

JIC Investment Activities & Policy

July 2025

July 31, 2025

Japan Investment Corporation

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1. Review of Activities & New Investment Themes

- JIC invests in funds (as an LP) and makes direct investments through subsidiaries JIC VGI and JICC.
- JIC has added additional initiatives in line with market trends, policy developments, and the expansion of its management resources.

Investment Activity	JIC	Established JIC VGI and JICC to complement private sector
		Committed to investing in approx. 10 private funds each year while adjusting investment themes
	JIC VGI	Growth: VGF1 (2020) and VGF2 (2023)
		Early-stage Deep Tech and Life Science: VGF2 (2023)
		Secondary, After-IPO: Opportunity Fund (2023)
	JICC	Business restructuring beyond organizational and industrial boundaries/Providing growth capital for the creation of new industries: JIC PEF1 (2020)
Ecosystem Building		PEF2 due to be set up in Autumn 2025: In addition to the above, will jointly invest in projects led by private funds (industry/business restructuring, growth investment)
	Foster Investment Professionals	Development of investment talents: Develop and produce investment and management talents from the JIC Group
		Support for private VCs: Establishment and support of fund entrustment framework for pure investment purposes
	Overseas Cooperation	Support for private VCs: Cooperation with overseas VCs
		Attracting overseas LPs/VCs: Support for investment in Japan
	Research Activities	Providing information to domestic startup ecosystem participants (domestic and overseas): Providing research reports

Investment focus areas



Creating a positive cycle of domestic investment and innovation

To enhance Japan's industrial competitiveness, support business activities that contribute to a positive cycle of domestic investment and innovation in industries requiring sustainable growth and demanding significant, long-term risk capital.



Creating and developing startups

To accelerate the creation and nurturing of startups that are drivers of economic growth and innovation, and to foster the creation of global unicorns, support businesses that contribute to development of the startup ecosystem.



Leveraging untapped regional management resources

Address the need for funding among local academic startups and leading mid-size enterprises that possess technologies with high earning and innovation potential and which are not being fully leveraged due to a lack of risk capital and human resources.



Promoting business consolidation in response to changes in market and business environments

In fields that can respond to recent changes in the business environment through business restructuring and renewal, support the strengthening of industrial competitiveness through medium- to long-term growth investment and industry restructuring.

Deep Tech
(June 2020)

Life Science
(June 2020)

Climate Tech/GX
Target Area Expansion
(Nov. 2021/Nov. 2024)

Open Innovation
(Sep. 2021)

Seed/Pre-Seed
(Oct. 2021)

Early
(May 2025)

Growth
(June 2020)

Secondary
(Mar. 2022)

Go Global
(Sep. 2022)

Aftermarket (VGI)
(Sep. 2023)

Industry-Academia
(Sep. 2020)

Carve-Out/Roll-Up
(June 2021)

Engagement
(Nov. 2024)

Buyout Fund
For Large Deals
(May 2025)

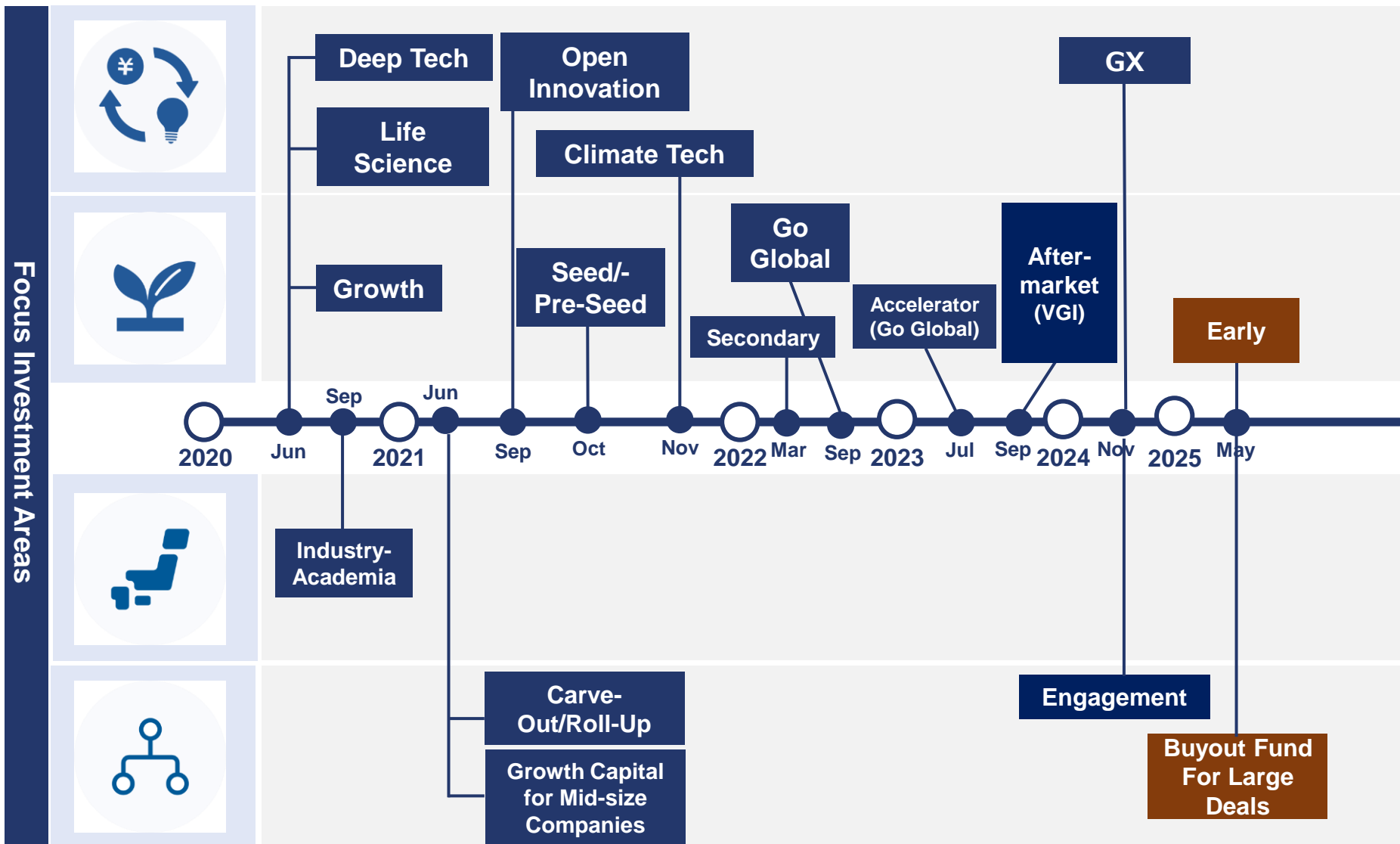
- Centering on four focus areas, JIC has been conducting research on fields with policy priorities, but which lack private risk capital, and progressively establishing “investment themes” to be addressed.

Investment Theme Expansion



株式会社産業革新投資機構

- JIC seeks to contribute to four priority investment areas* that will help resolve policy issues. When organizing its investment policy, JIC establishes investment themes that are consistent with this policy and then incorporates them into its investment activities.



LP Investment in Early-Stage VCs

Back-ground

- Under the old investment criteria, early-stage IT companies were thought to have sufficient private funding and excluded from consideration as JIC investment targets. They were previously included as investment targets only if they were involved in Deep Tech. Under the new investment criteria, they are no longer excluded from consideration, and the need for investment was re-examined.
- In terms of funding, while it is believed that the amount available from financial VCs/CVCs is sufficient, **the number of independent VCs actually leading projects remains small. Given that entrepreneurship training and support at this stage is essential for building large businesses**, support is needed for investment activities at independent VCs with capabilities to support SUs.

Initiatives/ Goals

- Make **LP investments in independent VCs that focus on early-stage investments.**
- Support **VCs that have the ability to support and lead SUs.**

JIC has been focusing on Pre-Seed, Seed, and Growth initiatives; going forward, JIC will target all stages for LP investment.

LP Investment in Buyout Fund for Large Deals

Back-ground

- Many large-scale projects are in the pipeline, mainly involving privatization and carve-outs, **but the number of players capable of handling them remains limited, and domestic players are being urged to participate in large-scale projects.**
- Historically, domestic funds were unable to handle large projects due to their small size, **but these funds are now growing in size and can begin to consider projects with an EV* of 100 billion yen or more.**

Initiatives/ Goals

- **Invest up to 500 billion yen in a Japan-focused buyout fund (target fund size of 200 billion yen or higher) intending and able to handle deals worth EV of 100 billion yen or larger.**
- **Funds of less than 200 billion yen are not eligible for this initiative.** These funds primarily invest in mid-sized and small companies with a proven track record of sound performance, allowing them to attract investment from domestic and overseas limited partners (i.e., they do not need JIC funding).

Note

- Not to exclude domestic LPs.

Overview of Fund Investments

(as of December 31, 2024) (JPY)

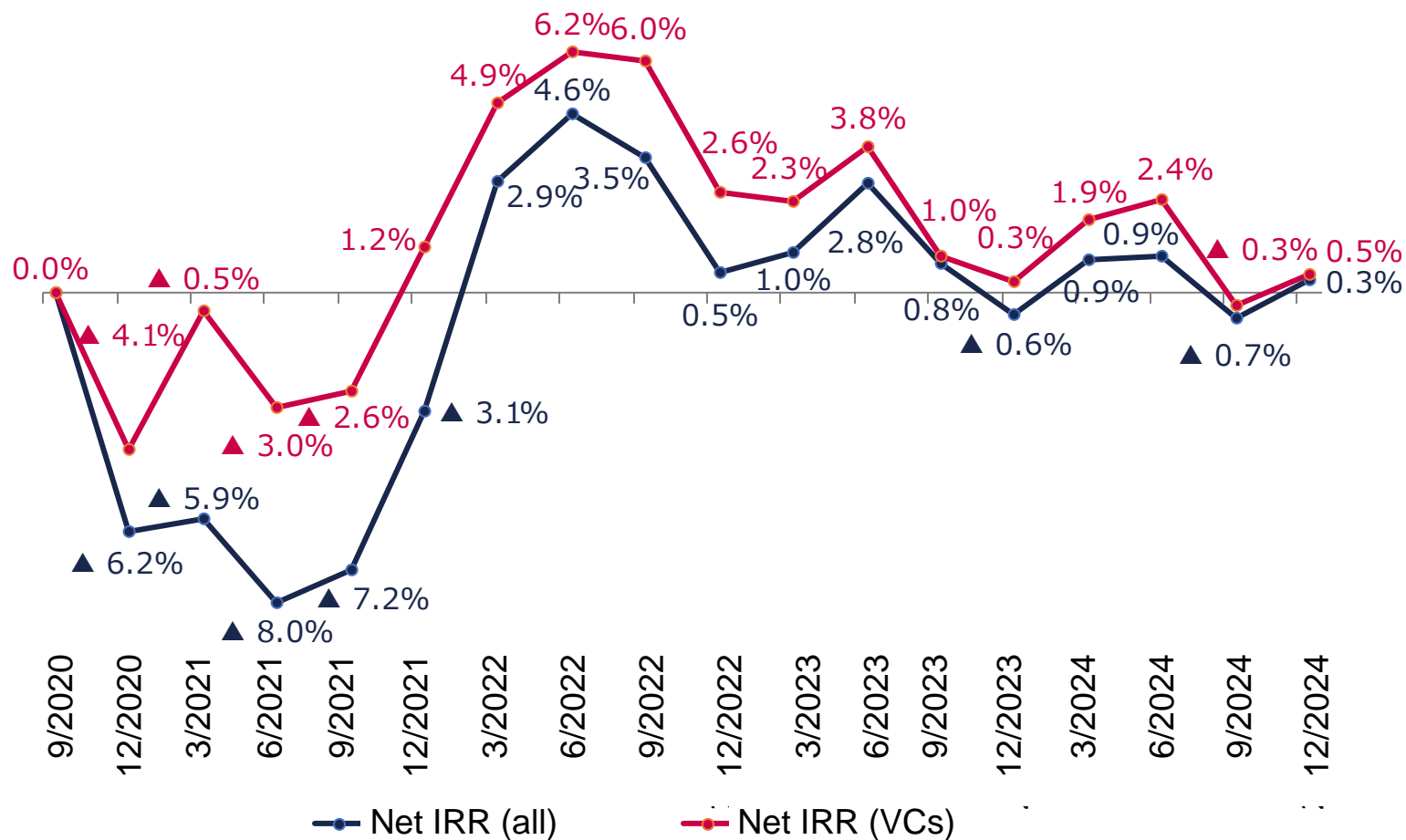
	Investment Decisions	Amount of Investment Commitment	Paid-in Amount	Progress Rate	Multiplier (vs. paid-in amount)			Net IRR
					Dividend (DPI)	NAV (RVPI)	Dividend + NAV (TVPI)	
Total	48	1,670.9 B	832.3 B	49.8%	0.01x	1.00x	1.00x	0.03%
Private Fund	43	210.9 B	119.9 B	56.9%	0.01x	1.15x	1.17x	9.2%
VC	41	176.9 B	98.2 B	55.5%	0.02x	1.10x	1.12x	6.8%
PE	2	34.0 B	21.7 B	63.9%	0.01x	1.38x	1.39x	17.7%
JIC Subsidiary	5	1,460.0 B	712.3 B	48.8%	0.01x	0.97x	0.98x	▲ 2.2%
VGI	3	360.0 B	123.2 B	34.2%	0.04x	0.89x	0.92x	▲ 3.2%
JICC	2	1,100.0 B	589.1 B	53.6%	0.00x	0.99x	0.99x	▲ 1.6%

