

## **INCJ to invest in GROUND Inc.**

### **Using AI and robotics to improve productivity and promote labor-saving in logistics**

- Addresses social issue of labor shortage in the logistics industry driven by rapid growth of e-commerce market
- Improves productivity and promotes labor-saving in logistics operations using cutting-edge AI and robotics
- Supports GROUND to become a leading global logistics solutions provider from Japan, in collaboration with domestic and international logistics companies

**Tokyo, August 1, 2019** — INCJ, Ltd. (“INCJ”) today announced that it has made an investment in GROUND Inc. (“GROUND”) of JPY 1 billion in growth funding in order to accelerate the company’s business development. The figure is the maximum amount INCJ had decided to invest. In addition to INCJ, Sony Corporation, Sapphire 1 Investment Limited Partnership (Sapphire 1 fund)\*, JA Mitsui Leasing Ltd., IMM Investment Corp., and IMM Investment Group Japan also joined this round. GROUND raised JPY 1.71 billion in Series B funding and intends to use the funds to conduct research and development of AI and robotics that optimize the logistics operation.

\*Sapphire 1 Investment Limited Partnership: Operated by Sapphire Capital K.K.

The logistics industry is becoming increasingly complex as a result of the rapid expansion of the e-commerce market. Moreover, aging populations and low birth rates are exacerbating labor shortages. It is an urgent problem to drive the rapid automation and streamlining of logistics functions through the use of advanced technologies such as AI and robotics.

GROUND was founded by Hiratomo Miyata, a former logistics division head of one of the EC giant companies, with the goal of revolutionizing logistics operations using advanced AI and robotics. It aims to help improve productivity along the entire value chain from warehousing to delivery.

Logistics warehouse operations include many labor-intensive tasks such as unloading, shelving and unshelving, packing, and shipping. GROUND plans to maximize the use of advanced technologies to optimize such logistics operations by providing the comprehensive solutions listed below:

1. Select and introduce cutting-edge advanced robotics from around the world to improve productivity
2. Use sophisticated AI analysis to reduce costs and optimize tasks previously requiring human

judgement, such as arrangement of products and staff movements in a warehouse.

3. Build databases with information on products, inventory management, and warehouse arrangement to streamline and improve logistics operations.

INCJ decided to invest in GROUND, as GROUND is helping address social issues, such as the shortage of labor in the logistics industry, by promoting labor-saving and productivity improvements. INCJ believes that the solutions offered by GROUND will be widely utilized by distribution, logistics, and e-commerce operators and will contribute to improving efficiency. With e-commerce market expected to grow into a USD 4.9 trillion\* market, INCJ aims to support GROUND's development into a leading global logistics solutions provider from Japan in collaboration with both major and start-up logistics companies in Japan and abroad.

\*Source: FY2019 METI, Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)

#### **About GROUND, Inc.**

Established: April 2015

Headquarters: Koto-ku, Tokyo

Representative: Hiratomo Miyata, president

Business: Logistics solutions using advanced technology

URL: <https://groundinc.co.jp/>

#### **About INCJ, Ltd.**

INCJ, Ltd. was established in September 2018 via 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 Investment Decision

### **Target: GROUND Inc.**

Established: April 2015

Headquarters: Koto-ku, Tokyo

Representative: Hiratomo Miyata, president

Business: Logistics solutions using advanced technology

URL: <https://groundinc.co.jp/>

### **Overview of investment**

**Authorized investment:** JPY 1 billion (maximum)

**Completed investment amount:** JPY 1 billion

**Co-investors:** Sony Corporation, Sapphire 1 Investment Limited Partnership (Sapphire 1 fund), JA Mitsui Leasing Ltd., IMM Investment Corp., and IMM Investment Group Japan

**Shareholding ratio:** Undisclosed

**Investment structure outline:** See appendix

### **Significance of investment**

#### **Addressing social needs**

- In recent years, the logistics industry has become increasingly complex as a result of the expansion of the e-commerce market. The investment is to improve efficiency in the industry with advanced technologies such as AI and robotics.
- With aging populations and low birth rates exacerbating labor shortages, this investment will contribute to addressing social issues, by offering logistics solutions using the latest technology.

#### **Growth potential**

- Expect for the creation of new added value by helping improve efficiency along the entire value chain from warehousing to delivery.
- Development of an open global platform for the logistics industry that originated in Japan.

