Capital Medica Ventures

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

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DISCLOSURE STATEMENT

Capital Medica Ventures
2024

DISCLOSURE STATEMENT

We hereby declare that we became a signatory to the Operating Principles for Impact Management (Impact Principles) on July 25, 2023. This disclosure statement*1 declares that all assets under management of Capital Medica Ventures, worth a total of 6.25 billion Japanese yen*2 as of the end of December 2024, are managed in alignment with the Impact Principles.

Aoki Takeshi
CEO
Capital Medica Ventures Co., Ltd.

Target assets under management

Fund name	Start year	Fund overview
Healthcare New Frontier Fund	2018	Japan's first impact VC fund specializing in the healthcare field. Planned as part of Kanagawa Prefecture's healthcare new frontier policy and operated by Capital Medica Ventures (CMV) as a GP.
Yamato Social Impact Fund	2022	A regional impact fund aimed at solving regional issues in Nara Prefecture and its surrounding areas (Yamato region). Selected as a dormant deposit utilization project and operated with local regional banks Nanto Bank and Nanto Capital Partners.
Tokyo Wellness Impact Fund	2023	One of the largest impact VC funds in Japan that aims to solve issues in the wellness field. CMV, which was planned based on the policies of the Tokyo Metropolitan Government and has a track record of impact VC investment, was selected as the GP. Operated with Monex Ventures of the Monex Group

*1 This document is made in Japanese and translated into English. The Japanese text is the original and the English text is for reference purposes. If there is any conflict or inconsistency between these two texts, the Japanese text shall prevail.
*2 Worth 41.8million USD at the rate at the time of signing

PRINCIPLE 1:

Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

CMV defines strategic impact goals based on its investment strategy and portfolio.

About Capital Medica Ventures (CMV)

CMV is a venture capital firm whose mission is to contribute to solving social issues, mainly in the healthcare field, by working as a guide for entrepreneurs. Established in 2016, CMV targets startups in the healthcare field (especially medical care, nursing care, health, well-being, etc.) for its investments. Our staff including several who have been active on the front lines of the healthcare field, provide detailed support for the business development of our investees.

CMV investment strategy

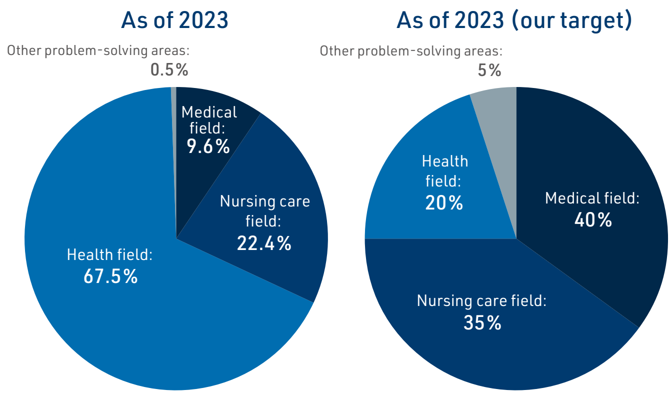
Through investment and support activities for startups, CMV aims to develop "problem-solving practitioners" (*), particularly in the wellness and healthcare fields, thereby contributing to solving social issues in these fields. CMV seeks to differentiate itself from other VCs through the following two strategies:

1. The practice of impact measurement and management (IMM) in the investment process enables startups to improve their problem-solving ability—and thereby their economic performance—by creating profits.

2. By disclosing various information on both economic and social impacts via impact reports, we can increase the levels of public sympathy and support for problem-solving practitioners.

We have an investment portfolio centered on medical care, nursing care, and health with a focus on the healthcare field, which is our specialty. In the future, owing to the growing interest in the nursing care field, health, well-being, and solving local issues, we would like to increase the number of areas of nursing care, health, and regional issues by 2030.

Investment Portfolio by field



Strategic impact goals (2023 to 2030)

CMV's impact goals established the number of ultimate beneficiaries of outcomes, the number of jobs created by impact startups, and the number of responsible exits. In addition to social value, we place equal importance on creating economic value and have set an average
annual growth rate target of 200% for our investees. The targets for each indicator by 2030 are shown in the table below.

In 2024, the number of final beneficiaries will increase owing to the achievement of healthy habits in the portfolio company HEALTHREE and an increase in the number of users. In addition, owing to the increase and decrease in the number of investment destinations, we contributed to the creation of 781 jobs. There was only one responsible exit, from the Healthcare New Frontier Fund for Trims. The average growth rate of our portfolio companies was 151%.

Impact indicators	As of 2023	As of 2024	2030 goals
Outcome ultimate beneficiary	988,876 people	1,618,434 people	↗ 10,000,000 people
Impact startup job creation	696 people	737 people	↗ 5,000 people
Responsible exit	2 companies	3 companies	↗ 20 companies
Average annual growth rate of investment destinations	189%	151%	↗ 200%

Strategic impact goals (2023 to 2030)

- Improving the health and well-being of their ultimate beneficiaries is the direct or indirect mandate of most businesses in the wellness and healthcare field. Therefore, we understand that creating customer outcomes is the key to building a competitive advantage and is the source of our earnings, and that proper implementation of IMM, as mentioned in CMV's investment strategy, will be key to achieving our impact goals.

- Here are some examples of how these strategies can be said to be working. As for CMV's first fund, the Healthcare New Frontier Fund (HNF), this concept has led to responsible exits such as impact IPOs and M&A, proving the effectiveness of this strategy and impact goals.

*What is a "problem-solving practitioner"?

One of CMV's strategic impact goals is to create jobs for impact startups that grow through investment. Among the jobs we create, we particularly intend to foster the following types of human resources, which we call "problem-solving practitioners":

Refers to entrepreneurs who take on the challenge of solving social issues through business, and who continue to practice the following, leaders in positions of similar responsibility (expressed as "CxOs"), and the capitalists who support them.