Overview of fund investments (with VC performance by vintage)

(as of December 31, 2024) (JPY)

	Investment Decisions	Amount of Investment Commitment	Paid-in Amount	Progress Rate	Multiplier (vs. paid-in amount)			
					Dividend (DPI)	NAV (RVPI)	Dividend + NAV (TVPI)	Net IRR
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VC	41	176.9 B	98.2 B	55.5%	0.02x	1.10x	1.12x	6.8%
(~2019)	5	17.7 B	17.0 B	95.7%	0.04x	1.42x	1.46x	14.0%
(2020)	2	5.0 B	4.4 B	88.0%	0.04x	0.95x	0.98x	▲ 1.0%
(2021)	7	45.1 B	31.3 B	69.2%	0.02x	1.11x	1.12x	7.2%
(2022)	15	70.6 B	35.1 B	49.8%	0.00x	1.02x	1.02x	1.5%
(2023)	7	24.4 B	7.7 B	31.5%	0.01x	0.92x	0.92x	▲ 10.1%
(2024)	5	14.0 B	2.8 B	20.0%	0.00x	0.94x	0.94x	▲ 8.7%
PE	2	34.0 B	21.7 B	63.9%	0.01x	1.38x	1.39x	17.7%

Net IRR Trend



Investee	Date	Business Performance
JSR	June 2024	<ul style="list-style-type: none">Sales for fiscal 2024 remained at the previous year's level due to a decrease in sales in the Life Science business and sales growth in the Digital Solutions business, but EBITDA was negative due to impairment losses related to the CDMO and CMO businesses.
Shinko Electric Industries Co., Ltd.	March 2025	<ul style="list-style-type: none">Acquisition completed in June 2025

2. Startup Investment

2-1 JIC Approach

2-2 Market Environment, Issues & Action

- ① **Emerging Fund Manager Program:** Investing in private VCs (1st-3rd funds) in areas where JIC focuses on, and players and funding are scarce
- ② **Monitoring VC Development:** Expanding the number and scale of VCs entrusted with institutional investors
- ③ **Improving Environment for Creating Mega Startups**

Over the **past five years**, JIC has identified areas where private funding is lacking, with an emphasis on focus areas, and concentrated its efforts on **(1) investing in emerging funds** and **(2) fostering VCs that serve as the foundation for risk capital circulation**. However, JIC recognizes that **(3) supporting the creation of an environment conducive to the emergence of mega startups** will be an even more important theme going forward.

① Emerging Fund Manager Program

Objectives:

- **Connections**

An ecosystem in which risk capital providers are seamlessly connected to (subsidiary aids), VC, business companies, global investors, listed stock investors, etc.

- **Investment/support from diverse VCs**

An ecosystem with a diverse range of players who can provide support tailored to SU circumstances (funding, sounding boards, talents/customer introductions, M&A, global reach, etc.)

- **Funding for emerging managers (1st-3rd funds)**

Areas within focus areas where private funding and VCs are scarce

- Areas: Deep Tech, Life Science, etc.
- Role: Secondary

** Please refer to the attached document for investment performance of Nos. 1-3.*

② VC Development

Objectives:

- Risk capital is supplied to venture capitalists from institutional investors both inside and outside Japan
- Risk capital circulates due to high returns
- Emergence of large-scale funds capable of handling large-scale financing

- **Communicate high expectations as an LP for VCs**

- JIC investment criteria
- Returns in line with global standards
- Introduction of fair value measurement

- **Post-investment involvement as LP**

- Fund management guidance
- Providing knowledge sharing opportunities about global VC operations
- Discussions on the ideal with VCs

** Please refer to the attached document for specific training activities.*

③ Creating Environment for Mega Startups

Objectives:

- Numerous startups that continue to grow regardless of IPO status (e.g., SUs approaching large markets) will be created, investor returns will increase, and this will lead to a virtuous cycle of risk capital

Existing initiatives

- **Go Global**

- Domestic and overseas VCs that can support overseas expansion
- Bridge between overseas VCs and domestic SU/VCs
- Global accelerator

- **Growth capital for listed SUs (JIC VGI)**

New initiatives

- **Early-stage support:**

Need to support SUs from initial stages to achieve large-scale business goals

- **Promotion of SU alliances**

JIC role to be considered, Challenges: Few professionals to lead alliances (business companies, SU, funds, intermediaries, etc.)

2.2 Market Environment, Challenges & Actions

(1) Market Environment

- VC fundraising declined in 2024, but investment reserve funds remain stable. Large VC funds will be formed in 2025.
- Overseas investors (VCs, LPs) are paying more attention to Japan, but it will take time for them to make substantial investments.

VC Solicitation Amount	<ul style="list-style-type: none"> • VC fundraising value for 2024 decreased relative to 2023 <ul style="list-style-type: none"> ➢ No large financial funds were formed in 2024 ➢ Commitments by financial and corporate investors to funds other than their own were slowing • Large VC formation is progressing in 2025 (Figures below are fund size in billions of yen) <ul style="list-style-type: none"> ➢ JAFCO 1,000, UTEC 500, MC 500, Incubate 500, AN Venture approx. 300, etc.
VC Investment Reserve Funds	<ul style="list-style-type: none"> • VC fund investment reserves remain flat • VCs tend to invest at an earlier stage than before <ul style="list-style-type: none"> ➢ SU valuations remain high beyond the late stage (IPO and post-IPO share price slump)
Foreign Investors	<ul style="list-style-type: none"> • Although overseas investors (VCs, SWFs, LPs) are paying more attention to Japan, the following mismatches are slowing the pace of investment expansion: <ul style="list-style-type: none"> ➢ LP: SWF/pension fund minimum commitment value > Japan VC size ➢ Growth VC: Project valuation > SU progress and target market size (growth potential) Overseas growth VC ticket size > Domestic SU funding amount ➢ New moves by overseas VCs: Investment from Series A
DT Investment Status	<ul style="list-style-type: none"> • More VCs focusing on seed/early-stage investments (Japan's strengths, potential for global expansion)
Listing Maintenance Criteria	<ul style="list-style-type: none"> • Revision of Tokyo Stock Exchange Growth Market Listing Maintenance Standards → Small IPO models will no longer work • There are arguments about the short-term impact on VC exit activities and overreactions, but in the long term, many are in favor of revising the standards.
SU-Related Listing Market	<ul style="list-style-type: none"> • Current participants in the growth market are mainly individual investors, and raising growth capital through public offerings remains difficult • Formation of publicly offered investment trusts that include unlisted stocks is a new development

* SU = startup; DT = Deep Tech; SWF: sovereign wealth fund

2.2 Market Environment, Issues & Action

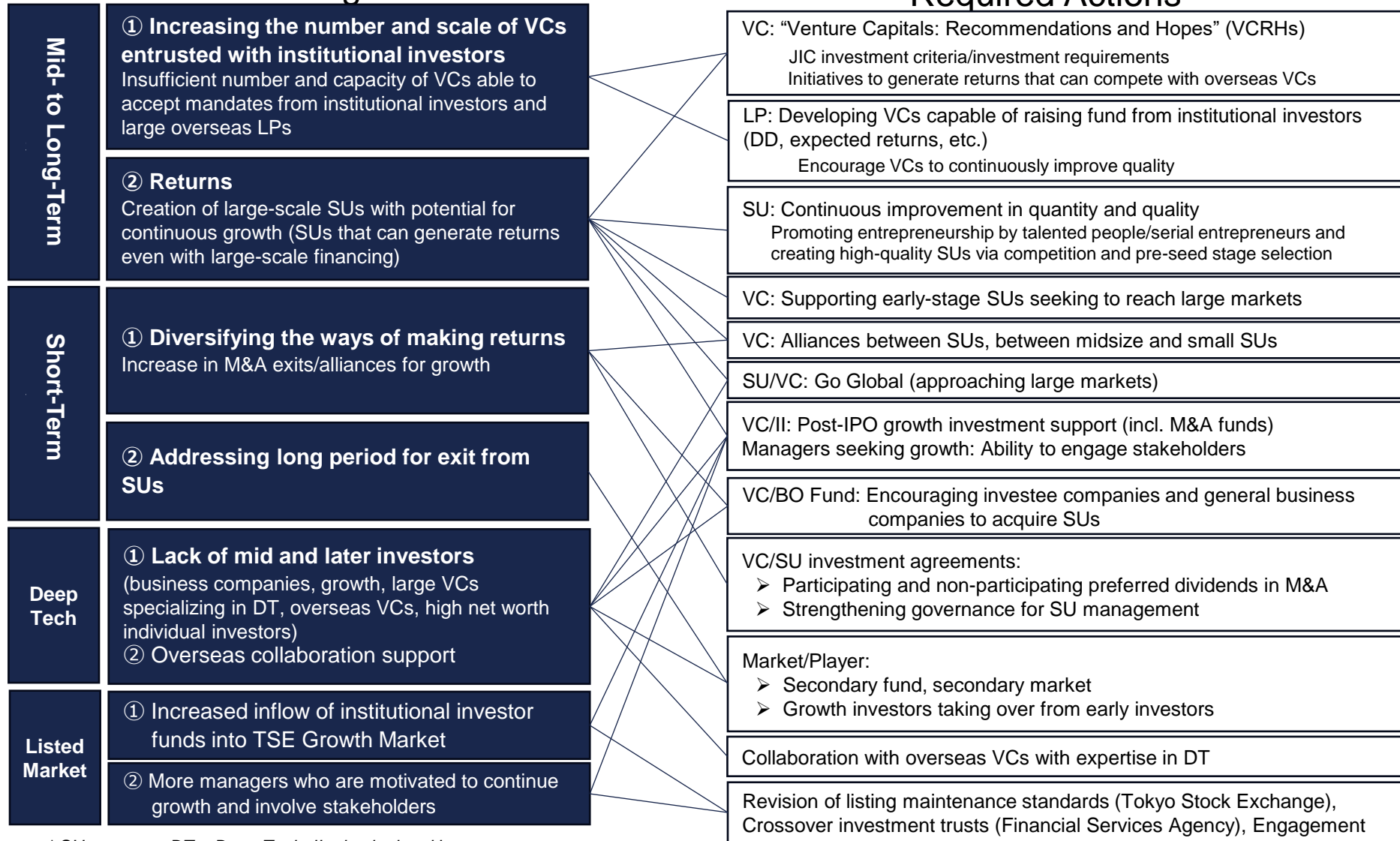
(2) Challenges & Actions



- JIC recognizes the need to address long-standing issues related to Japan's startup ecosystem

Challenges

Required Actions



* SU = startup; DT = Deep Tech; II = institutional investor

3. Buyout Investment

3-1 JIC Approach

3-2 Market Environment, Challenges & Actions

- ① Begin LP investment in Japan-focused buyout fund investing in large deals
- ② JICC: Initiatives for minority investments in projects led by private funds
- ③ JICC No. 2 fund is scheduled to be established in Autumn 2025

① LP investment in Japan-focused, large-deal buyout fund	② Minority investment in projects led by private funds	③ Establishment of JICC No. 2 Fund
<p>Objectives:</p> <ul style="list-style-type: none"> - As the number of potential large-scale deals increases, ensuring diversity among acquirers will help ensure that large-scale deals are more likely to be completed. - As large deals are concluded, cases leading to major industrial restructuring through fund exits and such will increase. <ul style="list-style-type: none"> • Investment Fund <ul style="list-style-type: none"> - A domestic buyout fund managed by a GP with the intent and ability to handle large deals (EV of 100 billion yen or more). (Fund size expected to exceed 200 billion yen) • LP investment commitment : up to 50 billion yen 	<p>Objectives:</p> <ul style="list-style-type: none"> - JICC will make minority investments in large-scale projects that private funds cannot participate in due to investment amount limits in partnership agreements, leading to support business companies. <ul style="list-style-type: none"> • Targets to be JICC's themes and industries <ul style="list-style-type: none"> ➢ Themes: industry consolidation, growth investment, business restructuring ➢ Areas: JICC's 9 focus areas • Targets: common stock, preferred stock • Amount: From the perspective of portfolio diversification, JICC's portion is assumed to be less than 50 billion • ex) Large-scale carveout, Midsized company rollout 	<p>Investment in No. 1 Fund progressing, No. 2 Fund due to be established around Autumn 2025</p> <ul style="list-style-type: none"> ✓ Main Fund (PEF2) 600 B yen ✓ Large-Scale Fund (PEFJ2) 200 B yen <ul style="list-style-type: none"> • JICC Themes <ul style="list-style-type: none"> ➢ Industry consolidation (at time of investment, while holding, at exit) ➢ Growth investment to create new industries ➢ Business restructuring (privately led projects) • Target areas: 5 “Focus” + 4 “Other” Selected based on the need for industry consolidation/growth investment/business restructuring and for potential opportunities <ul style="list-style-type: none"> ➢ 5 Focus Areas: Mobility, Semiconductors/Electronic Components, Chemicals, Materials, Healthcare ➢ 4 Other Areas: IT, manufacturing, transportation equipment, infrastructure (social/communications/energy-related, etc.) • Actively utilize joint investments with companies, private funds • JICC investment size <ul style="list-style-type: none"> ➢ JICC Lead: 100 billion yen or less ➢ Private Lead: 50 billion yen or less ➢ Investments exceeding the above will be made using PEFJ2

(1) Market Environment

- Compared to 2020, when JIC began its investment activities, M&A activity for large-scale projects has become more active, and more overseas GPs are entering the market, while domestic funds are growing in size.

