

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 56th Fiscal Year
From April 1, 2019 to March 31, 2020

Striders Corporation

(E02738)

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[Corporate name]	Kabushiki-Kaisha Striders
[Corporate name in English]	Striders Corporation
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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	52nd Period	53rd Period	54th Period	55th Period	56th Period
Fiscal year ended	March 2016	March 2017	March 2018	March 2019	March 2020
Net sales (Thousands of yen)	5,046,810	6,366,301	7,971,402	9,216,311	13,276,092
Ordinary profit (Thousands of yen)	277,339	293,121	179,291	230,454	254,682
Profit attributable to owners of parent (Thousands of yen)	135,256	229,226	125,196	76,932	151,151
Comprehensive income (Thousands of yen)	90,544	247,862	114,453	72,333	166,090
Net assets (Thousands of yen)	1,646,052	1,898,595	2,033,021	2,087,802	2,133,668
Total assets (Thousands of yen)	3,605,056	3,891,444	4,837,351	4,655,462	5,000,313
Net assets per share (Yen)	18.46	213.02	226.65	234.78	247.31
Net income per share (Yen)	1.52	25.83	14.09	8.66	17.48
Diluted net income per share (Yen)	1.51	25.68	14.07	8.66	17.48
Ratio of shareholders' equity (%)	45.4	48.6	41.6	44.5	41.9
Ratio of profit to shareholders' equity (%)	8.51	12.99	6.41	3.77	7.25
Price-earnings ratio (Times)	51.15	26.32	32.57	36.82	14.47
Net cash from operating activities (Thousands of yen)	156,626	278,477	472,621	414,297	311,852
Net cash from investing activities (Thousands of yen)	(159,310)	(135,796)	(262,030)	(423,462)	(144,209)
Net cash from financing activities (Thousands of yen)	30,914	(16,518)	343,950	(160,548)	8,098
Cash and cash equivalents at the end of fiscal year (Thousands of yen)	1,310,138	1,436,880	1,985,398	1,814,203	1,990,496
Number of employees (Persons)	120	131	194	196	198
[Average number of additional temporary workers]	[52]	[68]	[94]	[96]	[98]

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 55th period, the Company has 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. for the 54th period have been adjusted retroactively to conform with this accounting standard.

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

Term	52nd Period	53rd Period	54th Period	55th Period	56th Period
Fiscal year ended	March 2016	March 2017	March 2018	March 2019	March 2020
Net sales (Thousands of yen)	117,882	128,553	155,560	183,030	149,727
Ordinary profit (loss) (Thousands of yen)	108,639	162,151	150,879	262,752	(11,709)
Profit (Thousands of yen)	58,476	194,551	174,396	187,535	14,147
Share capital (Thousands of yen)	1,578,674	1,582,416	1,582,416	1,582,416	1,583,825
Number of issued shares (Shares)	88,730,896	88,870,896	8,887,089	8,887,089	8,897,089
Net assets (Thousands of yen)	1,440,825	1,650,261	1,823,304	1,992,741	1,899,540
Total assets (Thousands of yen)	2,128,228	2,386,540	2,957,991	3,057,485	3,126,632
Net assets per share (Yen)	16.15	185.14	204.98	223.91	223.81
Dividend per share (Yen)	-	-	-	-	3.00
[Interim dividend per share]	[-]	[-]	[-]	[-]	[-]
Net income per share (Yen)	0.66	21.92	19.63	21.12	1.64
Diluted net income per share (Yen)	0.65	21.80	19.60	21.10	1.64
Ratio of shareholders' equity (%)	67.3	68.9	61.6	65.1	60.6
Ratio of profit to shareholders' equity (%)	4.08	11.83	9.58	9.43	0.73
Price-earnings ratio (Times)	118.32	31.02	23.38	15.10	154.59
Dividend payout ratio (%)	-	-	-	-	183.31
Number of employees (Persons)	7	7	9	12	11
[Average number of additional temporary workers]	[-]	[-]	[1]	[-]	[-]
Total shareholder return (%)	86.7	75.6	51.0	35.4	28.4
[Comparative indicator: JASDAQ Standard] (%)	[99.0]	[121.0]	[160.2]	[139.8]	[122.8]
Highest share price (Yen)	106	91	590 (74)	513	453
Lowest share price (Yen)	56	45	419 (55)	230	245

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 Jasdak 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 Jasdak 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.

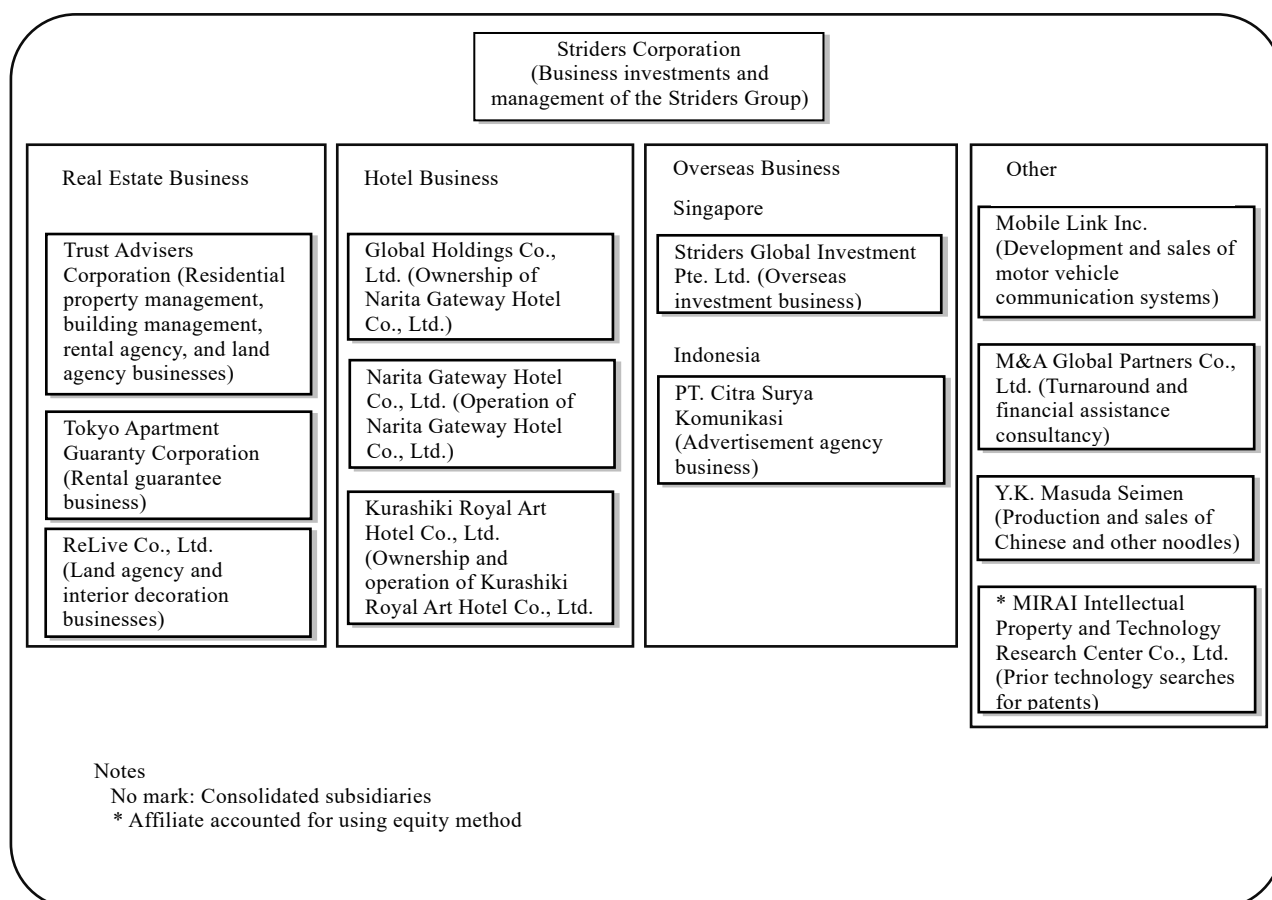
The followings are the description of business and the subsidiaries and associates. The following three business segments are the same as the segment classifications listed in “5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes.”

Business Description

Operating segment	Business	Company
Real Estate Business	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Hotel ownership and operation and management business 	Global Holdings Co., Ltd. Narita Gateway Hotel Co., Ltd. Kurashiki Royal Art Hotel Co., Ltd.
Overseas Business	<ul style="list-style-type: none"> - Investments business mainly in the Asian region - Advertisement agency business in Indonesia 	Striders Global Investment Pte. Ltd. PT. Citra Surya Komunikasi
Other	<ul style="list-style-type: none"> - 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	Share capital (Thousands of yen)	Main line of business (Note 1)	Holding ratio of voting rights (%)	Relationship
(Consolidated subsidiary)					
Trust Advisers Corporation (Note 4)	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, 3)	Minato-ku, Tokyo	12,500	Real Estate Business	100.0 (100.0)	Interlocking directors
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 3)	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	100.0	Interlocking directors Fund support
Mobile Link Inc.	Shinjuku-ku, Tokyo	65,000	Other	81.0	Interlocking directors Fund support
Y.K. Masuda Seimen	Yokosuka, Kanagawa	45,000	Other	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	42.2	Interlocking directors

Notes: 1. In the “Main line of business,” the name of the segment is stated.

2. ReLive Co., Ltd. was relocated to Minato-ku, Tokyo from Sumida-ku, Tokyo on July 4, 2019.

3. The figure in parentheses under “Holding ratio of voting rights” represents the percentage of indirectly held votes.

4. Sales of Trust Advisers Corporation (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	9,992,196
(2) Ordinary profit	231,706
(3) Profit	140,811
(4) Net assets	253,888
(5) Total assets	1,129,974

5. Information about Employees

(1) Employees on a Consolidated Basis

As of March 31, 2020

Name of segment	Number of employees
Real Estate Business	58 (4)
Hotel Business	67 (70)
Overseas Business	49 (14)
Reportable segment total	174 (88)
Other	13 (10)
Corporate (unallocated)	11 (-)
Total	198 (98)

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, 2020

Number of employees	Average age	Average number of years employed	Average annual salary (Thousands of yen)
11 (-)	34.7	2.8	4,435

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 fiscal year that ended in March 2020.

(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 current fiscal year, the Japanese economy recovered slowly until the middle of the fiscal year because of ongoing improvement in employment and personal income supported by the effects of various economic measures, despite growing weakness in businesses, particularly in the manufacturing sector, against the backdrop of continued deceleration in exports. However, in the second half of the fiscal year, while the economy moderately slows down due to the consumption tax hike, the situation is extremely difficult due to the impact of the COVID-19 pandemic, putting greater downward pressure on the economy. In the Striders' core Real Estate Business, there are concerns about an oversupply of rental properties in the Tokyo metropolitan area. In the Hotel Business, the business climate is extremely challenging in part because the number of foreign tourists in Japan, which had been climbing steadily, has plummeted due to COVID-19.

As for overseas economies, despite the risk of further economic downturn due to the trade issues between the United States and China and their impact, the economies of Southeast Asia and South Asian countries were generally on a recovery trend; however, the outlook for the future is now extremely severe due to the global outbreak of COVID-19. In the Striders Group's Overseas Business, there is still potential for economic growth in Indonesia, where the group has an advertising agency business that serves Japanese companies. But there is geopolitical risk and administrative and other internal risk as well as the impact of COVID-19. As a result, the business climate is currently uncertain.

(4) Important Business and Financial Issues

1) Strengthen management of the group

To operate businesses with speed and agility, the management of Striders is constantly performing the suitable oversight of the Striders Group, which includes 11 consolidated subsidiaries. To strengthen the group's management, Striders is reexamining the delegation of authority for conducting business operations and establishing a business reporting system. Another goal is the centralization of management of cash and other funds for all group companies and other measures for creating an even more efficient infrastructure for business operations.

2) Use group resources more efficiently

To make swift and effective management decisions, there will be more activities for establishing a framework for communications within the Striders Group, such as for sharing information about group and exchanging information among managers of group companies. Using training programs and other activities to create a single workforce for the entire group is another goal. All these activities are aimed at strengthening ties among group companies and increasing synergies.

3) Extensive and frequent use of external resources

For the growth of the Striders Group, there will be more M&A activity and equity investments based on the Striders corporate philosophy along with alliances and other cooperation with companies in a broad range of business sectors in Japan and other countries.

4) Build frameworks for internal management and compliance

For internal controls that comply with the Companies Act and Financial Instruments and Exchange Act, Striders is establishing rules for the documentation and visualization of business processes for all group companies. For compliance, there are many activities for giving everyone an awareness and understanding of the Striders Group's Code of Corporate Conduct, Code of Employee Conduct and other guidelines. There are also employee training and other education programs.

2. Business Risks

This section is a list of the major risk factors involving the business operations, financial accounting and other aspects of the businesses in this report that management believes may have a significant effect on the performance, financial position and cash flows of the Striders Group.

Forward-looking statements in this section represent the judgments of the Striders Group as of the end of the fiscal year that ended in March 2020.

