Exploring the Future

TOYO KANETSU × CVC JAPAN
TKCV
PARTNERSHIP

We are looking for promising startups with whom
we can invest in and collaborate!

Toyo Kanetsu Corporate Venture Capital FundⅡ（TKCVⅡ）

Guide for Equity Investments and Business Alliances

Our Second fund has started!

CVC JAPAN

What is TKCVⅡ?

- The Toyo Kanetsu Corporate Venture Investment Partnership (TKCV) is a corporate venture capital fund established by Toyo Kanetsu K.K. (listed on the 1st section of the Tokyo Stock Exchange) in October 2017.With the success of our first fund, we established the second fund in October, 2018.
- As a general partner (GP), CVC JAPAN,Inc. acts to search, review, invest, and follow-up to investee companies. Toyo Kanetsu K.K., a limited partner (LP), is also partially responsible for these tasks.
- We vigorously promote open innovation and collaborate with startup companies to aim for the launch of new business that will lead to future prospects.
- The investment targets and policies have changed with the second fund, and the according explanation is included in this brochure on page 6.

Calling all Promising Startups in Japan and the United States!

Let's Join into an Alliance with Toyo Kanetsu Group!

TKCV will actively invest in private equity!

Currently, we are looking for startups that will collaborate with the Toyo Kanetsu Group to develop new products, new services, and new business!

http://www.tcconsulting.co.jp/tkcv

The 5 Main Features of the Fund

01 We invest in start-ups that lead to new business

We will actively invest in start-ups (unlisted companies) that have technologies and business seeds that will lead to new business for the Toyo Kanetsu Group. We also invest in companies outside of Japan, mainly in Singapore, Australia and the United States. We focus on the potential of the alliance and future growth potential rather than the current sales and profits.

02 We invest in areas different from the existing two businesses (Logistics systems and large storage tanks)

We will boldly invest in start-ups in areas other than the existing logistics systems and large storage tank business of the Toyo Kanetsu Group to build the "next business", that is to say, the third business for the company. We want to develop new businesses with 5 to 10 billion yen in collaboration with investee companies.

03 We expect collaboration rather than a financial return

For investment, we do not ask solely for financial return. We also do not ask for IPO (Initial Public Offerings) to an investee company. We hope the investee companies would collaborate with Toyo Kanetsu Group and contribute to new business! We also hope that overseas companies will be granted the right and a contract to sell their products or services to Japanese customers and operate their business model in Japan.

04 We become a long-term stable shareholder as an alliance partner

The investment amount is between 25 million and 100 million yen per company (average of 50 million yen). Since it is a fund, there is a deadline for funding (No. 1 fund: 5 years and 3 months, No. 2 fund: 7 years and 3 months). However, even after the deadline, if the invested companies is in a good relationship with Toyo Kanetsu, Toyo Kanetsu can continue to hold shares in the invested companies as a stable shareholder.

05 We expect internalization into the group or growth as an independent entity

As a final EXIT for our investment, we expect (1) a pattern to join the Toyo Kanetsu Group (incorporation as a new business project), or (2) a pattern to grow as a related subsidiary and independent entity. Moreover, it is also an option to grow on a standalone basis such as by IPO.

Who is the Limited Investor Partner Toyo Kanetsu K.K. (TKK)?

Established in 1941, TKK has built up a track record as a core business in the logistics solutions business dealing with logistics systems and the machinery and plant business dealing with large-scale tanks. Through TKK's management vision to provide "Innovative solutions for logistics & energy", their aim to incorporate innovative and pioneering technologies, boldly address the challenges faced by society, improve the group's sustainable corporate value, and develop society. In recent years, TKK has been challenging various initiatives, including the establishment of Corporate Venture Capital (CVC) in order to launch new business that will become the third pillar after the two main businesses so as to further advance the Group.

● Logistics Solutions Business

TKK provides logistics solutions primarily for material handling (moving and transporting goods) at distribution centers, build an optimal distribution system consistently from design to construction in all processes at distribution centers including e-commerce, and boast a high market share. For the airport industry, TKK handles a series of airport baggage handling systems (BHS) that carry passenger baggage from check-in counters to baggage claims, and deliver it to over 80% of Japanese airports.
For the current situation in Japan, there is a need for innovations through innovative technologies that realize labor saving in spite of drastic changes in the environment surrounding the logistics industry, such as changes in consumer purchasing behavior and a declining labor force. Therefore, TKK aims to provide advanced logistics solutions by aggressively introducing high value-added products from overseas and utilizing the latest technologies such as AI and IoT.

