Annual Securities Report

(English translation of the "Yukashoken Hokokusho"
based on Article 24, Paragraph 1 of the Financial
Instruments and Exchange Act of Japan)

The 55th Fiscal Year
From April 1, 2018 to March 31, 2019

Striders Corporation

(E02738)

Contents

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[Corporate name]	Kabushiki-Kaisha Striders
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Part I. Company Information

Section 1. Overview of the Company

1. Transition of Significant Business Indicators, etc.

(1) Consolidated Business Indicators, etc.

Term		51st Period	52nd Period	53rd Period	54th Period	55th Period
Fiscal year ended		March 2015	March 2016	March 2017	March 2018	March 2019
Net sales	(Thousands of yen)	3,642,696	5,046,810	6,366,301	7,971,402	9,216,311
Ordinary profit	(Thousands of yen)	83,194	277,339	293,121	179,291	230,454
Profit attributable to owners of parent	(Thousands of yen)	73,194	135,256	229,226	125,196	76,932
Comprehensive income	(Thousands of yen)	78,019	90,544	247,862	114,453	72,333
Net assets	(Thousands of yen)	1,577,328	1,646,052	1,898,595	2,033,021	2,087,802
Total assets	(Thousands of yen)	3,502,215	3,605,056	3,891,444	4,837,351	4,655,462
Net assets per share	(Yen)	17.40	18.46	213.02	226.65	234.78
Net income per share	(Yen)	0.86	1.52	25.83	14.09	8.66
Diluted net income per share	(Yen)	0.86	1.51	25.68	14.07	8.66
Ratio of shareholders' equity	(%)	44.1	45.4	48.6	41.6	44.5
Ratio of profit to shareholders' equity	(%)	5.51	8.51	12.99	6.41	3.77
Price-earnings ratio	(Times)	104.41	51.15	26.32	32.57	36.82
Net cash from operating activities	(Thousands of yen)	217,080	156,626	278,477	472,621	414,297
Net cash from investing activities	(Thousands of yen)	(813,836)	(159,310)	(135,796)	(262,030)	(423,462)
Net cash from financing activities	(Thousands of yen)	706,583	30,914	(16,518)	343,950	(160,548)
Cash and cash equivalents at the end of fiscal year	(Thousands of yen)	1,283,481	1,310,138	1,436,880	1,985,398	1,814,203
Number of employees [Average number of additional temporary workers]	(Persons)	120 [39]	120 [52]	131 [68]	194 [94]	196 [96]

Notes:
1. Net sales do not include consumption taxes, etc.
2. 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 53rd period.
3. Effective from the beginning of the current fiscal year, we have applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) No. 28, February 16, 2018) and other related pronouncements. Significant business indicators, etc. as of March 31, 2018 have been adjusted retroactively to conform with this accounting standard.

(2) Non-consolidated Business Indicators, etc. of the Company

Term		51st Period	52nd Period	53rd Period	54th Period	55th Period
Fiscal year ended		March 2015	March 2016	March 2017	March 2018	March 2019
Net sales	(Thousands of yen)	150,356	117,882	128,553	155,560	183,030
Ordinary profit (loss)	(Thousands of yen)	(5,444)	108,639	162,151	150,879	262,752
Profit	(Thousands of yen)	24,329	58,476	194,551	174,396	187,535
Capital stock	(Thousands of yen)	1,578,674	1,578,674	1,582,416	1,582,416	1,582,416
Number of issued shares	(Shares)	88,730,896	88,730,896	88,870,896	8,887,089	8,887,089
Net assets	(Thousands of yen)	1,424,412	1,440,825	1,650,261	1,823,304	1,992,741
Total assets	(Thousands of yen)	2,083,701	2,128,228	2,386,540	2,957,991	3,057,485
Net assets per share	(Yen)	15.99	16.15	185.14	204.98	223.91
Dividend per share [Interim dividend per share]		- [-]	- [-]	- [-]	- [-]	- [-]
Net income per share	(Yen)	0.29	0.66	21.92	19.63	21.12
Diluted net income per share	(Yen)	0.29	0.65	21.80	19.60	21.10
Ratio of shareholders' equity	(%)	68.1	67.3	68.9	61.6	65.1
Ratio of profit to shareholders' equity	(%)	1.72	4.08	11.83	9.58	9.43
Price-earnings ratio	(Times)	314.12	118.32	31.02	23.38	15.10
Dividend payout ratio	(%)	-	-	-	-	-
Number of employees [Average number of additional temporary workers]	(Persons)	6 [-]	7 [-]	7 [-]	9 [1]	12 [-]
Total shareholder return [Comparative indicator: JASDAQ Standard]	(%) (%)	163.6 [117.2]	141.8 [116.1]	123.6 [141.9]	83.5 [187.7]	58.0 [163.8]
Highest share price	(Yen)	134	106	91	590 (74)	513
Lowest share price	(Yen)	47	56	45	419 (55)	230

Notes:
1. Net sales do not include consumption taxes, etc.
2. 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 53rd period.
3. The highest and lowest share prices were at the JASDAQ (standard) market of the Tokyo Stock Exchange.
4. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The share prices shown for the 54th period are after this reverse stock split and share prices in parentheses are prior to the reverse stock split.

2. The Company's History

Month & Year	Events
February 1965	Established as a company handling lease business machines.
February 1977	Changed trade name to Lease Electronics Co., Ltd.
February 1991	Registered the Company's shares for the over-the-counter trading.
July 1998	Changed trade name to Vertex Link Corporation.
April 2004	Established Yu Tech Co., Ltd.
November 2004	Changed the trade name of Yu Tech Co., Ltd. to GeoBrain Corporation.
December 2004	Listed on Jasdaq Securities Exchange.
February 2005	Established VLR Co., Ltd.
August 2005	Established Vertex Link Digital Design Co., Ltd.
December 2006	Converted AGATE CONSULTING, Inc. into a wholly owned subsidiary.
March 2007	Established a capital and business alliance with dit Co., Ltd.
July 2007	Acquired shares of Your Capital Co., Limited (South Korea) and converted it into a consolidated subsidiary.
February 2008	Vertex Link Digital Design Co., Ltd. started a recruiting business.
May 2008	Vertex Link Digital Design Co., Ltd. started a recruiting business (business license acquired) and changed its trade name to Japan Career Partners Co., Ltd.
	Changed the trade name of VLR Co., Ltd. to M&A Global Partners Co., Ltd.
January 2009	Transferred all the shares of consolidated subsidiary Japan Career Partners Co., Ltd.
February 2009	Convert S-GRANT Advisors Co., Ltd. into a subsidiary and changed its trade name to Trust Advisers Corporation.
March 2009	M&A Global Partners Co., Ltd. merged with AM Composite Co., Ltd.
April 2009	Transferred shares of consolidated subsidiary AGATE CONSULTING, Inc.
	Transferred shares of GeoBrain Corporation.
April 2010	Got listed in the JASDAQ market of the Osaka Securities Exchange (currently JASDAQ market of the Tokyo Stock Exchange), in accordance with the integration of the Jasdaq Securities Exchange and the Osaka Securities Exchange.
July 2010	Changed trade name to Striders Corporation.
May 2011	Transferred all the shares of Your Capital Co., Limited (South Korea).
March 2012	Acquired shares of Mobile Link Inc. and converted it into a consolidated subsidiary through the third-party allotment.
May 2012	Acquired shares of Y.K. Masuda Seimen and converted it into a consolidated subsidiary.
December 2012	Established Global Holdings Co., Ltd.
March 2013	Global Holdings Co., Ltd. acquired Narita Port Hotel (currently Narita Gateway Hotel), converted its operating company Ishin Narita Oyama Operations into a consolidated subsidiary and changed the trade name to Narita Gateway Hotel Co., Ltd.
March 2014	Established Tokyo Apartment Guaranty Corporation.
June 2014	Converted L'Hotel de Kurashiki Co., Ltd. which owns and operates Hotel Nikko Kurashiki into a subsidiary and changed the trade name to Kurashiki Royal Art Hotel Co., Ltd.
March 2015	Mobile Link Inc. established Shin-Kong Mobilelink co., Ltd. as a joint enterprise in Taiwan.
April 2015	Established Strider Capital Asia PLC in Sri Lanka as a joint enterprise with Asia Capital PLC.
April 2017	Trust Advisers Corporation established ReLive Co., Ltd.
August 2017	Transferred all the shares of Sri Lanka joint venture Strider Capital Asia PLC.
September 2017	Subsidiary Striders Global Investment Pte. Ltd. purchased newly issued stock of PT. Citra Surya Komunikasi through a third-party allotment and converted it into a consolidated subsidiary.
January 2018	Acquired part of the shares of MIRAI Intellectual Property and Technology Research Center Co., Ltd. and converted it into an equity-method affiliate.
March 2019	The liquidation of Shin-Kong Mobilelink co., Ltd. was completed.

3. Description of Business

The Striders Group (Striders Corporation (the "Company" or "Striders") and its subsidiaries and associates) consists of the Company, its 11 subsidiaries and one affiliate. The primary businesses are Real Estate Business, Hotel Business and Overseas Business.

The Company corresponds to Specified Listed Corporations, etc. defined in the Article 49-2 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. Accordingly, insignificance criteria of material facts of insider trading regulations shall be determined based on values on consolidated basis.

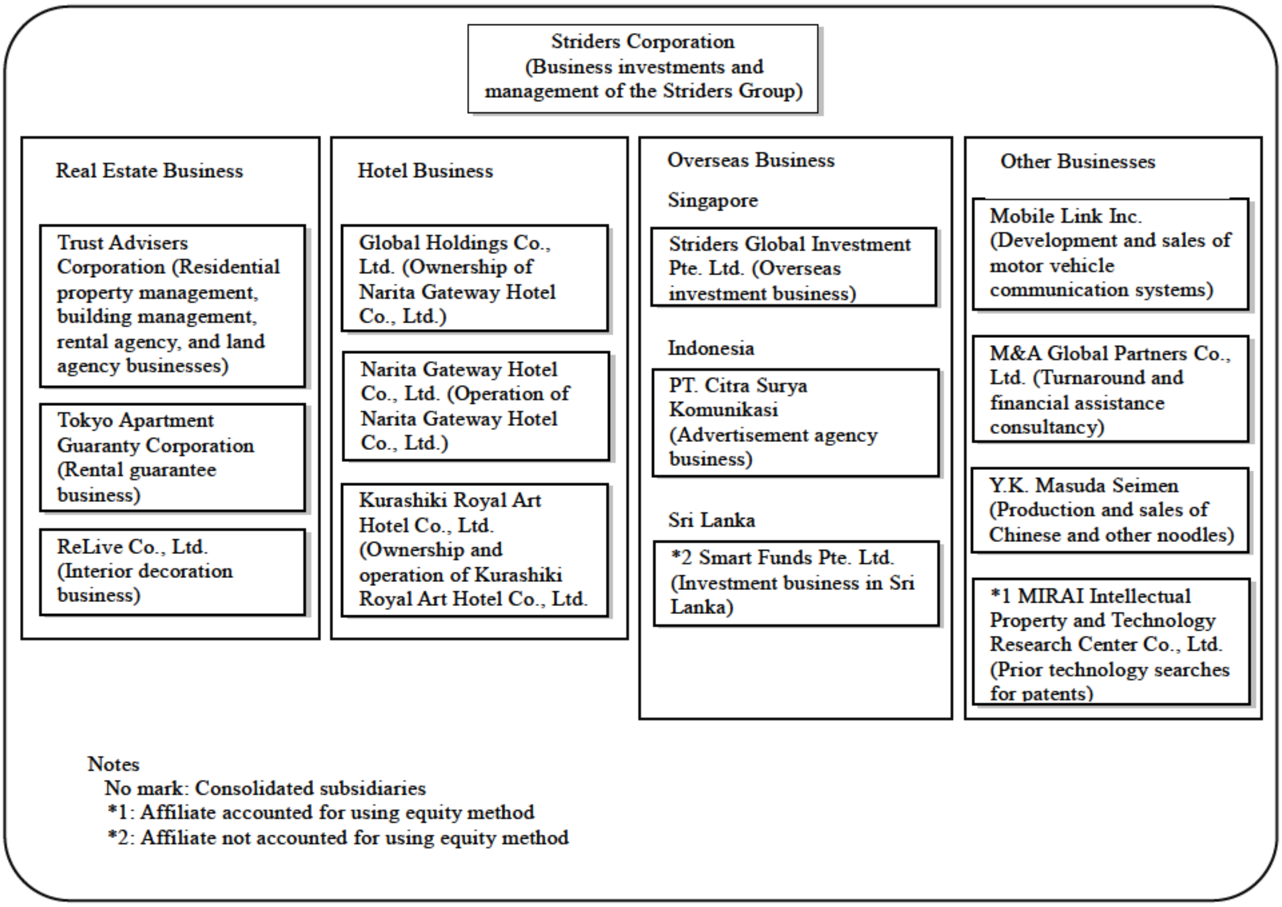
The followings are the description of business and the subsidiaries and associates. The following three business segments are the same as the segment classifications listed in "5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements."

[Business Description]

Operating segment	Business	Company
Real Estate Business	- Residential property management, building management, rental agency and land agency businesses - Rental guarantee business - Interior decoration business	Trust Advisers Corporation Tokyo Apartment Guaranty Corporation ReLive Co., Ltd.
Hotel Business	- Hotel ownership and operation and management business	Global Holdings Co., Ltd. Narita Gateway Hotel Co., Ltd. Kurashiki Royal Art Hotel Co., Ltd.
Overseas Business	- Investments business mainly in the Asian region - Advertisement agency business in Indonesia	Striders Global Investment Pte. Ltd. PT. Citra Surya Komunikasi
Other Businesses	- Development and sales of motor vehicle communication systems - Turnaround consultancy business - Production and sales of Chinese and other noodles - Prior technology searches for patents	Mobile Link Inc. M&A Global Partners Co., Ltd. Y.K. Masuda Seimen MIRAI Intellectual Property and Technology Research Center Co., Ltd.

Business flowchart

The business linkage of the above status is shown in the business flowchart below:



4. Overview of Subsidiaries and Associates

Name of company	Location	Capital stock (Thousands of yen)	Main line of business (Note 1)	Holding ratio of voting rights (%)	Relationship
(Consolidated subsidiary)					
Trust Advisers Corporation (Note 3)	Taito-ku, Tokyo	50,000	Real Estate Business	100.0	Interlocking directors Fund support
Tokyo Apartment Guaranty Corporation	Taito-ku, Tokyo	3,000	Real Estate Business	100.0	Interlocking directors
ReLive Co., Ltd. (Note 2)	Sumida-ku, Tokyo	12,500	Real Estate Business	100.0 (100.0)	-
Global Holdings Co., Ltd.	Minato-ku, Tokyo	3,000	Hotel Business	100.0	Interlocking directors Fund support
Narita Gateway Hotel Co., Ltd.	Narita, Chiba	3,000	Hotel Business	100.0	Interlocking directors Fund support
Kurashiki Royal Art Hotel Co., Ltd.	Kurashiki, Okayama	27,068	Hotel Business	99.8	Interlocking directors Fund support
Striders Global Investment Pte. Ltd.	Singapore	300,000 SGD	Overseas Business	100.0	Interlocking directors Fund support
PT. Citra Surya Komunikasi (Note 2)	Jakarta, Indonesia	4,000 million IDR	Overseas Business	51.0 (51.0)	Interlocking directors
M&A Global Partners Co., Ltd.	Minato-ku, Tokyo	50,000	Other Businesses	100.0	Interlocking directors Fund support
Mobile Link Inc.	Shinjuku-ku, Tokyo	65,000	Other Businesses	81.0	Interlocking directors Fund support
Y.K. Masuda Seimen	Yokosuka, Kanagawa	45,000	Other Businesses	100.0	Interlocking directors Fund support
(Affiliate accounted for using equity method)					
MIRAI Intellectual Property and Technology Research Center Co., Ltd.	Shinjuku-ku, Tokyo	24,003	Other Businesses	42.2	Interlocking directors

Notes: 1. In the “Main line of business,” the name of the segment is stated.
2. The figure in parentheses under “Holding ratio of voting rights” represents the percentage of indirectly held votes.
3. Sales of Trust Advisers Corporation and Narita Gateway Hotel Co., Ltd. (excluding internal transactions between consolidated subsidiaries) exceed 10% of consolidated sales.

Major Profit and Loss Information, etc.

(Thousands of yen)	Trust Advisers Corporation
(1) Sales	6,486,688
(2) Ordinary profit	161,899
(3) Profit	95,493
(4) Net assets	160,077
(5) Total assets	935,498

5. Information about Employees

(1) Employees on a Consolidated Basis

As of March 31, 2019

Name of segment	Number of employees
Real Estate Business	56 (4)
Hotel Business	65 (63)
Overseas Business	49 (17)
Reportable segment total	170 (84)
Other Businesses	14 (12)
Corporate (unallocated)	12 (-)
Total	196 (96)

Notes: 1. The number of employees represents the number of full-time employees, and the average annual number of temporary workers other than the full-time employees (including part-time employees and temporary workers from staffing agencies) is indicated in parentheses.

2. The number of employees in the "Corporate (unallocated)" segment represents those employees employed by the administrative departments that are not allocated to any specific segments.

(2) Employees of the Company

As of March 31, 2019

Number of employees	Average age	Average number of years employed	Average annual salary (Thousands of yen)
12 (-)	38.3	2.0	5,477

Notes: 1. The number of employees represents the number of full-time employees, and the average annual number of temporary workers other than the full-time employees (including part-time employees and temporary workers from staffing agencies) is indicated in parentheses.

2. These employees are not divided into segments because they are assigned to administrative departments of the Company.

3. Average annual salary includes bonuses and surplus wages.

(3) Labor Union

Although a labor union has not been formed, the Company has maintained sound labor-management relations.

Section 2. Overview of Business

1. Management Policies, Market Conditions and Issues to Address

Forward-looking statements in this section represent the judgments of the Striders Group as of the end of the period under review.

(1) Management Policies

The Real Estate Business and Hotel Business are the core businesses of Striders and there are investments in businesses in order to achieve the growth of the entire Striders Group. Capital gains are not the only objective of these investments. Decisions about investments are also based on prospects for a business to make a contribution to society and a better future.

The best investment method for each business is used. For example, Striders may establish a subsidiary, make a joint investment with a partner or fund, acquire a company to participate in its management, make a company a consolidated subsidiary, or use other schemes. As a rule, business investments are long-term holdings. After an investment has been made, Striders uses its resources to provide a diverse spectrum of support at many levels.

In all cases, the goals are to increase the value of companies where investments were made and to maximize the earnings of the Striders Group.

(2) Business Strategy

Striders concentrates investments on businesses in Japan and other countries with foresight about upcoming trends and the potential to achieve sustained growth in the business value. In addition, Striders extends management and financial assistance to companies lacking a competitive edge in cases where regaining the ability to compete is possible. The aim is to earn a high return on invested capital by reorganizing these companies.

For overseas investments, Striders uses its experience to make investments in growing industries while taking into account economic and other conditions in other countries.

(3) Market Conditions

In the core Real Estate Business, the operating environment remained challenging as an oversupply of real estate for leasing in the Tokyo area caused vacancy rates to climb. Furthermore, although Japan’s hotel sector benefited from growth in the number of foreign tourists, competition became even more intense because of the increasing use of vacation rentals, the construction of new hotels and other events. In addition, in the Overseas Business, although there is potential for economic growth in Indonesia and Sri Lanka, which is where investments are made, there are geopolitical risks and internal risk factors involving management and other items.

