

July 28, 2023

Financial Results for the First Nine Months of the Fiscal Year Ending September 30, 2023

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.

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

Executive Summary

External Environment

- ✔ Listed companies are seeing a recovery in their performance as the COVID-19 pandemic eases. M&A activity is also progressing at a faster pace than in FY09/22 (see page 42).
- ✔ While some SMEs, such as those in the restaurant and accommodation industries, have shown a recovery in earnings, others have experienced a slow recovery due to soaring prices of raw materials and energy resources. Bankruptcies among SMEs are on the rise as well.

Operating Performance

- ✔ Net sales came to ¥9,132 million in the nine-month period under review, up 28.1% YoY, on the back of an increase in the average size of deals. The number of deals closed increased by 10 YoY.
- ✔ Operating profit amounted to ¥2,947 million, up 13.3% YoY, as a result of increases in advertising expenses and rent expenses on land and buildings as projected in our initial plan.
- ✔ Against the backdrop of a growing number of large deals, we closed fewer deals than planned because of the longer time required to close large deals. The number of small and medium-sized deals that were canceled owing to business performance issues and other factors also increased YoY.
- ✔ The number of deals closed may fall short of our initial plans, but we expect earnings to finish in line with our full-year forecast thanks to higher average sales generated per deal closed.

Recruiting

- ✔ The Company added 40 consultants as of end-Q3 versus its full-year target of 40. We expect full-year hiring to exceed our initial plan.

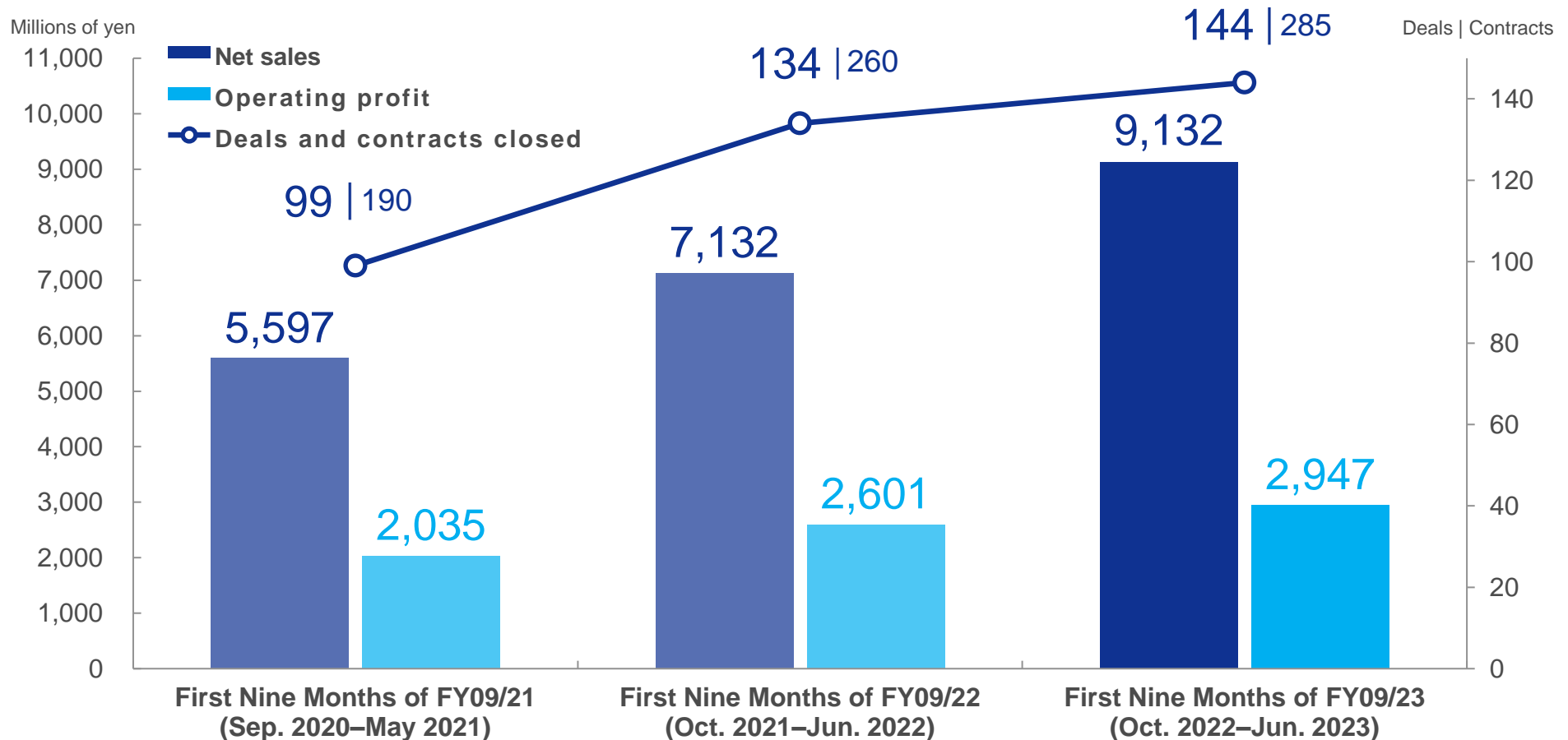
Operating Performance in First Nine Months of FY09/23



The number of large deals closed increased by 11 YoY (from nine to 20 deals), resulting in a rise in average sales generated per deal closed* (from ¥53 million to ¥63 million).

*Net sales divided by the number of deals closed

Quarterly Results



Year-on-Year Comparison

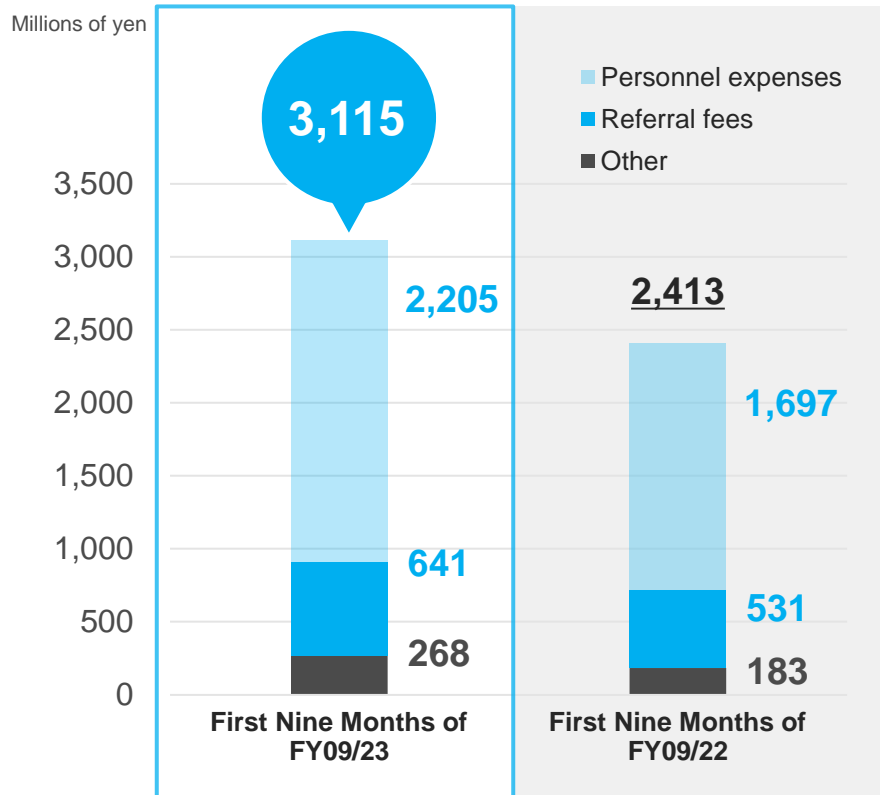
Operating profit margin through Q3 was slightly below the initial plan of 35.7%, reflecting a slight delay in sales progress versus plan.

	First Nine Months of FY09/23		First Nine Months of FY09/22		Millions of yen
		% of net sales		% of net sales	YoY change
Net sales	9,132	100.0%	7,132	100.0%	+28.1%
Cost of sales	3,115	34.1%	2,413	33.8%	+29.1%
SG&A expenses	3,069	33.6%	2,117	29.7%	+45.0%
Operating profit	2,947	32.3%	2,601	36.5%	+13.3%
Ordinary profit	2,955	32.4%	2,603	36.5%	+13.5%
Profit	1,989	21.8%	1,756	24.6%	+13.3%

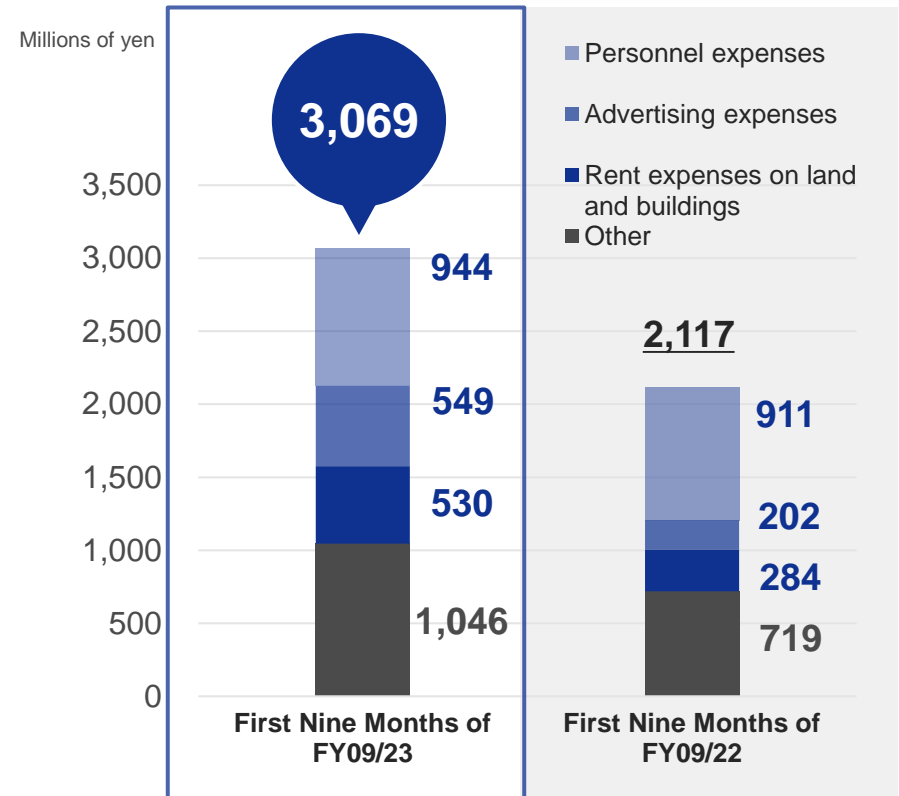
Year-on-Year Comparison

Cost of sales rose, but the cost of sales ratio was largely unchanged YoY. SG&A expenses grew YoY, mainly reflecting increases in advertising expenses due to TV commercials (+¥346 million), rent expenses on land and buildings as a result of head office expansion (+¥245 million), other expenses related to recruiting activities (+¥64 million), and expenses related to head office expansion (+¥60 million).

Breakdown of Cost of Sales



Breakdown of SG&A Expenses



Comparison of Financial Position vs. End-FY09/22



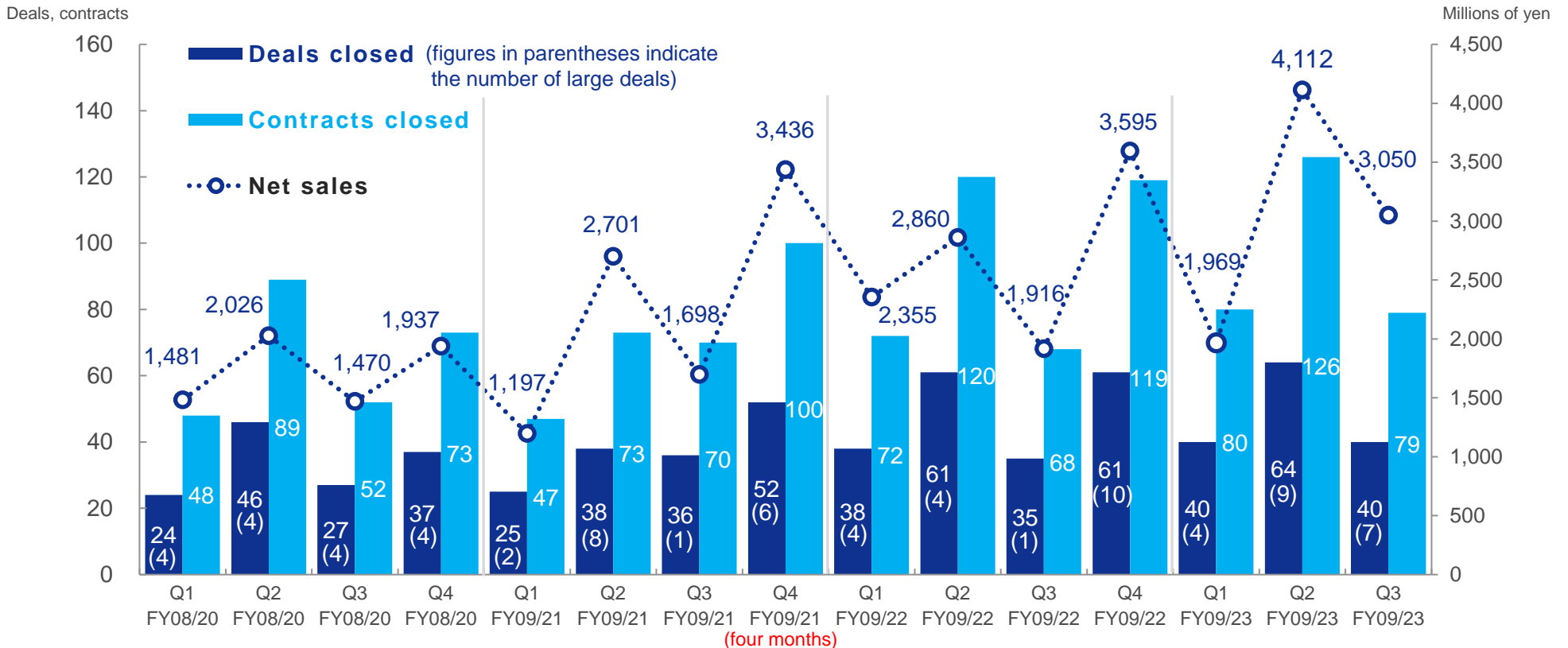
Other current assets fell due to a ¥1.8 billion refund in income and other taxes.
Property, plant and equipment increased as a result of head office expansion.

