



## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021

[Japanese GAAP]

August 11, 2020

Company name: Striders Corporation

Listing: Tokyo Stock Exchange (JASDAQ)

Stock code: 9816

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Scheduled date of filing of Quarterly Report:

August 12, 2020

Scheduled date of payment of dividend:

-

Preparation of supplementary materials for quarterly financial results:

Available

Holding of quarterly financial results meeting:

None

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

### 1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2021 (April 1, 2020 – June 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2020	2,528	2.4	35	(63.8)	21	(77.9)	(10)	-
Three months ended Jun. 30, 2019	2,470	12.6	98	23.2	97	13.4	71	24.9

Note: Comprehensive income (million yen) Three months ended Jun 30, 2020: (27) (—)

Three months ended Jun 30, 2019: 64 (up 11.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2020	(1.29)	-
Three months ended Jun. 30, 2019	8.15	8.15

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2020	5,184	2,080	39.4	241.26
As of Mar. 31, 2020	5,000	2,133	41.9	247.31

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2020: 2,043

As of Mar. 31, 2020: 2,095

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	3.00	3.00
Fiscal year ending Mar. 31, 2021	-	-	-	-	-
Fiscal year ending Mar. 31, 2021 (forecast)	-	0.00	-	-	-

Note: Revisions from the most recently announced dividend forecast: None.

The dividend forecast for the fiscal year ending March 2021 has not been determined at this time.

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

The full-year earnings forecast is not presented because it is difficult to calculate the earnings forecast that the Company considers reasonable at this time. The full-year consolidated earnings forecast will be disclosed when it becomes available.

**\* 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 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 Jun. 30, 2020:	8,897,089 shares	As of Mar. 31, 2020:	8,897,089 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2020:	425,109 shares	As of Mar. 31, 2020:	425,109 shares
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3) Average number of shares outstanding during the period

Three months ended Jun 30, 2020:	8,471,980 shares	Three months ended Jun. 30, 2019:	8,771,129 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 3 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**

During the first quarter of the current fiscal year, the Japanese economy was in an extremely difficult condition due to the impact of the COVID-19 pandemic. As for the Asian economy, China, which is said to have succeeded in containing the COVID-19 pandemic, is showing rapid recovery. However, other countries in the Asia region such as India, Thailand, and Indonesia, are facing extremely severe economic conditions due to the outbreak.

Under these economic conditions, the Group (the Company and its consolidated subsidiaries) continued to pursue new overseas investment opportunities, while working to improve the efficiency of management in existing businesses and examining new business strategies to deal with the COVID-19 pandemic.

However, the impact of the COVID-19 mainly spread to the hotel business, resulting in net sales of 2,528 million yen (2.4% YoY increase), operating profit of 35 million yen (63.8% YoY decrease), ordinary profit of 21 million yen (77.9% YoY decrease), and quarterly profit before income taxes of 19 million yen (79.6% YoY decrease). The total amount of income tax amounted to 29 million yen and the quarterly net income attributable to non-controlling interests amounted to 1 million yen which resulted in a quarterly net loss attributable to owners of parent of 10 million yen (71 million yen in the same quarter of the previous year).

Operating results by segment are as follows.

Effective from the end of the previous fiscal year, the Company has reviewed the method for adjusting inter-segment transactions and changed the method for calculating segment profits in order to better evaluate and manage the performance of each reportable segment. Comparisons with the same quarter of the previous fiscal year are based on the calculation method after the change.

#### **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. Although there were concerns that the disruptions caused by COVID-19 could affect the new lease agreements, there was no sign of increasing cancellations of existing lease agreements or decrease in renewal rates so far. The rent level is also successfully maintained. Under these circumstances, sales of the real estate business rose 14.4% from the same quarter last year to 2,090 million yen and operating profit rose by 10.7% from the same quarter last year to 99 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. Narita Gateway Hotel has been leased to Chiba Prefecture since April 18 as a facility to serve for asymptomatic or mildly ill patients with the COVID-19, and since then it has not accepted any guests, and the number of hotel guests at Kurashiki Royal Art Hotel has fallen significantly compared to the same period last year. Due to the strong impact of the viral outbreak, the hotel business posted first quarter sales of 173 million yen (decrease 56.1% year on year) and an operating loss of 35 million yen (compared to an operating income of 61 million yen in the same quarter last year).

