

INCJ to Invest in iXs Co., Ltd.

- Invest in iXs, a company developing robots to perform maintenance inspections on social and industrial infrastructure
- Aim to realize a safe and secure society by providing on-site support for the inspection of Japan's aging infrastructure
- iXs will use the investment to popularize the use of inspection robots and develop a data business

Tokyo, March 27, 2019 – INCJ, Ltd. ("INCJ") announced today its decision to invest up to JPY600 million in iXs Co., Ltd. ("iXs"), a company that develops robots to perform maintenance inspections on social and industrial infrastructure. The investment will be carried out through a third-party share allocation with the aim of securing funding for new business development. Mitsubishi Corporation, Yokohama Capital Co., Ltd., the Sony Innovation Fund^{*1}, and KSP No5 Investment Limited Partnership^{*2} have also decided to invest during this round of funding and iXs expects to secure total funding of around JPY1 billion.

^{*1}The corporate venture capital arm of Sony Corporation

^{*2}A venture fund managed by KSP Inc.

iXs was established in June 1998 for developing robots with a range of applications. As a developer of robots for performing maintenance inspections on social and industrial infrastructure, it is primarily engaged in commissioned and joint development projects with major companies in sectors including roads, construction, iron and steel, electronics manufacturing, housing, and electric power.

A lot of social infrastructure in Japan was constructed during the post-war economic boom, including bridges, tunnels, and river management facilities. Currently, almost 40% of this infrastructure is over 50 years old, and it is likely this ratio will rise to over 50% by 2033. The majority is also being managed by local public entities that are often facing budgetary issues. Furthermore, Japan's working population is declining and the segment that is engaged in construction work is aging rapidly. It is thought that in the future there will be a shortage of manpower for inspection methods that require experience and expertise.

Safely maintaining this aging and deteriorating infrastructure has become an urgent social issue for Japan. The Ministry of Land, Infrastructure, Transport and Tourism is revising policy related to inspections, including relaxing requirements concerning visual contact during statutory inspections

from fiscal 2019. This paves the way for the introduction of robots that can perform inspections to the same standard as a visual check by humans, which is expected to ensure inspection quality is maintained while greatly reducing human workloads.

Since its founding, iXs has consistently aimed to create inspection robots that can be used on site and it already has a track record of developing maintenance inspection robots for major companies, both by commission and through joint development, in a range of areas including bridge inspections, aquatic inspections at both surface level and underwater, and warehouse inspections. The company has received praise for both its service and ability to utilize its technical capabilities in line with the needs of each inspection site. iXs intends to use this latest funding to identify which of the models it has already developed through commission or joint development can be developed for use in a range of situations and then standardize these models with the aim of mass producing them as own-brand products. Furthermore, iXs will not limit this business development to just hardware but will also incrementally advance a business that uses AI and IoT to provide analytic and diagnostic support based on accumulated inspection data.

Large portions of Japan's social and industrial infrastructure are deteriorating at the same time and realizing the safe and swift inspection and maintenance management of this infrastructure is an important social issue for Japan. INCJ has decided to make this investment for growth in iXs as it expects the business will make a significant contribution to solving this issue. Following the investment, INCJ will provide hands-on support including the dispatching of external directors and realizing portfolio synergies with other INCJ investments.

About iXs Co., Ltd.

Established: June 1998

Headquarters: Kawasaki, Kanagawa Prefecture

Representatives: Fuminori Yamasaki, Takashi Karino

Business overview: Development and sale of inspection and work robots and robots developed for specific environments

Development, sale, and operation of AI, IoT, and ICT devices and software

URL: <https://www.ixs.co.jp/>

About INCJ, Ltd.

INCJ, Ltd. was established in September 2018 via a company split from Innovation Network Corporation of Japan (INCJ). INCJ was established in July 2009 with the aim of overcoming boundaries between

companies and industries, creating and nurturing key industries via open innovation for the prosperity of future generations, and the company has changed its name to Japan Investment Corporation (JIC) and begun new activities. INCJ, Ltd. will continue the activities of INCJ, engaging in “Value Up” activities such as overseeing additional investments, milestone investments and exits from investments in portfolio companies until March 2025.

URL: <http://www.incj.co.jp/english/>

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Overview of New Investment Decision

Target: iXs Co., Ltd.

Established: June 1998

Headquarters: Kawasaki, Kanagawa Prefecture

Representatives: Fuminori Yamasaki, Takashi Karino

Business outline: Development and sale of inspection and work robots and robots developed for specific environments

Development, sale, and operation of AI, IoT, and ICT devices and software

Overview of Investment

Authorized investment: JPY600 million (maximum)

Amount invested: JPY600 million

Co-investors: Mitsubishi Corporation, Yokohama Capital Co., Ltd., Sony Innovation Fund,
KSP No5 Investment Limited

Investment structure outline: See attachment

Significance of investment

Supporting Social Needs

- The need for the swift inspection of deteriorating infrastructure that was constructed during Japan's post-war economic boom is growing evermore important and urgent, and iXs will contribute to solving this social issue by making inspections more efficient and accurate.
- Japan's working population is shrinking and for inspections that require work in difficult environments in particular, personnel shortages are becoming the norm. Robotics technology is expected to make these inspections more efficient.
- There is significant need for robot stand-ins to secure greater safety, including by performing inspections in hazardous areas, such as at high altitudes and in areas with high volumes of vehicular traffic.

Growth Potential

- The market for robots in the infrastructure sector is currently worth JPY170 billion and this is expected to grow to JPY400 billion by 2025. Within this, the market for infrastructure maintenance and management is expected to become worth around JPY90 billion.
- iXs has a long track record of dealing with major companies and its business is expected to continue developing through the creation and provision of new added-value.
- iXs is also receiving private sector funding from Mitsubishi Corporation, Yokohama Capital Co.,

Ltd., Sony Innovation Fund, and KSP No5 Investment Limited among others.

Innovation

– Amid personnel shortages, iXs is trialing methods for providing robotic support for inspection work that is hazardous and costly when performed by humans, thereby mitigating and eliminating major issues facing inspection work and the infrastructure sector.

Its initiatives will not be limited to existing hardware business comprising sales of robots, but will also include combining robotics, AI, and IoT to build systems that incorporate a full series of processes that includes acquiring data, evaluating it, and taking appropriate action.

Target: iXs Co., Ltd.

Outline: Infrastructure inspection robots that can be used “on site” and data business

Authorized investment: JPY600 million (maximum)

Announcement date of investment: March 27, 2019



Utilizing robotics technology to tackle the social issue of deteriorating infrastructure

- Robots support inspection staff by getting close to inspection points and efficiently collecting data
- Automatic recording of inspection point data (including positional data) makes post-inspection processes such as record keeping significantly more efficient
- Comprehensive inspection data analyzed and assessed by AI