July 30, 2024

Q3 FY2024/9 Earnings Presentation

Strike Co., Ltd.

Prime Market, Tokyo Stock Exchange: 6196

STRIKE

FINANCIAL RESULTS AND FUTURE MEASURES

Disclaimers

- Forward-looking statements contained in these materials are based on information available to Strike Co., Ltd. (the “Company”) as of the date of these materials. The forward-looking statements herein will not be updated or revised to reflect future events or conditions.

- Forward-looking statements involve risks and uncertainties. The Company’s future performance and results may differ from these forward-looking statements due to known and unknown risks, uncertainties and other factors.

IR Email Alerts

- To opt-in for our investor email alerts, please subscribe from the link or QR code below.

Subscribe to IR Email Alerts

Copyright© Strike Co., Ltd. All Rights Reserved.

STRIKE

01 Operating Performance in Q3 FY24/9

02 Forecast for FY24/9

03 Initiatives to Enhance Corporate Value

04 Market Environment

05 Company Overview

Executive Summary

External Environment

- The number of M&A transactions of listed companies in January-June 2024 increased by 106 YoY (from 501 to 607) (see p. 36).
- Efforts to improve M&A service quality are in full swing, with the implementation of industry self-regulatory rules established by an M&A industry association. In addition, the Small and Medium Enterprise Agency is currently reviewing the M&A Guidelines for SMEs in preparation for publishing the 3rd Edition.
- Establishment of tax incentives to encourage multiple M&A by SMEs are expected to increase overall M&A activity.

Operating Performance

- Net sales for the nine months ended June 30, 2024 were ¥13,272 million, up 45.3% YoY due to an increase in deal size. The number of deals closed increased by 39 YoY to 183.
- Operating profit was ¥4,986 million, up 69.2% YoY on the back of higher profit margins due to advertising and other cost controls.
- As of the end of Q3, we have achieved 72.9% of our full-year net sales target and expect to exceed our full-year targets, with several deals anticipated to close in Q4.

Other

- The payout ratio has been increased from 25% to 35% from FY2024/9, and the initial dividend forecast has been revised upward from ¥62 to ¥85.
- The consultant headcount increased by 57 against our annual target of 40. Consultant headcount increase is also expected in Q4.
- The number of new contracts totaled 647, which was 79.5% of the full-year target of 814.

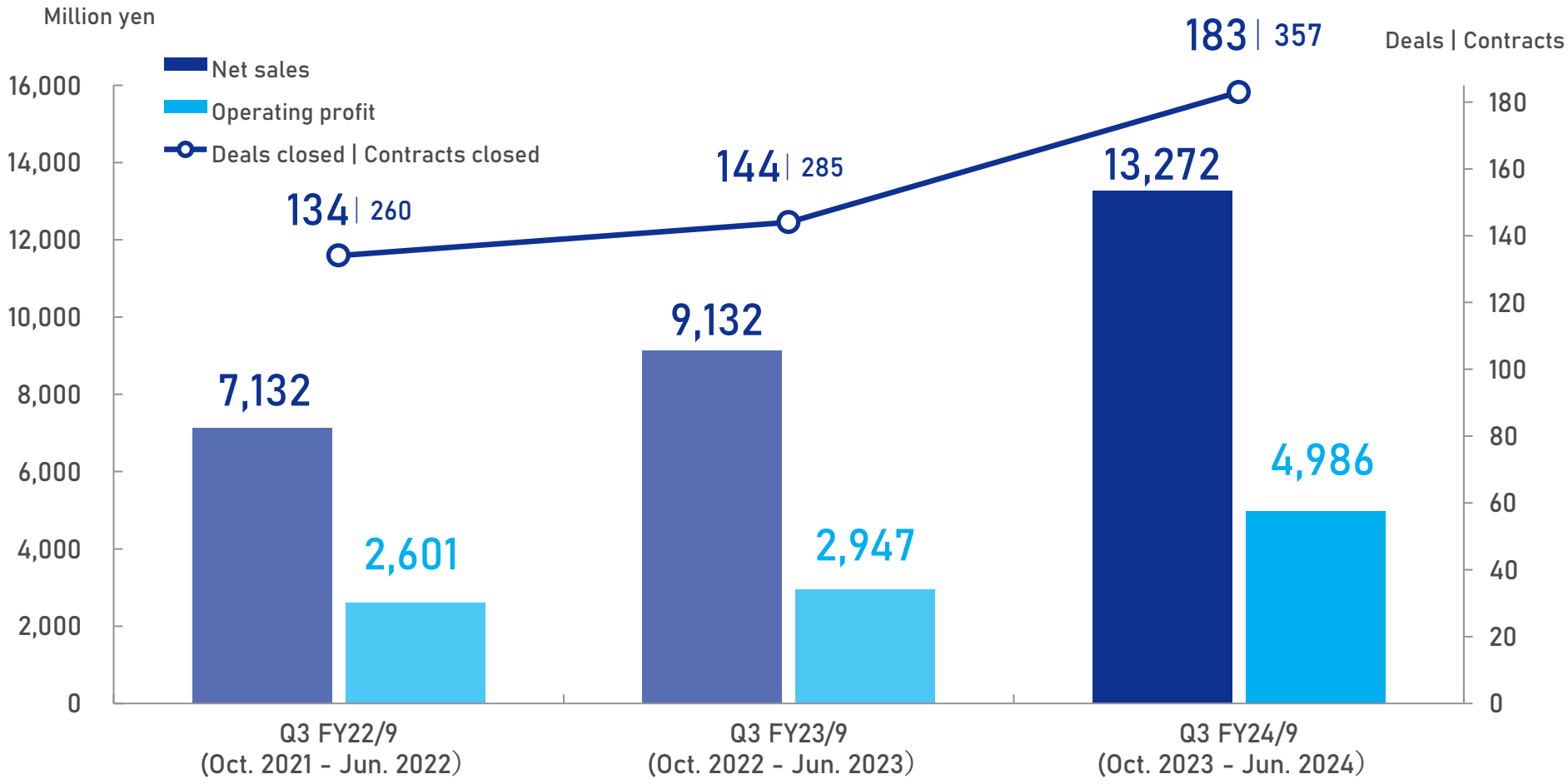
Copyright© Strike Co., Ltd. All Rights Reserved.

Q3 FY24/9 Operating Performance

- Large deals closed increased by 13 YoY (from 20 to 33).
- Average sales per deal closed* also rose YoY (from ¥63 million to ¥72 million).

* Net sales / number of deals closed

Quarterly Results



Copyright© Strike Co., Ltd. All Rights Reserved.

Year-on-Year Comparison

☑ OPM was largely in line with the initial plan due to a reduction in the SG&A expense ratio achieved through advertising and other cost controls, despite a rise in the cost of sales ratio owing to higher labor costs.

Million yen

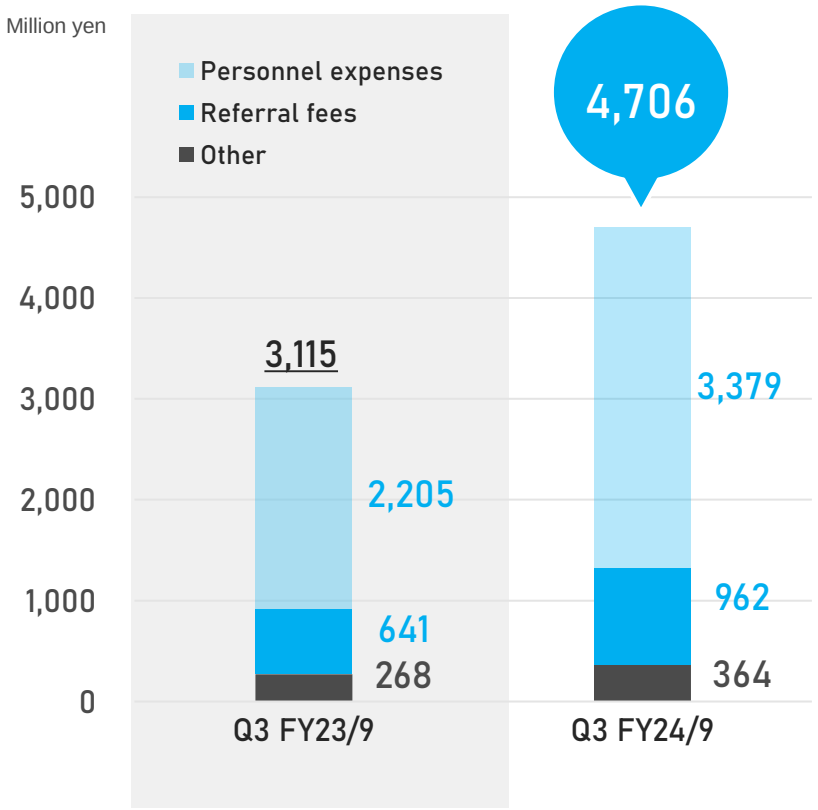
	Q3 FY23/9	Q3 FY24/9	YoY change
Net sales	9,132	13,272	+45.3%
Cost of sales	3,115	4,706	+51.1%
Cost of sales ratio	34.1%	35.5%	-
SG&A expenses	3,069	3,578	+16.6%
SG&A expense ratio	33.6%	27.0%	-
Operating profit	2,947	4,986	+69.1%
Operating profit margin	32.3%	37.6%	-
Ordinary profit	2,955	4,982	+68.6%
Profit	1,989	3,308	+66.2%

Copyright© Strike Co., Ltd. All Rights Reserved.

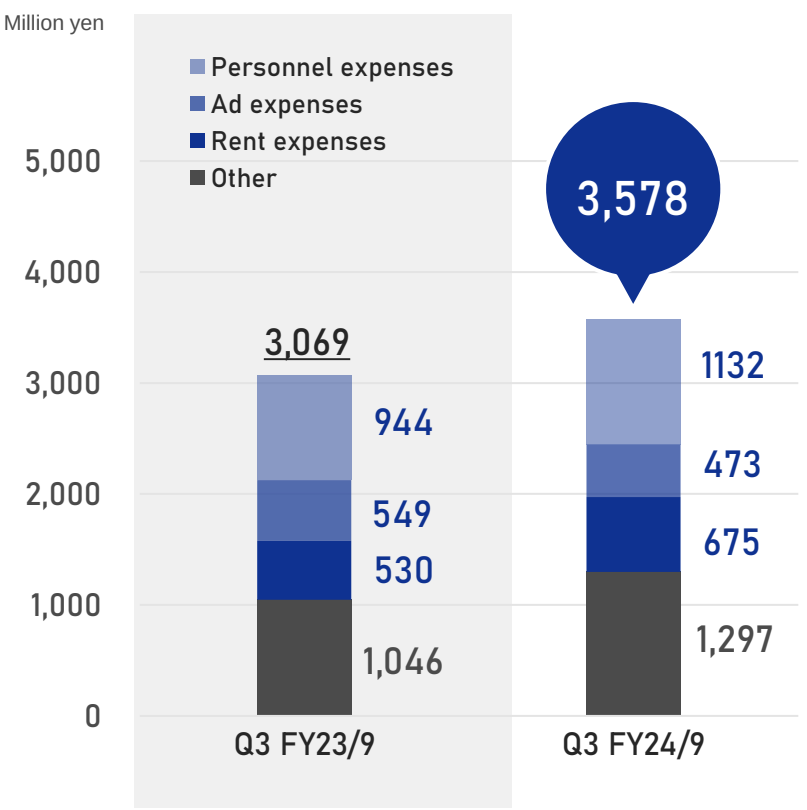
Cost of Sales and SG&A Expenses

- Cost of sales increased due to an increase in incentive bonuses and other factors.
- Rent expenses on land and buildings under SG&A expenses increased due to head office expansion (+¥123 million). Other expenses rose due to recruitment activity (+¥74 million), depreciation associated with head office expansion (+¥61 million), etc.

Breakdown of Cost of Sales



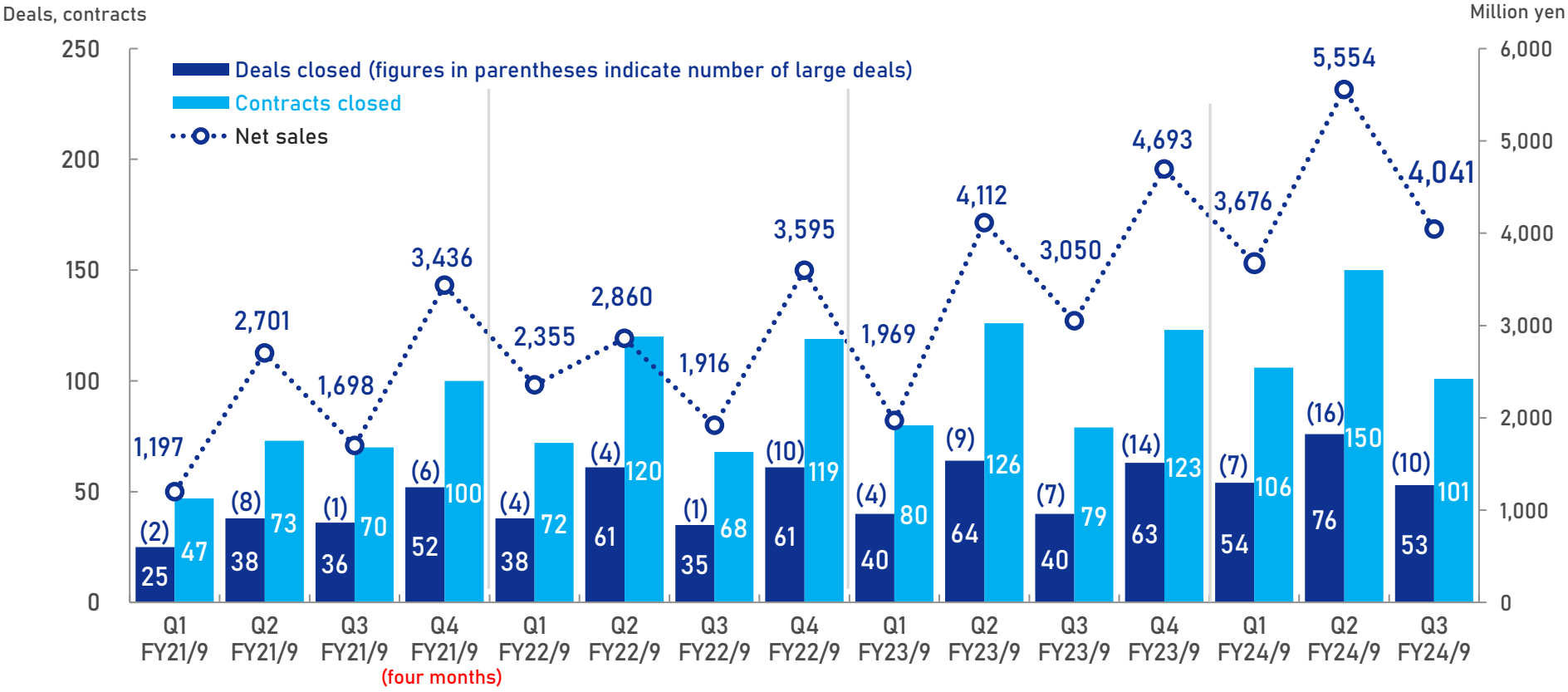
Breakdown of SG&A Expenses



Copyright© Strike Co., Ltd. All Rights Reserved.

Deals and Contracts Closed

☑ Despite seasonal weakness in Q1 and Q3 sales growth compared to Q2 and Q4, we have maintained a stable long-term growth trend.



