Securities Code: 2121
June 5, 2018

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 19TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 19th 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 25, 2018 (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 (https://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 26, 2018, at 11:00 a.m.

2. Place: The basement 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 19th fiscal year (from April 1, 2017 to March 31, 2018)
2. The non-consolidated financial statements for the 19th fiscal year (from April 1, 2017 to March 31, 2018)

Items to be resolved:

Agenda Item No. 1: Election of eight directors

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

Agenda Item No. 3: 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.

* This convocation notice does not include, as provided documents, the following documents, because they are posted on the Company's website (https://mixi.co.jp/) in accordance with laws and regulations, and Article 14 of the Company's articl es of incorporation: "Matters concerning the Company's subscription rights to s hares, etc.," "Matters concerning independent auditors," and "Systems that ensure the properness of operations; the operational status of those systems", which are in the business report; "Consolidated Statements of Changes in Shareholders' Eq uity" and "Notes to the Consolidated Financial Statements," which are in the con solidated financial statements; and "Statements of Changes in Shareholders' Equit y" and "Notes to the Non-Consolidated Financial Statements," which are in the non-consolidated financial statements. The business report, and the consolidated and non-consolidated financial statements, audited by audit and supervisory board members and by the independent auditors are the matters posted on the Compa ny's website above in addition to each document described in the provided docu ment of this convocation notice.

* 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 (https://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 25, 2018.
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, 2017 to March 31, 2018)

1. Matters concerning corporate group's current status

(1) Course and results of the business

In internet-related industries in the consolidated fiscal year ended March 31, 2018, according to a survey by MM Research Institute, Ltd., the number of smartphones shipped in the year of 2017 was 31.994 million (an increase of 8.7% compared to the previous year), which constituted 85.7% of all mobile phones shipped in Japan.

In the midst of such an economic environment, the Company's net sales for the consolidated fiscal year ended March 31, 2018 were 189,094 million yen (a decrease of 8.7% compared to the previous consolidated fiscal year). In addition, the Company's operating income was 72,359 million yen (a decrease of 18.7% compared to the previous consolidated fiscal year), the ordinary income was 72,717 million yen (a decrease of 17.8% compared to the previous consolidated fiscal year), and the profit attributable to the owners of the parent for the consolidated fiscal year ended March 31, 2018 was 41,788 million yen (a decrease of 30.2% compared to the previous consolidated fiscal year).

The status of each segment is as follows:

Net Sales by Business Segment

Business Segment	18th Fiscal Year		19th Fiscal Year		YoY Comparison (%)
	Net Sales (millions of yen)	Composition Ratio (%)	Net Sales (millions of yen)	Composition Ratio (%)	
Entertainment Business	192,703	93.0	175,948	93.0	(8.7)
Media Platform Business	14,457	7.0	13,146	7.0	(9.1)
Total	207,161	100.0	189,094	100.0	(8.7)

(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

In the entertainment business, the main component of which is the smartphone native game "Monster Strike," the Company has, in Japan and foreign countries, conducted promotions using television commercials, billboards and the like, held real-life events (including promotions for e-sports), produced merchandise, arranged tie-ups with movies and popular cartoons and distributed original cartoons, released a movie in theaters, and has also opened a permanent store in Shibuya, Tokyo, for the sale of merchandise and other activities in May 2017. In addition, the number of players exceeded 45 million worldwide in March 2018. 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 175,948 million yen (a decrease of 8.7% compared to the previous consolidated fiscal year) and the segment profit was 78,438 million yen (a decrease of 16.8% 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 consumer-to-consumer services. The number of users of "Family Album Mitene," an app for sharing children's photos and videos for families, exceeded two million in October 2017, and the Company introduced an English version of the app in July 2017. The Company has implemented prior investments in order to accelerate the launching of new business. As announced in "Receipt of Independent Investigation Committee Report and Response Moving Forward" dated December 27, 2017, the Company has decided to completely suspend operations and discontinue provision of services for "TicketCamp," the online ticket marketplace service.

As a result, the media platform business's net sales were 13,146 million yen (a decrease of 9.1% compared to the previous consolidated fiscal year) and the segment profit was 1,564 million yen (a decrease of 13.4% 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, 2018 was 1,660 million yen (an increase of 121.9% compared to the previous consolidated fiscal year). The main component of the capital expenditures was 712 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

On August 15, 2017, the Company transferred its business related to its photo book service "nohana" to its subsidiary nohana, Inc. through an absorption-type company split.

(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 stock acquisition rights

Not applicable

(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		16th Fiscal Year (ended March 2015)	17th Fiscal Year (ended March 2016)	18th Fiscal Year (ended March 2017)	19th Fiscal Year (the relevant consolidated fiscal year) (ended March 2018)
Net Sales	(millions of yen)	112,918	208,799	207,161	189,094
Ordinary Income	(millions of yen)	52,706	94,798	88,472	72,717
Profit Attributable to Owners of Parent	(millions of yen)	32,966	61,022	59,867	41,788
Basic Earnings per Share	(yen)	409.62	734.59	730.85	533.48
Total Assets	(millions of yen)	104,178	165,039	176,974	192,123
Net Assets	(millions of yen)	53,570	121,490	150,529	170,434
Net Assets per Share	(yen)	664.39	1,441.66	1,889.16	2,176.88

Notes:

1. The basic earnings per share were 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 July 1, 2014, the Company effected a 1:5 stock split. The basic earnings per share and the net assets per share were calculated assuming the stock split was conducted at the beginning of the 16th fiscal year.

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

Category		16th Fiscal Year (ended March 2015)	17th Fiscal Year (ended March 2016)	18th Fiscal Year (ended March 2017)	19th Fiscal Year (the relevant non-consolidated fiscal year) (ended March 2018)
Net Sales	(millions of yen)	106,990	199,025	195,756	178,813
Ordinary Income	(millions of yen)	52,169	96,657	88,373	71,873
Profit	(millions of yen)	32,919	61,959	60,097	41,363
Basic Earnings per Share	(yen)	409.04	745.87	733.66	528.06
Total Assets	(millions of yen)	101,181	161,949	171,507	189,683
Net Assets	(millions of yen)	52,775	121,656	150,944	170,454
Net Assets per Share	(yen)	654.59	1,443.70	1,894.43	2,177.19

Notes:

1. The basic earnings per share were 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 July 1, 2014, the Company effected a 1:5 stock split. The basic earnings per share and the net assets per share were calculated assuming the stock split was conducted at the beginning of the 16th 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

Note: The Company has 17 consolidated subsidiaries, including the three important subsidiaries above.

(10) Issues to be addressed

The Company's group has continued to create new services amid a rapidly changing external environment that includes changes in the device environment and the diversification of online communication methods.

In the consolidated fiscal year ended March 31, 2018, the Company's subsidiary Hunza, Inc., which belongs to a segment classified as the "media platform business," has been investigated by the authorities on suspicion that it has violated the Trademark Act and the Unfair Competition Prevention Act in relation to indications on its website of its service "TicketCamp." Also, a former representative director of Hunza, Inc. was subject to an investigation by the authorities on suspicion that he was an accomplice to fraud, but the authorities decided not to indict him.

The Company's group offers its sincere apologies for having caused concern and inconvenience to all related parties, including shareholders and investors.

On December 12, 2017, the Company's group established an internal investigation committee including external attorneys to ascertain the facts and identify the root causes of this suspected violation of the Trademark Act and the Unfair Competition Prevention Act. The Company's group received an investigation report from the committee on December 25, 2017 and published it on December 27, 2017. On the same day, the Company's group decided to discontinue the "TicketCamp" business (which ended on May 31, 2018) based on the results of the investigation by the committee.

