

**Non-Consolidated Financial Results**  
**For the Fiscal Year Ended August 31, 2019**  
**[Japanese GAAP]**



September 30, 2019

Company name: Strike Co., Ltd.  
 Stock exchange listing: First Section, Tokyo Stock Exchange  
 Code number: 6196  
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 Scheduled date of Annual General Meeting of Shareholders: November 26, 2019  
 Scheduled date of commencing dividend payments: November 27, 2019  
 Scheduled date of filing annual securities report: November 26, 2019  
 Availability of supplementary briefing material on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

**1. Financial Results for the Fiscal Year Ended August 31, 2019 (September 1, 2018 to August 31, 2019)**

(1) Operating Results

(Percentage changes are in comparison with the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
August 31, 2019	5,077	35.6	1,886	39.5	1,889	39.4	1,342	45.9
August 31, 2018	3,743	21.1	1,352	17.6	1,355	18.4	919	14.4

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
August 31, 2019	69.86	—	27.8	31.9	37.2
August 31, 2018	47.52	47.39	22.3	27.3	36.1

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended August 31, 2019: ¥— million

Fiscal year ended August 31, 2018: ¥— million

(Notes) 1. Diluted earnings per share are not shown for the fiscal year ended August 31, 2019 because there were no shares with a dilutive effect.

2. The Company conducted a two-for-one stock split on common shares on June 1, 2018. However, basic earnings per share and diluted earnings per share are calculated as if this stock split had been conducted at the beginning of the fiscal year ended August 31, 2018.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2019	6,427	5,162	80.3	270.00
As of August 31, 2018	5,419	4,513	83.2	233.01

(Reference) Equity: As of August 31, 2019: ¥5,158 million

As of August 31, 2018: ¥4,509 million

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
August 31, 2019	1,366	(197)	(693)	5,393
August 31, 2018	1,025	(115)	(150)	4,918

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
August 31, 2018	—	0.00	—	9.00	9.00	174	18.9	4.2
August 31, 2019	—	0.00	—	14.50	14.50	277	20.8	5.8
Fiscal year ending August 31, 2020 (forecast)	—	0.00	—	17.50	17.50		20.1	

## 3. Earnings Forecast for the Fiscal Year Ending August 31, 2020 (September 1, 2019 to August 31, 2020)

(Percentage changes are in comparison with the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
First half	3,202	46.1	1,176	55.4	1,176	55.6	942	87.0	49.32
Full year	6,275	23.6	2,237	18.6	2,237	18.4	1,667	24.2	87.28

### Notes:

(1) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

(2) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

August 31, 2019: 19,354,200 shares

August 31, 2018: 19,354,200 shares

- 2) Total number of treasury shares at the end of the period:

August 31, 2019: 250,036 shares

August 31, 2018: — shares

- 3) Average number of shares outstanding during the period:

Fiscal year ended August 31, 2019: 19,214,745 shares

Fiscal year ended August 31, 2018: 19,354,200 shares

(Note) The Company conducted a two-for-one stock split on common shares on June 1, 2018. However, the total number of issued shares (common shares) is calculated as if this stock split had been conducted at the beginning of the fiscal year ended August 31, 2018.

\* The financial statements are outside the scope of audit procedures by a certified public accountant or auditing firm.

\* Explanation of the proper use of earnings forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please see "1. Overview of Business Results (4) Future Outlook" on page 5 of the Attached Materials.

The Company plans to hold a financial results briefing session for securities analysts, institutional investors, and others on Monday, October 7, 2019. The earnings presentation materials distributed at this briefing are scheduled to be posted on the Company's website shortly after the briefing.

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## 1. Overview of Business Results

### (1) Overview of Business Results

In the fiscal year ended August 31, 2019, the Japanese economy was on a moderate recovery trend as corporate earnings and employment conditions continued to improve. However, the outlook remains uncertain due to factors such as the consumption tax hike of October 2019 and concerns over an economic slowdown triggered by trade friction between the United States and China.

