

Assisting companies to continue and prosper through M&A

IR Nihon M&A Center Report

Financial Results Report for Q1 FY2020

Year to March 2021 TSE 1st Section 2127

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. As the operating environment is subject to risks of large changes and uncertainties we make no guarantees regarding future plans or forecasts.

30.7.2020

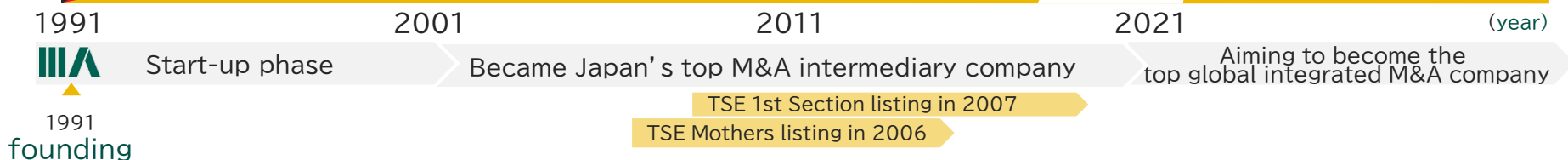
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Our Vision

「Aiming to become the
top global integrated
M&A company」

Became Japan's top
M&A intermediary company



To Become the Top Global Integrated M&A Company

Number of projects

Number of mandated projects,
number of transactions closed

Customer satisfaction

Optimal matching and post-merger integration

Quality control

Valuation, execution

Broad coverage

Expanding operations from very small customers to large ones (in different space from investment banks) increasing our global presence

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

Integrated solutions

Providing a full range of services, including PMI, strategic, financial and HR planning, as well as every kind of related activity

Innovation

Creating new industry standards for M&A

Market capitalisation

Top market capitalisation in the M&A sector

Employee satisfaction

Motivation, personal development, remuneration

*Our aim is not to gain top rankings in league tables or among investment banks – it is to become the top global integrated company by achieving the eight qualities described above.

Overview of Q1 FY2020 Results

**Sales and ordinary profit at record highs
for any Q1 period** by overcoming Coronavirus crisis
while sales activity was restricted

	FY2020 Q1(Result)	FY2019 Q1(Result)	Change (yoy)
Sales (¥mn)	9,089	7,697	118.1%
Ordinary profit (¥mn)	4,876	3,928	124.1%

Income Statement Key Data

Q1 sales : **+18.1% yoy**,
ordinary profit : **+ 24.1% yoy**

(¥mn, %)	FY2020 (Q1 Result)		YoY %	FY2019 (Q1 Result)		FY2019 (Full-year Result)	
	Total	%		Total	%	Total	%
Sales	9,089	100.0	+18.1%	7,697	100.0	32,009	100.0
(of which M&A sales)	(8,924)	(98.2)		(7,520)	(97.7)	(31,191)	(97.4)
Cost of sales	2,812	30.9		2,641	34.3	12,557	39.2
(of which referral fees and outsourcing expenses)	(895)	(9.9)		(1,082)	(14.1)	(4,748)	(14.8)
(of which personnel and transportation costs)	(1,892)	(20.8)		(1,491)	(19.4)	(7,714)	(24.1)
Gross profit	6,277	69.1		5,055	65.7	19,452	60.8
SGA expenses	1,389	15.3		1,159	15.1	5,204	16.3
Operating profit	4,887	53.8	+25.4%	3,896	50.6	14,247	44.5
Non-operating income	7	0.1		33	0.4	228	0.7
Non-operating expenses	18	0.2		1	0.0	7	0.0
Ordinary profit	4,876	53.7	+24.1%	3,928	51.0	14,467	45.2
Extraordinary gain	0	0.0		-	-	214	0.7
Extraordinary loss	0	0.0		-	-	0	0.0
Pretax profit	4,876	53.7		3,928	51.0	14,681	45.9
Tax (corporation tax & other)	1,553	17.1		1,246	16.2	4,442	13.9
Net profit	3,323	36.8	+23.9%	2,681	34.8	10,239	32.0

Sales and Profit by Business Segment

Breakdown of consolidated sales and gross profit by M&A and other

	FY 2017			FY 2018			FY 2019(1Q)			FY 2019			FY 2020(1Q)		
(¥mn)	Total	%		Total	%	YoY	Total	%	%	Total	%	%	Total	%	YoY
Sales ①	24,625	100.0%		28,463	100.0%	115.6%	7,697	100.0%	129.1%	32,009	100.0%	112.5%	9,089	100.0%	118.1%
Direct costs*1 ②	3,716	15.1%		4,493	15.8%	120.9%	1,150	14.9%	115.4%	4,842	15.1%	107.8%	920	10.1%	80.0%
Gross profit (before unallocated cost of sales)	20,909	84.9%		23,969	84.2%	114.6%	6,547	85.1%	131.8%	27,167	84.9%	113.3%	8,169	89.9%	124.8%
M&A sales	24,321	100.0%		27,965	100.0%	115.0%	7,520	100.0%	128.2%	31,191	100.0%	111.5%	8,924	100.0%	118.7%
M&A cost of sales*2	3,578	14.7%		4,328	15.5%	121.0%	1,082	14.4%	115.4%	4,748	15.2%	109.7%	895	10.0%	82.7%
M&A gross profit	20,742	85.3%		23,636	84.5%	114.0%	6,438	85.6%	130.6%	26,442	84.8%	111.9%	8,029	90.0%	124.7%
Other sales	304	100.0%		497	100.0%	163.5%	176	100.0%	182.9%	818	100.0%	164.5%	165	100.0%	93.6%
Other cost of sales	137	45.1%		164	33.1%	120.0%	68	38.6%	116.0%	94	11.5%	57.1%	24	14.9%	36.0%
Other gross profit	167	54.9%		332	66.9%	199.2%	108	61.4%	286.8%	724	88.5%	217.6%	140	85.1%	129.8%
Unallocated cost of sales*3 ③	5,413	22.0%		6,857	24.1%	126.7%	1,491	19.4%	116.7%	7,714	24.1%	112.5%	1,892	20.8%	126.9%
Gross profit (①-②-③)	15,495	62.9%		17,111	60.1%	110.4%	5,055	65.7%	137.0%	19,452	60.8%	113.7%	6,277	69.1%	124.2%

*1 Direct costs include M&A cost of sales (referral fees, outsourcing expenses) and other cost of sales

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

*3 Unallocated cost of sales includes personnel costs, transportation costs, other

Balance Sheet Key Data

Maintaining a healthy balance sheet

Assets

(¥mn, %)	End-June 2020	%	Change	End-June 2019	
I Current assets	30,534	69.3	8,509	22,025	
Cash and deposits	23,608	53.6	6,565	17,042	
Other current assets	6,926	15.7	1,944	4,982	
II Fixed assets	*13,536	30.7	604	*12,932	*of which long-term deposits 9,000
Total assets	44,071	100.0	9,114	34,957	

Liabilities and net assets

(¥mn, %)	End-June 2020	%	Change	End-June 2019
I Current liabilities	6,192	14.1	1,075	5,117
II Long-term liabilities	865	2.0	-1,008	1,874
Total liabilities	7,058	16.0	66	6,991
Interest bearing liabilities	1,500	3.4	-1,000	2,500
Net assets	37,013	84.0	9,047	27,966
Retained earnings	36,653	89.2	6,699	29,954
Total liabilities and net assets	44,071	100.0	9,114	34,957

Paid-in Stock Options and Performance Targets

Achieved FY2020 ordinary profit target (**¥13.5 billion**) in FY2019
➔ Aiming for early achievement of ¥15 billion target

	Period	Conditions on ordinary profit (annual)	Notes on ordinary income	Ratio of exercisable paid-in stock options
1.	FY2018	Over 11.5 billion yen	FY2018 result ¥12.53 bn	With (1) and (2) 30% of all paid-in stock options allotted
2.	FY2019	Over 12.5 billion yen	FY2019 result ¥14.46 bn	
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

* In the event that ordinary income dips below 9 billion yen at any time between FY2018 and FY2021 the paid-in stock options cannot be exercised (regardless of other conditions)

* The maximum share issuance from paid-in stock options is equivalent to 2.7% of outstanding shares, exercisable on or after 1 July 2022

Transaction Volumes

Q1 transactions closed :
the same level as last year (yoy base),
despite the Coronavirus crisis

		FY2017		FY2018					FY2019					FY2020
(Units: number of deals, million yen)		Q1	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	Q1
1	Total number of transactions closed (by number of companies) *1	173	649	173	212	220	165	770	234	285	224	142	885	232
1-1	Cumulative total for the financial year	173	-	173	385	605	770	-	234	519	743	885	-	232
2-1	Number of sell-side transactions closed	83	323	89	106	106	81	382	118	145	114	72	449	116
2-2	Number of buy-side transactions closed	90	326	84	106	114	84	388	116	140	110	70	436	116
3-1	M&A sales (¥mn)	6,422	24,321	5,867	8,268	8,228	5,601	27,965	7,520	9,814	8,249	5,606	31,191	8,924
3-2	M&A sales/transaction (¥mn) *2	37.1	37.5	33.9	39.0	37.4	33.9	36.3	32.1	34.4	36.8	39.4	35.2	38.5
4-1	Total number of transactions closed *1	91	332	89	110	115	88	402	119	145	114	73	451	118
4-2	Cumulative total for the financial year	91	-	89	199	314	402	-	119	264	378	451	-	118
5	Number of new sell-side mandates	152	773	243	287	218	255	1,003	221	251	240	261	973	243

*1 The total number of transactions closed by number of companies represents the sum of the number of completed sell-side and buy-side mandated transactions; the total number of transactions closed represents the number of transactions in which we were involved.

*2 This number represents M&A sales (including retainers and other fees) divided by the number of transactions closed (number of companies)

*3 In almost all of our newly contracted mandates, we receive a retainer fee from the seller side.

Number of Transactions Closed

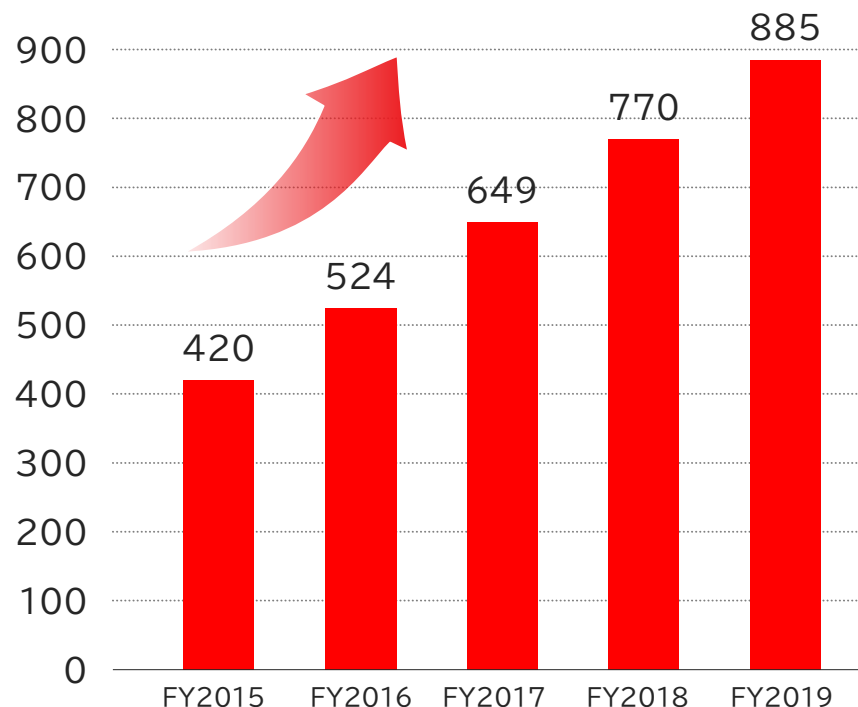
The number of transactions closed has been increasing steadily



▲After the successful completion of an M&A transaction we hold closing ceremonies in all parts of the country. Nihon M&A Center has formed a specialist team for arrangement of these completion ceremonies.

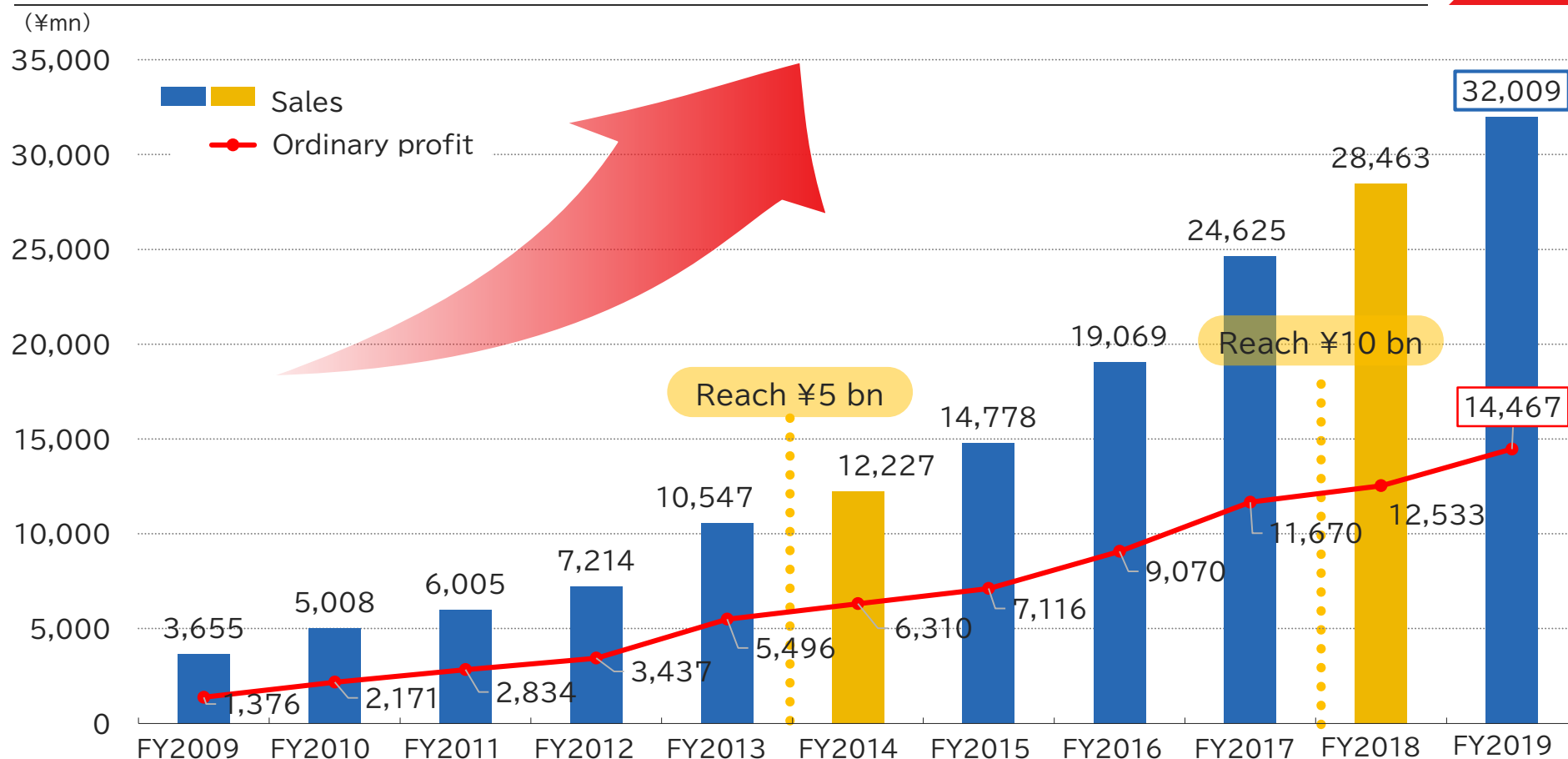
Number of transactions closed

(Unit: transaction volume)



