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(Securities Code 4436)
June 8, 2020

To Shareholders with Voting Rights:

KEN URYU
President & CEO
MINKABU THE INFONOID, Inc.
3-29-1 Kandajimbocho Chiyoda-ku, Tokyo
101-0051, Japan

NOTICE OF THE 14TH ANNUAL GENERAL SHAREHOLDERS' MEETING

Dear Shareholders:

You are cordially invited to attend the 14th Annual General Meeting of Shareholders of MINKABU THE INFONOID, Inc.(the "Company"). The meeting will be held for the purposes as described below.
In order to prevent the spread of the COVID-19, if you have cold-like symptoms or are not feeling well, please refrain from coming to the event in order to avoid infection. In addition, the elderly, those who have basic diseases, and those who are pregnant are also asked to refrain from coming on the day of the venue to avoid infection.
If you are unable to attend the Meeting, you may exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via the Internet. Please refer to the documents for the General Shareholders' Meeting (described hereinafter) and exercise your voting rights by JST 17:00, Wednesday , June 24, 2020.

【Please refrain from coming to the venue on the day of the meeting.】

In order to prevent the spread of COVID-19, all shareholders are strongly requested to exercise your voting rights by mail or via the Internet, and refrain from coming to the meeting to avoid infection. A shareholder meeting could become an infection cluster for the disease because it is a place where many shareholders gather.

【Disclosure of Notice of Convocation prior to Dispatch】

The contents of this convocation notice have been posted on the Company's website (https://minkabu.co.jp/ir) prior to the dispatch in order to provide early information.

1. **Date and Time:** Thursday, June 25, 2020 at 10:00 a.m. (JST)
2. **Venue:** Chiyoda First Building, BELLESALLE Jimbocho (Tokyo, Japan)
3. **Meeting Agenda:**

Matters to be Reported:

1. Report of business, non-consolidated financial statements for the 14th fiscal year (from April 1, 2019 to March 31, 2020)
2. Financial statements for the 14th fiscal year (from April 1, 2019 to March 31, 2020)

Proposals to be Resolved:

Proposal 1: Partial Amendment to the Articles of Incorporation
Proposal 2: Election of three (3) Directors of the Board (excluding directors who are Audit and Supervisory Committee Members)
Proposal 3: Election of one (1) Directors of the Board who are Audit and Supervisory Committee Members
Proposal 4: Election of two (2) Alternative Directors of the Board who are Audit and Supervisory Committee Members

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Notes:

- Any amendments to the Business Report, Financial Statements, Consolidated Financial Statements, or Reference Materials for the General Shareholders Meetingwill be posted on the Company's website (https://minkabu.co.jp/ir).
- Pursuant to provision of laws and regulations as well as Article 14 of the Articles of Incorporation of the Company, the following information is posted on the Company's website (https://minkabu.co.jp/ir), it is not included in this Notice of Convocation. Accordingly, this Appendix presents a part of those audited by the Audit and Supervisory Committee Members and Accounting Auditor when they prepared the Audit and Supervisory Committee's Audit Report and Accounting Auditor's Audit Report, respectively.

  Stock Acquisition Rights of the Company (Business Report)
  Consolidated Statement of Changes in Net Assets/Notes (Consolidated Financial Statements)
  Statement of Shareholders' Equity/Notes (Financial Statements)
- After the close of the General Meeting of Shareholders, the voting results will be posted on the Company's website (https://minkabu.co.jp/ir), in lieu of sending a written notice to shareholders.
- In order to prevent infection and spread of the COVID-19, our staff may wear masks.
- In order to prevent infection and spread of the COVID-19, shareholders who are considering attending the General Meeting of Shareholders are requested to confirm the prevalence of the new coronavirus at the time of the General Meeting of Shareholders and their own physical condition, and to take measures to prevent infection such as wearing masks and disinfecting with alcohol.
- Thank you for your understanding that there is no souvenir to any attendance to the General Meeting of Shareholders.

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Invitation to live streaming of the General Meeting of Shareholders

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In order to prevent the spread of COVID-19 infection, please consider refraining from coming to this General Meeting of Shareholders. However, the General Meeting of Shareholders is an important opportunity of contact with shareholders, we will broadcast a live streaming of the General Meeting of Shareholders.

The live streaming can be viewed via the "MINKABU Premium Benefits Club". However, you cannot vote your rights through this live streaming. Therefore, shareholders who may file motions or ask questions are requested to attend the meeting.

Please note that you can submit your questions in advance through the "Shareholder Post" via the "MINKABU Premium Benefits Club". For the sake of smooth operations, the number of questions will be limited to two (2) per person and will be limited to 5 p.m. on Wednesday, June 24, 2020, the day before the meeting. We will try to answer your questions at the General Meeting of Shareholders as many as possible, but please be aware that due to operational constraints, we may not be able to answer all of your questions.

【Streaming web-site】	MINKABU Premium Benefits Club https://minkabu.premium-yutaiclub.jp/
【Date and time of release】	Thursday, June 25, 2020, at 10 a.m. *The shareholders' meeting will begin at 10:00 a.m.. You can access the website 30 minutes prior to the start of the meeting.
【Period for accepting questions】	Monday, June 8, 2020 at 9 a.m. to Wednesday, June 24, 2020 at 5 p.m.
【Help Desk】	0120-980-965 (Domestic area only) *Office hours: 9:00 a.m. to 5:00 p.m.(JST), except Saturdays, Sundays, public holidays and New Year holidays

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Reference Material for the Annual Shareholders Meeting

Proposal 1:
Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal
   The amendments to the Articles of Incorporation relating to Article 2 (Purpose) and Article 36 (Distribution of surplus) are as follows.

   (1) In order to respond to the diversification of the Group's business activities with the expansion of the Company's group, the Company proposed to add a business purpose to Article 2 (Purpose) of the Articles of Incorporation.

   (2) Under the current Articles of Incorporation, dividends from surplus, etc., are subject to a resolution of the Board of Directors. In spite of the principle that this is a matter to be consulted by the General Meeting of Shareholders, the Company request that the Board of Directors be given the right to make a resolution in order to enable a flexible response to capital and dividend policies.

2. Details of the changes
   The details of the changes are as follows:

*The underlines indicate the changes.

