

Striders Corporation

2nd Quarter of 2022 March Financial Year Explanation of Financial Statements



11th November 2021

1. Highlights of the Financial Results of Q2 of 2021 March FY

- ✓ Similar to 1Q, revenue fell significantly to 3,731 million yen (down 37.2% YoY) due to a decline in transactions of buying and selling properties in the real estate business and a continued decrease in the advertising agency business (CSK) in the overseas business.
- ✓ Continuing from Q1, Q2 also recorded an operating loss of 67 million yen. But an ordinary profit of 50 million yen (down 67.8% YoY) was recorded due to the subsidy income from employment adjustment subsidies, etc.
- ✓ Net income attributable to shareholders of the parent company, after taking into account the gain on sales of shares in subsidiaries and the effect of CSK's non-controlling interest, was 46 million yen (down 44.1% YoY).
- ✓ As a result of the partial transfer of CSK shares during the 2Q, CSK will be excluded from the scope of consolidation from 3Q onwards, and the impact of the non-controlling interest mentioned above will be eliminated.

2. Revision of Earnings Forecast

- Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

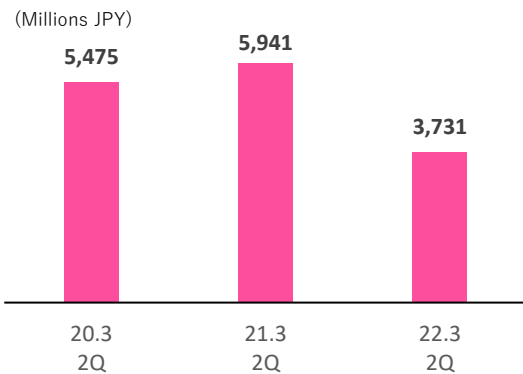
| (in Millions JPY) | Previous Forecast (A) | Revised Forecast (B) | Difference (B – A) | (Reference) 2021.3 Last FY |
|--|----------------------------------|---------------------------------|-------------------------------|---|
| Revenue | 10,146 | 7,890 | (2,255) | 10,482 |
| Operating Profit | 20 | 11 | (9) | 114 |
| Ordinary Profit | 120 | 182 | +62 | 228 |
| Net income attributable to shareholders of the parent company | 77 | 125 | +48 | 114 |

- ✓ Revenue and operating income are expected to be below the initial forecasts as a result of longer than expected restrictions that were imposed to stop the spread of new variants of COVID-19.
- ✓ Ordinary profit is expected to exceed the initial forecast as a result of the continuation of special subsidies by the government and local governments, such as employment adjustment subsidies.

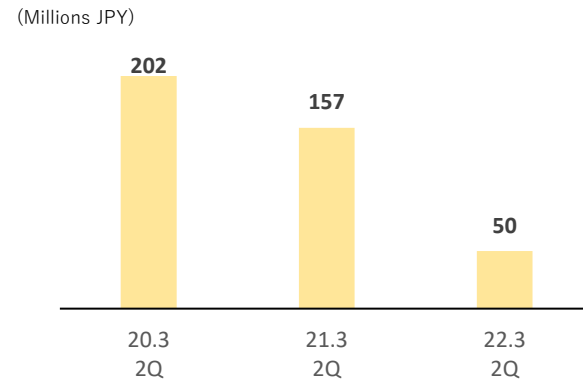
3. 2022 March FY – Q2 Summary of Consolidated Financials ~Income Statement~

| (in Millions JPY) | 2020.3 2Q | 2021.3 2Q | 2022.3 2Q | YoY | Comments |
|--|-----------|-----------|-----------|---------|---|
| Revenue | 5,475 | 5,941 | 3,731 | (2,210) | Impacted by a decline in transactions of buying and selling properties and overseas advertising agency business |
| Operating Profit | 196 | 110 | △67 | (177) | 1Q loss: 43 million yen, 2Q loss: 24 million yen |
| Ordinary Income 【①】 | 202 | 157 | 50 | (107) | Posted 90 million yen in subsidy income from employment adjustment subsidies, etc. |
| Extraordinary Gains / Losses(NET) 【②】 | - | 1 | 13 | +12 | Gain on sales of shares in subsidiary (CSK) of 13 million yen |
| Anonymous portfolio profit and loss allocation 【③】 | - | 2 | - | (2) | |
| Income Tax 【④】 | 47 | 58 | 45 | (13) | |
| Net income attributable to non-controlling interests 【⑤】 | 9 | 14 | △28 | (42) | Net loss attributable to non-controlling interests related to the advertising agency business in overseas segment |
| Net income attributable to shareholders of the parent company 【① + ② - (③ + ④ + ⑤)】 | 145 | 82 | 46 | (36) | |