(1) Real Estate Business

1) 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. Although the Striders Group is committed to complying with applicable laws and regulations, a violation of a law or regulation or revised or new laws or regulations may result in restrictions on business activities that may have an effect on the group's performance and financial position.

2) Increase in competition

In the real estate industry, there is generally a larger number of companies competing for business than in other industries, in part because of companies newly entering the real estate sector. In addition, there are constant technological advances as companies use real estate technologies for the development of many new services. In this highly competitive environment, consolidated subsidiary Trust Advisers Corporation is using new activities for the provision of services aimed at increasing customer satisfaction. However, any increase in the competition may have an effect on the group's performance and financial position.

3) Decrease in rental income

In the Striders Group's Real Estate Business, consolidated subsidiary Trust Advisers Corporation earns rental income by leasing real estate from property owners and subleasing these properties to tenants. The level of demand for leasing real estate is highly vulnerable to changes in the economy. If there is a decline in occupancy rates due to an economic downturn, including the downturn caused by COVID-19, the resulting decrease in rental income may have an effect on the group's performance and financial position.

4) Revisions or terminations of key money, security deposit deductions and extension fees

In the Striders Group's Real Estate Business, consolidated subsidiary Trust Advisers Corporation receives key money (a non-refundable initial payment) and a security deposit when signing a lease with a new tenant and receives an extension payment when a lease is renewed. These are all customary practices in Japan's real estate industry. Japan's Supreme Court has recognized the validity of extension payments with certain terms. However, if Trust Advisers is required to return these payments to tenants or becomes unable to receive these payments at some point in the future, there may be an effect on the group's performance and financial position.

5) Real estate market downturn

In the Striders Group's Real Estate Business, there may be events such as revisions to real estate taxation systems or a change in the willingness of financial institutions to provide loans that have a negative effect on real estate investments. A decline in the level of real estate transactions would reduce sales, transactions and other activity in the Real Estate Business, which may have an effect on the group's performance and financial position.

(2) Hotel Business

1) Prolonged impact of COVID-19 or occurrence of another pandemic

In the Striders Group's Hotel Business, restrictions on long-distance travel and activities by groups are expected to continue because of the COVID-19 pandemic. These restrictions may have an effect on the group's performance and financial position.

In response to a request from Chiba prefecture, Narita Gateway Hotel has been used since April 2020 for temporary lodging for individuals infected with COVID-19 who have minor or no symptoms. The operations of this hotel, which usually serves foreign tourists, are unlikely to return to normal for a long time because it is impossible to predict when the global COVID-19 pandemic will end. The Kurashiki Royal Art Hotel is likely to return to normal operations in a relatively short time after the end of the state of emergency because this hotel serves mainly Japanese guests. However, there are concerns that more time will be required for a recovery in demand in Japan's tourism sector.

In addition, the occurrence of an infection disease other than COVID-19 would restrict long-distance travel and group activities. Any of these events may have an effect on the group's performance and financial position.

2) Food poisoning and other food safety problems

The Hotel Business of the Striders Group includes the provision of food and beverages at restaurants, banquets and other places. There are strict hygiene management measures, including the use of hygiene management manuals and thorough training for employees. If there is a food poisoning or other incident concerning food safety, a group business site may be forced to temporarily close or be subject to some other penalty. An incident could also reduce the number of customers due to damage to that business site's reputation. These events may have an effect on the group's performance and financial position.

3) Increase in personnel expenses due to a labor shortage or other reasons

In the Hotel Business of the Striders Group, part-time and contract workers account for about half of the workforce. Personnel expenses may increase because of a labor shortage, working style reforms, a change in the environment for employee benefits, such as revisions to social security and working conditions, the enactment of an equal pay for equal work requirement, or other actions. Any increase in personnel expenses may have an effect on the group's performance and financial position.

4) Natural disasters

In the Hotel Business of the Striders Group, a powerful earthquake, typhoon or other natural disaster may damage buildings and other facilities held by the group, resulting in lower sales due to the interruption of business operations and expenses for repairs. These events may have an effect on the group's performance and financial position.

(3) Overseas Business Activities

1) Reliance on certain advertisers

In the Overseas Business of the Striders Group, PT. Citra Surya Komunikasi is mainly engaged in an advertising

agency business that serves Japanese companies in Indonesia. A few advertisers account for a large share of this company's sales. If any of these advertisers experience a decline in performance, cut expenses or take some other action in response to an economic downturn or other event, including the COVID-19 pandemic, these advertisers may reduce payments to PT. Citra Surya Komunikasi or completely stop using this company. Any of these actions may have an effect on the Striders Group's performance and financial position.

2) New technologies and structural change involving media

Advertising media are appearing and changing at a rapid pace in Indonesia because of technological progress involving ICT and the increasing use of ICT devices, particularly smartphones. Due to the diverse range of advertising methods, it is no longer possible to meet the needs of advertisers by using conventional advertising activities. PT. Citra Surya Komunikasi is responding to these changes by starting many new activities. However, if these activities are inadequate for keeping up with changes and result in the loss of customers, there may be an effect on the group's performance and financial position.

3) Risk involving 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 and disease or other events
- d. Unfavorable political events
- e. Movements in the value of a currency or exchange rates

(4) Others

1) Risk involving business investments

The Striders Group makes business investments using a variety of schemes for the growth of the entire group. These activities include investments in publicly and privately owned companies in Japan and other countries. As a result, changes in the economies of Japan and other countries may have an effect on the group's performance and financial position. In addition, there is a risk of a Striders Group executive or employee assigned to work at a company receiving a business investment becoming subject to liability litigation demanding a payment for damages. If the Striders Group is required to assume responsibility and make payments, there may be an effect on the group's performance and financial position.

2) Harm to the group's reputation

If the business activities of the Striders Group are the target of malicious rumors or slander on a social network service or other internet platform or some source of information, there may be difficulties conducting sound business activities that have an effect on the group's performance and financial position.

3) Stock dilution due to share acquisition rights

The Striders Group issues share acquisition rights to executives and employees as an incentive to contribute to the long-term growth of corporate value. If these share acquisition rights are exercised, the associated issuance of stock may dilute the value of Striders stock.

4) Leaks of 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 complicated 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 and financial position.

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 had been recovering moderately until the middle of the fiscal year with ongoing improvement in employment and income environment supported by the effects of various economic measures, despite growing weakness in businesses, particularly in the manufacturing sector, against the backdrop of continued deceleration in exports. However, in the second half of the fiscal year, while the economy moderately slows down due to the consumption tax hike, the situation is extremely difficult due to the impact of the COVID-19 pandemic, putting greater downward pressure on the economy.

As for overseas economies, despite the risk of further economic downturn due to the trade issues between the United States and China and their impact, the economies of Southeast Asia and South Asian countries were generally on a recovery trend; however, the outlook for the future is now extremely severe due to the global outbreak of COVID-19.

Under the economic circumstances described above, the Striders Group (the Company and its consolidated subsidiaries) continued to strive to make new investments and create opportunities in Japan and overseas. In addition, the Striders Group implemented initiatives to increase revenues in the existing businesses and improve operational efficiency.

Consequently, net sales for the current fiscal year increased 44.0% year-on-year to 13,276 million yen, operating profit increased 18.6% year-on-year to 256 million yen, ordinary profit increased 10.5% year-on-year to 254 million yen, and profit attributable to owners of parent increased 96.5% year-on-year to 151 million yen.

Business segment performance was as follows.

We reviewed the adjustment method of inter-segment transactions in order to evaluate and manage the performance of each reportable segment more appropriately. Accordingly, from the current fiscal year, we changed the method of calculating profit or loss for each business segment. The comparisons with the same period of the previous fiscal year are made based on the new calculation method.

Real Estate Business

Trust Advisers Corporation currently operates the residential property business comprising leasing services for condominium owners as well as 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. The residential property business continued to maintain the high number of buildings under management, and the number of transactions in the land agency business increased compared with the same period of the previous fiscal year. Consequently, segment sales for the current fiscal year increased 59.2% year-on-year to 10,442 million yen and operating profit increased 40.2% year-on-year to 290 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, we mainly succeeded in capturing inbound demand. In Kurashiki, benefitted from the events such as the renovations by its competitor in the neighborhood, both sales and operating profit maintained a strong performance until the end of the fiscal year. Due to the effect of COVID-19 toward the end of the fiscal year, however, segment sales for the current fiscal year decreased 4% year-on-year to 1,378 million yen and operating profit decreased 45.4% year-on-year to 86 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. Segment sales remained as high as the previous fiscal year, but gross margin of major customers declined in general. Consequently, the segment sales for the current fiscal

year decreased 1.4% year-on-year to 876 million yen and operating profit decreased 38.3% year-on-year to 28 million yen.

Other

Under the other businesses, Mobile Link Inc. engages 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.

As Mobile Link Inc. steadily increased transactions with the loyal customers involving motor vehicle communication systems, net sales of the other businesses for the current fiscal year increased 73.7% year-on-year to 583 million yen with operating profit of 58 million yen (compared with operating loss of 2 million yen one year earlier).

2) Cash flows

Cash and cash equivalents (hereinafter referred to as “net cash”) increased 176 million yen from the end of the previous fiscal year to 1,990 million yen at the end of the current fiscal year.

Cash flows from operating activities

Net cash provided by operating activities amounted to 311 million yen (compared with net cash provided of 414 million yen in the previous fiscal year). The main factors include booking of profit before income taxes of 262 million yen and depreciation of 110 million yen, which were partially offset by an increase in inventories of 119 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 144 million yen (compared with net cash used of 423 million yen in the previous fiscal year). The main factors include purchase of investment securities of 149 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 8 million yen (compared with net cash used of 160 million yen in the previous fiscal year). The main factors include proceeds from issuance of bonds of 200 million yen and others, which were partially offset by repayments of long-term borrowings of 252 million yen.

3) Overview of production, orders received and sales

a. Production

There are some production activities in the Other 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 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	FY3/20 (April 1, 2019 – March 31, 2020)	Year-on-year comparison (%)
Real Estate Business (Thousands of yen)	10,442,042	59.2
Hotel Business (Thousands of yen)	1,377,978	(4.1)
Overseas Business (Thousands of yen)	873,006	(1.3)
Reportable segment total (Thousands of yen)	12,693,027	42.9
Other (Thousands of yen)	583,065	73.7
Total (Thousands of yen)	13,276,092	44.0

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 and other items from the perspective of management. Forward-looking statements in this section are based on the judgments of management as of the end of the fiscal year that ended in March 2020.

1) Discussion, analysis and points under consideration for financial position and operating results in the current fiscal year

The Striders Group's sales and earnings increased in the fiscal year that ended in March 2020. Sales growth was attributable mainly to the large number of buildings managed by the residential property business and the higher number of transactions in the land agency business conducted under the Real Estate Business. The increase in earnings was attributable to the strong performance of the Real Estate Business and the negative effects on earnings of the previous fiscal year of an 18 million yen valuation loss on investment securities and income taxes-deferred of 57 million yen due to the partial reversal of deferred tax assets.

In the fiscal year ending in March 2021 and afterward, there will be measures to build a more efficient organizational structure for the Real Estate Business in order to increase profitability. In the Hotel Business, the operating environment is expected to remain challenging because of the impact of COVID-19 on the number of foreign tourists in Japan and other aspects of hotel operations. In the Overseas Business, PT. Citra Surya Komunikasi is primarily an advertising agency that serves Japanese companies in Indonesia. Indonesia has a strong GDP growth rate and steadily increasing demand in the digital advertising sector. Activities for growth in this sector are one of the company's highest priorities. In addition, the company will continue to closely monitor the effects of COVID-19.

There will be more investments for new overseas businesses, mainly in Sri Lanka. 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.

During the fiscal year that ended in March 2020, Striders purchased part of the share acquisition rights issued by ECONOS Co., Ltd. and Amagasa Co., Ltd., which are listed companies in Japan. As a result, Amagasa became an equity-method affiliate of Striders on April 28, 2020. In Japan as well, Striders plans to strengthen its investment business to assist companies with revitalizing operations and procuring funds. The goal is to make the investment business in Japan an important source of earnings just as the overseas investment business is now.

Regarding the Striders Group's capital resources and liquidity, in principle, the group's overall demand for capital is monitored and managed and surplus funds at subsidiaries are returned to Striders by using dividend payments and other methods. Funds are procured from financial institutions as needed. Striders has sound lines of communication with its primary banks based on long-term relationships. Striders plans to continue taking actions for the diversification of sources of funding and the procurement of more long-term funds.

Investments are funded by internal funds or funds procured from financial institutions depending on the characteristics of each project. Striders is considering ways to diversify sources and methods used to procure funds, such as by using securitization schemes, in order to participate in a larger number of investments and in larger investments.

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. Information about other financial indicators is as follows.

a. Equity ratio

The equity ratio of the Striders Group was 41.9% at the end of March 2020, a decrease of 2.6 percentage points from 44.5% one year earlier. The cause was larger increases in assets and liabilities than in net assets during the fiscal year. The primary reasons were increases in real estate for sale and the accrued accounts due to the growth of real estate transactions and the procurement of funds earlier than originally planned because of the current uncertain financial environment.

