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On September 30, 2020, Strike Co., Ltd. announced earnings results for full-year FY08/20.

Cumulative (JPYmn)	FY08/19				FY08/20				FY08/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Revenue	827	2,193	3,414	5,078	1,482	3,508	4,979	6,917	100.0%	6,916
YoY	17.5%	41.3%	21.1%	35.6%	79.1%	60.0%	45.9%	36.2%		36.2%
Gross profit	551	1,397	2,159	3,168	987	2,329	3,278	4,518		
YoY	17.4%	47.7%	20.7%	36.6%	79.1%	66.7%	51.8%	42.6%		
GPM	66.6%	63.7%	63.2%	62.4%	66.6%	66.4%	65.8%	65.3%		
SG&A expenses	321	640	959	1,281	365	777	1,148	1,537		
YoY	36.3%	41.0%	32.2%	32.6%	13.8%	21.5%	19.7%	20.0%		
SG&A ratio	38.8%	29.2%	28.1%	25.2%	24.6%	22.2%	23.1%	22.2%		
Operating profit	230	757	1,200	1,887	622	1,551	2,130	2,981	100.0%	2,981
YoY	-1.6%	53.8%	12.9%	39.5%	170.3%	104.9%	77.6%	58.0%		58.0%
OPM	27.8%	34.5%	35.1%	37.2%	41.9%	44.2%	42.8%	43.1%		43.1%
Recurring profit	230	756	1,200	1,890	622	1,551	2,131	2,983	100.0%	2,983
YoY	-1.6%	53.5%	12.8%	39.4%	170.2%	105.2%	77.5%	57.9%		57.9%
RPM	27.8%	34.5%	35.2%	37.2%	41.9%	44.2%	42.8%	43.1%		43.1%
Net income	152	504	801	1,342	573	1,181	1,566	2,203	100.0%	2,202
YoY	-4.8%	52.1%	11.7%	45.9%	277.6%	134.4%	95.4%	64.1%		64.0%
Net margin	18.4%	23.0%	23.5%	26.4%	38.7%	33.7%	31.4%	31.8%		31.8%

Quarterly (JPYmn)	FY08/19				FY08/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	827	1,366	1,221	1,664	1,482	2,027	1,471	1,937
YoY	17.5%	61.0%	-3.7%	80.1%	79.1%	48.4%	20.5%	16.4%
Gross profit	551	846	762	1,009	987	1,342	949	1,240
YoY	17.4%	77.5%	-9.6%	90.2%	79.1%	58.6%	24.6%	22.9%
GPM	66.6%	62.0%	62.4%	60.6%	66.6%	66.2%	64.5%	64.0%
SG&A expenses	321	319	319	322	365	412	370	389
YoY	36.3%	46.2%	17.5%	33.6%	13.8%	29.2%	16.0%	20.9%
SG&A ratio	38.8%	23.4%	26.1%	19.3%	24.6%	20.3%	25.2%	20.1%
Operating profit	230	527	443	687	622	930	579	851
YoY	-1.6%	103.9%	-22.4%	137.0%	170.3%	76.4%	30.8%	23.9%
OPM	27.8%	38.6%	36.3%	41.3%	41.9%	45.9%	39.4%	43.9%
Recurring profit	230	526	444	689	622	930	579	853
YoY	-1.6%	103.3%	-22.3%	137.2%	170.2%	76.7%	30.4%	23.8%
RPM	27.8%	38.5%	36.4%	41.4%	41.9%	45.9%	39.4%	44.0%
Net income	152	352	297	541	573	608	384	637
YoY	-4.8%	105.0%	-23.0%	167.4%	277.6%	72.7%	29.3%	17.7%
Net margin	18.4%	25.8%	24.4%	32.5%	38.7%	30.0%	26.1%	32.9%

Source: Shared Research based on company data

Note: Amounts in the table may differ from company data due to differences in rounding methods.

