

Financial Results and Future Measures

The First Half of FYE08/18



Strike Co., Ltd.

(The First Section of Tokyo Stock Exchange: 6196)

April 10, 2018



Operating Performance in the First Half of FYE08/18... 3

Operating performance reached record highs, with net sales up 10.6% and the number of agreements closed at 43.

However, performance fell short of our initial expectations, due to a shift in accounting period on large agreements.



Forecast for FYE08/18... 11

We expect performance to be in line with initial forecasts.



Market Trends... 19

Demand for M&A is growing, owing to business succession measures.



Company Overview... 21

We are a group of M&A professionals, mainly certified public accountants, with “the direct path to creating value through M&A” as our company credo.



Medium- to Long-Term Management Policy... 30

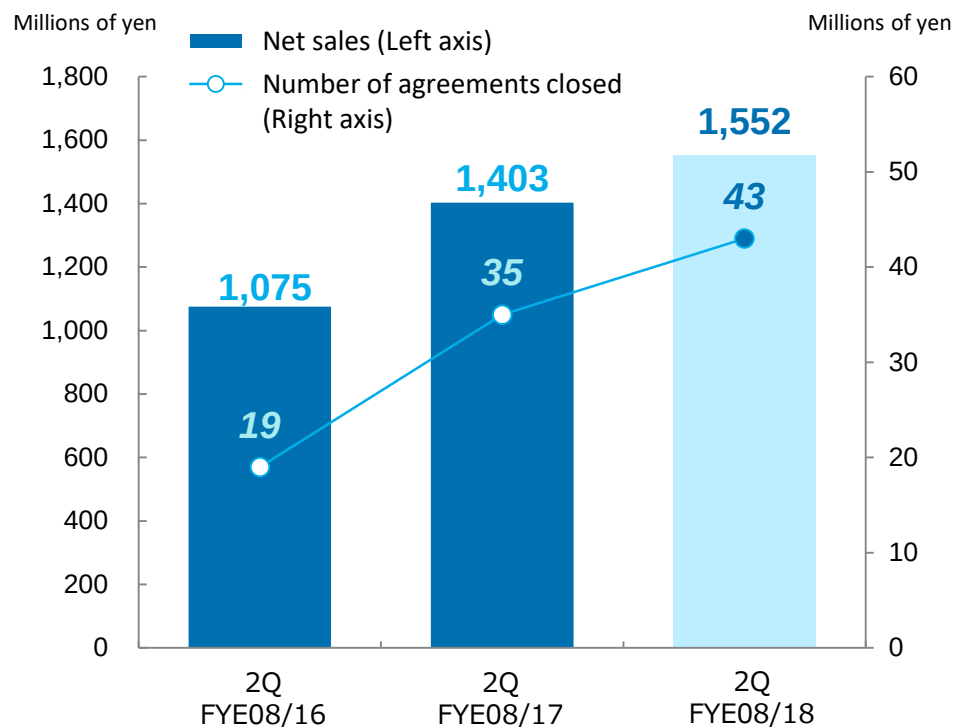
While increasing the number of business succession M&A agreements, we will also address growing M&A needs for other purposes. Over the long term, we aim to become the leader in the number of projects.

**OPERATING PERFORMANCE
IN THE FIRST HALF OF FYE08/18**

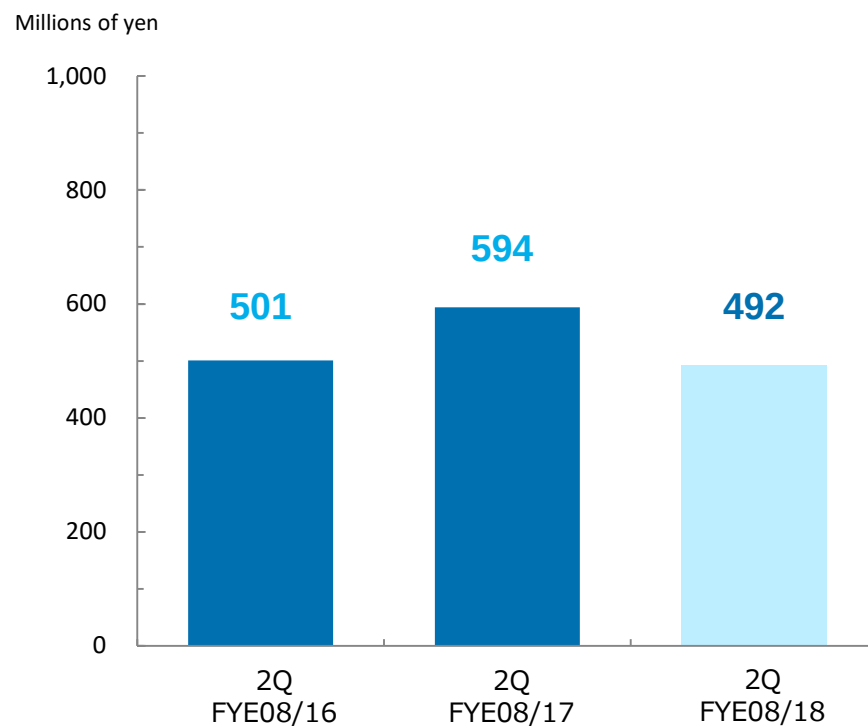
Operating Performance in the First Half of FYE08/18

In the first half, the Company posted historic highs in the number of agreements closed and net sales. However, expenses rose due to office relocation and personnel increases, causing ordinary profit to decline.

Net Sales and Number of Agreements Closed in the First Half



Ordinary Profit in the First Half



Year-on-Year Comparison

Cost of sales grew ¥139 million, due to a rise in the number of personnel and an increase in the number of introductions that resulted in agreements. Selling, general and administrative expenses also increased ¥111 million, owing to the expansion of personnel, an increase in the number of seminars held, and the relocation of the Fukuoka and Nagoya sales offices.

Millions of yen

	The First Half of FYE08/17		The First Half of FYE08/18		
		% of net sales		% of net sales	YoY
Net sales	1,403	100.0%	1,552	100.0%	+10.6%
Cost of sales	466	33.3%	606	39.1%	+29.8%
Gross profit	936	66.7%	946	60.9%	+1.0%
Selling, general and administrative expenses	341	24.4%	453	29.2%	+32.7%
Operating profit	594	42.4%	492	31.7%	17.2%
Non-operating income	0	0.0%	0	0.0%	—
Non-operating expenses	—	—	—	—	—
Ordinary profit	594	42.4%	492	31.7%	17.1%
Profit before income taxes	594	42.4%	492	31.7%	△17.1%
Total income taxes	212	15.2%	161	10.4%	△24.2%
Profit	381	27.2%	331	21.3%	13.2%

	The First Half of FYE08/17	The First Half of FYE08/18
Introduction fees	110	172
Personnel expenses	322	386
Others	33	47
Cost of sales	466	606

	the First Half of FYE08/17	the First Half of FYE08/18
Personnel expenses	100	162
Advertising expenses	58	75
Rent and consumables	52	77
Others	129	138
Selling, general and administrative expenses	341	453

The First Half of FYE08/18 Performance Highlights

In the first half of FYE08/18, net sales increased 10.6%, to ¥1,552 million, and ordinary profit rose 17.1%, to ¥492 million. Sales and profit were both below our first-half forecast, due to a shift in the period during which large agreements were concluded.

Financial Results in the First Half of FYE08/18

- Net sales of ¥1,552 million, up 10.6% YoY, down 12.3% compared with initial forecast
- Ordinary profit of ¥492 million, down 17.1% YoY, down 22.8% compared with initial forecast
- Profit of ¥331 million, down 13.2% YoY, down 24.1% compared with initial forecast

