



Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

[Japanese GAAP]

May 13, 2019

Company name: Striders Corporation

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 9816

URL: <http://www.striders.co.jp/>

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Scheduled date of Annual General Meeting of Shareholders: June 21, 2019

Scheduled date of filing of Annual Securities Report: June 21, 2019

Scheduled date of payment of dividend: -

Preparation of supplementary materials for financial results: None

Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated results of operations (Percentages shown for net sales and profits represent year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------------|-------------|------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended Mar. 31, 2019 | 9,216 | 15.6 | 216 | 3.4 | 230 | 28.5 | 76 | (38.6) |
| Fiscal year ended Mar. 31, 2018 | 7,971 | 25.2 | 208 | (25.2) | 179 | (38.8) | 125 | (45.4) |

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2019: 72 (down 36.8%)

Fiscal year ended Mar. 31, 2018: 114 (down 53.8%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary profit on total assets | Operating profit to net sales |
|---------------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Mar. 31, 2019 | 8.66 | 8.66 | 3.8 | 4.9 | 2.3 |
| Fiscal year ended Mar. 31, 2018 | 14.09 | 14.07 | 6.4 | 4.1 | 2.6 |

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Mar. 31, 2019: 4 Fiscal year ended Mar. 31, 2018: (36)

Note: The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The amounts of net income per share and diluted net income per share were calculated based on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2019 | 4,655 | 2,087 | 44.5 | 234.78 |
| As of Mar. 31, 2018 | 4,837 | 2,033 | 41.6 | 226.65 |

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2019: 2,072

As of Mar. 31, 2018: 2,013

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended Mar. 31, 2019 | 414 | (423) | (160) | 1,814 |
| Fiscal year ended Mar. 31, 2018 | 472 | (262) | 343 | 1,985 |

2. Dividends

| | Dividend per share | | | | | Total dividends | Payout ratio (consolidated) | Dividend on equity (consolidated) |
|---|--------------------|--------|--------|----------|-------|-----------------|-----------------------------|-----------------------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total | | | |
| Fiscal year ended Mar. 31, 2018 | - | 0.0 | - | 0.0 | 0.0 | - | - | - |
| Fiscal year ended Mar. 31, 2019 | - | 0.0 | - | 0.0 | 0.0 | - | - | - |
| Fiscal year ending Mar. 31, 2020 (forecast) | - | 0.0 | - | 0.0 | 0.0 | - | - | - |

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|------|---|-------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 9,800 | 6.3 | 225 | 4.2 | 260 | 13.0 | 160 | 110.5 | 18.12 |

Note: The first half forecast is not presented because the Company evaluates performance on a fiscal year basis.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: Yes
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

Note: Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 13 for further information.

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2019: 8,887,089 shares As of Mar. 31, 2018: 8,887,089 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2019: 57,609 shares As of Mar. 31, 2018: 2,699 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019: 8,879,101 shares Fiscal year ended Mar. 31, 2018: 8,884,449 shares

Note: The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The average number of shares outstanding during the period were calculated based on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---------------------------------|-------------|------|------------------|---|-----------------|-------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended Mar. 31, 2019 | 183 | 17.7 | (44) | - | 262 | 74.2 | 187 | 7.5 |
| Fiscal year ended Mar. 31, 2018 | 155 | 21.0 | (33) | - | 150 | (7.0) | 174 | (10.4) |

| | Net income per share | Diluted net income per share |
|---------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Fiscal year ended Mar. 31, 2019 | 21.12 | 21.10 |
| Fiscal year ended Mar. 31, 2018 | 19.63 | 19.60 |

Note: The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The amounts of net income per share and diluted net income per share were calculated based on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2019 | 3,057 | 1,992 | 65.1 | 223.91 |
| As of Mar. 31, 2018 | 2,957 | 1,823 | 61.6 | 204.98 |

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 1,989 As of Mar. 31, 2018: 1,821

* The current financial report is not subject to audit by certified public accountants and accounting firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “1. Overview of Results of Operations, (4) Outlook.”

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1. Overview of Results of Operations

(1) Results of Operations

In the current fiscal year, the Japanese economy has continued to recover moderately with ongoing improvement in employment and income environment supported by the effect of various economic measures, despite some weakness seen in a part of exports and production.

The Asian economy is generally on a track of moderate recovery in the Southeast and South Asian countries, despite the risk of a business downturn in China caused by events such as developments of the trade issues, responses to the excessive debt problem, and changes in the financial and capital market.

Under the economic circumstances described above, the Group (Striders Corporation and its consolidated subsidiaries) continued to engage in activities to seize new investment opportunities overseas. In addition, the Group implemented initiatives to expand sales from the existing business and improve operational opportunities.

