M&A総研HD

FY2024/9 4Q
Financial Results Presentation

October 29, 2024

M&A Research Institute Holdings Inc. (TSE Prime: 9552)

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Earnings Summary

Net sales (FY23/9→FY24/9)
¥8,642mn→¥16,549mn (+91.5%)

Operating profit (FY23/9→FY24/9)
¥4,579mn→¥8,408mn (+83.6%)

Operating margin (FY24/9)
50.8%

Sales growth rate (FY23/9→FY24/9)
+91.5%

Number of M&A advisors (for transferring companies) (FY24/9)

320

Increase from the end of FY23/9 (181 advisors)
+139 (+76.8%)

Landing at 320 advisers as planned at the beginning of the term

Sales per M&A advisor (for transferring companies)[1] (FY24/9)

¥65mn

FY21/9	FY22/9	FY23/9
¥61mn	¥74mn	¥67mn

FY24/9 concluded above the initial plan (61 million yen), with strong results (+6.6% compared to the plan).

Average time to M&A conclusion[2] (~FY24/9 average)

7.0 months

The shortest time
1.5 months

Maintained 6-7 months while also expanding business

Notes:
1. Calculated based on the average number of employees during the period
2. Average of all deals signed since inception (excluding financial advisor deals)

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Executive Summary

Performance

Net sales of ¥16,549 million (up 91.5% YoY),
Operating profit of ¥8,408 million (up 83.6% YoY), and
Operating margin of 50.8% (53.0% a year earlier) were recorded.
→Both net sales and operating profit have been performing well

【M&A Brokerage】
→ The unit price of contracts in the fourth quarter was 66 million, maintaining the usual contract unit price.
We will continue to prioritize the maximization of net sale per capita.
→The average time to M&A conclusion was 7.0 months[2], maintaining the standard of 6~7months.
Maintained short time to M&A conclusion by simultaneously promoting scale expansion and efficiency.

【Consulting business】
Monthly sales have been steadily increasing, showing strong growth.
→ Orders from enterprise companies are also on the rise.

Recruitment

【M&A Brokerage】
The number of M&A advisors was +139 (181 to 320), achieving the planned increase of +139 (320) for the current fiscal year.
→ Through the recruitment of a large number of personnel to date, we have accumulated a wealth of talent data. Utilizing this data to prioritize recruitment quality while maintaining and improving productivity, we determined it was necessary to revise the advisor headcount plan for FY25/9.

【Consulting business】
The number of consultants reached 28.
→ Talented professionals, primarily experienced candidates, have been successfully recruited, and active hiring will continue in FY25/9.

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Comparison between performance forecasts and actual results

	FY24/9 (forecast)	FY24/9 (actual)	Comparison with the forecast	Note
Net sales	¥15,300 million	16,549 million	+8.2%	
M&A Brokerage	¥15,300 million	16,301 million	+6.5%	This is due to the unit price of contracts exceeding the planned figures.
Others	-	247 million	-	Monthly sales have been steadily increasing, and business has progressed smoothly since the launch of the new business in October 2023.
Operating profit	¥7,200 million	8,408 million	+16.9%	
M&A Brokerage[1]	¥7,700 million	8,690 million	+12.9%	Sales exceeded expectations, and with no additional costs incurred, profit margins have improved.
Others[1]	¥-500 million	-275 million	-	Active investments are being made in recruitment costs and personnel expenses.
Operating margin	47.1%	50.8%	+3.7Pt	Despite active investments in new businesses, the profit margin has been maintained at 50%.
Profit	¥4,677million	5,788 million	+23.8%	
Earnings per share	¥80.67	¥98.82	+22.5%	

Note：
1. In addition to these, unallocated corporate expenses amounting to 6 million yen have been incurred across various segments, and the total of these corresponds to the operating profit in the consolidated income statement.

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Financial Highlights

	FY21/9	FY22/9	FY23/9	FY24/9	YoY
Net sales	¥1,328 million	¥3,911 million	¥8,642 million	¥16,549 million	+91.5%
M&A Brokerage	¥1,328 million	¥3,911 million	¥8,642 million	¥16,301 million	+88.6%
Others	-	-	-	¥247 million	-
Gross profit	¥1,038 million	¥3,123 million	¥6,617 million	¥12,017 million	+81.6%
Gross profit margin	78.2%	79.8%	76.6%	72.6%	-4.0Pt
SGA	¥475 million	¥1,019 million	¥2,038 million	¥3,608 million	+77.0%
Operating profit	¥563 million	¥2,103 million	¥4,579 million	¥8,408 million	+83.6%
M&A Brokerage[1]	¥563 million	¥2,103 million	¥4,579 million	¥8,690 million	+89.8%
Others[1]	-	-	-	¥-275 million	-
Operating margin	42.3%	53.8%	53.0%	50.8%	-2.2Pt
Ordinary profit	¥557 million	¥2,082 million	¥4,484 million	¥8,405 million	+87.4%
Ordinary income margin	42.0%	53.2%	51.9%	50.8%	-1.1Pt
Profit	¥368 million	¥1,326 million	¥2,646 million	¥5,788 million	+118.7%
Net income margin	27.7%	33.9%	30.6%	35.0%	+4.4Pt

Note：
1. In addition to these, unallocated corporate expenses amounting to 6 million yen have been incurred across various segments, and the total of these corresponds to the operating profit in the consolidated income statement.

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Financial Highlights(only for M&A Business)

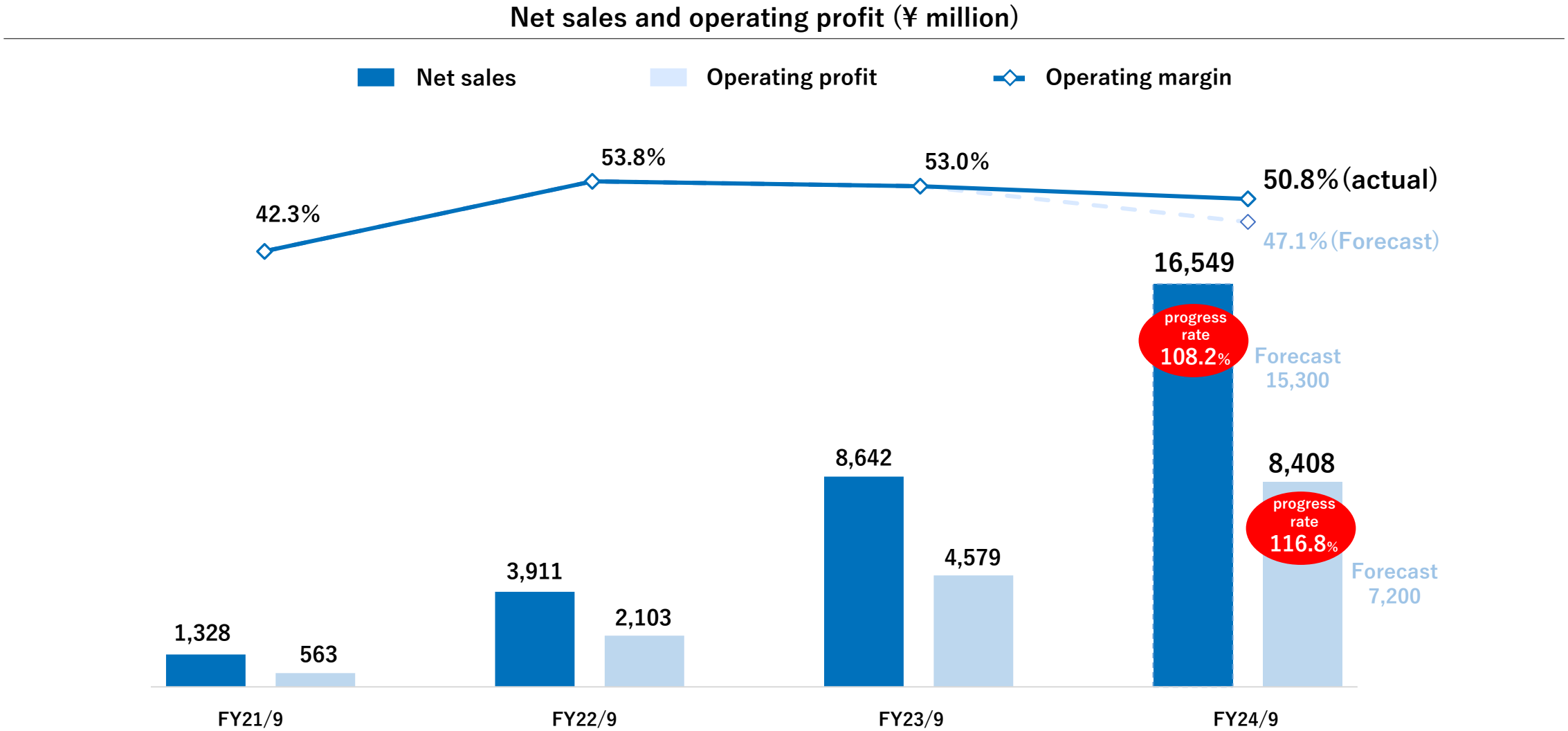
	FY21/9	FY22/9	FY23/9	FY24/9	YoY
Net sales	¥1,328 million	¥3,911 million	¥8,642 million	¥16,301 million	+88.6%
Operating profit	¥563 million	¥2,103 million	¥4,579 million	¥8,690 million	+89.8%
Operating margin	42.3%	53.8%	53.0%	53.3%	+0.3Pt
Number of M&A advisors	31	74	181	320	+76.8%
Closed M&A deals[1] (large-scale deals[2])	25 (1)	61 (7)	137 (14)	242 (26)	+76.6%
Fees per deal[3]	¥48 million	¥61 million	¥61 million	¥66 million	–
Average time to M&A conclusion[4]	6.2 months	6.6 months	6.6 months	7.0 months	–

Notes:
1. Non-facilitated advisory (FA) cases are excluded from the count of concluded transactions.
2. Cases with a total commission fee exceeding 100 million yen are defined as large-scale transactions.
3. To enable comparison with industry peers, the calculation method for transaction unit prices has been changed from FY24/9 1Q, now determined by “Revenue in M&A brokerage business ÷ Number of transactions concluded (excluding FA cases)“. The average value of closed M&A deals during the quarterly accounting period.
4. The average value of all concluded cases since inception (excluding FA cases).

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Net Sales and Operating Profit

The full-year results reached 16,549 million yen in sales, 108.2% of the planned figure, and 8,408 million yen in operating profit, 116.8% of the plan. The operating profit margin was maintained at 50%, even with ongoing investments in new businesses.

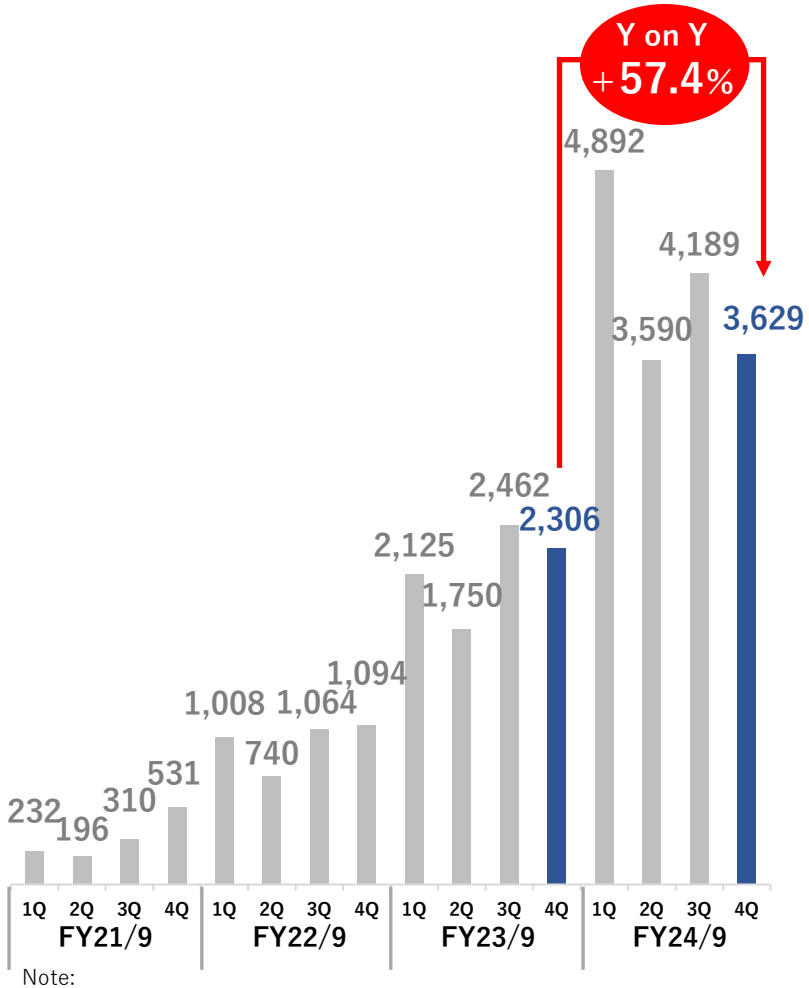


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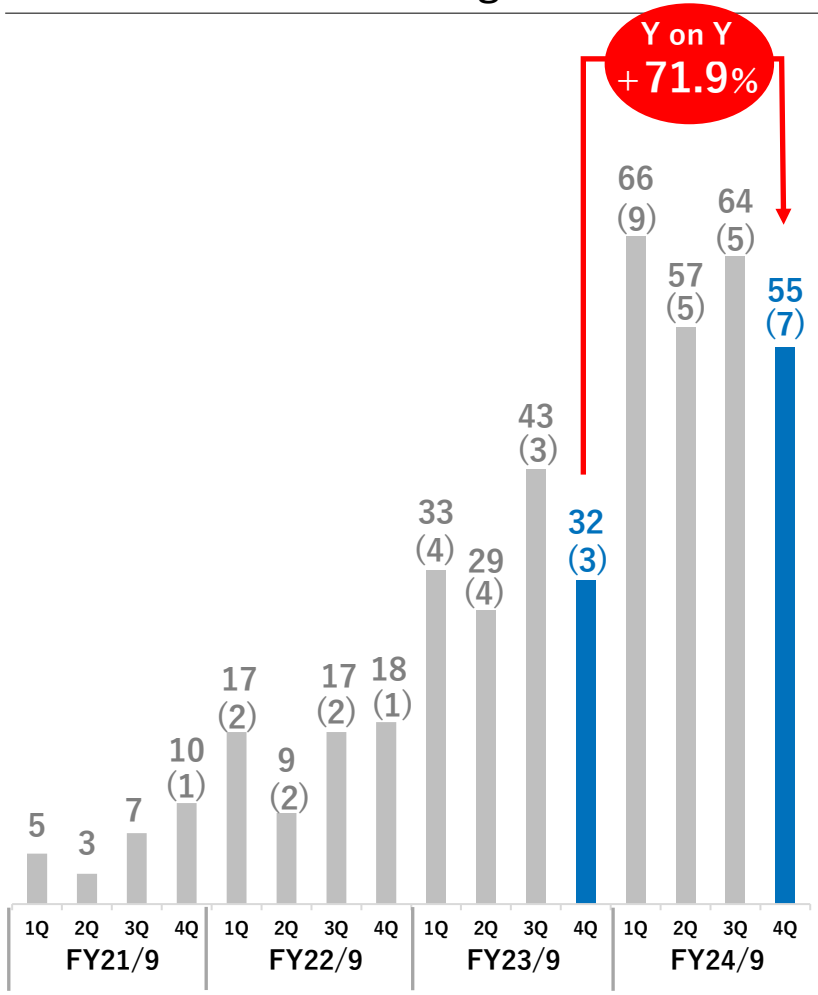
Sales, Closed M&A Deals, and Fees Per Deal (only for M&A Business)

In the third quarter, the net sales was 3,629 million yen (an increase 57.4% YoY), and the number of transactions was 55 (an increase of 71.9% YoY). As for large-scale deals, while there were 14 closed M&A deals by the end of FY9/2023, this fiscal year has already achieved 26 closed M&A deals.

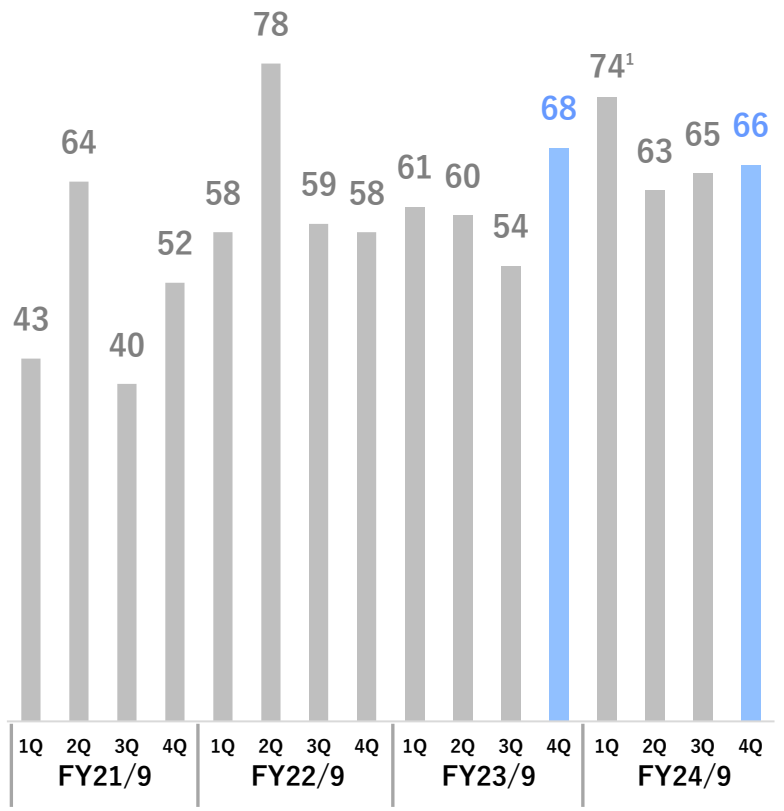
M&A brokerage sales (¥ million)



Closed M&A deals (large-scale deals)



Fees per deal [1](¥ million)



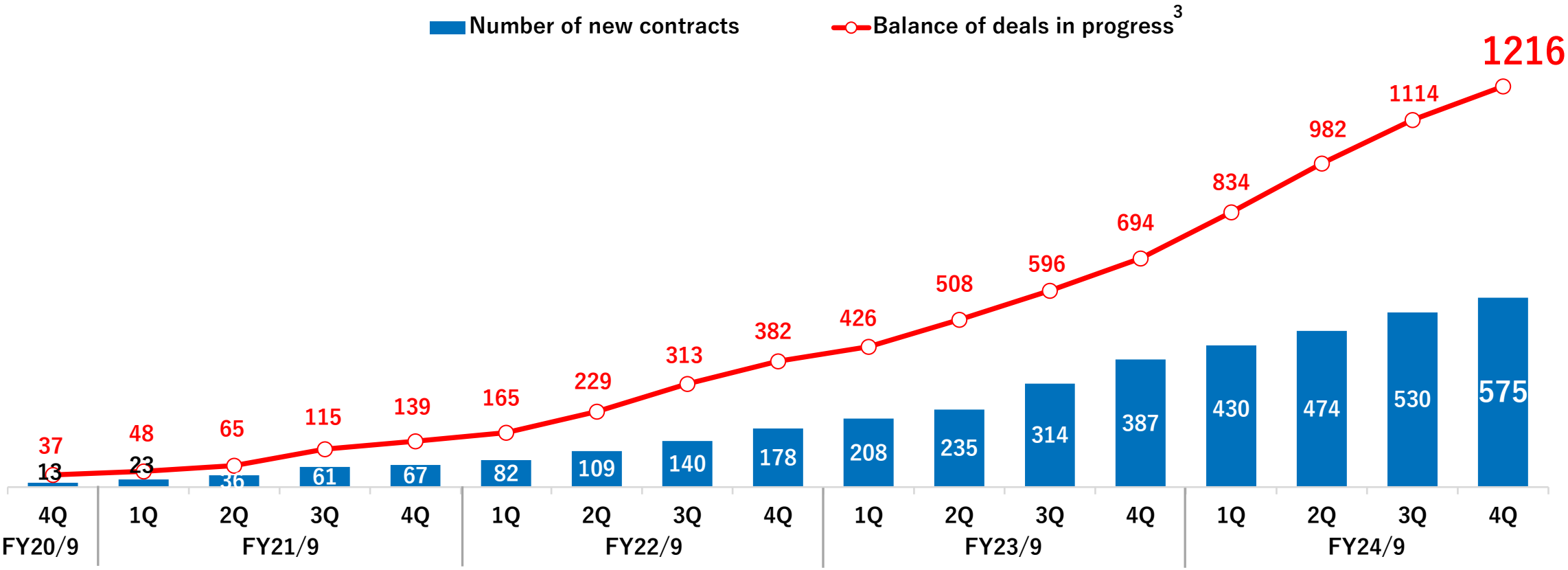
Note:
1. To enable comparison with industry peers, the calculation method for transaction unit prices has been changed from FY24/9 1Q, now determined by “Revenue in M&A brokerage business ÷ Number of transactions concluded((excluding FA cases)”. The transaction unit price for 3Q based on the traditional calculation method was 65 million yen.