Millions of yen

	End-Q3 FY09/23 Balance	End-FY09/22 Balance	Change		End-Q3 FY09/23 Balance	End-FY09/22 Balance	Change
Cash and deposits	11,254	8,542	+2,712	Accounts payable–trade	119	138	-19
Accounts receivable–trade	446	405	+41	Other	1,610	1,422	+188
Other	91	1,909	-1,817	Total current liabilities	1,730	1,560	+169
Total current assets	11,793	10,856	+936	Other	127	—	+127
Property, plant and equipment	732	373	+359	Total non-current liabilities	127	—	+127
Intangible assets	10	5	+4	Total liabilities	1,857	1,560	+296
Investments and other assets	1,947	1,573	+373	Share capital	823	823	+0
Total non-current assets	2,690	1,952	+737	Capital surplus	801	801	+0
				Retained earnings	11,432	10,233	+1,199
				Treasury shares	(434)	(612)	+178
				Shareholders' equity	12,624	11,246	+1,377
				Valuation and translation adjustments/Share acquisition rights	2	2	+0
				Total net assets	12,626	11,248	+1,378
Total assets	14,483	12,809	+1,674	Total liabilities and net assets	14,483	12,809	+1,674

Deals and Contracts Closed

Efforts to improve quarterly volatility proved effective, but there had been a slight volatility in Q3 as some large deals, which were expected to close in Q3, are scheduled to close in Q4.



Deals closed: Number of M&A transactions in which Strike provides brokerage or advisory services (i.e., number of deals)
 (Large deals are those that generate 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)

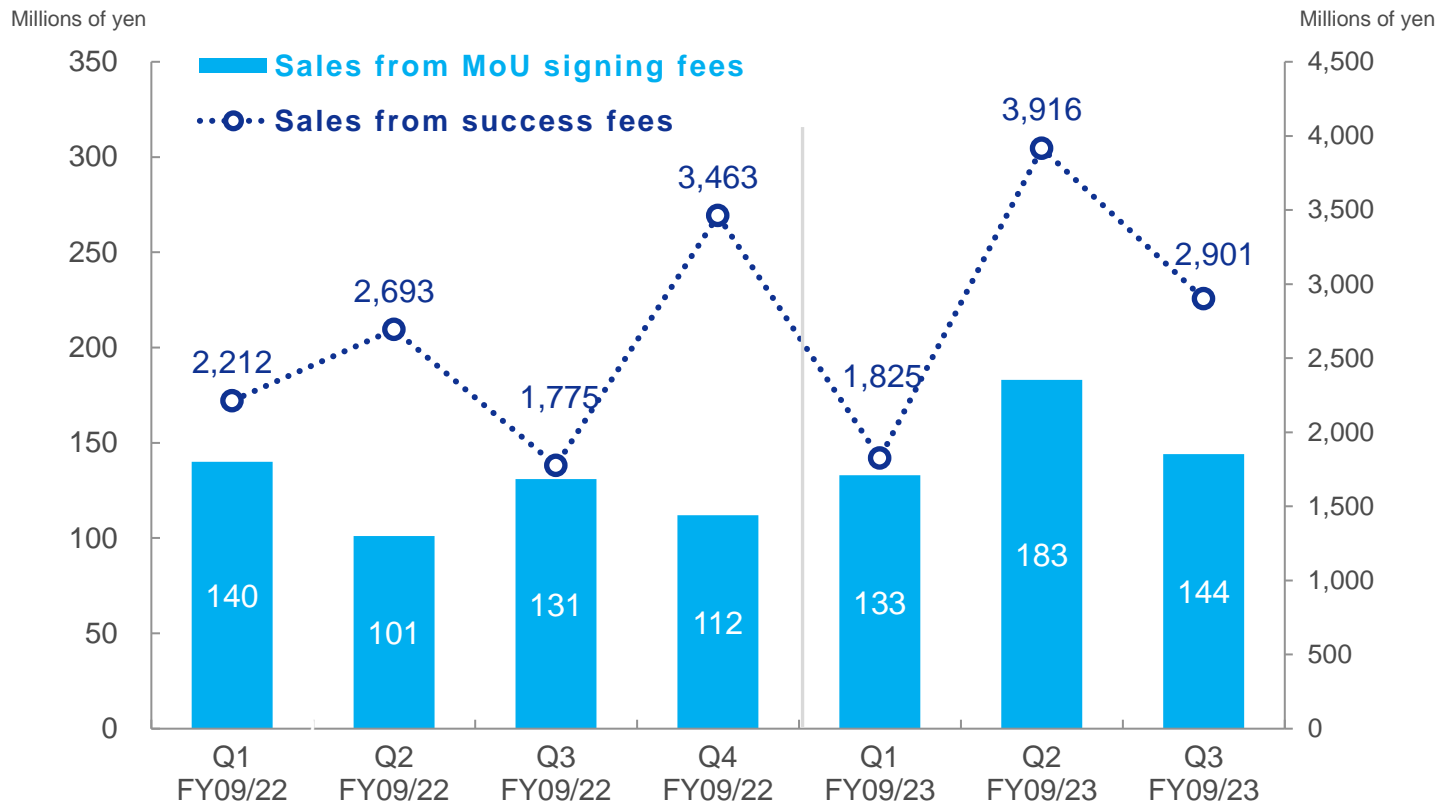
In brokerage services, each deal counts as two contracts (one for the seller and one for the buyer), while in advisory services, each deal counts as one contract.

MoU Signing Fees and Success Fees

Success fees did not grow in Q3 as some large deals for which we signed MoUs in Q2 are expected to close in Q4. Accordingly, while MoU signing fees did not rise in Q3, we expect success fees to grow substantially in Q4.

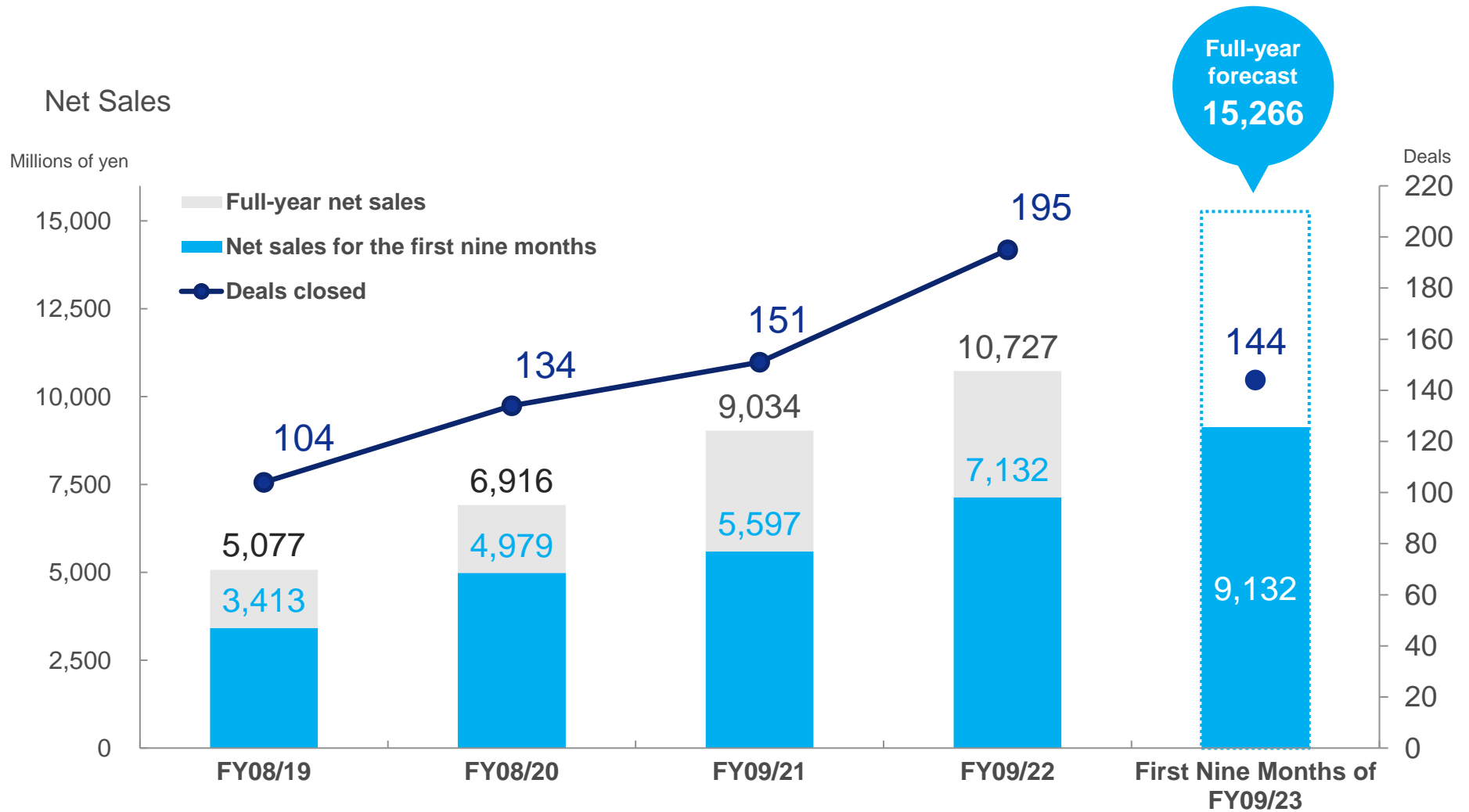
Sales from MoU signing fees

Sales from success fees



Notes: Calculated from Q1 FY09/22, following a revision of the compensation structure
 MoU signing fees in the previous quarter and success fees in the following quarter tend to be correlated.

