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Securities Code: 2121

June 10, 2019

To Shareholders:

Koki Kimura, President and Representative Director
mixi, Inc.

Sumitomo Fudosan Shibuya First Tower
1-2-20 Higashi, Shibuya-ku, Tokyo

CONVOCATION NOTICE FOR THE 20TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 20th 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 by any of the following methods. Please review the reference material for the general meeting of shareholders below and exercise your voting rights by 7:00 p.m. on Tuesday, June 25, 2019 (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. Please see page 3 for details.

Particulars

1.	Date and time	Wednesday, June 26, 2019, 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 general 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 20th fiscal year (from April 1, 2018 to March 31, 2019) 2. The non-consolidated financial statements for the 20th fiscal year (from April 1, 2018 to March 31, 2019)	
		Items to be resolved:	Agenda Item No. 1:	Election of nine directors
			Agenda Item No. 2:	Election of two audit and supervisory board members
			Agenda Item No. 3:	Election of the independent auditor

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 general 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 articles of incorporation: "Matters concerning the Company's subscription rights to shares, 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' Equity" and "Notes to the Consolidated Financial Statements," which are in the consolidated financial statements; and "Statements of Changes in Shareholders' Equity" 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 Company's website above in addition to each document described in the provided document

of this convocation notice.

- * Any change in the reference material for the general meeting of shareholders, business report and consolidated and non-consolidated financial statements will be reported on the Company's website (<https://mixi.co.jp/>).

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 Tuesday, June 25, 2019.
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

Agenda Item 1 Election of nine directors

When this general meeting of shareholders ends, the terms of office of all current eight directors will expire. Accordingly, the Company proposes an increase in the number of directors by one and the election of nine directors, including two candidates to be newly elected (one candidate is an outside director) who have technical expertise, in order to properly respond to managerial issues within the Company's group that have been influenced by the rising importance of the technological domain.

The candidates for director are as follows:

Candidate number		Name	Positions and responsibilities in the Company	Attendance at meetings of the board of directors
1	To be reelected	Koki Kimura	President and Representative Director Corporate Officer	94.1% (16 of 17 meetings)
2	To be reelected	Kosuke Taru	Director, Corporate Officer	94.1% (16 of 17 meetings)
3	To be reelected	Hiroyuki Osawa	Director, Corporate Officer Executive General Manager of Corporate Support Headquarters	100% (13 of 13 meetings)
4	To be reelected	Masahiko Okuda	Director, Corporate Officer Executive General Manager of the Unified Administration Headquarters	100% (13 of 13 meetings)
5	To be reelected	Kenji Kasahara	Chairman, Corporate Officer Executive General Manager of the Vantage Studio	100% (17 of 17 meetings)
6	To be reelected	Satoshi Shima	<div>Outside Independent</div> Director	94.1% (16 of 17 meetings)
7	To be reelected	Naoko Shimura	<div>Outside</div> Director	100% (13 of 13 meetings)
8	To be newly elected	Tatsuma Murase	Corporate Officer Executive General Manager of Development Division	-
9	To be newly elected	Tatsuya Matsunaga	<div>Outside Independent</div> -	-

Candidate
number

1

Koki Kimura

To be reelected

Date of birth	December 9, 1975
Number of Company shares owned	800,000 shares
Number of years in office as director	4 years
Attendance at meetings of the board of directors	94.1% (16 of 17 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

February 2003	Joined Mobileproduction Co., Ltd.	November 2014	Corporate Officer of the Company
March 2005	Joined Index Corporation	January 2015	Executive General Manager of Monster Strike Studio at the Company
June 2008	Joined the Company	June 2015	Director of the Company
August 2012	Product owner of the Product Development Division of the Company	August 2015	Executive General Manager of XFLAG Studio at the Company
November 2013	Producer of Monster Strike Studio at the Company	April 2017	Executive General Manager of XFLAG Business Division of the Company
April 2014	General Manager of Monster Strike Studio at the Company	April 2018	Corporate Officer of the Company (current)
		June 2018	President and Representative Director of the Company (current)

Reason why the Company selected Mr. Koki Kimura as a candidate for Director

Mr. Koki Kimura has demonstrated strong leadership since assuming the office of Corporate Officer of the Company in 2014 and has made a great contribution to the Company's group's improved performance, while also leading efforts to improve the corporate value of the Company's group after he assumed the office of President and Representative Director of the Company in June 2018. The Company's board of directors proposes Mr. Koki Kimura as a candidate for reelection as director in order to utilize his outstanding leadership to strengthen the function of the Company's board of directors and to promote the further growth of the Company's group.

Candidate
number

2

Kosuke Taru

To be reelected

Date of birth	November 22, 1978
Number of Company shares owned	350,000 shares
Number of years in office as director	2 years
Attendance at meetings of the board of directors	94.1% (16 of 17 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

August 2008	Joined livedoor Co., Ltd.	July 2016	General Manager, XFLAG GAMES, XFLAG Studio Division of the Company
January 2012	Joined NHN Japan Co., Ltd (currently LINE Corporation)	April 2017	Executive General Manager, Monster Strike Business Division of the Company
February 2014	Joined the Company	June 2017	Director of the Company (current)
February 2014	Manager of planning group of Monster Strike Studio at the Company	April 2018	Corporate Officer of the Company (current)
January 2015	General Manager, Planning and Operation Division, Monster Strike Studio of the Company	April 2018	Executive General Manager, Digital Entertainment Business Division of the Company
August 2015	General Manager, Planning and Operation Division, XFLAG Studio Division of the Company		

Reason why the Company selected Mr. Kosuke Taru as a candidate for Director

Mr. Kosuke Taru has successively held posts as a person in charge within the digital entertainment business, which is the Company's group's core business, and he possesses abundant knowledge and experience in that core business of the Company. The Company's board of directors proposes Mr. Kosuke Taru as a candidate for reelection as director in order to utilize his knowledge and experience to strengthen the function of the Company's board of directors and to promote further growth of the Company's group.

Candidate
number

3

Hiroyuki Osawa

To be reelected

Date of birth	June 27, 1977
Number of Company shares owned	0 shares
Number of years in office as director	1 year
Attendance at meetings of the board of directors	100% (13 of 13 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

October 2006	Joined KBMJ, Inc. (currently Appirits Inc.)	June 2017	Executive General Manager of the Administrative Headquarters of the Company
June 2007	Joined the Company	April 2018	Corporate Officer of the Company (current)
November 2011	General manager of accounting and finance division of the Administrative Headquarters of the Company	June 2018	Director of the Company (current)
April 2014	Department manager of administrative department of the Administrative Headquarters of the Company	April 2019	Executive General Manager of the Corporate Support Headquarters (current)

Reason why the Company selected Mr. Hiroyuki Osawa as a candidate for Director

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 knowledge and experience 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 reelection as director in order to utilize his knowledge and experience to strengthen the function of the Company's board of directors and to promote further growth of the Company's group.

Candidate
number

4

Masahiko Okuda

To be reelected

Date of birth	April 25, 1978
Number of Company shares owned	0 shares
Number of years in office as director	1 year
Attendance at meetings of the board of directors	100% (13 of 13 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

February 2004	Joined Yahoo Japan Corporation	April 2016	Executive General Manager of Orange Studio Headquarters of the Company
September 2008	Joined Pitcrew Co., Ltd.	January 2017	Representative director of Marshal Co., Ltd. (current)
February 2011	Vice president and director of Pitcrew Co., Ltd.	April 2018	Corporate Officer of the Company (current)
April 2013	Joined the Company	April 2018	Executive General Manager of the Unified Administration Headquarters of the Company (current)
January 2015	Executive General Manager of MS Headquarters of the Company	June 2018	Director of the Company (current)

Reason why the Company selected Mr. Masahiko Okuda as a candidate for Director

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 reelection as director in order to utilize his knowledge and experience to strengthen the function of the Company's board of directors and to promote further growth of the Company's group.

Candidate
number

5

Kenji Kasahara

To be reelected

Date of birth	December 6, 1975
Number of Company shares owned	34,101,900 shares
Number of years in office as director	20 years
Attendance at meetings of the board of directors	100% (17 of 17 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

June 1999	Established eMercury, Inc. (currently the Company)	October 2008	Representative director of NexPas, Inc. (currently Torchlight, Inc.)
	Director of eMercury, Inc.	April 2011	Representative director of mixi recruitment, Inc.
October 2000	Reorganization (change from <i>yugen kaisha</i> to <i>kabushiki kaisha</i>) of eMercury, Inc. (currently the Company)	July 2011	Corporate Officer of the Company
	President and representative director of eMercury, Inc.	June 2013	Chairman of the board of directors of the Company (current)
		April 2016	Executive General Manager of Vantage Studio at the Company (current)
February 2006	Company name changed to mixi, Inc.	April 2018	Corporate Officer of the Company (current)
	President and representative director of the Company		
May 2008	Chairperson at mixi Shanghai, Inc.		