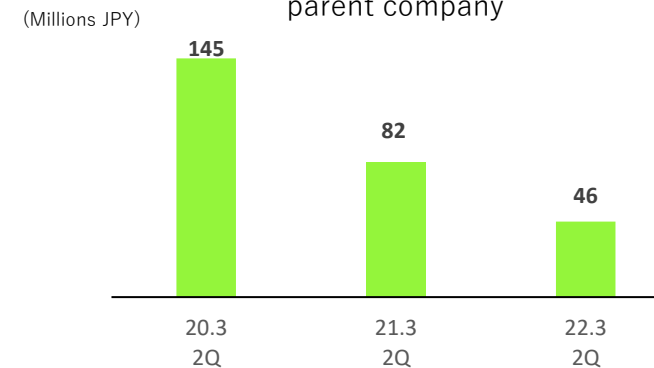
Growth in Revenue



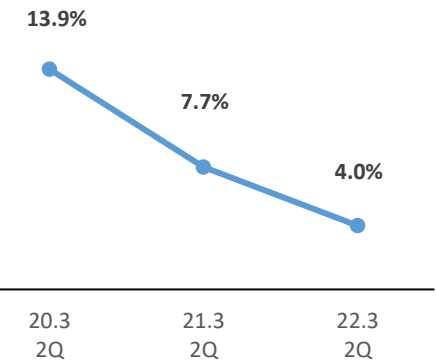
Growth in Ordinary Income



Net income attributable to shareholders of the parent company



Growth in ROE



4. 2021 March FY – Q2 Summary of Consolidated Financials ～Statement of Financial Position & Statement of Cash Flows～

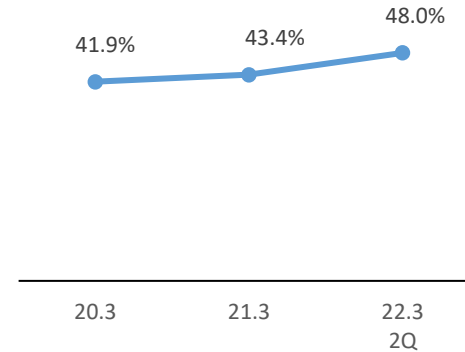
• Balance Sheet

| (Millions JPY) | 2020.3 | 2021.3 | 2022.3 2Q | YoY |
|---------------------------------------|-----------|-----------|--------------|--------|
| Total Assets | 5,000 | 5,230 | 4,785 | (445) |
| Current Assets | 2,927 | 3,367 | 2,985 | (382) |
| Cash and Cash Equivalents | 2,200 | 2,894 | 2,526 | (368) |
| Inventory | 297 | 208 | 172 | (36) |
| Non-current Assets | 2,073 | 1,862 | 1,800 | (62) |
| Tangible Non-Current Assets | 1,383 | 1,317 | 1,263 | (54) |
| Intangible Non-Current Assets | 183 | 126 | 124 | (2) |
| Investments and Other Assets | 506 | 418 | 412 | (6) |
| Investment Securities | 303 | 231 | 256 | +25 |
| Stock of Associated Companies | 81 | 82 | 66 | (16) |
| Total Liabilities | 2,866 | 2,909 | 2,463 | (446) |
| Interest Bearing Liabilities (Note 1) | 1,366 | 1,591 | 1,484 | (107) |
| Total Net Assets | 2,133 | 2,321 | 2,322 | +1 |
| Equity Ratio (Note 2) | 41.9% | 43.4% | 48.0% | +4.6 |
| Debt to Equity Ratio | 0.64times | 0.68times | 0.63times | (0.05) |

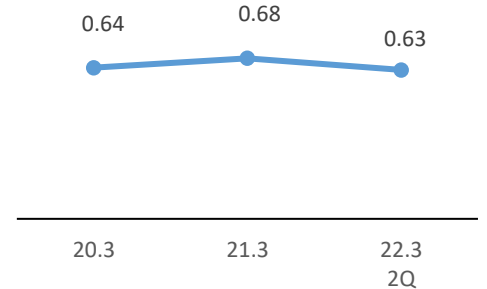
Note 1; Interest-bearing debt: short-term debt, corporate bonds due within a year, long-term debt due within a year, corporate bonds, long-term debt