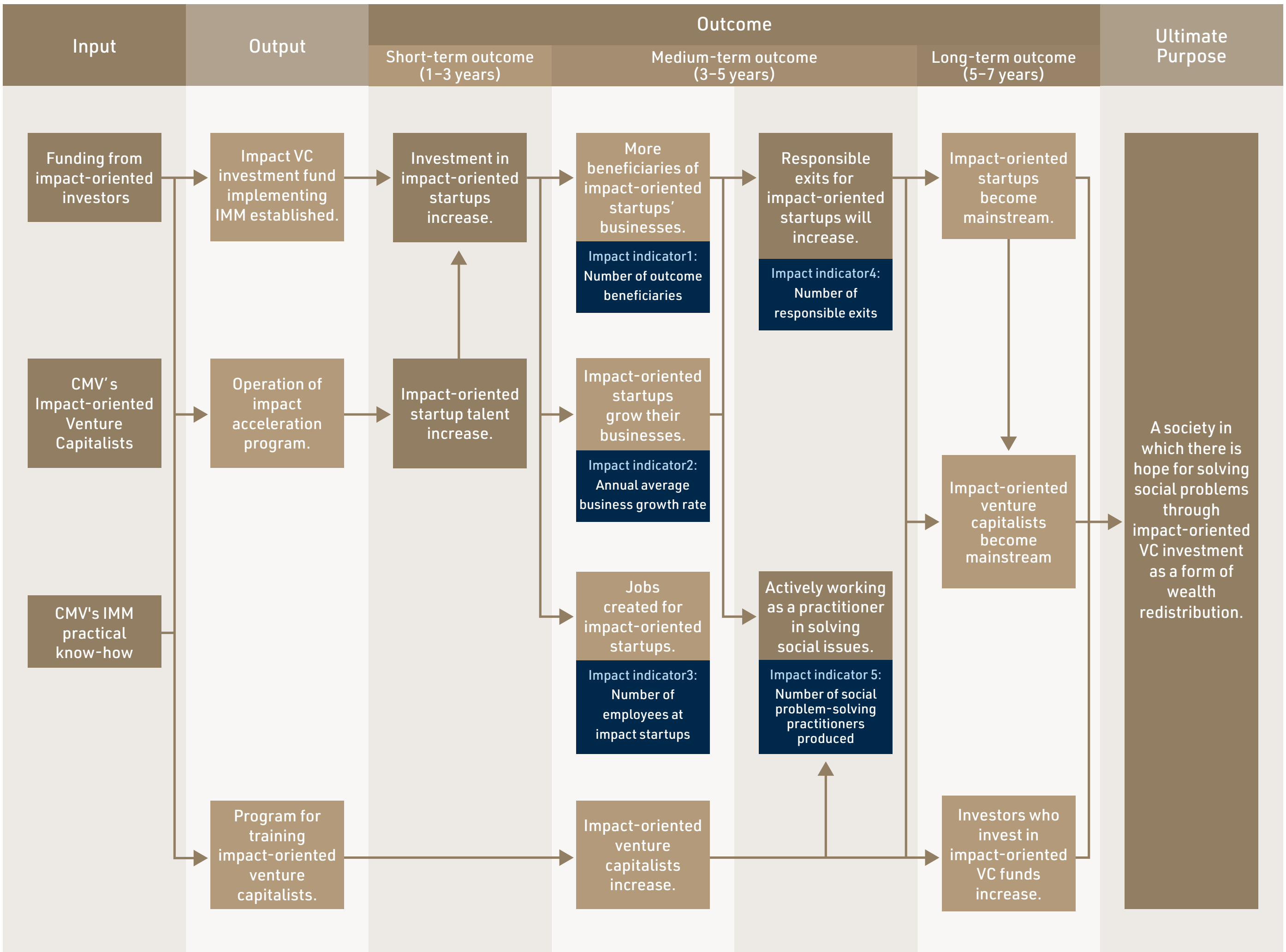
1. Continuing to work on solving problems by facing oneself and using intrinsic motivation.
2. Defining the personal tasks necessary to achieve the goal and continue to work on learning and growth.
3. Planning and executing a business process to reach the defined ideal state with a business that encourages behavioral changes in target customers.
4. Implementing 1.2.3. and achieving initial results.
Entrepreneur/CxO | Achieved so-called PMF and earns revenue from customers through business activities.

PRINCIPLE 1:

Define strategic impact objective(s), consistent with the investment strategy.

CMV Theory of Change (ToC)

CMV's ultimate goal is to create a society in which impact-oriented VC investment creates many impact startups that take on the challenge of resolving social issues, and it is hoped that through their diverse perspectives, all kinds of social problems can be solved. To this end, CMV believes that it is important to operate as an entity that circulates wealth and to foster impact-oriented venture capitalists who can serve as companions for entrepreneurs who create a better society.



Contribution to SDGs through CMV investment activities

Regarding the contribution of CMV's investment activities to the SDGs, we understand the following regarding Goal 3, Goal 5, Goal 8, and Goal 10: All of these contribute directly or indirectly to solving social issues in the field of "wellness and healthcare." In addition, we will clarify the related SDG targets with reference to the number of individual investment project increases in the future.

3 GOOD HEALTH AND WELL-BEING	Revention and improvement of lifestyle-related diseases Improving community health and well-being Balancing mental and physical health
5 GENDER EQUALITY	Creating a workplace environment where women can thrive Family participation of men and women in dual-income households Realization of flexible working styles including working from home, etc.
8 DECENT WORK AND ECONOMIC GROWTH	Realizing decent work Realizing equal-employment opportunities and expanding regular employment Improving job satisfaction for everyone
10 REDUCED INEQUALITIES	Expansion of barrier-free facilities and transportation Realizing a society where everyone from children to adults can play an active role, regardless of age or gender. Social inclusion

PRINCIPLE 2:

Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

At CMV, we set strategic impact goals for each medical, nursing care, and health investment portfolio, and monitoring is underway.

Setting KPIs that align impact with business revenue

The progress of the CMV's portfolio of impact indicators related to healthcare, nursing care, and health, as well as the target values for 2030, are as follows.

The most important factor in CMV's Impact Measurement and Management (IMM) practices is KPI setting. Based on a deep understanding of the businesses in which we invest, we set KPIs that align sales and social impact and agree with investees.

CMV tracks the KPI data for all investments in its portfolio on an aggregated spreadsheet, which allows the company to manage and review impact performance at the portfolio level.

