

IR Report

Financial Results Report for Q3 FY2022

Year to March 2023 TSE code 2127

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Nihon M&A Center Holdings Purpose

To connect hopes and dreams
for the best M&A experience
in Japan and then the world

Best M&A = Top level compliance, client satisfaction, quality



Review of preventative measures

 Nihon M&A Center HD

Measures to strengthen compliance in Q3

1 Compliance training sessions

- Handling of information (October) All employees
- Prevention of harassment (November) Department heads
- Meet the CCO (monthly) New employees

2 Level of discussions and reports handled by the compliance department

- Following the **announcement of the system for discussions and reports** there was **a large volume of contact made** in Q3
- Many of the inquiries did not come into the category of compliance cases.
- **Compliance consciousness has grown in the firm**

Trend in number of whistle blowing discussions and cases

1Q	2Q	3Q
10	13	25

3 Other measures

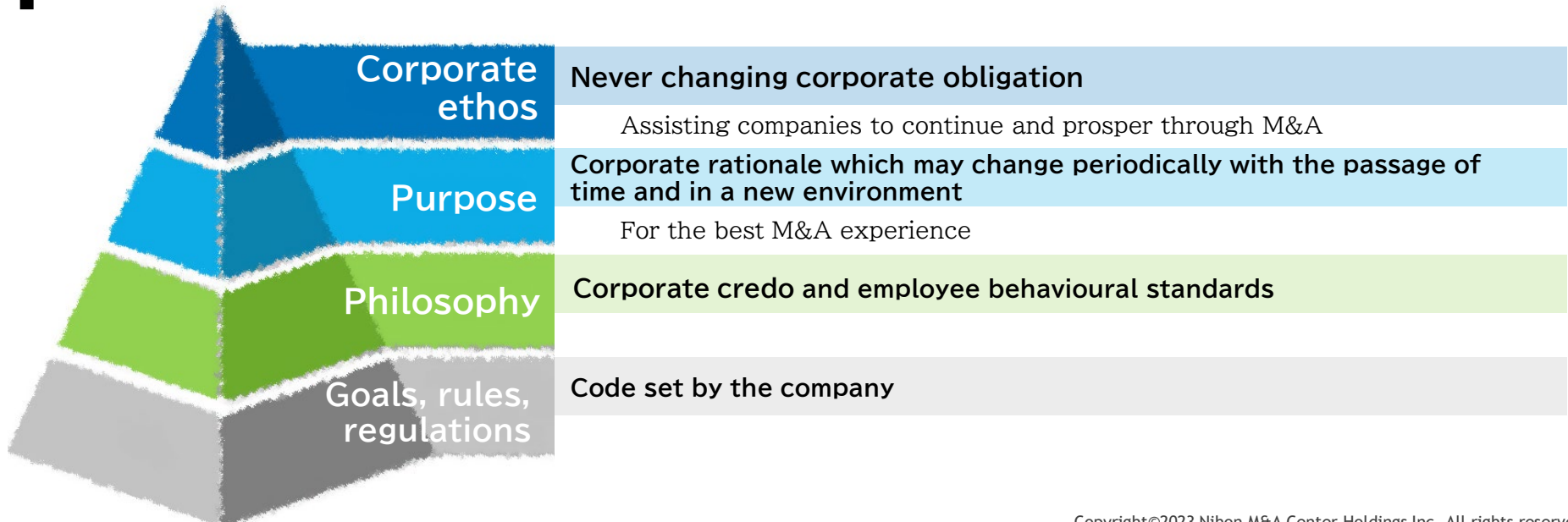
- Explanation in pamphlets produced for clients of **our discussion and reporting system**, including **a point of contact for clients**
- Carried out **new survey internally of compliance consciousness**

Measures to reform the organisation structure to fit the new purpose

4 Establishment of philosophy for expected employee conduct and decision making standards

In June 2022 we created a purpose statement based on a survey of all employees. We then created a philosophy statement to foster a corporate culture reflecting the purpose statement for adoption by each and every employee in their conduct and decision making processes

Structure of concepts and rules



Corporate credo and employee behavioural standards

Philosophy statement with 8 tenets

Nihon M&A Center Holdings Philosophy

1. Utmost respect for our clients
2. High viewpoint, broad field of view
3. Strive without fear of mistakes
4. Fully engage
5. Best decisions with free and open discussion
6. Keep going until the result is achieved
7. Learn with modesty and develop
8. The right things in the right way



Q3 FY2022

Results Review • Dividends

III/A Nihon M&A Center HD

Q3 Results Review

Acceleration of sales and recruitment activity
ahead of renewed growth

	FY2022 9 months result	FY2021 9 months result	Change (YoY)
Sales (¥mn)	29,876	34,273	87.2%
Ordinary profit (¥mn)	11,045	15,643	70.6%

	FY2022 Q3 actual	FY2021 Q3 actual	Change (YoY)
Sales (¥mn)	9,777	10,853	90.1%
Transactions closed (Counting sell-side and buy-side mandates separately)	258	243	106.2%
Number of consultants (As at end of quarter)	610	561	108.7%

Review of Q3, Preparing for Q4

Q3 results

Whilst there was a growth in transactions completed
price pressure caused a 9.9% decline in sales

	FY2022 Q3 actual	FY2021 Q3 actual	Change (YoY)
Sales (¥mn)	9,777	10,853	90.1%
Ordinary profit (¥mn)	3,072	4,102	74.9%

Key factors

1. Fewer large mandates

- Pause in development for mid-caps for about 12 months following the incident
- Up to Q2 there were departures from the department responsible for mid-cap strategic proposals

2. Increase in small transactions

3. Sales decline led to lower profit margin

- Sales : -9.9% YoY, Cost of sales: -2.4% YoY, SGA expenses : -3.9% YoY

Review of Q3, Preparing for Q4









Motivation and unity of our employees

Whole firm reunited as a competitive force
New record level of transactions completed in Q3

	FY2022 Q3 actual	FY2021 Q3 actual	Change (YoY)
Transactions closed (Counting sell-side and buy-side mandates separately)	258	243	106.2%

Key factors Successful development of corporate unity

Concept of seasonality of our sales activity

	1Q (Apr - Jun)	2Q (Jul - Sep)	3Q (Oct - Dec)	4Q (Jan - Mar)
Typical year	 Focus on gaining mandates to achieve full year budget	 Completion of mandates from Q4 and negotiation for Q1 mandates	 Peak in execution of mandates to achieve full year budget	 Pursuit of new mandates for Q1 of following year
Current year (unexpected event)	 <ul style="list-style-type: none"> Response to the incident Arrangement of Teach-ins 	 <ul style="list-style-type: none"> Response to the incident Creation of new purpose Restart of recruitment drive 	 <ul style="list-style-type: none"> Review and announcement of management strategy Restart of large conferences 	 <ul style="list-style-type: none"> Creation of philosophy statement Whole firm including executive management united in sales activity

Review of Q3, Preparing for Q4

Preparing for Q4

Recruitment actively recommenced and there was a
strong increase in human resources

In first 9 months 883 mandates received and
plentiful new business discussions

※ Details on page 15

	As of 31 Dec 2022	As of 31 Dec 2021	Change (YoY)
Number of consultants (As at end of quarter)	610	561	108.7%

Preparing for Q4 and beyond

1. **Restart planning activity for mid-caps** (Details on page 26)
2. **Recommencement of large conferences with attendance in person** (Details on page 25)
3. **Specially resourced matching**
4. **Commence TV commercials nationwide for foreseeable future** (Details on page 39)
5. **Emphasis on implementation of training activity** (Details on page 11)

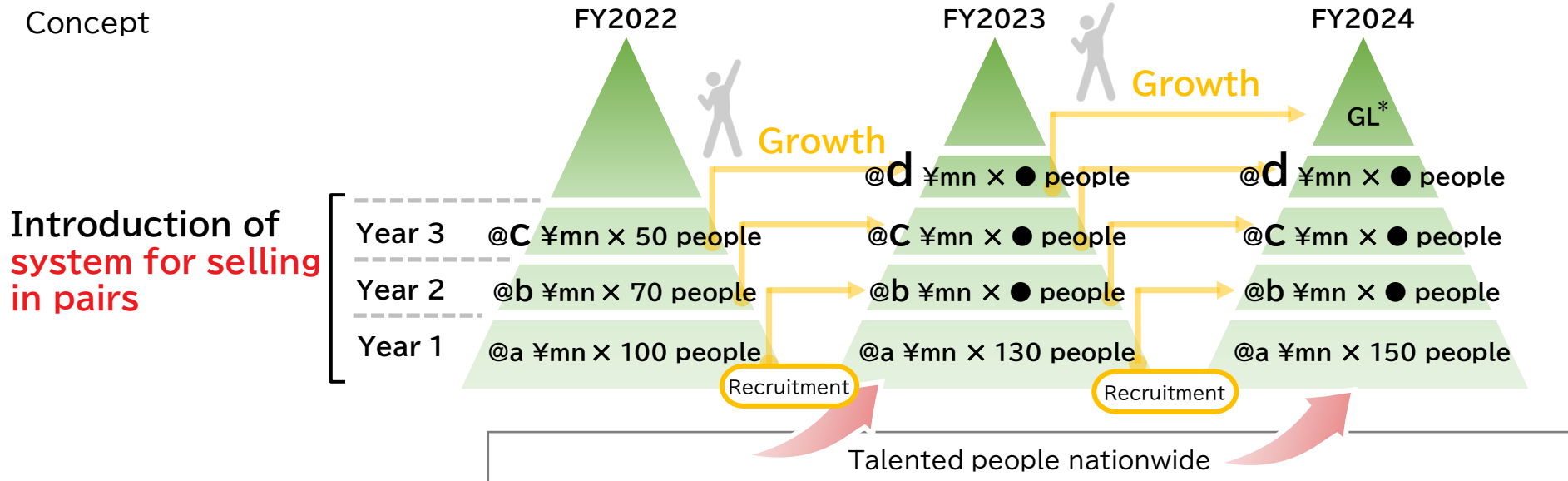
※Details on page 12

Aiming to meet original targets (sales ¥42 bn, ordinary profit ¥18 bn)

Review of Q3, Preparing for Q4

Preparing for Q4

Shift to new team management structure



* Group leader. Future promotions, including group leaders, are to be decided on the basis of evaluations of both financial performance and broader leadership criteria such as demonstration of due respect for compliance

Meticulous accelerated training and strengthening of sales people within 3 years of joining, under general manager-group leader-sales pair structure

Expect declining turnover rate and a noticeable boost in performance of employees who have been with us for under 3 years

Income Statement Key Data

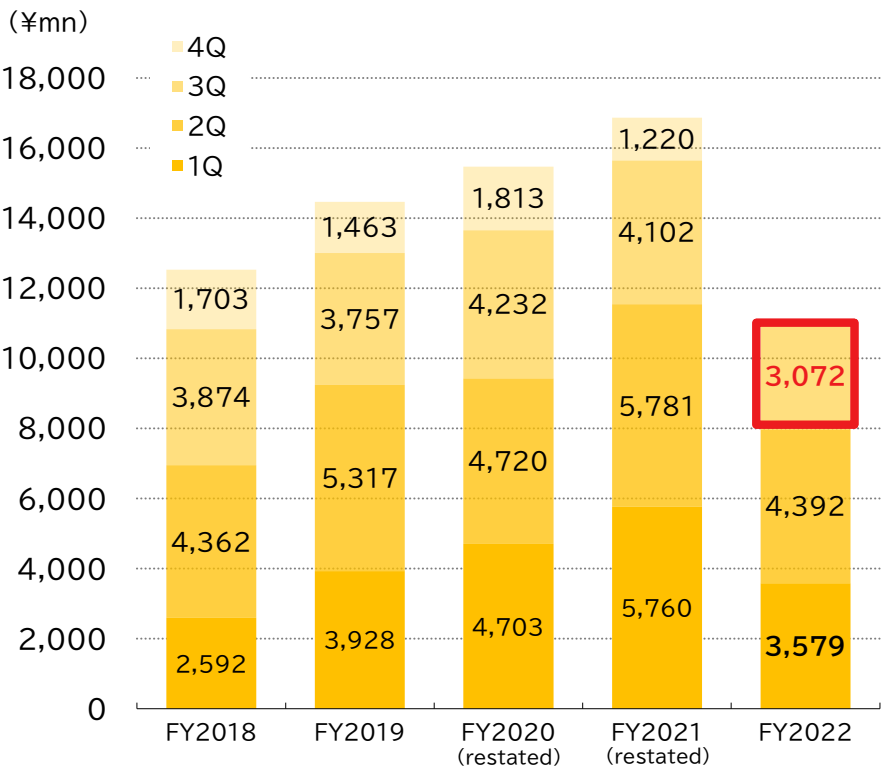
Aiming to meet original target
due to activation of **strong pipeline**

(¥mn, %)	Q3 FY2022			YoY		Q3 FY2021		FY2022 full-year forecasts		FY2021 full-year results (restated)	
	Total	%	%			Total	%	Total	%	Total	%
Sales	29,876	100.0	-12.8			34,273	100.0	42,000	100.0	40,401	100.0
(o/w M&A sales)	(28,784)	(96.3)	-13.1			(33,130)	(96.7)			(38,807)	(96.1)
Cost of sales	12,491	41.8	0.8			12,391	36.2			16,258	40.2
(o/w referral fees and outsourcing expenses)	(3,643)	(12.2)	-9.1			(4,010)	(11.7)			(4,797)	(11.9)
(o/w personnel and transportation costs)	(8,480)	(28.4)	4.6			(8,111)	(23.7)			(11,210)	(27.7)
Gross profit	17,384	58.2	-20.6			21,881	63.8			24,143	59.8
SGA expenses	6,269	21.0	-1.1			6,339	18.5			7,713	19.1
Operating profit	11,115	37.2	-28.5			15,541	45.3	18,000	42.9	16,430	40.7
Non-operating income	68	0.2				130	0.4			458	1.1
Non-operating expenses	138	0.5				29	0.1			24	0.1
Ordinary profit	11,045	37.0	-29.4			15,643	45.6	18,000	42.9	16,864	41.7
Extraordinary gain	0	0.0				2	0.0			2	0.0
Extraordinary loss	0	0.0				0	0.0			205	0.5
Pretax profit	11,045	37.0	-29.4			15,646	45.7			16,661	41.2
Tax (corporation tax & other)	3,928	13.2	-22.9			5,098	14.9			5,172	12.8
Net profit	7,116	23.8	-32.5			10,547	30.8			11,488	28.4
Profit attributable to parent company	7,097	23.8	-32.4			10,502	30.6	12,600	30.0	11,437	28.3

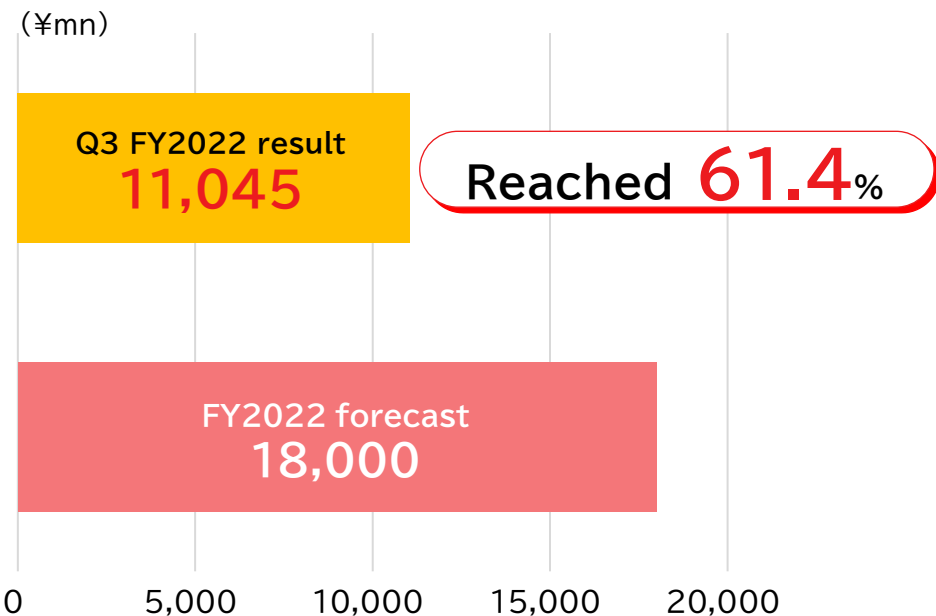
Quarterly Development of Ordinary Profit

Achievement rate in the year to date
87.7% progress towards ¥12.6bn (H1:40%, H2:60%)

Quarterly ordinary profit



Results relative to full-year forecast



Record of transactions closed

Recovery following Q1 decline

Increase to 92% of 820 level of April-December 2021

		FY2019		FY2020					FY2021					FY2022		
		3Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q
(Units: no. of transactions)																
1-1	Total number of transactions closed *1 (by no. of companies) Restated	224	885	226	229	246	185	886	291	286	243	176	996	226	270	258
1-2	Cumulative total for the financial year Restated	743	-	226	455	701	886	-	291	577	820	996	-	226	496	754
2-1	Number of sell-side transactions closed Restated	114	449	113	114	123	91	441	146	145	119	89	499	110	135	126
2-2	Number of buy-side transactions closed Restated	110	436	113	115	123	94	445	145	141	124	87	497	116	135	132
3-1	Total number of transactions closed *1 Restated	114	451	115	117	126	95	453	148	146	127	90	511	116	137	135
3-2	Cumulative total for the financial year Restated	378	-	115	232	358	453	-	148	294	421	511	-	116	253	388

*1 The total number of transactions closed in the line 1-1 represents the sum of the number of completed sell-side and buy-side mandated transactions; the total number of transactions closed in the line 4-1 represents the number of transactions in which we were involved.

