IGNIS

October 24, 2017

Company name IGNIS LTD.
Representative Representative Director, CEO Qian Kun
(TSE Mothers Code: 3689)
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Notice Concerning Capital Increase of Consolidated Subsidiary

IGNIS LTD. announces that it has resolved at the board of directors meeting held on October 24, 2017 to subscribe an entire amount of the capital increase conducted by its consolidated subsidiary Mellow Inc.

1. Reason for capital increase

Mellow Inc., a consolidated subsidiary of IGNIS, operates a food platform business. Under the concept of “We serve (tasty) dishes with food trucks to efficiently use underused lots and bring stir and bustle.”, Mellow Inc. brings together “unused vacant place” and “food truck operators”, in order to provide chefs’ special dishes. Since its establishment in February 2016, the business has grown into one of Japan's largest food truck platforms by expanding the number of management spaces and partner operators mainly in the metropolitan areas. In consideration of these circumstances, IGNIS resolved to subscribe the capital increase to continue supporting its future business developments.

*food truck: a new style food business using mobile catering vehicles and selling hot and fresh dishes created by specialty chefs.

2. Overview of subsidiary conducting capital increase (Mellow Inc.)

(1) Company name	Mellow Inc.
(2) Address	12F Ebisu Business Tower, 1-19-19 Ebisu, Shibuya-ku, Tokyo
(3) Representative	Hiroyuki Kashiwaya, CEO
(4) Business	Lunch Space Business and Event Business utilizing food truck
(5) URL	https://www.mellow.jp/
(6) Capital	150 million yen
(7) Established	February 18, 2016
(8) Shareholders and ownership ratio	IGNIS LTD. 54.24% Hiroyuki Kashiwaya 18.65% Masayoshi Ishizawa 10.29% Takuya Moriguchi 9.93% Yusuke Sato 3.18% Hideyuki Maemura 1.92% Nobuyuki Akimoto 1.10% Katsuya Uenoyama 0.69%

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(9) Relationship between listed company and Mellow Inc.	Capital	Hold 54.24% shares of Mellow Inc.
	Personnel	One of staff is concurrently served as director.
	Business	There is a business relationship as outsourcing contractor.

(10) Operating results and financial condition since establishment	
Fiscal year	FY9/16
Net assets	76 million yen
Total assets	86 million yen
Net assets per share	14,095.50 yen
Net sales	24 million yen
Operating income	-33 million yen
Ordinary income	-33 million yen
Net income	-33 million yen
Net income per share	-6,274.87 yen
Dividends per share	- yen

3. Number of shares acquired, acquisition price and percentage of shareholding before and after the acquisition

(1) Number of shares held before transfer	3,954 shares (Number of voting rights: 3,954) (Ownership ratio: 54.24%)
(2) Number of shares acquired	100 shares (Number of voting rights: 100)
(3) Acquisition price	10 million yen of ordinary shares of Mellow Inc.
(4) Number of shares owned after transfer	4,054 shares (Number of voting rights: 4,054) (Ownership ratio: 54.86%)

6. Schedule

(1) Date of Resolution by the board of directors	October 24, 2017
(2) Date of conclusion of the contract	October 24, 2017
(3) Date of exercise of the capital increase	November 8, 2017 (Plan)

7. Outlook

IGNIS expects that the effect of this capital increase on the Group’s business performance for the current fiscal year is minor.