October 30, 2024

Q4 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.

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STRIKE

01 Operating Performance in FY24/9

02 Forecast for FY25/9

03 Initiatives to Enhance Corporate Value

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Executive Summary

External Environment

- ☑ The number of M&A transactions of listed companies in January-September 2024 increased by 142 YoY (from 747 to 889) (see p. 38).
- ☑ 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 and the August release of the 3rd edition of the M&A Guidelines for SMEs by the Small and Medium Enterprise Agency.

Operating Performance

- ☑ Net sales for the fiscal year ended September 30, 2024 (FY24/9) were ¥18,138 million, reaching 99.6% of the plan. This was driven by an increase in the average deal size, which rose to ¥72 million per deal, surpassing the planned figure of ¥67 million, even though the number of deals closed came to 252, which was below the target of 270.
- ☑ Operating profit was ¥6,772 million, reaching 96% of the plan. While SG&A expenses were reduced through cost control measures, operating profit margin came in at 37.3%, falling short of the plan of 38.6%, due to an increase in consultants' personnel expenses.
- ☑ Bottom-line profit reached 106% of the plan due to a ¥62 million gain on sales of investment securities recorded in Q4 and the application of a tax credit to promote wage increases.

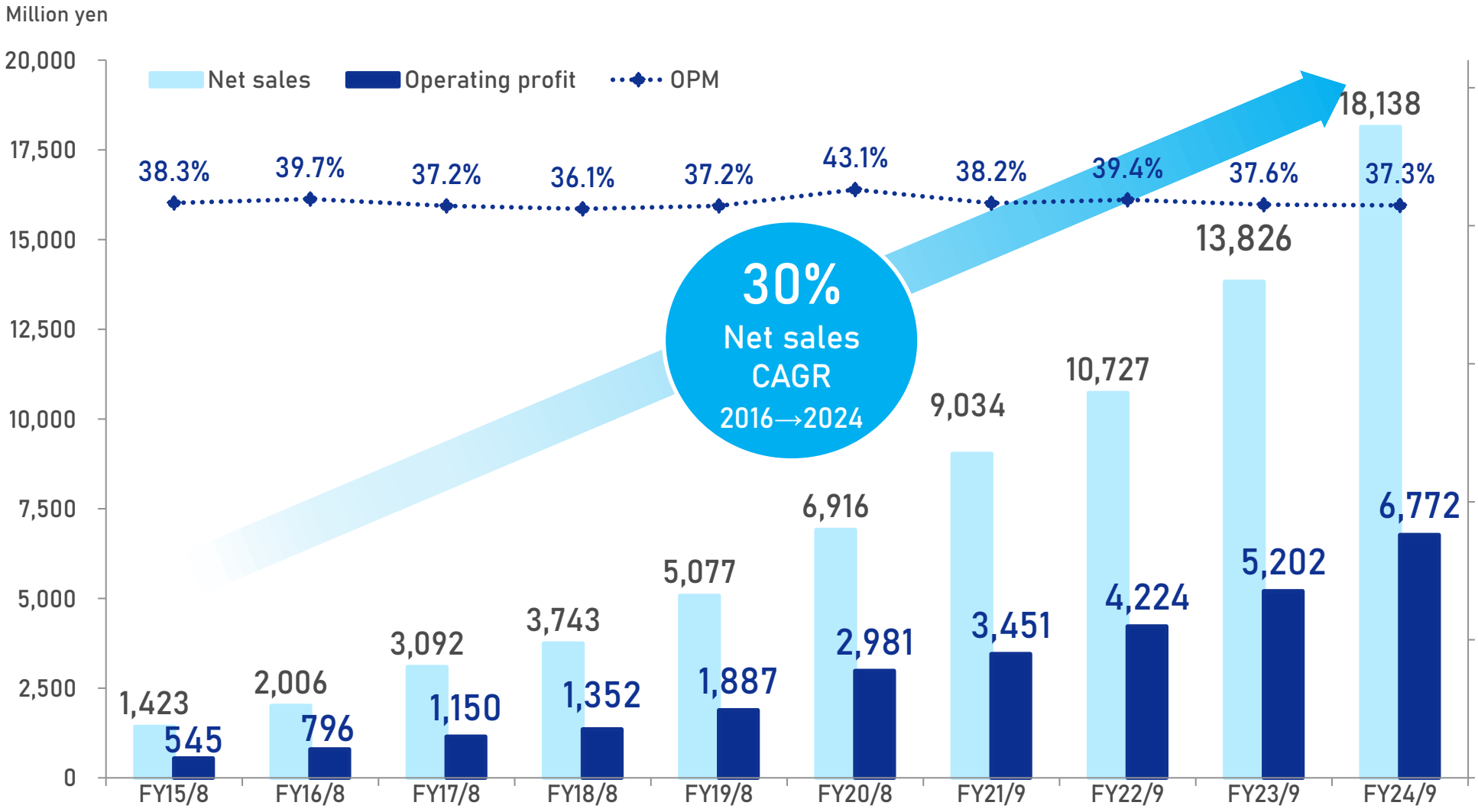
Other

- ☑ The dividend payout ratio has been increased from 25% to 35% effective FY24/9, and dividend forecast increased by ¥6 from ¥85 at the time of the dividend increase to ¥91.
- ☑ The consultant headcount significantly increased by 77 against our annual target of 40.
- ☑ The number of new contracts totaled 923, greatly exceeding our full-year target of 814.

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FY24/9 Operating Performance

☑ Net sales increased 31.2% YoY, while operating profit grew 30.2% YoY, marking the 10th consecutive year of sales and profit growth.



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Year-on-Year Comparison

- OPM was on a par with the previous year's level as the cost of sales ratio increased due to higher consultant personnel expenses, although the SG&A expense ratio decreased due to advertising and other cost controls,.

Million yen

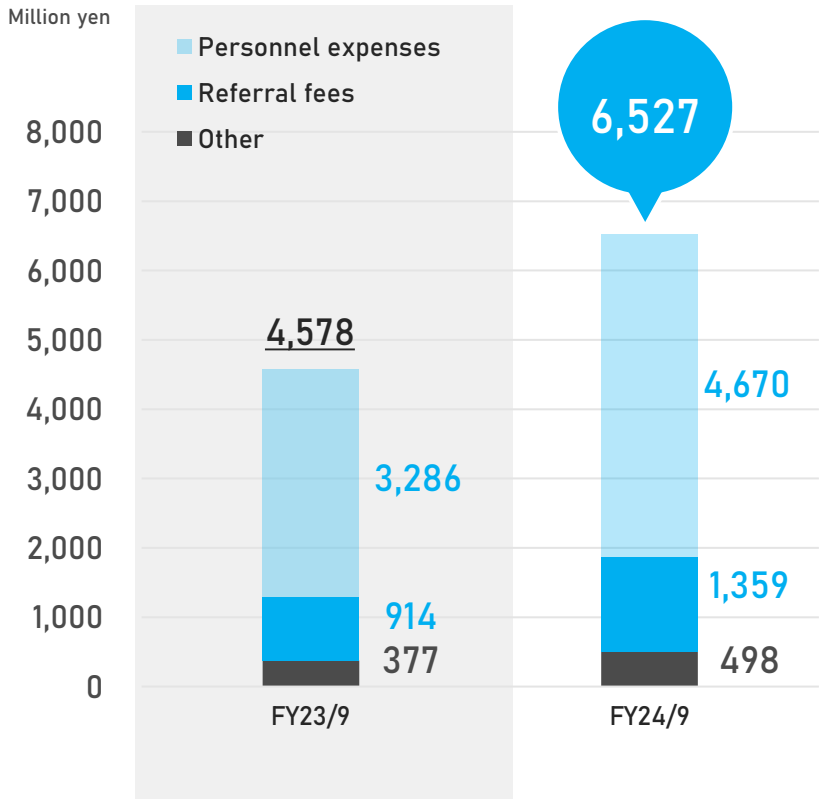
	FY23/9	FY24/9	YoY change
Net sales	13,826	18,138	+31.2%
Cost of sales	4,578	6,527	+42.6%
Cost of sales ratio	33.1%	36.0%	-
SG&A expenses	4,045	4,838	+19.6%
SG&A expense ratio	29.3%	26.7%	-
Operating profit	5,202	6,772	+30.2%
OPM	37.6%	37.3%	-
Ordinary profit	5,211	6,772	+30.0%
Profit	3,866	4,955	+28.1%
Number of deals closed	207	252	+45 deals
Number of new contracts	712	923	+211 deals
Employees	278	368	+90 emplyees

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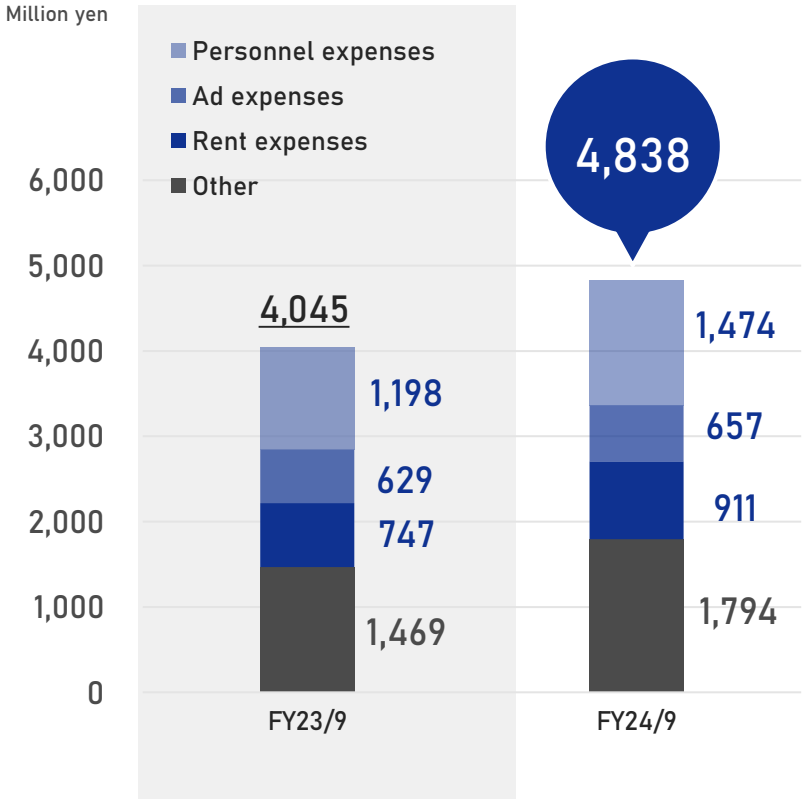
Cost of Sales and SG&A Expenses

- Cost of sales increased due to headcount increase and other factors.
- Rent expenses on land and buildings under SG&A expenses increased due to relocation of Osaka and Sendai offices (+¥163 million), etc. Other expenses rose due to recruitment activity (+¥118 million), etc.

Breakdown of Cost of Sales



Breakdown of SG&A Expenses



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Comparison of Financial Position vs. End-FY23/9

- Accounts receivable – trade increased temporarily at the end of the previous fiscal year due to a concentration of sales near the end of the year. Investments and other assets increased by ¥341 million due to an increase in investment securities.

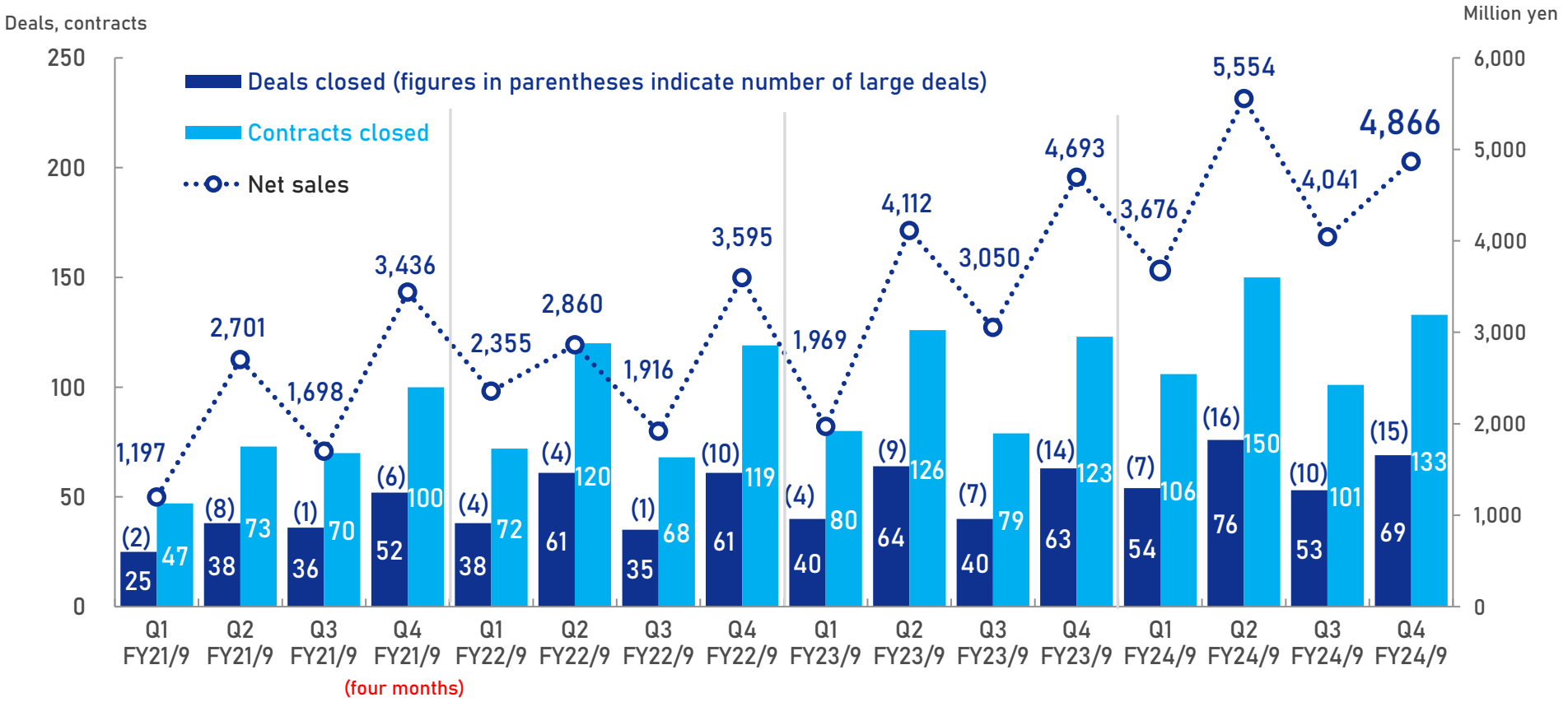
	End-FY23/9 Balance	End-FY24/9 Balance	Change
Cash and deposits	14,102	18,358	+4,256
Accounts receivable – trade	966	643	-322
Other	155	225	+69
Total current assets	15,224	19,227	+4,003
PP&E	1,082	1,146	+63
Intangible assets	12	8	-3
Investments and other assets	1,965	2,307	+341
Total non-current assets	3,060	3,462	+401
Total assets	18,285	22,690	+4,405

	End-FY23/9 Balance	End-FY24/9 Balance	Change
Accounts payable-trade	160	254	+94
Income taxes payable	970	1,143	+173
Other	2,461	2,525	+63
Total current liabilities	3,591	3,923	+332
Total non-current liabilitie	190	296	+105
Total liabilities	3,782	4,220	+438
Share capital	823	823	-
Capital surplus	801	801	-
Retained earnings	13,310	17,285	+3,975
Treasury shares	(434)	(434)	-0
Shareholders' equity	14,501	18,476	+3,975
Valuation and translation adjustments /Share acquisition rights	2	(6)	-8
Total net assets	14,503	18,470	+3,967
Total liabilities and net assets	18,285	22,690	+4,405

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Deals and Contracts Closed

☑ While quarterly fluctuations occur as the timing of deal closing is driven by client decisions, the long-term trend shows stable growth.