10-year Results Record

10th consecutive period of higher sales and profit



Number of Employees

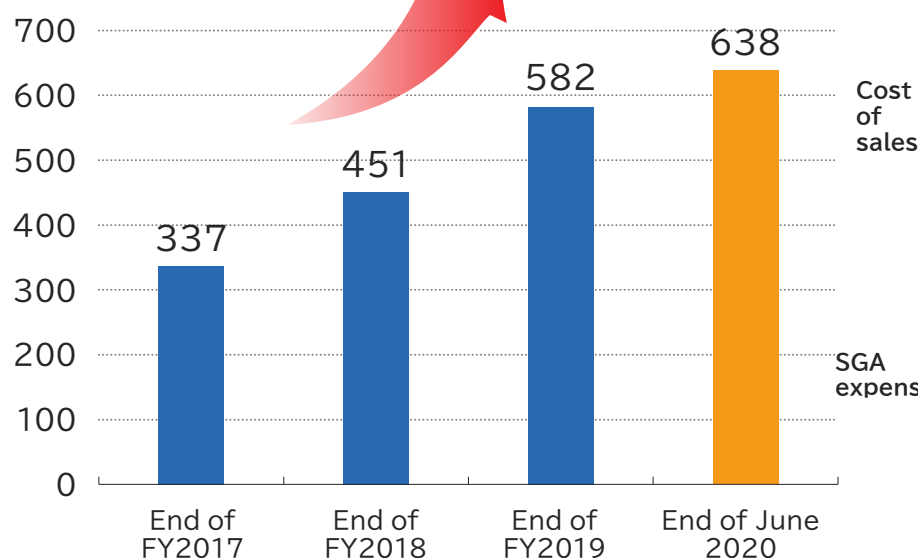
Despite temporarily putting recruitment activity on hold due to the coronavirus crisis, **headcount increased by 56 in Q1.**

We fully resumed recruitment activity in July

→ in response to strong M&A demand

Number of employees

(Unit: Number of people)



		End of FY2017	End of FY2018	End of FY2019	End of June 2020
Cost of sales	M&A consultants, specialists ※1	264	328	390	409
	Support staff ※1	55	88	138	176 ※2
SGA expenses	• Administration headquarters, Internal audit office	18	35	54	53 ※2
	Total	337	451	582	638

* Seconded employees are not included in the number of employees shown above
Graduate recruitment scheme impact from FY2018.

※1 The definitions of M&A consultants/specialists and Support staff included in the total number of employees is as follows.

M&A consultants, specialists: sales personnel (including at subsidiaries); Mid-cap Support Office members; legal and accounting professionals specialized in M&A transaction support

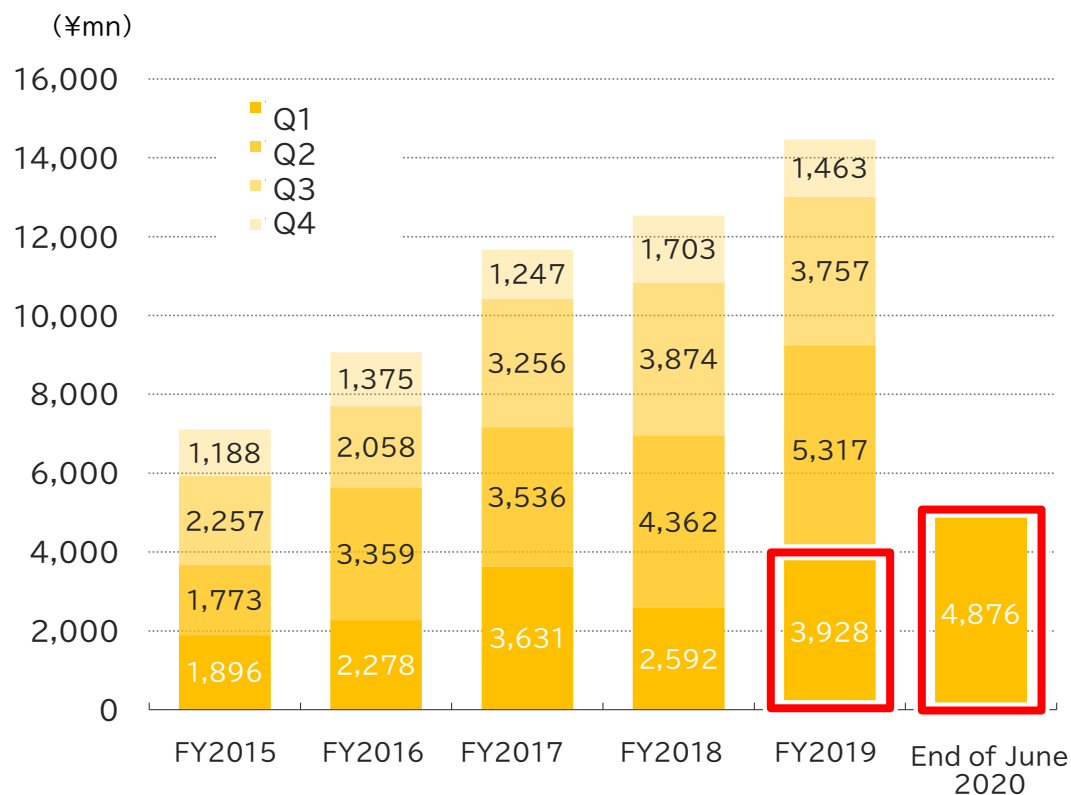
Support staff: employees in corporate planning department, training department, internal sales, sales support in subsidiaries, IT support, Office of the President

※2 From Q1 FY2020 the cost of staff in IT support and the Office of the President (15 in total as at 1 April) has been included under Cost of Sales rather than SGA and so the headcount now comes under Support staff.

Quarterly development of Ordinary Profit

Q1 ordinary profit at record high

Quarterly ordinary profit

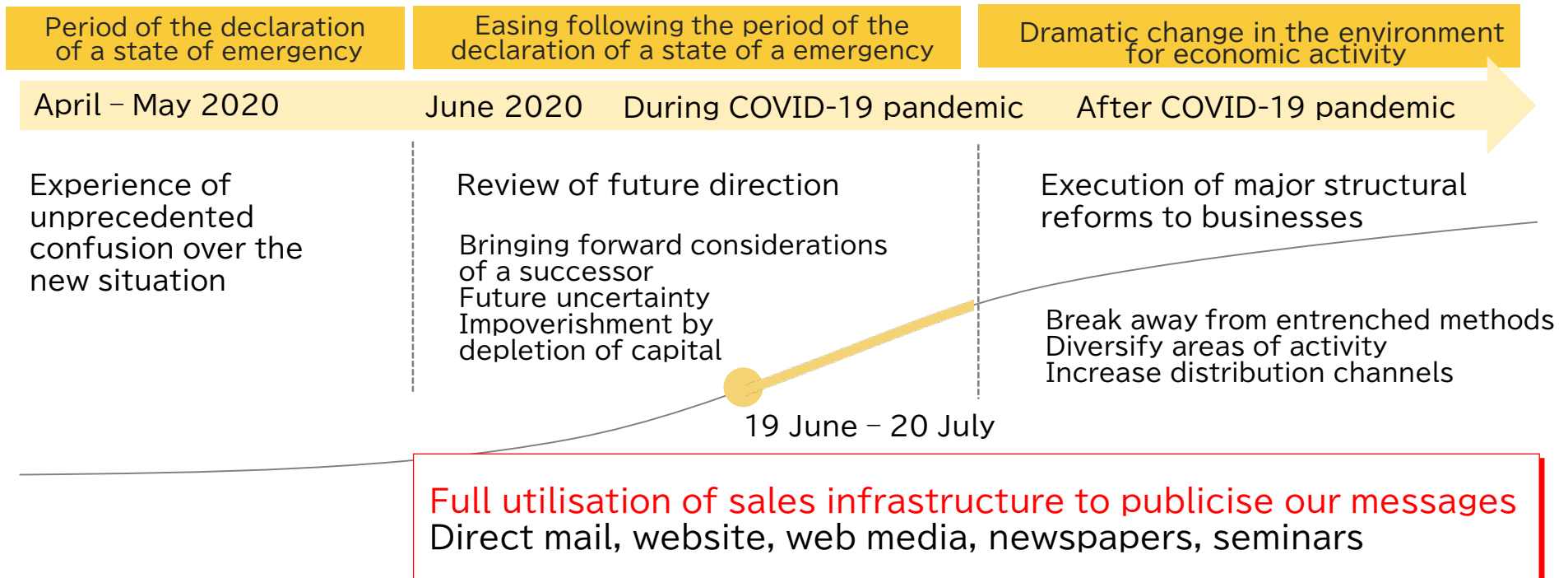


TOPICS(1)-1

Informing company owners nationwide about the coronavirus crisis

Now is the time for a strategy with a strong partner to be resilient to risks !

The situation with limited business activity and the situation for owners as measures are taken in Japan to prevent the spread of COVID-19 infection



FEATURE(1)-2

Informing company owners nationwide about the coronavirus crisis

Examples of measures taken

The world has changed. If your management style doesn't change now, there will be no "next"!

世界が変わった。
今、経営が変わらなければ
“次”はない！



**非常時だからこそ
パートナー戦略を検討すべき**

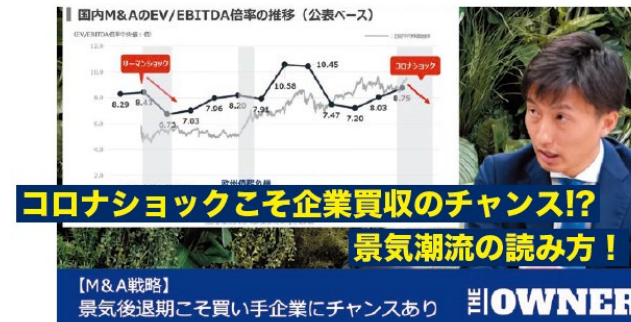
平時には、様々な戦略が有効ですが、今回のようなゲームチェンジを起こせる非常時において、有効な戦略は極めて限られます。
非常時は、経営判断も先延ばしせず、最速に対応しなければならないのです。この時最も有効なのは、パートナー戦略（買収・大手の傘下入り）なのです。

	自衛能力	上場	パートナー戦略 買収	大手の傘下入り	既知への 参画承継
平時	○	○	○	○	○
非常時	△	×	○	◎	△

パートナー戦略により、企業は生存戦することができます。
さらに、危機に強い会社に革新することができます。

世の中に不要な会社などありません。
いかに存続し、経済を維持・発展していくか、
共に考えていきましょう。

▲250,000 pamphlets distributed nationwide (direct mail)



【緊急掲載】企業再生のスペシャリストに聞く
会社を存続させるための基礎知識

新型コロナウイルス感染症で
影響を受ける事業者の皆様へ

資金繰り
設備投資 販路開拓

企業再生のスペシャリストに聞く
会社を存続させるための基礎知識！

▲Providing information about COVID-19 impacts and responses, plus special urgent features in THE OWNER, our media platform for company owners

FEATURE(2)

Launch of webinar programme

Webinars held

Following the ending of the declaration of the state of emergency, since June 30 have already been held with over 2,000 registrations

Period held	Industry target
May 2020	Food, food manufacturing, food wholesale
May-June 2020	Open
June 2020	IT
June-July 2020	Logistics
June-July 2020	Construction
June-July 2020	Manufacturing
June-July 2020	Dispensing pharmacies
June-July 2020	Food
July 2020	IT

Period held	Industry target
July 2020	Manufacturing
July 2020	Staffing services
July 2020	Dispensing pharmacies
July 2020	Food
July 2020	Healthcare
July 2020	Logistics
July 2020	Construction
July-Aug 2020	Open