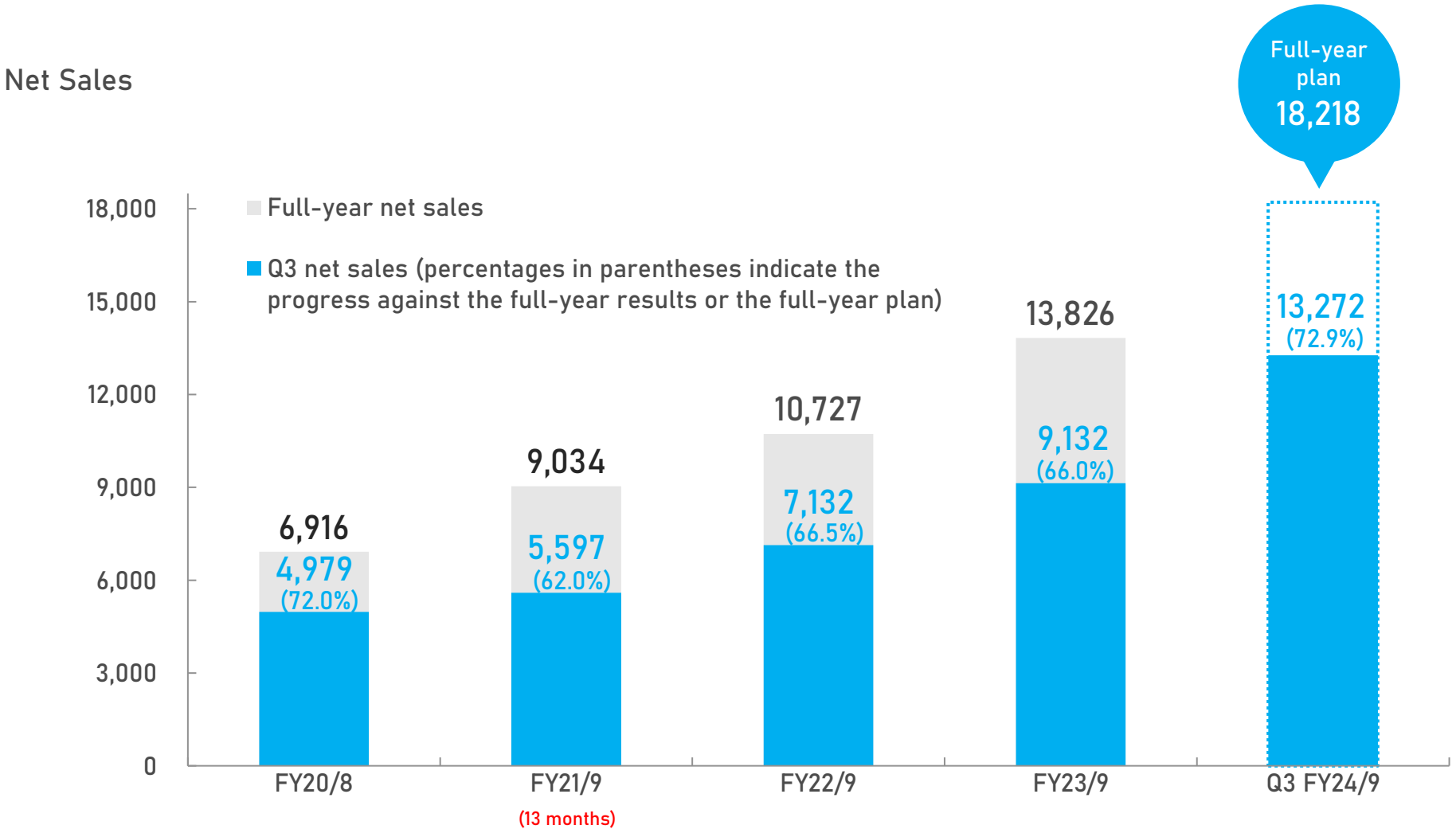
Deals closed: Number of M&A transactions in which Strike provides brokerage or advisory services (i.e., number of deals)
(Large deals are those associated with per-deal sales of ¥100 million or more)

Contracts closed: Number of contracts on closed M&A deals in which Strike provides brokerage or advisory services (i.e., number of companies)

In brokerage services, each deal counts as two contracts (one for the seller and one for the buyer), while in advisory services, each deal counts as one contract.

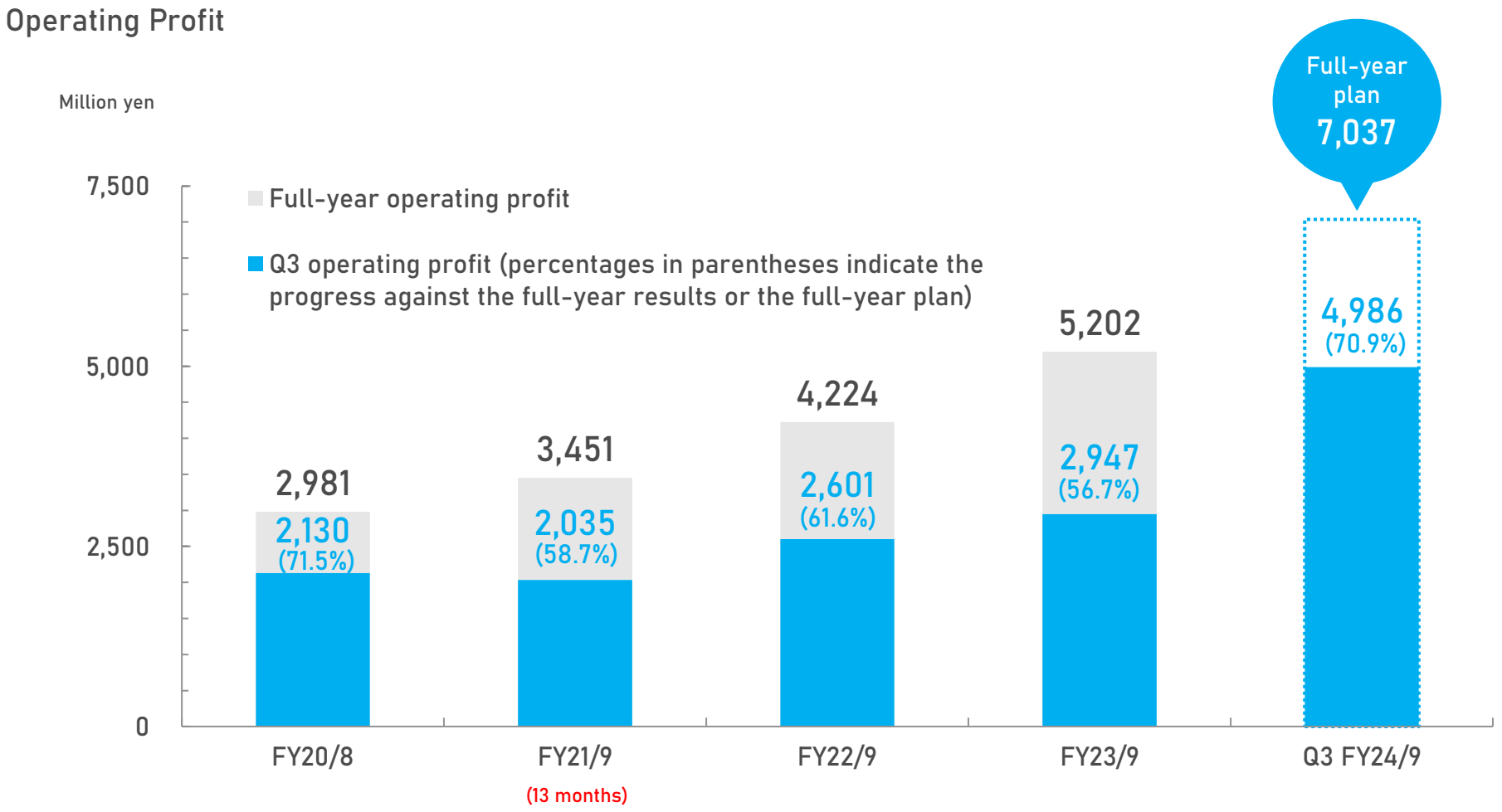
Copyright© Strike Co., Ltd. All Rights Reserved.

Historical Net Sales



Copyright© Strike Co., Ltd. All Rights Reserved.

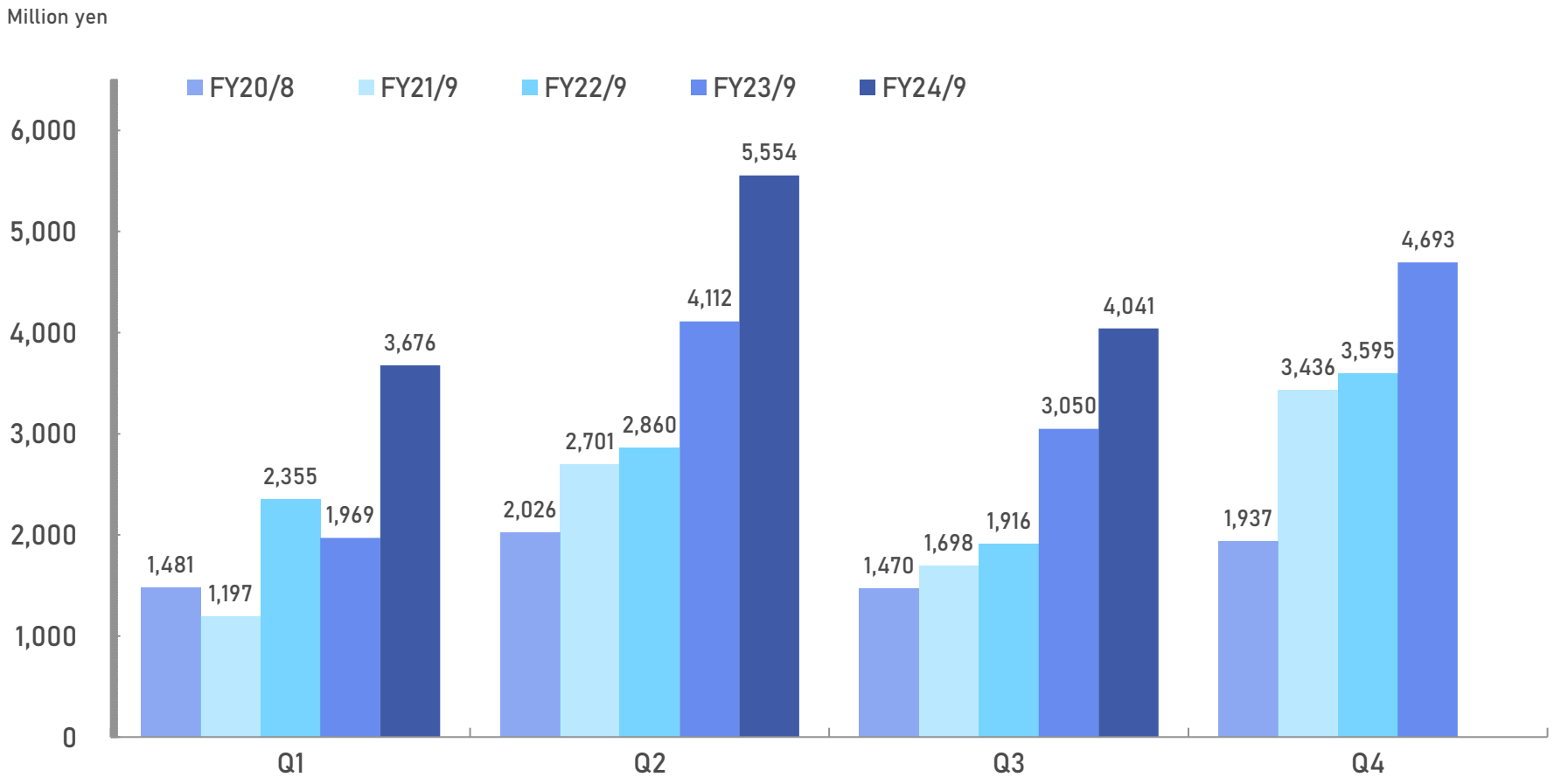
Historical Operating Profit



Copyright© Strike Co., Ltd. All Rights Reserved.

(Reference) Quarterly Net Sales

Three-month Net Sales



Copyright© Strike Co., Ltd. All Rights Reserved.

Short, Medium, and Long-term KPIs

☑ Maximize sales and profits by quantitatively monitoring the status of achievement of short, medium, and long-term KPIs below.

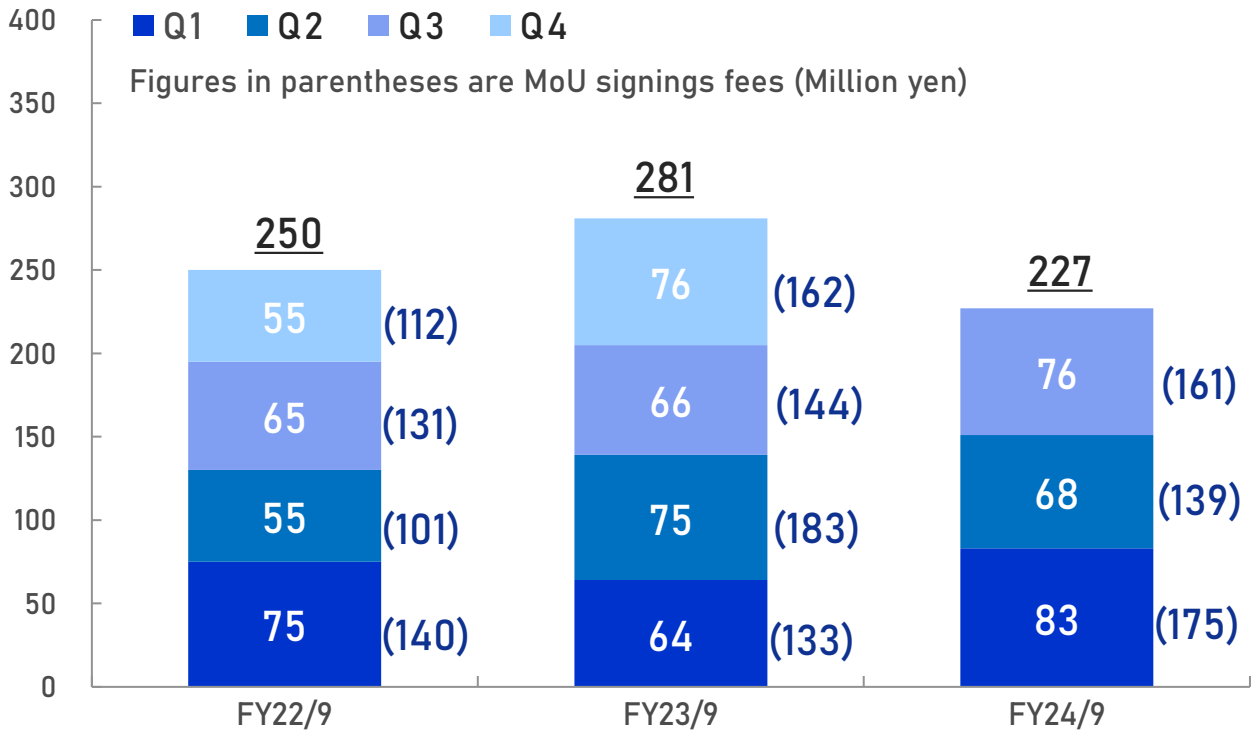
	KPI	Time to productivity
Short-term	**Number of MoU signed** Number of transactions for which exclusive negotiations began between the seller and buyer	Approx. 3 – 6 months
Medium-term	**Number of new contracts** Number of brokerage contracts signed with sellers	Approx. 8 – 12 months
Long-term	**Number of consultants** Total number of consultants which include both mid-career and new graduate hires	Approx. 12 months ~ for mid-career hires Approx. 24 months ~ for new graduate hires

Copyright© Strike Co., Ltd. All Rights Reserved.

Number of MoU Signed and MoU Signing Fees

- After a potential buyer and seller sign a Memorandum of Understanding (MoU), the M&A process advances to the due diligence stage before the conclusion of a final agreement. Therefore, an increase in MoU signing fees is a key performance indicator that leads to an increase in success fees.
- The number of MoU signed in the nine-month period was 227, an increase of 22 YoY.

Number of MoU Signed



Note: Calculated from Q1 FY22/9 following the revision to the fee structure.

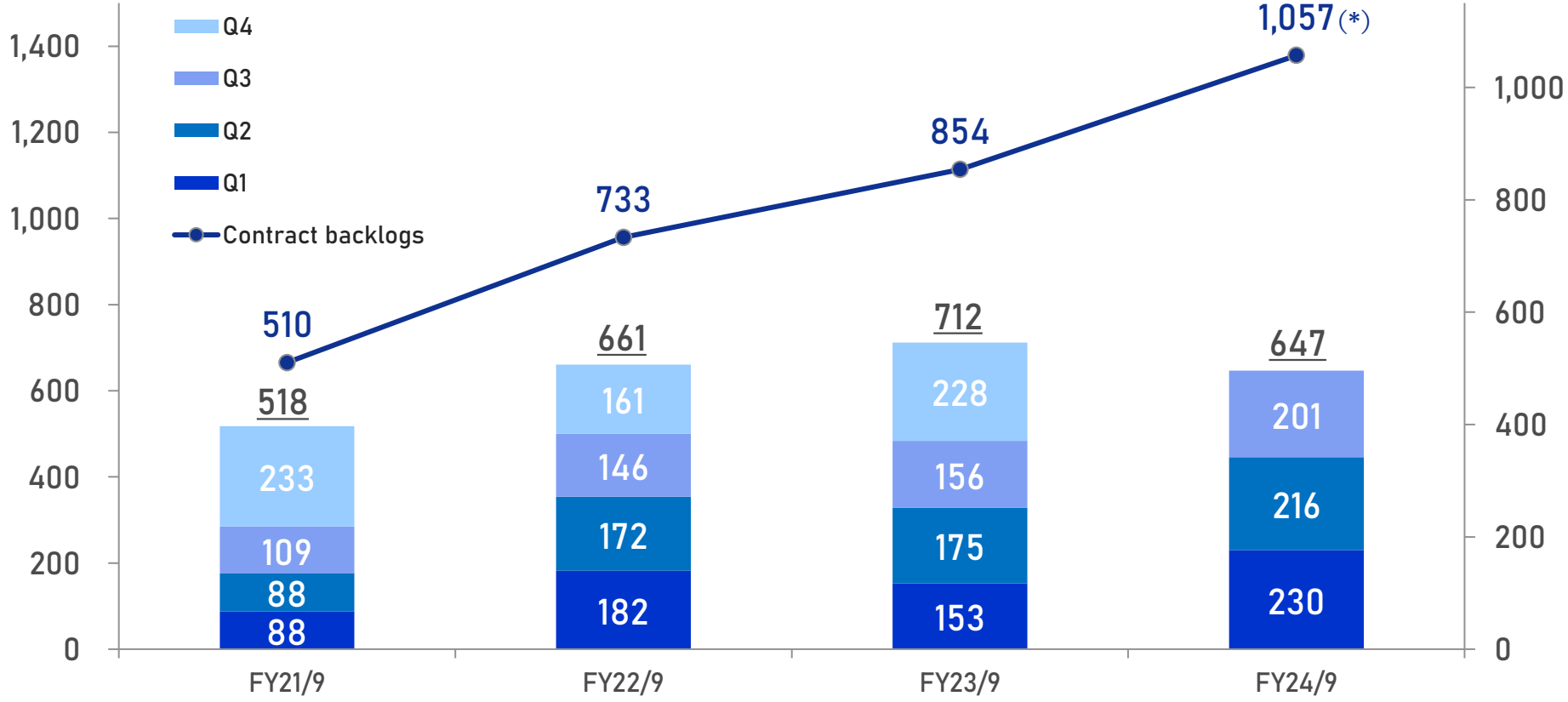
Copyright© Strike Co., Ltd. All Rights Reserved.

