

October 28, 2022

Financial Results for the Fiscal Year Ended September 30, 2022

Strike Co., Ltd.

Prime Market, Tokyo Stock Exchange: 6196



STRIKE

FINANCIAL RESULTS AND FUTURE MEASURES

- Expressions in these materials in relation to the future outlook are based on information available to Strike Co., Ltd. as of the date these materials were released. Expressions regarding the future outlook will not be updated or revised to reflect future events and conditions.
- Expressions related to the Company's future outlook contain a variety of risks and uncertainties. The Company's business performance and results in the future may differ from the forward-looking statements contained in these materials due to known or unknown risks, uncertainties, and other factors.
- The previous fiscal year was lengthened by one month in order to transition to a different fiscal year period. Therefore, since the previous fiscal year extended from September 1, 2020 to September 30, 2021 (13 months), the periods of year-on-year comparisons differ.

- 01 Operating Performance in FY09/22
- 02 Forecast for FY09/23
- 03 Medium- to Long-Term Management Policy
- 04 Company Overview
- 05 Market Trends

Executive Summary

External Environment

- ✔ Despite changes in the external environment, including the situation in Ukraine and the sharp depreciation of the yen, there have been no major changes in the M&A market for small and medium-sized enterprises (SMEs).
- ✔ There were delays in the progress of some projects due to COVID-19 infections in some of the parties involved, but this did not significantly impact our business performance.

Operating Performance

Note: Twelve-month adjusted figures (13-month results $\times \frac{12}{13}$) are used for comparison with the fiscal year ended September 30, 2021.

- ✔ Full-year net sales grew to ¥10,727 million (+28.6% YoY; using 12-month adjusted figures) and operating profit rose to ¥4,224 million (+32.6% YoY), both record highs.
- ✔ Operating profit and bottom-line profit exceeded the plan despite net sales falling slightly short of the plan mainly due to somewhat longer closing periods—a result of an increase in the number of projects involving acquisitions by listed companies.

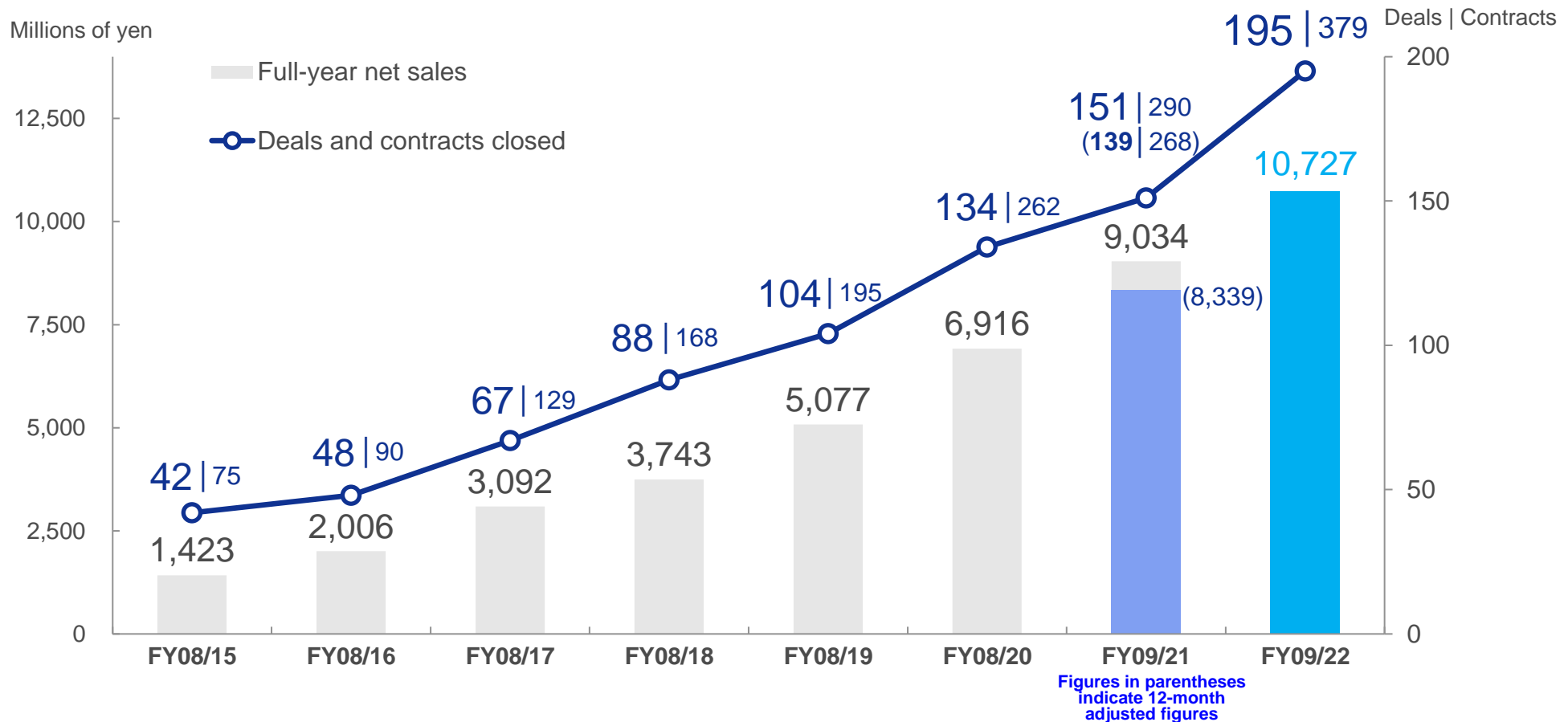
Recruiting

- ✔ In FY09/22, the consultant headcount increased by 22. From FY09/23 onward, we continue to strengthen mid-career recruitment, while expanding the recruitment of new graduates for consultant positions.

FY09/22 Operating Performance

Net sales surpassed ¥10 billion and increased 28.6% YoY (using 12-month adjusted figures), achieving **the eighth consecutive year of sales growth**.

Net Sales



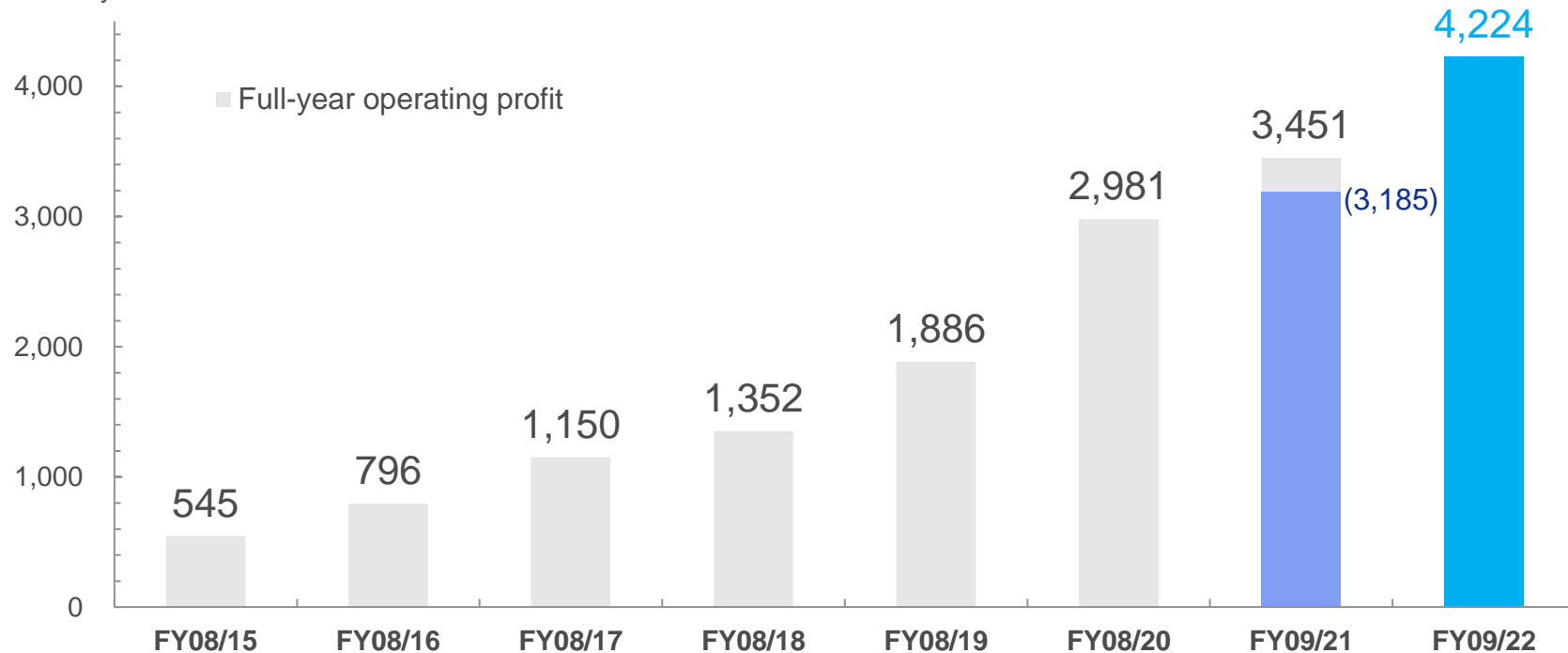
FY09/22 Operating Performance



Operating profit achieved a 32.6% YoY increase (using 12-month adjusted figures) to mark **the eighth consecutive year of profit growth.**

Operating Profit

Millions of yen



Figures in parentheses indicate 12-month adjusted figures

Year-on-Year Comparison



The operating profit margin improved by 1.2pp YoY, while the bottom-line profit margin improved by 1.1% YoY.

Millions of yen

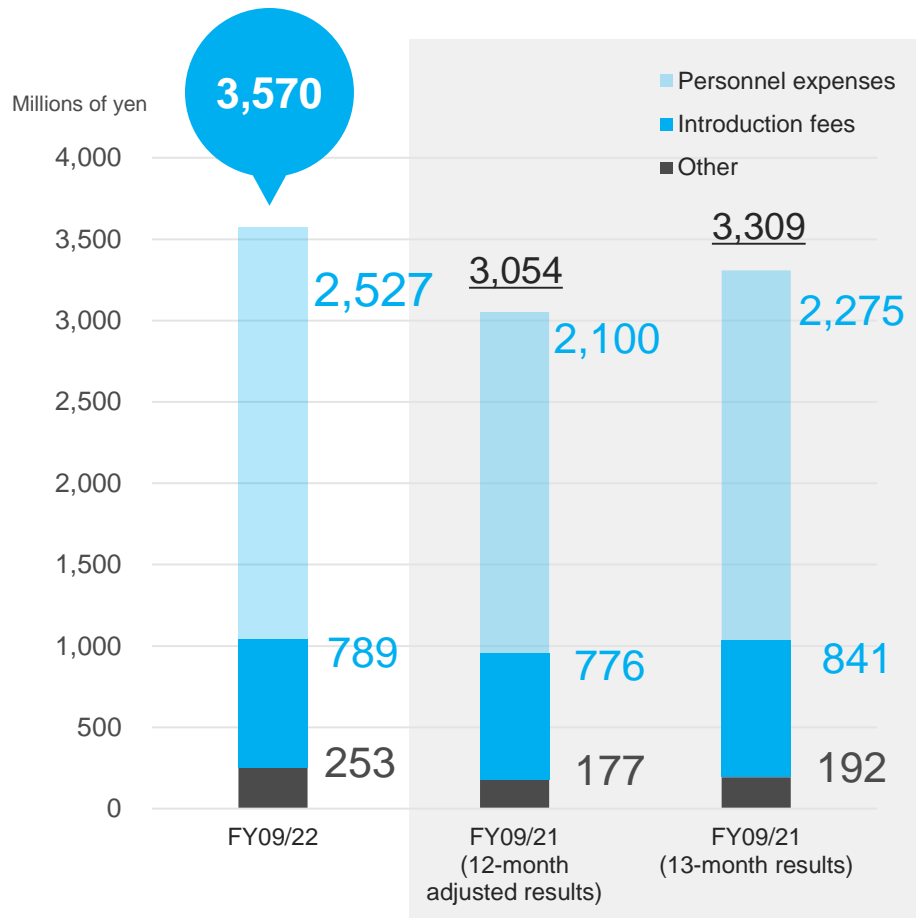
	FY09/22		FY09/21 13-month results		FY09/21 12-month adjusted results		YoY change vs. 12-month adjusted results	
		% of net sales		% of net sales		% of net sales		
Net sales	10,727	100.0%	9,034	100.0%	8,339	100.0%	+2,387	+28.6%
Cost of sales	3,570	33.3%	3,309	36.6%	3,054	36.6%	+515	+16.9%
Gross profit	7,157	66.7%	5,725	63.4%	5,284	63.4%	+1,872	+35.4%
SG&A expenses	2,932	27.3%	2,273	25.2%	2,099	25.2%	+833	+39.7%
Operating profit	4,224	39.4%	3,451	38.2%	3,185	38.2%	+1,038	+32.6%
Ordinary profit	4,226	39.4%	3,475	38.5%	3,208	38.5%	+1,018	+31.7%
Profit before income taxes	4,226	39.4%	3,410	37.7%	3,148	37.7%	+1,078	+34.3%
Profit	2,962	27.6%	2,395	26.5%	2,211	26.5%	+750	+34.0%
Number of deals closed	195	—	151	—			Unadjusted	+44 deals
Number of contracts closed	661	—	518	—			Unadjusted	+143 contracts
Employees	220	—	191	—			Unadjusted	+29 employees

Note: 12-month adjusted figures for FY09/21 are calculated by dividing the 13-month actual results by $\frac{12}{13}$.