Record of M&A sales and number of new sell-side mandates

Targeting new mandates

Large conferences throughout Japan in Nov - Dec
National TV commercials to commence in February

		FY2019		FY2020					FY2021					FY2022		
(Units: no. of transactions, million yen)		3Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q
4-1	M&A sales *1 Restated	8,249	31,191	8,703	9,270	9,106	6,533	33,614	11,305	11,250	10,404	5,631	38,591	8,630	10,570	9,320
4-2	M&A sales/ transaction *2 Restated	36.8	35.2	38.5	40.5	37.0	35.3	37.9	38.8	39.3	42.8	32.0	38.7	38.2	39.2	36.1
5-1	Number of new sell-side mandates *3	241	979	257	347	264	275	1,143	271	329	352	273	1,225	310	297	276
5-2	Cumulative total for the financial year	712	-	257	604	868	1,143	-	271	600	952	1,225	-	310	607	883

*1 This number represents only M&A sales earned by Nihon M&A Center Inc. and overseas deals (not including M&A Sales by Batonz Co., Ltd.).

*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. The figure for the total sell-side mandates is calculated on the basis of the effective date of the selling party's contract.

Balance Sheet Key Data

Maintaining a healthy balance sheet

Assets	(¥mn, %)	End-Dec 2022	%	Change	FY2021 (restated)
I Current assets		49,302	81.4	-673	49,975
Cash and deposits		43,990	72.7	-3,312	47,303
Accounts receivable		1,316	2.2	-143	1,460
Others		3,995	6.6	2,783	1,212
II Fixed assets		11,235	18.6	2,292	8,943
Total assets		60,538	100.0	1,618	58,919

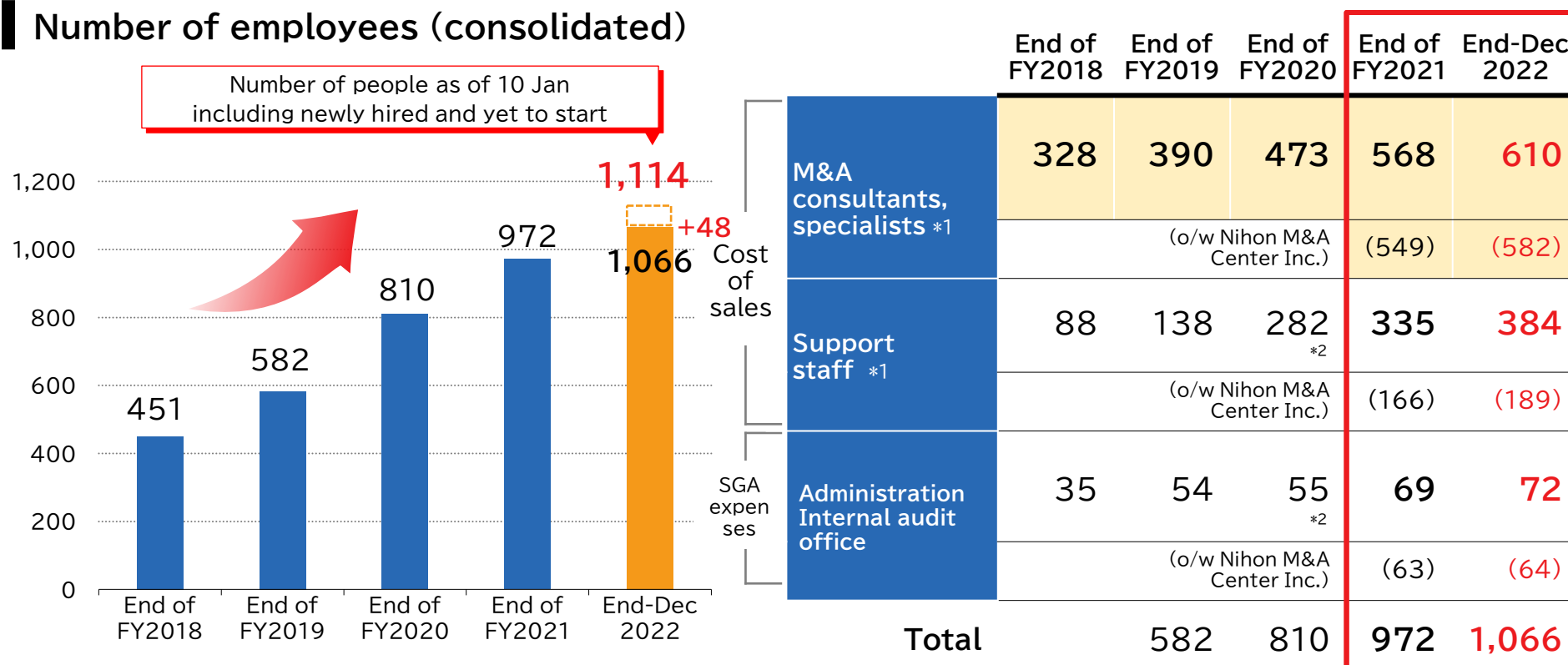
Liabilities and net assets	(¥mn, %)	End-Dec 2022	%	Change	FY2021 (restated)
I Current liabilities		8,159	13.6	627	7,531
II Long-term liabilities		360	0.6	-1	362
Total liabilities		8,519	14.1	626	7,893
Interest bearing liabilities		-	0.0	-	0
Net assets		52,018	85.9	992	51,026
Retained earnings		48,306	79.8	484	47,822
Total liabilities and net assets		60,538	100.0	1,618	58,919

Number of Employees

In Q3 there was **an increase of 33 employees** following the restart of **active recruitment**

As of 10 January there was a further increase of 48 employees including new hires yet to start

Number of employees (consolidated)



*1 The definitions of M&A consultants/specialists and Support staff included in the total number of employees are 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 Strategy H.Q., training department, internal sales, sales support in subsidiaries, IT support.

*2 Includes employees of Spia (100% owned by Corporate Value Laboratory Inc.), consolidated in October 2020. At end-Dec 2022 there were 65 support staff and 4 employees in administration.



Related Activities

 Nihon M&A Center HD

Financial Performance of M&A sales and Other sales

BATONZ and TPM IPO support drive other sales

	QoQ comparison					YoY comparison					
	Q3 FY2022			Q3 FY2021		FY2021		FY2020		FY2019	
	Total	%	YoY	Total	%	Total	YoY	Total	YoY	Total	YoY
(¥mn)											
M&A sales *1	28,784	100.0%	86.9%	33,130	100.0%	38,807	115.0%	33,743	108.2%	31,191	111.5%
M&A cost of sale *2	3,643	12.7%	90.9%	4,010	12.1%	4,797	127.4%	3,764	79.3%	4,748	109.7%
M&A gross profit ①	25,141	87.3%	86.3%	29,120	87.9%	34,010	113.4%	29,979	113.4%	26,442	111.9%
Other sales	1,091	100.0%	92.5%	1,142	100.0%	1,593	151.5%	1,051	128.5%	818	164.5%
Other cost of sales	367	33.7%	92.8%	270	23.6%	250	88.1%	284	302.7%	94	57.1%
Other gross profit ②	723	66.3%	92.4%	872	76.4%	1,342	175.1%	766	105.9%	724	217.6%
Unallocated cost of sales *3 ③	8,480	28.4%	104.6%	8,111	23.7%	11,210	117.7%	9,527	123.5%	7,714	112.5%
Gross profit (①+②-③)	17,384	58.2%	79.4%	21,881	63.8%	24,143	113.8%	21,218	109.1%	19,452	113.7%

*1 M&A sales include M&A sales earned by Batonz Co., Ltd. from FY2021-Q2

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

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

Update on related activities (1)-1



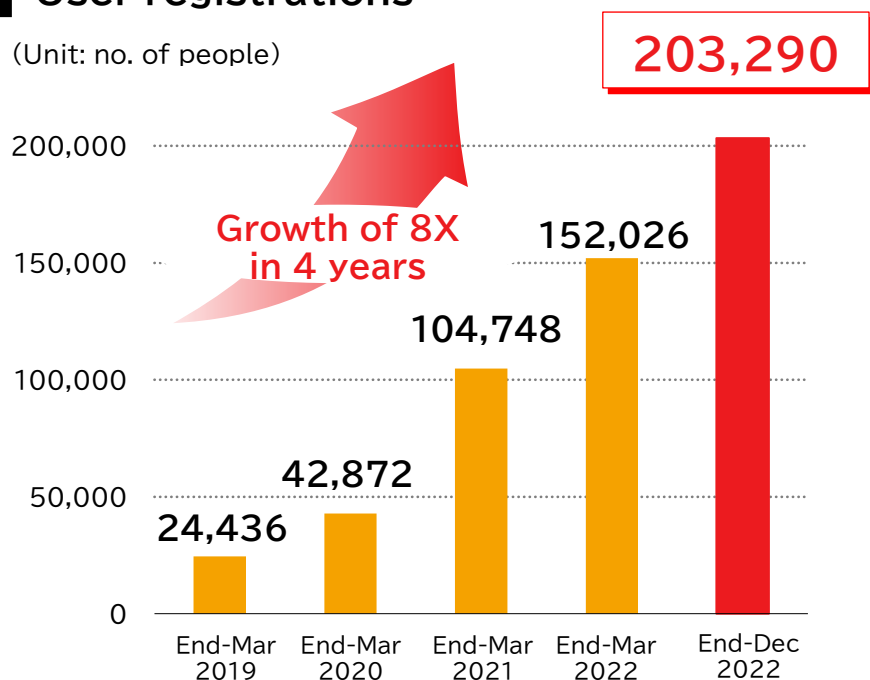
Online M&A matching by **BATONZ** Over **3,000** transactions completed



※ Source for ranking No.1 in cumulative number of members and No. 1 in cumulative transactions completed:
Nihon Marketing Research Organization, Inc. regional market research 25 January 2022-11 March 2022 (including assumptions)

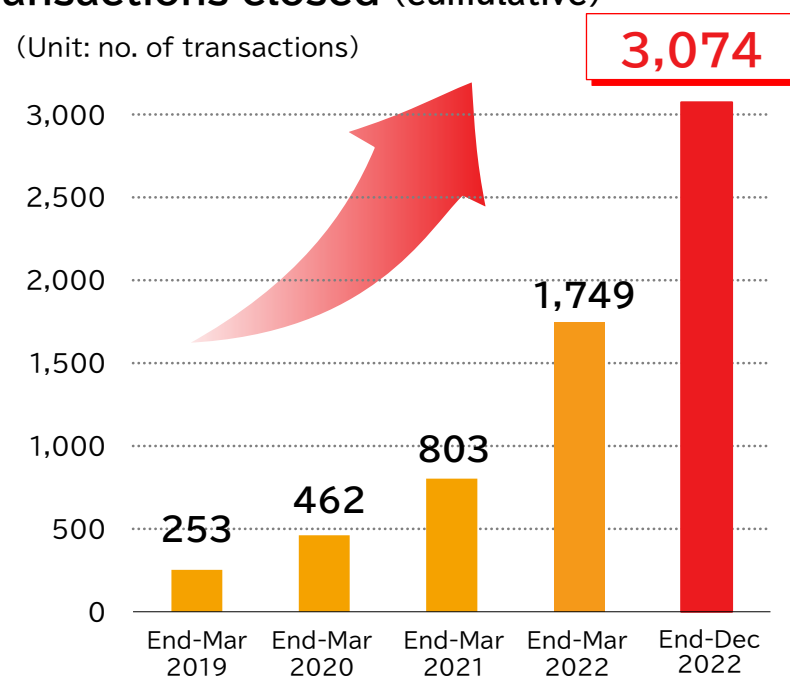
User registrations

(Unit: no. of people)



Transactions closed (cumulative)

(Unit: no. of transactions)



Building a network of **over 1,400 specialist companies for M&A support** → Focus on **support for M&A transactions**

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

Update on related activities (1)-2

Online M&A support platform **BATONZ** Successful introduction of **B MASS** M&A support system for financial institutions

B MASS usage case studies

BATONZ M&A Support System



Locally embedded financial services company able to offer greater support for SME business succession



Enhanced support for SME clients in Tama region of Tokyo and western part of Saitama Prefecture

About **B MASS**

BATONZ M&A Support System



With **B MASS** a society in which M&A can be conducted freely
by anyone anywhere any time

Update on related activities (2)-1

TOKYO PRO Market (TPM) IPO support activities High birth rate of listed companies Record ever level of IPOs

2 companies newly listed on TPM

IPO date 4 Nov

AIR-U LTD.<5135>

Planning, design and sales for SIM-based telecommunication services and devices



IPO date 18 Nov

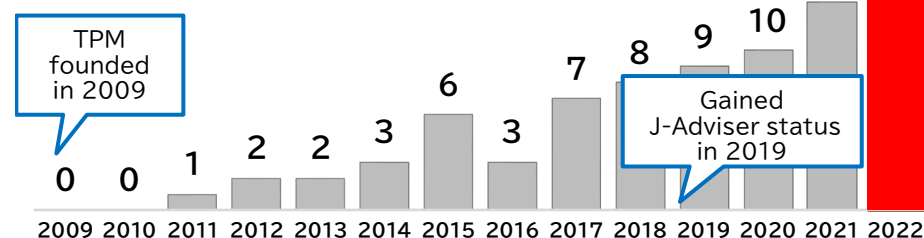
techno-creative CO.,LTD.<9335>

Engineering support services in fields of IT and manufacturing



TPM IPOs

21 companies
already listed in 2022 (As of End-Dec 2022)



New contracts in pre-IPO review service “GO↗PUBLIC”

As at end-December 2022

43 companies had signed up for GO↗PUBLIC

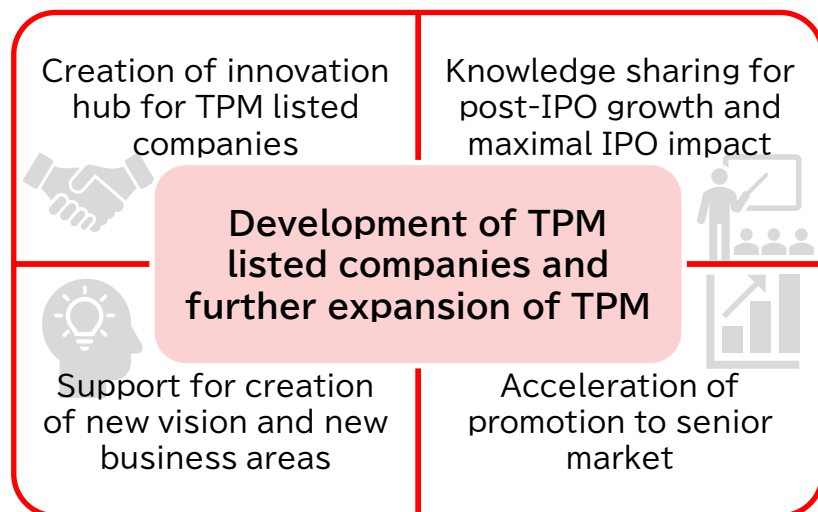
Contributing to **regional and national rejuvenation**
with the birth of great companies

Update on related activities (2)-2

TOKYO PRO Market(TPM) IPO support service **Creation of BELLS** – an association for leaders of TPM listed companies



BELLS 4 functions



Reception to celebrate the start of BELLS, its first networking event (7 Nov 2022)



Nihon M&A Centre
Senior Executive Officer
Yoshiharu Amemori,
Head of TPM Division



Attended by 30 TPM listed companies,
representatives of the Tokyo Stock Exchange and
providers of TPM listing support

Making TOKYO PRO Market **a market for further growth**

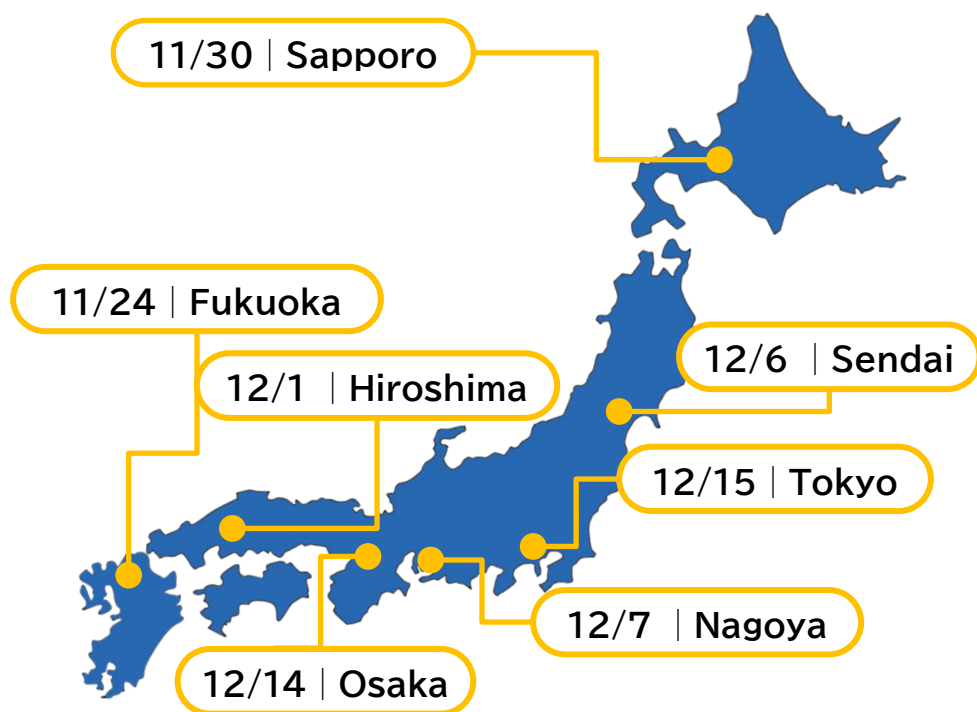


Features

 Nihon M&A Center HD

Features (1)

7 large-scale conferences
once again organised **around Japan**



At 7 locations in Japan
Over 3,000 registrations
(online included)



▲Yasuyuki Suzuki, Head of Sales HQ, presented at all the conferences. The scene of one is depicted in the photograph.

