

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 57th Fiscal Year
From April 1, 2020 to March 31, 2021

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	53rd Period	54th Period	55th Period	56th Period	57th Period
Fiscal year ended	March 2017	March 2018	March 2019	March 2020	March 2021
Net sales (Thousands of yen)	6,366,301	7,971,402	9,216,311	13,276,092	10,482,350
Ordinary profit (Thousands of yen)	293,121	179,291	230,454	254,682	228,467
Profit attributable to owners of parent (Thousands of yen)	229,226	125,196	76,932	151,151	114,172
Comprehensive income (Thousands of yen)	247,862	114,453	72,333	166,090	155,725
Net assets (Thousands of yen)	1,898,595	2,033,021	2,087,802	2,133,668	2,321,059
Total assets (Thousands of yen)	3,891,444	4,837,351	4,655,462	5,000,313	5,230,200
Net assets per share (Yen)	213.02	226.65	234.78	247.31	267.38
Net income per share (Yen)	25.83	14.09	8.66	17.48	13.47
Diluted net income per share (Yen)	25.68	14.07	8.66	17.48	-
Ratio of shareholders' equity (%)	48.6	41.6	44.5	41.9	43.4
Ratio of profit to shareholders' equity (%)	12.99	6.41	3.77	7.25	5.23
Price-earnings ratio (Times)	26.32	32.57	36.82	14.47	21.75
Net cash from operating activities (Thousands of yen)	278,477	472,621	414,297	311,852	297,350
Net cash from investing activities (Thousands of yen)	(135,796)	(262,030)	(423,462)	(144,209)	107,541
Net cash from financing activities (Thousands of yen)	(16,518)	343,950	(160,548)	8,098	289,305
Cash and cash equivalents at the end of fiscal year (Thousands of yen)	1,436,880	1,985,398	1,814,203	1,990,496	2,682,893
Number of employees (Persons)	131	194	196	198	205
[Average number of additional temporary workers]	[68]	[94]	[96]	[98]	[87]

Notes:

- Net sales do not include consumption taxes, etc.
- 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.
- 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.
- Diluted net income per share for the 57th term is not stated because there are no shares that have a diluting effect.

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

Term	53rd Period	54th Period	55th Period	56th Period	57th Period
Fiscal year ended	March 2017	March 2018	March 2019	March 2020	March 2021
Net sales (Thousands of yen)	128,553	155,560	183,030	149,727	172,544
Ordinary profit (loss) (Thousands of yen)	162,151	150,879	262,752	(11,709)	27,674
Profit (Thousands of yen)	194,551	174,396	187,535	14,147	60,359
Share capital (Thousands of yen)	1,582,416	1,582,416	1,582,416	1,583,825	1,585,938
Number of issued shares (Shares)	88,870,896	8,887,089	8,887,089	8,897,089	8,912,089
Net assets (Thousands of yen)	1,650,261	1,823,304	1,992,741	1,899,540	1,946,543
Total assets (Thousands of yen)	2,386,540	2,957,991	3,057,485	3,126,632	2,992,793
Net assets per share (Yen)	185.14	204.98	223.91	223.81	228.96
Dividend per share (Yen)	-	-	-	3.00	3.00
[Interim dividend per share]	[-]	[-]	[-]	[-]	[-]
Net income per share (Yen)	21.92	19.63	21.12	1.64	7.12
Diluted net income per share (Yen)	21.80	19.60	21.10	1.64	-
Ratio of shareholders' equity (%)	68.9	61.6	65.1	60.6	64.9
Ratio of profit to shareholders' equity (%)	11.83	9.58	9.43	0.73	3.14
Price-earnings ratio (Times)	31.02	23.38	15.10	154.59	41.14
Dividend payout ratio (%)	-	-	-	183.31	42.12
Number of employees (Persons)	7	9	12	11	10
[Average number of additional temporary workers]	[-]	[1]	[-]	[-]	[-]
Total shareholder return (%)	87.2	58.8	40.9	32.8	38.3
[Comparative indicator: JASDAQ Standard]	[122.2]	[161.8]	[141.1]	[124.0]	[176.2]
Highest share price (Yen)	91	590 (74)	513	453	538
Lowest share price (Yen)	45	419 (55)	230	245	230

Notes:

1. Net sales do not include consumption taxes, etc.
2. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The amounts of net assets per share, net income per share and diluted net income per share were calculated based on the assumption that the reverse stock split had been conducted at the beginning of the 53rd period.
3. The highest and lowest share prices were at the JASDAQ (standard) market of the Tokyo Stock Exchange.
4. The Company conducted a 1-for-10 reverse common stock split effective on October 1, 2017. The share prices shown for the 54th period is after this reverse stock split and share prices in parentheses are prior to the reverse stock split.
5. Diluted net income per share for the 57th term is not stated because there are no shares that have a diluting effect.

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 Jasadq 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 Jasadq 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.

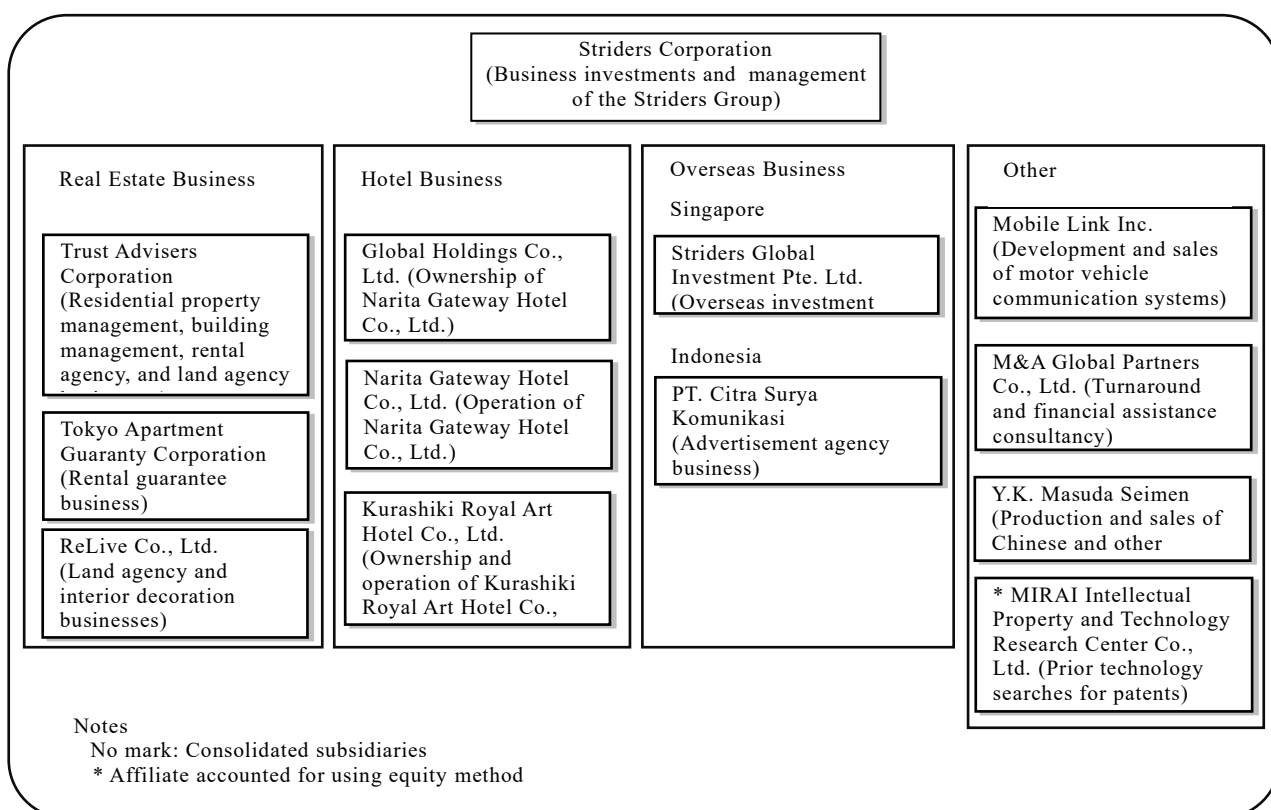
The followings are the description of business and the subsidiaries and associates. The following three business segments are the same as the segment classifications listed in “5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes.

Business Description

Operating segment	Business	Company
Real Estate Business	- Residential property management, building management, rental agency and land agency businesses - Rental guarantee business - Interior decoration business	Trust Advisers Corporation Tokyo Apartment Guaranty Corporation ReLive Co., Ltd.
Hotel Business	- Hotel ownership and operation and management business	Global Holdings Co., Ltd. Narita Gateway Hotel Co., Ltd. Kurashiki Royal Art Hotel Co., Ltd.
Overseas Business	- Investment business mainly in the Asian region - Advertisement agency business in Indonesia	Striders Global Investment Pte. Ltd. PT. Citra Surya Komunikasi
Other	- 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)	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. (Note 3)	Singapore	900,000 SGD	Overseas Business	100.0	Interlocking directors Fund support
PT. Citra Surya Komunikasi (Note 2)	Jakarta, Indonesia	4,000 mill ion 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. The figure in parentheses under "Holding ratio of voting rights" represents the percentage of indirectly ownership.

3. Striders Global Investment Pte. Ltd. increased its capital from SGD 300,000 to SGD 900,000 on December 16, 2020.

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	8,674,237
(2) Ordinary profit	217,576
(3) Profit	149,802
(4) Net assets	337,891
(5) Total assets	1,109,267

5. Information about Employees

(1) Employees on a Consolidated Basis

As of March 31, 2021

Name of segment	Number of employees
Real Estate Business	59 (5)
Hotel Business	73 (58)
Overseas Business	50 (14)
Reportable segment total	182 (77)
Other	13 (10)
Corporate (unallocated)	10 (-)
Total	205 (87)

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, 2021

Number of employees	Average age	Average number of years employed	Average annual salary (Thousands of yen)
10 (-)	35.7	3.4	5,326

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 2021.

(1) Management Policies

Our Corporate Philosophy is "To support individuals and companies that take on challenges and share inspirational experiences with all the stakeholders in order to create a better world". Based on this we have developed our Corporate Slogan, "Stride with Challengers", which we are basing on to develop and conduct our corporate activities focusing on investment and real estate businesses.

As a group consisting of 11 subsidiaries and 1 affiliated company, we consider Asian island nations (Singapore, Indonesia, Sri Lanka) including Japan as growth sectors and therefore we promote strategic business alliances, venture capital investments and business successions in these markets. As per the principle investment policy of long-term holding, we will provide extensive support to increase the corporate value of the portfolio companies while aiming to maximize the returns to our group companies.

In light of the fact that it is becoming increasingly important for companies to play a responsible role in addressing the Sustainable Development Goals for 2030 and the transformation to a sustainable, recycling-oriented society, we will strive to further enhance the value of our existing businesses and create new businesses by developing human resources who can adapt flexibly and proactively in an era of uncertainty and rapid change, and by strengthening cooperation with external human resource to embody the above corporate philosophy.

(2) Business Strategy

In the real estate businesses, Striders plans to steadily build up the number of units under management in our residential property business to strengthen our stable revenue base, and promote management efficiency through digitalization. In addition, the real estate trading businesses will also cooperate with financial institutions to meet customer needs while adapting to the current market conditions.

For hotel business, Striders will continue to cooperate fully with the local communities and create new customer experience values to meet the tourism demand under the New Normal, while increasing operations efficiency by promoting digitalization (DX) to save labor and restore profitability.

In the overseas business, with an expectation on the recovery of the Indonesian economy from the COVID-19 pandemic, we are trying to attract new customers and strengthen the development of businesses other than advertising. In the investment business, we will continue to invest in Asian island countries in order to gain know-how and establish networks and start new fund management and commission-based businesses. In Japan, we will work to increase the value of existing investments and maximize value additions through collaborations with external parties.

(3) Market Conditions

Japan's economy has recovered from a sharp downturn caused by the COVID-19 pandemic in the current fiscal year, but there are concerns about another short-term downturn due to the development of new COVID-19 variants. As for the Asian economy, countries such as China, Taiwan, and Vietnam which have successfully contained COVID-19, are showing signs of economic recovery, while several other countries in Asia such as India, Indonesia, and Thailand, are still struggling to control the COVID-19 outbreak.

In the residential property business, which is based in the Tokyo metropolitan area, there has been a small impact from COVID-19 pandemic, but the shift in individual owners' needs including the shift to digitalization, has had a significant impact on the competitiveness. On the other hand, in the real estate trading business, investors' appetite has been dampened due to concerns about another economic downturn by the reemergence of COVID-19.

