

**TRANSLATION, For Your Reference Purpose Only**

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**To Shareholders with Voting Rights:**

INTERNET DISCLOSURE  
RELATED TO THE NOTICE OF  
THE 16TH ANNUAL GENERAL SHAREHOLDERS' MEETING

Stock Acquisition Rights of the Company  
Consolidated Statement of Changes in Net Assets  
Notes to Consolidated Financial Statements  
Statement of Changes in Equity  
Notes to the Financial Statements

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.

**MINKABU THE INFONOID, Inc.**

**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, 2022**

	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 )
<b>Number of directors granted</b>		
Non-Audit and Supervisory (Excluding outside directors)	#stock option 150 #underlying 15,000 #director 1 ( c )	#stock option 50 #underlying 5,000 #director 1 ( c )
Non-Audit and Supervisory (Outside directors)	–	–
Audit and Supervisory	–	–

Note:

1. Stock acquisition rights of the person to whom the stock acquisition rights are issued shall not be inherited.
2. Conditions for exercise of stock acquisition rights are:
  - i) 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.
  - ii) Common stocks of the Company shall be listed on a stock exchange in Japan or overseas.
  - iii) Stock acquisition rights shall not be inherited.
3. The stock acquisition rights granted to one director were granted prior to his appointment as a director.
4. 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 )
<b>Number of directors granted</b>		
Non-Audit and Supervisory (Excluding outside directors)	#stock option 300 #underlying 30,000 #director 1	#stock option 200 #underlying 20,000 #director 1
Non-Audit and Supervisory (Outside directors)	–	–
Audit and Supervisory	–	–

Note:

1. Stock acquisition rights of the person to whom the stock acquisition rights are issued shall not be inherited.
2. Number of underlying stock and exercise price are adjusted due to a 100-for-1 stock split on January 16, 2019.

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

Not applicable.

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

Not applicable.

## Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share Capital	Capital Surplus	Retained earnings	Treasury share	Total shareholders' equity
Balance at beginning of period	1,762,268	3,565,598	(1,441,038)	-	3,886,827
Changes during period					
Issuance of new shares	1,751,752	1,751,752			3,503,504
Dividends of surplus		(248,754)			(248,754)
Profit attributable to owners of parent			696,004		696,004
Purchase of treasury shares				(93)	(93)
Change in ownership interest of parent due to transactions with non-controlling interests		(534,747)			(534,747)
Net changes in items other than shareholders' equity					
Total changes during period	1,751,752	968,250	696,004	(93)	3,415,913
Balance at end of period	3,514,020	4,533,849	(745,034)	(93)	7,302,741

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	29,914	29,914	298,579	4,215,321
Changes during period				
Issuance of new shares				3,503,504
Dividends of surplus				(248,754)
Profit attributable to owners of parent				696,004
Purchase of treasury shares				(93)
Change in ownership interest of parent due to transactions with non-controlling interests				(534,747)
Net changes in items other than shareholders' equity	9,926	9,926	(197,657)	(187,730)
Total changes during period	9,926	9,926	(197,657)	3,228,182
Balance at end of period	39,841	39,841	100,922	7,443,504

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

## Notes to Consolidated Financial Statements

1. **Notes to significant matters that form the basis for the preparation of the consolidated financial statements, etc.**
  - (1) Matters related to the scope of consolidation
    - a) Status of consolidated subsidiaries
      - Number of consolidated subsidiaries : 3
      - Name of the consolidated subsidiary : Prop Tech plus Inc.  
: Robot Fund Co., Ltd.  
: MINKABU ASSET PARTNERS, Inc.
    - b) Status of non-consolidated subsidiaries  
Not applicable.
  - (2) Application of equity method
    - a) Non-consolidated subsidiaries to which the equity method is applied  
Not applicable.
    - b) Non-consolidated subsidiaries to which the equity method is not applied  
Not applicable.
  - (3) Notes to changes in the scope of consolidation and application of the equity method
    - a) Change in the scope of consolidation  
The Company established MINKABU ASSET PARTNERS, Inc., and has included it in the current consolidated subsidiaries in the fiscal year ended March 31, 2022.
    - b) Change in scope of equity method  
Not applicable.
  - (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
    - a) Basis and method of valuation of significant assets
      - i) Securities  
Other securities
        - Items other than the ones without market value  
The fair 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).
        - Items without market value  
Stated at cost using the moving average method.  
For investment limited partnerships and similar investments in partnerships, which are deemed as securities in paragraph 2 in chapter 2 of the Financial Instruments and Exchange Act, are measured at net asset values based on the partnerships' financial statements in proportion to the Company's share
      - ii) 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).
    - b) Depreciation and amortization of significant depreciable assets
      - i) Fixed assets: Declining-balance method, however straight-line method is applied for facilities attached to buildings purchased on and after April 1, 2016.
 