The Striders Group will continue to maintain proper balance regarding the level of shareholders' equity

while taking into account the need to use assets efficiently and adapt to changes in the business climate.

b. Debt-to-equity ratio

The debt-to-equity ratio (interest-bearing liabilities divided by shareholders' equity) of the Striders Group at the end of March 2020 was 0.64, an increase of 0.05 points from 0.59 one year earlier. Management believes there is room to procure more funds to the point of raising this ratio to about one while monitoring changes in the investment and financial environment. Decisions concerning this procurement will be made carefully while taking into consideration the efficient use of assets.

c. Return on shareholders' equity (ROE)

The Striders Group ROE was 7.3% in the fiscal year that ended in March 2020, an increase of 3.5 percentage points from 3.8% in the previous fiscal year. This improvement was the result of a big increase in profit attributable to owners of parent and a relatively small increase in net assets because of a decrease in equity caused partly by the purchase of treasury shares.

In prior years, the Striders Group did not have a target or guideline for the ROE. At this time, due to governance reforms, the expected return of investors and other reasons, the medium to long-term goal of 7% to 8% has been established for the time being. This ROE is based on profit attributable to owners of parent.

Discussion, analysis and points concerning the financial position are as follows.

Assets

Current assets increased 296 million yen from the end of the previous fiscal year to 2,927 million yen at the end of March 2020. The main factors include increases in cash and deposits by 176 million yen and accounts receivable-trade by 86 million yen.

Non-current assets increased 48 million yen from the end of the previous fiscal year to 2,073 million yen. This was mainly attributable to an increase of 57 million yen in investment securities.

As a result, total assets amounted to 5,000 million yen, which was 344 million yen more than at the end of the previous fiscal year.

Liabilities

Current liabilities increased 222 million yen from the end of the previous fiscal year to 1,317 million yen at the end of March 2020. This was mainly attributable to increases of 133 million yen in accounts payable-trade and 40 million yen in current portion of bonds payable.

Non-current liabilities increased 76 million yen from the end of the previous fiscal year to 1,548 million yen. This was mainly due to an increase of 140 million yen in bonds payable, which was partially offset by a decrease of 50 million yen in long-term borrowings.

As a result, total liabilities amounted to 2,866 million yen, which was 298 million yen more than at the end of the previous fiscal year.

Net assets

Net assets increased 45 million yen from the end of the previous fiscal year to 2,133 million yen at the end of March 2020. The main factors include profit attributable to owners of parent of 151 million yen, which was partially offset by an increase of 123 million yen in treasury shares.

Consequently, the equity ratio was 41.9%.

2) Analysis of cash flows and information concerning capital resources and liquidity

There was a 176 million yen increase in cash during the current fiscal year. Cash was provided by an increase in trade payables and procuring funds by issuing bonds. Uses of cash included purchase of investment securities and repayments of long-term borrowings.

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 Striders 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.

3) Significant accounting estimates and assumptions used for 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 Striders 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, which is no more than 20 years, during which benefits are expected to be received from the goodwill of the 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.

4. Critical Contracts for Business Operations

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 50 million yen for fire alarm systems and 10 million yen for renovating guest rooms 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, 2020

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	220,277	-	85,663 (7,218.48)	-	305,940	- (-)
Narita Gateway Hotel Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel Business	Accommodation facility	115,962	1,257	-	44,330	161,550	19 (33)
Kurashiki Royal Art Hotel Co., Ltd.	Kurashiki Royal Art Hotel (Kurashiki, Okayama)	Hotel Business	Accommodation facility	568,254	223	223,000 (1,490.90)	24,386	815,864	48 (38)
Y.K. Masuda Seimen	Head Office Plant (Yokosuka, Kanagawa)	Other	Production equipment	14,200	2,387	40,000 (221.36)	0	56,588	4 (10)

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, 2020)	Number of issued shares as of the submission date of this report (As of June 19, 2020)	Name of listed financial instruments exchange market or authorized financial instruments firms association	Remarks
Common stock	8,897,089	8,897,089	Tokyo Stock Exchange, JASDAQ (standard)	Number of shares for one unit: 100
Total	8,897,089	8,897,089	-	-

(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)*	150
Class, details and number of shares subject to share acquisition rights (Shares)*	Common stock 15,000 (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 share capital (Yen)*	Issue price: 280 (Notes 3 and 6) Amount to be incorporated into share capital: 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, 2020. No information as of May 31, 2020, 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, 2020.

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.

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

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.

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

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.

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

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

- 1) The amount of an increase in share capital 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 share capital 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 share capital 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 share capital 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 share capital (Yen)*	Issue price: 670 (Notes 3 and 6) Amount to be incorporated into share capital: 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, 2020. No information as of May 31, 2020, 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, 2020.

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.

$$\begin{array}{ccccccc} \text{Exercise price} & & \text{Exercise price} & & \text{Number} & & \text{Number of newly} & \times & \text{Amount to be paid} \\ \text{after} & = & \text{before} & \times & \text{of issued shares} & + & \text{issued shares} & & \text{per share} \\ \text{adjustment} & & \text{adjustment} & & & & \text{Market price per share before issuing new} & & \\ & & & & & & \text{shares} & & \\ & & & & \text{Number of issued shares} & + & \text{Number of newly issued shares} & & \end{array}$$

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 share capital out of the issue price when shares are issued upon exercise of share acquisition rights

- 1) The amount of an increase in share capital 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 share capital 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 share capital 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 share capital 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 share capital (Yen)*	Issue price: 318 (Note 3) Amount to be incorporated into share capital: 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, 2020. No information as of May 31, 2020, 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, 2020.

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.

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

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 share capital out of the issue price when shares are issued upon exercise of share acquisition rights

- 1) The amount of an increase in share capital 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 share capital 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 share capital 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 share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
From April 1, 2016 to March 31, 2017 (Note 1)	140,000	88,870,896	3,742	1,582,416	3,742	268,010
June 22, 2017 (Note 2)	-	88,870,896	-	1,582,416	(173,267)	94,742
October 1, 2017 (Note 3)	(79,983,807)	8,887,089	-	1,582,416	-	94,742
December 27, 2019 (Note 1)	10,000	8,897,089	1,409	1,583,825	1,409	96,151

Notes: 1. The increase in the number of shares and amounts is due to exercise of the share acquisition rights.

2. The decrease in legal capital surplus is due to covering the deficit.

3. 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, 2020

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	15	22	16	10	4,236	4,300	-
Number of shares held (Units)	-	576	1,413	19,763	4,795	89	62,286	88,922	4,889
Shareholding percentage (%)	-	0.65	1.59	22.23	5.39	0.10	70.04	100.00	-

Notes: 1. Treasury shares of 425,109 shares are included in “Individuals and others” and “Number of shares less than one unit share” in terms of 4,251 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, 2020

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	18.06
Ryoichi Hayakawa	Karuizawamachi, Kitasaku-gun, Nagano	483	5.71
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)	377	4.46
Japan Silber Fleece Co., Ltd.	1-21-4, Minamihorie, Nishi-ku, Osaka-shi, Osaka	362	4.27
Kazuna Fukumitsu	Nishinari-ku, Osaka-shi, Osaka	181	2.15
Toshihiko Fukui	Nishinomiya-shi, Hyogo	141	1.66
Ikuyo Morikawa	Kadoma-shi, Osaka	72	0.86
Fumio Yamamoto	Sakai-shi, Fukui	70	0.83
Tsuyoshi Goshono	Koshigaya-shi, Saitama	70	0.83
Yoshikazu Sato	Fukui-shi, Fukui	60	0.71
Total	-	3,349	39.53

Note: The Company holds 425,000 treasury shares, which is excluded from the above table of major shareholders.

(7) Voting Rights

1) Issued Shares

As of March 31, 2020

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 425,100	-	-
Shares with full voting rights (others)	Common stock 8,467,100	84,671	-
Shares less than one unit share	Common stock 4,889	-	-
Total number of issued shares	8,897,089	-	-
Voting rights of total shareholders	-	84,671	-

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, 2020

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	425,100	-	425,100	4.78
Total	-	425,100	-	425,100	4.78

2. Acquisitions, etc. of Treasury Shares

[Classes of Shares, etc.] Acquisition of common stock that falls under the provisions of Article 155, Paragraph 3 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	54,900	18,747,900
Treasury shares acquired in the current fiscal year	78,300	23,817,400
Total number of remaining shares subject to the resolution and total value thereof	166,800	77,434,700
Unexercised ratio as of the end of the current fiscal year (%)	55.6	64.5
Treasury shares acquired during the period for acquisition	-	-
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 31, 2019)	250,000	100,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	78,000	23,410,900
Total number of remaining shares subject to the resolution and total value thereof	172,000	76,589,100
Unexercised ratio as of the end of the current fiscal year (%)	68.8	76.6
Treasury shares acquired during the period for acquisition	-	-
Unexercised ratio as of the submission date (%)	68.8	76.6

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 August 29, 2019 (Acquisition date: September 2 – November 29, 2019)	150,000	60,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	79,400	27,012,000
Total number of remaining shares subject to the resolution and total value thereof	70,600	32,988,000
Unexercised ratio as of the end of the current fiscal year (%)	47.1	55.0
Treasury shares acquired during the period for acquisition	-	-
Unexercised ratio as of the submission date (%)	47.1	55.0

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 November 19, 2019 (Acquisition date: December 2, 2019 – February 28, 2020)	135,000	60,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	131,800	48,784,300
Total number of remaining shares subject to the resolution and total value thereof	3,200	11,215,700
Unexercised ratio as of the end of the current fiscal year (%)	2.4	18.7
Treasury shares acquired during the period for acquisition	-	-
Unexercised ratio as of the submission date (%)	2.4	18.7

(3) Acquisitions Not Based on Resolution of Shareholders' Meeting or Board of Directors' Meeting
There is no applicable information.

(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	425,109	-	425,109	-

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, 2020 to the submission date of this Securities Registration Report.

3. Dividend Policy

Distributing earnings to shareholders is one of the highest priorities of Striders. In the fiscal year that ended in March 2020, Striders changed its policy for distributions to the continuous payment of a steady dividend while giving due consideration to retained earnings. The basic policy is to pay a year-end dividend from surplus.

For the fiscal year ending in March 2021, Striders plans to pay a stable dividend that reflects the business climate, results of operations and all other applicable factors. However, the amount of the year-end dividend is currently undecided.

The Articles of Incorporation of Striders allow for the payment of an interim dividend with a record date of September 30 based on a resolution by the Board of Directors. Shareholders determine the year-end dividend at the shareholders' meeting and the Board of Directors determines the interim dividend.

The dividends from surplus for the fiscal year ended March 2020 are as follows.

Date of resolution	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)
Resolution passed at the Ordinary General Shareholders' Meeting held on June 19, 2020	25,415	3

