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# Results of Operations for the Fiscal Year Ended March 31, 2018

April 27, 2018

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**Assisting companies to grow and prosper through M&As**

The information included in this presentation, such as industry trends and analysis, future plans, and forecasts, is based on data available at the time of release. We make no guarantees regarding future plans or forecasts since the operating environment is subject to risks and uncertainties, meaning it could change substantially in the future.

***<https://www.nihon-ma.co.jp/>***

**TSE1st section: 2127**



# Our Future Goals

**Aiming to become the world's leading integrated M&A company**

Aiming to become the world's leading integrated M&A company

Became Japan's leading M&A intermediary company

Established as a business venture

TSE 1st section listing in 2007

TSE Mothers listing in 2006

1991 (established)

2001

2011

2021

(year)



# Characteristics of the World's Leading Integrated M&A Company

## Number of cases

Number of commissioned projects, number of deals closed, etc.

## Customer satisfaction

Best matching, PMI, etc.

## Work process quality

Valuation of businesses, execution, etc.

## Integration capabilities

Providing a full range of services, including strategy creation, PMI, life planning assistance, and related work tasks

## Broad coverage

Expanding operations from micro enterprises to large corporations (without competing with investment banks) and moving from Japanese to international markets

## Innovativeness

Creating new de facto standards for M&A operations

## Employee satisfaction

Motivation, personal growth, real income, etc.

## Market capitalization

Leading company specializing in M&A

**日本M&Aセンター**

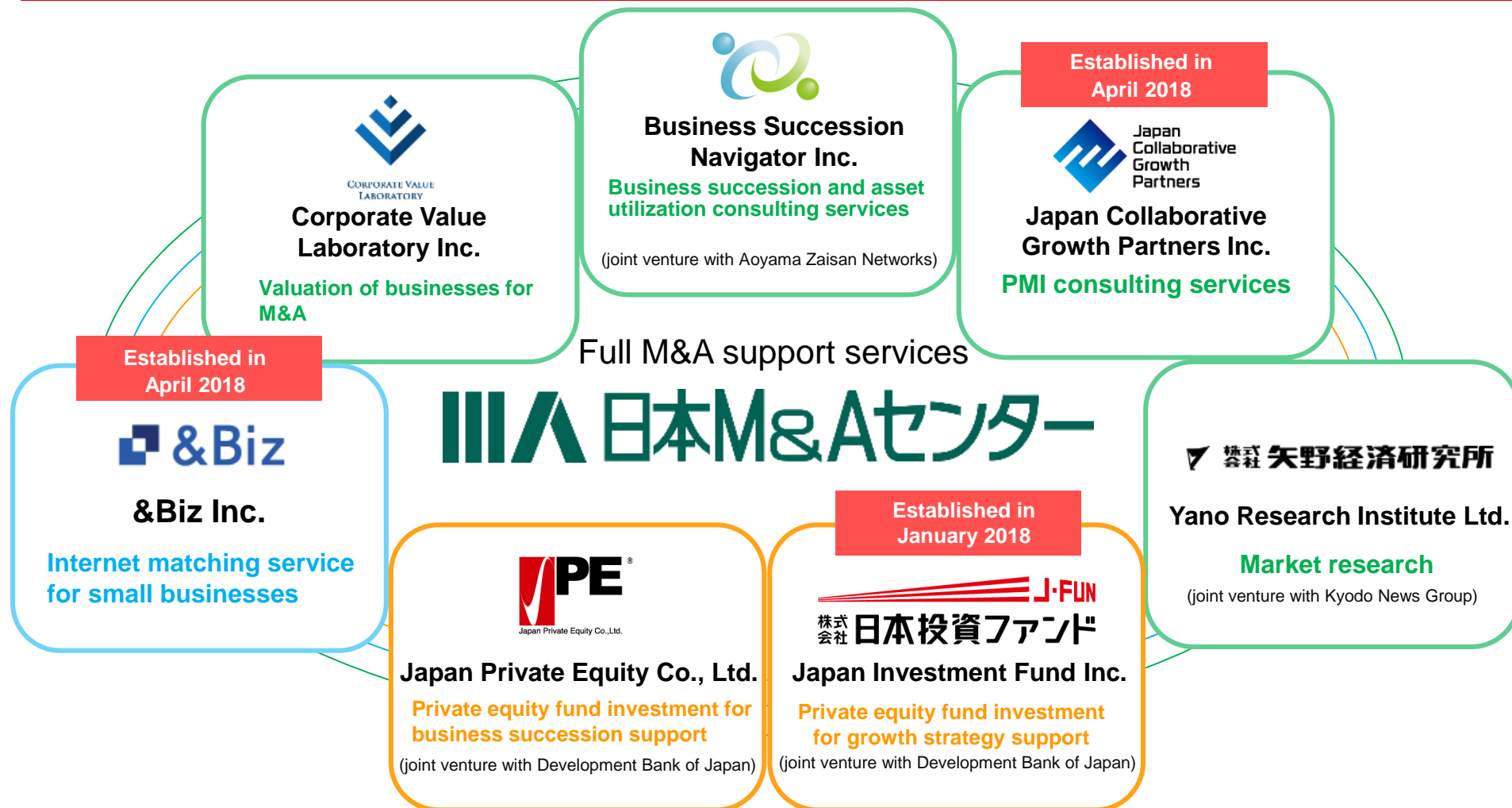
**Eight leading qualities**  
related to M&A operations  
that our group is aiming to  
achieve

\*Our aim is not to gain top rankings in league tables or among investment banks, but rather to become the world's leading integrated company by achieving the eight qualities described above.



# Becoming an Integrated M&A Company

A highly specialized group of companies with a high work process quality

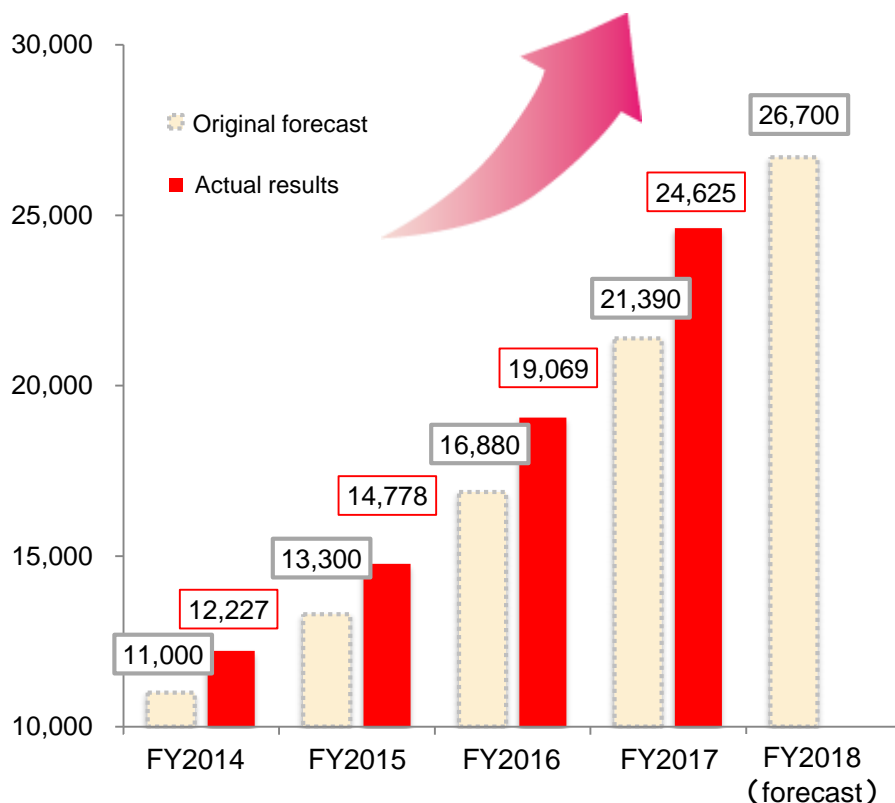




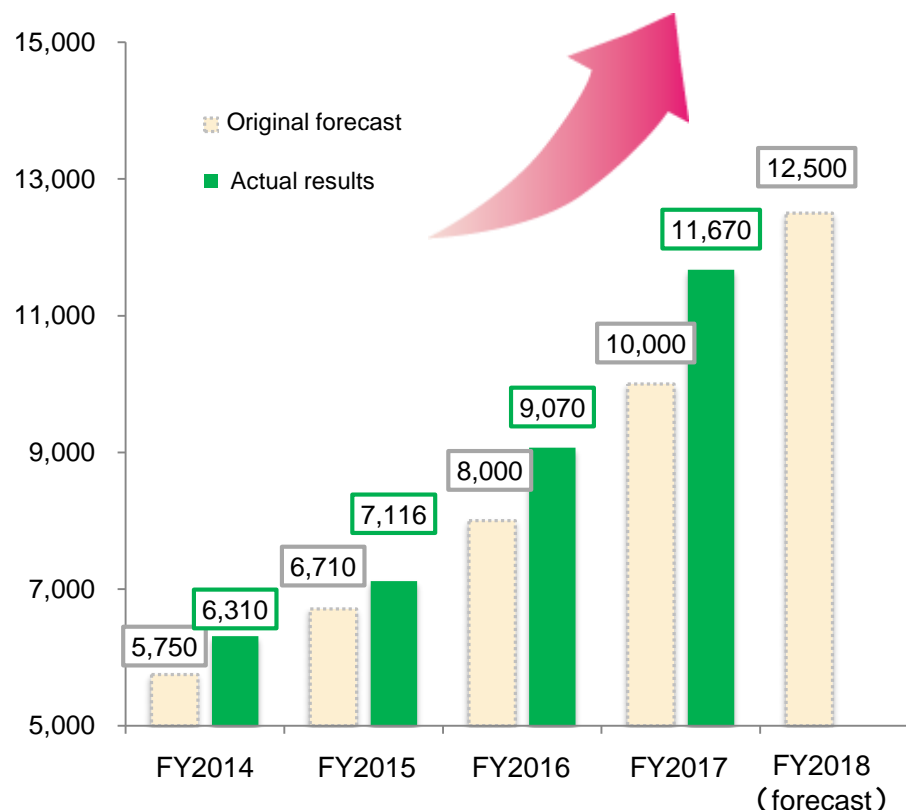
# Forecasts and Changes in Operating Results

Actual results exceeded forecasts for the eighth consecutive period.  
Break our highest profits for nine consecutive periods in FY 2018

## Changes in Sales (¥mn)



## Changes in Ordinary Income (¥mn)





# Medium-term Management Objectives

Paid-in stock options whose terms for exercise are linked to operating results

10 billion yen as the medium-term management objective,  
Significantly exceeded in one year ahead.

⇒ Migrate the new performance target.

	Period	Ordinary income (annual)	Ratio of exercisable paid-in stock options	Remarks
(1)	FY2015	In any FY Over 8 billion yen	30% of all paid-in stock options allotted	FY 2015 ordinary income result ¥7.1 bn
(2)	FY2016			FY 2016 ordinary income result ¥9 bn
(3)	<b>FY2017</b>	Over 9 billion yen	30% of all paid-in stock options allotted	<b>achieved</b> FY2017 Ordinary income result 11.6 billion yen
(4)	FY2018	Over 10 billion yen	40% of all paid-in stock options allotted	—

\* However, when ordinary income dips below 6 billion yen even once, between FY2015 and FY2018, these paid-in stock options cannot be exercised regardless of the abovementioned conditions.

\* Stock options will be exercised on and after June 30, 2019. The maximum dilution rate is 2.9%.



# New paid-in stock options and Performance target

<Ordinary income under the terms for exercise>  
Achieved one year in advance from the initial FY

	Period	Ordinary income (annual)	Ratio of exercisable paid-in stock options	Remarks
(1)	FY2018	Over 11.5 billion yen	(1)and(2), 30% of all paid-in stock Options allotted	<FY2018 Earnings forecast> <b>12.5 billion yen</b> under the terms for exercise in FY2019
(2)	FY2019	Over <b>12.5 billion yen</b>		
(3)	FY2020	Over 13.5 billion yen	30% of all paid-in stock options allotted	
(4)	FY2021	Over 15 billion yen	40% of all paid-in stock options allotted	

\* However, when ordinary income dips below 9 billion yen even once, between FY2018 and FY2021, these paid-in stock options cannot be exercised regardless of the abovementioned conditions.

