

# Innovation

## Corporate Venture Capital Activity

MCHC launched its corporate venture capital (CVC) activity in 2018 to engage with startups around the world, creating business options for both the Group and its partners. Over the next 10 years, we plan to invest \$150 million to expand our existing business and \$50 million to cultivate new fields.

### Engagement to create new business with partners around the world

MCHC CVC activity is in its third year since establishing our Silicon Valley-based subsidiary, Diamond Edge Ventures (DEV), in 2018. With members in Japan, America, and Europe, and deep connections with business units across the entire MCHC Group, we pursue strategic engagements to create business options for both MCHC and our startup partners.

These collaborations extend far beyond the five companies in which we have invested as of April 2021. We have introduced over 1,000 opportunities across the MCHC Group, leading to 200 engagements, including 12 joint development agreements (JDA) and 6 business contracts. MCHC has announced its long-term commitment to CVC activity, comprising a "Platform Fund" to expand current business and a "Frontier Fund" to seed new business areas for the MCHC Group.

	Platform Fund	Frontier Fund
Duration	FY2021–FY2030	
Description	Investment to support the expansion of <b>current business</b> via startup engagement	Investment to <b>cultivate new fields</b> to create a future business pipeline
Investment area	Current and adjacent fields to realize KV30	Frontier fields to expand KV30
Target outcome	New revenue for current businesses	Revenue from new businesses
Fund size	\$150 million (10 years)	\$50 million (10 years)

Mitsubishi Tanabe Pharma	Therapeutics Fund (MP Healthcare)
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### Breakthrough technology to enable next-generation semiconductor production

French startup aveni S.A. is the most recent addition to the DEV investment portfolio. aveni has developed breakthrough metallization technologies that enable the next generation of semiconductor devices for memory, logic, and lighting. In conjunction with this investment, MCC entered into a JDA with aveni, reflecting MCHC's strategy to expand our core offerings in the semiconductor sector. "The Diamond Edge Ventures team's professionalism, efficiency and expertise helped us close an incredibly complex deal in record time," said Bruno Morel, president of aveni.

### Accelerator program for a circular economy

In 2020, we organized the KAITEKI Challenge, an accelerator program aimed at contributing to a circular economy. This program was in partnership with Greentown Labs, the largest climate-tech incubator in the United States. Our theme of "Reimagining Proteins, Plastics, and Packaging" reflects our concern about global over-consumption of resources and excessive waste generation. Six startups were selected competitively to participate in the KAITEKI Challenge. These startups are working closely with MCHC Group business and technical teams to transform their innovative concepts into commercial reality.

### Comment from the DEV President

## Continuing along the road to true innovation that will allow us to leapfrog the competition

"You can't manage innovation with a rear-view mirror." This statement still resonates with me, many years after first hearing it. Basing strategy on what your market peers are doing is tempting, as it gives you a direction to competitiveness based on current market knowledge. But true innovation is not about catching up, it is about leapfrogging! Sometimes you need help from the outside to do so. This is true for startups and large corporations alike.

I am proud of the portfolio of investments we have created in less than three years. The road to innovation is seldom straight, but we can help MCHC anticipate curves

and bumps by aggressively creating mutual business value with our startup partners.



**Patrick Suel**  
President, Diamond Edge Ventures, Inc.

### Solutions to environmental and social issues

The Group's Material Issues  
• GHG reduction

### Investment in AddiFab ApS

In June 2019, DEV invested in AddiFab ApS, a Danish startup developing next-generation molding technologies that combine 3D printing with injection molding.

What followed is already a CVC success story. "Diamond Edge Ventures hit the jackpot with AddiFab," says Randy White, Chief Innovation Officer of Mitsubishi Chemical Advanced Materials (MCAM). "This partnership is already a huge win for both AddiFab and MCC within the first two years."

For business growth, AddiFab benefits from the strong commercial and technological support of multiple MCC teams. For example, MCC is developing new dissolvable resins for AddiFab's process, while multiple MCC business units leverage AddiFab capabilities to diversify their injection molding business, enabling them to expand beyond their current customer base. With AddiFab as its partner, MCAM is now the exclusive service provider promoting Freeform Injection Molding, reinforcing MCAM's global solutions provider status.

MCAM became AddiFab's largest customer by installing five sets of AddiFab equipment around the world, starting with MCAM's Innovation and Technology Center in Arizona in early 2020. Additional equipment is now fully operational in

the United States, Belgium and Japan. MCAM plans to add more sites in 2021 in order to keep up with the demand for this fast and affordable prototype business, branded as "MCAM SPRINT."

Through this partnership, AddiFab and MCHC customers around the world are now benefiting from the speed, design freedom and low cost of 3D printing combined with the mechanical strength of injection molded parts.



Technician inspects AddiFab 3D-printed mold at MCAM's Innovation and Technology Center in Arizona



Super-strong injection molded KyronMAX automotive bracket made using the AddiFab process