

# JIC Investment Activities & Policy

## December 2025

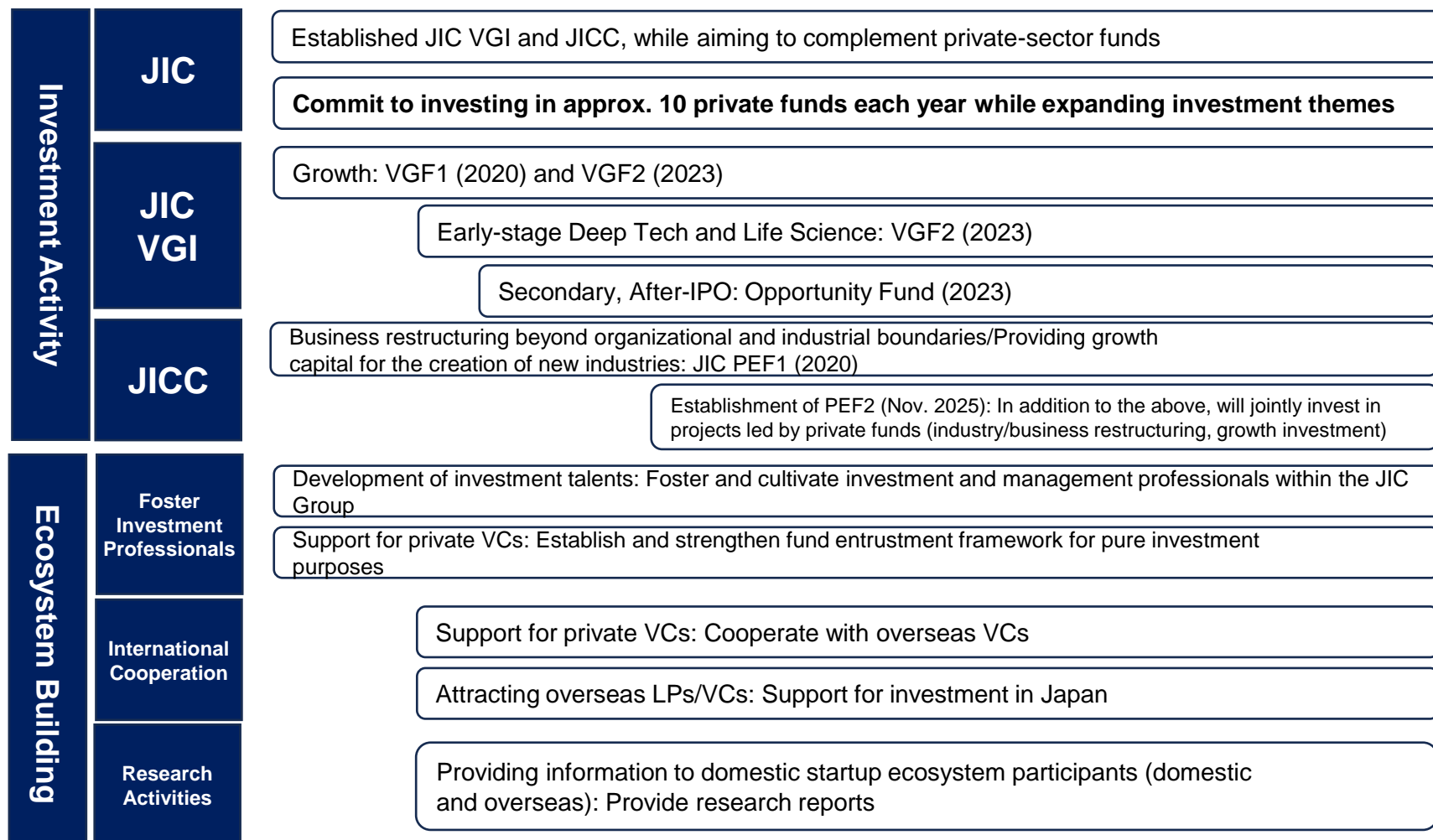
December 17, 2025

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 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/  
Future Initiatives**  
(Sep. 2022/Sep. 2025)

**Aftermarket (VGI)**  
(Sep. 2023)

**Industry-Academia**  
(Sep. 2020)

**Carve-Out/Roll-Up**  
(June 2021)

**Engagement**  
(Nov. 2024)

**Buyout Fund  
For Large Deals**  
(May 2025)

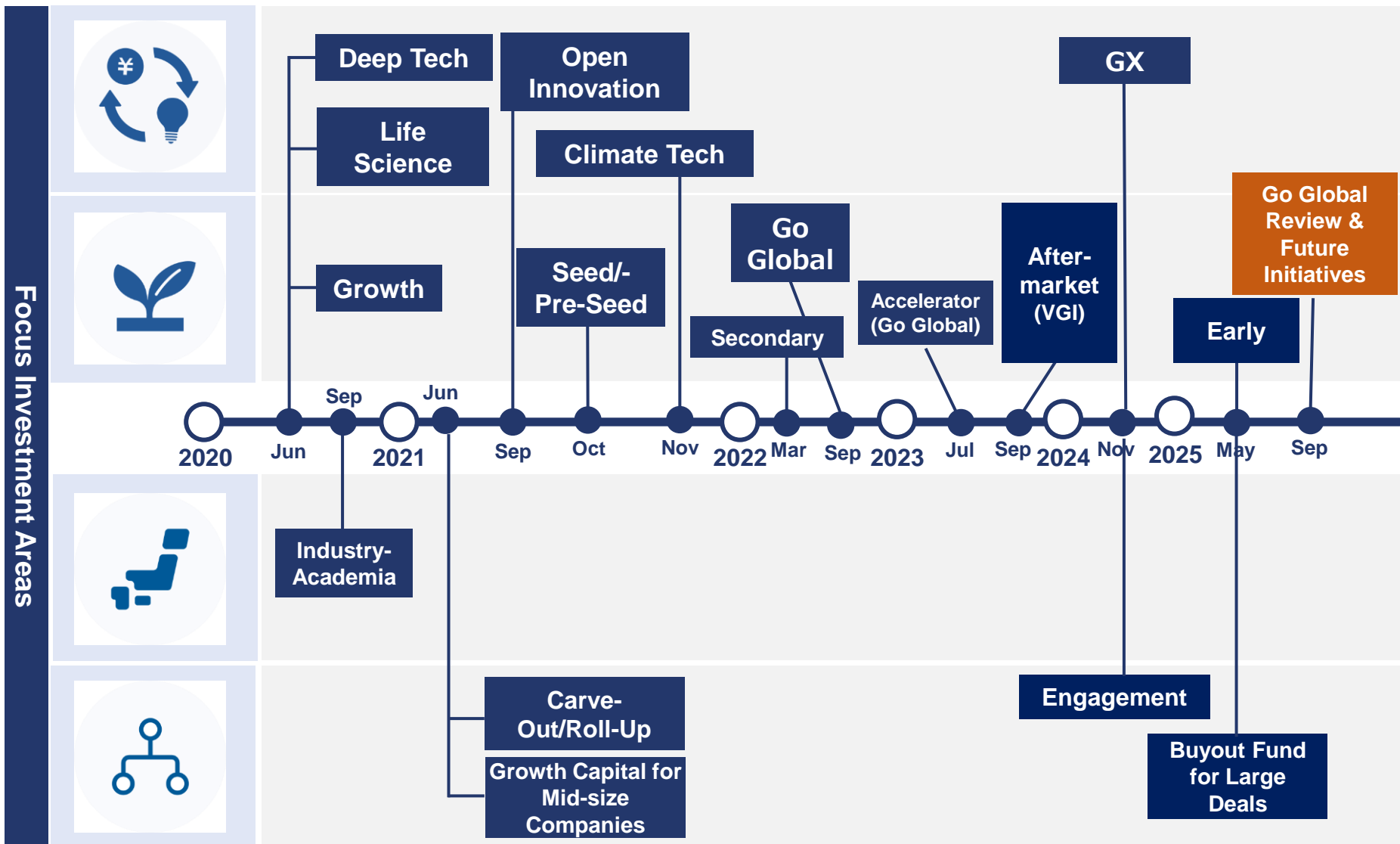
- Focusing on four priority areas, JIC has conducted research on fields that carry policy significance and lack sufficient private risk capital, and have been sequentially defining the “investment themes” that JIC should pursue.

# Investment Theme Expansion



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- With the aim of contributing to four priority investment areas that address key policy challenges, JIC has been refining its investment policy while sequentially defining investment themes that align with these priorities and incorporating them into its investment activities.



## Overview of Fund Investments

(as of June 30, 2025)

(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
Total	55	1,723.4 B	1,225.5 B	71.1%	0.01x	1.00x	1.00x	0.2%
Private Fund	50	263.4 B	146.1 B	55.5%	0.01x	1.14x	1.15x	7.7%
VC	47	204.4 B	118.7 B	58.1%	0.02x	1.08x	1.09x	4.9%
PE/Other	3	59.0 B	27.4 B	46.5%	0.01x	1.40x	1.41x	17.7%
JIC Subsidiary	5	1,460.0 B	1,079.4 B	73.9%	0.00x	0.98x	0.98x	▲ 1.6%
VGI	3	360.0 B	144.8 B	40.2%	0.03x	0.89x	0.93x	▲ 3.1%
JICC	2	1,100.0 B	934.6 B	85.0%	0.00x	0.99x	0.99x	▲ 1.0%

## Overview of Fund Investments (with VC performance by vintage)

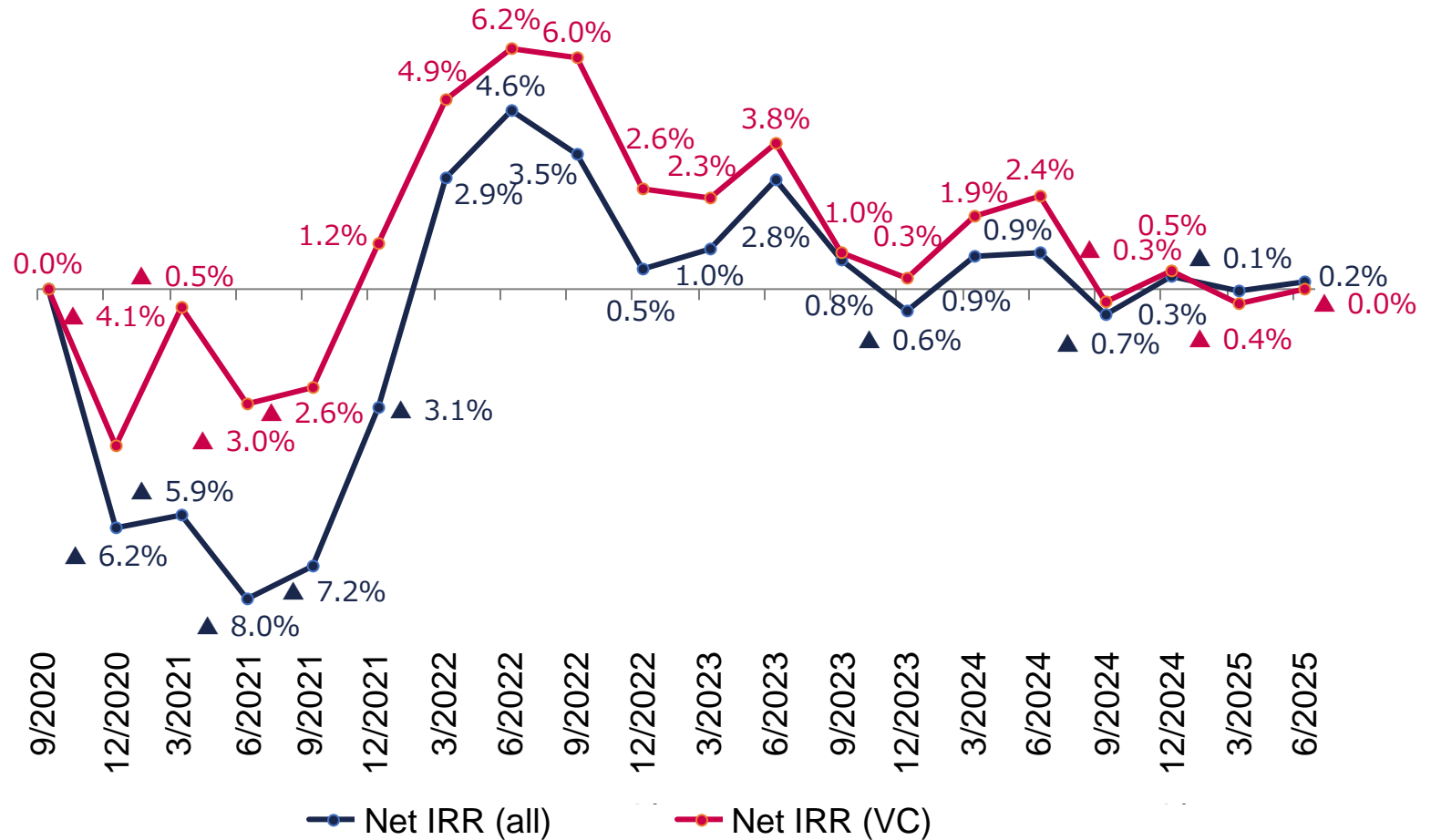
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VC	47	204.4 B	118.7 B	58.1%	0.02x	1.08x	1.09x	4.9%
(~2019)	5	17.7 B	17.4 B	98.1%	0.04x	1.37x	1.41x	10.9%
(2020)	2	5.0 B	4.4 B	88.0%	0.07x	0.96x	1.02x	1.0%
(2021)	7	44.1 B	36.6 B	82.9%	0.01x	1.09x	1.10x	5.3%
(2022)	16	71.5 B	44.2 B	61.9%	0.01x	1.02x	1.03x	1.9%
(2023)	8	38.6 B	11.1 B	28.9%	0.01x	0.90x	0.91x	▲ 10.0%
(2024)	5	15.4 B	4.1 B	27.0%	0.00x	0.94x	0.94x	▲ 7.5%
(2025)	4	12.1 B	0.8 B	6.3%	0.00x	0.85x	0.85x	▲ 26.1%
PE/Other	3	59.0 B	27.4 B	46.5%	0.01x	1.40x	1.41x	17.7%



## Net IRR Trend



## **2. Startup Investment**

**2-1 JIC Approach**

**2-2 Review of Overseas VC Investments  
Under the Go Global Strategy & Future Initiatives**

- 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 producing mega startups** will be an even more important theme going forward.

## ① Emerging Fund Manager Program

### Desired future state:

#### - **Connections**

An ecosystem in which risk capital providers are seamlessly connected to (subsidiary aid), VCs, operating companies, global investors, listed stock investors, etc.

#### - **Investment/support from diverse VCs**

An ecosystem with a diverse range of players who can provide support in response to SU circumstances (funding, strategic discussions, 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

*\* For investment results for Funds I-III, please refer to the attached materials.*

## ② VC Development

### Desired future state:

- 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 future direction and ideal role of VCs

*\*For details on specific development initiatives, please refer to the attached materials.\**

## ③ Creating Environment for Mega Startups

### Desired future state:

- 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 of SUs
- 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 growth

#### • **Promotion of SU alliances**

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

## Review of Go Global & Future Initiatives

Background	<ul style="list-style-type: none"> <li>Three years have passed since the Go Global strategy was established in 2022</li> <li>This review assesses past activities and examines the appropriateness and future direction of our initiatives, based on our LP investments made with the expectation that top-tier global VCs—whose primary fund investments are overseas—would contribute to the development of Japan’s startup ecosystem and invest in domestic startups.</li> </ul>
Purpose	<ul style="list-style-type: none"> <li><b>Increase the number of startups</b> with significant growth potential <b>able to compete overseas</b></li> <li><b>Increase the number of VCs capable of supporting these startups</b> <ul style="list-style-type: none"> <li><b>Funding, knowledge of overseas competitors, investment experience in similar businesses, introductions to overseas investors and customers introductions</b></li> </ul> </li> <li><b>Increased number of applications to overseas accelerator programs</b></li> <li><b>Increased knowledge of/investment in domestic SUs by top-tier VCs → Signaling to other overseas VCs</b></li> </ul>
Method	<ul style="list-style-type: none"> <li><b>Investing in top-tier VCs—those whose practices are valuable benchmarks for domestic VCs and SUs—under the condition that they provide KPI reporting as requested.</b> <ul style="list-style-type: none"> <li>➢ Communication with domestic capitalists and SUs (holding individual meetings, organizing seminars)</li> <li>➢ Evaluation of potential investments in domestic SUs, with requests for feedback even when investment decisions are declined</li> </ul> </li> </ul>
Review	<p>Quantitative performance</p> <ul style="list-style-type: none"> <li><b>Investment in overseas funds: 4 firms (NEA, Atomico, Vertex, Transpose (YC))</b></li> <li><b>Meetings with domestic VCs/SUs by NEA, Atomico, Vertex: approx. 500 meetings held (cumulative)</b></li> <li>Number of seminars held: 3 for VCs (Atomico/Vertex), 2 for SUs (Transpose/YC)</li> <li><b>Number of domestic SUs considered/invested by overseas VCs: 250+ deals considered, 7 investments (including potential deals)</b></li> </ul> <p>Qualitative assessment</p> <ul style="list-style-type: none"> <li><b>Top-tier VCs visiting Japan multiple times, meeting repeatedly with VCs/SUs is valuable</b></li> <li>VCs: <b>Opportunities to learn from top-tier VCs’ investment practices and fund-management expertise.</b></li> <li>SUs: Confirmation that they are receiving support characteristic of global VCs.</li> <li><b>Importance of increasing the number of both overseas VCs investing in domestic SUs and domestic SUs capable of competing in overseas markets remains unchanged</b></li> <li>Achieving lasting results requires a long-term horizon, as behavioral changes among VCs and startups take time to translate into outcomes.</li> <li><b>JIC will proceed with investments in successor funds of existing portfolio managers, as well as in funds managed by new managers</b></li> </ul>
Future Initiatives	









## 2-2-1 Review of Go Global Strategy

### Overseas Funds invested in by JIC



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- Overseas funds invested in by JIC are world-leading global players involved in creating prominent startups, including unicorns.

