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# Results of Operations for the First Quarter of the Fiscal Year Ending Mar 31, 2019

July 30, 2018

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 **Nihon M&A Center Inc.**

**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

## Nihon M&A Center



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

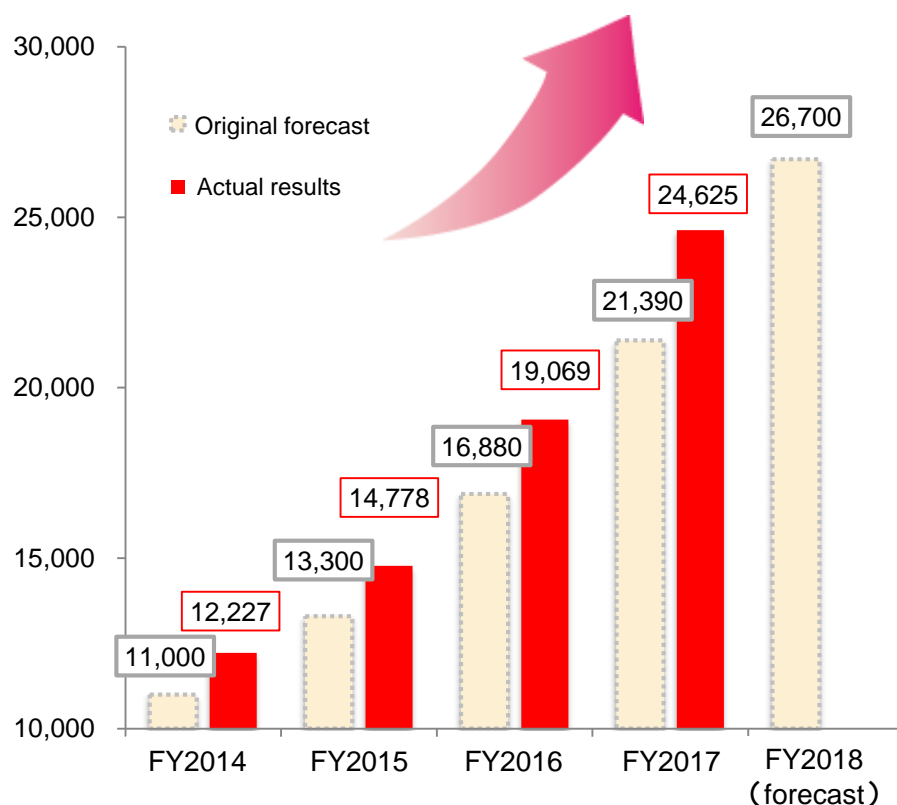
\*Our aim is not to gain top rankings in league tables or among investment banks, but rather to become the world's leading integrated company by achieving the eight qualities described above.



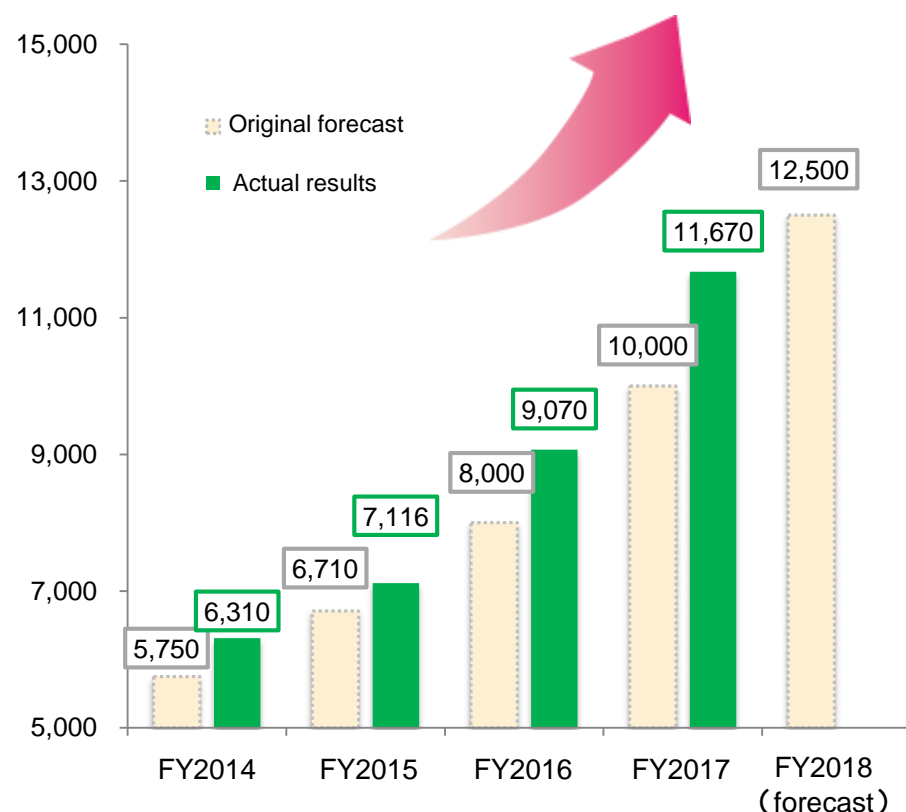
# Forecasts and Changes in Operating Results

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)



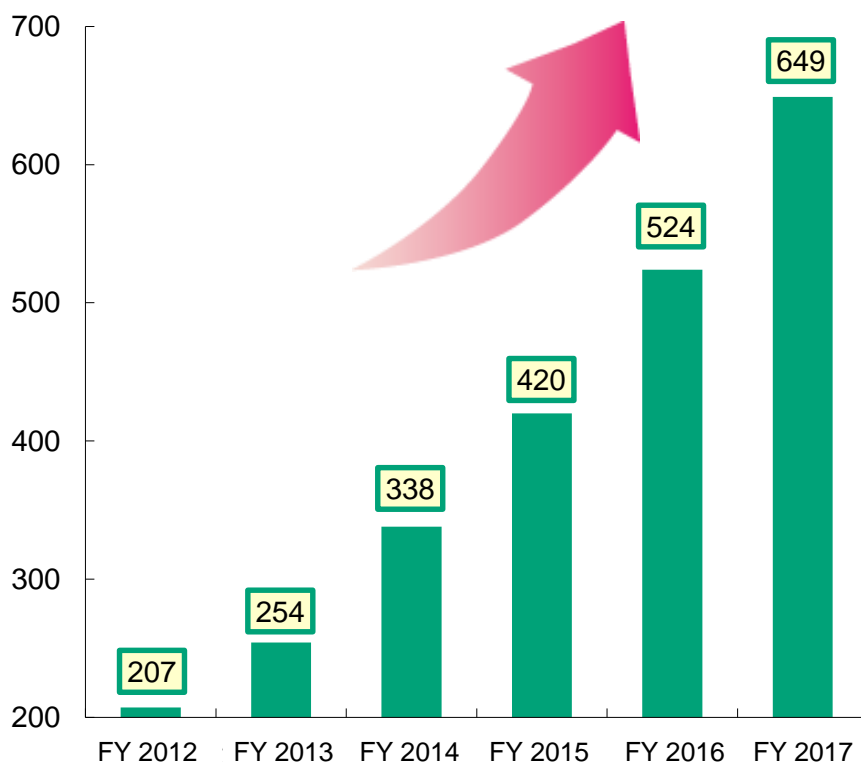


# Long-Term Trends in the Number of Deals Closed

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)  
Break out the highest number of deals in FY 2018

## Trends in the number of deals closed

(Unit: Number of deals)

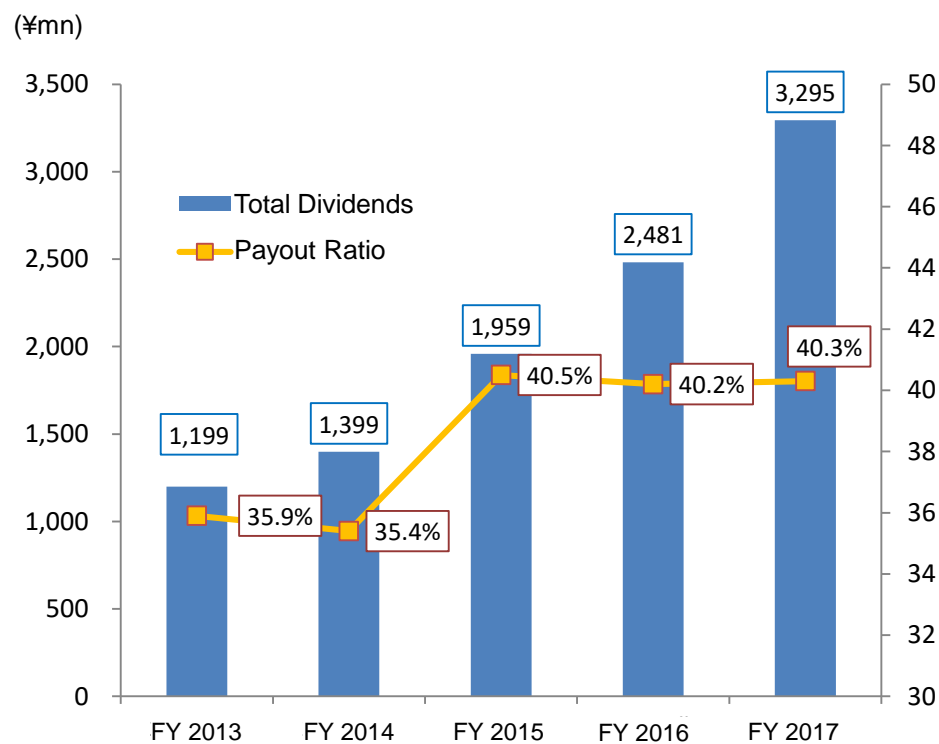




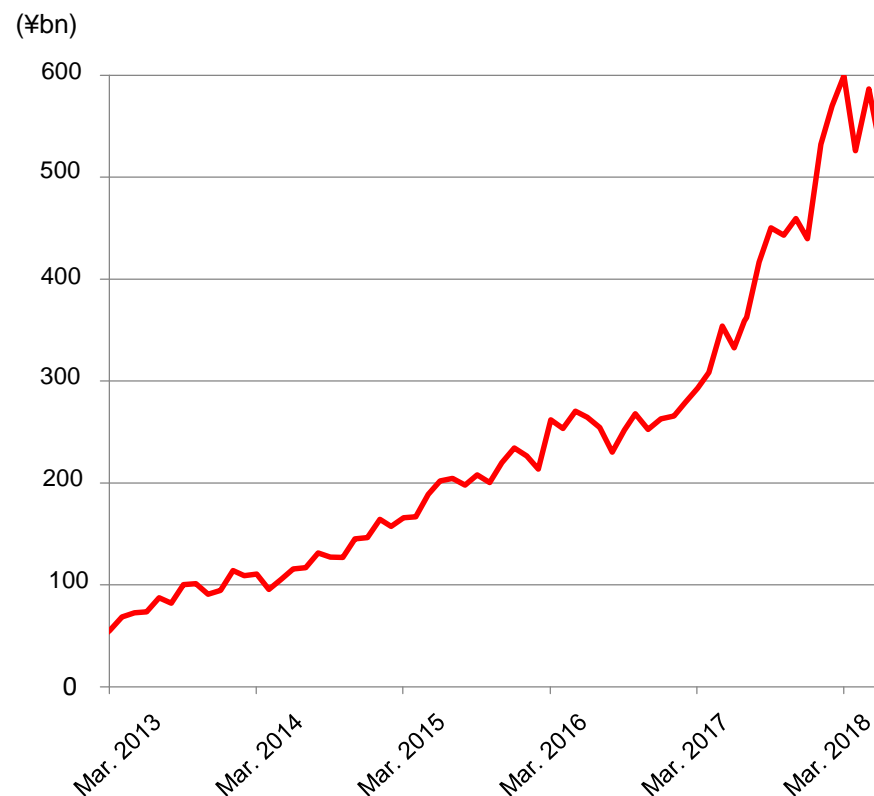
# Changes in Total Dividends and Market Capitalization

## Long-term Satisfactory Progress

Trends in total dividends and payout ratio



Changes in Market Capitalization





# Paid-in stock options and Performance target

**Achieved the initial FY2018 target ordinary income (¥11.5 billion) in FY2017**  
⇒ Aiming to early achievement of ¥15 billion as the medium-term management objective

	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	(FY 2017 result ¥11.6 bn) <FY2018 Earnings forecast> <b>12.5 billion yen</b> under the terms for exercise in FY2019
(2)	FY2019	<b>Over 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.