Facilities attached to buildings	8 - 18 years
Tools, furniture, and fixtures	2 - 15 years
      - ii) Intangible fixed assets: Straight-line method with following useful life.
 

In-house software	3 - 5 years
	based on its useful life in the Company
Patent	3 - 8 years
Trademark	5 - 10 years
Contract asset	10 years
Technology asset	10 - 15 years
Client related asset	10 - 15 years
  - c) Accounting standards for significant reserves
    - i) Allowance for doubtful accounts  
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 specific receivables such as doubtful receivables based on individual assessments of collectability.

ii) Reserve for bonuses

To provide for the payment of bonuses to employees of consolidated subsidiaries, an amount is recorded based on the estimated amount to be paid.

iii) Allowance for product warranties

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

iv) Provision for loss on orders received

The Company's consolidated subsidiary provides a reserve for losses on orders received as of the end of the current fiscal year that is 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.

v) Provision for shareholder benefits

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

d) Basis for recording significant income and expenses

The Group applies the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 30, 2018) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018). The Group recognizes the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer.

The summary of the performance obligation and the ordinary timing of fulfilling the obligation are disclosed in 6. Notes to revenue recognition (2) Basic information on revenue from contracts with customers in Notes to Consolidated Financial Statements.

e) 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.

Other 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.

f) 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.

## 2. Notes to changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the consolidated fiscal year ended March 31, 2022, and to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer. The adoption of this accounting standards has not had any impact on the consolidated financial statements.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) since the beginning of the consolidated fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in the provision of paragraph 19 in Accounting Standard for Fair Value Measurement and paragraph 44-2 in Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company prospectively applies the new accounting policy under Accounting Standard for Fair Value Measurement.

The adoption of this accounting standards has no impact on the consolidated financial statements. The detail of the fair value of financial instruments with appropriate classification is disclosed in "5. Notes to financial instruments".

## 3. Notes to accounting estimates

(1) Recoverability of deferred tax assets

a) Amount on the consolidated financial statements for the fiscal year ended March 31, 2022

Deferred tax assets: 214,128 thousand yen.

(161,411 thousand yen after deducting deferred tax liabilities is on the consolidated financial

statements.)

- b) Information about the content of material accounting estimates for the identified item.
- i) Calculation method of the consolidated financial statements of the current consolidated fiscal year  
For temporary differences to be deducted in the future, the Company determined the recoverability of deferred tax assets based on taxable income by future profitability and tax planning. The estimate of taxable income by future profitability is based on the actual results of the fiscal year ended March 31, 2022.
- ii) Major assumptions used for calculation of the amount on the consolidated financial statements for the fiscal year ended March 31, 2022  
Estimates of taxable income are recorded by comprehensively considering the business plan and actual results for the fiscal year ended March 31, 2022 based on the number of unique users and billing users of our media, the number of customers using our solutions, and the unit price per customer.
- iii) Impact on consolidated financial statements for the fiscal year ended March 31, 2023  
The timing and amount of taxable income may be affected by changes in future economic trends, and if its actual timing and amount differ from estimates, there is a possibility to have a significant impact on the amount of deferred tax assets recognized in the consolidated financial statements for the fiscal year ended March 2023 and subsequent fiscal years.  
For this reason, the major assumption stated above in ii) is based on the best estimates, but the results can differ from the estimates because of future economic trends.