Reason why the Company selected Mr. Kenji Kasahara as a candidate for Director

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 management and the overall business of the Company's group. Even after retiring from the office of the president and representative director of the Company, he leads the development of new businesses for the Company based on the knowledge and experience he has accumulated. The Company's board of directors proposes Mr. Kenji Kasahara as a candidate for reelection as director in order to utilize his knowledge and experience to strengthen the function of the Company's board of directors and to promote further growth of the Company's group.

Candidate
number

6

Satoshi Shima

To be
reelected

Outside

Independent

Date of birth	April 25, 1958
Number of Company shares owned	0 shares
Number of years in office as director	2 years
Attendance at meetings of the board of directors	94.1% (16 of 17 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

April 1986	Graduated from The Matsushita Institute of Government and Management (MIGM)	April 2015	Visiting Professor of Tama University (current)
		April 2017	Outside Director of Minrevi Co., Ltd. (currently Yoriso.Co.Ltd.) (current)
April 1994	Representative of Tokyo Institute of Government and Management, MIGM	June 2017	Director of the Company (current)
October 1996	Elected as a member of the House of Representatives, Japan; elected as such for the following three consecutive terms	June 2017	Outside Director of Vortex. Co., Ltd. (current)
		December 2017	External Director of Aucfan Co., Ltd. (current)
		October 2018	Outside Director of i-mobile Co., Ltd. (current)
November 2005	General Manager of CEO Office, SoftBank Corp. (currently SoftBank Group Corp.)	December 2018	Outside Director of NEO CAREER Co., Ltd. (current)
April 2014	Advisor of SoftBank Corp. (currently SoftBank Group Corp.)		
April 2014	Special Advisor of SoftBank Mobile Corp. (currently SoftBank Corp.)		

Reason why the Company selected Mr. Satoshi Shima as a candidate for 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.

Matters regarding independence

Since Mr. Satoshi Shima is not conflict with the criteria prescribed by the Tokyo Stock Exchange as attributes of an independent director that the Tokyo Stock Exchange requires to secure, the Company determines that Mr. Satoshi Shima is unlikely to have conflicts of interest with general shareholders and designated him an independent director and has notified the Exchange.

Candidate
number

7

Naoko Shimura

To be
reelected

Outside

Date of birth	June 5, 1974
Number of Company shares owned	0 shares
Number of years in office as director	1 year
Attendance at meetings of the board of directors	100% (13 of 13 meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

April 1999	Registered as a lawyer	October 2005	Returned to Nishimura & Partners (currently Nishimura & Asahi)
	Joined Nishimura & Partners (currently Nishimura & Asahi)	January 2008	Partner of Nishimura & Asahi (current)
September 2004	Worked at Debevoise & Plimpton LLP	May 2016	Outside audit and supervisory board member of Tabikobo Co. Ltd. (current)
April 2005	Registered as a lawyer in New York	June 2018	Director of the Company (current)

Reason why the Company selected Ms. Naoko Shimura as a candidate for Director

Ms. Naoko Shimura possesses specialist knowledge and abundant experience in relation to law and compliance matters that she cultivated as a lawyer, and the Company has judged that these qualities will enable her to fully contribute to strengthening the function of supervision of the Company's board of directors. The Company's board of directors proposes Ms. Naoko Shimura as a candidate for reelection as outside director in order to promote further growth of the Company's group. 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.

Candidate
number

8

Tatsuma Murase

To be newly
elected

Date of birth	September 13, 1985
Number of Company shares owned	0 shares
Number of years in office as director	0 years
Attendance at meetings of the board of directors	-% (- of - meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

January 2005	Joined eMercury, Inc. (currently the Company)	July 2016	Department manager of Game Development
December 2009	Director of KH2O Inc.		Department of XFLAG Studio Division of the Company
January 2012	Joined Q-Games Ltd.		
February 2013	Joined the Company	January 2018	Executive General Manager of XFLAG Development Division (currently Development Division) of the Company
May 2014	Manager of Group 2, System Coordination		
	Department of the Cross Function Headquarters of the Company	April 2018	Corporate Officer of the Company (current)

Reason why the Company selected Mr. Tatsuma Murase as a candidate for Director

Mr. Tatsuma Murase has successively held a number of posts within technical divisions of the Company, including the development division, and has an abundance of knowledge and experience from technical perspectives. The Company's board of directors proposes Mr. Tatsuma Murase as a candidate for election as director in order to utilize his knowledge and experience to strengthen the function of the Company's board of directors and to realize further growth of the Company's group.

Candidate
number

9

Tatsuya Matsunaga

To be
newly
elected

Outside

Independent



Date of birth January 22, 1963

Number of Company shares owned 0 shares

Number of years in office as director 0 years

Attendance at meetings of the board of directors -% (- of - meetings)

Brief career history; positions and responsibilities; and significant concurrent posts

October 1986	Joined Unicharm Corporation	September 2006	Executive officer (in charge of Global Business Services Business, Manufacturing Sector) of IBM Japan, Ltd.
January 1996	Joined Pricewaterhouse Consultants Co., Ltd		
October 2002	Permanent transfer to IBM Business Consulting Services KK (currently IBM Japan, Ltd.)	April 2010	Executive officer (in charge of Third Financial Business Department) of IBM Japan, Ltd.
January 2005	Director (in charge of personnel affairs) of IBM Japan, Ltd.	January 2011	Managing Executive officer (in charge of Third Financial Business Department) of IBM Japan, Ltd.
April 2005	Executive officer (in charge of personnel affairs) of IBM Japan, Ltd.	April 2015	Managing Executive officer (in charge of growth strategies) of IBM Japan, Ltd.
		January 2019	Representative Director and President of TMA Consulting Co., Ltd. (current)

Reason why the Company selected Mr. Tatsuya Matsunaga as a candidate for Director

Mr. Tatsuya Matsunaga possesses specialist and broad knowledge in relation to the IT service industry, and the Company judges that those qualities will enable him to fully contribute to matters including determination of managerial matters of, and supervision of the execution of operations for, the Company's group. The Company's board of directors proposes Mr. Tatsuya Matsunaga as a candidate for election as outside director.

Matters regarding independence

Since Mr. Tatsuya Matsunaga is not conflict with the criteria prescribed by the Tokyo Stock Exchange as attributes of an independent director that the Tokyo Stock Exchange requires to secure, the Company determines that Mr. Tatsuya Matsunaga is unlikely to have conflicts of interest with general shareholders, and if this Agenda Item 1 is approved, the Company will designate him an independent director and notify the Exchange.

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, 2019.
3. With respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into individual agreements for limitation of liability with Mr. Satoshi Shima and Ms. Naoko Shimura 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. Satoshi Shima and Ms. Naoko Shimura are reelected, then those individual agreements will continue.
4. Ms. Naoko Shimura is scheduled to assume the office of outside Audit & Supervisory Board Member of Nippon Signal Co., Ltd. at the ordinary general meeting of shareholders for the 136th business term of Nippon Signal Co., Ltd. to be held in June 2019.
5. If this Agenda Item 1 is approved, the Company intends, with respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, to enter into an individual agreement for limitation of liability with Mr. Tatsuya Matsunaga 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.

Agenda Item 2 Election of two audit and supervisory board members

When this general meeting of shareholders ends, the term of office of one audit and supervisory board member will expire. Accordingly, the Company proposes the election of two audit and supervisory board members as the Company would like to increase the number of audit and supervisory board members in order to further strengthen the auditing system.

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

The candidates for audit and supervisory board member are as follows:

Candidate number	1	Yuichiro Nishimura	To be newly elected	Outside	Independent	
Date of birth	August 29, 1957					
Number of Company shares owned	0 shares					
Number of years in office as audit and supervisory board member	0 years					
Attendance at meetings of the board of directors	-% (- of - meetings)					
Attendance at meetings of the audit and supervisory board	-% (- of - meetings)					
Brief career history; positions and responsibilities; and significant concurrent posts						
April 1982	Joined Nissan Motor Co., Ltd.	January 2000	Returned to Nissan Motor Co., Ltd.			
June 1985	Seconded to Nissan Cherry Shizuoka Sales Co., Ltd. (currently Nissan Prince Shizuoka Sales Co., Ltd.)	April 2005	Seconded to Yorozu Corporation Group chief, the Administration Department of Yorozu Corporation			
June 1987	Returned to Nissan Motor Co., Ltd.					
April 1998	Seconded to Nissan Koei Co., Ltd. (currently Nissan Creative Services Co., Ltd.)	October 2005	Permanent transfer to Yorozu Corporation			
	Deputy general manager, the General Affairs Department of Nissan Koei Co., Ltd.	June 2008	Chief of CSR Promotion Office of Yorozu Corporation			
		April 2014	General Manager, the General Affairs Department of Yorozu Corporation			

Reason why the Company selected Mr. Yuichiro Nishimura as a candidate for outside audit and supervisory board member

Mr. Yuichiro Nishimura possesses knowledge and experience in the domain of personnel and general affairs through his duties at automobile manufacturers and automobile parts manufacturers, and the Company's board of directors proposes Mr. Yuichiro Nishimura as a candidate for election as outside audit and supervisory board member in order to utilize that knowledge and experience to strengthen the auditing system of the Company. Although Mr. Yuichiro Nishimura has not been involved in corporate management, the Company has judged that, comprehensively taking into account his business experience stated above and other factors, he can properly perform his duties as an outside audit and supervisory board member.

