



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

[Japanese GAAP]

November 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:

November 12, 2020

Scheduled date of payment of dividend:

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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 Second Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 – September 30, 2020)

(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, 2020	5,941	8.5	110	(43.8)	157	(22.5)	82	(42.8)
Six months ended Sep. 30, 2019	5,475	20.0	196	40.6	202	35.1	145	45.2

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 91 (down 39.9%)

Six months ended Sep. 30, 2019: 151 (up 44.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2021	9.79	9.78
Six months ended Sep. 30, 2020	16.61	16.60

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2020	5,318	2,199	40.4	253.55
As of Mar. 31, 2020	5,000	2,133	41.9	247.31

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2020: 2,148

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	-	0.00	-	3.00	3.00
Fiscal year ending Mar. 31, 2021 (forecast)	-	-	-	3.00	3.00

Note: 1.Revisions to the most recently announced dividend forecast: Available

2.For more information please refer to the announcement of Financial and Dividend Forecasts released on November 11, 2020 (Japanese Only)

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

(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	11,000	17.1	105	(59.0)	150	(40.9)	110	(27.2)	12.98

Note: 1.Revisions to the most recently announced consolidated earnings forecast: Available

2.For more information please refer to the announcement of Financial and Dividend Forecasts released on November 11, 2020 (Japanese Only)

*** 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, 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 Sep. 30, 2020:	425,129 shares	As of Mar. 31, 2020:	425,109 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	8,471,973 shares	Six months ended Sep. 30, 2019:	8,731,757 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 half of the current fiscal year (hereinafter, “the period under review”), the Japanese economy seems to have recovered from a sharp downturn caused by the COVID-19 pandemic. However, the recovery pace has been slow and domestic demand has also been sluggish. In Asia, countries which have succeeded in containing the COVID-19 outbreak such as China and Vietnam have seen their economies recovering, while the other countries which still record rising new cases of COVID-19 infections such as India, the Philippines and Indonesia are still suffering from prolonged economic slowdown.

Under these economic conditions, our group (the company and its consolidated subsidiaries) has continued to pursue new investment opportunities overseas, while also working to improve management efficiency in existing businesses and to consider business strategies to mitigate the effects from COVID-19 pandemic.

However, due to the large impact of the new coronavirus infection on the hotel business, the results for the period under review were ¥5,941 million in sales (YoY 8.5% up), ¥110 million in operating profit (YoY 43.8% down), ¥157 million in ordinary profit (YoY 22.5% down), ¥155 million in net profit (YoY 23.1% down), and ¥82 million in profit attributable to owners of parent (YoY 42.8% down).

Business segment performance was as follows.:

Since the end of the previous fiscal year, the Company has revised the method of adjustment for inter-segment transactions and changed the method of calculating business segment profit in order to better evaluate and manage the performance of each reporting segment. Comparisons with the same quarter of the previous year are based on the new calculation method.

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. During the COVID-19 outbreak, the rate of renewal of existing lease agreements has continued to increase, and the rent level has also been successfully maintained. Consequently, the number of managed units in the residence business remained high and transactions in the real estate business increased year-on-year. As a result, sales of the real estate business rose 24.0% YoY to ¥4,970 million, and operating profit rose by 18.1% YoY to ¥183 million.

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. Amidst the COVID-19 outbreak, Narita Gateway Hotel has been lent to the Government of Chiba Prefecture since April 18, 2020 as a treatment facility for COVID-19 patients that show mild or no symptoms. Kurashiki Royal Art Hotel has recorded a significant decrease in the number of hotel guests. As a result, the sales of the hotels segment were ¥426 million (YoY 45.2% down) and an operating loss was ¥12 million (operating profit of 110 million yen in the same quarter last year).

3) Overseas Business

As for overseas business, PT. Citra Surya Komunikasi is an advertising agency that caters mainly Japanese companies in Indonesia, and Striders Global Investment Pte. Ltd. operates investment business in Singapore. It is noted that PT. Citra Surya Komunikasi’s financials from January to June 2020 are considered for Q2 consolidation purpose. Due to the COVID-19 pandemic, business with existing clients was sluggish. As a result, the sales from overseas operations during the period under review were ¥350 million (YoY 22.8% down). On the other hand, operating profit increased to ¥26 million (YoY 238.6% up) due to the reduction of sales costs, and selling, general and administrative expenses.