New Contracts

☑ The average expected sales per new contract remained largely unchanged from the previous fiscal year (FY23/9: ¥85 million, FY24/9: ¥84 million).

New Contracts (Quarterly)

New contracts: New brokerage service contracts signed with sellers (or in the case of advisory services, contracts signed and services effectively commenced)



*Includes 152 projects that are currently suspended due to client circumstances.

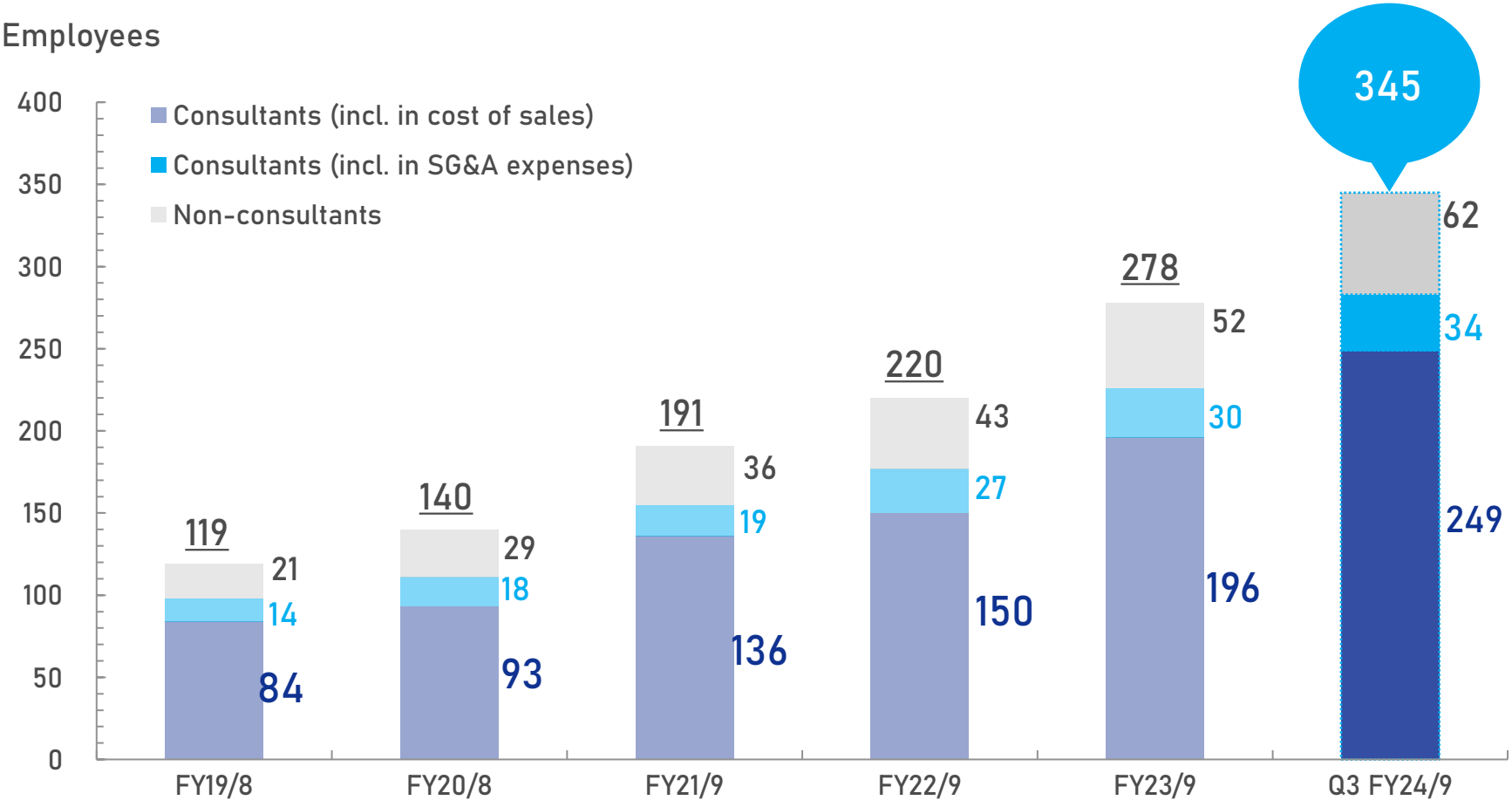
Copyright© Strike Co., Ltd. All Rights Reserved.

Employees

- The consultant headcount increased by 57 in the nine-month period, against our annual target of 40.
- Strengthened our candidate outreach by enhancing recruitment content and organizing hiring events.

Consultants (included in cost of sales) are involved in the entire deal process, from sourcing and matching to closing.
Consultants (included in SG&A expenses) specialize in sourcing deals from financial institutions, accounting firms, etc.

Employees



Copyright© Strike Co., Ltd. All Rights Reserved.

Topics

Launch of Kyoto Innovation Office

In June, we opened an office in Kyoto City in collaboration with East Ventures, one of the largest seed-stage venture capital firms in Japan and Southeast Asia.

Kyoto is home to numerous universities and research institutions and has a rich history of evolving from traditional industries to advanced technology sectors, resulting in a diverse industrial structure. Leveraging these strengths, a collaborative effort between industry, government, and academia is underway to build a robust startup ecosystem.

Strike has been dedicated to fostering startup growth. With the launch of this office, we aim to facilitate innovation originating from Kyoto.

STRIKE × East Ventures

Business Alliance with FUNDINNO

FUNDINNO offers Japan's first equity-based crowdfunding service, connecting companies seeking funding with fan investors willing to support businesses.

Strike connects companies using FUNDINNO with other businesses, fostering the creation of M&A opportunities.

By co-hosting events focused on M&A and open innovation, and through mutual client introductions, we facilitate business collaboration to support diverse exit strategies and growth for startups companies.

STRIKE × FUNDINNO

Copyright© Strike Co., Ltd. All Rights Reserved.

STRIKE

01 Operating Performance in Q3 FY24/9

02 Forecast for FY24/9

03 Initiatives to Enhance Corporate Value

04 Market Environment

05 Company Overview

Recent Trends in Light of Full-year Earnings Forecast for FY24/9

- ☑ Our net sales CAGR target is 20%. ⇒ We expect the number of deals closed to be in line with the original plan of 270, and the average sales per deal closed to exceed the initial plan of ¥67 million.

- ☑ We will continue to actively recruit consultants and target an increase of 40 in the consultant headcount. ⇒ The consultant headcount increased by 57 in the nine-month period and expect an increase in Q4 as well.

- ☑ Review of our organizational structure in accordance with the revised M&A Guidelines for SMEs. ⇒ In addition to establishing the Operations Review Department, we have implemented new internal regulations for sales activity and reviewed company operations.

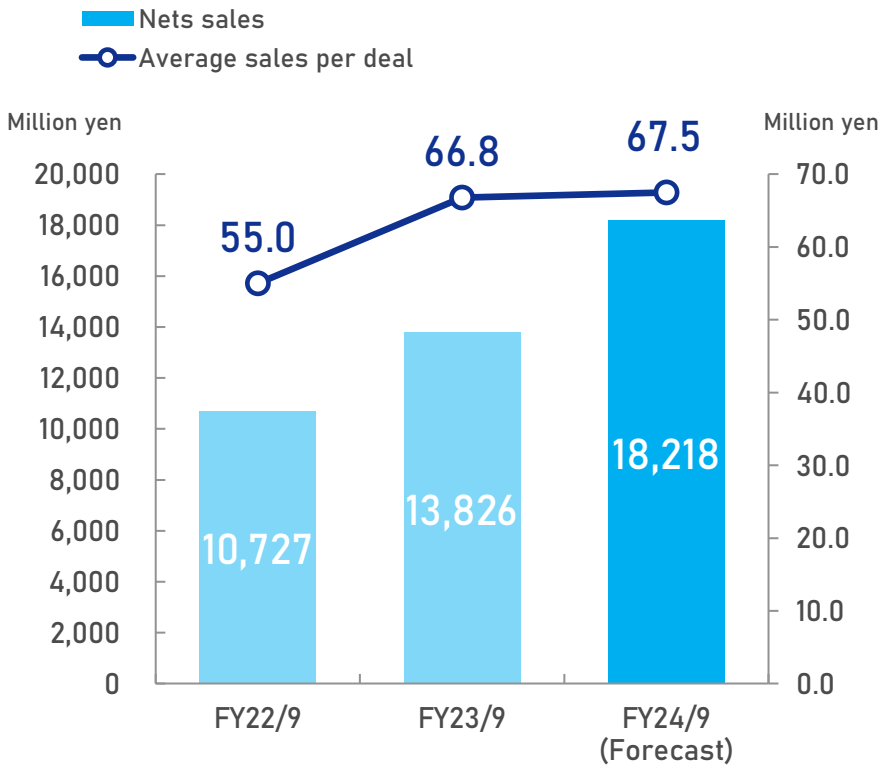
⇒ We have achieved strong results through Q3 and expect full-year results to exceed the initial plan.

Copyright© Strike Co., Ltd. All Rights Reserved.

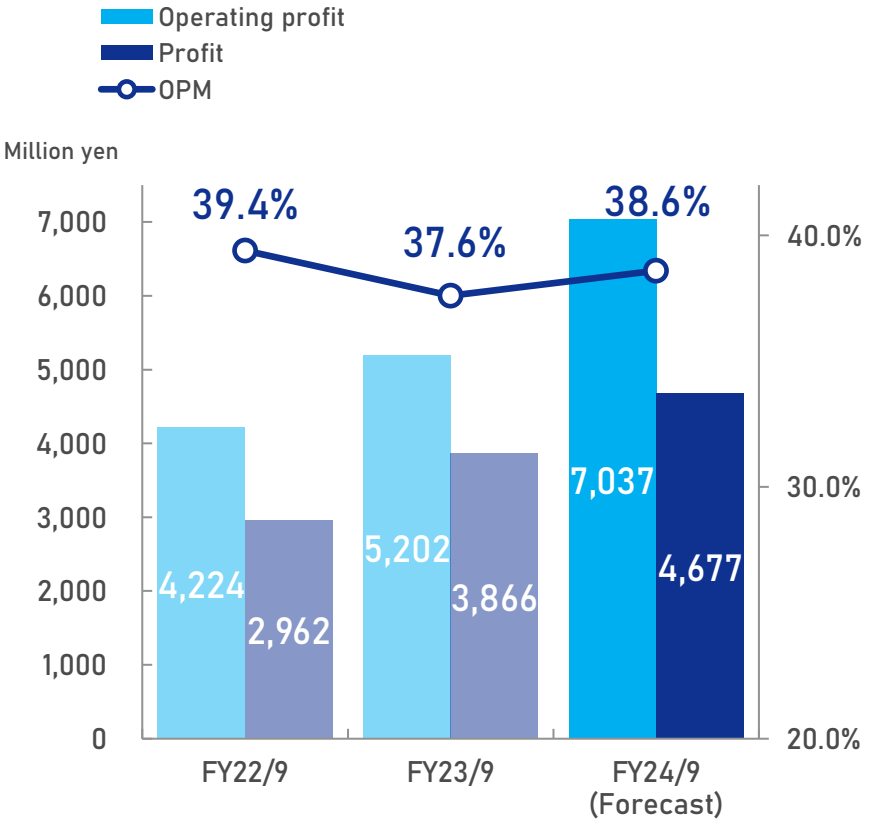
Forecast for FY24/9

- Average sales generated per deal closed have been planned based on FY23/9 results, but are expected to exceed expectations due to increased deal size.
- We expect operating profit margins to improve along with the increase in net sales.

Net Sales and Average Sales per Deal



Operating Profit and Profit



Note: Average sales per deal closed is calculated by dividing net sales by the number of deals closed.

Copyright© Strike Co., Ltd. All Rights Reserved.

Forecast for FY24/9

- Our plan calls for closing 270 deals and taking on 814 new contracts.
- The number of deals closed is expected to be roughly in line with the plan, while the number of new contracts is expected to slightly exceed the plan.

Million yen

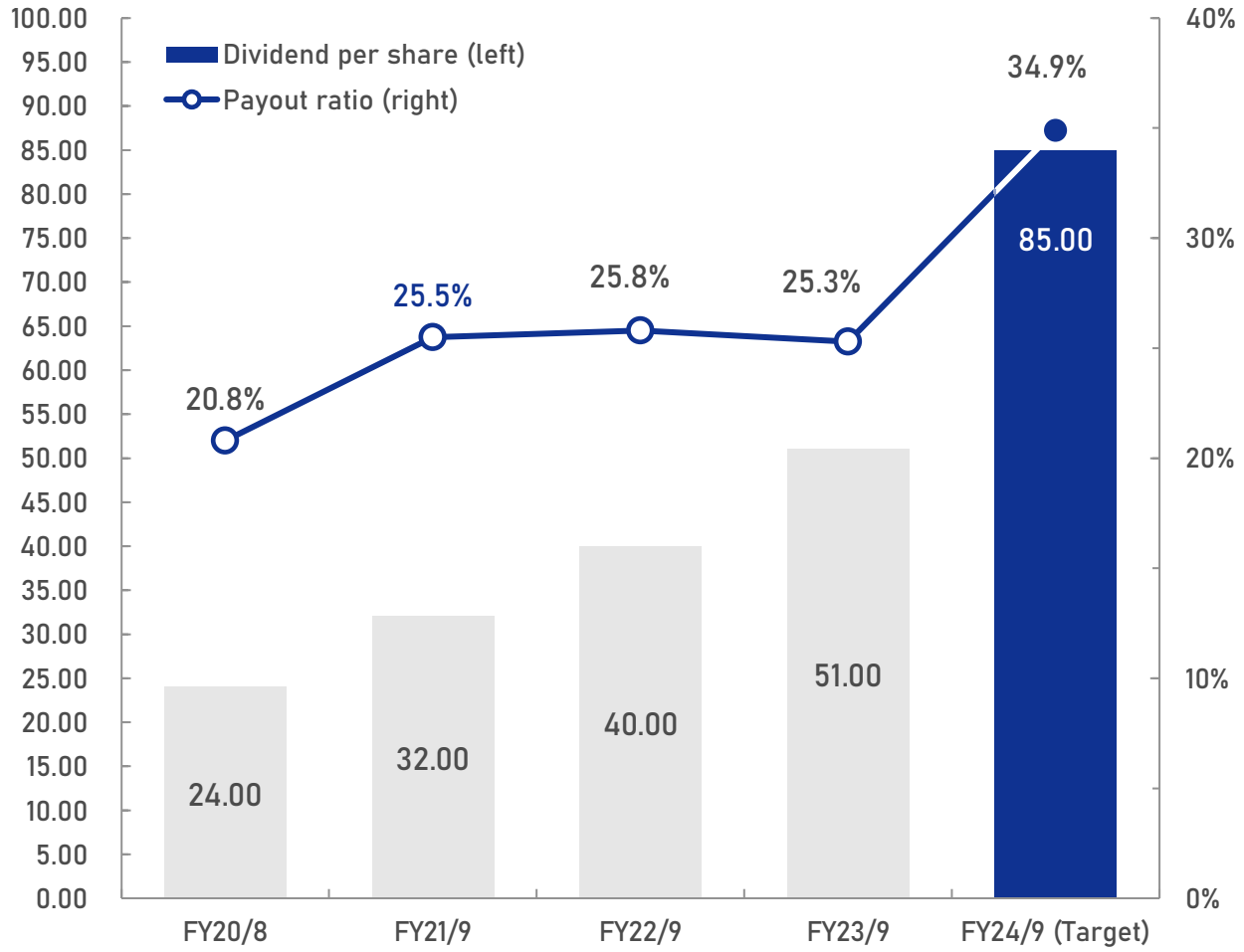
	FY23/9	FY24/9 forecast	YoY change	
Net sales	13,826	18,218	+4,392	+31.8%
Cost of sales	4,578	5,862	+1,284	+28.1%
Cost of sales ratio	33.1%	32.2%	-	-
Gross profit	9,247	12,355	+3,108	+33.6%
SG&A expenses	4,045	5,317	+1,272	+31.5%
SG&A expense ratio	29.3%	29.2%	-	-
Operating profit	5,202	7,037	+1,835	+35.3%
Operating profit margin	37.6%	38.6%	-	-
Ordinary profit	5,211	7,030	+1,818	+34.9%
Profit before income taxes	5,196	7,030	+1,834	+35.3%
Profit	3,866	4,677	+810	+21.0%
Number of deals closed	207	270	+63 deals	
Number of new contracts	712	814	+102 contracts	
Employees	278	329	+51 employees	

Copyright© Strike Co., Ltd. All Rights Reserved.

