

Tohoku-launched agritech start-up GRA raises JPY330M Series B funding

- Company thrives by building IT and strawberry cultivation
- Aims to strengthen sales and grow agri-platform business targeting new farmers

Tokyo, June 29, 2020 —GRA Inc. ('GRA') today announced it has completed an approximately JPY 330 million in Series B funding by INCJ, Ltd. ('INCJ') and NEC Capital Solutions, Ltd. ('NEC Capital Solutions'), bringing the total capital raised by GRA to date to JPY 850 million.

GRA, an agritech start-up, was established by entrepreneur Hiroki Iwasa in his hometown of Yamamoto in the Watari district of Japan's Miyagi prefecture. The town was heavily hit by the Great East Japan Earthquake in 2011 and Mr. Iwasa started GRA to support for restoration assistance and employment creation by introducing smart-agriculture to strawberry cultivation. GRA now produces and builds its own brand of 'MIGAKI-ICHIGO' strawberries. Using ICT, GRA digitizes the tacit knowledge and experience of strawberry growers, visualizing their business as explicit knowledge and uses these knowledge and digital technologies to build the systems for controlling the cultivation environment of strawberry including temperature, humidity, and sunlight among other things. This digital transformation has lowered the barriers to entry for encouraging engagement in strawberry, increasing the number of new farmers, and enabling the production and supply of high-quality produce that could be sold at high prices.

GRA develops agri-platform businesses for new farmers. Using ICT, it shares guidance on cultivation and agriculture management, and supports the installation of low-cost cultivation equipment. The company purchases the strawberries grown by the new farmers and distributes them through its own sales network of retail stores, centered on department stores and supermarkets, as well as restaurant chains. GRA also markets a line of MIGAKI-ICHIGO-derived products, including sparkling wine. In 2018, through its wholly owned subsidiary, iine Inc., GRA opened Ichibiko Strawberry Café, serving sweets made with MIGAKI-ICHIGO strawberries. As of June 2020, there are 8 Ichibiko Cafes, with most located in Tokyo. Through these comprehensive initiatives to create a value chain based on strawberry production, and which incorporates processing, distribution, and sales, GRA has created the business model that has competitive edge. GRA is also contributing to the establishment of a system of stable revenue, and new farmers who have become independent of GRA (to date, 6 corporations and 3 individuals) have begun strawberry cultivation and could sell their strawberries and products at a high price relative to what the average Japanese strawberry grower can command.

This round of funding will help GRA to achieve its aims of expanding its agri-platform business for

new farmers, strengthen sales and provide a stable supply of strawberries to the market through year-round cultivation, and further enhance its comprehensive value chain from processing to distribution and sales. The funding will be used to strengthen its guidance for new farmers on cultivation and improve the sales support it provides. It will also be used to construct new cultivation facilities for summer to autumn cultivation—a technically difficult process—and to expand processing facilities and Ichibiko Strawberry Café stores.

GRA is exploring the opportunities of developing new customer touch points that combine online and offline. Through these efforts, it aims to focus on customer experience for new farmers, stakeholders along the value-chain, and customers, and to strengthen its foundations in Japan. Looking farther ahead, GRA plans to develop a business licensing the MIGAKI-ICHIGO brand from Japan in overseas markets.

Comment from Mikihide Katsumata, President and COO, INCJ, Ltd.

INCJ made the decision to invest JPY 300 million in GRA in 2012 because its innovative ICT-based agricultural business model holds promise for enhancing the competitiveness of Japan's agricultural sector. Since investing in GRA, INCJ has provided support focused on strengthening management foundations, including improvement of cost structures and formulating and executing a business plan. Looking ahead, INCJ expects that GRA will pursue the development of its value chain from production to sales, and that the company will expand overseas as an agritech venture from Tohoku.

Comment from Tomoo Imazeki, President, NEC Capital Solutions Limited

NEC Capital Solutions is targeting the agricultural sector as a new business area and is pursuing initiatives towards addressing social issues. The business model established by GRA covers the entire agriculture value chain from market-oriented approach via its in-house branding. It is contributing to regional vitalization by creating local jobs and improving farm income through support for new farmers. NEC Capital Solutions hopes to help promote a regional economic revitalization model with GRA in the future.