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)

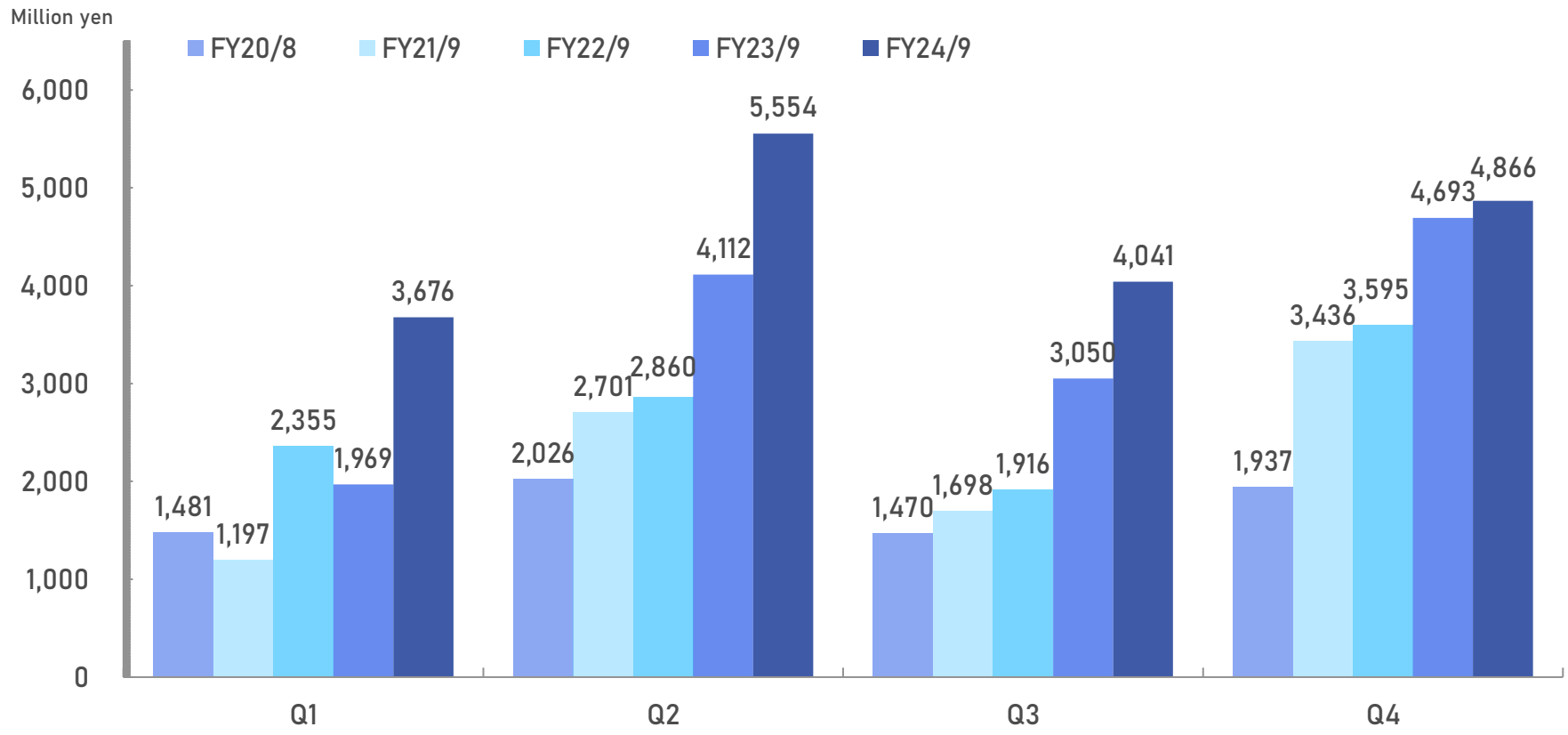
Contracts closed: Number of contracts on closed M&A deals in which Strike provides brokerage or advisory services (i.e., number of companies)

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.

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(Reference) Quarterly Net Sales

Three-month Net Sales



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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.

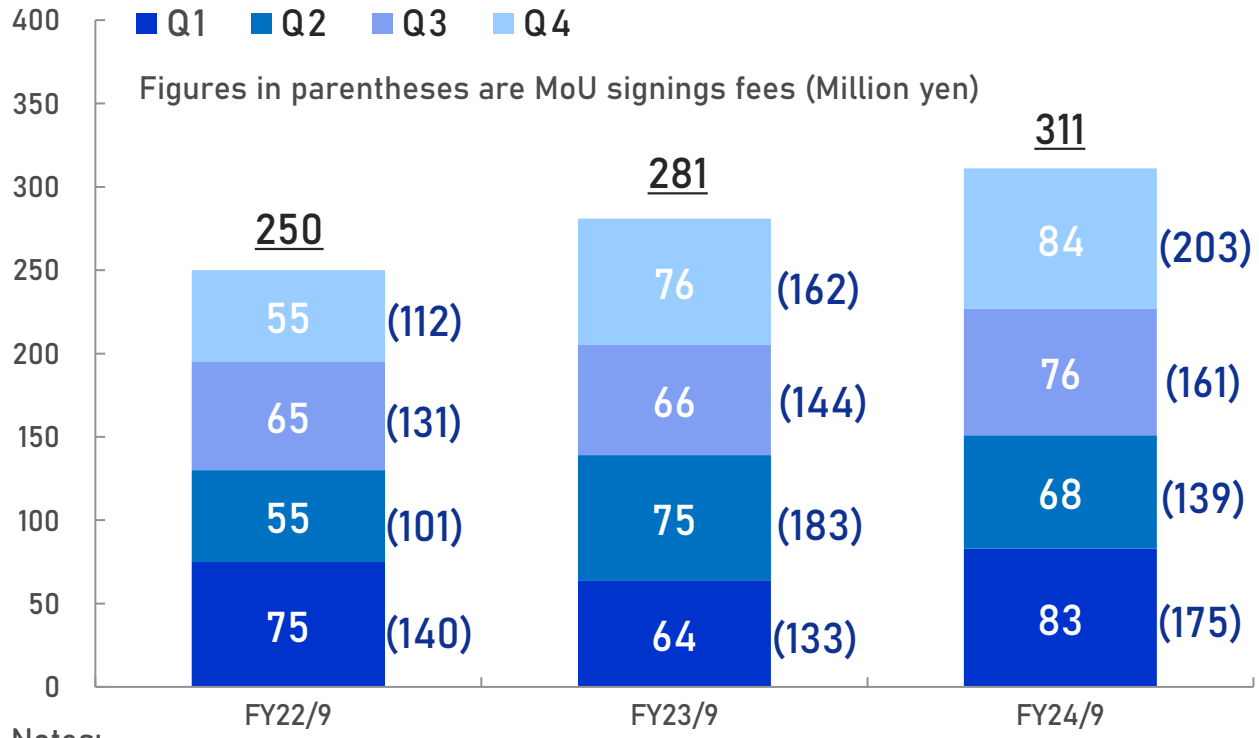
	KPI	Time to productivity
Short-term	**Number of MoU signed** Number of transactions for which exclusive negotiations began between the seller and buyer	Approx. 3 – 6 months
Medium-term	**Number of new contracts** Number of brokerage contracts signed with sellers	Approx. 8 – 12 months
Long-term	**Number 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

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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 increased steadily throughout the full year, amounting to 311 in FY24/9.

Number of MoU Signed



Notes:

1. Calculated from Q1 FY22/9 following the revision to the fee structure.
2. The MoU signing fee ranges from ¥1 million to ¥3 million, depending on the value of total assets of the potential seller. The number of MoU signed above includes only those where MoU signing fees were incurred.

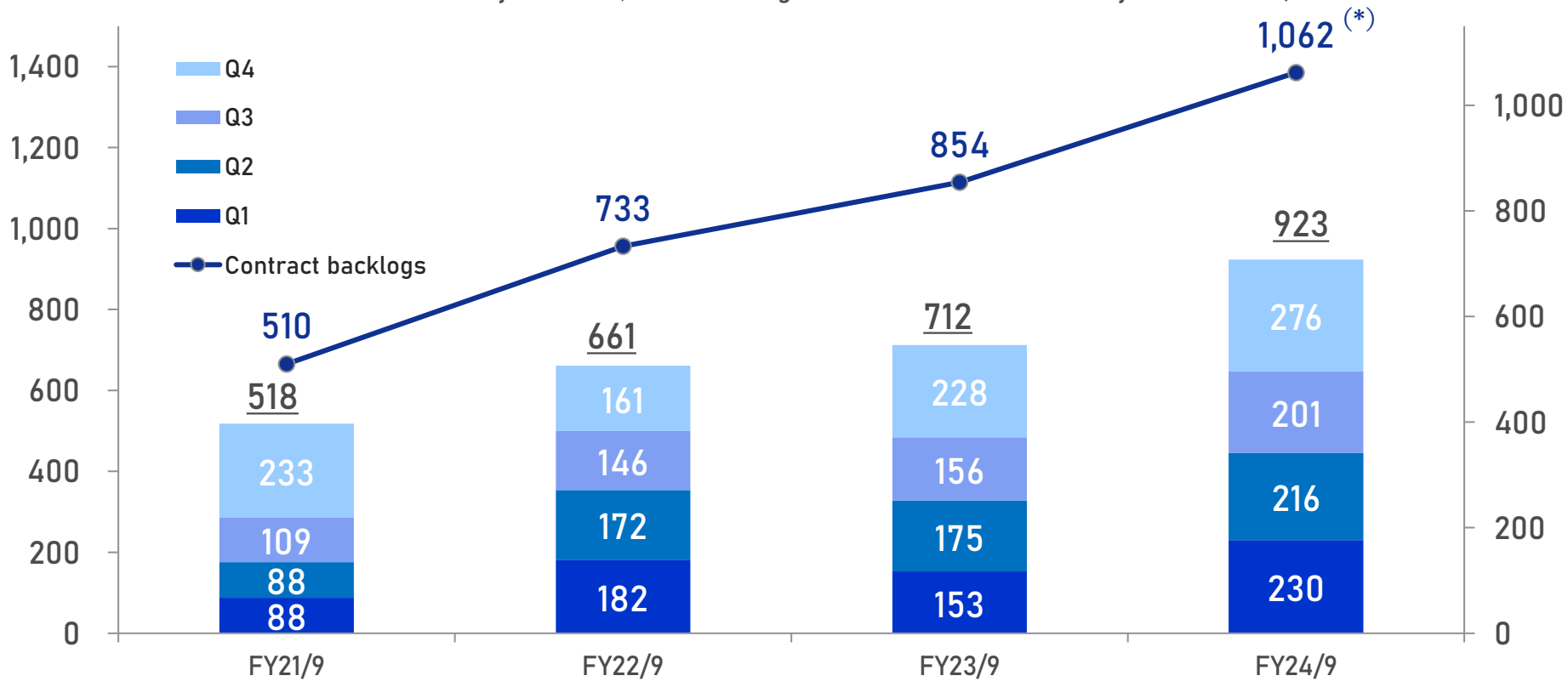
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New Contracts

- The number of new contracts increased significantly due to an increase in referrals from business partners.
- The average expected sales per new contract slightly declined YoY due to an increase in the number of small and medium-sized deals taken on through referrals from financial institutions and accounting firms. (FY23/9: ¥85 million, FY24/9: ¥82 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 82 projects that are currently suspended due to client circumstances.

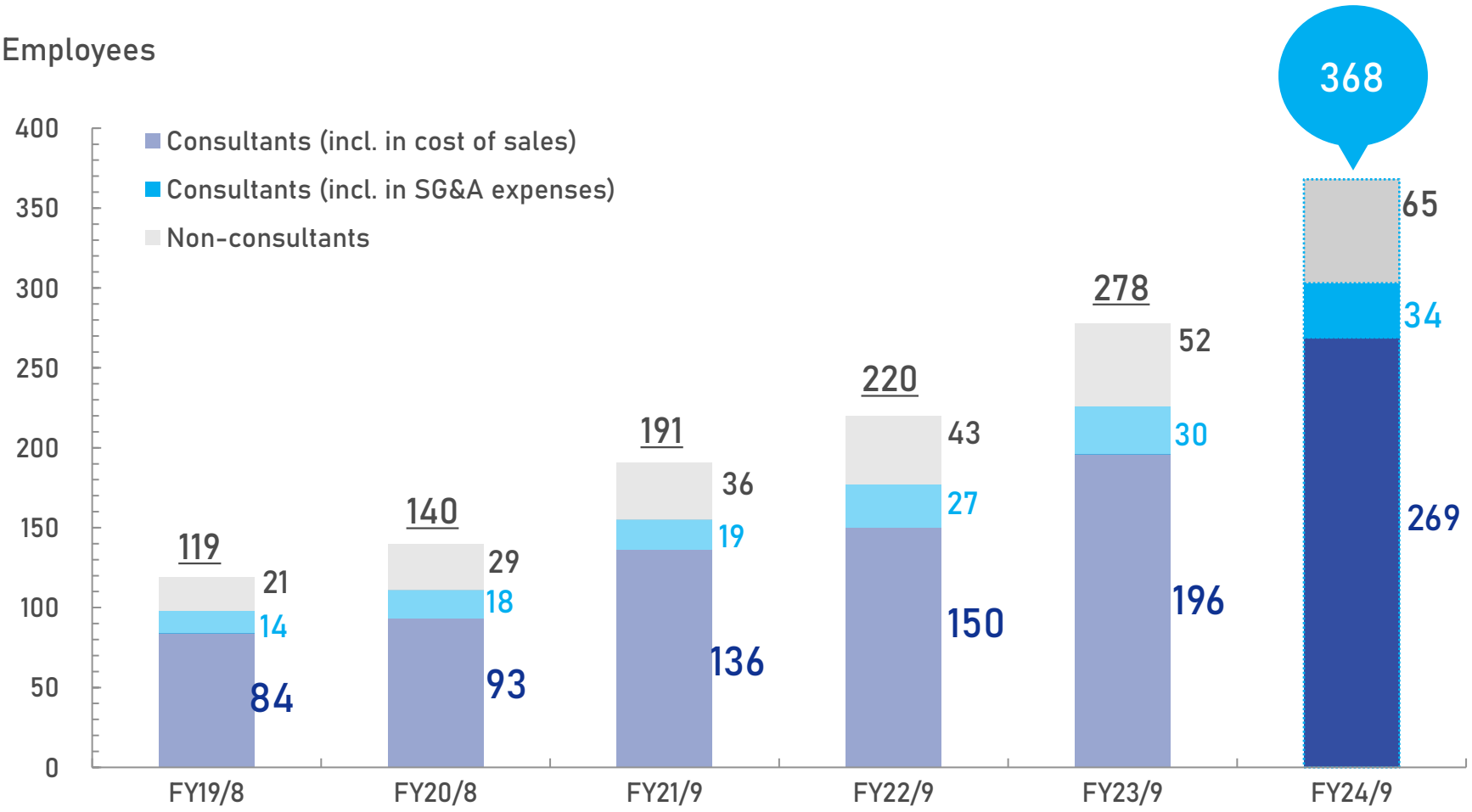
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Employees