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

Comparison of Equity Ratio



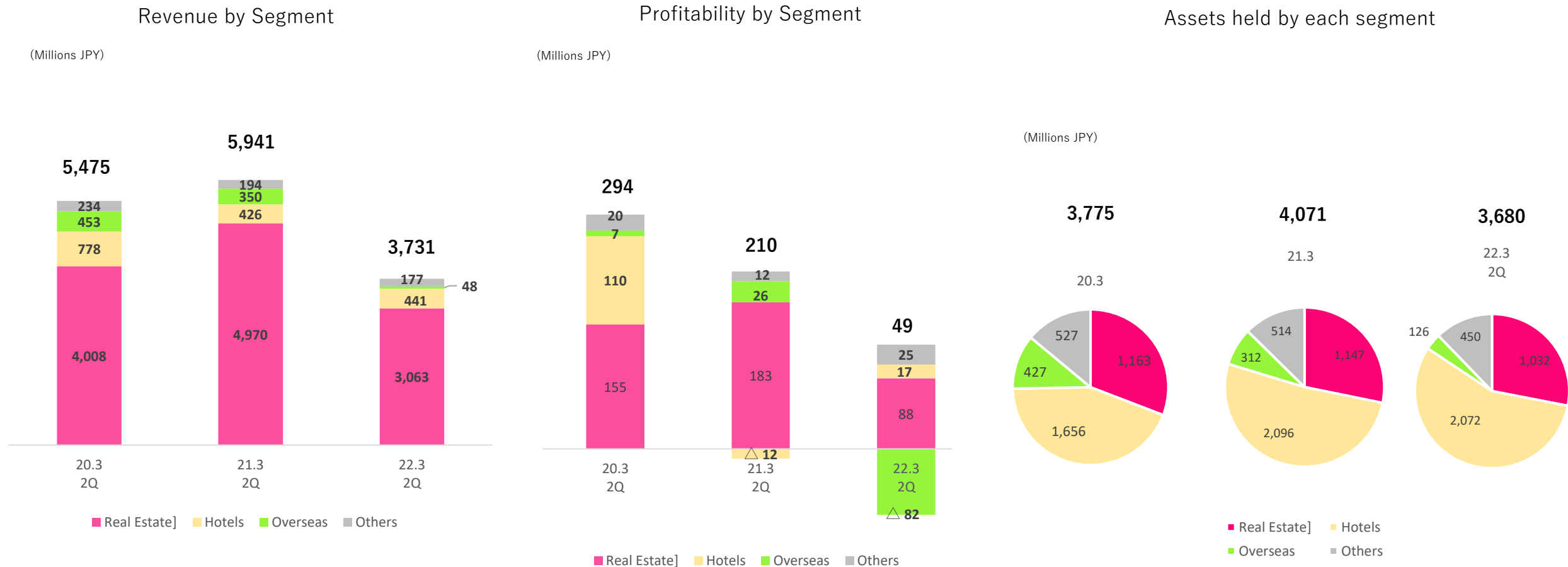
Comparison of Debt-to-Equity Ratio



• Cash Flow Statement

| (Millions JPY) | 2021.3 2Q | 2022.3 2Q |
|--------------------------------------|-----------|-----------|
| Cash Flow from Operations | 7 | (117) |
| Cash Flow from Investment Activities | (12) | (88) |
| Cash Flow from Financing Activities | 398 | (133) |
| Change in Cash and Cash Equivalents | 391 | (336) |
| Opening Cash and Cash Equivalents | 1,990 | 2,682 |
| Closing Cash and Cash Equivalents | 2,381 | 2,346 |

5. 2022 March FY – Q2 Summary of Consolidated Financials ~Overall Segment Performance~



As of the end of the fiscal year ending March 31, 2020, in order to more appropriately evaluate and manage the performance of each reporting segment, the Company has reviewed the method of adjusting inter-segment transactions and changed the calculation method for business segment income. Therefore, only the figures for the second quarter of the fiscal year ending March 2020 in this report have been prepared based on the calculation method before the change. In addition, operating income of each segment is disclosed as segment income. Operating income in the consolidated statements of income is calculated by subtracting adjustments (mainly personnel expenses and expenses related to administrative divisions) from total segment income.

6. 2022 March FY – Q2 Overview by Segment ~Real Estate Segment ①~

Business activities: Residential property business (leasing, rental management, condominium building management), land agency business

Subsidiaries : Trust Advisers Corporation、Tokyo Apartment Guarantee Corporation, etc.

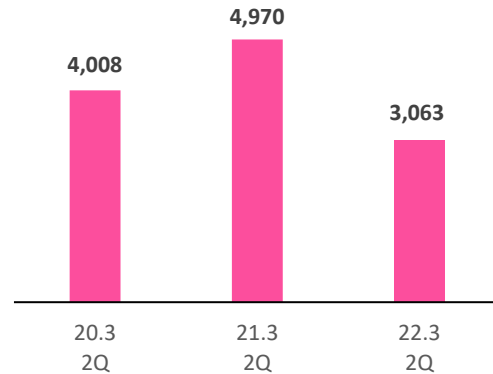
Segment Revenue 3,063 Million JPY
(YoY -38.4%)

Segment Profitability 88 Million JPY
(YoY -51.8%)

- ✓ In the residential property business, the renewal rate of existing lease contracts and rent levels continued to be maintained, and the number of units under management also remained at a high level.
- ✓ Transactions in the land agency business decreased significantly compared to the same period of the previous year.
- ✓ During the pandemic, the company has established a framework for DX, including telework and paperless operations.