Current Articles of Incorporation	Proposed Amendment
Article 1 (text omitted) (Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) Information processing services and information provision services (2) Planning, development, design, manufacturing, sales, leasing, and import/export of computers, their peripheral and related equipment and software (3) Mail-order sales and its mediation business (4) Sales of information media for advertising (5) Planning, production and advertising agency work related to advertising and publicity (6) Planning, production and sales of books, magazines and other printed and electronic publications (7) Planning and management of events (8) Consulting and research services (9) Acquisition and management of copyrights, neighboring rights, design rights, trademark rights, and industrial property rights (10) Investing, holding, and buying and selling of securities, and buying and selling of real estate (11) Non-life insurance agency business and life insurance solicitation business (12) Financial product intermediation (Newly established) (Newly established) (Newly established) (13) All businesses incidental and related to the above mentioned items	Article 1 (Unchanged). (Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. (1) Information processing services and information provision services (2) Planning, development, design, manufacturing, sales, leasing, and import/export of computers, their peripheral and related equipment and software (3) Mail-order sales and its mediation business (4) Sales of information media for advertising (5) Planning, production and advertising agency business related to advertising, publicity and video (6) Planning, production and sales of books, magazines and other printed and electronic publications (7) Planning and management of events (8) Consulting and research services (9) Acquisition and management of copyrights, neighboring rights, design rights, trademark rights, and industrial property rights (10) Investment, holding, buying and selling of securities, buying and selling, exchanging and renting of real estate, and their intermediation, ownership, management and use (11) Non-life insurance agency business and life insurance solicitation business (12) Financial product intermediation (13) Operations related to investment management of financial products (14) Worker dispatching and fee-based job introduction business (15) Operations related to the call center (16) All businesses incidental and related to the above mentioned items

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Current Articles of Incorporation	Proposed Amendment
Articles 3 to 35 (Text omitted)	Article 3 - Article 35 (Unchanged)
(Dividends from surplus) Article 36 The Company shall determine the matters provided for in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution of surplus, by a resolution of the Board of Directors instead of a resolution of a general meeting of shareholders, unless otherwise provided for by law.	(Dividends from surplus) Article 36 The Company may determine the matters provided for in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution of surplus, by a resolution of the Board of Directors, unless otherwise provided for by law.
Articles 37 to 38 (Text omitted)	Articles 37 to 38 (Unchanged)

Proposal 2:
Election of three (3) Directors of the Board (excluding directors who are Audit and Supervisory Committee Members)

The term of the current three (3) directors expires at the conclusion of this general meeting of shareholders. Accordingly, we ask shareholders to elect three (3) directors excluding directors serving on the Audit and Supervisory Committees. Audit and Supervisory Committee of the Company has determined all candidates are qualified. Candidates for director (excluding directors serving on the Audit and Supervisory Committee) are as follows:

	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions		# of Co's shares held
1	Ken Uryu (Oct 30, 1974) (reappointment)	Jul 1997	NTT DOCOMO, Inc.	1,245,000
		Oct 2000	Merrill Lynch (Japan)	
		Jan 2003	Goldman Sachs (Japan)	
		Oct 2005	Goldman Sachs (Japan) Advisor	
		Jul 2006	Masstune, Inc. (current Company)	
			Founder and Representative Director (current)	
		Dec 2019	Prop Tech plus Inc. Director	
2	Ryutaro Takada (Mar 7, 1975) (reappointment)	Oct 1998	Hamahira Tax & Accounting Office	288,000
		Jan 2002	Square Co., Ltd	
		Apr 2003	Square-Enix Holding Co., Ltd	
		May2012	Minkabu, Inc. (current Company)	
			GM of Admin & Corporate Planning Division	
		Jun 2013	Director	
		Apr 2016	Senior Executive Director (current)	
		Dec 2019	Prop Tech plus Inc. Director (current)	
3	Masayuki Ban (Jul 12, 1977) (reappointment)	Apr 2001	SCSK Corporation	–
		Oct 2005	CSK Securities	
		Apr 2015	Minkabu, Inc. (current Company)	
		Oct 2017	Director (current)	

Note:
(1) There are no conflicts of interest between the Company and any of the above candidates
(2) On December 27, 2019, the Company acquired 66.7% of the shares of Prop Tech plus Inc. and made the company as a consolidated subsidiary with a deemed acquisition date of December 31, 2019. Accordingly, Ken Uryu and Ryutaro Takada were appointed as non-executive directors of Prop Tech plus Inc.. Ken Uryu will retire from his position as a non-executive director of Prop Tech plus Inc. at the conclusion of the general meeting of shareholders to be held in June 2020.
(3) Ken Uryu has been elected as a candidate for director because he is expected to continue to play an appropriate role in business expansion and overall management, based on his strong management toward sustainable growth of the Company with his strong leadership and rich experience and insights into general management.
(4) Ryutaro Takada has been elected as a candidate for director because he is expected to continue to play an appropriate role in business expansion and overall management, based on his rich experiences, his strong management experience as a Director of the Company in the organization of the Group structure and other foundations, and his extensive experiences and insights in overall management and tax accounting.
(5) Masayuki Ban has been elected as a candidate for director because he is expected to continue to play an appropriate role in business expansion and management in general, based on his experience, his rich management experiences as a representative director of a subsidiary of the Company, his extensive practical experience and achievements with leadership in sales structure of the Company's solutions business, and his broad knowledge of the Company's management.

Proposal 3:

Election of one (1) Directors of the Board who are Audit and Supervisory Committee Members

The term of office of Mr. Shozo Ishibashi, a member of the Audit Committee, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one (1) Director to serve as a member of the Audit Committee.
This proposal has been consented to by the Audit Committee of the Company.
The candidates for Directors who are members of the Audit Committee are as follows.

Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	# of Co's shares held
Shozo Ishibashi (Jul 5, 1949) (reappointment)	Sep 1976 Nomura Research Institute, Ltd. Apr 1997 Nomura Securities Co. May 2000 Lehman Brothers Securities Japan, Inc. Oct 2003 the Ishibashi Tanzan Memorial Foundation Representative Director (current) Apr 2004 Tokyo Medical and Dental University, National University, Director Apr 2005 Rissho University School Corporation, Auditor Mar 2007 Kurimoto Gakuen Educational Corporation, Director (current) Sep 2007 Auditor Apr 2008 Keizai Club, Director (current) Jun 2014 Director of EDION Corporation (current) Mar 2017 Director (Audit Committee) of the Company (current)	41,300

Note:

(1) There are no conflicts of interest between the Company and any of the above candidate.

(2) Mr. Shozo Ishibashi is a candidate for an Outside Director.

(3) Mr. Shozo Ishibashi's term of office as an outside director of the Company as a member of the Audit Committee of the Company will be three years and two months at the conclusion of this General Meeting of Shareholders. Mr. Shozo Ishibashi has been an outside corporate auditor of the Company in the past.

(4) Mr. Shozo Ishibashi has been elected as a candidate for Outside Director because he has served as an officer and director of several corporations including listed companies after working for a major securities companies, and has rich experiences in corporate management and organizational management. He is expected to provide various advice and opinions on the Company's management.

(5) The Company has entered into a limited liability agreement with Mr. Shozo Ishibashi, in accordance with Article 427, Paragraph 1 of the Companies Act, the Company and its external directors have concluded an agreement that limits liabilities for damages prescribed in Pararaph 1, Article 423 of the Companies Act to the higher of a prefixed amount exceeding JPY one million or the amount set by law.. The Company will renew the same agreement with Mr. Shozo Ishibashi in case the proposition is approved.

(6) The Company has registered Shozo Ishibashi as an independent director stipulated bythe Tokyo Stock Exchange. Although he owns 41,300 shares of the Company's stock, the Company believes that he meets the requirements for independence and that there is no risk of a conflict of interest with general shareholders because his shareholding ratio is small (0.3% based on the number of shares issued and outstanding as of the end of March 2020) and he has no other human capital relationship.

Proposal 4:

Election of two (2) Alternative Directors of the Board who are Audit and Supervisory Committee Members

The election of Mr. Toru Igarashi, who was elected as an Alternative Director of the board who is Audit and Supervisory Committee member at the 13th Annual General Meeting of Shareholders held on June 26, 2019, shall be effective until the commencement of this General Meeting of Shareholders. The Company requests the election of two (2) Alternative Directors to serve as Audit and Supervisory Committee members in advance, in case the number of Directors who are members of the Audit and Supervisory Committee falls short as required by law.