Key indicators

Cumulative	FY08/19				FY08/20				FY08/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
No. of new contracts	57	106	203	289	117	197	254	340	95.0%	358
YoY	11.8%	2.9%	20.1%	24.6%	105.3%	85.8%	25.1%	17.6%		23.9%
No. of M&A deals closed	22	44	68	104	24	70	97	134	93.7%	143
YoY	-8.3%	2.3%	7.9%	18.2%	9.1%	59.1%	42.6%	28.8%		37.5%
No. of large deals	0	2	4	6	4	8	12	16		
YoY	-	0.0%	33.3%	100.0%	-	300.0%	200.0%	166.7%		
Fees per deal closed (JPYmn)	37.6	49.8	50.2	48.8	61.7	50.1	51.3	51.6		48.4
YoY	28.2%	38.1%	12.2%	14.8%	64.2%	0.6%	2.3%	5.7%		-0.9%
No. of consultants (year-end)	72	78	93	98	99	105	112	111		121
YoY	56.5%	44.4%	75.5%	75.0%	37.5%	34.6%	20.4%	13.3%		23.5%

Quarterly	FY08/19				FY08/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
No. of new contracts	57	49	97	86	117	80	57	86
YoY	11.8%	-5.8%	47.0%	36.5%	105.3%	63.3%	-41.2%	0.0%
No. of M&A deals closed	22	22	24	36	24	46	27	37
YoY	-8.3%	15.8%	20.0%	44.0%	9.1%	109.1%	12.5%	2.8%
No. of large deals	0	2	2	2	4	4	4	4
YoY	-	0.0%	100.0%	-	-	100.0%	100.0%	100.0%
No. of deals closed per consultant	1.4	1.2	1.1	1.5	1.0	1.8	1.0	1.3
YoY	-39.1%	-22.8%	-24.9%	-17.8%	-29.1%	53.7%	-11.3%	-12.0%
Fees per deal closed (JPYmn)	37.6	62.1	50.9	46.2	61.7	44.1	54.5	52.4
YoY	28.2%	39.1%	-19.7%	25.0%	64.2%	-29.0%	7.1%	13.3%

Source: Shared Research based on company data
 Note: Amounts in the table may differ from company data due to differences in rounding methods.
 The figures for the full-year company forecast for FY08/20 are based on the previous forecast.

Cost of revenue

Cumulative (JPYmn)	FY08/19				FY08/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cost of revenue	276	796	1,255	1,910	495	1,180	1,701	2,399
YoY	17.7%	31.3%	21.7%	34.0%	79.0%	48.2%	35.6%	25.6%
% of revenue	33.4%	36.3%	36.8%	37.6%	33.4%	33.6%	34.2%	34.7%
Introduction fees	70	230	361	569	140	319	501	706
YoY	32.1%	33.7%	37.8%	44.4%	100.0%	38.7%	38.8%	24.1%
% of revenue	8.5%	10.5%	10.6%	11.2%	9.4%	9.1%	10.1%	10.2%
Personnel costs	175	499	796	1,196	313	779	1,096	1,549
YoY	13.6%	29.3%	14.2%	29.9%	78.9%	56.1%	37.7%	29.5%
% of revenue	21.2%	22.8%	23.3%	23.6%	21.1%	22.2%	22.0%	22.4%
Other costs	30	65	96	145	41	80	103	144
YoY	15.4%	38.3%	35.2%	32.0%	36.7%	23.1%	7.3%	-1.0%

Quarterly (JPYmn)	FY08/19				FY08/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cost of revenue	276	519	459	655	495	685	522	697
YoY	17.7%	39.9%	7.9%	66.4%	79.0%	31.8%	13.6%	6.4%
% of revenue	33.4%	38.0%	37.6%	39.4%	33.4%	33.8%	35.5%	36.0%
Introduction fees	70	160	131	208	140	179	182	205
YoY	32.1%	34.5%	45.6%	57.6%	100.0%	11.9%	38.9%	-1.4%
% of revenue	8.5%	11.7%	10.7%	12.5%	9.4%	8.8%	12.4%	10.6%
Personnel costs	175	324	297	400	313	466	317	453
YoY	13.6%	39.7%	-4.5%	78.6%	78.9%	43.8%	6.7%	13.3%
% of revenue	21.2%	23.7%	24.3%	24.0%	21.1%	23.0%	21.6%	23.4%
Other costs	30	35	31	47	41	39	23	39
YoY	15.4%	66.7%	29.2%	25.5%	36.7%	11.4%	-25.8%	-16.8%