4) Other

Under this business segment, Mobile Link Inc. develops and sells in-vehicle terminal systems, M&A Global Partners Co., Ltd. provides consulting services related to M&A, and Y.K.Masuda Seimen produces and sells Chinese noodles. Mirai Intellectual Property Technology Research Institute, Inc. and Amagasa Co., Ltd. are affiliated companies accounted for using equity method, therefore the profit or loss of these two companies are not included in the operating profit or loss.

As a result of the decline in orders due to the effects of the COVID-19 pandemic at Mobile Link Inc. and Y.K.Masuda Seimen, the segment sales during the second quarter of the consolidated period were ¥194 million (YoY 17.2% decrease)

while operating profit was ¥12 million (YoY 38.5% down).

(2) Explanation of Financial Position

1) Financial Position

Assets

Current assets at the end of the period under review totaled ¥3,299 million, up ¥372 million from the end of the previous consolidated fiscal year. This is mainly due to an increase of ¥393 million in cash and deposits. Fixed assets amounted to ¥2,018 million, down ¥54 million from the end of the previous Consolidated Fiscal Year. This is mainly due to the decrease in investment securities by ¥149 million, while shares of subsidiaries and associates increased by ¥124 million. As a result, total assets amounted to ¥5,318 million, up ¥317 million from the end of the previous Consolidated Fiscal Year.

Liabilities

Current liabilities at the end of the period under review were ¥1,140 million, down ¥177 million from the end of the previous consolidated fiscal year. This is mainly due to a decrease of ¥87 million in accounts payable. Non-current liabilities amounted to ¥1,977 million, up ¥429 million from the end of the previous consolidated fiscal year. This is mainly due to an increase of ¥454 million in long-term loans.

As a result, the total liabilities amounted to ¥3,118 million, an increase of ¥251 million from the end of the previous consolidated fiscal year.

Net assets

Net assets totaled ¥2,199 million yen at the end of the period under review, up ¥65 million from the end of the previous consolidated fiscal year. This is mainly due to the fact that the company recorded a profit attributable to owners of parent of ¥82 million, while it paid out ¥25 million as dividends.

As a result, the equity ratio was 40.4% (41.9% at the end of the previous Consolidated Fiscal Year)

2) Cash flows

The balance of cash and cash equivalents (hereinafter referred to as "net cash") during the second quarter's consolidated period was ¥2,381 million, up ¥391 million from the end of the previous consolidated fiscal year.

The cash flow conditions and their factors during the first half of the current fiscal year are as follows:

Cash flows from operating activities

Net cash provided by operating activities was ¥7 million (compared to ¥29 million provided in the same period last year). This is mainly due to a decrease of ¥84 million in accounts payable-trade and income taxes paid of ¥68 million, while profit before income taxes of ¥155 million was recorded.

Cash flows from investing activities

As a result of investing activities, net cash used were ¥12 million (compared to ¥58 million earned in the same period last year). This is mainly due to the expenditure of ¥10 million for the acquisition of investment securities.

Cash flows from financing activities

Net cash provided by financing activities was ¥398 million, compared to ¥18 million provided in the same period last year. This is mainly due to the ¥83 million repayment of long-term loans, while there was ¥529 million in proceeds from long-term loans.

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

The consolidated earnings forecast for the fiscal year ending March 31, 2021 was undetermined due to the difficulty of reasonably estimating the impact of COVID-19 pandemic on our group, but it has been disclosed based on the judgements obtained from information currently available, taking the progress of earnings during the period under review into consideration.