#### **Innovation**

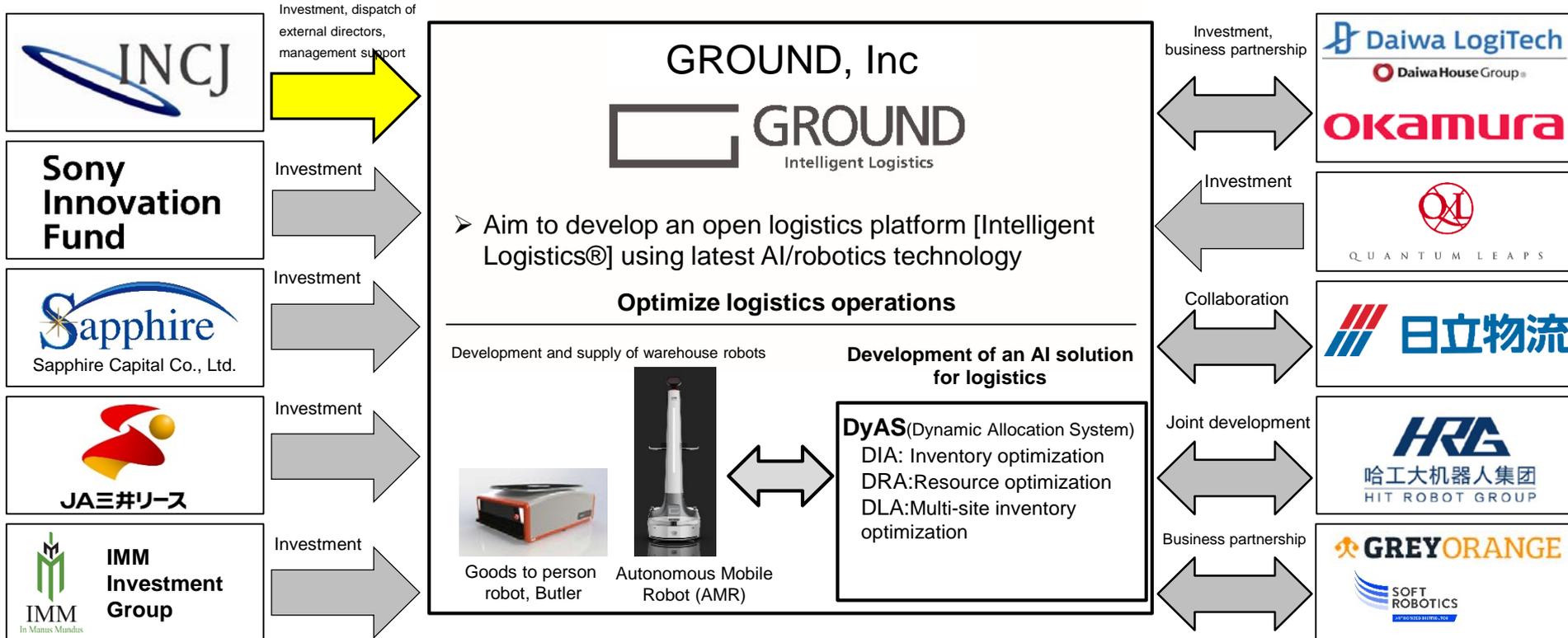
- Select and introduce cutting-edge advanced robotics from around the world to improve productivity.
- Use sophisticated AI analysis to reduce costs and optimize tasks previously requiring human judgement, such as arrangement of products and staff movements through in a warehouse.
- Build a database with information on products, inventory management, and warehouse arrangement to streamline and improve logistics operations.

**Target:** GROUND, Inc.

**Business:** Development and sales of solutions to optimize logistics operations

**Authorized investment:** JPY 1 billion (maximum)

**Announcement date of investment:** August 1, 2019



- Addresses severe and urgent social issue of labor shortage in logistics industry driven by rapid growth of EC market
- GROUND's Intelligent Logistics® open logistics platform radically improves labor-saving and productivity in logistics operations using cutting-edge AI/robotics technologies
- Supports GROUND's development into a Japan-originated global logistics solutions provider in collaboration with both major and start-up logistics companies in Japan and abroad.