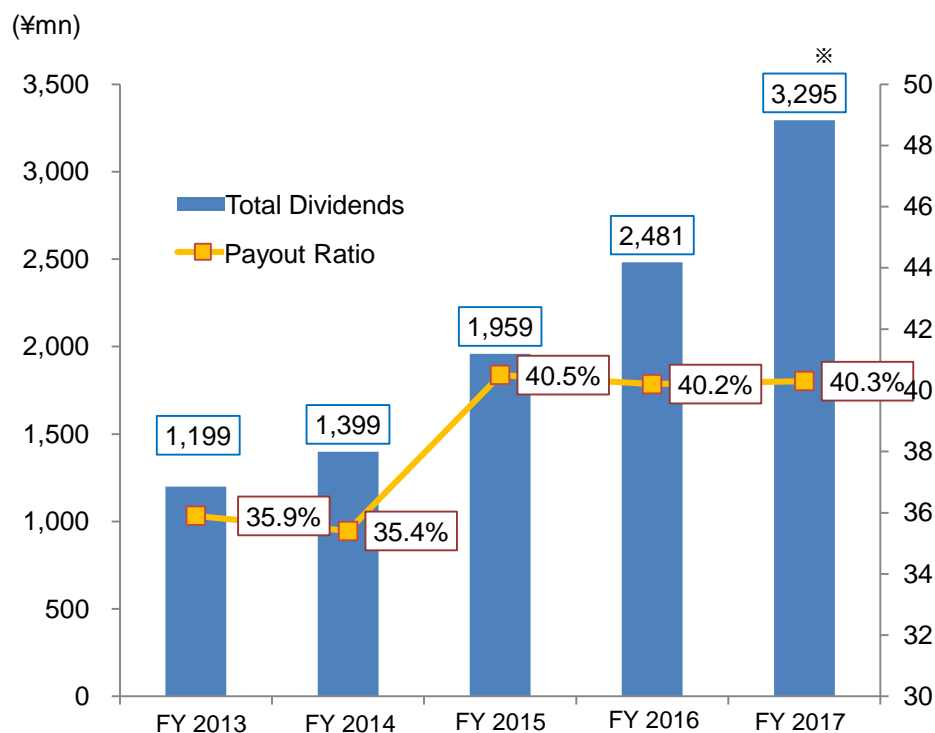
\* The number of shares which increase due to the issuance of this paid-in stock option is equivalent to 2.7% of the outstanding shares at maximum, and they become exercisable on July 1, 2022.



# Changes in Total Dividends and Market Capitalization

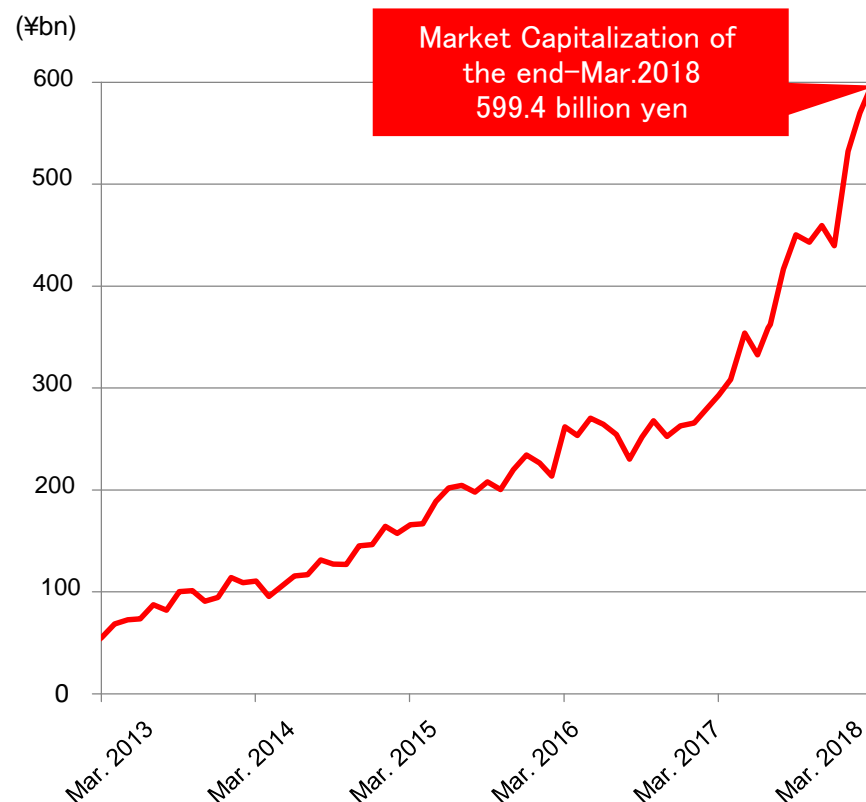
## Long-term Satisfactory Progress

Trends in total dividends and payout ratio



※To be determined at the general meeting of stockholders

Changes in Market Capitalization

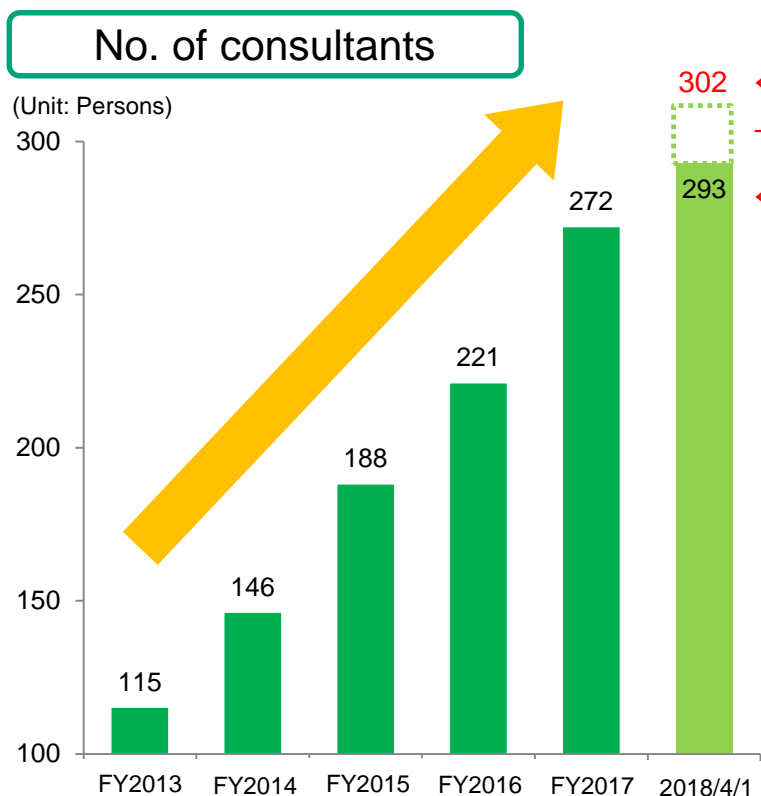






# Employee Numbers

The number of hired consultants increases steadily, and reaching 300.



302 ← The number of hired consultants and prospective hired consultants on Apr. 27

+9 ※2

← The number of hired consultants on Apr. 1 ※1

		End of FY2013	End of FY2014	End of FY2015	End of FY2016	End of FY2017	2018/4/1
Cost of sales	Consultants	115	146	188	221	272	293
	Front Office	105	130	174	199	224	244
	(Middle office / Profession)	10	16	14	22	48	49
	Staff ※3	9	11	28	41	43	49
SGA Expenses	Staff	14	16	18	21	22	25
Total		138	173	234	283	337	367

※1 14 new graduates have joined.

※2 9 mid-career recruits have accepted informal job offers as of Apr. 27 (Consultants).

\* Seconded persons are not included in the number of staff members shown above.

※3 Consists of sales support members from the sales planning division, sales support division, Corporate Value Laboratory Inc. etc.



# Summary of Income Statement

Highest profit  
Net income reaching 131.9% in the same period of the previous year

(¥mn , %)	FY2017 (Full-year Results)		YoY %	FY2017 (Original full year forecast )			FY2016 (Full-year Results)	
	Total	%		Total	%		Total	%
Sales	24,625	100.0	129.1	21,390	100.0		19,069	100.0
(M&A sales)	(24,321)	(98.8)					(18,800)	(98.6)
Cost of sales	9,129	37.1					6,978	36.6
(Referral fees and outsourcing expenses)	(3,578)	(14.5)					(2,604)	(13.7)
(Personnel and transportation costs)	(5,413)	(22.0)					(4,233)	(22.2)
Gross profit	15,495	62.9					12,090	63.4
SGA expenses	3,890	15.8					3,044	16.0
Operating income	11,605	47.1	128.3	10,000	46.8		9,046	47.4
Non-operating income	75	0.3					51	0.3
Non-operating expenses	10	0.0					27	0.1
Ordinary income	11,670	47.4	128.7	10,000	46.8		9,070	47.6
Extraordinary gain	-	-					0.0	0.0
Extraordinary loss	-	-					-	-
Income before taxes	11,670	47.4					9,070	47.6
Corporate tax	3,524	14.3					2,896	15.2
Net income	8,146	33.1	131.9	6,763	31.6		6,174	32.4



# (Reference) Sales and Profits by Business

## Breakdown of consolidated sales into M&A sales and other sales

(yen, mn)

	FY2014		FY 2015			FY 2016			FY 2017		
	Total	%	Total	%	Y o Y	Total	%	Y o Y	Total	%	Y o Y
Sales	12,227	100.0%	14,778	100.0%	120.9%	19,069	100.0%	129.0%	24,625	100.0%	129.1%
Direct costs*1	1,625	13.3%	2,110	14.3%	129.8%	2,745	14.4%	130.1%	3,716	15.1%	135.4%
Direct profit	10,601	86.7%	12,667	85.7%	119.5%	16,324	85.6%	128.9%	20,909	84.9%	128.1%
M&A sales	12,009	100.0%	14,542	100.0%	121.1%	18,800	100.0%	129.3%	24,321	100.0%	129.4%
M&A cost of sales*2	1,537	12.8%	1,996	13.7%	129.8%	2,604	13.9%	130.5%	3,578	14.7%	137.4%
M&A gross profit	10,471	87.2%	12,545	86.3%	119.8%	16,195	86.1%	129.1%	20,742	85.3%	128.1%
Other sales	218	100.0%	235	100.0%	108.0%	269	100.0%	114.2%	304	100.0%	113.1%
Cost of other sales	87	40.2%	114	48.4%	130.0%	140	52.1%	122.9%	137	45.1%	97.9%
Other gross profit	130	59.8%	121	51.6%	93.2%	128	47.9%	106.0%	167	54.9%	129.6%
Non-allocable cost of sales*3	2,461	20.1%	3,208	21.7%	130.3%	4,233	22.2%	132.0%	5,413	22.0%	127.9%
Gross profit	8,140	66.6%	9,459	64.0%	116.2%	12,090	63.4%	127.8%	15,495	62.9%	128.2%

\*1 Direct cost includes M&A cost of sales (referral fees and outsourcing expenses) and cost of other sales.

\*2 M&A cost of sales consists of referral fees and outsourcing expenses.

\*3 Non-allocable cost of sales includes personnel costs, transportation costs, etc.



