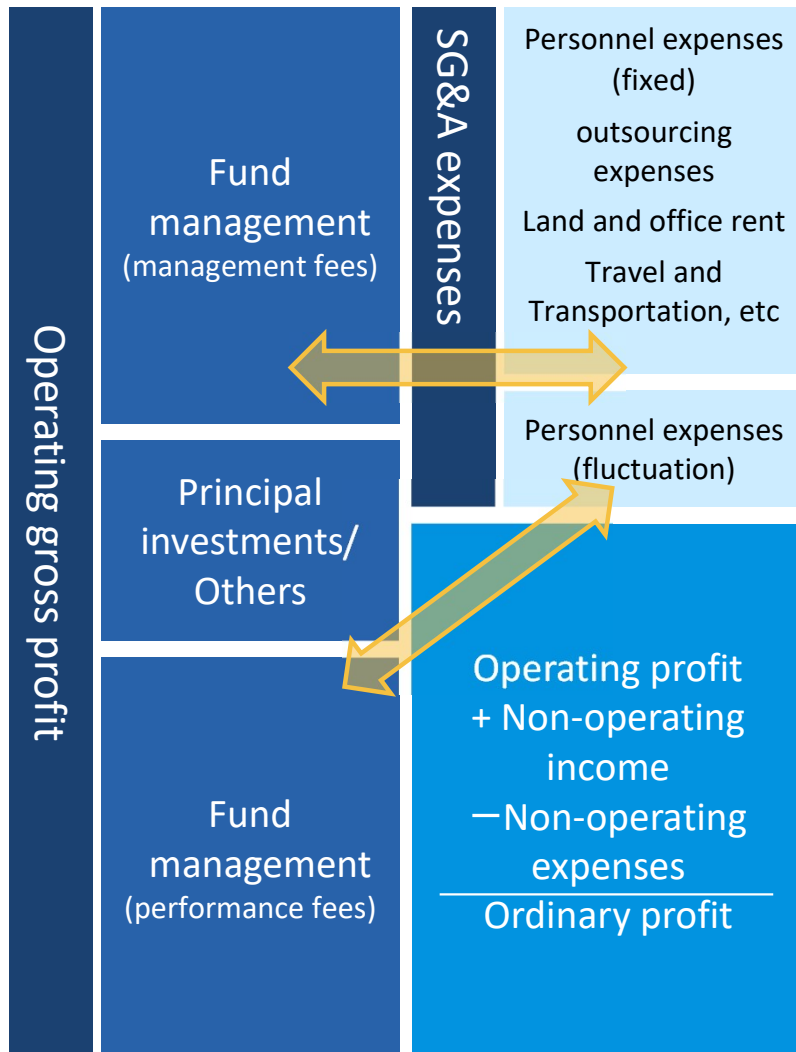
- The establishment of Buyout Fund II (Business Investments), as well as the inclusion of new assets in Spring REIT in 2022, resulted in a marked increase in the AUM as a basis for management fees.
- Although there was a fundraising for Aircraft Fund II, as the investment period for the Renewable Energy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





## 2.1 Consolidated Financial Results (Structure of Earnings)

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



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

- Assets side consists of Operational investment securities/Operating loans (principal investment) which is ¥14.4 billion and Cash and deposits of ¥3.0 billion.
- No borrowings are on balance, ¥17.1 billion in equity capital against ¥1.4 billion in liabilities.

Unit: 100 Million yen

B/S (as of the end of December 2023)				
Current assets	Cash and deposits	30 15%	Liabilities	
	Trade accounts receivable	7		
	Operational investment securities/ Operating loans	144 73%		
	Other current assets	7		
Non-current assets		9	Net assets	
Total		197		
			Borrowings	-
			Other current liabilities	8
			Other non-current liabilities	7
			Equity capital	171 87%
			Non-controlling interests	11
Total		197	Total	197

Composition of Equity Capital		
Business Investments	35	
Same-boat investment for buyout funds and growth funds		
Spring REIT	64	
Same-boat investment in a fund to invest in Spring REIT Using borrowings		
Asset Investments	44	
Same-boat investment for aircraft funds and renewable energy funds, Principal investment in the development of solar power generation facilities in Taiwan, etc.		
AUM (as of the end of December 2022)		2,971

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

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

Unit: 100 Million yen

ROE and Total Return Ratio		
	FY2022	FY2023
ROE	9.8%	6.3%
Average of Equity Capital (Unit: 100 Million yen)	159	169
Net income (Unit: 100 Million yen)	15.6	10.6
Total Return Ratio	53.4%	59.9%
Dividends	32.1%	26.2%
Stock Repurchase	21.4%	33.7%

History of Equity Capital		
As of the end of FY2021		151
ROE	Net income	+ 15.6
	Comprehensive income	+ 6.5
Total Return Ratio	Dividends	△4.2
	Stock Repurchase	△2.8
As of the end of FY2022		166
ROE	Net income	+ 10.6
	Comprehensive income	+ 3.5
Total Return Ratio	Dividends	△4.1
	Stock Repurchase	△5.3
As of the end of FY2023		171