(2) The valuation of securities without market price

- a) The amount on consolidated statements for the fiscal year ended March 31, 2022  
Investment securities 875,462 thousand yen
- b) The information of identified significant accounting estimates
- i) Measurement of the amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2022  
Securities without a market price are measured at cost using the moving average method. If a substantial price (net asset per value multiplied by the number of shares) is decreased by 50%, an impairment loss is recognized unless there is evidence of recoverability.
- ii) Major assumptions used for the measurement of the amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2022  
The status of achievement of an investee's business plan prepared at the time of investment is comprehensively in consideration.
- iii) The effect of the recorded on the consolidated financial statements for the fiscal year ended March 31, 2023  
If the results of the investee deteriorate from its business plan and there is not enough evidence of recoverability, consolidated financial results will be impacted due to the impairment of the investment.

**4. 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 fiscal year ended March 31, 2022	Increase in the number of shares during the fiscal year ended March 31, 2022	Decrease in the number of shares during the fiscal year ended March 31, 2022	Number of shares at the end of fiscal year ended March 31, 2022
Common stock (note)	13,819,700	1,088,000	—	14,907,700

Note: The increase in 1,088,000 issued shares is due to 1,080,100 of third-party allotment with QUICK and Nikkei as allottees on May 31, 2021 and 7,900 of the exercise of stock options.

## (2). Type and number of treasury shares

Type of stock	Number of shares at the beginning of the fiscal year ended March 31, 2022	Increase in the number of shares during the fiscal year ended March 31, 2022	Decrease in the number of shares during the fiscal year ended March 31, 2022	Number of shares at the end of the fiscal year ended March 31, 2022
Common stock (note)	—	23	—	23

Note: The increase in treasury shares is due to a purchase of fractional shares.

## (3). Matters related to dividends from surplus

## a) Cash dividends paid, etc.

Scheduled Resolutions	Type of stock	Funding for dividends	Total amount of dividends (Million yen)	Dividends per share (Million yen)	Record date	Effective Date
Board of Directors meeting on May 21, 2021	Common stock	Additional paid-in capital	248	18	March 31, 2021	June 8, 2021

## b) 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 (Million yen)	Dividends per share (Million yen)	Record date	Effective Date
Board of Directors meeting on May 20, 2022	Common stock	Additional paid-in capital	357	24	March 31, 2022	June 8, 2022

## (4). 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, 2020	Increase	Decrease	As of March 31, 2021
The 7 <sup>th</sup> stock acquisition rights	Ordinary shares	149,000	—	4,000	145,000
The 8 <sup>th</sup> stock acquisition rights	Ordinary shares	31,900	—	3,600	28,300
The 9 <sup>th</sup> stock acquisition rights	Ordinary shares	7,000	—	—	7,000
The 15 <sup>th</sup> stock acquisition rights	Ordinary shares	30,000	—	—	30,000
The 16 <sup>th</sup> stock acquisition rights	Ordinary shares	111,000	—	—	111,000
The 17 <sup>th</sup> stock acquisition rights	Ordinary shares	16,000	—	300	15,700
Total		344,900	—	7,900	337,000

Note: The decrease in the 7<sup>th</sup>, 8<sup>th</sup>, and 17<sup>th</sup> series of stock acquisition rights during the fiscal year ended March 31, 2022 is due to the exercise of stock acquisition rights.

## 5. Notes to financial instruments

## (1) Matters concerning the status of financial instruments

## a) Policy for financial instruments

The Group limits money management activities to short-term deposits, etc., and finances through borrowings 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 derivatives.

## b) Details of financial instruments and their risks, and management system

Accounts receivables are exposed to the credit risk of our trading partners. The Company reduces the risk based on its credit management policies.

Loans and bonds are used to finance working capital and capital expenditures. 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 subsidiaries also perform the same management in accordance with the Company's method.



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(2) Matters concerning the fair value of financial instruments

The following table shows the amounts on the consolidated balance sheet, market values, and differences as of March 31, 2022. This does not include the securities without market price etc., whose details are described in the note below.

	Amount on the consolidated balance sheet (Thousands of yen)	Fair value (Thousands of yen)	Difference (Thousands of yen)
Investment securities			
Other securities	186,160	186,160	—
Total assets	186,160	186,160	—
Current portion of long-term debt	159,816	180,290	20,474
Long-term borrowings	1,296,203	1,271,807	(24,395)
Total liabilities	1,456,019	1,452,098	(3,920)

Cash and cash equivalents, account receivables, and account payables are recognized at book value as they are settled in the short term and fair values are almost equal to book values.

