

April 30, 2024

# Financial Results for the Six Months Ended March 31, 2024 and Future Measures

Strike Co., Ltd.

Prime Market, Tokyo Stock Exchange: 6196



# STRIKE

FINANCIAL RESULTS AND FUTURE MEASURES

## Disclaimers

---

- Forward-looking statements contained in these materials are based on information available to Strike Co., Ltd. (the “Company”) as of the date of these materials. The forward-looking statements herein will not be updated or revised to reflect future events or conditions.
- Forward-looking statements involve risks and uncertainties. The Company’s future performance and results may differ from these forward-looking statements due to known and unknown risks, uncertainties and other factors.

## IR Email Alerts

---

- To opt-in for our investor email alerts, please subscribe from the link or QR code below.

[Subscribe to IR Email Alerts](#)



- 01 **Operating Performance in Q2 FY09/24**
- 02 Forecast for FY09/24
- 03 Initiatives to Enhance Corporate Value
- 04 Company Overview
- 05 Market Environment

# Executive Summary

---

## External Environment

- ✔ The number of M&A transactions of listed companies in January-March 2024 increased by 40 YoY (from 275 to 315) (see p. 47).
- ✔ Efforts to improve M&A service quality are in full swing, with the start of implementation of industry self-regulatory rules established by an M&A industry association.
- ✔ Establishment of tax incentives to encourage multiple M&A by SMEs are expected to increase overall M&A activity.

## Operating Performance

- ✔ 1H net sales were ¥9,230 million, up 51.8% YoY due to an increase in deal size. The number of deals closed increased by 26 YoY.
- ✔ Operating profit was ¥3,706 million, up 82.9% YoY as net sales exceeded the initial plan and boosted profit margins.
- ✔ We expect to exceed our full-year targets with the better-than-expected performance in 1H.

## Recruiting

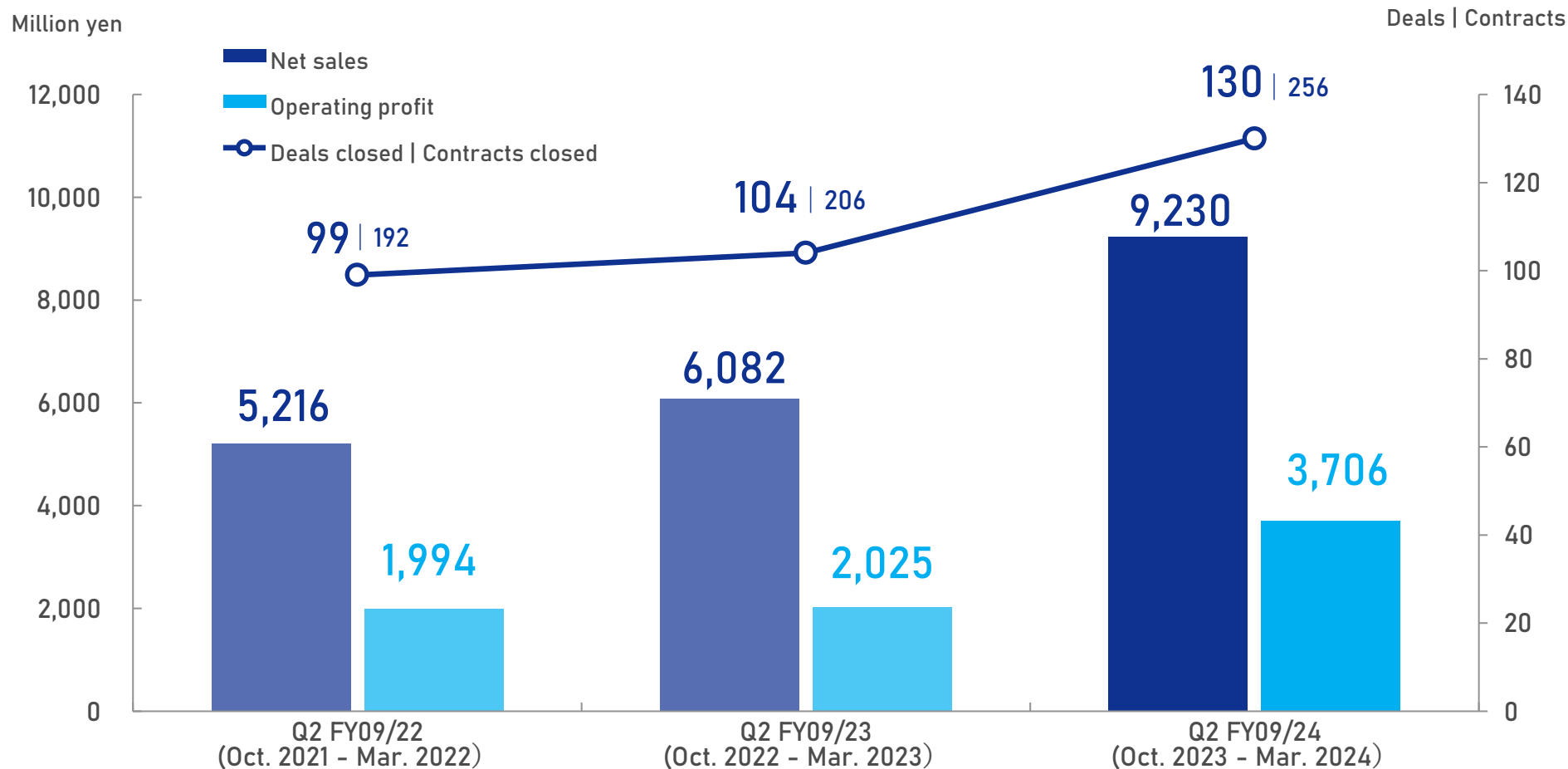
- ✔ The consultant headcount increased by 15 during 1H against our annual target of 40.
- ✔ The number of new contracts totaled 446, which was 54.8% of the full-year target of 814.

## Q2 FY09/24 Operating Performance

- ✓ Large deals closed increased by 10 YoY (from 13 to 23).
- ✓ Average sales per deal closed\* also rose YoY (from ¥58 million to ¥71 million).

\* Net sales / number of deals closed

### Quarterly Results



## Year-on-Year Comparison

- ✓ OPM improved significantly due to a ¥1.0 billion increase in sales compared to the initial plan and a reduction in the SG&A expense ratio through advertising and other cost controls.

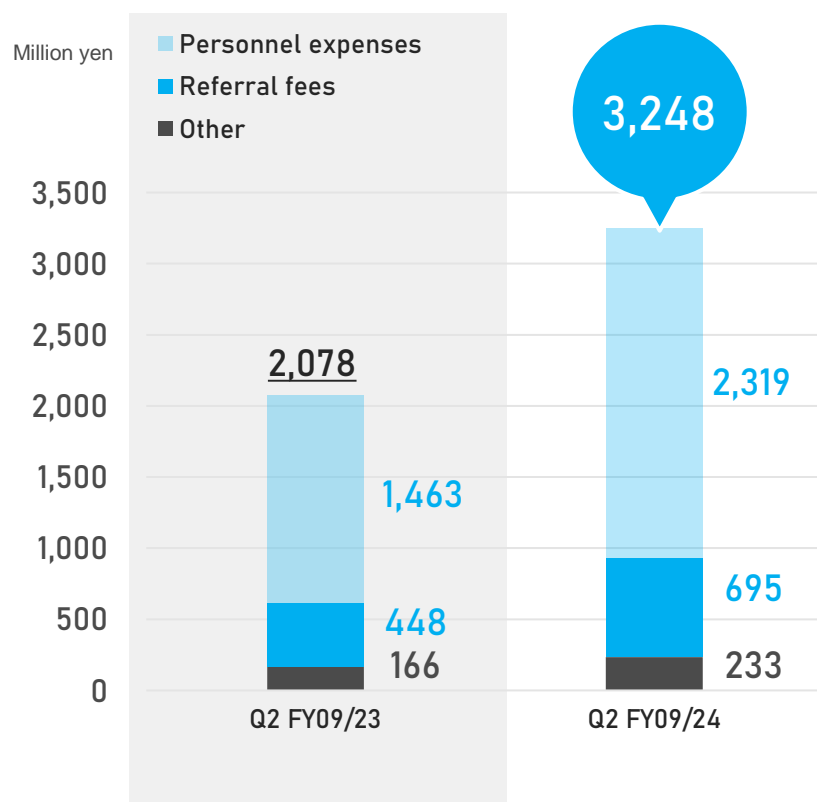
Million yen

	Q2 FY09/23	Q2 FY09/24	YoY change
Net sales	6,082	9,230	+51.8%
Cost of sales	2,078	3,248	+56.3%
Cost of sales ratio	34.2%	35.2%	-
SG&A expenses	1,978	2,276	+15.1%
SG&A expense ratio	32.5%	24.7%	-
Operating profit	2,025	3,706	+82.9%
Operating profit margin	33.3%	40.1%	-
Ordinary profit	2,035	3,705	+82.1%
Profit	1,368	2,440	+78.3%

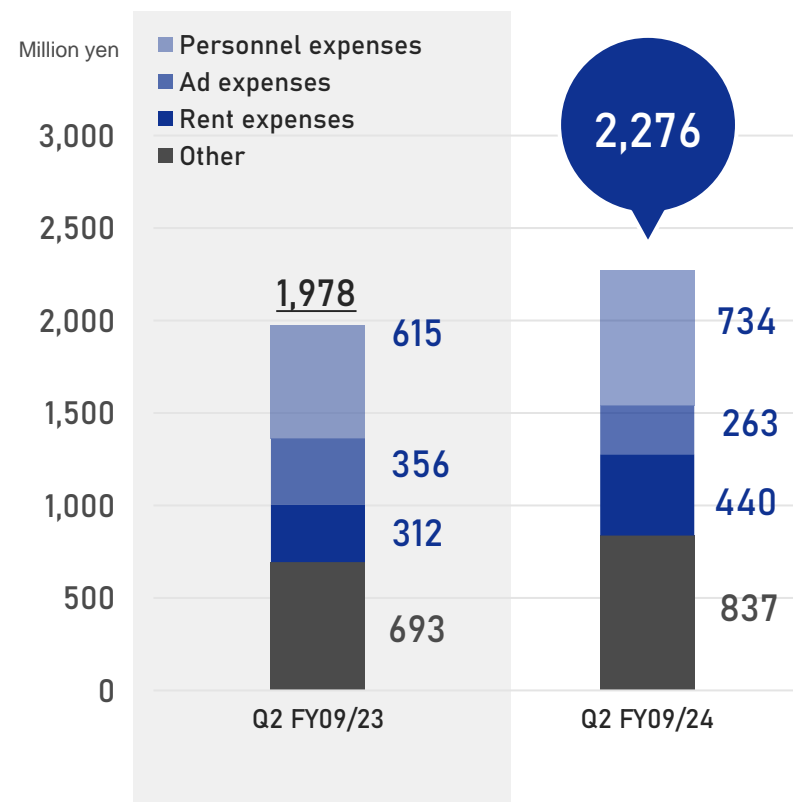
## Cost of Sales and SG&A Expenses

- ✓ Cost of sales increased due to an increase in incentive bonuses and other factors.
- ✓ Rent expenses on land and buildings under SG&A expenses increased due to head office expansion (+¥128 million). Other expenses rose due to purchase of data for sales activity (+¥64 million), depreciation associated with head office expansion (+¥24 million), etc.

### Breakdown of Cost of Sales

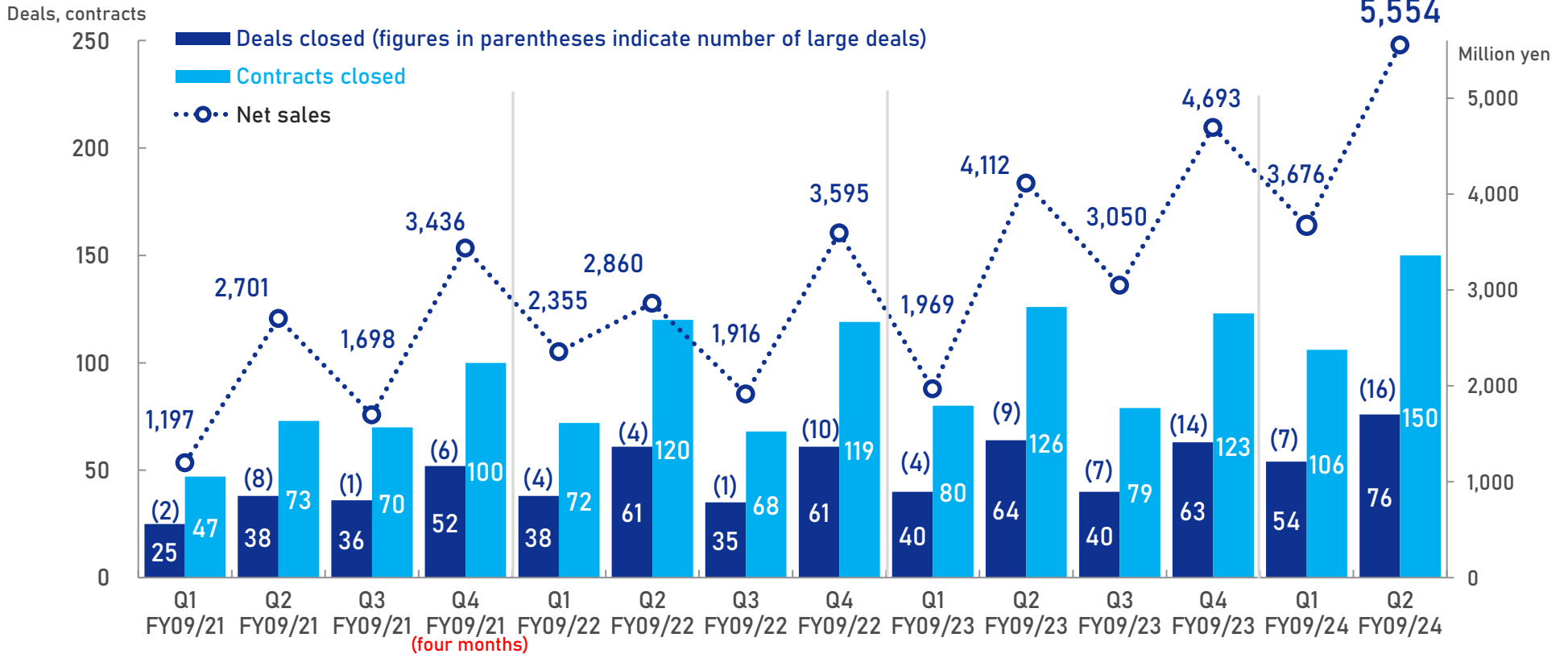


### Breakdown of SG&A Expenses



# Deals and Contracts Closed

- ✓ Net sales exceeded ¥5.0 billion for the first time on a quarterly basis due to the increase in the size of transactions.