About GRA Inc.

Established: January 2012

Representative: Hiroki Iwasa, Representative Director

Headquarters: Yamamoto-cho, Watari-gun, Miyagi Prefecture

Business outline: Production and sales of strawberries and sales of processed products

Capital and capital surplus: JPY 734,359,000

URL: <http://www.gra-inc.jp/english/index.html>

About INCJ, Ltd.

Established: September 2018 (split from Innovation Network Corporation of Japan)

Representative: Mikihide Katsumata, President and COO

Headquarters: Chiyoda-ku, Tokyo

Business outline: Support for industrial innovation through investment in innovative businesses

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

About NEC Capital Solutions Limited

Established: November 1978

Representative: Tomoo Imazeki, President

Headquarters: Minato-ku, Tokyo

Business outline: Leasing and installment sales for Information and Communication Equipment, Office Equipment, Industrial Equipment and others, factoring, business financing, and collection agency operations, etc.

URL: <https://www.necap.co.jp/english/>

Press Contacts

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NEC Capital Solutions Limited

IR & PR Department: Ms. Yamashita

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Overview of follow-on investment

Target: GRA Inc.

Established : January, 2012
Representative : CEO Hiroki Iwasa
Headquarters : Watari-gun, Miyagi, Japan
Business Outline : Production, marketing and export of agricultural products, research and development of agricultural technologies etc.

Overview of investment

Authorized investment : JPY 300 million (maximum)
Amount invested : JPY 300 million
Announcement date : June 29, 2020
Co-investors (Series B) : NEC Capital Solutions Limited

Details of previous investment

Series A : Authorized investment : JPY 350 million (maximum)

Amount invested : JPY 350 million

Announcement date : March 16, 2015

Press Release :

<https://www.incj.co.jp/english/newsroom/upload/docs/79d67c05bdc573214f99549672b2aa97cce327d1.pdf>

Significance of investment

Addressing social need:

- Contribute to industrial revival in Tohoku region attacked earthquake in 2011 by creating new industry and employment.
- Contribute to improving agricultural productivities and increasing new professional farmers by integrating ICT with agricultural management against social issues such as aging of agricultural work force.
- By integrating ICT, it is possible to transmit expert skills and techniques for next generation.

Growth potential:

- By integrating ICT with agricultural management, it is possible to lower the barriers to entry and develop professional farmers.
- Aim to Japan oriented an agritech start-up company to develop its business globally.

- Pioneer a new market by developing for value added agricultural products.

Innovation

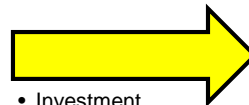
- Create an innovative business model in the agricultural sector using ICT both agricultural cultivation and development professional farmers, and contribute to agricultural sector to be 6th industry.
- Create successful spreading models for expert skills and technics by integrating ICT.

Target : GRA Inc.

Outline : Production and sales of strawberries, wine, strawberry cosmetics and so on
Development and sales of strawberry-farming support package

Authorized investment : JPY 350 million (maximum) / JPY 300 million (maximum)

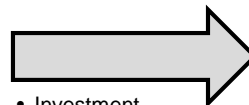
Announcement date of investment : March 16, 2015 / June 29, 2020



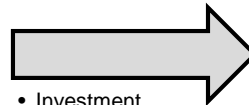
- Investment
- Management support



- Investment
- Management support
- ICT support



- Investment
- Management support



- Investment
- Lease support

GRA Inc. *



- Production and sales of strawberries, wine, strawberry cosmetics and so on
- Provide support for new farmers from technical guidance to sales
 - Standardize and incorporate ICT into strawberry cultivation equipment
 - Pursue high added value through brand control (MIGAKI-ICHIGO)

*GRA Inc. consolidated GRA AgriPlatform on October 1, 2017.

- By integrating ICT with agricultural management, it is possible to lower the entry barriers and develop professional farmers
- Create an innovative business model in agricultural sector by visualized experience of strawberry grower using ICT
- Contribute to agricultural sector to be 6th industry
- Contribute to industrial revival in the Tohoku region