



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023

[Japanese GAAP]

November 11, 2022

Company name: Striders Corporation

Listing: Tokyo Stock Exchange (STANDARD)

Stock code: 9816

URL: <https://www.striders.co.jp/>

Representative: Ryotaro Hayakawa, President

Contact: Jun Umehara, Director, Chief Financial Officer, General Manager of Administrative Division

Tel: +81-3-5777-1891

Scheduled date of filing of Quarterly Report:

November 14, 2022

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, 2023 (April 1, 2022 – September 30, 2022)

(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, 2022	3,587	(3.9)	26	-	95	88.2	41	(9.6)
Six months ended Sep. 30, 2021	3,731	(37.2)	(67)	-	50	(67.8)	46	(44.1)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: 41 (up 101.1%)

Six months ended Sep. 30, 2021: 20 (down 77.4%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Six months ended Sep. 30, 2022	4.96	-	-	-
Six months ended Sep. 30, 2021	5.46	-	-	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2022	4,639	2,441	52.1	286.56
As of Mar. 31, 2022	4,789	2,450	50.6	286.26

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2022: 2,415

As of Mar. 31, 2022: 2,424

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2022	Yen -	Yen 0.00	Yen -	Yen 5.00	Yen 5.00
Fiscal year ending Mar. 31, 2023	-	0.00	-	5.00	5.00
Fiscal year ending Mar. 31, 2023 (forecast)	-	-	-	5.00	5.00

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

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	7,251	(3.4)	67	-	160	(21.7)	104	(38.1)	12.36

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

*** 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, 2022:	8,912,089 shares	As of Mar. 31, 2022:	8,912,089 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2022:	483,569 shares	As of Mar. 31, 2022:	442,739 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2022:	8,453,688 shares	Six months ended Sep. 30, 2021:	8,486,950 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

The Japanese economy has been gradually recovering during the second quarter of the current fiscal year. However, we need to pay close attention to potential downturns in overseas economies that could increase the risks in Japanese economy. The potential downturns include effects of fluctuations in financial and capital markets including exchange rates, apparent global supply-side constraints and monetary tightening regulation in Europe and the United States. Under these economic conditions, our group (the Company and its consolidated subsidiaries) continued to pursue 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 the COVID-19 outbreak.

As a result, during the second quarter of the current fiscal year, there was a 3.9% decrease year-on-year in net sales to 3,587 million yen, operating income of 26 million yen compared to operating loss of 67 million yen in the same period of the previous year, an 88.2% increase year-on-year in ordinary income to 95 million yen, a 53.6% increase year-on-year in income before income taxes and minority interests to 97 million yen, and a 9.6% decrease year-on-year in net income attributable to owners of the parent to 41 million yen.

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 residential property business, there were no significant changes in the renewal rate, operating rate, rent level of existing lease contracts and the number of units under management compared to the same quarter of the previous year, which resulted in an increase in sales but a decrease in gross profit. In the land agency business, both sales and gross profit decreased significantly due to a continued decline in investment-purpose condominium sales transactions. After continued efforts in efficient management and maintaining SG&A expenses at the same level, the real estate business recorded a 5.3% decrease year-on-year in net sales to 2,900 million yen and a 40% decrease year-on-year in operating income to 53 million yen in the second quarter of the current fiscal year.

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. 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. At Kurashiki Royal Art Hotel, In the second quarter of the current financial year, there was a change in the public's perception of COVID-19 outbreak. Hence, hotel occupancy rates and room rates improved significantly from the same period of the previous year, resulting in an increase in both sales and income. As a result, the hotel business recorded a 23.2% increase year-on-year in net sales to 543 million yen and a 383.2% increase year-on-year in operating income to 85 million yen.

3) Overseas Business

In the overseas business segment, Striders Global Investment Pte. Ltd. operates investment business in Singapore, and PT. Citra Surya Komunikasi operates an advertising agency business that caters mainly for Japanese companies in Indonesia. However, a partial transfer of shares was made in the second quarter of the previous fiscal year and the company was excluded from the scope of consolidation. As a result, net sales were not reported from overseas operations for the second quarter of the current fiscal year compared to net sales of 48 million yen in the same period of the previous

year. Operating loss amounted to 1 million yen compared to operating loss of 82 million yen in the same period of the previous year.