Consequently, net sales for the current fiscal year increased 15.6% year-on-year to 9,216 million yen, operating profit increased 3.4% year-on-year to 216 million yen, ordinary profit increased 28.5% year-on-year to 230 million yen, and profit attributable to owners of parent decreased 38.6% year-on-year to 76 million yen.

Business segment performance was as follows.

1) Real Estate Business

Trust Advisers Corporation currently operates the residential property business comprising of leasing service for condominium owners as well as a rental and condominium building management on a contract basis. The company also engages in the land agency business that caters for condominium owners' needs for buying and selling properties. While some investors have a view that the market for apartments and other investment properties is levelling off, the company's land agency business, which deals in properties located mainly in Tokyo, maintained performance at almost the same level as in the previous year. In addition, the residential property business continued to increase the number of buildings under management. Consequently, segment sales for the current fiscal year increased 18.3% year-on-year to 6,560 million yen and operating profit increased 5.2% year-on-year to 214 million yen.

2) Hotel Business

We currently operate Narita Gateway Hotel in the Narita International Airport area and Kurashiki Royal Art Hotel located in the Kurashiki Bikan Historical Quarter, Okayama Prefecture. In Narita, while room rates for inbound tourist groups have continued to improve, the occupancy ratio has been lowered by intensified competitive environment in the Tokyo metropolitan area during an off-season. In Kurashiki, we have observed the mutually offsetting factors since the torrential rain disaster in western Japan in July 2018—temporarily decreased demand in the food and beverage services and special reconstruction demand in the accommodation services. In addition, Kurashiki had the hotel closing completely from January to February 2018 to replace large-scale facilities, which significantly affected year-on-year changes. Consequently, segment sales for the current fiscal year increased 4.6% year-on-year to 1,436 million yen and operating profit increased 26.1% year-on-year to 174 million yen.

3) Overseas Business

PT. Citra Surya Komunikasi mainly engages in the advertisement agency business that serves Japanese companies operating in the Republic of Indonesia. In 2018 the local companies restrained their advertising activities because of the presidential election implemented in April 2019 and the Indonesian rupiah weakened significantly. As a result, the segment sales for the current fiscal year increased 45.2% to 889 million yen and operating profit increased 20.7% to 45 million yen. It is noted that the year-on-year percentage change has become larger because the figures for the current fiscal year have been compared with those for the latter six months of the previous fiscal year, during which we made PT. Citra Surya Komunikasi a consolidated subsidiary in the second quarter.

4) Other

Under the Other businesses segment, Mobile Link Inc. has been engaged in development and sales activities of motor vehicle communication systems, M&A Global Partners Co., Ltd. in M&A consulting services, and Y. K. Masuda Seimen in production and sales of Chinese and other noodles.

Although Mobile Link Inc. is working hard to develop new customers for motor vehicle communication systems, it requires some more time to achieve tangible results. In addition, Y. K. Masuda Seimen is suffering from a weak growth of orders. Consequently, net sales of the other businesses for the current fiscal year decreased 25.2% year-on-year to 330 million yen with operating loss of 12 million yen (compared with operating profit of 11 million yen one year earlier).

(2) Financial Position**Assets**

Current assets decreased 256 million yen from the end of the previous fiscal year to 2,630 million yen at the end of the current fiscal year. The main factors include decreases in cash and deposits by 190 million yen and real estate for sale by 96 million yen.

Non-current assets increased 74 million yen from the end of the previous fiscal year to 2,024 million yen. This was mainly attributable to an increase of 212 million yen in investment securities, which was partially offset by decreases of 62 million yen in deferred tax assets and 52 million yen in buildings and structures, net.

As a result, total assets were 4,655 million yen, which was 181 million yen less than at the end of the previous fiscal year.

Liabilities

Current liabilities decreased 323 million yen from the end of the previous fiscal year to 1,094 million yen at the end of the current fiscal year. The main factors include decreases of 131 million yen in short-term loans payable, 67 million yen in accrued expenses, and 65 million yen in accounts payable-trade.

Non-current liabilities increased 87 million yen from the end of the previous fiscal year to 1,472 million yen. This was mainly due to an increase of 180 million yen in bonds payable, which was partially offset by a decrease of 154 million yen in long-term loans payable.

As a result, total liabilities were 2,567 million yen, which was 236 million yen less than at the end of the previous fiscal year.

Net assets

Net assets increased 54 million yen from the end of the previous fiscal year to 2,087 million yen at the end of the current fiscal year. The main factors include booking of profit attributable to owners of parent of 76 million yen.

Consequently, the equity ratio was 44.5%.