- The consultant headcount significantly increased by 77 in FY24/9, 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



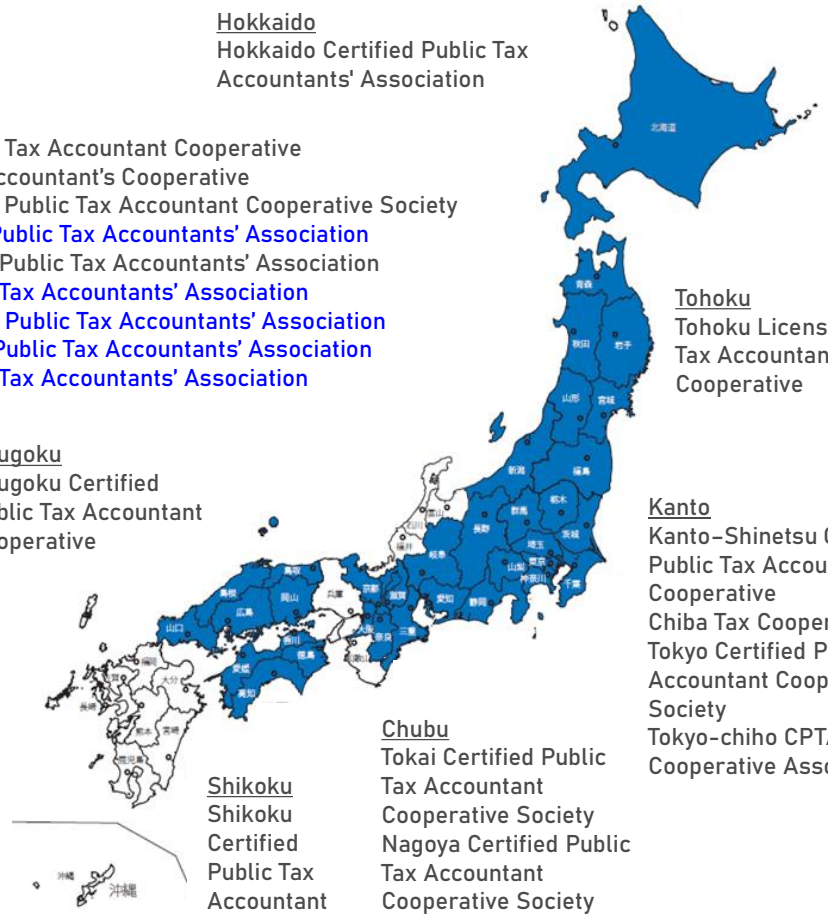
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Topics in FY24/9 – 1/3

Expanded Alliances with Tax Accountant Cooperatives

Alliances with Tax Accountant Cooperatives

(Associations that became partners in F24/9 are stated in blue.)



Hokkaido
Hokkaido Certified Public Tax Accountants' Association

Kinki
Kyoto Certified Public Tax Accountant Cooperative
Shiga Licensed Tax Accountant's Cooperative
Osaka–Nara Certified Public Tax Accountant Cooperative Society
Wakayama Certified Public Tax Accountants' Association
Hyogo West Certified Public Tax Accountants' Association
Kobe Certified Public Tax Accountants' Association
Nishinomiya Certified Public Tax Accountants' Association
Amagasaki Certified Public Tax Accountants' Association
Itami Certified Public Tax Accountants' Association

Tohoku
Tohoku Licensed Public Tax Accountant Cooperative

Chugoku
Chugoku Certified Public Tax Accountant Cooperative

Kanto
Kanto–Shinetsu Certified Public Tax Accountant Cooperative
Chiba Tax Cooperative
Tokyo Certified Public Tax Accountant Cooperative Society
Tokyo-chiho CPTAs Cooperative Association

Kyushu and Okinawa
Northern Kyushu Tax Accountant Cooperatives
Okinawa Certified Public Tax Accountants Association
South Kyushu Certified Public Tax Accountants' Association

Shikoku
Shikoku Certified Public Tax Accountant Cooperative

Chubu
Tokai Certified Public Tax Accountant Cooperative Society
Nagoya Certified Public Tax Accountant Cooperative Society

Our network expanded to include 22 organizations with more than 65,000 members nationwide.

We aim to boost our M&A deal flow by partnering with networks of tax accountants, which include both firms and independent professionals, combining their specialized tax knowledge with our expertise in M&A partner search and brokerage service.

We received referrals of eight clients from the partners with which we newly formed alliances this fiscal year.

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Topics in FY24/9 – 2/3

Launch of Kyoto Innovation Office and Initiatives to Facilitate Innovation-oriented M&A

In June 2024, we launched an office in Kyoto City in partnership with East Ventures, one of the largest seed-stage venture capital firms in Japan and Southeast Asia.

Kyoto, known for its many universities and research institutions, boasts a rich history of evolving from traditional industries to advanced technology sectors, creating a uniquely diverse industrial landscape. Building on these strengths, a collaborative initiative among industry, government, and academia is underway to establish a vibrant startup ecosystem.

Strike is committed to fostering the growth of startups and facilitating innovation-oriented M&A to drive business expansion, new business creation, and corporate transformation for large companies. As part of this commitment, we run a membership-based service called "S venture Lab.," designed to promote partnerships between startups and established businesses.

To encourage networking among member companies, we host a monthly event, "Conference of S venture Lab.," which features guest speakers, startup pitches, and business card exchanges.

From the 1st to the 29th S venture Lab. event (held in Sept. 2024), we had:

2,969
attendees

107
startups as speakers

507
meetings among attendees

Signed a Partnership Agreement with B.LEAGUE

In July 2024, we became a supporting partner of Japan's professional men's basketball league, B.LEAGUE.

By combining our M&A expertise with B.LEAGUE's "SOCIAL INNOVATION HUB" initiative, we aim to develop a regional economic revitalization model centered on B clubs across the country.

Drawing on our experience in supporting M&A of several B clubs, we are dedicated to helping these clubs grow their businesses and increase their overall value.

B.LEAGUE × STRIKE

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Topics in FY24/9 – 3/3

Obtained ISO27001 Certification, International Standard for Information Security Management Systems

With the rapid development of cloud services and mounting security risks, the protection of information assets in M&A brokerage operations is becoming increasingly important.

We are committed to elevating our information security practices, and in March 2024 we have acquired ISO27001 certification, an international standard, to provide our clients with enhanced assurance and trust in our services.

Announced Sustainability Policy and Materiality Issues

We have established a new sustainability policy and identified six key priorities (material issues) that we will focus on to achieve a sustainable society and enhance corporate value.

We have also set specific goals and KPIs to address these priorities, further promoting our sustainability efforts.

For more details, please visit our corporate website.

https://www.strike.co.jp/sustainability/

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Full-year Earnings Forecast for FY25/9

Assumptions for the forecasts

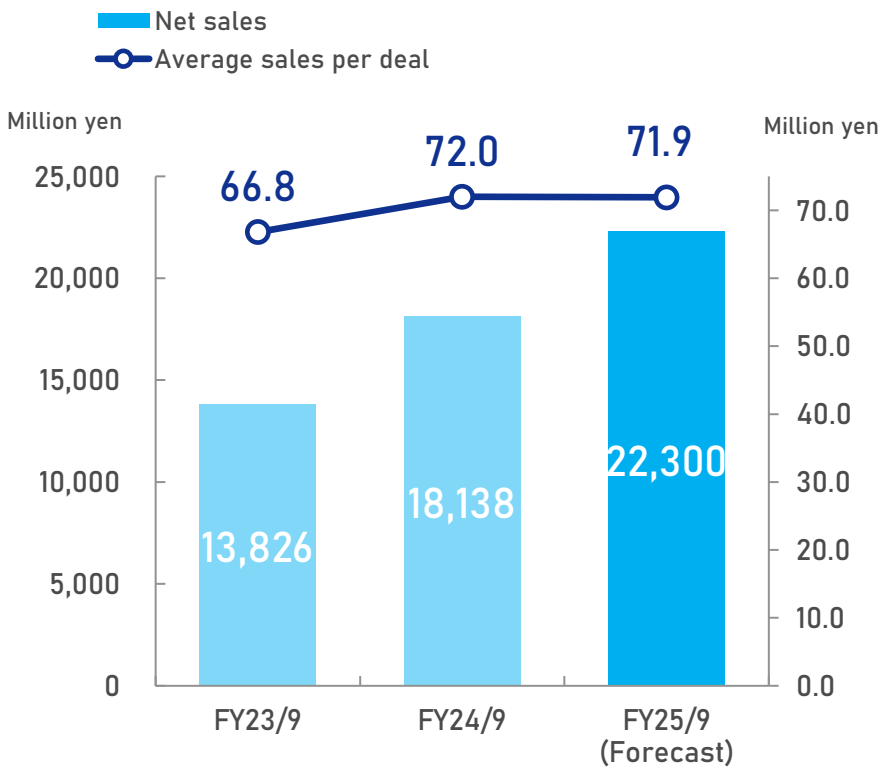
- ☑ We target a net sales CAGR of 20%.
- ☑ We will continue to actively recruit consultants and plan to add 61 consultants in FY25/9.
- ☑ Review of our organizational structure in accordance with the revised M&A Guidelines for SMEs.
- ☑ Although we plan to increase the floor space of the Hiroshima office and relocate the Takamatsu office, we do not expect to incur significant one-time expenses.

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Full-year Earnings Forecast for FY25/9

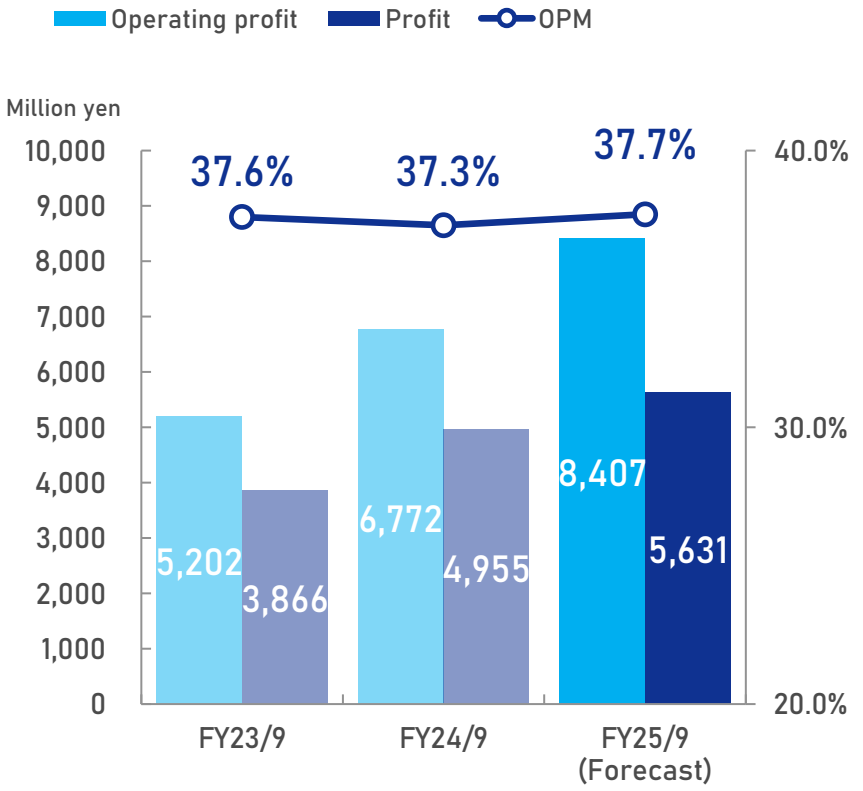
☑ Average sales generated per deal closed have been planned based on the FY24/9 results. The forecast for the number of deals closed assumes a slight extension of the deal timeline to comply with the M&A Guidelines for SMEs.

Net Sales and Average Sales per Deal



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

Operating Profit and Profit



Note: The profit forecast does not account for the impact of tax credits, etc.

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Full-year Earnings Forecast for FY25/9

- Our plan calls for closing 310 deals and taking on 1,045 new contracts.
- The cost of sales ratio is expected to increase due to higher personnel expenses resulting from an increase in consultant headcount.

Million yen

	FY24/9	FY25/9 forecast	YoY change
Net sales	18,138	22,300	+22.9%
Cost of sales	6,527	8,714	+33.5%
Cost of sales ratio	36.0%	39.1%	-
Gross profit	11,610	13,585	+17.0%
SG&A expenses	4,838	5,178	+7.0%
SG&A expense ratio	26.7%	23.2%	-
Operating profit	6,772	8,407	+24.1%
Operating profit margin	37.3%	37.7%	-
Ordinary profit	6,772	8,406	+24.1%
Profit before income taxes	6,730	8,406	+24.9%
Profit	4,955	5,631	+13.7%
Number of deals closed	252	310	+58 deals
Number of new contracts	923	1,045	+122 contracts
Employees	368	434	+66 employees

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01 Operating Performance in FY24/9

02 Forecast for FY25/9

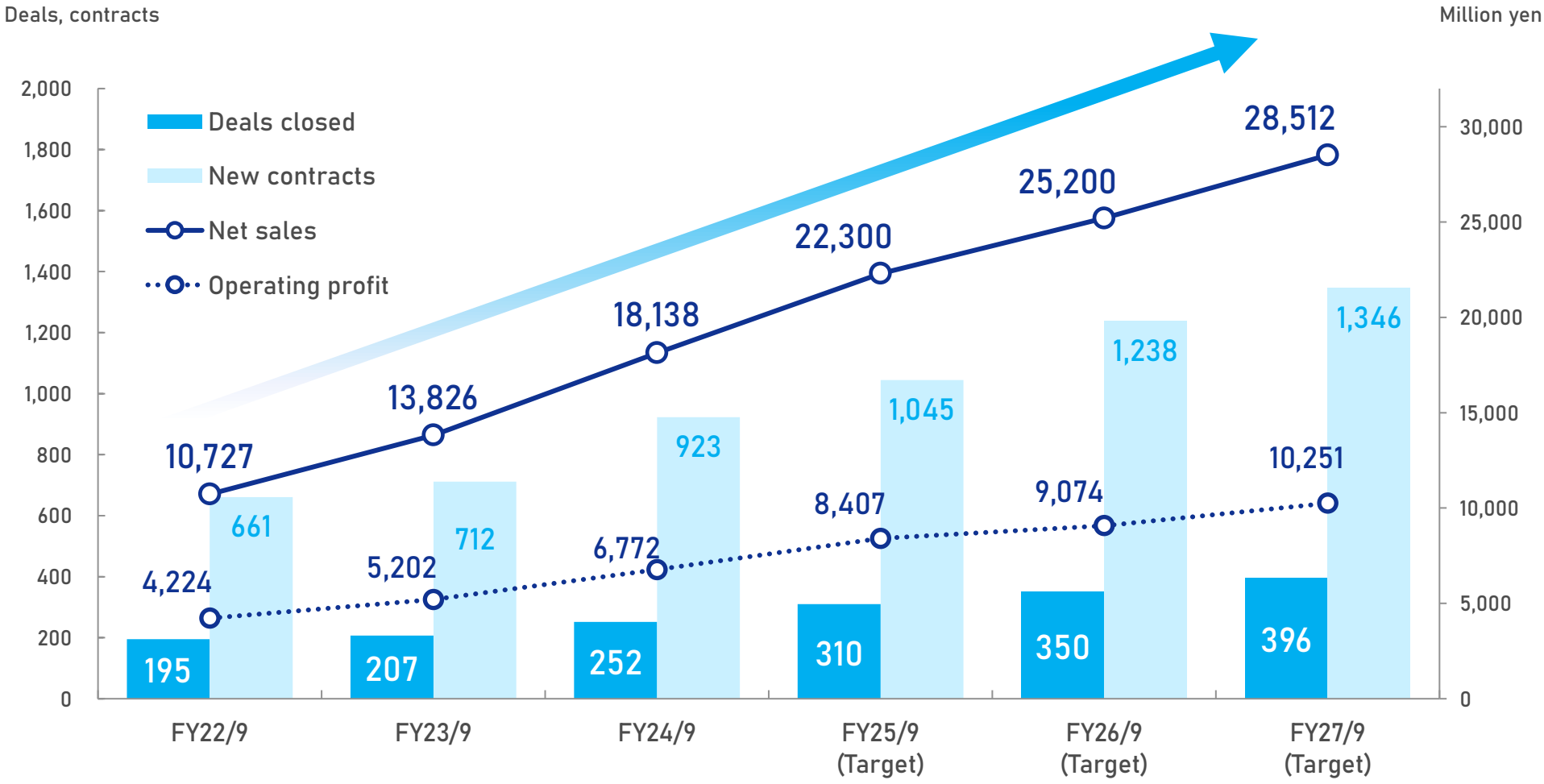
03 Initiatives to Enhance Corporate Value

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 15~20%.
- ☑ Revised from the previous plan based on FY24/9 results.

