

INCJ makes additional investment in Clodian Holdings Inc., a developer of cloud object storage software for global market

Tokyo, August 30, 2018—Innovation Network Corporation of Japan (INCJ) announced today its decision to make an additional investment of up to US\$6.5 million in Clodian Holdings Inc. (Clodian), a developer and seller of cloud storage systems software, and the completion of US\$6.2 million of this amount through a third-party allotment of shares. This additional investment decision was made in light of Clodian's business progress. In addition to existing shareholders including Eight Roads Ventures Japan, Goldman Sachs, new investors in this round of financing include Japan Post Investment I,ILP, NTT DOCOMO Ventures, Inc., DG Incubation, Inc., WM Partners, Digital Alpha Capital, and WS Investment Company, LLC.

As the fourth industrial revolution continues with the development of AI, IoT, and other technologies, the effective use of vast amounts of data is becoming increasingly important. Storage technology in particular plays a critical role in the development of Big Data. Conventional storage technologies have been expensive and have numerous limitations that can cause problems for businesses, but Clodian's large-scale, cloud-based technology allows for the economic and secure storage of massive amounts of data. Clodian's main product, CLOUDIAN HYPERSTORE, allows businesses to construct a cloud storage system for large amounts of data and integrate seamlessly with public cloud such as Amazon. It is used by many of Japan's major cloud service providers and manufacturers. In December 2017, Clodian developed the Clodian AI BOX, a small device usable both indoors and outdoors and capable of using IoT and AI technology to collect and process image, video, and other sensor data onsite in real time. By processing information onsite, the AI BOX can avoid the delays that often accompany communication with cloud or data centers.

Established in Japan, Clodian moved its headquarters to America in order to strengthen its global development. Clodian's services have been adopted by broadcasters, major pharmaceutical companies, and global automobile manufacturers in Europe and America, and it is continuing to grow as an internationally successful Japanese venture company.

INCJ made a \$15 million investment in Clodian in July 2014, and since then has worked to support the company's management and businesses. Clodian, which has built up a strong customer base, will use this investment to expand the worldwide sales and marketing efforts

for its CLOUDIAN HYPERSTORE, and to increase its engineering team to meet rising demand for its limitlessly-scalable enterprise storage solutions.

With the number of businesses using IoT and AI continuing to increase, INCJ expects Cloudian's business to support Japanese innovation and contribute to the global development of Japanese businesses. INCJ will continue to provide management support for Cloudian including through the deployment of an external director.

About Cloudian Holdings Inc.

Established: July 2001

Headquarters: California, US (Japan headquarters: Shibuya Ward, Tokyo)

Representative: CEO Michael Tso

Business outline: Cloud object storage products

URL: <https://cloudian.com>

About Innovation Network Corporation of Japan (INCJ)

INCJ was established in July 2009 as a public-private investment company that provides financial, technological and management support for next-generation businesses. INCJ specifically supports those projects that combine technologies and varied expertise across industries and materialize open innovation. INCJ has the capacity to invest up to JPY2 trillion (approx. US\$20 billion).

INCJ's management team is drawn from the private sector with diverse experience in investment, technologies and management. Through its Innovation Network Committee, INCJ assesses investment opportunities that contribute to industrial innovation in Japan in line with criteria set by the government.

<Press Contacts>

Innovation Network Corporation of Japan
Corporate Planning Group, Communications, Irie, Sakai
Tel. (03) 5218-7202 URL : <http://www.inci.co.jp>

Outline of Decision Additional Investment

1. Target: Clouidian Holdings Inc.

Established: July 2001

Headquarters: California, US (Japan headquarters: Shibuya Ward, Tokyo)

Representative: CEO Michael Tso

Business outline: Cloud object storage products

2. Overview of investment

Authorized investment: \$6.5 million (maximum)

Amount invested: \$6.2 million

Investment announcement: August 30, 2018

Co-investors:

Eight Roads Ventures Japan, Goldman Sachs, Japan Post Investment, NTT DOCOMO Ventures, Inc., DG Incubation, Inc, WM Partners, Digital Alpha Capital, WS Investments, LLC, etc.

Previous decision on investment:

- Date of announcement: July 8, 2014
- Authorized investment: \$15 million (maximum)
- Amount invested: \$15 million
- Press Release:

<https://www.incj.co.jp/english/news/upload/docs/3b1ec696cdd47f8a6412fa019cf17fd656228a92.pdf>

Investment structure diagram: See appendix

3. Significance of investment

Supporting social needs:

- In the cloud field where overseas companies are rapidly developing businesses, Clouidian develops global competitive business based on original products from Japan. While many Japanese businesses are falling behind in the cloud technology field, Clouidian maintains its competitive edge by cooperating with major companies that are pursuing global business development.

Growth potential:

- Demand for private clouds (a cloud constructed inside a company) and hybrid clouds (private clouds linked to the Amazon Web Service, etc.) continues to expand as cloud

creation becomes easier, and as more and more corporations integrate cloud technology, Cloudian is predicted to continue growing.

