

JIC Activities – Focus / Directions

July 16, 2024

Japan Investment Corporation

JIC

- Japan Investment Corporation is an investment company established in September 2018 under the Industrial Competitiveness Enhancement Act. Its primary aim is to contribute to the realization of policy objectives by strengthening industrial competitiveness through open innovation and expanding private sector investment.
- JIC provides risk capital for strategic areas through LP investments in funds under JIC's umbrella and in private funds.

JIC Group



INCJ, Ltd. (Established: September 2018)

Established via company split from Innovation Network Corporation of Japan. Transcending industrial and organizational barriers, INCJ, Ltd. engages in investment activities aimed at fostering and creating next-generation national wealth industries through open innovation.



JIC Venture Growth Investments Co., Ltd. (Established: July 2020)

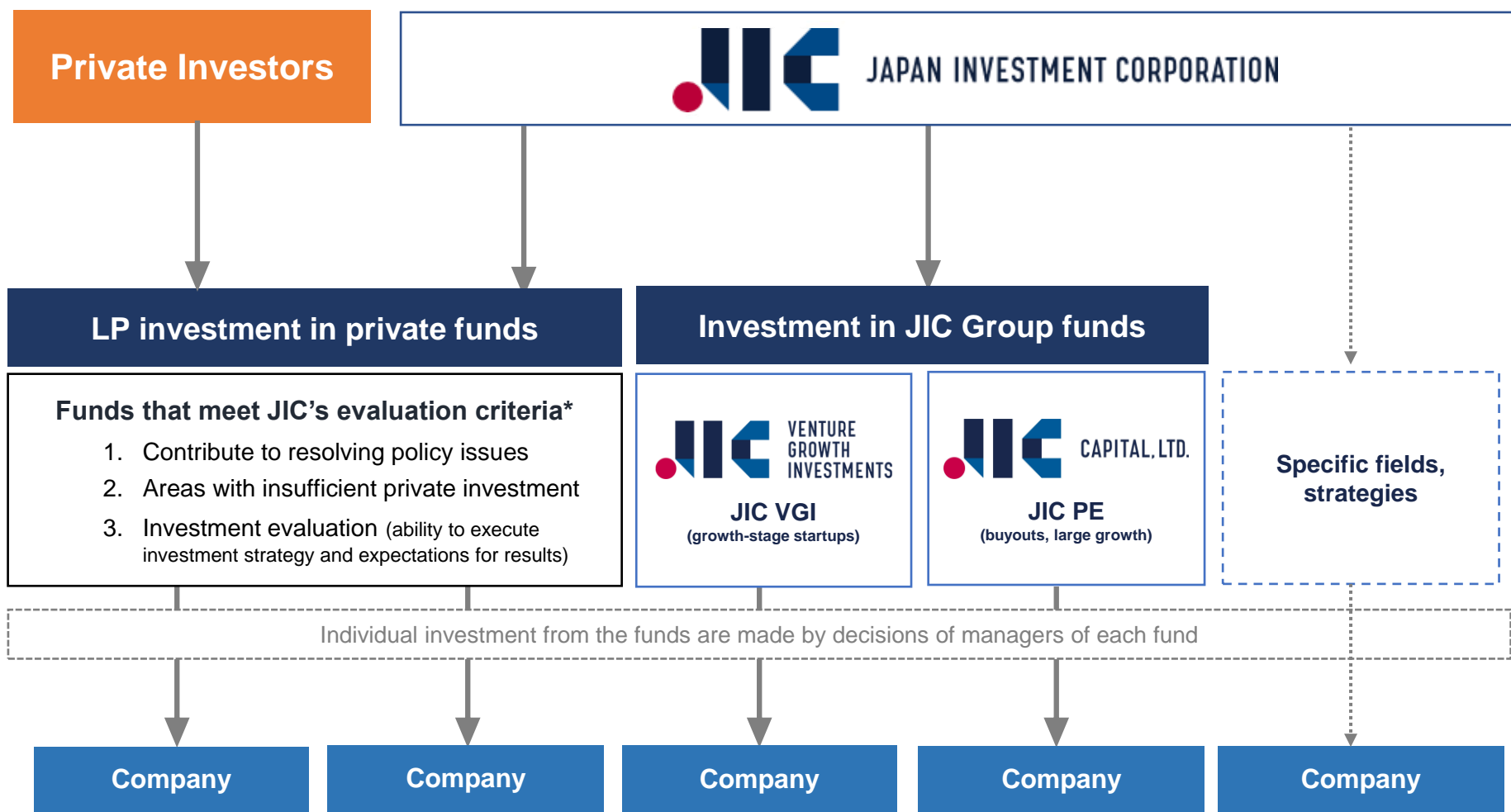
JIC Venture Growth Investments Co., Ltd. helps to improve Japan's international competitiveness by promoting innovation that helps resolve social and industrial issues in Japan.