## 2.3 Dividends

- In accordance with the dividend policy, MHD plans to pay a dividend of ¥21 for 2023, which will result in an average payout ratio of 36.5% 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 Results
(1) Profit attributable to owners of parent	1,245	525	1,304	1,563	1,055
(2) Five-year average of net income	1,124	1,105	1,195	1,210	1,138
(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	19,793,579 Shares
(5) Total dividends (3) × (4)	335	342	418	410	416
(6) Dividend payout ratio (5) / (2)	29.8%	31.0%	35.0%	33.9%	36.5%

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

## 2.4 Consolidated Financial Forecasts for FY2024

- Aim for record-high operating gross profit of ¥6.7 billion (166% vs. 2023)/ordinary profit of ¥3.0 billion (197% vs. 2023)
- Dividend is expected to be ¥22 per share (up 1 yen) based on the dividend policy

Unit: 100 million yen

		(1) 2021 Results	(2) 2022 Results	(3) 2023 Results	(4) 2024 forecasts	YoY
Operating revenue		41.7	46.0	58.4	68	116%
Operating gross profit	Fund management (management fees)	18.9	24.4	30.0	67	166%
	Fund management (performance fees)	7.3	3.1	0.2		
	Principal investments/ Others	10.1	16.5	10.1		
	Total	36.4	43.9	40.3		
Operating profit		17.6	20.5	13.4	30	223%
Ordinary profit		18.2	22.1	15.2	30	197%
Profit attributable to owners of parent		13.0	15.6	10.6	20	190%
Equity capital		151	166	171		
Dividend per share		¥20	¥20	¥21(planned)	¥22	105%

Consolidated  
Financial Forecast

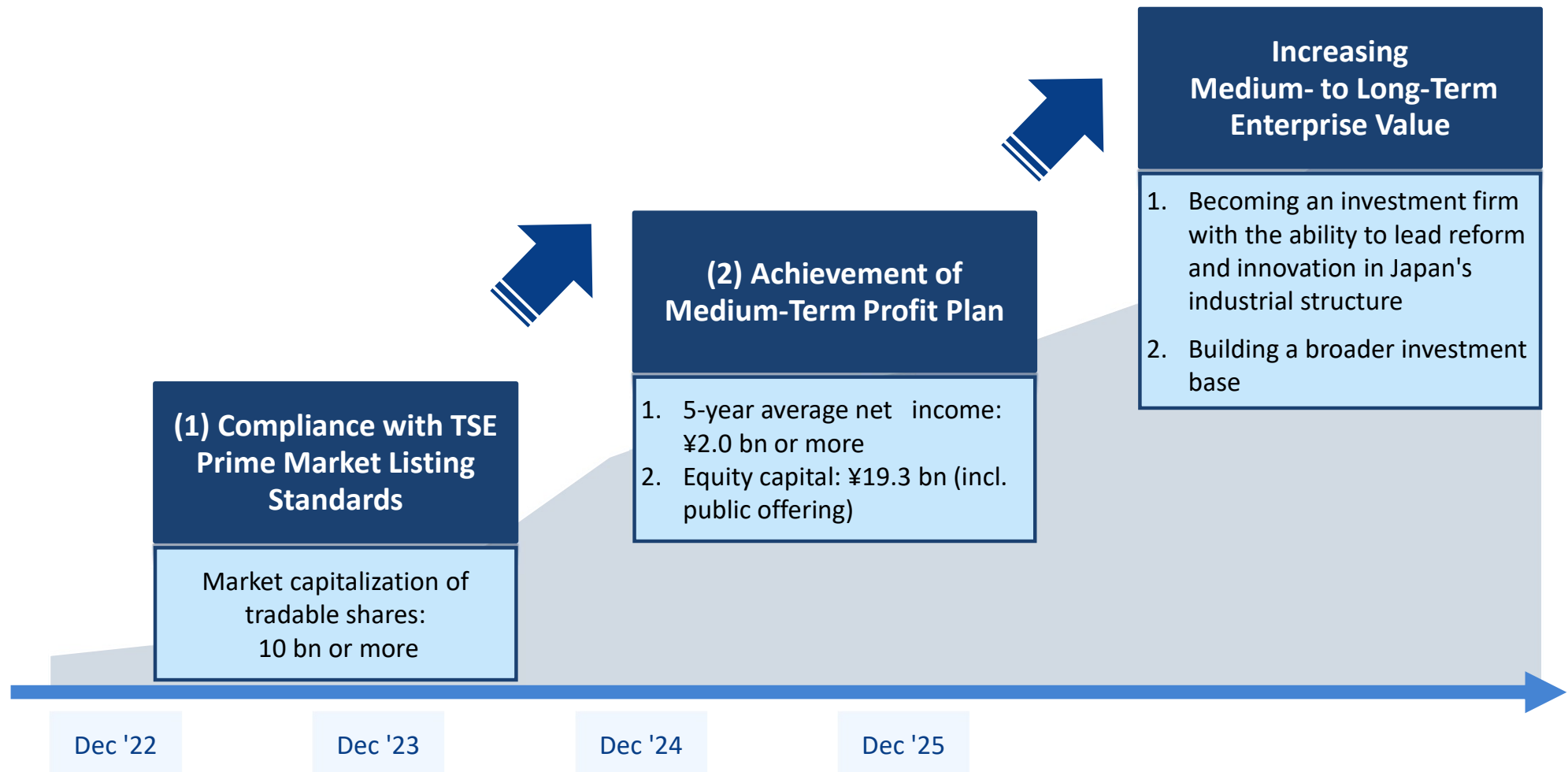
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# **3. Progress of Medium-term Profit Plan and Status of Compliance with TSE Market Listing Standards**

