

Non-Consolidated Financial Results
For the Fiscal Year Ended September 30, 2022
[Japanese GAAP]



October 28, 2022

Company name: Strike Co., Ltd.
 Stock exchange listing: Prime Market, Tokyo Stock Exchange
 Code number: 6196
 URL: <https://www.strike.co.jp/>
 Representative: Kunihiro Arai, President and CEO
 Contact: Koichi Nakamura, Director, Executive Officer and CFO
 Phone: +81-3-6895-6196
 Scheduled date of Annual General Meeting of Shareholders: December 23, 2022
 Scheduled date of commencing dividend payments: December 26, 2022
 Scheduled date of filing annual securities report: December 23, 2022
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: No physical session planned
 (video of briefing session to be distributed)

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

1. Financial Results for the Fiscal Year Ended September 30, 2022 (October 1, 2021 to September 30, 2022)

(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	%
Fiscal year ended								
September 30, 2022	10,727	—	4,224	—	4,226	—	2,962	—
September 30, 2021	9,034	—	3,451	—	3,475	—	2,395	—

	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					
September 30, 2022	155.23	154.65	29.2	35.6	39.4
September 30, 2021	125.33	124.68	29.6	34.7	38.2

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended September 30, 2022: ¥— million

Fiscal year ended September 30, 2021: ¥— million

(Note) Year-on-year percentage changes are not shown as the fiscal year ended September 30, 2021 was a 13-month accounting period (September 1, 2020 to September 30, 2021) due to a change in fiscal year-end.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Book value per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	12,809	11,248	87.8	587.62
As of September 30, 2021	10,958	9,077	82.8	474.41

(Reference) Equity: As of September 30, 2022: ¥11,247 million

As of September 30, 2021: ¥9,073 million

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
September 30, 2022	1,702	(936)	(791)	8,542
September 30, 2021	1,500	(400)	(404)	8,567

2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividend on equity
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2021	—	0.00	—	32.00	32.00	612	25.5	7.6
September 30, 2022	—	0.00	—	40.00	40.00	765	25.8	7.5
Fiscal year ending								
September 30, 2023 (forecast)	—	0.00	—	48.00	48.00		25.5	

3. Earnings Forecasts for the Fiscal Year Ending September 30, 2023 (October 1, 2022 to September 30, 2023)

(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
First half	6,871	31.7	2,280	14.4	2,281	14.4	1,506	11.6	78.72
Full year	15,266	42.3	5,454	29.1	5,454	29.1	3,608	21.8	188.52

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):

As of September 30, 2022: 19,354,200 shares

As of September 30, 2021: 19,354,200 shares

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

As of September 30, 2022: 213,459 shares

As of September 30, 2021: 228,021 shares

3) Average number of shares outstanding during the period:

Fiscal year ended September 30, 2022: 19,083,899 shares

Fiscal year ended September 30, 2021: 19,115,608 shares

* The financial statements are outside the scope of audit procedures by a certified public accountant or auditing firm.

* Explanation of the proper use of earnings forecasts and other notes

(Caution on forward-looking statements)

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 6 of the Attached Materials.

(How to obtain an explanation of financial results)

To prevent COVID-19 from spreading, we plan to distribute a financial results briefing video on our website (https://www.strike.co.jp/ir/index_en.html) instead of holding a physical financial results briefing session. Distribution is slated to commence on Tuesday, November 1, 2022 at 3:00 p.m.

Contents of Attached Materials

1. Overview of Business Results	4
(1) Overview of Business Results	4
(2) Explanation of Financial Condition	5
(3) Overview of Cash Flows	6
(4) Future Outlook.....	6
2. Basic Policy Regarding Selection of Accounting Standards.....	6
3. Financial Statements and Primary Notes	7
(1) Balance Sheet	7
(2) Statement of Income	9
(3) Statement of Changes in Equity	10
(4) Statement of Cash Flows	12
(5) Notes to the Financial Statements.....	13
(Notes on going concern assumption).....	13
(Changes in accounting policies)	13
(Share of profit (loss) of entities accounted for using equity method).....	13
(Segment information).....	13
(Per share information)	14
(Significant subsequent events)	14

1. Overview of Business Results

(1) Overview of Business Results

The Company's previous fiscal year was an irregular 13-month accounting period (September 1, 2020 to September 30, 2021) due to a change in fiscal year-end. For this reason, we have provided the actual results for the 13-month period of the previous fiscal year as reference information while omitting year-on-year comparisons.