Note: Securities without a market price and investment partnerships

	Amount on the consolidated balance sheet (Thousands of yen)
Unlisted shares	875,462
Investment partnerships	45,391

The fair values of unlisted shares are not disclosed in accordance with paragraph 5 in “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

The fair values of investment partnerships are not disclosed in accordance with paragraph 27 in “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019).

(3) Matters concerning the fair value of financial instruments

According to the observability and significance of inputs used by calculating fair values, fair values for these financial instruments are classified into the following three-level hierarchy.

- Level 1 - Fair values measured by observable inputs with quoted prices in active markets for identical assets and liabilities.
- Level 2 - Fair values measured by observable inputs other than Level 1 inputs.
- Level 3 - Fair values measured by unobservable inputs that are supported by no market activity.

If multiple inputs which have a significant impact on market value calculation are used, a financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

a) Financial instruments measured at fair value on the balance sheet

Classification	Fair values (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Equity securities	186,160	—	—	186,160
Total assets	186,160	—	—	186,160

b) Financial instruments not measured at fair value on the balance sheet

Classification	Fair values (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Current portion of long-term borrowings	—	180,290	—	180,290
Long-term borrowings	—	1,271,807	—	1,271,807
Total liabilities	—	1,452,098	—	1,452,098

Note: Valuation methods and inputs used for the measurement of fair value are as follows.

Investment securities

Listed shares are measured by quoted price. Listed shares are classified as Level 1 since

they are traded in active markets.  
 Current portion of long-term borrowings and long-term borrowings  
 They are classified as Level 2 which are measured by the net present value method based on the sum of principal and interest, the interest rate in consideration of remaining duration, and credit risk.

## 6. Notes to revenue recognition

### (1) Breakdown of revenue from contracts with customers

(Thousands of yen)

	Reported segments		Total
	Media business	Solution business	
Advertising revenue	1,929,070	–	1,929,070
Charged revenue	298,660	–	298,660
Other media revenue	126,196	–	126,196
Recurring revenue	–	2,175,338	2,175,338
Upfront, one-time revenue	–	953,144	953,144
Revenue from contracts with customers	2,353,927	3,128,483	5,482,410
Other revenue	–	–	–
Net sales to external customers	2,353,927	3,128,483	5,482,410

### (2) Basic information on revenue from contracts

With respect to the revenue from contracts with customers, the performance obligations in major businesses and their ordinary timings of fulfilling the obligation (the ordinary timings of revenue recognition) are as follows.

#### a) Media business

Media business records advertising revenue and charged revenue.

Regarding pure advertising and network advertising revenue, revenue is recognized when the advertisement is uploaded, clicked, or shown since the performance obligation is fulfilled at these timings. For pay-for-performance advertising with respect to opening customers' brokerage accounts, revenue is recognized when the acceptance inspection is performed since the performance obligation is fulfilled at these timings.

Charged revenue is recognized over time because it is subscription-type revenue that users are paying monthly fees.

Certain advertising revenue is recognized as the net of goods and services provided by another party and the amount paid to that another party since the Company mainly acts as an agent in that type of transaction.

#### b) Solution business

Solution business records revenue from the implementation and monthly services with respect to cloud-type ASP services. Solution business also records revenue from AI driven software content and delivery of information. These revenues are classified as recurring revenue and upfront, one-time revenue based on the timing of the transfer of the services.

Revenue from the implementation of ASP services is recognized when the acceptance inspection is performed. Revenue from providing ASP services, maintenance and operation of these services, providing AI driven software content, and delivery of information are recognized when the services are rendered, or the period of services being rendered since they are provided mainly by a fixed monthly fee, but the services also include one-time payment and pay-as-you-go arrangements based on the numbers of ID and downloads.

Revenue is measured based on the promised consideration defined in contracts with customers, net of returns, discounts, and rebates.

### (3) The information to understand the amounts of revenue for the fiscal year ended March 31, 2022 and for the next and subsequent fiscal years.

Contract liabilities mainly consist of compensation received before fulfilling the performance obligation which are included in other current liabilities on the balance sheet.

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The following table shows the receivables from the contracts from the customers and contract liabilities.

	As of March 31, 2022 (Thousands of yen)
Receivables from the contracts from the customers	1,127,845
Contract liabilities	34,759

There is no material amount in contract liabilities at the beginning of this fiscal year which is recognized as revenue for the fiscal year ended March 2022. And there is no material amount in revenue recognized from the performance obligation fulfilled in the previous fiscal years for the fiscal year ended March 2022.