In the hotel business, we have not been able to formulate a definitive business plan yet because the outlook for tourism demand, which is the premise for our business plan, is largely dependent on the impacts of the COVID-19 pandemic.

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

PT. Citra Surya Komunikasi mainly engages in the advertisement agency business that serves Japanese companies operating in the Republic of Indonesia, and Striders Global Investment Pte. Ltd. (Singapore), conducts investment business. As for advertising agency operations, there is a three-month delay in taking in consolidating the financial results and therefore the financials for the period from January to March 2020 has been consolidated. The impact of the COVID-19 outbreak had not affected the overseas operation significantly at the time, and the transactions with existing customers had continued to be strong, resulting 3.4% year-on-year increase on overseas business sales to 176 million yen and increase in operating profit to 9 million yen (compared to the operating loss of 7

million yen in the same quarter last year).

#### **4) Other**

Under the other businesses, Mobile Link Inc. engages in development and sales activities of motor vehicle communication systems, M&A Global Partners Co., Ltd. in M&A consulting services, and Y. K. Masuda Seimen in production and sales of Chinese and other noodles. Y. K. Masuda Seimen received fewer orders as a result of the COVID-19 outbreak. On the other hand, Mobile Link Inc. has experienced an exceptional progress pertaining to its customer transactions of its in-vehicle terminal system, resulting in the sales of this segment during the first quarter of the consolidated period reaching 88 million yen (12.7% increase from the same quarter of the previous year) and its operating profit to reach 10 million yen (875.4% increase from the same quarter of the previous year).

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

### **Assets**

Current assets at the end of the first quarter's consolidated accounting period totaled 3,148 million yen, increasing 220 million yen from the end of the previous Consolidated Fiscal Year. This is mainly due to an increase of 262 million yen in cash and deposits. Fixed assets amounted to 2,036 million yen, decreasing 36 million yen from the end of the previous Consolidated Fiscal Year. This is mainly due to a decline of 162 million yen in investment securities and a rise of 131 million yen in shares of subsidiaries and associates.

As a result, total assets totaled 5,184 million yen, an increase of 184 million yen from the end of the previous Consolidated Fiscal Year.

### **Liabilities**

Current liabilities at the end of the first quarter's consolidated accounting period were 1,075 million yen, decreasing 241 million yen from the end of the previous consolidated fiscal year. This is mainly due to a decline of 96 million yen in accounts payable. Non-current liabilities rose 479 million yen from the end of the previous Consolidated Fiscal Year to 2,028 million yen. This is mainly due to an increase of 492 million yen in long-term loans.

As a result, the total liabilities amounted to 3,103 million yen, an increase of 237 million yen from the end of the previous Consolidated Fiscal Year.

### **Net assets**

Net assets totaled 2,080 million yen at the end of the first quarter, decreasing 53 million yen from the end of the previous Consolidated Fiscal Year. This was mainly due to a dividend of 25 million yen and a quarterly net loss of 10 million yen attributable to owners of parent.

As a result, the equity ratio was 39.4% (41.9% at the end of the previous Consolidated Fiscal Year).

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

As for the future outlook, the hotel business is expected to remain extremely challenging due to the effects of the COVID-19 pandemic, and we need to pay close attention to the risks of further downturns in the domestic and foreign economies and the effects of fluctuations in the financial and capital markets in other segments. In response to a request from Chiba Prefecture government, Narita Gateway Hotel has been providing temporary accommodation for people with no symptoms or mild symptoms of the COVID-19 infection since April 2020. However, as the spread of the infection is not expected to be resolved nationwide, we expect that normal operations as an inbound hotel will not be starting anytime soon.