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Number of New Advisory Contracts[1] and Deals in Progress

The accumulation of contracted balances, which forms the foundation for future revenue, continues to progress smoothly. Newly recruited advisors are also steadily securing contracts.
Regarding the increase in contracted FA M&A cases and overseas M&A cases, FA M&A cases are excluded from the count, and for overseas M&A cases, only a portion is counted.[2]

Quarterly number of new advisory contracts and number of deals in progress at the end of each quarter[3]



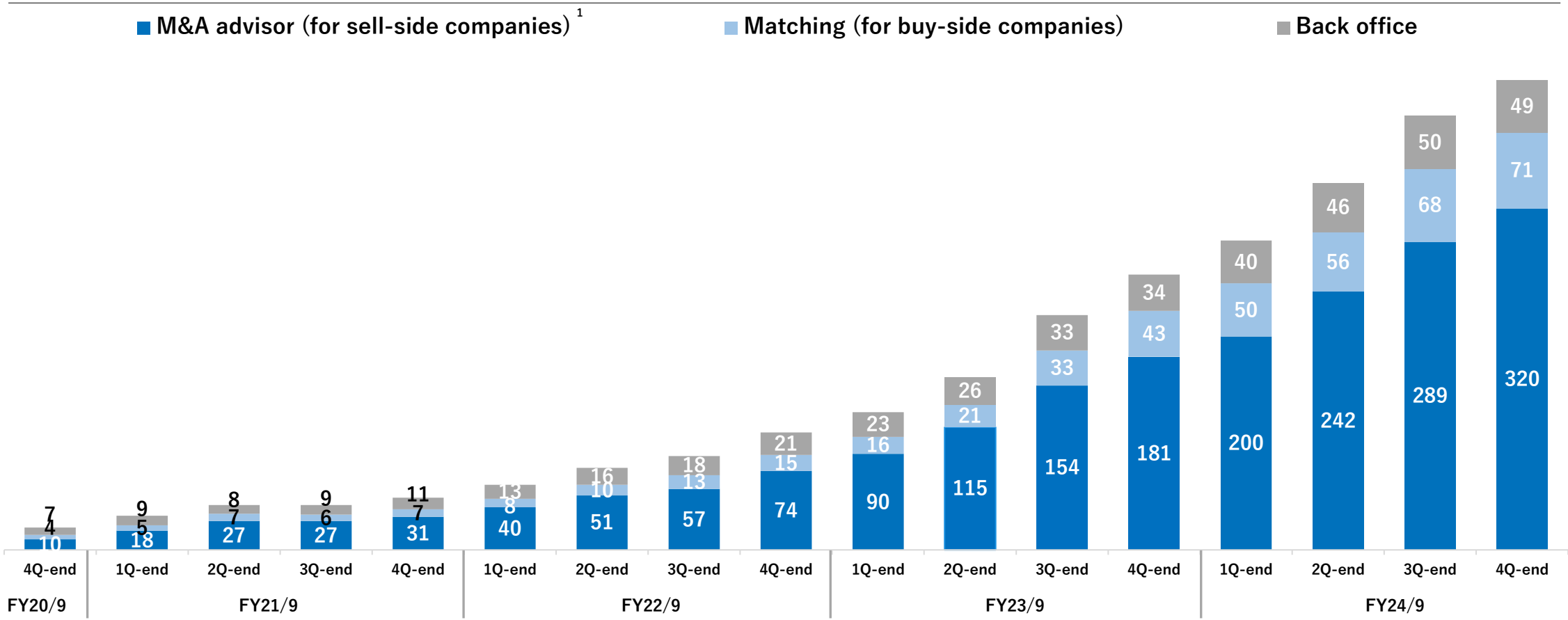
Notes:
1. M&A advisory contracts concluded with the selling company
2. FA M&A cases are excluded from the count. In addition, for overseas M&A cases, due to differences in business customs, active projects that do not have an advisory contract are excluded from the count.
3. Only active deals, excluding pending deals, are counted. Cases in which the progress of an Item has stopped once and may progress again after a period of time have been conservatively pended and excluded from the number of cases.

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Number of Employees (only for M&A Business)

The M&A brokerage business operates on a labor-intensive business model, and the increase in the number of M&A advisors is a key metric.
As of the end of September 2024, the number of advisors reached 320, achieving an increase of 139 from the initial plan.

Number of employees by division (as of the end of each quarter)

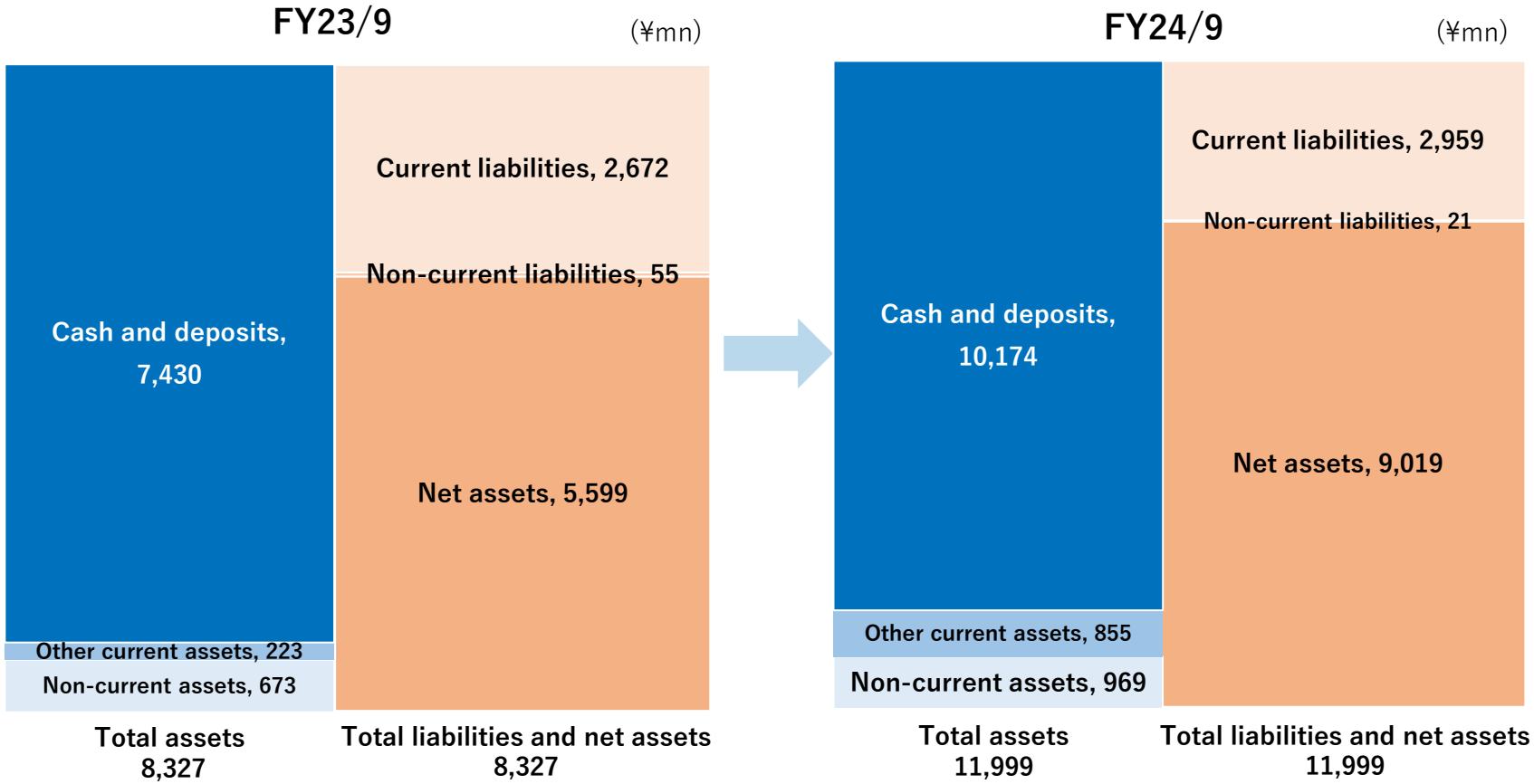


Note:
1. The number of M&A advisors is the number of those who have sales goals.

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Consolidated Balance Sheet

The Company is highly financially sound with increased cash and deposits due to net cash provided by operating activities.
Despite the growth in net assets as profits are generated, ROE is very high owing to thorough and efficient management.



(Ref.) ROA[1]		
FY22/9	FY23/9	FY24/9
47.5%	42.1%	57.0%

(Ref.) ROE[2]		
FY22/9	FY23/9	FY24/9
71.6%	62.1%	79.2%

Notes:
1. Profit / Total assets (average of at the beginning and ending of the period). We do not calculate ROIC because our business invested assets and total assets are similar.
2. Net income / Shareholder's equity (average of at the beginning and ending of the period)

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Consolidated Earnings Forecast

	FY24/9 actual	FY25/9 forecast	YoY growth
Net sales	¥16,549 million	¥23,200 million	40.2%
M&A Brokerage	¥16,301 million	¥22,000 million	+35.0%
Others	247 million	¥1,200 million	+358.8%
Operating profit	¥8,408 million	¥10,400 million	+23.7%
M&A Brokerage	¥8,690 million	¥11,000 million	+26.6%
Others	¥-274 million	¥-600 million	-
Operating margin	50.8%	44.8%	-6.0Pt
M&A Brokerage	53.3%	50.0%	-3.3Pt
Others	-	-	-
Profit	¥5,788 million	¥6,759 million[1]	+16.8%
Earnings per share	¥98.82	¥115.19	+16.6%

Note:
1. In the fiscal year ending September 2024, the tax rate was 31.1% (net income/pre-tax income), however for the fiscal year ending September 2025, calculations have conservatively assumed a rate of 35%.

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Forecasts in the M&A Brokerage

To achieve medium- to long-term growth in sales and operating profit, the fiscal year ending September 2025 will emphasize strengthening management (by implementing a division head system), investing in talent development, and enhancing compliance. The return on investment in management and talent development will be monitored on an ongoing basis.

	FY24/9 actual	FY25/9 forecast	YoY growth
Net sales	¥16,301 million	¥22,000 million	+35.0%
Operating profit	¥8,690 million	¥11,000 million	+26.6%
Operating margin	53.3%	50.0%	-3.3Pt
Number of M&A advisors	320	400～450	+25.0%～+40.6%
Sales per advisor (Average number of advisors during the term)	¥65 million (250.5)	¥57 million～61 million (360～385)	-
Closed M&A deals	242	367	-
Fees per deal	¥68 million	¥60 million	-
Average time to M&A conclusion	7.0 months	Around 7 months	-

- Strengthening Management (Introduction of a general manager system)
- Human Resource Development

→ ・Expansion of management ・Expansion of training programs ・Expansion of retention measures → Increase in productivity per worker

- Compliance Enhancement

→ ・Strengthening cooperation with credit reporting companies ・Expand checking tools → ・Improvement of customer satisfaction ・Improvement of service quality

→ **Aiming for medium- to long-term growth in sales and operating income**

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Assumption of Earnings Forecasts in the M&A Brokerage

	Assumption of earnings forecast
Net sales	Calculated based on the likelihood of M&A conclusion completion and the accumulation of expected contract fees for each accepted project.
Operating margin	In addition to strengthening management, active investments will be made in employee training and compliance enhancement. Necessary costs will be allocated appropriately to support organizational growth.
Number of M&A advisors	The number of M&A advisors for FY24/9 reached 320, meeting the target. For FY25/9, the plan is to have between 400 and 450 advisors.
Sales per advisor **(calculated based on the average number of employees during the period)**	The actual amount for FY24/9 is ¥65 million, but the plan is set at ¥57～61 million.
Closed M&A deals	Expected to increase proportionally as the number of advisors increases.
Fees per deal	Expect to maintain the current price level. While emphasizing the maximization of sales per M&A advisor, we will also implement measures aimed at improving fees per deal.
Average time to M&A conclusion[1]	Expected to remain around 7 months. This level has been reached as a result of continuous improvement of efficiency in the four years since our inception. Important to maintain this short period while rapidly expanding our scale in the future.

Note:
1. Average of all deals signed since inception (excluding financial advisor deals)

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Forecasts in the Others

For Quants Consulting Inc, sales are expected to increase alongside the expansion of the consultant team.
For Asset Management Consulting Inc, preparations for the business launch are progressing steadily; however, as sales figures are currently undetermined, they have not been included in the performance forecast.

	FY24/9 actual	FY25/9 forecast	YoY growth
Net sales	¥247 million	¥1,200 million	+385.8%
Quants Consulting	¥247 million	¥1,200 million	+385.8%
Asset Management Consulting	-	-	-
Operating profit	¥-275 million	¥-600 million	-
Quants Consulting	¥-224 million	¥-540 million	-
Asset Management Consulting	¥-42 million	¥-60 million	-

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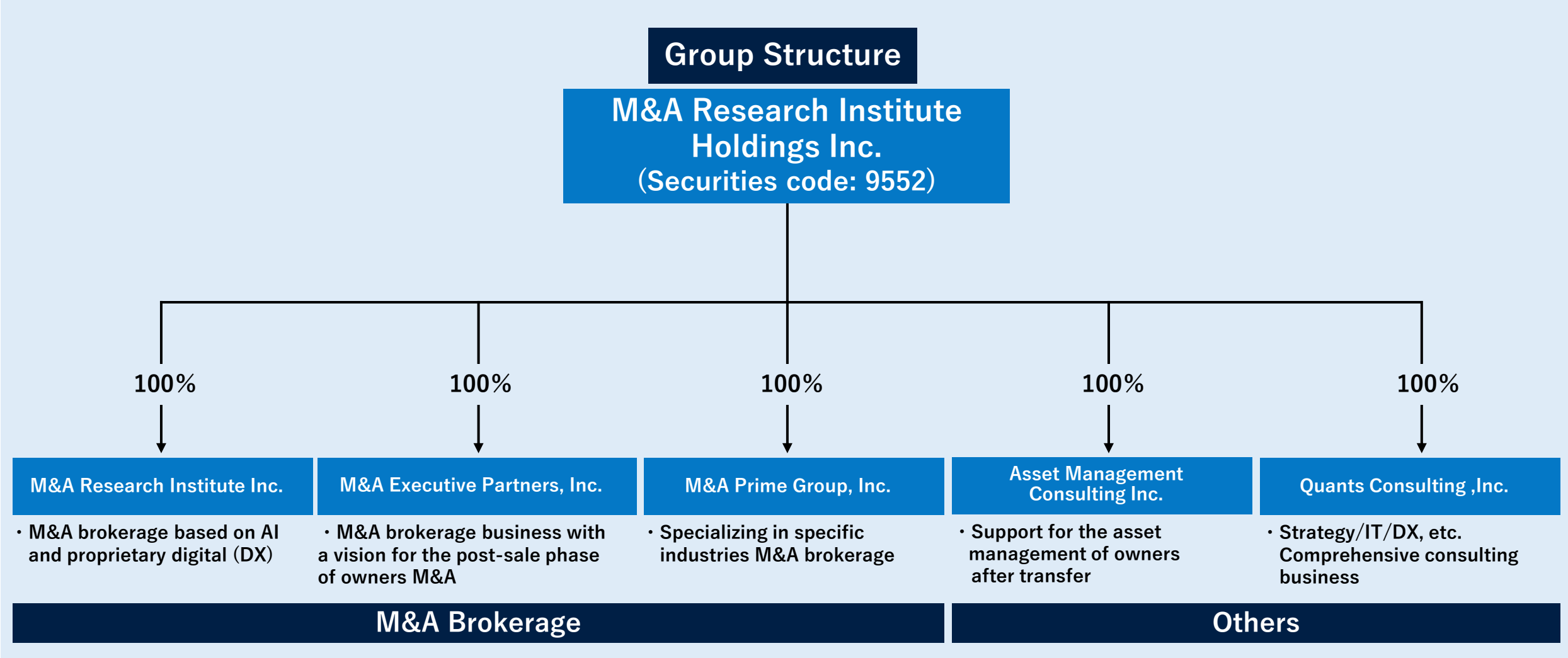
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Structure of the Group

M&A総研ホールディングスの下にM&A仲介事業を行う3社とその他事業を行う2社が紐づいている。



Note:
1. Change of trade name from “M&A Financial ,Inc.” to “M&A Prime Group ,Inc.” in August 2024.

