Application Guidelines for the Global Startup Acceleration Program – "Equity Based Program (Deeptech IP Gateway Program)"

1. Description

The purpose of the Global Startup Acceleration Program – "Equity Based Program (Deeptech IP Gateway Program)" (hereinafter, the "Program") is to support Japanese deeptech startups (hereinafter, "Startups") in commercializing their technologies and strengthening their IP positions for global competition with global Investors and/or venture capital firms (hereinafter, "Investors").

The Japan External Trade Organization (hereinafter "JETRO") will introduce a maximum 28-week program to be provided by the Investors. Each participant must receive opportunities to connect with global IP (intellectual property) owners and researchers, accelerate their technology with IP strengthening support, develop a go-to-market plan, commercialize, as well as generate revenue in the global market. The program may include showcase events to source startups, a 1-week Tokyo Program to enhance participants' IP readiness, a 1-week US Program to connect with potential partners and investors, and opportunities for at least one (1) startup, up to three (3) startups, to receive term sheets outlining proposed investment offers and IP licensing arrangements from the Investors and/or other relevant investors. The program contents will be designed collaboratively with JETRO.

2. Program outline

The Investors will provide a maximum 28-week program in-person in Japan and the US, and virtual for up to 10 startups (*minimum 8 startups) in collaboration with JETRO and other partners in Japan and worldwide. The program structure and schedule may be flexibly adjusted based on the Investors' requirements and requests.

The following contents may be included in the program:

- ✓ Showcase events in Japan and the US
- ✓ Post-showcase application and matchmaking
- ✓ Tokyo Bootcamp (in person)
- ✓ US Program (in person)
- ✓ Networking opportunities
- ✓ Submission of term sheets outlining proposed investment and IP licensing arrangements for at least one (1) startup and up to three (3) startups

The overall Program is expected to consist of the following four steps:

<u>Step1: Program Development and IP identification (4 weeks)</u>

During the initial stage of the Program, the Investors and JETRO will align on Key

Performance Indicators (KPIs) and program objectives. Based on the alignment, the Investors and JETRO will identify the priority focus areas within deeptech in line with Japan's policy and industry priorities. The Investors will then conduct an internal IP sourcing, curation, and evaluation process to compile, assess, and shortlist relevant IP and technology opportunities from their own and/or affiliated research and innovation networks. The output of this step will be a curated portfolio of IP and technology opportunities tailored to the selected themes suitable for presentation in the subsequent showcase and matchmaking phases.

The Investors will build a PR brand for the program and participants and develop communications that may attract investors, potential customers, and business partners. Materials will be distributed to Investors networks via newsletters, social media, etc.

<u>Step 2: Sourcing and Matchmaking (4 weeks)</u>

The Investors will conduct sourcing and matchmaking activities for Japanese startups and entrepreneurs. As a core component of this phase, the Investors will organize two (2) large-scale showcase events, one in Japan and one in the United States to widely promote the Program, identify and attract promising Japanese startups and entrepreneurs, and connect them with IP owners and researchers for potential collaboration, licensing, and commercialization opportunities. This step may include open outreach, hosting information sessions and showcases, post-showcase applications for those interested in participating in the Program, and matchmaking among startups, IP owners, and relevant stakeholders. The application process must be shared with JETRO in real time via a secure system that does not contain personal information.

The Investors will source and select up to 10 Japanese startups (*minimum 8 startups) from the Japanese market. JETRO and other Japanese government entities and private partners may be involved in the selection process based on the requests of the Investors. "Japanese startups" shall mean startups that meet any of the following criteria:

i. A company with a Japanese founder, regardless of the place of incorporation;
ii. A company (parent entity) incorporated in Japan, regardless of the founder's nationality; or
iii. A company founded by foreign entrepreneurs that conducts its principal business operations in Japan, while maintaining an overseas parent company primarily for fundraising purposes.

<u>Step 3: Program (2 weeks)</u>

a. Tokyo Program

The Investors will organize a 1-week (3-5 business days) bootcamp in Tokyo for the selected Startups. The Investors will provide sessions/workshops and comprehensive support on enhancing participants' IP readiness, including support on IP strategy, licensing structures, commercialization pathways, term sheet fundamentals, deal execution considerations, use-case development, and go-to-market planning. The Investors will organize travel arrangements for themselves and any mentors joining, including accommodation and travel to Japan.

b. US Program

Startups will travel to the United States for a 1-week program. The Investors will organize sessions, workshops, meetings, and networking opportunities designed to facilitate engagement with research institutions, IP owners, potential partners, stakeholders, and investors.

