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Securities Code: 2121
June 6, 2017

To Shareholders:

Hiroki Morita, President and Representative Director
mixi, Inc.
Sumitomo Fudosan Shibuya First Tower
1-2-20 Higashi, Shibuya-ku, Tokyo

CONVOCATION NOTICE FOR THE 18TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 18th Ordinary General Meeting of Shareholders of mixi, Inc. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights with any of the following methods. Please review the reference material for the meeting of shareholders below and exercise your voting rights by 7:00 p.m. on Monday, June 26, 2017 (JST).

Exercise of Voting Rights by Mail (in Writing)

Please send back the enclosed voting rights exercise form to the Company expressing your approval or disapproval of the agenda items by the above deadline.

Exercise of Voting Rights via the Internet, etc. (Electronic Methods)

Please access the website for exercising voting rights (http://www.web54.net), and after entering the "voting rights exercise code" and "password" printed on the enclosed voting rights exercise form, indicate your approval or disapproval of the agenda items by following the on-screen guidance. When you exercise your voting rights via the Internet, etc. (electronic methods), please check "**How to Exercise Voting Rights via the Internet, etc. (Electronic Methods)**" on page 3.

Particulars

1. Date and time: Tuesday, June 27, 2017, at 11:00 a.m.

   Please note that this year, the meeting will start one hour later than usual.

2. Place: 2nd floor, Hall of Belle Salle Shibuya First, Sumitomo Fudosan Shibuya First Tower, 1-2-20 Higashi, Shibuya-ku, Tokyo

   (Please see the map to the venue for the meeting of shareholders attached at the end of this notice.)

3. Agenda items:

Items to be reported:

1. The business report, consolidated financial statements and results of audits of the consolidated financial statements by the independent auditors and the audit and supervisory board for the 18th fiscal year (from April 1, 2016 to March 31, 2017)
2. The non-consolidated financial statements for the 18th fiscal year (from April 1, 2016 to March 31, 2017)

Items to be resolved:

Agenda Item No. 1: Election of seven directors

Agenda Item No. 2: Election of one substitute audit and supervisory board member

End of document

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* For those attending, please present the enclosed voting rights exercise form at the reception desk on arrival at the meeting.

* Any change in the reference material for the meeting of shareholders, business report and consolidated and non-consolidated financial statements will be reported on the Company’s website (http://www.mixi.co.jp/).
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How to Exercise Voting Rights via the Internet, etc. (Electronic Methods)

If you exercise your voting rights via the Internet, etc. (electronic methods), please exercise your voting rights after checking the following matters.

1. You can exercise your voting rights via the Internet, etc. (electronic methods) only by using the system of Sumitomo Mitsui Trust Bank, Limited, which is the shareholder registry administrator, and by using the electronic voting platform operated by ICJ, Inc.
2. The deadline for exercising voting rights via the Internet, etc. (electronic methods) is 7:00 p.m. on Monday, June 26, 2017.
3. If you have exercised your voting rights both in writing and via the Internet, etc. (electronic methods), the last vote to arrive at the Company will be the effective vote. However, if your votes made in writing and made via the Internet, etc. (electronic methods) arrive at the Company on the same date, your vote via the Internet, etc. (electronic methods) will be the effective vote.
4. If you have exercised your voting rights via the Internet, etc. (electronic methods) multiple times and the votes for the same agenda item differ, then your last vote made via the Internet, etc. (electronic methods) will be the effective vote.
5. Connection fees to be paid to a provider and communications fees (telephone, etc.) to be paid to a telecommunications carrier may be required to use the website for exercising voting rights. In that case, the fees shall be borne by the shareholder.

End of document

(Provided Documents)

Business Report

(from April 1, 2016 to March 31, 2017)

1. Matters concerning corporate group's current status

(1) Course and results of the business

In the consolidated fiscal year ended March 31, 2017, the Japanese economy gradually recovered amid continued improvements in the employment and income environments due to the effects of various policies of the government and of the Bank of Japan; however, uncertainty about the future continues due to concerns about the downturn in emerging economies (in particular in the Chinese economy) and the effect of, among other things, the issues of the United Kingdom's withdrawal from the European Union and the U.S. presidential election.

Regarding Internet-related industries, according to a survey by MM Research Institute, Ltd., the number of smartphone subscriptions at the end of March 2016 was 77.15 million, which constituted approximately 60% (i.e., 59.9%) of all mobile phone subscriptions, and the number of smartphone subscriptions is expected to continue increasing in the future.

In the midst of such an economic environment, the Company's net sales for the consolidated fiscal year ended March 31, 2017 were 207,161 million yen (a decrease of 0.8% compared to the previous consolidated fiscal year). In addition, the Company's operating income was 89,008 million yen (a decrease of 6.3% compared to the previous consolidated fiscal year), the ordinary income was 88,472 million yen (a decrease of 6.7% compared to the previous consolidated fiscal year), and the profit attributable to owners of parent for the consolidated fiscal year ended March 31, 2017 was 59,867 million yen (a decrease of 1.9% compared to the previous consolidated fiscal year).

The status of each segment is as follows:

Net Sales by Business Segment

Business Segment	17th Fiscal Year		18th Fiscal Year		YoY Comparison (%)
	Net Sales (millions of yen)	Composition Ratio (%)	Net Sales (millions of yen)	Composition Ratio (%)	
Entertainment Business	195,355	93.6	192,703	93.0	(1.4)
Media Platform Business	13,443	6.4	14,457	7.0	7.5
Total	208,799	100.0	207,161	100.0	(0.8)

(Method for measuring profits of the business segments)

The method for measuring profits of the business segments uses operating income-based amounts (EBITDA), which does not take into account the amount of depreciation and amortization of goodwill.

(i) Entertainment business

Regarding the smartphone native game “Monster Strike” (which has celebrated its third anniversary), based on its annual operating plan, the Company has, in addition to promoting using television commercials, billboards and the like; enhancing movie content; holding real-life events (including promoting e-sports); producing merchandise; and arranging tie-ups with movies and popular cartoons, distributed original cartoons in Japan and foreign countries, and the Company also released “Monster Strike THE MOVIE” in theaters in Japan in December 2016. The number of players exceeded 40 million worldwide in January 2017. In order to meet users’ expectations, the Company aims to extend the service’s lifetime while seeking to further improve the entertainment business by providing returns to users inside and outside applications; enhancing images and software; establishing itself in areas other than games (including merchandising); and developing new game titles and the like.

As a result, the entertainment business’s net sales were 192,703 million yen (a decrease of 1.4% compared to the previous consolidated fiscal year) and the segment profit was 94,267 million yen (a decrease of 5.5% compared to the previous consolidated fiscal year).

(ii) Media platform business

In the media platform business, the Company aims to keep creating services that create new culture within business-to-consumer services and in consumer-to-consumer services. The gross merchandise value (GMV) and the user number of “TicketCamp”, the ticket flea-market service, have grown steadily, as demonstrated, for example, by the number of registered members exceeding 3 million in March 2017. In addition, the number of users of “Family Album Mitene,” an app for sharing children’s photos and videos for families, exceeded one million in January 2017, and the Company has implemented prior investments, such as commencing broadcasting TV commercials in order to accelerate the launching of this new business.

As a result, the media platform business’s net sales were 14,457 million yen (an increase of 7.5% compared to the previous consolidated fiscal year) and the segment profit was 1,806 million yen (a decrease of 16.5% compared to the previous consolidated fiscal year).

(2) Status of capital expenditures

The total of capital expenditures spent during the consolidated fiscal year ended March 31, 2017 was 748 million yen (an increase of 20.0% compared to the previous consolidated fiscal year). The main component of the capital expenditures was 449 million yen spent for acquiring computers, servers and the like.

(3) Status of financing activities

Not applicable

(4) Status of business transfer, absorption-type company split or incorporation-type company split

Not applicable

(5) Status of acquiring other companies' businesses

Not applicable

(6) Status of assuming rights and obligations related to other corporations' businesses through an absorption-type merger or absorption-type company split

Not applicable

(7) Status of acquiring or disposing of other companies' shares, other equities or subscription rights to shares

MUSE & Co., Ltd. is excluded from the scope of consolidation as the Company sold all of its shares in MUSE & Co., Ltd. on January 30, 2017.