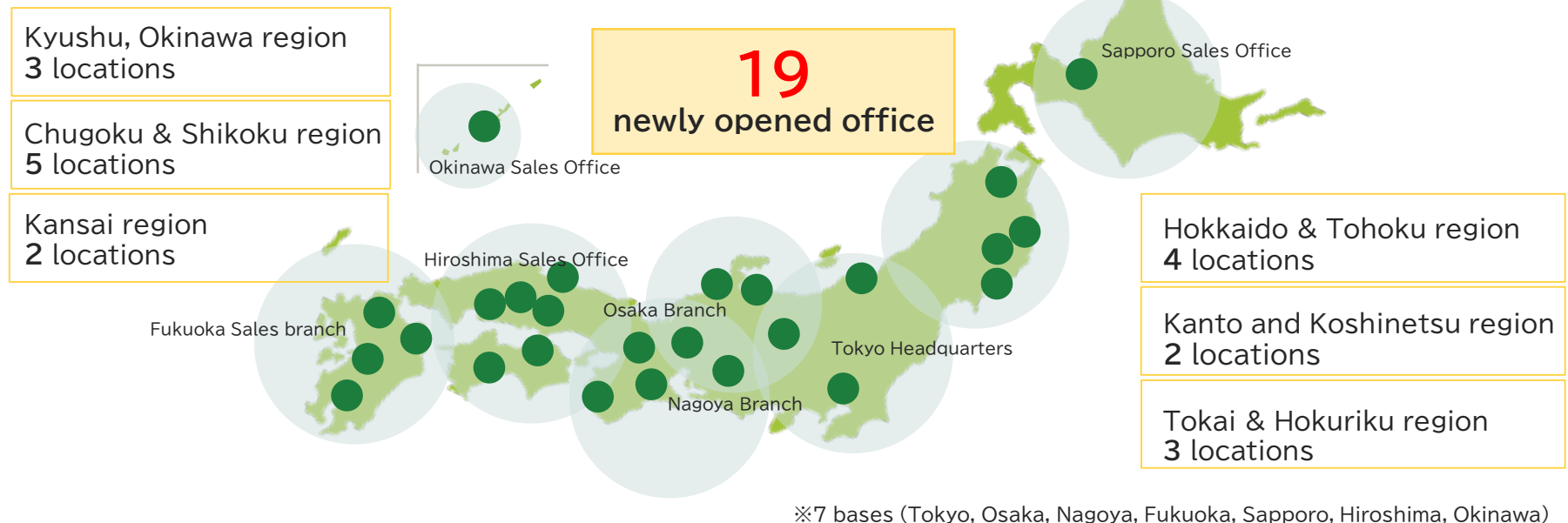
▲Many industry specific seminars with themes such as “With coronavirus” and “Company growth post coronavirus”

Attention to quick follow through on opportunities for new mandates arising from a limited amount of seminars during the coronavirus crisis

FEATURE(3)

Establishment of nationwide satellite offices for proximity to regional company owner sentiment

Status of satellite office openings (as at end-June including planned openings)



**Creating a structure rooted in each region to engage quickly,
taking care foremost to limit coronavirus infection risk**

FEATURE(4)

Announcement of 8th M&A Bank of the Year awards

Name of award	Recipient bank		Name of award	Recipient bank
Bank of the Year	Hokuriku Bank			Toho Bank
Award for contribution to the region	Hokkaido,Tohoku	The 77 Bank	Deal of the Year	Bank of Nagoya
	Kanto	The Musashino Bank		The Iyo Bank
	Hokuriku,Koshinetsu	Hokuriku Bank	Award for information development	Aomori Bank
	Tokai	Shizugin Management Consulting		North Pacific Bank
	Kinki	The Shiga Bank	Special awards	The Tochigi Bank
	Chugoku, Shikoku	Chugoku Bank		The Tsukuba Bank
	Kyushu, Okinawa	The Miyazaki Bank		The Nanto Bank
				The Tottori Bank
Deal of the Year	Hokuetsu Bank			

Due to the coronavirus crisis the award ceremony was not held as usual in a hotel. Instead the president of each recipient bank received the award in a web-based ceremony including interviews.

M&A Bank of the Year criteria. Awards are made to banks with which we collaborate and are based on factors such as overall excellence of M&A results, individual transactions and contribution to the region. Award selection criteria include results, number of transactions, content of completed transactions, contribution to the region, new mandates, information development and strengthening of M&A organization.



FEATURE(5)

Now 4 locations in ASEAN

Establishment of presence in new ASEAN locations

Malaysia
Representative office

Opened March 2020



4 locations overseas

Vietnam local office
Opened Feb 2020



Indonesia
Representative office
Opened Oct 2019



Singapore office
Opened April 2016

Building a network centred on local presence
→ Creating alliances with financial institutions
and accountancy offices
Increasing also our own direct relationships
in each location

Spotlight - ASEAN news

18 June Held a webinar for SME owners in Malaysia and Singapore

Theme:

“M&A strategy in the time of the coronavirus”



Number of participants in live event
and visits to recording on Facetime
totalled **over 1,000**

FEATURE(6)

Inclusion as member of **MSCI World Index**
9 Japanese companies changed

Indices in which we have been included to date (chronological order)

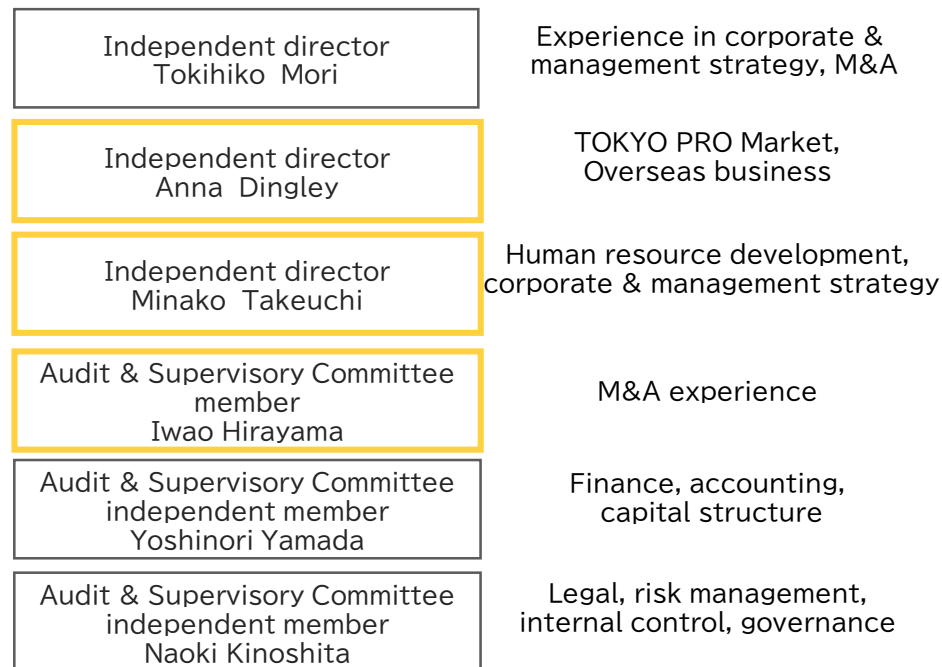
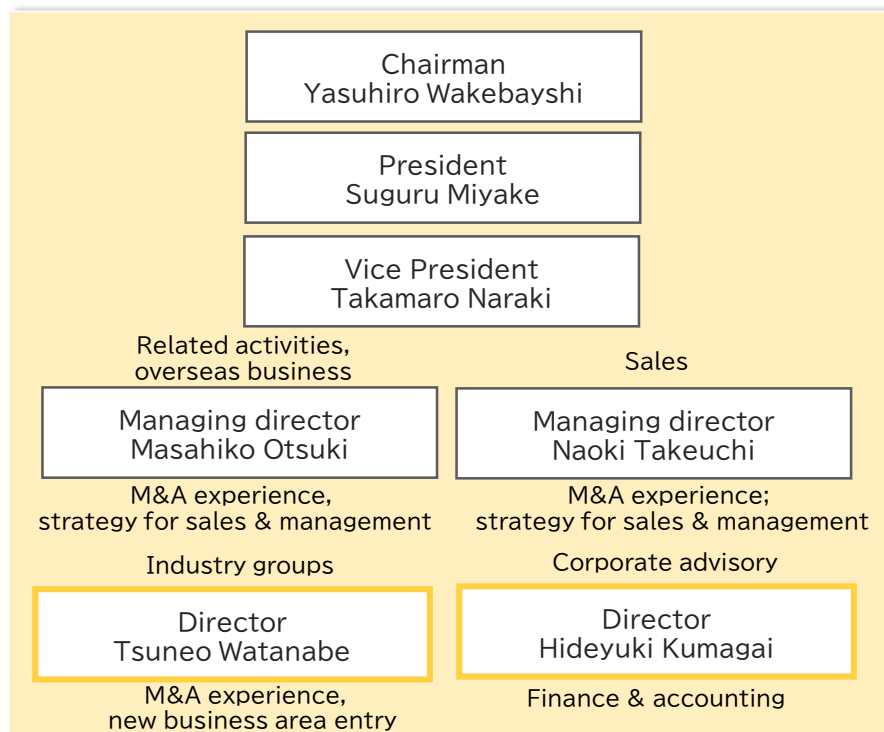


We are the only M&A support specialist in any of these indices

FEATURE(7)

Focus on future new management structure

Diversity of Board of Directors – variety in gender, nationality and age



 = Newly appointed from June 2020

FEATURE(8)

Strengthening of corporate governance structure

1 Establishment of voluntary Nomination Advisory Committee and Remuneration Advisory Committee

- The majority of the members of the Nomination Advisory Committee and the Remuneration Advisory Committee are independent directors
- The chairs of both committees are appointed from the independent directors

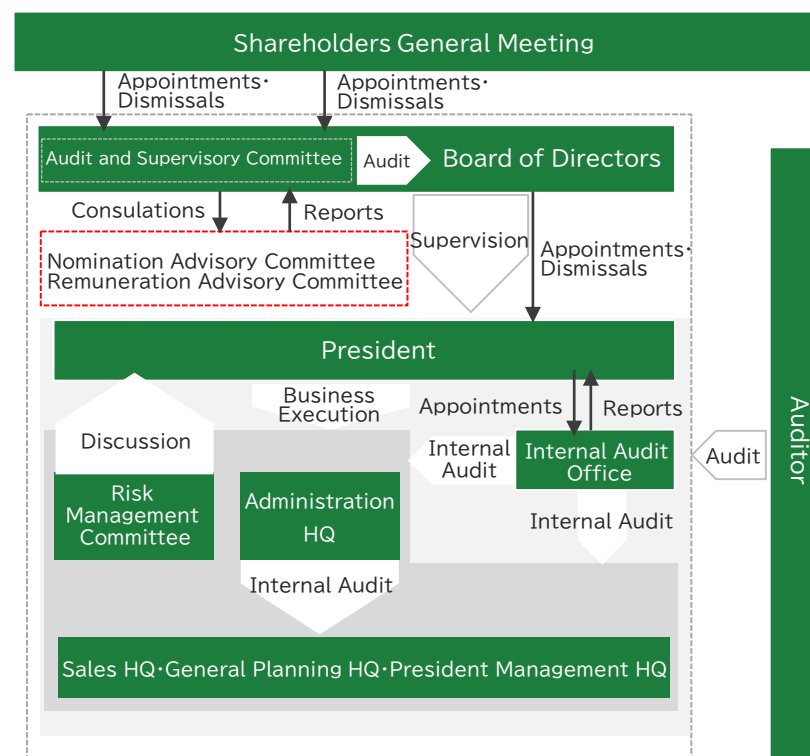
2 Appointment of female and foreign directors

- The ratio of female directors is 15.4% (end-June 2020)

3 Actively inviting independent directors to join the board

- The ratio of independent directors is 38.5% (end-June 2020)

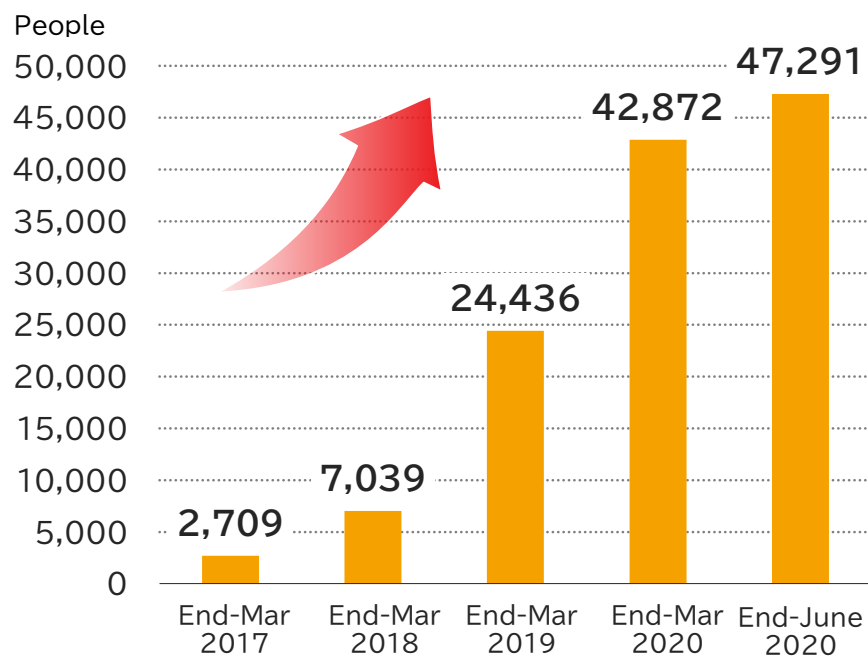
Corporate governance structure



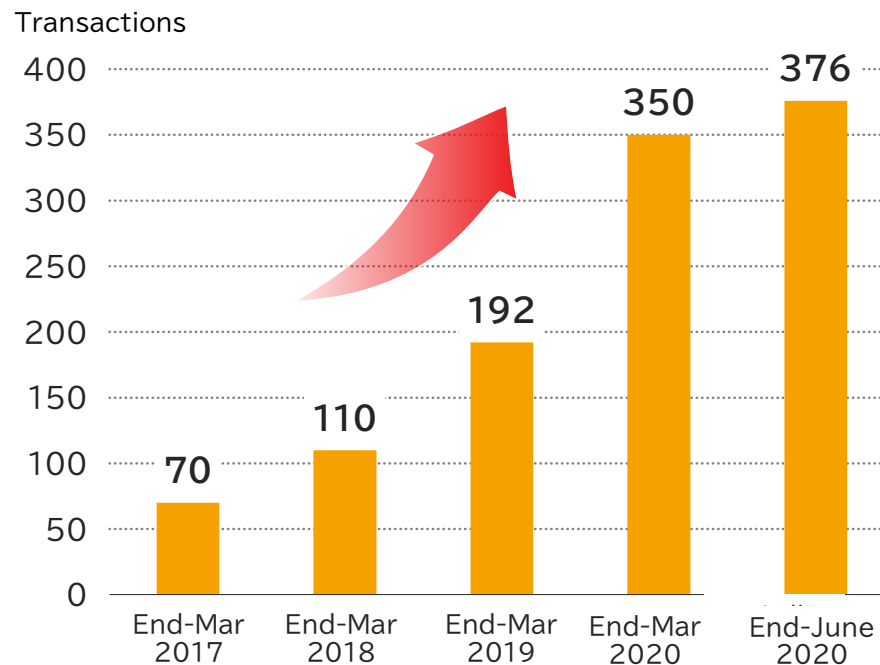
Some information on Other Businesses(1)

Online M&A matching site 「Batonz」

User registrations



Transactions completed



Targeting the M&A needs of owners of small companies with under ¥100mn turnover, accounting for over 85% of all industry (individual operators included)

Some information on Other Businesses(2)

TOKYO PRO Market listing sponsorship Complete first IPO as J-Adviser

Our actual results of listing support

■ 23 December 2019

One of our sponsored companies promoted to TSE Mothers

Company Name	global bridge HOLDINGS Co., Ltd.<6557>
Industry	Childcare, Nursing care, ICT

■ 28 April 2020 First company IPO

Company Name	Agent Inc.<7098>
Industry	Staffing services

We wish to help invigorate TOKYO PRO Market, supporting companies to aspire to growth as they progress to other stock markets, expand overseas and launch new businesses

J-Adviser contracts progress

In **One year** since our launch
30 J-Adviser mandates **secured**

TPM: Launched in 2009.
36 companies are now on the TPM section as of July 28, 2020.

