

## Q3 FY2024/9 Non-Consolidated Financial Results [Japanese GAAP]

July 30, 2024

Company name: Strike Co., Ltd.  
 Stock exchange listing: Prime Market, Tokyo Stock Exchange  
 Code number: 6196  
 URL: <https://www.strike.co.jp/>  
 Representative: Kunihiko Arai, President and CEO  
 Contact: Koichi Nakamura, Director, Executive Officer and CFO  
 Phone: +81 3-6895-6196  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on financial results: Available  
 Schedule of financial results briefing session: None (scheduled to distribute earnings video)

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

### 1. Financial Results for the Nine Months Ended June 30, 2024 (October 1, 2023 to June 30, 2024)

#### (1) Operating Results

(Percentages indicate year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended June 30, 2024	13,272	45.3	4,986	69.2	4,982	68.6	3,308	66.3
June 30, 2023	9,132	28.1	2,947	13.3	2,955	13.5	1,989	13.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2024	172.31	—
June 30, 2023	103.68	—

(Note) Diluted earnings per share have been omitted due to an absence of dilutive shares.

#### (2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	20,079	16,824	83.8
As of September 30, 2023	18,285	14,503	79.3

(Reference) Equity: As of June 30, 2024: ¥16,824 million

As of September 30, 2023: ¥14,503 million

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2023	—	0.00	—	51.00	51.00
Fiscal year ending September 30, 2024	—	0.00	—		
Fiscal year ending September 30, 2024 (forecast)				85.00	85.00

(Note) Changes in dividend forecast subsequent to most recent announcement: Yes

For details regarding the revision to the dividend forecast, please refer to the “Notice Regarding Revisions of Payout Ratio and Dividend Forecast (Dividend Hike) as well as Discontinuation of Shareholder Special Benefit Plan” released today (July 30, 2024).

### 3. Earnings Forecasts for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(Percentages indicate year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	18,218	31.8	7,037	35.3	7,030	34.9	4,677	21.0	243.57

(Note) Changes in earnings forecasts 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):

As of June 30, 2024: 19,354,200 shares

As of September 30, 2023: 19,354,200 shares

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

As of June 30, 2024: 151,370 shares

As of September 30, 2023: 151,339 shares

3) Average number of shares outstanding during the period:

For the nine months ended June 30, 2024: 19,202,844 shares

For the nine months ended June 30, 2023: 19,191,056 shares

\* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

#### \* Explanation of the proper use of earnings forecasts 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

During the nine months ended June 30, 2024, the Japanese economy displayed signs of a gradual recovery. This was driven by the normalization of economic activity, a pickup in personal consumption, growth in inbound demand, and improvements in the employment and income environment. On the other hand, the outlook remains uncertain due to factors such as soaring resource and energy prices caused by protracted conflict in Ukraine, heightening tensions in the Middle East, and concerns about a slowdown in economic growth in various countries owing to monetary tightening aimed at curbing inflation.

The market for mergers and acquisitions of small and medium-sized enterprises (SMEs), in which the Company's main M&A brokerage business operates, has been on a medium- to long-term growth trend, on the back of the continued aging of SME business owners and the associated rise in the percentage of SMEs without successors passing on their business to third parties through M&A. Facilitating the transfer of these businesses to a new generation of ambitious management teams is important for preventing valuable operational resources from being wasted and supporting sustainable growth of the Japanese economy, highlighted by the fact that about half of approximately 50,000 companies that were shuttered or dissolved in 2023 had reported profits during their most recent fiscal years (according to the "2024 White Paper on Small and Medium Enterprises in Japan" issued by the Small and Medium Enterprise Agency of the Ministry of Economy, Trade and Industry). In addition, in recent years, M&A has become a popular option for SMEs not only as a means of business succession, but also as a means to diversify their business and execute their growth strategies, such as innovation-type M&A aimed at creating new businesses and transforming companies. Moreover, the "Government's Initiatives for Startup Development," compiled by the Ministry of Economy, Trade and Industry in July 2023, lists the advancement of open innovation as one of the three pillars for startup development, stating the need to increase M&A between large companies and startups to promote open innovation. Furthermore, in September 2023, the "M&A Guidelines for SMEs" were revised to ensure and improve the quality of M&A services provided by M&A business operators. Initiatives are therefore underway by the public and private sectors to promote M&A among SMEs.

