

Striders Corporation

2nd Quarter of 2024 March Financial Year Explanation of Financial Statements



- | | |
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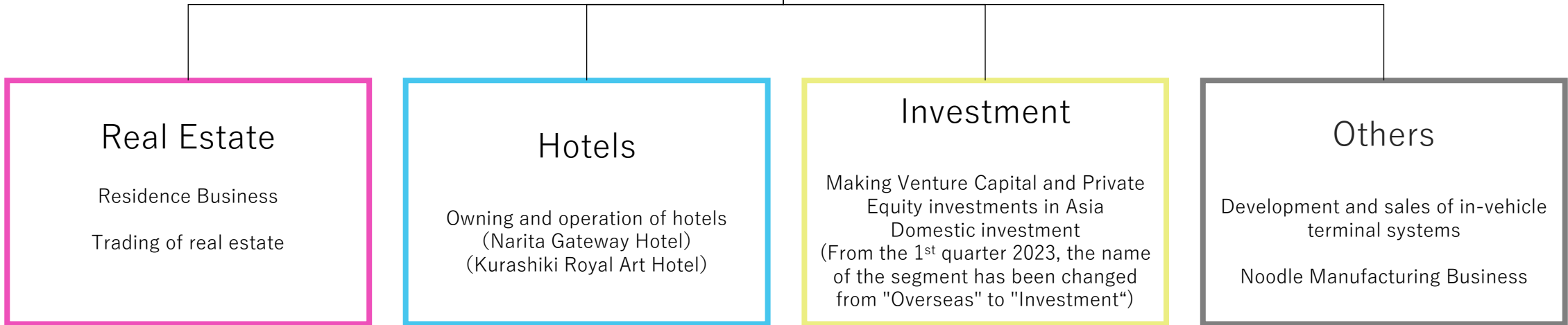
13 November 2023

1. Company Overview

 Corporate Philosophy : **To support individuals and companies that take on challenges and share inspirational experiences with all the stakeholders in order to create a better world.**
Corporate Slogan : **"Stride With Challengers"**

Business Overview : (Company) Business Investments · Management of Group companies
(Group) Real Estate · Hotels · Investment · Others

Listed Market : Tokyo Stock Exchange Standard Market (Stock Code : 9816)



2-1. Highlights of the Financial Results Q2 of 2024 March FY

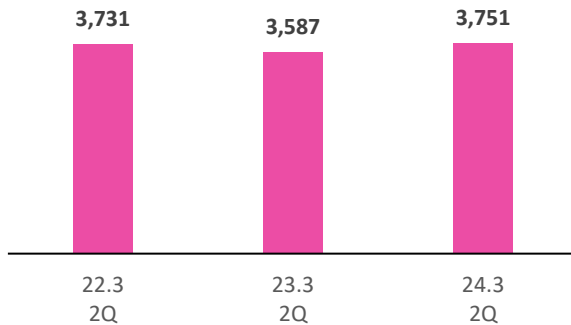
- ✓ In the real estate business, the residential property business had no significant changes in the number of units under management or rent levels for subleasing contracts compared to the same period last year. However, due to a decrease in the vacancy rates, rent income proportional to the number of occupied units increased, which resulted in an increase in sales and gross profit. In the land agency business, sales remained almost in line with the previous year's same period, while gross profit margin improved. As a result, there was an overall growth in both revenue and profit for the Real Estate business.
- ✓ In the hotel business, the leasing of Narita Gateway Hotel to Chiba Prefecture has ended and the hotel operations resumed in June 2023. 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 the preparations needed to welcome inbound tourists and the time needed to gradually recover the occupancy rates. On the other hand, Kurashiki Royal Art Hotel experienced significant improvements in both hotel occupancy rates and room rates due to the return of inbound tourists. 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 revenue and profit.
- ✓ As a result, the Group recorded sales of 3,751 million yen (up 4.5% year-on-year), operating loss of 24 million yen (compared to an operating profit of 26 million yen one year earlier), ordinary profit of 15 million yen (down 84.2% year-on-year) and net loss attributable to owners of the parent company of 1 million yen (compared to a net income of 41 million yen one year earlier).

2-2. 2024 March FY – Q2–Summary of Consolidated Financials ~Income Statement~

In Millions JPY	2022.3 2Q	2023.3 2Q	2024.3 2Q	Net Change (YoY)	Comments (YoY)
Revenue	3,731	3,587	3,751	+163	Increased revenue from real estate business contributed
Operating Profit	(67)	26	(24)	(50)	The hotel business reported an operating loss
Ordinary Profit	50	95	15	(80)	Subsidy income decreased significantly
Net income attributable to owners of the parent	46	41	(1)	(43)	
ROE (Return on Equity)	4.0%	3.4%	(0.2%)	(3.6)	

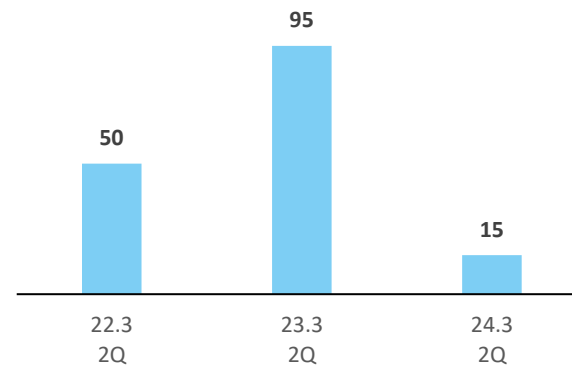
Growth in Revenue

(Millions JPY)



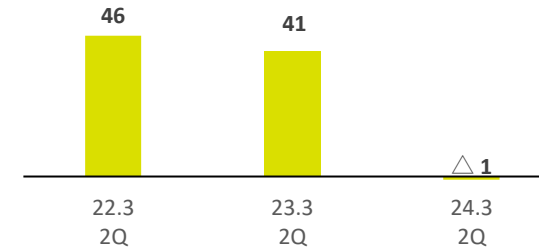
Growth in Ordinary Income

(Millions JPY)