In addition, on January 24, 2018, the Company's group established an independent investigation committee to investigate and analyze the "TicketCamp" business from an objective and professional viewpoint. The Company's group received an investigation report from the committee on February 7, 2018 and published it on February 14, 2018 (the English version of it was published on February 27, 2018). According to the investigation report by the committee, there were no particular issues in the method of due diligence or decision-making process related to the decision to acquire Hunza, Inc., and no particular issues were identified in the Company's management structure for Hunza, Inc. or Hunza, Inc.'s internal management structure itself. However, the report indicated that, among other issues, it cannot necessarily be said that information was sufficiently shared in the Company's operation of the management structure for Hunza, Inc., and it cannot be denied that there were inadequacies in Hunza, Inc.'s consideration of reputation risk when making business decisions.

Based on the points made by the independent committee, the Company's group has appointed a candidate for director who will take charge of group management and increased the number of candidates for outside directors (see the agenda item No. 1) established the General Administration Headquarters, established divisions dedicated to the management of subsidiaries, increased personnel resources at the Internal Audit Office, established the Audit and Supervisory Section, appointed an executive officer in charge of areas of group management and compliance, and taken other similar measures. While moving forward with the development of structures like these stated above, the Company's group will also make efforts to improve effectiveness in the operation of these structures.

The Company has decided that the business domain in which management resources will be concentrated will be communication services.

In the entertainment business, the Company will take on the challenge of further developing "Monster Strike" (which has celebrated its fifth anniversary) into content that has a nationwide following and is treasured over a long period by even more users while proceeding with development of new game titles and creation of new hit titles through cartoons and other means.

In addition, in the media platform business, the Company will aim to further expand the business by creating new communication services and leveraging the viral communication design skills that the Company has cultivated in the entertainment business within existing services.

Furthermore, the Company will advance into new domains, such as sports and wellness, and aim to develop businesses by taking advantage of the strengths that the Company likewise possesses in the media domain.

(11) Main businesses (as of March 31, 2018)

Business Segment	Details of Business
Entertainment Business	Providing services with a focus on smartphone native games
Media Platform Business	Operating services that utilize the Internet, and investing in companies that operate those services

(12) Main offices (as of March 31, 2018)

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, 2018)

(i) Status of the corporate group's employees

Number of Employees	Increase or Decrease from the Previous Consolidated Fiscal Year
849	increase of 159

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
648	increase of 113	33.2 years old	3.4 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, 2018)

Not applicable

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

The Company resolved, at the board of directors meetings held on February 27, 2018 and on March 16, 2018, that it will appoint 12 executive officers in order to expedite decision-making and strengthen the function of execution of operations. The 12 people in question assumed office as executive officers on April 1, 2018.

2. Matters concerning the Company's shares (as of March 31, 2018)

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

(2) Total number of issued shares 78,230,850 shares (including 229,300 shares of treasury stock)

(3) Number of shareholders 12,433 shareholders

(4) Principal shareholders (top ten shareholders)

Name of Shareholder	Number of Shares (shares)	Percentage of Shareholding (%)
Kenji Kasahara	36,358,000	46.61
The Bank of New York 133972	1,656,100	2.12
State Street Bank and Trust Company	1,372,671	1.75
The Bank of New York Mellon 140044	981,133	1.25
Skandinaviska Enskilda Banken S.A.127200	931,200	1.19
State Street Bank and Trust Company 505225	920,228	1.17
CDSIL as Depositary for Old Mutual Global Investors Series	919,200	1.17
State Street Bank West Client-Treaty 505234	811,200	1.04
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	717,800	0.92
The Bank of New York Mellon 140042	669,595	0.85

Note: The percentages of shareholding were calculated by excluding 229,300 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 retired 2,201,400 shares of treasury stock on April 28, 2017 pursuant to the resolution of the board of directors adopted on April 21, 2017.

(ii) The Company repurchased 1,542,700 shares of its own stock during the period from May 11, 2017 to July 7, 2017 pursuant to the resolution of the board of directors adopted on May 10, 2017 and also retired 1,447,200 shares of treasury stock on August 31, 2017 pursuant to the resolution of the board of directors adopted on August 8, 2017.

(iii) The Company resolved, at the board of directors meeting held on May 10, 2018, that it will repurchase shares of its own stock in order to aim to improve capital efficiency and maximize shareholder value.

(1) Class of shares to be repurchased: Common shares of the Company

(2) Total number of shares to be repurchased: Up to 3,200,000 shares

(4.10 % of the total issued shares, other than treasury shares)

(3) Consideration for repurchase of shares: Money

(4) Total repurchase price of shares: Up to 10,000 million yen

(5) Repurchase period: From May 15, 2018, to September 30, 2018

(6) Repurchase method: (i) Off-auction own share repurchase trading (ToSTNeT-3) on the Tokyo Stock Exchange

(ii) Market purchases on the Tokyo Stock Exchange (Market purchases under a discretionary trading contract)

(7) Status of repurchase of its own shares (May 15, 2018 (on a trade basis))

Total number of shares repurchased: 1,338,000 shares

Total repurchase price of shares: 4,997 million yen

Repurchase method: Market purchases under a discretionary trading contract relating to the repurchase of shares of its own stock.

However, the repurchase on May 15, 2018 was made by off-auction own share repurchase trading (ToSTNeT-3) on the Tokyo Stock Exchange (Note).

Note: Chairperson Kenji Kasahara, who is the Company's largest shareholder (owning 36,358,000 shares of the Company as of April 27, 2018, which represents 46.61% of the total issued shares, other than treasury shares) made a selling order with respect to the Company's repurchase of its own shares by off-auction own share repurchase trading (ToSTNeT-3), and the Company acquired 1,206,100 shares of common stock for 4,504 million yen.

3. Matters concerning the Company’s stock acquisition rights, etc.

(1) Status of stock acquisition rights, etc. held by the Company’s officers as of the last day of the fiscal year

Name	The 13th stock acquisition rights	The 14th stock acquisition rights
Date of the board resolution	August 5, 2016	August 8, 2017
Occupation and number of the holders of the stock acquisition rights	Three directors (excluding outside directors)	Four directors (excluding outside directors)
Number of stock acquisition rights	1,338	955
Class and number of shares subject to the stock acquisition rights	133,800 shares of common stock (see Note 1)	95,500 shares of common stock (see Note 1)
Amount to be paid upon exercising stock acquisition rights	One yen	One yen
Issuance price of a stock upon exercise of stock acquisition rights	1,898 yen	3,944 yen
Exercise period of the stock acquisition rights	From: August 30, 2016 Until: August 29, 2046	From: August 30, 2017 Until: August 29, 2047
Terms and conditions in relation to the stock acquisition rights	See Note 3	See Note 3

Notes:

1. If the Company carries out a share split or share consolidation after the issuance of stock acquisition rights, the number of the shares subject to the 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. The Company may adjust the Number of Shares Granted within a reasonable extent if, after the issuance of stock acquisition rights, any of the following occurs: the Company carries out a merger (*gappei*), corporate split (*kaisha-bunkatsu*), share exchange (*kabushiki-koukan*) or share transfer (*kabushiki-iten*); the Company carries out an allotment of shares without contribution; or any other adjustment of the Number of Shares Granted becomes necessary.

   If the Company adjusts the Number of Shares Granted, the Company shall, either directly or publicly, give notice of all necessary matters to each person who holds stock acquisition rights for subscription as stated in the register of stock acquisition rights (a “Stock Acquisition Rights Holder”) by the date immediately preceding the effective date of the adjustment of the Number of Shares Granted; however, if the Company fails to give such notice by the date immediately preceding such effective date of such adjustment, the Company shall thereafter promptly give such notice.