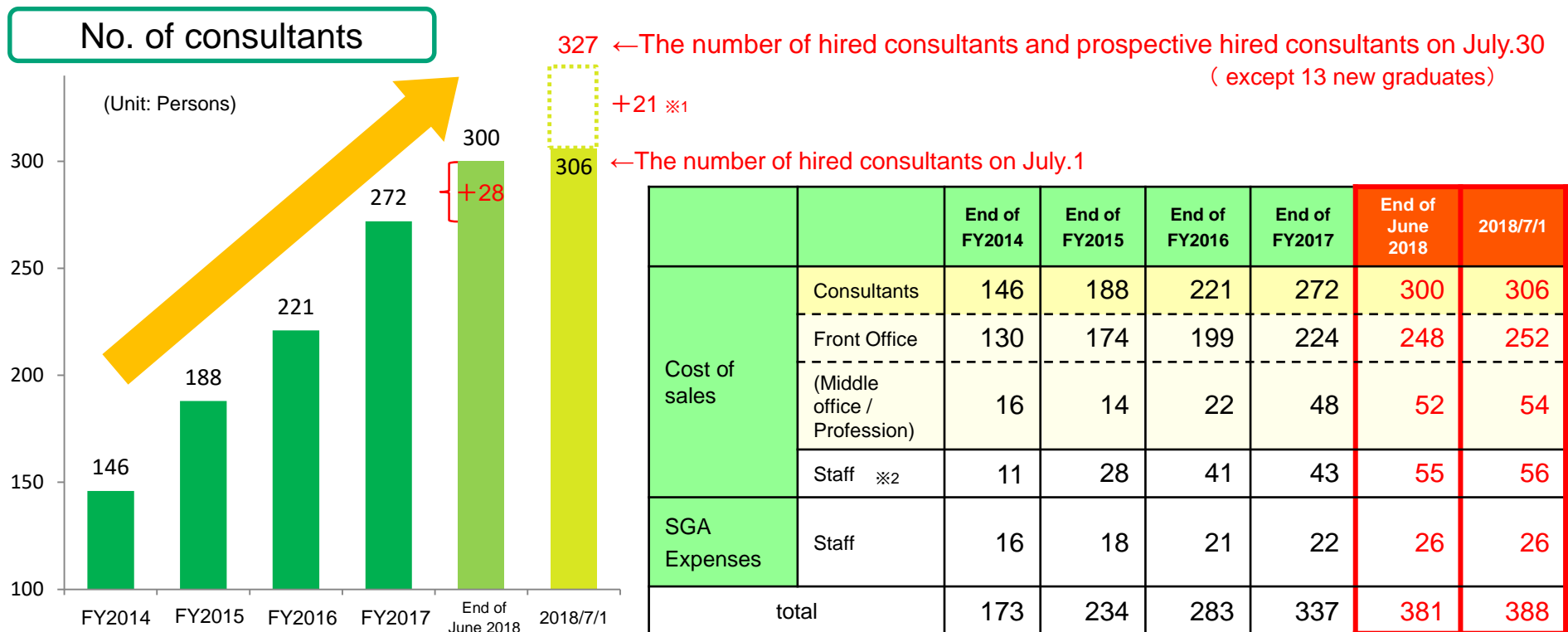
\* The number of shares which increase due to the issuance of this paid-in stock option is equivalent to 2.7% of the outstanding shares at maximum, and they become exercisable on July 1, 2022.



# Employee Numbers

The number of consultants increased by 28 just within 1Q.  
Total 34 prospective consultants, 21 mid-career recruits and  
13 new graduates, as of July 30.

⇒ Realize a mid- and long-term growth to meet strong M&A demand.



※1 21 mid-career recruits have accepted informal job offers as of July.30(Consultants).

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

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







# Review of This Quarter

Focused on investment to early achievement of the medium-term management objective ("ordinary income of ¥15 billion")

1

## Active recruitment

- ◆ Additional 28 consultants in 1Q
- ◆ Change strategy to hire new graduates every year (previously, every two or three years) (13 graduates will join us next spring)
- ◆ More prospective consultants
- ◆ Actively hire various talents including digital marketing and database specialists

2

## Expanded Tokyo Headquarters and Osaka Branch

- ◆ The offices were scaled up to accommodate additional consultants in the future

3

## Opened Chugoku and Shikoku Sales Office (Hiroshima) and Okinawa Sales Office (Naha)

- ◆ Locally-tailored sales strategies have been implemented in western Japan

4

## Held seminars actively

- ◆ Large seminars were held intensively in June and July ⇒ About 7,000 participation entries
- ◆ Seminars specific to industries and themes were also held

5

## Established two subsidiaries

- ◆ &Biz Inc. (online matching services for small businesses)
- ◆ Japan Collaborative Growth Partners Inc. (PMI support consulting services)

6

## Fully discussed mid- and long-term vision

- ◆ Executives and general and sub managers held discussions to align their visions considering the future after the achievement of the medium-term management objective



# Summary of Income Statement

1Q sales were 91.8% (YoY) due to fewer large deals.  
Growth is expected in 2Q and later on the grounds of increased deal projects.

(¥mn , %)	FY2018 (1Q Results)		YoY	FY2018 (Full-year Forecasts)		FY2017 (1Q Results)		FY2017 (Full-year Results)	
	Total	%		Total	%	Total	%	Total	%
Sales	5,964	100.0	91.8	26,700	100.0	6,494	100.0	24,625	100.0
(M&A sales)	(5,867)	(98.4)				(6,422)	(98.9)	(24,321)	(98.8)
Cost of sales	2,274	38.1				1,916	29.5	9,129	37.1
(Referral fees and outsourcing expenses)	(938)	(15.7)				(877)	(13.5)	(3,578)	(14.5)
(Personnel and transportation costs)	(1,277)	(21.4)				(980)	(15.1)	(5,413)	(22.0)
Gross profit	3,689	61.9				4,578	70.5	15,495	62.9
SGA expenses	1,108	18.6				959	14.8	3,890	15.8
Operating income	2,581	43.3	71.3	12,500	46.8	3,619	55.7	11,605	47.1
Non-operating income	13	0.2				14	0.2	75	0.3
Non-operating expenses	1	0.0				2	0.0	10	0.0
Ordinary income	2,592	43.5	71.4	12,500	46.8	3,631	55.9	11,670	47.4
Extraordinary gain	-	-				-	-	-	-
Extraordinary loss	-	-				-	-	-	-
Income before taxes	2,592	43.5				3,631	55.9	11,670	47.4
Corporate tax	551	9.3				946	14.6	3,524	14.3
Net income	2,040	34.2	76.0	8,460	31.7	2,685	41.3	8,146	33.1

(Reference) Major costs increased from the last quarter: Cost of sales (Personnel and transportation costs +296 million yen), SGA expenses (Office rent +51 million yen, Recruiting expenses +39 million yen)



# (Reference) Sales and Profits by Business

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

(¥mn)

	FY 2015		FY 2016			FY 2017 1Q			FY 2017			FY 2018 1Q		
	Total	%	Total	%	Y o Y	Total	%	Y o Y	Total	%	Y o Y	Total	%	Y o Y
Sales	14,778	100.0%	19,069	100.0%	129.0%	6,494	100.0%	149.3%	24,625	100.0%	129.1%	5,964	100.0%	91.8%
Direct costs*1	2,110	14.3%	2,745	14.4%	130.1%	935	14.4%	164.0%	3,716	15.1%	135.4%	996	16.7%	106.5%
Direct profit	12,667	85.7%	16,324	85.6%	128.9%	5,559	85.6%	147.0%	20,909	84.9%	128.1%	4,967	83.3%	89.4%
M&A sales	14,542	100.0%	18,800	100.0%	129.3%	6,422	100.0%	150.0%	24,321	100.0%	129.4%	5,867	100.0%	91.4%
M&A cost of sales*2	1,996	13.7%	2,604	13.9%	130.5%	877	13.7%	167.2%	3,578	14.7%	137.4%	938	16.0%	106.9%
M&A gross profit	12,545	86.3%	16,195	86.1%	129.1%	5,544	86.3%	147.6%	20,742	85.3%	128.1%	4,929	84.0%	88.9%
Other sales	235	100.0%	269	100.0%	114.2%	72	100.0%	106.3%	304	100.0%	113.1%	96	100.0%	132.7%
Cost of other sales	114	48.4%	140	52.1%	122.9%	58	80.5%	127.6%	137	45.1%	97.9%	58	60.8%	100.4%
Other gross profit	121	51.6%	128	47.9%	106.0%	14	19.5%	62.9%	167	54.9%	129.6%	37	39.2%	266.0%
Non-allocable cost of sales*3	3,208	21.7%	4,233	22.2%	132.0%	980	15.1%	128.3%	5,413	22.0%	127.9%	1,277	21.4%	130.3%
Gross profit	9,459	64.0%	12,090	63.4%	127.8%	4,578	70.5%	151.8%	15,495	62.9%	128.2%	3,689	61.9%	80.6%

\*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 FY2018 1Q	%	Change	End of FY2017
I Current assets	12,335	42.2	-3,230	15,565
Cash and deposits	8,542	29.2	-4,794	13,337
Other current assets	3,792	13.0	1,564	2,228
II Fixed assets	*16,907	57.8	762	16,144
<b>Total assets</b>	<b>29,242</b>	<b>100.0</b>	<b>-2,468</b>	<b>31,710</b>

\*Long-term deposit  
14,000

Liabilities and net assets	End of FY2018 1Q	%	Change	End of FY2017
I Current liabilities	4,210	14.4	-2,550	6,761
II Fixed liabilities	2,905	9.9	-	2,905
<b>Total liabilities</b>	<b>7,116</b>	<b>24.3</b>	<b>-2,550</b>	<b>9,666</b>
Interest bearing liabilities	3,500	12.0	-	3,500
<b>Net assets</b>	<b>22,126</b>	<b>75.7</b>	<b>82</b>	<b>22,043</b>
Retained earnings	24,145	82.6	111	24,034
<b>Total liabilities and net assets</b>	<b>29,242</b>	<b>100.0</b>	<b>-2,468</b>	<b>31,710</b>



# Number of Deals Closed and Other Statistics (Details)

The number of deals closed in 1Q reached the same level as the previous 1Q with a rapid increase.  
A growth is expected for 2Q and later.

