

# Non-Consolidated Financial Results for the Fiscal Year Ended August 31, 2018 [Japanese GAAP]



September 27, 2018

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 27, 2018  
 Scheduled date of filing annual securities report: November 28, 2018  
 Scheduled date of commencing dividend payments: November 28, 2018  
 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, 2018 (September 1, 2017 to August 31, 2018)

### (1) Operating Results

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

|                                   | Net sales   |      | Operating profit |      | Ordinary profit |      | Profit      |      |
|-----------------------------------|-------------|------|------------------|------|-----------------|------|-------------|------|
|                                   | Million yen | %    | Million yen      | %    | Million yen     | %    | Million yen | %    |
| Fiscal year ended August 31, 2018 | 3,743       | 21.1 | 1,352            | 17.6 | 1,355           | 18.4 | 919         | 14.4 |
| August 31, 2017                   | 3,092       | 54.1 | 1,150            | 44.4 | 1,144           | 44.9 | 803         | 57.4 |

  

|                                   | 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, 2018 | 47.52                    | 47.39                      | 22.3                     | 27.3                            | 36.1                          |
| August 31, 2017                   | 43.39                    | —                          | 26.8                     | 31.7                            | 37.2                          |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended August 31, 2018: ¥— million  
 Fiscal year ended August 31, 2017: ¥— million

- (Notes) 1. Diluted earnings per share are not shown for the fiscal year ended August 31, 2017 because no dilutive shares existed.
2. The Company conducted a three-for-one stock split on common shares on December 1, 2016, and 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 these stock splits had been conducted at the beginning of the fiscal year ended August 31, 2017.

### (2) Financial Position

|                       | Total assets | Net assets  | Equity ratio | Net assets per share |
|-----------------------|--------------|-------------|--------------|----------------------|
|                       | Million yen  | Million yen | %            | Yen                  |
| As of August 31, 2018 | 5,419        | 4,513       | 83.2         | 233.01               |
| As of August 31, 2017 | 4,507        | 3,744       | 83.1         | 193.48               |

(Reference) Equity: As of August 31, 2018: ¥4,509 million  
 As of August 31, 2017: ¥3,744 million

- (Note) The Company conducted a three-for-one stock split on common shares on December 1, 2016, and a two-for-one stock split on common shares on June 1, 2018. However, net assets per share are calculated as if these stock splits had been conducted at the beginning of the fiscal year ended August 31, 2017.

### (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, 2018 | 1,025                                | (115)                                | (150)                                | 4,918                                      |
| August 31, 2017                   | 1,108                                | (7)                                  | 673                                  | 4,158                                      |

## 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 August 31, 2017             | Yen<br>—         | Yen<br>0.00     | Yen<br>—        | Yen<br>16.00 | Yen<br>16.00 | Million yen<br>154 | %<br>18.4    | %<br>5.0                |
| August 31, 2018                               | —                | 0.00            | —               | 9.00         | 9.00         | 174                | 18.9         | 4.2                     |
| Fiscal year ending August 31, 2019 (forecast) | —                | 0.00            | —               | 11.00        | 11.00        |                    | 20.0         |                         |

(Note) The Company conducted a two-for-one stock split on common shares on June 1, 2018. Stated dividend amounts for the fiscal year ended August 31, 2017 are prior to the stock split. The impact of this stock split is taken into consideration for the fiscal year ended August 31, 2018.

## 3. Financial Results Forecast for the Fiscal Year Ending August 31, 2019 (September 1, 2018 to August 31, 2019)

(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 | %    | Yen                      |
| First half | 2,254       | 45.2 | 790              | 60.5 | 790             | 60.4 | 528         | 59.6 | 27.32                    |
| Full year  | 4,545       | 21.4 | 1,591            | 17.6 | 1,591           | 17.5 | 1,066       | 16.0 | 55.11                    |

### 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: Yes
- 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, 2018: 19,354,200 shares

August 31, 2017: 19,354,200 shares

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

August 31, 2018: — shares

August 31, 2017: — shares

3) Average number of shares during the period:

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

Fiscal year ended August 31, 2017: 18,522,750 shares

(Note) The Company conducted a three-for-one stock split on common shares on December 1, 2016, and 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 these stock splits had been conducted at the beginning of the fiscal year ended August 31, 2017.

\* These financial statements are outside the scope of audit procedures by certified public accountant and auditing firm.

### \* Explanation of the proper use of financial results 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 Wednesday, October 10, 2018. 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, 2018, the Japanese economy was on a moderate recovery trend as corporate earnings and employment conditions continued to improve supported by factors such as the Bank of Japan's decision to maintain its monetary easing policy.

