

Q2 FY2025/9 Non-Consolidated Financial Results [Japanese GAAP]

April 30, 2025

Company name: Strike Co., Ltd.
 Stock exchange listing: Prime Market, Tokyo Stock Exchange
 Code number: 6196
 URL: <https://www.strike.co.jp/en/>
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 Scheduled date to file semi-annual securities report: May 14, 2025
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on financial results: Available
 Holding of 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 March 31, 2025 (October 1, 2024 to March 31, 2025)

(1) Operating Results

(Percentages indicate year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	8,951	(3.0)	2,439	(34.2)	2,440	(34.2)	1,739	(28.7)
March 31, 2024	9,230	51.8	3,706	82.9	3,705	82.1	2,440	78.3

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
March 31, 2025	90.59	—
March 31, 2024	127.08	—

(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 March 31, 2025	21,700	18,461	85.1
As of September 30, 2024	22,690	18,470	81.4

(Reference) Equity: As of March 31, 2025: ¥18,461 million
 As of September 30, 2024: ¥18,470 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2024	—	0.00	—	91.00	91.00
Fiscal year ending September 30, 2025	—	0.00			
Fiscal year ending September 30, 2025 (forecast)			—	180.00	180.00

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

For details regarding the revision to the dividend forecast, please refer to the “Notice Regarding Revisions to Dividend Policy (Increase in Dividend Payout Ratio) and Dividend Forecast (Dividend Increase)” released today (April 30, 2025).

3. Earnings Forecasts for the Fiscal Year Ending September 30, 2025 (October 1, 2024 to September 30, 2025)

(Percentages indicate year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	22,300	22.9	8,407	24.1	8,406	24.1	5,631	13.7	293.27

(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 March 31, 2025: 19,354,200 shares

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

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

As of March 31, 2025: 151,409 shares

As of September 30, 2024: 151,409 shares

3) Average number of shares outstanding during the period:

For the six months ended March 31, 2025: 19,202,791 shares

For the six months ended March 31, 2024: 19,202,851 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit 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.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the six months ended March 31, 2025, the Japanese economy maintained a gradual recovery trend. This was driven by an increase in capital investment, a pickup in personal consumption, growth in inbound demand, and improvements in the employment and income environment. On the other hand, the outlook remains uncertain due to various factors, including the ongoing global instability, such as the conflict in Ukraine and rising tensions in the Middle East, along with concerns about the Chinese economy's future as well as U.S. tariff policies and inflationary pressures.

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

In August 2024, the "M&A Guidelines for SMEs" were revised to their third edition. The updated guidelines aim to foster an environment where high-quality intermediaries are selected by clients, with new items added to address the content and quality of services provided, fees, and efforts by M&A support organizations to ensure and enhance the quality of their service.

Within this environment, we undertook a variety of initiatives to develop our M&A consultants and enhance our service quality, such as providing internal training opportunities to enhance client proposal skills and deepen the understanding of M&A Guidelines for SMEs. Meanwhile, we also strove to identify a wide range of M&A needs by rolling out industry-specific online advertisements and proposal-based sales activities. Furthermore, we focused on cultivating new startup-related opportunities in the M&A market by holding monthly networking events through "S venture Lab.," a service designed to promote partnerships between startups and business companies.

With regard to collaborative efforts involving our business partners, we have welcomed staff from partner financial institutions to enhance their M&A expertise, thereby strengthening our M&A support system. In addition, based on joint research conducted with the University of Tokyo and other institutions, we have developed an M&A candidate identification (matching) system utilizing patent data, in collaboration with Shobayashi International Patent & Trademark Office, which specializes in corporate intellectual property analysis. This initiative has led to further strengthening our framework for efficient M&A matching.

In terms of recruitment, we actively worked to add new employees with the goal of expanding our business performance and successfully recruited 30 new M&A consultants during the six-month period under review.

As a result of these efforts, during the six months ended March 31, 2025, we closed 130 deals ^(Note 1), compared with 130 deals a year earlier, and 249 contracts ^(Note 2), versus 256 contracts a year earlier. Additionally, we closed 23 large deals (generating ¥100 million or more in sales per deal) during the period under review, versus 23 large deals in the same period in the previous fiscal year. As of March 31, 2025, our new contract count ^(Note 3) was 535, versus 446 as of March 31, 2024.

