



JIC makes LP investment in DNX Partners Japan IV, LP and DNX Partners Annex Japan III, LP

- Driving the creation of new businesses in the fusion of deep tech and SaaS for Society 5.0
- Supporting overseas expansion of Japanese startups and providing risk capital during growth/later stages to create unicorns
- Promoting risk capital procurement from domestic and foreign institutional investors

Tokyo, October 12, 2022 – Japan Investment Corporation (“JIC”) has announced its decision to make LP investment in DNX Partners Japan IV, LP (“DNX4”) and DNX Partners Annex Japan III, LP (“DNXA3”). Both funds are managed by DNX Ventures, an entity located in Tokyo and Silicon Valley which invests in startups.

JIC aims to stimulate a virtuous cycle of risk capital to support next-generation industries in Japan. To achieve this vision, JIC promotes open innovation as a means of supporting growth and enhancing the international competitiveness of businesses. JIC approaches these challenges by stimulating private sector investments in open innovation together with JIC’s own investment, while fostering investment professionals.

About LP investment in DNX4 and DNXA3

JIC makes LP investments to private funds based on its investment strategies. JIC has signed an LP investment agreement committing to invest JPY6 billion in DNX4 and JPY3 billion in DNXA3 respectively.

1. Background

In JIC’s investment criteria*, “Driving the creation of new businesses for Society 5.0” and “Creating unicorn startups” are listed as investment focus areas.

※<https://www.j-ic.co.jp/jp/investment/criteria/>

With regard to Driving the creation of new businesses for Society 5.0, Japan faces the challenges of limited R&D, which leads to discontinuous innovation, and a lack of collaboration among external organizations and institutions, including startups. Under these circumstances, support for deep tech startups is an important way to facilitate discontinuous innovation toward the realization of Society 5.0.

Similarly, when looking to create unicorn startups, it is important for domestic startups to expand their businesses overseas, as part of which it is necessary to address issues such as regulations, business practices, culture, and language that differ from country to country and region to region. In addition, it is important to raise large amounts of capital to fully grow businesses during growth/later stages, but the supply of such risk capital is limited in Japan.

2. About DNX4 and DNXA3

DNX4 and DNXA3 are funds whose management company is DNX, located in Japan and US to invest in startups.

DNX has a track record of investing in promising startups in SaaS (Software as a Service) business in Japan, and provides strategic support for deep tech startups to introduce SaaS business models. DNX also supports Japanese startups in their overseas expansion by leveraging its advanced knowledge of SaaS and deep tech in the US market.

In addition to the SaaS field, DNX4 plans to allocate a certain share of the total fund amount to investments in startups in areas where deep tech and SaaS converge.

DNXA3 will also make follow-on investments in promising startups among DNX's existing fund portfolio companies that are raising significant funding to accelerate further growth.

JIC expects that LP investment in DNX4 and DNXA3 will lead to the creation of new businesses in the fusion of deep tech and SaaS for Society 5.0, support the global expansion of domestic startups to create unicorn startups, and stimulate the supply of risk capital in the growth/late stages.

In addition, JIC will support DNX in developing its ability to respond to the needs of institutional investors in order to increase the supply of risk capital raised from domestic and foreign institutional investors.

Overview of DNX4

Name: DNX Partners Japan IV, LP
Established: 2022
Duration: 10 years (with a possible extension of 2 years)
GP: DNX Ventures Partners IV JP, LP

Overview of DNXA3

Name: DNX Partners Annex Japan III, LP
Established: 2022
Duration: 10 years (with a possible extension of 2 years)
GP: DNX Venture Partners Annex Japan III, LP