Shareholder Return

- Raised the payout ratio from 25% to 35%, aiming to maintain the current ROE level.
- Increased dividend per share from ¥62 to ¥85. However, the shareholder special benefit plan has been discontinued.

Dividends and Payout Ratio



Dividends

- Payout ratio of 35%. Consider further dividend increases based on the level of profits.
- Maintain the initial dividend payout, provided that profits remain above 70% of our initial plan.

Share buybacks

- Consider share buybacks, depending on circumstances.

Copyright© Strike Co., Ltd. All Rights Reserved.

STRIKE

01 Operating Performance in Q3 FY24/9

02 Forecast for FY24/9

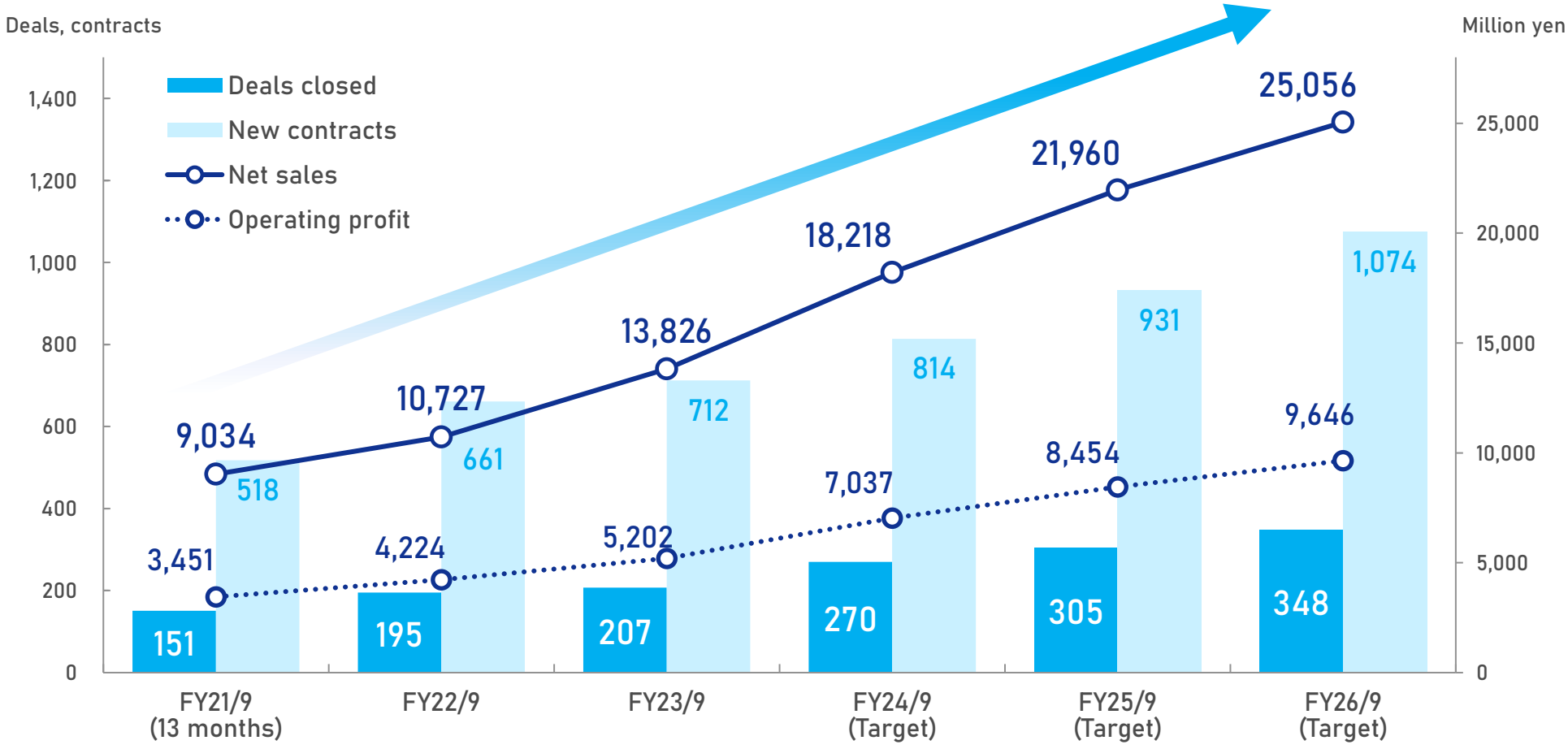
03 Initiatives to Enhance Corporate Value

04 Market Environment

05 Company Overview

Results and Targets: New Contracts, Deals Closed, Net Sales, and Operating Profit

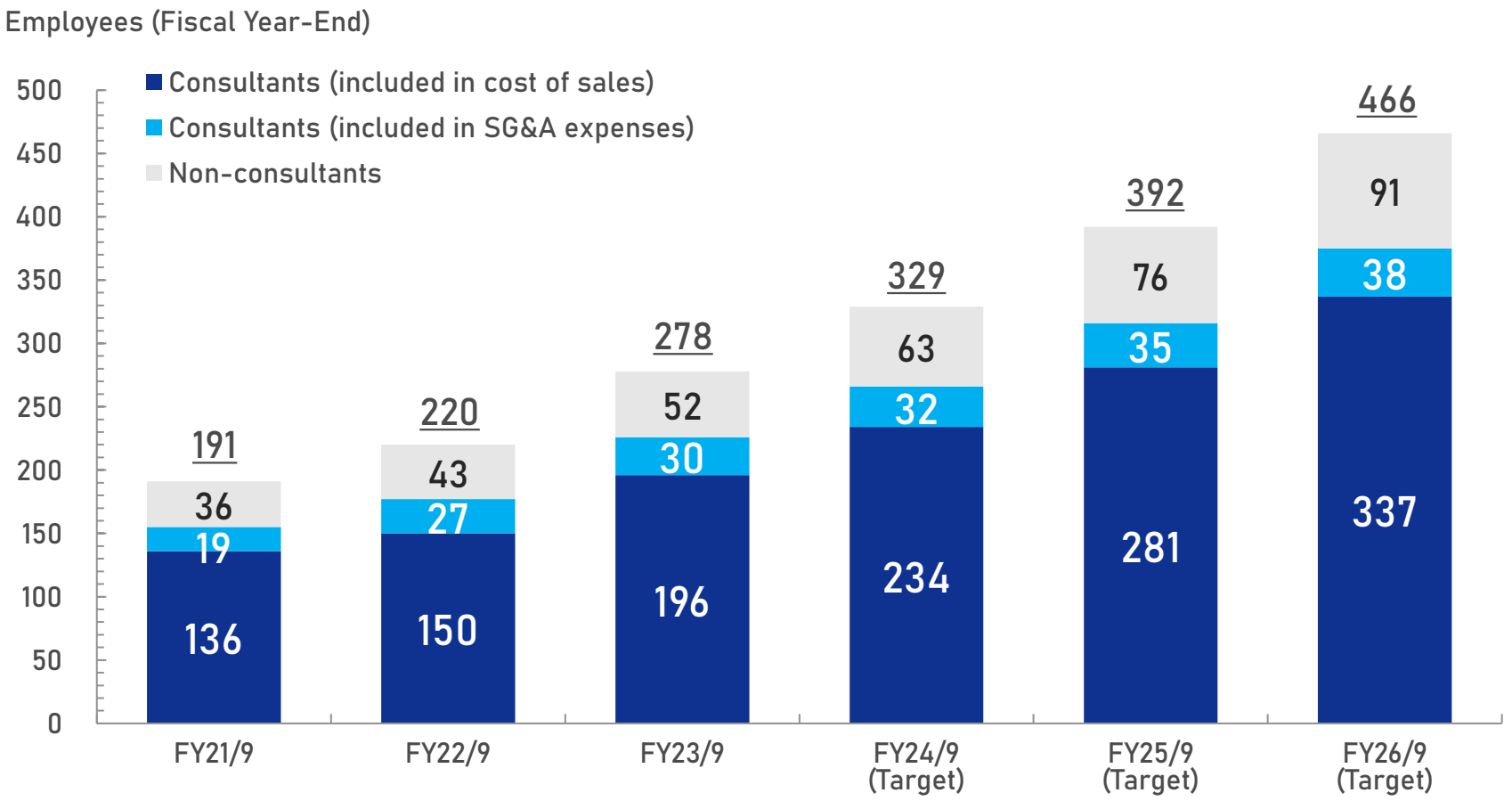
- We target a net sales CAGR of 20%.
- An updated version of the following plan, which was set at the beginning of the fiscal year, will be provided upon the announcement of the full-year FY24/9 results. The review will include the number of new contracts, closing rate, number of deals closed, average sales generated per deal closed based on actual results.



Copyright© Strike Co., Ltd. All Rights Reserved.

Employees

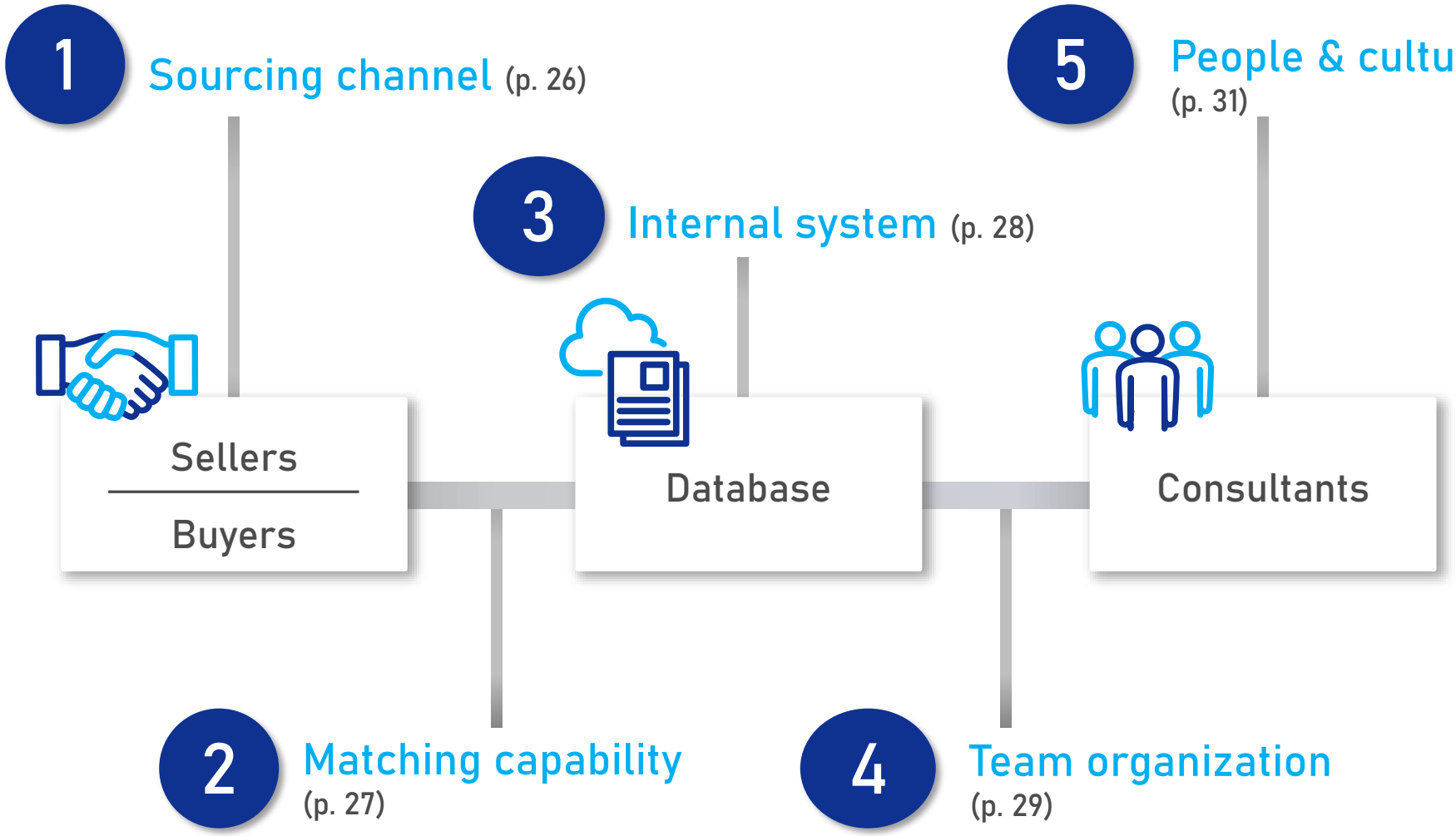
- Consistently grow our team while maintaining service quality.
- Open to exceed our recruitment targets when we come across exceptional candidates.



Copyright© Strike Co., Ltd. All Rights Reserved.

Our Competitive Advantages

☑ Five strengths supporting our growth



Copyright© Strike Co., Ltd. All Rights Reserved.

1) Sourcing Channel

☑ Increase the number of new contracts and average sales per deal closed by maintaining a good balance between direct sourcing and referrals.

Clients (Sellers and Buyers)

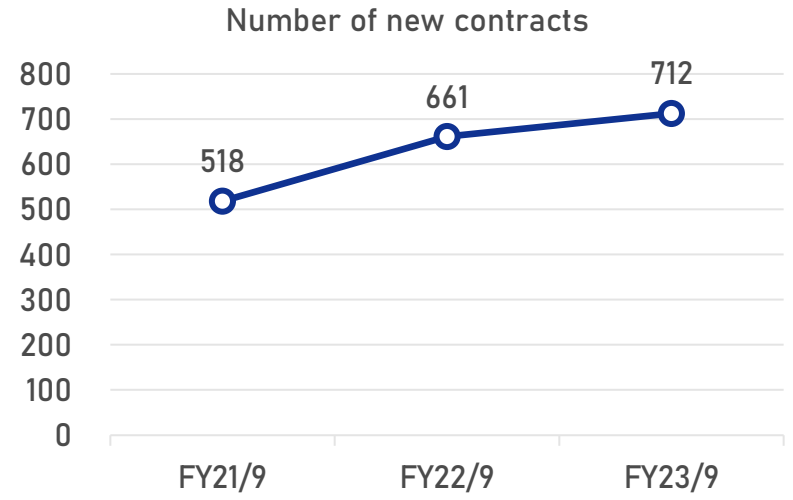
Network

Clients are referred from our network of more than 1,700 partners.

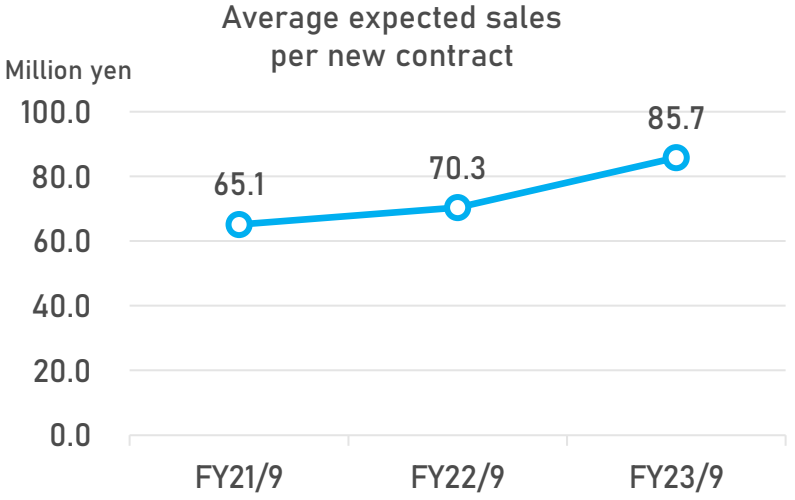
Referrals: 46%

Direct Sourcing: 54%

Strengthened relationships with business partners has led to an increase in the number of referrals.



Increased focus on direct sales to larger companies has resulted in higher average sales per deal.



Copyright© Strike Co., Ltd. All Rights Reserved.

2) Matching Capability

1 Acquisition needs of +17,000 companies

Our consultants use Strike's internal database of M&A needs for over 17,000 companies to make direct proposals to potential sellers.

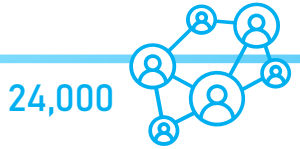
3 M&A brokerage site SMART



Our M&A brokerage site SMART garners over 4,000 annual inquiries from potential buyers about anonymously listed deals.

Enhance client satisfaction by offering sellers a broad range of buyer options

2 All-hands deal meeting



All consultants can propose potential acquisition targets for all projects. Approx. 24,000 potential acquisition targets are proposed annually.