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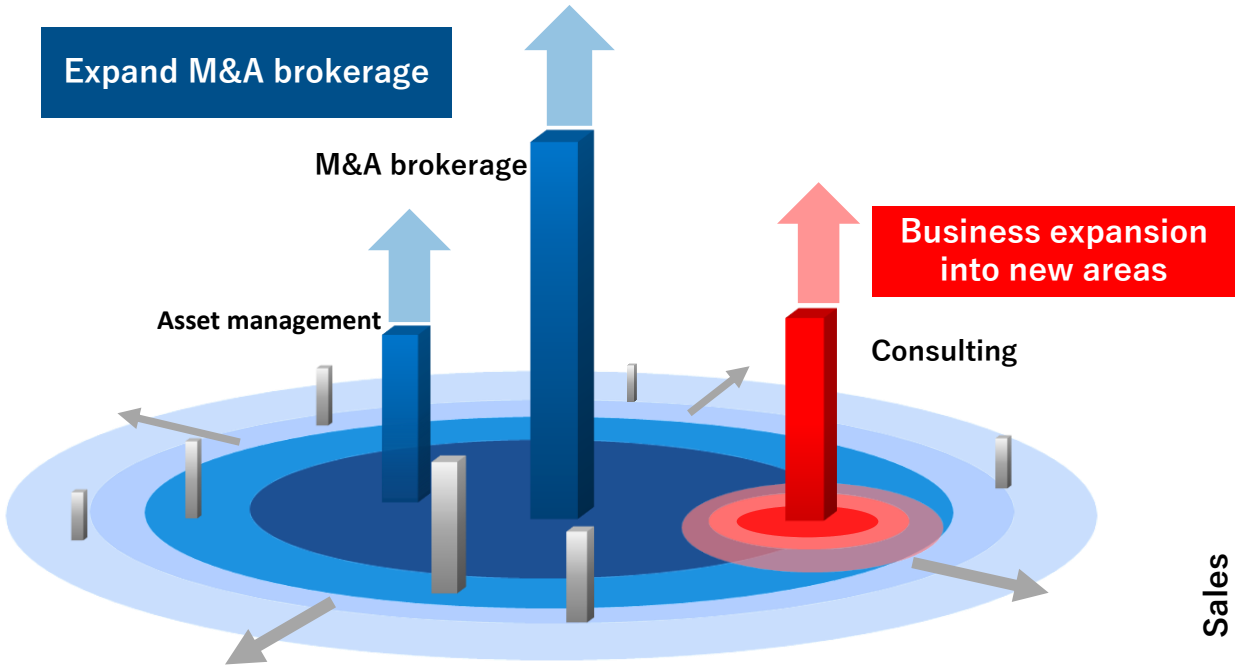
New Business Development

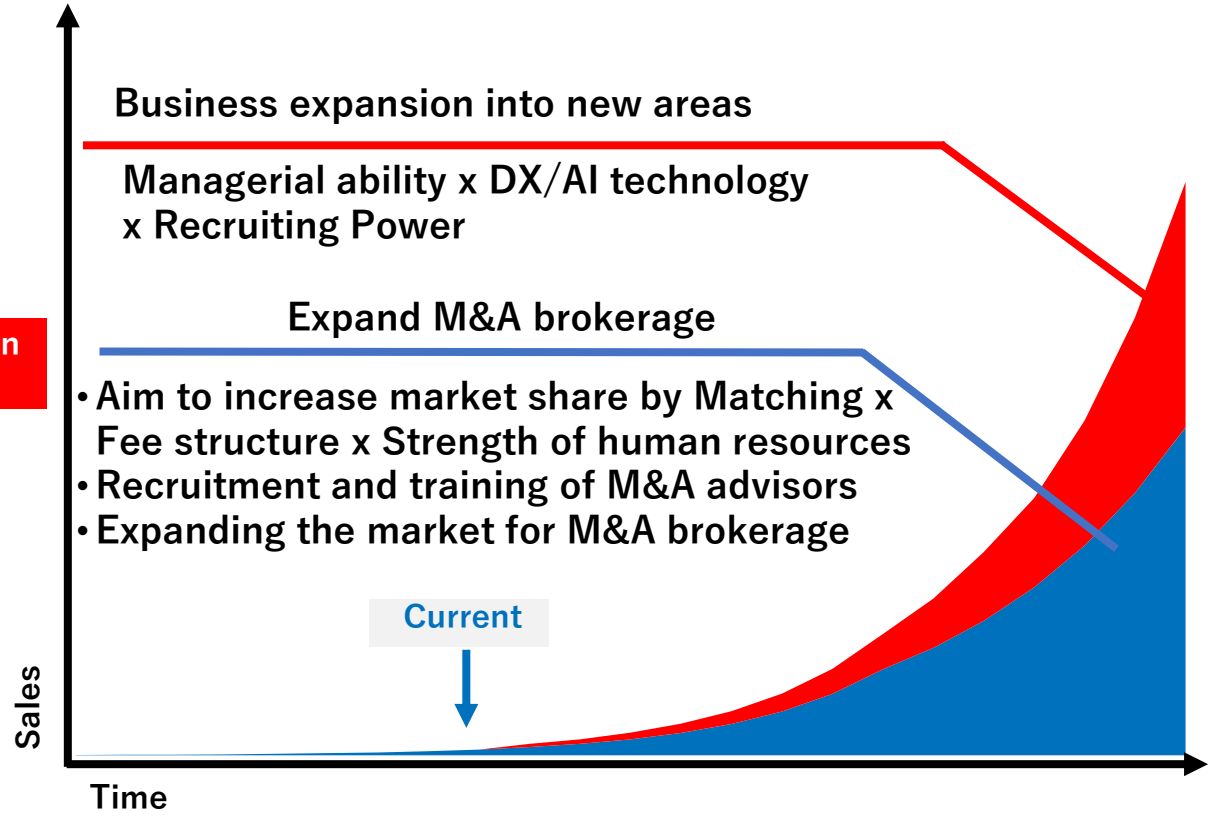
While continuing to grow the M&A brokerage business in order to increase the amount of profit for the group as a whole, entering the consulting industry, which is expected to have a large enough market and high growth potential.

The Company's growth vision

Managerial ability × DX/AI technology × Recruiting ability

Leveraging these strengths to develop new businesses



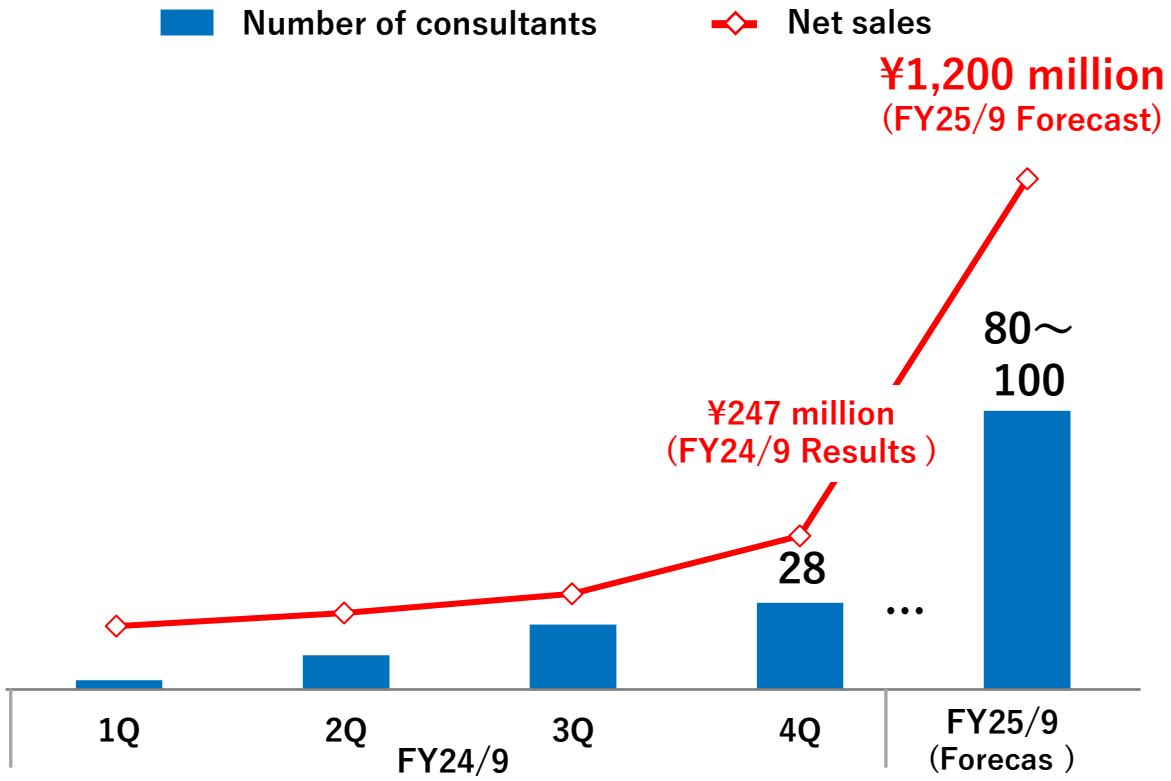


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Growth Strategy in Consulting Business

The company will continue to grow steadily and stably with a focus on quality, led by members with management experience at major consulting firms.

FY24/9 Results and FY25/9 Forecast



FY25/9 Forecast

Net sales：¥1,000 million (+385.8%)

Number of consultants：80～100
(+185.7%～+257.1%)

■ Strategies

- **Thorough quality control system leads to stable orders**

  → Providing high-quality services focused on business strategy and IT/DX to enhance corporate value.

  → Established a structure where, in addition to on-site consultants, the sales and quality risk management teams oversee service quality, ensuring high standards.

■ Recruitment/Training

- **Prioritizing quality, with a focus on hiring skilled, experienced consultants.**

  →Focused on building a strong candidate pool, recruiting primarily top talent with proven experience at major consulting firms.

- **Thorough on-the-job training and in-house training are provided after employment.**

  →Providing efficient, practical training led by management with extensive experience in talent development.
  A training program has been established to quickly empower even inexperienced hires.

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Growth Strategy in M&A Intermediary Business

Aim for significant growth by increasing the number of M&A advisors hired and increasing net sales per advisor.

Number of M&A advisors (for sale-side companies) ↑ × Net sales per advisor ↑

Net sales per advisor = Number of advisory contracts ↑ × Fees per deal ↑ × Contract rate ↑

Human Resource Strategy

Recruitment

- Continue to focus on lateral recruitment and strengthen the employment of new graduates.
- Break down the recruitment process to use data-driven recruitment based on data management.

Development

- Reduce training time thorough analysis of training content required for empowerment.
- Reduce the time required for onboarding by establishing a system to learn as needed through text and video content regarding questions arising in the course of work.
- Manage and analyze the sales activities of each M&A advisor to optimize sales performance

Measures to improve per capita productivity

Number of advisory contracts

- Partnerships with tax and accountant firms and business companies.
- Improved approach methods
- Active in organizing seminars
- A new Overseas Business Department has been established, with a focus on securing overseas M&A projects.

成約単価

- Establish a system to focus on large projects in addition to regular projects, led by excellent advisors

成約率

- Increase in the number of personnel in the matching division
- Improving AI accuracy

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Human Resource Training System

In the three years since our founding, we have created a system and environment that enable recruited personnel to achieve results quickly and withstand organizational expansion.
Rapid expansion of the organization has been made possible by shortening the time to M&A conclusion and bringing recruited personnel into the instructional side at an early stage

Bringing human resources into the workforce at an early stage

- Policy for early practical experience through unique and streamlined training programs
- Use DX and AI to streamline operations and reduce the average time to M&A conclusion
- Maintain and improve productivity even as the number of employees increases

Organizational expansion

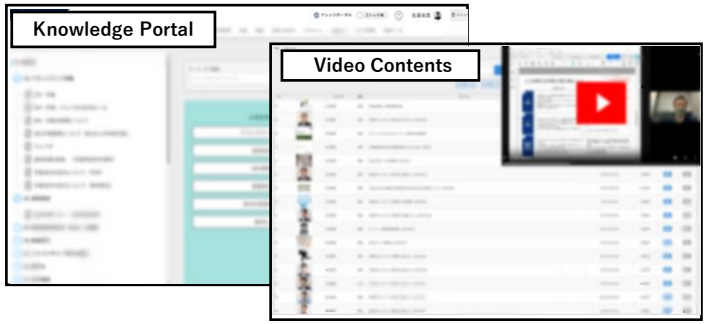
- Bringing new employees into the workforce within a year has enabled them to have subordinates on the instructional side at an early stage.
- One person can instruct more than one person, so rapid expansion of the organization is possible.
- An organizational culture of teamwork in support of bringing personnel into the workforce has taken root

Efficient education to achieve results in a short period of time

(1) Constantly improving training content for each business process

Sourcing	Matching	Execution
・Role playing ・Material preparation training ⋮	・Matching case training ・Study session sponsored by a buyer ⋮	・OJT guidance ・Support by in-house lawyers ⋮

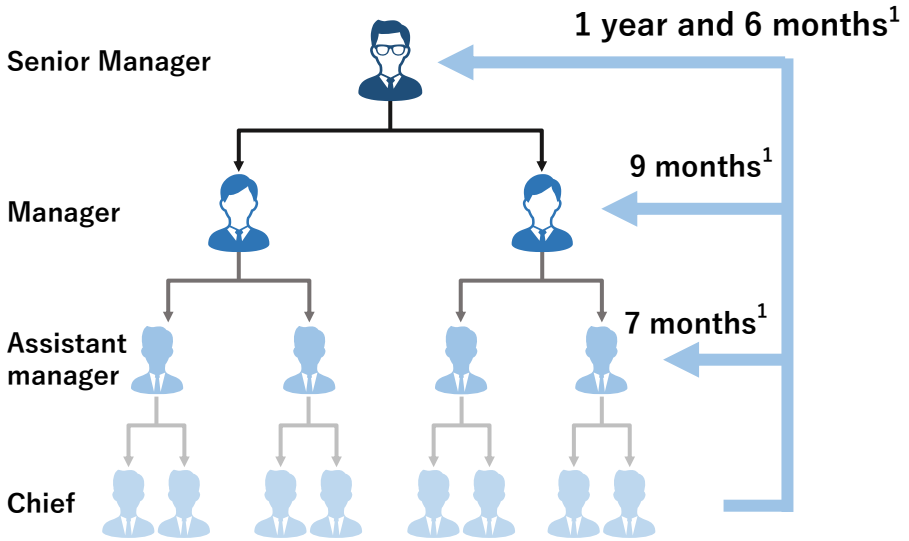
Establish an environment for sharing knowledge and learning efficiently through in-house systems





Education and guidance system

Organizational structure in which employees are promoted within a short period of time after joining the Company to provide guidance to their subordinates



Note:
1. Results of employees Joined in and after FY2020/9

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Comprehensive training curriculum established

A management-focused mentoring system, led by a dedicated department manager, is being implemented to improve the performance of team members. In addition, an educational support department is being established to provide training not only after joining the company, but also through comprehensive programs tailored to each position. This approach aims to cultivate the necessary skills and mindset, facilitate early talent development and strengthen the next generation of leaders.

Post-entry training

Training for chiefs and deputy managers → Training for Manager and Senior Manager → Training for deputy and general managers

Special training for top performers

M&A Advisors from Inexperienced toto M&A advisors		Building a base as an advisorImproving individual performance	Acquiring education and a higher perspectiveEarly development of the next generation of department heads	As a candidate for executive managementAcquisition of management skills
• 1st month (classroom training) → Introduction to M&A → Company profile writing training →Equity Valuation Training →Matching Training → Compliance Training ⋮	Regular training	• Logical thinking / writing • Financial Analysis • M&A Legal • Mindset Training • Project Acquisition Know-how ⋮	• Problem-solving mindset • Basics of Data Analysis and Statistics • KPI Management • Time management ⋮	• Project Management • Coaching • Team building • Management Training • Risk management ⋮
	＋			
• 2nd month - 6th month (practical exercises) →Basic Practical Course →Accompanying visit → Role Playing ⋮	Special Training	• Deal Know-How Training • Shared vision • Understanding Group Companies • Multi-faceted perspective, hypothetical thinking ⋮	• Customer Satisfaction Training • Deal Portfolio Management • Team Management • Cooperation with Group Companies ⋮	• Management Vision Sharing • Corporate governance • Leadership Training • raining for new and young employees ⋮

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Sales Strategy

In addition to outbound sales and inbound sales, we will focus on acquiring additional advisory contracts through partnership with each external entity.
We will actively hold various seminars to raise awareness and find new contacts in the inbound sales.

Sales strategy to expand the number of contracted projects

Outbound sales

Develop a large number of sell- side candidates through identification of companies with high transfer needs and improvement of approaches to lead to the acquisition of contracts.

Inbound sales

Increase brand recognition through further expansion of the website advertising and holding of various seminars to lead to the acquisition of contracts.

Partnership

Promote partnerships with community-based tax accountant firms, accounting firms, and business companies to lead to the acquisition of contracts through referrals.

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Initiatives: M&A Insight Seminars

Free monthly online M&A seminars for owners of sell-side companies.
Various seminars such as "Co-sponsored seminars" and "Industry-specific seminars."

Holding of co-sponsored seminars







Holding of various seminars







Cumulative number of seminars held[1]

131

Note:
1. Cumulative number of seminars held by the end of September 2024

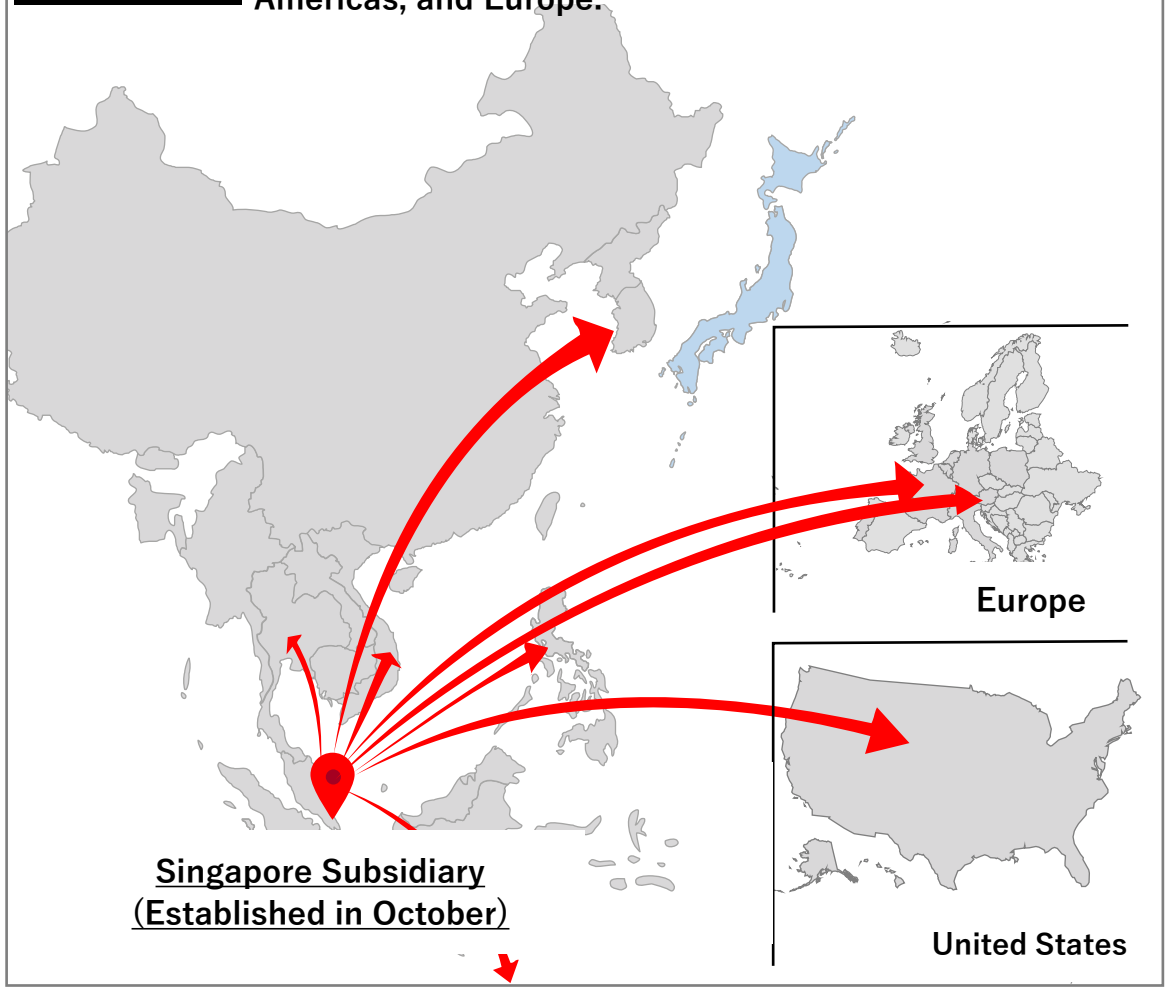
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Expansion of Offices

Expanding domestic and international offices to strengthen the sales structure. Creating new market opportunities in overseas markets, enhancing competitiveness, and pursuing further growth opportunities.