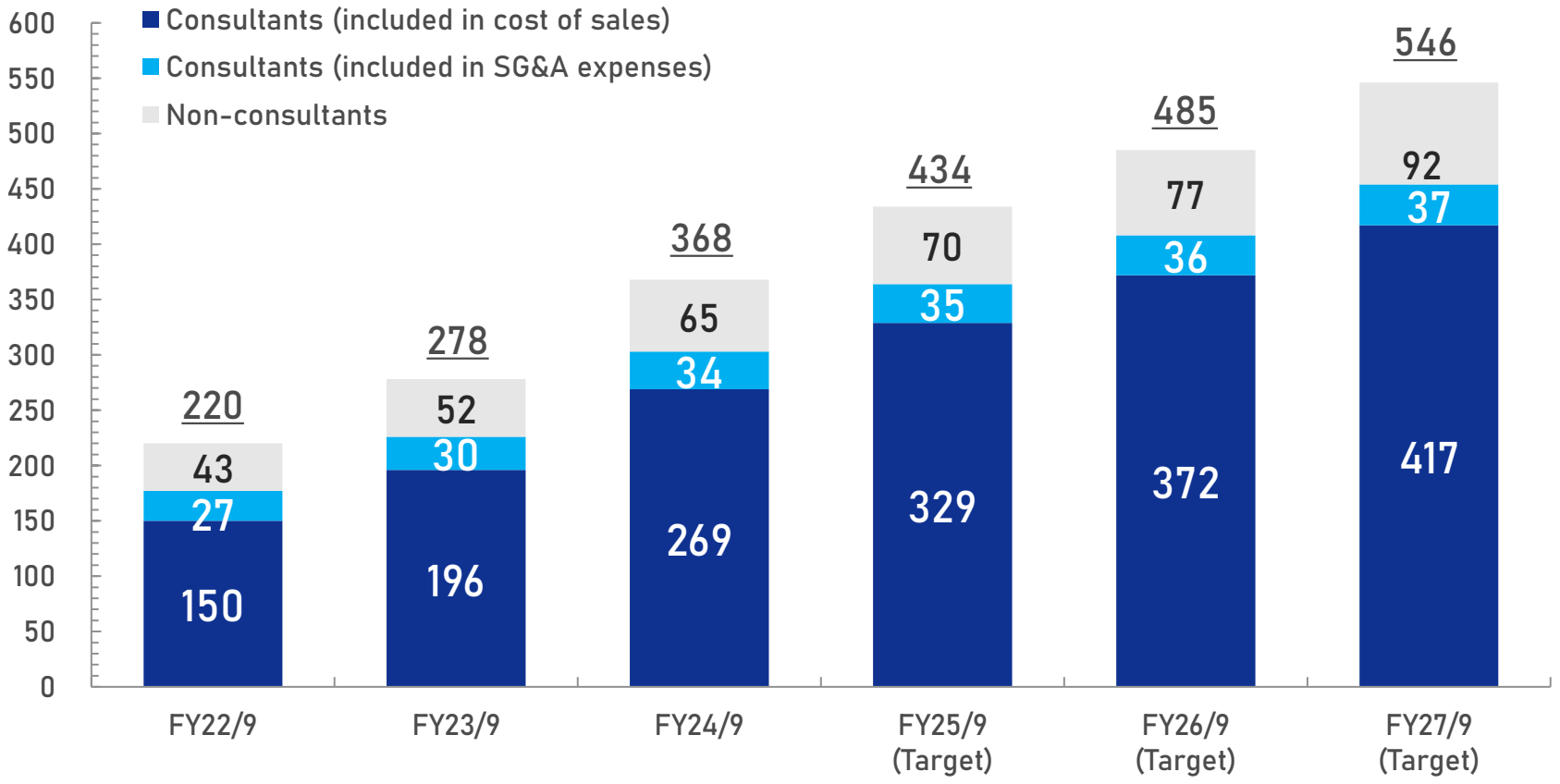


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Employees

- Consistently grow our team while maintaining service quality.
- Plan to increase the ratio of new graduate hires.

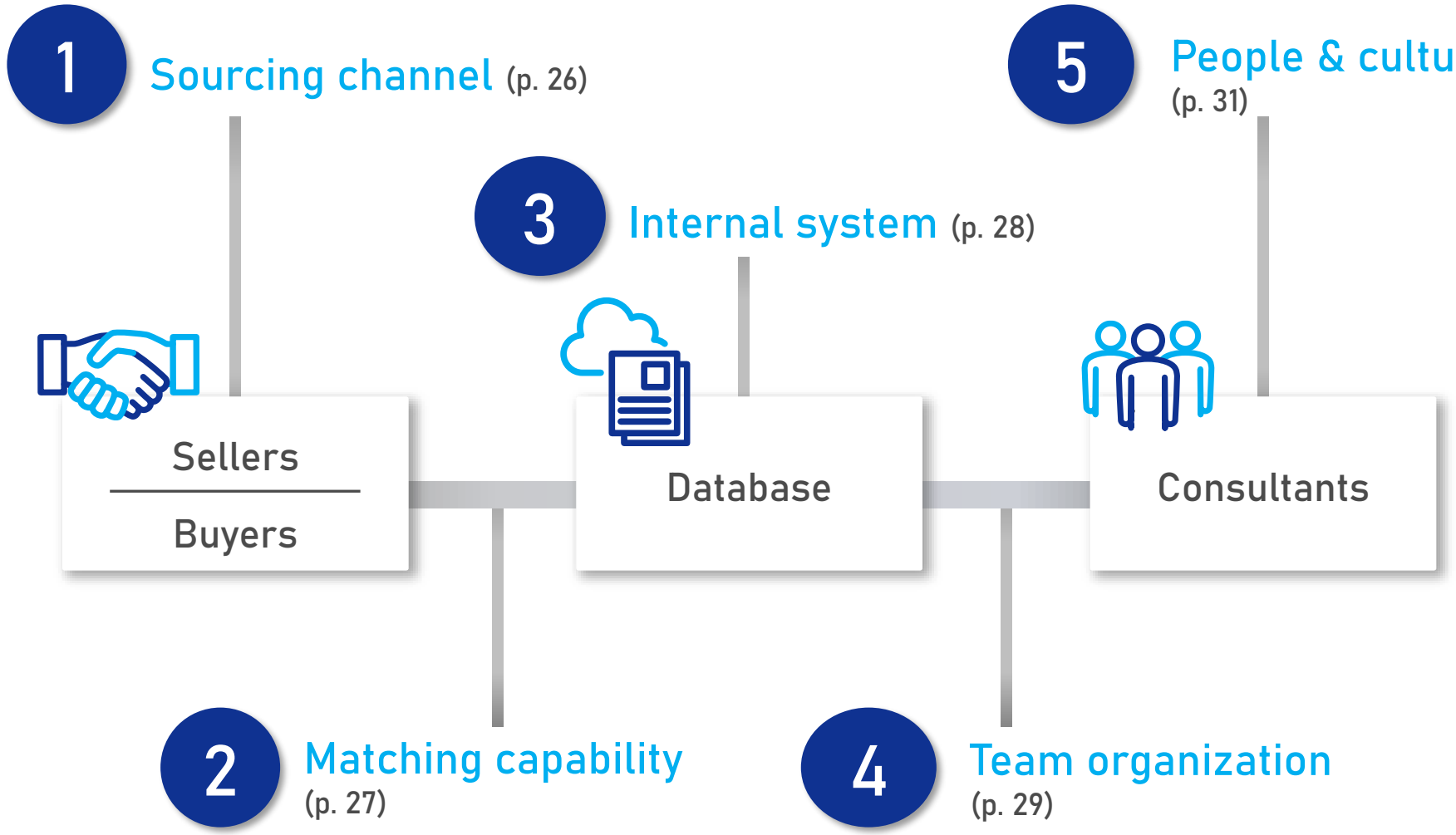
Employees (Fiscal Year-End)



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Our Competitive Advantages

☑ Five strengths supporting our growth



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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)

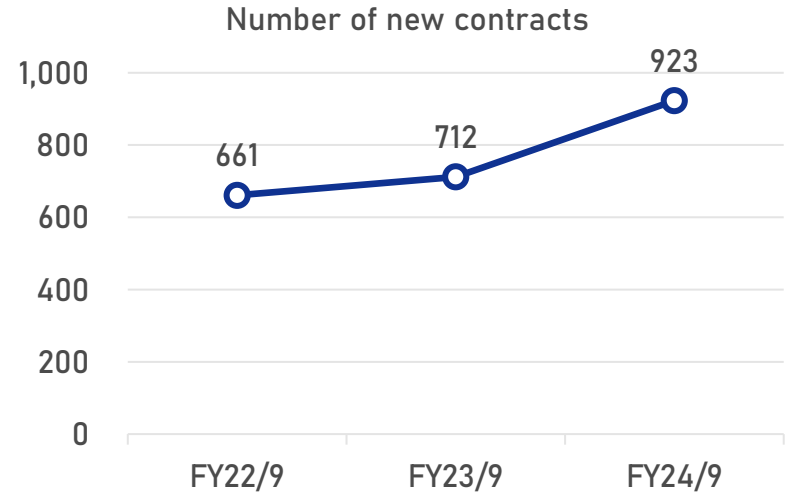
Network

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

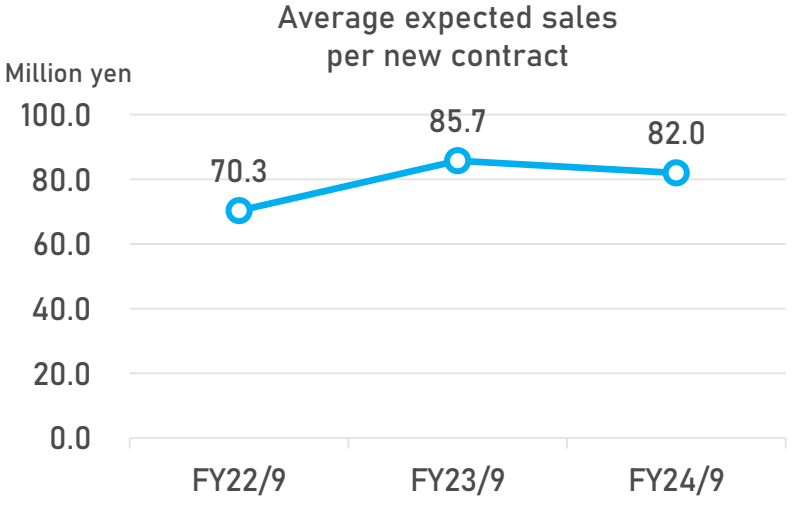
Referrals: 49.8%

Direct Sourcing: 50.2%

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.



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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

SMART 4,500

Our M&A brokerage site SMART garners over 4,500 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

26,000

All consultants can propose potential acquisition targets for all projects. Approx. 26,000 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.

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3) Sales Management System

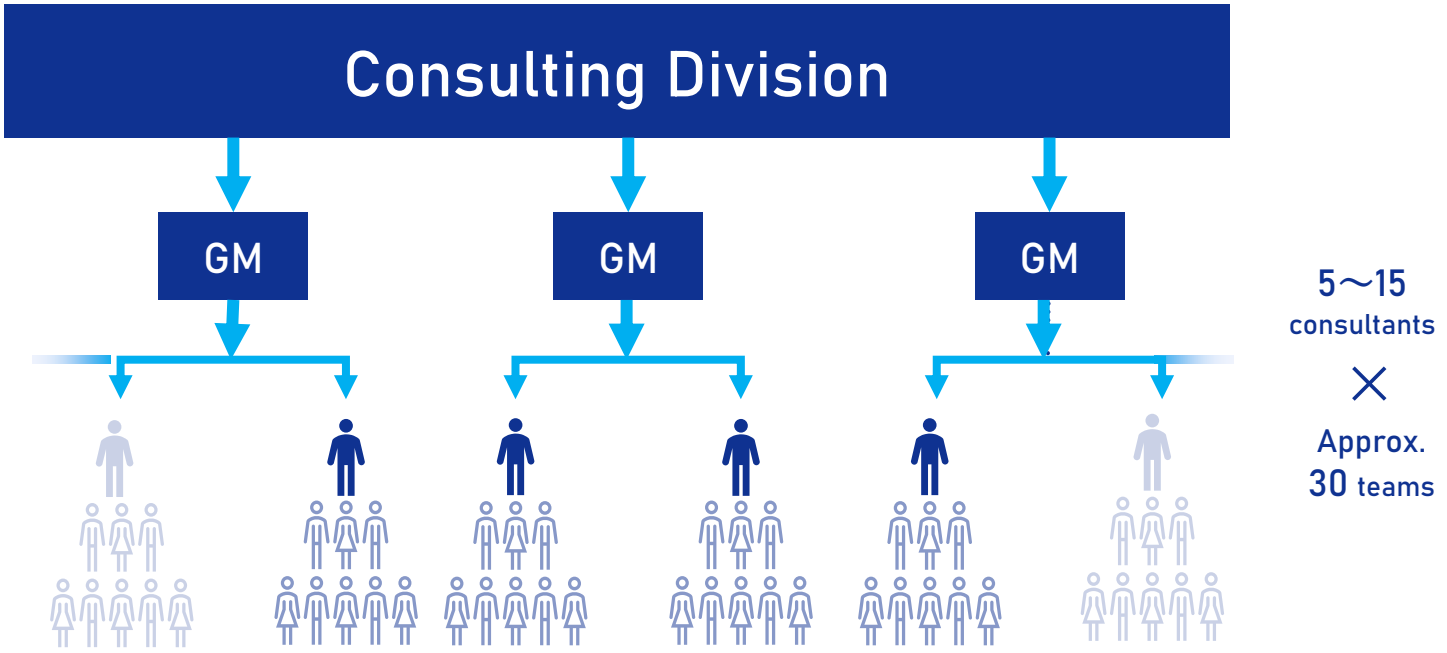
☑ Enhance operational efficiency and optimize matching by incorporating a wealth of corporate data into our internal sales management system.