Reference: Historical Net Sales

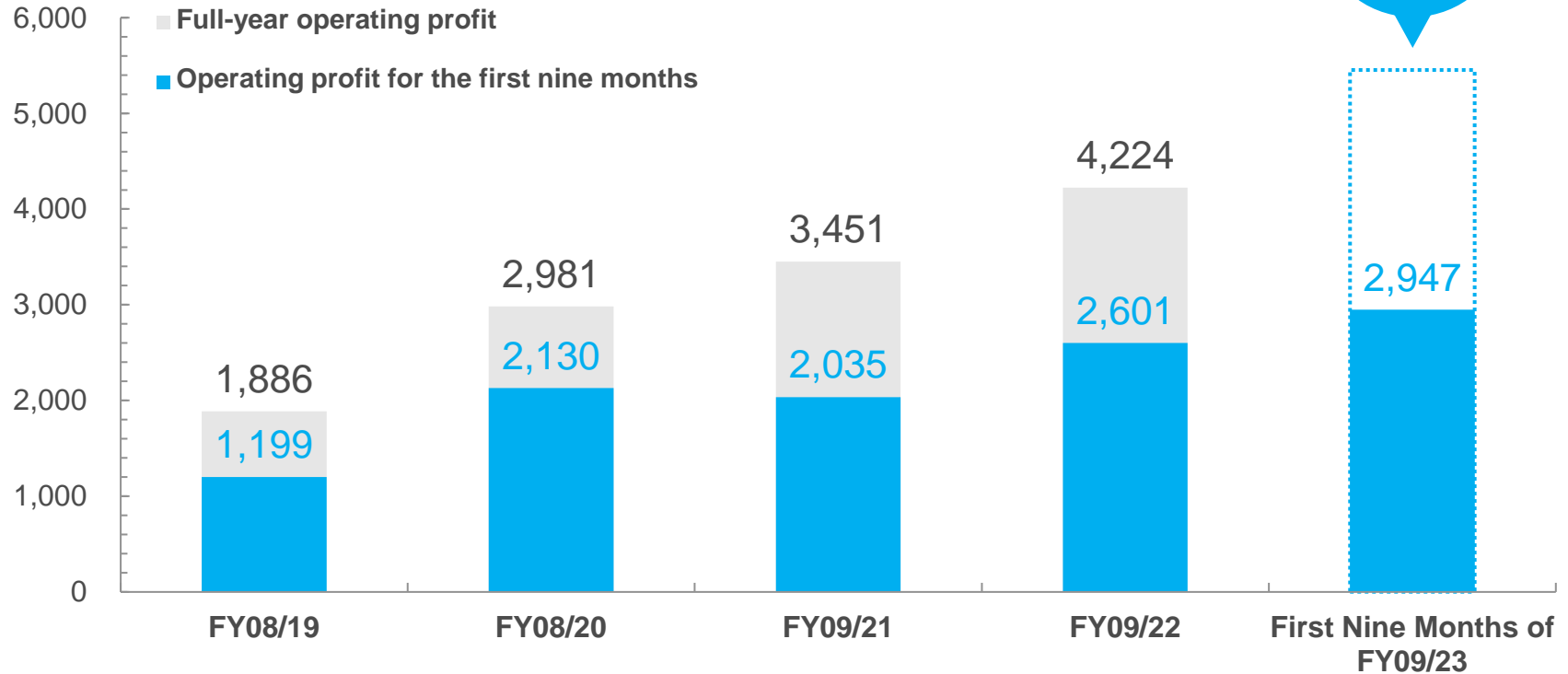


Reference: Historical Operating Profit



Operating Profit

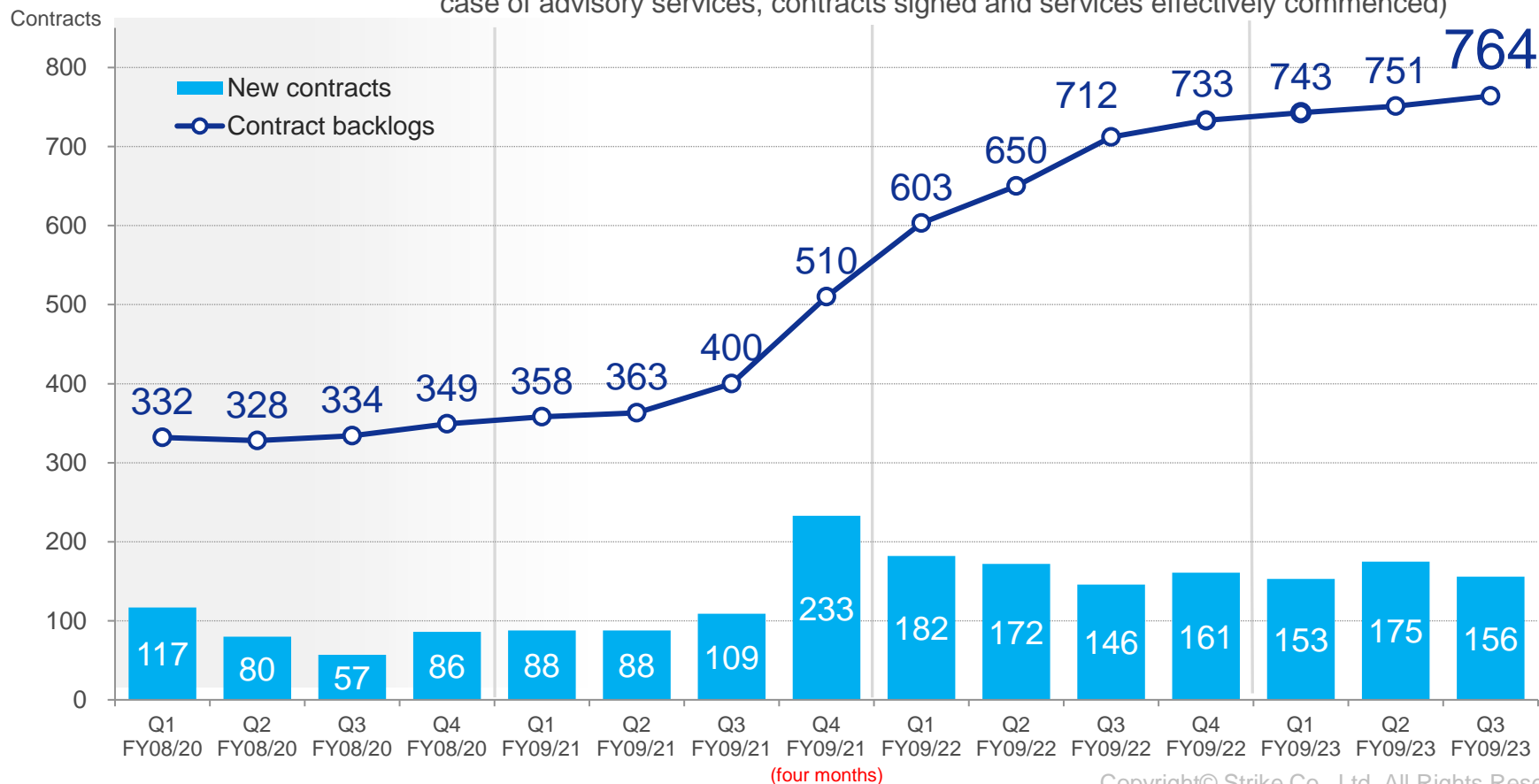
Millions of yen



New Contracts

We have been carrying out new contract acquisition activities with the aim of boosting the average sales per deal. As a result, average sales generated per deal closed have been on the rise, growing from ¥70 million in FY09/22 to ¥81 million in the first nine months of FY09/23. However, contract backlogs were impacted by a notable number of canceled deals that were signed immediately following the revision of the compensation structure.

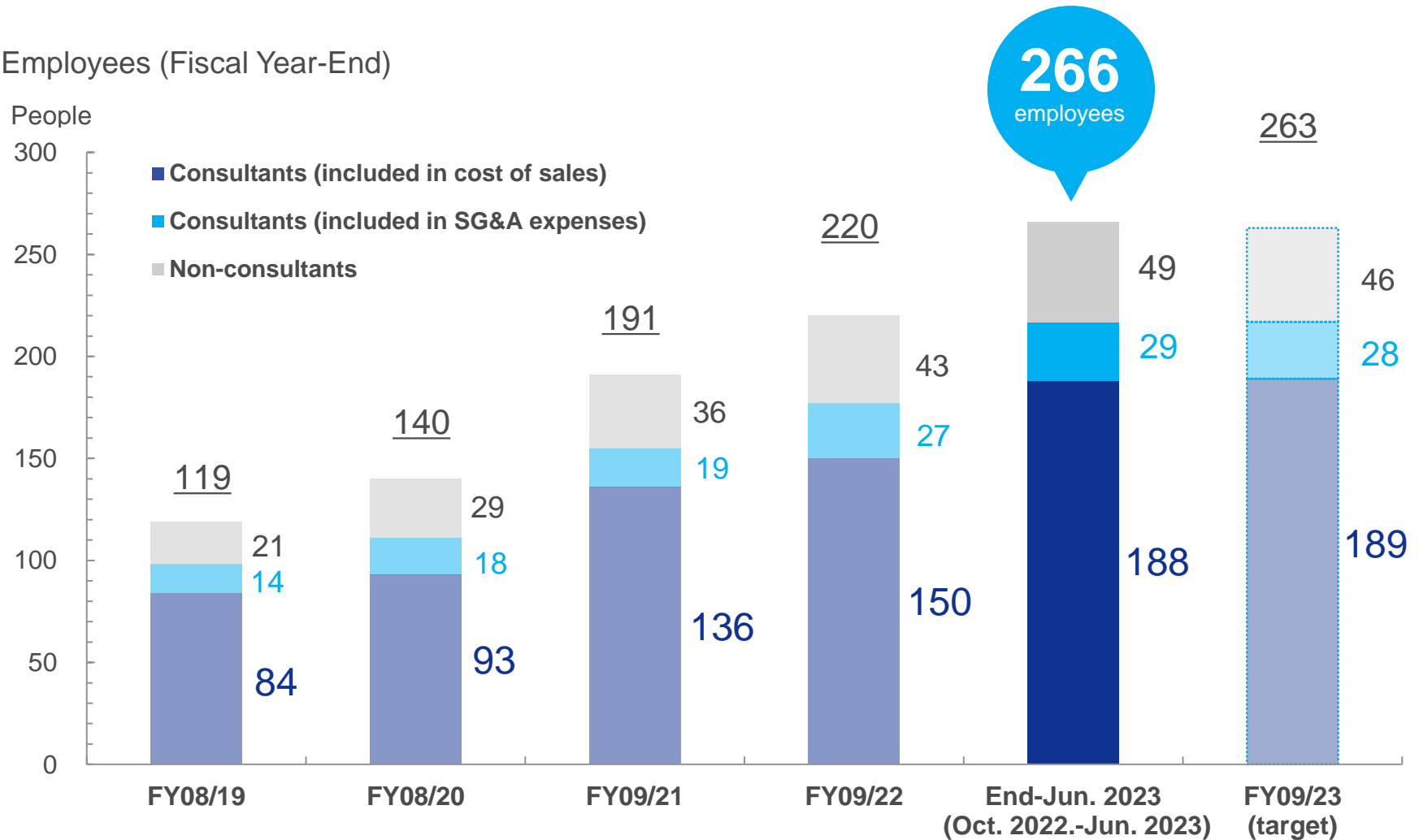
New Contracts (Quarterly) **New contracts:** New brokerage service contracts signed with sellers (or in the case of advisory services, contracts signed and services effectively commenced)



Employees

The Company added 40 consultants as of end-Q3 versus its full-year target of 40.

Employees (Fiscal Year-End)

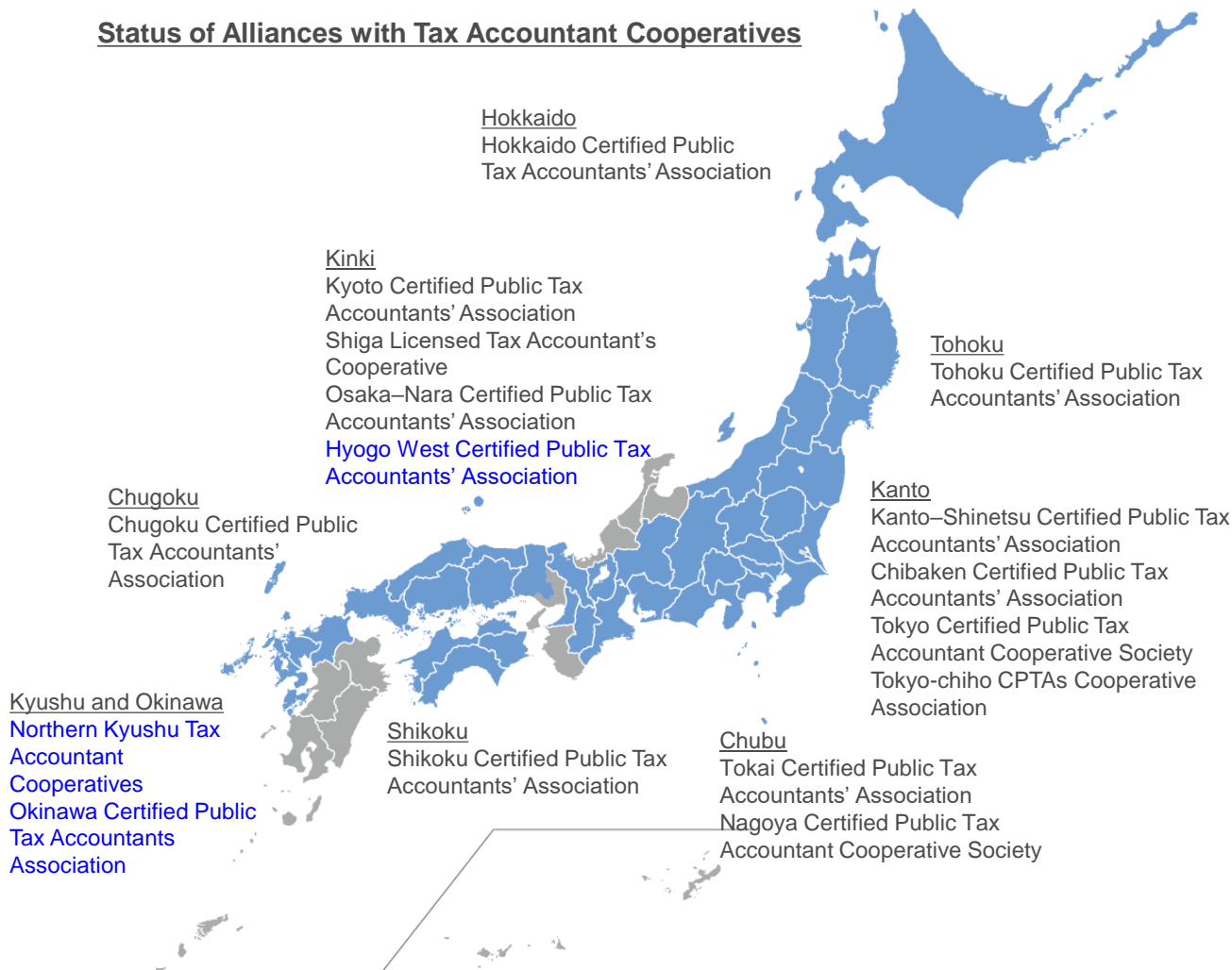


Topics: Expanding Alliances with Accounting Firms

We are expanding our business alliances with industry associations such as tax accountant cooperatives.

(Blue text indicates newly formed alliances in FY09/23)

Status of Alliances with Tax Accountant Cooperatives



Our network expanded to include 16 organizations with more than 60,000 members nationwide.

We aim to achieve an increase in M&A deals closed by collaborating with tax accountant cooperatives replete with tax accounting companies and individual tax accountants. We seek to bring together their advanced tax expertise with our strengths in M&A partner search and brokerage services.

Many potential sellers consult with their accounting firms about business succession and corporate transfers.

