



## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020

**[Japanese GAAP]**

November 12, 2019

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Listing: Tokyo Stock Exchange (JASDAQ)  
 URL: <http://www.striders.co.jp/>

Scheduled date of filing of Quarterly Report: November 13, 2019  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

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

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – September 30, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2019	5,475	20.0	196	40.6	202	35.1	145	45.2
Six months ended Sep. 30, 2018	4,561	39.1	139	19.0	149	17.0	99	9.9

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2019: 151 (up 44.2%)  
 Six months ended Sep. 30, 2018: 105 (up 11.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2019	16.61	16.60
Six months ended Sep. 30, 2018	11.24	11.23

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2019	4,827	2,187	44.8	249.72
As of Mar. 31, 2019	4,655	2,087	44.5	234.78

Reference: Shareholders' equity (million yen) As of Sep. 30, 2019: 2,162 As of Mar. 31, 2019: 2,072

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	0.00	0.00
Fiscal year ending Mar. 31, 2020	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2020 (forecast)	-	-	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: None

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

(Percentages represent year-on-year changes.)

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

Note: Revisions to the most recently announced consolidated earnings forecast: None

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

**\* Notes**

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

Newly added: - Excluded: -

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Sep. 30, 2019:	8,887,089 shares	As of Mar. 31, 2019:	8,887,089 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2019:	229,209 shares	As of Mar. 31, 2019:	57,609 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2019:	8,731,757 shares	Six months ended Sep. 30, 2018:	8,884,380 shares
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\* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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

Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation of Results of Operations**

In the first half of the current fiscal year (hereinafter, “the period under review”), the Japanese economy has continued to recover moderately with ongoing improvement in employment and income environment supported by the effects of various economic measures, despite some continuing weakness in exports and production.

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

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

Consequently, the results of operations for the period under review were as follows: net sales increased 20.0% year-on-year to 5,475 million yen, operating profit increased 40.6% year-on-year to 196 million yen, ordinary profit increased 35.1% year-on-year to 202 million yen, and profit attributable to owners of parent increased 45.2% year-on-year to 145 million yen.

Business segment performance was as follows.

#### **1) Real Estate Business**

Trust Advisers Corporation currently operates the residential property business comprising leasing services for condominium owners as well as rental and condominium building management on a contract basis. The Company also engages in the land agency business that caters for condominium owners’ needs for buying and selling properties.

The residential property business continued to maintain the high number of buildings under management, and the number of transactions in the land agency business increased compared with the same period of the previous fiscal year. Consequently, segment sales for the period under review increased 27.6% year-on-year to 4,008 million yen and operating profit increased 44.6% year-on-year to 158 million yen.

#### **2) Hotel Business**

We currently operate Narita Gateway Hotel in the Narita International Airport area and Kurashiki Royal Art Hotel located in the Kurashiki Bikan Historical Quarter, Okayama Prefecture.

In Narita, the number of inbound tourist groups has increased, and the occupancy rate has improved as well. In Kurashiki, the hotel was positively affected by events such as the renovations by its competitor in the neighborhood. Consequently, segment sales for the period under review increased 5.2% year-on-year to 778 million yen and operating profit increased 7.4% year-on-year to 118 million yen.

#### **3) Overseas Business**

PT. Citra Surya Komunikasi mainly engages in the advertisement agency business that serves Japanese companies operating in the Republic of Indonesia.

Segment sales and profits on an annual basis are in line with our business plan that aims at achieving higher sales and profits. However, as there was an impact of ups and downs in a sales and profit plan for its major customers in the first quarter, the segment sales for the period under review decreased 11.2% year-on-year to 453 million yen with operating profit of 7 million yen (down 74.7% year-on-year).

#### **4) Other**

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

While Mobile Link Inc. has steadily increased transactions with the existing customers involving motor vehicle communication systems, Y. K. Masuda Seimen has suffered from a weak growth of orders. Consequently, net sales of the other businesses segment for the period under review increased 39.4% year-on-year to 234 million yen with operating profit of 14 million yen (compared with operating loss of 11 million yen one year earlier).