(4) Issues to Address

1) Strengthen management of the group

Due to the organizational structure of Striders, the performance of Striders is greatly influenced by the overall performance of the Striders Group. As a result, monitoring the performance of subsidiaries and other operating companies is an important aspect of business activities. To strengthen management of the group, Striders is reexamining the authority of group companies regarding their respective business activities and establishing a business reporting system and an administrative framework for operating companies. The goals are to conduct aggressive business operations, foster a strong commitment to compliance and operate more efficiently.

2) Use corporate resources more efficiently

To use corporate resources more efficiently, Striders is providing training for group employees and using funds available for investments more effectively. For example, there will be more information exchanges and sharing among managers of group companies and more training programs for employees. Goals include strengthening cooperation among subsidiaries and benefiting from more synergies among group companies. In addition, management will consider the centralized management of funds for all group companies and the sharing of sales information in order to perform sales activities backed by a network that only the Striders Group can create.

3) Use of M&A and alliances with external companies

To continue growing, Striders will need to acquire or invest in companies with operations that are consistent with the Striders corporate philosophy. Consequently, the medium to long-term policy is to aim for growth in sales and earnings by aggressively acquiring companies, forming business alliances and taking other actions.

4) Establish frameworks for internal controls and compliance

For internal controls that comply with the Companies Act and Financial Instruments and Exchange Act, Striders is establishing rules for the flow, documentation and visualization of business processes for all group companies. In addition to establishing rules, actions are needed to ensure that the activities of group companies follow these rules. Striders is assembling a structure for implementing these rules and recruiting the required personnel. The objective is to perform internal supervision, monitoring and IT oversight in a manner that matches the characteristics of business activities.

For compliance, the Striders Group has established a number of guidelines and policies: the Code of Corporate Conduct, Code of Employee Conduct, Personal Information Protection Policy, and Basic Policy against Anti-Social Forces. There are programs to ensure that everyone knows about and understands these guidelines and policies. As to the actual implementation of compliance in business operations, there are monitoring activities, studies by the Compliance Committee and an employee training program.

2. Business Risks

The following is a list of items described in the Overview of Business and Financial Information of this report that may have a significant effect on investors' decisions.

Forward-looking statements in this section represent the judgments of the Striders Group as of the end of the period under review.

1) The economy

The activities of the Striders Group cover many business sectors and are vulnerable directly and indirectly to changes in the health of the economies of Japan and other countries. Therefore, changes in the economy may have an effect on the group's performance and financial position.

2) New business activities

The Striders Group starts new business activities only after completing thorough studies. If a change in the operating environment prevents the group from conducting a new business as planned, there may be an effect on the group's performance and financial position.

3) Overseas business activities

Overseas business activities of the Striders Group are vulnerable to the following risk factors. If any of these problems occur, there may be an effect on the group's performance and financial position.

a. Economic downturns and competition from other companies
b. Unexpected establishment of laws or regulations or taxation revisions
c. Social turmoil caused by terrorism, demonstrations, wars or other events
d. Unfavorable political events
e. Movements in the value of a currency or exchange rates

4) Personal information

The Striders Group has a personal information management system that is structured to prevent leaks of personal information as prescribed in the Act on the Protection of Personal Information. However, the environment for the handling of personal information is becoming increasingly severe because of the high reliance of today's world on information. As a result, if there is a leak of personal information caused by an unforeseen event, the resulting loss of public trust in the Striders Group, expenses for responding to the leak and other factors may have an effect on the group's performance.

5) Harm to the group's reputation

The business investments of the Striders Group may become the target of criticism or slander on the Internet or through other channels. If damage to the group's reputation caused by this criticism prevents the group from conducting sound business activities, there may be an effect on the group's performance and financial condition.

6) Laws and regulations

In the Real Estate Business of the Striders Group, consolidated subsidiary Trust Advisers Corporation, as a real estate company, has received licenses in accordance with the Building Lots and Buildings Transaction Business Act and the Act on Advancement of Proper Condominium Management. Consequently, Trust Advisers Corporation is subject to the associated legal restrictions. If current laws or regulations are revised or new legal restrictions are established, there may be restrictions on the group's business activities that could affect the group's performance and financial condition.

7) Food safety

In the group's Other Businesses, consolidated subsidiary Y.K. Masuda Seimen produces and sells Chinese and other types of noodles. This company is subject to the Food Sanitation Act and other laws and regulations involving food products. The group has extensive measures for the assurance of quality and hygiene and exercises extreme care to maintain the safety of food products. However, if there is a violation of a law or regulation due to an unforeseen event, there may be an effect on the group's performance.

8) Natural disasters and diseases

A powerful earthquake, typhoon or other natural disaster may damage buildings and other facilities of the Striders Group. This damage could reduce sales due to an interruption in business activities and require expenses for repairs. In addition, the occurrence of a new strain of influenza or some other infections disease would lower long-distance travel and travel by groups. Any of these events may have an effect on the group's performance.

3. Management's Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of Operating Results

This section provides an overview of the financial position, operating results and cash flows ("operating results, etc.") in the current fiscal year for the Striders Group (the Company and its consolidated subsidiaries and equity-method affiliates).

1) Financial position and operating results

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.

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.

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.

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% year-on-year to 889 million yen and operating profit increased 20.7% year-on-year 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.

Other Businesses

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) 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.

3) Overview of production, orders received and sales

a. Production

There are some production activities in the Other Businesses segment, but no information is provided because the monetary amount of these activities is negligible.

b. Orders received

There are some production activities in the Other Businesses segment, but no information is provided because the monetary amount of these activities is negligible.

c. Sales performance

The sales performance in each segment in the period under review is as follows:

Name of segment	FY3/19 (April 1, 2018 – March 31, 2019)	Year-on-year comparison (%)
Real Estate Business (Thousands of yen)	6,560,086	18.3
Hotel Business (Thousands of yen)	1,436,580	4.6
Overseas Business (Thousands of yen)	889,023	45.2
Reportable segment total (Thousands of yen)	8,885,690	18.0
Other Businesses (Thousands of yen)	330,620	(25.2)
Total	9,216,311	15.6

Notes: 1. Inter-segment transactions have been eliminated.
2. Sales amounts to major customers and their ratios to total sales amount in the last two fiscal years are not stated because the ratios are less than 10% of the total sales amount.
3. Consumption taxes, etc. are not included in the above amounts.

(2) Management's Discussion and Analysis of Operating Results, etc.

This section contains a discussion, analysis and points under consideration concerning the Striders Group's operating results, etc. from the perspective of management. Forward-looking statements in this section are based on the judgments of management as of the end of the period under review.

1) Significant accounting policies and estimates

The consolidated financial statements of the Striders Group are prepared based on generally accepted accounting standards in Japan. The preparation of these financial statements required judgments and estimates by management, such as decisions concerning the selection and application of accounting policies that influence the information that is disclosed. Estimates by management are based on reasonable judgments that reflect past performance and other items. However, actual results may differ from these estimates due to the inherent uncertainty of estimates.

Of the significant accounting policies used by the Striders Group (see Section 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Significant Accounting Policies for Preparation of Consolidated Financial Statements), management believes that the following significant policies have a particularly important effect on judgments used for significant estimates for the preparation of the consolidated financial statements.

a. Impairment of non-current assets

The Striders Group examines non-current assets regarding possible impairment at the end of every quarter, when there is a situation that prevents the recovery of book value, and when there is a change in circumstances involving non-current assets. If book value is greater than estimated future cash flows before discounting, the amount by which book value exceeds these cash flows is recognized as an impairment loss. Although the Company believes estimates used for impairment decisions are reasonable, actual performance may differ from these estimates.

b. Impairment of goodwill

The Striders Group amortizes goodwill using the straight-line method over a period of not more than 20 years during which benefits are expected to be received from the goodwill of each corresponding company or business. If there is a decline in profitability caused by a revision in an estimate resulting from a change in business assumptions that could have not been foreseen, there may be an impairment loss on goodwill.

2) Discussion, analysis and points under consideration for operating results, etc. in the current fiscal year

The Striders Group's sales increased but earnings decreased in the current fiscal year. Sales growth was attributable mainly to the sales of PT. Citra Surya Komunikasi, an Indonesian company that was consolidated in the second quarter of the previous fiscal year, and the increasing number of buildings managed by the residential property business.

The main reasons for the decrease in earnings were an 18 million yen valuation loss on investment securities in Other businesses and recording of income taxes-deferred of 57 million yen due to the partial reversal of deferred tax assets.

In the fiscal year ending in March 2020 and afterward, there will be measures to build a stronger and more efficient organizational structure for the Real Estate Business in order to increase profitability. In addition, although the Hotel Business is expected to benefit from the continuing growth of the number of foreign tourists in Japan, the operating environment will probably remain difficult primarily because of price competition with nearby hotels. In the Overseas Business, the outlook is for growth of the advertising agency business of PT. Citra Surya Komunikasi that serves Japanese companies in Indonesia. In particular, demand in the digital advertising sector is expected to continue growing due to Indonesia's strong GDP growth rate. Upgrading sales activities to capture digital advertising demand is a major goal in Indonesia. In Sri Lanka, there will be investments in new businesses. There are no earnings at this time in Sri Lanka because businesses are in the start-up phase. Quickly establishing the soundness of the investment business with activities such as a reexamination of the management framework for this business and forming business alliances with good prospects for synergies is one of the highest priorities of the Striders Group.

There was a 171 million yen decrease in cash during the current fiscal year. Cash was provided by a decrease in inventories and procuring funds by issuing bonds. Uses of cash included purchase of investment securities and repayments of long-term loans payable.

Regarding the Striders Group's capital resources and liquidity, in principle, the group's overall demand for capital is monitored and managed and funds are procured from financial institutions as needed. Surplus funds at subsidiaries are returned to the Company by using dividend payments and other methods. Investments are funded by internal funds or funds procured from financial institutions depending on the characteristics of each project.

To aim for more growth and higher earnings, net sales and operating profit are used as objective performance indicators to monitor progress toward targets of management policies and strategies.

Discussion, analysis and points under consideration for financial position are as follows.

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%.

4. Critical Contracts for Operation

There is no applicable information.

5. Research and Development Activities

There is no applicable information for research and development activities for the current fiscal year.

Section 3. Information about Facilities

1. Overview of Capital Expenditures, etc.

There were investments of 40 million yen for updating and replacing equipment and 12 million yen for introducing a hotel system in the Hotel Business.

2. Major Facilities

The major facilities and equipment of the Striders Group are as follows:

(1) Domestic Subsidiaries

As of March 31, 2019

Company name	Facility name (Location)	Segment	Purpose of facility and equipment	Book value (Thousands of yen)					Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (square meters)	Others	Total	
Global Holdings Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel Business	Accommodation facility	235,288	-	85,663 (7,218.48)	-	320,952	- (-)
Narita Gateway Hotel Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel Business	Accommodation facility	63,044	2,024	-	53,893	118,962	23 (29)
Kurashiki Royal Art Hotel Co., Ltd.	Kurashiki Royal Art Hotel (Kurashiki, Okayama)	Hotel Business	Accommodation facility	599,311	297	223,000 (1,490.90)	25,063	847,673	42 (34)
Y.K. Masuda Seimen	Head Office Plant (Yokosuka, Kanagawa)	Other Businesses	Production equipment	15,488	3,064	40,000 (221.36)	0	58,552	5 (12)

Notes: 1. "Others" under "Book value" represents tools, furniture and fixtures.
The amounts do not include consumption taxes.
2. Temporary workers are indicated in parentheses under "Number of employees."

3. Planned Additions, Retirements, etc. of Facilities

There is no applicable information.

Section 4. Information about Reporting Company

1. Information about Shares, etc.

(1) Total Number of Shares, etc.

1) Total Number of Shares

Classification	Total number of authorized shares (Shares)
Common stock	18,000,000
Total	18,000,000

2) Issued Shares

(Shares)

Classification	Number of issued shares as of the end of the current fiscal year (As of March 31, 2019)	Number of issued shares as of the submission date of this report (As of June 21, 2019)	Name of listed financial instruments exchange market or authorized financial instruments firms association	Remarks
Common stock	8,887,089	8,887,089	Tokyo Stock Exchange, JASDAQ (standard)	Number of shares for one unit: 100
Total	8,887,089	8,887,089	-	-

(2) Share Acquisition Rights, etc.

1) Details of Employee Share Option Program

There is no applicable information.

2) Description of Rights Plan

There is no applicable information.

3) Other Share Acquisition Rights, etc.

The following share acquisition rights have been issued in accordance with the Companies Act:

Date of resolution	May 14, 2013
Number of share acquisition rights (Units)*	250
Class, details and number of shares subject to share acquisition rights (Shares)*	Common stock 25,000 (Notes 1 and 6)
Amount to be paid upon the exercise of share acquisition rights (Yen)*	280 (Notes 2 and 6)
Exercise period of share acquisition rights*	From May 29, 2013 to May 28, 2021
Issue price of stock due to exercise of share acquisition rights and amount to be incorporated into capital stock (Yen)*	Issue price: 280 (Notes 3 and 6) Amount to be incorporated into capital stock: 140 (Notes 3 and 6)
Conditions for exercising share acquisition rights*	(Note 4)
Matters pertaining to transfer of share acquisition rights*	The approval of the Board of Directors is required.
Matters pertaining to issuance of share acquisition rights resulting from the reorganization event*	(Note 5)

* This table presents information as of March 31, 2019. No information as of May 31, 2019, which is the end of the month prior to the month when this report was submitted, is shown because there were no changes since March 31, 2019.

Note 1. In the case that the Company conducts a stock split (including the allotment of shares of common stock of the Company without consideration; hereinafter the same shall apply) or a stock consolidation, the number of shares subject to share acquisition rights shall be adjusted in accordance with the following formula.

However, such adjustment shall be made only for shares subject to share acquisition rights that have not been exercised or retired at the time of the stock split or stock consolidation. Any fraction less than one (1) share arising from the adjustment shall be rounded down.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Ratio of stock split/stock consolidation}$$

In addition to the above, if any unavoidable event arises where the number of shares to be issued upon exercise of share acquisition rights must be adjusted after the date of allotment, the Company may adjust the number of shares as appropriate to the extent deemed reasonable.

Any fraction less than one (1) share arising from the adjustment shall be rounded down.

Note 2. If the Company conducts a stock split or stock consolidation after the issuance of the share acquisition rights, the payment amount shall be adjusted using the following formula as of the effective date of the split or consolidation, with any fraction less than one (1) yen arising from the adjustment rounded up.

$$\text{Payment amount after adjustment} = \text{Payment amount before adjustment} \times \frac{1}{\text{Ratio of stock split/stock consolidation}}$$

If, after the issuance of share acquisition rights, the Company issues shares at a price below the market price, the payment amount shall be adjusted using the following formula, with any fraction less than one (1) yen arising from the adjustment rounded up.

$$\text{Payment amount after adjustment} = \text{Payment amount before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Market price per share}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

Note 3. Matters relating to increments of capital stock and legal capital surplus

1) The amount of an increase in capital stock when new shares are issued upon the exercise of share acquisition rights shall be 50% of the maximum limit of such capital increase (“maximum increase in capital”) calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction less than one (1) yen arising from the calculation shall be rounded up.
2) The amount of an increase in legal capital surplus when new shares are issued upon exercise of share acquisition rights shall be the maximum increase in capital as described in 1) above, less the amount of an increase in capital stock as stipulated in 1) above.

Note 4. Conditions for exercising share acquisition rights are as follows.

1) If the average closing price (including indicated prices; average excludes days with no closing price, but the Board of Directors may make adjustments as described in the above item 2) of the Company’s common stock for ordinary trading on financial instrument exchanges where this stock is listed over any five-day period between the allocation date and end of the exercise period, including both of these days, is less than 50% of the exercise price at that time (the Board of Directors may make adjustments as described in the above item 2), holders of share acquisition rights must exercise all remaining rights by the end of the exercise period at the exercise price (but the Board of Directors may make adjustments as described in the above item 2). However, this requirement does not apply in the following cases.
   (a) When significant false or fraudulent information has been discovered in information disclosed by the Company
   (b) The discovery that the Company has failed to properly announce a significant fact that should have been disclosed in accordance with laws and regulations or the rules of a financial instruments exchange where the Company’s stock is listed
   (c) When the Company’s stock is delisted, the Company becomes insolvent or there is some other major change involving an item used as a premise when the share acquisition rights are issued
   (d) When there is any other event that can be viewed objectively as a detrimental act by the Company regarding the trust of right holders
2) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of share acquisition rights at the time of exercise thereof, said share acquisition rights cannot be exercised at that time.
3) The partial exercise of an individual share acquisition right to shares is not allowed.
4) This share acquisition rights may not be exercised by an heir to a holder thereof.
5) The Company’s Board of Directors may establish other conditions for exercising the share acquisition rights in addition to the preceding items in this note.

Note 5. In the event of an absorption merger in which the Company is dissolved, a merger in which a new merged company is established and the Company is dissolved, an absorption and divestiture in which the Company is divested, a divestiture in which a new divested company is established, an exchange of stock in which the Company becomes a wholly owned subsidiary, or a stock transfer in which the Company becomes a wholly owned subsidiary (“reorganization event”), any remaining share acquisition rights immediately prior to the date the reorganization event takes place will be replaced with new share acquisition rights based on the following terms. The replacement will be made by the remaining company after the absorption merger, the newly established merged company, the remaining divested company after the absorption, the newly established divested company, the parent company after the exchange of stock or the parent company established after the transfer of stock (“reorganized company”).

1) Number of share acquisition rights to be newly granted
   Based on the number of share acquisition rights held by each holder, a reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) right will be rounded

down.

2) Class of stock subject to share acquisition rights to be newly granted
The same class of stock of the reorganized company

3) The method of calculating the number of shares subject to share acquisition rights to be newly granted
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) share will be rounded up.

4) Value of assets to be contributed upon the exercise of the share acquisition rights to be newly granted
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) yen will be rounded up.

5) The exercise period of the share acquisition rights to be newly granted, additions to capital stock and legal capital surplus when stock is issued upon the exercise of the new rights, reasons for the acquisition of the new rights by the reorganized company, the provision of the new rights when there is a reorganization event, and the share acquisition right certificates and exercise terms
To be determined when the reorganization event takes place.

6) Restrictions on the acquisition of share acquisition rights to be newly granted through transfer
The acquisition of share acquisition rights to be newly granted through transfer shall require the approval of the Board of Directors of the reorganized company.

7) Other conditions shall be determined in the same manner as those for the reorganized company.

Note 6. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. Accordingly, figures for the number of shares subject to share acquisition rights, amount to be paid upon the exercise of share acquisition rights and issue price of stock due to exercise of share acquisition rights and amount to be incorporated into capital stock have been adjusted.