CMV shares an internal IMM practice manual that sets out the impact assessment tools and monitoring strategies used throughout the investment lifecycle. We also provide guidance and tools for entrepreneurs to help potential portfolio companies create logical models and Theory of Change (ToCs).

Impact goals by investment area

Field:	Impact items	FY2023	FY2024	FY2030
All CMV	Fund expected return	×5	×3	×5
	Impact capitalist	3	3	10
	Outcome beneficiary	988,876	1,623,934	10,000,000
	Impact startup employment	696	781	2,000
	Responsible exit	2	3	20
	Investee company average annual growth rate	189%	151%	200%
Medical field	Outcome beneficiary	60,980	155,654	3,000,000
	Impact startup employment	251	781	2,000
	Responsible exit	1	1	8
	Investee company average annual growth rate	182%	183%	200%
Nursing care field	Outcome beneficiary	216,506	363,981	3,000,000
	Impact startup employment	402	332	1,500
	Responsible exit	1	1	6
	Investee company average annual growth rate	206%	134%	200%
Health field	Outcome beneficiary	709,410	1,095,979	3,000,000
	Impact startup employment	14	58	1,000
	Responsible exit	0	1	4
	Investee company average annual growth rate	207%	95%	200%
Others	Outcome beneficiary	1,980	8,320	1,000,000
	Impact startup employment	29	57	500
	Responsible exit	0	0	2
	Investee company average annual growth rate	207%	176%	200%

Impact management and monitoring process

We classify all CMV investment projects into medical, nursing care, health, and other social issues, and manage impact goals at the portfolio level. The table shows the impact
indicators common to the portfolio and investees.

In addition to the information above, CMV use the impact indocator trend table of our investees for summarizing and monitoring purposes. As a general rule, the monitoring process involves sharing information on the investee's financial and impact KPIs, and discussing and considering the implementation of countermeasures as necessary. For example, we use the following methods to communicate with our investees.

- **Shared information**
  Communicate using business chat.
- **Regular progress meeting**
  Conducted weekly, every two weeks, or monthly, depending on the situation of the investees. Confirm management issues and major KPIs. We also check the qualitative situation.
- **One-on-one meeting**
  Implemented according to the entrepreneur's situation. Since the practice of IMM is based on intrinsic motivation, we will exchange opinions on the direction of learning and growth and self-imposed challenges.
- **Training camp**
  Implemented as necessary. A training camp is to hold medium to long term intensive discussions with executives of investee companies. We create a mission and vision, discuss ToC, etc.
- **Impact report creation**
  When creating an impact report once a year, review the entire ToC and logic model. In addition, we organize the results for one year regarding the achievement status of outcomes.
- For each investee, we identify and intensively monitor impacts that have a high correlation with investment returns, depending on the business type. (Example: In the case of RehabforJapan: Impacts linked to financial information, such as the number of businesses implementing nursing care plans and the rate of business improvement due to the use of the app, are managed individually for each investee.)

CMV has not yet to align to create its staff incentive systems with achievement of impact only. This is because CMV believes its staff should be evaluated with both impact and financial return of its investment.

Staff Incentive System

At CMV, we set incentives for capitalists and staff based on their individual contributions at the time of the responsible exit from our portfolio companies. CMV provides incentives for capitalists and back-office staff involved in projects when an investee achieves a responsible exit. In the areas of wellness, healthcare, and solving regional issues, we do not design incentives only for impact creation because the success of the business is closely linked to the creation of impact.

PRINCIPLE 3:

Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

CMV contributes to the development of investees and the creation of impact through investee businesses by implementing entrepreneurial acceleration programs at the pre-investment stage and implementing IMM in the investment process.

Nurturing promising entrepreneurs through impact acceleration programs

Policy

CMV's goal is to create profits and explore and develop impact-oriented entrepreneurs in the wellness and healthcare fields, such as nursing care, medical care, and health.

Practice

CMV uses several practical tools to facilitate investor contributions, such as logic modeling guidance, IMM practice manuals, and impact pitchbook guidance. In addition, the company established "intrinsic motivation initiatives" for portfolio companies to support entrepreneurial leadership development and internal growth. CMV defines IMM practices in investment contracts and assists investee boards in promoting IMM implementation.

Track Record

"Knot Program": The impact entrepreneurship development program in the healthcare field started in 2022 and has supported 16 companies over a 3-year period. In 2024, 6 entrepreneurs will be selected from more than 40 applicants, one of whom will decide to invest in April 2025.

"Yamato Impact Investment Program": Aims to solve problems in Nara Prefecture and the surrounding area. Starting in 2024, four companies will be selected from nine in total to accompany and support the three-month demonstration experiment. Based on the results obtained from the demonstration experiment, we will invest in one company in April 2025.

"HEAP": A community that supports entrepreneurship in the fields of medical care, nursing care, and welfare. In 2024, 122 aspiring entrepreneurs were selected from 160 applicants. Through the 1-year program, 10 people started their own businesses. Community management will continue in 2025.

"Yamato Accelerator Program": Five people from 4 companies were selected from among 47 people.

"Tomonoura Regional Medical Program": Twelve people supported the program. It focuses on fostering people who can address local issues and take action to solve them.

Implementing IMM in the investment process

Policy

CMV's policy is to utilize IMM as a business management system for investees to promote their businesses, and to provide impact-oriented hands-on support to investees.

Practice

CMV continues to implement IMM approaches and communication with investees that are necessary for each investment process (see diagram below).

Before investment
- Organize and improve resolution of issue structure in investment target areas using issue design map.

Due Diligence
- Assessing entrepreneurs' impact creation intentions
- Entrepreneur/Team Characteristics Evaluation
- Creating ToC and logic model Utilizing "Theory of Change Canvas"
- Establishing KPIs that include both financial and social impact
- 5 dimensions of impact evaluation and 9 risk evaluations

Investment Committee
- Discuss business/impact risks, etc.