Within this environment, the Company undertook a variety of initiatives to develop its M&A consultants and enhance its service quality, such as providing training to enhance proposal skills and holding internal proposal skills contests. Meanwhile, the Company also strove to identify a wide range of M&A needs by rolling out industry-specific online advertisements and proposal-based sales activities. Furthermore, the Company focused on cultivating new startup-related opportunities in the M&A market by holding monthly networking events through "S venture Lab.," a members-only service designed to promote partnerships between startups and operating companies. In June 2024, we opened the Kyoto Innovation Office together with East Ventures, an independent venture capital firm, to facilitate the creation of new innovations from Kyoto.

With regard to collaborative efforts involving its business partners, the Company has launched a business alliance with South Kyushu Certified Public Tax Accountants' Association, Wakayama Certified Public Tax Accountants' Association, and tax accountants' associations in Kobe, Nishinomiya, Amagasaki, and Itami in Hyogo Prefecture, thereby expanding its network of alliances with tax accountant cooperatives to include 22 organizations with more than 65,000 members nationwide. Additionally, by welcoming staff from partner financial institutions, we have committed to developing their M&A expertise and have strengthened our M&A support system through collaborative efforts.

In terms of recruitment, we actively worked to add new employees with the goal of expanding our business performance and successfully recruited 57 new M&A consultants during the nine-month period under review.

As a result of these efforts, during the nine months ended June 30, 2024, we closed 183 deals <sup>(Note 1)</sup>, compared with 144 deals a year earlier, and 357 contracts <sup>(Note 2)</sup>, versus 285 contracts a year earlier. Additionally, we closed 33 large deals (generating ¥100 million or more in sales per deal) during the period under review, versus 20 large deals in the same period of the previous fiscal year. As of June 30, 2024, our new contract count <sup>(Note 3)</sup> was 647, versus 484 as of June 30, 2023.

(Note 1) Number of deals closed:

Number of M&A transactions in which Strike provides brokerage or advisory services (i.e., number of deals).

(Note 2) Number of contracts closed:

Number of contracts on closed M&A deals in which Strike provides brokerage or advisory services (i.e., number of companies). In brokerage services, each deal counts as two contracts (one for the seller and one for the buyer), while in advisory services, each deal counts as one contract.

(Note 3) New contracts:

Number of new brokerage service contracts signed with sellers (or in the case of advisory services, contracts signed, and services effectively commenced).

Consequently, net sales in the nine months ended June 30, 2024 rose to ¥13,272 million (up 45.3% year on year) due to an increase in the number of deals closed compared to the same period of the previous year and an increase of 13 large deals year on year. Cost of sales totaled ¥4,706 million (up 51.1% year on year), owing to higher incentive bonuses paid in line with increased sales and higher personnel expenses associated with the rise in the number of M&A consultants. SG&A expenses amounted to ¥3,578 million (up 16.6% year on year) on increased rent expenses on land and buildings resulting from head office expansion. As a result, operating profit came to ¥4,986 million (up 69.2% year on year). Ordinary profit totaled ¥4,982 million (up 68.6% year on year). In addition, as a result of posting ¥104 million in loss on valuation of investment securities as extraordinary losses, bottom-line profit came in at ¥3,308 million (up 66.3% year on year).

The number of deals closed, contracts closed, new contracts, and net sales recorded during the nine months ended June 30, 2024, as well as the corresponding targets we plan to achieve for the full year, are provided below.

	Nine months ended June 30, 2024 (actual)	Fiscal year ending September 30, 2024 (target)	Percentage against the full- year target
Number of deals closed	183	270	67.8%
Number of contracts closed	357	534	66.9%
Number of new contracts	647	814	79.5%
Net sales (millions of yen)	13,272	18,218	72.9%

Business results by segment are omitted as the Company operates in a single operating segment of the M&A brokerage business.

## (2) Explanation of Financial Position

### (Assets)

As of June 30, 2024, current assets stood at ¥16,506 million, up ¥1,282 million from September 30, 2023. This increase was primarily the result of a ¥1,747 million rise in cash and deposits, despite a ¥487 million decrease in accounts receivable - trade.

Non-current assets amounted to ¥3,572 million, up ¥511 million compared to September 30, 2023. This was mainly because of a ¥102 million increase in property, plant and equipment owing to an increase in facilities attached to buildings, etc., and a ¥411 million increase in investments and other assets due primarily to an increase in investment securities.