Ms. Satoko Yamada will be elected as a substitute for Mr. Shinya Hamano, a full-time Audit and Supervisory Committee member. The Company proposes that Mr. Toru Igarashi will be elected as a substitute for Mr. Shozo Ishibashi and Mr. Sadahiko Yoshimura respectively, subject to the approval of Proposition No. 3, "Election of one director who is a member of the Audit Committee" as for Mr. Shozo Ishibashi.

The Company has received prior consent from the Audit and Supervisory Committee.

The candidates for Alternative Directors who serve Audit and Supervisory Committee members are as follows.

	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	# of Co's shares held
1	Satoko Yamada (Oct 30, 1971)	Apr 1995 NTT DOCOMO, Inc. Apr 2007 Masstune, Inc. (current Company) Feb 2009 Japan Post Bank Co., Ltd. Feb 2010 Masstune, Inc. (current Company)	–
2	Toru Igarashi (May 24, 1942)	Mar 1961 Ministry of Finance Jul 1996 Finance Bureau of the Ministry of Finance Director Aug 1997 Smaller Enterprise Retirement Allowance Mutual Aid Office, Managing Director Aug 2000 Association of International Education Japan, Managing Director Apr 2004 Tokyo Medical and Dental University, Auditor Apr 2004 Japan Educational Exchanges and Services, Director(current) Jun 2008 Medical Corporation Tesshokai, Kameda Medical Center, Auditor(current) Oct 2011 Tessyokan (Kameda University of Health Sciences), Auditor (current) Jun 2013 Company's Auditor Sep 2016 Retired from the Company's Auditor Mar 2017 Director (Audit and Supervisory Committee Member)	–

Note:

(1) There are no conflicts of interest between the Company and any of the above candidates.

(2) Mr. Toru Igarashi is a candidate for the substitute outside director.

(3) Ms. Satoko Yamada is an employee of the Company.

(4) Mr. Toru Igarashi used to be an outside corporate auditor of the Company and an outside director who was a member of the Company's Audit Committee.

(5) Ms. Satoko Yamada has been in charge of the Company's internal audit since 2015, and based on her experiences and track record in collaboration with the Audit Committee and the three-pillar audit system (internal audit, auditors' audit, and accounting audit), the Company believes that she will be able to execute the duties appropriately in the event of an unforeseen vacancy in the position of full-time Audit and Supervisory Committee Director.

(6) The reason for appointing Mr. Toru Igarashi as a candidate for outside director to fill in for Mr. Shozo Ishibashi and Mr. Sadahiko Yoshimura, both of whom are members of the Audit Committee, is that, based on Mr. Igarashi's track record as a director of the Company as a member of the Audit Committee, we believe that he will be able to execute the duties appropriately in the event of an unforeseen vacancy in the position of director as a member of the Audit and Supervisory Committee.

(7) In the event that Ms. Satoko Yamada or Mr. Toru Igarashi, or both of them take office as Directors who are members of the Audit and Supervisory Committee, the Company will conclude a limited liability agreement which is in accordance with Article 427, Paragraph 1 of the Companies Act. The agreements limits liabilities for damages prescribed in Paragraph 1, Article 423 of the Companies Act to the higher of JPY 1 million or the minimum amount set by law.

END

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Reference Material for the General Shareholders' Meeting

Business Report for the Fiscal Year ended March 31, 2020

1. Matters related to the current state of the corporate group

(1) Business Conditions and Results

With a deemed acquisition date of December 31, 2019, MINKABU THE INFONOID, Inc.(the "Company"), acquired Prop Tech plus Inc.("PT+") , a REIT information vendor, as a consolidated subsidiary and transitioned to an entity preparing a consolidated financial statement from this fiscal year. As the consolidated financial statements for the previous fiscal year have not been prepared, no comparative analysis has been performed.

① Business Performance

The Company has proprietary "core assets" which are the unique Artificial Intelligence (AI) engine for automatic content generation, cloud input such as user contributions and browsing of our media, and big data such as information on financial, economic and companies, in Japan and overseas. Currently, the Company is using this core asset in the financial and economics fields, and are developing media business for individuals (B2C) and solutions business for corporations (B2B2C, B2B).

During the current consolidated fiscal year, in the media business, foreign exchange information websites contributed to earnings, and also user base was expanded as attention to the financial markets increased due to the impact of the new coronavirus, in addition to the stable growth of existing websites mainly for stocks. In the solutions business, although there were some delays in the launch of new services, the Company's group ("Group") increased the sales of existing products and released new services for financial institutions. In addition, with PT+ being consolidated, the Group expanded the coverage of financial information fields and acquired a new corporate client base, including REIT management companies.

As a result, sales were 2,790,820 thousand yen and operating income was 523,336 thousand yen. EBITDA (operating income + depreciation + goodwill amortization), which is one of the Group's key indicators for continuous growth, was 861,421 thousand yen.

For extraordinary items, a gain on sale of investment securities was recorded as an extraordinary gain and an impairment loss due to the termination of the joint operating agreement was recorded as an extraordinary loss. In addition, with an establishment of stable profitable structure, the Company expected the recoverability of tax assets in the future and recognized negative corporate tax adjustment with an amount of -67,575,000 yen.

As a result, recurring income was 504,242 thousand yen and net income attributable to shareholders of the parent company was 447,567 thousand yen.

Performance by business segment is as follows.

The media business records advertising revenue from internet services of financial information we provide such as "Minna-no Kabushiki," and "Kabutan", and from services that the Company operates through business alliances. The media business also records as paid services revenue provided at some sites.

During the fiscal year ended March 31, 2020, an average monthly unique user ("UU") for all media sites the Group operates reached 7.78 million (an increase of 1.98 million year on year), thanks to the continued growth of stock information websites as well as the increased contribution of foreign exchange information websites. Especially in the fourth quarter, when the attention to financial markets increased with the impact of the new coronavirus, there was a sharp increase in UU mainly for stock information websites and it reached 11.72 million for the month of March 2020. This shows an increase in the value of media the Group operates. The paid service "Kabutan Premium" also grew steadily.

As a result, sales and segment income for the current consolidated fiscal year were 1,351,207 thousand yen and 545,972 thousand yen, respectively.

The solution business includes revenues from AI driven software content utilized the know-how of

the media business and initial and monthly fee of ASP services providing information based fintech solution content assembled from crowd inputs of media sites the Company operates.

During the fiscal year ended March 31, 2020, the solution business was roughly favorable despite we saw some products being postponed the introduction to the fiscal year ending March 2021 due to a change in strategy on the customers, and some delays in the start of providing solutions to newly acquired customers. In the sports information business, although we have not yet started full-scale marketing as the opening of domestic professional baseball games was postponed due to the impact of the new coronavirus, we have started commercial use as a solutions business in March 2020.

As a result, sales and segment income for the current consolidated fiscal year were 1,449,113 thousand yen and 409,620 thousand yen, respectively.

② Capital Investment

The capital investment during the current consolidated fiscal year totaled 606,649,000 yen, which includes intangible assets in addition to property, plant and equipment.