Post-investment support
- KPI double-loop monitoring and support
  - Weekly and monthly | KPI achievement support and action monitoring
  - Every year | KPI achievement confirmation and strategy review with impact report preparation.
- Learning and growth support for entrepreneurs and teams
  - Intrinsic motivation support (issue recognition session, etc.)
- Team-building support (team nature recognition, self-disclosure sessions, etc.)
- Business promotion consulting and action support
- Impact report: Review strategy implementation once a year and visualize and disclose the results of initiatives

Current results

Good examples of hands-on support include the following investees.

笑美面 KNOCK ON THE DOOR Aillis Rehab Trim

PRINCIPLE 3:

Establish the Manager's contributionto the achievement of impact.

Issue Design Map

CMV has created various maps that visualize the structure of social issues along with causal relationships for the priority themes of each investment area. This is intended to be useful for fund sourcing and investment consideration, as well as for entrepreneurs who aspire to solve problems.

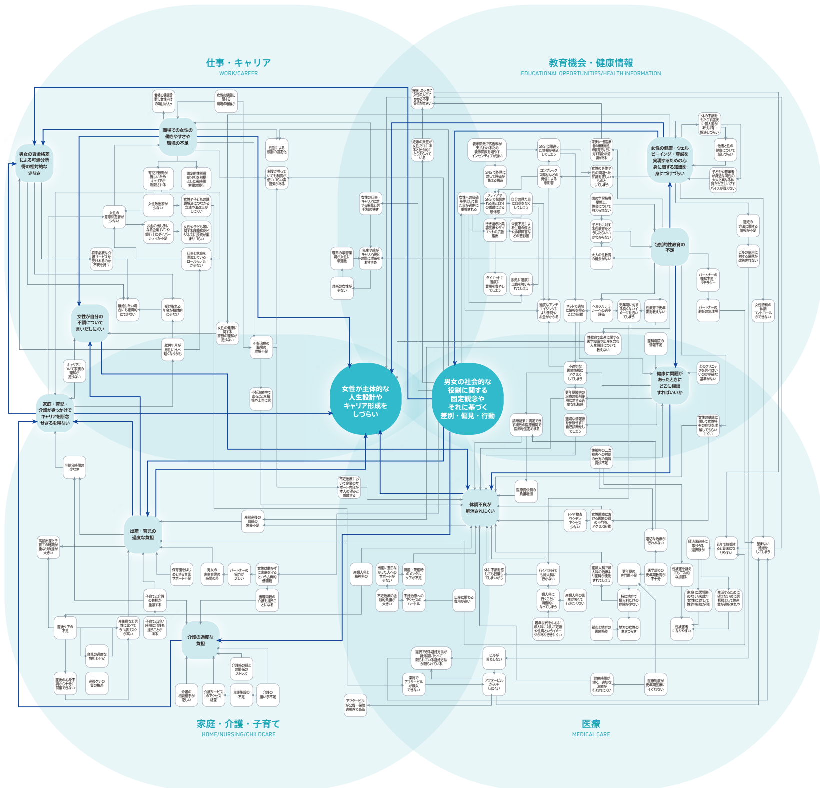
The issue design maps we have created so far are as follows. Please note that all assignment maps are currently only created in Japanese.

- Long-term care issue design map (Healthcare New Frontier Fund)
- Design Map for Women's Wellness Issues (Tokyo Wellness Impact Fund)
- Home Medical Care Challenge Design Map (Tokyo Wellness Impact Fund)
- Yamato Regional Issues Design Map (Yamato Social Impact Investment Limited Partnership)
- Design map of cultural capital issues in the Yamato region (Yamato Social Impact Investment Limited Partnership)

Case Study1

Women's Wellness Issue Design Map

Using the Tokyo Wellness Impact Fund, we developed a design map for women's wellness issues. This theme was selected because the causal relationships and solutions surrounding women's wellness remain largely unvisualized and underexplored. Through this initiative, we have uncovered a wide range of interconnected issues affecting women's wellness. The mapping process revealed how complex and deeply linked these challenges are. By increasing the resolution and clarity of these issues, we were able to identify and invest in Menopeer Inc., a company that addresses challenges related to menopause. The investment was driven by a strong alignment between the entrepreneurs' understanding of the issues and the future they aim to create.



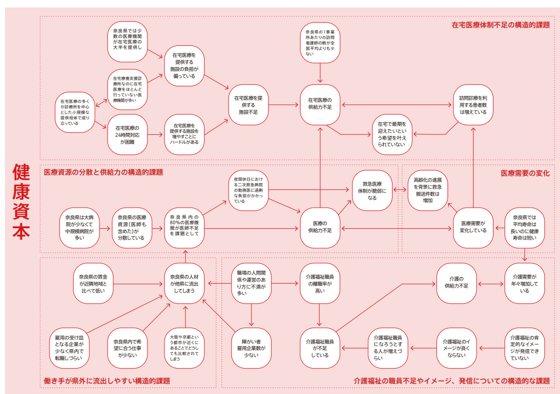
Case Study2

Yamato Regional Issue Design Map

The Yamato Social Impact Fund developed the Yamato Regional Issue Design Map to visualize and better understand the key social challenges facing the Yamato region.

One of the major issues identified through this mapping was the deterioration of transportation infrastructure, particularly in the southern and eastern areas. In response, we invested in Do.Sukasu, a company that contributes to solutions in this space.

The map also highlighted the shortage and uneven distribution of medical resources as critical concerns. To address these issues, we invested in AMI Inc., a company actively working to improve access to healthcare in the region.



PRINCIPLE 4:

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

In IMM hands-on process, CMV creates a ToC and logic model, evaluates five dimensions of impact and nine risks, evaluates and identifies potential impacts and risks to the investee, and manages them during the investment period, while monitoring changes.

CMV's Approach to Impact Assessment

At CMV, we initiate our IMM process in the early stages of due diligence for all potential and existing portfolio companies. This process began with the use of the Theory of Change (ToC) Canvas.
The ToC Canvas integrates key components such as the five dimensions of impact defined by the Impact Management Project, logic models, and nine risk dimensions. This framework serves as a structured foundation for productive dialogue between CMV and investees regarding impact management.
By articulating the social change that the investee aims to achieve, the ToC process enables both parties to establish a shared understanding of the current state, intended outcomes (both financial and impact related), and the strategic approach needed to realize them.and impact.