**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)

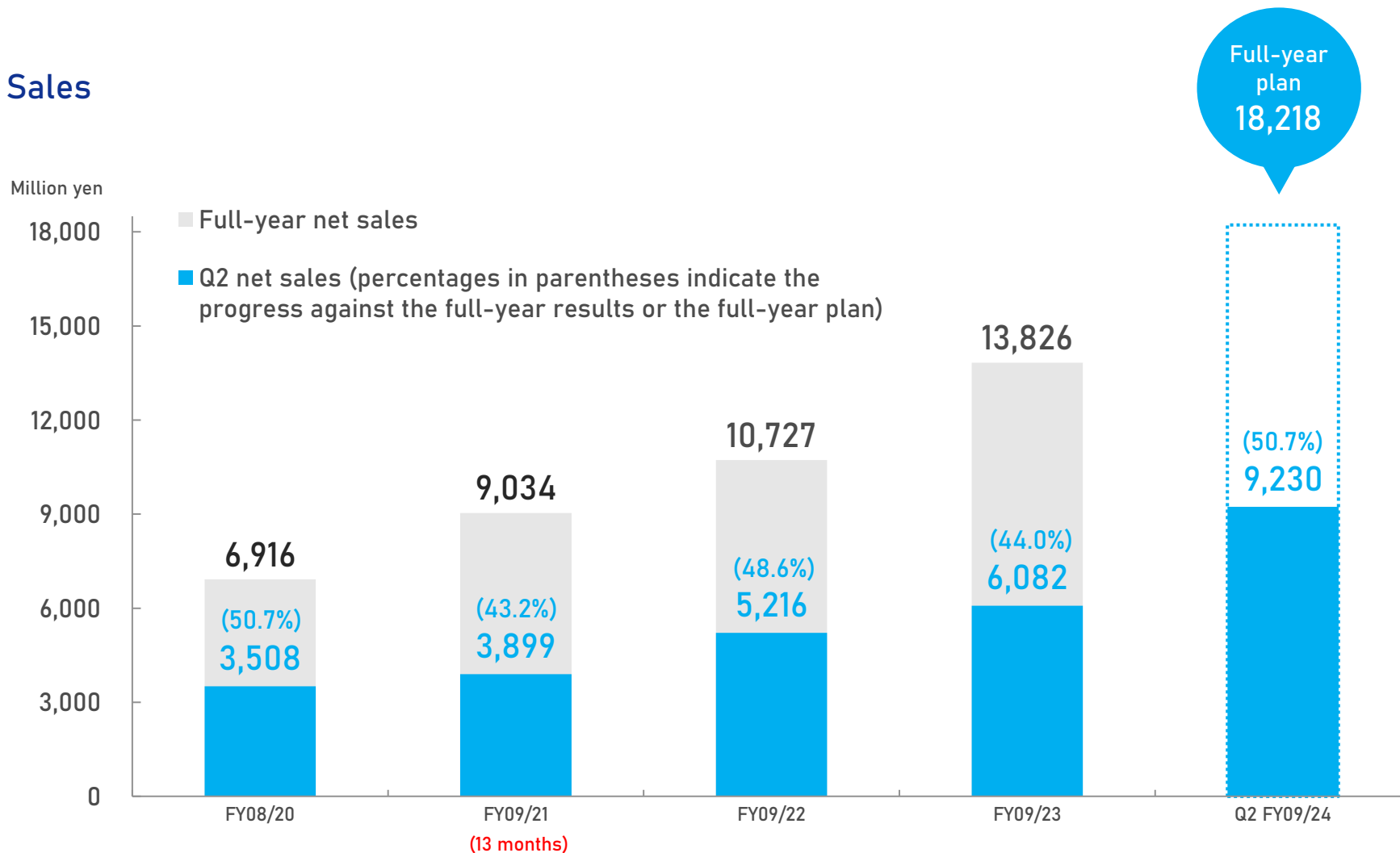
**Contracts closed:** Number of contracts on closed M&A deals in which Strike provides brokerage or advisory services (i.e., number of companies)

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.



# Historical Net Sales

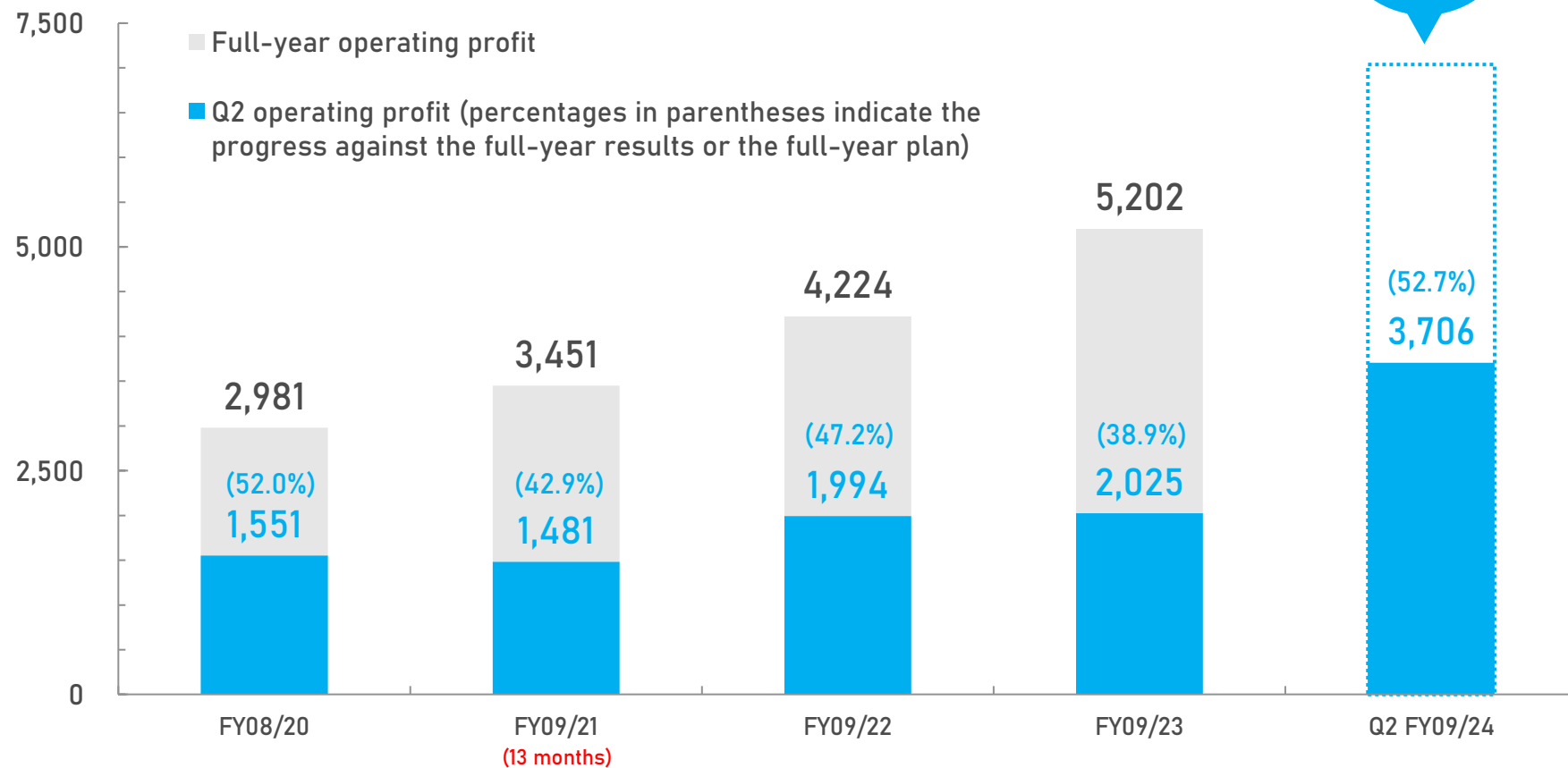
## Net Sales



# Historical Operating Profit

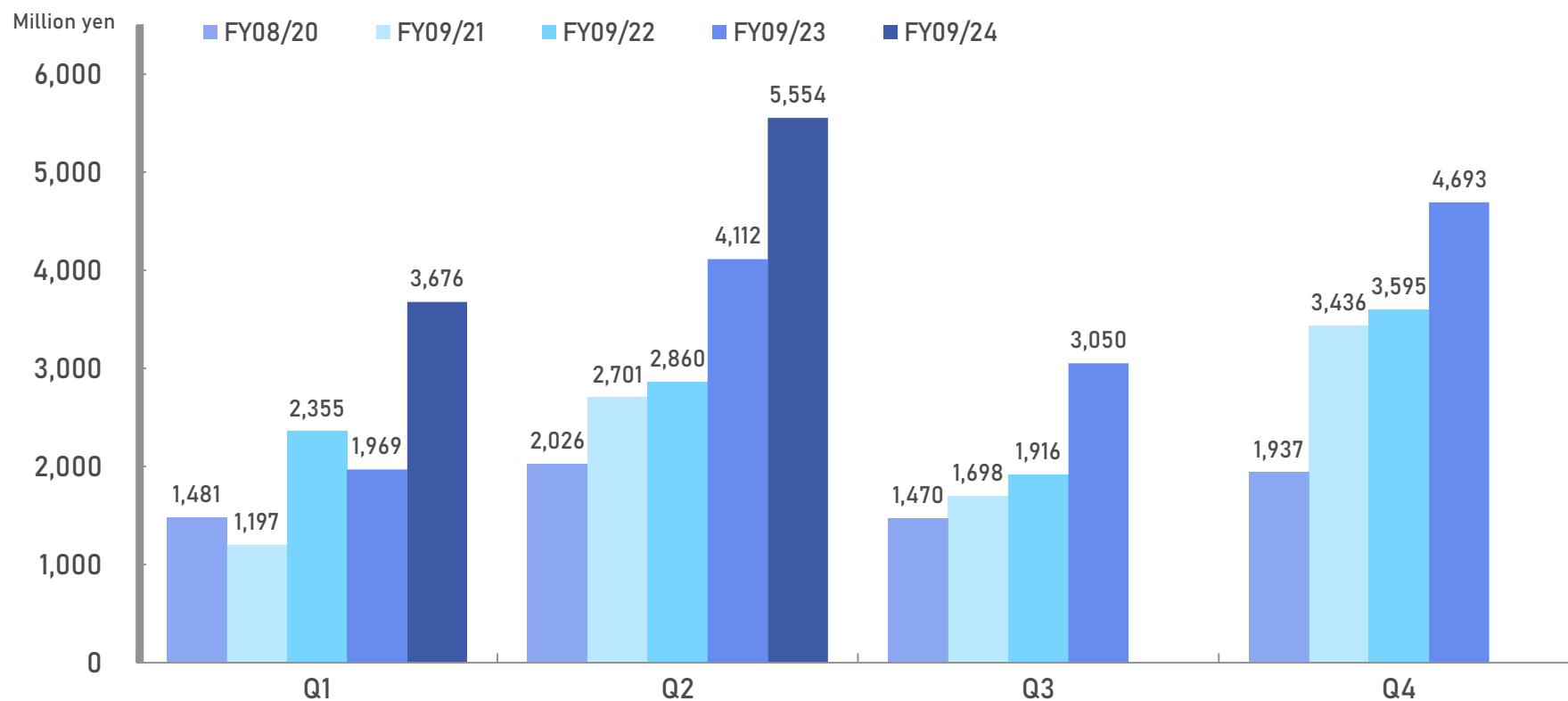
## Operating Profit

Million yen



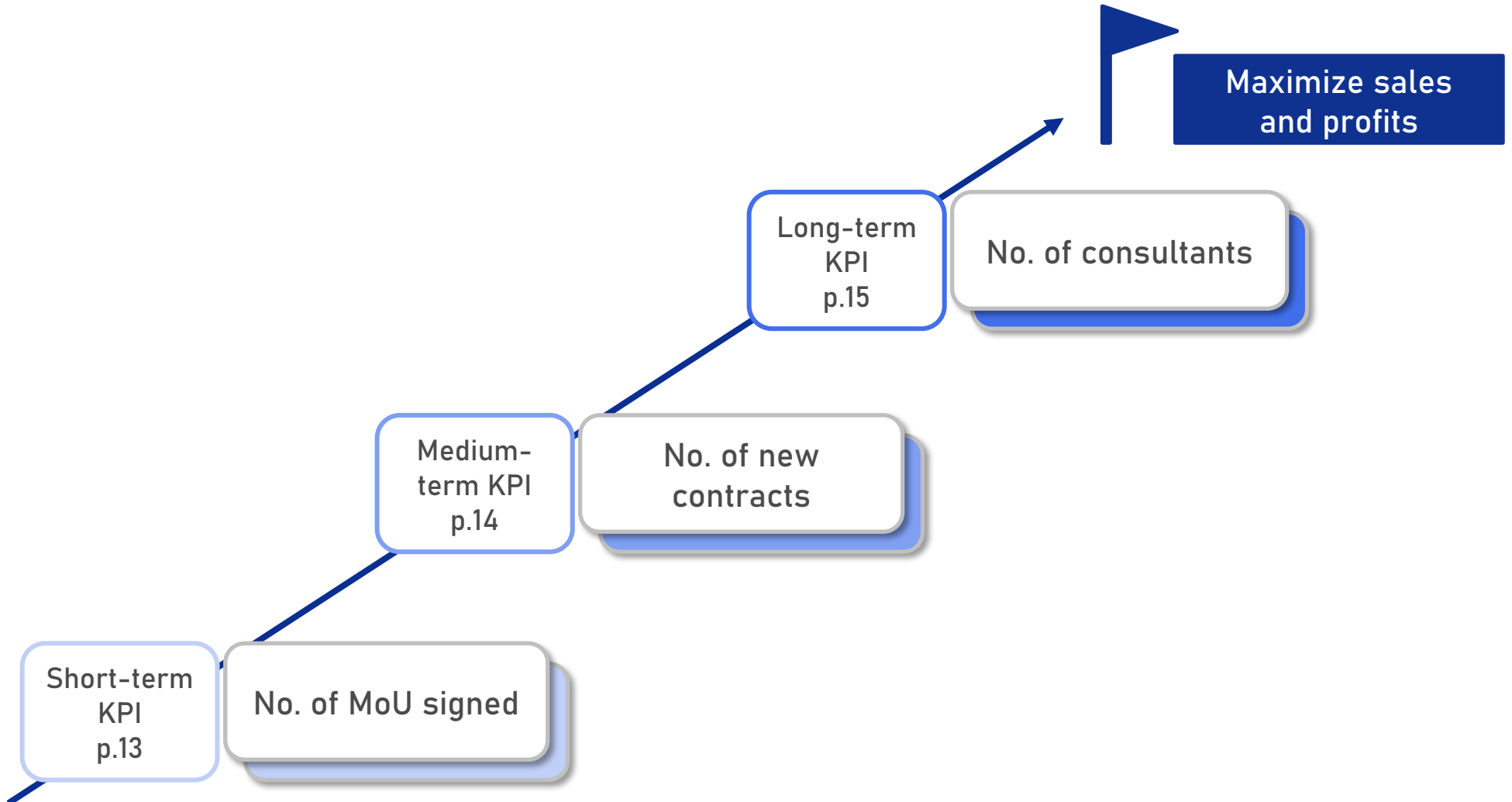
# (Reference) Quarterly Net Sales

## Three-month Net Sales



## Short, Medium, and Long-term KPIs

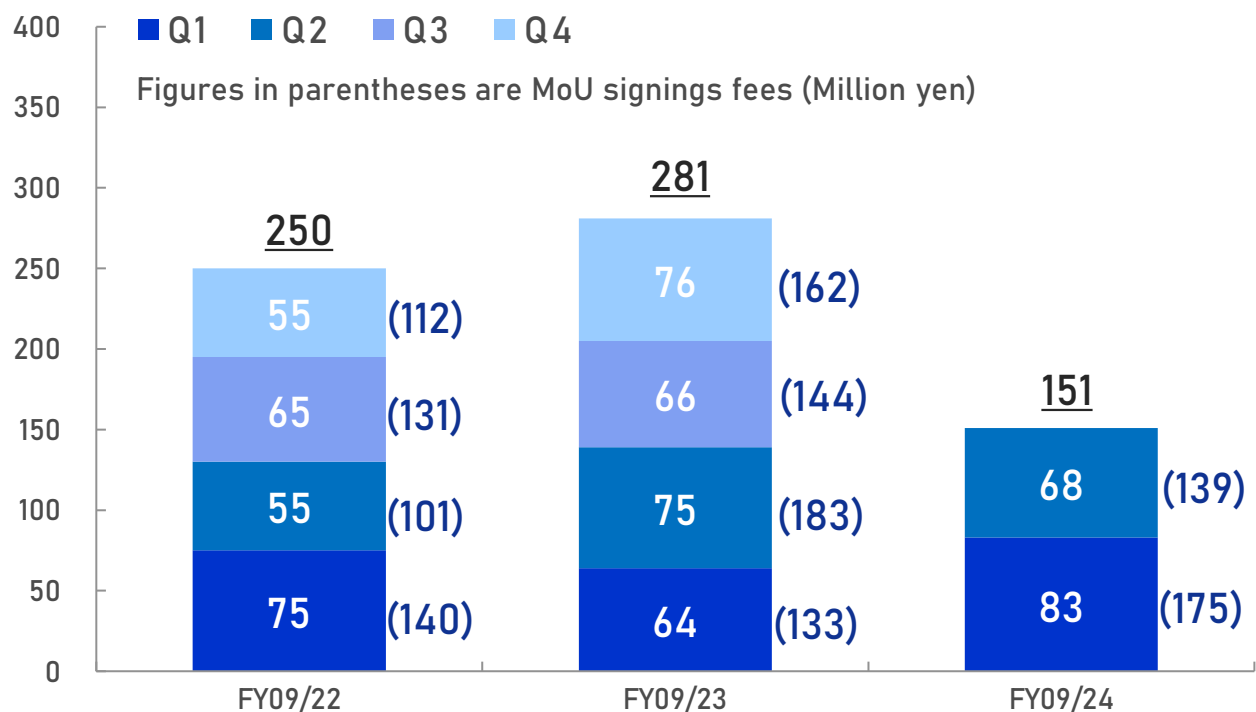
- ✓ Maximize sales and profits by quantitatively monitoring the status of achievement of short, medium, and long-term KPIs below.



## Number of MoU Signed and MoU Signing Fees

- ✓ After a potential buyer and seller sign a Memorandum of Understanding (MoU), the M&A process advances to the due diligence stage before the conclusion of a final agreement. Therefore, an increase in MoU signing fees is a key performance indicator that leads to an increase in success fees.
- ✓ The number of MoU signed during 1H was 151, an increase of 12 YoY.