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4) Team Organization – 1/2

- 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.



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4) Team Organization – 2/2

☑ 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

(Reference) Net sales per consultant at the beginning of the year

FY23/9: ¥78 million → FY24/9: ¥80 million

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5) People & Culture – 1/2

☑ 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

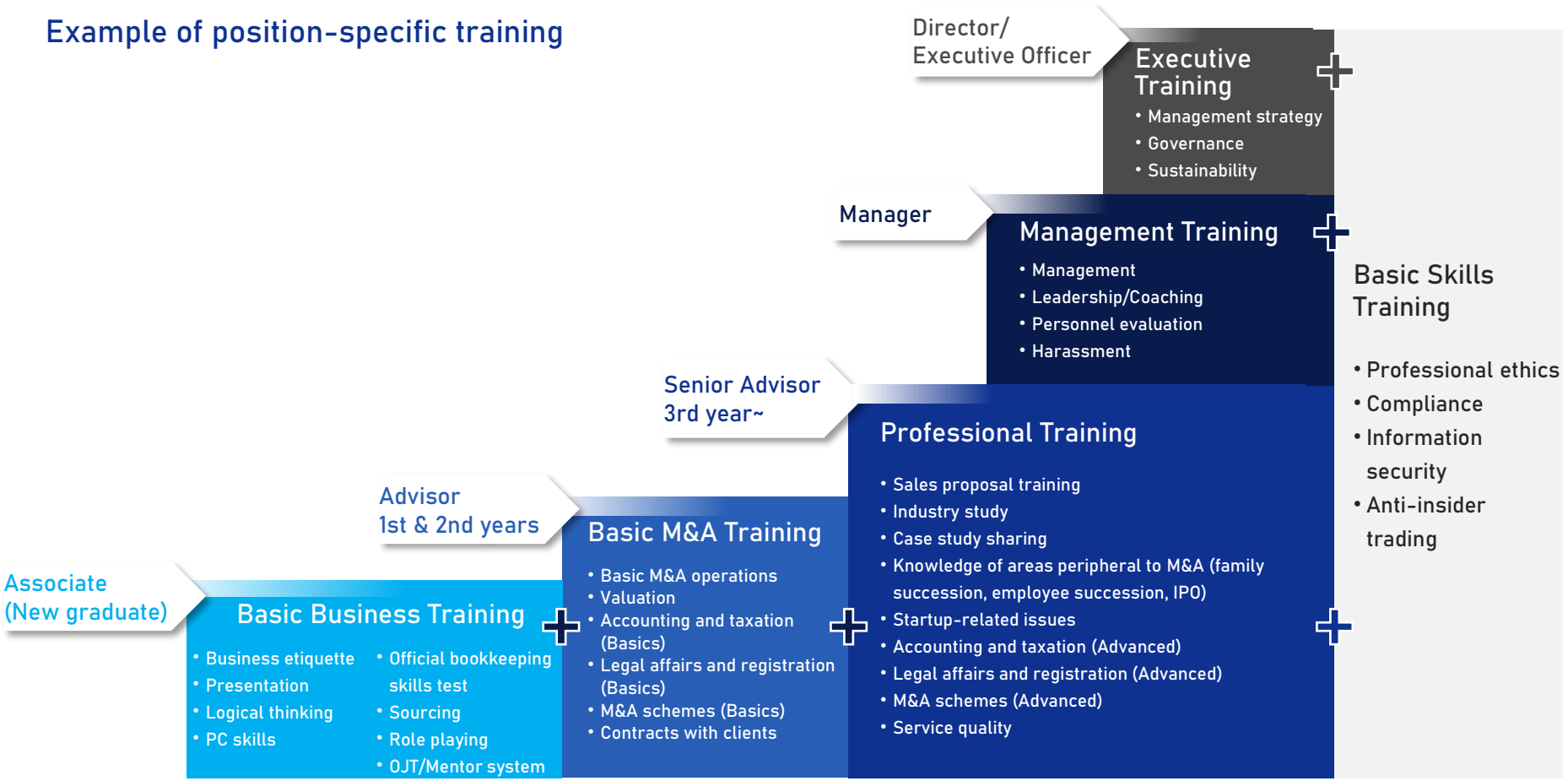
Mutual reinforcement of knowledge
and capabilities across departments

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5) People & Culture – 2/2

☑ 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

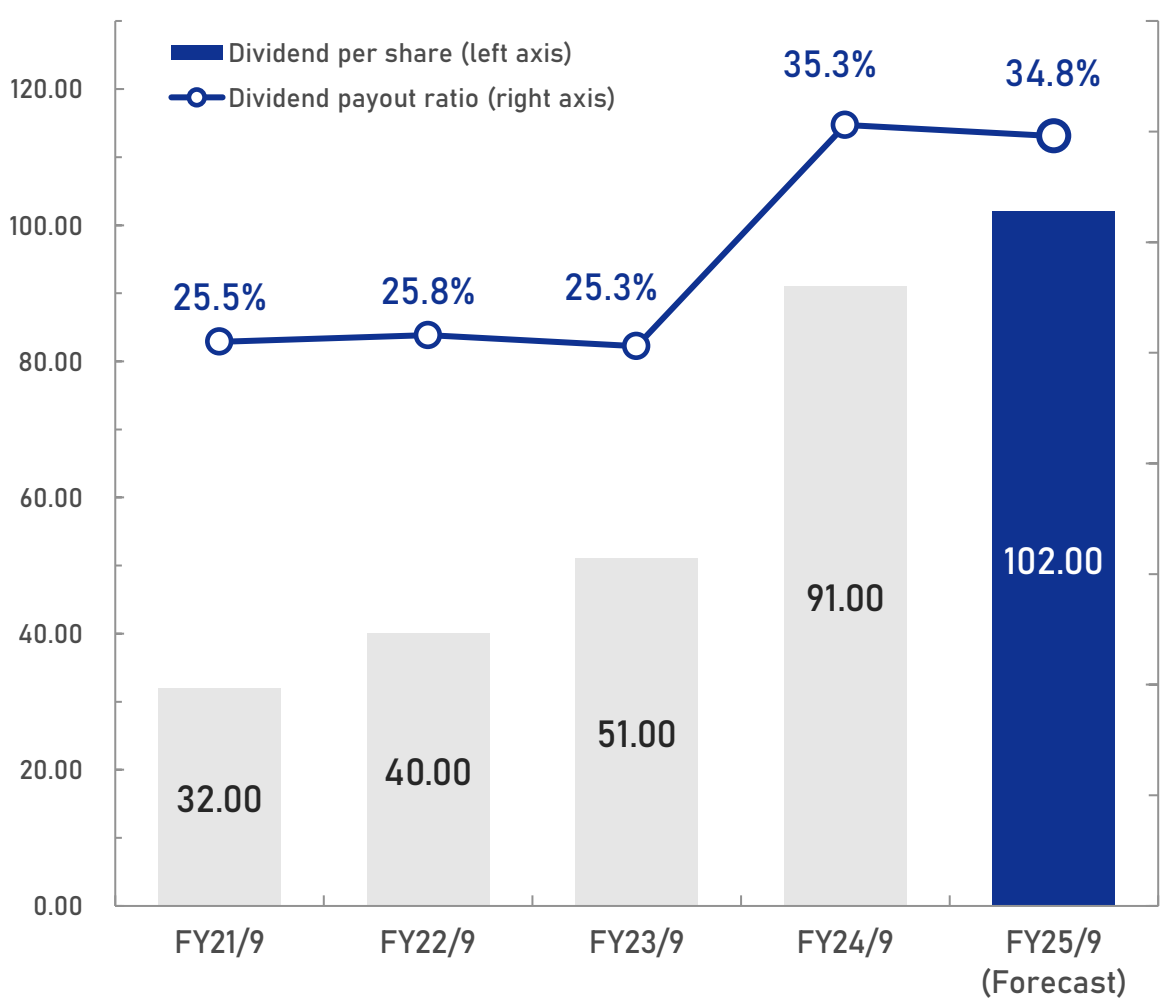


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Shareholder Return

- ☑ Raised the dividend payout ratio from 25% to 35%, aiming to maintain the current ROE level.
- ☑ Increased dividend per share by ¥6 to ¥91, while discontinuing the shareholder special benefit plan.

Dividends and Payout Ratio



Dividends

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

Share buybacks

- Consider share buybacks, depending on circumstances.

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Initiatives to Enhance Corporate Value

☑ Under the initial plan, the ROE is expected to decrease slightly in FY25/9 from the 30.1% in FY24/9. We aim to improve ROE by achieving a higher-than-planned profit margin, with a target of maintaining an ROE between 25-30%.

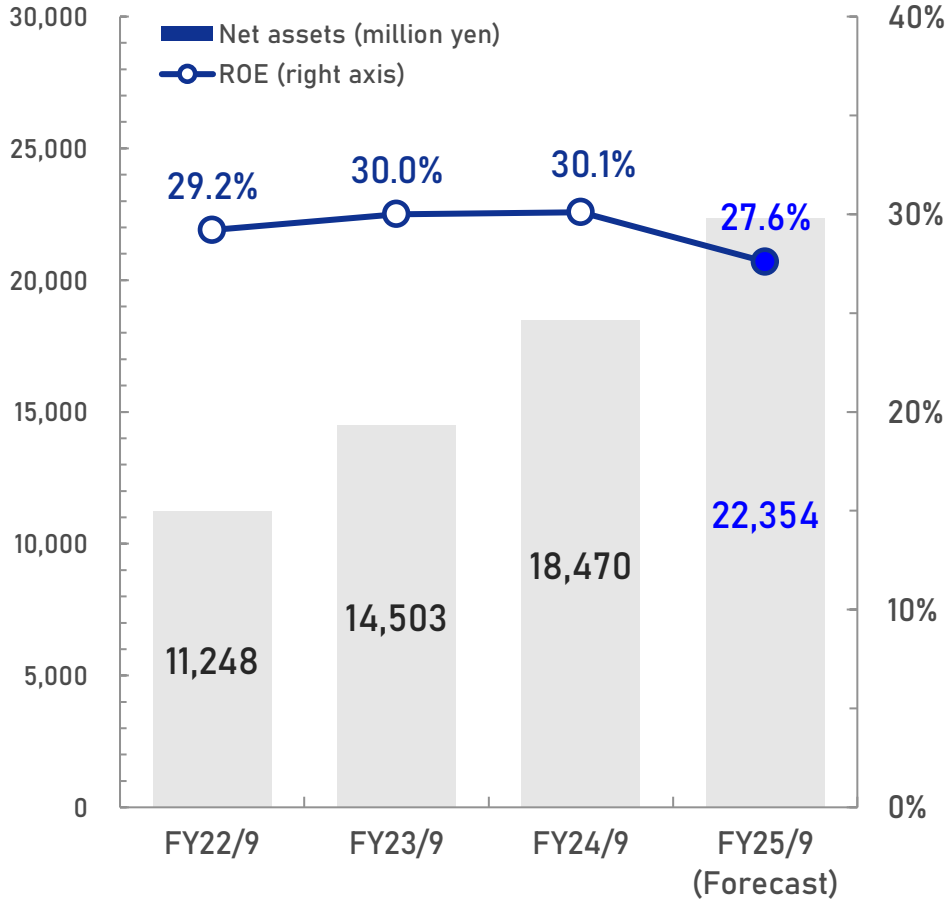
Measures to maintain and improve ROE

(1) Target an appropriate level of shareholders' equity
- Raise the dividend payout ratio from 25% to 35%
- Flexibly consider share repurchases

(2) Raise the earnings level
While focusing on our core M&A brokerage business, expand into other business areas to increase profits.

(3) Utilize debt
Utilize borrowings to enhance capital efficiency when large investments are necessary.

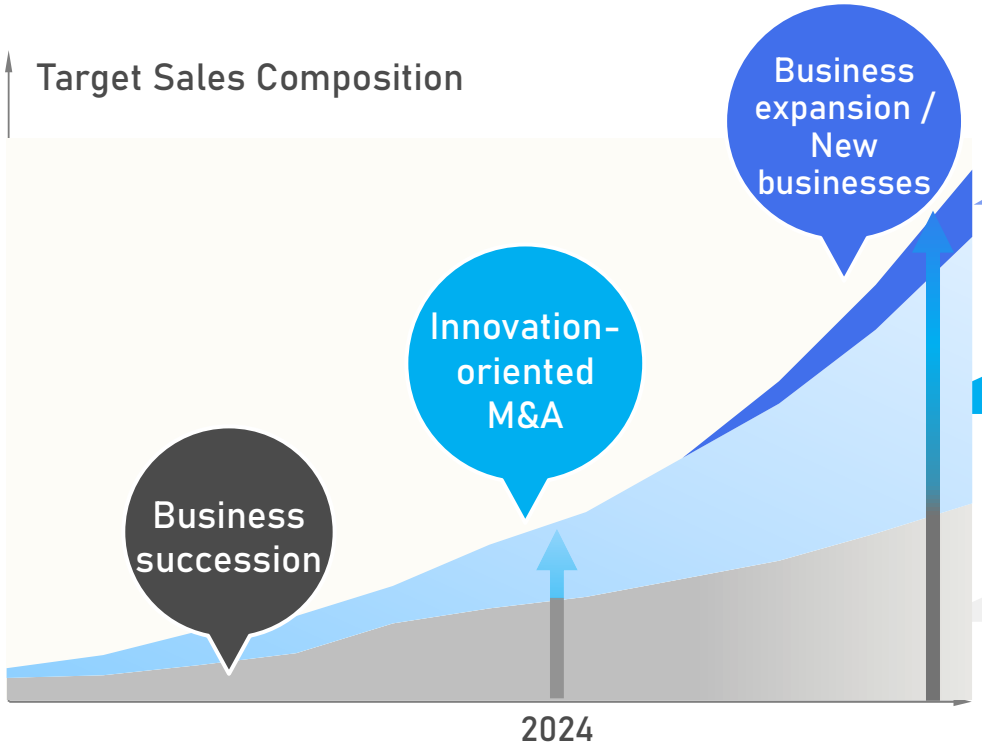
Net assets and ROE



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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.
- Focus on market cultivation aimed at facilitating innovation-oriented M&A.
- Expand into peripheral areas and new business domains to achieve sustainable growth. Actively pursue acquisitions to realize this goal.



Expand into peripheral areas and new business domains

Innovation-oriented 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.

