

# **Financial Results and Future Measures**

**Year ended August 30, 2018 (FYE08/18)**

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**Strike Co., Ltd.**  
**(The First Section of Tokyo Stock Exchange: 6196)**

**October 10, 2018**

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While increasing the number of business succession M&A agreements, we will also address growing M&A needs for other purposes. Over the long term, we aim to become the leader in the number of M&A projects. We aim to close 200 agreements per year within the next three years.

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We are a group of M&A professionals, mainly certified public accountants, with “Realizing people’s aspirations through M&A” as our company credo.

# Operating Performance in FYE08/18

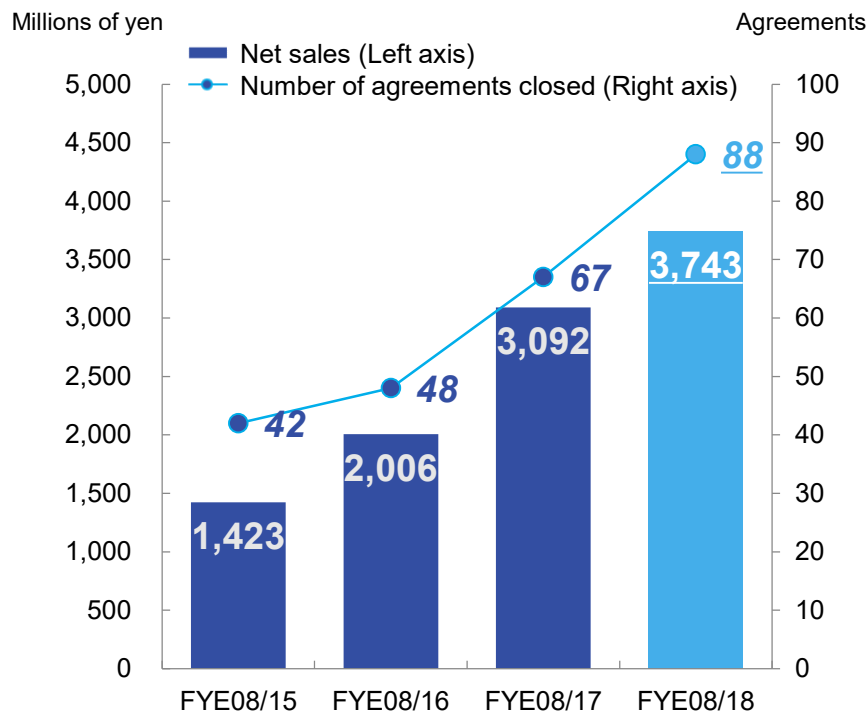
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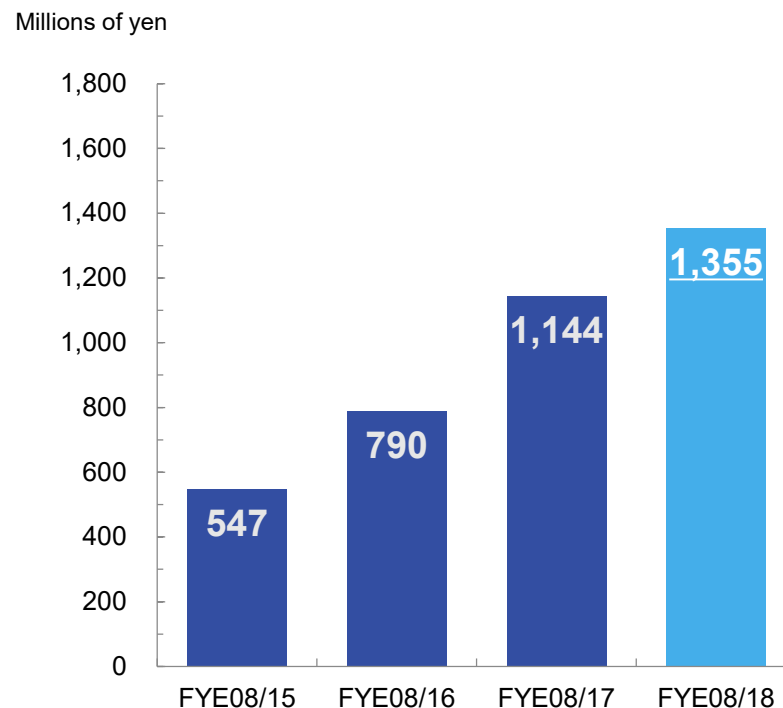
# FYE08/18 Operating Performance

We achieved record high results in FYE08/18, with 88 agreement closed (+31.3% YoY), ¥3,743 million in net sales (+21.2% YoY), and ¥1,355 million in ordinary profit (+18.4% YoY).

## Net Sales and Number of Agreements Closed



## Ordinary Profit



# Year-on-Year Comparison

Cost of sales rose ¥182 million due to personnel expansion. Selling, general and administrative expenses also increased by ¥266 million as personnel numbers grew and the Company held more seminars, relocated sales offices, and expanded its headquarters. The main cause for these larger figures was a climb in upfront investment expenses aimed at expanded performance starting from FYE08/19 onward.

Millions of yen

	FYE08/17		FYE08/18		
		% of net sales		% of net sales	YoY
Net sales	3,092	100.0%	3,743	100.0%	+21.1%
Cost of sales	1,242	40.2%	1,424	38.1%	+14.7%
Gross profit	1,849	59.8%	2,318	61.9%	+25.3%
Selling, general and administrative expenses	699	22.6%	965	25.8%	+38.1%
Operating profit	1,150	37.2%	1,352	36.1%	+17.6%
Non-operating income	1	0.1%	2	0.1%	+37.8%
Non-operating expenses	7	0.2%	—	—	-100.0%
Ordinary profit	1,144	37.0%	1,355	36.2%	+18.4%
Extraordinary income	—	—	0	0.0%	—
Profit before income taxes	1,144	37.0%	1,355	36.2%	+18.4%
Income taxes	340	11.0%	435	11.6%	+27.8%
Profit	803	26.0%	919	24.6%	+14.4%



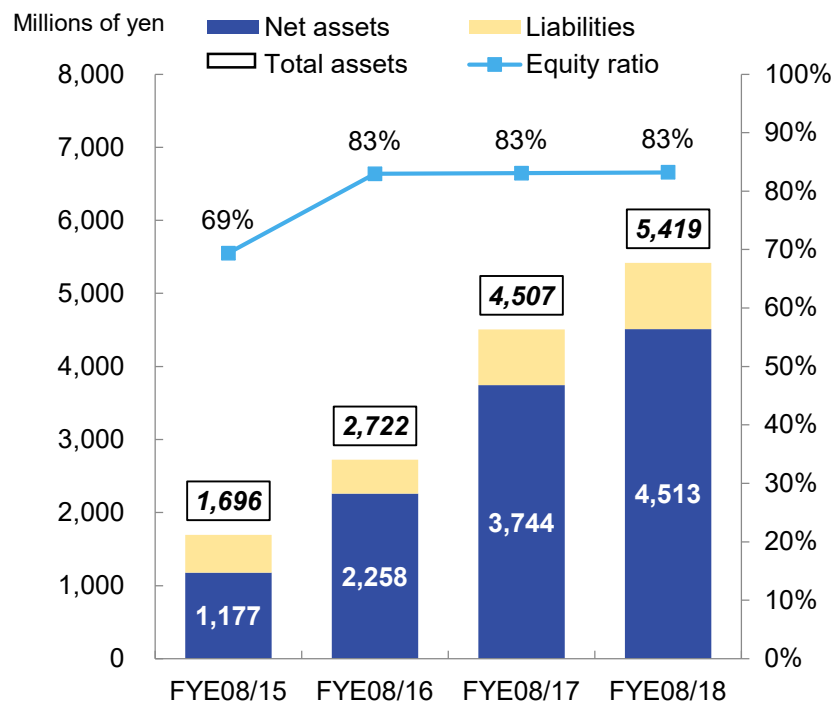
	FYE08/17	FYE08/18
Personnel expenses	713	921
Introduction fees	451	394
Others	77	109
<b>Cost of sales</b>	<b>1,242</b>	<b>1,424</b>

	FYE08/17	FYE08/18
Personnel expenses	208	359
Advertising expenses	122	159
Rent and consumables	108	162
Others	259	283
<b>Selling, general and administrative expenses</b>	<b>699</b>	<b>965</b>

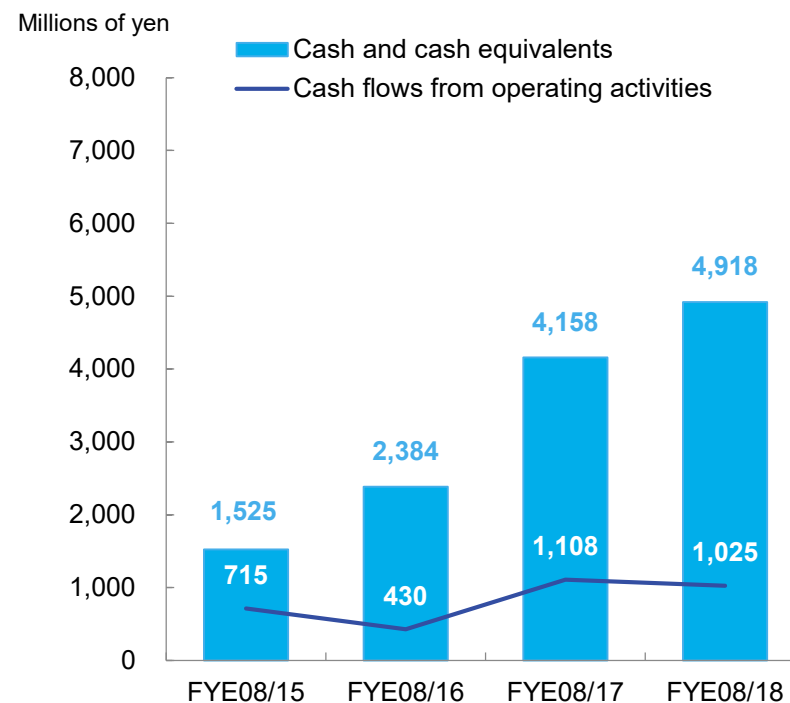
# FYE08/18 Financial Condition

As of August 31, 2018, total assets were ¥5,419 million, up ¥911 million YoY. Net assets came to ¥4,513 million, up ¥769 million YoY.

## Total Assets and Net Assets



## Cash and Cash Equivalents



# FYE08/18 Performance Highlights

In FYE08/18, net sales rose 21.1% YoY to ¥3,743 million and ordinary profit grew 18.4% YoY to ¥1,355 million.

Net sales, ordinary profit, and profit all achieved initial forecasts.

## ■ FYE08/18 Financial Results

- Net sales of ¥3,743 million, up 21.1% YoY, 6.0% higher than initial forecast
- Ordinary profit of ¥1,355 million, up 18.4% YoY, 2.0% higher than initial forecast
- Profit of ¥919 million, up 14.4% YoY, 1.1% higher than initial forecast

## ■ Performance versus Annual Targets

- We had targeted 92 agreement closings (+25 YoY) but fell short by four agreements at 88 (+21 YoY).
- We exceeded our goal of 192 new projects (+49 YoY) by 40 projects, reaching 232 new projects (+89 YoY).

## ■ FYE08/18 Operating Performance

- We closed a record number of 88 agreements (+21 YoY) in FYE08/18 and achieved record high net sales of ¥3,743 million (+21.1% YoY). Three large agreements (generating ¥100 million or more in sales per project) were closed (one less YoY), lowering sales per agreement.
- We added 17 M&A consultants, bringing the total to 56 as of end-FYE08/18. Non-consultants also increased by nine employees, rising to 19 employees.
- Regional sales became stronger due to relocations of the Fukuoka and Nagoya sales offices. We also prepared for future personnel increases by expanding our headquarters.
- Several agreements' closing periods were pushed back until FYE08/19 or later, and performance from new projects is strong; we aim for further growth in FYE08/19 and beyond.