**7. Notes to Per Share Information**

Net assets per share	492.52 yen
Net income per share	47.26 yen

**8. Notes to significant subsequent events**

(Business combination by corporate acquisition)

On April 11, the Company entered into an investment agreement with BANQ Inc. (Head office: Minato-ku, Tokyo; Representative: Munetaka Takahashi, hereinafter "BANQ") with respect to BANQ's incorporation-type company split of its NFT division and the Company acquires majority of the total voting rights of shares issued by new company, WEB3 WALLET, Inc. through the underwriting of the third-party allotment of new shares, thereby making the company as a consolidated subsidiary. And WEB3 WALLET, Inc. was renamed to MINKABU WEB3 WALLET, Inc. in accordance with the resolution of shareholders' meeting of WEB3 WALLET on May 1, 2022.

**1. Overview of business combination**

(1) Name of acquired company and its business

Company Name: WEB3 WALLET, Inc.

Business: NFT Marketplace Business, ABC (Activity Based Certificates)

(2) The main reason of the business combination

Web3 is a network based on decentralized blockchain technology. Unlike Web 2.0, where information was centralized in a specific company or government, ownership of information belongs to individuals. User information that was previously limited to specific companies will be converted to NFT and managed by users in their own wallets, enabling a UX where users can receive various benefits not limited to specific companies. In addition, user information can be smoothly utilized in the fields of metaverse and e-sports by linking user information.

As companies adapt to the Web3, information on loyal customers which used to be tied to specific companies and organizations, can now belong to individuals and be utilized across companies and organizational boundaries. This makes it possible to develop services based on information on loyal customers shared among multiple companies and organizations.

Based on Minkabu's mission of "providing a mechanism that embodies the value of information," we will help companies, organizations, and public institutions respond to the Web3 by uncovering information assets that have been buried within certain companies and creating new value. We made MINKABU WEB3 WALLET, Inc. a consolidated subsidiary to expand our business by leveraging Web3.

(3) Date of the business combination

May 1, 2022

(4) Legal form of the business combination

Acquisition with a cash consideration

(5) Name of the subsidiary after the business combination

MINKABU WEB3 WALLET, Inc.

(6) Rate of voting rights acquired

51.2%

(7) Basis for determining the acquiring company

Acquisition of an equity stake through a cash consideration.

**2. Acquisition cost of the acquired company and breakdown by type of consideration**

Payment for the acquisition (Cash): 199,999 thousand yen

Acquisition cost: 199,999 thousand yen

**3. Details of major acquisition-related costs**

Not determined at this point of time.

**4. Goodwill generated by acquisition, reason, amortization method and period**

Not determined at this point of time.

**5. Breakdown of assets acquired and liabilities assumed on the acquisition date**

Not determined at this point of time.

**9. Other notes**

(Establishment of a subsidiary)

The Company resolved to establish a subsidiary at the Board of Directors held on August 12, 2021,

which was officially formed on September 1, 2021.

1. Purpose

The Company established a 100% owned subsidiary “MINKABU ASSET PARTNERS, Inc.” to prepare registration of Financial Instruments Intermediary Service Provider. It will provide professionals’ service “MINKABU ASSET MANAGEMENT” under the registration, as a part of asset building service of “MINKABU”.

In the MINKABU ASSET MANAGEMENT, The Company strengthens its revenue base by adopting new means of revenue source, such as a balance-in-custody-based fee and a commission-based fee.

2. Overview of the subsidiary

(1) Name	MINKABU ASSET PARTNERS, Inc.
(2) Address	1-8-10, Kudan-kita, Chiyoda-ku, Tokyo
(3) Representative	Masakatsu Saito
(4) Business	Non-face-to-face consulting on asset building, financial instruments intermediary (subject to completion of registration to FSA)
(5) Share Capital	100 million Yen
(6) Date of establishment	September 1, 2021
(7) Number of shares issued	2,000 shares
(8) Ownership ratio	100 %

Statements of changes in shareholders' equity

From April 1, 2021 to March 31, 2022

(Thousands of yen)