(8) Change in the status of assets and income and loss

(i) Change in the status of the corporate group's assets and income and loss

Category		15th Fiscal Year (ended March 2014)	16th Fiscal Year (ended March 2015)	17th Fiscal Year (ended March 2016)	18th Fiscal Year (the relevant consolidated fiscal year) (ended March 2017)
Net Sales	(millions of yen)	12,155	112,918	208,799	207,161
Ordinary Income	(millions of yen)	263	52,706	94,798	88,472
Profit (Loss) Attributable to Owners of Parent	(millions of yen)	(227)	32,966	61,022	59,867
Basic Earnings per Share	(yen)	(3.04)	409.62	734.59	730.85
Total Assets	(millions of yen)	26,492	104,178	165,039	176,974
Net Assets	(millions of yen)	22,427	53,570	121,490	150,529
Net Assets per Share	(yen)	278.45	664.39	1,441.66	1,889.16

Notes:

1. The basic earnings per share was computed by using the average number of shares outstanding for the period.
2. The net assets per share were computed by using the total number of shares outstanding as of the end of the fiscal year.
3. On April 1, 2013 and July 1, 2014, the Company effected 1:100 and 1:5 stock splits, respectively. The basic earnings per share and the net assets per share were calculated assuming the stock splits were conducted at the beginning of the 15th fiscal year.

(ii) Change in the status of the Company's assets and income and loss

Category		15th Fiscal Year (ended March 2014)	16th Fiscal Year (ended March 2015)	17th Fiscal Year (ended March 2016)	18th Fiscal Year (the relevant non-consolidated fiscal year) (ended March 2017)
Net Sales	(millions of yen)	9,666	106,990	199,025	195,756
Ordinary Income	(millions of yen)	596	52,169	96,657	88,373
Profit (Loss)	(millions of yen)	(7)	32,919	61,959	60,097
Basic Earnings per Share	(yen)	(0.10)	409.04	745.87	733.66
Total Assets	(millions of yen)	25,048	101,181	161,949	171,507
Net Assets	(millions of yen)	21,827	52,775	121,656	150,944
Net Assets per Share	(yen)	271.04	654.59	1,443.70	1,894.43

Notes:

1. The basic earnings per share was computed by using the average number of shares outstanding for the period.
2. The net assets per share were computed by using the total number of shares outstanding as of the end of the fiscal year.
3. On April 1, 2013 and July 1, 2014, the Company effected 1:100 and 1:5 stock splits, respectively. The basic earnings per share and the net assets per share were calculated assuming the stock splits were conducted at the beginning of the 15th fiscal year.

(9) Status of important subsidiaries

Company Name	Capital Stock	Ratio of the Company's Voting Rights	Main Business
mixi recruitment, Inc.	10 million yen	100.0%	Online recruitment advertising business
Diverse, Inc.	100 million yen	100.0%	Matchmaking business
Hunza, Inc.	33 million yen	100.0%	Online ticket marketplace business

Notes:

1. MUSE & Co., Ltd., which was a consolidated subsidiary at the end of the previous consolidated fiscal year, is excluded from the scope of consolidation, as the Company sold its shares in MUSE & Co., Ltd. in the consolidated fiscal year ended March 31, 2017.
2. The Company has 12 consolidated subsidiaries including the three important subsidiaries above.

(10) Issues to be addressed

The basic strategy of the Company's group is to, at all times, keep creating new services under the mission of "creating new culture" amid the rapidly changing external environment including changes in the device environment, such as the rapid popularization of smartphones and the diversification of online communication methods.

In order to keep creating new services, the Company will promote the creation of new game titles and the creation of new businesses and will also engage in active investments, such as acquiring external businesses. In addition, the Company will aim to maximize profitability of some of the businesses by actively promoting them not only in Japan but also overseas.

(11) Main businesses (as of March 31, 2017)

Business Segment	Details of Business
Entertainment Business	Providing smartphone native games and other games
Media Platform Business	Operating business-to-consumer services and consumer-to-consumer services that utilize the Internet and investing in companies that operate those services

(12) Main offices (as of March 31, 2017)

The Company	Head office	Shibuya-ku, Tokyo
Subsidiaries	mixi recruitment, Inc.	Shibuya-ku, Tokyo
	Diverse, Inc.	Shibuya-ku, Tokyo
	Hunza, Inc.	Shibuya-ku, Tokyo

(13) Status of employees (as of March 31, 2017)

(i) Status of the corporate group's employees

Number of Employees	Increase or Decrease from the Previous Consolidated Fiscal Year
690	increase of 94

Note: Officers, part-time employees and temporary employees are not included in the number of employees above.

(ii) Status of the Company's employees

Number of Employees	Increase or Decrease from the Previous Fiscal Year	Average Age	Average Length of Service
535	increase of 88	32.9 years old	3.3 years

Note: Officers, part-time employees and temporary employees are not included in the number of employees above.

(14) Main lenders (as of March 31, 2017)

Not applicable

(15) Other important matters related to the corporate group's current status

Not applicable

2. Matters concerning the Company's shares (as of March 31, 2017)

(1) Total number of authorized shares — 264,000,000 shares

(2) Total number of issued shares — 81,879,450 shares (including 2,335,200 shares of treasury stock)

(3) Number of shareholders — 17,944 shareholders

(4) Principal shareholders (top ten shareholders)

Name of Shareholder	Number of Shares (shares)	Percentage of Shareholding (%)
Kenji Kasahara	36,358,000	45.70
The Bank of New York 133972	1,448,379	1.82
State Street Bank and Trust Company 505225	1,039,100	1.30
Skandinaviska Enskilda Banken S.A.127200	947,033	1.19
BCSL Margin Trading A/C	900,000	1.13
Deutsche Bank AG London 610	881,343	1.10
The Bank of New York Mellon 140044	800,400	1.00
Japan Trustee Services Bank, Ltd. (Trust Account 7)	704,800	0.88
The Bank of New York Mellon 140042	690,824	0.86
CDSIL as Depositary for Old Mutual Global Investors Series	684,200	0.86

Note: The percentages of shareholding were calculated by excluding 2,335,200 shares of treasury stock and are rounded down to the nearest one-hundredth of one percent.

(5) Other important matters related to shares

(i) The Company repurchased 2,526,300 shares of its own stock during the period from May 13, 2016 to July 19, 2016 pursuant to the resolution of the board of directors held on May 10, 2016 and also retired 2,416,050 shares of treasury stock on August 31, 2016 pursuant to the resolution of the board of directors held on August 5, 2016.

(ii) The Company repurchased 2,201,400 shares of its own stock during the period from November 10, 2016 to March 24, 2017 pursuant to the resolution of the board of directors held on November 9, 2016 and also retired 2,201,400 shares of treasury stock on April 28, 2017 pursuant to the resolution of the board of directors held on April 21, 2017

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(iii) The Company resolved, at the board of directors meeting held on May 10, 2017, that it will repurchase shares of its own stock in order to aim to improve capital efficiency and maximize shareholder value.

(1) Type of shares to be acquired: Common shares of the Company

(2) Total number of shares to be acquired: 2,000,000 shares (maximum)

(3) Total amount of the shares' acquisition value: 10,000 million yen (maximum)

(4) Acquisition period: From May 11, 2017, to the last day of September 2017

3. Matters concerning the Company's subscription rights to shares, etc.

(1) Status of subscription rights to shares, etc. held by the Company's officers as of the last day of the fiscal year

	The 13th stock acquisition rights
Date of the board resolution	August 5, 2016
Occupation and number of the holders of the stock acquisition rights	Three directors (excluding outside directors)
Number of stock acquisition rights	1,338
Class and number of shares subject to the stock acquisition rights	133,800 common stocks (see Note 1)
Amount to be paid upon exercising stock acquisition rights	One yen
Issuance price of a stock upon exercise of stock acquisition rights	1,898 yen
Exercise period of the stock acquisition rights	From: August 30, 2016 Until: August 29, 2046
Terms and conditions in relation to the stock acquisition right	See Note 3

Notes:

1. In the event the Company carries out a share split or share consolidates, the number of shares to be granted upon exercise of stock acquisition rights ("Number of Shares Granted") will be adjusted in accordance with the following formula, and any fraction of less than one share resulting from such adjustment will be rounded down:

$$\begin{array}{c}\text{Number of Shares Granted}\\\text{after adjustment}\end{array} = \begin{array}{c}\text{Number of Shares Granted}\\\text{before adjustment}\end{array} \times \begin{array}{c}\text{Ratio of share split or}\\\text{share consolidation}\end{array}$$

2. In the event the Company carries out a merger (*gappei*), corporate split (*kaisha-bunkatsu*), share exchange (*kabushiki-koukan*) or a share transfer (*kabushiki-iten*), allotment of shares without contribution, or in any other event which require adjustment of Number of Shares Granted, the Company may do so to the extent reasonably necessary.

   In the event any adjustment of Number of Shares Granted takes place, the Company shall give a notice either directly or publicly of all necessary matters to persons provided as the holders of the stock acquisition rights in the register of stock acquisition rights ("Stock Acquisition Rights Holder") by the date immediately prior to the effective date of the adjustment of the Number of Shares Granted, provided, however, that if the Company fails to give such notice by the date immediately prior to such effective date of such adjustment, the Company shall thereafter immediately give such notice.