The role played by M&A as a strategy for stimulating further growth and development was explained

Registrations greatly exceeded expectations and
new mandates are expected to result

Features (2)

Restart of **symposiums** for owners of **mid-cap companies**

Think Owner's is a service for owners of mid-cap companies

Event example



The poster features the Think Owner's logo at the top, which consists of a stylized 'M' and 'A' with a red crosshair. Below the logo, the title '中堅企業のオーナー経営者様限定 Think Owner's 座談会' is displayed in white and gold text on a dark blue background. The date '2023年 1月 25日 (水)' and time '時間: 13:00 ~ 16:00' are listed in orange. The venue '株式会社日本 M&A センター 東京本社 24F' is shown in blue. A small disclaimer at the bottom states: '※ 5名様限定につき、上段に達した場合は翌月以降の開催回をご案内差し上げる場合がございます。何卒ご了承くださいませ。詳細は担当コンサルタントにお問い合わせください。'

中堅企業のオーナー経営者様限定
Think Owner's 座談会

2023年 1月 25日 (水)
時間: 13:00 ~ 16:00

※ 5名様限定につき、上段に達した場合は翌月以降の開催回をご案内差し上げる場合がございます。何卒ご了承くださいませ。詳細は担当コンサルタントにお問い合わせください。

会場
株式会社日本 M&A センター
東京本社 24F
千代田区丸の内1-8-2 鉄鋼ビルディング24階

Think Owner's

- Target is **mid-cap companies**
(sales over ¥1bn or profit over ¥50m)
- **Creating regular contact** from gaining new mandates through to the closing of transactions

This will lead to future **recovery in M&A transactions pricing**

Features (3)

Accountancy and tax firms actively engaged in M&A gathered in Okinawa

“Excellence for accountancy firms SYMPOSIUM IN OKINAWA 2022”



▲ Held at the Okinawa Arena in Okinawa City on 21 October 2022

Besides introducing how Nihon M&A Centre operates, there were panel discussions with members of the firms attending and an award ceremony to celebrate those firms demonstrating outstanding performance in support for M&A.

Our company's network of accountancy and tax firms

- From the start we have built a network of accountancy and tax firms throughout Japan, **formed into the “Nihon M&A Association”** in October 2012.
- Currently there are **1,039 affiliated firms**, representing the regions of Japan. As a professional body it seeks to provide M&A support for clients together with our firm.

Strengthening further our extremely competitive **alliance with accountancy and tax firms**

Features (4)

Publication of group's first **Integrated Report**



Integrated Report to be published on 31 Jan 2023 ▶

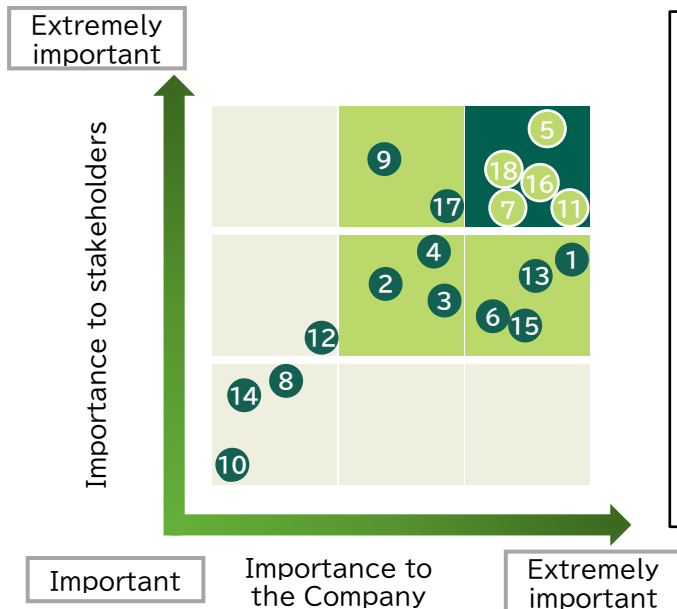


Strengthening communication of
our growth strategy and foundations for value creation

Features (5)

To resolve and address social issues
Specification of 18 **material matters** requiring attention

Materiality matrix



18 material matters specified

- | | |
|---|---|
| ① Measures for information security and cybersecurity | ⑩ Response to climate change |
| ② Maintenance and improvement of business practices | ⑪ <u>Promotion of businesses that contribute to regional revitalization</u> |
| ③ Enhancement of risk management | ⑫ Resilience of business models |
| ④ Enhancement of corporate governance | ⑬ Utilization of digital technologies and promotion of digital transformation |
| ⑤ <u>Transformation into and establishment of an ethics-oriented culture</u> | ⑭ Maintenance of financial health |
| ⑥ Stakeholder engagement | ⑮ Creation of new added value for sustainable growth |
| ⑦ <u>Development of next-generation executive management personnel</u> | ⑯ <u>Improvement of client satisfaction</u> |
| ⑧ Diversity & inclusion | ⑰ Maintenance and improvement of service quality |
| ⑨ Talent management (recruitment, development and retention of human resources) | ⑱ <u>Delivery of safe and fair M&A</u> |

[Integrated Report](#) to be published on 31 Jan 2023 ▶



The work we do **contributes to the resolution of social issues**



Dividend policy

Shareholder breakdown

 Nihon M&A Center HD

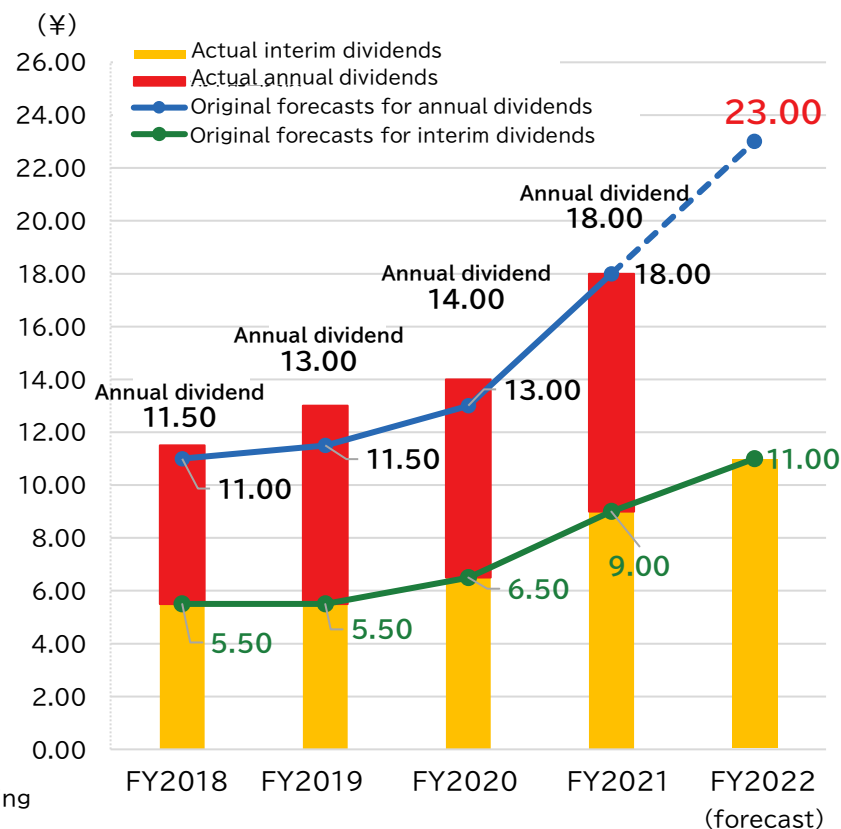
Dividend per Share

Raising dividend continuous pay-out ratio to **60%**
during **mid-term management plan period (up to FY2026)**

	Dividend forecast at start of year (¥)		Dividend paid (¥)		Pay-out ratio (%)
	Dividend	Breakdown	Dividend	Breakdown	
FY2022	23.00	Interim 11.00 Year-end 12.00		Interim 11.00 Year-end	%
FY2021	18.00	Interim 9.00 (o/w special div 2.00) Year-end 9.00 (o/w special div 1.00)	18.00	Interim 9.00 (o/w special div 2.00) Year-end 9.00 (o/w special div 1.00)	52.0%
FY2020	13.00	Interim 6.50 Year-end 6.50	14.00	Interim 6.50 Year-end 7.50	43.1%
FY2019	11.50	Interim 5.50 Year-end 6.00	13.00	Interim 5.50 Year-end 7.50	41.1%
FY2018	11.00	Interim 5.50 Year-end 5.50	11.50	Interim 5.50 Year-end 6.00	41.7%

* Adjusted for two-for-one share splits on Apr 1, 2018 and Apr 1, 2021

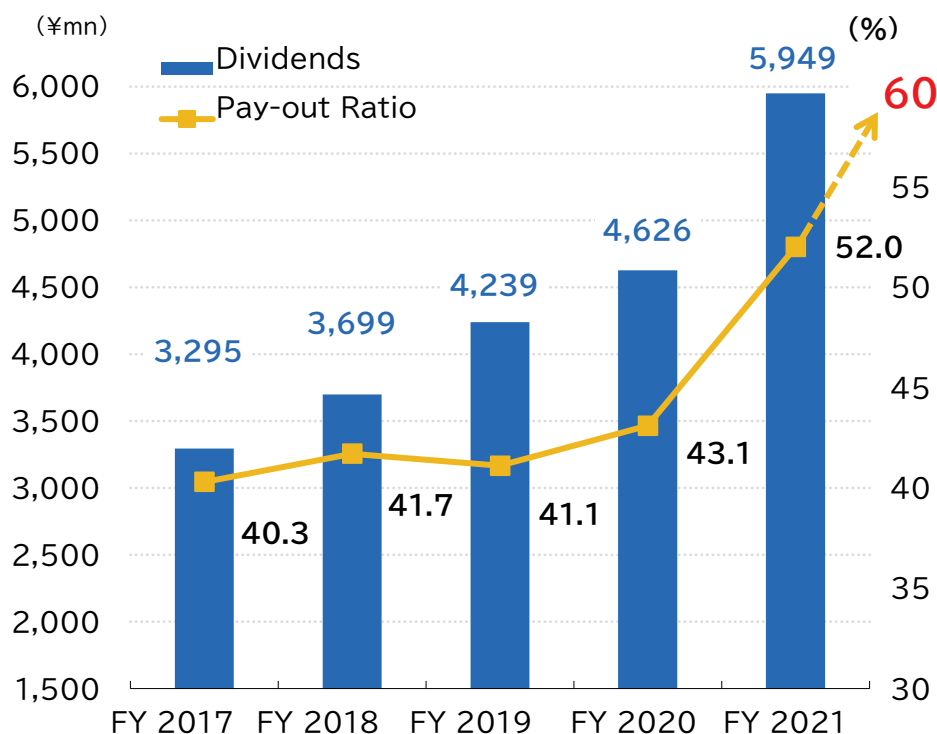
* The year-end dividend is subject to approval at the shareholders Annual General Meeting



(Reference) Dividend Payments and Market Capitalization

Aiming for sustained **long-term growth**

Dividends and the pay-out ratio



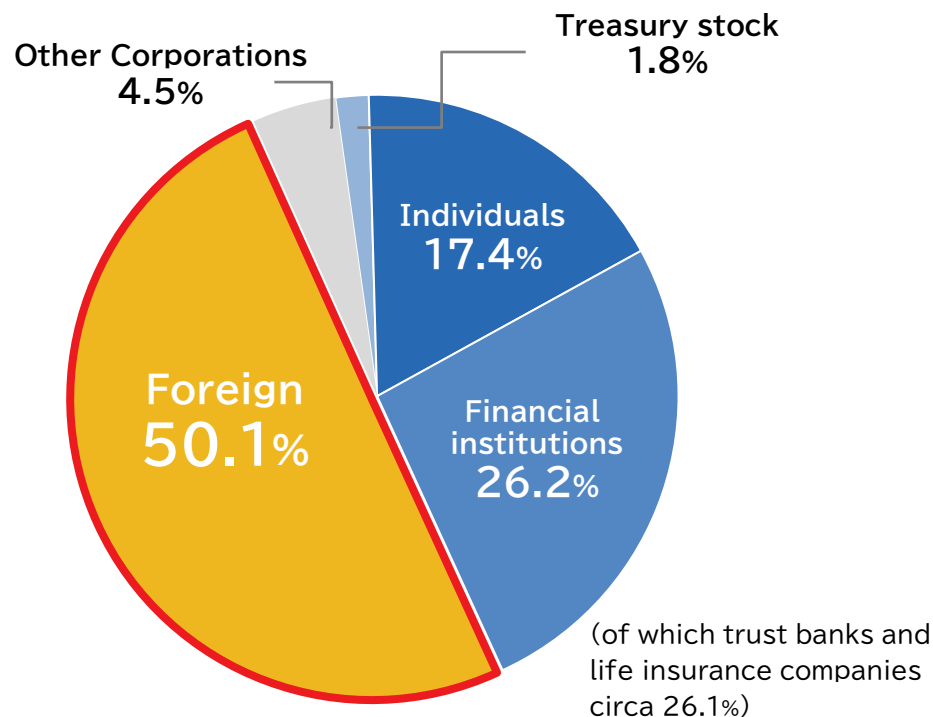
Market capitalization (From Apr 2017)



