



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

[Japanese GAAP]

February 14, 2024

Company name: Striders Corporation

Listing: Tokyo Stock Exchange (STANDARD)

Stock code: 9816

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Scheduled date of filing of Quarterly Report:

February 14, 2024

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 Third Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 – December 31, 2023)

(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	%
Nine months ended Dec. 31, 2023	5,679	2.8	(10)	-	23	(85.9)	2	(96.5)
Nine months ended Dec. 31, 2022	5,526	(3.2)	88	-	167	5.8	76	(43.5)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2023: 16 (down 78.6%)

Nine months ended Dec. 31, 2022: 77 (down 38.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2023	0.32	-
Nine months ended Dec. 31, 2022	9.11	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	4,644	2,465	52.5	294.28
As of Mar. 31, 2022	4,651	2,517	53.5	296.42

Reference: Shareholders' equity (million yen)

As of Dec. 31, 2023: 2,438

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	-	0.00	-	-	-
Fiscal year ending Mar. 31, 2024 (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, 2024 (April 1, 2023 – March 31, 2024)

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

Note: Revisions to the most recently announced consolidated earnings forecast: No

*** 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 Dec. 31, 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 Dec. 31, 2023:	624,659 shares	As of Mar. 31, 2023:	514,109 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2023:	8,352,577 shares	Nine months ended Dec. 31, 2023:	8,441,356 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

During the first nine months 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 constraints on the global supply side originating from the situation in Ukraine and monetary tightening regulations in Europe and the United States.

Under these economic conditions and the management policy of playing a role as a gateway linking Japan and Asia, keeping an eye on the macroeconomic conditions at the moment, the group (Striders Corporation and its consolidated subsidiaries) continued to explore new investment opportunities domestically and internationally. Simultaneously, we have engaged in the examination of new business ventures, formulation of growth strategies for existing businesses, and efforts to enhance operational efficiency. As a result, for the first nine months of the current fiscal year, there was a 2.8% increase year-on-year in net sales to 5,679 million yen, an operating loss of 10 million yen (compared to an operating profit of 88 million yen one year earlier), a 85.9% decrease year-on-year in ordinary income to 23 million yen, a 86.0% decrease year-on-year in profit before income taxes to 23 million yen and a 96.5% decrease year-on-year in net income attributable to owners of the parent of 2 million yen.

The performance of each segment is as follows:

Starting from the first quarter of the current fiscal year, the name of the "Overseas Business" segment has been changed 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 rates, 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, sales and gross profit have remained almost in line with the same period of the previous year.

As a result, segment sales for the period under review increased 4.0% year-on-year to 4,578 million yen mainly due to a decline in the vacancy rates in the residential property business and operating income increased 41.6% year-on-year to 138 million yen.

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 for approximately three years. However, in response to a significant decrease in the number of new COVID-19 cases in Japan and the transition of the disease to "Category 5" classification, 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 and there was a substantial decline

in revenue compared to the same period of the previous year when the facility was being operated as a recuperation facility, considering that the return of group customers from China, who were major clients before the COVID-19 pandemic, remains sluggish, 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, at Kurashiki Royal Art Hotel, amidst the return of vibrancy to the Kurashiki Bikan Historical Quarter following the transition of the disease to "Category 5" classification, and the resurgence of inbound tourists mainly from Europe and the United States, despite grappling with structural labor shortages, the hotel saw a significant improvement in occupancy rates compared to the same period last year. Additionally, with the recovery trend in restaurant and banquet demand, the hotel achieved increased revenue and profit.

The combined results of these two hotels were significantly affected by the performance after the reopening of Narita Gateway Hotel, resulting in a decline in overall segment revenue and profit. As a result, net sales for the period under review decreased 7.3% year-on-year to 776 million yen and operating loss was 5 million yen (operating income of 144 million yen one year earlier).

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.