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STRIKE

01 Operating Performance in FY24/9

02 Forecast for FY25/9

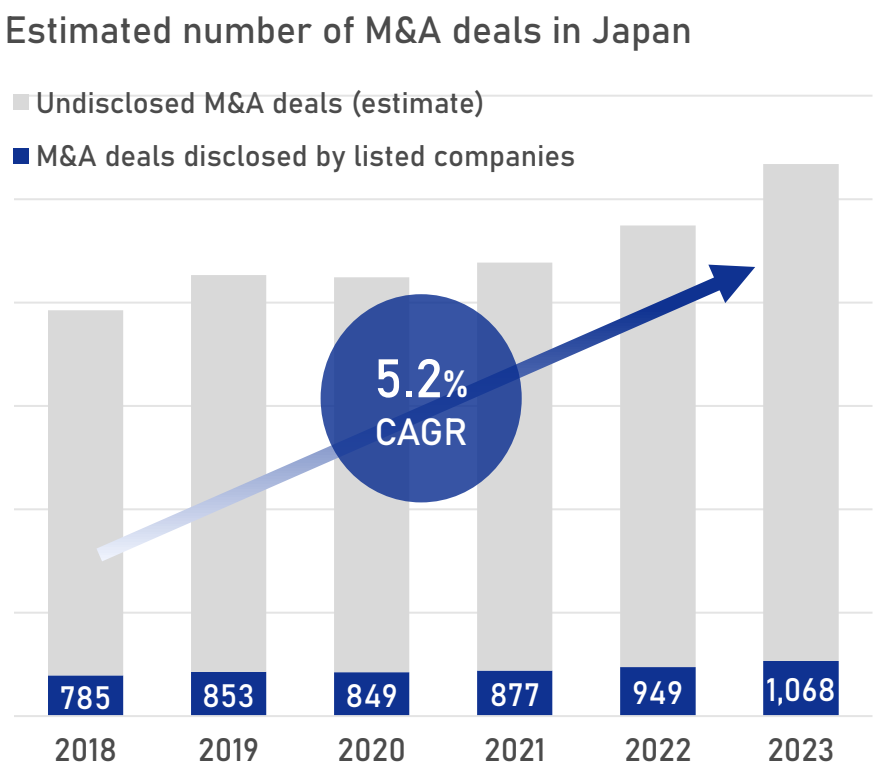
03 Initiatives to Enhance Corporate Value

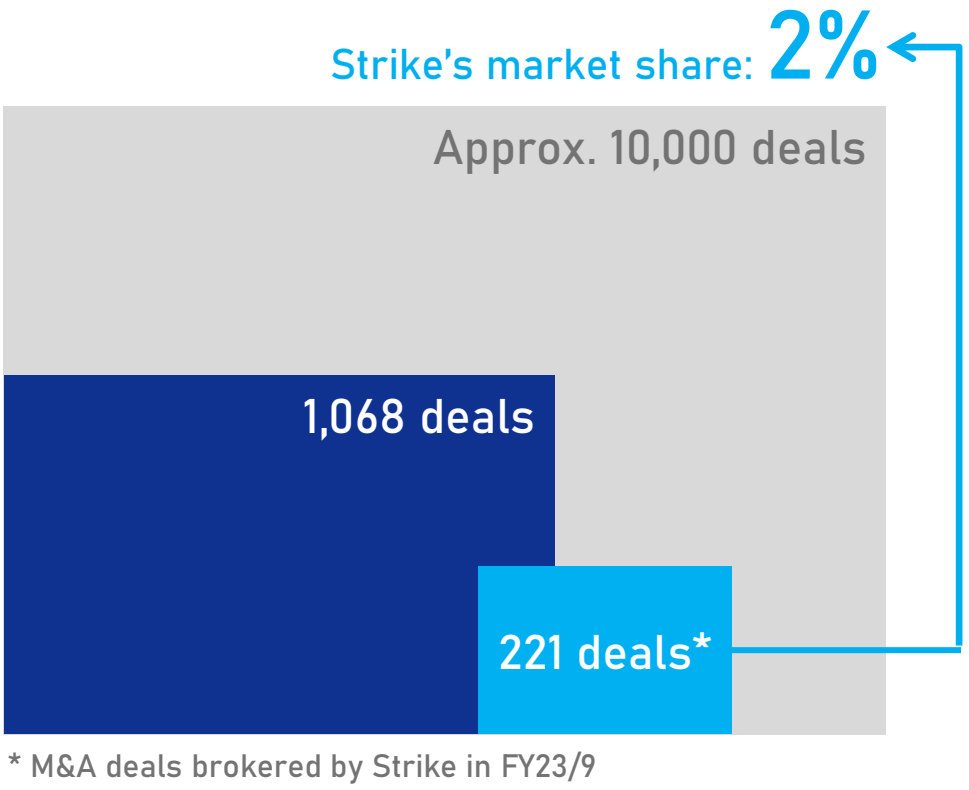
04 Market Environment

05 Company Overview

Market Environment: Estimated Market Size in Japan

☑ Approximately 10% of our deals closed in 2023 were publicly disclosed through timely disclosures. By reverse calculating from the 1,068 M&A deals disclosed by listed companies in 2023, we estimate that the total number of M&A deals in Japan for 2023 will be around 10,000.





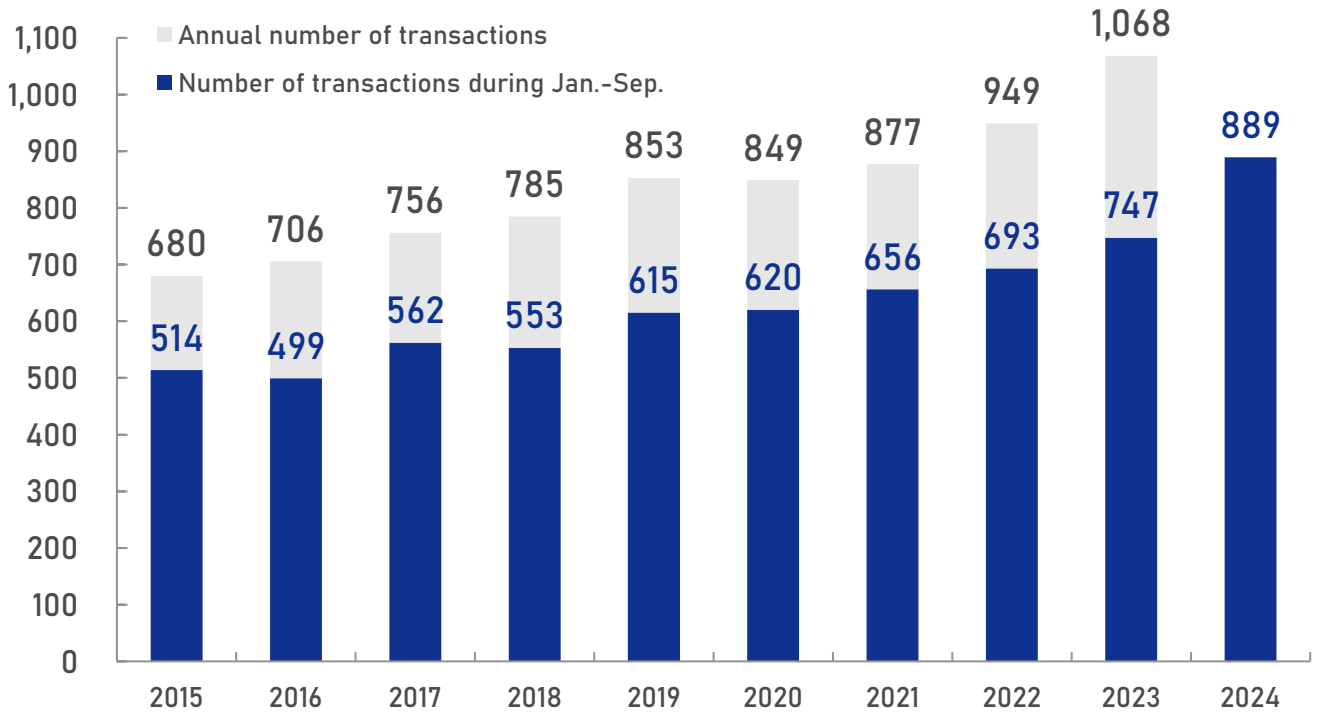
* M&A deals brokered by Strike in FY23/9

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Market Environment: Number of M&A Transactions in Japan

- The number of M&A transactions in Japan during the Jan.-Sep. period in 2024 rose by 142 YoY to 889 (based on timely disclosures of listed companies).
- Of this, 722 deals were M&A between Japanese companies (+118 YoY), while 167 of the deals involved overseas companies (+24 YoY).
- The pace of growth far exceeds that of last year, when the annual number of deals exceeded 1,000 for the first time in 16 years, and may even break the previous record of 1,169 deals set in 2007.

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)

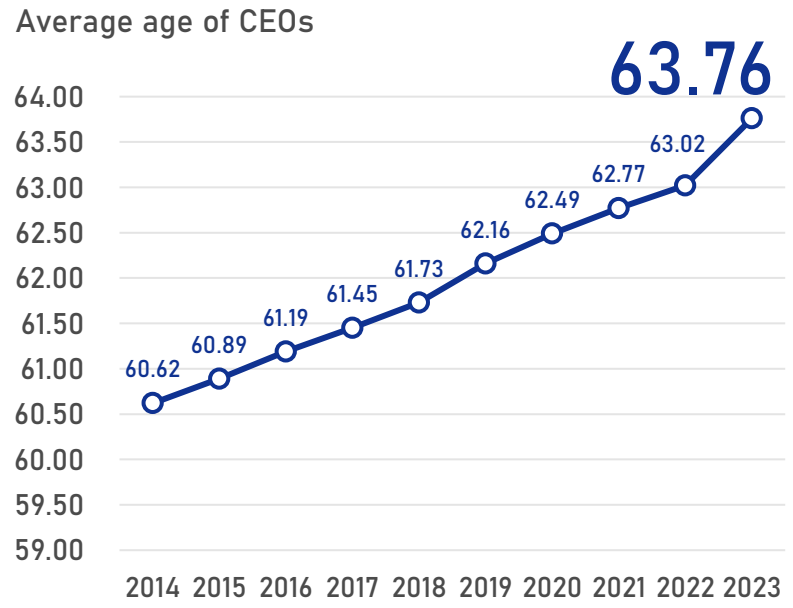
	Jan.–Sep. 2023	Jan. –Sep. 2024
Total M&As	747	889
M&As between Japanese companies	604	722
Outbound M&As	94	115
Inbound M&As	49	52

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

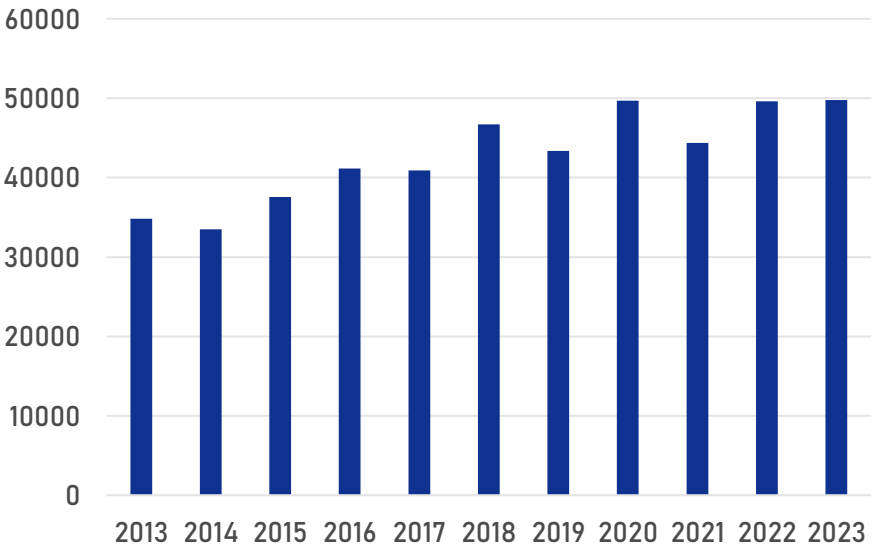
- With CEOs aging, there are many companies without successors, even among companies with elderly CEOs.
- The number of closed and dissolved businesses also remain at a high level.
- The market for business succession M&A is expected to continue expanding.

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.

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

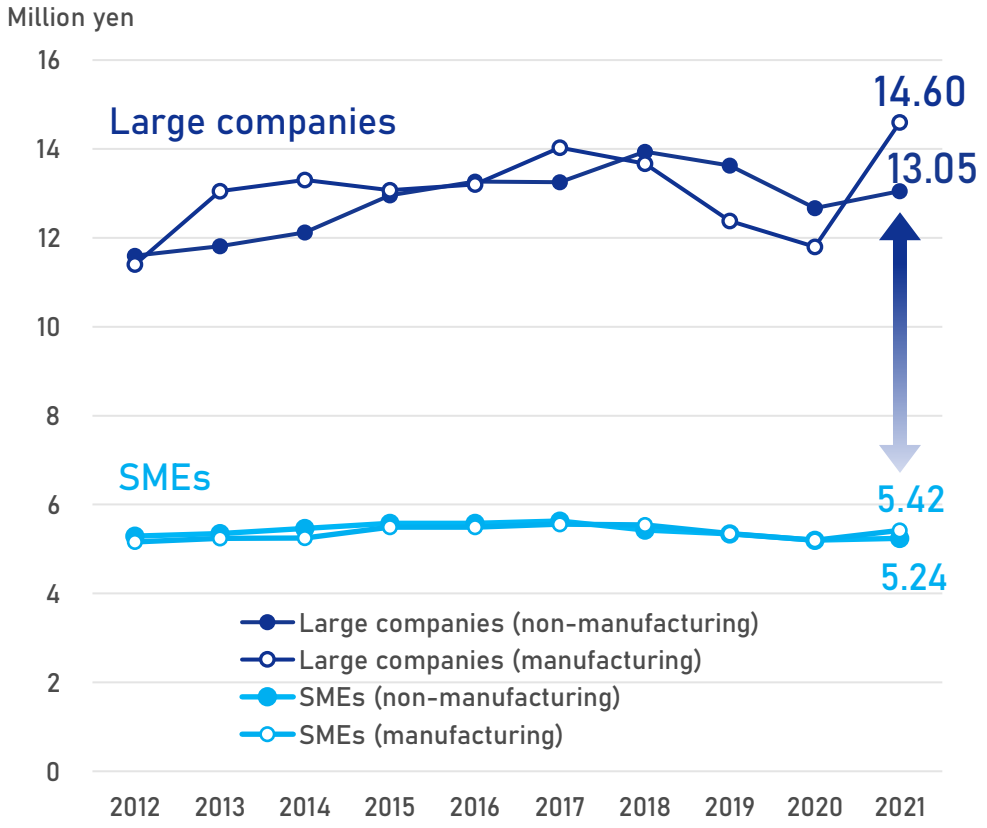
Boosting productivity* is essential for SMEs in Japan to achieve both wage increases and profit growth.