### Number of MoU Signed

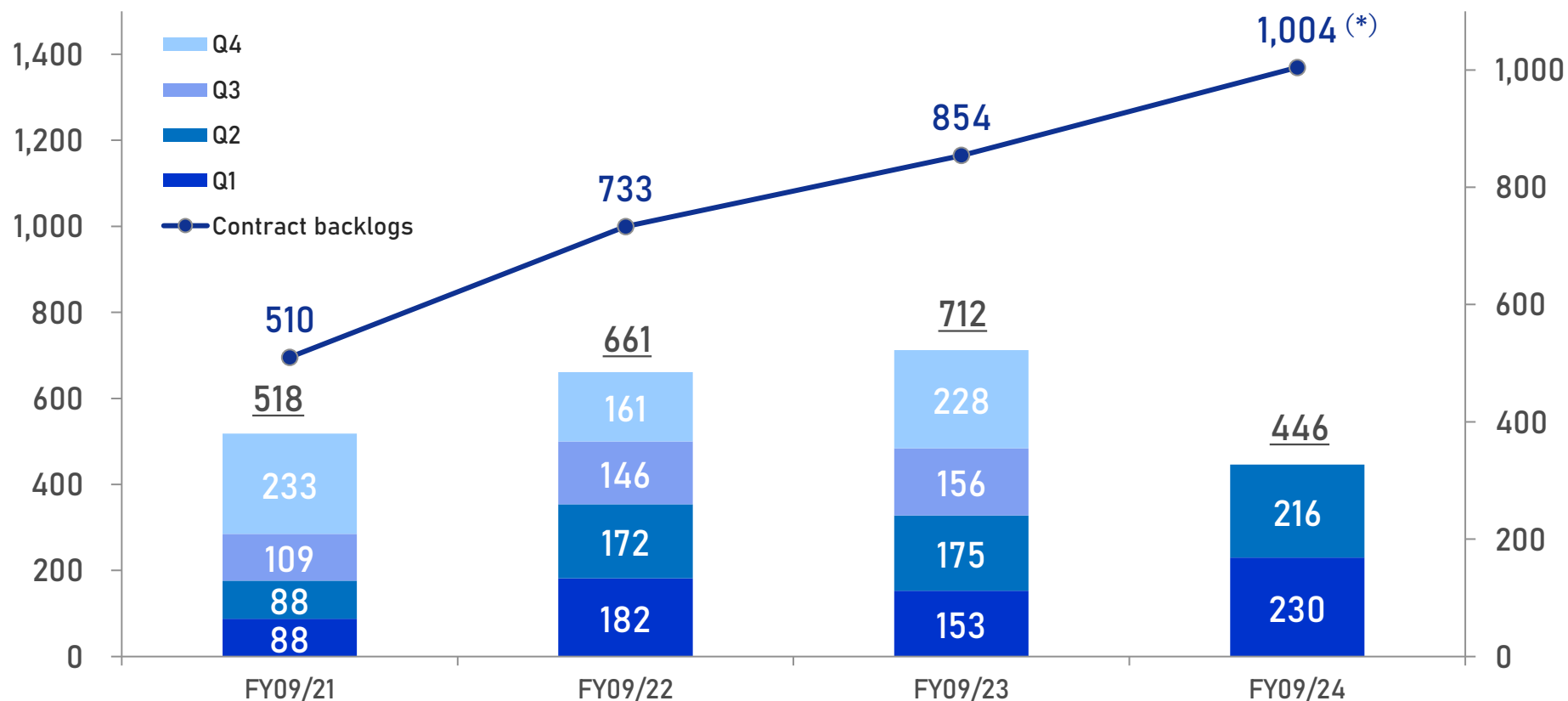


Note: Calculated from Q1 FY09/22 following the revision to the fee structure.

## New Contracts

- ✓ Average sales generated per deal closed remained largely the same as the previous fiscal year (FY09/23: ¥85 million, Q2 FY09/24: ¥86 million).

**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)



\* Includes 142 stalled deals

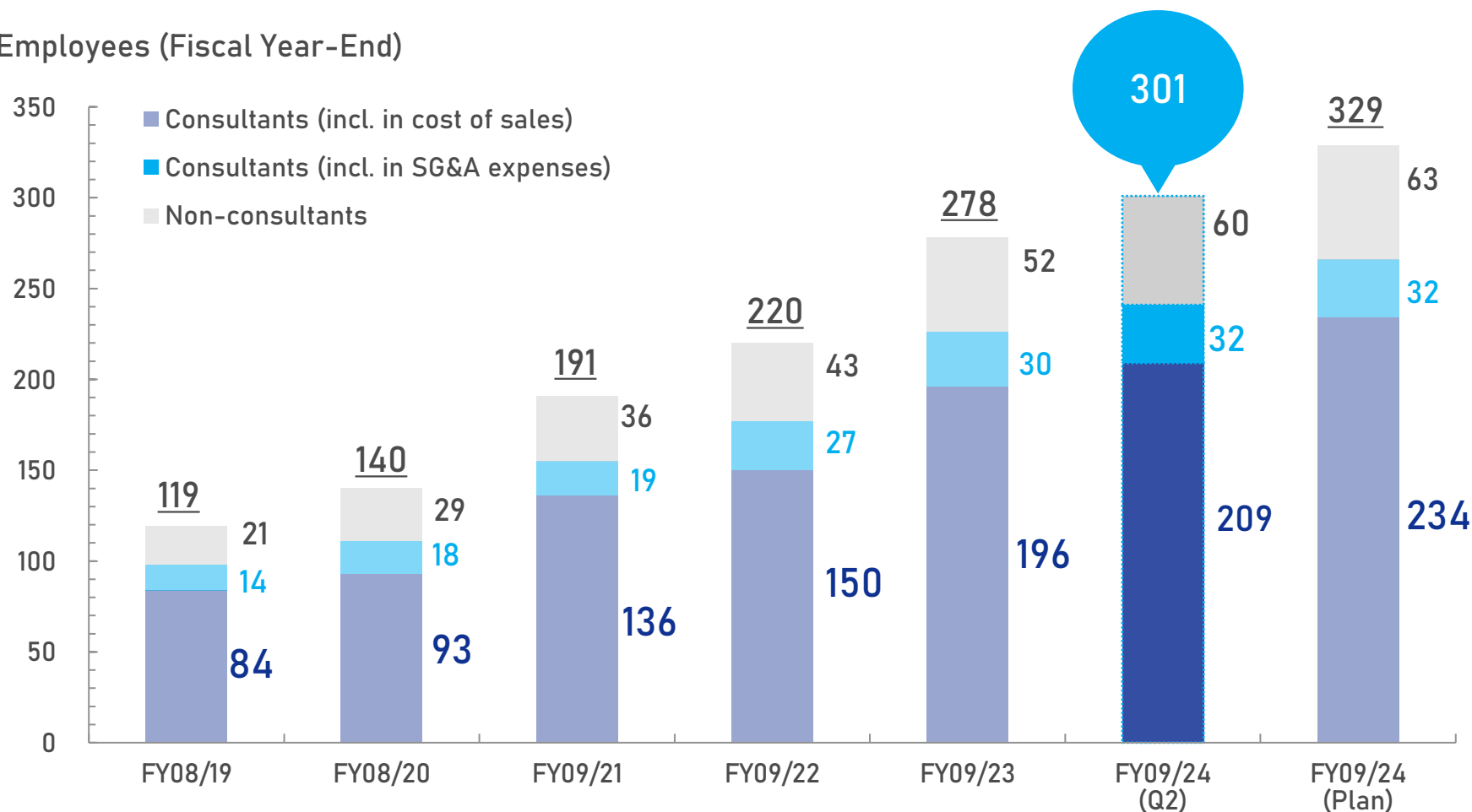
# Employees

- ✓ The consultant headcount increased by 15 in 1H. Plan an annual increase of 40 by the end of FY09/24.

Consultants (included in cost of sales) are involved in the entire deal process, from sourcing and matching to closing.

Consultants (included in SG&A expenses) specialize in sourcing deals from financial institutions, accounting firms, etc.

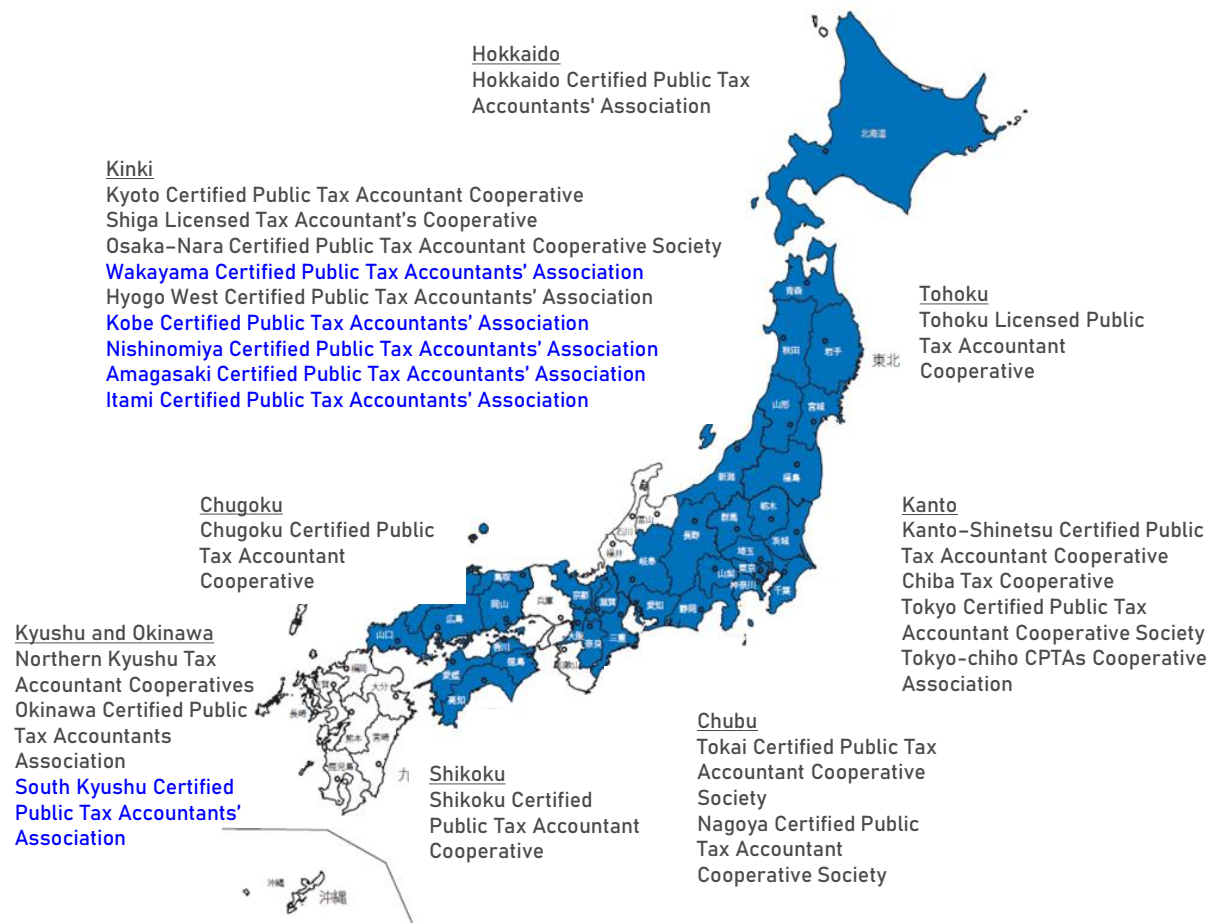
Employees (Fiscal Year-End)



# Topic 1: Expansion of Business Alliance with Tax Accountants' Associations

## Alliances with Tax Accountant Cooperatives

(Associations that became partners in FY09/24 are stated in blue.)



Our network expanded to include 22 organizations with more than 65,000 members nationwide.

We aim to boost our M&A deal flow by partnering with networks of tax accountants, which include both firms and independent professionals, combining their specialized tax knowledge with our expertise in M&A partner search and brokerage service.

Many business owners turn to their accountants for advice on business succession and corporate sales, and we aim to be part of that conversation.



## Topic 2: Investment in for Startups, Inc. and Acquisition of ISO27001

### Invested in for Startups, Inc.

for Startups is dedicated to supporting growth industries by providing comprehensive support for entrepreneurship and career change.

The company operates the STARTUP DB, an information platform specializing in growth industries, and is also working to strengthen the industrial ecosystem by fostering a business co-creation model with established companies.

By partnering with the company, we aim to create M&A opportunities for startups as an alternative exit strategy to an IPO and for corporate growth.



### Obtained ISO27001 certification, an international standard for information security management systems (ISMS)

With the rapid development of cloud services and mounting security risks, the protection of information assets in M&A brokerage operations is becoming increasingly important.

We are committed to elevating our information security practices, and have acquired ISO27001 certification, an international standard, to provide our clients with enhanced assurance and trust in our services.



- 01 Operating Performance in Q2 FY09/24
- 02 Forecast for FY09/24**
- 03 Initiatives to Enhance Corporate Value
- 04 Company Overview
- 05 Market Environment

## Forecast for FY09/24

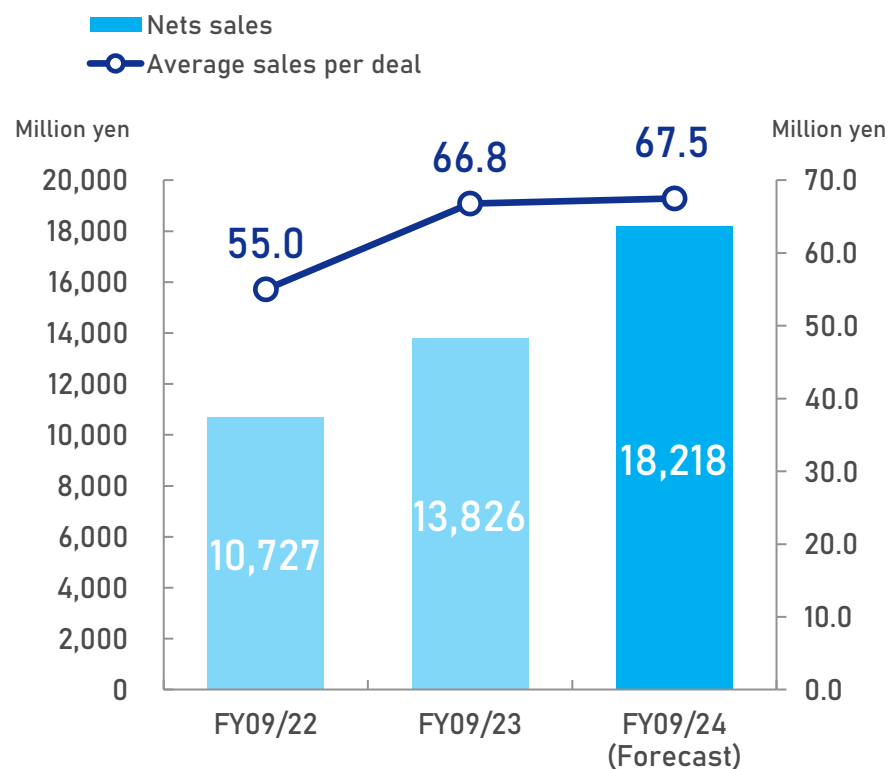
---

- ✓ Assumptions for the earnings forecasts and recent trends
  - ☑ Our target CAGR is 20%.
  - ☑ To grow further over the medium- to long-term, we expect to spend approximately 100 million yen in additional advertising expenses as we aggressively roll out web advertising, TV commercials, and other sales initiatives.
  - ☑ We will continue to actively recruit consultants and target an increase of 40 in the consultant headcount.
  - ☑ We plan to relocate our Osaka sales office. ⇒ Completed in November 2023  
With this relocation and head office expansion conducted in FY09/23, we expect rent expenses on land and buildings to rise by about ¥170 million.
  - ☑ Review of our organizational structure in accordance with the revised M&A Guidelines for SMEs.  
⇒ Established the Operations Review Department in January 2024 (see p. 55)
- ⇒ Full-year results are expected to exceed the initial plan due to a better-than-expected performance in 1H FY09/24.