Matters regarding independence

Since Mr. Yuichiro Nishimura is not conflict with the criteria prescribed by the Tokyo Stock Exchange as attributes of an independent auditor that the Tokyo Stock Exchange requires to secure, the Company determines that Mr. Yuichiro Nishimura is unlikely to have conflicts of interest with general shareholders, and if this Agenda Item 2 is approved, the Company will designate him an independent auditor and notify the Exchange.

Candidate
number

2

Nozomi Ueda

To be
newly
elected

Outside

Independent

Date of birth	February 19, 1974
Number of Company shares owned	0 shares
Number of years in office as audit and supervisory board member	0 years
Attendance at meetings of the board of directors	-% (- of - meetings)
Attendance at meetings of the audit and supervisory board	-% (- of - meetings)



Brief career history; positions and responsibilities; and significant concurrent posts

April 1999 Registered as a lawyer
 Joined Tokyo Themis (currently Kioizaka Themis) (current)

Reason why the Company selected Ms. Nozomi Ueda as a candidate for outside audit and supervisory board member

The Company's board of directors proposes Ms. Nozomi Ueda as a candidate for election as outside audit and supervisory board member in order to utilize her specialist knowledge and experience cultivated as a lawyer to strengthen the auditing system of the Company. Although Ms. Nozomi Ueda has not been involved in corporate management, the Company has judged that, comprehensively taking into account her business experience stated above and other factors, she can properly perform her duties as an outside audit and supervisory board member.

Matters regarding independence

Since Ms. Nozomi Ueda is not conflict with the criteria prescribed by the Tokyo Stock Exchange as attributes of an independent auditor that the Tokyo Stock Exchange requires to secure, the Company determines that Ms. Nozomi Ueda is unlikely to have conflicts of interest with general shareholders, and if this Agenda Item 2 is approved, the Company will designate her an independent auditor and notify the Exchange.

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, 2019.
3. If this Agenda Item 2 is approved, the Company intends, with respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, to enter into individual agreements for limitation of liability with Mr. Yuichiro Nishimura and Ms. Nozomi Ueda 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.

Agenda Item 3 Election of the independent auditor

When this general meeting of shareholders ends, Deloitte Touche Tohmatsu LLC, the independent auditor, will retire. The Company kindly requests that the shareholders approve the Company newly electing PricewaterhouseCoopers Aarata LLC as the independent auditor in accordance with the audit and supervisory board's decision.

Reason why the Company selected PricewaterhouseCoopers Aarata LLC as a candidate for the independent auditor

Although the Company has elected Deloitte Touche Tohmatsu LLC as the independent auditor over a long period of time, the audit and supervisory board has considered, taking into account the number of years that Deloitte Touche Tohmatsu LLC has conducted auditing, and in accordance with the Company's evaluation and selection standards for the independent auditor, a number of audit corporations (including Deloitte Touche Tohmatsu LLC) as a candidate for the independent auditor that is suited to the Company's current or future business size and details of work.

As a result, the audit and supervisory board has decided on an agenda item that proposes the new election of PricewaterhouseCoopers Aarata LLC as the independent auditor, because the audit and supervisory board comprehensively concluded that PricewaterhouseCoopers Aarata LLC has the expertise, independence and quality control system needed to be the independent auditor of the Company, and that a change in the independent auditor will cause auditing to be conducted from an alternative viewpoint and through alternative methods, therefore further improving the credibility of financial statements.

Candidate for the independent auditor

Name	PricewaterhouseCoopers Aarata LLC		
Offices	Main office	Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo	
	Other offices	Nagoya, Osaka and Fukuoka	
History	June 2006	Establishment of PricewaterhouseCoopers Aarata	
	July 2015	Changed the corporate name in Japanese from "Aarata Kansa Hojin" to "PwC Aarata Kansa Hojin"	
	July 2016	Converted to a limited liability audit corporation. Changed the corporate name to "PwC Aarata Yugen Sekinin Kansa Hojin" (English name: PricewaterhouseCoopers Aarata LLC)	
Outline	Capital	JPY 1,000 million (as of July 1, 2017)	
	Staffing	Partners	145
		CPAs	931
		Assistant CPAs	566
		U.S. CPAs and other professionals	908
		Clerks	612
		Total	3,162 (as of June 30, 2018)
	Affiliated companies		1,116 (as of June 30, 2018)

End of document

(Reference) Approach to, and framework, for corporate governance

- Fundamental approach to corporate governance

The Company positions corporate governance as a managerial and governance function intended to maximize corporate value. Consequently, as the Company expands its business, it conducts appropriate reviews of its organization and seeks to clarify management of profits and losses for each of its businesses and management authority and responsibility. The Company is focused on enhancing the functions of its board of directors, which is the Company's decision-making organ, enhancing the supervisory function of the audit and supervisory board members and the audit and supervisory board over the execution of operations by directors, and enhancing internal control functions that prevent improprieties in the execution of operations.

In addition, it is the Company's policy to appropriately release statutory disclosure documents and to actively conduct investor relations activities using the Company's website and the like in an ongoing effort to improve managerial transparency and fairness. The Company's corporate governance reports are published on its website (<https://mixi.co.jp/ir/governance/>).
- Corporate governance framework

The Company's corporate governance framework is as follows:

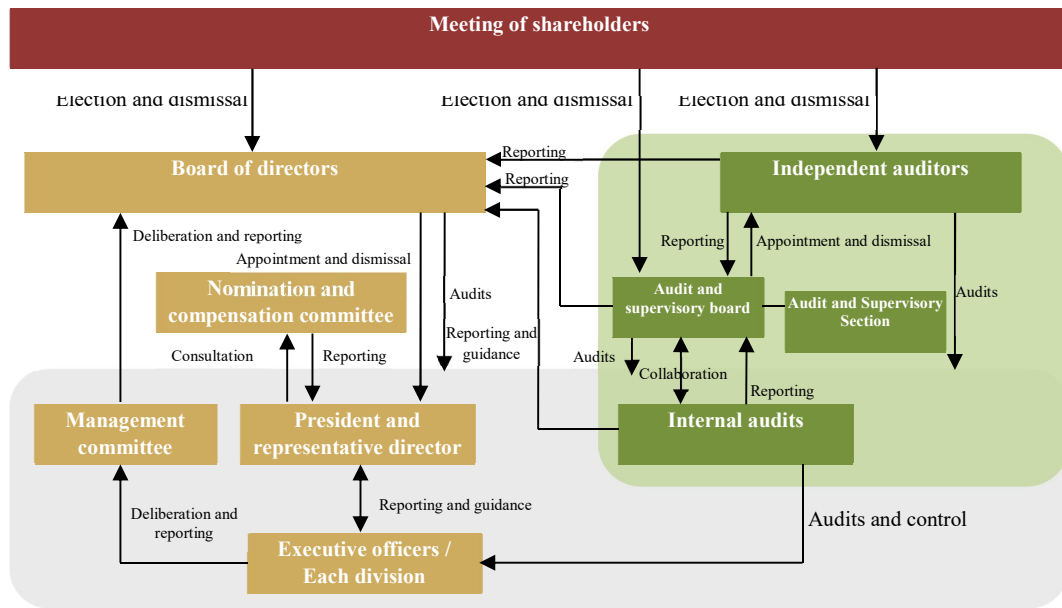
 - Directors and board of directors

If a resolution is adopted approving Agenda Item No. 1, the board of directors will be composed of nine directors, including three outside directors. In principle, a board of directors meeting is regularly held once a month, and the board of directors is structured in a way that enables swift and efficient decision-making. Further, each director's term of office is set at one year, in order to clarify each director's managerial responsibilities and to develop a managerial framework that is able to swiftly respond to changes in the managerial environment.
 - Management committee

The management committee deliberates and makes decisions regarding important matters related to business operations, and while in principle it meets regularly once a month, it also holds meetings at other times as required.
 - Audit and supervisory board

The Company is a company with company auditors under the Companies Act. If a resolution is adopted approving Agenda Item No. 2, the audit and supervisory board will be composed of four outside audit and supervisory board members (of whom two will be standing audit and supervisory board members). In principle, an audit and supervisory board meeting is regularly held once a month. In addition, audits are conducted by the audit and supervisory board members in accordance with each fiscal year plan, and the audit and supervisory board conducts reporting and consultation, expresses to the directors opinions as appropriate, and implements internal audits as well as general audits through collaboration with the independent auditors.
 - Nomination and compensation committee

The Company has established a nomination and compensation committee composed of all outside directors and the president and representative director for the purpose of bolstering transparency and objectivity and enhancing corporate governance by obtaining the opinions and advice of outside directors on matters related to individual personnel proposals regarding directors (excluding outside directors) and matters related to compensation and the like in advance of deliberation by the board of directors.