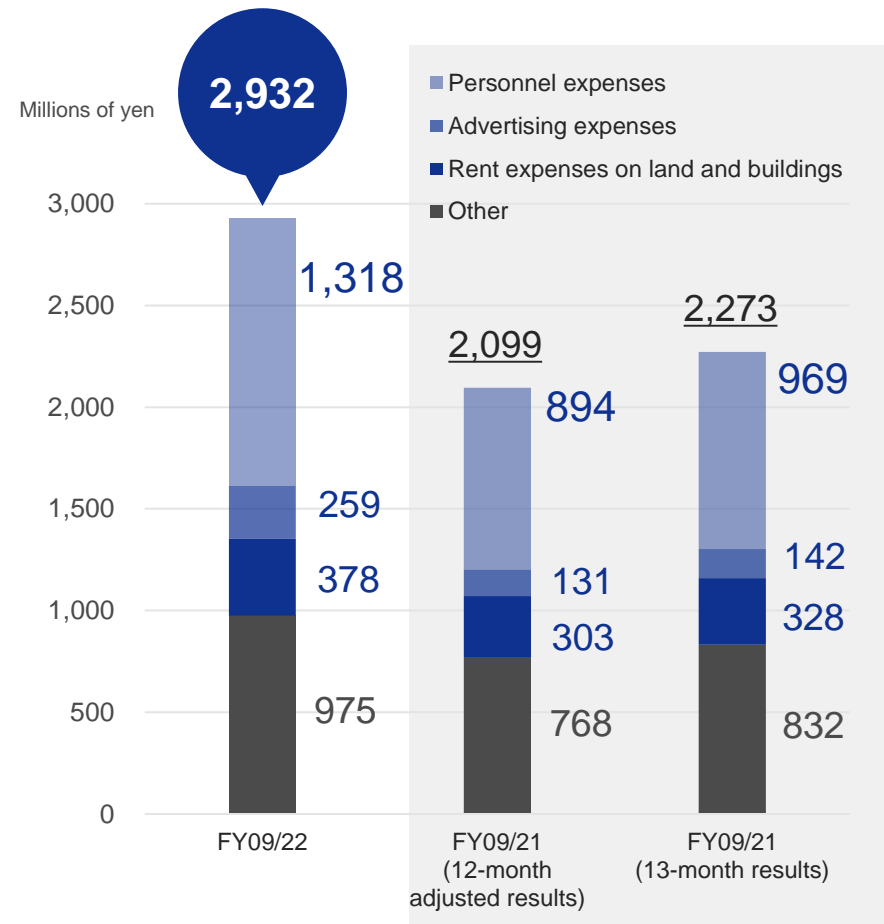
Year-on-Year Comparison

The cost of sales ratio declined due to lower introduction fees. SG&A expenses increased, reflecting higher personnel expenses resulting from increases in headcount and bonuses, and the SG&A-to-sales ratio rose.

Breakdown of Cost of Sales



Breakdown of SG&A Expenses



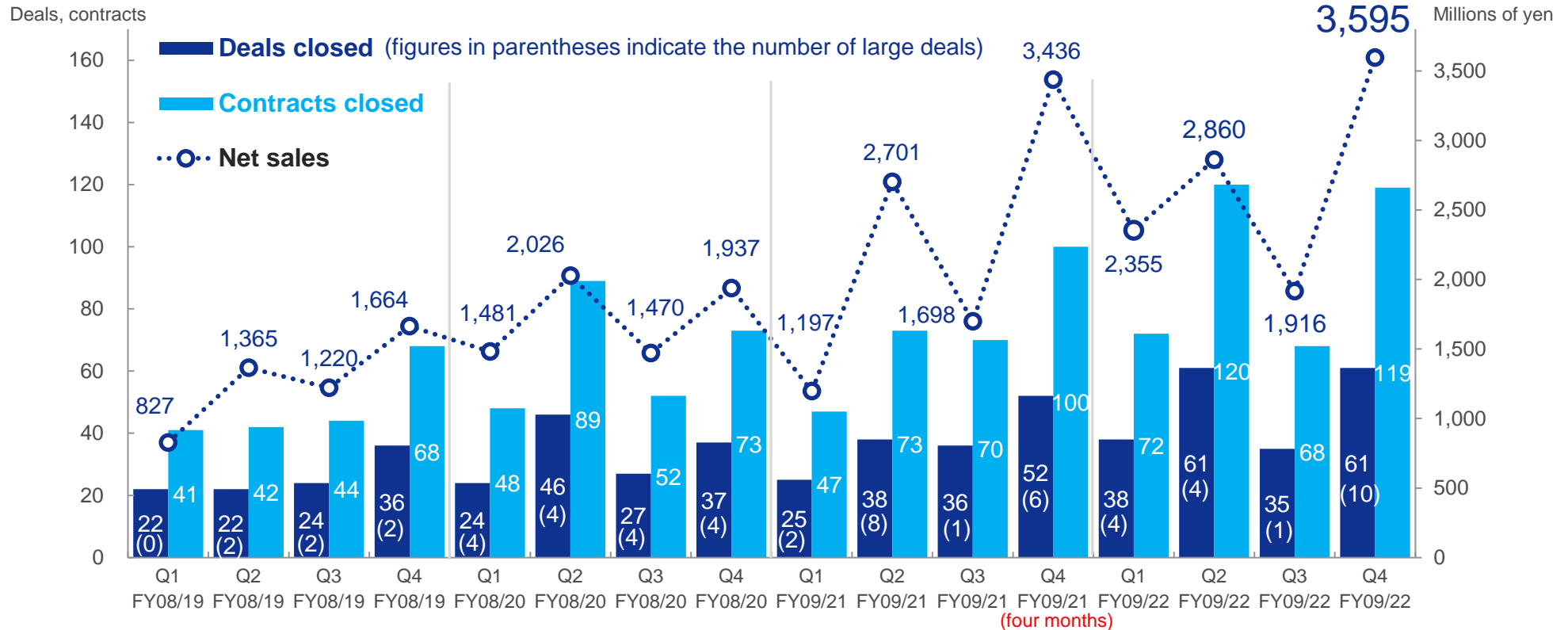
Comparison of Financial Position vs. End-FY09/21

Leasehold deposits (included in investments and other assets) increased by ¥605 million owing to plans to expand the head office in FY09/23. Taxes refund receivable (included in other current assets) increased by ¥1,805 million as substantial interim payments of taxes were due as a result of the irregular 13-month period of the previous fiscal year.

				Millions of yen			
	End-FY09/22	End-FY09/21	Change		End-FY09/22	End-FY09/21	Change
	Balance	Balance			Balance	Balance	
Cash and deposits	8,542	8,567	-25	Accounts payable–trade	138	186	-48
Accounts receivable–trade	405	1,181	-775	Income taxes payable	—	640	-640
Other	1,909	233	+1,676	Other	1,422	1,054	+367
Total current assets	10,856	9,981	+875	Total current liabilities	1,560	1,881	-321
Property, plant and equipment	373	335	+38	Total non-current liabilities	—	—	—
Intangible assets	5	4	+1	Total liabilities	1,560	1,881	-321
Investments and other assets	1,573	637	+935	Share capital	823	823	—
Total non-current assets	1,952	977	+975	Capital surplus	801	810	-8
				Retained earnings	10,233	7,911	+2,321
				Treasury shares	(612)	(473)	-138
				Shareholders' equity	11,246	9,072	+2,174
				Valuation and translation adjustments/Share acquisition rights	2	5	-2
				Total net assets	11,248	9,077	+2,171
Total assets	12,809	10,958	+1,850	Total liabilities and net assets	12,809	10,958	+1,850

Deals and Contracts Closed

We closed 10 large deals in Q4, pushing net sales (¥3,595 million) above those recorded in the previous Q4, which was a four-month irregular accounting period.



Deals closed: Number of M&A transactions in which Strike provides brokerage or advisory services (i.e., number of deals)
(Large deals are those associated with per-deal sales of ¥100 million or more)

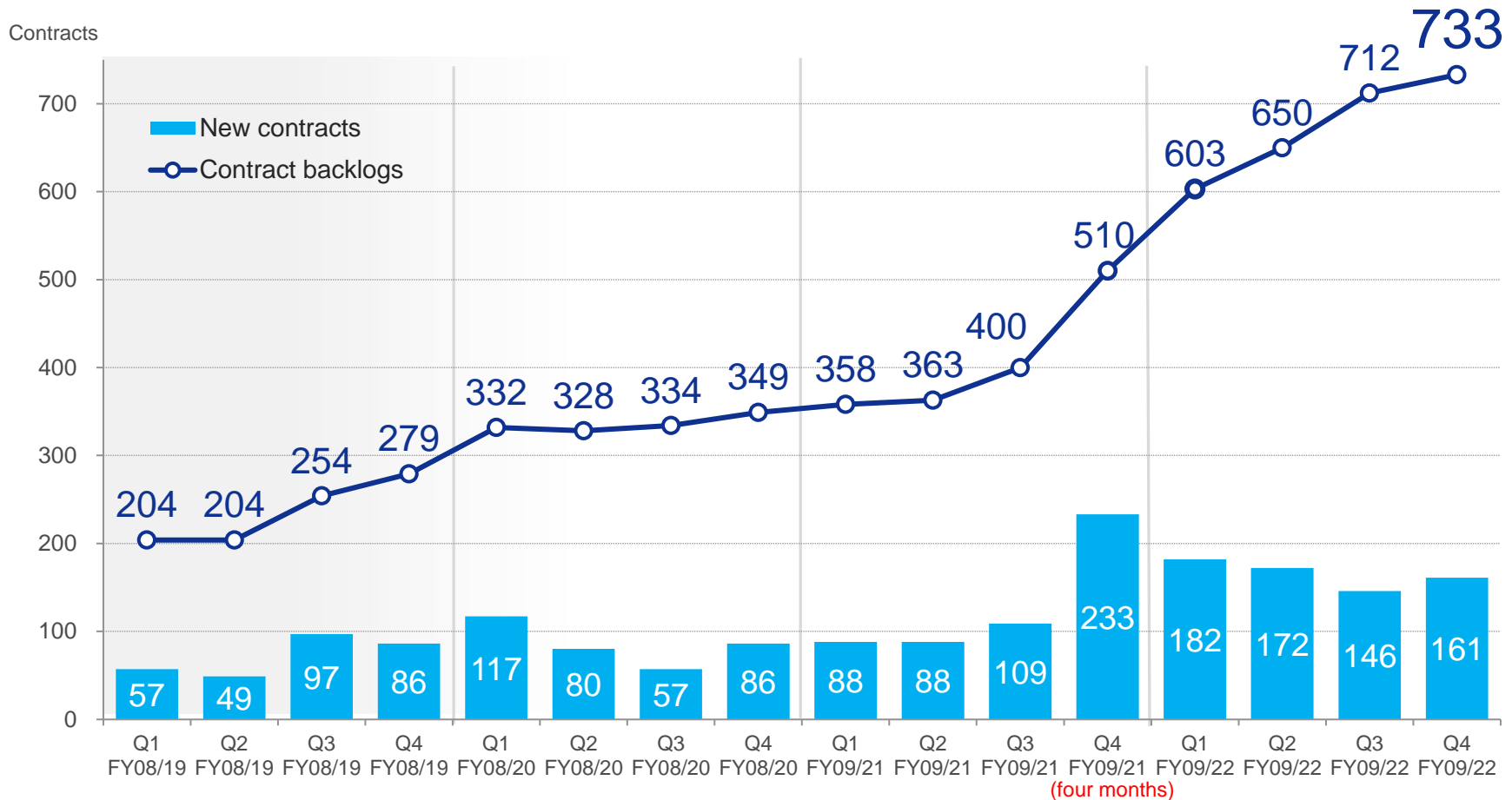
Contracts closed: Number of contracts on closed M&A deals in which Strike provides brokerage or advisory services (i.e., number of companies)

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.

New Contracts

New contracts rose sharply following revisions to our compensation structure in July 2021, and contract backlogs have been rising steadily. In recent months, the number of new contracts has exceeded 50 per month as we aggressively pursue large projects.