(Units: number of deals, million yen)

	FY 2015		FY 2016					FY 2017					FY 2018
	1Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q
Total deals (number of companies)*1	108	420	127	152	127	118	524	173	207	151	118	649	173
Total amount for the same fiscal year	108	-	127	279	406	524	-	173	380	531	649	-	-
Number of selling deals closed	54	212	63	77	63	59	262	83	104	76	60	323	89
Number of buying deals closed	54	208	64	75	64	59	262	90	103	75	58	326	84
Other closed deals (restructuring, etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-
M&A sales	3,412	14,542	4,282	5,889	4,633	3,994	18,800	6,422	6,985	6,343	4,570	24,321	5,867
M&A sales per deal*2	31.6	34.6	33.7	38.7	36.5	33.9	35.9	37.1	33.7	42.0	38.7	37.5	33.9
Total number of deals closed (number of transactions)*1	57	220	64	79	64	60	267	91	105	76	60	332	89
Total amount for the same fiscal year	57	-	64	143	207	267	-	91	196	272	332	-	89

\*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 1Q(Apr.–Jun.) 1/4

173 deals closed in 89 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	Food production	Kanto	Food production	Kanto	Stock transfer
2	Printing	Kanto	Printing	Kanto	Stock transfer
3	Ceramic industry	Kansai	Fabricated metal production	Kansai	Stock transfer
4	Machinery and equipment production	Kansai	Machinery and equipment production	Kansai	Stock transfer
5	Machinery and equipment production	Tokai, Hokuriku	Wholesale of machinery and equipment	Kansai	Stock transfer
6	Commissioned software development	Kanto	Wholesale of system	Kanto	Stock transfer
7	Commissioned software development	Hokkaido, Tohoku	Commissioned software development	Kansai	Stock transfer
8	Commissioned software development	Kanto	Machinery and equipment production	Tokai, Hokuriku	Stock transfer
9	Embedded software service	Tokai, Hokuriku	Commissioned software development	Kansai	Stock transfer
10	Contents production	Kanto	Worker dispatching	Kanto	Stock transfer
11	Paper products wholesale	Hokkaido, Tohoku	Wholesale of business machine	Hokkaido, Tohoku	Stock transfer
12	Wholesale of metallic products	Kanto	Wholesale of metallic products	Koshinetsu	Stock transfer
13	Dispensing pharmacy	Kanto	Dispensing pharmacy	Kanto	Stock transfer
14	Dispensing pharmacy	Kanto	Dispensing pharmacy	Kanto	Business transfer
15	Architectural design	Kanto	Machinery and equipment retail	Kanto	Stock transfer
16	Building Inspection service	Kanto	Real estate rental	Kansai	Stock transfer
17	Education services	Kyushu, Okinawa	Education services	Kanto	Stock transfer
18	Nursing care public welfare services	Hokkaido, Tohoku	Non-store restaurant	Hokkaido, Tohoku	Stock transfer
19	Worker dispatching	Kanto	Worker dispatching	Kanto	Stock transfer

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# Number of deals closed for 1Q(Apr.–Jun.) 2/4

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	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
20	Accounting office	Kanto	Accounting office	Tokai, Hokuriku	Merger
21	Security services	Chugoku, Shikoku	Building maintenance	Kansai	Stock transfer
22	Real estate rental	Hokkaido, Tohoku	Automobile dealer	Hokkaido, Tohoku	Stock transfer
23	Builder	Hokkaido, Tohoku	Fabricated metal production	Kanto	Stock transfer
24	specialist contractor	Kyushu, Okinawa	specialist contractor	Kyushu, Okinawa	Stock transfer
25	Plumbing	Hokkaido, Tohoku	Plumbing	Hokkaido, Tohoku	Stock transfer
26	Plumbing	Kansai	Fund	Kanto	Stock transfer
27	Food production	Kanto	Food production	Kanto	Stock transfer
28	Machinery and equipment production	Tokai, Hokuriku	Internet services	Tokai, Hokuriku	Stock transfer
29	Fabricated metal production	Koshinetsu	Fabricated metal production	Kansai	Stock transfer
30	Machinery and equipment production	Tokai, Hokuriku	Non-ferrous metals manufacturing	Kanto	Business transfer
31	Commissioned software development	Kanto	Apparel	Kanto	Stock transfer
32	Commissioned software development	Kanto	Commissioned software development	Tokai, Hokuriku	Stock transfer
33	Commissioned software development	Kanto	Commissioned software development	Kanto	Stock transfer
34	Commissioned software development	Kanto	Commissioned software development	Kanto	Stock transfer
35	Food wholesaler	Kanto	Food wholesaler	Kanto	Stock transfer
36	Food wholesaler	Kanto	Logistics	Kanto	Stock transfer
37	Wholesale of machinery and equipment	Kanto	Food wholesaler	Kanto	Stock transfer
38	Wholesale of machinery and equipment	Kanto	Machinery and equipment production	Tokai, Hokuriku	Stock transfer
39	Machinery and equipment retail	Tokai, Hokuriku	Machinery and equipment retail	Tokai, Hokuriku	Stock transfer
40	Dispensing pharmacy	Kansai	Dispensing pharmacy	Kansai	Business transfer
41	Dispensing pharmacy	Kanto	Dispensing pharmacy	Kyushu, Okinawa	Business transfer
42	Real estate rental	Kanto	Advertising	Tokai, Hokuriku	Business transfer

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# Number of deals closed for 1Q(Apr.–Jun.) 3/4

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	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
43	Architectural design	Kanto	Installation work	Hokkaido, Tohoku	Stock transfer
44	Ryokans and hotels	Tokai, Hokuriku	Ryokans and hotels	Kanto	Stock transfer
45	Restaurants	Kansai	Machinery and equipment production	Tokai, Hokuriku	Stock transfer
46	Nursing care public welfare services	Kanto	Machinery and equipment retail	Kanto	Stock transfer
47	Environment services	Kyushu, Okinawa	Civil engineering	Hokkaido, Tohoku	Stock transfer
48	Worker dispatching	Tokai, Hokuriku	Worker dispatching	Tokai, Hokuriku	Business transfer
49	Civil engineering	Kanto	Construction materials wholesale	Koshinetsu	Stock transfer
50	Civil engineering	Tokai, Hokuriku	specialist contractor	Kanto	Stock transfer
51	Builder	Kanto	specialist contractor	Kanto	Stock transfer
52	Builder	Kanto	Builder	Kanto	Stock transfer
53	Builder	Kyushu, Okinawa	Grocery retail	Kyushu, Okinawa	Stock transfer
54	Builder	Kyushu, Okinawa	Builder	Kyushu, Okinawa	Stock transfer
55	Electrical work	Kanto	Electrical work	Kanto	Stock transfer
56	Plumbing	Hokkaido, Tohoku	Architectural design	Hokkaido, Tohoku	Stock transfer
57	Installation work	Kanto	Civil engineering	Kanto	Stock transfer
58	Paper products manufacturing	Kanto	Paper products manufacturing	Tokai, Hokuriku	Stock transfer
59	Paper products manufacturing	Tokai, Hokuriku	Logistics	Kanto	Stock transfer
60	Plastic production	Kanto	Plastic production	Kanto	Stock transfer
61	Plastic production	Kanto	Ornaments manufacturing	Kanto	Stock transfer
62	Plastic production	Tokai, Hokuriku	Electronic part manufacturing	Tokai, Hokuriku	Stock transfer
63	Fabricated metal production	Tokai, Hokuriku	Fabricated metal production	Kanto	Stock transfer
64	Machinery and equipment production	Tokai, Hokuriku	Metal processing	Tokai, Hokuriku	Stock transfer
65	Machinery and equipment production	Tokai, Hokuriku	Machinery and equipment production	Koshinetsu	Stock transfer

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# Number of deals closed for 1Q(Apr.–Jun.) 4/4

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	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
66	Electronic part manufacturing	Koshinetsu	Machinery and equipment production	Kanto	Stock transfer
67	Machinery and equipment production	Kanto	Installation work	Kanto	Stock transfer
68	Commissioned software development	Kanto	Paper products wholesale	Kanto	Stock transfer
69	System development	Tokai, Hokuriku	Commissioned software development	Kanto	Stock transfer
70	Track logistics	Kansai	Track logistics	Kansai	Stock transfer
71	Logistics	Tokai, Hokuriku	Worker dispatching	Tokai, Hokuriku	Stock transfer
72	Apparel	Tokai, Hokuriku	Beauty salon business	Kanto	Share Exchange
73	Food wholesaler	Tokai, Hokuriku	Food wholesaler	Tokai, Hokuriku	Stock transfer
74	Food wholesaler	Kyushu, Okinawa	Food wholesaler	Kyushu, Okinawa	Stock transfer
75	Food wholesaler	Kansai	Food wholesaler	Kansai	Stock transfer
76	Grocery retail	Koshinetsu	Grocery retail	Tokai, Hokuriku	Stock transfer
77	Food production	Tokai, Hokuriku	Fund	Kanto	Stock transfer
78	Dispensing pharmacy	Kanto	Dispensing pharmacy	Kanto	Stock transfer
79	Fuel retail	Hokkaido, Tohoku	Transportation	Hokkaido, Tohoku	Stock transfer
80	Real estate brokerage	Kansai	Renting business	Tokai, Hokuriku	Stock transfer
81	Architectural design	Tokai, Hokuriku	Worker dispatching	Kanto	Stock transfer
82	Restaurants	Kanto	Restaurants	Kanto	Stock transfer
83	Non-store restaurant	Kanto	Civil engineering	Chugoku, Shikoku	Stock transfer
84	Beauty Industry	Chugoku, Shikoku	Chemical products manufacturing	Kansai	Stock transfer
85	Education services	Kanto	Sports facility	Kansai	Asset transfer
86	Hospital	Kyushu, Okinawa	Clinic	Kanto	Equity transfer
87	Hospital	Kanto	Hospital	Tokai, Hokuriku	Business transfer
88	Nursing care public welfare services	Kanto	Nursing care public welfare services	Kanto	Stock transfer
89	Car maintenance service	Hokkaido, Tohoku	Wholesale of machinery and equipment	Hokkaido, Tohoku	Stock transfer

## Sixth Bank of the Year Awards Ceremony held Attended by 107 people from 48 regional banks

Information on status of activities of each bank was shared by  
participating banks to promote more proactive activities  
⇒ The number of deals introduced by regional bank increasing steadily



Shojiro Takahashi (the center),  
Board of Directors President,  
The Siga Bank, Ltd.



Members of the banks (at Imperial Hotel Tokyo on June 5, 2018)

**The Company gives awards once a year to banks with excellent track records of M&A.**

**A total of 14 banks received six awards.**

**The awards ceremony was characterized by the proactive participation of a number of officers of regional banks.  
(Premium National M&A Conference for Financial Institutions)**

Award name	Award-winning bank in sixth awards ceremony	
Bank of the Year	The Shiga Bank, Ltd.	
Banker of the Year	Masaki Isobe The Hokuriku Bank, Ltd.	
Deal of the Year	East	The Joyo Bank, Ltd.
	West	The Hiroshima Bank, Ltd.
Regional Contribution Award	Hokkaido, Tohoku	The Hokkaido Bank, Ltd.
	Kanto	The Chiba Kogyo Bank, Ltd.
	Hokuriku, Koshinetsu	The Hokuriku Bank, Ltd.
	Tokai	The Ogaki Kyoritsu bank Ltd.
	Kinki	The Shiga Bank, Ltd.
	Chugoku, Shikoku	The Shikoku Bank, Ltd.
Information Development Award	Kyushu, Okinawa	The Miyazaki Bank, Ltd.
	East	The Bank of Iwate, Ltd.
Special Award	West	The Hokuriku Bank, Ltd.
	The 77 Bank, Ltd.	
	The Toho Bank, Ltd.	
	The Juroku Bank, Ltd.	
Special Award	The San-in Godo Bank, Ltd.	

# TOPICS (2)

Business succession seminars were held nationwide in June and July.  
About 7,000 participation entries for four seminars,  
exceeding the initial expectation of 5,000 participation entries.

## Chugoku and Shikoku (9 venues)



20 July. Yamaguchi 27 July. Takamatsu  
23 July. Okayama 30 July. Tokushima  
24 July. Hiroshima 31 July. Kochi  
25 July. Matsue 1 Aug. Matsuyama  
26 July. Tottori

## Kyushu (7 venues)



10 July. Oita 17 July. Nagasaki  
11 July. Miyazaki 18 July. Fukuoka  
12 July. Kumamoto 19 July. Kitakyusyu  
13 July. Saga

## Okinawa



9 July. Naha

## 6 venues across Japan



13 June. Osaka 10 July. Sapporo  
15 June. Koriyama 12 July. Kyoto  
19 June. Nagoya 26 July. Tokyo

Many other seminars specific to industries and themes were also held at the same time.

