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To Shareholders with Voting Rights:

INTERNET DISCLOSURE
RELATED TO THE NOTICE OF
THE 14TH ANNUAL GENERAL SHAREHOLDERS' MEETING

Stock Acquisition Rights of the Company

Consolidated Statement of Changes in Equity

Notes to consolidated financial statements

Statement of Changes in Equity

Notes to the Financial Statements

MINKABU THE INFONOID, Inc.

This is an internet disclosure pursuant to provision of laws and regulations as well as Article 14 of the Articles of Incorporation, followings are not presented in this appendix.

Stock Acquisition Rights of the Company

(1) Stock Acquisition Rights as Stock Options held by Directors at the end of the fiscal year ended March 31, 2020

	Series 7	Series 8
Date of resolution to issue	June 25, 2015	June 25, 2015
Number of stock options	6,150	50
Underlying stock	615,000 Common stocks (100 Common stocks/stock option)	5,000 Common stocks (100 Common stocks/stock option)
Issue price	Free of charge	Free of charge
Exercise price	50,000JPY/stock option (500JPY/common stock)	50,000JPY/stock option (500JPY/common stock)
Exercise period	On and after June 25, 2015	From June 26, 2017 to June 24, 2025
Restriction for exercise	(a)	(b)
Number of directors granted		
Non-Audit and Supervisory	#stock option 150 #underlying 15,000 #director 1 (c)	#stock option 50 #underlying 5,000 #director 1 (c)
Audit and Supervisory	–	–

Note:

a) Stock acquisition rights of the person to whom the stock acquisition rights are issued shall not be inherited.

b) Conditions for exercise of stock acquisition rights are;

- The person to whom the stock acquisition rights are issued may exercise their stock acquisition rights only while they are in the office of managing directors, audit & supervisory board members, employees of the Company or subsidiaries of the Company. Provided, however, that in the case the Board of Director approves, foregoing shall not be applicable
- Common stocks of the Company shall be listed on a stock exchange in Japan or overseas.
- Stock acquisition rights shall not be inherited.

c) The stock acquisition rights granted to one director were granted prior to his appointment as a director.

d) Number of underlying stock and exercise price are adjusted due to a 100-for-1 stock split on January 16, 2019.

	Series 15	Series 16
Date of resolution to issue	October 30, 2017	July 17, 2018
Number of stock options	300	500
Underlying stock	30,000 Common stocks (100 Common stocks/stock option)	50,000 Stocks (100 Common stocks/stock option)
Issue price	Free of charge	Free of charge
Exercise price	60,000JPY/stock option (600JPY/common stock)	60,000JPY/stock option (600JPY/common stock)
Exercise period	On and after October 30, 2017	On and after July 20, 2018
Restriction for exercise	(a)	(a)
Number of directors granted		
Non-Audit and Supervisory	#stock option 300 #underlying 30,000 #director 1	#stock option 200 #underlying 20,000 #director 1
Audit and Supervisory	–	–

Note:

a) Stock acquisition rights of the person to whom the stock acquisition rights are issued shall not be inherited.

b) Number of underlying stock and exercise price are adjusted due to a 100-for-1 stock split on January 16, 2019.

(2) Status of stock acquisition rights issued to employees, etc. as remuneration for the performance of their duties during the fiscal year

There are no applicable items.

(3) Other important matters concerning stock acquisition rights, etc.

There are no applicable items.

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Consolidated Statement of Changes in Equity

From April 1, 2019 to March 31, 2020

(Thousand JPY)

	Shareholders' equity			
	Capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the current consolidated fiscal year	1,558,228	3,581,469	−2,453,104	2,686,592
Changes in the current consolidated fiscal year				
Issuance of new shares	184,700	184,700		369,400
Net income attributable to shareholders of the parent company			447,567	447,567
Changes in items other than shareholders' equity during the consolidated fiscal year (net)				
Total changes of items during the current consolidated fiscal year	184,700	184,700	447,567	816,967
Balance at the end of the current consolidated fiscal year	1,742,928	3,766,169	−2,005,536	3,503,560