At the end of July, Striders Global Investment Pte. Ltd. sold a portion of the shares in Roar Media, a digital media platform operating in Sri Lanka and Bangladesh, in which the company invests, and realized capital gains from this transaction.

As a result, segment sales for the period under review were 28 million yen (3 million yen one year earlier) and operating income was 10 million yen (operating income of 0 million yen one year earlier).

(2) Explanation of Financial Position

Assets

Current assets at the end of the period under review were 2,780 million yen, a decrease of 284 million yen from the end of the previous fiscal year. This is mainly due to a decrease of 387 million yen in cash and deposits and an increase of 138 million yen in operating investment securities which have been transferred from investment securities as a result of segment reclassification.

Non-current assets amounted to 1,863 million yen, up 277 million yen from the end of the previous fiscal year. This is mainly due to an increase of 207 million yen in land and 149 million yen in buildings and structures(net), while investment securities decreased by 145 million yen.

As a result, total assets were 4,644 million yen, a decrease of 7 million yen from the end of the previous fiscal year.

Liabilities

Current liabilities at the end of the period under review were 1,135 million yen, an increase of 91 million yen from the end of the previous fiscal year. This was mainly due to an increase of 224 million yen in current portion of long-term loans payable, while current portion of bonds decreased by 110 million yen.

Non-current liabilities amounted to 1,043 million yen, a decrease of 46 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 40 million yen in bonds payable.

As a result, total liabilities amounted to 2,179 million yen, an increase of 45 million yen from the end of the previous fiscal year.

Net assets

Total net assets at the end of the period under review were 2,465 million yen, a decrease of 52 million yen compared to the end of the previous fiscal year. This was mainly due to the fact that dividends of 41 million yen were paid from retained earnings and treasury shares of 24 million yen were acquired.

As a result, the equity ratio was 52.5%.

(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**

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	2,582,861	2,195,516
Accounts receivable-trade	204,802	206,419
Securities	150	157
Operating investment securities	—	138,194
Inventories	141,226	89,641
Other	141,250	159,640
Allowance for doubtful accounts	(5,177)	(8,962)
Total current assets	3,065,114	2,780,606
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	740,092	889,120
Land	338,351	545,421
Other, net	58,821	86,485
Total property, plant and equipment	1,137,265	1,521,027
Intangible assets		
Goodwill	91,374	85,283
Other	10,749	9,007
Total intangible assets	102,124	94,290
Investments and other assets		
Investment securities	155,265	10,000
Shares of subsidiaries and associates	59,645	58,840
Deferred tax assets	19,900	20,570
Other	112,334	159,237
Allowance for doubtful accounts	(190)	(190)
Total investments and other assets	346,954	248,456
Total non-current assets	1,586,344	1,863,774
Total assets	4,651,458	4,644,381
Liabilities		
Current liabilities		
Accounts payable-trade	90,992	134,786
Short-term borrowings	10,000	16,700
Current portion of bonds	160,000	50,000
Current portion of long-term borrowings	165,970	390,052
Unearned revenue	169,232	167,265
Accrued expenses	80,467	100,745
Accounts payable-other	57,324	58,342
Income taxes payable	85,415	4,176
Provision for bonuses	20,825	12,813
Deposits received	89,228	99,154
Interest rate swaps	3,868	1,588
Other	110,408	99,610
Total current liabilities	1,043,732	1,135,235
Non-current liabilities		
Bonds payable	40,000	—
Long-term borrowings	735,125	712,437
Retirement benefit liability	11,340	11,773
Long-term leasehold and guarantee deposits received	143,043	133,227
Deferred tax liabilities	147,794	143,527
Other	12,898	42,868
Total non-current liabilities	1,090,201	1,043,833
Total liabilities	2,133,934	2,179,069

