
Results of Operations for the Second Quarter of the Fiscal Year Ending Mar. 31, 2019

Oct. 30, 2018



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

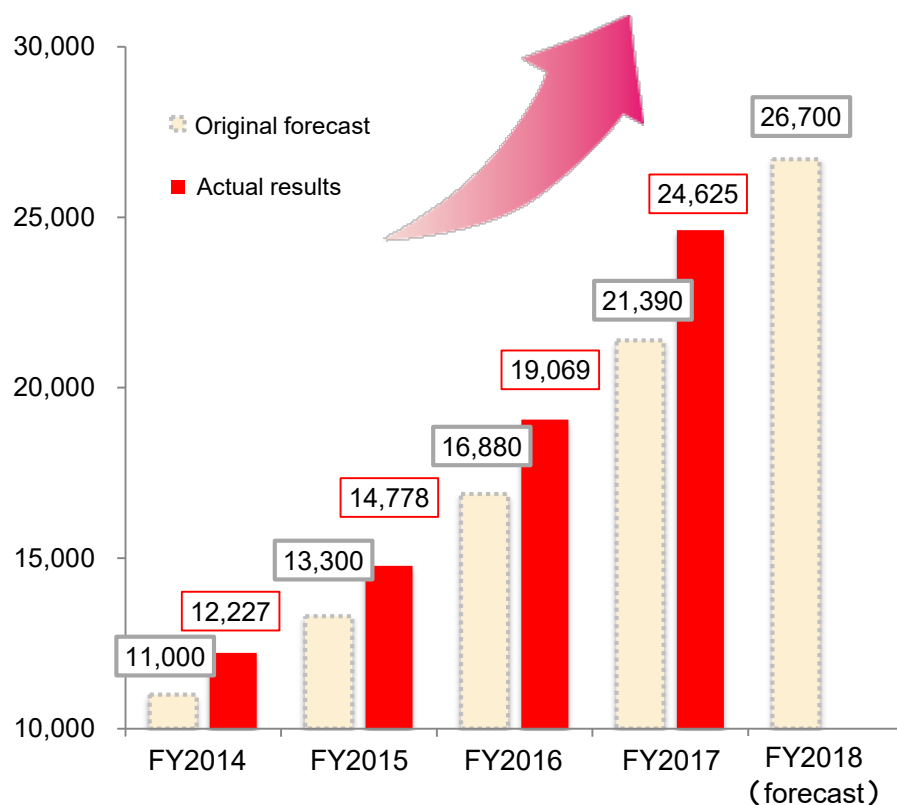
*Our aim is not to gain top rankings in league tables or among investment banks, but rather to become the world's leading integrated company by achieving the eight qualities described above.



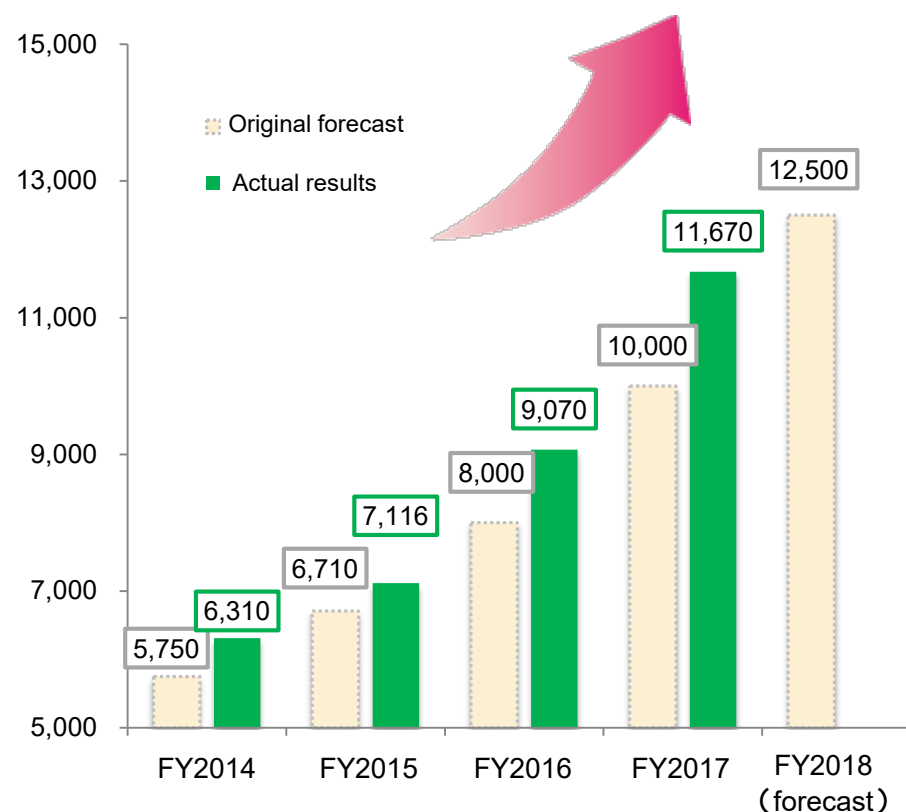
Forecasts and Changes in Operating Results

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)



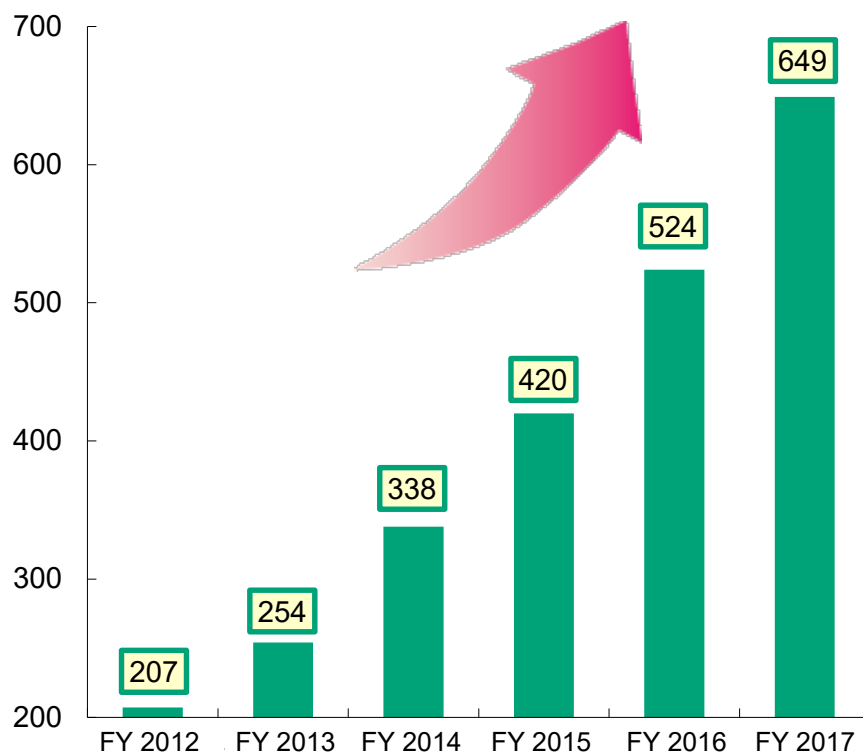


Long-Term Trends in the Number of Deals Closed

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)

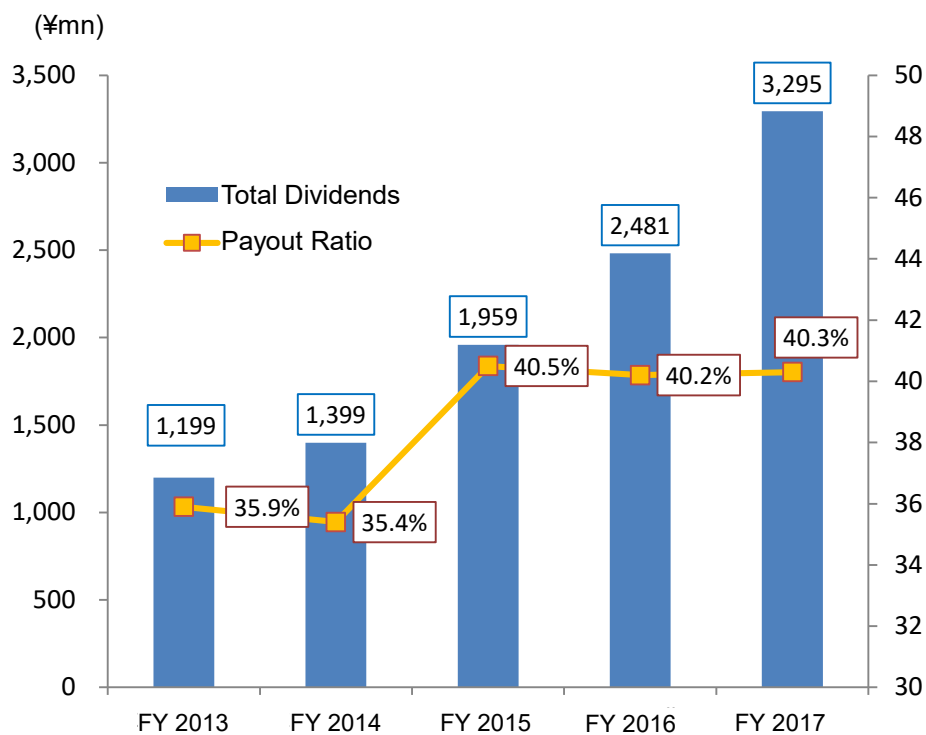




Changes in Total Dividends and Market Capitalization

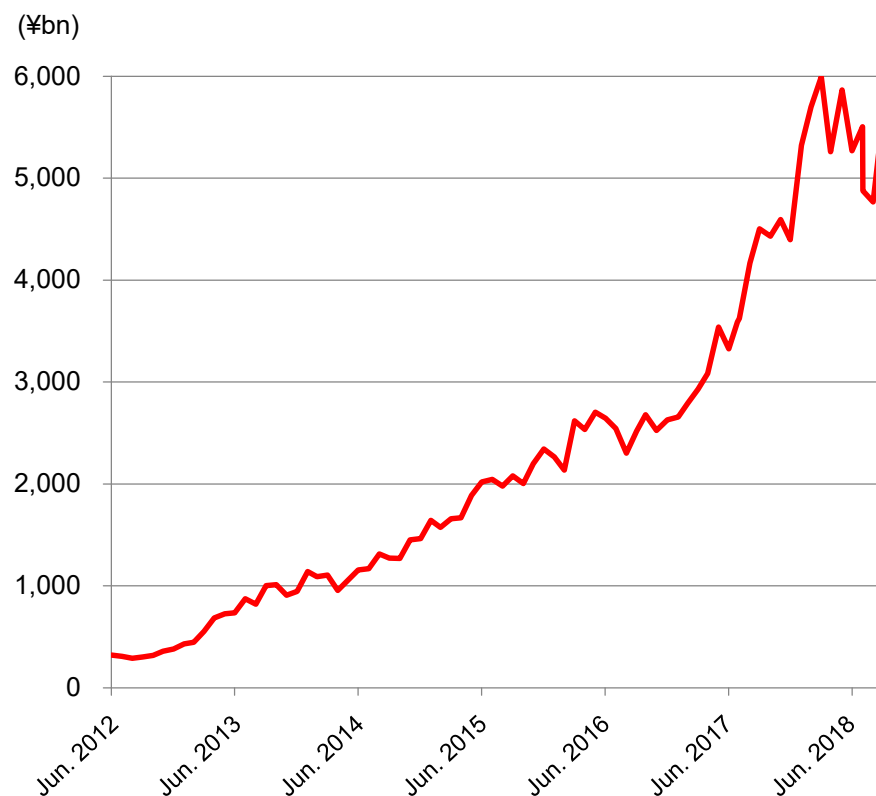
Long-term Satisfactory Progress

Trends in total dividends and payout ratio



Changes in Market Capitalization

(From end of Jun. 2012 till end of Sep. 2018.)





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> 12.5 billion yen under the terms for exercise in FY2019
(2)	FY2019	Over 12.5 billion yen		
(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.