4. Explanation about Corporate Governance, etc.

(1) Explanation about Corporate Governance

1) Fundamental approach to corporate governance

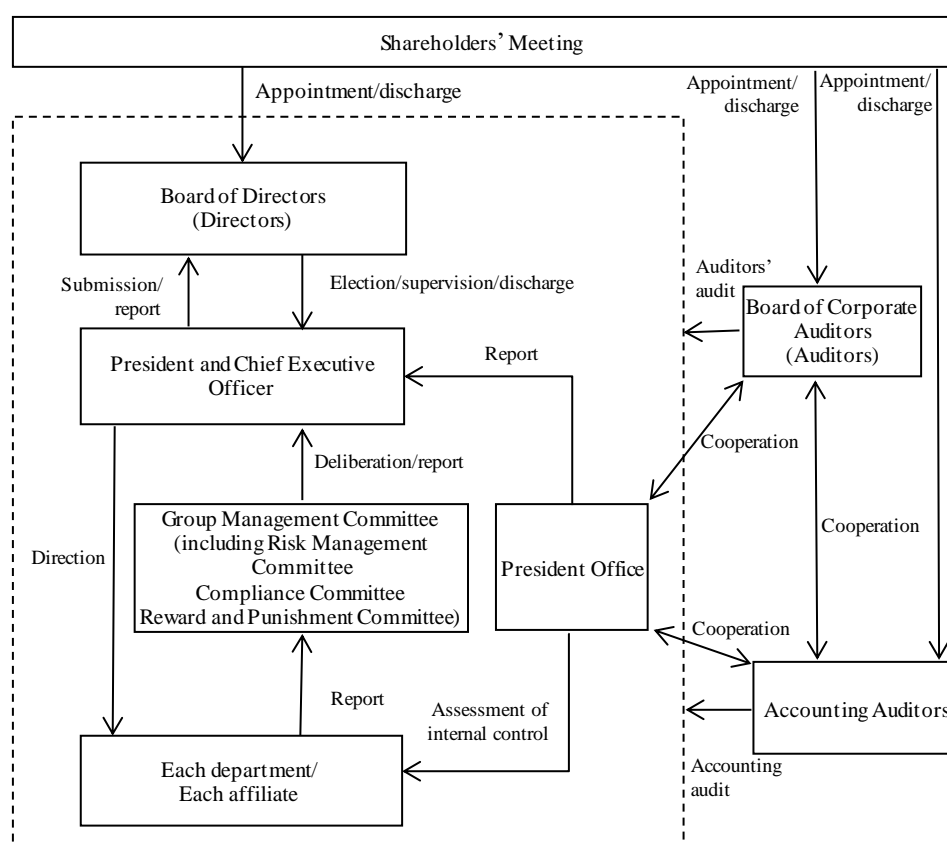
The Striders Group considers important the safeguarding of shareholders' interests and maximization of corporate value while maintaining a balance among the interests of individuals associated with the Company. To this end, the Company recognizes the creation and further strengthening of the corporate 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 supervisory 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 President 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	<p>April 2008 June 2014</p> <p>Joined ORIX Corporation Director and General Manager of Management Planning Office of the Company</p> <p>October 2014 October 2014</p> <p>Director of Mobile Link Inc. (current) Director of Kurashiki Royal Art Hotel Co., Ltd. (current)</p> <p>April 2016 June 2016 January 2018</p> <p>General Manager of Business Planning Division, Director of the Company Director of Trust Advisers Corporation (current) Representative Director of the Company (current)</p>	Notes 3 and 5	4
Chairman	Ryoichi Hayakawa	January 9, 1955	<p>April 1977 September 1995 November 1998 February 2007 April 2007 February 2009 June 2009 March 2012 May 2012 March 2013 June 2014 August 2017 December 2017 January 2018 June 2019 April 2020</p> <p>Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) Councilor of Asia Department of The Long-Term Credit Bank of Japan General Manager of Management Planning Office of Nippon Computer Systems Corp. Director of the Company Representative Director of VLR Co., Ltd. (current M&A Global Partners Co., Ltd.) (current) Director of Trust Advisers Corporation (current) Representative Director of the Company Director of Mobile Link Inc. (current) Director of Y.K. Masuda Seimen (current) Representative Director of Narita Gateway Hotel Co., Ltd. (current) Representative Director of Kurashiki Royal Art Hotel Co., Ltd. (current) Director of PT. Citra Surya Komunikasi (current) Director of MIRAI Intellectual Property and Technology Research Center Co., Ltd. (current) Chairman and Chief Executive Officer of the Company Chairman of the Company (current) Representative Director of Amagasa Co., Ltd. (current)</p>	Note 3	483
Managing Director	Koichi Miyamura	December 21, 1976	<p>April 1999 August 1999 January 2005 April 2005 December 2008 June 2012 March 2014 June 2014 June 2019 June 2019</p> <p>Joined Yuto K.K. Joined Shoco Sangyo Co., Ltd. Joined S-fit Co., Ltd. Joined S-GRANT Co., Ltd. Director of S-GRANT Advisors Co., Ltd. (current Trust Advisers Corporation) Director of the Company Representative Director of Tokyo Apartment Guaranty Corporation (current) Representative Director of Trust Advisers Corporation (current) Managing Director of the Company (current) Representative Director of ReLive Co., Ltd. (current)</p>	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 July 1989 July 1995 January 2001 July 2009 May 2013 March 2016 April 2018 September 2018 June 2019	Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) Transferred to Ministry of Finance, Section Chief of Planning Division, International Finance Bureau (current International Bureau) Vice President, Treasury Department of The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) Joined Frank Russell Japan Co., Ltd. (current Russell Investments Japan Co., Ltd.), Senior consultant Joined U-Shin Ltd., General Manager of Administrative Department Joined SG Holdings Co., Ltd., external assignment to SGH Global Japan Co., Ltd., General Manager of Administrative Department General Manager of the Internal Audit Office of SG Holdings Co., Ltd. Joined the Company, General Manager of Administrative Division Chief Financial Officer, General Manager of Administrative Division of the Company Director, Chief Financial Officer and General Manager of Administrative Division of the Company (current)	Note 3	-
Director	Yasushi Suzuki	February 24, 1963	April 1986 July 1995 November 1996 August 1999 March 2000 June 2001 March 2002 April 2004 April 2008 June 2015	Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited) General Manager of Sales Department of the Indonesia Office, The Long-Term Credit Bank of Japan Deputy Branch Manager of the Singapore Branch, The Long-Term Credit Bank of Japan Deputy General Manager of the New York Branch, The Long-Term Credit Bank of Japan Senior Economist of the Institute for Social and Economic Infrastructure Systems (posted in London) Financial Advisor of AntFactory Inc. (U.K.) Associate Professor of the Department of Management Systems, Kanazawa Institute of Technology Associate Professor of the College of Asia Pacific Studies, Ritsumeikan Asia Pacific University Professor of the College of International Management, Ritsumeikan Asia Pacific University (current) 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 March 1992 September 2000 April 2004 April 2007 April 2008 June 2012 January 2013 June 2014 October 2014 October 2014 October 2014 October 2014 March 2016 May 2018	Joined Kokusai Denshin Denwa Co., Ltd. (current KDDI Corp.) Manager, in-charge of Sales Division of Kokusai Denshin Denwa Co., Ltd. Manager of Investigation of KDD Research Institute, Inc. (current KDDI Research Institute, Inc.) External assignment to Research Institute of Telecommunications and Economics, Foundation for Multi-Media Communications External assignment to KDDI Engineering and Consulting, Inc. Assignment to Nonprofit Organization (NPO) ITS Japan Full-time Corporate Auditor of the Company (current) Corporate Auditor of Mobile Link Inc. (current) Corporate Auditor of Kurashiki Royal Art Hotel Co., Ltd. (current) Corporate Auditor of Trust Advisers Corporation (current) Corporate Auditor of Y.K. Masuda Seimen (current) Corporate Auditor of Narita Gateway Hotel Co., Ltd. (current) Corporate Auditor of M&A Global Partners Co., Ltd. (current) Corporate Auditor of Tokyo Apartment Guaranty Corporation (current) 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 October 2000 April 2004 August 2005 June 2008 June 2009 December 2012 December 2012 July 2017 June 2019	Joined The Tokai Bank, Ltd. (current MUFG Bank, Ltd.) Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC) Registered as Certified Public Accountant Joined Nippon Mirai Capital Co.,Ltd. Opened CPA Takae Kamei Office as President (current) Partner of Veritas & Co. Registered as an attorney Joined Shuhei Takahashi Law Office Partner of Shuhei Takahashi Law Office (current) Corporate Auditor of the Company (current)	Note 4	-
Corporate Auditor	Takuma Honda	July 18, 1983	December 2006 April 2011 September 2016 July 2017 June 2019	Joined KPMG AZSA & Co. (current KPMG AZSA LLC) Registered as Certified Public Accountant Opened Takuma Honda Certified Public Accountant Office (current Futarie Accounting Office) (current) Joined Bridge Consulting Group Inc. (current) 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 are no personal, financial, business and other significant relationships between the Company and Yasushi Suzuki, except for the ownership of the Company's share.

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. There are no personal, financial, business and other significant relationships between the Company and Ikuo Yoshizawa, except for the ownership of the Company's share.

Outside corporate auditor Takae Kamei is a partner of Shuhei Takahashi Law Office. There are no personal, financial, business and other significant relationships between the Company and the entity.

Outside corporate auditor Takuma Honda is the representative of Futarie Accounting Office. There are no personal, financial, business and other significant relationships between the Company and the entity.

(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. His 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 President 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.

Striders hold meetings of the Board of Corporate Auditors once a month in the current fiscal year. This table shows attendance of each corporate auditor at the meetings.

Name	Number of Board of Corporate Auditors meetings	Meetings attended
Ikuo Yoshizawa	12	12
Takae Kamei	9	9
Takuma Honda	9	9

Note: The number of meetings for corporate auditors Takae Kamei and Takuma Honda is the number following their election as corporate auditors on June 21, 2019.

Major items examined by the Board of Corporate Auditors

- Design of internal controls; support for making resolution at the Board of Directors regarding the Basic Policy for Internal Control Systems
- Compliance systems
- Status of measures for the prevention of power and sexual harassment
- Status of risk management activities
- Suitability of audits by the accounting auditor, suitability of audit plans and audit compensation, suitability of audit methods and results
- System for ensuring that the independent auditor performs duties properly

Activities of the corporate auditors

- Interview the representative director and other directors twice every year (full-time and other corporate auditors)
- Attend meetings of the Board of Directors, Management Committee and other important meetings
- Attend meetings of the Board of Directors and other important meetings at consolidated subsidiaries (non-full-time corporate auditors attend only Board of Directors meetings)
- Examination of general and specific decision-making documents and other documents involving important decisions
- On-site audits of all consolidated subsidiaries (only the full-time corporate auditor)
- State opinions at meetings of the Board of Directors and Board of Corporate Auditors
- Interaction and cooperation with the outside directors

2) Internal audits

Striders has an 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 Striders and the entire Striders Group as well as the suitability of business processes and provides

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

Moore Shisei & Co.

Note: SeishinShisei & Co. changed its name to Moore Shisei & Co. on January 1, 2020.

b. Number of years auditing Striders

2 years

c. Names of certified public accountants who executed the audit

Kiyozumi Asai, Engagement Partner, Certified Public Accountant

Kiyoshi Maruyama, Engagement Partner, Certified Public Accountant

d. Audit assistant information

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

e. Method and reason for selection of the audit corporation

Moore Shisei & 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.

f. 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 Moore Shisei & 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 Striders and individuals performing audits and by watching audits in progress.

4) Details of audit fee, etc.

a. Details of compensation to independent auditors

Category	FY3/19		FY3/20	
	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	15,300	-	18,000	-
Consolidated subsidiaries	-	-	-	-
Total	15,300	-	18,000	-

- b. Compensation to auditing certified public accountants, etc. belonging to the same network (Moore Global Network Limited) (excluding compensation in a.)

Category	FY3/19		FY3/20	
	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	-	-	-	-
Consolidated subsidiaries	975	585	1,540	-
Total	975	585	1,540	-

Compensation for non-audit work at consolidated subsidiaries is for examinations of balances at the beginning of the first fiscal year in association with the appointment of a different accounting auditor.

- c. Other material compensation based on audit certification work

There is no applicable information.

- d. 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 Striders' business activities, the number of days required for auditing, and other factors.

- e. 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) Compensation Paid to Executives

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

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

Compensation for directors is determined by the Board of Directors within the annual limit of 80,000 thousand yen, which does not include compensation received as employee salaries, that was approved at the 24th Ordinary General Shareholders' Meeting held on October 28, 1988. Compensation 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)
		Fixed compensation (Note 1)	Bonuses	
Directors (excluding outside directors)	65,800	63,300	2,500	4
Corporate Auditors (excluding outside corporate auditors)	-	-	-	-
Outside executives	12,600	12,600	-	6

Notes: 1. Fixed compensation is the total of compensation paid to executives of Striders from Striders and consolidated subsidiaries.

2. Total compensation for outside executives includes payments to two former outside corporate auditors.

(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 Striders.

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	6	1,916
All other shares	1	164,450

(Increases in stock investments during FY3/20)

	Number of stocks owned	Total acquisition cost for the increase in the number of shares (Thousands of yen)	Reasons for the increase in the number of shares
Non-listed shares	2	1,916	Subscription of share acquisition rights
All other shares	1	145,750	Exercise of share acquisition rights

(Decreases in stock investments during FY3/20)

There is no applicable information.

c. Number of shares by specified investment stock, balance sheet value, and other information

Specified Investment Stocks

Stock	FY3/20	FY3/19	Purpose, quantitative benefits and reason for increase in the number of shares	Ownership of Striders stock
	Number of shares (Shares)	Number of shares (Shares)		
	Value in the balance sheet (Thousands of yen)	Value in the balance sheet (Thousands of yen)		
Amagasa Co., Ltd.	550,000	-	To maintain and strengthen a relationship in the corporate turnaround business	None
	164,450	-		

Note: “ - ” indicates that no shares were held.

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

Category	FY3/20		FY3/19	
	Numbers of stock owned	Value in the balance sheet (Thousands of yen)	Numbers of stock owned	Value in the balance sheet (Thousands of yen)
Non-listed shares	1	0	1	0
All other shares	2	11,278	2	16,913

Category	FY3/20 (Thousands of yen)		
	Total dividend income	Total gain/loss on sales	Total valuation gain/loss
Non-listed shares	-	-	-
All other shares	98	-	(7,370)

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, 2019 to March 31, 2020, 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, 2019 to March 31, 2020, 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, 2019 to March 31, 2020) and the non-consolidated financial statements for the business year (from April 1, 2019 to March 31, 2020) have been audited by Moore Shisei & Co.

SeishinShisei & Co., which the Company has received an audit certificate, has changed its name to Moore Shisei & Co. on January 1, 2020.