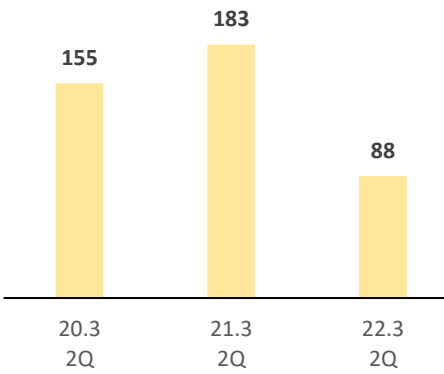
Segment Revenue

(Millions JPY)



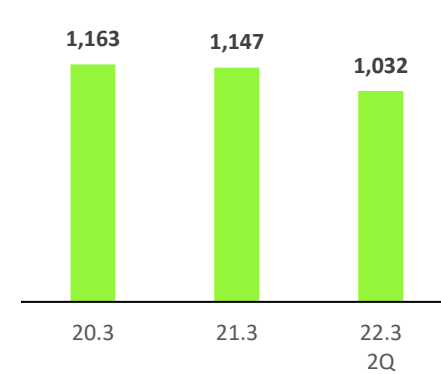
Segment Profitability

(Millions JPY)



Segment Assets

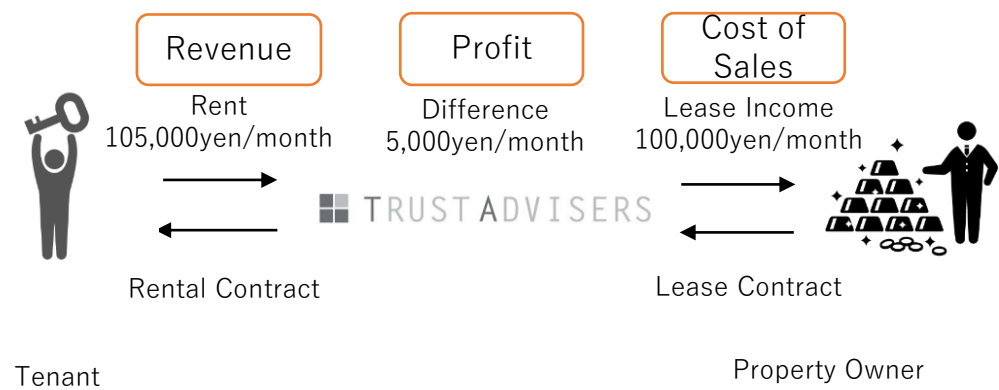
(Millions JPY)



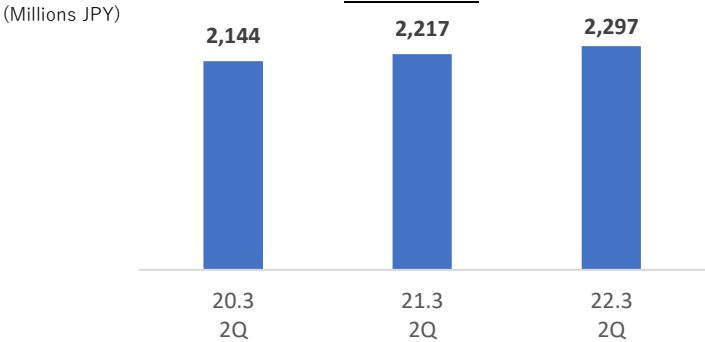
7. 2022 March FY – Q2 Overview by Segment ~Real Estate Segment ②~

- ✓ The stable earning base in the real estate segment is the rental revenue from the residential property 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.