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

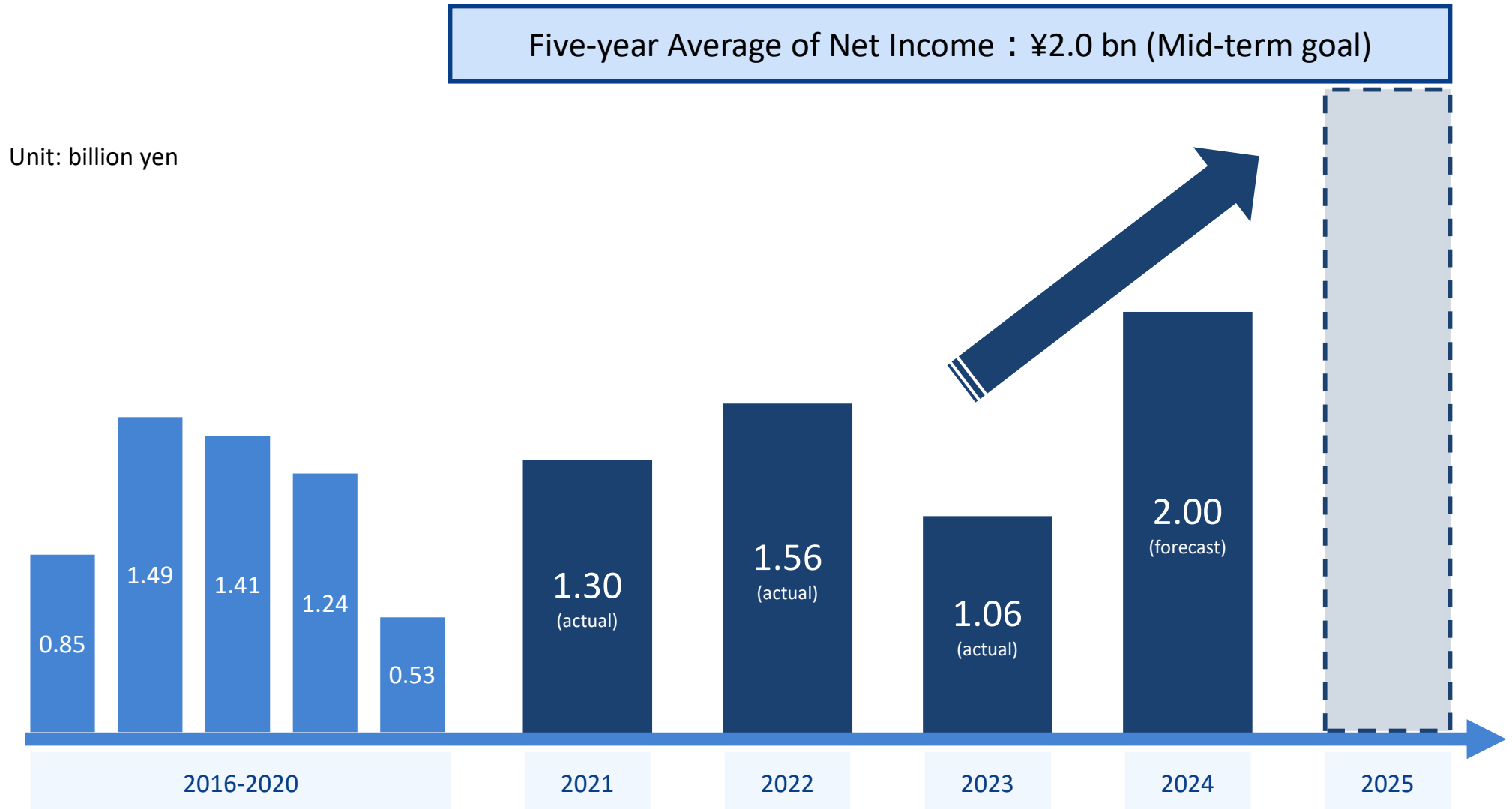
- As a listed company, we aim to achieve the following interim goals to increase MHD's medium- to long-term market cap and become an investment firm with the ability to lead reform and innovation in Japan's industrial structure: 1) Compliance with TSE Prime Market Listing Standards; 2) Achievement of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