Regarding the hotel business, due to COVID-19 it will take a longer period for the demand of foreign tourists to recover, but with the expansion of vaccinations, domestic tourism demand is expected to recover relatively early. As for overseas businesses, we cannot predict the recovery of advertising demand in

Indonesia, in which PT. Citra Surya Komunikasi operates the advertising agency business for Japanese companies. But Striders will continue to make investment in South and Southeast Asia with the belief that entrepreneurial activities will continue to be active with the aim of transition to the new normal.

(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 2021.

(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 or due to people getting away from Tokyo Metropolitan area, 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. As for the Kurashiki Royal Art Hotel, the road to normalization is expected to be relatively short as its business base is centered on domestic customers. However, we are concerned that the tourism demand will take more time to recover.

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, Japan's economy has recovered from a sharp downturn caused by the COVID-19 pandemic, however, there are concerns about a short-term downturn due to the reemergence of the COVID-19 variants. In the Asian economy, China, Taiwan, Vietnam, and other countries that have succeeded in containing the COVID-19 infection are showing signs of economic recovery, while India, Indonesia, Thailand, and other countries that are struggling to contain the increase in new infections are experiencing prolonged damage to their economies.

Under the economic circumstances described above, the Striders Group (the Company and its consolidated subsidiaries) continued to pursue new investment opportunities in Japan and overseas, while at the same time working to improve the efficiency of management in existing businesses and studying business strategies to adapt to the new normal society.

However, due to the impact of the COVID-19 pandemic, demand continued to decline in the hotel business and overseas business, and real estate sales transactions decreased significantly year-on-year, resulting in a decrease in sales and operating income. However, due to subsidies from the government and local governments, ordinary profit and net profit have narrowed the rate of decline, resulting in consolidated net sales declined 21.0% year-on-year to 10,482 million yen, operating profit declined 55.3% year-on-year to 114 million yen, ordinary profit declined 10.3% year-on-year to 228 million yen, and net profit attributable to owners of parent declined 24.5% to 114 million yen.

Business segment performance was as follows.

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. Despite of the COVID-19 pandemic, the renewal rate and rent level of existing lease contracts were maintained, and the number of units under management remained high. Consequently, segment sales for the current fiscal year decreased 16.6% year-on-year to 8,706 million yen and operating profit increased 2.9% year-on-year to 299 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. The Narita Gateway Hotel has been leased to Chiba Prefecture since April 18, 2020 as a recuperation facility for COVID-19 patients with mild to no symptoms and has not been accepting general users since then. In addition, the number of hotel guests at the Kurashiki Royal Art Hotel has declined significantly compared to the same period of the previous year, due to the effects of COVID-19. But as a result of the government and local government subsidies and better than expected tourism demand during the state of emergency declared during the fourth quarter of the financial year, the segment sales for the current fiscal year decreased 30.7% year-on-year to 954 million yen and operating profit decreased 56.9% year-on-year to 37 million yen.

Overseas Business

As for overseas business, PT. Citra Surya Komunikasi is engaged in the advertising agency business mainly for Japanese companies in the Republic of Indonesia, and Striders Global Investment Pte. Ltd. is engaged in the investment business in Singapore. For PT. Citra Surya Komunikasi, the results for the period

from January to December 2020 are included in the consolidated financial statements with a delay of three months. The impact of the COVID-19 has continued to cause a significant decline in transactions with existing clients. In the investment business, we have executed a strategic investment in a real estate tech venture company in Indonesia, but the contribution to sales and profits, including past investment projects, is not expected until the next fiscal year. Consequently, the segment sales for the current fiscal year decreased 50.4% year-on-year to 435 million yen and operating loss was 40 million compared to 28 million yen operating profit in the last fiscal year.

Other

Under the other businesses, Mobile Link, Inc. develops and sells motor vehicle communication systems, M&A Global Partners Co., Ltd. engages in M&A consulting services, and Y.K. Masuda Seimen engages in the production and sales of Chinese and other noodles. On the other hand, Mirai Intellectual Property Technology Research Center Co. Ltd. is an affiliated company accounted for using the equity method. Therefore, the profit or loss of the company is not included in the operating profit or loss.

The COVID-19 outbreak has resulted in a decline in the number of orders received by Mobile Link, Inc. and Y.K. Masuda Seimen and as a result, the sales in the Other segment decreased 33.8% year-on-year to 386 million yen while operating profit decreased by 67.1% year on year to 19 million yen.

2) Financial Position

Assets

Current assets at the end of the current fiscal year amounted to 3,367 million yen, increasing 440 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in cash and deposits of 694 million yen, which was partially offset by a decrease in accounts receivable of 119 million yen.

Non-current assets totaled 1,862 million yen, decreasing 210 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 72 million yen in investment securities.

As a result, total assets amounted to 5,230 million yen, which was a 229 million yen increase from the previous fiscal year.

Liabilities

Current liabilities at the end of the current fiscal year were 1,051 million yen, a decrease of 266 million yen from the end of the previous fiscal year. This is mainly attributable to a decrease in accounts payable of 102 million yen and short-term borrowings of 86 million yen.

Non-current liabilities increased by 308 million yen from the end of the previous fiscal year to 1,857 million yen. This is due to an increase in long-term borrowings of 379 million yen.

As a result, the total liabilities amounted to 2,909 million yen, 42 million yen more than the end of the previous fiscal year.

Net assets

Net assets at the end of the current fiscal year amounted to 2,321 million yen, a 187 million yen increase from the end of the previous fiscal year. This is caused by booking profit attributable to owners of parent of 114 million yen.

As a result, the equity ratio was 43.4%.

3) Cash flows

Cash and cash equivalents (hereinafter referred to as "net cash") at the end of the current fiscal year amounted to 2,682 million yen, an increase of 692 million yen from the end of the previous fiscal year.

Cash flows from operating activities

Net cash generated by operating activities amounted to 297 million yen, (311 million yen was generated during previous fiscal year). This is mainly due to booking profit before income taxes of 258 million yen.

Cash flows from investing activities

Net cash generated by investment activities amounted to 107 million yen, compared to 144 million yen of net cash used in the previous fiscal year. This is mainly due to the sale of investment securities resulting in income of 95 million yen.

Cash flows from financing activities

Net cash generated by financing activities was 289 million yen, compared to 8 million yen of net cash generated in the previous fiscal year. This is mainly due to an increase in long-term borrowings of 529 million yen, which was partially offset by repayments of long-term borrowings of 158 million yen.

4) 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	FY3/21 (April 1, 2020 – March 31, 2021)	Year-on-year comparison (%)
Real Estate Business (Thousands of yen)	8,706,397	(16.6)
Hotel Business (Thousands of yen)	954,998	(30.7)
Overseas Business (Thousands of yen)	435,124	(50.4)
Reportable segment total (Thousands of yen)	10,096,520	(20.5)
Other (Thousands of yen)	386,192	(33.8)
Total (Thousands of yen)	10,482,713	(21.1)

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 2021.

1) Discussion, Analysis, and Points Under Consideration for Financial Position and Operating Results in the Current Fiscal Year

Based on the aforementioned recognition of the status of business results for the current fiscal year, the future outlook for the hotel business and other segments is that, as the global outbreak of the COVID-19 virus remains unpredictable, it will be necessary to closely monitor the effects of further downside risks to the domestic and overseas economies and fluctuations in the financial and capital markets. However, with the spread of vaccinations against COVID-19, we expect that the government and local governments will cease their restrictions on movements and other activities.

In the real estate business, although the mainstay residential property business will not be significantly affected by the downward trend in the current fiscal year, the real estate trading business is expected to continue its declining number in transactions.

In the hotel business, based on a request from Chiba Prefecture, the Narita Gateway Hotel has been providing temporary accommodations for COVID-19 patients with mild to no symptoms since April 2020. However, the provision is likely to end once movement restrictions imposed by the government and local governments are eased. We expect that it will take some more time for the hotel to return back to its original

use as an inbound focused hotel. In addition, since the sales base of Kurashiki Royal Art Hotel is centered around domestic tourists, it is assumed that the road to normalization will be relatively short after the movement restrictions imposed by the government and local governments are eased. We believe that it is possible to restore the profitability of the hotel soon by reviving the hotel management to meet the new forms of post-pandemic tourism demand.

In the overseas business, we will strengthen the advertising agency business in Indonesia by cultivating new customers and developing new businesses outside the advertising sector to anticipate the country's medium- to long-term economic growth following the recovery from the COVID-19 pandemic. In addition, we will also continue to invest in new businesses in the investment business, especially in Sri Lanka and Indonesia. Since our investment business is still in the growth phase, it has not generated any revenue at this point, but we recognize the major task of putting the investment business on track soon by reviewing the management systems of the investment business and building business alliances that can be expected to generate synergies with Striders Group's current ecosystem.

With regard to the financial position, total assets increased by 229 million yen from the end of the previous fiscal year to 5,230 million yen, mainly due to an increase in cash and deposits and a decrease in securities and investment securities, as described below in the analysis of cash flows. As mentioned earlier in the section of "Financial Position," total liabilities amounted to 2,909 million yen, an increase of 42 million yen from the end of the previous fiscal year. As a result, net assets increased by 187 million yen from the end of the previous fiscal year to 2,321 million yen. This was due to the posting of 114 million yen in profit attributable to owners of parent and an increase of 51 million yen in shareholders' equity as a result of the exclusion of Amagasa Co., Ltd from the scope of application of the equity method from the end of the third quarter of the current fiscal year.

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 43.4% at the end of March 2021, an increase of 1.5 percentage points from 41.9% one year earlier. This was caused by the fact that there was an increase of 187 million yen in net assets to the end of the current fiscal year from the end of the previous fiscal year whereas there was only an increase of 229 million yen in total assets from the end of the previous fiscal year. The Striders Group will continue to maintain proper balance regarding the level of shareholders' equity while considering 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 2021 was 0.68, an increase of 0.04 points from 0.64 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 5.2% in the fiscal year that ended in March 2021, a decrease of 2.1 percentage points from 7.3% in the previous fiscal year. This was due to the fact that profit attributable to shareholders of parent was only 114 million yen (down 24.5% year on year), mainly caused by the impact of COVID-19 outbreak, as mentioned earlier in the operating results section. In addition, the aforementioned increase in net assets from the end of the previous fiscal year that exceeded the amount of net income attributable to owners of parent has also impacted the group's ROE.

In light of the recent governance reforms and expected returns from investors, the Group will consider a medium to long-term goal of 7% to 8% that will be implemented after the impact of the COVID-19

outbreak subsided. This ROE is based on profit attributable to owners of parent.

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

In the fiscal year ending in March 2021, Striders Group recorded a 14 million yen decrease in net cash from operating activities compared to the previous fiscal year due to the impact of COVID-19 outbreak. However, the group has received subsidies that supplemented the decreasing operating income during the fiscal year. In addition, the group also recorded a 251 million yen increase in net cash provided by investing activities compared to the previous fiscal year, as a result of recovering investments made in the past and restraining new investments. Moreover, there was a 281 million yen increase in net cash provided by financing activities compared to the previous fiscal year, mainly because Striders Group did not purchase treasury stock in the current fiscal year. As a result of adding up these cash flows, net increase in cash and cash equivalents increased by 692 million yen compared to the previous fiscal year.

Considering growing uncertainty in the global economy due to the spread of COVID-19, Striders Group has preferred to expand its cash position in preparation for new investment opportunities in Japan and overseas, which are expected to grow after the impacts of COVID-19 subside, while at the same time managing its investment business in a restrained manner.

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.

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 30 million yen for vehicle leasing in the Real Estate Business.

2. Major Facilities

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

(1) Domestic Subsidiaries

As of March 31, 2021

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	205,265	-	85,663 (7,218.48)	-	290,929	- (-)
Narita Gateway Hotel Co., Ltd.	Narita Gateway Hotel (Narita, Chiba)	Hotel Business	Accommodation facility	104,139	530	-	31,143	135,813	21 (27)
Kurashiki Royal Art Hotel Co., Ltd.	Kurashiki Royal Art Hotel (Kurashiki, Okayama)	Hotel Business	Accommodation facility	533,304	167	223,000 (1,490.90)	17,911	744,382	52 (32)
Y.K. Masuda Seimen	Head Office Plant (Yokosuka, Kanagawa)	Other	Production equipment	12,932	1,897	40,000 (221.36)	0	54,829	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, 2021)	Number of issued shares as of the submission date of this report (As of June 18, 2021)	Name of listed financial instruments exchange market or authorized financial instruments firms association	Remarks
Common stock	8,912,089	8,912,089	Tokyo Stock Exchange, JASDAQ (standard)	Number of shares for one unit: 100
Total	8,912,089	8,912,089	-	-

(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	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, 2021. No information as of May 31, 2021, 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, 2021.