The market for M&A involving small and medium-sized enterprises (SMEs) continued to grow. According to "The Productivity Improvement of SMEs and Micro Enterprises" released in October 2017 by the Ministry of Economy, Trade and Industry, the peak age of SME business owners is growing progressively older, from 47 to 66 over the past 20 years. By 2025, more than 60% of SME and micro enterprise owners will be over 70 years old as the baby boomer generation approaches widespread retirement. Furthermore, the Small and Medium Enterprise Agency announced the Five-Year Plan for Business Succession in July 2017. This plan positions the next five years as period of concentrated business succession and outlines policies to drastically strengthen support systems and measures. While business succession is being treated as a national issue in such areas as tax reform, where revisions to the business succession tax system are being hotly debated, M&A is gaining recognition as an effective means of resolving problems related to business succession among companies that are struggling to find successors.

In this environment, the Company cultivated new customers by holding seminars in September 2017 in Nagano and Matsumoto, in October and November 2017 in 15 locations around Japan, in February and March 2018 in five locations around Japan, and in June and July 2018 in 16 locations around Japan. These seminars provided case studies of business succession through M&A and featured comments by former business owners who had sold their companies in this manner. Furthermore, the Company invested in internal systems to improve deal management, and aimed to develop a structure that can more adequately support progress management for the growing number of deals.

The Company relocated its Fukuoka sales office in September 2017 and its Nagoya sales office in January 2018 to augment sales capabilities and bolster operating efficiency. It expanded the floor space of its Tokyo headquarters in June 2018 to accommodate an increase in personnel.

On the personnel front, the Company added 17 M&A consultants in the fiscal year ended August 31, 2018 to handle an increase in the number of deals.

As a result, the Company concluded contracts for 88 deals in the fiscal year ended August 31, 2018 (67 in the previous fiscal year). Net sales were ¥3,743 million (up 21.1% year on year), operating profit was ¥1,352 million (up 17.6% year on year), ordinary profit was ¥1,355 million (up 18.4% year on year), and profit was ¥919 million (up 14.4% year on year), with results reaching new record highs.

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, 2018, current assets stood at ¥5,130 million, up ¥816 million from August 31, 2017. The main reason for this increase was a ¥760 million rise in cash and deposits.

Non-current assets amounted to ¥288 million, up ¥94 million from August 31, 2017. This was mainly attributable to a ¥37 million rise in property, plant and equipment and a ¥58 million increase in investments and other assets.

#### (Liabilities)

Current liabilities came to ¥878 million on August 31, 2018, up ¥157 million from August 31, 2017. The increase was mainly the result of a ¥53 million rise in accounts payable—trade and a ¥91 million increase in accounts payable—other.

Non-current liabilities were ¥26 million, down ¥15 million from August 31, 2017.

#### (Net assets)

Net assets were ¥4,513 million on August 31, 2018, up ¥769 million from August 31, 2017. This expansion was due

mainly to a ¥919 million rise in profit, while retained earnings fell ¥154 million due to the payment of dividends.

### (3) Overview of Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) stood at ¥4,918 million on August 31, 2018, up ¥760 million from August 31, 2017. The main reasons for this increase are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,025 million (compared to ¥1,108 million provided by these activities in the previous fiscal year). This was mainly because of ¥1,355 million in profit before income taxes, despite ¥395 million in income taxes paid.

#### (Cash flows from investing activities)

Net cash used in investing activities totaled ¥115 million (compared to ¥7 million used in these activities in the previous fiscal year). This was mainly due to ¥56 million in payments for lease and guarantee deposits and ¥49 million in purchase of property, plant and equipment.

#### (Cash flows from financing activities)

Net cash used in financing activities came to ¥150 million (compared to ¥673 million provided by these activities in the previous fiscal year). This was mainly attributable to ¥154 million in cash dividends paid.

### (4) Future Outlook

In the fiscal year ending August 31, 2019, the Company aims to further develop internal systems, step up proposal activities, and expand its business partnerships. In particular, the Company is reinforcing its marketing activities targeting SMEs, and expects that the number of contracts concluded throughout the year will stabilize. In the first half of the fiscal year, the Company plans to conduct proactive advertising activities and hold seminars. It will encourage an increase of outstanding consultants with the aim of expanding its business, and work to develop its human resources 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.

Regarding financial results forecasts for the fiscal year ending August 31, 2019, the Company forecasts net sales of ¥4,545 million, operating profit of ¥1,591 million, ordinary profit of ¥1,591 million, and profit of ¥1,066 million.