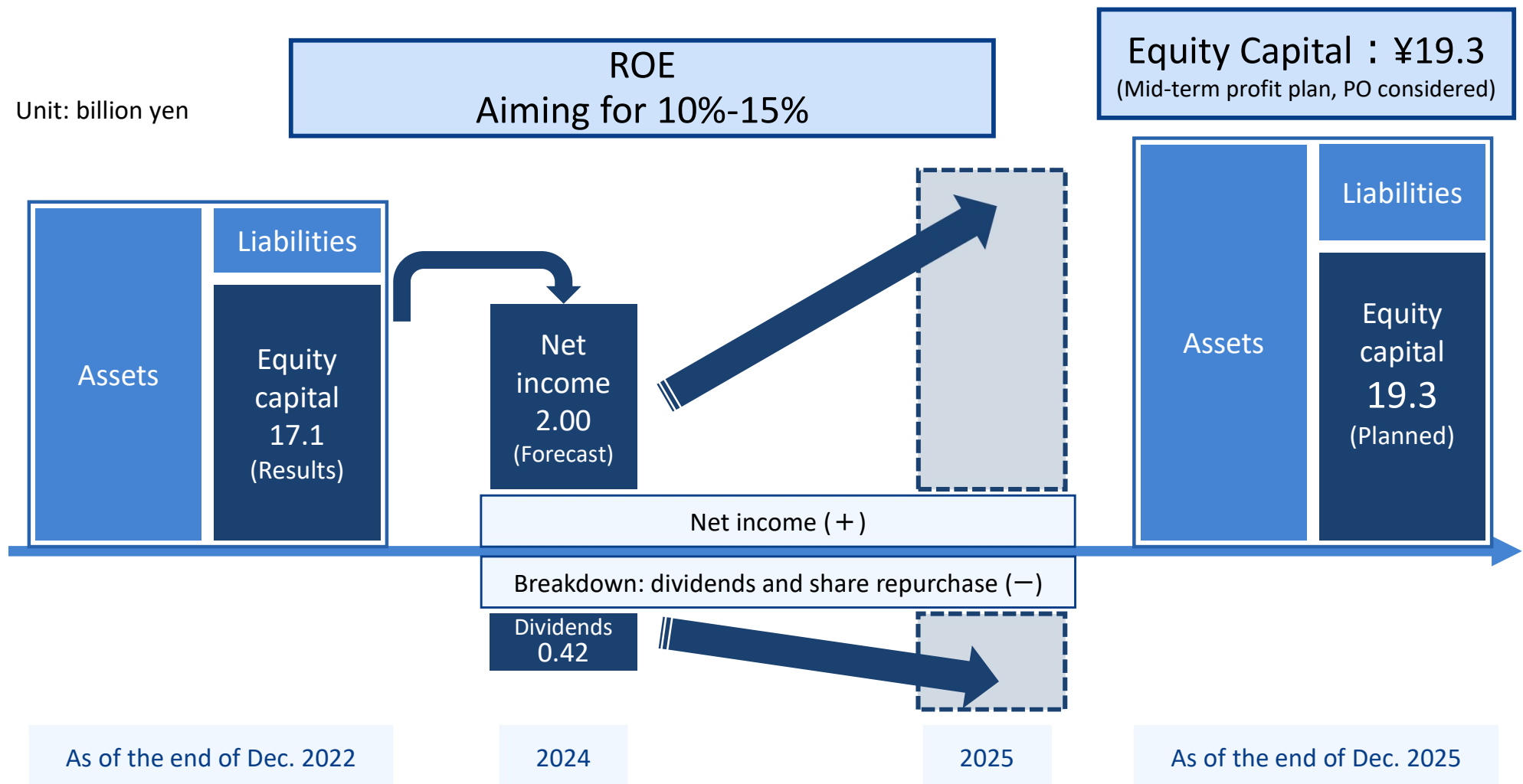
- Results from 2021 to 2023: Net income of ¥1.30 billion, ¥1.56 billion and ¥1.06 billion respectively as the funds formed before listing coming to the end of generating performance fee stage.
- 2024 onward: Aiming for the five-year average of net income of ¥2.0 billion in 2025 by accumulating management fees from newly established Buyout Fund II and performance fees from Buyout Fund I.





## 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, ¥2.0 billion procured by public offering added to the initial plan of ¥17.3 billion.
- Targeting ROE level of 10-15% 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 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.