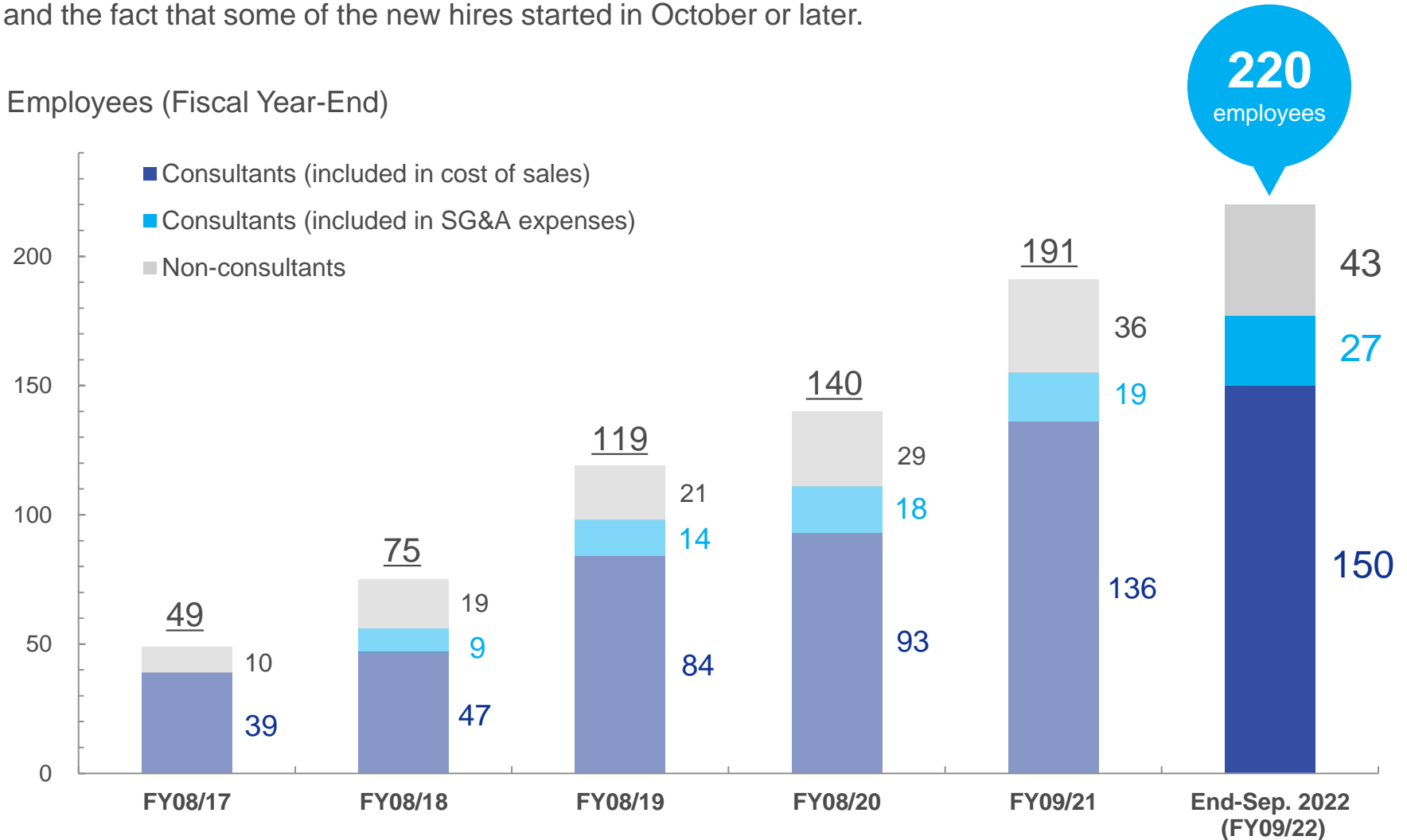
New Contracts (Quarterly) **New contracts:** New brokerage service contracts signed with sellers (or in the case of advisory services, contracts signed and services effectively commenced)



Employees

The consultant headcount increased by 22, despite the plan calling for an increase of 26. This reflected the retirement of some employees just before the end of the fiscal year and the fact that some of the new hires started in October or later.

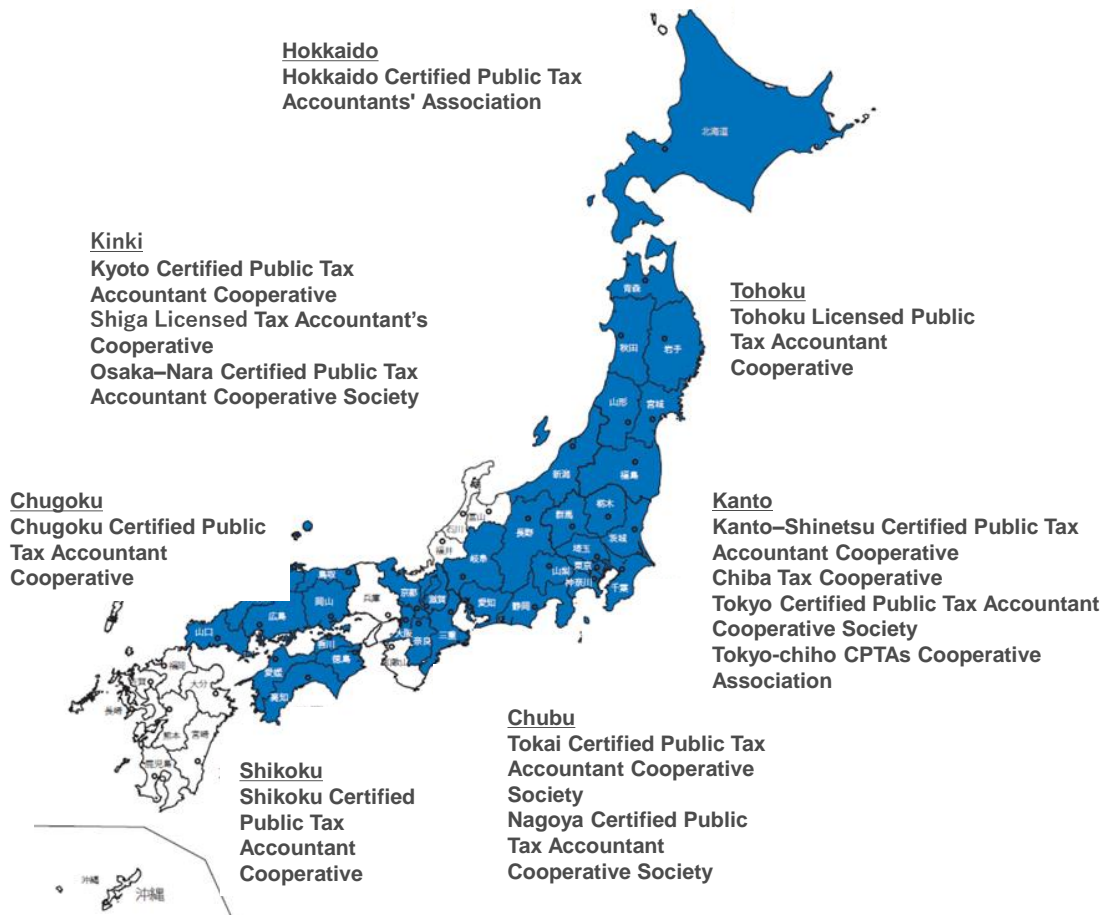
Employees (Fiscal Year-End)



Topics

01 Started business alliance with three organizations: the Nagoya Certified Public Tax Accountant Cooperative Society (Meizeikyō), the Tokai Certified Public Tax Accountant Cooperative Society (Tokai Zeikyō Koeikai), and the Osaka–Nara Certified Public Tax Accountant Cooperative Society (Hanna Zeikyō)

Status of Alliances with Tax Accountant Cooperatives



We aim to increase the number of M&A deals closed by collaborating with certified public tax accountants and members of tax accountant cooperatives. We seek to bring together their advanced tax-related expertise with our strengths in M&A partner search and brokerage services.

Topics



02 Began collaboration with Deloitte Tohmatsu Financial Advisory LLC (DTFA)

STRIKE × Deloitte. 協業記念
デロイトトーマツ

株式会社ストライク×デロイト トーマツ ファイナンシャルアドバイザー合同会社
協業記念イベント

会場×
オンライン配信
参加費無料

M&A業界の 近未来像

2022年10月21日(金) 16:00-17:30(開場15:30)
ステーションコンファレンス東京 東京都千代田区丸の内1-7-12 サビアタワー5階

小説家 真山 仁 (まやま・じん)
Photo: ホンゴユウジ

第1部 基調講演 「ハゲタカ」著者が語るM&Aの可能性 小説家 真山 仁

第2部 パネルディスカッション

 (株)ストライク 代表取締役社長 荒井 邦彦	 デロイトトーマツ ファイナンシャル アドバイザー合同会社 パートナー 熊谷 元裕	 M&A Online 編集長 黒岡 博明	 デロイトトーマツ ファイナンシャル アドバイザー合同会社 執行役 パートナー イノベーション統括 伊東 真史	 モデレーター 一般社団法人 日本金融経済研究所 代表理事/ 経済アナリスト 馬淵 磨理子
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A seminar to commemorate collaboration was held on October 21.

The seminar had two sessions: keynote speech by Jin Mayama, author of *Hagetaka* (a hit novel series about vulture funds), and panel discussion among industry experts and a moderator.

The two companies will cooperate to strengthen support for M&A operations for professionals and experts nationwide, aiming to solve business succession issues and promote regional development.

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Forecast for FY09/23



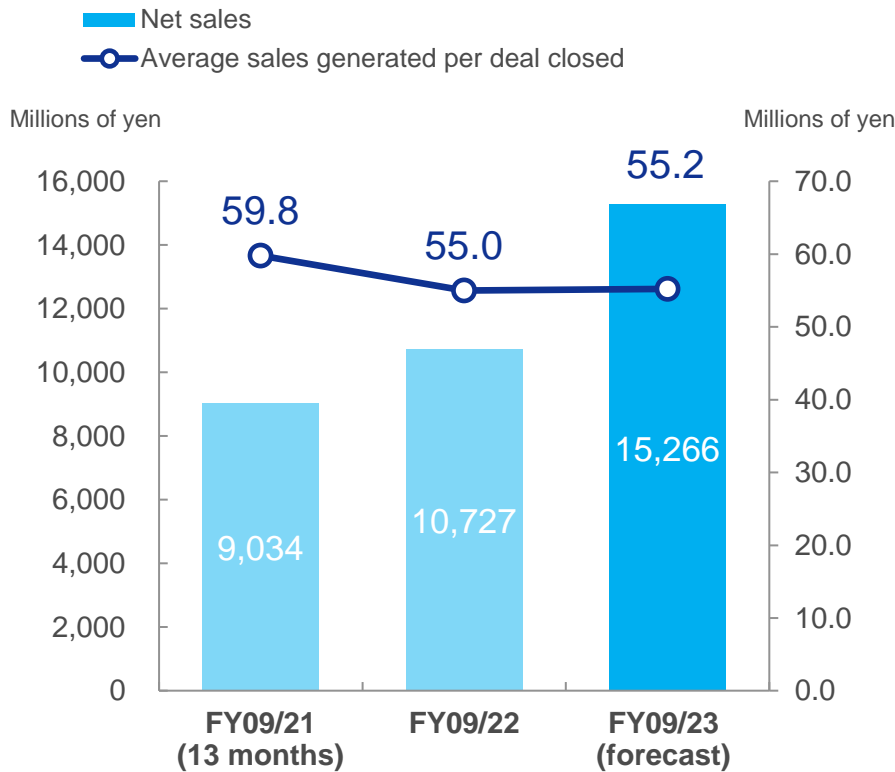
Forecast Assumptions

- ☑ The target CAGR for net sales is 20% or higher over the medium term, but the plan for FY09/23 is based on the status of the most recent contracts.
- ☑ Aiming for further growth in the long term, we expect to spend approximately ¥500 million in additional advertising expenses as we aggressively develop proposal-based marketing, seminars, and other sales initiatives.
- ☑ We will continue to actively recruit consultants and increase the consultant headcount by 40.
- ☑ We will expand our head office in anticipation of an increase in the number of consultants. Accordingly, we expect rent expenses on land and buildings to rise by about ¥400 million.
- ☑ We plan to strengthen sustainability and ESG management.

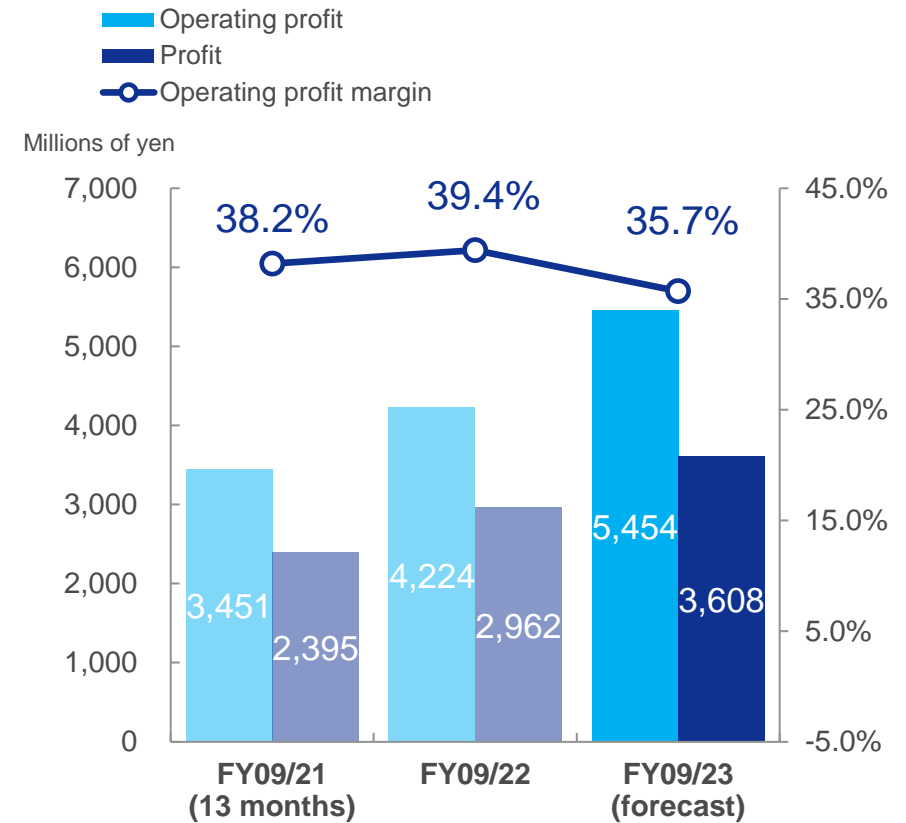
Forecast for FY09/23

We have planned average sales generated per deal closed based on the FY09/22 results. We expect the operating profit margin to decline temporarily due to an increase in advertising expenses and rent expenses on land and buildings.

Net Sales and Average Sales Generated per Deal Closed



Operating Profit and Profit



Note: Average sales per deal closed is calculated by dividing net sales by the number of deals closed.

Forecast for FY09/23



Our plan calls for closing 277 deals and taking on 756 new contracts.