	Accumulated other comprehensive income (loss)		stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income (loss)			
Balance at the beginning of the current consolidated fiscal year	246	246	−	−	2,686,839
Changes in the current consolidated fiscal year					
Issuance of new shares					369,400
Net income attributable to shareholders of the parent company					447,567
Changes in items other than shareholders' equity during the consolidated fiscal year (net)	10,047	10,047	−	256,343	266,390
Total changes of items during the current consolidated fiscal year	10,047	10,047	−	256,343	1,083,353
Balance at the end of the current consolidated fiscal year	10,293	10,293	−	256,343	3,770,197

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

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Notes to Consolidated Financial Statements

1. Notes on significant matters that form the basis for the preparation of the consolidated financial statements, etc.

(1). Matters related to the scope of consolidation

① Status of consolidated subsidiaries

- Number of consolidated subsidiaries: 1
- Name of consolidated subsidiary: Prop Tech plus Inc.

② Status of non-consolidated subsidiaries

Name of non-consolidated subsidiary: sharewise GmbH (Germany)

Reason for exclusion from the scope of consolidation:

sharewise GmbH (Germany), an unconsolidated subsidiary, is not included in the scope of consolidation because it has been in the process of liquidation and its materiality is so low that it does not interfere with a reasonable judgment about the financial position, operating results and cash flows of the Group.

(2). Application of equity method

① Non-consolidated subsidiaries to which the equity method is applied

There are no applicable items.

② Non-consolidated subsidiaries to which the equity method is not applied

- Number of unconsolidated subsidiaries not accounted for by the equity method: 1
- Name of unconsolidated subsidiary: sharewise GmbH (Germany)
- Reasons for not applying the equity method:
  sharewise GmbH (Germany), an unconsolidated subsidiary to which the equity method is not applied, is currently in the process of liquidation and is not included in the scope of application of the equity method because it has no material impact on the consolidated financial statements in terms of net income or loss (the amount corresponding to the Company's equity interest) and retained earnings (the amount corresponding to the Company's equity interest), etc., if excluded from the scope of the equity method.

(3). Notes on changes in scope of consolidation and application of the equity method

① Change in the scope of consolidation

As a result of the acquisition of new shares of Prop Tech plus Inc. on December 27, 2019, the company has been included in the scope of consolidation from this fiscal year. The deemed acquisition date has been set at December 31, 2019.

② Change in scope of equity method

There are no applicable items.

(4). Fiscal years of consolidated subsidiary

The fiscal year end of the consolidated subsidiary is the same as the consolidated fiscal year.

(5). Accounting policies

① Basis and method of valuation of significant assets

A) Securities

i. Shares of unconsolidated subsidiaries not accounted for by the equity method
Stated at cost using the moving average method.

ii. Available-for-sale securities

- Items with market value
  The market value method based on market prices as of the balance sheet date (unrealized gains and losses are accounted for as a separate component of net assets, and the cost of securities sold is calculated using the moving average method) is adopted.
- Items without market value
  Stated at cost using the moving average method.

B) Inventories

The cost method based on the specific-identification method (the value on the consolidated balance sheet is calculated by writing down the book value based on a decline in profitability).

② Depreciation and amortization of significant depreciable assets

A) Fixed assets: Declining-balance method, however straight-line method is applied for building and accompanying facilities purchased on and after April 1, 2016.

Buildings and accompanying facilities	8 - 15 years
Equipment and fixtures	2 - 15 years

B) Intangible fixed assets: Straight-line method:

Software	3 - 5 years based on its useful service life in the Company
Patent asset	3 - 8 years
Trademark asset	5 - 10 years
Contract asset	10 years

Technology asset	10 - 15 years
Client related asset	10 - 15 years

③ Accounting standards for significant reserves

A) Allowance for doubtful accounts

In order to prepare for losses due to bad debts, the Company records an estimated uncollectible amount for general receivables based on historical bad debt ratios, and for specific receivables such as doubtful receivables based on individual assessments of collectability.

B) Reserve for bonuses

To provide for the payment of bonuses to employees of Prop Tech plus Inc., a consolidated subsidiary, an amount is recorded based on the estimated amount to be paid.