Share Ownership

Foreign share ownership 48.0%

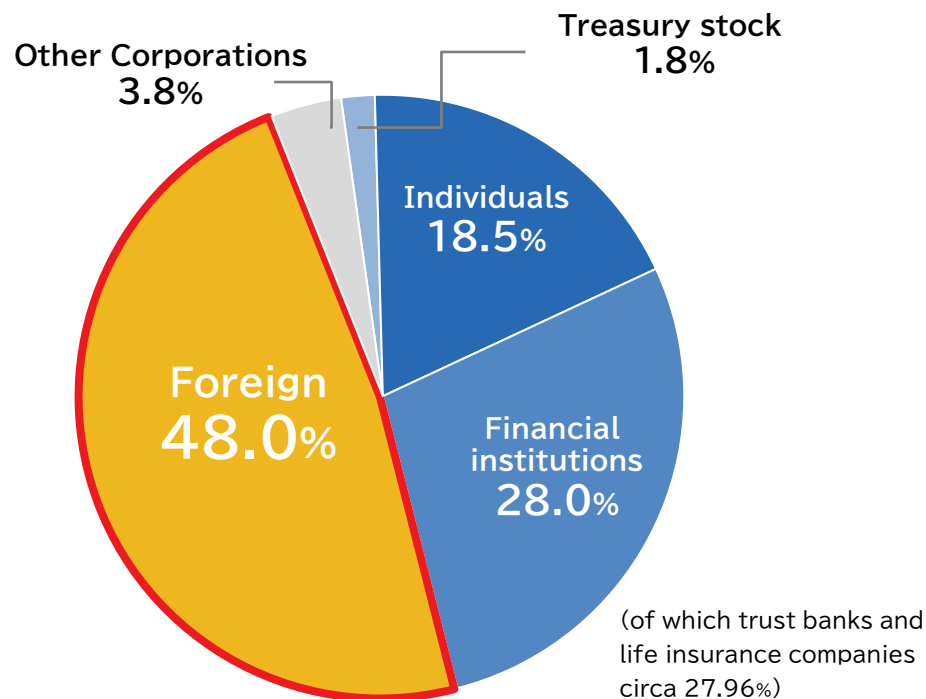
March 31, 2022



Number of shareholders : 36,261

Number of shares issued : 336,556,800

September 30, 2022



Number of shareholders : 41,339

Number of shares issued : 336,748,800

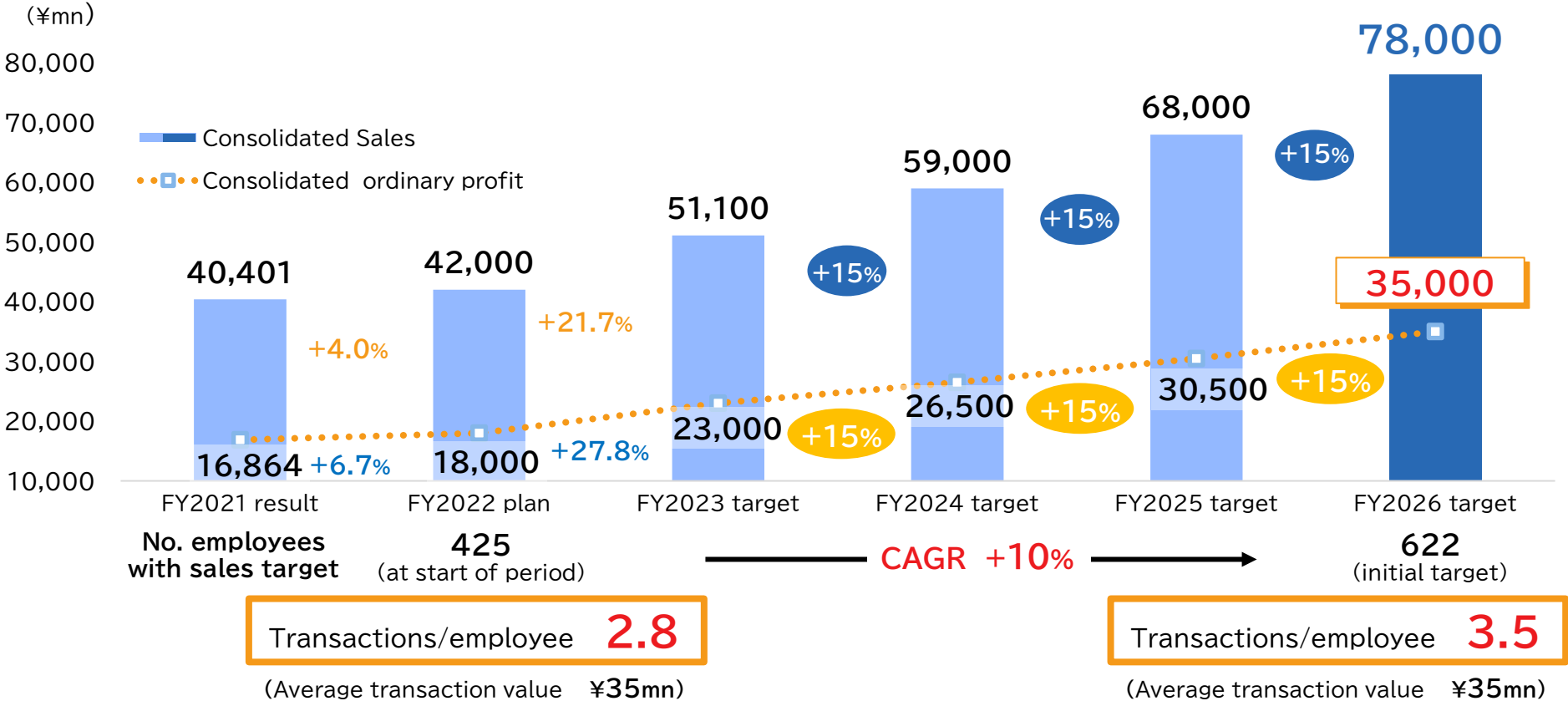


Mid-term Management Plan

 Nihon M&A Center HD

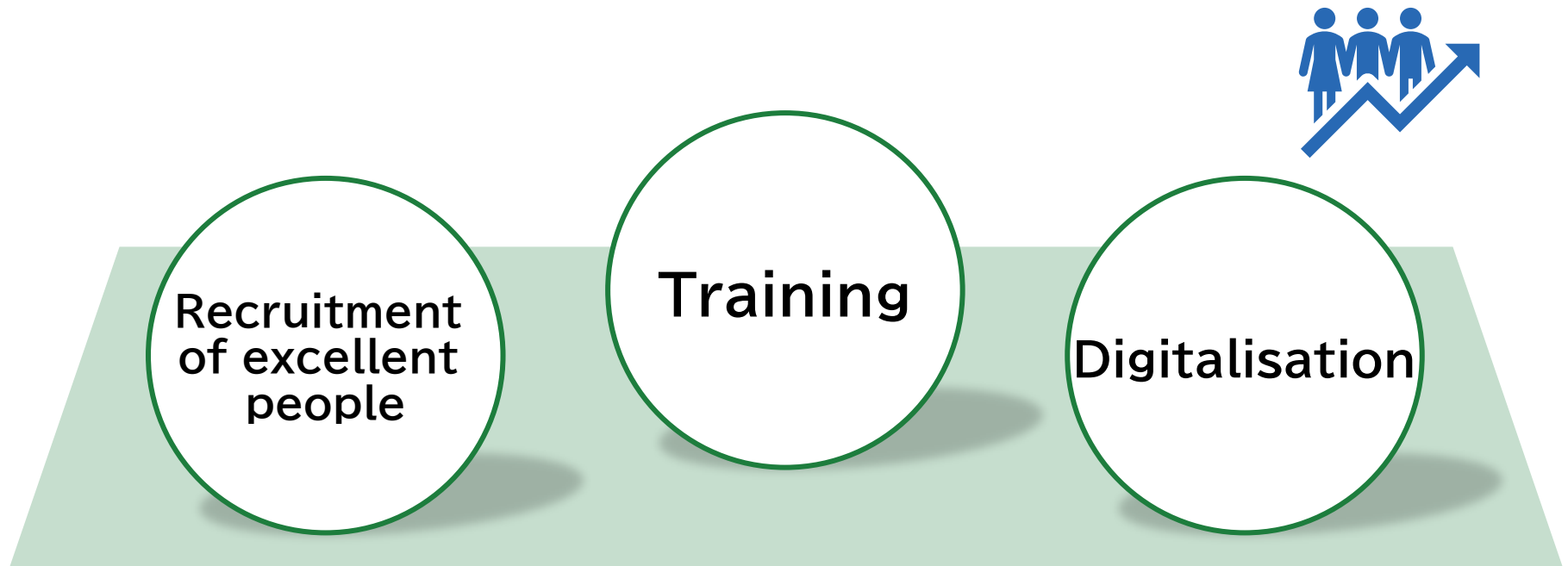
Mid-term Management Plan

Start of **new growth phase** Entering **mid-term management plan** (¥35bn ordinary profit in FY2026)



Mid-term Management Plan

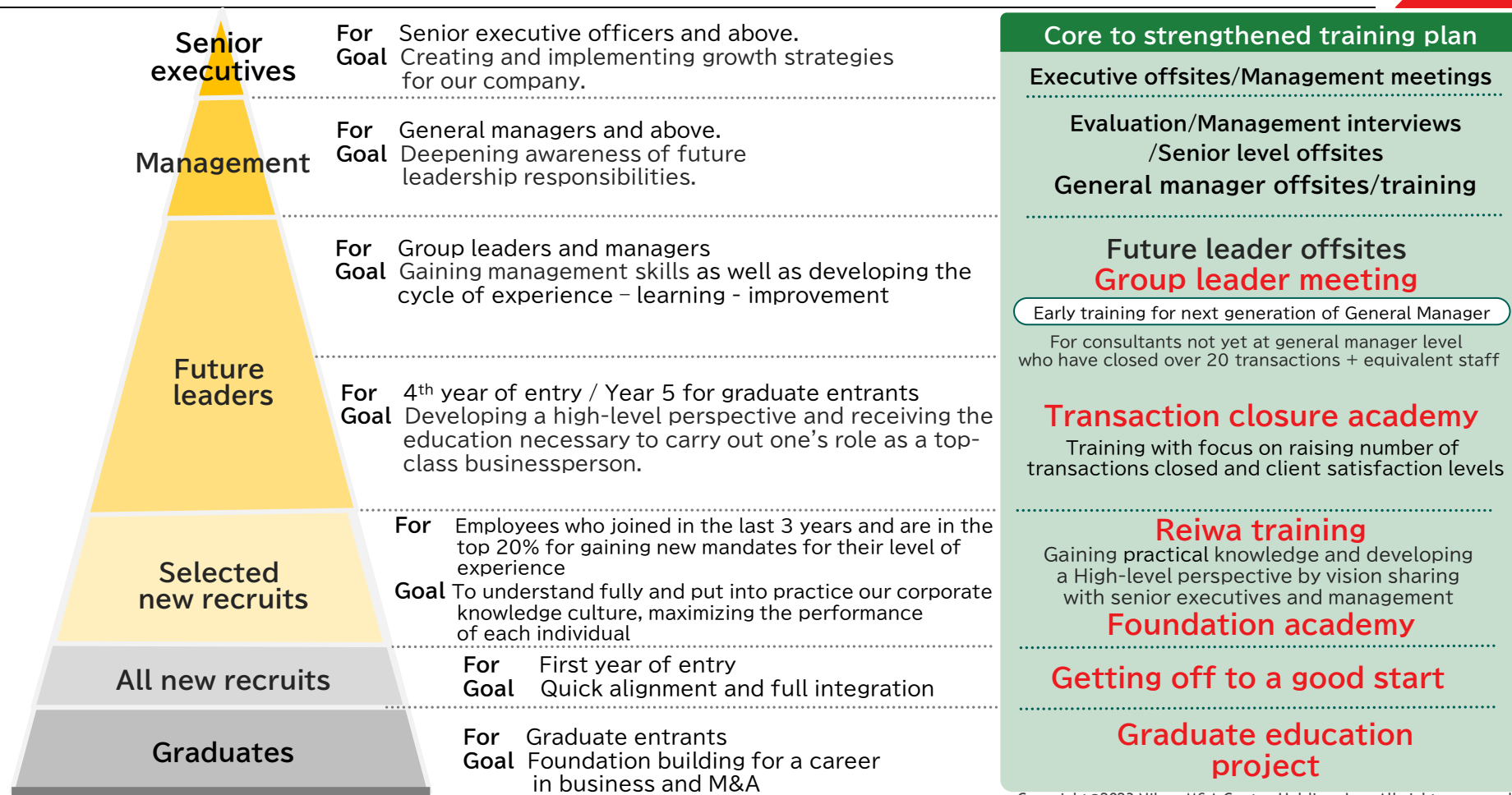
To achieve our targets
higher productivity is essential



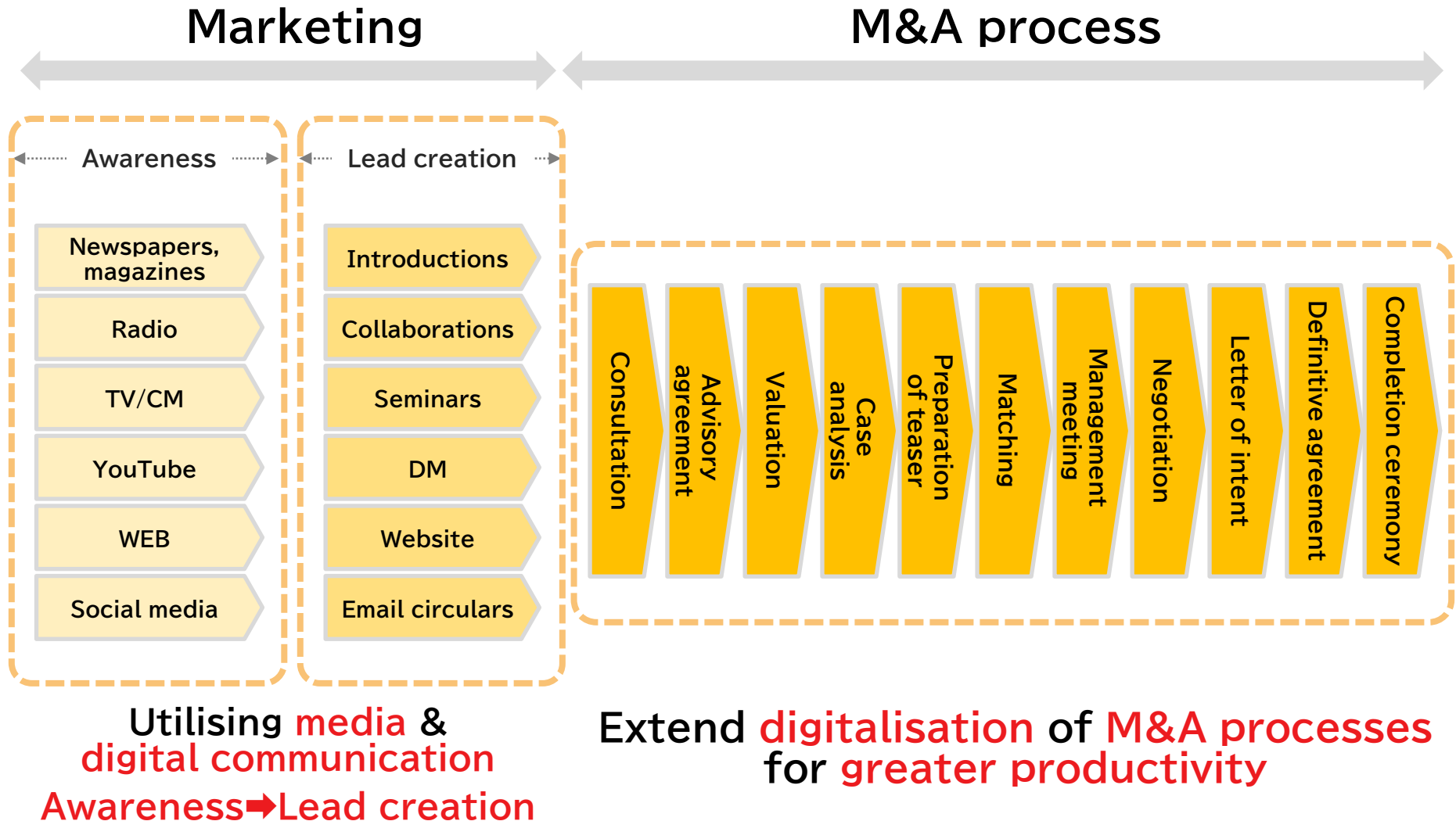
Work to increase productivity and reduce lead times
through digital transformation

Human Resource Development Plan

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



What we do for digital transformation



What we do for digital transformation

Raising awareness to discover
new potential customers



▲3 versions featuring a rooftop, an owner and a quiz

New TV commercial to be broadcast
nationwide from February

- The TV commercial is for **raising awareness**
- We hope for an improvement of the M&A image in line with our corporate purpose
- Provoke thought about succession planning

“For M&A and business succession – Nihon M&A Center”
Targeting much **greater mind share**

What we do for digital transformation

Increase opportunities to
gain mandates with digital marketing

Increase in **website** articles

- Information on over **300** projects on our website
- New feature - registration for chats on unpublished mandates and acquisition needs

M&A案件一覧(売却・事業承継案件)

日本M&Aセンターの売却案件は、原則譲渡意思が明確な**当社専任案件**のみです。
企業評価や詳細なインタビューを実施し、M&Aの検討に必要な不可欠な事業詳細や強み・弱み、業界特徴などを当社独自の「**企業価値書**」にまとめ、社内の土壌専門家がレビューのうえ案件化(ブレイド)しているので、安心して買収の検討を進めることが可能です。



レビュー済み 当社専任案件数	約 1500 件	うちWeb公開案件数	304 件
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Web上に掲載されていない非公開案件については、[お問い合わせ](#)ください。



▲Owned media, “THE OWNER” Media platform for owners to help resolve ownership issues

Making use of email circulars, online advertising, social media, own media

Over 500 in various kinds in the last 18 months

Maximising opportunities to **increase revenues**

What we do for digital transformation

Digitalisation brings greater efficiency to every component of the M&A process

Development of precision M&A systems utilising our enormous unrivalled database of historic transactions and the expertise of our highly experienced M&A specialists

【Examples】



V-Compass

Private company valuation system, now also adopted by regional banks and accountancy firms with which we are closely allied



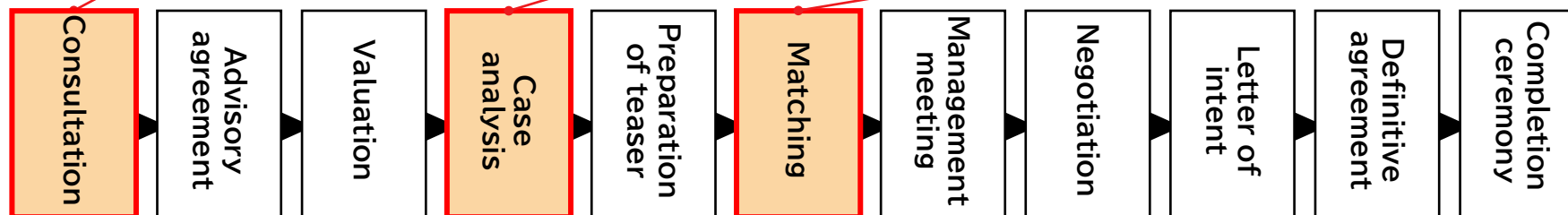
D-Compass

Provisional due diligence system. Automated risk identification and highlighting of red flags for a speedier process



M-Compass

Creation of potential buyer lists using historic transactions. Increase in efficiency of matching



Through greater efficiency of the M&A process
increase in speed and higher returns

What we do for digital transformation

Additional examples of digital initiatives

BATONZ

Online M&A matching
by **BATONZ**
No. 1 in cumulative transactions
completed in Japan



<13 Oct 2022>
Launch of M&A support system
B MASS for financial institutions

B MASS
BATONZ M&A Support System

→ See pages 21 for greater detail

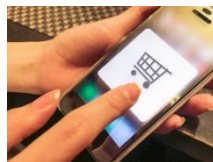
MOON-X

Alliance with MOON-X
whose business includes M&A
and consulting for e-commerce



Discovering regional SMEs and
micro enterprises which have
exceptional technology and
products, but suffer through the
lack of a successor

