

Financial Results

Q1 FY09/21

IGNIS LTD. (Code: 3689)

INDEX

01 / Overview of Financial Results

02 / Business Topics

03 / FY09/21 Full-year Plan

04 / Others

05 / Appendix

01 / Overview of Financial Results

Q1 FY09/21 Summery

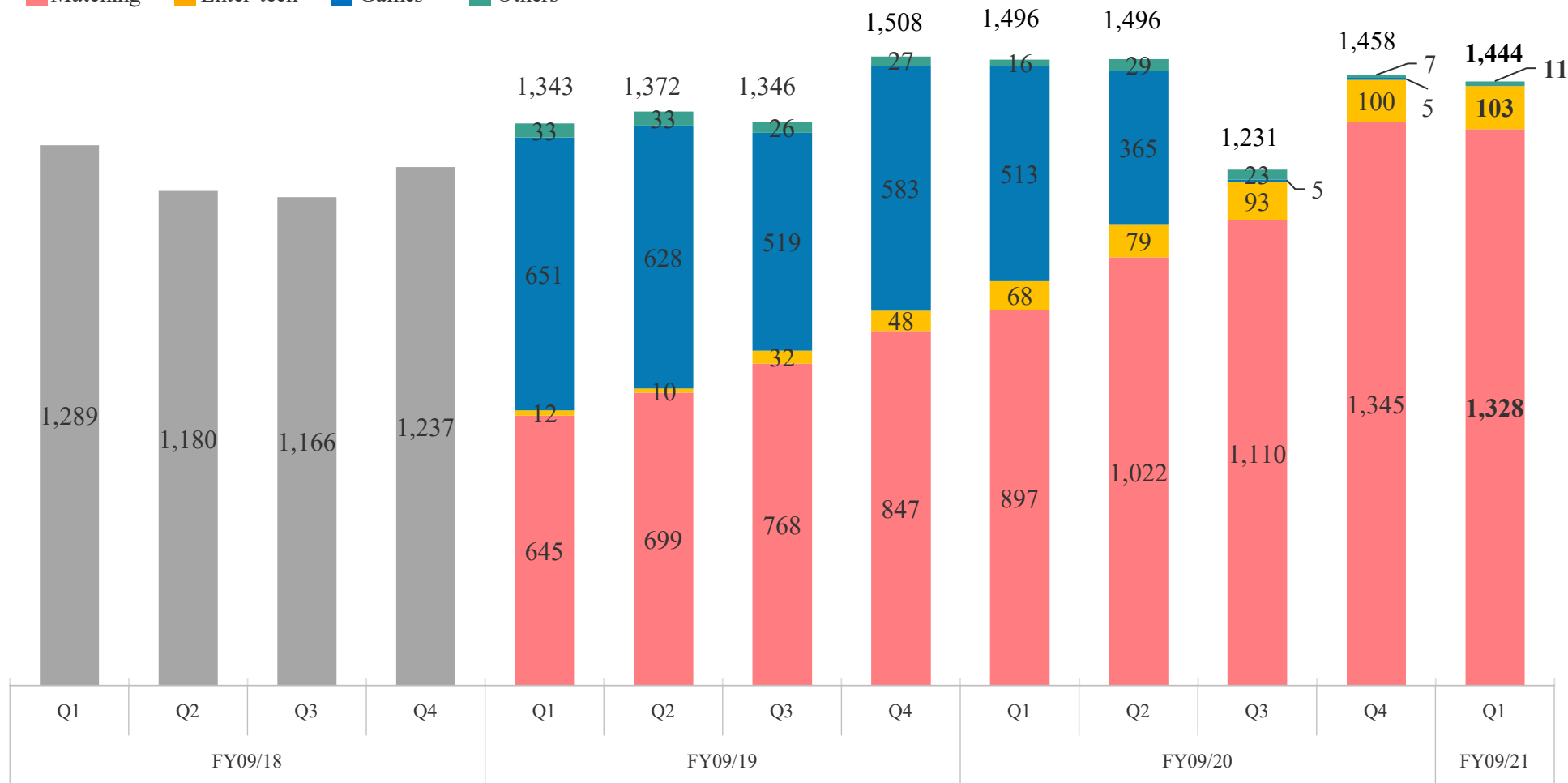
Consolidated business results	Profits declined due to business investment			
	Sales :	1,444 million yen	YoY :	96.5%
	Operating profit :	-255 million yen	YoY :	65 million yen
Matching	"with" greatly contributed to sales and profits			
	Sales :	1,328 million yen	YoY :	148.0%
	Operating profit :	389 million yen	YoY :	136.7%
Enter-tech	Accelerated business investment in "INSPIX WORLD" for preparing IP for other companies			
	Sales :	103 million yen	YoY :	151.0%
	Operating profit :	-624 million yen	YoY :	-321 million yen
Others	Recorded sales of HR Tech, etc. and steadily promoted SaaS for medical institutions			
	Sales :	11 million yen	YoY :	2.2%
	Operating profit :	-20 million yen	YoY :	101 million yen

*From Q1 FY09/21, the "Game business" has been included in the "Other" category due to its diminished quantitative importance.

Transition of consolidated sales (Accounting period)

(Unit: million yen)

Matching Enter-tech Games Others

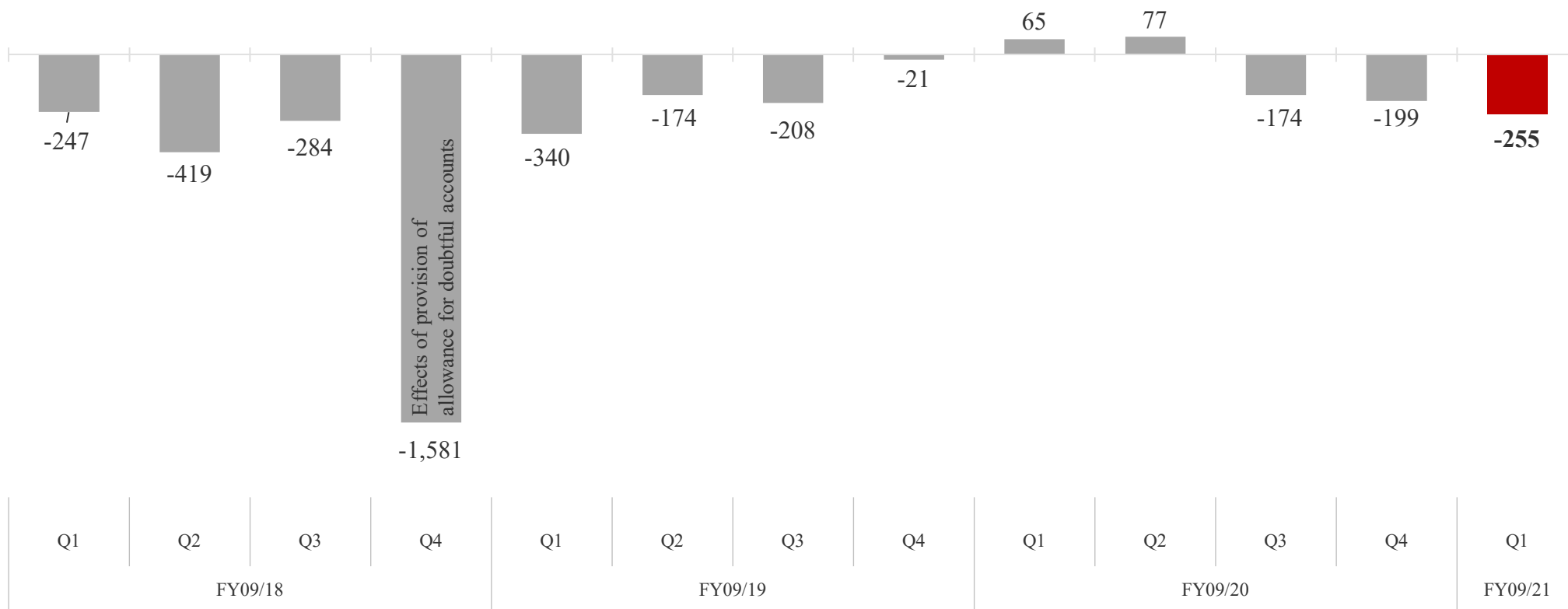


* Since there is a single segment before FY09/18, there are no figures based on the current segment classification.

* The figures for each segment for FY09/19 have not been audited by an auditing firm.