M&A Market	<ul style="list-style-type: none"> The number of M&A deals is expected to increase significantly in 2025 <ul style="list-style-type: none"> ➢ Continued increase in business succession cases ➢ Increase in privatization deals <ul style="list-style-type: none"> Background: PBR, activist activities, guidelines for corporate acquisitions, etc. Increase in large-scale projects with EVs exceeding 100 billion yen <ul style="list-style-type: none"> ➢ Larger non-core businesses to be sold ➢ Increase in large-scale Going Private deals
Business Companies	<ul style="list-style-type: none"> Business succession issues among SMEs continue to drive the need to sell businesses Among large companies, successful examples of business restructuring utilizing M&A, including business divestitures, are making divestitures an option for many companies <ul style="list-style-type: none"> ➢ Hitachi Group, Sony Group, etc. However, some companies are anxious about who they selling to <ul style="list-style-type: none"> ➢ Factors include sophisticated technology, supply chain, and sense of security ➢ Some voices are also calling for domestic players to participate in large-scale projects
Funds	<ul style="list-style-type: none"> Sufficient number of funds targeting mid-sized companies and SMEs and investors (domestic and overseas institutional investors). From the perspective of supplementing private sector investment, <ul style="list-style-type: none"> ➢ JICC does not see a need to lead simple LBO deals targeting medium-sized companies and SMEs ➢ JIC does not see a need to make LP investments in general buyout funds targeting mid-sized companies and SMEs
	<ul style="list-style-type: none"> Only a limited number of players are capable of handling projects with EVs exceeding 100 billion yen, and greater diversity is required <ul style="list-style-type: none"> ➢ The entry of overseas GPs is on the rise ➢ Domestic PE funds are finally reaching a size where they can take on large deals
	<ul style="list-style-type: none"> Japan lacks GPs with strengths in specific strategies or fields (differentiation has not been prioritized) <ul style="list-style-type: none"> ➢ Technology/software specialization, etc. ➢ Buy & Build (strategy to expand business scale by acquiring multiple mid-sized and small companies in the same industry) ➢ Growth support

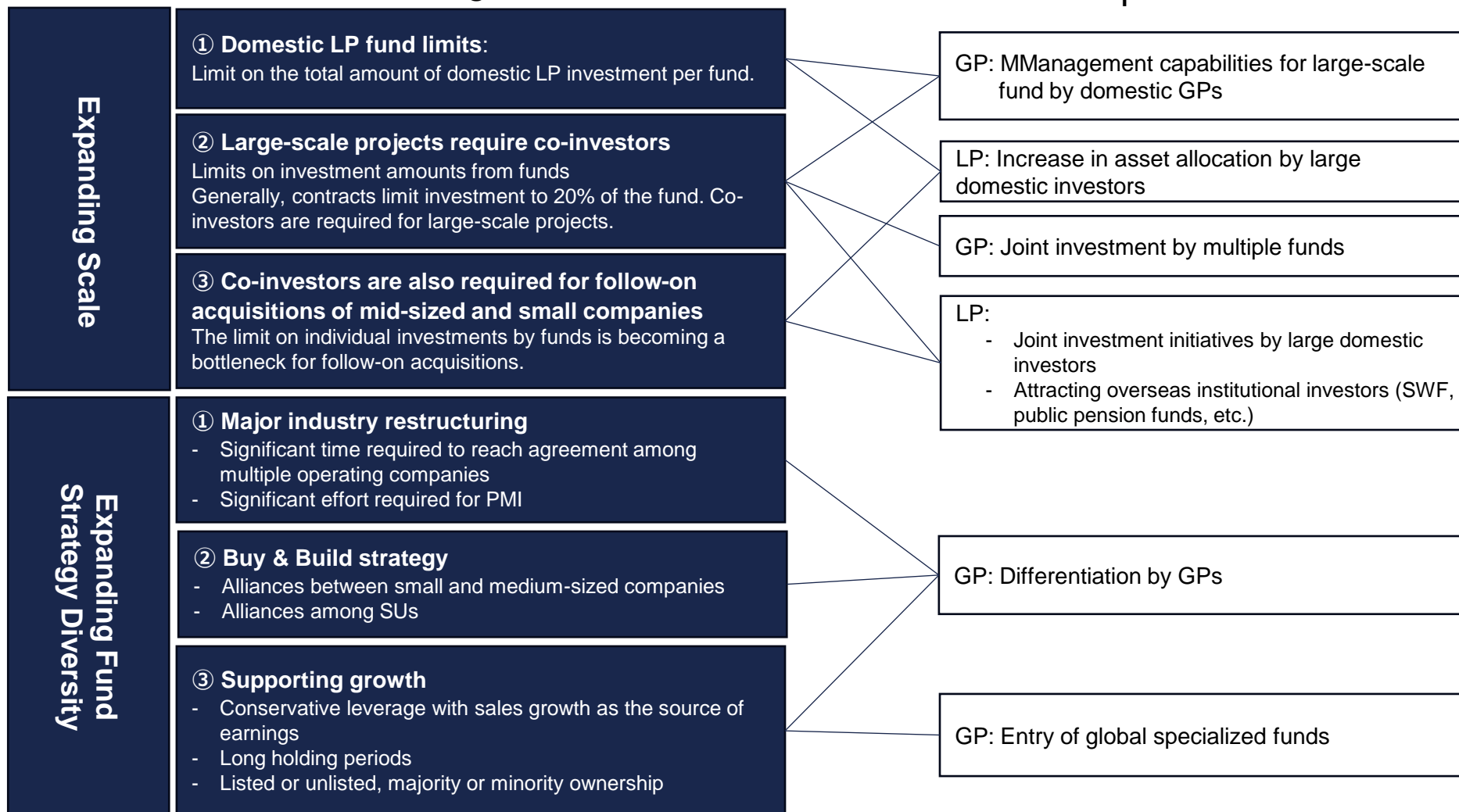
3.2 Market Environment, Challenges & Actions

(2) Challenges & Actions

- To further strengthen the competitiveness of business companies, expanding the scale of private funds and diversifying fund strategies are required.

Challenges

Required Actions



4. Research Office Activity

- Conducting research to support the formulation of JIC management and investment strategies based on information gathering and analysis of domestic and international markets, policy trends, and new investment areas, among others.

Regular Survey

- Startup Finance Market Review (twice yearly, Japan/US/Europe/India)

Theme Research (includes current and planned projects)

- “Midsized Japanese Companies and Growth-Related Issues”
- “Current State of Japan’s Venture Debt Market”
- “Case Studies of Industry-Academia Collaboration Ecosystems”
- “Current State of Focus Areas Facing Capital Shortage Risk”
- “Use of Data in Venture Capital”
- “Policy Investment Institution Investment Behavior and Impacts”
- “Policy Investment Institution Involvement in Industrial Restructuring”
- “Case Studies of Overseas Policy Investment Institutions”
- “Funding Challenges for R&D-Oriented Startups”
- “Current State of Web 3/Crypto Market”

Target Areas



- Some results of JIC research activities are published on the JIC website.

JIC Website: Research Page

June 3, 2025
Going Global: Status of Japanese Startups



Startups

Details

April 11, 2025
Global and Japan Venture Capital Market Update • 2024



Startups

Details

October 30, 2024
Contribution in "KINZAI WEEKLY" (published October 29, 2024)*



Independently translated by JIC from original article.

Japan-U.S. comparison

Startups

Details

September 25, 2024
Global and Japan Venture Capital Market Update • 2024H1



Startups

Details

March 29, 2024
Global and Japan Venture Capital Market Update • 2023



Global and Japan Venture Capital Market Update • 2023

Startups

Details

October 13, 2023
Global and Japan Venture Capital Market Update • 2023H1



Global and Japan Venture Capital Market Update • 2023H1

Startups

Details

Go Global for Japanese Startups

 株式会社産業革新投資機構



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Challenges in the Domestic VC Market



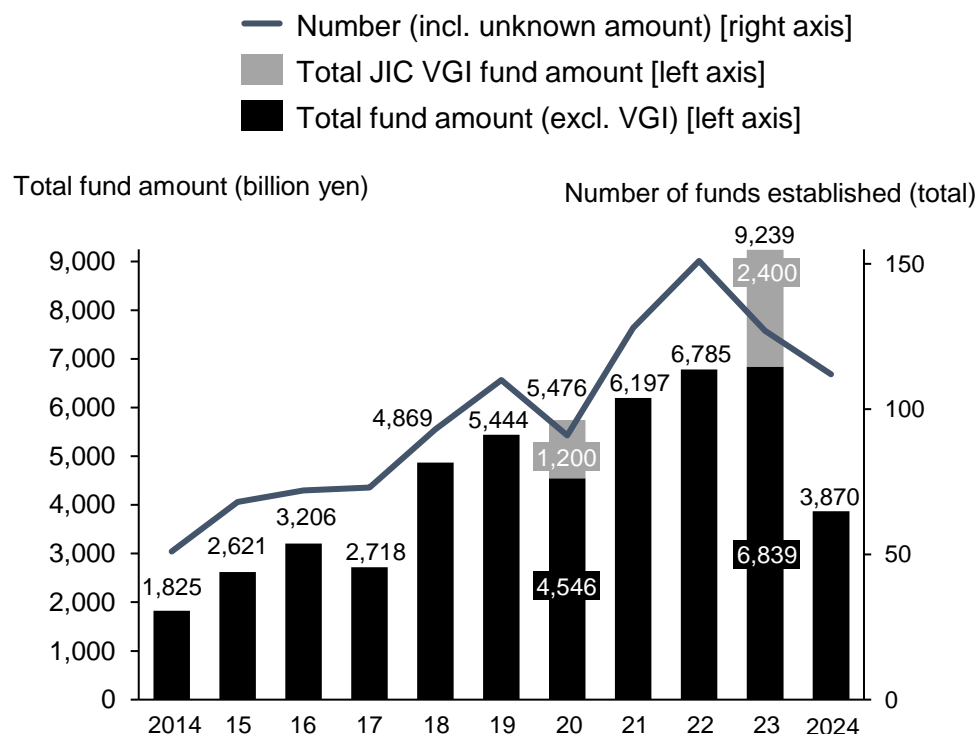
Reference Materials

① Market Trends: VC

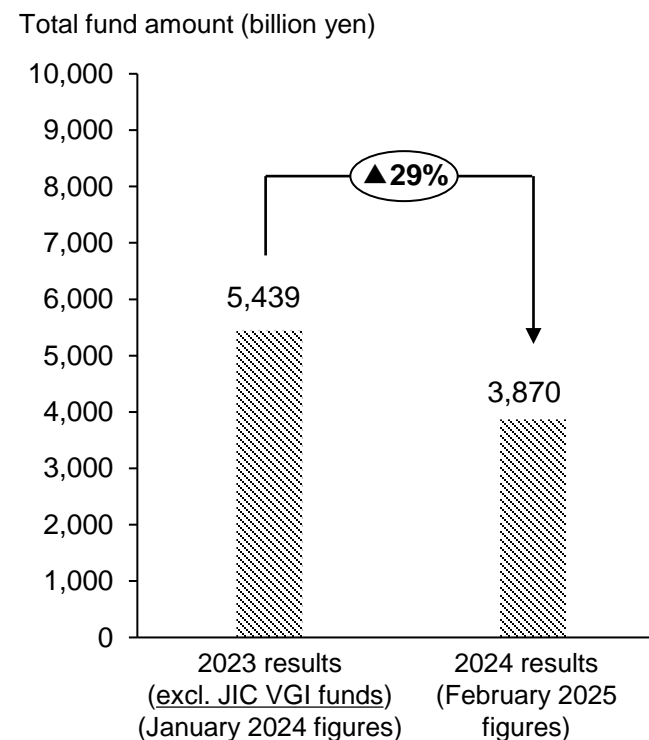
Trends in Fund Offering Amount by Year

- The total amount raised by domestic VC funds launched in 2024 is 387 billion yen, a significant decrease relative to the same period of the previous year (543.9 billion yen, excluding funds managed by JIC VGI¹ as a major special factor).
- The amount to be raised by VC funds established in 2024 is expected to be revised upward depending on future fundraising activities.

Fundraising Progress by Establishment Year²



Reference: Comparison with Previous Year



¹ For 2023, this includes funds established by JIC VGI (total: 240 billion yen). Since this accounts for approximately one-quarter of the total, this amount has been excluded when calculating changes in levels.

² The above figures are current totals (by fund establishment year). The above totals will be revised each time an established fund begins soliciting investments. Funds included in the totals primarily invest in domestic startups.

Source: Compiled by JIC based on Speeda Startup Information Research

- Of all large fund offerings, none exceeded 50 billion yen. Most were from CVCs and financial institution-affiliated VCs.