- Policy on electing directors, and nomination procedures

The Company's policy for deciding candidates for, and election of, directors (excluding outside directors) is as follows.

- Personnel proposals regarding directors (excluding outside directors) must heed the requirement to strike a sound balance between the knowledge, experience and ability needed by each director to effectively execute his or her role and duties and the requirement to form a board of directors that is diverse and optimally scaled.
- Personnel proposals regarding directors (excluding outside directors) who are in charge of executing operations must heed the requirement to elect persons with foresight who are able to accurately, appropriately and swiftly make managerial judgements and execute operations in order to contribute to the Company's continued growth and to contribute to improvement in the Company's corporate value over the mid- to long-term.

Each candidate for director (excluding outside director) is selected in accordance with this policy and is determined by resolution of the board of directors after deliberation by the nomination and compensation committee.

- Policy and procedures for deciding officer compensation

The Company's policy regarding the compensation of directors (excluding outside directors) is as follows.

- The Company establishes an appropriate balance between compensation in cash and the Company's shares to function as a sound incentive toward the continued growth of the Company.

Based on this policy, compensation for directors (excluding outside directors) consists of two elements: "cash compensation" paid on a monthly basis; and "stock options as share based compensation" linked to mid- to long-term corporate value.

"Cash compensation" is composed of "basic compensation," which corresponds to the director's responsibilities, and "outcome-based compensation," which is decided in light of outcomes achieved in the previous fiscal period. Decisions on "stock options as share based compensation" take into consideration a ratio corresponding to the director's responsibilities relative to "cash compensation".

From the perspective of independence, the compensation structure for outside directors is composed solely of "cash compensation."

In light of their roles as company auditors who are mainly in charge of legal compliance audits, the compensation structure for audit and supervisory board members is composed solely of "cash compensation."

From the perspective of securing objectivity and transparency in the decision-making process, compensation systems and compensation levels for directors (excluding outside directors) are decided by resolution of the board of directors after deliberation by the nomination and compensation committee.

(Provided Documents)

Business Report

I. Matters concerning corporate group's current status

1. Course and results of the business

The Company's net sales for the consolidated fiscal year ended March 31, 2019 were 144,032 million yen (a decrease of 23.8% compared to the previous consolidated fiscal year). In addition, the Company's operating income was 41,033 million yen (a decrease of 43.3% compared to the previous consolidated fiscal year), the ordinary income was 41,120 million yen (a decrease of 43.5% 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, 2019 was 26,521 million yen (a decrease of 36.5% compared to the previous consolidated fiscal year).

The status of each segment is set out below.

The name of each reportable segment and categorization method for the reportable segments have changed since the consolidated fiscal year ended March 31, 2019, and the year-on-year comparison and analysis below are based on the categories after the change.

Net Sales by Business Segment

Business Segment	19th Fiscal Year		20th Fiscal Year		YoY Comparison (%)
	Net Sales (millions of yen)	Composition Ratio (%)	Net Sales (millions of yen)	Composition Ratio (%)	
Entertainment Business	175,948	93.0	138,607	96.2	(21.2)
Lifestyle Businesses	13,146	7.0	5,427	3.8	(58.7)
Total	189,094	100.0	144,035	100.0	(23.8)

(Method for measuring profits of the business segments)

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

(i) Entertainment business

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, has released a movie in theaters in Japan and has also newly opened permanent stores for the sale of merchandise and other activities in Shinsaibashi, Osaka, in June 2018 and in Haneda, Tokyo, in January 2019, in addition to the existing store in Shibuya, Tokyo. In addition, the number of players exceeded 50 million worldwide in May 2019. 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 138,607 million yen (a decrease of 21.2% compared to the previous consolidated fiscal year) and the segment profit was

51,561 million yen (a decrease of 34.3% compared to the previous consolidated fiscal year).

(ii) Lifestyle businesses

In the lifestyle businesses, the number of users of “Family Album Mitene,” an app for sharing children’s photos and videos for families, exceeded four million in January 2019. In addition, “minimo,” a salon artist booking app, reached over three million downloads in June 2018. The Company has implemented prior investments in order to accelerate the launching of new business. The Company has ended provision of services for “TicketCamp,” the ticket flea-market service in May 2018. In addition, the Company transferred all of its shares in Diverse, Inc. to IBJ, Inc. on July 2, 2018. The Company transferred all of its shares in nohana, Inc. to nohana SPC, Inc. on March 29, 2019.

As a result, the lifestyle businesses’ net sales were 5,427 million yen (a decrease of 58.7% compared to the previous consolidated fiscal year) and the segment loss was 1,690 million yen (the segment profit for the previous consolidated fiscal year was 1,638 million yen).

2. Status of capital expenditures

The total of capital expenditures spent during the consolidated fiscal year ended March 31, 2019 was 3,780 million yen (an increase of 127.7% compared to the previous consolidated fiscal year). The main components of the capital expenditures were 2,218 million yen spent on construction in progress for the relocation of the head office and 713 million yen spent on acquiring computers, servers and the like.

3. Status of acquiring or disposing of other companies’ shares, other equities or stock acquisition rights

On February 28, 2019, the Company acquired all shares in Chariloto Co., Ltd. for 5,000 million yen from funds and the like operated by JAFECO Co., Ltd.

4. 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	17th Fiscal Year (ended March 2016)	18th Fiscal Year (ended March 2017)	19th Fiscal Year (ended March 2018)	20th Fiscal Year (the relevant consolidated fiscal year) (ended March 2019)
Net Sales (millions of yen)	208,799	207,161	189,094	144,032
Ordinary Income (millions of yen)	94,798	88,472	72,717	41,120
Profit Attributable to Owners of Parent (millions of yen)	61,022	59,867	41,788	26,521
Basic Earnings per Share (yen)	734.59	730.85	533.48	350.26
Total Assets (millions of yen)	165,039	176,974	192,123	192,068
Net Assets (millions of yen)	121,490	150,529	170,434	178,990
Net Assets per Share (yen)	1,441.66	1,889.16	2,176.88	2,368.05

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.

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

Category	17th Fiscal Year (ended March 2016)	18th Fiscal Year (ended March 2017)	19th Fiscal Year (ended March 2018)	20th Fiscal Year (the relevant consolidated fiscal year) (ended March 2019)
Net Sales (millions of yen)	199,025	195,756	178,813	141,427
Ordinary Income (millions of yen)	96,657	88,373	71,873	43,219
Profit (millions of yen)	61,959	60,097	41,363	26,319
Basic Earnings per Share (yen)	745.87	733.66	528.06	347.60
Total Assets (millions of yen)	161,949	171,507	189,683	190,213
Net Assets (millions of yen)	121,656	150,944	170,454	178,788
Net Assets per Share (yen)	1,443.70	1,894.43	2,177.19	2,365.40

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.

5. Issues to be addressed

In the entertainment business, the number of players of “Monster Strike,” which is a main component of the entertainment business, exceeded 50 million worldwide. As a result of this, the number of monthly active users (MAU) remains high, but the average revenue per user (ARPU) is on the decline, meaning that a major revamp of the game itself is necessary. In the fiscal year ending March 2020, the Company will implement structural changes, including changing the persons responsible for the business, will return the business to its roots to enable all users to enjoy themselves in a more evenly balanced manner and will review its overall strategy for intellectual properties, including relevant cartoons and merchandising.

In the sports domain, which the Company is taking on as a new domain, the Company will seek to expand its business by utilizing know-how accumulated in the entertainment business and by promoting accelerated growth of, and joint business development with, among others, Chariloto Co., Ltd., which became a wholly-owned subsidiary of the Company in the fiscal year ended March 2019.

While the Company will conduct a certain amount of investment in other services in light of overall income, it will proceed with business selection and consolidation by, for example, making early determinations regarding business withdrawal and the like when the Company is unable to conceive growth strategies for certain businesses due to changes in the market environment or for other reasons.

