

March 5, 2021

To Whom It May Concern

Company name: K.K. i3  
Representative: Qian Kun  
Representative Director

**Announcement on Commencement of Tender Offer  
for Shares of IGNIS LTD. (Securities Code: 3689)**

K.K. i3 (the "Offeror") hereby announces that it has decided on March 5, 2021 to acquire the common shares (the "Target's Shares") and the Stock Acquisition Rights (as defined below) of IGNIS LTD. (the "Target") listed on the Mothers Market, a market opened by the Tokyo Stock Exchange, Inc. ("TSE") ("TSE Mothers Market") through a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act") with details as described below.

Descriptions

1. Particulars of Tender Offer

(1) Name of the Target  
IGNIS LTD.

(2) Class of shares to be purchased

(1) Common Shares

(2) Stock Acquisition Rights

- (i) Stock acquisition rights issued pursuant to a resolution by the Target's extraordinary shareholders' meeting held on March 10, 2014 (the "Fourth Stock Acquisition Rights") (the exercise period is from March 12, 2016 to February 11, 2024)
- (ii) Stock acquisition rights issued pursuant to a resolution by the Target's board of directors' meeting held on October 13, 2016 (the "Twelfth Stock Acquisition Rights") (the exercise period is from October 28, 2016 to October 27, 2021)
- (iii) Stock acquisition rights issued pursuant to a resolution by the Target's board of directors' meeting held on February 16, 2017 (the "Thirteenth Stock Acquisition Rights") (the exercise period is from March 3, 2017 to March 2, 2022)
- (iv) Stock acquisition rights issued pursuant to a resolution by the Target's board of directors' meeting held on March 5, 2018 (the "Fifteenth Stock Acquisition Rights") (the exercise period is from March 23, 2018 to March 22, 2021)
- (v) Stock acquisition rights issued pursuant to a resolution by the Target's board of directors' meeting held on March 5, 2018 (the "Sixteenth Stock Acquisition Rights"; collectively, the Fourth Stock Acquisition Rights, Twelfth Stock Acquisition Rights, Thirteenth Stock Acquisition Rights, Fifteenth Stock Acquisition Rights and Sixteenth Stock Acquisition Rights shall be referred to hereafter as the "Stock Acquisition Rights") (the exercise period is from March 23, 2018 to March 22, 2021)

(3) Tender Offer Period

From March 8, 2021 (Monday) through April 19, 2021 (Monday) (31 business days)

- (4) Price of Tender Offer, etc.
  - JPY 3,000 per common share
  - JPY 4,450 per one Fourth Stock Acquisition Right
  - JPY 353,400 per one Twelfth Stock Acquisition Right
  - JPY 135,000 per one Thirteenth Stock Acquisition Right
  - JPY 1 per one Fifteenth Stock Acquisition Right
  - JPY 1 per one Sixteenth Stock Acquisition Right
- (5) Number of shares to be purchased
  - Number of shares to be purchased: 8,761,149 shares
  - Minimum number of shares to be purchased: -- shares
  - Maximum number of shares to be purchased: -- shares
- (6) Tender Offer Agent
  - Nomura Securities Co., Ltd.
  - 13-1, Nihombashi 1-chome, Chuo-ku, Tokyo
- (7) Commencement date of settlement
  - April 26, 2021 (Monday)

## 2. Overview of the Tender Offer

The Offeror is a stock company incorporated on February 24, 2021 for the primary purpose of holding the Target's Shares through the Tender Offer, and as of the date hereof, Mr. Qian Kun, the President and Founder and the second largest major shareholder of the Target ("Mr. Qian") holds 25.00% of the voting rights represented by the common shares, Mr. Takaaki Suzuki, CTO and Representative Director and the largest major shareholder of the Target holds 25.00% of the voting rights represented by the common shares, and BCPE Wish Cayman, L.P., which is held and managed by Bain Capital Private Equity, LP and its group, holds 50.00% of the voting rights represented by the common shares, respectively. As of the date hereof, the Offeror does not own the Target's Shares.

The Offeror will carry out the Tender Offer by acquiring all of the Target's Shares listed on TSE Mothers Market (including the Target's Shares to be delivered upon the exercise of the Stock Acquisition Rights, but excluding the treasury shares held by the Target, all of the Target's Shares held by Mr. Qian, all of the Target's Shares held by Mr. Suzuki, all of the Target's Shares held by K.K. QK, an asset management company of which 51.00% of its issued shares is held by Mr. Qian and the fourth largest shareholder ("QK"), all of the Target's Shares held by K.K. SY, an asset management company of which 51.00% of its issued shares is held by Mr. Qian and the eighth largest shareholder ("SY"), all of the Target's Shares held by Ms. Rie Yamada, the spouse of Mr. Qian ("Ms. Yamada"), and all of the Target's Shares held respectively by Mr. Yasuyuki Kashiwaya (the ninth largest shareholder; "Mr. Kashiwaya"), Mr. Katsuya Uenoyama ("Mr. Uenoyama"), Mr. Yusuke Sato ("Mr. Sato") and Mr. Nobusuke Akimoto ("Mr. Akimoto") who are friends of Mr. Qian (collectively, Mr. Kashiwaya, Mr. Uenoyama, Mr. Sato and Mr. Akimoto shall be referred to hereafter as the "Non-accepting Friend Shareholders"; collectively, Mr. Qian, Mr. Suzuki, QK, SY, Ms. Yamada and the Non- accepting Friend Shareholders shall be referred to hereafter as the "Non-accepting Shareholders")) and all of the