➢ Main Customers

•e-Commerce •Airports •3PL (Third Party Logistics) •Retail/Wholesale/Co-op •Postal •Manufacturing

Sorter Systems

Automatic Case Storage Systems

BHS（Check-in Counter）

BHS（Baggage Claim）

● Plant & Machinery Business

Toyo Kanetsu K.K. (TKK) manufactures large-scale tanks for liquefied natural gas (LNG), liquefied petroleum gas (LPG), crude oil, etc. for plants of major energy companies in Japan and overseas where TKK has approximately 5,700 tanks combined. The Batam factory in Indonesia is used as a manufacturing base for various tank components. In addition, TKK is developing tank maintenance businesses at refineries and oil storage bases in Japan, and contribute to maintaining the safety of storage facility operations by utilizing the technology and know-how accumulated over many years of large-scale tank manufacturing and construction.

➢ Main products

- Cryogenic tanks / Low temperature tanks
- Normal temperature tanks
- Pressurized tanks (Spherical tanks)

➢ Main customers

- LNG liquefaction bases/receiving bases/power plants
- Crude oil export bases・Oil storage bases・Refineries

Cryogenic Tanks

Pressure Tanks (Spherial Tanks)

● Other Businesses

➢ Industrial Machinery (Toyo Koken K.K.)

Small Winch

As a pioneer of heavy goods transport equipment, the company mainly manufactures and sells winches and balancers, which are products that contribute to labor and labor saving at construction sites and factories.

➢ Building Construction (Toyo Kanetsu Builtec K.K.)

Apartment Housing

The company provides high-quality buildings with consideration for environmental performance, mainly in a variety of small and medium-sized properties such as apartment houses, welfare facilities, and stores. They also conduct steel pipe pile construction and gondola installation.

➢ Environmental Surveys and Assessments (Kankyo Research Co., Ltd.)

Asbestos Inspection

The company provides various surveys, measurements and analyzes related to asbestos, sick houses, noise / vibration, and odor. Furthermore, as the needs for environmental surveys become more complex, they are actively working on technological developments such as survey and analysis methods using IoT.

Outline of Toyo Kanetsu Corporate Venture Fund Ⅱ

Form and basis : Voluntary association on civil law (two-part union of Toyo Kanetsu K.K. and TC Consulting Co., Ltd.)
Total fund amount: 500 million yen (4.5 million USD) (Toyo Kanetsu: 499 million yen, T.C. Consulting: 1 million yen)
Operating period: October 1, 2018 to December 31, 2025 (7 years 3 months)

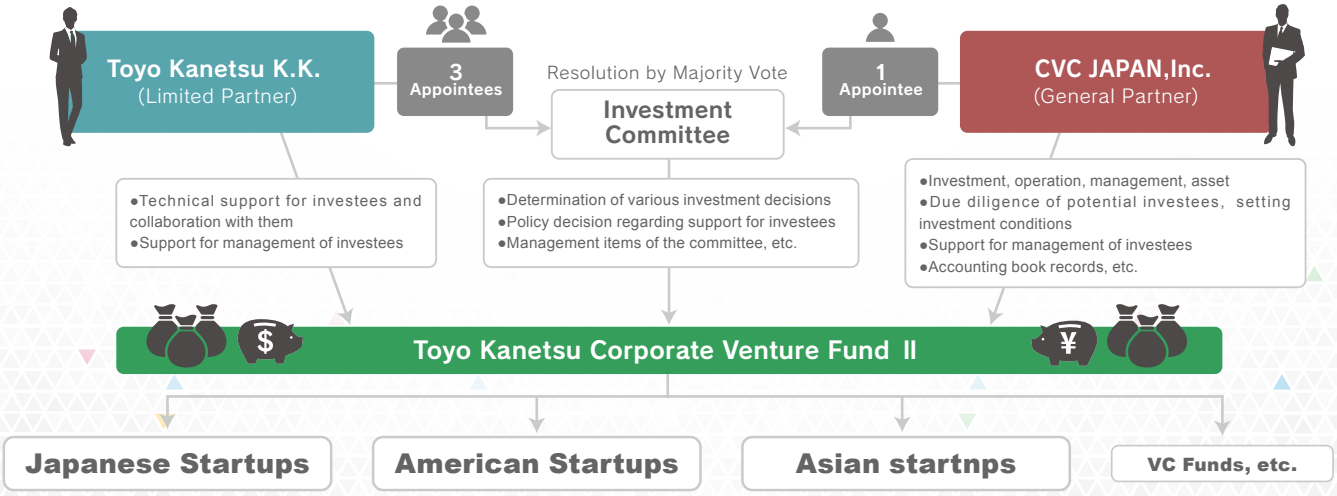
* 7 years and 3 months possible due to a MAX 2-year extension