Date of resolution	September 18, 2015
Number of share acquisition rights (Units)*	4,350
Class, details and number of shares subject to share acquisition rights (Shares)*	Common stock 435,000 (Notes 1 and 6)
Amount to be paid upon the exercise of share acquisition rights (Yen)*	670 (Notes 2 and 6)
Exercise period of share acquisition rights*	From July 1, 2016 to October 4, 2023
Issue price of stock due to exercise of share acquisition rights and amount to be incorporated into capital stock (Yen)*	Issue price: 670 (Notes 3 and 6) Amount to be incorporated into capital stock: 335 (Notes 3 and 6)
Conditions for exercising share acquisition rights*	(Note 4)
Matters pertaining to transfer of share acquisition rights*	The approval of the Board of Directors is required.
Matters pertaining to issuance of share acquisition rights resulting from the reorganization event*	(Note 5)

* This table presents information as of March 31, 2019. No information as of May 31, 2019, which is the end of the month prior to the month when this report was submitted, is shown because there were no changes since March 31, 2019.

Note 1. Class, details and number of shares to be acquired upon exercise of share acquisition rights

The number of shares to be issued upon exercise of each of share acquisition rights (hereinafter referred to as the “number of shares granted”) shall be one hundred (100).

In the case that the Company conducts a stock split (including the allotment of shares of common stock of the Company without consideration; hereinafter the same shall apply) or a stock consolidation after the date of allotment of share acquisition rights, the number of shares granted shall be adjusted in accordance with the following formula. However, such adjustment shall be made only for shares to be granted for share acquisition rights that have not been exercised or retired at the time of the stock split or stock consolidation. Any fraction less than one (1) share arising from the adjustment shall be rounded down.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split (or stock consolidation)}$$

In addition to the above, if any unavoidable event arises where the number of shares to be issued upon exercise of share acquisition rights must be adjusted after the date of allotment, the Company may adjust the number of shares granted as appropriate to the extent deemed reasonable.

Any fraction less than one (1) share arising from the above adjustment shall be rounded down.

Note 2. Adjustment to the exercise price

If the Company conducts a stock split or stock consolidation, the exercise price shall be adjusted using the following formula, with any fraction less than one (1) yen arising from the adjustment rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

If, after the date of allotment of share acquisition rights, the Company issues new shares of common stock or disposes of its treasury shares of common stock at a price below the market price of its common stock (excluding issuance of new shares and disposal of treasury shares upon the exercise of share acquisition rights, and transfer of treasury shares in exchange of shares), the exercise price shall be adjusted using the following formula, with any amount less than one (1) yen arising from the adjustment rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Market price per share before issuing new shares}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the formula above, the “number of issued shares” denotes the number of shares of common stock of the Company already issued, less the number of treasury shares of common stock of the Company. If the Company disposes of its treasury shares of common stock, the “number of newly issued shares” shall be replaced with the “number of treasury shares to be disposed of.”

Furthermore, other than the above, if the Company conducts a merger, a company split, or other similar events that require adjustment of the exercise price, the Company may adjust the exercise price as appropriate to the extent deemed reasonable.

Note 3. Amount to be accounted for as capital stock out of the issue price when shares are issued upon exercise of share acquisition rights

1) The amount of an increase in capital stock when new shares are issued upon the exercise of share acquisition rights shall be 50% of the maximum limit of such capital increase calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction less than one (1) yen arising from the calculation shall be rounded up.
2) The amount of an increase in legal capital surplus when new shares are issued upon exercise of share acquisition rights shall be the maximum limit of such capital increase as described in 1) above, less the amount of an increase in capital stock as stipulated in 1) above.

Note 4. Condition for exercising share acquisition rights

1) A person to whom share acquisition rights have been allotted (hereinafter referred to as a “holder of share acquisition rights”) may exercise the number of share acquisition rights out of the allotted number based on the percentage specified in each of (a) to (c) below during the exercise period only when the Company’s operating profit has reached the amount shown below. These operating profit figures have been set according to the Company’s performance goals. To determine the operating profit, figures in the consolidated statement of income included in the Company’s Securities Registration Reports (*Yukashoken Hokokusho*) for the periods between the fiscal years ended March 31, 2016 and ending March 31, 2023 shall be referred to. Should there be any material change in the concept of operating profit to be referred to due to the change of applicable accounting standards or any other factors, the Company shall specify at its Board of Directors meeting another appropriate performance indicator to the extent deemed reasonable. Any fraction less than one (1) right that may be exercised shall be rounded down.
   (a) 30% of the allotted number may be exercised when operating profit has exceeded 130 million yen, except when the exercise becomes mandatory under the condition described in 2) below.
   (b) 60% of the allotted number may be exercised when operating profit has exceeded 150 million yen, except when the exercise becomes mandatory under the condition described in 2) below.
   (c) 100% of the allotted number may be exercised when operating profit has exceeded 200 million yen, except when the exercise becomes mandatory under the condition described in 2) below.
2) If the average closing price (including indicated prices; average excludes days with no closing price, but the Board of Directors may make adjustments as described in the above Note 2) of the Company’s common stock for ordinary trading on financial instrument exchanges where this stock is listed over any five-day period between the allocation date and end of the exercise period, including both of these days, is less than 30% of the exercise price at that time (the Board of Directors may make adjustments as described in the above Note 2), holders of share acquisition rights must exercise all remaining rights by the end of the exercise period at the exercise price (but the Board of Directors may make adjustments as described in the above Note 2). However, this requirement does not apply in the following cases.
   (a) When significant false or fraudulent information has been discovered in information disclosed by the Company
   (b) The discovery that the Company has failed to properly announce a significant fact that should have been disclosed in accordance with laws and regulations or the rules of a financial instruments exchange where the Company’s stock is listed
   (c) When the Company’s stock is delisted, the Company becomes insolvent or there is some other major change involving an item used as a premise when the share acquisition rights are issued
   (d) When there is any other event that can be viewed objectively as a detrimental act by the Company regarding the

trust of right holders

3) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of share acquisition rights at the time of exercise thereof, said share acquisition rights cannot be exercised at that time.
4) The partial exercise of an individual share acquisition right to shares is not allowed.
5) This share acquisition rights may not be exercised by an heir to a holder thereof.

Note 5. Handling of share acquisition rights when a reorganization event takes place

In the event of an absorption merger in which the Company is dissolved, a merger in which a new merged company is established and the Company is dissolved, an absorption and divestiture in which the Company is divested, a divestiture in which a new divested company is established, an exchange of stock in which the Company becomes a wholly owned subsidiary, or a stock transfer in which the Company becomes a wholly owned subsidiary ("reorganization event"), any remaining share acquisition rights immediately prior to the date the reorganization event takes place will be replaced with new share acquisition rights based on the following terms. The replacement will be made by the remaining company after the absorption merger, the newly established merged company, the remaining divested company after the absorption, the newly established divested company, the parent company after the exchange of stock or the parent company established after the transfer of stock ("reorganized company").

1) The number of share acquisition rights to be delivered by a reorganized company
Based on the number of share acquisition rights held by each holder, a reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) right will be rounded down.
2) Class of stock in the reorganized company to be acquired upon exercise of share acquisition rights
The same class of stock of the reorganized company
3) The method of calculating the number of shares of the reorganized company to be acquired upon exercise of share acquisition rights
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) share will be rounded up.
4) Values of assets to be contributed upon the exercise of share acquisition rights
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) yen will be rounded up.
5) The exercise period of the new share acquisition rights, additions to capital stock and legal capital surplus when stock is issued upon the exercise of the new rights, reasons for the acquisition of the new rights by the reorganized company, the provision of the new rights when there is a reorganization event, and the share acquisition right certificates and exercise terms
To be determined when the reorganization event takes place.
6) Restrictions on the acquisition of share acquisition rights through transfer
The acquisition of share acquisition rights to be newly granted through transfer shall require the approval of the Board of Directors of the reorganized company.
7) Other conditions shall be determined in the same manner as those for the reorganized company.

Note 6. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. Accordingly, figures for the number of shares subject to share acquisition rights, amount to be paid upon the exercise of share acquisition rights and issue price of stock due to exercise of share acquisition rights and amount to be incorporated into capital stock have been adjusted.

Date of resolution	December 7, 2018
Number of share acquisition rights (Units)*	4,000
Class, details and number of shares subject to share acquisition rights (Shares)*	Common stock 400,000 (Note 1)
Amount to be paid upon the exercise of share acquisition rights (Yen)*	318 (Note 2)
Exercise period of share acquisition rights*	From December 26, 2018 to December 25, 2028
Issue price of stock due to exercise of share acquisition rights and amount to be incorporated into capital stock (Yen)*	Issue price: 318 (Note 3) Amount to be incorporated into capital stock: 159 (Note 3)
Conditions for exercising share acquisition rights*	(Note 4)
Matters pertaining to transfer of share acquisition rights*	The approval of the Board of Directors is required.
Matters pertaining to issuance of share acquisition rights resulting from the reorganization event*	(Note 5)

* This table presents information as of March 31, 2019. No information as of May 31, 2019, which is the end of the month prior to the month when this report was submitted, is shown because there were no changes since March 31, 2019.

Note 1. Class, details and number of shares to be acquired upon exercise of share acquisition rights

The number of shares to be issued upon exercise of each of share acquisition rights (hereinafter referred to as the "number of shares granted") shall be one hundred (100).

In the case that the Company conducts a stock split (including the allotment of shares of common stock of the Company without consideration; hereinafter the same shall apply) or a stock consolidation after the date of allotment of share acquisition rights, the number of shares granted shall be adjusted in accordance with the following formula. However, such adjustment shall be made only for shares to be granted for share acquisition rights that have not been exercised or retired at the time of the stock split or stock consolidation. Any fraction less than one (1) share arising from the adjustment shall be rounded down.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of stock split (or stock consolidation)}$$

In addition to the above, if any unavoidable event arises where the number of shares to be issued upon exercise of share acquisition rights must be adjusted after the date of allotment, the Company may adjust the number of shares granted as appropriate to the extent deemed reasonable.

Any fraction less than one (1) share arising from the above adjustment shall be rounded down.

Note 2. Adjustment to the exercise price

If the Company conducts a stock split or stock consolidation, the exercise price shall be adjusted using the following formula, with any fraction less than one (1) yen arising from the adjustment rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split (or stock consolidation)}}$$

If, after the date of allotment of share acquisition rights, the Company issues new shares of common stock or disposes of its treasury shares of common stock at a price below the market price of its common stock (excluding issuance of new shares and disposal of treasury shares upon the exercise of share acquisition rights, and transfer of treasury shares in exchange of shares), the exercise price shall be adjusted using the following formula, with any amount less than one (1) yen arising from the adjustment rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Market price per share before issuing new shares}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the formula above, the "number of issued shares" denotes the number of shares of common stock of the Company already issued, less the number of treasury shares of common stock of the Company. If the Company disposes of its treasury shares of common stock, the "number of newly issued shares" shall be replaced with the "number of treasury shares to be disposed of."

Furthermore, other than the above, if the Company conducts a merger, a company split, or other similar events that require adjustment of the exercise price, the Company may adjust the exercise price as appropriate to the extent deemed reasonable.

Note 3. Amount to be accounted for as capital stock out of the issue price when shares are issued upon exercise of share acquisition rights

1) The amount of an increase in capital stock when new shares are issued upon the exercise of share acquisition rights shall be 50% of the maximum limit of such capital increase calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fraction less than one (1) yen arising from the calculation shall be rounded up.
2) The amount of an increase in legal capital surplus when new shares are issued upon exercise of share acquisition rights shall be the maximum limit of such capital increase as described in 1) above, less the amount of an increase in capital stock as stipulated in 1) above.

Note 4. Condition for exercising share acquisition rights

1) If the average closing price (including indicated prices; average excludes days with no closing price, but the Board of Directors may make adjustments as described in the above Note 2) of the Company's common stock for ordinary trading on financial instrument exchanges where this stock is listed over any five-day period between the allocation date and end of the exercise period, including both of these days, is less than 50% of the exercise price at that time (the Board of Directors may make adjustments as described in the above Note 2), holders of share acquisition rights must exercise all remaining rights by the end of the exercise period at the exercise price (but the Board of Directors may make adjustments as described in the above Note 2). However, this requirement does not apply in the following cases.
   (a) When significant false or fraudulent information has been discovered in information disclosed by the Company
   (b) The discovery that the Company has failed to properly announce a significant fact that should have been disclosed in accordance with laws and regulations or the rules of a financial instruments exchange where the Company's stock is listed

(c) When the Company's stock is delisted, the Company becomes insolvent or there is some other major change involving an item used as a premise when the share acquisition rights are issued

(d) When there is any other event that can be viewed objectively as a detrimental act by the Company regarding the trust of right holders

2) If the total number of issued shares would exceed the number of then-authorized shares by the exercise of share acquisition rights at the time of exercise thereof, said share acquisition rights cannot be exercised at that time.

3) The partial exercise of an individual share acquisition right to shares is not allowed.

4) This share acquisition rights may not be exercised by an heir to a holder thereof.

Note 5. Handling of share acquisition rights when a reorganization event takes place

In the event of an absorption merger in which the Company is dissolved, a merger in which a new merged company is established and the Company is dissolved, an absorption and divestiture in which the Company is divested, a divestiture in which a new divested company is established, an exchange of stock in which the Company becomes a wholly owned subsidiary, or a stock transfer in which the Company becomes a wholly owned subsidiary ("reorganization event"), any remaining share acquisition rights immediately prior to the date the reorganization event takes place will be replaced with new share acquisition rights based on the following terms. The replacement will be made by the remaining company after the absorption merger, the newly established merged company, the remaining divested company after the absorption, the newly established divested company, the parent company after the exchange of stock or the parent company established after the transfer of stock ("reorganized company").

1) The number of share acquisition rights to be delivered by a reorganized company
Based on the number of share acquisition rights held by each holder, a reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) right will be rounded down.

2) Class of stock in the reorganized company to be acquired upon exercise of share acquisition rights
The same class of stock of the reorganized company

3) The method of calculating the number of shares of the reorganized company to be acquired upon exercise of share acquisition rights
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) share will be rounded up.

4) Values of assets to be contributed upon the exercise of share acquisition rights
A reasonable adjustment will be made that reflects the terms of the reorganization event and other factors. Any resulting fraction of one (1) yen will be rounded up.

5) The exercise period of the new share acquisition rights, additions to capital stock and legal capital surplus when stock is issued upon the exercise of the new rights, reasons for the acquisition of the new rights by the reorganized company, the provision of the new rights when there is a reorganization event, and the share acquisition right certificates and exercise terms
To be determined when the reorganization event takes place.

6) Restrictions on the acquisition of share acquisition rights through transfer
The acquisition of share acquisition rights to be newly granted through transfer shall require the approval of the Board of Directors of the reorganized company.

7) Other conditions shall be determined in the same manner as those for the reorganized company.

(3) Exercises, etc. of Moving Strike Convertible Bonds, etc.

There is no applicable information.

(4) Changes in the Number of Issued Shares, Stated Capital, etc.

Date	Change in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Change in capital stock (Thousands of yen)	Balance of capital stock (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
November 4, 2014 (Note 1)	2,200,000	86,180,896	101,200	1,510,609	101,200	196,203
From April 1, 2014 to March 31, 2015 (Note 2)	2,975,000	88,730,896	74,052	1,578,674	74,052	264,268
From April 1, 2016 to March 31, 2017 (Note 2)	140,000	88,870,896	3,742	1,582,416	3,742	268,010
June 22, 2017 (Note 3)	-	88,870,896	-	1,582,416	(173,267)	94,742
October 1, 2017 (Note 4)	(79,983,807)	8,887,089	-	1,582,416	-	94,742

Notes: 1. Third-party allocation Allottees: Ryoichi Hayakawa, Kazuna Fukumitsu, Hong Kong Dewei Enterprise Group Holdings Limited
Issue price: 92 yen
Amount to be incorporated into capital stock: 46.0 yen
2. The increase in the number of shares and amounts is due to exercise of the share acquisition rights.
3. The decrease in legal capital surplus is due to covering the deficit.
4. The decrease in the total number of issued shares is due to the 1-for-10 reverse stock split.

(5) Shareholding by Shareholder Category

As of March 31, 2019

Category	Details of shareholders (one unit share represents 100 shares)								Number of shares less than one unit share (Shares)
	Government agencies and public institutions	Financial institutions	Financial instruments traders	Other entities	Foreign entities, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	-	1	18	23	17	12	4,625	4,696	-
Number of shares held (Units)	-	507	1,691	18,614	4,358	536	63,113	88,819	5,189
Shareholding percentage (%)	-	0.57	1.90	20.96	4.91	0.60	71.06	100.00	-

Notes: 1. Treasury shares of 57,609 shares are included in "Individuals and others" and "Number of shares less than one unit share" in terms of 576 units and nine shares, respectively.
2. One unit of shares under the name of Japan Securities Depository Center, Inc., is included in "Other entities" above.

(6) Major Shareholders

As of March 31, 2019

Name	Address	Number of shares held (Thousand shares)	Holding ratio to total number of issued shares (%)
ShinkoShien ILP	2-8, Kandasuda-cho, Chiyoda-ku, Tokyo	1,529	17.33
Ryoichi Hayakawa	Kitasaku-gun, Nagano	483	5.48
KGI ASIA LIMITED-CLIENT ACCOUNT (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	41/F CENTRAL PLAZA, 18 HARBOUR ROAD, WANCHAI, HONG KONG (3-11-1 Nihombashi, Chuo-ku, Tokyo)	339	3.84
Japan Silber Fleece Co., Ltd.	1-21-4, Minamihorie, Nishi-ku, Osaka-shi, Osaka	262	2.97
Kazuna Fukumitsu	Nishinari-ku, Osaka-shi, Osaka	178	2.02
Ikuyo Morikawa	Kadoma-shi, Osaka	72	0.82
Fumio Yamamoto	Sakai-shi, Fukui	70	0.79
Tsuyoshi Goshono	Koshigaya-shi, Saitama	70	0.79
Yasuaki Kawabe	Urawa-ku, Saitama-shi, Saitama	52	0.59
Japan Securities Finance Co., Ltd.	1-2-10, Nihombashi-Kayabacho, Chuo-ku, Tokyo	50	0.57
Total	-	3,109	35.21

Note: The Company holds 57,000 treasury shares, which is excluded from the above table of major shareholders.

(7) Voting Rights

1) Issued Shares

As of March 31, 2019

Classification of shares	Number of shares (Shares)	Number of voting rights (Units)	Remarks
Shares without voting rights	-	-	-
Shares with limited voting rights (treasury shares, etc.)	-	-	-
Shares with limited voting rights (others)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 57,600	-	-
Shares with full voting rights (others)	Common stock 8,824,300	88,243	-
Shares less than one unit share	Common stock 5,189	-	-
Total number of issued shares	8,887,089	-	-
Voting rights of total shareholders	-	88,243	-

Note: The common stock indicated in “Shares with full voting rights (others)” includes 100 shares (Number of voting rights: 1) of unknown holders’ stock registered under the name of Japan Securities Depository Center, Inc.

2) Treasury Shares, etc.

As of March 31, 2019

Owner’s name or title	Owner’s address	Number of treasury shares in own name (Shares)	Number of treasury shares in the names of others (Shares)	Total number of shares owned (Shares)	Holding ratio to total number of issued shares (%)
Striders Corporation	5-13-5, Shimbashi, Minato-ku, Tokyo	57,600	-	57,600	0.65
Total	-	57,600	-	57,600	0.65

2. Acquisitions, etc. of Treasury Shares

[Classes of Shares, etc.] Acquisition of common stock that falls under the provisions of Article 155, Paragraph 3 and Article 155, Paragraph 7 of the Companies Act

(1) Acquisitions by Resolution of Shareholders' Meeting

There is no applicable information.