International Office

With a focus on the Singapore office, operations cover a wide range of regions, including Asia, Oceania, the Americas, and Europe.



Domestic Office



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Participation in M&A Brokerage Associations

M&A総研HD

As a director of the M&A Intermediaries Association(MAIA), efforts are being made to improve the reliability of the entire M&A intermediary industry, formulate regulations, and establish rules for its healthy development, contributing to the sustainable growth of medium-sized and small enterprises

M&A仲介協会
M&A Intermediaries Association

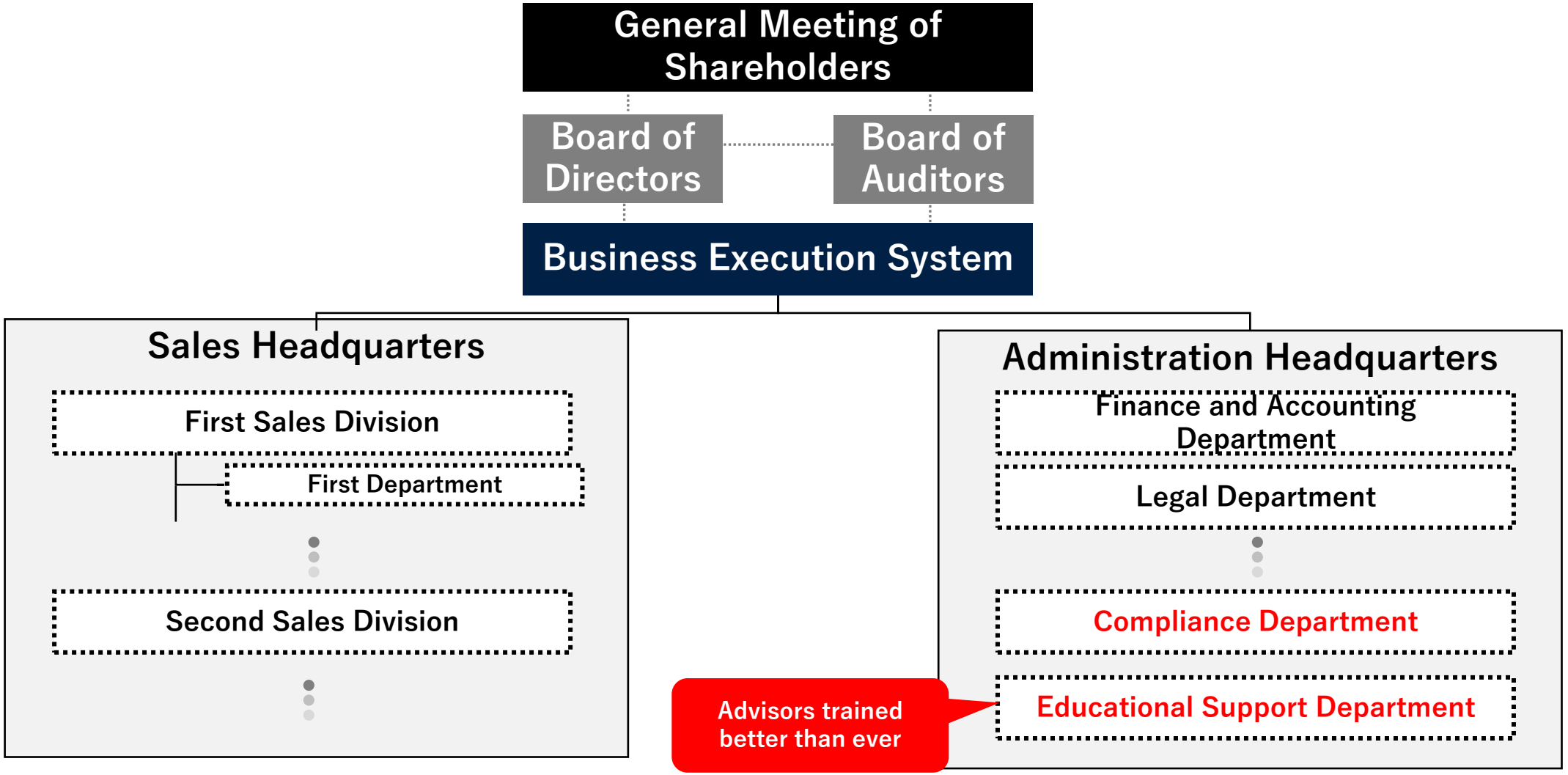
Association Overview

Japanese name	一般財団法人M&A仲介協会
English name	M&A Intermediaries Association(MAIA)
Established	October 1, 2021
Board Member	＜Representative Director＞ Kunihiko Arai (Strike Co., Ltd.) ＜Director＞ Ryosuke Kubo (Ondeck Co., Ltd.) Shunsaku Sagami (M&A Research Institute Inc.) Yasuhito Shinoda (Meinan M&A Co., Ltd.) Satoru Nakamura (M&A Capital Partners Co.,Ltd.) Suguru Miyake (Nihon M&A Center Inc.) ＜Auditor＞ Lawyer Kikuchi Yutaro(KIKUCHI SOGO LAW OFFICE)
Activities	• Promoting fair and smooth transactions in M&A brokerage • Adherence to Appropriate Transaction Rules, Including M&A Guidelines • Support for M&A support personnel development • Operation of a complaint and consultation service for M&A intermediaries • Other related businesses incidental to the preceding items

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Strengthening Internal Management Systems①

To further strengthen compliance, the Compliance Department is leading efforts to align with the SME M&A Guidelines, industry self-regulations, and internal rule development. Additionally, the Education Support Department has been established as a separate division to further enhance advisor training efforts.



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Strengthening Internal Management Systems②

Mr. Kanetaka, Former Commissioner General of the National Police Agency, was appointed as an advisor in October and now provides advice and guidance on our company's risk management and compliance systems.



Advisor Mr. Masahito Kanetaka

Mr. Kanetaka has held key positions, including the role of Commissioner General of the National Police Agency, and has extensive experience in public safety and crime prevention. Through his management of this large-scale organization, he has accumulated deep insights into fostering organizational transparency and ethical standards. He now provides advice and guidance to strengthen our company's risk management and compliance systems.

	Main Career
1978	Joined National Police Agency
1998	Chief of Toyama Prefectural Police Headquarters
1999	General Manager of Administration Department, Kanagawa
2001	Director of 2nd Investigation Division, Criminal Affairs Bureau, National Police Agency
2003	Director of Personnel Division, Commissioner-General's Secretariat, National Police Agency
2006	General Manager of Criminal Investigation Bureau, Metropolitan Police Department
2007	General Manager of Personal and Training Bureau, Metropolitan Police Department
2008	Senior Councilor of Commissioner-General's Secretariat, National Police Agency
2009	Commissioner of Criminal Affairs Bureau, National Police Agency
2011	Director-General of Commissioner-General's Secretariat, National Police Agency
2013	Deputy Commissioner-General, National Police Agency
2015	Director General of National Police Agency
2016	Retired from National Police Agency. Chief Director, Japan Police Personnel Mutual Aid Association
2023	Outside Director and Audit Committee Member, Nitori Holdings, Inc.
2023	Senior Advisor, Konami Group

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Strengthening Internal Management Systems③

In addition to the SME M&A Guidelines and the self-regulatory rules of the M&A Intermediary Association, we conduct our own rigorous multi-level compliance checks to ensure quality of service and a fair trading environment.

Efforts/Responses

Small and Medium Enterprise Agency/ M&A Intermediaries Association

・Small and Medium Enterprise Agency

Revised SME M&A Guidelines (3rd edition) to promote sound M&A transactions by SMEs and to establish proper procedures and transaction environment.

1. Matters related to commission and provision of brokerage and FA services
2. Specifying prohibitions on advertising and sales
3. Clarification of Prohibitions on Conflicts of Interest
4. Discipline regarding name-clear-tail clauses
5. Risk matters between the parties after the final contract
6. Treatment of Management Guarantee by the Transferring Party
7. Exclusion of inappropriate business operators

・M&A Intermediaries Association

To ensure transparency, fairness, and credibility in the small- and medium-sized M&A market, consider formulating rules and regulations and introducing a qualification system.

1. Establishment of Code of Ethics
2. Self-regulatory rules established and revised
   →Compliance Regulations Contract Important Information Explanation Regulations (Revised September 2024)
   Advertising and Sales Regulations (Revised September 2024)
3. Began operating the “Specified Business List.
   →Elimination of malicious concessionaires
4. Consideration of introducing a qualification system to improve the service level of M&A support organizations
   →Improve the effectiveness of self-regulatory rules and the quality of work of M&A intermediaries

＋

Additional efforts unique to our company

Thorough elimination of malicious buyer companies

1. At the time of new transaction
   →Strengthen and diversify the tools used for compliance checks at the start of new transactions to prevent transactions from being initiated with malicious transferees.
2. At the start of the deal
   →The soundness of the buyer company will be confirmed from various perspectives based on approximately 20 items of investigation using multiple credit research firms. If there is any concern about the financial strength of the buyer during the investigation process, we will request the buyer to disclose materials that will enable us to identify the problem, and if we are unable to do so, the deal will be suspended.
3. Since the start of the deal
   →Based on a checklist of approximately 100 items, monitoring is conducted for suspicious points from both quantitative and qualitative perspectives. Depending on the items found, we will request the disclosure of documents or cancel the deal.



Check response flowchart　　Checklist

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Strengthened Governance

Independence and diversity have been emphasized in the governance framework, which has been further refined.
Through rigorous risk management and compliance, along with transparent and proactive information disclosure, we seek to strengthen the foundation of management and drive the creation of new value.

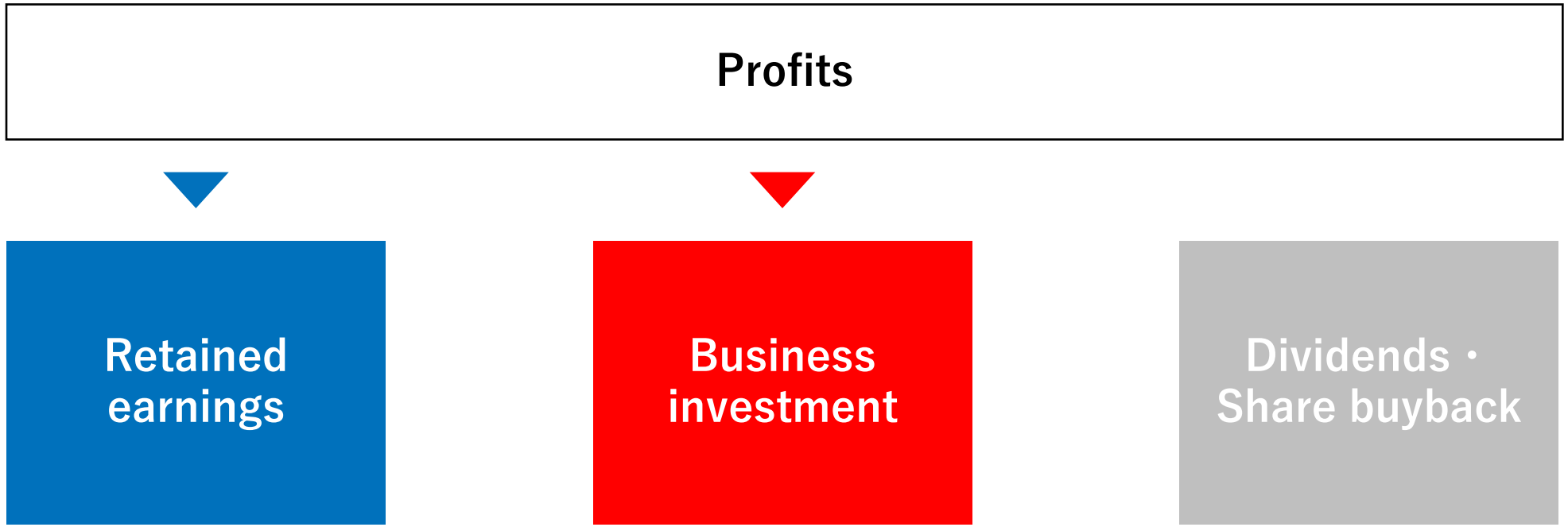


Name	Position	Independent	Expertise and experience						
			Business management	Sales & Marketing	Accounting & Finance	Compliance and Risk Management	M&A	Human Resources Development	Legal
Shunsaku Sagami	Director &CEO		●	●		●	●	●	
Akihiro Yabuki	Director &COO			●			●	●	
Hikaru Ogino	Director &CFO				●	●			
Ryo Mizutani	Outside Board Director	●	●		●		●	●	
Toru Kamiyama	Outside Board Director	●	●		●		●		
Mika Aoki	Outside Board Director	●				●			●
Naoki Okamoto	Executive Auditor	●			●	●			
Makoto Kumazawa	External Auditor	●	●			●	●		●
Yousuke Azuma	External Auditor	●			●	●	●		

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Shareholder Return Policy

As announced on August 1, approximately 2.5 billion yen worth of treasury stock is being repurchased, but there is no significant change in our approach to the shareholder return policy.



We are actively considering the launch of new businesses, including consulting businesses, as well as investments in existing businesses to increase corporate value over the medium to long term.
New businesses will be launched both by the company itself, such as the consulting business announced this time, and by acquiring existing companies through M&A. We will continue to work on accumulating funds for future M&A activities.

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Frequently Asked and Assumed Questions (Other Q&A are listed in the Appendix)

項目	Q	A
M&A Brokerage Business	Small and medium-sized M&A guidelines and M&A intermediary associations.Are there any additional costs to be incurred in complying with the SME M&A Guidelines and the M&A Intermediary Association's self-regulatory rules?What impact do you expect this to have on your future performance?	No major additional costs or significant impact on earnings are expected. Internally, in addition to the SME M&A guidelines and self-regulatory rules, the company is developing its own strict rules. By doing so, the company hopes to further contribute to solving issues such as business succession and productivity improvement for small and medium-sized enterprises, thereby realizing sustainable growth.
Quants Consulting	It has been a year since the launch of the consulting business. How do you feel about its progress, and what are your thoughts on its medium- to long-term growth potential?	In FY24/9, we achieved steady growth in revenue. We have also accumulated a solid track record, receiving repeat and new referrals from various companies, including enterprise clients. Recruitment of consultants has been progressing smoothly, with talented consultants who resonate with our values and vision joining the team. Although we anticipate a deficit in FY25/9 due to our active hiring plans, we aim to achieve significant growth, establishing consulting as a core pillar of our business in the future.
	What are the backgrounds of the consultants you are hiring?	We are primarily recruiting talented individuals with experience from major firms. Even those without prior experience are able to leverage their knowledge from previous roles and quickly enhance their performance through our training program.

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Frequently Asked and Assumed Questions (Other Q&A are listed in the Appendix)

項目	Q	A
Quants Consulting	It has been one year since you launched your consulting business. What are your thoughts on the medium- and long-term growth potential of the business?	In FY24/9, we were able to increase sales steadily. In addition, we have received orders from enterprise companies, as well as referrals from many other companies for continuing projects and new projects, and our track record is building up. We are also making steady progress in recruiting consultants, and we are attracting talented consultants who share our philosophy and vision.
	What are the backgrounds of the consultants you hire?	We hire excellent personnel, mainly experienced professionals from major firms.Even inexperienced personnel are performing well at an early stage, making use of their previous knowledge and experience while undergoing our training program.

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Company Overview

Company name	M&A Research Institute Holdings Inc.
Established	October 12, 2018
Representative:	Shunsaku Sagami
Address	1-8-1 Marunouchi, Chiyoda-ku, Tokyo
Business description	M&A brokerage business, asset management business, Consulting business
Offices	Tokyo (head office),Sapporo, Nagoya, Osaka, Fukuoka,Okinawa Singapore Subsidiary
Executive Officers	Director Akihiro Yabuki Director Hikaru Ogino (Certified Public Accountant) Outside Board Director Ryo Mizutani Outside Board Director Toru Kamiyama Outside Board Director Mika Aoki (Lawyer) Executive Auditor Naoki Okamoto (Certified Public Accountant) External Auditor Yosuke Azuma (Certified Public Accountant) External Auditor Makoto Kumazawa (Lawyer)



Vision

Transforming the M&A brokerage sector by fully leveraging AI and DX

Representative Director & CEO
Shunsaku Sagami

Graduated from the Faculty of Agriculture, Kobe University.
In 2016, he established his first company, Alpaca, and subsequently sold all shares to VECTOR INC. in 2017.
As a serial entrepreneur, he founded M&A Research Institute (currently M&A Research Institute Holdings Inc.), his second company, in 2018.

2013 Joined MicroAd, Inc.
- Worked on the development of an advertisement system algorithm

2016 Established Alpaca
- Founded the company as Engineer and CEO at the age of 25, and launched a fashion and make-up media business for women

2017 Sold Alpaca's shares to VECTOR INC. (TSE Prime 6058)
- Continued working to expand the business as a management member following the stock transfer
- Noticed inefficiencies of the M&A brokerage market through experience in multiple M&As

2018 Established M&A Research Institute
- Having faced the closing of his grandfather's company, decided to run a M&A brokerage company that works closely with SMEs

2022 Listed on the Japan Exchange Group Growth Market
- Listed in June 2022, 3 years and 9 months after its founding

2023 Listed on the Japan Exchange Group Prime Market
- Listed in August 2023, 4 years and 11 months after its founding

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Management



Akihiro Yabuki, Director and COO

Graduated from Meiji University. Joined Keyence Corporation in 2010. Engaged in consulting sales for the manufacturing industry Joined Nihon M&A Center Inc. in 2015, completing many successful transactions centered around manufacturers. Joined M&A Research Institute in 2019, where he leads the Sales Division. Appointed as Director in 2020.



Outside Board Director Ryo Mizutani

Graduated from Keio University. Joined Daiwa Securities SMBC Co., Ltd. (currently Daiwa Securities Co., Ltd.) in 2007 and worked in investment banking. Involved in the founding of and factory, inc. in 2014 and appointed as Director. The company succeeded in an IPO on TSE Mothers 4 years after its founding. Founded Beyond X, Inc. in 2019, becoming Representative Director. Appointed as an Outside Director for M&A Research Institute in 2020.



Outside Board Director Mika Aoki(Lawyer)

Graduated from Waseda University. Joined USEN Corporation in 2004. Worked as a freelance announcer in news programs and other media since 2007. Joined the law firm Yamazaki, Akiyama, Yamashita in 2016. Involved in various tasks related to mass media and corporate legal affairs. Appointed as an Outside Board Director of M&A Research Institute in 2023.



External Auditor Yosuke Azuma (CPA)

Graduated from Meiji University. Joined Deloitte Touche Tohmatsu LLC in 2006 and worked in statutory audits and IPO support. Joined CyberAgent, Inc. in 2011, and worked in accounting. Joined GameWith, Inc. in 2015 and as an executive in charge of the administrative division, achieved a successful IPO on TSE Mothers, achieving promotion to the TSE 1st Section. Appointed as an External Auditor for M&A Research Institute in 2020.