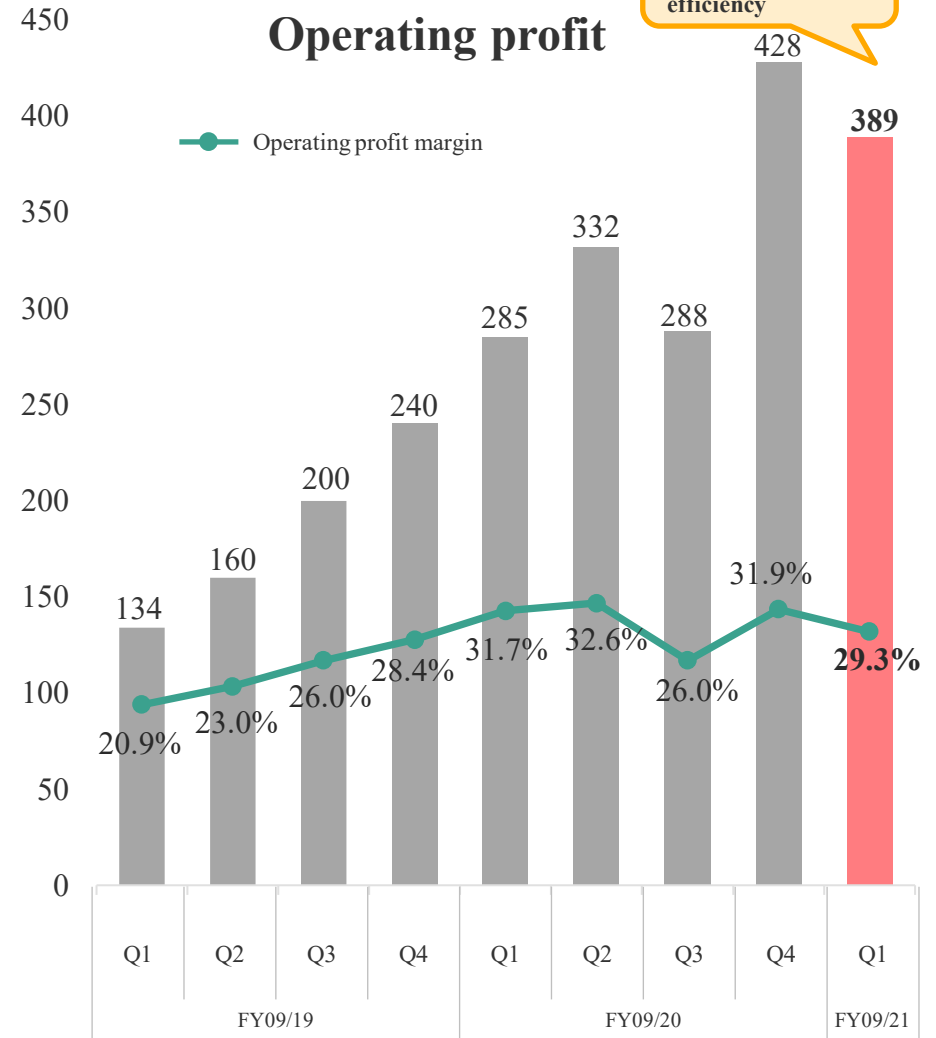
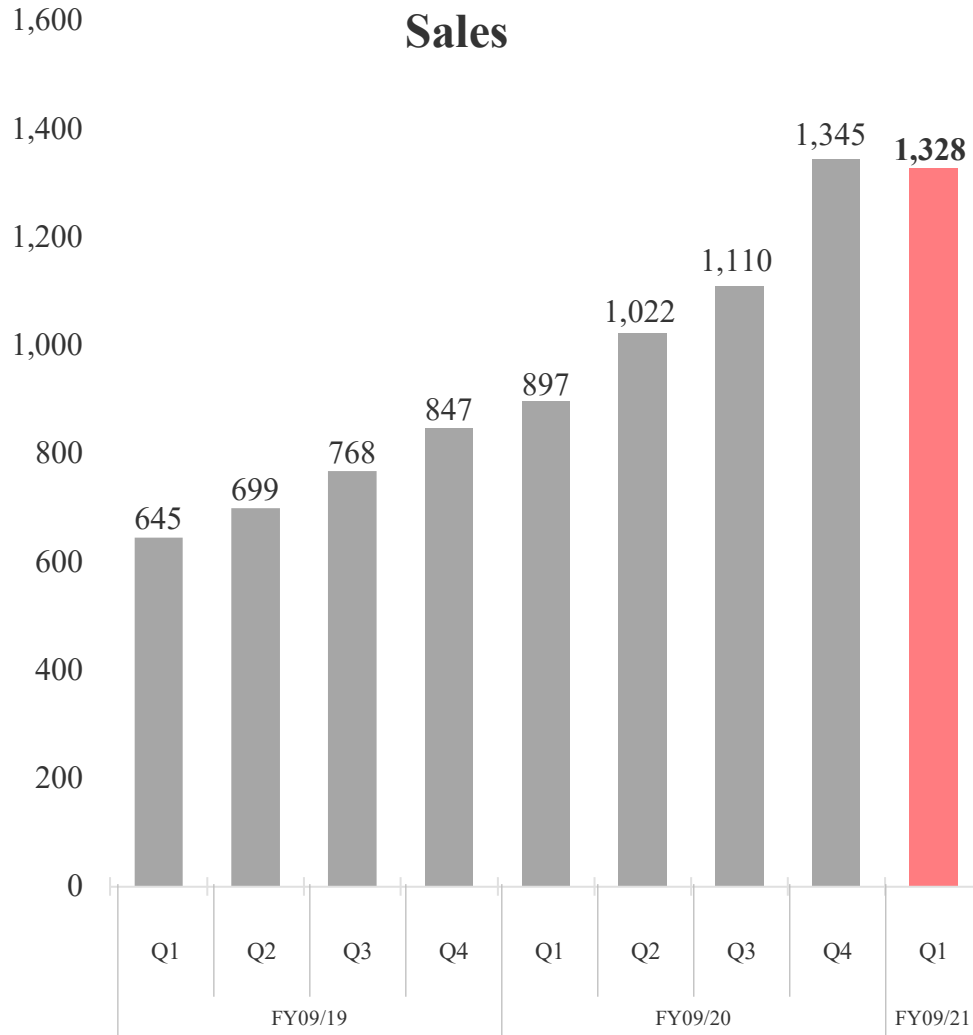
* From Q1 FY09/21, the "Game business" has been included in the "Other" category due to its diminished quantitative importance.

Transition of consolidated operating profit (Accounting period)



Sales and operating profit of Matching business

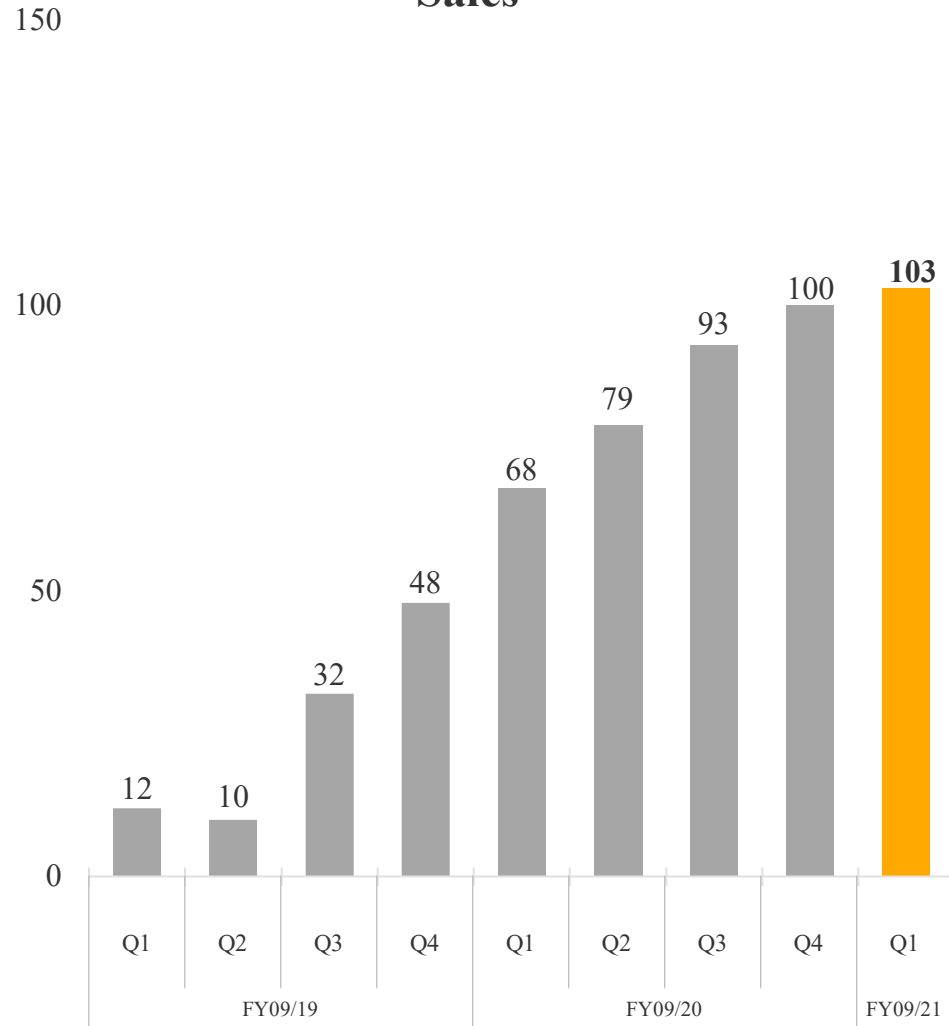
(Unit: million yen)



Sales and operating profit of Enter-tech business

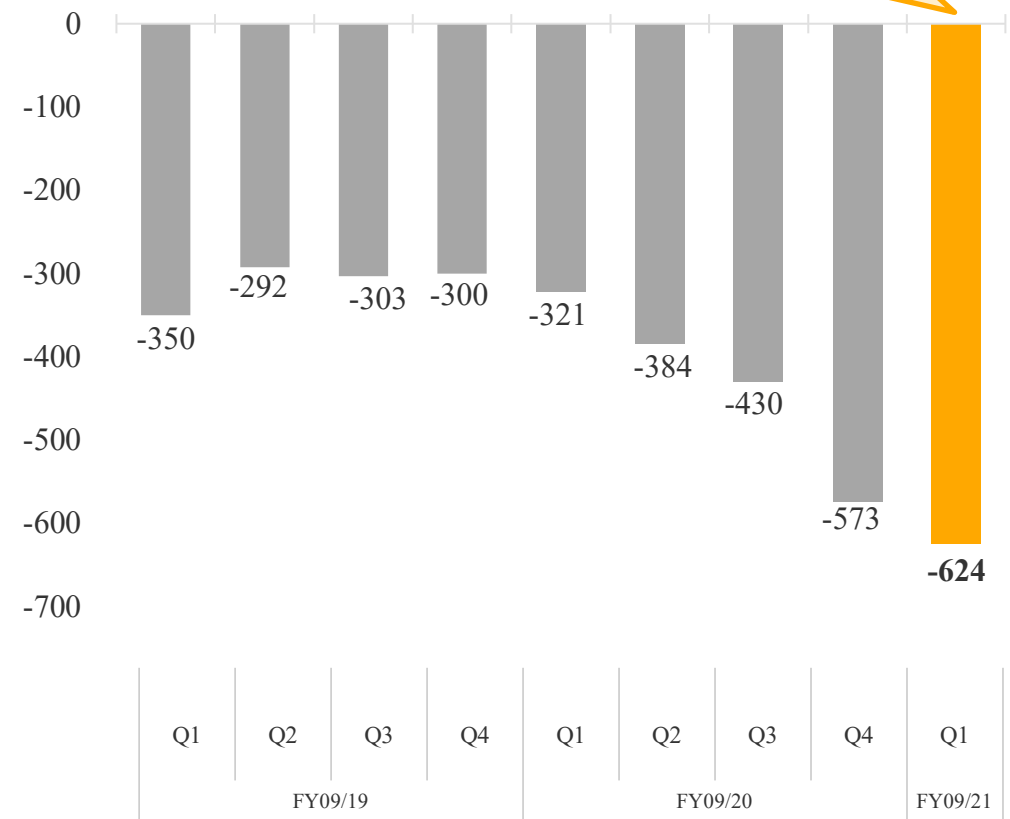
(Unit: million yen)

