



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

[Japanese GAAP]

August 10, 2023

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Stock code: 9816

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Listing: Tokyo Stock Exchange (STANDARD)

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

Scheduled date of filing of Quarterly Report:

August 10, 2023

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 First Quarter of Fiscal Year Ending March 31, 2024 (April 1, 2023 – June 30, 2023)

(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, 2023	1,846	2.9	7	(62.1)	30	(44.3)	10	(45.9)
Three months ended Jun. 30, 2022	1,793	(0.6)	20	-	55	81.6	19	(18.1)

Note: Comprehensive income (million yen) Three months ended Jun 30, 2023: 14 (down 39.4%)

Three months ended Jun 30, 2022: 24 (up 115.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	1.28	-
Three months ended Jun. 30, 2022	2.34	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2023	4,482	2,485	54.8	293.46
As of Mar. 31, 2023	4,651	2,517	53.5	296.42

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2023: 2,457

As of Mar. 31, 2023: 2,489

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	0.00	-	5.00	5.00
Fiscal year ending Mar. 31, 2024	-	-	-	-	-
Fiscal year ending Mar. 31, 2024 (forecast)	-	0.00	-	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, 2024 (April 1, 2023 – March 31, 2024)

(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	7,526	2.1	56	(60.4)	107	(53.7)	55	(52.9)	6.63

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: 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, 2023:	8,912,089 shares	As of Mar. 31, 2023:	8,912,089 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	536,619 shares	As of Mar. 31, 2023:	514,109 shares
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3) Average number of shares outstanding during the period

Three months ended Jun 30, 2023:	8,387,182 shares	Three months ended Jun. 30, 2022:	8,462,626 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 has been gradually recovering. However, we need to pay close attention to potential downturns in overseas economies that could increase risks in the 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 regulations in Europe and the United States.

Under these economic conditions, the group (Striders Corporation and its consolidated subsidiaries) continued to pursue new investment opportunities overseas, while at the same time examining new business strategies and improving management efficiency in existing businesses. As a result, for the first quarter of the current fiscal year, there was a 2.9% increase year-on-year in net sales to 1,846 million yen, a 62.1% decrease year-on-year in operating income to 7 million yen, a 44.3% decrease year-on-year in ordinary income to 30 million yen, a 43.8% decrease in profit before income taxes to 30 million yen and a 45.9% decrease in net income attributable to owners of the parent year-on-year to 10 million yen.

The performance of each segment is as follows:

Starting from the first quarter of the current fiscal year, the name of the reporting segment has been changed from "Overseas Business" to "Investment Business". Therefore, the comparison and analysis for the period under review are based on the updated classification after the changes.

1) Real Estate Business

Trust Advisers Corporation currently operates the residential property business that handles 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 major changes in the number of units under management or rent levels for subleasing contracts compared to the same period of the previous fiscal year, but due to a decline in the vacancy rate, temporary income from new tenants and rental income proportional to the number of occupied units increased, which resulted in an increase in sales and gross profit. Additionally, in the land agency business, both sales and gross profit increased due to an increase in sales of condominiums for investment.

As a result, segment sales for the period under review increased 5.1% year-on-year to 1,530 million yen mainly due to a decline in the vacancy rate in the residential property business and operating income increased 74.9% year-on-year to 61 million yen due to continued efforts to control SG&A expenses.

2) Hotel Business

In the hotel segment, we currently operate the Narita Gateway Hotel in the Narita International Airport area and the Kurashiki Royal Art Hotel in the Kurashiki Bikan Historical Quarter in Okayama Prefecture.

Narita Gateway Hotel had been operating as a temporary recuperation facility for asymptomatic and mild COVID-19 patients based on a request from Chiba Prefecture since April 2020. This operation continued for approximately three years. However, in response to a significant decrease in the number of new COVID-19 cases in Japan and the transition to "Category 5" classification for the disease, the facility ceased its operations at the end of May 2023. In June 2023, the hotel resumed its regular operations after a three-year hiatus as a recuperation facility. During this initial month of resuming hotel operations, there was a substantial decline in revenue as expected compared to the same month of the previous year when the facility was being operated as a recuperation facility, considering the preparations needed to welcome inbound tourists and the time needed to gradually recover the occupancy rates. As a result, for the period under review, there was a decrease in both revenue and profit compared to the same period of the previous year.

On the other hand, Kurashiki Royal Art Hotel's occupancy rate and room rates have significantly improved compared to the same period last year, leading to increased revenue and profit, amid the transition to "Category 5" classification for the COVID-19 pandemic and the lively atmosphere gradually returning to the Kurashiki Bikan Historical Quarter due to the return of inbound tourists mainly from Europe and the United States.

The combined results of these two hotels were significantly affected by the single month of June performance of the Narita

Gateway Hotel, resulting in a decline in overall segment revenue and profit. As a result, net sales for the period under review decreased 3.1% year-on-year to 250 million yen and operating income decreased 81.6% to 7 million yen.