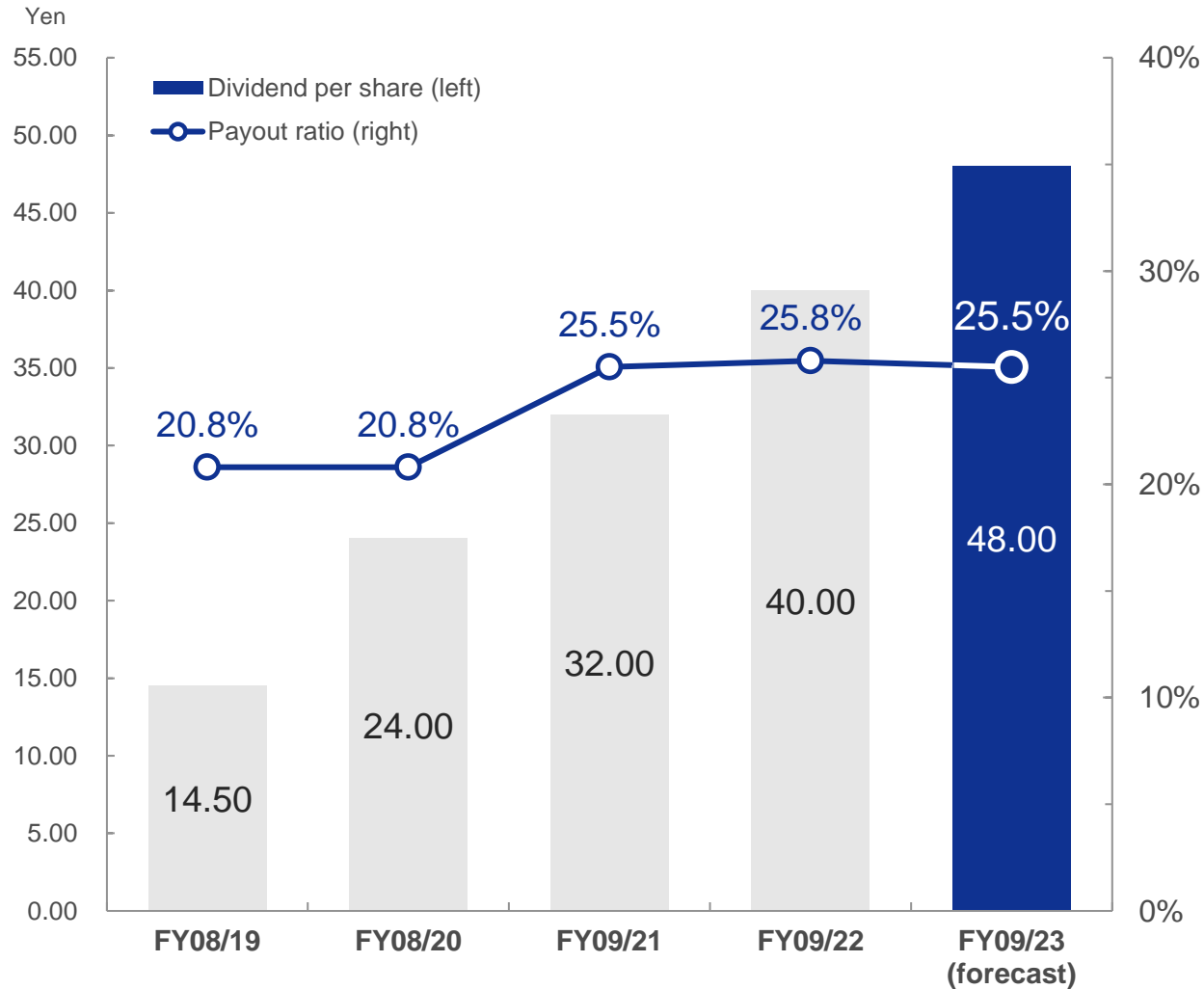
Millions of yen

	FY09/23 Forecast		FY09/22		YoY change	
		% of net sales		% of net sales		
Net sales	15,266	100.0%	10,727	100.0%	+4,539	+42.3%
Cost of sales	5,120	33.5%	3,570	33.3%	+1,550	+43.4%
Gross profit	10,145	66.5%	7,157	66.7%	+2988	+41.8%
SG&A expenses	4,691	30.7%	2,932	27.3%	+1,758	+60.0%
Operating profit	5,454	35.7%	4,224	39.4%	+1,229	+29.1%
Ordinary profit	5,454	35.7%	4,226	39.4%	+1,228	+29.1%
Profit before income taxes	5,454	35.7%	4,226	39.4%	+1,228	+29.1%
Profit	3,608	23.6%	2,962	27.6%	+645	+21.8%
Number of deals closed	277	—	195	—	+82 deals	
Number of contracts closed	756	—	661	—	+95 contracts	
Employees	263	—	220	—	+43 employees	

Planned Shareholder Returns



Dividends and Payout Ratio



Dividends

We set a target dividend payout ratio of 25%. We had initially planned a dividend of ¥36 per share for FY09/22, but raised this to ¥40 per share due to an increase in profit.

Share buyback

We completed acquisition of 116,200 treasury shares for ¥500 million between February and March 2022. We will continue to look into share buyback as part of our capital policies.

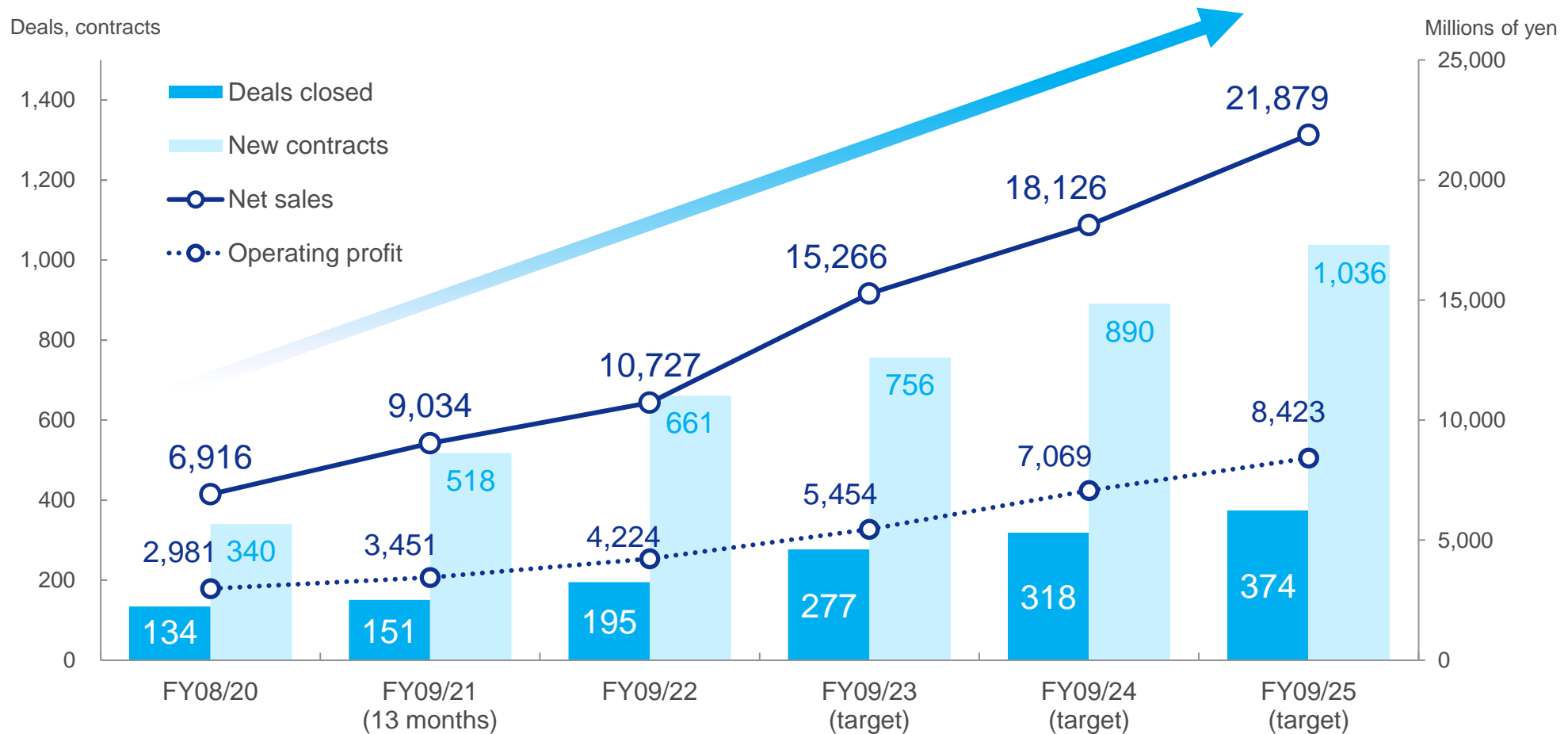
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Results and Targets: New Contracts, Deals Closed, Net Sales, and Operating Profit



We target a net sales CAGR of 20% or higher.

We aim to increase the number of deals closed and raise the average sales generated per deal closed.



Aiming for Further Growth by Increasing Per-Consultant Efficiency (Net Sales)



Improve efficiency by enhancing the **organization** and strengthening **individual capabilities**

For consultants under departments included in cost of sales, we aim to **achieve average sales of ¥100 million per consultant** within the first three years of employment (target changed from the number of contracts to cash value to promote team-based approach).

Enhance the **Organization**

New contract sourcing

1. Realign the organization by sourcing route; streamline operations through internal collaboration and strengthen sourcing of large deals
2. Introduce team-based system to respond systematically to new contracts, improve project work efficiency, and strengthen responses for large projects

Enhance matching capabilities

1. Strengthen match search and proposal capabilities of all consultants
2. Accumulate data on acquisition needs and enhance data search functionality

Business support from specialists

1. Increase the number of accounting, legal, and other specialists
2. Strengthen business support system to include basic tasks such as preparing proposal materials to specialized work such as handling complex contracts

Strengthen **Individual Capabilities**

Recruit and train talented consultants

1. Hire even more qualified consultants by enhancing our name recognition
2. Improve in-house training program and expand training content

Leverage IT

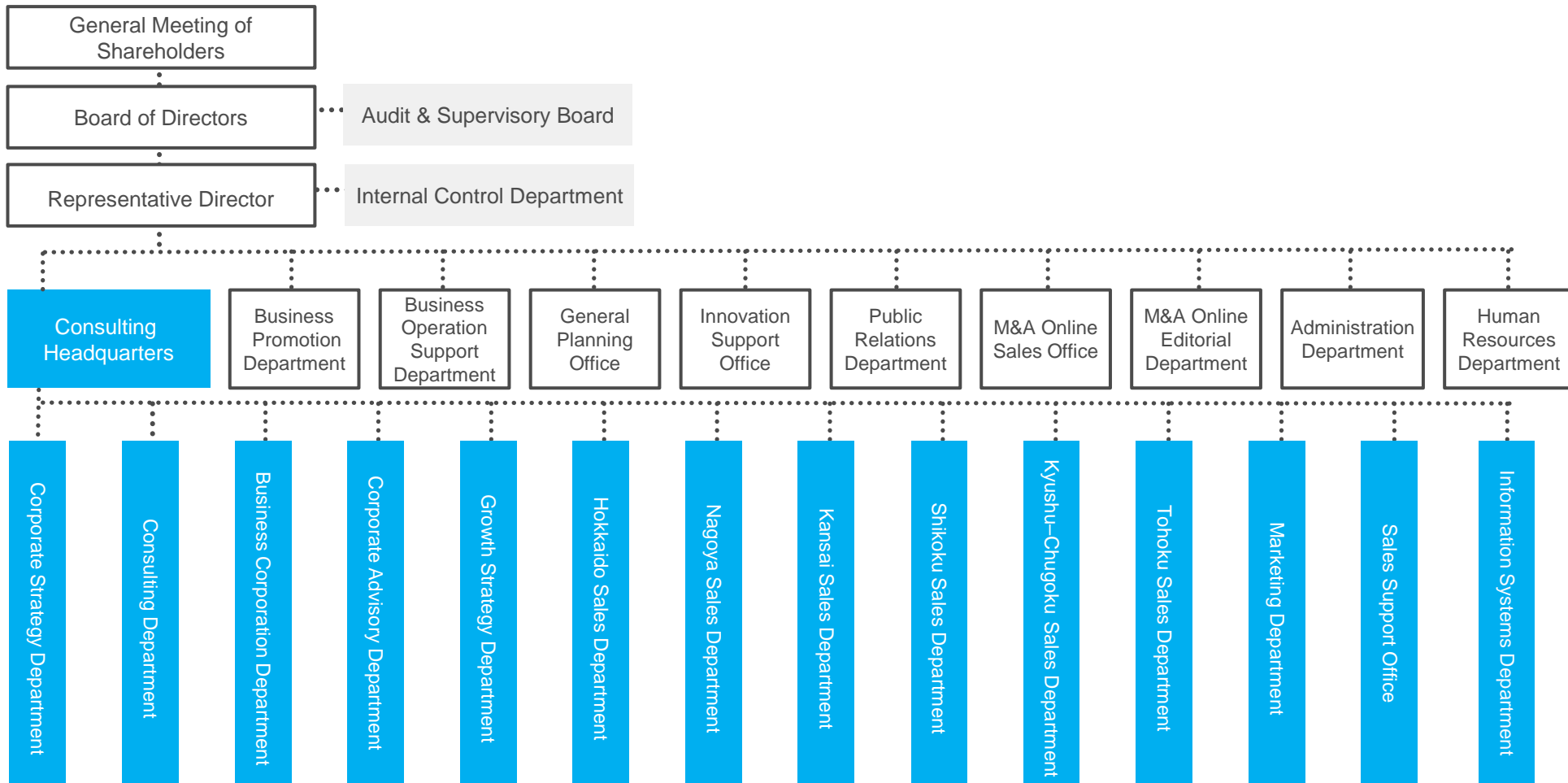
1. Streamline operations by upgrading internal systems that use IT tools
2. Share deal information and manage deal progress through in-house systems

Boost expertise through division of labor

1. Establish a department specializing in inside sales and a M&A department for specific fields; boost expertise through division of labor
2. Establish and deepen individual areas of expertise by introducing cross-divisional, industry-specific team structures and team-based consulting

Organization (as of October 1, 2022)

No major changes from FY09/21. Some organizational and name changes have been made.