# Balance Sheet Summary

## Maintaining a sound balance sheet

(yen, mn, %)

Assets	End of FY2017	%	Change	End of FY2016
I Current assets	15,865	50.0	3,331	12,533
Cash and deposits	13,337	42.0	3,293	10,043
Other current assets	2,528	8.0	38	2,489
II Fixed assets	*15,872	50.0	3,449	12,423
<b>Total assets</b>	<b>31,737</b>	<b>100.0</b>	<b>6,781</b>	<b>24,956</b>

\*Long-term deposit  
13,000

Liabilities and net assets	End of FY2017	%	Change	End of FY2016
I Current liabilities	6,761	21.3	1,887	4,873
II Fixed liabilities	2,932	9.2	-1,069	4,002
<b>Total liabilities</b>	<b>9,694</b>	<b>30.5</b>	<b>817</b>	<b>8,876</b>
Interest bearing liabilities	3,500	11.0	-1,000	4,500
<b>Net assets</b>	<b>22,043</b>	<b>69.5</b>	<b>5,963</b>	<b>16,080</b>
Retained earnings	24,034	75.7	5,389	18,644
<b>Total liabilities and net assets</b>	<b>31,737</b>	<b>100.0</b>	<b>6,781</b>	<b>24,956</b>

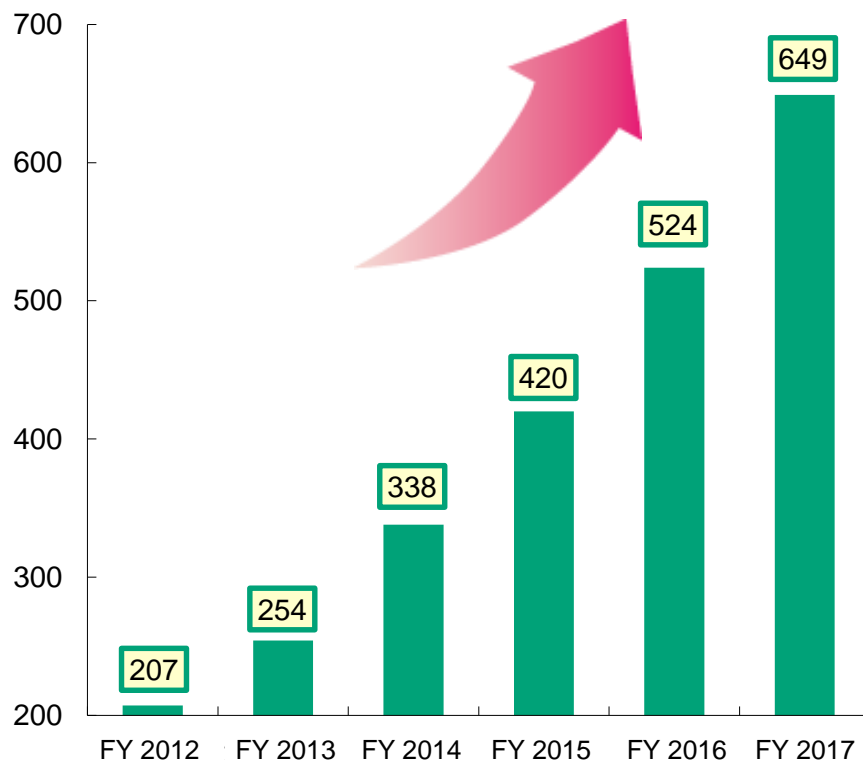


# Long-Term Trends in the Number of Deals Closed

The number of deals closed has been increasing steadily over a long period of time to reach 3.1 times in five years (from 207 to 649)

## Trends in the number of deals closed

(Unit: Number of deals)





# Number of Deals Closed and Other Statistics (Details)

The total number of deals closed in full-year is the highest ever  
( 649, YoY123.9% )

(Units: number of deals, million yen)

	FY 2015					FY 2016					FY 2017				
	1Q	2Q	3Q	4Q	FY Total	1Q	2Q	3Q	4Q	FY Total	1Q	2Q	3Q	4Q	FY Total
Total deals (number of companies)*1	108	101	118	93	420	127	152	127	118	524	173	207	151	118	649
Total amount for the same fiscal year	108	209	327	420	-	127	279	406	524	-	173	380	531	649	-
Number of selling deals closed	54	53	59	46	212	63	77	63	59	262	83	104	76	60	323
Number of buying deals closed	54	48	59	47	208	64	75	64	59	262	90	103	75	58	326
Other closed deals (restructuring, etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M&A sales	3,412	3,343	4,356	3,430	14,542	4,282	5,889	4,633	3,994	18,800	6,422	6,985	6,343	4,570	24,321
M&A sales per deal*2	31.6	33.1	36.9	36.9	34.6	33.7	38.7	36.5	33.9	35.9	37.1	33.7	42.0	38.7	37.5
Total number of deals closed (number of transactions)*1	57	53	61	49	220	64	79	64	60	267	91	105	76	60	332
Total amount for the same fiscal year	57	110	171	220	-	64	143	207	267	-	91	196	272	332	-

\*1 Total deals (individual) is the number of sell-side deals added to the number of buy-side deals (based on contingent fees).

Total deals (transactions) is the total number of transactions.

\*2 M&A sales divided by the number of total deals; includes retainer fees.



# Number of deals closed for 4Q (Jan. - Mar.) 1/3

118 deals closed in 60 groups in one quarter.  
A large variety of industries across a vast area!

On average, one M&A deal is closed every day.

	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
1	Civil engineering	Kanto	Rubber products manufacturing	Kansai	Stock transfer
2	Builder	Kansai	Fund	Kanto	Stock transfer
3	Telecommunication work	Hokkaido, Tohoku	Electrical work	Kyushu, Okinawa	Stock transfer
4	Apparel	Kanto	Travel Agency	Kanto	Stock transfer
5	Plastic production	Koshinetsu	Commodities wholesale	Kansai	Stock transfer
6	Fabricated metal production	Kansai	Machinery and equipment production	Kansai	Stock transfer
7	Commissioned software development	Kanto	Package software service	Hokkaido, Tohoku	Stock transfer
8	Contents production	Kanto	Fund	Kanto	Stock transfer
9	Apparel	Kanto	Ceremonial Occasions Industry	Kanto	Stock transfer
10	Wholesale of machinery and equipment	Kanto	Machinery and equipment production	Kanto	Stock transfer
11	Apparel	Kanto	Logistics	Chugoku, Shikoku	Stock transfer
12	Automobile dealer	Koshinetsu	Automobile dealer	Kansai	Stock transfer
13	Ornaments retail	Kanto	Ornaments retail	Kanto	Stock transfer
14	Real estate buying and selling	Kanto	Real estate buying and selling	Kansai	Stock transfer
15	Hospital	Chugoku, Shikoku	Private residential home	Chugoku, Shikoku	Equity transfer

⇒ (cont'd on next page)



# Number of deals closed for 4Q (Jan. - Mar.) 2/3

⇒ (cont'd from previous page)

	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
16	Rubber products manufacturing	Kyushu, Okinawa	Machinery and equipment production	Kansai	Stock transfer
17	Real estate rental	Kanto	Real estate rental	Kanto	Stock transfer
18	Nursing care public welfare services	Hokkaido, Tohoku	Nursing care public welfare services	Kanto	Company split
19	Civil engineering	Kanto	Civil engineering	Kanto	Stock transfer
20	Interior carpentry	Koshinetsu	Construction materials wholesale	Kyushu, Okinawa	Stock transfer
21	Electrical work	Hokkaido, Tohoku	Electrical work	Hokkaido, Tohoku	Stock transfer
22	Telecommunication work	Chugoku, Shikoku	Electrical work	Kyushu, Okinawa	Stock transfer
23	Plumbing	Kansai	Electrical work	Chugoku, Shikoku	Stock transfer
24	Food production	Kanto	Food production	Tokai, Hokuriku	Stock transfer
25	Machinery and equipment production	Chugoku, Shikoku	Machinery and equipment production	Chugoku, Shikoku	Stock transfer
26	Machinery and equipment production	Kansai	Machinery and equipment production	Tokai, Hokuriku	Stock transfer
27	Commissioned software development	Kanto	Package software service	Kansai	Stock transfer
28	Taxi company	Koshinetsu	Logistics	Kanto	Stock transfer
29	Food wholesale	Koshinetsu	Food wholesale	Kyushu, Okinawa	Stock transfer
30	Food wholesale	Kyushu, Okinawa	Commodities wholesale	Kyushu, Okinawa	Stock transfer
31	Automobile wholesale	Kanto	Automobile dealer	Kanto	Stock transfer
32	Wholesale of machinery and equipment	Kanto	Machinery and equipment production	Kyushu, Okinawa	Business transfer
33	Grocery retail	Kanto	Wholesale of machinery and equipment	Hokkaido, Tohoku	Stock transfer
34	nonstore retail	Hokkaido, Tohoku	Grocery retail	Tokai, Hokuriku	Stock transfer
35	Architectural design	Kansai	General leasing	Kansai	Stock transfer
36	Surveying industry	Hokkaido, Tohoku	Sheet metal work	Hokkaido, Tohoku	Stock transfer
37	Restaurants	Kansai	Real estate buying and selling	Kansai	Stock transfer

⇒ (cont'd on next page)





# Number of deals closed for 4Q (Jan. - Mar.) 3/3

⇒ (cont'd from previous page)

	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
38	Professional Training College	Kyushu, Okinawa	Professional Training College	Kyushu, Okinawa	Stock transfer
39	Hospital	Kansai	Clinic	Kansai	Retirement benefit
40	Forestry	Kanto	Specialized trading company	Kanto	Stock transfer
41	Civil engineering	Hokkaido, Tohoku	Civil engineering	Hokkaido, Tohoku	Stock transfer
42	Builder	Kanto	Quarrying	Kanto	Stock transfer
43	Builder	Kyushu, Okinawa	Builder	Kyushu, Okinawa	MBO
44	Interior carpentry	Kanto	Paper products wholesale	Kanto	Stock transfer
45	Electrical work	Chugoku, Shikoku	Civil engineering and construction of buildings	Chugoku, Shikoku	Stock transfer
46	Plumbing	Kanto	Plumbing	Kanto	Stock transfer
47	Plastic production	Tokai, Hokuriku	Plastic production	Tokai, Hokuriku	Stock transfer
48	Concrete products manufacturing	Koshinetsu	Logistics	Koshinetsu	Stock transfer
49	Industrial machinery manufacturing	Kanto	Machinery and equipment production	Kanto	Stock transfer
50	Industrial machinery manufacturing	Tokai, Hokuriku	Machinery and equipment production	Chugoku, Shikoku	Stock transfer
51	Bus company	Kanto	Travel Agency	Koshinetsu	Stock transfer
52	Logistics	Hokkaido, Tohoku	Logistics	Hokkaido, Tohoku	Stock transfer
53	Food wholesale	Kanto	Food wholesale	Kanto	Stock transfer
54	Construction materials wholesale	Hokkaido, Tohoku	Specialized trading company	Hokkaido, Tohoku	Stock transfer
55	Grocery retail	Hokkaido, Tohoku	Food production	Hokkaido, Tohoku	Stock transfer
56	Dispensing pharmacy	Hokkaido, Tohoku	Dispensing pharmacy	Kanto	Business transfer
57	Dispensing pharmacy	Kansai	Dispensing pharmacy	Kanto	Stock transfer
58	Construction machinery leasing	Hokkaido, Tohoku	Construction materials wholesale	Hokkaido, Tohoku	Stock transfer
59	Restaurants	Tokai, Hokuriku	Mechanical design industry	Chugoku, Shikoku	Stock transfer
60	Restaurants	Kanto	Worker dispatching	Kanto	Company split

# IIIA TOPICS (1)

We have established Japan Investment Fund Inc. "J-FUN,"  
a company that manages private equity funds.

Focusing on investment in small and medium-sized regional companies  
in good standing with a strong growth potential.



## Development Bank of Japan

- Rich experience in fund management
- Strong financial resources

## Regional banks

- Planning to invest in the fund and take part in its efforts
- Providing support for regional development
- Enhancing regional networks



- Information development capabilities
- Efficient communication with business owners
- Ability to achieve growth

The goal is to build social infrastructure to provide small and medium-sized companies  
with a basis for growth and contribute to the regional economy.

# TOPICS (2)

We have established a subsidiary that specializes in PMI consulting services.  
- Focusing from closing M&A deals to making sure they succeed. -

In addition to improving the M&A success rate,  
we also want to encourage M&A among buyers and boost industry reorganization.

## Quantitative (accounting) domain

Managed by CPAs

- Work handover support
- Introduction of management accounting
- Speeding up settlement of accounts and improving the system etc.

## Qualitative (business) domain

Managed by integrators

- Developing a 100-day plan
- Proposing and developing a growth strategy and business plan
- Designing KPIs and creating management materials etc.
- Management vision
- Workflow, organizational analysis
- Communication assistance etc.

## Japan Collaborative Growth Partners Inc.



**Japan  
Collaborative  
Growth  
Partners**

The company defines PMI not as "post-merger integration," but rather as "a collaborative growth process to ensure that both the seller and buyer continue to grow after a capital tie-up is formed."