Business segment	Capital Investment (JPY 000s)	Major items
Media	177,844	Software development
Solution	409,894	Software development, network server facilities
Corporate	18,909	Office fixtures, furniture and equipment
Total	606,649	

③ Financing

During the current consolidated fiscal year, the Company raised 1,300,000 thousand yen through long-term loans from financial institutions for the acquisition of shares of Prop Tech plus Inc.

In addition, 369,400 thousand yen was raised through the issuance of new shares with stock acquisition rights being exercised by officers and employees.

④ Transfer of Business, Absorption-type Company Split or Incorporation-type Company Split

Not applicable.

⑤ Acquisition of Business of Other Companies

Not applicable.

⑥ Succession of Rights and Obligations Concerning the Business of Other Juridical Persons, etc. through an Absorption-Type Merger or Absorption-Type Split

Not applicable.

⑦ Acquisition or Disposition of Shares or Other Equity Interests or Share Options, etc. of Other Companies

On December 27, 2019, the Company acquired 66.7% of the shares of Prop Tech plus Inc., Prop Tech plus Inc. joined the group of the Company as a consolidated subsidiary with a deemed acquisition date of December 31, 2019.

(2) Assets and profit and loss

① Status of the Group's Assets and Profit and Loss

		FY2017/03 (Term11)	FY2018/03 (Term12)	FY2019/03 (Term13)	FY2020/03 (Term14)
Sales	(JPY 000s)	1,545,286	1,681,050	–	2,790,820
Recurring Income	(JPY 000s)	−85,328	71,270	–	504,242
Net income attributable to shareholders of the parent company	(JPY 000s)	−1,408,086	−200,229	–	447,567
Net income per share	(JPY)	−153.11	−18.19	–	34.38
Total Asset	(JPY 000s)	2,810,585	–	–	5,866,742
Net Asset	(JPY 000s)	839,035	–	–	3,770,197
Book value per share	(JPY)	−19.69	–	–	255.66

② Assets and profit and loss of the Company

		FY2017/03 (Term11)	FY2018/03 (Term12)	FY2019/03 (Term13)	FY2020/03 (Term14)
Sales	(JPY 000s)	1,049,656	1,370,375	2,032,532	2,490,506
Recurring Income	(JPY 000s)	80,213	109,022	208,434	441,013
Net income	(JPY 000s)	−1,322,302	−126,731	253,141	431,184
Net income per share	(JPY)	−143.78	−11.51	22.04	33.12
Total Asset	(JPY 000s)	2,522,755	1,985,701	3,926,779	5,366,108
Net Asset	(JPY 000s)	775,915	918,897	2,686,839	3,497,471
Book value per share	(JPY)	−26.55	−10.49	207.03	254.47

Note:

1. The Company made Prop Tech plus Inc. a consolidated subsidiary with a deemed acquisition date of December 31, 2019, and the consolidated financial statements have been prepared from the 14th fiscal year. For the 11th and 12th fiscal years, the consolidated financial statements have been prepared in accordance with the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), and such figures are presented. For the 12th fiscal year, the Company has not prepared a consolidated balance sheet as it no longer has any consolidated subsidiaries as of March 31, 2018 due to the resolution to absorb, liquidate or sell all consolidated subsidiaries during the period. Therefore, total assets, net assets, and net assets per share for the 12th fiscal year are not shown. The twelfth income statement period includes the twelve months from April 1, 2017 to March 31, 2018.
2. The consolidated financial statements for the 11th fiscal year have been prepared in accordance with the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976) and have been audited by EY Japan Limited Liability Audit Corporation in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act. The consolidated statements of income for the 12th fiscal year have been prepared in accordance with the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), but have not been audited by EY Japan Limited Liability Audit Corporation.
3. On January 16, 2019, the Company conducted a 100-for-1 stock split of its common stock. Net income (loss) per share and net assets per share are calculated based on the assumption that the stock split was implemented at the beginning of the 11th fiscal year.
4. Net income (loss) per share and net assets per share are indicators related to the outstanding shares with voting rights, respectively.
5. Net income (loss) per share is calculated based on the average number of shares outstanding during the period. Since the Company issued Class B preferred stock in the 11th and 12th fiscal years, net income (loss) per share was calculated based on the average number of shares of common stock outstanding during the period, in addition to the shares of Class B preferred stock calculated based on the conversion method.
6. The amount of net assets per share for the 11th fiscal year is calculated by deducting the amount of distribution of residual assets to Class B preferred shareholders.
7. At the end of the 11th fiscal year, the Company reviewed its previous plans to expand its media business overseas and listings in overseas markets, in response to the stagnation of its target overseas IPO market and the growing potential for growth in the domestic market due to the rapid growth of its domestic solutions business. As a result, in the 11th and 12th fiscal years, the Company recognized a loss on the liquidation of overseas operations and an impairment loss on software assets for overseas operations, resulting in a net loss attributable to the shareholders of the parent company.

(3) Information on Principal Parent Company and Principal Subsidiaries

① Principal Parent Company

Not applicable.

② Principal subsidiaries

Company Name	capital stock	Percentage of voting rights of the Company	Main Business
Prop Tech plus Inc.	100 million yen	66.7%	System development and website construction business for the real estate finance industry, and operation of a REIT portal site

Note: On December 27, 2019, the Company acquired 66.7% of the shares of Prop Tech plus Inc. and made it a consolidated subsidiary with a deemed acquisition date of December 31, 2019.

(4) Issue to be addressed

The Company's corporate philosophy is "to provide a system that embodies the value of information," which is shared throughout the Group and used as the basis for management decisions. AI engines that automatically generate content, crowd input such as user posts and browsing, and big data such as domestic and international financial, economic and corporate information are the Group's core assets, and the Group recognizes its role and responsibility for information infrastructure that leverages these core assets to provide more accurate information more quickly and comprehensively. The business and financial issues that need to be addressed and the policies for addressing them for the Group to fulfill these responsibilities and achieve growth in the future are as follows.

① Quality of services provided

The Group's services are mainly provided through internet for both Media and Solution businesses. The Group recognizes stable operation of those system is essential and maintenance and improvement of service quality is a management issue, such as providing an environment that enables users to use it anytime and anywhere with no stress, and the quickness, completeness, and accuracy of the content provided. The Group continues to invest in system development and training of engineers in response to technological innovation in order to address related issues.

② Strengthen of revenue base

Although sales continue to show steady growth for both media and solution businesses, the Group recognizes that further strengthening of the revenue base is a management issue. In its media business, the Group seeks to create new profit opportunities with further expansion of user base, as well as strengthen partnership utilizing such sizable user base, and to increase per user profit by introducing premium paid services. In the solution business, the Group also seeks to provide various fintech solution content to meet the needs of wide range of financial institutions. The Group will continue to engage in various efforts to diversify and stabilize its revenue base, at times with external partnerships where appropriate.

③ Optimal allocation and efficient operation of management resources

The Group conducts cross-organization and utilizes a centralized management system to leverage its limited management resource, in addition to secure staffing along with the business expansion. As a result, there may be situations that can negatively affect its business operations in case some failure in organization management. The Group recognizes the challenge to deal with the various types of business risks under limited management resources. To cope with these challenges, the Group establishes and maintains its internal rules and regulations to seek optimal allocation of management resources and improve operational efficiency.