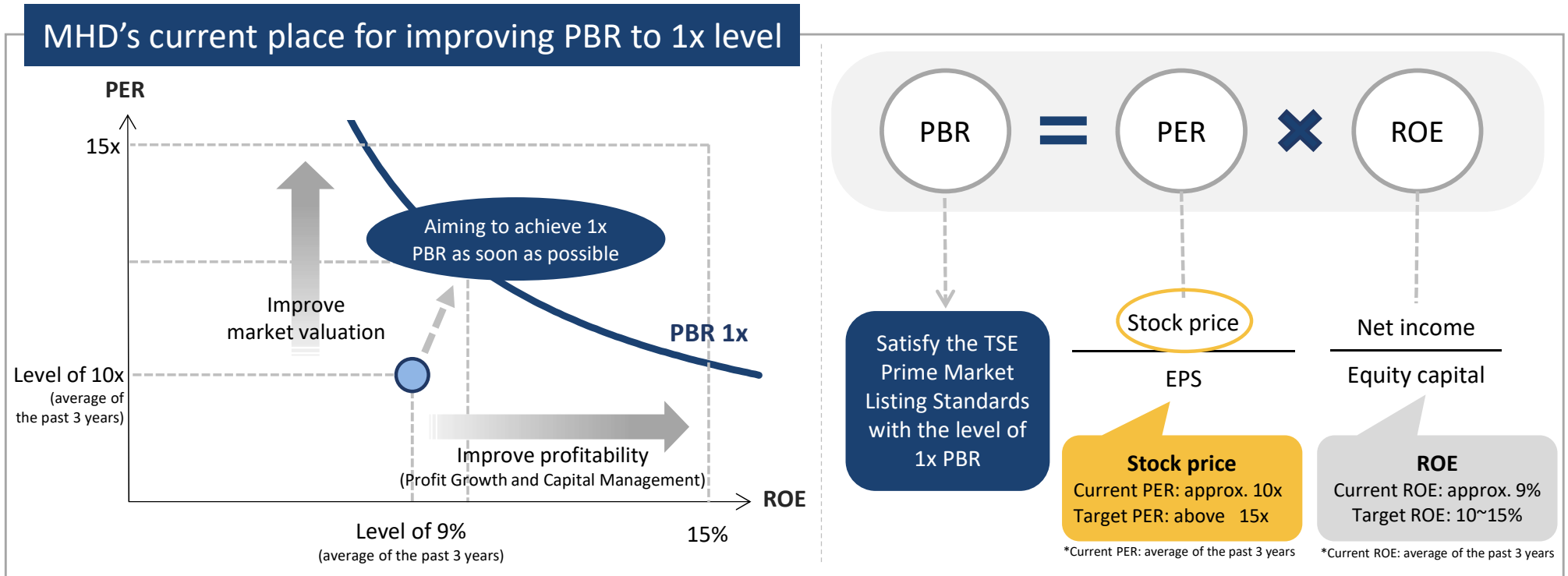
		Reference period Ave. of Oct-Dec 2022	Reference period Ave. of Oct-Dec 2023	Prime Market Listing Maintenance Criteria
Total market capitalization of the tradable shares		¥7.39 bn	¥8.66 bn	¥10 bn
Stock price		¥604.9	¥750.3	¥870
PBR	BPS: ¥883.56 (Result of FY2023)	0.73 (BPS: ¥829.2-Result of FY2022)	0.85	0.98
PER	EPS: ¥103.38 (FY2024 forecast)	7.3 (BPS: ¥83.21- FY2023 forecast)	7.3	8.4

Prime Market

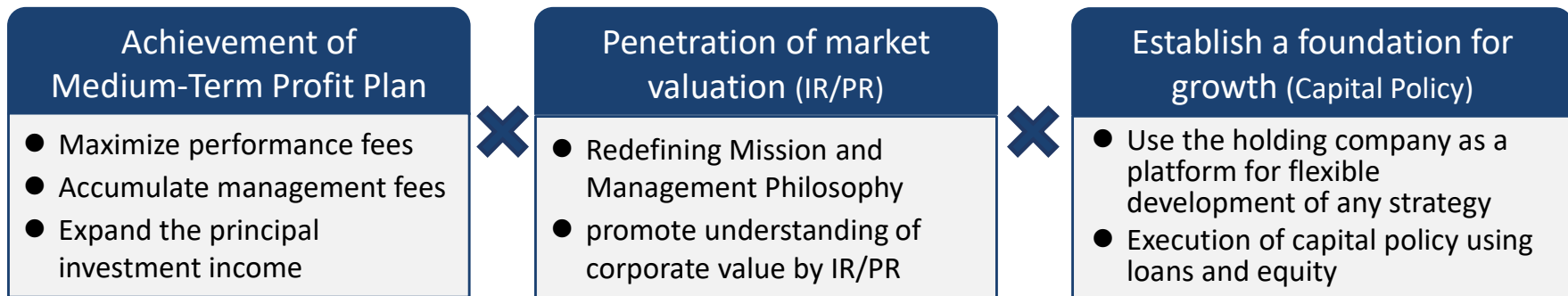
Criteria	FY2022	FY2023	TSE Prime Market Listing Maintenance Criteria	Status
Number of share holders	4,230	3,599	800 or more	○
Number of tradable shares	122,169 units	115,359 units	20,000 unites of more	○
Market capitalization of tradable shares	¥7.39 bn	¥8.66 bn	¥10 bn or more	×
Ratio of tradable shares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