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Forecast for FY09/23



Forecast Assumptions and Recent Trends

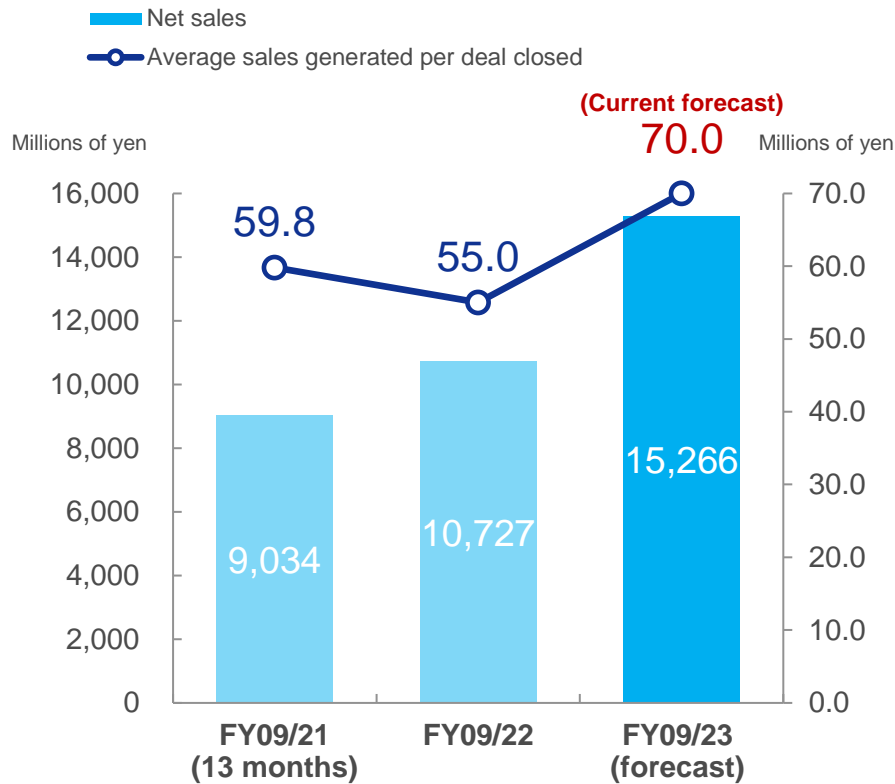
- ☑ The target CAGR is 20% or higher over the medium term, but we expect net sales to grow 42% YoY in FY09/23.
- ☑ Aiming for further growth over the medium to long term, we expect to spend more in advertising as we aggressively develop proposal-based marketing, seminars, and other sales initiatives.
- ☑ We continued to actively recruit consultants and expanded head office floor space in anticipation of a future increase in headcount.

⇒ The number of deals closed for the full year may fall short of our plan, as the time required to close a deal has lengthened due to an increase in the number of large deals. However, we expect average sales generated per deal closed to rise sharply. We project earnings in Q4 to finish in line with our initial plans, with 75–80 deals closed, including 15 large deals, and average sales generated per deal closed of ¥75–80 million.

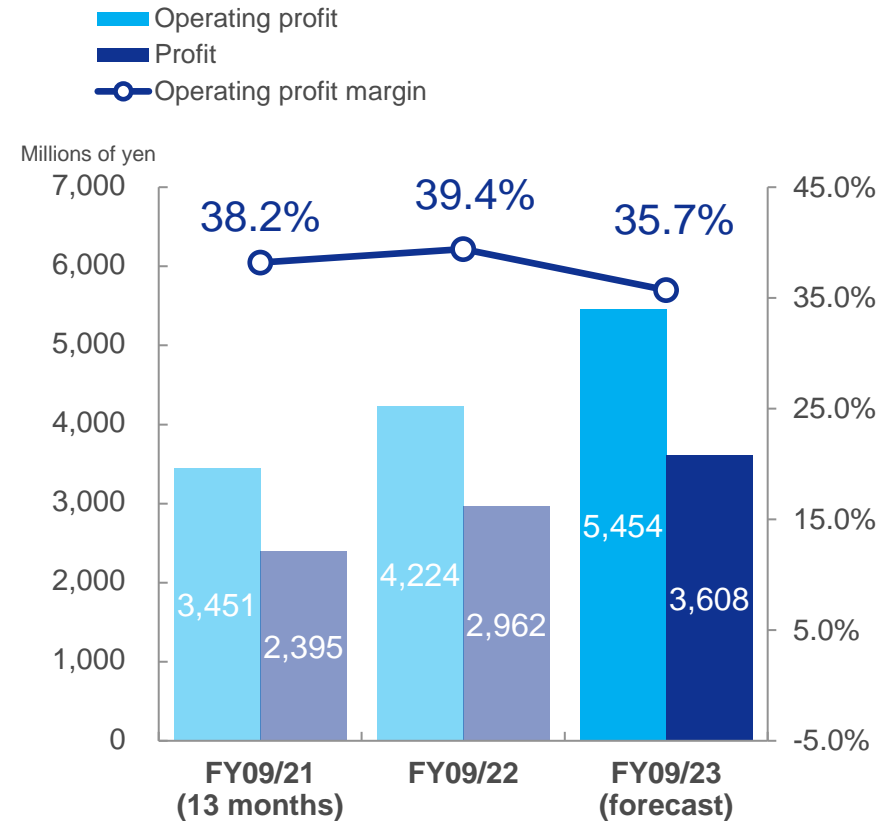
Forecast for FY09/23

While average sales generated per deal closed were estimated based on FY09/22 results, the figures may be significantly higher than initially expected due to an increase in the average size of deals. Meanwhile, we expect net sales and expenses to finish in line with our initial plan.

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

While we anticipate the number of deals closed to fall short of our initial plan and average sales generated per deal closed to rise, we project both sales and profits to be in line with our initial plans.

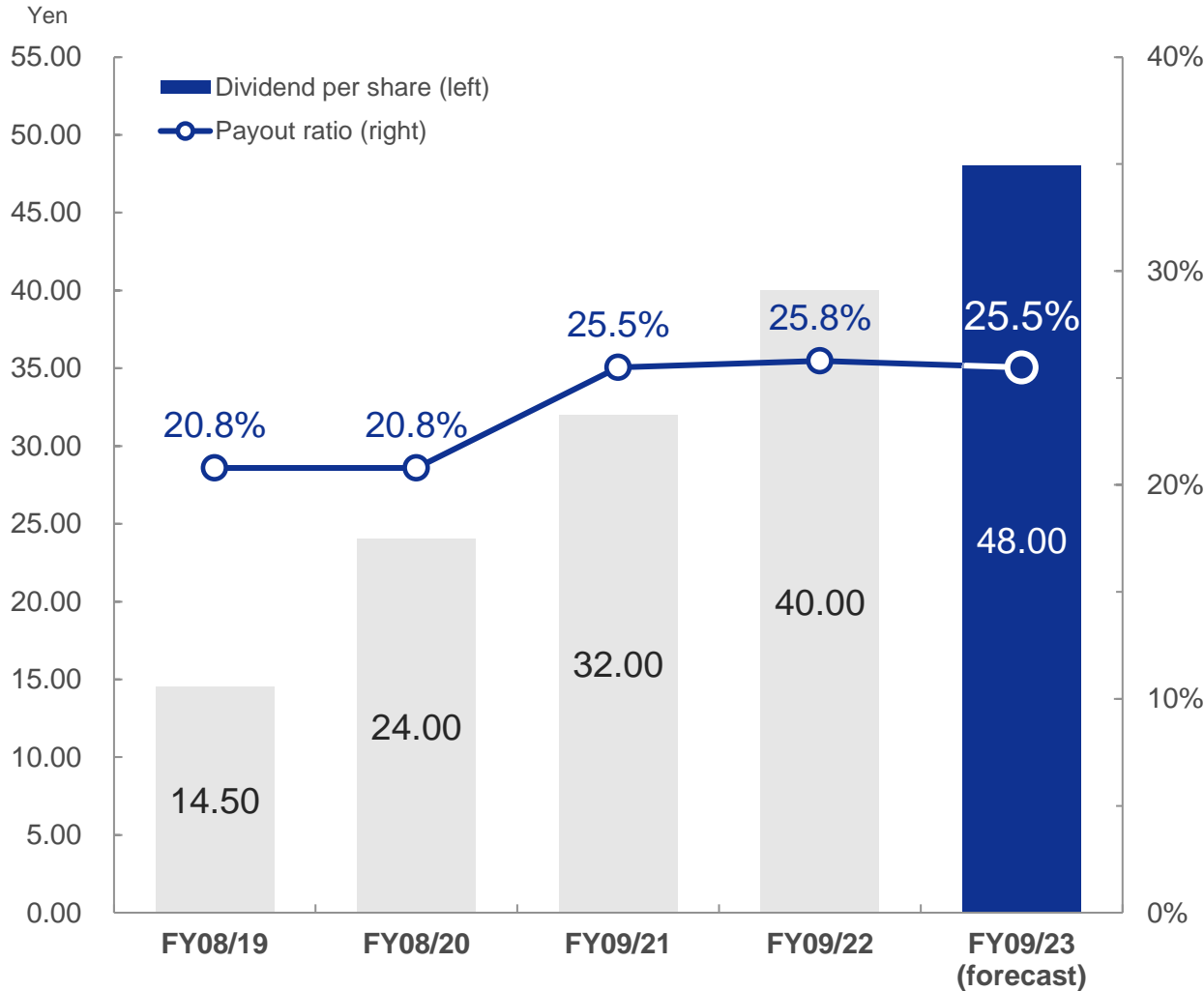
Millions of yen

	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%	+2,988	+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	→ About 220	195	—	+82 deals	
Average sales per deal closed	55	→ About ¥70mn	55	—	±0	
Number of new contracts	756	—	661	—	+95 contracts	
Employees	263	—	220	—	+43 employees	

Planned Shareholder Returns



Dividends and Payout Ratio



Dividend

We aim to achieve ROE of 20% or higher and are considering raising the payout ratio over the medium to long term.

We believe we are currently in a phase of growth and expansion and intend to use the funds for our own M&A deals, upfront spending on existing businesses, and investment in new businesses.

Share buybacks

We will continue looking into executing share buybacks to maintain our target ROE.

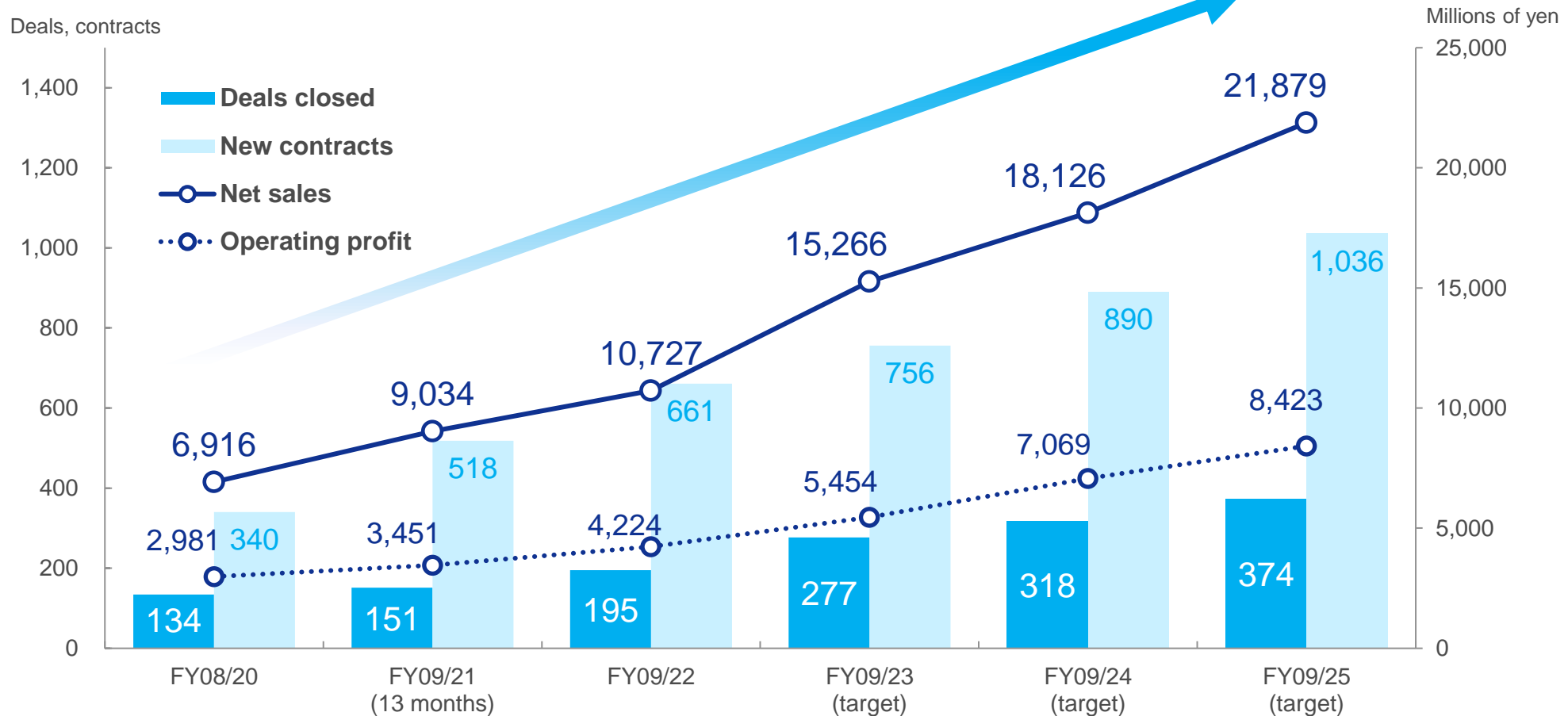
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Results and Targets: New Contracts, Deals Closed, Net Sales, and Operating Profit

The target CAGR is 20% or higher.

The following is the initial plan, and we plan to announce a revised version at the time of the full-year results announcement.

We will revise the target number of new contracts, closing rate, number of deals closed, and average sales generated per deal closed in accordance with actual results.



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



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

We aim to **achieve average sales of ¥100 million per consultant*** within the first three years of employment (consultants whose personnel expenses are booked as cost of sales).