# Projects Closed-1

## Projects closed: A growing number of projects outside the Kanto region

NO	Date closed	Assignor Company Business Category	Assignor Company Location	Assignee Company Business Category	Assignee Company Location
1	September 2017	Manufacturing	Greater Osaka Area	Construction	Greater Osaka Area
2	September 2017	Leisure	Greater Tokyo Area	IT	Greater Tokyo Area
3	September 2017	Manufacturing	Greater Tokyo Area	Manufacturing	Greater Tokyo Area
4	September 2017	Manufacturing	Greater Tokyo Area	Wholesale and agency sales	Greater Osaka Area
5	September 2017	Transportation and logistics	Greater Tokyo Area	Transportation and logistics	Greater Tokyo Area
6	October 2017	Others	Greater Osaka Area	Others	Greater Tokyo Area
7	October 2017	Manufacturing	Hokkaido/Tohoku	Others	Greater Tokyo Area
8	October 2017	Healthcare and nursing care	Hokkaido/Tohoku	Healthcare and nursing care	Central Japan Area
9	October 2017	Transportation and logistics	Hokkaido/Tohoku	Transportation and logistics	Greater Tokyo Area
10	October 2017	Wholesale and agency sales	Hokkaido/Tohoku	Leisure	Greater Tokyo Area
11	October 2017	Healthcare and nursing care	Greater Tokyo Area	Healthcare and nursing care	Greater Tokyo Area
12	October 2017	Manufacturing	Central Japan Area	Wholesale and agency sales	Central Japan Area
13	October 2017	Services	Hokkaido/Tohoku	Services	Hokkaido/Tohoku
14	November 2017	Restaurants and food services	Hokkaido/Tohoku	Restaurants and food services	Greater Osaka Area
15	November 2017	IT	Greater Tokyo Area	IT	Central Japan Area
16	November 2017	Dispensing pharmacies	Hokkaido/Tohoku	Dispensing pharmacies	Hokkaido/Tohoku
17	November 2017	Dispensing pharmacies	Greater Tokyo Area	Dispensing pharmacies	Greater Tokyo Area
18	November 2017	Recruiting	Greater Tokyo Area	Recruiting	Greater Tokyo Area
19	November 2017	Dispensing pharmacies	Greater Tokyo Area	Dispensing pharmacies	Greater Tokyo Area
20	November 2017	Transportation and logistics	Hokkaido/Tohoku	Transportation and logistics	Hokkaido/Tohoku



## Projects Closed-2

NO	Date closed	Assignor Company Business Category	Assignor Company Location	Assignee Company Business Category	Assignee Company Location
21	November 2017	Education	Greater Tokyo Area	Construction	Greater Tokyo Area
22	November 2017	Wholesale and agency sales	Central Japan Area	Wholesale and agency sales	Greater Osaka Area
23	November 2017	Wholesale and agency sales	Hokkaido/Tohoku	Restaurants and food services	Greater Osaka Area
24	November 2017	Restaurants and food services	Greater Tokyo Area	Restaurants and food services	Kyushu/Okinawa
25	December 2017	Leisure	Central Japan Area	Leisure	Greater Osaka Area
26	December 2017	Manufacturing	Central Japan Area	Manufacturing	Greater Tokyo Area
27	January 2018	Retail and distribution	Central Japan Area	Others	Greater Tokyo Area
28	January 2018	Manufacturing	Greater Osaka Area	Others	Greater Osaka Area
29	January 2018	Construction	Greater Tokyo Area	Manufacturing	Greater Tokyo Area
30	January 2018	Construction	Greater Tokyo Area	Manufacturing	Greater Tokyo Area
31	January 2018	Retail and distribution	Greater Tokyo Area	Restaurants and food services	Greater Tokyo Area
32	February 2018	Real estate	Greater Tokyo Area	Real estate	Greater Tokyo Area
33	February 2018	Construction	Central Japan Area	Construction	Central Japan Area
34	February 2018	Construction	Kyushu/Okinawa	Construction	Greater Tokyo Area
35	February 2018	Manufacturing	Central Japan Area	Manufacturing	Central Japan Area
36	February 2018	Retail and distribution	Greater Tokyo Area	Others	Greater Tokyo Area
37	February 2018	Services	Greater Tokyo Area	Restaurants and food services	Hokkaido/Tohoku
38	February 2018	Leisure	Greater Osaka Area	Real estate	Greater Osaka Area
39	February 2018	Retail and distribution	Greater Tokyo Area	Real estate	Greater Osaka Area
40	February 2018	Manufacturing	Central Japan Area	Manufacturing	Central Japan Area
41	February 2018	Transportation and logistics	Greater Tokyo Area	Others	Greater Tokyo Area
42	February 2018	Healthcare and nursing care	Kyushu/Okinawa	Healthcare and nursing care	Chugoku/Shikoku
43	February 2018	Wholesale and agency sales	Greater Tokyo Area	Wholesale and agency sales	Greater Tokyo Area

## Projects Closed–3

NO	Date closed	Assignor Company Business Category	Assignor Company Location	Assignee Company Business Category	Assignee Company Location
44	March 2018	Transportation and logistics	Greater Tokyo Area	Transportation and logistics	Greater Tokyo Area
45	March 2018	IT	Greater Tokyo Area	Others	Overseas
46	March 2018	Retail and distribution	Greater Tokyo Area	Others	Greater Tokyo Area
47	March 2018	Restaurants and food services	Greater Tokyo Area	Restaurants and food services	Greater Tokyo Area
48	March 2018	Recruiting	Greater Tokyo Area	Recruiting	Greater Tokyo Area
49	April 2018	Dispensing pharmacies	Central Japan Area	Dispensing pharmacies	Central Japan Area
50	April 2018	Building maintenance	Central Japan Area	Building maintenance	Greater Tokyo Area
51	April 2018	Rental financing	Greater Osaka Area	Others	Greater Tokyo Area
52	April 2018	Leisure	Greater Tokyo Area	Construction	Kyushu/Okinawa
53	April 2018	Manufacturing	Central Japan Area	Manufacturing	Central Japan Area
54	April 2018	IT	Greater Osaka Area	Services	Chugoku/Shikoku
55	April 2018	Services	Greater Tokyo Area	Services	Greater Tokyo Area
56	April 2018	Printing and media	Chugoku/Shikoku	Printing and Media	Greater Tokyo Area
57	May 2018	Wholesale and agency sales	Greater Tokyo Area	Wholesale and agency sales	Greater Tokyo Area
58	May 2018	Manufacturing	Central Japan Area	Manufacturing	Greater Osaka Area
59	May 2018	Manufacturing	Greater Tokyo Area	Manufacturing	Greater Osaka Area
60	May 2018	Manufacturing	Greater Osaka Area	Manufacturing	Central Japan Area
61	May 2018	Construction	Central Japan Area	Healthcare and nursing care	Greater Tokyo Area
62	May 2018	Manufacturing	Tohoku	Manufacturing	Greater Tokyo Area
63	May 2018	Construction	Chugoku/Shikoku	Construction	Chugoku/Shikoku
64	July 2018	Wholesale and agency sales	Hokkaido/Tohoku	Retail and logistics	Hokkaido/Tohoku
65	July 2018	Leisure	Hokkaido/Tohoku	Retail and logistics	Hokkaido/Tohoku
66	July 2018	Healthcare and nursing care	Greater Tokyo Area	Services	Greater Tokyo Area

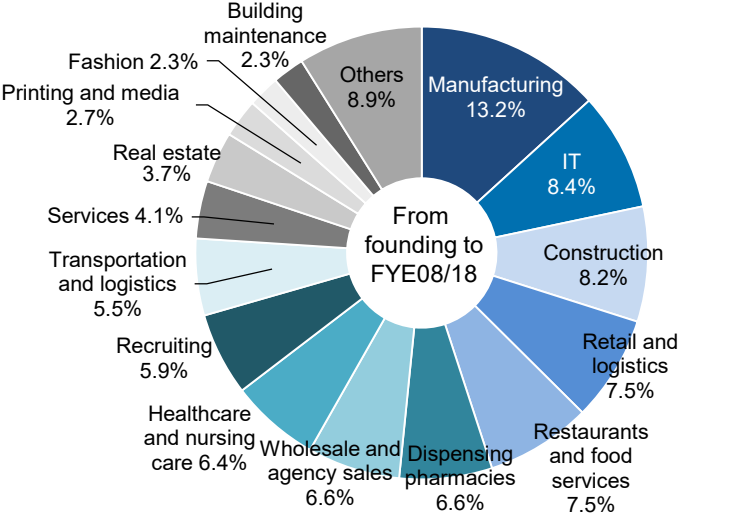
## Projects Closed-4

NO	Date closed	Assignor Company Business Category	Assignor Company Location	Assignee Company Business Category	Assignee Company Location
67	July 2018	Construction	Greater Tokyo Area	Construction	Central Japan Area
68	July 2018	Manufacturing	Central Japan Area	Manufacturing	Central Japan Area
69	July 2018	Restaurants and food services	Greater Tokyo Area	Restaurants and food services	Central Japan Area
70	August 2018	Restaurants and food services	Chugoku/Shikoku	Others	Greater Tokyo Area
71	August 2018	Dispensing pharmacies	Greater Tokyo Area	Services	Greater Osaka Area
72	August 2018	Manufacturing	Greater Tokyo Area	Manufacturing	Chugoku/Shikoku
73	August 2018	Construction	Greater Tokyo Area	Manufacturing	Central Japan Area
74	August 2018	Printing and media	Greater Tokyo Area	Services	Greater Osaka Area
75	August 2018	Leisure	Greater Tokyo Area	Services	Greater Tokyo Area
76	August 2018	Restaurants and food services	Greater Osaka Area	Restaurants and food services	Greater Tokyo Area
77	August 2018	Manufacturing	Greater Tokyo Area	Others	Greater Tokyo Area
78	August 2018	Manufacturing	Greater Osaka Area	Manufacturing	Greater Osaka Area
79	August 2018	Healthcare and nursing care	Overseas	Services	Greater Tokyo Area
80	August 2018	Construction	Hokkaido/Tohoku	Construction	Hokkaido/Tohoku
81	August 2018	Wholesale and agency sales	Kyushu/Okinawa	Transportation and logistics	Kyushu/Okinawa
82	August 2018	Transportation and logistics	Greater Osaka Area	Real estate	Greater Osaka Area
83	August 2018	Leisure	Kyushu/Okinawa	Leisure	Greater Tokyo Area
84	August 2018	Retail and logistics	Greater Tokyo Area	Others	Greater Tokyo Area
85	August 2018	Real estate	Chugoku/Shikoku	Real estate	Greater Osaka Area
86	August 2018	Transportation and logistics	Hokkaido/Tohoku	Manufacturing	Hokkaido/Tohoku
87	August 2018	Construction	Central Japan Area	Wholesale and agency sales	Central Japan Area
88	August 2018	Leisure	Greater Tokyo Area	Leisure	Central Japan Area