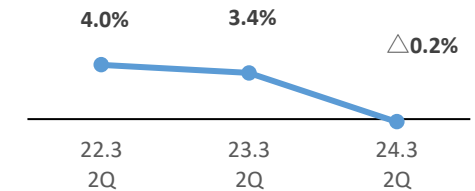


Growth in Net income attributable to owners of the parent

(Millions JPY)



ROE(Annual Conversion)

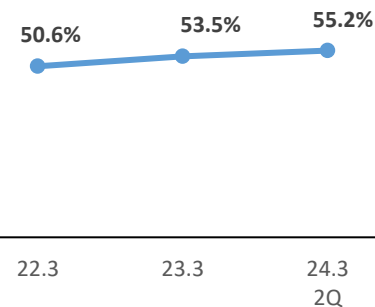


2-3. 2024 March FY – Q2–Summary of Consolidated Financials ~Statement of Financial Position & Cash Flow Statement~

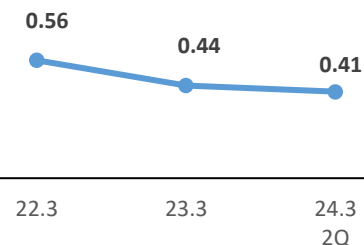
• Statement of Financial Position

(In Millions JPY)	2022.3	2023.3	2024.3 2Q	Net Change
Total Assets	4,789	4,651	4,437	(213)
Current Assets	3,046	3,065	2,990	(74)
Cash and Deposits	2,580	2,582	2,498	(84)
Inventories	158	141	73	(67)
Non-current Assets	1,743	1,586	1,446	(139)
Property, Plant and Equipment	1,223	1,137	1,116	(20)
Intangible Assets	115	102	96	(5)
Investments and Other Assets	404	346	233	(113)
Shares of Subsidiaries and Associates	70	59	57	(2)
Total Liabilities	2,338	2,133	1,962	(171)
Interest Bearing Liabilities (Note 1)	1,379	1,111	1,005	(106)
Total Net Assets	2,450	2,517	2,475	(42)
Equity Ratio (Note 2)	50.6%	53.5%	55.2%	+1.7
Debt to Equity Ratio (time)(Note 3)	0.56	0.44	0.41	(0.03)

Comparison of Equity Ratio



Comparison of Debt-to-Equity Ratio



• Statement of Cash Flows

(in Millions JPY)	2023.3 2Q	2024.3 2Q
Cash Flow from Operations	69	140
Cash Flow from Investment Activities	(67)	(68)
Cash Flow from Financing Activities	(148)	(163)
Changes in Cash and Cash Equivalents	(133)	(84)
Opening Cash and Cash Equivalents	2,399	2,402
Closing Cash and Cash Equivalents	2,266	2,317

Note 1; Interest-bearing debt: short-term debt, corporate bonds due within a year, long-term debt due within a year, corporate bonds, long-term debt

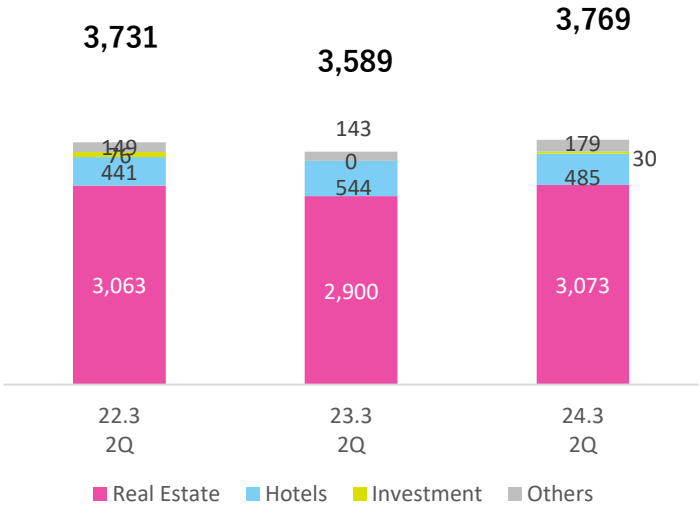
Note 2: Equity ratio: (total shareholders' equity + total accumulated other comprehensive income) / total liabilities and net assets

Note 3: Debt to Equity Ratio :Interest Bearing Liabilities / Total Net Assets

2-4. 2024 March FY – Q2–Summary of Consolidated Financials ~Overall Segment Performance~

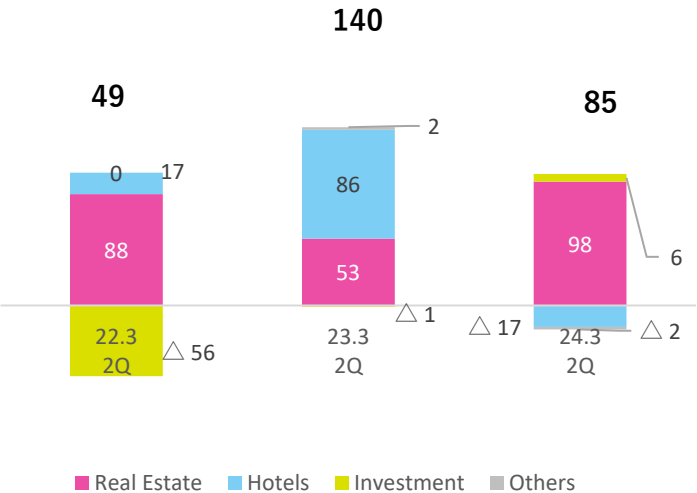
Revenue by Segment

(Millions JPY)