Name	Fund Overview		Major Investments
<p>New Enterprise Associates (NEA)</p> 	 <p>Scott Sandell* Executive Chairman &amp; Chief Investment Officer</p>	<ul style="list-style-type: none"> <li>Founded in 1977 by three individuals, including Richard Kramlich, former general partner at a VC firm led by Silicon Valley pioneer Arthur Rock</li> <li>One of the world's largest VCs</li> <li>Total AUM: Over USD25 billion (as of December 2023)</li> </ul> <p><small>*Source: NEA website</small></p>	<ul style="list-style-type: none"> <li>Salesforce</li> <li>Uber</li> <li>Databricks</li> </ul>
<p>Vertex</p> 	 <p>Kee-Lok Chua* Group President &amp; CEO (Vertex Holdings)</p>	<ul style="list-style-type: none"> <li>Parent company Vertex Holdings was established in 1988 and is currently under the umbrella of Temasek Holdings, a Singaporean government investment company</li> <li>Vertex Ventures invests in Southeast Asia and India, and has created six unicorns</li> <li>Total AUM: Over USD6 billion (as of April 2025)</li> </ul> <p><small>*Source: Vertex Holdings website</small></p>	<ul style="list-style-type: none"> <li>Grab</li> <li>LaunchDarkly</li> <li>Cyberhaven</li> </ul>
<p>Atomico</p> 	 <p>Niklas Zennström* CEO &amp; Founding Partner</p>	<ul style="list-style-type: none"> <li>Founded in 2006, and invests primarily in Europe</li> <li>Founder Niklas Zennström has experience launching several globally renowned technology companies, including Skype and Kazaa</li> <li>Total AUM: approx. USD2 billion (as of February 2020)</li> </ul> <p><small>*Source: Atomico website</small></p>	<ul style="list-style-type: none"> <li>Rovio</li> <li>Klarna</li> <li>Fab</li> </ul>
<p>Transpose</p> 	 <p>Alex Bangash* MD &amp; General Partner</p>	<ul style="list-style-type: none"> <li>Founded in the US in 2015, a fund of funds (FoF) invests in funds managed by Y Combinator<sup>1</sup>, a global accelerator led by Gary Tan, and has built deep relationships with them</li> <li>More than 35 unicorns have received guidance from Mr. Tan.</li> </ul> <p><sup>1</sup>Y Combinator makes phased investments in companies participating in its startup accelerator program, with 4,000+ investments to date</p> <p><small>*Source: Transpose website</small></p>	<ul style="list-style-type: none"> <li>Airbnb</li> <li>Dropbox</li> <li>Stripe</li> </ul> <p>(Y Combinator incubated companies)</p>

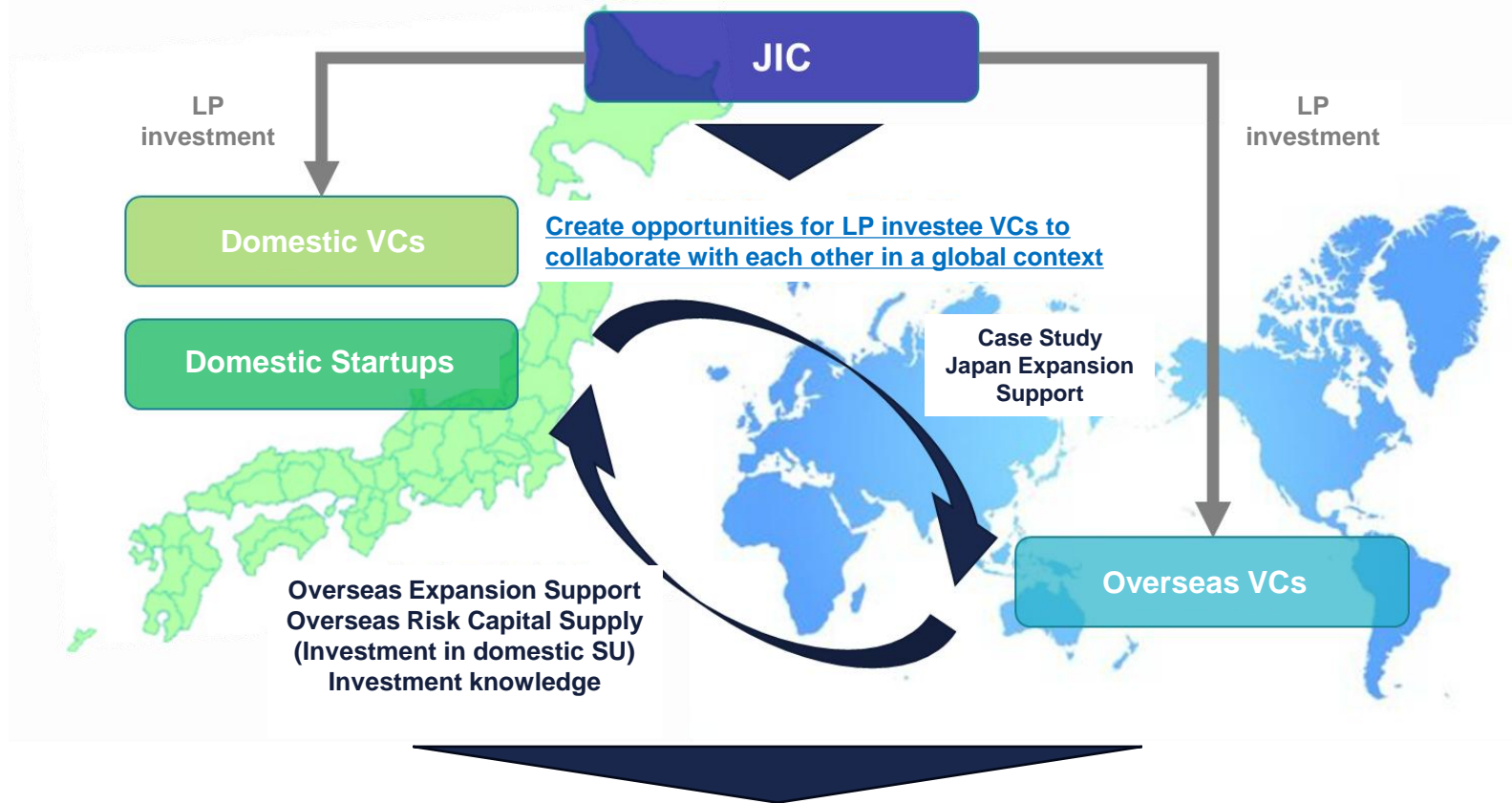
## 2-2-1 Review of Go Global Strategy

### Supporting Collaboration with Overseas Funds via JIC LP investment



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- JIC has invested in four overseas funds and promoted the creation of collaboration opportunities between domestic VCs and domestic startups.



Jan 2023 commitment

April 2023 commitment

Feb 2024 commitment

+

TRANPOSE PLATFORM

June 2024 commitment

## 2-2-1 Review of Go Global Strategy Results of Collaboration with Overseas Funds (Summary)

- The outcomes of collaborations resulting from investment in overseas funds can be categorized into two areas: ① **Evaluation of individual investment opportunities and the accompanying sharing of related insights** and ② **Providing insights that contribute to ecosystem enhancement through co-hosted events**
- In both cases, initiatives are **undertaken by the respective funds specifically allocating resources** and leveraging JIC's position as a significant investor, **and collaboration has been established through extremely valuable relationships**

### Individual Investment-Related

#### **Consideration/implementation of individual investments in domestic SUs** (Details on P16)

- Overseas VCs in which JIC has invested have reviewed more than 250 potential investments, of which 7 have resulted in actual investments.
- For portfolio companies, support is provided from the pre-investment stage, including concrete proposals for overseas expansion and other tailored assistance.

#### **Provision of data on domestic investment opportunities and identified Challenges** (Details on P17)

- Data is provided on a quarterly basis, on an individual-deal level, explaining the reasons for declining each opportunity. This enables an assessment of issues based on examples evaluated according to global standards.
- More candid feedback is provided during interviews.

### Ecosystem Enhancement Event-Related

#### **Sharing expertise through events (for domestic VCs)** (Details on P18)

- Sharing knowledge on how VCs themselves can adapt to the development of the ecosystem and how they can increase the value of their investments.

#### **Sharing expertise through events (for domestic SUs and founders)** (Details on P19)

- Inviting Y Combinator to explain the requirements and mindset demanded by YC's program selection process with domestic entrepreneurs, creating an opportunity to raise the overall ambition and perspective of founders.



# 2-2-1 Review of Go Global Strategy

## Review of Overseas Fund Collaboration (Domestic SU Investment Activities)



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- Overseas VCs have reviewed 250+ investment opportunities, resulting in 7 investments\*.
- **Investment consideration activity is progressing smoothly.** All with an eye on follow-on investment.
- Investments focus primarily on software companies, and each fund concentrates on supporting expansion into single countries or regions. **To support overseas expansion of Deep Tech SUs** and explore further methods for global support, JIC will also need to add new players.

*\*Includes pending closures*

Investee SU	Overseas Expansion Support by Foreign VCs: Status & Plans
Company A	<ul style="list-style-type: none"><li>• Priority is the domestic market. However, through introductions to overseas investors and potential customers, the company will now move forward with pilot projects in Europe and the U.S., as well as with recruiting talent from abroad.</li></ul>
Company B	<ul style="list-style-type: none"><li>• Support is being provided for regulatory, tax, and compliance matters, particularly in Asia. Once the product is completed, the company plans to move forward with its overseas expansion.</li></ul>
Company C	<ul style="list-style-type: none"><li>• Introductions to overseas investors and training on pitching methods have been provided. The company plans to offer advice and support for both its overseas and Japan businesses, including on pricing, product configuration, and customer introductions.</li></ul>
Company D	<ul style="list-style-type: none"><li>• Although the contract has not yet closed, more than ten potential overseas customers have already been introduced, and one deal is now in its final stages. Support will focus on securing additional customers and hiring a head of overseas operations.</li></ul>
Company E	<ul style="list-style-type: none"><li>• Providing advice on overseas expansion with an eye toward IPO; also introducing customers and business partners.</li></ul>
Company F	<ul style="list-style-type: none"><li>• Although the contract has not yet closed, the company has already begun activities to establish an overseas cost center and R&amp;D function, and plans to launch pilot projects immediately after the investment is completed.</li></ul>
Company G	<ul style="list-style-type: none"><li>• Implementing talent recruitment in Europe and the U.S., introducing KPIs and systems for U.S. operations, and facilitating introductions to other growth investors.</li><li>• The focus will be on strengthening core overseas operations while also considering expansion of operations in other regions. Plans include providing office space, supporting the establishment of local bases with external advisors, and facilitating customer and talent introductions.</li></ul>



#### Decline: Background & Challenges

- Across overseas funds, **the common reasons for declining deals** are **concerns over SUs' growth and scalability**, driven mainly by limited traction, the size of the target market, and the strength of competitive advantages.
- Furthermore, individual feedback indicates out that domestic SUs also face **psychological barriers to overseas expansion**. Due to this issue, **their overall perspective remains limited**, making it difficult to envision their growth potential.
- To address these challenges, overseas VCs investing in domestic SUs explained the significance of overseas expansion and the growth story. **In multiple cases, they transformed founders' inward-focused mindsets** and made investments.

#### Future Initiatives

- JIC will continue collaborating with overseas VCs to provide domestic VCs and founders with **concrete methodologies for overseas expansion** and implement initiatives to **eliminate psychological barriers to going global**. JIC's goal is to elevate the perspective of both domestic startups and VCs.

#### Reference: Primary reasons for rejection by overseas VCs

1. Failure to achieve expected growth (e.g., low traction)
  - Examples: Slow acquisition pace for promising customers; need for centralized management data not justified by sales; ARR still below expectations 4 years after service launch; lackluster sales growth coupled with declining employee numbers; etc.
2. Market size (including overseas)
  - Examples: Concerns about SAM, target business is too niche in Southeast Asia, target business market is in its infancy, overly specialized in domestic laws and standards making overseas expansion difficult, etc.
3. Low competitive advantage/High competition
  - Examples: The competitiveness of the technology used in the target business is low; the target product faces the risk of commoditization; competitors from other countries are ahead in the target business; the target company's products are good but not the best in a highly competitive field; etc.

- Through events, overseas VCs have shared their expertise in fund management and investment activities with domestic VCs – **providing valuable opportunities for domestic VCs to improve their operational activities.**
- However, room remains for sharing insights relating to domestic VC fund management and governance, and the investment criteria sought by overseas VCs. JIC needs to continue **strengthening its collaboration with overseas funds, promoting knowledge transfer through holding events, while also enhancing its own expertise to provide appropriate guidance to domestic VCs.**

#### Current initiatives

- **Domestic VCs lack sufficient insight into how they should adapt as venture capitalists during the ecosystem's development process.**
  - Atomico provides insights for Japan's ecosystem based on its experience in Europe, including expertise on approaches to fund management.
    - ⇒ Expectation: an increase in domestic VCs that adapt and grow as the ecosystem evolves.
- **Need to improve investment prospecting and support capabilities.**
  - Provide input on international standard investment support, IR strategies, etc. By learning international standard fund management methods, domestic VCs can identify areas for improvement.
    - ⇒ Expectation: an increase in domestic VCs that actively strive to provide support and added value to startups (even prior to investment).

#### Future initiatives to address challenges (examples)

- **Numerous issues relating to organizational management and governance have surfaced among emerging domestic VCs.**
  - **To achieve stable organizational operations, leading overseas VCs are looked upon to provide insights including:**
    - Methods for recruiting and developing next-generation leadership candidates
    - Management company succession plans, etc.
- **Even among portfolio companies of leading domestic VCs, the vast majority have seen overseas VCs hold off on investment – there is clearly a gap in investment perspectives.**
  - **Explaining the reason for rejection and ways to improve will increase the likelihood of securing investment from overseas VCs.**
    - SU growth rates sought by overseas VCs
    - Senior leadership requirements for candidate SUs
    - Approach to valuation, etc.

- During an event that brought Y Combinator (YC) to Japan, JIC shared insights with domestic SU founders about the differences between domestic and international SU ecosystems and Japan's position within them. **The event led to a shift in founders' mindsets, with more than half of the participants considering applying to YC.**
- On the other hand, being accepted into top-tier overseas accelerators requires SUs to adopt a global mindset from an early stage, which remains a major challenge for many Japanese SUs that are still strongly domestically oriented. **Expanding mechanisms that encourage the creation of globally minded SUs** is being considered as a key initiative going forward.

### Current initiatives

#### ■ Japanese SUs founded with global aspirations are in short supply.

- To increase the number of Japanese SUs applying to YC, JIC has been using events to showcase YC's track record and platform.
- Sharing YC's selection process and requirements for SUs with more than 120 participants, domestic founders began considering applying to YC.
- Multiple webinars to support YC applications were subsequently held, educating participants on application techniques to increase YC acceptance rates.
- As a result of these efforts, 10 participants successfully passed the YC AI Startup School, YC's pre-enrollment program.

### Future initiatives to address challenges (examples)

#### ■ Several requirements expected by overseas accelerators have become clear. It is necessary to consider ways to access such talent and encourage applications to accelerators including YC, as well as to support new venture creation.

- Background in overseas employment and higher education
- Certain level of English proficiency and global mindset
- Experience verifying PMF, etc.

#### ■ To pass the selection process of renowned overseas accelerators, SUs need co-founders who can help them overcome obstacles and provide a global mindset.

- JIC will also consider investing in and partnering with venture studios to help identify co-founders in Japan, as well as improving mechanisms that enable SUs to be founded in a more globally oriented manner.

**Aim to create Japan-born global unicorns and success stories that can drive transformation of the ecosystem.**

(Not limited by short-term number of domestic investments or investment amount)

New Investment & Re-up

**Fostering the Ecosystem**

Sharing global insights with domestic SUs/VCs

Review & consideration of investment opportunities

New Investment & Re-up

Further entry of overseas investors

Support for overseas expansion of domestic SUs

Investment return generation

**Ecosystem Transformation and Development**

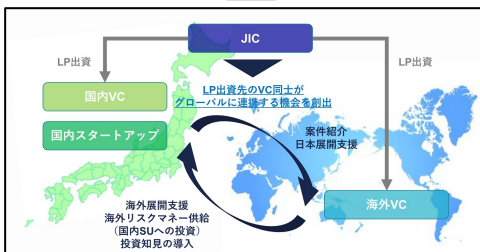
Creating success case

Developing talent and fostering new startups through success stories

Further overseas expansion success stories

Growing interest in Japanese startups among overseas funds

Establishment of local offices in Japan by overseas funds



**Through top-tier overseas funds, JIC will advance the transfer of global insights and expertise to domestic GPs and SUs, aiming to achieve a qualitative evolution of the ecosystem as a secondary objective.**

## 2-2-2 Go Global Strategy & Future Policy

### Vision for the Ecosystem



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- Through collaboration with overseas funds, JIC aims to establish—similar to Europe—a continuous pipeline of unicorn creation and a steady supply of risk capital from global VCs. The Go Global strategy will continue until the inflow of overseas risk capital becomes firmly embedded in the domestic startup ecosystem.

Create more than 10 new unicorns annually

- Number of successful cases (unicorns) leading to ecosystem transformation

30%

- Share of overseas investors in domestic SU funding (currently around 10%)

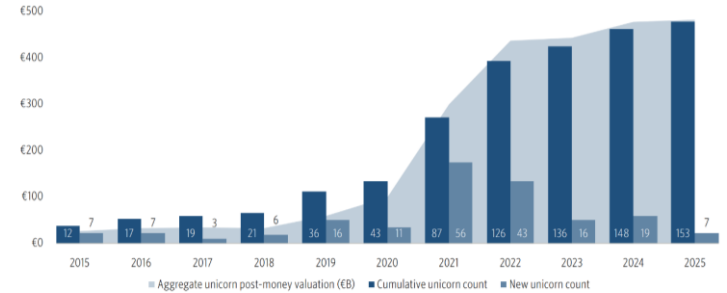
\*Including share transfers among investors (Source: SPEEDA)

Japanese investment hubs for multiple top-tier VCs

- As far as JIC is aware, among top-tier VCs there is currently only one case—Vertex—that has established an investment office in Japan.

#### Driven by Success Stories, European Unicorns now Exceed 150

Unicorn count and aggregate post-money valuation

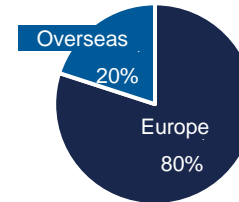


Source: Pitchbook • Geography: Europe • As of 30 June 2025

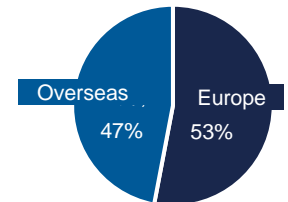
Source: Pitchbook

#### European SU Investor Base

Early



Later



Source: Created by JIC based on Atomico report

#### Establishment Years of European Offices by Top-Tier VCs (examples)

ACCEL PARTNERS

2000

Lightspeed

2019

GENERAL CATALYST

2021

Index Ventures

2002

SEQUOIA

2020

NEA

2022

- **Collaboration with top-tier VCs is essential for achieving ecosystem transformation through overseas expansion by domestic SUs and the introduction of best practices.**

**1 Outstanding investment performance & accumulated expertise**

- SU investment is an asset class where performance varies significantly from manager to manager. Fostering the creation of global unicorns originating from Japan requires collaboration with VCs with proven track records.

**2 Global perspective & network**

- Many top-tier VCs have both a global perspective and an extensive global network, enabling them to support Japanese SUs to succeed in the global market.