- This round of fundraising is conducted to procure funds for growth, and the company expects to grow even more on the global market.

Innovation:

- From initial product development to global business expansion, Cloudian has developed a rare kind of Japanese software business.
- Cloudian has fostered open innovation among major Japanese software companies where there are still few examples of global business expansion and has also set a precedent through its advanced use of overseas human resources.

4. Comment from the Minister of Economy, Trade, and Industry

Through this investment, INCJ aims support ongoing technological development by portfolio companies while enhancing collaboration with domestic businesses in related fields, and by doing so generate a ripple effect that benefits Japanese industry. Moreover, when considering exits from investments, such as through a share transfer, we will seek close cooperation with the Ministry and endeavor to preserve these benefits.

Clouidian Holdings



Target : Clouidian Holdings Inc.

Outline : Cloud object storage products

Authorized investment : USD 15 million (maximum) / USD 6.5 million (maximum)

Announcement date of investment : July 8, 2014 / August 30, 2018

- Investment
- Management support (appointment of director)

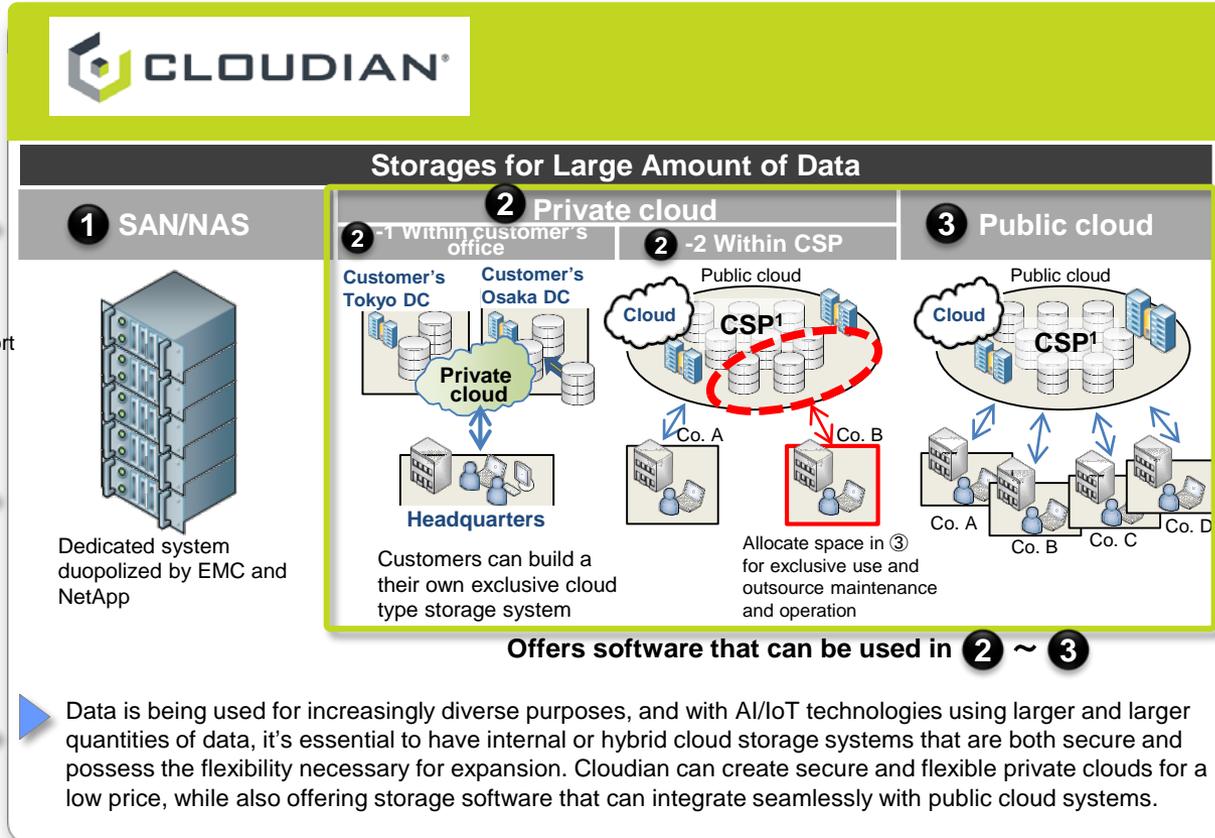


- Investment
- Management support

- Intel Capital
- Eight Roads Ventures Japan
- Digital Alpha
- JP Investment

- Investment
- Project support

- Lenovo
- NTT Docomo Ventures etc



Business collaboration



Cisco Systems



NTT EAST

- Establish a solid position in the enterprise cloud-object-storage software market by offering global products
- Support global deployment of a Japanese software product for building cloud storage

¹ CSP: Cloud service provider, ² API: Application Programming Interface