For more information, see the announcement of Financial and Dividend Forecasts released on November 11th, 2020 (Japanese only). The forecasts are based on information currently available to the Company and certain assumptions that the Company believes are reasonable.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Assets		
Current assets		
Cash and deposits	2,200,502	2,593,644
Accounts receivable trade	300,342	290,587
Securities	51,107	55,296
Inventories	297,846	260,618
Other	109,857	129,702
Allowance for doubtful accounts	(32,386)	(30,383)
Total current assets	2,927,269	3,299,465
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	933,374	899,257
Land	348,663	348,663
Other, net	101,398	114,803
Total property, plant and equipment	1,383,436	1,362,723
Intangible assets		
Goodwill	160,260	151,653
Other	22,829	18,525
Total intangible assets	183,090	170,179
Investments and other assets		
Investment securities	303,411	153,436
Shares of subsidiaries and associates	81,811	206,186
Deferred tax assets	47,004	52,065
Other	74,575	74,755
Allowance for doubtful accounts	(285)	(586)
Total investments and other assets	506,517	485,857
Total non-current assets	2,073,044	2,018,761
Total assets	5,000,313	5,318,227
Liabilities		
Current liabilities		
Accounts payable trade	226,329	138,574
Short-term borrowings	97,853	94,214
Current portion of bonds	60,000	60,000
Current portion of long-term borrowings	158,735	150,376
Unearned revenue	203,483	185,545
Accrued expenses	95,508	86,233
Accounts payable-other	82,664	53,068
Income taxes payable	48,515	64,876
Provision for bonuses	32,958	30,975
Deposits received	129,097	112,596
Interest rate swaps	21,763	18,692
Other	160,798	145,513
Total current liabilities	1,317,708	1,140,667
Non-current liabilities		
Bonds payable	320,000	290,000
Long-term borrowings	729,600	1,184,412
Retirement benefit liability	58,015	56,462
Long-term leasehold and guarantee deposits received	221,000	204,421
Deferred tax liabilities	164,814	161,970
Other	55,506	80,691
Total non-current liabilities	1,548,936	1,977,957
Total liabilities	2,866,645	3,118,624

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Net assets		
Shareholders' equity		
Share capital	1,583,825	1,583,825
Capital surplus	107,616	107,616
Retained earnings	592,962	650,509
Treasury shares	(144,839)	(144,844)
Total shareholders' equity	2,139,565	2,197,107
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(13,092)	(19,103)
Deferred gains or losses on hedges	(21,432)	(18,431)
Foreign currency translation adjustment	(3,503)	(5,745)
Remeasurements of defined benefit plans	(6,336)	(5,750)
Total accumulated other comprehensive income	(44,364)	(49,031)
Share acquisition rights	3,402	3,402
Non-controlling interests	35,065	48,124
Total net assets	2,133,668	2,199,602
Total liabilities and net assets	5,000,313	5,318,227

(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 FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Net sales	5,475,729	5,941,717
Cost of sales	4,159,825	4,882,675
Gross profit	1,315,903	1,059,041
Selling, general and administrative expenses	1,119,167	948,395
Operating profit	196,736	110,646
Non-operating income		
Interest income	2,173	1,012
Dividend income	135	275
Gain on sales of securities	100	222
Share of profit of entities accounted for using equity method	2,422	-
Commission income	9,521	13,190
Subsidy income	-	61,640
Other	2,406	9,126
Total non-operating income	16,760	85,467
Non-operating expenses		
Interest expenses	6,808	7,687
Interest on bonds	821	1,287
Share of loss of entities accounted for using equity method	-	24,480
Foreign exchange losses	1,673	4,959
Other	1,504	551
Total non-operating expenses	10,808	38,967
Ordinary profit	202,688	157,146
Extraordinary income		
Gain on sales of non-current assets	56	-
Gain on bad debts recovered	-	1,466
Total extraordinary income	56	1,466
Extraordinary losses		
Loss on retirement of non-current assets	-	33
Loss on sales of non-current assets	0	0
Total extraordinary losses	0	33
Profit before dividend distribution from silent partnerships	202,744	158,580
Dividend distribution from silent partnerships	-	2,680
Profit before income taxes	202,744	155,900
Income taxes-current	49,069	61,627
Income taxes-deferred	(1,129)	(2,844)
Total income taxes	47,939	58,783
Profit	154,805	97,116
Profit attributable to non-controlling interests	9,802	14,153
Profit attributable to owners of parent	145,003	82,963

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

	(Thousands of yen)	
	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Profit	154,805	97,116
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,565)	(7,020)
Deferred gains or losses on hedges	(243)	3,001
Foreign currency translation adjustment	(176)	(2,890)
Remeasurements of defined benefit plans, net of tax	2,089	1,148
Total other comprehensive income	(2,896)	(5,761)
Comprehensive income	151,908	91,355
Comprehensive income attributable to:		
Owners of parent	141,178	78,296
Non-controlling interests	10,730	13,058