Sales



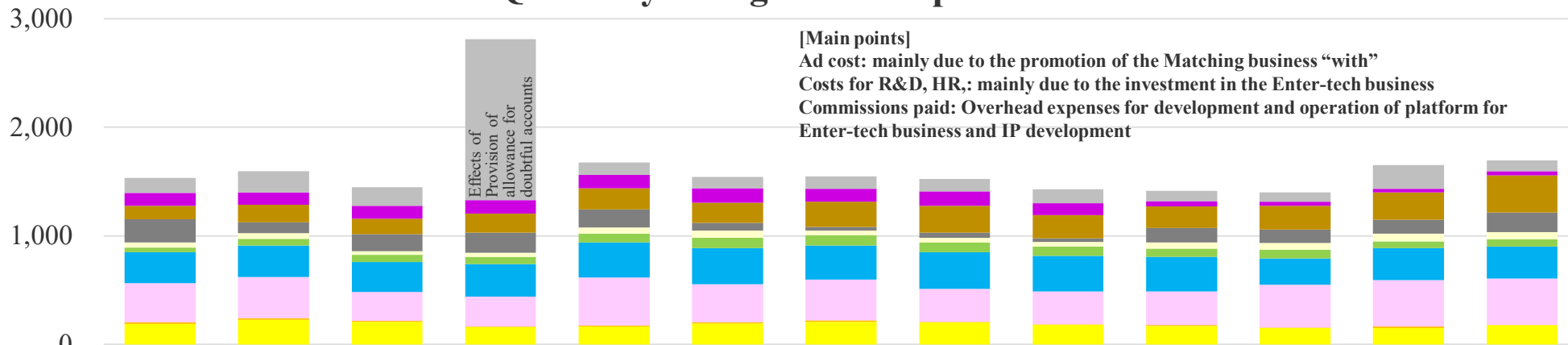
Operating profit

Just before the release of "INSPIX WORLD".
Increased investment due to the development of IP
content of several other companies.



Analysis on expenses

Quarterly changes in of expenses



(Unit: million yen)

	FY09/18				FY09/19				FY09/20				FY09/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
■ Other *1, 2	135	193	170	1,483	114	104	117	112	125	95	87	217	100
■ Depreciation and amortization *1	121	116	116	123	127	131	117	136	111	47	39	36	36
■ Commissions paid *1	124	159	145	176	195	183	234	247	215	201	217	251	342
■ R&D	212	101	155	188	166	74	33	48	30	133	125	130	181
■ Commission	46	52	35	37	53	65	41	43	42	55	63	71	68
■ Rent, etc. *1	43	61	67	66	81	96	98	88	87	78	81	61	66
■ Platform charge *3	289	288	272	298	327	331	310	338	329	318	240	295	292
■ Advertisement & Promotions	359	383	267	277	441	353	378	302	303	305	396	428	428
■ Recruitment	14	12	10	3	10	9	13	7	2	9	2	11	4
■ Personnel	190	229	209	162	164	195	209	203	183	173	153	153	178

*1 From Q1 FY09/21, the method of calculating "Others", "Depreciation and amortization", "Commissions paid" and "Land rent" has been changed.

*2 "Others" includes provision of allowance for doubtful accounts in Q4 FY06/18 and expenses for live production, etc. in the Enter-tech business in Q4 FY09/20.

*3 Platform-related fees for Apple, Google, etc.

Consolidated P/L (Accounting period)

(Unit: million yen)	Accounting period Q1 FY09/20 Oct. – Dec.	Ratio/ Profit margin	Accounting period Q4 FY09/20 Jul.-Sep.	Ratio/ Profit margin	Accounting period Q1 FY09/21 Oct.-Dec.	Ratio/ Profit margin	YoY	QoQ
Sales	1,496	100.0%	1,458	100.0%	1,444	100.0%	96.5%	99.0%
Matching	897	60.0%	1,345	92.2%	1,328	92.0%	148.0%	98.8%
Enter-tech	68	4.6%	100	6.9%	103	7.2%	151.0%	103.3%
Others	529	35.4%	13	0.9%	11	0.8%	2.2%	89.6%
Operating profit (loss)	65	4.3%	-199	-	-255	-	-	-
Matching	285	31.7%	428	31.9%	389	29.3%	136.7%	90.9%
Enter-tech	-321	-	-573	-	-624	-	-	-
Others	101	19.1%	-55	-	-20	-	-	-
Non-operating profit (loss)	-46	-	-69	-	-58	-	-	-
Ordinary profit (loss)	19	1.3%	-269	-	-314	-	-	-
Extraordinary profit (loss)	-0	-	38	-	29	-	-	76.8%
Profit before profit taxes (loss)	18	-	-230	-	-284	-	-	-
Profit taxes	89	-	152	-	93	-	103.8%	61.5%
Net profit (Loss)	-71	-	-382	-	-377	-	-	-

*From Q1 FY09/21, the "Game business" has been included in the "Other" category due to its diminished quantitative importance.

02 / Business Topics

Main initiatives and status of each business

Matching

- The rapid growth of "with" has slowed down, but there is still room for growth.

Enter-tech

- **INSPIX WORLD:**
Accelerated development investment toward its launch in April 2021.
- Other companies' IP VR Live: under development
- Launch of "Joy×Joi - Dream Talk Online -" (former PH)

Others

- SaaS for medical institutions "FOREST":
Steady increase in the number of user patients
- Prospects for the start of collection of loan receivables, etc.

Impact of the spread of the COVID-19 infections

Impact on main business

Matching

- No major change in business KPIs
 - ⇒ Steady progress in the number of active users and other figures
 - ⇒ Impact on business progress and results is minor.

Enter-tech

[IP-related]

- This sector most affected by COVID-19
 - Offline activities: conduct some live performances in 1Q, with thorough infection prevention measures.
 - Future decisions will be made based on the pandemic situation.
 - Online activities: conduct through various methods, and sell many goods through web shop.

[Platform]

- ⇒ Teleworking has been ongoing since last year, so there is no major change in the development system or progress.

Others

- Although the growth of the SaaS "FOREST" for medical institutions slowed down, the number of patients using online practice (telemedicine) system increased due to deregulation, etc.

Although a second State of Emergency has been declared since January 7, 2021, the business operations have been shifted to the premise of prolonged COVID-19 infection

(Note) This is only the situation at the present time. As there are many uncertain factors, such as the timing of the situation convergence, we will promptly announce any impact on our business and performance in the future.

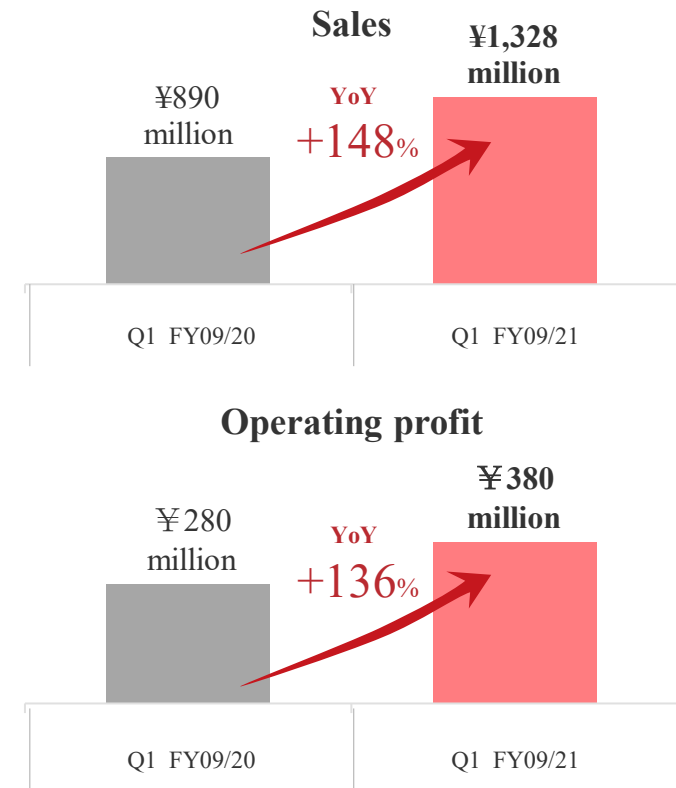
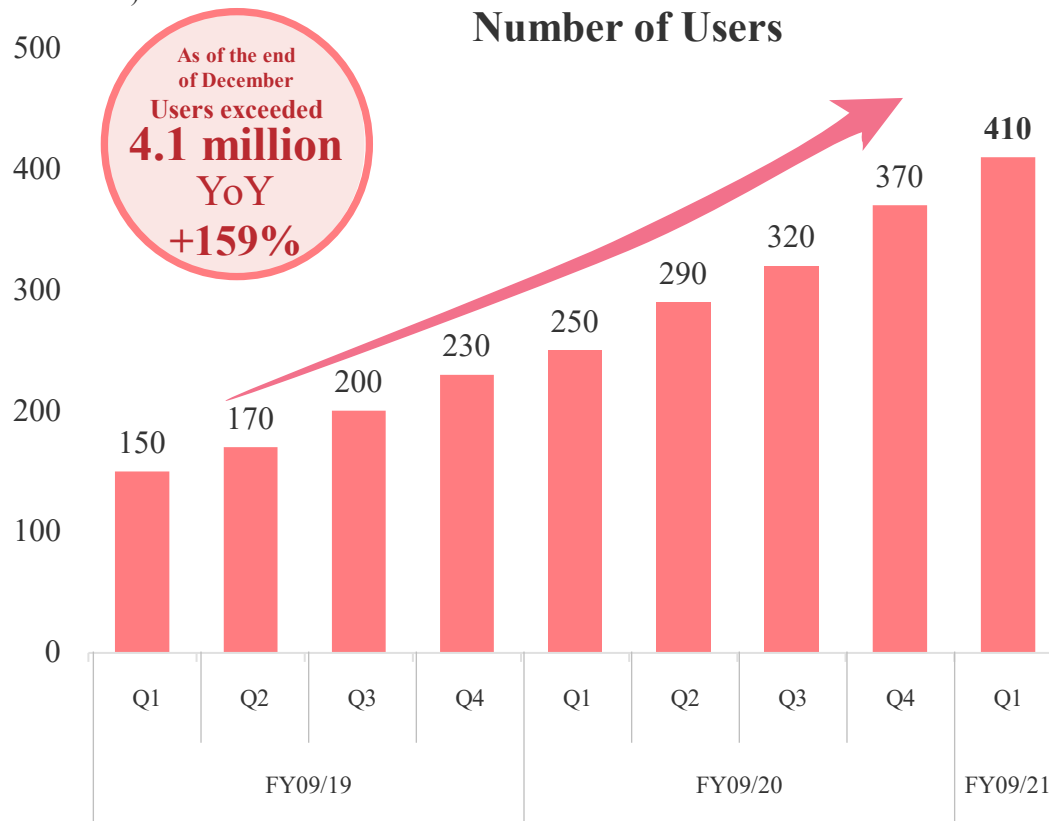