**3 Knowledge sharing & introducing best practices**

- Top-tier VCs have extensive experience and knowledge about nurturing successful SUs, enabling them to introduce best practices into Japan's ecosystem and accelerate its growth.

**4 Creating a signaling effect to attract further interest**

- Involvement of top-tier VC firms in Japan is expected to spark interest from other global investors as well, ultimately helping attract additional risk capital into the Japanese market.

- While collaboration with overseas funds requires a certain level of capital commitment to build relationships, JIC will also consider making smaller commitments—such as growth-equity-type investments—based on negotiations with GPs in parallel.
- Through due diligence, JIC will assess the investment prospects of domestic startups, and particularly at the time of re-ups, will determine whether to commit capital based on past domestic investments and future expectations.

### **Major investment for relationship building and collaboration**

- When establishing new relationships and pursuing strategic collaborations with overseas funds, providing economic incentives to GPs is necessary.
- Building relationships with top-tier VCs or considering appointment to the LP Advisory Committee requires a commensurate amount of investment.

### **Small-scale investment in overseas funds considering entry into the domestic market**

- For GPs that are already considering substantial investments in domestic SUs, such as growth equity, JIC will also explore achieving policy objectives and acquiring best practices from overseas funds through small-scale investments.
- The investment amount baseline will be the minimum commitment (subject to negotiation).



- Through investments in overseas funds, JIC has achieved certain results in fostering a startup ecosystem via overseas fund partnerships. However, to achieve the goal of creating global unicorns, **further collaboration with overseas funds will be necessary.**
- JIC's current policy has been to consider investments in overseas funds based on the premise of sharing insights relating to specific regions and sectors, but JIC also aims to complement the domestic ecosystem by filling knowledge gaps from a stage-based perspective as well.
- To create global unicorns, investment in top-tier VCs is essential. However, **to sustain collaboration, it is necessary to build trust in JIC as an LP through re-up.** JIC will **consider re-up** on the basis of proactive cooperation for the partnership.
- Based on the above, **JIC will continue this initiative** within an appropriate level of exposure, balancing the dual policy objectives of expanding the supply of risk capital to domestic startups and advancing the Go Global strategy. **JIC will manage the portfolio composition accordingly and regularly review the outcomes of these efforts.**



## **3. Buyout Investment**

### **3-1 JIC Approach**

- 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

### Objectives:

- 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.

### • Investment Fund

- A domestic buyout fund managed by a GP with the intent and ability to handle large deals (EV of JPY100 billion or more). (Fund size expected to exceed JPY200 billion)
- **LP investment commitment: up to JPY50 billion**

## ② Minority investment in projects led by private funds

### Objectives:

- JIC 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 operating companies.
- **Targets to be JICC's themes and industries**
  - 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 JPY50 billion**
- Ex) Large-scale carveout, Midsized company rollup

## ③ Establishment of JICC No. 2 Fund

### Investments by No. 1 Fund progressing, No. 2 Fund to be established this fall

- ✓ **Main Fund (PEF2)** JPY600 B
- ✓ **Large-Scale Fund (PEFJ2)** JPY200 B

### • JICC Themes

- Industry consolidation (at time of investment, while holding, at exit)
- Growth investment to create new industries
- Business restructuring (private-sector-led projects)

### • **Target areas: 5 "Focus" + 4 "Other"**

Selected based on the need for industry consolidation/growth investment/business restructuring and for potential opportunities

- **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

- JICC Lead: JPY100 billion or less
- Private Lead: JPY50 billion or less
- Investments exceeding the above will be made using PEFJ2

## 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)

- “Japan’s Mid-Sized Companies and Their Growth Challenges”
- “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 (in Japanese and English)

## JIC Website: Research Page

September 30, 2025

Global and Japan Venture  
Capital Market Update • 2025  
H1



Startups

Details 

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 

## Global and Japan Venture Capital Market Update

 株式会社産業革新投資機構

Global and Japan Venture  
Capital Market Update  
2025 H1

September 2025  
Japan Investment Corporation

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September 25, 2024

Global and Japan Venture  
Capital Market Update •  
2024H1



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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 

## Global: Status of Japanese Startups

 株式会社産業革新投資機構

Going Global: Status of Japanese Startups

June 2025  
Japan Investment Corporation

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## Reference Materials

### ① Market Trends: VC

- VC fundraising declined in 2024, but investment-ready capital remained stable. Large-scale VC funds were set up in 2025.
- Interest in Japan among overseas investors (VCs, LPs) is rising, but substantial investment will take time.

## VC Fundraising

- **Since 2024, the pace of LP investments by financial and business companies into funds other than their own has slowed, with an increasing number of funds requiring more than a year to raise capital.**
- **While large-scale fund formations are occurring, factors such as the final close of funds raised starting in 2023 (statistically recorded in 2023 fundraising totals) mean that, statistically, 2025 may fall below 2024 levels. However, VC investment reserves remain stable.**

## VC Investment-Ready Capital

- VC fund **investment-ready capital remains flat.**
- VCs are tending to invest at earlier stages than before
  - The sense is that SU valuations plateau in the late period onward (IPO, lackluster post-IPO share performance)

## Foreign Investors

- While overseas investors (VCs, SWFs, LPs) are increasingly focusing on Japan, **the pace of investment expansion remains slow due to the following mismatches:**
  - LP: Minimum commitment size for SWFs and pension funds > Japanese VC size
  - Growth VC: Project valuation > SU's business progress level and target market size (growth potential)  
Overseas growth VC ticket size > Domestic startup funding amount
  - **Overseas VC Trend: investment activity starting from Series A**

## DT Investment Status

- More VCs targeting seed and early-stage investments (Japan's strength, potential for global expansion)

## Listing Maintenance Standards

- Changes to Tokyo Stock Exchange Growth Market listing maintenance standards → Small IPO goal model becomes unworkable
- While there are discussions regarding **short-term impacts and overreactions to VC exit activities, long-term support for the standard revisions remains strong.**

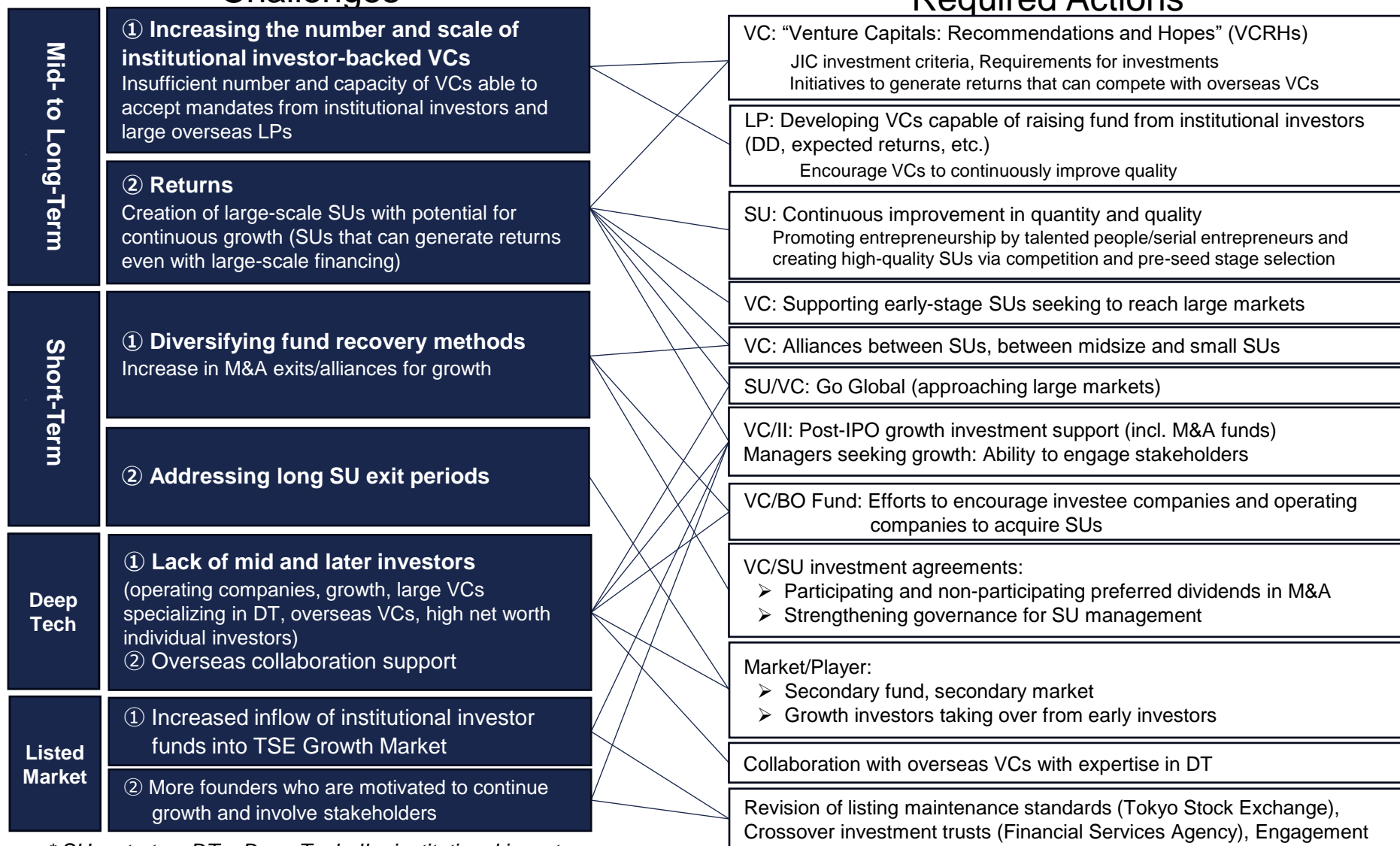
## SU-Related IPO Market

- Growth market participants are primarily individual investors, so **raising growth capital through public offerings remains difficult.**
- New: Formation of publicly offered investment trusts incorporating unlisted stocks.

- 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



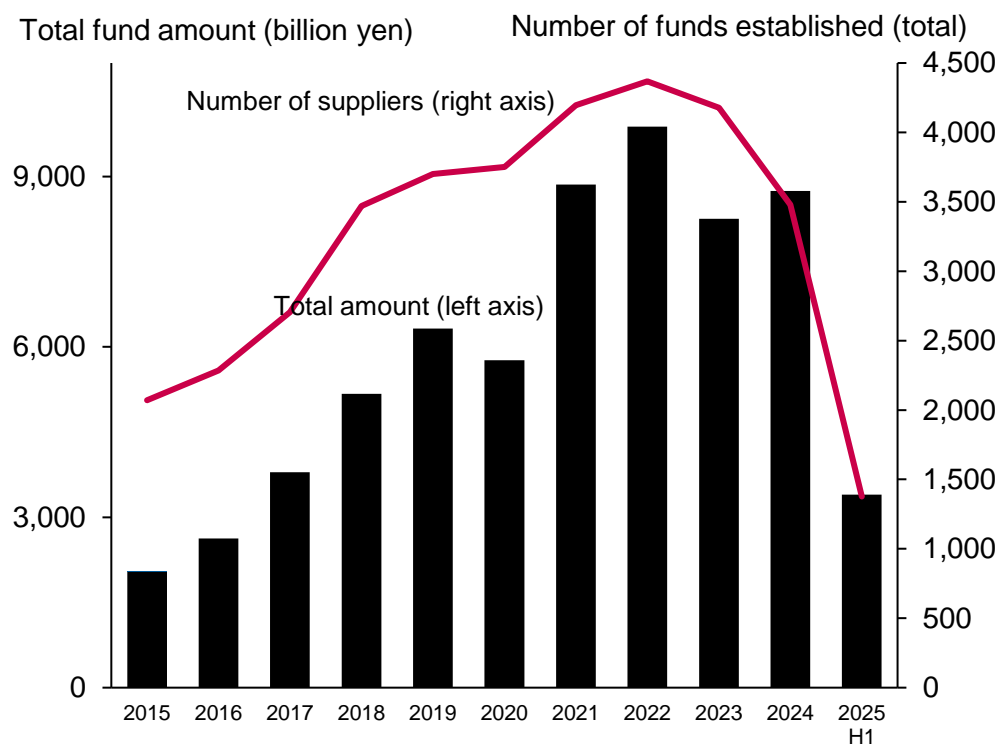
# Market Trends Summary

	 <p>Japan</p>	 <p>U.S.</p>
Startup	<ul style="list-style-type: none"> <li>Total funding raised in first half 2025 was JPY339.9 billion (current tally), nearly unchanged from the same period last year.</li> <li>First half 2025 saw continued high funding for AI and SaaS-related startups.</li> <li>The median amount raised per company in Series C and subsequent rounds (Series D~) showed a declining trend. No deals exceeded JPY10 billion in the first half of the year.</li> <li>The median post-funding valuation for each stage increased slightly. Looking at the distribution of valuations for Series D and later funding rounds, the number of deals securing funding at lower valuations decreased.</li> <li>The number of IPOs in first half 2025 was 15 (down 6 from the same previous period). The number of M&amp;A deals (97) was slightly below the level of the same previous period. The importance of M&amp;A as an exit strategy for startups continues to increase. Large corporations, startups, and PE funds are all acquiring startups, and this trend is expected to grow.</li> </ul>	<ul style="list-style-type: none"> <li>Startup funding for first half 2025 reached USD163 billion, showing steady growth. By the first half of the year, funding had already increased at a pace approaching the full-year total for the previous year (USD215 billion).</li> <li>Investment in AI-related startups outpaced last year's levels. Competition among startups over AI infrastructure intensified.</li> <li>The median valuation for early-stage to growth-stage companies increased. The median valuation rose across all stages as the proportion of funding rounds and total funding secured by AI-related startups grew.</li> <li>The number and value of IPOs remained on par with the previous year, though several large-scale IPOs were completed. This signals renewed expectations for IPO market revitalization. The number and value of M&amp;As and buyouts was increasing. One reason cited was the growing number of M&amp;A deals aimed at securing AI talent and data, amid intensifying competition for AI-related businesses and personnel.</li> </ul>
Venture Capital	<ul style="list-style-type: none"> <li>Fund raising for first half 2025 totaled JPY166.3 billion, a decrease from the same previous period (JPY232.1 billion). The total amount raised by VC funds formed in first half 2025 is expected to be revised upward based on future fundraising activities.</li> <li>Looking at GP categories, fundraising by independent VCs was relatively low in first half 2025. Fundraising by financial institution-affiliated VCs remained relatively robust.</li> <li>The estimated uncommitted capital (dry powder) balance at the end of 2024 was JPY1.5 trillion, down 15% from the previous year. The ratio of estimated uncommitted capital to VC investment amount also fell to 4.3 years, returning to levels seen in 2018-19.</li> </ul>	<ul style="list-style-type: none"> <li>Fund-raising for first half 2025 remained sluggish at USD27 billion. The pattern whereby emerging managers struggle to raise capital while established VCs continue to raise funds smoothly continued to persist.</li> <li>While signs of improvement were visible in the exit market, distributions from VC funds remained sluggish, and LP investors were holding back on new VC fund investments.</li> <li>Venture capital fund uncommitted capital had grown to USD300 billion by the end of 2022 but has been declining since then. This decrease is likely due to existing funds continuing their investment activities even as new fundraising slowed significantly, leading to a drawdown of commitments.</li> </ul>

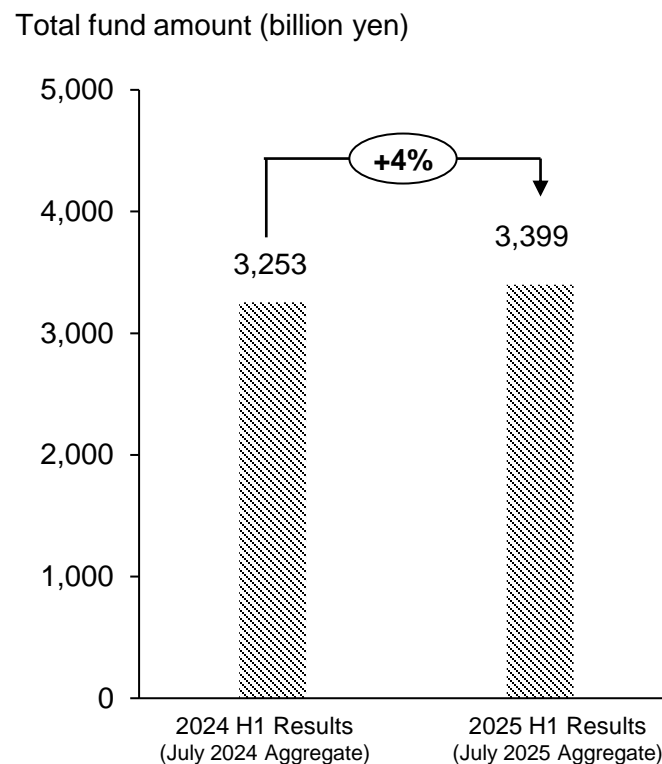
# Japan: Fundraising | Overview

- Total funding raised in the first half of 2025 stood at USD339.9 billion (current tally). This is nearly the same level as the tally for the same previous period.<sup>1</sup>

## Fundraising Trend (Annual)



## Reference: Comparison with Previous Year



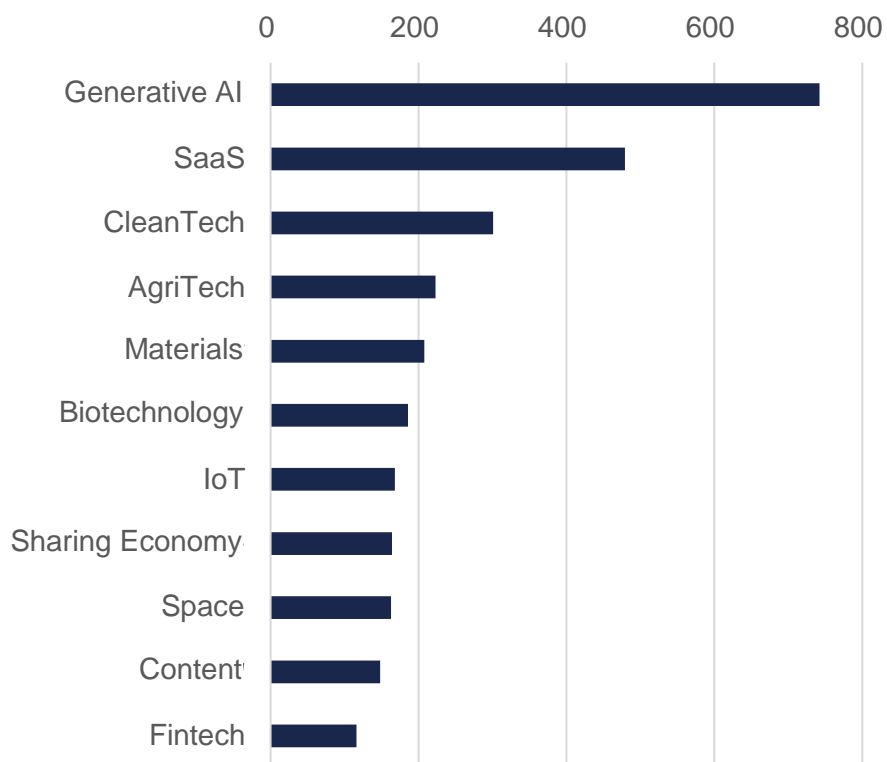
<sup>1</sup> The above figures represent current totals. If new cases of past funding are identified in the future, the above totals will be revised retroactively to the previous year.  
Source: Compiled by JIC based on Speeda Startup Information Research

# Japan: Fundraising | Sector

- In the first half of 2025, SaaS and generative AI-related startups led overall funding.