## 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 Important Notes

#### (1) Balance Sheets

(Thousand yen)

|  | As of August 31, 2017 | As of August 31, 2018 |
|--|-----------------------|-----------------------|
| <b>Assets</b>                              |                       |                       |
| Current assets                             |                       |                       |
| Cash and deposits                          | 4,158,156             | 4,918,188             |
| Accounts receivable–trade                  | 93,618                | 152,188               |
| Prepaid expenses                           | 24,171                | 29,939                |
| Deferred tax assets                        | 36,293                | 28,395                |
| Other                                      | 1,980                 | 2,746                 |
| Allowance for doubtful accounts            | (562)                 | (913)                 |
| <b>Total current assets</b>                | <b>4,313,658</b>      | <b>5,130,545</b>      |
| Non-current assets                         |                       |                       |
| Property, plant and equipment              |                       |                       |
| Buildings                                  | 32,258                | 60,997                |
| Accumulated depreciation                   | (4,798)               | (7,778)               |
| Buildings, net                             | 27,460                | 53,219                |
| Tools, furniture and fixtures              | 19,466                | 40,396                |
| Accumulated depreciation                   | (5,993)               | (12,755)              |
| Tools, furniture and fixtures, net         | 13,472                | 27,641                |
| Construction in progress                   | 2,700                 | —                     |
| <b>Total property, plant and equipment</b> | <b>43,632</b>         | <b>80,861</b>         |
| Intangible assets                          |                       |                       |
| Software                                   | 2,068                 | 1,454                 |
| <b>Total intangible assets</b>             | <b>2,068</b>          | <b>1,454</b>          |
| Investments and other assets               |                       |                       |
| Investment securities                      | 23,994                | 34,719                |
| Deferred tax assets                        | 14,344                | 10,713                |
| Other                                      | 109,577               | 160,848               |
| <b>Total investments and other assets</b>  | <b>147,915</b>        | <b>206,281</b>        |
| <b>Total non-current assets</b>            | <b>193,616</b>        | <b>288,597</b>        |
| <b>Total assets</b>                        | <b>4,507,275</b>      | <b>5,419,143</b>      |

(Thousand yen)

|   | As of August 31, 2017 | As of August 31, 2018 |
|---|-----------------------|-----------------------|
| <b>Liabilities</b>                                    |                       |                       |
| Current liabilities                                   |                       |                       |
| Accounts payable—trade                                | 22,130                | 75,502                |
| Accounts payable—other                                | 351,072               | 442,127               |
| Accrued expenses                                      | 16,831                | 16,586                |
| Income taxes payable                                  | 241,558               | 269,248               |
| Advances received                                     | 11,500                | —                     |
| Deposits received                                     | 4,615                 | 9,663                 |
| Other   | 73,517                | 65,789                |
| Total current liabilities                             | 721,225               | 878,918               |
| Non-current liabilities                               |                       |                       |
| Other   | 41,455                | 26,380                |
| Total non-current liabilities                         | 41,455                | 26,380                |
| Total liabilities                                     | 762,680               | 905,298               |
| <b>Net assets</b>                                     |                       |                       |
| Shareholders' equity                                  |                       |                       |
| Capital stock   | 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                     | 2,115,459             | 2,880,358             |
| Total retained earnings                               | 2,115,459             | 2,880,358             |
| Total shareholders' equity                            | 3,740,692             | 4,505,591             |
| Valuation and translation adjustments                 |                       |                       |
| Valuation difference on available-for-sale securities | 3,902                 | 4,058                 |
| Total valuation and translation adjustments           | 3,902                 | 4,058                 |
| Share acquisition rights                              | —                     | 4,194                 |
| Total net assets                                      | 3,744,594             | 4,513,844             |
| <b>Total liabilities and net assets</b>               | <b>4,507,275</b>      | <b>5,419,143</b>      |

## (2) Statements of Income

(Thousand yen)

|  | For the fiscal year ended<br>August 31, 2017 | For the fiscal year ended<br>August 31, 2018 |
|--|--|--|
| Net sales                                    | 3,092,644                                    | 3,743,742                                    |
| Cost of sales                                | 1,242,651                                    | 1,424,999                                    |
| Gross profit                                 | 1,849,992                                    | 2,318,743                                    |
| Selling, general and administrative expenses | 699,407                                      | 965,759                                      |
| Operating profit                             | 1,150,585                                    | 1,352,983                                    |
| Non-operating income                         |  |  |
| Interest income                              | 100  | 145  |
| Dividend income                              | 1,503  | 1,880  |
| Other  | 75   | 287  |
| Total non-operating income                   | 1,679  | 2,313  |
| Non-operating expenses                       |  |  |
| Share issuance cost                          | 7,623  | —  |
| Total non-operating expenses                 | 7,623  | —  |
| Ordinary profit                              | 1,144,641                                    | 1,355,297                                    |
| Extraordinary income                         |  |  |
| Gain on reversal of share acquisition rights | —  | 144  |
| Total extraordinary income                   | —  | 144  |
| Profit before income taxes                   | 1,144,641                                    | 1,355,441                                    |
| Income taxes—current                         | 358,440                                      | 424,248                                      |
| Income taxes—deferred                        | (17,533)                                     | 11,459                                       |
| Total income taxes                           | 340,907                                      | 435,708                                      |
| Profit                                       | 803,733                                      | 919,733                                      |