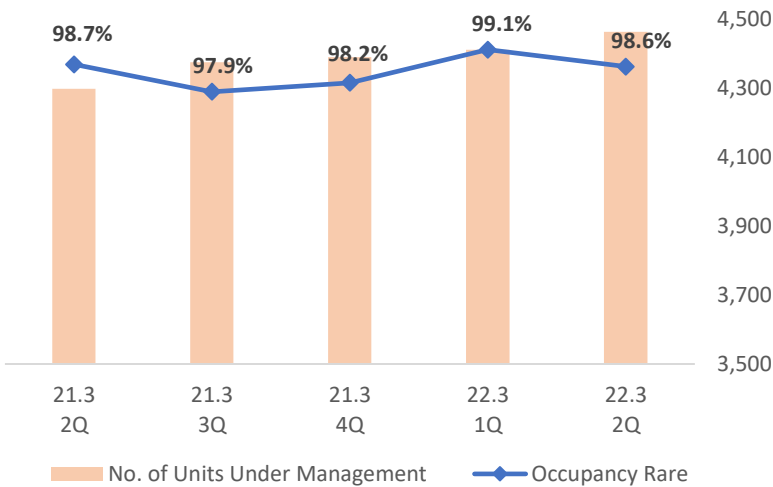
Rental Business Model (Example)



Rental Revenue from Residential Property Business



Number of Units Managed Under Rental Business & Occupancy Rates



8. 2022 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 Corporation

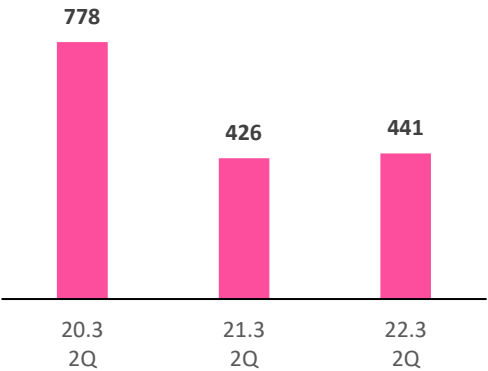
Segment Revenue 441 Million JPY
(JPY +3.5%)

Segment Profitability 17 Million JPY
(Previous FY loss of 12 Million JPY)

- ✓ **Narita Gateway Hotel continued to accept asymptomatic and mildly ill people infected with the COVID-19 from April 2020 (currently extended until the end of December 2021 and thereafter is yet to be decided).**
- ✓ **Kurashiki Royal Art Hotel has been affected by the rapid spread of the new COVID-19 variants since July, and the number of hotel guests is slightly below the level of the same period last year. Efforts to revamp the hotel operations are underway.**
- ✓ **Similar to Q1, the segment remained profitable in Q2.**

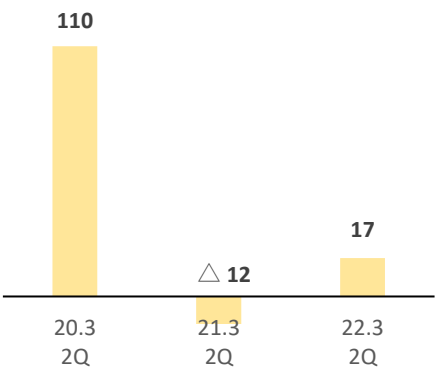
Segment Revenue

(Millions JPY)



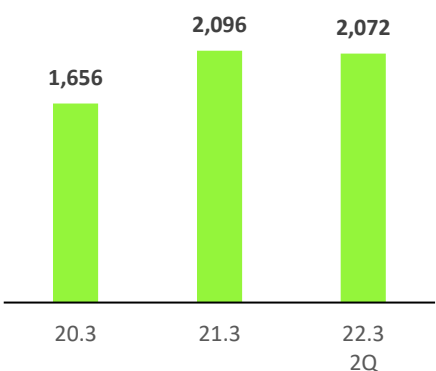
Segment Profitability

(Millions JPY)



Segment Assets

(Millions JPY)



9. 2022 March FY – Q2 Overview by Segment ～Hotel Segment ②～



Narita Gateway Hotel

Subsidiary

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



- Number of Rooms : 307
- Japanese travelers who use the Narita Airport & in-bound travelers are the target market
- Annual In-bound guests (Pre-COVID) : More than 70,000

• Since April 2020, it has been rented out to Chiba Prefectural Government as a facility for mild and asymptomatic people with new coronavirus infection (contracted until the end of December 2021).



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

Kurashiki Royal Art Hotel

Subsidiary

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



- Number of Rooms : 71
- 2 minutes walk from the tourist hot spot, [Bikanchiku] area.
- Renovated the rice brewery of cultural property, "Ohashi House", built in 1796, into a French restaurant.

• In January 2021, the gallery "MAGO GALLERY KURASHIKI", which displays and sells the works of artist Mago Nagasaka, opened on the basement floor.

• In October 2021, adopted the clean power service "earthene" and switched all electricity to renewable energy sources.

