

Financial Results

Q2 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**

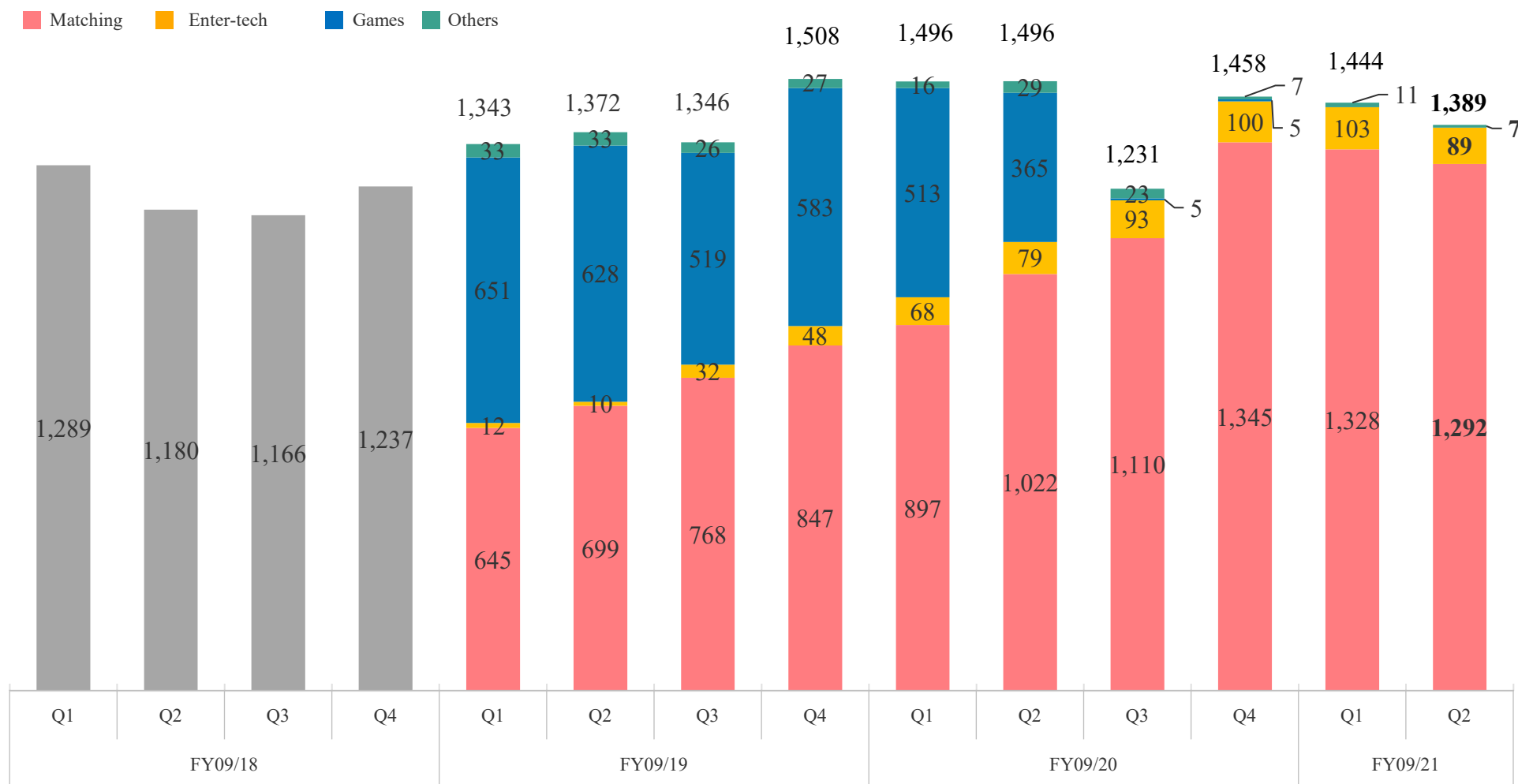
Q2 FY09/21 Summery

Consolidated business results	Profits declined due to expanded business investment			
	Sales :	2,834 million yen	YoY :	94.7%
	Operating profit :	-808 million yen	YoY :	142 million yen
Matching	Growth in sales and profits YoY, largely contributing to consolidated results			
	Sales :	2,621 million yen	YoY :	136.5%
	Operating profit :	656 million yen	YoY :	106.3%
Enter-tech	Expansion of investment in development of "INSPIX WORLD" and investment for growth of in-house related IP			
	Sales :	193 million yen	YoY :	130.5%
	Operating profit :	-1,446 million yen	YoY :	-706 million yen
Others	Sales contribution mainly from HR Tech, etc.			
	Sales :	19 million yen	YoY :	2.1%
	Operating profit :	-18 million yen	YoY :	230 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)



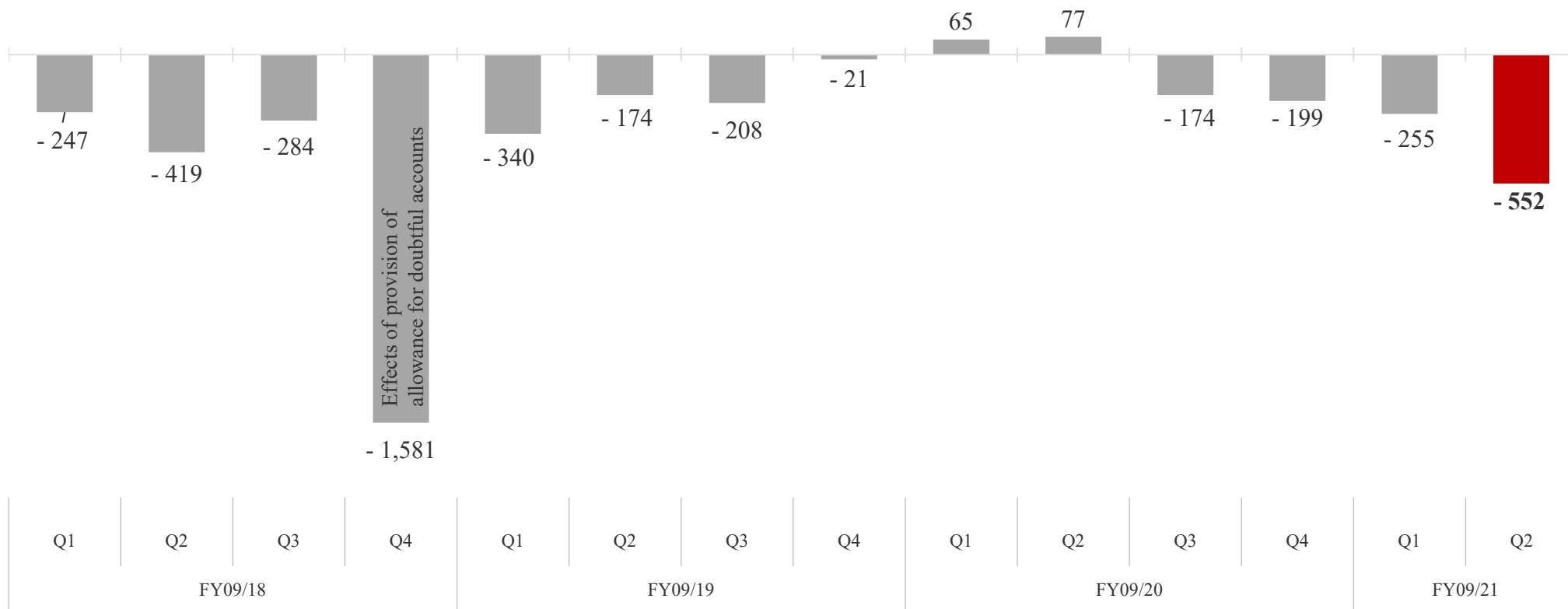
* Since there is a single segment before FY09/18, there are no figures based on the current segment classification.