6. Main businesses (as of March 31, 2019)

Business Segment	Details of Business
Entertainment Business	Providing services with a focus on smartphone native games
Lifestyle Businesses	Operating services that utilize the Internet and that are closely related to people's everyday lifestyles

7. Main offices (as of March 31, 2019)

The Company	Head office	Shibuya-ku, Tokyo
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8. Status of employees (as of March 31, 2019)

(i) Status of the corporate group's employees

Number of Employees	Increase or Decrease from the Previous Consolidated Fiscal Year
967	increase of 118

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

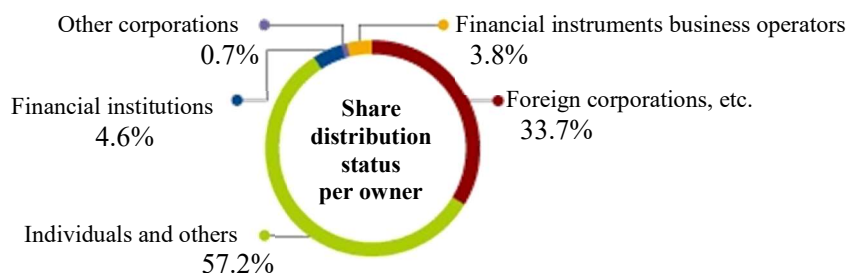
(ii) Status of the Company's employees

Number of Employees	Increase or Decrease from the Previous Fiscal Year	Average Age	Average Length of Service
905	increase of 257	33.6 years old	3.3 years

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

II. Matters concerning the Company's shares (as of March 31, 2019)

1. Total number of authorized shares 264,000,000 shares
2. Total number of issued shares 78,230,850 shares
(including 2,881,300 shares of treasury stock)
3. Number of shareholders 15,264 shareholders



4. Principal shareholders (top ten shareholders)

Name of Shareholder	Number of Shares (shares)	Percentage of Shareholding (%)
Kenji Kasahara	34,101,900	45.26
JP Morgan Chase Bank 380634	2,003,900	2.65
The Bank of New York 133972	1,437,400	1.90
CDSIL as Depositary for Old Mutual Global Investors Series	1,133,900	1.50
Japan Trustee Services Bank, Ltd. (Trust Account)	995,600	1.32
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	911,993	1.21
Japan Trustee Services Bank, Ltd. (Trust Account 9)	844,200	1.12
Koki Kimura	800,000	1.06
JPMorgan Securities Japan Co., Ltd.	768,514	1.01
The Bank of New York Mellon 140044	743,635	0.98

Note: The percentages of shareholding were calculated by excluding 2,881,300 shares of treasury stock and are rounded down to the nearest one-hundredth of one percent.

5. Other important matters related to shares

The Company repurchased 2,795,800 shares of its own stock during the period from May 15, 2018 to June 7, 2018 pursuant to the resolution of the board of directors adopted on May 10, 2018.

III. 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 ended March 31, 2019

Name	The 13th stock acquisition rights	The 14th stock acquisition rights	The 15th stock acquisition rights
Date of the board resolution	August 5, 2016	August 8, 2017	August 9, 2018
Occupation and number of the holders of the stock acquisition rights	One director (excluding outside directors)	Two directors (excluding outside directors)	Four directors (excluding outside directors)
Number of stock acquisition rights	470	385	2,055
Class and number of shares subject to the stock acquisition rights	47,000 shares of common stock (see Note 1)	38,500 shares of common stock (see Note 1)	205,500 shares of common stock (see Note 1)
Amount to be paid upon exercising stock acquisition rights	One yen	One yen	One yen
Issuance price of a stock upon exercise of stock acquisition rights	1,898 yen	3,944 yen	1,380 yen
Exercise period of the stock acquisition rights	From: August 30, 2016 Until: August 29, 2046	From: August 30, 2017 Until: August 29, 2047	From: August 30, 2018 Until: August 29, 2048
Terms and conditions in relation to the stock acquisition rights	See Note 3	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.

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

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, corporate officer or employee; or a director, auditor, corporate 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, corporate officer or employee or a director, auditor, corporate 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 a corporate 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 ended March 31, 2019

Name	The 16th stock acquisition rights
Date of the board resolution	November 8, 2018
Occupation and number of the persons to whom the stock acquisition rights are granted	Seven corporate officers
Number of stock acquisition rights	574
Class and number of shares subject to the stock acquisition rights	57,400 shares of common stock (see Note 1)
Amount to be paid upon exercising stock acquisition rights	One yen
Issuance price of a stock upon exercise of stock acquisition rights	-
Exercise period of the stock acquisition rights	From: November 27, 2019 Until: November 26, 2024
Terms and conditions in relation to the stock acquisition rights	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.

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

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 only if the closing price of the Company's shares of common stock on the Tokyo Stock Exchange on the business day immediately preceding the date on which he or she exercises his or her stock acquisition rights for subscription (or, if there are no transactions in relation to the Company's shares on such business day, the closing price on the day immediately preceding such business day; the same applies hereinafter) is higher than the closing price on the Tokyo Stock Exchange on the allotment date of the stock acquisition rights for subscription.
(2) Each Stock Acquisition Rights Holder may exercise his or her stock acquisition rights for subscription within the period set out below and up to the percentage set out below inclusive of

stock acquisition rights for subscription already exercised. In this case, if any fraction less than one exercisable stock acquisition right for subscription results from the calculation based on such percentage, he or she may only exercise his or her stock acquisition rights for subscription in the number obtained after rounding down such fraction.

- (a) One year from the first day of the exercise period of the stock acquisition rights for subscription:
30% of the total number of the stock acquisition rights for subscription allotted to such Stock Acquisition Rights Holder
 - (b) One year from the day following the end of the period in (a) above:
60% of the total number of the stock acquisition rights for subscription allotted to such Stock Acquisition Rights Holder
 - (c) From the day following the end of the period in (b) above to the last day of the exercise period of the stock acquisition rights for subscription:
All of the total number of the stock acquisition rights for subscription allotted to such Stock Acquisition Rights Holder
- (3) A Stock Acquisition Rights Holder is required to be a director, audit and supervisory board member or auditor or employee (including a corporate officer) of the Company or its subsidiary even when exercising his or her stock acquisition rights for subscription; however, this does not apply if the board of directors decides that there is a just reason, such as retirement due to expiration of term of office or mandatory retirement.
- (4) Notwithstanding preceding three paragraphs 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 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 a corporate officer) of the Company or its subsidiary;
 - (b) if the Stock Acquisition Rights Holder falls under Article 331, Paragraph 1, Item (iii) or (iv) of the Companies Act;
 - (c) 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
 - (d) 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.
- (5) 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.
- (6) 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.
- (7) Other terms and conditions for exercising the stock acquisition rights will be determined in each Subscription Agreement.

IV. Matters concerning the Company's officers

- Names of, and other information regarding, directors and audit and supervisory board members (as of March 31, 2019)

Position in Company	Name	Responsibilities and Significant Concurrent Posts
President and Representative Director	Koki Kimura	-
Director	Kosuke Taru	Executive General Manager of the Digital Entertainment Business Division Executive General Manager of the Monster Strike Business Division
Director	Hiroyuki Osawa	Executive General Manager of the Administrative Headquarters
Director	Masahiko Okuda	Executive General Manager of the Unified Administration Headquarters
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
Director	Naoko Shimura	Partner of Nishimura & Asahi
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 Representative director of Generys Inc.

Notes:

- Director Tatsuya Aoyagi, Director Satoshi Shima and Director Naoko Shimura are outside directors.
- 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.
- 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.
- Audit and Supervisory Board Member Takayuki Sato is qualified as a lawyer and possesses professional knowledge and experience.
- 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.
- The Company has notified the Tokyo Stock Exchange that Director Tatsuya Aoyagi, Director Satoshi Shima, Standing Audit and Supervisory Board Member Takako Kato, Audit and Supervisory Board Member Takayuki Sato and Audit and Supervisory Board Member Hiroyuki Wakamatsu are independent directors or auditors.