Progress toward Annual Targets

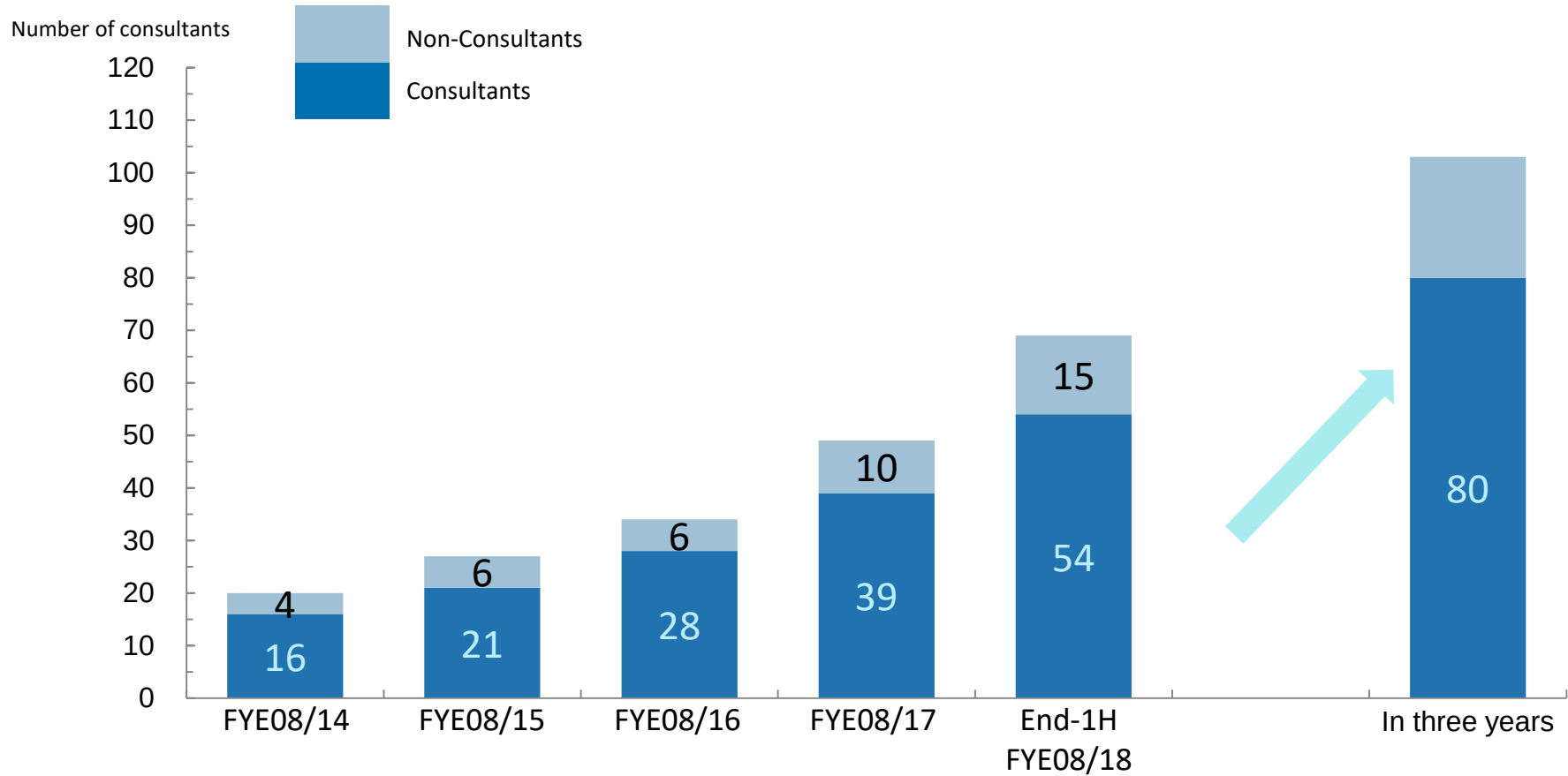
- Our full-year target for the number of agreements closed is 92 (+25 YoY). The number of agreements closed in the first half was 43.
- For the full year, our target number of new projects is 192 (+49 YoY). In the first half, we received 103.

First-Half Performance

- In the first half, the Company closed 43 agreements (+8 YoY), and net sales came to ¥1,552 million (+10.6% YoY), reaching record highs. However, we fell short of our initial forecast due to a shift in the period during which large agreements were concluded.
- During the first half, we concluded two large agreements (projects generating ¥100 million or more in sales), the same figure as in the first half of FYE08/17.
- The number of new projects was favorable in the first half, at 103 (+35 YoY).
- We increased the number of M&A consultants by 15. We are working to reinforce our structure by revising our organization.
- We strengthened regional sales by relocating the Fukuoka and Nagoya sales offices.

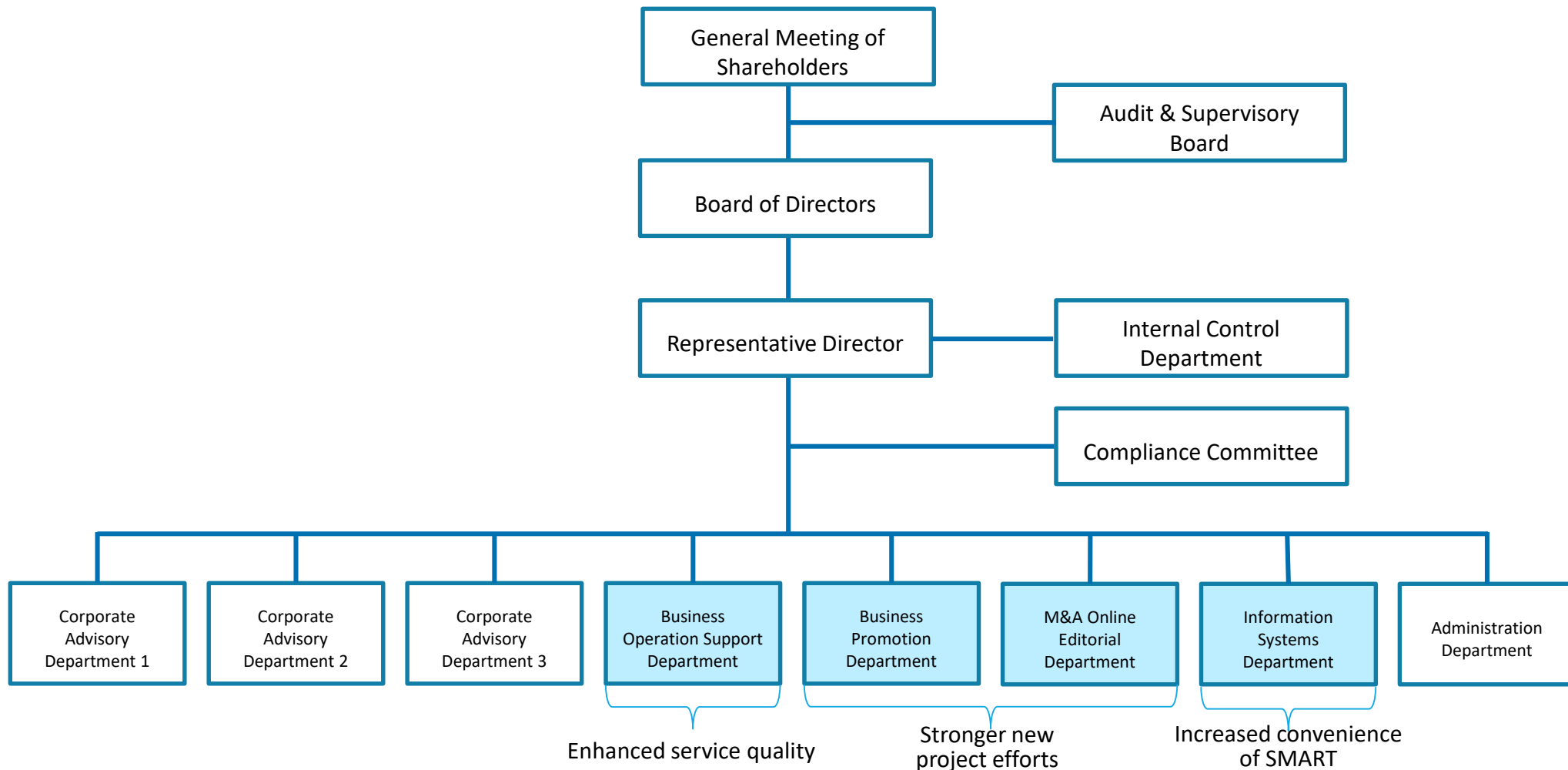
Increasing the Number of Consultants

Our initial plans called for us to increase the number of consultants to 50 by end-FYE08/18, and to expand the non-consultant staff to 14. As of the end of the first half, we had in place 54 consultants and 15 non-consulting staff members.



Revise of Organization (As of Dec. 1, 2017)

We are revising our organization in an effort to expand the business. We have newly established the Business Operation Support Department, which provides specialized support for M&A projects, and the Business Promotion Department, which specializes in new project operations. We also split off as independent units the M&A Online Editorial Department, which produces information content, and the Information Systems Department, which specializes in the development and maintenance of web and internal systems and databases.



Projects Closed-1

Status of projects closed: A growing number of projects outside the Kanto region

NO	Date closed	Business Category	Location	Business Category	Location
1	September 2017	Manufacturing	Greater Osaka Area	Construction	Greater Osaka Area
2	September 2017	Leisure	Greater Tokyo Area	IT	Greater Tokyo Area
3	September 2017	Manufacturing	Greater Tokyo Area	Manufacturing	Greater Tokyo Area
4	September 2017	Manufacturing	Greater Tokyo Area	Wholesale and agency sales	Greater Osaka Area
5	September 2017	Transportation and logistics	Greater Tokyo Area	Transportation and logistics	Greater Tokyo Area
6	October 2017	Others	Greater Osaka Area	Others	Greater Tokyo Area
7	October 2017	Manufacturing	Hokkaido/Tohoku	Others	Greater Tokyo Area
8	October 2017	Healthcare and nursing care	Hokkaido/Tohoku	Healthcare and nursing care	Central Japan Area
9	October 2017	Transportation and logistics	Hokkaido/Tohoku	Transportation and logistics	Greater Tokyo Area
10	October 2017	Wholesale and agency sales	Hokkaido/Tohoku	Leisure	Greater Tokyo Area
11	October 2017	Healthcare and nursing care	Greater Tokyo Area	Healthcare and nursing care	Greater Tokyo Area
12	October 2017	Manufacturing	Central Japan Area	Wholesale and agency sales	Central Japan Area
13	October 2017	Services	Hokkaido/Tohoku	Services	Hokkaido/Tohoku
14	November 2017	Restaurants and food services	Hokkaido/Tohoku	Restaurants and food services	Greater Osaka Area
15	November 2017	IT	Greater Tokyo Area	IT	Central Japan Area
16	November 2017	Dispensing pharmacies	Hokkaido/Tohoku	Dispensing pharmacies	Hokkaido/Tohoku
17	November 2017	Dispensing pharmacies	Greater Tokyo Area	Dispensing pharmacies	Greater Tokyo Area
18	November 2017	Recruiting	Greater Tokyo Area	Recruiting	Greater Tokyo Area
19	November 2017	Dispensing pharmacies	Greater Tokyo Area	Dispensing pharmacies	Greater Tokyo Area
20	November 2017	Transportation and logistics	Hokkaido/Tohoku	Transportation and logistics	Hokkaido/Tohoku