### (3) Statements of Changes in Net Assets

For the fiscal year ended August 31, 2017

(Thousand yen)

|  | Shareholders' equity |                       |                       |                                   |                         |                            | Valuation and translation adjustments                  |   | Share acquisition rights | Total net assets |
|--|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|----------------------------|--|---|--------------------------|------------------|
|  | Capital stock        | Capital surplus       |                       | Retained earnings                 |                         | Total shareholders' equity | Valuation difference on available-for-sales 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 current period               | 431,268              | 409,018               | 409,018               | 1,415,749                         | 1,415,749               | 2,256,035                  | 2,148  | 2,148                                       | —                        | 2,258,184        |
| Changes of items during period                       |                      |                       |                       |                                   |                         |                            |  |   |                          |                  |
| Issuance of new shares                               | 392,473              | 392,473               | 392,473               |                                   |                         | 784,946                    |  |   |                          | 784,946          |
| Dividends of surplus                                 |                      |                       |                       | (104,023)                         | (104,023)               | (104,023)                  |  |   |                          | (104,023)        |
| Profit   |                      |                       |                       | 803,733                           | 803,733                 | 803,733                    |  |   |                          | 803,733          |
| Net changes of items other than shareholders' equity |                      |                       |                       |                                   |                         |                            | 1,753  | 1,753                                       | —                        | 1,753            |
| Total changes of items during period                 | 392,473              | 392,473               | 392,473               | 699,710                           | 699,710                 | 1,484,657                  | 1,753  | 1,753                                       | —                        | 1,486,410        |
| Balance at end of current period                     | 823,741              | 801,491               | 801,491               | 2,115,459                         | 2,115,459               | 3,740,692                  | 3,902  | 3,902                                       | —                        | 3,744,594        |

For the fiscal year ended August 31, 2018

(Thousand yen)

|  | Shareholders' equity |                       |                       |                                   |                         |                            | Valuation and translation adjustments                  |   | Share acquisition rights | Total net assets |
|--|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|----------------------------|--|---|--------------------------|------------------|
|  | Capital stock        | Capital surplus       |                       | Retained earnings                 |                         | Total shareholders' equity | Valuation difference on available-for-sales 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 current period               | 823,741              | 801,491               | 801,491               | 2,115,459                         | 2,115,459               | 3,740,692                  | 3,902  | 3,902                                       | —                        | 3,744,594        |
| Changes of items during period                       |                      |                       |                       |                                   |                         |                            |  |   |                          |                  |
| Issuance of new shares                               |                      |                       |                       |                                   |                         |                            |  |   |                          |                  |
| Dividends of surplus                                 |                      |                       |                       | (154,833)                         | (154,833)               | (154,833)                  |  |   |                          | (154,833)        |
| Profit   |                      |                       |                       | 919,733                           | 919,733                 | 919,733                    |  |   |                          | 919,733          |
| Net changes of items other than shareholders' equity |                      |                       |                       |                                   |                         |                            | 156  | 156   | 4,194                    | 4,350            |
| Total changes of items during period                 | —                    | —                     | —                     | 764,899                           | 764,899                 | 764,899                    | 156  | 156   | 4,194                    | 769,249          |
| Balance at end of current 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        |

## (4) Statements of Cash Flows

(Thousand yen)