10. 2022 March FY – Q2 Overview by Segment ~Overseas Segment ①~

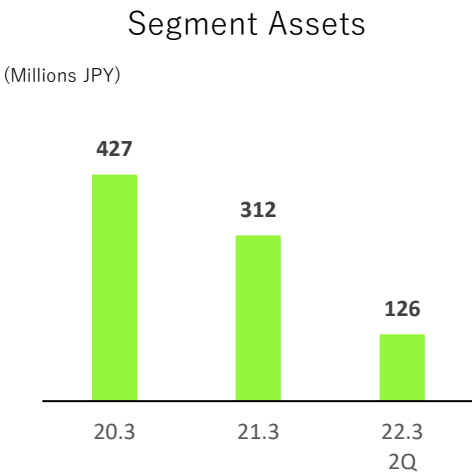
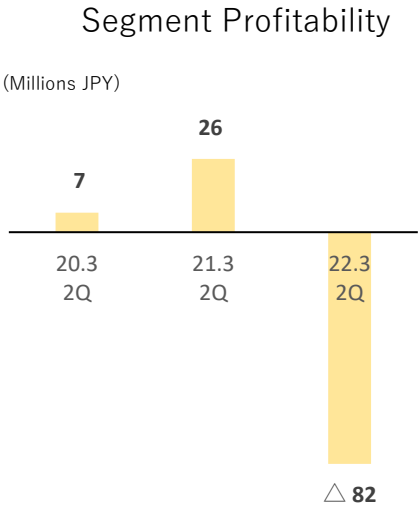
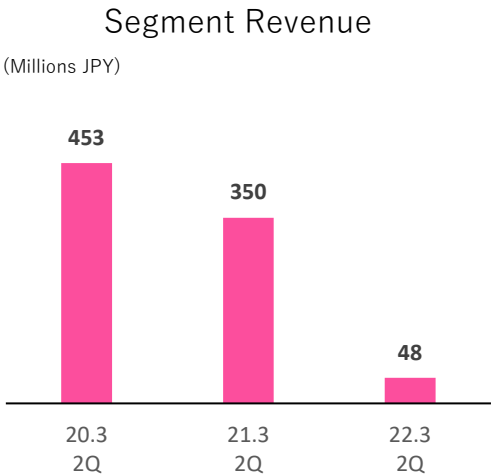
Business Description : Advertising Agency Business in Indonesia, Investment Business in Asia

Subsidiary : PT. Citra Surya Komunikasi (Indonesia)、 Striders Global Investment Pte. Ltd (Singapore)

Segment Revenue 48 Million JPY
(YoY -86.0%)

Segment Profitability -82 Million JPY
(Previous FY a profit of 26 Million JPY)

- ✓ In the advertising agency business, sales continued to decline (2Q includes the period from Jan. 2021 to Jun. 2021). In addition, CSK was excluded from the scope of consolidation due to the partial transfer of CSK shares in 2Q.
- ✓ In the investment business, SGI partnered with "She Loves Tech," a pitch contest for female entrepreneurs. To expand the investment business, SGI will continue to expand its network with venture capitalists and startup companies.



11. 2022 March FY – Q2 Overview by Segment ~Overseas 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.

Related Topics

Partnership with “She Loves Tech”

SGL partnered with R3i Ventures and Timo Inc., organizers of She Loves Tech - Japan, the world's largest pitch competition for female entrepreneurs, to support the She Loves Tech Japan 2021 as a community partner for Japan, in September 2021.

Partners



Investment Portfolio



Holding company of the financial services sector of the Softlogic Group and life insurance company



A digital media startup that operates in Sri Lanka & Bangladesh.



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



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

IC Fund II (LP)



by

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

12. 2022 March FY – Q2 Overview by Segment ～Others ②～

Business Description : Development & Sale of In-vehicle Terminal Systems, M&A Consulting, Domestic Investment Business, etc.

Subsidiaries : Mobilelink Inc., M&A Global Partners Co, Ltd., Y. K. Masuda Seimen, etc.

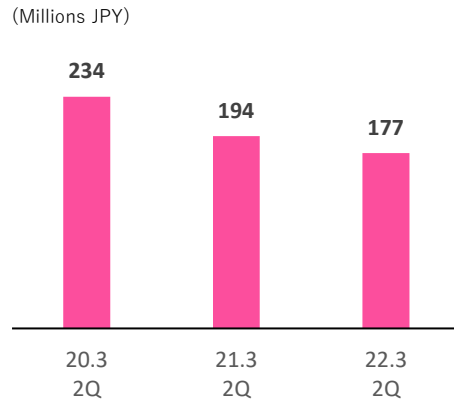
【Associated Companies】 MIRAI Intellectual Property and Technology Research Center Co.,Ltd. (“Mirai”)

Segment Revenue 177 Million JPY
(YoY -8.7%)