2023 VC Fund Raising and Top Funds

★ Independent VC

Fund (Asset Management Company Name)	Amount (billion yen) ¹	Launch
JIC Venture Growth Fund No. 2 (JIC Venture Growth Investments Co., Ltd.)	2,000	2023/1
SBI Venture Fund 2023 (SBI Investment Co., Ltd.)	1,000	2023/9
JIC VGI Opportunity Fund No. 1 (JIC Venture Growth Investments Co., Ltd.)	400	2023/9
Mitsubishi UFJ Capital No. 9 (Mitsubishi UFJ Capital)	300	2023/3
SMBC-GB Growth No. 1 (Global Brain)	300	2023/7
SMBC Asia Rising (Incubate Fund Management Pte. Ltd.)	270	2023/4
NTT Investment Partners Fund No. 4 (NTT DOCOMO Ventures, Inc.)	200	2023/4
Mitsubishi UFJ Life Science No. 4 (Mitsubishi UFJ Capital)	200	2023/4
QR No. 2 (QR Investment Co., Ltd.)	200	2023/7
ALL STAR SAAS FUND THREE ★ (BEENEXT Capital Management Pte. Ltd.)	157	2023/8
Delight Ventures No. 2 (Delight Capital)	151	2023/4

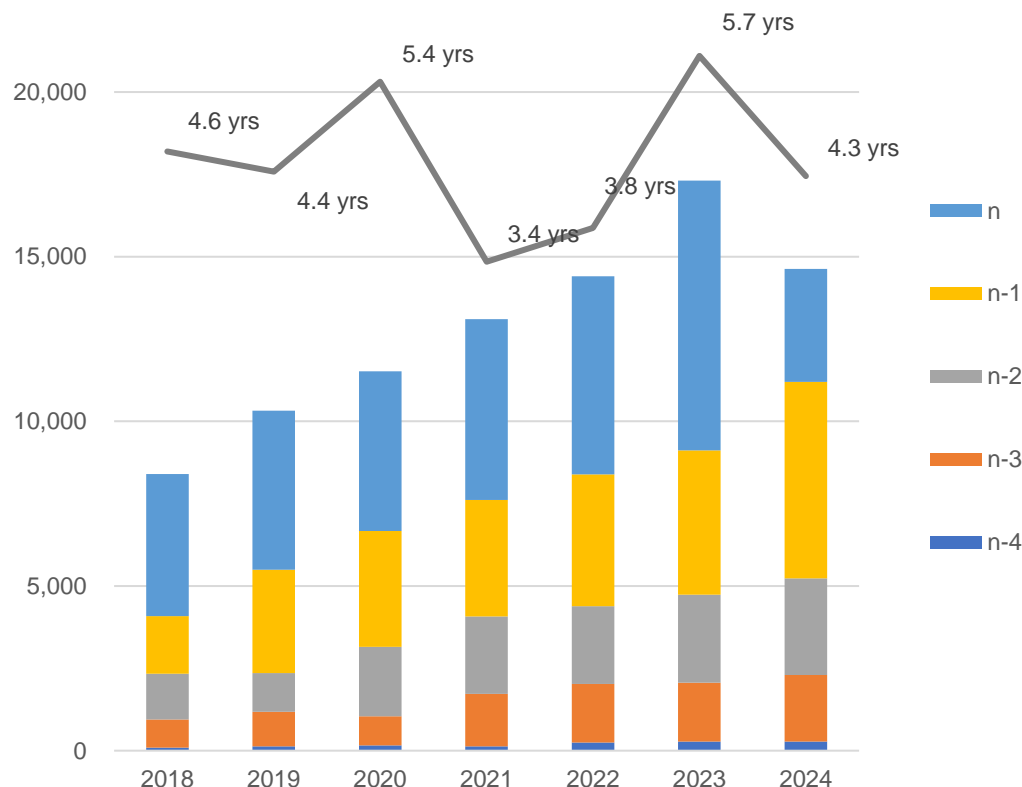
¹ Includes business company and financial institution corporate venture capital (CVC). Total amount raised by year of fund establishment.

Source: Compiled by JIC from Speeder Startup Information Research (data as of February 26, 2025).

2024 VC Fund Raising and Top Funds

Fund (Asset Management Company Name)	Amount (billion yen) ¹	Launch
Global Brain No. 9 ★ (Global Brain)	324	2024/4
Daiwa House Group (Daiwa House Ventures)	300	2024/1
Coral Capital IV, L.P. ★ (Coral Capital)	250	2024/4
Japan Post Capital No. 1 (Japan Post Capital Co., Ltd.)	200	2024/3
X&KSK I ★ (X&Management Japan LLP)	153	2024/2
DG Resona Ventures No. 1 (Resona Innovation Partners Co., Ltd.)	130	2024/3
Space Frontiers Fund II ★ (SPARX Asset Management Co., Ltd.)	110	2024/4
Brand New Retail Initiative Fund (Innoh Associates Inc.)	100	2024/5
Canon MJ MIRAI Fund (Global Brain)	100	2024/1
Japan Post Bank Spiral Regional Innovation Fund No. 1 (Spiral Sigma LLP)	100	2024/3
Vertex Ventures Japan 1号 ★ (Vertex Ventures Japan)	100	2024/5
RJ Value-Plus No. 1 (J Growth Co., Ltd.)	100	2024/10
HiCAP No. 5 (Hirogin Capital Partners Co., Ltd.)	100	2024/10
KX Renewable Energy No. 1 (KX Renewable Energy LLC)	100	2024/5
Nissay Capital No. 14 (Nissay Capital Co., Ltd.)	100	2024/6

Unspent commitment balance (Estimate: Note)



(Note) Estimates for unspent commitment balances are based on the following guidelines. Specifically, the ratio of uncommitted capital in VC funds raised in previous years was calculated by subtracting the PIC (paid-in capital/committed capital ratio (paid-in ratio), median) from 100% in the “Sixth Domestic VC Performance Benchmark Survey (as of December 31, 2023).” This ratio was then multiplied by the total amount raised by VC funds that conducted fundraising in previous years. Note that the unspent commitment balances were aggregated by the year in which each VC fund was raised (fund vintage).

The elements n, n-1, n-2, etc., in the stacked bar graph represent the size of the unspent commitment balance held by VC funds at the time of recruitment, counting backward from the base year (n). Additionally, the line graph in the figure above represents the ratio of total unspent commitment balance to total VC investment in startups for the same year, and indicates how many years' worth of VC investment activity the unspent commitment balance at the end of the base year corresponds to as a stock.

Japan: Fundraising | Large-scale Fundraising Projects (2024)

- Among the top 20 deals, eight involved overseas investors, the same number as last year.
- Deals in blue box include Series A deals involving overseas investors.

Blue: Overseas investor
Red: JIC VGI (Unit: billion yen)

Company Name	Business Overview	Amount Raised ¹	Series	Appraised Value (post)	Date Raised	Investor
1 Sakana AI	AI solutions development	301	C	2,058	10/31	Mitsubishi UFJ Bank, Mitsubishi UFJ Innovation Partners, Sumitomo Mitsui Banking Corporation, Mizuho Innovation Frontier, NEC, SBI Investment, Dai-ichi Life Insurance, Tokio Marine & Nichido Fire Insurance, Itochu Corporation, Itochu Technology Ventures, Global Brain, Fujitsu, Nomura Holdings, JAFCO Group, Miyako Capital, New Enterprise Associates , Khosla Ventures , Lux Capital , TransLink Capital, L.L.C. , 500 Global , NVIDIA Corporation ,
2 newmo	Taxi dispatch app	187	A	367	11/29	Mercari, Michinori Holdings, ANRI, B Dash Ventures, Coral Capital, Doll Capital Management, Inc., 8 Roads Ventures Japan , Globis Capital Partners, Headline Asia , Money Forward Venture Partners, Incubate Fund, W, Keio Innovation Initiative, JAFCO Group, Spiral Capital, Global Brain, AXIOM ASIA PRIVATE CAPITAL PTE. LTD. , B Dash Ventures, Bonds Investment Group, DIMENSION, GMO Venture Partners, MPower Partners GP, Limited, NOBUNAGA Capital Village, SBI Investment, SMBC Venture Capital, Spiral Capital, X&Management Japan LLP, Keio Innovation Initiative, Shizuoka Capital, Nanto Capital Partners, Japan Industrial Advisors, Mizuho Capital, Mitsubishi UFJ Innovation Partners
3 Gojo & Company	Microfinance services for SMEs in developing countries	185	-	1,337	9/30	Mizuho Capital , Fujitsu Ventures , Asset Management One , Leo Capital Wdco , Sumitomo Mitsui Trust Asset Management , International Cooperation and Development Fund , Hungchi Capital Co. Ltd. , HiJo Partners, Sumitomo Mitsui Trust Bank, Daiwa House Ventures, Iwagiri Future Investment, San-in Godo Bank, Founder Foundry LLP, ABF Capital, ACA Investments Pte Ltd. , Marui Group, CAPITAL X, HFA Capital, QR Investment, 15th Rock 2 LLP, Samurai Incubate, GMO Venture Partners, DIMENSION
4 Preferred Networks	AI processor development	150	D	1,510	12/23	SBI Holdings, AGS Consulting, Development Bank of Japan, Mitsubishi Corporation, SBI Investment, Wacom
5 SmarHR	Cloud HR software	100	D	1,841	7/31	Teachers' Venture Growth , KKR, WiL, Light Street Capital
6 Spiber	Structural protein material	79	D	1,696	7/12	Kanematsu, Kansai Paint
7 MOON-X	Brand growth support consulting	76	C	261	10/4	Japan Growth Capital Investment Corporation, Nihon M&A Center Holdings Inc., SMBC Venture Capital Co. Ltd., JAFCO Group, Samurai Incubator, The Hachijuni Investment Co., SPARX Asset Management Co. Ltd., Shizuoka Capital, THE GOGIN CAPITAL Co. Ltd., Resona Capital Co. Ltd., Samurai Incubate Inc., JAPANET HOLDINGS Co. Ltd.
8 TIER IV	Autonomous driving software	75	C	1,012	5/31	Isuzu Motors Ltd., Mitsubishi Corporation, Suzuki Motor Corporation
9 Pocketalk	AI interpreter	71	A	315	12/26	FUJISOFT INCORPORATED, eMnet Japan, AGENDA Co. Ltd., Spiral Sigma LLP, SHOCHIKU CO. Ltd., AG Capital, KADO Investment Co. Ltd.
10 Loglass	Business management cloud	70	A	267	8/23	Sequoia Heritage , BEENEXT Capital Management Pte. Ltd., MIT Investment Management Company , SMBC Venture Capital Co. Ltd., Moore Strategic Ventures , Angel Bridge, SBI Investment Co. Ltd., Nissay Capital Co. Ltd., Sumisho Venture Partner, Persol Venture Partners U.C. Yamanouchi Capital , Mizuho Capital Co. Ltd. , MUFG Innovation Partners Co. Ltd. , Spiral Capital
11 ArkEdge Space	Ultra-small satellites	60	B	310	12/27	Incubate Fund, JIC VGI , WiL, MUFG Bank Ltd., SMBC Venture Capital Co. Ltd., SMBC Nikko Securities, Mizuho Capital Co. Ltd., HULIC STARTUP, Future Creation Capital Co. Ltd., Shimizu Corporation, Shizuoka Capital, SPARX Asset Management Co. Ltd., Mitsui Sumitomo Insurance Co. Ltd., Sky Perfect JSAT , for Startup Inc.
12 Renalys	Therapeutic drug development	60	A	119	7/17	Catalys Pacific, LLC , SR One Limited , Sumitomo Mitsui Trust Bank Limited, SUMITOMO MITSUI TRUST INVESTMENT CO. LTD., Nippon Venture Capital Co. Ltd.
13 EneCoat Technologies	Perovskite solar cell development	58	F	162	10/31	Mitsubishi UFJ Capital , Woven Capital Gty, LLC , SPARX Asset Management Co. Ltd. , Kyoto University Innovation Capital Co. Ltd. , INPEX, Mitsubishi UFJ Lease & Finance Co. Ltd., Global Brain Corporation, Kyoto Financial Group Inc., ShinMaywa Industries Ltd., Nishimatsu Construction Co. Ltd., The Chugoku Electric Power Co. Inc., Hakuto Co. Ltd., Kyoto Chuo Shinkin Bank, Mitsubishi UFJ Capital, MOL PLUS, Nippon Venture Capital Co. Ltd., 15th Rock No. 2 LLP
14 Synspecive	Small SAR satellites	57	B	492	6/10	Japan Growth Capital Investment Corporation, JAFCO Group, Mizuho Capital Co. Ltd., Ace Start, Daiwa House Ventures, Resona Capital Co. Ltd., Toyoda Gosei, Toyota Boshoku
15 FRD Japan	Land-based aquaculture	57	-	239	8/9	-
16 UPSIDER Holdings	Corporate card	56	E	762	10/21	Itochu Technology Ventures, AG Capital, SBI Shinsei Bank, BP1 LLP, ANRI, Global Brain Corporation, DNX Ventures, WiL, GREENOAKS CAPITAL PARTNERS, DST Global Partners , Arena Holdings Management LLC , Tybourne Capital Management Ltd. , Saison Ventures, Mizuho Capital Co. Ltd., SMBC Venture Capital Co. Ltd., Tencent Japan, Mitsubishi UFJ Capital, AG Capital, Japan Airlines, SBI Investment, QR Investment
17 Turing	R&D of open-source autonomous driving software	54	Seed	-	12/25	ANRI, Digital Hearts Holdings, DIMENSION, Mizuho Capital Co. Ltd., Future Creation Capital Co. Ltd., NTT Docomo Ventures, Yanmar Ventures, Z Venture Capital, Global Brain Corporation, Bonds Investment Group, Global Brain Corporation, Chibagin Capital, Dentsu Innovation Partners, ENEOS Innovation Partners, H.I.S., Mitsubishi UFJ Capital, Matsutake Ventures, Spiral Capital, X&Management Japan, JIC VGI , JR West Innovations, NCB Venture Capital
18 GIFTMALL	Online gift service	50	B	199	10/21	Yamada Holdings, Proto Ventures, SPARX Asset Management, Japan Growth Capital Investment Corporation
19 Asuene	CO ₂ emissions visualization cloud service	50	C	251	7/31	Sumitomo Mitsui Banking Corporation, SBI Investment, SPARX Asset Management, Murata Manufacturing, SBI Investment, IGPVP Inc., MPNYC MANAGEMENT LLC , Environmental Energy Investment, Sony Ventures, GMO Venture Partners, Salesforce Ventures , STRIVE, GLIN Impact Capital LLP, JICN, Nissay Capital, JERA, Pavilion Capital Pte Ltd
20 NOT A HOTEL	Time share vacation homes	50	C	396	12/25	-

(Note 1) The amount raised is the total amount raised in the same year (may include multiple series). Source: JIC, based on Speeder Startup Information Research.

