

**Non-Consolidated Financial Results**  
**For the Three Months Ended November 30, 2018**  
**[Japanese GAAP]**



December 25, 2018

Company name: Strike Co., Ltd.  
 Stock exchange listing: First Section, Tokyo Stock Exchange  
 Code number: 6196  
 URL: <https://www.strike.co.jp/>  
 Representative: Kunihiro Arai, President and CEO  
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 Scheduled date of filing quarterly securities report: January 15, 2019  
 Scheduled date of commencing dividend payments: None  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: None

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

**1. Financial Results for the Three Months Ended November 30, 2018 (September 1, 2018 to November 30, 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	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
November 30, 2018	827	17.5	229	-1.6	230	-1.6	151	-4.8
November 30, 2017	704	3.1	233	-8.8	233	-8.8	159	1.3

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
November 30, 2018	7.85	7.82
November 30, 2017	8.24	—

- (Notes) 1. Diluted earnings per share are not shown for the three months ended November 30, 2017 because no dilutive shares existed.  
 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
	Million yen	Million yen	%
As of November 30, 2018	4,869	4,491	92.2
As of August 31, 2018	5,419	4,513	83.2

(Reference) Equity: As of November 30, 2018: ¥4,487 million  
 As of August 31, 2018: ¥4,509 million

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2018	—	0.00	—	9.00	9.00
Fiscal year ending August 31, 2019	—				
Fiscal year ending August 31, 2019 (forecast)		0.00	—	11.00	11.00

(Note) Changes in dividend forecast subsequent to most recent announcement: None

### 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

(Note) Changes in financial results forecast subsequent to most recent announcement: None

Notes:

(1) Application of special accounting treatment in preparing the quarterly financial statements: None

(2) 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

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

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

November 30, 2018: 19,354,200 shares

August 31, 2018: 19,354,200 shares

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

November 30, 2018: — shares

August 31, 2018: — shares

3) Average number of shares during the period:

Three months ended November 30, 2018: 19,354,200 shares

Three months ended November 30, 2017: 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 quarterly financial statements are outside the scope of quarterly review 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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

In the first three months of the fiscal year ending August 31, 2019, the Japanese economy exhibited a gradual recovery as corporate earnings and employment conditions continued to improve. However, the outlook remains murky due to uncertainty regarding economic trends caused by trade friction between the United States and China.

The market for M&A involving small and medium-sized enterprises (SMEs), which is the Company's area of business, continues to expand. SMEs struggle to find successors as their business owners age, and difficulties surrounding business succession at SMEs are so deep-rooted that the Japanese government considers them to be a policy issue. According to "The Productivity Improvement of SMEs and Micro Enterprises" released in October 2017 by the Ministry of Economy, Trade and Industry, about 2.45 million SME and micro enterprise owners will pass the age of 70 over the next ten years. Successors remain undecided for about half of these cases (1.27 million; about 30% of all Japanese companies). The Japanese government is expanding support systems to enable these companies to stay in business, but the Company believes that further enhancement of these systems and the spread of M&A solutions are both necessary for making companies that lack successors recognize M&A as a powerful solution to this issue.

Under this environment, the Company completely reformed its corporate identity (CI) and renewed its corporate logo. The new logo comprises three circles that express "seller companies," "buyer companies," and "Strike," the broker between them, and symbolizes the Company's stance of conducting business earnestly in order to realize M&A that values people's sentiments. In line with this stance, the Company has actively conducted public relations activities aimed at raising its external credibility and further establishing its reputation. It has also raised its employees' senses of belonging by unifying its internal organizations. Through these measures, the Company has established an environment that allows for secure and relaxed consultation with customers.

In terms of operations, the Company has strengthened M&A support systems by accepting personnel from partner financial institutions and training M&A human resources.

In addition, to handle an increase in its number of deals, the Company added 16 M&A consultants during the first three months of the fiscal year.

The Company is also working to increase recognition of M&A by expanding the database of its M&A portal website, "M&A Online." Specifically, it has constructed a database that allows users to search through all cases of M&A conducted in Japan that were announced in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange and makes all data recorded within the past five years free and public. With these efforts, M&A Online's monthly page views exceeded one million for the first time, enabling the Company to accelerate the proliferation of M&A.