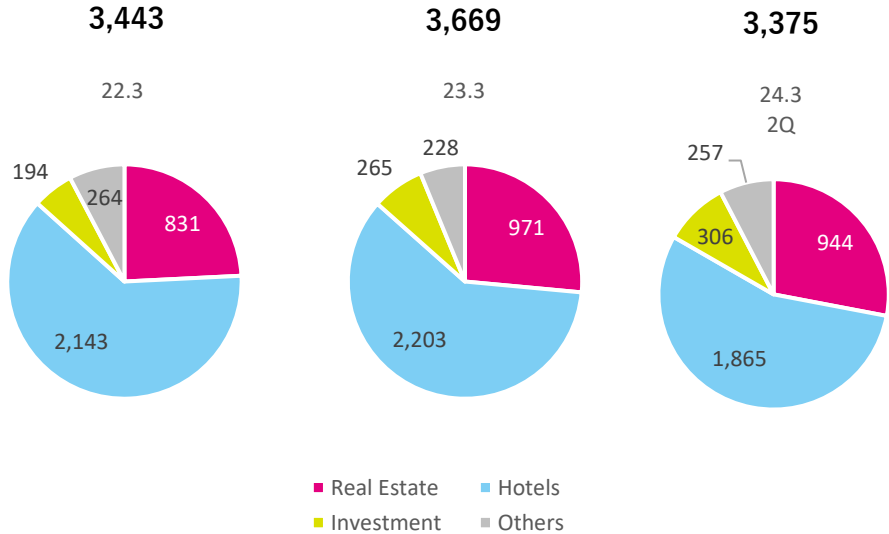
Profitability by Segment

(Millions JPY)



Assets held by each segment

(Millions JPY)



※Inter-segment transactions are included in segment sales and profitability.
 ※Operating income of each segment is disclosed as segment income. The total segment income minus adjustments (mainly personnel and expenses related to administrative departments) is the operating income in the consolidated statements of income.
 ※In the first quarter of the fiscal year ended in March 2022, the investment business included the overseas advertising agency business. However, since the second quarter of the fiscal year ended in March 2022, this business has been excluded from the consolidation scope due to a partial transfer of shares in PT. Citra Surya Komunikasi.

2-5. 2024 March FY – Q2–Overview by Segment ~Real Estate Segment ①~

Business activities: Residence business (leasing, rental management, condominium building management), real estate sales

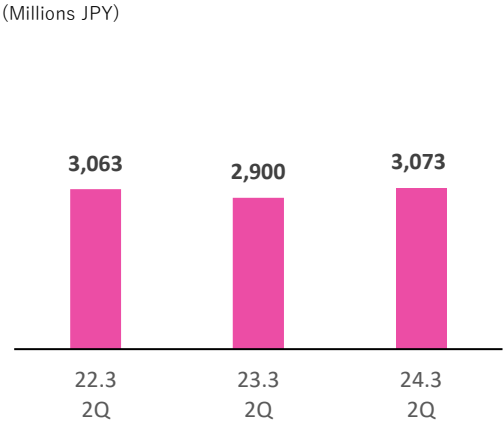
Subsidiaries : Trust Advisers, Tokyo Apartment Guarantee, etc.

Segment Revenue 3,073 Millions JPY
(YoY +6.0%)

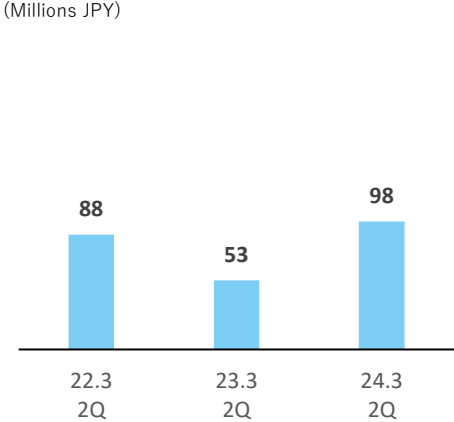
Segment Profitability 98 Millions JPY
(YoY +84.9%)

- ✓ In the residential property business, the number of units under management and rent rates remained at the same level. Due to a decrease in the vacancy rates, rent income proportional to the number of occupied units increased.
- ✓ In the land agency business, sales remained almost in line with the previous year's same period, while gross profit margin improved.
- ✓ In the overall segment, there was a growth in both revenue and profit, which was contributed by continued efforts to control selling and administrative expenses.
- ✓ Plan to increase its portfolio of self-owned rental properties in the future in order to diversify revenue sources.