During the fiscal year ended September 30, 2022, the Japanese economy showed signs of picking up as the COVID-19 vaccination rate increased and the government eased restrictions on social and economic activities. However, the economic outlook remains uncertain due to steeply rising energy prices, which were exacerbated by the war in Ukraine, and the impact of the yen's rapid depreciation on financial markets.

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 long-term growth trend, largely attributable to the success of proactive measures carried out by the Japanese government to support SMEs in need of successors. 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 over half of approximately 44,000 companies that were shuttered or dissolved in 2021 had reported profits during their most recent fiscal years (according to the "2022 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). Therefore, various initiatives have been launched in accordance with the "Promotion Plan for M&A among Small and Medium-sized Enterprises" announced in April 2021 by the Small and Medium Enterprise Agency, including the establishment of a registration system for organizations that support M&A and revisions of business succession guidelines. Furthermore, facilitating business succession, including through restructuring and M&A, has been positioned as one of the government's three key strategies for stimulating the growth of medium-sized enterprises. Accordingly, a new action plan was drafted by the government in June 2022, and initiatives are underway to promote M&A among SMEs through cooperation between the public and private sectors.

Against this backdrop, in October 2021 we realigned our operations by sourcing route to enhance the organization. In addition, we aim to achieve further growth by introducing a team-based system to respond systematically to new contracts and improve project work efficiency. Furthermore, we established an Innovation Support Office to strengthen cultivation of M&A market for startups and launched a new service, S venture Lab., to promote partnerships between startups and large companies.

On the sales front, we worked to attract new customers and close deals by hosting online seminars and making use of meetings via online conferencing systems. We also strove to uncover a wide range of M&A needs by carrying out industry-specific online advertising and proposal-based marketing.

Further, we have taken measures to strengthen collaborative service provision with partners, including the launch of an M&A brokerage service with Zeimu Kenkyukai Inc., which enjoys overwhelming recognition among accounting firms, and the establishment of tie-ups with the Nagoya Certified Public Tax Accountant Cooperative Society (Meizeikyo), the Tokai Certified Public Tax Accountant Cooperative Society (Tokai Zeikyo Koeikai), and the Osaka-Nara Certified Public Tax Accountant Cooperative Society (Hanna Zeikyo). We also accepted personnel from partner financial institutions and trained them so that they would be able to execute M&A operations with greater effectiveness once they return to their respective companies.

In terms of recruitment, we actively worked to add new employees with the goal of expanding our business performance and successfully recruited 22 new M&A consultants during the fiscal year under review.

As a result, during the fiscal year ended September 30, 2022, there were 195 deals closed ^(Note 1) (versus 151 during the fiscal year ended September 30, 2021) and 379 contracts closed ^(Note 2) (versus 290). We closed 19 large M&A deals (generating ¥100 million or more in sales per deal) (versus 17). Additionally, we accepted 661 new contracts ^(Note 3) (versus 518).

(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).

During the fiscal year ended September 30, 2022, net sales amounted to ¥10,727 million (versus ¥9,034 million in the previous fiscal year) thanks to an increase in the number of contracts closed. Cost of sales came to ¥3,570 million (versus ¥3,309 million) due to the recording of ¥2,527 million in personnel expenses from incentives associated with sales and the addition of new M&A consultants, as well as ¥789 million in introduction fees paid in connection with new contracts. Meanwhile, SG&A expenses totaled ¥2,932 million (versus ¥2,273 million), reflecting ¥1,318 million in personnel expenses, including salaries for employees and remuneration for directors (and other officers) and ¥378 million in rent expenses on land and buildings. As a result, operating profit reached ¥4,224 million (versus ¥3,451 million), ordinary profit came to ¥4,226 million (versus ¥3,475 million), and bottom-line profit was ¥2,962 million (versus ¥2,395 million).

Net sales, the number of deals closed, contracts closed, and new contracts recorded during the fiscal year under review, as well as the corresponding targets we planned to achieve for the full year, are provided below.

	Fiscal year ended September 30, 2022 (actual)	Fiscal year ended September 30, 2022 (target)	Achievement of the full-year target
Number of deals closed	195	206	94.7%
Number of contracts closed	379	407	93.1%
Number of new contracts	661	660	100.2%
Net sales (millions of yen)	10,727	11,208	95.7%

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

(2) Explanation of Financial Condition

(Assets)

As of September 30, 2022, current assets stood at ¥10,856 million, up ¥875 million from September 30, 2021. This mainly reflected increases of ¥942 million in income taxes refund receivable and ¥863 million in consumption taxes refund receivable, despite a decrease of ¥775 million in accounts receivable–trade.