(3) Cash Flows

Cash and cash equivalents (hereinafter referred to as “net cash”) decreased 171 million yen from the end of the previous fiscal year to 1,814 million yen at the end of the current fiscal year.

Cash flows from operating activities

Net cash provided by operating activities amounted to 414 million yen (compared with net cash provided of 472 million yen in the previous fiscal year). The main factors include booking of profit before income taxes of 212 million yen, depreciation of 107 million yen, and a decrease in inventories of 143 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 423 million yen (compared with net cash used of 262 million yen in the previous fiscal year). The main factors include purchase of investment securities of 241 million yen and purchase of property, plant and equipment of 113 million yen.

Cash flows from financing activities

Net cash used in financing activities was 160 million yen (compared with net cash provided of 343 million yen in the previous fiscal year). The main factors include a decrease in short-term loans payable of 130 million yen and repayments of long-term loans payable of 271 million yen, which were partially offset by proceeds from issuance of bonds of 200 million yen.

Reference: Cash flow indicators

| | FY3/15 | FY3/16 | FY3/17 | FY3/18 | FY3/19 |
|--|--------|--------|--------|--------|--------|
| Shareholders' equity ratio (%) | 44.1 | 45.4 | 48.6 | 41.6 | 44.5 |
| Shareholders' equity ratio based on market value (%) | 228.2 | 192.0 | 155.3 | 84.2 | 60.9 |
| Ratio of interest-bearing debt to cash flows (years) | 4.2 | 6.2 | 3.4 | 2.9 | 3.0 |
| Interest coverage ratio (times) | 11.6 | 8.0 | 16.5 | 31.8 | 27.3 |

- Shareholders' equity ratio: Shareholders' equity / Total assets
- Shareholders' equity ratio based on market value: Market capitalization / Total assets
- Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
- Interest coverage ratio: Cash flows / Interest payments

- Notes: 1. All indicators are calculated based on consolidated figures.
 2. Market capitalization is calculated by the number of shares outstanding at the end of the period, excluding treasury shares.
 3. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.
 4. Cash flows are based on "Net cash provided by (used in) operating activities."

(4) Outlook

The Japanese economy will continue to recover moderately with ongoing improvement in employment and income environment supported by the effect of various economic measures although we have to bear in mind several factors including the impact of trade issues on the global economy, the prospects of the Chinese economy, and the uncertainty of global economic trends and policies.

In this environment, the Group will continue to engage in activities to seize new investment opportunities overseas, while implementing initiatives to expand sales from the existing business and improving operational efficiency.

We expect consolidated net sales of 9,800 million yen (up 6.3% year-on-year), operating profit of 225 million yen (up 4.2%), ordinary profit of 260 million yen (up 13.0%), and profit attributable to owners of parent of 160 million yen (up 110.5%) for the fiscal year ending March 31, 2020.

2. Basic Approach to the Selection of Accounting Standards

The Group will continue to prepare its consolidated financial statements in accordance with Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

| | (Thousands of yen) | |
|--|---------------------------------|---------------------------------|
| | FY3/18 (As of Mar. 31, 2018) | FY3/19 (As of Mar. 31, 2019) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,214,398 | 2,024,206 |
| Accounts receivable-trade | 240,552 | 214,318 |
| Securities | 2,672 | 2,367 |
| Real estate for sale | 219,039 | 122,731 |
| Other inventories | 23,057 | 53,577 |
| Short-term loans receivable from subsidiaries and associates | - | 100,000 |
| Other | 207,592 | 144,803 |
| Allowance for doubtful accounts | (20,715) | (31,518) |
| Total current assets | 2,886,596 | 2,630,485 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 1,233,144 | 1,241,182 |
| Accumulated depreciation | (252,006) | (312,122) |
| Buildings and structures, net | 981,137 | 929,059 |
| Machinery, equipment and vehicles | 70,221 | 75,608 |
| Accumulated depreciation | (48,895) | (49,814) |
| Machinery, equipment and vehicles, net | 21,326 | 25,793 |
| Tools, furniture and fixtures | 195,443 | 193,374 |
| Accumulated depreciation | (115,334) | (106,050) |
| Tools, furniture and fixtures, net | 80,108 | 87,324 |
| Land | 348,663 | 348,663 |
| Total property, plant and equipment | 1,431,236 | 1,390,841 |
| Intangible assets | | |
| Goodwill | 216,551 | 173,041 |
| Other | 19,307 | 31,067 |
| Total intangible assets | 235,858 | 204,108 |
| Investments and other assets | | |
| Investment securities | 33,019 | 245,953 |
| Shares of subsidiaries and associates | 84,147 | 84,276 |
| Deferred tax assets | 111,210 | 49,065 |
| Other | 56,477 | 51,804 |
| Allowance for doubtful accounts | (1,195) | (1,073) |
| Total investments and other assets | 283,659 | 430,026 |
| Total non-current assets | 1,950,754 | 2,024,976 |
| Total assets | 4,837,351 | 4,655,462 |