3. (1) A Stock Acquisition Rights Holder may exercise its stock acquisition rights during the exercise period of the stock acquisition rights as set forth above, upon the condition that such exercise is done within ten days from the date following the date of when the Stock Acquisition Rights Holder ceased to be the Company's director (provided, further, in the event the exercise of the stock acquisition rights is permitted due to paragraph (2) item (a) below, such date from which the ten days are counted shall be the date of when the Stock Acquisition Rights Holder ceased to be none of the following: the Company's auditor, executive officer, or employee; or its subsidiary's director, auditor, executive officer, or employee).

(2) Notwithstanding the foregoing, Stock Acquisition Rights Holders shall not be able to exercise its stock acquisition rights if they fall under any of the following:

(a) if the Stock Acquisition Rights Holder's term as a director less than three years. However, such limitation shall not apply in case the Stock Acquisition Rights Holder maintains an occupation as the Company's auditor, executive officer, or employee, or its subsidiary's director, auditor, executive officer or employee and the Company's board of directors permits the exercise of the acquisition right;

(b) if the Stock Acquisition Right Holder is dismissed from its duty as a director or auditor of either the Company or its subsidiary, or is subject to disciplinary dismissal, instructed resignation, or any other sanctions of a similar degree;

(c) if the Stock Acquisition Right Holder falls under paragraph 1 item (iii) or (iv) of Article 331 of the Companies Act;

(d) if either the Stock Acquisition Right Holder is in breach of the agreement on subscription of all stock acquisition rights allotted ("Subscription Agreement") entered between the Company, or the Company's board of directors decide that the Holder has committed an act severely damaging its confidence from the Company; and

(e) if the Stock Acquisition Right Holder submits in writing its intention of waiving the stock acquisition right it subscribed for, in whole or in part.

(3) In the event the Stock Acquisition Right Holder dies, its inheritor can exercise the stock acquisition rights upon the condition that the inherited Holder does not fall under any of the items in the preceding paragraph and the exercise of the stock acquisition rights is done no later than the date which is three months from the date immediately following the date of the death.

(4) Upon the exercise of stock acquisition rights by a Stock Acquisition Right Holder, such Holder shall exercise all of the stock acquisition right it has subscribed for at once.

(5) Other terms and conditions relating to the stock acquisition rights will be determined by the Subscription Agreement entered into by the Company and the Stock Acquisition Right Holder.

(2) Status of subscription rights to shares, etc. granted to the Company's employees during the fiscal year

Not applicable

4. Matters concerning the Company's officers

(1) Names of, and other information regarding, directors and audit and supervisory board members (as of March 31, 2017)

Position in Company	Name	Responsibilities and Significant Concurrent Posts
President and Representative Director	Hiroki Morita	-
Director	Yasuhiro Ogino	Executive General Manager of the Administrative Headquarter
Director	Kouki Kimura	Executive General Manager of the XFLAG Studio
Director and Chairperson	Kenji Kasahara	Executive General Manager of the Vantage Studio
Director	Tatsuya Aoyagi	Representative director of Heartworth Partners, Inc.
Audit and Supervisory Board Member (Standing)	Takako Kato	-
Audit and Supervisory Board Member	Takayuki Sato	Managing partner of Satoh Business Law Office
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	Managing partner of Wakamatsu CPA Office

Notes:

1. Director Tatsuya Aoyagi is an outside director.
2. Standing Audit and Supervisory Board Member Takako Kato, Audit and Supervisory Board Member Takayuki Sato and Audit and Supervisory Board Member Hiroyuki Wakamatsu are outside audit and supervisory board members.
3. Standing Audit and Supervisory Board Member Takako Kato has built up experience in accounting operations over many years and possesses considerable expertise regarding finance and accounting.
4. Audit and Supervisory Board Member Takayuki Sato is qualified as a lawyer and possesses professional knowledge and experience.
5. Audit and Supervisory Board Member Hiroyuki Wakamatsu is qualified as a certified public accountant and a certified public tax accountant and possesses considerable expertise regarding finance and accounting.
6. The Company has notified the Tokyo Stock Exchange that Director Tatsuya Aoyagi and Audit and Supervisory Board Member Takayuki Sato are independent officers.

(2) Directors and Audit and Supervisory Board Members who retired during the fiscal year

Position in Company at Time of Retirement	Name	Responsibilities and Significant Concurrent Posts at Time of Retirement	Reason for Retirement	Retirement Date
Director	Shuhei Nishio		Expiry of term of office	June 28, 2016
Director	Ichiya Nakamura	Professor at the Graduate School of Media Design, Keio University	Resignation	October 20, 2016

(3) Remuneration amount for directors and audit and supervisory board members

Category	Number of Officers	Amount	Remarks
Director	7	550 million yen	(9 million yen for two outside directors)
Audit and Supervisory Board Member	3	26 million yen	(26 million yen for three outside audit and supervisory board members)
Total	10	577 million yen	

Notes:

1. The aggregate remuneration amount for directors does not include salaries for employees payable to directors concurrently serving as employees.
2. It was resolved at the 17th ordinary general meeting of shareholders held on June 28, 2016, that the maximum remuneration amount for directors (monthly-paid remunerations and stock options combined) is 1,000 million yen per annum (including a maximum amount of 100 million yen per annum for outside directors). The remunerations do not include salaries for employees payable to directors concurrently serving as employees.
3. It was resolved at the extraordinary general meeting of shareholders held on August 26, 2004, that the maximum remuneration amount for audit and supervisory board members is 50 million yen per annum.
4. The number of officers in the column titled “Number of Officers” includes one director who retired due to expiry of the term of office at the end of the 17th ordinary general meeting of shareholders held on June 28, 2016, and one director who resigned on October 20, 2016 and the amounts in the column titled “Amount” include the amount for each of those included directors.
5. Each remuneration amount above includes the expenses reported for the fiscal year in relation to subscription rights to shares granted as stock options (253 million yen for directors).

(4) Matters regarding outside officers

(i) The status of concurrent posts as an executive, outside officer and other positions of other corporations

Position	Name	Name of Other Corporations and Details of Concurrent Posts
Director	Ichiya Nakamura	Professor at the Graduate School of Media Design, Keio University Outside director of Space Shower Networks, Inc. Outside director of JP-Holdings, Inc. Outside director of Yoshimoto Kogyo Co., Ltd.
Director	Tatsuya Aoyagi	Representative director of Heartworth Partners, Inc. Outside corporate auditor of Skylark Co., Ltd.
Audit and Supervisory Board Member	Takayuki Sato	Managing partner of Satoh Business Law Office
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	Managing partner of Wakamatsu CPA Office Outside audit and supervisory board member of With us Corporation Outside audit and supervisory board member of Castalia Co., Ltd. Outside audit and supervisory board member of Pioneer Corporation Non-member supervisor of the Tokyo Palsystem Consumers’ Co-operative Union

Note: There is no special relationship between the Company and the other corporations above.

(ii) Main activities during the fiscal year ended March 31, 2017

Position	Name	Activities
Director	Ichiya Nakamura	Before he resigned on October 20, 2016, he attended 8 of the 10 board of directors meetings held in the fiscal year. When deliberating on important matters related to management, he gave advice based on his knowledge and experience.
Director	Tatsuya Aoyagi	He attended 17 of the 17 board of directors meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a certified public accountant.
Audit and Supervisory Board Member (Standing)	Takako Kato	She attended 17 of the 17 board of directors meetings held in the fiscal year, and she attended 17 of the 17 audit and supervisory board meetings held in the fiscal year. She provided comments necessary for deliberation on agenda items as appropriate.
Audit and Supervisory Board Member	Takayuki Sato	He attended 17 of the 17 board of directors meetings held in the fiscal year, and he attended 17 of the 17 audit and supervisory board meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a lawyer.
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	He attended 17 of the 17 board of directors meetings held in the fiscal year, and he attended 17 of the 17 audit and supervisory board meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a certified public accountant.

(iii) Outline of the agreements for limitation of liability

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements to limit the liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act with the outside directors and the outside audit and supervisory board members. The amount of liability for damages limited pursuant to the agreements is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations.

5. Matters concerning independent auditors

(1) Name of independent auditors

Deloitte Touche Tohmatsu LLC

(2) Independent auditors' remuneration for the fiscal year ended March 31, 2017

	Payment
Independent auditors' remuneration for the fiscal year ended March 31, 2017	33 million yen
The aggregate amount of money and other financial benefits to be paid by the Company and its subsidiaries	33 million yen

Note:

1. Under the audit contract between the Company and the independent auditors, remuneration is not clearly divided into remuneration for the audit under the Companies Act and for the audit under the Financial Instruments and Exchange Act, and it is impractical to allocate the remuneration between those two audits. Therefore, the aggregate amount of remuneration for those audits for the fiscal year ended March 31, 2017 is stated in the table above.
2. The audit and supervisory board gave the consent under Article 399, Paragraph 1 of the Companies Act regarding remuneration for the independent auditors after it (i) confirmed the records of the audit times by audit items and by auditor hierarchies and changes in remuneration in the audit plans for the previous fiscal years, as well as the status of the independent auditors' performance of their duties, and (ii) reviewed the appropriateness of the audit plan and remuneration for the fiscal year ended March 31, 2017

(3) Details of non-audit services

The Company has not assigned to the independent auditors duties other than the services under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Policy to determine dismissal or non-reelection of independent auditors

If the audit and supervisory board determines by taking into account various factors that it is necessary to dismiss or not to reelect the independent auditors (such as a case where the independent auditors have difficulty with the execution of their duties), the audit and supervisory board will resolve an agenda item concerning the dismissal or non-reelection of the independent auditors, and the board of directors will submit the agenda item to the general meeting of shareholders in accordance with the resolution made by the audit and supervisory board.