# Using the Internet to Respond to Various Types of Business

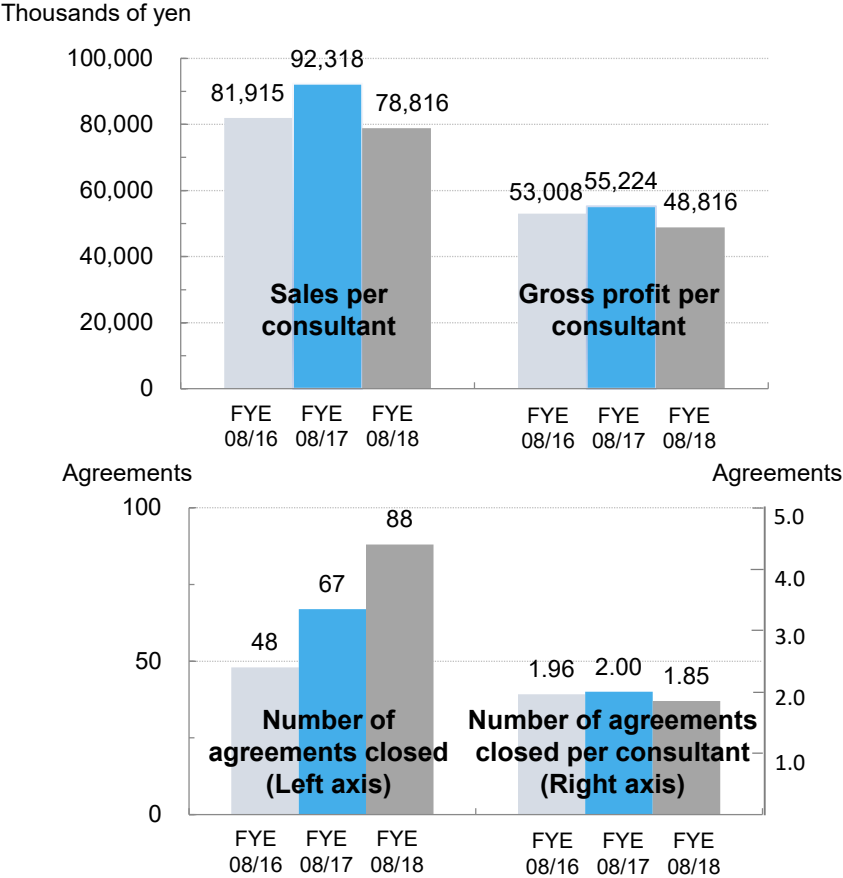
We facilitate M&A in a variety of business categories, while avoiding being confined to a specific segment. Due to a rapid increase in personnel, the number of agreements closed per consultant fell slightly, but by increasing the number of agreements closed per person, we aim to increase sales and profit per person.

M&A Agreements Closed by Business Category



Note: Breakdown by category of business sold, using cumulative data as of August 31, 2018

Management Indexes per Consultant



Note: Figures were calculated based on the average number of consultants for the entire period because of their rapid increase in number.

# Forecast for FYE08/19

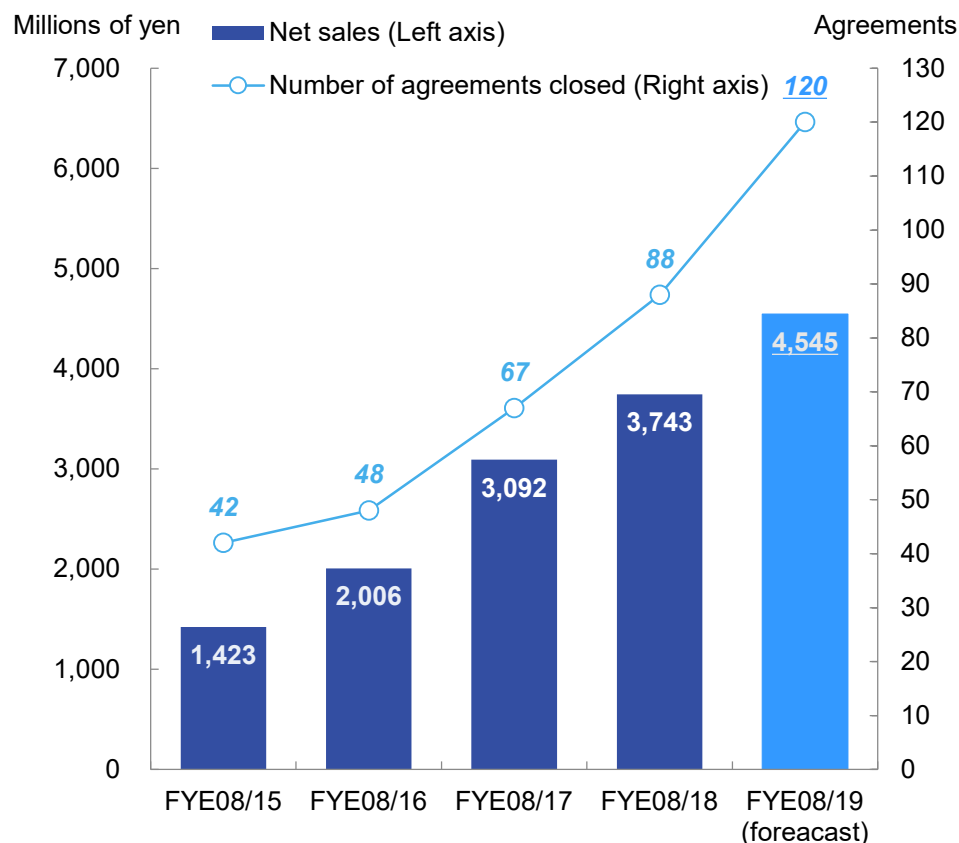
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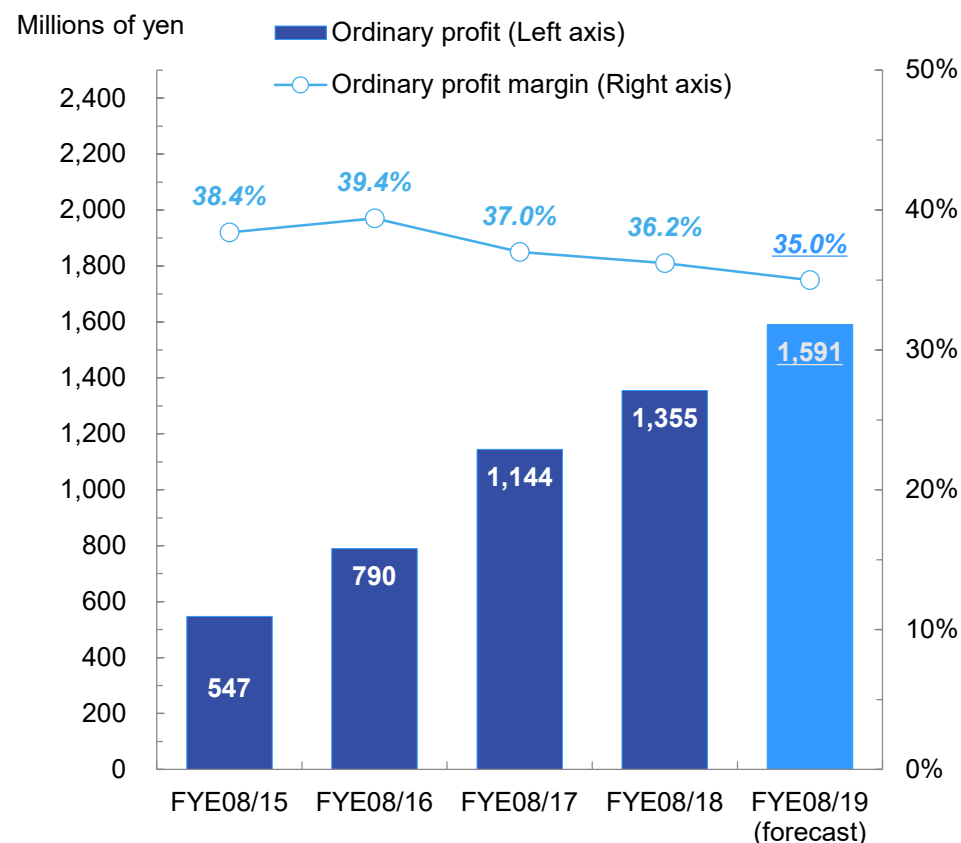
# FYE08/19 Forecast

Based on the number of new projects received as of the beginning of the fiscal year, we forecast 120 agreements closed and net sales of ¥4,545 million. We also forecast ordinary profit of ¥1,591 million and a slight fall in ordinary profit margin due to higher personnel expenses stemming from an increase in personnel and a rise in rent caused by sales office relocations and headquarters expansions in FYE08/18. These rises in expenses will persist throughout FYE08/19.

## Net Sales and Number of Agreements Closed



## Ordinary Profit and Ordinary Profit Margin



# FYE08/19 Forecast

**We forecast net sales of ¥4,545 million (+21.4% YoY) and ordinary profit of ¥1,591 million (+17.5% YoY).**

## ■ FYE08/19 Forecast

- Net sales of ¥4,545 million, up 21.4% YoY
- Ordinary profit of ¥1,591 million, up 17.5% YoY
- Profit of ¥1,066 million, up 16.0% YoY
- EPS of ¥55.11 (¥47.52 in FYE08/18)
- Forecast dividend of ¥11.00, dividend payout ratio of 20.0%

## ■ Non-Monetary Targets

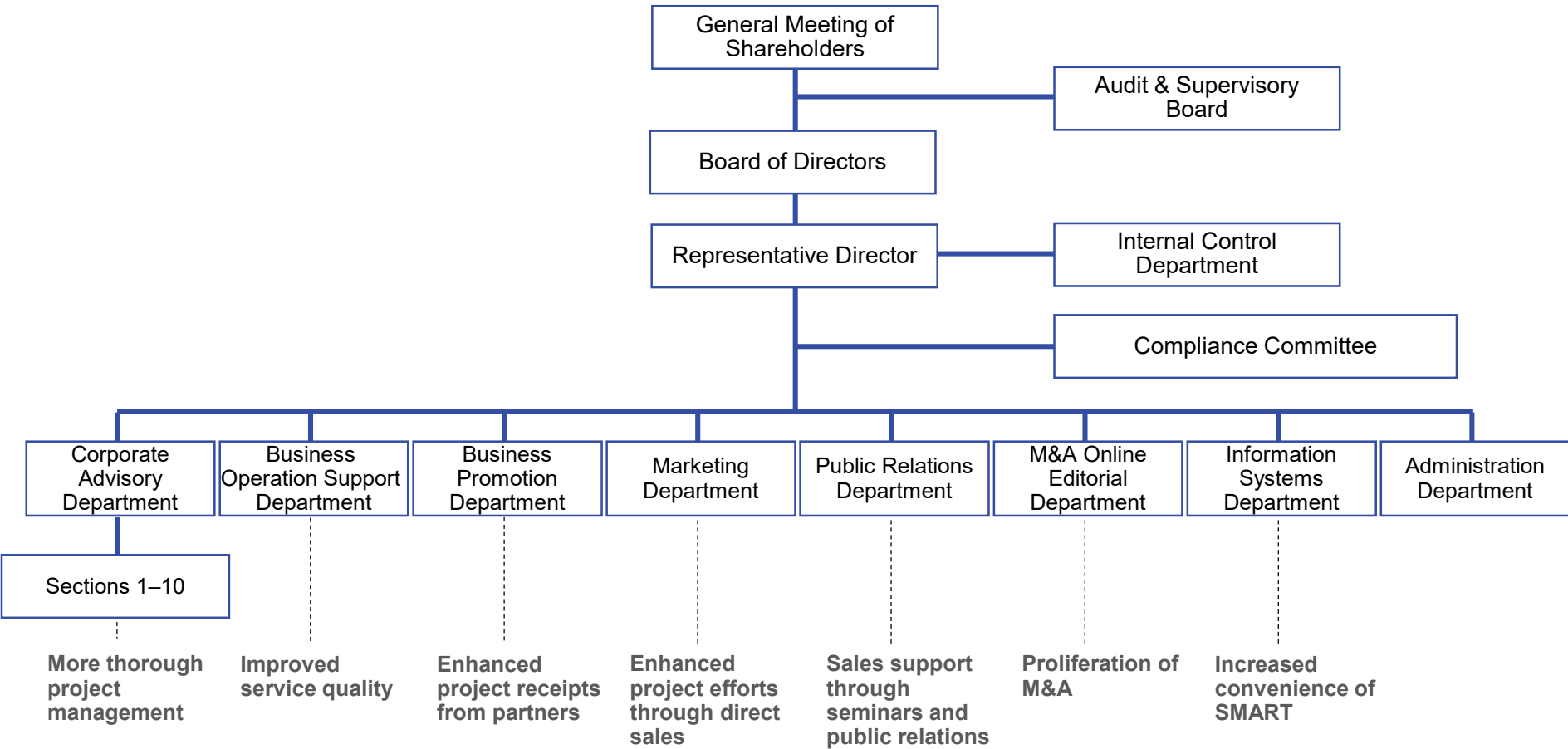
- Close 120 agreements, up 32 YoY
- Receive 266 new projects, up 34 YoY
- Increase number of M&A consultants to 82, up 26 YoY (20 new consultants have already joined or are waiting to join)