| | (Thousands of yen) | |
|---|---------------------------------|---------------------------------|
| | FY3/18 (As of Mar. 31, 2018) | FY3/19 (As of Mar. 31, 2019) |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 158,305 | 92,530 |
| Short-term loans payable | 215,352 | 83,627 |
| Current portion of bonds | - | 20,000 |
| Current portion of long-term loans payable | 228,670 | 170,258 |
| Unearned revenue | 236,945 | 191,583 |
| Accrued expenses | 169,160 | 102,046 |
| Accounts payable-other | 103,758 | 109,939 |
| Income taxes payable | 32,232 | 29,166 |
| Provision for bonuses | 28,284 | 30,522 |
| Deposits received | 132,198 | 120,537 |
| Interest rate swaps | 29,569 | 27,975 |
| Other | 84,089 | 116,581 |
| Total current liabilities | 1,418,567 | 1,094,769 |
| Non-current liabilities | | |
| Bonds payable | - | 180,000 |
| Long-term loans payable | 934,338 | 779,754 |
| Retirement benefit liability | 37,069 | 46,892 |
| Long-term leasehold and guarantee deposits | 246,747 | 234,230 |
| Deferred tax liabilities | 167,607 | 162,013 |
| Other | - | 70,000 |
| Total non-current liabilities | 1,385,762 | 1,472,890 |
| Total liabilities | 2,804,329 | 2,567,659 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,582,416 | 1,582,416 |
| Capital surplus | 106,207 | 106,207 |
| Retained earnings | 364,878 | 441,810 |
| Treasury shares | (3,062) | (21,814) |
| Total shareholders' equity | 2,050,440 | 2,108,620 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,009 | 2,792 |
| Deferred gains or losses on hedges | (29,176) | (27,450) |
| Foreign currency translation adjustment | (3,253) | (4,882) |
| Remeasurements of defined benefit plans | (7,385) | (6,091) |
| Total accumulated other comprehensive income | (36,805) | (35,632) |
| Share acquisition rights | 2,220 | 3,420 |
| Non-controlling interests | 17,166 | 11,394 |
| Total net assets | 2,033,021 | 2,087,802 |
| Total liabilities and net assets | 4,837,351 | 4,655,462 |

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

| | FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) | FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) |
|---|--|--|
| Net sales | 7,971,402 | 9,216,311 |
| Cost of sales | 5,779,662 | 6,821,390 |
| Gross profit | 2,191,739 | 2,394,921 |
| Selling, general and administrative expenses | 1,982,786 | 2,178,891 |
| Operating profit | 208,952 | 216,029 |
| Non-operating income | | |
| Interest income | 2,314 | 2,392 |
| Dividend income | 135 | 79 |
| Gain on valuation of securities | 244 | - |
| Gain on sales of securities | 1,243 | - |
| Share of profit of entities accounted for using equity method | - | 4,852 |
| Commission income | 21,018 | 26,856 |
| Other | 4,970 | 5,790 |
| Total non-operating income | 29,927 | 39,972 |
| Non-operating expenses | | |
| Interest expenses | 15,596 | 14,939 |
| Interest on bonds | - | 235 |
| Share of loss of entities accounted for using equity method | 36,290 | - |
| Share issuance cost | - | 3,300 |
| Bond issuance cost | - | 4,781 |
| Foreign exchange losses | 7,158 | 1,383 |
| Other | 543 | 906 |
| Total non-operating expenses | 59,588 | 25,547 |
| Ordinary profit | 179,291 | 230,454 |
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 2,761 |
| Gain on sales of investment securities | 8,421 | 810 |
| Gain on liquidation of subsidiaries and associates | - | 23,410 |
| Other | 3,195 | - |
| Total extraordinary income | 11,616 | 26,982 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 23,369 | 18,975 |
| Loss on sales of shares of subsidiaries and associates | 3,693 | - |
| Office transfer expenses | 3,952 | - |
| Impairment loss | - | 9,190 |
| Provision of allowance for doubtful accounts | - | 14,767 |
| Other | 3,196 | 1,849 |
| Total extraordinary losses | 34,211 | 44,782 |
| Profit before income taxes | 156,696 | 212,654 |
| Income taxes-current | 67,887 | 78,422 |
| Income taxes-deferred | (36,321) | 57,428 |
| Total income taxes | 31,566 | 135,851 |
| Profit | 125,130 | 76,803 |
| Loss attributable to non-controlling interests | (66) | (129) |
| Profit attributable to owners of parent | 125,196 | 76,932 |