(Liabilities)

Current liabilities were ¥2,972 million, down ¥619 million from September 30, 2023. This was mainly the result of a ¥816 million increase in provision for bonuses, despite a ¥1,511 million decrease in other current liabilities due primarily to the payment of accrued bonuses at the end of the previous fiscal year.

Non-current liabilities amounted to ¥282 million, up ¥91 million compared to September 30, 2023. This was due to a ¥91 million increase in long-term accounts payable - other.

(Net assets)

As of June 30, 2024, net assets totaled ¥16,824 million, up ¥2,321 million compared to September 30, 2023. This was primarily due to the recording of ¥3,308 million in bottom-line profit, despite a ¥979 million decline in retained earnings owing to the payment of dividends.

**(3) Explanation of Earnings Forecasts and Other Forward-Looking Information**

Our earnings forecasts for the fiscal year ending September 30, 2024 are unchanged from the figures announced on October 30, 2023.

## 2. Quarterly Financial Statements and Primary Notes

### (1) Balance Sheet

(Thousands of yen)

	As of September 30, 2023	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	14,102,865	15,850,496
Accounts receivable – trade	966,029	478,981
Other	181,535	190,208
Allowance for doubtful accounts	(26,013)	(12,898)
Total current assets	15,224,417	16,506,788
Non-current assets		
Property, plant and equipment	1,082,645	1,185,265
Intangible assets	12,476	9,697
Investments and other assets		
Other	2,007,616	2,402,563
Allowance for doubtful accounts	(41,800)	(25,300)
Total investments and other assets	1,965,816	2,377,263
Total non-current assets	3,060,938	3,572,226
Total assets	18,285,355	20,079,014
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	160,070	109,171
Income taxes payable	970,078	1,014,070
Contract liabilities	10,848	92,936
Provision for bonuses	—	816,989
Other	2,450,729	939,419
Total current liabilities	3,591,726	2,972,586
Non-current liabilities		
Other	190,539	282,237
Total non-current liabilities	190,539	282,237
Total liabilities	3,782,266	3,254,823
<b>Net assets</b>		
Shareholders' equity		
Share capital	823,741	823,741
Capital surplus	801,491	801,491
Retained earnings	13,310,026	15,639,537
Treasury shares	(434,210)	(434,366)
Total shareholders' equity	14,501,049	16,830,404
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,039	(6,214)
Total valuation and translation adjustments	2,039	(6,214)
Total net assets	14,503,089	16,824,190
Total liabilities and net assets	18,285,355	20,079,014

## (2) Statement of Income

(Thousands of yen)

	For the nine months ended June 30, 2023 (October 1, 2022 to June 30, 2023)	For the nine months ended June 30, 2024 (October 1, 2023 to June 30, 2024)
Net sales	9,132,946	13,272,425
Cost of sales	3,115,751	4,706,910
Gross profit	6,017,195	8,565,515
Selling, general and administrative expenses	3,069,914	3,578,822
Operating profit	2,947,280	4,986,692
Non-operating income		
Interest income	122	163
Dividend income	2,015	1,940
Compensation for damage received	5,830	1,918
Interest on tax refund	8,551	—
Other	297	560
Total non-operating income	16,816	4,581
Non-operating expenses		
Loss on investments in investment partnerships	8,356	6,841
Compensation for damage	—	2,000
Other	—	50
Total non-operating expenses	8,356	8,891
Ordinary profit	2,955,740	4,982,383
Extraordinary losses		
Loss on valuation of investment securities	15,400	104,606
Total extraordinary losses	15,400	104,606
Profit before income taxes	2,940,339	4,877,777
Income taxes—current	1,149,227	1,716,500
Income taxes—deferred	(198,584)	(147,579)
Total income taxes	950,643	1,568,920
Profit	1,989,696	3,308,856

### (3) Notes to the Quarterly 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.

(Notes on segment information, etc.)

[Segment information]

This information is omitted as the Company operates in a single operating segment of the M&A brokerage business.

(Notes to the statement of cash flows)

The Company has not prepared a statement of cash flows for the nine months ended June 30, 2024. Depreciation and amortization (including amortization of intangible assets) for the nine-month period is as follows:

	(Thousands of yen)	
	For the nine months ended June 30, 2023 (October 1, 2022 to June 30, 2023)	For the nine months ended June 30, 2024 (October 1, 2023 to June 30, 2024)
Depreciation and amortization	64,399	125,669