Source: Shared Research based on company data

SG&A expenses

Cumulative (JPYmn)	FY08/19				FY08/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	321	640	959	1,281	365	777	1,148	1,537
YoY	36.3%	41.0%	32.2%	32.6%	13.8%	21.5%	19.7%	20.0%
Personnel expenses	128	287	444	590	182	401	587	791
YoY	85.5%	77.2%	52.6%	64.3%	42.2%	39.7%	32.2%	34.1%
Advertising expenses	53	79	97	128	26	42	59	77
YoY	-19.7%	5.3%	-16.4%	-19.5%	-50.9%	-46.8%	-39.2%	-39.8%
Quarterly (JPYmn)	FY08/19				FY08/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	321	319	319	322	365	412	370	389
YoY	36.3%	46.2%	17.5%	33.6%	13.8%	29.2%	16.0%	20.9%
Personnel expenses	128	159	157	146	182	219	186	204
YoY	85.5%	71.0%	21.7%	114.7%	42.2%	37.7%	18.5%	39.7%
Advertising expenses	53	26	18	31	26	16	17	18
YoY	-19.7%	188.9%	-56.1%	-27.9%	-50.9%	-38.5%	-5.6%	-41.9%

Source: Shared Research based on company data

Estimated number of consultants by years of experience (reference)

	FY08/20	FY09/21
	Act.	Est.
Number of consultants (year-end)	111	138
First year	13	27
% of total	11.7%	19.6%
Second year	42	13
% of total	37.8%	9.4%
Third year or after	56	98
% of total	50.5%	71.0%
Number of consultants (average)	105	125
First year	28	20
% of total	26.3%	16.1%
Second year	32	28
% of total	30.6%	22.1%
Third year or after	45	77
% of total	43.1%	61.8%

Source: Shared Research based on company data

Note: First year is the net increase in consultants YoY. Second year is the previous year's first year figure. Third year or after is the total number of consultants minus first year and second year figures.

Full-year FY08/20 results

- ▷ Revenue: JPY6.9bn (+36.2% YoY)
- ▷ Operating profit: JPY3.0bn (+58.0% YoY)
- ▷ Recurring profit: JPY3.0bn (+57.9% YoY)
- ▷ Net income: JPY2.2bn (+64.1% YoY)

Results overview

Revenue grew YoY mainly due to an increase in the number of deals closed.

- ▷ The company closed 134 M&A deals (+28.8% YoY). The number of closed deals rose in tandem with the increase in the consultant count at the company. At end-FY08/20, the number of consultants stood at 111 (+13.3% YoY).
- ▷ Fees received per deal were up 5.7% YoY to JPY51.6mn. The company closed 16 large deals, each generating revenue of JPY100mn or more (versus six large deals in FY08/19), and fees received per deal increased YoY.
- ▷ The number of new contracts, a leading indicator of the number of deals to be closed, totaled 340 (+17.6% YoY). With business partners such as financial institutions and accounting firms seeing their activity restricted due to teleworking and other constraints, the number of new contracts in Q3 was 57 (-41.2% YoY), but that figure improved to 86 (flat YoY) in Q4.

Profits increased due to higher revenue, despite increases to cost of revenue and SG&A expenses.

- ▷ Cost of revenue rose to JPY2.4bn (+25.6% YoY) due to increases in incentives and introduction fees accompanying revenue growth, and higher personnel costs due to the increased number of consultants.
- ▷ SG&A expenses were JPY1.5bn (+20.0% YoY). The rise in SG&A expenses stemmed from higher personnel expenses from increased headcount and higher rent due to an office expansion and office relocations, which offset the reduction in advertising expenses arising from the cancellation of in-person seminars. In line with increases in employees and trainees from financial institutions, the company expanded its Tokyo office in September 2019 and relocated its Sapporo sales office in May 2020.