4 Extensive network of partners



We receive referrals of companies that wish to acquire other companies from partner financial institutions, accounting firms, and others.

Copyright© Strike Co., Ltd. All Rights Reserved.

3) Sales Management System

☑ Enhance operational efficiency and optimize matching by incorporating a wealth of corporate data into our internal sales management system.

Increase operational efficiency and optimize matching

Leverage rich enterprise data that surpasses our competitors'

Company data

Contains all corporate data with corporate numbers

Acquisition needs

Contains M&A needs of more than 17,000 companies collected through daily sales activity

1. Client search

2. Automated matching & internal proposal

Unique Sales Management System

4. Project management

3. Sharing activity status

Linkage with Japan's first online M&A service

SMART

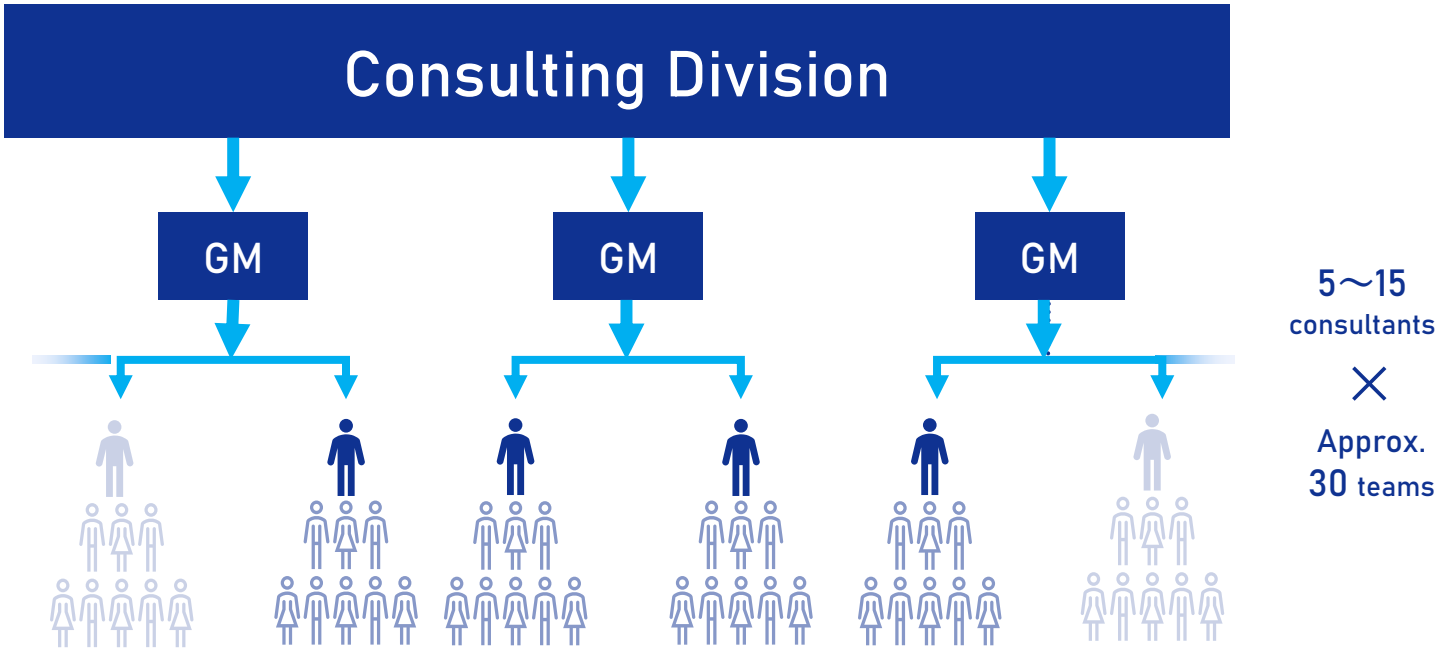


Annually, we receive 4,000 inquiries from potential buyers, which are used for matching and accumulating acquisition needs.

Copyright© Strike Co., Ltd. All Rights Reserved.

4) Team Organization - 1

- Team System: A collaborative approach where a team of multiple consultants works together to manage the entire deal process from sourcing to execution, instead of relying on a single consultant.
- By working as a team and leveraging each other's knowledge and experience, we strengthen the development of new employees and future leaders, avoid conflicts of interest, and enhance proposal and matching qualities.



Copyright© Strike Co., Ltd. All Rights Reserved.

4) Team Organization - 2

☑ Advantages of the Team System

Enhancing Proposal Quality

We leverage a diverse team of consultants to conduct in-depth analyses of specific industries. By sharing insights, we refine our proposals to address the unique challenges of each sector, resulting in more sophisticated and targeted proposals.

Preventing Conflicts of Interest and Misconduct

Our team is highly vigilant in identifying and preventing conflicts of interest between buyers and sellers as well as misconduct within the company. This proactive approach ensures a secure and transparent environment for all transactions.

Developing Next-Generation Leaders

Consultants can gain valuable experience by mentoring and supervising their team members. This helps team members develop and enhance the management skills needed for leadership roles, supporting the growth of the next generation of leaders.

Enhancing Matching Quality

By specializing in specific industries, our team improves the quality of potential buyer selection within those sectors. Through detailed project sharing and collaborative efforts, we are able to present a broader selection of potential buyers to our seller clients.

Accelerating New Employee Training

We provide new employees with ample opportunities to engage in various tasks and learn from experienced leaders and team members. This hands-on approach speeds up their growth, helping them to start contributing effectively much sooner than if they were working alone.

Streamlining Operations

By distributing and sharing tasks within the team, we enhance the efficiency of our deal processes. Involving multiple team members in each project not only reduces imbalances between deal-making activity and MoU signing activity, but also allows us to handle multiple projects concurrently and effectively.

Enables us to provide quality services sustainably and stably

Copyright© Strike Co., Ltd. All Rights Reserved.

5) People & Culture - 1

☑ Our goal is to secure sustainable and reliable growth by fostering ongoing professional advancement and reinforcing our consultants' teamwork, anchored in our commitment to people & culture, the bedrock of our corporate value growth.

Mission

Create partnerships
that change the world.

STRIKE

Extensive training programs

Continuous professional development
of consultants

Compliance awareness

Thorough awareness
of legal compliance

Network of business partners

Providing services that earn
the trust of our partners

Teamwork

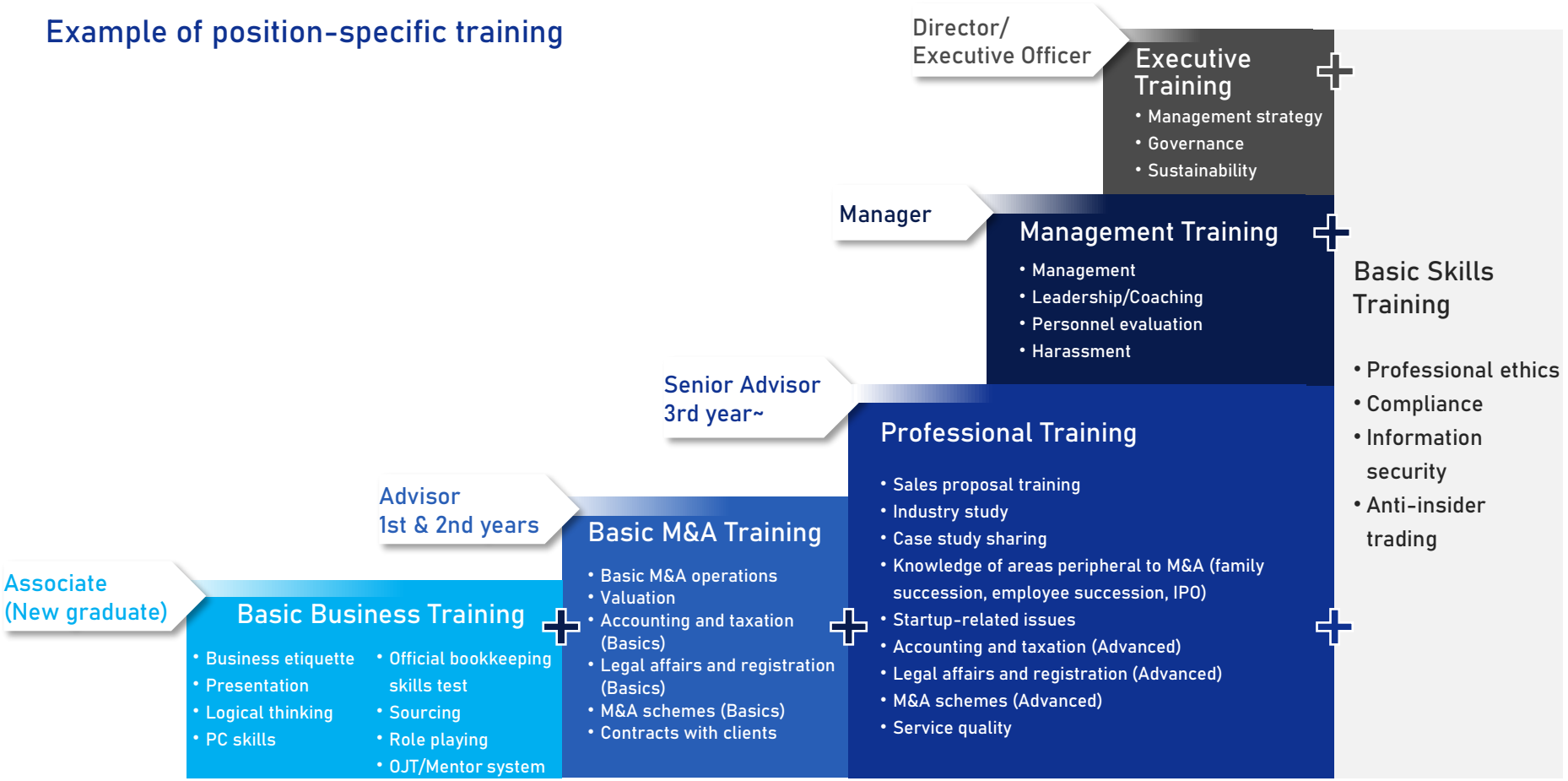
Mutual reinforcement of knowledge
and capabilities across departments

Copyright© Strike Co., Ltd. All Rights Reserved.

5) People & Culture - 2

☑ We provide a wealth of training content tailored to each position to develop consultants capable of achieving sales of ¥100 million or more in three years. Training is provided on an ongoing basis to continuously enhance the expertise of our consultants.

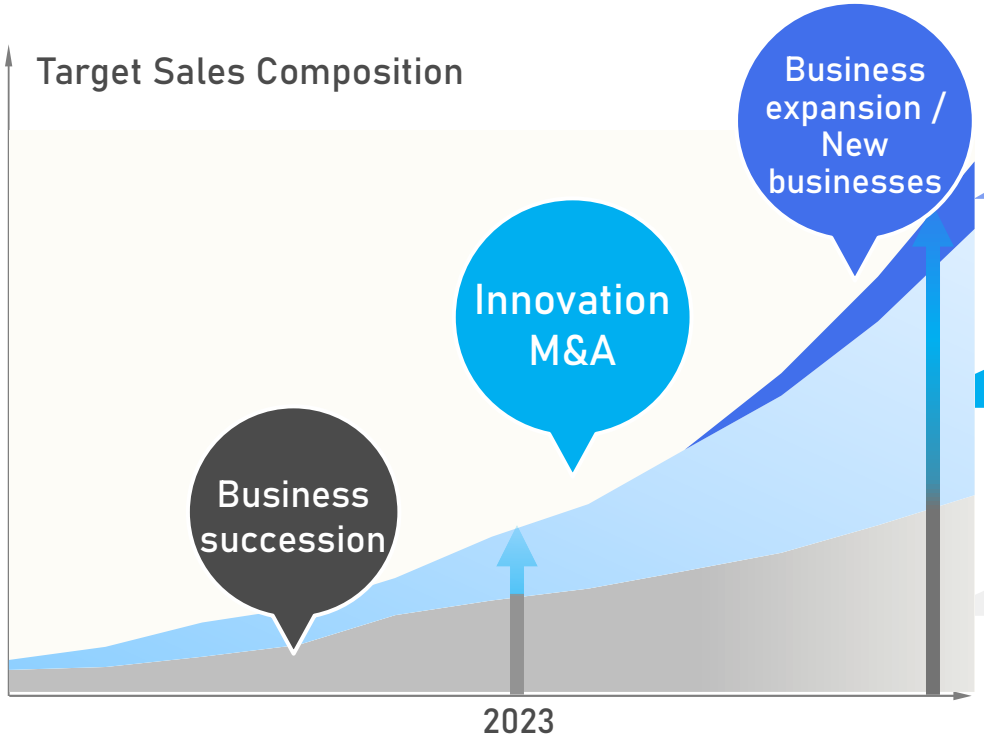
Example of position-specific training



Copyright© Strike Co., Ltd. All Rights Reserved.

Future Growth Strategy

- Positively impact a greater number of people through our M&A services as we strive to increase the number of M&A contracts and the deal size.
- Further increase our market share of business succession M&A.
- Focus on market cultivation aimed at facilitating innovation M&A.
- Expand into peripheral areas and new business domains to achieve sustainable growth.



Expand into peripheral areas and new business domains

Innovation M&A, etc.

M&A that drive startup growth and support the creation of new businesses and corporate transformation.

Business succession M&A

Although the market is expected to expand over the next few years, the increase in the number of above transactions will reduce the reliance on business succession deals.

Copyright© Strike Co., Ltd. All Rights Reserved.

STRIKE

01 Operating Performance in Q3 FY24/9

02 Forecast for FY24/9

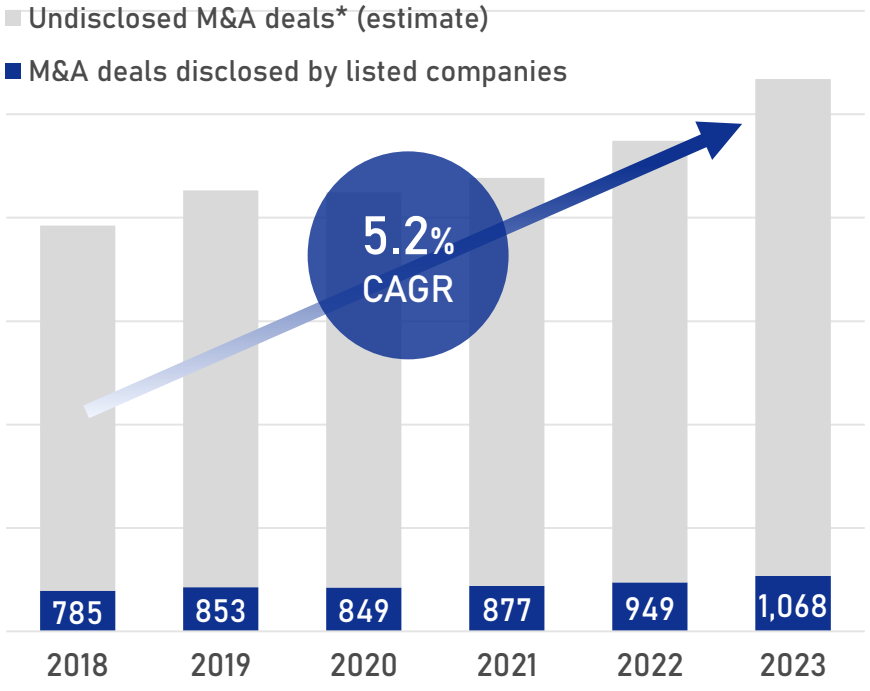
03 Initiatives to Enhance Corporate Value

04 Market Environment

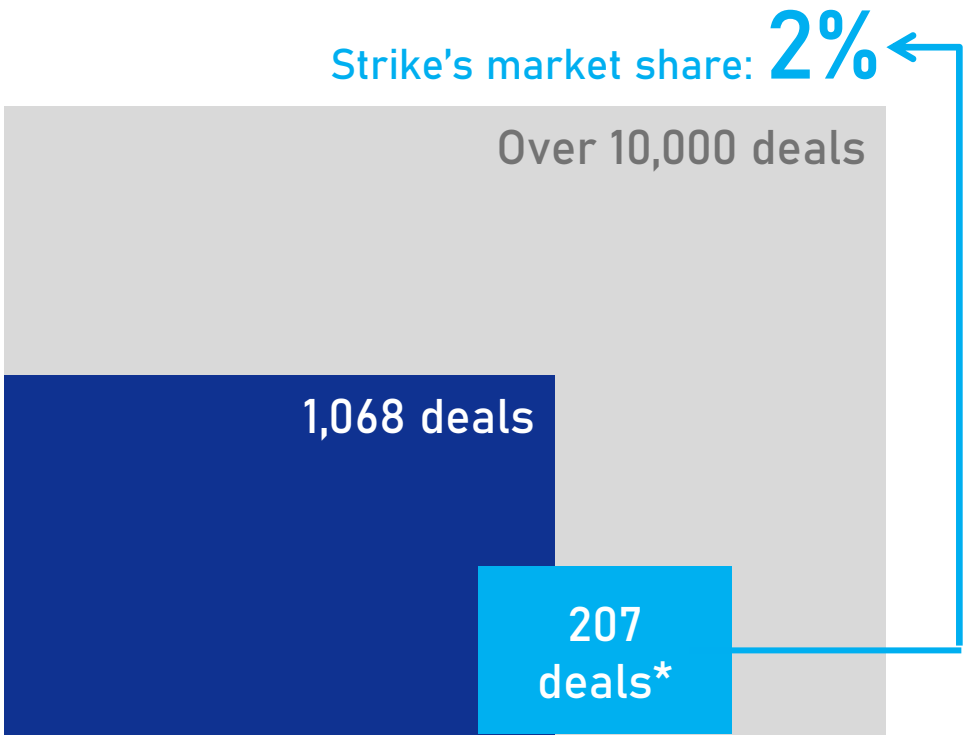
05 Company Overview

Market Environment: Estimated Market Size in Japan

- Although there is no comprehensive data on M&A activity in Japan, we estimate that there are over 10,000 M&A deals annually in Japan, which are about 10 times higher than the number of M&A deals disclosed by listed companies. (This figure is even higher when including extremely small M&A transactions.)