Matching

“with”

Remaining flat in QoQ, but continuing to grow in YoY

(Unit: Ten thousand)



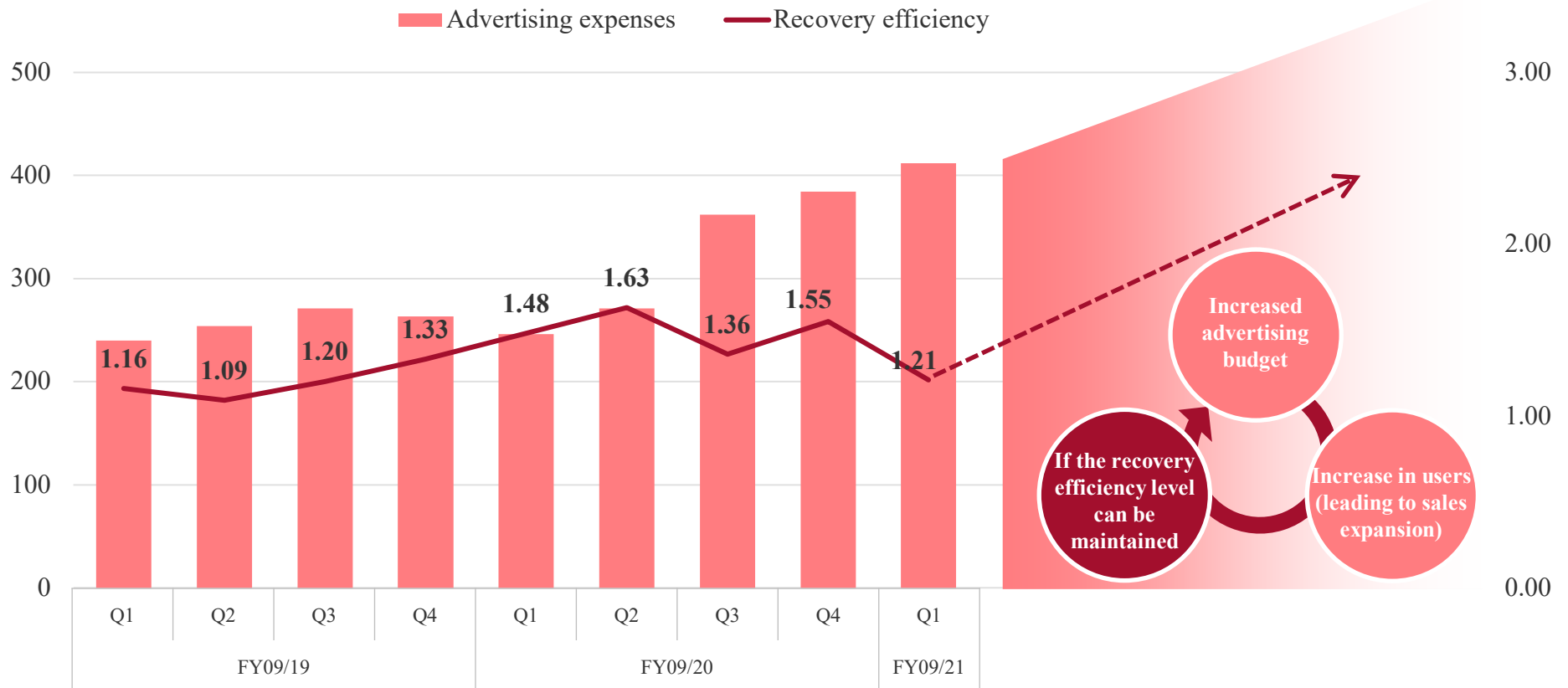


Matching

“with”

Consider more effective promotion methods and channels.

(Unit: million yen)



Investment ratio

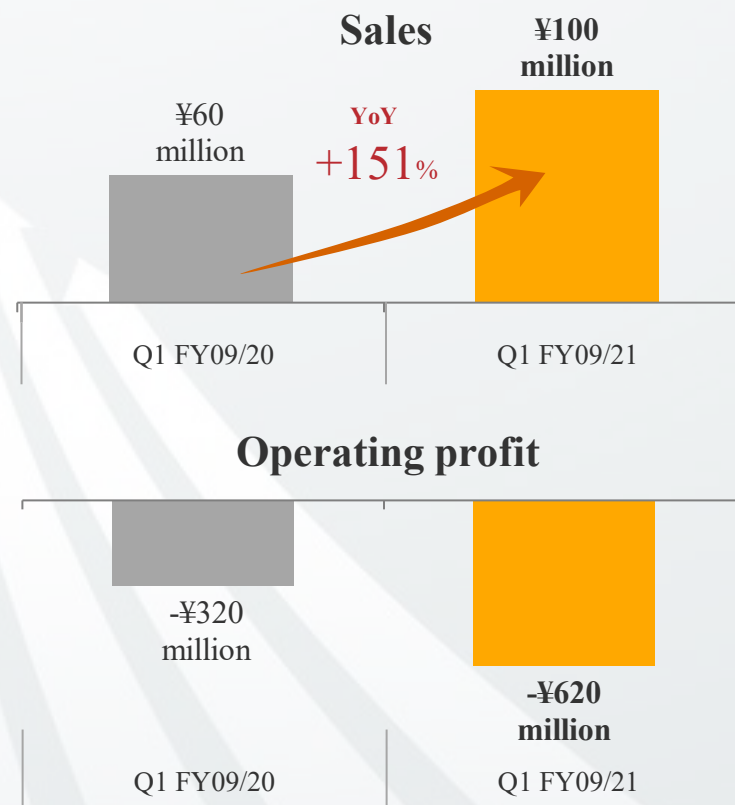
Equally invest in platform and IP

Platform



X

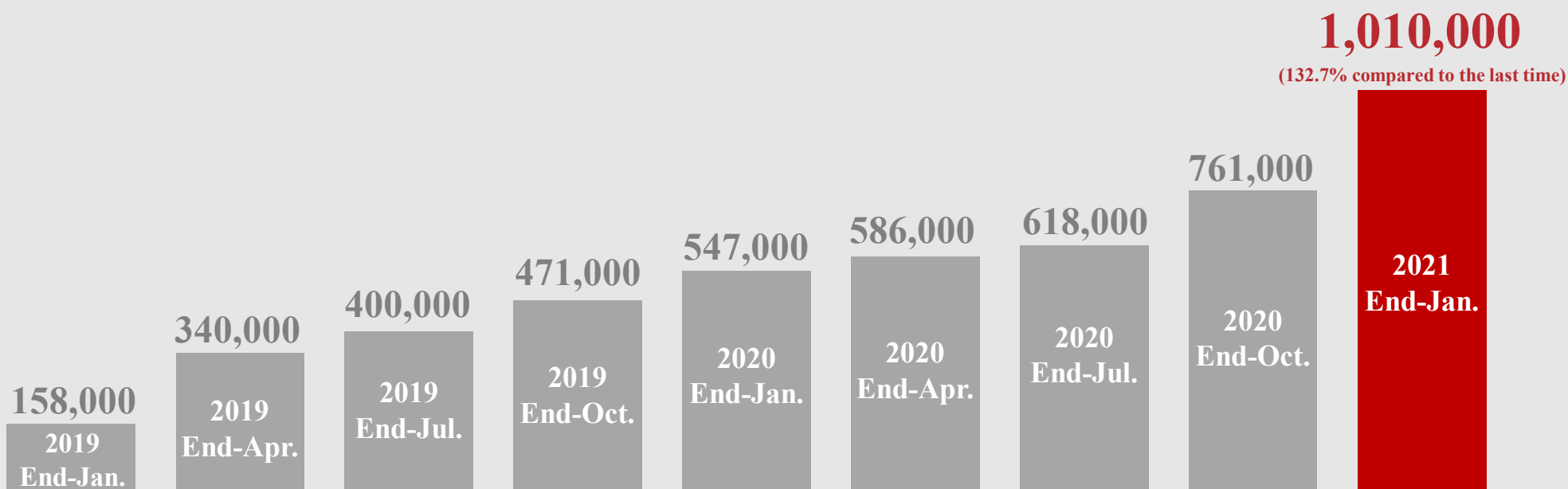
IP



IP

Monitor the number of fans (followers) as KPI

Cumulative number of SNS followers related to our company's IP*



Steady growth in the number of followers reflecting the increase in new channels and other factors.