(2) Acquisitions by Resolution of Board of Directors' Meeting

Acquisition pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of the same act

Classification of shares	Number of shares (Shares)	Total value (Yen)
Status of resolution at the Board of Directors meeting held on February 13, 2019 (Acquisition date: February 18 – May 31, 2019)	300,000	120,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	54,900	18,747,900
Total number of remaining shares subject to the resolution and total value thereof	245,100	101,252,100
Unexercised ratio as of the end of the current fiscal year (%)	81.7	84.4
Treasury shares acquired during the period for acquisition	78,300	23,817,400
Unexercised ratio as of the submission date (%)	55.6	64.5

Acquisition pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of the same act

Classification of shares	Number of shares (Shares)	Total value (Yen)
Status of resolution at the Board of Directors meeting held on May 28, 2019 (Acquisition date: June 1 – August 30, 2019)	250,000	100,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	-	-
Total number of remaining shares subject to the resolution and total value thereof	-	-
Unexercised ratio as of the end of the current fiscal year (%)	-	-
Treasury shares acquired during the period for acquisition	-	-
Unexercised ratio as of the submission date (%)	100.0	100.0

(3) Acquisitions Not Based on Resolution of Shareholders' Meeting or Board of Directors' Meeting

Classification of shares	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the current fiscal year	10	4,740
Treasury shares acquired during the period for acquisition	-	-

Note: The number of treasury shares held during the "period for acquisition" does not include shares resulting from purchases of less than one unit share from June 1, 2019 to the submission date of this Securities Registration Report.

(4) Disposals or Holding of Acquired Treasury Shares

Classification of shares	Current fiscal year		Period for acquisition	
	Number of shares (Shares)	Total amount of disposition (Yen)	Number of shares (Shares)	Total amount of disposition (Yen)
Treasury shares offered for acquisition	-	-	-	-
Treasury shares canceled for disposition	-	-	-	-
Transferred treasury shares in connection with merger, share exchange or corporate divestiture	-	-	-	-
Others	-	-	-	-
Number of treasury shares held	57,609	-	57,609	-

Note: The number of treasury shares held during the "period for acquisition" does not include shares resulting from purchases of less than one unit share from June 1, 2019 to the submission date of this Securities Registration Report.

3. Dividend Policy

An early resumption of dividend payments is one of the highest priorities of the Company and numerous actions are being taken to improve and stabilize sales and earnings. The policy for the dividend is to make a decision that reflects all applicable factors while taking into account results of operations, market conditions and the need to retain earnings to strengthen business operations over the medium and long term.

The Company has a fundamental policy of paying an interim dividend and a year-end dividend. Shareholders determine the year-end dividend at the annual meeting and the Board of Directors determines the interim dividend.

Furthermore, the Articles of Incorporation of the Company allow for the payment of an interim dividend with a record date of September 30 based on a resolution by the Board of Directors.

4. Explanation about Corporate Governance, etc.

(1) Explanation about Corporate Governance

1) Fundamental approach to corporate governance

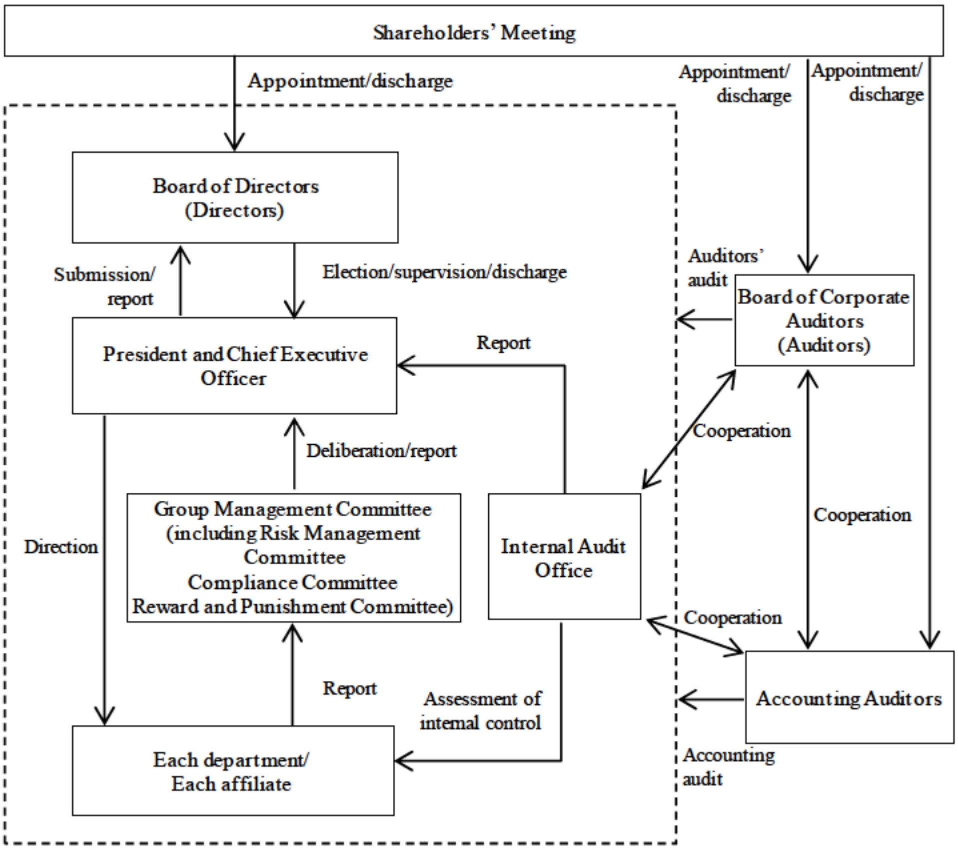
The Striders Group considers important the safeguarding of shareholders' interests and maximization of corporate value while maintaining a balance among the interests of individuals associated with the Company. To this end, the Company recognizes the creation and further strengthening of the corporate governance system as a management issue. The Company uses objective checks of management to ensure transparency and maintain the soundness and fairness of management. To perform these checks, the Company uses the deliberating function of the Board of Directors, the auditing function of the corporate auditors, the division of responsibilities within the Company, and other measures.

2) Outline of corporate governance structure and reason for using this structure

The Company is a company with corporate auditors. Corporate institutions include the Board of Directors, which is the decision-making and supervisory unit for matters concerning management policy and other important items. The Board of Corporate Auditors is the audit institution.

The Company believes externally objective and neutral management supervisory functions to be important to a corporate governance system that facilitates swift management decisions, highly transparent management and a strong management supervisory function. The Company has adopted this structure, as it considers optimal a system with a Board of Directors including outside directors and under which outside corporate auditors supervise and audit business execution.

The following diagram shows the structure of the corporate governance system.



3) Other items concerning corporate governance

As the cornerstone of the Company's internal control system, the representative director oversees the establishment, maintenance and enhancement of internal controls. In addition, the Internal Audit Office, which is independent of business operations, performs internal audits and the Administration Division is responsible for compliance activities.

The Company's risk management system involves establishing Risk Management regulations and other regulations, determining personnel responsible for individual risks, and configuring a risk management system in accordance with these regulations.

In addition, to ensure the appropriate operation of subsidiaries, the Company has formulated regulations for the management of subsidiaries and associates as behavioral guidelines that apply to all group companies. Individual group companies establish regulations based on these guidelines.

(2) Information about Officers

1) Members of the Board

8 males, 0 female (Pct. of female officers -%)

Official title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
President and Chief Executive Officer	Ryotaro Hayakawa	June 22, 1983	April 2008 Joined ORIX Corporation June 2014 Director and General Manager of Management Planning Office of the Company October 2014 Director of Mobile Link Inc. (current) October 2014 Director of Kurashiki Royal Art Hotel Co., Ltd. (current) April 2016 General Manager of Business Planning Division, Director of the Company June 2016 Director of Trust Advisers Corporation (current) January 2018 Representative Director of the Company (current)	Notes 3 and 5	4
Chairman	Ryoichi Hayakawa	January 9, 1955	April 1977 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) September 1995 Councilor of Asia Department of The Long-Term Credit Bank of Japan November 1998 General Manager of Management Planning Office of Nippon Computer Systems Corp. February 2007 Director of the Company April 2007 Representative Director of VLR Co., Ltd. (current M&A Global Partners Co., Ltd.) (current) February 2009 Director of Trust Advisers Corporation (current) June 2009 Representative Director of the Company March 2012 Director of Mobile Link Inc. (current) May 2012 Director of Y.K. Masuda Seimen (current) March 2013 Representative Director of Narita Gateway Hotel Co., Ltd. (current) June 2014 Representative Director of Kurashiki Royal Art Hotel Co., Ltd. (current) August 2017 Director of PT. Citra Surya Komunikasi (current) December 2017 Director of MIRAI Intellectual Property and Technology Research Center Co., Ltd. (current) January 2018 Chairman and Chief Executive Officer of the Company June 2019 Chairman of the Company (current)	Note 3	483
Managing Director	Koichi Miyamura	December 21, 1976	April 1999 Joined Yuto K.K. August 1999 Joined Shoco Sangyo Co., Ltd. January 2005 Joined S-fit Co., Ltd. April 2005 Joined S-GRANT Co., Ltd. December 2008 Director of S-GRANT Advisors Co., Ltd. (current Trust Advisers Corporation) June 2012 Director of the Company March 2014 Representative Director of Tokyo Apartment Guaranty Corporation (current) June 2014 Representative Director of Trust Advisers Corporation (current) June 2019 Managing Director of the Company (current)	Note 3	1

Official title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
Director and Chief Financial Officer	Jun Umehara	October 10, 1961	April 1986 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) July 1989 Transferred to Ministry of Finance, Section Chief of Planning Division, International Finance Bureau (current International Bureau) July 1995 Vice President, Treasury Department of The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) January 2001 Joined Frank Russell Japan Co., Ltd. (current Russell Investments Japan Co., Ltd.), Senior consultant July 2009 Joined U-Shin Ltd., General Manager of Administrative Department May 2013 Joined SG Holdings Co., Ltd., external assignment to SGH Global Japan Co., Ltd., General Manager of Administrative Department March 2016 General Manager of the Internal Audit Office of SG Holdings Co., Ltd. April 2018 Joined the Company, General Manager of Administrative Division September 2018 Chief Financial Officer, General Manager of Administrative Division of the Company June 2019 Director, Chief Financial Officer and General Manager of Administrative Division of the Company (current)	Note 3	-
Director	Yasushi Suzuki	February 24, 1963	April 1986 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) July 1995 General Manager of Sales Department of the Indonesia Office, The Long-Term Credit Bank of Japan November 1996 Deputy Branch Manager of the Singapore Branch, The Long-Term Credit Bank of Japan August 1999 Deputy General Manager of the New York Branch, The Long-Term Credit Bank of Japan March 2000 Senior Economist of the Institute for Social and Economic Infrastructure Systems (posted in London) June 2001 Financial Advisor of AntFactory Inc. (U.K.) March 2002 Associate Professor of the Department of Management Systems, Kanazawa Institute of Technology April 2004 Associate Professor of the College of Asia Pacific Studies, Ritsumeikan Asia Pacific University April 2008 Professor of the College of International Management, Ritsumeikan Asia Pacific University (current) June 2015 Outside Director of the Company (current)	Note 3	1

Official title	Name	Date of birth	Brief career history	Term of office	Number of the company shares held (Thousand shares)
Full-time Corporate Auditor	Ikuo Yoshizawa	January 28, 1952	April 1976 Joined Kokusai Denshin Denwa Co., Ltd. (current KDDI Corp.) March 1992 Manager, in-charge of Sales Division of Kokusai Denshin Denwa Co., Ltd. September 2000 Manager of Investigation of KDD Research Institute, Inc. (current KDDI Research Institute, Inc.) April 2004 External assignment to Research Institute of Telecommunications and Economics, Foundation for Multi-Media Communications April 2007 External assignment to KDDI Engineering and Consulting, Inc. April 2008 Assignment to Nonprofit Organization (NPO) ITS Japan June 2012 Full-time Corporate Auditor of the Company (current) January 2013 Corporate Auditor of Mobile Link Inc. (current) June 2014 Corporate Auditor of Kurashiki Royal Art Hotel Co., Ltd. (current) October 2014 Corporate Auditor of Trust Advisers Corporation (current) October 2014 Corporate Auditor of Y.K. Masuda Seimen (current) October 2014 Corporate Auditor of Narita Gateway Hotel Co., Ltd. (current) October 2014 Corporate Auditor of M&A Global Partners Co., Ltd. (current) March 2016 Corporate Auditor of Tokyo Apartment Guaranty Corporation (current) May 2018 Corporate Auditor of MIRAI Intellectual Property and Technology Research Center Co., Ltd. (current)	Note 4	31
Corporate Auditor	Takae Kamei	April 20, 1973	April 1996 Joined The Tokai Bank, Ltd. (current MUFG Bank, Ltd.) October 2000 Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC) April 2004 Registered as Certified Public Accountant August 2005 Joined Nippon Mirai Capital Co.,Ltd. June 2008 Opened CPA Takae Kamei Office as President (current) June 2009 Partner of Veritas & Co. December 2012 Registered as an attorney December 2012 Joined Shuhei Takahashi Law Office July 2017 Partner of Shuhei Takahashi Law Office (current) June 2019 Corporate Auditor of the Company (current)	Note 4	-
Corporate Auditor	Takuma Honda	July 18, 1983	December 2006 Joined KPMG AZSA & Co. (current KPMG AZSA LLC) April 2011 Registered as Certified Public Accountant September 2016 Opened Takuma Honda Certified Public Accountant Office (current Futarie Accounting Office) (current) July 2017 Joined Bridge Consulting Group Inc. (current) June 2019 Corporate Auditor of the Company (current)	Note 4	-
Total					521

Notes: 1. Director Yasushi Suzuki is an outside director.
2. Corporate Auditors Ikuo Yoshizawa, Takae Kamei and Takuma Honda are outside corporate auditors.
3. The term of office is two years from the conclusion of the Ordinary General Shareholders' Meeting held on June 21, 2019.
4. The term of office is four years from the conclusion of the Ordinary General Shareholders' Meeting held on June 21, 2019.
5. The President and Chief Executive Officer Ryotaro Hayakawa is the first son of Ryoichi Hayakawa, the Chairman of the Company.

2) Outside directors

The Company has one outside director and three outside corporate auditors.

Outside director Yasushi Suzuki is a professor of the College of International Management at Ritsumeikan Asia Pacific University. There is no significant relationship between the Company and this university.

Outside corporate auditor Ikuo Yoshizawa is a corporate auditor of the following subsidiaries of the Company: Mobile Link Inc., Kurashiki Royal Art Hotel Co., Ltd., Trust Advisers Corporation, Y.K. Masuda Seimen, Narita Gateway Hotel Co., Ltd., M&A Global Partners Co., Ltd., Tokyo Apartment Guaranty Corporation and the Company's affiliate MIRAI Intellectual Property and Technology Research Center Co., Ltd.

Outside corporate auditor Takae Kamei is a partner of Shuhei Takahashi Law Office. There is no significant relationship between the Company and either of these entities.

Outside corporate auditor Takuma Honda established the Futarie Accounting Office. He is an employee of Bridge Consulting Group Inc. There is no significant relationship between the Company and either of these entities.

(a) Functions and roles of outside directors and outside corporate auditors from the standpoint of corporate governance

Outside director Yasushi Suzuki has considerable experience and specialized knowledge due to his position as a university professor. He was selected as an outside director mainly to provide valuable advice concerning investments in Asia as well as other subjects.

The outside corporate auditors were selected for the following reasons. Ikuo Yoshizawa is expected to use his considerable knowledge about finance and accounting acquired as a manager of Investigation at KDD Research Institute, Inc. (current KDDI Research Institute, Inc.) for the oversight of management and provision of valuable advice. Takae Kamei has specialized knowledge as an attorney that is incorporated in auditing activities. Takuma Honda, who is a certified public accountant, has considerable expertise involving corporate accounting and legal affairs. Mr. Honda's knowledge about the oversight of corporate management is incorporated in auditing activities.

(b) Standards and policy for independence of the outside directors and outside corporate auditors

The Company has established the following standards for the selection of independent directors and corporate auditors. The Company selects one outside director and three outside corporate auditors who are independent of the Company to fulfill the role of ensuring that corporate governance functions effectively from the standpoint of protecting ordinary shareholders with no risk of conflicts of interest with these shareholders. The names of the outside director and corporate auditors are submitted to the Tokyo Stock Exchange.

i. No past experience as a director or corporate auditor or employee (including corporate officer) of the Company and no receipt of executive compensation, salaries or advisory fees
ii. Expertise involving corporate management
iii. No significant monetary relationship or interest with the Company
iv. Ability to attend the regular meetings of the Board of Directors

(c) Stance regarding the selection of outside directors and outside corporate auditors

The Company selects outside directors and outside corporate auditors based on their corporate management experience and knowledge and involvement in various industries, specialized knowledge and auditing experience and knowledge as a certified public accountant, and specialized knowledge and viewpoint based on experience and knowledge as an attorney.

3) Oversight, audits and internal audits by outside directors and outside corporate auditors, audits by corporate auditors, mutual cooperation with the accounting auditor, and relationship with internal controls departments

The outside director uses his extensive experience and specialized knowledge to make appropriate statements at meetings of the Board of Directors. This director supervises management and fulfills a checking function from the perspective independent from management.

The outside corporate auditors make appropriate statements at meetings of the Board of Directors based on their specialized knowledge and objective perspective. By cooperating with the Internal Audit Office, which is independent of departments involved with business activities, the outside corporate auditors examines the compliance, risk management and accounting activities of organizational units within the Company and the entire Group as well as the suitability of business processes and provide suggestions for improvements. Regarding the relationship with the accounting auditor, there are measures for upgrading audits performed by corporate auditors. For example, there are regular audits and regular exchanges of information and opinions as well as requests for more effective collaboration with the Board of Corporate Auditors.

(3) Financial Audit

1) Audits by corporate auditors

Corporate auditors perform regular audits. For specific issues involving management and accounting, they liaise with the Internal Audit Office and the accounting auditor to enhance audit effectiveness and efficiency. Corporate auditors have considerable knowledge of finance, accounting and legal matters. For example, these auditors have extensive business expertise due to many years of experience in the communications and IT industries, are certified public accountants or attorneys, or have other experience or qualifications.

2) Internal audits

The Company has established the Internal Audit Office, which is independent of departments involved with business activities and under the direct control of the president and representative director. In liaison with the Board of Corporate Auditors, this office examines the compliance, risk management and accounting activities of organizational units within the Company and the entire Group as well as the suitability of business processes and provide suggestions for improvements. In addition, to strengthen internal controls, the Internal Audit Office examines the status of internal control systems and provides suggestions for improvements.

3) Accounting audit

a. Name of the audit corporation

SeishinShisei & Co.

b. Names of certified public accountants who executed the audit

Kiyozumi Asai, Engagement Partner, Certified Public Accountant
Kiyoshi Maruyama, Engagement Partner, Certified Public Accountant

c. Details of audit assistants

Six certified public accountants assisted with the accounting audit of the Company.

d. Method and reason for selection of the audit corporation

SeishinShinsei & Co. was selected based on the decision that this firm is capable of performing efficient, high-quality audits and of performing audits needed in relation to the size and growth of the Striders Group.