*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



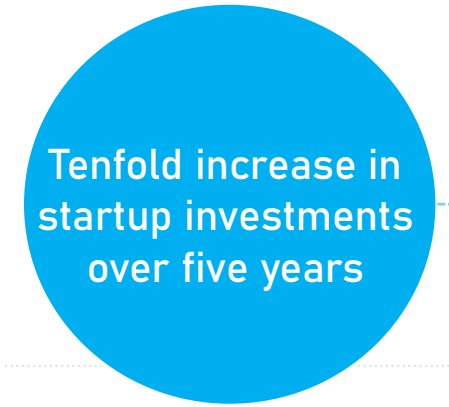
Source: Financial Statements Statistics of Corporations by Industry, Annually by the Ministry of Finance, included in the 2023 White Paper on Small and Medium Enterprises in Japan

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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



¥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

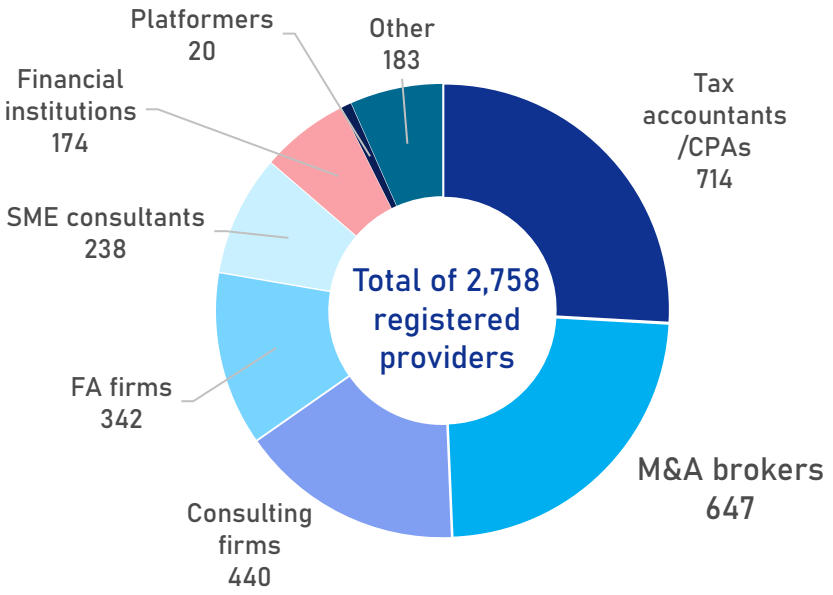
Source: Government Initiatives for Developing Startups by the Ministry of Economy, Trade and Industry; Startup Development Five-year Plan by the Council of New Form of Capitalism Realization

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Market Environment: Status of M&A Service Providers

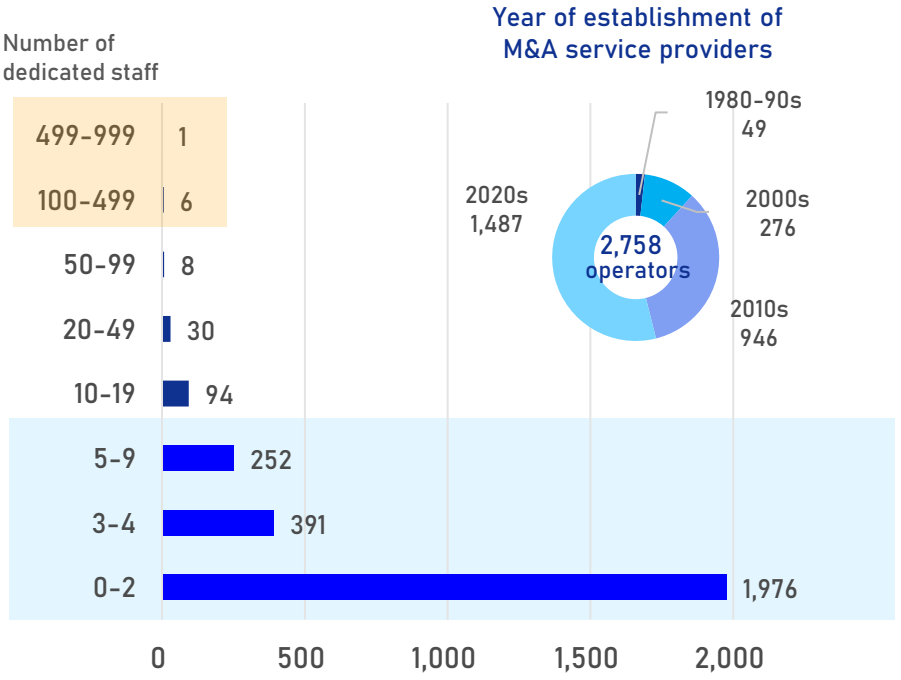
- The Small and Medium Enterprise Agency launched a registration system for M&A service providers (although not mandatory, most providers are registered).
- The number of registered M&A service providers decreased by approximately 250 compared to a year ago, while the number of M&A intermediaries decreased slightly by nine, many of which are small in size.

Number of Registered M&A Service Providers



Source: Current Registration Status (as of Oct. 21, 2024) by the Small and Medium Enterprise Agency

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



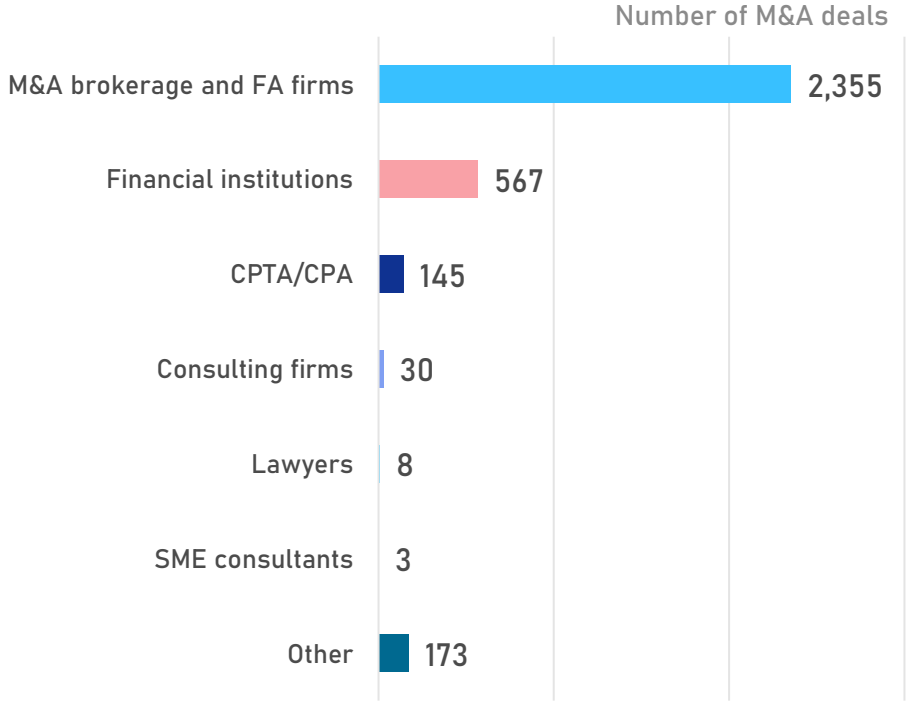
Source: Current Registration Status (as of Oct. 21, 2024) by the Small and Medium Enterprise Agency

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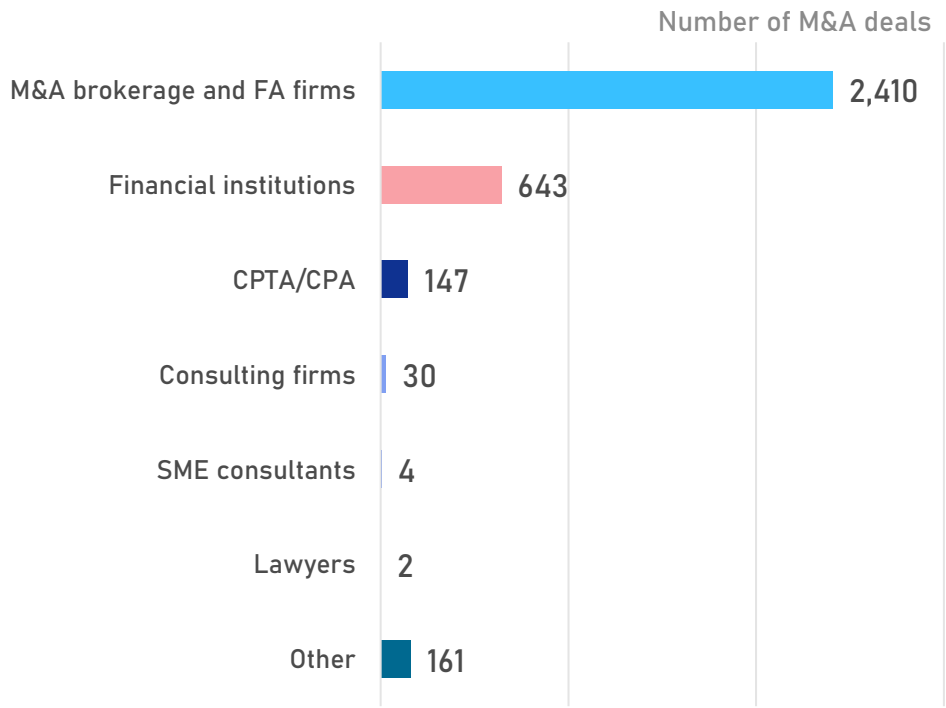
Market Environment: Status of Use of M&A Service Providers

☑ A large percentage of sellers/buyers use M&A brokerage firms and financial institutions when selling their business or acquiring other businesses.

Sale of Own Business



Purchase of Other Business



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

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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 (3rd Edition in August 2024)	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.

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Market Environment: M&A Guidelines for SME

Key Points of Revisions to M&A Guidelines for SME (3rd Edition)

Main revisions

1. Enhanced transparency of fees and services provided
   - Clarifying criteria for calculating fees
   - Clarifying payment terms for success fees

2. Enhanced conflicts of interest prevention measures
   - Prohibiting preferential treatment for repeat clients (e.g., selecting a buyer who does not meet the seller's needs or pushing for unfairly low sale prices).

3. Ensuring reliability and safety
   - Requiring verification of potential clients and creating a system for sharing information to eliminate inappropriate operators.
   - Providing clients with information on the consultant's qualifications, experience, and track record.

Strike's response

Transparent fee structure and robust verification system

- We provide full transparency on our fee structure and ensure thorough explanations of key terms.
- A department independent of sales teams verifies the reasonableness of fees before deals are finalized.

Measures to mitigate conflict of interest risks

- All consultants are able to propose buyer candidates, ensuring that we do not rely on specific buyers.
- An independent department reviews the appropriateness of fee amounts.

Advanced client screening and training system

- Inappropriate businesses are managed in an internal database to prevent any contact from occurring.
- Financial details of potential sellers and buyers are verified at the time of concluding brokerage contracts.
- Both new employee training and deal facilitation are carried out effectively through a team-based approach.

M&A brokers' service quality is becoming more crucial than ever.

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Market Environment: M&A Intermediaries Association

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 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.

Recent developments

December 2023	Released the Code of Ethics and self-regulatory rules (Compliance Rules, Advertising and Sales Rules, and Rules for Explaining Important Contract Matters)
September 2024	Commenced reciprocal disclosure of fee structures
October 2024	Commenced operation of a list of specific entities
January 2025	The association is scheduled to be renamed to M&A Advisors Association
	Qualification System Review Committee to be formed

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)	

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STRIKE

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04 Market Environment

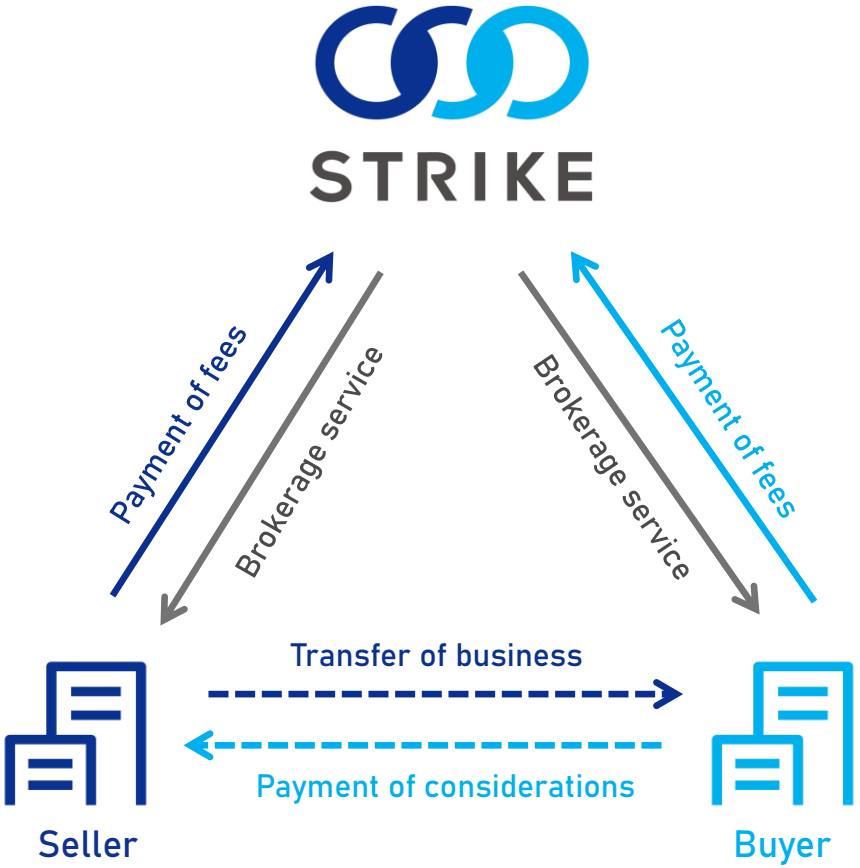
05 Company Overview

Company Overview

Company name	Strike Co., Ltd.
Established	July 1997
Share capital	¥823 million (as of September 30, 2024)
Representative	Kunihiko Arai, President and CEO
Headquarters	15th floor of Mitsui & Co. Building 1-2-1 Otemachi, Chiyoda-ku, Tokyo, Japan
Employees	368 (excluding temporary staff; as of September 30, 2024)
Net sales, operating profit	Net sales of ¥18,138 million and operating profit of ¥6,772 million (OPM: 37.3%) in FY24/9
Business	M&A brokerage business
Mission	Create partnerships that change the world