The market for M&A involving small and medium-sized enterprises (SMEs) continues to grow. SMEs are struggling to find successors to their aging owners, and difficulties surrounding business succession at SMEs have been so deep-rooted that the Japanese government considers them to be a policy issue. According to the “2019 White Paper on Small and Medium Enterprises in Japan” issued by the Small and Medium Enterprise Agency in April 2019, the most common age of a business owner was 47 in 1995, and this increased to 69 in 2018. At the same time, the number of managers (directors, sole proprietors) aged 60 or above exceeded those who are 59 and below as of 2017. These figures underscore how business owners and managers in Japan have been rapidly aging and that many SMEs face an urgent need to find successors. While the Japanese government has expanded support systems to enable these companies to stay in business, the Company believes that further enhancement of these systems and the proliferation of M&A solutions are both necessary to encourage more SMEs to look to M&A as a way to effectively tackle this problem.

In light of these conditions, the Company held large-scale seminars in October and November 2018 in five locations around Japan, in February and March 2019 in five locations, and in June and July 2019 in 17 locations. By also providing small seminars, it was able to offer a large number of business owners the opportunity to learn more about M&A. Furthermore, the Company proactively conducted public relations activities, enhanced its public trust and name recognition, and unified its organization by reinforcing a sense of belonging among employees. Through these measures, the Company created an environment that allows customers to consult with its consultants with peace of mind.

To further expand its relationships with tax accountant offices, the Company partnered with the Tohoku Licensed Public Tax Accountant Cooperative in January and with the Shiga Licensed Tax Accountant’s Cooperative in April. In addition, it accepted personnel from partner financial institutions and trained them so that they would be able to better execute M&A operations after they return to their respective companies, and thus strengthened its M&A support systems through collaboration.

The Company actively recruited personnel—adding 42 M&A consultants—in the fiscal year ended August 31, 2019 to handle an increase in the number of deals and drive further growth. Along with the headcount increase, it relocated its Osaka sales office in March to further strengthen its sales capabilities and operational efficiency in the Kansai area.

Furthermore, M&A Online, an M&A information website established by the Company in July 2015, registered over one million monthly page views in November 2018 aided in part by factors such as a database expansion in the fiscal year under review, and has consistently secured monthly page views of over one million since. Against this backdrop, the Company launched the following three new services through M&A Online in July 2019.

- (1) Establishment of “M&A Online Market” (with contributions from the Company and other companies)
- (2) “Company wanted” ads for buying companies
- (3) General advertisements targeted at website users

These initiatives led to 289 new deals during the fiscal year ended August 31, 2019, which was more than expected. Net sales grew 35.6% year on year to ¥5,077 million, boosted by six large deals and a higher average fee per deal closed, although the number of deals closed only grew modestly to 104 deals, from 88 deals during the fiscal year ended August 31, 2018. The sluggish growth in the number of deals closed reflected a longer-than-anticipated duration until deals were closed, caused by an increase in deals involving large seller or buyer companies (the Company’s customers). Cost of sales rose 34.0% year on year to ¥1,910 million, mainly due to investments to actively increase consultants and to higher incentives on increased sales. SG&A expenses expanded 32.6% year on year to ¥1,280 million, primarily due to higher personnel expenses after increasing the number of personnel, an uptick in hiring costs, and increased rent expenses on land and buildings owing to sales office relocations and headquarters expansion. As a result, operating profit rose 39.5% year on year to ¥1,886 million, ordinary profit grew 39.4% year on year to ¥1,889 million primarily on the booking of a commission for purchase of treasury shares, and a bottom-line profit expanded 45.9% year on year to ¥1,342 million.

Business results by segment are omitted, as the Company comprises the single segment of the M&A brokerage business.

## (2) Overview of Financial Condition

### (Assets)

As of August 31, 2019, current assets stood at ¥5,930 million, up ¥827 million from August 31, 2018. This mainly reflected a ¥475 million increase in cash and deposits and a ¥350 million rise in accounts receivable–trade.

Non-current assets amounted to ¥497 million, up ¥180 million from August 31, 2018. This was mainly attributable to a ¥128 million increase in investment securities.