➔ Preparing for IPOs

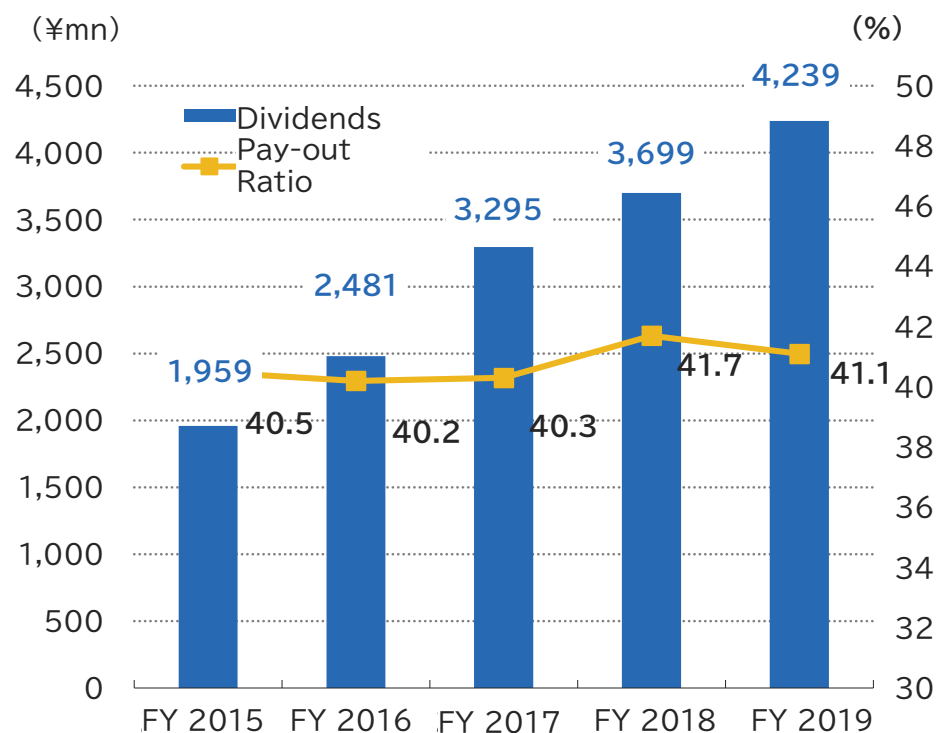
J-Adviser target **“To reach 100 mandates”** (by March 2023)

Increasing opportunities for new M&A projects through creating sustainable relationships with **mid-cap companies**

Dividend Payments and Market Capitalization

Aiming for sustained long-term growth

Dividends and the pay-out ratio



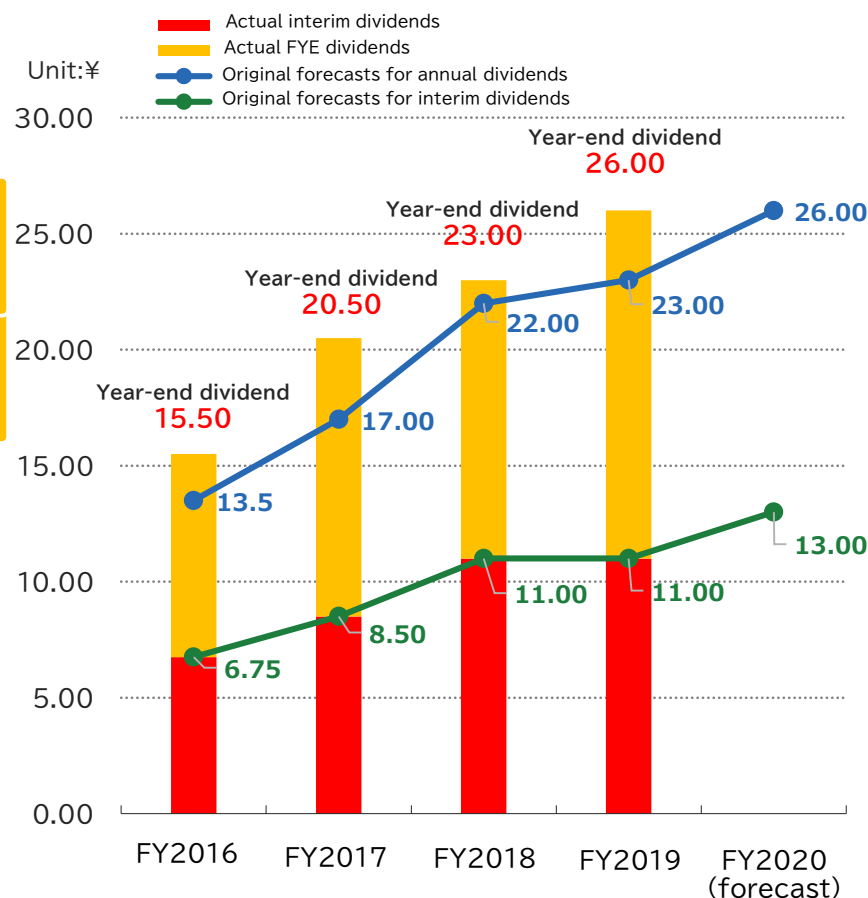
Market capitalization (From end-Apr 2015)



Dividend Per Share

Our intention to distribute a minimum of 26 yen per share as annual dividend for this fiscal year, which is the same amount as the last year's dividend, regardless of our financial results

	Dividend forecast at start of year		Dividend paid		Pay-out ratio (%)
	Dividend	Breakdown	Dividend	Breakdown	
FY 2020 (forecast)	26.00 yen (minimum amount)	Interim 13.00 yen Year-end 13.00 yen	- Yen	Interim - yen Year-end - yen	-%
FY 2019	23.00 yen	11.00 yen 12.00 yen	26.00 yen	11.00 yen 15.00 yen	41.1%
FY 2018	22.00 yen	11.00 yen 11.00 yen	23.00 yen	11.00 yen 12.00 yen	41.7%
FY 2017	17.00 yen	8.50 yen 8.50 yen	20.50 yen	8.50 yen 12.00 yen	40.3%
FY 2016	13.50 yen	6.75 yen 6.75 yen	15.50 yen	6.75 yen 8.75 yen	40.2%

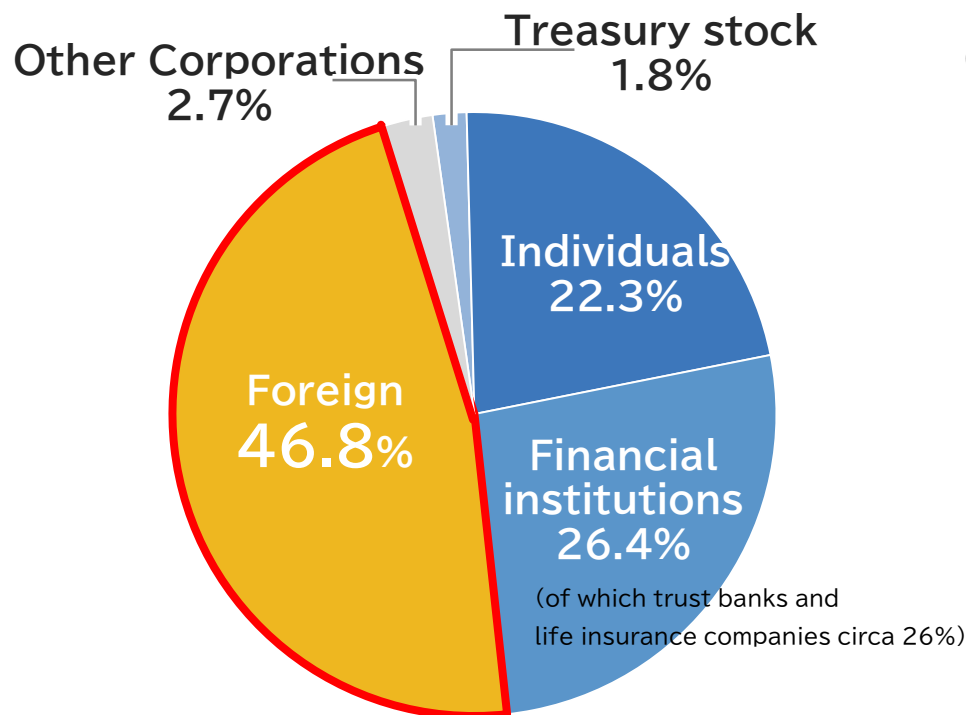


※1 Adjusted for two-for-one share splits on 1 Oct 2016 and 1 Apr 2018

Share Ownership

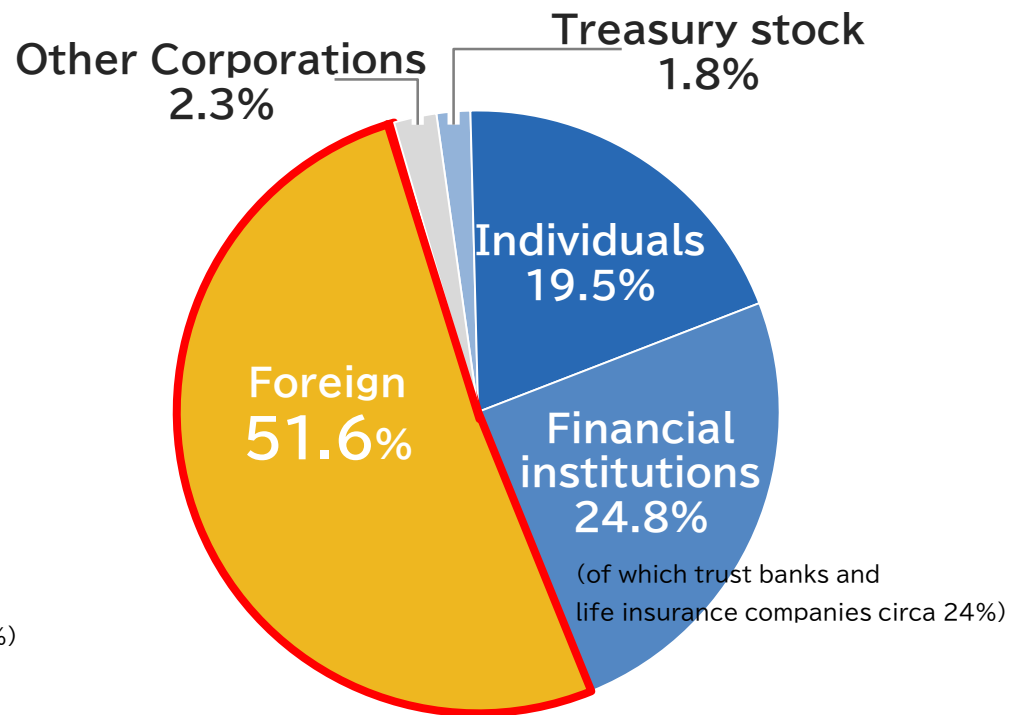
Foreign share ownership has now risen to **51.6%**

■ 30 September 2019



Number of shareholders : 17,823
number of shares issued : 166,022,800

■ 31 March 2020



Number of shareholders : 16,229
number of shares issued : 166,065,200

Our response to the increase in the coronavirus infection rate in FY2020-Q1 and the impacts this has had

1 Establishment of methods to minimize the risk of clients, partners and employees in our group contracting the disease

The number of people infected by COVID-19 is continuing to increase even now, and our policy is that we have a duty to prepare flawlessly the provision of appropriate solutions to all our clients throughout the country wishing to pursue M&A, at the same time continuously taking care over the risk of contracting the disease.

2 Our main responses to the coronavirus problem

- Establishment of satellite offices
- Preparing a structure for remote working and introducing video conferencing systems
- Hosting webinars
- 250,000 pamphlets distributed. Full-page advertisement in Nikkei newspaper.

3 The influence of the coronavirus

During the period of the declaration of the state of emergency it was difficult to have face to face sales activity, all kinds of seminar were cancelled or proposed, leading to tough conditions for any kind of sales activity. Nevertheless in our group we introduced an impactful slogan “Overcome the coronavirus crisis through innovation” throughout the organization, all the time placing top priority on the prevention of the spread of infection. And we could record historical highs for both sales and ordinary profit.

4 Our financial forecasts and annual dividend forecast for FY2020

Regarding our financial forecasts for this fiscal year to March 2021, meaningful calculations about the impact of the coronavirus are still difficult. We shall announce full year forecasts as soon as there is sufficient certainty for doing so.

With regard to annual dividend forecast for this fiscal year, we would like to distribute a minimum of 26 yen per share as annual dividend, which is the same amount as the last fiscal year, regardless of our financial results, as a show of appreciation to our shareholders who have supported our company even under the current uncertain outlook.