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)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	*1 2,024,206	*1 2,200,502
Accounts receivable-trade	214,318	300,342
Securities	2,367	51,107
Real estate for sale	122,731	183,857
Other inventories	53,577	113,989
Short-term loans receivable from subsidiaries and associates	100,000	-
Other	144,803	109,857
Allowance for doubtful accounts	(31,518)	(32,386)
Total current assets	2,630,485	2,927,269
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 1,241,182	*1 1,308,835
Accumulated depreciation	(312,122)	(375,460)
Buildings and structures, net	929,059	933,374
Machinery, equipment and vehicles	75,608	*1 78,049
Accumulated depreciation	(49,814)	(53,421)
Machinery, equipment and vehicles, net	25,793	24,627
Tools, furniture and fixtures	193,374	212,606
Accumulated depreciation	(106,050)	(135,835)
Tools, furniture and fixtures, net	87,324	76,771
Land	*1 348,663	*1 348,663
Total property, plant and equipment	1,390,841	1,383,436
Intangible assets		
Goodwill	173,041	160,260
Other	31,067	22,829
Total intangible assets	204,108	183,090
Investments and other assets		
Investment securities	245,953	303,411
Shares of subsidiaries and associates	84,276	81,811
Deferred tax assets	49,065	47,004
Other	51,804	74,575
Allowance for doubtful accounts	(1,073)	(285)
Total investments and other assets	430,026	506,517
Total non-current assets	2,024,976	2,073,044
Total assets	4,655,462	5,000,313

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	92,530	226,329
Short-term borrowings	83,627	*1 97,853
Current portion of bonds payable	20,000	60,000
Current portion of long-term borrowings	*1 170,258	*1 158,735
Unearned revenue	191,583	203,483
Accrued expenses	102,046	95,508
Accounts payable-other	109,939	82,664
Income taxes payable	29,166	48,515
Provision for bonuses	30,522	32,958
Deposits received	120,537	129,097
Interest rate swaps	27,975	21,763
Other	116,581	160,798
Total current liabilities	1,094,769	1,317,708
Non-current liabilities		
Bonds payable	180,000	320,000
Long-term borrowings	*1 779,754	*1 729,600
Retirement benefit liability	46,892	58,015
Long-term leasehold and guarantee deposits received	234,230	221,000
Deferred tax liabilities	162,013	164,814
Other	70,000	55,506
Total non-current liabilities	1,472,890	1,548,936
Total liabilities	2,567,659	2,866,645
Net assets		
Shareholders' equity		
Share capital	1,582,416	1,583,825
Capital surplus	106,207	107,616
Retained earnings	441,810	592,962
Treasury shares	(21,814)	(144,839)
Total shareholders' equity	2,108,620	2,139,565
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,792	(13,092)
Deferred gains or losses on hedges	(27,450)	(21,432)
Foreign currency translation adjustment	(4,882)	(3,503)
Remeasurements of defined benefit plans	(6,091)	(6,336)
Total accumulated other comprehensive income	(35,632)	(44,364)
Share acquisition rights	3,420	3,402
Non-controlling interests	11,394	35,065
Total net assets	2,087,802	2,133,668
Total liabilities and net assets	4,655,462	5,000,313

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

	(Thousands of yen)	
	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Net sales	9,216,311	13,276,092
Cost of sales	6,821,390	10,187,446
Gross profit	2,394,921	3,088,646
Selling, general and administrative expenses	*1 2,178,891	*1 2,832,471
Operating profit	216,029	256,174
Non-operating income		
Interest income	2,392	3,488
Dividend income	79	2,247
Gain on sales of securities	-	669
Share of profit of entities accounted for using equity method	4,852	2,713
Commission income	26,856	26,388
Foreign exchange gains	-	266
Other	5,790	3,110
Total non-operating income	39,972	38,884
Non-operating expenses		
Interest expenses	14,939	13,552
Interest on bonds	235	2,095
Share issuance costs	3,300	-
Bond issuance costs	4,781	3,833
Loss on valuation of securities	305	12,509
Commission expenses	-	4,500
Foreign exchange losses	1,383	-
Other	601	3,885
Total non-operating expenses	25,547	40,376
Ordinary profit	230,454	254,682
Extraordinary income		
Gain on sales of non-current assets	*2 2,761	*2 1,050
Gain on sales of investment securities	810	469
Gain on liquidation of subsidiaries and associates	23,410	-
Total extraordinary income	26,982	1,519
Extraordinary losses		
Loss on valuation of investment securities	18,975	8,017
Impairment loss	9,190	-
Provision of allowance for doubtful accounts	14,767	-
Other	1,849	10
Total extraordinary losses	44,782	8,027
Profit before distributions of profit or loss on silent partnerships and income taxes	212,654	248,174
Distributions of profit or loss on silent partnerships	-	(14,493)
Profit before income taxes	212,654	262,668
Income taxes-current	78,422	86,941
Income taxes-deferred	57,428	3,957
Total income taxes	135,851	90,899
Profit	76,803	171,768
Profit (loss) attributable to non-controlling interests	(129)	20,616
Profit attributable to owners of parent	76,932	151,151

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Profit	76,803	171,768
Other comprehensive income		
Valuation difference on available-for-sale securities	(217)	(13,102)
Deferred gains or losses on hedges	1,725	6,017
Foreign currency translation adjustment	(1,419)	1,885
Remeasurements of defined benefit plans, net of tax	(4,558)	(479)
Total other comprehensive income	* (4,469)	* (5,678)
Comprehensive income	72,333	166,090
Comprehensive income attributable to:		
Owners of parent	78,105	142,419
Non-controlling interests	(5,772)	23,670

3) Consolidated Statement of Changes in Equity
FY3/19 (April 1, 2018 – March 31, 2019)

(Thousands of yen)

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

(Thousands of yen)

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

FY3/20 (April 1, 2019 – March 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,582,416	106,207	441,810	(21,814)	2,108,620
Changes during period					
Issuance of new shares	1,409	1,409			2,818
Profit attributable to owners of parent			151,151		151,151
Purchase of treasury shares				(123,024)	(123,024)
Net changes in items other than shareholders' equity					
Total changes during period	1,409	1,409	151,151	(123,024)	30,945
Balance at end of period	1,583,825	107,616	592,962	(144,839)	2,139,565

(Thousands of yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,792	(27,450)	(4,882)	(6,091)	(35,632)	3,420	11,394	2,087,802
Changes during period								
Issuance of new shares						(18)		2,800
Profit attributable to owners of parent								151,151
Purchase of treasury shares								(123,024)
Net changes in items other than shareholders' equity	(15,884)	6,017	1,378	(244)	(8,732)		23,670	14,938
Total changes during period	(15,884)	6,017	1,378	(244)	(8,732)	(18)	23,670	45,865
Balance at end of period	(13,092)	(21,432)	(3,503)	(6,336)	(44,364)	3,402	35,065	2,133,668

4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/19	FY3/20
	(April 1, 2018 – March 31, 2019)	(April 1, 2019 – March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	212,654	262,668
Depreciation	107,066	110,256
Impairment loss	9,190	-
Amortization of goodwill	29,398	13,907
Increase (decrease) in allowance for doubtful accounts	12,147	(663)
Increase (decrease) in other provisions	14,574	12,342
Loss (gain) on liquidation of subsidiaries and associates	(23,410)	-
Loss (gain) on valuation of securities	305	12,509
Loss (gain) on valuation of investment securities	18,975	8,017
Loss (gain) on sales of investment securities	(810)	(469)
Distributions of profit or loss on silent partnerships	-	(14,493)
Interest and dividend income	(2,472)	(5,735)
Interest expenses on borrowings and bonds	15,175	15,648
Foreign exchange losses (gains)	4,670	(1,226)
Share of loss (profit) of entities accounted for using equity method	(4,852)	(2,713)
Loss (gain) on sales of securities	-	(669)
Decrease (increase) in trade receivables	16,913	(82,681)
Decrease (increase) in inventories	143,869	(119,389)
Increase (decrease) in trade payables	(60,666)	131,828
Increase (decrease) in deposits received	(11,588)	8,536
Increase (decrease) in leasehold and guarantee deposits received	(12,516)	(13,230)
Other, net	63,475	21,104
Subtotal	532,098	355,545
Interest and dividends received	2,467	5,735
Interest paid	(14,930)	(14,754)
Income taxes refund	-	38,262
Income taxes paid	(105,338)	(72,936)
Net cash provided by (used in) operating activities	414,297	311,852
Cash flows from investing activities		
Purchase of securities	(604)	(189)
Proceeds from sales of securities	596	8,446
Purchase of property, plant and equipment	(113,069)	(93,721)
Proceeds from sales of property, plant and equipment	3,120	1,050
Purchase of intangible assets	(20,630)	(1,310)
Net decrease (increase) in time deposits	19,301	-
Purchase of investment securities	(241,453)	(149,316)
Proceeds from sales of investment securities	10,677	10,790
Proceeds from liquidation of subsidiaries and associates	30,403	-
Loan advances to subsidiaries and associates	(100,000)	-
Collection of loans receivable	-	100,000
Payments for investments in silent partnerships	-	(20,037)
Other, net	(11,803)	78
Net cash provided by (used in) investing activities	(423,462)	(144,209)

	(Thousands of yen)	
	FY3/19	FY3/20
	(April 1, 2018 – March 31, 2019) (April 1, 2019 – March 31, 2020)	
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(130,000)	10,000
Proceeds from issuance of bonds	200,000	200,000
Redemption of bonds	-	(20,000)
Proceeds from long-term borrowings	59,000	191,000
Repayments of long-term borrowings	(271,996)	(252,677)
Purchase of treasury shares	(18,752)	(123,024)
Other, net	1,200	2,800
Net cash provided by (used in) financing activities	(160,548)	8,098
Effect of exchange rate change on cash and cash equivalents	(1,481)	551
Net increase (decrease) in cash and cash equivalents	(171,195)	176,293
Cash and cash equivalents at beginning of period	1,985,398	1,814,203
Cash and cash equivalents at end of period	* 1,814,203	* 1,990,496

[Notes]

Notes - Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Matters relating to the scope of consolidation

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

Number of affiliates accounted for by the equity method: 1

Names of the company:

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

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 15 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 retirement 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 ("IFRS").

(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.

iii. Application of tax effect accounting associated with the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system that was established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and the non-consolidated tax system items that were revised by this act, the Company and some consolidated subsidiaries in Japan have not applied the provisions of Paragraph 44 of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) pursuant to the treatment under Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020). Consequently, deferred tax assets and deferred tax liabilities are based on the tax law before the partial revision of the Income Tax Act.

Notes - Accounting Standards Issued but Not Yet Applied

-Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)

-Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 31, 2020)

-Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(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

Striders 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.

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

-Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)

-Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 4, 2019)

-Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019)

-Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)

-Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020)

(1) Summary

The IASB and the FASB have established basically identical guidance for the measurement of fair value (IFRS No. 13 Fair Value Measurement and Accounting Standards Codification Topic 820 Fair Value Measurement of the FASB). Consequently, the ASBJ took steps for the conformity with international accounting standards of the Japanese standard for guidance and disclosure concerning the fair value of primarily financial instruments. The result was the announcement of the ASBJ Accounting Standard for Fair Value Measurement and associated items.

The fundamental policy for the development of the ASBJ accounting standard for fair value measurement was to use a single calculation method in order to facilitate comparisons of the financial statements of companies in Japan and companies in other countries. Basically, all of the elements of IFRS No. 13 were incorporated. In addition, in consideration of accounting practices in Japan, the standards prescribe other methods for individual items, but only to the extent that there is no significant negative effect on financial statement comparisons.

(2) Planned date of application

Striders plans to apply this standards and guidances at the beginning of the fiscal year ending March 31, 2022.

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

Striders is currently studying how the application of the Accounting Standard for Fair Value Measurement, etc. will affect the consolidated financial statements.

-Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Summary

Article 125 of International Accounting Standard (IAS) No. 1 Presentation of Financial Statements, which was announced in 2003 by the IASB, requires the disclosure of “sources of estimation uncertainty.” There were requests for a study in Japan concerning a requirement for the disclosure of this information in notes to financial statements because this information is highly useful to users of financial statements. As a result, the ASBJ developed and announced an accounting standard for disclosures concerning accounting estimates.

The fundamental policy for the development of this accounting estimate disclosure standard was to prescribe the rules (purpose of disclosure) and then make decisions about specific information to disclose based on the purpose of disclosing this information. The fundamental policy was not to simply expand notes one by one. Furthermore, the provisions of IAS No. 1 Article 125 were used as reference for the development of the accounting estimate disclosure standard.

(2) Planned date of application

Striders plans to apply this standard at the end of the fiscal year ending March 31, 2021.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, March 31, 2020)

(1) Summary

A recommendation was received to consider increasing the amount of information in the note concerning “rules and procedures for accounting treatments used when stipulations concerning associated accounting standards, etc. are not clear.” In response to this suggestion, the ASBJ has made the necessary revisions, and announced this as an accounting standard for accounting policy disclosures, accounting changes and error corrections.

When increasing the amount of information in the note concerning “rules and procedures for accounting treatments used when stipulations concerning associated accounting standards, etc. are not clear,” the provisions of the explanatory notes for the corporate accounting principles (notes 1-2) continue to be used for the purpose of preventing any effect on existing practices in cases where the provisions of associated accounting standards, etc. are clear.