Hikaru Ogino, Director and CFO (CPA)

Graduated from Rikkyo University. Joined KPMG AZSA LLC in 2014 and worked in statutory audits and IPO support, primarily for startups. Joined M&A Research Institute in 2020, where he leads the Administrative Division. Appointed as Director in 2020.



Outside Board Director Toru Kamiyama

Graduated from Keio University. Joined Nomura Securities Co., Ltd. in 2000 and worked in investment banking. He became independent in 2017 and has served as an outside director of HEROZ (TSE: 4382), B-Platz (TSE: 4381), and Itsumo (TSE: 7694), Inc.
Appointed as an Outside Director for M&A Research Institute in 2022.



Executive Auditor Naoki Okamoto (CPA)

Graduated from Rikkyo University. Joined Asahi & Co. (currently KPMG AZSA LLC) in 1999, working in both statutory audits and IPO support as well as the Digital Innovation department where he focused on promoting the digitalization of auditing operations. Became a Full-time Auditor for M&A Research Institute in 2020.



External Auditor Makoto Kumazawa (Lawyer)

Graduated from Waseda University. Joined Mori Hamada & Matsumoto in 2007. Founded Kumazawa Law Office (currently Shin Saiwai Law Office) in 2011 and worked in legal affairs for many M&As and other transactions as co-representative. Appointed as an External Auditor for M&A Research Institute in 2020.

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Two Advantages of the Company Based on Strong Organizational Capabilities

Advantages in services

1. The only prime market listing company to adopt a pricing system with only success fees[1]
2. Average time of 7.0 months to M&A completion[2]
3. Industry-leading matching capability

×

Advantages in recruitment

1. Efficient working environment
2. Incentive plan at an industry top level

Underlying structure and philosophy of the Company

Develop and implement optimal strategies through thorough industry analysis and improvement

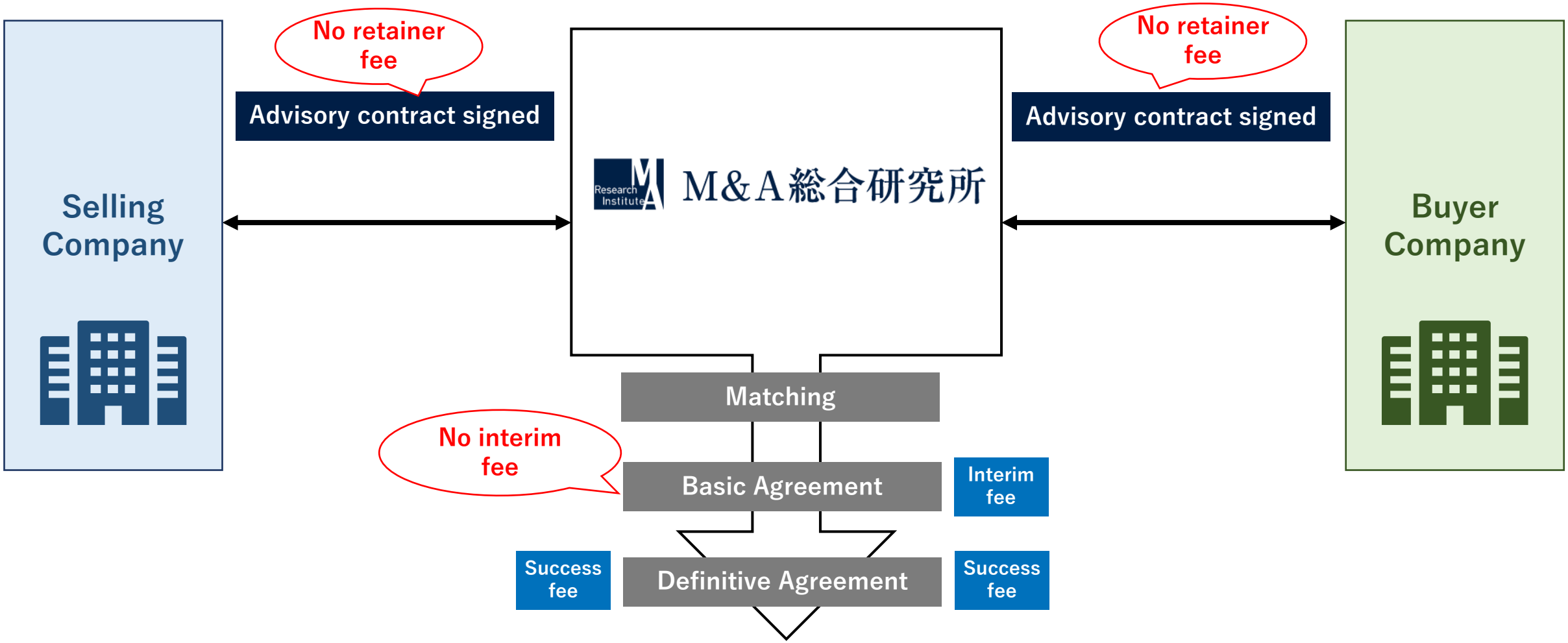
1. Data driven and rational management and organizational capabilities
2. Self-development of all in-house systems, efficiency through AI and DX
3. Ability to recruit excellent human resources

Notes:
1. Market Research in Designated Areas - October 2022 Research Institution: Japan Marketing Research Organization
2. Average of all deals signed since inception (excluding financial advisor deals)

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Business model

The brokerage business model charges fees from both the selling and acquiring companies.
Succeeded in reducing costs through streamlining and introduced a system with no start-up or interim fees. Only contingency fees for selling companies.



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M&A Brokerage Deal Flow by Step

The M&A process is divided into three phases. We respond to the phases by dividing operations between two departments: the Corporate Information Department (M&A advisor) and the Corporate Affairs Department (matching).
DX/AI technologies simplify the two phases of sourcing and matching, allowing advisors to spend more time in execution to support, leading to providing quality services.

Sourcing (Efficiency via DX)

Identifying sellers

- Sales efforts via letters, etc.
- M&A explanation and meetings
- Sign non-disclosure agreement
- Receive necessary documents
- Corporate company evaluation report
- Determine consultation targets
- Sign advisory contract with seller

Matching (Efficiency via AI)

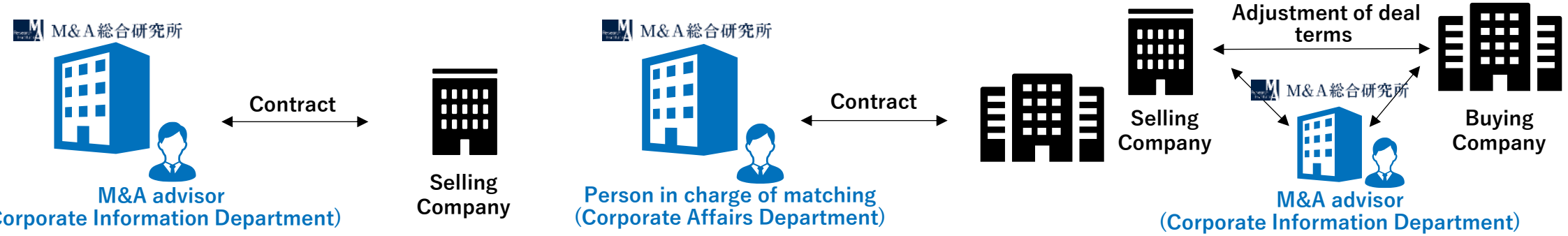
Searching for potential buyers and matching

- Prepare materials of the selling company (making it a project)
- Approach potential buyers
- Sign advisory contract with buyer
- Senior interviews between sellers and buyers
- Negotiation of terms

Execution High-quality support from advisors

Negotiation and deal completion

- Express intent / basic agreement
- Due diligence
- Negotiate final details
- Final agreement
- M&A deal completion

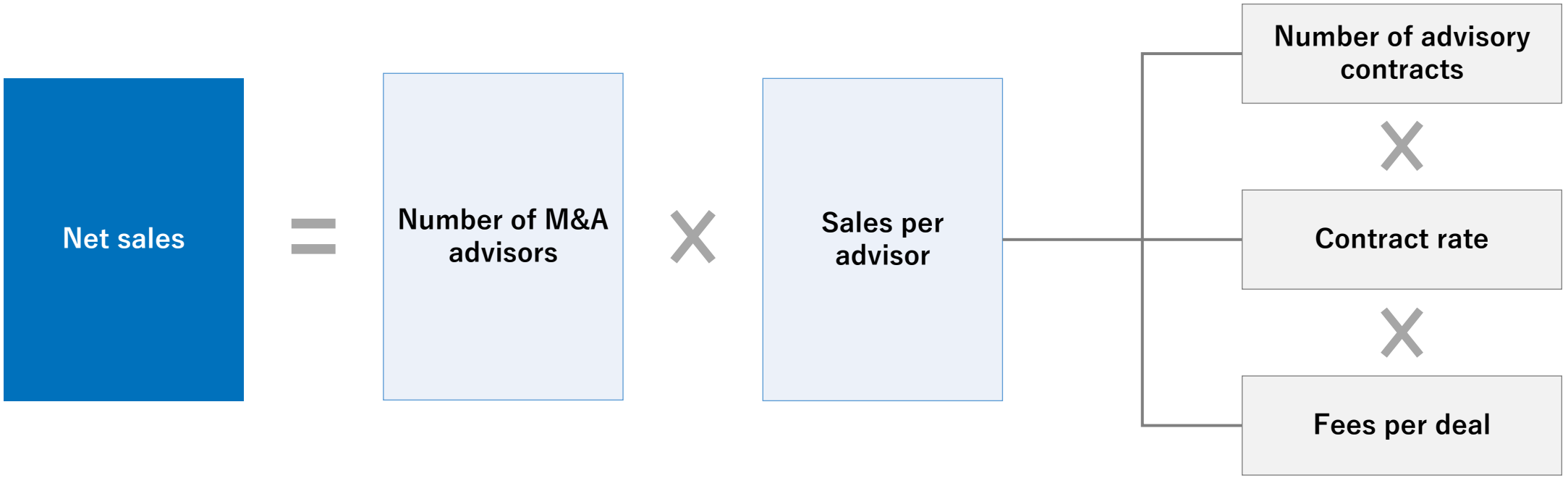


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Earnings structure

M&A brokerage earnings are structured as follows: Sales = number of M&A advisors x sales per advisor.
Keys to further accelerate the increase in sales are the number of M&A advisors and increase in sales per advisor.

Earnings structure



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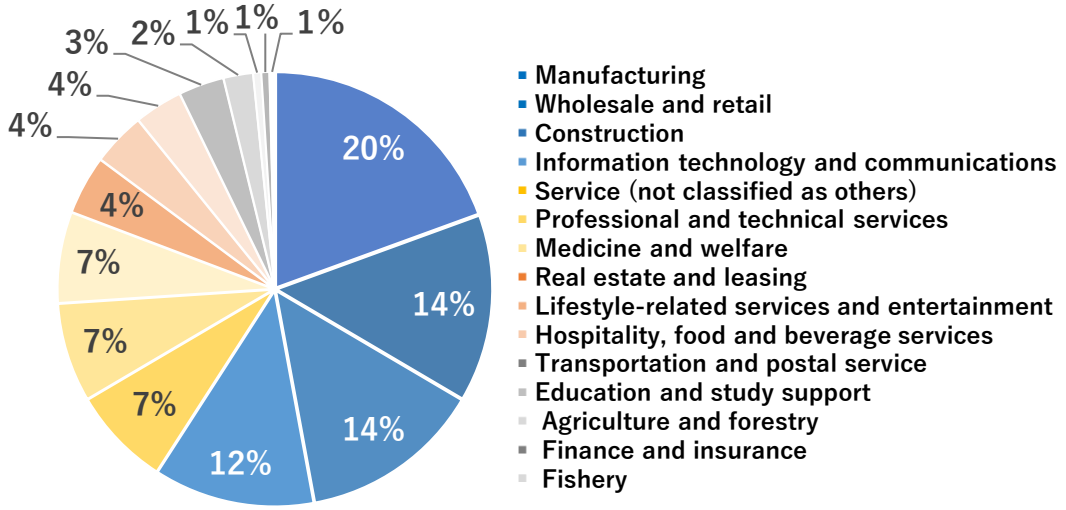
M&A Conclusion

We have successfully brokered M&As with companies in various industries, sectors, and regions.

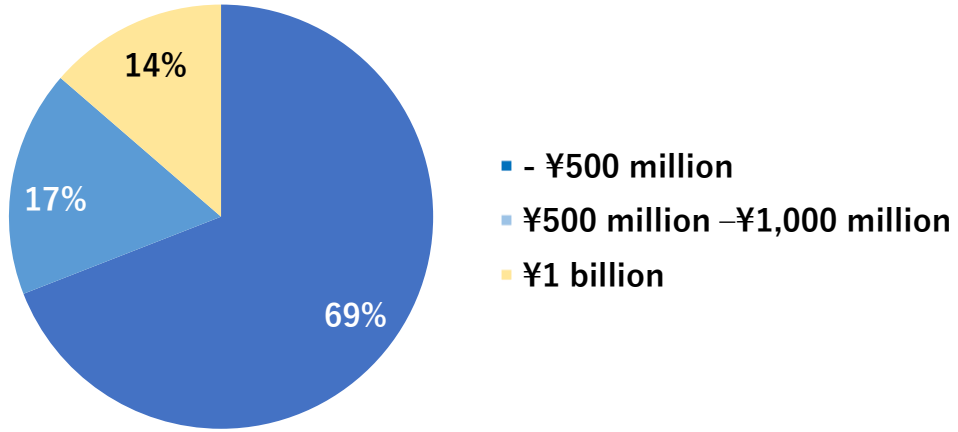
Examples

	Selling company		Buyer	
	Business description	Region	Business description	Region
1	Construction	Kyushu	Service	Hokkaido
2	Hospitality, food and beverage services	Chugoku	Transportation and postal service	Chugoku
3	Agriculture and forestry	Tokai	Service	Kanto
4	Medicine and welfare	Kanto	Agriculture and forestry	Hokkaido
5	Manufacturing	Kanto	Service	Kanto
6	Lifestyle-related services and entertainment	Chugoku	Hospitality, food and beverage services	Kanto
7	Lifestyle-related services and entertainment	Kanto	Real estate and leasing	Kanto
8	Information technology and communications	Kanto	Lifestyle-related services and entertainment	Kinki
9	Manufacturing	Hokuriku	Wholesale and retail	Kinki
10	Real estate and leasing	Kinki	Service	Kanto
481	Manufacturing	Chūbu	Manufacturing	Chūbu
482	Hospitality, food and beverage services	Hokkaido	Lifestyle-related services and entertainment	Kanto
483	Real estate and leasing	Chūbu	Hospitality, food and beverage services	Hokkaido
484	Service	Kinki	Construction	Kyusyu
485	Professional and technical services	Chugoku	Professional and technical services	Kinki
486	Wholesale and retail	Shikoku	Medicine and welfare	Hokkaido
487	Information technology and communications	Kanto	Manufacturing	Kanto
488	Service	Hokkaido	Medicine and welfare	Kinki

Business of selling companies[1]



Size of selling companies[1]



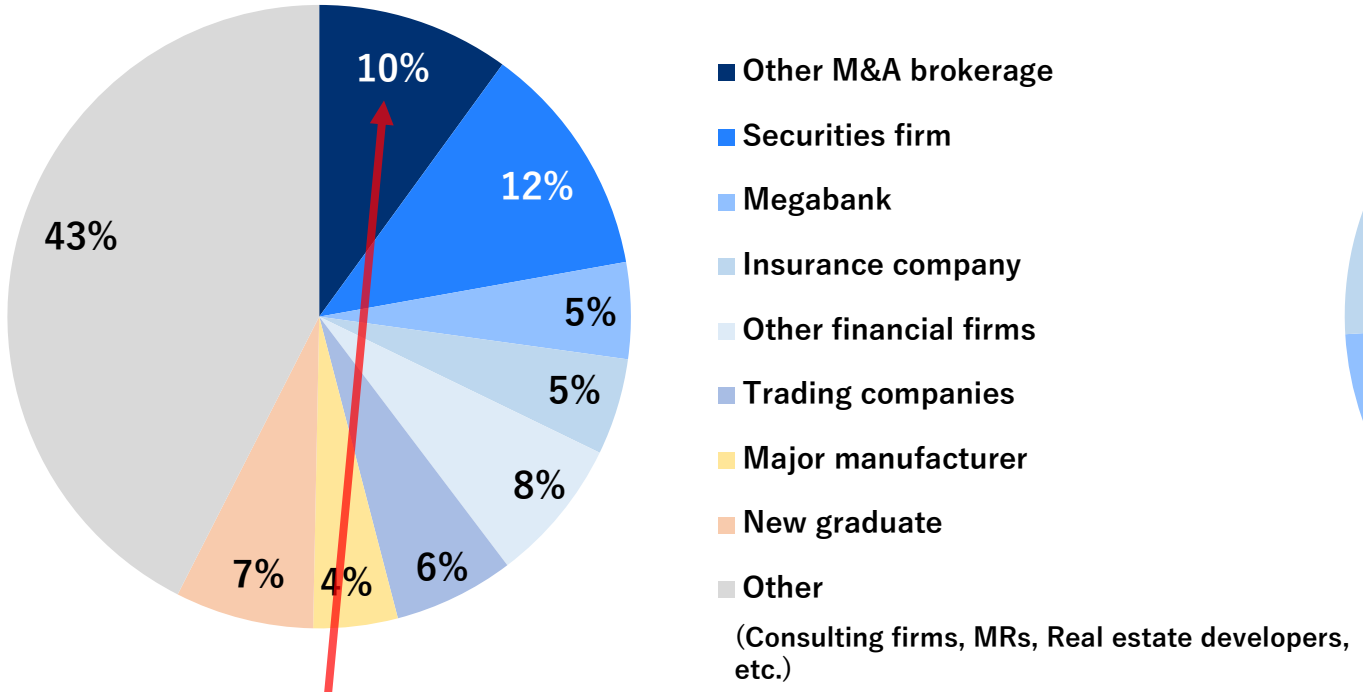
Note 1: Aggregated based on all deals concluded by the end of September 2024 .

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Background of Our M&A Advisors

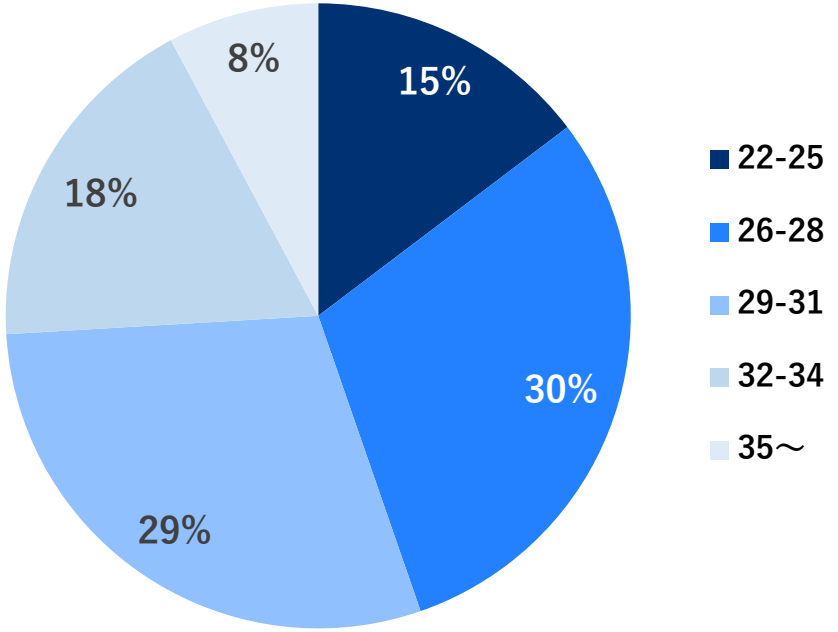
**M&A Research Institute's M&A advisors come from various industries and companies.
The creation of a work environment enabling younger employees to succeed has gradually lowered the average age of advisors to 29.3 years old.**

Former employers of M&A advisors



An environment conducive to success for individuals without prior experience has been established, resulting in a low percentage of job applicants from competing companies at our firm.