Origin of the corporate name "Collaborative Growth"

⇒ Seeking to build **C**ollaborative **G**rowth partnerships

# TOPICS (3)

We have established a subsidiary that specializes in online M&A matching services for small businesses.

The company provides M&A solutions for small businesses with annual sales of less than 100 million yen, which account for 85% of all companies (including businesses that don't become corporation).



**&Biz**  
&Biz Inc.

Financial institutions,  
accounting offices, etc.

More than 800  
registered M&A  
advisers

**日本M&Aセンター**

Know-how based on a  
total of 4,000 closed  
deals



▶ Press conference after the establishment of &Biz on April 10, 2018

# TOPICS (4)

We opened new sales offices to cover the Chugoku and Shikoku regions (in Hiroshima City) and the Okinawa region (in Naha City) on April 2.

The diagram features a map of Japan and a small map of Singapore. Green circles on the map indicate the locations of Nihon M&A Center offices. Callout boxes with photos of the buildings are connected to these circles by green lines. The locations are: Okinawa Sales Office (Naha), Chugoku and Shikoku Sales Office (Hiroshima), Sapporo Sales Office, Tokyo Headquarters, Fukuoka Sales Branch, Osaka Branch, Nagoya Branch, and Singapore Office. A legend indicates that the green circle represents Nihon M&A Center locations.

Okinawa Sales Office (Naha)

Chugoku and Shikoku Sales Office (Hiroshima)

Sapporo Sales Office

Tokyo Headquarters

Fukuoka Sales Branch

Osaka Branch

Nagoya Branch

Singapore Office

● = Nihon M&A Center locations

Building an M&A support system in close cooperation with each region to accelerate improvement of services and business development.

# IIA TOPICS (5)

In addition to the JPX-Nikkei Index 400, our company has become a new constituent of the Nikkei 500 Stock Average.

	JPX-Nikkei Index 400	Nikkei 500 Stock Average
Date of becoming a constituent	August 31, 2015	April 2, 2018
Essential quantitative indexes used in the selection process	<ul style="list-style-type: none"><li>• Average ROE during a period of three years</li><li>• Cumulative operating income during a period of three years</li><li>• Market capitalization</li></ul>	<p>The following data for the past three years:</p> <ul style="list-style-type: none"><li>• Trading volume</li><li>• Trading value</li><li>• Market capitalization</li></ul>

Our organization is the only company specializing in M&A to become a constituent of both indexes.



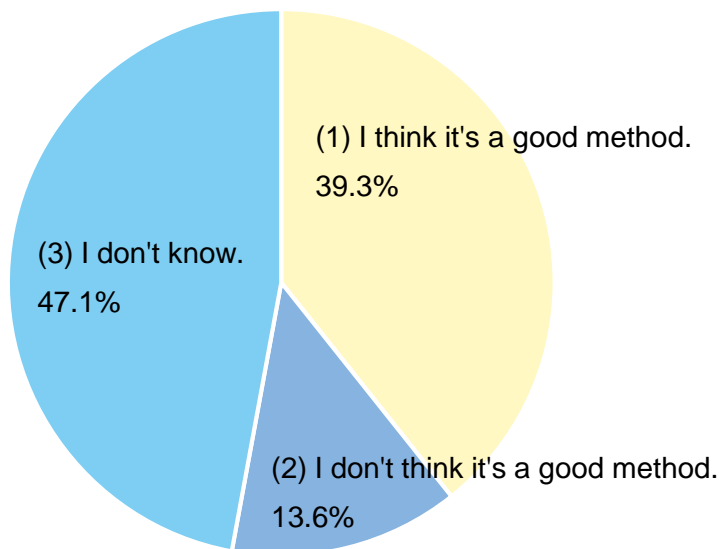
# TOPICS (6)

<A survey conducted by the Tokyo Chamber of Commerce and Industry>

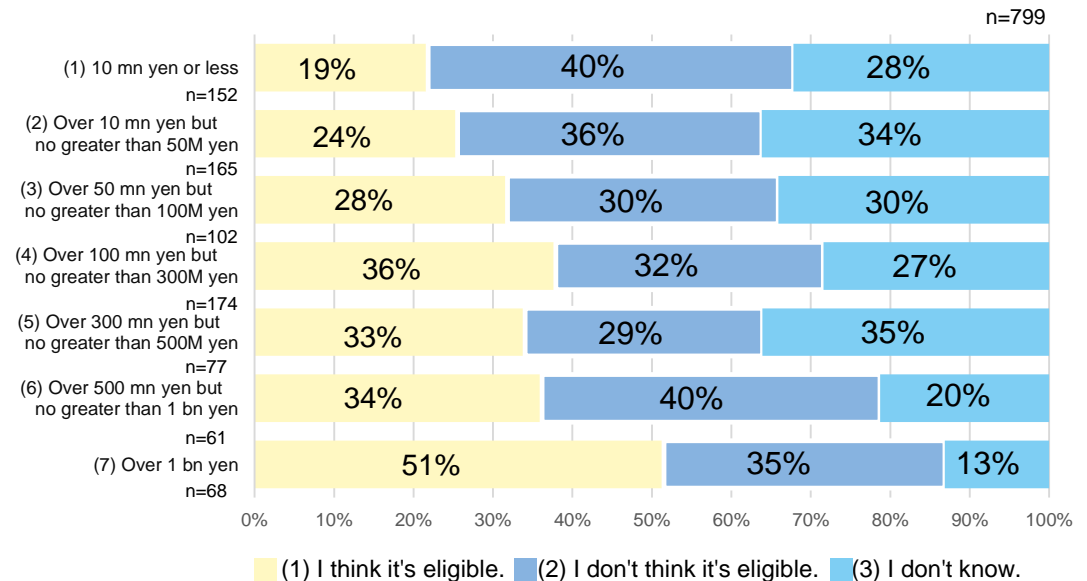
Approximately half of all the business owners in central Tokyo do not have the right idea about M&A.

A large number of business owners believe that their companies are not eligible for M&A even if they are actually suitable in scale.

## <Public Opinion regarding M&A>



## <Do you think your company is eligible for M&A?> (According to the appraised value of the inheritance tax for company's shares)



("A Survey on Business Succession" conducted by The Tokyo Chamber of Commerce and Industry in January 2018 \*The survey included business owners within the 23 special wards in Tokyo.)

The M&A methods have not become widely recognized yet, which is why this particular market has a strong growth potential.

We organized our first M&A conference on February 21.

We received more than 3,000 applications, and the number of participants reached 2,000.

We held breakout sessions and set up booths according to ten different topics. The topics in each breakout session were introduced by specialists from our company.

- Industry reorganization
- Listed companies
- Funds
- Small-scale M&A
- Corporate value
- Growth strategies
- Overseas expansion
- Succession by relatives
- PMI
- Legal matters regarding M&A



► The conference was held at ANA InterContinental Tokyo on February 21, 2018.



The goal of the event was to increase the recognition of M&A and our company.  
⇒ We confirmed that there is a strong public interest.



The number of qualified professionals with the "M&A Expert" certification has exceeded 20,000.

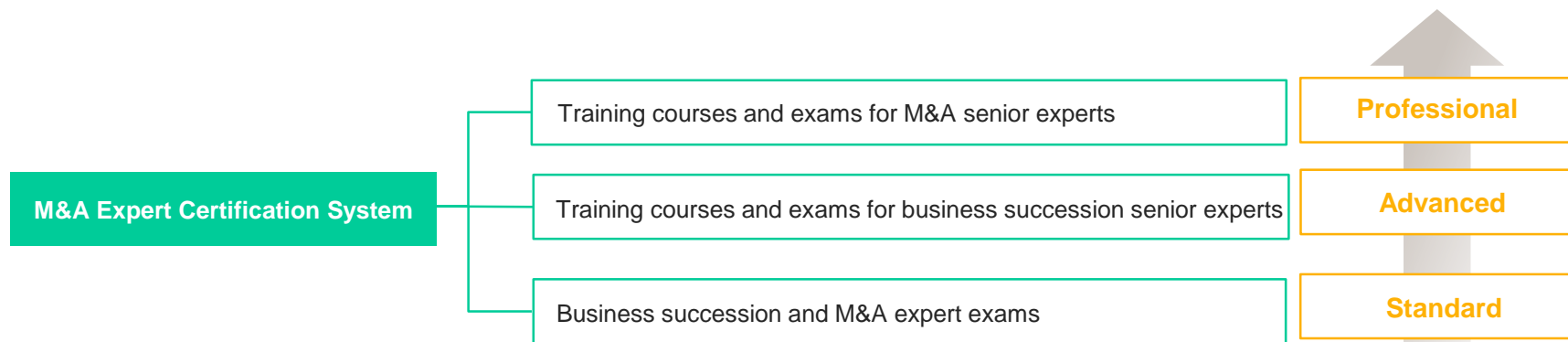
The number of certified professionals at financial institutions, especially regional banks, has increased.

⇒ We are expecting an increase in M&A cases introduced through financial institutions.

## What is the M&A Expert Certification System?

This is a qualification system established and managed jointly by Nihon M&A Center and Kinzai Institute for Financial Affairs Inc.

The goal of this system is to train professionals that are well versed in M&A and therefore capable of making sure that business succession and business matching activities for micro, small, and medium-sized companies are carried out correctly and smoothly.

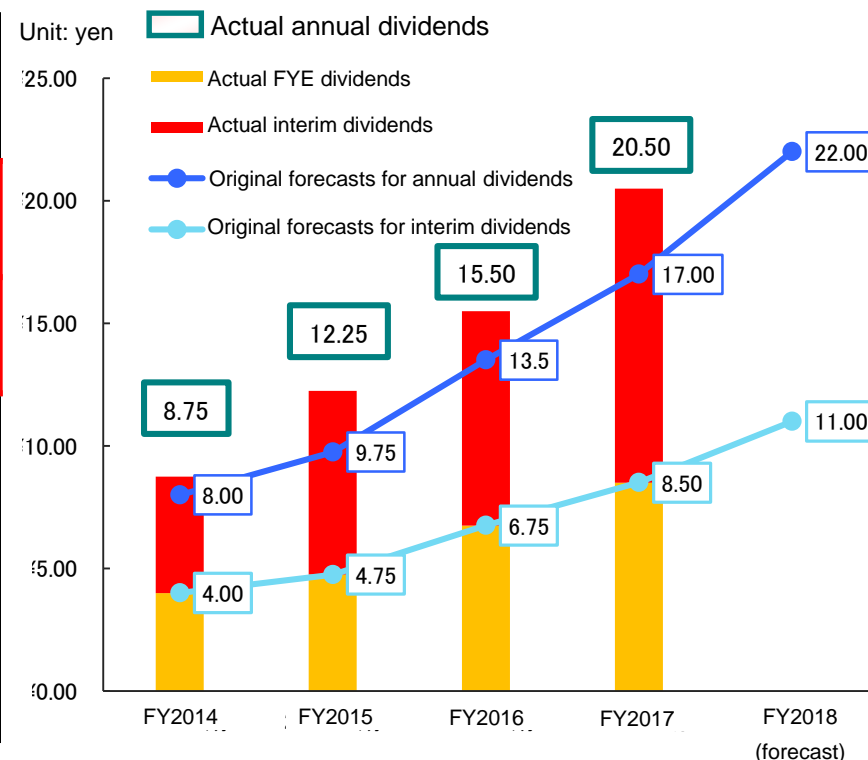


Consolidated payout ratio of 40%,  
FY2017 is also anticipated an increase from Originally planned amount

## Trends in dividend per share

(After taking into consideration the two-for-one share split dated Oct.1, 2016 and Apr. 1, 2018.)