Projects Closed-2

NO	Date closed	Business Category	Location	Business Category	Location
21	November 2017	Education	Greater Tokyo Area	Construction	Greater Tokyo Area
22	November 2017	Wholesale and agency sales	Central Japan Area	Wholesale and agency sales	Greater Osaka Area
23	November 2017	Wholesale and agency sales	Hokkaido/Tohoku	Restaurants and food services	Greater Osaka Area
24	November 2017	Restaurants and food services	Greater Tokyo Area	Restaurants and food services	Kyushu/Okinawa
25	December 2017	Leisure	Central Japan Area	Leisure	Greater Osaka Area
26	December 2017	Manufacturing	Central Japan Area	Manufacturing	Greater Tokyo Area
27	January 2018	Retail and distribution	Central Japan Area	Others	Greater Tokyo Area
28	January 2018	Manufacturing	Greater Osaka Area	Others	Greater Osaka Area
29	January 2018	Construction	Greater Tokyo Area	Manufacturing	Greater Tokyo Area
30	January 2018	Construction	Greater Tokyo Area	Manufacturing	Greater Tokyo Area
31	January 2018	Retail and distribution	Greater Tokyo Area	Restaurants and food services	Greater Tokyo Area
32	February 2018	Real estate	Greater Tokyo Area	Real estate	Greater Tokyo Area
33	February 2018	Construction	Central Japan Area	Construction	Central Japan Area
34	February 2018	Construction	Kyushu/Okinawa	Construction	Greater Tokyo Area
35	February 2018	Manufacturing	Central Japan Area	Manufacturing	Central Japan Area
36	February 2018	Retail and distribution	Greater Tokyo Area	Others	Greater Tokyo Area
37	February 2018	Services	Greater Tokyo Area	Restaurants and food services	Hokkaido/Tohoku
38	February 2018	Leisure	Greater Osaka Area	Real estate	Greater Osaka Area
39	February 2018	Retail and distribution	Greater Tokyo Area	Real estate	Greater Osaka Area
40	February 2018	Manufacturing	Central Japan Area	Manufacturing	Central Japan Area
41	February 2018	Transportation and logistics	Greater Tokyo Area	Others	Greater Tokyo Area
42	February 2018	Healthcare and nursing care	Kyushu/Okinawa	Healthcare and nursing care	Chugoku/Shikoku
43	February 2018	Wholesale and agency sales	Greater Tokyo Area	Wholesale and agency sales	Greater Tokyo Area

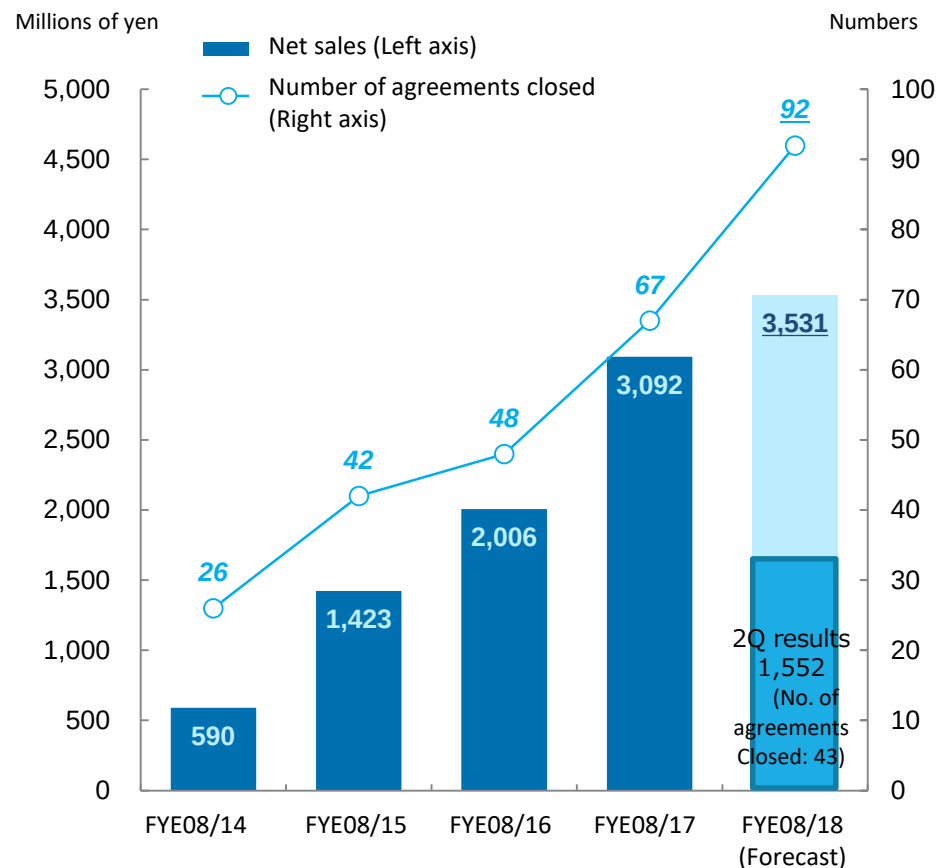


FORECAST FOR FYE08/18

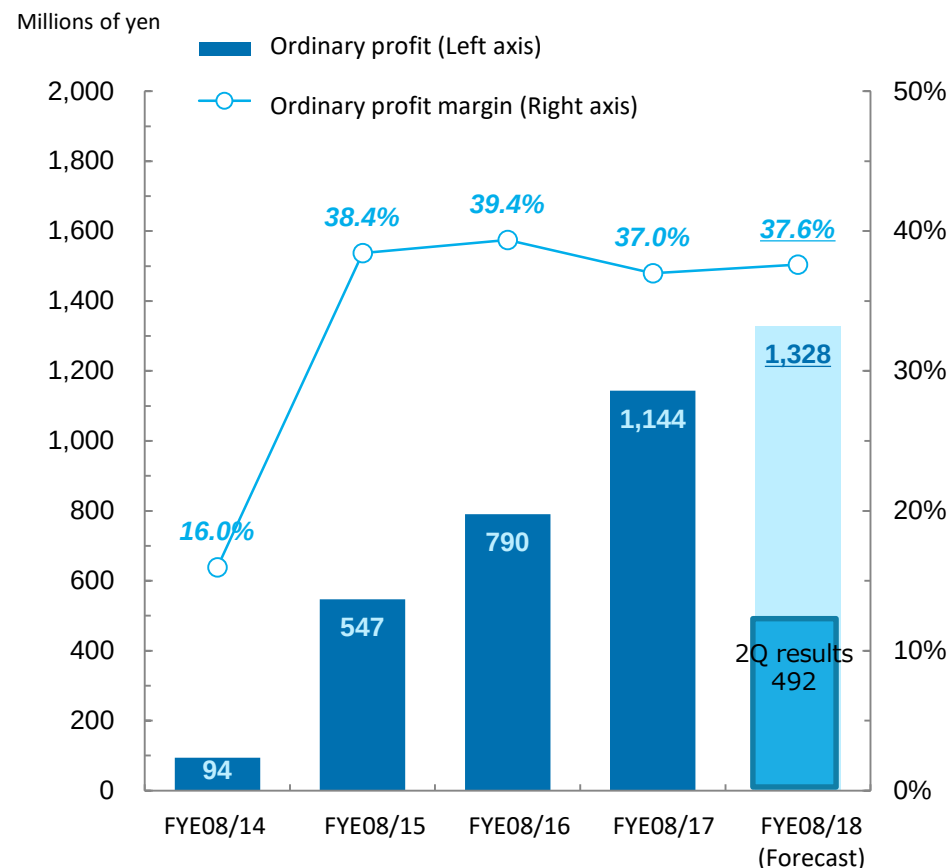
Forecast for FYE08/18

From the third quarter onward, we expect to close on large agreements for which the period has shifted. On this basis, and taking into account the status of existing projects, in FYE08/18 we fully expect to achieve net sales of ¥3,531 million and ordinary profit of ¥1,328 million.

Net Sales and Number of Agreements Closed



Ordinary Profit and Ordinary Profit Margin



Review of the First Half of FYE08/18, Measures in the Second Half

We maintain unchanged our initial full-year forecasts for FYE08/18: net sales of ¥3,531 million and ordinary profit of ¥1,328 million. New projects are proceeding favorably, and we plan to continue stepping up our efforts to obtain projects and revise our management of project progress to prevent projects from shifting into later periods.

FYE08/18 Forecasts Unchanged

- Net sales of ¥3,531 million, up 14.2% YoY
- Ordinary profit of ¥1,328 million, up 16.0% YoY
- Profit of ¥909 million, up 13.2% YoY
- EPS of ¥93.99 (¥86.78 in FYE08/17)
- Forecast dividend of ¥18.00, dividend payout ratio of 19.2%

Business Forecast: Forecasts Unchanged for Number of Agreements Closed and Received

- Target number of agreements closed at 92, up 25 YoY
- Initial forecast of 192 new projects, up 49
- Expect to be slightly above our initial target of 50 M&A consultants (an increase of 11)

Review of First Half of FYE08/18

- Some closings are running late, including on large agreements. While this is partly due to external factors, more thorough efforts on project support and project management are an issue.