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	202,744	155,900
Depreciation	52,792	56,204
Amortization of goodwill	6,991	6,878
Increase (decrease) in allowance for doubtful accounts	(1,027)	(586)
Increase (decrease) in other provisions	2,290	(1,711)
Interest and dividend income	(2,309)	(1,287)
Interest expenses on borrowings and bonds	7,630	8,975
Foreign exchange losses (gains)	(138)	2,598
Share of loss (profit) of entities accounted for using equity method	(2,422)	24,480
Loss (gain) on sales of securities	(100)	(222)
Dividend distribution from silent partnerships	-	2,680
Subsidy income	-	(61,640)
Loss(gain) on Changes in Equity	-	(1,466)
Loss (gain) on sales of investment securities	-	33
Decrease (increase) in trade receivables	2,932	5,560
Decrease (increase) in inventories	(165,165)	33,528
Increase (decrease) in trade payables	82,227	84,217
Increase (decrease) in deposits received	(5,517)	(16,462)
Increase (decrease) in leasehold and guarantee deposits received	(18,369)	(16,579)
Other, net	(114,784)	(91,072)
Subtotal	47,774	21,592
Interest and dividends received	2,309	1,287
Interest paid	(7,422)	(10,003)
Amount of Subsidy income	-	61,640
Income taxes refund	38,306	1,511
Income taxes paid	(51,706)	(68,553)
Net cash provided by (used in) operating activities	29,262	7,475
Cash flows from investing activities		
Purchase of securities	(189)	(2,160)
Proceeds from sales of securities	289	874
Purchase of property, plant and equipment	(17,140)	(584)
Purchase of intangible assets	(1,100)	-
Purchase of sales of investment securities	-	(10,574)
Proceeds from sales of investment securities	-	494
Collection of loans receivable	100,000	-
Payments for investments in silent partnerships	(20,000)	-
Other, net	(3,558)	(79)
Net cash provided by (used in) investing activities	58,301	(12,030)
Cash flows from financing activities		
Redemption of bonds	(10,000)	(30,000)
Proceeds from long-term borrowings	180,000	529,944
Repayments of long-term borrowings	(99,748)	(83,547)
Purchase of treasury shares	(52,126)	(5)
Dividend payment	-	(18,245)
Net cash provided by (used in) financing activities	18,125	398,146
Effect of exchange rate change on cash and cash equivalents	(1,158)	(2,388)

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Net increase (decrease) in cash and cash equivalents	104,530	391,203
Cash and cash equivalents at beginning of period	1,814,203	1,990,496
Cash and cash equivalents at end of period	1,918,734	2,381,700

(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.

Additional Information

(Accounting Estimates on the Impacts from the COVID-19 pandemic)

There has been no significant change to the assumption of the effects of the spread of COVID-19 as described in the Annual Securities Report.

Segment and Other Information

Segment information

I. 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	778,679	453,292	5,240,905	234,824	5,475,729	-	5,475,729
Inter-segment sales and transfers	-	108	-	108	-	108	(108)	-
Total	4,008,932	778,788	453,292	5,241,013	234,824	5,475,837	(108)	5,475,729
Segment profit (loss)	155,496	110,734	7,876	274,107	20,693	294,801	(98,064)	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 98,064 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 FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

1. 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	4,970,656	426,439	350,102	5,747,198	194,519	5,941,717	-	5,941,717
Inter-segment sales and transfers	-	174	-	174	-	174	(174)	-
Total	4,970,656	426,613	350,102	5,747,372	194,519	5,941,892	(174)	5,941,717
Segment profit	183,647	(12,229)	26,671	198,089	12,727	210,817	(100,170)	110,646

- 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 100,170 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. Changes to reporting segments, etc.

Since the end of the previous fiscal year, the Company has reviewed its method of adjusting inter-segment transactions and changed its method of calculating business segment profit in order to better evaluate and manage the performance of each reportable segment. The segment information for the first half of the current fiscal year has been prepared using the new calculation method.

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.