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For Immediate Release

New Horizon Capital Co., Ltd.

## **NHC Makes Joint Investment in TAKAFUJI**

New Horizon Capital Co., Ltd (Head Office: Minato-ku, Tokyo; Chairman: Yasushi Ando; hereinafter NHC), a leading independent private equity fund, announced that on December 26, NHC's forth fund (hereinafter (NH-4) acquired shares of TAKAFUJI Co., Ltd. (Head office: Oita City, Oita Prefecture; President: Takahiko Sato; hereinafter "TAKAFUJI") jointly with Shikoku Sousei Investment Limited Partnership II, which is managed and operated by Shikoku Alliance Capital Company Limited (Head Office: Matsuyama City, Ehime Prefecture; President: Masahiro Takeda; hereinafter "SAC").

Since its establishment in 1989, TAKAFUJI has been engaged in installing machinery and producing steel fabricated products and piping, mainly in its home region, Oita Prefecture. It has also done comprehensive maintenance for large-scale plants in the area. In recent years, the company has continued to expand the scale and scope of its operations, constructing and operating biomass power plants and supplying biomass fuel (wood chips and palm kernel shells (PKS), operations derived from the original business of plant construction.

It has long been recognized that greenhouse gas emissions, one of the factors contributing to the climate change crisis, is an urgent issue. Now more than 120 countries and regions have set a goal of becoming "carbon neutral by 2050." The Japanese government has also declared its goal of becoming carbon neutral by 2050. Updates in plant construction methods are expected to play an important role in achieving this goal. Given this trend, NHC believes that TAKAFUJI, with its extensive resources, and experience in the design, construction, and operation of environmentally-sensitive plants, has the potential for further growth. We have decided to invest in the company with an eye to going public as an option.

TAKAFUJI is also promoting businesses that commercialize secondary use of resources. For example, it has produced biomass fuel from sewage sludge generated from sewage treatment plants in Oita City and neighboring municipalities, collected thinned wood from forestry workers for use as biomass fuel, and spearheaded other initiatives, such as investing in low-cost farm operations that use geothermal energy. These efforts are making a significant contribution to promoting the Sustainable Development Goals (SDGs), which aim to reduce environmental impact and realize a recycling-oriented society. NHC believes that implementing this investment has great social significance in light of NHC's Principles for Responsible Investment (ESG Policy).

NHC is committed to working with all executives and employees at TAKAFUJI and SAC to enhance TAKAFUJI's corporate value by improving its organization and strengthening its management and administrative functions.

Takahiko Sato will remain as representative director of TAKAFUJI. NHC and SAC will send new directors and a corporate auditor after the acquisition.

About NHC:

New Horizon Capital (NHC) is a top-tier Japanese PE fund targeting small- to mid-cap buyout deals, with 20 years of experience and a cumulative AUM of 270 billion yen. NHC was spun off from Phoenix Capital, which was founded by Yasushi Ando. NHC has been managing six funds since its foundation, and ten funds in total as Phoenix Capital and NHC. The NHC team has an excellent equity investment track record that includes Mitsubishi Motors Corporation, Teac Corporation, Tokyu Construction, Fudo Construction, Seikitokyu Kogyo, Ichida, Tsumura, Hitachi Housetec, Marumo Industry, Mag2, iae Holdings, Tachikichi, Takeda Industry, Generosity, Shibaura Fire Pump Corporation, Kawasaki Holdings, Showa Corporation, LocalFolio, Willumina, Wood TEC, NITTO, Japan System Care, Iwata Industry, SAT Corporation, LeadPlus, Heisei biso, BIQREA Holdings, Torque System, Ideal and Kurohime Group. NHC has the longest track record of investment in Japan, including more than 100 firms, 50 of which are equity investments.

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