JIC Capital, Ltd. (Established: September 2020)

JIC Capital, Ltd. provides risk capital for the creation of new industries to realize Society 5.0, the promotion of business restructuring to strengthen international competitiveness, and the construction of next generation social infrastructure and digital transformation (DX).

- In principle, JIC invests in funds, while JIC VGI and JIC Capital, which are under JIC's umbrella, invest in companies.



* In addition to the perspectives mentioned, comprehensive consideration will also be given to the subscription conditions, growth stage of the fund (manager), and JIC's role and portfolio.

Status of JIC Fund Investment Commitments

(as of March 31, 2024)

- A management structure was initiated in December 2019, and subsequent to intensive system development and organizational restructuring, investment activity is now in full swing. JIC's investment commitments to private funds and funds managed by subsidiaries, JIC VGI and JIC Capital, are as follows:



Private VC · PE Fund

Funds: 38
Total commitments: JPY185.3 billion



VGF1: JPY120 billion (Sep. 2020)
VGF2: JPY200 billion (Jan. 2023)
Opportunity Fund:
JPY40 billion (Sep. 2023)



PEF1: JPY200 billion (Nov. 2020)
PEFJ1: JPY900 billion
 (Oct. 2022: decision to change)

- The amount of co-investment fund was increased in response to the number of large- scale deals which has been in increasing trend after the fund was established in 2020, and because JIC could be active when the policy-related deal is included.

Strategy	Region	No. of Funds	Pledged Amount
VC	Domestic	25	JPY87.3 billion
	Overseas	11 (*)	JPY64.0 billion
PE	Domestic	2	JPY34.0 billion

(converted using the exchange rate for Mar. 31, 2024)

- * Invests in foreign startups, considering policy objectives from the following perspectives:
- ✓ Promoting open innovation among domestic companies
 - ✓ Leveraging overseas ecosystems to commercialize Japanese drug discovery seeds
 - ✓ Strengthening collaboration between domestic VCs/startups and overseas VCs

- In light of the government's five-year startup development plan, JIC continued VC and PE investments in FY2023.

1 Investment activities

1. LP investment in private funds

Number of new investments in FY2023: 10 (cumulative total: 38), committed amount: approx. JPY35.6 billion* (cumulative total: approx. JPY185.3 billion)

* Committed amount includes additional commitment amount to existing fund at subsequent closing.

2. Investment by JIC VGI

Number of new investments in FY2023: 18 (cumulative total: 67); investment amount: approx. 18.3 billion yen* (cumulative total: approx. 94.3 billion yen)

* Investment amount includes supplementary investments

JICVGI Opportunity Fund No.1 established in September. Number of new investments: 2

3. Investment by JIC Capital

In FY2023, completed the acquisition of one investment and announced two new investments

2 Ecosystem building

1. Promote investment in overseas VCs to strengthen ties between domestic VCs/startups and overseas VCs
2. Provide continuous support and advice to portfolio funds on fund management and other related matters, enabling them to secure capital from domestic and overseas institutional investors in the future
3. Support for business restructuring and next-generation technology development to strengthen international competitiveness

3 Organization & Structure

1. JIC Group newly hired executives/employees: 22. Strengthen investment-related divisions in line with expansion of fund investment and research activities, etc. In addition to investment-related division, JIC newly hired personnel responsible for expanding opportunities for collaboration between domestic VCs/startups and overseas VCs.