### (Liabilities)

Current liabilities came to ¥1,253 million as of August 31, 2019, up ¥374 million from August 31, 2018. This was mainly the result of a ¥144 million rise in accounts payable–other and a ¥99 million increase in income taxes payable.

Non-current liabilities were ¥11 million, down ¥15 million from August 31, 2018.

### (Net assets)

Net assets totaled ¥5,162 million as of August 31, 2019, up ¥648 million from August 31, 2018. This primarily reflected a ¥1,342 million increase in profit, offsetting a ¥174 million decline in retained earnings due to the payment of dividends and a ¥518 million decrease from the purchase of treasury shares.

## (3) Overview of Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) stood at ¥5,393 million as of August 31, 2019, up ¥475 million from August 31, 2018. Principal factors are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,366 million (compared to ¥1,025 million provided by these activities in the previous fiscal year). This was mainly because of ¥1,889 million in profit before income taxes, despite ¥457 million in income taxes paid.

### (Cash flows from investing activities)

Net cash used in investing activities totaled ¥197 million (compared to ¥115 million used in these activities in the previous fiscal year). This was primarily due to ¥129 million in purchase of investment securities and ¥39 million in payments of leasehold and guarantee deposits.

### (Cash flows from financing activities)

Net cash used in financing activities came to ¥693 million (compared to ¥150 million used in these activities in the previous fiscal year). This was mainly attributable to ¥519 million in purchase of treasury shares and ¥174 million in dividends paid.

## (4) Future Outlook

In the fiscal year ending August 31, 2020, the Company aims to further step up proposal activities and expand its business partnerships. In particular, it is reinforcing its marketing activities targeting SMEs, and it expects that the number of deals closed throughout the year will stabilize and plans to increase new deals by conducting proactive advertising activities and holding seminars. The Company will also continue to increase outstanding consultants with the aim of expanding its business, and strive to train human resources and close more deals by enhancing internal training, raising the technical knowledge of its employees, sharing information on laws and regulations and accounting systems, and sharing expertise required in securing and concluding contracts.

Furthermore, the Company will work to achieve profitability in the three new services launched through M&A Online

during the fiscal year ended August 31, 2019.

For the fiscal year ending August 31, 2020, the Company forecasts net sales of ¥6,275 million, operating profit of ¥2,237 million, ordinary profit of ¥2,237 million, and profit of ¥1,667 million. In addition, the event described in “Significant subsequent events” has been reflected in the Company’s forecasts.

## 2. Basic Policy Regarding Selection of Accounting Standards

The Company applies the Japanese Generally Accepted Accounting Principles (J-GAAP) as its accounting standard to ensure comparability with other companies in the same industry in Japan. With regard to the application of International Financial Reporting Standards (IFRS), the Company’s policy is to respond appropriately while considering factors such as shareholder composition and trends of other companies in the same industry in Japan.

### 3. Financial Statements and Primary Notes

#### (1) Balance Sheet

(Thousand yen)

	As of August 31, 2018	As of August 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	4,918,188	5,393,580
Accounts receivable–trade	152,188	502,862
Prepaid expenses	29,939	33,375
Other	2,746	3,236
Allowance for doubtful accounts	(913)	(3,016)
Total current assets	5,102,150	5,930,037
Non-current assets		
Property, plant and equipment		
Buildings	60,997	79,118
Accumulated depreciation	(7,778)	(12,799)
Buildings, net	53,219	66,318
Tools, furniture and fixtures	40,396	48,177
Accumulated depreciation	(12,755)	(21,581)
Tools, furniture and fixtures, net	27,641	26,596
Total property, plant and equipment	80,861	92,914
Intangible assets		
Software	1,454	884
Total intangible assets	1,454	884
Investments and other assets		
Investment securities	34,719	163,128
Deferred tax assets	39,109	46,173
Other	160,848	194,141
Total investments and other assets	234,676	403,444
Total non-current assets	316,992	497,244
<b>Total assets</b>	<b>5,419,143</b>	<b>6,427,282</b>