3) Investment Business

Regarding our group's investment business, M&A Global Partners Co., Ltd. is engaged in domestic investment activities, while Striders Global Investment Pte. Ltd. is responsible for overseas investment activities.

During the period under review, we have been cautious in pursuing new investments due to the ongoing uncertain investment environment in global economies. However, we have continued to actively explore opportunities for business succession and inbound investments within Japan. Additionally, we have been closely monitoring startup investments in regions such as South and Southeast Asia, Europe, with a particular focus on areas like Agri-Tech, Insure-Tech, Health-Tech, and Green-Tech. Given these circumstances, it should be noted that there is no revenue recorded from the investment business during the period under review (and there was no revenue recorded during the same period of the previous year as well).

(2) Explanation of Financial Position

Assets

Current assets at the end of the period under review totaled 2,898 million yen, a decrease of 166 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 79 million yen in account receivables-trade and a decrease of 73 million yen in cash and deposits.

Non-current assets totaled 1,583 million yen, a decrease of 2 million yen from the end of the previous fiscal year. This was mainly due to an increase of 14 million yen in machinery, equipment, and vehicles (net) and a decrease of 14 million yen in construction in progress.

As a result, total assets amounted to 4,482 million yen, a decrease of 169 million yen from the end of the previous fiscal year.

Liabilities

Current liabilities at the end of the period under review totaled 1,219 million yen, an increase of 176 million yen from the end of the previous fiscal year. This was mainly due to an increase of 245 million yen in current portion of long-term borrowings and a decrease of 61 million yen in income taxes payable.

Non-current liabilities totaled 777 million yen, a decrease of 313 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 286 million yen in long-term loans payable and a decrease of 20 million yen in bonds payable.

As a result, total liabilities totaled 1,997 million yen, a decrease of 136 million yen from the end of the previous fiscal year.

Net assets

Total net assets totaled 2,485 million yen at the end of the period under review, a decrease of 32 million yen from the end of the previous fiscal year. This was mainly due to the recording of 10 million yen in net income attributable to owners of parent and the fact that 41 million yen of dividends was paid from retained earnings.

As a result, the equity ratio was 54.8%.

(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, 2023" published on May 15, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(In Thousands of Yen)

	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Assets		
Current Assets		
Cash and Deposits	2,582,861	2,509,533
Account Receivables-Trade	204,802	125,471
Securities	150	170
Inventories	141,226	109,016
Other	141,250	156,656
Allowance for Doubtful Accounts	(5,177)	(2,634)
Total Current Assets	3,065,114	2,898,214
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, net	740,092	738,463
Land	338,351	338,351
Other, Net	58,821	54,282
Total Property, Plant and Equipment	1,137,265	1,131,097
Intangible Assets		
Goodwill	91,374	89,344
Others	10,749	9,846
Total Intangible Assets	102,124	99,190
Investments and Other Assets		
Investment Securities	155,265	165,349
Shares of Subsidiaries and Associates	59,645	53,256
Deferred Tax Assets	19,900	20,258
Others	112,334	114,966
Allowance for Doubtful Accounts	(190)	(190)
Total Investments and Other Assets	346,954	353,639
Total Non-Current Assets	1,586,344	1,583,927
Total Assets	4,651,458	4,482,142
Liabilities		
Current Liabilities		
Accounts Payable-Trade	90,992	88,457
Short-Term Borrowings	10,000	10,000
Current Portion of Bonds Payable	160,000	160,000
Current Portion of Long-term Borrowings	165,970	411,127
Unearned Revenue	169,232	161,498
Accrued Expenses	80,467	112,226
Accounts Payable-Other	57,324	57,563
Income Taxes Payable	85,415	23,800
Provision for Bonuses	20,825	11,466
Deposits Received	89,228	87,237
Interest Rate Swaps	3,868	3,182
Others	110,408	93,306
Total Current Liabilities	1,043,732	1,219,866
Non-Current Liabilities		

Bonds Payable	40,000	20,000
Long-term Borrowings	735,125	448,883
Retirement Benefit Liabilities	11,340	11,484
Long-term Leasehold and Guarantee Deposits Received	143,043	138,858
Deferred Tax Liabilities	147,794	146,372
Others	12,898	11,581
Total Non-Current Liabilities	<u>1,090,201</u>	<u>777,179</u>
Total Liabilities	<u>2,133,934</u>	<u>1,997,046</u>
Net Assets		
Shareholders' Equity		
Share Capital	1,585,938	1,585,938
Capital Surplus	109,730	109,730
Retained Earnings	955,765	924,495
Treasury Shares	(164,095)	(169,259)
Total Shareholders' Equity	<u>2,487,339</u>	<u>2,450,905</u>
Accumulated Other Comprehensive Income		
Valuation Difference on Available-for-sale Securities	(8,233)	(6,704)
Deferred Gains or Losses on Hedges	(3,848)	(3,168)
Foreign Currency Translation Adjustment	14,034	16,807
Total Accumulated Other Comprehensive Income	<u>1,953</u>	<u>6,934</u>
Share Acquisition Rights	3,375	3,375
Non-Controlling Interests	24,856	23,881
Total Net Assets	<u>2,517,524</u>	<u>2,485,095</u>
Total Liabilities and Net Assets	<u>4,651,458</u>	<u>4,482,142</u>