2. Directors and Audit and Supervisory Board Members who retired during the fiscal year ended March 31, 2019

Position in Company at Time of Retirement	Name	Responsibilities and Significant Concurrent Posts at Time of Retirement	Reason for Retirement	Retirement Date
President and Representative Director	Hiroki Morita		Resignation	June 22, 2018
Director	Yasuhiro Ogino	President of SmartHealth, Inc.	Expiry of term of office	June 26, 2018

3. Compensation amount, etc. for directors and audit and supervisory board members

Category	Number of Officers	Amount	Remarks
Director	10	585 million yen	(16 million yen for three outside directors)
Audit and Supervisory Board Member	3	29 million yen	(29 million yen for three outside audit and supervisory board members)
Total	13	615 million yen	

Notes:

1. The aggregate compensation amount, etc. 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 compensation amount, etc. for directors (monthly-paid compensation and stock options combined) is 1,000 million yen per annum (including a maximum amount of 100 million yen per annum for outside directors). This compensation, etc. does 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 compensation amount, etc. for audit and supervisory board members is 50 million yen per annum.
4. Each compensation amount, etc. above includes the expenses reported for the fiscal year in relation to stock acquisition rights granted as stock options (283 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 Holdings Co., Ltd.
Director	Satoshi Shima	Visiting professor of Tama University Outside director of Yoriso.Co., Ltd. Outside director of Vortex. Co., Ltd. External director of Aucfan Co., Ltd. Outside director of i-mobile Co., Ltd. Outside director of Neo Career Co., Ltd.
Director	Naoko Shimura	Partner of Nishimura & Asahi External auditor of Tabikobo Co. Ltd.
Audit and Supervisory Board Member	Takayuki Sato	Managing partner of Satoh Business Law Office Outside auditor of Meiko Electronics Co., Ltd.
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. Representative director of Generys Inc.

Notes:

1. There is no special relationship between the Company and the other corporations above.
2. Director Naoko Shimura is to assume office as an outside audit and supervisory board member of Nippon Signal Co., Ltd. on June 21, 2019, after the end of the fiscal year.

(ii) Main activities during the fiscal year ended March 31, 2019

Position	Name	Board of directors meetings attendance status	Audit and supervisory board meetings attendance status	Activities
Director	Tatsuya Aoyagi	100% Attended 17 of 17 meetings	-	He provided comments mainly from his professional viewpoint as a certified public accountant.
Director	Satoshi Shima	94.1% Attended 16 of 17 meetings	-	He provided comments based mainly on his abundant insights and achievements related to corporate activities.
Director	Naoko Shimura	100% Attended 13 of 13 meetings	-	She provided comments mainly from her professional viewpoint as a lawyer.
Audit and Supervisory Board Member (Standing)	Takako Kato	100% Attended 17 of 17 meetings	100% Attended 17 of 17 meetings	She provided comments necessary for deliberation on agenda items as appropriate.
Audit and Supervisory Board Member	Takayuki Sato	100% Attended 17 of 17 meetings	100% Attended 17 of 17 meetings	He provided comments mainly from his professional viewpoint as a lawyer.
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	100% Attended 17 of 17 meetings	100% Attended 17 of 17 meetings	He provided comments mainly from his professional viewpoint as a certified public accountant.

(iii) Outline of the agreements for limitation of liability

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements to limit the liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act with each of the outside directors and each of 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.

V. Matters concerning independent auditors

(1) Name of independent auditors

Deloitte Touche Tohmatsu LLC

(2) Independent auditors' compensation for the fiscal year ended March 31, 2019

	Payment
Independent auditors' compensation for the fiscal year ended March 31, 2019	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:

- Under the audit contract between the Company and the independent auditors, compensation is not clearly divided into compensation 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 compensation between those two audits. Therefore, the aggregate amount of compensation for those audits for the fiscal year ended March 31, 2019 is stated in the table above.
- The audit and supervisory board gave the consent under Article 399, Paragraph 1 of the Companies Act regarding compensation for the independent auditors after it (i) confirmed the records of the audit times by audit items and by auditor hierarchies and changes in compensation 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 compensation for the fiscal year ended March 31, 2019

(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

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

Systems that ensure the properness of operations:

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

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

- (i) The Company Group shall endeavor to ensure that duties are properly executed by directors and employees by developing operation processes and internal rules as well as strengthening the assessment and supervision system of the internal audit office.
 - (ii) The Company Group shall establish a whistleblower system to curb illegal acts and shall seek to prevent misconduct, while also developing a system for eliminating antisocial forces.
 - (iii) The Company Group shall emphasize the importance of compliance with the “Ethical Code” and thoroughly make the details of this code known to all officers and employees through an information system.

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

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

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

The Company Group shall develop rules to ascertain and manage various risks surrounding the Company Group and develop and strengthen a system that is necessary for managing risks. The Company Group shall endeavor to ascertain, assess and minimize risks relevant to the business operations that the Company Group conducts by appointing the President and Representative Director as the chief executive of the system for promoting risk management and also by appointing the executive general manager of the Unified Administration Headquarters as the person in charge who supports the chief executive of the system for promoting risk management.

- (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 and corporate officers 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 directors and executive officers, including the President and Representative Director of the Company, shall hold ordinary meetings, and each company shall report important matters.
 - (iii) The internal audit office of the Company shall, pursuant to the internal audit rules, implement an internal audit of the group companies from perspectives such as the level of conformance with laws and regulations, the articles of incorporation, the internal rules and the like.
- (6) Matters relating to employees assisting duties of audit and supervisory board members of the Company when appointment of those employees is requested by the audit and supervisory board members of the Company
- In order to assist in the duties of audit and supervisory board members, the Company shall 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 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

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 process such expenses or liabilities 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 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 Audit and Supervisory Section shall lead the development of a system in which audits are conducted effectively by, for example, ensuring the exchange of opinions and information between audit and supervisory board members and the independent auditors and, at the request of audit and supervisory board members, holding 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

An outline of the operational status of the systems that ensure the properness of operations in the fiscal year ended March 31, 2019 is set out below.

(1) Execution of directors' duties

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

(2) Compliance initiatives

Based on the "Ethical Code," the Company provided, as appropriate, legal education and other training tailored to duties.

In addition, the Company operated a whistleblower system and, at an early stage, the Company identified acts that might violate a law or regulation, the articles of incorporation or an internal rule and responded to those acts in an appropriate and timely manner.

(3) Risk management initiatives

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

(4) Administering the Company Group

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

(5) Implementing internal audits

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

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

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

VII. 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 or a dividend on equity ratio (DOE) of 5% while seeking to achieve sustained increases in corporate value by making investments (including business development, research and development and M&As) that are necessary for future growth.

Based on the above policy, the year-end dividend for the fiscal year ended March 31, 2019 is 60 yen per share. The Company has distributed an interim dividend of 60 yen per share in the interim period, so the annual dividends for the fiscal year ended March 31, 2019 are 120 yen per share.

The annual dividends for the following fiscal year (ending March 31, 2020) are expected to be 110 yen per share (of which, 55 yen are interim dividends), based on the policy above.

While seeking to achieve sustained increases in corporate value and taking into consideration the business performance in each fiscal year, the Company will continue to consider measures for providing returns to shareholders.

Consolidated Financial Statements

Consolidated Balance Sheets

(As of March 31, 2019)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	160,824	Current liabilities	12,448
Cash and deposits	144,417	Accounts payable - other	8,298
Accounts receivable – trade	9,402	Income taxes payable	504
Merchandise	297	Provision for bonuses	837
Consumption taxes receivable	1,417	Other	2,808
Other	5,315	Non-current liabilities	628
Allowance for doubtful accounts	(27)	Other	628
Non-current assets	31,243	Total liabilities	13,077
Property, plant and equipment	4,109	Net assets	
Buildings	376	Shareholders' equity	177,531
Tools, furniture and fixtures	1,487	Capital stock	9,698
Construction in progress	2,244	Capital surplus	9,668
Intangible assets	5,887	Retained earnings	169,069
Goodwill	5,121	Treasury shares	(10,905)
Other	766	Accumulated other comprehensive income	900
Investments and other assets	21,246	Valuation difference on available-for-sale securities	665
Investment securities	6,688	Foreign currency translation adjustment	234
Deferred tax assets	9,426	Subscription rights to shares	555
Other	5,132	Non-controlling interests	3
Allowance for doubtful accounts	(1)	Total net assets	178,990
Total assets	192,068	Total liabilities and net assets	192,068

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

Consolidated Statements of Income

(April 1, 2018 to March 31, 2019)

(Unit: ¥ million)

Description	Amount	
Net sales		144,032
Cost of sales		20,224
Gross profit		123,808
Selling, general and administrative expenses		82,774
Operating income		41,033
Non-operating income		
Interest income	4	
Foreign exchange gains	36	
Gain on investments in partnership	17	
Gain on sales of goods	36	
Other	126	219
Non-operating expenses		
Interest expenses	0	
Commission fee	111	
Other	20	132
Ordinary income		41,120
Extraordinary income		
Gain on sales of non-current assets	1	
Gain on sales of investment securities	212	
Gain on sales of shares of subsidiaries and associates	642	856
Extraordinary losses		
Loss on withdrawal from business	2,018	
Loss on sales and retirement of non-current assets	19	
Impairment loss	349	
Loss on valuation of investment securities	524	2,912
Income before income taxes		39,063
Income taxes – current	11,777	
Income taxes – deferred	765	12,542
Profit		26,520
Loss attributable to non-controlling interests		(0)
Profit attributable to owners of parent		26,521

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

Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2018 to March 31, 2019)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2018	9,698	9,668	151,669	(1,450)	169,587
Changes of items during period					
Dividends of surplus			(8,967)		(8,967)
Profit attributable to owners of parent			26,521		26,521
Purchase of treasury shares				(9,999)	(9,999)
Disposal of treasury shares		(154)		544	389
Transfer to capital surplus from retained earnings		154	(154)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	17,399	(9,455)	7,944
Balance on March 31, 2019	9,698	9,668	169,069	(10,905)	177,531

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance on April 1, 2018	-	212	212	630	4	170,434
Changes of items during period						
Dividends of surplus						(8,967)
Profit attributable to owners of parent						26,521
Purchase of treasury shares						(9,999)
Disposal of treasury shares						389
Transfer to capital surplus from retained earnings						-
Net changes of items other than shareholders' equity	665	21	687	(74)	(0)	612
Total changes of items during period	665	21	687	(74)	(0)	8,556
Balance on March 31, 2019	665	234	900	555	3	178,990

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: 19
- Names of the major consolidated subsidiaries: mixi recruitment, Inc.