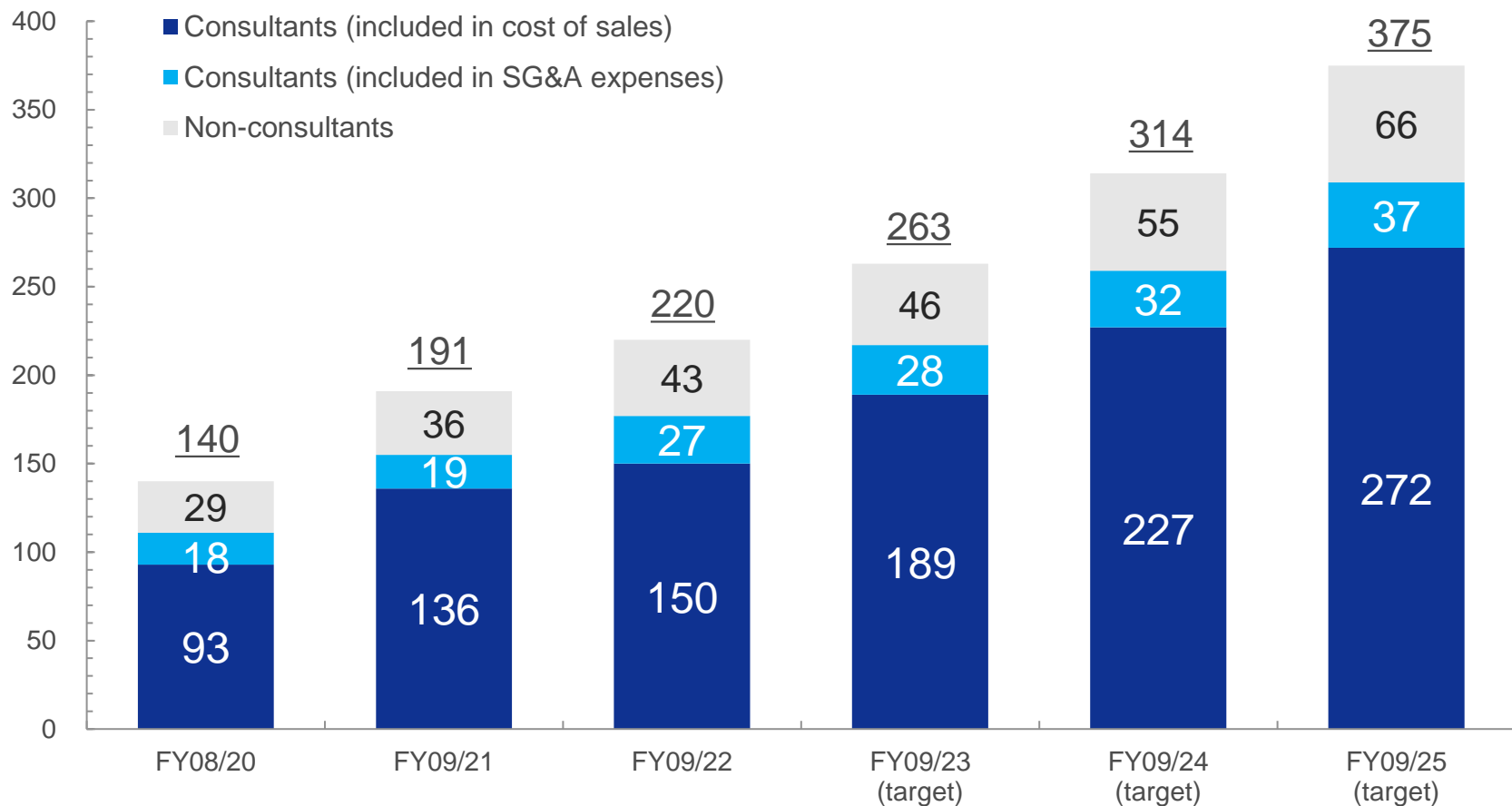
Employees



We will maintain our policy of hiring more than planned when we find excellent candidates.

Build a structure of 300 consultants

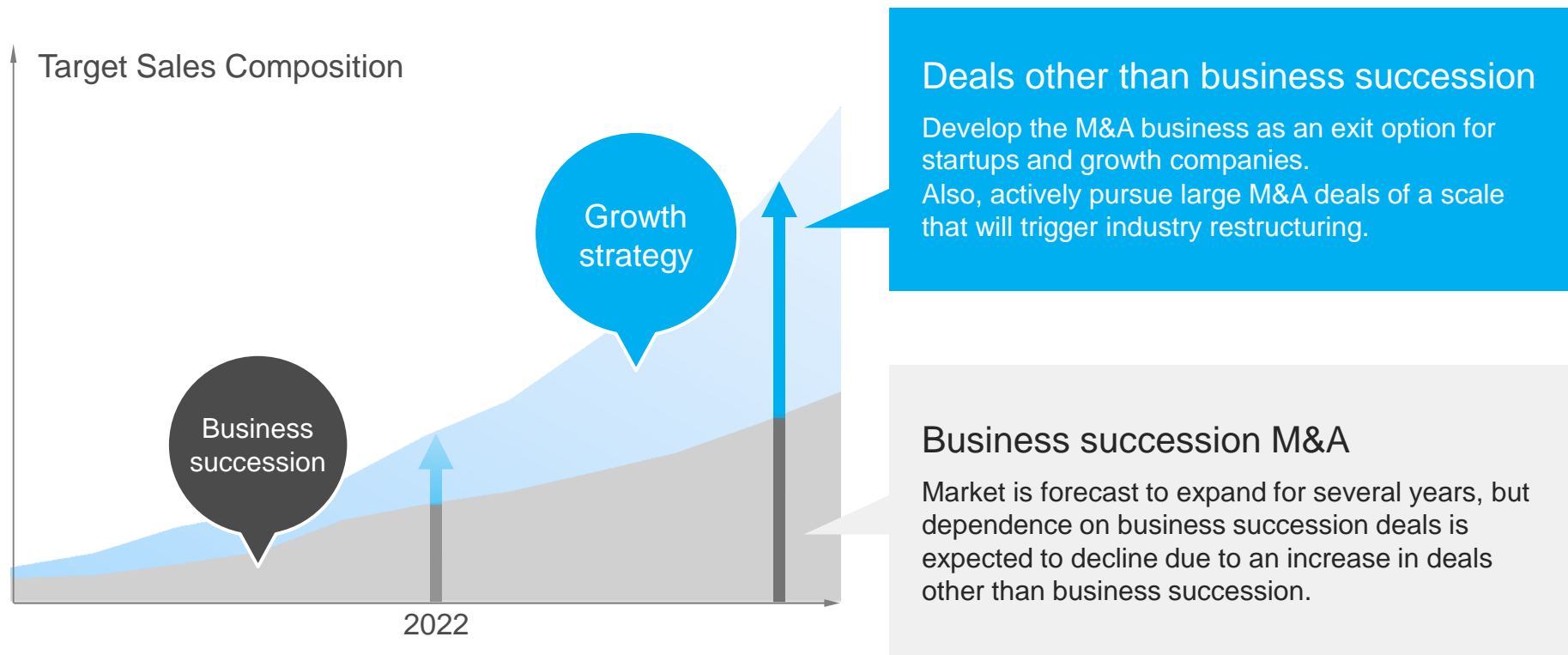
Employees (Fiscal Year-End)



Future Growth Strategy

We aim to positively impact a greater number of people through our M&A support services as we strive to increase the number of M&As and the size of deals.

In addition to further increasing our share of the M&A market for business succession, we will focus on developing the market for M&A as an exit option for startups. We target a net sales CAGR of 20% or higher in the medium term.



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Company Overview



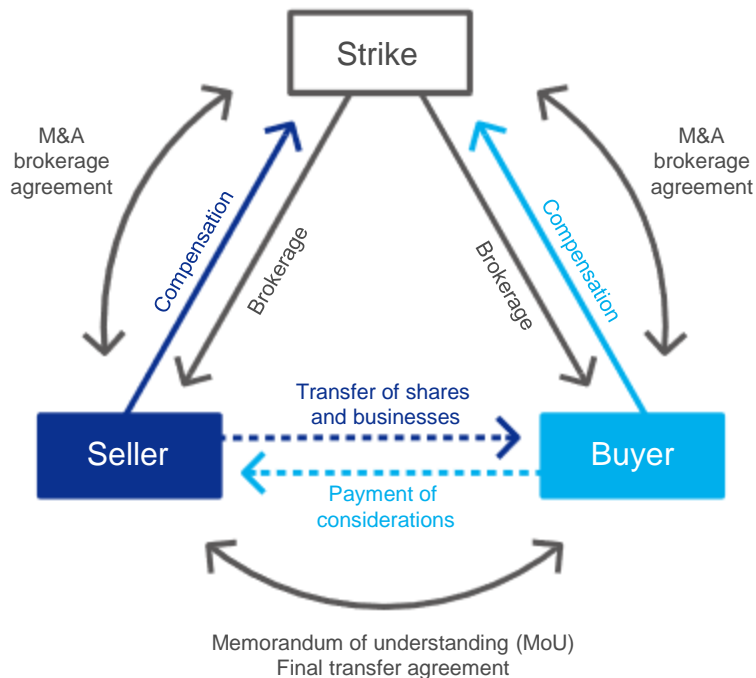
Company name	Strike Co., Ltd.
Established	July 1997
Share capital	¥823 million (as of September 30, 2022)
Representative	Kunihiko Arai, President and CEO
Headquarters	15th floor of Mitsui & Co. Building 1-2-1 Otemachi, Chiyoda-ku, Tokyo, Japan
Employees	220 (excluding temporary staff, as of September 30, 2022)
Net sales, operating profit	Net sales of ¥10,727 million and operating profit of ¥4,224 million (operating profit margin of 39.4%) in FY09/22
Business	M&A brokerage business
Mission	Create partnerships that change the world

Business Overview



Our earnings model is based on brokerage fees received from both sellers and buyers. While carefully considering possible conflicts of interest, we place the utmost importance on **satisfying both clients**.

M&A Brokerage Earnings Model



Principal Businesses

M&A brokerage business

We broker M&A deals between sellers and buyers and receive brokerage fees from both parties. In some cases, we only provide M&A advisory services to one of the parties.

Compensation Structure

Seller

- 1. Initiation fee**
Free
- 2. Fee at MoU signing**
¥1–3mn when MoU is signed
- 3. Success fee (Lehmann method)**

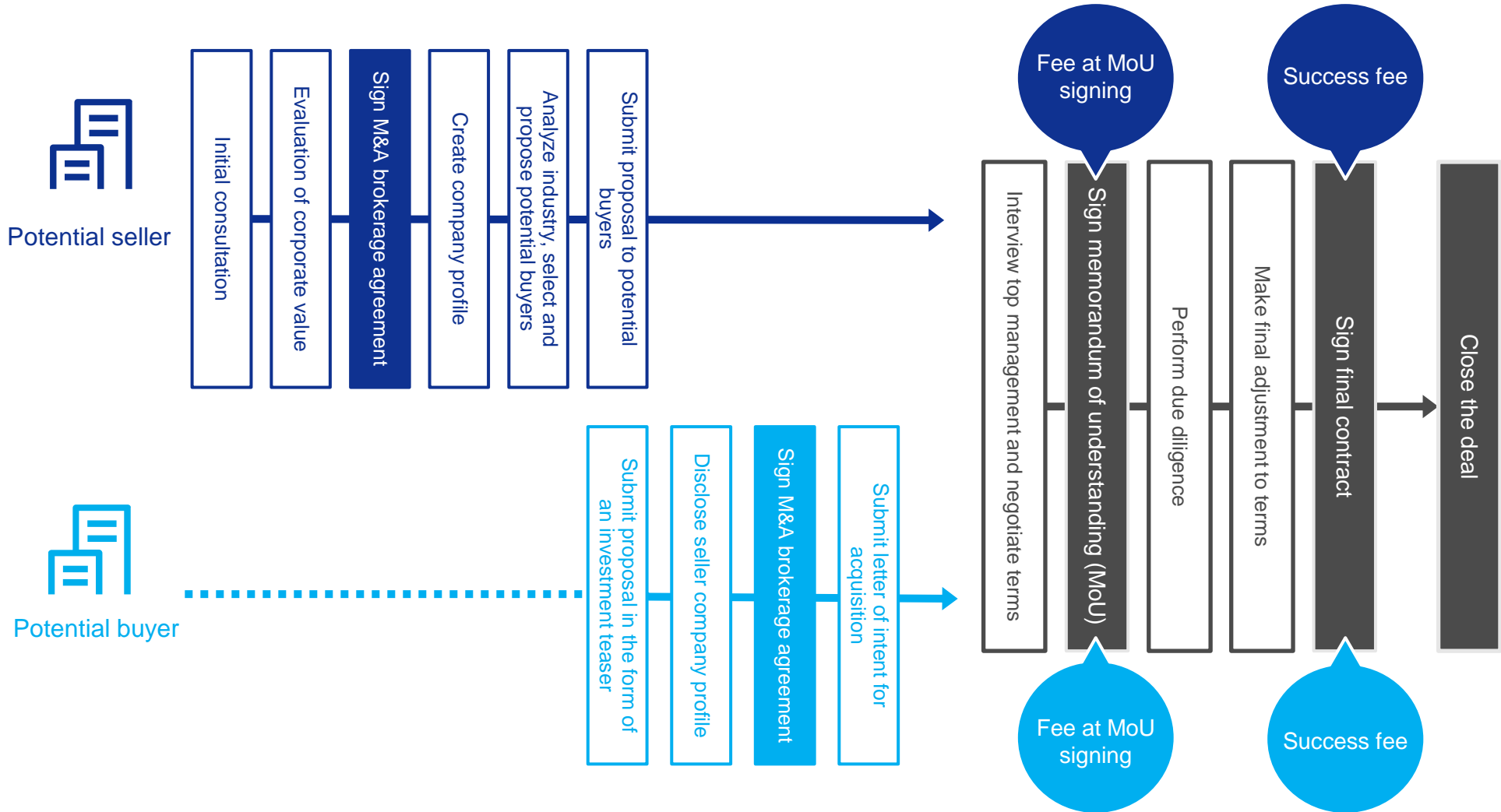
Amount of shares or assets to be transferred	Rate
Portion below ¥500mn	5%
Portion from ¥500mn to ¥1bn	4%
Portion from ¥1bn to ¥5bn	3%
Portion from ¥5bn to ¥10bn	2%
Portion above ¥10bn	1%