(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 six months ended March 31, 2025 was ¥8,951 million (down 3.0% year on year) because the execution of several large M&A deals was delayed until the third quarter, resulting in the corresponding sales not being recognized during this period. Cost of sales totaled ¥3,709 million (up 14.2% year on year), primarily owing to higher personnel expenses associated with the rise in the number of M&A consultants and an increase in referral fees due to the closing of deals contracted through referrals from business partners. SG&A expenses amounted to ¥2,801 million (up 23.1% year on year) on increased advertising expenses related to sales activities and an increase in recruitment-related fees due to active hiring efforts. As a result, operating profit came to ¥2,439 million (down 34.2% year on year). Ordinary profit totaled ¥2,440 million (down 34.2% year on year) and bottom-line profit came in at ¥1,739 million (down 28.7% year on year).

The number of deals closed, contracts closed, new contracts, and net sales recorded during the six months ended March 31, 2025, as well as the corresponding targets we plan to achieve for the full year, are provided below.

	Six months ended March 31, 2025 (actual)	Fiscal year ending September 30, 2025 (target)	Percentage against the full- year target
Number of deals closed	130	310	41.9%
Number of contracts closed	249	604	41.2%
Number of new contracts	535	1,045	51.2%
Net sales (millions of yen)	8,951	22,300	40.1%

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

1) Status of assets, liabilities, and net assets

(Assets)

As of March 31, 2025, current assets stood at ¥17,913 million, down ¥1,314 million from September 30, 2024. This decrease was primarily the result of a ¥1,180 million decrease in cash and deposits and a ¥136 million decline in accounts receivable - trade.

Non-current assets amounted to ¥3,787 million, up ¥325 million compared to September 30, 2024. This was mainly because of a ¥290 million increase in investments and other assets due primarily to an increase in deferred tax assets and leasehold deposits, in addition to a ¥36 million increase in property, plant and equipment owing primarily to capital investments for office expansion and relocation.

(Liabilities)

As of March 31, 2025, current liabilities were ¥2,948 million, down ¥975 million from September 30, 2024. This was mainly the result of a ¥1,852 million decrease in other current liabilities due mainly to a decrease in accounts payable - other as a result of the payment of accrued bonuses at the end of the previous fiscal year, despite a ¥1,071 million increase in provision for bonuses.

Non-current liabilities amounted to ¥291 million, down ¥5 million compared to September 30, 2024. This was due to a decrease of ¥5 million in long-term accounts payable.

(Net assets)

As of March 31, 2025, net assets totaled ¥18,461 million, down ¥8 million compared to September 30, 2024. This was primarily due to a ¥1,747 million decline in retained earnings owing to the payment of dividends, despite a ¥1,739 million increase in retained earnings because of the recording of profit.

2) Status of cash flows

As of March 31, 2025, cash and cash equivalents stood at ¥17,178 million, down ¥1,180 million from September 30, 2024. Principal factors for the increase/decrease during the first half of the current fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥673 million (compared to ¥3,943 million provided by these activities in the same period of the previous fiscal year). This primarily reflected ¥2,529 million in profit before income taxes and a ¥1,071 million increase in provision for bonuses, despite a ¥1,501 million decrease in accounts payable - other and ¥1,078 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥110 million (compared to ¥647 million used in these activities in the same period of the previous fiscal year). This primarily reflected ¥103 million in purchase of property, plant and equipment and ¥100 million in payments of leasehold deposits, despite ¥110 million in proceeds from sale of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities came to ¥1,742 million (compared to ¥978 million used in these activities in the same period of the previous fiscal year). The main use of cash was dividends paid of ¥1,742 million.

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

Our earnings forecasts for the fiscal year ending September 30, 2025 are unchanged from the figures announced on October 30, 2024.

