

INCJ sells its shares in Trigence Semiconductor, Inc.

Tokyo, November 17, 2017 – Innovation Network Corporation of Japan (INCJ) announced today that it has sold its shares in Trigence Semiconductor, Inc. (Trigence) to Trigence CEO Peter Stephan Birch.

Target Company

Trigence Semiconductor Ltd.

Business Outline: Development and sales of semiconductors using proprietary digital processing technology for digital speakers

Industry: Electronic devices

Commercialization: Early Stage

Investment Overview

Authorized Investment: Initial – 480 million JPY maximum (480 million JPY invested)
Additional – 520 million JPY maximum (355 million JPY invested)

Date of Announcement: Initial – February 12, 2014

<https://www.incj.co.jp/PDF/1393916627.en.pdf>

Additional – December 28, 2015

<https://www.incj.co.jp/PDF/1452762041.en.pdf>

Investment Structure: <https://www.incj.co.jp/performance/upload/docs/1451270259.02.pdf>

Background

Trigence was founded in February 2006, focusing on the development and sales of semiconductors outfitted with proprietary digital processing technology to create fully digital speakers.

The Dnote® digital conversion technology developed by Trigence enables a digital sound source to be directly transmitted to a speaker without first being converted to an analog signal. This makes it possible to forego analog conversion and amplification equipment, allowing for significant cuts to energy consumption and saving space.

In February 2014, INCJ decided to invest a maximum of 480 million JPY in growth capital to

accelerate business development and support the global expansion of a low energy consumption and high-quality audio platform developed in Japan through Trigence's superior technology. Subsequently, INCJ completed an investment totaling 480 million JPY.

In December 2015, INCJ made an additional investment of 355 million JPY for accelerating development of system modules incorporating semiconductors and peripheral equipment.

Trigence plans to implement Dnote® in mobile audio devices and in-vehicle equipment, and expects to further expand implementation beyond this as the defacto sound system for tablets, smartphones, and personal computers. However, plans for the development of semiconductors have reached a bottleneck due to the lack of development resources and other factors. Despite receiving strong positive reviews especially audio quality from sound system manufacturers implementing the technology, product shipments are limited, and sales have not reached the level that was initially forecast.

Following careful consideration, Trigence CEO Peter Stephan Birch approached INCJ requesting to acquire all its shares in Trigence. INCJ decided to sell all its shares in Trigence , determining that Mr. Birch who has vast experience in the consumer semiconductor industry, and his undertaking of this initiative as both the company CEO and principal shareholder is the most appropriate way forward to continue their business.

Statement from the Minister of Economy, Trade and Industry

Proactive investment in venture businesses will continue to be vital to support the competitiveness of Japanese enterprises across industries in Japan. I hope to analyze and reflect on the challenges posed in this particular case as we continue to invest in venture businesses, and work toward ensuring profitability across all investments.

About Trigence Semiconductor, Inc.

Established:	February 2006
Business Outline:	Development of semiconductor solutions for digital speakers
Headquarters:	Chiyoda-ku, Tokyo
Representative:	Peter Stephan Birch, CEO
URL	https://www.jp.trigence.com/

About Innovation Network Corporation of Japan (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.

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