1Q focused on attracting potential clients.  
Activities for winning deals will be carried out in 2Q and later.

## Growth strategy support fund managed by J-FUN: The first investment deal

Investment for positioning of the platform in the confectionery and snack food industry  
Work with Nihon M&A Center and Development Bank of Japan for  
add-on investments and value improvement

### Takumiya Holdings

Headquarters: Komatsu City, Ishikawa Prefecture  
Sales: About 1.3 billion yen (consolidated)  
Confectionery manufacturer group

100%  
Reorganization  
in 2016

#### Takumiya Co., Ltd.



Manufacturing souvenir local  
sweets and other confectionery

100%  
M&A in  
June 2017

#### Mitsubachi no uta kobo Co., Ltd.



Manufacturing  
honey products

100%  
M&A in  
December 2017

#### Sasayasyoen



Traditional Japanese  
confectionary store



Implement growth strategy with  
add-on investments

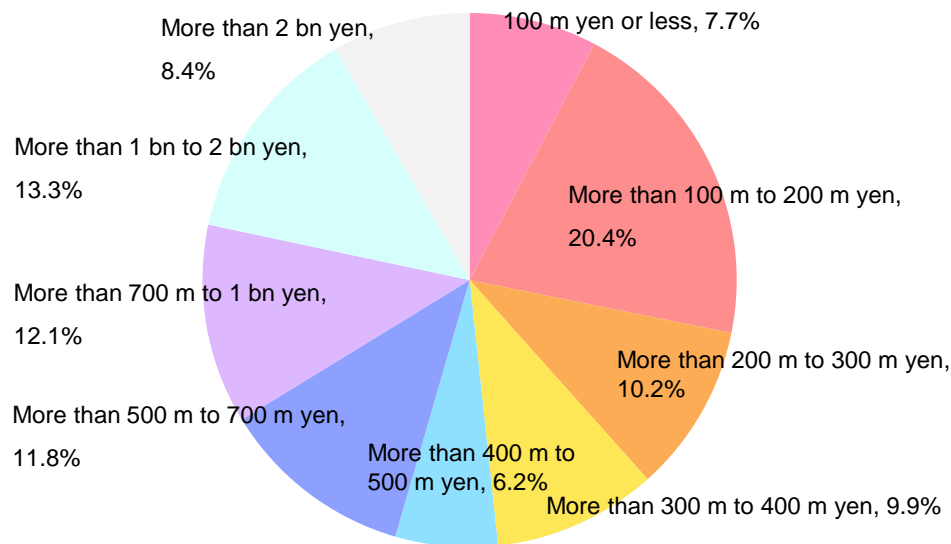
Dispatch executive officers to  
strengthen management

Provide PMI consulting to build an  
organization that can maximize  
synergy

## What size sellers does Nihon M&A Center support?

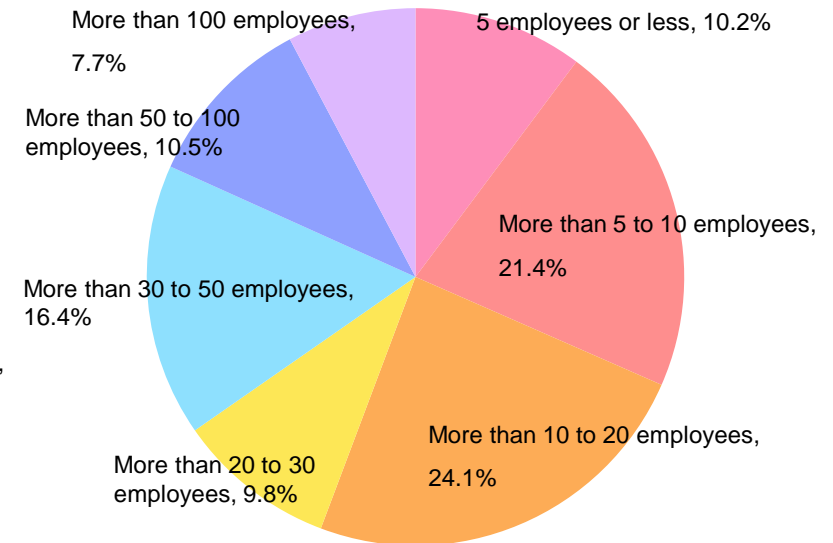
The majority is composed of companies with sales of 500 million yen or less, and 20 employees or less. The focus is on M&A support for small- and medium-sized companies. There are numerous potential clients.

### Sales in a seller



**Average: 733 million yen, Median: 424 million yen**

### Number of employees in a seller



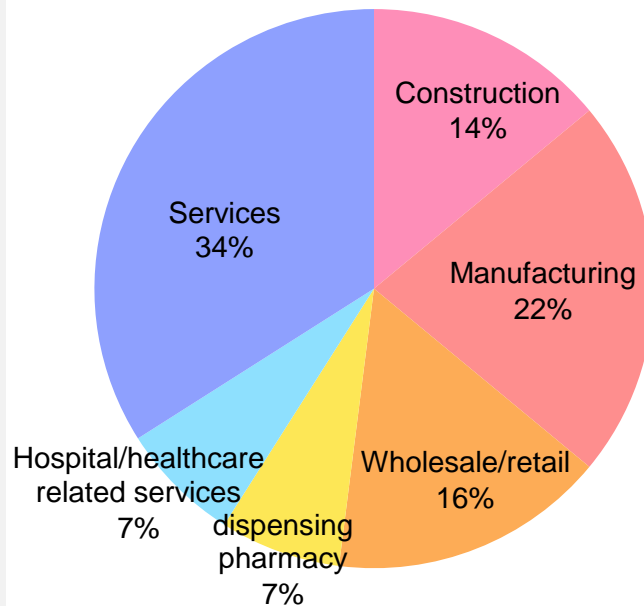
**Average: 39 employees, Median: 19 employees**

Calculated from deals in FY 2017

## What differentiates Nihon M&A Center matching services?

Find the best match from various regions and industries.

**Industries of sellers**



### <Unique matching services>

Propose more combinations to create synergy, rather than simple combinations in the same region and industry

### Nihon M&A Center matching results

	Same industry	Different industry	Subtotal
Same region	7%	24%	31%
Different region	21%	48%	69%
Subtotal	28%	72%	100%

Region: A region represents a prefecture.

Industry: An industry represents a category that is assigned a three-digit number according the industry classification system published by Tokyo Shoko Research.

This table is based on deals closed in FY2017.



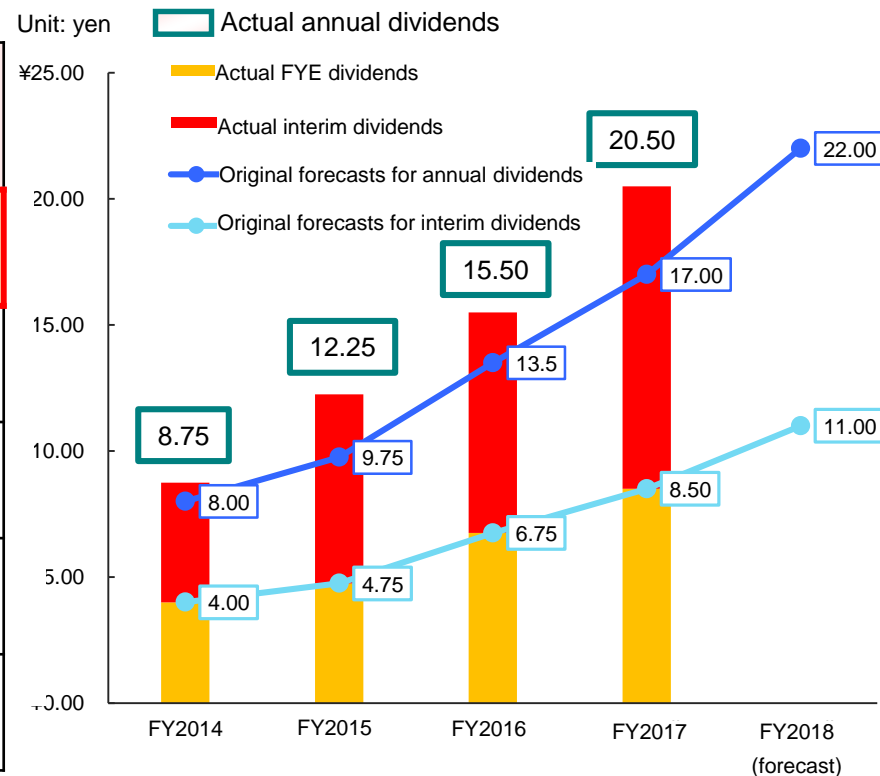
# Dividends

Consolidated payout ratio of 40%,  
FY2018 is also anticipated an increase

## Trends in dividend per share

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

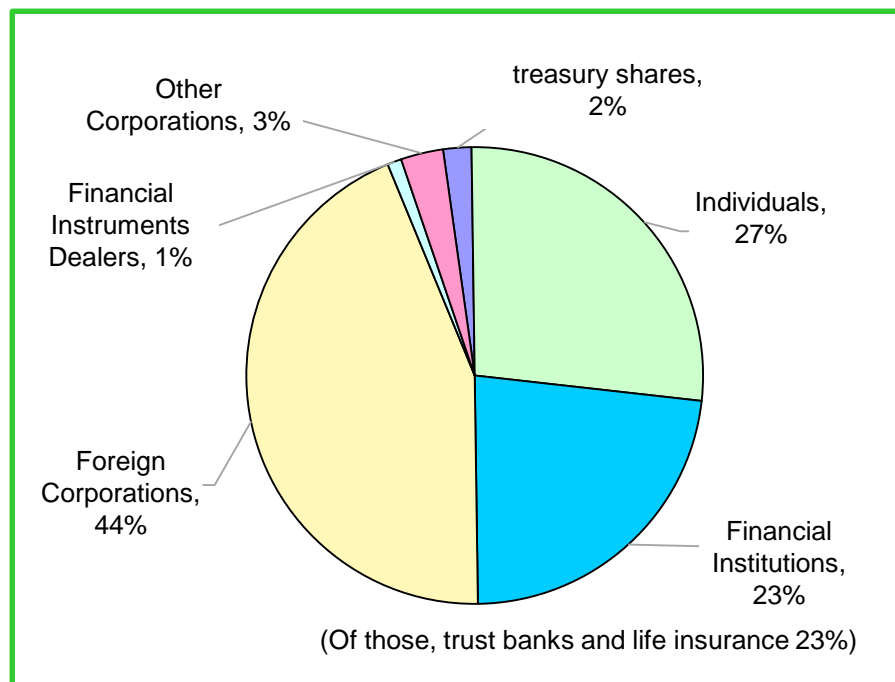
	(Original) forecasts		Results		Actual consolidated payout ratio
	Amount	Dividend breakdown	Amount	Dividend breakdown	
<b>FY 2018 (forecast)</b>	<b>22.00 yen</b>	<b>Interim 11.00 yen FYE 11.00 yen</b>	<b>- yen</b>	<b>Interim - FYE -</b>	<b>- %</b>
FY 2017	17.00 yen	Interim 8.50 yen FYE 8.50 yen	20.50 yen	Interim 8.50 yen FYE 12.00 yen	40.3%
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%





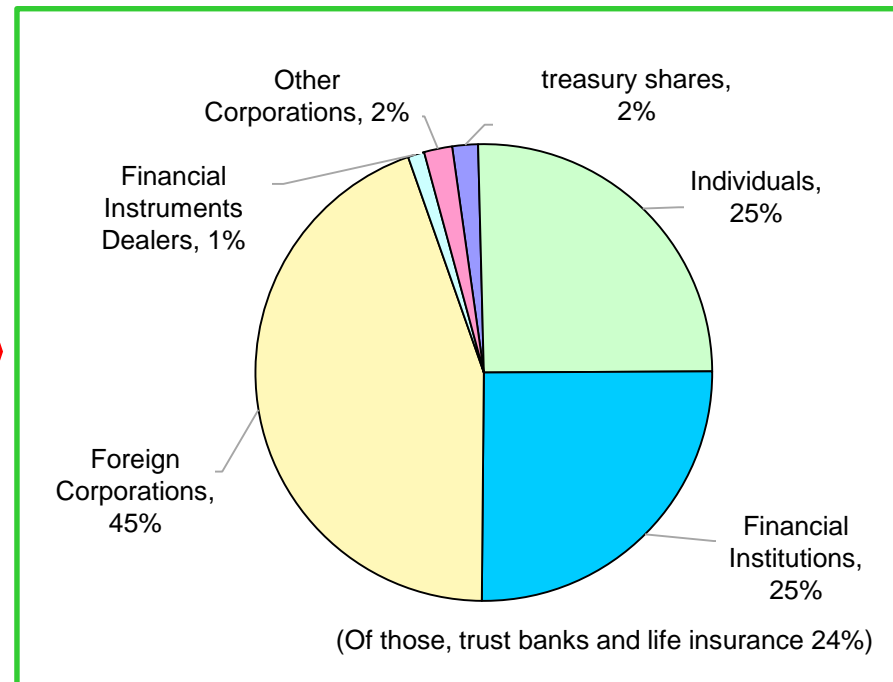
**Trend of distribution by category of shareholder:  
The percentage held by foreigners stands at about 45%**

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
- 300 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.