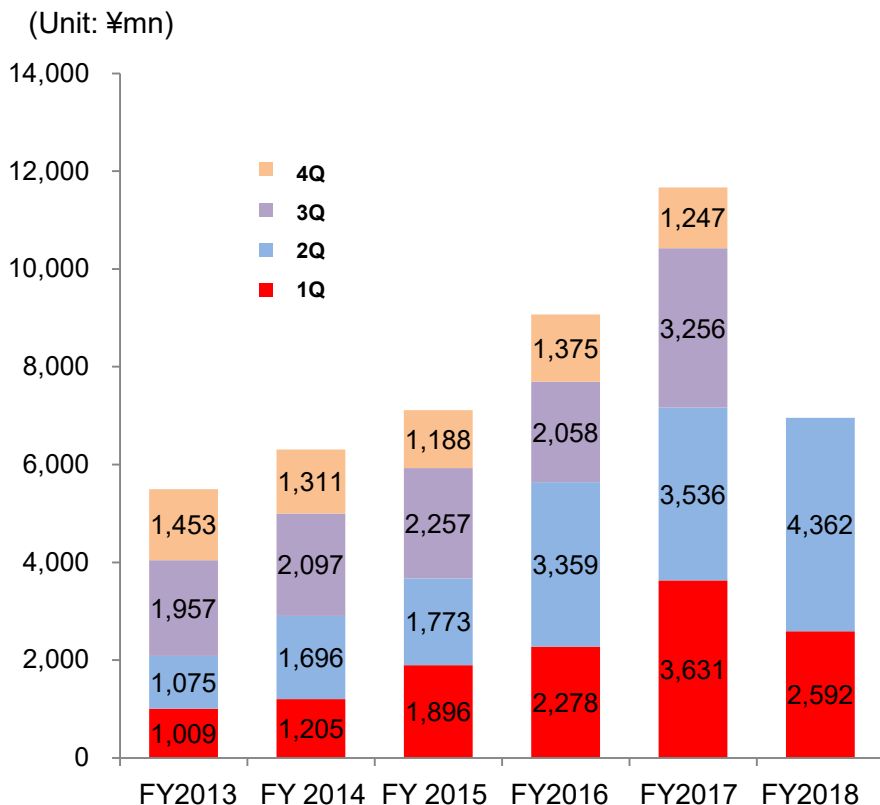
* The number of shares which increase due to the issuance of this paid-in stock option is equivalent to 2.7% of the outstanding shares at maximum, and they become exercisable on July 1, 2022.



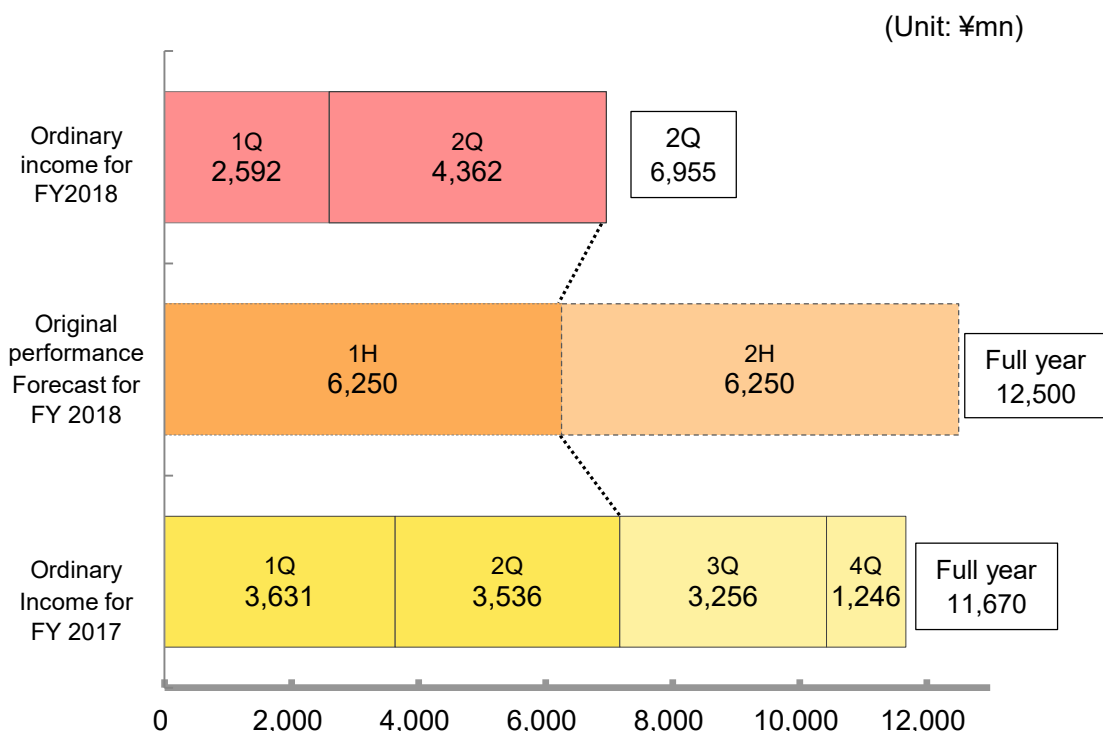
Changes in Quarterly Results of Ordinary Income

Ordinary Income for the last quarter (3 months) is a new record high. (+20%)
(Previous highest income ¥3,631mn ⇒ New ¥4,362mn)

Change in quarterly results of ordinary income



Progress for the Original ordinary income forecast





Summary of Income Statement

Total results for 2Q reached record-high sales

Total earnings forecast for 2Q has been revised upward for the sixth consecutive term
(information disclosed according to the securities listing regulations)

(¥mn , %)	FY2018 (2Q Results)		YoY	FY2018 (Full-year Forecasts)			FY2017 (2Q Results)		FY2017 (Full-year Results)	
	Total	%		Total	%		Total	%	Total	%
Sales	14,378	100.0	106.1	26,700	100.0		13,549	100.0	24,625	100.0
(M&A sales)	(14,136)	(98.3)					(13,407)	(99.0)	(24,321)	(98.8)
Cost of sales	5,072	35.3					4,570	33.7	9,129	37.1
(Referral fees and outsourcing expenses)	(2,113)	(14.7)					(2,107)	(15.6)	(3,578)	(14.5)
(Personnel and transportation costs)	(2,863)	(19.9)					(2,368)	(17.5)	(5,413)	(22.0)
Gross profit	9,305	64.7					8,978	66.3	15,495	62.9
SGA expenses	2,360	16.4					1,842	13.6	3,890	15.8
Operating income	6,944	48.3	97.3	12,500	46.8		7,135	52.7	11,605	47.1
Non-operating income	14	0.1					37	0.3	75	0.3
Non-operating expenses	3	0.0					4	0.0	10	0.0
Ordinary income	6,955	48.4	97.0	12,500	46.8		7,167	52.9	11,670	47.4
Extraordinary gain	-	-					-	-	-	-
Extraordinary loss	-	-					-	-	-	-
Income before taxes	6,955	48.4					7,167	52.9	11,670	47.4
Corporate tax	1,928	13.4					2,047	15.1	3,524	14.3
Net income	5,026	35.0	98.2	8,460	31.7		5,120	37.8	8,146	33.1

Major increased costs (YoY): Cost of sales (Personnel and transportation costs +495 million yen), SGA expenses (Ad expenses +110 million yen, Office rent +102 million yen, Recruiting expenses +74 million yen) ⇒ A slight decrease in profits compared to the same period of the previous FY due to an increase in expenses that aim to spur growth



(Reference) Sales and Profits by Business

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

(¥mn)

	FY 2015		FY 2016			FY 2017 2Q		FY 2017			FY 2018 2Q		
	Total	%	Total	%	Y o Y	Total	%	Total	%	Y o Y	Total	%	Y o Y
Sales	14,778	100.0%	19,069	100.0%	129.0%	13,549	100.0%	24,625	100.0%	129.1%	14,378	100.0%	106.1%
Direct costs*1	2,110	14.3%	2,745	14.4%	130.1%	2,201	16.3%	3,716	15.1%	135.4%	2,209	15.4%	100.3%
Direct profit	12,667	85.7%	16,324	85.6%	128.9%	11,347	83.7%	20,909	84.9%	128.1%	12,169	84.6%	107.2%
M&A sales	14,542	100.0%	18,800	100.0%	129.3%	13,407	100.0%	24,321	100.0%	129.4%	14,136	100.0%	105.4%
M&A cost of sales*2	1,996	13.7%	2,604	13.9%	130.5%	2,107	15.7%	3,578	14.7%	137.4%	2,113	15.0%	100.3%
M&A gross profit	12,545	86.3%	16,195	86.1%	129.1%	11,299	84.3%	20,742	85.3%	128.1%	12,022	85.0%	106.4%
Other sales	235	100.0%	269	100.0%	114.2%	141	100.0%	304	100.0%	113.1%	242	100.0%	171.5%
Cost of other sales	114	48.4%	140	52.1%	122.9%	94	66.6%	137	45.1%	97.9%	95	39.4%	101.5%
Other gross profit	121	51.6%	128	47.9%	106.0%	47	33.4%	167	54.9%	129.6%	146	60.6%	311.2%
Non-allocable cost of sales*3	3,208	21.7%	4,233	22.2%	132.0%	2,368	17.5%	5,413	22.0%	127.9%	2,863	19.9%	120.9%
Gross profit	9,459	64.0%	12,090	63.4%	127.8%	8,978	66.3%	15,495	62.9%	128.2%	9,305	64.7%	103.6%

*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 2Q	%	Change	End of FY2017
I Current assets	15,846	47.5	280	15,565
Cash and deposits	10,856	32.6	-2,480	13,337
Other current assets	4,990	15.0	2,761	2,228
II Fixed assets	*17,490	52.5	1,345	16,144
Total assets	33,336	100.0	1,626	31,710

*Long-term deposit
14,000

Liabilities and net assets	End of FY2018 2Q	%	Change	End of FY2017
I Current liabilities	5,904	17.7	-857	6,761
II Fixed liabilities	2,402	7.2	-503	2,905
Total liabilities	8,306	24.9	-1,360	9,666
Interest bearing liabilities	3,000	9.0	-500	3,500
Net assets	25,030	75.1	2,986	22,043
Retained earnings	27,131	81.4	3,097	24,034
Total liabilities and net assets	33,336	100.0	1,626	31,710



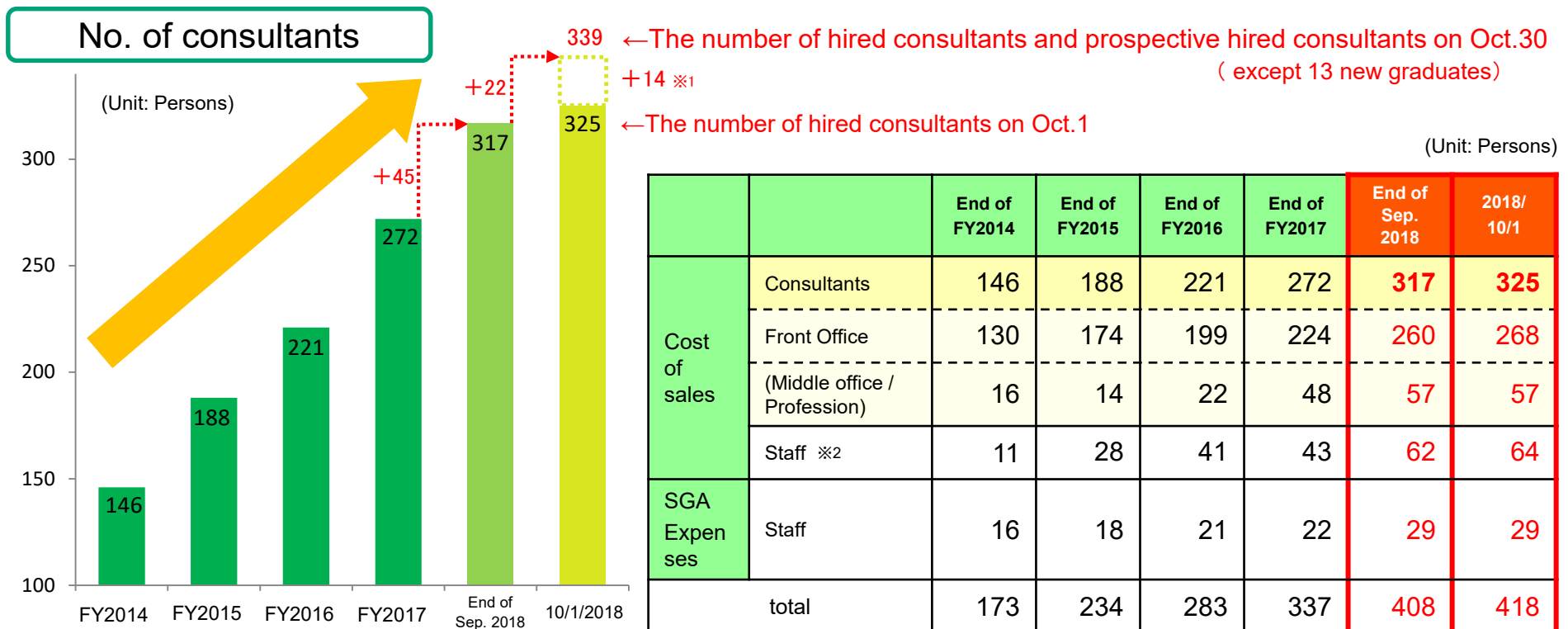
Employee Numbers

The number of consultants increased by 45 within half year.

(End of FY2017 272 ⇒ End of Sep. 2018 317)

Taking new recruits on Oct. and prospective hired into consideration,
the number further increased to 339(+22)

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



※1 14 mid-career recruits have accepted informal job offers as of Oct.30(Consultants).