### **(2) Explanation of Financial Position**

#### **1) Financial Position**

##### **Assets**

Current assets increased 195 million yen from the end of the previous fiscal year to 2,825 million yen at the end of the period under review. The main factors include an increase in inventories by 164 million yen. Non-current assets decreased 22 million yen from the end of the previous fiscal year to 2,002 million yen. This was mainly attributable to a decrease of 32 million yen in property, plant and equipment.

As a result, total assets were 4,827 million yen, which was 172 million yen more than at the end of the previous fiscal year.

##### **Liabilities**

Current liabilities increased 47 million yen from the end of the previous fiscal year to 1,142 million yen at the end of the period under review. This was mainly attributable to an increase of 81 million yen in accounts payable-trade. Non-current liabilities increased 24 million yen from the end of the previous fiscal year to 1,497 million yen. This was mainly due to an increase of 55 million yen in long-term borrowings, which was partially offset by a decrease of 18 million yen in long-term leasehold and guarantee deposits received. As a result, total liabilities were 2,640 million yen, which was 72 million yen more than at the end of the previous fiscal year.

##### **Net assets**

Net assets increased 99 million yen from the end of the previous fiscal year to 2,187 million yen at the end of the period under review. The main factors include booking of profit attributable to owners of parent of 145 million yen, which was partially offset by an increase of 52 million yen in treasury shares. Consequently, the equity ratio was 44.8% (compared with 44.5% at the end of the previous fiscal year).

#### **2) Cash flows**

Cash and cash equivalents (hereinafter referred to as “net cash”) increased 104 million yen from the end of the previous fiscal year to 1,918 million yen at the end of the period under review.

Details of each cash flow category for the period under review and the major factors for changes are described as follows.

##### **Cash flows from operating activities**

Net cash provided by operating activities amounted to 29 million yen (compared with net cash provided of 268 million yen in the same period of the previous fiscal year). The main factors include booking of profit before income taxes of 202 million yen, which was partly offset by an increase in inventories of 165 million yen.

#### Cash flows from investing activities

Net cash provided by investing activities amounted to 58 million yen (compared with net cash used of 66 million yen in the same period of the previous fiscal year). The main factors include proceeds from collection of loans receivable of 100 million yen, which was partly offset by payments for investments in silent partnerships of 20 million yen.

#### Cash flows from financing activities

Net cash provided by financing activities was 18 million yen (compared with net cash used of 232 million yen in the same period of the previous fiscal year). The main factors include proceeds from long-term borrowings of 180 million yen, which was partly offset by repayments of long-term borrowings of 99 million yen.

### **(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

Regarding the consolidated earnings forecast, we maintain the full-year consolidated earnings forecast, which was disclosed in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019” dated May 13, 2019.

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

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Second quarter of FY3/20 (As of Sep. 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	2,024,206	2,128,739
Accounts receivable-trade	214,318	213,371
Securities	2,367	2,652
Inventories	176,308	341,015
Other	244,803	171,186
Allowance for doubtful accounts	(31,518)	(31,470)
Total current assets	2,630,485	2,825,494
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	929,059	904,590
Land	348,663	348,663
Other, net	113,118	104,620
Total property, plant and equipment	1,390,841	1,357,873
Intangible assets		
Goodwill	173,041	166,087
Other	31,067	27,410
Total intangible assets	204,108	193,497
Investments and other assets		
Investment securities	245,953	238,786
Shares of subsidiaries and associates	84,276	86,699
Deferred tax assets	49,065	50,591
Other	51,804	74,859
Allowance for doubtful accounts	(1,073)	(94)
Total investments and other assets	430,026	450,841
Total non-current assets	2,024,976	2,002,213
Total assets	4,655,462	4,827,708
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	92,530	174,523
Short-term borrowings	83,627	81,664
Current portion of bonds	20,000	20,000
Current portion of long-term borrowings	170,258	194,741
Unearned revenue	191,583	185,554
Accrued expenses	102,046	95,298
Accounts payable-other	109,939	71,213
Income taxes payable	29,166	52,063
Provision for bonuses	30,522	32,488
Deposits received	120,537	115,060
Interest rate swaps	27,975	28,201
Other	116,581	91,514
Total current liabilities	1,094,769	1,142,323
Non-current liabilities		
Bonds payable	180,000	170,000
Long-term borrowings	779,754	835,551
Retirement benefit liability	46,892	47,217
Long-term leasehold and guarantee deposits received	234,230	215,861
Deferred tax liabilities	162,013	159,168
Other	70,000	70,000
Total non-current liabilities	1,472,890	1,497,799
Total liabilities	2,567,659	2,640,123