In addition, if the independent auditors are deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the audit and supervisory board will dismiss the independent auditors pursuant to the consents of all audit and supervisory board members. In that case, an audit and supervisory board member selected by the audit and supervisory board will report about the dismissal of the independent auditors and the reason therefor at the first general meeting of shareholders convened after the dismissal.

(5) Outline of the agreements for limitation of liability

Not applicable

6. Systems that ensure the properness of operations; the operational status of those systems

<u>Systems that ensure the properness of operations:</u>

An outline concerning the systems necessary to ensure that the execution of duties by the directors complies with laws and regulations and the articles of incorporation and other systems necessary to ensure the properness of operations of a corporation is set out below.

(1) Systems to ensure that the execution of duties by the directors and employees of the Company and its subsidiaries (the "**Company Group**") complies with laws and regulations and the articles of incorporation

(i) The Company Group shall endeavor to ensure that duties are properly executed by directors and employees by developing operation processes and internal rules as well as strengthening the assessment and supervision system of the internal audit office.

(ii) The Company Group shall establish a whistleblower system to curb illegal acts and seek to prevent misconduct, and shall develop a system for eliminating antisocial forces.

(iii) The Company Group shall accent the importance of compliance in the "Ethical Code" and thoroughly make the details of this code known to all officers and employees through an information system.

(2) Systems regarding preservation and management of information relating to the execution of duties by directors of the Company Group

The Company Group shall develop information-management rules and, by identifying important documents and clarifying a way to preserve those documents, the Company Group shall construct a system for proper preservation and management of information relating to the execution of a director's duties.

(3) Rules and other systems for managing risk of loss of the Company Group

The Company Group shall develop rules to ascertain and manage various risks surrounding the Company Group and develop and strengthen a system that is necessary for managing risks. The Company Group shall endeavor to ascertain, assess and minimize risks relevant to the business operations that the Company Group conducts by appointing the President and Representative Director as the chief executive of the system for promoting risk management as well as establishing the "Internal Control Committee," which shall support the system and have the executive general manager of the Administrative Headquarter as its person in charge.

(4) Systems to ensure efficient execution of duties by directors of the Company Group

(i) To clarify the details of the duties to be assigned and administrative authority, the Company Group shall develop rules regarding the division of duties and administrative authority and shall endeavor to ensure that directors of the Company Group efficiently execute business operations by, among other things, introducing a group-wide information sharing system.

(ii) The Company Group shall prepare budgets and set goals for the Company Group in each fiscal year after taking into account the current and future business environment. Each division of the Company and each group company in the Company Group shall implement various measures to achieve those goals. In addition, monthly actual results of the budget of the entire Company Group will be reported at the Company’s board of directors, and the board of directors of the Company shall verify the status of goal achievement for each division of the Company and each group company in the Company Group.

(5) System to ensure the properness of execution of operations in the Company Group

(i) The Company shall establish a division to administer the group companies and shall, pursuant to the rules for administrating group companies, monitor the progress of group companies’ operations and the status of duty execution by the directors, et al., of the group companies.

(ii) The directors of the Company, including the President and Representative Director, the Executive General Managers of the Company and the representative directors of the group companies, shall hold ordinary meetings, and each company shall report on important matters.

(iii) The internal audit office of the Company shall, pursuant to the internal audit rules, implement an internal audit of the group companies from perspectives such as the level of conformance with laws and regulations, the articles of incorporation, the internal rules and the like.

(6) Matters relating to employees assisting duties of audit and supervisory board members of the Company when appointment of those employees is requested by the audit and supervisory board members of the Company

In order to assist in the duties of audit and supervisory board members, the Company shall assign, at the request of audit and supervisory board members or the audit and supervisory board, employees to assist audit and supervisory board members. Audit and supervisory board members may instruct those employees on matters required to conduct audits.

(7) Matters relating to independence from the Company’s directors of employees assisting duties of the Company’s audit and supervisory board members and matters relating to ensuring the effectiveness of instructions given by the Company’s audit and supervisory board members to those employees.

(i) In providing assistance to audit and supervisory board members, employees assisting in the duties of audit and supervisory board members shall follow only the instructions of audit and supervisory board members and shall not receive instructions from directors or employees.

(ii) The appointment of, the appraisal of, and the transfer of an employee assisting in the duties of audit and supervisory board members shall be determined after hearing the opinions of the audit and supervisory board.

(8) System for reporting by the Company’s directors and employees to the Company’s audit and supervisory board members

(i) Audit and supervisory board members may attend board of directors meetings and other important meetings and hear explanations from directors and employees.

(ii) Audit and supervisory board members shall inspect important documents and other documents and, as necessary, may request directors and employees to explain those documents.

(iii) Directors and employees shall immediately report to audit and supervisory board members facts that might materially affect the management or business results of the Company.

(9) System for reporting to the Company's audit and supervisory board members by the Company Group's directors, audit and supervisory board members, other relevant persons or employees, or persons who received a report from one of those people

At the Company Group, a method by which officers and employees of each of the group companies report to the Company's audit and supervisory board members through a whistleblower system will be prepared. In addition, each person that has received an internal notification from a person other than an audit and supervisory board member shall report to the Company's audit and supervisory board members in a timely and proper manner.

(10) System to ensure that persons that reported under (8) or (9) above are not disadvantageously treated for the reason that they made that report

The confidentiality of the content of notifications from the Company Group's directors and employees to the Company's audit and supervisory board members must be ensured in accordance with laws and regulations, the whistleblower system, etc., and disadvantageously treating a whistleblower is prohibited.

(11) Matters relating to policies for processing expenses that arise when the Company's audit and supervisory board members execute duties

If an audit and supervisory board member of the Company makes a request to the Company for prepayment, etc., of expenses in accordance with Article 388 of the Companies Act in relation to the execution of the member's duties, then the Company shall promptly process the payment of those expenses or debts unless it is acknowledged that the expenses are not necessary to execute the duties. In addition, if an audit and supervisory board member judges it as necessary for the execution of its duties, then auditing expenses that are required to request the opinions and advice of lawyers, patent attorneys, certified public accountants, certified public tax accountants and other external specialists will be permitted.

(12) Other systems to ensure the Company's audit and supervisory board members effectively conduct audits

(i) Directors and employees shall deepen understanding of the audits conducted by audit and supervisory board members, and cooperate in those audits to ensure the efficiency of the auditing system.

(ii) Audit and supervisory board members shall conduct effective audits by regularly exchanging opinions with directors and the independent auditors as well as coordinating with the internal audit office.

<u>Operational status of the systems that ensure the properness of operations:</u>

An outline of the operational status of the systems that ensure the properness of operations in the relevant fiscal year is set out below.

(1) Execution of directors' duties

In accordance with the "Code of the Board of Directors", the Company held, as necessary, extraordinary board of directors meetings in addition to holding monthly regular board of directors meetings and made important business-related decisions and supervised the execution of operations. In addition, the Company elected outside directors to ensure the effectiveness of functions of the board of directors for managing and supervising the execution of duties of the Company's directors.

(2) Compliance initiatives

The Company implemented the "Ethical Code" and provided, as appropriate, legal education and other training tailored to duties. In addition, the Company operated a whistleblower system and, at an early stage, the Company identified acts that might violate a law or regulation, the articles of incorporation or an internal rule and responded to those acts in an appropriate and timely manner.

(3) Risk management initiatives

In accordance with the rules for risk management, the Company continued to manage risk, which involved, for example, ascertaining, evaluating, and devising countermeasures for risk. In addition, the Company is making efforts to strengthen the risk management for risks that are thought might greatly affect management by reporting at the board of directors meeting and at other important meetings and consulting about these risks, and by conducting other activities.

(4) Administering the Company Group

In accordance with the rules for administrating group companies, the Company monitors the progress of operations and the status of duty execution at each company of the Company Group. In addition, reports regarding the financial status and other circumstances of each company in the Company Group are, as appropriate, reported to the board of directors.

(5) Implementing internal audits

Based on the internal audit plan, the internal audit office inspects documents and implements an onsite inspection to check whether the Company and each company of the Company Group is executing its duties in accordance with laws and regulations, the articles of incorporation and internal rules. In addition, the internal audit office seeks to mutually coordinate with the audit and supervisory board, reports on the status of internal auditing to the audit and supervisory board, and holds meetings as necessary at which opinions and information were exchanged.