## ■ Management Measures

- Taking notice that agreements closed did not meet their targets in FYE08/18 due to pushbacks on closing dates, subdivide our Corporate Advisory Department in pursuit of further project management; also, establish new Marketing and Public Relations Departments to increase the number of projects received directly
- Treat FYE08/19 as a transitional period that will allow us to secure operating profit of ¥2.0 billion in FYE08/20; during this transition, actively hire consultants and conduct internal training
- Plan a relocation of the Osaka sales office to respond to its increasing number of personnel
- Increase and improve internal systems; create a system framework that can respond to future increases in personnel and projects

# Organization (as of September 1, 2018)

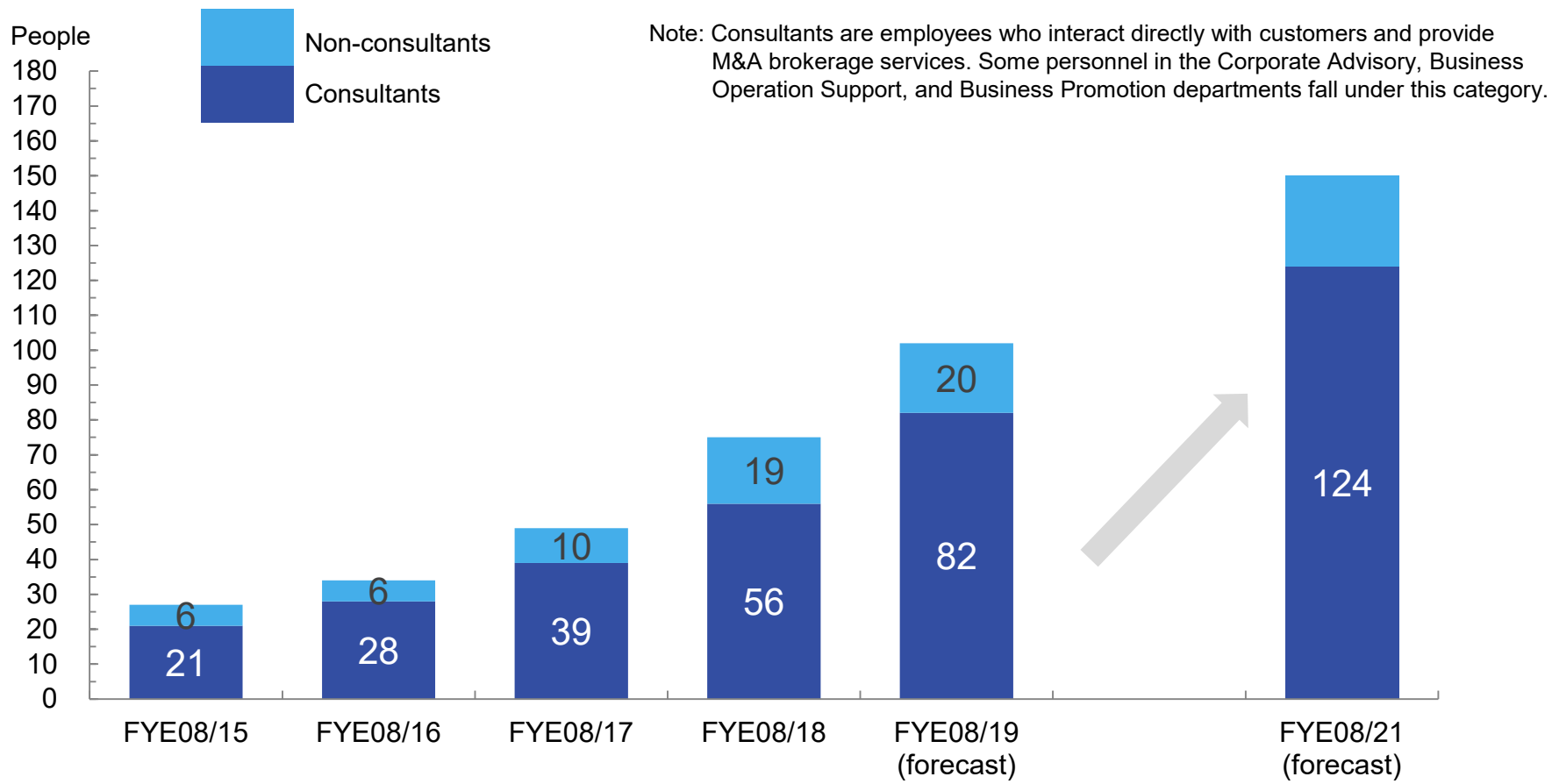
We have updated our organizational structure to accommodate expanding business operations. Our Corporate Advisory Department has been subdivided into a 10-section structure in pursuit of more thorough project management. We have also established a new Marketing Department to enhance our receipt of new projects through direct marketing and a new Public Relations Department, which will conduct seminars and public relations activities to strengthen our sales support system.





# Increasing Number of Consultants

As of August 31, 2018, we had increased the number of consultants to 56 (six more than initially forecast) and our non-consultants to 19 (five more). We are aiming to double our current staff within the next three years. We will hire more new employees than we forecast if we discover enough superior human resources but will hire less if we do not.



# Encouraging the Proliferation of M&A through M&Aonline Portal Site

## M & A Online

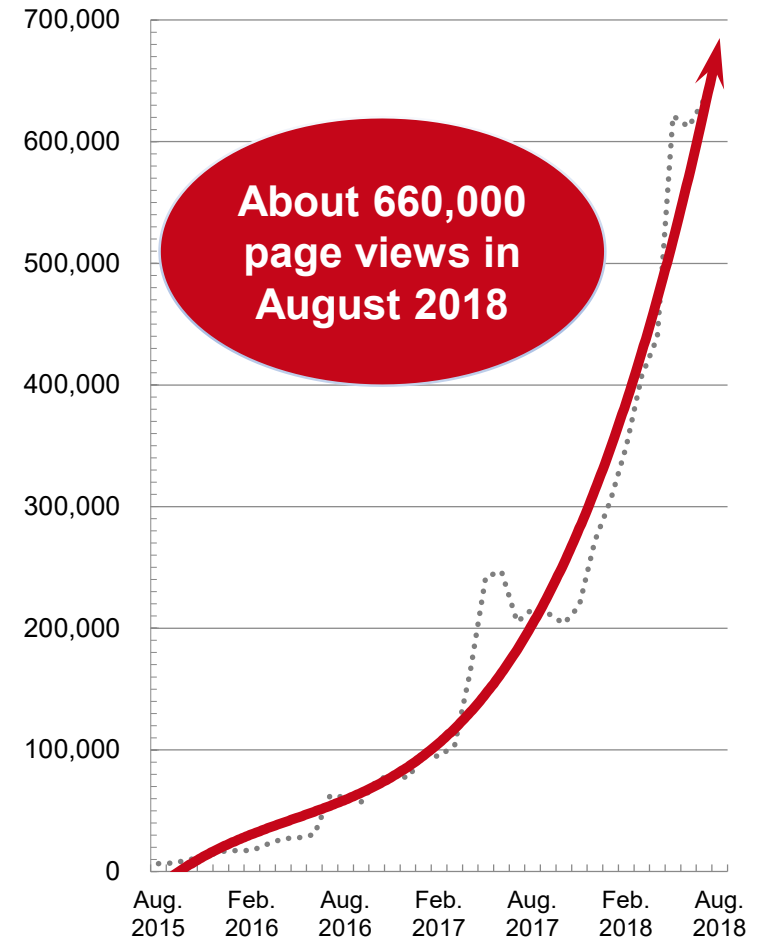
A **free** portal site that offers a variety of M&A-related information, such as the latest news and legal information, in a **timely** fashion



(<https://maonline.jp/>)

## Monthly Page Views for M&A Online

Page views



# Content of M&Aonline, Our M&A Portal Site

**Life & Money:** Introduces new publications concerning M&A

**Interview with Nobumichi Hattori, former member of Goldman Sachs**



**Interview with Jin Mayama, author of the Hagetaka book series**



**New Articles:**

Releases 2–4 articles featuring news or reading material daily

**Business:**

General economic news, M&A trends of industries and individual companies, interviews

**Practical M&A:**

Provides simple commentary concerning legal affairs, accounting, and labor related to M&A

**M&A Dictionary:**

Explains fundamentals of M&A

**M&A Archives:**

Search for individual companies' M&A strategies

**M&A Newsletter:**

Pinpoint details concerning transfers of management rights from timely Tokyo Stock Exchange announcements

**MAO Girl:**

Student reporters interview managers and scholars

**MAO PRO:**

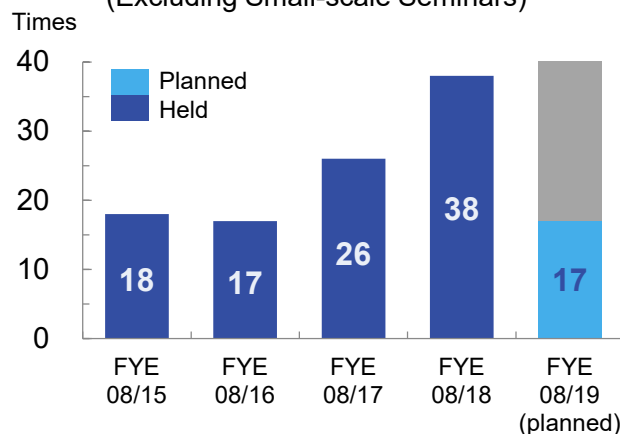
M&A database, database of reports on large shareholders, TOB Premium, research reports

# Increase the Number of Projects Received Directly through Seminars

We aim to hold nationwide M&A seminars efficiently and effectively by carefully choosing their scales, timings, and locations. Aside from nationwide seminars, we also plan to hold more joint seminars with partners and small-scale seminars to increase the number of projects received directly.



