

**Non-Consolidated Financial Results**  
**For the Six Months Ended February 28, 2018**  
**[Japanese GAAP]**



March 30, 2018

Company name: Strike Co., Ltd.  
 Stock exchange listing: First Section, Tokyo Stock Exchange  
 Code number: 6196  
 URL: <http://www.strike.co.jp/>  
 Representative: Kunihiro Arai, President and CEO  
 Contact: Koichi Nakamura, Director, Executive Officer and CFO  
 Phone: +81-3-6865-7766  
 Scheduled date of filing quarterly securities report: April 12, 2018  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes (for institutional investors and analysts)

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

**1. Financial Results for the Six Months Ended February 28, 2018 (September 1, 2017 to February 28, 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      |        |
|-------------------|-------------|------|------------------|--------|-----------------|--------|-------------|--------|
| Six months ended  | Million yen | %    | Million yen      | %      | Million yen     | %      | Million yen | %      |
| February 28, 2018 | 1,552       | 10.6 | 492              | (17.2) | 492             | (17.1) | 331         | (13.2) |
| February 28, 2017 | 1,403       | 30.4 | 594              | 18.6   | 594             | 18.5   | 381         | 16.9   |

  

|                   | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Six months ended  | Yen                      | Yen                        |
| February 28, 2018 | 34.23                    | 34.20                      |
| February 28, 2017 | 42.30                    | 40.13                      |

(Notes) The Company conducted a three-for-one stock split on common shares on December 1, 2016. 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, 2017.

**(2) Financial Position**

|                         | Total assets | Net assets  | Equity ratio |
|-------------------------|--------------|-------------|--------------|
|                         | Million yen  | Million yen | %            |
| As of February 28, 2018 | 4,491        | 3,925       | 87.3         |
| As of August 31, 2017   | 4,507        | 3,744       | 83.1         |

(Reference) Equity: As of February 28, 2018: ¥3,921 million  
 As of August 31, 2017: ¥3,744 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, 2017             | —                | 0.00            | —               | 16.00    | 16.00 |
| Fiscal year ending August 31, 2018            | —                | 0.00            |                 |          |       |
| Fiscal year ending August 31, 2018 (forecast) |                  |                 | —               | 18.00    | 18.00 |

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

### 3. Financial Results Forecast for the Fiscal Year Ending August 31, 2018 (September 1, 2017 to August 31, 2018)

(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                      |
| Full year | 3,531       | 14.2 | 1,326            | 15.3 | 1,328           | 16.0 | 909         | 13.2 | 93.99                    |

(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):

February 28, 2018: 9,677,100 shares

August 31, 2017: 9,677,100 shares

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

February 28, 2018: — shares

August 31, 2017: — shares

3) Average number of shares during the period:

Six months ended February 28, 2018: 9,677,100 shares

Six months ended February 28, 2017: 9,022,360 shares

(Note) The Company conducted a three-for-one stock split on common shares on December 1, 2016. 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, 2017.

\* 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.

The Company plans to hold a financial results briefing session for securities analysts, institutional investors and others on Tuesday, April 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. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

In the first six months of the fiscal year ending August 31, 2018, despite the risk of global stock price declines originating in the United States, the business environment remained firm as the Bank of Japan is expected to maintain its current monetary easing policies.

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 has grown 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, highlighting a period of concentrated business succession. M&A is gaining recognition as an effective means of resolving the issue of business succession. This topic is being treated as a national issue in such areas as tax reform, where revisions to the business inheritance tax system are being hotly debated.

In this environment, the Company worked proactively to cultivate new customers. For example, it held seminars for business owners in September 2017 in Nagano and in October and November 2017 in 15 locations around Japan. These seminars provided case studies of business succession through M&A and featured lectures by former business owners who had sold their companies in this manner. In line with business expansion throughout Japan, the Company relocated its Fukuoka sales office in September 2017 and its Nagoya sales office in January 2018. In addition, the Company actively recruited personnel to further increase the number of deals, adding 15 M&A consultants during the first six months of the fiscal year.