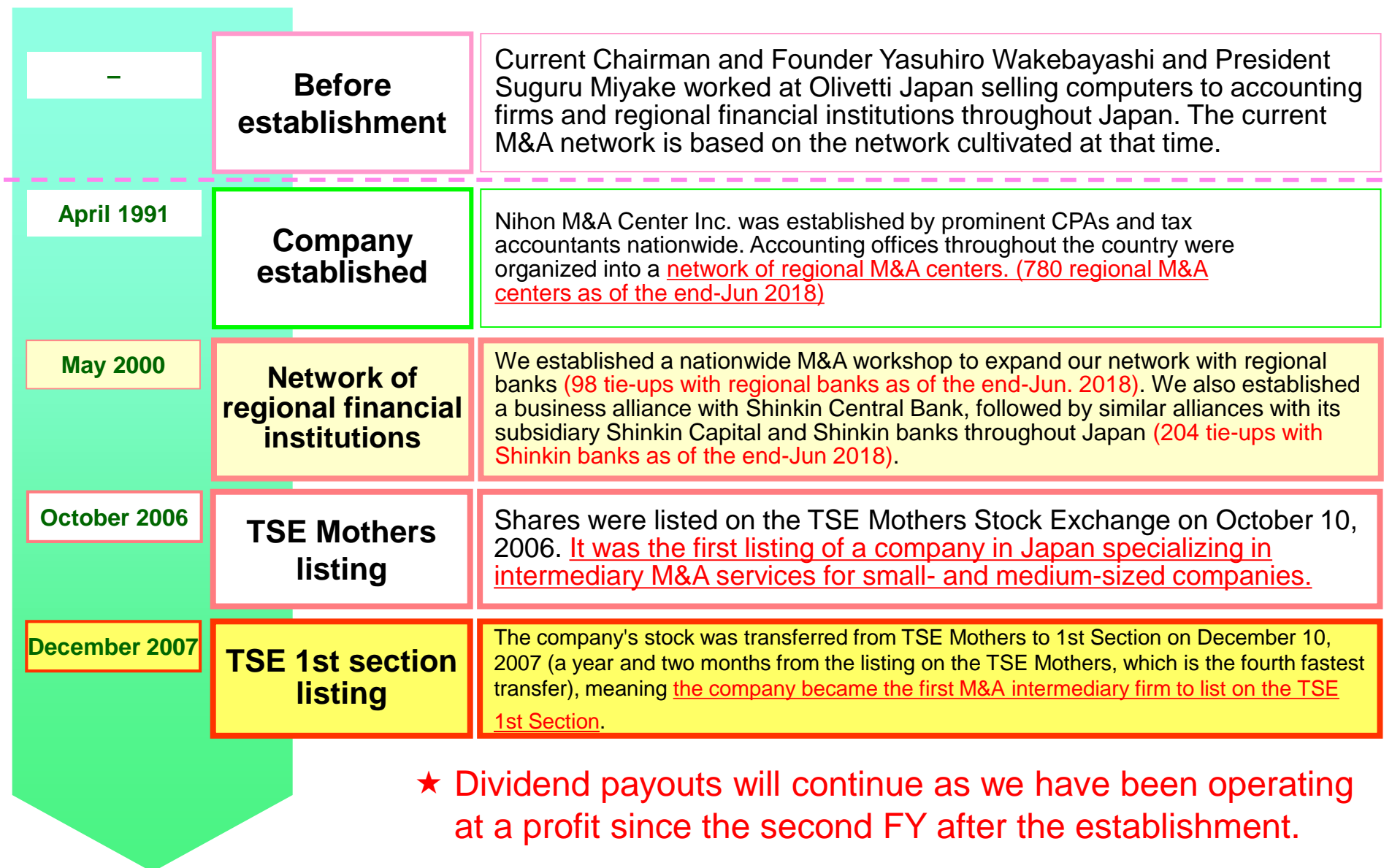
# Corporate Profile

(As of the end of June, 2018)

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

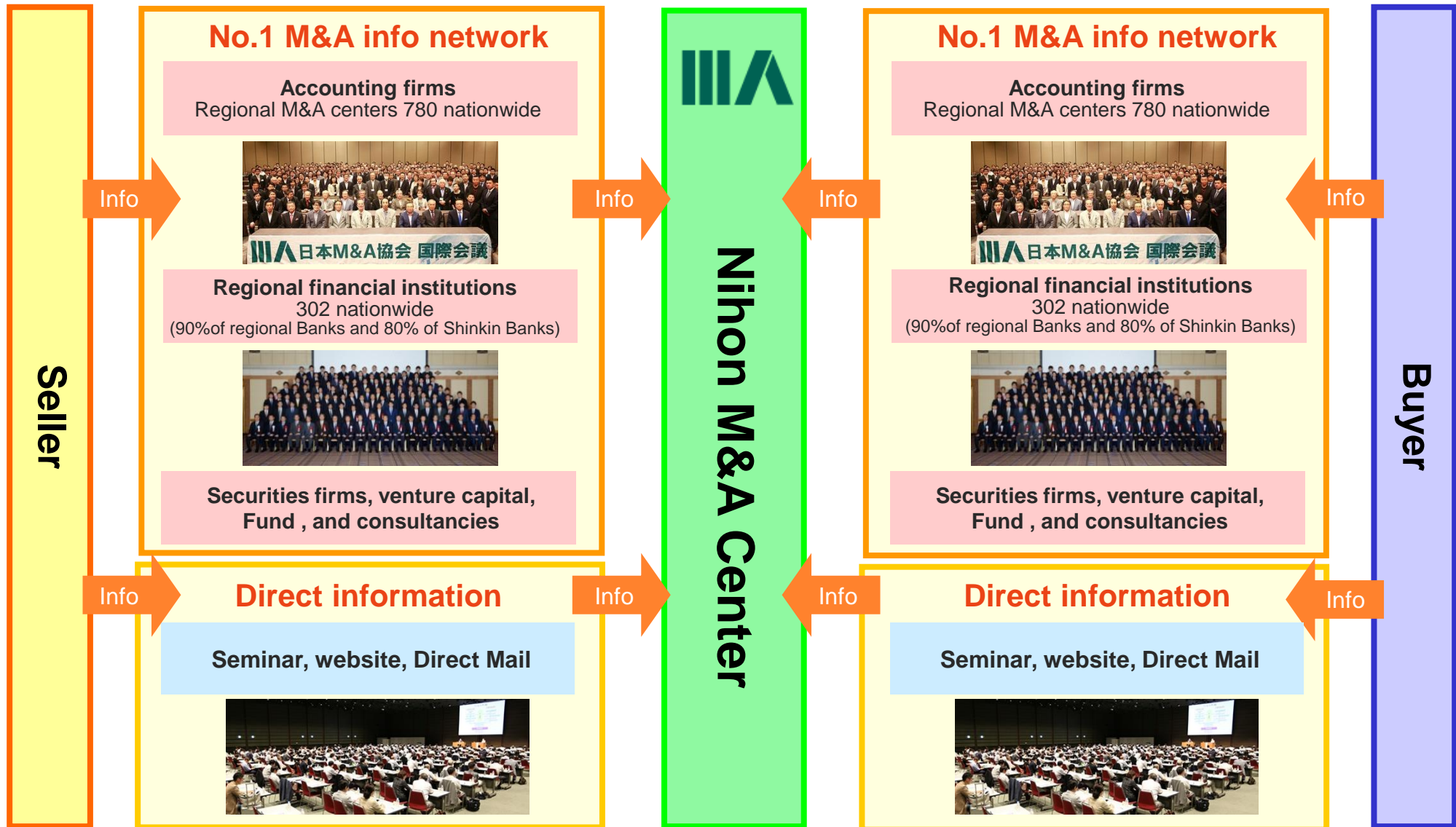
Company name	Nihon M&A Center Inc.		
Established	April 1991		
Business outline	M&A support for SMEs		
Representatives	Chairman and Founder    Yasuhiro Wakebayashi President                      Suguru Miyake		
Offices	Tokyo Headquarters, Osaka Branch, Nagoya Branch, Fukuoka Sales Branch, Sapporo Sales Office, Chugoku and Shikoku Office(Located in Hiroshima), Okinawa Office, Singapore Office		
Paid-in capital	¥1.3 billion	Number of shares issued	163,855,200 shares
Market listings	Tokyo Stock Exchange 1st section	Stock code	2127
No. of employees (consolidated)	381 (excluding 7 full-time directors)	Breakdown of employee numbers	Consultants              300 Professional staff        81