(6) Execution of audit and supervisory board members' duties

Based on the annual plan formulated by the audit and supervisory board, audit and supervisory board members attended board of directors meetings and other important meetings, stated opinions to directors as necessary, and audited the duties executed by the directors.

7. Policy for determining dividends from surplus

The Company recognizes that providing a return to shareholders is an important management issue, and the Company's basic policy is to aim for dividend payouts in a total amount of approximately 20% of the Company's consolidated net income while taking into account the balance with the need for maintaining internal reserves for future business development and strengthening of business operations.

Based on the above policy, the year-end dividend for the fiscal year ended March 31, 2017 is 91 yen per share. The Company has distributed an interim dividend of 56 yen per share in the interim period, so the annual dividends for the fiscal year ended March 31, 2017 are 147 yen per share.

Based on the above policy, the annual dividends for the following fiscal year (ending March 31, 2018) are expected to be 121 yen per share. At this point in time, the Company has not yet determined the allocation of such amount between the dividends that will be distributed at the end of the second quarter and at the end of the fiscal year ending March 31, 2018, and the Company will promptly disclose this information after considering the future trends of business results and other matters.

The Company resolved, at the board of directors meeting held on May 10, 2017, that it will acquire its own stock. The details are as stated on page 10 - "2. Matters concerning the Company's shares - (5) Other important matters related to shares."

While seeking to secure sufficient internal reserves and taking into consideration the business performance in each fiscal year, the Company will continue to consider providing returns to shareholders.

Consolidated Balance Sheets

(As of March 31, 2017)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		**Liabilities**	
Current assets	**154,130**	**Current liabilities**	**26,300**
Cash and deposits	134,278	Accounts payable - other	5,713
Accounts receivable – trade	16,214	Income taxes payable	11,347
Merchandise	291	Accrued consumption taxes	865
Deferred tax assets	864	Provision for bonuses	1,560
Other	2,487	Other	6,814
Allowance for doubtful accounts	(6)	**Non-current liabilities**	**143**
Non-current assets	**22,844**	Deferred tax liabilities	50
Property, plant and equipment	**1,286**	Other	93
Buildings	489	**Total liabilities**	**26,444**
Tools, furniture and fixtures	763	**Net assets**	
Construction in progress	33	**Shareholders' equity**	**150,029**
Intangible assets	**8,954**	**Capital stock**	**9,698**
Goodwill	8,683	**Capital surplus**	**10,941**
Other	271	**Retained earnings**	**139,914**
Investments and other assets	**12,603**	**Treasury shares**	**(10,525)**
Investment securities	2,559	**Accumulated other comprehensive income**	**242**
Deferred tax assets	8,994	Foreign currency translation adjustment	242
Other	1,051	**Subscription rights to shares**	**253**
Allowance for doubtful accounts	(1)	**Non-controlling interests**	**4**
		Total net assets	**150,529**
Total assets	**176,974**	**Total liabilities and net assets**	**176,974**

Note: Figures have been rounded down to the nearest million yen.

Consolidated Statements of Income

(April 1, 2016 to March 31, 2017)

(Unit: ¥ million)

Description	Amount	
Net sales		**207,161**
Cost of sales		**24,147**
Gross profit		**183,013**
Selling, general and administrative expenses		**94,004**
Operating income		**89,008**
Non-operating income		
Interest income	2	
Refunded consumption taxes	15	
Other	19	**37**
Non-operating expenses		
Interest expenses	0	
Loss on investments in partnership	235	
Foreign exchange losses	3	
Commission fee	332	
Other	1	**573**
Ordinary income		**88,472**
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	20	
Gain on reversal of subscription rights to shares	0	**21**
Extraordinary losses		
Loss on sales and retirement of non-current assets	8	
Impairment loss	3	
Loss on valuation of investment securities	861	
Loss on sales of shares of subsidiaries and associates	192	**1,065**
Income before income taxes		**87,428**
Income taxes – current	28,674	
Income taxes – deferred	(1,112)	**27,562**
Profit		**59,866**
Loss attributable to non-controlling interests		**(0)**
Profit attributable to owners of parent		**59,867**

Note: Figures have been rounded down to the nearest million yen.

Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2016 to March 31, 2017)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2016	9,698	20,427	91,112	(17)	121,221
Changes of items during period					
Dividends of surplus			(11,066)		(11,066)
Profit attributable to owners of parent			59,867		59,867
Purchase of treasury shares				(20,000)	(20,000)
Disposal of treasury shares		2		4	6
Retirement of treasury shares		(9,488)		9,488	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(9,486)	48,801	(10,507)	28,807
Balance on March 31, 2017	9,698	10,941	139,914	(10,525)	150,029

	Accumulated other comprehensive income		Subscription rights to shares	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance on April 1, 2016	260	260	2	5	121,490
Changes of items during period					
Dividends of surplus					(11,066)
Profit attributable to owners of parent					59,867
Purchase of treasury shares					(20,000)
Disposal of treasury shares					6
Retirement of treasury shares					-
Net changes of items other than shareholders' equity	(18)	(18)	250	(0)	231
Total changes of items during period	(18)	(18)	250	(0)	29,039
Balance on March 31, 2017	242	242	253	4	150,529

Note: Figures have been rounded down to the nearest million yen.

1. Notes on Important Matters that Form the Basis of Preparing Consolidated Financial Statements

(1) Matters Related to the Scope of Consolidation

1) Number and names of consolidated subsidiaries

- Number of consolidated subsidiaries: 12
- Names of the major consolidated subsidiaries: mixi recruitment, Inc.
  Diverse, Inc.
  Hunza, Inc.

Compath Me Inc. has been included in the scope of consolidation from the consolidated fiscal year ended March 31, 2017 due to acquisition of its shares.

mixi research, Inc. and MUSE & Co., Ltd., which were consolidated subsidiaries until the previous consolidated fiscal year, have been excluded from the scope of consolidation due to the sales of shares owned. mixi marketing, Inc. has been excluded from the scope of consolidation due to its liquidation in the consolidated fiscal year ended March 31, 2017.

2) Name of non-consolidated subsidiaries and others

E Mercury, Inc.

(Reason for exclusion from the scope of consolidation)

E Mercury, Inc. has been excluded from the scope of consolidation as it is a small-scale company and its total assets, net sales, profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) and others have no significant impact on the consolidated financial statements.

(2) Matters Related to the Application of Equity Method

1) Number and names of entities accounted for using the equity method

Not applicable.

2) Names of non-consolidated subsidiaries not accounted for using the equity method

E Mercury, Inc.

(Reason for not applying the equity method)

Non-consolidated subsidiaries that are not accounted for using the equity method are excluded from the scope of application of the equity method since their exclusion has an insignificant impact on the consolidated financial statements in terms of profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) and others.

(3) Matters Related to the Fiscal Year of Consolidated Subsidiaries

Among consolidated subsidiaries, the balance sheet date of Scrum Ventures Fund I, L.P. and Compath Me Inc. is December 31, and the balance sheet date of Hunza, Inc. is the end of February, and their financial statements as at their respective balance sheet dates are used. However, necessary adjustments are made to reflect important transactions that occurred between their balance sheet dates and the consolidated balance sheet date.

(4) Matters Related to Accounting Policies

1) Valuation standards and valuation methods of significant assets

Valuation standards and valuation methods of securities

Available-for-sale securities without market value:

Stated at cost using the moving-average method. Investments in investment partnerships and others are based on the financial statements for the most recent balance sheet date using the net amount proportionate to mixi’s ownership interests.

Valuation standards and valuation methods of inventories

Merchandise:

Stated at cost determined by the first-in, first-out (FIFO) method (the book value in the balance sheet is written down based on the decline in profitability).

2) Depreciation and amortization methods of significant depreciation assets

a. Property, plant and equipment (excluding leased assets):
The declining balance method is primarily applied.
However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings acquired on or after April 1, 2016.
The principle useful lives are as follows:

Buildings: 8 to 27 years
Tools, furniture and fixtures: 2 to 20 years

b. Intangible assets (excluding leased assets):
The straight line method is applied.
The principle useful lives are as follows:

Software for internal use: 5 years
Goodwill: Amortized over 3 to 8 years using the straight line method. However, it is all amortized at the time of incurrence when the monetary amount is insignificant.

c. Leased assets:
Leased assets pertaining to finance leases not involving the transfer of ownership
The straight line method, substituting the lease term for the useful life, assuming no residual value.

3) Accounting standards for significant allowances and provisions

a. Allowance for doubtful accounts:

In order to provide for losses due to bad debt, including on notes and accounts receivable – trade, for general receivables, an estimated uncollectible amount is recorded according to the historical bad debt ratio. For specific receivables at risk of becoming bad debt, an estimated uncollectible amount is recorded by assessing the collectability of each receivable individually.

b. Provision for bonuses:

In order to provide for payment of bonuses to employees, the amount of bonuses estimated to be incurred in the consolidated fiscal year under review is recorded.