Non-current assets amounted to ¥1,952 million, up ¥975 million from September 30, 2021. This mainly reflected increases of ¥605 million in leasehold deposits and ¥239 million in investment securities.

(Liabilities)

Current liabilities came to ¥1,560 million as of September 30, 2022, down ¥321 million from September 30, 2021. This was primarily attributable to decreases of ¥640 million in income taxes payable and ¥166 million in other liabilities due to payment of accrued consumption taxes for the previous fiscal year, which offset an increase of ¥593 million in accounts payable–other.

(Net assets)

As of September 30, 2022, net assets totaled ¥11,248 million, up ¥2,171 million from September 30, 2021. This primarily reflected a ¥2,962 million increase in profit, despite a ¥612 million decline in retained earnings due to the payment of dividends.

(3) Overview of Cash Flows

As of September 30, 2022, cash and cash equivalents stood at ¥8,542 million, up ¥25 million from September 30, 2021. Principal factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,702 million (compared to ¥1,500 million provided by these activities in the previous fiscal year). The main source of cash was ¥4,226 million in profit before income taxes, partially offset by ¥2,759 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥936 million (compared to ¥400 million used in these activities in the previous fiscal year). This primarily reflected ¥637 million in payments of leasehold and guarantee deposits and ¥240 million in payments for the purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥791 million (compared to ¥404 million used in these activities in the previous fiscal year). The main use of cash was dividends paid of ¥611 million and payments for the purchase of treasury shares of ¥501 million, which offset ¥321 million in proceeds from disposal of treasury shares.

(4) Future Outlook

In the fiscal year ending September 30, 2023, the Company aims to further step up proposal activities and strengthen its organizational capabilities to handle new contracts. The team-based system for M&A consultant work introduced in the previous fiscal year has taken root. Going forward, we will further promote systematic efforts to increase the number of deals closed and improve project work efficiency. In addition to stepping up efforts to capture new contracts through active advertising and promotion activities as well as online seminars, we will expand our pre-marketing services where we search for potential sellers on behalf of potential buyers, to strengthen our relationships with potential buyers.

The Company will also continue to increase outstanding consultants with the aim of expanding its business, and strive to train human resources and close more deals by enhancing internal training program, raising the technical knowledge of its employees, sharing information on laws and regulations and accounting systems, and sharing expertise required in securing contracts and closing deals.

We will continue to invest aggressively for further growth going forward. We plan to strengthen our sales activities such as advertising and online seminars, while actively recruiting consultants.

For the fiscal year ending September 30, 2023, the Company forecasts net sales of ¥15,266 million, operating profit of ¥5,454 million, ordinary profit of ¥5,454 million, and bottom-line profit of ¥3,608 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 Primary Notes

(1) Balance Sheet

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	8,567,428	8,542,139
Accounts receivable—trade	1,181,143	405,227
Prepaid expenses	88,094	98,254
Consumption taxes refund receivable	—	863,178
Income taxes refund receivable	—	942,038
Other	156,479	8,433
Allowance for doubtful accounts	(11,559)	(2,431)
Total current assets	9,981,586	10,856,840
Non-current assets		
Property, plant and equipment		
Buildings	253,956	302,497
Accumulated depreciation	(26,438)	(41,974)
Buildings, net	227,518	260,522
Tools, furniture and fixtures	148,799	189,306
Accumulated depreciation	(45,567)	(77,104)
Tools, furniture and fixtures, net	103,231	112,201
Land	—	990
Construction in progress	4,541	—
Total property, plant and equipment	335,291	373,714
Intangible assets		
Software	4,229	5,729
Total intangible assets	4,229	5,729
Investments and other assets		
Investment securities	89,198	328,844
Shares of subsidiaries and associates	—	103,160
Investments in capital	—	10,000
Long-term prepaid expenses	33,699	—
Deferred tax assets	128,629	109,621
Leasehold deposits	379,444	985,134
Other	6,887	53,508
Allowance for doubtful accounts	—	(17,150)
Total investments and other assets	637,858	1,573,119
Total non-current assets	977,379	1,952,564
Total assets	10,958,966	12,809,404