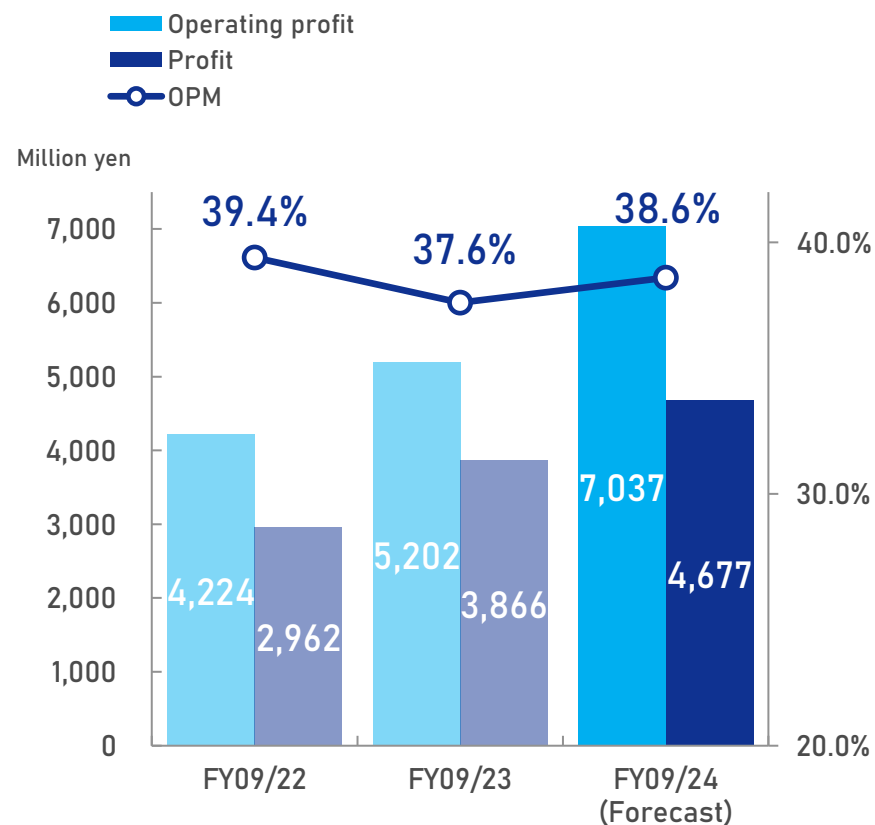
## Forecast for FY09/24

- ✓ Average sales generated per deal closed have been planned based on the FY09/23 results, but are expected to be higher than planned due to the increase in deal size.
- ✓ We expect operating profit margins to improve along with the increase in net sales.

Net Sales and Average Sales per Deal



Operating Profit and Profit



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

## Forecast for FY09/24

- ✓ Our plan calls for closing 270 deals and taking on 814 new contracts.

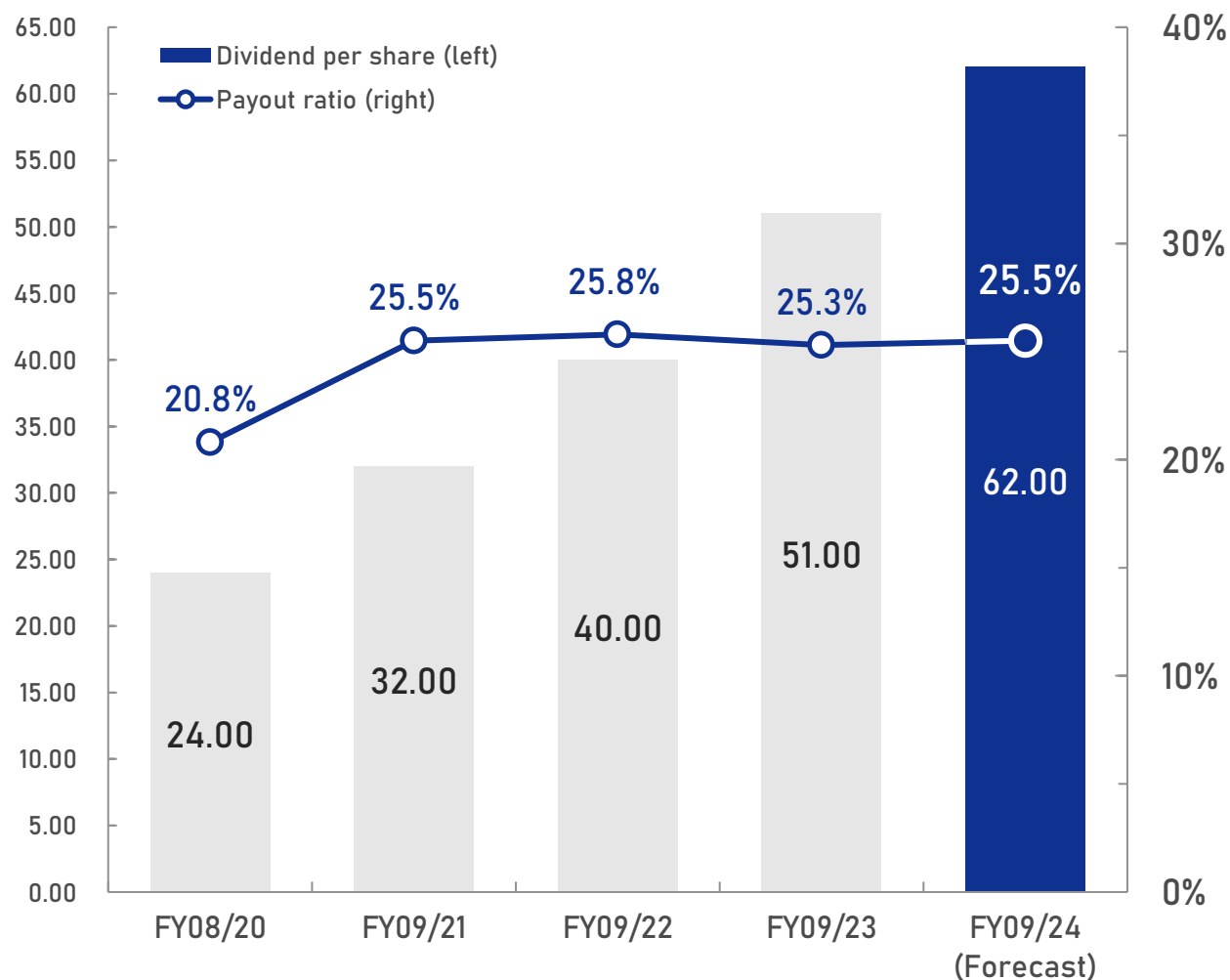
Million yen

	FY09/23	FY09/24 forecast	YoY change	
Net sales	13,826	18,218	+4,392	+31.8%
Cost of sales	4,578	5,862	+1,284	+28.1%
Cost of sales ratio	33.1%	32.2%	-	-
Gross profit	9,247	12,355	+3,108	+33.6%
SG&A expenses	4,045	5,317	+1,272	+31.5%
SG&A expense ratio	29.3%	29.2%	-	-
Operating profit	5,202	7,037	+1,835	+35.3%
Operating profit margin	37.6%	38.6%	-	-
Ordinary profit	5,211	7,030	+1,818	+34.9%
Profit before income taxes	5,196	7,030	+1,834	+35.3%
Profit	3,866	4,677	+810	+21.0%
Number of deals closed	207	270	<b>+63 deals</b>	
Number of new contracts	712	814	<b>+102 contracts</b>	
Employees	278	329	<b>+51 employees</b>	

## Capital Allocation

- ✓ Our current target is to keep our ROE at 20% or higher. We are focused on achieving a harmonious balance between investing in our business and delivering shareholder returns.
- ✓ Cash on hand will be used for new business investment (including acquisition of another company).

### Dividends and Payout Ratio



#### Dividends

- While targeting a dividend payout ratio of 25% or more for the time being, we intend to consider raising the ratio, taking into account our future investment prospects and other factors.
- Maintain the initial dividend payout, provided that profits remain above 70% of our initial plan.

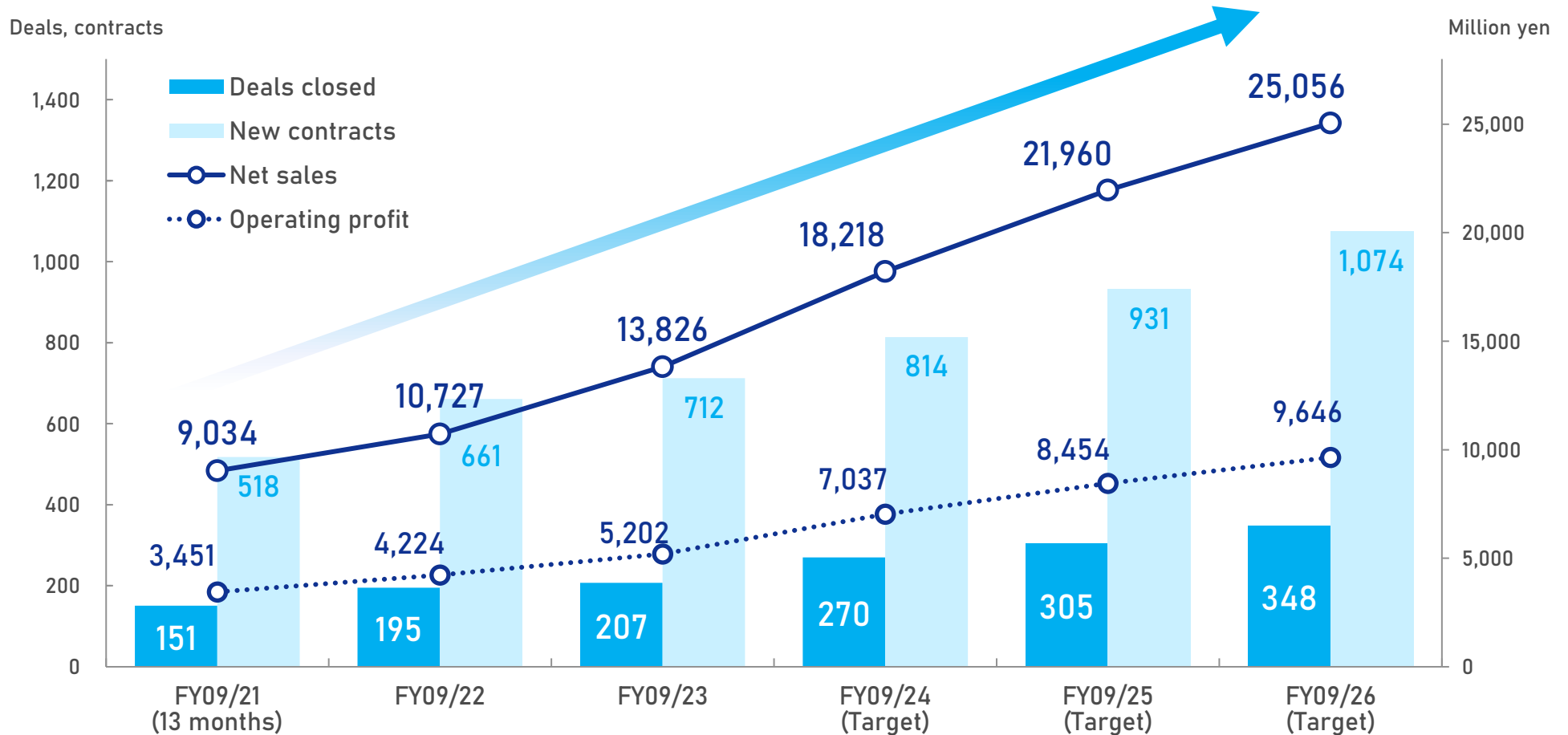
#### Share buybacks

- Consider share buybacks, considering various factors including ROE levels.

- 01 Operating Performance in Q2 FY09/24
- 02 Forecast for FY09/24
- 03 Initiatives to Enhance Corporate Value**
- 04 Company Overview
- 05 Market Environment

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

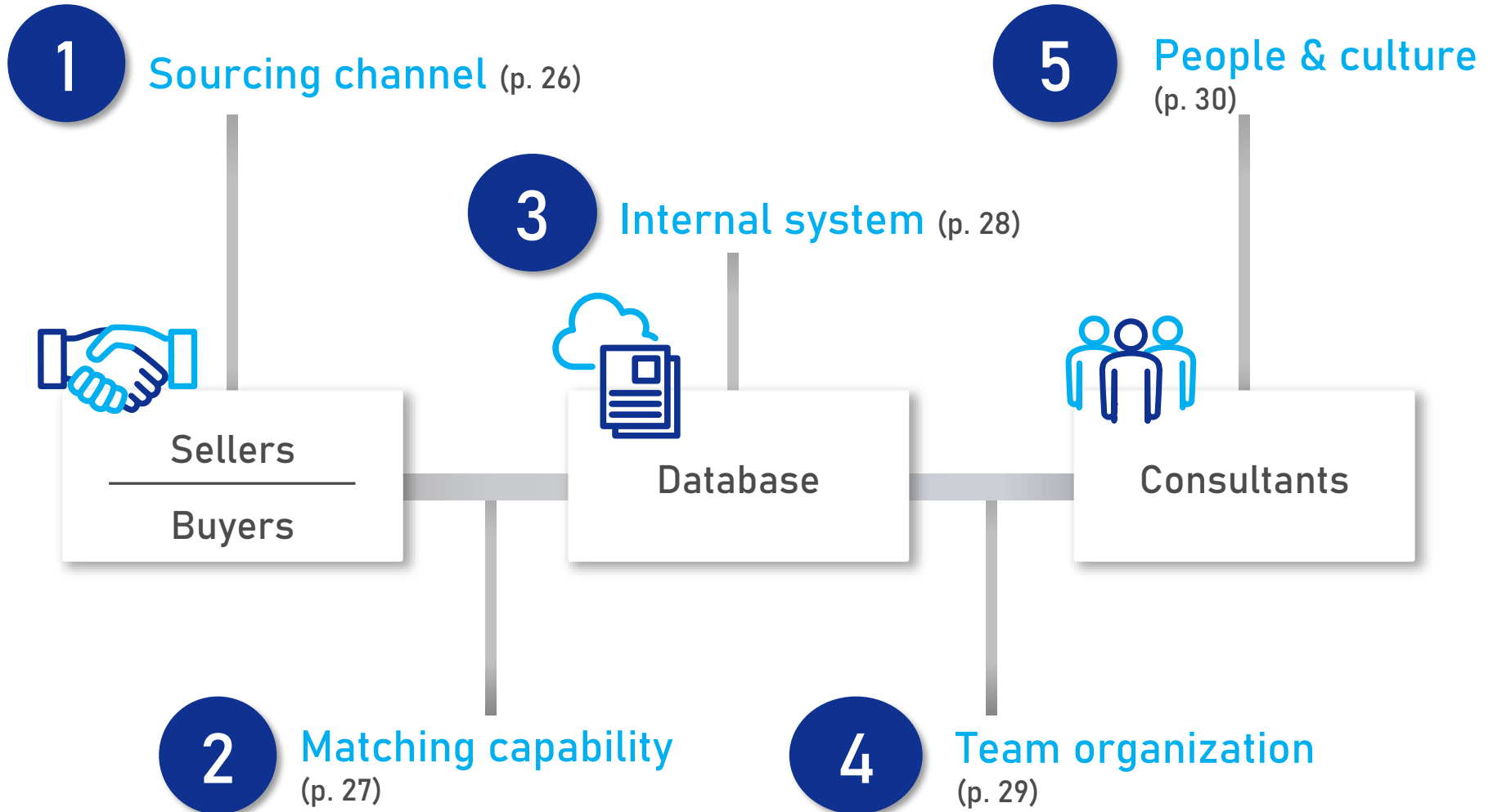
✓ We target a net sales CAGR of 20%.





# Our Competitive Advantages

✓ Five strengths supporting our growth



# 1) Sourcing Channel

- ✓ Increase the number of new contracts and average sales per deal closed by maintaining a good balance between direct sourcing and referrals.

Clients (Sellers and Buyers)

Network

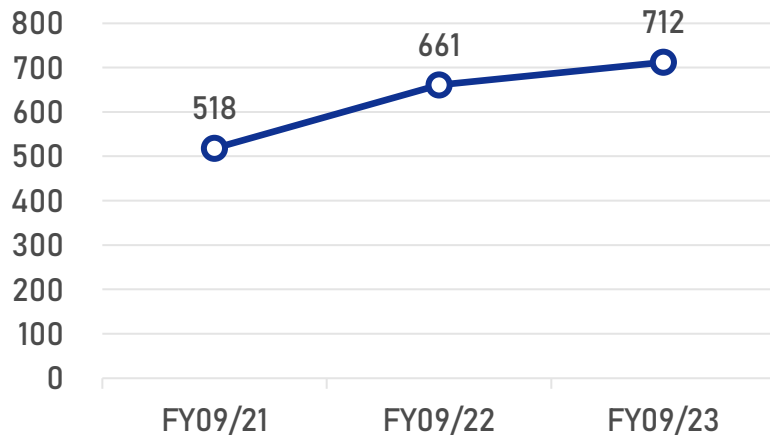
Clients are referred from our network of more than 1,700 partners.