Number of Seminars Held and Planned  
(Excluding Small-scale Seminars)



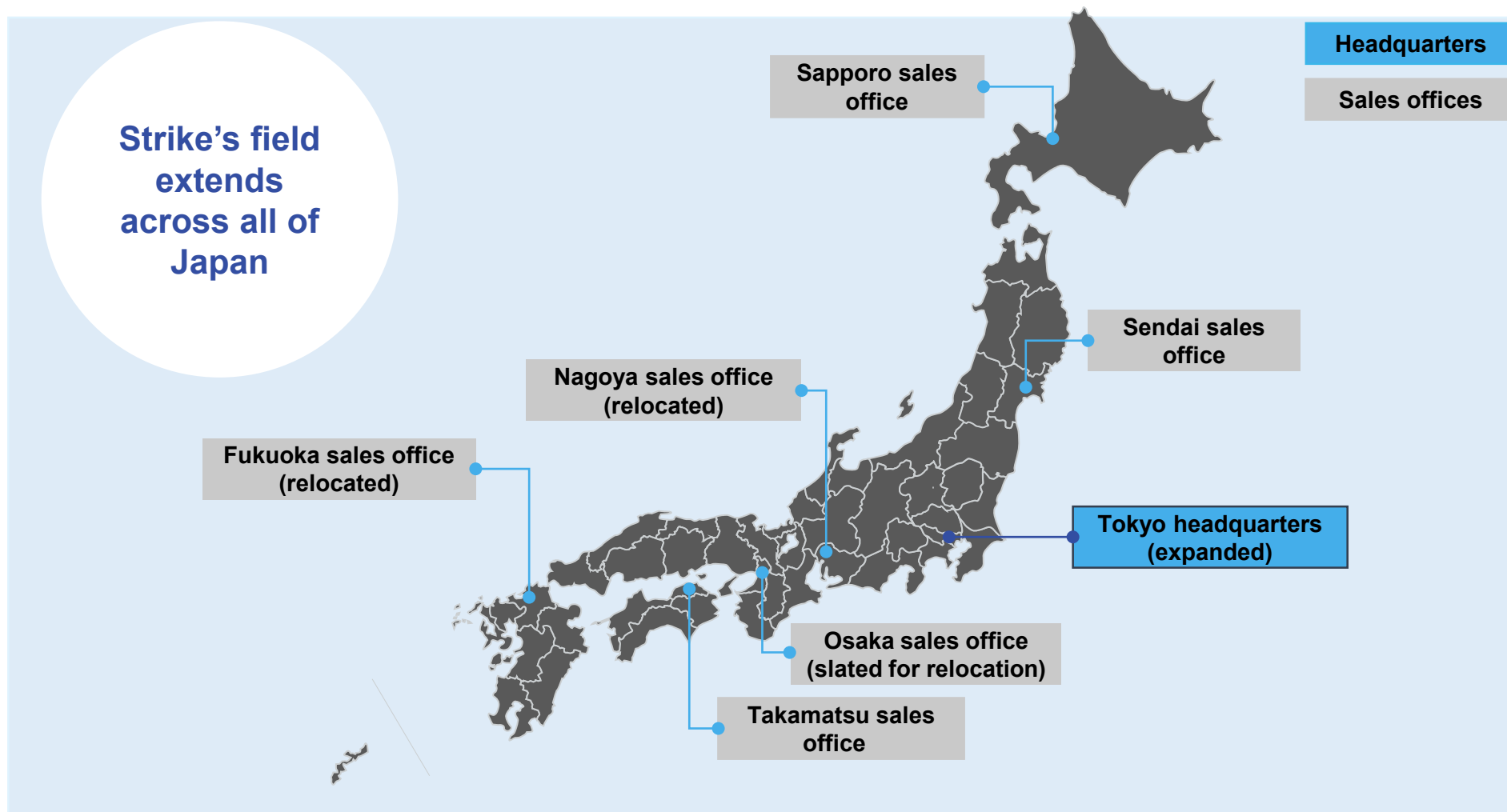
Seminars Planned for FYE08/19

Date	Venue	Title
October 23, 2018	Nagoya	Growth Strategies Utilizing M&A
October 25, 2018	Osaka	
October 29, 2018	Sapporo	
November 6, 2018	Fukuoka	
November 8, 2018	Tokyo	
February–March 2019	Nationwide	Seminars planned throughout Japan
June–July 2019	Nationwide	Seminars planned throughout Japan

Note: Through our website we will announce the locations and dates of seminars planned for 2019 that are not listed above as they become available.

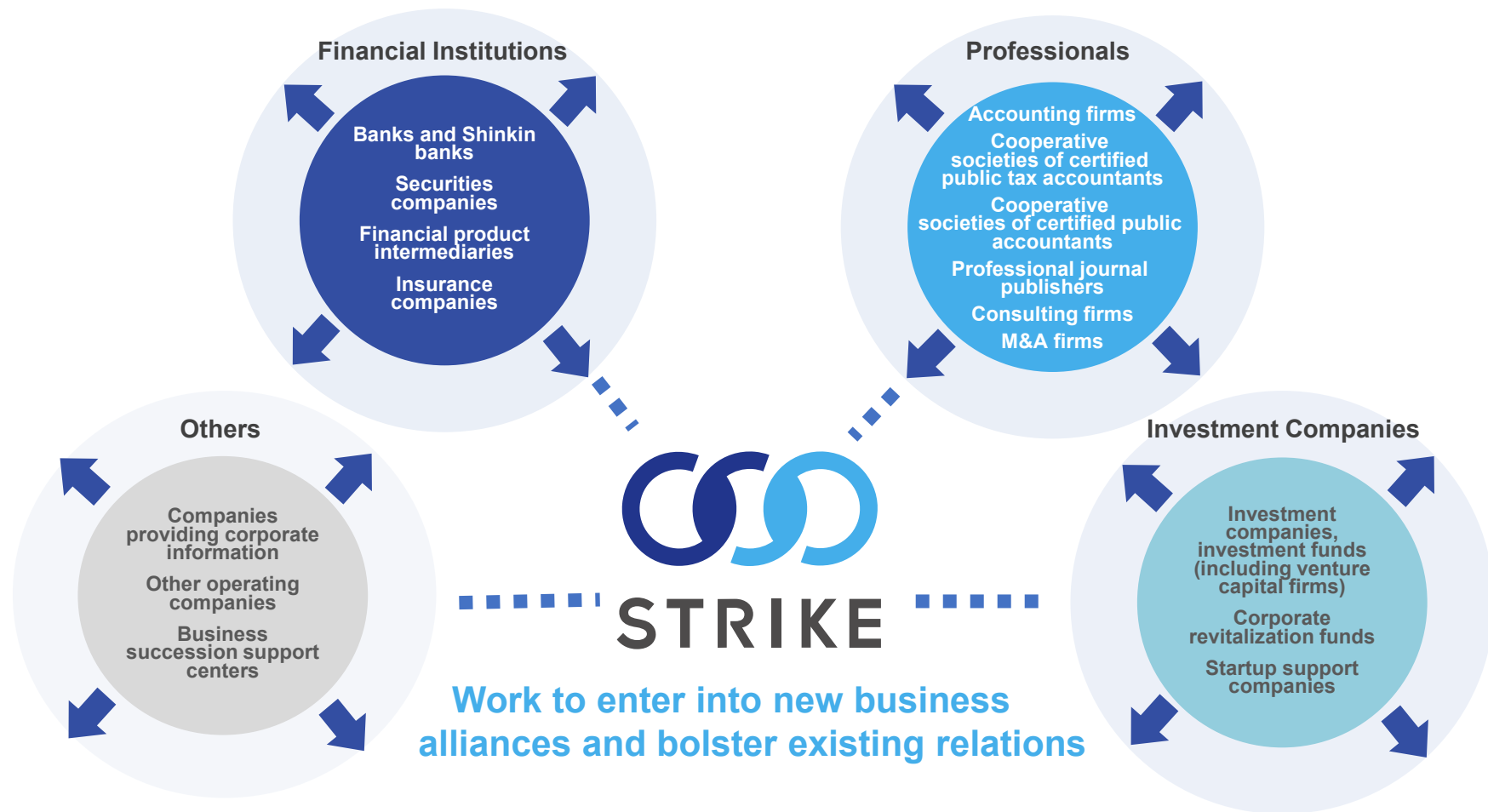
# Establishing Our Regional Sales Bases

In FYE08/18, we relocated the Nagoya and Fukuoka sales offices and expanded our headquarters. With these moves, and an increase in personnel, we aim to improve sales results at all sales offices in FYE08/19.



# Cultivate New Operating Business Partners and Strengthen Relationships with Existing Partners

We continue to expand partnerships with financial institutions, professionals, and investment companies. While continuing to promote personnel exchange with existing partners, we will also set our sights on strengthening our relationships with these partners through capital alliances.



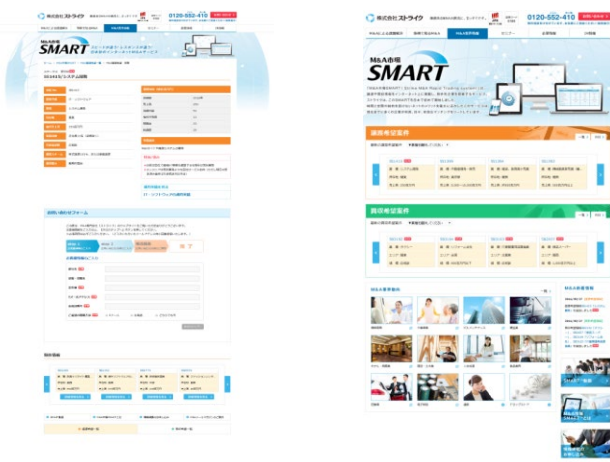
# Further Leverage M&A Market SMART

We aim to enhance the information on M&A Market SMART and increase its page view numbers.  
(<https://www.strike.co.jp/smart/>)

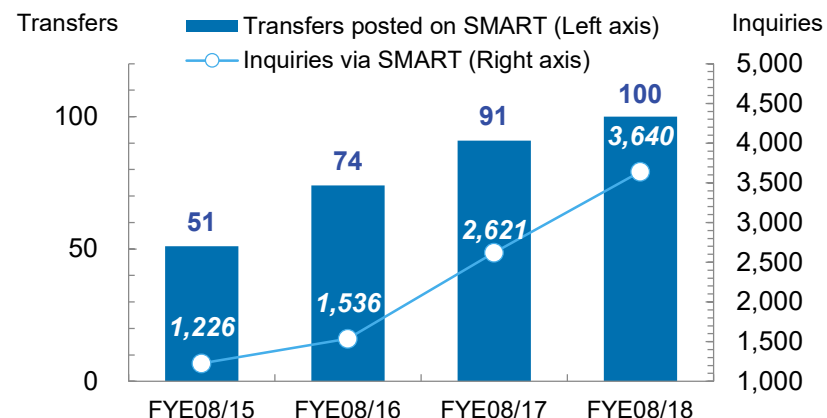
## Primary Development and Improvement Targets for SMART

- Strengthen functions connected with internal systems
- Make improvements aimed at increasing the number of viewers

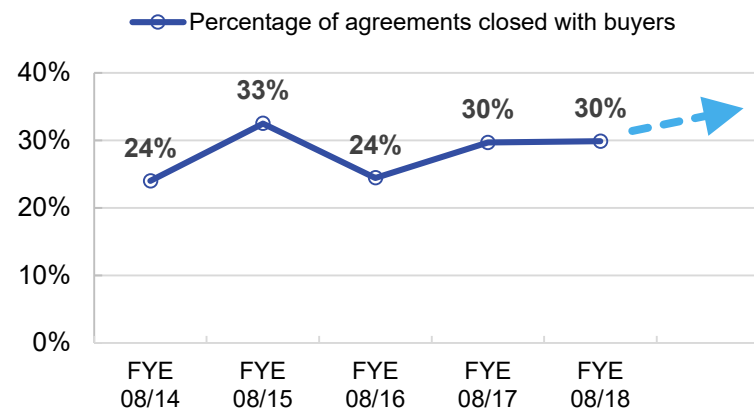
Strengthen systems and aim for more efficient matching



## Inquiries via SMART



## Matching Results Using SMART



# Utilizing Paid Stock Options

In December 2017, Strike issued paid stock options to its executives and employees.

By setting certain operating performance levels as exercise conditions, we intend to build profit awareness among all members of the Company and encourage everyone in the Company to commit to achieving our performance targets.

<b>Allocated to</b>	<b>2 executives, 36 employees (as of August 31, 2018)</b>
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	Target Period	Performance Conditions	Status
Exercise condition (1)	FYE08/18	Operating profit of ¥1,300 million	Achieved
Exercise condition (2)	FYE08/19	Operating profit of ¥2,000 million in one of these two periods	Target
	FYE08/20		

Note: The options cannot be exercised unless conditions (1) and (2) are both satisfied.