* 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)

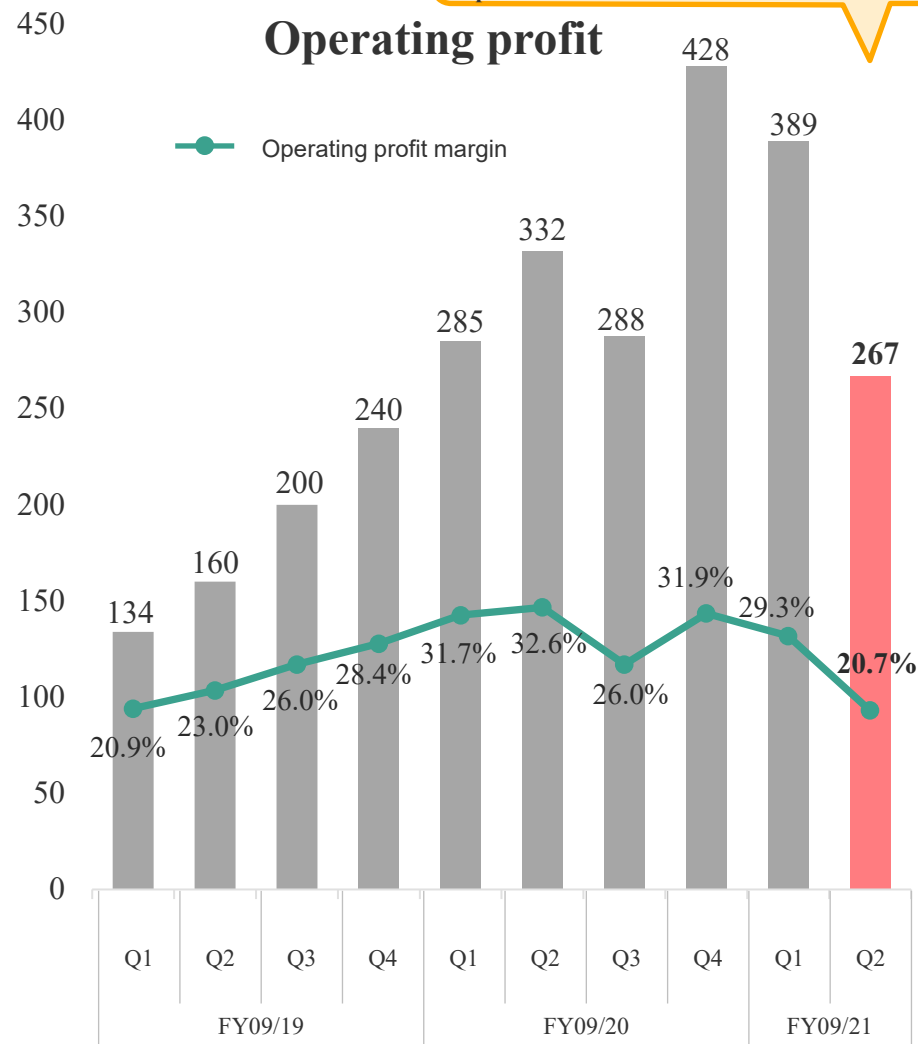
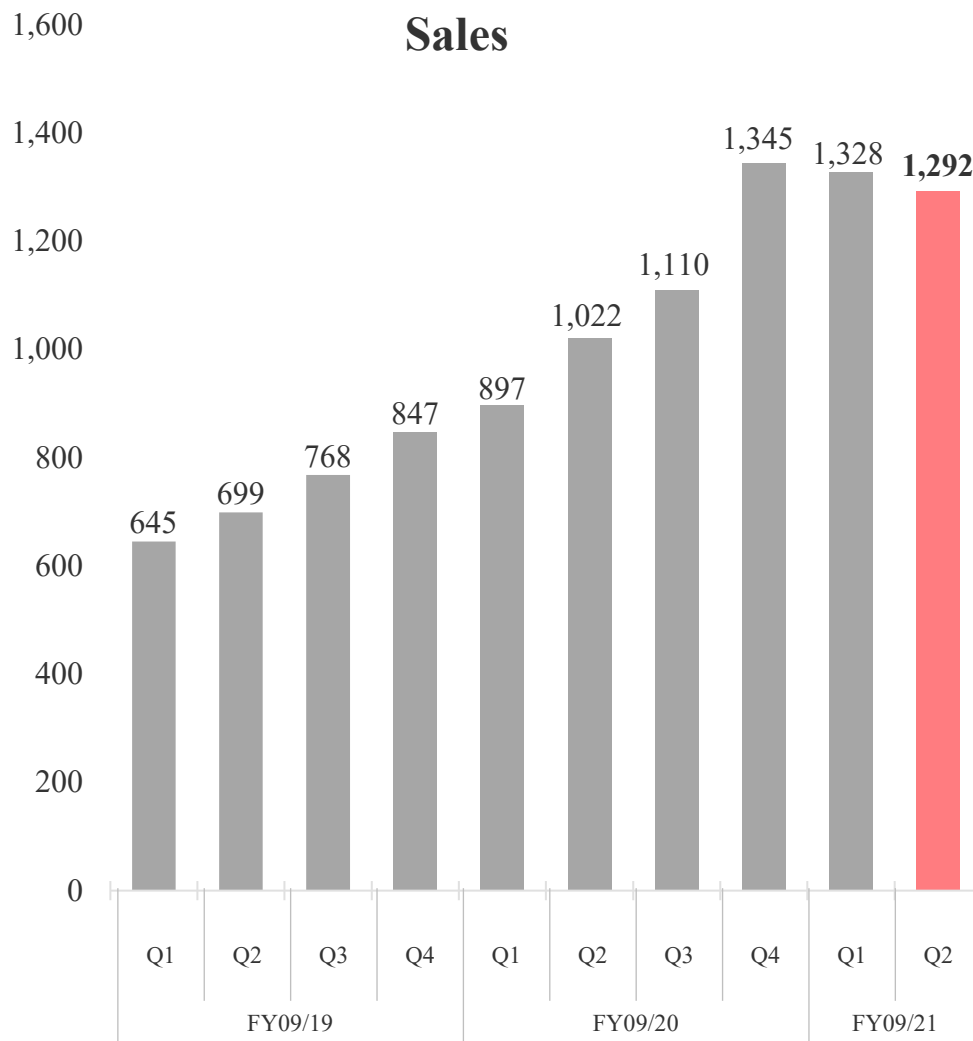
(Unit: million yen)



Sales and operating profit of Matching business

(Unit: million yen)

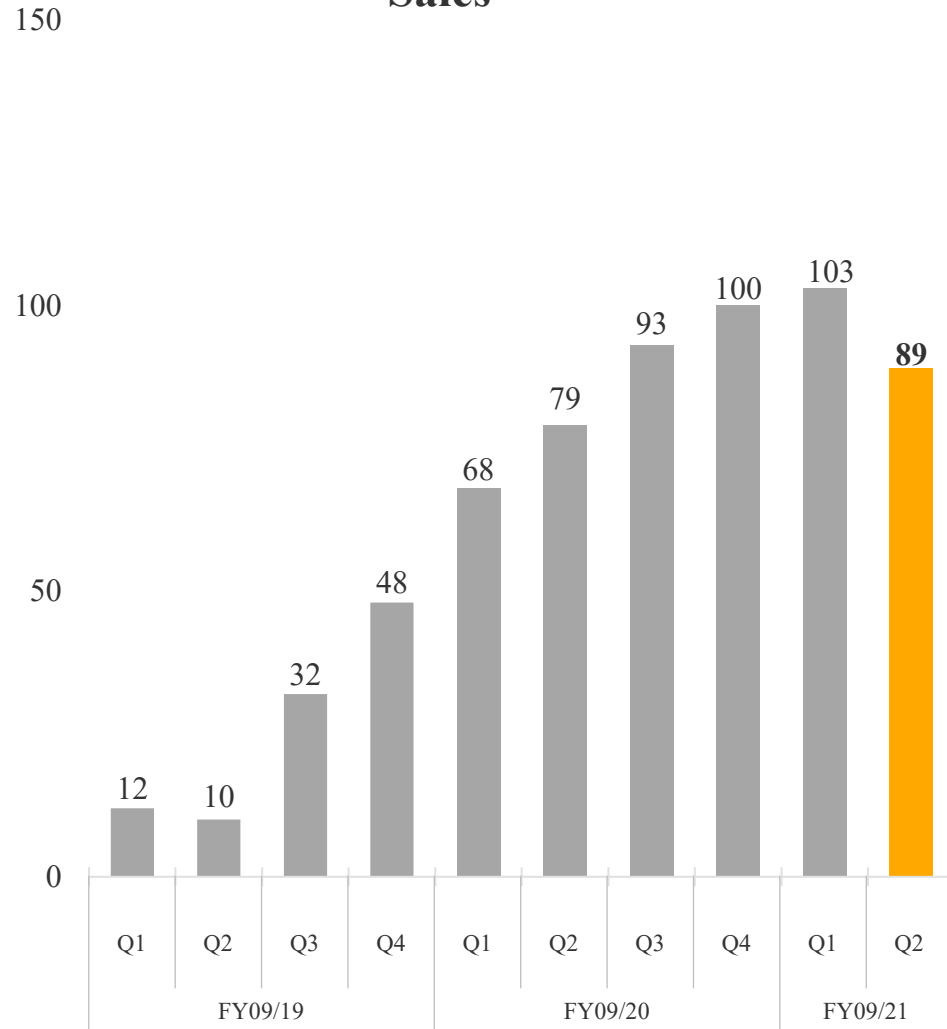
Increasing the advertising budget
Various measures under consideration for service expansion