3. (1) Each Stock Acquisition Rights Holder may exercise his or her stock acquisition rights for subscription during the “Exercise period of the stock acquisition rights” set forth above, upon the condition that such exercise is conducted no later than ten days after the date immediately following the date when he or she ceased to be the Company’s director (however, if the exercise of the stock acquisition rights for subscription is permitted under the proviso in paragraph (2), item (a) below, the date after which the ten–day period is to be counted will be the date when he or she ceased to be any of the following: the Company’s audit and supervisory board member, executive officer or employee; or a director, auditor, executive officer or employee of the Company’s subsidiary).

(2) Notwithstanding paragraph (1) above, each Stock Acquisition Rights Holder may not exercise his or her stock acquisition rights for subscription if he or she falls under any of the following:

(a) if the Stock Acquisition Rights Holder’s term as a director is less than three years; unless, after he or she loses the status of director, (i) he or she holds a position as the Company’s audit and supervisory board member, executive officer or employee or a director, auditor, executive officer or employee of the Company’s subsidiary and (ii) the Company’s board of directors permits the exercise of the stock acquisition rights for subscription;

(b) if the Stock Acquisition Rights Holder is dismissed from his or her position as a director or audit and supervisory board member or auditor of either the Company or its subsidiary, or is subject to disciplinary dismissal, resignation under instruction or any other sanction of a similar degree as an employee (including as an executive officer) of the Company or its subsidiary;

(c) if the Stock Acquisition Rights Holder falls under Article 331, Paragraph 1, Item (iii) or (iv) of the Companies Act;

(d) if the Stock Acquisition Rights Holder is in breach of the “agreement on subscription of all stock acquisition rights allotted” that is entered into between the Company and the Stock Acquisition Rights Holder (a “Subscription Agreement”) or if the Company’s board of directors decides that the Stock Acquisition Rights Holder has committed an act severely damaging the relationship of trust between the Company and the Stock Acquisition Rights Holder; and

(e) if the Stock Acquisition Rights Holder submits in writing his or her intention to waive the stock acquisition rights for subscription he or she holds, in whole or in part.

(3) If a person to whom stock acquisition rights are allotted dies, his or her heir may exercise the stock acquisition rights for subscription upon the condition that the decedent Stock Acquisition Rights Holder does not fall under any of the items in the preceding paragraph and as long as the exercise of the stock acquisition rights is conducted no later than the date on which three months will have passed since the date immediately following the date of the decedent’s death.

(4) If a Stock Acquisition Rights Holder exercises his or stock acquisition rights for subscription, he or she must exercise, as a whole, all of the stock acquisition rights for subscription that he or she holds.

(5) Other terms and conditions for exercising the stock acquisition rights will be determined in each Subscription Agreement.

(2) Status of stock acquisition rights, 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, 2018)

Position in Company	Name	Responsibilities and Significant Concurrent Posts
President and Representative Director	Hiroki Morita	-
Director	Yasuhiro Ogino	President of SmartHealth, Inc.
Director	Kouki Kimura	Executive General Manager of the XFLAG Studio Business Division
Director	Kosuke Taru	Executive General Manager of the Monster Strike Business Division
Director and Chairperson	Kenji Kasahara	Executive General Manager of the Vantage Studio
Director	Tatsuya Aoyagi	Representative director of Heartworth Partners, Inc.
Director	Satoshi Shima	Visiting professor of Tama University
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 and Director Satoshi Shima are outside directors.
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

Not applicable

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

Category	Number of Officers	Amount	Remarks
Director	7	731 million yen	(10 million yen for two outside directors)
Audit and Supervisory Board Member	3	27 million yen	(27 million yen for three outside audit and supervisory board members)
Total	10	758 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. Each remuneration amount above includes the expenses reported for the fiscal year in relation to stock acquisition rights granted as stock options (376 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	Tatsuya Aoyagi	Representative director of Heartworth Partners, Inc. Outside corporate auditor of Skylark Co., Ltd.
Director	Satoshi Shima	Visiting professor of Tama University Outside director of Minrevi Co., Ltd. Outside director of Vortex. Co., Ltd. External director of Aucfan 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 Outside audit and supervisory board member of RENOVA, Inc.

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

(ii) Main activities during the fiscal year ended March 31, 2018

Position	Name	Activities
Director	Tatsuya Aoyagi	He attended 19 of the 19 board of directors meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a certified public accountant.
Director	Satoshi Shima	He attended 14 of the 16 board of directors meetings after he assumed office. He provided comments based mainly on his abundant insights and achievements related to corporate activities.
Audit and Supervisory Board Member (Standing)	Takako Kato	She attended 19 of the 19 board of directors meetings held in the fiscal year, and she attended 19 of the 19 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 19 of the 19 board of directors meetings held in the fiscal year, and he attended 19 of the 19 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 19 of the 19 board of directors meetings held in the fiscal year, and he attended 19 of the 19 audit and supervisory board meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a certified public accountant.

(iii) Acts taken to prevent the occurrence of any case of a violation of laws or regulations or the articles of incorporation or other unfair execution of operations; and acts taken in response after the occurrence of the case

In the consolidated fiscal year ended March 31, 2018, the Company's subsidiary Hunza, Inc., has been investigated by the authorities on suspicion that it has violated the Trademark Act and the Unfair Competition Prevention Act in relation to indications on its website of its service "TicketCamp." Also, a former representative director of Hunza, Inc. was subject to an investigation by the authorities on suspicion that he was an accomplice to fraud, but the authorities decided not to indict him.

The outside directors and outside audit and supervisory board members were not aware of this fact until it was discovered. However, they regularly made suggestions at the board of directors meetings and the like from the standpoint of legal compliance. Since the fact was discovered, they have fulfilled their responsibilities by, for example, urging the Company to conduct comprehensive investigations of the matter, to strengthen governance for preventing reoccurrence and to ensure compliance.

(iv) 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, 2018

	Payment
Independent auditors' remuneration for the fiscal year ended March 31, 2018	34 million yen
The aggregate amount of money and other financial benefits to be paid by the Company and its subsidiaries	34 million yen

Notes:

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, 2018 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, 2018

(3) Details of non-audit services

The Company has not assigned to the independent auditors any 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 in 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 unanimous consent of the 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>

The Company revised the basic policy concerning internal control systems at the board of directors meeting held on May 10, 2018 with respect to 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. The outline of the revised basic policy 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 emphasize 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, education, and the like.

(ii) 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.

(iii) The Company Group shall establish a whistleblower system to curb violations of laws, regulations, or the articles of incorporation and other similar acts and shall seek to prevent misconduct, while also developing a system for eliminating antisocial forces.

(iv) If an act such as a violation of a law or regulation or the articles of incorporation occurs or is likely to occur, the Company Group shall endeavor to promptly ascertain information and deal with the act.

(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 and safe preservation and management of personal information, important trade secrets, and 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 Unified Administration Headquarters as its person in charge, and in the case of an emergency, the Company Group shall take prompt and appropriate measures.

(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 their duties 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 Company shall hold ordinary meetings with the directors and executive officers of the Company, including the President and Representative Director, in attendance, receive reports concerning the status of business from each company, and give proper guidance and advice on important matters if necessary.

(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 establish a division for assisting in the duties of audit and supervisory board members (the "Audit and Supervisory Section") and 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, management council 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 directors 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

In the Company Group, 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. 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 comply with the request 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 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 of the Company Group 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.

(iii) The Company Group shall develop a system in which audits are conducted effectively by, for example, ensuring opportunities for the following: exchange of opinions and information between audit and supervisory board members and the independent auditors; interviews with the representative director, directors, and executive officers as requested by audit and supervisory board members; liaison conferences with outside directors; and periodic meetings with executive officers, representative directors of subsidiaries, and the like.

Operational status of the systems that ensure the properness of operations:

The Company stipulated a "basic policy concerning internal control systems" and has endeavored to ensure the propriety of operations of the Company Group.