Kurashiki Royal Art Hotel's customer base is centered on domestic customers, and there are signs of recovery after the state of emergency was lifted. However, it is thought that it will take a considerable amount of time to revive tourism demand in the Chugoku region due to the progress of the spread of the COVID-19 infection.

Therefore, it is difficult for us to forecast the consolidated sales, operating profit, ordinary profit, or net profit attributable to owners of parent, for the rest of the fiscal year. Our group will continue to strive to improve management efficiency, and as soon as a firm business plan is successfully formulated, we will inform you of the current consolidated earnings forecast.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousands of Yen)

	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
<b>Assets</b>		
Current Assets		
Cash and Deposits	2,200,502	2,462,601
Account Receivables-Trade	300,342	268,545
Securities	51,107	52,032
Real Assets for Sale	297,846	263,333
Other Inventories	109,857	128,402
Allowance for Doubtful Accounts	(32,386)	(26,820)
<b>Total Current Assets</b>	<b>2,927,269</b>	<b>3,148,095</b>
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, net	933,374	916,458
Land	348,663	348,663
Other, Net	101,398	121,473
<b>Total Property, Plant and Equipment</b>	<b>1,383,436</b>	<b>1,386,595</b>
Intangible Assets		
Goodwill	160,260	150,209
Others	22,829	20,677
<b>Total Intangible Assets</b>	<b>183,090</b>	<b>170,886</b>
Investments and Other Assets		
Investment Securities	303,411	141,254
Shares of Subsidiaries and Associates	81,811	213,441
Deferred Tax Assets	47,004	50,305
Others	74,575	74,425
Allowance for Doubtful Accounts	(285)	(586)
<b>Total Investments and Other Assets</b>	<b>506,517</b>	<b>478,840</b>
<b>Total Non-Current Assets</b>	<b>2,073,044</b>	<b>2,036,321</b>
<b>Total Assets</b>	<b>5,000,313</b>	<b>5,184,417</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable-Trade	226,329	129,792
Short-Term Borrowings	97,853	95,578
Current Portion of Bonds Payable	60,000	60,000
Current Portion of Long-term Borrowings	158,735	150,376
Unearned Revenue	203,483	185,592
Accrued Expenses	95,508	100,066
Accounts Payable-Other	82,664	44,771
Income Taxes Payable	48,515	33,213
Provision for Bonuses	32,958	22,053
Deposits Received	129,097	126,904
Interest Rate Swap	21,763	19,742
Others	160,798	107,618
<b>Total Current Liabilities</b>	<b>1,317,708</b>	<b>1,075,710</b>
Non-Current Liabilities		

Bonds Payable	320,000	300,000
Long-term Borrowings	729,600	1,222,006
Retirement Benefit Liabilities	58,015	50,855
Long-term Leasehold and Guarantee Deposits Received	221,000	211,104
Deferred Tax Liabilities	164,814	163,392
Others	55,506	80,891
<b>Total Non-Current Liabilities</b>	<b>1,548,936</b>	<b>2,028,250</b>
<b>Total Liabilities</b>	<b>2,866,645</b>	<b>3,103,960</b>

(Thousands of Yen)

	FY3/20 (as of Mar. 31, 2020)	First quarter of FY3/21 (as of Jun. 30, 2020)
<b>Net Assets</b>		
Shareholders' Equity		
Share Capital	1,583,825	1,583,825
Capital Surplus	107,616	107,616
Retained Earnings	592,962	556,579
Treasury Shares	(144,839)	(144,839)
<b>Total Shareholders' Equity</b>	<b>2,139,565</b>	<b>2,103,182</b>
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	(13,092)	(20,455)
Deferred Gains or Losses on Hedges	(21,432)	(19,460)
Foreign Currency Translation Adjustment	(3,503)	(14,058)
Remeasurements of Defined Benefit Plans	(6,336)	(5,221)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(44,364)</b>	<b>(59,196)</b>
Share Acquisition Rights	3,402	3,402
Non-Controlling Interests	35,065	33,068
<b>Total Net Assets</b>	<b>2,133,668</b>	<b>2,080,456</b>
<b>Total Liabilities and Net Assets</b>	<b>5,000,313</b>	<b>5,184,417</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