Buyer

- 1. Initiation fee**
Free
- 2. Fee at MoU signing**
¥1–3mn when MoU is signed
- 3. Success fee (Lehmann method)**

Market value of total assets at transfer	Rate
Portion below ¥500mn	5%
Portion from ¥500mn to ¥1bn	4%
Portion from ¥1bn to ¥5bn	3%
Portion from ¥5bn to ¥10bn	2%
Portion above ¥10bn	1%

Flow of M&A Brokerage Business



Feature 1

Sourcing (New Contract Acquisition from Seller)



Direct contracts

captured through approaching customers directly

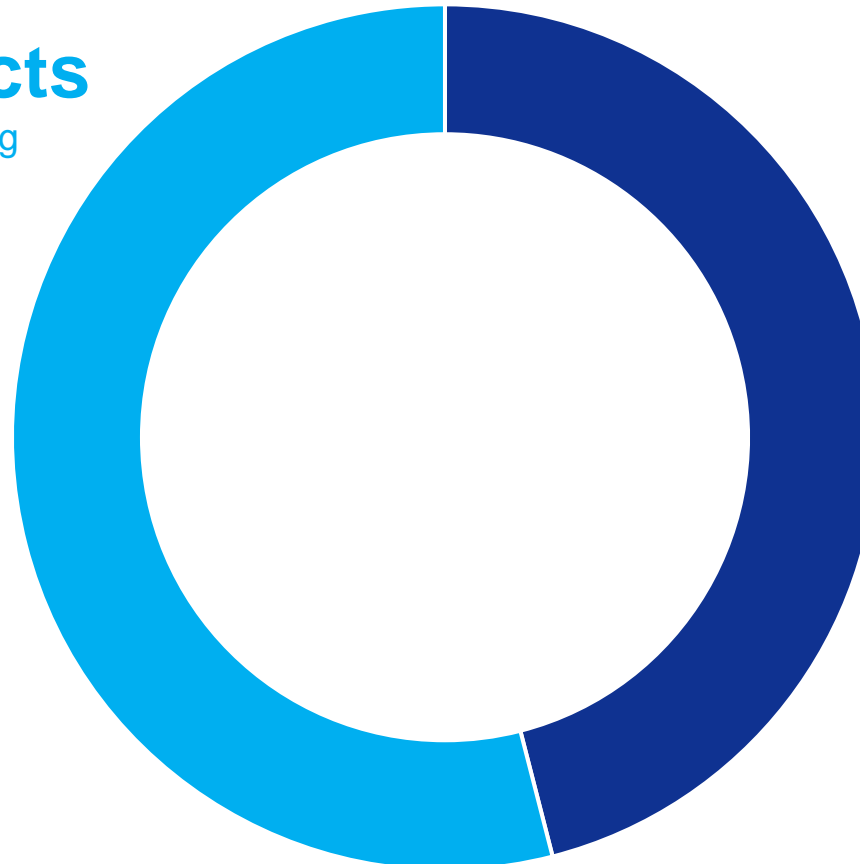
54%

Proposal-based marketing

- Secure effective leads by organizing a dedicated marketing department
- Boost efficiency by signing pre-marketing service contracts and approaching service companies with a potential buyer already in place
- Carry out proposal-based marketing tailored to the characteristics of each industry by organizing industry-specific teams

Seminars

Actively use online seminars in light of the COVID-19 pandemic



FY09/22
New contract ratio
by sourcing route

Referrals

from business partners

46%

Main business partners

- Major financial institutions
- Regional banks
- Shinkin banks
- Securities companies
- Insurance companies
- Accounting firms
- General business companies

Feature 2

Fee Structure



Compensation Structure for Potential Sellers

No initiation fee and low fees at MoU signing.

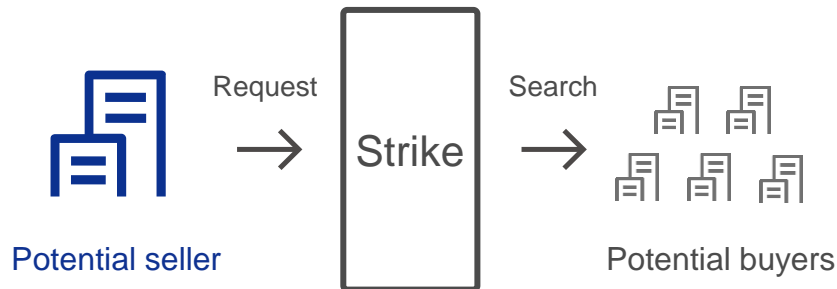
By lowering the hurdle for sellers to consult with us, we encourage M&A deals among SMEs.

	Strike	Company A	Company B
Initial consultation	Free	Free	Free
Upon M&A brokerage agreement signing	Free	Paid	Free
Upon MoU signing	¥1–3mn	Free	Intermediate compensation 10% of success fee
Upon final contract signing	Success fee	Success fee	Success fee

Feature 3

Matching: Proposal Flow of Pre-Marketing Services

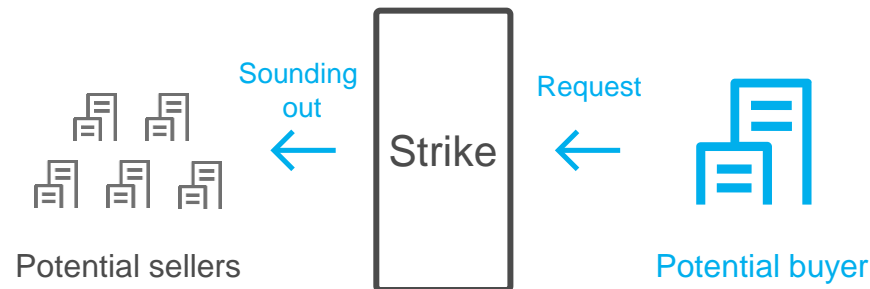
Standard M&A Brokerage Services



In our pre-marketing services, we find potential sellers for potential buyers.

We approach the seller on the buyer's behalf.

Pre-Marketing Services



We acquired 23 new contracts in FY09/22 through our pre-marketing services.

Methods for Finding More Potential Matches



Methods used to search for potential buyers

We are expanding our selection of potential matches by going beyond in-house information and searching for more candidates over the Internet and through partner companies.

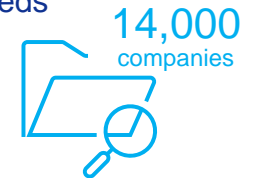


M&A Market SMART
www.strike.co.jp/smart/

1

Over 14,000 companies with acquisition needs

Our consultants utilize Strike's internal database of acquisition needs (which contains data on M&A needs for over 14,000 companies collected through daily sales activities) to make direct proposals to potential sellers.



2

Quick acquisition offer

We have a system in place that enables all of our consultants to propose potential acquisition targets for all projects, and we leverage information from all our employees to search for potential acquisition targets.



3

Use of M&A Market SMART

We receive inquiries from potential buyers interested in deals that are posted anonymously on M&A Market SMART.



4

Working with our partners

We receive referrals of clients who wish to make acquisitions from partner financial institutions, accounting firms, and others.



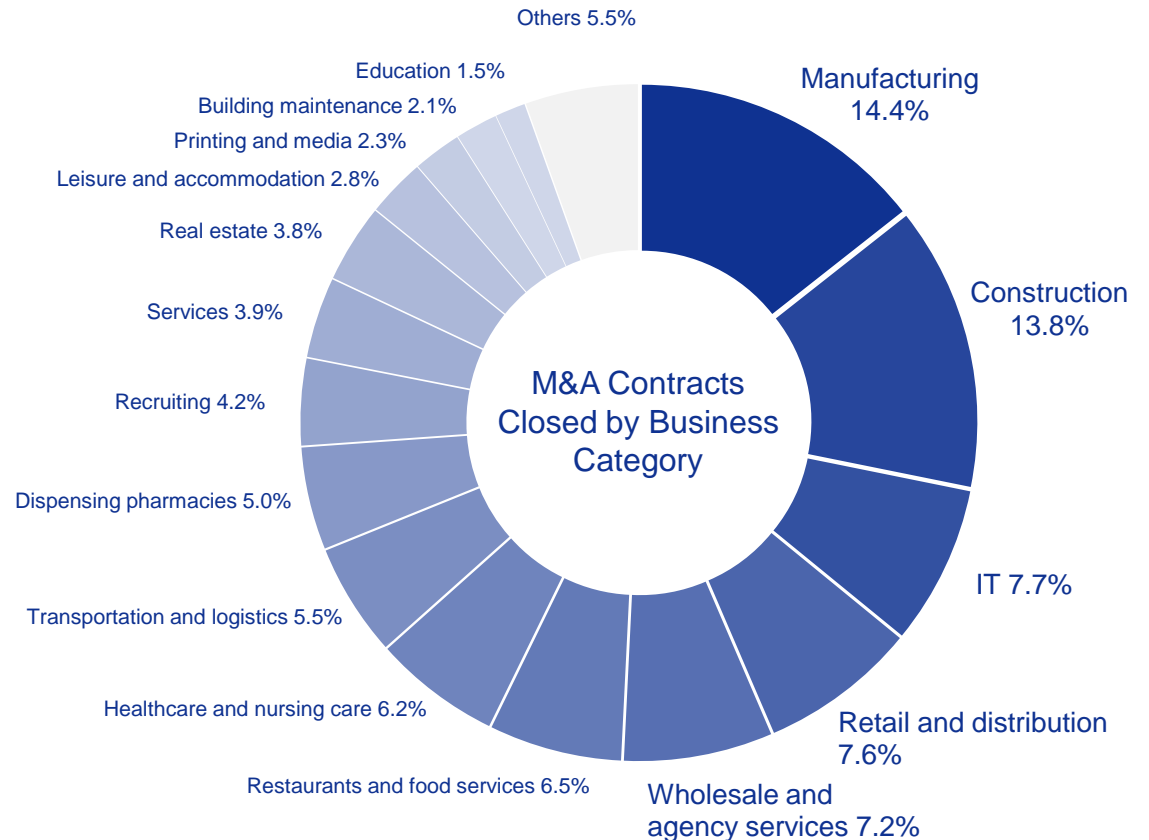
Feature 4 M&A Track Record in Various Industries



With a large number of referrals, we have a balanced track record of M&As in a variety of industries.

Total number of deals from the Company's founding through FY09/22

Note: Breakdown of the number of businesses sold by industry

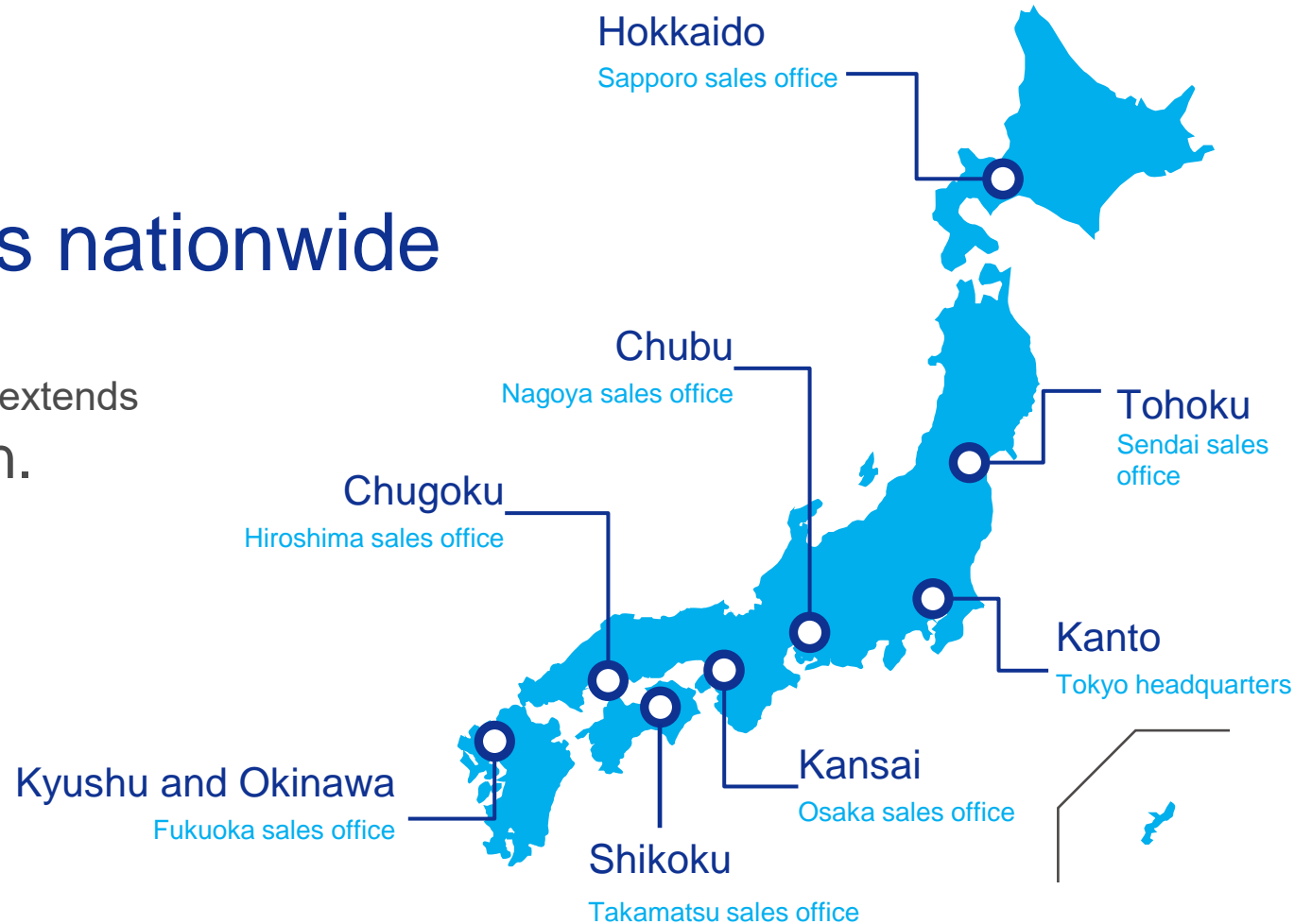


Establishing a Nationwide Sales Network



Eight offices nationwide

Strike's base of operations extends across all of Japan.



