

January 17, 2020

Company name: IGNIS LTD.
 Representative: Representative Director CEO Qian Kun
 (TSE Mothers Code: 3689)
 Contact: CFO Tomohito Matsumoto
 (+81-3- 6408-6820)

(Update of the previous disclosures)

Notice of the transfer of shares of the newly established company through a company split accompanying the transfer of game apps for smartphones and browser games

As shown in the "Notice of the basic agreement for the sale of smartphone game apps and browser games" (hereinafter referred to as "the Transfer"), which was disclosed at the board of directors held on November 13, 2019, we have decided to transfer the business of planning, development, and operation of smartphone game apps ("the Games business") operated by our consolidated subsidiary studioking inc. (hereinafter "studioking") to studiolex Co., Ltd. ("studiolex"), a new company established through a company split (simple incorporation-type split) and then transfer all shares of the new company to Drecom Co., Ltd. (hereinafter "Drecom").

Since this company split is a simple incorporation-type company split of our subsidiary, disclosure items and details are partially omitted.

1. Purpose of company split and transfer of shares

The company decided to transfer the game business to Drecom, which has a strong development and management structure and has a wealth of experience in the development and operation of game apps and browser games for smartphones, as a result of considering measures to improve the quality of each game title based on the recognition that fundamental structural reforms are indispensable.

By taking over the game business, Drecom will be able to develop and operate better games and expect increased revenue. Therefore, we have established a new company and determined that it is optimal to acquire that share.

2. Schedule

Date of our board of directors resolution	January 17, 2020
Date of the share transfer agreement	January 17, 2020
Date of the company split	March 2, 2020 (planned)
Date of share transfer	March 2, 2020 (planned)

(Note) This company split is a simplified company split as stipulated in article 805 of the companies act, and the approval of the general meeting of shareholders is not required. Therefore, the split will be implemented by a resolution of the board of directors.

3. Outline of company split

	Split company (As of September 30, 2019)	Newly established company (Scheduled for March 2, 2020)
Company name	studioking inc.	studiolex Co., Ltd.
Head office	19-19, Ebisu 1-chome, Shibuya-ku, Tokyo	19-19, Ebisu 1-chome, Shibuya-ku, Tokyo
Representative	Takaaki Suzuki, Representative Director CEO	Yoshio Okumura, Representative Director CEO
Business detail	Plan, develop, and operate of game apps for smartphones	Plan, develop, and operate of game apps for smartphones
Capital	5 million yen	5 million yen
Fiscal year end	September 30	March 31
Number of shares	500 shares	100 shares
Shareholder	IGNIS LTD. (100.0%)	studioking inc. (100.0%)
Founded	February 18, 2014	March 2, 2020
Operating results and financial position for the last fiscal year (FY09/19)		
Net assets	2,068 million yen	—
Total assets	2,394 million yen	—
Net sales	2,232 million yen	—
Operating profit	265 million yen	—
Ordinary profit	267 million yen	—
Net profit	179 million yen	—
Relationship	Capital relationship	On the effective date of the split, studioking will hold 100.0% of the shares of the newly established company, and as of the same date, the entire shares of the newly established company will be transferred to Drecom.
	Personnel relationship	The representative director of studioking, a split company, is scheduled to become a director (part-time) of studiolex, the newly established company.
	Business relationship	Not applicable.

4. Outline of business divisions to be split

(1) Business line of the division to be divided

Plan, develop, and operate of game apps for smartphones

(2) Titles to be transferred

BOKU & DRAGONS

NEKO & DRAGONS

(3) Operating results of business divisions to be split (FY9/19)

The total sales of the above 2 titles are 2,133 million yen and operating income is 511 million yen.

(4) Items and book values of assets and liabilities to be split (as of September 30, 2019)

Assets		Liabilities	
Item	Carrying Amount	Item	Carrying Amount
Current assets	6 million yen	Current liabilities	21 million yen
Fixed assets	344 million yen	Fixed liabilities	0 million yen
Total	350 million yen	Total	21 million yen

5. Outline of the transferee of shares

Company name	Drecom Co., Ltd.		
Head office	ALCO TOWER 17F, 1-8-1, Shimomeguro, Meguro-ku, Tokyo		
Representative	Yuki Naito, President and Representative Director		
Business details	Game business, advertising and media business		
Capital	1,735 million yen (As of September 30, 2019)		
Shareholder	Yuki Naito (34.46%), BANDAI NAMCO Holdings Inc. (19.19%)		
Founded	November 13, 2001		
Relationship	Capital relationship	Not applicable.	
	Personnel relationship	Not applicable.	
	Business relationship	Not applicable.	
	Status of related party	Not applicable.	
URL	https://www.drecom.co.jp/		

7. Number of shares to be transferred, transfer price, and shareholdings before and after the transfer

Number of shares owned before transfer	100 shares (1 voting right) (Percentage of voting rights: 100.0%)
Number of the Transferred Share	100 shares (1 voting right) (Percentage of voting rights: 100.0%)
Transfer price	studiolex common stock 520 million yen (planned)*1,2
Payment method	Monthly installment payment*1 for a certain period after the transfer
Number of shares owned after transfer	0 shares (0 voting rights) (0% of voting rights)

8. Future outlook

Extraordinary profit is expected to be posted from March 2020 through this transfer. However, as no profit forecast has been disclosed in the consolidated financial results forecast for the fiscal year ending September 30, 2020, the impact on profit will be disclosed as soon as it becomes apparent. Net sales in the Games business that will occur before the transfer are not included in the net sales forecast of 4,000 million yen for the current fiscal year. We will promptly disclose any prospects that may have a material impact.