# Corporate History

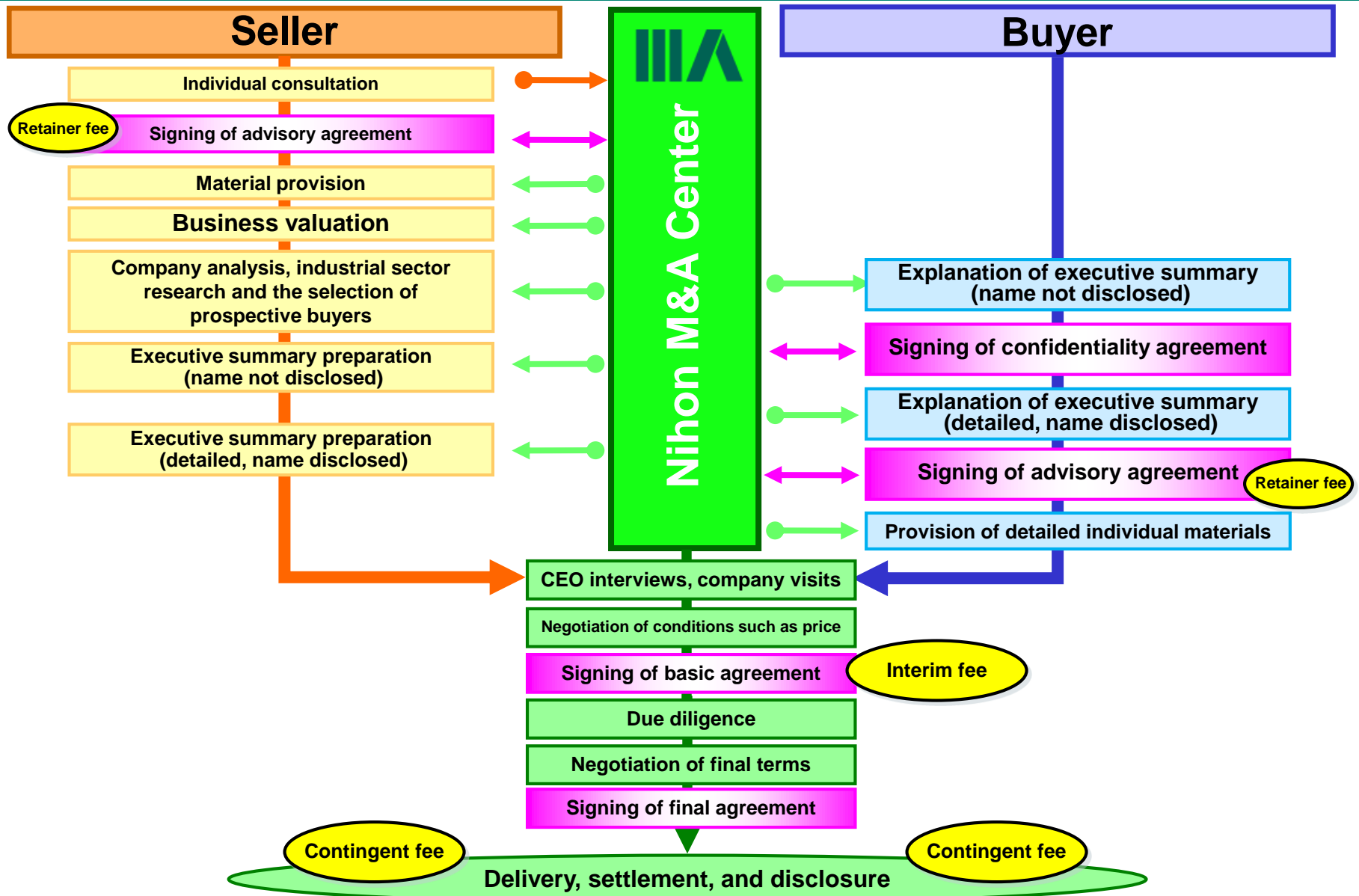




# Business Model Platform for M&A market



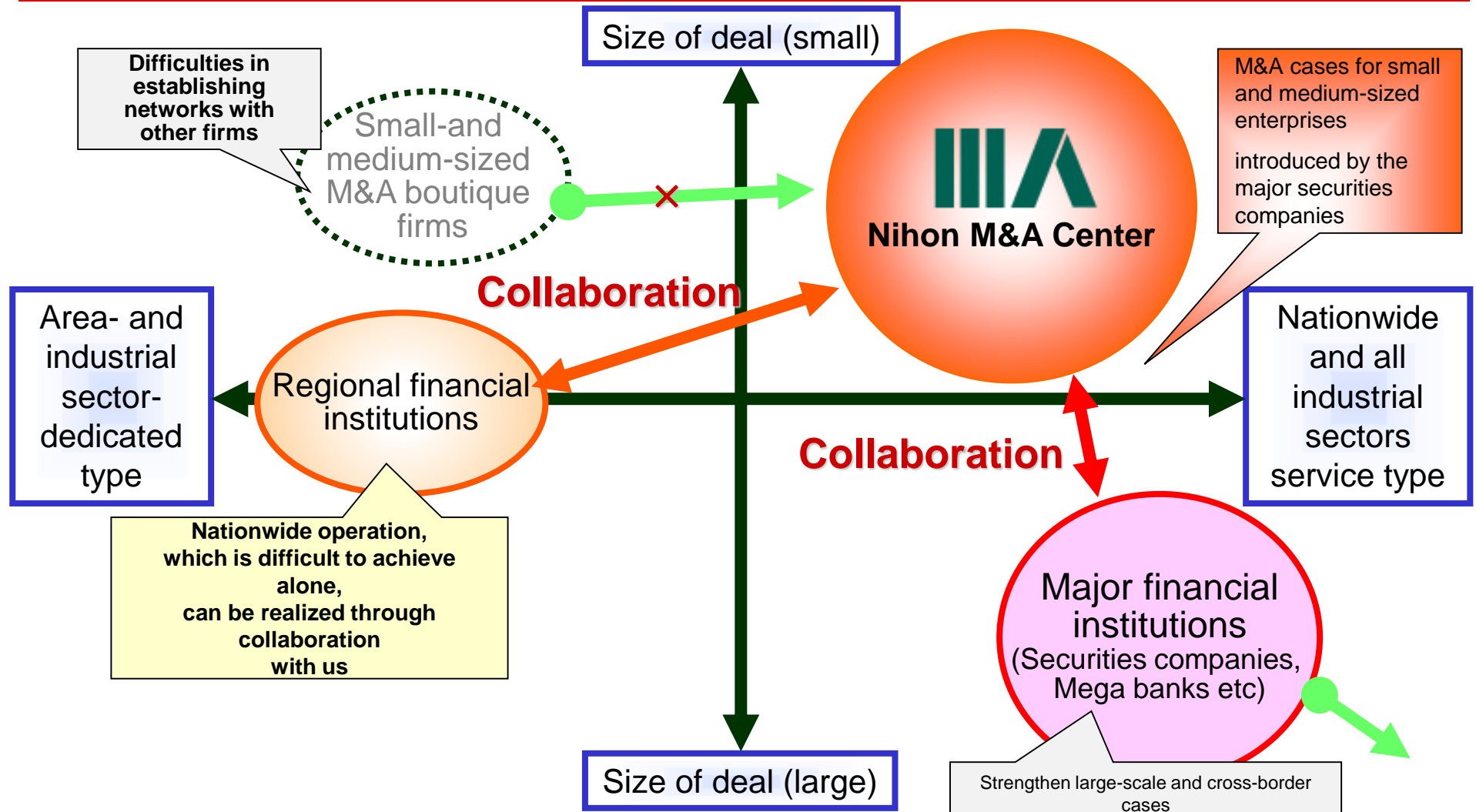
# IIA M&A Intermediary Workflow





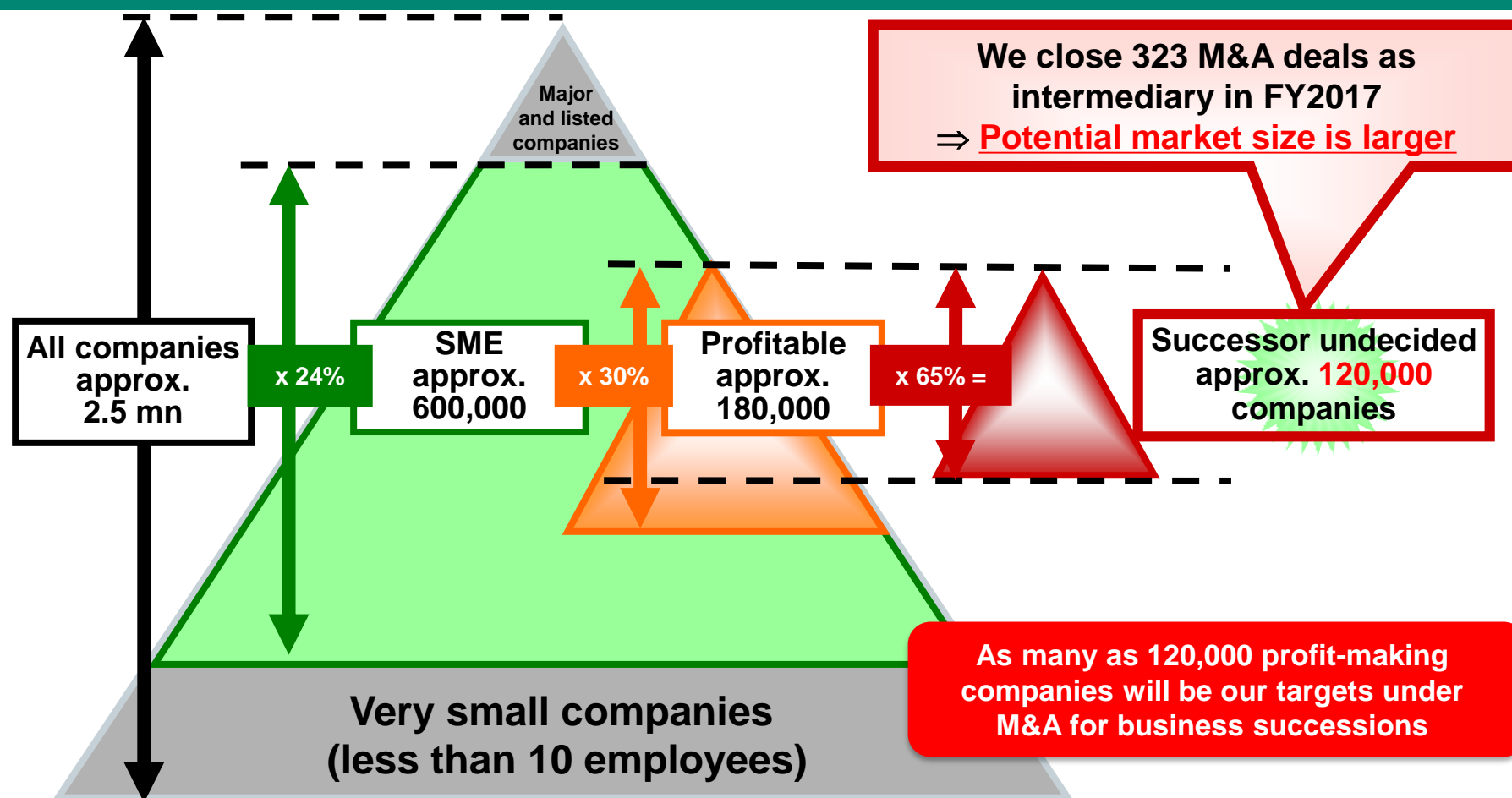
# Position of the Company

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).

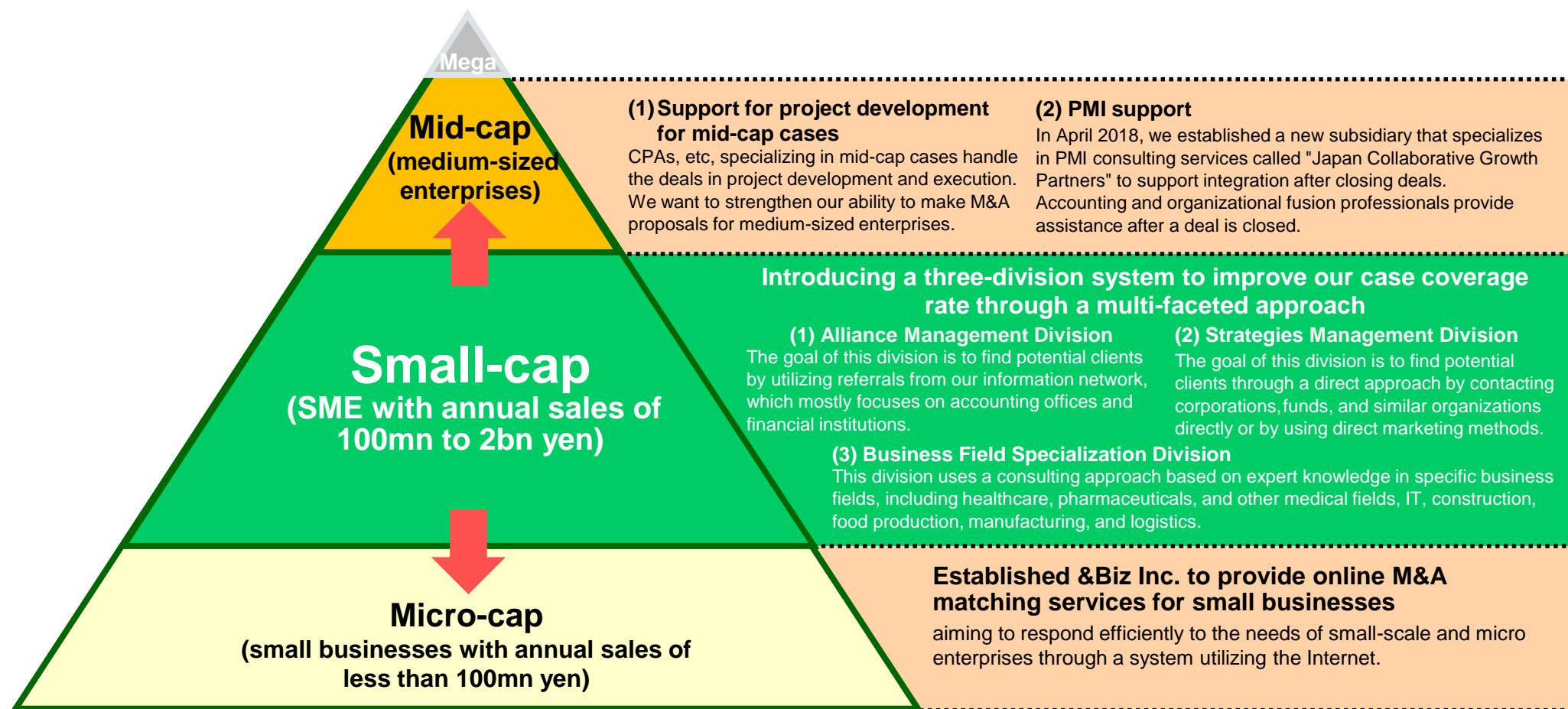
Since the market also includes many companies that operate at a loss, the actual target figure exceeds the 120,000-company target given above.