Sales and operating profit of Enter-tech business

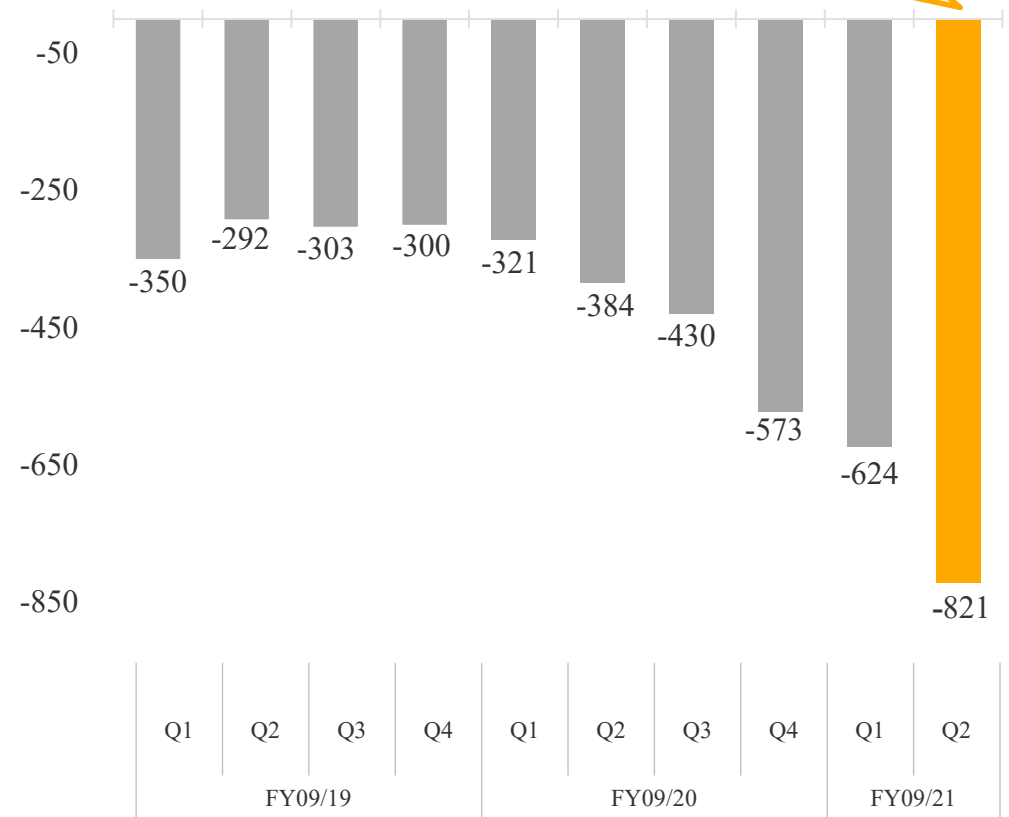
(Unit: million yen)

Sales



Operating profit

Expand investment in "INSPIX WORLD".
Investment in the development and production of various IP contents



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	Q2
■ Other *1, 2	135	193	170	1,483	114	104	117	112	125	95	87	217	100	107
■ Depreciation and amortization *1	121	116	116	123	127	131	117	136	111	47	39	36	36	28
■ Commissions paid *1	124	159	145	176	195	183	234	247	215	201	217	251	342	379
■ R&D	212	101	155	188	166	74	33	48	30	133	125	130	181	239
■ Commission	46	52	35	37	53	65	41	43	42	55	63	71	68	146
■ Rent, etc. *1	43	61	67	66	81	96	98	88	87	78	81	61	66	65
■ Platform charge *3	289	288	272	298	327	331	310	338	329	318	240	295	292	286
■ Advertisement & Promotions	359	383	267	277	441	353	378	302	303	305	396	428	428	501
■ Recruitment	14	12	10	3	10	9	13	7	2	9	2	11	4	10
■ Personnel	190	229	209	162	164	195	209	203	183	173	153	153	178	176

*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.v

Consolidated P/L (Cumulative Oct. 2020 – Mar. 2021)

(Unit: million yen)

	Cumulative Q2 FY09/20 Oct.-Mar.	Ratio/ Profit margin	Cumulative Q2 FY09/21 Oct.-Mar.	Ratio/ Profit margin	YoY	FY09/21 Full-year forecast (Revised)
Sales	2,992	100.0%	2,834	100.0%	94.7%	7,010
Matching	1,920	64.2%	2,621	92.5%	136.5%	-
Enter-tech	148	4.9%	193	6.8%	130.5%	-
Others	924	30.9%	19	0.7%	2.1%	-
Operating profit(loss)	142	-	-808	-	-	-676
Matching	617	32.2%	656	25.1%	106.3%	-
Enter-tech	-706	-	-1,446	-	-	-
Others	230	33.9%	-18	-	-	-
Non-operating profit (loss)	-96	-	-122	-	-	-
Ordinary profit (loss)	45	1.5%	-931	-	-	-836
Extraordinary profit (loss)	67	-	35	-	52.6%	-
Profit before profit taxes (loss)	113	-	-895	-	-	-
Profit taxes	288	-	180	-	62.6%	-
Net profit (Loss)	-175	-	-1,076	-	-	-1,328

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

*We revised our full-year business forecasts on March 5, 2021.

Consolidated P/L (Accounting period)

(Unit: million yen)	Accounting period Q2 FY09/20 Jan.-Mar.	Ratio/ Profit margin	Accounting period Q1 FY09/21 Oct.-Dec.	Ratio/ Profit margin	Accounting period Q2 FY09/21 Jan.-Mar.	Ratio/ Profit margin	YoY	QoQ
Sales	1,496	100.0%	1,444	100.0%	1,389	100.0%	92.9%	96.2%
Matching	1,022	68.3%	1,328	92.0%	1,292	93.0%	126.4.%	97.2%
Enter-tech	79	5.3%	103	7.2%	89	6.5%	112.9%	86.5%
Others	394	26.4%	11	0.8%	7	0.6%	2.0%	66.7%
Operating profit(loss)	77	5.2%	-255	-	-552	-	-	-
Matching	332	32.6%	389	29.3%	267	20.7%	80.2%	68.6%
Enter-tech	-384	-	-624	-	-821	-	-	-
Others	129	32.8%	-20	-	1	24.4%	1.5%	-
Non-operating profit (loss)	-50	-	-58	-	-64	-	-	-
Ordinary profit (loss)	26	1.8%	-314	-	-617	-	-	-
Extraordinary profit (loss)	68	-	29	-	5	-	8.5%	19.4%
Profit before profit taxes (loss)	94	-	-284	-	-611	-	-	-
Profit taxes	198	-	93	-	87	-	43.9%	93.5%
Net profit (Loss)	-104	-	-377	-	-698	-	-	-

*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

- Early access of “INSPIX WORLD“, a Deep Communication Social Media, came out from April 2021, officially opening from the “Yoi”
- Development of "Hypnosis Mic -Division Rap Battle- VR BATTLE 《2nd D.R.B》 " to be held in May

Others

- Start of collection of loan receivables, etc. from this quarter

Impact of the spread of the COVID-19 infections

Impact on main business

Matching

- Due to the impact of the State of Emergency declared in January 2021, the trend of each KPI temporarily slowed down.

Enter-tech

【IP-related】

- This sector most affected by COVID-19

Offline activities: Difficult to hold events in Q2 due to the re-expansion of infection. We will continue to make decisions based on the situation.

Online activities: conduct through various methods, and sell many goods through web shop.