* Cumulative number of SNS followers: Twitter, the Instagram, the YouTube, fan clubs, and other followers + the number of registered followers

* Cumulative number of SNS followers is as of the end of Jan. 2021.

Live-specialized virtual space social media "INSPIX WORLD"

Accelerating investment in development toward its launch in April 2021



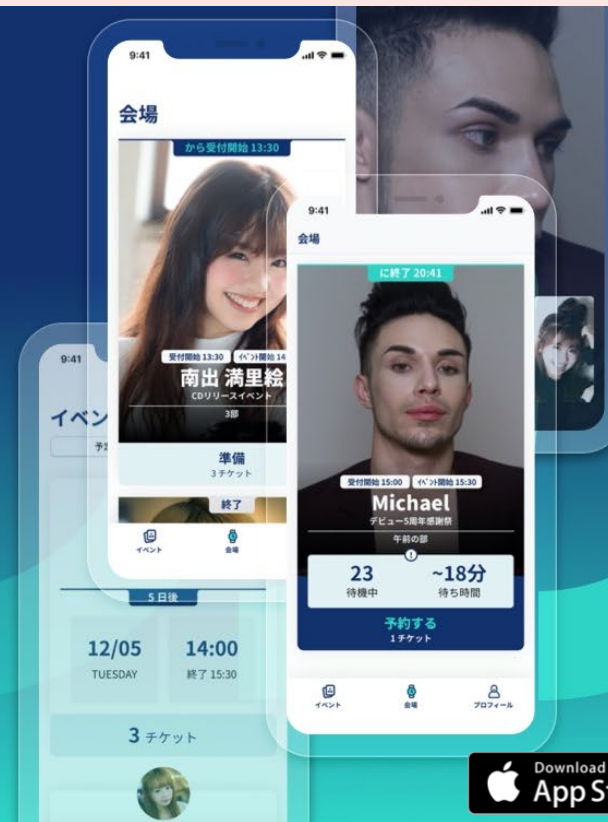
INSPIX WORLD

Scheduled to be launched in April 2021

*The launch schedule is subject to change due to business promotion and other reasons.

Launch of "Joy×Joi - Dream Talk Online" (Formerly "PH")

Service name: "Joy×Joi - Dream Talk Online"
To be launched on January 28, 2021 for iOS
and on January 29, 2021 for Android



Preparing an event with our own IP

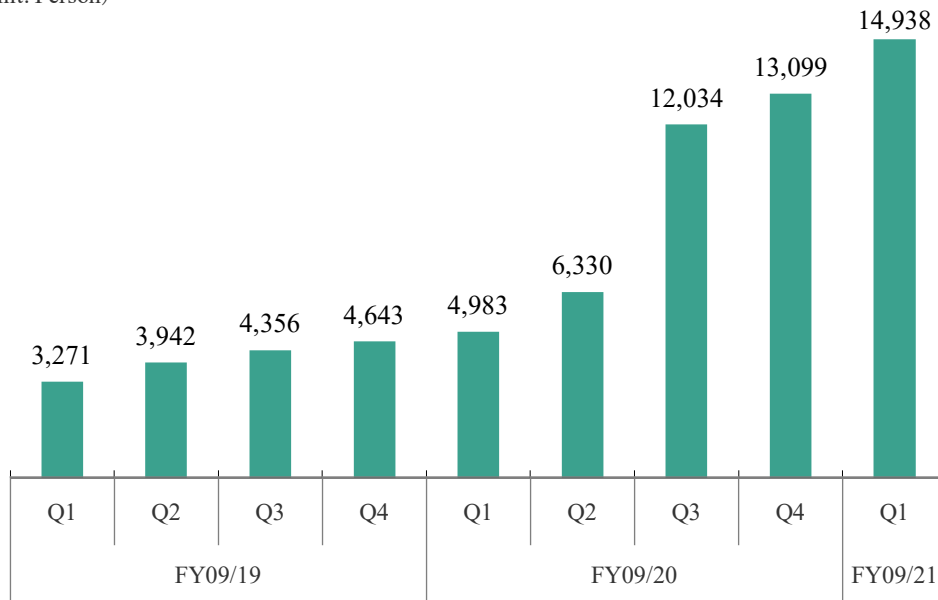
Others (SaaS for medical institutions)

SaaS for medical institutions with online practice (telemedicine) system

The number of patients using "FOREST" is steadily increasing.

Trends in the number of patients using online practice (telemedicine)
in the medical institutions introducing "FOREST" (quarterly basis)

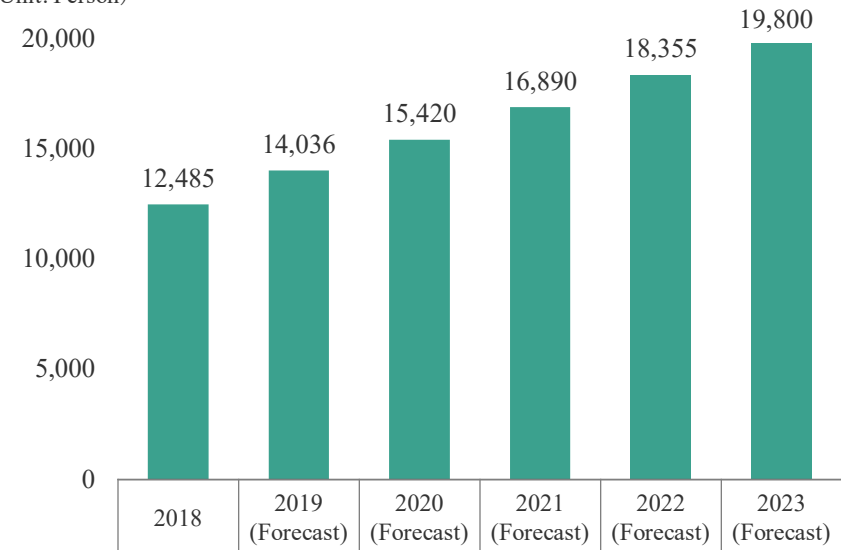
(Unit: Person)



Source : Our database

Trends and forecasts for domestic medical ICT market scale

(Unit: Person)



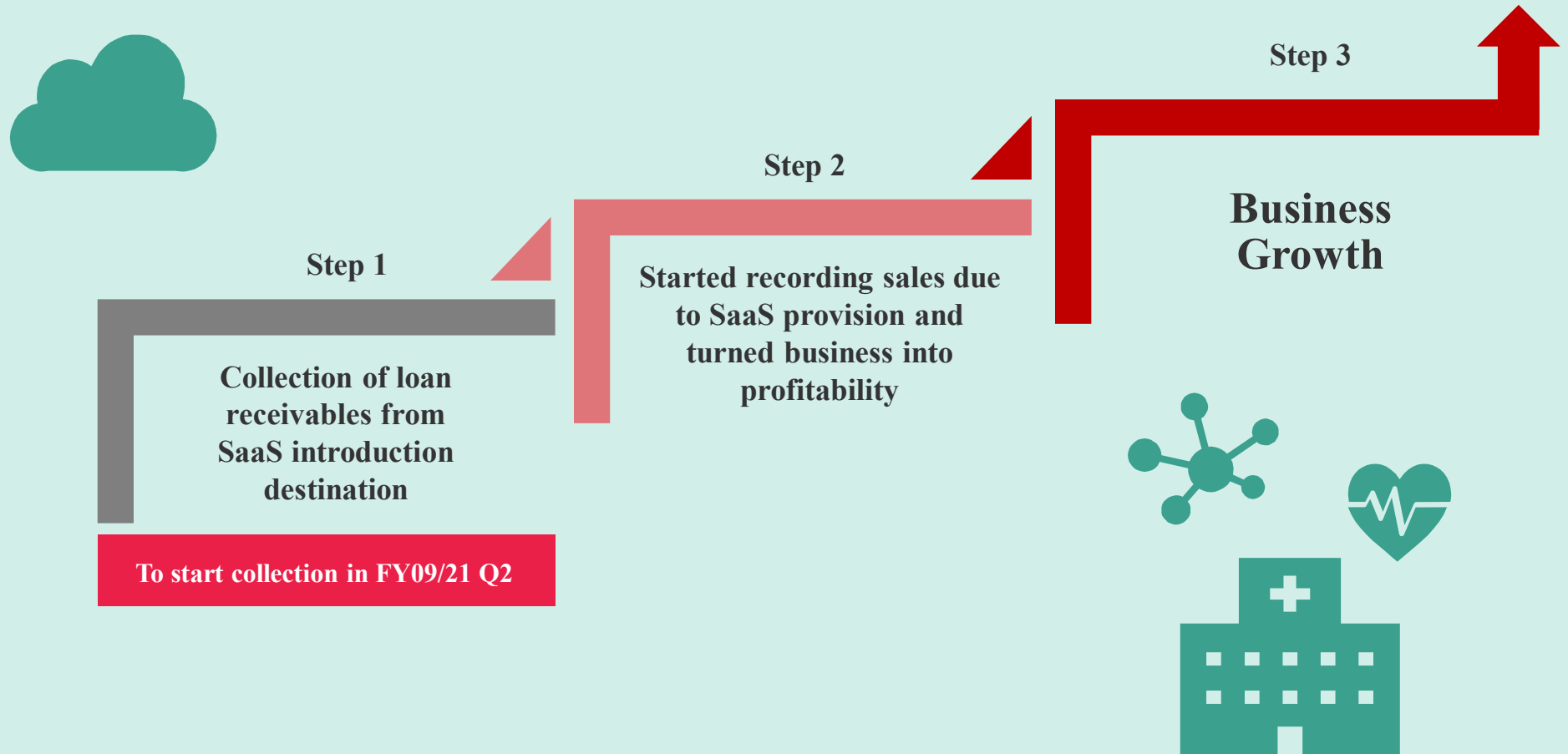
Note 1. Business sales base

Note 2. Forecast values after FY2019 (As of March 2020)

Source: Yano Research Institute Ltd. "Survey on Medical ICT Market (2020)"
(announced on April 17, 2020)

Strategies for Others (SaaS for medical institutions)

Steps to monetization in SaaS business for medical institutions



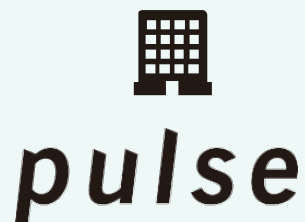
Others (VR Medical Business)

Pulse Inc. and Juntendo University



**Completed transfer of Medical VR system “URARAKA VR”
to Parafeed Inc. on December 25, 2020**

**Parafeed Inc. is operating its business mainly in the medical and nursing care industries.
This transfer will promote the provision of new IT solutions in the medical field.**



Pulse's management resources will be focused on its core enterprise business.