**Exercise condition (1) was achieved in FYE08/18.**

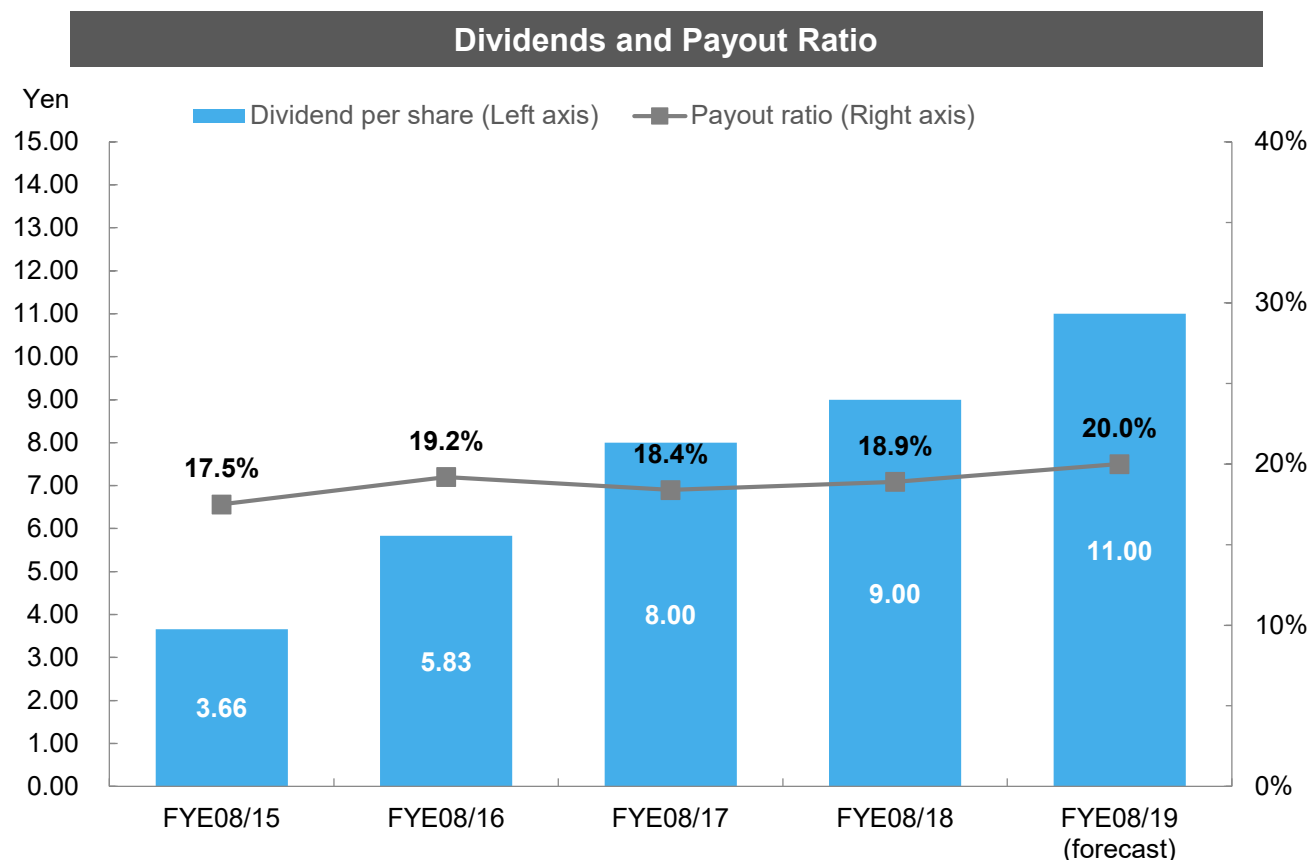
**FYE08/19 serves as a transition period toward achieving exercise condition (2) in FYE08/20.  
(Earlier achievement is also possible depending on project statuses.)**



# Forecast for Shareholder Returns

**Dividends:** We target a dividend payout ratio of 20%, increasing the dividend from ¥9 per share in FYE08/18 to ¥11 per share in FYE08/19.

**Shareholder benefits:** We present a QUO card worth ¥1,000 to each shareholder with at least one share unit (100 shares) at the fiscal year end (August 31 of each year).



Note: Dividends per share reflect stock splits conducted on February 29, 2016, December 1, 2016, and June 1, 2018.

# Market Trends

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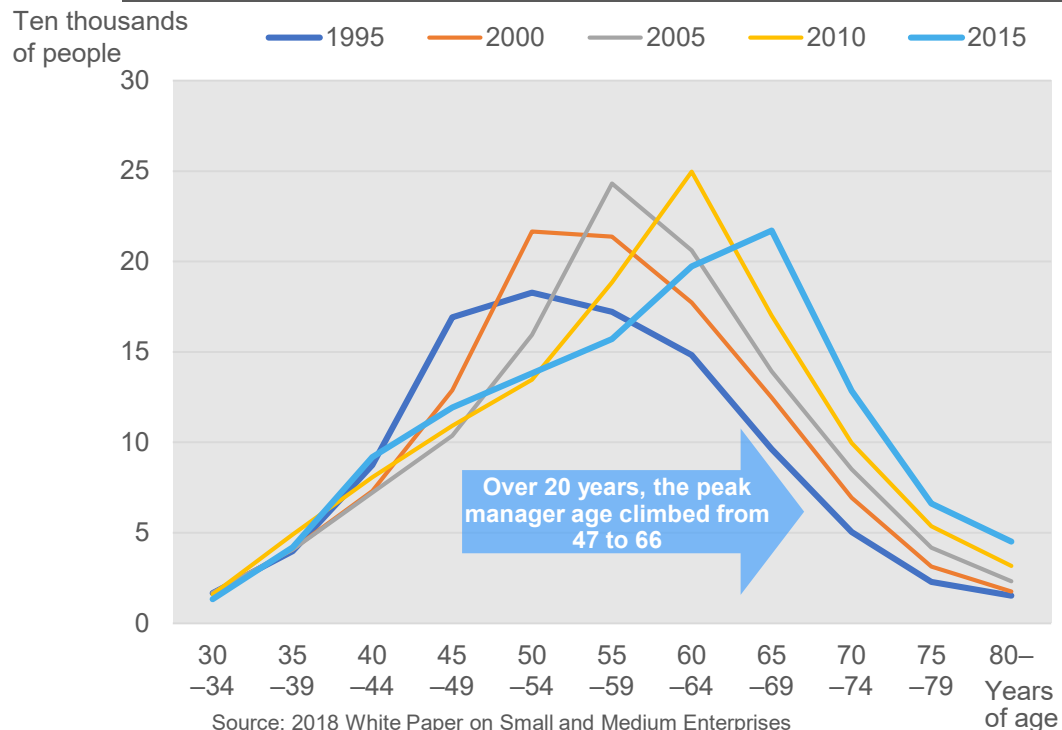
# Market Trends: Business Succession M&A Market Expected to Continue Expanding

As their presidents advance in age, companies facing a lack of eligible successors are expected to continue increasing.

→ We expect the M&A market to continue expanding, to provide solutions for business succession.

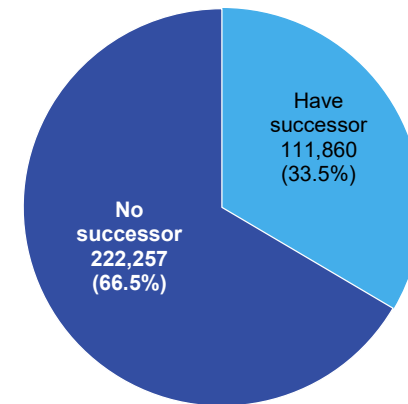
## Advancing Age of Company Presidents

Age Distribution of Small- and Medium-Sized Enterprise Managers



## Numerous Companies without Successors

Status of Decision regarding Successors (Companies, 2017)



Source: Teikoku Databank, Ltd. 2017 field study regarding companies facing successor issues

More than 220,000 companies have no successor in place.

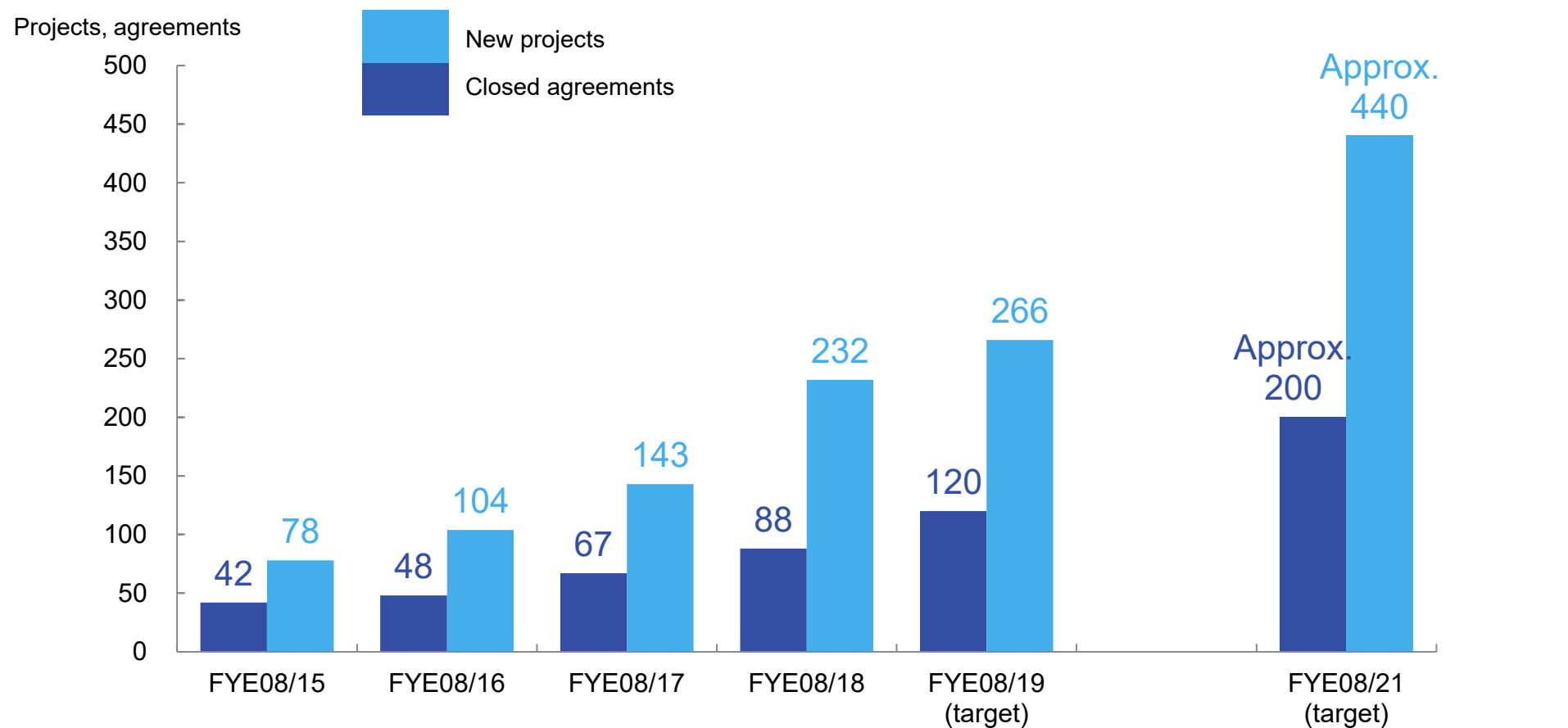
# Medium-to Long-Term Management Policy

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# Results and Targets for New Projects and Agreements Closed

We predict that the FYE08/19 growth rate for new projects will be on the low side based on the balance between personnel and new project numbers and the fact that new projects from FYE08/18 exceeded estimates. We aim to achieve 200 agreements closed per year within the next three years. By raising consultant productivity and efficiency, we target further growth.