[Platform-related]

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

Others

- Business growth slowed down at clients of SaaS "FOREST" for medical institutions.

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.

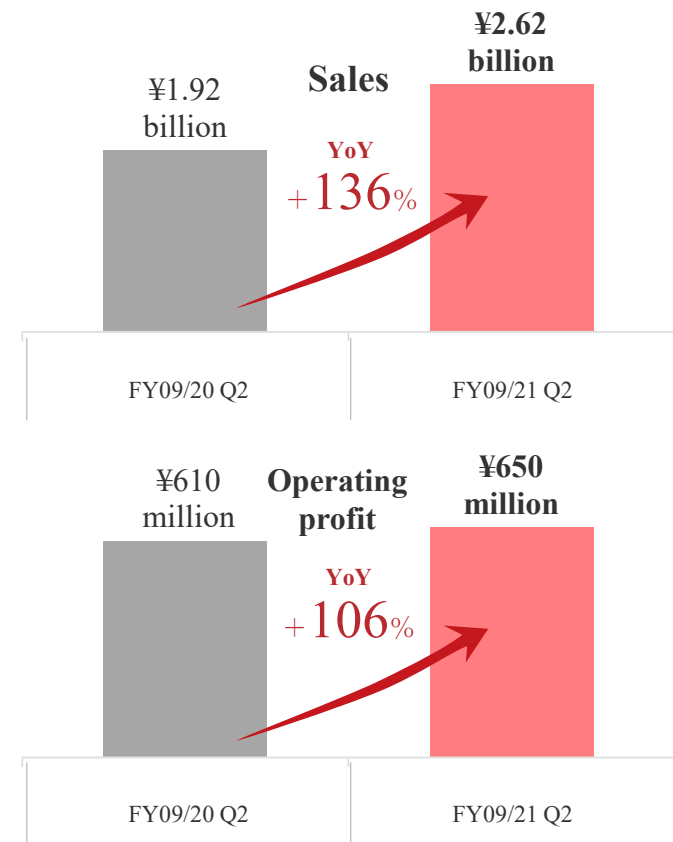
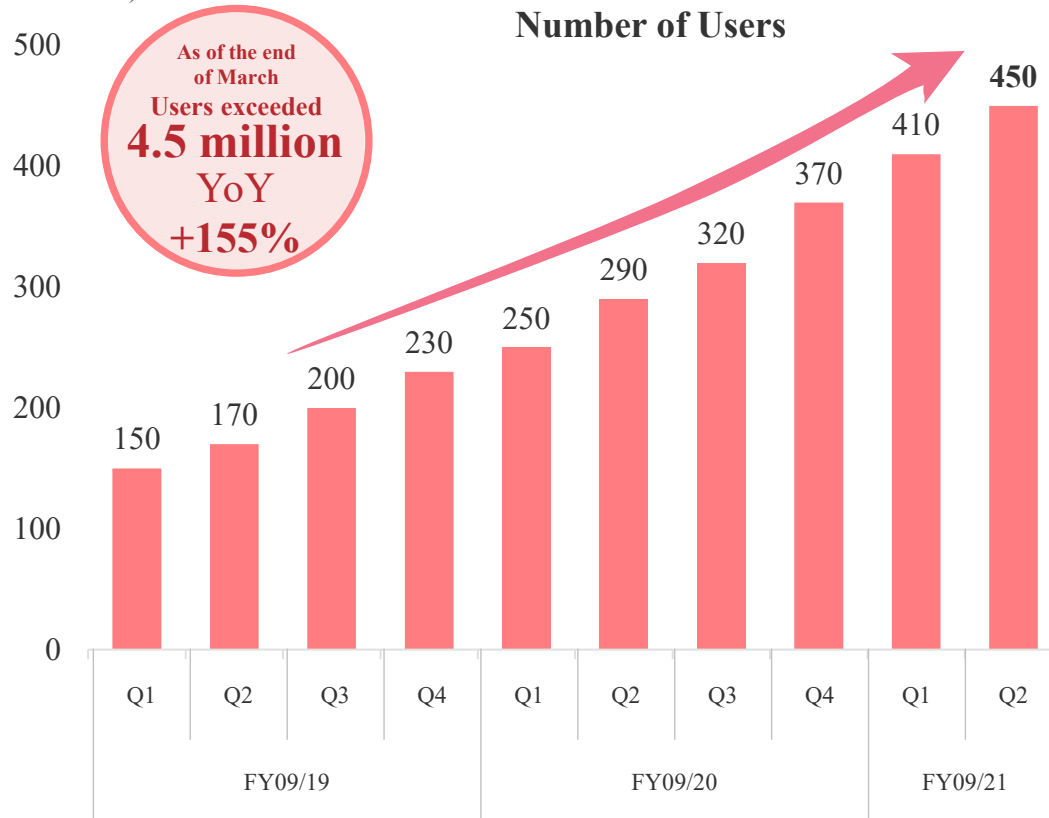


Matching

“with”

Despite a temporary deterioration in advertising effectiveness, sales are growing YoY.

(Unit: Ten thousand)





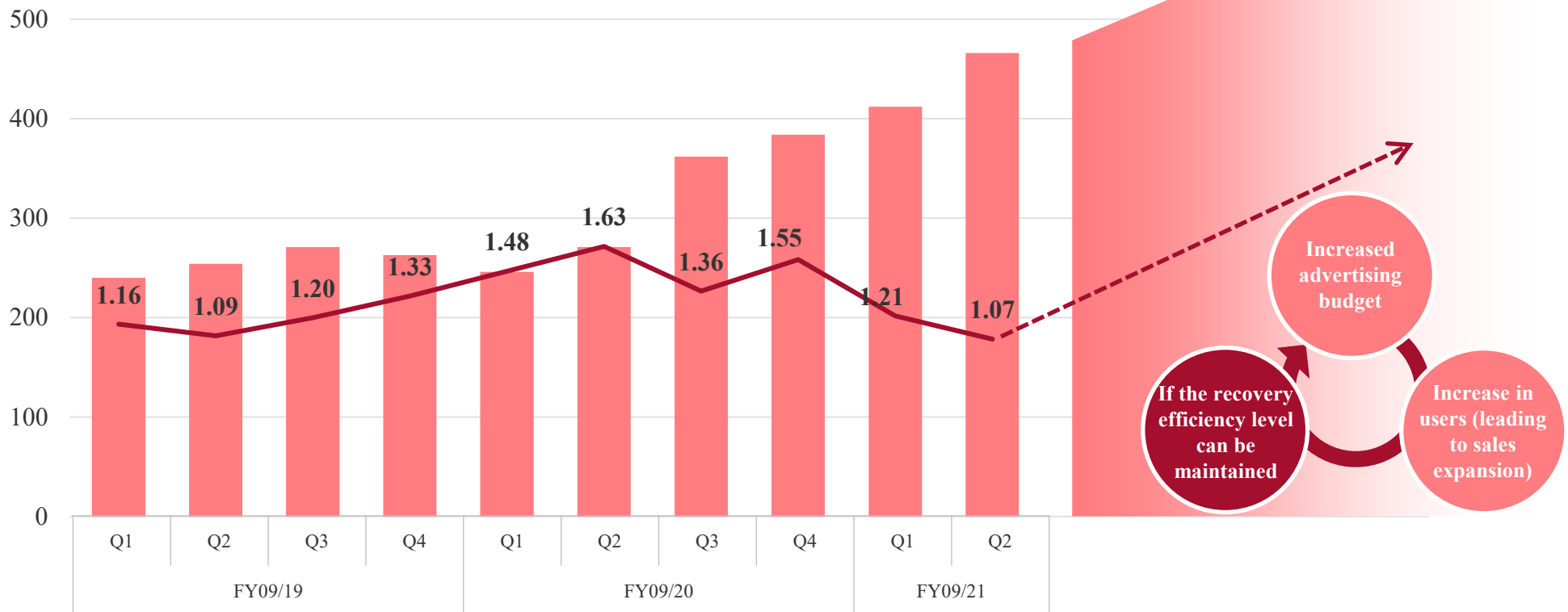
Matching

“with”

Considering more effective promotional methods, channels, and various KPI improvement measures for further expansion of our services

(Unit: million yen)