03 / FY09/21
Full-year Plan

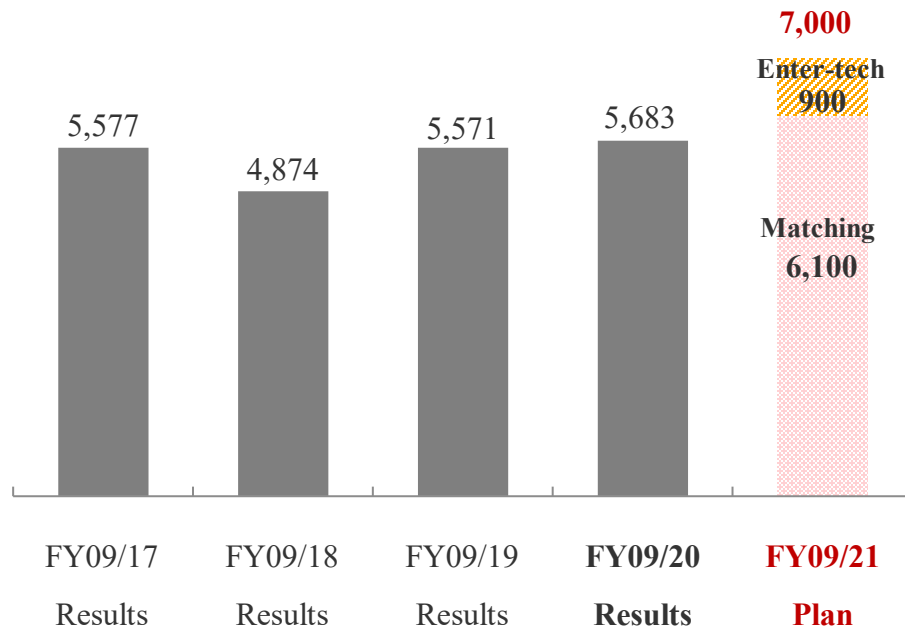
FY09/21 Plan

Results and estimates of consolidated sales and operating profit

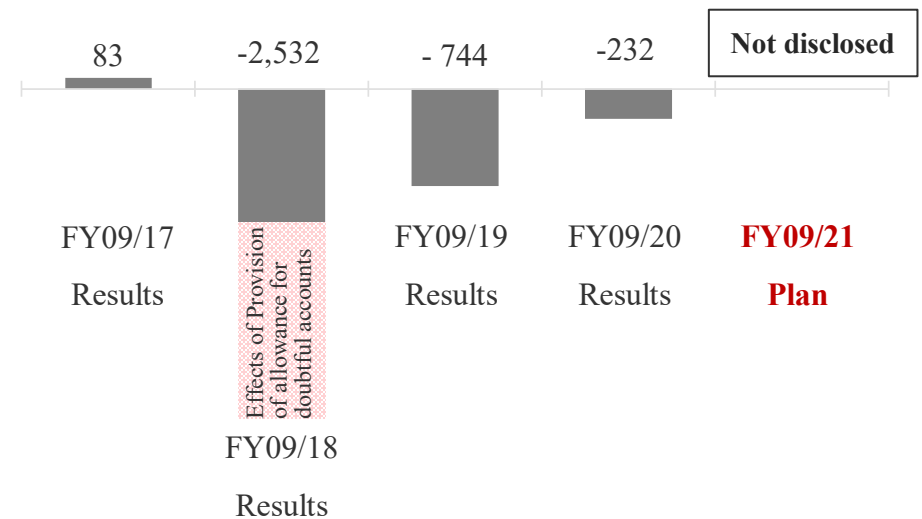
Business figures are composed mainly of projects with clear KPIs for the Matching business and the Enter-tech business

Sales of "INSPIX WORLD" with many uncertainties are forecast to be fairly conservative

Consolidated sales (Unit: million yen)



Consolidated operating profit (Unit: million yen)



* Sales plan shown above are for reference only, and therefore are not guarantees. The figures may fluctuate in the future as a result of various events.

Summary of Future Strategies for Major Businesses

Matching

Increase advertising expenses and aim for high growth rate in both sales and profits

Enter-tech (Platform)

Release "INSPIX WORLD", aiming for business expansion and early monetization

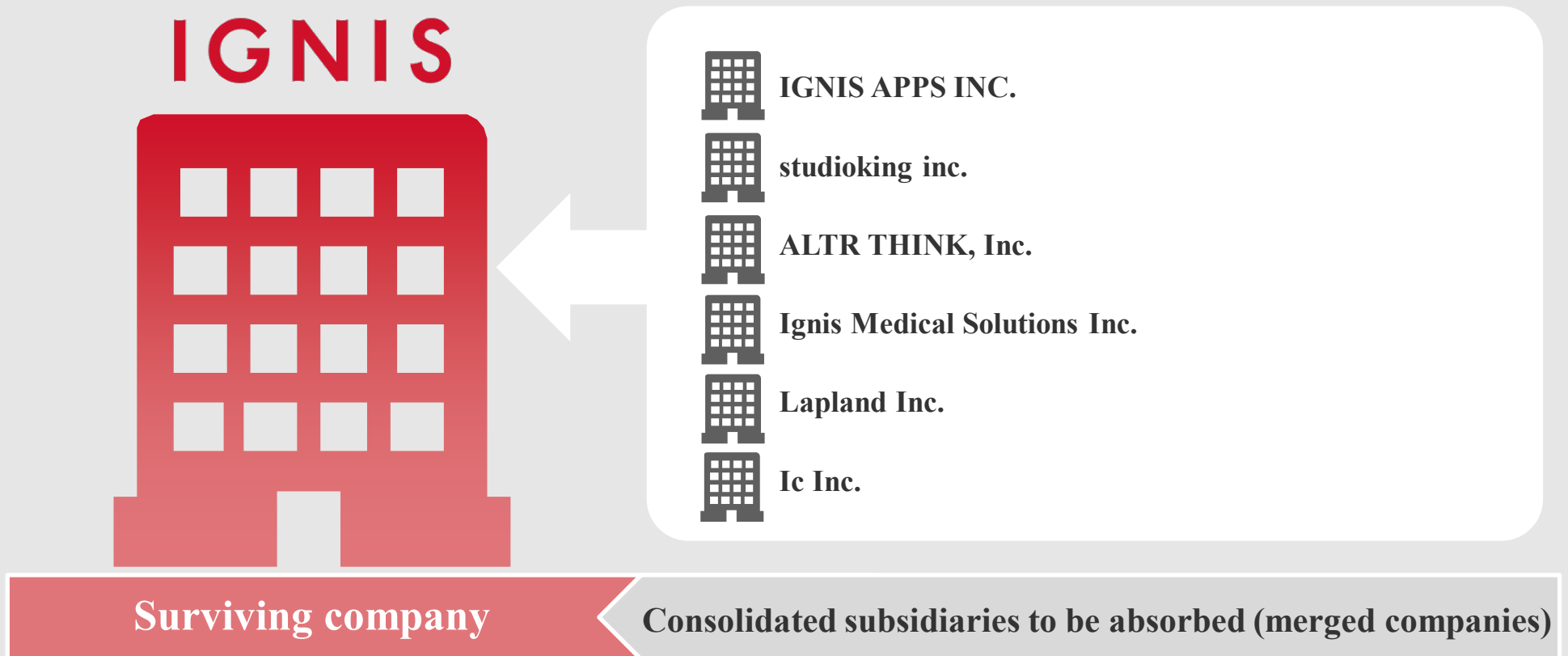
Others (SaaS"FOREST" for medical institutions)

Aim to return to profitability by early debt collection from medical institutions where SaaS is introduce

04 / Others

Group Reorganization

Completion of absorption-type merger of 6 consolidated subsidiaries (October 1, 2020)



Future fundraising policies, financial strategies, etc.

- **Improving the financial position mainly in the Matching business**
- **Carefully determine the funding policy for 2021 and beyond, with taking into account the Company's business progress, financial situation and capital market conditions**
- **Reduction of capital stock and capital reserve, and appropriation of surplus will become effective as of January 29, 2021.**

Summary of Q1 financial results

Results in the Current term

- The Matching business made a significant contribution
- Accelerated investment in the Enter-tech business

Future points

- Alliance and development progress of "INSPIX WORLD"
- Planning and development of VR live by other companies' IPs (including "Hatsune Miku GALAXY LIVE 2021")
- Growth of own IP
- Launch of "Joy×Joi - Dream Talk Online" (Formerly PH)
- Business growth and debt collection of SaaS for medical institutions "FOREST"

Others

- Measures to minimize the impact of the spread of COVID-19



Creating new standard,
over and over again

05/ Appendix

Management Policy

Segment information

Segment change from FY09/21 Q1 due to the transfer of major titles in the Games business in the previous fiscal year.

Matching	Online dating matchmaking service “with”
Enter-tech	<p>Creating a new standard for music experience</p> <p>(1) Plan, develop and operation a virtual live platform “INSPIX LIVE”</p> <p>(2) Develop IP such as the “VOYZ BOY” and “GAKUGEIDAI JUNES” stars (discover, train and produce)</p> <p>(3) Planning, development and operation of the 1-on-1 online talk system "Joy×Joi - Dream Talk Online"</p>
Other	<p>Recruitment service “Jobgram”</p> <p>SaaS for medical institutions “FOREST”</p> <p>Other business segments not included in the reporting segments</p>

*The "Game business" has been included in the "Other" category due to its diminished quantitative importance.