In the event of a problem that prevents this audit corporation from performing its duties or some other problem, the Board of Corporate Auditors will make a decision concerning a proposal at a shareholders meeting for the termination of the audit corporation or to not renew its appointment.

If the audit corporation violates any of the provisions of Article 340, Paragraph 1 of the Companies Act, the audit corporation can be terminated with the unanimous agreement of the Board of Corporate Auditors. If this happens, a corporate auditor selected by the Board of Corporate Auditors must submit a notification of this termination and the reason for this action at the next shareholders meeting.

e. Evaluation of the audit corporation by the corporate auditors and Board of Corporate Auditors

The corporate auditors and Board of Corporate Auditors evaluate the performance of the audit corporation in order to confirm two items. First is that SeishinShinsei & Co. is maintaining its independence and performing audits with satisfactory quality. Second is the confirmation that audits are performed properly by receiving oral reports about audits from departments of the Company and individuals performing audits and by watching audits in progress.

f. Change in audit corporation

Striders made the following change in its audit corporation.

Previous accounting and business years: ARIA Audit Corporation
Accounting and business years ended March 2019: SeishinShisei & Co.

The following items are in the extraordinary report.

Names of independent auditors that were changed

1) Newly selected independent auditor
   SeishinShisei & Co.
2) Previous independent auditor
   ARIA Audit Corporation

Date of change: June 22, 2018

When an independent auditor no longer serves in this position (Summary)

Most recent day on which the previous independent auditor was appointed
June 22, 2017

Conclusions of the audit report and internal control report prepared by the previous independent auditor
Opinion of suitability.

Reasons for the decision to name a different audit corporation
ARIA Audit Corporation ended its position as the audit corporation of the Company upon the completion of its term at the close of the 54th Ordinary General Shareholders' Meeting held on June 22, 2018. SeishinShisei & Co. was selected as the new audit corporation. The Board of Corporate Auditors selected SeishinShisei & Co. as a candidate for selection as the new audit corporation based on the belief that this firm is capable of performing efficient, high-quality audits and of performing audits needed in relation to the size and growth of the Striders Group.

Opinion of previous independent auditor concerning items in the audit report concerning these reasons for the change
A response was received to the effect that there is no opinion in particular.

4) Details of audit fee, etc.

a. Details of remuneration to independent auditors

Category	FY3/18		FY3/19	
	Compensation based on audit certification work (Thousands of yen)	Compensation based on non-audit work (Thousands of yen)	Compensation based on audit certification work (Thousands of yen)	Compensation based on non-audit work (Thousands of yen)
Reporting company	16,500	-	15,300	-
Consolidated subsidiaries	-	-	-	-
Total	16,500	-	15,300	-

b. Other material remuneration to independent auditors

FY3/18

Consolidated subsidiary PT. Citra Surya Komunikasi paid 294 thousand yen to Indonesian auditing firm KAP TANUWIJAYA for audit certification work.

FY3/19

Consolidated subsidiary PT. Citra Surya Komunikasi paid 975 thousand yen for audit certification work and 585 thousand yen for non-audit work to Mirawati Sensi Idris, an auditing firm that belongs to the same network as the independent auditor used by the Company.

c. Policy on determining audit fee

The audit fee is determined by the representative director with the consent of the Board of Corporate Auditors after taking into account the size and characteristics of the Company's business activities, the number of days required for auditing, and other factors.

d. Reason Board of Corporate Auditors agrees with audit corporation compensation

The Board of Corporate Auditors has agreed, as provided for in Article 399, Paragraph 1 of the Companies Act, with the compensation, etc. paid to the audit corporation as proposed by the Board of Directors. The reason is that, based on the results of an analysis and assessment of the performance of audits in the previous fiscal year, the corporate auditors determined that this compensation is suitable in relation to the auditing time and personnel assignments in the audit plan for the new fiscal year.

(4) Remuneration Paid to Executives

1) Policy concerning determination of the amount or calculation method of compensation, etc. of executives

Striders has policies for the remuneration of executives and the method for calculating this remuneration. With only fixed remuneration, each individual is assigned a standard compensation index based on his or her roles and responsibilities for each executive category. Then remuneration is determined within a designated range centered on this index in accordance with economic conditions, results of operations and other items.

Remuneration for directors is determined by the Board of Directors within the annual limit of 80,000 thousand yen, which does not include remuneration received as employee salaries, that was approved at the 24th Ordinary General Shareholders' Meeting held on October 28, 1988. Remuneration for corporate auditors is determined by the Board of Corporate Auditors within the annual limit of 15,000 thousand yen that was approved at the 24th Ordinary General Shareholders' Meeting held on October 28, 1988.

2) Total amount of compensation, etc. by executive category, total amount by compensation category and number of eligible executives

Executive category	Total amount of compensation, etc. (Thousands of yen)	Total amount by compensation category (Thousands of yen)			Number of eligible executives (Persons)
		Basic compensation	Performance-linked remuneration	Retirement benefit	
Directors (excluding outside directors)	30,600	30,600	-	-	3
Corporate Auditors (excluding outside corporate auditors)	-	-	-	-	-
Outside directors	12,600	12,600	-	-	4

(5) Shareholding Status

1) Standard and basic approach for categorization of stock investments

Striders divides its stock investments into holdings that are solely investments and holdings for purposes other than solely investments. The standard and basic approach for determining these two categories is whether or not each investment is for the purpose of earning capital gains and/or dividend income.

2) Investment stocks of which the purpose of holding is other than pure investment purposes

a. Holding policy and method for verifying justification for owning a stock and results of verification by Board of Directors, etc. of the justification of owning specific stocks

For investment stocks where the purpose of ownership is other than solely as an investment, the policy is to continue to hold a stock if the investment is believed to contribute to establishing a sound business relationship and maintaining and strengthening a business alliance based on a growth strategy as well as to the medium to long-term growth of the corporate value of the Company.

The Striders Board of Directors uses this policy to verify the justification of holding specific investment stocks.

b. Number of stocks owned and balance sheet value

	Number of stocks owned	Total amount in the balance sheet (Thousands of yen)
Non-listed shares	2	2,900
All other shares	-	-

(Increases in stock investments during FY3/19)

There is no applicable information.

(Decreases in stock investments during FY3/19)

There is no applicable information.

3) Investment stocks of which the purpose of holding is pure investment

Category	FY3/19		FY3/18	
	Numbers of stock owned	Total amount in the balance sheet (Thousands of yen)	Numbers of stock owned	Total amount in the balance sheet (Thousands of yen)
Non-listed shares	1	0	1	1,476
All other shares	2	16,913	-	-

Category	FY3/19 (Thousands of yen)		
	Total amount of dividend income	Total amount of gain/loss on sales	Total amount of valuation gain/loss
Non-listed shares	-	-	Note [1,476]
All other shares	-	-	(1,734)

Note: The amount of valuation gain/loss in brackets is the amount of the impairment charge in FY3/19.

Section 5. Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28, 1976).

For year-on-year comparisons included in the consolidated financial statements for the fiscal year from April 1, 2018 to March 31, 2019, comparisons associated with Article 15-5, Paragraph 2-2 and Paragraph 3 of the Ordinance on Consolidated Financial Statements as revised based on the Cabinet Office Ordinance Partially Revising the Regulation on Terminology, Forms and Presentations of Financial Statements (Cabinet Office Ordinance No. 7, March 23, 2018) (the "Revised Cabinet Ordinance") are based on the consolidated financial statements before this revision as stipulated in Article 3, Paragraph 2 of the Revised Cabinet Ordinance.

(2) The non-consolidated financial statements of the Company are prepared in accordance with the "Regulation on the Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59, 1963) (hereinafter the "Regulations for Non-consolidated Financial Statements").

For year-on-year comparisons included in the non-consolidated financial statements for the business year from April 1, 2018 to March 31, 2019, comparisons associated with Article 8-12, Paragraph 2-2 and Paragraph 3 of the Ordinance on Financial Statements after revisions based on the Revised Cabinet Ordinance are based on the non-consolidated financial statements before this revision as stipulated in Article 2, Paragraph 2 of the Revised Cabinet Ordinance.

The Company is subject to prepare the financial statements in accordance with special provision pursuant to Article 127 of the Regulations for Non-consolidated Financial Statements.

2. Audit Certificate

Pursuant to the provision of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (from April 1, 2018 to March 31, 2019) and the non-consolidated financial statements for the business year (from April 1, 2018 to March 31, 2019) have been audited by SeishinShisei & Co.

3. Special Approaches to Secure the Appropriateness of the Consolidated Financial Statements, etc.

(1) The Company uses the following framework to ensure appropriateness of financial reports.

1) To create a framework for the suitable implementation of internal controls for financial reports, policies for internal controls and other items have been established.

2) To ensure the suitability of financial reports, the Internal Audit Office has been established to oversee internal controls.

3) The Internal Audit Office uses audits, meetings, directives and other measures involving group companies for the purpose of submitting guidance so that group companies operate properly and in compliance with laws, regulations and rules. This office works with the Accounting Department to establish an infrastructure for ensuring that financial reports are accurate and reliable.

(2) As one step to ensure the suitability of consolidated financial statements and other financial reports, the Company belongs to the Financial Accounting Standards Foundation and is creating a framework for accurately complying with accounting standards, revisions to these standards and other items.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements
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	*1 2,214,398	*1 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	107,535	53,577
Short-term loans receivable from subsidiaries and associates	-	100,000
Other	123,114	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 1,233,144	*1 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	*1 348,663	*1 348,663
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	*1, *2 215,352	83,627
Current portion of bonds	-	20,000
Current portion of long-term loans payable	*1 228,670	*1 170,258
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	*1 934,338	*1 779,754
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 1,982,786	*1 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 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 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (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 (April 1, 2017 – March 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	Remeasure-ments 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 (April 1, 2018 – March 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	Remeasure-ments 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 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (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)	(2,472)
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)	-
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	64,016
Subtotal	546,993	532,098
Interest and dividend income received	1,078	2,467
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 (Apr. 1, 2017 – Mar. 31, 2018)	FY3/19 (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

[Notes]

Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 11

Names of consolidated subsidiaries:

M&A Global Partners Co., Ltd.
Trust Advisers Corporation
Mobile Link Inc.
Y.K. Masuda Seimen
Global Holdings Co., Ltd.
Narita Gateway Hotel Co., Ltd.
Tokyo Apartment Guaranty Corporation
Kurashiki Royal Art Hotel Co., Ltd.
ReLive Co., Ltd.
Striders Global Investment Pte. Ltd.
PT. Citra Surya Komunikasi

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 1

Names of the company:

-MIRAI Intellectual Property and Technology Research Center Co., Ltd.

-Changes in the scope of application of the equity method

Shin-Kong Mobilelink co., Ltd., which was an equity-method affiliate in the previous fiscal year, was excluded from the scope of application of the equity method in the current fiscal year because of the completion of its liquidation.

(2) Affiliates not accounted for by the equity method (Smart Funds Pte. Ltd., Smart Travel International Pte. Ltd.) are excluded from the scope of the application of the equity method, since they have a minor effect on profit//loss (equity in earnings/losses) and retained earnings (equity in earnings) and are relatively insignificant in the context of the consolidated financial statements. Even collectively, they do not have a material impact.

3. Matters regarding the fiscal year, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year of PT. Citra Surya Komunikasi ends on December 31.

In preparing the consolidated financial statements, the financial statements of this subsidiary as of December 31 were used, provided, however, that the necessary consolidation adjustments have been made for all significant transactions that occurred between January 1 and March 31, the end of the fiscal year.

4. Matters regarding standards for accounting procedures

(1) Valuation criteria and methods for significant assets

i. Securities

-Securities for trade purposes

Valued at the market price, cost of sales being determined by the moving average method.

-Available-for-sale securities

Securities having market prices

Market price method based on market prices, etc. as of the closing date of the fiscal year. (Valuation differences are included directly in net assets and the cost of securities sold is determined by the moving average method.)

Securities without market prices

Cost method based on the moving average method.

ii. Inventories

-Real estate for sale

Cost method primarily based on the specific identification method. (The amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability.)

-Other inventories

Merchandise, finished goods and work in process are calculated by the cost method primarily based on the specific identification method (the amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability). Raw materials are calculated by the cost method primarily based on the last purchase cost method (the amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability). Supplies are calculated by the cost method based on the moving average method (the amount stated in the balance sheet was calculated by the book value write-down method based on a reduction in profitability).

(2) Depreciation and amortization methods for significant depreciable and amortizing assets

i. Property, plant and equipment

The Company and its consolidated subsidiaries primarily use the declining-balance method. However, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight-line method. Approximate useful lives are as follows:

Buildings and structures: 6 to 31 years
Machinery, equipment and vehicles: 2 to 10 years
Tools, furniture and fixtures: 2 to 13 years

ii. Intangible assets

Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years).

(3) Reporting basis for significant allowances

i. Allowance for doubtful accounts

In the provision for possible losses on receivables caused by bad debts, the Company and its consolidated subsidiaries record estimated uncollectible amount based on the historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.

ii. Provision for bonuses

In the provision for the future payment of employee bonuses, an anticipated amount of total bonus payments attributable to the current fiscal year is reported.

(4) Accounting method for retirement benefits

Some domestic consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses by using a simplified method in which the retirement benefit obligations are equal to the amount that would be paid if all employees voluntarily requested retirement benefits at the end of the fiscal year.

To prepare for retirement benefit payments to employees, some overseas consolidated subsidiaries use an accounting method based on International Financial Reporting Standards.

(5) Translation standard of significant foreign currency–denominated assets or liabilities into yen

Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits. The assets and liabilities of overseas subsidiaries and other companies are translated into yen at the spot exchange rates on the fiscal year-end date. Revenue and expenses are translated into yen using the average exchange rates during the fiscal year. Any differences resulting from these translations are included in the foreign currency translation adjustment and non-controlling interests under net assets.

(6) Accounting for hedges

-Hedging method

The Company applies deferred hedge accounting.

-Hedging instruments and risks hedged

Hedging instruments: Interest rate swaps
Risk hedged: Interest on borrowings

-Hedging policy

As stated in the Company's Derivative Management Rules, hedges are used to reduce exposure to interest rate volatility.

-Evaluation method for the effectiveness of hedges

The cumulative changes in cash flows of the hedged risk and of the hedging instrument are compared and the ratio is used to evaluate effectiveness.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over a period of not more than 20 years during which benefits are expected to be received from the goodwill of each corresponding company or business.

(8) Definition of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with maturities of three months or less, that are highly liquid and readily convertible to known amounts of cash and present insignificant risk of change in value.

(9) Other significant matters for preparation of the consolidated financial statements

i. Accounting procedure for consumption taxes

National and local consumption taxes are accounted by the tax-exclusion method.

ii. Application of consolidated taxation system

The Company applies the consolidated taxation system.

Notes - 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.

Notes - Accounting Standards Issued but Not Yet Applied

Accounting Standard for Revenue Recognition, etc.
-Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 30, 2018)
-Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018)

(1) Summary

The International Accounting Standards Board (IASB) and U.S. Financial Accounting Standards Board (FASB) have jointly developed a comprehensive accounting standard concerning the recognition of revenue. This resulted in the May 2014 announcement of “Revenue from Contracts with Customers” (IFRS No. 15 of the IASB and Topic 606 of the FASB). IFRS No. 15 became effective starting with fiscal years beginning on or after January 1, 2018 and Topic 606 became effective starting with fiscal years beginning after December 15, 2017. Due to this action, the ASBJ developed a comprehensive accounting standard for revenue recognition and announced this standard along with implementation guidance.

The fundamental policy for the development of the ASBJ accounting standard for revenue recognition was to facilitate comparisons of financial statements, which is one benefit of compatibility with IFRS No. 15. Consequently, the development of this standard started by incorporating the basic elements of IFRS No. 15. In addition, in cases where there were items to be considered in relation to accounting practices in Japan, alternative methods were added, but only to an extent that did not negatively affect financial statement comparisons.

(2) Planned date of application

The Company plans to apply this standard and guidance at the beginning of the fiscal year ending March 31, 2022.

(3) Effect of application of this accounting standard, etc.

The Company is currently studying how the application of the Accounting Standard for Revenue Recognition, etc. will affect the consolidated financial statements.

Notes - Changes in Presentation

Changes Caused by the Application of Partial Amendments to Accounting Standard for Tax Effect Accounting

Effective from the beginning of the current fiscal year, we have applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ No. 28, February 16, 2018). Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively. In addition, notes involving tax-effect accounting have been revised.

As a result, “Deferred tax assets” under “Current assets” decreased 26,000 thousand yen and “Deferred tax assets” under “Investments and other assets” increased 20,000 thousand yen in the previous fiscal year’s consolidated balance sheet.

Net amounts are shown for deferred tax assets and liabilities for the same taxing authority, which caused a reduction of 6,000 thousand yen in total assets compared with assets prior to this change.

Notes concerning tax effect accounting include the addition of the “Accounting Standards for Tax Effect Accounting” explanation (Note 8) (excluding totals for valuation allowance) and the contents of Note 9 of this explanation, as prescribed in paragraphs 3 through 5 of the partial revisions to these accounting standards. However, for information concerning the previous fiscal year, the information is based on the transitional treatment prescribed in Paragraph 7 of the partial revisions to these accounting standards.

Consolidated Balance Sheet

“Work in process,” under “Current assets” presented as a separate line item in the previous fiscal year, is included in “Other inventories” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the 84,478 thousand yen “Work in process” line item under “Current assets” in the previous fiscal year’s consolidated balance sheet have been reclassified as “Other inventories” line item.

Consolidated Statement of Income

“Loss on valuation of shares of subsidiaries and associates” under “Extraordinary losses” presented as a separate line item in the previous fiscal year, is included in “Other” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the 3,196 thousand yen “Loss on valuation of shares of subsidiaries and associates” line item under “Extraordinary losses” in the previous fiscal year’s consolidated statement of income has been reclassified as “Other” line item.

Consolidated Statement of Cash Flows

“Loss on valuation of shares of subsidiaries and associates” under “Cash flows from operating activities” presented as a separate line item in the previous fiscal year, is included in “Other, net” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the 3,196 thousand yen "Loss on valuation of shares of subsidiaries and associates" line item under "Cash flows from operating activities" in the previous fiscal year's consolidated statement of cash flows has been reclassified as "Other, net" line item.

Notes - Consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Time deposits	179,000	100,000
Buildings	749,920	707,516
Land	348,663	348,663
Total	1,277,583	1,156,179

Secured liabilities are as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Short-term loans payable	30,000	-
Long-term loans payable (include current portion of long-term loans payable)	691,903	579,503
Total	721,903	579,503

*2. Current account overdraft agreements

The Group has current account overdraft agreements with two banks in order to improve capital efficiency and to raise funds efficiently as deemed necessary. The amount of credit available at the end of the past two fiscal years was as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Current account overdraft limit	130,000	130,000
Credit used	130,000	-
Credit available	-	130,000

Notes - Consolidated Statement of Income

*1. Major components and amounts of the selling, general and administrative expenses are as follows.