Advertising expenses Recovery efficiency



Investment ratio

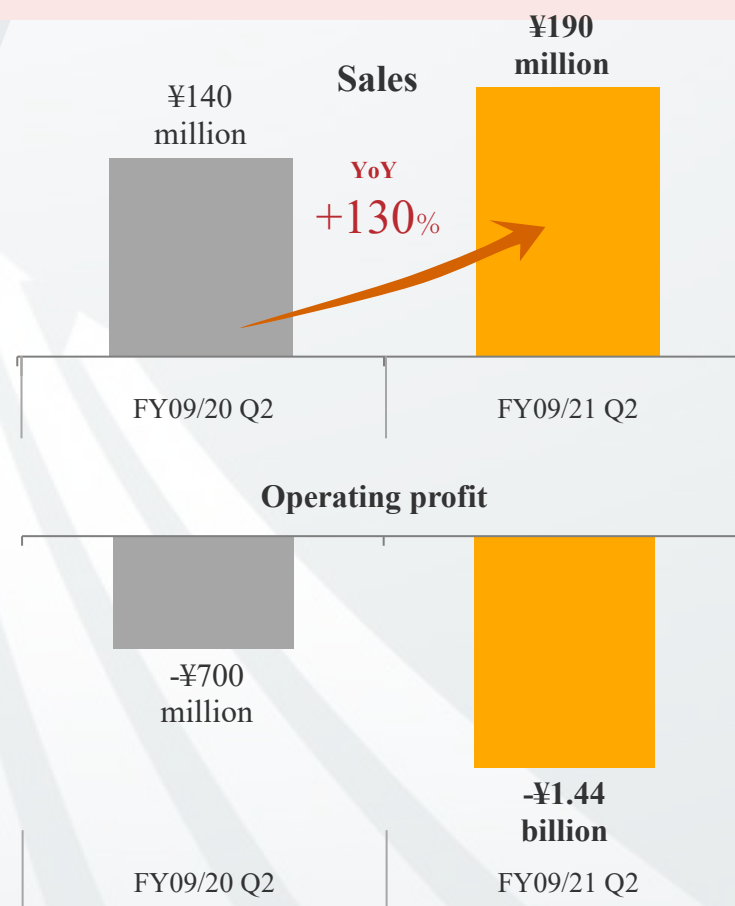
Equally invest in platform and IP

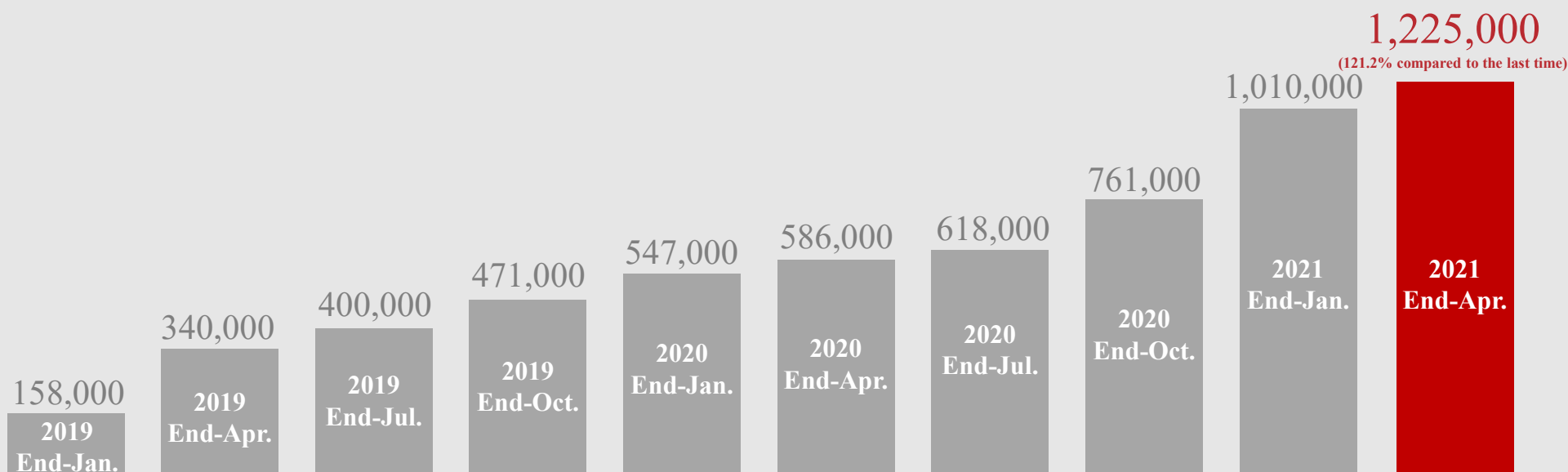
Platform

IP



X



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 Apr. 2021.

Deep Communication Social Media “INSPIX”

VR Battle for "Hypnosis Mic" has been held from May 1, 2021

INSPIX WORLD

Hypnosis Mic

-Division Rap Battle-

VR BATTLE 《2nd D.R.B》

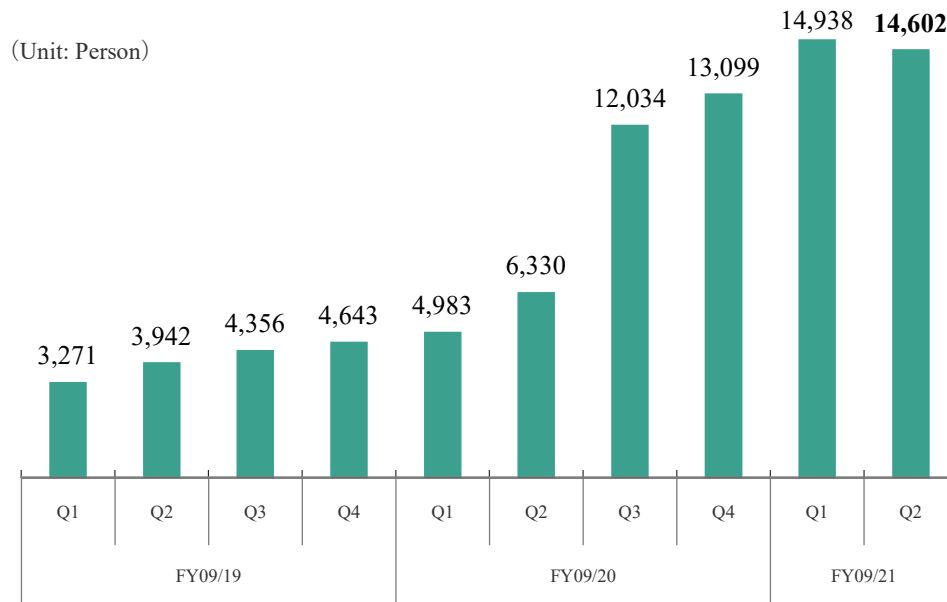


Others: SaaS for medical institutions

SaaS "FOREST" for medical institutions with online practice (telemedicine) system

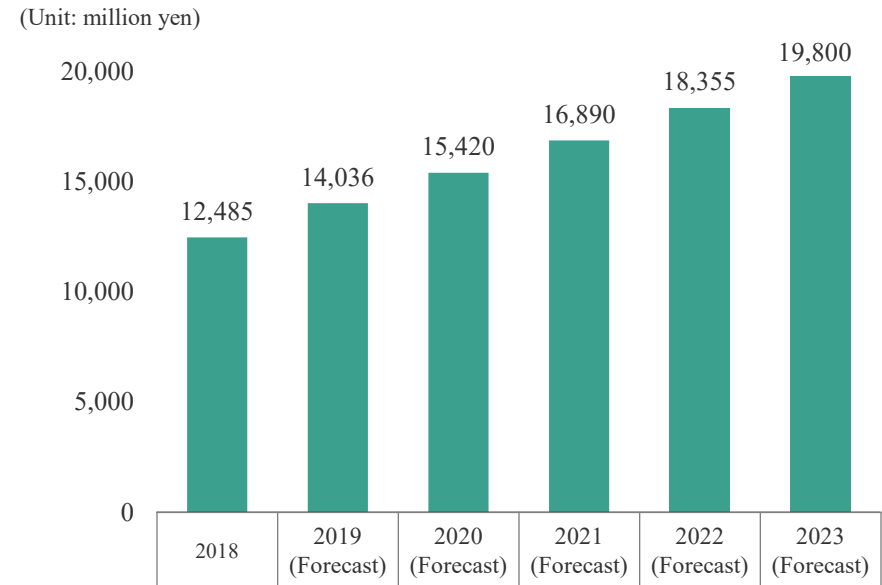
The number of patients using "FOREST" has remained unchanged

