

March 16, 2018

## **Transfer of Shares of F.TRON INC.**

Innovation Network Corporation of Japan (INCJ) hereby announces that INCJ has transferred all the shares it holds in F.TRON INC. (F.TRON) to Junko Suginaka, Chairman and Representative Director of F.TRON.

### **About Innovation Network Corporation of Japan (INCJ)**

INCJ is a corporation organized under the Japanese laws in July 2009 with an aim of nurturing future generation industries through promotion of open innovation. The corporation has a total investment capacity of approximately 2 trillion yen, and has a mission to support industrial innovation by investing in innovative businesses.

INCJ is operated by human resources from private sectors with diverse experience in investment, technology, and management. In accordance with laws and regulations, the Industry Innovation Committee established within the corporation determines whether or not to invest according to the assistance standards set by the government and the corporation makes investments that would contribute to industrial innovation in Japan.

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## Appendix

### 1. **Target Business Company**

F.TRON INC.

- Established : July 2008
- Representative : Junko Suginaka
- Location : Chiyoda-ku, Tokyo Japan
- Business Outline: : Development and sale of cyber security related software products

### 2. **Outline of Decision on Support**

- Date of announcement of decision on support : January 16, 2016
- Amount of support : 900 million yen (maximum)
- Actual amount of investment : 200 million yen
- Co-Investor : ATM Japan, Ltd.
- Shareholding ratio : Not disclosed
- Press release announcing the support: (Japanese only)  
<https://www.incj.co.jp/news/assets/1453177166.01.pdf>
- Investment structure diagram:  
<https://www.incj.co.jp/english/performance/upload/docs/F.TRON.pdf>

### 3. **Background**

#### **(1) Background of investment**

In July 2008, F.TRON was established as a venture company that utilized original technologies to develop and sell cyber security software products. With the world's first CPU management technology, the company developed "INTΦ (INT ZERO)", a cyber security product that grasps all the functions of a computer and does not allow execution of processing by a third party. This product allows users to monitor all the operations of CPU, OS, and applications, detect illegal processing by a third party, and stop the processing safely.

With the developments toward digitization of industries such as IoT, big data, artificial

intelligence, etc., the cyber security measures are growing increasingly important. Against this background, in January 2016, in order to promote the prevalence of the world's only technology developed by F.TRON in Japan, INCJ decided to provide support up to 900 million yen as a growth capital necessary for the acceleration of business development and executed the investment of 200 million yen.

## **(2) Progress of business**

Initially, it was expected that the company would contribute as a new business in the development of digitization of industries, and furthermore that the company's product would be deployed as a technology originating from Japan that would cause a paradigm shift in cyber security. While the current situation indicates some a considerable gap with the initial sales plan, a certain level of progress has been made has been made in the development of the product., Going forward, F.TRON will continue its business using its proprietary technology that originates from Japan.

## **(3) Circumstances leading up to the Exit and Description of the Exit**

Upon careful discussions on the business continuity of F.TRON, it has been agreed that Ms. Junko Suginaka, Chairman of F.TRON, would purchase all of the company's shares held by INCJ. Having determined that it was most appropriate for the business continuity of F.TRON that Ms. Suginaka would take the management initiative as the Chairman and the largest shareholder, INCJ has decided to transfer all the shares it holds to Ms. Suginaka.

## **4. Opinion of Minister in charge (Minister of Economy, Trade and Industry)**

Active support for venture companies remains an important factor in strengthening the industrial competitiveness of our country. It is advised to analyze the challenges encountered in this project, and based on the the learnings to continue to support venture businesses, and make efforts to ensure the profitability of the investment portfolio as a whole.