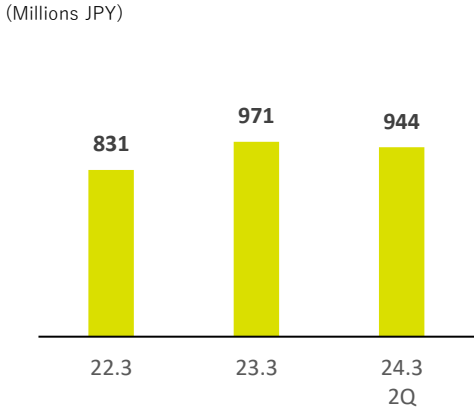
Segment Revenue



Segment Profitability

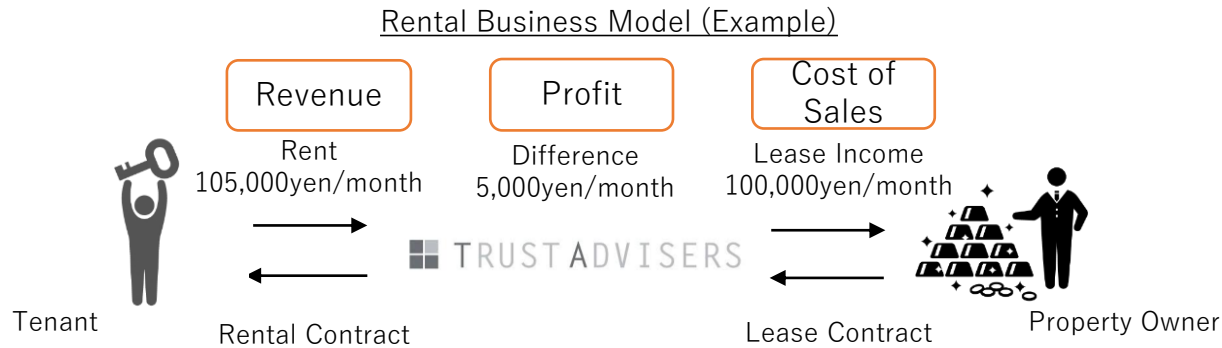


Segment Assets

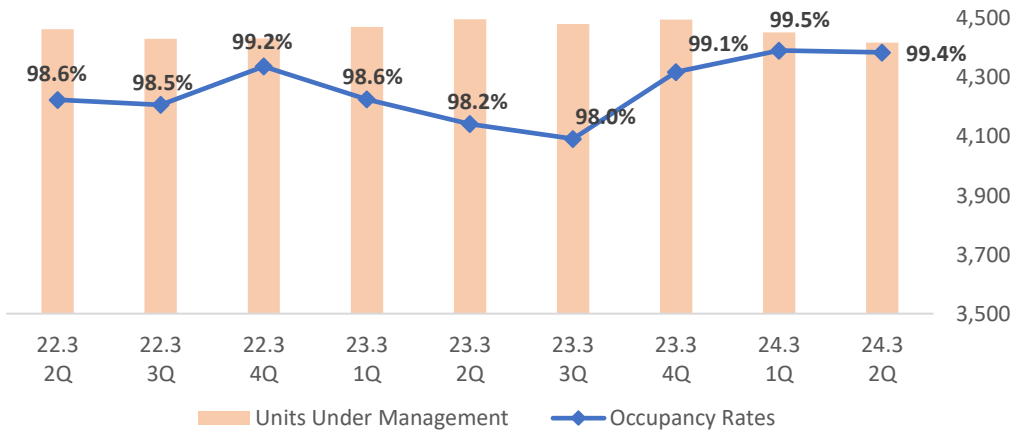


2-6. 2024 March FY – Q2– Overview by Segment ~Real Estate Segment ②~

✓ The stable earning base in the real estate segment is the rental revenue from the residence business
 →Acquisition of properties from owners under leasing and renting those properties to tenants. A part of the rent revenue from the tenants will be paid to the owners.

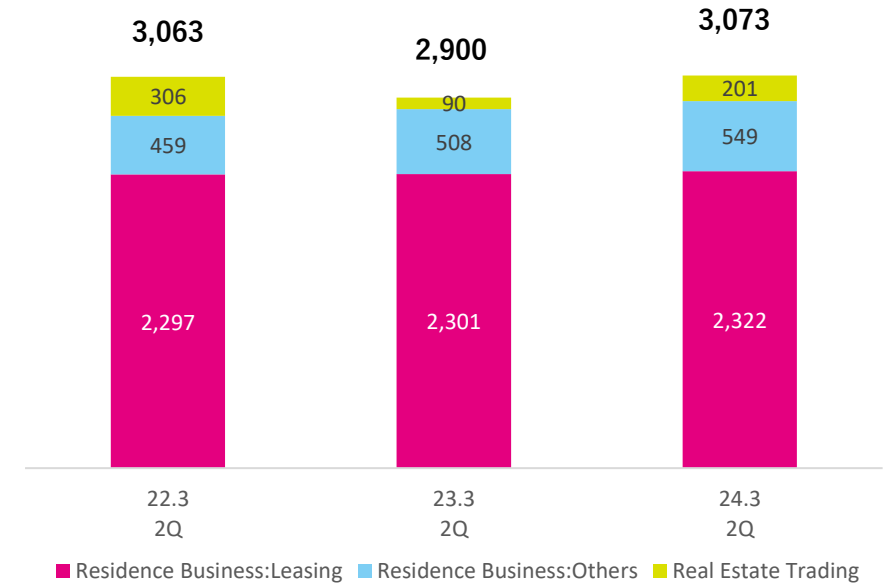


Number of Units Managed Under Rental Business & Occupancy Rates



✓ Real Estate Segment: Sales Composition by Business Units

(Millions JPY)



※Included in "Residential Business: Others": Business consignment fee income, administration fees, restoration, repair sales, renewal administration fees, collection agency fees, and fire insurance fees.

※Due to a review of the aggregation method, there have been changes from the past disclosed figures.

2-7. 2024 March FY – Q2– Overview by Segment ~Hotel Segment ①~

Business Description: Ownership and operation of hotels

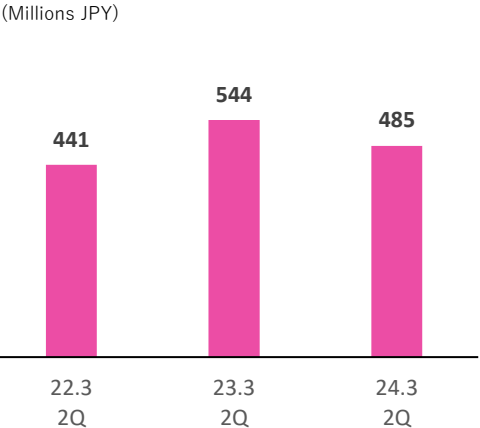
Subsidiaries : Narita Gateway Hotel, Kurashiki Royal Art Hotel, Global Holdings

Segment Revenue 485 Millions JPY
(YoY (10.9%))