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) The person to whom the Stock Acquisition Rights are allocated (hereinafter referred to as the "Stock Acquisition Rights Holder") may exercise the number of Stock Acquisition Rights allocated to the Stock Acquisition Rights Holders in the exercise period in the proportions determined respectively only when the conditions in (a) through (c) below are achieved with respect to the operating income set in accordance with the performance targets set by the Company. In determining operating income, the figures in the consolidated statements of income to be included in the Company's annual securities reports for the fiscal years ending March 31, 2016 through March 31, 2023 will be used. In the event that there is a material change in the concept of operating income to be referred to due to a change in the applicable accounting standards, etc., the Company shall separately determine an appropriate index to be referred to by the Board of Directors within a reasonable range. Any fraction of less than one (1) unit in the number of exercisable stock acquisition rights shall be rounded down to the nearest unit.
 - (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 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
- 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 7th, 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 (Notes 1)
Amount to be paid upon the exercise of share acquisition rights (Yen)*	318 (Notes 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 (Notes 3) Amount to be incorporated into share capital: 159 (Notes 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, 2021. No information as of May 31, 2021, 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, 2021.

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
January 15, 2021 (Note 1)	15,000	8,912,089	2,113	1,585,938	2,113	98,264

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, 2021

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	17	21	17	11	4,037	4,104	-
Number of shares held (Units)	-	26	1,229	20,128	6,996	116	60,573	89,068	5,289
Shareholding percentage (%)	-	0.03	1.38	22.60	7.85	0.13	68.01	100.00	-

Notes: 1. Treasury shares of 425,139 shares are included in "Individuals and others" and "Number of shares less than one unit share" in terms of 4,251 units and 39 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, 2021

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	18.02
Ryoichi Hayakawa	Inzai-shi, Chiba	483	5.70
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)	356	4.20
Japan Silber Fleece Co., Ltd.	1-21-4, Minamihorie, Nishi-ku, Osaka-shi, Osaka	311	3.67
Kazuna Fukumitsu	Nishinari-ku, Osaka-shi, Osaka	181	2.14
ABN AMRO CLEARING BANK N.V. SINGAPORE BRANCH (Standing Proxy: ABN AMRO Clearing Securities Co., Ltd.)	182 CECIL STREET #23-01 FRASERS TOWER SINGAPORE 069547 (2-5-1 Atago Green Hills Mori Tower, Atago, Minato-ku, Tokyo)	176	2.08
Osaka Land Corporation	818-3 Minaminakayasumatsu, Izumisano-shi, Osaka	100	1.18
J.P. MORGAN SECURITIES PLC (Standing Proxy: JP Morgan Securities Co., Ltd.)	25 BANK STREET CANARY WHARF LONDON UK (Tokyo Building, 2-7-3 Marunoichi, Chiyoda-ku, Tokyo)	88	1.04
Ikuyo Morikawa	Kadoma-shi, Osaka	74	0.88
Fumio Yamamoto	Sakai-shi, Fukui	70	0.83
Total	-	3,373	39.74

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, 2021

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 8,481,700	84,817	-
Shares less than one unit share	Common stock 5,289	-	-
Total number of issued shares	8,912,089	-	-
Voting rights of total shareholders	-	84,817	-

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, 2021

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	4.77
Total	-	425,100	-	425,100	4.77

2. Acquisitions, etc. of Treasury Shares

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

(1) Acquisitions by Resolution of Shareholders' Meeting

There is no applicable information.

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

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

Classification of shares	Number of shares (Shares)	Total value (Yen)
Status of resolution at the Board of Directors meeting held on November 11, 2020 (Acquisition date: November 24 – March 31, 2020)	100,000	40,000,000
Treasury shares acquired before the current fiscal year	-	-
Treasury shares acquired in the current fiscal year	-	-
Total number of remaining shares subject to the resolution and total value thereof	100,000	40,000,000
Unexercised ratio as of the end of the current fiscal year (%)	100	100
Treasury shares acquired during the period for acquisition	-	-
Unexercised ratio as of the submission date (%)	100	100

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

Classification of shares	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired in the current fiscal year	30	9,280
Treasury shares acquired during the period for acquisition	-	-

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, 2021 to the submission date of this Securities Registration Report.

(4) Disposals or Holding of Acquired Treasury Shares

Classification of shares	Current fiscal year		Period for acquisition	
	Number of shares (Shares)	Total amount of disposition (Yen)	Number of shares (Shares)	Total amount of disposition (Yen)
Treasury shares offered for acquisition	-	-	-	-
Treasury shares canceled for disposition	-	-	-	-
Transferred treasury shares in connection with merger, share exchange or corporate divestiture	-	-	-	-
Others	-	-	-	-
Number of treasury shares held	425,139	-	425,139	-

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, 2021 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.

Striders will make effective use of internal reserves to enhance our financial base and to promote future business development. For the time being, the company will continue to pay stable dividends, while aiming to increase the level of dividends through medium- to long-term profit growth.

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.

For the fiscal year ending in March 2022, Striders plans to pay a stable dividend that reflects the business climate, results of operations and all other applicable factors. The amount of the year-end dividend is 3 yen per share.

The dividends from surplus for the fiscal year ended March 2021 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 18, 2021	25,460	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.

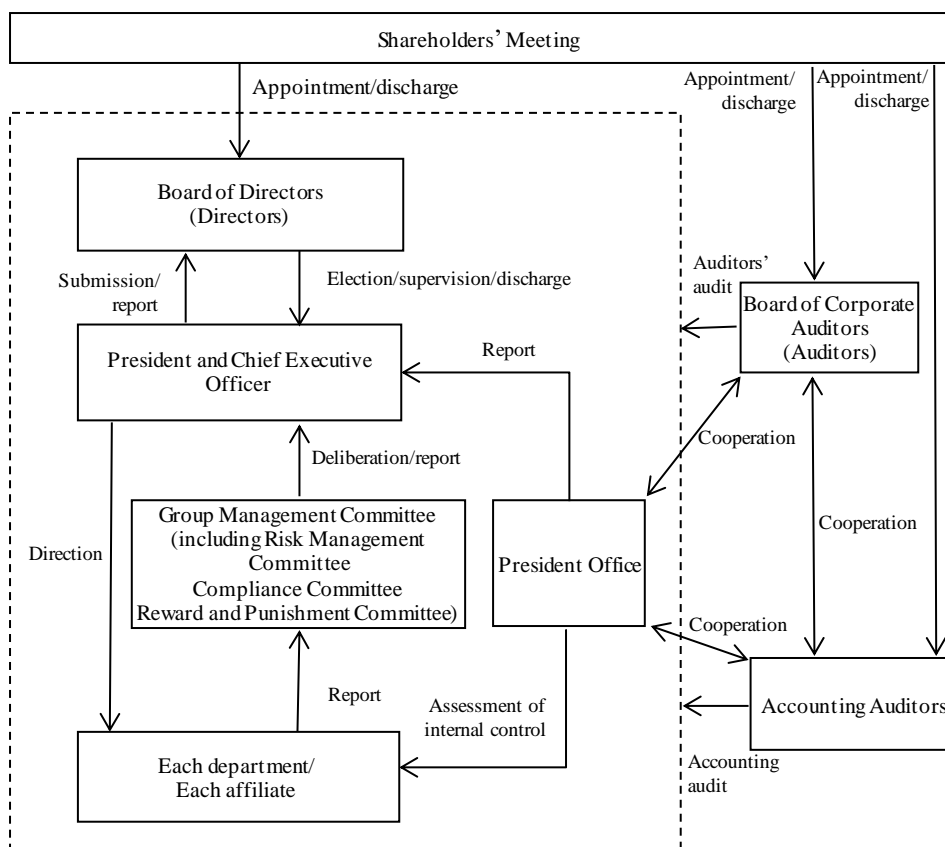
2) Outline of corporate governance structure and reason for using this structure

As a company with a Board of Directors and a Board of Corporate Auditors, we have a dual check system for business execution: supervision by the Board of Directors and auditing by the Corporate Auditors. In addition, outside directors and outside corporate auditors speak at the Board of Directors' meetings from a highly independent standpoint and supervise and monitor from an objective and neutral standpoint, while the corporate auditors, the President's Office, and the accounting auditors strengthen their cooperation so that they can grasp business execution. Since we have secured a system in which corporate auditors, the President's Office, and accounting auditors can fully exercise their management monitoring functions from both inside and outside the Company, we have adopted this system.

The Board of Directors consists of five directors as described in "(2) Information about Officers, 1) Members of the Board " and is chaired by Ryotaro Hayakawa, President and Chief Executive Officer. There are five current directors, one of whom is appointed as an outside director with extensive experience and expertise as a university professor, and is responsible for supervising management from the standpoint of an independent third party.

The Board of Corporate Auditors consists of three Corporate Auditors as described in "(2) Information about Officers, 1) Members of the Board," and all three are outside Corporate Auditors who have secured their independence. Full-time Corporate Auditor, Ikuo Yoshizawa, has been appointed as the Chairman. The Board of Corporate Auditors audits the execution of duties by the Directors in accordance with laws and regulations and the Articles of Incorporation.

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



3) Other items concerning corporate governance

a) Internal Control System

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 which serves as the supervising department for compliance, executes operations.

b) Risk Management

As part of our risk management system, we have entered into advisory contracts with lawyers, tax accountants, and social insurance labor attorneys, and have a system in place to receive appropriate advice and guidance when questions arise regarding important contracts, legal judgments, and compliance matters. In addition, the Company has established risk management regulations, etc., has determined the person responsible for the management of each risk, and has established a risk management system in accordance with the regulations. In addition, in order to ensure the appropriateness of the operations of the Company's subsidiaries, the Company has established the Rules for the Management of Affiliated Companies as a code of conduct applicable to all Group companies, and each Group company has established its own rules and regulations based on these rules and regulations.

c) Outline of the Contents of the Liability Limitation Agreement

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and its Outside Directors and Corporate Auditors have entered into an agreement to limit their liability for compensation claims under Article 423, Paragraph 1 of the same Act. The maximum amount of liability for compensation claims under the said agreement is the minimum liability amount stipulated in laws and regulations

d) Outline of the Contents of the Liability Insurance Policy for Directors and Officers

The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) contract with the Directors and Corporate Auditors as the insureds, and the contract covers compensation claims that may arise from the insured Directors and Corporate Auditors being held liable for the execution of their duties or being subject to claims related to the pursuit of such liability. All insurance premiums are paid by the company. However, the above insurance policy does not cover compensation claims resulting from intentional acts.

e) Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than ten (10) Directors.

f) Requirements for Resolution on Election of Directors

The Company stipulates in its Articles of Incorporation that resolutions for the election of Directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that resolutions for the election of Directors shall not be adopted by cumulative voting.

g) Matters to be resolved at the General Meeting of Shareholders that can be resolved by the Board of Directors

- Acquisition of treasury stock

The Company stipulates in its Articles of Incorporation that it may acquire its own shares through market transactions, etc. by a resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act.

- Exemption from Liability of Directors

The Company stipulates in its Articles of Incorporation that the liability for compensation claims of Directors (including those who were previously Directors) for negligence of their duties may be exempted by a resolution of the Board of Directors to the extent permitted by law, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act.

- Exemption of Corporate Auditors from Liability

Pursuant to Article 426, paragraph (1) of the Companies Act, the Company stipulates in its articles of incorporation that corporate auditors (including those who were auditors) may be exempted from liability for compensation claims by a resolution of the board of directors to the extent of laws and regulations.

- Interim Dividend

In accordance with Article 454, paragraph (5) of the Companies Act, the Company stipulates in its articles of incorporation that an interim dividend may be made on August 30 every year by a resolution of the board of directors.

h) Requirements for Special Resolutions at the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that special resolutions as stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the voting rights at the meeting where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present.