However, in the consolidated fiscal year ended March 31, 2018, the Company's subsidiary Hunza, Inc. has been investigated by the authorities on suspicion that it has violated the Trademark Act and the Unfair Competition Prevention Act in relation to indications on its website of its service "TicketCamp." Also, a former representative director of Hunza, Inc. was subject to an investigation by the authorities on suspicion that he was an accomplice to fraud, but the authorities decided not to indict him.

The Company's group offers its sincere apologies for having caused concern and inconvenience to all related parties, including shareholders and investors.

On December 12, 2017, the Company established an internal investigation committee including external attorneys to ascertain the facts and identify the root causes of this suspected violation of the Trademark Act and the Unfair Competition Prevention Act. The Company received an investigation report from the committee on December 25, 2017 and published it on December 27, 2017. On the same day, the Company decided to discontinue the "TicketCamp" business (which ended on May 31, 2018) based on the results of the investigation by the committee.

In addition, on January 24, 2018, the Company established an independent investigation committee to investigate and analyze the "TicketCamp" business from an objective and professional viewpoint. The Company received an investigation report from the committee on February 7, 2018 and published it on February 14, 2018 (the English version of it was published on February 27, 2018). According to the investigation report by the committee, there were no particular issues in the method of due diligence or decision-making process related to the decision to acquire Hunza, Inc., and no particular issues were identified in the Company's management structure for Hunza, Inc. or Hunza, Inc.'s internal management structure itself. However, the report indicated that, among other issues, it cannot necessarily be said that information was sufficiently shared in the Company's operation of the management structure for Hunza, Inc., and it cannot be denied that there were inadequacies in Hunza, Inc.'s consideration of reputation risk when making business decisions.

The Company takes the points made by the independent committee very seriously, and at the board of directors meeting held on May 10, 2018, reviewed the management systems of the Company Group and revised a part of the "basic policy concerning internal control systems" as stated in the "Systems that ensure the properness of operations" above.

The Company will promptly build systems that are based on this new basic policy and ensure the proper operation of the systems.

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 totaling 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, 2018 is 57 yen per share. The Company has distributed an interim dividend of 64 yen per share in the interim period, so the annual dividends for the fiscal year ended March 31, 2018 are 121 yen per share.

The annual dividends for the following fiscal year (ending March 31, 2019) are expected to be 124 yen per share (of which, 62 yen are interim dividends), through which the Company is aiming for a distribution of 20% of the Company's consolidated net income and for a dividend on equity ratio (DOE) of 5%.

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

Consolidated Balance Sheets

(As of March 31, 2018)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		**Liabilities**	
Current assets	**172,256**	**Current liabilities**	**21,641**
Cash and deposits	156,190	Accounts payable - other	7,068
Accounts receivable – trade	11,732	Income taxes payable	9,909
Merchandise	441	Accrued consumption taxes	95
Raw materials	211	Provision for bonuses	950
Deferred tax assets	808	Other	3,616
Other	2,887	**Non-current liabilities**	**47**
Allowance for doubtful accounts	(16)	Other	47
Non-current assets	**19,866**		
Property, plant and equipment	**1,888**	**Total liabilities**	**21,688**
Buildings	608	**Net assets**	
Tools, furniture and fixtures	1,266	**Shareholders' equity**	**169,587**
Construction in progress	13	**Capital stock**	**9,698**
Intangible assets	**391**	**Capital surplus**	**9,668**
Other	391	**Retained earnings**	**151,669**
Investments and other assets	**17,586**	**Treasury shares**	**(1,450)**
Investment securities	3,351	**Accumulated other comprehensive income**	**212**
Deferred tax assets	9,677	Foreign currency translation adjustment	212
Other	4,559	**Subscription rights to shares**	**630**
Allowance for doubtful accounts	(1)	**Non-controlling interests**	**4**
		Total net assets	**170,434**
Total assets	**192,123**	**Total liabilities and net assets**	**192,123**

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

Consolidated Statements of Income

(April 1, 2017 to March 31, 2018)

(Unit: ¥ million)

Description	Amount	
Net sales		**189,094**
Cost of sales		**23,050**
Gross profit		**166,043**
Selling, general and administrative expenses		**93,683**
Operating income		**72,359**
Non-operating income		
Interest income	3	
Foreign exchange gains	12	
Gain on investments in partnership	493	
Other	50	**559**
Non-operating expenses		
Interest expenses	0	
Commission fee	196	
Other	5	**202**
Ordinary income		**72,717**
Extraordinary income		
Gain on sales of non-current assets	2	
Gain on sales of investment securities	346	**348**
Extraordinary losses		
Loss on sales and retirement of non-current assets	24	
Impairment loss	131	
Loss on valuation of investment securities	391	
Amortization of goodwill	7,597	**8,145**
Income before income taxes		**64,920**
Income taxes – current	23,810	
Income taxes – deferred	(677)	**23,132**
Profit		**41,788**
Loss attributable to non-controlling interests		**(0)**
Profit attributable to owners of parent		**41,788**

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

Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2017 to March 31, 2018)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2017	9,698	10,941	139,914	(10,525)	150,029
Changes of items during period					
Dividends of surplus			(12,230)		(12,230)
Profit attributable to owners of parent			41,788		41,788
Purchase of treasury shares				(9,999)	(9,999)
Retirement of treasury shares		(19,075)		19,075	-
Transfer to capital surplus from retained earnings		17,802	(17,802)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(1,272)	11,755	9,075	19,557
Balance on March 31, 2018	9,698	9,668	151,669	(1,450)	169,587

	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, 2017	242	242	253	4	150,529
Changes of items during period					
Dividends of surplus					(12,230)
Profit attributable to owners of parent					41,788
Purchase of treasury shares					(9,999)
Retirement of treasury shares					-
Transfer to capital surplus from retained earnings					-
Net changes of items other than shareholders' equity	(29)	(29)	376	(0)	346
Total changes of items during period	(29)	(29)	376	(0)	19,904
Balance on March 31, 2018	212	212	630	4	170,434

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

Notes to Consolidated Financial Statements

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: 17
- Names of the major consolidated subsidiaries: mixi recruitment, Inc.
  Diverse, Inc.
  Hunza, Inc.

Ratel Inc. and 5 other subsidiaries have been included in the scope of consolidation from the consolidated fiscal year ended March 31, 2018 due to their new establishment.

Confianza, Inc., which was a consolidated subsidiary until the previous consolidated fiscal year, has been excluded from the scope of consolidation since the liquidation procedure was completed in the consolidated fiscal year ended March 31, 2018.

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, etc. 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).

Raw materials:

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: 2 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 a period of 8 years using the straight line method.

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 Estimates

In the consolidated fiscal year ended March 31, 2018, mixi concluded a real estate lease agreement concerning the relocation of its head office. In line with this, mixi revised the expected period of use of the asset retirement obligations which had been recorded to perform the obligation to restore the current office to the original state based on its real estate lease agreement, as well as useful life of the non-current assets of the current office. Due to these changes in accounting estimates, operating income, ordinary income and income before income taxes for the consolidated fiscal year ended March 31, 2018 decreased by ¥202 million respectively.

3. Notes on Consolidated Balance Sheets

Accumulated depreciation of property, plant and equipment: ¥1,746 million

4. Notes on Consolidated Statements of Income

(1) Gain on sales of investment securities

Gain on sales of investment securities in extraordinary income is a gain on sales of investment securities owned by i-mercury Capital, Inc.

(2) Impairment loss

mixi Group posted impairment loss on the following assets in the consolidated fiscal year ended March 31, 2018.

<table>
<tr><th>Business</th><th>Application</th><th>Place</th><th>Classification</th><th>Amount
(¥ million)</th></tr>
<tr><td rowspan="2">Media Platform Business</td><td rowspan="2">Business assets</td><td rowspan="2">—</td><td>Tools, furniture and fixtures
(Hunza, Inc.)</td><td>0</td></tr>
<tr><td>Other intangible assets
(Hunza, Inc.)</td><td>131</td></tr>
</table>

Assets are grouped mainly based on business segmentation. Idle assets and assets to be disposed of are grouped by relevant asset.

