

**Non-Consolidated Financial Results**  
**For the Three Months Ended December 31, 2023**  
**[Japanese GAAP]**



January 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 filing quarterly securities report: February 13, 2024  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: None (scheduled to distribute video of financial results presentation)

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

**1. Financial Results for the Three Months Ended December 31, 2023 (October 1, 2023 to December 31, 2023)**

(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	%
Three months ended December 31, 2023	3,676	86.6	1,345	140.8	1,344	140.1	904	140.9
December 31, 2022	1,969	(16.4)	558	(37.4)	560	(37.3)	375	(37.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2023	47.11	—
December 31, 2022	19.59	—

(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 December 31, 2023	16,573	14,428	87.1
As of September 30, 2023	18,285	14,503	79.3

(Reference) Equity: As of December 31, 2023: ¥14,428 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
Fiscal year ended September 30, 2023	Yen —	Yen 0.00	Yen —	Yen 51.00	Yen 51.00
Fiscal year ending September 30, 2024	—	—	—	—	—
Fiscal year ending September 30, 2024 (forecast)	—	0.00	—	62.00	62.00

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

### 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
First half	8,199	34.8	2,928	44.5	2,924	43.7	1,943	42.1	101.22
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 December 31, 2023: 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 December 31, 2023: 151,339 shares

As of September 30, 2023: 151,339 shares

3) Average number of shares outstanding during the period:

For the three months ended December 31, 2023: 19,202,861 shares

For the three months ended December 31, 2022: 19,167,742 shares

\* The quarterly financial statements are outside the scope of quarterly review by a certified public accountant or auditing firm.

#### \* 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.

## Contents of Attached Materials

1. Qualitative Information on Quarterly Financial Results.....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Earnings Forecasts and Other Forward-Looking Information .....	4
2. Quarterly Financial Statements and Primary Notes.....	5
(1) Balance Sheet .....	5
(2) Statement of Income .....	6
(3) Notes to the Quarterly Financial Statements .....	7
(Notes on going concern assumption).....	7
(Notes in the event of significant changes in shareholders' equity).....	7

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

During the three months ended December 31, 2023, the recovery of the Japanese economy had been gradual with demand recovery after the COVID-19 pandemic running its course. On the other hand, the economic outlook remains uncertain due to factors such as soaring resource and energy prices caused by protracted conflict in Ukraine and concerns about a slowdown in economic growth rates 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 over half of approximately 50,000 companies that were shuttered or dissolved in 2022 had reported profits during their most recent fiscal years (according to the "2023 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.

With regard to collaborative efforts involving its business partners, the Company has launched a business alliance with South Kyushu Certified Public Tax Accountants' Association, thereby expanding its network of alliances with tax accountant cooperatives to include 17 organizations with more than 60,000 members nationwide. In addition, by accepting personnel from partner financial institutions, we have taken on the responsibility of developing M&A personnel within the partner financial institutions and enhanced our M&A support system through collaboration.

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

As a result of these efforts, during the three months ended December 31, 2023, we closed 54 deals <sup>(Note 1)</sup>, compared with 40 deals a year earlier, and 106 contracts <sup>(Note 2)</sup>, versus 80 contracts a year earlier. Additionally, we closed seven large M&A deals (generating ¥100 million or more in sales per deal) during the period under review, versus four large deals in the same period of the previous fiscal year. As of December 31, 2023, our new contract count <sup>(Note 3)</sup> was 230, versus 153 as of December 31, 2022.

(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 three months ended December 31, 2023 rose to ¥3,676 million (up 86.6% year on year). Cost of sales totaled ¥1,277 million (up 76.7% 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 ¥1,053 million (up 53.1% year on year) on increased rent expenses on land and buildings resulting from head office expansion conducted in March 2023. As a result, operating profit came to ¥1,345 million (up 140.8% year on year). Ordinary profit totaled ¥1,344 million (up 140.1% year on year), with bottom-line profit coming in at ¥904 million (up 140.9% year on year).

The number of deals closed, contracts closed, new contracts, and net sales recorded during the three months ended December 31, 2023, as well as the corresponding targets we plan to achieve for the full year, are provided below.