**Entry into e-commerce
market**



Utilising Salesforce

Uniformity in M&A transactions
and client information

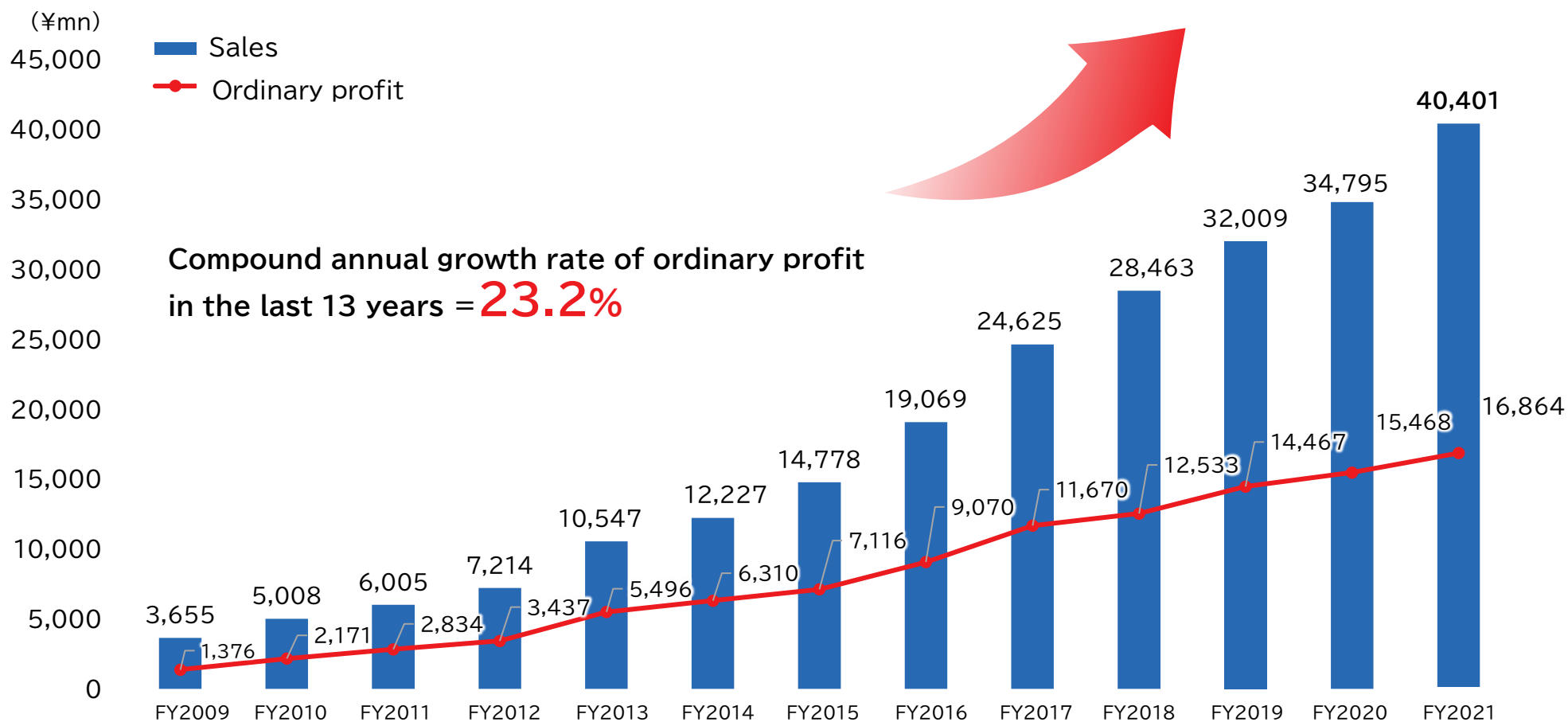


Data capture of sales activity and
creation of an open view of
mandates contribute to greater
efficiencies and productivity

Expanding use of data

(Reference) 13-year Results Record

12th consecutive period of higher sales and profit

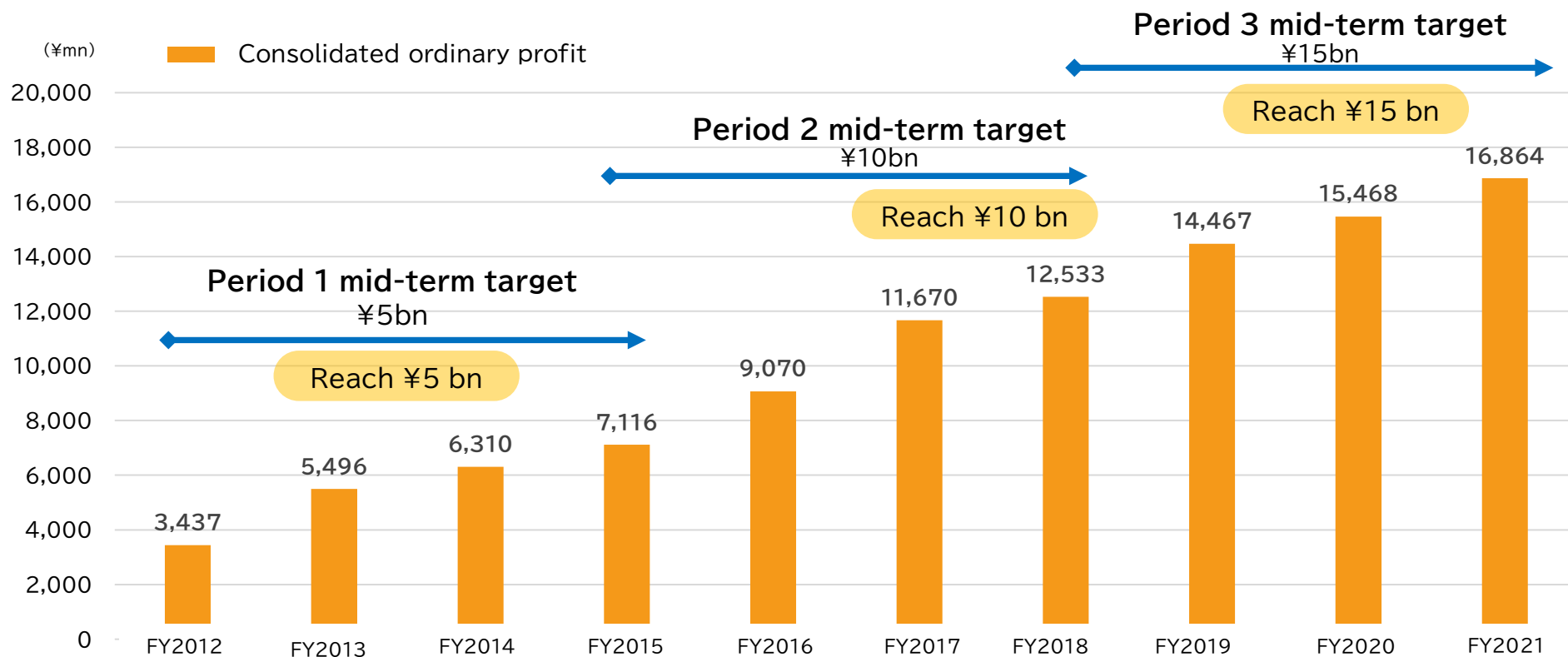


(Reference)

Last Three Mid-term Management Targets and The Trend in Ordinary Profit

All three of the last
mid-term management targets have been **reached early**

As the industry leader in SME M&A
we have displayed steady growth and established a unique position





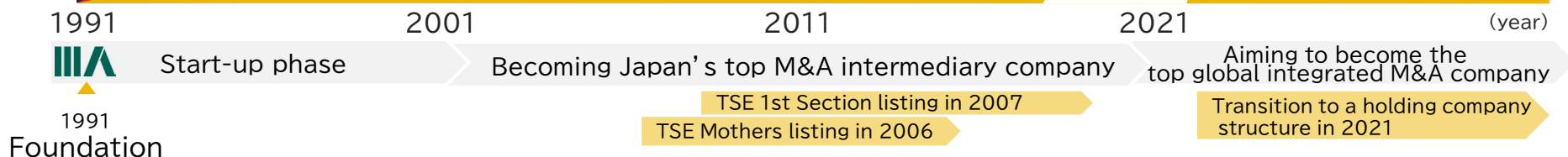
Company Overview

 Nihon M&A Center HD

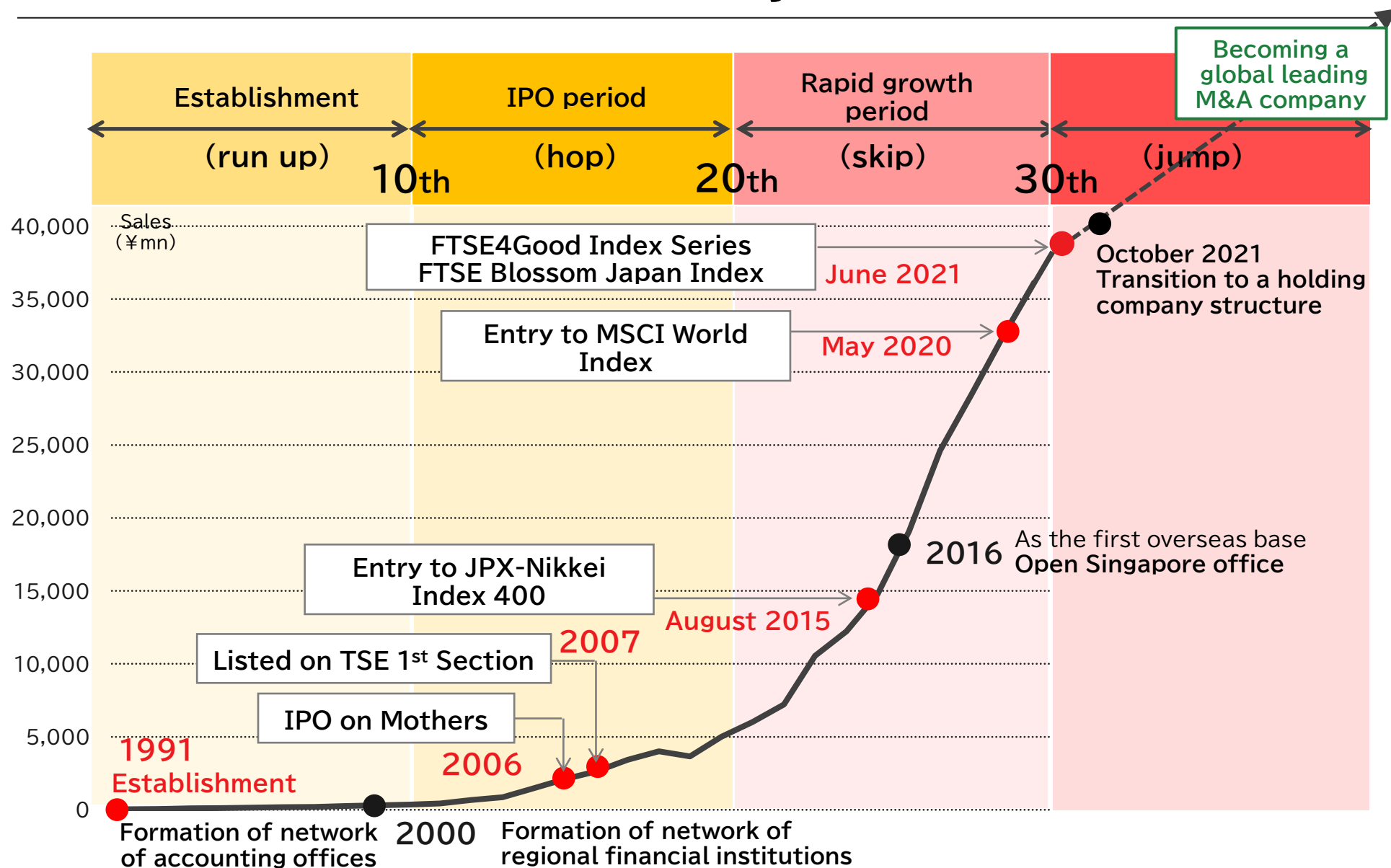
Our Vision

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

Became Japan's top
M&A intermediary company



Nihon M&A Center 30 years



To Become the Top Global Integrated M&A Company

Number of transactions closed

Number of mandated projects, number of transactions closed



◆Nihon M&A center recognized by GUINNESS WORLD RECORDS™ as the best-selling mergers and acquisitions advisory company in 2021◆

Customer satisfaction

Optimal matching and post-merger integration

Broad coverage

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

Quality control

Valuation, execution

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.

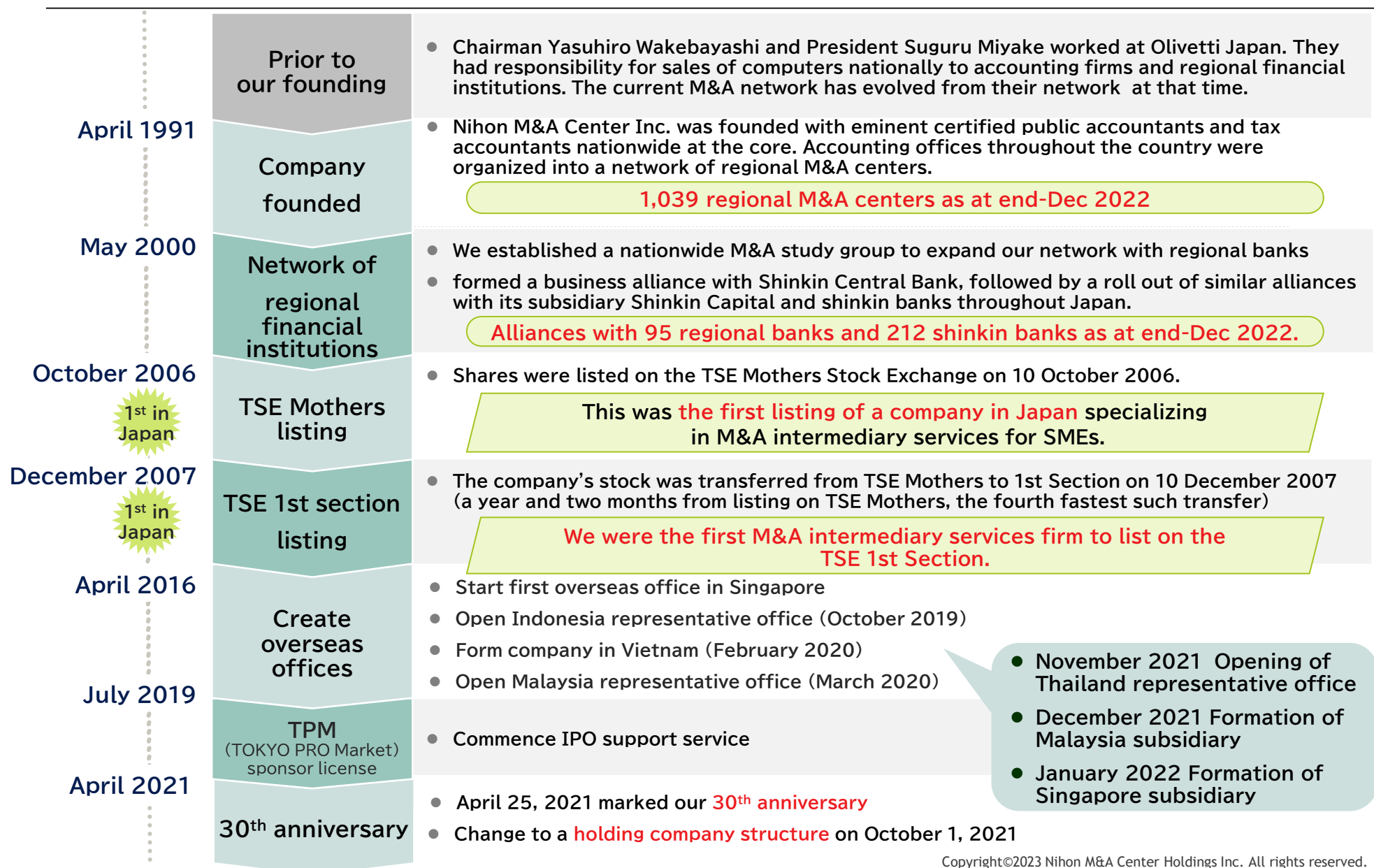
Corporate Profile (End-Dec 2022)

Leading company in M&A intermediary services
with a track record of over **7,500** completed transactions

Company name	Nihon M&A Center Holdings Inc.		
Established	April 1991 *Transition to a holding company structure taken place in October 2021		
Business outline	Group management function of M&A intermediary service subsidiaries		
Representative	President and Representative Director Suguru Miyake		
Offices	Domestic 7: Tokyo headquarters, Osaka branch, Nagoya branch, Fukuoka branch, Hiroshima branch, Sapporo sales office, Okinawa sales office Overseas 5: Nihon M&A Center Singapore Pte. Ltd., Indonesia Representative Office, Nihon M&A Center Vietnam co., LTD, Nihon M&A Center Malaysia Sdn. Bhd., Thailand Representative Office		
Paid-in capital	¥4.0 billion	Number of shares issued	336,748,800 (including treasury stocks)
Market listing	Tokyo Stock Exchange Prime Market	Stock code	2127
No. of employees (consolidated)	1,066 (excluding 8 full-time directors)	Breakdown of employees by type	Consultants 610 Other 456