UNLIM, Inc. and other one company are newly established companies, and Chariloto Co., Ltd. and other company are newly acquired companies, all of which have been included in the scope of consolidation from the fiscal year ended March 31, 2019.

On the other hand, Diverse, Inc. and nohana, Inc., which were consolidated subsidiaries in the previous fiscal year have been excluded from the scope of consolidation, as a result of the transfer of their shares in entirety in the fiscal year ended March 31, 2019.

2) Name of non-consolidated subsidiaries and others

eMercury, Inc. and 3 other companies

(Reason for exclusion from the scope of consolidation)

eMercury, Inc. and other three companies have been excluded from the scope of consolidation as they are small-scale companies and total of their 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

Names, etc. of major companies

eMercury, Inc. and 3 other companies

(Reason for not applying the equity method)

eMercury, Inc. and other three companies 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 five other companies are 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

Available-for-sale securities with market value:

Stated at fair value based on market price as of the balance-sheet date (valuation differences are included directly in net assets, and cost of sales is measured using the moving average method)

Available-for-sale securities without market value:

Stated at cost using the moving-average method.

Investments in investment partnerships and others are based on the financial statements for the most recent balance sheet date using the net amount proportionate to mixi's ownership interests.

Valuation standards and valuation methods of inventories

Merchandise:

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

2) Depreciation and amortization methods of significant depreciation assets

a. Property, plant and equipment (excluding leased assets):

The declining balance method is primarily applied.

However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings acquired on or after April 1, 2016.

The principle useful lives are as follows:

Buildings: 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

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. Notes on Changes in Presentation Method
(Consolidated Balance Sheets)

The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (The Accounting Standards Board of Japan (ASBJ) Statement No. 28; February 16, 2018) from the beginning of the fiscal year ended March 31, 2019, resulting in a change whereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

3. Notes on Consolidated Balance Sheets

Accumulated depreciation of property, plant and equipment: ¥2,688 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 mixi and i-mercury Capital, Inc.

(2) Gain on sales of shares of subsidiaries and associates

Gain on sales of shares of subsidiaries and associates in extraordinary income is a gain on sales of shares in Diverse, Inc. and nohana, Inc.

(3) Loss on withdrawal from business

Loss on withdrawal from business in extraordinary losses is a loss resulting from the withdrawal from telecommunications-related business, including mainly ¥1,913 million for disposal of inventories and retirement of non-current assets as well as ¥104 million for expenses from termination of contracts.

(4) Impairment loss

mixi Group posted impairment loss on the following assets in the consolidated fiscal year ended March 31, 2019.

Business	Application	Place	Classification	Amount (¥ million)
Entertainment Business	Store	Shibuya-ku, Tokyo	Buildings	158
			Tools, furniture and fixtures	83
			Other intangible assets	91

Assets are grouped based on managerial accounting segmentation where income and expenses are recognized on continuous basis. Idle assets and assets to be disposed of are grouped by relevant asset.

Impairment loss in the Entertainment Business was recorded due to the fact that the revenue initially expected for a store operated by mixi can no longer be expected.

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.

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, 2018	Increase	Decrease	As of March 31, 2019
Common shares	78,230,850 shares	- shares	- shares	78,230,850 shares

(Summary of causes of changes)

Not applicable.

(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, 2018	Common shares	4,446	57	March 31, 2018	June 6, 2018
Board of Directors Meeting on November 8, 2018	Common shares	4,520	60	September 30, 2018	December 10, 2018

2) Dividends with record dates within the year ended March 31, 2019, 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, 2019	Common shares	Retained earnings	4,520	60	March 31, 2019	June 11, 2019

(3) Matters related to the subscription rights to shares as of March 31, 2019

	Class of shares to be issued	Number of shares to be issued
13 th issuance of subscription rights to shares (resolved at the Board of Directors Meeting on August 5, 2016)	Common shares	47,000 shares
14 th issuance of subscription rights to shares (resolved at the Board of Directors Meeting on August 8, 2017)	Common shares	38,500 shares
15 th issuance of subscription rights to shares (resolved at the Board of Directors Meeting on August 9, 2018)	Common shares	205,500 shares
16 th issuance of subscription rights to shares (resolved at the Board of Directors Meeting on November 8, 2018)	Common shares	57,400 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, 2019 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	144,417	144,417	-
(2) Accounts receivable – trade	9,402		
Allowance for doubtful accounts	(27)		
	9,375	9,375	-
(3) Consumption taxes receivable	1,417	1,417	-
(4) Investment securities			
Available-for-sale securities	989	989	-
(5) Accounts payable - other	(8,298)	(8,298)	-
(6) Income taxes payable	(504)	(504)	-

(*) 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 (3) Consumption taxes receivable

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.

(4) Investment securities

The fair values of stock is measured using the market price quoted by the stock exchange.

(5) Accounts payable – other (6) Income taxes payable

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 ¥1,636 million) and investments in investment partnerships (amount recorded on consolidated balance sheet is ¥4,061 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 Business Combination

(1) Chariloto Co., Ltd.

1) Summary of the Business Combination

a. Name of the acquired entity and description of the acquired business

Name: Chariloto Co., Ltd.

Description of the acquired business: Sales of keirin (Japanese track cycling) race betting ticket at ticket offices and via the Internet, as well as management of such operation

b. Reasons for the business combination

mixi is currently investing in new fields in order to create another pillar of business following the success of Monster Strike. One point of heavy focus for investment is the field of sports, an area in which they continue to develop new businesses and consider M&A opportunities.

The Company acquired shares of Chariloto Co., Ltd. ("Chariloto"), a company which operates "chariloto.com" providing services for Keirin and motorcycle race betting through internet will predictably provide further growth as a business pillar in the sport field by combining together the business foundation that Chariloto holds with insight and technological skills and etc. that the Company holds.

c. Date of the business combination

February 28, 2019

d. Legal form of the business combination

Acquisition of shares

e. Name of the entity after the business combination

Chariloto Co., Ltd.

f. Ratio of voting rights acquired

100.0%

g. Primary ground for determining the acquiring company

Due to the acquisition by mixi of all of shares of Chariloto Co., Ltd. and its conversion to a consolidated subsidiary.

2) Period for which the business results of the acquiree is included in the consolidated financial statements

The acquisition is deemed to have been executed on December 31, 2018 (Balance sheet date of Chariloto Co., Ltd.) and the consolidated financial results are prepared based on the financial statements as of the same date. Therefore, the business result of the acquiree is not included in the consolidated financial results for the fiscal year ended March 31, 2019.

3) Acquisition cost of the acquiree and breakdown of considerations by type

Considerations for the acquisition	Cash	¥5,000 million
Acquisition Costs		¥5,000 million

4) Details and amount of major acquisition-related expenses

Advisory fees and research cost	¥36 million
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- 5) Amount of goodwill arising from business combination, reason for recognizing goodwill, and method and period of amortization
- a. Amount of goodwill arising from business combination
¥5,121 million
The amount of goodwill is calculated tentatively because calculation of specific and fair value of identifiable assets and liabilities at the date of the business combination is yet to be completed, and the allocation of acquisition cost has not been completed.
 - b. Reason for the goodwill arising
Goodwill was generated due to the difference between the value of equity interest held by the acquiring company in the acquired company and the acquisition cost.
 - c. Method and period of amortization
Goodwill is amortized using the straight-line method over the period during which goodwill generates its effect. Amortization period will be determined based on the result of the allocation of acquisition cost.