|  | For the fiscal year ended<br>August 31, 2017 | For the fiscal year ended<br>August 31, 2018 |
|--|--|--|
| <b>Cash flows from operating activities</b>                |  |  |
| Profit before income taxes                                 | 1,144,641                                    | 1,355,441                                    |
| Depreciation   | 8,019  | 12,308                                       |
| Increase (decrease) in allowance for doubtful accounts     | 8  | 351  |
| Interest and dividend income                               | (1,603)                                      | (2,025)                                      |
| Share issuance cost  | 7,623  | —  |
| Decrease (increase) in notes and accounts receivable—trade | (1,148)                                      | (58,569)                                     |
| Increase (decrease) in notes and accounts payable—trade    | (1,064)                                      | 53,372                                       |
| Increase (decrease) in accounts payable—other              | 152,777                                      | 91,218                                       |
| Increase (decrease) in accrued consumption taxes           | 30,972                                       | (7,728)                                      |
| Other, net   | 77,327                                       | (25,650)                                     |
| Subtotal   | 1,417,551                                    | 1,418,717                                    |
| Interest and dividend income received                      | 1,603  | 2,025  |
| Income taxes paid  | (310,930)                                    | (395,393)                                    |
| Net cash provided by (used in) operating activities        | 1,108,225                                    | 1,025,349                                    |
| <b>Cash flows from investing activities</b>                |  |  |
| Purchase of property, plant and equipment                  | (5,949)                                      | (49,344)                                     |
| Purchase of intangible assets                              | (1,618)                                      | —  |
| Purchase of investment securities                          | (1,000)                                      | (10,500)                                     |
| Payments for lease and guarantee deposits                  | (13,346)                                     | (56,839)                                     |
| Proceeds from collection of lease and guarantee deposits   | 14,429                                       | 3,705  |
| Other, net   | —  | (2,101)                                      |
| Net cash provided by (used in) investing activities        | (7,484)                                      | (115,080)                                    |
| <b>Cash flows from financing activities</b>                |  |  |
| Proceeds from issuance of common shares                    | 777,323                                      | —  |
| Proceeds from issuance of share acquisition rights         | —  | 4,338  |
| Cash dividends paid  | (103,978)                                    | (154,575)                                    |
| Net cash provided by (used in) financing activities        | 673,344                                      | (150,237)                                    |
| Net increase (decrease) in cash and cash equivalents       | 1,774,085                                    | 760,032                                      |
| Cash and cash equivalents at beginning of period           | 2,384,070                                    | 4,158,156                                    |
| Cash and cash equivalents at end of period                 | 4,158,156                                    | 4,918,188                                    |

## (5) Notes to the Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions)

The company has decided to apply the Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions (Practical Issues Task Force [PITF] No. 36, January 12, 2018; hereinafter PITF No. 36) effective from April 1, 2018, and to account for transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions in accordance with the Accounting Standard for Share-based Payment (Accounting Standards Board of Japan [ASBJ] Statement No. 8, December 27, 2005) and relevant accounting standards.

However, PITF No. 36 is applied in accordance with the transitional provisions provided for in PITF No. 36 10 (3), and previously adopted accounting standards are continually applied for transactions granting employees and others stock acquisition rights, which involved considerations, with vesting conditions implemented before the adoption of PITF No. 36.

(Segment information)

(Segment information)

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

(Equity in earnings (losses))

There is no relevant information.

(Per share information)

|                            | For the fiscal year ended<br>August 31, 2017 | For the fiscal year ended<br>August 31, 2018 |
|----------------------------|--|--|
| Net assets per share       | ¥193.48                                      | ¥233.01                                      |
| Basic earnings per share   | ¥43.39                                       | ¥47.52                                       |
| Diluted earnings per share | ¥—   | ¥47.39                                       |

- (Notes)
1. Diluted earnings per share are not shown for the fiscal year ended August 31, 2017 because no dilutive shares existed.
  2. The Company conducted a three-for-one stock split on common shares on December 1, 2016, and a two-for-one stock split on common shares on June 1, 2018. However, net assets per share, basic earnings per share, and diluted earnings per share are calculated as if these stock splits had been conducted at the beginning of the fiscal year ended August 31, 2017.
  3. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

|   | For the fiscal year ended<br>August 31, 2017 | For the fiscal year ended<br>August 31, 2018 |
|---|--|--|
| Basic earnings per share  |  |  |
| Profit (Thousand yen)   | 803,733                                      | 919,733                                      |
| Amount not attributable to common shareholders<br>(Thousand yen)                    | —  | —  |
| Profit relating to common shares (Thousand yen)                                     | 803,733                                      | 919,733                                      |
| Average number of issued shares (common shares)<br>during each fiscal year (Shares) | 18,522,750                                   | 19,354,200                                   |
|   |  |  |

|   |   |          |
|---|---|----------|
| Diluted earnings per share  |   |          |
| Adjustment for profit (Thousand yen)  | — | —        |
| Increase in number of common shares<br>(Shares)   | — | 52,007   |
| (Share acquisition rights included in the above)<br>(Shares)  | — | (52,007) |
| Overview of residual shares not included in calculation of<br>diluted earnings per share due to lack of dilutive effect | — | —        |

(Significant subsequent events)

There is no relevant information.