*Estimated number of undisclosed M&A deals (Strike's estimate based on the percentage of M&A deals Strike were involved in that were not subject to timely disclosure).



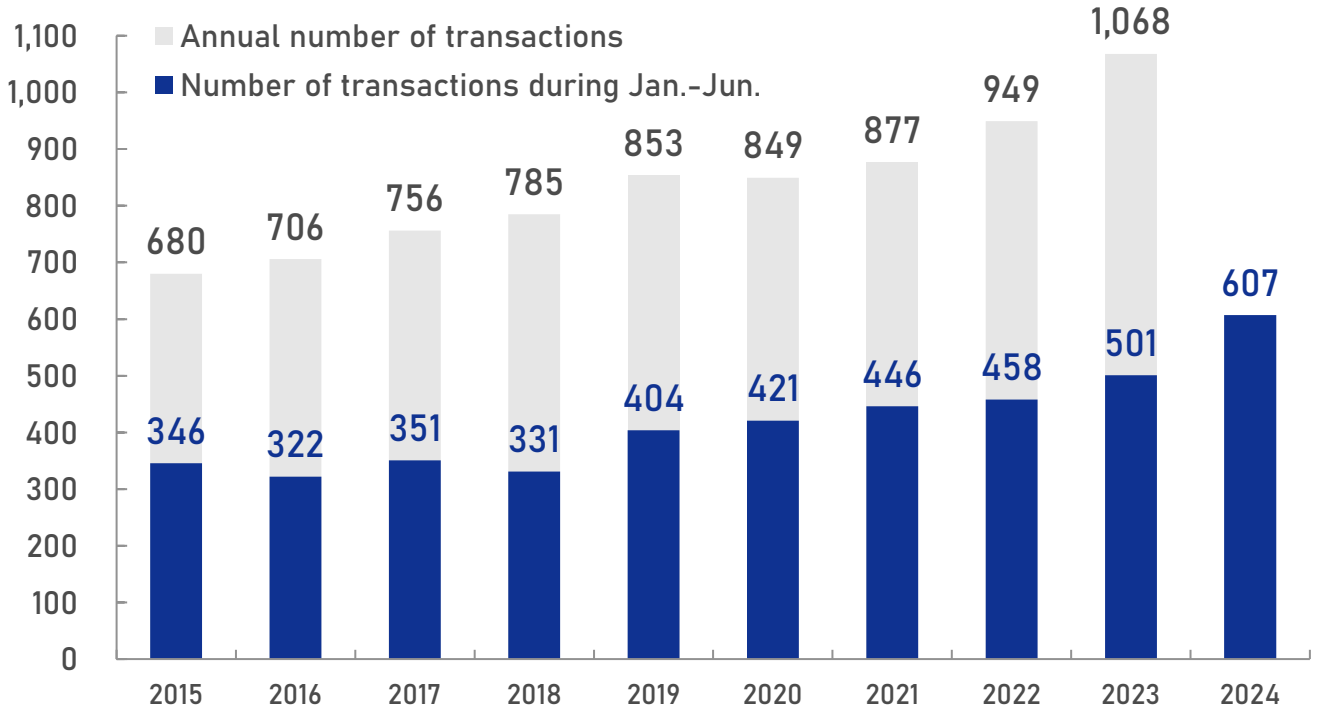
* M&A deals brokered by Strike in FY23/9

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Number of M&A Transactions in Japan

- The number of M&A transactions in Japan during the Jan.-Jun. period in 2024 rose by 106 YoY to 607 (based on timely disclosures of listed companies).
- Of this, 489 cases were M&A between Japanese companies (+82 YoY), while 118 of the deals involved overseas companies (+24 YoY).
- The pace of growth far exceeded that of last year, when the annual number of cases exceeded 1,000 for the first time in 16 years.

Number of M&A Transactions in Japan
(based on timely disclosures of listed companies)



Source: M&A Online

Breakdown of M&A deals
(domestic and cross-border deals)

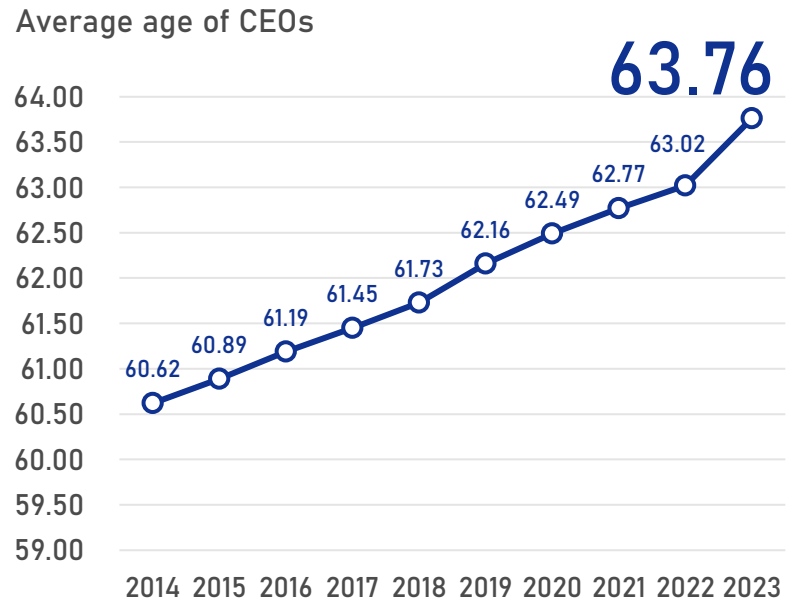
	Jan.–Jun. 2023	Jan. –Jun. 2024
Total M&As	501	607
M&As between Japanese companies	407	489
Outbound M&As	62	78
Inbound M&As	32	40

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Aging CEOs, Increase of Business Closure and Dissolution

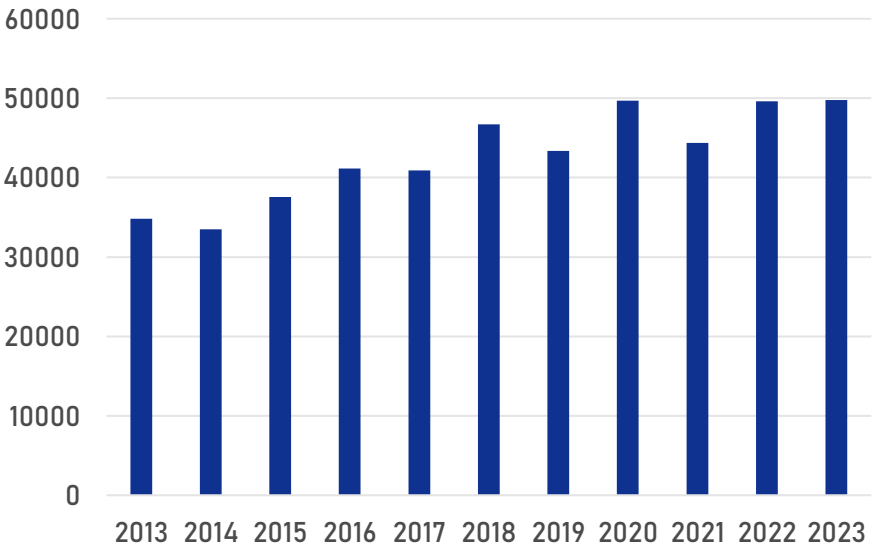
- With CEOs aging, there are many companies without successors, even among companies with elderly CEOs.
- The number of closed and dissolved businesses also remain at a high level.
- The market for business succession M&A is expected to continue expanding.

Aging CEOs



Source: "Nationwide Survey of Company Presidents' Ages," Tokyo Shoko Research, Ltd.

Number of Businesses Closed or Dissolved



Source: "2023 Survey of Trends in Closed and Dissolved Businesses," Tokyo Shoko Research, Ltd.

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Boosting Productivity is Crucial to the Survival of SMEs

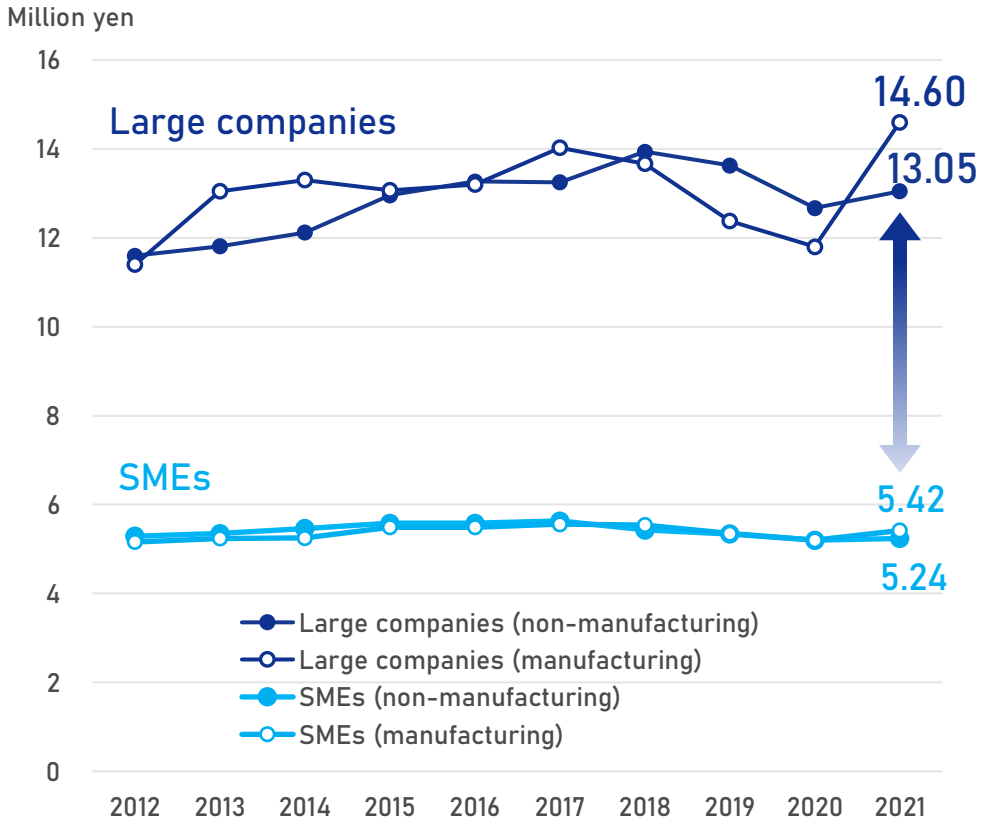
Boosting productivity* is essential for SMEs in Japan to achieve both wage increases and profit growth.

*Increase of added value

Creating new value through new businesses and exploring opportunities through cross-sector partnerships are becoming increasingly essential. M&A is a powerful strategy to achieve these goals.

Widening Disparity in Added Value between Large Companies and SMEs

Added value per employee (labor productivity) by company size



Source: Financial Statements Statistics of Corporations by Industry, Annually by the Ministry of Finance, included in the 2023 White Paper on Small and Medium Enterprises in Japan

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: M&A of Startups

- The Japanese government has designated 2022 as the “first year of startup creation” and announced the “Startup Development Five-year Plan” in November 2022.
- As part of its efforts to create a startup ecosystem, the government is developing various measures to facilitate startup M&A activity.

Japanese government’s five-year target and three pillars

Tenfold increase in startup investments over five years

¥800 billion in FY2022

↓

¥10 trillion in FY2027

Nurture talent and build networks

The most important element of a successful startup is people. Accelerate business formation by fostering startup leaders.

Strengthen funding and diversify exit strategies

Startups need funds to grow substantially. Expand investment from venture capitalists and individuals.

Promote open innovation

Promote open innovation between large companies and startups, including facilitating M&A as an exit option for startups.

Essential to develop the exit market

Startup M&A market expected to expand

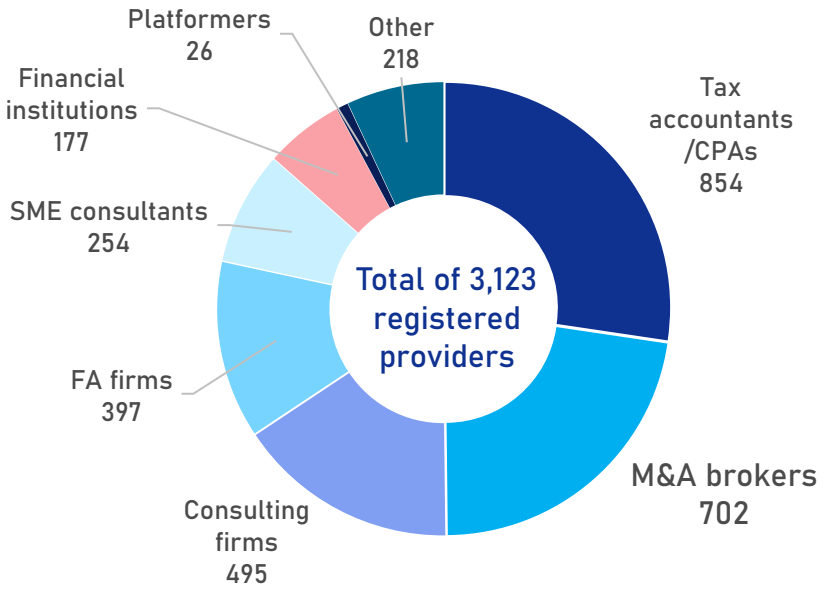
Source: Government Initiatives for Developing Startups by the Ministry of Economy, Trade and Industry; Startup Development Five-year Plan by the Council of New Form of Capitalism Realization

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Status of M&A Service Providers

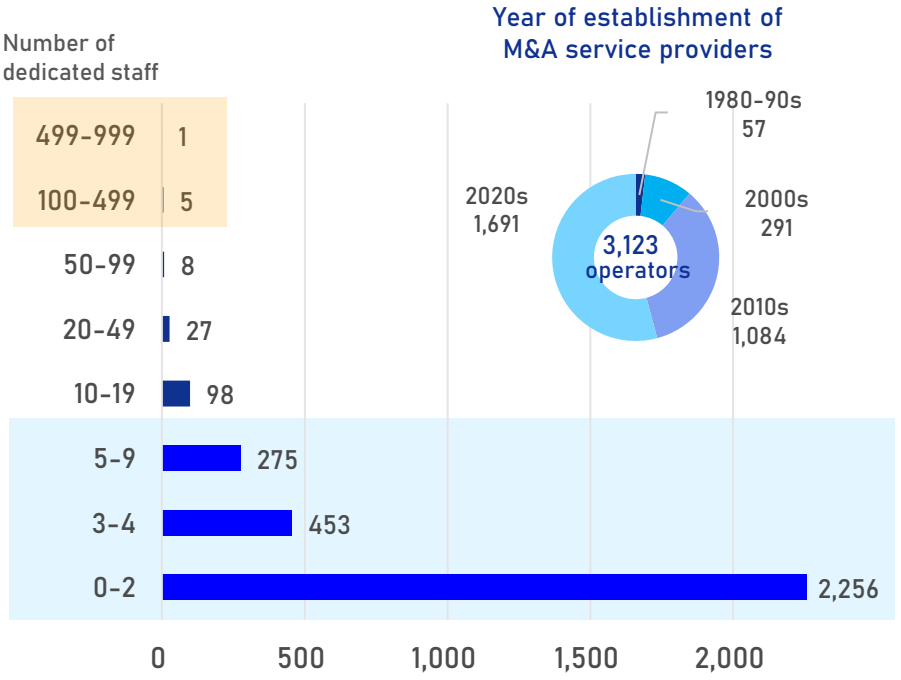
- The Small and Medium Enterprise Agency launched a registration system for M&A service providers (although not mandatory, most providers are registered).
- Although the number of M&A service providers has been on the rise in recent years, many are still small in size.

