



May 9, 2019

FOR IMMEDIATE RELEASE

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Announcement Regarding Establishment of a Subsidiary

The Company passed a resolution at the Board of Directors meeting held today in which the company will establish Avex Technologies, Inc. (hereinafter referred to as "ATS") as a 100% subsidiary of the company. The details are as follows.

1. Purpose of Establishing a Subsidiary

With the keyword of "Entertainment x Tech x Global", the Company pursues new business possibilities from the use of technology. With that, in response to the ideal way of new IP (Intellectual Property Right) creation with the evolution of technology, the Company decided to establish ATS with the purpose of contributing to digital transformation centered on IP in our Group companies.

2. Subsidiary Outline (Plan)

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|---|---|---|
| (1) Company Name | Avex Technologies Inc. | |
| (2) Address | Avex Building, 3-1-30 Minami-Aoyama, Minato-ku, Tokyo 107-8577 | |
| (3) Representative | CEO Asahi Iwanaga | |
| (4) Date of Establishment | May 14, 2019 | |
| (5) Main Business | IP (games, videos, music, VR, etc.) using cloud and blockchain technology; planning, development, production and sales of systems, etc. | |
| (6) Fiscal Year-end | End of March | |
| (7) Registered Capital | 100 million yen | |
| (8) Shareholder Composition | Owned by our Company 100% | |
| (9) Relationship between the listed company and concerned company | Capital relationship | A subsidiary wholly owned by the Company. |
| | Human relationship | The Company executives and employees will concurrently serve as directors and corporate auditors of the concerned subsidiary company. |
| | Business relationship | The concerned subsidiary company will entrust administrative works to the Company. |

3. Future outlook

The establishment of the subsidiary company is believed to have a minor impact on the Company's consolidated results for the fiscal year ending March 2020.