C) Allowance for directors' and corporate auditors' bonuses

To provide for the payment of bonuses to directors and corporate auditors of Prop Tech plus Inc., a consolidated subsidiary, an amount is recorded based on the estimated amount to be paid.

D) Provision for loss on business liquidation

In previous years, the Company has provided for expenses for the loss on business liquidation that is expected to be incurred when the Company shifted its management policy from a growth strategy oriented through the global expansion of its media business to a strategy that sees the domestic fintech solutions business field as a growth area.

E) Allowance for product warranties

In order to prepare for expenses related to product warranties, the Company provides a reserve for estimated losses.

F) Provision for loss on orders received

The Company's consolidated subsidiary, Prop Tech plus Inc. provides a reserve for losses on orders received as of the end of the current fiscal year that are expected to be incurred and for which the amount can be reasonably estimated. The corresponding inventories and the allowance for loss on orders received are not offset, but are recorded on a double-digit basis.

G) Provision for shareholder benefits

To prepare for expenditures related to the shareholder benefit plan, the amount expected to be incurred is recorded.

④ Basis for recording significant income and expenses

Sales of made-to-order software development are, in principle, recorded in accordance with the following standards

A) For the portion of the fiscal year ended March 31, 2012, software development whose outcome is deemed certain

The percentage-of-completion method (the percentage of completion is estimated by the cost-to-cost method) is applied.

B) Other Software Development

The construction completion standard has been applied.

⑤ Translation of significant assets and liabilities denominated in foreign currencies into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the balance sheet date, and the foreign exchange gains and losses are recognized in the statements of income.

Available-for-sale securities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the balance sheet date, and foreign exchange differences are included in the net unrealized gains or losses on available-for-sale securities under net assets.

⑥ Amortization method and period of goodwill

Goodwill is amortized on a straight-line basis over a period of 10 to 15 years, based on an estimate of the period over which the effect of the investment will be realized.

The allocation of the acquisition cost of goodwill related to Prop Tech plus Inc., which acquired the shares on December 27, 2019, has been finalized during the year. For details, please refer to "7. Other Notes, (1) Business Combinations through Acquisition".

⑦ Other important matters that form the basis for the preparation of the consolidated financial statements

Accounting for consumption tax, etc.

Accounting for consumption taxes is based on the tax-exclusion method.

2. Notes on changes in accounting policies

There are no applicable items.

3. Notes to the Consolidated Statement of Changes in Net Assets

(1). Type and number of shares issued and outstanding

Type of stock	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the current fiscal year	Decrease in the number of shares during the current fiscal year	Number of shares at the end of the current fiscal year
common stock (note)	12,977,900	766,500	—	13,744,400

Note: The increase of 766,500 shares in the total number of shares issued and outstanding is due to the exercise of stock options.

(2). Matters related to dividends from surplus

① Cash dividends paid, etc.

There are no applicable items.

② Dividends whose record date in the current fiscal year and an effective date in the subsequent fiscal year

Scheduled Resolutions	Type of stock	Funding for dividends	Total amount of dividends (millions of JPY)	Total amount of dividends (millions of JPY)	Record date	Effective Date
Board of Directors meeting on May 22, 2020	common stock	Additional paid-in capital	219	16	31 March 2020	June 9, 2020

(3). Type and number of shares to be issued upon exercise of stock acquisition rights

Series	Type of underlying shares	Number of shares for stock options			
		As of April 1, 2019	Increase	Decrease	As of March 31, 2020
The 6th stock acquisition rights	Common stock	100,000	–	100,000	–
The 7th stock acquisition rights	Common stock	775,000	–	602,000	173,000
The 8th stock acquisition rights	Common stock	67,900	–	3,000	64,900
The 9th stock acquisition rights	Common stock	10,000	–	–	10,000
The 10th stock acquisition rights	Common stock	5,000	–	–	5,000
The 15th stock acquisition rights	Common stock	30,000	–	–	30,000
The 16th stock acquisition rights	Common stock	182,500	–	61,500	121,000
Total		1,170,400	–	766,500	403,900

Note: The decrease in the 6th, 7th, 8th and 16th series of stock acquisition rights during the fiscal year under review is due to the exercise of stock acquisition rights.