ToC Canvas screen image

Logic model

- Diagrammatic representation of the path of change leading to the resolution of social issues addressed by investees
- By checking whether the defined outcomes have been achieved, you can understand whether the business is progressively achieving an impact.
- Logic models are created for all CMV investees.

Evaluation of 5 dimensions of impact and 9 risks

- Using a framework developed by the Impact Management Project, a group of impact evaluation experts and practitioners
- Comprehensive evaluation of the investee's ability to create impact, as well as the potential to influence it and the risks involved.
- Through this analysis, KPIs are considered in light of external factors.

ToC Canvas screen image

CMV's Risk Assessment Approach

CMV conducts a comprehensive risk assessment for all portfolio companies based on nine key risk dimensions. Each risk is evaluated as High, Medium, or Low, and an overall risk profile is developed for each investment opportunity. These evaluations are shared with the Investment Committee as part of the decision-making materials. For opportunities assessed as High Risk overall, the Investment Committee conducts a deeper analysis of individual risk factors. In such cases, investment approval is contingent on the implementation of clearly defined mitigation strategies during the investment period. In addition, CMV uses an ESG checklist developed based on the SASB framework to identify and monitor ESG-related risks throughout the investment lifecycle. (For more details, see principle 6.)
By articulating the social change that the investee aims to achieve, the ToC process enables both parties to establish a shared understanding of the current state, intended outcomes (both financial and impact related), and the strategic approach needed to realize them.and impact.

PRINCIPLE 5:

Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

CMV identifies the environmental, social, and governance (ESG) risks of investees, and we engage in monitoring and management to reduce the impact.

Identification and assessment of ESG risks in portfolio companies

- CMV has established a formal ESG policy and conducts evaluations of the potential negative impacts of all investments.
- Since FY2024, CMV has implemented an ESG due diligence checklist based on SASB standards. The ESG performance and related initiatives for each portfolio company are reported to the Investment Committee. Currently, six new investments are assessed using this checklist.
- In accordance with internal policy, ESG assessments are conducted in three stages: at the time of investment, during the holding period, and at exit. If material ESG risks are identified, CMV engages in dialogue with the investee to develop appropriate mitigation measures considering the nature and potential impact of each risk.
- Drawing on CMV's past investment experience and strong network of stakeholders in the wellness and healthcare sectors, we continuously update our knowledge of policy development, sector-specific trends, and emerging challenges.
- We encourage ESG initiatives that are appropriate for the stage of each startup. Except for critical risks, such as legal violations, we do not impose excessive or accelerated ESG requirements on seed or early-stage companies.

Examples of specific ESG risks of investees

We believe that startups in the wellness field are more likely to have a negative impact on social aspects than on the environmental aspects. In addition, a certain number of governance risks arise due to the need to comply with industry-specific GCP standards* in clinical trials and clinical trial processes, and relationships with the social security system.

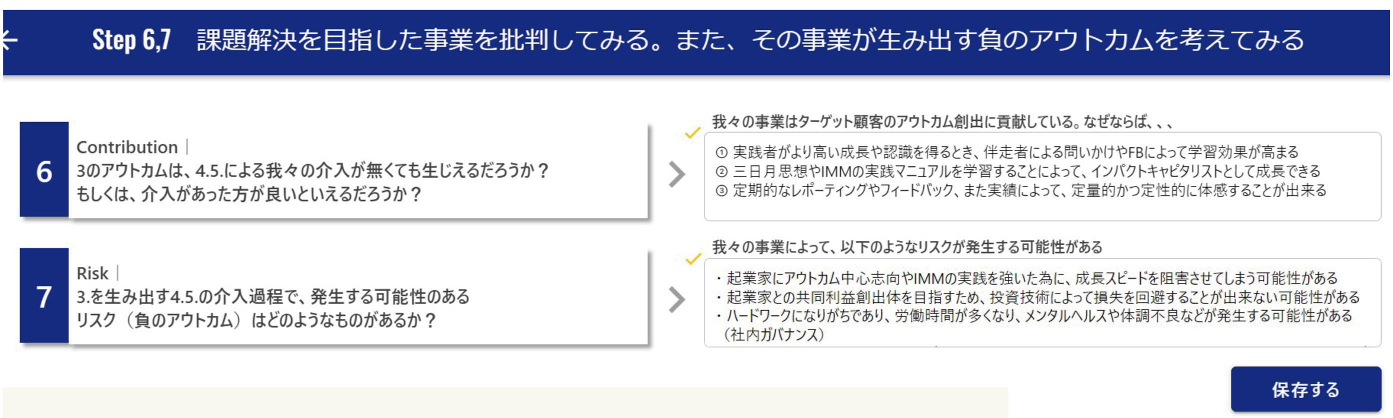
Field of investment	Examples of characteristic ESG risks
B2B/B2C apps	Personal information protection/ cyber-security measures
Introduction of nursing care services	Personal information protection
Services for people with disabilities and the elderly	Abuse and accident prevention
Drug discovery/bioscience	Intellectual property, check and monitor unpredictable reaction, clinical trial protocol
Medical equipment	IP, appropriate clinical planning

*GCP: Good Clinical Practice, standards for conducting clinical trials

Addressing, monitoring, and managing ESG risks of investees

- If there are notable risks or KPIs with negative impacts, we address, monitor, and manage them along with positive impacts through regular hands-on support.

ToC Canvas screen image: "Understanding negative impacts and risks"



In the Theory of change Canvas, the typical risks that arise when operating in the wellness and healthcare field are described.
We have established a system that allows us to identify risks in advance and monitor their status.

PRINCIPLE 6:

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

CMV uses the framework referred to in Principle 4 (logic model, five dimensions of impact) to monitor the expected impact from each investment. Data collection frequency, methods, sources, responsible parties, and reporting methods are confirmed with the investee prior to investment execution.