Consolidated Statement of Comprehensive Income

| | (Thousands of yen) | |
|---|--------------------------------|--------------------------------|
| | FY3/18 | FY3/19 |
| | (Apr. 1, 2017 – Mar. 31, 2018) | (Apr. 1, 2018 – Mar. 31, 2019) |
| Profit | 125,130 | 76,803 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,632) | (217) |
| Deferred gains or losses on hedges | 3,873 | 1,725 |
| Foreign currency translation adjustment | (5,532) | (1,419) |
| Remeasurements of defined benefit plans, net of tax | (7,385) | (4,558) |
| Total other comprehensive income | (10,676) | (4,469) |
| Comprehensive income | 114,453 | 72,333 |
| Comprehensive income attributable to: | | |
| Owners of parent | 114,520 | 78,105 |
| Non-controlling interests | (66) | (5,772) |

(3) Consolidated Statement of Changes in Equity

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,582,416 | 270,961 | 68,359 | (3,020) | 1,918,716 |
| Changes of items during period | | | | | |
| Deficit disposition | | (173,267) | 173,267 | | - |
| Profit attributable to owners of parent | | | 125,196 | | 125,196 |
| Capital increase of consolidated subsidiaries | | 453 | | | 453 |
| Sales of shares of consolidated subsidiaries | | 8,060 | | | 8,060 |
| Change of scope of consolidation | | | (1,945) | | (1,945) |
| Purchase of treasury shares | | | | (41) | (41) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | (164,753) | 296,519 | (41) | 131,724 |
| Balance at end of current period | 1,582,416 | 106,207 | 364,878 | (3,062) | 2,050,440 |

(Thousands of yen)

| | Accumulated other comprehensive income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 4,641 | (33,049) | 2,279 | - | (26,129) | 5,415 | 593 | 1,898,595 |
| Changes of items during period | | | | | | | | |
| Deficit disposition | | | | | | | | - |
| Profit attributable to owners of parent | | | | | | | | 125,196 |
| Capital increase of consolidated subsidiaries | | | | | | | | 453 |
| Sales of shares of consolidated subsidiaries | | | | | | | | 8,060 |
| Change of scope of consolidation | | | | | | | | (1,945) |
| Purchase of treasury shares | | | | | | | | (41) |
| Net changes of items other than shareholders' equity | (1,632) | 3,873 | (5,532) | (7,385) | (10,676) | (3,195) | 16,573 | 2,701 |
| Total changes of items during period | (1,632) | 3,873 | (5,532) | (7,385) | (10,676) | (3,195) | 16,573 | 134,425 |
| Balance at end of current period | 3,009 | (29,176) | (3,253) | (7,385) | (36,805) | 2,220 | 17,166 | 2,033,021 |

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,582,416 | 106,207 | 364,878 | (3,062) | 2,050,440 |
| Changes of items during period | | | | | |
| Profit attributable to owners of parent | | | 76,932 | | 76,932 |
| Purchase of treasury shares | | | | (18,752) | (18,752) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | - | - | 76,932 | (18,752) | 58,180 |
| Balance at end of current period | 1,582,416 | 106,207 | 441,810 | (21,814) | 2,108,620 |

(Thousands of yen)

| | Accumulated other comprehensive income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|---|--|--------------------------|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 3,009 | (29,176) | (3,253) | (7,385) | (36,805) | 2,220 | 17,166 | 2,033,021 |
| Changes of items during period | | | | | | | | |
| Profit attributable to owners of parent | | | | | | | | 76,932 |
| Purchase of treasury shares | | | | | | | | (18,752) |
| Net changes of items other than shareholders' equity | (217) | 1,725 | (1,629) | 1,293 | 1,173 | 1,200 | (5,772) | (3,398) |
| Total changes of items during period | (217) | 1,725 | (1,629) | 1,293 | 1,173 | 1,200 | (5,772) | 54,781 |
| Balance at end of current period | 2,792 | (27,450) | (4,882) | (6,091) | (35,632) | 3,420 | 11,394 | 2,087,802 |