	Shareholders' equity							
	Capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Accumulated retained earnings	Total retained earnings		
Balance at beginning of the period	1,762,268	962,268	2,603,330	3,565,598	(1,464,579)	(1,464,579)	–	3,863,287
Changes during the period								
Issuance of new shares	1,751,752	1,751,752		1,751,752				3,503,504
Dividends of surplus			(248,754)	(248,754)				(248,754)
Purchase of treasury shares							(93)	(93)
Net income					662,974	662,974		662,974
Net changes in items other than shareholders' equity								
Total changes during period	1,751,752	1,751,752	(248,754)	1,502,997	662,974	662,974	(93)	3,917,629
Balance at the ending of the period	3,514,020	2,714,020	2,354,576	5,068,596	(801,605)	(801,605)	(93)	7,780,916

	Valuation and translation adjustments		Total Net Asset
	Valuation difference on available-for-sale securities	Total value and translation adjustments	
Balance at beginning of the period	29,914	29,914	3,893,202
Changes during the period			
Issuance of new shares			3,503,504
Dividends of surplus			(248,754)
Purchase of treasury shares			(93)
Net income			662,974
Net changes in items other than shareholders' equity	9,926	9,926	9,926
Total changes during period	9,926	9,926	3,927,556
Balance at the ending of the period	39,841	39,841	7,820,758

Note: Amounts are rounded down to the nearest thousand yen.

## Notes to Financial Statements

### 1. Notes regarding matters related to significant accounting policies

- (1) Basis and method of valuation for assets
- a) Investments in subsidiaries  
Stated at cost using the moving average method.
- b) Other securities
- Items other than the ones without market value  
The fair 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).
  - Items without market value  
Stated at cost using the moving average method.  
For investment limited partnerships and similar investments in partnerships, which are deemed as securities in paragraph 2 in chapter 2 of the Financial Instruments and Exchange Act, are measured at net asset values based on the partnerships' financial statements in proportion to the Company's share
- c) Inventories
- Work in progress  
The cost method based on a specific identification method (the value on the balance sheet is calculated by writing down the book value based on a decline in profitability).
  - Supplies  
The cost method based on the specific identification method
- (2) Method of depreciation of fixed assets
- a) 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 | 8-18 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) Treatment method of deferred asset  
All 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
- i) Allowance for doubtful accounts  
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 specific receivables such as doubtful receivables based on individual assessments of collectability.
- ii) Allowance for product warranties  
To prepare for expenses related to product warranties, the Company provides a reserve for estimated losses.
- iii) Provision for shareholder benefits  
To prepare for expenditures related to the shareholder benefit plan, the amount expected to be incurred is recorded.
- (6) Basis for recognition of revenues  
The Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 30, 2018) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018). The Company recognizes the amount

expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer.

The summary of the performance obligation and the ordinary timing of fulfilling the obligation are disclosed in 6. Notes to revenue recognition (2) Basic information on revenue from contracts with customers in Notes to Consolidated Financial Statements.

(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.

**2. Notes regarding matters related to accounting policies**

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020), etc. effective from the beginning of the fiscal year ended March 31, 2022, and to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer. The adoption of this accounting standards has not any impact on the financial statements.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) since the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in the provision of paragraph 19 in Accounting Standard for Fair Value Measurement and paragraph 44-2 in Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply the new accounting policy under Accounting Standard for Fair Value Measurement. The adoption of this accounting standards has no impact on the financial statements.

**3. Notes to accounting estimates**

(1) Recoverability of deferred tax assets

a) Amount recorded in financial statements for the fiscal year ended March 31, 2022.

Deferred tax assets: 189,108 thousand yen.

(161,271 thousand yen after deducting deferred tax liabilities is on the financial statements.)

b) Information about the content of material accounting estimates for the identified item.

i) Calculation method of the financial statements for the fiscal year ended March 31, 2022

For temporary differences that will be deducted in the future, the Company determined the possibility of recovering deferred tax assets based on taxable income by future profitability and tax planning. The estimate of taxable income by future profitability based on actual results of the fiscal year ended March 31, 2022.

ii) Main assumptions used for Calculation of the amount recorded in the financial statements for the fiscal year ended March 31, 2022

Estimates of taxable income are recorded by comprehensively considering the business plan and actual results for the current fiscal year based on the number of unique users and billing users of our media, the number of customers using our solutions, and the provided unit price per customer.

iii) Impact on financial statements for the fiscal year ended March 31, 2023

The timing and amount of taxable income may be affected by changes in future economic trends, and if its actual timing and amount differ from estimates, there is a possibility to have a significant impact on the number of deferred tax assets recognized in the financial statements for the next and subsequent fiscal years. For this reason, the major assumption stated above (ii) is based on the best estimates, but the results can differ from the estimates because of future economic trends.