(2) Planned date of application

Striders plans to apply this standard at the end of the fiscal year ending March 31, 2021.

Notes - Changes in Presentation

Consolidated Statement of Income

“Loss on valuation of securities,” included in “Other” under “Non-operating expenses” in the previous fiscal year, are presented as a separate line item in the current fiscal year due to the increased significance of the amount. “Loss on valuation of securities” in the previous fiscal year was 305 thousand yen.

Consolidated Statement of Cash Flows

“Loss (gain) on valuation of securities,” included in “Other, net” under “Net cash provided by (used in) operating activities” in the previous fiscal year, is reclassified and presented as a separate item in the current fiscal year due to the increased significance of the amount. “Interest on bonds,” included in “Other, net” under “Net cash provided by (used in) operating activities” in the previous fiscal year, is reclassified and presented as “Interest expenses on borrowings and bonds” in the current fiscal year due to the increased significance of the amount. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the 14,939 thousand yen “Interest expenses” and the 64,016 thousand yen “Other, net” line items under “Cash flows from operating activities” in the previous fiscal year’s consolidated statement of cash flows have been reclassified as the 305 thousand yen “Loss (gain) on valuation of securities,” 15,175 thousand yen “Interest expenses on borrowings and bonds” and 63,475 thousand yen “Other, net” line items.

“Decrease (increase) in guarantee deposits” under “Cash flows from investing activities” presented as a separate line item in the previous fiscal year, is included in “Other, net” in the current fiscal year due to the decreased significance of the amount. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the (11,803) thousand yen “Decrease (increase) in guarantee deposits” line item under “Cash flows from investing activities” in the previous fiscal year’s consolidated statement of cash flows has been reclassified as “Other, net” line item.

“Purchase of treasury shares,” included in “Other, net” under “Net cash provided by (used in) financing activities” in the previous fiscal year, is reclassified and presented as a separate item in the current fiscal year due to the increased significance of the amount. For consistency with these changes, the consolidated financial statements for the previous fiscal year have been revised.

Accordingly, the (17,552) thousand yen “Other, net” line items under “Cash flows from financing activities” in the previous fiscal year’s consolidated statement of cash flows has been reclassified as the (18,752) thousand yen “Purchase of treasury shares” and 1,200 thousand yen “Other, net” line items.

Notes - Additional Information

Accounting estimates concerning the effects of COVID-19

The Striders Group determines accounting estimates for the recoverability of deferred tax assets and for the impairment of non-current assets by using information that is available when the consolidated financial statements are prepared. Although the COVID-19 pandemic is currently reducing sales and affecting results of operations in other ways, accounting estimates use the assumption that there will no longer be any negative effects by the end of the summer of 2020.

Notes - Consolidated Balance Sheet

- *1. Assets pledged as collateral and secured liabilities
Assets pledged as collateral are as follows.

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Time deposits	100,000	100,000
Buildings	707,516	665,112
Machinery, equipment and vehicles	-	12,970
Land	348,663	348,663
Total	1,156,179	1,126,746

Secured liabilities are as follows.

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Short-term borrowings	-	5,490
Long-term borrowings (include current portion of long-term borrowings)	579,503	722,297
Total	579,503	727,787

- *2. Current account overdraft agreements

The Striders 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)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Current account overdraft limit	130,000	130,000
Credit used	-	-
Credit available	130,000	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)	
	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Directors' compensations	91,085	101,218
Salaries and allowances	649,060	742,789
Provision for bonuses	29,322	30,985
Retirement benefit expenses	4,719	6,677
Provision of allowance for doubtful accounts	30	603
Business consignment expenses	270,178	665,782
Commission expenses	180,805	221,982
Amortization of goodwill	29,398	13,907

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

	(Millions of yen)	
	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Machinery, equipment and vehicles	2,761	1,050

Notes - Consolidated Statement of Comprehensive Income

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

	(Thousands of yen)	
	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Valuation difference on available-for-sale securities:		
Amount recognized during the current fiscal year	371	(9,782)
Re-classification adjustments	(48)	408
Before tax effect adjustment	322	(9,374)
Tax effects	(540)	(3,727)
Valuation difference on available-for-sale securities	(217)	(13,102)
Deferred gains or losses on hedges:		
Amount recognized during the current fiscal year	1,594	6,211
Re-classification adjustments	-	-
Before tax effect adjustment	1,594	6,211
Tax effects	131	(193)
Deferred gains or losses on hedges	1,725	6,017
Foreign currency translation adjustment:		
Amount recognized during the current fiscal year	(4,522)	1,885
Re-classification adjustments	3,103	-
Before tax effect adjustment	(1,419)	1,885
Tax effects	-	-
Foreign currency translation adjustment	(1,419)	1,885
Remeasurements of defined benefit plans, net of tax:		
Amount recognized during the current fiscal year	(6,509)	(4,127)
Re-classification adjustments	-	1,457
Before tax effect adjustment	(6,509)	(2,670)
Tax effects	1,950	2,190
Remeasurements of defined benefit plans, net of tax	(4,558)	(479)
Total other comprehensive income	(4,469)	(5,678)

Notes - Consolidated Statement of Changes in Equity

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 thousand 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	25,000	-	-	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.

FY3/20 (April 1, 2019 – March 31, 2020)

1. Matters regarding the class and number of issued shares and treasury shares

(Thousand shares)

	As of April 1, 2019	Increase	Decrease	As of March 31, 2020
Issued shares				
Common stock	8,887	10	-	8,897
Total	8,887	10	-	8,897
Treasury shares				
Common stock (Note)	57	367	-	425
Total	57	367	-	425

Note: Number of treasury shares of common stock was increased by 367 thousand shares due to the acquisition of treasury shares resolved at the Board of Directors meeting.

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, 2020 (Thousands of yen)
			As of April 1, 2019	Increase	Decrease	As of March 31, 2020	
The Company (Parent company)	No. 6 share acquisition rights (issued on May 29, 2013)	Common stock	25,000	-	10,000	15,000	27
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		-	860,000	-	10,000	850,000	3,402

Note: The decrease in the number of No. 6 share acquisition rights is due to the exercise of share acquisition rights.

3. Matters regarding dividends

Dividends with a record date during FY3/20 but with an effective date in FY3/21

Resolution	Class of shares	Total amount of dividends (Thousands of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Ordinary General Shareholders' Meeting held on Jun. 19, 2020	Common stock	25,415	Retained earnings	3	March 31, 2020	Jun. 22, 2020

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)	
	FY3/19	FY3/20
	(April 1, 2018 – March 31, 2019)	(April 1, 2019 – March 31, 2020)
Cash and deposit account	2,024,206	2,200,502
Derivative deposits	(210,002)	(210,005)
Cash and cash equivalents	1,814,203	1,990,496

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 borrowings are used mainly to fund business transactions. Bonds and long-term borrowings are used mainly to fund capital expenditures. To eliminate exposure to interest rate risk for some long-term borrowings, 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 borrowings 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 instruments 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)

FY3/19 (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 borrowings	83,627	83,627	-
(3) Current portion of bonds	20,000	19,880	(119)
(4) Current portion of long-term borrowings	170,258	169,670	(587)
(5) Accounts payable-other	109,939	109,939	-
(6) Accrued expenses	102,046	102,046	-
(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 borrowings	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.

FY3/20 (As of March 31, 2020)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	2,200,502	2,200,502	-
(2) Accounts receivable-trade	300,342		
Allowance for doubtful accounts*1	(2,847)		
	297,495	297,495	-
(3) Marketable securities and investment securities	327,453	327,453	-
Total assets	2,825,450	2,825,450	-
(1) Accounts payable-trade	226,329	226,329	-
(2) Short-term borrowings	97,853	97,853	-
(3) Current portion of bonds	60,000	59,750	(249)
(4) Current portion of long-term borrowings	158,735	158,239	(495)
(5) Accounts payable-other	82,664	82,664	-
(6) Accrued expenses	95,508	95,508	-
(7) Income taxes payable	48,515	48,515	-
(8) Deposits received	129,097	129,097	-
(9) Bonds payable	320,000	316,027	(3,972)
(10) Long-term borrowings	729,600	726,563	(3,036)
(11) Long-term lease and guarantee deposited	221,000	217,530	(3,470)
Total liabilities	2,169,305	2,158,081	(11,223)
Derivative transactions*2	[21,763]	[21,763]	-

*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 borrowings, (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 borrowings, (9) Bonds payable and (10) Long-term borrowings

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	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Investment securities (non-listed shares) *1	27,934	27,066
Shares of subsidiaries and associates*2	84,276	81,811

*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

FY3/19 (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	-	-	-

FY3/20 (As of March 31, 2020)

(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	2,200,502	-	-	-
Accounts receivable-trade	300,342	-	-	-
Total	2,500,844	-	-	-

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

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 borrowings	83,627	-	-	-	-	-
Bonds payable	20,000	20,000	20,000	20,000	120,000	-
Long-term borrowings	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

FY3/20 (As of March 31, 2020)

(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 borrowings	97,853	-	-	-	-	-
Bonds payable	60,000	60,000	60,000	160,000	40,000	-
Long-term borrowings	158,735	150,376	208,129	92,124	55,744	223,227
Total	316,588	210,376	268,129	252,124	95,744	223,227

Notes - Securities

1. Securities for trade purposes

(Thousands of yen)

	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Unrealized gain (loss) included in profit/loss	(305)	(12,509)

2. 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.

FY3/20 (April 1, 2019 – March 31, 2020)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	171,175	146,798	24,377
	Subtotal	171,175	146,798	24,377
Securities for which the carrying value does not exceed their acquisition cost	Stocks	105,169	134,131	(28,961)
	Subtotal	105,169	134,131	(28,961)
Total		276,345	280,929	(4,584)

Note: As the investment securities (reported at 27,066 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

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

(Thousands of yen)

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

FY3/20 (April 1, 2019 – March 31, 2020)

(Thousands of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	10,790	469	-
Total	10,790	469	-

4. Marketable securities written down for impairment

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.

Securities of 8,017 thousand yen (available-for-sale securities of 8,017 thousand yen) were written down for the fiscal year ended March 31, 2020.

Notes - Derivatives

Derivative transactions accounted by the hedge accounting method

Interest rates

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	Borrowings	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.

FY3/20 (As of March 31, 2020)

(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	Borrowings	973,500	620,285	(21,763)
Total			973,500	620,285	(21,763)

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)

	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Retirement benefit obligations at beginning of period	28,349	37,554
Service cost	1,945	2,519
Interest cost	1,869	3,028
Actuarial differences	7,801	3,804
Foreign exchange translation gains or losses	(2,411)	1,119
Retirement benefit obligations at end of period	37,554	48,025

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

(Thousands of yen)

	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Retirement benefit liability at beginning of period	8,720	9,338
Retirement benefit expenses	1,662	651
Payment of retirement benefits	(1,045)	-
Retirement benefit liability at end of period	9,338	9,989

(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)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Retirement benefit obligations of contributory plan	-	-
Plan assets at fair value	-	-
	-	-
Retirement benefit obligations of non-contributory plan	46,892	58,015
Net liability/asset recognized in the consolidated balance sheet	46,892	58,015
Retirement benefit liability	46,892	58,015
Net liability/asset recognized in the consolidated balance sheet	46,892	58,015

Note: Plans using the simplified method are included.

(4) Components of retirement benefit expenses

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Service cost	1,945	2,519
Interest cost	1,869	3,028
Amortization of actuarial differences	685	1,457
Retirement benefit expenses using the simplified method	1,662	651
Retirement benefit expenses for defined benefit plan	6,163	7,655

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

	(Thousands of yen)	
	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Actuarial differences	685	1,457

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

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Unrecognized actuarial differences	13,894	16,564

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

	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Discount rate	8.1%	7.0%
Expected rate of salary increases	3.0	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: 6
Number of stock options granted by class of shares (Note)	Common stock: 445,000 shares
Date of grant	October 5, 2015
Vesting conditions	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>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.</p>
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 FY3/20. 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, 2019	-
Granted	-
Forfeited	-
Vested	-
Unvested stock options as of March 31, 2020	-
Vested stock options (Shares)	
As of March 31, 2019	435,000
Vested	-
Exercised	-
Forfeited	-
Unexercised stock options as of March 31, 2020	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 share capital 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

	FY3/19 (As of March 31, 2019)	(Thousands of yen) FY3/20 (As of March 31, 2020)
Deferred tax assets		
Excess allowance for doubtful accounts	1,137	804
Provision for bonuses	9,999	10,433
Loss on valuation of investment securities	44,104	46,559
Loss carried forward (Note 1)	224,425	160,614
Retirement benefit liability	11,616	15,361
Other	16,969	21,610
Subtotal deferred tax assets	308,254	255,384
Valuation reserve for tax-deductible loss carried forward (Note 1)	(184,533)	(126,614)
Valuation reserve for total future temporary differences	(64,166)	(75,933)
Subtotal valuation allowance	(248,699)	(202,547)
Total deferred tax assets	59,554	52,836
Deferred tax liabilities		
Valuation difference on available-for-sale securities	1,998	5,725
Valuation difference due to the evaluation of stock of consolidated subsidiary at fair value	170,503	164,814
Other	-	106
Total deferred tax liabilities	172,501	170,647
Net deferred tax liabilities	112,947	117,810

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

FY3/20 (As of March 31, 2020)

(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	84,079	39,872	7,034	2,267	6,456	20,903	160,614
Valuation allowance	(67,079)	(22,872)	(7,034)	(2,267)	(6,456)	(20,903)	(126,614)
Deferred tax assets	17,000	17,000	-	-	-	-	*2 34,000

*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 is 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

	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Entertainment expenses and other items not to be included in expenses indefinitely	1.8	3.5
Residential tax for the period	0.4	0.6
Increase (decrease) in valuation allowance	13.4	7.7
Amortization of goodwill	5.5	1.6
Consolidation adjustment	7.9	0.6
Effect of consolidated taxation	1.1	(9.3)
Other	3.1	(0.7)
Actual effective tax rate after the application of tax-effect accounting	63.9	34.6

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 Striders 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 Striders 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; and 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 the amounts of net sales, profit/loss, assets, liabilities and other items by 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.