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

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

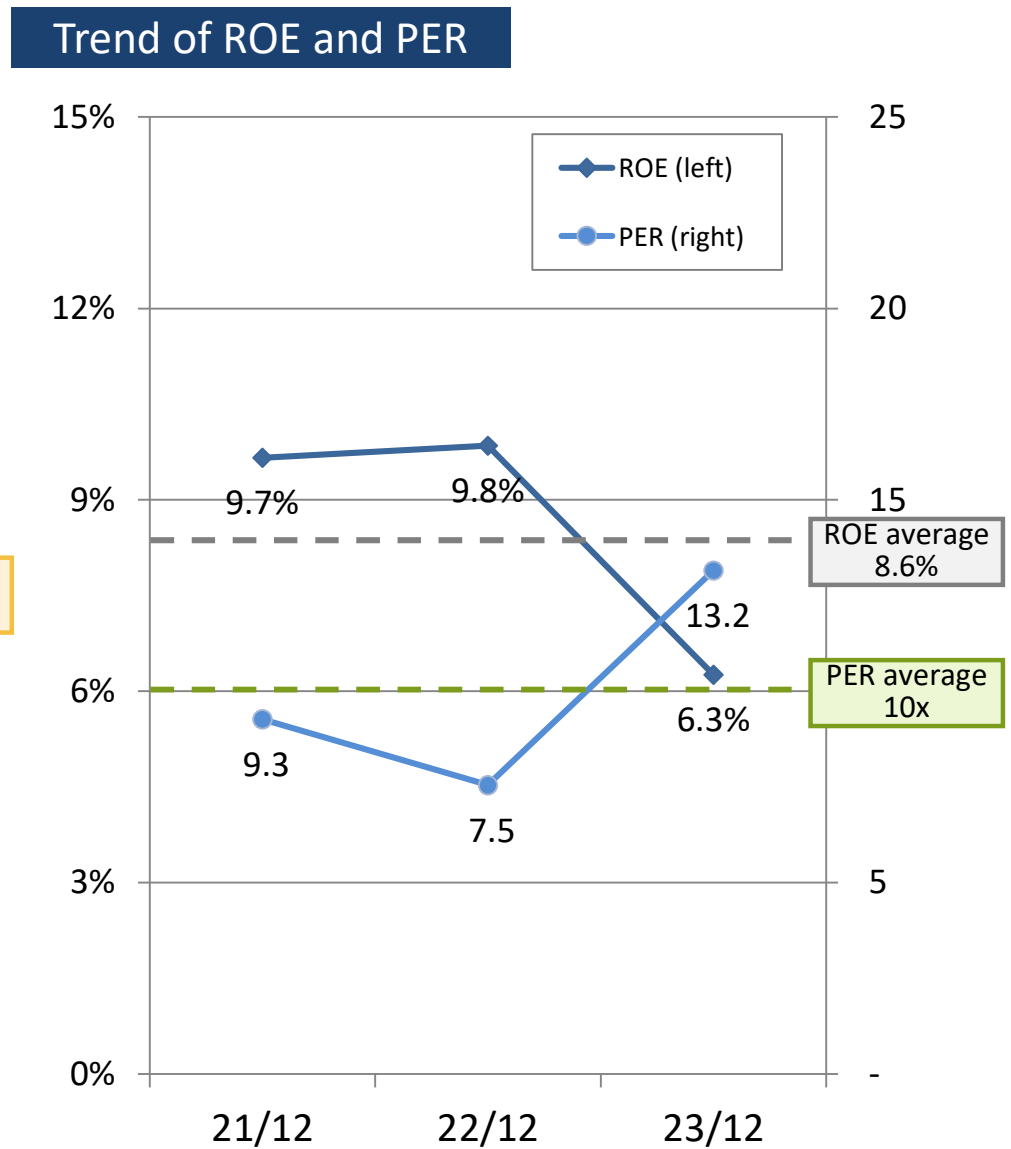
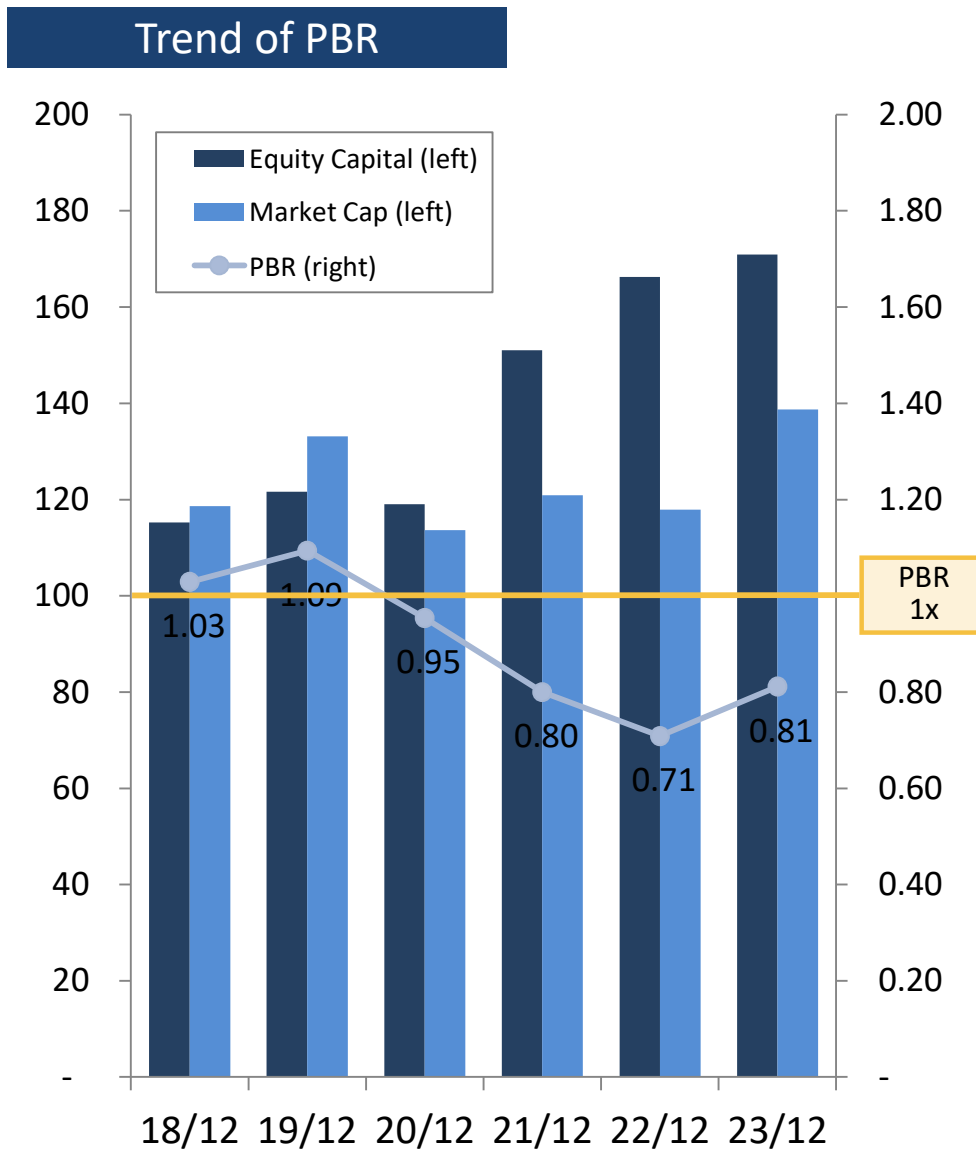