(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 October 2014 October 2014 June 2015 April 2016 June 2016 January 2018 June 2019 June 2020</p> <p>Joined ORIX Corporation Director and General Manager of Management Planning Office of the Company Director of Mobile Link Inc. (current) Director of Kurashiki Royal Art Hotel Co., Ltd. (current) Director of Striders Global Investment Pte. Ltd. General Manager of Business Planning Division, Director of the Company Director of Trust Advisers Corporation (current) Representative Director of the Company (current) Managing Director of Striders Global Investment Pte. Ltd. (current) Representative Director of Narita Gateway Hotel (current)</p>	Notes 3 and 5	4
Chairman	Ryoichi Hayakawa	January 9, 1955	<p>April 1977</p> <p>Joined The Long-Term Credit Bank of Japan (current)</p>	Note 3	483

			<p>September 1995 Shinsei Bank, Limited)</p> <p>November 1998 Councilor of Asia Department of The Long-Term Credit Bank of Japan</p> <p>February 2007 General Manager of Management Planning Office of Nippon Computer Systems Corp.</p> <p>April 2007 Director of the Company</p> <p>February 2009 Representative Director of VLR Co., Ltd. (current)</p> <p>June 2009 M&A Global Partners Co., Ltd. (current)</p> <p>March 2012 Director of Trust Advisers Corporation (current)</p> <p>May 2012 Representative Director of the Company</p> <p>March 2013 Director of Mobile Link Inc. (current)</p> <p>June 2014 Director of Y.K. Masuda Seimen (current)</p> <p>June 2015 Representative Director of Narita Gateway Hotel Co., Ltd. (current)</p> <p>June 2015 Representative Director of Kurashiki Royal Art Hotel Co., Ltd. (current)</p> <p>June 2015 Director of Striders Global Investment Pte. Ltd. (current)</p> <p>August 2017 Director of PT. Citra Surya Komunikasi (current)</p> <p>December 2017 Director of MIRAI Intellectual Property and Technology Research Center Co., Ltd. (current)</p> <p>January 2018 Chairman and Chief Executive Officer of the Company</p> <p>June 2019 Chairman of the Company (current)</p> <p>April 2020 Representative Director of Amagasa Co., Ltd. (current)</p>		
Managing Director	Koichi Miyamura	December 21, 1976	<p>April 1999 Joined Yuto K.K.</p> <p>August 1999 Joined Shoco Sangyo Co., Ltd.</p> <p>January 2005 Joined S-fit Co., Ltd.</p> <p>April 2005 Joined S-GRANT Co., Ltd.</p> <p>December 2008 Director of S-GRANT Advisors Co., Ltd. (current)</p> <p>June 2012 Trust Advisers Corporation)</p> <p>March 2014 Director of the Company</p> <p>June 2014 Representative Director of Tokyo Apartment Guaranty Corporation (current)</p> <p>June 2014 Representative Director of Trust Advisers Corporation (current)</p> <p>June 2019 Managing Director of the Company (current)</p> <p>June 2019 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	<p>April 1986 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>July 1989 Transferred to Ministry of Finance, Section Chief of Planning Division, International Finance Bureau (current International Bureau)</p> <p>July 1995 Vice President, Treasury Department of The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>January 2001 Joined Frank Russell Japan Co., Ltd. (current Russell Investments Japan Co., Ltd.), Senior consultant</p> <p>July 2009 Joined U-Shin Ltd., General Manager of Administrative Department</p> <p>May 2013 Joined SG Holdings Co., Ltd., external assignment to SGH Global Japan Co., Ltd., General Manager of Administrative Department</p> <p>March 2016 General Manager of the Internal Audit Office of SG Holdings Co., Ltd.</p> <p>April 2018 Joined the Company, General Manager of Administrative Division</p> <p>September 2018 Chief Financial Officer, General Manager of Administrative Division of the Company</p> <p>June 2019 Director, Chief Financial Officer and General Manager of Administrative Division of the Company (current)</p>	Note 3	-

Director	Yasushi Suzuki	February 24, 1963	<p>April 1986 Joined The Long-Term Credit Bank of Japan (current Shinsei Bank, Limited)</p> <p>July 1995 General Manager of Sales Department of the Indonesia Office, The Long-Term Credit Bank of Japan</p> <p>November 1996 Deputy Branch Manager of the Singapore Branch, The Long-Term Credit Bank of Japan</p> <p>August 1999 Deputy General Manager of the New York Branch, The Long-Term Credit Bank of Japan</p> <p>March 2000 Senior Economist of the Institute for Social and Economic Infrastructure Systems (posted in London)</p> <p>June 2001 Financial Advisor of AntFactory Inc. (U.K.)</p> <p>March 2002 Associate Professor of the Department of Management Systems, Kanazawa Institute of Technology</p> <p>April 2004 Associate Professor of the College of Asia Pacific Studies, Ritsumeikan Asia Pacific University</p> <p>April 2008 Professor of the College of International Management, Ritsumeikan Asia Pacific University (current)</p> <p>June 2015 Outside Director of the Company (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)
Full-time Corporate Auditor	Ikuo Yoshizawa	January 28, 1952	<p>April 1976 Joined Kokusai Denshin Denwa Co., Ltd. (current KDDI Corp.)</p> <p>March 1992 Manager, in-charge of Sales Division of Kokusai Denshin Denwa Co., Ltd.</p> <p>September 2000 Manager of Investigation of KDD Research Institute, Inc. (current KDDI Research Institute, Inc.)</p> <p>April 2004 External assignment to Research Institute of Telecommunications and Economics, Foundation for Multi-Media Communications</p> <p>April 2007 External assignment to KDDI Engineering and Consulting, Inc.</p> <p>April 2008 Assignment to Nonprofit Organization (NPO) ITS Japan</p> <p>June 2012 Full-time Corporate Auditor of the Company (current)</p> <p>January 2013 Corporate Auditor of Mobile Link Inc. (current)</p> <p>June 2014 Corporate Auditor of Kurashiki Royal Art Hotel Co., Ltd. (current)</p> <p>October 2014 Corporate Auditor of Trust Advisers Corporation (current)</p> <p>October 2014 Corporate Auditor of Y.K. Masuda Seimen (current)</p> <p>October 2014 Corporate Auditor of Narita Gateway Hotel Co., Ltd. (current)</p> <p>October 2014 Corporate Auditor of M&A Global Partners Co., Ltd. (current)</p> <p>March 2016 Corporate Auditor of Tokyo Apartment Guaranty Corporation (current)</p> <p>May 2018 Corporate Auditor of MIRAI Intellectual Property and Technology Research Center Co., Ltd. (current)</p>	Note 4	31
Corporate Auditor	Takae Kamei	April 20, 1973	<p>April 1996 Joined The Tokai Bank, Ltd. (current MUFG Bank, Ltd.)</p> <p>October 2000 Joined Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC)</p> <p>April 2004 Registered as Certified Public Accountant</p> <p>August 2005 Joined Nippon Mirai Capital Co.,Ltd.</p> <p>June 2008 Opened CPA Takae Kamei Office as President (current)</p> <p>June 2009 Partner of Veritas & Co.</p> <p>December 2012 Registered as an attorney</p> <p>December 2012 Joined Shuhei Takahashi Law Office</p>	Note 4	-

			July 2017 June 2019 January 2021	Partner of Shuhei Takahashi Law Office (current) Corporate Auditor of the Company (current) Representative Member of Trident Lawyer Corporation(current)		
Corporate Auditor	Takuma Honda	July 18, 1983	December 2006 April 2011 September 2016 July 2017 June 2019 June 2020	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) Corporate Auditor of Trust Advisors Corporation. (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 18, 2021.
 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.

1) 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., 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 the representative member of Trident Lawyer Corporation. There are no personal, financial, business and other significant relationships between the Company and the entity.

Outside corporate auditor Takuma Honda is a corporate auditor of Trust Advisors Corporation, which a subsidiary of our company. He is also the representative of Futarie Accounting Office. There are no personal, financial, business and other significant relationships between the Company and the Futarie Accounting Office.

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

Outside director Mr. Yasushi Suzuki has abundant experience and expertise due to his position as a university professor. He was selected as an outside director to provide valuable advice on investments mainly in Asia and in particular, advice and recommendations to ensure the adequacy and appropriateness of the Board of Directors' decision-making with respect to risk analysis of the strategic investment into the real estate tech startup in Indonesia and monitoring methods for overseas investments made in the past.

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	14	14
Takae Kamei	14	14
Takuma Honda	14	14

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
- Impact of COVID-19
- Risks related to investments

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 (1 person), 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.

b. Number of years auditing Striders

3 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

Seven 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	FY3/20		FY3/21	
	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	18,000	-	22,000	-
Consolidated subsidiaries	-	-	-	-
Total	18,000	-	22,000	-

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

Category	FY3/20		FY3/21	
	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	1,540	-	962	-
Total	1,540	-	962	-

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

The Company's Board of Directors has established a policy regarding the determination of the amount of compensation, etc. for each individual director and corporate auditor and the method of calculation thereof. 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. The Board of Directors decides on the compensation for Directors, and the Board of Corporate Auditors decides on the compensation for Corporate Auditors through consultation with the Corporate Auditors. Since the amount of compensation for each individual director and corporate auditor is determined through this procedure, the directors believe that the content of the compensation is in line with the decision policy.

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)	43,200	43,200	-	3
Corporate Auditors (excluding outside corporate auditors)	-	-	-	-
Outside executives	12,600	12,600	-	4

Notes: 1. The amount of fixed compensation for Directors does not include the salary for employees of Directors who also serve as employees.
2. The Board of Directors confirms that the amount of compensation for directors is in line with the policy described in 1) above.
3. The maximum amount of compensation for Directors was resolved at the 24th Ordinary General Meeting of Shareholders held on October 28, 1988 to be 80 million yen or less per year (not including salaries for employees). The number of Directors as of the close of this Ordinary General Meeting of Shareholders is three.
4. At the 24th Ordinary General Meeting of Shareholders held on October 28, 1988, it was resolved that the maximum amount of compensation for Corporate Auditors shall be 15 million yen or less per year. The number of corporate auditors as of the close of this Ordinary General Meeting of Shareholders is one.

(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.

The Company may hold investment shares for purposes other than pure investment when it judges that such holding will contribute to the enhancement of the Company's corporate value through the maintenance and

strengthening of the Company's business strategies, cooperative and alliance relationships with issuing companies, or for the purpose of business development etc.

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

With regard to investment stocks held for purposes other than pure investment, the Company will examine the rationality of holding each individual stock at the Board of Directors' meetings and will sell or reduce, as appropriate, stocks that are judged to have lost their rationality from a medium to long-term perspective. The rationality of holding stocks is comprehensively verified based on the purpose of holding the stocks, such as the creation of business opportunities and the maintenance and strengthening of relationships with the issuing companies, as well as the related earnings.

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	1,620
All other shares	1	153,500

(Increases in stock investments during FY3/21)

There is no applicable information.

(Decreases in stock investments during FY3/21)

	Number of stocks owned	Total selling cost for the decrease in the number of shares (Thousands of yen)
Non-listed shares	1	296
All other shares	1	14,287

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

Specified Investment Stocks

Stock	FY3/21		FY3/20		Purpose, quantitative benefits and reason for increase in the number of shares	Ownership of Striders stock
	Number of shares (Shares)	Value in the balance sheet (Thousands of yen)	Number of shares (Shares)	Value in the balance sheet (Thousands of yen)		
	Amagasa Co., Ltd.	500,000	500,000	550,000		
	153,500					

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

Category	FY3/21		FY3/20	
	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	11,278

Category	FY3/21 (Thousands of yen)		
	Total dividend income	Total gain/loss on sales	Total valuation gain/loss
Non-listed shares	-	-	-

All other shares	146	-	(7,360)
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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).
- (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”).
The Company is subject to prepare the non-consolidated 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, 2020 to March 31, 2021) and the non-consolidated financial statements for the business year (from April 1, 2020 to March 31, 2021) have been audited by Moore Shisei & Co.

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

- (1) The Company uses the following framework to ensure appropriateness of financial reports.
 - 1) To create a framework for the suitable implementation of internal controls for financial reports, policies for internal controls and other items have been established.
 - 2) To ensure the suitability of financial reports, the Internal Audit Office has been established to oversee internal controls.
 - 3) The Internal Audit Office uses audits, meetings, directives and other measures involving group companies for the purpose of submitting guidance so that group companies operate properly and in compliance with laws, regulations and rules. This office works with the Accounting Department to establish an infrastructure for ensuring that financial reports are accurate and reliable.
- (2) As one step to ensure the suitability of consolidated financial statements and other financial reports, the Company belongs to the Financial Accounting Standards Foundation and is creating a framework for accurately complying with accounting standards, revisions to these standards and other items.