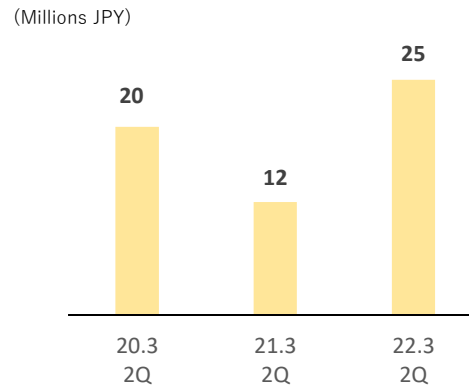
Segment Profitability 25 Million JPY
(YoY +99.5%)

- ✓ **Mobile Link and Masuda Seimen continued to be affected by the COVID-19 pandemic**
- ✓ **M&A Global Partners invested in BluAge Corp. which operates the Prop Tech platform "CANARY"**

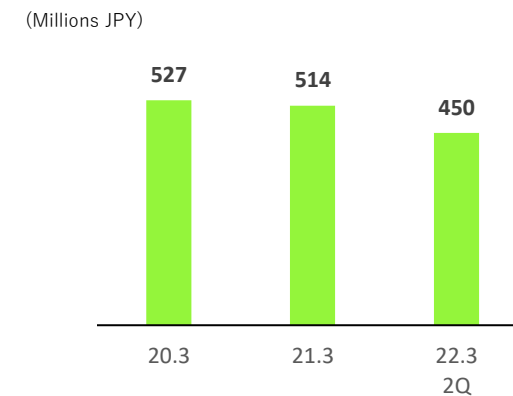
Segment Revenue



Segment Profitability



Segment Assets



13. 2022 March FY – Q2 Overview by Segment ～Others ②～

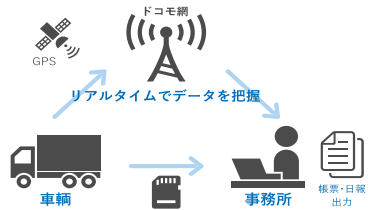
Subsidiaries



Mobile Link Inc.

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

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



Associated Company



MIRAI IP and Technology Research Center Co., Ltd.

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

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



M&A Global Partners Co., Ltd

M&A Global Partners Co, Ltd.

<http://www.ma-gp.co.jp>

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



増田製麺

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.

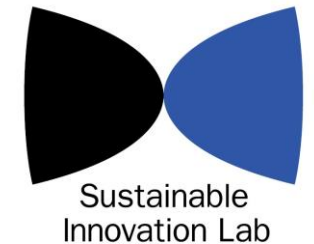


14. About our sustainability initiatives

By developing, investing in, and operating sustainable businesses, Striders Corporation aims to create a world that is diverse, inclusive, sustainable, and better for people and society.

Recent press releases related to sustainability

| Date | Title | Background & the Objectives |
|------------|--|--|
| 2021.10.1 | Kurashiki Royal Art Hotel Switches to Renewable Energy Sources | Promotion of the use of renewable energy, local production for local consumption of electricity |
| 2021.9.14 | Striders Partners with the World's Largest Startup Competition for Women in Tech | Improving the environment for discovering and nurturing female entrepreneurs in Japan |
| 2021.5.20 | Participation in Sustainable Innovation Lab (SIL) as a founding member | Participation in a platform for learning and co-creation to implement sustainable innovation initiatives in society and lead to change |
| 2021.1.13 | MAGO GALLERY KURASHIKI opens at the Kurashiki Royal Art Hotel | Support for artist Mago Nagasaka, who brings e-waste dumped in Ghana, Africa, back to Japan to be recycled and sold as valuable artworks |
| 2020.10.16 | Investment into the Southeast Asia's Largest esports Company | Supporting young people in developing countries to become professional athletes and become economically independent through e-sports |
| 2020.4.16 | Acceptance of Asymptomatic and Mildly Ill Patients with COVID-19 at Narita Gateway Hotel | Maintaining the local medical system and fulfilling social responsibilities |



MAGO GALLERY KURASHIKI

15. 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 | 1,583 Million JPY | Striders Corporation |
| Businesses Segments | Real Estate, Hotel, Overseas & Others | President & CEO |
| Listed Market | JASDAQ (Stock code : 9816) | |
| Consolidated Sales | 10, 482 Million JPY (March 2021) | Ryotaro Hayakawa |
| Number of Employees | 205 (March 2021) | |



- 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 Management 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.