As for the investment business in Striders Global Investment Pte. Ltd., there are two invested companies in Sri Lanka, where there are concerns about the domestic economic turmoil. However, both companies have been focusing on business expansion outside of Sri Lanka, and the Sri Lankan rupee has a low weighting in the base currency of their business activities. Therefore, we believe that the impact of this economic crisis is under control at the moment.

(2) Explanation of Financial Position

1) Financial Position

Assets

Current assets at the end of the period under review totaled ¥2,881 million, down ¥165 million from the end of the previous fiscal year. This is mainly due to a decrease of ¥133 million in cash and deposits. Fixed assets amounted to ¥1,758 million, up ¥15 million from the end of the previous fiscal year. This is mainly due to a ¥33 million decrease in buildings and structures (net) and a ¥71 million increase in investment securities

As a result, total assets amounted to ¥4,639 million, down ¥150 million from the end of the previous fiscal year.

Liabilities

Current liabilities at the end of the period under review were ¥848 million, down ¥49 million from the end of the previous fiscal year.

This is mainly due to a ¥38 million decrease in accounts payable-trade and an ¥18 million decrease in current portion of long-term borrowings. Non-current liabilities totaled ¥1,349 million, down ¥91 million from the end of the previous fiscal year. This is mainly due to a decrease of ¥30 million in bonds payable and a decrease of ¥46 million in long-term borrowings.

As a result, total liabilities amounted to ¥2,198 million, a decrease of ¥140 million from the end of the previous fiscal year.

Net assets

Net assets as of the end of the period under review is ¥2,441 million, down ¥9 million compared to the end of the previous fiscal year. This was mainly due to a posting of ¥41 million in profit attributable to owners of parent, while ¥42 million of dividends from retained earnings were paid.

As a result, the equity ratio was 52.1% (50.6% at the end of the previous fiscal year).

2) Cash flows

The balance of cash and cash equivalents (hereinafter referred to as "net cash") during the period under review was ¥2,266 million, down ¥133 million compared to the end of the previous fiscal year.

The cash flow conditions and their factors for the period under review are as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥69 million (compared to ¥117 million used in the previous fiscal year). This is mainly due to the fact that profit before income taxes was ¥97 million while the payment of income taxes of ¥65 million was made.

Cash flows from investing activities

Net cash used in investing activities was ¥67 million (compared to ¥88 million used in the previous fiscal year). This is mainly due to a purchase of investment securities of ¥67 million.

Cash flows from financing activities

Net cash used by financing activities amounted to ¥148 million (compared to ¥133 million used in the same period of the previous fiscal year). This was mainly due to expenditures of ¥30 million for redemption of bonds, ¥64 million for repayment of long-term borrowings, and ¥41 million for paid cash dividends.

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

In regard to the consolidated earnings forecast, we have revised the full-year consolidated earnings forecast announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2022" on May 13, 2022. For details, please refer to the "Notice Concerning the Revision of Earnings Forecast" released today.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	FY3/22 (As of Mar. 31, 2022)	(Thousands of yen) Second quarter of FY3/23 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	2,580,179	2,447,143
Accounts receivable trade	192,869	188,874
Securities	307	108
Inventories	158,402	154,639
Other	117,069	92,927
Allowance for doubtful accounts	(2,558)	(2,624)
Total current assets	3,046,268	2,881,069
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	809,145	776,094
Land	348,663	348,663
Other, net	65,684	55,536
Total property, plant and equipment	1,223,493	1,180,293
Intangible assets		
Goodwill	99,496	95,435
Other	16,045	14,571
Total intangible assets	115,542	110,007
Investments and other assets		
Investment securities	256,941	328,841
Shares of subsidiaries and associates	70,616	59,615
Deferred tax assets	8,182	11,860
Other	68,824	68,139
Allowance for doubtful accounts	(190)	(190)
Total investments and other assets	404,373	468,265
Total non-current assets	1,743,408	1,758,567
Total assets	4,789,677	4,639,636
Liabilities		
Current liabilities		
Accounts payable trade	113,560	75,092
Short-term borrowings	10,000	10,000
Current portion of bonds	60,000	60,000
Current portion of long-term borrowings	208,129	189,214
Unearned revenue	166,253	163,739
Accrued expenses	88,581	78,732
Accounts payable-other	40,004	42,639
Income taxes payable	17,926	26,393
Provision for bonuses	18,174	17,912
Deposits received	84,653	81,619
Interest rate swaps	7,985	5,680
Other	82,579	97,801
Total current liabilities	897,847	848,825
Non-current liabilities		
Bonds payable	200,000	170,000
Long-term borrowings	901,095	855,033
Retirement benefit liability	10,917	11,128
Long-term leasehold and guarantee deposits received	157,477	147,488
Deferred tax liabilities	153,484	150,600
Other	18,154	15,529
Total non-current liabilities	1,441,130	1,349,780
Total liabilities	2,338,977	2,198,606

