

Affirma Capital invests in JTC Inc.

9 December, 2022, Korea - Affirma Capital announced the closing of a USD 38.5 million (KRW 50.0 billion) primary share investment in JTC Inc. ("JTC" or the "Company") for a 30.1% stake and the acquisition of a call option to purchase the founder's stake (22.3%), which can be exercised from April 2023 to October 2024 at a 30% control premium from the primary shares entry price. The Company is listed in KOSDAQ, and the share subscription price is 30~50% of 2019 share price range.

JTC is the #1 tax-free shop operator in Japan with 16 stores. All of JTC's stores are licensed as tax-free shops where tourists can purchase products without paying consumption tax (10% VAT).

With the end of the two-year Japanese border lockdown in October 2022, JTC expects a strong tailwind from border reopening as well as the continued depreciation of the Japanese Yen. Backed by robust relationship with travel agencies and the shutdown of major competitors' stores during the pandemic period, JTC is expected to solidify its premier positioning going forward. Before the outbreak of Covid-19, the Company generated USD 350~450 million of revenue with a 6~8% of EBITDA margin.

JTC is the first investment in Japan by Affirma Capital and will enable an expansion of the firms regional presence.

Affirma Capital is committed to backing regional champions with strong management teams and founders, and continues to actively seek investment opportunities in Asia, Africa and the Middle East. Throughout its 19-year history of investing in emerging markets, it has deployed over US\$6 billion in over 100 companies across these markets.

Taeyub Kim, co-founder and head of Korea at Affirma Capital Korea, stated: "We are confident about the bounce back of the tourism industry in Japan, which had Asia's third largest international arrivals before Covid-19. JTC is well equipped with a capable management team, a 30-year long network with travel agencies, well-located stores across the country, as well as strong support from Affirma Capital. We project the Japanese tourism industry to fully normalize and JTC to consolidate market share by 2025~2026."

Chulmo Ku, founder and CEO of JTC, said: "With the release of the pandemic travel restrictions, JTC is prepared to take a leap forward together with Affirma Capital as our partner. On the back of 30 years of JTC's market leadership and Affirma Capital's expertise in retail businesses, the Company is set to rebound from Covid-19."

About Affirma Capital

Affirma Capital is an independent emerging market private equity firm owned and operated by the former senior leadership of Standard Chartered Private Equity. It currently manages c. US\$ 3.2 billion in assets for leading global limited partners and sovereign wealth funds. Affirma Capital has offices in Singapore, Seoul, Shanghai, Mumbai, Dubai and Johannesburg.

About JTC

Founded in 1993 by a Korean-Japanese businessman Chairman Koo, the Company is one of the only two “tier-1” tax-free shop operators in Japan. The Company is contracted with travel agencies to be the first destination for package tourists’ tax-free shopping. The Company has 16 stores nationally, covering major tourists’ cities in Japan, including Tokyo, Osaka, Sapporo, and Fukuoka.