VC, Startup

- Focus areas: Deep Tech, Life Science, Pre-Seed/Seed, Growth, Go Global
 - ① JIC VGI has been focusing on **growth investments** while it has made investments to **create new industries** including the **Deep Tech** and **Life Science** areas from early stage. IPO: 5 out of 67 investments (cumulative) (as of June 2024).
 - ② Under the Go Global strategy, JIC established new sub-theme investing into global accelerators to promote Japanese start-ups to Go Global. **Aims for introducing / fostering cutting-edge knowledge, functions and players from the global market to the Japanese market.**
(As of June 2024: Funds in Go Global strategy includes NEA, Vertex, Atomico, ANV, Headline Asia, Transpose/Y Combinator)

PE

- Continue PE investments by JICC in buyout and large growth areas to contribute to strengthening industrial competitiveness
- JICC investment projects:
 - ① JSR: completed majority-controlled buyout to support the planning of medium- to long-term growth strategies, which will lead to strengthening the international competitiveness of Japan's semiconductor materials industry through structural reform and industry reorganization.
 - ② Shinko electric industries: Provide firm support for the commercialization of the advanced semiconductor packaging to contribute to strengthening the international competitiveness of Japan's semiconductor industry.

Discuss **new investments** in addition to **steadily executing these projects.**

- The Amendment Act of the Industrial Competitiveness Enhancement Act which extended JIC's operational period to end-March 2050 was promulgated and enforced on June 7, 2024. JIC will continue to play a role in the growth and development of the risk capital including startups and private equity in Japan from a medium- to long-term perspective. For example, JIC will continue to focus on the investment fields that require time for growth and commercialization such as Deep Tech (Space, etc.) and Energy-related areas as well as industry restructuring through carve-outs and roll-ups. JIC will discuss to improve the organizational structure, etc. that will be required to proceed with these activities.

<Response to extension of the operational period>

① Strengthen management and organizational operations, recruitment and training and structure with a view to operate the company to 2050

- ✓ Secure professionals who are qualified to make investments in new areas
(Initiative to be considered) Re-evaluate the working conditions for investment professionals and other including compensation system
- ✓ Ensure appropriate governance and develop operational systems in response to the extension of operational period
(Initiatives to be considered) Strengthen monitoring of investee companies, Secure appropriate portfolio management, Enhance talent development / Build mechanisms for operational efficiencies and knowledge sharing

② Develop corporate culture / values for long-term operations

- ✓ Promote and communicate DE&I and other social initiatives internally and externally through investment activities
(Initiatives to be considered) Incorporate the perspectives above in investment decision and monitoring
- ✓ Strengthen collaboration both internally and externally including the government
(Initiatives to be considered) Promote personnel exchanges within and outside the company

③ Support growth of the Japanese ecosystem through introducing global perspectives

- ✓ Improve industry practices and raise standards across the industry as a whole
(Initiatives to be considered) Encourage to apply global best practices through enhanced collaboration with overseas VCs
Foster GPs with a global perspective through fund investments

Since the announcement to fully commit to DE&I as **JIC group's important management strategy**, it has implemented a variety of activities to promote DE&I along with **ESG initiatives**.

Internal

① **Launch of DE&I Promotion Committee**

Launched DE&I Promotion Committee to discuss and decide initiatives to be implemented in JIC group and DE&I Promotion Team (26 JIC group voluntary employees) to develop and propose initiatives

② **Code of Conduct modification**

Explicitly put DE&I promotion in the Code of Conduct and reflect in executives and employee evaluation criteria

③ **In-House Training**

Held LGBTQ training for all of JIC group executives and employees

Related to investment activities / Public awareness and Communication

① **PRI signing** (Oct. 2023)

Signed the Principles for Responsible Investment (PRI) as part of ESG investment promotion

② **Formulation of “Policy on Environmental, Social and Governance (ESG) Initiatives”** (Oct. 2023)

Incorporate ESG perspectives into investment decision in line with this policy

* In-house training on ESG, responsible investment, and PRI is scheduled for November 2024

③ **JIC Investment Monitoring and Hearings**

Conducted monitoring of domestic investee VCs (20 GPs) regarding the status of DE&I efforts. Interviews with overseas investee companies are ongoing. Interviews will be conducted on a regular basis.

④ **Public Awareness and Communication**

Attended domestic and international events, such as the Women's Private Equity Summit APAC, the Japan Private Equity Association Annual Meeting, and SuperReturn Asia 2023. Published Interviews with investee that engages in DE&I and ESG-conscious management and investment and related articles on JIC website.