	(Original) forecasts		Results		Actual consolidated payout ratio
	Amount	Dividend breakdown	Amount	Dividend breakdown	
<b>FY 2018 (forecast)</b>	<b>22.00 yen</b>	Interim 11.00 yen FYE 11.00 yen	- yen	Interim — FYE —	- %
<b>FY 2017</b>	<b>17.00 yen</b>	Interim 8.50 yen FYE 8.50 yen	<b>20.50 yen</b>	Interim 8.50 yen FYE 12.00 yen ※	<b>40.3%</b>
FY 2016	13.50 yen	Interim 6.75 yen FYE 6.75 yen	15.50 yen	Interim 6.75 yen FYE 8.75 yen	40.2%
FY 2015	9.75 yen	Interim 4.75 yen FYE 5.00 yen	12.25 yen	Interim 4.75 yen FYE 7.50 yen	40.5%
FY 2014	8.00 yen	Interim 4.00 yen FYE 4.00 yen	8.75 yen	Interim 4.00 yen FYE 4.75 yen	35.4%



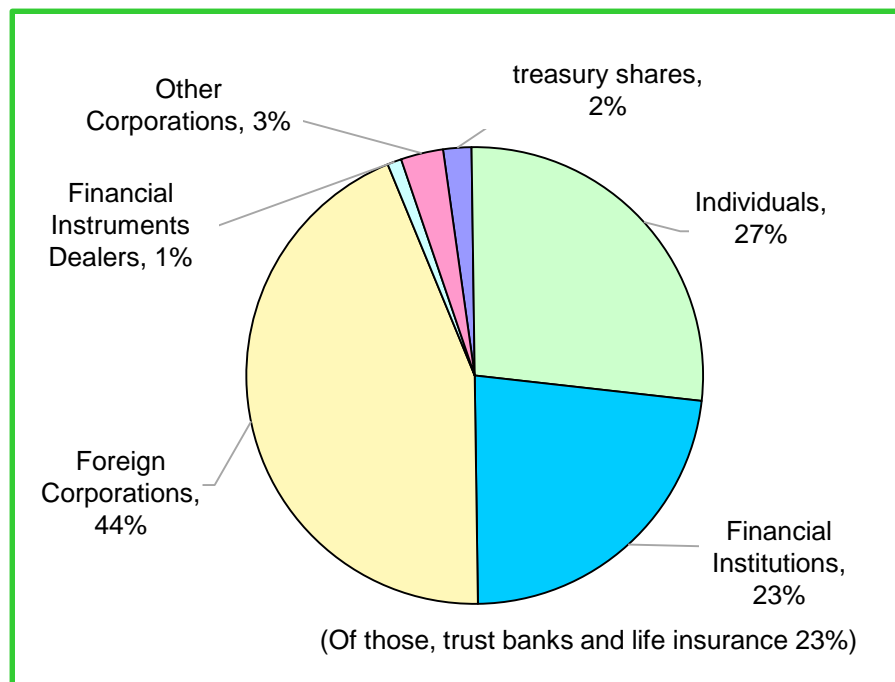
\* The actual FYE dividend per share in FY2017 is expected to equal 24.00 yen without taking into consideration the share splits.



# Shareholders

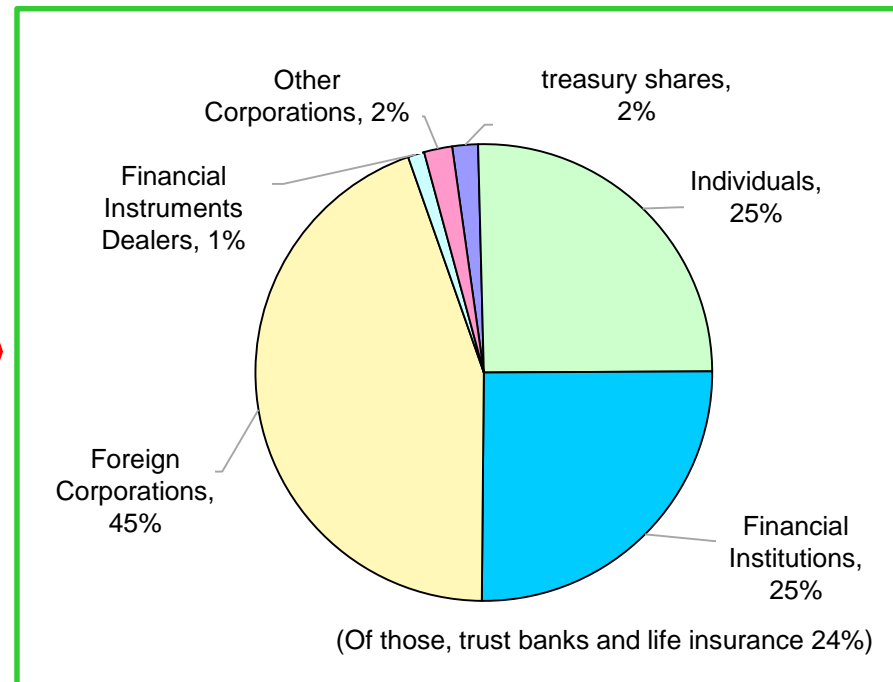
**Trend of distribution by category of shareholder:  
The percentage held by foreigners stands at about 45%**

Sep 30, 2017



Number of shareholders:10,112; Number of shares issued:81,870,600

March 31, 2018



Number of shareholders:14,560; Number of shares issued:81,900,600



## Company Overview



# Introduction

## External environment

- Aggravated business succession issues
- Acceleration of industry reorganization
- Wide-spread understanding of growth strategies



- M&A needs will intensify in the future.
- There are also social needs for M&A from the perspective of maintaining employment and ensuring economic growth.\*

Nihon M&A Center Inc. has established its overwhelming position as a leading company that specializes in "M&A between small- and medium-sized companies".

- The use of a unique M&A information network
- 240 professional M&A consultants standing by
- A database that has valuable information accumulated over years



- Efficient collection of information on deals
- Strong matching ability
- Highest quality M&A process

**Enables long-term growth**

**Achieves high profitability**

**Contributes to vitalizing local economy**

\* Ministry of Economy, Trade and Industry: Leaving the business succession issues unattended can force many companies out of business, which can force nearly 6.5 million people to lose their jobs and lead to a GDP loss of approximately 22 trillion yen in the next decade.



# Corporate Profile

(As of the end-Mar. 2018)

Leading Company in M&A intermediary services  
with the track record of 4,000 deals closed cumulative.

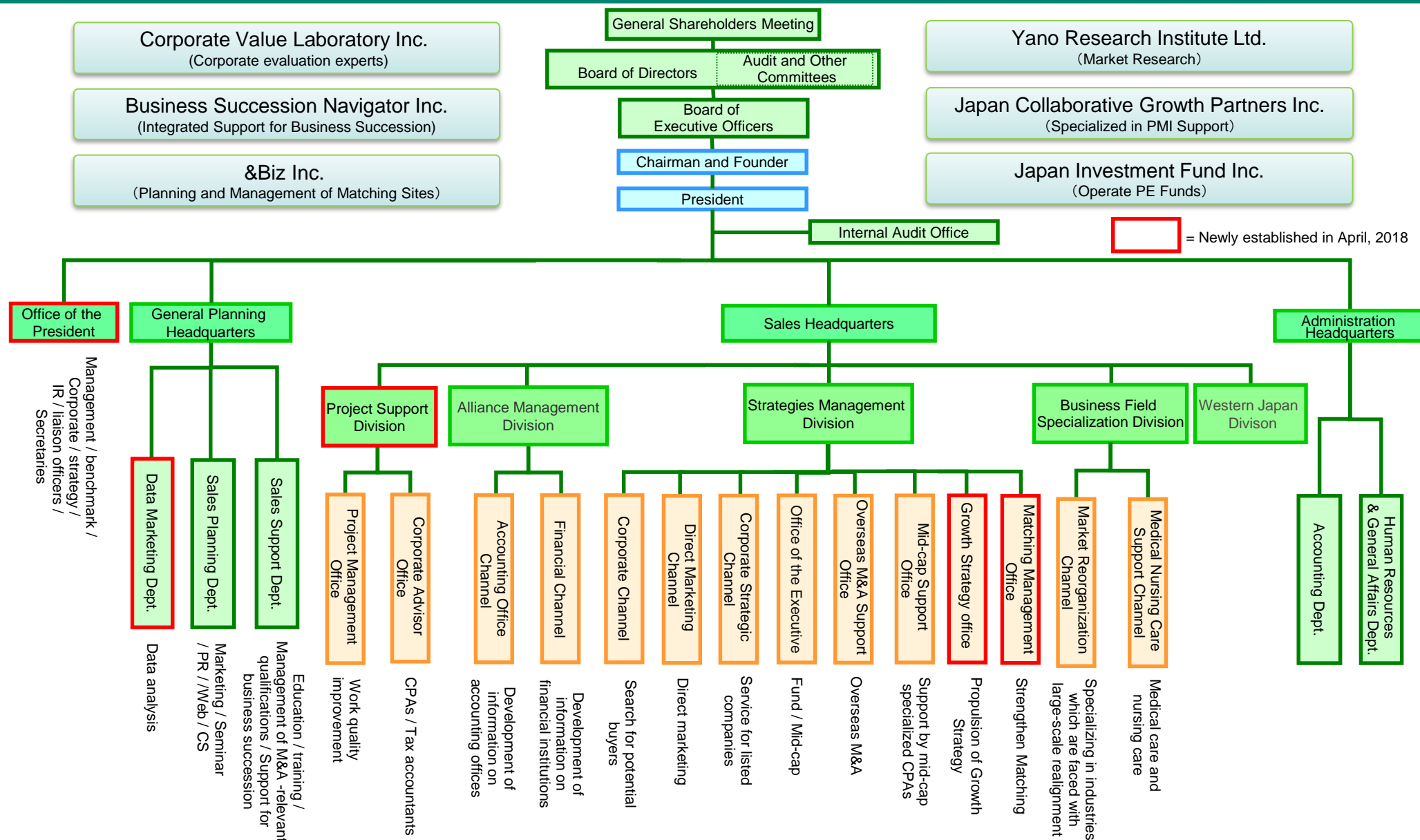
Company name	Nihon M&A Center Inc.		
Established	April 1991		
Business outline	M&A support for SMEs		
Representatives	Chairman and Founder    Yasuhiro Wakebayashi President                      Suguru Miyake		
Offices	Tokyo Headquarters, Osaka Branch, Nagoya Branch, Fukuoka Sales Branch, Sapporo Sales Office, Singapore Office, < ※4/2 open Chugoku and Shikoku Office(Located in Hiroshima), Okinawa Office >		
Paid-in capital	¥1.3 billion	Number of shares issued	81,900,600 shares
Market listings	Tokyo Stock Exchange 1st section	Stock code	2127
No. of employees (consolidated)	337 (excluding 6 full-time directors)	Breakdown of employee numbers	Consultants            272 Professional staff      65

# Corporate History

-	<b>Before establishment</b>	Current Chairman and Founder Yasuhiro Wakebayashi and President Suguru Miyake worked at Olivetti Japan selling computers to accounting firms and regional financial institutions throughout Japan. The current M&A network is based on the network cultivated at that time.
April 1991	<b>Company established</b>	Nihon M&A Center Inc. was established by prominent CPAs and tax accountants nationwide. Accounting offices throughout the country were organized into a <u>network of regional M&amp;A centers. (735 regional M&amp;A centers as of the end-Mar. 2018)</u>
May 2000	<b>Network of regional financial institutions</b>	We established a nationwide M&A workshop to expand our network with regional banks ( <u>98 tie-ups with regional banks as of the end-Mar. 2018</u> ). We also established a business alliance with Shinkin Central Bank, followed by similar alliances with its subsidiary Shinkin Capital and Shinkin banks throughout Japan ( <u>204 tie-ups with Shinkin banks as of the end-Mar 2018</u> ).
October 2006	<b>TSE Mothers listing</b>	Shares were listed on the TSE Mothers Stock Exchange on October 10, 2006. <u>It was the first listing of a company in Japan specializing in intermediary M&amp;A services for small- and medium-sized companies.</u>
December 2007	<b>TSE 1st section listing</b>	The company's stock was transferred from TSE Mothers to 1st Section on December 10, 2007 (a year and two months from the listing on the TSE Mothers, which is the fourth fastest transfer), meaning <u>the company became the first M&amp;A intermediary firm to list on the TSE 1st Section.</u>

★ Dividend payouts will continue as we have been operating at a profit since the second FY after the establishment.