# Aim for Further Growth by Increasing Individual Productivity and Efficiency

## Reinforce Sourcing Routes

### 1. Enhance web functions

1. Increase convenience of, and access to, M&A Market SMART
2. Enhance the value of M&A Online

### 2. Strengthen new project sources

1. Cultivate new operating business partners
2. Hold effective seminars
3. Strengthen direct sales primarily through the Marketing Department

### 3. Boost number of locations

Expand our regional sales bases



## Boost Productivity and Efficiency

### 1. Acquire and train talented consultants

Hire even better consultants, leveraging our heightened name value  
Strengthen development by improving in-house training and expanding training content

### 2. Business support from specialists

Strengthen business support by increasing number of specialists (Business Operation Support Department) in fields such as accounting and law

### 3. Leverage IT

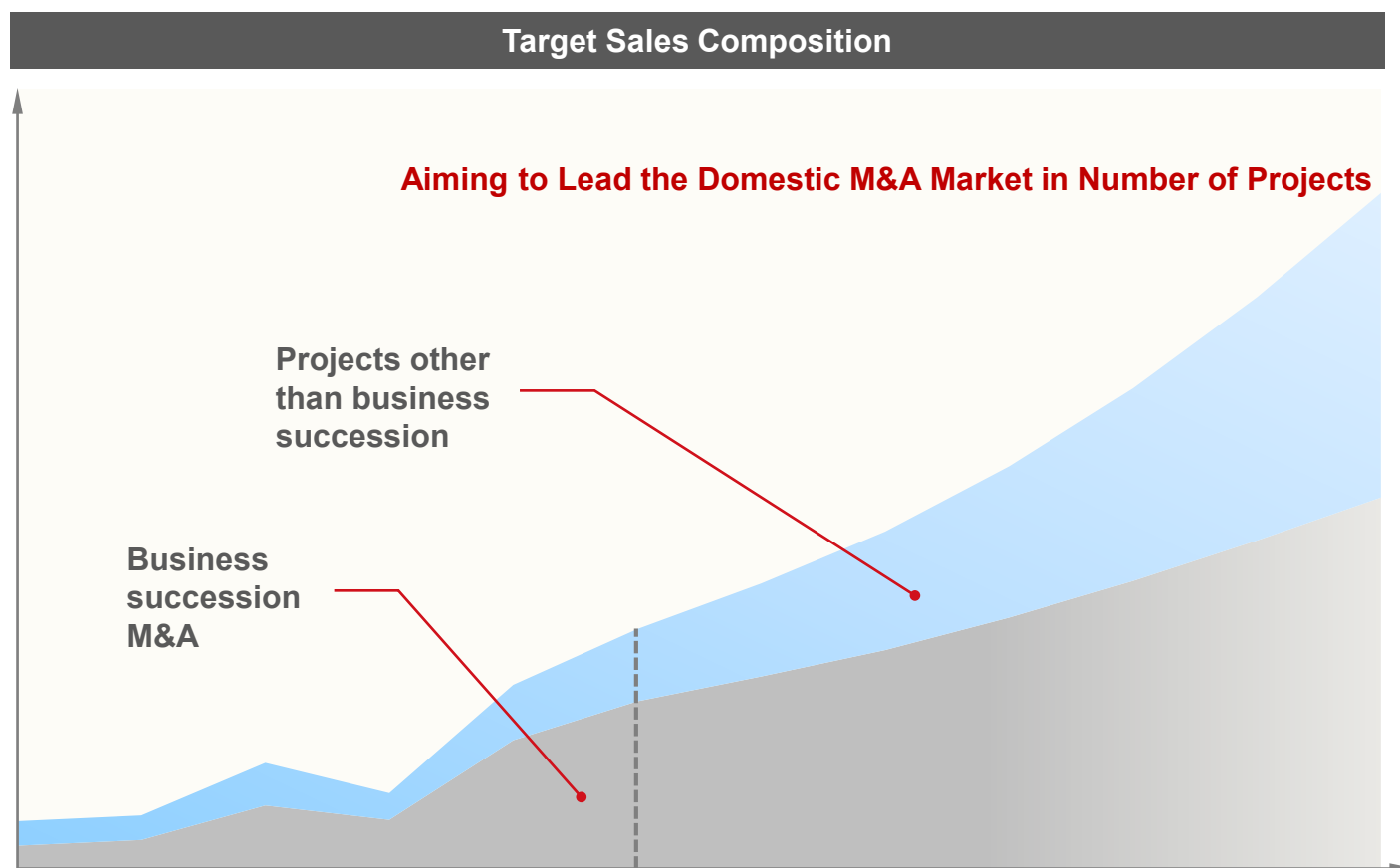
1. Support operational streamlining by improving internal systems with IT
2. Accumulate and enhance an acquisition database

**Optimize customer acquisition and brokerage services**

**Acquire more projects, and target closing of four agreements per year per consultant with three or more years of service by shortening the period of time between customer acquisition and agreement closing**

# Aiming to Top the Japanese M&A Market in Number of Contracts

We aim to increase our share of the market for business succession M&A and aggressively cultivate projects in new fields, becoming the leader in the M&A brokerage market. Over the medium term, we intend to increase sales at 20% per year.

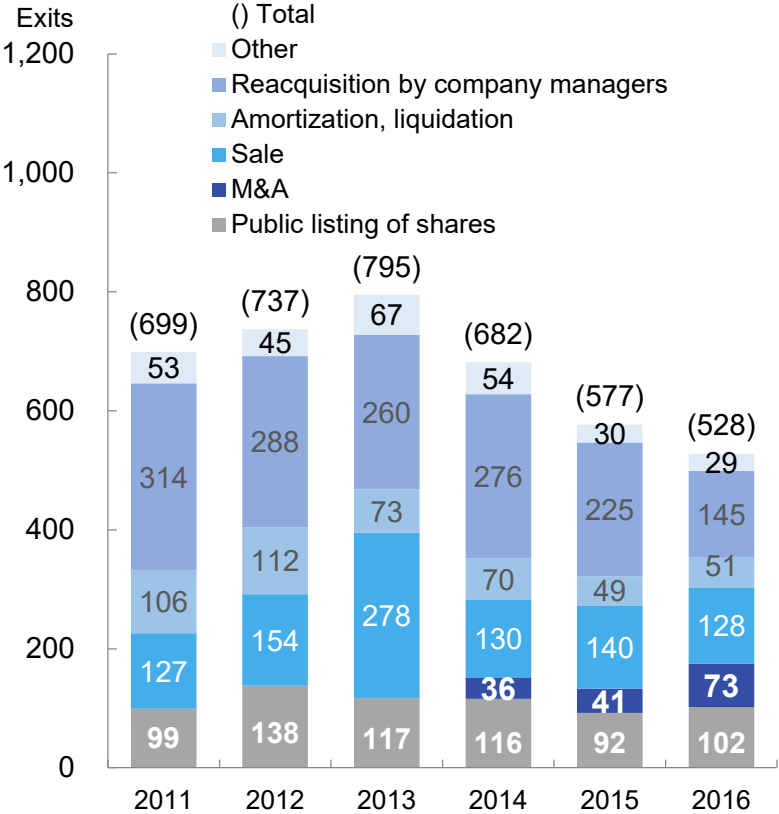


- **Medium-to long-term focus on becoming the leader in the Japanese M&A market in number of projects**
- **Projects other than business succession:**  
Cultivate the M&A business as an exit method for startup companies
- **Business succession M&A:**  
Market is forecast to expand, but dependence on business succession projects is expected to decline due to an increase in the types of projects indicated above

# Growing Needs for M&A as a Startup Exit Strategy

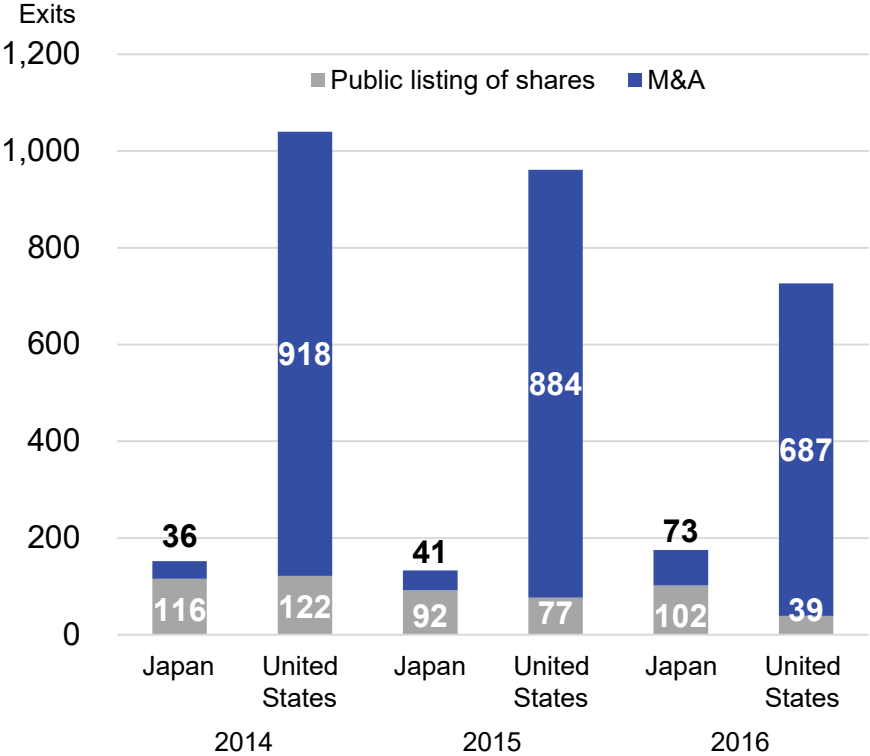
For Japanese startup companies, exits tend to be skewed toward IPOs, whereas M&A are mainstream in the United States. M&A exits are also increasing in Japan but their percentage of total exits is still low compared to the United States. They have a high possibility of even further increase in the future.

Venture Capital Exits in Japan



Source: 2018 White Paper on Small and Medium Enterprises  
(Data: Venture Enterprise Center's VEC Yearbook 2017)

Comparison between Number of IPOs and M&A Exits for Venture Investments in the United States and Japan



Source: 2018 White Paper on Small and Medium Enterprises  
(Data: Produced by the Small and Medium Enterprise Agency using the Venture Enterprise Center's VEC Yearbook 2017)



# Cultivate Startup Company Exit Projects

By building up our network of entrepreneurs and startup companies, we will focus on cultivating M&A market targeting startup company exits. In FYE08/18, we closed nine M&A agreements (about 10% of total agreements closed) involving startup companies (transferred within five years of their establishments) through our brokerage services.