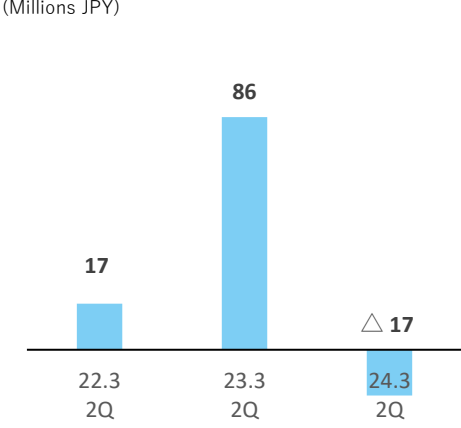
Segment Loss 17 Millions JPY
(Previous FY a profit of 86 million JPY)

- ✓ **Narita Gateway Hotel resumed its hotel operations in June 2023 and is in the process of gradually recovering its occupancy rates. Kurashiki Royal Art Hotel experienced significant improvements in both hotel occupancy rates and room rates compared to the same period last year, due to the return of inbound tourists.**
- ✓ **We will view hotels as incubation spaces and work alongside local communities to promote the creation of new environments (Narita: Utilize opportunities such as strengthening and expanding Narita Airport's functions / Kurashiki: Leverage large-scale events such as the Kansai Expo and Setouchi Art Festival).**

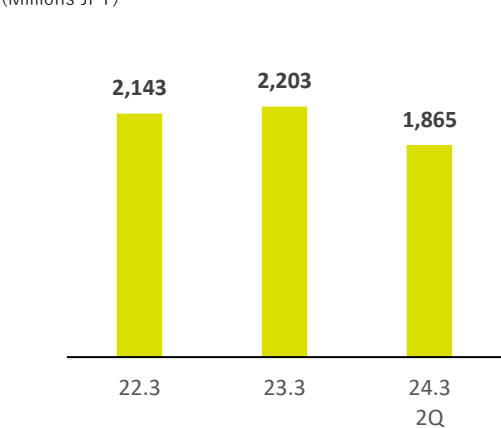
Segment Revenue



Segment Profitability



Segment Assets



2-8. 2024 March FY – Q2- Overview by Segment ~Hotel Segment ②~



Narita Gateway Hotel

Subsidiary

<https://gateway-hotel.co.jp>



KURASHIKI ROYAL ART HOTEL
倉敷ロイヤルアートホテル

Kurashiki Royal Art Hotel

Subsidiary

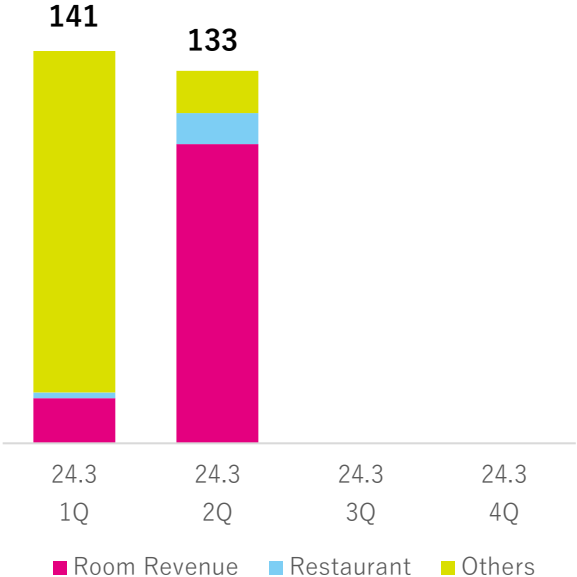
<https://www.royal-art-hotel.co.jp>



- Number of Rooms : 307
- Japanese travelers who use the Narita Airport & in-bound travelers are the target market

- Since April 2020, the property had been leased to Chiba Prefecture as a facility for mild and asymptomatic COVID-19 patients. On June 1, 2023 (Thu), the hotel operations resumed.
- Due to delays in lifting the ban on group travels from China and the renovation work on some of the guest rooms (2 floors), the recovery of the occupancy rate is slightly behind schedule. However, it has recovered to around 70% in September.

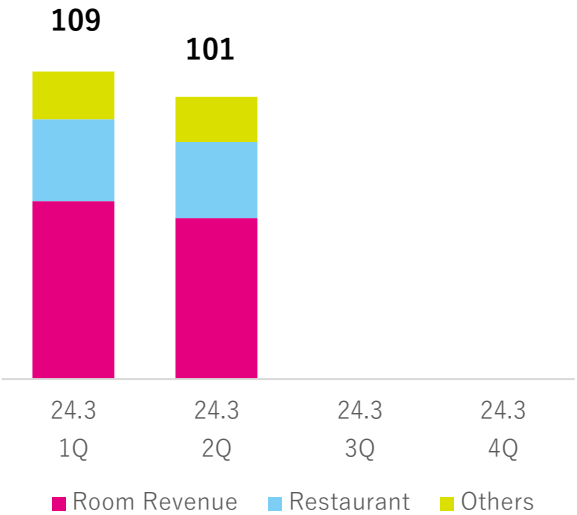
Revenue (Millions JPY)



- Number of Rooms : 71
- 2 minute walk from the tourist hot spot, Kurashiki Bikan Historical Quarter.

- Amid the lively atmosphere gradually returning to the Kurashiki Bikan Historical Quarter, the hotel's occupancy rates and room rates have shown significant improvements compared to the same period last year.
- Demand for banquets and group travels is gradually showing signs of recovery. To prepare for the increase in demand, the hotel plans to address staffing issues, including recruitment and placement. Renewed its official website.