Referrals: 46%

Direct Sourcing: 54%

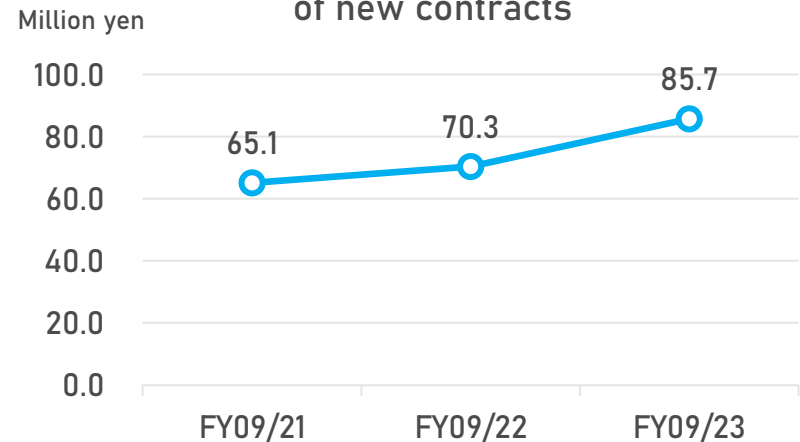
Strengthened relationships with business partners has led to an increase in the number of referrals.

Number of new contracts



Increased focus on direct sales to larger companies has resulted in higher average sales per deal.

Sales per deal of new contracts



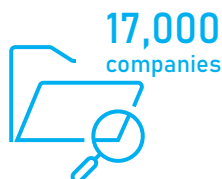
## 2) Matching Capability

### ✓ Methods used to search for potential buyers

1

#### Extensive internal database

Our consultants utilize Strike's internal database that contains data on M&A needs of 17,000+ companies collected through daily sales activity to make direct proposals to potential sellers.



2

#### All-hands deal meeting

All consultants can propose potential acquisition targets for all projects. Approx. 24,000 potential acquisition targets are proposed annually.



3

#### M&A brokerage site SMART

Our M&A brokerage site SMART garners over 4,000 annual inquiries from potential buyers about anonymously listed deals.



4

#### Extensive network of partners

We receive referrals of companies that wish to acquire other companies from partner financial institutions, accounting firms, and others.



Extensive data on acquisition needs

+

Buyer search by all consultants

+

Direct inquiries from  
prospective buyers

+

Utilization of information from  
business partners



Enhance client satisfaction  
by offering sellers a broad range  
of buyer options

### 3) Sales Management System

- ✓ Enhance operational efficiency and optimize matching by incorporating a wealth of corporate data into our internal sales management system.

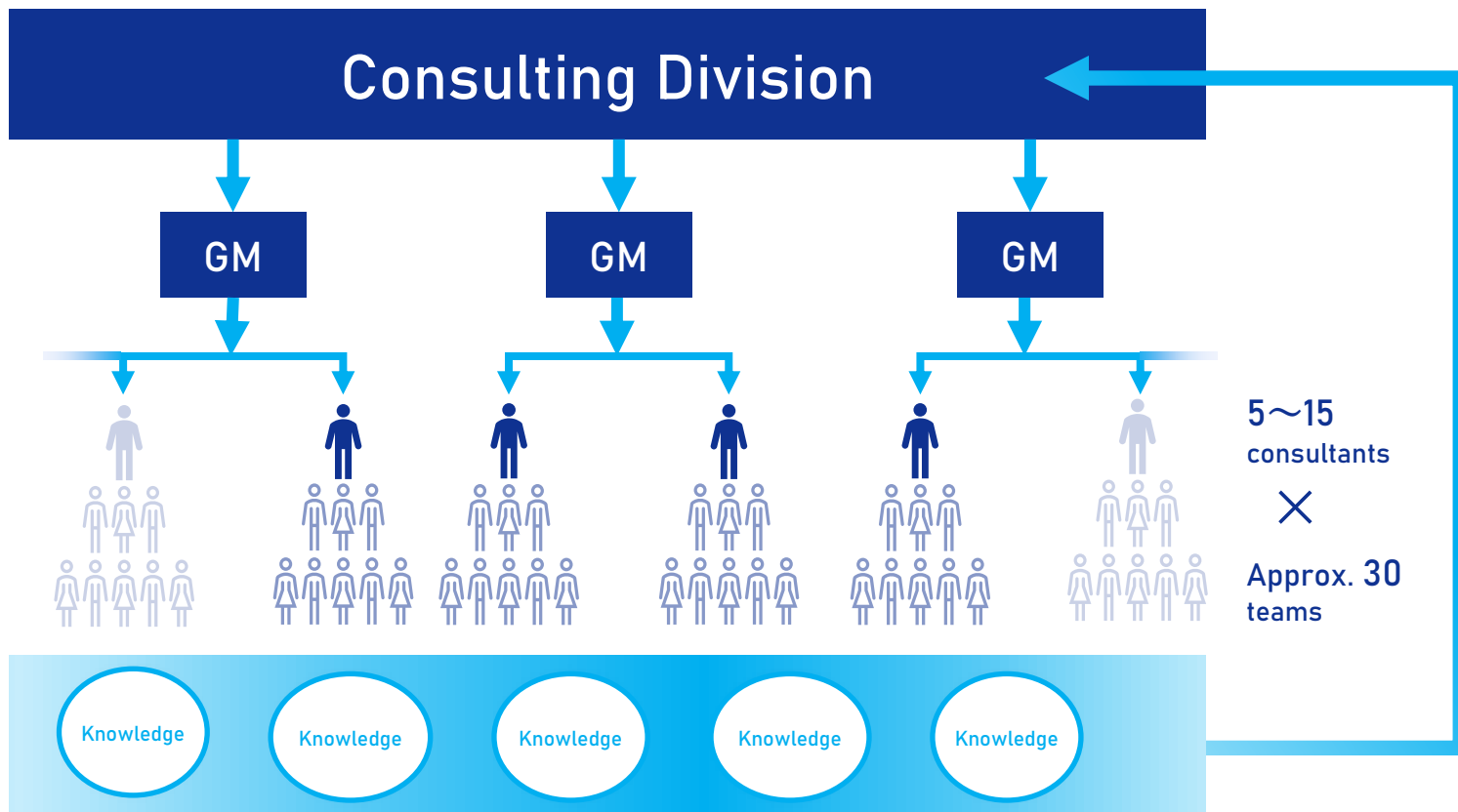
Increase operational efficiency  
and optimize matching



## 4) Team Organization

We take a team-based approach to enhance service quality and operational efficiency (sourcing, matching, and execution), and avoid conflicts of interest.

Knowledge is accumulated in each team and shared throughout the company.



## 5) People & Culture - 1

---

- ✓ Our goal is to secure sustainable and reliable growth by fostering ongoing professional advancement and reinforcing our consultants' teamwork, anchored in our commitment to people & culture, the bedrock of our corporate value growth.

### Mission

Create partnerships  
that change the world.



Extensive training programs

Continuous professional development  
of consultants

Compliance awareness

Thorough awareness  
of legal compliance

Network of business partners

Providing services that earn  
the trust of our partners

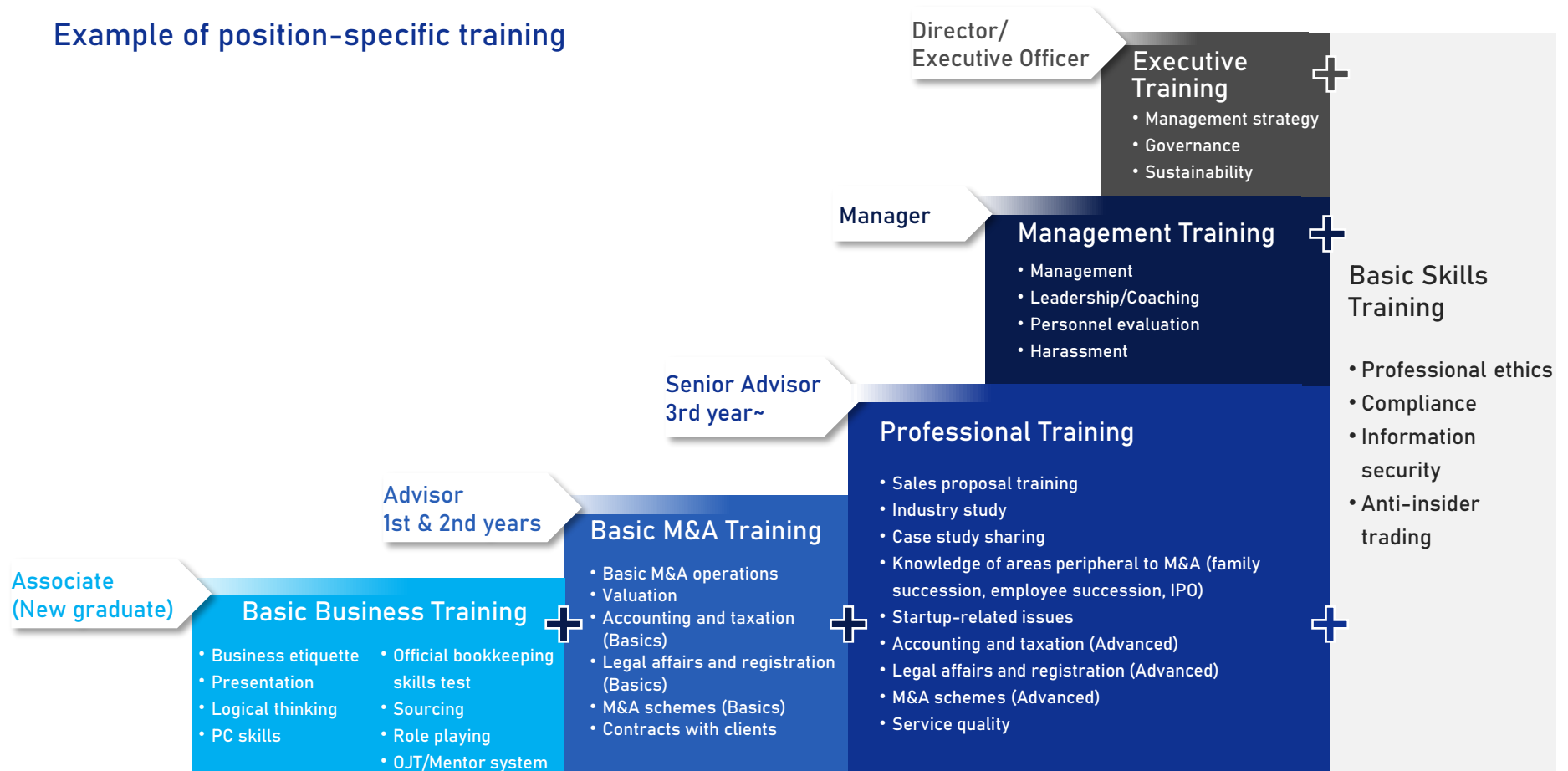
Teamwork

Mutual reinforcement of knowledge  
and capabilities across departments

## 5) People & Culture - 2

- ✓ We provide a wealth of training content tailored to each position to develop consultants capable of achieving sales of ¥100 million or more in three years. Training is provided on an ongoing basis to continuously enhance the expertise of our consultants.

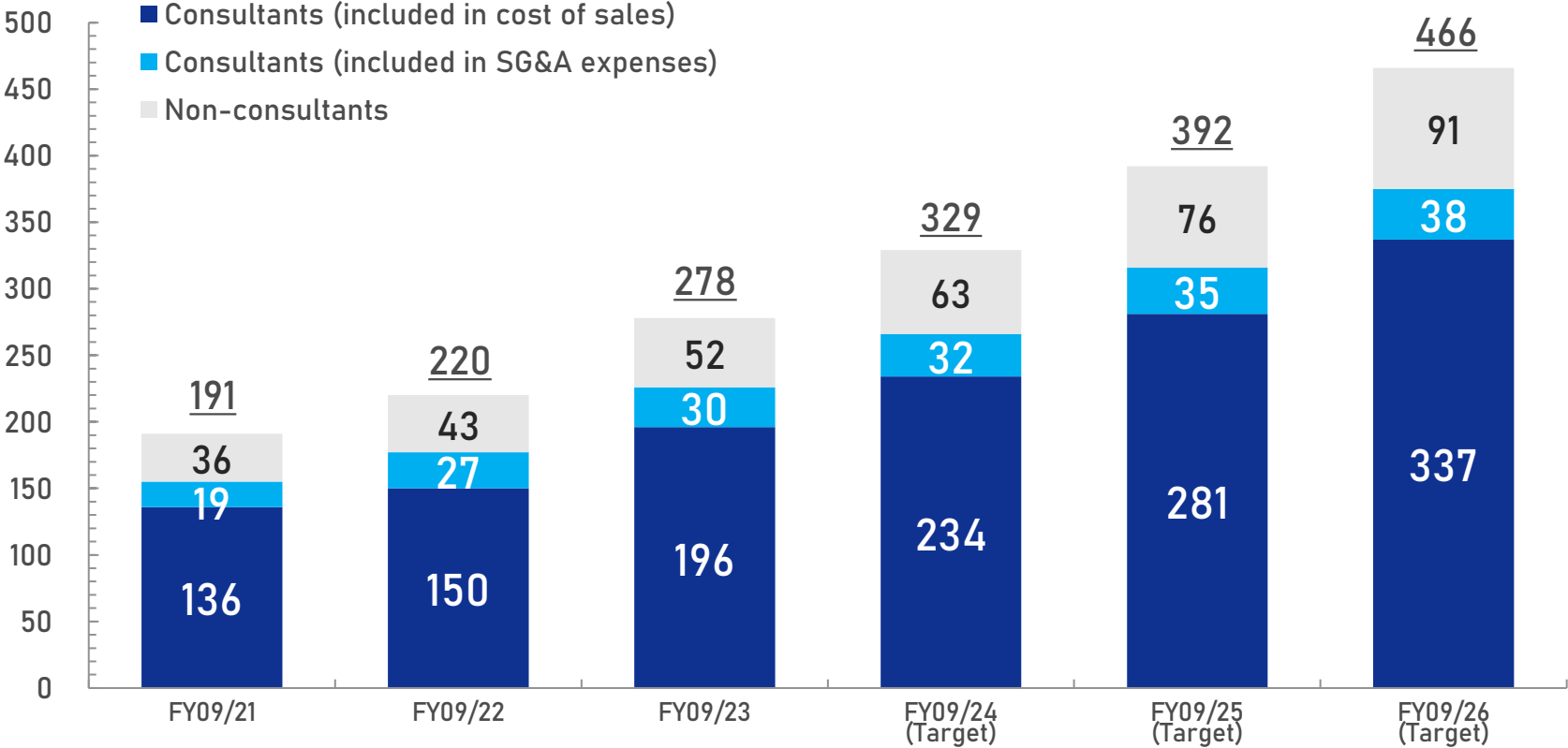
### Example of position-specific training



# Employees

- ✓ Consistently grow our team while maintaining service quality.
- ✓ Open to exceed our recruitment targets when we come across exceptional candidates.

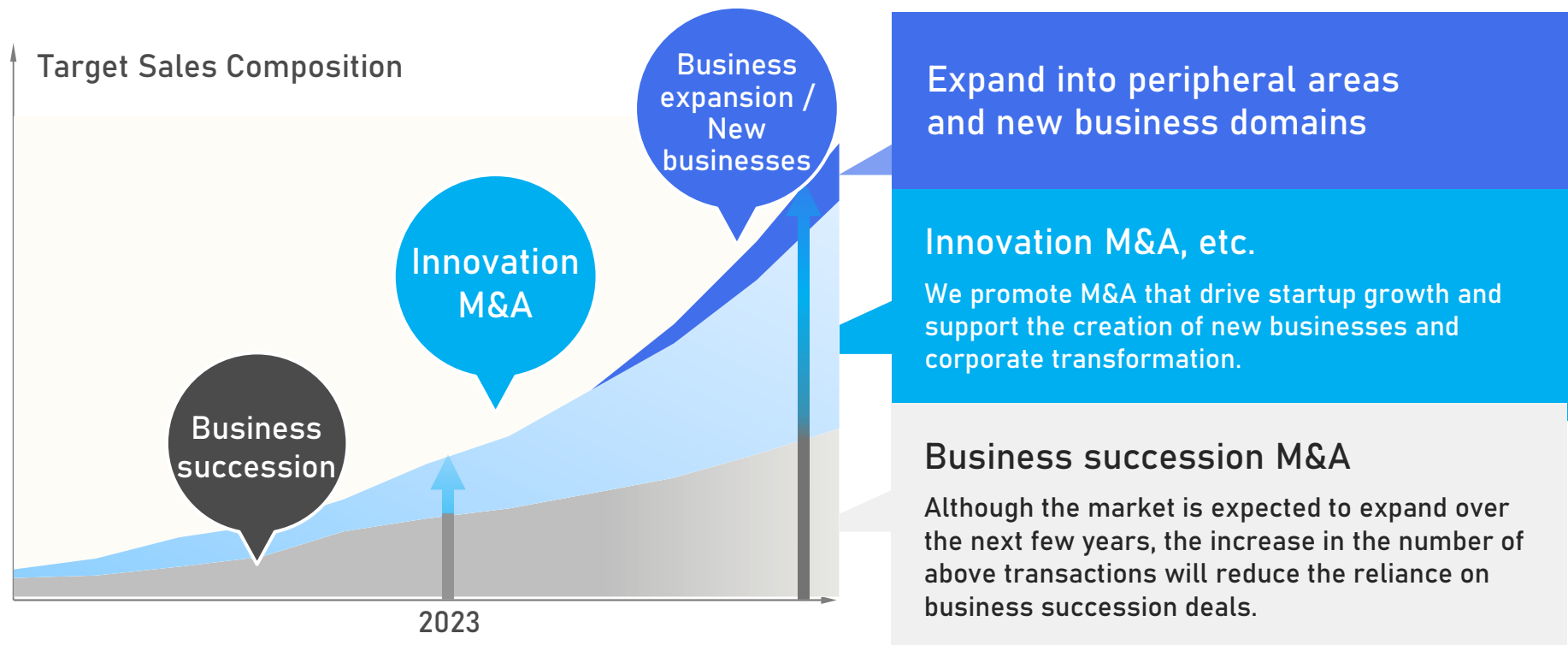
Employees (Fiscal Year-End)





## Future Growth Strategy

- ✓ Positively impact a greater number of people through our M&A services as we strive to increase the number of M&A contracts and the deal size.
- ✓ Further increase our market share of business succession M&A.
- ✓ Focus on market cultivation aimed at facilitating innovation M&A.
- ✓ Expand into peripheral areas and new business domains to achieve sustainable growth.