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



Source : Our database

Trends and forecasts for domestic medical ICT market scale



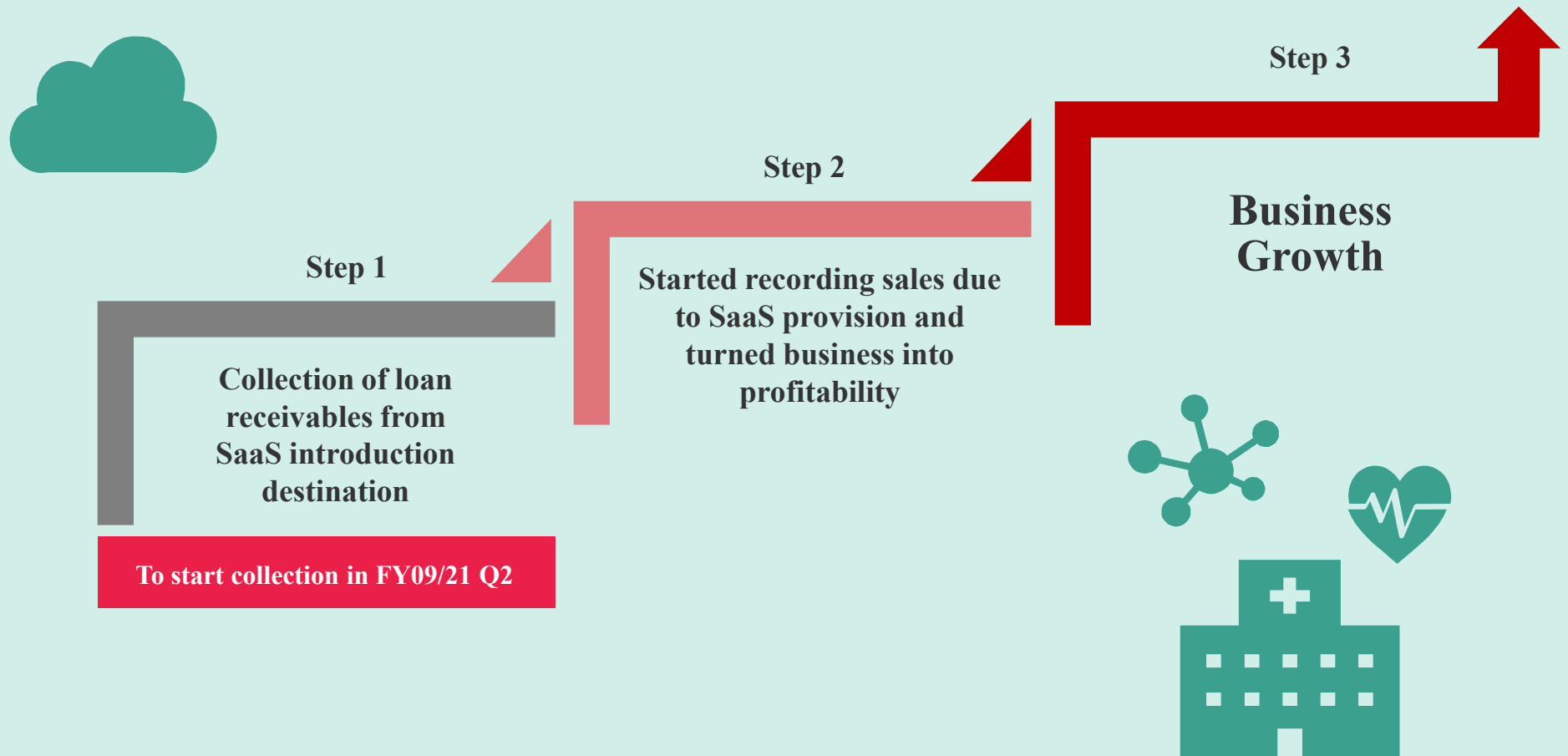
Note 1. Business sales base

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



03 / FY09/21

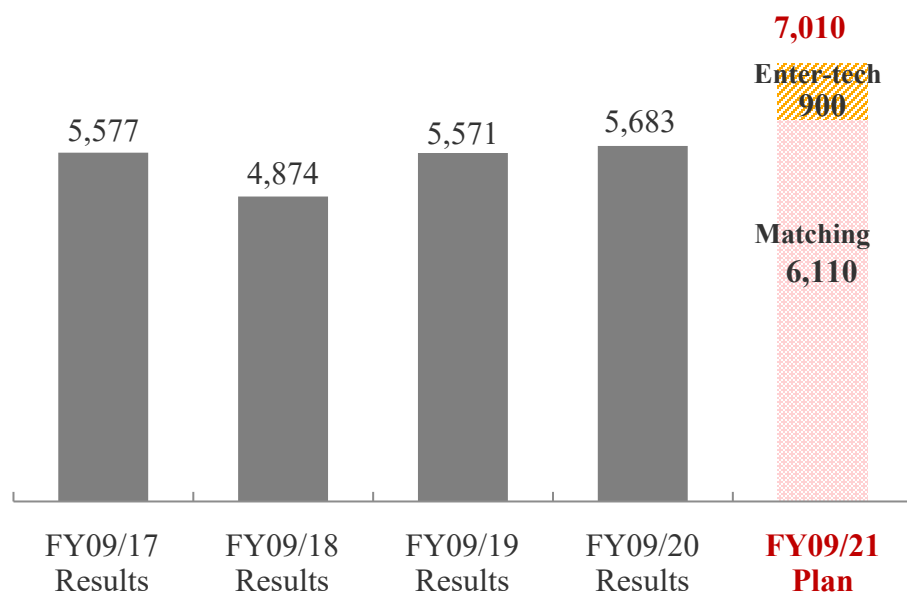
Full-year Plan

FY09/21 Plan

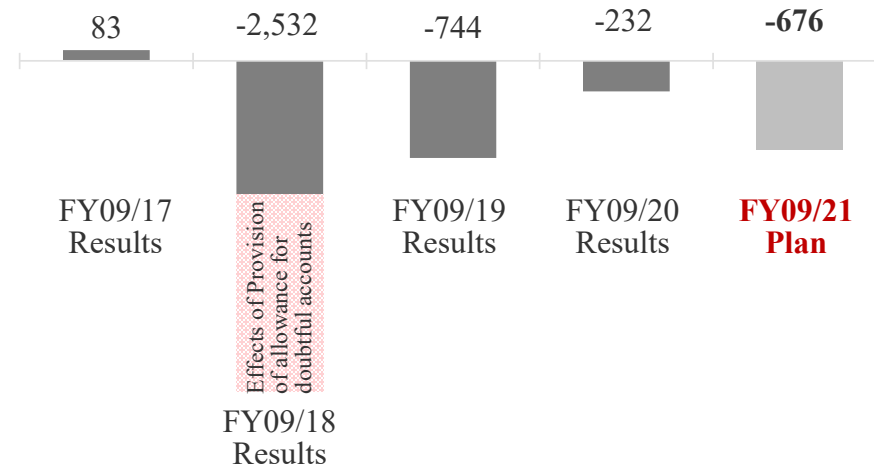
Results and estimates of consolidated sales and operating profit

Large-scale development investment in "INSPIX WORLD" is expected in the Enter-tech business.

Consolidated sales (Unit: million yen)



Consolidated operating profit (Unit: million yen)



*We revised our full-year business forecasts on March 5, 2021.

* 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)

Aim for business expansion and early monetization through the success of "INSPIX WORLD"

Others (SaaS"FOREST" for medical institutions)

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

04 / Others

Implementation of Management Buyout

We announced the implementation of the Management Buyout (MBO) on March 5, 2021 and is in progress on the following schedule

Major Disclosures and Schedules

March 5	Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares Announcement on Commencement of Tender Offer for Shares of IGNIS LTD. (Securities Code: 3689)
March 8- April 19	Tender Offer Period
April 20	Notice Regarding Results of Tender Offer by K.K. i3 for Shares etc. and Changes of Other Associated Company and Largest Shareholder as a Major Shareholder
April 27	Record date for extraordinary meeting of shareholders
May 12	Determined the agenda for extraordinary general meeting of shareholders Notice Regarding Share Consolidation, Abolishment of Provision on Share Units, and Partial Amendment of Articles of Incorporation Notice Regarding Retirement of Treasury Shares
June 10 (planned)	Extraordinary meeting of shareholders

***The schedule is currently planned and may be changed or added.**

Summary of Q2 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 performances by multiple third-party Ips (Hypnosis Mic -Division Rap Battle- VR BATTLE 《2nd D.R.B》 and "Hatsune Miku GALAXY LIVE 2021")
- Growth of own IP
- 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 game business in the previous fiscal year.