# Company Overview

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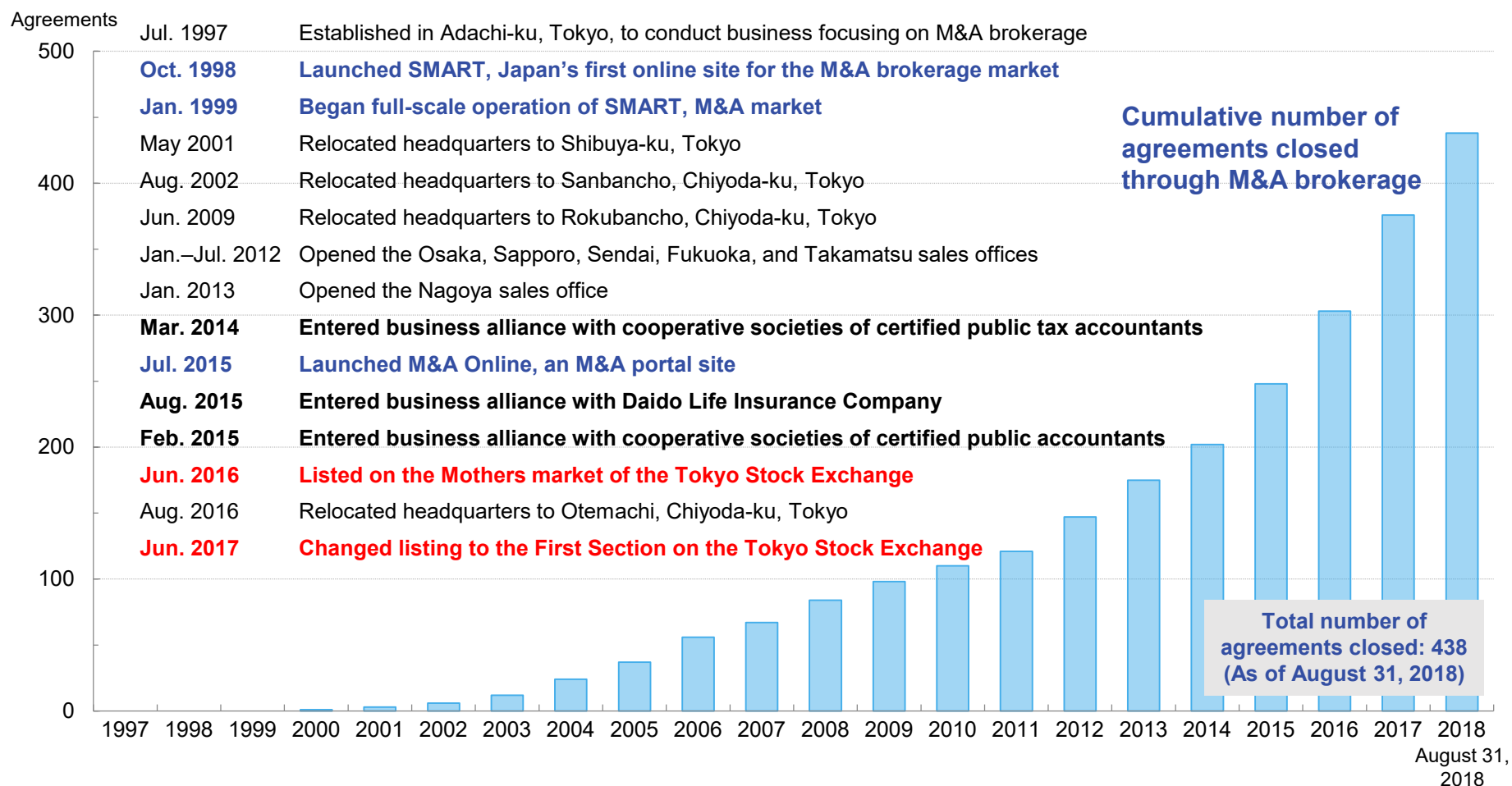
# Company Overview

We are a group of professionals, chiefly certified public accountants, with “Realizing people’s aspirations through M&A” as our corporate credo. We were established as the first company in Japan to leverage the internet for the M&A market. We are currently developing our business by focusing on one of the serious issues facing Japan, the succession for small and medium enterprises, through our efforts in M&A.

Company name	Strike Co., Ltd.
Established	July 1997
Capital stock	¥823 million (August 31, 2018)
Representative	Kunihiko Arai, President and CEO
Head office	18th floor of Otemachi Financial City Grand Cube 1-9-2 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Number of employees	75 (excluding temporary staff, August 31, 2018)
Net sales, operating profit	Net sales ¥3,743 million, operating profit ¥1,352 million (operating profit margin 36.1%) in FYE08/18
Businesses	M&A brokerage business
Management philosophy	With “Realizing people’s aspirations through M&A” as our corporate credo, we propose M&A as a sincere response to client needs. Our management philosophy is to contribute to society at large through M&A, providing corporate management structures to respond to fluctuations in the business environment and changes in the times. To realize this, we aim to become the number one leader for M&A deals in Japan.

# History

Established in July 1997, Strike broke new ground in Japan by leveraging the internet for M&A services. We are expanding our partnerships with organizations such as cooperative societies of certified public tax accountants and certified public accountants. In addition to our headquarters, we have operations in six major cities.



# Business Overview

Strike primarily engages in the M&A brokerage business. Our earnings model is based on brokerage fees obtained from both sellers and buyers. While carefully considering possible conflicts of interest, we place the utmost importance on satisfying both clients.

## Principal Businesses

### M&A Brokerage Business

Through introductions via business alliances with sellers and buyers, receive brokerage fees from both sellers and buyers.

### Company Characteristics

- By actively using our SMART online service, we aim to match better clients on better terms
- We employ a high percentage of specialists, including CPAs and certified public tax accountants, and can provide service for complicated projects.

## Compensation Structure: Lehmann Method

### Sample Compensation Structure

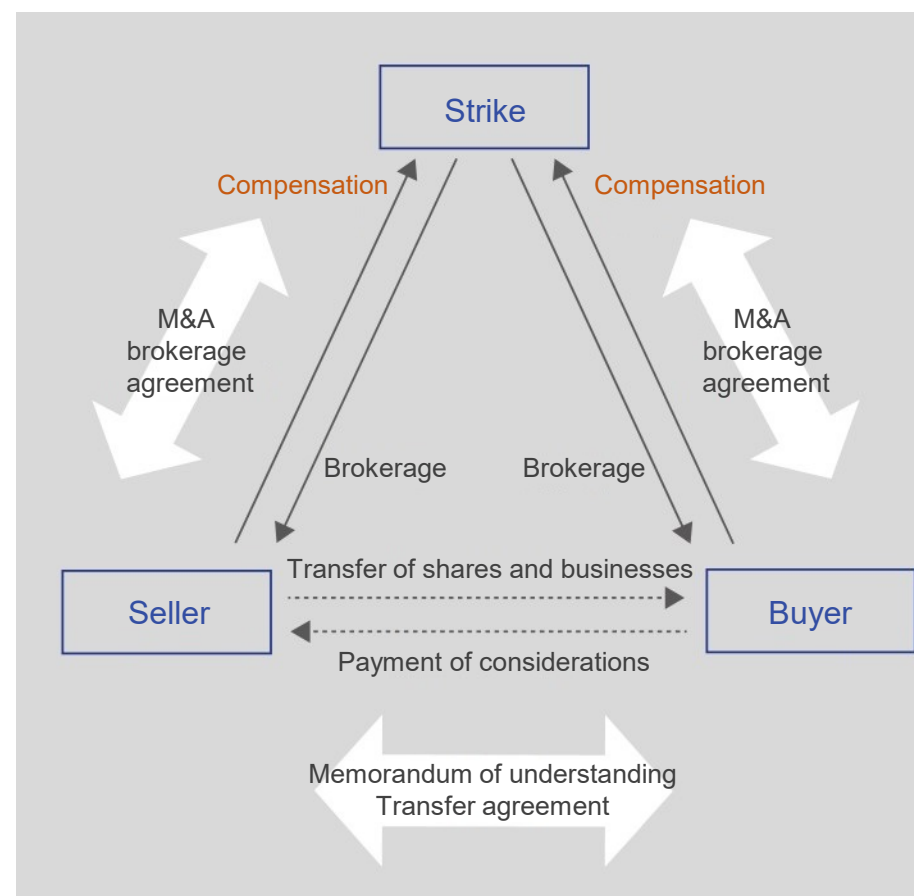
#### Seller

Amount of shares or assets to be transferred	Rate
Portion below ¥500 mn	5%
Portion from ¥500 mn to ¥1.0 bn	4%
Portion from ¥1.0 bn to ¥5.0 bn	3%
Portion from ¥5.0 bn to ¥10.0 bn	2%
Portion above ¥10.0 bn	1%

#### Buyer

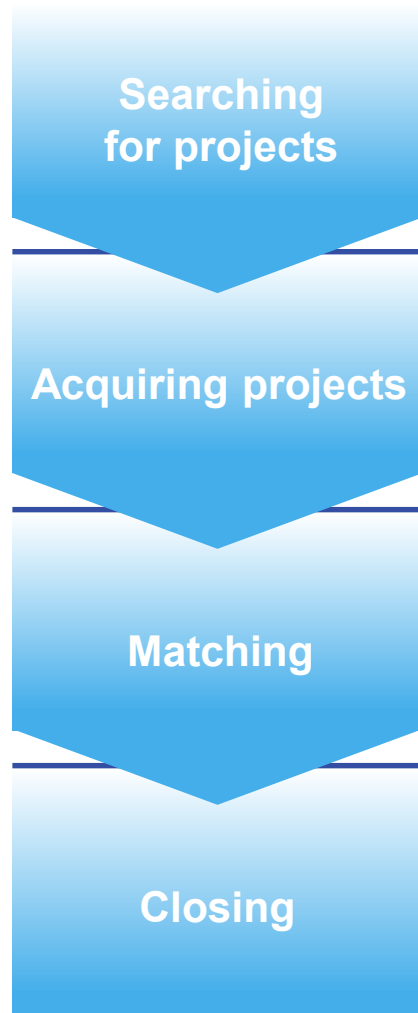
Market value of total assets at transfer	Rate
Portion below ¥500 mn	5%
Portion from ¥500 mn to ¥1.0 bn	4%
Portion from ¥1.0 bn to ¥5.0 bn	3%
Portion from ¥5.0 bn to ¥10.0 bn	2%
Portion above ¥10.0 bn	1%

## M&A Brokerage Earnings Model



# Flow of the M&A Brokerage Business

## Conduct brokerage through searching for projects, acquiring projects, matching, and closing



- Hold seminars, issue publicity magazines, and disseminate M&A information via web, newspapers, and magazines
- Direct sales and direct mail
- Cultivate operating business partners, strengthen relationships, and receive potential seller introduction from business partners
- Respond to consultations from potential seller and make proposals
- Sign non-disclosure agreement with potential seller and gather information on company to be sold
- Conduct prior corporate analyses and consider viability of sale
- Sign M&A brokerage agreement with potential seller
- Propose sale scheme and conduct corporate valuations
- Create proposal documents
- Search for potential buyer (post on **M&A Market SMART**) and make anonymous inquiries
- Sign non-disclosure agreement with potential buyer and disclose proposal document
- Sign M&A brokerage agreement with potential buyer
- Interview top management and arrange company visit
- Confirm potential buyer's intention and make adjustments to basic terms
- Provide support for the signing of memorandum of understanding
- Establish environment for potential buyer to conduct due diligence
- Make final adjustments to terms between potential seller and potential buyer
- Provide support for the signing of transfer agreement

# Using the Internet to Search for Matches

**M&A Market SMART, an internet-based service to anonymously post deals and search for partners**



## ■ Advantages to using SMART

- Enables searches outside a given region for potential buyers and allows for faster matching
- Increases the number of choices for selling companies, and increases the possibility of selling the company to a good partner under favorable terms
- Provides the possibility of finding an unexpected potential buyer (increases the possibilities of sale for niche businesses and contributes to matching between different fields of business)

URL

<https://www.strike.co.jp/smart/>

(Viewable to anyone with an internet connection)

# Disclaimers

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- These materials contain forward-looking statements with respect to Strike Co., Ltd.'s business trends and business content, and are based on the Company's expectations, estimates, projections, and forecasts as of the time of publication.
- Expressions related to the Company's future outlook contain a variety of risks and uncertainties. Actual results may differ from those anticipated in expressions related to the future outlook due to known and unknown risks, uncertainties, and other factors.
- The actual content and results of Strike Co., Ltd.'s future business may differ from the future outlook contained in these materials.
- Expressions in these materials in relation to the future outlook are based on material available to Strike Co., Ltd., as of the date these materials were released (October 10, 2018). Expressions regarding the future outlook will not be updated or revised to reflect future events and conditions.