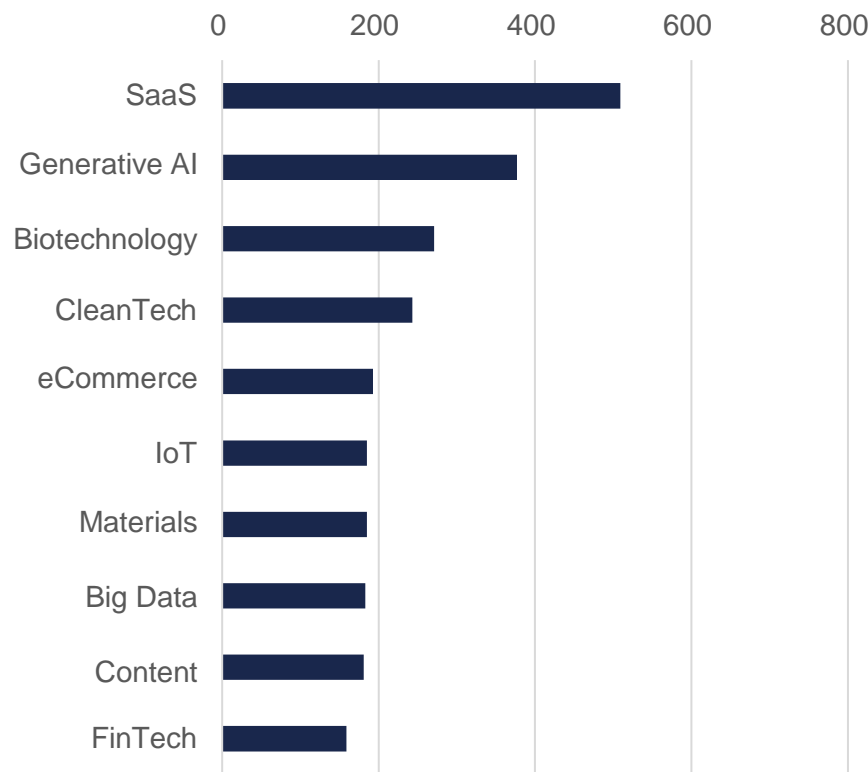
## 2024 H1

(Unit: billion yen)



## 2025 H1

(Unit: billion yen)



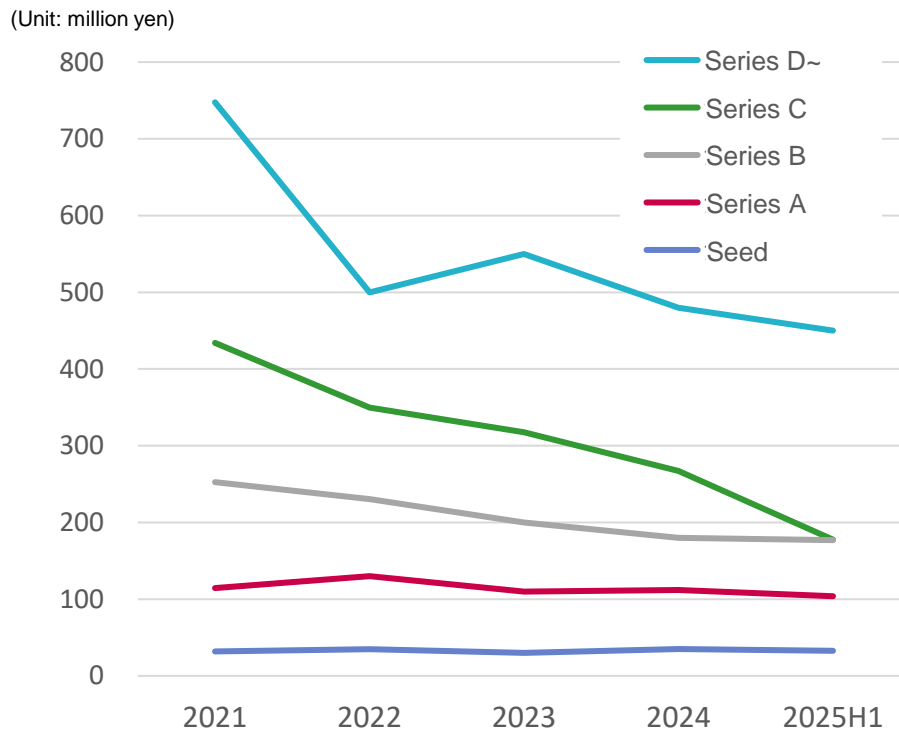
<sup>1</sup> Due to some companies appearing in more than one sector, sector totals do not match figures for total funds raised or total number of companies. Shown above are the top 10 sectors for each period.

Source: Speeda Startup Information Research

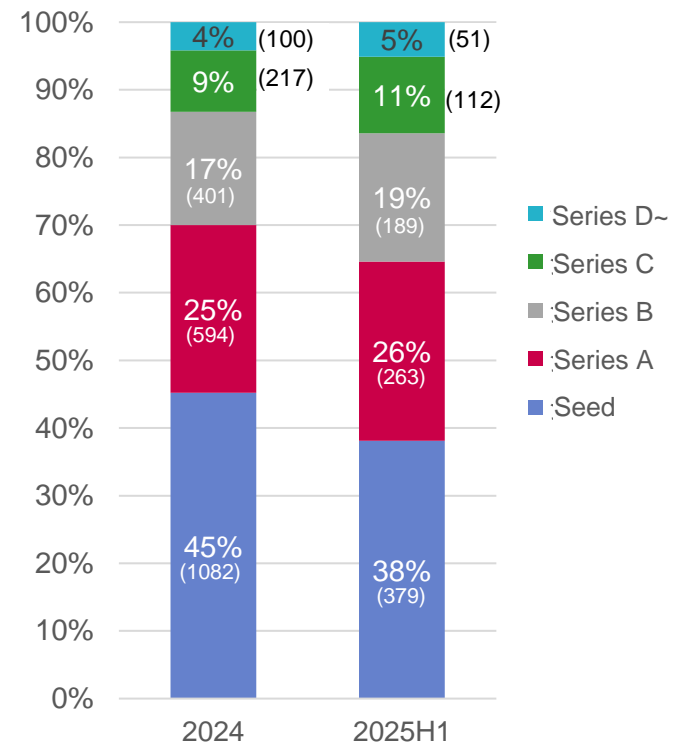
# Japan: Fundraising | Amount Raised Per Company

- At each stage from Series C and Series D onward, the median amount raised per company<sup>1</sup> has been decreasing.
- Series B funding has remained flat since the seed round.

Funding Amount per Company by Series (Median)



(Ref.) No. of Companies Securing Funding by Series: Composition Ratio



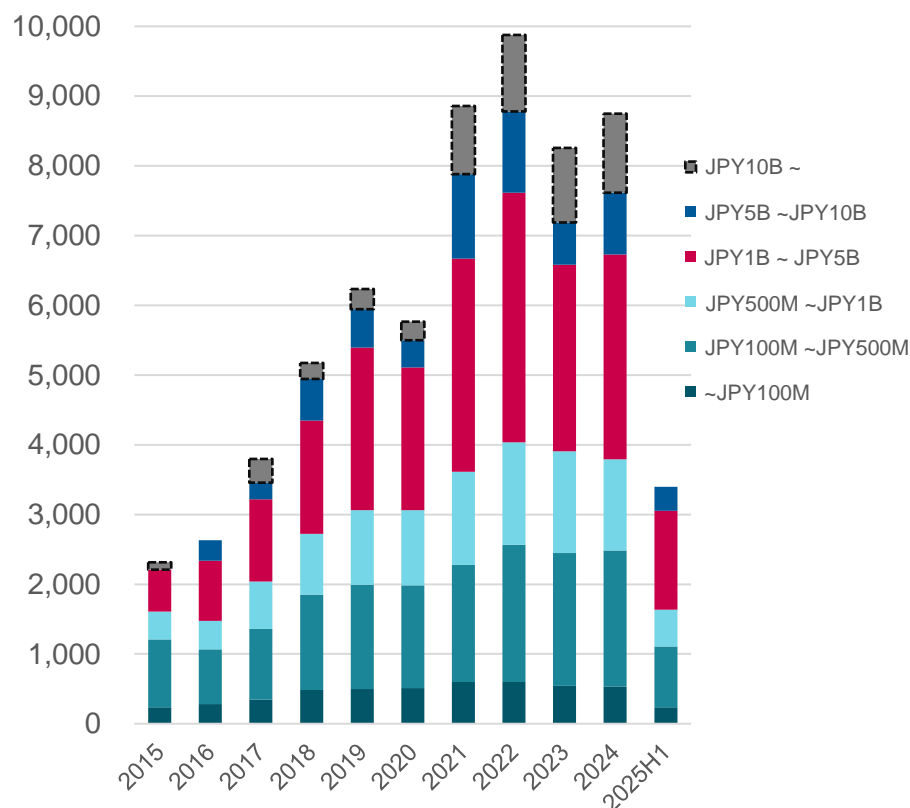
<sup>1</sup> The above figures represent current totals. If new cases of past funding are identified in the future, the above totals will be revised retroactively to the previous year.

# Japan: Fundraising | Amount Raised Per Company

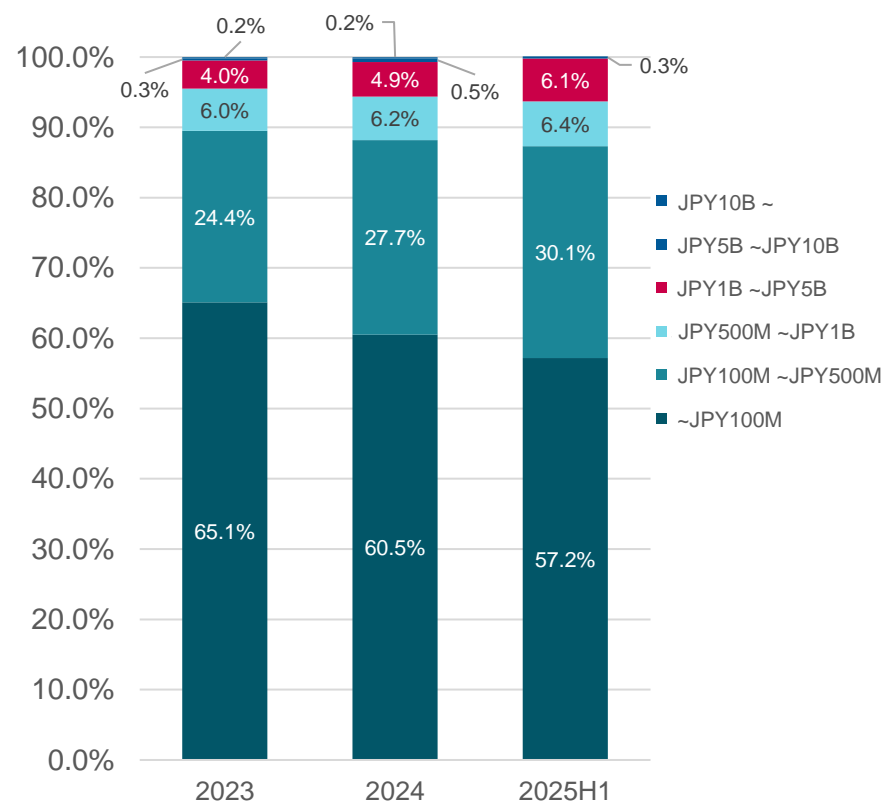
- In the first half of 2025, no large-scale projects worth more than JPY10 billion were concluded.

## Funding Amount by Scale of Fundraising

(Unit: No. of projects)



## Companies Raising Funds by Funding Scale (%)



Source: Compiled by JIC based on Speeda Startup Information Research

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# Japan: Fundraising | Large-Scale Fundraising Projects (2025 H1)



- Of the top 20 deals, those involving overseas investors remained at the previous year's level of 5.

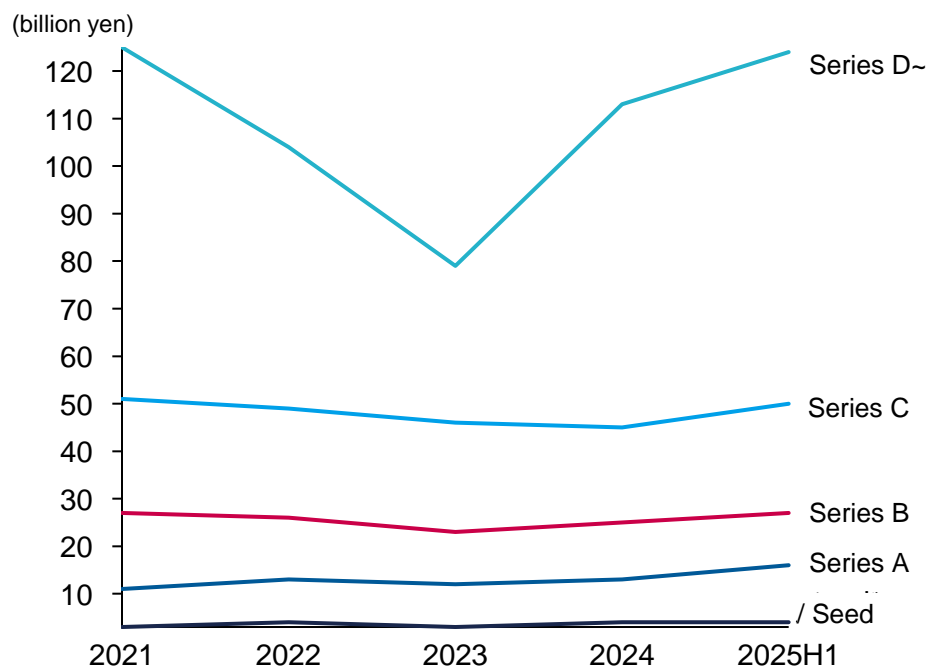
(Unit: JPY billion)

Company Name	Business Overview	Amount Raised <sup>1</sup>	Series	Appraised Value (post)	Date Raised	Investor   Overseas (blue), VGI (red)
1 Spiber	Structural protein material "Brewed Protein"	99	D	1,724	3/21	Cool Japan Fund
2 Gaudiy	Fan community "Gaudiy Fanlink"	91	C	394	4/8	Bandai Namco Holdings, Sony Group, Bandai Namco Holdings
3 SkyDrive	"Flying car" development	83	D	387	8/23	East Japan Railway Company, Mitsubishi UFJ Bank, Suzuki, Kyushu Railway Company, Itochu Technology Ventures, Obayashi Corporation, Kansai Electric Power, SBI Investment, Toyota Iron Works, Nippon Spring, Univance
4 UTAITE	2.5D IP product development and operation	69	D	228	4/4	Tencent Holdings Limited, SoftBank Ventures Asia, Development Bank of Japan, JP Investment, JP LIFE NEXT Fund 1 Limited Partnership, SMBC Nikko Securities, TBS Innovation Partners LLC, Shizuoka Capital, SEGA SAMMY HOLDINGS, Shochiku Ventures, Yostar, Sony Group, Tycoon Capital, Globis Capital Partners, Z Venture Capital, Skyland Ventures, DIMENSION, MIXI, Mitsubishi UFJ Capital, Maezawa Fund, Prime Partners, Bandai Namco Entertainment, Prime Partners
5 Preferred Networks	Deep learning dedicated processor "MN-Core"	44	D	1614	5/30	Shin-Etsu Chemical, SBI Investment, Kodansha, AGS Consulting, TBS Innovation Partners LLC, Toei Animation, Sumitomo Mitsui Trust Bank, Mitsubishi UFJ Trust and Banking Corporation
6 Sales Marker	Multi AI agent "Sales Maker"	44	B	293	5/2	–
7 Clean Energy Connect	Corporate green power solutions	42	D	197	4/1	EEIGP Booster No. 1 Limited Liability Partnership, J Growth
8 CADDi	Manufacturing AI Data Platform "CADDi"	41	C	732	4/11	Atomico, Global Brain, Minerva Growth Partners
9 ONODERA GT Pharma	Research and development of gene therapies using AVV vectors	39	E	101	4/25	–
10 LinqMed	Development of radiopharmaceutical "64Cu-ATSM"	38	C	68	5/8	Nissay Capital, Akasaka Tokyo Partners LLC, Keio Innovation Initiative, Lotte Ventures Japan, Sumitomo Mitsui Trust Bank, Japan Growth Capital Investment Corporation, Mitsubishi UFJ Capital, SBI Regional Revitalization Support, Chibagin Capital, JIC Venture Growth Investments, Axil Capital Partners II Limited Partnership, DBJ Capital, Peptide Dream
11 A'alda Japan	Expanding pet-related businesses across Asia	32	-	-	5/19	–
12 Ubie	AI symptom search engine "Ubie"	31	C	366	4/18	Seven-Eleven Japan, NTT Docomo, Japan Post Capital
13 Cellid	AR glass display and spatial recognition engine	31	F	267	3/31	IMM Investment, Corp., IMM Investment Japan, SBI Investment, Development Bank of Japan, More Management, 15th Rock Fund II Limited Partnership, FFG Venture Business Partners, Global Brain
14 Craif	Cancer risk screening "MySignal Series"	30	B	145	5/29	Unreasonable Group, Nagase Future Investments, Wing Capital Partners, MR, Daiwa House Ventures, Towns, Aozora Corporate Investment, X&Management Japan LLC, Toyoda Gosei, Toyota Boshoku
15 Interstellar Technologies	"ZERO" space transportation service dedicated to small satellites	30	C	319	1/1	Woven by Toyota
16 Looop	Electricity retail service "Looop Denki"	30	E	595	4/25	Tokyu Real Estate
17 LegalOn Technologies	AI legal service "LegalOn Cloud"	25	D	885	6/29	–
18 Salowin	"SALOWIN Suite" Private-room-style shared salon	25	D	111	2/7	Money Forward Venture Partners, Colopl Next, SMBC Venture Capital, Gogin Capital, Mitsubishi UFJ Capital, Eight Rose Ventures Japan, Mizuho Capital, Sumisho Venture Partners, Money Forward Venture Partners
19 DennoKotsu	Cloud-based taxi dispatch system "DS"	25	D	141	4/15	Uber Technologies, Inc., Mitsubishi Corporation, International Motors, Daiwa Automobile Transportation, Tsubame Motors, Awa Bank Capital, Iyo Bank Capital, MK, Sanwa Transportation, JP Investment Regional & Impact LLC, Daiichi Transportation Industry, Tokushima Taisho Bank
20 J-Pharma	"Nambranlat" anticancer drug for progressive biliary tract cancer	23	C	129	4/18	–

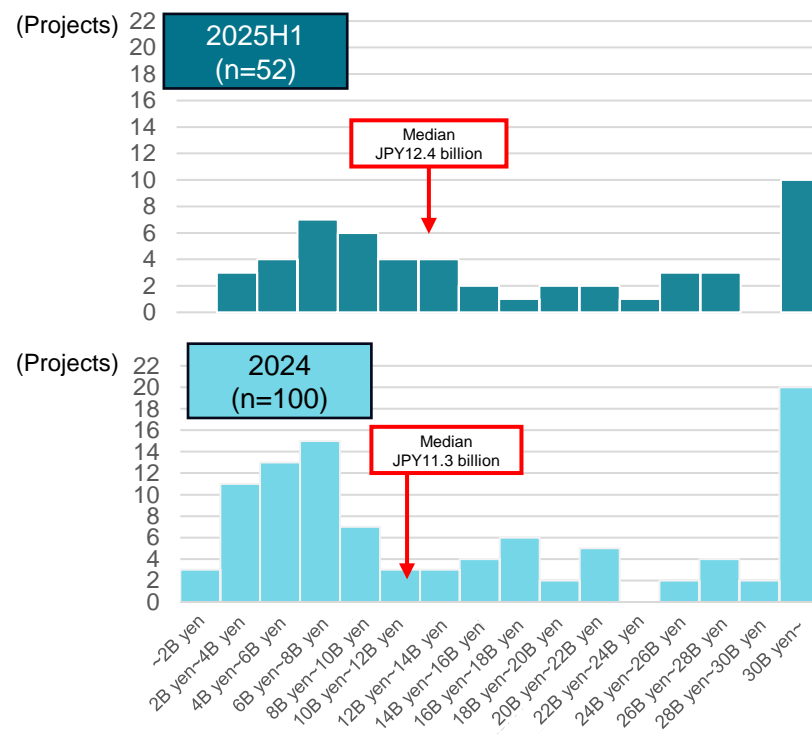
<sup>1</sup> Fundraising amount is total funds raised in the same year (which may include multiple series). Amounts less than JPY100 million are rounded down.

