

October 21, 2024

To All

Polaris Capital Group Co., Ltd.

Acquisition of Shares of Stockmark Inc.

Polaris Private Equity Fund V, L.P., etc., managed by Polaris Capital Group Co., Ltd. (“Polaris”), has hereby agreed with Stockmark Inc. (“Stockmark”) and its existing shareholders to underwrite a third-party allotment of new shares of Stockmark—a company engaged in the business of generative AI—and to acquire a portion of Stockmark shares held by Stockmark's existing shareholders (the “Transaction”). On October 17, 2024, an investment agreement, an underwriting agreement, a shareholders agreement, and a share transfer agreement were entered into by the relevant parties accordingly. Through this transaction, Polaris intends to acquire a majority of Stockmark shares.

With the mission of “Reinventing the Mechanism of Value Creation to Advance Humanity”, Stockmark aims to support the corporate transformation of Japan's leading enterprise companies with a focus on those in manufacturing industries, by capitalizing on its state-of-the-art generative AI technology. Specifically, Stockmark operates “Anews”, a one-stop search engine for internal and external information, and “SAT (Stockmark A Technology)”, a system for structuring all types of data including documents and charts into a format that can be input into a generative AI. In addition, Stockmark supports the development of company-specific generative AI and the construction of proprietary systems.

Stockmark positions itself in the field of generative AI, which is seen as a game changer of the information industry, and its SaaS business, with a focus on “Anews”, continues to achieve sales in excess of 1 billion yen, a high level of customer numbers, and ARR (Annual Recurring Revenue) growth. We believe that this is a technology company with high growth potential and predictability of earnings that fits the investment concept of Polaris' growth buyout. Furthermore, Stockmark is involved in businesses that embody Polaris' focus on the promotion of DX (Digital Transformation), and is expected to strongly support the DX of Japanese companies, particularly enterprise companies, while contributing to the enhancement of the corporate value of other Polaris investees going forward.

In Japan today, the private equity ecosystem that seamlessly connects venture capital - growth - buyout is far from sufficient. Polaris has executed more than 40 investments in the 20 years since its founding and has continued to provide its investee companies with hands-on support for the formulation and execution of their management strategies. Under the concept of a “growth buyout”, it is now looking to play an active role in forming an ecosystem by leading the explosive growth of Stockmark, while collaborating with the VC companies who continue to be its shareholders.

As Stockmark aims for further growth going forward, Polaris will help Stockmark strengthen its business foundation and go public for its even more exponential growth, by leveraging the expertise Polaris has gained from its extensive experience in technology company investments and IPOs. After Polaris acquires Stockmark shares, Mr. Tatsu Hayashi and Mr. Kosuke Arima will remain as CEO and CTO, respectively, while Polaris plans to support Stockmark in strengthening the corporate governance system for the IPO through measures such as the dispatch of directors. On the business front, we will aim to further enhance the corporate value of Stockmark by providing strong support as a majority shareholder in all aspects of the management while working alongside VC shareholders, including the formulation and implementation of management strategies such as the so-called “100-day plan”, recruitment of human resources including top personnel in Japan and overseas, overseas expansion, and inorganic growth including M&As.

<Contact for Inquiries>

Toru Kajimura, Partner

TEL 03-5223-6780

Polaris Capital Group Co., Ltd.

Gran Tokyo North Tower 38F, 1-9-1

Marunouchi, Chiyoda-ku, Tokyo 100-6738, Japan

Overview of Stockmark Inc.

Founded	November 2016
Representative	Tatsu Hayashi, CEO
Address	LIFORK MINAMI AOYAMA S209, 1-12-3 Minami-Aoyama, Minato-ku, Tokyo, Japan
Business Content	Development and management of services for business opportunities exploration and decision-making support, capitalizing on natural language processing technology
Website	https://stockmark.co.jp/

About Polaris Capital Group Co., Ltd.

Founded	September 2004
Representative	Yuji Kimura, President and CEO
Paid-in Capital	JPY 100 million
Address	Gran Tokyo North Tower 38F, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Managed fund	Polaris Private Equity Fund I, L.P. (JPY 29.6 billion)

Polaris Private Equity Fund II, L.P. (JPY 31.9 billion)

Polaris Private Equity Fund III, L.P. etc. (JPY 52.0 billion)

Polaris Private Equity Fund IV, L.P. etc. (JPY 75.0 billion)

Polaris Private Equity Fund V, L.P. etc. (JPY 150.0 billion)

Website

<http://www.polaris-cg.com/>