Targeted assets for investment

① Unlisted promising startups both in Japan and in the United States, mainly California
② LP portions of other venture capital investment fund
★ The main business domains and technological fields are expected to be artificial intelligence (AI), IoT, and robotics.

Goals and expected achievements

① Strive for promoting new business developments by acquiring new technologies and business seeds for the next revenue business.
② Not only financial returns as investment funds are required, but also collaboration with startups for new business developments are expected.



Investment Policy

TKCV2 as a corporate venture capital fund basically intends to invest in the following 3 types of start-ups

1. Start-ups which can provide technological seeds or business seeds to develop new business for the TKK Group

- Start-ups in different business domains from the existing two business domains (Logistics systems and large storage tanks) are acceptable. Rather, we welcome start-ups different from the existing two businesses.
- Foreign start-ups that can provide exclusive development rights in Japan (also looking into settlement of a joint venture after investment).
- Start-ups which create and operate interesting and unique business models are welcome, even in cases of non-high technology ones

2. Start-ups that provide a synergistic and strategic effect to expand the existing businesses of the TKK Group (Logistics, Storage Tanks, Construction)

- Start-ups that can make business alliances to expand the existing businesses.
- Start-ups that can supplement and proceed the existing businesses.
- AI, IoT, and Robotics are still the primary interest of our investment activities although TKCV1 has already invested in those fields

3. Start-ups that provide financial return only are also acceptable. (For one portion in the entire portfolio of the fund)

■As a basic policy, the fund does not investin the following start-ups or business areas

- Start-ups in the life sciences fields such as life sciences, biotech, medical, etc.
- Start-ups that do not contribute to social benefits according to TKK's basic policy.

■Investment Stage

Early Stage (Seed round prior to Series A, Pre-Series A round)
Convertible Note or Preferred Stock / Common Stock

■Investment Area

・USA(mainly California), South East Asia(mainly Singapore), Australia, Japan

Global Network

TKCV II has the following global networks.

■Singapore

We have a partnership with BA Partners Pte Ltd. (President: Mr. Ichiro Kawada) to find investment opportunities in Singapore and follow up with investee companies.

■Australia

We have a partnership with Japan Australia Business Creators Pty Ltd. (J-ABC, President: Mr. Haruhiko Kinase) to discover investment opportunities in Australia, mainly Brisbane, and to follow up with investee companies.

■San Diego

In San Diego, California, we have a partnership with UC San Diego's JFIT (Japan Forum for Innovation and Technology) to find investment opportunities.

To date, we have already invested in several start-ups by referrals from these partners. We will continue to invest actively in these regions.

Members of the Investment Committee

Investment Committee Chairman
(Main investment officer in the key-man clause)

Satoshi Tomita

CEO, CVC JAPAN ,Inc.

Educational Background:

Ph.D. in Media and Governance, Keio University
MA in Economics, Kyoto University
BA in International Policy Management, Keio University

Business Career:

Through an American bank, he participated in the launch of independent venture capital. He invested in many startups that led to IPO, and the VC itself also achieved IPO. He was formerly an assistant professor (venture capital theory) at Osaka City University and in charge of investment in VC funds at Sumitomo Trust and Banking. From 2008,he established his new consulting firm and has been providing his consulting services to more than 180 companies. Hisareas of expertise are making corporate alliances and new business developments. From 2017 to 2020 he had the position of professor at the Graduate School of Business Administration (MBA course) of Rikkyo University in Tokyo. He is teaching venture capital, alliance strategy,and management of technology. He is a research fellow, University of California,San Diego from 2018. As an author, he has published several books about corporate venture capital, new business developments, and alliance strategy.

Other Members of Investment Committee (from the Limited Partner)

Keisuke Kodama

Director
at TKK

Akira Kakihara

Managing Officer
Deputy Division Manager / Corporate Division
at TKK

Hirotoshi Kunitomo

Executive Officer
Corporate Planning Department
Corporate Division
at TKK

Contact

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