Portfolio management to maximize impact

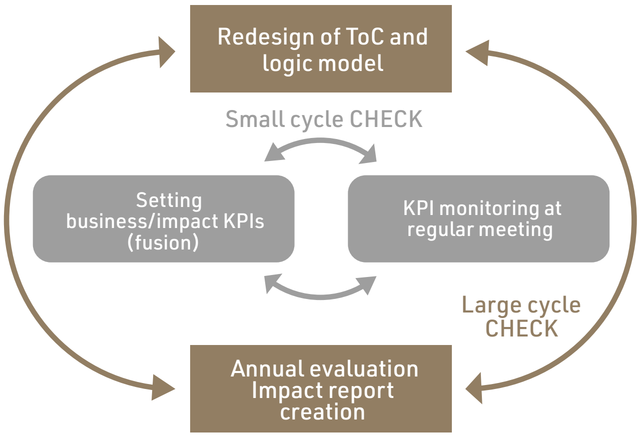
At CMV, we conduct regular discussions with each portfolio company regarding the impact progress, following a predefined format agreed upon prior to investment execution.
The reported impact data are systematically managed at three levels: individual portfolio company, fund, and overall portfolio.
If a significant deviation from the originally projected impact is identified during reporting, CMV determines the underlying causes and initiates appropriate corrective actions.
Our policies and procedures for impact monitoring and management are detailed in CMV's Impact Measurement and Management Manual.

Handling of Impact Data

For each investment, CMV defines the impact data to be tracked as Key Performance Indicators (KPIs) at the time of investment execution.
For each KPI, we specify the frequency of data collection, collection methods, data sources, responsible parties, and reporting formats (see right for example: Rehab for Japan).
In cases where a portfolio company's impact performance falls short of the initial plan, we address the issue through discussions in regularly scheduled meetings with the company, and work together on improvements as needed.

Double-loop monitoring of investee impact

Business/impact KPIs are set at the time of investment, and these KPIs are monitored at regular meetings (daily, weekly, monthly, etc., which vary depending on the characteristics and situation of the investee). Once a year, we check whether the original KPIs are correct and whether the logic model and ToC logic are correct.
By implementing these two PDCA cycles, we monitor impact creation and take appropriate measures.



Example: Healthcare New Frontier Fund investee company/Rehab for Japan

Rehab for Japan, a portfolio company, provides "Rehab Cloud," a software service that enables rehabilitation facilities to provide appropriate rehabilitation services to extend the healthy life expectancy of the elderly, and "Rehab Cloud Motion AI", a rehabilitation support service for the elderly using digital devices.

Prior to investment, KPIs are set at the output/outcome level, such as the number of facilities that have installed Rehab Cloud, improvement of middle-back operational efficiency, and so on. After investment, we handle impact data and monitor progress as follows.

Data handling	Example: Number of offices installed Rehab Cloud	Example: Improve efficiency of middle- & back-office operations
Collection frequency	Monthly	Once in a year
Collection method	Rehab internally monitors daily and compiles monthly results.	Web survey conducted by Customer Success to customers
Source	Number of contracts	Questionnaire results
Collection manager	Rehab Sales Representative	Rehab customer success
Reporting method	Report to CMV at board of directors meeting	Report to CMV at board of directors meeting

PRINCIPLE 7:

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

CMV has established policies for responsible exits of investees involved in impact investing, and is working to systematize processes and approaches for implementation. We will continue to promote further standardization as the number of exits increases.

Responsible Exit

Based on our past exit experiences, CMV has established a Responsible Exit Policy to ensure that the impact integrity of our investments is preserved beyond the point of exit. For both IPOs and M&A transactions, we follow defined processes to ensure that exits align with our commitment to the long-term impacts. The specific approach for each exit type is outlined below.

IPO (Initial stock listing)

Policy

Exit support through impact IPOs: In order to accelerate and deepen the ToC realization of investees, we provide both financial and non-financial support required for impact IPOs to gain sympathy and co-creation from more stakeholders.

Current efforts

In addition to regular IPO preparations, we are implementing the following initiatives

- Support for creating a business growth story that links profit growth and social impact creation
- Support for writing about impact areas such as "Securities report for initial listing application (Section I)" and "Matters related to business plan and growth potential"
- Support for creating impact information disclosure content (web production, business explanatory materials, etc.)
- Support for appealing to institutional investors as an impact company for lead underwriter securities
- Continuous support for IMM operation system to create impact after IPO
- Support for building internal consensus regarding impact IPOs (facilitation of impact management training camps, management of impact IPO regular meetings, formulation of internal communication plans, etc.)

Track Record

Impact IPO of Emimen, a senior care placement service provider — October 2023
At the time of its IPO, Emimen's disclosure practices were recognized as a model case and were featured in the 2024 Collection of Best Practices in Narrative Disclosure published by Japan's Financial Services Agency.

M&A (stock transfer)

policy

M&A and Exit to Community* Support: In addition to CMV's target investment return, we select an appropriate transferee that has the resources and network to accelerate and deepen the investee company realization of its own ToC.

Current efforts

In addition to regular M&A, we are implementing the following initiatives:

- Sourcing support for acquisition candidates
- Impact DD: Analysis and support for selecting acquisition targets to ensure that the impact created by the investee is not lost
- Support for adjusting interests with other existing shareholders (support for adjusting participation in joint sales to fixed-term investors (VCs, etc.))
- Support for writing contract terms to achieve ToC for stock transfer contracts, etc.
- Support for building internal consensus regarding stock transfers (management training camp facilitation, formulation of internal communication plans, etc.)
- PR and event implementation support for responsible exit implementation

Achievements so far

- KNOCK ON THE DOOR stock transfer to CMIC Holdings (October 2022)

*What is Exit to Community?
In order to further develop the company and accelerate the creation of social impact, shareholders such as venture capital investors who invest in the company, whose primary purpose is to earn investment profits, seek out reliable customers, business partners, instructors, etc. Efforts are made to transfer stocks at a price that is acceptable to stakeholders.

CMV's approach to responsible exit was featured in "Common and Emerging Practices in Implementation of the Impact Principles: Principle 7 — Impact at Exit," a publication issued by the Global Impact Investing Network and the Secretariat of the Operating Principles for Impact Management.

URL:
https://www.impactprinciples.org/common-and-emerging-practices/principle7/

Track Record

KNOCK ON THE DOOR stock transfer to CMIC Holdings(October 2022)

Transfer of Trim's shares to INFORICH (November 2024)*
*For more information on the Trim case, please refer to the next page.