Management Measures

- By reviewing project management and improving internal databases and management tools, we will put in place improvement measures to prevent closing dates from slipping into later periods.
- The Business Promotion Department will take the lead in strengthening relations with business partners, and we plan to further step up personnel exchanges.
- In response to increases in the number of projects and personnel, we plan to expand our new headquarters office.

Encouraging the Proliferation of M&A through M&A online, our M&A Portal Site

M&A online

A free portal site providing one-stop access to a variety of M&A-related information, from the latest news to legal information



(<https://maonline.jp/>)

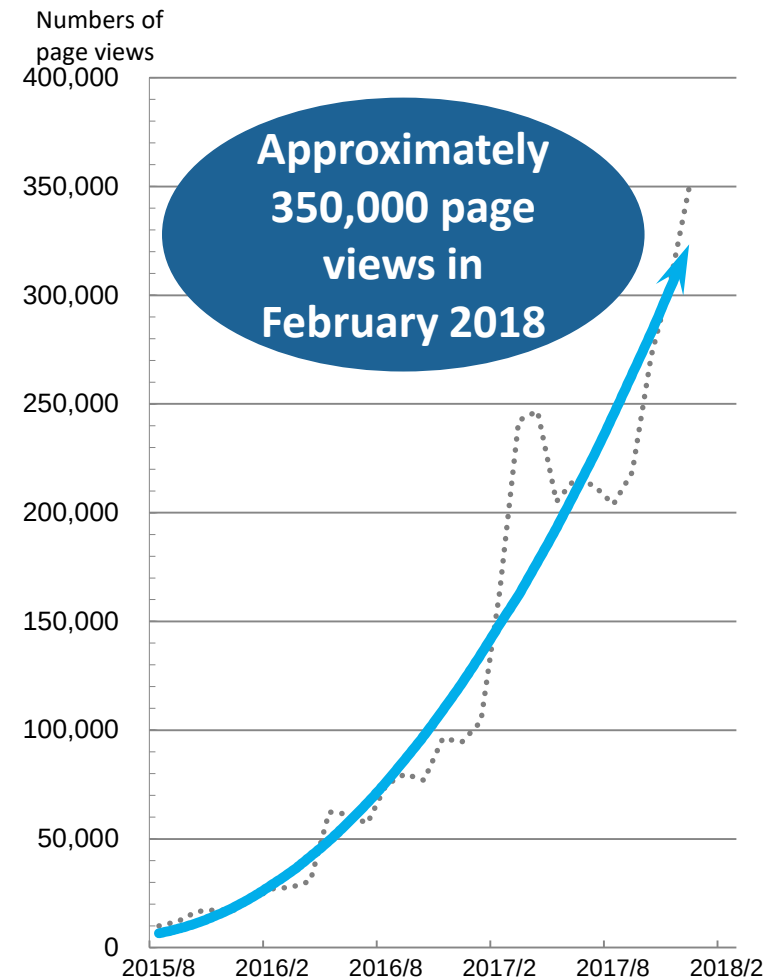
(Principal Content)

M&A News: Distribution of public M&A news

Database of Large Shareholding Reports: A database containing a collection of previously submitted reports

M&A Archives: Allows verification of corporate M&A history

Monthly Page Views for M&A online

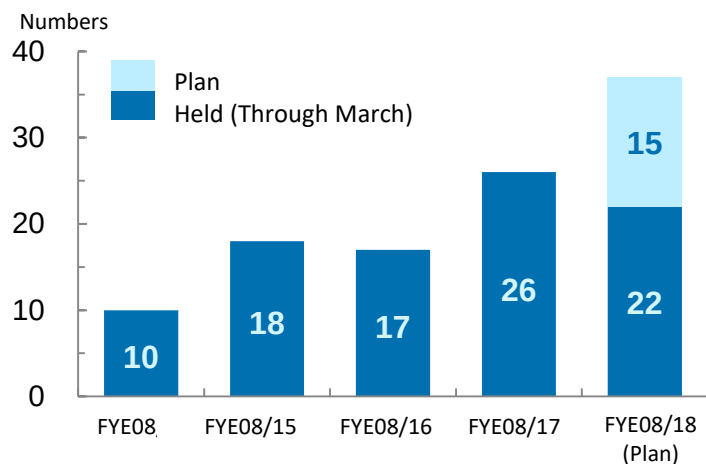


Strengthening to Obtain Projects Directly Triggered by Seminars

We plan to conduct M&A seminars around Japan. Through these seminars, which provide an opportunity for direct sales, we will augment efforts to obtain projects directly.



Number of Seminars (Excluding Small-Scale) Held and Planned



Seminars Conducted and Scheduled for FYE08/18

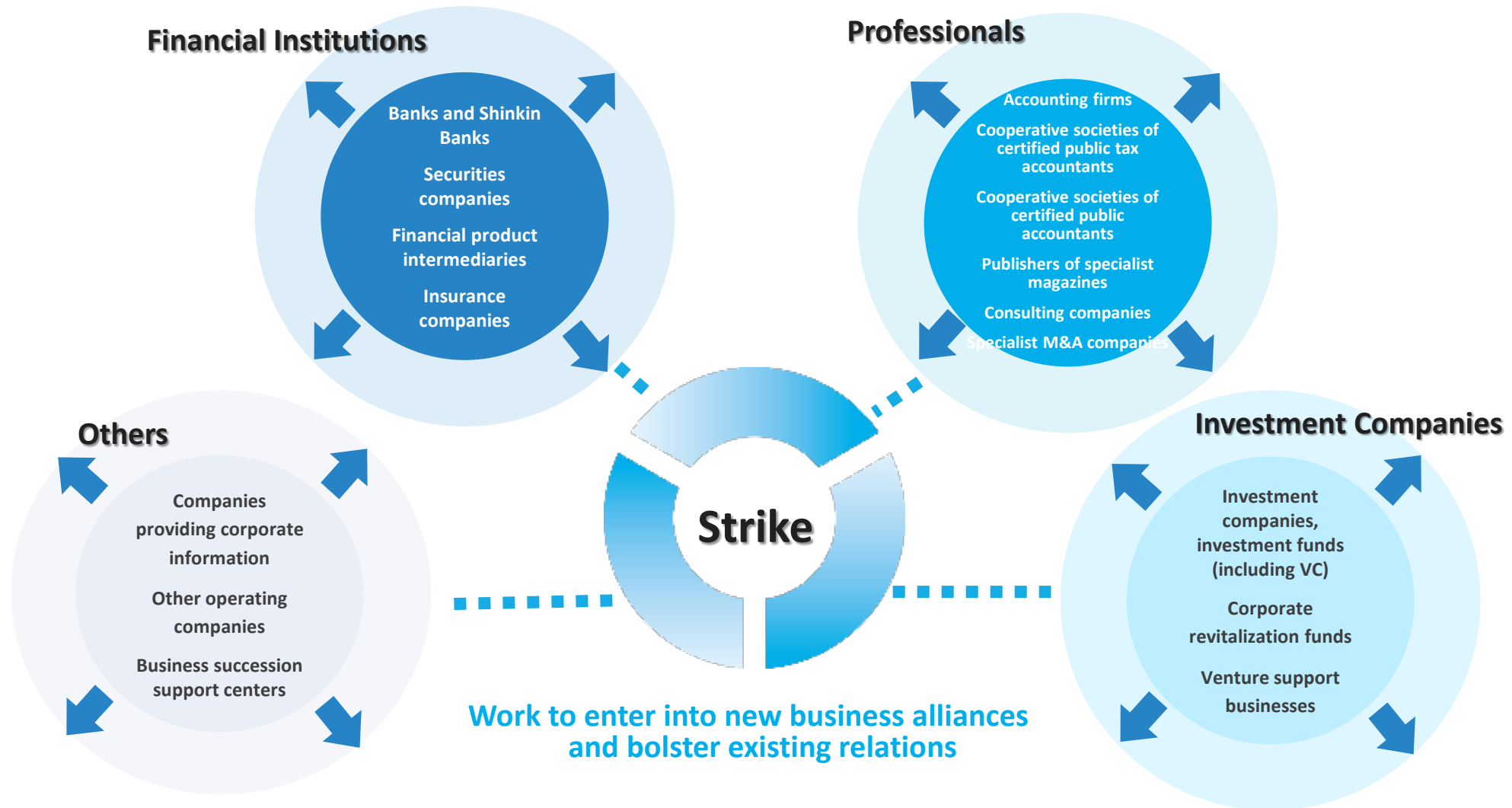
Date	Venue	Title
September, 2017	Nagano, Matsumoto	"Seminar on Utilizing Business Succession in an Owner-Operated Company, Taking Family into Consideration"
Oct. to Nov. 2017	15 locations in Japan	"Seminar on Business Succession That Realizes Owners' Wishes"
February 27, 2018	Osaka	"Seminar on Utilizing M&A as an Exit Strategy"
March 1, 2018	Fukuoka	"Seminar on Utilizing M&A as an Exit Strategy"
March 6, 2018	Nagoya	
March 8, 2018	Sapporo	
March 14, 2018	Tokyo	
June to July 2018	Nationwide	We plan to hold seminars at locations around Japan

Note: In addition to nationwide seminars in June and July 2018 and the scheduled seminars listed above, we will provide information on our website as soon as venues and dates have been confirmed.

Cultivate New Operating Business Partners

Enhancing Relations with Existing Business Partners

Increase the number of alliances, such as with financial institutions, professionals, and investment companies. We also plan to enhance collaborative relations with existing business partners by promoting personnel exchanges.