④ Development of HR

To achieve self-sustained growth, the Group recognizes the importance of recruiting and retaining talented personnel who are sympathetic to our philosophy and highly motivated, as well as the development of such talented personnel. To this end, we will continue to promote the creation of an environment in which employees can work with high motivation, such as the establishment of diverse working styles and the enhancement of welfare and in-house education systems.

⑤ Strengthening governance and internal control systems

The Group recognizes there needs to be a balance between business execution and governance, and to improve its internal governance structure to properly identify control management risks appropriately in order to achieve sustainable growth. As such, the Group will put efforts into improve its reporting system to outside directors and members of the Audit and Supervisory Committee, promote effective three-way audits by the Audit and Supervisory Committee, the Internal Auditor and the Accounting Auditor. At the same time, we will raise awareness among individuals through compliance training for directors and employees, in addition to conduct periodic audits by the Internal Auditor.

(5) **Main Business** (as of March 31, 2020)

Business segment	Business
Media	B2C service Operates information media that provides information directly to investors on various financial products such as foreign exchange, crypto assets (virtual currencies), commodity futures, investment trusts, insurance, real estate, and REIT information, with a focus on domestic stocks, such as "Minna-no Kabushiki" and "Kabutan".
Solution	B2B services Develop information content and applications developed for the media business into solutions for B2B2C use by financial institutions' customers. The Group also offer B2B services that provide financial information content that utilizes AI and crowd solutions for internal use by financial institutions and corporations, and solution services to improve the operational efficiency of REITs and other businesses.

(6) **Main Office** (as of March 31, 2020)

① The Company

Head Office	Chiyoda-ku, Tokyo, JAPAN
Branch	Fukuoka Branch: Chuo-ku, Fukuoka-City, Fukuoka Prefecture, JAPAN

② Subsidiaries

Prop Tech plus Inc.	Minato-ku, Tokyo, JAPAN

(7) **Employees** (as of March 31, 2019)

① Status of Employees of the Corporate Group

Business Segment	Number of employees	
Media	23	(4)
Solution	102	(10)
Corporate	20	(0)
Total	145	(14)

Note:

1. The number of temporary employees (including part-timers, part-timers, and temporary employees) is shown in parentheses with the average number of employees per year as an external number.
2. Since the status of employees of the Group is presented from the current fiscal year, no comparison with the previous fiscal year has been made.

② Status of the Company's Employees

Number of employees	YoY Changes	Average Age	Average length of employment
89（4）	+4（−1）	41.9 years old	4.2years

Note:

1. The number of temporary employees (including part-timers, part-timers, and temporary employees) is shown in parentheses with the average number of employees per year shown in external numbers.
2. The average number of years of service is calculated by adding up the number of years of service of those transferred due to group reorganization.

(8) Borrowings outstanding (as of March 31, 2020)

Borrower	Borrowings outstanding (JPY000s)
Resona Bank, Limited	456,876
Sumitomo Mitsui Banking Corporation	440,264
Mizuho Bank, Limited	325,000
MUFG Bank, Limited	316,875

Note:

1. The amount borrowed from Resona Bank, Ltd. includes the first series of unsecured bonds limited to qualified institutional investors guaranteed by Resona Bank, Ltd. and the second series of unsecured bonds, which total 70,000 thousand yen.
2. The Company has entered into commitment line agreements and special overdraft agreements with financial institutions to provide flexible financing for working capital and other purposes. The following table shows the outstanding balance of these contracts at the end of the current fiscal year.

Contracted maximum total amount	JPY950 million
Executed amount	–

(9) Other important matters concerning the current state of the Group

The Company to acquire a majority of the shares of Robot Fund Inc. (Head Office: Chuo-ku, Tokyo; President: Satoshi Noguchi) through an underwriting of a third party allotment of new shares, making it a consolidated subsidiary of the Company.

The details of this matter are described in "Other notes" in the notes to the consolidated financial statements.

2. Business Overview

(1) Shares (as of March 31, 2019)

① Total number of shares authorized 46,000,000

② Total Number of shares outstanding 13,744,400

Note: As a result of the exercise of stock acquisition rights, the total number of shares issued and outstanding increased by 766,500 shares from the end of the previous fiscal year.

③ Number of shareholders 2,731

④ Top 10 shareholders

Name of shareholder	Number of shares owned	Ownership (%)
Japan Trustee Services Bank,Ltd, (trust account)	2,456,400	17.87
Ken Uryu	1,245,000	9.05
Sony Network Communications Inc.	980,300	7.13
The Asahi Shimbun Company	850,000	6.18
FinTech Business Innovation ILP.	681,800	4.96
The Master Trust Bank of Japan, Ltd. (trust account)	439,800	3.19
Japan Trustee Services Bank, Ltd. (trust account 9)	433,000	3.15
Shiko Otsuka	358,500	2.60
The Nomura Trust and Banking Co., Ltd. (brokerage account)	354,400	2.57
NIPPON GAS LINE CO., LTD.	300,000	2.18

Note: The Company has no treasury stocks.

(2) Policy shareholdings

① Policy Retention Policy

The Company holds shares when it is judged to contribute to the sustainable growth and enhancement of corporate value of the Company from the perspective of strengthening business relationships and transactional relationships, taking into account the significance and economic rationale of the holding in a comprehensive manner. For each shareholding, the Company verifies the benefits and risks associated with the shareholdings on a quarterly basis, based on actual transactions and market value.

② Criteria for the exercise of voting rights for policy shareholdings

With respect to the exercise of voting rights for listed shares held by the Company, the Company judges whether or not to approve or disapprove of the proposals based on respect for the management policies and strategies of the issuing company and taking into consideration whether or not they contribute to the medium- to long-term enhancement of corporate value, and whether or not they are consistent with the realization of the sustainable growth and enhancement of corporate value of the Group.

(3) Board Members

① Directors (as of March 31, 2020)

Position	Name	Assignments and major concurrent positions
Representative Director, President	Ken Uryu	Prop Tech plus Inc. Director (part-time)
Senior Executive Director	Ryutaro Takada	Prop Tech plus Inc. Director (part-time)
Director	Masayuki Ban	
Director (Audit & Supervisory Committee member)	Shinya Hamano	Prop Tech plus Inc. Auditor.
Director (Audit & Supervisory Committee member)	Shozo Ishibashi	Ishibashi Tanzan Memorial Foundation Representative Director Kurimoto Educational Institute Director Keizai Club General Incorporated Association Director EDION Corporation Director
Director (Audit & Supervisory Committee member)	Sadahiko Yoshimura	WACUL INC. Director and full-time audit committee member

Note:

1. Mr. Shinya Hamano, Mr. Shozo Ishibashi and Mr. Sadahiko Yoshimura are outside directors as defined in Article 2, Item 15 of the Companies Act.
2. The structure of the Audit Committee of the Company is as follows.
   Commissioner: Shinya Hamano, Commissioner: Shozo Ishibashi, Commissioner: Sadahiko Yoshimura
   Mr. Shinya Hamano is a full-time member of the Audit Committee. The reason for selecting full-time Audit Committee members is that we believe that they will enable us to conduct effective audits.
3. Mr. Sadahiko Yoshimura, Director (Audit Committee), is a certified public accountant and has considerable knowledge of finance and accounting.
4. At the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 26, 2019, Mr. Toru Igarashi resigned from the position of Director and Audit Committee member due to his resignation.
5. At the 13th Annual General Meeting of Shareholders held on June 26, 2019, Mr. Sadahiko Yoshimura was newly elected and appointed as a director and member of the audit committee.
6. Mr. Ken Uryu, President and Representative Director, and Mr. Ryutaro Takata, Executive Vice President, have been appointed to the Board of Directors of Prop Tech plus Co. as of December 27, 2019. Mr. Ken Uryu will retire from his position as a non-executive director of Prop Tech plus at the conclusion of the general meeting of shareholders to be held in June 2020.
7. Mr. Shinya Hamano, Director (member of the audit committee), was appointed as an auditor of Prop Tech plus Ltd. as of December 27, 2019.
8. Mr. Sadahiko Yoshimura, a director (audit committee member), was appointed as a director and full-time audit committee member of WACUL, Inc. as of November 30, 2019.
9. The Company has designated all of its outside directors as independent directors in accordance with the rules of the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange of this designation.
10. Representative Director and President Ken Uryu, Executive Vice President Ryutaro Takata and Director Masayuki Ban are concurrently serving as Executive Officers of the Company.

② Summary of agreement on limitation of liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and the Outside Directors have entered into an agreement limiting their liability for damages under Article 423, Paragraph 1

of the same Act. The maximum amount of liability for damages under the contract is the higher of 1,000,000 yen or the amount prescribed by law.

③ Total amount of compensation for directors

A) Total amount of compensation for directors for this fiscal year

	Number of Directors paid	Compensation (JPY000s)
Director (non-Audit and Supervisory Committee member) (outside director)	3 (−)	101,283 (−)
Director (Audit and Supervisory Committee member) (outside director)	4 (4)	14,700 (14,700)
Total (outside director)	7 (4)	115,983 (14,700)

Note:

1. At the extraordinary general meeting of shareholders held on September 1, 2016, it was resolved that the maximum annual remuneration for directors (excluding audit committee members) is ¥200 million and the maximum annual remuneration for directors (audit committee members) is ¥50 million.
2. The above total amount of remuneration, etc. includes one director (audit committee member) (including one outside director) who retired at the conclusion of the 13th Ordinary General Meeting of Shareholders held on June 26, 2019.
3. The above total amount of remuneration, etc. includes the company's share of the defined contribution pension plan.

B) Retirement benefit for directors paid in this Fiscal Year

Not applicable.

C) Amount of Compensation for Outside Directors provided from Parent Company or Subsidiaries

Not applicable.

④ Matters concerning external directors

(1) Relationship between significant officers concurrently held and the company

- Mr. Shozo Ishibashi, who is a director (member of the audit committee), is a representative director of the Tanzan Ishibashi Memorial Foundation, a director of Kurimoto Gakuen, a director of Keizai Club, a general incorporated association, and an outside director of EDION Corporation. There is no special relationship between the Company and the companies in which it holds positions.
- Mr. Sadahiko Yoshimura, a director (audit committee member), is a director and full-time audit committee member of WACUL Corporation. There is no special relationship between the Company and the companies in which it holds positions.

(2) Major Activities

Position	Name	Attendance of the meetings
Director (Audit and Supervisory Committee member)	Shinya Hamano	He attended 21 of the 22 meetings of the Board of Directors and all 14 meetings of the Audit Committee held during the fiscal year under review. At the meetings of the Board of Directors and the Audit Committee in which he has attended, he has made comments as appropriate from a wide range of perspectives based on his extensive experience and high level of knowledge as a former member of the senior management team of an operating company.
Director (Audit and Supervisory Committee member)	Shozo Ishibashi	The Company attended all 22 meetings of the Board of Directors and all 14 meetings of the Audit Committee held during the fiscal year under review. At the meetings of the Board of Directors and the Audit Committee in which he has attended, he has served as an officer of several corporations, including listed companies, and has made comments as appropriate from a wide range of perspectives based on his extensive experience and high level of knowledge. In addition, as chairman of the Compensation Advisory Committee, he leads deliberations on the proposed remuneration of directors and compiles a draft report for the committee.

Director (Audit and Supervisory Committee member)	Sadahiko Yoshimura	The Company attended all 16 meetings of the Board of Directors and all 10 meetings of the Audit Committee held during the fiscal year under review. At the meetings of the Board of Directors and the Audit Committee in which he has attended, he has served as an officer of several corporations, and has made comments as appropriate from a wide range of perspectives based on his extensive experience and high level of knowledge.

Note:

1. The total number of times is different due to the timing of the appointment.
2. The Audit Committee is composed of outside directors, and collaboration among outside directors is promoted through the Audit Committee.
3. The outside directors regularly exchange information and opinions with the representative directors through the activities of the Audit Committee.
4. Mr. Shinya Hamano, an outside director and full-time audit committee member, attends meetings of the Board of Directors, the Audit Committee, as well as the Management Committee and the Compliance Committee, provides necessary advice from a wide range of perspectives, and confirms the status of the execution of duties by directors (excluding directors who are audit committee members) and executive officers.

(4) Accounting Auditor

① Designation of Accounting Auditor Ernst & Young ShinNihon LLC

② Amount of remuneration

	Amount of remuneration
Accounting Auditor's Compensation for the fiscal year ended March 31, 2020	JPY 27 million
Total of cash and other profits payable by the Company to Accounting Auditor	JPY 28.5 million

Note:

1. In the audit contract between the Company and the accounting auditor, the amount of remuneration, etc. for the audit based on the Companies Act and the audit based on the Financial Instruments and Exchange Act are not clearly separated and cannot be practically separated, so the amount of remuneration, etc. for the accounting auditor for the fiscal year under review is the total of these amounts.
2. The Audit Committee decided to agree on the amount of remuneration, etc. for the accounting auditor after conducting the necessary verification of whether the content of the audit plan, the status of the performance of the accounting auditor's duties and the basis for calculating the estimated remuneration of the accounting auditor are appropriate.

③ Non-audit services

The Company has engaged EY Ernst & Young ShinNihon LLC to provide advice on the development and operation of internal controls for financial reporting purposes and has paid the Company for this work.

④ Policy on dismissal or non-reappointment of accounting auditor

If the Audit Committee deems it necessary, such as when the execution of the duties of the accounting auditor is impeded, the Audit Committee will decide on the content of the proposal for dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

The Audit Committee will dismiss the accounting auditor with the consent of all members of the Audit Committee if the accounting auditor is found to fall under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act. In this case, the Audit Committee members selected by the Audit Committee will report the dismissal of the accounting auditor and the reason for the dismissal at the first general meeting of shareholders convened after the dismissal.

3. System to ensure proper business execution and Activities

(1) System to ensure proper business execution

The following is a summary of the decisions made regarding the system to ensure that the execution of duties by the Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the Company's operations.

① System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

A) In order to ensure compliance with laws and regulations, corporate ethics, and internal rules in business activities, we have established a "Basic Compliance Policy" that sets out the basic matters to be complied with, and make them known to the officers and employees of our group.