#### Initiatives for improving PBR



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

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



## (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 ¥14.0 billion as of February 9, 2024. Our goal is to realize the hidden value of MHD that we believe exists.

Value of stock		Market cap
Components of assumed stock value	Upside value (performance fees)	Expectation for performance fees
	Business value (management fees)	Business value with a sound base for management fees based on long-term contract
	Net asset value (principal investments)	Equity capital ¥17.1 bn + Unrealized capital gain asset value
		<div style="border: 1px dashed black; padding: 5px;"> <p><b>Hidden value that MHD believes exists</b></p> </div> <p>¥14.0 bn (¥708/share)</p>

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## 4. Group Overview

# Outline of the Mercuria Investment Group

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

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

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

## Vision, Mission, and Management Philosophy

### Vision

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

### Mission

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

**Management Philosophy  
= Investment Philosophy**

**Growth of  
Happiness**

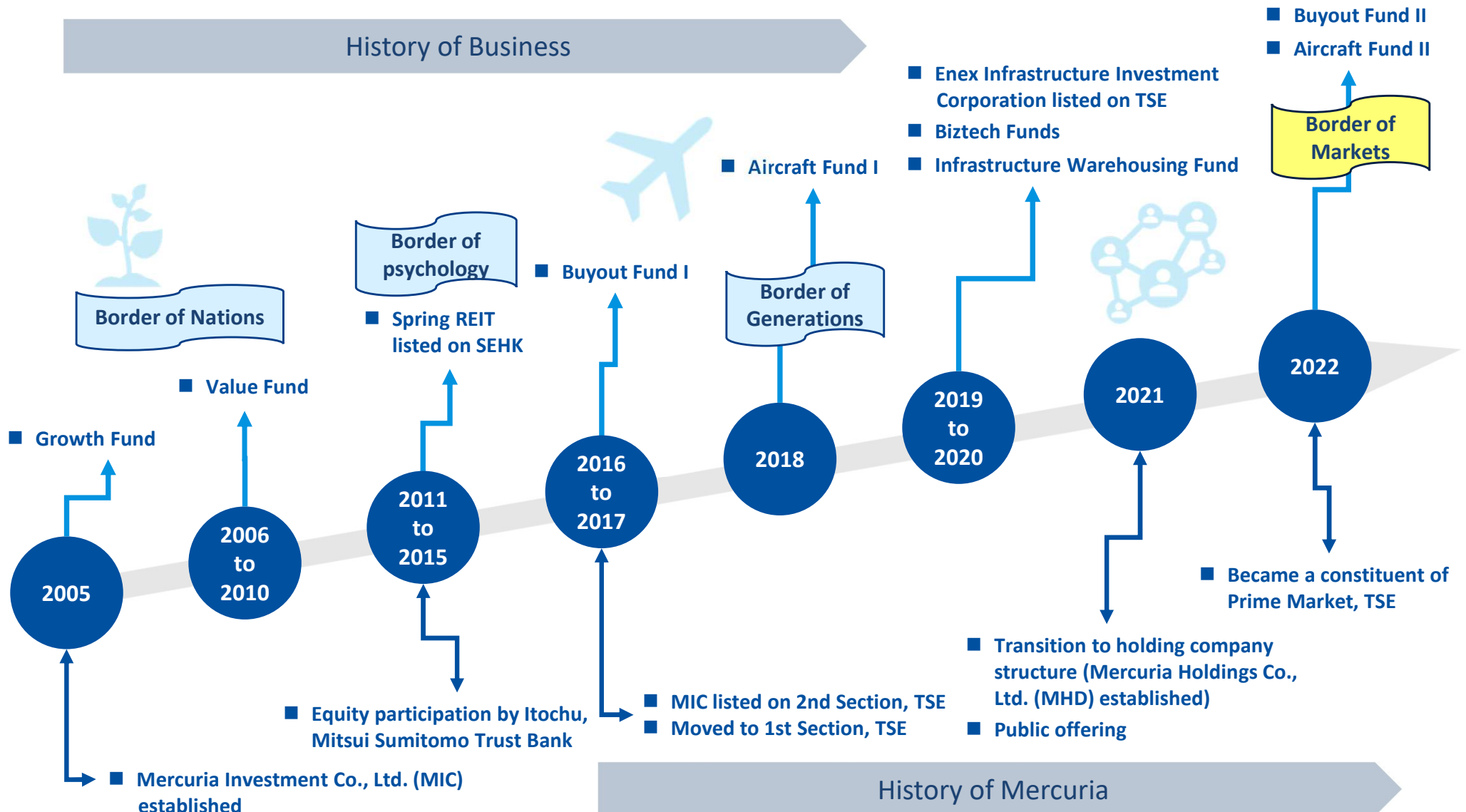
**Cross-  
Border**

**All for the  
Business**

**Undiscovered  
Common**

# History of Mercuria and Its Business

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





# Company Overview

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

## Business Investments

### □ Buyout Investments

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



### □ Growth Investments

- BizTech Fund (2019-)
- 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

- Enx 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

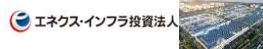
Real Estate Investment



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



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

Percentage of Foreign Employees  
**48%**

\*as of December 2023

## Collaboration with strategic shareholders



三井住友信託銀行

# (Reference) Initiative for ESG and SDGs

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

## Mercuria's ESG Initiatives

### E Environment

- **Clean energy**
  - ✓ Co-sponsor of the Enex Infrastructure Investment Corporation, which invests in renewable energy.
- **Waste reduction, energy efficiency, and efficient use of resources**
  - ✓ Environmental countermeasures taken at office buildings owned by Spring REIT and managed by our subsidiary SAML
  - ✓ Investment in Loft Orbital Solutions, Inc, a developer of ride-share business for satellites

### S Social

- **Economic growth, employment security, industrial and technological innovation, and regional revitalization**
  - ✓ Management of funds for supporting smooth succession and growth of SMEs
  - ✓ Management of funds for supporting innovation in the real-estate and logistics industries
  - ✓ Management of the platform for solving business-related problems run by our subsidiary, Bizma
- **Financial inclusion to eliminate poverty, and improve the usability of financial services**
  - ✓ Management of funds targeted at investments in Zhongguancun Kejin Tecnnology Co., Ltd. (北京中関村科金技術有限公司), a fintech company in China

### G Governance

- **Contribution to enhancement of governance functions**
  - ✓ Management of funds for supporting smooth succession and growth of SMEs

## Realization of SDGs





Mercuria Investment Group

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