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

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





Number of Deals Closed and Other Statistics (Details)

Number of Deals Closed among this 2Q and last half year reach record high
— M&A sales per deal also increased compared to 1Q —

(Units: number of deals, million yen)

	FY 2015	FY 2016					FY 2017					FY 2018		
	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year	1Q	2Q	Full year
Total deals (number of companies)*1	420	127	152	127	118	524	173	207	151	118	649	173	212	385
Total amount for the same fiscal year	-	127	279	406	524	-	173	380	531	649	-	173	385	-
Number of selling deals closed	212	63	77	63	59	262	83	104	76	60	323	89	106	195
Number of buying deals closed	208	64	75	64	59	262	90	103	75	58	326	84	106	190
Other closed deals (restructuring, etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M&A sales	14,542	4,282	5,889	4,633	3,994	18,800	6,422	6,985	6,343	4,570	24,321	5,867	8,268	14,136
M&A sales per deal*2	34.6	33.7	38.7	36.5	33.9	35.9	37.1	33.7	42.0	38.7	37.5	33.9	39.0	36.7
Total number of deals closed (number of transactions)*1	220	64	79	64	60	267	91	105	76	60	332	89	110	199
Total amount for the same fiscal year	-	64	143	207	267	-	91	196	272	332	-	89	199	-

*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 2Q(Jul.–Sep.) 1/4

212 deals closed in 110 groups in one quarter.
A large variety of industries across a vast area!

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

	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
1	Pavement construction	Kanto	Specialty contractor	Kanto	Stock transfer
2	Plumbing	Kanto	Real estate development	Kanto	Stock transfer
3	Paper products wholesale	Kanto	Commissioned software development	Kanto	Stock transfer
4	Printing	Tokai, Hokuriku	Printing	Tokai, Hokuriku	Stock transfer
5	Metal processing	Kanto	Metal processing	Kanto	Stock transfer
6	Metal processing	Koshinetsu	Steel industry	Koshinetsu	Stock transfer
7	Food wholesaler	Tokai, Hokuriku	Livestock industry	Tokai, Hokuriku	Stock transfer
8	Dispensing pharmacy	Hokkaido, Tohoku	Dispensing pharmacy	Hokkaido, Tohoku	Stock transfer
9	Real estate development	Kanto	Real estate development	Kanto	Share Exchange
10	Ryokans and hotels	Hokkaido, Tohoku	Building material retailing	Hokkaido, Tohoku	Stock transfer
11	Restaurants	Kanto	Restaurants	Kanto	Stock transfer
12	Nursing care public welfare services	Kanto	Real estate management	Kanto	Stock transfer
13	Builder	Kanto	Real estate brokerage	Kanto	Stock transfer
14	Interior carpentry	Kansai	Real estate management	Chugoku, Shikoku	Stock transfer
15	Furniture production	Hokkaido, Tohoku	Furniture retailing	Hokkaido, Tohoku	Stock transfer
16	Furniture production	Hokkaido, Tohoku	Wood processing	Kansai	Stock transfer
17	Plastics, rubber production	Kanto	Plastics, rubber production	Kanto	Stock transfer
18	Fabricated metal production	Kansai	Fabricated metal production	Kansai	Stock transfer
19	Fabricated metal production	Kanto	Metal processing	Kanto	Stock transfer
20	Electrical machinery and equipment production	Kanto	Specialized trading company	Kanto	Stock transfer

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Number of deals closed for 2Q(Jul.-Sep.) 2/4

⇒ (cont'd from previous page)

	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
21	Commissioned software development	Kanto	Electronic part manufacturing	Kanto	Stock transfer
22	Taxi company	Chugoku, Shikoku	Taxi company	Kanto	Stock transfer
23	Bus company	Kanto	Bus company	Koshinetsu	Stock transfer
24	Truck logistics	Kansai	Truck logistics	Kansai	Business transfer
25	Truck logistics	Tokai, Hokuriku	Truck logistics	Hokkaido, Tohoku	Stock transfer
26	Metallic material wholesale	Kansai	Industrial waste disposal	Kansai	Stock transfer
27	Wholesale of electrical machinery and equipment	Tokai, Hokuriku	Wholesale of electrical machinery and equipment	Kansai	Stock transfer
28	Wholesale of electrical machinery and equipment	Kanto	Ceramic industry	Koshinetsu	Stock transfer
29	Grocery retail	Chugoku, Shikoku	Grocery retail	Chugoku, Shikoku	Stock transfer
30	Grocery retail	Kyushu, Okinawa	Food wholesaler	Kyushu, Okinawa	Stock transfer
31	Real estate management	Kanto	Real estate development	Kanto	Stock transfer
32	Mechanical design industry	Chugoku, Shikoku	Business oriented machinery production	Tokai, Hokuriku	Stock transfer
33	Non-destructive test	Kanto	Specialty contractor	Kanto	Stock transfer
34	Living related and personal services	Kanto	Worker dispatching	Kanto	Stock transfer
35	Hospital	Hokkaido, Tohoku	Medical services	Kanto	Equity transfer
36	Clinic	Hokkaido, Tohoku	Hospital	Tokai, Hokuriku	Equity transfer
37	Nursing care public welfare services	Kansai	Nursing care public welfare services	Kansai	Business transfer
38	Nursing care public welfare services	Kyushu, Okinawa	Nursing care public welfare services	Kyushu, Okinawa	Stock transfer
39	Nursing care public welfare services	Kansai	Real estate brokerage	Kansai	Business transfer
40	Building maintenance	Kansai	Real estate management	Kansai	Stock transfer
41	Real estate brokerage	Kyushu, Okinawa	Grocery retail	Kyushu, Okinawa	Stock transfer
42	Real estate rental	Kansai	Real estate rental	Kansai	Stock transfer
43	Pavement construction	Kyushu, Okinawa	Builder	Kyushu, Okinawa	Stock transfer
44	Builder	Hokkaido, Tohoku	Civil engineering	Hokkaido, Tohoku	Stock transfer
45	Painter's work	Overseas	Builder	Kansai	Stock transfer
46	Interior carpentry	Koshinetsu	Building materials wholesale	Tokai, Hokuriku	Stock transfer
47	Telecommunication work	Kanto	ICT equipmet manufacturer	Kanto	Stock transfer
48	Plumbing	Hokkaido, Tohoku	Fuel retail	Hokkaido, Tohoku	Stock transfer
49	Plumbing	Kanto	Plumbing	Kanto	Stock transfer
50	Plumbing	Tokai, Hokuriku	Installation work	Tokai, Hokuriku	Stock transfer

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Number of deals closed for 2Q(Jul.–Sep.) 3/4

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	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
51	Food production	Kyushu, Okinawa	Fund	Kanto	Stock transfer
52	Printing	Chugoku, Shikoku	Chemicals wholesale	Kansai	Stock transfer
53	Ceramics products production	Chugoku, Shikoku	Ceramics products retailing	Chugoku, Shikoku	Absorption-type split
54	Metal processing	Kanto	Transportation equipment production	Kansai	Stock transfer
55	Metal processing	Kanto	Metal wholesale	Kanto	Stock transfer
56	Fabricated metal production	Kansai	Fabricated metal production	Kansai	Stock transfer
57	Manufacture of production machinery	Hokkaido, Tohoku	Recycled resource wholesale	Hokkaido, Tohoku	Stock transfer
58	Consumables manufacturer	Kanto	Printing	Kanto	Stock transfer
59	Commissioned software development	Kanto	System development	Kanto	Stock transfer
60	Commissioned software development	Kyushu, Okinawa	Worker dispatching	Kyushu, Okinawa	Business transfer
61	Commissioned software development	Tokai, Hokuiriku	Advertising	Kanto	Stock transfer
62	Commissioned software development	Kansai	Internet services	Kansai	Stock transfer
63	Commissioned software development	Kanto	Internet services	Kanto	Stock transfer
64	Commissioned software development	Kanto	Commissioned software development	Tokai, Hokuiriku	Stock transfer
65	Truck logistics	Kyushu, Okinawa	Truck logistics	Hokkaido, Tohoku	Stock transfer
66	Truck logistics	Hokkaido, Tohoku	Civil engineering	Hokkaido, Tohoku	Stock transfer
67	Special transportation	Tokai, Hokuiriku	Ceramic industry	Tokai, Hokuiriku	Stock transfer
68	Food wholesaler	Hokkaido, Tohoku	Specialized trading company	Tokai, Hokuiriku	Stock transfer
69	Food wholesaler	Hokkaido, Tohoku	Food wholesaler	Hokkaido, Tohoku	Stock transfer
70	Construction materials wholesale	Kanto	Builder	Kyushu, Okinawa	Stock transfer
71	Electricity sales	Kanto	Insurance agent	Kanto	Stock transfer
72	Fuel wholesale	Kansai	Energy infrastructure	Kanto	Stock transfer
73	Industrial machinery and equipment production	Kansai	Wholesale of electrical machinery and equipment	Kansai	Stock transfer
74	Industrial machinery and equipment production	Tokai, Hokuiriku	Industrial machinery and equipment production	Kansai	Stock transfer
75	Furniture and fixtures wholesale	Kanto	Wholesale of electrical machinery and equipment	Kanto	Stock transfer
76	Building material wholesale	Tokai, Hokuiriku	Interior material wholesale	Kansai	Stock transfer
77	Paper products wholesale	Tokai, Hokuiriku	Paper processing goods wholesale	Tokai, Hokuiriku	Stock transfer
78	Upholstery and building material wholesale	Hokkaido, Tohoku	leasing industry	Kanto	Stock transfer
79	Grocery retail	Tokai, Hokuiriku	Truck logistics	Kanto	Stock transfer
80	Automobile dealer	Tokai, Hokuiriku	Automobile wholesale	Kansai	Stock transfer

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Number of deals closed for 2Q(Jul.–Sep.) 4/4

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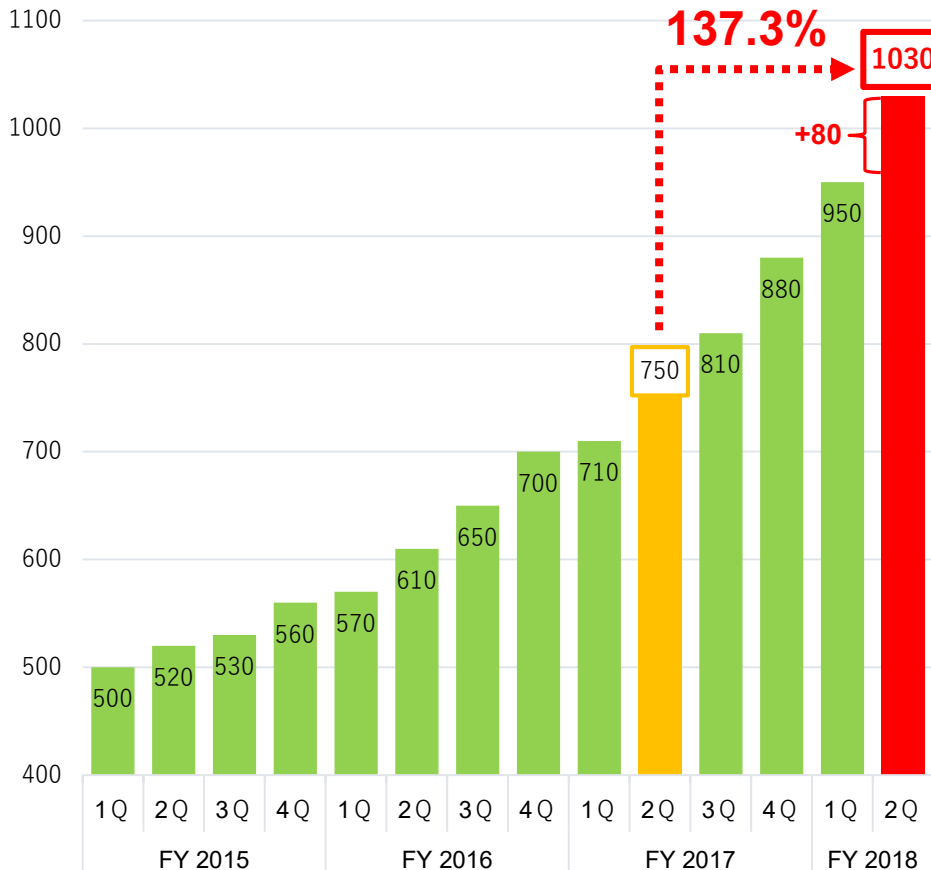
	Sellers		Buyers		Transaction scheme
	Business details	Area	Business details	Area	
81	Drug retailing	Hokkaido, Tohoku	Medical services	Hokkaido, Tohoku	Stock transfer
82	Dispensing pharmacy	Kansai	Dispensing pharmacy	Kanto	Stock transfer
83	Dispensing pharmacy	Kanto	Dispensing pharmacy	Kyushu, Okinawa	Stock transfer
84	Dispensing pharmacy	Koshinetsu	Dispensing pharmacy	Kansai	Stock transfer
85	Fuel retail	Kansai	Fuel wholesale	Tokai, Hokuriku	Stock transfer
86	Jewelry retailing	Chugoku, Shikoku	Jewelry retailing	Chugoku, Shikoku	Stock transfer
87	Recycled resource retailing	Kansai	Living related and personal services	Kansai	Stock transfer
88	Real estate management	Kyushu, Okinawa	Real estate Information Network and rental, brokerage	Kanto	Stock transfer
89	Accounting office	Hokkaido, Tohoku	Accounting office	Hokkaido, Tohoku	Business transfer
90	Surveying industry	Kanto	Architectural design	Koshinetsu	Stock transfer
91	Mechanical design industry	Kanto	Worker dispatching	Kanto	Stock transfer
92	Mechanical design industry	Kansai	Electrical machinery and equipment production	Kansai	Stock transfer
93	Ryokans and hotels	Kansai	Ryokans and hotels	Kanto	Stock transfer
94	Restaurants	Kanto	Restaurants	Kansai	Stock transfer
95	Cram school	Koshinetsu	Cram school	Kanto	Stock transfer
96	Hospital	Hokkaido, Tohoku	Medical services	Kanto	Equity transfer
97	Hospital	Tokai, Hokuriku	Medical services	Kanto	Equity transfer
98	Hospital	Kansai	Medical services	Kanto	Replacement of board members
99	Clinic	Hokkaido, Tohoku	Medical services	Hokkaido, Tohoku	Equity transfer
100	Clinic	Hokkaido, Tohoku	Clinic	Kanto	Replacement of board members
101	Clinic	Kanto	Hospital	Tokai, Hokuriku	Equity transfer
102	Medical services	Kyushu, Okinawa	Drug wholesale	Kyushu, Okinawa	Stock transfer
103	Nursing care public welfare services	Hokkaido, Tohoku	Nursing care public welfare services	Hokkaido, Tohoku	Business transfer
104	Nursing care public welfare services	Kansai	Nursing care public welfare services	Kansai	Stock transfer
105	Automobile maintenance	Tokai, Hokuriku	Automobile dealer	Kansai	Stock transfer
106	Worker dispatching	Kanto	Worker dispatching	Kanto	Stock transfer
107	Worker dispatching	Kansai	Retail of electrical machinery and equipment	Kanto	Stock transfer
108	Worker dispatching	Tokai, Hokuriku	Worker dispatching	Kanto	Stock transfer
109	Construction related services	Tokai, Hokuriku	Special construction	Kyushu, Okinawa	Stock transfer
110	Outsourcing	Kyushu, Okinawa	Grocery retail	Kyushu, Okinawa	Stock transfer