- The post-fundraising median valuation for each stage increased slightly.
- Looking at the distribution of valuations for Series D and later rounds, a decrease was seen in the number of deals raising funds at lower valuations. As such, the median valuation rose for a second consecutive year (JPY8 billion → JPY11.3 billion → JPY12.4 billion).

Post-Funding Valuation by Series (Median)



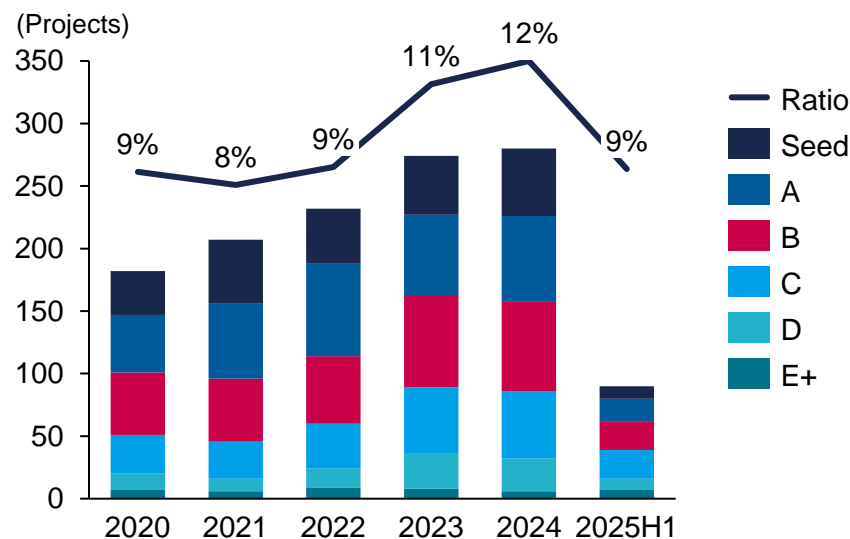
(Ref.) No. of Series D~ Deals by Valuation (2025 H1 vs. 2024)



# Japan: Fundraising | Valuation ②

- As evidenced by the persistently low multiples of listed SaaS companies, valuations for tech startups overall remained low and flat.
- In the first half of 2025, the proportion of startups experiencing down rounds decreased year-on-year. Whether the trend of down rounds has run its course following the adjustment period that has continued since 2021 remains to be seen.

## Down Round Trends<sup>1</sup>



<sup>1</sup> The above number for down rounds includes cases where the valuation at the time of the previous funding round (post) was compared to the valuation at the time of the current funding round (pre), and the latter was lower. Separately, de facto down rounds are also occurring in the market; these involve setting the price of newly issued shares at the same level as the previous funding round, but requiring existing shareholders wishing to sell their stakes to offer their shares at a discount, effectively lowering the per-share price paid by new investors participating in the new round relative to the previous round. This approach offers benefits for existing shareholders, investors, and the issuer. Specifically, it provides liquidity to existing shareholders seeking an exit, allows new investors participating in the round to invest at a lower price, and enables the issuer to raise funds while avoiding dilution.

## Sales Multiple<sup>2</sup> for Listed SaaS Companies

- Valuation multiples remain at levels below half of their historical peak



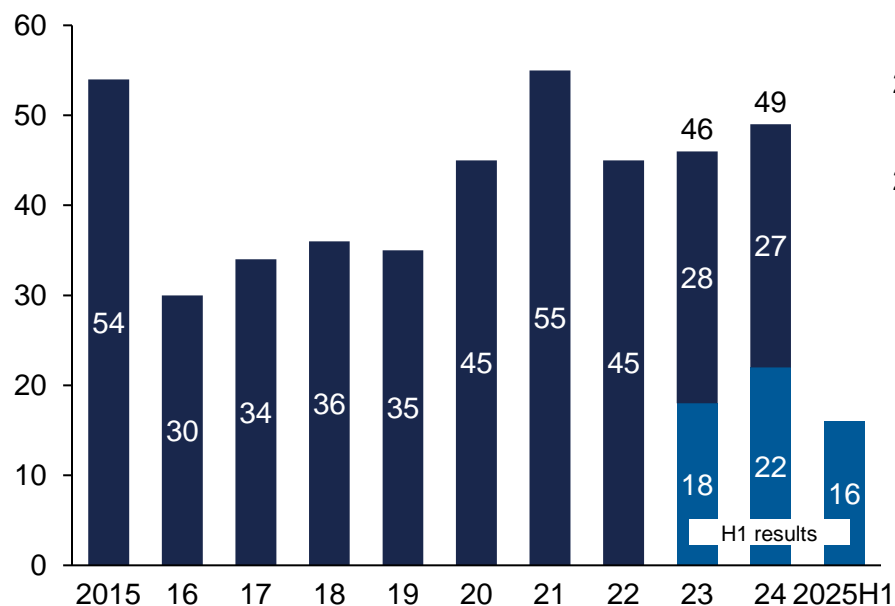
<sup>2</sup> Average PSR (actual) for 34 representative listed SaaS companies in Japan: Temairazu, Ewell, User Local, Plus Alpha, HENNGE, ORO, Rakus, Smaregi, Visionary, Wantedly, Cybozu, Played, Human Tech, freee, Kanamic, Dream Arts, Sansan, CyberSecure, Appier, kaonavi, Infomart, Safie, Nulab, feedforce, Cynd, Spider Plus, kubell, Yappli, Team Spirit, AI Inside, Photosynth, Money Forward, V-cube.



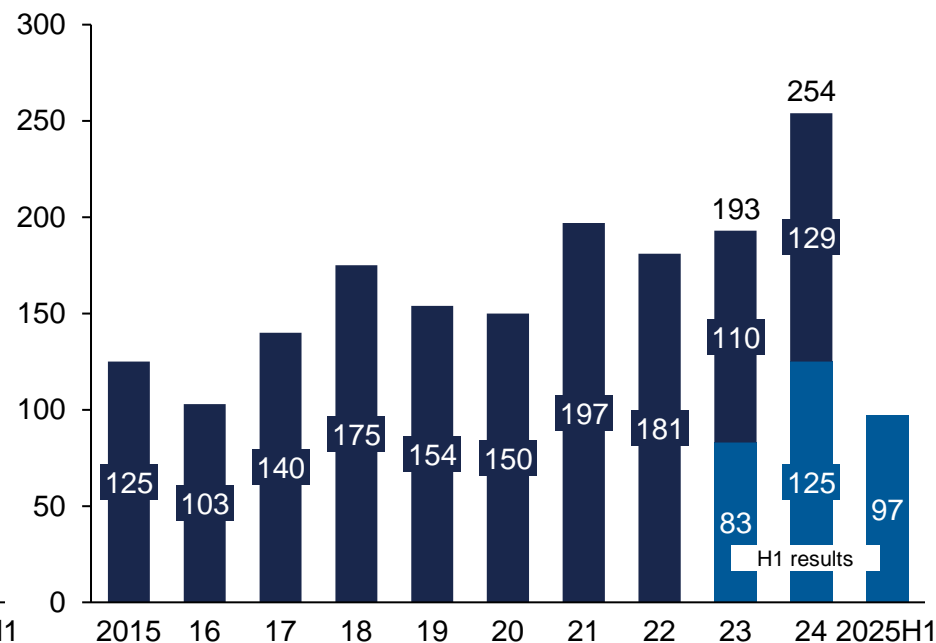
# Japan: Exits | Overview

- The number of IPOs in the first half of 2025 was 15 (down 6 from the same previous period). Major IPOs included Dynamic Map Platform, etc.
- The number of M&A deals was 97, slightly below the level of the same previous period (down 28 deals year-on-year). Considering the overall Japanese M&A market—which is showing strong activity, including record-high deal values<sup>1</sup>—the figure is somewhat subdued but still exceeds the level seen in the first half of 2023.

Number of Startup IPO listings<sup>2</sup>



Number of M&A deals involving startups<sup>3, 4</sup>



<sup>1</sup> The value of M&A transactions by Japanese companies in 2025 H1 reached a record high of JPY20 trillion. Key drivers were: ① Business restructuring and delisting by large corporations, and ② Large-scale acquisitions of overseas companies and significant investments in foreign firms by Japanese companies.

<sup>2</sup> Number of listings on emerging markets. Count limited to startups that received VC investment prior to listing.

<sup>3</sup> Total of acquisitions, subsidiaries, major share acquisitions, and business transfers.

<sup>4</sup> The results for 2023 H1 and 2024 H1 reflect aggregate figures and survey results for the same periods.

Source: Compiled by JIC based on Speeda Startup Information Research

# Japan: Exits | Major Startup IPO Projects

- Major IPOs in 2025 H1 are as follows:

Company Name	Business Overview	IPO Date	New Listing Status			Latest Funding Round			(A) ÷ (B)
			(A)				(B)		
			Market Cap (Note 1)	Public Offering (yen)	(Ref.) Current Share Price (yen) <sup>2</sup>	Funding Date・Series <sup>3</sup>		Post Valuation (bil. yen)	Multiple
Digital Grid	Operation of electricity and environmental value trading platform	4/22	268	@4,520	@11,740	2021/12/24	C	153	1.8 x
Dynamic Map Platform	Generation and sale of high-precision 3D maps (HD maps) for autonomous driving and ADAS	3/27	226	@1,200	@1,182	2022/04/26	C	685	0.3 x
LIFE CREATE	Operating boutique-style fitness studios	4/24	154	@1,250	@1,110	2023/01/31	A	46	3.3 x
Wellness Communications Corp	Health management SaaS	6/23	135	@2,480	@3,120	-	-	-	-
TENTIAL	Recovery wear such as "BAKUNE"	2/28	133	@2,000	@5,260	2023/02/22	D	45	2.9 x
TOYOKOH Inc.	Installation of roof regeneration coating "SOSEI" and related services	3/28	88	@730	@3,340	2024/06/28	-	92	1.0 x
MEEQ Inc.	Mobile IoT support program	3/21	78	@800	@851	-	-	-	-
TalentX	Cloud-based talent acquisition platform	3/18	41	@750	@1,034	2021/02/12	B	47	0.9 x
zig-zag, Inc.	Overseas customer purchase support service / cross-border e-commerce support service	3/31	29	@1,500	@577	2022/05/10	C	50	0.6 x
ZenmuTech	Security solution utilizing secret sharing technology	3/27	17	@1,580	@7,850	2023/12/29	C	33	0.5 x

<sup>1</sup> Calculated by multiplying the public offering price by the number of shares issued immediately prior to the IPO.

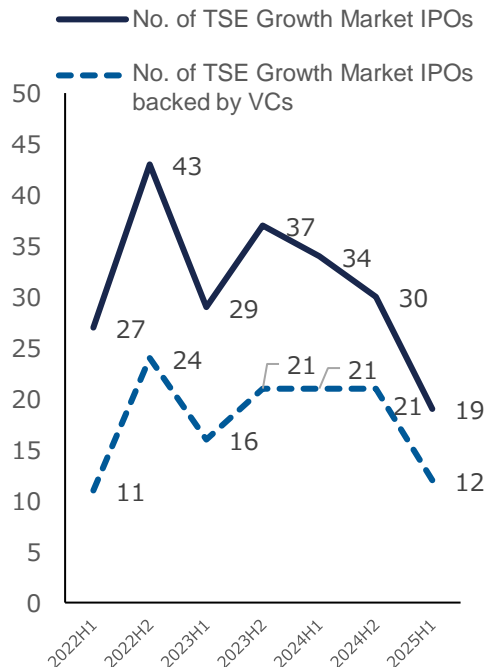
<sup>2</sup> Share price as of August 28, 2025.

<sup>3</sup> Series as defined by Speeda.

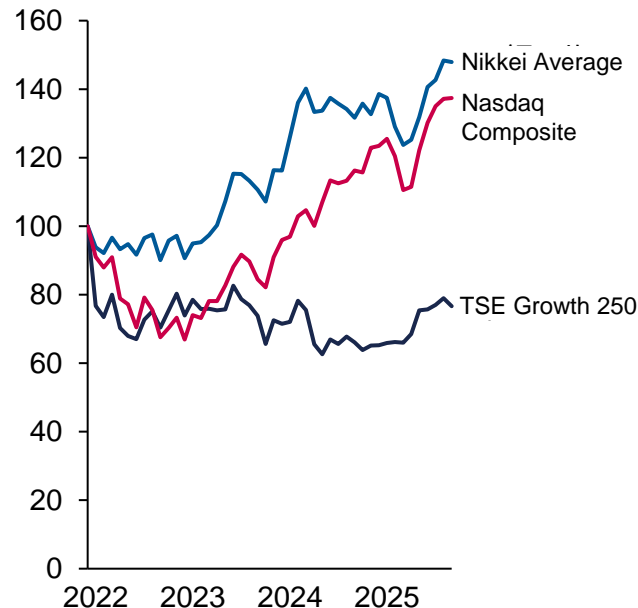
Source: Compiled by JIC based on JPX Newly Listed Companies Information; company securities reports, semi-annual reports, and quarterly reports; EDINET; and Speeda Startup Information Research.

- The first half of 2025 saw a significant decline in the number of startups listing on the Tokyo Stock Exchange Growth Market (21 cases → 12 cases). This is believed to be influenced by discussions regarding revisions to the TSE's listing maintenance standards. Furthermore, examining the ordinary income/loss of companies immediately prior to listing reveals a decrease in the proportion of companies reporting losses. This is seen as a result of more selective screening of candidates.

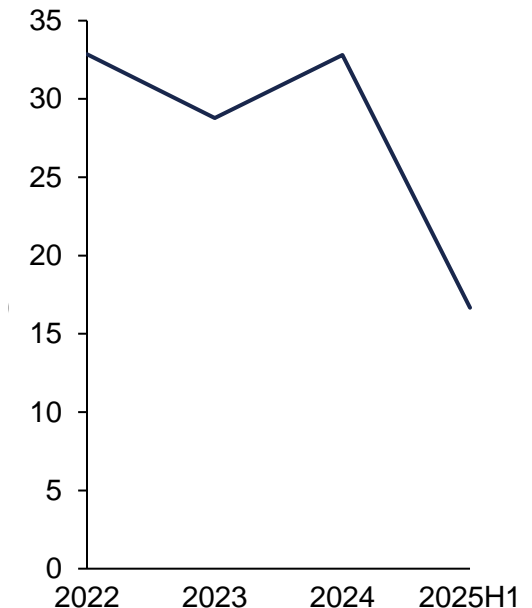
No. of IPOs on TSE Growth Market<sup>1</sup>



TSE Growth 250 Index Trend  
(2021-end=100)



TSE Growth IPO:  
Pre-IPO Loss Ratio (%)<sup>2</sup>



<sup>1</sup> The number of TSE Growth Market IPOs includes startups funded by VC firms (defined as “VC-target” by Speeda Startup Information Research). Note that the “number of startup IPOs” on p. 41 includes listings on exchanges/segments other than the TSE Growth Market, such as the TSE PRO MARKET and Nasdaq.

<sup>2</sup> The percentage of companies newly listed on the TSE Growth Market that reported an operating loss in the period immediately preceding their listing.

Source: Compiled by JIC from Tokyo Stock Exchange, Bloomberg, and Speeda Startup Information Research.

- Major acquisitions in the first half of 2025 are as follows. There were no large acquisitions exceeding JPY10 billion in value.

Acquisition Target	Business Overview	Acquisition Announcement Date	Acquisition Status			Latest Funding Round			Multiplier Rate
			(A)			(B)			(A) ÷ (B)
			Acquisition Price (bil. yen) (Ratio)	Valuation (bil. yen)	Buyer	Funding Date Series	Post Valuation (bil. yen)		Multiple
YUMEMI	Support for in-house development of systems, policy, and consulting	5/8	Approx. 37 (49.8%)	74	Accenture	2018/7/3	-	16	4.6 x
CB HOLDINGS	Solving management challenges in the healthcare, nursing care, and welfare industries	1/24	30 (100%)	30	Fuyo Lease Group	2021/1/29	-	37	0.8 x
Day Trial	Specialized web skills online school	6/30	9.9 (80%)	12	F-CODE	-	-	-	-
AxisRoot Holdings, Inc.	Business supporting healthy life expectancy	1/23	61.8 (76.7%)	81	MEDLEY	2023/2/28	B	57	1.4 x
TANOMU	Provider of wholesaler sales promotion and order management system	3/31	23.9 (83.8%)	29	Infomart	2021/2/28	A	23	1.3 x

Source: Compiled by JIC based on Speeda Startup Information Research (as of July 19, 2025), Nikkei Shimbun, and timely disclosures.