* Target changed from the number of contracts to monetary value to promote organization-wide 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

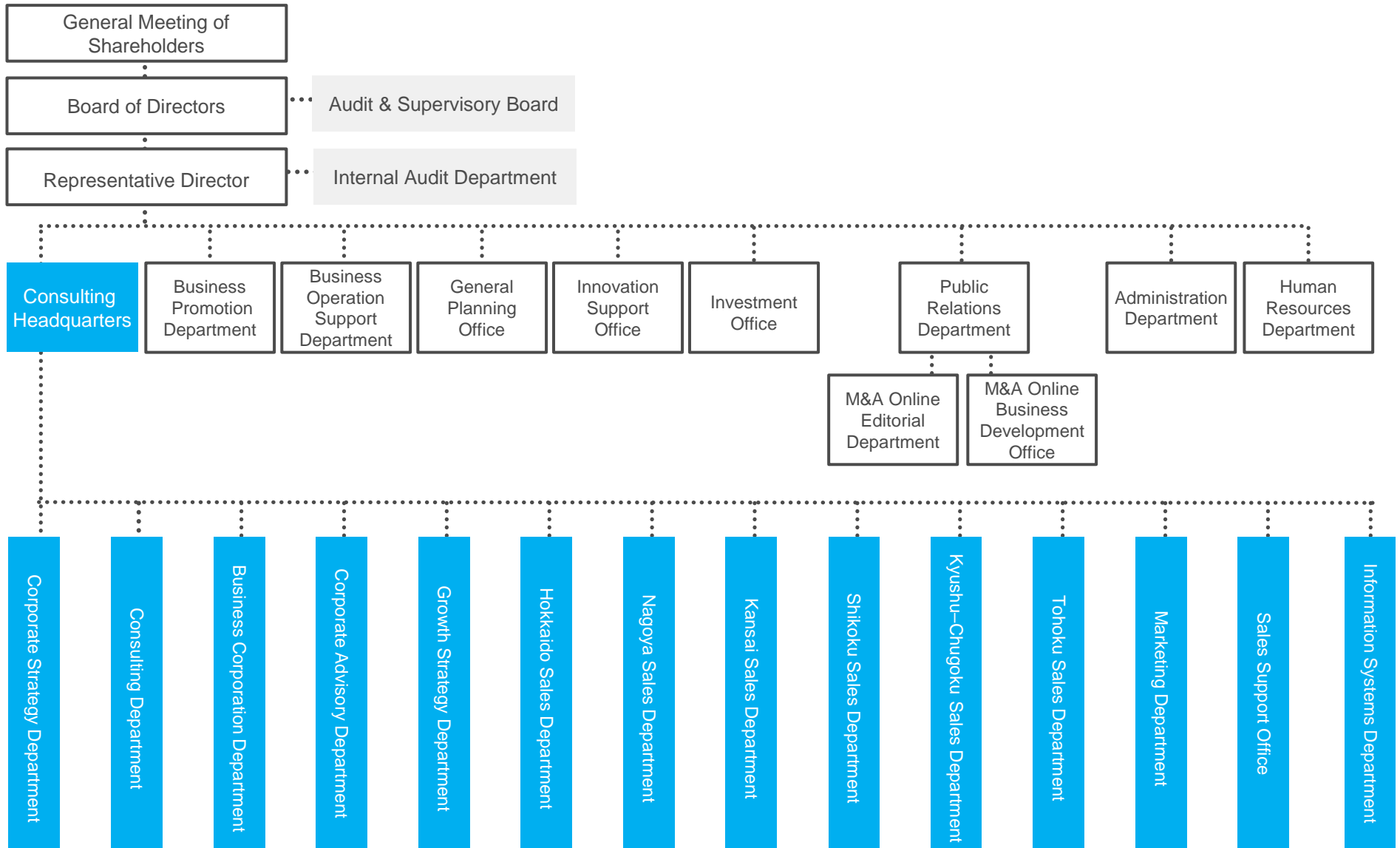
1. Streamline operations by upgrading internal systems that use IT tools
2. Share deal information and manage deal progress through in-house systems

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

03. Medium- to Long-Term Management Policy

Organization (as of July 1, 2023)



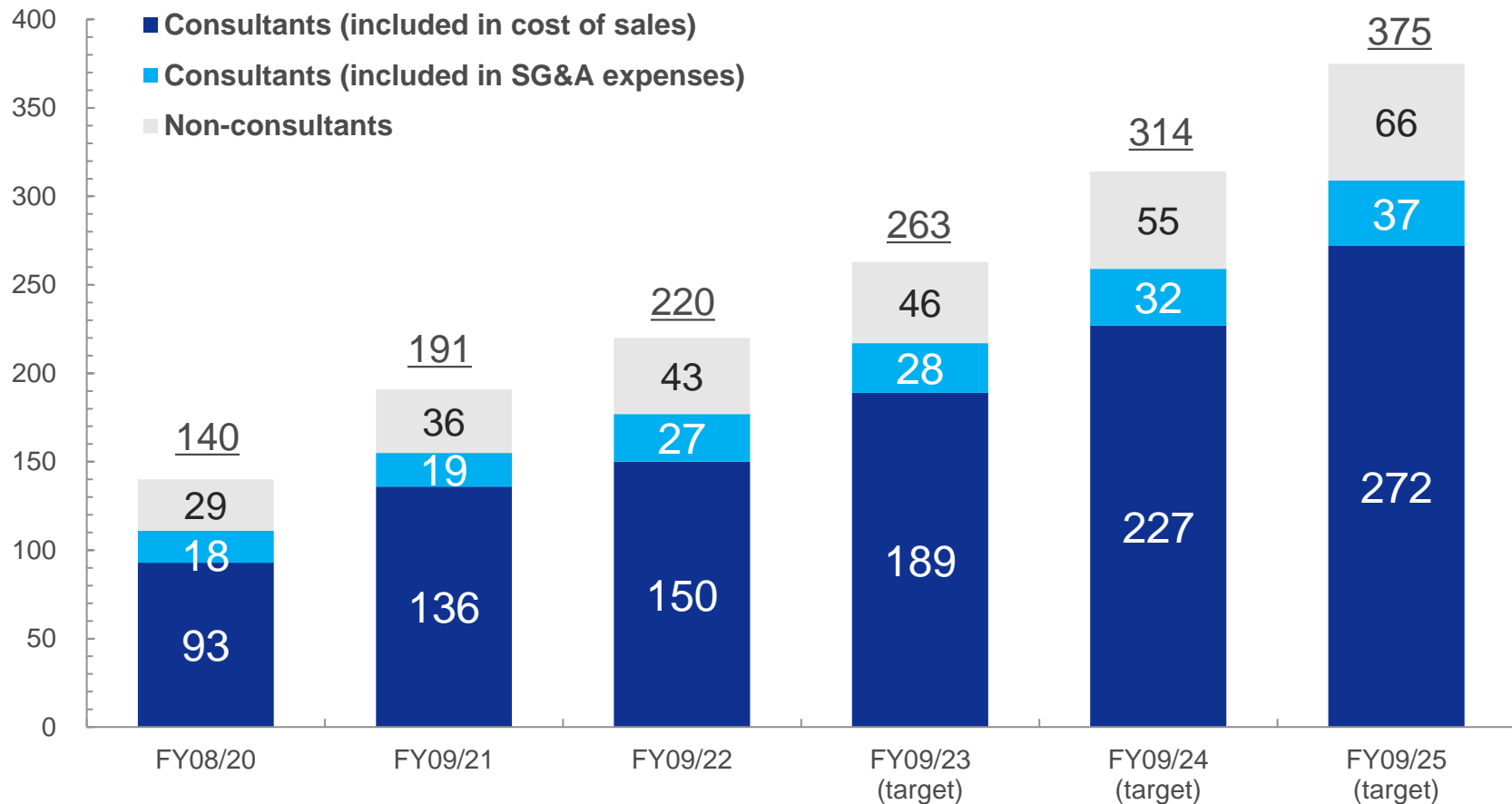
Employees

- Shift the focus from hiring mid-career professionals to new graduates
- Strengthen training and development to improve service quality
- Policy to recruit more than planned when good candidates are found



Build a structure of 300 consultants

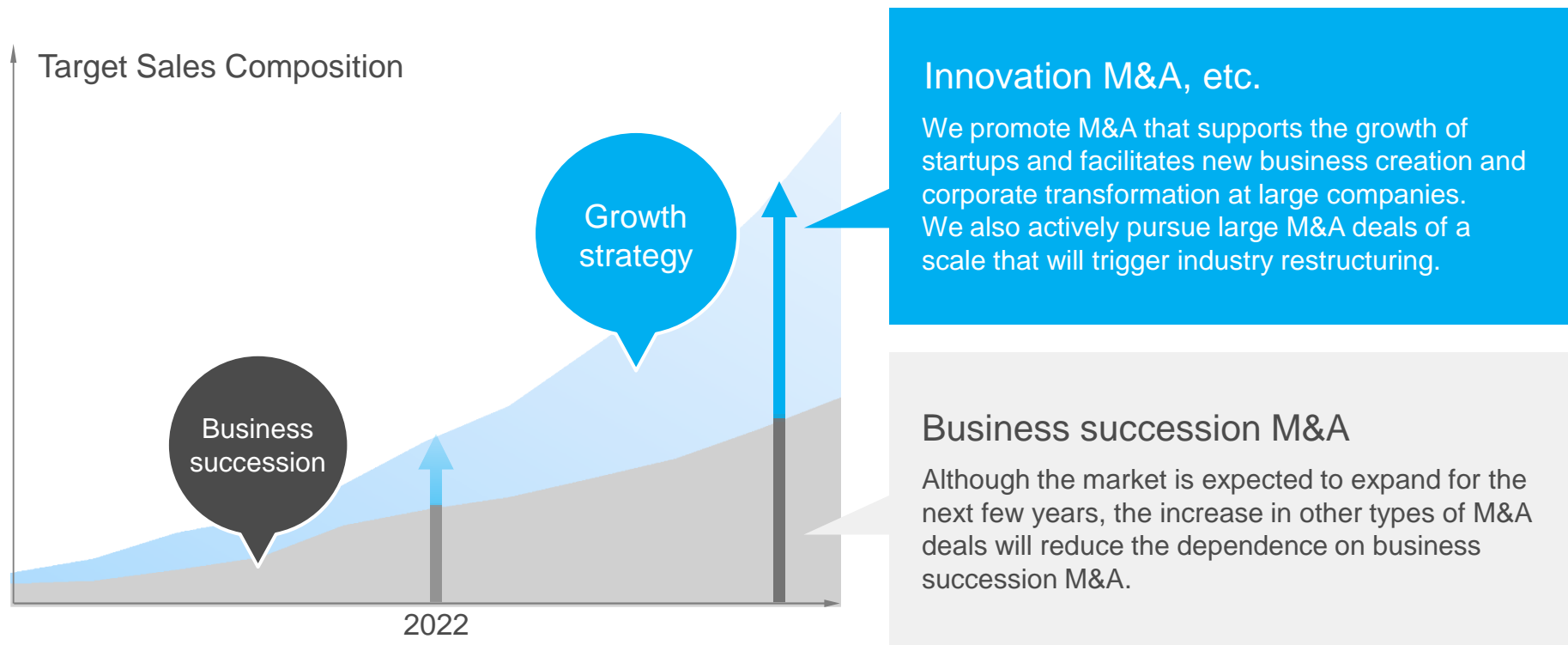
Employees (Fiscal Year-End)



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 market development aimed at facilitating innovation M&As. We target a CAGR of 20% or higher over the medium term.



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Company Overview

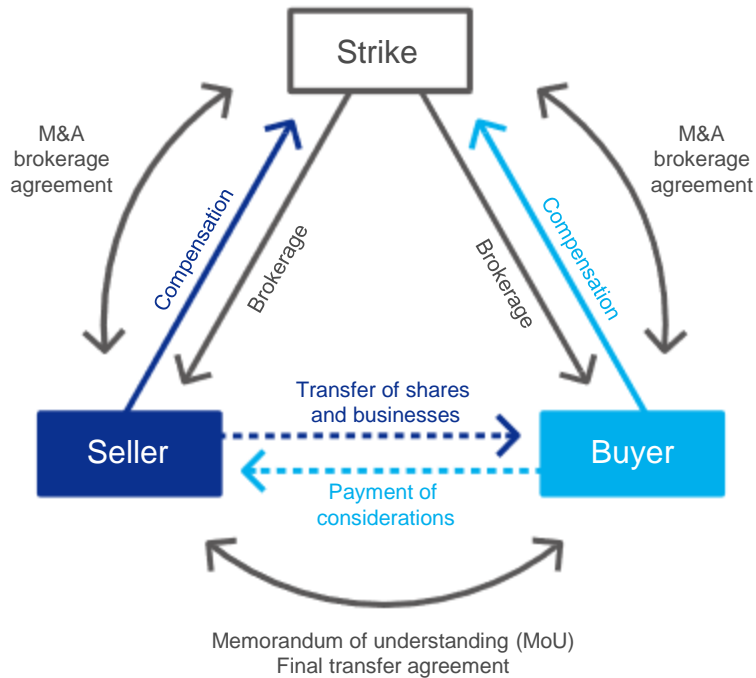


Company name	Strike Co., Ltd.
Established	July 1997
Share capital	¥823 million (as of June 30, 2023)
Representative	Kunihiko Arai, President and CEO
Headquarters	15th floor of Mitsui & Co. Building 1-2-1 Otemachi, Chiyoda-ku, Tokyo, Japan
Employees	266 (excluding temporary staff; as of June 30, 2023)
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

Earnings from the M&A brokerage business are mainly derived from brokerage fees received from both the sellers and buyers. While always being alert to possible conflicts of interest, we place the utmost importance on [satisfying both clients](#).