Strong growth in commissioned transfer projects and enhanced pipelines

In addition to the number of closed deals, the results for this quarter indicate a record growth in "transfer project pipelines*" (+80)

Trend in transfer project pipelines

(No. of projects)



The number of clients related to transfer projects exceeded 1,000 at the end of 2Q.
137.3% compared to the same period of the previous FY (750 ⇒ 1030)

* The term "transfer project pipelines" refers to the total number of projects in progress we have officially started with the goal of closing the deals based on the requests for M&A intermediary services we have received from companies that wish to transfer their business operations. (Non-exclusive projects and projects related to &Biz Inc. are not included here.)

(All of the figures show the results at the end of each term.)

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

Kyushu (7 venues)



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

Okinawa



9 Jul. Naha

6 venues across Japan



13 Jun. Osaka	10 Jul. Sapporo
15 Jun. Koriyama	12 Jul. Kyoto
19 Jun. Nagoya	26 Jul. 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.



TOPICS (3)

Tie-up with MUFG Bank, Ltd.

Major M&A Information Network

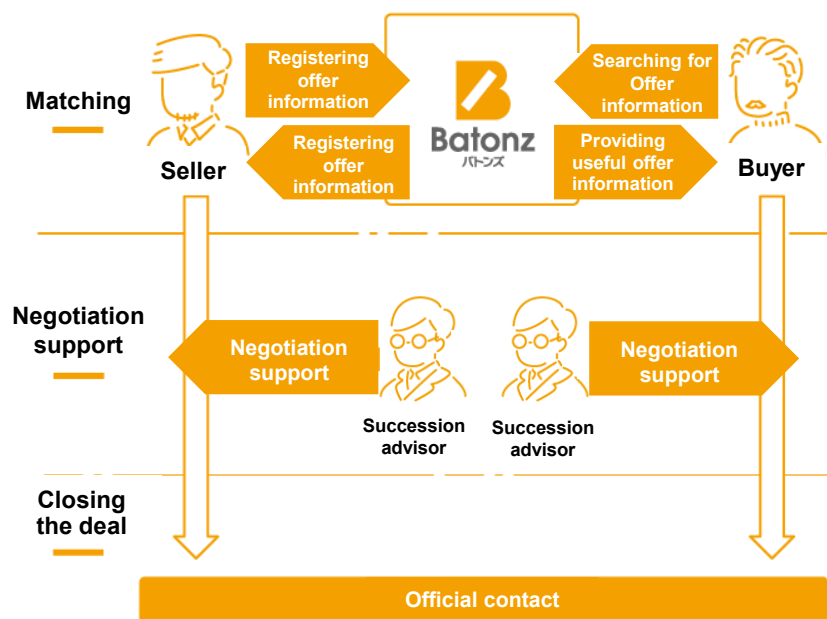


The number of deals introduced from network will be expected to increase

Online matching services updated by our subsidiary &Biz Inc. **Batonz** (<https://batonz.jp/>) launched

Aiming to register 10,000 transfer projects per year and
close 1,000 deals by 2025 at the latest

How Batonz works



▲ Front page of the "Batonz" official website
(<https://batonz.jp/>)

[Setting the price for average users]

- No retainer fee
- No contingent fee
- Free succession advisor referrals nationwide

[Main sources of income for &Biz Inc.]

- Referral fees from succession advisors
- Support fees for succession advisors

**Assistance based on IT and
more than 800 trained succession advisors**
→ **Increased the success rate of deal closing with
reduced operational costs**

TOPICS (5)

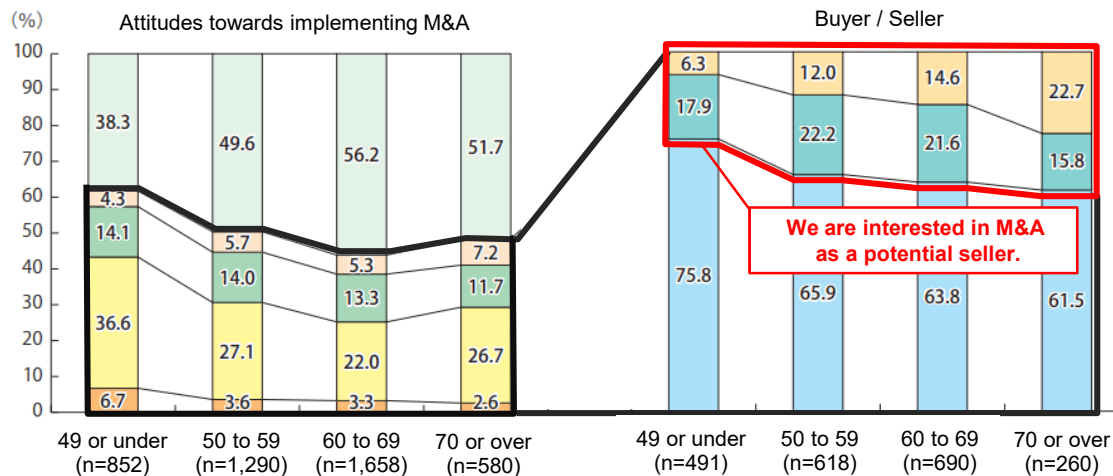
Increasing demand for M&A for the purpose of no business succession
Adapting to industry reorganization and achieving growth strategies

Many young business owners are also interested in
business transfers and actually going into M&A

Attitudes towards potential M&A implementation among
business owners by their age

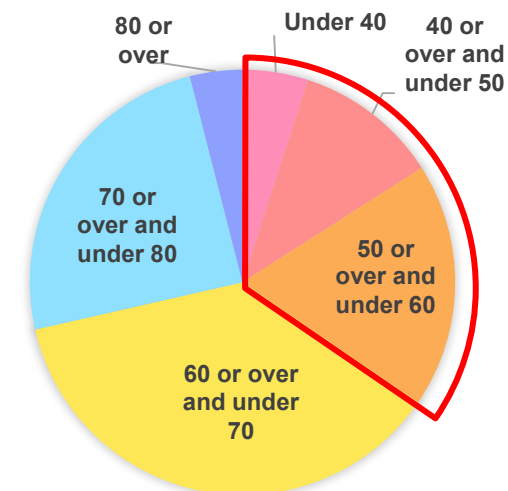
- We will actively work on M&A.
- If we get a good offer, we are willing to consider it.
- We are currently considering our options.
- We are not particularly interested in M&A.
- We are not considering it at all.
- We are interested in M&A as a potential buyer.
- We are interested in M&A both as a potential buyer and seller.
- We are interested in M&A as a potential seller.

Various degrees of interest in M&A among
groups that want to get involved in M&A



Our analysis is based on "2018 White Paper on Small and Medium Enterprises in Japan."

Categorization of the representatives according
to their age when a deal is closed



Based on our data related to closed deals in FY 2017

More than one third of the sellers Nihon
M&A Center provides assistance for are
run by owners who are under 60 years old.

Entering a partnership agreement with Kochi Prefecture and contributing to regional revitalization

This represents the first prefectural partnership agreement for our company



At Kochi Prefectural Office on September 21, 2018
(Middle-left) Masanao Ozaki, Kochi Prefectural Governor
(Middle-right) Suguru Miyake, our President

[Partnership and cooperation partnership details]

1. Sending lecturers to practical seminars for organizations that offer assistance to small and medium enterprises
2. Offering assistance and advice to professionals and support organizations through practical work
3. Offering the "Batonz" platform in order to share information about the sales projects managed by &Biz Inc.

Investment into the second project from the growth strategy fund managed by J-FUN

After the first investment project in the confectionery industry,
a second investment has been made in the same field.

The goal is to improve the company's value and achieve a synergistic effect throughout the Group.

[Second investment project] Fujibambi Group

Head office: Kumamoto City, Kumamoto Prefecture
Total group sales: 2.2 billion yen Confectionery production group

This is a long-established manufacturer of traditional Japanese confectionery. The company was founded 70 years ago and is particularly famous for its flagship product called "Raw Cane Sugar Donut Sticks."

The investment, which took place in September 2018, is the result of collaboration between a fund managed by J-FUN and another fund managed jointly by Higgin Capital Co., Ltd. and Risa Regional Fund Solutions.

(Fujibambi Group includes Fuji Seika Corporation, and the other four companies.)

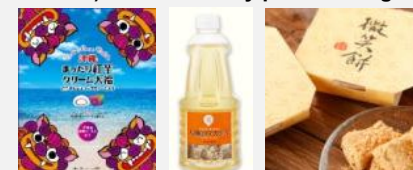


[First investment project] Takumiya Holdings

Head office: Komatsu City, Ishikawa Prefecture
Sales: Approx. 1.3 billion yen (consolidated) Confectionery production group

A capital tie-up was formed with J-FUN in July 2018.

The group includes Takumiya (manufacturing confectionery souvenirs and similar products), Mitsubachi No Uta Kobo (manufacturing honey products), and Sasayasyoen (a long-established manufacturer of traditional Japanese confectionery).



The mission of J-FUN is to create the social infrastructure necessary
to support the growth of small and medium enterprises.