Corporate History

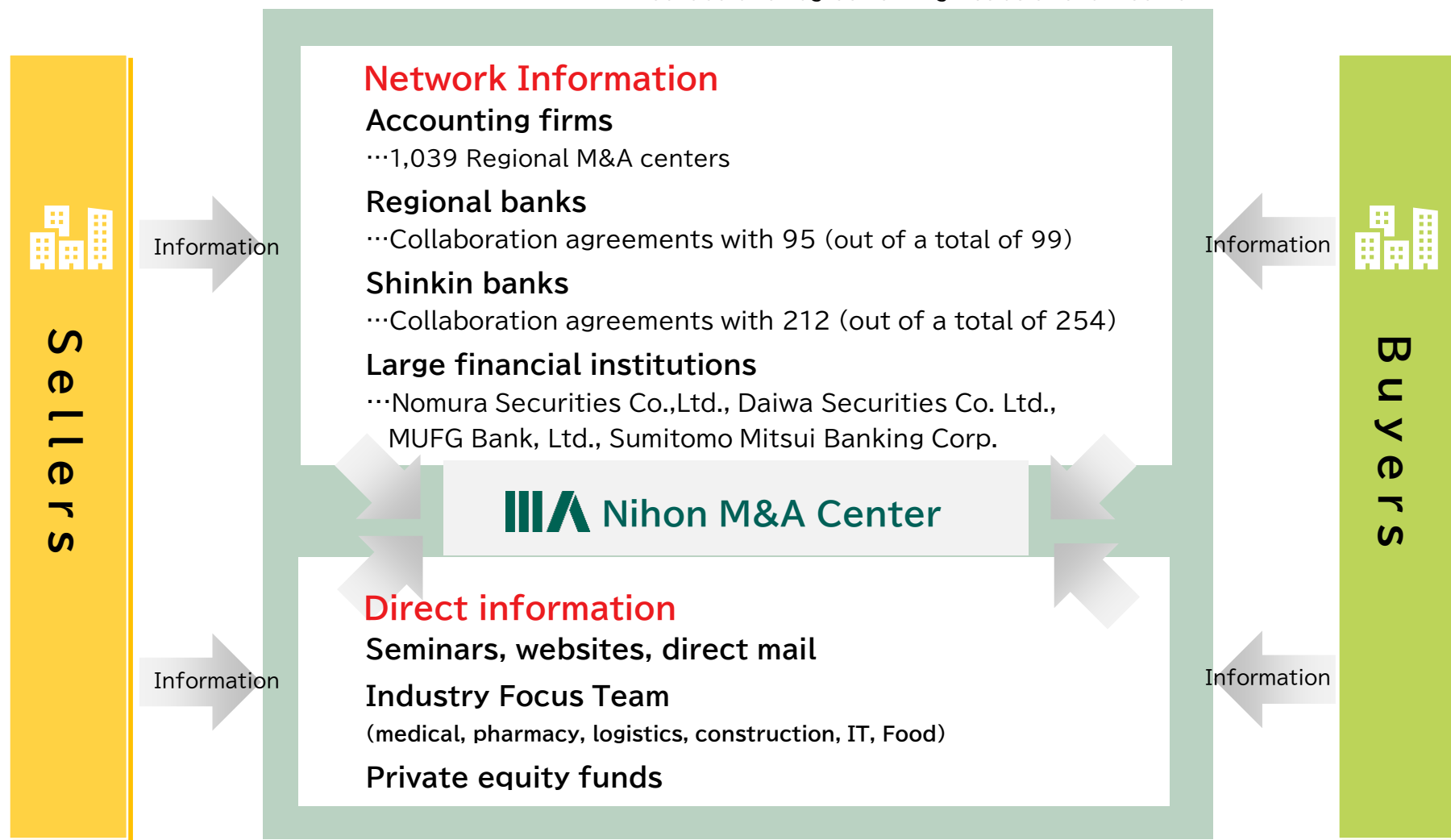
★We have been profitable since the second year of our history and have continuously paid a dividend



Business Model A Platform for The M&A Market

Top M&A information network

Collaboration agreement figures as of end-Dec 2022



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 above 600 well organized specialist M&A consultants**
- ◆ **Database which has accumulated information for a long period of time.**

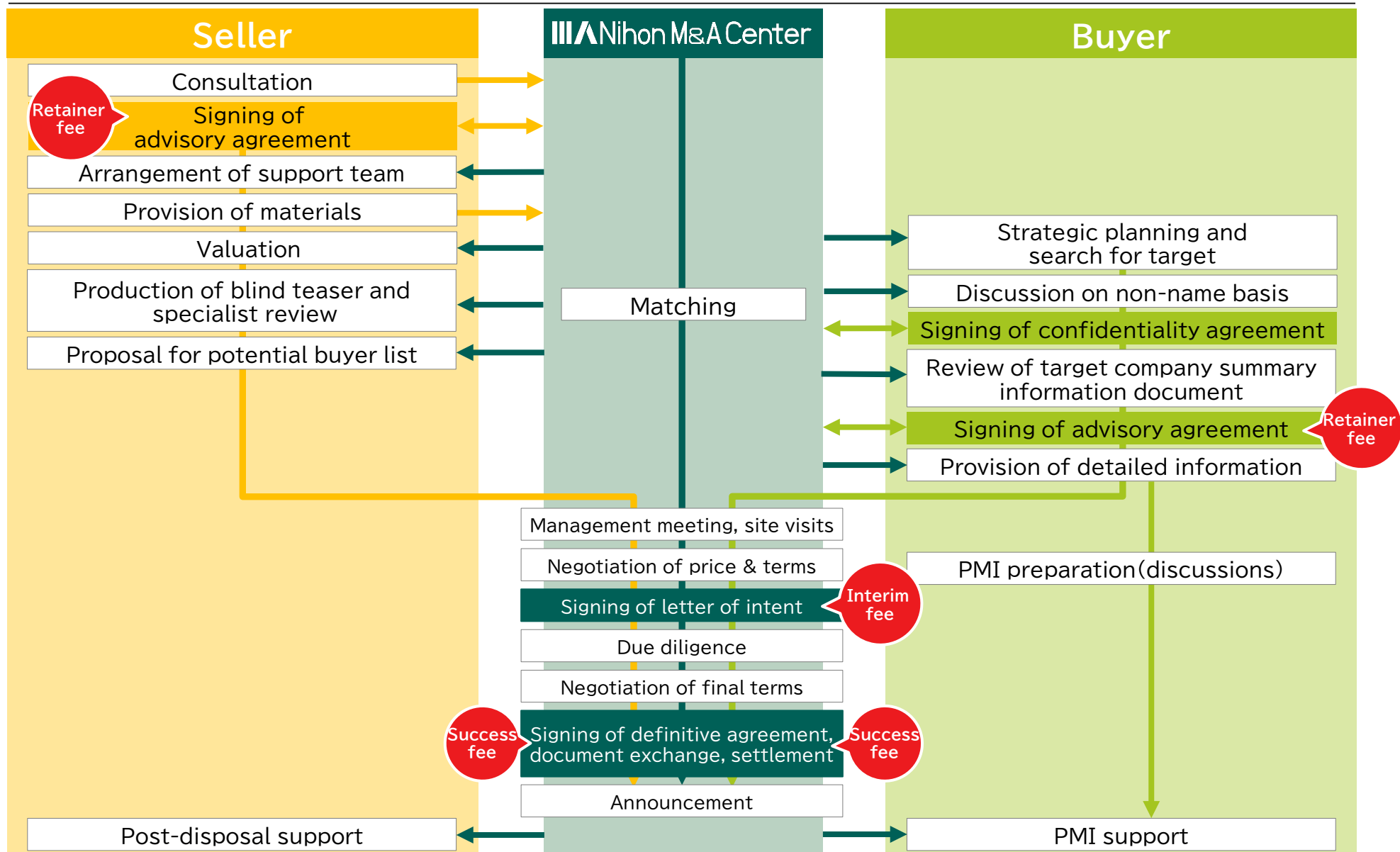
3. High level of M&A expertise and knowledge of the industry

- ◆ **Over 40 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
- ◆ **Integration**
Several subsidiaries which specialize in all the processes, from company valuation to post-merger integration (PMI)

4. Highly trusted

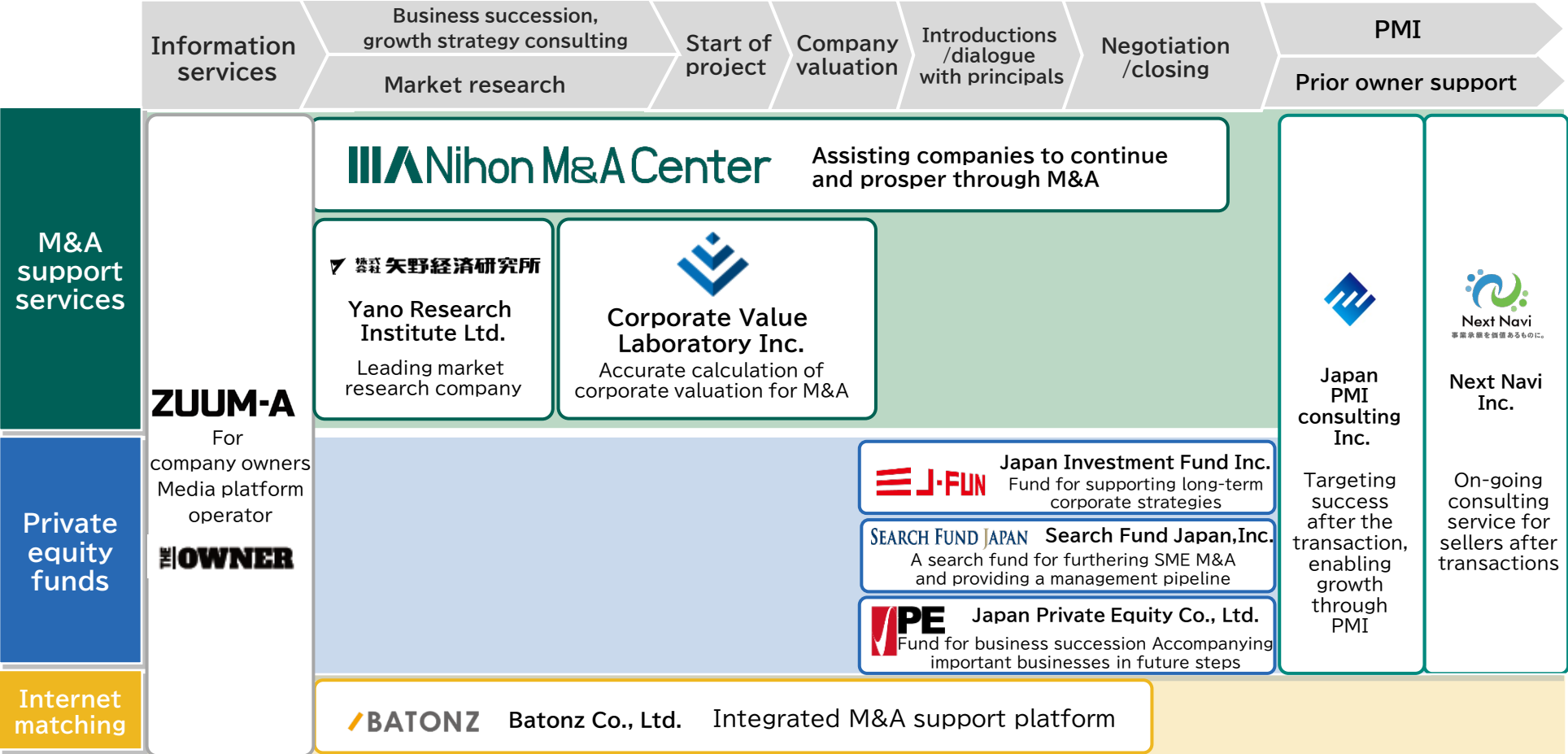
- ◆ **Pioneer in SME M&A with an outstanding track record**
31 years of history, over 7,500 successful transactions

Our Workflow as An M&A Intermediary



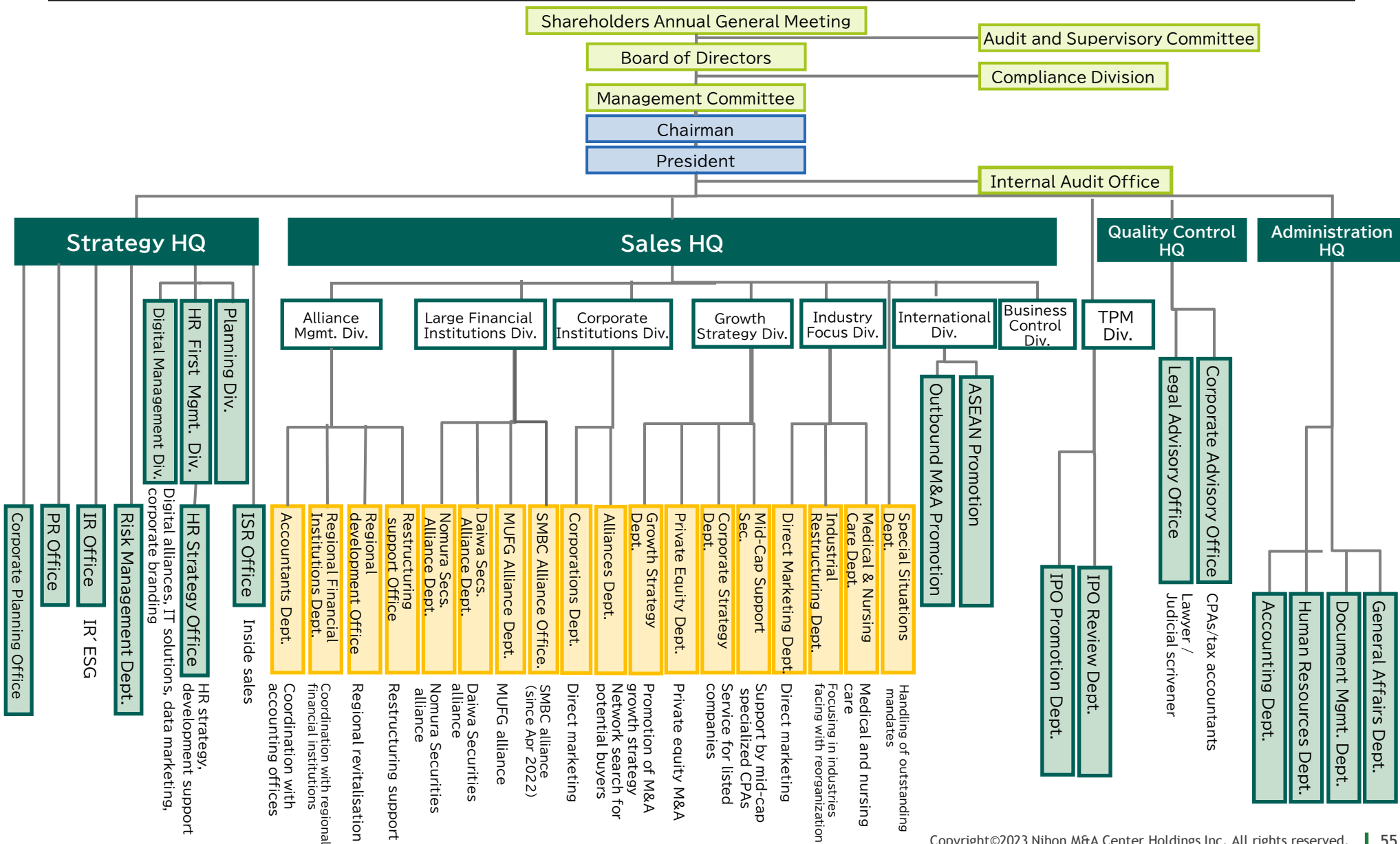
Becoming An Integrated M&A Company

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

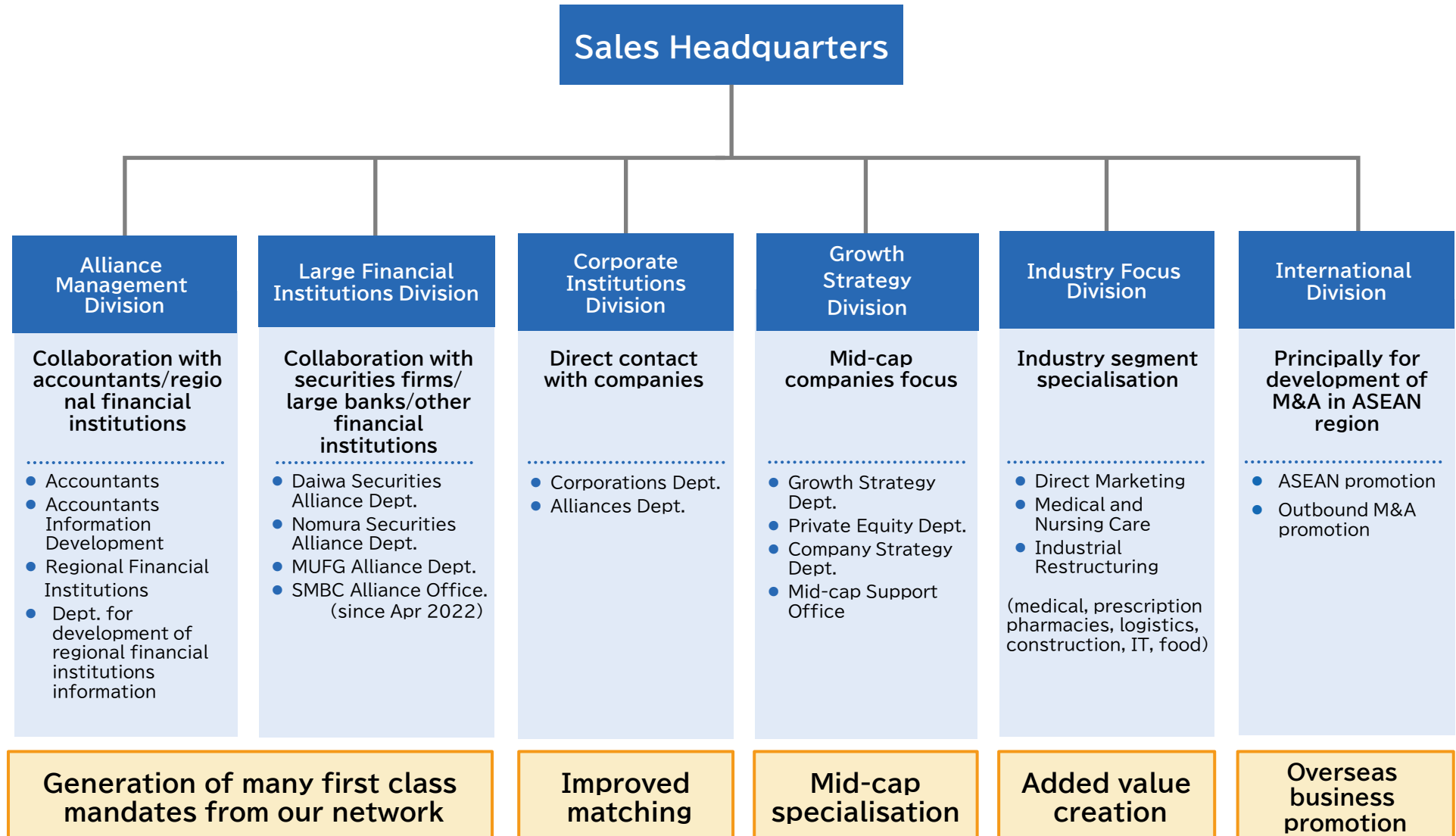


Nihon M&A Center Inc. Organization Structure

(As of 1 Oct 2022)



