



## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

[Japanese GAAP]

August 11, 2021

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Stock code: 9816

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Listing: Tokyo Stock Exchange (JASDAQ)

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Scheduled date of filing of Quarterly Report:

August 12, 2021

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, 2022 (April 1, 2021 – June 30, 2021)

(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, 2021	1,804	(28.6)	(43)	-	30	41.2	24	-
Three months ended Jun. 30, 2020	2,528	2.4	35	(63.8)	21	(77.9)	(10)	-

Note: Comprehensive income (million yen) Three months ended Jun 30, 2021: 11(-)

Three months ended Jun 30, 2020: (27) (-)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	2.85	-
Three months ended Jun. 30, 2020	(1.29)	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	5,079	2,306	44.8	268.00
As of Mar. 31, 2021	5,230	2,321	43.4	267.38

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2021: 2,274

As of Mar. 31, 2021: 2,269

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2021	-	0.00	-	3.00	3.00
Fiscal year ending Mar. 31, 2022	-	-	-	-	-
Fiscal year ending Mar. 31, 2022 (forecast)	-	0.00	-	3.00	3.00

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

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages shown for net sales and profits 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	10,146	(3.2)	20	(82.5)	120	(47.5)	77	(32.6)	9.07

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

The company evaluates performance on a full-year basis and no consolidated earnings forecast for the first half has been prepared.

**\* 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: Yes

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, 2021:	8,912,089 shares	As of Mar. 31, 2021:	8,912,089 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2021:	425,139 shares	As of Mar. 31, 2021:	425,139 shares
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3) Average number of shares outstanding during the period

Three months ended Jun 30, 2021:	8,486,950 shares	Three months ended Jun. 30, 2020:	8,471,980 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."

## Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statement of Income	
(For the Three-month Period)	6
Quarterly Consolidated Statement of Comprehensive Income	
(For the Three-month Period)	7
(3) Notes to Consolidated Financial Statements	7
Going Concern Assumption	7
Significant Changes in Shareholders' Equity	7
Changes in Accounting Policies	7
Additional Information	8
Segment Information	8
Relation to Revenue Recognition	9

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

The Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the current first quarter. For more information on the application of the Revenue Recognition Accounting Standard, please refer to "2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies)"

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

During the first quarter of the current fiscal year, the Japanese economy remained in a severe condition due to the effects of COVID-19. As for the Asian economy, most of the Southeast Asian countries, including Indonesia, are facing difficulties in containing the spread of mutated COVID-19 strains that has led them to become the epicentres of the global COVID-19 outbreak instead of Europe and the United States where vaccination efforts are significantly progressing.

Under these economic conditions, the Group (the Company and its consolidated subsidiaries) continued to pursue activities to acquire new investment opportunities overseas, while at the same time working to improve management efficiency in existing businesses and examining business strategies to cope with the effects caused by COVID-19 outbreak.

However, the COVID-19 outbreak has caused the level of investment purpose condominium transactions to be stagnant in Japan and the economic activities in Southeast Asian countries to slow down, resulting in 28.6% decrease year-on-year in net sales to 1,804 million yen, operating loss of 43 million yen compared to 35 million yen operating profit in the previous year, 41.2% increase year-on-year in ordinary profit to 30 million yen, 52.7% increase year-on-year in profit before income taxes to 30 million yen, and net profit attributable to owners of parent of 24 million yen compared to a net loss attributable to owners of parent of 10 million yen in the previous year

The performance of each segment is 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. In the real estate segment, the renewal rate and rent level of existing lease contracts were maintained at a high level and the number of units managed also remained high despite the COVID-19 outbreak, however the outbreak has impacted investment purpose condominium transactions significantly which resulted in a significant decrease of real estate trading transactions compared to the same period last year. As a result, segment sales for the first quarter of the current fiscal year decreased 28.6% year-on-year to 1,492 million yen, while operating profit decreased 51.9% from the same period last year to 48 million yen.

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

In the hotel business, we currently operate Narita Gateway Hotel in the Narita International Airport area and Kurashiki Royal Art Hotel in the Kurashiki Bikan Historical Quarter in Okayama Prefecture. The Narita Gateway Hotel has been leased to Chiba Prefecture since April 18, 2020 as a medical treatment facility for COVID-19 patients who are asymptomatic or show mild symptoms and has not been accepting general guests since that date. Although the Kurashiki Royal Art Hotel continues to be affected by COVID-19 outbreak, the number of hotel guests improved compared to the same period of the previous year, and as a result, the segment sales for the first quarter of the current fiscal year increased 22.2% year-on-year to 211 million yen while operating profit was 1 million yen compared to an operating loss of 35 million yen in the previous year.