Changes in calculation method of profit/loss and assets of reportable segments

The Company reviewed the adjustment method of inter-segment transactions in order to evaluate and manage the performance of each reportable segment more appropriately. Accordingly, from the current fiscal year we changed the calculation method of operating segment profit/loss as well as segment assets. The segment information for the previous fiscal year is prepared based on the revised calculation method.

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

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	1,436,276	884,324	8,880,687	335,624	9,216,311	-	9,216,311
Inter-segment sales and transfers	-	304	4,698	5,003	12	5,015	(5,015)	-
Total	6,560,086	1,436,580	889,023	8,885,690	335,636	9,221,326	(5,015)	9,216,311
Segment profit (loss)	207,618	159,324	45,842	412,785	(2,293)	410,491	(194,462)	216,029
Segment assets	961,475	1,688,016	335,335	2,984,827	431,906	3,416,733	1,238,728	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 194,462 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.

FY3/20 (April 1, 2019 – March 31, 2020)

(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	10,442,042	1,377,978	873,006	12,693,027	583,065	13,276,092	-	13,276,092
Inter-segment sales and transfers	-	448	3,624	4,072	11	4,084	(4,084)	-
Total	10,442,042	1,378,426	876,630	12,697,099	583,076	13,280,176	(4,084)	13,276,092
Segment profit	290,994	86,917	28,281	406,193	58,932	465,126	(208,951)	256,174
Segment assets	1,163,641	1,656,897	427,260	3,247,798	527,685	3,775,483	1,224,830	5,000,313
Other items								
Depreciation	9,267	91,218	4,417	104,903	2,864	107,767	2,488	110,256
Amortization of goodwill	-	8,122	5,785	13,907	-	13,907	-	13,907
Share of profit of entities accounted for using equity method	-	-	-	-	2,713	2,713	-	2,713
Increase in property, plant and equipment, and intangible assets	944	83,538	6,519	91,002	2,034	93,037	1,408	94,445

- 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 208,951 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.

Related Information

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 on the consolidated balance sheet.

3. Information of specific major customer

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

FY3/20 (April 1, 2019 – March 31, 2020)

1. Information about products and services

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

2. Geographical information

(1) Net sales

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

(2) Property, plant and equipment

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

3. Information of specific major customer

This information is omitted because no single customer accounted for 10% or more of total sales in FY3/20.

Information Related to Impairment Loss of Non-current Assets by Each Reportable Segment

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

(Thousands of yen)

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

FY3/20 (April 1, 2019 – March 31, 2020)

There is no applicable information.

Information Related to Amortization of Goodwill and Unamortized Balance by Each Reportable Segment

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

(Thousands of yen)

	Real Estate Business	Hotel Business	Overseas Business	Other	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

FY3/20 (April 1, 2019 – March 31, 2020)

(Thousands of yen)

	Real Estate Business	Hotel Business	Overseas Business	Other	Elimination or corporate	Total
Amortization for the period	-	8,122	5,785	-	-	13,907
Balance at the end of the period	-	115,741	44,519	-	-	160,260

Information Related to Gain on Bargain Purchase by Each Reportable Segment

There is no applicable information.

Notes - Per Share Information

	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Net assets per share (Yen)	234.78	247.31
Net income per share (Yen)	8.66	17.48
Diluted net income per share (Yen)	8.66	17.48

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

	FY3/19 (April 1, 2018 – March 31, 2019)	FY3/20 (April 1, 2019 – March 31, 2020)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	76,932	151,151
Amount not attributed to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent related to common shares (Thousands of yen)	76,932	151,151
Average number of shares outstanding during the period (Thousands of shares)	8,879	8,644
Diluted net income per share		
[Basis for calculation]		
Adjustment to profit attributable to owners of parent (Thousands of yen)	-	-
Increase in the number of common shares (Thousands of shares)	7	0
[Of which, share acquisition rights (Thousands of shares)]	[7]	[0]
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 common shares per right) Striders Corporation No. 9 share acquisition rights: 4,000 (100 common shares per right)	Striders Corporation No. 8 share acquisition rights: 4,350 (100 common shares per right) Striders Corporation No. 9 share acquisition rights: 4,000 (100 common shares per right)

Notes - Subsequent Events

Although the Company holds only 18.26% of the voting rights in Amagasa Co., Ltd., the Company now has the ability to exercise significant influence on the decisions about the financial matters and operational or business policies of Amagasa Co., Ltd. because the Chairman of the Company concurrently serves as the representative director of Amagasa Co., Ltd. since April 28, 2020. As a result, Amagasa Co., Ltd. has become an affiliated company of the Company accounted for by the equity method effective as of the day.

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 (-)	100,000 (-)	0.42	None	December 28, 2023
Striders Corporation	Second unsecured corporate bond (Note 1)	March 25, 2019	100,000 (20,000)	80,000 (20,000)	0.38	None	March 25, 2024
Striders Corporation	Third unsecured corporate bond (Note 1)	November 29, 2019	- (-)	100,000 (20,000)	0.21	None	November 29, 2024
Striders Corporation	Fourth unsecured corporate bond (Note 1)	December 25, 2019	- (-)	100,000 (20,000)	0.42	None	December 25, 2024
Total	-	-	200,000 (20,000)	380,000 (60,000)	-	-	-

Notes: 1. Figures in parentheses are amount scheduled to be redeemed within one year.

2. Repayments of bonds within five years after March 31, 2020 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
60,000	60,000	60,000	160,000	40,000

Detailed Statement of Borrowings

Category	Balance as of April 1, 2019 (Thousands of yen)	Balance as of March 31, 2020 (Thousands of yen)	Average interest rate (%)	Due date
Short-term borrowings	83,627	97,853	3.6	-
Current portion of long-term borrowings	170,258	158,735	0.7	-
Long-term borrowings (excluding current portion of long-term borrowings)	779,754	729,600	0.7	2022-2026
Total	1,033,639	986,188	-	-

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 borrowings (excluding current portion of long-term borrowings) 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 borrowings	150,376	208,129	92,124	55,744

(2) Other Information

Quarterly Information for the Current Fiscal Year

Cumulative period	Three months ended June 30, 2019	Six months ended September 30, 2019	Nine months ended December 31, 2019	Fiscal year ended March 31, 2020
Net sales (Thousands of yen)	2,470,116	5,475,729	9,647,288	13,276,092
Profit before income taxes (Thousands of yen)	97,344	202,744	285,601	262,668
Profit attributable to owners of parent (Thousands of yen)	71,521	145,003	196,573	151,151
Net income per share (Yen)	8.15	16.61	22.62	17.48

Each quarter	1st Quarter April 1, 2019 to June 30, 2019	2nd Quarter July 1, 2019 to September 30, 2019	3rd Quarter October 1, 2019 to December 31, 2019	4th Quarter January 1, 2020 to March 31, 2020
Net income (loss) per share (Yen)	8.15	8.45	5.99	(5.34)

2. Financial Statements, etc.

(1) Financial Statements

1) Non-consolidated Balance Sheet

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	*1 989,474	*1 971,082
Securities	1,946	-
Accounts receivable-other from subsidiaries and associates	103,911	109,793
Short-term loans receivable from subsidiaries and associates	*4 178,000	*4 192,000
Other	57,057	10,135
Total current assets	1,330,389	1,283,010
Non-current assets		
Property, plant and equipment	563	1,008
Intangible assets	6,345	4,984
Investments and other assets		
Investment securities	19,813	179,295
Shares of subsidiaries and associates	863,628	858,449
Long-term loans receivable from subsidiaries and associates	*4 805,896	*4 774,032
Deferred tax assets	23,041	18,004
Other	7,807	7,848
Total investments and other assets	1,720,186	1,837,629
Total non-current assets	1,727,095	1,843,621
Total assets	3,057,485	3,126,632

(Thousands of yen)

	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Liabilities		
Current liabilities		
Current portion of bonds	20,000	60,000
Current portion of long-term borrowings	*1 136,438	*1 132,463
Accounts payable-other from subsidiaries and associates	1,258	9,210
Accrued expenses	11,941	12,244
Income taxes payable	4,243	12,360
Accrued consumption taxes	827	-
Provision for bonuses	2,761	3,776
Interest rate swaps	26,261	20,682
Other	14,578	9,758
Total current liabilities	218,310	260,496
Non-current liabilities		
Bonds payable	180,000	320,000
Long-term borrowings	*1 666,434	*1 646,596
Total non-current liabilities	846,434	966,596
Total liabilities	1,064,744	1,227,092
Net assets		
Shareholders' equity		
Share capital	1,582,416	1,583,825
Capital surplus		
Legal capital surplus	94,742	96,151
Total capital surpluses	94,742	96,151
Retained earnings		
Other retained earnings		
Retained earnings brought forward	361,931	376,079
Total retained earnings	361,931	376,079
Treasury shares	(21,814)	(144,839)
Total shareholders' equity	2,017,275	1,911,216
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(1,692)	5,603
Deferred gains or losses on hedges	(26,261)	(20,682)
Total valuation and translation adjustments	(27,954)	(15,078)
Share acquisition rights	3,420	3,402
Total net assets	1,992,741	1,899,540
Total liabilities and net assets	3,057,485	3,126,632

2) Non-consolidated Statement of Income

	(Thousands of yen)	
	FY3/19	FY3/20
	(April 1, 2018 – March 31, 2019)	(April 1, 2019 – March 31, 2020)
Net sales	*1 183,030	*1 149,727
Gross profit	183,030	149,727
Selling, general and administrative expenses	*2 227,342	*2 241,615
Operating loss	(44,312)	(91,888)
Non-operating income		
Interest income	*1 19,602	*1 22,394
Dividend income	*1 302,146	*1 78,764
Gain on sales of securities	-	400
Foreign exchange gains	5,826	-
Other	127	89
Total non-operating income	327,701	101,648
Non-operating expenses		
Interest expenses	12,025	11,622
Interest on bonds	235	2,095
Foreign exchange losses	-	2,585
Share issuance cost	3,300	-
Bond issuance cost	4,781	3,833
Other	292	1,331
Total non-operating expenses	20,636	21,469
Ordinary profit (loss)	262,752	(11,709)
Extraordinary losses		
Loss on valuation of investment securities	2,038	8,017
Loss on valuation of shares of subsidiaries and associates	53,500	-
Total extraordinary losses	55,538	8,017
Profit (loss) before income taxes	207,214	(19,726)
Income taxes-current	(31,261)	(33,204)
Income taxes-deferred	50,940	(670)
Total income taxes	19,678	(33,874)
Profit	187,535	14,147

3) Non-consolidated Statement of Changes in Equity

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

(Thousands of yen)

	Shareholders' equity						
	Share capital	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 period	1,582,416	94,742	94,742	174,396	174,396	(3,062)	1,848,492
Changes during period							
Profit				187,535	187,535		187,535
Purchase of treasury shares						(18,752)	(18,752)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	187,535	187,535	(18,752)	168,782
Balance at end of 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 period	990	(28,399)	(27,408)	2,220	1,823,304
Changes during period					
Profit					187,535
Purchase of treasury shares					(18,752)
Net changes in items other than shareholders' equity	(2,683)	2,137	(545)	1,200	654
Total changes during period	(2,683)	2,137	(545)	1,200	169,437
Balance at end of period	(1,692)	(26,261)	(27,954)	3,420	1,992,741

FY3/20 (April 1, 2019 – March 31, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	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 period	1,582,416	94,742	94,742	361,931	361,931	(21,814)	2,017,275
Changes during period							
Issuance of new shares	1,409	1,409	1,409				2,818
Profit				14,147	14,147		14,147
Purchase of treasury shares						(123,024)	(123,024)
Net changes in items other than shareholders' equity							
Total changes during period	1,409	1,409	1,409	14,147	14,147	(123,024)	(106,058)
Balance at end of period	1,583,825	96,151	96,151	376,079	376,079	(144,839)	1,911,216

	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 period	(1,692)	(26,261)	(27,954)	3,420	1,992,741
Changes during period					
Issuance of new shares				(18)	2,800
Profit					14,147
Purchase of treasury shares					(123,024)
Net changes in items other than shareholders' equity	7,296	5,579	12,875		12,875
Total changes during period	7,296	5,579	12,875	(18)	(93,200)
Balance at end of period	5,603	(20,682)	(15,078)	3,402	1,899,540

[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.