FY08/20 company initiatives

- ▷ All company employees were, in principle, required to telework during the period covered by the government's state of emergency declaration, which reduced the number of opportunities for in-person meetings with customers and contributed to delays in the signing of contracts and the closing of new deals. While in-person meetings have been limited even after the lifting of the state of emergency, Strike continued to work toward acquiring new customers and closing deals by holding online seminars and conducting interviews using an online conferencing system.
- ▷ The company took in personnel from partner financial institutions to help groom them as M&A professionals for such institutions and to strengthen its own M&A service structure through collaborative efforts.

Full-year company forecast

(JPYmn)	FY08/20			FY09/21		
	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.
Revenue	3,508	3,408	6,917	4,276	4,092	8,368
YoY	60.0%	18.1%	36.2%	21.9%	-	-
Cost of revenue	1,180	1,219	2,399			
Gross profit	2,329	2,189	4,518			
YoY	66.7%	23.7%	42.6%			
GPM	66.4%	64.2%	65.3%			
SG&A expenses	777	759	1,537			
SG&A ratio	22.2%	22.3%	22.2%			
Operating profit	1,551	1,430	2,981	1,818	1,263	3,081
YoY	104.9%	26.6%	58.0%	17.2%	-	-
OPM	44.2%	42.0%	43.1%	42.5%	30.9%	36.8%
Recurring profit	1,551	1,432	2,983	1,819	1,264	3,083
YoY	105.2%	26.3%	57.9%	17.2%	-	-
RPM	44.2%	42.0%	43.1%	42.5%	30.9%	36.8%
Net income	1,181	1,021	2,203	1,224	845	2,069
YoY	134.4%	21.8%	64.1%	3.6%	-	-

Source: Shared Research based on company data

Note: Amounts in the table may differ from company data due to differences in rounding methods.

Note: FY09/21 is an irregular 13-month period due to a change in fiscal year-end.

Key indicators (based on previous forecast)

	FY08/20	FY09/21
	Act.	Est.
New contracts	340	482
YoY	17.6%	41.8%
Deals closed	134	191
YoY	28.8%	42.5%
Large deals	16	12
Fees per deal closed (JPYmn)	51.6	43.8
YoY	5.7%	-15.1%
Consultants (year-end)	111	138
YoY	13.3%	24.3%
Consultants (average)	105	125
Deals closed per consultant	1.3	1.5
YoY	-5.1%	19.6%

Source: Shared Research based on company data

Note: Large deals are those with fees of at least JPY100mn.

Note: Amounts in the table may differ from company data due to differences in rounding methods.

Estimated number of consultants by years of experience (reference; based on previous forecast)

	FY08/20	FY09/21
	Act.	Est.
Number of consultants (year-end)	111	138
First year	13	27
% of total	11.7%	19.6%
Second year	42	13
% of total	37.8%	9.4%
Third year or after	56	98
% of total	50.5%	71.0%
Number of consultants (average)	105	125
First year	28	20
% of total	26.3%	16.1%
Second year	32	28
% of total	30.6%	22.1%
Third year or after	45	77
% of total	43.1%	61.8%

Source: Shared Research based on company data

Note: First year is the net increase in consultants YoY. Second year is the previous year's first year figure. Third year or after is the total number of consultants minus first year and second year figures.

Company forecast for FY09/21

In September 2020, Strike announced a change in its fiscal year-end, making FY09/21 as an irregular 13-month period. For FY09/21, the company forecasts revenue of JPY8.4bn (versus JPY6.9bn in FY08/20), operating profit of JPY3.1bn (JPY3.0bn), recurring profit of JPY3.1bn (JPY3.0bn), and net income of JPY2.1bn (JPY2.2bn).

This note is the most recent addition to the [full report](#).

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