

INCJ revokes decision to support Nakayama Amorphous Co., Ltd.

Tokyo, June 14, 2018 – Innovation Network Corporation of Japan (INCJ) announced today that it had revoked its decision to invest in Nakayama Amorphous Co., Ltd. (“Nakayama Amorphous”), a company engaged in design, manufacture and sales of products using amorphous metal, based on Article 100, Paragraph 1, Item 1 of the Law on Special Measures for Industrial Revitalization (Act 2013, No.98). The reason is that Nakayama Amorphous decided at its extraordinary meeting of shareholders to dissolve itself and discontinue the business activities stipulated in said law.

1. Target

Nakayama Amorphous Co., Ltd.

- Established : April 2013
- Representative : Ryurou Kurahashi
- Headquarters : Osaka city, Osaka
- Business Outline : The production of amorphous metal and the design, manufacturing and sales of applied products using amorphous metal

2. Investment Overview

- Authorized Investment: JPY2 billion (initial investment: JPY1.3 billion, additional investment: JPY700 million, both maximum amounts)
- Amount invested : JPY956 million (initial investment: JPY800 million, additional investment: JPY156 million)
- Co-Investors : NAKAYAMA STEEL WORKS, LTD.
- Shareholding ratio : Not disclosed.
- Date of announcement of initial investment : November 30, 2012
<https://www.incj.co.jp/news/assets/1417680064.01.pdf>
- Date of announcement of additional investment : August 22, 2016
<https://www.incj.co.jp/news/2016/20160822.html>

- Investment structure diagram

[:https://www.incj.co.jp/english/performance/upload/docs/Nakayama%20Amorphous.pdf](https://www.incj.co.jp/english/performance/upload/docs/Nakayama%20Amorphous.pdf)

3. Background

Nakayama Amorphous was established in April 2013 as an amorphous metal business spun off from NAKAYAMA STEEL WORKS, LTD. Amorphous metal is a solid in which atoms are not regularly arranged as are in ordinary metals; it is generated by rapidly cooling molten metal. Compared with metal materials having an ordinary crystal structure, amorphous metal is characterized by its extremely high corrosion resistance, abrasion resistance and soft magnetic performance. With the expectation that products that maximize the characteristics of amorphous metal developed by Nakayama Amorphous using its proprietary technologies would lead to the development of new fields and applications, in November 2012, INCJ decided to provide support of up to JPY1.3 billion as a growth capital and executed an initial investment of JPY800 million. INCJ also provided management supports including the appointment of outside directors. In August 2016, in order to provide the company with additional growth capital, INCJ decided to provide support of up to JPY700 million, and executed an investment of JPY156 million. For both investments, milestones were set in advance according to the investment contracts.

Focusing its amorphous metal business on three areas, namely, torque sensors, fuel cells, and corrosion-proof, corrosion-resistant materials for infrastructures such as building materials, Nakayama Amorphous conducted joint developments with leading large corporations in various fields, resulting in practical realization of spray coating business. However, due to issues related to manufacturing technologies and business development required for mass production, the company's projects did not progress as originally planned, making it difficult for it to continue its business.

Although commercialization failed to be achieved, the proprietary manufacturing technologies developed by the company are expected to open up possibilities for new products and markets. Accordingly, it was decided that the three projects be taken over by other business entities. The company will be dissolved after the torque sensor and fuel cell businesses are transferred to USUI CO., LTD., and the corrosion-proof, corrosion-resistant material business for infrastructures to Yoshikawa Industry Co., Ltd.

About Innovation Network Corporation of Japan (INCJ)

INCJ was established in July 2009 as a public-private investment company that provides financial, technological and management support for next-generation businesses. INCJ specifically supports those projects that combine technologies and varied expertise across industries and materialize open innovation. INCJ has the capacity to invest up to JPY2 trillion (approx. US\$20 billion).

INCJ's management team is drawn from the private sector with diverse experience in investment, technologies and management. Through its Innovation Network Committee, INCJ assesses investment opportunities that contribute to industrial innovation in Japan in line with criteria set by the government.

<Press Contacts>

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