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable—trade	186,890	138,807
Accounts payable—other	777,324	1,371,225
Income taxes payable	640,693	—
Contract liabilities	—	13,038
Deposits received	110,238	37,783
Other	166,784	—
Total current liabilities	1,881,930	1,560,854
Total liabilities	1,881,930	1,560,854
Net assets		
Shareholders' equity		
Share capital	823,741	823,741
Capital surplus		
Legal capital surplus	801,491	801,491
Other capital surplus	8,885	—
Total capital surplus	810,377	801,491
Retained earnings		
Other retained earnings		
Reserve for open innovation promotion	—	17,587
Retained earnings brought forward	7,911,295	10,215,645
Total retained earnings	7,911,295	10,233,233
Treasury shares	(473,397)	(612,334)
Total shareholders' equity	9,072,017	11,246,131
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,544	1,298
Total valuation and translation adjustments	1,544	1,298
Share acquisition rights	3,474	1,119
Total net assets	9,077,036	11,248,550
Total liabilities and net assets	10,958,966	12,809,404

(2) Statement of Income

	(Thousands of yen)	
	Fiscal year ended September 30, 2021 (September 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (October 1, 2021 to September 30, 2022)
Net sales	9,034,500	10,727,244
Cost of sales	3,309,298	3,570,159
Gross profit	5,725,201	7,157,085
Selling, general and administrative expenses	2,273,946	2,932,686
Operating profit	3,451,255	4,224,398
Non-operating income		
Interest income	3,397	176
Dividend income	400	340
Compensation for damage received	20,400	2,400
Other	185	215
Total non-operating income	24,383	3,132
Non-operating expenses		
Commission for purchase of treasury shares	—	999
Total non-operating expenses	—	999
Ordinary profit	3,475,638	4,226,531
Extraordinary income		
Gain on sale of investment securities	4,000	—
Gain on reversal of share acquisition rights	36	—
Total extraordinary income	4,036	—
Extraordinary losses		
Loss on valuation of investment securities	69,264	—
Total extraordinary losses	69,264	—
Profit before income taxes	3,410,409	4,226,531
Income taxes—current	1,040,315	1,245,010
Income taxes—deferred	(25,620)	19,115
Total income taxes	1,014,695	1,264,126
Profit	2,395,713	2,962,404

(3) Statement of Changes in Equity

Fiscal year ended September 30, 2021 (September 1, 2020 to September 30, 2021)

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Retained earnings brought forward	Total retained earnings		
					Reserve for open innovation promotion				
Balance at beginning of period	823,741	801,491	—	801,491	—	5,974,078	5,974,078	(519,312)	7,079,998
Changes during period									
Dividends of surplus						(458,496)	(458,496)		(458,496)
Profit						2,395,713	2,395,713		2,395,713
Purchase of treasury shares								(165)	(165)
Disposal of treasury shares			8,885	8,885				46,081	54,967
Transfer from retained earnings to capital surplus									—
Provision of reserve for open innovation promotion									—
Net changes in items other than shareholders' equity									
Total changes during period	—	—	8,885	8,885	—	1,937,217	1,937,217	45,915	1,992,019
Balance at end of period	823,741	801,491	8,885	810,377	—	7,911,295	7,911,295	(473,397)	9,072,017

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	7,122	7,122	3,909	7,091,030
Changes during period				
Dividends of surplus				(458,496)
Profit				2,395,713
Purchase of treasury shares				(165)
Disposal of treasury shares				54,967
Transfer from retained earnings to capital surplus				—
Provision of reserve for open innovation promotion				—
Net changes in items other than shareholders' equity	(5,578)	(5,578)	(435)	(6,013)
Total changes during period	(5,578)	(5,578)	(435)	1,986,005
Balance at end of period	1,544	1,544	3,474	9,077,036

Fiscal year ended September 30, 2022 (October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for open innovation promotion	Retained earnings brought forward			
Balance at beginning of period	823,741	801,491	8,885	810,377	—	7,911,295	7,911,295	(473,397)	9,072,017
Changes during period									
Dividends of surplus						(612,037)	(612,037)		(612,037)
Profit						2,962,404	2,962,404		2,962,404
Purchase of treasury shares								(500,114)	(500,114)
Disposal of treasury shares			(37,315)	(37,315)				361,176	323,860
Transfer from retained earnings to capital surplus			28,429	28,429		(28,429)	(28,429)		—
Provision of reserve for open innovation promotion					17,587	(17,587)	—		—
Net changes in items other than shareholders' equity									
Total changes during period	—	—	(8,885)	(8,885)	17,587	2,304,349	2,321,937	(138,937)	2,174,113
Balance at end of period	823,741	801,491	—	801,491	17,587	10,215,645	10,233,233	(612,334)	11,246,131