Step 4: Due Diligence and Term Sheet Submission for Investment and IP Licensing (8 weeks)

Based on the outcomes of Steps 1 through 3, the Investors will identify, by January 31, 2027, at least one (1) and up to three (3) startups with the potential to receive term sheets outlining proposed investment and IP licensing arrangements offers.

The number of startups to be supported will be determined in consultation with JETRO, based on the number of startups identified. If no startup can be identified by the deadline, the Investors and JETRO will discuss appropriate next steps, including a possible extension of the identification period.

The Investors will provide the selected startups (one (1) to three (3) startups) with the necessary mentoring, advisory support, deal structuring support, and coordination with relevant stakeholders, with the aim of completing due diligence and submitting a term sheet to each selected startup by March 31, 2027.

If the submission of a term sheet for a selected startup cannot be completed by March 31, 2027, the Investors must submit a progress report no later than two weeks before the deadline (March 31, 2027), describing the status of support, progress made, reasons for non-completion, and proposed next steps.

Fund Formation

The Investors must have a fund that can invest in Japanese startups. If the Investors do not currently have such a fund, the Investors must establish, or otherwise put in place, a mechanism to invest in startups selected for the Program. In such cases, the Investors must separately submit a fund formation plan or equivalent investment implementation plan at the time of the Program launch.

Step 4 shall be conditional upon the Investors having such fund or investment mechanism in place. If the Investors fails to establish the fund or otherwise put in place the required investment mechanism, the Program shall not proceed to Step 4. In such case, no fees or payments related to Step 4 shall be payable by JETRO.

Final report

The Investors will conduct a post-program survey with the participants and provide the results to JETRO. Furthermore, a program debrief meeting will be held with JETRO to review the program.

The Investors will provide a final report detailing the results of the Program, including details on recruitment, program implementation, survey results, and the progress of each participating startup, as well as potential next milestones.

If the submission of a term sheet for any selected Startup is not completed by March 31, 2027, the Investors shall also submit a report detailing the status of support, progress made, reasons for non-completion, and proposed next steps, no later than two weeks before the deadline (March 31, 2027). In this situation, subject to the availability of the Japanese government's fiscal budget and other necessary conditions, JETRO may consider continuing the relevant support and/or implementing a follow-on program in the following fiscal year.

3. Conditions for the Program

a. **Location**
Japan / United States / online

b. **Language**
English

c. **Participants**
The Investors will make an open call for this program and will accept applications from Japanese startups. The Investors will be involved in selecting suitable startups to participate in the program together with JETRO. During the selection process, interviews with applicants (optional) will be scheduled.

The eligible companies will be early-stage startups, mainly Pre-seed ~ Seed.

*It is not limited to the stages above if agreed upon by the Investors and JETRO.

d. **Verticals**
The Program is intended for startups in deeptech. However, the Investors must suggest priority sector(s). The Investors will be required to customize the program based on the startups' technology, services, and needs.

e. **Budget**
Maximum price: US$1,230,000
The amount of the final payment will vary between the Minimum Payment and Maximum Payment based on the attachment 3 Price List.

f. **Investment**

By March 31, 2027, the Investors and/or other relevant investors shall complete all due diligence activities contemplated under Step 4 and submit a term sheet outlining the proposed investment and IP licensing arrangements for each selected startup, for at least one (1) startup and up to three (3) startups.

The scope of services and fees under Step 4 shall cover all activities required to complete the due diligence process and submit a term sheet for each selected startup by March 31, 2027.

Any activities conducted after March 31, 2027, including further negotiations, confirmatory due diligence, the preparation and execution of definitive agreements, and the closing of the investment and IP licensing transaction, shall be undertaken by the Investors and/or other relevant investors using their own resources and at their own expense. JETRO shall bear no additional fees or expenses for such activities unless the submission of the relevant term sheet has not been completed by March 31, 2027 and JETRO and the Investors mutually agree in writing to extend the support period and the associated scope of services and fees.