- M&A continue to grow in importance as an exit strategy for SUs.

## ① Acquisition by large companies

- To date, acquisitions of SUs by large Japanese corporations have not been particularly active, but some major companies (financial institutions, telecommunications firms, etc.) are taking a proactive approach.
- Key examples from 2025 include the following:

## ② Acquisition by startups

- Acquisitions of SUs by post-IPO SUs, particularly in the IT sector, have long been common. Roll-up strategies (sequential acquisition of relatively small companies) have gained significant attention in recent years (notable examples include GENDA, SHIFT, and AnyMind Group).
- At the grassroots level, unlisted SUs are now acquiring SUs in adjacent business domains.

## ③ Acquisition by PE funds

- Recognizing the growth potential of SaaS in Japan, PE funds are increasingly acquiring SaaS/HR SUs.
- An example of a listed company is the acquisition of kaonavi by Carlyle in 2025 (see below).
- 2025 has yet to see a majority investment in an unlisted SU, but examples from in recent years include J-STAR and Australia's Potentia investing in jinjer (2024) and EQT investing in HR Brain (2023).

[Ref.] Major Recent Acquisitions by Large Companies

Announcement Date	Buyer	Target Company	Notes
7/29	Mizuho Bank	UPSIDER HOLDINGS	Acquired approx. 70% of fintech SU outstanding shares for 46 billion yen
4/3	KDDI	Medical Engineering Institute	Acquired medical data platform development company as subsidiary

[Ref.] Recent Major Acquisitions by Startups

Announcement Date	Buyer	Target Company	Notes
5/7	SmartHR	CloudBrains	Acquired all shares of a cloud-based management company specializing in outsourcing and freelance management
3/13	ASUENE	Carbon EX	Became subsidiary when ASUENE raised equity stake to 51%

[Ref.] Recent Major Acquisitions by PE Funds

Announcement Date	Buyer	Target Company	Notes
2/13	Carlyle Group	kaonavi	Company specializing in HR management systems. Plans to implement growth investments through acquisition and delisting. Acquisition price approx. 50 billion yen.

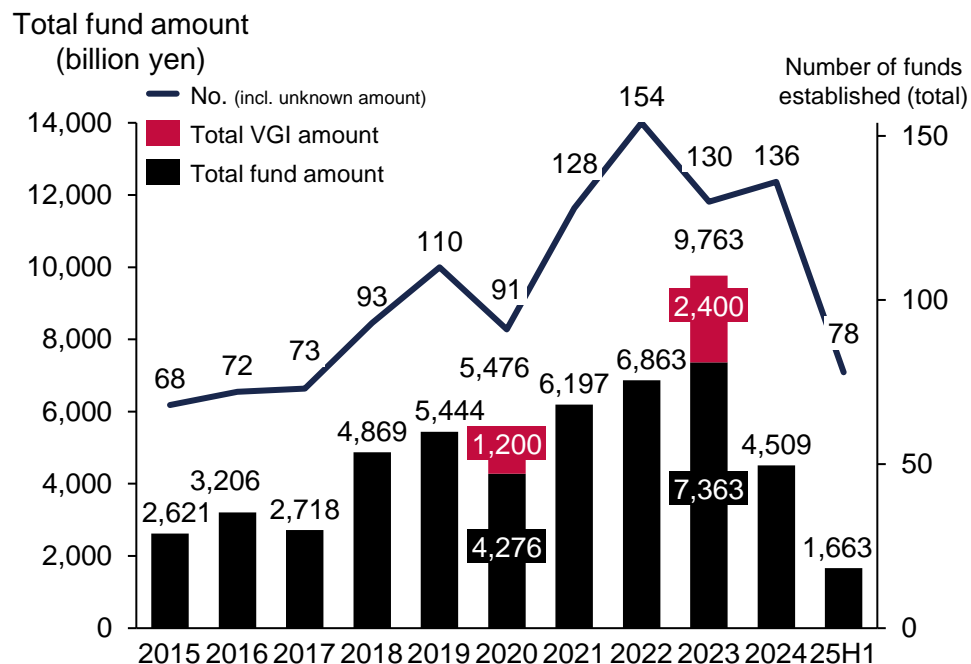
Source: Compiled by JIC from Speeda Startup Information Research, timely disclosures, and various news reports.

(C) JIC. All Rights Reserved.

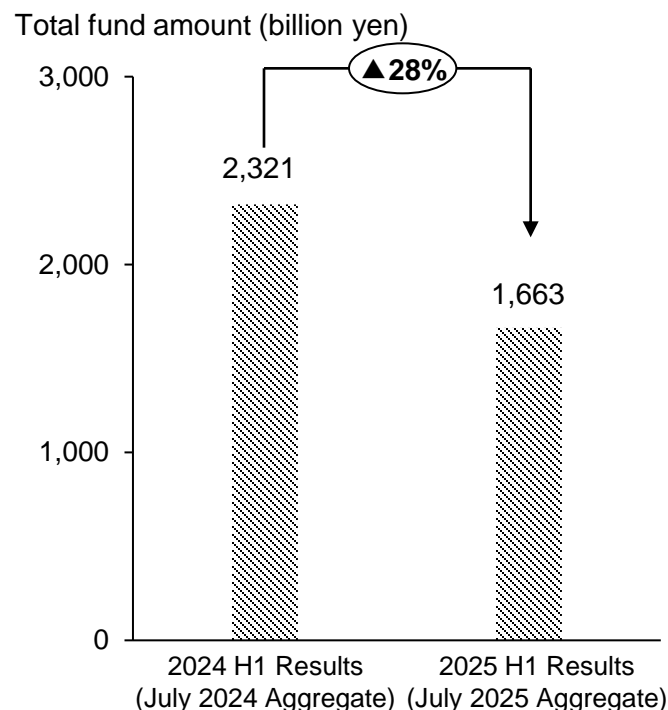
# Japan: Fundraising | Overview

- The amount raised by domestic VC funds that began forming in 2025 H1 stands at JPY166.3 billion, a decrease relative to the same previous period (JPY232.1 billion).
- Based on future fundraising activities, the amount to be raised by VC funds being established in 2025 is expected to be revised upward.

## Fundraising Trend by Year of Establishment<sup>1, 2</sup>



## Reference: Comparison with Previous Year



<sup>1</sup> The figures for 2020 and 2023 include funds (JPY120 billion and JPY240 billion) established by JIC Venture Growth Investments (JIC VGI), a JIC subsidiary. Particularly in 2023, these funds accounted for approximately one-quarter of the total, so this amount has been excluded when calculating changes in levels.

<sup>2</sup> 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 (as of July 2025)

# Japan: Fundraising | 2025 H1

Updated Ver.

- As in the same previous period, large-scale fund offerings exceeding JPY30 billion remained scarce.

## Top VC Funds Raising Capital in 2024 H1

★ Independent VC

Fund Name (Asset Management Company Name)	Amount (billion yen) <sup>1</sup>	Launch
Global Brain No. 9 (Global Brain)	325	2024/4
Daiwa House Group (Daiwa House Ventures)	300	2024/1
Coral Capital IV, L.P. ★ (Coral Capital)	250	2024/4
Incubate Fund VI, L.P. ★ (Incubate Fund)	205	2024/1
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
Canon MJ MIRAI Fund (Global Brain)	100	2024/1
Japan Post Bank Spiral Regional Innovation Fund No. 1 (Spiral Sigma LLP)	100	2024/3
Brand New Retail Initiative Fund (Innoh Associates Inc.)	100	2024/5
KX Renewable Energy No. 1 (KX Renewable Energy LLC)	100	2024/5
Vertex Ventures Japan No. 1 ★ (Vertex Ventures Japan)	100	2024/5
ONE Carbon Neutral No. 1 ★ (ONE Innovators)	100	2024/5
Nissay capital No. 14 (Nissay Capital Co., Ltd.)	100	2024/6

## VC Fundraising and Top Funds in 2025 H1

★ Independent VC

Fund Name (Asset Management Company Name)	Amount (billion yen) <sup>1</sup>	Launch
UTEC No. 6 ★ (The University of Tokyo Edge Capital Partners Co., Ltd.)	461	2025/4
ZVC No. 2 (Z Venture Capital)	300	2025/1
Mitsubishi UFJ Capital No. 10 (Mitsubishi UFJ Capital Co., Ltd.)	300	2025/4
SGP NEXUS (SOMPO Growth Partners)	300	2025/2
Angel Bridge Unicorn Fund No. 3 ★ (Angel Bridge)	260	2025/6
AIC Rising Stars Japan No. 1 (AIC Capital)	100	2025/2
IF Growth No. 1 ★ <sup>2</sup> (IncubateFund)	100	2025/3
FFG Venture No. 4 (FFG Venture Business Partners)	100	2025/5
MSIVC2025V (Mitsui Sumitomo Insurance Capital Co., Ltd.)	100	2025/6
Theta Times Ventures No. 1 ★ (Theta Times Ventures)	100	2025/5

Source: Speeda Startup Information Research

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

<sup>2</sup> Final fund size is expected to be JPY30 billion.

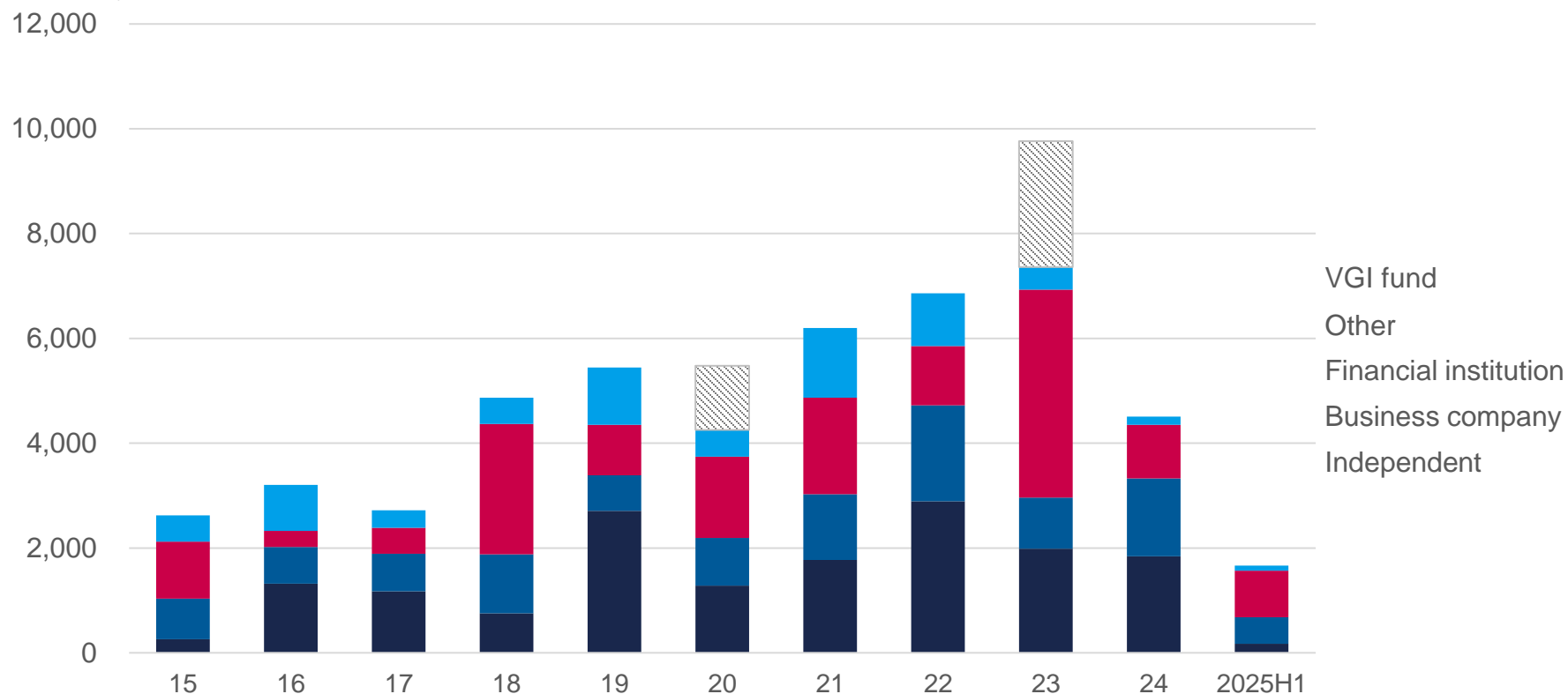
Source: Compiled by JIC based on Speeda Startup Information Research (data as of December 3, 2025).

# Japan: Fundraising | GP Categories

- Looking at GP categories, the first half of 2025 saw relatively fewer offerings from independent funds. Fund offerings from financial institution-affiliated funds remained relatively robust.

## Trends in VC Fund Amounts by GP Category

(Unit: billion yen)



<sup>1</sup> Year-over-year figures.

Source: Compiled by JIC based on Speeda Startup Information Research

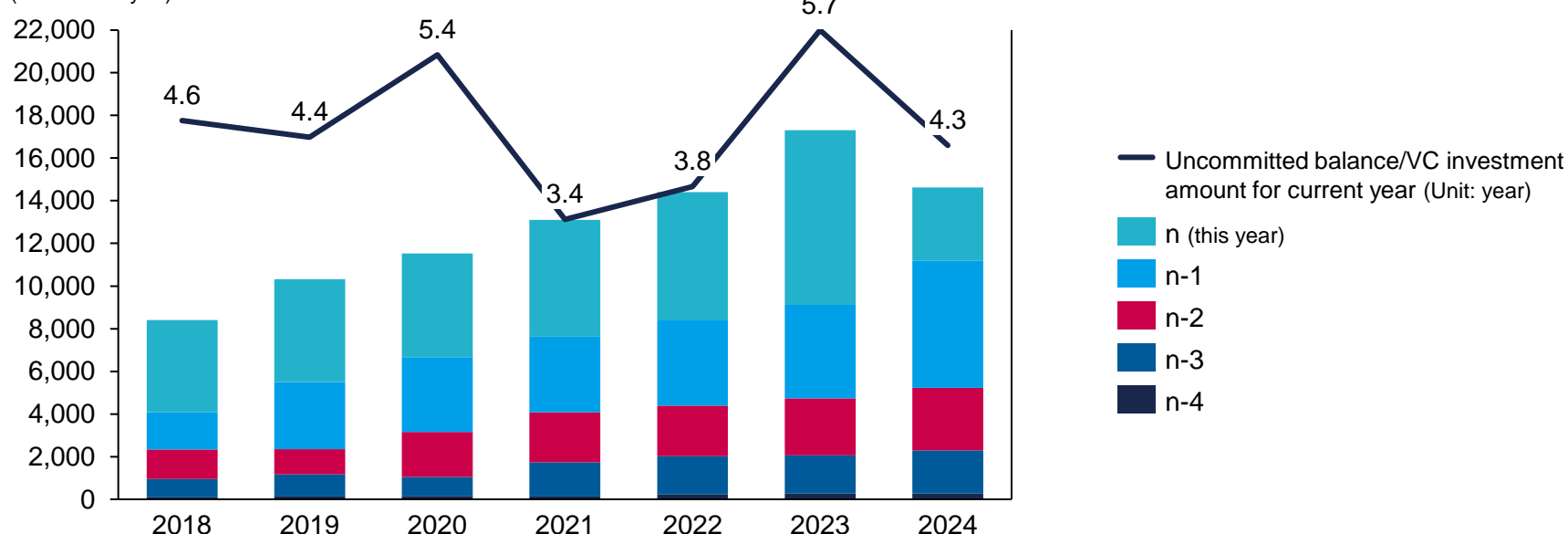


# (Ref.) Estimated Uncommitted VC Capital

- The estimated uncommitted capital balance<sup>1</sup> at the end of 2024 was JPY1.5 trillion, a decline of 15% relative to the previous year.
- The ratio of estimated uncommitted capital to VC investment amount (full-year 2024: JPY336.8 billion) also fell to 4.3 years, returning to levels seen in 2018-19.

## Estimated Uncommitted Capital<sup>1</sup>

(Unit: billion yen)



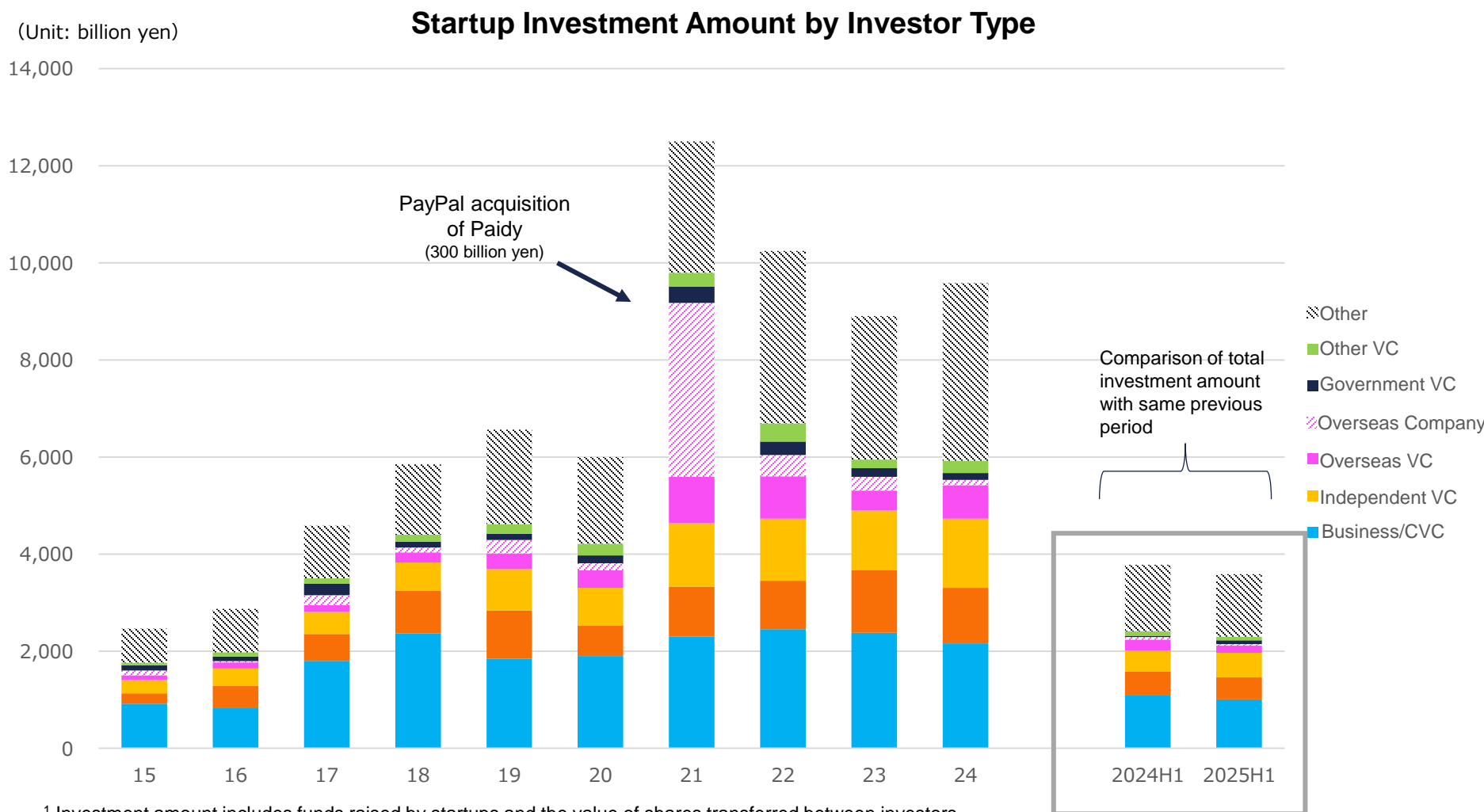
<sup>1</sup> The estimated uncommitted capital balance is based on the following methodology. Specifically, the ratio of uncommitted capital balances in VC funds raised in previous years was calculated by subtracting the PIC (paid-in capital/committed capital ratio (paid-in ratio), median) from the “6th Domestic VC Performance Benchmark Survey (as of end-December 2023)” (set as 100%). This ratio was then multiplied by the total amount raised by VC funds that conducted fundraising in previous years. The uncommitted capital balance was calculated separately for each year the VC fund raised capital (fund vintage).

n represents the “current year” indicated on the X-axis. The elements n, n-1, n-2... in the stacked bar chart show the size of the uncommitted capital balance held by VC funds raised at points in time preceding the current year (base year). Furthermore, the line graph in the figure above represents the ratio of the total uncommitted capital balance to the amount invested by VCs in startups during the same year. It indicates how many years’ worth of VC investment activity the uncommitted capital balance at the end of the base year represents as a stock.