Impairment loss in the Media Platform Business was recorded due to the fact that the revenue initially expected can no longer be expected in line with the decision to stop operations of Ticket Camp, operated by Hunza, Inc., and to shut down the service.

Recoverable value of these assets, which is calculated based on utility value, is zero due to the fact that no future cash flow can be anticipated.

(3) Amortization of goodwill

Amortization of goodwill in extraordinary loss is goodwill amortized in accordance with the provisions of Paragraph 32 of the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (Accounting Practice Committee Statement No. 7, issued by The Japanese Institute of Certified Public Accountants, the latest revision on November 28, 2014).

The goodwill was fully amortized in line with the decision to stop operations of Ticket Camp, operated by Hunza, Inc., and to shut down the service.

5. 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, 2017	Increase	Decrease	As of March 31, 2018
Common shares	81,879,450 shares	- shares	3,648,600 shares	78,230,850 shares

(Summary of causes of changes)
Decrease due to retirement of treasury shares: 3,648,600 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, 2017	Common shares	7,238	91	March 31, 2017	June 7, 2017
Board of Directors Meeting on November 8, 2017	Common shares	4,992	64	September 30, 2017	December 11, 2017

2) Dividends with record dates within the year ended March 31, 2018, 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, 2018	Common shares	Retained earnings	4,446	57	March 31, 2018	June 6, 2018

(3) Matters related to the subscription rights to shares as of March 31, 2018

	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
14th issuance of subscription rights to shares (resolved at the Board of Directors Meeting on August 8, 2017)	Common shares	95,500 shares

6. 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, 2018 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	156,190	156,190	-
(2) Accounts receivable – trade Allowance for doubtful accounts	11,732 (16)		
	11,716	11,716	-
(3) Accounts payable – other	(7,068)	(7,068)	-
(4) Income taxes payable	(9,909)	(9,909)	-
(5) Accrued consumption taxes	(95)	(95)	-

(*) 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 ¥906 million) and investments in investment partnerships (amount recorded on consolidated balance sheet is ¥2,444 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.

7. Notes on Per Share Information

(1) Net assets per share: ¥2,176.88
(2) Profit per share: ¥533.48

8. Notes on Significant Subsequent Events

(Purchase of treasury shares)
mixi, at its Board of Directors meeting held on May 10, 2018, 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 3,200,000 shares (4.10% 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 15, 2018 to September 30, 2018
(6) Purchase method	1) Off-Auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange 2) Market purchases on the Tokyo Stock Exchange (Market purchases under contract entrusting whole process of security management)

(3) Status of purchase of treasury shares (May 15, 2018 (trade basis))

(1) Total number of treasury shares purchased	1,338,000 shares
(2) Total purchase price of shares	4,997,000,000 yen
(3) Purchase method	Market purchases under contract entrusting whole process of security management on purchase of treasury shares However, for May 15, 2018, Off-Auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange (Note)

(Note) The largest shareholder and Director and Chairperson of the Company, Kenji Kasahara (numbers of shares held as of April 27, 2018: 36,358,000 shares, 46.61% to the total number of issued shares, excluding treasury shares), placed a sell order against purchase through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) and the Company purchased 1,206,100 common shares for ¥4,504 million.

Balance Sheets

(As of March 31, 2018)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		**Liabilities**	
Current assets	**157,439**	**Current liabilities**	**19,181**
Cash and deposits	141,300	Accounts payable – other	6,613
Accounts receivable – trade	11,446	Accrued expenses	25
Merchandise	427	Income taxes payable	9,306
Raw materials	211	Advances received	1,646
Advance payments – trade	905	Deposits received	694
Prepaid expenses	577	Provision for bonuses	894
Deferred tax assets	803	Lease obligations	2
Other	1,782	**Non-current liabilities**	**46**
Allowance for doubtful accounts	(16)	Lease obligations	7
Non-current assets	**32,243**	Other	39
Property, plant and equipment	**1,833**		
Buildings	568		
Tools, furniture & fixtures	1,251	**Total liabilities**	**19,228**
Construction in progress	13	**Net assets**	
Intangible assets	391	**Shareholders' equity**	**169,823**
Software	306	**Capital stock**	**9,698**
Other	85	**Capital surplus**	**9,668**
Investments and other assets	**30,018**	Legal capital surplus	9,668
Investment securities	2,334	**Retained earnings**	**151,906**
Shares of subsidiaries and associates	6,130	Other retained earnings	151,906
Investments in capital of subsidiaries and associates	18	Retained earnings brought forward	151,906
Long-term loans receivable	7,889	**Treasury shares**	**(1,450)**
Lease and guarantee deposits	4,529	**Subscription rights to shares**	**630**
Deferred tax assets	9,633		
Other	45		
Allowance for doubtful accounts	(562)	**Total net assets**	**170,454**
Total assets	**189,683**	**Total liabilities and net assets**	**189,683**

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

Statements of Income

(April 1, 2017 to March 31, 2018)

(Unit: ¥ million)

Description	Amount	
Net sales		**178,813**
Cost of sales		**21,405**
Gross profit		**157,408**
Selling, general and administrative expenses		**85,990**
Operating income		**71,418**
Non-operating income		
Interest income	45	
Foreign exchange gains	16	
Gain on investments in partnership	541	
Other	50	**654**
Non-operating expenses		
Commission fee	196	
Other	3	**199**
Ordinary income		**71,873**
Extraordinary income		
Gain on sales of non-current assets	2	
Gain on reversal of allowance for doubtful accounts	46	
Gain on liquidation of subsidiaries and associates	11	**60**
Extraordinary losses		
Loss on sales and retirement of non-current assets	24	
Loss on valuation of shares of subsidiaries and associates	8,374	
Provision of allowance for doubtful accounts	164	**8,563**
Income before income taxes		**63,370**
Income taxes - current	22,718	
Income taxes – deferred	(711)	**22,006**
Profit		**41,363**

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

Statements of Changes in Shareholders' Equity

(April 1, 2017 to March 31, 2018)

(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, 2017	9,698	9,668	1,272	10,941	140,575	140,575
Changes of items during period						
Dividends of surplus					(12,230)	(12,230)
Profit					41,363	41,363
Purchase of treasury shares						
Retirement of treasury shares			(19,075)	(19,075)		
Transfer to capital surplus from retained earnings			17,802	17,802	(17,802)	(17,802)
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	(1,272)	(1,272)	11,330	11,330
Balance on March 31, 2018	9,698	9,668	-	9,668	151,906	151,906

	Treasury shares	Total shareholders' equity	Subscription rights to shares	Total net assets
Balance on April 1, 2017	(10,525)	150,690	253	150,944
Changes of items during period				
Dividends of surplus		(12,230)		(12,230)
Profit		41,363		41,363
Purchase of treasury shares	(9,999)	(9,999)		(9,999)
Retirement of treasury shares	19,075	-		-
Transfer to capital surplus from retained earnings				-
Net changes of items other than shareholders' equity			376	376
Total changes of items during period	9,075	19,133	376	19,509
Balance on March 31, 2018	(1,450)	169,823	630	170,454

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

Notes to Non-consolidated Financial Statements

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).

Raw materials:

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: 2 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 Estimates

In the fiscal year under review, mixi concluded a real estate lease agreement concerning the relocation of its head office. In line with this, mixi revised the expected period of use of the asset retirement obligations which had been recorded to perform the obligation to restore the current office to the original state based on its real estate lease agreement, as well as the useful life of the non-current assets of the current office. Due to these changes in accounting estimates, operating income, ordinary income and income before income taxes for the fiscal year under review decreased by ¥202 million respectively.