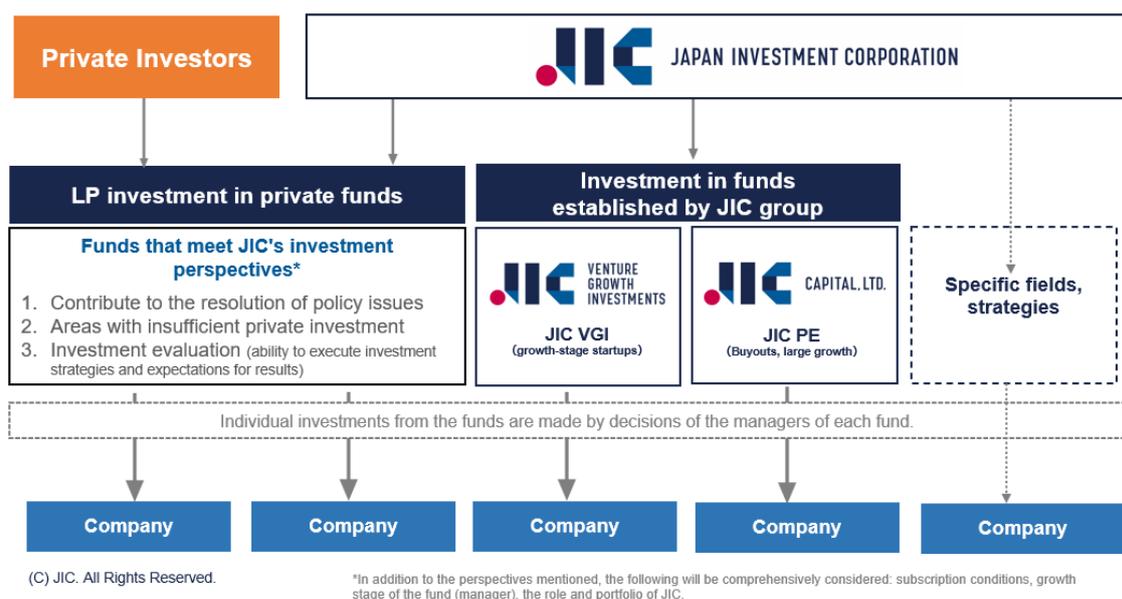
Overview of management company

Name: DNX Ventures
Established: 2011
Address: Tokyo, Japan / California, US
Managing Partner: Mitch Kitamura, Quaeed Motiwala, Akira Kurabayashi, Hiro Rio Maeda

(For reference)
JIC's fund investment strategy

JIC's Fund Investment Strategy (overall) 株式会社産業革新投資機構

- JIC aims to provide risk capital to enhance the growth of next-generation companies and competitiveness based on its philosophy and its principle of complementing the private sector.
- JIC's investment strategy includes 1) investment in funds established under JIC's initiative and 2) LP investments in private funds.



(For reference)
Objectives of JIC's LP investments

1. Stimulate the supply of risk capital to help companies grow and to enhance their competitiveness
JIC intends to provide capital to areas that are essential from the perspective of strengthening industrial competitiveness but lack private investment capital (investment strategies, sectors, stages, regions, etc.) with the aim of stimulating private investment capital in the short term and medium-long term.
2. Create diverse investment teams, professionals, and strategies to support a virtuous cycle of risk capital
 - 1) Investment teams
JIC promotes growth of the investee funds as a leader in the intermediary of risk capital provided by institutional investors (pension funds, foreign investors, etc.) towards the establishment of future funds. This will be achieved by expanding experience and track records among its fund investment team (management company) and by further improving its ability to respond to institutional investors.
 - 2) Investment professionals
With the cooperation of industry organizations such as JVCA, institutional investors, and investee managers, JIC supports the research and introduction of best practices of managers and the development of human resources serving as investment professionals.
 - 3) Investment strategy

JIC will add diversity and depth to the market by making an LP investment in funds even for those with strategies that are not common in Japan yet, in response to their fund raising, including at the time of its establishment.

About Japan Investment Corporation (JIC)

Japan Investment Corporation (“JIC”) was established on September 25, 2018 under the Industrial Competitiveness Enhancement Act. JIC’s investment focus areas are driving the creation of new businesses for Society 5.0, creating "unicorn startups", leveraging promising untapped regional technologies and promoting business consolidation across industries and organizations. JIC provides risk capital to these areas through funds independently established by JIC and LP investment in private funds to promote open innovation and contribute to strengthening the competitiveness of Japanese industries and expanding the investment ecosystem.

URL: <https://www.j-ic.co.jp/en/>

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