(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 3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY 3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Net Sales	1,793,582	1,846,163
Cost of Sales	1,357,711	1,394,959
Gross Profit	435,871	451,203
Selling, General and Administrative Expenses	415,694	443,550
Operating Profit	20,176	7,653
Non-Operating Income		
Interest Income	21	109
Commission Income	8,509	7,655
Foreign Exchange Gains	13,533	12,451
Share of Profit of Entities Accounted for Using Equity Method	699	1,264
Other Income	15,969	5,129
Total Non-Operating Income	38,732	26,610
Non-Operating Expenses		
Interest Expenses	2,718	2,966
Interest on Bonds	559	397
Loss on Valuation of Securities	174	—
Other Expenses	404	214
Total Non-Operating Expenses	3,856	3,578
Ordinary Profit	55,052	30,685
Extraordinary income		
Gain on sales of non-current assets	—	212
Total extraordinary income	—	212
Extraordinary Loss		
Loss on retirement of non-current assets	—	0
Loss on valuation of investment securities	120	—
Total Extraordinary Losses	120	0
Profit before distributions of profit or loss on silent partnerships and income taxes	54,932	30,897
Profit before Income Taxes	54,932	30,897
Income Taxes-Current	34,103	22,939
Income Taxes-Deferred	934	(1,785)
Total Income Taxes	35,038	21,153
Profit (loss)	19,894	9,744
Profit (loss) attributable to Non-Controlling Interests	77	(975)
Profit (loss) attributable to Owners of Parent	19,817	10,719

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

(Thousands of Yen)

	First three months of FY3/23 (Apr 1, 2022 - Jun 30, 2022)	First three months of FY3/24 (Apr 1, 2023 - Jun 30, 2023)
Profit (Loss)	19,894	9,744
Other Comprehensive Income		
Valuation Difference on Available-for-Sale Securities	(1,660)	2,432
Deferred Gains or Losses on Hedges	1,288	679
Foreign Currency Translation Adjustment	4,775	2,773
Share of other comprehensive income of entities accounted for using equity method	—	(904)
Total Other Comprehensive Income	4,403	4,981
Comprehensive Income	24,297	14,725
Comprehensive Income attributable to:		
Owners of Parent	24,220	15,701
Non-Controlling Interests	77	(975)

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment Information

I First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

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	Investment Business	Subtotal				
Net Sales								
Revenue arising from contracts with customers	1,456,512	257,939	—	1,714,452	79,130	1,793,582	—	1,793,582
External Sales	1,456,512	257,939	—	1,714,452	79,130	1,793,582	—	1,793,582
Inter-segment sales and transfers	—	930	—	930	—	930	(930)	—
Total	1,456,512	258,870	—	1,715,383	79,130	1,794,513	(930)	1,793,582
Segment Profit (Loss)	35,283	42,583	(705)	77,160	3,053	80,214	(60,038)	20,176

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 60,038 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 FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

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	Investment Business	Subtotal				
Net Sales								
Revenue arising from contracts with customers	1,522,527	250,391	—	1,772,918	73,244	1,846,163	—	1,846,163
External Sales	1,522,527	250,391	—	1,772,918	73,244	1,846,163	—	1,846,163
Inter-segment sales and transfers	8,380	444	—	8,824	—	8,824	(8,824)	—
Total	1,530,907	250,836	—	1,781,743	73,244	1,854,988	(8,824)	1,846,163
Segment Profit (Loss)	61,713	7,815	(1,003)	68,525	(3,868)	64,657	(57,003)	7,653

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 57,003 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. Items related to changes in reporting segments

From the first quarter of the current fiscal year, the name of the reporting segment has been changed from "Overseas Business" to "Investment Business". Additionally, we have reclassified M&A Global Partners Co., Ltd., a consolidated subsidiary that was previously included in the "Other" segment, to the "Investment Business" segment.

These changes were made considering the reduced significance of the "Overseas Business" segment as a result of a partial transfer of shares in the consolidated subsidiary, PT. Citra Surya Komunikasi in the previous fiscal year. Furthermore, due to the accumulation of investment achievements both domestically and internationally in recent years, the organizational unit responsible for management decision-making and performance evaluation within the group has shifted from the "Overseas Business" to the "Investment Business".

In the group, M&A Global Partners Co., Ltd. is responsible for domestic investment business, while Striders Global Investment Pte. Ltd. takes charge of overseas investment business. The segment information for the first quarter of the previous year has been prepared based on the updated classification after the changes.

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