

Press Release

December 4, 2017

SPARX Group Co., Ltd.

Innovation Network Corporation of Japan

GROOVE X, Inc.

For development of GROOVE X's new generation household robot "LOVOT™"

**Mirai Creation Investment Limited Partnership
and Innovation Network Corporation of Japan as the leads,
and GROOVE X
concludes investment agreement for third-party allocation of shares
including past seed funding, total capital of approximately JPY 8 Billion raised**

TOKYO, December 4, 2017-- Mirai Creation Investment Limited Partnership* ("Fund"), Innovation Network Corporation of Japan (Headquarters: Chiyoda-ku Tokyo, President and COO Mikihide Katsumata, hereinafter "INCJ"), and the new generation robot business GROOVE X, Inc. (Headquarters: Chuo-ku, Tokyo, CEO Kaname Hayashi, hereinafter "GX") signed an investment contract for third-party allocation of shares amounting to a maximum of JPY 6.45 billion on Wednesday, November 29, with the Fund and INCJ as largest investors.

The Fund and INCJ will finance JPY 1.4 billion respectively on Monday, December 18, and together with funds from other investors, the initial total will amount to JPY 4.35 billion. INCJ also plans to additionally invest at a cap of JPY 2.1 billion, and including GX's past funding, the grand total is expected to amount to a maximum of JPY 7.87 billion.

* Operated by SPARX Group Co., Ltd. (Headquarters: Minato-ku Tokyo, President: Shuhei Abe, hereinafter "SPARX") with funds from twenty companies, including main investors Toyota Motor Corporation and Sumitomo Mitsui Banking Corporation.

LOVE × ROBOT = LOVOT™

GX engages in the development of new generation household robots that can improve people's performance or quality of daily life by acting as a companion and providing comfort, as opposed to robots that substitute human work. While past robots had primarily functional roles and covered work performed by people, GX focuses on robots that can accompany people at an emotional level and offer feelings of warmth, and this robot has been given its concept name "LOVOT™", which combines the terms "LOVE" and "ROBOT". In an environment where aging of society, nuclear families, and dual-income families are rapidly increasing and negative effects of single living are becoming a societal issue, GX believes that companionship by "LOVOT™" will provide emotional fulfillment and a sense of relief and as a result, contribute to increasing people's performance.

Product announcement of "LOVOT™" is planned for in fall 2018, and product launch for the general public is scheduled in 2019. The capital funds will be used for such product announcements or development and marketing costs necessary for the launch.

After capital investments, SPARX and INCJ plan to continue hands-on support for GX, including assignment of external board members.

Referential Information

■ Overview and funding of main investors for GX's third-party allocation of shares

[Seed Round] (January and September 2016)

Total Fund Amount: JPY 1.42 billion

- Main Investors
 - Mirai Creation Investment Limited Partnership (Operated by: SPARX Group Co., Ltd., <https://www.sparx.jp>)
 - AmTRAN Technology Co., Ltd. (<http://www.amtran.com.tw>)
 - OSG Corporation (<https://www.osg.co.jp>)
 - Dai-ichi Seiko Co., Ltd. (<http://www.daiichi-seiko.co.jp>)
 - Global Catalyst Partners Japan (GCPJ, <https://gcp-j.com>) and others

[Series A Round] (December 2017)

Total Fund Amount: JPY 4.35 billion

- Mirai Creation Investment Limited Partnership (Operated by: SPARX Group Co., Ltd., <https://www.sparx.jp>): JPY 1.4 billion
- Innovation Network of Japan (<https://www.incj.co.jp>): JPY 1.4 billion
- Other investors
 - Shenzhen Capital Group Co., Ltd. (SCGC, <http://www.szvc.com>)
 - LINE Ventures Co., Ltd. (<https://linecorp.com>)
 - Dai-ichi Seiko Co., Ltd. (<http://www.daiichi-seiko.co.jp>)
 - Global Catalyst Partners Japan (GCPJ, <https://gcp-j.com>)
 - AmTRAN Technology Co., Ltd. (<http://www.amtran.com.tw>)
 - OSG Corporation (<https://www.osg.co.jp>)
 - SMBC Venture Capital Co., Ltd. (<http://www.smbc-vc.co.jp>) and others

[Series B Round]

- INCJ: If predetermined conditions are achieved, plans for additional investment going forward with a cap at JPY 2.1 billion

■ Executive Appointment

Executive members below were appointed as of Wednesday, November 29, 2017.