As a result of these initiatives, sales per agreement increased year on year although the number of agreements closed fell to 22 in the first three months (24 in the first three months of the previous fiscal year), resulting in net sales of ¥827 million (up 17.5% year on year). On the other hand, the Company's rent burden increased due to sales office relocations and the expansion of its headquarters while personnel expenses rose as a result of the Company's active recruiting activities. Impacted by these factors, operating profit fell 1.6% year on year, to ¥229 million, ordinary profit declined 1.6%, to ¥230 million, and profit dropped 4.8%, to ¥151 million.

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

### (2) Explanation of Financial Condition

#### (Assets)

As of November 30, 2018, current assets stood at ¥4,434 million, down ¥667 million from August 31, 2018. The main reason for this decrease was a ¥699 million drop in cash and deposits, although accounts receivable—trade expanded ¥28 million.

Non-current assets amounted to ¥435 million, up ¥118 million, attributable primarily to a ¥122 million rise in investments and other assets.

(Liabilities)

Current liabilities came to ¥355 million on November 30, 2018, down ¥523 million from August 31, 2018. The decrease was mainly the result of a ¥41 million fall in accounts payable—trade, a ¥178 million drop in income taxes payable, and a ¥383 million decline in other current liabilities, despite a ¥79 million increase in provision for bonuses.

Non-current liabilities were ¥22 million, down ¥3 million from August 31, 2018.

(Net assets)

Net assets were ¥4,491 million on November 30, 2018, down ¥22 million from August 31, 2018. This decrease was due mainly to a ¥174 million decline in retained earnings due to the payment of dividends, despite a ¥151 million increase in profit.

### (3) Explanation of Financial Results Forecast and Other Forward-Looking Information

The Company's financial results forecast for the fiscal year ending August 31, 2019 is currently unchanged from the figures announced on September 27, 2018.

## 2. Quarterly Financial Statements and Primary Notes

### (1) Balance Sheets

(Thousand yen)

	As of August 31, 2018	As of November 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	4,918,188	4,218,410
Accounts receivable—trade	152,188	180,929
Other	32,686	35,986
Allowance for doubtful accounts	(913)	(1,085)
Total current assets	5,102,150	4,434,241
Non-current assets		
Property, plant and equipment	80,861	77,264
Intangible assets	1,454	1,310
Investments and other assets	234,676	356,818
Total non-current assets	316,992	435,393
Total assets	5,419,143	4,869,635
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	75,502	33,793
Income taxes payable	269,248	91,004
Provision for bonuses	—	79,295
Other	534,167	151,141
Total current liabilities	878,918	355,235
Non-current liabilities		
Other	26,380	22,611
Total non-current liabilities	26,380	22,611
Total liabilities	905,298	377,847
<b>Net assets</b>		
Shareholders' equity		
Capital stock	823,741	823,741
Legal capital surplus	801,491	801,491
Retained earnings	2,880,358	2,858,039
Total shareholders' equity	4,505,591	4,483,272
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,058	4,321
Total valuation and translation adjustments	4,058	4,321
Share acquisition rights	4,194	4,194
Total net assets	4,513,844	4,491,788
Total liabilities and net assets	5,419,143	4,869,635

## (2) Statements of Income

(Thousand yen)

	For the three months ended November 30, 2017	For the three months ended November 30, 2018
Net sales	704,085	827,320
Cost of sales	234,881	276,488
Gross profit	469,203	550,831
Selling, general and administrative expenses	235,418	320,862
Operating profit	233,784	229,969
Non-operating profit		
Interest income	27	45
Other	24	—
Total non-operating profit	51	45
Ordinary profit	233,836	230,014
Profit before income taxes	233,836	230,014
Income taxes—current	76,404	83,140
Income taxes—deferred	(2,048)	(4,994)
Total income taxes	74,356	78,146
Profit	159,479	151,868

### (3) Notes to the Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Additional information)

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

The Company has been applying 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 since the beginning of the first three months of the fiscal year ending August 31, 2019. These changes are indicated in the classifications of deferred tax assets as investments and other assets and of deferred tax liabilities as non-current liabilities.