Breakdown by age of M&A advisors



Note: Based on our employee data (including those scheduled to join us) as of September 30, 2024

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Advantages in M&A Brokerage Services

Pricing, speed to completing M&A transactions, and matching capability, creating a competitive advantage

1

The only prime market listing company to adopt a pricing system with only success fees[1]

Selling companies are charged with only a success fee

No. 1 for successful deals among M&A brokerage companies with a pricing system charging only success fees[1]

2

Average time of 7.0 months[2] to M&A completion

Shorter time to M&A completion versus the industry average through streamlined operations

3

Industry-leading matching capability

AI utilization and an efficient buyer development system improve the possibility of closing deals

Notes:
1. Market Research in Designated Areas - October 2022
   Research Institution: Japan Marketing Research Organization
2. Average of all deals signed since inception (excluding financial advisor deals)

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Pricing System with Only Success Fees

M&A Research Institute is the only prime market listing M&A brokerage company which adopts a pricing system charging only success fees, thereby lowering fee-related hurdles for M&As.
The pricing system provides an advantage to win competitive bids.

Common brokerage companies

We hesitate because we will be charged fees even if the M&A is not completed



Start-up fee + Interim fee (partial payment of contingency fee) + **Success fee** ▶ Interim fees and start-up fees are not reimbursed even if the M&A is not concluded

M&A Research Institute

(Pricing system for selling companies)

The pricing system is clear and no fee is charged until the M&A is completed. Let's consider an M&A



~~Start-up fee~~ + ~~Interim fee~~ + **Success fee only** ▶ The only listed company to adopt **a pricing system with only success fees**

Pricing system for selling companies	Signing of an advisory contract	Determination of potential acquirers (Matching)	M&A deal completion
M&A総合研究所	None		Success fee
A	Start-up fee	None	Success fee
B	None	Interim fee	Success fee

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In-House Development of Transformational System

We have developed a sales management system specialized in M&A and have already updated it 11,100 times
We have also reduced working hours and shortened the time required to complete M&A deals to about 7.0 months by streamlining inefficient activities through digital transformation (DX) and AI technology, giving us an advantage.

In-house development cycle for the specialized M&A IT system



Three steps of M&A brokerage business and details of efficiency improvement

Sourcing (DX)	• Complete sending a letter simply by specifying the destination on the system • Complete preparing a contract and approval request by one-click • Complete contacting the team by one-click for sending a contract etc.
Matching (AI)	• Improve accuracy by learning domestic M&A deals and internal sales data • Automatic extraction of potential acquiring companies based on selling company information
Execution (DX under consideration)	• A lot of work humans have to do • Will use cloud and streamline operations such as exchanging contracts

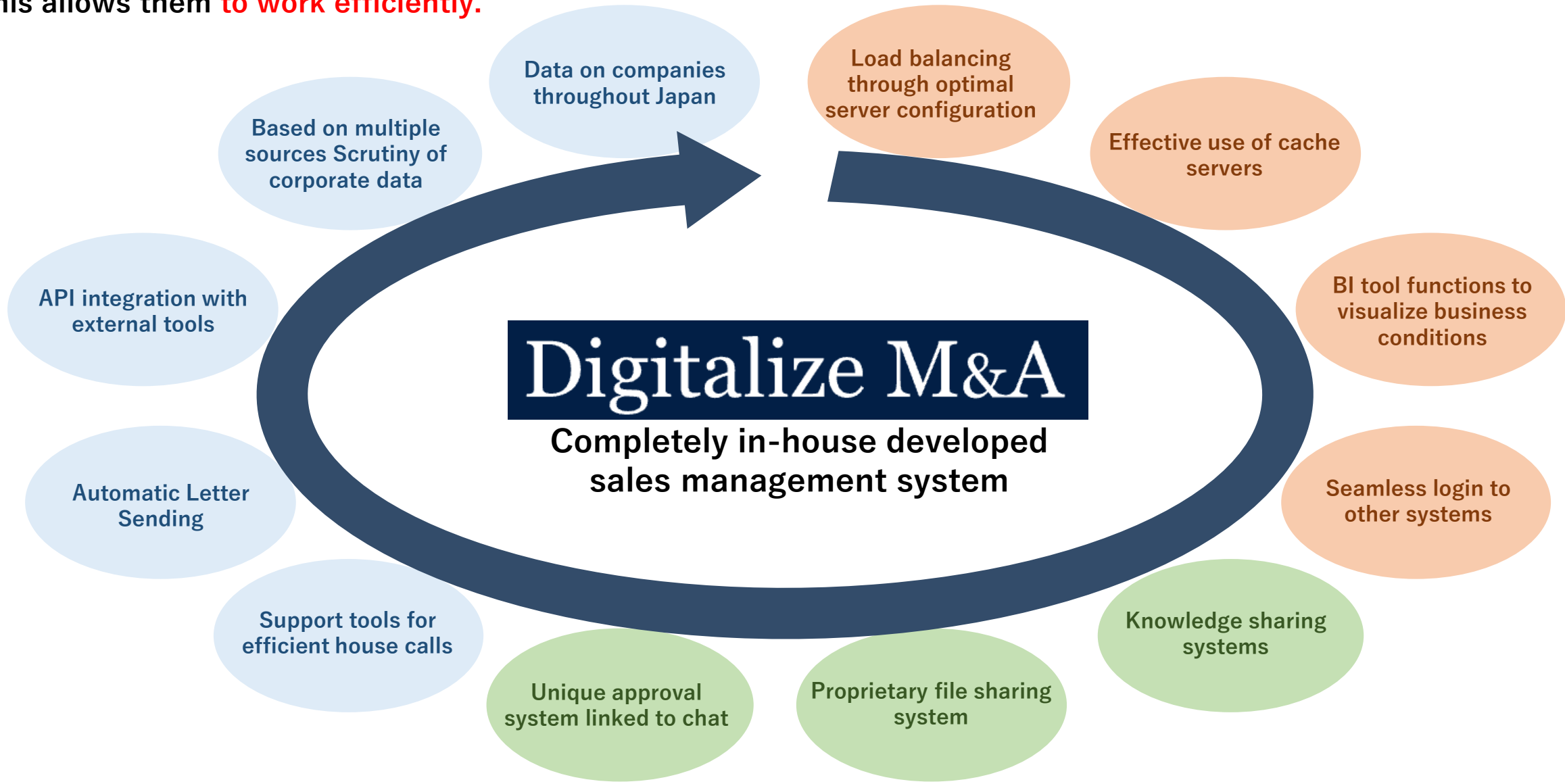
11,100 (inception – October 2024) updates
In-house development of a specialized M&A IT system beyond what is available in the market

→ **Shortening the time for M&A completion and reduction of operation time**

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Unparalleled In-House Developed System: Technological Advantages

Our company has developed a variety of systems in-house that can be used seamlessly.
This allows them to work efficiently.



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Unparalleled In-House Developed System: Development History

History of developing in-house system and our advantages

History of Development: We realized the disadvantages of an off-the-shelf system and switched to in-house development early on

- In the inception stage of the company, we used an off-the-shelf system, but switched to in-house development due to the disadvantages such as slow development and inability to create specific functions.
- Building the better system than the off-the shelf from scratch meant that we needed to repeatedly improve the system and deal with many caveats in the beginning with cooperation of all the employees and It took about a year for the system to be fully usable.

→ It's realistically difficult to imagine a company discarding an off-the-shelf system for an internally developed one.

- In-house development currently enables smooth and speedy development of various functions.
- Many functions specialized in shortening the M&A brokerage times have been developed.

→ Since it can be connected to multiple external systems, it has made operations other than sales more convenient.

Advantages: Development by engineers with extensive M&A knowledge

- Representative Director Sagami is a former engineer, and the CTO is also a M&A expert.
- There is no separation between M&A experts and engineers, where people familiar with both areas have developed the system.
- We can develop a system responsive to user needs and with true value in streamlining M&A brokerage.

Difficulty of imitation due to our improvement speed: Seamless development for continuous function improvements

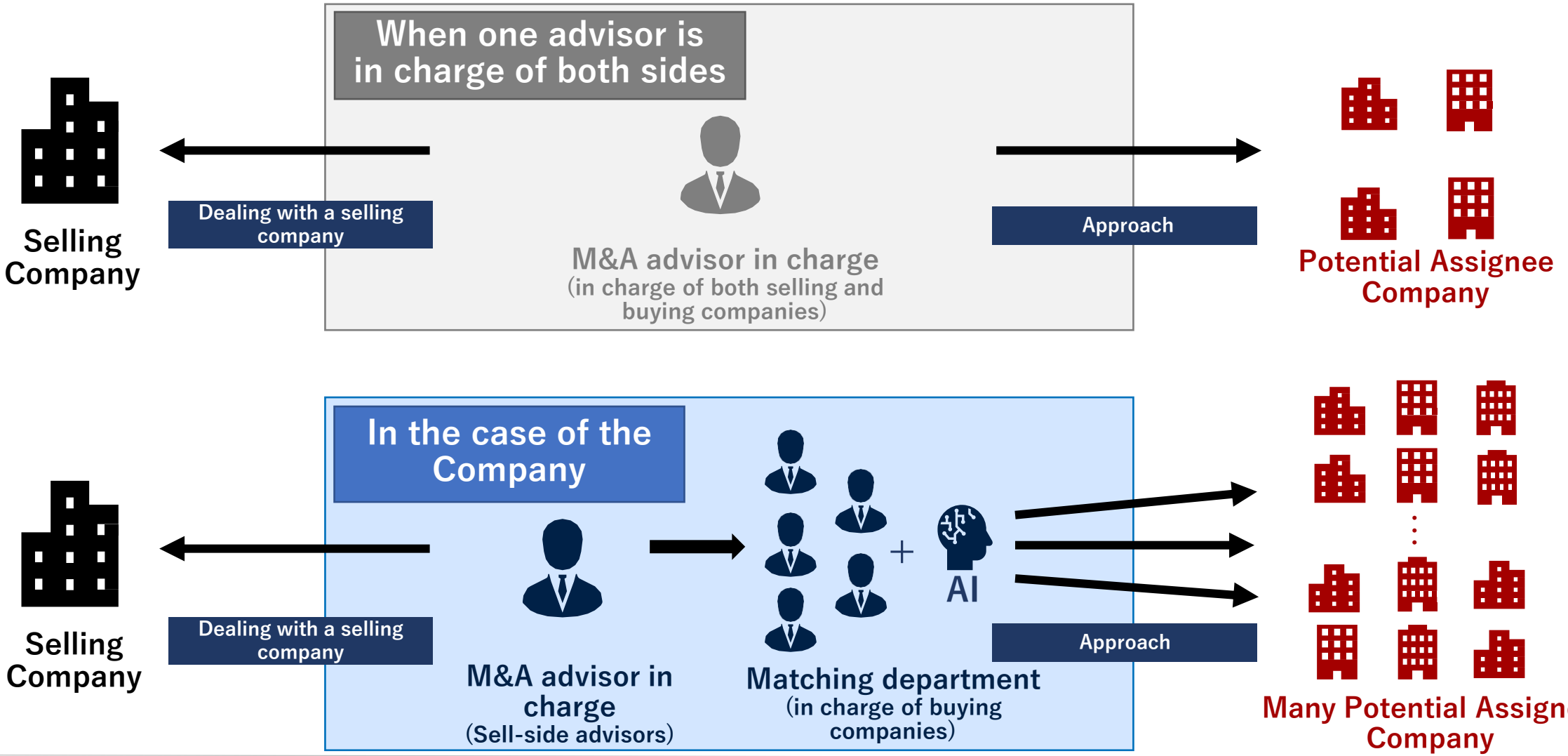
- We always listen to employees' needs and they can casually request system development.
- In-house engineers' development without outsourcing enables us to directly discuss the improvement plan and to implement it immediately.
- We provide ideas for streamlining everyday and continuous efficiency improvements has become our corporate culture.

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Industry-leading Matching Capability

We have established a system that enables us to quickly make proposals to a large number of companies through a matching-specific department.

AI utilization enables a speedy approach with no omissions.



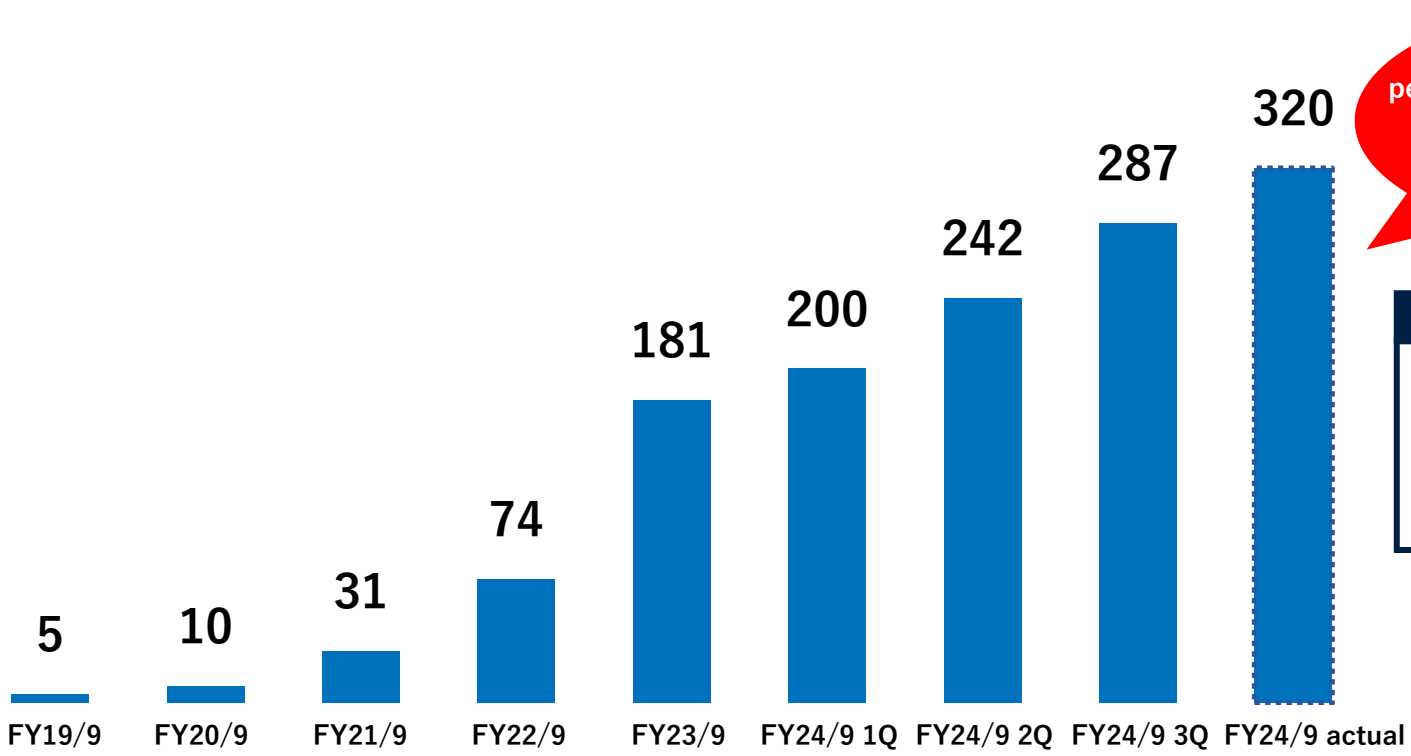
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Advantages in Recruitment of M&A Advisors

M&A Research Institute is quickly expanding advisor headcount through its extensive data-driven recruitment strategy
Training system focused on OJT enables employees to become immediately work-ready, and retention remains high.

Recruitment strategy	(i) Thorough Data Management of Recruitment Processes	×	(ii) Our attractiveness and culture clearly differentiated from competitors

Number of M&A advisors (sell-side advisors)



Number of staff including personnel who accepted offers
320
(progress rate 100.0%)

Number of M&A advisors

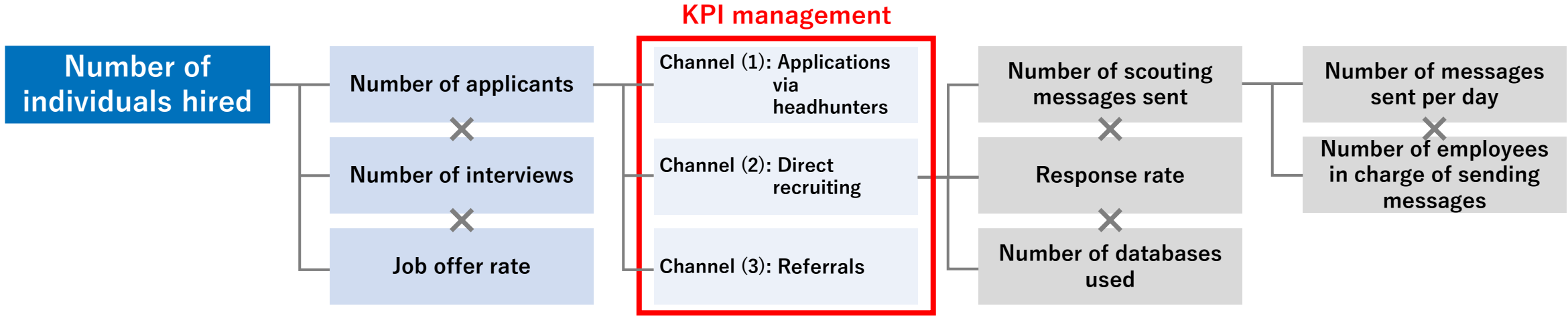
FY23/9		FY24/9
181	+76.8%	320

Data-driven recruitment strategy has resulted in meeting hiring targets

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Thorough Data Management of Recruitment Processes

Recruitment is conducted based on data for each recruitment channel.