4) Other important matters that form the basis of preparing consolidated financial statements

Accounting method for consumption taxes: Accounted for by the tax-exclusion method.

2. Changes in Accounting Policies

In accordance with the amendment of the Corporation Tax Act, mixi applied "Practical Solution on a Change in Depreciation Method due to Tax Reform 2016" (Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the fiscal year under review and has changed the method of depreciation for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight line method.

The effect of this change on consolidated financial statements for the fiscal year under review was immaterial.

3. Additional Information

mixi applied "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the fiscal year under review.

4. Notes on Consolidated Balance Sheets

Accumulated depreciation of property, plant and equipment: ¥1,754 million

5. Notes on Consolidated Statements of Income

Loss on sales of shares of subsidiaries and associates

mixi recorded a loss on sale of shares of MUSE & Co., Ltd.

6. Notes on Consolidated Statements of Changes in Shareholders' Equity

(1) Matters related to the total number of issued shares

Class of shares	As of April 1, 2016	Increase	Decrease	As of March 31, 2017
Common shares	84,295,500 shares	- shares	2,416,050 shares	81,879,450 shares

(Summary of causes of changes)
Decrease due to retirement of treasury shares: 2,416,050 shares

(2) Matters related to dividends of surplus

1) Dividends paid

Resolution	Class of shares	Total amount of dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Board of Directors Meeting on May 10, 2016	Common shares	6,488	77	March 31, 2016	June 8, 2016
Board of Directors Meeting on November 9, 2016	Common shares	4,577	56	September 30, 2016	December 12, 2016

2) Dividends with record dates within the year ended March 31, 2017, but with effective dates in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Board of Directors Meeting on May 10, 2017	Common shares	Retained earnings	7,238	91	March 31, 2017	June 7, 2017

(3) Matters related to the subscription rights to shares as of march 31, 2017

	Class of shares to be issued	Number of shares to be issued
13th issuance of subscription rights to shares (resolved at the Board of Directors Meeting on August 5, 2016)	Common shares	133,800 shares

7. Notes on Financial Instruments

(1) Matters Related to Status of Financial Instruments

1) Policy on Financial Instruments

In regard to fund management, the Company's group only invests its funds in highly safe short-term financial assets. The policy on financing for consolidated subsidiaries is to use internal funds and loans from banks and other financial institutions.

2) Details of financial instruments, related risks, and risk management system

The main financial assets are cash and deposits, accounts receivable – trade, and investment securities. Deposits are mainly composed of ordinary deposits and short-term time deposits, and are exposed to the credit risk of parties holding the deposits but these parties are banks with high creditworthiness. Accounts receivable – trade are exposed to the credit risk of customers but in addition to regular management of the due dates and balance of each client by credit management personnel in accordance with credit management policies, the Company's group also strives for the early detection and mitigation of concerns for recovery due to reasons such as the deterioration of a client's financial situation. Investment securities are composed mainly of shares in companies with which the Company's group has business relationships and investments in investment partnerships and are exposed to credit risk but the Group monitors the financial situation of issuers and investment partnerships on a regular basis.

Financial liabilities consist mainly of, accounts payable – other, income taxes payable, and accrued consumption taxes. Accounts payable – other are mainly due within one month. In regard to liquidity risk whereby financing is no longer possible, the Company has abundant cash reserves and has secured liquidity. For consolidated subsidiaries, the department responsible manages the liquidity risk by preparing and updating the cash management plan in a timely manner.

(2) Matters Related to Fair Value, etc. of Financial Instruments

The amounts recorded in the consolidated balance sheets, fair value and the difference between the two as of March 31, 2017 are as follows. Items for which it is extremely difficult to determine the fair value are not included in the following table. (See (Note 2)).

(Unit: ¥ million)

	Amount recorded on consolidated balance sheet*	Fair value*	Difference
(1) Cash and deposits	134,278	134,278	-
(2) Accounts receivable – trade	16,214		
Allowance for doubtful accounts	(6)		
	16,208	16,208	-
(3) Accounts payable – other	(5,713)	(5,713)	-
(4) Income taxes payable	(11,347)	(11,347)	-
(5) Accrued consumption taxes	(865)	(865)	-

(*) Items recorded as liabilities are denoted by ( ).

(Notes) 1. Matters related to the calculation method of fair value of financial instruments

(1) Cash and deposits (2) Accounts receivable – trade

As these are based on short-term settlements, their fair values are almost equivalent to their book values, and therefore their book values are used.

(3) Accounts payable – other (4) Income taxes payable (5) Accrued consumption taxes

As these are based on short-term settlements, their fair values are almost equivalent to their book values, and therefore their book values are used.

2. Notes for unlisted shares (amount recorded on consolidated balance sheet is ¥865 million) and investments in investment partnerships (amount recorded on consolidated balance sheet is ¥1,694 million) are not included in the above table as the market price for those is not available, future cash flows cannot be estimated, and the fair value is deemed extremely difficult to determine.

8. Notes on Per Share Information

(1) Net assets per share: ¥1,889.16
(2) Basic earnings per share: ¥730.85

9. Notes on Significant Subsequent Events

(Retirement of treasury shares)
mixi, at its Board of Directors meeting held on April 21, 2017, resolved matters related to the retirement of its treasury shares pursuant to Article 178 of the Companies Act and retired its treasury shares as follows.

(1) Reason for retirement of treasury shares
Aimed at improving capital efficiency and clarifying our return to shareholders.

(2) Details of retirement of treasury shares

1) Class of shares to be retired	Common shares
2) Number of treasury shares to be retired	2,201,400 shares (ratio to the total number of issued shares before retirement: 2.69%)
3) Date for retirement	April 28, 2017

(Purchase of treasury shares)
mixi, at its Board of Directors meeting held on May 10, 2017, resolved matters related to the purchase of its treasury shares pursuant to the Articles of Incorporation in accordance with Article 459, Paragraph 1, Item 1 of the Companies Act.

(1) Reason for purchase of treasury shares
Aimed at improving capital efficiency and maximization of shareholder value.

(2) Details of purchase of treasury shares

(1) Class of shares to be purchased	Common shares
(2) Total number of treasury shares to be purchased	Up to 2,000,000 shares (2.51% to the total number of issued shares, excluding treasury shares)
(3) Consideration for purchase	Cash
(4) Total purchase price of shares	Up to 10,000,000,000 yen
(5) Purchase period	From May 11, 2017 to September 30, 2017
(6) Purchase method	Market purchases on the Tokyo Stock Exchange (Market purchases under contract entrusting whole process of security management)

Balance Sheets

(As of March 31, 2017)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		**Liabilities**	
Current assets	**144,360**	**Current liabilities**	**20,479**
Cash and deposits	124,895	Accounts payable – other	5,379
Accounts receivable – trade	15,868	Accrued expenses	17
Merchandise	291	Income taxes payable	10,431
Advance payments – trade	192	Accrued consumption taxes	664
Prepaid expenses	708	Advances received	1,726
Deferred tax assets	759	Deposits received	746
Other	1,649	Provision for bonuses	1,511
Allowance for doubtful accounts	(5)	Lease obligations	1
Non-current assets	**27,146**	**Non-current liabilities**	**83**
Property, plant and equipment	**1,286**	Lease obligations	4
Buildings	489	Other	79
Tools, furniture & fixtures	763	**Total liabilities**	**20,562**
Construction in progress	33	**Net assets**	
Intangible assets	**97**	**Shareholders' equity**	**150,690**
Software	61	**Capital stock**	**9,698**
Other	36	**Capital surplus**	**10,941**
Investments and other assets	**25,763**	Legal capital surplus	9,668
Investment securities	1,472	Other capital surplus	1,272
Shares of subsidiaries and associates	13,814	**Retained earnings**	**140,575**
Investments in capital of subsidiaries and associates	18	Other retained earnings	140,575
Long-term loans receivable	879	Retained earnings brought forward	140,575
Deferred tax assets	8,965	**Treasury shares**	**(10,525)**
Other	1,056	**Subscription rights to shares**	**253**
Allowance for doubtful accounts	(444)	**Total net assets**	**150,944**
Total assets	**171,507**	**Total liabilities and net assets**	**171,507**

Note: Figures have been rounded down to the nearest million yen.