If the Investors make an investment through a fund managed by or affiliated with them, they must comply with Japan's Financial Instruments and Exchange Act and other applicable laws and regulations.

4. Operation team

The Investors must establish an operation team for the implementation of the Program. The operation team must include at least one designated contact person based in Japan or the United States who can communicate and coordinate effectively with JETRO and relevant stakeholders throughout the Program.

5. Conditions for the Contractor(s) engaged in the project

a. Has an established organizational structure and capabilities to manage and complete the project properly. Has a global network, and knowledge necessary for the implementation of the project.

b. Can adhere to JETRO's requests, as well as report to, communicate with, and consult with JETRO in an adequate manner. Can present efficient data for the program evaluation.

c. Has a fund capable of investing in Japanese startups or can establish or otherwise put in place an appropriate investment mechanism for startups selected for the Program.

d. Has knowledge and systems/tools for handling confidential and/or personal information accordingly.

e. Can comply with applicable laws and regulations, especially the Foreign Corrupt Practices Act and state unfair competition laws.

f. Can demonstrate the feasibility of implementing Step 4, including the capabilities, resources, investment mechanism, implementation plan, and sufficient budget necessary to provide investment and IP licensing support to the selected startups. A proposal with an insufficient budget allocation for Step 4 may be deemed not feasible.

6. Term of Contract

The effective term of the contract shall be from the contract start date through March 31, 2027.

*If, in view of the sourcing, implementation of the Program, and the time required to complete due diligence and submit term sheets for at least one (1) startup and up to with a of three (3) startups, the Investor determines that such term sheet submission is unlikely to be completed by March 31, 2027, the proposal shall clearly state so. In such case, JETRO and the Investor may discuss the possibility of continuing, renewing, or extending the relevant support from April 2027 onward.

*While multiple-year contracts are common for most Investors, this contract is subject to the approval of the Japanese government's yearly fiscal budget and other conditions. The contract may be renewal other year by mutual agreement, subject to the approval of the Japanese government's budget and other conditions.

7. Payment

In compensation for the services to be provided by the Investors to JETRO, JETRO shall pay US$[●] the Investors the fees set forth in the Budget section. The fees for Steps 1 through 3 shall be treated as the base program fee (the “Base Program Fee”). The Base Program Fee shall equal the total amount of the fees for Step 1, Step 2, and Step 3.

JETRO shall make the first payment in an amount equal to fifty percent (50%) of the Base Program Fee upon execution of this agreement. US$[●]each selected startup for which the Investors complete the due diligence activities contemplated under Step 4 and submit, by March 31, 2027, a written term sheet outlining the proposed investment and IP licensing arrangements, . No Step 4 fee shall be payable merely upon the selection of startups for Step 4.the relevant term sheet.

JETRO shall make the second payment upon completion of the Program. The second payment shall consist of: (i) the remaining fifty percent (50%) of the Base Program Fee; and (ii) the Step 4 fee calculated based on the number of selected startups for which the Investors complete the due diligence activities contemplated under Step 4 and submit, by March 31, 2027, a written term sheet outlining the proposed investment and IP licensing arrangements.

For Step 4, JETRO shall pay the Investors US$[●] per selected startup for which the Investors submit such term sheet, up to three (3) startups. No Step 4 fee shall be payable merely upon the selection of startups for Step 4 support. If the Investors fail to establish a fund or otherwise put in place the required investment mechanism, no fees or payments related to Step 4 shall be payable by JETRO.

<For reference>

About the Cabinet Office, Government of Japan

The Cabinet Office is enhancing Japan’s Innovation and formulated "Beyond Limits. Unlock Our Potential. -Strategies for creation of startup ecosystem to compete with the world top ecosystems-" (https://www8.cao.go.jp/cstp/openinnovation/ecosystem/).

In line with this strategy, the Cabinet Office has selected 13 areas (Hokkaido, Tohoku region, Tokyo region, Nagoya region, Kansai region, Hiroshima, Fukuoka, Hokuriku region, Nagano/Niigata, Setouchi region, Kumamoto, and Okinawa) as Startup Cities and is providing startup support programs vigorously.

About JETRO

JETRO is a government organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping Japanese startups and scaleups maximize their global potential.