1. Consolidated Financial Statements, etc.

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	※1 2,200,502	※1 2,894,896
Accounts receivable-trade	300,342	180,641
Securities	51,107	4,587
Real estate for sale	183,857	151,773
Other inventories	113,989	57,156
Other	109,857	108,093
Allowance for doubtful accounts	(32,386)	(29,846)
Total current assets	2,927,269	3,367,302
Non-current assets		
Property, plant and equipment		
Buildings and structures	※1 1,308,835	※1 1,316,979
Accumulated depreciation	(375,460)	(447,995)
Buildings and structures, net	933,374	868,983
Machinery, equipment and vehicles	※1 78,049	※1 77,381
Accumulated depreciation	(53,421)	(60,271)
Machinery, equipment and vehicles, net	24,627	17,110
Tools, furniture and fixtures	212,606	199,460
Accumulated depreciation	(135,835)	(142,861)
Tools, furniture and fixtures, net	76,771	56,598
Land	※1 348,663	※1 348,663
Leased assets	-	30,193
Accumulated depreciation	-	(3,982)
Leased assets, net	-	26,211
Total property, plant and equipment	1,383,436	1,317,567
Intangible assets		
Goodwill	160,260	107,619
Other	22,829	18,943
Total intangible assets	183,090	126,562
Investments and other assets		
Investment securities	303,411	231,050
Shares of subsidiaries and associates	81,811	82,551
Deferred tax assets	47,004	28,593
Other	74,575	76,858
Allowance for doubtful accounts	(285)	(285)
Total investments and other assets	506,517	418,768
Total non-current assets	2,073,044	1,862,898
Total assets	5,000,313	5,230,200

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	226,329	124,036
Short-term borrowings	※1 97,853	※1 11,512
Current portion of bonds payable	60,000	60,000
Current portion of long-term borrowings	※1 158,735	※1 150,376
Unearned revenue	203,483	185,212
Accrued expenses	95,508	78,748
Accounts payable-other	82,664	72,661
Income taxes payable	48,515	75,442
Provision for bonuses	32,958	27,712
Deposits received	129,097	123,880
Interest rate swaps	21,763	15,017
Other	160,798	126,944
Total current liabilities	1,317,708	1,051,545
Non-current liabilities		
Bonds payable	320,000	260,000
Long-term borrowings	※1 729,600	※1 1,109,224
Retirement benefit liability	58,015	61,805
Long-term leasehold and guarantee deposits received	221,000	192,470
Deferred tax liabilities	164,814	159,126
Other	55,506	74,969
Total non-current liabilities	1,548,936	1,857,595
Total liabilities	2,866,645	2,909,140
Net assets		
Shareholders' equity		
Share capital	1,583,825	1,585,938
Capital surplus	107,616	109,730
Retained earnings	592,962	732,817
Treasury shares	(144,839)	(144,848)
Total shareholders' equity	2,139,565	2,283,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,092)	8,599
Deferred gains or losses on hedges	(21,432)	(14,834)
Foreign currency translation adjustment	(3,503)	(2,373)
Remeasurements of defined benefit plans	(6,336)	(5,815)
Total accumulated other comprehensive income	(44,364)	(14,424)
Share acquisition rights	3,402	3,375
Non-controlling interests	35,065	48,471
Total net assets	2,133,668	2,321,059
Total liabilities and net assets	5,000,313	5,230,200

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	13,276,092	10,482,350
Cost of sales	10,686,066	8,447,166
Gross profit	2,590,025	2,035,183
Selling, general and administrative expenses	※1 2,333,850	※1 1,920,779
Operating profit	256,174	114,404
Non-operating income		
Interest income	3,488	2,947
Dividend income	2,247	418
Gain on sales of securities	669	1,558
Share of profit of entities accounted for using equity method	2,713	-
Commission income	26,388	36,022
Foreign exchange gains	266	2,178
Subsidy income	-	142,057
Other	3,110	11,491
Total non-operating income	38,884	196,674
Non-operating expenses		
Interest expenses	13,552	16,859
Interest on bonds	2,095	2,478
Share of loss of entities accounted for using equity method	-	60,427
Bond issuance costs	3,833	-
Loss on valuation of securities	12,509	246
Commission expenses	4,500	-
Other	3,885	2,599
Total non-operating expenses	40,376	82,661
Ordinary profit	254,682	228,467
Extraordinary income		
Gain on forgiveness of debts	-	78,710
Gain on sales of non-current assets	※2 1,050	-
Gain on sales of investment securities	469	-
Other	-	11,116
Total extraordinary income	1,519	89,826
Extraordinary losses		
Loss on sales of investment securities	-	20,407
Loss on valuation of investment securities	8,017	-
Impairment loss	-	※3 38,959
Other	10	778
Total extraordinary losses	8,027	60,145
Profit before distributions of profit or loss on silent partnerships and income taxes	248,174	258,147
Distributions of profit or loss on silent partnerships	(14,493)	(429)
Profit before income taxes	262,668	258,577
Income taxes-current	86,941	118,211
Income taxes-deferred	3,957	10,542
Total income taxes	90,899	128,754
Profit	171,768	129,822
Profit (loss) attributable to non-controlling interests	20,616	15,650

Profit attributable to owners of parent	151,151	114,172
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Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Profit	171,768	129,822
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,102)	20,245
Deferred gains or losses on hedges	6,017	6,598
Foreign currency translation adjustment	1,885	(167)
Remeasurements of defined benefit plans, net of tax	(479)	(773)
Total other comprehensive income	* (5,678)	* (25,902)
Comprehensive income	166,090	155,725
Comprehensive income attributable to:		
Owners of parent	142,419	144,112
Non-controlling interests	23,670	11,612

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,583,825	107,616	592,962	(144,839)	2,139,565
Changes during period					
Issuance of new shares	2,113	2,113			4,227
Dividend of surplus			(25,415)		(25,415)
Profit attributable to owners of parent			114,172		114,172
Purchase of treasury shares				(9)	(9)
Change of scope of equity method			51,098		51,098
Net changes in items other than shareholders' equity					
Total changes during period	2,113	2,113	139,854	(9)	144,072
Balance at end of period	1,585,938	109,730	732,817	(144,848)	2,283,637

(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	(13,092)	(21,432)	(3,503)	(6,336)	(44,364)	3,402	35,065	2,133,668
Changes during period								
Issuance of new shares						(27)		4,200
Dividend of surplus								(25,415)
Profit attributable to owners of parent								114,172
Purchase of treasury shares								(9)
Change of scope of equity method								51,098
Net changes in items other than shareholders' equity	21,691	6,598	1,130	520	29,939		13,406	43,346
Total changes during period	21,691	6,598	1,130	520	29,939	(27)	13,406	187,391
Balance at end of period	8,599	(14,834)	(2,373)	(5,815)	(14,424)	3,375	48,471	2,321,059

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	262,668	258,577
Depreciation	110,256	114,241
Impairment loss	-	38,959
Amortization of goodwill	13,907	13,682
Increase (decrease) in allowance for doubtful accounts	(663)	(681)
Increase (decrease) in other provisions	12,342	1,583
Loss (gain) on valuation of securities	12,509	246
Loss (gain) on valuation of investment securities	8,017	-
Loss (gain) on sales of investment securities	(469)	20,407
Subsidy income	-	(142,057)
Distributions of profit or loss on silent partnerships	(14,493)	(429)
Interest and dividend income	(5,735)	(3,366)
Interest expenses on borrowings and bonds	15,648	19,338
Gain on forgiveness of debts	-	(78,710)
Foreign exchange losses (gains)	(1,226)	(435)
Share of loss (profit) of entities accounted for using equity method	(2,713)	60,427
Loss (gain) on sales of securities	(669)	(1,558)
Decrease (increase) in trade receivables	(82,681)	112,927
Decrease (increase) in inventories	(119,389)	83,544
Increase (decrease) in trade payables	131,828	(97,367)
Increase (decrease) in deposits received	8,536	(5,155)
Increase (decrease) in leasehold and guarantee deposits received	(13,230)	(28,530)
Other,	21,104	(101,077)
Subtotal	355,545	264,565
Interest and dividends received	5,735	3,366
Interest paid	(14,754)	(19,378)
Income taxes refund	38,262	3,470
Income taxes paid	(72,936)	(96,730)
Subsidy received	-	142,057
Net cash provided by (used in) operating activities	311,852	297,350
Cash flows from investing activities		
Proceeds from sales of shares of subsidiaries and associates	-	14,287
Purchase of securities	(189)	(10,043)
Proceeds from sales of securities	8,446	58,133
Purchase of property, plant and equipment	(93,721)	(10,778)
Proceeds from sales of property, plant and equipment	1,050	-
Purchase of intangible assets	(1,310)	(4,318)
Purchase of investment securities	(149,316)	(32,266)
Proceeds from sales of investment securities	10,790	95,371
Collection of loans receivable	100,000	-
Payments for investments in silent partnerships	(20,037)	(4)
Other,	78	(2,839)
Net cash provided by (used in) investing activities	(144,209)	(107,541)

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from financing activities		
Repayments of lease obligations	-	(3,908)
Increase (decrease) in short-term borrowings	10,000	-
Proceeds from issuance of bonds	200,000	-
Redemption of bonds	(20,000)	(60,000)
Proceeds from long-term borrowings	191,000	529,944
Repayments of long-term borrowings	(252,677)	(158,735)
Purchase of treasury shares	(123,024)	(9)
Dividends paid	-	(22,186)
Other,	2,800	4,200
Net cash provided by (used in) financing activities	8,098	289,305
Effect of exchange rate change on cash and cash equivalents	551	(1,800)
Net increase (decrease) in cash and cash equivalents	176,293	692,396
Cash and cash equivalents at beginning of period	1,814,203	1,990,496
Cash and cash equivalents at end of period	1,990,496	2,682,893

[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.
- Significant changes in the scope of application of the equity method: Amagasa Co., Ltd. was included in the scope of application of the equity method from the first quarter of the current fiscal year, because the Chairman of the Company was concurrently appointed to serve as the Representative Director of Amagasa Co., Ltd. as of April 28, 2020, and could have a significant influence on the financial, operating, or business policy decisions of Amagasa Co., Ltd. However, it was excluded from the scope of application of the equity method from the end of the third quarter of the current fiscal year, following the transfer of a portion of its shares on December 22, 2020.

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

Consumption tax and local consumption tax are accounted for by the tax exclusion method. Non-deductible consumption tax and local consumption tax on assets are treated as expenses for the current fiscal year.

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.

(Significant accounting estimates)

The following is an item for which the amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year.

Book balance of goodwill at Kurashiki Royal Art Hotel Co., Ltd. 107,619 thousand yen

As the business performance of the company deteriorated in the current fiscal year mainly due to the spread of the new coronavirus infection, it was judged that there was an indication of impairment of the goodwill and examined whether it was necessary to recognize an impairment loss. At the time of the review, it was determined that the total undiscounted future cash flow based on the future business plan of the company would exceed the book value of the fixed assets and goodwill of the company.

As a result, no loss on impairment has been recognized.

The calculation of this estimate is based on a business plan that focuses on the introduction of more efficient management based on the expectation that domestic tourism demand will recover as a result of widespread vaccination, as the main cause of the deterioration in the company's performance is the spread of the COVID-19 outbreak.

This estimate may be affected by changes in uncertain economic conditions in the future, and if the actual amount of the company's sales or net profit differs from the estimate, an impairment loss on goodwill may be recognized in the consolidated financial statements for the following fiscal year.

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 26, 2021)

-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.

Notes - Changes in presentation method

Changes in accordance with the application of the "Accounting Standard for Disclosure of Accounting Estimates"

The "Accounting Standard for Disclosures of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020, hereinafter referred to as "the Standard") can be applied to consolidated financial statements for fiscal years ending on or after the date of its release.

The application of the Standard is in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the Standard, and the notes to the consolidated financial statements for the previous fiscal year are not included with regard to the notes prescribed in paragraphs 6 and 7 of the Standard.

Change in the accounting classification of outsourcing fees for real estate transactions

Outsourcing expenses and commissions paid, which were previously recorded as selling, general and administrative expenses, are now recorded as cost of sales from the current fiscal year. This change is the result of a review of accounting categories in line with changes in administrative categories.

In order to reflect this change, the presentation method in the consolidated statement of income for the previous fiscal year has also been reclassified.

As a result, selling, general and administrative expenses of 498,620 thousand yen in the consolidated statement of income for the previous fiscal year have been reclassified as cost of sales.

Notes - Consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Time deposits	100,000	100,000
Buildings	665,112	622,708
Machinery, equipment and vehicles	12,970	9,063
Land	348,663	348,663
Total	1,126,746	1,080,435

Secured liabilities are as follows.

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Short-term borrowings	5,490	1,512
Long-term borrowings (include current portion of long-term borrowings)	722,297	629,189
Total	727,787	630,701

*2. Current account overdraft agreements

The Striders Group has current account overdraft agreements with three 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)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Current account overdraft limit	130,000	248,000
Credit used	-	-
Credit available	130,000	248,000

Notes - Consolidated Statement of Income

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

	(Thousands of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Directors' compensations	101,218	110,391
Salaries and allowances	742,789	660,693
Provision for bonuses	30,985	16,952
Retirement benefit expenses	6,677	7,006
Provision of allowance for doubtful accounts	603	589
Business consignment expenses	225,917	199,902

Commission expenses	163,226	61,643
Amortization of goodwill	13,907	13,682

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

	(Thousands of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Machinery, equipment and vehicles	1,050	-

*3. Impairment loss

In the current fiscal year, the group recorded impairment losses on the following asset groups:

1) Impairment losses on assets

(Thousands of yen)			
Place	Purpose	Type	Impairment Loss
PT. CITRA SURYA KOMUNIKASI	-	Goodwill	38,959

2) Background to Impairment Loss Recognition

The Company recognized an impairment loss on goodwill related to PT. CITRA SURYA KOMUNIKASI, a consolidated subsidiary of the Company because it is no longer expected to generate the earnings assumed in the business plans considered at the time of acquisition.