Statements of Income

(April 1, 2016 to March 31, 2017)

(Unit: ¥ million)

Description	Amount	
Net sales		**195,756**
Cost of sales		**21,876**
Gross profit		**173,879**
Selling, general and administrative expenses		**85,516**
Operating income		**88,363**
Non-operating income		
Interest income	23	
Dividend income	409	
Other	34	**467**
Non-operating expenses		
Loss on investments in partnership	121	
Commission fee	332	
Other	3	**457**
Ordinary income		**88,373**
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	3	
Gain on reversal of subscription rights to shares	0	**4**
Extraordinary losses		
Loss on sales and retirement of non-current assets	8	
Impairment loss	3	
Loss on valuation of investment securities	711	
Loss on valuation of shares of subsidiaries and associates	100	
Provision of allowance for doubtful accounts	361	
Loss on liquidation of businesses of subsidiaries and associates	684	**1,868**
Income before income taxes		**86,510**
Income taxes - current	27,672	
Income taxes – deferred	(1,259)	**26,412**
Profit		**60,097**

Note: Figures have been rounded down to the nearest million yen.

Statements of Changes in Shareholders' Equity

(April 1, 2016 to March 31, 2017)

(Unit: ¥ million)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance on April 1, 2016	9,698	9,668	10,759	20,427	91,544	91,544
Changes of items during period						
Dividends of surplus					(11,066)	(11,066)
Profit					60,097	60,097
Purchase of treasury shares						
Disposal of treasury shares			2	2		
Retirement of treasury shares			(9,488)	(9,488)		
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	(9,486)	(9,486)	49,031	49,031
Balance on March 31, 2017	9,698	9,668	1,272	10,941	140,575	140,575

	Treasury shares	Total shareholders' equity	Subscription rights to shares	Total net assets
Balance on April 1, 2016	(17)	121,653	2	121,656
Changes of items during period				
Dividends of surplus		(11,066)		(11,066)
Profit		60,097		60,097
Purchase of treasury shares	(20,000)	(20,000)		(20,000)
Disposal of treasury shares	4	6		6
Retirement of treasury shares	9,488	-		-
Net changes of items other than shareholders' equity			250	250
Total changes of items during period	(10,507)	29,037	250	29,288
Balance on March 31, 2017	(10,525)	150,690	253	150,944

Note: Figures have been rounded down to the nearest million yen.

1. Notes on Matters Related to Significant Accounting Policies

(1) Valuation Standards and Valuation Methods of Securities

1) Shares of subsidiaries and associates and investments in capital of subsidiaries and associates:

Stated at cost using the moving-average method.

2) Available-for-sale securities without market value:

Stated at cost using the moving-average method. Investments in investment partnerships, etc. are based on the financial statements for the most recent balance sheet date using the net amount proportionate to the Company's ownership interests.

(2) Valuation standards and valuation methods of inventories

Merchandise:

Stated at cost determined by the first-in, first-out (FIFO) method (the book value in the balance sheet is written down based on the decline in profitability).

(3) Depreciation and amortization methods of non-current assets

1) Property, plant and equipment (excluding leased assets):

The declining balance method is primarily applied.
However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings acquired on or after April 1, 2016.
The principle useful lives are as follows:

Buildings: 8 to 27 years
Tools, furniture and fixtures: 2 to 20 years

2) Intangible assets (excluding leased assets):

The straight line method is applied. However, the amortization period for software for internal use is based on the period available for internal use (5 years).

3) Leased assets:

Leased assets pertaining to finance leases not involving the transfer of ownership
The straight line method, substituting the lease term for the useful life, assuming no residual value.

(4) Accounting standards for allowances and provisions

1) Allowance for doubtful accounts:

In order to provide for losses due to bad debt, including on notes and accounts receivable – trade, for general receivables, an estimated uncollectible amount is recorded according to the historical bad debt ratio. For specific receivables at risk of becoming bad debt, an estimated uncollectible amount is recorded by assessing the collectability of each receivable individually.

2) Provision for bonuses:

In order to provide for payment of bonuses to employees, the amount of bonuses estimated to be incurred in the fiscal year under review is recorded.

(5) Other important matters that form the basis of preparing consolidated financial statements

Accounting method for consumption taxes: Accounted for by the tax exclusion method.

2. Changes in Accounting Policies

In accordance with the amendment of the Corporation Tax Act, mixi applied “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the fiscal year under review and has changed the method of depreciation for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight line method.

The effect of this change on financial statements for the fiscal year under review was immaterial.

3. Additional Information

mixi applied “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the fiscal year under review.

4. Notes on Balance Sheets

(1) Accumulated depreciation of property, plant and equipment: ¥1,753 million

(2) Monetary receivables and payables in relation to subsidiaries and associates

Short-term monetary receivables: ¥237 million
Long-term monetary receivables: ¥887 million
Short-term monetary payables: ¥8 million

5. Notes on Statements of Income

(1) Transaction volume with subsidiaries and associates

Transaction volume of operating transactions
Operating revenue: ¥11 million
Operating expenses: ¥61 million
Transaction volume of non-operating transactions: ¥433 million

(2) Loss on valuation of shares of subsidiaries and associates and provision of allowance for doubtful accounts

Related to investments and loans to i-mercury Capital, Inc. and nohana, Inc. whose financial condition deteriorated.

(3) Loss on liquidation of businesses of subsidiaries and associates

Losses on write-off of receivables in MUSE & Co., Ltd. and liquidation of mixi marketing, Inc.

6. Notes on Statements of Changes in Shareholders’ Equity

Class and number of treasury shares at the end of the year ended March 31, 2017
Common shares: 2,335,200 shares

7. Notes on Tax Effect Accounting

Breakdown by main causes of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Software	¥8,903 million
Lump sum depreciable assets	45 million
Investment securities	265 million
Shares of subsidiaries and associates	102 million
Allowance for doubtful accounts	138 million
Enterprise tax payable	256 million
Provision for bonuses	466 million
Asset retirement obligations	26 million
Subscription rights to shares	77 million
Advances received	54 million
Other	67 million
Subtotal of deferred tax assets	10,404 million
Valuation allowance	(679 million)
Total deferred tax assets	9,725 million
Deferred tax liabilities	
Total deferred tax liabilities	- million
Net deferred tax assets	9,725 million

8. Notes on Per Share Information

(1) Net assets per share: ¥1,894.43
(2) Basic earnings per share: ¥733.66

9. Notes on Significant Subsequent Events

(Retirement of treasury shares)
mixi, at its Board of Directors meeting held on April 21, 2017, resolved matters related to the retirement of its treasury shares pursuant to Article 178 of the Companies Act and retired its treasury shares as follows.

(1) Reason for retirement of treasury shares
Aimed at improving capital efficiency and clarifying our return to shareholders.

(2) Details of retirement of treasury shares

1) Class of shares to be retired	Common shares
2) Number of treasury shares to be retired	2,201,400 shares (ratio to the total number of issued shares before retirement: 2.69%)
3) Date for retirement	April 28, 2017

(Purchase of treasury shares)
mixi, at its Board of Directors meeting held on May 10, 2017, resolved matters related to the purchase of its treasury shares pursuant to the Articles of Incorporation in accordance with Article 459, Paragraph 1, Item 1 of the Companies Act.

(1) Reason for purchase of treasury shares
Aimed at improving capital efficiency and maximization of shareholder value.

(2) Details of purchase of treasury shares

1) Class of shares to be purchased	Common shares
2) Total number of treasury shares to be purchased	Up to 2,000,000 shares (2.51% to the total number of issued shares, other than treasury shares)
3) Consideration for purchase	Cash
4) Total purchase price of shares	Up to 10,000,000,000 yen
5) Purchase period	From May 11, 2017 to September 30, 2017
6) Purchase method	Market purchases on the Tokyo Stock Exchange (Market purchases under contract entrusting whole process of security management)

Reference Material for the Meeting of Shareholders

Agenda Item 1: Election of seven directors

Of the six directors elected at the Company's ordinary general meeting of shareholders held on June 28, 2016, Mr. Ichiya Nakamura resigned on October 20, 2016, and when this general meeting of shareholders ends, the term of office of all the other five directors will expire. Therefore the Company proposes, in order to further strengthen the management structure, the election of seven directors, as we would like to increase the number of directors by two.