4. Notes on financial instruments

(1). Matters concerning the status of financial instruments

① Policy for financial instruments

The Group limits money management activities to short-term deposits, etc., and funds are procured primarily through borrowing from banks and other financial institutions and issuing bonds.

Loans and bonds are used for working capital (mainly short-term) and business investment capital (long-term). The Company has a policy not to use derivative.

② Details of financial instruments and their risks, and management system

Accounts receivable are exposed to the credit risk of our trading partners. The Company strives to reduce this risk in accordance with its credit management regulations.

Loans and bonds are used to finance working capital and capital investment. Borrowings with floating interest rates are exposed to the risk of interest rate fluctuations.

Although borrowings are exposed to liquidity risk, the Company manages them by preparing and updating cash flow plans and other methods. Consolidated subsidiary also perform the same management in accordance with the Company's method.

(2). Matters concerning the fair value of financial instruments

The following table sets forth the consolidated balance sheet amounts, market values and differences between the two as of March 31, 2020 This does not include items for which it is extremely difficult to determine the fair value.

	Consolidated balance sheet amount (Thousands JPY)	Fair value (Thousands JPY)	Difference (Thousands JPY)
(1) Cash and deposit	2,063,777	2,063,777	－
(2) Account receivables	550,606	550,606	－
(3) Investment securities			
Available-for-sale securities	44,700	44,700	－
Total assets	2,659,083	2,659,083	－
(1) Current portion of bonds due within one year	50,000	50,045	45
(2) Current portion of long-term debt	283,308	291,785	8,477
(3) Bonds	20,000	19,910	－89
(4) Long-term debt	1,254,207	1,245,254	－8,952
Total liabilities	1,607,515	1,606,996	－518

Note:

1. Calculation of fair value of financial instruments:

Assets

(1) Cash and cash equivalents, (2) Account receivables

Due to the settlement in short periods, the carrying amount is used as fair value because fair value resembles the carrying amount.

(3) Investment securities

For these market values, the shares are quoted on the stock exchange.

Liabilities

(1) Bonds due within one year, (3) Bonds

The fair value of these bonds is calculated based on the present value of the total principal and interest discounted by an interest rate that takes into account the remaining period of the bonds and credit risk.

(2) Current portion of long-term debt, (4) long-term debt

The fair value of these items is calculated by discounting the total amount of principal and interest at an interest rate that would be applicable to similar new borrowings.

Derivatives

Not Applicable.

2. Financial instruments that are extremely difficult to obtain their fair values are as follows:

items	Amount on balance sheet (Thousand JPY)
Unlisted shares	23,815
Investment in affiliates	0
Convertible bonds	10,883
Allowance for doubtful accounts*	－10,746
Sub-total	137
Total	23,952

These items are not included because these items do not have market prices and are extremely difficult to comprehend current values.

*Allowance for doubtful accounts for Convertible bonds is deducted.

5. Notes on Per Share Information

(1) Net assets per share 255.66 JPY

(2) Net income per share (JPY) 34.38 JPY

6. Notes on significant subsequent events

There are no applicable items.

7. Other notes

(1). Business combination through acquisition

The Company's Board of Directors resolved on December 3, 2019 to acquire a portion of the shares

of Prop Tech plus Inc. to make it a consolidated subsidiary, and entered into a share transfer agreement on December 3, 2019 and acquired the shares on December 27, 2019. A summary of the results is as follows.

① Outline of the business combination

A) Name of the acquired company and details of its business
Name of the acquired company: Prop Tech plus Inc.
Business Description: System development and web construction business for the real estate finance industry, and operation of a REIT portal site

B) Main reasons for the business combination
Prop Tech plus Inc. is a leading IT company in the real estate securitization industry, operating one of Japan's largest J-REIT information portals (https://www.japan-reit.com) for individual investors as an information vendor specializing in real estate investment trusts (REITs) and other real estate funds, as well as providing various technology-based solution businesses such as system development and web development for real estate fund management and provision of REIT databases for REIT businesses. The Company has decided to make the company a consolidated subsidiary, believing that further growth and corporate value of the entire group can be expected through the expansion of the group's financial information coverage, improvement of business efficiency, effective use of assets, and joint development of new businesses.

