

Exploring the Future



TOYO KANETSU X TC CONSULTING

TKCV
PARTNERSHIP

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



Toyo Kanetsu Corporate Venture FundII (TKCVII)

Guide for Equity Investments and Business Alliances

Our Second fund has started!





What is TKCV?

- ◆ 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), TC Consulting Co., Ltd. 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 7.

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.tccconsulting.co.jp/tkcv>

```

// Refresh ratio
// Minimum number
// Free margin
// Percentage of lot
// Lot is changed
// SL for an opened order
// TP for an opened order
// Parole of MA 1
// Parole of MA 2
// Distance between MAS
// Strictly set amount of lots
// Percent of free margin
// extensible StopLoss = 200;
// extensible TakeProfit = 30;
// extensible Parole_MA_1 = 1;
// extensible Parole_MA_2 = 1;
// extensible Distance = 20;
// extensible Lots = 0.1;
// extensible Points = 0.05;
```



The 5 Main Features of the Fund

01 We invest in startups leading to new business

We will actively invest in unlisted venture companies with technologies and business seeds leading to new business of the Toyo Kanetsu Group! We will also invest in companies outside of Japan, mainly California, USA. We focus on the possibilities of alliances and future growth, not current sales and profits.

02 We invest in a highly profitable business with a business domain albeit different from the existing two businesses

We are investing in

1. Highly profitable business in the business domain that is different from the existing two businesses
2. Companies with technologies and know-how that can gain exclusive rights in Japan
3. Businesses that do not mind the business model of being part of the TKK Group

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 seek long-term stable shareholders as an alliance partner

The investment amount is 10 to 100 million yen (90 thousand to 900 thousand USD) per company. Because TKCV is a fund, there is a deadline period of 5 years and 3 months (MAX 7 years 3 months), but the shares of investee companies with good relationships will continue to be held in the main body of Toyo Kanetsu K.K. or the next fund even after the fund deadline. The fund would be a stable shareholder of the investee companies.

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.



Purpose of Corporate Venture Capital (CVC) Establishment for TKK

TKK's Problems

Common issues in new business developments

Limitation of the in-house innovation

Due to rapid technological innovation, there are limitations in R&D and ideas in-house, with progress also being slow

Commoditization of existing technologies

The source of added value of enterprises tends to shift from manufacturing to planning, development, and service

Innovator's dilemma

Due to having existing products and customers, it is difficult to create destructive innovations

Changes in startups' position

From the vertical industrial structure (subcontracting structure) to the era of cooperation and collaboration between large enterprises and startups



Increase in the importance of having contacts with startups with innovative technologies and ideas

- ◆ Collaboration with startups by establishing a CVC to realize open innovation
- ◆ Acquisition of the seeds that will be our next profitable business and launch them as new business developments



Who is Toyo Kanetsu K.K. (TKK) as a Limited Partner?

TOYO KANETSU K.K.

<http://www.toyokanetsu.co.jp/global/>



Construction of new LNG tank



Maintenance Work

The top manufacturer of large tanks for LNG (Liquefied Natural Gas), LPG (Liquefied Petroleum Gas), crude oil, etc. listed on TSE 1st section (securities code: 6369). Founded in 1941. We boast the second largest such manufacturer in the world. We have a respectable relationship with major Japanese energy companies, engineering companies, major construction companies, and so forth. We have overseas subsidiaries in Indonesia, Malaysia, and Singapore. In addition to Toyo Kanetsu Solutions K.K. shown on the right, we have several affiliated subsidiaries including Toyo Koken K.K. for industrial equipment such as winches, hoists, and balancers, Toyo Kanetsu Builtec K.K. for construction, gondolas, scaffolds, etc., and Toyo Service System K.K. for office support and real estate management. Our total consolidated group employees total approximately 900 people.

TOYO KANETSU SOLUTIONS K.K.

<http://www.tksl.co.jp/en/>



Sorting System



Picking & Allocating System



Check-in Counter



Baggage Claim

Toyo Kanetsu Solutions K.K. was established in 2002 as a wholly owned subsidiary through a newly established company split from TKK. It is a leading company in planning, designing, manufacturing, construction, selling and maintenance of physical distribution systems mainly focused on material handling. Our customers include major EC operating companies, major manufacturers, major retail and wholesalers, airports, Co-op, and 3PL (Third Party Logistics). We provide the baggage handling systems (BHS) which have 90% market share in Japan. We are eager to use AI (Artificial Intelligence), IoT, and robotics in logistics systems. As the needs for logistics efficiency and labor savings continually increase, we aim to introduce cutting edge technologies including those technologies to logistics systems. For example, IoT systems for failure prediction is a demanded solution.

- ◆Toyo Kanetsu currently holds abundant internal reserves, and in November 2016, set a new business investment frame (M&A and venture investment) of 4 billion yen (36 million USD).
- ◆Among them, on October 1, 2017, the fund was established. We are working on making new business developments following upon our two business pillars of large storage tanks and logistics systems.