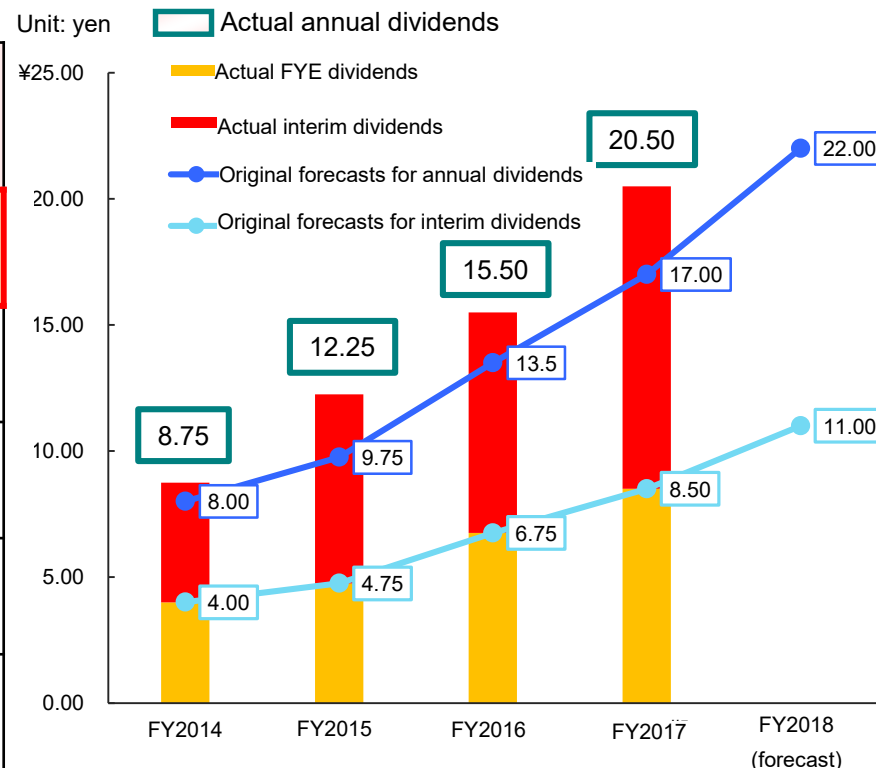
Dividends

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

Trends in dividend per share

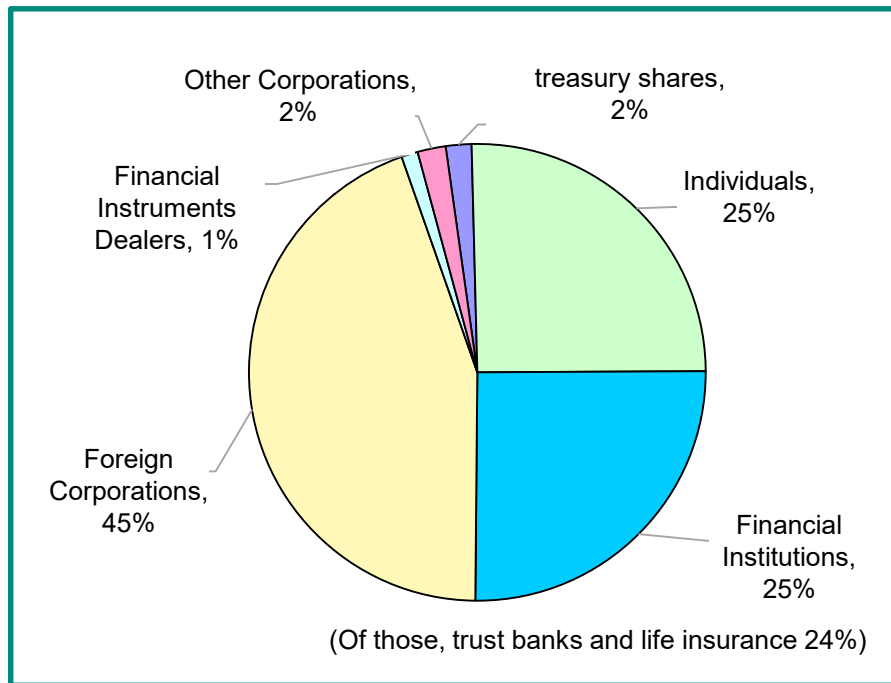
(After taking into consideration the two-for-one share split dated Oct.1, 2016 and Apr. 1, 2018.)

	(Original) forecasts		Results		Actual consoli dated payout ratio
	Amount	Dividend breakdown	Amount	Dividend breakdown	
FY 2018 (forecast)	22.00 yen	Interim 11.00 yen FYE 11.00 yen	- yen	Interim - FYE -	- %
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%



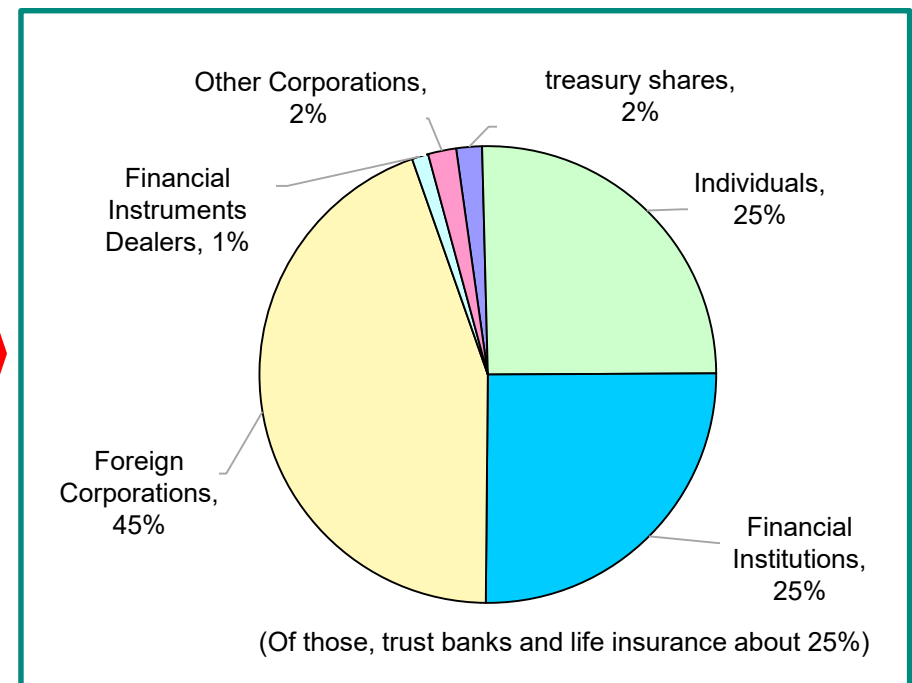
**Trend of distribution by category of shareholder:
The percentage held by foreigners stands at about 45%**

March 31, 2018



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

September 30, 2018



Number of shareholders:18,929; Number of shares issued:163,855,200



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
- Over 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.



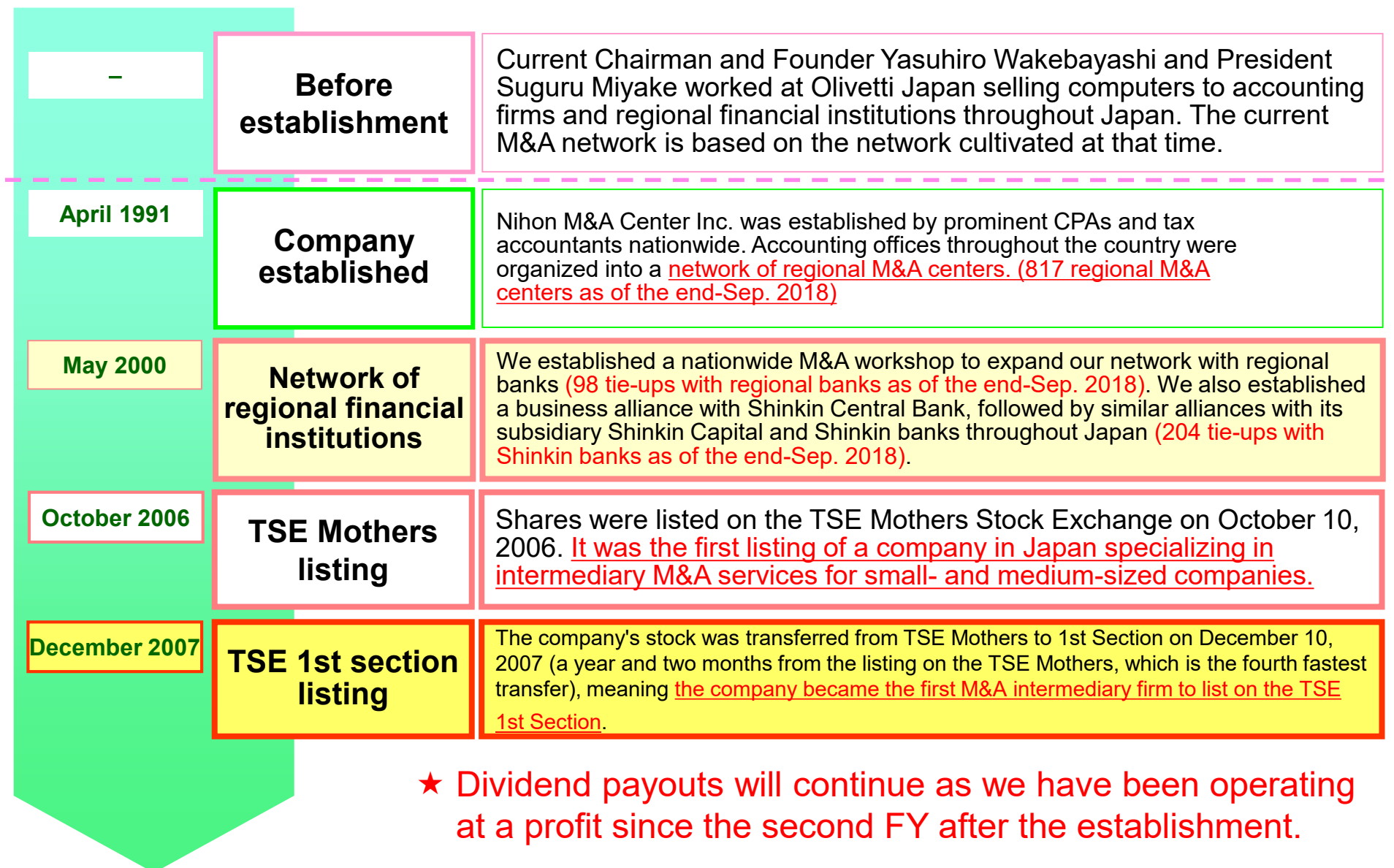
Corporate Profile

(As of the end of Sep. 2018)

Leading Company in M&A intermediary services
with the track record of 4,500 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	Domestic Bases ; 7 Tokyo Headquarters, Osaka Branch, Nagoya Branch, Fukuoka Sales Branch, Sapporo Sales Office, Overseas Bases ; 1 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)	408 (excluding 7 full-time directors)	Breakdown of employee numbers	Consultants 317 Professional staff 91