C) Date of business combination
December 27, 2019 (stock acquisition date)
December 31, 2019 (deemed acquisition date)

D) Legal form of a business combination
Acquisition of shares in exchange for cash

E) Name of the combined company
No change.

F) Percentage of acquired voting rights
66.73%

G) Main reasons for the decision to acquire
This is because the Company acquired the shares in exchange for cash.

② Period of the acquired company's performance included in the consolidated financial statements
January 1, 2020 to March 31, 2020

③ Breakdown of acquisition cost and consideration of the acquired company by type

consideration for the acquisition	cash	1,282,501 thousand JPY
acquisition cost		1,282,501 thousand JPY

④ Details and amounts of major acquisition-related expenses
Due diligence expenses, etc. 9,500 thousand JPY

⑤ Amount, reason for accrual, method and period of amortization of goodwill

A) Amount of goodwill accrued
806,099 thousand JPY
The amount of goodwill had not been allocated at acquisition cost as of December 31, 2019 and was calculated on a provisional basis, but was finalized by the end of the year. As a result of the allocation of JPY 343,000 thousand to customer-related assets, JPY 118,643 thousand to deferred tax liabilities, and JPY 74,960 thousand to noncontrolling interests in intangible assets, the amount of goodwill decreased by JPY 150,348 thousand to JPY 806,099 thousand from the pre-finalized amount of JPY 956,448 thousand, reflecting a significant review of the initial allocation of acquisition costs in accordance with this determination.

B) cause of occurrence
This was generated from future excess earnings capacity that is expected to be generated by future business development.

C) Amortization method and period
Straight-line amortization over 15 years

⑥ Amounts of assets and liabilities accepted as of the date of business combination and their main breakdown

Current assets (Thousand JPY)	441,212
fixed assets (Thousand JPY)	214,527
Total assets (Thousand JPY)	655,739
current liabilities (Thousand JPY)	131,171
fixed liabilities (Thousand JPY)	35,000
Total liabilities (Thousand JPY)	166,171

⑦ Amount allocated to intangible assets other than goodwill and its breakdown by major type, and weighted average amortization period

Breakdown by major type	amount	amortization period
Customer-related assets	343,000(Thousand JPY)	15 years

⑧ Estimated amount and method of calculating the impact of the business combination on the consolidated statement of income for the current fiscal year, assuming that the business combination is completed on the first day of the consolidated fiscal year

The amount is not stated because it is difficult to calculate a rough estimate for the current fiscal year.

(2). Business combination through acquisition

The Company's Board of Directors approved a resolution on March 30, 2020, to approve the merger of Robot Fund Co.,Ltd. to acquire a majority of the issued shares by subscribing to a third party allotment of new shares to the Company and make one of the consolidated subsidiary of the Company. The Company has entered into a basic agreement on the acquisition of shares as of March 31, 2020. A summary of the results is as follows.

① Outline of the business combination

A) Name of the acquired company and details of its business

Name of the acquired company: Robot Fund Co., Ltd.

Business Description:

(i) Providing investment trust business efficiency and digitalization solutions for management companies

(ii) Sales of investment trusts to securities companies and banks, efficiency of marketing operations, and provision of digital solutions

(iii) Provision of investment trust and market data

B) Main reasons for the business combination

As a Software-as-a-Service (SaaS) information vendor specializing in mutual funds, Robot Asset Management is a start-up company that provides various solutions to improve the efficiency and digitalization of mutual fund operations for investment management companies as well as mutual fund sales and marketing operations for securities companies and banks.

Robotic Process Automation (RPA) for mutual fund operations provided by Robotic Asset Management is an innovative solution that dramatically streamlines the operations of mutual fund management companies and sales companies, enabling them to follow up with customers after sales that were previously inadequate, and has already been introduced by several management companies, securities companies, and banks.

We have decided to make Robot Fund Co., Ltd. a consolidated subsidiary because we believe that the acquisition of Robot Fund Co., Ltd. will enable us to further expand our business domain by providing investment trust-related solutions and expanding our client base.

C) Date of business combination (planned)

June 30, 2020.

D) Legal form of a business combination

Acquisition of shares in exchange for cash

E) Name of the combined company

No change.