# Overview of the Organization System

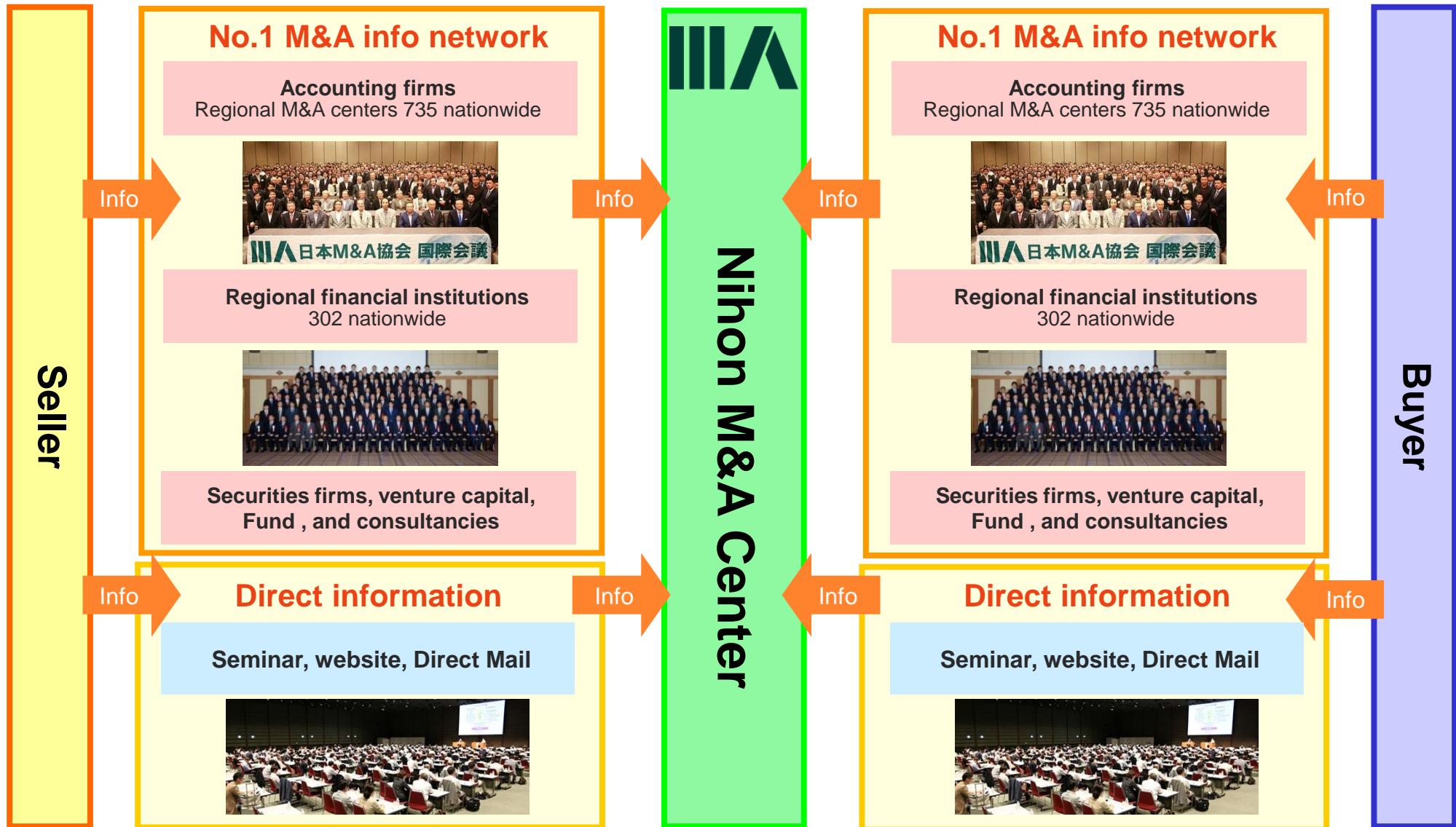




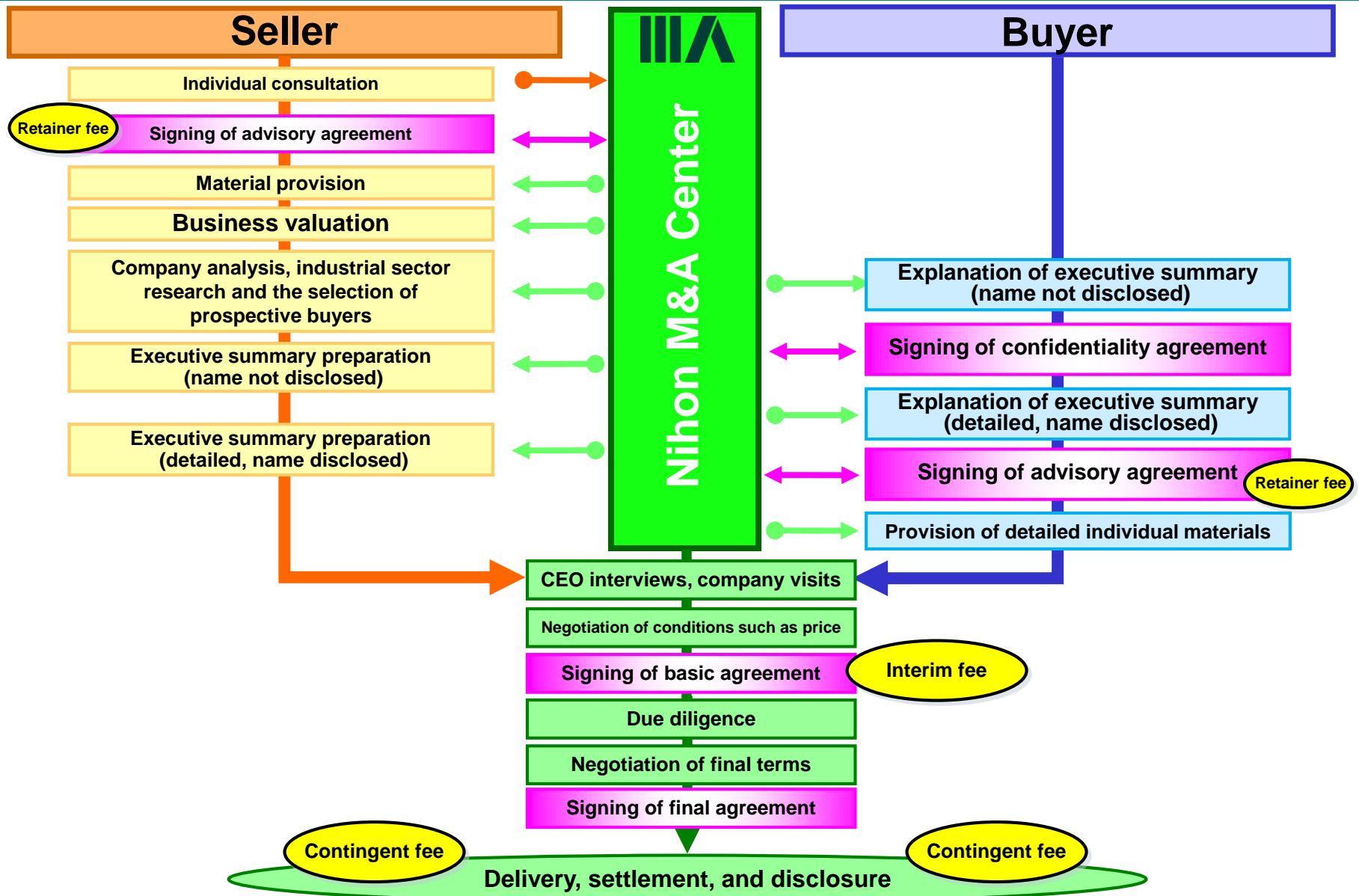


# Business Model

Platform for M&A market



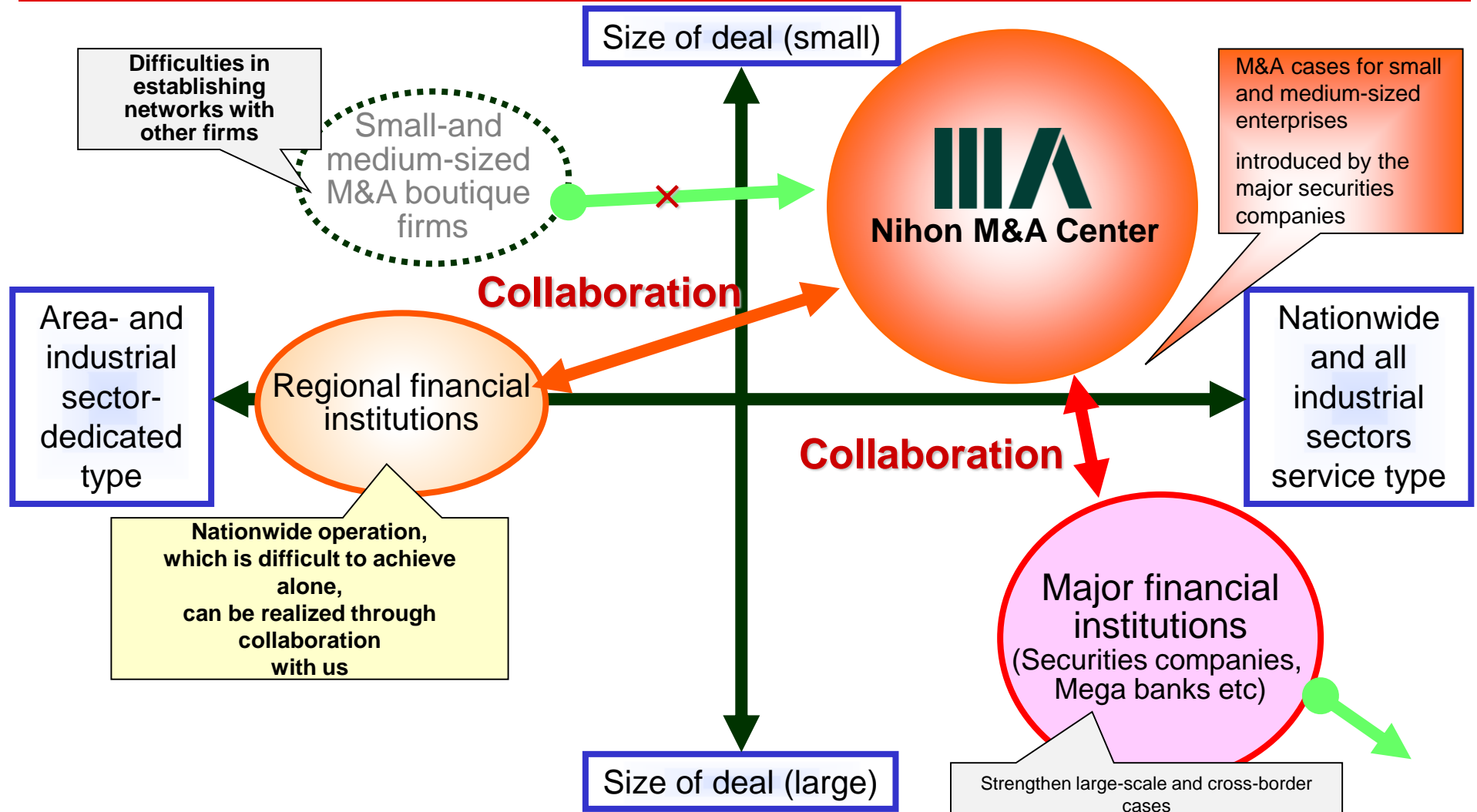
# M&A Intermediary Workflow





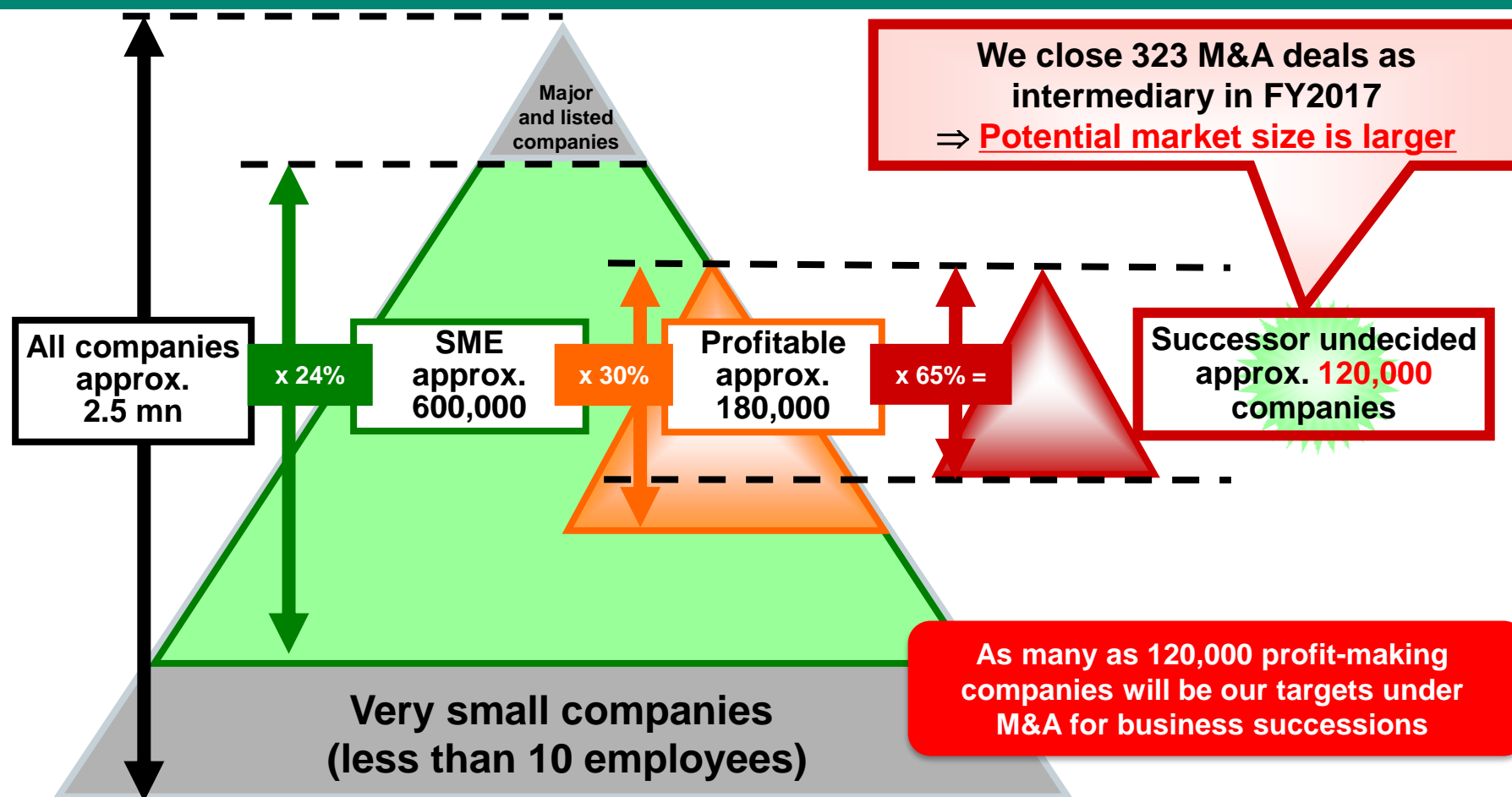
# Position of the Company

Growing entrustment through strengthening the cooperation with regional financial institutions and major securities companies





# Potential Size of "Business Succession" M&A Market



Note: The figures above are estimates calculated by Nihon M&A Center based on data from sources such as the National Tax Agency, Ministry of Internal Affairs and Communications and Teikoku Databank, Ltd.