M&A Brokerage Earnings Model



Principal Business

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

- Mobilization fee**
Free
- MoU signing fee**
¥1–3mn when MoU is signed
- Success fee (Lehman formula)**

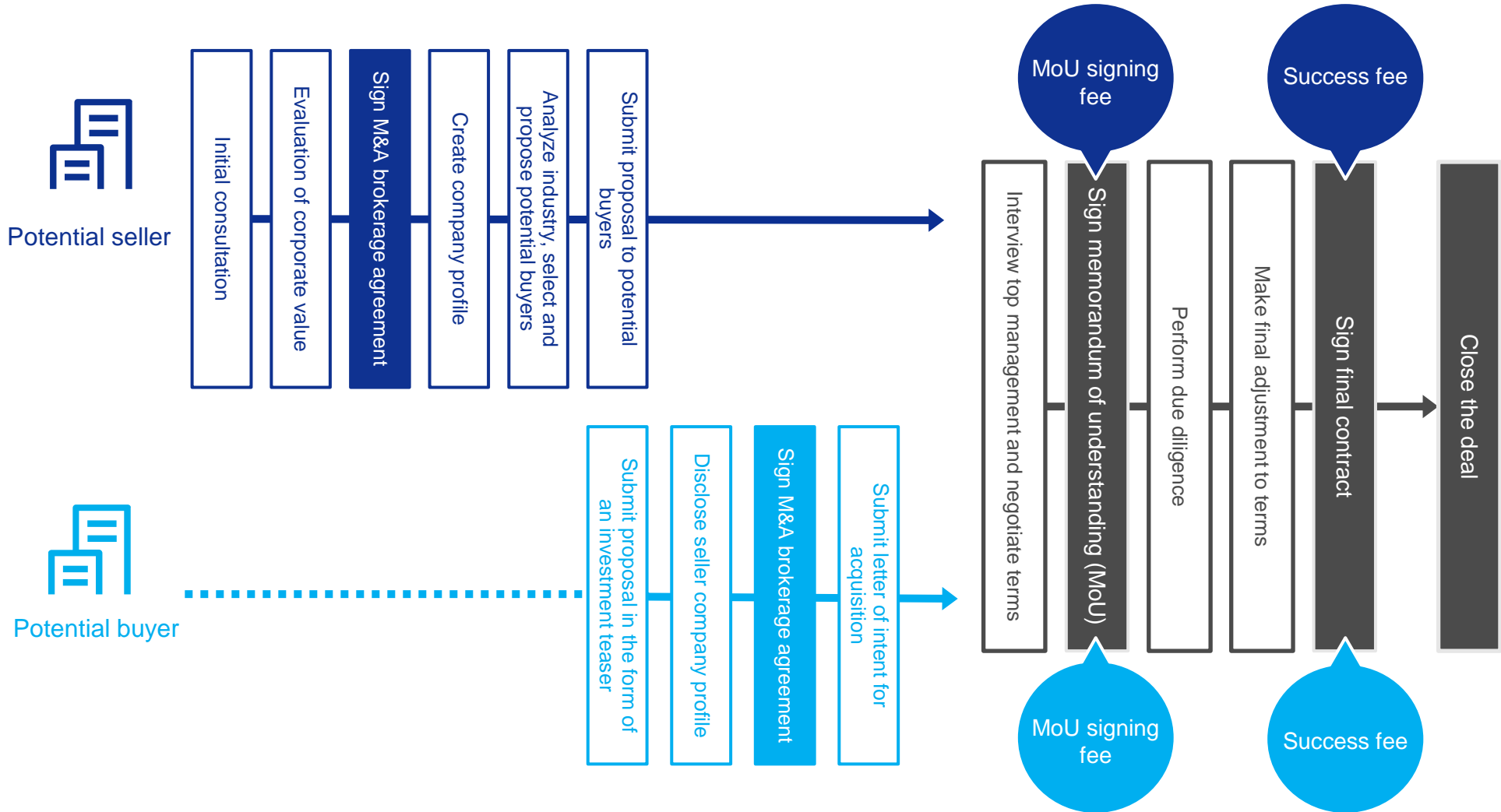
Amount of seller's shares or assets to be sold	Rate
Portion below ¥500mn	5%
Portion from ¥500mn to ¥1bn	4%
Portion from ¥1bn to ¥5bn	3%
Portion from ¥5bn to ¥10bn	2%
Portion above ¥10bn	1%

Buyer

- Mobilization fee**
Free
- MoU signing fee**
¥1–3mn when MoU is signed
- Success fee (Lehman formula)**

Market value of seller's total assets	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

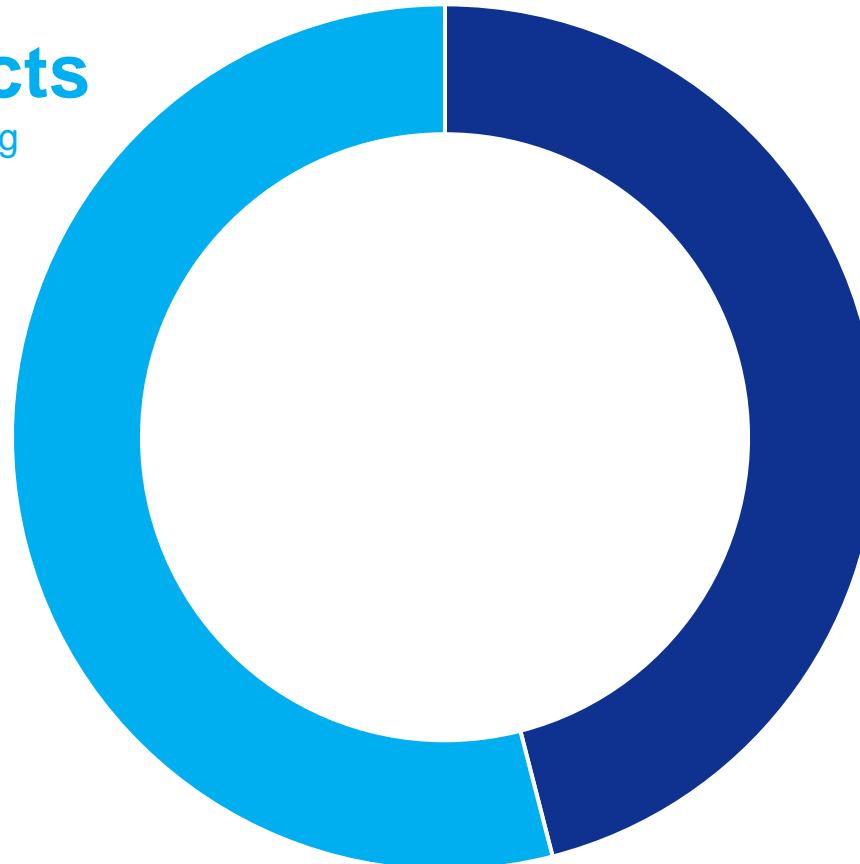
54%

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



Referrals

from business partners

46%

Main business partners

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

FY09/22
New contract ratio
by sourcing route

Feature 2

Fee Structure



Compensation Structure for Potential Sellers

No mobilization 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	¥1–5mn	Free
Upon MoU signing	¥1–3mn	Seller: free Buyer: 20% of success fee	Intermediate fee 10% of success fee
Upon final contract signing	Success fee	Success fee	Success fee

Feature 3

Methods for Finding a Large Number of Potential Matches

Methods used to search for potential buyers

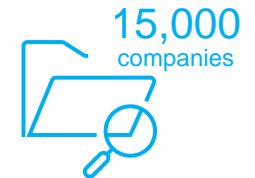
We leverage our extensive internal database, all-hands deal meeting, proprietary brokerage site, and a broad network of business partners to source multiple potential buyers that match the aspirations and needs of our clients.



M&A brokerage site SMART
www.strike.co.jp/smart/

1 Extensive internal database

Our consultants utilize Strike's internal database that contains data on M&A needs of 15,000+ companies collected through daily sales activities to make direct proposals to potential sellers.



2 All-hands deal meeting

We have a system in place that enables all consultants to propose potential acquisition targets for all projects, enabling us to offer a broad range of buyer options that are highly aligned with client needs.



3 Japan's first M&A brokerage site SMART

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



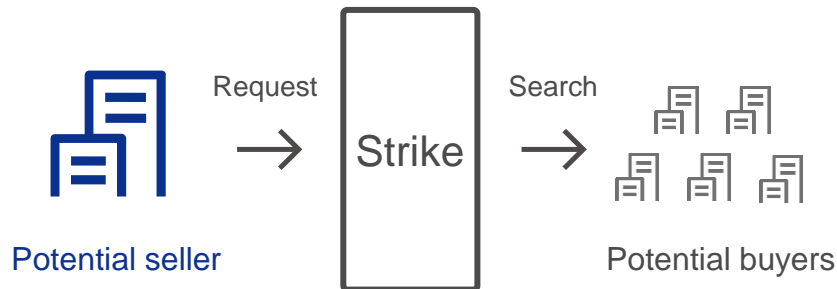
4 Extensive network of partners

We receive referrals of clients who wish to sell their own companies or acquire other companies from partner financial institutions, accounting firms, and others.



Matching: Proposal Flow of Pre-Marketing Services

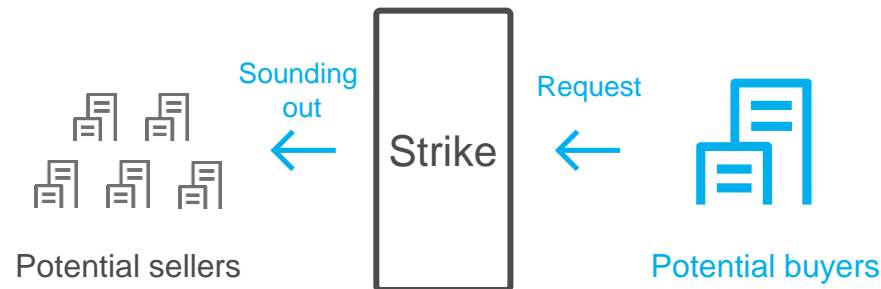
Standard M&A Brokerage Service



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

We approach the seller on the buyer's behalf.

Pre-Marketing Service



We launched the pre-marketing service ahead of our competitors to enhance buyer clients' satisfaction .

We have a track record of deals with over 200 companies in total.

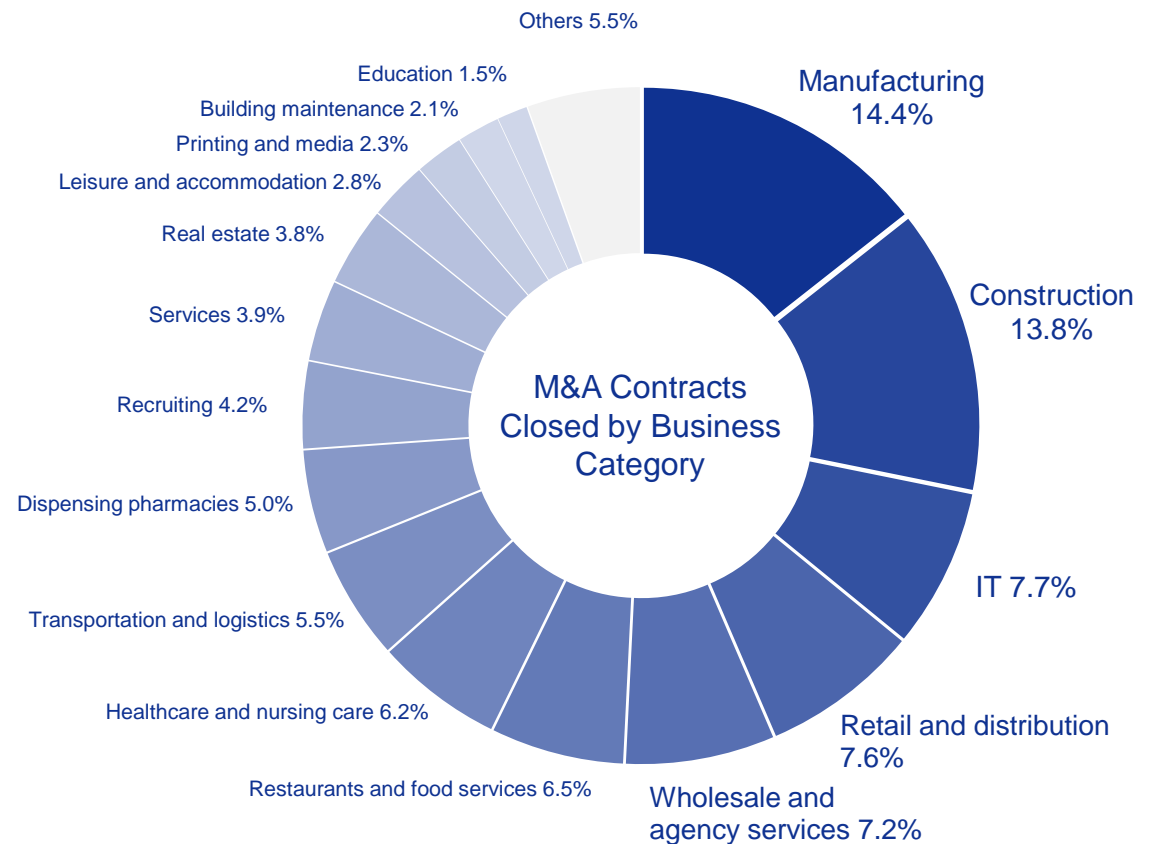
Feature 4 M&A Track Record in Various Industries



Because a large number of our deals come from referrals, we have a balanced track record of M&As in a variety of industries. We are also capable of handling irregular deals.