# The domestic markets we are targeting

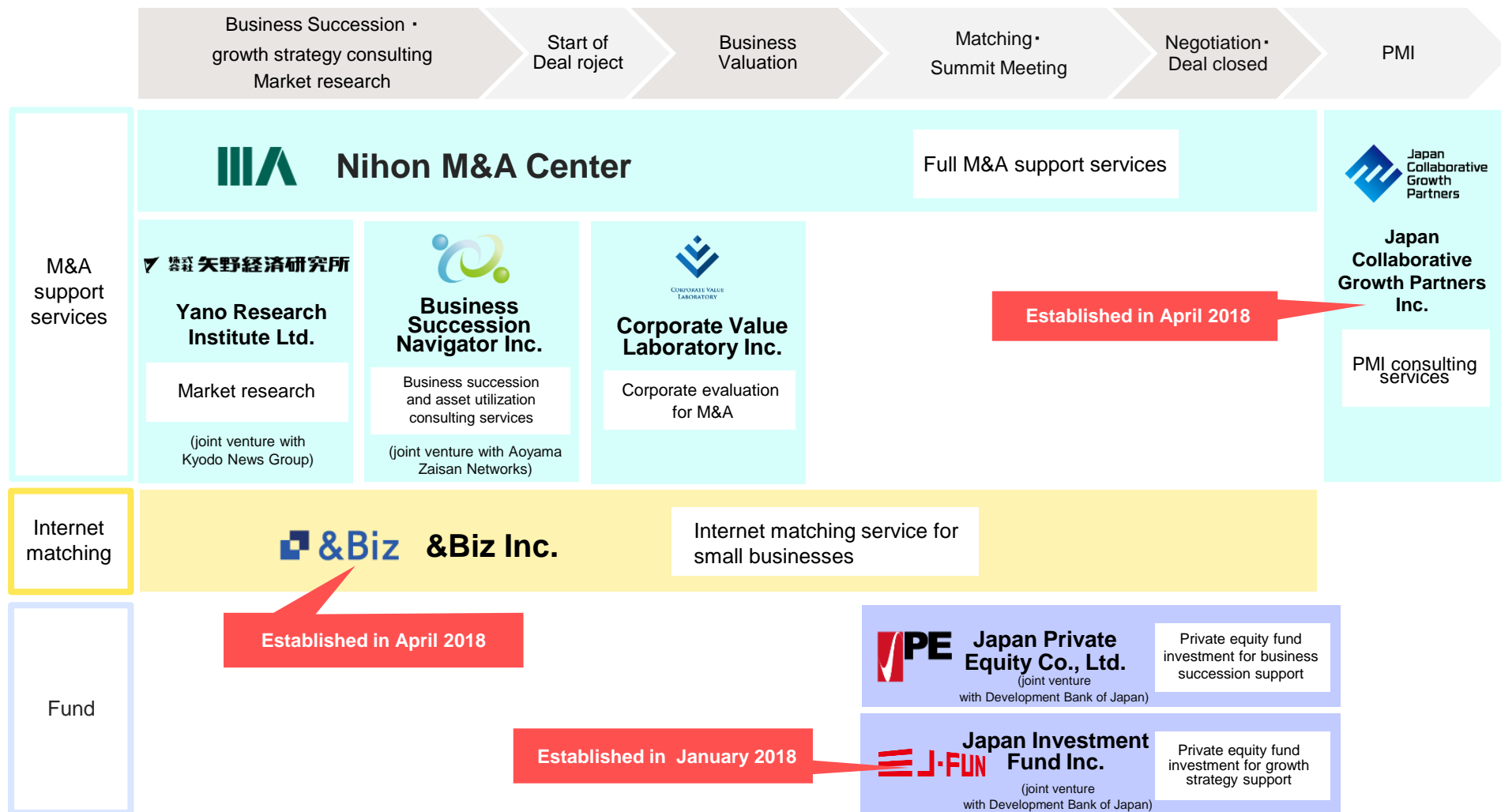
In addition to SMEs, which are our specialty, we are also going to enhance our services for medium-sized and micro enterprises.





# Becoming an Integrated M&A Company

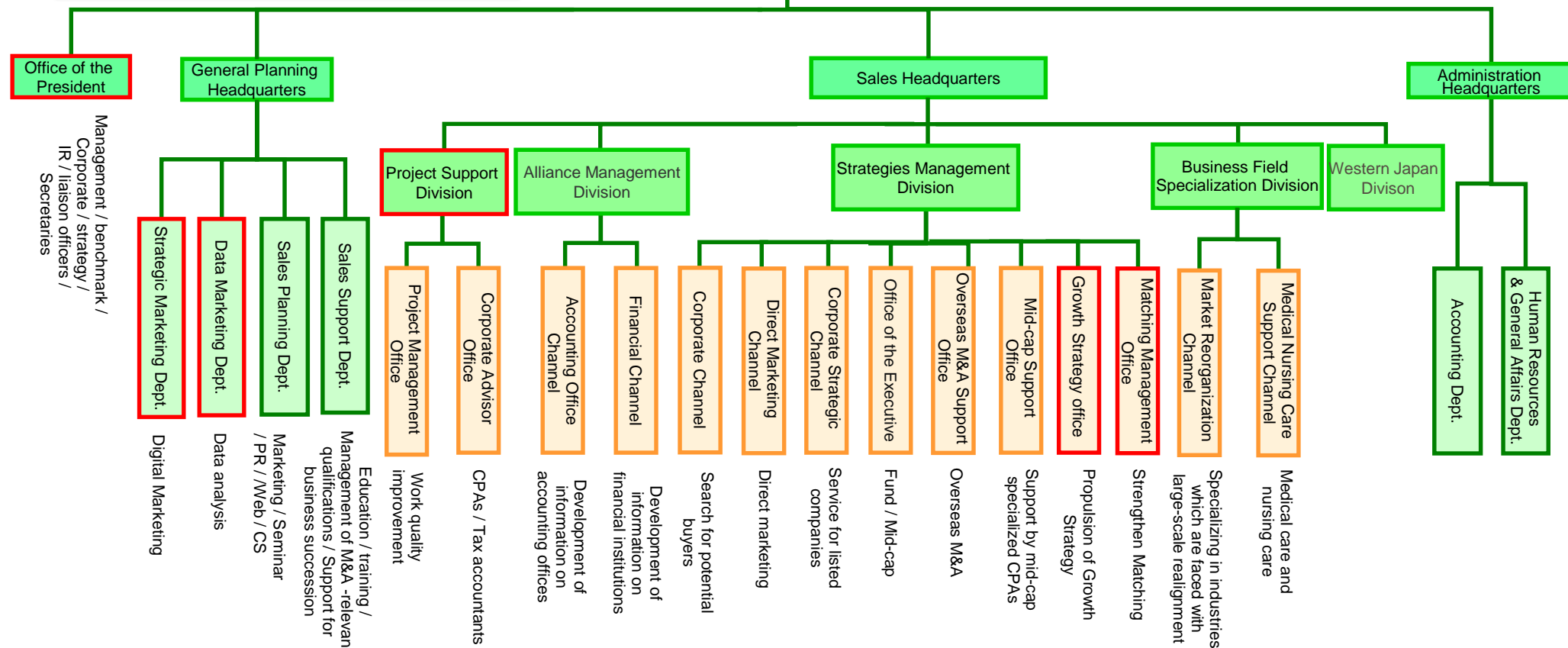
A highly specialized group of companies with a high work process quality



# Overview of the Organization System



  = Newly established in April, 2018  
 ※Digital Marketing Dept. were newly established in Mar, 2018