Financial Results - Supplementary Materials



1. Quarterly performance trends (Group)

<Consolidated income statement>

(* Net income attributable to shareholders of the parent)

(Millions JPY)

| 2022 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|------------------|-------|-------|----|----|-------|
| Revenue | 1,804 | 1,927 | — | — | 3,731 |
| Operating Profit | △43 | △24 | — | — | △67 |
| Ordinary Income | 30 | 20 | — | — | 50 |
| Net Income (※) | 24 | 22 | — | — | 46 |

| 2021 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|------------------|-------|-------|-------|-------|--------|
| Revenue | 2,528 | 3,413 | 2,272 | 2,269 | 10,482 |
| Operating Profit | 35 | 75 | 23 | △19 | 114 |
| Ordinary Income | 21 | 136 | 35 | 36 | 228 |
| Net Income (※) | △10 | 92 | 46 | △14 | 114 |

| 2020 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|------------------|-------|-------|-------|-------|--------|
| Revenue | 2,470 | 3,005 | 4,172 | 3,629 | 13,276 |
| Operating Profit | 98 | 98 | 81 | △21 | 256 |
| Ordinary Income | 97 | 105 | 87 | △35 | 254 |
| Net Income (※) | 71 | 74 | 51 | △45 | 151 |

<Consolidated balance sheet>

(Millions JPY)

| 2022 March FY | 1Q | 2Q | 3Q | 4Q |
|----------------------|-----------|-----------|----|----|
| Total Assets | 5,079 | 4,785 | — | — |
| Net Assets | 2,306 | 2,322 | — | — |
| Equity Ratio | 44.8% | 48.0% | — | — |
| Net assets per share | 268.00JPY | 270.81JPY | — | — |

| 2021 March FY | 1Q | 2Q | 3Q | 4Q |
|----------------------|-----------|-----------|-----------|-----------|
| Total Assets | 5,184 | 5,318 | 5,266 | 5,230 |
| Net Assets | 2,080 | 2,199 | 2,287 | 2,321 |
| Equity Ratio | 39.4% | 40.4% | 42.8% | 43.4% |
| Net assets per share | 241.26JPY | 253.55JPY | 265.97JPY | 267.38JPY |

| 2020 March FY | 1Q | 2Q | 3Q | 4Q |
|----------------------|-----------|-----------|-----------|-----------|
| Total Assets | 4,850 | 4,827 | 5,210 | 5,000 |
| Net Assets | 2,127 | 2,187 | 2,230 | 2,133 |
| Equity Ratio | 43.6% | 44.8% | 42.1% | 41.9% |
| Net assets per share | 241.74JPY | 249.72JPY | 256.24JPY | 247.31JPY |

2. Quarterly performance trends (by Segment)

< Segment Revenue >

(Millions JPY)

| 2022 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|---------------|-------|-------|----|----|-------|
| Real Estate | 1,492 | 1,571 | — | — | 3,063 |
| Hotel | 211 | 230 | — | — | 441 |
| Overseas | 13 | 35 | — | — | 48 |
| Others | 86 | 91 | — | — | 177 |

| 2021 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|---------------|-------|-------|-------|-------|-------|
| Real Estate | 2,090 | 2,880 | 1,831 | 1,905 | 8,706 |
| Hotel | 173 | 253 | 307 | 221 | 954 |
| Overseas | 176 | 174 | 47 | 38 | 435 |
| Others | 88 | 106 | 86 | 106 | 386 |

| 2020 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|---------------|-------|-------|-------|-------|--------|
| Real Estate | 1,826 | 2,182 | 3,426 | 3,008 | 10,442 |
| Hotel | 394 | 384 | 365 | 235 | 1,378 |
| Overseas | 170 | 283 | 187 | 236 | 876 |
| Others | 78 | 156 | 198 | 151 | 583 |

< Segment Profitability (Operating Income) >

(Millions JPY)

| 2022 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|---------------|-----|-----|----|----|-------|
| Real Estate | 48 | 40 | — | — | 88 |
| Hotel | 1 | 16 | — | — | 17 |
| Overseas | △43 | △39 | — | — | △82 |
| Others | 9 | 16 | — | — | 25 |

| 2021 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|---------------|-----|----|-----|-----|-------|
| Real Estate | 99 | 84 | 48 | 68 | 299 |
| Hotel | △35 | 23 | 54 | △5 | 37 |
| Overseas | 9 | 17 | △31 | △35 | △40 |
| Others | 10 | 2 | 1 | 6 | 19 |

| 2020 March FY | 1Q | 2Q | 3Q | 4Q | Total |
|---------------|----|----|----|-----|-------|
| Real Estate | 91 | 67 | 68 | 64 | 290 |
| Hotel | 65 | 53 | 37 | △69 | 86 |
| Overseas | △7 | 14 | 8 | 13 | 28 |
| Others | △2 | 16 | 25 | 19 | 58 |