Stock Acquisition Shares (excluding the Stock Acquisition Rights held by the Non-accepting Shareholders), as part of a series of transactions (the "Transaction") for the purpose of taking the Target's Shares private.

The Transaction falls under the so-called Management Buyout (MBO) (Note), in which Mr. Qian and Mr. Suzuki are involved as the offerors, and Mr. Qian and Mr. Suzuki are expected to continue to be engaged in management of the Target after the successful completion of the Tender Offer.

(Note) "Management Buyout (MBO)" refers to a transaction in which the offeror carries out a tender offer based on an agreement with the officers of the target, and shares a common interest with such officer of the target.

3. Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")

If the Offeror cannot acquire all the Target's Shares (including the Target's Shares to be delivered upon the exercise of the Stock Acquisition Rights but excluding the treasury shares held by the Target and the Target's Shares not tendered to the Tender Offer by the Non-accepting Shareholders) through the Tender Offer, the Offeror plans to carry out the process which would make the Target's Shares go private (the "Squeeze-out Process") by the following means after the successful completion of the Tender Offer, as described in "2. Overview of the Tender Offer" above."

Specifically, the Offeror intends to request the Target to hold the Extraordinary Shareholders' Meeting to approve the Share Consolidation and to amend its Articles of Incorporation to abolish the provision concerning less than one unit shares subject to the consolidation of Target's Shares (the "Share Consolidation") becoming effective, pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) promptly after the settlement of the Tender Offer. The Offeror considers it desirable to hold the Extraordinary Shareholders' Meeting as early as possible from the viewpoint of improving the corporate value of the Target, and intends to request the Target to give a public notice of the record date so that the record date for the extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") will fall on the commencement date of the settlement of the Tender Offer (scheduled for April 27, 2021) or the date close thereto. The Offeror will make such request even if the voting rights of the Target held by the Offeror and Non-accepting Shareholders after the Tender Offer fall below two-thirds of the total voting rights of the Target. According to the press release of the Target, if the Target receives such request from the Offeror, the Target intends to comply therewith. The Offeror and the Non-accepting Shareholders intend to approve the above proposals at the Extraordinary Shareholders' Meeting.

If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the Target's shareholders will own the number of the Target's Shares in proportion to the share consolidation ratio as approved in the Extraordinary Shareholders' Meeting as of the date when the Share Consolidation becomes effective. If there are any fractional shares upon the Share Consolidation, the amount of cash corresponding to the amount obtained by selling the Target's Shares equivalent to the total number of fractional shares (if the aggregated number of entitlements to fractional shares includes a fractional number, such fractional number will be rounded down) to the Target or the Offeror will be delivered to the Target's shareholders in accordance with the procedures under Article 235 of the Companies Act and other relevant laws and regulations. Concerning the sales price of the Target's Shares corresponding to the aggregated number of fractional shares, a petition for

voluntary disposal permission will be filed with the court after calculating that the amount of cash to be delivered to the Target's shareholders (excluding Mr. Qian, Mr. Suzuki and the Target) who did not tender their shares to Mr. Qian, Mr. Suzuki and the Tender Offer (the "Prospective Surviving Shareholders") will be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Target's Shares held by such shareholders. Although the share consolidation ratio for the Target's Shares is undetermined as of the date hereof, it is intended that the share consolidation ratio will be determined so that the number of the Target's Shares held by the Target's shareholders (excluding Mr. Qian, Mr. Suzuki and the Target) who did not tender their shares to the Tender Offer will be a fractional number of less than one share, which will enable the Offeror to hold all the Target's Shares (excluding treasury shares held by the Target). However, if there are Target's shareholders (other than the Prospective Surviving Shareholders) who hold the number of Target's Shares equal to or greater than the smallest number of the Target's Shares held by any of the Offeror (the "Majority Shareholders"), the ratio of consolidation for the Target's Shares may be such that only the Prospective Surviving Shareholders who hold not less than the number of Target's Shares (excluding treasury shares held by the Target) held by the Majority Shareholders hold all of the Target's Shares as a result of the Share Consolidation. The details of the procedures regarding the Share Consolidation will be promptly announced by the Target once decided upon mutual consultation between the Offeror and the Target.