Japan: Fundraising | Large-scale Fundraising Projects (2023)

- Of the top 20 deals, 9 involved overseas investors.

Blue: Overseas investor
Red: JIC VGI (Unit: billion yen)

Company Name	Business Overview	Amount Raised ¹	Series	Appraised Value (post)	Date Raised	Investor
1 ELIIY Power	Development of large lithium-ion batteries and energy storage systems	250	A	504	11/30	Suzuki Motor Corporation
2 Mujin	Automation solutions utilizing industrial intelligent robots "MujinRobot"	143	B	1,159	9/29	7/Industries Holdings B.V., Accenture, Pegasus Tech Ventures , SBI Investment, Japan Post Capital
3 Josys	Cloud service for integrated management of IT devices and SaaS	135	A	190	9/30	ANRI, Digital Holdings, Yamauchi/No.10 Family Office, WiL, Global Brain Corporation, Sony Group, Sumitomo Mitsui Banking Corporation, Spiral Innovation Partners, NTT Docomo Ventures, Z Venture Capital, Norin Chukin Capital, 31VENTURES/, Global Brain/Growth I LLC, Raksul, JAFCO, GCP, SMBC Venture Capital
4 CADDi	Automatic quotation and order placement platform "CADDi MANUFACTURING"	118	C	660	7/31	Mitsubishi UFJ Capital, SMBC Venture Capital Co. Ltd., Sumitomo Mitsui Trust Investment, Green Coin Best LLC, Minerva Growth Partners, JAFCO, Doll Capital Management , Global Brain Corporation, GCP, WiL, SBI Investment, Tybourne Capital Management Ltd. , Arena Holdings Management LLC , DST Global
5 Astroscale	Development of space debris removal services	111	E	1,263	10/6	I-Net, Sparx asset Management, Hulic, Shimizu Corporation, @Start, Y's Investment Pte. Ltd., Yamauchi/No.10 Family Office, Innovation Engine, Prelude Structured Alternatives Master Fund, LP , Chiba Dojo, Solaris ESG Master Fund LP, Ops, Axa Life Insurance, Energy Environment Investment, DNCA Invest Beyond Global Leaders, Seraphim Space Investment Trust plc , Japan Growth Capital Investment Corporation, Mizuho Capital Co. Ltd., Signifiant, FEL, Development Bank of Japan, Mitsubishi Corporation, MUFG Bank Ltd., Mitsubishi Electric, Mizuho Bank
6 GO	Taxi dispatch app "GO"	106	B	1,371	11/30	Freakout Holdings, Fidelity International , Okayama Kotsu, Goldman Sachs
7 Kyoto Fusioneering	Development of special fusion plant equipment	105	C	545	5/17	MOL PLUS, JGC, Global Brain Corporation, MUFG Bank Ltd., Mitsubishi UFJ Capital, Mitsubishi Corporation, Mitsui & Co., J-Power, JAFCO, Sumitomo Mitsui Trust Investment, DBJ Capital, Coral Capital, K4 Ventures, SMBC Venture Capital Co. Ltd., INPEX, JIC VGI
8 LayerX	Bakuraku, a corporate expense management service	102	B	385	11/7	ANRI, GMO Venture Partners, Akatsuki, Dawn Capital LLP, BEENEXT Capital Management Pte. Ltd., Mitsubishi UFJ Capital, Prime Partners, Mitsubishi Estate, Z Venture Capital, Spiral Capital, JAFCO, Mitsui & Co., Mizuho Capital Co. Ltd., Sumitomo Mitsui Trust Bank Limited, SBI Investment, UB Ventures, DIMENSION, MUFG Innovation Partners Co. Ltd., JIC VGI , Keyrock Capital Management
9 Telexistence	Development of semi-autonomous remote-controlled robots and AI for industrial use	97	D	626	6/30	GCP, Foxconn Technology Co., Ltd. , SoftBank Group, Airbus Ventures , Global Brain Corporation, KDDI, Monoful Venture Partners
10 FRD Japan	Development of aquaculture systems	97	/	182	7/20	AIR WATER Inc., STI Foods Holdings Inc., SEKISUI CHEMICAL CO. LTD., HASEKO Corporation, Sumitomo Mitsui Trust Bank Limited, Mitsui & Co. Ltd., MUFG Bank Ltd.
11 Gojo & Company	Providing microfinance services for small and medium-sized enterprises in developing countries	72	/	811	7/10	ReNet Japan Group Inc., GCP, SMBC Venture Capital Co. Ltd., Samurai Incubate Inc., ACA Investments Pte Ltd., Cool Japan Fund Inc.
12 AXELSPACE Holdings	Development of ultra-small satellites and provision of the Earth observation platform "AxelGlobe"	72	C	157	3/31	Seibu Shinkin Capital Corporation, PERSOL VENTURE PARTNERS LLC, NANTO BANK Ltd., Nanto Capital Partners Inc., TSUIDE, Keio Innovation Initiative, EPSON X INVESTMENT CORPORATION, Global Brain Corporation, YAMATO HOLDINGS Co. Ltd., 31VENTURES/Global Brain/Growth I LLC, Mitsubishi UFJ Capital, Tokio Marine & Nichido Fire Insurance Co. Ltd., Development Bank of Japan Inc., Space Compass
13 Menu	Food delivery and takeout app "menu"	58	A	352	4/28	KDDI
14 T2	Development of autonomous driving systems	55	A	158	11/10	Sumitomo Mitsui Trust Bank Limited, DAIWA LOGISTICS Co. Ltd., The Kiyo Capital Management Co. Ltd., KDDI, MITSUI-SOKO HOLDINGS Co. Ltd., Mitsui Sumitomo Insurance Company Limited, TOHO ACETYLENE Co. Ltd., Usami Koyu Corp., JA Mitsui Leasing Inc., Spiral Innovation Partners, Energy & Environment Investment Inc.
15 PowerX	Manufacture and sale of large storage batteries	54	B	448	8/15	Food Techno Engineering, CHUGIN CAPITAL PARTNERS Inc., MY.Alpha Management HK Advisors Limited , Anchor Ship Partners Co. Ltd., Shikoku Electric Power Company Incorporated, TATSUMI SHOKAI Co. Ltd., TATSUMI SHOKAI Co. Ltd., Sampo Japan Insurance Inc., JA Mitsui Leasing Inc., Tohoku Electric Power Co. Inc., JICN, SENKO Group Holdings Co. Ltd., NIPPON GAS Co. Ltd., Spiral Capital, TransLink Capital, L.L.C. , YASKAWA ELECTRIC CORPORATION, Japan Petroleum Exploration Co. Ltd., Japan Airlines, TRANSLINK MANAGEMENT JAL INNOVATION I, L.L.C. , MORI TRUST Co. Ltd., Frontline Holding
16 cluster	Metaverse platform "cluster"	53	D	292	5/31	Hakuhodo DY holdings Inc., SBI Investment Co. Ltd., Global Brain Corporation, KDDI, SPARX Asset Management Co. Ltd., NOBUNAGA Capital Village Inc., Sumitomo Mitsui Trust Bank Limited, Skyland Ventures Co. Ltd., ORIX Corporation
17 Enito Group	Matchmaking apps "with" and "Omiai"	47	/	805	4/6	(Existing investors: Unknown)
18 Knowledge Work	Sales Enablement Cloud "Knowledge Work"J	45	B	165	11/14	WiL, GCP, for Startups Capital, Salesforce Ventures , DNX Ventures
19 Wota	Development of a small-scale decentralized water circulation system	44	/	253	6/15	JICN, Daiki Axis Co. Ltd., The Hachijuni Investment Co., Mitsubishi Kakoki, KITAOKAGUMI Ltd., Hokuohoku Financial Group, YCP Holdings (Global) Limited, Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank Limited, METAWATER Co. Ltd., Takasago Thermal Engineering Co. Ltd., SAN-AI OBBLI Co. Ltd., SEKISUI CHEMICAL CO., LTD., Dentsu Innovation Partners Inc., Maezawa Industries Inc., Iyogin Capital Co. Ltd., NCB Venture Capital Co. Ltd., HIMEGIN Lease Co., Ocean lease Inc., Future Venture Capital Co. Ltd., Yamanashi Chugin Management Consulting Co. Ltd., JS Capital Co., KOBASHI HOLDINGS, quantum
20 Kyulux	Development of materials for organic EL displays and lighting	43	D	296	11/30	MCP Asset Management (Japan) Inc., El Camino Capital , Mitsui Sumitomo Insurance Co. Ltd., WM PARTNERS Co. Ltd., DBJ Capital Co. Ltd.

(Note 1) The amount raised is the total amount raised in the same year (may include multiple series). Source: JIC, based on Speeda Startup Information Research.
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Japanese Startups: Large Exits

- Large unicorns are achieving exits via M&A and IPOs overseas. Valuations in the double-digit billion dollar range are common.
- The largest exit for Japanese startup was PayPal's 2021 acquisition of Paidy (US\$2.7 billion, or approx. ¥300 billion).
- However, among global VC-backed exit deals conducted since 2019, Paidy only ranks 269th.

	Startup	M&A/ IPO	Exit Value (billion yen) ²	Exit Year	Business Overview
1	Paidy	M&A ¹	300	2021	Operator of card-free online post-payment service Paidy
2	Visional	IPO	254.5	2021	Cloud-based job transition service Bizreach and HR management service Hamos
3	Appier Group	IPO	202.7	2021	AI-based services in the sales promotion sector
4	Timee	IPO	176.0	2024	One-off, short-term temporary work service
5	Safie	IPO	164.6	2021	Cloud-based video recording platform
6	Astroscale HD	IPO	144.8	2024	Services for removing space debris (space junk) and extending the life of artificial satellites
7	ANYCOLOR	IPO	144.3	2022	Operates VTuber group Nijisanji (live streaming and other activities)
8	Sansan	IPO	142.5	2019	Cloud-based business card management service for enterprises
9	Net Protections HD	IPO	132.9	2021	Buy now, pay later (BNPL) service
10	PLAID	IPO	117.8	2020	KARTE customer analysis platform for websites and apps
11	freee	IPO	116.6	2019	SaaS accounting and human resources software for sole proprietors and SMEs
12	Cover	IPO	107.0	2023	VTuber agency Hololive Production
13	ExaWizards	IPO	81.7	2021	AI and DX implementation support, from consulting to implementation and operation
14	ispace	IPO	80.4	2023	Space venture focusing on lunar payload and data services
15	Synspective	IPO	79.7	2024	Space venture developing and operating small SAR satellites
16	Wealth Navi	IPO	77.6	2020	Fully automated asset management services utilizing robo-advisors
17	Neural Group	IPO	70.3	2020	Developer of edge AI services, etc.
18	Modalis Therapeutics	IPO	68.5	2020	Gene therapy drug development venture with expertise in epigenome editing
19	SORACOM	IPO	67.6	2024	Cloud services in Japan and overseas focusing on data communication for IoT
20	Yappli	IPO	61.1	2020	Cloud-based software for app development, operation, and analysis

¹ Acquisition by PayPal (U.S.)

² "Exit Value" is valuation at the time of IPO based on the initial market capitalization.

- In a comparison of fundraising by startups at each stage, Japanese startups lag significantly behind their US counterparts; the amount raised at each stage is less than half that of US startups. For example, the average amount raised by Series D startups is 2.5 billion yen in Japan but 6 billion yen in the US (reference exchange rate: \$1/¥150).
- When Japanese startups go global, the gap between domestic and overseas funding can determine their international competitiveness.

■ Japan & US: Fundraising by Startups Established between 2012 and 2014

Japan		US			
(n=649 companies; Note 1)		(n=11,694 companies; Note 3)			
Stage (Note 2)	Amount (Avg.)	Stage (Note 4)	Amount (Avg.)	\$1/¥100	\$1/¥150
Seed	¥70M	1st	\$3.7M	¥400M yen	¥600M
A	¥300M	2nd	\$7.6M	¥800M yen	¥1.1B
B	¥700M	3rd	\$13.8M	¥1.4B yen	¥2.1B
C	¥1.3B	4th	\$22.8M	¥2.3B yen	¥3.4B
D	¥2.5B	5th	\$40.2M	¥4.0B yen	¥6.0B
E	¥3.3B	6th	\$52.5M	¥5.2B yen	¥7.9B

(Note 1) Out of 2,512 startups established between 2012 and 2014, excluding startups that have not been assigned a Speeda Series as defined by Speeda Startup Information Research and startups with unknown funding amounts.

(Note 2) Stage classification based on the Speeda Series

(Note 3) Out of 15,186 startups established between 2012 and 2014, excluding startups with unknown funding amounts.

(Note 4) Stage classification based on VC Round as defined by PitchBook.

Source: JIC, based on Speeda Startup Information Research and PitchBook.

(Ref.) Japan & US Comparison: Differences in Funding Stage Transitions

- Only 3% of Japanese startups manage to go from seed stage to Series E. In contrast, the figure for US startups is twice that figure (6%).