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

As for overseas business, PT. Citra Surya Komunikasi is engaged in advertising agency business mainly for Japanese companies in the Republic of Indonesia, and Striders Global Investment Pte. Ltd. is engaged in investment business in Singapore. For PT. Citra Surya Komunikasi, the results for the period from January to March 2021 are included in the consolidated financial statements with a delay of three months. The situation of the COVID-19 outbreak in Indonesia was severe and had impacted the country's social and economic sectors significantly. As a result, segment sales for the first quarter of the current fiscal year decreased 92.4% year-on-year to 13 million

yen and operating loss was 43 million yen compared to operating profit of 9 million yen in the previous year.

As for other businesses, we have omitted the performance description from the first quarter of the current fiscal year due to its insignificance to this report.

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

### **Assets**

Current assets at the end of the first quarter of the current fiscal year totaled 3,250 million yen, a decrease of 116 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 196 million yen in cash and deposits. Non-current assets totaled 1,828 million yen, a decrease of 34 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 13 million yen in buildings and structures (net).

As a result, total assets amounted to 5,079 million yen, a decrease of 150 million yen from the end of the previous fiscal year.

### **Liabilities**

Current liabilities at the end of the first quarter of the current fiscal year were 1,034 million yen, a decrease of 16 million yen from the end of the previous fiscal year. This is mainly due to a decrease of 53 million yen in accounts payable. Non-current liabilities totaled 1,738 million yen, a decrease of 119 million yen from the end of the previous fiscal year. This was caused by a 37 million yen decrease in long-term borrowings.

As a result, total liabilities amounted to 2,773 million yen, a decrease of 136 million yen from the end of the previous fiscal year.

### **Net assets**

Net assets totaled 2,306 million yen at the end of the first quarter, a decrease of 14 million yen from the end of the previous fiscal year. This was mainly due to recording of 24 million yen of profit attributable to owners of parent and a dividend payment of 25 million yen.

As a result, the equity ratio was 44.8% (43.4% at the end of the previous fiscal year).

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

There is no change to the earnings forecast in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021" published on May 12, 2021.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(In Thousands of Yen)

	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
<b>Assets</b>		
Current Assets		
Cash and Deposits	2,894,896	2,698,131
Account Receivables-Trade	180,641	173,573
Securities	4,587	4,654
Inventories	208,930	240,609
Other	108,093	165,577
Allowance for Doubtful Accounts	(29,846)	(31,587)
<b>Total Current Assets</b>	<b>3,367,302</b>	<b>3,250,958</b>
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, net	868,983	855,023
Land	348,663	348,663
Other, Net	99,920	93,460
<b>Total Property, Plant and Equipment</b>	<b>1,317,567</b>	<b>1,297,147</b>
Intangible Assets		
Goodwill	107,619	105,588
Others	18,943	17,750
<b>Total Intangible Assets</b>	<b>126,562</b>	<b>123,339</b>
Investments and Other Assets		
Investment Securities	231,050	237,794
Shares of Subsidiaries and Associates	82,551	67,666
Deferred Tax Assets	28,593	26,850
Others	76,858	76,162
Allowance for Doubtful Accounts	(285)	(190)
<b>Total Investments and Other Assets</b>	<b>418,768</b>	<b>408,283</b>
<b>Total Non-Current Assets</b>	<b>1,862,898</b>	<b>1,828,770</b>
<b>Total Assets</b>	<b>5,230,200</b>	<b>5,079,729</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable-Trade	124,036	70,089
Short-Term Borrowings	11,512	10,000
Current Portion of Bonds Payable	60,000	60,000
Current Portion of Long-term Borrowings	150,376	150,372
Unearned Revenue	185,212	198,743
Accrued Expenses	78,748	97,404
Accounts Payable-Other	72,661	71,577
Income Taxes Payable	75,442	33,174
Provision for Bonuses	27,712	17,056
Deposits Received	123,880	153,826
Interest Rate Swaps	15,017	13,536
Others	126,944	158,980
<b>Total Current Liabilities</b>	<b>1,051,545</b>	<b>1,034,761</b>
Non-Current Liabilities		

Bonds Payable	260,000	240,000
Long-term Borrowings	1,109,224	1,071,634
Retirement Benefit Liabilities	61,805	63,980
Long-term Leasehold and Guarantee Deposits Received	192,470	182,951
Deferred Tax Liabilities	159,126	157,717
Others	74,969	22,084
<b>Total Non-Current Liabilities</b>	<b>1,857,595</b>	<b>1,738,368</b>
<b>Total Liabilities</b>	<b>2,909,140</b>	<b>2,773,129</b>

(Thousands of Yen)