Number of Registered M&A Service Providers



Source: Current Registration Status (as of Mar. 13, 2024) by the Small and Medium Enterprise Agency

Number of Staff Dedicated to M&A Services at Registered Operators



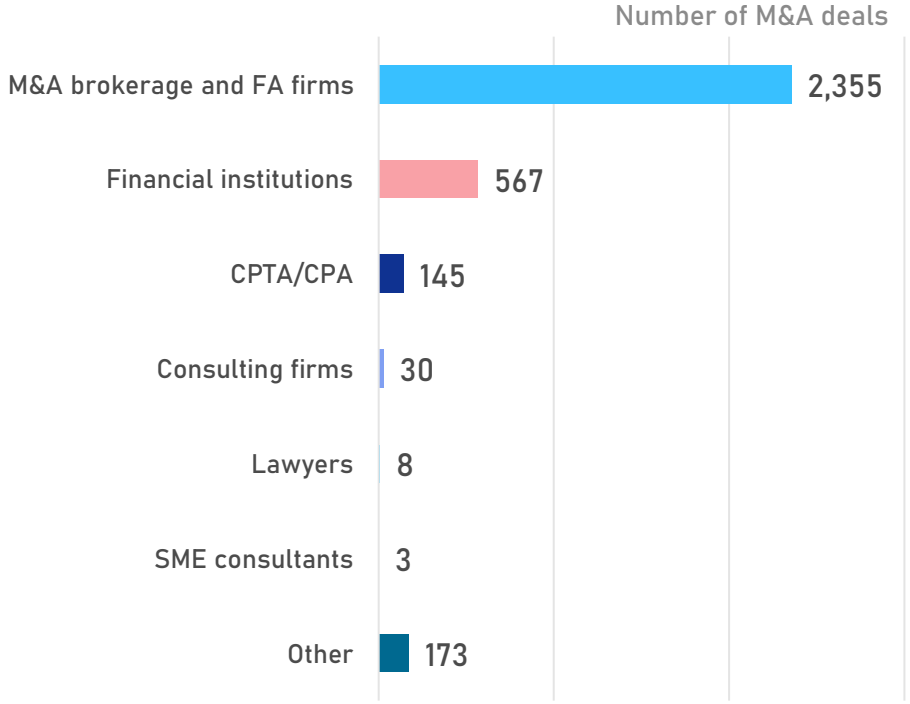
Source: Current Registration Status (as of Mar. 13, 2024) by the Small and Medium Enterprise Agency

Copyright© Strike Co., Ltd. All Rights Reserved.

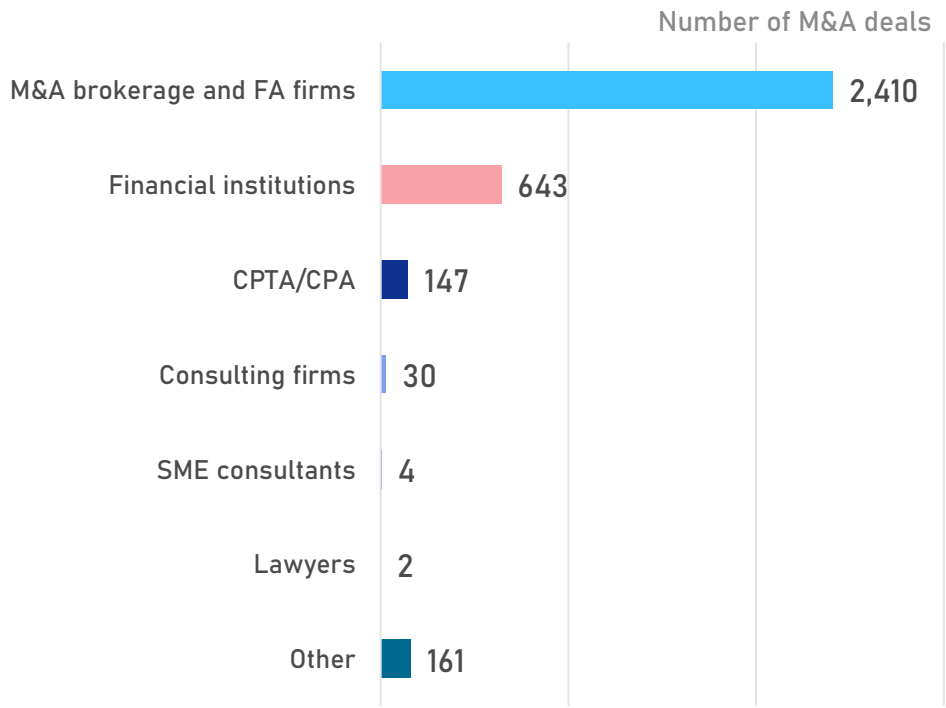
Market Environment: Status of Use of M&A Service Providers

☑ A large percentage of sellers use M&A brokerage firms and financial advisory (FA) firms when selling their business or acquiring another business.

Sale of Own Business



Purchase of Other Business



Source: Created based on FY2021 Performance Report of the Registration System for M&A Support Organizations.

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Initiatives by SMEA and M&A Intermediary Association

Background

- M&A service providers in Japan do not need any permits or licenses to operate, and there are no overarching laws or regulations governing the industry.
- As the SME M&A market in Japan expands, more and more new entrants are entering the market. However, some of these entrants lack sufficient experience and knowledge in M&A support, resulting in inconsistent service quality and unclear fee structures.

Initiatives by the Small and Medium Enterprise Agency (SMEA) and the M&A Intermediary Association

- The Small and Medium Enterprise Agency is implementing measures to promote M&A among SMEs, including budget allocations for subsidy schemes to facilitate the use of M&A service providers, along with a comprehensive revision of its guidelines.
- To enhance overall service quality in the industry, the government expects the M&A Intermediary Association, an industry organization, to establish uniform self-regulatory rules and ensure that M&A service providers adhere to these standards.

	Measure	Organizations subject to guidelines/rules	Overview
SMEA	Published the M&A Guidelines for SME (2nd Edition in Sept. 2023)	Companies, etc. registered as M&A service providers (*)	The Guidelines include points to be noted by M&A service providers, as well as key considerations for SMEs when they are considering M&A.
M&A Intermediary Association	Established the industry's first Code of Ethics and three self-regulatory rules: Advertising and Sales Rules, Compliance Rules, and Rules for Explaining Important Contract Matters	Members of the M&A Intermediary Association	The content is mainly aimed at M&A service providers, defining more specific and detailed regulatory content compared to the M&A Guidelines for SME.

*SMEA's registration system for M&A service providers. Registered institutions are eligible for government subsidies.

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Stricter Regulations

☑ In May 2024, the Small and Medium Enterprise Agency outlined plans to revise the second edition of the SME M&A Guidelines, which was published last September, to a third edition at the third meeting of the subcommittee on reviewing the SME M&A Guidelines.

Planned Revision to M&A Guidelines for SME (3rd Edition)

1. Explanation of brokerage and FA fees
   - Disclosure of standard fees, and for brokerage firms, disclosure of the brokerage fees receivable from the seller to the buyer and vice versa, etc.
2. Clarification of prohibited advertising and sales practices
3. Specification of prohibited conflict of interest actions in brokerage business
   - Prioritizing buyers' interests by receiving additional fees from them or making sellers to agree to unjustly low sale prices to favor the buyer.
   - Favoring repeat clients and providing them with special benefits.
   - Demanding a certain percentage of the difference between the desired sales price and the actual sales price from the buyer or seller, in addition to standard fees.
4. Addressing issues that may lead to disputes between parties after signing the final contract
5. Handling of personal guarantees
6. Elimination of inappropriate operators
   - Establishment of a mechanism to share information about inappropriate operators within the industry, etc.

Tighter regulations are essential for the industry's development. Strike has been taking steps to address these potential changes and does not anticipate any major impact on its business.

Copyright© Strike Co., Ltd. All Rights Reserved.

Market Environment: Other Topics

M&A仲介協会
M&A Intermediaries Association

The M&A Intermediaries Association is a self-regulatory organization established for the purpose of improving the quality of M&A intermediary services, promoting the sound development of the M&A intermediary industry as a whole, and supporting companies engaged in M&A through the thorough implementation of appropriate transaction rules, including the M&A Guidelines for SMEs.

We will actively engage in the activities of the association and contribute to the sound development of the industry.

Name	M&A Intermediaries Association (MAIA)	
Established	October 1, 2021	
Representative director	Kunihiko Arai	President and CEO Strike Co., Ltd.
Directors	Ryosuke Kubo	President Ondeck Co., Ltd.
	Shunsaku Sagami	CEO M&A Research Institute Inc.
	Yasuhito Shinoda	President Meinan M&A Co., Ltd.
	Satoru Nakamura	President and CEO M&A Capital Partners Co., Ltd.
	Suguru Miyake	President and Representative Director Nihon M&A Center Inc.
Auditor	Yutaro Kikuchi (Attorney-at-law, Kikuchi Sogo Law Office)	

Copyright© Strike Co., Ltd. All Rights Reserved.

STRIKE

01 Operating Performance in Q3 FY24/9

02 Forecast for FY24/9

03 Initiatives to Enhance Corporate Value

04 Market Environment

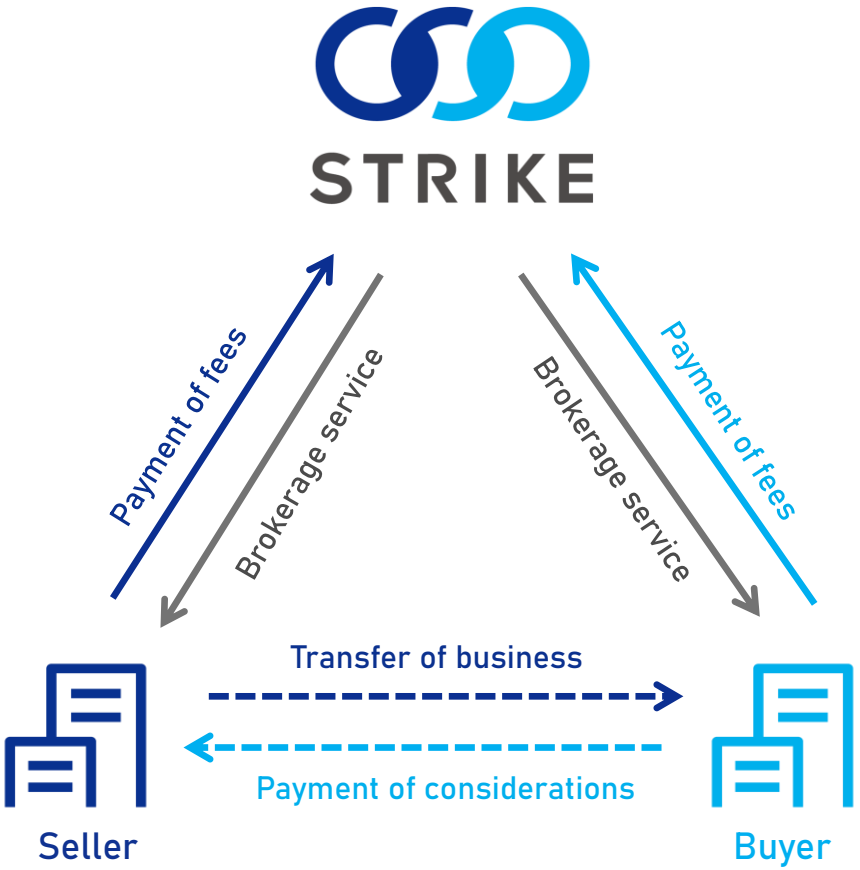
05 Company Overview

Company Overview

Company name	Strike Co., Ltd.
Established	July 1997
Share capital	¥823 million (as of March 31, 2024)
Representative	Kunihiko Arai, President and CEO
Headquarters	15th floor of Mitsui & Co. Building 1-2-1 Otemachi, Chiyoda-ku, Tokyo, Japan
Employees	345 (excluding temporary staff; as of June 30, 2024)
Net sales, operating profit	Net sales of ¥13,826 million and operating profit of ¥5,202 million (operating profit margin of 37.6%) in FY23/9
Business	M&A brokerage business
Mission	Create partnerships that change the world

Copyright© Strike Co., Ltd. All Rights Reserved.

Business Model



Overview

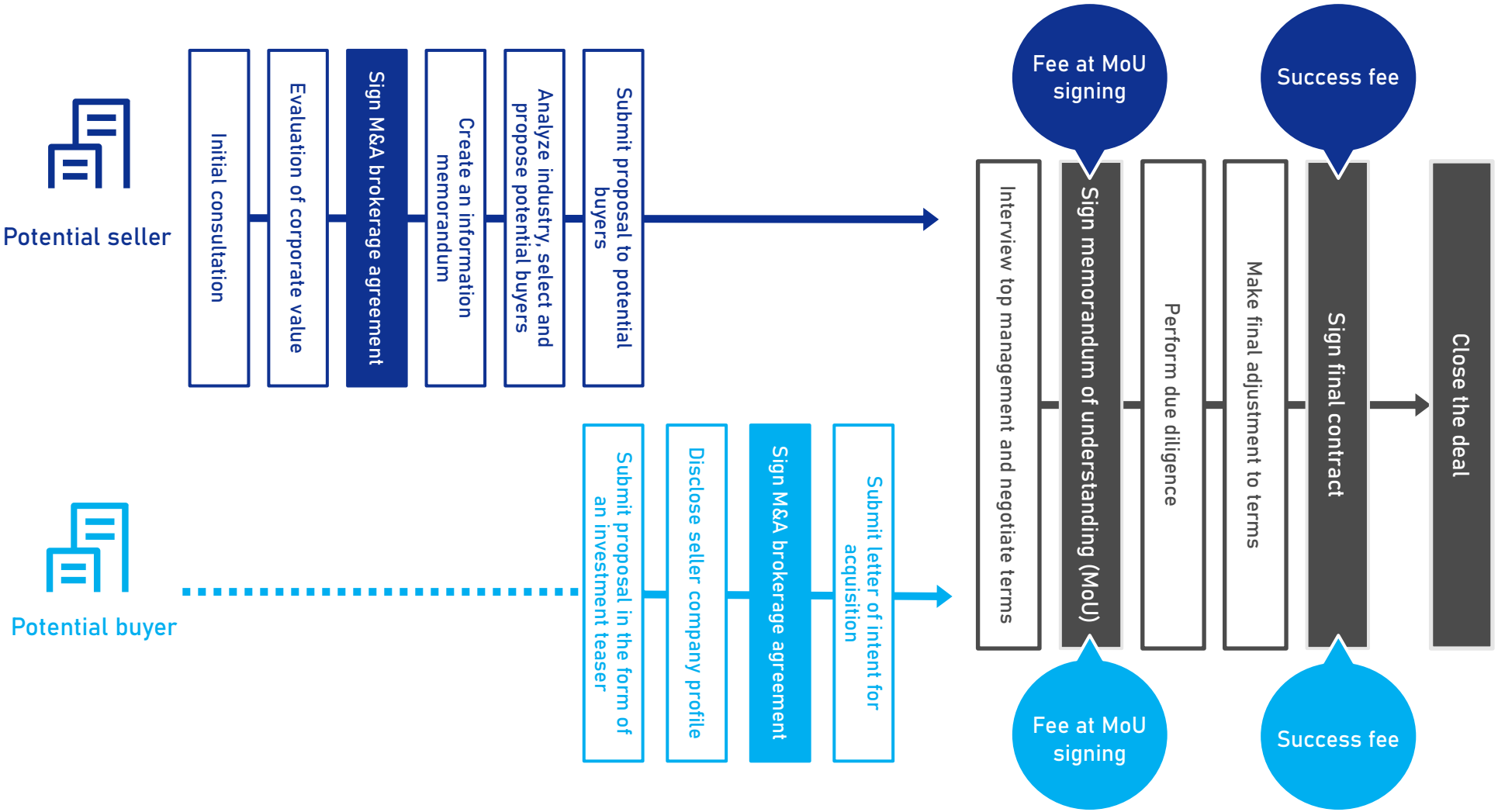
- We match sellers with buyers and receive brokerage fees from both parties.
- We also act as financial advisors in some cases, representing either the seller or the buyer.

Client Profile

- Main sellers are SMEs in Japan.
- Main buyers are listed and unlisted Japanese companies, as well as private equity funds.

Copyright© Strike Co., Ltd. All Rights Reserved.

Flow of M&A Brokerage Business



Copyright© Strike Co., Ltd. All Rights Reserved.

Fee Structure

☑ No start-up fee and low intermediary fee upon MoU signing.

	Seller		Buyer	
Start-up fee	Free		Free	
Fee at MoU signing	¥1–3mn when MoU is signed		¥1–3mn when MoU is signed	
Success fee (Lehman formula)	Value of seller's equity and officers' severance pay, etc.		Value of seller's equity and total debt	
	Portion below ¥500mn	5%	Portion below ¥500mn	5%
	Portion from ¥500mn to ¥1bn	4%	Portion from ¥500mn to ¥1bn	4%
	Portion from ¥1bn to ¥5bn	3%	Portion from ¥1bn to ¥5bn	3%
	Portion from ¥5bn to ¥10bn	2%	Portion from ¥5bn to ¥10bn	2%
	Portion above ¥10bn	1%	Portion above ¥10bn	1%

■ Since sellers pay the brokerage fees out of their sale proceeds, the base for calculating these fees is set as the seller's sales value, excluding the debt portion, to alleviate their burden.

Copyright© Strike Co., Ltd. All Rights Reserved.