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

Note: Breakdown of the number of businesses sold by industry

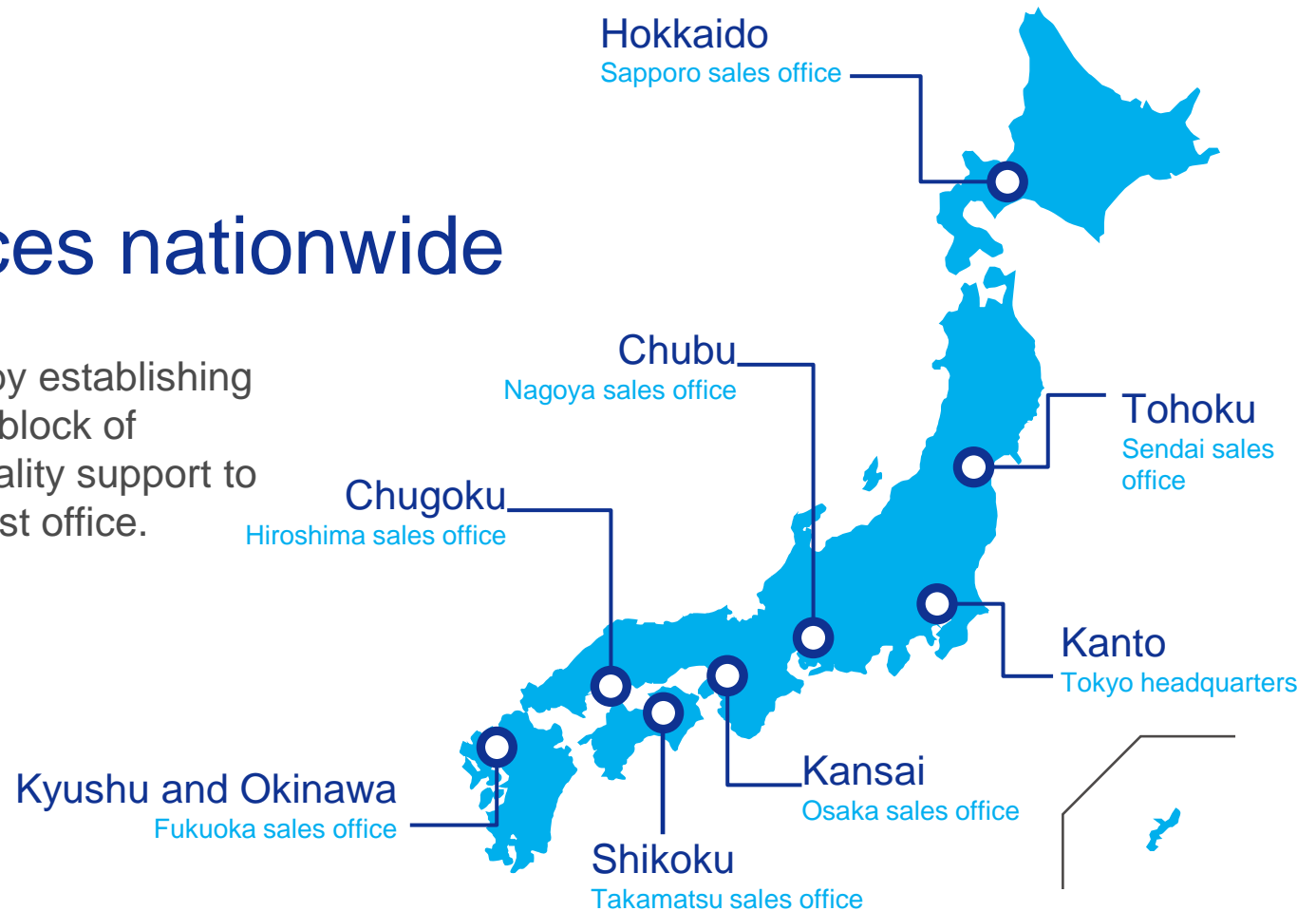


Feature 5 Establishing a Nationwide Sales Network



Eight offices nationwide

Enhancing our service by establishing offices in each regional block of Japan and providing quality support to our clients at their closest office.



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 update and disclose the Large Shareholding Report Database, which provides insight into indicators of M&A activity and trading trends among major investors. We provide all large shareholding report data submitted to EDINET.

Published M&A Yearbook 2023

The M&A Yearbook is a “mook” (portmanteau of “magazine” and “book”) that comprehensively compiles data on all of the approximately 950 mergers and acquisitions conducted by listed Japanese companies in 2022, examining these transactions from various angles, including monetary value and industry type.

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



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

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

Led by our Sustainability Promotion Committee, we have also been making efforts to disclose relevant information in accordance with the Task Force on Climate-related Financial Disclosures (TCFD).

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, and in April of the same year, we became a company listed on the Tokyo Stock Exchange’s Prime Market. To grow and develop further as a Prime Market-listed company, 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

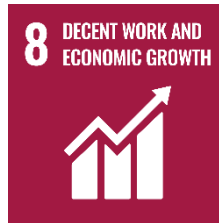
Priority Issues in Business Activities



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

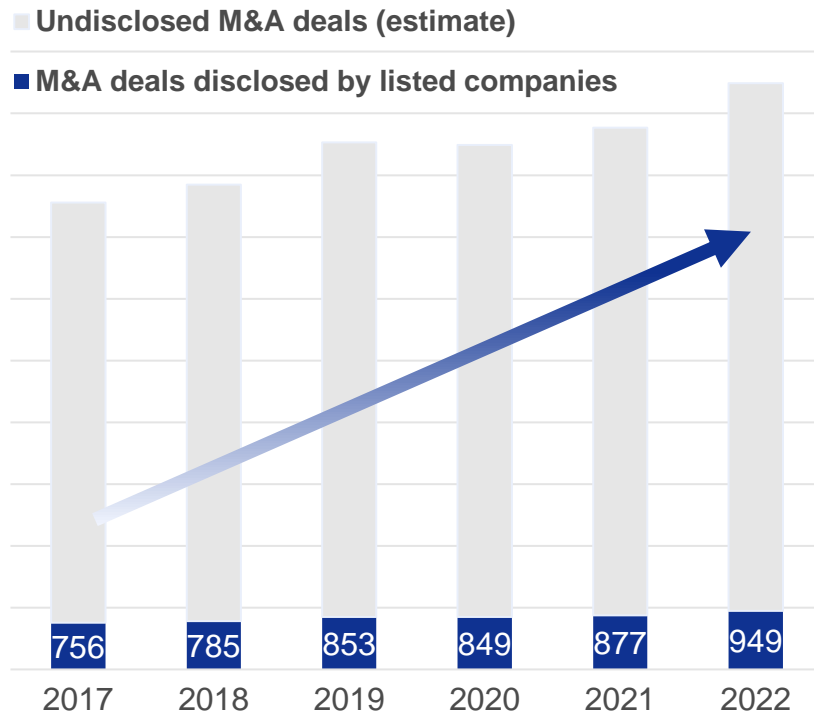
Support innovation, the diversification of industries, and the creation of added value in products and services by combining the management resources of various entities through M&A.

- 01 Operating Performance in First Nine Months of FY09/23
- 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 to be 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 (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

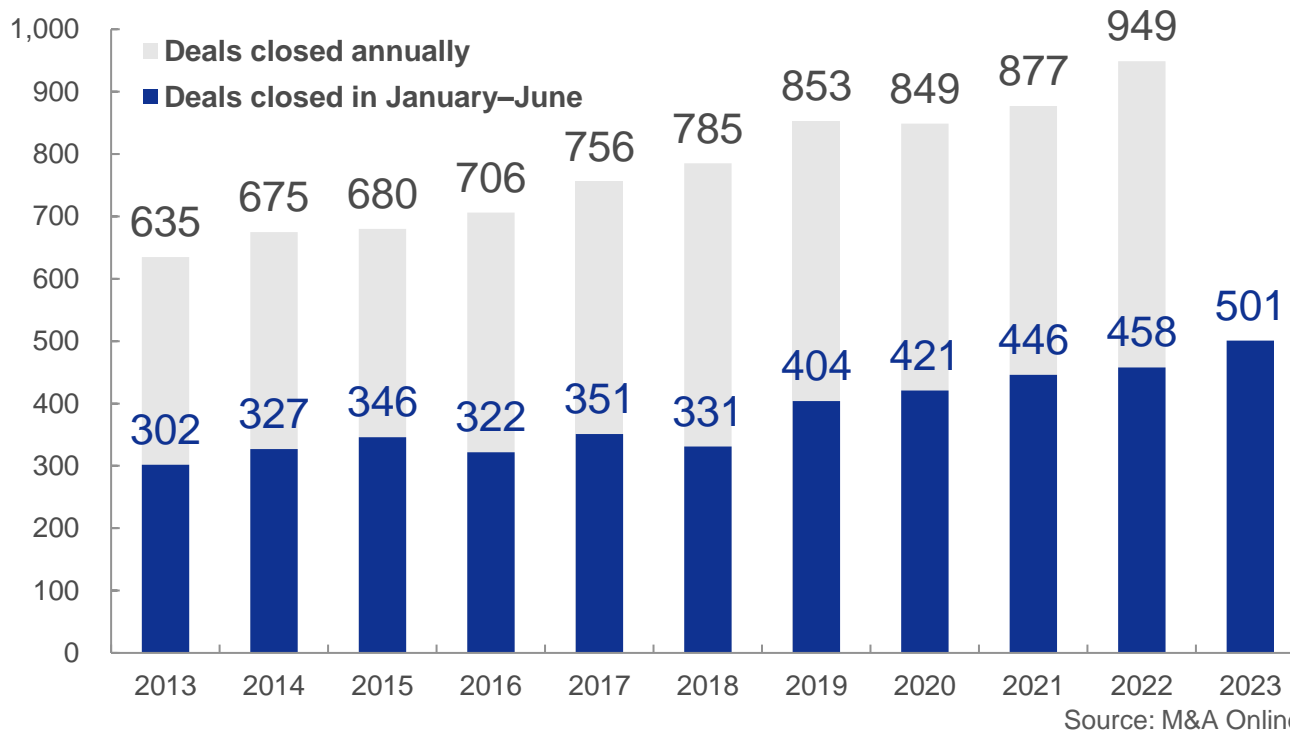
(Source: M&A Online)

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 (based on timely disclosure materials of listed companies)

The number of M&A deals in Japan during the January-June period in 2023 rose by 43 YoY to 501 (according to information disclosed by listed companies), and is on a high growth pace to reach 1,000 deals per year. Of this total, 407 were M&A between Japanese companies (+21 YoY), while 94 of the deals involved overseas companies (+22 YoY). M&As among Japanese companies remain solid, and M&As involving overseas companies, which had slumped during the COVID-19 pandemic, are also showing signs of recovery.

Number of M&A Deals in Japan (based on timely disclosure materials of listed companies)



Breakdown of M&A deals

	Jan.-Jun. 2022	Jan.-Jun. 2023
Total M&As	458	501
M&As among Japanese companies	386	407
Outbound M&As (acquisitions of overseas companies)	38	62
Inbound M&As (acquisitions by overseas companies)	34	32

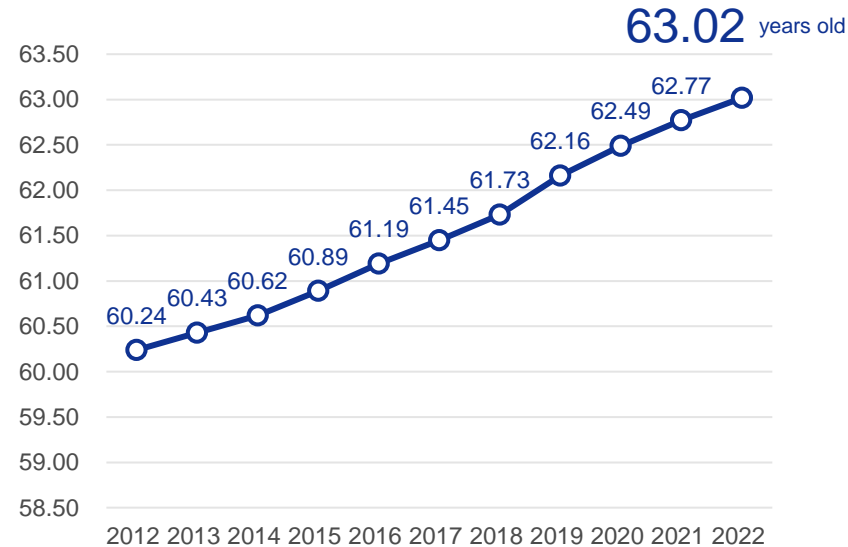
Market Trends: Aging CEOs, Lack of Successors



With CEOs aging, there are many companies without successors, even among companies with elderly CEOs. We expect that the market for business succession M&A will continue expanding.