Utilizing Paid Stock Options

In December 2017, Strike issued paid stock options to its executives and employees.

By setting certain operating performance levels as exercise conditions, we intend to build profit awareness among all members of the Company and encourage everyone in the Company to commit to achieving our performance targets.

Allocated to	Two executives, 38 employees
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	Target Period	Performance Conditions
Exercise condition (1)	FYE08/2018	Operating profit of ¥1,300 million
Exercise condition (2)	FYE08/2019	Operating profit of ¥2,000 million in one of these periods
	FYE08/2020	

Note: The options cannot be exercised unless conditions (1) and (2) are both satisfied.



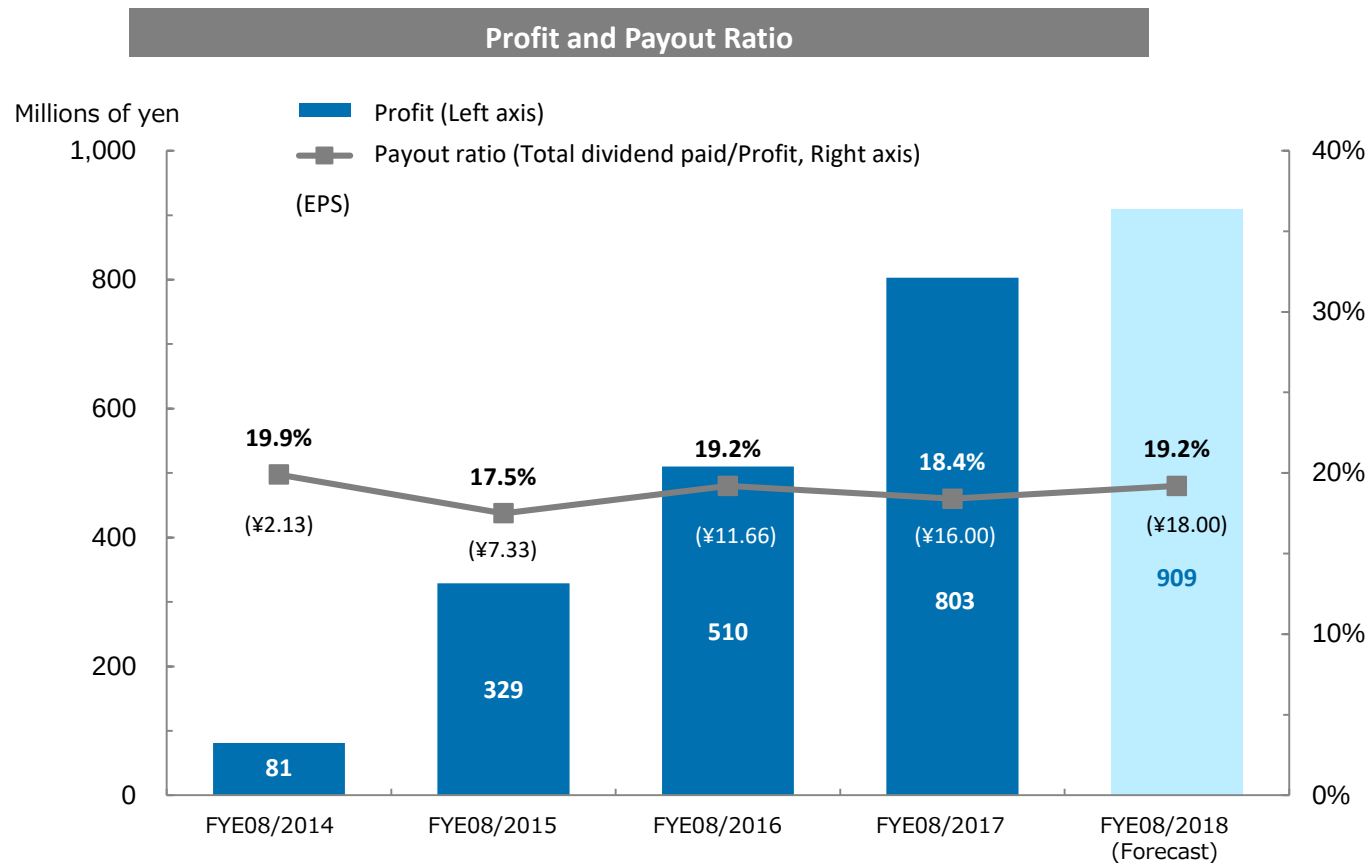
Based on operating profit of ¥1,150 million achieved in the previous fiscal year (FYE08/17), the options cannot be exercised unless operating profit continues to grow by an annual average of 20% or more.

Forecast for Return to Shareholders

(Dividends)

We target a dividend payout ratio of 20%.

We plan to increase dividends to ¥18 per share, from ¥16 per share in FYE08/17. (The initial forecast is unchanged.)



Note: Dividends per share reflect stock splits conducted on February 29, 2016, and December 1, 2016.



MARKET TRENDS

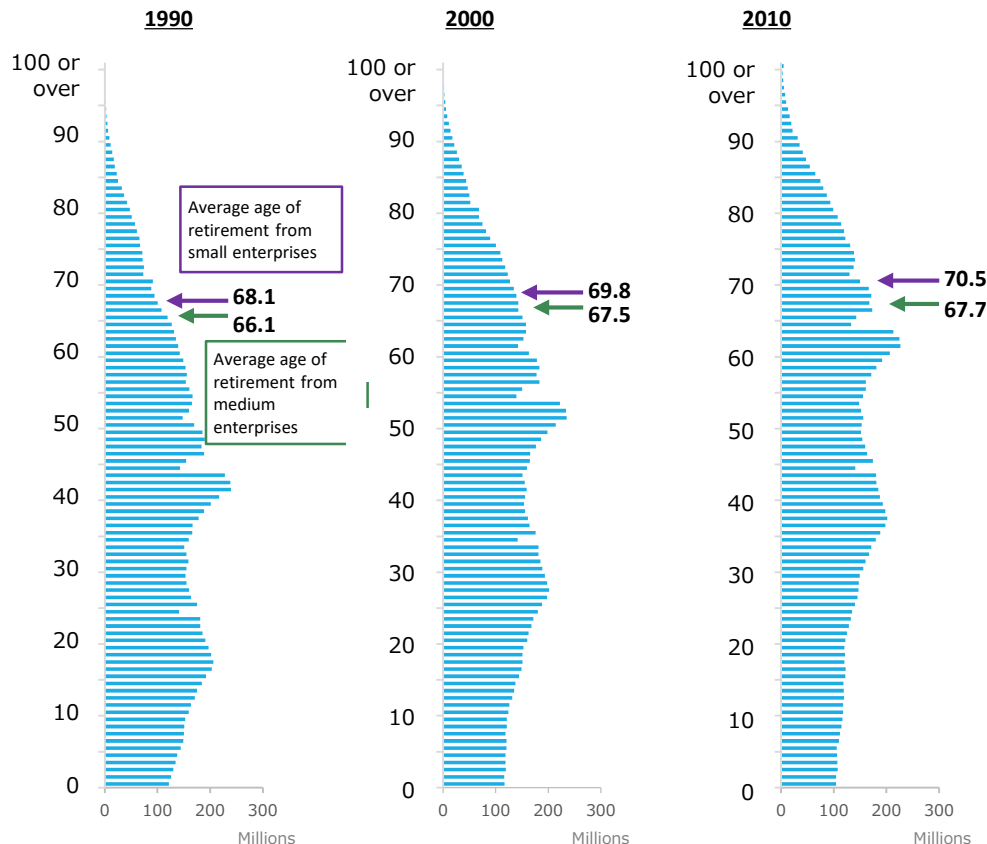
Market Trends: Market for Business Succession-Type M&A Expected to Continue Growing

As the age of company presidents is increasing, we expect to see an increasing number of companies troubled by the lack of a successor.

→ We expect the M&A market to continue growing, to resolve the business succession problem.

Rising Age of Company Presidents

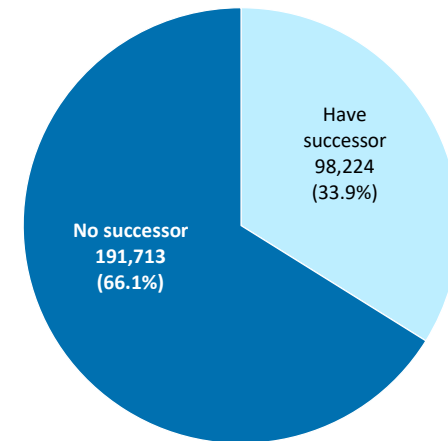
Population by Age, Average Age at Retirement of Presidents



Source: 2015 White Paper on Small Enterprises in Japan

Numerous Companies with No Successor

Determination of Successor (Companies, 2016)



Source: Teikoku Databank, Ltd. 2016 Company Study Related to the Succession Problem



More than 190,000 companies
have no successor in place.



COMPANY OVERVIEW

Company Overview

We are a group of professionals, chiefly certified public accountants, with “the direct path to creating value through M&A” as our corporate credo. We were established as the first company in Japan to leverage the internet for the M&A market. We are currently developing our business by focusing on one of the serious problems facing current-day Japan through the market of business succession for small and medium enterprises.