Detail of KPI management[1]

Channel (1) Number of applications via headhunters

Understand the number of applications via headhunters. Conduct joint seminars, etc. to increase the number of applications via headhunters

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Total
Total	**50**	**30**	**40**	**40**	**30**	**50**	**40**	**30**	**40**	**50**	**40**	**40**	**480**
Agent A	2	1	2	3	2	1	3	2	1	1	2	1	21
Agent B	3	2	1	0	2	3	2	1	1	0	3	2	20
Agent C	1	1	1	2	2	1	2	3	0	0	2	1	16
Agent D	2	1	2	3	2	1	3	2	1	1	2	1	21
Agent E	3	2	1	0	2	3	2	1	1	0	3	2	20
Agent F	1	1	1	2	2	1	2	3	0	0	2	1	16
Agent G	2	1	2	3	2	1	3	2	1	1	2	1	21
Agent H	3	2	1	0	2	3	2	1	1	0	3	2	20
Agent I	1	1	1	2	2	1	2	3	0	0	2	1	16

Channel (2) Number of scouting messages sent and replies

Check the ratio of successful recruitments to the number of scouting messages sent monthly and adjust the number of scouting based on planned figures

		Target	May	Jun	July	Aug	Sept	Total
Total	**Scouting**	**300**	**300**	**300**	**300**	**400**	**400**	**2,000**
	Applications	**150**	**150**	**150**	**150**	**200**	**200**	**1,000**
	Recruitment	**3**	**3**	**3**	**3**	**3**	**3**	**20**
Headhunter A	Scouting	100	100	100	100	150	150	1,000
	Applications	50	50	50	50	60	60	500
	Recruitment	1	1	1	1	1	1	10
Headhunter B	Scouting	100	100	100	100	150	150	1,000
	Applications	50	50	50	50	60	60	500
	Recruitment	1	1	1	1	1	1	10

Note:
1. Figures in the table are hypothetical and not actual figures

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Competitive advantages (2) Advantages in Recruitment

We have created a working environment where M&A advisors can work efficiently concentrating on essential work by promoting systemization of other work with DX and AI technology. We also try to differentiate from other companies by creating a salary structure that makes it easier to earn money.

Simplify sales activities

1 The only prime market listing company to adopt a pricing system with only success fees

The only listed company to adopt a pricing system with only success fees.

2 A short M&A closing period of 7.0 months, below the industry average

Shorter time for M&A completion below industry average through streamlined operations

3 Industry-leading matching capability

By using AI to identify potential buyers, and through an efficient buyer development system by a department specialized in matching, it is possible to focus on activities other than matching.

×

Efficient working environment

1 Efficient office work through DX and AI

We provide an environment where M&A advisors can concentrate on essential work by using DX and AI to improve the efficiency of office work or by entrusting such work to office clerks.

2 Growth Rate of M&A Advisors

Shorter contracting periods are directly related to the rate of growth. Become an advisor with a lot of M&A experience in a short period of time after joining the company.

×

Incentive plan at a high level

1 Incentive plan at a high level

We have uniquely designed a balance between work content and incentives. The company has designed a unique balance between work duties and incentives to efficiently target high annual incomes.

2 Evaluation based on merit rather than the years of employment

We have designed a system in which M&A advisors are evaluated equally according to their performance regardless of the years of employment.

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Various measures in recruitment activities

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Increase exposure and awareness in recruitment by sending out information through a variety of media.

Various measures to increase awareness

1 Posting of video content

(Topsyu)



(Own YouTube channel)

Not only our own media, Many agent-affiliated channels have picked up on our work, increasing our ability to spread the word.

139 Listed

2 Various recruitment events

(M&A Research Institute x Yamato Human Capital)



(M&A Research Institute x Right Brothers)

Deepening understanding of our company through events and seminars

93回[1]

3 Expansion of recruitment website and publication in various media

(Published a tie-up article with Forbes CAREER)

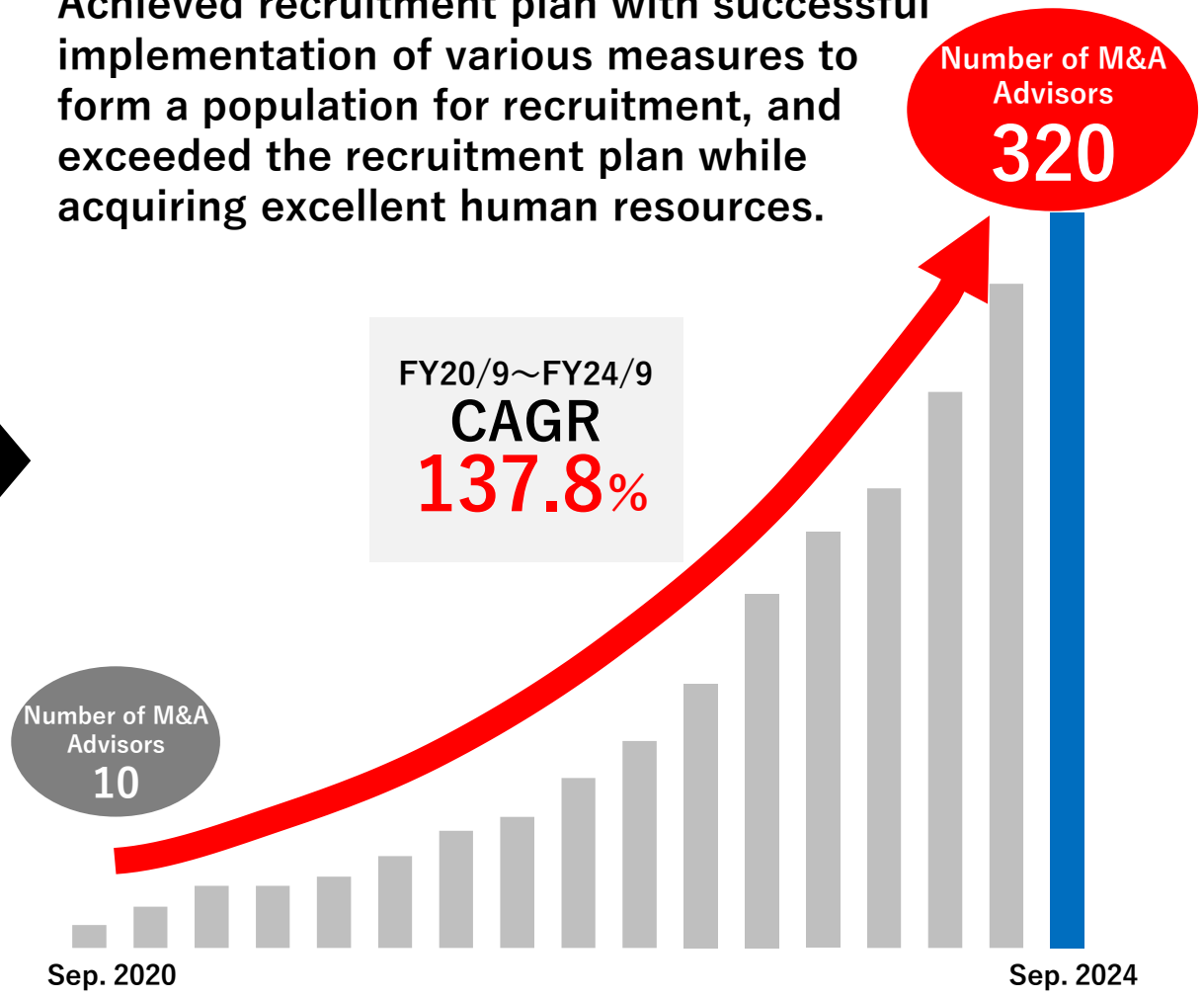


(Own Recruitment website)

Increase brand power and recognition through site expansion and various media coverage

Number of M&A Advisors

Achieved recruitment plan with successful implementation of various measures to form a population for recruitment, and exceeded the recruitment plan while acquiring excellent human resources.



Note:
1. Number of events held or attended by the end of June 2024

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Recruitment leads to Continuous Synergistic Growth

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In the four years since our founding, we have created a system and environment in which employees make full use of DX and AI technology to quickly produce results.
We are continuing synergistic growth, and the acceleration of recruitment leads to the sales expansion.

M&A総合研究所

Data-driven recruitment processes
1,000
X persons
Guarantee the human resource quality

320
FY24/9
M&A advisor

Recruitment

+76.8%
YoY

More M&A advisors

More Efficient Operation with DX and AI Technology

Expanding organization in the synergistic platform

More Net Sales

More Successful Deals

9,760 times
Inception ~ September 2023 updates
+
1,340
October 2023 – June 2024 updates
||
Total 11,100 times
Cumulative update count

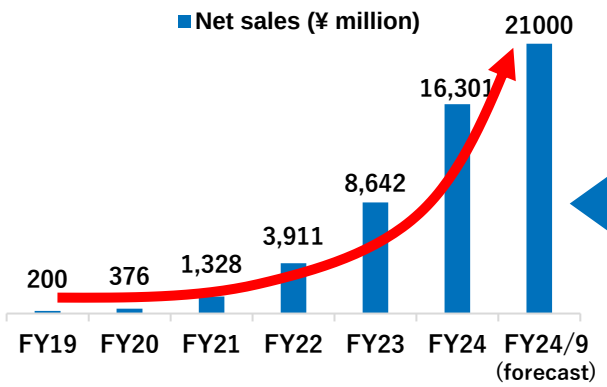
242
FY24/9
total of closed M&A deals

+76.6%
YoY

¥163.0 billion
FY24/9
total Net sales

Net Sales Growth

+88.6%
YoY



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In-house development of data-driven management methods and systems

Get real-time KPIs for sales and recruitment activities. The entire process is data-managed and data-driven.
It has developed its own BI tools for managing and visualizing data and is constantly improving its capabilities.



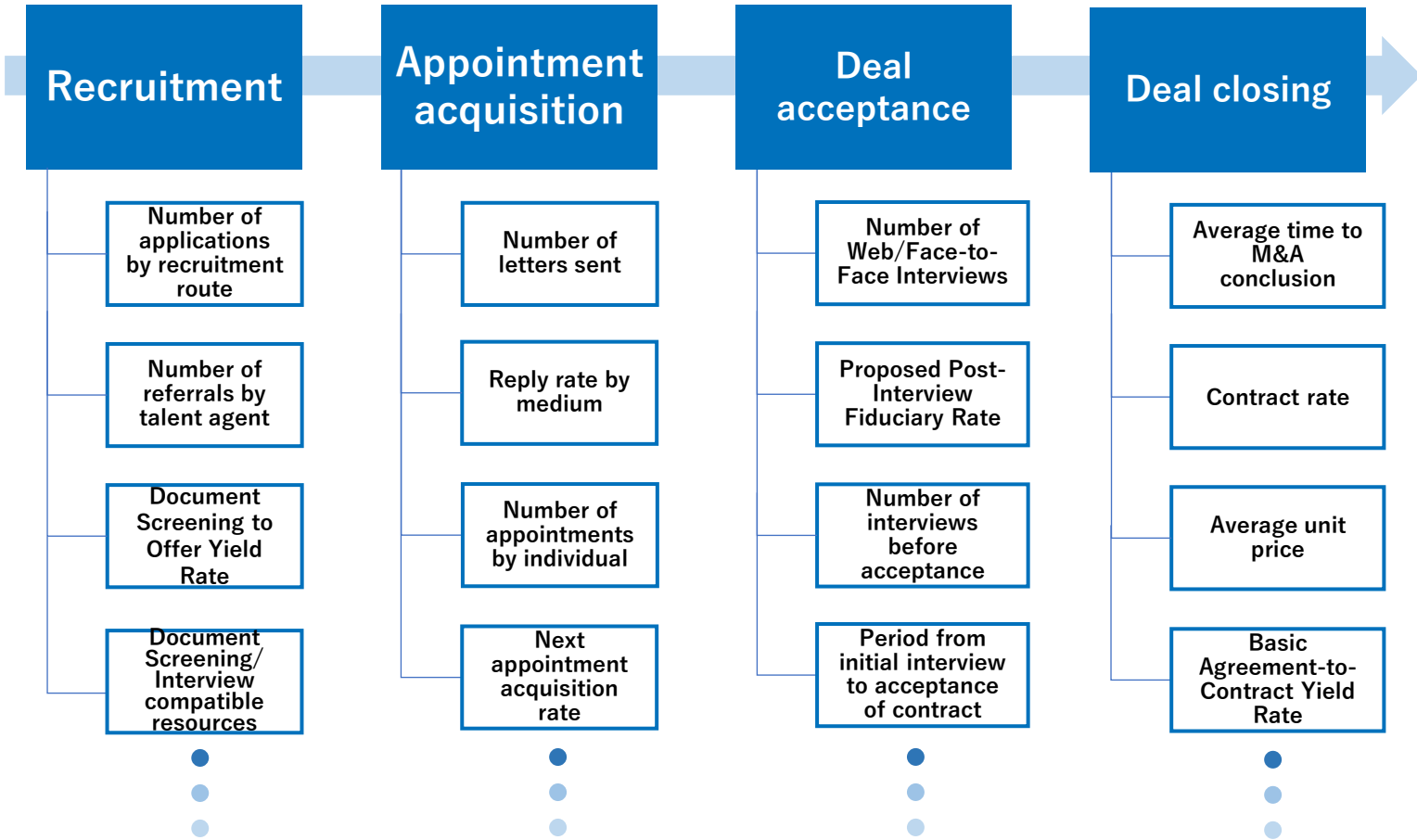
Director and COO,
Head of Sales Division
Akihiro Yabuki

Graduate of Meiji University

2010 Joined Keyence Corporation
- Engaged in consulting sales for the manufacturing industry

2015 Joined Nihon M&A Center Inc.
- Concluded many M & As, mainly in the manufacturing industry, as an advisor

2019 Joined M&A Research Institute
- Leveraging data-driven sales activities cultivated at Keyence Corporation and my experience at the Japan M&A Center to improve the efficiency of M&A intermediation



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3 Medium- to Long-term Growth Strategy

4 Q&A

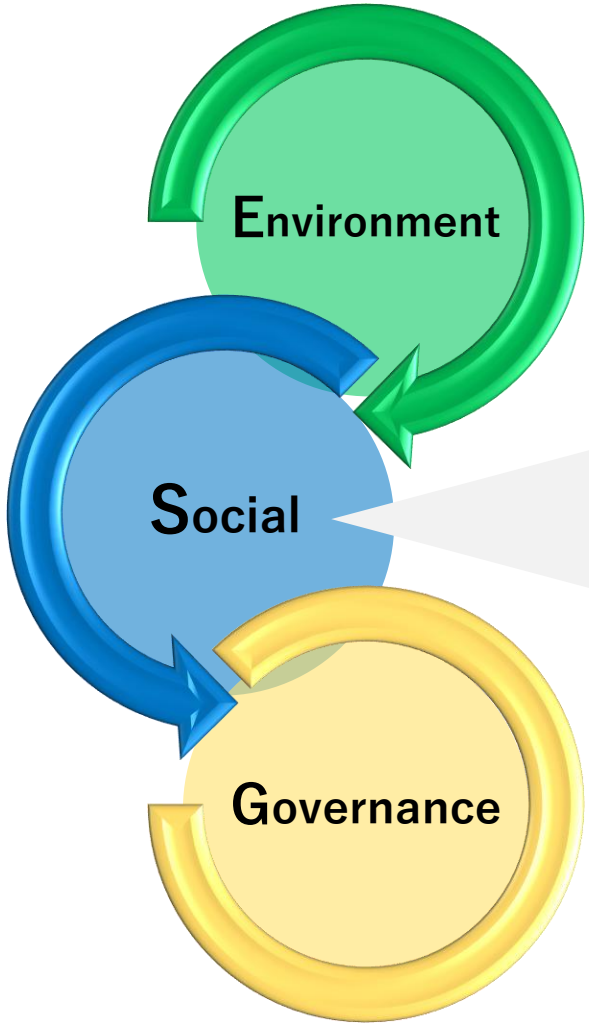
5 Company Overview

6 Competitive Advantages of M&A Research Institute

7 Reference

ESG Initiatives

Towards the realization of a sustainable society, we aim to solve the “Social” issues facing Japan, where the declining birthrate and aging population are becoming more serious, tackling the business closure issues due to the lack of successors through our M&A brokerage business.



To solve Social issues through M&A brokerage

More than 99% companies in Japan are SMEs. According to Teikoku Databank, “National Survey of Companies Without a Successor (2021),” about two-thirds (61.5%) of the companies had no successors.

Termination of business due to lack of successor not only leads to the loss of proprietary technology and know-how but also disrupts the livelihood of employees and their families.

Moreover, the successor issue is not only for SMEs, but also a factor that worsens the Japanese economy as a whole.

M&A Research Institute will continue to focus on social issues by resolving successor issues through ESG initiatives in the M&A brokerage business.

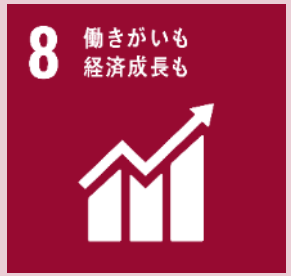
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SDG Initiatives

We aspire to create a sustainable work environment where employees can work in a healthy manner both physically and mentally.
We contribute to solving social issues arising from the lack of successors and realizing a sustainable society through the M&A brokerage business.



Support for living infrastructure



Realization of an attractive working environment



Efforts to address the aging working population issue



M&A Research Institute Holdings aims to realize a “sustainable” society through the M&A brokerage business



Contribution to the local economy



Paperless transition



Compliance-focused management

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Focus Area in SDG Initiatives

We will contribute to the SDG Goal 9 and Goal 11 through our M&A brokerage business.
We will also expand information disclosure on our corporate website.

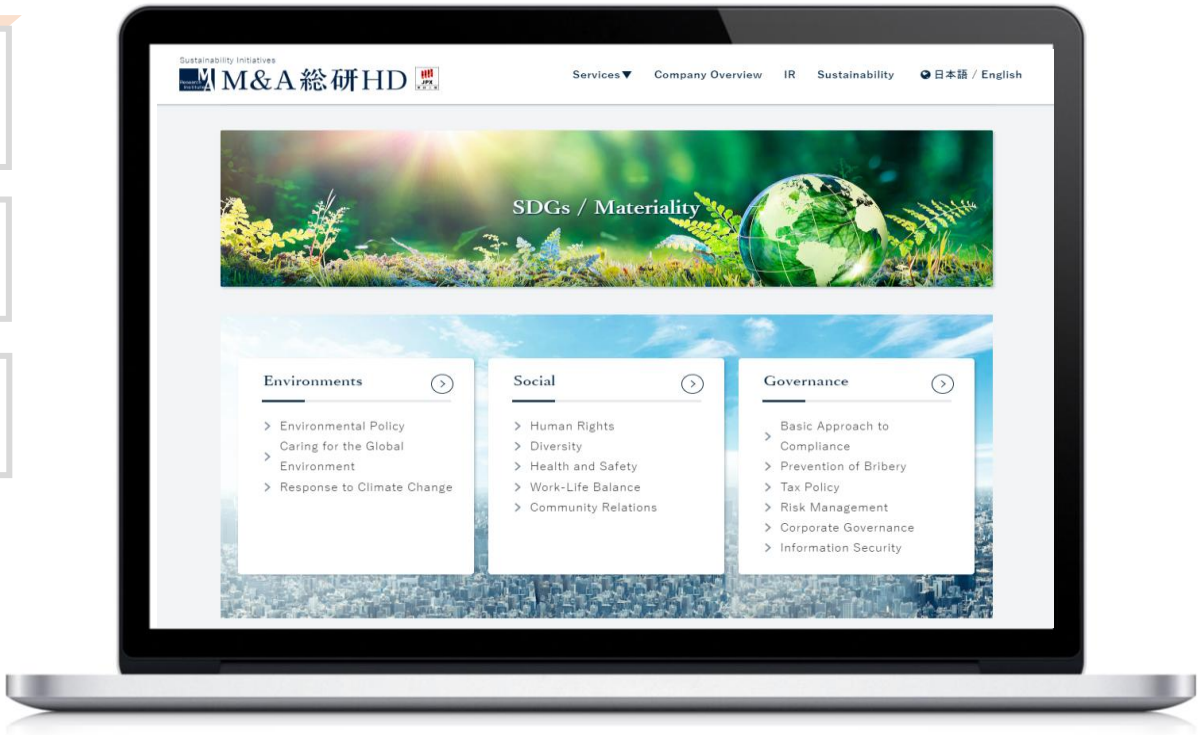
We will contribute to creating a base for industry and technological innovation through the M&A brokerage business.