	Three months ended December 31, 2023 (actual)	Fiscal year ending September 30, 2024 (target)	Percentage against the full-year target
Number of deals closed	54	270	20.0%
Number of contracts closed	106	534	19.9%
Number of new contracts	230	814	28.3%
Net sales (millions of yen)	3,676	18,218	20.2%

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 December 31, 2023, current assets stood at ¥13,435 million, down ¥1,788 million from September 30, 2023. This decrease was primarily the result of a ¥1,106 million fall in cash and deposits and a ¥720 million decrease in accounts receivable - trade.

Non-current assets amounted to ¥3,137 million, up ¥76 million compared to September 30, 2023. This increase occurred mainly because property, plant and equipment grew ¥66 million, reflecting capital investments associated with the relocation of the Osaka sales office.

(Liabilities)

Current liabilities came to ¥1,890 million as of December 31, 2023, down ¥1,700 million from September 30, 2023. This was mainly the result of a ¥472 million decrease in income taxes payable due to payments of income and other taxes and a ¥1,783 million decrease in other current liabilities due primarily to the payment of accrued bonuses at the end of the previous fiscal year, despite a ¥554 million increase in provision for bonuses.

Non-current liabilities amounted to ¥254 million, up ¥63 million compared to September 30, 2023.

(Net assets)

As of December 31, 2023, net assets totaled ¥14,428 million, down ¥74 million compared to September 30, 2023. This decrease primarily reflected lower retained earnings—which grew ¥904 million due to the recording of bottom-line profit but declined ¥979 million 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 December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	14,102,865	12,996,234
Accounts receivable – trade	966,029	245,234
Other	181,535	200,812
Allowance for doubtful accounts	(26,013)	(6,603)
<b>Total current assets</b>	<b>15,224,417</b>	<b>13,435,678</b>
Non-current assets		
Property, plant and equipment	1,082,645	1,148,818
Intangible assets	12,476	11,550
Investments and other assets		
Other	2,007,616	2,002,444
Allowance for doubtful accounts	(41,800)	(25,300)
<b>Total investments and other assets</b>	<b>1,965,816</b>	<b>1,977,144</b>
<b>Total non-current assets</b>	<b>3,060,938</b>	<b>3,137,513</b>
<b>Total assets</b>	<b>18,285,355</b>	<b>16,573,192</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	160,070	155,831
Income taxes payable	970,078	497,811
Contract liabilities	10,848	15,171
Provision for bonuses	—	554,395
Other	2,450,729	667,710
<b>Total current liabilities</b>	<b>3,591,726</b>	<b>1,890,919</b>
Non-current liabilities		
Other	190,539	254,053
<b>Total non-current liabilities</b>	<b>190,539</b>	<b>254,053</b>
<b>Total liabilities</b>	<b>3,782,266</b>	<b>2,144,973</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	823,741	823,741
Capital surplus	801,491	801,491
Retained earnings	13,310,026	13,235,391
Treasury shares	(434,210)	(434,210)
<b>Total shareholders' equity</b>	<b>14,501,049</b>	<b>14,426,414</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,039	1,803
<b>Total valuation and translation adjustments</b>	<b>2,039</b>	<b>1,803</b>
<b>Total net assets</b>	<b>14,503,089</b>	<b>14,428,218</b>
<b>Total liabilities and net assets</b>	<b>18,285,355</b>	<b>16,573,192</b>

## (2) Statement of Income

(Thousands of yen)

	For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)
Net sales	1,969,829	3,676,229
Cost of sales	722,957	1,277,366
Gross profit	1,246,872	2,398,863
Selling, general and administrative expenses	687,948	1,053,002
Operating profit	558,923	1,345,860
Non-operating income		
Interest income	26	26
Dividend income	1,250	1,460
Compensation for damage received	600	718
Interest on tax refund	3,005	—
Other	137	532
Total non-operating income	5,019	2,737
Non-operating expenses		
Loss on investments in investment partnerships	3,775	1,841
Compensation for damage	—	2,000
Total non-operating expenses	3,775	3,841
Ordinary profit	560,168	1,344,755
Profit before income taxes	560,168	1,344,755
Income taxes—current	161,429	467,136
Income taxes—deferred	23,173	(27,092)
Total income taxes	184,602	440,044
Profit	375,566	904,710



(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.