(2) The valuation of securities without market price

a) The amount on the financial statements for the fiscal year ended March 31, 2022

Investment securities 875,462 thousand yen

b) The information of identified significant accounting estimates

(i) Measurement of the amounts recorded on the financial statements for the fiscal year ended March 31, 2022

Securities without a market price are measured at cost using the moving average method. If a substantial price (net asset per value multiplied by the number of shares) is decreased by

50%, an impairment loss is recognized unless there is evidence of recoverability.

- (ii) Major assumptions used for the measurement of the amounts recorded on the financial statements for the fiscal year ended March 31, 2022  
The status of achievement of an investee's business plan prepared at the time of investment is comprehensively in consideration.
- (iii) The effect of the recorded on the financial statements for the fiscal year ended March 31, 2023  
If the results of the investee deteriorate from its business plan and there is not enough evidence of recoverability, financial results will be impacted due to the impairment of the investment.

#### 4. Notes to Balance Sheet

##### (1) Guarantee obligation

Provide debt guarantees for loans from the financial institutions of the following affiliated companies

Robot Fund Co., Ltd.	200,000 thousand yen
Total	200,000 thousand yen

##### (2) Monetary claims and liabilities to affiliated companies are as follows.

(i) Short-term monetary claims	4,878 thousand yen
(ii) Short-term monetary obligations	20,034 thousand yen

#### 5. Notes to profit and loss statement

##### (1) Transactions with subsidiaries and affiliates

Transactions from business transactions

Net sales	4,400 thousand yen
Cost of sales	61,993 thousand yen
Selling, general and administrative expenses	31,295 thousand yen

##### (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

###### a) Asset groups which recognized impairment loss

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

###### b) Reason of recognizing impairment loss

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

###### c) Amount of impairment loss

Software	140 thousand yen
Total	140 thousand yen

###### d) 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.

###### e) Calculation method of asset recoverability

The Company recognized no recoverability or zero amount for idle assets due to no planned future use.



**6. Notes to statements of changes in shareholders' equity**

Type and number of treasury shares

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)	—	23	—	23

Note: The increase in treasury shares is due to a purchase of fractional shares.

**7. Notes to tax effect accounting**

Deferred tax assets mainly consist of the deductible temporary difference caused by the tax depreciation. The deferred tax assets on the balance sheet is after the deduction of 7,865 thousand yen of valuation allowance and net of 27,837 of deferred tax liabilities.

**8. Notes regarding transactions with related parties**

Subsidiaries:

(Thousands of yen)

Attribution	Name of company	% of voting rights held	Relationship with the related party	Content of transactions	Transaction amount (Thousands of yen)	Items	Balance as of March 31, 2022
Subsidiary	Prop Tech plus Inc.	Direct holding 90.32%	Common Director	Common Director	—	—	—
Subsidiary	Robot Fund Co., Ltd.	Direct holding 99.82%	Common Director	Common Director	—	—	—
			Debt Guarantee	Guarantee of borrowing (a)	200,000	—	—
Subsidiary	MINKABU ASSET PARTNERS, Inc.	Direct holding 100%	Common Director	Common Director	—	—	—
			Acquisition of shares	Acquisition of shares (b)	100,000	—	—

Conditions of transactions and policies for determining the conditions:

- a) The Company provides a debt guarantee for the borrowing of Robot Fund Co., Ltd., a consolidated subsidiary. There is no guarantee fee or collateral. The transaction amount is the amount borrowed in the debt guarantee.
- b) The Company acquired shares due to the establishment of the subsidiary.