Growth strategy

Please attention to the growth of the Matching and the Enter-tech businesses
Promoting our business with the aim of achieving growth and increasing corporate value over the long term.

Core
business

Enter-tech business
for the foreseeable future

Aim for growth and expansion by
concentrating management resources
on the core businesses of the
Accumulated model and Blockbuster
model

Blockbuster model

Accumulated model

Core
business

Matching business
for the foreseeable future

Policies for outlook for each business

Matching

Online dating matchmaking services

Launch a barrage of new original functions.

Enter-tech

Planning, development, and operation of platforms and own IP

Change the music experience.

Aim for vertical integrated business with both the content and system.

Others

HR Tech & SaaS for medical institutions, etc.

Continue to create attractive new businesses by combining technological and capability and creativity.

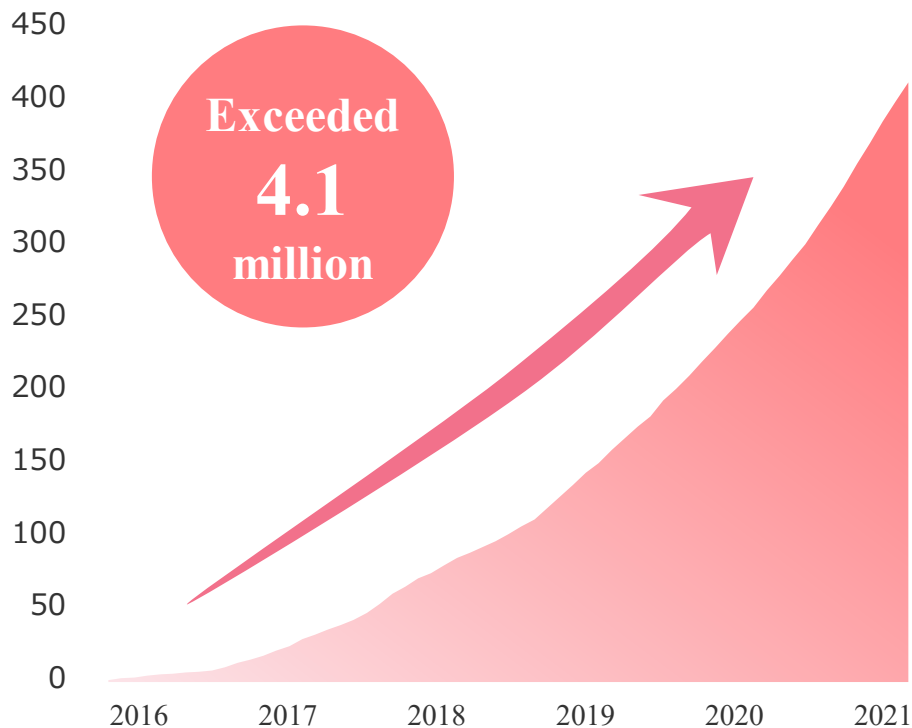
Business development•KPI etc.



Matching

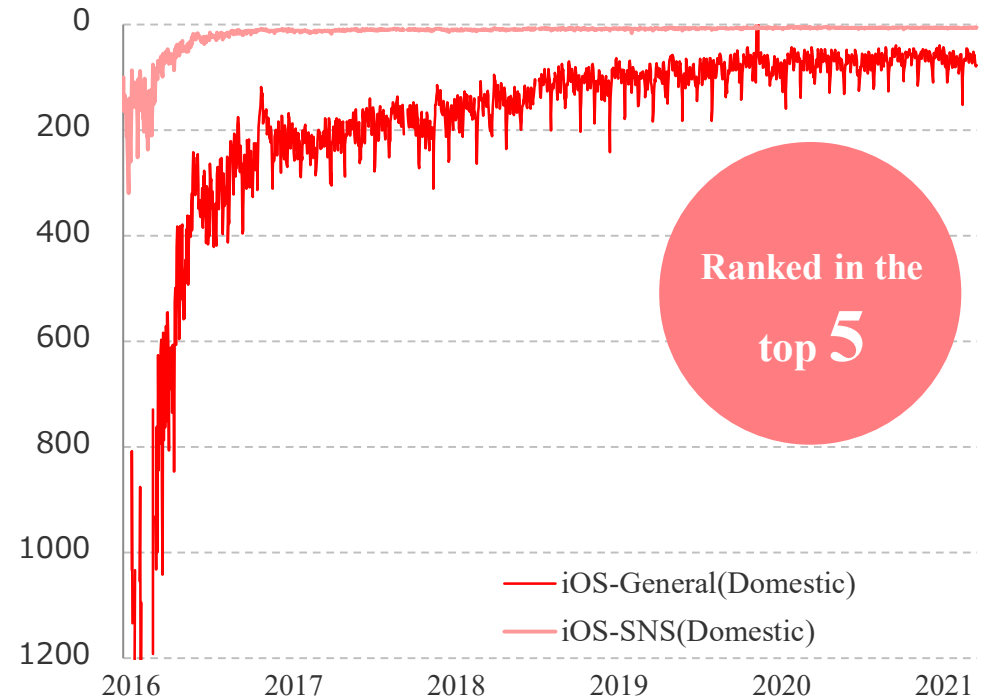
“with”: Changes in the number of users and sales ranking

Number of Users



Unit: Ten thousand

Sales ranking



Source: App Annie

Unit: Rank

* Changes in the number of “with” users are as of the end of December 2020.
* Changes in sales ranking of “with” are as of the end of January 2021.

Equity Method Affiliates

Visual inspection solutions utilizing AI technology and picking solutions

On-site introduction



*The photographs depict the new office and factory of ROBIT Inc.

Equity Method Affiliates

Steady increase in unit sales Introduced by a variety of media



Number of units

Total sales volume



- * Robit Inc. which develops "mornin'" is an affiliated company.
- * Variation in sales volume of "mornin'" + "mornin' plus" As of the end of December 2020.



Equity Method Affiliates: Mobility service and platform

Equity
method
affiliates

Expanding store locations from office areas, where the number of people has decreased due to COVID-19, to residential areas where teleworkers are increasing.



**Package for condominiums
"Ouchi de SHOP STOP"**



**Business alliance with "akippa," the industry's No. 1
reservation parking service and parking lot sharing service**

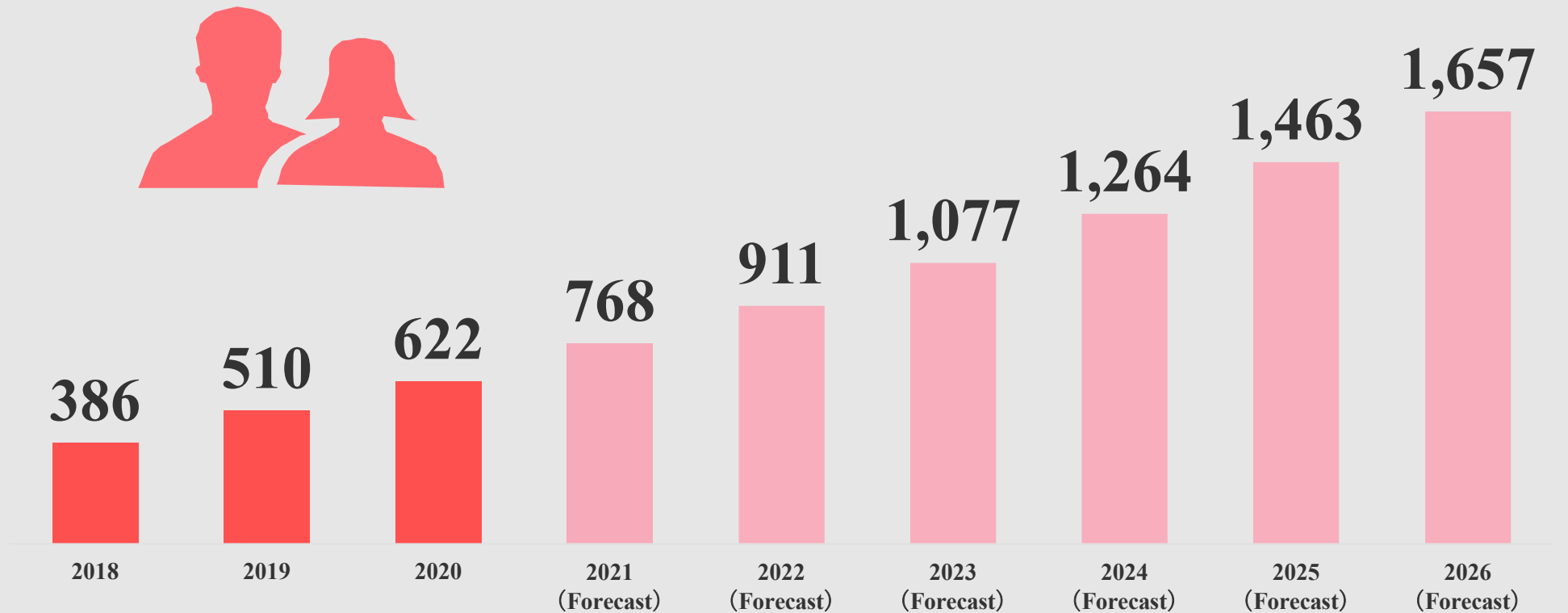
For more information on the "SHOP STOP" concept, please refer to Mellow's website.

* Mellow Inc. which operates SHOP STOP, is an equity-method affiliate.