Sales Headquarters divisional structure



Human Resources Training

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

Internal training			External training
Training for new recruits	Step up training for each 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 • Preserving confidentiality 	<ul style="list-style-type: none"> • Analysis of case studies for success and failure • Study of M&A special structures • M&A market segment training (as required) • Training on legal and tax change related to M&A • Training to share selling techniques • Offsites for directors and managers • Group leader training • Training for young employees (Reiwa training) 	<p>Monthly training</p> <ul style="list-style-type: none"> • Basic practices lectures • Compliance • Information security systems • Systems training • Training on corporate objectives <p>Annual training</p> <ul style="list-style-type: none"> • Overseas visits (high performers) <ul style="list-style-type: none"> * Currently paused due to the coronavirus • Management principles 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 • BBT (Business Breakthrough) training
Education subsidies	<ul style="list-style-type: none"> • Bookkeeping Level 2 • Business succession, M&A expert qualifications • Public accountant, tax accountant, SME advisor and equivalents • Contribution to cost of purchase of specialist textbooks 		

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

Sustainability Initiatives (1)

Environmental Social and Governance (ESG) practice

Key activities in the year to March 2020

- **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
- **Appointment of female and foreign directors**
The ratio of female directors is 13.3%
- **Actively inviting independent directors to join the board**
The ratio of independent directors is 46.6%
- **Addition of ESG factors in screening new mandates**
- **Voluntary university lecturing (2021, 2022)**
In support of nurturing student entrepreneurship and putting it in practice
- **Establishment of ESG Committee**
- **Contribution to regional regeneration projects utilising Furusato Nozei corporation tax allowance**
- **Signatory to UN Global Compact**

“Sustainability initiatives” section of our website
<https://www.nihon-ma.co.jp/en/sustainability/>



Selected for inclusion in two bellwether ESG investment indices

November 2020 **MSCI Japan empowering Women Index (WIN)**

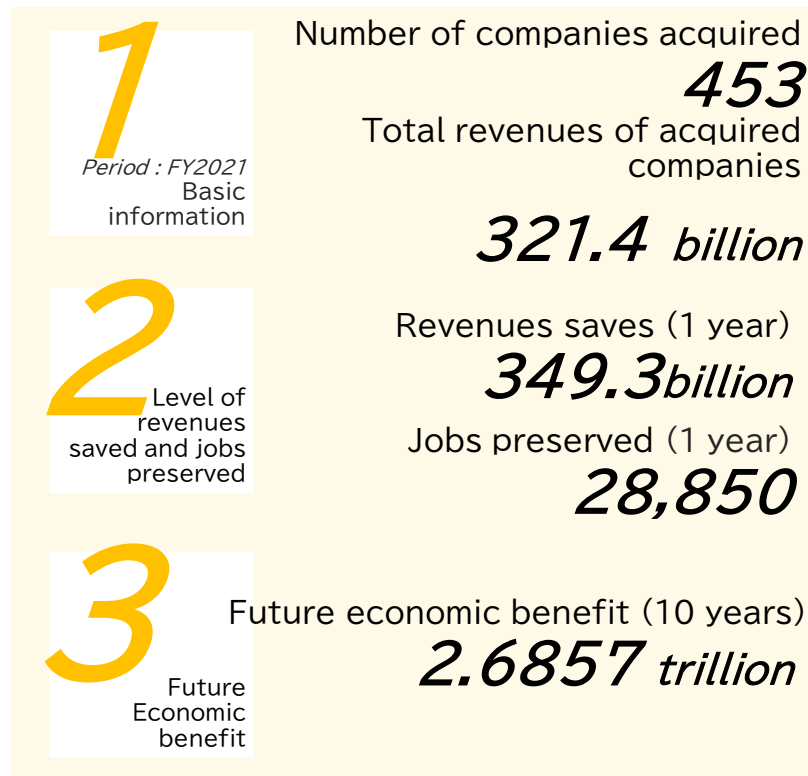
June 2021 **FTSE4Good, FTSE Blossom Japan Index**

FTSE Blossom Japan Index and MSCI Japan Empowering Women Index (WIN) have been adopted as ESG investment indices by the world's largest public pension fund Government Pension Investment Fund (GPIF)

Sustainability Initiatives (2)

Enabling the **continual growth of society** through friendly M&A support, strengthening of the foundations for corporate management and **sustaining** and **increasing employment**

Our M&A intermediary activities provide economic benefits



Sources: Yano Research Institute Ltd.

Resolving social problems

The policy
of the Small and Medium Enterprise Agency

Rescue 600 thousand companies
through M&A in a decade !



Our role

Rescuing through M&A ever more
companies which lack a successor

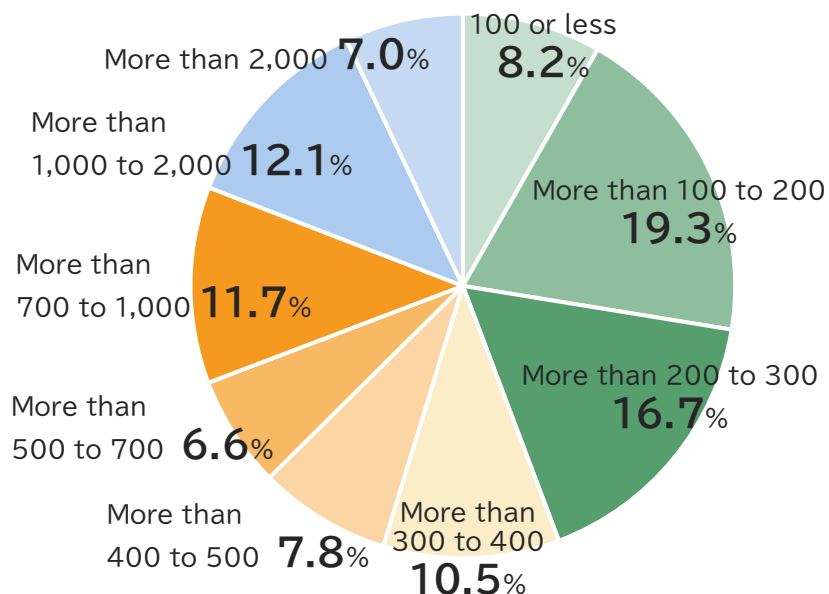
- Respect and promote guidelines for SME M&A
- Contribute to the establishment of an industry association

(Reference) Transactions closed in the year to March 2022

What size sellers does Nihon M&A Center support ?

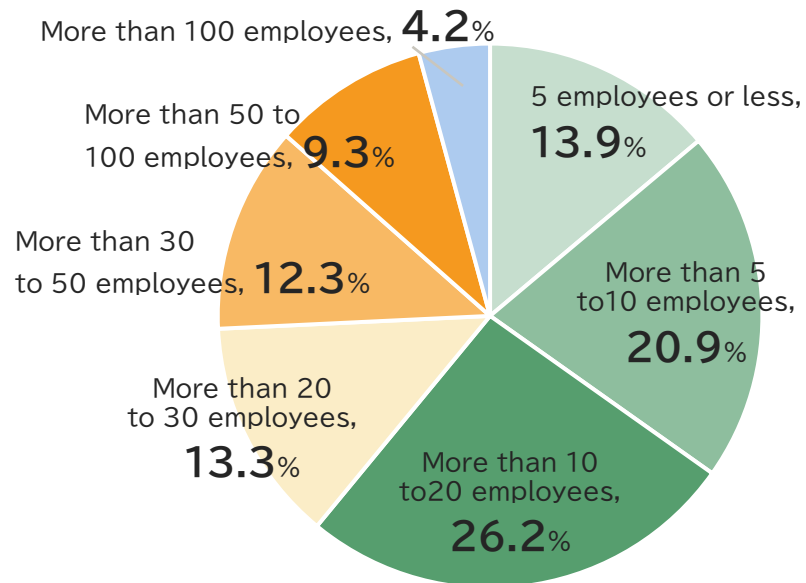
Calculated from deals closed in FY2021

Sales in a seller (¥mn)



Average: ¥756 mn, Median: ¥353 mn

Number of employees in a seller



Average: 30 employees, Median: 15 employees

90% is composed of companies with sales of 2 billion yen or less.

We offer different services according to a company's size.

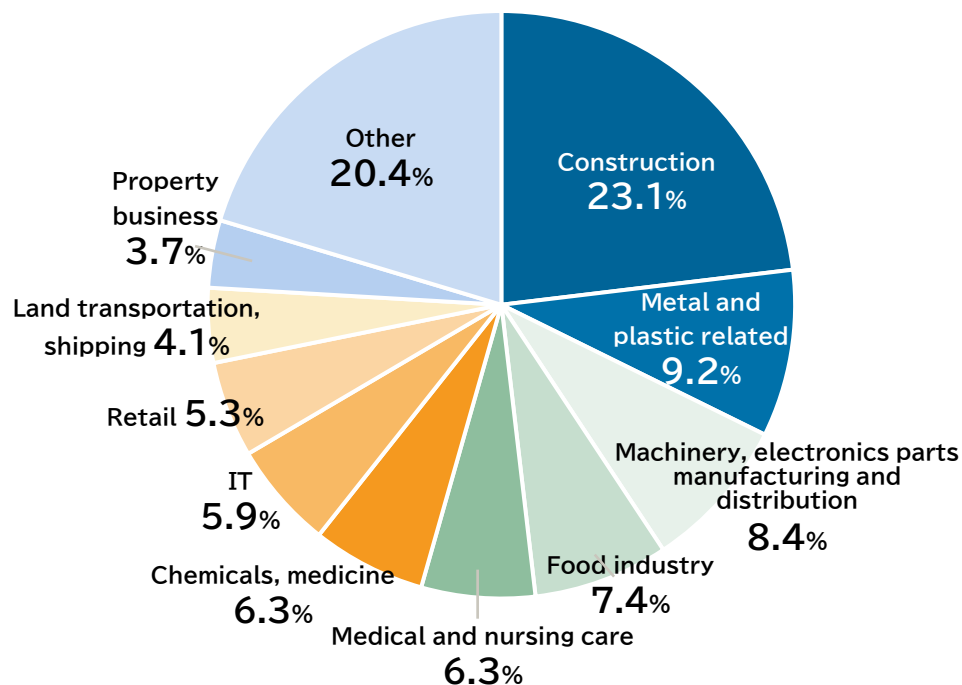
➡ The focus is on M&A support for small- and medium-sized companies.
There are numerous potential clients.

(Reference) Transactions closed in the year to March 2022

What is Unique about Nihon M&A Center Matching Service?

**We achieve optimal matching
from our broad geographical and sector reach**

Industries of companies sold



Nihon M&A Center matching results

	Same sector	Different sector	Total
Same region	9.4 %	22.1 %	31.5 %
Different region	22.5 %	46.0 %	68.5 %
Total	31.9 %	68.1 %	100.0 %

Regions: Based on prefectures

Sectors: Our Internal industry classification is used. (Left: 20, Right: 262)
Data in both cases taken from completed transactions in FY2021

**Few cases of simple matching from the same region or sector,
we put forward combinations which create synergies**

Number of Transactions Closed in Q3 (1/4)

135 transactions closed, **258** by number of companies

Selling company		Acquiring company	
Industry classification	Region	Industry classification	Region
1 Electrical and telecoms contractor	Kansai	Pavement work	Kansai
2 Electrical and telecoms contractor	Tokai, Hokuriku	Private equity fund	Kanto
3 Truck transportation	Kanto	Lifting and demolition work	Kanto
4 Construction rental / leasing	Kanto	Other construction works	Kanto
5 Hospital	Kansai	Clinic	Kansai
6 Nursing and welfare	Kanto	Nursing and welfare	Kanto
7 Life related services	Kyushu, Okinawa	Nursing and welfare	Kansai
8 Food manufacture	Kansai	Food manufacture	Kansai
9 Household goods retail	Chugoku, Shikoku	Food manufacture	Kanto
10 Food wholesale	Kansai	Food wholesale	Kanto
11 Metals parts processing	Kyushu, Okinawa	Metals parts processing	Tokai, Hokuriku
12 Food manufacture	Kanto	Metals parts processing	Koshinetsu
13 Electric components manufacture	Hokkaido, Tohoku	Mold manufacturing	Kanto
14 Resin parts processing	Kanto	Resin parts processing	Chugoku, Shikoku
15 Industrial machinery manufacture	Koshinetsu	Industrial machinery manufacture	Kansai
16 Truck transportation	Kyushu, Okinawa	Industrial machinery wholesale	Kyushu, Okinawa
17 Education	Kanto	Truck transportation	Kanto
18 Web marketing	Kanto	Proprietary software development	Kanto
19 Web marketing	Kanto	Sales promotion	Kanto
20 Accounting firm	Kanto	Accounting firm	Tokai, Hokuriku
21 Pipe contractor	Tokai, Hokuriku	Private equity fund	Kanto
22 Machinery equipment retail	Kyushu, Okinawa	Machinery equipment retail	Tokai, Hokuriku
23 Sales promotion	Kanto	Automotive retail	Hokkaido, Tohoku
24 Sales promotion	Kansai	Private equity fund	Kanto
25 Building construction	Kanto	Building construction	Kanto
26 Geological survey	Chugoku, Shikoku	Pavement work	Kansai
27 Electrical and telecoms contractor	Kansai	Electrical and telecoms contractor	Kansai
28 Construction rental / leasing	Tokai, Hokuriku	Construction rental / leasing	Kanto
29 Construction rental / leasing	Hokkaido, Tohoku	Other construction works	Hokkaido, Tohoku

Number of Transactions Closed in Q3 (2/4)

	Selling company		Acquiring company	
	Industry classification	Region	Industry classification	Region
30	Scrap processing and wholesaling	Kanto	Scrap processing and wholesaling	Tokai, Hokuriku
31	Property business	Kansai	Property development / sales	Kanto
32	Building construction	Chugoku, Shikoku	Property development / sales	Chugoku, Shikoku
33	Building maintenance	Kansai	Building maintenance	Kansai
34	Food retail	Kyushu, Okinawa	Agriculture	Kyushu, Okinawa
35	Food wholesale	Hokkaido, Tohoku	Food manufacture	Hokkaido, Tohoku
36	Restaurants	Kanto	Food wholesale	Kanto
37	Other machinery manufacture	Kanto	Metals parts processing	Tokai, Hokuriku
38	Metals parts processing	Kanto	Metals parts processing	Kanto
39	Customised software development	Chugoku, Shikoku	Industrial machinery manufacture	Tokai, Hokuriku
40	Can manufacture / sheet metal	Hokkaido, Tohoku	Industrial machinery manufacture	Kanto
41	Daily goods manufacture / wholesale	Kansai	Other machinery manufacture	Kansai
42	Chemicals wholesale	Kanto	Chemicals wholesale	Kanto
43	Pharmaceutical wholesale	Hokkaido, Tohoku	Pharmaceutical wholesale	Hokkaido, Tohoku
44	Pharmacy / drugstore	Hokkaido, Tohoku	Pharmacy / drugstore	Kanto
45	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Kanto
46	Pharmacy / drugstore	Kansai	Pharmacy / drugstore	Kanto
47	Pharmacy / drugstore	Tokai, Hokuriku	Pharmacy / drugstore	Tokai, Hokuriku
48	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Kansai
49	Truck transportation	Tokai, Hokuriku	Truck transportation	Kansai
50	Truck transportation	Kanto	Truck transportation	Kanto
51	Construction materials wholesale	Kanto	Truck transportation	Kanto
52	Customised software development	Tokai, Hokuriku	Customised software development	Kanto
53	Other machinery manufacture	Kanto	Private equity fund	Kanto
54	Proprietary software development	Kanto	Household goods retail	Kanto
55	Convenience goods manufacture / wholesale	Tokai, Hokuriku	E-commerce services	Tokai, Hokuriku
56	Restaurants	Tokai, Hokuriku	Education related services	Tokai, Hokuriku
57	Building construction	Kyushu, Okinawa	Building construction	Kyushu, Okinawa
58	Metals parts processing	Kansai	Property business	Tokai, Hokuriku
59	Resin parts processing	Kansai	Resin parts processing	Kansai
60	Building construction	Kansai	Building construction	Kansai
61	Civil engineering contractor	Kansai	Civil engineering contractor	Kansai
62	Architect	Koshinetsu	Civil engineering contractor	Kanto
63	Civil engineering contractor	Kyushu, Okinawa	Civil engineering contractor	Kanto
64	Building construction	Tokai, Hokuriku	Civil engineering contractor	Tokai, Hokuriku
65	Civil engineering contractor	Tokai, Hokuriku	Civil engineering contractor	Kanto