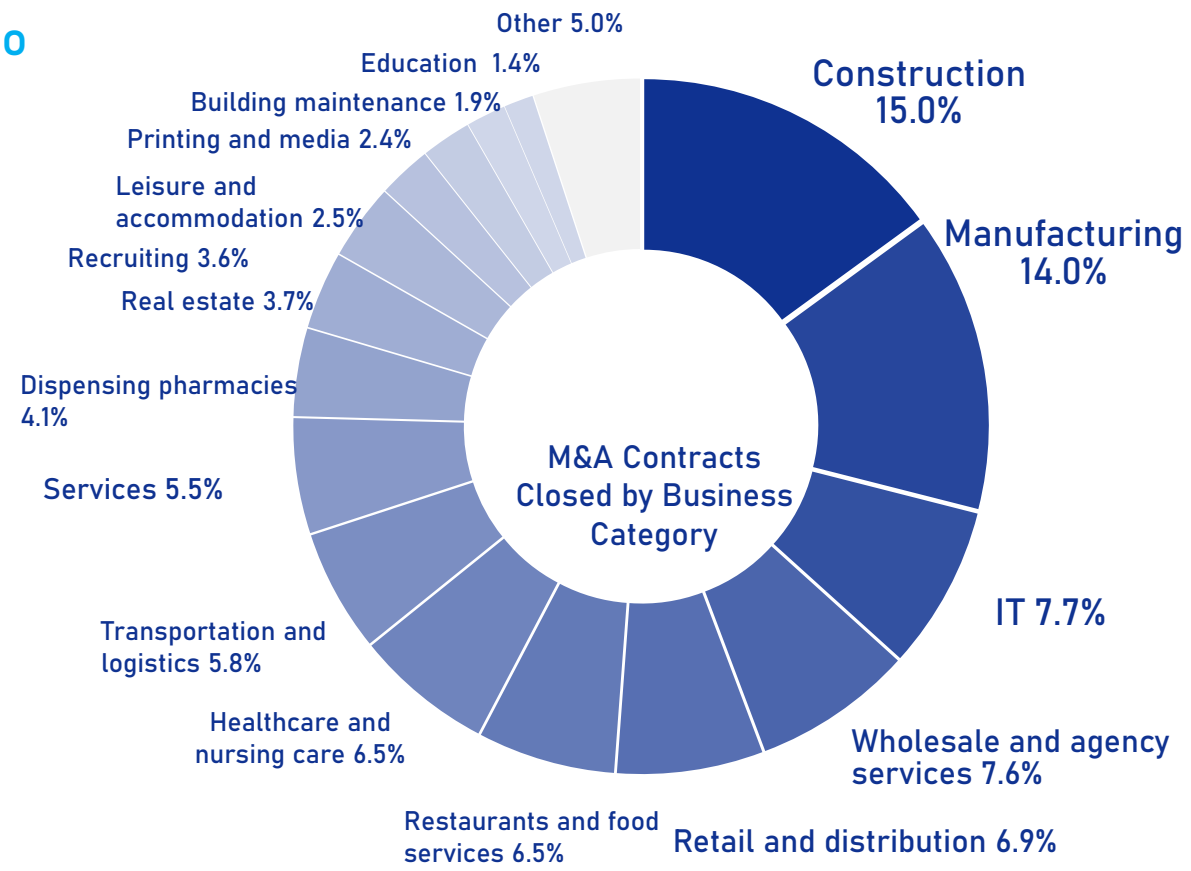
M&A Track Record in Various Industries

Thanks to a vast referral network, we have a diverse M&A portfolio spanning multiple industries, which positions us to adeptly manage unique, specialized projects.

Capable of flexibly responding to changes in the external environment and M&A needs.

Total number of M&A deals since the Company's founding to FY23/9

Note: Breakdown of the number of businesses sold by industry

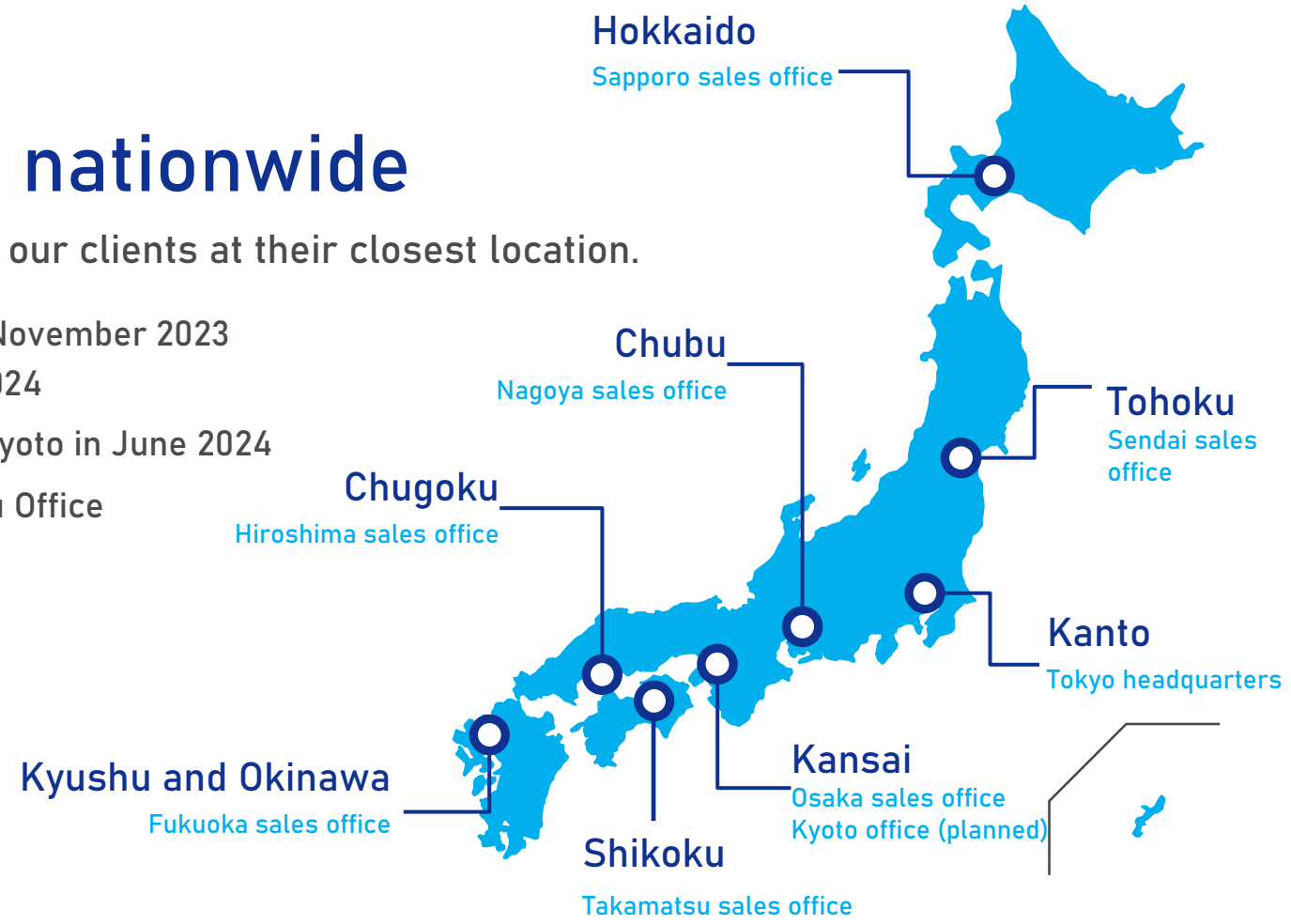


Copyright© Strike Co., Ltd. All Rights Reserved.

Nine offices nationwide

Providing quality support to our clients at their closest location.

- Relocated Osaka Office in November 2023 and Sendai Office in May 2024
- Opened a startup base in Kyoto in June 2024
- Plan to relocate Takamatsu Office



Copyright© Strike Co., Ltd. All Rights Reserved.

Operation of M&A Portal Site

M&A Online

M&A Database

Our M&A database contains timely disclosures on M&A deals that can be searched by company name, securities code, scheme, and industry.

Large Shareholding Report Database

We update and disclose the Large Shareholding Report Database, which provides insight into indicators of M&A activity and trading trends among major investors. We provide all large shareholding report data submitted to EDINET.

Launch of Video Content

Launched "M&A Online Prime," a new talk show content, in October 2023.

We welcome experts who are deeply involved in M&A within leading industries to share insights on their expansion strategies, particularly those involving M&A.

From left: Kunihiko Arai, President & CEO of Strike, Kenji Higasa, President of MBS Innovation Drive, and Takeo Ishizaki, President & CEO of ABC Dream Ventures, discuss growth strategy of TV broadcasters

Publication of *M&A Yearbook*

The M&A Yearbook is a magazine-book covering data for all M&A deals carried out by listed companies in a year, examining the deals from various angles, including monetary value and industry type.



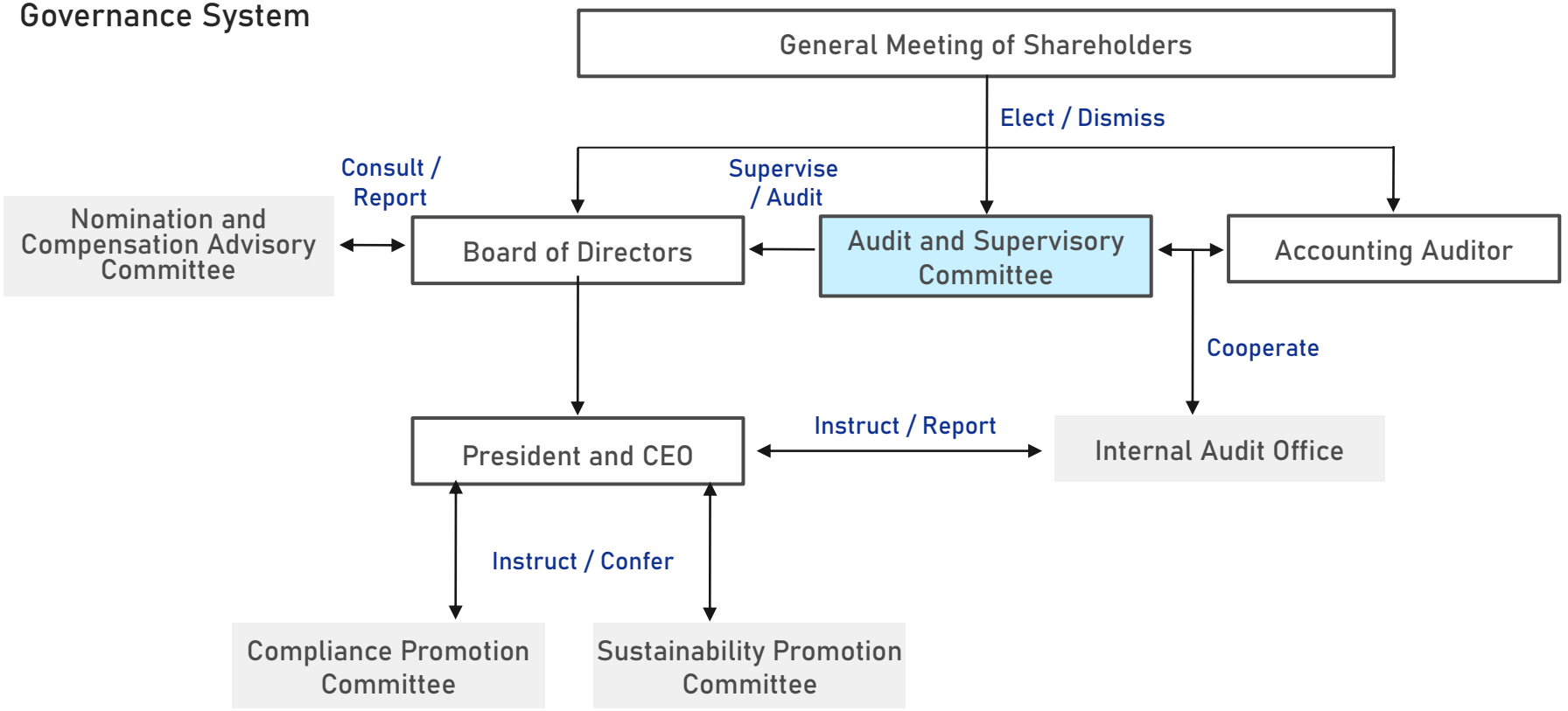


Copyright© Strike Co., Ltd. All Rights Reserved.

Initiatives to Strengthen Governance

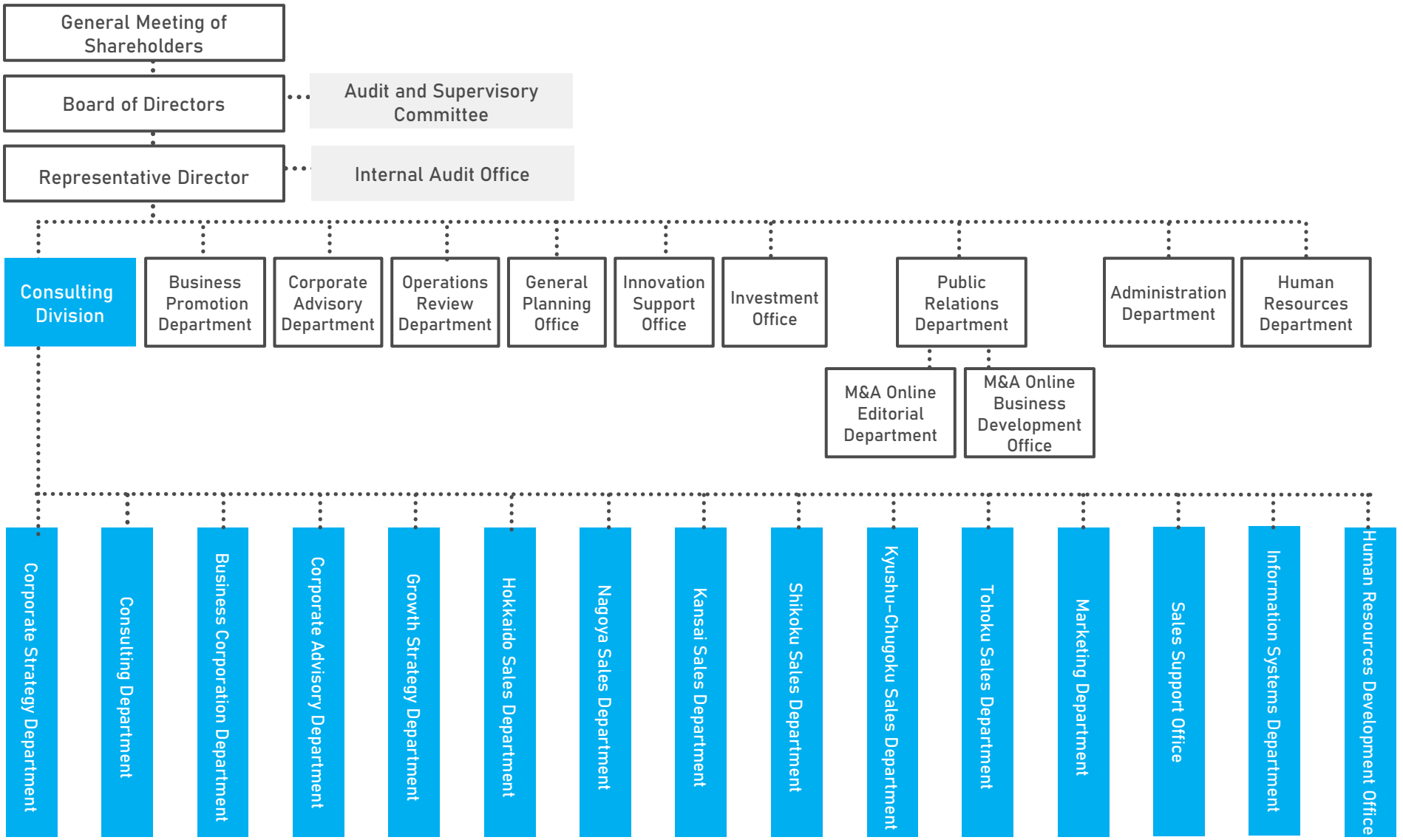
- Transitioned to a company with an Audit and Supervisory Committee in December 2023.
- To strengthen governance, the majority of the members of the Board of Directors are outside directors.
- The chair of the Nomination and Compensation Advisory Committee is appointed from outside directors (majority of the committee members are also outside members).

Governance System



Copyright© Strike Co., Ltd. All Rights Reserved.

Organization (as of July 1, 2024)



Copyright© Strike Co., Ltd. All Rights Reserved.

Our Mission

STRIKE

Create partnerships that change the world

Together, we can overcome the reality.
Together, we can find the right answer.
Together, we can enrich the world.
Together, we can exceed expectations.

Individually, possibilities are limited, but by joining together we become a great force.

The process of coming together can be challenging, but a new world awaits in the future if we overcome those difficulties.

We rise as one to overcome any challenge.

We listen, put our heads together, and dedicate our all to everyone involved in M&A.

We take every step with you to achieve a bright and positive future.

Together, we can create partnerships that change the world.

We are Strike.

Copyright© Strike Co., Ltd. All Rights Reserved.