■ Japan: Stage Transition for Startups Established 2012~2014

Stage Status ¹	Seed	A	B	C	D	E	Total (Rate)
No. of Cos. ² (Probability of reaching stage)	801 (100%)	577 (72%)	383 (48%)	197 (25%)	70 (9%)	22 (3%)	-
IPO Exit*	2	19	21	13	3	7	65 (8%)
M&A Exit	27	22	10	3	2	2	66 (8%)
Bankruptcy, etc.	12	7	9	5	1	0	-
No additional fundraising	183	146	146	106	42	10	-
Additional fundraising	577	383	197	70	22	3	-

*Market Cap
Distribution
(as of 10/2/2024)

< ¥10B	2	14	13	6	2	2
¥10B ~ ¥30B	0	3	4	5	0	2
¥30B ~ ¥100B	0	2	3	2	0	1
> ¥100B	0	0	1	0	1	2

¹ Stage classification based on the Speeda series

² Out of 2,512 startups founded between 2012 and 2014, excluding startups not assigned a Speeda Series (including startups with unknown funding amounts). Some figures are JIC estimates.

■ US: Stage Transition for Startups Established 2012~2014

Stage Status ¹	1st	2nd	3rd	4th	5th	6th	Total (Rate)
No. of Cos. ² (Probability of reaching stage)	15,186 (100%)	8,107 (53%)	4,965 (33%)	2,995 (20%)	1,693 (11%)	918 (6%)	-
IPO Exit*	40	41	34	22	32	22	191 (1%)
M&A Exit	1,177	770	548	339	183	89	3,106 (20%)
Bankruptcy, etc.	2,783	781	284	127	41	21	-
No additional fundraising	3,079	1,550	1,104	814	519	338	-
Additional fundraising	8,107	4,965	2,995	1,693	918	448	-

*Market Cap
Distribution
(as of 10/2/2024)

< \$100M	29	20	23	9	18	9
\$100M~\$300M	4	9	4	5	5	1
\$300M~\$1B	2	7	2	3	3	4
> \$1B	5	5	5	5	6	8

¹ Stage classification based on VC Round as defined by PitchBook.

² 15,186 startups founded between 2012 and 2014 (including startups with unknown funding amounts). Some figures are JIC estimates.

Source: Compiled by JIC based on Speeda Startup Information Research and PitchBook (as of October 3, 2024).

Reference Materials

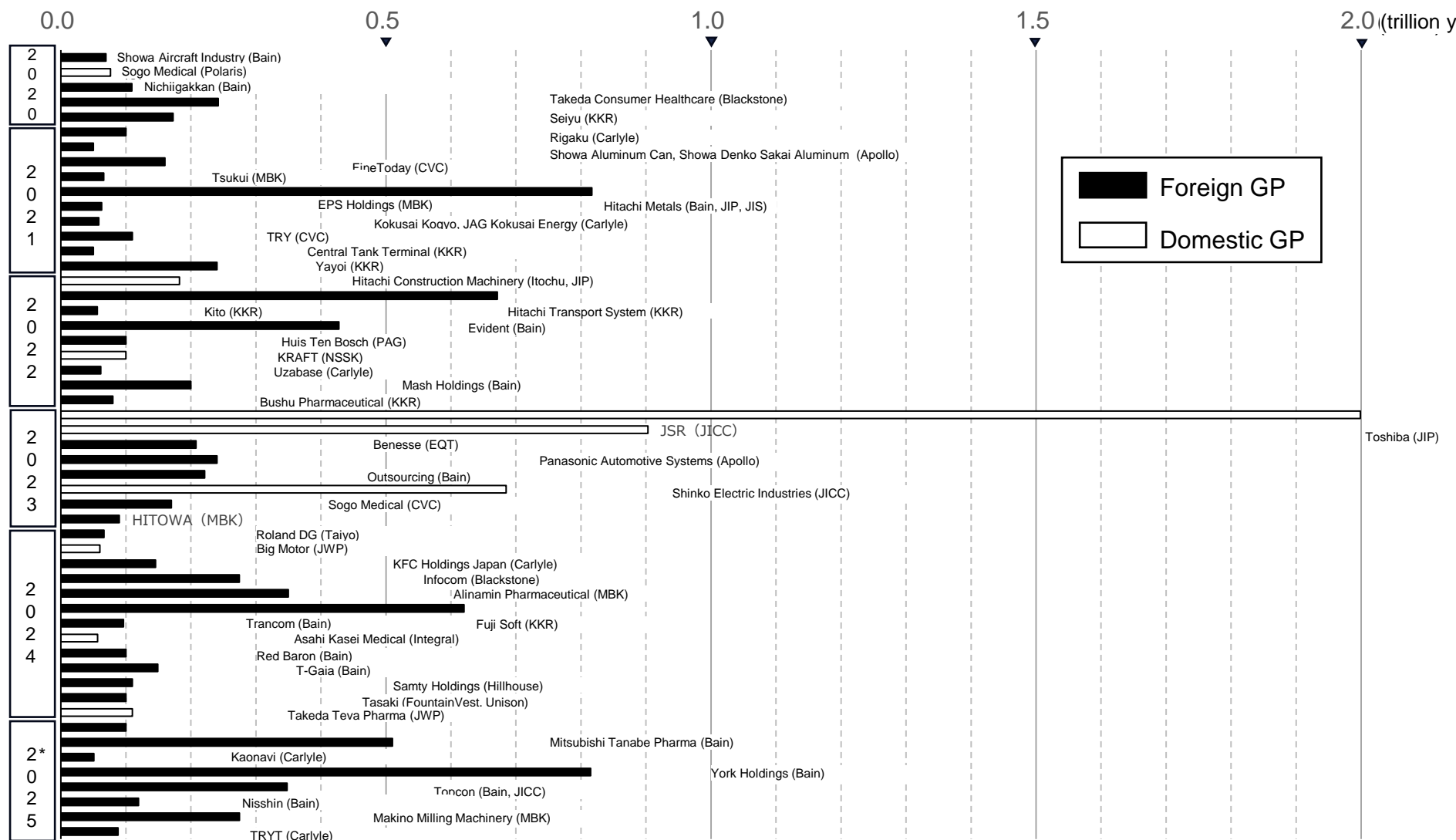
② Market Trends: Buyout

Large-Scale Domestic PE Investments (≥ 50 billion yen)



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- All buyers in PE deals worth 50 billion yen or more (based on public announcements) in the first half of 2025 were foreign-based GPs.

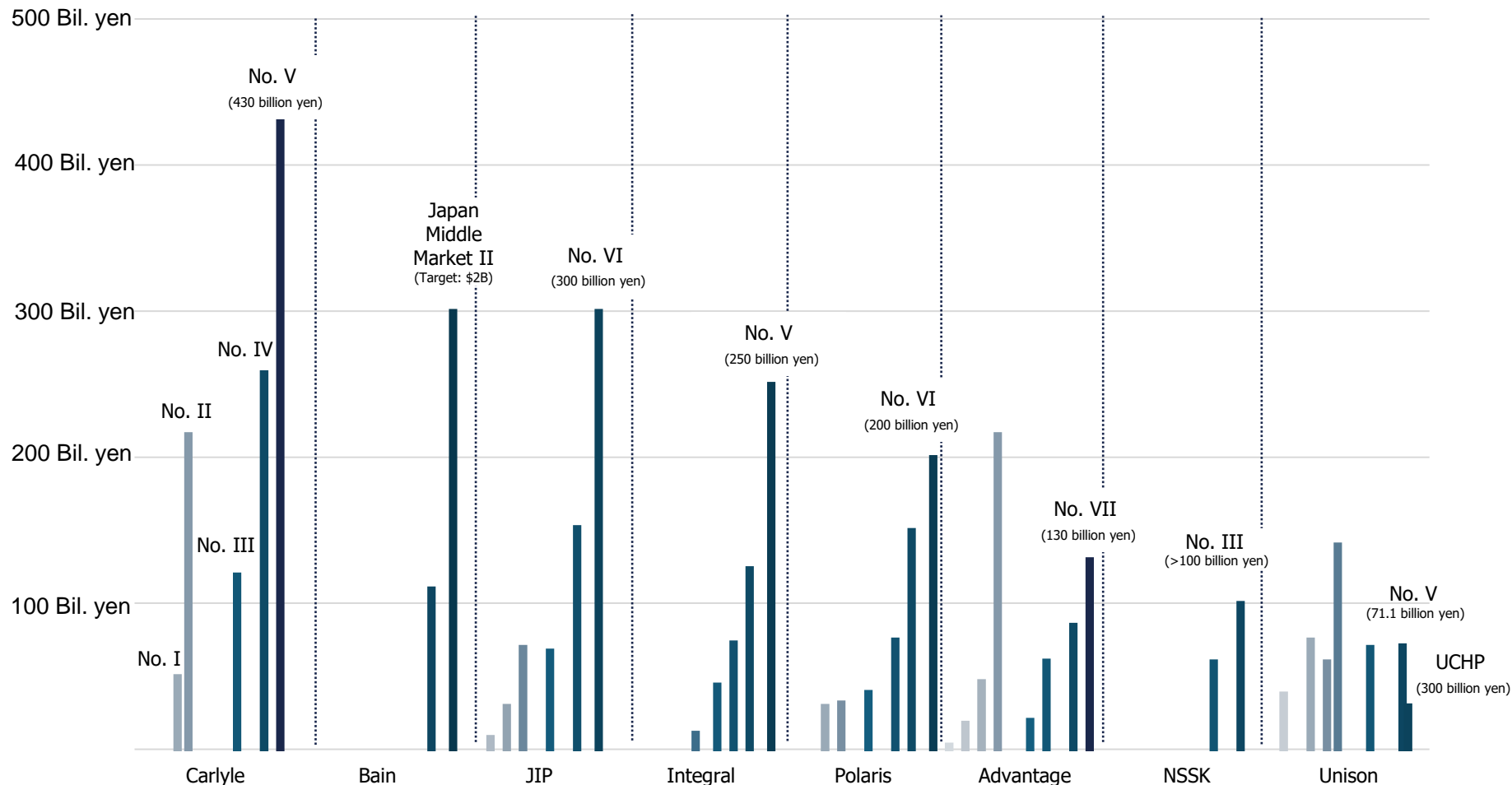


* Transactions announced in the fiscal year first half (January 1 to June 30).

Source: Compiled by JIC based on information disclosed by each company and various media reports.

- Japanese buyout fund GPs are expanding the size of their funds.

Past Fundraising Status of Japan-Focused GPs¹



¹ GPs that operate Japan-focused funds with a current fund size of 100 billion yen or more.

² The size of NSSK's No. 1 fund has not been disclosed.

Source: Compiled by JIC based on Preqin and each company's published data

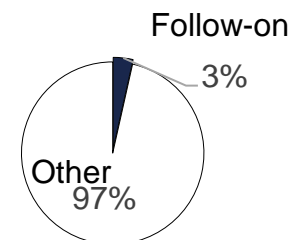
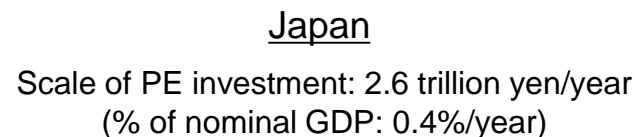
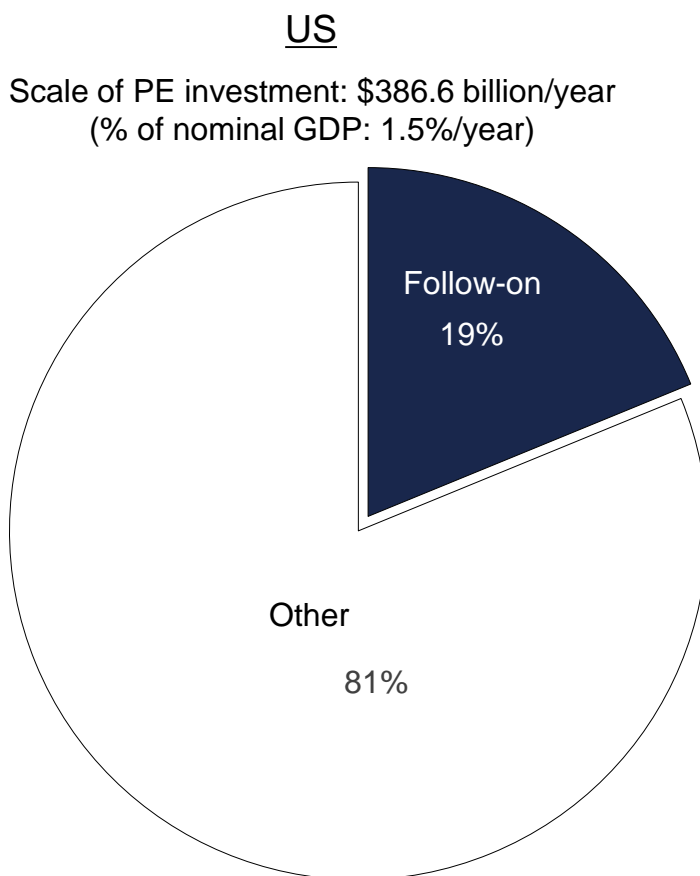
- General partners operating large-scale global/Asian buyout funds are increasingly positioning Japan as a key investment region.