Our cases for “Responsible Exit”

Trim Inc.

Company Overview

Founded in 2015, Trim Inc. is driven by the mission of “creating a better environment for child-rearing.”
The company develops and provides fully private baby care rooms under the brand name mamaro, which are installed in commercial and public facilities. Through this service, Trim contributes to reducing the burden on families with young children when going out.

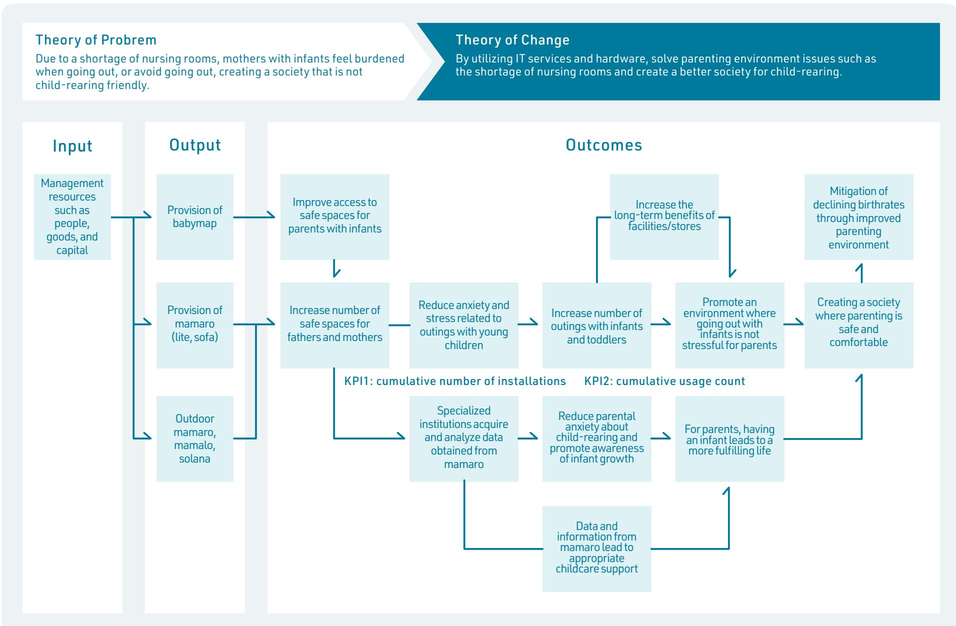
Overview of Responsible Exit

On November 8, 2024, the Healthcare New Frontier Fund managed by CMV transferred its shares in Trim Inc. to INFORICH Inc., the operator of the mobile battery sharing service ChargeSPOT®.

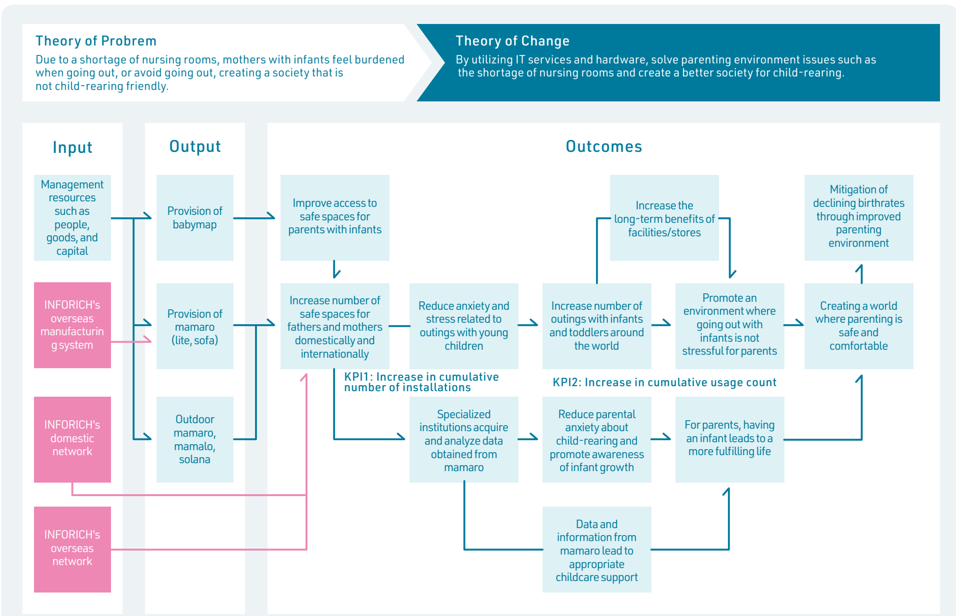
Prior to the transaction, CMV and Trim jointly reviewed how the company’s logic model would evolve through the partnership with INFORICH. As a result, it was determined that the partnership would accelerate the realisation of Trim’s Theory of Change and contribute more meaningfully to society. This alignment led to the decision to proceed with the exit.

Additionally, the customer bases and installation sites of mamaro and ChargeSPOT® are closely aligned, and the expected synergies from this partnership were viewed as mutually beneficial for both INFORICH and Trim.

Original ToC



ToC at the time of exit
(Additional input from Inforich)



PRINCIPLE 8:

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes

**CMV regularly reviews the progress of each portfolio company's impact and evaluates its performance.
The results of this analysis are used for decision-making in other portfolio company businesses and other funds, as well as for reporting to stakeholders, and are used for continuous improvement through the PDCA cycle.**

CMV PDCA Cycle

Plan

At the planning stage, we extract the outcomes of the investee by analyzing and verifying the five dimensions of the impact and creating a logic model. Subsequently, we will set indicators, measure the indicators, and decide on the evaluation design according to each outcome. We also perform risk assessments according to the business of the investee and share any negative impacts with the investee. (See Principles 4-5)

Do

During the implementation phase, we collect implementation data on the metrics we established to understand the impact our investees are having. The frequency of data collection regarding impact is set depending on the content. (See Principles 5-6)