Matching

Online dating and matchmaking service “with”

Enter-tech

Creating a new standard for music experience

- (1) Plan, develop and operation of a Deep Communication Social Media “INSPIX LIVE”(Platform)
- (2) Develop IP such as the “VOYZ BOY” and “GAKUGEIDAI JUNES” stars (discover, train and produce)
- (3) Planning, development and operation of the **1-on-1 online talk system "Joy×Joi - Dream Talk Online"**

Other

Recruitment service “Jobgram”

SaaS for medical institutions “FOREST”

Other business segments not included in the reporting segments

*From Q1 FY09/21, 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.

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

Core business Enter-tech business
for the foreseeable future

Blockbuster model

Accumulated model

Core business Matching business
for the foreseeable future

Policies for outlook for each business

Matching

Online dating and 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.

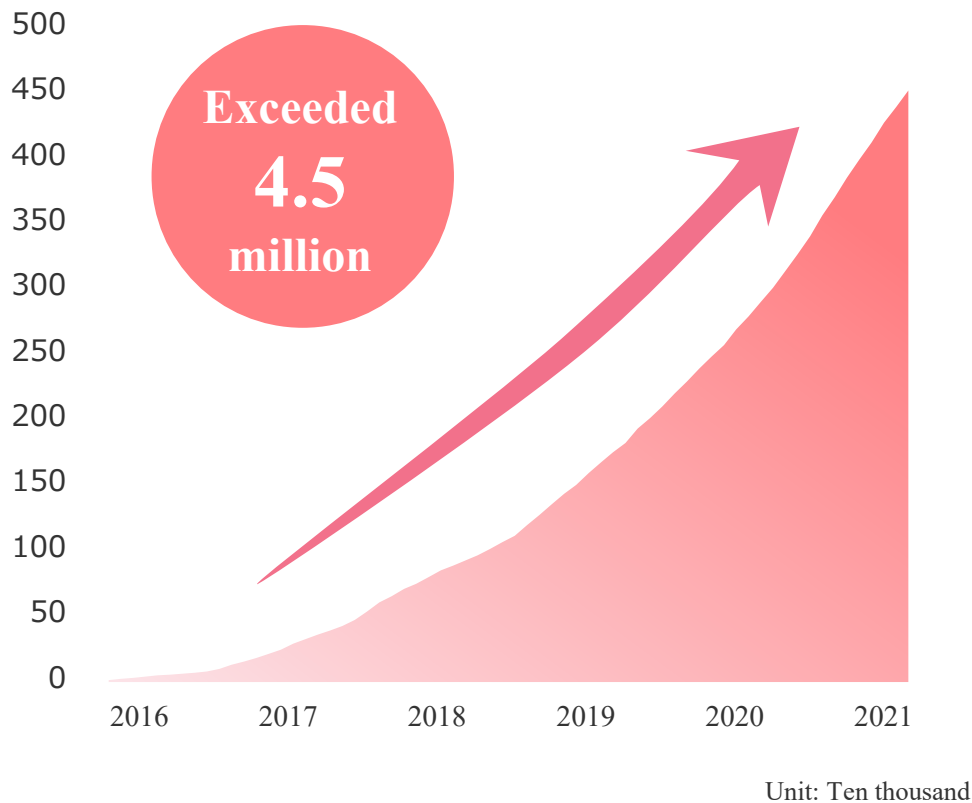
**Business development/
KPI etc.**



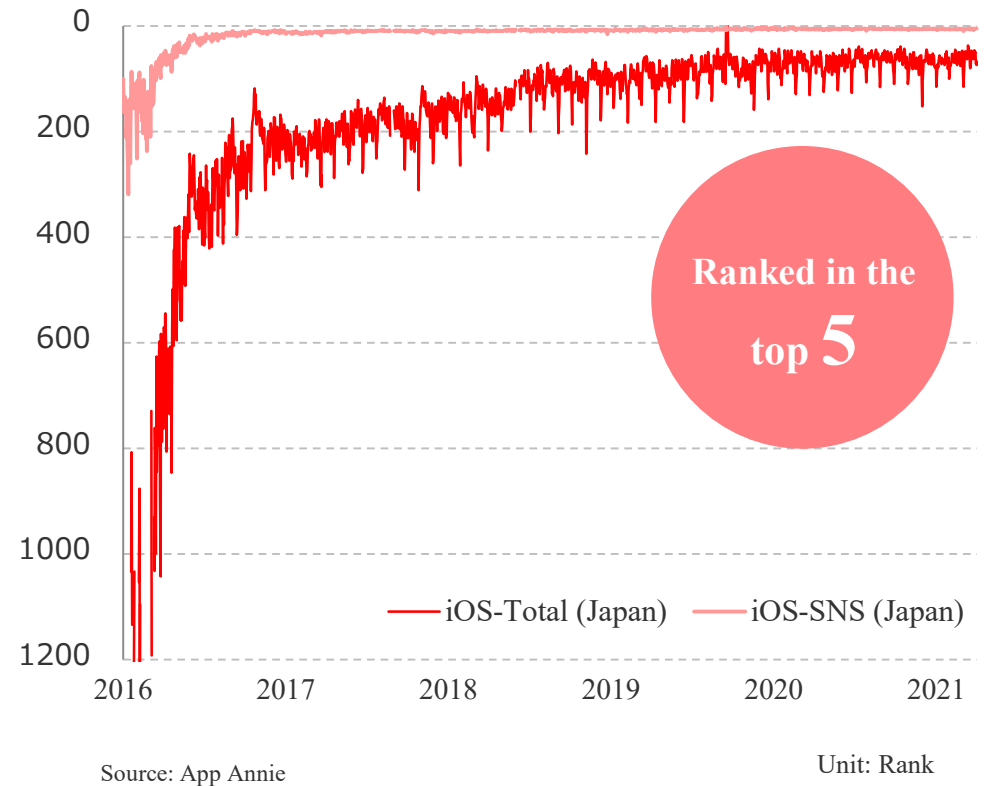
Matching

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

Number of Users



Sales ranking



* Changes in the number of “with” users are as of the end of March 2021.
* Changes in sales ranking of “with” are as of the end of April 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 March 2021.