(3) Application of tax effect accounting associated with the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system that was established by the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) and the non-consolidated tax system items that were revised by this act, the

Company has not applied the provisions of Paragraph 44 of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) pursuant to the treatment under Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ PITF No. 39, March 31, 2020). Consequently, deferred tax assets and deferred tax liabilities are based on the tax law before the partial revision of the Income Tax Act.

Notes - Non-consolidated Balance Sheet

- *1. Assets pledged as collateral and secured liabilities
Assets pledged as collateral are as follows.

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Time deposits	100,000	100,000

Secured liabilities corresponding to the above collateral are as follows.

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Long-term borrowings (includes current portion of long-term borrowings)	432,363	613,021

- *2. Guaranteed debt

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

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Global Holdings Co., Ltd.	123,500	98,800
Y.K. Masuda Seimen	23,640	-

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

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Trust Advisers Corporation	18,189	18,527

(3) The Company guarantees the following subsidiaries' trade payables.

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
-	-	-
Mobile Link Inc.	-	26,705

- *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)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Current account overdraft limit	100,000	100,000
Credit used	-	-
Credit available	100,000	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, Mobile Link Inc. and Y.K. Masuda Seimen. The amount of credit available at the end of the past two fiscal years was as follows.

	(Thousands of yen)	
	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Credit available	1,395,000	1,529,000
Credit used	701,500	784,500
Credit available	693,500	744,500

Notes - Non-consolidated Statement of Income

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

	(Thousands of yen)	
	FY3/19	FY3/20
	(April 1, 2018 – March 31, 2019)	(April 1, 2019 – March 31, 2020)
Sales to subsidiaries and associates	180,096	149,727
Interests received from subsidiaries and associates	19,010	22,109
Dividend income received from subsidiaries and associates	302,146	78,600

*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 SG&A expenses are as follows.

	(Thousands of yen)	
	FY3/19	FY3/20
	(April 1, 2018 – March 31, 2019)	(April 1, 2019 – March 31, 2020)
Directors' compensations	43,200	51,900
Salaries and allowances	47,428	45,564

Notes - Marketable Securities

No subsidiaries' stocks (carrying value of 784,204 thousand yen in FY3/20 and 784,204 thousand yen in FY3/19) and affiliates' stocks (carrying value of 74,244 thousand yen in FY3/20 and 79,423 thousand yen in FY3/19) 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)	
	FY3/19	FY3/20
	(As of March 31, 2019)	(As of March 31, 2020)
Deferred tax assets		
Provision for bonuses	845	1,156
Loss carried forward	140,729	114,637
Loss on valuation of investment securities	38,662	41,117
Loss on valuation of shares of subsidiaries and associates	200,407	200,407
Other	938	937
Subtotal deferred tax assets	381,584	358,257
Valuation reserve for tax-deductible loss carried forward	(117,669)	(90,907)
Valuation reserve for total future temporary differences	(240,854)	(243,619)
Subtotal valuation allowance	(358,524)	(334,527)
Total deferred tax assets	23,060	23,730
Deferred tax liabilities		
Valuation difference on available-for-sale securities	18	5,725
Total deferred tax liabilities	18	5,725
Net deferred tax liabilities	23,041	18,004

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

	FY3/19 (As of March 31, 2019)	FY3/20 (As of March 31, 2020)
Statutory effective tax rate	30.6%	
(Adjustments)		
Dividend income and other items not to be included in income indefinitely	(44.6)	
Entertainment expenses and other items not to be included in expenses indefinitely	1.5	Omitted due to recognition of loss before income taxes.
Residential tax for the period	0.5	
Increase (decrease) in valuation allowance	22.6	
Effect of consolidated taxation	1.2	
Other	(2.2)	
Actual effective tax rate after the application of tax-effect accounting	9.5	

Notes - Subsequent Events

There is no applicable information.

4) Non-consolidated Supplementary Schedules

Detailed Statement of Property, Plant and Equipment, etc.

(Thousands of yen)						
Category	Balance as of April 1, 2019	Increase	Decrease	Depreciation or amortization at year-end	Balance As of March 31, 2020	Accumulated depreciation or amortization
Property, plant and equipment	-	-	-	754	1,008	9,422
Intangible assets	-	-	-	1,571	4,984	3,876

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, 2019," "Increase" and "Decrease" were omitted.

Detailed Statement of Allowances

(Thousands of yen)				
Category	Balance as of April 1, 2019	Increase	Decrease	Balance as of March 31, 2020
Provision for bonuses	2,761	3,776	2,761	3,776

(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

Business year	April 1 to March 31
Ordinary General Shareholders' Meeting	June
Record date	March 31
Record date of dividend from surplus	September 30 and March 31
Number of shares in one share unit	100 shares
Purchase of shares less than one unit Administration office Administrator of the shareholder registry Agents Purchasing fee	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
Method of public notice	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 <i>Nihon Keizai Shimbun</i> newspaper. Electronic notices are posted on the Company's website at the following address. http://www.striders.co.jp/

Special benefit for shareholders

(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) Benefits:

Due to a revision to the shareholder benefit program beginning with the end of the second quarter of the fiscal year ending in March 2021, shareholders will receive hotel coupons for only Narita Gateway Hotel and Kurashiki Royal Art Hotel.

	Striders' shareholder benefit program			
Record date	2Q-end			Year-end
Current Program	Shares held	Coupon valid at Striders Group hotels (Note 1)	Discount coupon valid at Kanmonkai tiger puffer fish restaurants (Note 2)	Same as on the left
	At least 200 shares (2 units) and less than 500 shares (5 units)	1,000 yen	1,000 yen	
	At least 500 shares (5 units) and less than 1,000 shares (10 units)	3,000 yen	2,000 yen	
	At least 1,000 shares (10 units)	5,000 yen	3,000 yen	
New Program	Shares held	Coupon valid at Striders Group hotels (Note 1)		Same as on the left
	At least 200 shares (2 units) and less than 500 shares (5 units)	1,000 yen		
	At least 500 shares (5 units) and less than 1,000 shares (10 units)	3,000 yen		
	At least 1,000 shares (10 units)	5,000 yen		

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.

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 or share acquisition rights for subscription 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 55th period (from April 1, 2018 to March 31, 2019): Submitted to the Director-General of the Kanto Local Finance Bureau on June 21, 2019.

(2) Amendment to Securities Registration Report, Attachments and Written Confirmation

For the 55th period (from April 1, 2018 to March 31, 2019): Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2019.

(3) Internal Control Report and Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 21, 2019.

(4) Quarterly Reports and Written Confirmation

1st Quarter of the 56th period (from April 1, 2019 to June 30, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on August 9, 2019.

2nd Quarter of the 56th period (from July 1, 2019 to September 30, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on November 13, 2019.

3rd Quarter of the 56th period (from October 1, 2019 to December 31, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2020.

(5) Extraordinary Reports

Submitted to the Director-General of the Kanto Local Finance Bureau on June 21, 2019.

The extraordinary report was filed pursuant to rules under Item 9, Paragraph 2, Article 19 (Changes to the representative director) of the “Cabinet Office Ordinance on Disclosure of Corporate Affairs.”

Submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 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 24, 2019.

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.”

(6) 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 June 1, 2019 to June 30, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on July 3, 2019.

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

Submitted to the Director-General of the Kanto Local Finance Bureau on August 2, 2019.

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

Submitted to the Director-General of the Kanto Local Finance Bureau on September 3, 2019.

Reporting period (from September 1, 2019 to September 30, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on October 2, 2019

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

Submitted to the Director-General of the Kanto Local Finance Bureau on November 5, 2019

Reporting period (from November 1, 2019 to November 30, 2019):

Submitted to the Director-General of the Kanto Local Finance Bureau on December 3, 2019

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

Submitted to the Director-General of the Kanto Local Finance Bureau on January 7, 2020

Reporting period (from January 1, 2020 to January 31, 2020):

Submitted to the Director-General of the Kanto Local Finance Bureau on February 4, 2020

Reporting period (from February 1, 2020 to February 29, 2020):

Submitted to the Director-General of the Kanto Local Finance Bureau on March 3, 2020.

(7) Amendment to Report on the Status of Own Stock Purchase

Submitted to the Director-General of the Kanto Local Finance Bureau on November 8, 2019.

Amendment to the Report on the Status of Own Stock Purchase submitted on November 5, 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 19, 2020

Board of Directors
Striders Corporation

Moore Shisei & Co.

Chiyoda-ku, Tokyo

Kiyozumi Asai
Certified Public Accountant
Engagement Partner

Kiyoshi Maruyama
Certified Public Accountant
Engagement Partner

<Audit on Financial Statements>

Auditor's opinion

To make audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, Moore Shisei & 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, 2019, and ended on March 31, 2020, 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.

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, 2020, 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 in Japan.

Basis for auditor's opinion

The Audit Firm conducted its audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of this report. The Audit Firm is independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and the Audit Firm has fulfilled its other ethical responsibilities as an auditor. The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Highlighted information

As described in the section "Subsequent Events," Amagasa Co., Ltd. has become an affiliated company of the Company accounted for by the equity method on April 28, 2020.

This event has no effect on the opinions of the Audit Firm.

Responsibilities of management and corporate auditors and the Board of Corporate Auditors 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 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.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

The Audit Firm's responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan,

and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entity and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the audit on the consolidated financial statements. The auditor remains solely responsible for its audit opinion.

The auditor reports to corporate auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to corporate auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

<Internal Control Audit>

Auditor's opinion

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, 2020.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as of March 31, 2020, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for auditor's opinion

The Audit Firm conducted its audit of the internal control in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the internal control section of this report. The Audit Firm is independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and the Audit Firm has fulfilled its other ethical responsibilities as an auditor. The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Responsibilities of management and corporate auditors and the Board of Corporate Auditors for the internal control report

The Company's management is responsible for designing 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 in Japan.

Corporate auditors and the Board of Corporate Auditors are responsible for monitoring and studying the design and operation status of internal control concerning its financial reporting.

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 responsibilities for the audit of the internal control

The Auditor's responsibility is to obtain reasonable assurance about whether the internal control report is free from

material misstatement and to express an opinion on the internal control report from an independent standpoint in an internal control audit report based on its audit.

The auditor makes professional judgment in the audit process in accordance with auditing standards for internal controls relating to financial reporting generally accepted in Japan, and performs the following while maintaining professional skepticism.

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The auditor is responsible for the direction, supervision and performance of the audit of the internal control report. The auditor remains solely responsible for its audit opinion.

The auditor reports to corporate auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, the results thereof, material weaknesses identified in internal control that should be disclosed and those that were remediated, and other matters required under the auditing standards.

The auditor reports to corporate auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Vested interests

The Audit Firm and its Engagement Partners have no vested interests in the Company and its consolidated subsidiaries 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 19, 2020

Board of Directors
Striders Corporation

Moore Shisei & Co.

Chiyoda-ku, Tokyo

Kiyozumi Asai
Certified Public Accountant
Engagement Partner

Kiyoshi Maruyama
Certified Public Accountant
Engagement Partner

Auditor's opinion

To make audit certification pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, Moore Shisei & 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 56th business year that commenced on April 1, 2019, and ended on March 31, 2020, 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.

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, 2020, and its operating results and cash flows for the fiscal year ended on the same day, in accordance with the corporate accounting standards generally accepted in Japan.

Basis for auditor's opinion

The Audit Firm conducted its audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-consolidated financial statements section of this report. The Audit Firm is independent of the Company in accordance with the provisions related to professional ethics in Japan, and the Audit Firm has fulfilled its other ethical responsibilities as an auditor. The Audit Firm believes that it obtained sufficient and appropriate audit evidence that forms the basis for expressing its opinions.

Responsibilities of management and corporate auditors and the Board of Corporate Auditors for the 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 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 non-consolidated financial statements without material misstatement due to fraudulence or errors.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the Board of Corporate Auditors are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's responsibilities for the audit of the non-consolidated financial statements

The Audit Firm's responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements from an independent standpoint in an audit report, based on audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial

statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements including related notes, and whether the non-consolidated financial statements fairly present the transactions and accounting events on which they are based.

The auditor reports to corporate auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to corporate auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Vested interests

The Audit Firm and its Engagement 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 19, 2020
[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 56th period (from April 1, 2019 through March 31, 2020) 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 19, 2020
[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, 2020, 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 entity-level internal controls does not include other consolidated subsidiaries and affiliates accounted for by the equity method, 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, 2019 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 corporate business objectives.

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 operational 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, 2020.

4. Supplementary Information

There is no applicable information.

5. Matters to Be Noted

There is no applicable information.