Company name	Strike Co., Ltd.
Established	July 1997
Capital stock	¥823 million (Feb. 28, 2018)
Representative	Kunihiko Arai, President and CEO
Head office	18th floor of Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Number of employees	69 (Excluded temporary staff, Feb. 28, 2018)
Net sales, Operating profit	Net sales ¥3,092 million, Operating profit ¥1,150 million (Operating profit margin 37.2%) in FYE08/17
Businesses	M&A brokerage business
Management philosophy	With “the direct path to creating value through M&A” as our corporate credo, we propose M&A as a sincere response to client needs. Our management philosophy is to contribute to society at large through M&A, providing corporate management structures to respond to fluctuations in the business environment and changes in the times.

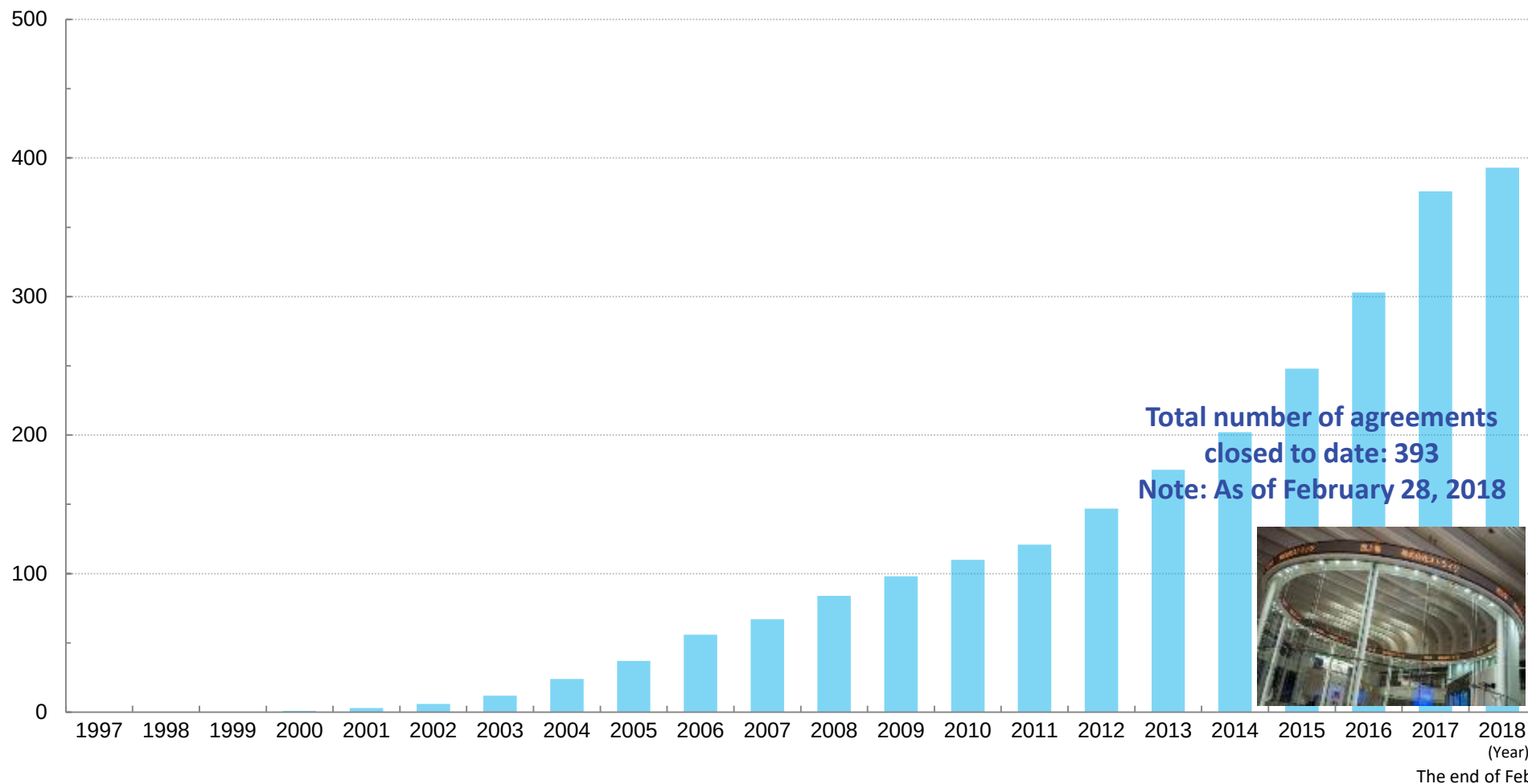
History

Established in July 1997, Strike pioneered the use of the internet to provide M&A services. The company has grown by forming alliances with organizations of tax accountants and certified public accountants. In addition to its headquarters, Strike has operations in six major cities.



Cumulative Number of Agreements Closed through M&A Intermediary

Numbers



History

July 1997	Established in Adachi-ku, Tokyo, to conduct business focusing on M&A intermediary
Jan. 1999	Launched SMART, Japan's first internet site for the M&A intermediary market (Oct. 1998). Full-scale operation of SMART from Jan. 1999
May 2001	Relocated headquarters to Shibuya-ku, Tokyo
Aug. 2002	Relocated headquarters to Sanbancho, Chiyoda-ku, Tokyo
June 2009	Relocated headquarters to Rokubancho, Chiyoda-ku, Tokyo
Jan. to July 2012	Opened the Osaka, Sapporo, Sendai, Fukuoka and Takamatsu sales offices
Jan. 2013	Opened the Nagoya sales office
Mar. 2014	Entered business alliance with cooperative societies of certified public tax accountants
July 2015	Launched M&A online, an M&A portal site
Aug. 2015	Entered business alliance with Daido Life Insurance Company
Feb. 2016	Entered business alliance with cooperative societies of certified public accountants
June 2016	Listed on the Mothers market of the Tokyo Stock Exchange
Aug. 2016	Relocated headquarters to Otemachi, Chiyoda-ku, Tokyo
June 2017	Changed listing to the First Section of the Tokyo Stock Exchange

Business Overview

Strike mainly conducts M&A mediation and related businesses. Under a revenue model in which we receive mediation fees from both buyers and sellers, giving due consideration to conflicts of interest we make it priority to satisfy both clients.

Principal Businesses

M&A mediation business

Through introductions via business alliances with buyers and sellers, receive mediation fees from both buyers and sellers

Related businesses

- M&A advisory
- Due diligence
- Company valuations
- Consulting

Compensation Structure: Use of the Lehmann method

Sample Compensation Structure

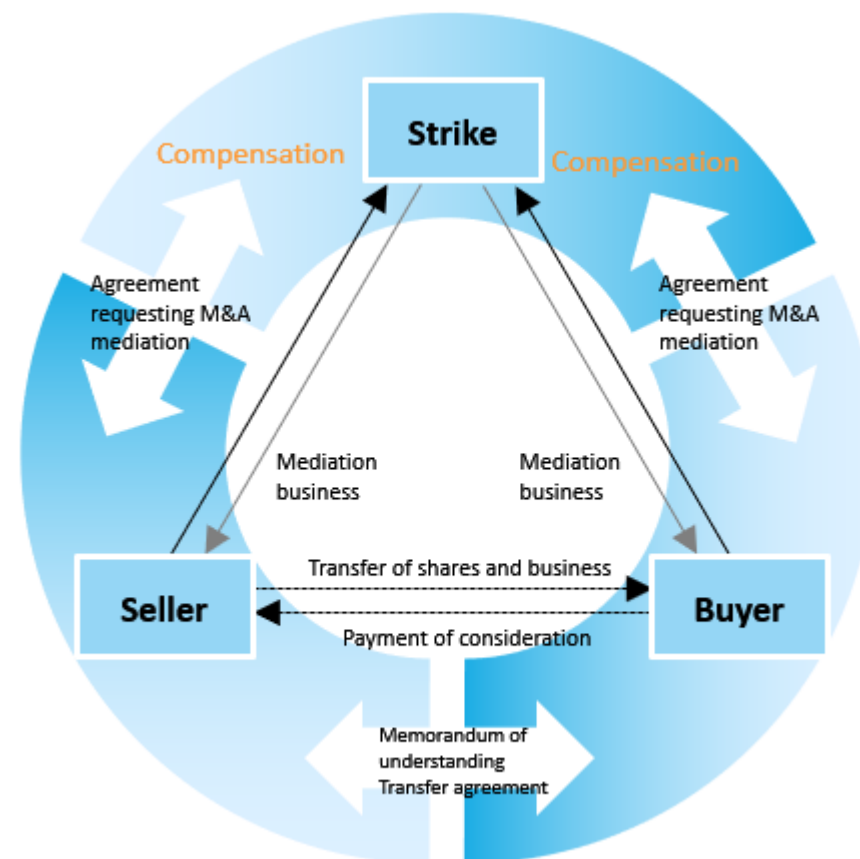
(Seller)

Amount of Shares or Assets to Be Transferred	Rate
Portion below ¥500 mn	5%
Portion from ¥500 mn to ¥1.0 bn	4%
Portion from ¥1.0 bn to ¥5.0 bn	3%
Portion from ¥5.0 bn to ¥10.0 bn	2%
Portion above ¥10.0 bn	1%

(Buyer)

Market value of total assets at transfer	Rate
Portion below ¥500 mn	5%
Portion from ¥500 mn to ¥1.0 bn	4%
Portion from ¥1.0 bn to ¥5.0 bn	3%
Portion from ¥5.0 bn to ¥10.0 bn	2%
Portion above ¥10.0 bn	1%