M&AOnline

M&A Database

Our M&A database contains timely disclosures on M&A deals that can be searched by company name, securities code, scheme, and industry.

Large Shareholding Report Database

We released our Large Shareholding Report Database, which provides insight into indicators of M&A activity and trading trends among major investors. We are distributing all large shareholding report data submitted to EDINET.

Published M&A Yearbook 2022

The M&A Yearbook 2022 is a magazine-book covering data for all 880 M&A deals carried out by listed companies in 2021 with explanations from various angles such as deal values and industries.

A free portal site that offers a variety of M&A-related information, such as the latest news and legal information, in a timely fashion



Our Mission



New mission statement to mark the 25th anniversary of the Company's founding



STRIKE

Create partnerships that change the world

By joining together, we can open up new paths, find solutions for going forward, and become more prosperous. Joining together allows us to pursue bigger things.

Individually, each of us has only so much power, but by joining together, we become a great force.

Joining together can be challenging at times, but a new world awaits in the future if we surmount those difficulties.

For these reasons, we will strive to help our clients overcome the challenges they face. For clients seeking mergers and acquisitions, we will do everything possible to understand their aspirations, closely listen to them, and share their concerns.

All of us at Strike will work positively to create a better future and forge partnerships that change the world.

Sustainability and ESG initiatives (1)

We have published a sustainability page on our corporate website. (<https://www.strike.co.jp/sustainability/>)

We have also begun working toward conformity with the Task Force on Climate-related Financial Disclosures (TCFD) centered on our Sustainability Promotion Committee.

Sustainability

Our Sustainability Initiatives

Following our corporate slogan of “Realizing people’s aspirations through M&A,” we have worked with clients to provide exactly what they are looking for since our establishment. We have also newly adopted the mission of “Create partnerships that change the world,” and are working to develop M&A with an even greater awareness of people and their relationships.

Under these circumstances, we celebrated our 25th anniversary in 2022. In April, we selected inclusion in the Tokyo Stock Exchange’s new Prime Market. To grow and develop further as a company listed on the Prime Market, we believe it is necessary to review our management from an ESG perspective and proactively address sustainability issues. Further, as a member of society, we feel that we are expected more than ever to contribute to the SDGs—the common goals of society—and to give greater consideration to the environment and society.

Under our new mission, we will promote management activities with an eye to both our growth and the development of society. We will not be satisfied with our current efforts, but will continue to make further improvements on a daily basis.

We are grateful to our stakeholders for their ongoing support. Dialogue and collaboration with you will become increasingly important for the development of society. We look forward to building even stronger relationships with you.

Kunihiko Arai, President and CEO

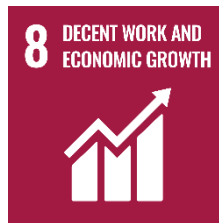
Priority Issues in Business Activities



Priority Issue (1)

17. Partnerships for the Goals

Encourage and promote partnerships through M&A and contribute to society’s overall ability to achieve the SDGs.



Priority Issue (2)

8. Decent Work and Economic Growth

Help SMEs strengthen their economic base and improve productivity through M&A. Contribute to the growth of SMEs while maintaining and promoting employment.



Priority Issue (3)

9. Industry, Innovation and Infrastructure

Support innovation, the diversification of industries, and the creation of added value in products and services by combining the management resources of various entities through M&A.

Sustainability and ESG initiatives (2)

Examples of Efforts to Revitalize Local Economies

To support the city of Kumamoto's efforts toward industrial development, we made donations through the corporate version of the hometown tax donation (furusato nozei) system.

We will contribute to the revitalization of local economies by matching startups that have innovative ideas with SMEs that are facing challenges.



Mayor of Kumamoto, Kazufumi Onishi, and Strike president Kunihiko Arai

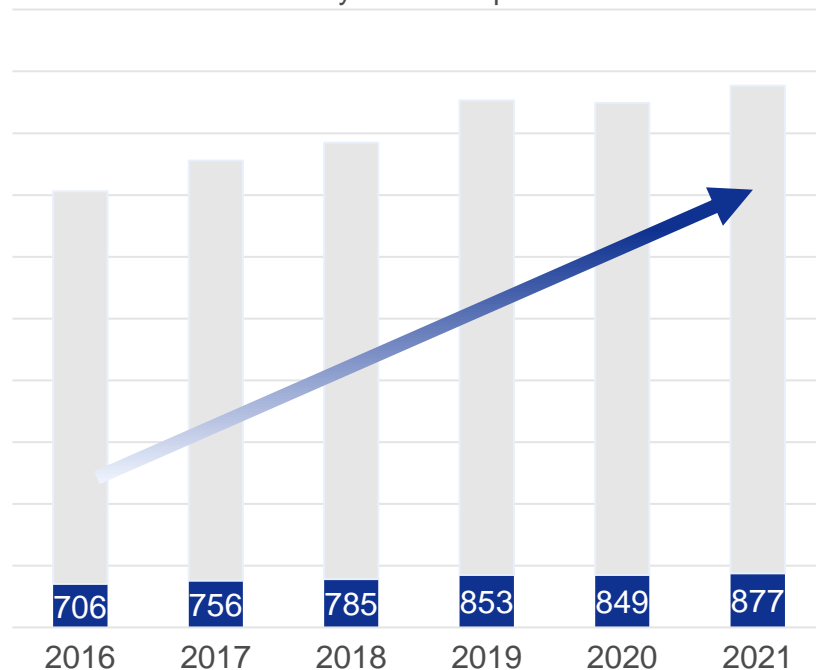
- 01 Operating Performance in FY09/22
- 02 Forecast for FY09/23
- 03 Medium- to Long-Term Management Policy
- 04 Company Overview
- 05 Market Trends**

Market Trends: Japanese M&A Market Size (Estimated)

Although there is no comprehensive data on M&A activity in Japan, we estimate the annual number of M&A deals in Japan is about 10 times higher (over 8,000 deals) than the number of M&A deals disclosed by listed companies. (This figure is higher when including extremely small M&A deals.)

M&A Deals in Japan (Estimate)

- Undisclosed M&A deals (estimate)
- M&A deals disclosed by listed companies



Undisclosed M&A deals (Strike estimate)

This estimate is calculated based on the percentage of M&A deals we were involved in that were not subject to timely disclosure.

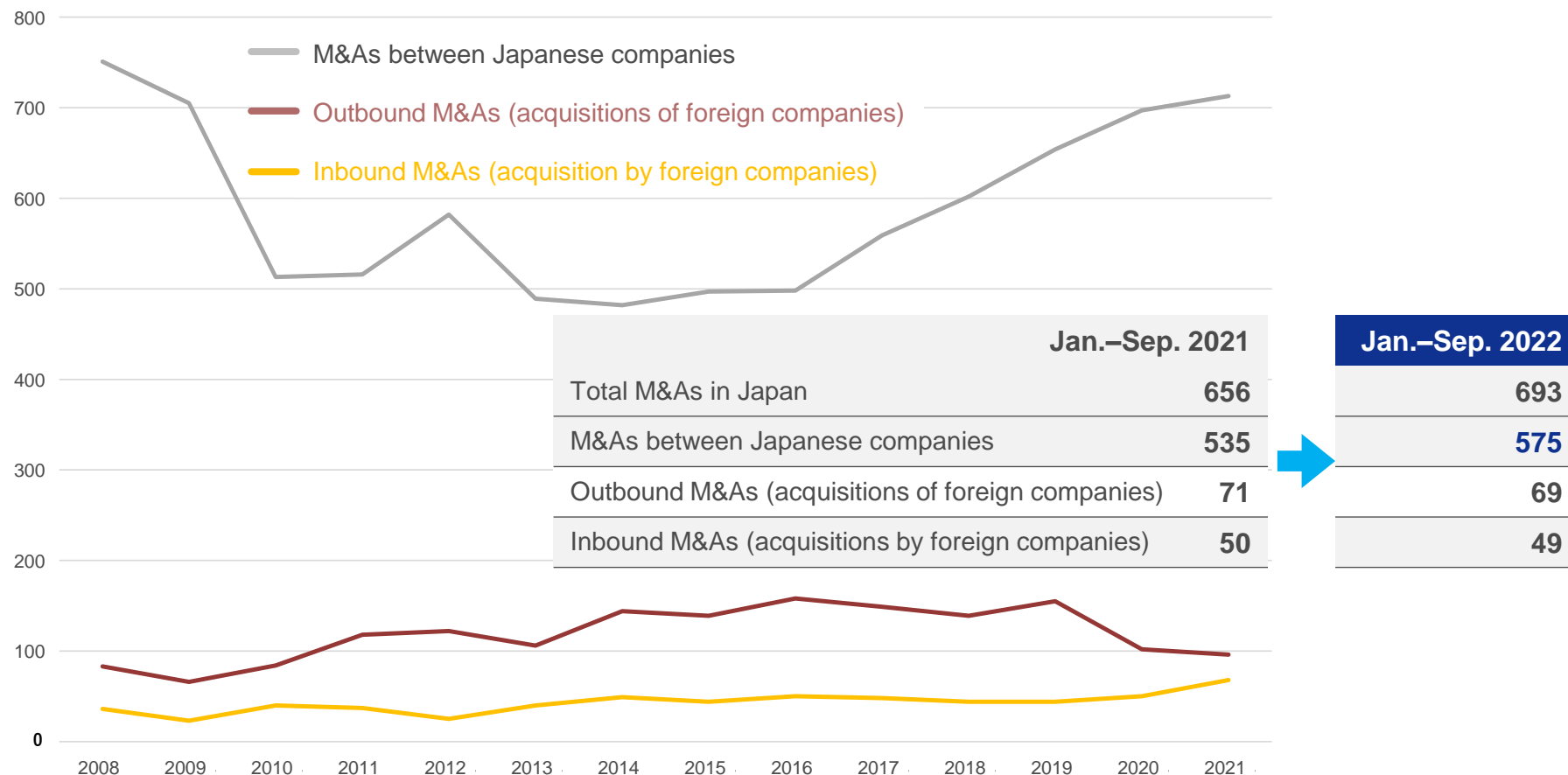
M&A deals disclosed by listed companies

(Source: M&A Online)

M&A deals of listed companies involving a change in management that were subject to timely disclosure (excluding intra-group restructuring and deals not subject to timely disclosure)

Market Trends: Number of M&A Deals in Japan (according to information disclosed by listed companies)

The number of M&A deals (based on timely disclosure by listed companies) from January to September 2022 increased by 37 YoY to 693, exceeding the pace of the previous year, which had been the highest since the 2008 global financial crisis. A breakdown of the 693 deals shows that M&As among Japanese companies were brisk, with 575 deals (+40 YoY), while M&As involving foreign companies decreased to 118 (-3 YoY).



Source: M&A Online

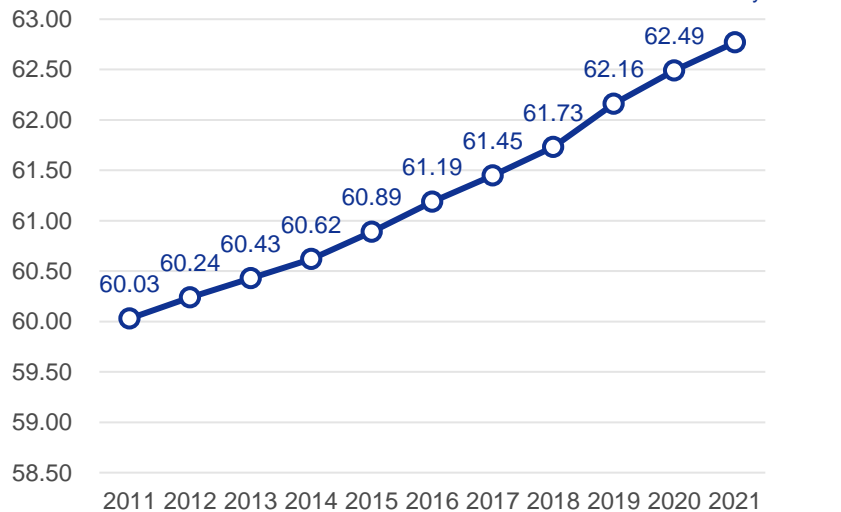
Market Trends: Aging CEOs, Lack of Successors

With CEOs aging, there are many companies without successors, even among companies with older CEOs. We expect the market for M&A deals that help address business succession to continue expanding.