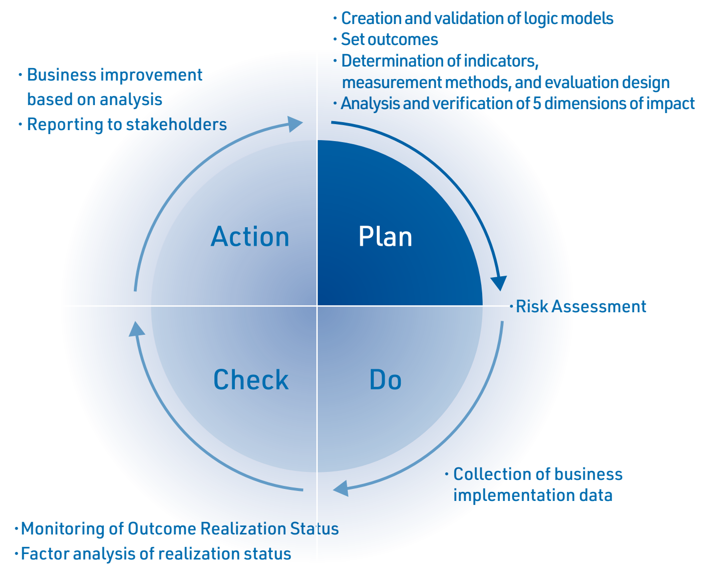
Check

At the evaluation stage, we understand whether the set outcomes can be achieved. If there is a deviation from the planning stage, we will analyze its causes. (See Principles 5-6)

Action

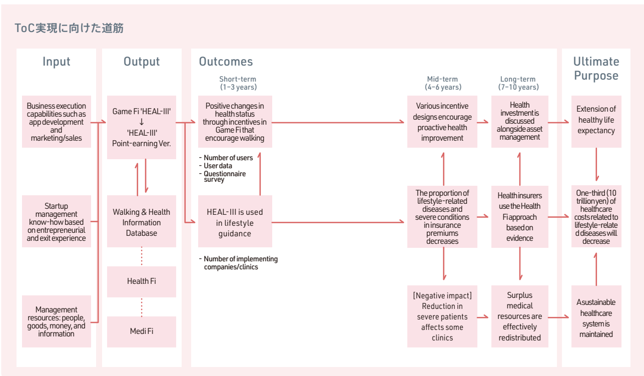
In the improvement stage, improvements are made to the initial plan based on the analysis results and reflected in future plans. CMV publishes impact reports every year using a logic model that reflects the improvement status of each investee.

Reference PDCA approach using IMM

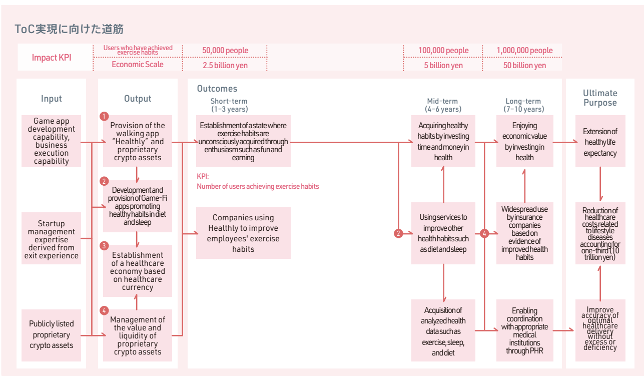


Case study: PDCA in practice at HEALTHREE (Tokyo Wellness Impact Fund) The logic model of HEALTHREE, which invested in 2024, has been accompanied by CMV to verbalize the desired outcomes and their pathways in a more appropriate way.

Logic model at initial investment



Logic model at 2025



Our Impact report

CMV publishes an annual impact report for each fund as part of the PDCA cycle for improving the impact of each investment.

Healthcare New Frontier Fund Impact Report 2024

All Contents PDF (Japanese only)

https://capitalmedicaventures.com/cms/wp-content/uploads/2025/04/HNF_impact_report_2024_spread.pdf

Click here for past reports

https://capitalmedicaventures.com/impactreport-category/healthcare-new-frontier-fund/

Tokyo Wellness Impact Fund Impact Report 2024

All Contents PDF (Japanese only)

https://capitalmedicaventures.com/cms/wp-content/uploads/2025/05/TWIF2024.pdf

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Yamato Social Impact Fund Impact Report 2024

All Contents PDF (Japanese only)

https://capitalmedicaventures.com/cms/wp-content/uploads/2025/02/YAMATO_CMV_Report2024%E8%A6%8B%E9%96%8B%E3%81%8D_light.pdf

Click here for past reports

https://capitalmedicaventures.com/impactreport-category/yamato-social-impact-fund/

PRINCIPLE 9:

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

CMV was verified by BlueMark, PBC on the alignment of its operational structure with the Impact Principles

- This Disclosure Statement demonstrates how CMV's management of its impact investments is consistent with the Impact Principles and will be published annually
- CMV has been verified by BlueMark, PBC, a Delaware registered public benefit corporation having its principal place of business at 154 W 14th Street, 2nd Floor, New York, NY 10011, USA and received the following results on April 1, 2024.
- The latest Verifier Statement is here.
- CMV's next verification is scheduled for 2027.

About BlueMark

BlueMark provides asset owners and asset managers an opportunity to validate their impact management. BlueMark is a company specializing in impact management validation services for asset owners and asset managers. As of April 2024, BlueMark has validation experience in more than 170 countries around the world.

Detailed assessment conclusions

The chart below summarizes findings from BlueMark's verification of CMV's extent of alignment to the Impact Principles, using the following four ratings: [3]

Advanced (Limited need for enhancement);
High (A few opportunities for enhancement);
Moderate (Several opportunities for enhancement); and
Low (Substantial enhancement required).[4]

Principle	Alignment
1. Define strategic impact objective(s), consistent with the investment strategy	MODERATE
2. Manage strategic impact on a portfolio basis	HIGH
3. Establish the Manager's contribution to the achievement of impact	HIGH
4. Assess the expected impact of each investment, based on a systematic approach	HIGH
5. Assess, address, monitor, and manage potential negative impacts of each investment	MODERATE
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately	MODERATE
7. Conduct exits considering the effect on sustained impact	HIGH
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned	MODERATE

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Capital Medica Ventures

Operating Principles for Impact Management

DISCLOSURE STATEMENT

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