(4) Consolidated Statement of Cash Flows

| | (Thousands of yen) | |
|--|--------------------------------|--------------------------------|
| | FY3/18 | FY3/19 |
| | (Apr. 1, 2017 – Mar. 31, 2018) | (Apr. 1, 2018 – Mar. 31, 2019) |
| Cash flows from operating activities | | |
| Profit before income taxes | 156,696 | 212,654 |
| Depreciation | 84,597 | 107,066 |
| Impairment loss | - | 9,190 |
| Amortization of goodwill | 29,203 | 29,398 |
| Increase (decrease) in allowance for doubtful accounts | (4,650) | 12,147 |
| Increase (decrease) in other provision | 487 | 14,574 |
| Loss (gain) on liquidation of subsidiaries and associates | - | (23,410) |
| Loss (gain) on valuation of investment securities | 23,369 | 18,975 |
| Loss (gain) on sales of investment securities | (8,421) | (810) |
| Interest and dividend income | (1,430) | (2,458) |
| Interest expenses | 15,596 | 14,939 |
| Foreign exchange losses (gains) | 6,250 | 4,670 |
| Share of loss (profit) of entities accounted for using equity method | 36,290 | (4,852) |
| Loss (gain) on sales of securities | (1,243) | 7 |
| Loss (gain) on sales of shares of subsidiaries and associates | 3,693 | - |
| Decrease (increase) in notes and accounts receivable-trade | (56,535) | 16,913 |
| Decrease (increase) in inventories | 51,549 | 143,869 |
| Increase (decrease) in notes and accounts payable-trade | (1,807) | (60,666) |
| Increase (decrease) in deposits received | 36,430 | (11,588) |
| Increase (decrease) in leasehold and guarantee deposits received | 6,612 | (12,516) |
| Other, net | 170,304 | 64,008 |
| Subtotal | 546,993 | 532,112 |
| Interest and dividend income received | 1,078 | 2,453 |
| Interest expenses paid | (14,867) | (14,930) |
| Income taxes paid | (60,583) | (105,338) |
| Net cash provided by (used in) operating activities | 472,621 | 414,297 |
| Cash flows from investing activities | | |
| Purchase of securities | (615) | (604) |
| Proceeds from sales of securities | 14,972 | 596 |
| Purchase of property, plant and equipment | (198,017) | (113,069) |
| Proceeds from sales of property, plant and equipment | - | 3,120 |
| Purchase of intangible assets | (3,544) | (20,630) |
| Net decrease (increase) in time deposits | (129,000) | 19,301 |
| Purchase of investment securities | (20,000) | (241,453) |
| Proceeds from sales of investment securities | 103,785 | 10,677 |
| Purchase of shares of subsidiaries and associates | (78,275) | - |
| Proceeds from sales of shares of subsidiaries and associates | 51,740 | - |
| Proceeds from liquidation of subsidiaries and associates | - | 30,403 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 4,748 | - |
| Payments of loans receivable from subsidiaries and associates | - | (100,000) |
| Decrease (increase) in guarantee deposits | - | (11,803) |
| Other, net | (7,825) | - |
| Net cash provided by (used in) investing activities | (262,030) | (423,462) |

| | (Thousands of yen) | |
|---|--------------------------------|--------------------------------|
| | FY3/18 | FY3/19 |
| | (Apr. 1, 2017 – Mar. 31, 2018) | (Apr. 1, 2018 – Mar. 31, 2019) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans payable | 80,000 | (130,000) |
| Proceeds from issuance of bonds | - | 200,000 |
| Proceeds from long-term loans payable | 473,000 | 59,000 |
| Repayments of long-term loans payable | (209,461) | (271,996) |
| Other, net | 412 | (17,552) |
| Net cash provided by (used in) financing activities | 343,950 | (160,548) |
| Effect of exchange rate change on cash and cash equivalents | (6,022) | (1,481) |
| Net increase (decrease) in cash and cash equivalents | 548,518 | (171,195) |
| Cash and cash equivalents at beginning of period | 1,436,880 | 1,985,398 |
| Cash and cash equivalents at end of period | 1,985,398 | 1,814,203 |

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

There is no applicable information.

Changes in Accounting Policies

(Application of Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.)

Effective from April 1, 2018, we applied “Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions” (Practical Issues Task Force No. 36, January 12, 2018; hereinafter, “PITF No. 36”) and other related pronouncements. Accordingly, we account for transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions in accordance with “Accounting Standards for Share-based Payment” (Accounting Standards Board of Japan (ASBJ) No. 8, December 27, 2005) and other related pronouncements.

However, in respect of the application of PITF No. 36, pursuant to the provisional treatment stipulated in PITF No. 36, paragraph 10 (3), we will continue to apply the same accounting treatment as before for transactions granting employees and others share acquisition rights, which involve considerations, with vesting conditions that were entered into prior to the effective date of PITF No. 36.

Segment and Other Information**Segment Information**

1. Outline of reportable segments

The reportable segments of the Company are the constituent units for which separate financial information is available and which are subject to periodic reviews by the Board of Directors to determine allocations of resources and to evaluate performance.