Revenue (Millions JPY)



2-9. 2024 March FY – Q2– Overview by Segment ~Investment Segment ①~

Business Description : Investment business in Asia, Domestic investments

Subsidiary : Striders Global Investment (Singapore), M&A Global Partners (MAGP)

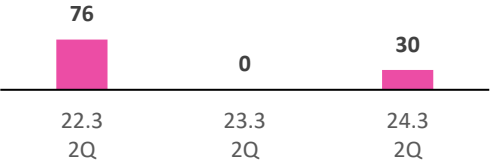
Segment Revenue 30 Million JPY
(Previous FY 0 Millions JPY)

Segment Profitability 6Million JPY
(Previous FY a loss of 1 million JPY)

- ✓ While actively pursuing business succession and inbound investment opportunities within Japan, the company also explored startup investments in areas such as Agri-Tech, Insure-Tech, Health-Tech, and Green-Tech. Sold a portion of the shares in Roar Media, a digital media platform at the end of July.
- ✓ In the future, we will strengthen our role as a gateway for Asian investors, partners, etc., when they invest or expand into Japan. Will also consider inbound investments and potential fund compositions.

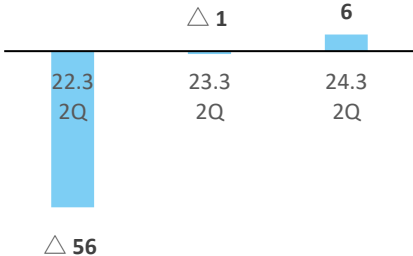
Segment Revenue

(Millions JPY)



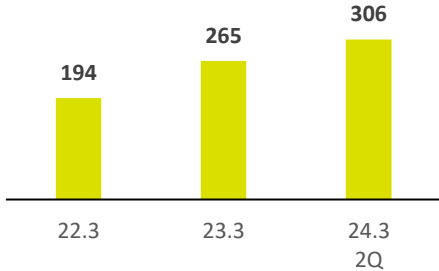
Segment Profitability

(Millions JPY)



Segment Assets

(Millions JPY)



2-10. 2024 March FY – Q2– Overview by Segment ~Investment Segment ②~

Subsidiary



Striders Global Investment uses its growth oriented and global investment strategy to identify companies with high growth potential, mainly in the markets such as Singapore, Indonesia & Sri Lanka. The company aims to maximize the sustainable returns by making investments, business tie-ups, project financing, etc. with high growth potential companies.



M&A Global Partners specializes in corporate rehabilitation and restructuring, fund-raising support, and M&A consulting. The company also offers financial support for unlisted companies and provides consultations for corporate revival.

- Corporate revitalization: Establishment of business revitalization and reorganization schemes
- M&A-related: Consulting services related to business partnerships, business and business transactions
- Fundraising support: Arrangement work for domestic and foreign financial institutions and investors, direct investment

List of Overseas Investments



A digital media startup that operates in Sri Lanka & Bangladesh. Sold a portion of the shares at the end of July 2023.

IC Fund II (LP)



by INDOGEN CAPITAL

Indogen Capital is one of the leading venture capital firms in Southeast Asia.



Attention Holdings Pte. Ltd. is the owner of Evos Esports, which is the largest esports company in Southeast Asia.



A SaaS company to DX smallholder farmers in Sri Lanka and South Asia



Travelio is one of the largest Prop-Tech startups in Indonesia which engages in management of residential properties



Providing a platform to consult with medical professionals via smartphone apps, mainly in Southeast Asia.

List of Domestic Investments

Angel Bridge Small-cap Fund 1

by Angel Bridge

The VC fund established by Angel Bridge Co., Ltd. in 2019.



A real estate tech company that operates platforms such as "Canary," a real estate transaction platform.

2-11. 2024 March FY – Q2– Overview by Segment ~Others ①~

Business Description : Development & Sale of In-vehicle Terminal Systems, Noodle Manufacturing Business

Subsidiaries : Mobile Link, Masuda Seimen

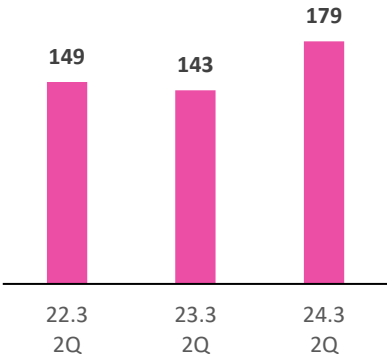
Segment Revenue 179 Million JPY
(YoY (25.1%))

Segment Loss (2) Million JPY
(Previous FY a profit of 2 million JPY)

- ✓ Mobile Link experienced sluggish orders. The company aims to recover through project acquisitions in the second half.
- ✓ At Masuda Seimen, the market has been recovering from the effects of the COVID-19 pandemic, but the struggle has continued due to soaring raw material prices. However, with the price adjustments made in the summer, signs of improved performance have started to emerge.

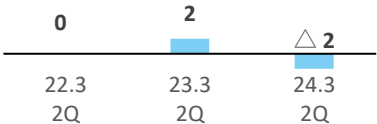
Segment Revenue

(Millions JPY)

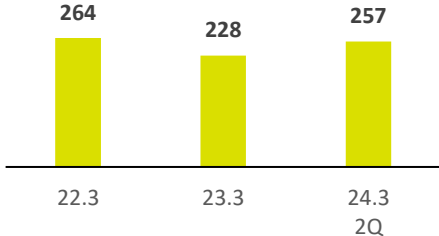


Segment Profitability

(Millions JPY)



Segment Assets



2-12. 2024 March FY – Q2 Overview by Segment ~Others ②~

Subsidiary



Mobile Link Inc.

<http://www.mobile-link.co.jp>

Mobile Link develops and sells built-in technology for vehicle operation and management.



Y.K. Masuda Seimen

Y.K. Masuda Seimen manufactures and sells Chinese noodles at their Yokosuka factory in Kanagawa Prefecture for about 100 customers in the Tokyo metropolitan area.



Associated Companies

MIRAI IP and Technology Research Center Co., Ltd.