Aging CEOs

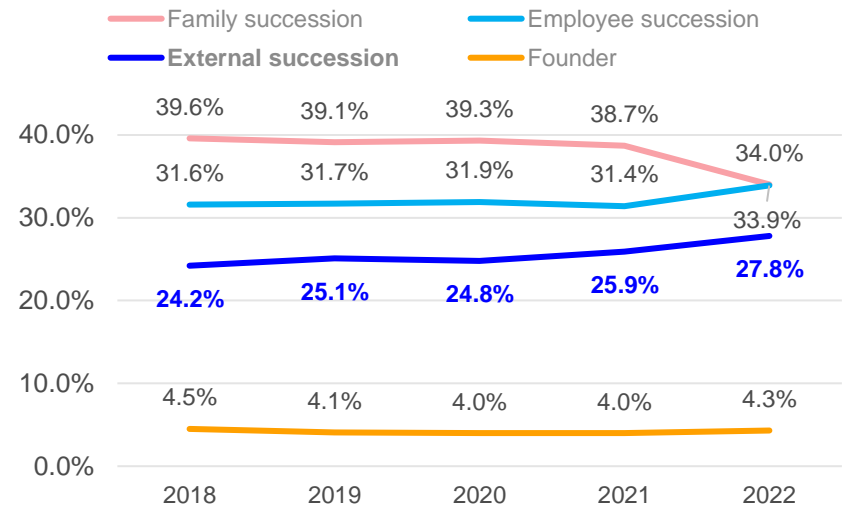
Average age of CEOs



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

Business Succession to Third Parties Also on the Rise

Reasons for taking over business



Source: Nationwide Survey on the Percentage of Companies without Successors (2022) by Teikoku Databank, Inc. included in the 2023 White Paper on Small and Medium Enterprises in Japan

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

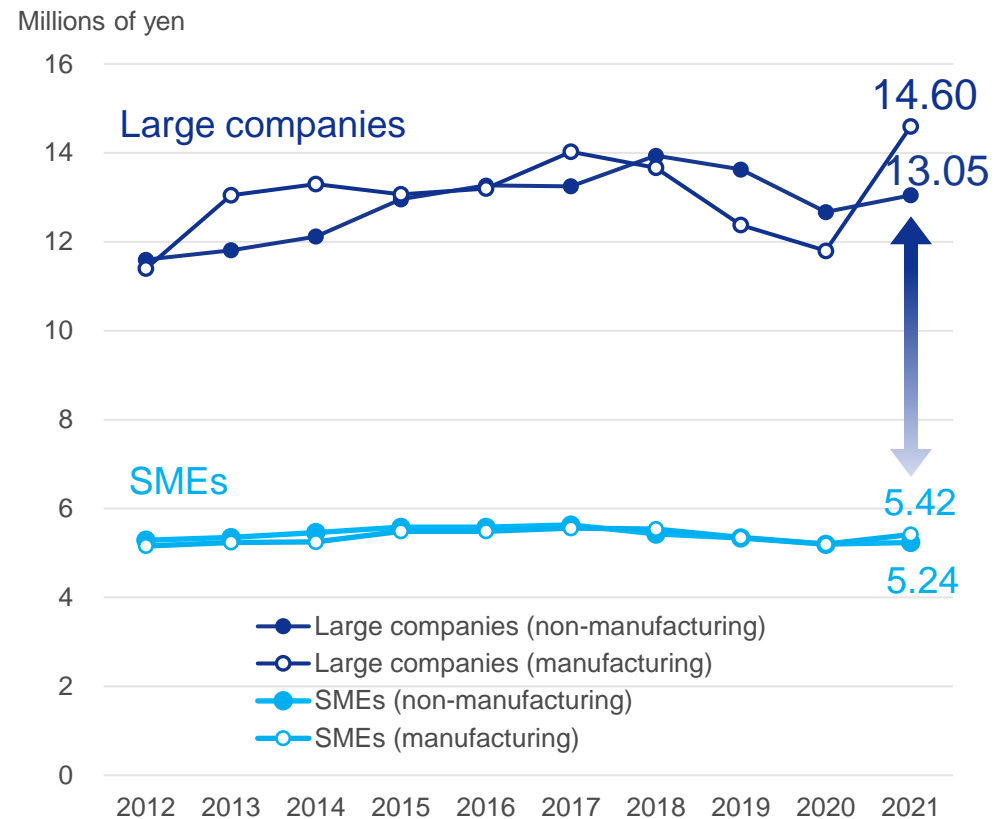


Boosting productivity* is essential for SMEs in Japan to achieve both wage increases and profit growth.

*Increase of added value

Widening Disparity in Added Value between Large Companies and SMEs

Added value per employee (labor productivity) by company size



Source: Financial Statements Statistics of Corporations by Industry, Annually by the Ministry of Finance, included in the 2023 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 added value

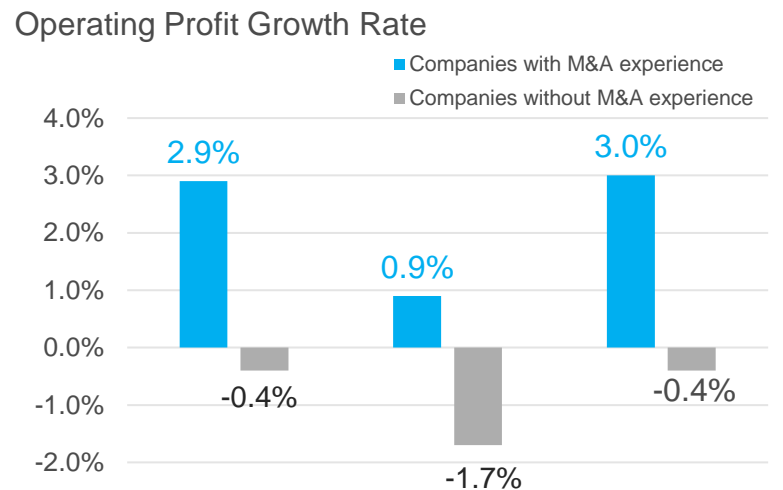
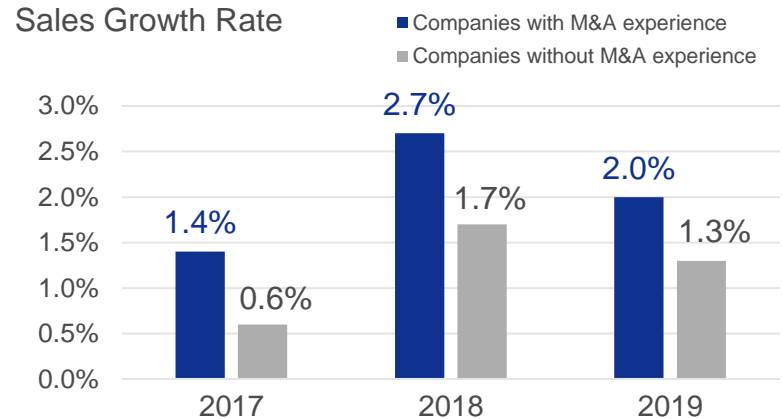
Creating new value through new business development and expanding possibilities through collaboration with companies in other industries will become important, and M&A is one way to do this.

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)

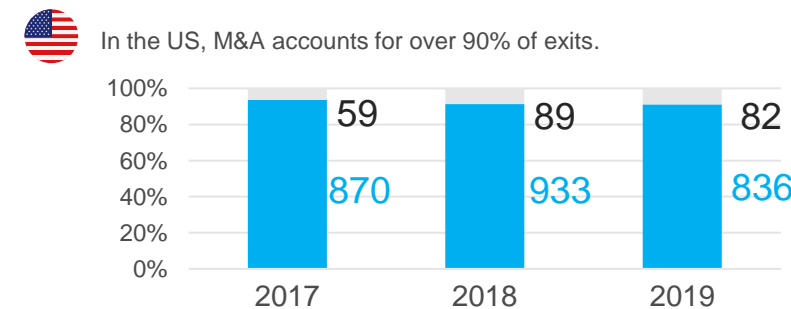
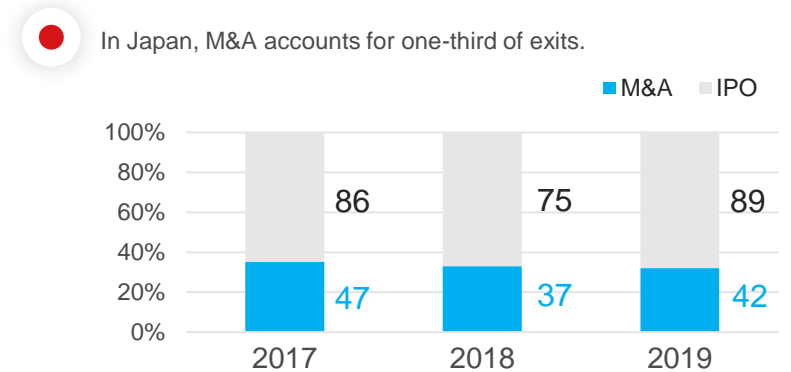


Market Trends: M&A of Startups

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

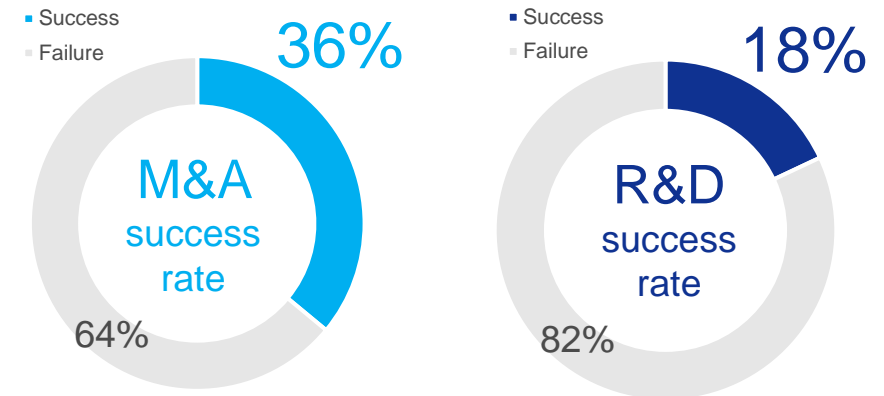
IPO and M&A status of venture capital portfolio companies



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: M&A of Startups

The Japanese government has designated 2022 as the “First Year of Startup Creation” and is promoting various policies to create a startup ecosystem, including by announcing the “Startup Development Five-year Plan” in November 2022. As part of these efforts, the government is developing measures to promote M&A deals involving startups.

Japanese government’s five-year target and three pillars



Developing the exit market is essential

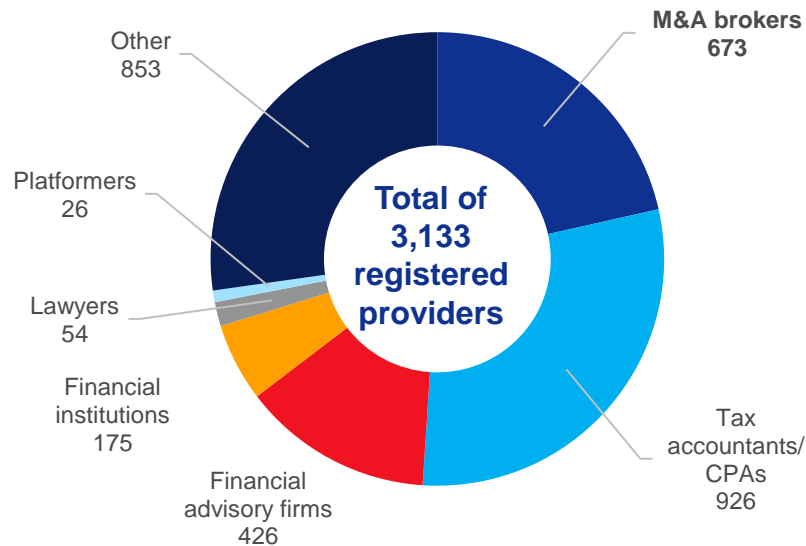
Startup M&A market expected to expand

Market Trends: Status of M&A Service Providers

The Small and Medium Enterprise Agency launched a registration system for M&A service providers (although not mandatory, most providers are registered).

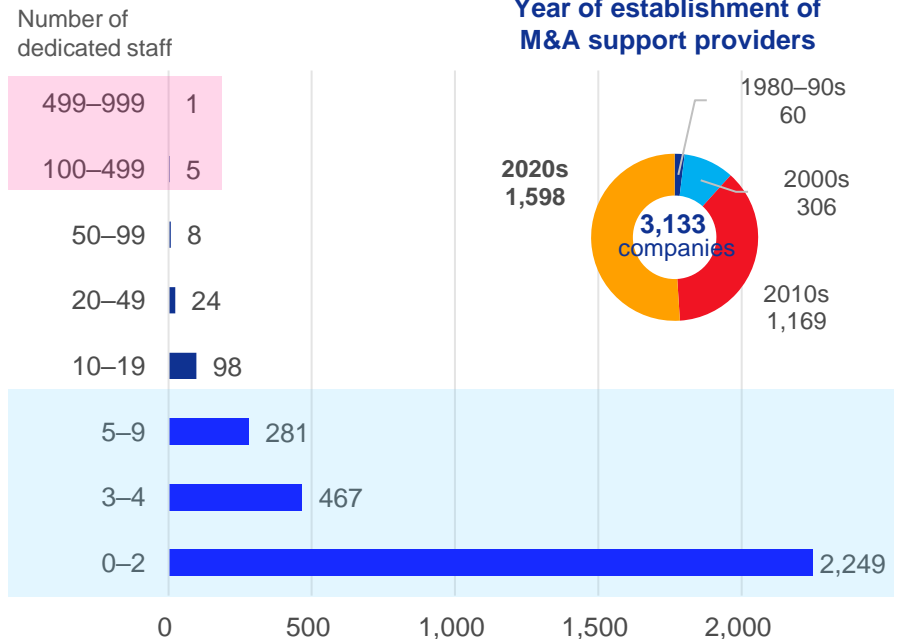
Although the number of M&A service providers has been on the rise in recent years, many are still small.

Number of Registered M&A Service Providers



Source: Current Registration Status (as of June 22, 2023) by the Small and Medium Enterprise Agency

Number of Staff Dedicated to M&A Services at Registered Providers



Source: Current Registration Status (as of June 22, 2023) by the Small and Medium Enterprise Agency

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)	