(Thousand yen)

	As of August 31, 2018	As of August 31, 2019
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	75,502	105,482
Accounts payable—other	442,127	586,712
Accrued expenses	16,586	16,532
Income taxes payable	269,248	368,594
Deposits received	9,663	21,199
Other	65,789	155,272
Total current liabilities	878,918	1,253,794
Non-current liabilities		
Other	26,380	11,305
Total non-current liabilities	26,380	11,305
Total liabilities	905,298	1,265,100
<b>Net assets</b>		
Shareholders' equity		
Share capital	823,741	823,741
Capital surplus		
Legal capital surplus	801,491	801,491
Total capital surpluses	801,491	801,491
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,880,358	4,048,506
Total retained earnings	2,880,358	4,048,506
Treasury shares	—	(518,618)
Total shareholders' equity	4,505,591	5,155,122
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,058	2,955
Total valuation and translation adjustments	4,058	2,955
Share acquisition rights	4,194	4,104
Total net assets	4,513,844	5,162,181
<b>Total liabilities and net assets</b>	<b>5,419,143</b>	<b>6,427,282</b>



## (2) Statement of Income

(Thousand yen)

	For the fiscal year ended August 31, 2018	For the fiscal year ended August 31, 2019
Net sales	3,743,742	5,077,679
Cost of sales	1,424,999	1,910,168
Gross profit	2,318,743	3,167,510
Selling, general and administrative expenses	965,759	1,280,527
Operating profit	1,352,983	1,886,983
Non-operating income		
Interest income	145	171
Dividend income	1,880	3,525
Other	287	—
Total non-operating income	2,313	3,696
Non-operating expenses		
Commission for purchase of treasury shares	—	1,037
Total non-operating expenses	—	1,037
Ordinary profit	1,355,297	1,889,643
Extraordinary income		
Gain on reversal of share acquisition rights	144	90
Total extraordinary income	144	90
Profit before income taxes	1,355,441	1,889,733
Income taxes—current	424,248	553,975
Income taxes—deferred	11,459	(6,578)
Total income taxes	435,708	547,396
Profit	919,733	1,342,336

### (3) Statement of Changes in Equity

For the fiscal year ended August 31, 2018

(Thousand yen)

	Shareholders' equity							Valuation and translation adjustments		Share acquisition rights	Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings						
				Retained earnings brought forward							
Balance at beginning of period	823,741	801,491	801,491	2,115,459	2,115,459	—	3,740,692	3,902	3,902	—	3,744,594
Changes in items during period											
Dividends of surplus				(154,833)	(154,833)		(154,833)				(154,833)
Profit				919,733	919,733		919,733				919,733
Purchase of treasury shares						—	—				—
Net changes in items other than shareholders' equity								156	156	4,194	4,350
Total changes in items during period	—	—	—	764,899	764,899	—	764,899	156	156	4,194	769,249
Balance at end of period	823,741	801,491	801,491	2,880,358	2,880,358	—	4,505,591	4,058	4,058	4,194	4,513,844

For the fiscal year ended August 31, 2019

(Thousand yen)

	Shareholders' equity							Valuation and translation adjustments		Share acquisition rights	Total net assets
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings						
				Retained earnings brought forward							
Balance at beginning of period	823,741	801,491	801,491	2,880,358	2,880,358	—	4,505,591	4,058	4,058	4,194	4,513,844
Changes in items during period											
Dividends of surplus				(174,187)	(174,187)		(174,187)				(174,187)
Profit				1,342,336	1,342,336		1,342,336				1,342,336
Purchase of treasury shares						(518,618)	(518,618)				(518,618)
Net changes in items other than shareholders' equity								(1,102)	(1,102)	(90)	(1,192)
Total changes in items during period	—	—	—	1,168,148	1,168,148	(518,618)	649,530	(1,102)	(1,102)	(90)	648,337
Balance at end of period	823,741	801,491	801,491	4,048,506	4,048,506	(518,618)	5,155,122	2,955	2,955	4,104	5,162,181