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	1,585,938	1,585,938
Capital surplus	109,730	109,730
Retained earnings	879,854	879,437
Treasury shares	(148,620)	(157,541)
Total shareholders' equity	2,426,902	2,417,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,500)	(10,423)
Deferred gains or losses on hedges	(7,916)	(5,645)
Foreign currency translation adjustment	7,934	13,753
Total accumulated other comprehensive income	(2,482)	(2,314)
Share acquisition rights	3,375	3,375
Non-controlling interests	22,904	22,405
Total net assets	2,450,699	2,441,030
Total liabilities and net assets	4,789,677	4,639,636

(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 FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Net sales	3,731,154	3,587,367
Cost of sales	2,858,976	2,708,353
Gross profit	872,178	879,014
Selling, general and administrative expenses	940,010	852,750
Operating profit	(67,832)	26,264
Non-operating income		
Interest income	779	82
Dividend income	1	537
Commission income	19,422	20,829
Gain on sales of securities	1,016	—
Foreign exchange gains	760	19,877
Share of Profit of Entities Accounted for Using Equity Method	-	2,497
Subsidy income	90,638	24,957
Other	21,030	8,581
Total non-operating income	133,649	77,364
Non-operating expenses		
Interest expenses	8,161	6,268
Interest on bonds	1,095	946
Share of loss of entities accounted for using equity method	2,229	—
Loss on valuation of securities	—	198
Other	3,714	974
Total non-operating expenses	15,201	8,388
Ordinary profit	50,616	95,240
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	13,248	—
Gain on sales of non-current assets	—	2,505
Total extraordinary income	13,248	2,505
Extraordinary losses		
Loss on valuation of investment securities	—	120
Other	292	—
Total extraordinary losses	292	120
Profit before dividend distribution from silent partnerships	63,572	97,626
Profit before income taxes	63,572	97,626
Income taxes-current	48,572	62,791
Income taxes-deferred	(2,809)	(6,595)
Total income taxes	45,763	56,195
Profit(loss)	17,809	41,430
Profit(loss) attributable to non-controlling interests	(28,558)	(499)
Profit(loss) attributable to owners of parent	46,367	41,930

Quarterly Consolidated Statement of Comprehensive Income

(For the Six-month Period)

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Profit	17,809	41,430
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,777)	(7,923)
Deferred gains or losses on hedges	3,290	2,271
Foreign currency translation adjustment	1,839	5,819
Remeasurements of defined benefit plans, net of tax	4,523	—
Total other comprehensive income	2,875	167
Comprehensive income	20,684	41,598
Comprehensive income attributable to:		
Owners of parent	48,518	42,097
Non-controlling interests	(27,833)	(499)

