

May 11, 2020

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

**Notice of posting of extraordinary profit
 (gain on change in equity, and gain on sales of shares of subsidiaries and associates)
 and extraordinary loss
 (loss on valuation of investment securities)**

IGNIS LTD. announces that the company posted gain on change in equity of 192 million yen and gain on sales of shares of subsidiaries and associates of 34 million yen as extraordinary profit, and loss on valuation of investment securities of 150 million yen as extraordinary loss in the consolidated financial statement for the second quarter of the fiscal year ending September 30, 2020, and the Company announces as follows.

1. Posting of extraordinary profit

(1) Details of expected to post gain on change in equity

As a result of the change in the company's interest of Mellow Inc. (hereafter "Mellow"), on the financial statements due to the third-party allotment by Mellow, the company posts gain on change in equity of 192 million yen as extraordinary profit in the consolidated financial statement for the second quarter of the fiscal year ending September 30, 2020.

Outline of entities accounted for using equity method

Company Name	Mellow Inc.	
Head office	7F, Yonbancho TH Bldg., 2-12, Yonbancho, Chiyoda-ku, Tokyo	
Representative	Masayoshi Ishizawa, Representative Director Takuya Moriguchi, Representative Director	
Business detail	Lunch space business and event business utilizing mobility	
Capital (Sep 30, 2019)	155 million yen	
Financial year-end	September 30	
Number of shares (Jan 31, 2020)	9,091 shares	
Shareholder (Jan 31, 2020)	Directors, employees, outside partners, etc.*	43.20%
	IGNIS LTD.	37.28%
	Toyota Financial Services Corporation	14.97%

	SMBC Trust Bank Ltd. (PKSHA SPARX Algorithm No. 1, Non-Special Money Trust)		4.55%
Founded	February 18, 2016		
Operating results and financial position for the most recent fiscal year (FY09/19)			
Net assets	36 million yen		
Total assets	150 million yen		
Net sales	206 million yen		
Operating profit	-93 million yen		
Ordinary profit	-94 million yen		
Net profit	-94 million yen		
Relationship	Capital relationship	IGNIS LTD. owns 37.28% of the total issued shares of Mellow Inc.	
	Personnel relationship	Not applicable	
	Business relationship	Not applicable	

*The Company refrain from disclosing details regarding shareholders who are directors, employees and outside stakeholders, etc., because they include personal information.

(2) Details of gain on sales of shares of subsidiaries and associates

Following the transfer to Drecom Co., Ltd. of all shares of studiorex Co., Ltd., a newly established company established by their consolidated subsidiary studioking inc. on March 2, 2020, they post gain on sales of shares of subsidiaries and associates of 34 million yen as extraordinary profit in the consolidated financial statements for the second quarter of the fiscal year ending September 30, 2020.

2. Posting of extraordinary loss

Since the real value of the investment securities that the company possesses dropped significantly compared to the acquisition value, the company posted loss on valuation of investment securities of 150 million yen as extraordinary loss in the consolidated and non-consolidated financial statements for the second quarter of the fiscal year ending September 30, 2020.

3. Future Outlook

For information on the impact on the second quarter consolidated results for the fiscal year ending September 30, 2020, please refer to the "Summary of business results for the second quarter ended March 31, 2020 " scheduled to be announced on May 14, 2020.