F) Percentage of voting rights after the acquisition

50.14%.

G) Main grounds for determination for acquiring the company

The purpose of this acquisition is for the Company to acquire the shares in exchange for cash.

② Breakdown of scheduled acquisition cost and consideration of the acquired company by type

Expected acquisition consideration	Cash	248,000 thousand JPY (planned)
Scheduled acquisition cost		248,000 thousand JPY (planned)

③ Amount, reason for accrual, method and period of amortization of goodwill

This has not been confirmed at this time.

④ Amount of accepted assets and liabilities assumed as of the date of the business combination and its main breakdown.

This has not been confirmed at this time.

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Statements of Changes in Equity

From April 1, 2019 to March 31, 2020

(Thousand JPY)

	Shareholders' equity						
	Capital	Capital surplus			Retained earnings		Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Accumulated retained earnings	Total retained earnings	
Balance at April1, 2019	1,558,228	758,228	2,823,241	3,581,469	−2,453,104	−2,453,104	2,686,592
Changes							
Issuance of stock	184,700	184,700		184,700			369,400
Net loss					431,184	431,184	431,184
Transfer from reserve to surplus account							
Total changes during the period	184,700	184,700	−	184,700	431,184	431,184	800,584
Balance at March 31, 2020	1,742,928	942,928	2,823,241	3,766,169	−2,021,919	−2,021,919	3,487,177

	Valuation and translation adjustments		Total Net Asset
	Valuation difference on available-for-sale securities	Total value and translation adjustments	
Balance at April1, 2019	246	246	2,686,839
Changes			
Issuance of stock			369,400
Net loss			431,184
Transfer from reserve to surplus account	10,047	10,047	10,047
Total changes during the period	10,047	10,047	810,632
Balance at March 31, 2020	10,293	10,293	3,497,471

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

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Notes to Financial Statements

1. Notes regarding matters related to significant accounting policies

(1). Basis and method of valuation for assets

① Shares of subsidiaries

Stated at cost using the moving average method.

② Available-for-sale securities

・Items with market value

(Unrealized gains and losses are reported as a separate component of net assets, and the cost of securities sold is calculated using the moving average method.

・Items without market value

Stated at cost using the moving average method.

③ Inventories

・Work in progress

The cost method based on the specific identification method (the balance sheet value is calculated by writing down the book value based on a decline in profitability).

・Supplies

Stated at cost based on the specific identification method.

(2). Method of depreciation of fixed assets

① Tangible fixed assets

The declining-balance method is used. However, the straight-line method is used for facilities attached to buildings acquired on or after April 1, 2016.

The main useful lives of the assets are as follows.

Buildings and accompanying facilities	8-15 years
Equipment and fixtures	2-15 years

② Intangible fixed assets: Straight-line method:

Software	3 - 5 years
	based on its useful service life in the Company
Patent asset	3 - 8 years
Trademark asset	5 - 10 years
Contract asset	10 years
Technology asset	10 - 15 years
Client related asset	10 - 15 years

(3). Treatment method of deferred asset

Stock issuance costs are treated as expenses when incurred.

(4). Basis for adjustment of foreign currency assets and debt

Foreign currency assets and debt are valued in Japanese yen based on the market price on the accounting closing date. Valuation differences are booked as profit or loss.

Other investment securities denominated in foreign currencies are valued in Japanese yen based on the market price on the accounting closing date. Valuation differences are booked in the net asset classification.

(5). Basis for provisions

① Allowance for doubtful accounts:

To provide for losses due to bad debt, the Company reserves an estimated allowance for doubtful accounts that is provided at an amount based on the actual ratio of bad debts in the past for general receivables. For specific doubtful receivables, the individual collectability with default possibility is considered.

② Allowance for business restructuring losses:

To provide for losses due to business restructuring by shifting the business strategy from globalization of media business to domestic fintech solution business, the Company reserves an estimated allowance for business restructuring losses.

③ Allowance for product warranties:

To provide for losses due to product warranties, the Company reserves an estimated allowance for losses on warranties product delivered.