### Quarterly Consolidated Statement of Income (For the Three-month Period)

(Thousands of Yen)

	First three months of FY 3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY 3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Net Sales	2,470,116	2,528,811
Cost of Sales	1,825,853	2,036,551
Gross Profit	644,263	492,259
Selling, General and Administrative Expenses	546,214	456,780
Operating Profit	98,048	35,478
Non-Operating Income		
Interest Income	852	565
Dividend Income	134	22
Securities Sales Income	—	222
Commission Income	5,196	7,661
Other Income	1,487	12,162
Total of Non-Operating Income	7,670	20,634
Non-Operating Expenses		
Interest Expenses	3,364	3,589
Interest on Bonds	398	624
Foreign Exchange Losses	1,901	14,614
Share of Loss of Entities Accounted for Using Equity Method	2,312	15,770
Other Expenses	397	48
Total of Non-Operating Expenses	8,373	34,647
Ordinary Profit	97,344	21,466
Extraordinary Loss		
Loss from Investment Securities Sales	—	33
Total Extraordinary Loss	—	33
Profit before distributions of profit or loss on silent partnerships and income taxes	97,344	21,433
Distributions of profit or loss on silent partnerships	—	1,576
Profit before Income Taxes	97,344	19,856
Income Tax-Current	29,247	31,038
Income Tax-Deferred	(1,422)	(1,422)
Total Income Taxes	27,825	29,616
Profit (loss)	69,519	(9,760)
Profit (loss) attributable to Non-Controlling Interests	(2,002)	1,206
Profit (loss) attributable to Owners of Parent	71,521	(10,967)



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

(Thousands of Yen)

	First three months of FY3/20 (Apr 1, 2019 - Jun 30, 2019)	First three months of FY3/21 (Apr 1, 2020 - Jun 30, 2020)
Profit (Loss)	69,519	(9,760)
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	(6,069)	(7,744)
Deferred Gains or Losses on Hedges	216	1,972
Foreign Currency Translation Adjustment	704	(14,448)
Remeasurements of Defined Benefit Plans, net of tax	164	2,185
Total Other Comprehensive Income	(4,984)	(18,035)
Comprehensive Income	64,534	(27,795)
Comprehensive Income attributable to:		
Owners of Parent	66,520	(25,798)
Non-Controlling Interests	(1,985)	(1,996)

**(3) Notes to Quarterly Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Additional Information**

(Accounting estimates concerning the effects of COVID-19)

No material changes were made to the assumptions regarding the impact of the spread of COVID-19 as described in (Additional Information) (Accounting estimates concerning the effects of COVID-19) in the Annual Securities Report for the year ended March 31, 2020.

## Segment Information

I First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

Information related to net sales and profit or loss for each reportable segment

(In 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	1,826,949	393,975	170,653	2,391,578	78,538	2,470,116	-	2,470,116
Inter-segment sales and transfers	-	75	-	75	-	75	(75)	-
Total	1,826,949	394,050	170,653	2,391,653	78,538	2,470,191	(75)	2,470,116
Segment Profit (loss)	90,292	61,806	(7,365)	144,733	1,078	145,812	(47,764)	98,048

Note:

1. The “Other” business 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 47,764 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 three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(In 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	2,090,841	173,033	176,460	2,440,335	88,475	2,528,811	-	2,528,811
Inter-segment sales and transfers	-	-	-	-	-	-	-	-
Total	2,090,841	173,033	176,460	2,440,335	88,475	2,528,811	-	2,528,811
Segment Profit (Loss)	99,981	(35,439)	9,835	74,376	10,519	84,896	(49,417)	35,478

Note:

1. The “Other” business 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 49,417 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.

## 2. Matters concerning changes in reporting segments

From the end of the previous consolidated fiscal year, in order to more appropriately evaluate and manage the performance of each reportable segment, the method of adjusting intersegment transactions has been reviewed and the method of calculating profit for business segments has been changed. The segment information for the first quarter of the previous consolidated fiscal year is based on the calculation method after the change.

*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*