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(Update of the previous disclosures)
Notice regarding adjustment of transfer price related to share transfer of newly established company due to company split in accordance with the transfer of game titles

As stated in " (Update of the previous disclosures) Notice of completion of transfer of shares of newly established company through a company split accompanying the transfer of game apps for smartphones and browser games", which was disclosed on March 2, 2020, we have been informed that adjustments have been made to the transfer price, but the contents of incorporation adjustments have been partially determined. At the same time, we have decided on the outline of the accounting treatment.

1. Outline of the share transfer

On March 2, 2020, studioking inc. ("studioking") sold all shares of studiolex Co., Ltd. ("studiolex"), which was newly established company through a corporate split, to Drecom Co., Ltd. ("Drecom").

Please refer to the disclosure materials dated January 17, 2020 and March 2, 2020 for the purposes and summaries of the company split and the share transfer, schedule, outline of the company split and the transferee, and outline of the business divisions to be split.

2. Number of shares transferred, transfer price, and status of shares held before and after transfer

As of the date of this transfer on March 2, 2020, the total amount of the transfer price was planned to be 520 million yen. As a result of discussions with the transferee regarding the adjustment of the transfer price, the final transfer price was 539 million yen. The contents of the specific adjustments are not disclosed due to the relationship with the transferee.

The number of shares to be transferred and the number of shares held before and after the transfer have not changed from the previous announcement, so the description is omitted.

Initial transfer price	studiolex	common stock 520 million yen (planned)*1,2
Transfer price after adjustment	studiolex	common stock 539 million yen *1,2
Payment method	Monthly installment payment*1 for a certain period after the transfer	

- *1. The transfer price for each share transfer was adjusted based on the balance sheet of the newly established company as of the date of the share transfer, the amount of income and expenses arising from the business to be succeeded before and after the date of the share transfer, and the employment situation. The settlement method is to be settled 19 times after the share transfer date.
- *2. With regard to the transfer price mentioned above, based on the past business results of the target assets disclosed by us to Drecom during the due diligence process and the business plan of the newly established company, we calculated the range of the disposition price that we believe to be appropriate mainly by using the income capitalization method, and decision the value that both companies consider reasonable within the extent of negotiations between us and Drecom.

3. Outline of accounting procedure

As a result of the transfer of the game business, the investment in the game business that was transferred is deemed to have been liquidated, and the difference between the market value of the property that was received as consideration for the transfer and the market value of the equity equivalent and the financial liabilities newly incurred as a result of the transfer will be recorded as extraordinary profit as a gain on sales of shares of subsidiaries and associates of 34 million yen in the 2Q consolidated accounting.

If the financial liabilities are to expire in the future, an extraordinary gain is expected to be recognized due to the extinguishment of the liabilities.

4. Future outlook

As described in "3. Outline of accounting procedure" above, we have recorded extraordinary profit of 34 million yen from the sale of affiliated company's stock at the end of the 2Q of the fiscal year ending September 2020. If the above financial liabilities will expire in the future and an extraordinary gain will be posted, the Company will promptly disclose the information.