- 01 Operating Performance in Q2 FY09/24
- 02 Forecast for FY09/24
- 03 Initiatives to Enhance Corporate Value
- 04 Company Overview**
- 05 Market Environment

## Company Overview

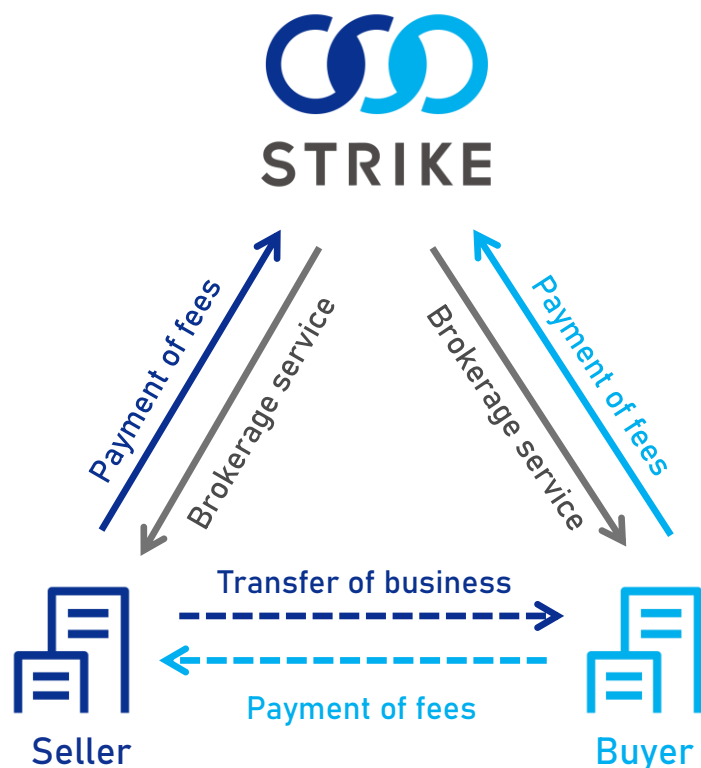
---

Company name	Strike Co., Ltd.
Established	July 1997
Share capital	¥823 million (as of March 31, 2024)
Representative	Kunihiko Arai, President and CEO
Headquarters	15th floor of Mitsui & Co. Building 1-2-1 Otemachi, Chiyoda-ku, Tokyo, Japan
Employees	301 (excluding temporary staff; as of March 31, 2024)
Net sales, operating profit	Net sales of ¥13,826 million and operating profit of ¥5,202 million (operating profit margin of 37.6%) in FY09/23
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.
- ✓ 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 provide M&A advisory services to either a seller or buyer in a transaction.

## Fee Structure

### Seller

1. Mobilization fee  
Free
2. Fee at MoU signing  
¥1-3mn when MoU is signed
3. Success fee (Lehman formula)

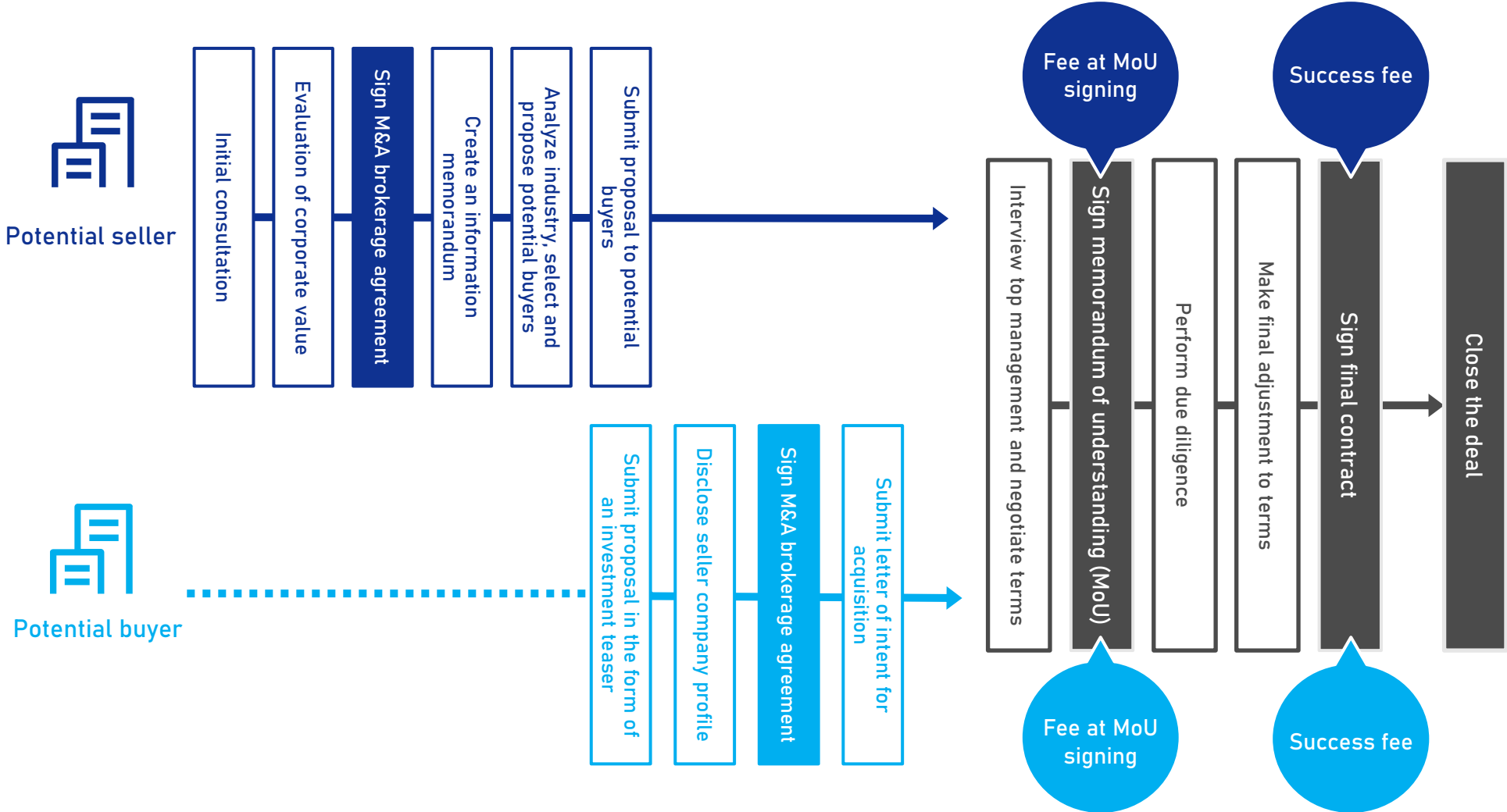
Seller's equity value	Rate
Portion below ¥500mn	5%
Portion from ¥500mn to ¥1bn	4%
Portion from ¥1bn to ¥5bn	3%
Portion from ¥5bn to ¥10bn	2%
Portion above ¥10bn	1%

### Buyer

1. Mobilization fee  
Free
2. Fee at MoU signing  
¥1-3mn when MoU is signed
3. Success fee (Lehman formula)

Seller's enterprise value	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



## Fee Structure (Seller)

- ✓ No mobilization fee and low fees at MoU signing. Success fees are based on the amount of seller's equity value.

⇒ A fee structure that makes it easier for potential sellers to approach us.

	Strike	Company A	Company B
Initial consultation	Free	Free	Free
Upon M&A brokerage agreement signing	Free	¥1-5mn	Free
Upon MoU signing	Fees at MoU signing ¥1-3mn	Free	Intermediate fee 10% of success fee
Upon final contract signing	Success fee (based on seller's equity value)	Success fee (based on seller's enterprise value)	Success fee (based on seller's equity value)

# M&A Track Record in Various Industries

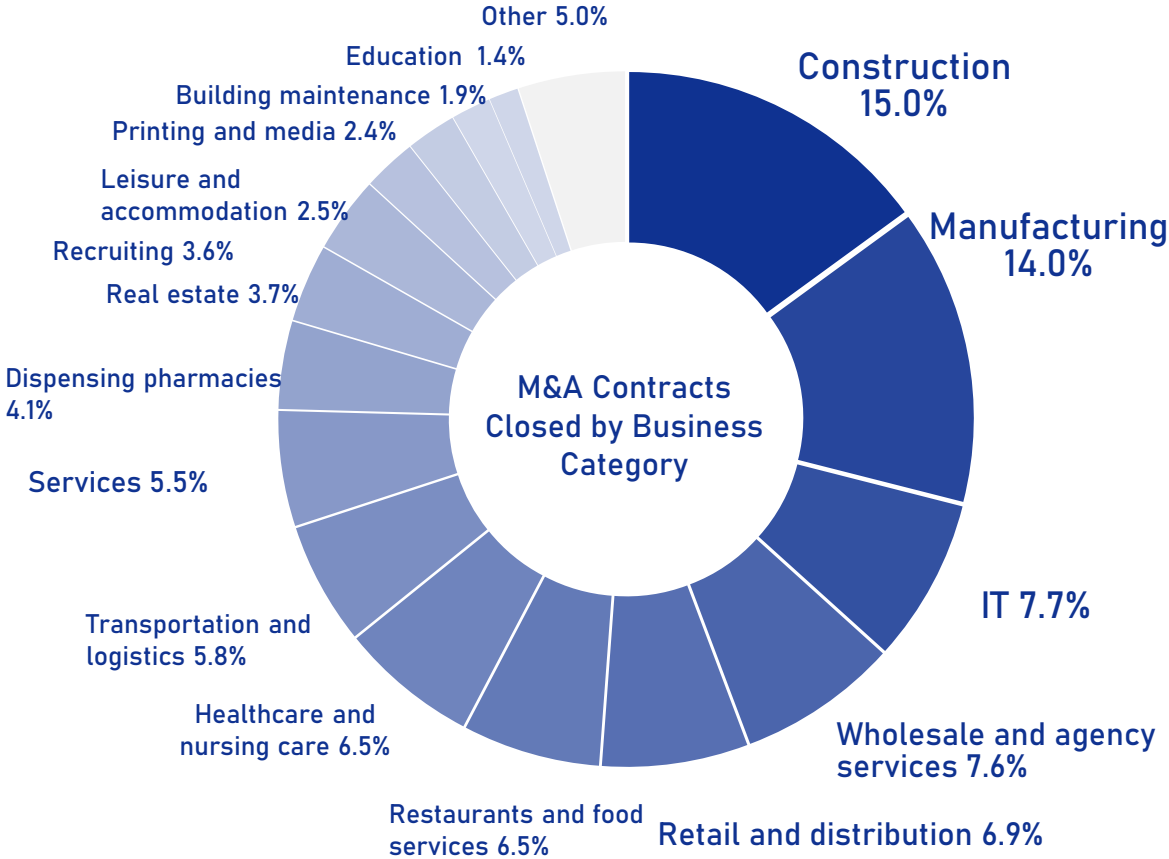
Thanks to a vast referral network, we have a diverse M&A portfolio spanning multiple industries, which positions us to adeptly manage unique, specialized projects.



Capable of flexibly responding to changes in the external environment and M&A needs.

Total number of M&A deals since the Company's founding to FY09/23

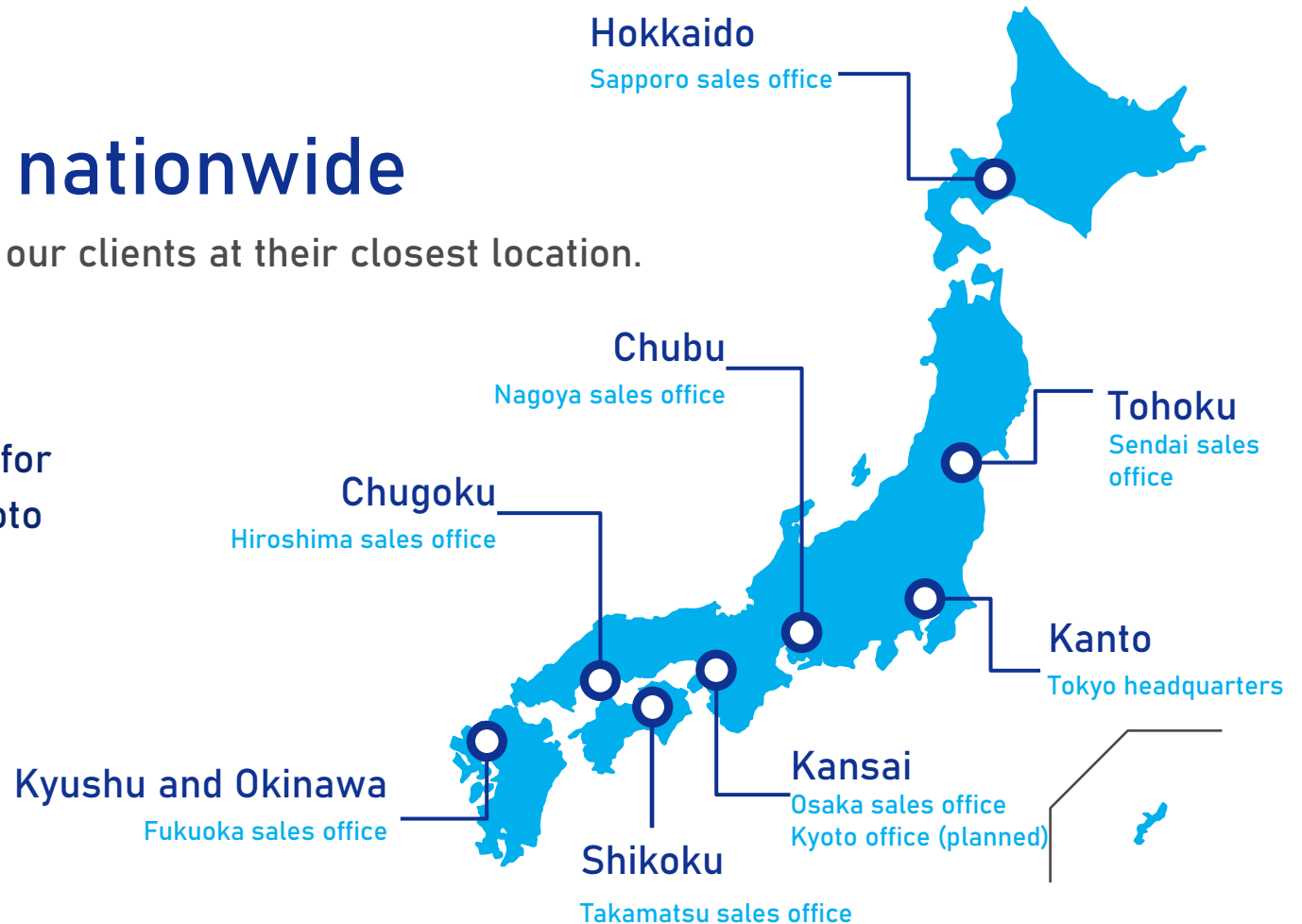
Note: Breakdown of the number of businesses sold by industry



## Nine offices nationwide

Providing quality support to our clients at their closest location.