M&A Mediation Revenue Model



Flow of the M&A Mediation Business

Perform mediation through project search→ find project→ matching→ closing



- Hold seminars, issue publicity magazines, disseminate M&A information via web, newspapers, and magazines
 - Direct sales, direct mail
 - Cultivate operating business partners, strengthen relations, introductions from business partners
 - Respond to consultation from potential seller, make proposal
- Sign non-disclosure agreement with potential seller, obtain information on company to be sold
 - Conduct company pre-analysis, consider potential for sale
 - Sign agreement requesting M&A mediation with potential seller
 - Propose sale scheme, conduct company valuation
 - Prepare proposal documents
- Search for potential buyer (post on M&A Market SMART), sound out anonymously
 - Sign non-disclosure agreement with potential buyer, disclose proposal materials
 - Sign agreement requesting M&A mediation with potential buyer
 - Interview top management, arrange company visit
 - Confirm potential buyer's intention, adjust basic conditions
- Support signing of memorandum of understanding
 - Prepare environment for potential buyer to conduct due diligence
 - Adjust final conditions between potential seller and potential buyer
 - Support signing of transfer agreement

Using the Internet to Search for Matches

M&A Market SMART, a service using the internet to anonymously post deals and search for partners



<Benefits of Using SMART >

- Enables searches outside a given region for potential buyers and allows for swift matching
- Increases the number of choices for selling companies, and increases the possibility of selling the company to a good partner under favorable conditions
- Provides the possibility of finding an unexpected potential buyer (increases the possibilities of sale for niche businesses and contributes to matching between different fields of business)

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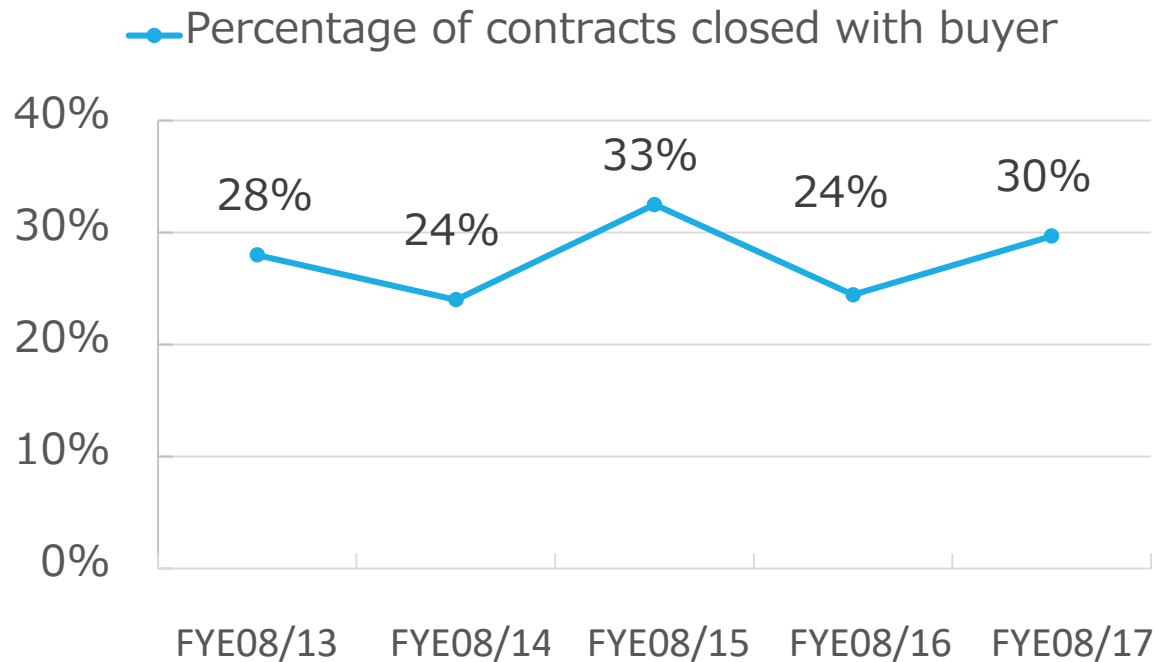
<http://www.strike.co.jp/smart/>

(Available for anyone to browse)

Status of Deals Closed on M&A Market SMART

Deals closed on M&A Market SMART (<http://www.strike.co.jp/smart/>)

Results of Matching Using SMART



Results of Matching with the Buyer via M&A Market SMART

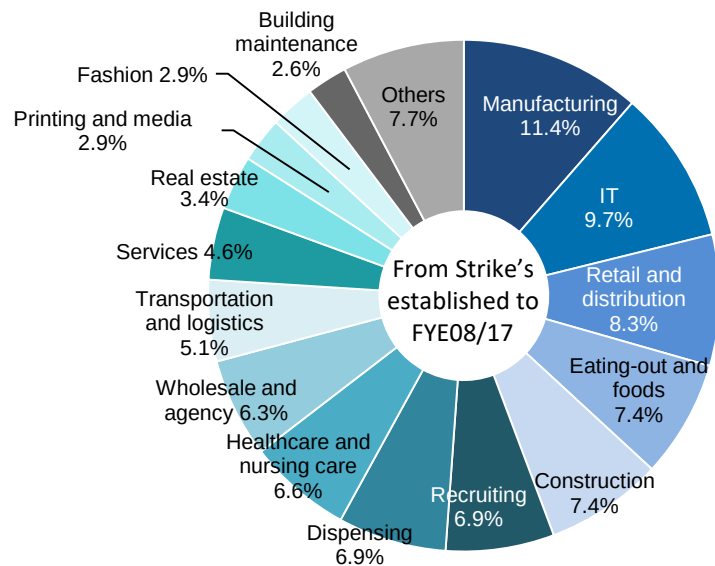


Approximately 30% of all projects closed

Using the Internet to Respond to Various Types of Business

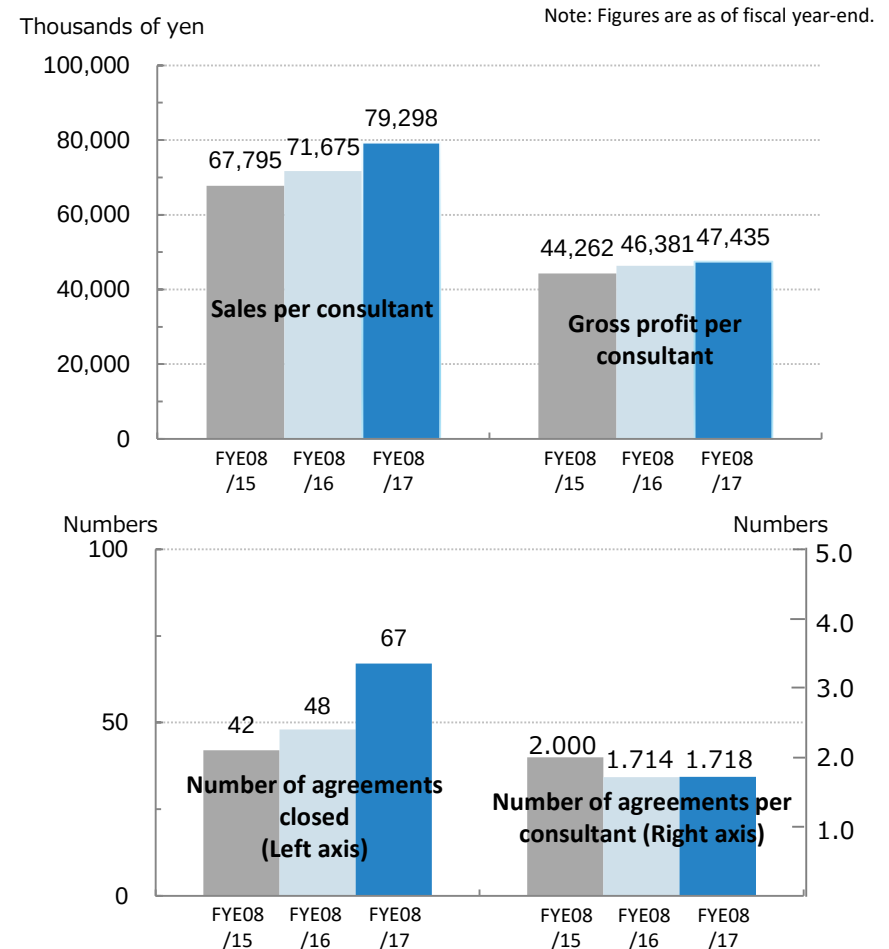
Facilitates M&A in a variety of business categories, rather than being skewed toward a specific business category. Due to a rapid increase in personnel, the number of agreements closed per salesperson is flat, but by increasing the number of agreements closed per person, we aim to increase sales and income per person.