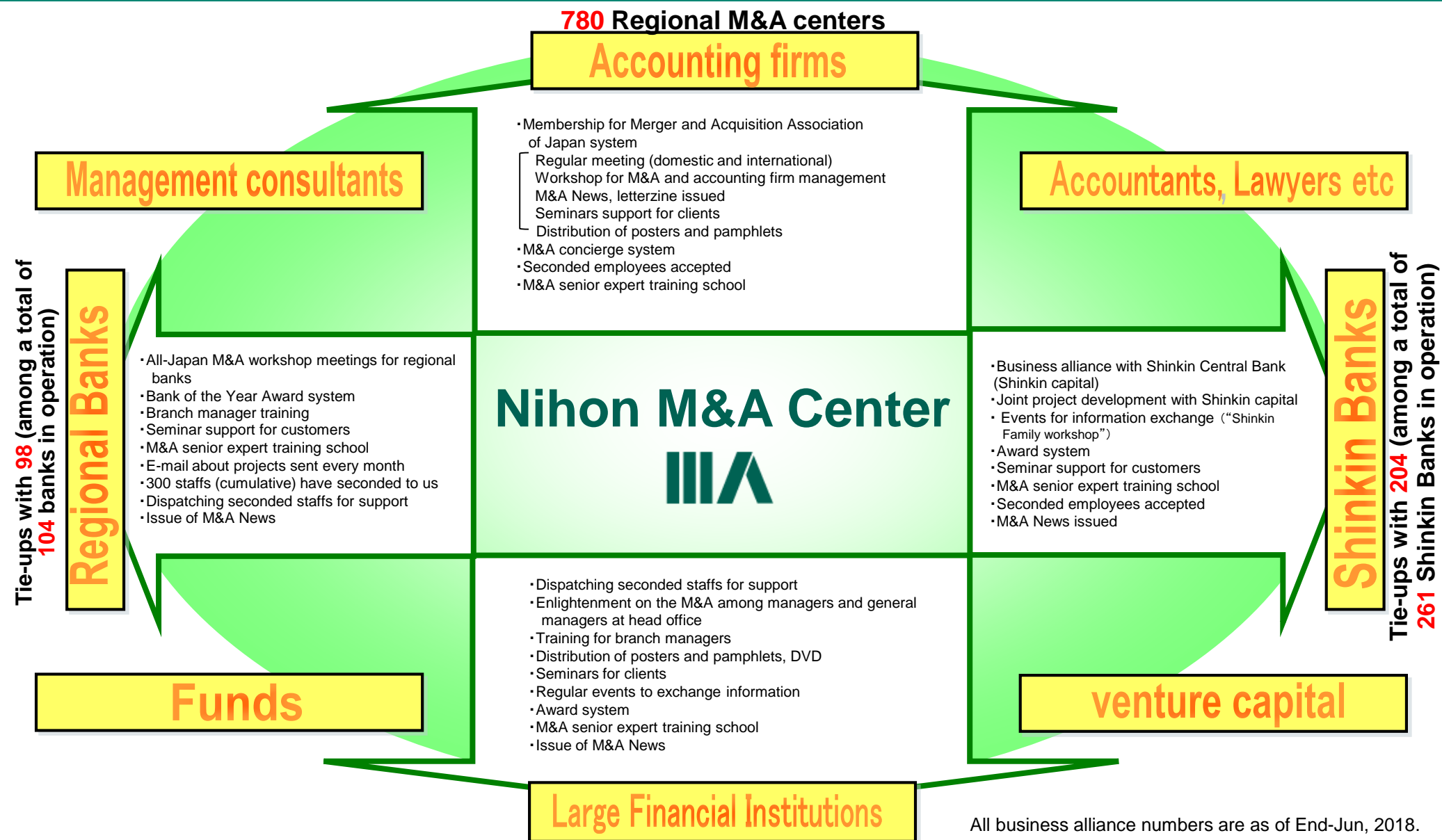




# Human Resource Development (Off-the-Job Training)

First one-month training		Rookie (first year)		Junior		Senior		Manager (section to general managers)			
Knowledge/skills	The Official Business Skill Test in Bookkeeping (2nd Grade)		Business succession and M&A expert exams		<div></div> For all members		<div></div> For any who decides to take		<div></div> For selected members		
	Valuation of businesses	Finance and cash flow analysis									
	M&A proposal package preparation	Case studies of success & failure									
	M&A workflow	Basic practical business courses: Business registration, enterprise management, banking, real estate operation, legal/tax/labor matter practices, basic manufacturing, and in-house operation		Training on M&A special schemes							
	Matching			M&A study by industry (anytime)							
	Deal database usage training			Training on M&A related law and tax revisions							
Financial support for acquisition of qualifications, such as Certified Public Tax Accountant, Certified Public Accountant, Labor and Social Security Attorney, Registered Management Consultant, and bookkeeping exams											
Sales capabilities	Role-playing activities			Sales know-how transfer							
			Sales training by our executives	Second year follow-up training							
			Dale Carnegie Course (external training)								
			Training for presenters and lecturers								
Management capabilities						<div></div> Preliminary training for managers (external training)		<div></div> Training for managers (external training or internal training by our executives)			
								<div></div> Training for next-generation leaders	<div></div> Training for leaders		
	<div></div> Newcomer performance records (for the 1st and 2nd service years)									<div></div> Send qualified members to the Ritsumeikan University's Saionji-juku global leader course	
	Use the database to carefully monitor the performance of newcomers for their 1st and 2nd service years									<div></div> Coaching (external training)	
Global competency	<div></div> English conversation skill										
						<div></div> Send qualified members to short programs in Lee Kuan Yew School of Public Policy					
	<div></div> Overseas visit (for high performers)										
Other	<div></div> Management strategy presentation / Company-wide training										
	<div></div> Meeting with executives			<div></div> Training camp with executives							
	Better understanding of our company / Corporate philosophy presentation by Founder			<div></div> 3KM (Kojin-individual, Katei-home, and Kaisha-company) (Mark, Management, and Motivation) training							
	<div></div> Compliance training, training on information security systems										

# Initiatives to Revitalize the Information Network



## 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 2017

The number of sellers of deals supported by us: 329

Total sales of the sellers: 248.7 billion yen

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

Current benefits from avoided economic losses:  
273.1 billion yen

Employment inducement: 24,589 persons

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

10-year benefits from avoided economic losses:  
2,172.7 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.

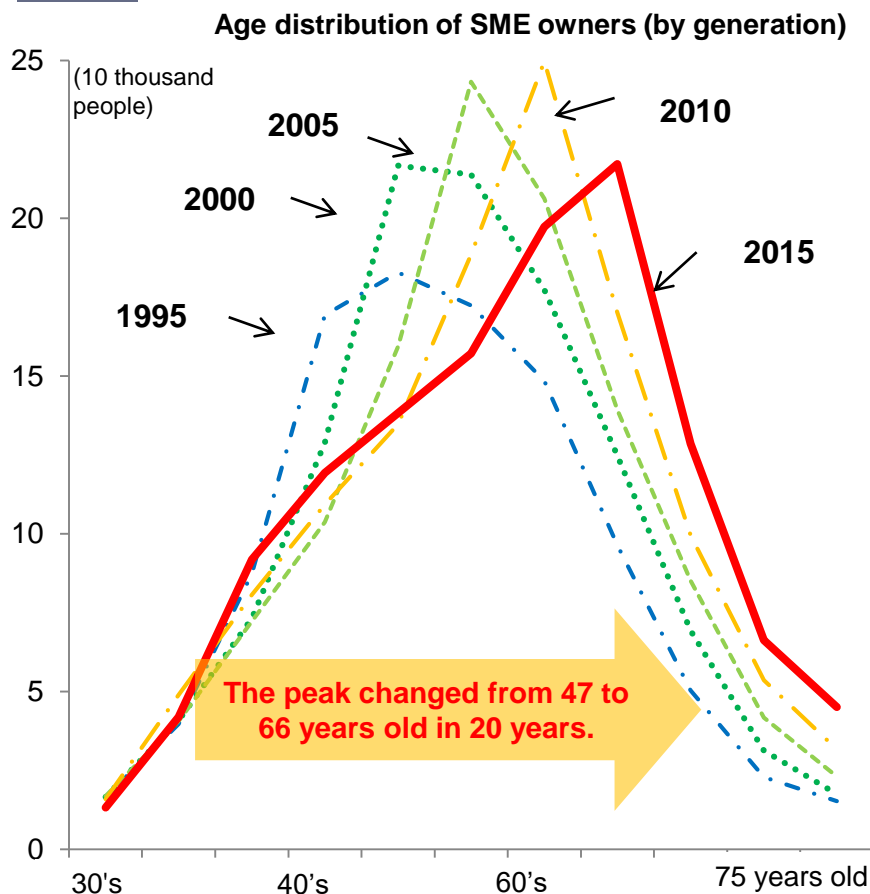
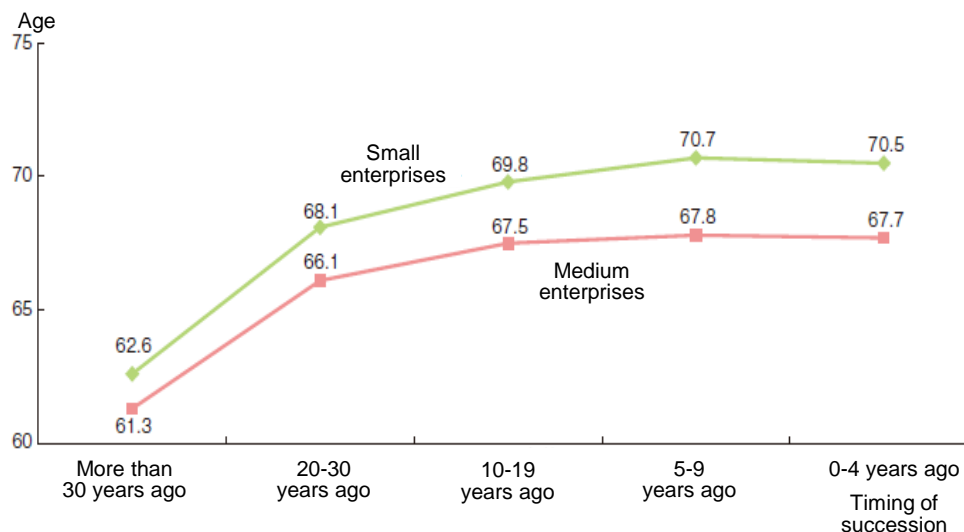
### Cooperation with the government and public institutions

- 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

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).

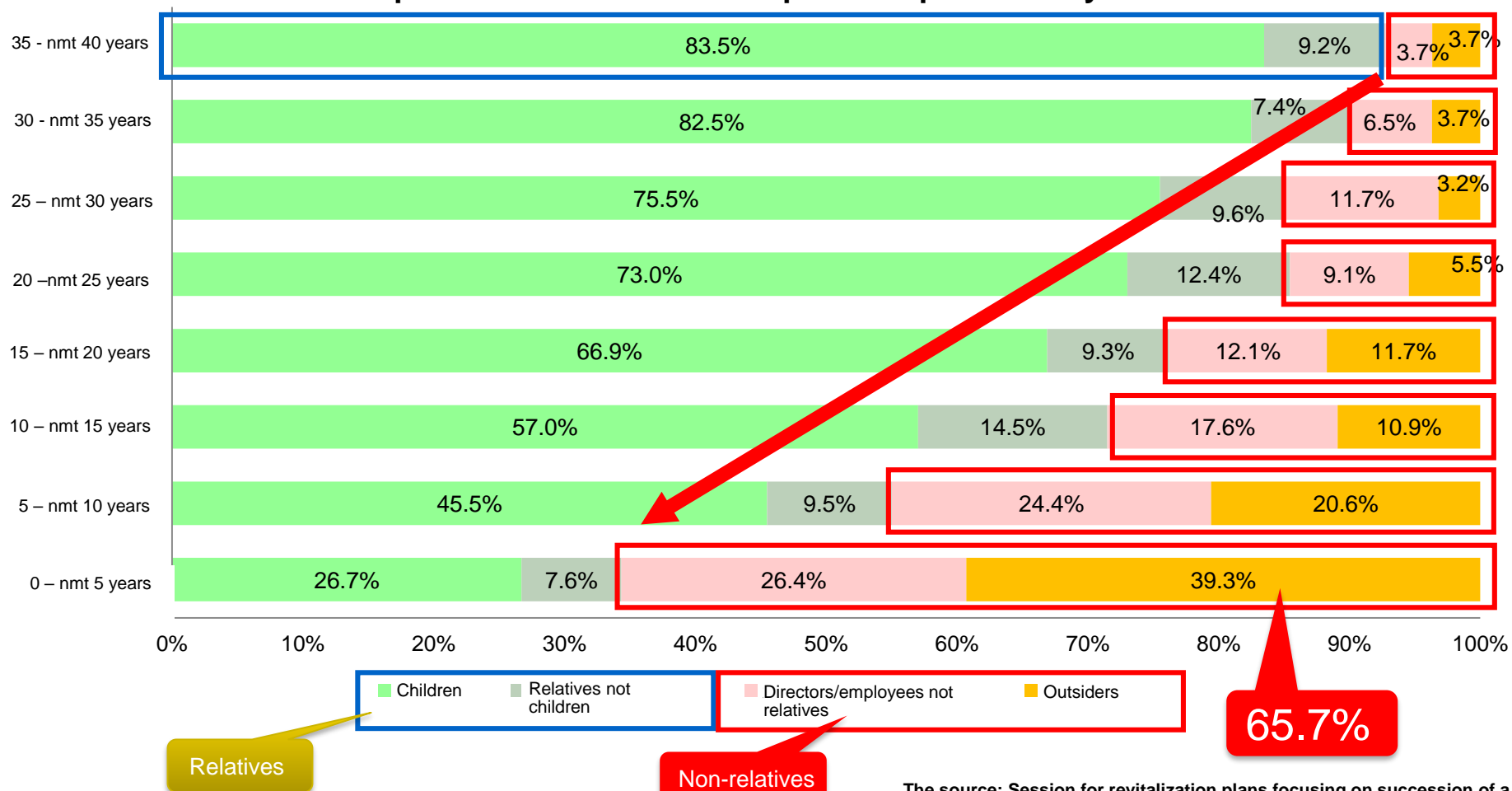
**Fig.1**

**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

# (FYI) Rapid Increase of Succession by Non - relatives

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



## **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/>