The Group has consolidated subsidiaries that are mainly categorized in accordance with business activities. These consolidated subsidiaries determine comprehensive strategies and conduct business activities as a unified business unit.

The Group is composed of segments by line of business, of which there are four reportable segments based on the scale of business: Real Estate Business, Hotel Business, Overseas Business and Other.

The Real Estate Business is engaged in management of apartments and other properties and real estate brokerage; the Hotel Business in operation of hotels; the Overseas Business in business investments mainly in the Asian region and developing countries and the advertisement agency business in the Republic of Indonesia; and the Other businesses segment in development and sale of motor vehicle communication systems, turnaround consultancy business, and manufacturing and sale of Chinese and other noodles.

2. Calculation method of net sales, profit/loss, assets, liabilities and other items in each reportable segment

The accounting methods used for reportable operating segments are generally the same as those described in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable segments are generally operating profit. Inter-segment sales and transfers are based on prevailing market prices.

3. Information pertaining to net sales, profit/loss, assets, liabilities and other items in reportable segments

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

| | Reportable Segment | | | | Other (Note 1) | Total | Adjustment (Notes 2, 3 and 4) | Amount in the consolidated financial statements (Note 5) |
|--|-------------------------|-------------------|----------------------|-----------|-------------------|-----------|-------------------------------------|--|
| | Real Estate Business | Hotel Business | Overseas Business | Total | | | | |
| Net sales | | | | | | | | |
| Sales to external customers | 5,543,176 | 1,373,942 | 612,229 | 7,529,347 | 442,054 | 7,971,402 | - | 7,971,402 |
| Inter-segment sales and transfers | - | - | - | - | - | - | - | - |
| Total | 5,543,176 | 1,373,942 | 612,229 | 7,529,347 | 442,054 | 7,971,402 | - | 7,971,402 |
| Segment profit | 203,641 | 138,769 | 37,991 | 380,403 | 11,630 | 392,033 | (183,080) | 208,952 |
| Segment assets | 1,092,549 | 1,761,517 | 366,142 | 3,220,209 | 334,544 | 3,554,754 | 1,288,596 | 4,843,351 |
| Other items | | | | | | | | |
| Depreciation | 7,928 | 71,177 | 1,058 | 80,165 | 3,315 | 83,480 | 1,116 | 84,597 |
| Amortization of goodwill | 15,060 | 8,122 | 3,155 | 26,338 | 2,864 | 29,203 | - | 29,203 |
| Share of profit (loss) of entities accounted for using equity method | - | - | - | - | (36,290) | (36,290) | - | (36,290) |
| Increase in property, plant and equipment, and intangible assets | 37,198 | 193,840 | 63,116 | 294,155 | 3,812 | 297,967 | - | 297,967 |

Notes: 1. The "Other" business segment consists of activities that are not included in any of the reportable segments, and is primarily engaged in the information technology business and the food business.

2. The adjustment of minus 183,080 thousand yen to segment profit is mainly personnel and other expenses for administrative departments.

3. The adjustments to segment assets and depreciation are for corporate assets and depreciation that are not allocated to reportable segments.

4. The adjustment to increases in property, plant and equipment and intangible assets is the sum of company-wide assets that are not allocated to reportable segments.

5. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

| | Reportable Segment | | | | Other (Note 1) | Total | Adjustment (Notes 2, 3 and 4) | Amount in the consolidated financial statements (Note 5) |
|--|-------------------------|-------------------|----------------------|-----------|-------------------|-----------|-------------------------------------|--|
| | Real Estate Business | Hotel Business | Overseas Business | Total | | | | |
| Net sales | | | | | | | | |
| Sales to external customers | 6,560,086 | 1,436,580 | 889,023 | 8,885,690 | 330,620 | 9,216,311 | - | 9,216,311 |
| Inter-segment sales and transfers | - | - | - | - | 4,710 | 4,710 | (4,710) | - |
| Total | 6,560,086 | 1,436,580 | 889,023 | 8,885,690 | 335,331 | 9,221,022 | (4,710) | 9,216,311 |
| Segment profit (loss) | 214,218 | 174,924 | 45,842 | 434,985 | (12,677) | 422,307 | (206,278) | 216,029 |
| Segment assets | 960,919 | 1,687,883 | 328,733 | 2,977,536 | 426,484 | 3,404,021 | 1,251,440 | 4,655,462 |
| Other items | | | | | | | | |
| Depreciation | 10,383 | 88,453 | 3,375 | 102,213 | 3,182 | 105,395 | 1,671 | 107,066 |
| Amortization of goodwill | 12,550 | 8,122 | 5,860 | 26,533 | 2,864 | 29,398 | - | 29,398 |
| Share of profit of entities accounted for using equity method | - | - | - | - | 4,852 | 4,852 | - | 4,852 |
| Increase in property, plant and equipment, and intangible assets | 2,352 | 54,289 | 15,635 | 72,277 | 800 | 73,077 | 7,198 | 80,275 |