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Second quarter of FY3/20 (As of Sep. 30, 2019)
Net assets		
Shareholders' equity		
Share capital	1,582,416	1,582,416
Capital surplus	106,207	106,207
Retained earnings	441,810	586,813
Treasury shares	(21,814)	(73,941)
Total shareholders' equity	2,108,620	2,201,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,792	(1,773)
Deferred gains or losses on hedges	(27,450)	(27,694)
Foreign currency translation adjustment	(4,882)	(4,963)
Remeasurements of defined benefit plans	(6,091)	(5,025)
Total accumulated other comprehensive income	(35,632)	(39,456)
Share acquisition rights	3,420	3,420
Non-controlling interests	11,394	22,124
Total net assets	2,087,802	2,187,585
Total liabilities and net assets	4,655,462	4,827,708



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Six-month Period)**

	(Thousands of yen)	
	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Net sales	4,561,803	5,475,729
Cost of sales	3,348,630	4,031,371
Gross profit	1,213,172	1,444,357
Selling, general and administrative expenses	1,073,230	1,247,620
Operating profit	139,942	196,736
Non-operating income		
Interest income	863	2,173
Dividend income	49	135
Gain on sales of securities	-	100
Share of profit of entities accounted for using equity method	-	2,422
Commission income	13,263	9,521
Foreign exchange gains	3,580	-
Other	2,103	2,406
Total non-operating income	19,861	16,760
Non-operating expenses		
Interest expenses	7,790	6,808
Interest on bonds	-	821
Share of loss of entities accounted for using equity method	1,977	-
Foreign exchange losses	-	1,673
Other	49	1,504
Total non-operating expenses	9,817	10,808
Ordinary profit	149,985	202,688
Extraordinary income		
Gain on sales of non-current assets	763	-
Gain on bad debts recovered	-	56
Total extraordinary income	763	56
Extraordinary losses		
Loss on retirement of non-current assets	58	-
Loss on sales of non-current assets	-	0
Total extraordinary losses	58	0
Profit before income taxes	150,690	202,744
Income taxes-current	46,493	49,069
Income taxes-deferred	(2,802)	(1,129)
Total income taxes	43,691	47,939
Profit	106,999	154,805
Profit attributable to non-controlling interests	7,147	9,802
Profit attributable to owners of parent	99,852	145,003

**Quarterly Consolidated Statement of Comprehensive Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Profit	106,999	154,805
Other comprehensive income		
Valuation difference on available-for-sale securities	(193)	(4,565)
Deferred gains or losses on hedges	4,125	(243)
Foreign currency translation adjustment	(6,538)	(176)
Remeasurements of defined benefit plans, net of tax	953	2,089
Total other comprehensive income	(1,652)	(2,896)
Comprehensive income	105,346	151,908
Comprehensive income attributable to:		
Owners of parent	102,144	141,178
Non-controlling interests	3,202	10,730