Number of Transactions Closed in Q1 (1/4)

118 transactions closed,
232 by number of companies

Selling company		Acquiring company		Transaction type
Industry classification	Region	Industry classification	Region	
1 Industrial machinery manufacture	Kanto	Other machinery manufacture	Kansai	Stock transfer
2 Pharmacy / drugstore	Hokkaido, Tohoku	Pharmacy / drugstore	Kanto	Stock transfer
3 Customised software development	Kanto	Manpower dispatching	Kanto	Stock transfer
4 Pharmacy / drugstore	Hokkaido, Tohoku	Pharmacy / drugstore	Kanto	Stock transfer
5 Metal parts wholesale	Koshinetsu	Metal parts wholesale	Koshinetsu	Stock transfer
6 Hospital	Chugoku, Shikoku	Nursing and welfare	Chugoku, Shikoku	Equity scheme
7 Pharmacy / drugstore	Kyushu, Okinawa	Pharmacy / drugstore	Kansai	Stock transfer
8 Construction rental / leasing	Kanto	Construction rental / leasing	Kanto	Stock transfer
9 Customised software development	Kanto	Electric components manufacture	Kanto	Stock transfer
10 Customised software development	Koshinetsu	Customised software development	Kanto	Stock transfer
11 Proprietary software development	Kansai	Truck transportation	Kansai	Stock transfer
12 Hospital	Kanto	Hospital	Kanto	Others
13 Truck transportation	Tokai, Hokuriku	Truck transportation	Kansai	Stock transfer
14 Proprietary software development	Tokai, Hokuriku	Proprietary software development	Kansai	Stock transfer
15 Interior finish work	Kanto	Building construction	Kanto	Stock transfer
16 Civil engineering contractor	Hokkaido, Tohoku	Building construction	Hokkaido, Tohoku	Stock transfer
17 Electric components manufacture	Kanto	Electric components manufacturing	Kansai	Stock transfer
18 Industrial machinery manufacture	Kansai	Industrial machinery manufacture	Tokai, Hokuriku	Stock transfer
19 Pharmacy / drugstore	Koshinetsu	Medical related services	Koshinetsu	Stock transfer
20 Pharmacy / drugstore	Koshinetsu	Pharmacy / drugstore	Kanto	Stock transfer
21 Resin parts processing	Kansai	Metal parts manufacture	Kansai	Stock transfer
22 Nursing and welfare	Kansai	Education	Kansai	Stock transfer
23 Nursing and welfare	Kanto	Clinic	Kanto	Business transfer
24 Clinic	Kanto	Medical related services	Kanto	Equity scheme
25 Property development / sales	Kanto	Other construction works	Overseas	Stock transfer

Number of Transactions Closed in Q1 (2/4)

	Selling company		Acquiring company		Transaction type
	Industry classification	Region	Industry classification	Region	
26	Pharmacy / drugstore	Tokai, Hokuriku	Pharmacy / drugstore	Kanto	Stock transfer
27	Food wholesale	Koshinetsu	Food wholesale	Kanto	Stock transfer
28	Architect	Kanto	Building construction	Hokkaido, Tohoku	Stock transfer
29	Electrical and telecoms contractor	Kansai	Electrical and telecoms contractor	Kansai	Stock transfer
30	Truck transportation	Tokai, Hokuriku	Truck transportation	Tokai, Hokuriku	Stock transfer
31	Exterior finish work	Hokkaido, Tohoku	Life related services	Kanto	Stock transfer
32	Property management / sale	Hokkaido, Tohoku	Property management / sale	Kanto	Stock transfer
33	Civil engineering contractor	Tokai, Hokuriku	Building construction	Tokai, Hokuriku	Stock transfer
34	Nursing and welfare	Tokai, Hokuriku	Medical related services	Kanto	Equity scheme
35	IT related business	Kanto	Others	Kanto	Stock transfer
36	Restaurants	Tokai, Hokuriku	Food manufacture	Chugoku, Shikoku	Business transfer
37	Energy	Kansai	Energy	Kanto	Stock transfer
38	Web marketing	Tokai, Hokuriku	Sales promotion	Tokai, Hokuriku	Stock transfer
39	Industrial machinery wholesale	Koshinetsu	Industrial machinery wholesale	Koshinetsu	Stock transfer
40	Pipe contractor	Chugoku, Shikoku	Building construction	Chugoku, Shikoku	Absorption-type split
41	Clinic	Kansai	Clinic	Kansai	Others
42	Building construction	Hokkaido, Tohoku	Truck transportation	Hokkaido, Tohoku	Stock transfer
43	Pharmacy / drugstore	Kansai	Property development / sales	Kansai	Stock transfer
44	Electrical and telecoms contractor	Hokkaido, Tohoku	Electrical and telecoms contractor	Hokkaido, Tohoku	Stock transfer
45	Electrical and telecoms contractor	Tokai, Hokuriku	Education related services	Tokai, Hokuriku	Stock transfer
46	Metals parts processing	Kanto	Manpower dispatching	Kanto	Stock transfer
47	Taxi	Hokkaido, Tohoku	Food wholesale	Hokkaido, Tohoku	Stock transfer
48	Pharmacy / drugstore	Kansai	Pharmacy / drugstore	Koshinetsu	Stock transfer
49	Pharmacy / drugstore	Kansai	Pharmacy / drugstore	Kanto	Stock transfer
50	Metals parts processing	Kansai	Can manufacture / sheet metal	Kansai	Stock transfer
51	E-commerce services	Koshinetsu	Convenience goods wholesale	Kanto	Transfer of equity interests
52	Livestock farming	Tokai, Hokuriku	Agricultural related manufacture / sales	Tokai, Hokuriku	Stock transfer
53	Plant engineering	Kanto	Life related services	Kanto	Business transfer
54	Nursing and welfare	Kanto	Nursing and welfare	Kyushu, Okinawa	Stock transfer
55	Energy	Hokkaido, Tohoku	Energy	Hokkaido, Tohoku	Stock transfer
56	Pharmacy / drugstore	Hokkaido, Tohoku	Pharmacy / drugstore	Kansai	Stock transfer
57	Electrical and telecoms contractor	Hokkaido, Tohoku	Building construction	Hokkaido, Tohoku	Stock transfer

Number of Transactions Closed in Q1 (3/4)

	Selling company		Acquiring company		Transaction type
	Industry classification	Region	Industry classification	Region	
58	Transportation related services	Kanto	Printing	Tokai, Hokuriku	Stock transfer
59	Pipe contractor	Hokkaido, Tohoku	Building construction	Hokkaido, Tohoku	Stock transfer
60	Customised software development	Tokai, Hokuriku	Customised software development	Kanto	Stock transfer
61	Construction materials wholesale	Kanto	Building construction	Hokkaido, Tohoku	Stock transfer
62	Pharmacy / drugstore	Koshinetsu	Pharmacy / drugstore	Hokkaido, Tohoku	Business transfer
63	Web marketing	Kanto	Printing	Tokai, Hokuriku	Stock transfer
64	Electrical and telecoms contractor	Kanto	Electrical and telecoms contractor	Kanto	Stock transfer
65	Packaging materials wholesale	Kansai	Packaging materials wholesale	Kanto	Stock transfer
66	Customised software development	Kanto	Customised software development	Kanto	Stock transfer
67	Pharmacy / drugstore	Kyushu, Okinawa	Pharmacy / drugstore	Kyushu, Okinawa	Stock transfer
68	Electrical and telecoms contractor	Kanto	Pipe contractor	Tokai, Hokuriku	Stock transfer
69	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Hokkaido, Tohoku	Business transfer
70	Property management / sale	Koshinetsu	Property management / sale	Kanto	Stock transfer
71	Truck transportation	Hokkaido, Tohoku	Truck transportation	Kanto	Stock transfer
72	Convenience goods manufacture / wholesale	Tokai, Hokuriku	Printing	Tokai, Hokuriku	Stock transfer
73	Pharmacy / drugstore	Koshinetsu	Medical related services	Koshinetsu	Stock transfer
74	Daily goods manufacture / wholesale	Kanto	Household goods manufacture / wholesale	Kanto	Stock transfer
75	Industrial waste management	Kanto	Industrial waste management	Kanto	Stock transfer
76	Education related services	Tokai, Hokuriku	Manpower dispatching	Kyushu, Okinawa	Stock transfer
77	Pharmacy / drugstore	Tokai, Hokuriku	Pharmacy / drugstore	Tokai, Hokuriku	Stock transfer
78	Food manufacture /contract food service	Kanto	Food manufacture /contract food service	Hokkaido, Tohoku	Stock transfer
79	Truck transportation	Kansai	Truck transportation	Kansai	Stock transfer
80	Truck transportation	Kansai	Truck transportation	Kansai	Stock transfer
81	Industrial machinery wholesale	Hokkaido, Tohoku	Nursing and welfare	Kanto	Stock transfer
82	Can manufacture / sheet metal	Chugoku, Shikoku	Industrial machinery wholesale	Chugoku, Shikoku	Stock transfer
83	Civil engineering contractor	Koshinetsu	Construction materials wholesale	Kyushu, Okinawa	Stock transfer
84	Clinic	Hokkaido, Tohoku	Nursing and welfare	Kanto	Others
85	Building construction	Kanto	Building construction	Kanto	Stock transfer
86	Building construction	Kanto	Property development / sales	Kanto	Stock transfer
87	Hospital	Tokai, Hokuriku	Hospital	Kanto	Equity scheme
88	Restaurants	Kansai	Property development / sales	Kansai	Stock transfer
89	Building construction	Kanto	Property development / sales	Tokai, Hokuriku	Stock transfer

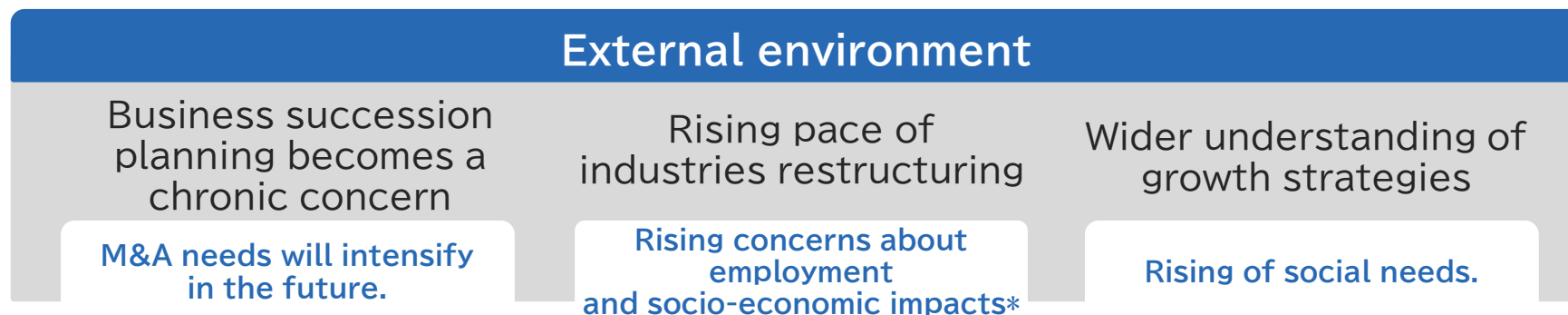
Number of Transactions Closed in Q1 (4/4)

	Selling company		Acquiring company		Transaction type
	Industry classification	Region	Industry classification	Region	
90	Interior finish work	Kansai	Building maintenance	Kansai	Stock transfer
91	Building maintenance	Kansai	Building maintenance	Kanto	Stock transfer
92	Nursing and welfare	Tokai, Hokuriku	Medical related services	Kanto	Equity scheme
93	Civil engineering contractor	Chugoku, Shikoku	Services for corporate customers	Kanto	Stock transfer
94	Civil engineering contractor	Koshinetsu	Private equity fund	Kanto	Stock transfer
95	Office for professional occupations	Kanto	Accounting firm	Kanto	Equity scheme
96	Clinic	Kyushu, Okinawa	Hospital	Kyushu, Okinawa	Business transfer
97	Industrial waste management	Kanto	Industrial waste management	Koshinetsu	Stock transfer
98	Construction materials wholesale	Kansai	Construction materials wholesale	Kanto	Stock transfer
99	Civil engineering contractor	Kyushu, Okinawa	Building construction	Kyushu, Okinawa	Stock transfer
100	Pipe contractor	Hokkaido, Tohoku	Building construction	Hokkaido, Tohoku	Stock transfer
101	Exterior finish work	Tokai, Hokuriku	Building construction	Tokai, Hokuriku	Stock transfer
102	Juwelry goods retail	Kanto	Apparel business	Kanto	Stock transfer
103	Food manufacture /contract food service	Hokkaido, Tohoku	Food wholesale	Hokkaido, Tohoku	Stock transfer
104	Leasing	Kanto	Leasing	Hokkaido, Tohoku	Business transfer
105	Sport	Kyushu, Okinawa	Entertainment	Kansai	Stock transfer
106	Hospital	Kanto	Clinic	Kanto	Equity scheme
107	Food manufacture	Koshinetsu	Food manufacture	Koshinetsu	Business transfer
108	Property management / sale	Kanto	Property management / sale	Kanto	Stock transfer
109	Food manufacture	Kanto	Food manufacture	Koshinetsu	Stock transfer
110	Industrial machinery manufacture	Hokkaido, Tohoku	Industrial machinery manufacture	Tokai, Hokuriku	Stock transfer
111	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Kyushu, Okinawa	Stock transfer
112	Industrial machinery wholesale	Kanto	Electric components manufacture	Hokkaido, Tohoku	Stock transfer
113	Pharmacy / drugstore	Kyushu, Okinawa	Pharmacy / drugstore	Kanto	Stock transfer
114	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Hokkaido, Tohoku	Business transfer
115	Building construction	Tokai, Hokuriku	Construction materials wholesale	Kansai	Stock transfer
116	Property management / sale	Kanto	Property management / sale	Kanto	Absorption-type split
117	Property business	Kyushu, Okinawa	Property business	Kyushu, Okinawa	Stock transfer
118	Food wholesale	Hokkaido, Tohoku	Food wholesale	Kanto	Stock transfer

Company Overview

日本M&Aセンター

Introduction



Nihon M&A Center established as the leading M&A intermediary firm between small and mid-cap companies



