

## **Investment Announcement - Farmnote Holdings, Inc.**

**~Widely introduce agricultural ICT through cross-industrial collaboration~**

**Tokyo, March 27, 2017** – Innovation Network Corporation of Japan (INCJ), the National Federation of Agricultural Cooperative Associations (ZEN-NOH), the Norinchukin Bank (Norinchukin) and Sumitomo Corporation announced today the decision to jointly invest in Farmnote Holdings, Inc. (FNHD), a company which develops and markets a cloud-based e-manager of cattle and a smart wearable device for cattle monitoring. The four co-investors will invest a total of 500 million JPY through a third-party allocation of shares.

Information is always a key factor for managing cattle farm, especially each cattle's daily health conditions as well as its signs of estrus and delivery. However, the majority of Japanese cattle farmers heavily rely on "manually kept" physical records and "rules of thumb" acquired through years of experience, therefore ICT is yet to penetrate. Under its vision of "Leading Agricultural Intelligence," FNHD fosters greater productivity in the agricultural world through the use of ICT: artificial intelligence (AI), IoT, and big data.

### **FNHD's Products and Solutions:**

#### **Farmnote**

"Farmnote" is a cloud-based e-manager of cattle developed by FNHD. It aims to optimize and streamline farm management and improve productivity of dairy farming and livestock breeding, by analyzing data collected through wearables and smartphone/tablet.

"Farmnote" integrates those data onto the cloud and offers users timely and on-target information for optimizing cattle management.

#### **Farmnote Color**

FNHD also develops and sells a wearable collar-attached device "Farmnote Color", which collects real-time data on individual cattle activity. This enables optimum cattle management through unique and thorough AI-algorithms by timely detecting cattle's vital signs such as illness, estrus and delivery,

FNHD will use the raised capital to accelerate its R&D activity, especially to further polish AI technology focusing on agricultural use. Through its business, FNHD helps improve overall productivity and competitiveness of agricultural products in Japan. FNHD also envisions expanding the business around the globe. These objectives will be achieved by pursuing R&D at Farmnote Lab - a research hub established in 2016 to deepen AI and IoT technology in agriculture world - and by offering Farmnote Connect - an integrated open platform which enables automated data collection and provides AI-backed solutions - to sectors beyond dairy farming and livestock breeding. (Please refer to the appended FNHD

press release)

INCJ, ZEN-NOH, Norinchukin and Sumitomo Corporation thoroughly support not only FNHD's innovative business model, but also its enthusiasm and willingness of contributing to the continuous growth across the whole agriculture sectors in Japan.

### **Target Company Information:**

#### **Farmnote Holdings Co., Ltd.**

Established	December 2016
Headquarters	Obihiro, Hokkaido
Representative	President and CEO, Shinya Kobayashi
Business Outline	Group strategic planning, fundraising Parent company of Farmnote, Inc. (Established in 2013) and SKYARC Co., Ltd. (Established in 2004)

**Innovation Network Corporation of Japan (INCJ)** (Headquarters: Chiyoda-ku, Tokyo, President and COO: Mikihide Katsumata)

INCJ was established in July 2009 as a joint 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 is operated by professionals from the private sector with diverse experience in investment, technology and company 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. <http://www.incj.co.jp/>

**National Federation of Agricultural Cooperative Associations (JA ZEN-NOH)** (Headquarters: Chiyoda-ku, Tokyo, President & CEO: Hitomi Narikiyo)

JA ZEN-NOH is a national association responsible for the JA Group's economic projects such as the provision of production materials and living supplies as well as the processing and sale of agricultural and livestock product. Operating competitively by leveraging economies of scale, it helps farmers increase their income from agriculture and improve farm productivity, and through these activities contributes to the domestic food supply. <http://www.zennoh.or.jp/>

**The Norinchukin Bank** (Headquarters: Chiyoda-ku, Tokyo, President and CEO: Yoshio Kono)

The Norinchukin Bank is a private financial institution based on cooperative organizations

including the Japan Agricultural Cooperatives, Japan Forestry Cooperatives and Japan Fishery Cooperatives. Its overall mission is to contribute to the national economy and to the development of agriculture, forestry and fisheries by providing financial services to members. The Norinchukin Bank contributes to the growth and industrialization of agriculture, forestry and fisheries through its Food & Agri (F&A) Growth Industrialization Investment Framework, established in May 2016. This investment framework focuses on the supply of risk money to the industrial sector to strengthen international competitiveness and added-value of the agriculture, forestry and fisheries industry. Its investment in FNHD also used this investment framework. <http://www.nochubank.or.jp/>