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	1,544	1,544	3,474	9,077,036
Changes during period				
Dividends of surplus				(612,037)
Profit				2,962,404
Purchase of treasury shares				(500,114)
Disposal of treasury shares				323,860
Transfer from retained earnings to capital surplus				—
Provision of reserve for open innovation promotion				—
Net changes in items other than shareholders' equity	(245)	(245)	(2,354)	(2,599)
Total changes during period	(245)	(245)	(2,354)	2,171,514
Balance at end of period	1,298	1,298	1,119	11,248,550

(4) Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2021 (September 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (October 1, 2021 to September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	3,410,409	4,226,531
Depreciation	63,416	62,151
Loss (gain) on valuation of investment securities	69,264	—
Loss (gain) on sale of investment securities	(4,000)	—
Increase (decrease) in allowance for doubtful accounts	5,324	8,022
Interest and dividend income	(3,797)	(516)
Decrease (increase) in trade receivables	(887,417)	746,116
Increase (decrease) in trade payables	76,007	(48,082)
Increase (decrease) in accounts payable—other	73,723	590,948
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(119,048)	(1,029,963)
Other, net	8,071	(94,383)
Subtotal	2,691,954	4,460,822
Interest and dividends received	573	516
Income taxes paid	(1,192,523)	(2,759,276)
Net cash provided by (used in) operating activities	1,500,003	1,702,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(278,313)	(96,418)
Purchase of intangible assets	(600)	(3,600)
Purchase of investment securities	(49,966)	(240,000)
Proceeds from sale of investment securities	15,000	—
Purchase of shares of subsidiaries and associates	—	(103,160)
Payments for investments in capital	—	(10,000)
Payments of leasehold and guarantee deposits	(51,877)	(637,303)
Proceeds from refund of leasehold and guarantee deposits	—	172,521
Other, net	(34,591)	(18,044)
Net cash provided by (used in) investing activities	(400,348)	(936,004)
Cash flows from financing activities		
Purchase of treasury shares	(165)	(501,113)
Proceeds from disposal of treasury shares	54,567	321,506
Dividends paid	(458,499)	(611,740)
Net cash provided by (used in) financing activities	(404,097)	(791,348)
Net increase (decrease) in cash and cash equivalents	695,557	(25,288)
Cash and cash equivalents at beginning of period	7,871,870	8,567,428
Cash and cash equivalents at end of period	8,567,428	8,542,139

(5) Notes to the Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Company has adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan [ASBJ] Statement No. 29; March 31, 2020) and relevant regulations from the start of the fiscal year ended September 30, 2022. Revenue is now recognized as the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services is transferred to the customer.

In applying the Accounting Standard for Revenue Recognition and relevant regulations, the Company has followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. Accordingly, the cumulative effect of retroactively applying the new accounting policy prior to the start of the fiscal year under review has been reflected in retained earnings at the start of the fiscal year under review, and the new accounting policy has been applied from the resulting beginning balance. However, the Company has applied the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition and has not applied the new accounting policy to contracts for which almost all the revenue amounts have been recognized in accordance with the previous method prior to the start of the fiscal year under review.

The impact of this change on profits for the fiscal year under review is minimal. Moreover, there is no impact on the beginning balance of retained earnings for the fiscal year under review.

(Application of Accounting Standard for Fair Value Measurement)

The Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019) and relevant regulations from the start of the fiscal year ended September 30, 2022. The Company will apply the new accounting policy established by the Accounting Standard for Fair Value Measurement and relevant regulations prospectively in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019).

This change has no impact on the Company's financial statements.

(Share of profit (loss) of entities accounted for using equity method)

The Company has omitted information on an affiliate owing to its immateriality from the standpoint of profit and retained earnings standards.

(Segment information)

(Segment information)

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

(Per share information)

	Fiscal year ended September 30, 2021 (September 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (October 1, 2021 to September 30, 2022)
Net assets per share	¥474.41	¥587.62
Basic earnings per share	¥125.33	¥155.23
Diluted earnings per share	¥124.68	¥154.65

(Note) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended September 30, 2021 (September 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (October 1, 2021 to September 30, 2022)
Basic earnings per share		
Profit (Thousands of yen)	2,395,713	2,962,404
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit relating to common shares (Thousands of yen)	2,395,713	2,962,404
Average number of shares outstanding (common shares) during the period (Shares)	19,115,608	19,083,899
Diluted earnings per share		
Adjustment for profit (Thousands of yen)	—	—
Increase in the number of common shares (Shares)	98,816	71,883
(Share acquisition rights included in the above) (Shares)	(98,816)	(71,883)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Significant subsequent events)

There is no relevant information.