3. Notes to Changes in Presentation Methods

(Balance Sheets)

"Lease and guarantee deposits" (¥1,033 million for the previous fiscal year), which was included in "Other" under "Investments and other assets" for the previous fiscal year, is presented separately for the fiscal year under review as it increased in importance.

4. Notes on Balance Sheets

(1) Accumulated depreciation of property, plant and equipment: ¥1,745 million

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

Short-term monetary receivables: ¥916 million
Long-term monetary receivables: ¥7,934 million
Short-term monetary payables: ¥9 million

5. Notes on Statements of Income

(1) Transaction volume with subsidiaries and associates

Transaction volume of operating transactions
Operating revenue: ¥200 million
Operating expenses: ¥114 million
Transaction volume of non-operating transactions: ¥47 million

(2) Gain on liquidation of subsidiaries and associates

Generated due to completion of the liquidation procedure of Confianza, Inc.

(3) Loss on valuation of shares of subsidiaries and associates

Generated due to the decision to stop operations of Ticket Camp, operated by Hunza, Inc., and to shut down the service.

(4) Gain on reversal of allowance for doubtful accounts

Related to investments and loans to nohana, Inc. whose excessive debt decreased.

(5) Provision of allowance for doubtful accounts

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

6. Notes on Statements of Changes in Shareholders' Equity

Class and number of treasury shares at the end of the year ended March 31, 2018
Common shares: 229,300 shares

7. Notes on Tax Effect Accounting

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

Deferred tax assets	
Buildings	¥47 million
Software	9,492 million
Lump sum depreciable assets	35 million
Investment securities	267 million
Shares of subsidiaries and associates	2,631 million
Allowance for doubtful accounts	177 million
Enterprise tax payable	471 million
Provision for bonuses	273 million
Asset retirement obligations	50 million
Subscription rights to shares	193 million
Advances received	112 million
Other	69 million
Subtotal of deferred tax assets	13,822 million
Valuation allowance	(3,386 million)
Total deferred tax assets	10,436 million
Deferred tax liabilities	
Total deferred tax liabilities	- million
Net deferred tax assets	10,436 million

8. Notes to Related Party Transactions

Subsidiaries and associates, etc.

Type	Name of company, etc.	Location	Capital or investment	Description of business	Ratio of holding voting rights, etc. (held) (%)	Relation with related party	Description of transactions	Transaction amount (¥ million)	Item	Term-end balance (¥ million)
Subsidiary	Ratel Inc.	Shibuya-ku, Tokyo	¥225 million	Communication business	(Holding) Direct 100.0%	Concurrent posts of officers Lending of funds	Lending of funds (Note)	5,600	Long-term loans receivable	5,600
							Receipt of interest (Note)	24	Other non-current assets	24

Conditions of transactions and policies for determining the conditions of transactions, etc.

(Note) For lending of funds to Ratel Inc., the interest rate is determined rationally considering the market interest rate. Collateral is not accepted.

9. Notes on Per Share Information

(1) Net assets per share: ¥2,177.19

(2) Net income per share: ¥528.06

10. Notes on Significant Subsequent Events

(Purchase of treasury shares)

mixi, at its Board of Directors meeting held on May 10, 2018, 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.

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1) Class of shares to be purchased	Common shares
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3) Consideration for purchase	Cash
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(3) Status of purchase of treasury shares (May 15, 2018 (trade basis))

(1) Total number of treasury shares purchased	1,338,000 shares
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(3) Purchase method	Market purchases under contract entrusting whole process of security management on purchase of treasury shares However, for May 15, 2018, Off-Auction Own Share Repurchase Trading (ToSTNeT-3) on the Tokyo Stock Exchange (Note)

(Note) The largest shareholder and Director and Chairperson of the Company, Kenji Kasahara (numbers of shares held as of April 27, 2018: 36,358,000 shares, 46.61% to the total number of issued shares, excluding treasury shares), placed a sell order against purchase through Off-Auction Own Share Repurchase Trading (ToSTNeT-3) and the Company purchased 1,206,100 common shares for ¥4,504 million.

Reference Material for the Meeting of Shareholders

Agenda Item 1: Election of eight directors

When this general meeting of shareholders ends, the term of office of all current seven directors will expire. Therefore the Company proposes, in order to further strengthen the management structure, the election of eight directors, as we would like to increase the number of directors by one.

The candidates for director are as follows:

<table>
<tr><th>Candidate number</th><th>Name
(Date of birth stated in parentheses)</th><th colspan="2">Brief career history; positions and responsibilities in the Company; and significant concurrent posts</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="15">1</td><td rowspan="13">Kouki Kimura
(December 9, 1975)
To be reelected</td><td>February 2003</td><td>Joined Mobileproduction Co., Ltd.</td><td rowspan="15">100,000</td></tr>
<tr><td>March 2005</td><td>Joined Index Corporation</td></tr>
<tr><td>June 2008</td><td>Joined the Company</td></tr>
<tr><td>August 2012</td><td>Product owner of the Product Development Department of the Company</td></tr>
<tr><td>November 2013</td><td>Producer of Monster Strike Studio at the Company</td></tr>
<tr><td>April 2014</td><td>General Manager of Monster Strike Studio at the Company</td></tr>
<tr><td>November 2014</td><td>Executive officer of the Company</td></tr>
<tr><td>January 2015</td><td>Executive General Manager of Monster Strike Studio at the Company</td></tr>
<tr><td>June 2015</td><td>Director of the Company (current)</td></tr>
<tr><td>August 2015</td><td>Executive General Manager of XFLAG Studio at the Company</td></tr>
<tr><td>April 2017</td><td>Executive General Manager of XFLAG Business Division of the Company (current)</td></tr>
<tr><td>April 2018</td><td>Executive officer of the Company (current)</td></tr>
<tr></tr>
<tr><td colspan="3">Reason why the Company selected Mr. Kouki Kimura as a candidate for Director</td></tr>
<tr><td colspan="3">Mr. Kouki Kimura is the creator of Monster Strike and has greatly contributed to the Company’s group’s improved performance, while also leading the growth of the Company’s group as the person in charge of the XFLAG business. The Company’s board of directors proposes Mr. Kouki Kimura as a candidate for reelection as director in order to promote the further growth of the Company’s group.</td></tr>
</table>

2	Kosuke Taru (November 22, 1978) <u>To be reelected</u>	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)	
		June 2017	Director of the Company (current)	
		April 2018	Executive officer of the Company (current)	
		April 2018	Executive General Manager, Digital Entertainment Business Division of the Company (current)	
	Reason why the Company selected Mr. Kosuke Taru as a candidate for Director			
	Mr. Kosuke Taru has led the growth and development of the Company's group as the person in charge of Monster Strike, which is the Company's group's core business. The Company's board of directors proposes Mr. Kouki Kimura as a candidate for reelection as director in order to promote further growth of the Company's group.			