**Sumitomo Corporation** (Headquarters; Chuo-ku, Tokyo, President and CEO: Kuniharu Nakamura)

Sumitomo Corporation engages in multifaceted business activities leveraging its comprehensive strengths in domestic sales of diverse products and services, import and export, trilateral trade, domestic and international investment, and other areas. Its business is supported by a global network of 22 domestic offices and 108 overseas offices in 66 countries and its relationships of trust with individual customers and companies across industries. <http://www.sumitomocorp.co.jp/>

Press contacts:

Innovation Network Corporation of Japan

Corporate Planning Group, Communications, (Irie, Sakai)

03-5218-7202

National Federation of Agricultural Cooperative Associations (ZEN-NOH)

Communications Department, Communications Planning Group (Niizuma, Sonoda)

03-6271-8055

The Norinchukin Bank

Communications Planning Office (Taguchi, Otani)

03-5222-2017

Sumitomo Corporation

Communications Department, News Team (Yamawaki, Fukada)

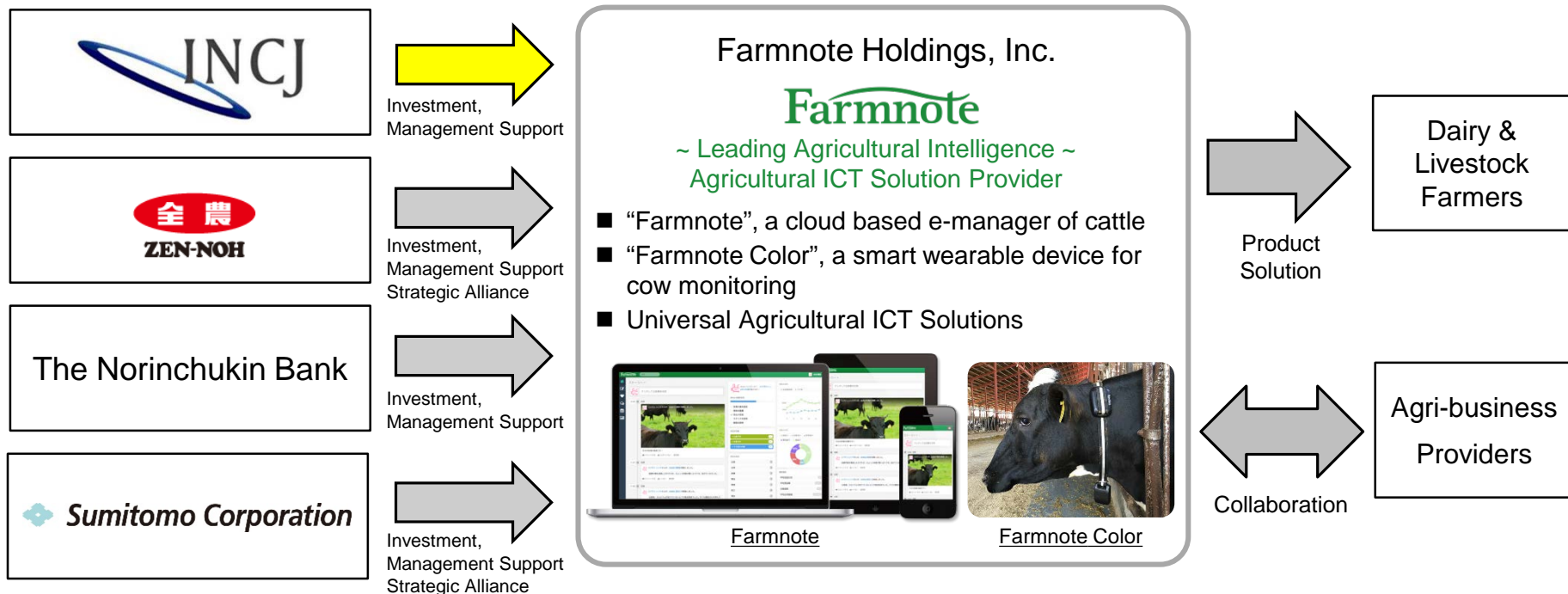
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**Target** : Farmnote Holdings, Inc.

**Business Outline** : Providing agricultural ICT solutions mainly to dairy and livestock farmers

**Amount of Investment** : JPY 500 Million, including joint investors' investments

**Announcement** : March 27<sup>th</sup>, 2017



- Widely introduce the innovative ICT to agriculture industry including dairy and livestock farming
- Lead open innovation through cross-industrial alliance and collaboration
- Contribute to overall productivity, competitiveness of agricultural products and technology, and regional revitalization in Japan