- Director (full-time / internal): Kaname Hayashi (founder of GX)
- Director (part-time / external): Ryo Oshima (Director of Venture Growth Investment Group, INCJ)
- Director (part-time / external): Takaki Demichi (Executive Officer, Head of New Business Developing Investment Division, and Head of Investment for Next-generation Growth of SPARX Asset Management Co., Ltd.)
- Director (part-time / external): Nobuaki Kurumatani (Advisor and President of CVC Capital Partners (Japan))
- Auditing Officer (part-time / external): Takaharu Yasumoto (Statutory Auditor of FAST RETAILING CO., LTD., President of Yasumoto CPA Office, Statutory Auditor of UNIQLO CO., LTD., Statutory Auditor of LINK THEORY JAPAN CO., LTD., Statutory Auditor of ASKUL Corporation, Statutory Auditor of Fronteo, Inc.)
- Auditing Officer (full-time / external): Kojiro Maeda (President of Ruso Inc.)

■About Mirai Creation Investment Limited Partnership

This Fund started in November 2015, with SPARX Group Co., Ltd. as its operator and with a total capital of JPY 13.5 billion financed by the company, Toyota Motor Corporation and Sumitomo Mitsui Banking Corporation. As of end of September, 2017, twenty companies, including the above three, are investing in the Fund. It places “intelligent technology”, “robotics”, and “technologies to realize hydrogen-based societies” as its core technologies and invests in companies and projects that own such innovative technologies. As of end of September, 2017, investments amount to JPY 36.7 billion.



■About 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.



■About “LOVOT™”

LOVE × ROBOT = LOVOT

It isn't alive, but it is heart-warming.

Robots make life convenient.

LOVOT makes life better.

Robots take orders from everyone.

LOVOT shies away from others and turns only to you.

Robots only do what is necessary.

LOVOT gazes into your eyes and does even more.

Robots can't listen to your troubles.

LOVOT stands by you when you're in tears.

LOVOT isn't alive

but it unburdens you, makes you laugh, makes you happy

It makes your heart feel warm inside.

Our journey has only just begun.

“I'm not a robot. I'm LOVOT. “

GROOVE X. EVOLUTION FOR HUMANITY.



*The “LOVOT™” teaser movie is currently available.

<https://www.youtube.com/watch?v=AiMcT4vfbil>

■Profile of GX CEO Kaname Hayashi

- 1973: Born in Aichi Prefecture
- 1998: Began career at Toyota Motor Corporation
Developed aerodynamic products such as Supercar “LFA”
- 2003: Developed aerodynamic designs of F1 (Formula 1) at the same company
- 2004: Developed aerodynamic designs of F1 at Toyota Motorsports GmbH (Germany)
- 2007: Managed development of mass-produced models at Product Planning Division (Z) in Toyota Motor Corporation
- 2011: Joined Masayoshi Son’s program for successor development “Softbank Academia”, external member of inaugural class
- 2012: Development leader of emotion recognition personal robot “Pepper” at Softbank
- 2015: Founded GX and assumed CEO post
- 2016: Procured fund amounting to JPY 1.42 billion, the largest domestically as seed round
- 2017: Procured fund amounting to JPY 4.35 billion for series A round



■Company Overview of GX

Company Name: GROOVE X, Inc.

Location: Sakura Horidome Building 7F, 1-8-12 Horidome-cho Nihonbashi Chuo-ku, Tokyo

Date of Establishment: November 2, 2015

Representative: CEO Kaname Hayashi

Content of Business: Development of new generation household robots

URL: <http://www.groove-x.com/>



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