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	63,572	97,626
Depreciation	53,763	48,240
Amortization of goodwill	4,061	4,061
Increase (decrease) in allowance for doubtful accounts	285	66
Increase (decrease) in other provisions	(11,155)	(50)
Interest and dividend income	(780)	(620)
Interest expenses on borrowings and bonds	9,257	7,215
Foreign exchange losses (gains)	(733)	(19,877)
Share of loss (profit) of entities accounted for using equity method	2,229	(2,497)
Loss (gain) on sales of securities	(1,016)	—
Subsidy income	(90,638)	(24,957)
Gain on sales of shares of subsidiaries and associates	(13,248)	—
Loss (gain) on sales of non-current assets	292	(2,505)
Loss (gain) on sales of investment securities	—	120
Decrease (increase) in trade receivables	2,147	3,994
Decrease (increase) in inventories	(67,992)	3,762
Increase (decrease) in trade payables	(15,051)	(38,467)
Increase (decrease) in deposits received	(34,889)	(3,033)
Increase (decrease) in leasehold and guarantee deposits received	(17,444)	(9,989)
Other, net	32,243	(882)
Subtotal	(85,098)	62,202
Interest and dividends received	14,279	14,119
Interest paid	(9,140)	(7,336)
Income taxes refund	1,318	41,003
Income taxes paid	(129,865)	(65,412)
Amount of subsidy income	90,638	24,957
Net cash provided by (used in) operating activities	(117,868)	69,534
Cash flows from investing activities		
Purchase of securities	(3,317)	—
Proceeds from sales of securities	8,404	—
Purchase of property, plant and equipment	(5,801)	(2,224)
Proceeds from sales of property, plant and equipment	58	3,249
Purchase of investment securities	(40,871)	(67,650)
Proceeds from sales of investment securities	1,650	750
Purchase of intangible assets	(6,710)	(2,086)
Proceeds from withdrawal of time deposits	30,007	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(21,377)	—
Other, net	(50,954)	469
Net cash provided by (used in) investing activities	(88,911)	(67,493)
Cash flows from financing activities		
Redemption of bonds	(30,000)	(30,000)
Repayments of long-term borrowings	(75,188)	(64,977)
Purchase of treasury shares	—	(9,091)
Dividend payment	(25,090)	(41,763)
Repayments of lease obligations	(2,615)	(2,625)
Increase (decrease) in short-term borrowings	(932)	—

Net cash provided by (used in) financing activities	(133,826)	(148,456)
Effect of exchange rate change on cash and cash equivalents	4,156	13,077
Net increase (decrease) in cash and cash equivalents	(336,450)	(133,337)
Cash and cash equivalents at beginning of period	2,682,893	2,399,706
Cash and cash equivalents at end of period	2,346,443	2,266,368

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Additional Information

(Accounting treatment and disclosure for the application of the Japanese Group Relief System)

Effective from the first quarter of the current fiscal year, the Company and some of its domestic consolidated subsidiaries have shifted from a consolidated tax return filing system to a group relief system. In accordance with this change, the Company and some of its domestic consolidated subsidiaries have adopted the "Accounting treatment and disclosure for the application of the Japanese Group Relief System" (PITF No. 42, August 12, 2021; hereinafter "PITF No. 42") for accounting treatment and disclosure of income taxes, local income taxes and tax effect accounting. In accordance with Paragraph 32 (1) of the PITF No. 42, the Company has assumed that there is no effect of the accounting policy change due to the application of PITF No. 42.

Segment and Other Information

Segment information

I. First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

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

(Thousands of yen)

(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	3,063,471	441,324	48,984	3,553,780	177,374	3,731,154	—	3,731,154
External Sales	3,063,471	441,324	48,984	3,553,780	177,374	3,731,154	—	3,731,154
Inter-segment sales and transfers	—	132	—	132	—	132	(132)	—
Total	3,063,471	441,456	48,984	3,553,912	177,374	3,731,287	(132)	3,731,154
Segment Profit (Loss)	88,560	17,774	(82,019)	24,315	25,403	49,718	(117,551)	(67,832)

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 117,551 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 FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

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	2,900,903	542,767	—	3,443,670	143,697	3,587,367	—	3,587,367
External Sales	2,900,903	542,767	—	3,443,670	143,697	3,587,367	—	3,587,367
Inter-segment sales and transfers	—	989	—	989	—	989	(989)	—
Total	2,900,903	543,757	—	3,444,660	143,697	3,588,357	(989)	3,587,367
Segment Profit (Loss)	53,165	85,886	(1,324)	137,727	1,876	139,603	(113,339)	26,264

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 113,339 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.

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.