- ✓ Plan to relocate Tohoku and Takamatsu offices
- ✓ Plan to establish a base for nurturing startups in Kyoto





# 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.

### Launch of Video Content

Launched "M&A Online Prime," a new talk show content, in October 2023.

We welcome experts who are deeply involved in M&A within leading industries to share insights on their expansion strategies, particularly those involving M&A.

From left: Kunihiko Arai, President & CEO of Strike, Kenji Higasa, President of MBS Innovation Drive, and Takeo Ishizaki, President & CEO of ABC Dream Ventures, discuss growth strategy of TV broadcasters

### Publication of M&A Yearbook

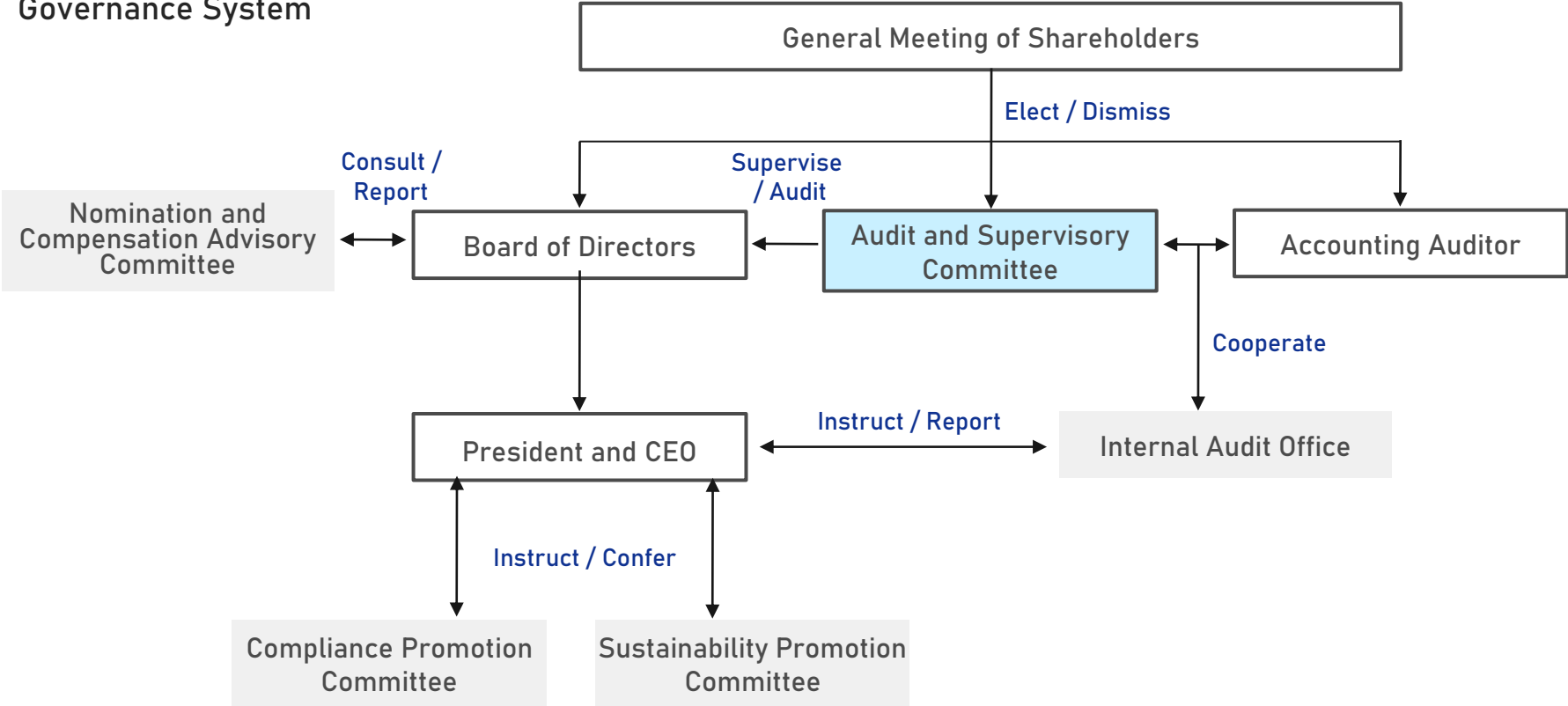
The M&A Yearbook is a magazine-book covering data for all M&A deals carried out by listed companies in a year, examining the deals from various angles, including monetary value and industry type.



# Initiatives to Strengthen Governance

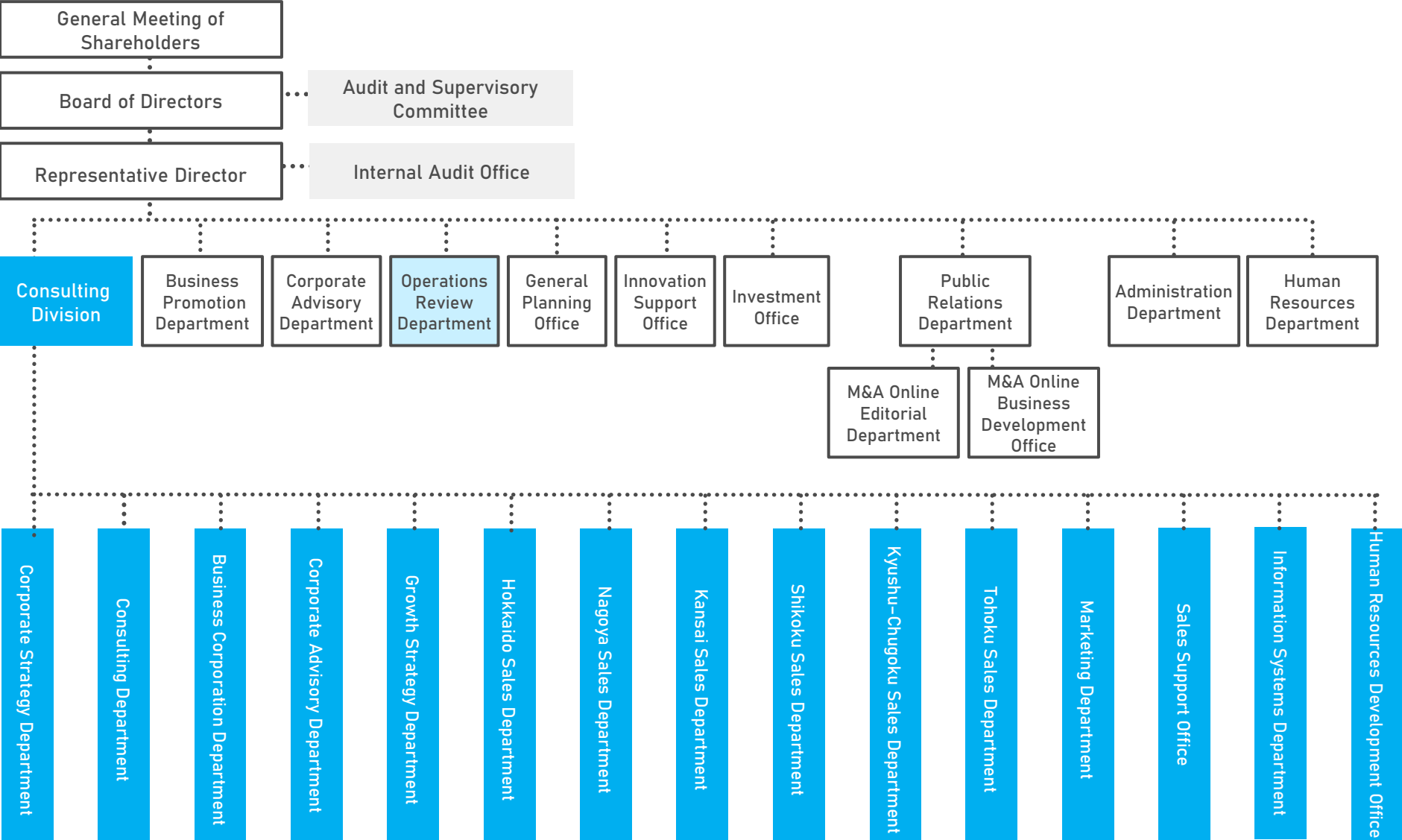
- ✓ Recent changes
  - Transitioned to a company with an Audit and Supervisory Committee in December 2023.
  - To strengthen governance, the majority of the members of the Board of Directors are outside directors.
  - The chair of the Nomination and Compensation Advisory Committee is appointed from outside directors (majority of the committee members are also outside members).

## Governance System



# Organization (as of April 1, 2024)

✓ Established the Operations Review Department in FY09/24 to comply with the M&A Guidelines for SMEs and industry self-regulatory rules.





Together, we can overcome the reality.  
Together, we can find the right answer.  
Together, we can enrich the world.  
Together, we can exceed expectations.

Individually, possibilities are limited, but by joining together we become a great force.

The process of coming together can be challenging, but a new world awaits in the future if we overcome those difficulties.

We rise as one to overcome any challenge.

We listen, put our heads together, and dedicate our all to everyone involved in M&A.

We take every step with you to achieve a bright and positive future.

Together, we can create partnerships that change the world.

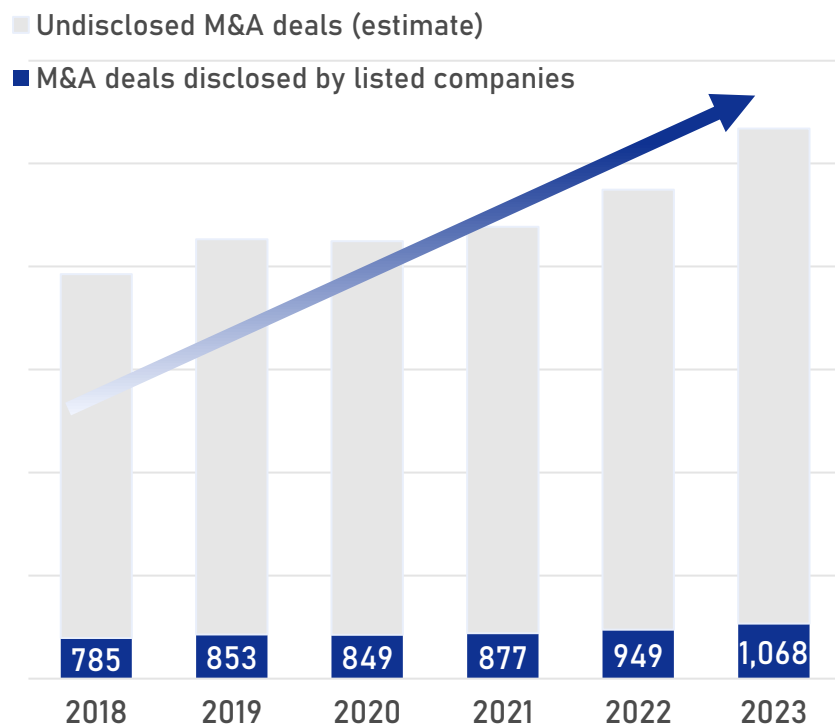
We are Strike.

- 01 Operating Performance in Q2 FY09/24
- 02 Forecast for FY09/24
- 03 Initiatives to Enhance Corporate Value
- 04 Company Overview
- 05 Market Environment**

## Market Environment: Estimated Size of M&A Market in Japan

- ✓ 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 10,000 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)

Estimated based on the percentage of M&A deals Strike was involved in that were not subject to timely disclosure.

#### M&A deals disclosed by listed companies

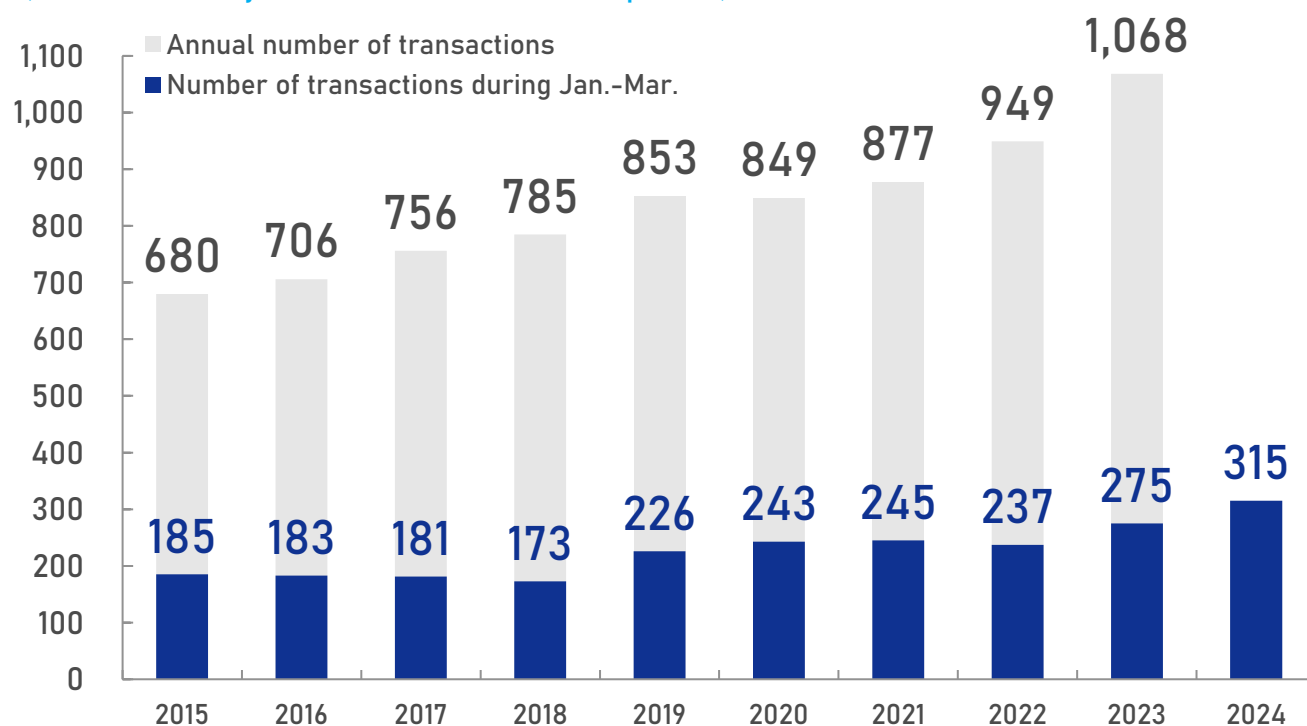
(Source: M&A Online)

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 Environment: Number of M&A Transactions in Japan

- ✓ The number of M&A transactions in Japan during the Jan.-Mar. period in 2024 rose by 40 YoY to 315 (based on timely disclosures of listed companies).
- ✓ Of this, 255 were M&A between Japanese companies (+34 YoY), while 60 of the deals involved overseas companies (+6 YoY).
- ✓ Domestic and outbound deals volume increased, indicating a strong appetite for acquisition by Japanese companies.

### Number of M&A Transactions in Japan (based on timely disclosures of listed companies)



### Breakdown of M&A deals (domestic and cross-border deals)

	Jan.-Mar. 2023	Jan.-Mar. 2024
Total M&As	275	315
M&As between Japanese companies	221	255
Outbound M&As	30	38
Inbound M&As	24	22

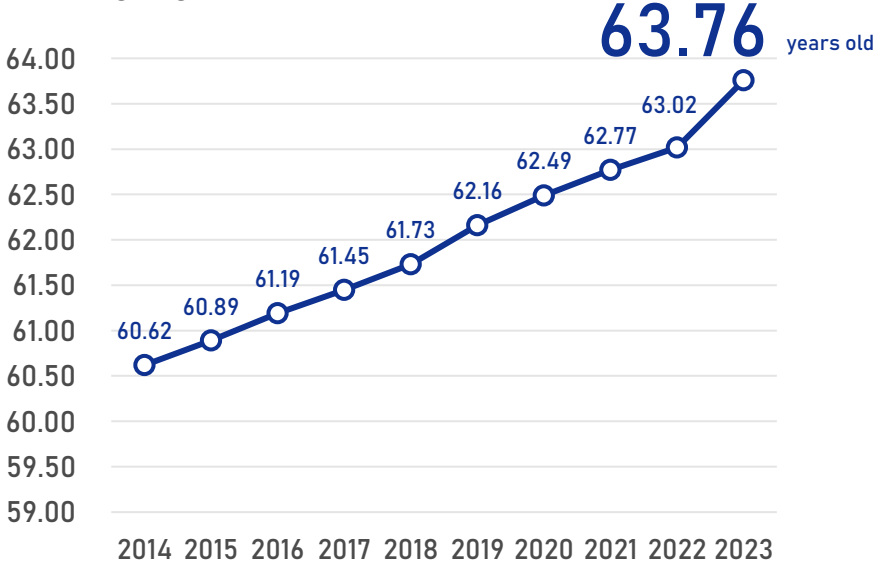
Source: M&A Online

# Market Environment: Aging CEOs, Lack of Successors

- ✓ With CEOs aging, there are many companies without successors, even among companies with elderly CEOs.
- ✓ The market for business succession M&A is expected to continue expanding.