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Directors' compensations	83,516	91,085
Salaries and allowances	573,574	649,060
Provision for bonuses	46,340	29,322
Retirement benefit expenses	2,850	4,719
Provision of allowance for doubtful accounts	1,126	30
Business consignment expenses	225,034	270,178
Commission expenses	209,810	180,805
Amortization of goodwill	29,203	29,398

*2. Gains on sales of non-current assets are as follows.

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Machinery, equipment and vehicles	-	2,761

Notes - Consolidated Statement of Comprehensive Income

*Reclassification adjustments and tax effects pertaining to other comprehensive income are as follows.

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Valuation difference on available-for-sale securities:		
Amount recognized during the current fiscal year	24,339	371
Re-classification adjustments	(26,820)	(48)
Before tax effect adjustment	(2,480)	322
Tax effects	848	(540)
Valuation difference on available-for-sale securities	(1,632)	(217)
Deferred gains or losses on hedges:		
Amount recognized during the current fiscal year	3,480	1,594
Re-classification adjustments	-	-
Before tax effect adjustment	3,480	1,594
Tax effects	393	131
Deferred gains or losses on hedges	3,873	1,725
Foreign currency translation adjustment:		
Amount recognized during the current fiscal year	(5,532)	(4,522)
Re-classification adjustments	-	3,103
Before tax effect adjustment	(5,532)	(1,419)
Tax effects	-	-
Foreign currency translation adjustment	(5,532)	(1,419)
Remeasurements of defined benefit plans, net of tax:		
Amount recognized during the current fiscal year	(7,385)	(6,509)
Re-classification adjustments	-	-
Before tax effect adjustment	(7,385)	(6,509)
Tax effects	-	1,950
Remeasurements of defined benefit plans, net of tax	(7,385)	(4,558)
Total other comprehensive income	(10,676)	(4,469)

Notes - Consolidated Statement of Changes in Equity

FY3/18 (April 1, 2017 – March 31, 2018)
1. Matters regarding the class and number of issued shares and treasury shares

(Thousand shares)

	As of April 1, 2017	Increase	Decrease	As of March 31, 2018
Issued shares				
Common stock (Notes 1 and 2)	88,870	-	79,983	8,887
Total	88,870	-	79,983	8,887
Treasury shares				
Common stock (Notes 1, 3 and 4)	26	0	23	2
Total	26	0	23	2

Notes: 1. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017.
2. Number of issued shares of common stock decreased 79,983 thousand shares due to stock consolidation.
3. Number of treasury shares of common stock increased 0 thousand shares due to the purchase of shares less than one unit.
4. Number of treasury shares of common stock decreased 23 thousand shares due to stock consolidation.

2. Matters regarding share acquisition rights

Classification	Classification of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (Shares)				Balance as of March 31, 2018 (Thousands of yen)
			As of April 1, 2017	Increase	Decrease	As of March 31, 2018	
The Company (Parent company)	No. 6 share acquisition rights (issued on May 29, 2013) (Notes 1 and 2)	Common stock	250,000	-	225,000	25,000	45
The Company (Parent company)	No. 7 share acquisition rights (issued on Nov. 4, 2014) (Notes 1 and 3)	Common stock	7,100,000	-	7,100,000	-	-
The Company (Parent company)	No. 8 share acquisition rights (issued on Oct. 5, 2015) (Notes 1 and 2)	Common stock	4,350,000	-	3,915,000	435,000	2,175
Total		-	11,700,000	-	11,240,000	460,000	2,220

Notes: 1. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017.
2. The decreases in the number of No. 6 share acquisition rights and No. 8 share acquisition rights are due to stock consolidation.
3. The decrease in the number of No. 7 share acquisition rights is due to 6,390,000 rights for stock consolidation and the end of the exercise period of 710,000 rights.

FY3/19 (April 1, 2018 – March 31, 2019)
1. Matters regarding the class and number of issued shares and treasury shares

(Thousand shares)

	As of April 1, 2018	Increase	Decrease	As of March 31, 2019
Issued shares				
Common stock	8,887	-	-	8,887
Total	8,887	-	-	8,887
Treasury shares				
Common stock (Note)	2	54	-	57
Total	2	54	-	57

Note: Number of treasury shares of common stock was increased by 54 thousand shares due to the acquisition of treasury shares resolved at the Board of Directors meeting and by 0 shares due to purchase of shares less than one unit.

2. Matters regarding share acquisition rights

Classification	Classification of share acquisition rights	Type of shares subject to share acquisition rights	Number of shares subject to share acquisition rights (Shares)				Balance as of March 31, 2019 (Thousands of yen)
			As of April 1, 2018	Increase	Decrease	As of March 31, 2019	
The Company (Parent company)	No. 6 share acquisition rights (issued on May 29, 2013)	Common stock	250,000	-	-	25,000	45
The Company (Parent company)	No. 8 share acquisition rights (issued on Oct. 5, 2015)	Common stock	435,000	-	-	435,000	2,175
The Company (Parent company)	No. 9 share acquisition rights (issued on Dec. 7, 2018) (Note)	Common stock	-	400,000	-	400,000	1,200
Total		-	460,000	400,000	-	860,000	3,420

Note: The increase in the number of No. 9 share acquisition rights is due to the issuance of share acquisition rights.

Notes - Consolidated Statement of Cash Flows

* The relationship between the balance of cash and cash equivalents at the end of the fiscal year and the amount of items posted in the consolidated balance sheet is as follows.

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Cash and deposit account	2,214,398	2,024,206
Derivative deposits	(229,000)	(210,002)
Cash and cash equivalents	1,985,398	1,814,203

Notes - Leases

This information is not disclosed due to its lack of significance.

Notes - Financial Instruments

1. Matters pertaining to the status of financial instruments

(1) Policy to deal with financial instruments

The group's policy is to restrict investment of funds to short-term deposits and similar financial instruments and to use bank loans and bond issuance as the primary means of procuring funds.

(2) Details and risks of financial instruments

Operating receivables consisting of accounts receivable-trade are generally exposed to the credit risk of customers. To manage exposure to this credit risk, the Striders Group monitors payment deadlines and amounts outstanding for each counterparty and customer in accordance with the group's credit management rules.

Operating debt consisting of accounts payable-trade has payment deadlines of not more than one year.

Short-term loans are used mainly to fund business transactions. Bonds and long-term loans are used mainly to fund capital expenditures. To eliminate exposure to interest rate risk for some long-term loans, the Company uses interest rate swaps to change to fixed interest rates. The Company limits derivatives transactions within the scope of real demand in line with its internal guidelines. Operating debts, bonds and loans are always vulnerable to liquidity risk. As a result, the Company manages this risk for all group companies in order to perform comprehensive risk management for the entire group.

(3) Supplemental explanation concerning fair value of financial instruments

Fair value of the financial instrument is measured at a quoted fair value, if available, or reasonably assessed value if a quoted fair value is not available. As the calculation of the reasonably assessed value incorporates varying factors, the amount may vary if different assumptions are used.

2. Matters pertaining to the fair value, etc. of financial instruments

Amounts in the consolidated balance sheet, fair value and the differences are as follows. Items for which fair value is extremely difficult to measure are not included. (See Note 2)

FY3/18 (As of March 31, 2018)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	2,214,398	2,214,398	-
(2) Accounts receivable-trade	240,552		
Allowance for doubtful accounts*1	(5,196)		
	235,355	235,355	-
(3) Marketable securities and investment securities	10,220	10,220	-
Total assets	2,459,974	2,459,974	-
(1) Accounts payable-trade	158,305	158,305	-
(2) Short-term loans payable	215,352	215,352	-
(3) Current portion of long-term loans payable	228,670	226,314	(2,356)
(4) Accrued expenses	169,160	169,160	-
(5) Accounts payable-other	103,758	103,758	-
(6) Income taxes payable	32,232	32,232	-
(7) Deposits received	132,198	132,198	-
(8) Long-term loans payable	934,338	908,109	(26,229)
(9) Long-term lease and guarantee deposited	246,747	236,038	(10,709)
Total liabilities	2,220,760	2,181,471	(39,293)
Derivative transactions*2	[29,569]	[29,569]	-

*1: Allowance for doubtful accounts on accounts receivable-trade is eliminated.
*2: Receivables and payables incurred under derivative transactions are presented in net amounts. Net payables are presented in brackets.

FY3/19 (As of March 31, 2019)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	2,024,206	2,024,206	-
(2) Accounts receivable-trade	214,318		
Allowance for doubtful accounts*1	(2,706)		
	211,611	211,611	-
(3) Marketable securities and investment securities	220,386	220,386	-
Total assets	2,456,203	2,456,203	-
(1) Accounts payable-trade	92,530	92,530	-
(2) Short-term loans payable	83,627	83,627	-
(3) Current portion of bonds	20,000	19,880	(119)
(4) Current portion of long-term loans payable	170,258	169,670	(587)
(5) Accrued expenses	102,046	102,046	-
(6) Accounts payable-other	109,939	109,939	-
(7) Income taxes payable	29,166	29,166	-
(8) Deposits received	120,537	120,537	-
(9) Bonds payable	180,000	177,017	(2,982)
(10) Long-term loans payable	779,754	774,586	(5,167)
(11) Long-term lease and guarantee deposited	234,230	230,369	(3,860)
Total liabilities	1,922,091	1,909,373	(12,717)
Derivative transactions*2	[27,975]	[27,975]	-

*1: Allowance for doubtful accounts on accounts receivable-trade is eliminated.
*2: Receivables and payables incurred under derivative transactions are presented in net amounts. Net payables are presented in brackets.

Notes: 1. Calculation method of fair value of financial instruments and matters pertaining to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Accounts receivable-trade

Because these items are settled in a short period and their fair value is nearly equal to their book values, the fair value of these items is based on their book value.

(3) Marketable securities and investment securities

Fair value of these items is based on prices at listed securities exchanges. See "Securities" under the Notes section for information about securities categorized by holding purpose.

Liabilities

(1) Accounts payable-trade, (2) Short-term loans payable, (5) Accrued expenses, (6) Accounts payable-other, (7) Income taxes payable and (8) Deposits received

Because these items are settled in a short period and their fair value is nearly equal to their book values, the fair value of these items is based on their book value.

(3) Current portion of bonds, (4) Current portion of long-term loans payable, (9) Bonds payable and (10) Long-term loans payable

Fair value of the financial instruments in these categories is determined using present value obtained by discounting the combined value of principal and interest by the interest rate assumed when the Company borrows new money.

(11) Long-term lease and guarantee deposited

Fair value of long-term lease and guarantee deposits is determined using present value discounted by a suitable interest rate, such as the yield of Japanese government bonds over the remaining period of each real estate lease contract, with a credit spread added.

Derivative Transactions

See "Derivatives" under the Notes section.

2. Financial instruments for which fair value is extremely difficult to measure

(Thousands of yen)

Category	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Investment securities (non-listed shares) *1	25,471	27,934
Shares of subsidiaries and associates*2	84,147	84,276

*1: As the investment securities (non-listed shares) have no market price and their fair value is deemed extremely difficult to determine, they are not included in "(3) Marketable securities and investment securities."

*2: The market value of shares of subsidiaries and associates is not disclosed, as they have no market price and their fair value is deemed extremely difficult to determine.

3. Scheduled redemption of monetary receivables after the fiscal year end

FY3/18 (As of March 31, 2018)

(Thousands of yen)

	Within one year	More than one year but within five years	More than five years but within 10 years	More than 10 years
Cash and deposits	2,214,398	-	-	-
Accounts receivable-trade	240,552	-	-	-
Total	2,454,951	-	-	-

FY3/19 (As of March 31, 2019)

(Thousands of yen)

	Within one year	More than one year but within five years	More than five years but within 10 years	More than 10 years
Cash and deposits	2,024,206	-	-	-
Accounts receivable-trade	214,318	-	-	-
Total	2,238,524	-	-	-

4. Scheduled repayment of long-term loans payable and other interest-bearing debt after the fiscal year end

FY3/18 (As of March 31, 2018)

(Thousands of yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years
Short-term loans payable	215,352	-	-	-	-	-
Long-term loans payable	228,670	168,254	129,407	117,328	184,014	335,335
Total	444,022	168,254	129,407	117,328	184,014	335,335

FY3/19 (As of March 31, 2019)

(Thousands of yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years
Short-term loans payable	83,627	-	-	-	-	-
Bonds payable	20,000	20,000	20,000	20,000	120,000	-
Long-term loans payable	170,258	131,411	119,332	191,690	72,538	264,783
Total	273,885	151,411	139,332	211,690	192,538	264,783

Notes - Securities

1. Securities for trade purposes

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Unrealized gain (loss) included in profit/loss	244	(305)

2. Available-for-sale securities
FY3/18 (April 1, 2017 – March 31, 2018)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	7,548	4,509	3,039
	Subtotal	7,548	4,509	3,039
Securities for which the carrying value does not exceed their acquisition cost	Stocks	-	-	-
	Subtotal	-	-	-
Total		7,548	4,509	3,039

Note: As the investment securities (reported at 25,471 thousand yen in the consolidated balance sheet) have no market price and the fair value is deemed extremely difficult to determine, they are not included in the above table reporting the status of available-for-sale securities.

FY3/19 (April 1, 2018 – March 31, 2019)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	201,105	194,641	6,463
	Subtotal	201,105	194,641	6,463
Securities for which the carrying value does not exceed their acquisition cost	Stocks	16,913	18,648	(1,734)
	Subtotal	16,913	18,648	(1,734)
Total		218,018	213,290	4,728

Note: As the investment securities (reported at 27,934 thousand yen in the consolidated balance sheet) have no market price and the fair value is deemed extremely difficult to determine, they are not included in the above table reporting the status of available-for-sale securities.

3. Available-for-sale securities sold
FY3/18 (April 1, 2017 – March 31, 2018)

(Thousands of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	19,307	8,421	-
Total	19,307	8,421	-

FY3/19 (April 1, 2018 – March 31, 2019)

(Thousands of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	10,677	810	-
Total	10,677	810	-

4. Marketable securities written down for impairment

Securities of 26,565 thousand yen (available-for-sale securities of 23,369 thousand yen and shares of subsidiaries and associates of 3,196 thousand yen) were written down for the fiscal year ended March 31, 2018.

Securities of 18,975 thousand yen (available-for-sale securities of 18,975 thousand yen) were written down for the fiscal year ended March 31, 2019.

Notes - Derivatives

Derivative transactions accounted by the hedge accounting method

Currencies

FY3/18 (As of March 31, 2018)

(Thousands of yen)

Hedging method	Transaction category	Risk hedged	Contract amount, etc.	Contract amount, etc. exceeding one year	Fair value
Principle method	Interest rate swaps Receive floating/pay fixed	Loans payable	997,000	693,357	(29,569)
Total			997,000	693,357	(29,569)

Note: Calculation method of fair value

The fair value was calculated based on prices, etc. presented by financial institutions, etc. with which the Company has transactions.

FY3/19 (As of March 31, 2019)

(Thousands of yen)

Hedging method	Transaction category	Risk hedged	Contract amount, etc.	Contract amount, etc. exceeding one year	Fair value
Principle method	Interest rate swaps Receive floating/pay fixed	Loans payable	997,000	621,821	(27,975)
Total			997,000	621,821	(27,975)

Note: Calculation method of fair value

The fair value was calculated based on prices, etc. presented by financial institutions, etc. with which the Company has transactions.

Notes - Retirement Benefits

1. Retirement benefit plans

Some domestic consolidated subsidiaries use a defined benefit non-contributory retirement benefit plan (a lump-sum retirement payment system based on retirement payment rules) for the payment of retirement benefits to their employees. A simplified method is used to calculate retirement benefit liability and retirement benefit expenses.

An overseas subsidiary PT. Citra Surya Komunikasi has a defined retirement benefit plan.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans using the simplified method as stated in (2))

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Retirement benefit obligations at beginning of period	-	28,349
Service cost	2,115	1,945
Interest cost	-	1,869
Actuarial differences	7,385	7,801
Increase resulting from changes in scope of consolidation	18,848	-
Foreign exchange translation gains or losses	-	(2,411)
Retirement benefit obligations at end of period	28,349	37,554

Note: The increase resulting from changes in scope of consolidation is due to consolidation of PT. Citra Surya Komunikasi in FY3/19.

(2) Reconciliation of beginning and ending balances of retirement benefit liability when using the simplified method

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Retirement benefit liability at beginning of period	10,025	8,720
Retirement benefit expenses	2,002	1,662
Payment of retirement benefits	(3,307)	(1,045)
Retirement benefit liability at end of period	8,720	9,338

(3) Reconciliation of ending balances of retirement benefit obligations and plan assets against retirement benefit liability and retirement benefit asset recognized in the consolidated balance sheet

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Retirement benefit obligations of contributory plan	-	-
Plan assets at fair value	-	-
	-	-
Retirement benefit obligations of non-contributory plan	37,069	46,892
Net liability/asset recognized in the consolidated balance sheet	37,069	46,892
Retirement benefit liability	37,069	46,892
Net liability/asset recognized in the consolidated balance sheet	37,069	46,892

Note: Plans using the simplified method are included.

(4) Components of retirement benefit expenses

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Service cost	2,115	1,945
Interest cost	-	1,869
Amortization of actuarial differences	-	685
Retirement benefit expenses using the simplified method	2,002	1,662
Retirement benefit expenses for defined benefit plan	4,117	6,163

(5) Remeasurements of defined benefit plans, net of tax
Components of remeasurements of defined benefit plans, net of tax

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Actuarial differences	-	685

(6) Remeasurements of defined benefit plans, cumulative
Components of cumulative remeasurements of defined benefit plans, net of tax

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Unrecognized actuarial differences	7,385	13,894

(7) Relevant information on assumptions for actuarial calculation
Principal assumptions for actuarial calculation (presented by the weighted average).

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Discount rate	7.1%	8.1%
Expected rate of salary increases	4.0	3.0

Notes - Stock Options

Additional Information

For transactions for granting stock options with vesting conditions to employees and others prior to the start of applying "Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions" (PITF No. 36, January 12, 2018), the previous accounting treatment continued to be applied as stipulated in PITF No. 36, Paragraph 10 (3).

1. Summary of stock options with vesting conditions

(1) Terms of the stock options with vesting conditions

	No. 8 share acquisition rights
Number of eligible people and their positions	Directors of Striders: 6 Corporate Auditors of Striders: 3 Employees of Striders: 7
Number of stock options granted by class of shares (Note)	Common stock: 435,000 shares
Date of grant	October 5, 2015
Vesting conditions	1) A holder of share acquisition rights may exercise the number of share acquisition rights out of the allotted number based on the percentage specified in each of (a) to (c) below only when the Company's operating profit has reached the amount shown below. These operating profit figures have been set according to the Company's performance goals. To determine the operating profit, figures in the consolidated statement of income included in the Company's Securities Registration Reports (Yukashoken Hokokusho) for the periods between the fiscal years ended March 31, 2016 and ending March 31, 2023 will be used. Should there be any material change in the concept of operating profit to be referred to due to the change of applicable accounting standards or any other factors, the Company shall specify at its Board of Directors meeting another appropriate performance indicator to the extent deemed reasonable. Any fraction less than one (1) right that may be exercised shall be rounded down. (a) 30% of the allotted number may be exercised when operating profit has exceeded 130 million yen, except when the exercise becomes mandatory under the condition described in 2) below. (b) 60% of the allotted number may be exercised when operating profit has exceeded 150 million yen, except when the exercise becomes mandatory under the condition described in 2) below. (c) 100% of the allotted number may be exercised when operating profit has exceeded 200 million yen, except when the exercise becomes mandatory under the condition described in 2) below. 2) If the average closing price of Striders common stock for ordinary trading on financial instrument exchanges where this stock is listed over any five-day period between the allocation date and end of the exercise period, including both of these days, is less than 30% of the exercise price at that time, holders of share acquisition rights must exercise all remaining rights by the end of the exercise period at the exercise price.
Eligible service period	Eligible service period is not specified.
Exercise period	July 1, 2016 – October 4, 2023

Note: The number of stock options is translated into the number of shares.