Despite large-scale deals expected to be concluded in the first six months of the fiscal year being pushed back to the second half of the current fiscal year, the rise in the number of M&A consultants enabled the Company to conclude contracts for 43 deals in the first six months (35 in the first six months of the previous fiscal year), marking a record high number of contracts on a cumulative quarterly basis, resulting in net sales of ¥1,552 million (up 10.6% year on year). In addition, operating profit fell 17.2% year on year, to ¥492 million, ordinary profit dropped 17.1%, to ¥492 million, and profit declined 13.2%, to ¥331 million because of the impact from changes in the timing of large-scale deals, increased personnel expenses stemming from the Company's proactive recruiting efforts to expand business, and the relocation and expansion of sales offices.

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

### (2) Explanation of Financial Condition

#### 1. Status of Assets, Liabilities and Net Assets

##### (Assets)

As of February 28, 2018, current assets stood at ¥4,270 million, down ¥43 million from August 31, 2017. The main reason for this decrease was a ¥57 million decline in cash and deposits, although accounts receivable—trade expanded ¥29 million.

Non-current assets amounted to ¥221 million, up ¥27 million, attributable primarily to a ¥17 million rise in property, plant and equipment and a ¥10 million increase in investments and other assets.

##### (Liabilities)

Current liabilities came to ¥531 million on February 28, 2018, down ¥189 million from August 31, 2017. The decrease was mainly the result of a ¥75 million decline in income taxes payable and a ¥176 million decrease in other current liabilities.

Non-current liabilities were ¥33 million, down ¥7 million from August 31, 2017.

##### (Net assets)

Net assets were ¥3,952 million on February 28, 2018, up ¥181 million from August 31, 2017. This expansion was due mainly to a ¥331 million rise in profit, while retained earnings fell ¥154 million due to the payment of dividends.

## 2. Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) stood at ¥4,100 million on February 28, 2018, down ¥57 million from August 31, 2017. The main reasons for this decrease in the first six months of the fiscal year ending August 31, 2018, are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥128 million (compared to ¥380 million provided by these activities during the same period in the previous fiscal year). This was mainly because of ¥492 million in profit before income taxes, despite ¥215 million in income taxes paid.

### (Cash flows from investing activities)

Net cash used in investing activities came to ¥36 million (compared to ¥5 million provided by these activities during the same period in the previous fiscal year). This was mainly due to ¥23 million in purchase of property, plant and equipment and ¥13 million in payments for lease deposits.

### (Cash flows from financing activities)

Net cash used in financing activities totaled ¥150 million (compared to ¥75 million used during the same period in the previous fiscal year). This was mainly attributable to ¥154 million in cash dividends paid.

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

The Company's financial results forecast for the fiscal year ending August 31, 2018 is currently unchanged from the figures announced on September 29, 2017.

## 2. Quarterly Financial Statements and Primary Notes

### (1) Balance Sheets

(Thousand yen)

|                                                       | As of August 31, 2017 | As of February 28, 2018 |
|-------------------------------------------------------|-----------------------|-------------------------|
| <b>Assets</b>                                         |                       |                         |
| Current assets                                        |                       |                         |
| Cash and deposits                                     | 4,158,156             | 4,100,202               |
| Accounts receivable–trade                             | 93,618                | 122,980                 |
| Other                                                 | 62,445                | 47,770                  |
| Allowance for doubtful accounts                       | (562)                 | (738)                   |
| Total current assets                                  | 4,313,658             | 4,270,215               |
| Non-current assets                                    |                       |                         |
| Property, plant and equipment                         | 43,632                | 60,640                  |
| Intangible assets                                     | 2,068                 | 1,758                   |
| Investments and other assets                          | 147,915               | 158,737                 |
| Total non-current assets                              | 193,616               | 221,136                 |
| Total assets                                          | 4,507,275             | 4,491,351               |
| <b>Liabilities</b>                                    |                       |                         |
| Current liabilities                                   |                       |                         |
| Accounts payable–trade                                | 22,130                | 47,414                  |
| Income taxes payable                                  | 241,558               | 165,986                 |
| Provision for bonuses                                 | —                     | 37,000                  |
| Other                                                 | 457,537               | 281,095                 |
| Total current liabilities                             | 721,225               | 531,496                 |
| Non-current liabilities                               |                       |                         |
| Other                                                 | 41,455                | 33,917                  |
| Total non-current liabilities                         | 41,455                | 33,917                  |
| Total liabilities                                     | 762,680               | 565,414                 |
| <b>Net assets</b>                                     |                       |                         |
| Shareholders' equity                                  |                       |                         |
| Capital stock                                         | 823,741               | 823,741                 |
| Legal capital surplus                                 | 801,491               | 801,491                 |
| Retained earnings                                     | 2,115,459             | 2,291,876               |
| Total shareholders' equity                            | 3,740,692             | 3,917,109               |
| Valuation and translation adjustments                 |                       |                         |
| Valuation difference on available-for-sale securities | 3,902                 | 4,489                   |
| Total valuation and translation adjustments           | 3,902                 | 4,489                   |
| Share acquisition rights                              | —                     | 4,338                   |
| Total net assets                                      | 3,744,594             | 3,925,937               |
| Total liabilities and net assets                      | 4,507,275             | 4,491,351               |