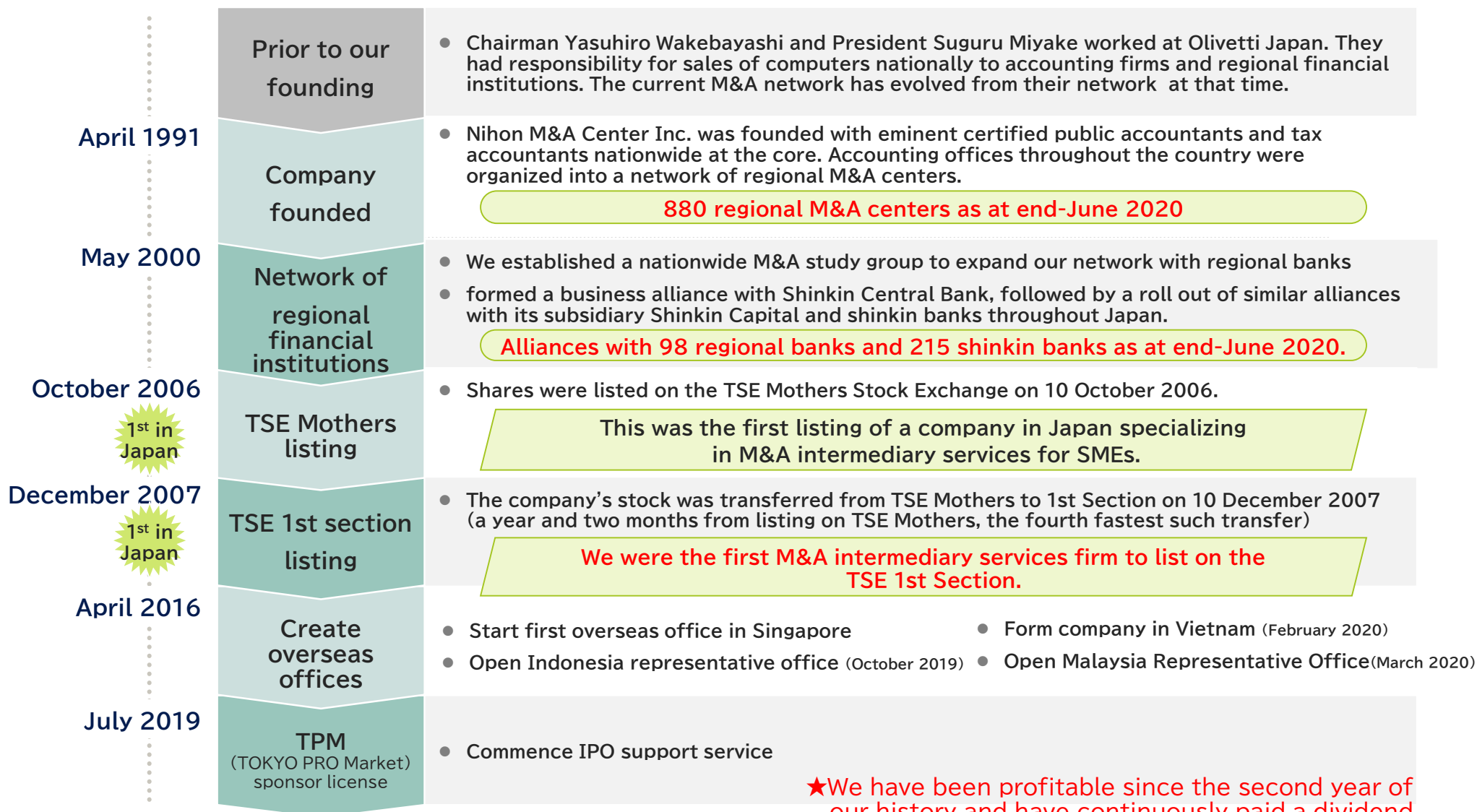
* According to Ministry of Economy, Trade and Industry (METI), ignoring business succession issues will lead to corporate failures such that in the space of a decade there could be the loss of 6.5 million jobs and a ¥22 trillion reduction in GDP

Corporate Profile (End-June 2020)

Leading company in M&A intermediary services
with a track record of over 5,500 completed transactions

Company name	Nihon M&A Center Inc.			
Established	April 1991			
Business outline	M&A support for small and medium-sized enterprises (SMEs)			
Representatives	Chairman and founder President	Yasuhiro Wakebayashi Suguru Miyake		
Offices	Domestic 7:Tokyo headquarters, Osaka branch, Nagoya branch, Fukuoka branch, Sapporo sales office, Hiroshima sales office, Okinawa sales office Overseas 4:Singapore office, Indonesia representative office, Nihon M&A Center Vietnam co., LTD, Malaysia Representative Office			
Paid-in capital	¥2.5 billion	Number of shares issued	166,065,200	
Market listing	Tokyo Stock Exchange 1st section	Stock code	2127	
No. of employees (consolidated)	638 (excluding 8 full-time directors)	Breakdown of employees by type	Consultants Other	409 229

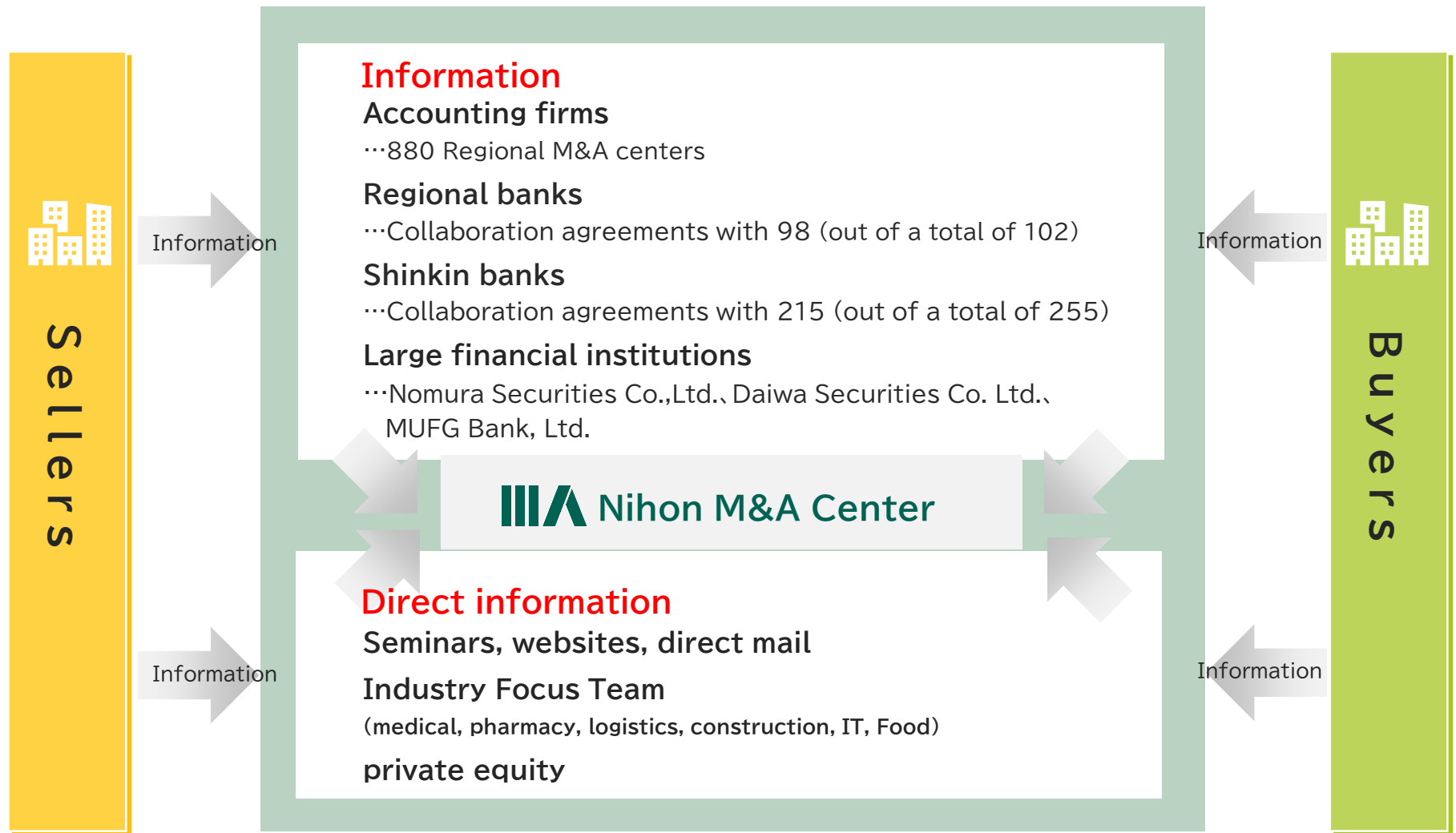
Corporate History



★We have been profitable since the second year of our history and have continuously paid a dividend

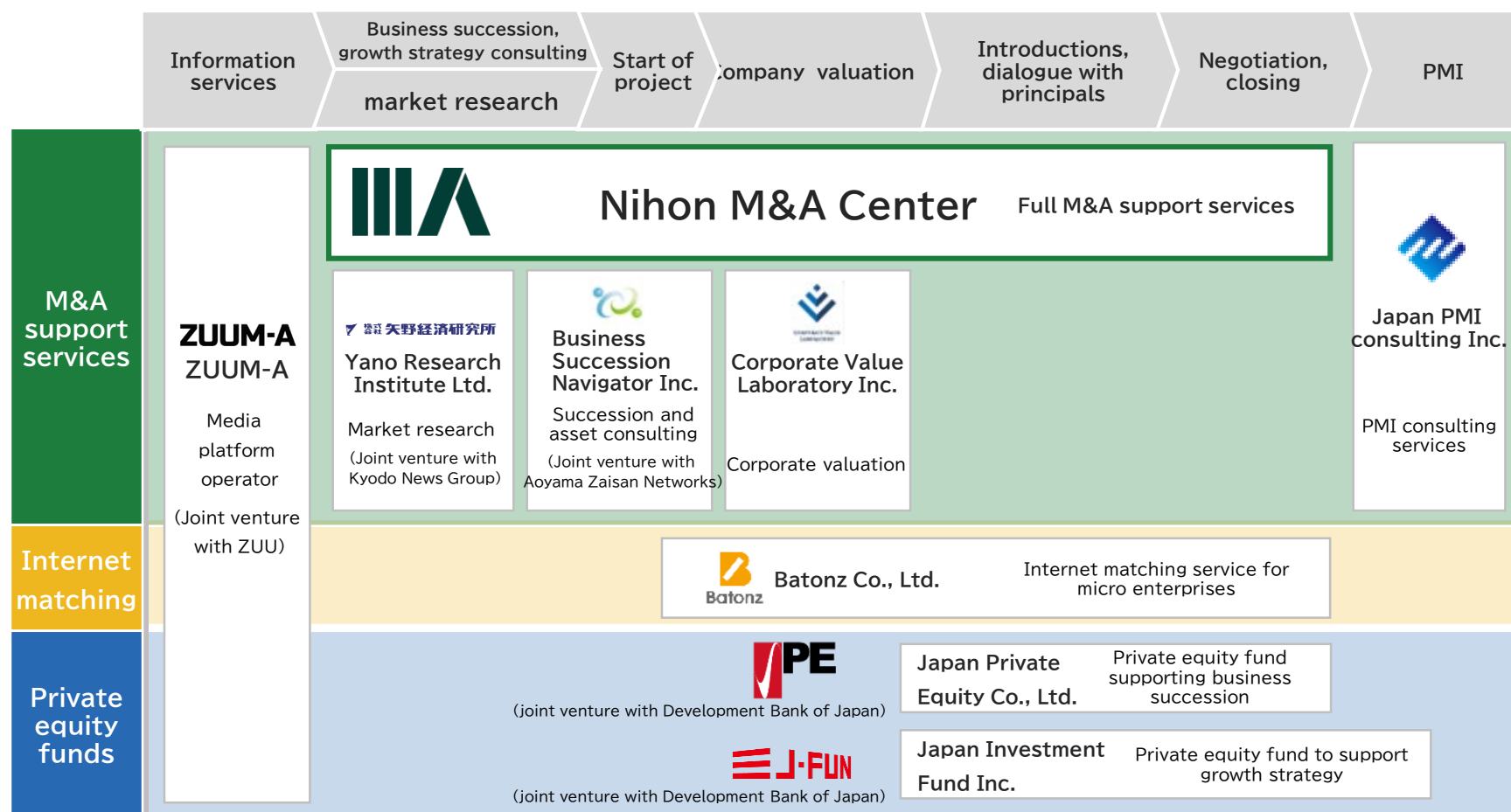
Business Model A Platform for the M&A Market

Top M&A information network



Becoming an Integrated M&A Company

Nihon M&A Center becoming a hub for
specialized high quality group companies



The strengths of Nihon M&A Center

Never let any competitor catch up
**Differentiation through service,
superiority without competing on price**

1.Strong systems for developing valuable information

◆ **Very strong network for M&A information**

Regional financial institutions, accountants, large financial institutions, other

2.Powerful matchmaking capability

◆ **Top in the industry with over 400 well organized specialist M&A consultants**

◆ **Database which has accumulated information for a long period of time.**

3. High level of M&A expertise and knowledge of the industry

◆ **Integration**

Several subsidiaries which specialise in all the processes, from company valuation to post-merger integration (PMI)

◆ **30 or so people with legal, accounting and tax qualifications**

(lawyers, notaries, certified public accountants, tax accountants)