Source: Compiled by JIC using data from JVCA-Preqin’s “6th Domestic VC Performance Benchmark Survey” and Speeda Startup Information Research (as of February 2025).

# Japan: Investor Composition by Type

- Investment amounts by investor type (current figures) show a broadly similar composition compared to the same previous period.



## Reference Materials

### ② Market Trends: Buyout

- 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

- The number of M&A deals is expected to increase significantly in 2025**
  - Continued increase in business succession cases
  - Increase in privatization deals
    - Background: PBR, activist activities, guidelines for corporate acquisitions, etc.
- Increase in large-scale projects with EVs exceeding JPY100 billion**
  - Larger non-core businesses to be sold
  - Increase in large-scale Going Private deals

## Business Companies

- Business succession issues among SMEs continue to drive the need to sell businesses**
- For large corporations, successful cases of business restructuring through M&A—including business divestitures—have made divestitures a viable option that many operating companies are now willing to consider.**
  - Hitachi Group, Sony Group, etc.
- However, some companies are anxious about who they selling to**
  - Due to factors such as sensitive technologies, supply-chain considerations, and the need for reassurance
  - Some voices are also calling for domestic players to participate in large-scale projects

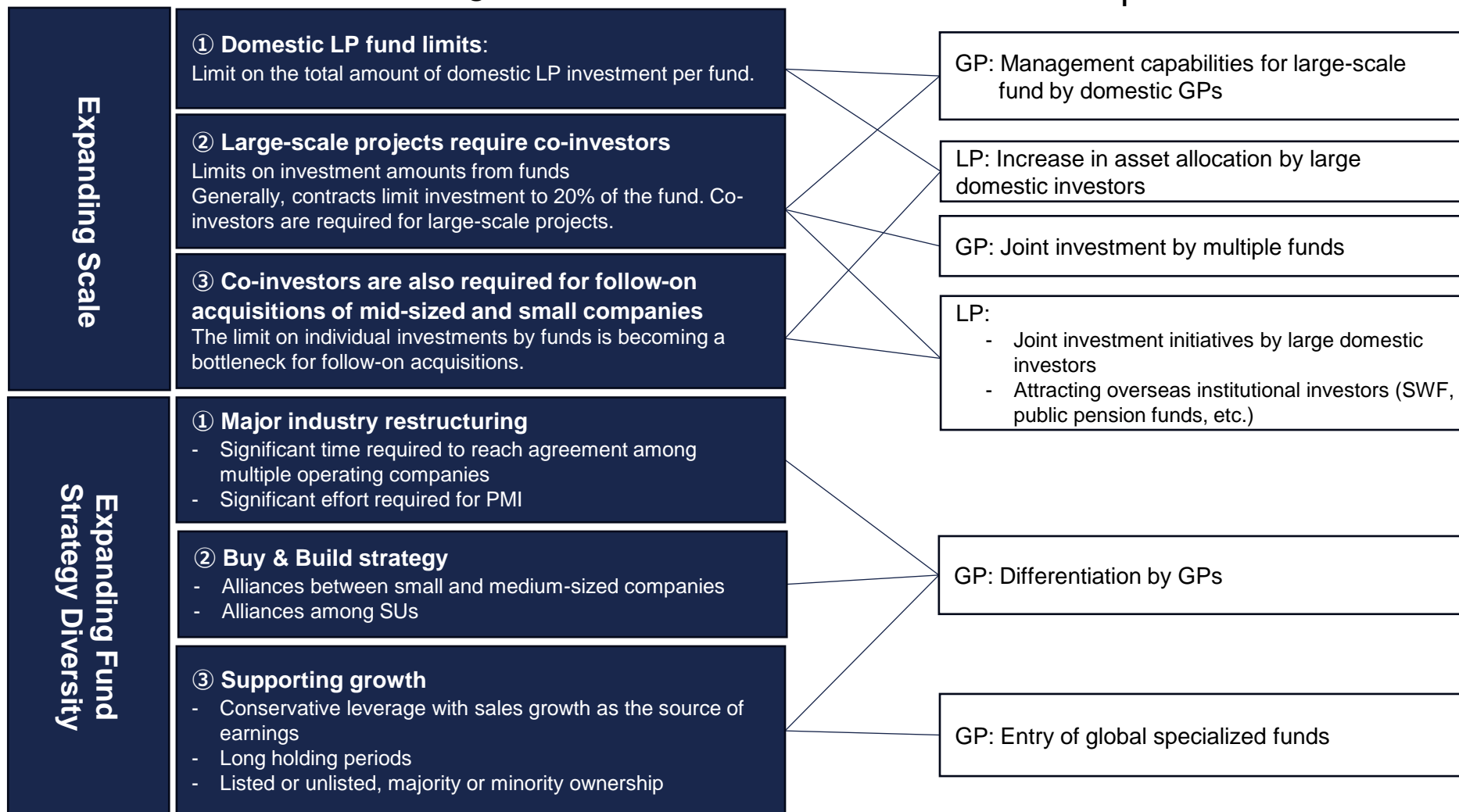
## Funds

- 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,**
  - 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
- Only a limited number of players are capable of handling projects with EVs exceeding JPY100 billion, and greater diversity is required**
  - The entry of overseas GPs is on the rise
  - Domestic PE funds are finally reaching a size where they can take on large deals
- Japan lacks GPs with strengths in specific strategies or fields (differentiation has not been needed)**
  - 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

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

## Challenges

## Required Actions

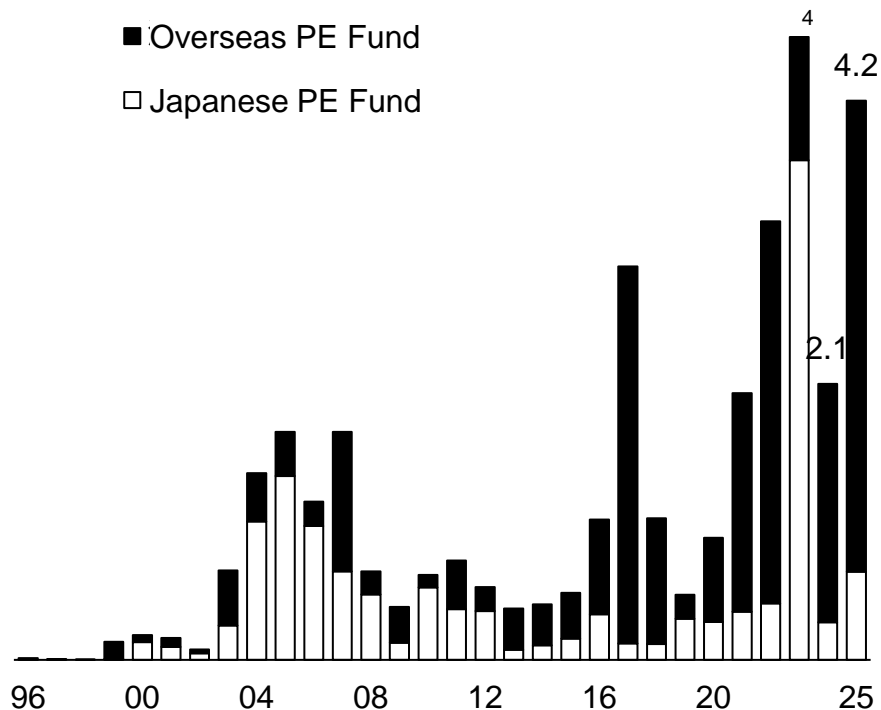


- PE investment in Japanese companies in 2025<sup>1</sup> (JPY4.2 trillion) remained at a high level. Large acquisitions by overseas PE funds increased.

- ① Carve-outs and delistings by large corporations are accelerating. Capital-rich overseas PE funds have become the primary destination for these transactions.
- ② Japanese companies are very attractive to overseas PE funds from an investment profitability perspective (e.g., low corporate valuations, relatively large potential for value enhancement through management improvements, low acquisition financing costs).

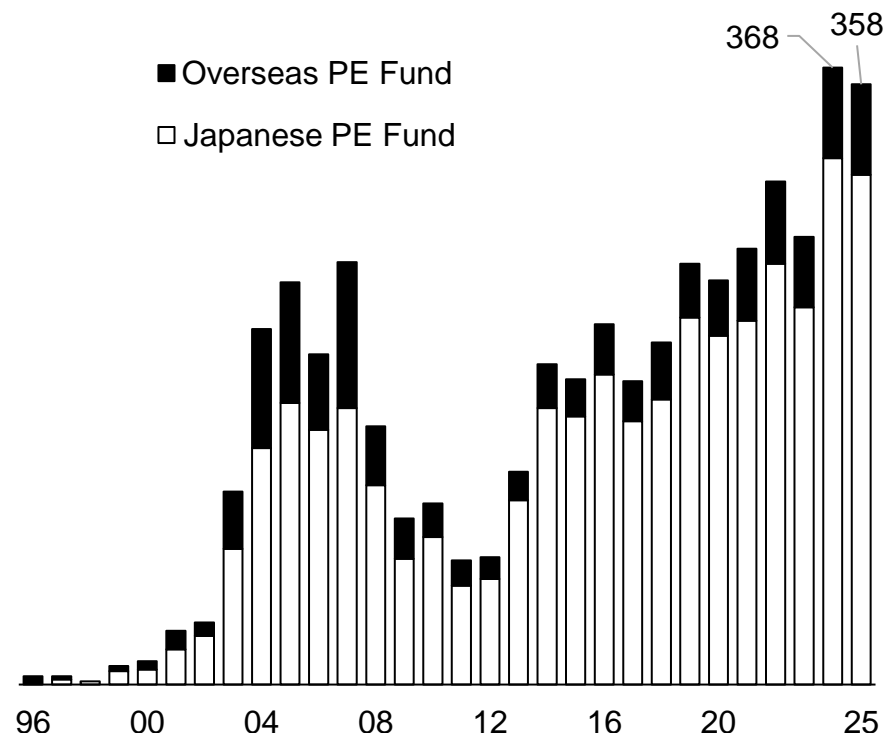
**Amount<sup>2,3</sup>**

Unit: trillion yen



**Number<sup>2</sup>**

Unit: project



<sup>1</sup> Values as of November 20 (same applies below).

<sup>2</sup> Excludes real estate/hotel sector deals, activist cases, VC investments, and cross-shareholding arrangements. Totals based on disclosure date (same applies below).

<sup>3</sup> Excludes amounts not officially announced in press releases or similar channels.

<sup>4</sup> Major PE deals in 2023 included Toshiba (buyer: JIP, deal size: JPY2 trillion), JSR (buyer: JICC, deal size: JPY903.9 billion), and Shinko Electric Industries (buyer: JICC, deal size: JPY684.9 billion).

# Major PE Investment Projects (Top 10 by Amount in 2025)



株式会社産業革新投資機構

	Target (Industry)	Investment Theme	PE Investor	Project Scale*	Seller (excludes floating shares)
1	York Holdings (Supermarkets and Other Retail)	Carveout	Bain	JPY814.7 billion	Seven & I Holdings
2	Mitsubishi Tanabe Pharma (Pharmaceuticals)	Carveout	Bain	JPY510.0 billion	Mitsubishi Chemical Group
3	TechnoPro (Staffing & Contracting)	Privatization	Blackstone	JPY507.4 billion	-
4	Fujitec (Elevators & Escalators)	Privatization	EQT	JPY407.8 billion	Oasis Farallon
5	Topcon (Precision Machinery)	Privatization	KKR JICC	JPY348.2 billion	ValueAct
6	Makino Milling Machine (Machine Tools)	Privatization	MBK	JPY274.8 billion	-
7	Mitsubishi Logisnext (Forklifts)	Carveout Privatization	JIP	JPY133.0 billion	-
8	Nissin (International Logistics)	Privatization	Bain	JPY118.1 billion	Entrepreneur Nissin Shoji
9	Nihon Chouzai (Pharmacies)	Privatization	Advantage LYFE Capital	JPY117.8 billion	Entrepreneur
10	FICT (Printed Circuit Boards)	Secondary	MBK	Not disclosed (JPY100.0 billion)	Advantage

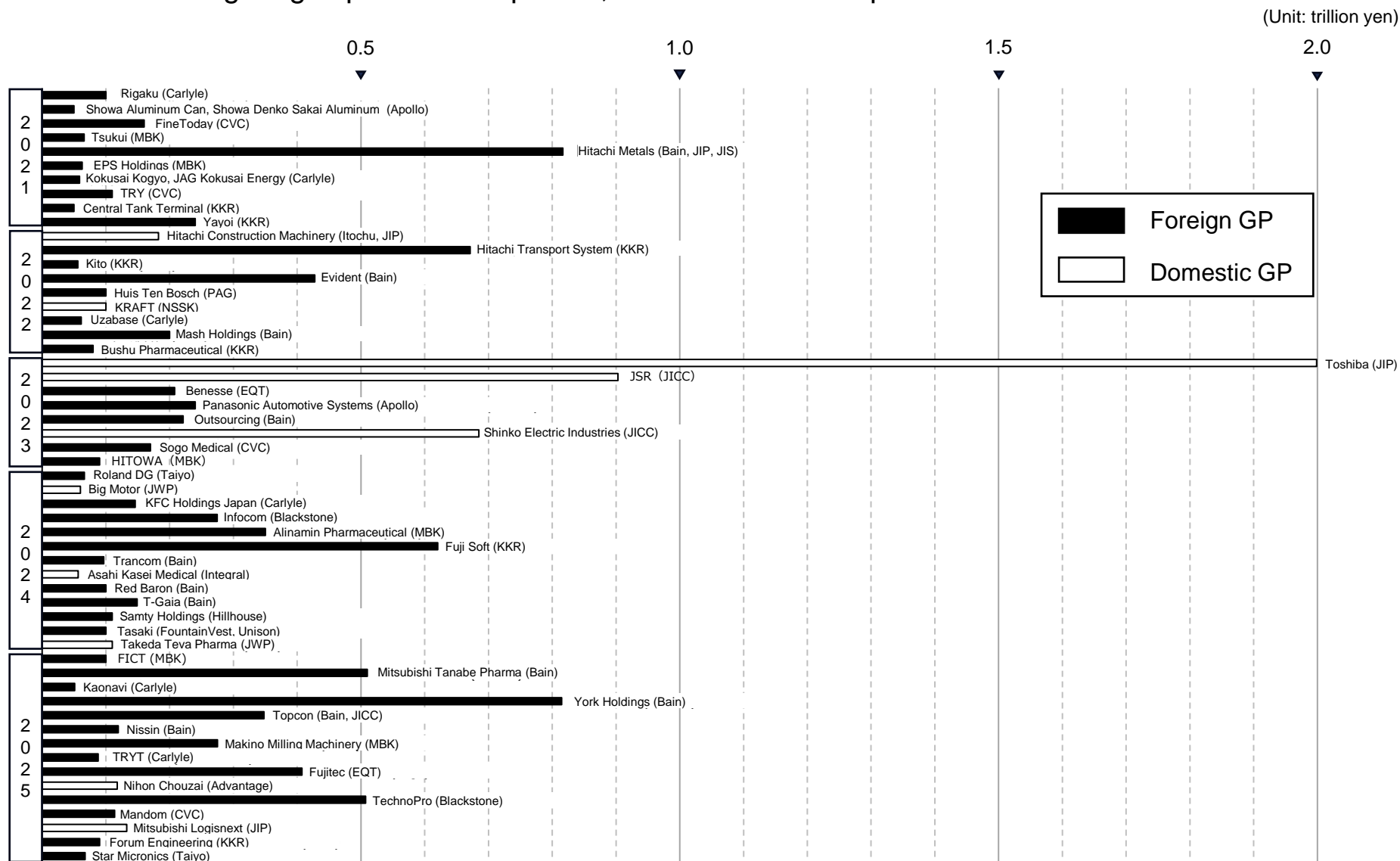
\*: The project scale in parentheses is based on media reports.