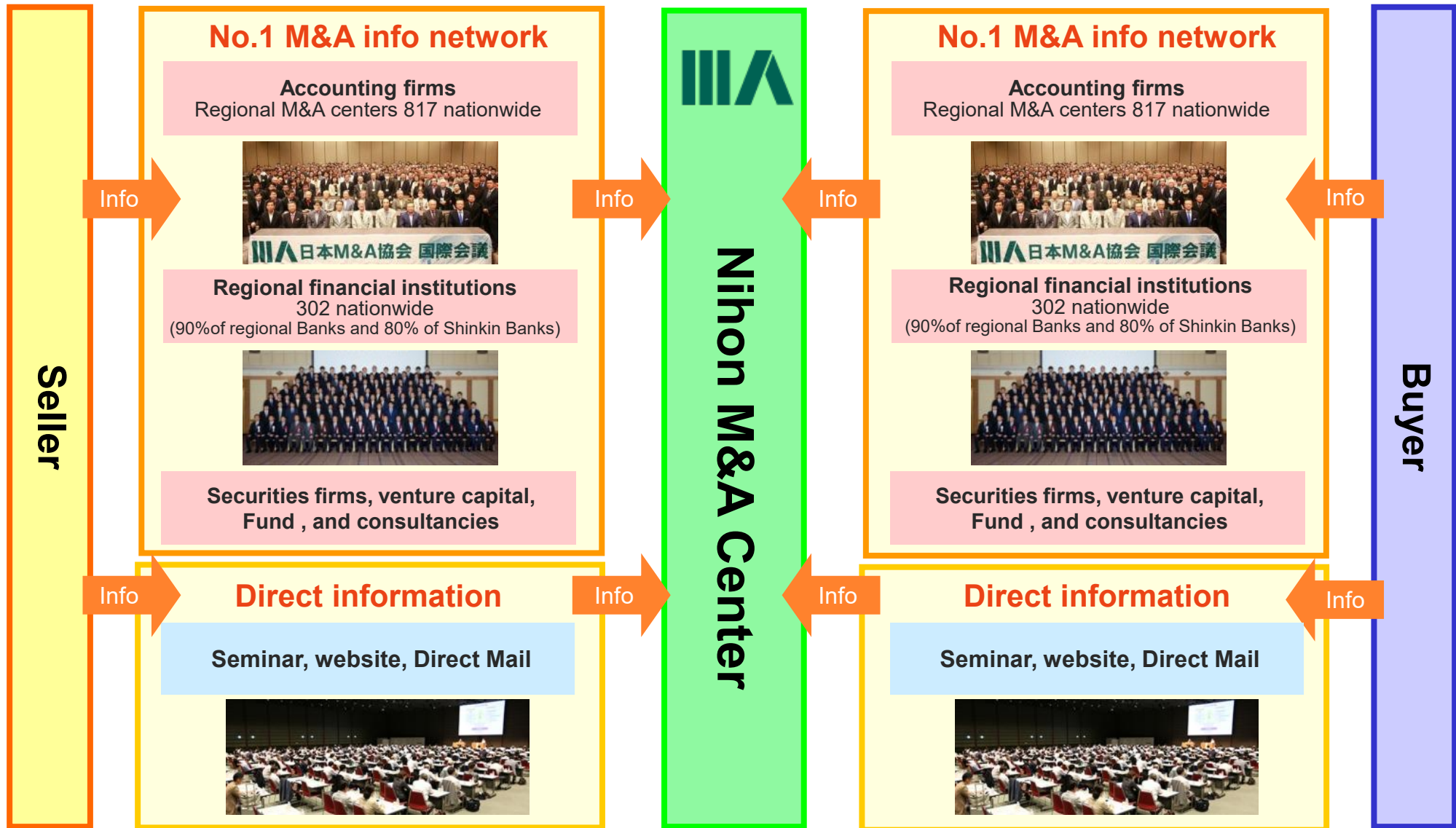
Corporate History



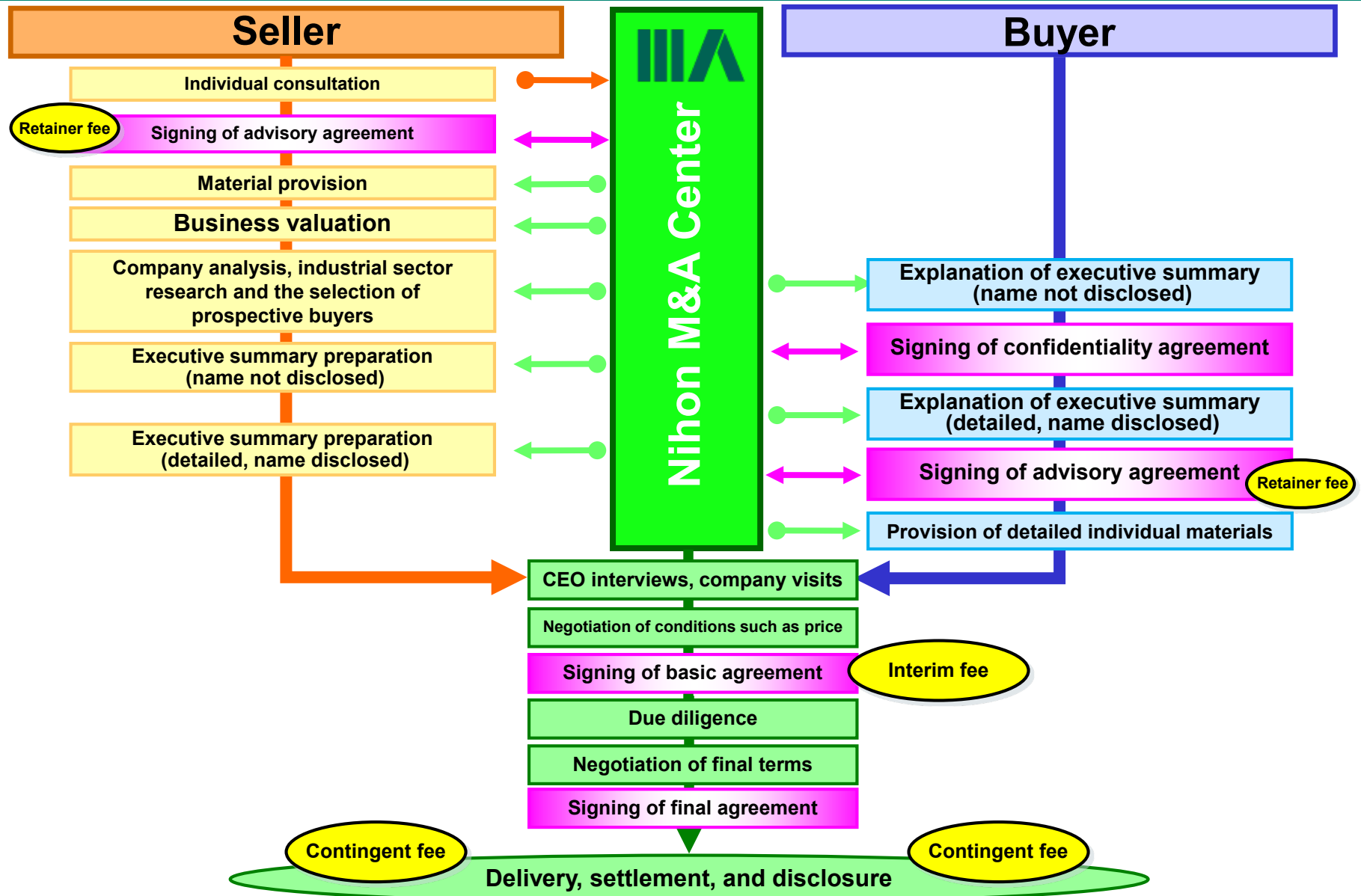


Business Model

Platform for M&A market



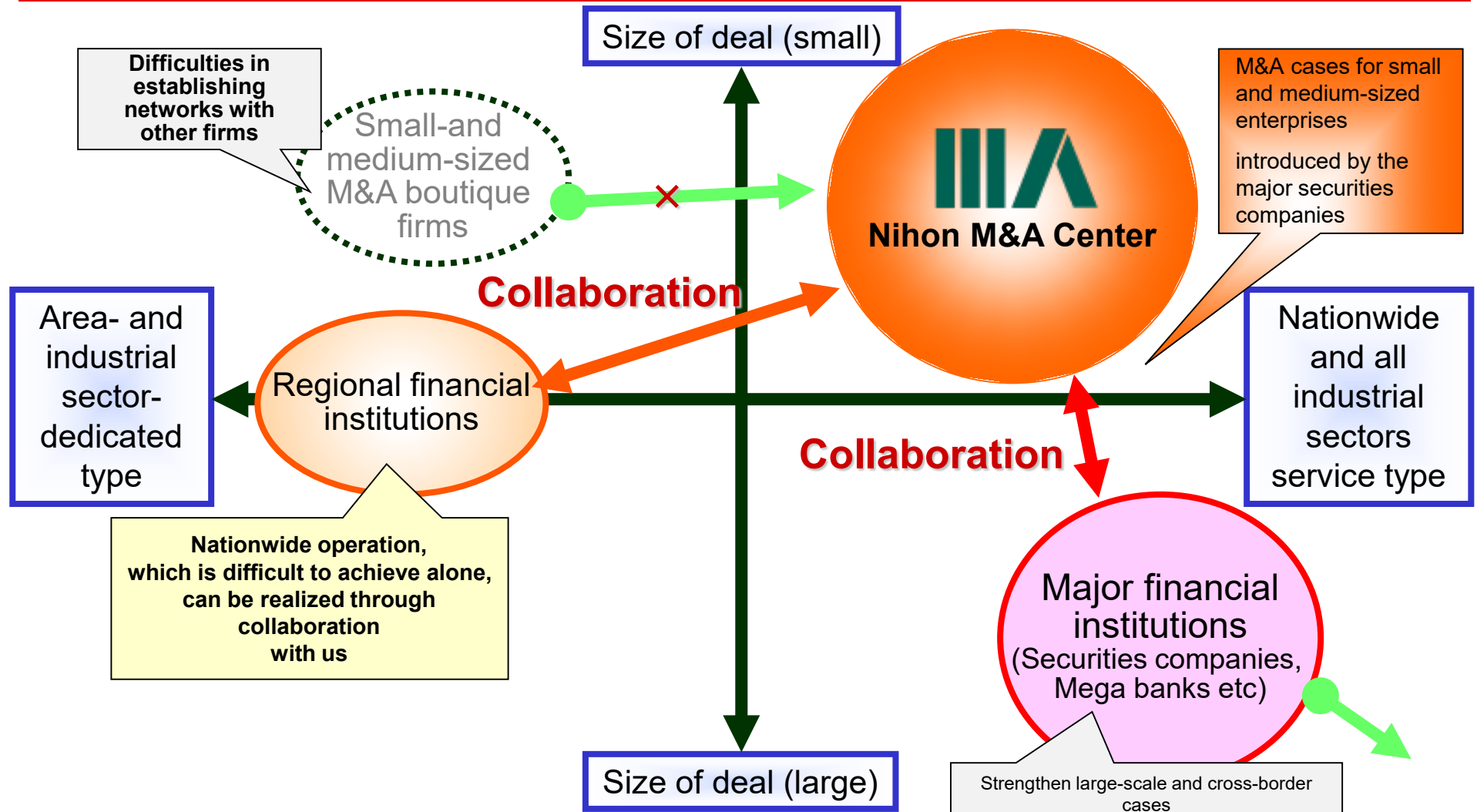
IIA M&A Intermediary Workflow





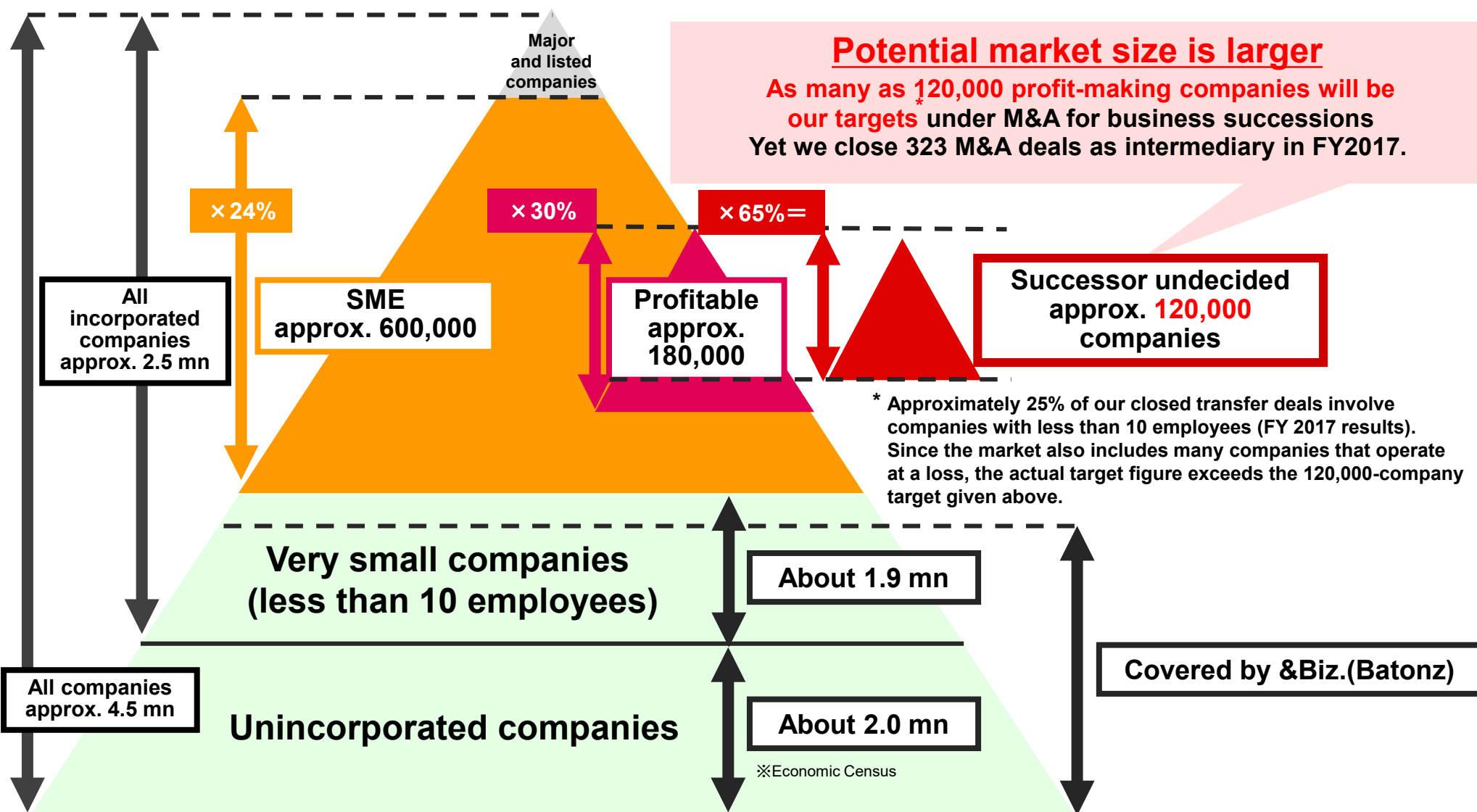
Position of the Company

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.

Advantages of Nihon M&A Center

Unparalleled service quality, Not involved in price competition

Well-structured development abilities for transfer projects

- ◆ **Large and strong connections with M&A information networks** (financial organizations, accounting firms, etc.)
- ◆ **Efficient direct marketing methods** (Highly popular top-class seminars and utilization of online methods)

Outstanding matching capabilities

- ◆ **Multi-faceted approach** (alliance approach, direct approach, business field specialization approach)
- ◆ **Organizational activities by more than 300 M&A specialists** (industry's largest number)
- ◆ **Sales development with close connections to regional communities** (Seven domestic offices and cooperation with alliance partners)

Excellent M&A know-how and work quality

- ◆ **In-house 30 qualified law, accounting, and tax professionals** (Lawyers, judicial scriveners, CPA, and tax accountants) ⇒ Accumulating know-how inside the group and providing timely solutions in each M&A process.
- ◆ **Providing all-encompassing solutions in order to respond to a wide variety of M&A related needs** (Owning a group of highly specialized companies, capable of tackling cross-border projects, etc.)
- ◆ **Consistent standardization of work processes and early acquisition of know-how program related to M&A consulting services**