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)

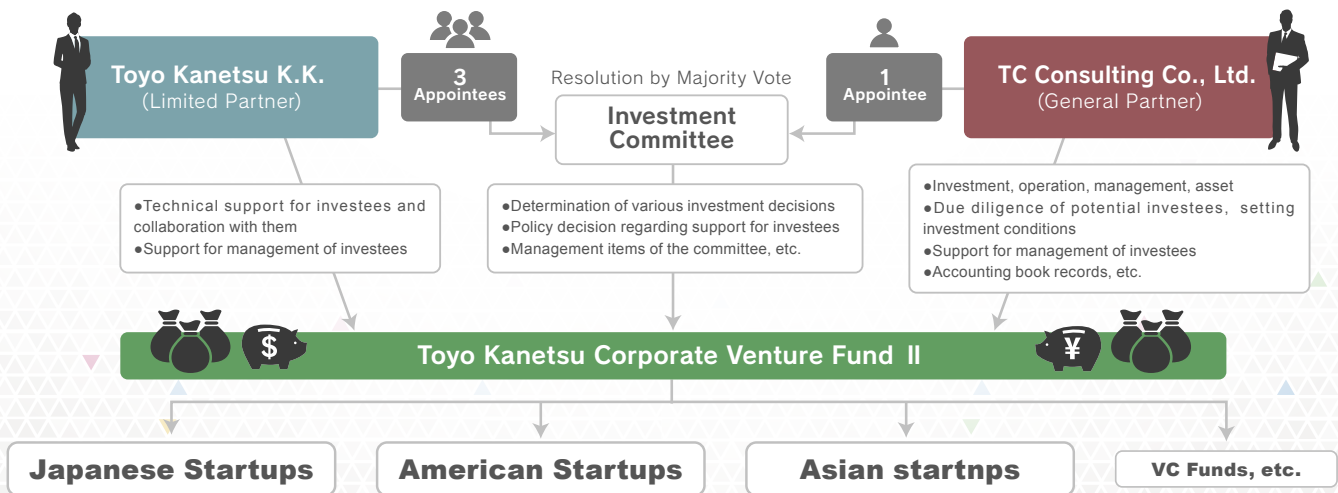
* 7 years and 3 months possible due to a MAX 2-year extension

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.





The Investment Activities of TKCV II

◆ With the success of our first fund, we have established our second fund in Oct. 2018.

We have started investment activities and already have investment partners in Singapore and along with our current activities in San Diego, California and Japan, with further investment plans in Malaysia, Indonesia.

Investment Targets of TKCV II

In the investment by our first fund, we invested in startups which were related to AI, IoT(Internet of Things), and Robotics. Already we have gotten enough portfolio of those fields at this moment. Therefore, we have changed our targets and for the second fund We strongly hope that our fund can invest in these categories shown below.

- ① Highly profitable business in the business domain that is different from the existing two businesses
- ② Companies with technologies and know-how that can gain exclusive rights in Japan
- ③ Businesses that do not mind the business model of being part of the TKK Group

Investment amounts and Regions

San Diego (\$0.5-0.8M USD, 2 investments), Singapore (\$0.3~0.5M USD, 1~2 investments), Japan (10~50M JPY, 2~3 investments).

Basic Policy

- ① We do not invest in projects or companies related to life sciences / biotech
- ② We invest in business leading to social benefit according to our basic policy
- ③ We make investments for new business development, not financial returns only



Cooperation with UC San Diego / JFIT

TKCV is cooperating with The Japan Forum for Innovation and Technology (JFIT) at the University of California San Diego (UCSD) to seek out promising startups in California as a potential investee and alliance partner. This fund is a member of the 3i Corporate Membership Program. Dr. Satoshi Tomita, chairman of the investment committee and Mr. Akira Kakihara, member of the committee will visit and stay in San Diego every 1~2 months for a week at a time. We are aiming to invest in startups, mainly in the fields of AI, IoT, and robotics related to UC San Diego.

UC San Diego



JAPAN FORUM
FOR INNOVATION
& TECHNOLOGY

Members of the Investment Committee

Chairman, Chief Venture Capitalist

(Main investment officer in the key-man clause)

Satoshi Tomita

President and CEO, TC Consulting Co., Ltd



Business Career:

Through an American bank, he participated in the launch of an 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. His areas of expertise are making corporate alliances and new business developments. From 2017 he has held the position of professor at Graduate School of Business Administration (MBA course) of Rikkyo University in Tokyo. He is teaching alliance strategy theory, management of technology, and commercialization of IoT and applied AI. As an author he has several published books including "Textbook of new business developments: for business leaders to get a competitive advantage", "Alliance Strategies in the IoT era: The evolution of artificial intelligence and proposal of mathematical matching models", and "The venture capital cycle". Research Fellow, University of California, San Diego (UC San Diego)

Educational Background:

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

Other Positions:

Professor, Rikkyo University
Research Fellow, UC San Diego

Other Members of Investment Committee (from the Limited Partner)

Keisuke Kodama

Director
Senior Corporate Officer / Division Manager
Corporate Management Division at TKK

Akira Kakihara

Senior Executive Officer
Deputy Division Manager / Corporate Management Division
at TKK

Hiroto Kunitomo

Corporate Officer
Corporate Planning Department
Corporate Management Division
at TKK

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