# (Ref.) Large-Scale PE Investments 2021 ~ (≥ JPY50 billion)



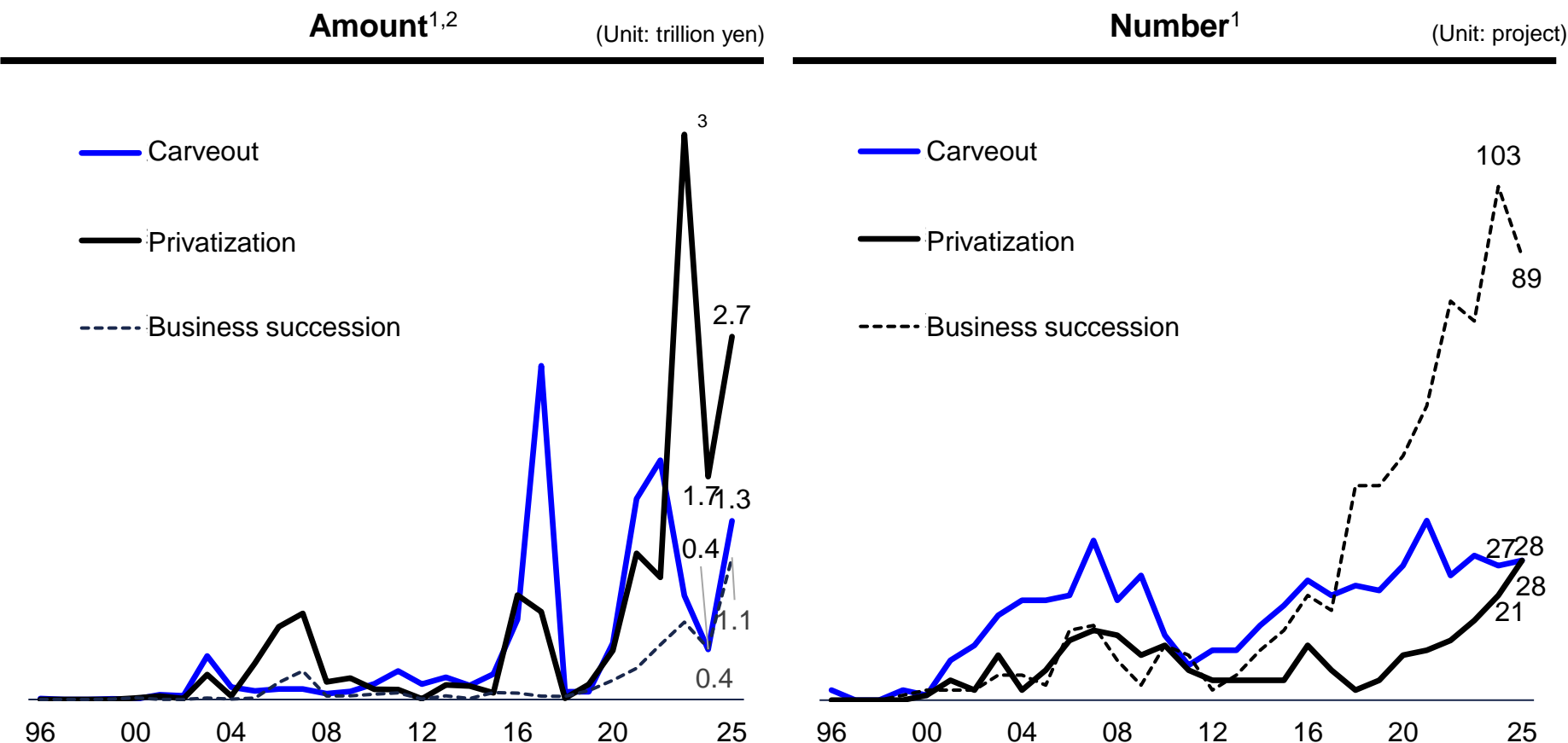
株式会社産業革新投資機構

- Historically, overseas PE funds have accounted for the majority of buyers in large-scale PE investments targeting Japanese companies, and this trend is expected to continue in 2025.





- Carveouts increased both in value and number compared to the same previous period. PE funds were the destination for large corporations' business restructurings.
  - Seven & i Holdings sold York Holdings to Bain Capital.
- The number and value of buyouts increased year-on-year. More companies are opting for buyouts by PE funds amid governance reforms and activist pressure.

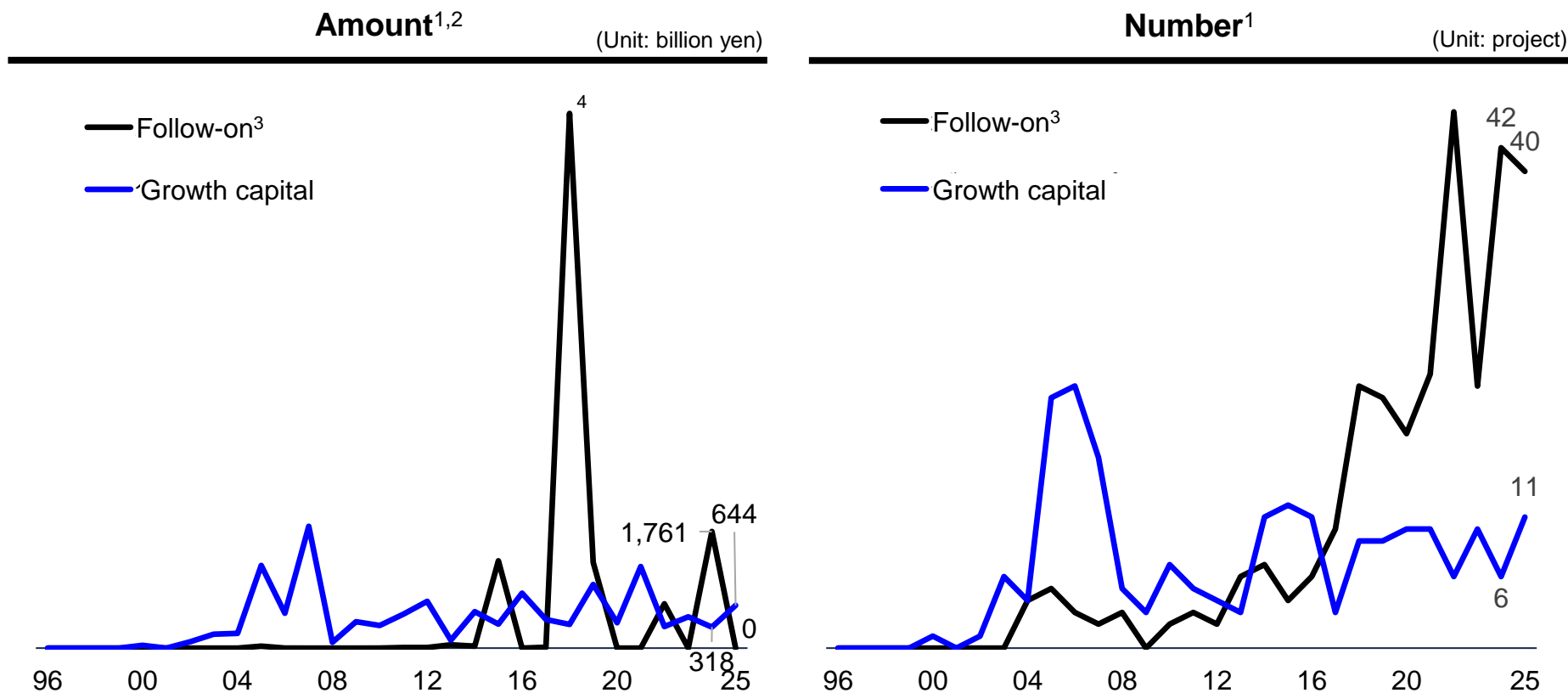


<sup>1</sup> Excludes real estate/hotel sector deals, activist cases, VC investments, and cross-shareholding arrangements. Totals based on disclosure date.

<sup>2</sup> Excludes amounts not officially announced in press releases or similar channels.

<sup>3</sup> Major PE deals in 2023 included Toshiba (buyer: JIP, deal size: JPY2 trillion), JSR (buyer: JICC, deal size: JPY903.9 billion), and Shinko Electric Industries (buyer: JICC, deal size: JPY684.9 billion).

- The focus of follow-on acquisitions is the roll-up of small and medium-sized competitors within PE fund portfolios.
- The number of growth capital deals is low. In 2025, three deals exceeding JPY10 billion were conducted.
  - Taiyo investment in Star Micronics (common stock: JPY25 billion (dilution rate: 39%))
  - Advantage investment in Tachi-S (CB: JPY4 billion, warrant: maximum JPY6 billion when exercised (dilution rate: 16%))
  - Advantage investment in Sodick (CB: JPY8 billion, warrant: maximum JPY2 billion when exercised (dilution rate: 20%))



<sup>1</sup> Excludes real estate/hotel sector deals, activist cases, VC investments, and cross-shareholding arrangements. Totals based on disclosure date.

<sup>2</sup> Excludes amounts not officially announced in press releases or similar channels.

<sup>3</sup> Targets include overseas subsidiaries of Japanese companies, foreign companies, and Japanese companies under the umbrella of overseas PE funds.

<sup>4</sup> The major deal in 2018 was the acquisition of Italy's Marelli by Calsonic Kansei, a KKR subsidiary (deal size: JPY806 billion).

## Reference Materials:

### ③ About JIC's 2024 New Investment Criteria

- The 2024 Ministerial Notice regarding JIC's investment criteria includes existing fields but also restructures the four priority investment fields, adds specific examples of industrial fields, and explicitly targets mid-sized companies.

2018	2024	Points Added to Revised Version
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"> <li>Background: In addition to the realization of a Society 5.0 society, the <b>creation of new businesses and innovations to address new social issues</b> has been added to <b>maintain and strengthen industrial competitiveness</b></li> <li>Example: <b>In addition to existing business areas*</b>, the following have been added: <b>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.</b></li> </ul>
② Creating “unicorn startups”	② Creating and developing startups	<ul style="list-style-type: none"> <li>Additional investment themes (seed, growth, secondary, etc.) as indicated by JIC</li> <li>Investment that will significantly accelerate development of the startup ecosystem</li> </ul>
③ Leveraging promising untapped regional technologies	③ Utilization of untapped regional management resources by university-launched startups, medium-sized companies, others	<ul style="list-style-type: none"> <li>Targeting local university-launched startups, <b>medium-sized companies</b>, 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</li> </ul>
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"> <li>Targets: business sectors in ①contributing to industrial competitiveness and <b>medium-sized companies</b> in ③</li> <li>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. Funding will be provided to such areas (and, in the case of JICC, where the risks or circumstances make it difficult for the private sector alone to respond).</li> </ul>

- Proactively collaborate with private investment funds, etc., **ensuring strict adherence to the principle of complementing private-sector activities**
- Work to foster domestic private funds and create an environment that enables their sustainable growth and renewal**
- Support the development of emerging asset managers.**
- JIC will establish **an appropriate organizational structure** while formulating medium-term support policies and capital plans

## Additional notes

- In areas 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 sets investment themes that address ecosystem challenges based on the priority areas defined in its investment criteria, and makes LP commitments to private funds accordingly. In selecting investment targets, JIC evaluates not only alignment with the investment themes but also the capabilities and organizational structures that recipient funds should commonly possess, with the expectation that they will ultimately seek to raise capital from institutional investors.
- With the aim of expanding the ecosystem, JIC will actively consider commitments to first-time and second-time funds—those that have not yet established a solid track record—when returns can be reasonably expected, while also providing support for organizational development and related needs.

## Investment focus areas under JIC investment criteria and investment themes

Investment focus area : Investment focus area

Theme : 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.

#### 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.

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

### Creating and developing startups

#### Seed/Pre-Seed (October 2021)

- Invest in VCs that support startups in their earliest stages to broaden the base of startups capable of becoming future 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)

#### 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 JPY100 billion or more.  
(Assumes a fund size of approx. JPY200 billion or more)

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

Disclosed in the "JIC Investment Guidelines." JIC makes its commitment decisions based on a comprehensive assessment, informed by ongoing dialogue with GPs and with reference to guidelines and model agreements issued by organizations such as the Institutional Limited Partners Association (ILPA).

### 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 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, deduction of potential carry from LP interests in capital accounts).

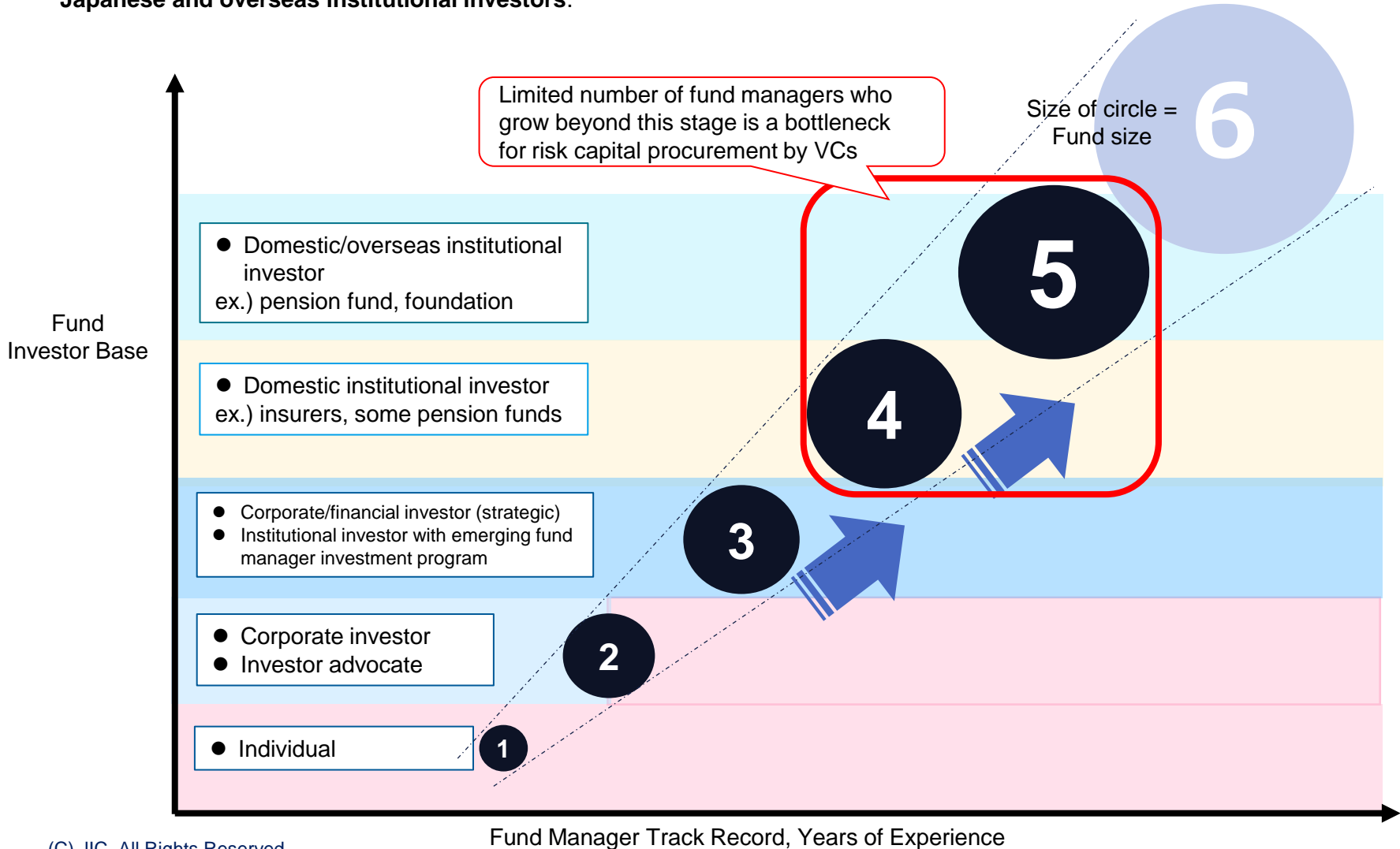
### Other

- Funding from private investors exceeds JIC investment amount (in principle, JIC's investment ratio is less than 50%).
- Establishment of Code of Conduct, Code of Ethics, and Anti-Harassment 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 challenges 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 yield significant results**

	Issue	Specific Details
VC Level	① Contracts/operations	The operational structure and contract terms deviate from global standards sought 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. Insufficient risk-taking to support major startup success
	③ Diversity/expertise	Limited numbers of PhD talent, founders with entrepreneurial experience, professionals with M&A experience, and women.
	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	A lack of entrepreneurs with the ambition and storytelling ability to engage stakeholders and pursue large-scale business growth, A shortage of founders who succeed overseas and move fluidly between Japan and global markets—especially when compared with China and India.
	⑦ Stability of funding for R&D-oriented SUs	Difficulty securing stable financing until the mass production is reached.

1

**Active investment in emerging funds** with limited track records to foster new market players



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

Address these challenges by expanding the pool of funds capable of generating high returns, supporting areas with a shortage of players such as secondary and growth investments, and investing in GPs with diverse backgrounds—thereby promoting quantitative expansion and greater participation by a wide range of market players.

2

**Supporting the growth of fund managers** aiming to raise capital from institutional investors



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

Address these challenges by enhancing quality—providing advice on contract terms and governance structures from an institutional-investor perspective, offering guidance on returns and manager compensation, and conducting monitoring related to diversity.

3

**Acceleration** through **collaboration with global VCs** (Go Global strategy)



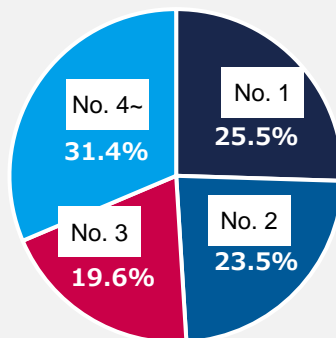
Challenges: ③ Diversity/expertise, ⑤ Lack of high-growth startups, ⑥ Entrepreneurial ambition, ⑦ Stability of funding for R&D-oriented SUs, etc.

Promote greater diversity, strengthen entrepreneurship, and ensure sustained support for deep-tech sectors by collaborating with global VCs in our portfolio and providing opportunities through acceleration programs and conferences held to global standards.

# Active Support for Emerging Funds with Limited Track Records

- Of JIC's 51 private fund commitments as of end-October 2025, 36 funds were 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	2025	Total
No. 1	1	3	3	4	2	-	13
No. 2	2	1	4	-	4	1	12
No. 3	-	4	1	3	2	1	11
No. 4~	1	-	8	3	2	1	15
Total	4	8	16	10	10	3	51

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

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

	2020	2021	2022	2023	2024	2025
No. 1	CATALYS PACIFIC	UNISON (PE) anri (GREEN) IA Partners (PE)	KUSABI WUV saisei ventures	KEPPLE DUAL BRIDGE CAPITAL AN VENTURES Regrowth Capital Management	JAPAN ACTIVATION CAPITAL RDiscovery	
No. 2	MIYAKO CAPITAL Beyond Next Ventures	QB Capital	DIMENSION mint (Apricot Venture Fund) CATALYS PACIFIC Spiral Capital		TRANPOSE PLATFORM ABIES VENTURES mPOWER KEPPLE BEENEXT	
No. 3	DRONE FUND SOZO VENTURES Genesia Ventures	WiL WORLDS INNOVATION LAB	archetype* ventures	MIYAKO CAPITAL KII MedVenture Partners	Spiral Capital CATALYS PACIFIC	mint

## Challenges

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

# To increase the supply of risk capital in the startup ecosystem



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- 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

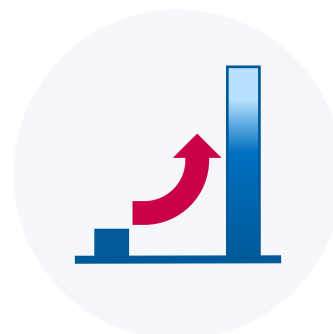


Appropriate fund size



Sophisticated fund management and investor relations

- 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



Increase in startups with high potential for success



- ① Attractive VC returns
- ② Global VC investment in promising Japanese startups

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