B) The Company shall establish a Compliance Committee to ensure that specific matters to be complied with in the execution of duties, such as laws and regulations, the Articles of Incorporation, internal regulations, and the Code of Conduct, are disseminated and firmly established, and a system to prevent compliance violations shall be established.

C) Periodically conduct internal audits to ensure that the execution of their respective duties is in compliance with laws and regulations and the Articles of Incorporation.

D) Respond to the Whistleblower Protection Act in accordance with the “Whistleblower Handling Rules,” and strengthen the consultation function for compliance by utilizing the reporting window.

② System for the storage and management of information related to the execution of duties by Directors

The Company shall properly record information related to the execution of duties by directors, including records related to decision-making at important meetings including the Board of Directors and documents approved by each director in accordance with the “Rules on Administrative Authority,” and shall retain such information for a specified period in accordance with laws and regulations and the “Rules on Document Management.”

③ Risk of loss ("Risk"). Rules and other systems related to the management of

A) The Company shall respond to various risks that have a significant impact on management by preparing appropriate countermeasures in advance, etc., depending on the size of the risk and the likelihood of its occurrence, in order to minimize the risk.

B) For the purpose of preventing risks and minimizing corporate losses, the Company shall establish "Risk Management Regulations" and establish a risk management system in accordance with these regulations. In the event of an unforeseen situation, the Company shall establish a task force headed by the President and Representative Director to take prompt action and put in place a system to prevent and minimize the spread of damage.

④ System to ensure the efficient execution of duties by Directors

A) The Board of Directors shall be held monthly to decide important matters, deliberate and exchange opinions, and each director shall supervise the execution of business in cooperation with each other.

B) Formulate a medium-term management plan and a single-year budget to define the future vision and goals for the company as a whole in response to changes in the environment. In order to achieve the management plan and annual budget, the Company clarifies the responsibilities of directors and employees and thoroughly improve the efficiency of operations in accordance with the “Organization Rules,” the “Rules on the Segregation of Duties,” and the “Rules on Duties and Authorities.”

C) Introduce an operating officer system, clarify the business execution system by delegating authority, and establish a flexible and efficient management system.

D) To improve the transparency and objectivity of the remuneration decision-making process for directors (excluding directors who are members of the audit committee) by establishing a Remuneration Committee consisting of at least half of independent outside directors as an advisory body to the Board of Directors.

⑤ Systems to ensure the appropriateness of business operations of the Company's corporate group

A) The Company shall conduct appropriate business management of its subsidiaries and affiliates in accordance with the "Regulations for the Management of Affiliated Companies".

B) In addition to conducting internal audits of consolidated subsidiaries on a regular basis, the Company's Audit Committee members shall conduct audits as necessary and develop a system to ensure the appropriateness of business operations.

⑥ System for employees to assist the Audit Committee in its duties and their independence from the directors

A) When the Audit Committee requests that the Company assign employees to assist in the performance of its duties, the Company shall assign appropriate personnel, and the specific details of such assignment (organization, number of employees, etc.) shall be discussed and examined.

B) Personnel changes and performance evaluations of employees set forth in the preceding item shall be made after hearing and respecting the opinions of the Audit Committee, and the Audit Committee shall have the authority to give orders and ensure independence from directors (excluding directors who are members of the Audit Committee).

⑦ System for Directors (excluding Directors who are Audit Committee members) and employees to report to the Audit Committee Audit Committee members shall have access to major approval documents and other important documents related to business execution, and shall request explanations from Directors, etc. as necessary.

⑧ Other systems to ensure that audits by Audit Committee members are conducted effectively

A) The President and Representative Director and the Audit Committee members shall hold regular meetings for the purpose of mutual communication.

B) The Audit Committee members shall ensure the effectiveness of the audit in cooperation with those in charge of internal audit.

C) The Audit Committee members shall exchange opinions with the accounting auditor as appropriate.

⑨ System to eliminate anti-social forces

A) The Company and its subsidiaries shall work to block relations with antisocial forces in accordance with the "Basic Compliance Policy".

B) The Company shall cooperate sufficiently with law enforcement agencies, the Federation for the Prevention of Special Measures against Violence, legal advisors, and other external specialized organizations to share information and develop a system to eliminate antisocial forces.

(2) Corporate governance activities during this Fiscal Year

An overview of the operation of the system to ensure the appropriateness of business is as follows.

① Execution of Duties by Directors

During the fiscal year under review, the Board of Directors met 22 times to make management decisions. In addition, we have established internal regulations such as the regulations of the Board of Directors to ensure that the directors act in accordance with laws and regulations and the Articles of Incorporation.

② Execution of duties by audit committee members

During the fiscal year under review, the Audit Committee met 14 times, and the Audit Committee members exchanged opinions with each other. In addition to attending important meetings, including those of the Board of Directors, the Audit Committee members audit the execution of duties by directors by exchanging information with the accounting auditor and those in charge of internal audit as appropriate.

③ Risk management and compliance

In order to mitigate and prevent risks, the Company is working to strengthen its risk management system and ensure compliance through the establishment of risk management regulations and meetings of the Compliance Committee.

(3) Basic Items Concerning Corporate Governance

The basic concept of corporate governance of the Company is that it is essential to establish sound management, legal compliance, and transparency in order to build relationships of trust with all stakeholders and achieve sustainable growth and development. In order to achieve these goals, we will make prompt and appropriate management decisions, exercise independent auditing functions, establish an effective internal control system, and promote timely and appropriate information disclosure, while ensuring that all officers and employees are aware of their social responsibilities.

(4) The results of the assessment of the effectiveness of the Board of Directors

In order to improve the effectiveness of the Board of Directors and the Remuneration Advisory Committee, the Company conducted a self-evaluation through a questionnaire to all directors, and the results were discussed and evaluated by the Board of Directors. As a result, the Company's Board of Directors has confirmed that it is functioning effectively as an operational and supervisory body in line with the Company's current size and stage of growth, and that the effectiveness of the Board of Directors has been ensured. On the other hand, in anticipation of the acceleration of digitalization and the rapid expansion and diversification of the Group's business, some of the participants mentioned the importance of maintaining and strengthening the governance structure around risk management while securing business opportunities. Based on these opinions, the Company's Board of Directors has determined that it is effective to consider efforts for digital transformation and the appointment of female officers and outside directors who are not members of the Audit Committee in light of the diversity of the Board of Directors and the balance of knowledge and experience, and has confirmed these as medium-term issues.

Based on the above results, the Company's Board of Directors will continue to make efforts to improve the effectiveness of the Board of Directors and contribute to the sustainable enhancement of the corporate value of the Group.

4. Basic Policy on Control of the Company

The Company believes that those who control decisions on financial and business policies should focus management resources on maximizing corporate value and increasing shareholder returns, with the aim of achieving sustainable growth. No special takeover defense measures have been introduced.