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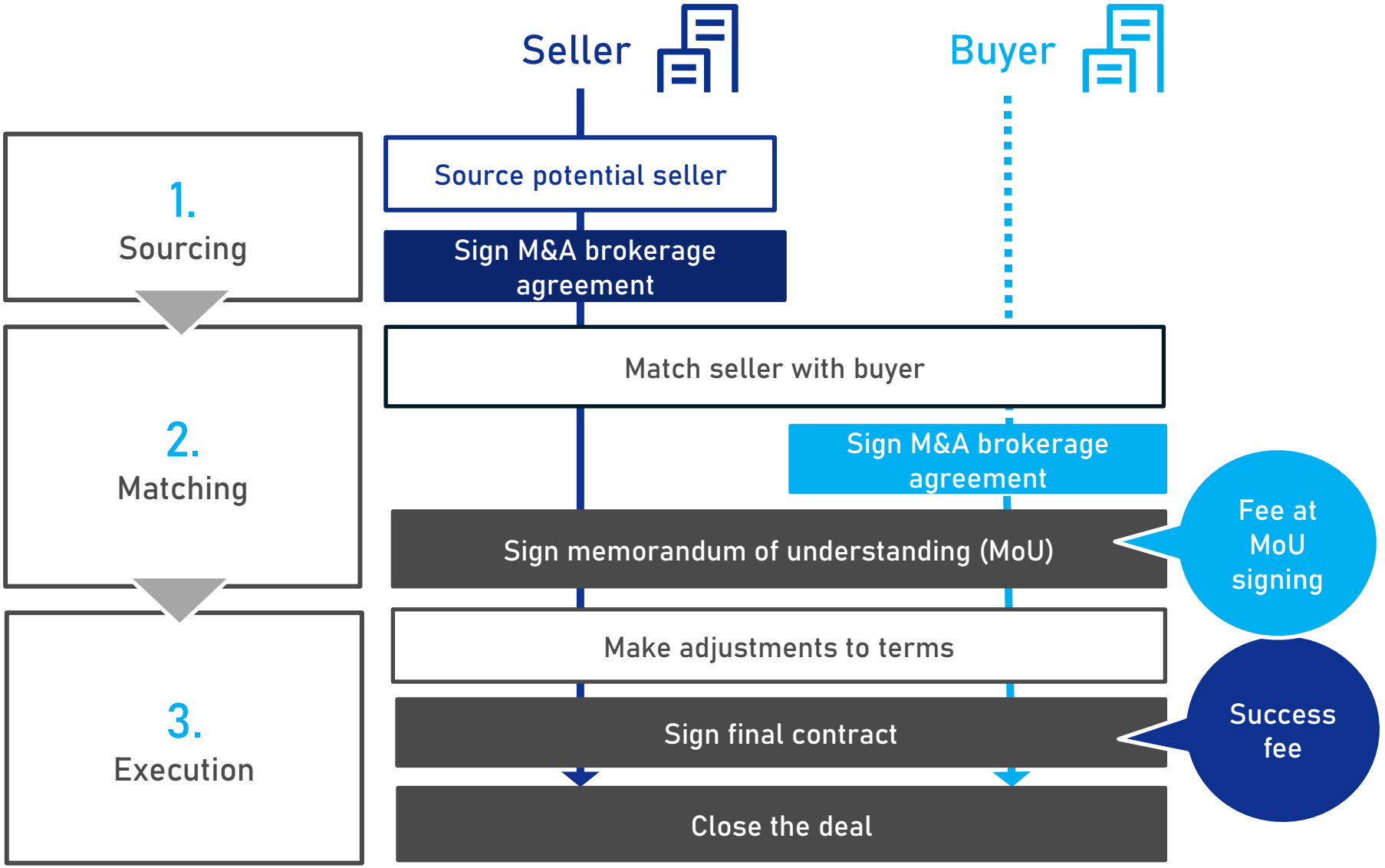
Business Model



- 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.

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Flow of M&A Brokerage Business



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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.

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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.

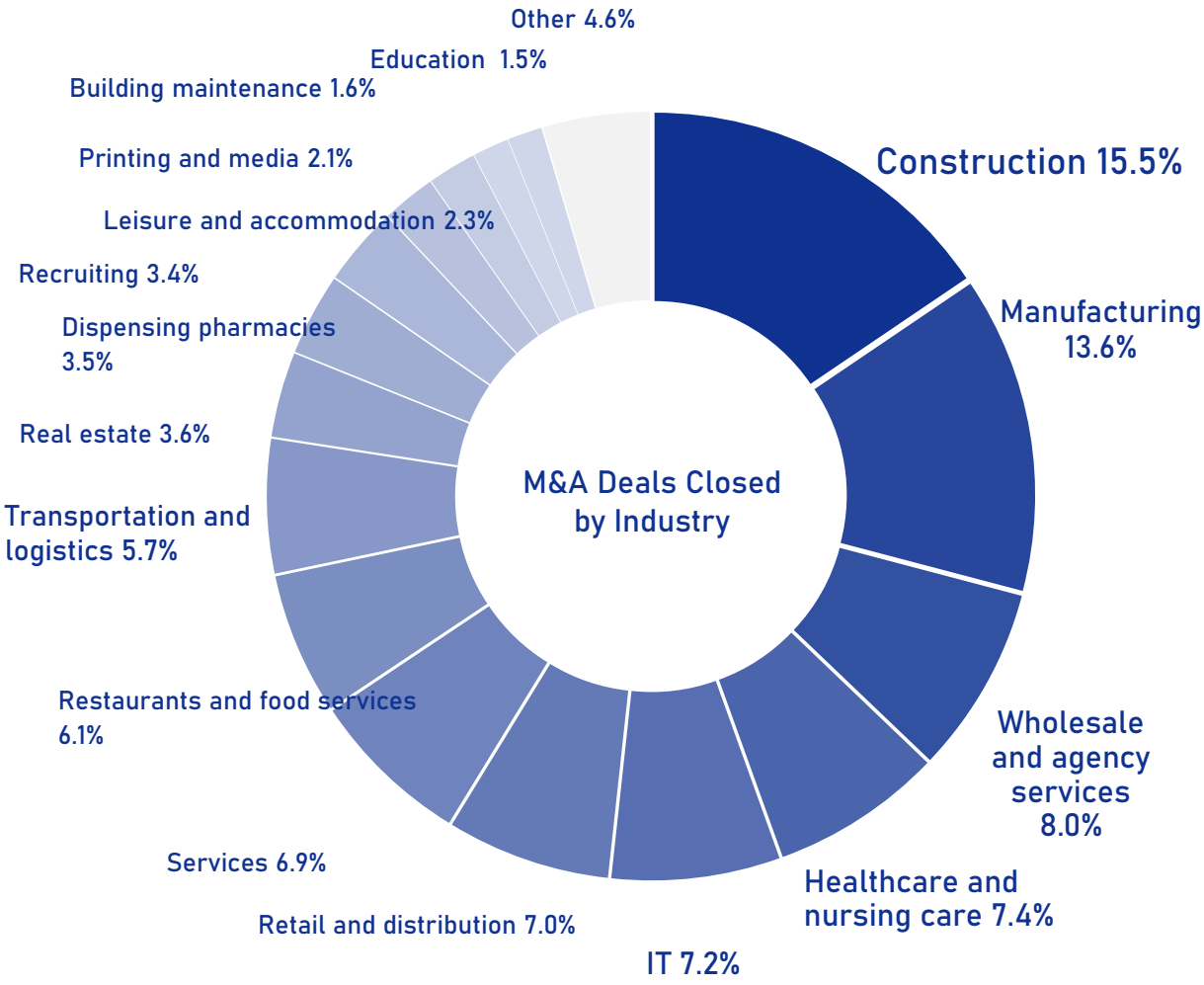
Capable of flexibly responding to changes in the external environment and M&A needs.

Top 5 industries in the recent two years

FY23/9	FY24/9
Construction (20.8%)	Construction (18.3%)
Services (13.0%)	Services (13.9%)
Manufacturing (12.1%)	Manufacturing (11.5%)
Wholesale and agency services (9.2%)	Healthcare and nursing care (11.5%)
Healthcare and nursing care (8.2%)	Wholesale and agency services (10.3%)

Total number of M&A deals closed since the Company's founding to FY24/9

Note: Breakdown of the number of businesses sold by industry

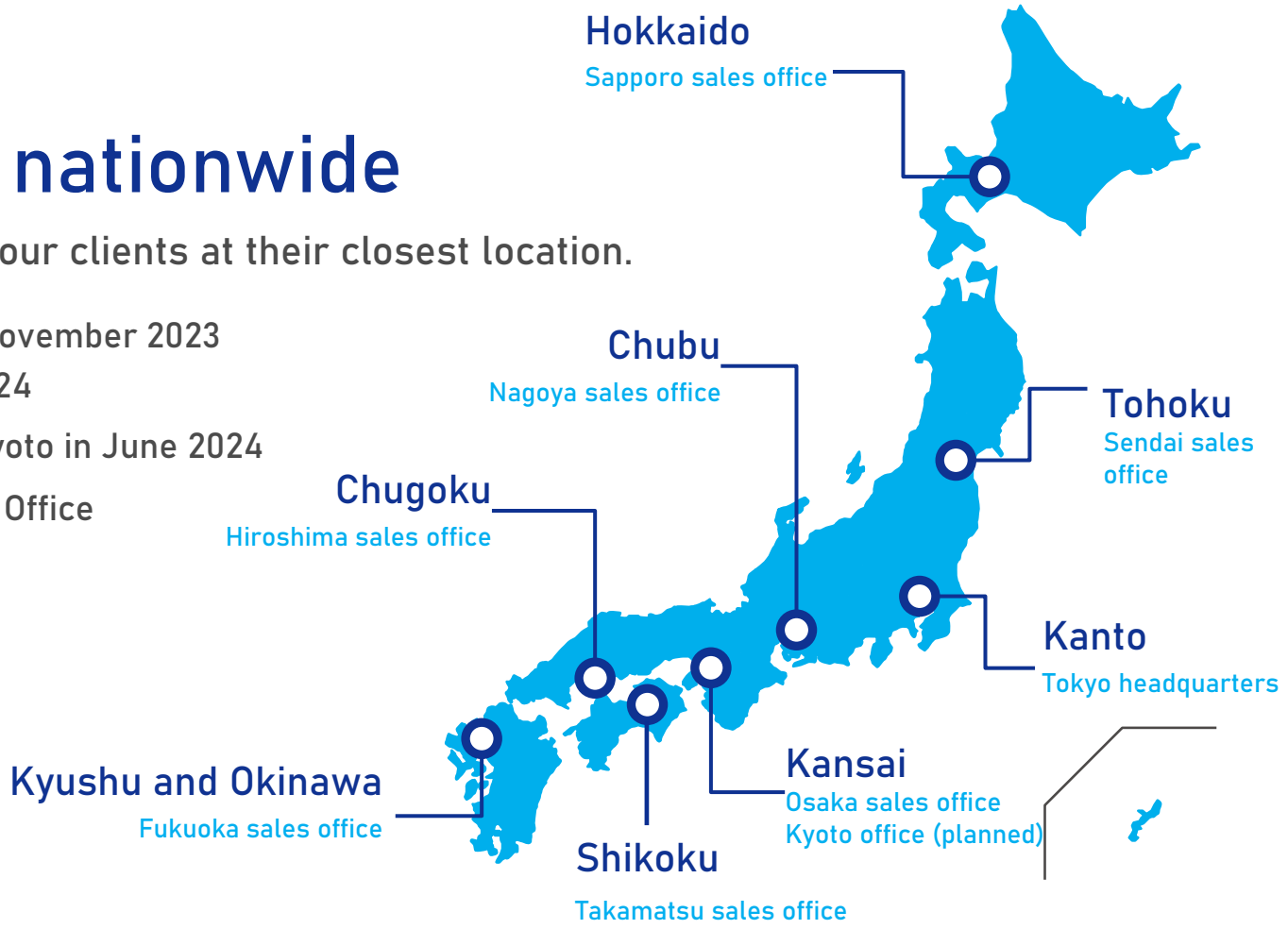


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Nine offices nationwide

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



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Operation of M&A Portal Site

- Gather and leverage M&A insights
- Offer information free of charge to foster M&A opportunities

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.

Publication of *M&A Yearbook*

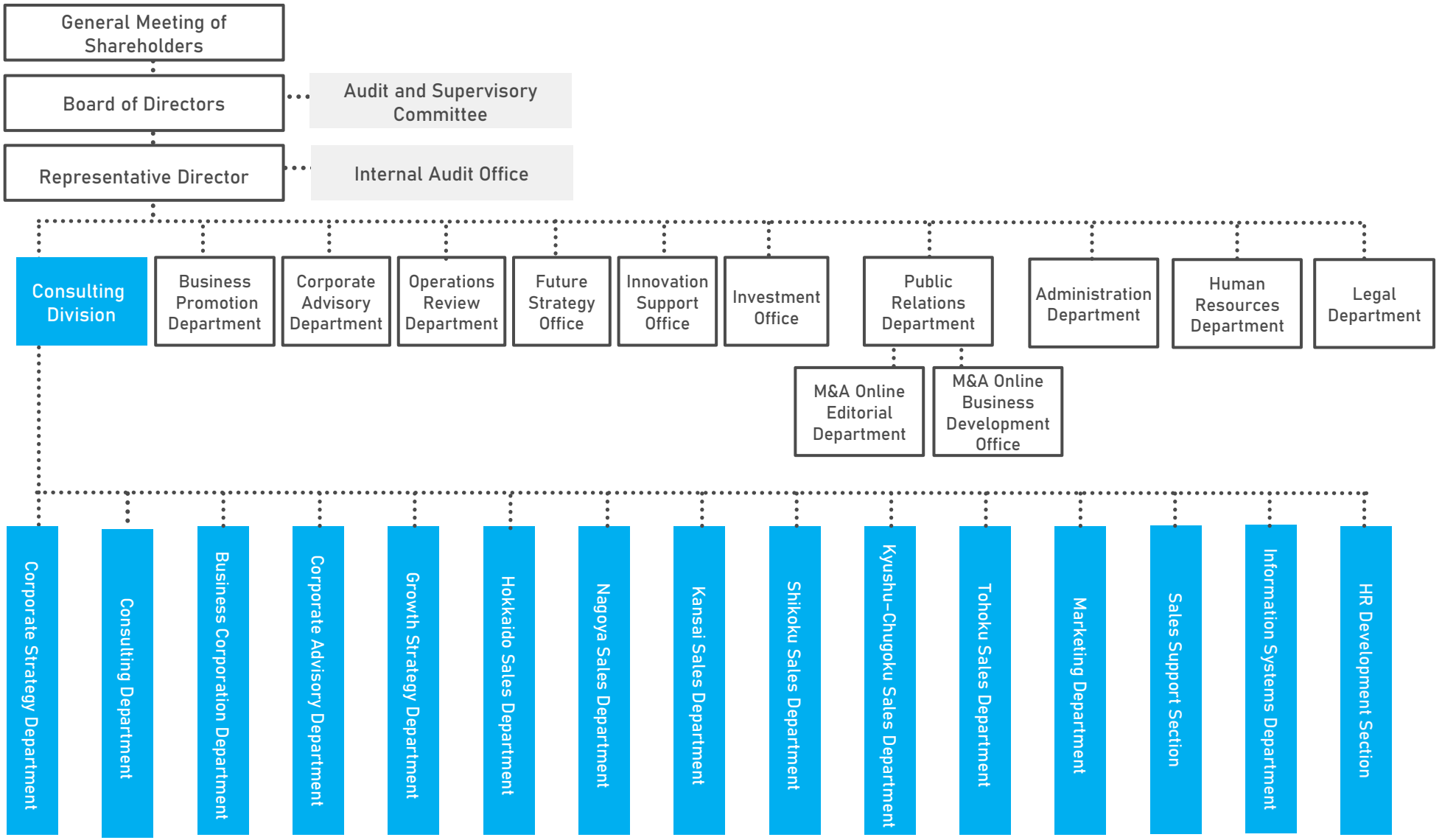
The M&A Yearbook is a magazine-book covering data for all M&A deals carried out by listed companies in a year, examining the deals from various angles, including monetary value and industry type.





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Organization (as of October 1, 2024)



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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.

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