2. Semi-Annual Financial Statements and Primary Notes

(1) Semi-Annual Balance Sheet

(Thousands of yen)

	As of September 30, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	18,358,964	17,178,775
Accounts receivable – trade	643,867	507,710
Other	245,866	242,930
Allowance for doubtful accounts	(20,759)	(16,369)
Total current assets	19,227,939	17,913,048
Non-current assets		
Property, plant and equipment	1,146,207	1,182,650
Intangible assets	8,770	7,381
Investments and other assets		
Other	2,332,762	2,625,218
Allowance for doubtful accounts	(25,300)	(27,500)
Total investments and other assets	2,307,462	2,597,718
Total non-current assets	3,462,440	3,787,751
Total assets	22,690,380	21,700,799
Liabilities		
Current liabilities		
Accounts payable – trade	254,826	146,880
Income taxes payable	1,143,689	1,057,933
Contract liabilities	11,112	9,891
Provision for bonuses	—	1,071,739
Other	2,514,321	661,615
Total current liabilities	3,923,949	2,948,059
Non-current liabilities		
Other	296,328	291,019
Total non-current liabilities	296,328	291,019
Total liabilities	4,220,278	3,239,079
Net assets		
Shareholders' equity		
Share capital	823,741	823,741
Capital surplus	801,491	801,491
Retained earnings	17,285,684	17,277,902
Treasury shares	(434,538)	(434,538)
Total shareholders' equity	18,476,379	18,468,597
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(6,278)	(6,877)
Total valuation and translation adjustments	(6,278)	(6,877)
Total net assets	18,470,101	18,461,720
Total liabilities and net assets	22,690,380	21,700,799

(2) Semi-Annual Statement of Income

(Thousands of yen)

	For the six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)	For the six months ended March 31, 2025 (October 1, 2024 to March 31, 2025)
Net sales	9,230,560	8,951,156
Cost of sales	3,248,426	3,709,790
Gross profit	5,982,133	5,241,365
Selling, general and administrative expenses	2,276,087	2,801,889
Operating profit	3,706,046	2,439,476
Non-operating income		
Interest income	117	8,148
Dividend income	1,460	80
Compensation for damage received	1,318	1,200
Other	532	645
Total non-operating income	3,427	10,074
Non-operating expenses		
Loss on investments in investment partnerships	1,841	9,461
Compensation for damage	2,000	—
Other	50	—
Total non-operating expenses	3,891	9,461
Ordinary profit	3,705,582	2,440,088
Extraordinary income		
Gain on sale of investment securities	—	89,264
Total extraordinary income	—	89,264
Extraordinary losses		
Loss on valuation of investment securities	104,606	—
Total extraordinary losses	104,606	—
Profit before income taxes	3,600,975	2,529,353
Income taxes—current	1,148,529	1,005,513
Income taxes—deferred	12,150	(215,831)
Total income taxes	1,160,680	789,681
Profit	2,440,295	1,739,671

(3) Semi-Annual Statement of Cash Flows

	(Thousands of yen)	
	For the six months ended March 31, 2024 (October 1, 2023 to March 31, 2024)	For the six months ended March 31, 2025 (October 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	3,600,975	2,529,353
Depreciation	79,857	84,153
Loss (gain) on valuation of investment securities	104,606	—
Loss (gain) on sale of investment securities	—	(89,264)
Increase (decrease) in allowance for doubtful accounts	(30,573)	(2,190)
Increase (decrease) in provision for bonuses	205,050	1,071,739
Interest and dividend income	(1,577)	(8,228)
Decrease (increase) in trade receivables	539,112	133,956
Increase (decrease) in trade payables	(33,098)	(107,945)
Increase (decrease) in accounts payable – other	10,642	(1,501,170)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	147,309	(393,697)
Other, net	218,983	26,545
Subtotal	4,841,288	1,743,250
Interest and dividends received	1,577	8,228
Income taxes paid	(898,928)	(1,078,289)
Net cash provided by (used in) operating activities	3,943,937	673,190
Cash flows from investing activities		
Purchase of property, plant and equipment	(542,714)	(103,504)
Purchase of investment securities	(86,893)	(21,195)
Proceeds from sale of investment securities	—	110,000
Payments of leasehold and guarantee deposits	(25,942)	(100,385)
Proceeds from refund of leasehold and guarantee deposits	18,344	6,500
Other, net	(10,440)	(2,111)
Net cash provided by (used in) investing activities	(647,645)	(110,697)
Cash flows from financing activities		
Purchase of treasury shares	(156)	—
Dividends paid	(978,678)	(1,742,680)
Net cash provided by (used in) financing activities	(978,834)	(1,742,680)
Net increase (decrease) in cash and cash equivalents	2,317,457	(1,180,188)
Cash and cash equivalents at beginning of period	14,102,865	18,358,964
Cash and cash equivalents at end of period	16,420,322	17,178,775

(4) Notes to the Semi-Annual Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Notes on segment information, etc.)

[Segment information]

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