5. Policy on the determination of dividends from surplus, etc.

The Company considers the return of profits to shareholders to be one of its most important management issues. Recognizing that the Company is in a period of continued growth, the Company's basic policy is to increase its internal reserves and make use of these reserves to invest in growth and enhance corporate value as its top priority. On the other hand, in the current consolidated fiscal year, we have decided to implement additional shareholder return measures and will pay a special dividend of 16 yen per share (consolidated payout ratio: 46.5%) because of the strong performance of the media business and the recording of extraordinary income, as well as the clear contribution of our subsidiary PT+ to profits in the solutions business. Regarding dividends for the fiscal year ending March 31, 2021, the Company plans to switch from a special dividend of 16 yen per share for the fiscal year ended March 31, 2011 to a regular dividend, based on the judgment that it will be possible to achieve both to continue to invest in growth to maintain high growth and to return to shareholders. The Company aims to increase corporate value by juxtaposing our top priorities of sustained growth in business performance with shareholder returns.

TRANSLATION, For Your Reference Purpose Only

Consolidated Balance Sheets

As of March 31, 2020

(Thousand JPY)

Accounts Title	Amount	Accounts Title	Amount
ASSETS		LIABILITIES	
Current Assets:	2,717,259	Current liabilities:	768,636
Cash and deposit	2,063,777	Accounts payables	124,700
Account receivables	550,606	Current portion of bond	50,000
Work in process	27,032	Current portion of long-term debt	283,308
Supplies	849	Income tax payable	81,197
Others	76,845	Other allowances	20,897
Allowance for doubtful accounts	−1,851	Others	208,533
Fixed Asset:	3,149,482	Fixed liabilities:	1,327,907
Tangible Asset	95,846	Bonds	20,000
Buildings and accompanying facilities	48,855	Long-term liabilities	1,254,207
Accm. depreciation	−15,238	Deferred tax liabilities	53,700
Buildings and accompanying facilities (Net)	33,617	Total liabilities	2,096,544
Equipment and fixtures	149,394	EQUITY	
Accm. depreciation	−87,165	Equity	3,503,560
Equipment and fixtures (Net)	62,229	Capital stock	1,742,928
Intangible fixed assets:	2,726,067	Capital surplus	3,766,169
Goodwill	835,790	Retained earnings:	−2,005,536
Clients asset	513,554	Accumulated other comprehensive income (loss)	10,293
Clients asset	90,018	Valuation difference on available-for sale securities	10,293
Software	890,490	Non-controlling interests	256,343
Software in progress	365,221	Total Equity	3,770,197
Others	30,992		
Investments and other assets:	327,569		
Investments in securities	79,398		
Guarantee deposits	124,148		
Deferred tax assets	125,450		
Others	13,938		
Allowance for doubtful accounts	−15,367		
Total assets	5,866,742	Total liabilities and equity	5,866,742

Note: Amounts have been rounded down to the nearest thousand yen.

TRANSLATION, For Your Reference Purpose Only

Consolidated Statements of Income

From April 1, 2019 to March 31, 2020

(Thousand JPY)

Accounts Title	Amount	
Net sales		2,790,820
Cost of Sales		1,410,253
Gross Profit		1,380,567
Selling, general and administrative expenses		857,230
Operating profit		523,336
Non-operating income		
Interest income	16	
Dividend income	1,000	
Penalty income.	1,500	
Miscellaneous income	860	3,376
Non-operating expenses		
Interest expense	8,059	
Insurance premium paid	2,974	
Acquisition-related expenses	9,500	
Foreign exchange loss	140	
Others	1,796	22,471
Ordinary income		504,242
Extraordinary profit		
Gain on sales of investment securities	40,770	40,770
Extraordinary loss		
Loss on impairment	50,678	
Others	207	50,885
Income before income taxes		494,127
Income taxes (Corporate, residential, enterprise taxes)	95,313	
Income tax adjustment	−67,575	27,738
Net income		466,388
Net income attributable to non-controllable interests		18,820
Net income attributable to shareholders of the parent company		447,567

Note: Amounts have been rounded down to the nearest thousand JPY.

TRANSLATION, For Your Reference Purpose Only

Balance Sheets

As of March 31, 2020

(Thousand JPY)

Accounts Title	Amount	Accounts Title	Amount
ASSETS		LIABILITIES	
Current Assets:	2,215,758	Current liabilities:	624,430
Cash and deposit	1,710,463	Accounts payables	90,133
Account receivables	437,846	Current portion of bond	50,000
Work in process	1,030	Current portion of long-term debt	263,308
Supplies	849	Accrued expense	44,880
Prepaid expenses	50,866	Income tax payable	95,100
Others	16,652	Accrued business office taxes	664
Allowance for doubtful accounts	−1,950	Accrued consumption taxes	43,785
Fixed Asset:	3,150,350	Deposit	17,476
Tangible Asset	80,104	Deferred revenues	13,044
Buildings and accompanying facilities	39,694	Allowance for loss on business restructuring	1,361
Accm. depreciation of building & facilities	−11,398	Provision for shareholder benefits	2,394
Equipment and fixtures	132,484	Others	2,279
Accum. depreciation of equipment & fixtures	−80,675	Fixed liabilities:	1,244,207
Intangible fixed assets:	1,484,882	Bonds	20,000
Goodwill	43,125	Long-term liabilities	1,224,207
Trademark	22,787	Total liabilities	1,868,637
Clients asset	176,270	EQUITY	
Technology assets	90,018	Equity	3,487,177
Software	810,656	Capital stock	1,742,928
Software in progress	333,818	Capital surplus	3,766,169
Others	8,204	Capital reserve	942,928
Investments and other assets:	1,585,363	Other capital reserve	2,823,241
Investments in securities	79,398	Retained earnings:	−2,021,919
Investment in affiliates	1,290,501	Other retained earnings	−2,021,919
Bankruptcy credit	4,621	Retained earnings carried forward	−2,021,919
Long-term prepaid expenses	9,317	Valuation and translation adjustments	10,293
Deferred tax assets	125,481	Valuation difference on available-for sale securities	10,293
Guarantee deposits	91,411	Total Equity	3,497,471
Allowance for doubtful accounts	−15,367		
Total assets	5,366,108	Total liabilities and equity	5,366,108

Note: Amounts have been rounded down to the nearest thousand yen.

TRANSLATION, For Your Reference Purpose Only

Statements of Income

From April 1, 2019 to March 31, 2020

(Thousand JPY)

Accounts Title	Amount	
Net sales		2,490,506
Cost of Sales		1,235,998
Gross Profit		1,254,507
Selling, general and administrative expenses		801,696
Operating profit		452,811
Non-operating income		
Interest income	15	
Dividend income	1,000	
Reversal of allowance of loss on business restructuring	28	
Penalty income.	1,500	
Miscellaneous income	0	2,544
Non-operating expenses		
Interest expense	7,939	
Insurance premium paid	2,974	
Stock issuance expenses	1,524	
Foreign exchange loss	132	
Acquisition-related expenses	1,500	
Miscellaneous losses	272	14,343
Ordinary income		441,013
Extraordinary profit		
Gain on sales of investment securities	40,770	40,770
Extraordinary loss		
Loss on disposal of fixed assets	7	
Loss on valuation of investment securities	199	
Loss on impairment	50,678	50,885
Income before income taxes		430,898
Income taxes (Corporate, residential, enterprise taxes)	71,451	
Income tax adjustment	−71,737	−286
Net income		431,184

Note: Amounts have been rounded down to the nearest thousand yen.

The Company received the Independent Auditor's Report and the Audit Report by the Audit Committee for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020) pursuant to the Companies Act of Japan. These are provided only in Japanese.

END