**9. Notes to revenue recognition**

(1) Breakdown of revenue from contracts with customers

(Thousands of yen)

	Reported segments		Total
	Media business	Solution business	
Advertising revenue	1,929,070	—	1,929,070
Charged revenue	298,660	—	298,660
Other media revenue	126,196	—	126,196
Recurring revenue	—	1,328,383	1,328,383
Upfront, one-time revenue	—	621,717	621,717
Revenue from contracts with customers	2,353,927	1,950,101	4,304,028
Other revenue	—	—	—
Net sales to external customers	2,353,927	1,950,101	4,304,028

(2) Basic information on revenue from contracts

Basic information on revenue from contracts is omitted since this is disclosed in 6. Notes to revenue recognition in Notes to Consolidated Financial Statements.

(3) The information to understand the amounts of revenue for the fiscal year ended March 31, 2022 and for the next and subsequent fiscal years.

Contract liabilities mainly consist of compensation received before fulfilling the performance obligation which are included in other current liabilities on the balance sheet.

The following table shows the receivables from the contracts from the customers and contract liabilities.

	As of March 31, 2022 (Thousands of yen)
Receivables from the contracts from the customers	930,752
Contract liabilities	24,293

There is no material amount in contract liabilities at the beginning of this fiscal year which is recognized as revenue for the fiscal year ended March 2022. And there is no material amount in revenue recognized from the performance obligation fulfilled in the previous fiscal years for the fiscal year ended March 2022.

#### 10. Notes to per share information

Net assets per share	524.61 yen
Net income per share	45.02 yen

(Basis for calculation)

Net income	662,974 thousand yen
Amount not attributable to common shareholders	None
Net income on common share	662,974 thousand yen
Average number of common shares outstanding	14,725,769 shares

#### 11. Significant Subsequent Events

(Business combination by corporate acquisition)

On April 11, the Company entered into an investment agreement with BANQ Inc. (Head office: Minato-ku, Tokyo; Representative: Munetaka Takahashi, hereinafter "BANQ") with respect to BANQ's incorporation-type company split of its NFT division and the Company acquires majority of the total voting rights of shares issued by new company, WEB3 WALLET, Inc. through the underwriting of the third-party allotment of new shares, thereby making the company as a consolidated subsidiary. And WEB3 WALLET, Inc. was renamed to MINKABU WEB3 WALLET, Inc. in accordance with the resolution of shareholders' meeting of WEB3 WALLET on May 1, 2022.

##### 1. Overview of the business combination

- (1) Name of the acquired company and its business  
Company Name: WEB3 WALLET, Inc.  
Business: NFT Marketplace Business, ABC (Activity Based Certificates)
- (2) The main reason of the business combination  
Web3 is a network based on decentralized blockchain technology. Unlike Web 2.0, where information was centralized in a specific company or government, ownership of information belongs to individuals. User information that was previously limited to specific companies will be converted to NFT and managed by users in their own wallets, enabling a UX where users can receive various benefits not limited to specific companies. In addition, user information can be smoothly utilized in the fields of metaverse and e-sports by linking user information. As companies adapt to the Web3, information on loyal customers which used to be tied to specific companies and organizations, can now belong to individuals and be utilized across companies and organizational boundaries. This makes it possible to develop services based on information on loyal customers shared among multiple companies and organizations. Based on Minkabu's mission of "providing a mechanism that embodies the value of information," we will help companies, organizations, and public institutions respond to the Web3 by uncovering information assets that have been buried within certain companies and creating new value. We made MINKABU WEB3 WALLET, Inc. a consolidated subsidiary to expand our business by leveraging Web3.
- (3) Date of the business combination  
May 1, 2022
- (4) Legal form of the business combination  
Acquisition with a cash consideration
- (5) Name of the subsidiary after the business combination  
MINKABU WEB3 WALLET, Inc.
- (6) Rate of voting rights acquired  
51.2%
- (7) Basis for determining the acquiring company  
Acquisition of an equity stake through a cash consideration.

##### 2. Acquisition cost of the acquired company and breakdown by type of consideration

<u>Payment for the acquisition (Cash):</u>	<u>199,999 thousand yen</u>
Acquisition cost:	199,999 thousand yen

##### 3. Details of major acquisition-related costs

Not determined at this point of time.

##### 4. Goodwill generated by acquisition, reason, amortization method and period

**TRANSLATION, For Your Reference Purpose Only**

Not determined at this point of time.

5. Breakdown of assets acquired, and liabilities assumed on the acquisition date  
Not determined at this point of time.