

## **INCJ to make follow-on investment in QUADRAC Co., Ltd.**

### **A startup company developing IT payment platforms**

- Promote the realization of a cashless society through ultra-high-speed multi-settlement systems
- Improve the convenience of public transport and other services for overseas tourists by providing a seamless payment platform

**Tokyo, October 18, 2018** – INCJ, Ltd. (“INCJ”) announced today its decision to make a follow-on investment of up to JPY1 billion in QUADRAC Co., Ltd. (“QUADRAC”), an IT payment platform venture, and the completion of JPY600 million as the milestone investment for their new business development.

QUADRAC is a startup company that was established in 2009 to develop, manufacture, and sell telecommunication devices as well as payment servers for public transportation systems. The company aims to improve user convenience (including visitors to Japan from overseas) through a variety of next generation payment methods, and to contribute to the realization of a cashless society. QUADRAC’s thin-client type high-speed server “Q-CORE” is able to consolidate all of the fare calculation, payment, and security functions carried out by train station ticket gates and payment terminals into a central server in order to achieve ultra-high-speed processing. In addition, Q-CORE platform system enables to easily handling multiple payment methods such as e-money and QR codes, and to maintain central control over server-side updates and alterations to encryption methods and business logic, making it possible to reduce total costs while still maintaining high levels of security.

QUADRAC has successfully introduced Q-CORE into the e-money payment systems of Japanese major logistics company. Looking ahead, the company plans to use Q-CORE to offer a seamless payment system for public transportation such as trains and buses, and to offer new payment methods with greatly improved convenience.

In addition, the Okinawa Urban Monorail, “Yui Rail” carried out demonstration testing of Alipay’s QR-code payment service in June 2018, confirming the usefulness of the

high-speed processing and high degree of stability provided by the thin-client type systems developed by QUADRAC. As the number of foreign visitors to Japan continues to increase, QUADRAC hopes to contribute to the creation of a world-class tourism infrastructure.

In July 2014, INCJ invested JPY700 million in QUADRAC, hoping to contribute to the realization of smart transportation and a cashless society. As QUADRAC transitions into a new business stage, INCJ has decided this follow-on investment for their new business development and commercialization of server software and hardware.

**\*Thin client**

A method of managing electronic resources like software and business data, where terminal equipment and computers accessed by system users possess only the minimum necessary functions and everything else is concentrated on server computers.

**About QUADRAC Co., Ltd.**

Established: August 2009

Headquarters: Mintao-ku, Tokyo

Representatives: Chairperson of the Board Susumu Kusakabe

President & CEO Masayuki Takada

Business outline: The development, manufacture, and sale of payment platforms and communication equipment

**About INCJ, Ltd.**

INCJ, Ltd. was established in September 2018 via company split from Innovation Network Corporation of Japan (INCJ). INCJ was established in July 2009 with the aim of overcoming boundaries between companies and industries, creating and nurturing key industries via open innovation for the prosperity of future generations, and the company has changed its name to Japan Investment Corporation (JIC) and begun new activities. INCJ, Ltd. will continue the activities of INCJ, engaging in “Value Up” activities such as overseeing additional investments, milestone investments and exits from investments in portfolio companies until March 2025.

URL : <http://www.incj.co.jp>

<Press Contacts>

Japan Investment Corporation

Communications, Irie, Sakai

Tel. (03) 5218-7202

## Overview of Follow-on Investment Decision

### **Target: QUADRAC Co., Ltd.**

**Established:** August 2009

**Headquarters:** Minato-ku, Tokyo

**Representative:** Masayuki Takada

**Business outline:** The development, manufacture, and sale of payment platforms and communication equipment

### **Overview of investment**

**Authorized investment:** JPY1 billion (maximum)

**Amount invested:** JPY600 million (as the milestone investment)

**Co-investors:** SMBC Venture Capital

**Shareholding ratio:** Undisclosed

#### **Details of previous investment:**

- Investment announcement: July 14, 2014
- Press Release (Japanese only): <https://www.incj.co.jp/news/assets/1418092930.01.pdf>

**Investment structure outline:** See appendix

### **Significance of investment**

#### **Supporting social needs**

- Contributes to the realization of a cashless society by providing IT infrastructure for the creation of smart transportation and smart cities determined by national policies.
- Promotes the development of "Tourism-Oriented Country" by providing seamless payment systems and convenient public transportation systems for overseas visitors.
- Contributes to the revitalization of public transportation in regions.

#### **Growth potential**

- This project is expected to contribute to a significant improvement in productivity for logistics and distribution businesses.
- By offering the construction of low price systems, it's possible for Japan to develop overseas markets from an advanced position in the e-money, transportation management systems, and other fields.