Composition of M&A Agreements by Business Category



Note: Breakdown by category of businesses sold, using cumulative data as of August 31, 2017

Management Targets per Consultant



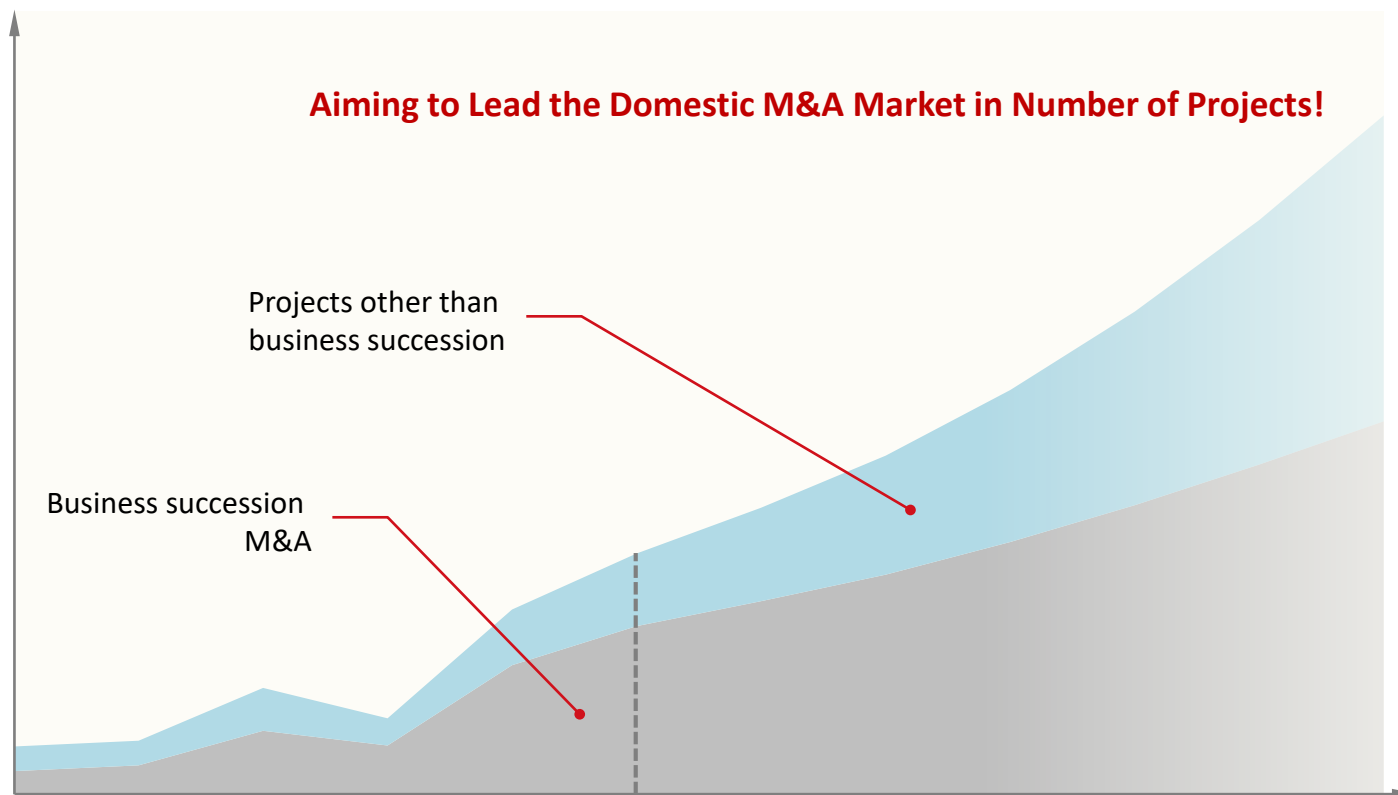
A hand in a suit sleeve holds a glowing blue sphere composed of interconnected nodes and lines, symbolizing a network or data structure.

MEDIUM- TO LONG-TERM MANAGEMENT POLICY

Aiming to Top the Japanese M&A Market in Number of Contracts

We aim to increase our share of the market for business succession M&A and aggressively cultivate projects in new fields, becoming the leader in the market for M&A introduction. Over the medium term, we intend to increase sales at 20% per year.

Target Sales Composition

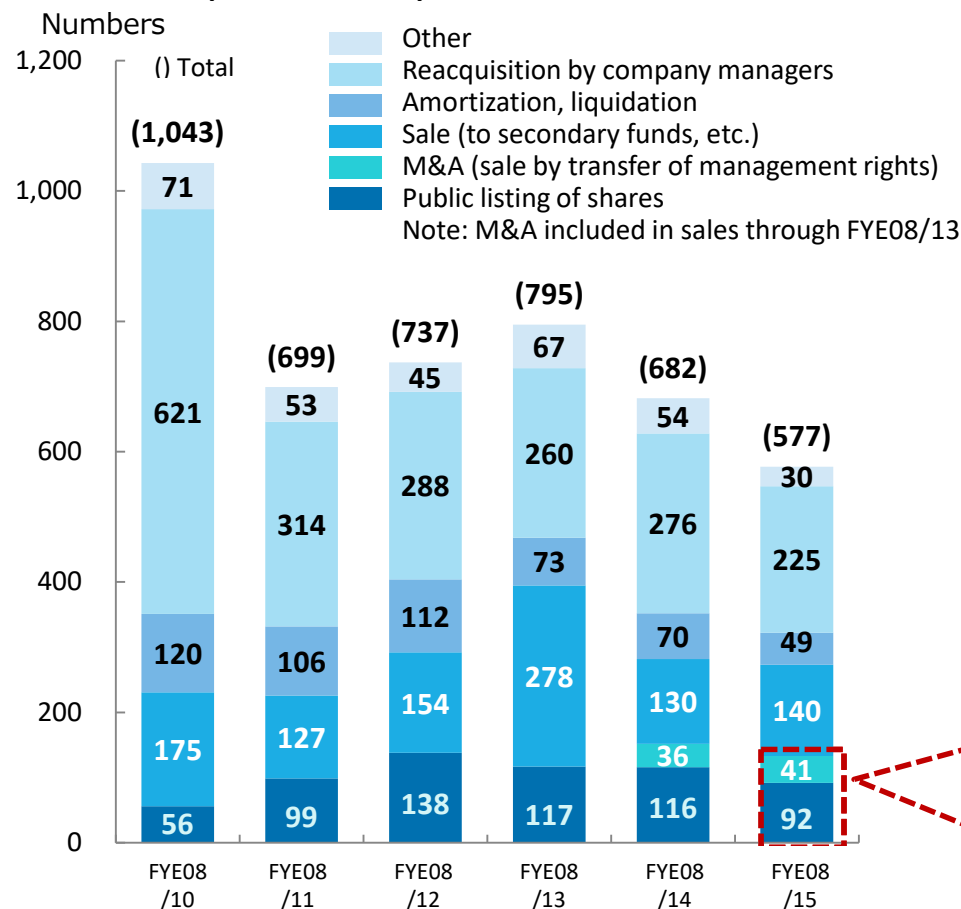


- **Medium- to long-term issues in becoming the leader in the Japanese M&A market in number of projects**
- **Projects other than business succession:** Cultivate the M&A business as an exit method for startup companies
- **Business succession M&A:** Market is forecast to expand, but reduce dependence on business succession projects by increasing the types of projects indicated above

Growing Needs for M&A as a Startup Exit Strategy

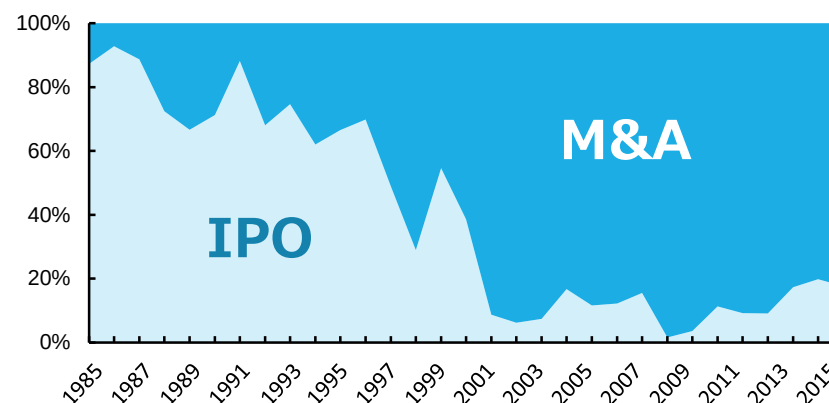
For Japanese startup companies, exits tend to be skewed toward IPOs, whereas M&A are mainstream in the United States. This was not always the case. It took time before M&A became mainstream in the United States. Going forward, this sort of scenario is highly likely to develop in Japan over time.

Venture Capital Exists in Japan

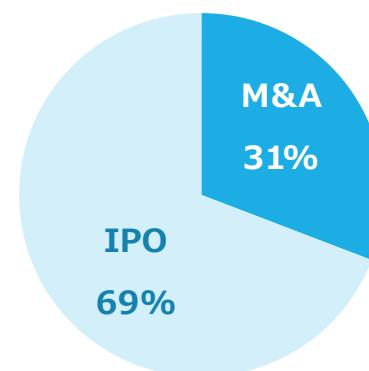


Source: NVCA YEARBOOK 2015 & 2016, 2016 Venture enterprises center

Exit of VC-Supported Companies in the United States



M&A:IPO ratio of VC exits



Cultivate Startup Company Exit Projects

By building up our network of entrepreneurs and startup companies, focus on cultivating the M&A market targeting startup company exits.



- These materials contain forward-looking statements with respect to Strike Co., Ltd.'s business trends and business content, and are based on the company's expectations, estimates, projections, and forecasts as of the time of publication.
- Expressions related to the company's future outlook contain a variety of risks and uncertainties. Actual results may differ from those anticipated in expressions related to the future outlook due to known and unknown risks, uncertainties, and other factors.
- The actual content and results of Strike Co., Ltd.'s future business may differ from the future outlook contained in these materials.
- Expressions in these materials in relation to the future outlook are based on material available to Strike Co., Ltd., as of the date these materials were released (April 10, 2018). Expressions regarding the future outlook will not be updated or revised to reflect future events and conditions.