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	1,585,938	1,585,938
Capital surplus	109,730	109,730
Retained earnings	955,765	916,458
Treasury shares	(164,095)	(188,801)
Total shareholders' equity	2,487,339	2,423,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8,233)	(535)
Deferred gains or losses on hedges	(3,848)	(1,586)
Foreign currency translation adjustment	14,034	17,585
Total accumulated other comprehensive income	1,953	15,463
Share acquisition rights	3,375	1,200
Non-controlling interests	24,856	25,321
Total net assets	2,517,524	2,465,311
Total liabilities and net assets	4,651,458	4,644,381

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)
Net sales	5,526,057	5,679,631
Cost of sales	4,147,461	4,310,420
Gross profit	1,378,595	1,369,211
Selling, general and administrative expenses	1,289,888	1,379,581
Operating profit	88,707	(10,370)
Non-operating income		
Interest income	160	370
Dividend income	1,352	1
Commission income	31,752	27,760
Foreign exchange gains	11,765	3,759
Share of profit of entities accounted for using equity method	5,047	6,363
Subsidy income	32,678	—
Other	9,512	10,957
Total non-operating income	92,271	49,212
Non-operating expenses		
Interest expenses	10,613	9,221
Interest on bonds	1,398	1,005
Provision of allowance for doubtful accounts	—	3,125
Loss on valuation of securities	148	—
Other	1,782	1,898
Total non-operating expenses	13,943	15,249
Ordinary profit	167,035	23,592
Extraordinary income		
Gain on sale of non-current assets	2,505	212
Total extraordinary income	2,505	212
Extraordinary losses		
Loss on retirement of non-current assets	—	74
Loss on valuation of investment securities	120	—
Total extraordinary losses	120	74
Profit before income taxes	169,420	23,730
Income taxes-current	95,461	25,536
Income taxes-deferred	(4,266)	(4,954)
Total income taxes	91,194	20,582
Profit	78,225	3,147
Profit attributable to non-controlling interests	1,334	464
Profit attributable to owners of parent	76,890	2,682

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

(Thousands of yen)

	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)
Profit	78,225	3,147
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,594)	8,116
Deferred gains or losses on hedges	3,859	2,261
Foreign currency translation adjustment	5,219	3,551
Remeasurements of defined benefit plans, net of tax	—	(418)
Total other comprehensive income	(514)	13,510
Comprehensive income	77,710	16,658
Comprehensive income attributable to:		
Owners of parent	76,375	16,193
Non-controlling interests	1,334	464

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Additional Information

Due to a segment reclassification, 158,123 thousand yen has been transferred from investment securities to operating investment securities.

Segment and Other Information

Segment information

I. First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)

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	Investment Business	Subtotal				
Net Sales								
Revenue arising from contracts with customers	4,400,784	835,228	3,312	5,239,325	286,731	5,526,057	—	5,526,057
External Sales	4,400,784	835,228	3,312	5,239,325	286,731	5,526,057	—	5,526,057
Inter-segment sales and transfers	—	2,009	—	2,009	—	2,009	(2,009)	—
Total	4,400,784	837,238	3,312	5,241,335	286,731	5,528,067	(2,009)	5,526,057
Segment Profit (Loss)	97,524	144,281	673	242,480	17,652	260,133	(171,426)	88,707

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 171,426 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 nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)

1. 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	Investment Business	Subtotal				
Net Sales								
Revenue arising from contracts with customers	4,560,916	774,733	28,993	5,364,643	314,988	5,679,631	—	5,679,631
External Sales	4,560,916	774,733	28,993	5,364,643	314,988	5,679,631	—	5,679,631
Inter-segment sales and transfers	17,370	1,783	—	19,153	—	19,153	(19,153)	—
Total	4,578,286	776,517	28,993	5,383,797	314,988	5,698,785	(19,153)	5,679,631
Segment Profit (Loss)	138,099	(5,405)	10,944	143,639	7,780	151,420	(161,790)	(10,370)

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 161,790 thousand yen to segment profit is mainly personnel and other expenses for administrative departments.
3. Segment profit 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 third 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.