(2) Number of and changes in stock options with vesting conditions

The following describes the number of and changes in stock options during FY3/19. The number of stock options is translated into the number of shares.

1) Number of stock options

	No. 8 share acquisition rights
Unvested stock options (Shares)	
As of March 31, 2018	-
Granted	-
Forfeited	-
Vested	-
Unvested stock options as of March 31, 2018	-
Vested stock options (Shares)	
As of March 31, 2018	435,000
Vested	-
Exercised	-
Forfeited	-
Unexercised stock options as of March 31, 2018	435,000

2) Per share prices

Exercise price (Yen)	670
Average share price on exercise (Yen)	-

2. Summary of accounting treatment

When stock options are issued, the amount paid for the stock options is added to net assets as share acquisition rights. When a stock option is exercised, the amount paid when that stock option was issued and the amount paid when the stock option was exercised are transferred to capital stock and capital surplus.

When a stock option expires or becomes invalid without being exercised, the amount corresponding to that stock option is recognized as a profit in the fiscal year in which the stock option expired or became invalid.

Notes - Tax Effect Accounting

1. Details of the causes for deferred tax assets and deferred tax liabilities

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Deferred tax assets		
Excess allowance for doubtful accounts	2,121	1,137
Provision for bonuses	9,437	9,999
Loss on valuation of investment securities	38,038	44,104
Loss carried forward (Note)	422,127	224,425
Retirement benefit liability	-	11,616
Other	21,416	16,969
Subtotal deferred tax assets	493,142	308,254
Valuation reserve for tax-deductible loss carried forward (Note 1)	-	(184,533)
Valuation reserve for total future temporary differences	-	(64,166)
Subtotal valuation allowance	(374,473)	(248,699)
Total deferred tax assets	118,668	59,554
Deferred tax liabilities		
Valuation difference on available-for-sale securities	1,458	1,998
Valuation difference due to the evaluation of stock of consolidated subsidiary at fair value	173,607	170,503
Total deferred tax liabilities	175,065	172,501
Net deferred tax liabilities	56,396	112,947

Note 1: Tax-deductible loss carried forward and associated deferred tax assets divided by deadlines

FY3/19 (As of March 31, 2019)

(Thousands of yen)

	Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years	More than five years	Total
Tax-deductible loss carried forward *1	57,385	84,079	39,872	7,034	2,267	33,785	224,425
Valuation allowance	(45,385)	(72,079)	(27,872)	(7,034)	(2,267)	(29,893)	(184,533)
Deferred tax assets	12,000	12,000	12,000	-	-	3,892	*2 39,892

*1: The tax-deductible loss carried forward is obtained by multiplying by the statutory effective tax rate.

*2: The amount of these deferred tax assets that are believed to be recoverable by using an estimate of taxable income, prior to an adjustment for temporary differences, based on tax planning.

2. Details of major items causing the significant difference between the statutory effective tax rate and the actual effective tax rate after the application of tax-effect accounting

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Statutory effective tax rate	30.9%	30.6%
(Adjustments)		
Entertainment expenses and other items not to be included in expenses indefinitely	1.3	1.8
Residential tax for the period	0.5	0.4
Increase (decrease) in valuation allowance	(3.1)	13.4
Amortization of goodwill	1.5	5.5
Consolidation adjustment	(1.6)	7.9
Effect of consolidated taxation	(7.6)	1.1
Other	(1.7)	3.1
Actual effective tax rate after the application of tax-effect accounting	20.1	63.9

Notes - Segment Information, etc.

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 three reportable segments based on the scale of business: Real Estate Business, Hotel Business and Overseas Business.

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.

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 (April 1, 2017 – March 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	1,755,517	366,142	3,214,209	334,544	3,548,754	1,288,596	4,837,351
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 (April 1, 2018 – March 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 (loss) is adjusted with operating profit shown on the consolidated statement of income.

Related Information

FY3/18 (April 1, 2017 – March 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 in 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 (April 1, 2018 – March 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 in 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 (April 1, 2017 – March 31, 2018)
There is no applicable information.

FY3/19 (April 1, 2018 – March 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 (April 1, 2017 – March 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 (April 1, 2018 – March 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.

Notes - Per Share Information

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 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 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 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)

Notes - Subsequent Events

Stock repurchase

The Company's Board of Directors approved a resolution on May 28, 2019 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

1. Reason for stock repurchase

These repurchases are used to implement capital strategies in a timely and flexible manner in response to changes in the operating environment.

2. Details of stock repurchase

(1) Type of shares to be repurchased:	Common stock of the Company
(2) Total number of shares to be repurchased:	Up to 250,000 shares (2.85% of total shares outstanding, excluding treasury shares)
(3) Total value of shares to be repurchased:	Up to 100 million yen
(4) Repurchase schedule:	From June 1, 2019 to August 31, 2019
(5) Method of repurchase:	Purchase on the Tokyo Stock Exchange

5) Consolidated Supplementary Schedules

Detailed Statement of Bonds

Company name	Stock brand	Issue date	Balance at the beginning of period (Thousands of yen)	Balance at the end of period (Thousands of yen)	Interest rate (%)	Collateral	Redemption date
Striders Corporation	First unsecured corporate bond	December 28, 2018	-	100,000 (-)	0.42	None	December 28, 2023
Striders Corporation	Second unsecured corporate bond (Note 1)	March 25, 2019	-	100,000 (20,000)	0.38	None	March 25, 2024
Total	-	-	-	200,000 (20,000)	-	-	-

Notes: 1. Figures in parentheses are amount scheduled to be redeemed within one year.
2. Repayments of bonds within five years after March 31, 2019 are scheduled as follows:

(Thousands of yen)

Within one year	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years
20,000	20,000	20,000	20,000	120,000

Detailed Statement of Borrowings

Category	Balance as of April 1, 2018 (Thousands of yen)	Balance as of March 31, 2019 (Thousands of yen)	Average interest rate (%)	Due date
Short-term loans payable	215,352	83,627	4.0	-
Current portion of long-term loans payable	228,670	170,258	0.7	-
Long-term loans payable (excluding those repayable within one year)	934,338	779,754	0.7	2020-2025
Total	1,378,360	1,033,639	-	-

Notes: 1. The weighted average interest rate on the balance of borrowings at the end of fiscal year is stated as the average interest rate.
2. Long-term loans payable (excluding those repayable within one year) scheduled to be repaid within five years after the fiscal year end are as follows:

(Thousands of yen)

	More than one year but within two years	More than two years but within three years	More than three years but within four years	More than four years but within five years
Long-term loans payable	131,411	119,332	191,690	72,538

(2) Other Information

Quarterly Information for the Current Fiscal Year

Cumulative period	Three months ended June 30, 2018	Six months ended September 30, 2018	Nine months ended December 31, 2018	Fiscal year ended March 31, 2019
Net sales (Thousands of yen)	2,193,187	4,561,803	6,665,232	9,216,311
Profit before income taxes (Thousands of yen)	85,820	150,690	197,232	212,654
Profit attributable to owners of parent (Thousands of yen)	57,242	99,852	135,298	76,932
Net income per share (Yen)	6.44	11.24	15.23	8.66

Each quarter	1st Quarter April 1, 2018 to June 30, 2018	2nd Quarter July 1, 2018 to September 30, 2018	3rd Quarter October 1, 2018 to December 31, 2018	4th Quarter January 1, 2019 to March 31, 2019
Net income (loss) per share (Yen)	6.44	4.80	3.99	(6.59)

2. Financial Statements, etc.

(1) Financial Statements
1) Non-consolidated Balance Sheet

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	*1 1,178,731	*1 989,474
Securities	2,047	1,946
Accounts receivable-other from subsidiaries and associates	100,678	103,911
Short-term loans receivable from subsidiaries and associates	*4 48,000	*4 178,000
Other	12,298	57,057
Total current assets	1,341,755	1,330,389
Non-current assets		
Property, plant and equipment	676	563
Intangible assets	540	6,345
Investments and other assets		
Investment securities	6,305	19,813
Shares of subsidiaries and associates	893,246	863,628
Long-term loans receivable from subsidiaries and associates	*4 633,996	*4 805,896
Deferred tax assets	73,562	23,041
Other	7,909	7,807
Total investments and other assets	1,615,019	1,720,186
Total non-current assets	1,616,236	1,727,095
Total assets	2,957,991	3,057,485

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Liabilities		
Current liabilities		
Short-term loans payable	*3 100,000	-
Current portion of bonds	-	20,000
Current portion of long-term loans payable	*1 180,536	*1 136,438
Accounts payable-other from subsidiaries and associates	319	1,258
Accrued expenses	12,277	11,941
Income taxes payable	3,760	4,243
Accrued consumption taxes	1,841	827
Provision for bonuses	2,119	2,761
Interest rate swaps	28,399	26,261
Other	18,236	14,578
Total current liabilities	347,489	218,310
Non-current liabilities		
Bonds payable	-	180,000
Long-term loans payable	*1 787,198	*1 666,434
Total non-current liabilities	787,198	846,434
Total liabilities	1,134,687	1,064,744
Net assets		
Shareholders' equity		
Capital stock	1,582,416	1,582,416
Capital surplus		
Legal capital surplus	94,742	94,742
Total capital surpluses	94,742	94,742
Retained earnings		
Other retained earnings		
Retained earnings brought forward	174,396	361,931
Total retained earnings	174,396	361,931
Treasury shares	(3,062)	(21,814)
Total shareholders' equity	1,848,492	2,017,275
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	990	(1,692)
Deferred gains or losses on hedges	(28,399)	(26,261)
Total valuation and translation adjustments	(27,408)	(27,954)
Share acquisition rights	2,220	3,420
Total net assets	1,823,304	1,992,741
Total liabilities and net assets	2,957,991	3,057,485

2) Non-consolidated Statement of Income

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Net sales	*1 155,560	*1 183,030
Gross profit	155,560	183,030
Selling, general and administrative expenses	*2 189,185	*2 227,342
Operating loss	(33,625)	(44,312)
Non-operating income		
Interest income	*1 20,628	*1 19,602
Dividend income	*1 142,634	*1 302,146
Gain on sales of securities	1,243	-
Reversal of allowance for doubtful accounts	37,258	-
Foreign exchange gains	-	5,826
Other	401	127
Total non-operating income	202,166	327,701
Non-operating expenses		
Interest expenses	11,002	12,025
Interest on bonds	-	235
Foreign exchange losses	6,582	-
Share issuance cost	-	3,300
Bond issuance cost	-	4,781
Other	76	292
Total non-operating expenses	17,660	20,636
Ordinary profit	150,879	262,752
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	3,040	-
Other	3,195	-
Total extraordinary income	6,235	-
Extraordinary losses		
Loss on valuation of investment securities	26,565	2,038
Loss on sales of shares of subsidiaries and associates	3,693	-
Loss on valuation of shares of subsidiaries and associates	-	53,500
Total extraordinary losses	30,258	55,538
Profit before income taxes	126,856	207,214
Income taxes-current	(36,540)	(31,261)
Income taxes-deferred	(11,000)	50,940
Total income taxes	(47,540)	19,678
Profit	174,396	187,535

3) Non-consolidated Statement of Changes in Equity

FY3/18 (April 1, 2017 – March 31, 2018)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	1,582,416	268,010	-	268,010	(173,267)	(173,267)	(3,020)	1,674,137
Changes of items during period								
Transfer to other capital surplus from legal capital surplus		(173,267)	173,267	-				-
Deficit disposition			(173,267)	(173,267)	173,267	173,267		-
Profit					174,396	174,396		174,396
Purchase of treasury shares							(41)	(41)
Net changes of items other than shareholders' equity								
Total changes of items during period	-	(173,267)	-	(173,267)	347,664	347,664	(41)	174,354
Balance at end of current period	1,582,416	94,742	-	94,742	174,396	174,396	(3,062)	1,848,492

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	982	(30,274)	(29,291)	5,415	1,650,261
Changes of items during period					
Transfer to other capital surplus from legal capital surplus					-
Deficit disposition					-
Profit					174,396
Purchase of treasury shares					(41)
Net changes of items other than shareholders' equity	8	1,874	1,883	(3,195)	(1,311)
Total changes of items during period	8	1,874	1,883	(3,195)	173,043
Balance at end of current period	990	(28,399)	(27,408)	2,220	1,823,304

FY3/19 (April 1, 2018 – March 31, 2019)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	1,582,416	94,742	94,742	174,396	174,396	(3,062)	1,848,492
Changes of items during period							
Profit				187,535	187,535		187,535
Purchase of treasury shares						(18,752)	(18,752)
Net changes of items other than shareholders' equity							
Total changes of items during period	-	-	-	187,535	187,535	(18,752)	168,782
Balance at end of current period	1,582,416	94,742	94,742	361,931	361,931	(21,814)	2,017,275

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	990	(28,399)	(27,408)	2,220	1,823,304
Changes of items during period					
Profit					187,535
Purchase of treasury shares					(18,752)
Net changes of items other than shareholders' equity	(2,683)	2,137	(545)	1,200	654
Total changes of items during period	(2,683)	2,137	(545)	1,200	169,437
Balance at end of current period	(1,692)	(26,261)	(27,954)	3,420	1,992,741

[Notes]

Notes - Significant Accounting Policies

1. Valuation criteria and methods for assets
Valuation criteria and methods for marketable securities
i. Securities for trade purposes
Valued at the market price, cost of sales being determined by the moving average method.
ii. Shares of subsidiaries and affiliates
Cost method based on the moving average method.
iii. Available-for-sale securities
Securities having market prices
Market price method based on market prices, etc. as of the closing date of the fiscal year. (Valuation differences are included directly in net assets and the cost of securities sold is determined by the moving average method.)
Securities without market prices
Cost method based on the moving average method.

2. Depreciation and amortization methods for non-current assets
(1) Property, plant and equipment
The Company uses the declining-balance method. However, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.
Approximate useful lives: Tools, furniture and fixtures: 4-5 years
(2) Intangible assets
Software intended for internal use is amortized using the straight-line method based on an estimated period of internal use (five years).

3. Translation standard of foreign currency-denominated assets or liabilities into yen
Monetary debts and credits denominated in foreign currencies are translated into yen at the spot exchange rates on the fiscal year-end date, with the differences resulting from such translations recorded as losses or profits.

4. Reporting basis for allowances
(1) Allowance for doubtful accounts
In the provision for possible losses on receivables caused by bad debts, an estimated uncollectible amount is reported based on their historical losses as to ordinary receivables and based on the consideration of feasibly recoverable amounts in individual cases of specific receivables for which collectability is a great concern.
(2) Provision for bonuses
In the provision for the future payment of employee bonuses, an anticipated amount of total bonus payments attributable to the current fiscal year is reported.

5. Accounting for hedges
-Hedging method
The Company applies deferred hedge accounting.
-Hedging instruments and risks hedged
Hedging instruments: Interest rate swaps
Risk hedged: Interest on borrowings
-Hedging policy
As stated in the Company's Derivative Management Rules, hedges are used to reduce exposure to interest rate volatility.
-Evaluation method for the effectiveness of hedges
The cumulative changes in cash flows of the hedged risk and of the hedging instrument are compared and the ratio is used to evaluate effectiveness.

6. Other significant matters for preparation of the financial statements
(1) Accounting procedure for consumption taxes
National and local consumption taxes are accounted by the tax-exclusion method.
(2) Application of consolidated taxation system
The Company applies the consolidated taxation system.

Notes - 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” (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.

Notes - Changes in Presentation

Changes Caused by the Application of Partial Amendments to Accounting Standard for Tax Effect Accounting

Effective from the beginning of the current fiscal year, we have applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ No. 28, February 16, 2018). Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, the 17,000 thousand yen “Deferred tax assets” under “Current assets” in the previous fiscal year’s non-consolidated balance sheet is included in the 73, 562 thousand yen “Deferred tax assets” under “Investments and other assets.”

Notes concerning tax effect accounting include the addition of the “Accounting Standards for Tax Effect Accounting” explanation (Note 8) (1) (excluding totals for valuation allowance), as prescribed in Paragraph 4 of the partial revisions to these accounting standards. However, for information concerning the previous fiscal year, the information is based on the transitional treatment prescribed in Paragraph 7 of the partial revisions to these accounting standards.

Notes - Additional Information

A note concerning “Practical Solution on Transactions Granting Employees and Others Share Acquisition Rights, which Involve Considerations, with Vesting Conditions” (PITF No. 36, January 12, 2018) is omitted because this information is the same as in “Consolidated Financial Statements, etc., Notes – Stock Options.”

Notes - Non-consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Time deposits	149,000	100,000

Secured liabilities corresponding to the above collateral are as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Long-term loans payable (includes current portion of long-term loans payable)	510,943	432,363

2. Guaranteed debt

(1) The Company guarantees the following subsidiaries’ bank loans.

(Thousands of yen)

FY3/18 (As of March 31, 2018)		FY3/19 (As of March 31, 2019)	
Global Holdings Co., Ltd.	148,200	Global Holdings Co., Ltd.	123,500
Y.K. Masuda Seimen	32,760	Y.K. Masuda Seimen	23,640
Trust Advisers Corporation	7,640		

(2) The Company guarantees as follows debt based on an administrative outsourcing contract of a subsidiary with a property management organization.

(Thousands of yen)

FY3/18 (As of March 31, 2018)		FY3/19 (As of March 31, 2019)	
Trust Advisers Corporation	16,779	Trust Advisers Corporation	18,189

*3. Current account overdraft agreements

The Company has current account overdraft agreements with Shinsei Bank, Limited, in order to improve capital efficiency and to raise funds efficiently as deemed necessary. The amount of credit available at the end of the past two fiscal years was as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Current account overdraft limit	100,000	100,000
Credit used	100,000	-
Credit available	-	100,000

*4. The Company has credit facility agreements with consolidated subsidiaries Global Holdings Co., Ltd., M&A Global Partners Co., Ltd., Narita Gateway Hotel Co., Ltd., Kurashiki Royal Art Hotel Co., Ltd., Trust Advisers Corporation and Mobile Link Inc. The amount of credit available at the end of the past two fiscal years was as follows.

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Credit available	1,295,000	1,395,000
Credit used	631,500	701,500
Credit available	663,500	693,500

Notes - Non-consolidated Statement of Income

*1. The following items related to transactions with subsidiaries and associates are included.

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Sales to subsidiaries and associates	154,060	180,096
Interests received from subsidiaries and associates	19,521	19,010
Dividend income received from subsidiaries and associates	142,500	302,146

*2. Selling expenses accounted for 0% of selling, general and administrative (SG&A) expenses for the previous and current fiscal years. General and administrative expenses accounted for 100% of the SG&A expenses for the previous and current fiscal years.

Major components and amounts of the selling, general and administrative expenses are as follows.