Various Market Information

Various market information

Online dating matchmaking service market



Unit: 100 million yen

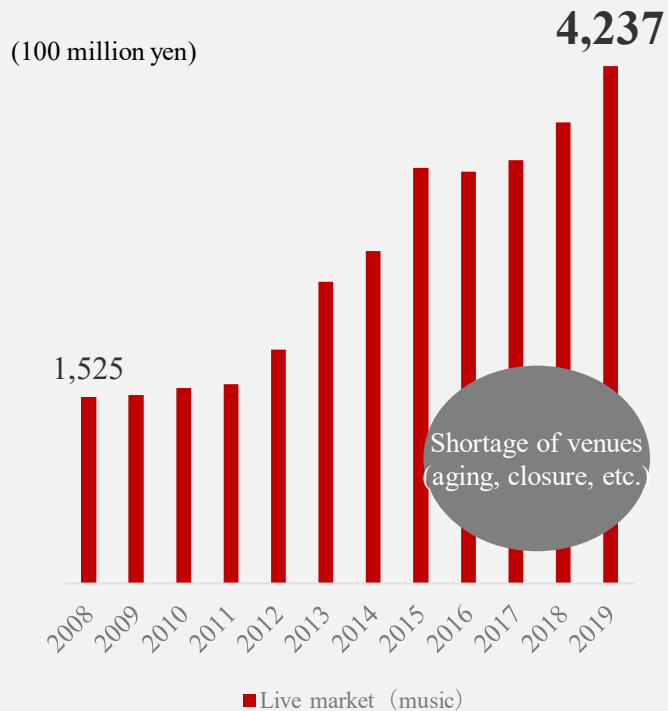
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Various market information

Creating a new music experience with VR (Market potential)

Market size of music live in Japan

Sluggish market size despite the strong demand for real music lives



Change the Music experience with VR



Potential for VR music live market (Hypothesis)

VR music lives will be "the new standard"

Plenty of room to expand the market

(2018)
Emerge of
Vtubers, etc.

The market will be established
From the nearly zero-base

2018 2019 2020 2021 2022 2023 2024 2025 2026 2027

■ VR Live Music (Music)

*Vtuber : Virtual YouTuber

*Source : Pia Research Institute & Live Entertainment White Paper Association(genre: Live market for music only)

Face data etc.

Consolidated B/S (FY09/18 – Q1 FY09/21)

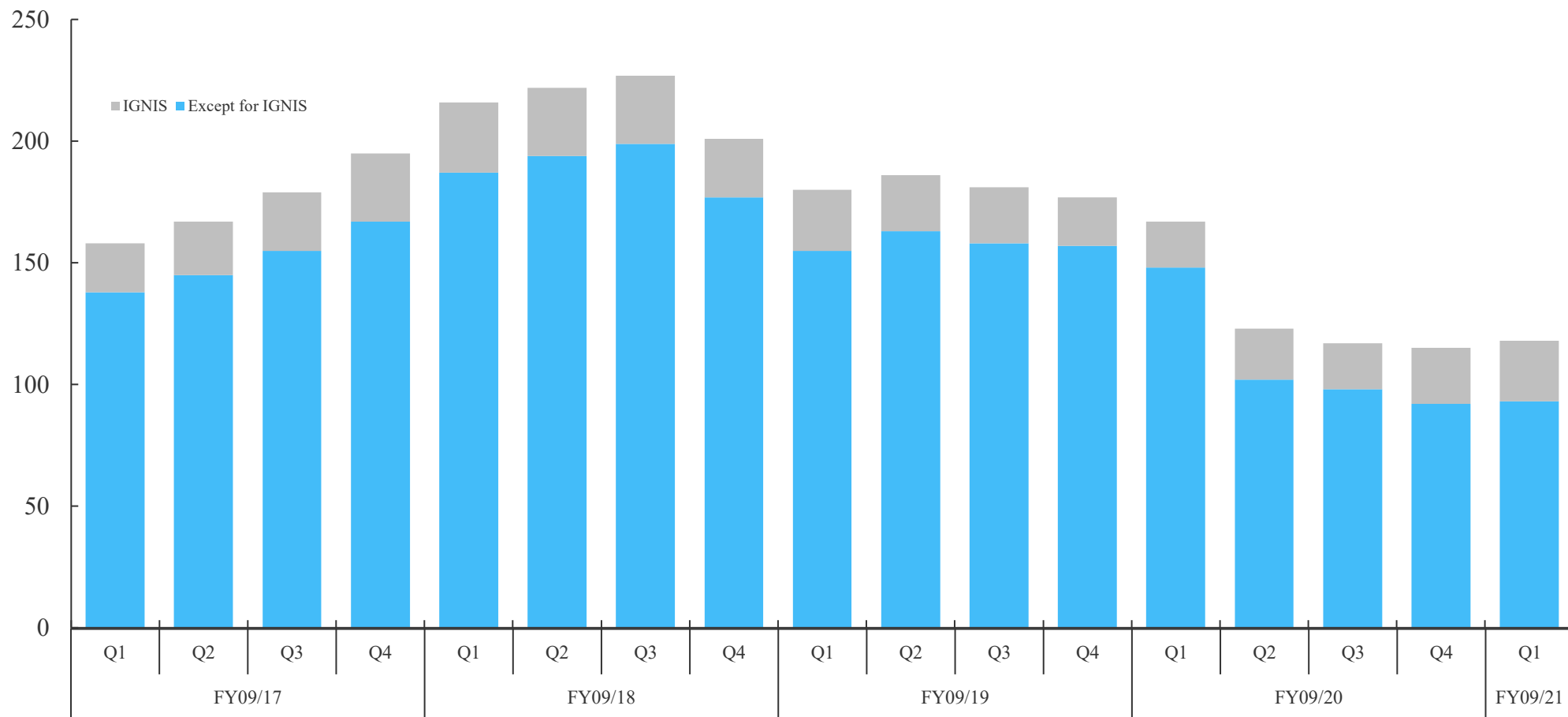
(Unit: million yen)	FY09/18	FY09/19	FY09/20	Q1 FY09/21
Current assets	1,901	1,715	3,202	2,619
Fixed assets	2,753	2,240	1,707	1,670
Total assets	4,654	3,956	4,909	4,290
Current liabilities	1,825	1,309	1,611	1,683
Fixed liabilities	556	380	616	265
Net assets	2,272	2,266	2,681	2,341
Liabilities and net assets	4,654	3,956	4,909	4,290

Consolidated P/L (Accounting period: FY09/18 –Q1 FY09/21)

(Unit: million yen)	FY09/18				FY09/19				FY09/20				FY09/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	1,289	1,180	1,166	1,237	1,343	1,372	1,346	1,508	1,496	1,496	1,231	1,458	1,444
Operating profit (Loss)	-247	-419	-284	-1,581	-340	-174	-208	-21	65	77	-174	-199	-255
Operating profit margin	-	-	-	-	-	-	-	-	4.3%	5.2%	-	-	-
Ordinary profit (Loss)	-250	-423	-305	-1,592	-361	-197	-248	-60	19	26	-330	-269	-314
Ordinary profit margin	-	-	-	-	-	-	-	-	1.3%	1.8%	-	-	-
Net profit (Loss)	-233	-622	-228	-1,567	-416	-38	95	-272	-71	-104	-422	-382	-377
Net profit margin	-	-	-	-	-	-	7.1%	-	-	-	-	-	-

Number of employees

Unit: Person



*1: The main reason for the decrease in the number of employees from Q4 FY09/18 was the impact of the exemption from the scope of consolidation of Mellow Inc., which was a consolidated subsidiary

*2: The main reason for the decrease from Q2 FY9/20 is the transfer of some employees to the transferee as a result of the transfer of the Games business.

Glossary

VR (Virtual Reality)

A generic term for technology that artificially creates an environment that works on human sensory organs and that is not realistic but feels like real.

With the effects of devices mounted on the body and images and sounds synthesized by computers, the body of the user is projected into the three-dimensional space, creating a sense of immersion in the space. (Source: IT dictionary e-words)

HMD (Head Mounted Display)

A display device shaped like a goggle, helmet, or spectacle used by wearing on the head. Can see an image sent from such as a computer projected on a small display in front of one's eyes when fixed to the head to cover the eyes.

(Source: IT dictionary e-words)

IP (Intellectual Property)

Proprietary intangibles, such as expressions created by human intellectual activities or information or signs that may be commercially useful. Legal protections include copyrighted works, patents, trademarks, designs, and portraits. (Source: IT dictionary e-words)

AI (Artificial Intelligence)

This system enables highly intelligent operations and judgments that could only be performed by human beings to be performed by an artificial system centered on computers. (Source: IT dictionary e-words)

IoT (Internet of Things)

Automatic identification, automatic control, remote measurement, etc. are performed not only by computers and other information and communications equipment, but also by providing communication functions to various objects (objects) that exist in the world, and by connecting to the Internet and communicating with each other. (Source: IT dictionary e-words)

SaaS (Software as a Service)

Utilization form by providing software such as through communication network and users use it by calling up necessary things when needed. Also called Software as a Service.

(Source: IT dictionary e-words)

ICT (Information and Communication Technology)

A general term for science and technology related to information and communication. In particular, it is a technology for storing, processing, and transmitting information using machines and appliances that apply physical phenomena and laws such as electricity, electrons, magnetism, and electromagnetic waves.

(Source: IT dictionary e-words)

Forward-looking Statements and Precautions for investors and our shareholders

The data included in this presentation include what is known as “forward-looking statements.” These are based on estimates, forecasts and assumptions accompanied by risk made at the present date, which include uncertainty that means that actual future results may differ from the contents of the “forward-looking statements.”

These risks and uncertainties include the general economic situation in Japan and overseas, including the market situation, interest rates, and currency fluctuations affecting the industry as a whole.

IGNIS takes no responsibility for updating or revising these “forward-looking statements” in response to any future events or other new information that may emerge in the future.

IGNIS basically refrains from responding individually to any inquiries other than those contained in our timely disclosures, press releases, financial results briefing materials and other public information.

Except for the information on the timely disclosure through the Tokyo Stock Exchange, our official website, official SNS, and official videos, the contents written on the bulletin board, SNS and blogs on the Internet include information that is not our official announcement. Therefore, we basically refrain from responding to inquiries on these information as well.

IGNIS