Number of Transactions Closed in Q3 (3/4)

	Selling company		Acquiring company	
	Industry classification	Region	Industry classification	Region
66	Industrial machinery manufacture	Hokkaido, Tohoku	Electrical and telecoms contractor	Kanto
67	Civil engineering contractor	Kanto	Pipe contractor	Kansai
68	Electrical and telecoms contractor	Overseas	Plant engineering	Kanto
69	Interior finish work	Kanto	Interior finish work	Kanto
70	Exterior finish work	Hokkaido, Tohoku	Exterior finish work	Hokkaido, Tohoku
71	Steel processing	Hokkaido, Tohoku	Steel processing	Hokkaido, Tohoku
72	Civil engineering contractor	Kyushu, Okinawa	Ceramic, stone and clay products	Chugoku, Shikoku
73	Civil engineering contractor	Tokai, Hokuriku	Construction rental / leasing	Tokai, Hokuriku
74	Geological survey	Kyushu, Okinawa	Geological survey	Tokai, Hokuriku
75	Interior finish work	Kanto	Construction materials wholesale	Kanto
76	Property management / sale	Kansai	Construction materials wholesale	Kansai
77	Agriculture, forestry and fisheries related	Chugoku, Shikoku	Industrial waste management	Kyushu, Okinawa
78	Industrial waste management	Hokkaido, Tohoku	Scrap processing	Kanto
79	Customised software development	Hokkaido, Tohoku	Energy	Hokkaido, Tohoku
80	Property development / sales	Kyushu, Okinawa	Property development / sales	Kanto
81	Property development / sales	Kanto	Property development / sales	Kanto
82	Property business	Kanto	Property development / sales	Kanto
83	Property business	Chugoku, Shikoku	Building maintenance	Kansai
84	Hospital	Kanto	Hospital	Kansai
85	Clinic	Kanto	Clinic	Tokai, Hokuriku
86	Nursing and welfare	Kanto	Nursing and welfare	Kanto
87	Nursing and welfare	Kyushu, Okinawa	Nursing and welfare	Kyushu, Okinawa
88	Food manufacture	Tokai, Hokuriku	Food manufacture	Tokai, Hokuriku
89	Restaurants	Kanto	Food wholesale	Kanto
90	Restaurants	Kansai	Restaurants	Chugoku, Shikoku
91	Customised software development	Kanto	Metals parts processing	Tokai, Hokuriku
92	Metals parts processing	Kanto	Metals parts processing	Kanto
93	Can manufacture / sheet metal	Kanto	Metals parts processing	Tokai, Hokuriku
94	Metals parts processing	Tokai, Hokuriku	Can manufacture / sheet metal	Kansai
95	Mold manufacturing	Tokai, Hokuriku	Resin parts processing	Tokai, Hokuriku
96	Resin parts processing	Kanto	Resin parts processing	Kanto
97	Metals parts processing	Kanto	Metals parts processing	Kanto
98	Metal parts manufacture	Overseas	Metal parts manufacture	Tokai, Hokuriku
99	Metals parts processing	Kansai	Metal parts wholesale	Tokai, Hokuriku
100	Electrical and telecoms contractor	Kansai	Metal parts wholesale	Kansai
101	Industrial machinery manufacture	Koshinetsu	Industrial machinery manufacture	Chugoku, Shikoku

Number of Transactions Closed in Q3 (4/4)

	Selling company		Acquiring company	
	Industry classification	Region	Industry classification	Region
102	Industrial machinery manufacture	Tokai, Hokuriku	Industrial machinery manufacture	Tokai, Hokuriku
103	Construction materials wholesale	Kyushu, Okinawa	Industrial machinery wholesale	Chugoku, Shikoku
104	Electrical and telecoms contractor	Kanto	Machine repair / maintenance	Kanto
105	Recycling business	Koshinetsu	Other machinery manufacture	Tokai, Hokuriku
106	Electrical and telecoms contractor	Kanto	Other machinery manufacture	Kanto
107	Packaging materials wholesale	Kansai	Packaging materials wholesale	Kanto
108	Daily goods manufacturing	Koshinetsu	Daily goods manufacturing	Koshinetsu
109	Resin parts processing	Kanto	Chemical manufacturing	Kansai
110	Building construction	Koshinetsu	Chemical manufacturing	Kansai
111	Beauty salon	Tokai, Hokuriku	Pharmacy / drugstore	Chugoku, Shikoku
112	Pharmacy / drugstore	Chugoku, Shikoku	Pharmacy / drugstore	Kansai
113	Pharmacy / drugstore	Kyushu, Okinawa	Pharmacy / drugstore	Kyushu, Okinawa
114	Pharmacy / drugstore	Kansai	Pharmacy / drugstore	Kansai
115	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Kanto
116	Pharmacy / drugstore	Kanto	Pharmacy / drugstore	Hokkaido, Tohoku
117	Truck transportation	Tokai, Hokuriku	Truck transportation	Tokai, Hokuriku
118	Transportation related services	Kansai	Truck transportation	Chugoku, Shikoku
119	Truck transportation	Kanto	Truck transportation	Kanto
120	Truck transportation	Kanto	Truck transportation	Tokai, Hokuriku
121	Printing	Hokkaido, Tohoku	Taxi	Hokkaido, Tohoku
122	Electrical and telecoms contractor	Overseas	Customised software development	Tokai, Hokuriku
123	Proprietary software development	Kansai	Proprietary software development	Kanto
124	IT related business	Overseas	IT related business	Kanto
125	Printing	Kansai	Printing	Tokai, Hokuriku
126	Daily goods manufacturing	Chugoku, Shikoku	Office equipment manufacturing	Kanto
127	Interior finish work	Kanto	Office equipment manufacturing	Kansai
128	Manpower dispatching	Kanto	Manpower dispatching	Tokai, Hokuriku
129	Office equipment manufacturing	Kanto	Manpower dispatching	Kansai
130	Security firm	Hokkaido, Tohoku	Security firm	Kanto
131	Pipe contractor	Kanto	Services for corporate customers	Kanto
132	Pharmaceutical related	Kanto	E-commerce services	Kansai
133	Food manufacture	Overseas	Other retails	Kanto
134	Beauty salon	Kanto	Beauty salon	Kanto
135	Geological survey	Overseas	Testing, inspection and certification (TIC)	Overseas



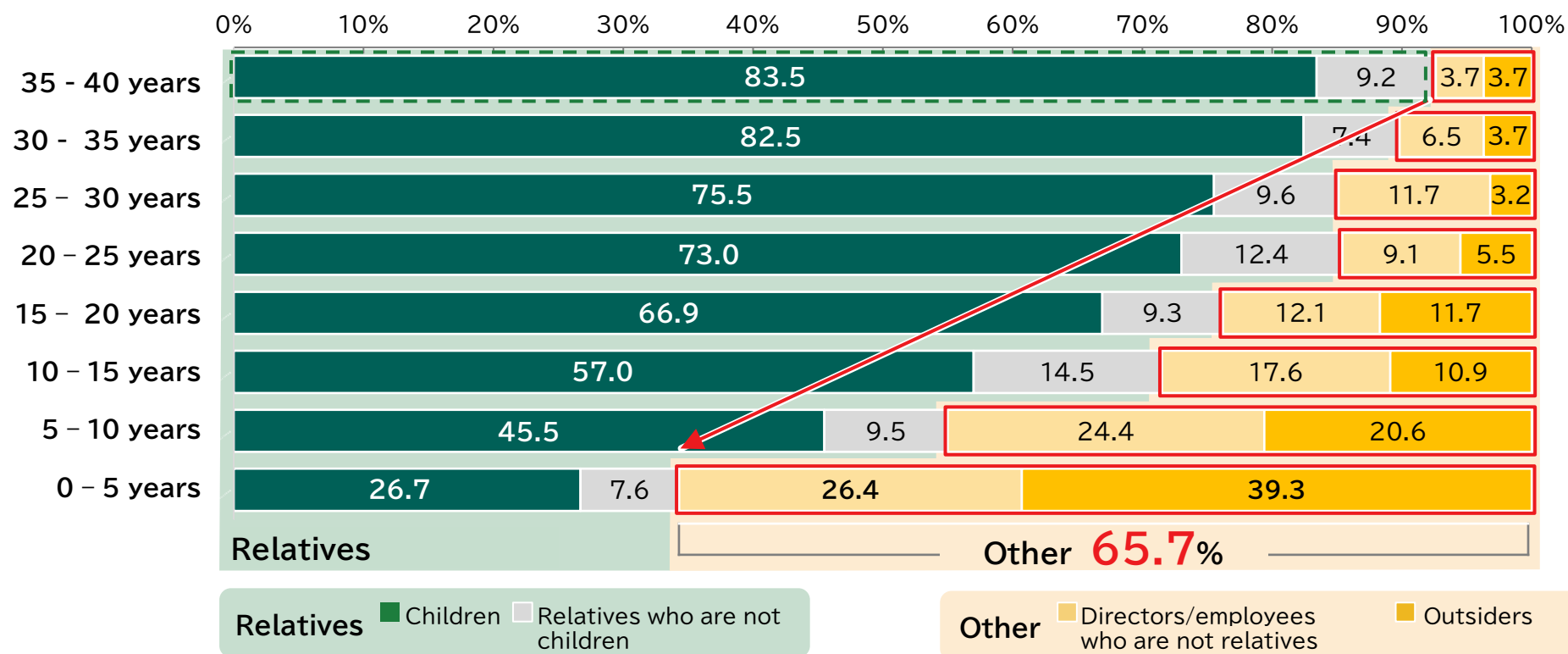
Business Environment

 Nihon M&A Center HD

(Reference) Strong Increase in Succession Outside Family

Succession outside family has increased to over 65%

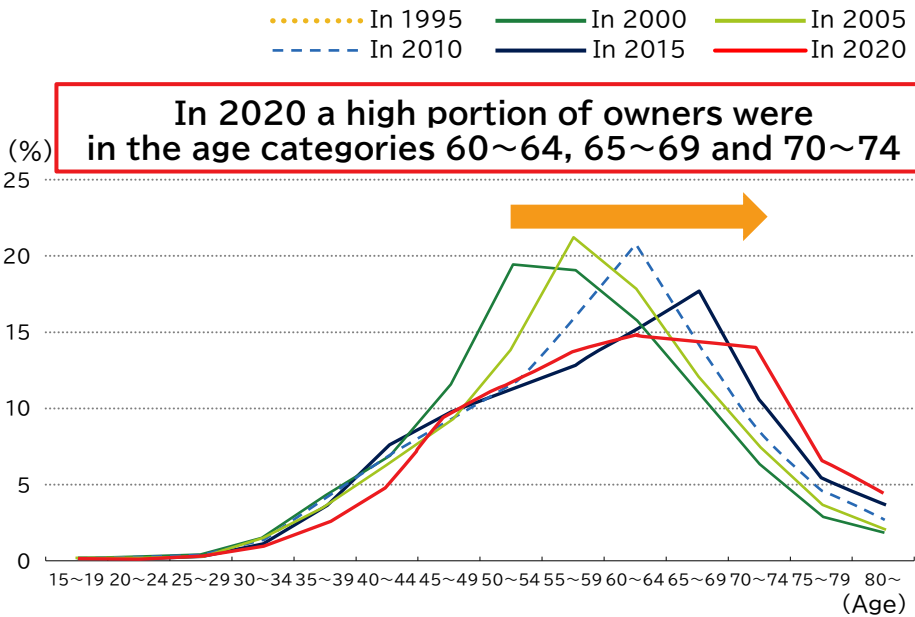
Shift in background of company presidents viewed by length of term of office



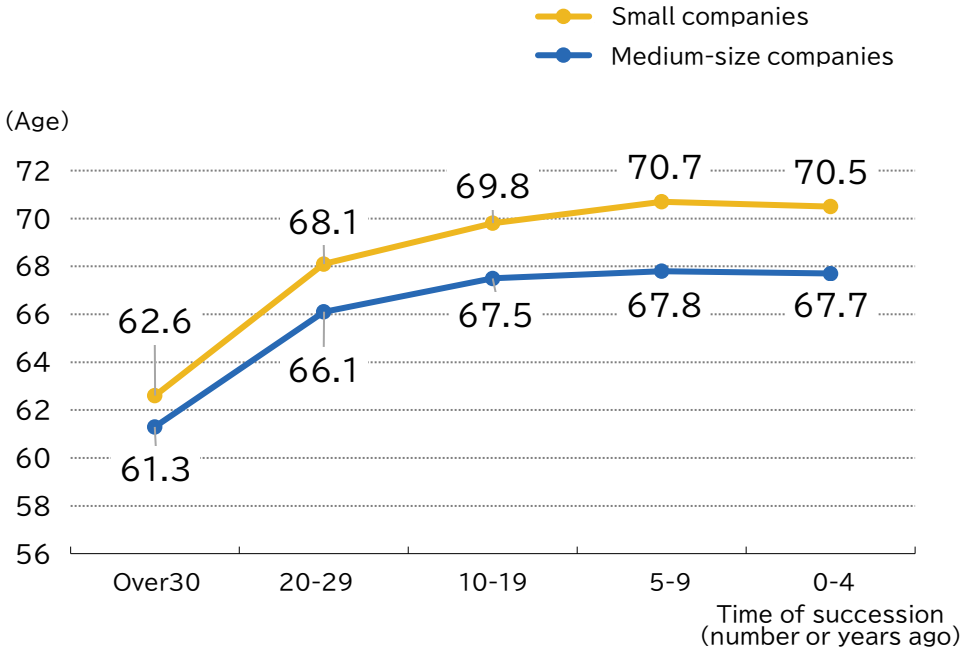
(Reference) Distribution of the Age of Owners & Changes in the Average Age of Retirement

Increase in per centage of SME owners aged over 70
Divide between companies with and without succession plan

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



Changes in owners average retirement age



Data Source: Tokyo Shoko Research – “Corporate information file”
Note: 2020 covers data collected as at September 2020

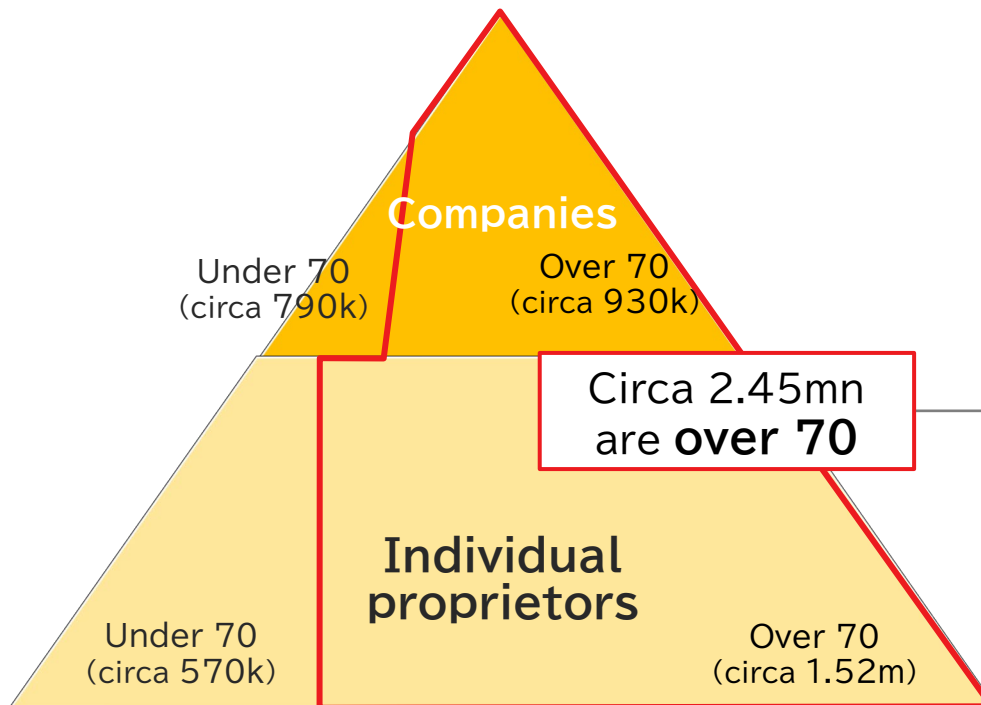
Source: White Paper on Small and Medium Enterprises in Japan (April 23, 2021)

Source: Small and Medium Enterprise Agency, Discussion forum for corporate revitalization, focus on succession (1st in series) (April 26, 2016)

(Reference) SME Owner Age in 2025

There could be circa 600,000 companies to go out of business by 2025,
Even though they are profitable.

■ SME owner ages in 2025 (number of people)



of which half have not yet got a successor **Circa 1.27mn**

And half these are profitable
Circa 600K



M&A needs for 600K in 10years to avoid closing business

*If nothing is done, by 2025 there will be a cumulative loss of circa 6.5mn employment, circa ¥22tr GDP

Source: Estimates from Small and Medium Enterprise Agency data in FY2016 Ministry of Internal Affairs and Communications “Research on economics of individuals companies”, and FY2016 Teikoku Databank industry review

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
(15% of our sell-side transactions completed in FY2020 were for companies with a CEO under 50 years old)

Lastly

I . Corporate ethos

Corporate ethos

Assisting companies to continue and prosper through M&A

Corporate Purpose

To connect hopes and dreams for the best
M&A experience in Japan and then the world

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

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