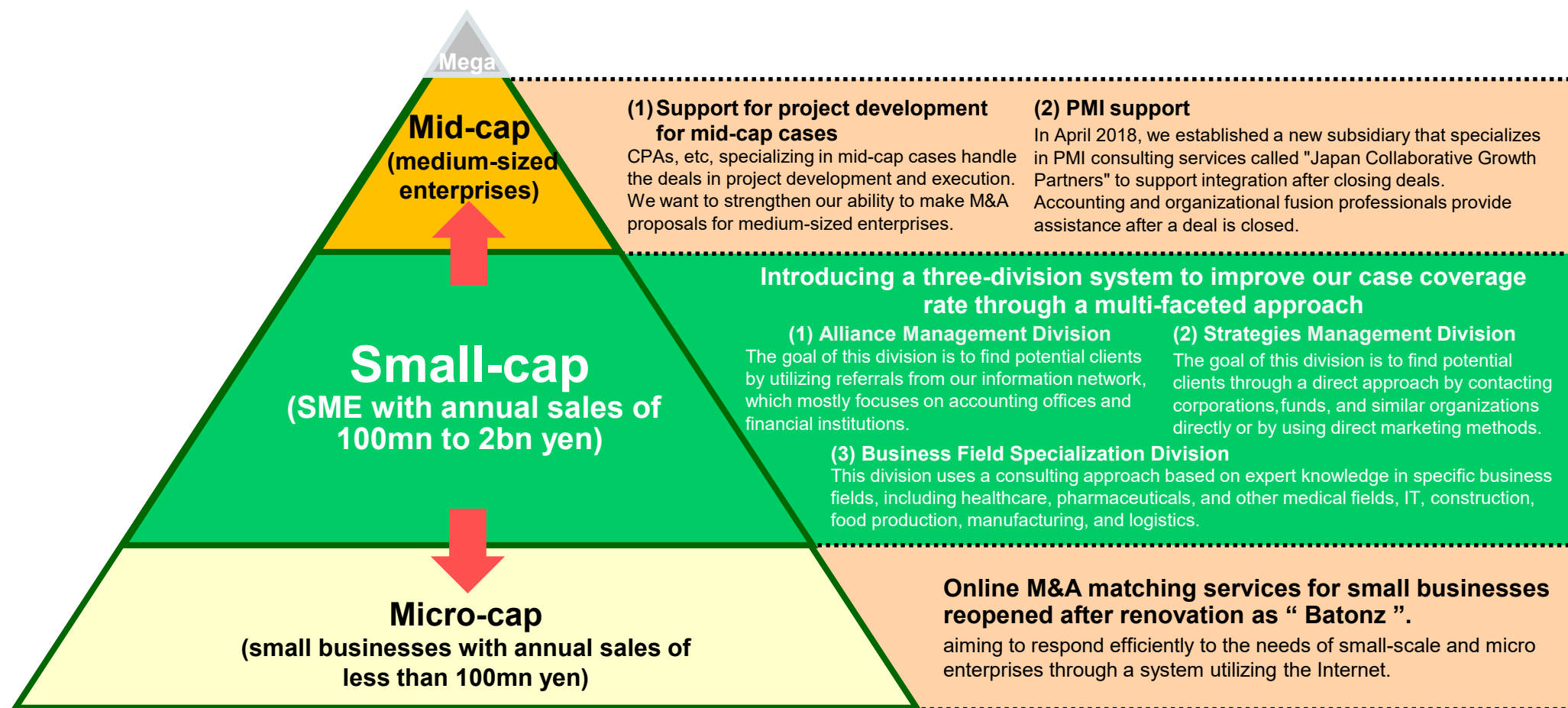
High reliability

- ◆ **Remarkably successful support and a pioneer in providing M&A assistance for SME** (27 years of experience and 4,500 deals closed)
- ◆ **Building relationships based on trust with our clients** (With first section listings on the Tokyo Stock Exchange, referrals, business results, large information resources, know-how, etc.)
- ◆ **Fair process** (Separating the consultants on the seller's side from the ones on the buyer's side, etc.)



The domestic markets we are targeting

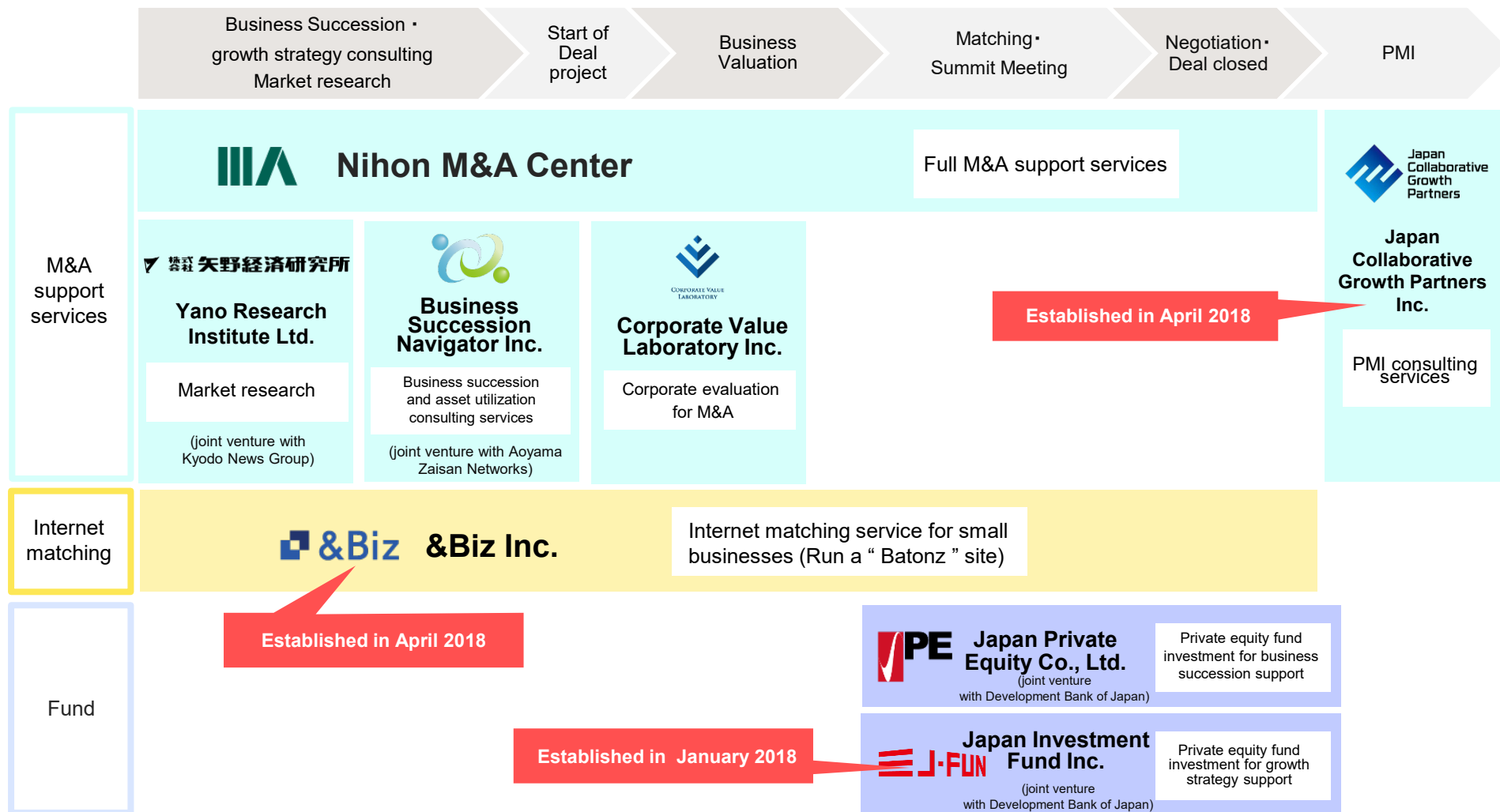
In addition to SMEs, which are our specialty, we are also going to enhance our services for medium-sized and micro enterprises.





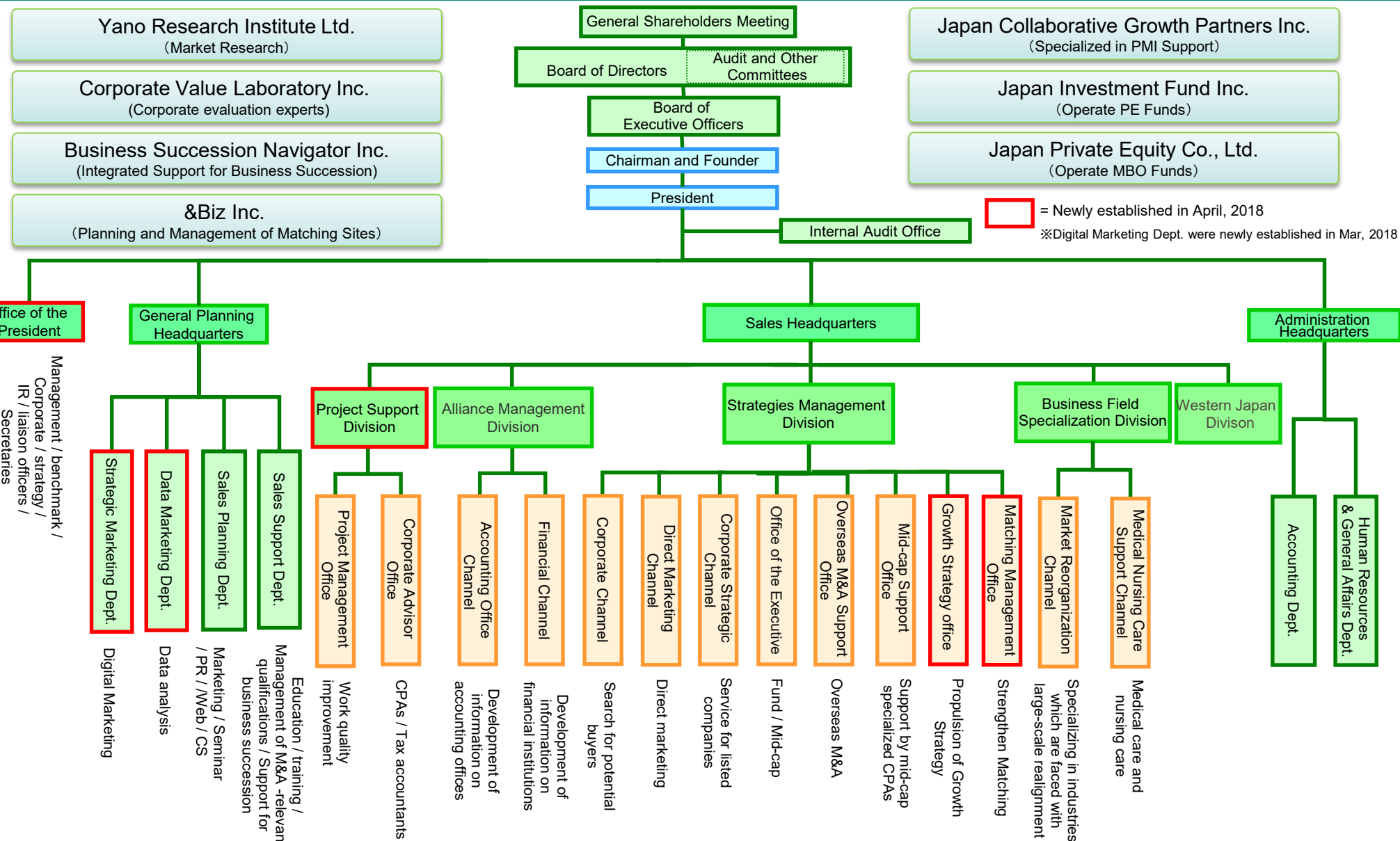
Becoming an Integrated M&A Company

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





Overview of the Organization System

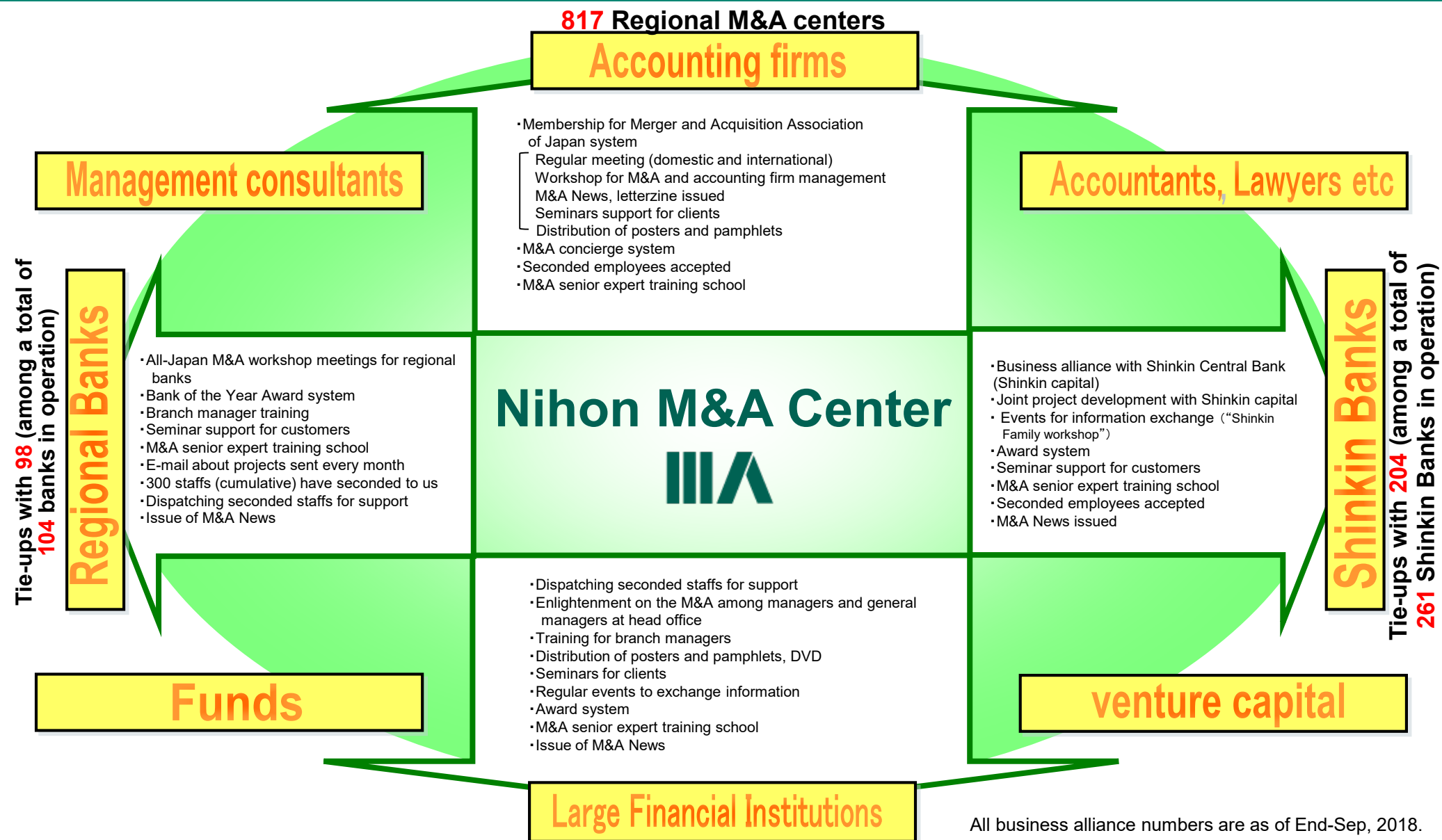




Human Resource Development (Off-the-Job Training)

