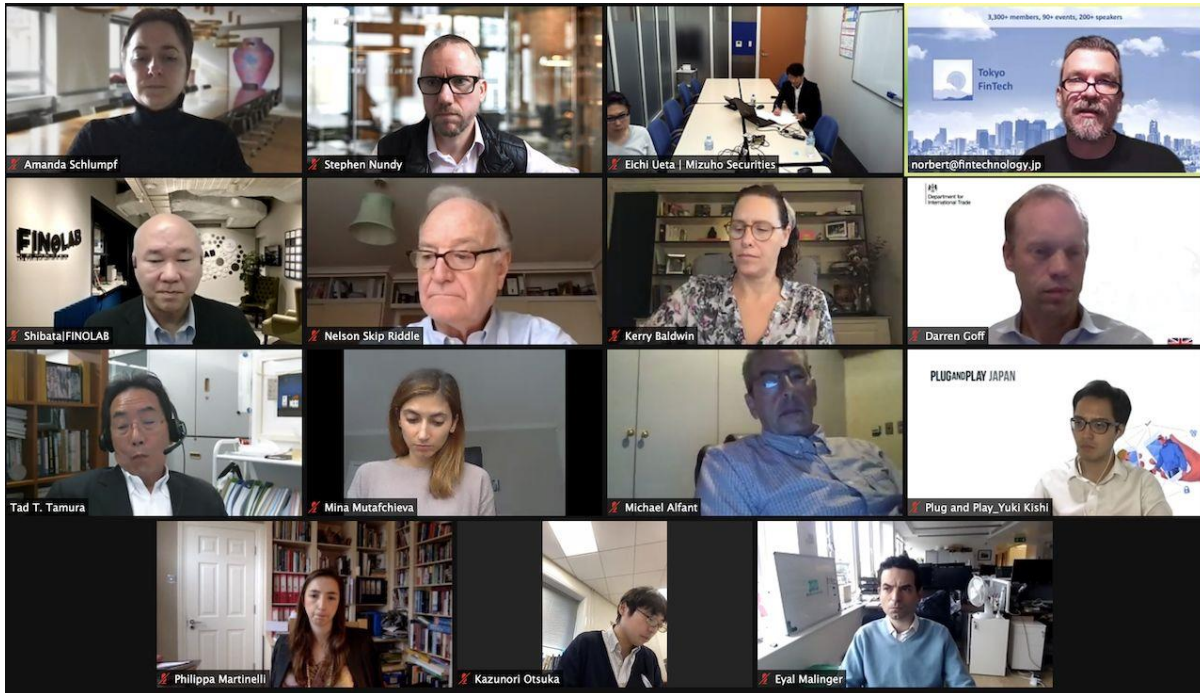


Japan-UK Investor Bridge October 2020 Roundtable Discussion Summary

On Tuesday the 27th of October, we held a Japan/UK Investor Bridge Discussion via video. Japan and UK/European investors joined the call, which was organized by the Tech London Advocates VC Working Group and Tech Japan Advocates.



Much of the discussion focused on issues related to market entry into Japan and the UK for investors' portfolio companies. All agreed that the Discussion produced useful insights and connections.

1. Japan Market Entry

Things are changing for the better. Lots of interest in the Japan market given the recent UK/Japan trade agreement, Japan's economic/political position in Asia, and the uncertainty in Hong Kong.

The Japanese government is embracing English language now, contributing to risk diversification. And its strong financial regulator breeds confidence.

Fintech featured, reflecting the demand in Japan, the participants' portfolio companies, and the wealth of fintech solutions and support coming from the UK. Also, Japanese financial institutions now realize the need to increase automation.

However, bottlenecks remain: Ability to sponsor visa, tax measures around estate and inheritance taxes, corporate tax rates are relatively onerous.

Strong interest in Japan was expressed from several Roundtable participants:

Lakestar Capital is predominantly a European fund investing in European entrepreneurs. Many of its portfolio companies are keen to go global, and Stephen Nundy has lived and worked in Japan.

Kerry Baldwin/IQ Capital Managing Partner and in-coming Chair of the British Private Equity/Venture Capital Association: Deep Tech, early-stage/growth VC, investing in cutting edge deep tech companies with strong IP.

Dawn Capital: B2B Technology Funds, mostly data/analytics as well as Fintech and Future of Work. Its European portfolio companies aim to be global champions and interested how to establish in Asia.

Finolab (with a new fund), Mizuho Bank and Plug & Play are actively supporting start-ups into Japan, primarily those that have POCs with corporates in their home countries.

Darren Goff/DIT emphasized that its DIT trade team is dedicated to supporting any UK companies looking to establish in/trade in Japan and offered help.

Tokyo Fintech, with over 3,000 members, is actively supporting fintech innovation.

Likewise, the Japan Embassy in the UK and the ministries are also open to ideas and ways they can support the ecosystem and facilitate those interested in the Japanese market.

2. UK Market Entry

Expansion into overseas markets among Japanese start-ups has been relatively slow in recent years. Now, the new Japan/UK trade agreement and growth of the VC sector in Japan are likely to spur increased expansion.

The Japanese have diversified some operations because of UK's Brexit, but still see London/UK as a Fintech hub of activities in Europe and that is unlikely to change for that sector.

UK/European investors who joined the Roundtable Discussion showed willingness to collaborate with Japanese investors to help their portfolio companies to enter the UK, and Europe via the UK.

So, too, the DIT and the Japanese Embassy in the UK are keen to support Japanese companies into the UK.

3. Related Issues

The impact of Covid19, while economically depressing in the short-term, is also producing commercial efficiencies:

- Levelling the playing field, accelerating ways how we connect and work. Not standing in the way of relationships between appetite in any meaningful way.
- Increase in digitization, automation.

While Fintechs target Millennials/young population, Nomura research shows that 46% of wealth will be with people over 75 years old, and ageing populations in Japan and the UK will drive different innovation.

We look forward to further Investor Bridge Roundtable Discussions in the future, and to other video workshops including Fintech, Healthtech, Clean Energy and AI/Data.

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