The following is an English version of the official Japanese announcement, which has been given to the Tokyo Stock Exchange and the media in Tokyo, Japan.

October 3, 2019

For Immediate Release

SPARX Group Co., Ltd.
President and Group CEO Shuhei Abe
(TSE1: 8739)

Mirai Creation Fund II Invests in Araya, a Provider of AI Technology Development and Solutions

—Accelerating the Development of Deep Learning, Edge AI, and Autonomous AI—

TOKYO—October 3, 2019—SPARX Group Co., Ltd. (SPARX; TSE1: 8739) today announced that its Mirai Creation Fund II—established in July 2018—has invested in Araya, a firm that provides AI technology development and solutions. Araya intends to use this round of fundraising to enhance its development of cutting-edge AI technologies, including deep learning, edge AI, and autonomous AI. It will also promote its overseas expansion and the development of products using these technologies.

Portfolio Company Outline

Founded in 2013, Araya boasts an advanced deep learning technology focusing on image recognition. It leverages this technology to develop projects under contract to many companies in the manufacturing industry. The firm's proven AI algorithms are applicable to a wide range of issues facing production sites.

Araya's Edge AI Business

Araya holds a patented technology that reduces the number of operands for AI algorithms and compresses them to between one quarter and one sixteenth of their original size, with nearly the same accuracy. This technology enables the use of AI in automobiles, drones, and smartphones. The firm is also developing an application to automate AI compression.

Araya's Goal: Autonomous AI

Araya is moving forward in its development of technologies and products using deep reinforcement learning. These technologies and products allow robots and drones to independently judge the circumstances in which they may execute the tasks they are given (autonomous action) without receiving any input from human beings. With this technology and edge AI, Araya aims to introduce automation in sectors that have never before been automated.

Mirai Creation Fund I and Mirai Creation Fund II Summaries

The Mirai Creation Fund I began operations in November 2015 with financing of JPY13.5 billion from three companies: Toyota Motor Corporation, Sumitomo Mitsui Banking Corporation, and SPARX, the Fund's general partner. Ultimately, the Fund received contributions from 20 companies, including the above three. Casting intelligent technologies, robotics, and hydrogen-economy technologies as core technologies of the future, Fund I has invested in approximately 50 companies and projects—from the US, the UK, Israel, Singapore, and Japan—that possess innovative technologies in these fields. In H2 2018, SPARX began managing the Mirai Creation Fund II, which targets the three existing Mirai Creation fields, along with the two additional areas of electrification and new materials. As of August 31, 2019, the combined AUM for Fund I and Fund II were JPY 109.3 billion.
Mirai Creation Fund investment track record: https://mirai.sparx.co.jp/investment/

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