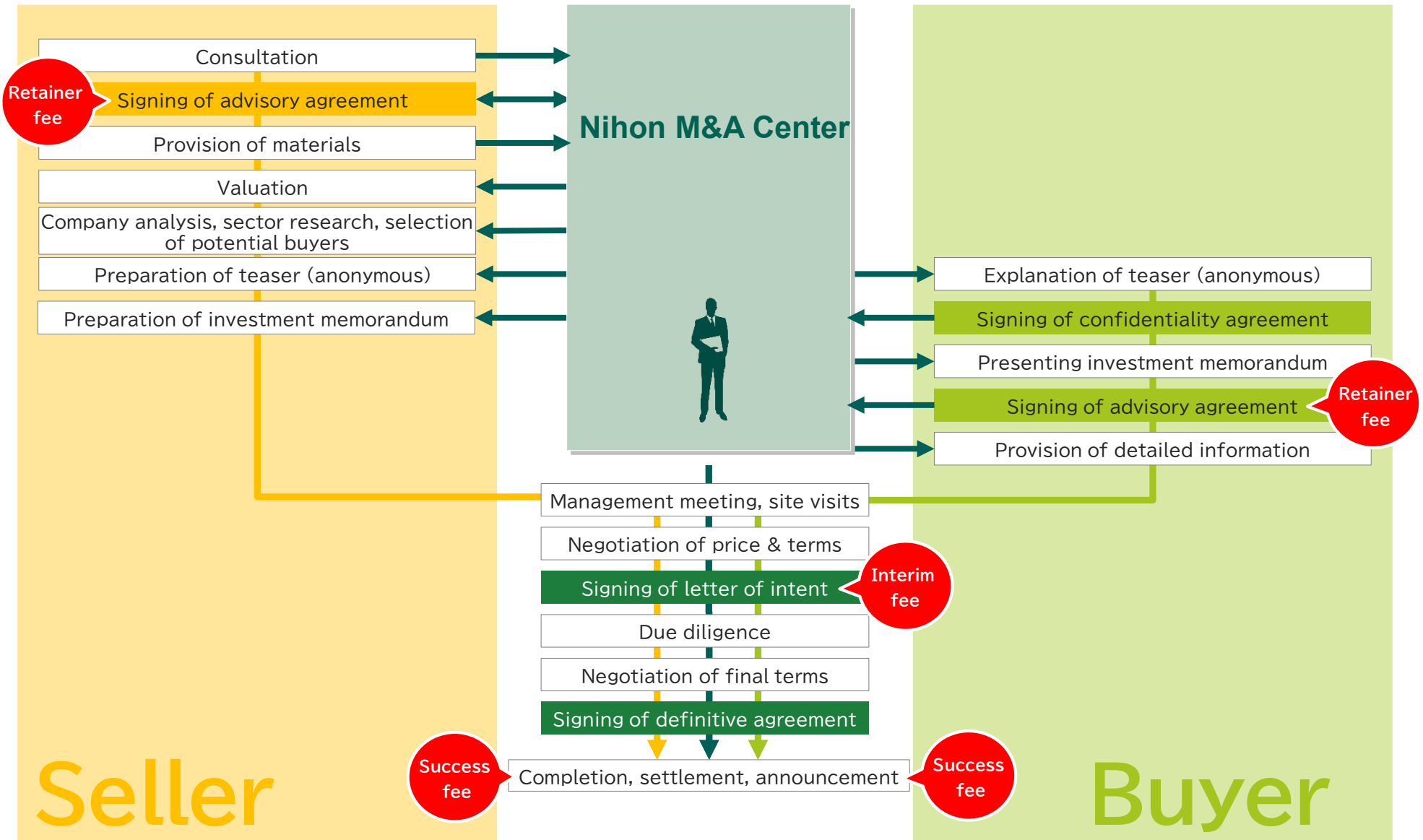
A wealth of in-house expertise, finding M&A solutions in a timely way with M&A processes

4.Highly trusted

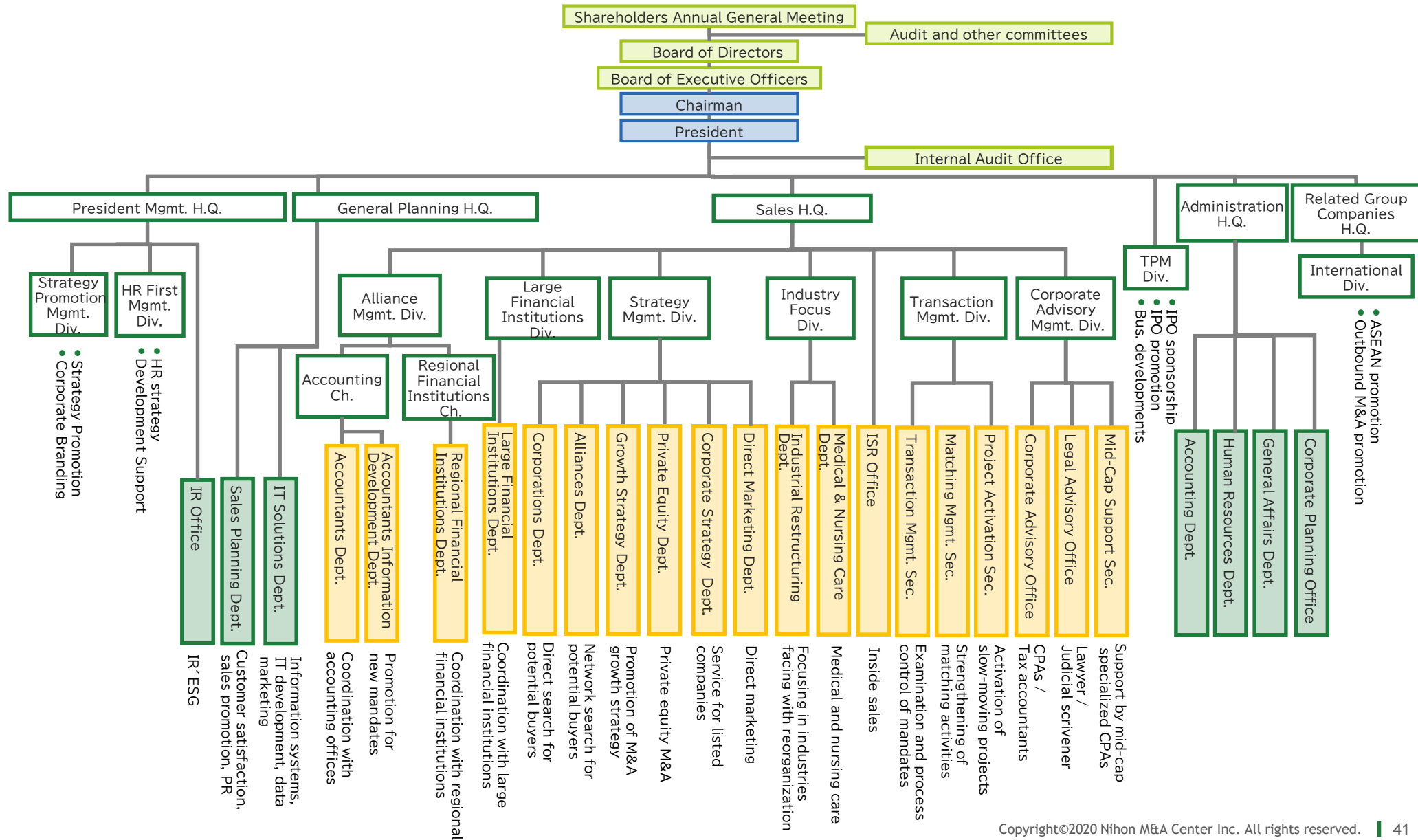
◆ **Pioneer in SME M&A with an outstanding track record**

29 years of history, over 5,500 successful transactions

Our Workflow as an M&A Intermediary



Our Organization Structure (from April 2020)



Human Resources Training

Subsidy system for training of new recruits and further development of key employees

Internal training

External training

Training for new recruits	Improvement for every level	Regular training	
<ul style="list-style-type: none"> • Understanding of our company and management principals of our chairman • M&A project flow • Creating company profiles • Company valuation • Matching of companies • Use of databases for projects • Role playing 	<ul style="list-style-type: none"> • Success and failure analysis • M&A special structures • M&A by industry type (when required) • M&A related tax/legal regulation change • Sales technique • Off-sites with senior management • Future generation leadership • Leaders training • Presentations and public speaking. 	<p>Monthly training</p> <ul style="list-style-type: none"> • Compliance • Information security systems <p>Annual training</p> <ul style="list-style-type: none"> • Overseas visits(high performers) • Management principals explanation meeting·Training for all employees 	<ul style="list-style-type: none"> • Dale Carnegie course • Management training • Coaching • Ritsumeikan University Saionji leadership course • Lee Kuan Yew School of Public Policy short graduate programme
<p>Education subsidies</p>	<ul style="list-style-type: none"> • Bookkeeping Level 2 • Business succession, M&A expert qualifications • Public accountant, tax accountant, social security officer, SME advisor and equivalents • Contribution to cost of purchase of specialist textbooks • English conversation 		

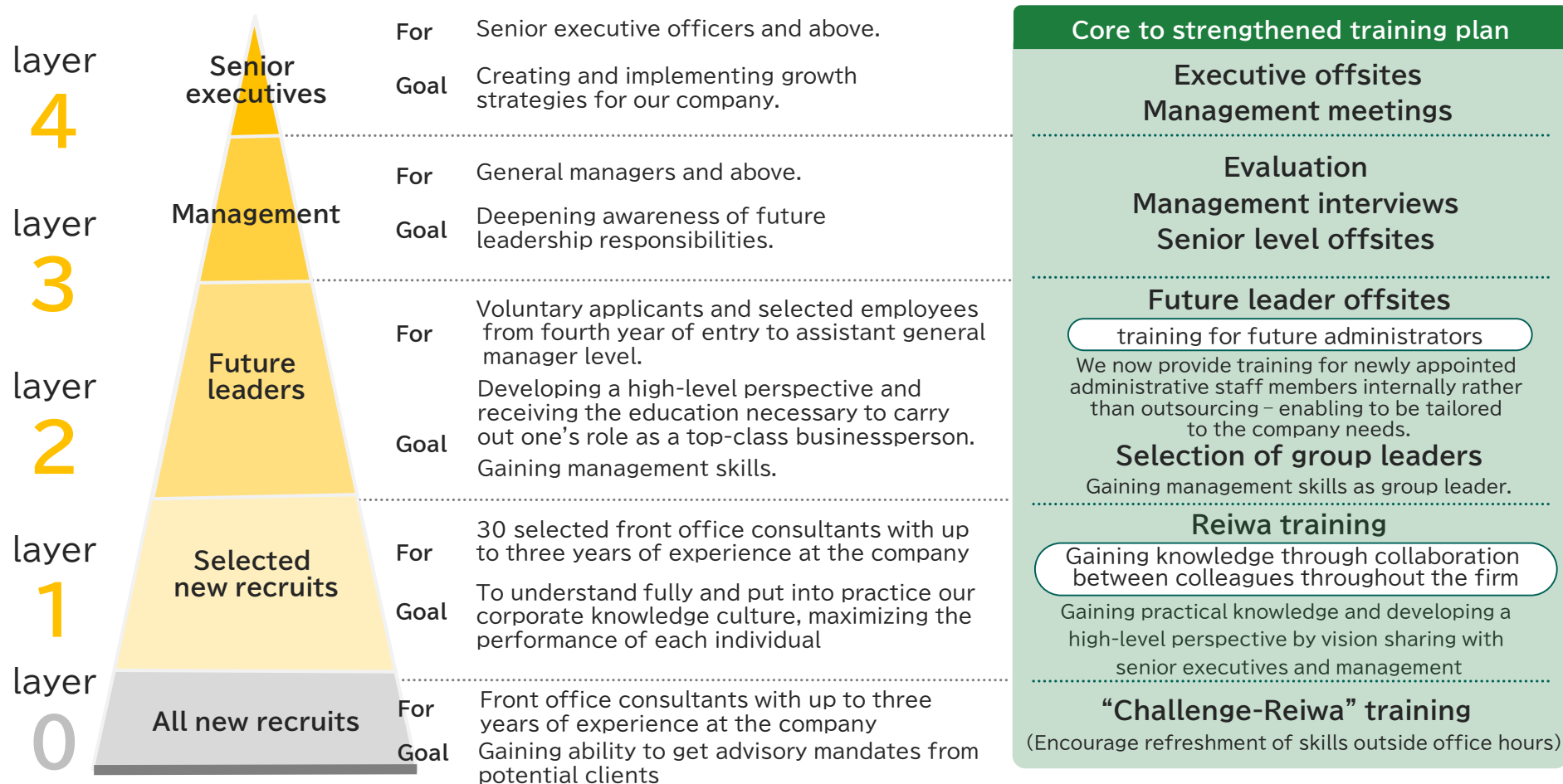
It takes 6-12 months to get an overall understanding of M&A, but we always have several M&A transactions on the go, enabling employees to gain a lot of practical experience in a short space of time

Training inexperienced employees to develop quickly into M&A specialists

Training M&A specialists to reach a more senior level

Human Resource Development Plan

A layered approach for thoroughness.
We aim to achieve fast results from the training



Sustainability

Environmental Social and Governance (ESG) practice

		Important topics	Our main policies
Env	Society orientated towards recycling	Decreasing the environmental burden	<ul style="list-style-type: none"> • Use of public transport, promoting use of IT, reduction of unnecessary printing
Social	Employment practices	Employee satisfaction	<ul style="list-style-type: none"> • Employee reviews(twice per year), “secret letter” to CEO system, ranked fourth in the category of employee satisfaction in the 2018 Fisco institutional investor and analyst industrial research award(published on 18 February 2019)
		Respect for human rights and promotion of diversity	Discrimination prohibited; promotion of activities by females; medium-term target of 30% for female employees across the group
		System for increasing motivation	<ul style="list-style-type: none"> • Stock option plan
		Promotion of communication	<ul style="list-style-type: none"> • Subsidies for events including tennis, basketball, 5-a-side football and running
	Health and safety	Creation of a safe and healthy workplace	<ul style="list-style-type: none"> • Health and stress checks, subsidies for spouse health checks, vaccinations to prevent influenza, health advice from occupational health and safety specialist
Governance	Human development	Education system	<ul style="list-style-type: none"> • (See pages 37-38 of this document)
	Corporate governance	Corporate governance system	Ratio of 1:3 of non-executive directors, corporate governance system (https://www.nihon-ma.co.jp/corporate/businessbase.html), establishment of committees for audit and other, Nomination and Remuneration committee
		Internal control system	Establishment of internal regulatory system (https://www.nihon-ma.co.jp/ir/pdf/report_governance1906.pdf), strict scrutiny of M&A projects
		10 guiding principals for compliance behaviour	<ul style="list-style-type: none"> • Periodic training for all employees in the 10 selected guiding principals for compliant behaviour
		Internal communication system	<ul style="list-style-type: none"> • Employee communication protocols codified
	Risk management	Risk management committee	<ul style="list-style-type: none"> • Creation of risk management committee
		Response to incidents	<ul style="list-style-type: none"> • Objectives (1)No highly serious incidents to occur (2)Strive to prevent occurrence of incidents
	Information security	Information security maintained and ISO27001accreditation	<ul style="list-style-type: none"> • Implementation of information security systems and oversight policies • Information security policy created (https://www.nihon-ma.co.jp/corporate/security_policy.html) • ISO27001international standard obtained ※All domestic branches, foreign offices excluded