<https://mirai-iptrc.co.jp>

The Company's share is included in "earnings from affiliates" and "losses from affiliates" under non-operating income and expenses in the consolidated statements of income. The figures for this company do not include the revenue, profitability, and assets of the "Other" segment.

One of the nine "registered research institutions" in Japan that can conduct advanced technology research ordered by JPO.

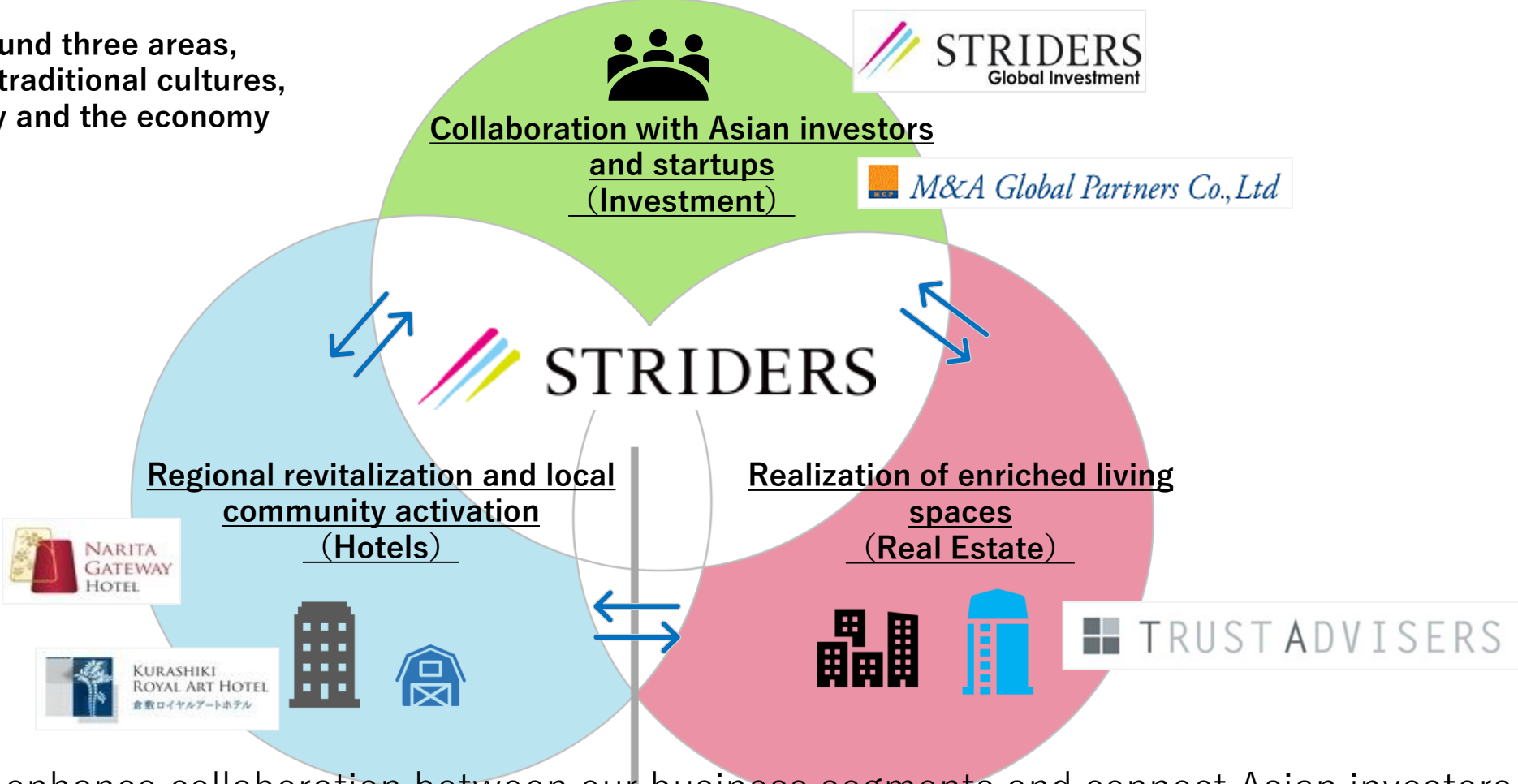


Future Business Strategies



3-1. Future business strategies ①

Develop businesses around three areas, including sport, art and traditional cultures, to revitalize both society and the economy



- ✓ We will further enhance collaboration between our business segments and connect Asian investors and startups to various initiatives within the real estate and hotel businesses = **Striders will play a role as a gateway linking Japan and Asia**

3-2. Future business strategies ②

- ✓ We have established the following key themes for our group's three main businesses, and we will further advance the selection and concentration of management resources

Real Estate

Realization of rich living space

Further promotion of DX

Incremental acquisition of in-house owned properties

Strengthen the lineup of rental management

Hotels

Regional revitalization and local community activation

Add incubation capabilities

Machiya (traditional townhouses) and old folk houses

Explore the operation of new hotels

Investment

Inbound investment **Fund composition**

Business succession-related M&A

Investment in startup companies with a focus on sustainability

Financial Results - Supplementary Materials



1. Quarterly performance trends (Group)

<Consolidated income statement>

(Millions JPY)

2024 March FY	1Q	2Q	3Q	4Q	Total
Revenue	1,846	1,904	-	-	3,751
Operating Profit	7	(31)	-	-	(24)
Ordinary Income	30	(15)	-	-	15
Net Income (※)	10	(11)	-	-	(1)

2023 March FY	1Q	2Q	3Q	4Q	Total
Revenue	1,793	1,794	1,938	1,845	7,371
Operating Profit	20	6	62	55	144
Ordinary Income	55	40	71	65	232
Net Income (※)	19	22	34	41	118

