

December 14, 2018

Treasure Factory Announces Acquisition of Shares of Digital Quest Making It a Subsidiary and Disposal of Treasury Shares through Third-Party Allotment

Name	Treasure Factory Co., Ltd. (Securities Code: 3093)
Overview	Treasure Factory decided at its board of directors meeting to acquire shares of Digital Quest Corp. making it its subsidiary, and disposing treasury shares through third-party allotment as part of consideration of acquisition of the shares.

Acquisition of Shares of Digital Quest Corp.

Purpose of M&A	Treasure Factory group is pursuing store development inside and outside of Japan as well as the enhancing of sales and purchase through the internet using its website and smartphone app. The e-commerce sales through its website and purchases through the website are showing year-on-year growth this fiscal year. Treasure Factory's engagement in e-commerce is still half-way and to improve services at a faster rate is a business issue. To solve this issue, Treasure Factory has been considering an M&A to take in an IT developer into its group.
About Digital Quest Corp.	Digital Quest excels at commissioned development from the planning phase through development and management and has a proven record in developing many native apps and website services. The company has a corporate culture full of novelty, and constantly handles new business plans.
Initiatives after M&A	Together they will pursue to create new customer value utilizing the big data of the Treasure Factory group. For its medium-term business vision, in addition to the reuse business inside and outside of Japan through actual stores and e-commerce, Treasure Factory will develop services combining relocation and reuse as well as apparel sharing services, cultivate new businesses utilizing IT, bringing out synergy effects as a group.
Method of purchase	Treasure Factory will purchase 53.1% of the shares outstanding of Digital Quest on January 17, 2019 and make it its subsidiary. For some of the sellers of the shares, it will make payment in cash as well as disposing its treasury shares to them, receiving Digital Quest shares as assets contributed in kind.

Disposal of Treasury Shares through Third-Party Allotment

Method of purchase	Treasure Factory holds 237,731 treasury shares. For the acquisition of shares of Digital Quest, it proposed to the sellers of Digital Quest shares to allocate treasury shares to them as part of the consideration of acquisition of the shares and the shareholders agreed to the proposal. This disposal of treasury shares is to utilize treasury shares it owned for improving capital efficiency for expansion of business where future growth can be expected. The reason to receive Digital Quest shares as assets contributed in kind is to make them Treasure Factory shareholders, expecting them to enhance awareness in management participation and hoping for their contribution to the enhancement of Treasure Factory group's performance.
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