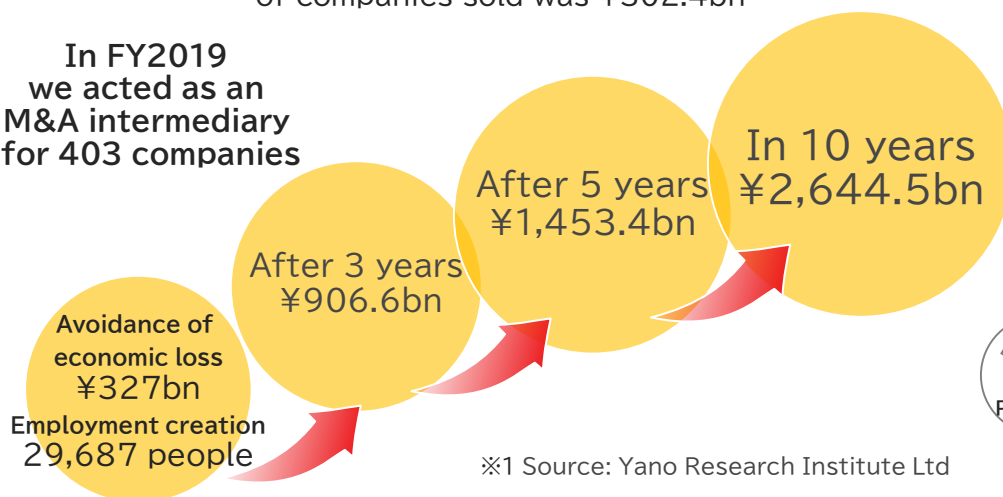
CSR Initiatives

Our commitment to support amicable M&A contributes to the sustainable growth of society by reinforcing management foundations and growth in employment

FY2018 contribution to avoidance of economic loss ※1

Sell-side advisor for 403 transactions in which combined turnover of companies sold was ¥302.4bn

In FY2019
we acted as an
M&A intermediary
for 403 companies



Other activities contributing to society

- Donations following natural catastrophes
- Education support (scholarships) in areas impacted by natural catastrophes
- Cultural sponsorship(support for young artists in film production, Noh, opera, photography and other)
- Protection of designated Cultural Properties

Overview of our group CSR policies

“Contributing to sustainable social development”

“Continuously improving our corporate value”

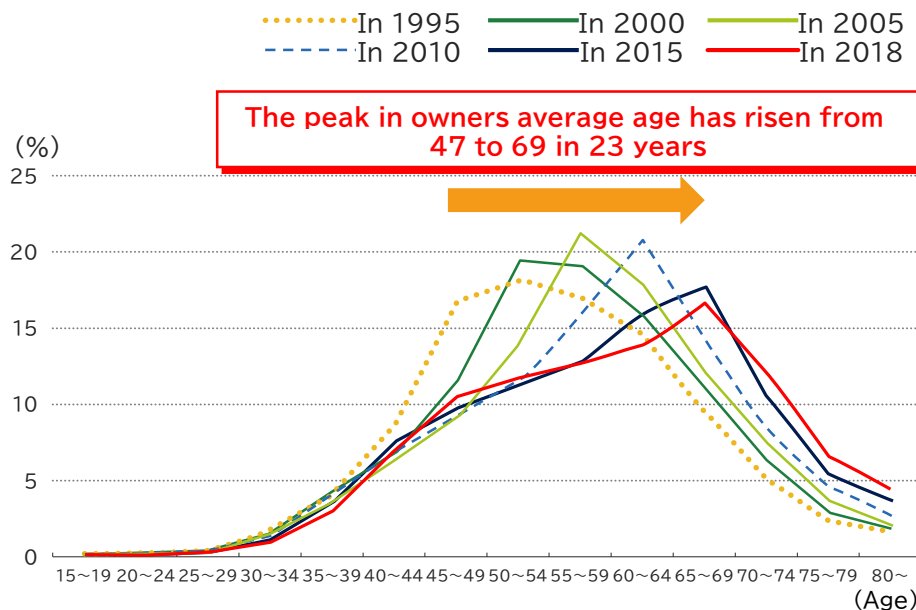


Enhancing the social contributions of our business operations through activities that involve corporate citizens

Distribution of the Age of Owners & Changes in the Average Age of Retirement

Highest average age category of SME owners has risen to 69 (Figure 1)
Rising average retirement age (Figure 2)

Age distribution of SME owners (in 5-year categories)

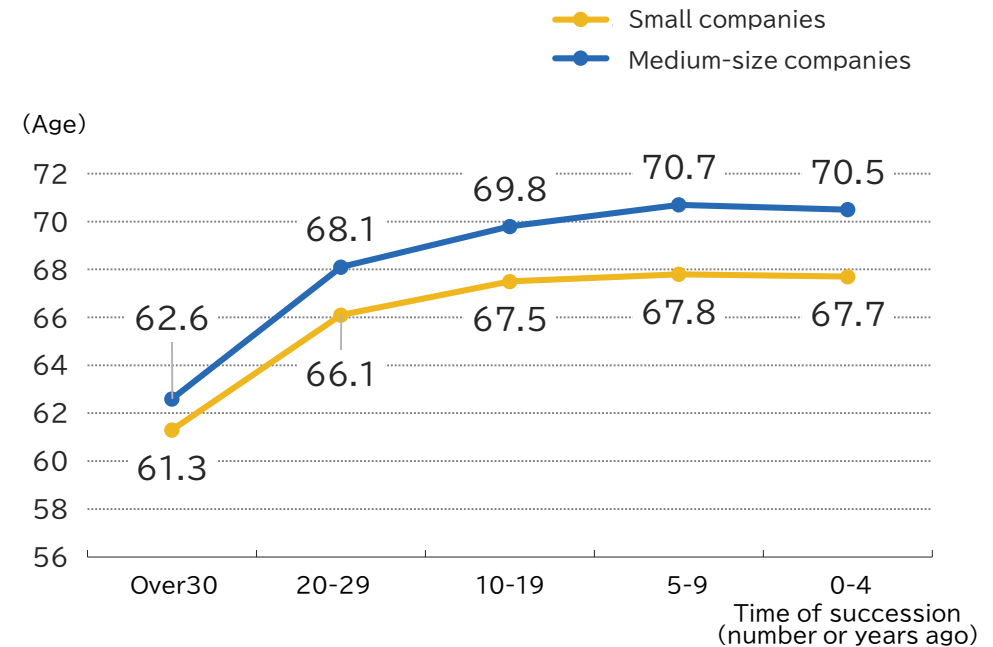


Data source: *Corporate Profile Database (COSMOS 2)* by Teikoku Databank, Ltd

Note: Since ages are in 5-year categories the peak on the chart is the same in 2015 and 2018, but underlying data shows the peak to have increased by three years in this period.

Source: White Paper on Small and Medium Enterprises in Japan (26 April 2019)

Changes in owners average retirement age

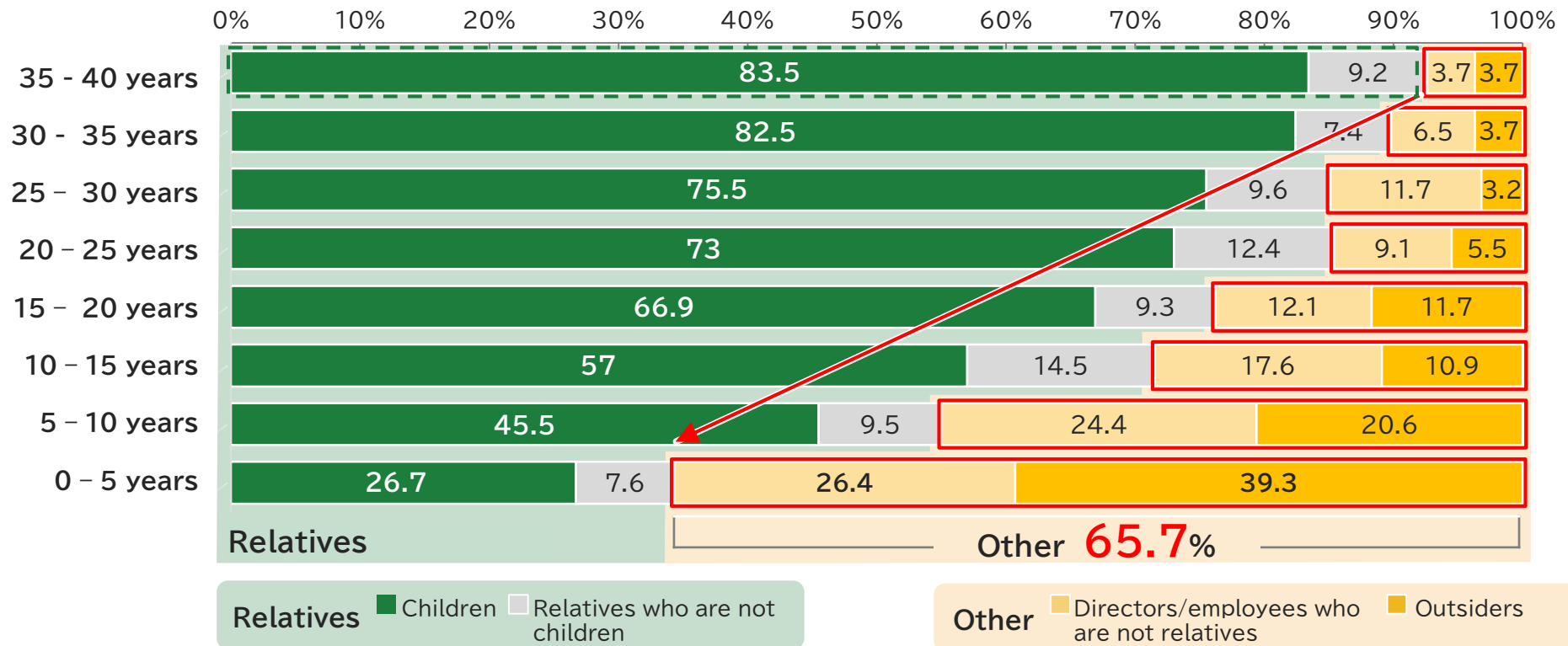


Source: Small and Medium Enterprise Agency, *Discussion forum for corporate revitalization, focus on succession (1st in series)*

Strong Increase in Succession Outside Family

Succession outside family has increased to over 65%

Shift in background of company presidents viewed by length of term of office

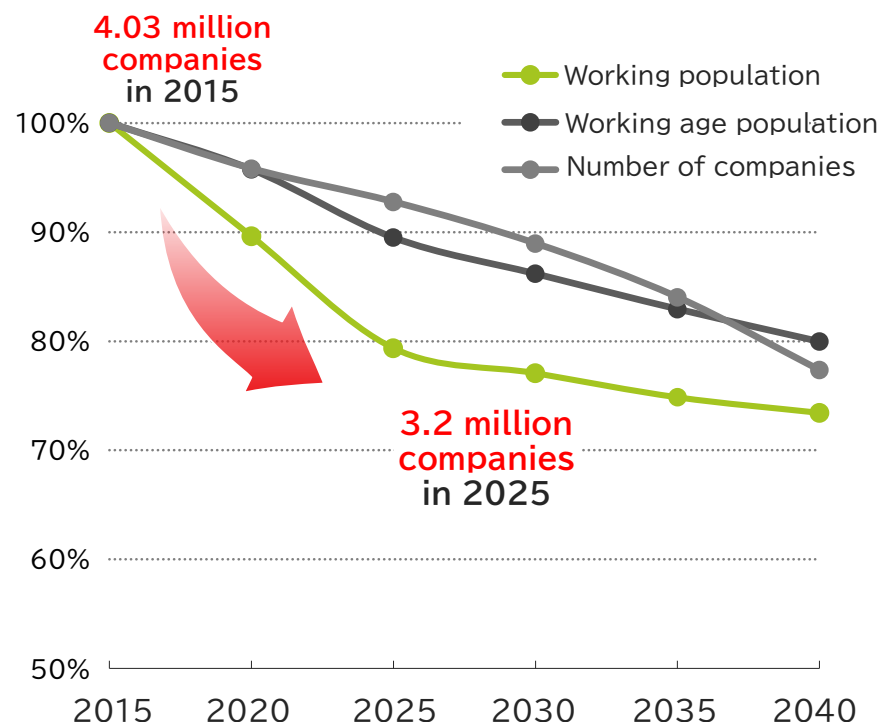


Future Projections for the Numbers of Companies and Workers

Number of companies to **decrease by 830,000**
within the next 10 years

***Basis for calculation: end-2015 = 100%**

	End-2015	End-2020	End-2025	End-2030	End-2035	End-2040
Number of companies (,000)	4,025	3,607	3,195	3,103	3,014	2,956
	100%	90%	79%	77%	75%	73%
Working population (,000)	58,457	55,054	51,460	49,553	47,693	45,981
	100%	96%	89%	86%	83%	80%
Working age population (,000)	77,282	74,058	71,701	68,754	64,942	59,777
	100%	96%	93%	89%	84%	77%



*Includes individual business proprietors

Sources : Numbers of companies and workers - *Estimates of Future Numbers of Companies and Employees by Region*, Yoshiaki Murakami, Naomi Kodama and Yoshio Higuchi, from *Financial Review* published June 2017 by the Policy Research Institute, Ministry of Finance, Japan
Working age population - *Regional Population Projections for Japan** (statistics from 2018)
Estimates of Future Numbers of Companies and Employees by Region - *Population Decline and Local Economies*, by the Policy Research Institute, Ministry of Finance, Japan

M&A Market Potential

There is a potential market **in excess of ¥20 trillion**

Business succession potential market estimate

Employees	Number of companies		Ratio of companies with no successor		Number of companies with no successor	Sales per M&A transaction	M&A market size	Our position/initiative
100~300	48,673	×	48.40%	=	¥23,558	¥50 mn	¥23 trillion	New market to develop Taking measures to increase our presence
20~99	535,783	×	63.00%	=	¥350,151	¥30 mn		Established with dominant network Expanding presence as top brand
1~19	3,003,013	×	75.00%	=	¥2,252,260	¥5 mn		Mostly domain of our subsidiary Batonz High growth segment

Note: These estimates are based on data from sources including Small and Medium Enterprise Agency, Ministry of Internal Affairs and Communications, METI, Teikoku Data Bank, as well as Nihon M&A Center completed transactions in April 2016 – September 2019

In addition, M&A arising from restructuring of industries and growth strategies, unrelated to business succession
(20% of our sell-side transactions completed in FY2018 were for companies with a CEO under 50 years old)

Lastly

I . Management principles

Management principles

Assisting companies to continue and prosper through M&A

Company goal

Management priority on adherence to compliance and corporate social responsibility
Building up higher level governance structure

Ⅱ. To investors

Increase market value

We aim to increase market value through high profitability and growth

Return profits to shareholders

Increase in market value together with stability and growth in dividends

- Contact : <https://www.nihon-ma.co.jp/action/contact/>
- IR page URL: <https://www.nihon-ma.co.jp/ir/>
- English website URL : <https://www.nihon-ma.co.jp/en/about/investors/>