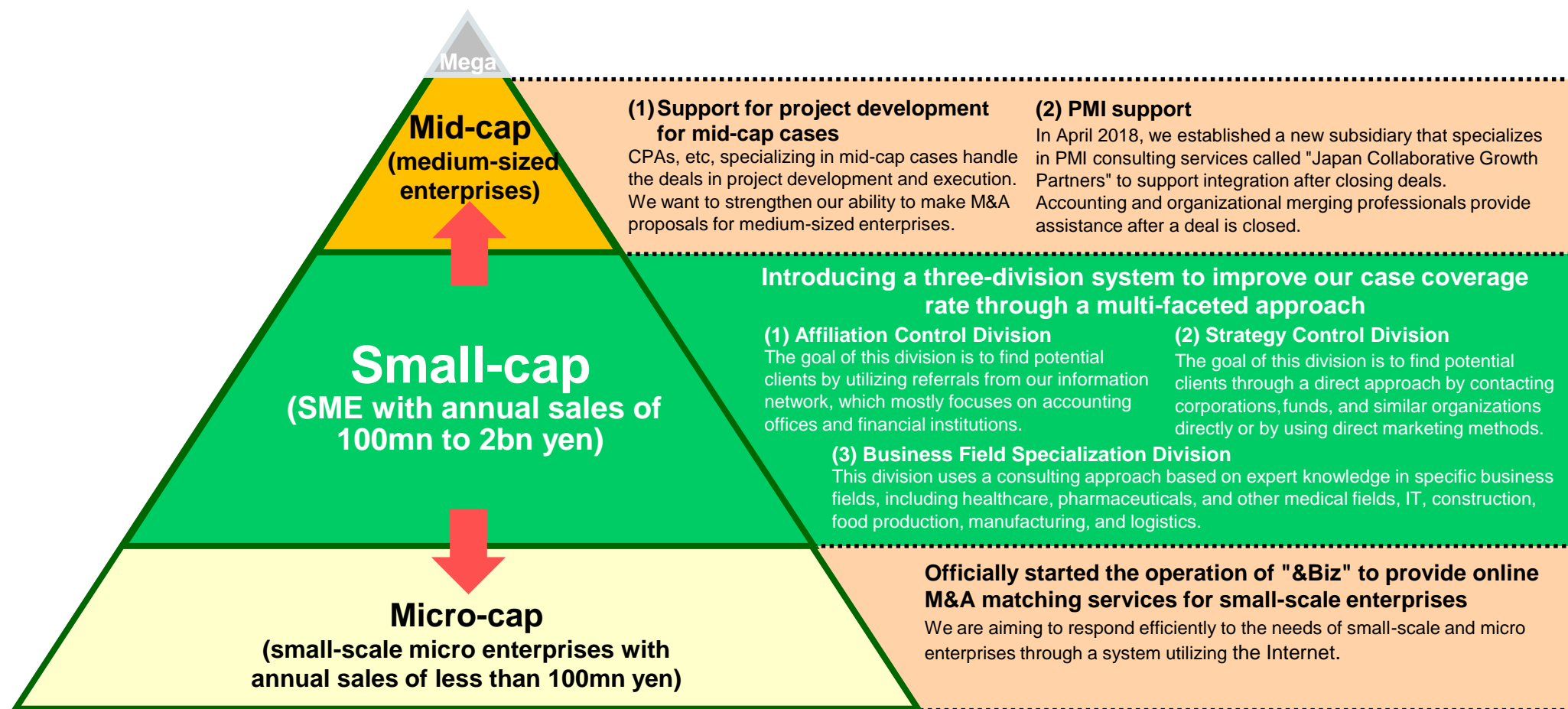
Approximately 20% of our closed transfer deals involve companies with less than 10 employees (FY 2015 results).

Since the market also includes many companies that operate at a loss, the actual target figure exceeds the 120,000-company target given above.

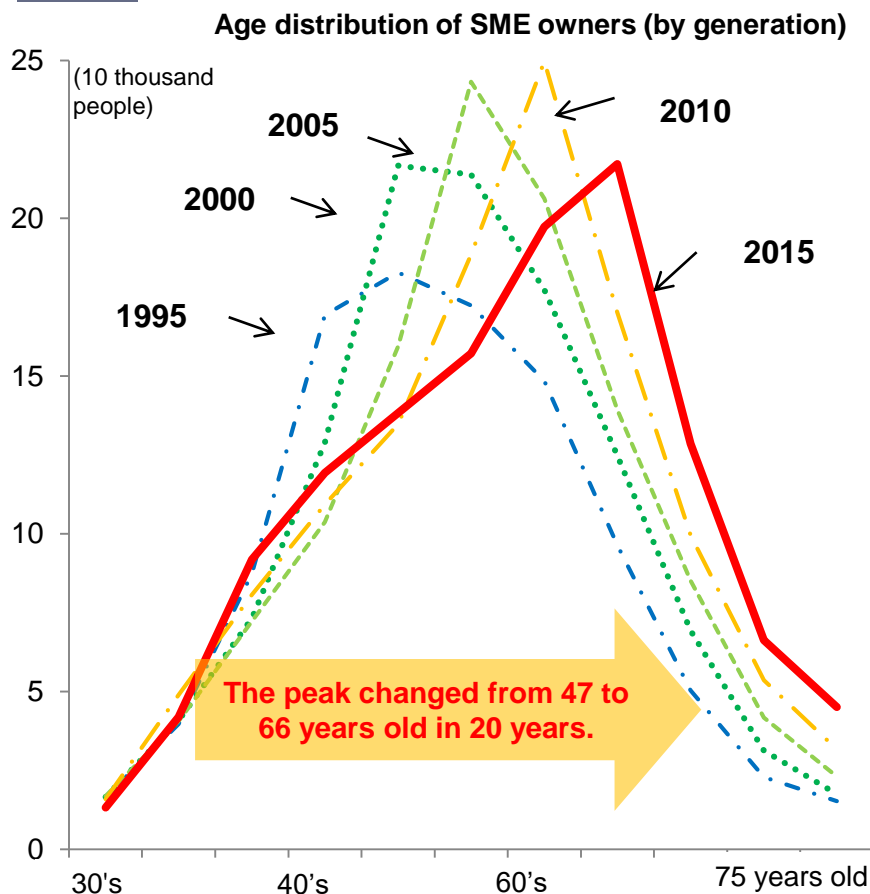
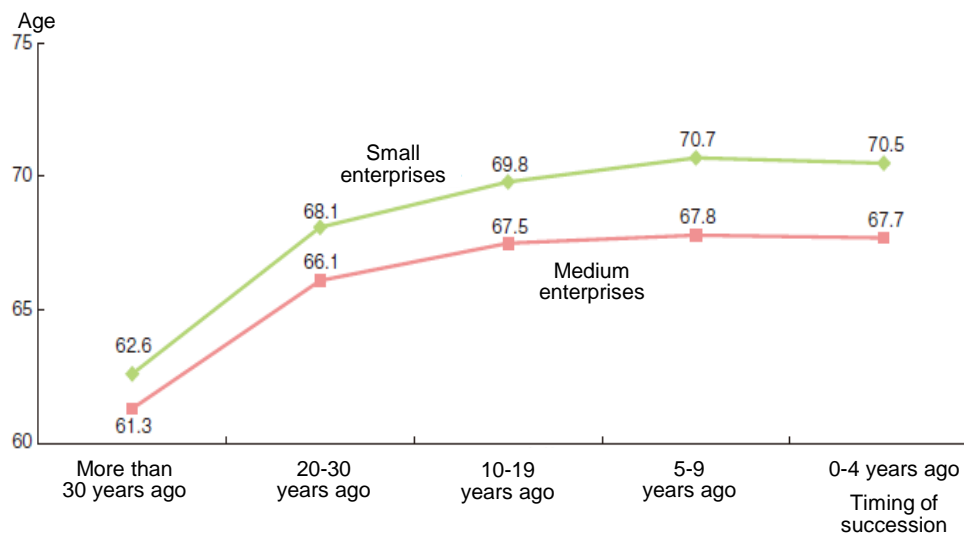


# The domestic markets we are targeting

In addition to SMEs, which are our specialty, we are also going to enhance our services for medium-sized and micro enterprises.