<table>
<tr><td rowspan="12">3</td><td rowspan="12">Kenji Kasahara
(December 6, 1975)
<u>To be reelected</u></td><td>June 1999</td><td>Established eMercury, Inc. (currently the Company)
Director of eMercury, Inc.</td><td rowspan="12">36,358,000</td></tr>
<tr><td>October 2000</td><td>Reorganization (change from yugen kaisha to kabushiki kaisha) of eMercury, Inc. (currently the Company)
President and representative director of eMercury, Inc.</td></tr>
<tr><td>February 2006</td><td>Company name changed to mixi, Inc.
President and representative director of the Company</td></tr>
<tr><td>May 2008</td><td>Chairperson at mixi Shanghai, Inc.</td></tr>
<tr><td>October 2008</td><td>Representative director of NexPas, Inc. (currently Torchlight, Inc.)</td></tr>
<tr><td>April 2011</td><td>Representative director of mixi recruitment, Inc.</td></tr>
<tr><td>July 2011</td><td>Executive officer of the Company</td></tr>
<tr><td>June 2013</td><td>Director and Chairperson of the Company (current)</td></tr>
<tr><td>April 2016</td><td>Executive General Manager of Vantage Studio at the Company (current)</td></tr>
<tr><td>April 2018</td><td>Executive officer of the Company (current)</td></tr>
<tr></tr>
<tr></tr>
<tr><td rowspan="2"></td><td colspan="3">Reason why the Company selected Mr. Kenji Kasahara as a candidate for Director</td><td rowspan="2"></td></tr>
<tr><td colspan="3">As founder of the Company, Mr. Kenji Kasahara has served as the president and representative director for many years in the past and has extensive knowledge and experience in relation to the overall business of the Company’s group. Even after he retired from the office of the president and representative director of the Company, he has utilized the expertise he has accumulated to develop new businesses for the Company. The Company’s board of directors proposes Mr. Kenji Kasahara as a candidate for reelection as director in order to promote further growth of the Company’s group.</td></tr>
</table>

<table>
<tr><td rowspan="12">4</td><td rowspan="12">Tatsuya Aoyagi
(August 8, 1971)
To be reelected
Outside Director
Independent Officer</td><td>October 1993</td><td>Joined Tohmatsu & Co (currently Deloitte Touche Tohmatsu LLC)</td><td rowspan="12">-</td></tr>
<tr><td>April 1997</td><td>Registered as a certified public accountant</td></tr>
<tr><td>February 2007</td><td>Joined Masters Trust Accounting Firm (currently Masters Trust Inc.)</td></tr>
<tr><td>July 2007</td><td>Representative director of Heartworth Partners, Inc. (current)</td></tr>
<tr><td>August 2007</td><td>Director of Share Generate Inc.</td></tr>
<tr><td>August 2008</td><td>Registered as a certified public tax accountant</td></tr>
<tr><td>February 2010</td><td>Outside audit and supervisory board member of AmLead Co., Ltd.</td></tr>
<tr><td>May 2010</td><td>Outside audit and supervisory board member of BT Holdings, Inc. (currently Primagest, Inc.)</td></tr>
<tr><td>June 2010</td><td>Audit and supervisory board member of the Company</td></tr>
<tr><td>June 2012</td><td>Director of the Company (current)</td></tr>
<tr><td>March 2017</td><td>Outside audit and supervisory board member of Skylark Co., Ltd. (current)</td></tr>
<tr><td colspan="2">Significant concurrent post:
Representative director of Heartworth Partners, Inc.</td></tr>
<tr><td rowspan="2"></td><td colspan="3">Reason why the Company selected Mr. Tatsuya Aoyagi as a candidate for Outside Director</td><td rowspan="2"></td></tr>
<tr><td colspan="3">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 judges 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. The Company's board of directors proposes Mr. Tatsuya Aoyagi as a candidate for reelection as outside director in order to promote further growth of the Company's group.
Mr. Tatsuya Aoyagi attended 19 of the Company's board of directors meetings in the fiscal year ending March 2018, which constitutes a 100% attendance record.
Mr. Tatsuya Aoyagi is currently an outside director (an independent officer) of the Company, and at the closing of this general meeting of shareholders, Mr. Tatsuya Aoyagi will have served as an outside director for a period of six years.</td></tr>
</table>

5	Satoshi Shima (April 25, 1958) To be reelected Outside Director	April 1986 Graduated from The Matsushita Institute of Government and Management (MIGM) April 1988 Lead Associate of MIGM April 1990 Lead Associate of MIGM; Director-General of Regional Comprehensive System Center April 1992 Director of CHINIKA ("Change Japan by Changing Regions) Research Institute, MIGM April 1994 Representative of 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 of Administration Department, DPJ November 2003 Managing Director of Committee on Financial Affairs, the House of Representatives, Japan December 2004 Managing Director of Committee on Budget, the House of Representatives, Japan November 2005 General Manager of CEO Office, SoftBank Corp. (currently SoftBank Group Corp.) April 2007 Visiting Professor of Cyber University April 2007 Part-time Lecturer of Faculty of Economics, Toyo University July 2011 Acting Director-General of Renewable Energy Council July 2011 Acting Director-General of Renewable Energy Council of Designated Cities July 2011 Councilor of Great East Japan Earthquake Recovery Initiatives Foundation July 2011 Director of Renewable Energy Institute September 2012 Member of the board of directors of Clean Energy Asia LLC April 2014 Advisor of SoftBank Corp. (currently SoftBank Group Corp.) April 2014 Special Advisor of SoftBank Mobile Corp. (currently SoftBank Corp.) September 2014 Part-time Lecturer of Tama University April 2015 Visiting Professor of Tama University (current) April 2017 Outside Director of Minrevi Co., Ltd. (current) June 2017 Director of the Company (current) June 2017 Outside Director of Vortex. Co., Ltd. (current) December 2017 External Director of Aucfan Co., Ltd. (current)	-

	Reason why the Company selected Mr. Satoshi Shima as a candidate for Outside Director	
	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 judges that those qualities would serve a sufficient role with respect to matters including determination of matters related to the management of, and supervision of the execution of operations for, the Company's group. The Company's board of directors proposes Mr. Satoshi Shima as a candidate for reelection as outside director in order to promote further growth of the Company's group. Mr. Satoshi Shima attended 14 of the Company's board of directors meetings, which were held 16 times in the fiscal year ending March 2018, and this constitutes an 88% attendance record. Mr. Satoshi Shima is currently an outside director of the Company, and at the closing of this general meeting of shareholders, Mr. Satoshi Shima will have served as an outside director for a period of one year.	

<table>
<tr><td rowspan="6">6</td><td rowspan="6">Hiroyuki Osawa
(June 27, 1977)
To be newly elected</td><td>October 2006</td><td>Joined KBMJ, Inc. (currently Appirits Inc.)</td><td rowspan="6">-</td></tr>
<tr><td>June 2007</td><td>Joined the Company</td></tr>
<tr><td>November 2011</td><td>General manager of accounting and finance division of the Administrative Headquarters of the Company</td></tr>
<tr><td>April 2014</td><td>Department manager of administrative department of the Administrative Headquarters of the Company</td></tr>
<tr><td>June 2017</td><td>Executive General Manager of the Administrative Headquarters of the Company (current)</td></tr>
<tr><td>April 2018</td><td>Executive officer of the Company (current)</td></tr>
<tr><td rowspan="2"></td><td colspan="3">Reason why the Company selected Mr. Hiroyuki Osawa as a candidate for Director</td><td rowspan="2"></td></tr>
<tr><td colspan="3">Mr. Hiroyuki Osawa has successively held a number of posts at administration and management divisions of the Company, including the accounting and finance division, and has an abundance of expertise in relation to the overall administration and management of the Company’s group.
The Company’s board of directors proposes Mr. Hiroyuki Osawa as a candidate for election as director in order to utilize his expertise for the management of the Company’s group and to realize further growth of the Company’s group.</td></tr>
<tr><td rowspan="9">7</td><td rowspan="9">Masahiko Okuda
(April 25, 1978)
To be newly elected</td><td>February 2004</td><td>Joined Yahoo Japan Corporation</td><td rowspan="9">-</td></tr>
<tr><td>September 2008</td><td>Joined BitCrew inc.</td></tr>
<tr><td>February 2011</td><td>Vice president and director of BitCrew inc.</td></tr>
<tr><td>April 2013</td><td>Joined the Company</td></tr>
<tr><td>January 2015</td><td>Executive General Manager of MS Headquarters of the Company</td></tr>
<tr><td>April 2016</td><td>Executive General Manager of Orange Studio Headquarters of the Company</td></tr>
<tr><td>January 2017</td><td>Representative director of Marshal Co., Ltd. (current)</td></tr>
<tr><td>April 2018</td><td>Executive officer of the Company (current)</td></tr>
<tr><td>April 2018</td><td>Executive General Manager of Unified Administration Headquarters of the Company (current)</td></tr>
<tr><td rowspan="2"></td><td colspan="3">Reason why the Company selected Mr. Masahiko Okuda as a candidate for Director</td><td rowspan="2"></td></tr>
<tr><td colspan="3">Mr. Masahiko Okuda has abundant experience dealing with risk management and compliance related matters and has successively held a number of offices as an executive general manager of the Company, so he is well acquainted with the overall business of the Company’s group.
The Company’s board of directors proposes Mr. Masahiko Okuda as a candidate for election as director in order to utilize his experience for the management of the Company’s group and to realize further growth of the Company’s group.</td></tr>
</table>