GP (alphabetical order)	Current/Recruiting Funds	Fund Size
Apollo	Apollo Investment Fund X (2022)	\$20B
Bain	Bain Capital Asia V (recruitment pending) Bain Capital Japan Middle Market Fund II (recruiting)	Target: \$7B Target: \$2B
BEPA/EQT	BPEA Private Equity Fund IX (recruiting)	Target: \$12.5B
Blackstone	Blackstone Capital Partners Asia III (recruiting)	Target: \$10B
Carlye	Carlyle Japan Partners V (2023)	430B Yen
CVC	CVC Capital Partners Asia Pacific VI (2022)	\$6.8B
KKR	KKR Asian Fund IV (2022)	\$14.2B
MBK	MBK Partners Fund VI (recruiting)	Target: \$7B

Source: Compiled by JIC based on Preqin, publicly available company information, and media reports

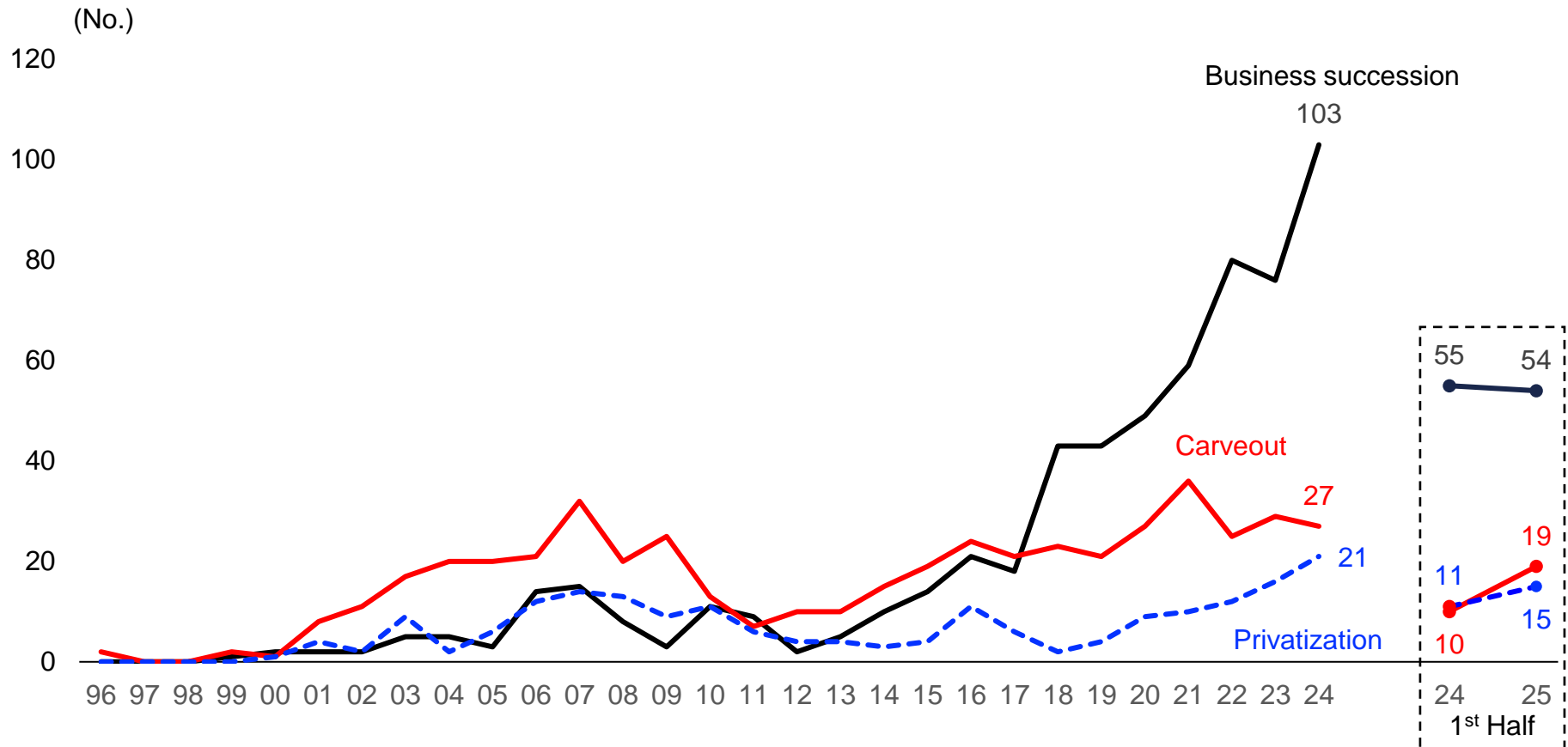
- In Japan, there are few examples of PE investors nurturing large, competitive players through a succession of acquisitions. In particular, small PE funds are faced with the risk of violating the cap on individual investment projects, making it difficult for them to make large-scale follow-on acquisitions.
- In the US, PE investors actively pursue follow-on acquisitions, promoting industry consolidation.

Ratio of Follow-on Acquisitions in PE Investment (2020-2024 average, %)



- The number of deals involving buyout funds as buyers continues to increase, addressing business succession needs in light of the graying of owner-managers and the difficulty of finding successors.
- Carve-out deals, in which buyout funds acquire non-core subsidiaries or business divisions, remain flat.
- The increase in privatization deals is due to factors such as strengthening corporate governance, Tokyo Stock Exchange pressure on companies to improve capital efficiency, the introduction of guidelines for corporate acquisitions, and increased activist activity.

Trends in the Number of Domestic PE Investments



Reference Materials

③ Proposed New Investment Criteria

(Reprint of July 2024 JIC Regular Press Conference materials)

① Proposed New Investment Criteria

(Materials from July 2024 regular press conference)

- The proposed new investment criteria retain existing areas, reorganize the four priority investment areas, add examples of specific industrial areas, and clearly target medium-sized companies

Current	Proposed (Draft)	Points added to the draft proposal
① Driving the creation of new businesses for Society 5.0	① Creating a virtuous cycle of domestic investment and innovation	<ul style="list-style-type: none"> Background: In addition to the realization of a Society 5.0 society, the creation of new businesses and innovations to address new social issues has been added to maintain and strengthen industrial competitiveness Example: In addition to existing business areas*, the following have been added: Based on global social issues, business fields such as semiconductors, storage batteries, industrial machinery, aircraft/next-generation air mobility, medical equipment, etc., where demand is expected to increase domestically over the medium to long term, and business activities that combine these, etc.
② Creating “unicorn startups”	② Creating and developing startups	<ul style="list-style-type: none"> Additional investment themes (seed, growth, secondary, etc.) as indicated by JIC Investment that will significantly accelerate development of the startup ecosystem
③ Leveraging promising untapped regional technologies	③ Utilization of untapped regional management resources by university start-ups, medium-sized companies, others	<ul style="list-style-type: none"> Targeting local university-launched startups, medium-sized companies, and others that possess technologies with high earning and innovation potential and which are not being fully utilized due to a lack of risk capital and human resources
④ Promoting business consolidation across industries and organizations	④ Promoting business restructuring in response to changes in market and business environments	<ul style="list-style-type: none"> Targets: business sectors in (1) contributing to industrial competitiveness and medium-sized companies in (3) Provide funds to businesses that can respond to recent changes in the business environment through business restructuring and renewal, and that have high policy significance involving medium- to long-term growth investments and industry restructuring (If conducted by JICC, the applicant must have a risk/reason that is difficult for the private sector alone to handle)

Additional notes

- Proactively collaborate with private investment funds, etc., **after thoroughly complementing the private sector**
- Strive to develop domestic private funds and create an environment for sustainable growth and renewal**
- Strive to **develop new investment managers**
- JIC should **establish an appropriate structure** while developing a medium-term support policy and financial plan

- In areas to be added under the new investment criteria, JIC will study market trends, consider the role of the JIC Group, and formulate a policy for JIC initiatives prior to proceeding

Reference Materials

④ JIC Investment Themes & Fund Selection Perspectives

JIC Investment Themes & Fund Selection Perspectives (as of July 2025)



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- JIC will set investment themes that address ecosystem issues based on investment focus areas identified in its investment criteria, and make LP investments in private funds.
- When selecting investment targets, in addition to matching the investment theme, JIC also evaluates the capabilities and systems that should be common to all funds in which it invests, bearing in mind that these funds intend to attract investment from institutional investors.
- With the aim of expanding the ecosystem, JIC will also consider actively investing in funds that are still in the early stages of development, such as first and second funds that do not have proven track records but are expected to generate returns, while providing support for fund management and other areas.

Investment focus areas under JIC investment criteria and investment themes

 : Investment focus area

 : Theme

Creating a positive cycle of domestic investment and innovation

Deep Tech (June 2020)

- Technologies with the potential to have a significant impact on resolving social issues through discontinuous innovation.
- Support for R&D and social implementation of technologies that require a long period of time and a considerable amount of capital from the research and development stage to market launch.

Open Innovation (September 2021)

- Promote open innovation through business alliances between Japanese companies and startups with advanced technologies in the US, Southeast Asia, India, Israel, and other regions, and support the creation of innovative businesses.

Life Science (June 2020)

- In addition to developing innovative new drugs through open innovation between startups and pharmaceutical companies, support innovation in the life science field, including pharmaceuticals, medical devices, health tech, and biotechnology.

Climate Tech (November 2021) ⇒ Expanding GX Target Areas (November 2024)

- Support the creation of innovative solutions and new businesses related to climate change, contributing to economic growth and decarbonization.
- Consider investing in funds targeting growth capital, buyouts, and infrastructure for domestic and international startups and mid-sized companies in the GX field.

Creating and developing startups

Seed/Pre-Seed (October 2021)

- Invest in VCs that support early-stage startups to expand the base of startups that can become unicorns.

Early (May 2025)

- Support independent VCs with strong support and leadership capabilities to establish a foundation for startup growth.

Growth (June 2020)

- Provide large amounts of risk capital to support the growth of growth-stage startups, where the number of players is limited and investment capital is scarce.

Aftermarket (VGI) (Sep. 2023)

- Given the challenge of sustaining growth after listing, subsidiary VGI will provide growth capital to post-IPO startups.

Secondary (March 2023)

- Support the development of secondary markets to avoid growth constraints on startups due to fund operational period.

Go Global (September 2022)

- Support expansion into global markets, which is essential for growth into a unicorn.
(Support VCs with overseas bases and attract VCs operating globally)

Industry-Academia Collaboration (Sep. 2020)

- Support research and development-focused startups seeking to commercialize excellent technologies at local universities and other institutions that find it difficult to attract private investment.
- This will help foster startup ecosystems throughout Japan.

Leveraging untapped regional management resources

Carve-out/Roll-up (June 2021)

- Support bold business restructuring that transcends industry and organizational boundaries in business areas that are internationally competitive, including a carve-out/roll-up strategy targeting manufacturing and other sectors lacking private investment.

Engagement (November 2024)

- Invest in engagement funds that seek to take a medium-to long-term, constructive, and friendly approach that can promote growth investment for business restructuring and new business creation; targets are listed companies in business fields that are internationally competitive.

Large Deal Buyout Fund (May 2025)

- In response to needs for greater diversity among players, and with the aim of further revitalizing business restructuring, JIC will invest in Japan-focused buyout funds with the intention and ability to handle deals with EVs of 100 billion yen or more.
(Assumes a fund size of approx. 200 billion yen or more)

Promoting business consolidation in response to changes in market and business environments

Investment Target Selection Perspectives/Criteria: Managers who are expected to be able to attract funds from domestic & foreign institutional investors

*From "JIC Investment Guidelines." In addition, JIC refers to guidelines and model agreements set by the Institutional Limited Partners Association (ILPA) and other organizations, engages in dialogue with GPs, and makes investment decisions based on comprehensive assessment.

Structure & Organization

- Operated by an independent investment team (not a captive structure)
- No other businesses within the same organization that could cause concern about fund management (basically, the organization should be focused on fund business)

Economic Conditions

- Success fee rate (20% in principle). In principle, the European waterfall model is used.
- Investment fees for later LP investments (appropriate allocation to LPs participating prior to fund close)

Investment Team

- Investment team consists of full-time members. Members of the Investment Committee are, in principle, core members of the investment company.
- Demonstrated track record (fund or individual) consistent with the fund's stated strategy.

Alignment/Governance

- Success fee rates, key persons in the contract, and consistency in success fee distribution. Allocation policy when managing multiple funds.
- Handling of conflicts of interest (principles, matters requiring Advisory Committee approval). Annual General Meeting and Advisory Committee meetings to be held every year.
- Fair value measurement (fair value measurement of unlisted securities and deduction of potential carry from LP interests in capital accounts).