1. **Support the business succession of SMEs based in rural areas with high-quality services and technology**
   Reduce business closures due to lack of a successor, which result in loss of services and technology are lost
2. **Create economic activity maintenance effects in Japan through M&A**
   Prevent job losses and GDP declines due to the closure of SMEs
3. **Protect the industry by making business and employment remained through business succession**
   Protect the domestic industry by decreasing business closures





Opening of sustainability page (https://masouken.com/holdings/sustainability)



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Trends in key indicators: Year to date

M&A総研HD

Consolidated Financial Statements

(¥mn)

	FY22/9 1Q	FY22/9 2Q	FY22/9 3Q	FY22/9 4Q	FY23/9 1Q	FY23/9 2Q	FY23/9 3Q	FY23/9 4Q	FY24/9 1Q	FY24/9 2Q	FY24/9 3Q	FY24/9 4Q
Net sales	1,010	1,752	2,817	3,911	2,125	3,874	6,336	8,642	4,900	8,526	12,771	16,549
Gross profit	867	1,463	2,345	3,123	1,788	3,116	5,055	6,617	4,045	6,556	9,610	12,017
Gross profit margin	85.8%	83.5%	83.2%	79.8%	84.2%	80.4%	79.8%	76.6%	82.6%	76.9%	75.3%	72.6%
Operating profit	711	1,066	1,680	2,103	1,398	2,287	3,610	4,579	3,353	4,938	7,019	8,408
Operating margin	70.4%	60.9%	59.6%	53.8%	65.8%	59.0%	57.0%	53.0%	68.4%	57.9%	55.0%	50.8%
Profit	486	728	1,140	1,326	958	1,567	2,427	2,646	2,175	3,173	4,498	5,788
Net income margin	48.1%	41.5%	40.4%	33.9%	45.1%	40.4%	38.3%	30.6%	44.4%	37.2%	35.2%	35.0%

Key indicators for the M&A brokerage business

Number of M&A advisors	40	51	57	74	90	115	154	181	200	242	289	320
Deals in progress[1]	165	229	313	382	426	508	596	694	834	982	1,114	1,216
Closed M&A deals[2] (large-scale deals[3])	17 (2)	26 (4)	43 (6)	61 (7)	33 (4)	62 (8)	105 (11)	137 (14)	66 (9)	123 (14)	187 (19)	242 (26)

Notes:
1. Only active projects are counted, excluding suspended projects.
2. Non-brokerage FA deals are excluded from the number of contracts and unit price calculations.
3. Large deals are defined as those with total fees of ¥100 million or more.

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Trends in Key Indicators: Quarterly accounting period

M&A総研HD

Consolidated Financial Statements

(¥mn)

	FY22/9 1Q	FY22/9 2Q	FY22/9 3Q	FY22/9 4Q	FY23/9 1Q	FY23/9 2Q	FY23/9 3Q	FY23/9 4Q	FY24/9 1Q	FY24/9 2Q	FY24/9 3Q	FY24/9 4Q
Net sales	1,010	742	1,065	1,094	2,125	1,749	2,462	2,305	4,900	3,626	4,244	3,778
Gross profit	867	596	882	778	1,788	1,328	1,938	1,562	4,045	2,511	3,053	2,407
Gross profit margin	85.8%	80.3%	82.8%	71.1%	84.2%	75.9%	78.7%	67.8%	82.6%	69.3%	71.9%	63.4%
Operating profit	711	355	614	423	1,398	889	1,323	968	3,353	1,584	2,081	1,388
Operating margin	70.4%	47.8%	57.7%	38.7%	65.8%	50.8%	53.7%	42.0%	68.4%	43.7%	49.0%	36.8%
Profit	486	242	412	186	958	609	860	219	2,175	997	1,325	1,289
Net income margin	48.1%	32.6%	38.9%	17.0%	45.1%	34.8%	34.9%	9.5%	44.4%	27.5%	31.2%	34.1%

Key indicators for the M&A brokerage business

Number of contracts	82	109	140	178	208	235	314	387	430	474	530	575
Closed M&A deals[1] (large-scale deals[2])	17 (2)	9 (2)	17 (2)	18 (1)	33 (4)	29 (4)	43 (3)	32 (3)	66 (9)	57 (5)	64 (5)	55 (7)
Fees per deal[3]	58	78	59	58	61	60	54	68	74	63	65	66

Notes:
1. Non-brokerage FA deals are excluded from the number of contracts..
2. Large deals are defined as those with total fees of ¥100 million or more
3. To enable comparison with industry peers, the calculation method for transaction unit prices has been changed from FY24/9 1Q, now determined by “Revenue in M&A brokerage business ÷ Number of transactions concluded((excluding FA cases)”.

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M&A Market in Japan

The company manages all business processes via data and monitors sales and recruitment KPIs in real time, monitors all processes using data via an in-house developed BI tool for daily improvement.

Uniqueness of M&A Market in Japan

1

Growing Need for Business Succession due to Aging of Business Owners

In Japan, the average age of management executives in SMEs is becoming high
On the other hand, they lack successors and business succession issues are becoming more serious

2

Japan's unique business practice: "M&A brokerage" service instead of FA

Outside of Japan, it's common to execute M&A using a financial advisor (FA)
In Japan, other than large-scale M&A, brokerage companies are used to intervene and support both parties

3

There are few M&A brokerage companies against M&A needs

While it is said that 620,000 profitable companies are at risk of closure due to the lack of successors, there are only 41 companies that provide M&A services with 20+ M&A advisors. M&A demand is highly exceeding its supply.

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Market Size of Domestic M&A Brokerage

Many profitable companies are at risk of closure and the market size is extremely large even in the domestic market. We expect M&A demand is highly exceeding its supply, and the M&A brokerage market size to be ¥553 to ¥653 bn annually, so it is a "Blue Ocean".

1 Target Companies: 90,000

Profitable companies are at risk of closure due to the lack of successors



620,000 companies[1]

× 15%

Of these, 15%[2] have sales of ¥0.3 bn~



90,000 companies

2 Market Size: ¥5.6 trn

Companies with sales of ¥0.3 bn~



90,000 companies

× Fees per deal ¥61 mn[3]

¥5.6 trn

3 Annual Market Size: ¥453 bn + α

Given gradual business succession over the next 10 to 15 years

¥5.6 trn

/ 12.5 years

- Transfer of a loss-making company
- Transfer from managers under 50 years of age

¥453 billion*

+

¥100 billion | ¥200 billion

Notes:
1. Source: The Small and Medium Enterprise Agency "Current Situation and Challenges of M&A in SMEs and Micro Business Owners"
2. Source: Credit Risk Database Association "Outsourced project related to fact-finding survey of SMEs based on FY2018 financial information"
3. Actual figure in FY2023/9
4. The market size is what we estimated based on external statistical materials and published materials, and may differ from the actual market size

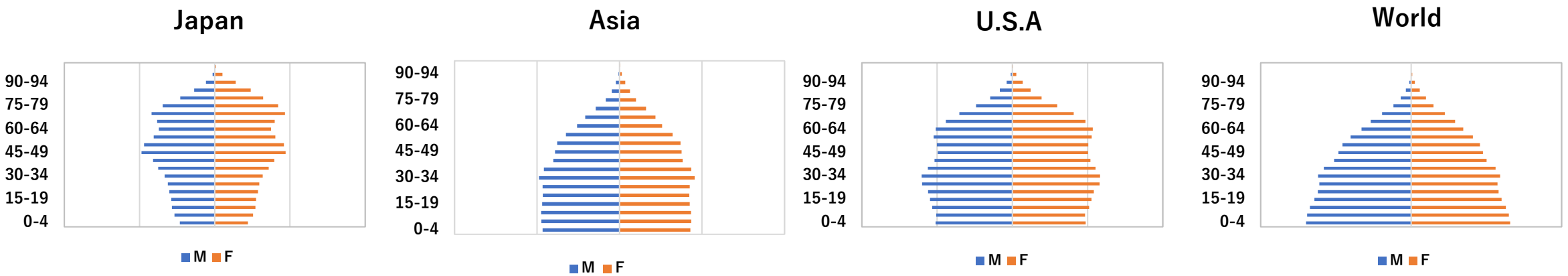
*** Currently, there is a shortage of M&A intermediary firms, resulting in a situation where demand exceeds supply. Companies that cannot achieve business succession are carried over from year to year and accumulate in TAMs.**

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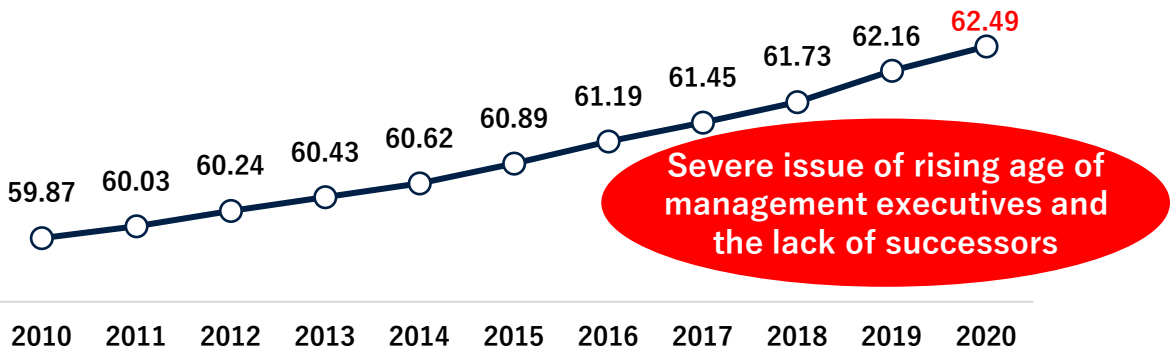
Growing Need for Business Succession due to Aging of Business Owners

In Japan today, the number of young people continues to decline, and the birthrate is declining and the population is aging.
As a result, the ratio of companies without successors is 57.2%[1], and business succession through M&A is an issue.

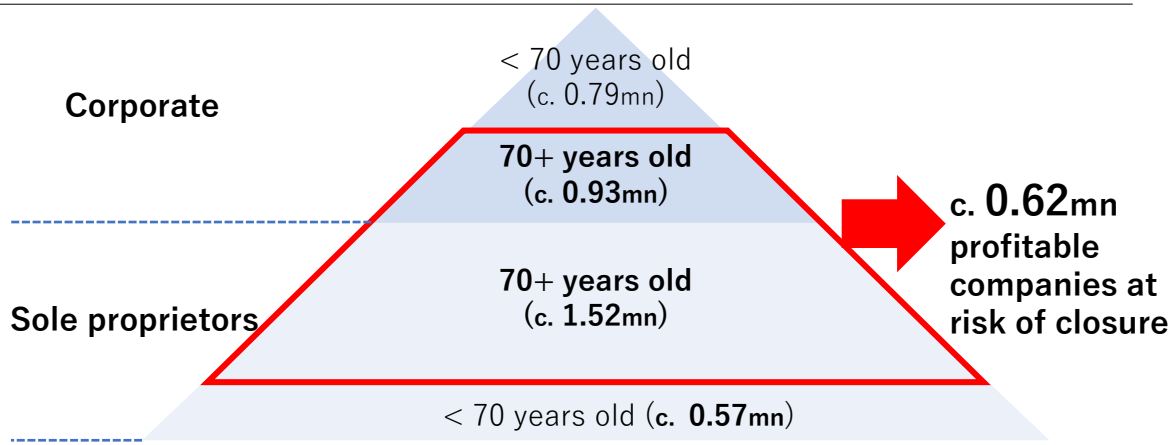
Population Pyramid: Japan's Declining Birthrate and Aging Population



Average Age of Managers[2]



Increase in Risk of Black-ink Bankruptcy



Notes:
1. Teikoku Databank (2022), "Research on the Ratio of Companies without Successors in Japan"
2. Tokyo Shoko Research (2021), "Research on the Average Age of Company Owners"

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Imbalance between M&A Demand and M&A Brokerage Supply

There are three types of companies engaged in M&A intermediation, but in Japan, M&A intermediary firms hold a significant presence, with about 3,000 such companies operating nationwide. However, there is an overwhelming number of companies at risk of closure with a surplus of profitable M&A transactions that M&A advisors can handle in a year (3,000 cases [3]). This has led to a disruption in the supply-demand balance.

M&A Brokerage Supply and Market Potential

Size: Large enterprises (unlisted companies with sales of ¥ 10 billion or more)
[Financial Institution]
Target size (deal price): ¥10 billions~

Size: Small and medium-sized enterprises (sales of ¥ 300 million or more)
[M&A Brokerage]
Target size (deal price): ¥0.1 bn ~ 10 billions

Size: Small business (less than ¥ 300 million in sales)
[Individual・M&A Platform]
Target size (deal price): ~¥0.1 bn

M&A advisors / M&A brokage company in Japan

100～	6 companies
50～99	8 companies
20～49	27 companies
10～19	98 companies
1～9	2,984 companies

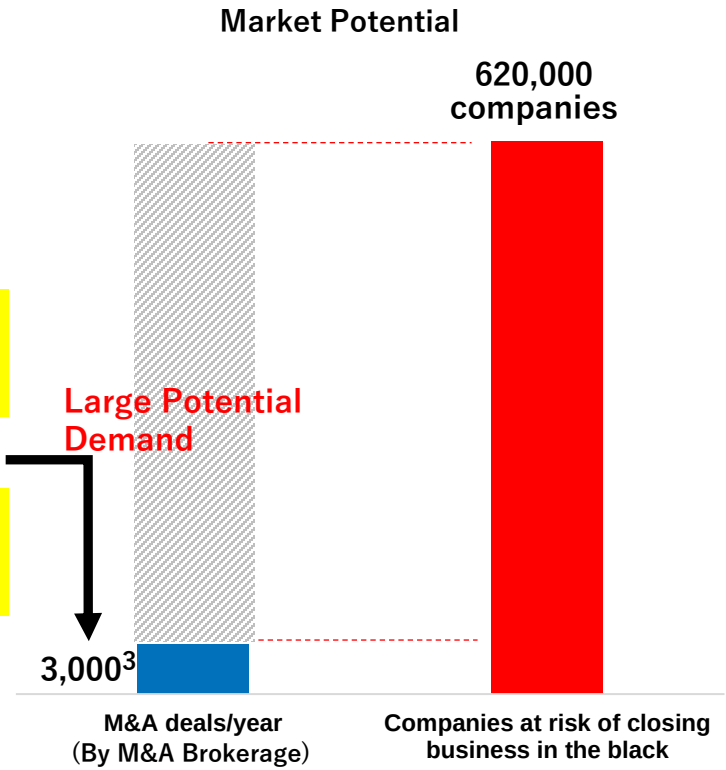
M&A総合研究所

Out of the M&A business companies registered in the country, approximately 700 (about 25% of the total[4]) have reported successful deals

Number of M&A advisors c. 3,000[1]

×

Successful deals per person c. 1.0 deals/year[2]

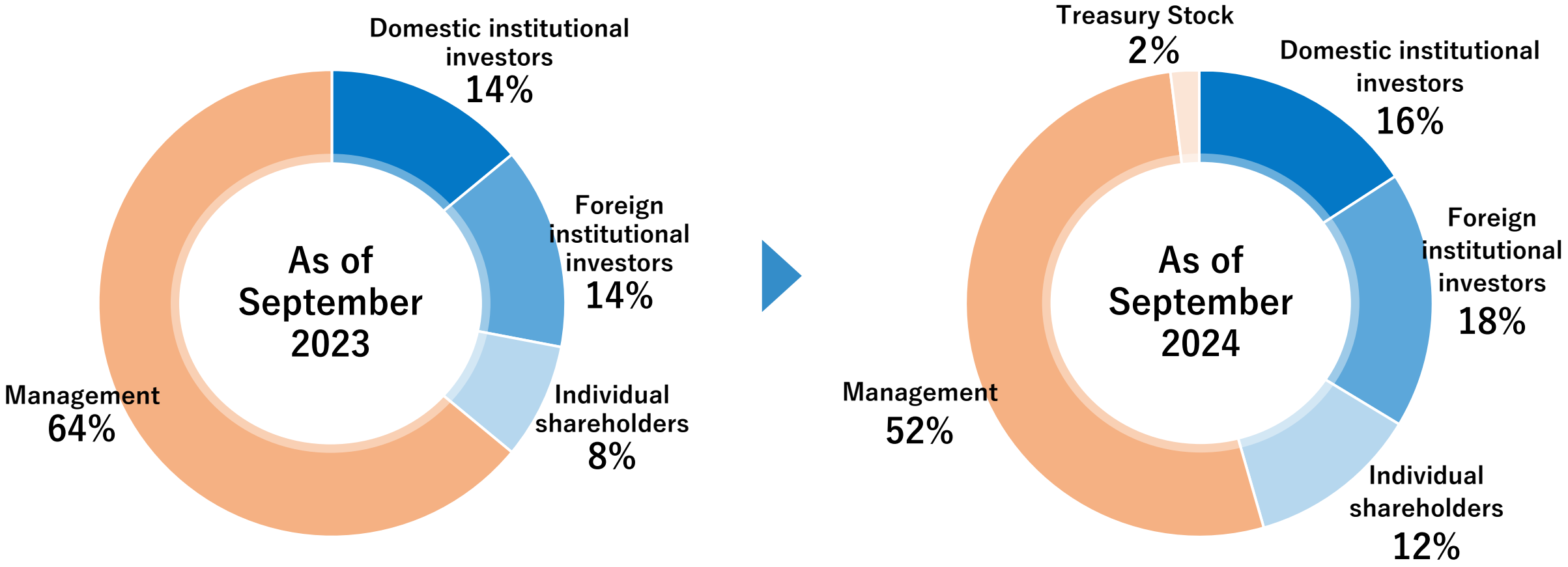


Notes:
1. Publication of Registered Financial Advisors and Intermediaries under the Small and Medium Enterprise Agency M&A Support Institution Registration System - February 1-month Public Offering (Registration Status as of March 13, 2024). Calculated taking into account factors such as transaction performance reporting.
2. Calculated based on the number of the most recent closed deals published by the major listed M&A brokerage companies (excluding our company)
3. Note 1: Calculated assuming that each advisor signs 1.0 contract per person per year for the calculated number of advisors.
4. Estimated by M&A Research Institute based on the Small and Medium Enterprise Agency's "8th Study Group on Consolidation of Management Resources of Small and Medium Enterprises, etc.

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Increase the ratio of overseas institutional investors

Change in shareholder composition



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Q&A（Bold text indicates changes and additions made since the last version.）

Items	Question	Answer
Asset Management Consulting Inc.	What services will be provided? What is the progress toward launching the services?	We are also actively recruiting professionals with experience in asset management, and we are currently in the process of expanding and refining our service offerings in this area. We plan to disclose information gradually in the future
	Is it a business model preceded by deficits? When will you monetize it?	Although this business involves costs in the early stage, they are mainly caused by personnel costs for a few staff involved in starting up the business, which is not expected to result in a large loss. The timing of monetization will be disclosed as soon as the service lineup is ready.
Quants Consulting ,Inc.	Will new consultants be hired?	In areas where there is relevance to our existing M&A brokerage business, we will expand our consulting services while leveraging synergies.
	Do you develop your sales activities independently of M&A intermediaries?	In areas where there is relevance to our existing M&A brokerage business, we will expand our consulting services while leveraging synergies.

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