3) Grouping Methods

Grouping is based on business category.

4) Method of calculating recoverable value

The recoverable amount is calculated to be zero.

Notes - Consolidated Statement of Comprehensive Income

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

	(Thousands of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Valuation difference on available-for-sale securities:		
Amount recognized during the current fiscal year	(9,782)	1,589
Re-classification adjustments	408	19,360
Before tax effect adjustment	(9,374)	20,949
Tax effects	(3,727)	(704)
Valuation difference on available-for-sale securities	(13,102)	20,245
Deferred gains or losses on hedges:		
Amount recognized during the current fiscal year	6,211	6,745
Re-classification adjustments	-	-
Before tax effect adjustment	6,211	6,745
Tax effects	(193)	(147)
Deferred gains or losses on hedges	6,017	6,598
Foreign currency translation adjustment:		
Amount recognized during the current fiscal year	1,885	(167)
Re-classification adjustments	-	-
Before tax effect adjustment	1,885	(167)
Tax effects	-	-
Foreign currency translation adjustment	1,885	(167)
Remeasurements of defined benefit plans, net of tax:		
Amount recognized during the current fiscal year	(4,127)	(95)
Re-classification adjustments	1,457	(895)
Before tax effect adjustment	(2,670)	(991)
Tax effects	2,190	218
Remeasurements of defined benefit plans, net of tax	(479)	(773)

Total other comprehensive income	(5,678)	25,902
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Notes - Consolidated Statement of Changes in Equity

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 (Note 1)	8,887	10	-	8,897
Total	8,887	10	-	8,897
Treasury shares				
Common stock (Note 2)	57	367	-	425
Total	57	367	-	425

Note:

- The increase in the number of issued shares of common stock is due to the exercise of 10 thousand share acquisition rights.
- The increase in the number of treasury shares of common stock is due to the acquisition of 367 thousand treasury shares based on a board resolution.

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) (Note)	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)	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 the share acquisition rights.

3. Matters concerning 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 (in thousand yen)	Dividend resource	Dividend per share (in yen)	Record date	Effective date
Annual Shareholders' Meeting (June 19, 2020)	Common Stock	25,415	Retained earnings	3	March 31, 2020	June 22, 2020

FY3/21 (April 1, 2020 – March 31, 2021)

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

(Thousand shares)

	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Issued shares				
Common stock (Note 1)	8,897	15	-	8,912
Total	8,897	15	-	8,912
Treasury shares				
Common stock (Note 2)	425	0	-	425
Total	425	0	-	425

Note:

1. The increase in the number of issued shares of common stock is due to the exercise of 15 thousand share acquisition rights.
2. The increase in the number of treasury shares of common stock is due to purchase of 0 thousand 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, 2021 (Thousands of yen)
			As of April 1, 2020	Increase	Decrease	As of March 31, 2021	
The Company (Parent company)	No. 6 share acquisition rights (issued on May 29, 2013) (Note)	Common stock	15,000	-	15,000	-	-
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)	Common stock	400,000	-	-	400,000	1,200
Total		-	850,000	-	15,000	835,000	3,375

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

3. Matters concerning dividends

1) Dividends Payment

Resolution	Class of shares	Total amount of dividends (in thousand yen)	Dividend resource	Dividend per Share (in yen)	Record date	Effective date
Annual Shareholders' Meeting (June 19, 2020)	Common Stock	25,415	Retained Earnings	3	March 31, 2020	June 22, 2020

2) Dividends with a record date during FY3/21 but with an effective date in FY3/22

Resolution	Class of shares	Total amount of dividends (in thousand yen)	Dividend resource	Dividend per share (in yen)	Record date	Effective date
Annual Shareholders' Meeting (June 18, 2021)	Common Stock	25,460	Retained Earnings	3	March 31, 2021	June 21, 2021

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)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Cash and deposit account	2,200,502	2,894,896
Derivative deposits	(210,005)	(212,003)
Cash and cash equivalents	1,990,496	2,682,893

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)

FY3/20 (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	120,097	129,097	-
(9) Bonds payable	320,000	316,027	(3,927)
(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.

FY3/21 (As of March 31, 2021)

(Thousands of yen)

	Amount posted in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	2,894,896	2,894,896	-
(2) Accounts receivable-trade	180,641		
Allowance for doubtful accounts*1	(2,153)		
	178,488	178,488	-
(3) Marketable securities and investment securities	173,083	173,083	-
Total assets	3,246,468	3,246,468	-
(1) Accounts payable-trade	124,036	124,036	-
(2) Short-term borrowings	11,512	11,512	-
(3) Current portion of bonds	60,000	59,823	(176)
(4) Current portion of long-term borrowings	150,376	150,076	(299)
(5) Accounts payable-other	72,661	72,661	-
(6) Accrued expenses	78,748	78,748	-
(7) Income taxes payable	75,442	75,442	-
(8) Deposits received	123,880	123,880	-
(9) Bonds payable	260,000	258,955	(1,044)
(10) Long-term borrowings	1,109,224	1,126,710	17,486
(11) Long-term lease and guarantee deposited	192,470	190,259	(2,210)
Total liabilities	2,258,353	2,272,108	13,755
Derivative transactions*2	[15,017]	[15,017]	-

*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	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Investment securities (non-listed shares) *1	27,066	62,554
Shares of subsidiaries and associates*2	81,811	82,551

*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

FY3/20 (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	-	-	-

FY3/21 (As of March 31, 2021)

(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	2,894,896	-	-	-
Accounts receivable-trade	180,641	-	-	-
Total	3,075,538	-	-	-

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

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

FY3/21 (As of March 31, 2021)

(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	11,512	-	-	-	-	-
Bonds payable	60,000	60,000	160,000	40,000	-	-
Long-term borrowings	150,376	116,811	257,288	350,575	75,792	308,758
Total	221,888	176,811	417,288	390,575	75,792	308,758

Notes - Securities

1. Securities for trade purposes

(Thousands of yen)

	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Unrealized gain (loss) included in profit/loss	(12,509)	(246)

2. 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.

FY3/21 (April 1, 2020 – March 31, 2021)

(Thousands of yen)

	Type	Carrying value	Acquisition cost	Difference
Securities for which the carrying value exceeds their acquisition cost	Stocks	157,208	133,548	23,659
	Subtotal	157,208	133,548	23,659
Securities for which the carrying value does not exceed their acquisition cost	Stocks	11,287	18,648	(7,360)
	Subtotal	11,287	18,648	(7,360)
Total		168,496	152,197	16,299

Note: As the investment securities (reported at 62,554 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

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

(Thousands of yen)

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

FY3/21 (April 1, 2020 – March 31, 2021)

(Thousands of yen)

Type	Sales proceeds	Total gain	Total loss
Stocks	95,371	-	20,407

Total	95,371	-	20,407
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4. Marketable securities written down for impairment

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.

There are no securities applicable for impairment for the fiscal year ended March 31, 2021.

Notes - Derivatives

Derivative transactions accounted by the hedge accounting method

Interest rates

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.

FY3/21 (As of March 31, 2021)

(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	528,749	(15,017)
Total			973,500	528,749	(15,017)

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)

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Retirement benefit obligations at beginning of period	37,554	48,025
Service cost	2,519	2,288
Interest cost	3,028	3,138
Actuarial differences	3,804	860
Foreign exchange translation gains or losses	1,119	(3,039)
Retirement benefit obligations at end of period	48,025	51,273

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

(Thousands of yen)

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Retirement benefit liability at beginning of period	9,338	9,989

Retirement benefit expenses	651	542
Retirement benefit liability at end of period	9,989	10,531

(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)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Retirement benefit obligations of contributory plan	-	-
Plan assets at fair value	-	-
Retirement benefit obligations of non-contributory plan	58,015	61,805
Net liability/asset recognized in the consolidated balance sheet	58,015	61,805
Retirement benefit liability	58,015	61,805
Net liability/asset recognized in the consolidated balance sheet	58,015	61,805

Note: Plans using the simplified method are included.

(4) Components of retirement benefit expenses

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Service cost	2,519	2,288
Interest cost	3,028	3,138
Amortization of actuarial differences	1,457	1,756
Retirement benefit expenses using the simplified method	651	542
Retirement benefit expenses for defined benefit plan	7,655	7,725

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

	(Thousands of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Actuarial differences	1,457	1,756

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

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Unrecognized actuarial differences	16,564	14,620

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

	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Discount rate	7.0%	5.6%
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 FY3/21. 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, 2020	-
Granted	-
Forfeited	-
Vested	-
Unvested stock options as of March 31, 2021	-
Vested stock options (Shares)	
As of March 31, 2020	435,000
Vested	-
Exercised	-
Forfeited	-
Unexercised stock options as of March 31, 2021	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

	FY3/20 (As of March 31, 2020)	(Thousands of yen) FY3/21 (As of March 31, 2021)
Deferred tax assets		
Excess allowance for doubtful accounts	804	698
Provision for bonuses	10,433	8,735
Loss on valuation of investment securities	46,559	46,559
Loss carried forward (Note 1)	160,614	111,982
Retirement benefit liability	15,361	14,817
Other	21,610	18,784
Subtotal deferred tax assets	255,384	201,578
Valuation reserve for tax-deductible loss carried forward (Note 1)	(126,614)	(94,982)
Valuation reserve for total future temporary differences	(75,933)	(71,569)
Subtotal valuation allowance	(202,547)	(166,552)
Total deferred tax assets	52,836	35,052
Deferred tax liabilities		
Valuation difference on available-for-sale securities	5,725	6,430
Valuation difference due to the evaluation of stock of consolidated subsidiary at fair value	164,814	159,126
Other	106	1
Total deferred tax liabilities	170,647	165,558
Net deferred tax liabilities	117,810	130,532

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

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

FY3/21 (As of March 31, 2021)

	(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	39,603	7,034	2,267	6,456	3,375	53,224	111,982
Valuation allowance	(22,603)	(7,034)	(2,267)	(6,456)	(3,375)	(53,224)	(94,982)
Deferred tax assets	17,000	-	-	-	-	-	*2 17,000

*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

	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Statutory effective tax rate	30.6%	30.6%

(Adjustments)		
Entertainment expenses and other items not to be included in expenses indefinitely	3.5	1.6
Residential tax for the period	0.6	0.5
Increase (decrease) in valuation allowance	7.7	12.1
Amortization of goodwill	1.6	6.9
Consolidation adjustment	0.6	8.4
Effect of consolidated taxation	(9.3)	(10.9)
Other	(0.7)	0.7
Actual effective tax rate after the application of tax-effect accounting	34.6	49.8

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.

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

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.

FY3/21 (April 1, 2020 – March 31, 2021)					(Thousands of yen)			
	Reportable Segment				Other (Note 1)	Total	Adjustment (Notes 2, 3 and 4)	Amount in the consolidated financial statements
	Real Estate Business	Hotel Business	Overseas Business	Total				

								(Note 5)
Net sales								
Sales to external customers	8,706,397	954,635	435,124	10,096,157	386,192	10,482,350	-	10,482,350
Inter-segment sales and transfers	-	363	-	363	-	363	(363)	-
Total	8,706,397	954,998	435,124	10,096,520	386,192	10,482,713	(363)	10,482,350
Segment profit	299,427	37,444	(40,419)	296,452	19,376	315,828	(201,424)	114,404
Segment assets	1,147,363	2,096,989	312,557	3,556,910	514,128	4,071,039	1,159,161	5,230,200
Other items								
Depreciation	12,498	91,725	5,053	109,277	2,646	111,923	2,317	114,241
Amortization of goodwill	-	8,122	5,560	13,682	-	13,682	-	13,682
Share of profit of entities accounted for using equity method	-	-	-	-	(60,427)	(60,427)	-	(60,427)
Increase in property, plant and equipment, and intangible assets	36,245	6,464	86	42,796	419	43,216	3,174	46,390

- 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 201,424 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

FY3/20 (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.

FY3/21 (April 1, 2020 – March 31, 2021)

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 FY3/21.

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

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

There is no applicable information.

FY3/21 (April 1, 2020 – March 31, 2021)

(Thousands of yen)

	Real Estate Business	Hotel Business	Overseas Business	Other	Elimination or corporate	Total
Impairment loss	-	-	38,959	-	-	38,959

Note: The amount of "Overseas Business" is related to goodwill.

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

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

FY3/21 (April 1, 2020 – March 31, 2021)

(Thousands of yen)

	Real Estate Business	Hotel Business	Overseas Business	Other	Elimination or corporate	Total
Amortization for the period	-	8,122	5,560	-	-	13,682
Balance at the end of the period	-	107,619	-	-	-	107,619

Information Related to Gain on Bargain Purchase by Each Reportable Segment

There is no applicable information.