2022 March FY	1Q	2Q	3Q	4Q	Total
Revenue	1,804	1,926	1,973	1,801	7,505
Operating Profit	(43)	(24)	33	0	(33)
Ordinary Income	30	20	107	47	205
Net Income (※)	24	22	89	32	168

(※Net income attributable to shareholders of the parent)

<Consolidated balance sheet>

(Millions JPY)

2024 March FY	1Q	2Q	3Q	4Q
Total Assets	4,482	4,437	-	-
Net Assets	2,485	2,475	-	-
Equity Ratio	54.8%	55.2%	-	-
Net assets per share	293.46JPY	293.41JPY	-	-

2023 March FY	1Q	2Q	3Q	4Q
Total Assets	4,716	4,639	4,712	4,651
Net Assets	2,429	2,441	2,470	2,517
Equity Ratio	51.0%	52.1%	51.8%	53.5%
Net assets per share	284.22JPY	286.56JPY	290.89JPY	296.42JPY

2022 March FY	1Q	2Q	3Q	4Q
Total Assets	5,079	4,785	4,833	4,789
Net Assets	2,306	2,322	2,427	2,450
Equity Ratio	44.8%	48.0%	49.7%	50.6%
Net assets per share	268.00JPY	270.81JPY	283.01JPY	286.26JPY

2. Quarterly performance trends (Segment)

< Revenue by Segment and Net sales >

(Millions JPY)

2024 March FY	1Q	2Q	3Q	4Q	Total
Real Estate	1,530	1,542	-	-	3,073
Hotel	250	234	-	-	485
Investment	0	30	-	-	30
Others	73	106	-	-	179
Adjustment	(8)	(9)	-	-	(18)
Total(Net Sales)	1,846	1,904	-	-	3,751

2023 March FY	1Q	2Q	3Q	4Q	Total
Real Estate	1,456	1,444	1,499	1,505	5,906
Hotel	258	285	292	268	1,106
Investment	-	0	3	3	6
Others	79	64	143	68	355
Adjustment	(0)	(0)	(0)	(0)	(1)
Total(Net Sales)	1,793	1,794	1,938	1,845	7,371

2022 March FY	1Q	2Q	3Q	4Q	Total
Real Estate	1,492	1,570	1,584	1,469	6,117
Hotel	211	230	282	232	956
Investment	24	51	5	-	81
Others	75	74	100	99	350
Adjustment	(0)	(0)	(0)	(0)	(0)
Total(Net Sales)	1,804	1,926	1,973	1,801	7,505

< Operating Profit by Segment and Total >

(Millions JPY)

2024 March FY	1Q	2Q	3Q	4Q	Total
Real Estate	61	36	-	-	98
Hotel	7	(25)	-	-	(17)
Investment	(1)	7	-	-	6
Others	(3)	1	-	-	(2)
Adjustment	(57)	(52)	-	-	(109)
Total	7	(31)	-	-	(24)

2023 March FY	1Q	2Q	3Q	4Q	Total
Real Estate	35	17	44	74	171
Hotel	42	44	57	33	177
Investment	(0)	(1)	2	2	3
Others	3	(0)	15	(0)	17
Adjustment	(60)	(53)	(57)	(53)	(225)
Total	20	6	62	55	144

2022 March FY	1Q	2Q	3Q	4Q	Total
Real Estate	48	40	31	67	187
Hotel	1	16	42	(12)	47
Investment	(33)	(23)	4	(1)	(54)
Others	(0)	1	13	2	16
Adjustment	(59)	(58)	(57)	(55)	(231)
Total	(43)	(24)	33	0	(33)

< Assets held by each Segment and Total assets >

(Millions JPY)

2024 March FY	1Q	2Q	3Q	4Q
Real Estate	943	944	-	-
Hotel	1,953	1,865	-	-
Investment	276	306	-	-
Others	228	257	-	-
Adjustment	1,080	1,062	-	-
Total assets	4,482	4,437	-	-

2023 March FY	1Q	2Q	3Q	4Q
Real Estate	796	811	845	971
Hotel	2,193	2,129	2,172	2,203
Investment	255	275	263	265
Others	222	210	284	228
Adjustment	1,248	1,212	1,146	981
Total assets	4,716	4,639	4,712	4,651

2022 March FY	1Q	2Q	3Q	4Q
Real Estate	1,139	1,022	1,015	831
Hotel	2,116	2,071	2,177	2,143
Investment	507	322	192	194
Others	230	234	252	264
Adjustment	1,086	1,134	1,195	1,355
Total assets	5,079	4,785	4,833	4,789

3. Reference Information

- Basic Company Information

Company Name	Striders Corporation
Headquarters	Shimbashi MCV Building 8F, 5-13-5 Shimbashi, Minato-ku, Tokyo, Japan (Postal Code: 105-0004)
Established	February 1965
Capital	1,585 Million JPY
Businesses Segments	Real Estate, Hotel, Investment & Others
Listed Market	Standard Market at Tokyo Stock Exchange (Stock code : 9816)
Consolidated Sales	7,371Million JPY (March 2023)
Number of Employees	135 (March 2023)



Striders Corporation
President & CEO

Ryotaro Hayakawa

- Corporate Philosophy

「 **Supporting individuals and companies with challenging spirit and sharing inspirational experiences with all stakeholders, to create a better world** 」

- Corporate Slogan **Stride With Challengers**

- Investor Relations <https://www.striders.co.jp/ir/information.html>

- Contact for IR related matters Finance and Accounting Department Tel (+81) 03-5777-1931 *via online <https://www.striders.co.jp/contact/contact.html>

- Notes about the statements related to future

Forward-looking statements such as business forecasts contained in this material are based on the information currently obtained by the Company and on certain assumptions that are deemed reasonable and are not intended to promise the achievement by the company. In addition, actual business results may differ significantly due to various factors.