Equity Method Affiliates: Mobility service and platform

持分法

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**

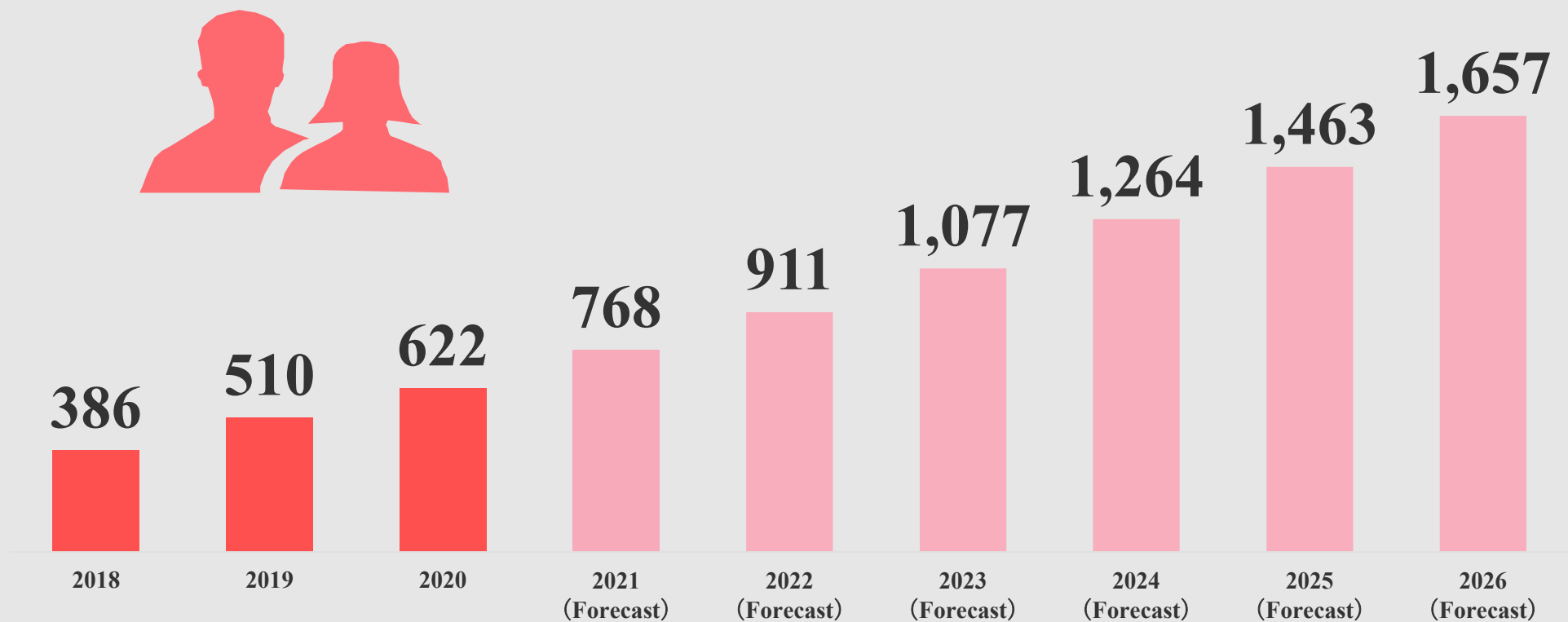
For more information on the "SHOP STOP" concept, please refer to Mellow's website.

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

Various Market Information

Various market information

Market size of online dating matchmaking service market in Japan



Unit: 100 million yen

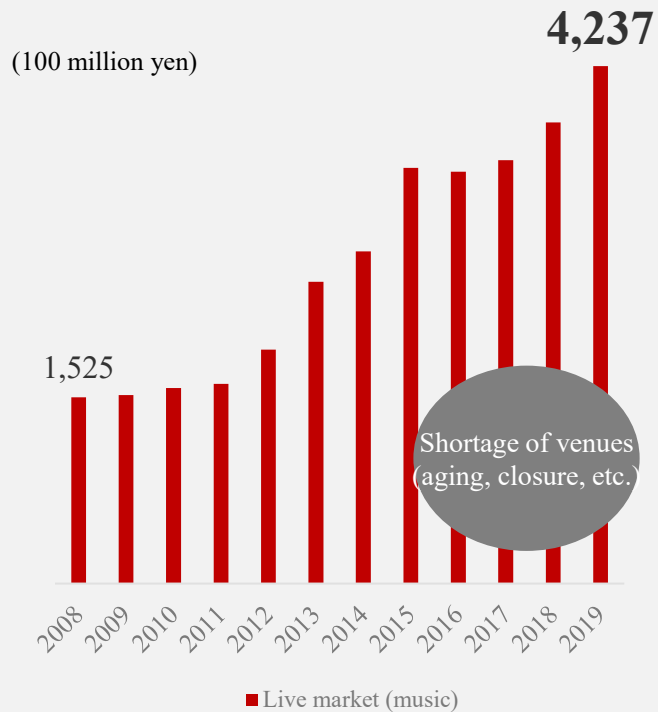
Copyright ©Tapple, Inc. All Rights Reserved..

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 market (music)

*Vtuber : Virtual YouTuber

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

Fact data etc.

Consolidated B/S (FY09/18 – Q2 FY09/21)

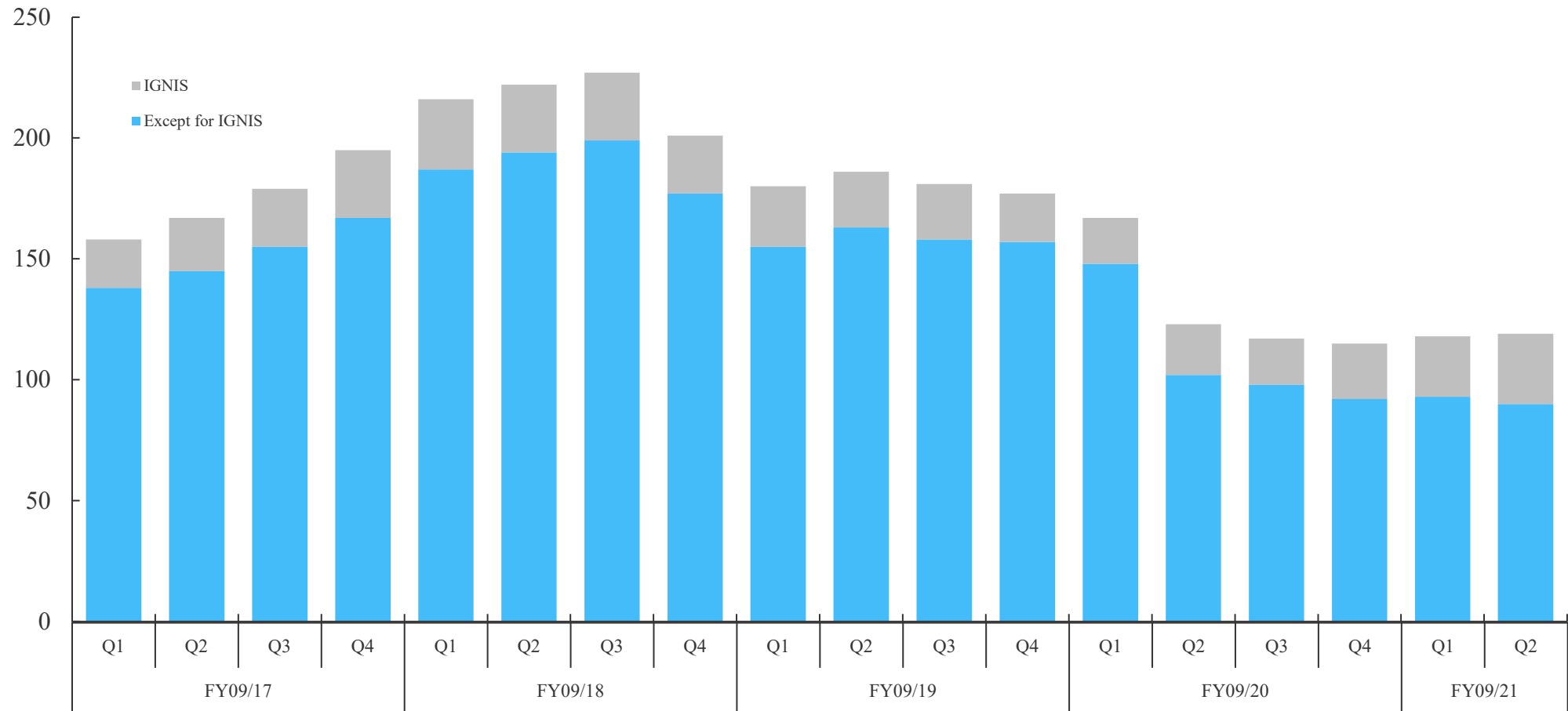
(Unit: million yen)	FY09/18	FY09/19	FY09/20	FY09/21 Q2
Current assets	1,901	1,715	3,202	2,073
Fixed assets	2,753	2,240	1,707	1,655
Total assets	4,654	3,956	4,909	3,729
Current liabilities	1,825	1,309	1,611	1,854
Fixed liabilities	556	380	616	232
Net assets	2,272	2,266	2,681	1,642
Liabilities and net assets	4,654	3,956	4,909	3,729

Consolidated P/L (Accounting period: FY09/18 –Q2 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	Q2
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	1,389
Operating profit (Loss)	-247	-419	-284	-1,581	-340	-174	-208	-21	65	77	-174	-199	-255	-552
Operating profit margin	-	-	-	-	-	-	-	-	4.3%	5.2%	-	-	-	-
Ordinary profit (Loss)	-250	-423	-305	-1,592	-361	-197	-248	-60	19	26	-330	-269	-314	-617
Ordinary profit margin	-	-	-	-	-	-	-	-	1.3%	1.8%	-	-	-	-
Net profit (Loss)	-233	-622	-228	-1,567	-416	-38	95	-272	-71	-104	-422	-382	-377	-698
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)

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)

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