## (2) Statements of Income

(Thousand yen)

|                                              | For the six months ended<br>February 28, 2017 | For the six months ended<br>February 28, 2018 |
|----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Net sales                                    | 1,403,174                                     | 1,552,161                                     |
| Cost of sales                                | 466,816                                       | 606,145                                       |
| Gross profit                                 | 936,357                                       | 946,015                                       |
| Selling, general and administrative expenses | 341,777                                       | 453,678                                       |
| Operating profit                             | 594,580                                       | 492,336                                       |
| Non-operating profit                         |                                               |                                               |
| Interest income                              | 37                                            | 69                                            |
| Dividend income                              | —                                             | 105                                           |
| Other                                        | 8                                             | 175                                           |
| Total non-operating profit                   | 45                                            | 350                                           |
| Ordinary profit                              | 594,625                                       | 492,687                                       |
| Profit before income taxes                   | 594,625                                       | 492,687                                       |
| Income taxes—current                         | 225,738                                       | 150,394                                       |
| Income taxes—deferred                        | (12,795)                                      | 11,042                                        |
| Total income taxes                           | 212,942                                       | 161,436                                       |
| Profit                                       | 381,683                                       | 331,250                                       |

## (3) Statements of Cash Flows

(Thousand yen)

|                                                            | For the six months ended<br>February 28, 2017 | For the six months ended<br>February 28, 2018 |
|------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| <b>Cash flows from operating activities</b>                |                                               |                                               |
| Profit before income taxes                                 | 594,625                                       | 492,687                                       |
| Depreciation                                               | 3,667                                         | 5,795                                         |
| Increase (decrease) in allowance for doubtful accounts     | 1,012                                         | 176                                           |
| Increase (decrease) in provision for bonuses               | 31,280                                        | 37,000                                        |
| Interest and dividend income                               | (37)                                          | (174)                                         |
| Decrease (increase) in notes and accounts receivable-trade | (168,456)                                     | (29,362)                                      |
| Increase (decrease) in notes and accounts payable-trade    | (10,249)                                      | 25,284                                        |
| Increase (decrease) in accounts payable-other              | 37,753                                        | (120,483)                                     |
| Increase (decrease) in accrued consumption taxes           | 3,792                                         | (48,064)                                      |
| Other, net                                                 | 55,297                                        | (18,494)                                      |
| Subtotal                                                   | 548,686                                       | 344,362                                       |
| Interest and dividend income received                      | 37                                            | 174                                           |
| Income taxes paid                                          | (168,432)                                     | (215,963)                                     |
| Net cash provided by (used in) operating activities        | 380,290                                       | 128,573                                       |
| <b>Cash flows from investing activities</b>                |                                               |                                               |
| Purchase of property, plant and equipment                  | (2,752)                                       | (23,218)                                      |
| Payments for lease and guarantee deposits                  | (6,500)                                       | (13,231)                                      |
| Proceeds from collection of lease and guarantee deposits   | 14,429                                        | —                                             |
| Net cash provided by (used in) investing activities        | 5,176                                         | (36,450)                                      |
| <b>Cash flows from financing activities</b>                |                                               |                                               |
| Proceeds from issuance of common shares                    | 28,505                                        | —                                             |
| Proceeds from issuance of share acquisition rights         | —                                             | 4,338                                         |
| Cash dividends paid                                        | (103,953)                                     | (154,415)                                     |
| Net cash provided by (used in) financing activities        | (75,448)                                      | (150,077)                                     |
| Net increase (decrease) in cash and cash equivalents       | 310,019                                       | (57,953)                                      |
| Cash and cash equivalents at beginning of period           | 2,384,070                                     | 4,158,156                                     |
| Cash and cash equivalents at end of period                 | 2,694,090                                     | 4,100,202                                     |

#### (4) 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.