<table>
<tr><td rowspan="7">8</td><td rowspan="7">Naoko Shimura
(June 5, 1974)
<u>To be newly elected</u>
<u>Outside Director</u></td><td>April 1999</td><td>Registered as a lawyer
Joined Nishimura & Partners (currently Nishimura & Asahi)</td><td rowspan="7">-</td></tr>
<tr><td>September 2004</td><td>Worked at Debevoise & Plimpton LLP</td></tr>
<tr><td>April 2005</td><td>Registered as a lawyer in New York</td></tr>
<tr><td>October 2005</td><td>Returned to Nishimura & Partners (currently Nishimura & Asahi)</td></tr>
<tr><td>January 2008</td><td>Partner of Nishimura & Asahi (current)</td></tr>
<tr><td>May 2016</td><td>Outside audit and supervisory board member of TABIKOBO Co. Ltd. (current)</td></tr>
<tr></tr>
<tr><td rowspan="2"></td><td colspan="3">Reason why the Company selected Ms. Naoko Shimura as a candidate for Outside Director</td><td rowspan="2"></td></tr>
<tr><td colspan="3">The Company proposes the election of Ms. Naoko Shimura as an outside director because she possesses specialist knowledge and abundant experience in relation to law and compliance matters that she cultivated as a lawyer, and it is anticipated that these qualities will enable her to contribute to further strengthening the function of supervision of the Company's board of directors. Although Ms. Naoko Shimura has not been involved in corporate management in any way other than as being outside director or outside audit and supervisory board member, the Company has judged that she can properly perform her duties as an outside director in accordance with the reason stated above.</td></tr>
</table>

Notes:

1. There is no special interest between any candidate and the Company.
2. 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, 2018. Mr. Kenji Kasahara made a selling order with respect to the Company's repurchase of own shares through off-auction own share repurchase trading (ToSTNet-3), and the Company acquired 1,206,100 shares of common stock as of May 15, 2018.
3. With respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into agreements for limitation of liability with Mr. Tatsuya Aoyagi and Mr. Satoshi Shima that limit 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 and Mr. Satoshi Shima are reelected, then the agreement will continue. If Ms. Naoko Shimura is elected at this general meeting of shareholders, the Company will enter into a liability limitation agreement with her having the same terms and conditions as the agreement above.
4. While Mr. Tatsuya Aoyagi and Mr. Satoshi Shima have served in the office of outside director, the Company's subsidiary Hunza, Inc. has been investigated by the authorities on suspicion that it has violated the Trademark Act and the Unfair Competition Prevention Act in relation to indications on its website of its service "TicketCamp." Also, a former representative director of Hunza, Inc. was subject to an investigation by the authorities on suspicion that he was an accomplice to fraud, but the authorities decided not to indict him. The acts conducted by the Company to prevent the occurrence of these circumstances and an outline of the acts conducted in response to the occurrence of these circumstances are set out in P.17.

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

When this general meeting of shareholders ends, the term of office of one audit and supervisory board member will expire. Therefore the Company proposes the election of one audit and supervisory board member.

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

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

<table>
<tr><th>Name
(Date of birth in parentheses)</th><th colspan="2">Brief career history; positions in the Company; and significant concurrent posts</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="4">Takako Kato
(September 29, 1951)
To be reelected
Outside audit and supervisory board member</td><td>April 1970</td><td>Joined Japan Radio Co., Ltd.</td><td rowspan="7">1,000</td></tr>
<tr><td>June 2000</td><td>Director of Naval Research Co., Ltd.</td></tr>
<tr><td>March 2004</td><td>Joined Eto Building Management Co., Ltd.</td></tr>
<tr><td>August 2004</td><td>Assumed the office of standing audit and supervisory board member of eMercury, Inc. (currently the Company) (current)</td></tr>
<tr><td colspan="3">Reason why the Company selected Ms. Takako Kato as a candidate for outside audit and supervisory board member</td></tr>
<tr><td colspan="3">The Company selected Ms. Takako Kato as a candidate for outside audit and supervisory board member because she has built up experience in accounting operations over many years and possesses considerable expertise regarding finance and accounting and is well acquainted with the business of the Company. Ms. Takako Kato attended 19 of the Company’s board of directors meetings for the fiscal year ending March 2018 (constituting a 100% attendance record) and attended 19 of the Company’s audit and supervisory board meetings (also constituting a 100% attendance record).
At the closing of this general meeting of shareholders, Ms. Takako Kato will have served as an outside audit and supervisory board member of the Company for a period of 14 years.</td></tr>
</table>

1. There is no special interest between the candidate and the Company.
2. The candidate’s number of shares stated in the column titled “Number of Company shares owned” is the number of shares as of March 31, 2018.
3. 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 Ms. Takako Kato 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, Ms. Takako Kato is reelected, then the agreement will continue.
4. While Ms. Takako Kato has served in the office of outside audit and supervisory board member, the Company’s subsidiary Hunza, Inc. has been investigated by the authorities on suspicion that it has violated the Trademark Act and the Unfair Competition Prevention Act in relation to indications on its website of its service “TicketCamp.” Also, a former representative director of Hunza, Inc. was subject to an investigation by the authorities on suspicion that he was an accomplice to fraud, but the authorities decided not to indict him. Acts conducted by the Company to prevent the occurrence of these circumstances and an outline of the acts conducted in response to the occurrence of these circumstances are set out in P.17.

Agenda Item 3: 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:

<table>
<tr><th>Name
(Date of birth in parentheses)</th><th colspan="2">Brief career history; positions in the Company; and significant concurrent posts</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="8">Hideo Tsukamoto
(July 25, 1980)</td><td>April 2003</td><td>Joined the Legal Training and Research Institute of the Supreme Court of Japan</td><td rowspan="8">-</td></tr>
<tr><td>October 2004</td><td>Registered as a lawyer (Daini Tokyo Bar Association)</td></tr>
<tr><td></td><td>Joined Anderson & Mōri (currently Anderson Mōri & Tomotsune)</td></tr>
<tr><td>November 2010</td><td>Seconded to the Civil Affairs Bureau, Ministry of Justice</td></tr>
<tr><td>January 2013</td><td>Partner at Anderson Mōri & Tomotsune (current)</td></tr>
<tr><td>April 2014</td><td>Part-time lecturer in the Faculty of Law, The University of Tokyo</td></tr>
<tr><td>January 2016</td><td>Advisory member of the Case Studies Committee, Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association (current)</td></tr>
<tr></tr>
<tr><td colspan="3">Reason why the Company selected Mr. Hideo Tsukamoto as a candidate for substitute outside audit and supervisory board member</td><td rowspan="2"></td></tr>
<tr><td colspan="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.</td></tr>
</table>

Notes:

1. There is no special interest between the candidate and the Company.
2. 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.
3. Mr. Hideo Tsukamoto will assume the office of outside audit and supervisory board member of JA Mitsui Leasing, Ltd. as of June 28, 2018.

End of document