## (4) Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended August 31, 2018	For the fiscal year ended August 31, 2019
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,355,441	1,889,733
Depreciation	12,308	16,669
Increase (decrease) in allowance for doubtful accounts	351	2,103
Interest and dividend income	(2,025)	(3,696)
Decrease (increase) in trade receivables	(58,569)	(350,674)
Increase (decrease) in trade payables	53,372	29,980
Increase (decrease) in accounts payable—other	91,218	144,478
Increase (decrease) in accrued consumption taxes	(7,728)	56,920
Other, net	(25,650)	35,086
Subtotal	1,418,717	1,820,600
Interest and dividends received	2,025	3,696
Income taxes paid	(395,393)	(457,461)
Net cash provided by (used in) operating activities	1,025,349	1,366,835
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(49,344)	(28,153)
Purchase of investment securities	(10,500)	(129,998)
Payments of leasehold and guarantee deposits	(56,839)	(39,768)
Proceeds from refund of leasehold and guarantee deposits	3,705	2,493
Other, net	(2,101)	(2,280)
Net cash provided by (used in) investing activities	(115,080)	(197,707)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share acquisition rights	4,338	—
Purchase of treasury shares	—	(519,655)
Dividends paid	(154,575)	(174,081)
Net cash provided by (used in) financing activities	(150,237)	(693,736)
Net increase (decrease) in cash and cash equivalents	760,032	475,391
Cash and cash equivalents at beginning of period	4,158,156	4,918,188
Cash and cash equivalents at end of period	4,918,188	5,393,580

(5) Notes to the Financial Statements  
(Notes on going concern assumption)

There is no relevant information.

(Changes in presentation)

(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

The Company has applied changes outlined in Partial Amendments to Accounting Standard for Tax Effect Accounting (Accounting Standards Board of Japan [ASBJ] Statement No. 28; February 16, 2018) and relevant accounting standards from the beginning of the fiscal year ended August 31, 2019, under which deferred tax assets are now presented as part of investments and other assets and deferred tax liabilities are reported as part of non-current liabilities.

As a result, on the balance sheet for the fiscal year ended August 31, 2018, ¥28,395,000 in “deferred tax assets” under “current assets” have been included in ¥39,109,000 in “deferred tax assets” under “investments and other assets.”

(Equity in earnings (losses) of affiliates)

There is no relevant information.

(Segment information)

(Segment information)

Business results by segment are omitted, as the Company comprises the single segment of the M&A brokerage business.

(Per share information)

	For the fiscal year ended August 31, 2018	For the fiscal year ended August 31, 2019
Net assets per share	¥233.01	¥270.00
Basic earnings per share	¥47.52	¥69.86
Diluted earnings per share	¥47.39	¥—

(Notes) 1. The Company conducted a two-for-one stock split on common shares on June 1, 2018. However, basic earnings per share and diluted earnings per share are calculated as if this stock split had been conducted at the beginning of the fiscal year ended August 31, 2018.

2. Diluted earnings per share are not shown for the fiscal year ended August 31, 2019 because there were no shares with a dilutive effect.

3. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended August 31, 2018	For the fiscal year ended August 31, 2019
Basic earnings per share		
Profit (Thousand yen)	919,733	1,342,336
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit relating to common shares (Thousand yen)	919,733	1,342,336
Average number of shares outstanding (common shares) during each fiscal year (Shares)	19,354,200	19,214,745
Diluted earnings per share		
Adjustment for profit (Thousand yen)	—	—
Increase in number of common shares (Shares)	52,007	—
(Share acquisition rights included in the above) (Shares)	(52,007)	(—)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	No. 2 share acquisition rights approved at Board meeting held on November 30, 2017: 1,140 units (common stock: 228,000 shares)

(Significant subsequent events)

(Sale of investment securities)

The Company resolved to sell a portion of its investment securities (unlisted stocks), and completed the sale on September 30, 2019. As a result, it expects to record a ¥225,000,000 gain on sale of investment securities as an extraordinary income in the first three months of the fiscal year ending August 31, 2020.