	FY3/21 (as of Mar. 31, 2021)	First quarter of FY3/22 (as of Jun. 30, 2021)
<b>Net Assets</b>		
Shareholders' Equity		
Share Capital	1,585,938	1,585,938
Capital Surplus	109,730	109,730
Retained Earnings	732,817	731,539
Treasury Shares	(144,848)	(144,848)
<b>Total Shareholders' Equity</b>	<b>2,283,637</b>	<b>2,282,359</b>
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	8,599	13,072
Deferred Gains or Losses on Hedges	(14,834)	(13,381)
Foreign Currency Translation Adjustment	(2,373)	(1,668)
Remeasurements of Defined Benefit Plans	(5,815)	(5,860)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(14,424)</b>	<b>(7,838)</b>
Share Acquisition Rights	3,375	3,375
Non-Controlling Interests	48,471	28,703
<b>Total Net Assets</b>	<b>2,321,059</b>	<b>2,306,599</b>
<b>Total Liabilities and Net Assets</b>	<b>5,230,200</b>	<b>5,079,729</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 3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY 3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Net Sales	2,528,811	1,804,395
Cost of Sales	2,036,551	1,378,265
Gross Profit	492,259	426,130
Selling, General and Administrative Expenses	456,780	469,588
Operating Profit	35,478	(43,458)
Non-Operating Income		
Interest Income	565	593
Dividend Income	22	—
Commission Income	7,661	11,733
Securities Sales Income	222	447
Subsidy income	4,300	47,807
Other Income	7,862	21,668
Total Non-Operating Income	20,634	82,251
Non-Operating Expenses		
Interest Expenses	3,589	4,106
Interest on Bonds	624	538
Foreign Exchange Losses	15,770	1,385
Share of Loss of Entities Accounted for Using Equity Method	14,614	66
Other Expenses	48	2,381
Total Non-Operating Expenses	34,647	8,478
Ordinary Profit	21,466	30,314
Extraordinary Loss		
Loss on Investment Securities Sales	33	—
Total Extraordinary Loss	33	—
Profit before distributions of profit or loss on silent partnerships and income taxes	21,433	30,314
Distributions of profit or loss on silent partnerships	1,576	—
Profit before Income Taxes	19,856	30,314
Income Taxes-Current	31,038	28,004
Income Taxes-Deferred	(1,422)	(1,408)
Total Income Taxes	29,616	26,596
Profit (loss)	(9,760)	3,718
Profit (loss) attributable to Non-Controlling Interests	1,206	(20,464)
Profit (loss) attributable to Owners of Parent	(10,967)	24,182



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

(Thousands of Yen)

	First three months of FY3/21 (Apr 1, 2020 - Jun 30, 2020)	First three months of FY3/22 (Apr 1, 2021 - Jun 30, 2021)
Profit (Loss)	(9,760)	3,718
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	(7,744)	4,468
Deferred Gains or Losses on Hedges	1,972	1,453
Foreign Currency Translation Adjustment	(14,448)	1,226
Remeasurements of Defined Benefit Plans, net of tax	2,185	390
Total Other Comprehensive Income	(18,035)	7,538
Comprehensive Income	(27,795)	11,256
Comprehensive Income attributable to:		
Owners of Parent	(25,798)	30,768
Non-Controlling Interests	(1,996)	(19,511)

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

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Changes in Accounting Policies**

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard") from the beginning of the first quarter of the current fiscal year and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

For the application of the revenue recognition accounting standard, the Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the revenue recognition accounting standard, and the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the current first quarter has been added to or deducted from retained earnings at the beginning of the current first quarter, and the new accounting policy has been applied from the relevant beginning balance.

As a result, there is no impact on profit and loss for the first quarter of the current fiscal year or on the balance of retained earnings at the beginning of the current fiscal year.

In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information on revenues from contracts with customers broken down for the first quarter of the previous fiscal year.

### 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, 2021.

### Segment Information

I First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

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

II First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

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								
Revenue arising from contracts with customers	1,492,716	211,358	13,487	1,717,562	86,832	1,804,395	—	1,804,395
External Sales	1,492,716	211,358	13,487	1,717,562	86,832	1,804,395	—	1,804,395
Inter-segment sales and transfers	—	30	—	30	—	30	(30)	—
Total	1,492,716	211,389	13,487	1,717,593	86,832	1,804,426	(30)	1,804,395
Segment Profit (Loss)	48,137	1,694	(43,373)	6,459	9,281	15,741	(59,199)	(43,458)

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 59,199 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

As described in "Changes in Accounting Policies," the Company has applied the Revenue Recognition Accounting Standard from the beginning of the first quarter of the current fiscal year and changed its accounting method for revenue recognition, so the method of calculating profit or loss in the business segments has been changed as well. This change had no impact on net sales and segment profit for the first quarter of the current fiscal year.

**Relation to Revenue Recognition**

Information on the breakdown of revenue arising from contracts with customers is provided in "Notes (Segment Information)".

*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*