The candidates for director are as follows:

Candidate number	Name (Date of birth stated in parentheses)	Brief career history; positions and responsibilities in the Company; and significant concurrent posts		Number of Company shares owned
1	Hiroki Morita (April 2, 1976)	December 2000	Joined Net Village Co., Ltd. (currently fonfun corporation)	370,000
		April 2007	Manager of content business at Net Village	
		November 2008	Joined the Company	
		February 2011	Director and vice president of Grenge, Inc.	
		January 2013	Executive officer of the Company	
		May 2013	Executive General Manager of game business at the Company	
		November 2013	Executive General Manager of mixi Head Office at the Company	
		February 2014	Executive Producer of Monster Strike Studio at the Company	
		June 2014	President and Representative Director of the Company (current)	
2	Yasuhiro Ogino (September 29, 1973)	August 2005	Joined MACROMILL, INC.	100,000
		January 2008	Executive officer of MACROMILL (in charge of finance and accounting headquarters)	
		June 2008	Joined J-Magic K.K.	
		December 2008	Director, CFO, and general manager of administration management at J Magic K.K.	
		December 2009	Joined the Company	
		November 2011	Executive General Manager of the Administrative Headquarter at the Company	
		February 2012	Executive officer of the Company	
		June 2012	Director of the Company (current)	

3	Kouki Kimura (December 9, 1975)	February 2003 Joined Mobileproduction Co., Ltd. March 2005 Joined Index Corporation June 2008 Joined the Company August 2012 Product owner of the Product Development Department of the Company November 2013 Producer of Monster Strike Studio at the Company April 2014 General Manager of Monster Strike Studio at the Company November 2014 Executive officer of the Company January 2015 Executive General Manager of Monster Strike Studio at the Company June 2015 Director of the Company (current) August 2015 Executive General Manager of XFLAG Studio at the Company April 2017 Executive General Manager of XFLAG Business Division of the Company (current)	100,000
4	Kenji Kasahara (December 6, 1975)	June 1999 Established eMercury, Inc. (currently the Company) Director of eMercury, Inc. October 2000 Reorganization (change from *yugen kaisha* to *kabushiki kaisha*) of eMercury, Inc. (currently the Company) President and representative director of eMercury, Inc. February 2006 Company name changed to mixi, Inc. President and representative director of the Company May 2008 Chairperson at mixi Shanghai, Inc. October 2008 Representative director of NexPas, Inc. (currently Torchlight, Inc.) April 2011 Representative director of mixi recruitment, Inc. July 2011 Executive officer of the Company June 2013 Director and Chairperson of the Company (current) April 2016 Executive General Manager of Vantage Studio at the Company (current)	36,358,000

5	Tatsuya Aoyagi (August 8, 1971)	October 1993 Joined Tohmatsu & Co (currently Deloitte Touche Tohmatsu LLC) April 1997 Registered as a certified public accountant February 2007 Joined Masters Trust Accounting Firm (currently Masters Trust Inc.) July 2007 Representative director of Heartworth Partners, Inc. (current) August 2007 Director of Share Generate Inc. August 2008 Registered as a certified public tax accountant February 2010 Outside audit and supervisory board member of AmLead Co., Ltd. May 2010 Outside audit and supervisory board member of BT Holdings, Inc. (currently Primagest, Inc.) June 2010 Audit and supervisory board member of the Company June 2012 Director of the Company (current) March 2017 Outside audit and supervisory board member of Skylark Co., Ltd. (current) Significant concurrent post: Representative director of Heartworth Partners, Inc.	-
6	*Kosuke Taru (November 22, 1978)	August 2008 Joined livedoor Co., Ltd. January 2012 Joined NHN Japan Co., Ltd (currently LINE Corporation) February 2014 Joined the Company February 2014 Manager of planning group of Monster Strike Studio at the Company January 2015 General Manager, Planning and Operation Department, Monster Strike Studio of the Company August 2015 General Manager, Planning and Operation Department, XFLAG Studio Division of the Company July 2016 General Manager, XFLAG GAMES, XFLAG Studio Division of the Company April 2017 Executive General Manager, Monster Strike Business Division of the Company (current)	-

7	*Satoshi Shima (April 25, 1958)	April 1986	Graduated from The Matsushita Institute of Government and Management (MIGM)	-
		April 1988	Lead Associate, MIGM	
		April 1990	Lead Associate, MIGM; Director-General, Regional Comprehensive System Center	
		April 1992	Director, CHINIKA (“Change Japan by Changing Regions) Research Institute, MIGM	
		April 1994	Representative, Tokyo Institute of Government and Management, MIGM	
		October 1996	Elected as a member of the House of Representatives, Japan; elected as such for the following three consecutive terms	
		September 2001	“Minister for Internal Affairs and Communications,” the Democratic Party of Japan (DPJ) “Next Cabinet”	
		December 2002	Director-General, Administration Department, DPJ	
		November 2003	Managing Director, Committee on Financial Affairs, the House of Representatives, Japan	
		December 2004	Managing Director, Committee on Budget, the House of Representatives, Japan	
		November 2005	General Manager, CEO Office, SoftBank Corp. (currently SoftBank Group Corp.)	
		April 2007	Visiting Professor, Cyber University	
		April 2007	Part-time Lecturer, Faculty of Economics, Toyo University	
		July 2011	Acting Director-General, Renewable Energy Council	
		July 2011	Acting Director-General, Renewable Energy Council of Designated Cities	
		July 2011	Councilor, Great East Japan Earthquake Recovery Initiatives Foundation	
		July 2011	Director, Renewable Energy Institute	
		September 2012	Member of the board of directors of Clean Energy Asia LLC	
		July 2014	Advisor, SoftBank Corp. (currently SoftBank Group Corp.)	
		July 2014	Special Advisor, SoftBank Mobile Corp. (currently SoftBank Corp.)	
		September 2014	Part-time Lecturer, Tama University	
		April 2015	Visiting Professor, Tama University (current)	
		April 2017	Outside Director, Minrevi Co., Ltd. (current)	

Notes:

1. A name with an * means the person is a candidate to be a newly elected director.
2. There is no special interest between any candidate and the Company.
3. Each candidate’s number of shares stated in the column titled “Number of Company shares owned” is the number of shares as of March 31, 2017.
4. Mr. Tatsuya Aoyagi and Mr. Satoshi Shima are candidates for outside director, and the Company has notified the Tokyo Stock Exchange that Mr. Tatsuya Aoyagi is an independent officer.

5. Mr. Tatsuya Aoyagi has an abundance of insights and experience as a certified public accountant, and he has the competence to monitor management with independence and with an objective viewpoint that is not bound by the Company's logic. The Company has selected him as a candidate for outside director based on the judgment that those qualities would continue to serve a sufficient role with respect to improving the transparency and strengthening the function of supervision of the board of directors.

   Mr. Satoshi Shima, in addition to experience as a member of the House of Representatives, possesses from his past career an abundance of insights and achievements related to corporate activities. The Company has selected Mr. Satoshi Shima as a candidate for outside director based on the decision that those qualities would serve a sufficient role with respect to matters including determination of the Company's management-related matters and supervision of the execution of operations.

6. At the closing of this general meeting of shareholders, Mr. Tatsuya Aoyagi will have served as an outside director for a period of five years.

7. With respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement for limitation of liability with Mr. Tatsuya Aoyagi that limits the liability for damages (the maximum amount of damages is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations) if the requirements stipulated under law and regulations are fulfilled. If, at this general meeting of shareholders, Mr. Tatsuya Aoyagi is reelected, then the agreement will continue. If Mr. Satoshi Shima is elected at this general meeting of shareholders, the Company will enter into a liability limitation agreement with him having the same terms and conditions as the agreement above.

Agenda Item 2: Election of one substitute audit and supervisory board member

In preparation for a shortage in the number of audit and supervisory board members stipulated under laws and regulations, the Company would like to, in advance, elect one substitute audit and supervisory board member. Incidentally, only before assumption of office can the validity of the election be revoked by a resolution of the board of directors with the consent of the audit and supervisory board.

Further, the consent of the audit and supervisory board has been obtained with respect to submitting this agenda item.

The candidate for substitute audit and supervisory board member is as follows:

Name (Date of birth in parentheses)	Brief career history; positions in the Company; and significant concurrent posts		Number of Company shares owned
Hideo Tsukamoto (July 25, 1980)	April 2003	Joined the Legal Training and Research Institute of the Supreme Court of Japan	-
	October 2004	Registered as a lawyer (Daini Tokyo Bar Association)	
		Joined Anderson & Mōri (currently Anderson Mōri & Tomotsune)	
	November 2010	Seconded to the Civil Affairs Bureau, Ministry of Justice	
	January 2013	Partner at Anderson Mōri & Tomotsune (current)	
	April 2014	Part-time lecturer in the Faculty of Law, The University of Tokyo	
	January 2016	Advisory member of the Case Studies Committee, Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association (current)	

Notes:

1. There is no special interest between the candidate and the Company.
2. Mr. Hideo Tsukamoto is the candidate for substitute outside audit and supervisory board member.

3. Mr. Hideo Tsukamoto possesses, among other qualities, specialist knowledge and experience that he cultivated as a lawyer and, therefore, the Company selected him as a candidate for substitute outside audit and supervisory board member in order to have him reflect that specialist knowledge, experience and the like into the auditing system. Mr. Hideo Tsukamoto does not have experience of participating in the management of a company, but, due to the above reason, the Company judged that he can suitably perform the duties of an outside audit and supervisory board member.

4. If Mr. Hideo Tsukamoto assumes the office of audit and supervisory board member, the Company is planning to, under the provisions of the Company's articles of incorporation, enter into an agreement for limitation of liability with respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act with Mr. Hideo Tsukamoto that limits the liability for damages (the maximum amount of damages is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations) if the requirements stipulated under law and regulations are fulfilled.

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