- Notes: 1. The “Other” business segment consists of activities that are not included in any of the reportable segments, and is primarily engaged in the information technology business and the food business.
2. The adjustment of minus 206,278 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.
3. The adjustments to segment assets and depreciation are for corporate assets and depreciation that are not allocated to reportable segments.
4. The adjustment to increases in property, plant and equipment and intangible assets is the sum of company-wide assets that are not allocated to reportable segments.
5. Segment profit is adjusted with operating profit shown on the consolidated statement of income.

Related information

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

1. Information about products and services

This information is omitted because this information is presented in Segment Information.

2. Geographical information

(1) Net sales

This information is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information of specific major customer

This information is omitted because no single customer accounted for 10% or more of total sales in FY3/18.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

1. Information about products and services

This information is omitted because this information is presented in Segment Information.

2. Geographical information

(1) Net sales

This information is omitted because sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information of specific major customer

This information is omitted because no single customer accounted for 10% or more of total sales in FY3/19.

Information related to impairment loss of non-current assets by each reportable segment

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

There is no applicable information.

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

| | Real Estate Business | Hotel Business | Overseas Business | Other businesses | Elimination or corporate | Total |
|-----------------|----------------------|----------------|-------------------|------------------|--------------------------|-------|
| Impairment loss | - | - | - | 9,190 | - | 9,190 |

Information related to amortization of goodwill and unamortized balance by each reportable segment

FY3/18 (Apr. 1, 2017 – Mar. 31, 2018)

(Thousands of yen)

| | Real Estate Business | Hotel Business | Overseas Business | Other businesses | Elimination or corporate | Total |
|----------------------------------|----------------------|----------------|-------------------|------------------|--------------------------|---------|
| Amortization for the period | 15,060 | 8,122 | 3,155 | 2,864 | - | 29,203 |
| Balance at the end of the period | 12,550 | 131,985 | 59,960 | 12,054 | - | 216,551 |

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

| | Real Estate Business | Hotel Business | Overseas Business | Other businesses | Elimination or corporate | Total |
|----------------------------------|----------------------|----------------|-------------------|------------------|--------------------------|---------|
| Amortization for the period | 12,550 | 8,122 | 5,860 | 2,864 | - | 29,398 |
| Balance at the end of the period | - | 123,863 | 49,178 | - | - | 173,041 |

Information related to gain on bargain purchase by each reportable segment

There is no applicable information.

Per Share Information

| | FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) | FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) |
|------------------------------------|--|--|
| Net assets per share (Yen) | 226.65 | 234.78 |
| Net income per share (Yen) | 14.09 | 8.66 |
| Diluted net income per share (Yen) | 14.07 | 8.66 |

Notes: 1. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The amounts of net assets per share, net income per share and diluted net income per share were calculated based on the assumption that the reverse stock split had been conducted at the beginning of the previous fiscal year.

2. The calculation basis for net income per share and diluted net income per share are as follows:

| | FY3/18 (Apr. 1, 2017 – Mar. 31, 2018) | FY3/19 (Apr. 1, 2018 – Mar. 31, 2019) |
|--|--|--|
| Net income per share | | |
| Profit attributable to owners of parent (Thousands of yen) | 125,196 | 76,932 |
| Amount not attributed to common shareholders (Thousands of yen) | - | |
| Profit attributable to owners of parent related to common stock (Thousands of yen) | 125,196 | 76,932 |
| Average number of shares outstanding during the period (Thousands of shares) | 8,884 | 8,879 |
| Diluted net income per share | | |
| [Basis for calculation] | | |
| Adjustment to profit attributable to owners of parent (Thousands of yen) | - | - |
| Increase in the number of shares of common stock (Thousands of shares) | 12 | 7 |
| [Of which, share acquisition rights (Thousands of shares)] | [12] | [7] |
| Description of the potential shares not included in the calculation of diluted net income per share due to their non-dilutive effect | Striders Corporation No. 8 share acquisition rights: 4,350 (100 shares of common stock per right) | Striders Corporation No. 8 share acquisition rights: 4,350 (100 shares of common stock per right) Striders Corporation No. 9 share acquisition rights: 4,000 (100 shares of common stock per right) |

Subsequent Events

There is no applicable information.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.