	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></div> For all members</div> <div><div></div> For any who decides to take</div> <div><div></div> For selected members</div>
	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	Newcomer performance records (for the 1st and 2nd service years) Use the database to carefully monitor the performance of newcomers for their 1st and 2nd service years			Preliminary training for managers (external training)	Training for managers (external training or internal training by our executives)
				Training for next-generation leaders	Training for leaders
					Send qualified members to the Ritsumeikan University's Saionji-juku global leader course
					Coaching (external training)
Global competency	English conversation skill				
				Send qualified members to short programs in Lee Kuan Yew School of Public Policy	
	Overseas visit (for high performers)				
Other	Management strategy presentation / Company-wide training				
	Meeting with executives		Training camp with executives		
	Better understanding of our company / Corporate philosophy presentation by Founder		3KM (Kojin-individual, Katei-home, and Kaisha-company) (Mark, Management, and Motivation) training		
	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

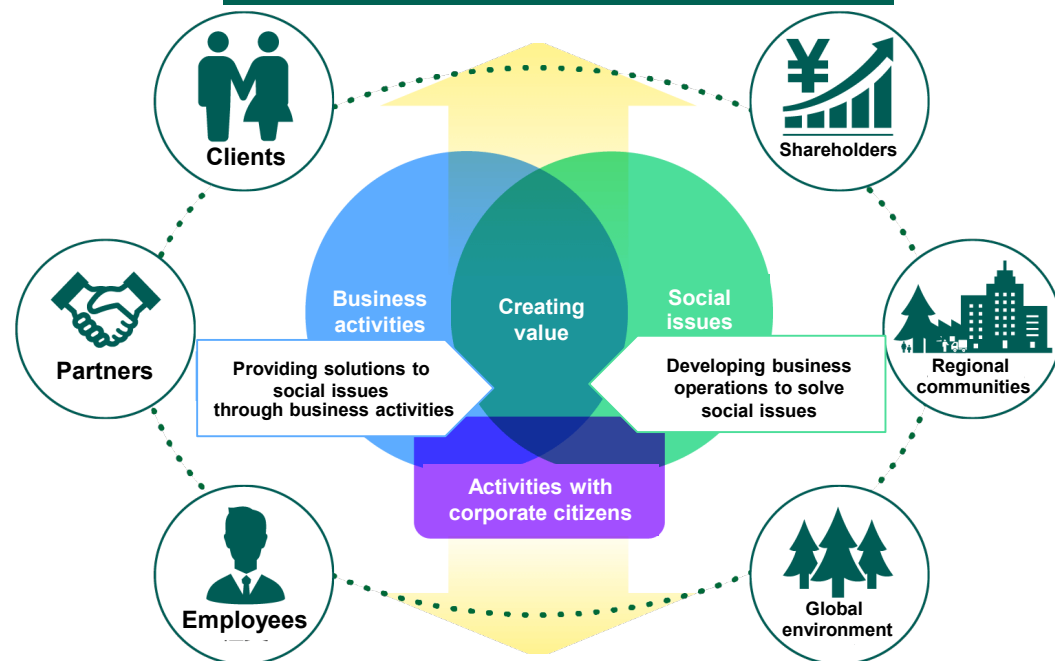
10-year benefits from avoided economic losses: 2,172.7 billion yen

(Source: Yano Research Institute Ltd.)

Overview of the CSR policies with our Group

"Continuously improving our corporate value"

"Contributing to sustainable social development"



Enhancing the social contributions of our business operations through activities that involve corporate citizens

CSR policies at Nihon M&A Center: <https://www.nihon-ma.co.jp/corporate/csr.html>

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 Age distribution of SME owners (by generation)

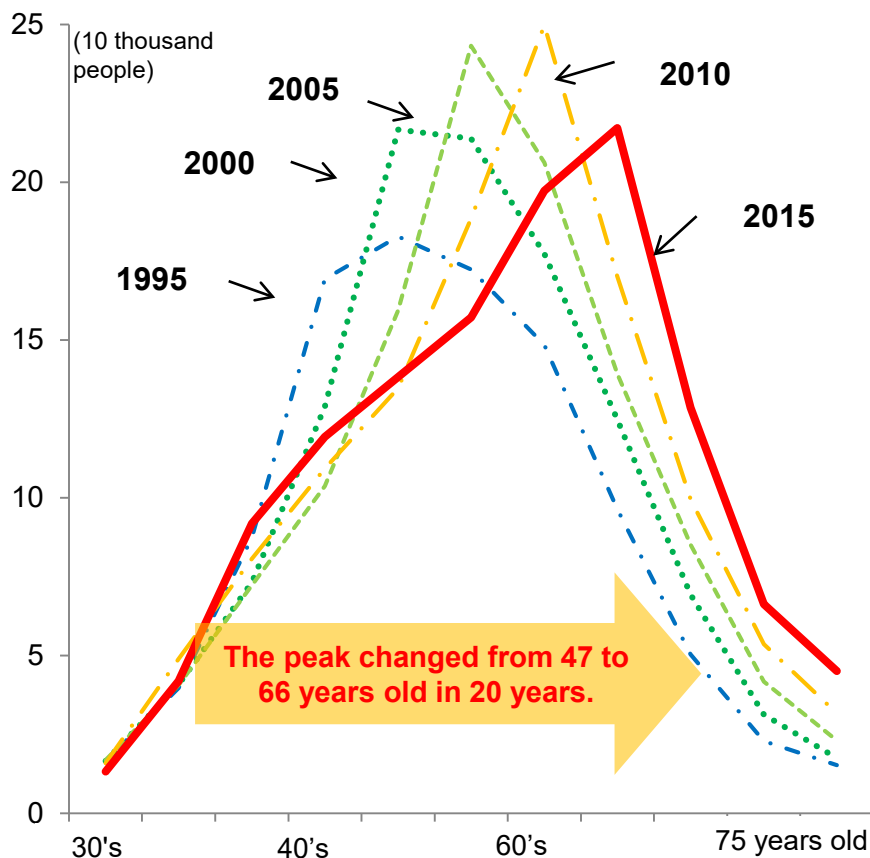
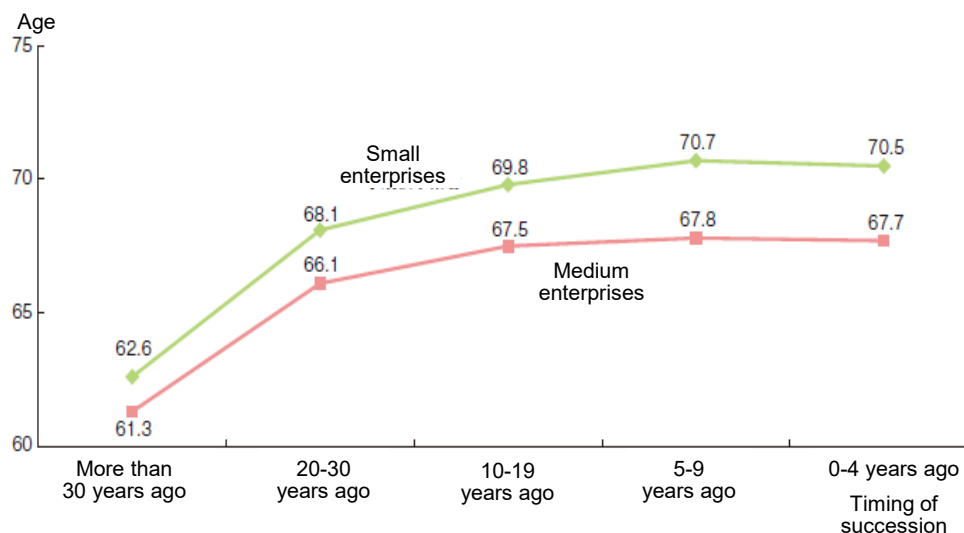


Fig.2 Changes in the owner's average age of retirement

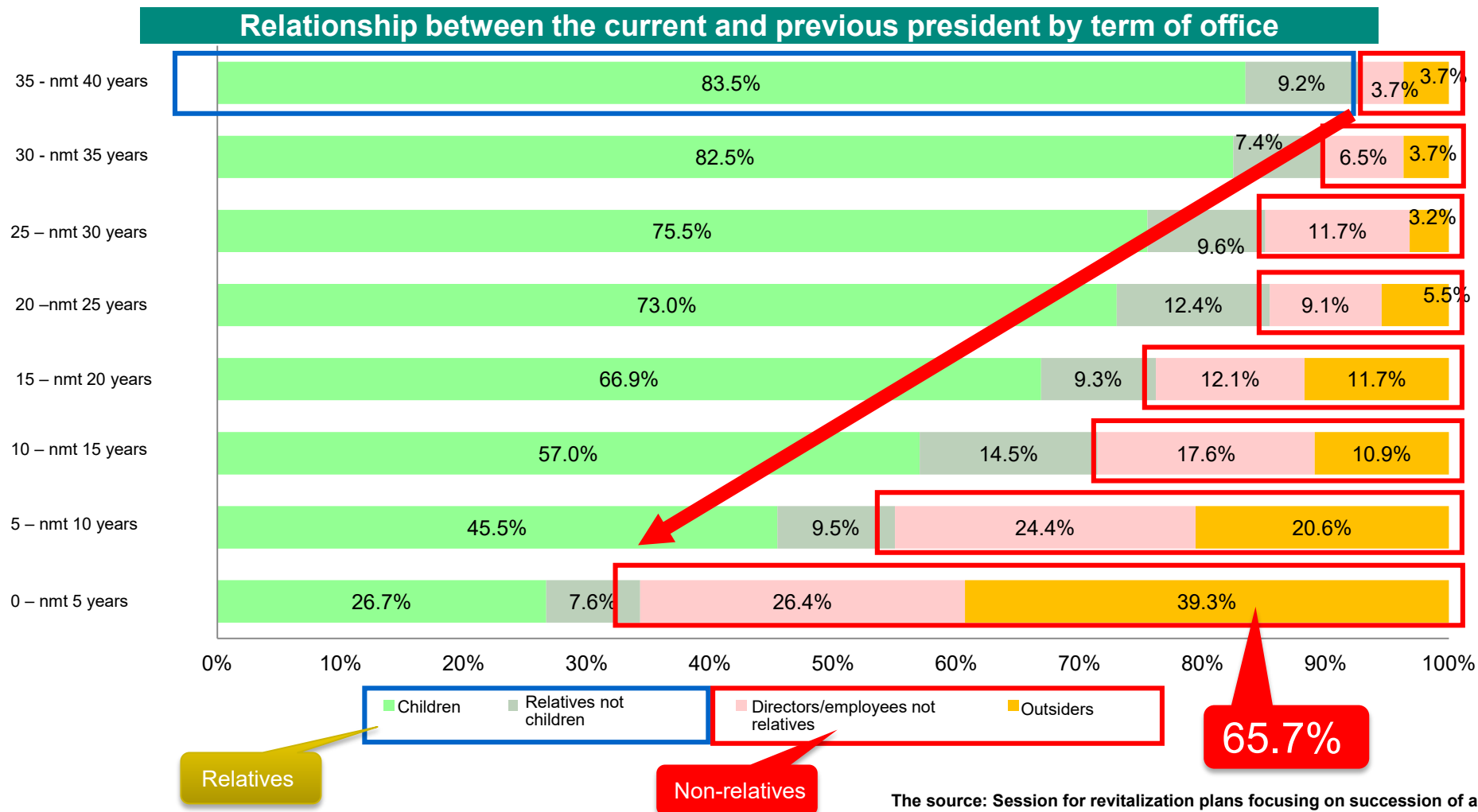


The source: Session for revitalization plans focusing on succession of a business (1st session) by Small and Medium Enterprise Agency



(FYI) Rapid Increase of Succession by Non - relatives

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



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/>