Information on Related Parties

Transactions with related parties

Transactions between the Company submitting consolidated financial statements and related parties

Officers and major institutional shareholders (limited to individuals), etc. of the Company submitting consolidated financial statements.

FY 3/20 (April 1, 2019 – March 31, 2020)

There are no applicable items.

FY 3/21 (April 1, 2020 – March 31, 2021)

Category	Name of Company or Individual	Location	Capital or Investments (millions of yen)	Description of Business or Occupation	Holding or held ratio of Voting Rights	Relationship with the related party	Description of Transactions	Transaction Amount (in Thousands of yen)	Account item	End-of-year balance (million of yen)
Director	Koichi Miyamura	-	-	Managing Director of Striders Corporation, Representative Director of Trust Advisors Corporation, Representative Director of Tokyo Apartment Guarantee Corporation. and	(Being held) Directly 0.01%	-	Guarantees debt for equipment leases of the Company's subsidiary	28,700	-	-

				Representative Director of ReLive Co., Ltd.					
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Note: The Company has received a debt guarantee from Koichi Miyamura, Managing Director, for the lease contract of Trust Advisors, a subsidiary of the Company. The transaction amount of the debt guarantee represents the balance of lease obligations at the end of the fiscal year. Any guarantee fee has been paid.

Notes - Per Share Information

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Net assets per share (Yen)	247.31	267.38
Net income per share (Yen)	17.48	13.47
Diluted net income per share (Yen)	17.48	-

Note: 1. Diluted net income per share for the fiscal year ended March 31, 2021 is not shown because there are no potential shares having a dilutive effect.

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

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	151,151	114,172
Amount not attributed to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent related to common shares (Thousands of yen)	151,151	114,172
Average number of shares outstanding during the period (Thousands of shares)	8,644	8,475
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)	0	-
[Of which, share acquisition rights (Thousands of shares)]	[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

There are no applicable items.

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	80,000(20,000)	60,000 (20,000)	0.38	None	March 25, 2024
Striders Corporation	Third unsecured corporate bond (Note 1)	November 29, 2019	100,000 (20,000)	80,000 (20,000)	0.21	None	November 29, 2024
Striders Corporation	Fourth unsecured corporate bond (Note 1)	December 25, 2019	100,000 (20,000)	80,000 (20,000)	0.42	None	December 25, 2024
Total	-	-	380,000 (60,000)	320,000 (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, 2021 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	160,000	40,000	-

Detailed Statement of Borrowings

Category	Balance as of March 31, 2020 (Thousands of yen)	Balance as of March 31, 2021 (Thousands of yen)	Average interest rate (%)	Due date
Short-term borrowings	97,853	11,512	1.9	-
Current portion of long-term borrowings	158,735	150,376	0.7	-
Current portion of long-term lease obligations	-	5,307	0.4	-
Long-term borrowings (excluding current portion of long-term borrowings)	729,600	1,109,224	0.9	2022-2033
Long-term lease obligations (excluding current portion of lease obligations)	-	23,392	0.4	2022-2025
Total	986,188	1,299,813	-	-

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	116,811	257,288	350,575	75,792
Long-term lease obligations	5,237	5,256	5,276	7,622

(2) Other Information

Quarterly Information for the Current Fiscal Year

Cumulative period	Three months ended June 30, 2020	Six months ended September 30, 2020	Nine months ended December 31, 2020	Fiscal year ended March 31, 2021
Net sales (Thousands of yen)	2,528,811	5,941,717	8,213,191	10,482,350
Profit before income taxes (Thousands of yen)	19,856	155,900	204,833	258,577
Profit or Loss attributable to owners of parent (Thousands of yen)	(10,967)	82,963	128,871	114,172
Net income or Loss per share (Yen)	(1.29)	9.79	15.21	13.47

Each quarter	1st Quarter April 1, 2020 to	2nd Quarter July 1, 2020 to	3rd Quarter October 1, 2020 to	4th Quarter January 1, 2021 to
--------------	------------------------------	-----------------------------	--------------------------------	--------------------------------

	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Net income (loss) per share (Yen)	(1.29)	11.09	5.42	(1.73)

2. Financial Statements, etc.

(1) Financial Statements

1) Non-consolidated Balance Sheet

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	*1 971,082	*1 932,094
Accounts receivable-other from subsidiaries and associates	109,793	151,856
Short-term loans receivable from subsidiaries and associates	*4 192,000	*4 62,000
Other	10,135	11,099
Total current assets	1,283,010	1,157,050
Non-current assets		
Property, plant and equipment	1,008	1,106
Intangible assets	4,984	5,905
Investments and other assets		
Investment securities	179,295	168,057
Shares of subsidiaries and associates	858,449	905,351
Long-term loans receivable from subsidiaries and associates	*4 774,032	*4 744,784
Deferred tax assets	18,004	2,689
Other	7,848	7,848
Total investments and other assets	1,837,629	1,828,731
Total non-current assets	1,843,621	1,835,743
Total assets	3,126,632	2,992,793

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Liabilities		
Current liabilities		
Current portion of bonds	60,000	60,000
Current portion of long-term borrowings	*1 132,463	*1 124,104
Accounts payable-other from subsidiaries and associates	9,210	9,549
Accrued expenses	12,244	12,369
Income taxes payable	12,360	26,538
Accrued consumption taxes	-	5,716
Provision for bonuses	3,776	3,762
Interest rate swaps	20,682	14,419
Other	9,758	7,298
Total current liabilities	260,496	263,758
Non-current liabilities		
Bonds payable	320,000	260,000
Long-term borrowings	*1 646,596	*1 522,492
Total non-current liabilities	966,596	782,492
Total liabilities	1,227,092	1,046,250
Net assets		
Shareholders' equity		
Share capital	1,583,825	1,585,938
Capital surplus		
Legal capital surplus	96,151	98,264
Total capital surpluses	96,151	98,264
Retained earnings		
Legal retained earnings	-	2,541
Other retained earnings		
Retained earnings brought forward	376,079	408,482
Total retained earnings	376,079	411,023
Treasury shares	(144,839)	(144,848)
Total shareholders' equity	1,911,216	1,950,378
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,603	7,209
Deferred gains or losses on hedges	(20,682)	(14,419)
Total valuation and translation adjustments	(15,078)	(7,210)
Share acquisition rights	3,402	3,375
Total net assets	1,899,540	1,946,543
Total liabilities and net assets	3,126,632	2,992,793

2) Non-consolidated Statement of Income

	(Thousands of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Net sales	*1 149,727	*1 172,544
Gross profit	149,727	172,544
Selling, general and administrative expenses	*2 241,615	*2 234,706
Operating loss	(91,888)	(62,161)
Non-operating income		
Interest income	*1 22,394	*1 21,696
Dividend income	*1 78,764	*1 77,946
Gain on sales of securities	400	704
Foreign exchange gains	-	2,143
Other	89	3,411
Total non-operating income	101,648	105,901
Non-operating expenses		
Interest expenses	11,622	10,225
Interest on bonds	2,095	2,478
Foreign exchange losses	2,585	-
Bond issuance cost	3,833	-
Other	1,331	3,361
Total non-operating expenses	21,469	16,065
Ordinary profit (loss)	(11,709)	27,674
Extraordinary profit		
Gain on sale of shares of subsidiaries and associates	-	1,047
Total Extraordinary profit	-	1,047
Extraordinary losses		
Loss on retirement of non-current assets	-	0
Loss on valuation of shares of subsidiaries and associates	8,017	-
Total extraordinary losses	8,017	0
Profit (loss) before income taxes	(19,726)	28,721
Income taxes-current	(33,204)	(46,248)
Income taxes-deferred	(670)	14,610
Total income taxes	(33,874)	(31,638)
Profit	14,147	60,359

3) Non-consolidated Statement of Changes in Equity

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	Total retained earnings		
				Retained earnings brought forward			
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

FY3/21 (April 1, 2020 – March 31, 2021)

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
				Retained earnings brought forward				
Balance at beginning of period	1,583,825	96,151	96,151	-	376,079	376,079	(144,839)	1,911,216
Changes during period								
Issuance of new shares	2,113	2,113	2,113					4,227
Provision of legal retained earnings				2,541	(2,541)	-		-
Dividends of retained					(25,415)	(25,415)		(25,415)

earnings								
Profit					60,359	60,359		60,359
Purchase of treasury shares							(9)	(9)
Net changes in items other than shareholders' equity								
Total changes during period	2,113	2,113	2,113	2,541	32,402	34,944	(9)	39,161
Balance at end of period	1,585,938	98,264	98,264	2,541	408,482	411,023	(144,848)	1,950,378

	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	5,603	(20,682)	(15,078)	3,402	1,899,540
Changes during period					
Issuance of new shares				(27)	4,200
Provision of legal retained earnings					-
Purchase of treasury shares					(25,415)
Profit					60,359
Purchase of treasury shares					(9)
Net changes in items other than shareholders' equity	1,605	6,262	7,867		7,867
Total changes during period	1,605	6,262	7,867	(27)	47,002
Balance at end of period	7,209	(14,419)	(7,210)	3,375	1,946,543

[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 – Significant Accounting Estimates

Items that include the amount in the financial statements for the current fiscal year based on accounting estimates that may have a significant impact on the financial statements for the following fiscal year are as follows:

Book Balance of Shares of Subsidiaries and Associates Related to Kurashiki Royal Art Hotel Co., Ltd. 508,617,000 yen

We considered the necessity of recording a loss on valuation of shares of subsidiaries and associates because the actual value of the company's shares has declined significantly due to the deterioration of the company's business performance during the current fiscal year mainly caused by the COVID-19 pandemic. Based on the company's feasible and reasonable future business plans, the actual value of the company's shares is expected to recover within five years, and therefore, a loss on valuation of shares of subsidiaries and associates has not been recorded.

The calculation of this estimate is based on business plans that focus on the introduction of more efficient business management, based on the expectation that domestic tourism demand will recover as a result of widespread vaccination, since the main cause of the deterioration of the company's business performance is the COVID-19 outbreak.

This estimate may be affected by future changes in uncertain economic conditions, etc. If the actual amount of the company's sales or net income differs from the estimate, the company may record a loss on valuation of shares of subsidiaries and associates in the financial statements for the following fiscal year.

Notes - Changes in Presentation

The "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020, hereinafter referred to as "the Standard") can be applied to financial statements for fiscal years ending on or after the date of its release. Accordingly, the Company has applied the Standard from the end of the current fiscal year and disclosed "Significant Accounting Estimates".

The application of the standard for disclosure of estimates is in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of the standard for disclosure of estimates, and the notes on financial statements for the previous fiscal year are not included in the notes prescribed in paragraphs 6 and 7 of the standards for disclosure of estimates.

Notes - Non-consolidated Balance Sheet

*1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows.

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Time deposits	100,000	100,000

Secured liabilities corresponding to the above collateral are as follows.

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Long-term borrowings (includes current portion of long-term borrowings)	613,021	546,185

*2. Guaranteed debt

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

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Global Holdings Co., Ltd.	98,800	74,100

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

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Trust Advisers Corporation	18,527	18,975

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

	(Thousands of yen)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Mobile Link Inc.	26,705	22,361

*3. Current account overdraft agreements

The Company 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)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Current account overdraft limit	100,000	218,000
Credit used	-	-
Credit available	100,000	218,000

*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)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Credit available	1,529,000	1,785,000
Credit used	784,500	624,500
Credit available	744,500	1,160,500

Notes - Non-consolidated Statement of Income

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

	(Thousands of yen)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Sales to subsidiaries and associates	149,727	172,544
Interests received from subsidiaries and associates	22,109	21,631
Dividend income received from subsidiaries and associates	78,600	77,800

*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)	
	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Directors' compensations	51,900	55,800
Salaries and allowances	45,564	47,199
Advisory Fee	20,564	23,732

Notes - Marketable Securities

No subsidiaries' stocks (carrying value of 831,106 thousand yen in FY3/21 and 784,204 thousand yen in FY3/20) and affiliates' stocks (carrying value of 74,244 thousand yen in FY3/21 and 74,244 thousand yen in FY3/20) 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)	
	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Deferred tax assets		
Provision for bonuses	1,156	1,152
Loss carried forward	114,637	51,405
Loss on valuation of investment securities	41,117	41,117
Loss on valuation of shares of subsidiaries and associates	200,407	200,407
Other	937	836
Subtotal deferred tax assets	<u>358,257</u>	<u>294,919</u>
Valuation reserve for tax-deductible loss carried forward	(90,907)	(42,285)
Valuation reserve for total future temporary differences	(243,619)	(243,513)
Subtotal valuation allowance	<u>(334,527)</u>	<u>(285,799)</u>
Total deferred tax assets	23,730	9,120
Deferred tax liabilities		
Valuation difference on available-for-sale securities	5,725	6,430
Total deferred tax liabilities	<u>5,725</u>	<u>6,430</u>
Net deferred tax liabilities	<u>18,004</u>	<u>2,689</u>

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

	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Statutory effective tax rate		30.6%
(Adjustments)		
Dividend income and other items not to be included in income indefinitely		(82.9)
Entertainment expenses and other items not to be included in expenses indefinitely	Omitted due to recognition of loss before income taxes.	6.1
Residential tax for the period		3.3
Increase (decrease) in valuation allowance		83.8
Effect of consolidated taxation		(155.6)
Other		4.6
Actual effective tax rate after the application of tax-effect accounting		(110.2)

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, 2020	Increase	Decrease	Depreciation or amortization at year-end	Balance As of March 31, 2021	Accumulated depreciation or amortization
Property, plant and equipment	-	-	-	576	1,106	6,833
Intangible assets	-	-	-	1,578	5,905	5,454

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, 2020," "Increase" and "Decrease" were omitted.

