

December 21, 2020

DCI Partners Co., Ltd.
Daiwa Corporate Investment Co., Ltd.

Establishment of
Daiwa Taiwan-Japan BioVenture Investment Limited Partnership II

DCI Partners Co., Ltd. ("DCIP"), a group company of Daiwa Securities Group, Inc. and wholly owned by Daiwa Corporate Investment Co., Ltd. ("DCI"), hereby announces the first closing of Daiwa Taiwan-Japan BioVenture Investment Limited Partnership II (total capital commitment of JPY 14 billion, the "Fund") with the participation of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN ("SME Support, JAPAN"), National Development Fund, Executive Yuan ("NDF"), a Taiwanese government fund, and other investors. Total Fund's commitment size may be increased to around JPY 15 billion at the subsequent closings.

1. Overview

The Fund is a venture capital fund that will invest in privately-held biotech companies centered on the therapeutic field in Japan and Taiwan. It will be managed as a subsequent fund of Daiwa Taiwan-Japan Biotech Fund Investment Limited Partnership ("Fund I") which was established with JPY 11.6 billion in 2015 specialized in the life science field.

From the perspective of responding to the pandemic in speed and technical capabilities, at the time when new coronavirus is rampant, biotech companies have attracted more attention than ever and people's expectations for their social significance and role are also increasing. In the last few years, public research expenses such as subsidies and financial support from government funds have begun to be in place that continuously lowering the hurdles for initiating research and development, however the supply of risk money at the stage of further development and commercialization, where the demand for funds is increasing, is yet to be sufficient, and the growth of venture companies continues to be difficult due to financial constraints.

Under these circumstances, with strong support from SME Support, JAPAN, NDF and other investors, thankfully DCIP has formed this Fund with amount that exceeds Fund I, which was Japan's largest fund specialized in biotech investment.

By utilizing the know-how and financial strength that DCIP has accumulated so far, DCIP will continue to supply risk money to biotech companies in Japan and Taiwan through this Fund, strive to promote the research and development of investee companies and increase their corporate value, and pursue investment returns.

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2. Investment Climate and Features of the Fund

Investment Climate in Japan

Under its Healthcare Policy and Japan Revitalization Strategy, the Japanese government is firmly promoting the development of the healthcare industry. To achieve “realization of an ultra-smart society”, the formation of a healthy and long-lived society by realizing the world's most advanced medical technology is cited as an important issue. Recently, new bio-strategy has been drawn up for the first time in 10 years, along with the development of regulatory aspects surrounding drug development environment centered on regenerative medicine, various types of support are being provided.

In therapeutics, the number of license-out cases is on the rise as pharmaceutical companies shift the development body from self-reliance to biotech companies. Successful cases of launching products developed by biotech companies in new fields such as regenerative medicine and biologics, also the number of appearance of pipeline nearing commercialization has been steadily accumulated. The alliance between pharmaceutical companies and biotech companies is becoming more active, and further license-out deals by biotech companies and exits through IPOs and M&As are expected in the future.

Investment Climate in Taiwan

The Taiwanese government has positioned the biotechnology industry as one of the Six Emerging Industries and is firmly moving forward with its development. Taiwan boasts an excellent drug development platform and has a geographical advantage as a clinical development hub in Asia.

In Taiwan biotech space, in addition to traditional manufacturers of active pharmaceutical ingredients, generic drugs and medical devices, a large number of startups conducting new drug developments are emerging in recent years. This movement provides significant investment opportunities for the Fund.

Along with the number of listed biotech companies in Taiwan has increased year after year, M&A deals with scale over several hundreds of million USD occurred since 2017. With the booming market and the establishment of environment in which exits through M&A could be expected, further growth and development of Taiwan biotech companies can be expected in the future.

Features of the Fund

In addition to investing in biotech companies that have already been started, the Fund will continue to adopt the "venture creation model" that promotes business under the initiative of the fund by utilizing human resources, know-how, and the financial strength of the Fund. In venture creation model, the Fund takes an initiative in drug development business including setting up new companies, in-licensing seeds, hiring talents

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and executing R&D.

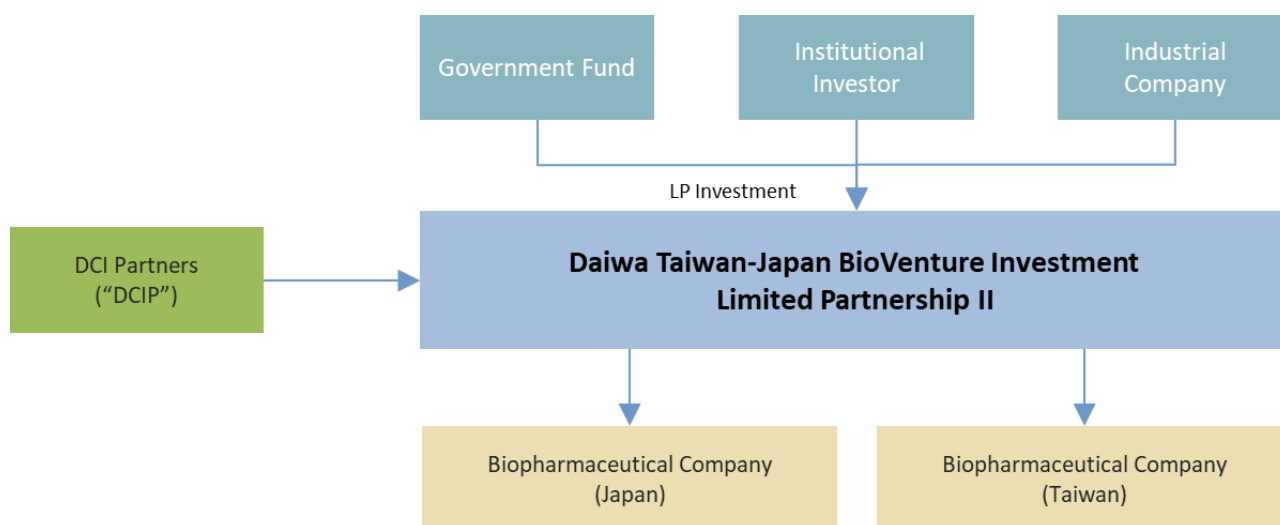
Aside from supplying risk money, DCIP will also collaborate with experienced external experts who have knowledge of drug development, licensing strategy, regulatory affairs strategy, business development, etc., and through collaboration with universities, research institutes, biotech companies, pharmaceutical companies, etc., DCIP will actively provide hands-on support to investee companies to improve the corporate value of investee companies.

DCIP believes that by actively promoting alliances between Japan and Taiwan companies through this Fund, various forms of support will be provided to biotech companies that require global business development.

DCIP will make efforts and hopes that the Fund's investment activities will contribute to the further development of the healthcare and pharmaceutical industries in Japan and Taiwan, and to the health and society of all people.

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3. Fund Scheme



Overview of the Fund

Name	Daiwa Taiwan-Japan BioVenture Investment Limited Partnership II
Date of Establishment	December 15, 2020
Total Committed Capital	JPY14 billion
General Partner (GP)	DCI Partners Co., Ltd.
Operation Period	10 years
Investment Period	5 years

Overview of DCI Partners

Name	DCI Partners Co., Ltd.
Date of Establishment	May 20, 2014
Capital	JPY 50 million
Head Office	1-9-1 Marunouchi, Chiyoda-ku, Tokyo
Shareholder	Daiwa Corporate Investment Co., Ltd. (100%)
President and Representative Director	Hiroki Narita