## Aging CEOs

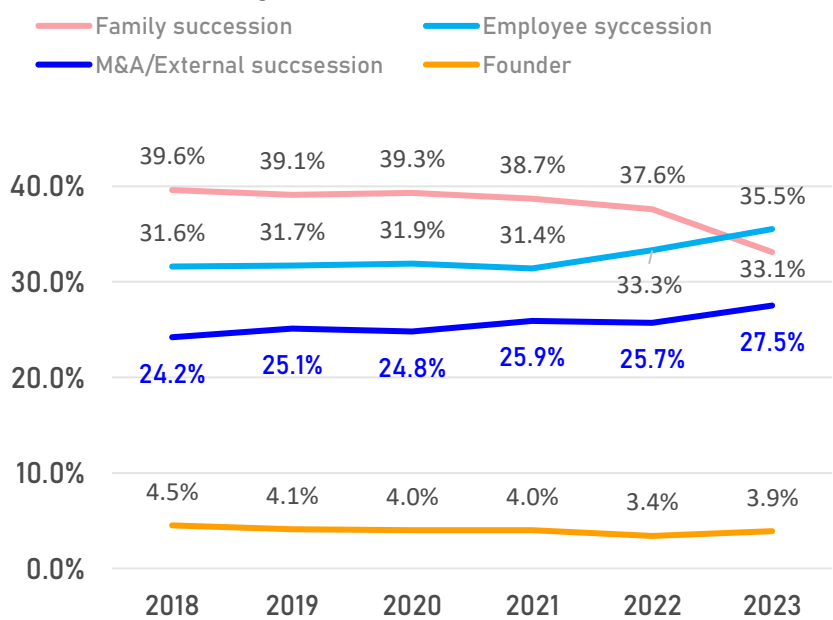
Average age of CEOs



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

## Business Succession to Third Parties on the Rise (partly driven by business succession through M&A)

Reasons for taking over business



Source: Nationwide Survey on the Percentage of Companies without Successors (2023) by Teikoku Databank, Inc. (2023 figures are preliminary)



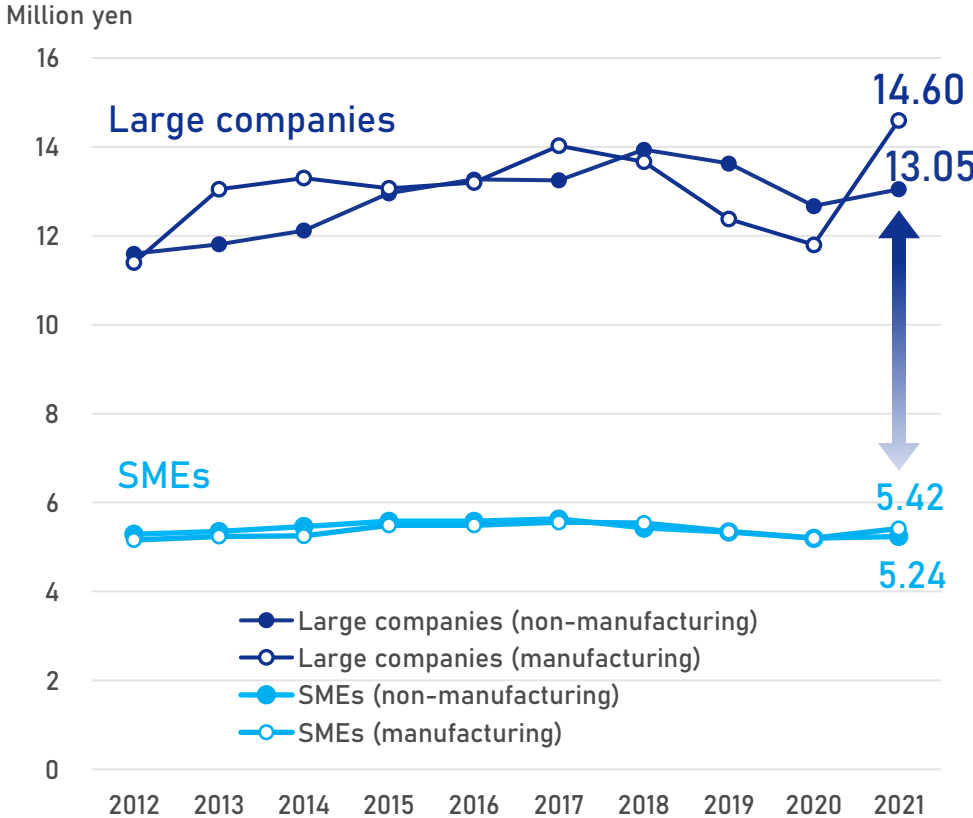
# Market Environment: Boosting Productivity is Crucial to the Survival of SMEs

**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 Environment: 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

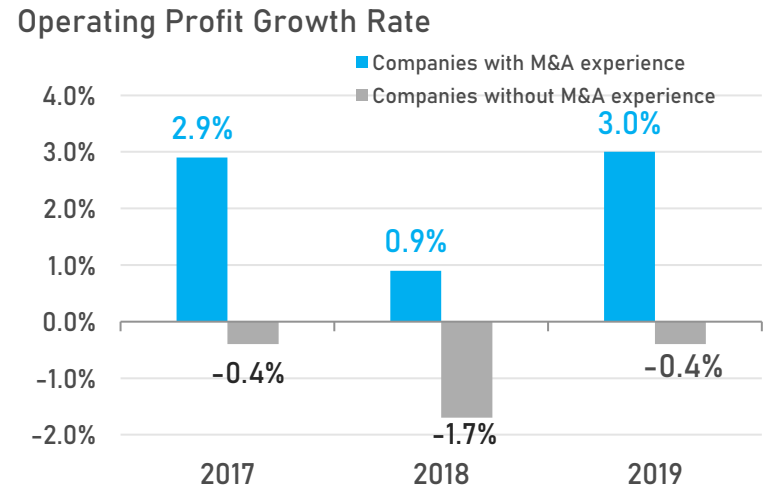
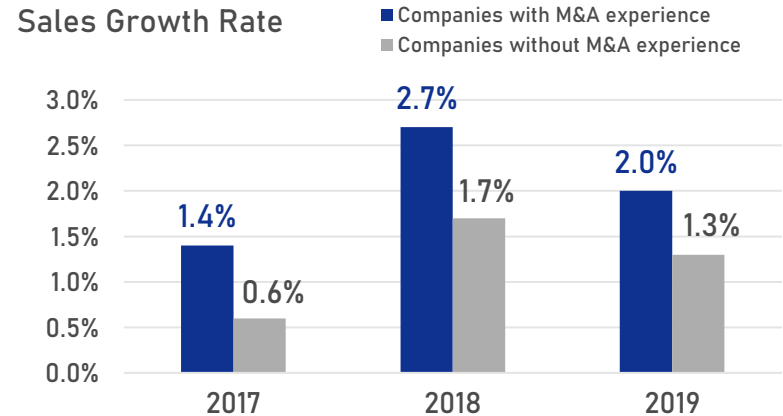
Creating new value through businesses and exploring opportunities through partnerships across different sectors is becoming increasingly essential. Mergers and acquisitions are a powerful strategy to achieve this.

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 Activity

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

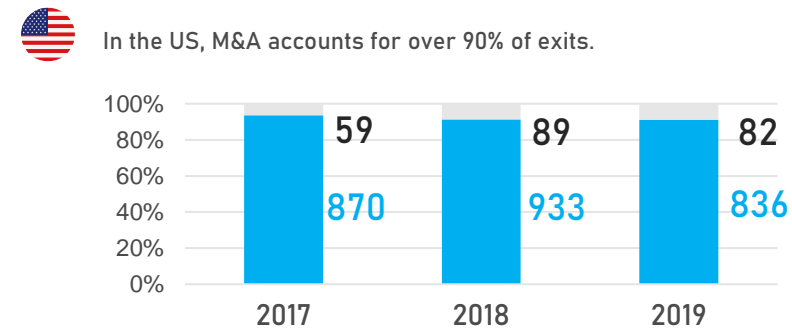
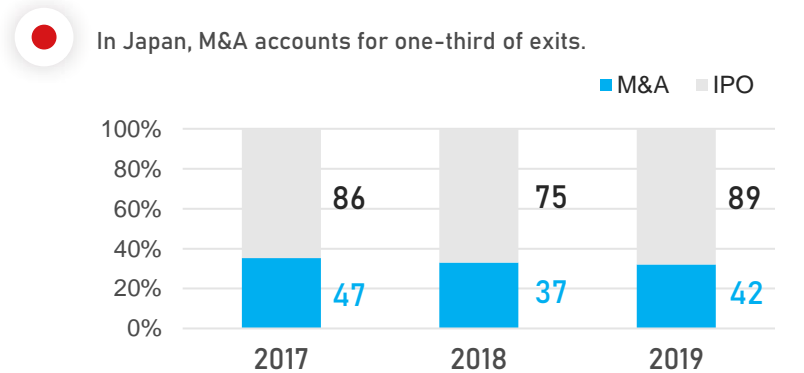


# Market Environment: M&A of Startups

- ✓ 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

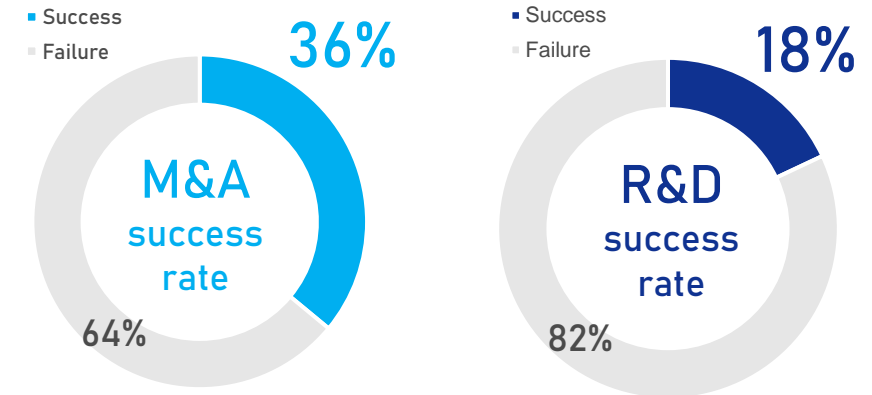
### IPO and M&A status of venture capital portfolio companies



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 Environment: M&A of Startups

- ✓ The Japanese government has designated 2022 as the “first year of startup creation” and announced the “Startup Development Five-year Plan” in November 2022.
- ✓ As part of its efforts to create a startup ecosystem, the government is developing various measures to facilitate startup M&A activity.

## Japanese government’s five-year target and three pillars



Essential to develop the exit market

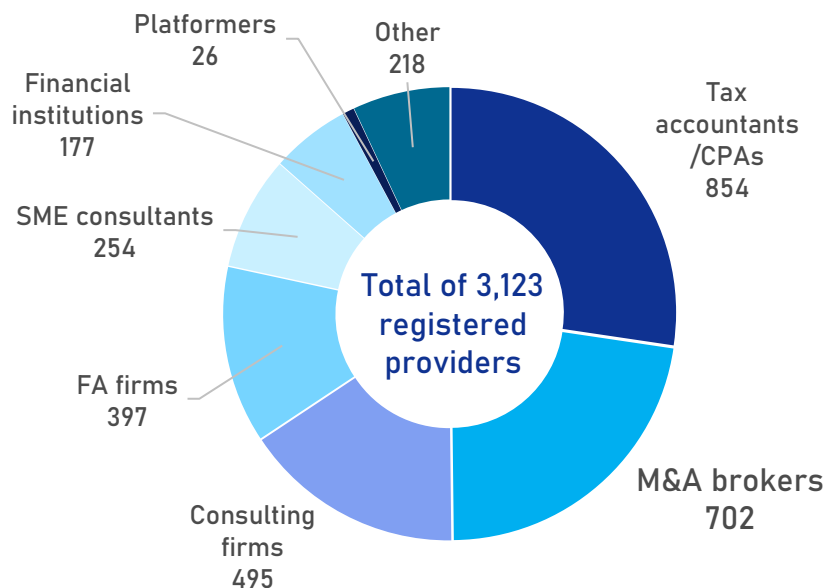
Startup M&A market expected to expand

Source: Government Initiatives for Developing Startups by the Ministry of Economy, Trade and Industry; Startup Development Five-year Plan by the Council of New Form of Capitalism Realization

## Market Environment: Status of M&A Service Providers

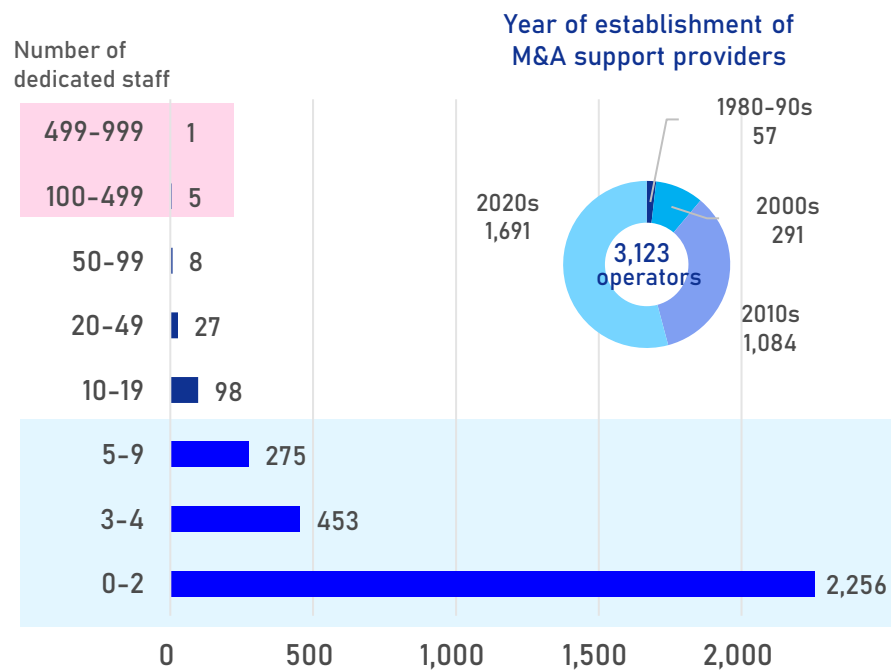
- ✓ The Small and Medium Enterprise Agency launched a registration system for M&A service providers (although not mandatory, most providers are registered).
- ✓ Although the number of M&A service providers has been on the rise in recent years, many are still small in size.

### Number of Registered M&A Service Providers



Source: Current Registration Status (as of Mar. 13, 2024) by the Small and Medium Enterprise Agency

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



Source: Current Registration Status (as of Mar. 13, 2024) by the Small and Medium Enterprise Agency

## Market Environment: 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.
	Ryosuke Kubo	President Ondeck Co., Ltd.
	Shunsaku Sagami	CEO M&A Research Institute Inc.
	Yasuhito Shinoda	President Meinan M&A Co., Ltd.
	Satoru Nakamura	President and CEO M&A Capital Partners Co., Ltd.
Directors	Suguru Miyake	President and Representative Director Nihon M&A Center Inc.
	Yutaro Kikuchi (Attorney-at-law, Kikuchi Sogo Law Office)	
Auditor	Yutaro Kikuchi (Attorney-at-law, Kikuchi Sogo Law Office)	

## Market Environment: Industry Self-regulatory Rules

- ✓ The Small and Medium Enterprise Agency released the revised M&A Guidelines for SMEs on September 22, 2023.
  - ✓ The M&A Intermediaries Association, an industry association, also established the Code of Ethics and Industry Self-regulatory Rules on December 14, 2023.
- ⇒ Full-scale industry-wide efforts underway to improve service quality

### Status of compliance with M&A Guidelines for SMEs, Code of Ethics, and Industry Self-regulatory Rules at Strike

1. Review of workflows, internal rules, etc.  
Reviewed workflows and internal rules to respond to newly required procedures such as the provision of explanation of important matters in writing prior to the conclusion of a contract with a client.
2. Review of organizational structure  
Established the Operations Review Department to enhance the review function within the sales and deal process.
3. Improvement of internal systems  
Customized the internal IT system to respond to the new workflow. Added a new automatic problem detection function.
4. Training sessions and internal certification system  
Held lectures to familiarize employees with the self-regulatory rules.  
Established an internal certification program to ensure consultants possess the necessary experience and knowledge to provide explanations of important matters to clients.