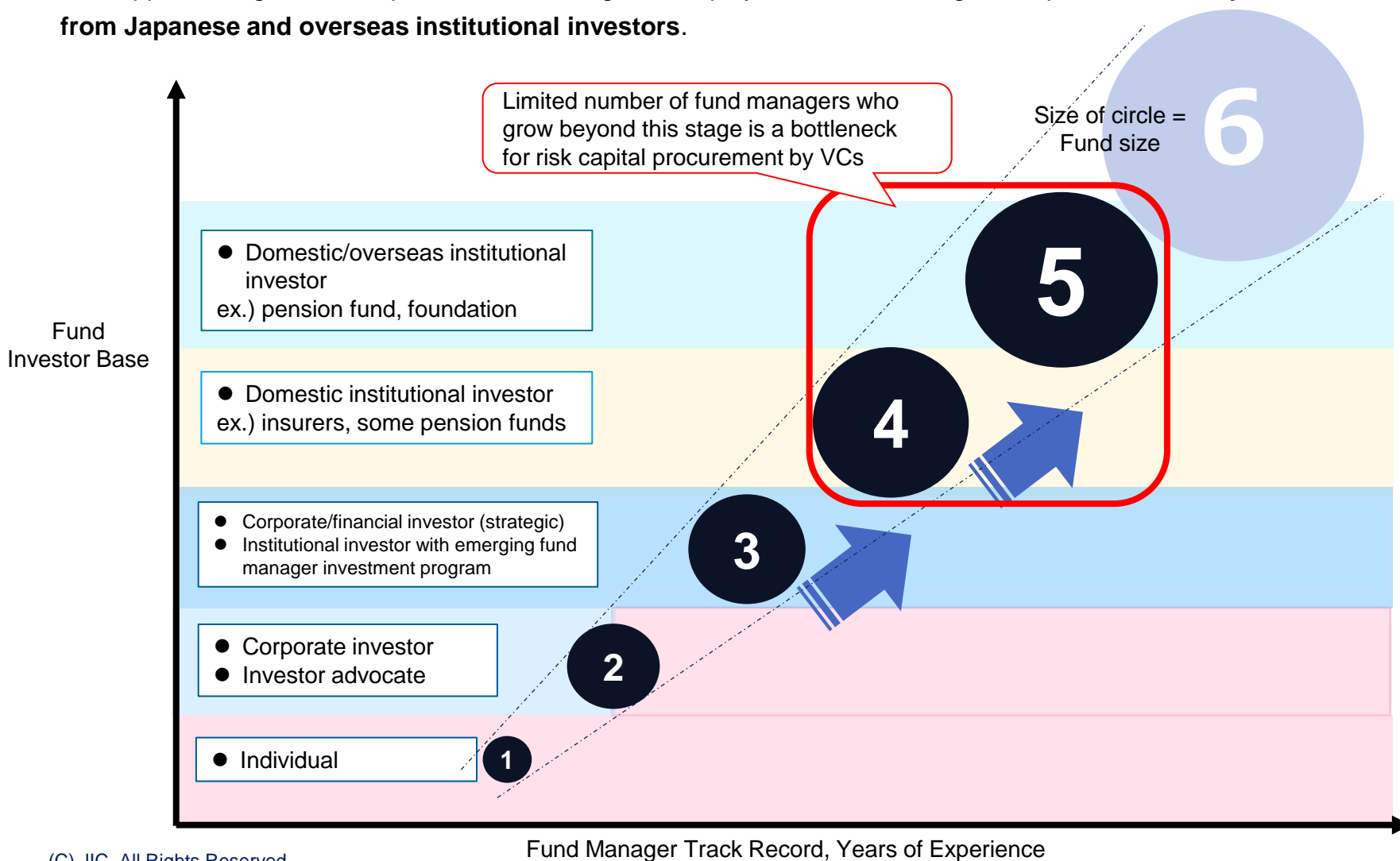
Other

- Funding from private investors exceeds JIC investment amount (in principle, JIC's investment ratio is less than 50%).
- Establishment of code of conduct, ethical standards, and harassment prevention policy as required by JIC.
- Establishment and maintenance of systems for compliance with laws and regulations (Financial Instruments and Exchange Act, AML, etc.) and information management (personal information, insider information, etc.).
- Fund size (in principle, over 6 billion yen).
(Note: With regard to overseas VCs, JIC will assess their track records and investment portfolios, and consider the unique value they can offer in terms of supporting Japanese startups.)

Reference Materials

⑤ Startup / VC Ecosystem Development Challenges & JIC Actions

- Compared to their European and US counterparts, Japanese funds (especially VCs) **have less funding from institutional investors (pension funds, etc.)**, which is a significant challenge in terms of securing risk capital to support medium- to long-term growth.
- JIC supports the growth of Japanese fund managers who play a role in brokering risk capital **so that they can attract funds from Japanese and overseas institutional investors**.



- The following issues relate to **investment by institutional investors** in Japan and overseas
- VC level: ① **VC management structure**, ② **Attractive returns**
 - Startup level: Expansion into global markets, etc. **Increase in projects expected to achieve significant success**

	Issue	Specific Details
VC Level	① Contracts/operations	The operational structure and contract terms deviate from global standards required by institutional investors. This is due to the VC having not been able to attract funds from institutional investors.
	② Attractive returns	Few funds are achieving net triple returns expected by institutional investors. Lack of risk-taking is hindering SU success.
	③ Diversity/expertise	Few PhDs, entrepreneurs, women, etc.
	④ Lack of players	Shortage of players in specific areas (Life Sciences, Deep Tech, etc.) and in Growth, Secondary, and Crossover investments.
SU Level	⑤ Lack of high-growth startups	The base of high-growth startups is narrow (entrepreneurship education and university-launched startups are still in their early stages).
	⑥ Entrepreneurial ambition	Lack of ambition to scale the business by engaging stakeholders.
	⑦ Stability of funding for R&D-oriented SUs	Difficulty securing stable financing until the mass production is reached.

1 Supporting the growth of fund managers aiming to attract funds from institutional investors, etc.

➡ Challenges: ① Contracts/operations, ② Attractive returns, ③ Diversity/expertise, ④ Lack of players, ⑥ Entrepreneurial ambition

Advice on contract terms and operational structure from an institutional investor perspective, advice on returns and distribution to managers, implementation of diversity related monitoring, etc., with a view to solving issues through qualitative improvement.

2 Active investment in emerging funds with little or no track record to create players

➡ Challenges: ② Attractive returns, ③ Diversity/expertise, ④ Lack of players, ⑥ Entrepreneurial ambition, ⑦ Stability of funding for R&D-oriented SUs, etc.

Expanding the range of funds capable of generating high returns, addressing areas lacking players such as Secondary and Growth, investing in GPs with diverse backgrounds, etc., with the aim of solving issues through quantitative expansion.

3 Acceleration through collaboration with global VCs (Go Global Strategy)

➡ Challenges: ③ Diversity/expertise, ⑤ Lack of high-growth startups, ⑥ Entrepreneurial ambition, ⑦ Stability of funding for R&D-oriented SUs, etc.

By collaborating with global VCs and offering acceleration programs and conferences, JIC seeks to provide opportunities from a global perspective, promoting diversity, entrepreneurship, and ongoing support in the Deep Tech field.

Challenge

Expectations from Japanese and overseas institutional investors from which fund managers should attract investments

<Track Record>

- Exit results
- Excellent track record comparable to global top quartile
- Fund performance that can be evaluated on a net basis and has been in operation for a certain period of time
- Track record of investment in iconic projects that demonstrate the fund's strengths

<Governance>

- Organized fund management system
- Generational change and stable organizational management
- Internal controls required by institutional investors
- IR responding to overseas institutional investors needs (DD, reporting, member meeting management, etc.)
- Appropriate interest conflict management and advisory committee operations
- Global standard partnership agreements, etc.

JIC Investment & Support

- Expansion of fund size (effectively providing more time until the next offering)
 - ✓ Accumulation of investment track record in more projects, EXIT from previous projects
 - ✓ Expansion of the team due to increased management fees
- Advice on overall fund management (fund strategy, management structure, etc.) from the perspective of institutional investors
 - ✓ Fund size and organizational structure tailored to strategies, performance, etc.
 - ✓ Organization and business process improvement
 - ✓ Establishment of DD reporting and other systems
 - ✓ Establishment of key terms and conditions of fund partnership agreements
- Intermediation to various networks, sharing information, etc.
 - ✓ Institutional investors
 - ✓ JIC Group funds, investee funds, etc.
 - ✓ Government, public institutions (information gathering on regulations, systems, public support measures, etc.)

Expected Outcomes

Growth of fund managers and expansion of the overall market universe

- Expansion of subsequent funds' size, expansion of LP investment from institutional investors
- Increase in investment teams that can attract investment from institutional investors

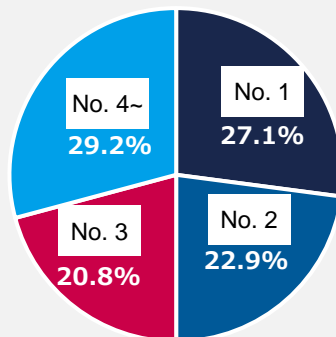
Second pillar: Active Support for Emerging Funds with Limited Track Records



株式会社産業革新投資機構

- Of JIC's 48 private fund commitments as of end-March 2025, 34 are in their first to third rounds. JIC is actively making LP investments in funds with limited track records that are difficult for institutional investors to consider investing in.
- In particular, JIC has invested in 13 funds (approximately one-quarter of JIC's portfolio) that have had difficulty getting started, providing risk capital and support for fund launch, and continuing to follow up to attract further private capital.

Ratio of private investment funds by issue number
(No. of cases)



	2020	2021	2022	2023	2024	Total
No. 1	1	3	3	4	2	13
No. 2	2	1	4	-	4	11
No. 3	-	4	1	3	2	10
No. 4~	1	0	8	3	2	14
Total	4	8	16	10	10	48

* Private funds to which JIC has committed capital as of end-March 2025, calculated on a fiscal year basis.

* Annex funds are not included in Nos. 1 to 3.

2020

2021

2022

2023

2024

No. 1



No. 2

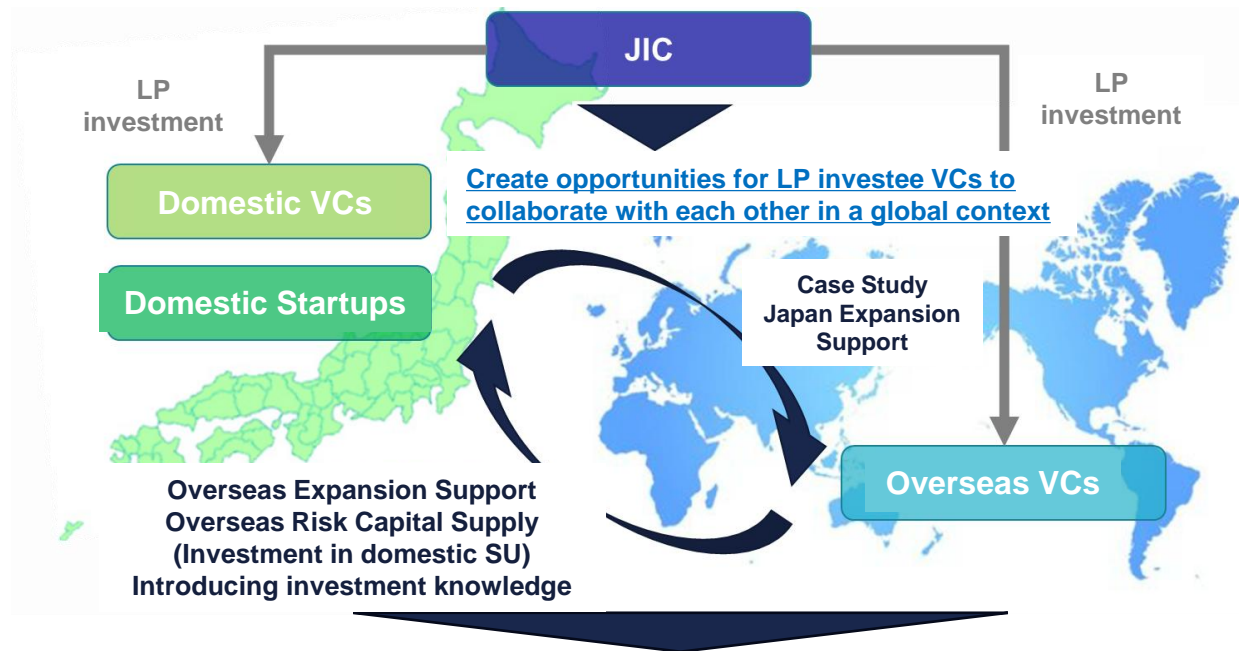


No. 3



Third pillar: Go Global Policy

- Starting in 2023, JIC began making investments in overseas VCs as a LP with the aim of supporting the growth and development of Japan's startup ecosystem and helping Japanese startups expand overseas.
- Subsequently, investments in Japanese startups by these VCs have begun.



Overseas VCs



Achievements : Actual investments in Japanese SUs



+

Global Accelerators



June 2024 commitment

Joint Events with Overseas VCs and Accelerators

- Hosted joint events with Atomico and Transpose (Y Combinator), JIC investees. VCs and aspiring entrepreneurs attended the events sharing insights on overseas ecosystems.

【Event for VCs】 Innovation Summit (with Atomico)

- Date: November 7, 2024 (Thursday)
- Attendees: JIC-invested VCs and related companies, financial institutions, etc. *CXO, partners, senior management class, etc.
- Details: Learning from the development of the European VC ecosystem, networking



【Event for Entrepreneurs】 Tokyo Founder's Day (with Transpose)

- Date: December 17, 2024 (Tuesday)
- Attendees: Entrepreneurs aiming for seed stage/Go Global; students considering starting a business; and Japanese accelerators, VCs, etc.
- Details: Speeches and panel discussions focusing on key themes such as the strategy behind Y Combinator's ongoing support for successful startups, challenges faced by founders, and strategic partnerships with investors.



To increasing the supply of risk capital in the startup ecosystem



株式会社産業革新投資機構

- JIC will further refine its initiatives and make a determined effort to resolve outstanding challenges.
- As a result of these efforts, there will be an increase in startups with high potential for success, and sophisticated venture capitalists will raise anticipated returns, attracting institutional investors and creating a virtuous cycle of risk capital.



Investment structure



Appropriate fund size



Sophisticated fund management and investor relations



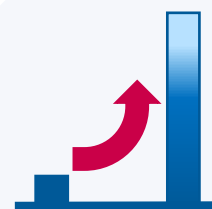
Increase in startups with high potential for success



① Attractive VC returns

② Global VC investment in promising Japanese startups

- It is important to note that simply increasing the supply of risk capital as output will lower anticipated returns and make it difficult to expect sustainable market growth.



- ① Enhance the attractiveness of domestic VCs as an asset class
- ② Increase in number of VCs entrusted with domestic and foreign institutional investors



- Inflow of direct investment funds from Japan and overseas
- Fund inflows from domestic and overseas institutional investors to VCs

Important Notice

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