8. Notes on Per Share Information

- (1) Net assets per share: ¥2,368.05
- (2) Profit per share: ¥350.26

9. Notes on Significant Subsequent Events

Not applicable.

Non-consolidated Financial Statements

Balance Sheets

(As of March 31, 2019)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	154,648	Current liabilities	11,413
Cash and deposits	137,623	Accounts payable – other	7,905
Accounts receivable – trade	8,896	Accrued expenses	8
Merchandise	292	Income taxes payable	431
Advance payments – trade	1,553	Advances received	1,604
Prepaid expenses	1,491	Deposits received	632
Short-term loans receivable	1,819	Provision for bonuses	827
Consumption taxes receivable	1,452	Lease obligations	2
Other	2,334	Other	0
Allowance for doubtful accounts	(816)	Non-current liabilities	12
Non-current assets	35,565	Lease obligations	4
Property, plant and equipment	3,900	Other	7
Buildings	288		
Tools, furniture & fixtures	1,376	Total liabilities	11,425
Construction in progress	2,235	Net assets	
Intangible assets	245	Shareholders' equity	177,566
Software	224	Capital stock	9,698
Other	20	Capital surplus	9,668
Investments and other assets	31,420	Legal capital surplus	9,668
Investment securities	5,288	Retained earnings	169,104
Shares of subsidiaries and associates	9,516	Other retained earnings	169,104
Investments in capital	1	Retained earnings brought forward	169,104
Investments in capital of subsidiaries and associates	18	Treasury shares	(10,905)
Long-term loans receivable	3,523	Valuation and translation adjustments	665
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	Valuation difference on available-for-sale securities	665
Long-term prepaid expenses	546	Subscription rights to shares	555
Lease and guarantee deposits	4,535		
Deferred tax assets	9,656		
Other	44		
Allowance for doubtful accounts	(1,711)	Total net assets	178,788
Total assets	190,213	Total liabilities and net assets	190,213

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

Statements of Income

(April 1, 2018 to March 31, 2019)

(Unit: ¥ million)

Description	Amount	
Net sales		141,427
Cost of sales		18,933
Gross profit		122,494
Selling, general and administrative expenses		79,713
Operating income		42,781
Non-operating income		
Interest income	121	
Dividend income	213	
Foreign exchange gains	36	
Gain on investments in partnership	21	
Gain on sales of goods	36	
Other	121	
		550
Non-operating expenses		
Interest expenses	0	
Commission fee	111	
Other	0	
		111
Ordinary income		43,219
Extraordinary income		
Gain on sales of non-current assets	1	
Gain on sales of investment securities	67	
Gain on sales of shares of subsidiaries and associates	100	
Gain on reversal of allowance for doubtful accounts	153	
		321
Extraordinary losses		
Loss on withdrawal from business	1,620	
Loss on sales and retirement of non-current assets	19	
Impairment loss	333	
Loss on valuation of investment securities	24	
Loss on valuation of shares of subsidiaries and associates	569	
Loss on sales of shares of subsidiaries and associates	346	
Provision of allowance for doubtful accounts	2,091	
Other	18	
		5,025
Income before income taxes		38,515
Income taxes - current	11,709	
Income taxes – deferred	486	
		12,195
Profit		26,319

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

Statements of Changes in Shareholders' Equity

(April 1, 2018 to March 31, 2019)

(Unit: ¥ million)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance on April 1, 2018	9,698	9,668	-	9,668	151,906	151,906	(1,450)	169,823
Changes of items during period								
Dividends of surplus					(8,967)	(8,967)		(8,967)
Profit					26,319	26,319		26,319
Purchase of treasury shares							(9,999)	(9,999)
Disposal of treasury shares			(154)	(154)			544	389
Transfer to capital surplus from retained earnings			154	154	(154)	(154)		-
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	-	-	17,198	17,198	(9,455)	7,742
Balance on March 31, 2019	9,698	9,668	-	9,668	169,104	169,104	(10,905)	177,566

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance on April 1, 2018	-	-	630	170,454
Changes of items during period				
Dividends of surplus				(8,967)
Profit				26,319
Purchase of treasury shares				(9,999)
Disposal of treasury shares				389
Transfer to capital surplus from retained earnings				-
Net changes of items other than shareholders' equity	665	665	(74)	591
Total changes of items during period	665	665	(74)	8,333
Balance on March 31, 2019	665	665	555	178,788

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

Available-for-sale securities with market value:

Stated at fair value based on market price as of the balance-sheet date (valuation differences are included directly in net assets and cost of sales is measured using the moving average method).

Available-for-sale securities without market value:

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

(2) Valuation standards and valuation methods of inventories

Merchandise:

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

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

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

The declining balance method is primarily applied.

However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings acquired on or after April 1, 2016.

The principle useful lives are as follows:

Buildings: 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. Notes to Changes in Presentation Methods
(Balance Sheets)

- (1) “Short-term loans receivable” (¥359 million for the previous fiscal year), which was included in “Other” under “Current assets” for the previous fiscal year, is presented separately for the fiscal year under review as it increased in importance.
- (2) The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (The Accounting Standards Board of Japan (ASBJ) Statement No. 28; February 16, 2018) from the beginning of the fiscal year ended March 31, 2019, resulting in a change whereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

3. Notes on Balance Sheets

- (1) Accumulated depreciation of property, plant and equipment: ¥ 2,626 million
- (2) Monetary receivables and payables in relation to subsidiaries and associates
 - Short-term monetary receivables: ¥1,991 million
 - Long-term monetary receivables: ¥3,567 million
 - Short-term monetary payables: ¥23 million

4. Notes on Statements of Income

- (1) Transaction volume with subsidiaries and associates
 - Transaction volume of operating transactions
 - Operating revenue: ¥211 million
 - Operating expenses: ¥211 million
 - Transaction volume of non-operating transactions: ¥336 million
- (2) Loss on withdrawal from business
 - Loss on withdrawal from business in extraordinary losses is a loss resulting from the withdrawal from the telecommunications related business, which consists mainly of ¥1,620 million of the disposal of inventories and retirement of non-current assets.
- (3) Loss on valuation of shares of subsidiaries and associates and Provision of allowance for doubtful accounts
 - Related to investments and loans to Ratel Inc., Kuto, Inc., i-mercury Capital, Inc., HECATE, Inc., and Compath Me Inc. whose financial condition deteriorated.
- (4) Gain on reversal of allowance for doubtful accounts
 - Related to investments and loans to nohana, Inc. whose investment loans were repaid.

(5) Impairment loss

mixi Group posted impairment loss on the following assets in the consolidated fiscal year ended March 31, 2019.

Business	Application	Place	Classification	Amount (¥ million)
Entertainment Business	Store	Shibuya-ku, Tokyo	Buildings	158
			Tools, furniture and fixtures	83
			Other intangible assets	91

Assets are grouped based on managerial accounting segmentation where income and expenses are recognized on continuous basis. Idle assets and assets to be disposed of are grouped by relevant asset. Impairment loss in the Entertainment Business was recorded due to the fact that the revenue initially expected for a store operated by mixi can no longer be expected.

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.

5. Notes on Statements of Changes in Shareholders' Equity

Class and number of treasury shares at the end of the year ended March 31, 2019

Common shares: 2,881,300 shares

6. Notes on Tax Effect Accounting

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

Deferred tax assets	
Buildings	¥121 million
Software	8,811 million
Lump sum depreciable assets	33 million
Investment securities	274 million
Shares of subsidiaries and associates	2,775 million
Allowance for doubtful accounts	774 million
Enterprise tax payable	43 million
Provision for bonuses	253 million
Asset retirement obligations	91 million
Subscription rights to shares	170 million
Advances received	162 million
Other	265 million
Subtotal of deferred tax assets	13,775 million
Valuation allowance	(3,824 million)
Total deferred tax assets	9,950 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(293 million)
Total deferred tax liabilities	(293 million)
Net deferred tax assets	9,656 million

7. Notes to Related Party Transactions

Officers and major individual shareholders, etc.

Type	Name	Ratio of holding voting rights, etc. (held) (%)	Relation with related party	Description of transactions	Transaction amount (¥ million)	Item	Term-end balance (¥ million)
Officer	Kenji Kasahara	(Held) Direct 46.6 %	Director and Chairperson of the Company	Acquisition of treasury shares (Note)	4,997	-	-

(Note) Acquisition of treasury shares decided by the resolution of the Board of Directors meeting held on May 10, 2018 was executed through off-auction own share repurchase trading (ToSTNet-3), and the transaction amount is calculated using the closing price as of May 14, 2018.

8. Notes on Per Share Information

- (1) Net assets per share: ¥2,365.40
- (2) Net income per share: ¥347.60

9. Notes on Significant Subsequent Events

Not applicable.