Aging CEOs

Average age of CEOs

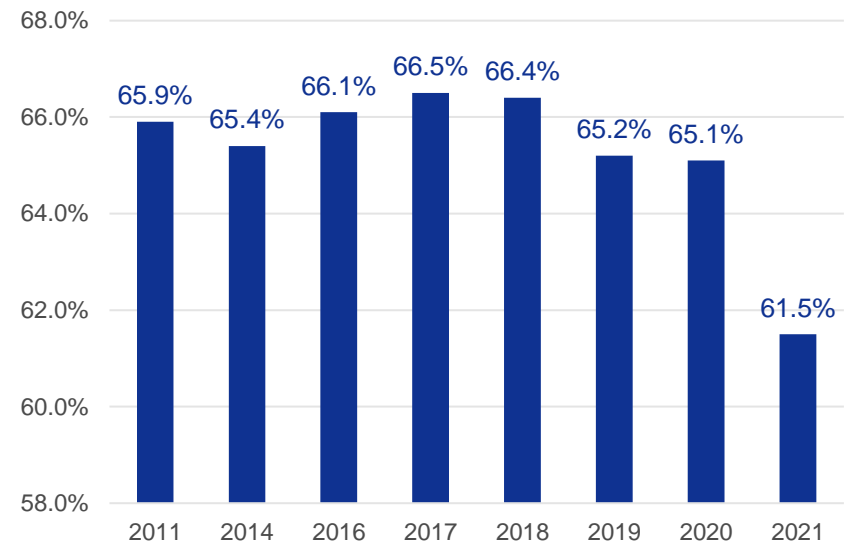
62.77
years old



Source: Nationwide Survey of Company Presidents' Ages, Tokyo Shoko Research, Ltd.

Many companies have no successor

Percentage of companies without a successor



Source: Nationwide Survey on the Percentage of Companies without Successors (2021) by Teikoku Databank, Inc. included in the 2022 White Paper on Small and Medium Enterprises in Japan

Market Trends: Boosting Productivity is Crucial to the Survival of SMEs

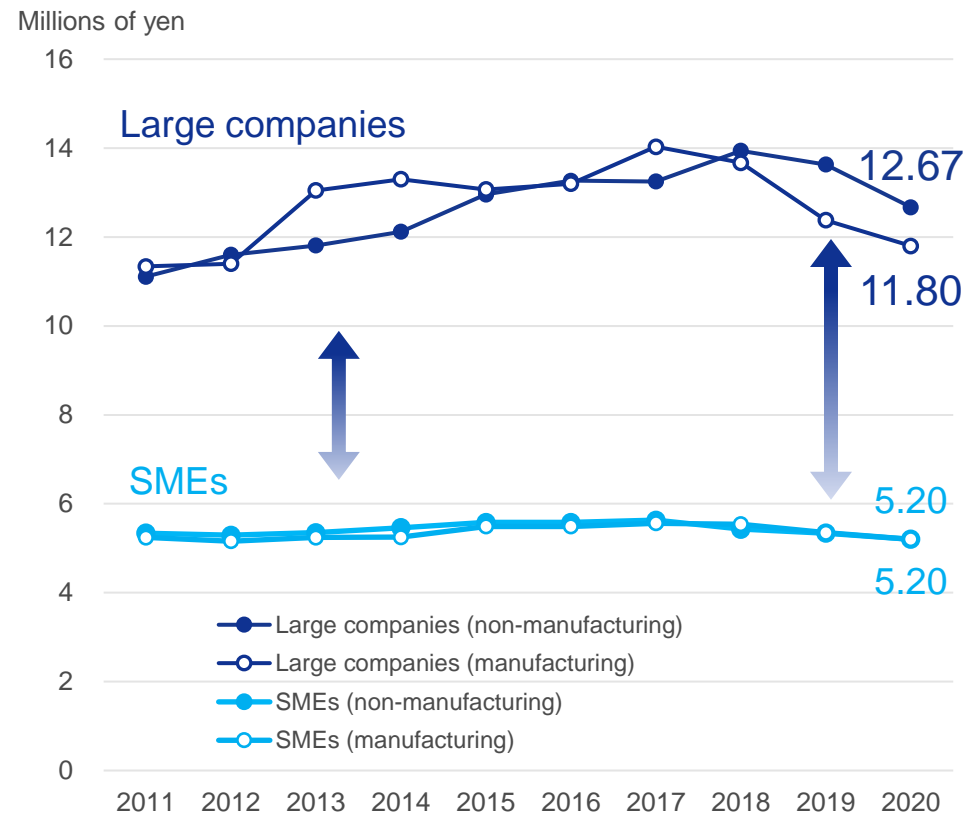


Boosting productivity* is essential for SMEs in Japan to achieve both wage increases and profit growth.

*Increase of value add

Widening disparity in value added between large companies and SMEs

Value Added per Employee (Labor Productivity) by Company Size



Source: Financial Statements Statistics of Corporations by Industry, Annually by the Ministry of Finance, included in the 2022 White Paper on Small and Medium Enterprises in Japan

Market Trends: Boosting Productivity is Crucial to the Survival of SMEs

Boosting productivity* is essential for SMEs in Japan to achieve both wage increases and profit growth.

*Increase of value add

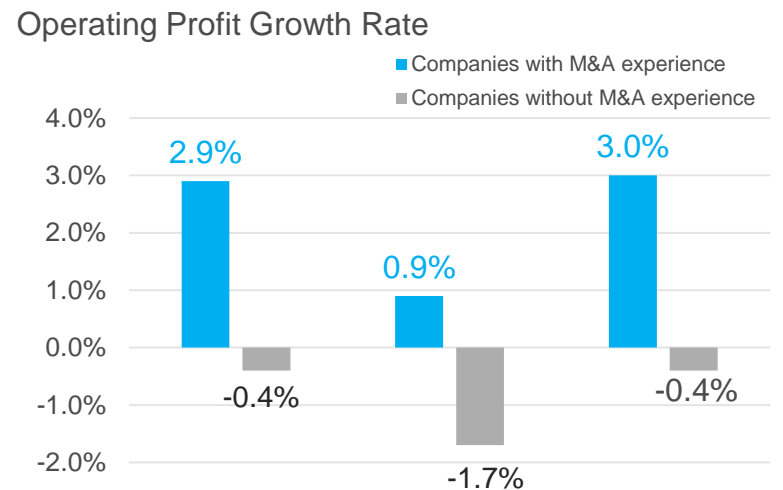
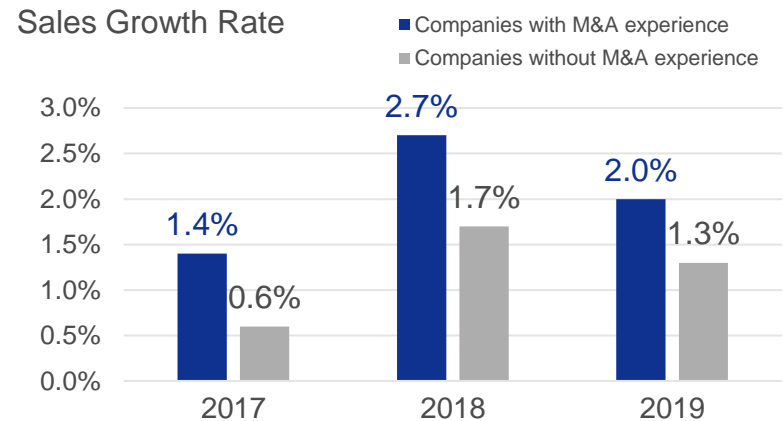
Creating new value through new business development and expanding possibilities through collaboration with companies in other industries will become important, and M&A is one way to do this.

Companies that carried out M&A deals: Companies with confirmed M&A deals as a buyer in 2015. Growth rates were calculated as a comparison with the previous period, and outliers in the top 5% and bottom 5% were removed.

Source: Corporate Information File by Tokyo Shoko Research, Ltd., included in the 2021 White Paper on Small and Medium Enterprises in Japan

Performance driven by M&A deals

Growth rates: Companies with M&A experience vs. companies without M&A experience (median)



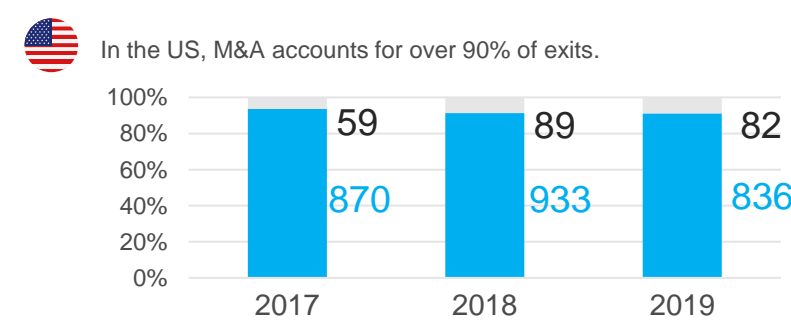
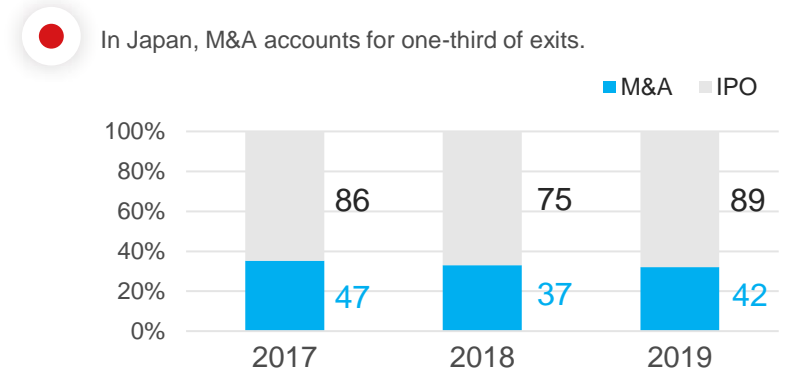
Market Trends: M&A of Startups



Currently, there are few M&A deals involving startups in Japan, but there is a lot of room for growth. Acquiring startups as part of R&D investment can help companies grow and increase corporate value more efficiently than if they were to conduct R&D on their own.

Small percentage of M&A exits among startups

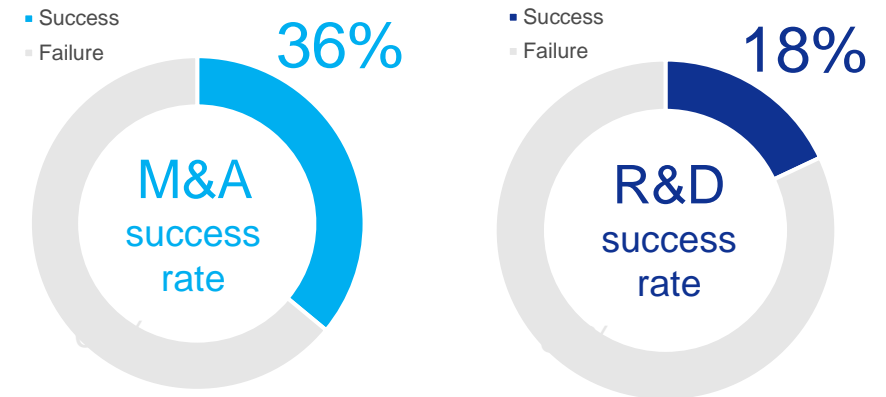
IPO and M&A status of venture capital portfolio companies



Source: Venture White Paper by the Venture Enterprise Center, included in the Survey Report on M&A Activities of Large Companies and Startups by the Ministry of Economy, Trade and Industry

M&A success rate is higher than R&D success rate

Success rate of medium- to long-term R&D and M&A



Source: Investigation into the Actual Conditions of Companies that Have Conducted M&A (2013) by Deloitte Tohmatsu Consulting Co., Ltd., included in the Survey Report on M&A Activities of Large Companies and Startups by the Ministry of Economy, Trade and Industry

Source: Survey on the Establishment of a Japanese Innovation System from a Medium- to Long-Term Perspective by the Japan Research Institute, included in the Survey Report on M&A Activities of Large Companies and Startups by the Ministry of Economy, Trade and Industry

Market Trends: Other Topics



The M&A Intermediaries Association is a self-regulatory organization established for the purpose of improving the quality of M&A intermediary services, promoting the sound development of the M&A intermediary industry as a whole, and supporting companies engaged in M&A through the thorough implementation of appropriate transaction rules, including the M&A Guidelines for SMEs.

We will actively engage in the activities of the association and contribute to the sound development of the industry.

Name	M&A Intermediaries Association (MAIA)	
Established	October 1, 2021	
Representative director	Kunihiko Arai	President and CEO Strike Co., Ltd.
	Suguru Miyake	President and Representative Director Nihon M&A Center Inc.
	Satoru Nakamura	President and CEO M&A Capital Partners Co., Ltd.
	Ryosuke Kubo	President Ondeck Co., Ltd.
	Yasuhito Shinoda	President Meinan M&A Co., Ltd.
Directors		
Auditor	Yutaro Kikuchi (Attorney-at-law, Kikuchi Sogo Law Office)	