Regarding the provisions under the Companies Act aimed at protecting general shareholders' interests in relation to the Share Consolidation, if there are any fractional shares when the Share Consolidation is conducted, the Target's shareholders (excluding the Offeror, the Non-accepting Shareholders and the Target) may, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, demand the Target to purchase all fractional shares of the Target's Shares that the relevant shareholders hold at a fair price, and may file a petition to determine the price under appraisal rights of such Target's Shares. As mentioned above, in the Share Consolidation, the number of the Target's Shares held by the Target's shareholders (excluding Mr. Qian, Mr. Suzuki and the Target) who did not tender their shares to the Tender Offer will be a fractional number of less than one share. The Target's shareholders who disapprove of the Share Consolidation will be able to file the above petition. The purchasing price under appraisal rights if these petitions are filed will be ultimately determined by the court.

Regarding the above procedures, depending on any revisions to and enforcement of the relevant laws and regulations, interpretation thereof by authorities, there is a possibility that it may take time to implement them or that changes may be made to the method of implementation. In such case, however, the Offeror plans to adopt such method that enables each of the Target's shareholders (excluding Mr. Qian, Mr. Suzuki and the Target but this does not apply when the Majority Shareholders exist as stated above) not having tendered his or her shares to the Tender Offer to ultimately receive cash. If such method is adopted, it is intended that the amount of such cash to be delivered to each of the relevant Target's shareholders will be calculated to be equal to the price produced by multiplying the Tender Offer Price by the number of the Target's Shares held by such shareholder. The details of the above procedures and the timing of implementation thereof will be promptly announced by the Target once decided upon negotiation between the Offeror and the Target.

In addition, if the Offeror fails to acquire all of the Stock Acquisition Rights (excluding the Stock Acquisition Rights held by the Non-accepting Shareholders) in the Tender Offer despite the completion of the Tender Offer, the Offeror intends to promptly request the Target to implement procedures reasonably necessary for the implementation of the Transaction, such as acquisition of the

Stock Acquisition Rights and recommendation to the holders of the Stock Acquisition Rights ("the Stock Acquisition Rights Holders") to abandon the Stock Acquisition Rights.

The Tender Offer is not intended to solicit the votes of the Target's shareholders in favor of the resolutions to be proposed at the Extraordinary Shareholders' Meeting. Each shareholder and Stock Acquisition Rights Holders should consult with his or her tax advisor, at his or her own responsibility, regarding the tax treatment relating to the Tender Offer or under each of the above procedures.

#### 4. Prospects for delisting and its reasons

The Target's Shares are currently listed on the TSE Mothers Market as of the date hereof. Because the Offeror has not set a maximum number of shares to be purchased in the Tender Offer, the Target's Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria established by the TSE, depending on the results of the Tender Offer. Also, even in the case where the Target's Shares do not fall under that criteria as of the successful completion of the Tender Offer, the Offeror will carry out the Squeeze-out Process set out in "3. Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition"))" above. In such case, the Target's Shares will fall under the criteria and will therefore be delisted through the prescribed procedures in accordance with the stock delisting criteria established by the TSE. After delisting, the Target's Shares can no longer be traded on the TSE.

The Offeror does not set any minimum number of tendered shares to be purchased in the Tender Offer. For this reason, the total number of voting rights of the Target held by the Offeror and the Non-accepting Shareholders may fall below two-thirds of the voting rights of all shareholders of the Target after the completion of the Tender Offer. As a result, if the proposal regarding the Share Consolidation described in "3. Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition"))" above fails to obtain an approval at the Extraordinary Shareholders' Meeting and the Share Consolidation is not implemented, the listing of the Target's Shares will be maintained for the time being. The Offeror currently intends to make the Target's Shares go private, and even if the proposal for the Share Consolidation is rejected at the Extraordinary Shareholders' Meeting, the Offeror may consider making the Target's Shares go private in some way, including any acquisition of additional Target's Shares; however, whether or not the Offeror proceed with the additional acquisition of the Target's Shares will be considered after taking into consideration the status of the tender in the Tender Offer and the subsequent trend of the market share price, the degree of pros and cons of the proposal for the Share Consolidation at the Extraordinary Shareholders' Meeting, and whether or not the Target will be able to obtain the approval of the Offeror once again; therefore, nothing is determined at this point. On the other hand, the ratio of voting rights exercised by the Target at the annual shareholders' meeting was 68.08% for the 10<sup>th</sup> Annual Shareholders' Meeting for fiscal year ended in September, 2019 and 54.39% for the 11<sup>th</sup> Annual Shareholders' Meeting for fiscal year ended in September, 2020. Even if the total number of voting rights of the Target held by the Offeror and the Non-accepting Shareholders may fall below two-thirds of the voting rights of all shareholders of the Target after the completion of the Tender Offer, there is a possibility that the proposal for the Share Consolidation will be approved at the Extraordinary Shareholders' Meeting, and in such a case, the Target's Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the TSE.

For further details of the Tender Offer, please refer to the Tender Offer Registration Statement regarding the

Tender Offer to be filed on March 8, 2021 by the Tender Offeror.

END