(6). Basis for recognition of revenues

Basis for recognition of revenues of made-to-order software development is as follows:

① The Company applied the percentage-of-completion method (the construction -cost-percentage method for estimating the degree of completion of software development) for contracts whose outcome at the end of the fiscal year under review is deemed certain.

② The Company applied the completed contract method to contracts other than the above.

(7). Amortization of goodwill

Goodwill and negative goodwill are amortized in equal amounts over an estimated period of 10 years in which investment effects will be revealed.

(8). Other significant basic matters for the preparation of financial statements

Accounting treatment of consumption tax: Consumption taxes and local consumption taxes are excluded from revenues and expenses.

2. Notes regarding matters related to accounting policies
Not applicable.

3. Notes to Balance Sheet
Monetary claims and liabilities to affiliated companies are as follows.

①	Short-term monetary claims	23,374 thousand JPY
②	Short-term monetary obligations	4,093 thousand JPY

4. Notes to profit and loss statement

(1). Transactions with subsidiaries and affiliates

Transactions from business transactions	
net sales	20,000 thousand JPY
Selling, general and administrative expenses	4,034 thousand JPY

(2). Gain on sales of securities
Gain on sales of securities is the gain on sales of shares the Company held.

(3). Loss on impairment

① Asset groups which recognized impairment loss

Purpose	Asset class	location
Idle asset	Software	Chiyoda-ku, Tokyo

② Reason of recognizing impairment loss
The Company recognized impairment losses on idle asset with respect to limited recoverability due to the review its status.

③ Amount of impairment loss

Software	50,678 thousand JPY
Total	50,678 thousand JPY

④ Grouping method for assets
The Company groups its assets based on the service classification as the smallest unit of cash flow generation. For common assets, an impairment loss is recognized on a larger basis, including common assets.

⑤ Calculation method of asset recoverability
The Company recognized no recoverability or zero amount for idle assets due to no planned future use.

5. Notes on tax effect accounting
Breakdown of deferred tax assets and liabilities by major causes;
The main reason for deferred tax assets is temporary differences in future subtractions related to excess depreciation, etc., and a valuation allowance of 315,095 thousand JPY was deducted from deferred tax assets. In addition, 23,432 thousand JPY was offset against deferred tax liabilities.

6. Notes regarding transactions with related parties

Subsidiaries:

(Thousand JPY)

Attribution	Name of company	% of voting rights held	Relationship with the related party	Content of transactions	Transaction amount	Items	Balance at the end of FY
Subsidiary	Prop Tech plus Inc.	Direct holding 66.7%	Directors and Corporate Auditors	Directors and Corporate Auditors	–	–	–
			Outsourcing	Entrusted with the installation of passenger guidance slots (b)(c)	9,500	accounts receivable	10,450
			Outsourcing	Sale of financial information data (b)(c)	5,500	accounts receivable	6,050
			Outsourcing	Provision of ASP services (b)(c)	5,000	accounts receivable	5,500
			Employee's concurrent duties	Receipt of contributions for labor costs	4,034	accounts receivable unearned revenue	1,322 79
Subsidiary	sharewise GmbH	Direct holding 100.0%	Payment of maintenance outsourcing	Maintenance outsourcing (a)(b)(c)	–	Accounts payable	1,400
			Payment of software development	Outsourcing of software development (a)(b)(c)	–	Accounts payable	2,614
			advance payment of costs and expenses	advance payment of costs and expenses (a)(b)(c)	–	Advanced paid	52

Conditions of Transactions and Policies for Determining the Conditions:

a) Liquidation procedures for sharewise GmbH (German) is in process. The Company will settle all receivables and payables between the Company and sharewise GmbH at the completion of the liquidation.

b) Terms and conditions of transaction are determined in the same fashion as common business transaction

c) Consumption tax is excluded from transaction amount, included in the balance at the end of Fiscal Year.

7. Notes to per share information

Net assets per share	254.47 JPY
Net income per share	33.12 JPY

(Basis for calculation)

Net income	431,184 Thousand JPY
Amount not attributable to common shareholders	－Thousand JPY
Net income on common share	431,184 Thousand JPY
Average number of common shares outstanding	13,020,046 shares

8. Significant Subsequent Events

Not Applicable.