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	150,690	202,744
Depreciation	51,145	52,792
Amortization of goodwill	16,179	6,991
Increase (decrease) in allowance for doubtful accounts	(1,089)	(1,027)
Increase (decrease) in other provisions	1,285	2,290
Interest and dividend income	(913)	(2,309)
Interest expenses on borrowings and bonds	7,790	7,630
Foreign exchange losses (gains)	1,694	(138)
Share of loss (profit) of entities accounted for using equity method	1,977	(2,422)
Loss (gain) on sales of securities	-	(100)
Decrease (increase) in trade receivables	65,106	2,932
Decrease (increase) in inventories	110,141	(165,165)
Increase (decrease) in trade payables	(11,453)	82,227
Increase (decrease) in deposits received	(10,689)	(5,517)
Increase (decrease) in leasehold and guarantee deposits received	(15,046)	(18,369)
Other, net	(67,192)	(114,784)
Subtotal	299,624	47,774
Interest and dividends received	909	2,309
Interest paid	(7,905)	(7,422)
Income taxes refund	-	38,306
Income taxes paid	(23,769)	(51,706)
Net cash provided by (used in) operating activities	268,859	29,262
Cash flows from investing activities		
Purchase of securities	-	(189)
Proceeds from sales of securities	-	289
Purchase of property, plant and equipment	(74,571)	(17,140)
Purchase of intangible assets	(12,980)	(1,100)
Net decrease (increase) in time deposits	30,811	-
Collection of loans receivable	-	100,000
Payments for investments in silent partnerships	-	(20,000)
Other, net	(9,975)	(3,558)
Net cash provided by (used in) investing activities	(66,715)	58,301
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(130,000)	-
Redemption of bonds	-	(10,000)
Proceeds from long-term borrowings	59,000	180,000
Repayments of long-term borrowings	(161,350)	(99,748)
Purchase of treasury shares	-	(52,126)
Other, net	(4)	-
Net cash provided by (used in) financing activities	(232,354)	18,125
Effect of exchange rate change on cash and cash equivalents	(6,462)	(1,158)
Net increase (decrease) in cash and cash equivalents	(36,673)	104,530
Cash and cash equivalents at beginning of period	1,985,398	1,814,203
Cash and cash equivalents at end of period	1,948,725	1,918,734

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements**

Not applicable.

**Segment and Other Information**

Segment information

I. First six months of FY3/19 (Apr. 1, 2018 – Sep. 30, 2018)

Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on quarterly consolidated statement of income (Note 3)
	Real Estate Business	Hotel Business	Overseas Business	Subtotal				
Net sales								
External sales	3,142,241	740,633	510,519	4,393,394	168,409	4,561,803	-	4,561,803
Inter-segment sales and transfers	-	-	-	-	12	12	(12)	-
Total	3,142,241	740,633	510,519	4,393,394	168,421	4,561,815	(12)	4,561,803
Segment profit (loss)	109,791	110,410	31,093	251,295	(11,373)	239,921	(99,979)	139,942

- Notes: 1. The "Other" segment consists of activities that are not included in any of the reportable segments, and includes the information technology business and the food business.
2. The negative adjustment of 99,979 thousand yen to segment profit (loss) is mainly personnel and other expenses for administrative departments.
3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

II. First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)

Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount shown on quarterly consolidated statement of income (Note 3)
	Real Estate Business	Hotel Business	Overseas Business	Subtotal				
Net sales								
External sales	4,008,932	778,788	453,292	5,241,013	234,715	5,475,729	-	5,475,729
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	4,008,932	778,788	453,292	5,241,013	234,715	5,475,729	-	5,475,729
Segment profit	158,796	118,534	7,876	285,207	14,093	299,301	(102,564)	196,736

- Notes: 1. The "Other" segment consists of activities that are not included in any of the reportable segments, and includes the information technology business and the food business.
2. The negative adjustment of 102,564 thousand yen to segment profit is mainly personnel and other expenses for administrative departments.
3. Segment profit is adjusted with operating profit shown on the quarterly consolidated statement of income.

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