## **Innovation**

- This project encompasses a variety of markets including settlement, public transport, marketing, communication technology, semiconductors, embedded software, and mobile applications, and new technologies developed in these areas are expected to have a ripple effect on the entire industry.

## **Comment from the Minister of Economy, Trade, and Industry** (July 26, 2018)

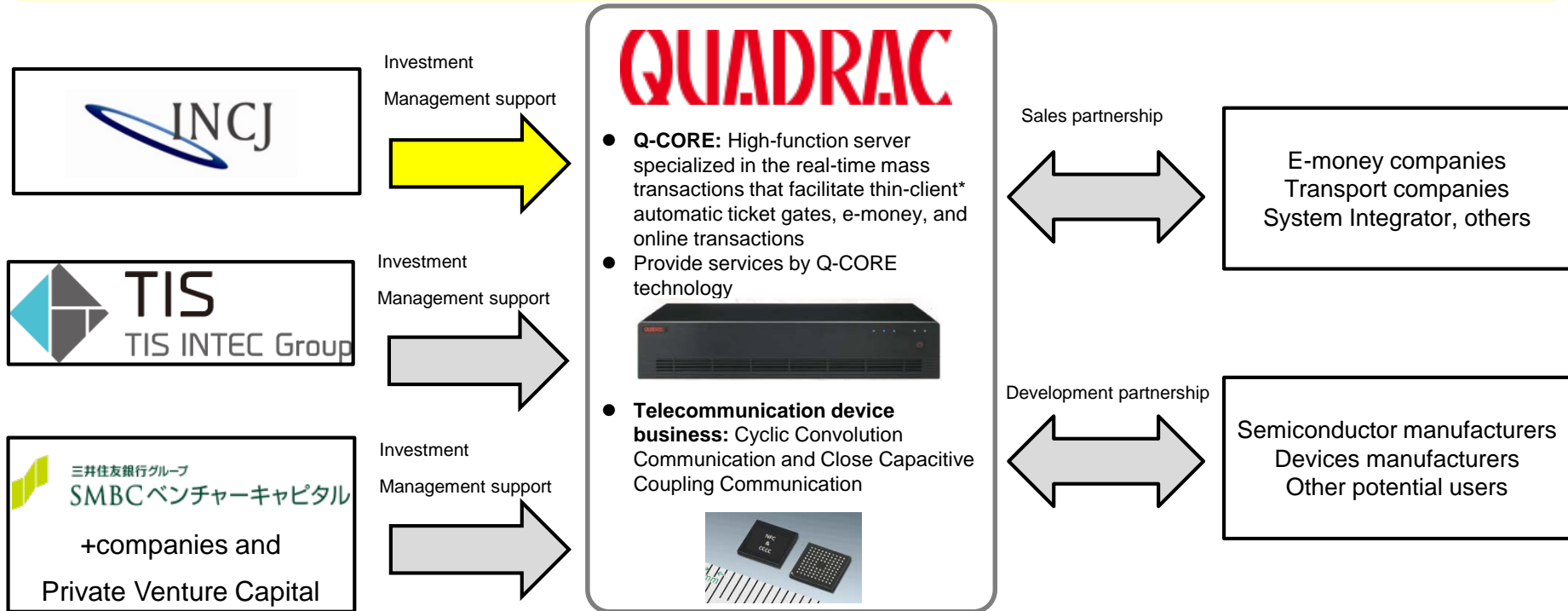
Through this investment, INCJ aims to support ongoing technological development by portfolio companies, generating a ripple effect that benefits Japanese industry, shifts the country towards becoming a cashless society, and improves the efficiency of social infrastructure, all while increasing competitiveness and creating new demand through the development electronic payment systems. Moreover, when considering exits from investments, such as a share transfer, the ministry will seek close cooperation with INCJ and endeavor to preserve these benefits.

**Target** : QUADRAC Co., Ltd.

**Outline** : Commercialization of ultrahigh-speed payment servers and proximity communications devices

**Authorized investment** : JPY 700 million (maximum)／JPY 1 billion (maximum)

**Announcement date of investment** : July 14, 2014／October 18, 2018



**\*Thin client**

A method of managing electronic resources like software and business data, where terminal equipment and computers accessed by system users possess only the minimum necessary functions and everything else is concentrated on server computers

- Provide a seamless payment system for public transportation such as trains and buses by Q-CORE technology system
- Promote the development of "Tourism-Oriented Country" by providing seamless payment systems and convenient public transportation systems for overseas visitors.