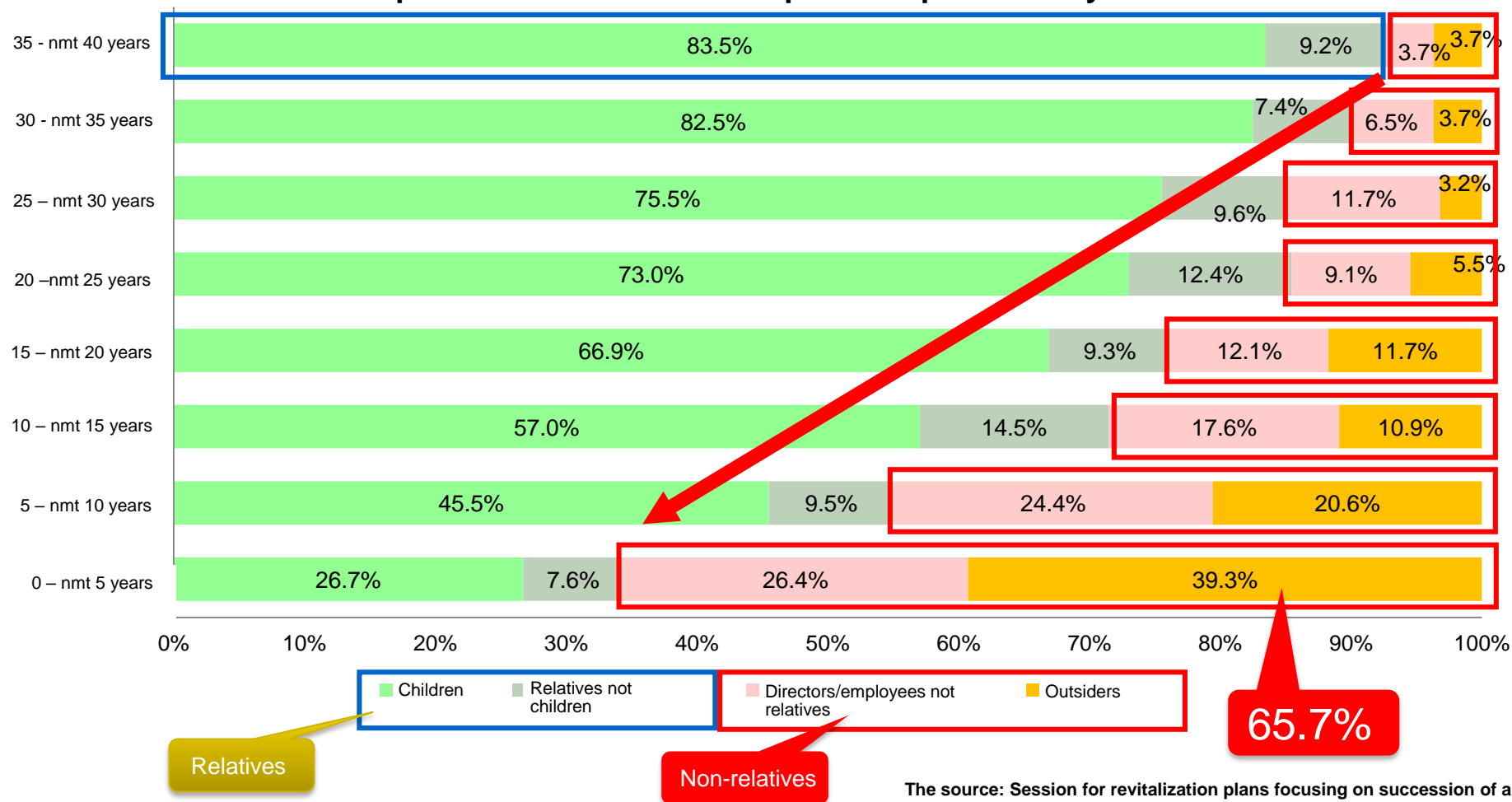
The peak in the age distribution of SME owners became 66 years old (Fig.1), which is close to the average age of retirement (Fig.2).

**Fig.1**

**Fig.2**
**Changes in the owner's average age of retirement**


The source: Session for revitalization plans focusing on succession of a business (1st session) by Small and Medium Enterprise Agency

The ratio of succession by non-relatives increased to over 65%

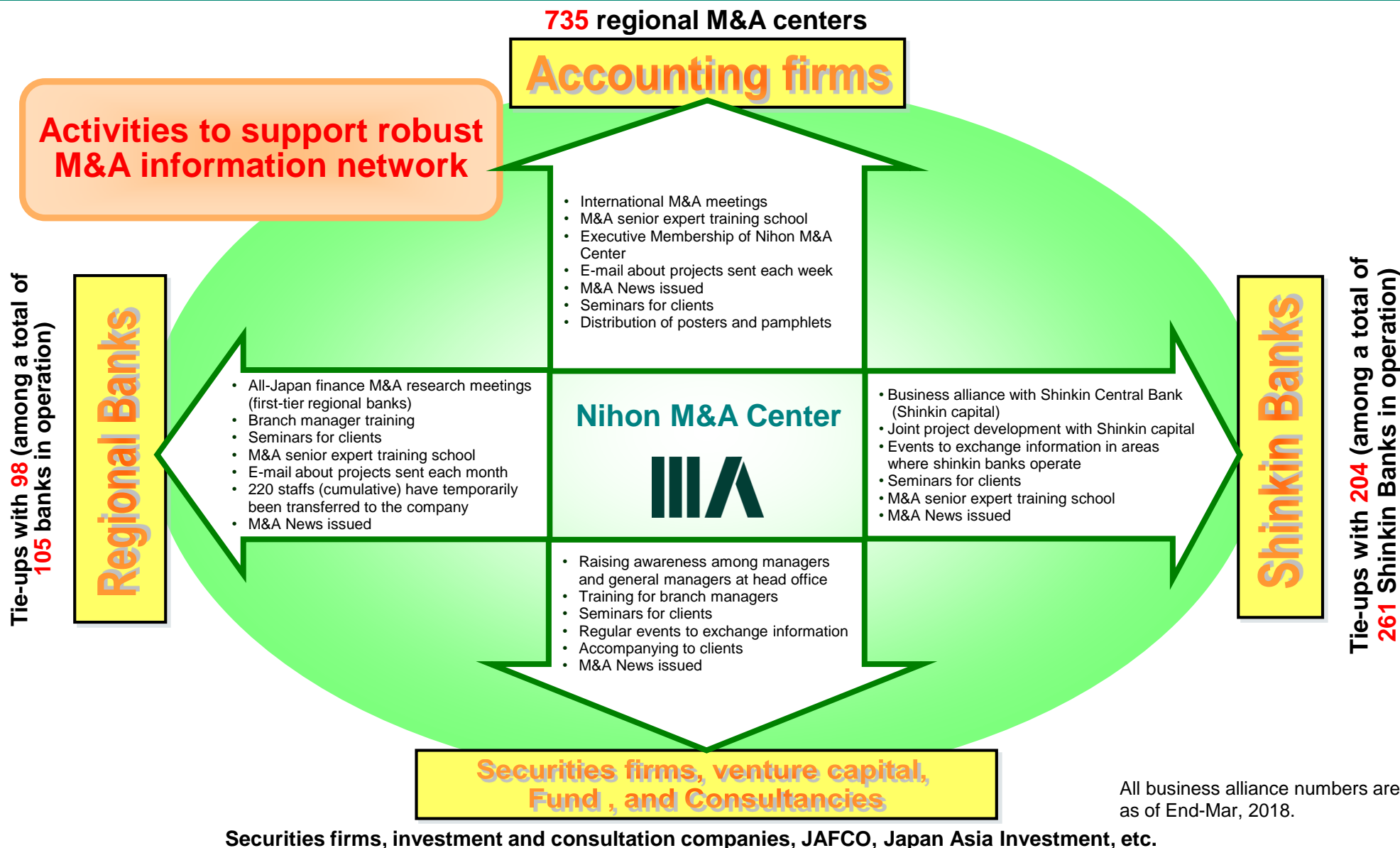
Relationship between the current and previous president by term of office



The source: Session for revitalization plans focusing on succession of a business (1st session) by Small and Medium Enterprise Agency



# Initiatives to Revitalize the Network





Training curriculum was improved and made more practical  
by education specialists (M&A consultants at the Company until last year)  
under the direct control of Managing Director, Chief Director of General Planning

Initial training	Monthly training	Step-up training	Annual training	OJT
<ul style="list-style-type: none"> <li>• Bookkeeping</li> <li>• Financial statement analysis</li> <li>• Valuation of businesses</li> <li>• M&amp;A workflow</li> <li>• Company interviews and executive summary preparation</li> <li>• Legal documents</li> <li>• Reinforcement of sales capabilities</li> <li>• Training on operation of deals database</li> </ul>	<ul style="list-style-type: none"> <li>• Case studies of success &amp; failure</li> <li>• Compliance</li> <li>• Basic practical business course</li> </ul> <p>Systematize processes by brush-up and advance training</p>	<ul style="list-style-type: none"> <li>• Corporate law</li> <li>• Tax law</li> <li>• Company reorganization methods</li> <li>• New accounting standards</li> <li>• Closing package</li> <li>• Various role-playing activities</li> <li>• Advanced valuation of businesses</li> <li>• Coping with due diligence</li> <li>• Presentations</li> <li>• M&amp;A senior expert training school</li> </ul>	<ul style="list-style-type: none"> <li>• 3KM</li> <li>• KJ Method</li> <li>• 7 Habits</li> <li>• Drucker Study</li> <li>• Dale Carnegie Study</li> <li>• Customer Satisfaction</li> <li>• Logical thinking</li> <li>• Management</li> <li>• Overseas visits</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate/ industry analysis</li> <li>• Valuation of businesses and deal making</li> <li>• Deal review</li> <li>• Drafting of long lists</li> <li>• Support including drafting of agreements</li> <li>• Accompanied interview</li> <li>• M&amp;A solutions proposal</li> <li>• Due diligence, holding signing ceremonies</li> <li>• "Brother" system</li> <li>• Marketing method</li> </ul>

## Training for each rank

- Management - case study -
- Leadership
- Coaching, among others

Improving organizational strengths by using training for leaders and next-generation leaders

## Educational expense subsidies

- Accounting
- Graduate school
- Study for qualifying tests (Tax accountant; FP; small and medium enterprise management consultant, etc.)
- Purchase of specialized books

The entire M&A process takes six months to a year. However, the Company has a number of M&A deals underway at any given time, enabling its human resources to gain a great deal of practical experience in a short period of time.

- Education training system for developing inexperienced people into M&A players quickly
- Education system for training M&A players to advance to the higher grade

## Our commitments to friendly M&A contribute to the sustainable growth of society by reinforcing business infrastructure and creating and preserving jobs

### Contribution to society by promoting friendly M&A

We are committed to helping companies facing challenges, such as the absence of a successor, by promoting strategic M&A, which can create and preserve jobs.

#### Economic losses avoided by our M&A intermediary

##### 1. Basic information

Period: FY 2016

The number of sellers of deals supported by us: 264

Total sales of the sellers: 208.1 billion yen

##### 2. Current benefits from avoided economic losses and employment inducement

Current benefits from avoided economic losses:

227.2 billion yen

Employment inducement: 19,941 persons

##### 3. Future benefits from avoided economic losses

10-year benefits from avoided economic losses:

1,834.2 billion yen

(Source: Yano Research Institute Ltd.)

### Activities for making friendly M&A more accessible

- Operate the system for certificated M&A senior experts.
- Publish books on M&A know-how.
- Respond to media inquiries supportively.
- Dispatch instructors to local M&A seminars hosted by chambers of commerce, banks, or accounting firms.

### Cooperation with the government and public institutions

- Join a committee held by the government and public institutions.
- Providing contents for a White Paper on Small and Medium Enterprises in Japan, etc.

### Other societal supports

- Donation to disaster relief
- Support for education in affected areas (contribution to scholarship funds)
- Support for cultural activities (support for young artists in filmmaking, Noh theater, opera, photography, etc.)
- Preservation of cultural heritage

## **I. Management principles**

### **◆ Management principles**

Contribute to the continuation and growth of companies through the M&A business

### **◆ Company goal**

Focus on strict compliance and corporate social responsibility

## **II. Purpose of listing**

### **◆ M&As are a public institution**

Increase social trust and create an M&A market platform

### **◆ Human resources and funds**

Acquire talented staff and strengthen main and related businesses

## **III. To investors**

### **◆ Increase corporate value**

We aim to increase corporate value through high profitability and growth

### **◆ Return profits to shareholders**

Increases in corporate value and stable growth in the payout ratio

### **IR contact**

Kazuhiro Iino

Senior Corporate Officer

Contact: <https://www.nihon-ma.co.jp/action/contact/>

IR page URL: <https://www.nihon-ma.co.jp/ir/>