Detailed Statement of Allowances

(Thousands of yen)

Category	Balance as of April 1, 2020	Increase	Decrease	Balance as of March 31, 2021
Provision for bonuses	3,776	3,762	3,776	3,762

(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. https://www.striders.co.jp/								
Special benefit for shareholders	<p>The Company has been implementing a shareholder benefit program that provides hotel vouchers for the Narita Gateway Hotel and Kurashiki Royal Art Hotel, both of which are owned and operated by the Company. However, the Company resolved at the Board of Directors' meeting held on February 25, 2021 to discontinue the shareholder special benefit program. The Company will offer QUO cards to shareholders of the Company as of March 31, 2021 as a special benefit for this time only.</p> <p>(1) Eligible shareholders: Shareholders who hold at least two units (200 shares) of the Company's stock and whose names are entered or recorded in the shareholders' register as of the end of March 2021.</p> <p>(2) Details of benefits: Quo cards will be provided as follows, depending on the number of shares held.</p> <table border="1" data-bbox="667 1451 1262 1753"> <thead> <tr> <th>Shares held</th> <th>Quo Card</th> </tr> </thead> <tbody> <tr> <td>At least 200 shares (2 units) and less than 500 shares (5 units)</td> <td>500 yen</td> </tr> <tr> <td>At least 500 shares (5 units) and less than 1,000 shares (10 units)</td> <td>1,500 yen</td> </tr> <tr> <td>At least 1,000 shares (10 units)</td> <td>2,500 yen</td> </tr> </tbody> </table>	Shares held	Quo Card	At least 200 shares (2 units) and less than 500 shares (5 units)	500 yen	At least 500 shares (5 units) and less than 1,000 shares (10 units)	1,500 yen	At least 1,000 shares (10 units)	2,500 yen
Shares held	Quo Card								
At least 200 shares (2 units) and less than 500 shares (5 units)	500 yen								
At least 500 shares (5 units) and less than 1,000 shares (10 units)	1,500 yen								
At least 1,000 shares (10 units)	2,500 yen								

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 56th period (from April 1, 2019 to March 31, 2020): Submitted to the Director-General of the Kanto Local Finance Bureau on June 19, 2020.

(2) Internal Control Report and Attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 19, 2020.

(3) Quarterly Reports and Written Confirmation

1st Quarter of the 57th period (from April 1, 2020 to June 30, 2020):

Submitted to the Director-General of the Kanto Local Finance Bureau on August 12, 2020.

2nd Quarter of the 57th period (from July 1, 2020 to September 30, 2020):

Submitted to the Director-General of the Kanto Local Finance Bureau on November 12, 2020.

3rd Quarter of the 57th period (from October 1, 2020 to December 31, 2020):

Submitted to the Director-General of the Kanto Local Finance Bureau on February 12, 2021.

(4) Extraordinary Reports

Submitted to the Director-General of the Kanto Local Finance Bureau on June 22, 2020.

The extraordinary report was filed pursuant to rules under Item 9-2, Paragraph 2, Article 19 (Results of exercise of voting rights at a shareholders' meeting) of the "Cabinet Office Ordinance on Disclosure of Corporate Affairs."

Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2020.

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 May 12, 2021.

The extraordinary report was filed pursuant to Item 19, Paragraph 2, Article 19 (Occurrence of events that have a marked impact on the Company's consolidated financial position, results of operations or cash flows) of the "Cabinet Office Ordinance on Disclosure of Corporate Affairs."

(5) Amendments to Extraordinary Reports

Submitted to Director-General of Kanto Finance Bureau on October 8, 2020.

Amendment to the extraordinary report submitted on June 22, 2020.

(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 November 24, 2020 to November 30, 2020):

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

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

Submitted to the Director-General of the Kanto Local Finance Bureau on January 6, 2021.

Reporting period (from January 1, 2021 to January 31, 2021):

Submitted to the Director-General of the Kanto Local Finance Bureau on February 2, 2021.

Reporting period (from February 1, 2021 to February 28, 2021):

Submitted to the Director-General of the Kanto Local Finance Bureau on March 2, 2021

Reporting period (from March 1, 2021 to March 31, 2021):

Submitted to the Director-General of the Kanto Local Finance Bureau on April 2, 2021

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 18,2021

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, 2020, and ended on March 31, 2021, 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, 2021, 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.

Key Audit Considerations

The main audit considerations are those deemed particularly important as professional experts in the audit of consolidated financial statements for the current fiscal year. The main audit considerations are the process of implementing the audit and the formation of audit opinions for the consolidated financial statements as a whole, and the Audit Firm does not express its opinions individually.

Consideration of Impairment Losses on Non-current Assets in Hotel Business Segment	
Contents of major audit considerations and reasons for determination	Audit Response
<p>Striders Corporation recorded 2,096,989,000 yen in segment assets of the hotel business as of March 31, 2021, accounting for 40.1% of total assets. This includes 107,619,000 yen of goodwill.</p> <p>In the event of an impairment loss, the impact on the performance of the Group's business and the hotel business segment would be significant.</p> <p>The company monitors operating income and undiscounted future cash flows based on the business</p>	<p>In considering the valuation of non-current assets, we performed the following audit procedures.</p> <ul style="list-style-type: none"> With respect to the undiscounted future cash flows, we verified the consistency with the business plans on which the undiscounted future cash flows were based, and we also verified whether there were any changes in the estimation method adopted by management. In addition, we compared the

<p>plans, focusing on whether the excess earning capacity expected at the time of business acquisition will be sustained in the future, to identify indication of impairment of non-current assets including goodwill, and to determine whether to recognize impairment losses. Such estimates of future cash flows are based on significant assumptions, such as the forecasted changes in market demand related to the hotel business, occupancy rates and average room rates, which affect the earnings forecast, and are subject to significant influence by management's judgment.</p> <p>As stated in Notes "(Significant Accounting Estimates)", such judgments regarding impairment of non-current assets including goodwill, are significantly affected by management's assumptions and inherent judgments that are taken into account in future business plans. In addition, the uncertainty of these assumptions has increased due to the recent spread of the new coronavirus infection. Hence, the Audit Firm deemed this to be a major audit consideration.</p>	<p>undiscounted future cash flows of prior periods with actual results to assess the degree of reliability and uncertainty of management's estimates. In order to understand the current state of the hotel's business environment and future projections, we read through materials reported to the Board of Directors and other relevant documents, as well as reports on tourism statistics issued by the cities in which the hotel is located, and evaluated whether the contents of these reports are consistent with the business environment on which management's estimates are based, and whether any events or circumstances have arisen that would necessitate a change in the estimation method.</p> <ul style="list-style-type: none"> • We discussed the estimation assumptions used by management with management and those responsible for the preparation of the plans, and assessed the feasibility or uncertainty of the assumptions used in light of the Audit Firm's understanding of the current state of the business environment and future projections, in comparison with past results, and in consideration of the following factors. <ul style="list-style-type: none"> · Evaluated whether the estimates of the expected number of tourists are reasonable compared to past results and reports on tourism statistics. · A sensitivity analysis was conducted on changes in key assumptions. · As for the impact of the spread of COVID-19 infection, we asked management about the company's hypothesis and compared it with the economic situation and the recent business environment.
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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.

Among the matters discussed with the Corporate Auditors and the Board of Corporate Auditors, the Audit Firm shall determine those matters that they consider to be particularly significant in the audit of the consolidated financial statements for the current fiscal year as major audit considerations and state them in the Audit Report. However, if the publication of such matters is prohibited by laws and regulations, or if the Audit Firm judges that such matters should not be reported because the disadvantages of reporting such matters in the A Report are reasonably expected to outweigh the public interest, albeit in an extremely limited manner, such matters shall not be included in the Audit Report.

<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, 2021.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as of March 31, 2021, 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 Auditor Report

June 18,2021

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 non-consolidated financial statements of Striders Corporation (the "Company") included in the "Financial Information" section of the Securities Registration Report for the 57th business year that commenced on April 1, 2020, and ended on March 31, 2021, 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, 2021, 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 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.

Key Audit Considerations

The main audit considerations are those deemed particularly important as professional experts in the audit of non-consolidated financial statements for the current fiscal year. The main audit considerations are the process of implementing the audit and the formation of audit opinions for the non-consolidated financial statements as a whole, and the audit corporation does not express its opinions individually.

Consideration of Impairment Losses on Non-current Assets in Hotel Business Segment	
Contents of major audit considerations and reasons for determination	Audit Response
In the balance sheet of Striders Corporation at the end of the current fiscal year, 905,351,000 yen of shares of subsidiaries and associates are recorded. Among such shares of subsidiaries and associates, the investment book value of 508,617,000 yen of Kurashiki Royal Art Hotel Co., Ltd. accounts for 56% of the balance sheet amount of shares of subsidiaries and associates, as stated in the notes "Significant accounting estimates. Since the company reflects the excess earning capacity in the valuation of the shares of the	The Audit Firm mainly carried out the following audit procedures in considering the valuation of shares of subsidiaries and associates. <ul style="list-style-type: none"> With respect to the excess earning capacity, we verified the consistency with the business plans on which the excess earning capacity was based, and we also verified whether there were any changes in the estimation method adopted by management. Furthermore, we assessed the degree of reliability and uncertainty of management's

<p>subsidiary in the assessment of the actual value, the examination of whether or not there is a significant decline in the actual value based on a decrease in the excess earning capacity is an important factor in the valuation of the shares.</p> <p>There is a certain degree of uncertainty in the future business plans of the subsidiary that affect the excess earning capacity. In particular, there is a high sensitivity to key assumptions such as the forecast of market demand trends, occupancy rates and average room rates related to the hotel business that affect the earnings forecast, and these are affected by the forecast of future market and economic conditions.</p> <p>The valuation of the shares of the subsidiary is significantly affected by management's assumptions and inherent judgments that are taken into account in future business plans, and the uncertainty of these assumptions has increased due to the recent spread of the COVID-19 pandemic. Hence, the Audit Firm deemed this to be a major audit consideration.</p>	<p>estimates by comparing actual results with plans from previous years.</p> <ul style="list-style-type: none"> • In order to gain an understanding of the current business environment and future projections for the hotel, we read through the materials reported to the Board of Directors and other relevant documents, as well as reports on tourism statistics issued by the cities in which the hotel is located, to assess whether the contents are consistent with the business environment on which management's estimates are based, and to evaluate whether any events or circumstances have arisen that would require a change in the estimation method. • We discussed the assumptions used in the estimates made by management with management and those responsible for preparing the plans, and assessed the feasibility or uncertainty of the assumptions used in light of the Audit Firm's understanding of the current state of the business environment and future projections, in comparison with past results, and taking into account the following factors <ul style="list-style-type: none"> · Evaluated the reasonableness of estimates of expected changes in the number of tourists compared to historical data and reports on tourism statistics. · A sensitivity analysis was conducted on major hypothetical variations. · As for the impact of the spread of COVID-19 infection, we asked management about the company's hypothesis and compared it with the economic situation and the recent business environment. <p>Evaluated whether there was a significant decline in the actual value of shares of the subsidiary reflecting excess earning power.</p>
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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.

Among the matters discussed with the Corporate Auditors and the Board of Corporate Auditors, the Audit Firm shall determine those matters that they consider to be particularly significant in the audit of the non-consolidated financial statements for the current fiscal year as major audit considerations and state them in the Audit Report. However, if the publication of such matters is prohibited by laws and regulations, or if the Audit Firm judges that such matters should not be reported because the disadvantages of reporting such matters in the Audit Report are reasonably expected to outweigh the public interest, albeit in an extremely limited manner, such matters shall not be included in the Audit Report.

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.