(Thousands of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Directors' compensations	44,850	43,200
Salaries and allowances	32,416	47,428

Notes - Marketable Securities

No subsidiaries' stocks (carrying value of 784,204 thousand yen in FY3/19 and 813,823 thousand yen in FY3/18) and affiliates' stocks (carrying value of 79,423 thousand yen in FY3/19 and 79,423 thousand yen in FY3/18) are shown because there is no market price and the fair value is deemed extremely difficult to determine.

Notes - Tax Effect Accounting

1. Details of the causes for deferred tax assets and deferred tax liabilities

(Thousands of yen)

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Deferred tax assets		
Provision for bonuses	648	845
Loss carried forward	294,726	140,729
Loss on valuation of investment securities	38,038	38,662
Loss on valuation of shares of subsidiaries and associates	184,026	200,407
Other	723	938
Subtotal deferred tax assets	518,164	381,584
Valuation reserve for tax-deductible loss carried forward	-	(117,669)
Valuation reserve for total future temporary differences	-	(240,854)
Subtotal valuation allowance	(444,164)	(358,524)
Total deferred tax assets	74,000	23,060
Deferred tax liabilities		
Valuation difference on available-for-sale securities	437	18
Total deferred tax liabilities	437	18
Net deferred tax liabilities	73,562	23,041

2. Details of major items causing the significant difference between the statutory effective tax rate and the actual effective tax rate after the application of tax-effect accounting

	FY3/18 (As of March 31, 2018)	FY3/19 (As of March 31, 2019)
Statutory effective tax rate	30.9%	30.6%
(Adjustments)		
Dividend income and other items not to be included in income indefinitely	(34.7)	(44.6)
Entertainment expenses and other items not to be included in expenses indefinitely	1.8	1.5
Residential tax for the period	0.7	0.5
Increase (decrease) in valuation allowance	(9.4)	22.6
Effect of consolidated taxation	(26.4)	1.2
Other	(0.3)	(2.2)
Actual effective tax rate after the application of tax-effect accounting	(37.5)	9.5

Notes - Significant Events after Reporting Period

Stock Repurchase

Omitted because this information is presented in “Consolidated Financial Statements, etc., Notes - Subsequent Events.”

4) Non-consolidated Supplementary Schedules

Detailed Statement of Property, Plant and Equipment, etc.

(Thousands of yen)

Category	Balance as of April 1, 2018	Increase	Decrease	Depreciation or amortization at year-end	Balance As of March 31, 2019	Accumulated depreciation or amortization
Property, plant and equipment	-	-	-	460	563	8,668
Intangible assets	-	-	-	1,045	6,345	2,305

Note: Because the amount of property, plant and equipment and intangible assets was no more than 1% of total assets, the amounts of “Balance as of April 1, 2018,” “Increase” and “Decrease” were omitted.

Detailed Statement of Allowances

(Thousands of yen)

Category	Balance as of April 1, 2018	Increase	Decrease	Balance As of March 31, 2019
Provision for bonuses	2,119	2,761	2,119	2,761

(2) Components of Major Assets and Liabilities

Omitted because the Company prepares consolidated financial statements.

(3) Other Information

There is no applicable information.

Section 6. Overview of Operational Procedures for Shares

<table>
<tr><td>Business year</td><td>April 1 to March 31</td></tr>
<tr><td>Ordinary General Shareholders' Meeting</td><td>June</td></tr>
<tr><td>Record date</td><td>March 31</td></tr>
<tr><td>Record date of dividend from surplus</td><td>September 30 and March 31</td></tr>
<tr><td>Number of shares in one share unit</td><td>100 shares</td></tr>
<tr><td>Purchase of shares less than one unit
Administration office

Administrator of the shareholder registry
Agents
Purchasing fee</td><td>

Special account administrator
Mitsubishi UFJ Trust and Banking Corporation
Securities Agency Division
1-4-5, Marunouchi, Chiyoda-ku, Tokyo
This administrator does not handle these purchases.
-
The amount prescribed separately as the one equivalent to the commission fees for entrustment of purchases of shares</td></tr>
<tr><td>Method of public notice</td><td>Public notices of the Company are done by electronic public notice.
However, if the Company is not able to issue electronic public notices due to accidents or any other unavoidable reasons, notices will be published in the Nihon Keizai Shimbun newspaper.
Electronic notices are posted on the Company's website at the following address.
http://www.striders.co.jp/</td></tr>
<tr><td>Special benefit for shareholders</td><td>(1) Eligible shareholders: Shareholders of record at the end of March and September of every year who hold at least two units (200 shares)
(2) Benefit
<table>
<tr><td rowspan="2">Shares held</td><td colspan="2">Benefit</td></tr>
<tr><td>Coupon valid at Striders Group hotels (Note 1)</td><td>Discount coupon valid at Kanmonkai tiger puffer fish restaurants (Note 2)</td></tr>
<tr><td>At least 200 shares (2 units) and less than 500 shares (5 units)</td><td>1,000 yen</td><td>1,000 yen</td></tr>
<tr><td>At least 500 shares (5 units) and less than 1,000 shares (10 units)</td><td>3,000 yen</td><td>2,000 yen</td></tr>
<tr><td>At least 1,000 shares (10 units)</td><td>5,000 yen</td><td>3,000 yen</td></tr>
</table>
Notes: 1. Valid at Narita Gateway Hotel and Kurashiki Royal Art Hotel.
2. Valid at all Kanmonkai restaurants and can be exchanged for Guenpin Fugu original products.
The above benefits may change.</td></tr>
</table>

Notes: 1. Rights for holdings of shares less than one unit

The Company's Articles of Incorporation state that shareholders who own shares less than one unit cannot exercise any rights other than the rights listed below.

(1) Rights stipulated in each item of Article 189, Paragraph 2 of the Companies Act
(2) Right to demand acquisition of stock with acquisition rights
(3) Right to receive allocations of shares solicited or subscription of share purchase warrants in accordance with the number of shares held by each shareholder

2. The Company's administrator of the shareholder registry is as follows.
Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

Section 7. Reference Information of Reporting Company

1. Information about Parent Company, etc. of Reporting Company

The Company has no parent companies, etc.

2. Other Reference Information

The Company has submitted the following documents during the period from the beginning date of the current fiscal year to the date of submission of this Securities Registration Report.

(1) Securities Registration Report, Attachments and Written Confirmation
For the 54th period (from April 1, 2017 to March 31, 2018): Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018.

(2) Internal Control Report and Attachments
Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018.

(3) Quarterly Reports and Written Confirmation
1st Quarter of the 55th period (from April 1, 2018 to June 30, 2018):
Submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2018.
2nd Quarter of the 55th period (from July 1, 2018 to September 30, 2018):
Submitted to the Director-General of the Kanto Local Finance Bureau on November 13, 2018.
3rd Quarter of the 55th period (from October 1, 2018 to December 31, 2018):
Submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2019.

(4) Extraordinary Reports
Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2018.
The extraordinary report was filed pursuant to Item 9-2, Paragraph 2, Article 19 (Result of exercise of voting rights at a Shareholders' Meeting) of the "Cabinet Office Ordinance on Disclosure of Corporate Affairs."

Submitted to the Director-General of the Kanto Local Finance Bureau on December 7, 2018.
The extraordinary report was filed pursuant to Item 2-2, Paragraph 2, Article 19 (Issuance of No. 9 share acquisition rights) of the "Cabinet Office Ordinance on Disclosure of Corporate Affairs."

Submitted to the Director-General of the Kanto Local Finance Bureau on March 14, 2019.
The extraordinary report was filed pursuant to Item 12, Paragraph 2, Article 19 (Occurrence of events that have a marked impact on the Company's financial position, results of operations or cash flows) of the "Cabinet Office Ordinance on Disclosure of Corporate Affairs."

Submitted to the Director-General of the Kanto Local Finance Bureau on June 21, 2019.
The extraordinary report was filed pursuant to Item 9, Paragraph 2, Article 19 (Changes in representative) of the "Cabinet Office Ordinance on Disclosure of Corporate Affairs."

(5) Report on the Status of Own Stock Purchase
Report on the status of own stock purchase for repurchase pursuant to the provision of Paragraph 1, Article 24-6 of the Financial Instruments and Exchange Act

Reporting period (from February 18, 2019 to February 28, 2019):
Submitted to the Director-General of the Kanto Local Finance Bureau on March 4, 2019.
Reporting period (from March 1, 2019 to March 31, 2019):
Submitted to the Director-General of the Kanto Local Finance Bureau on April 2, 2019.
Reporting period (from April 1, 2019 to April 30, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on May 7, 2019.

Reporting period (from May 1, 2019 to May 31, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on June 6, 2019.

(6) Correction Report on the Status of Own Stock Purchase

Submitted to the Director-General of the Kanto Local Finance Bureau on June 18, 2019.

Amendment to the Report on the Status of Own Stock Purchase submitted on June 6, 2019.

Part II. Information about Company which Provides Guarantee to Reporting Company

There is no applicable information.

Audit Report and Internal Control Audit Report by Independent Auditor

June 21, 2019

Board of Directors
Striders Corporation

SeishinShisei & Co.

Kiyozumi Asai
Certified Public Accountant
Engagement Partner

Kiyoshi Maruyama
Certified Public Accountant
Engagement Partner

<Audit on Financial Statements>

To make audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, SeishinShisei & Co. (the "Audit Firm") audited the consolidated financial statements of Striders Corporation (the "Company") included in the "Financial Information" section of the Securities Registration Report for the consolidated fiscal year that commenced on April 1, 2018, and ended on March 31, 2019, which consisted of consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant accounting policies for preparation of consolidated financial statements and other notes to consolidated financial statements and consolidated supplementary schedules.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned consolidated financial statements in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by management to ensure the preparation and fair disclosure of the consolidated financial statements without material misstatement due to fraudulence or errors.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the aforementioned consolidated financial statements from an independent standpoint, based on the audit it conducted. The Audit Firm performed the audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. These auditing standards require the Audit Firm to plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement.

During the audit, auditing procedures are executed to obtain audit evidence supporting the amounts and disclosures of the consolidated financial statements. The auditing procedures are selected and applied at the discretion of the Audit Firm based on the assessment of risks on material misstatements in the consolidated financial statements due to fraudulence or errors. Although the audit on financial statements is not intended to express opinions as to the effectiveness of internal controls, the Audit Firm examines internal controls concerning the preparation and fair disclosure of consolidated financial statements when it conducts the aforementioned risk assessment to draw up appropriate auditing procedures according to the situation. The audit also includes a review of the overall presentation of the consolidated financial statements, including the assessment of the accounting principles and methods of application thereof adopted by management, as well as significant estimates made by management.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Striders Corporation and its consolidated subsidiaries as of March 31, 2019, and their operating results and cash flows for the consolidated fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan.

<Internal Control Audit>

To make audit certification in accordance with the provision of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, the Audit Firm audited the internal control report of Striders Corporation As of March 31, 2019.

Management's responsibility for the internal control report

The Company's management is responsible for streamlining and operating its internal control concerning its financial reporting and preparing and fairly disclosing an internal control report in accordance with the evaluation standards for internal controls relating to financial reporting generally accepted as fair and appropriate in Japan.

There is a possibility that misstatements in financial reporting are not completely prevented or detected by the internal control systems concerning financial reporting.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the internal control report from an independent standpoint, based on the internal control audit it conducted. The Audit Firm performed the internal control audit in accordance with the auditing standards for internal controls concerning financial reporting that are generally accepted as fair and appropriate in Japan. These standards require the Audit Firm to plan and perform the internal control audit to obtain reasonable assurance as to whether the internal control report is free of material misstatement.

During the internal control audit, auditing procedures are executed to obtain audit evidence supporting the results of evaluation of the internal control systems relating to financial reporting in the internal control report. The internal control auditing procedures are selected and applied at the discretion of the Audit Firm based on the importance of the internal control's effects on the reliability of financial reports. The internal control audit also includes a review of the overall presentation of the internal control report, including the statements made by management on the scope, procedures and results of evaluation on the internal controls relating to financial reporting.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the internal control report referred to above, in which Striders Corporation indicated that the internal controls concerning financial reporting as of March 31, 2019 were effective, presents fairly, in all material aspects, the results of evaluation on the internal controls concerning financial reporting, in accordance with the evaluation standards for internal controls concerning financial reporting generally accepted as fair and appropriate in Japan.

Vested interests

The Audit Firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Notes: 1. The above is the digitized form of the matters described in the original audit report, and the original copy is in the custody of the Company.

2. The scope of the audit does not include the XBRL data.

Independent Auditors' Report

June 21, 2019

Board of Directors
Striders Corporation

SeishinShisei & Co.

Kiyozumi Asai
Certified Public Accountant
Engagement Partner

Kiyoshi Maruyama
Certified Public Accountant
Engagement Partner

To make audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, SeishinShisei & Co. (the "Audit Firm") audited the non-consolidated financial statements of Striders Corporation (the "Company") included in the "Financial Information" section of the Securities Registration Report for the 55th business year that commenced on April 1, 2018, and ended on March 31, 2019, which consisted of non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, significant accounting policies and other notes to non-consolidated financial statements and non-consolidated supplementary schedules.

Management's responsibility for non-consolidated financial statements

The Company's management is responsible for the preparation and fair disclosure of the aforementioned non-consolidated financial statements in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan. This includes the establishment and operation of internal control systems that are regarded as necessary by the management to ensure the preparation and fair disclosure of the non-consolidated financial statements without material misstatement due to fraudulence or errors.

Auditor's responsibility

The Audit Firm is responsible for expressing its opinions regarding the aforementioned non-consolidated financial statements from an independent standpoint, based on the audit it conducted. The Audit Firm performed the audit in accordance with the auditing standards generally accepted as fair and appropriate in Japan. These auditing standards require the Audit Firm to plan and perform the audit to obtain reasonable assurance as to whether the non-consolidated financial statements are free of material misstatement.

During the audit, auditing procedures are executed to obtain audit evidence supporting the amounts and disclosures of the non-consolidated financial statements. The auditing procedures are selected and applied at the discretion of the Audit Firm based on the assessment of risks on material misstatements in the non-consolidated financial statements due to fraudulence or errors. Although the audit on the non-consolidated financial statements is not intended to express opinions as to the effectiveness of internal controls, the Audit Firm examines internal controls concerning the preparation and fair disclosure of the non-consolidated financial statements when it conducts the aforementioned risk assessment to draw up appropriate auditing procedures according to the situation. The audit also includes a review of the overall presentation of the non-consolidated financial statements, including the assessment of the accounting principles and methods of application thereof adopted by management, as well as significant estimates made by management.

The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Auditor's opinion

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Striders Corporation as of March 31, 2019, and its operating results for the fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted as fair and appropriate in Japan.

Vested interests

The Audit Firm and its Managing Partners have no vested interests in the Company that should be disclosed in accordance with the provisions of the Certified Public Accountants Act.

End

Notes: 1. The above is the digitized form of the matters described in the original audit report, and the original copy is in the custody of the Company.
2. The scope of the audit does not include the XBRL data.

Cover page

[Submitted document]	Written Confirmation
[Statutory basis]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Agency receiving submission]	Director-General of the Kanto Local Finance Bureau
[Submission date]	June 21, 2019
[Corporate name]	Kabushiki-Kaisha Striders
[Name in English]	Striders Corporation
[Name and position of representative]	Ryotaro Hayakawa, President and Chief Executive Officer
[Name and position of Chief Financial Officer]	Jun Umehara, Director, Chief Financial Officer, General Manager of Administrative Division
[Location of headquarters]	5-13-5, Shimbashi, Minato-ku, Tokyo
[Place available for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters Regarding the Appropriateness of Descriptions in the Financial Information

Ryotaro Hayakawa, President and Chief Executive Officer and Jun Umehara, Chief Financial Officer confirmed that the contents of the Company's Financial Information for the 55th period (from April 1, 2018 through March 31, 2019) were appropriately stated pursuant to the Financial Instruments and Exchange Act.

2. Matters to Be Noted

There is no applicable information.

Cover page

[Submitted document]	Internal Control Report
[Statutory basis]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Agency receiving submission]	Director-General of the Kanto Local Finance Bureau
[Submission date]	June 21, 2019
[Corporate name]	Kabushiki-kaisha Striders
[Name in English]	Striders Corporation
[Name and position of representative]	Ryotaro Hayakawa, President and Chief Executive Officer
[Name and position of Chief Financial Officer]	Jun Umehara, Director, Chief Financial Officer, General Manager of Administrative Division
[Location of headquarters]	5-13-5, Shimbashi, Minato-ku, Tokyo
[Place available for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Basic Framework for Internal Controls Concerning Financial Reports

Ryotaro Hayakawa, President and Chief Executive Officer and Jun Umehara, Chief Financial Officer are responsible for establishing and operating internal controls for financial reports of Striders Corporation and its consolidated subsidiaries (collectively "the Striders Group"). The establishment and operation of these internal controls complies with the basic framework for internal controls in Business Accounting Council Opinion Statement concerning the Standards for Evaluations and Audits of Financial Report Internal Controls and the Standards for Implementing Internal Control Evaluations and Audits.

Internal controls are intended to achieve their objectives within reasonable bounds by functioning as an integrated unit with all fundamental elements seamlessly linked. Consequently, preventing or identifying every false entry in financial reports by using internal controls for these reports may not be possible.

2. Scope of Evaluations, Record Date and Evaluation Procedure

The evaluation of internal controls for financial reports was performed with a record date of March 31, 2019, the last day of the fiscal year. The evaluation was based on evaluation standards for financial report internal controls that are recognized as fair and proper.

For this evaluation, there was an evaluation of internal controls that have a significant influence on overall consolidated financial reports (entity-level internal controls). The results of this evaluation were used to select operational processes for evaluations. For the evaluation of these processes, the selected processes were analyzed and items that have a significant influence on the reliability of financial reports were identified. Then the status and implementation of these items in relation to the applicable controls were evaluated in order to determine the effectiveness of internal controls.

The scope of financial report internal control evaluations is the coverage required from the standpoint of the importance of influences on the reliability of financial reports of the Striders Group. The importance of influences on the reliability of financial reports was decided by taking into consideration the importance of monetary and qualitative influences. Based on the evaluation results of entity-level controls for Striders Corporation and three consolidated subsidiaries, a reasonable evaluation scope was determined for internal controls for operational processes. The coverage of evaluations for internal controls for the entire company does not include other consolidated subsidiaries, based on the judgment that their monetary and qualitative importance is negligible.

For the scope of evaluations for internal controls for operational processes, the sales of all business sites in the fiscal year ended March 31, 2018 were added in order beginning with the location having the highest sales. Then the business sites that account for about two-thirds of total sales were classified as important business sites. At the selected important business sites, the operational process evaluation covered processes involving sales and receivables, which are items closely linked to business activities.

In addition, irrespective of the important business sites selected, evaluations included operational processes that are important because of their influence on financial reports at certain other business sites. One category is businesses processes where there is a high probability of significant false entries and that are associated with important accounting items requiring estimates and forecasts. Another category is operational processes for businesses and operations that perform transactions with substantial risk.

3. Results of evaluations

Based on the results of the internal control evaluations described in the preceding section, management has concluded that internal controls for financial reports of the Striders Group were effective as of March 31, 2019.

4. Supplementary Information

There is no applicable information.

5. Matters to Be Noted

There is no applicable information.