

Providing M&A intermediary services to small and medium-sized companies on a full contingency fee-based system

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[192A Integroup Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
May 2022	649	-22.5	13	-	11	-95.5	0	-	-0.1	259.7	0.0
May 2023	1,273	96.2	238	17.8x	238	20.6x	170	-	85.3	345.0	0.0
May 2024 f	2,167	70.2	962	4.0x	960	4.0x	652	3.8x	326.4	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending May 2024 is the company's forecasts.

Providing M&A Intermediary Services to Small and Medium-sized Companies on a Full Contingency Fee-based System

Integroup provides M&A intermediary services to small and medium-sized companies on a full contingency fee basis. The company has set the minimum contingency fee at a low level of 15 million yen. Among small and medium-sized companies, Integroup's strength lies in handling those with net sales of 1 billion yen or less and small-scale projects with contingency fees of 50 million yen or less.

M&A intermediaries are specialized firms that contract with both sellers and buyers to serve as negotiators and coordinators from a neutral perspective to facilitate successful M&As. They are used mainly by small and medium-sized companies. The company provides services primarily as an M&A intermediary, but depending on the deal, it may also act as a financial advisor.

Integroup's M&A intermediary service operates on a system where a single consultant provides comprehensive support from the initial consultation through to the closing. As the one-stop support structure allows consultants, who are familiar with the entire M&A process, to consult with clients. This engenders trust and enables the provision of high-quality services tailored to each client's needs.

Adopted Competitive Fee Structure for Small-scale Projects

The company employs a full contingency fee-based system and receives neither a retainer nor interim or monthly fees. This lowers the hurdle for requests and consultations, allowing customers to use the service with peace of mind. Meanwhile, because the company operates on a full contingency fee-based system, time is required from project start to the recording of net sales. This can result in significant sales fluctuations each fiscal year.

While most listed M&A intermediary firms charge minimum contingency fees (excluding tax) of 20–25 million yen, the company has set its fee at 15 million yen. The company is also competitive in its pricing for the smaller-scale projects it targets.

Financial Statements

Statement of income	Fiscal Year	May 2022		May 2023		Nine months to Feb.2024	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		649	100.0	1,273	100.0	1,405	100.0
Cost of sales		300	46.3	644	50.6	453	32.3
Gross profit		348	53.7	629	49.4	951	67.7
Selling, general and administrative expenses		334	51.6	390	30.7	296	21.1
Operating profit		13	2.1	238	18.7	654	46.6
Non-operating income		0	-	0	-	0	-
Non-operating expenses		2	-	-	-	-	-
Ordinary profit		11	1.8	238	18.8	655	46.6
Profit before income taxes		5	0.9	238	18.8	655	46.6
Net profit		0	0.0	170	13.4	430	30.6

Balance sheet	Fiscal Year	May 2023		May 2024		Feb.2024	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		534	93.5	1,046	95.5	1,391	89.5
Cash and deposits		469	82.1	1,038	94.8	1,265	81.4
Accounts receivable-trade		11	1.9	-	-	110	7.1
Inventories		-	-	-	-	-	-
Non-current assets		37	6.5	49	4.5	164	10.5
Property, plant and equipment		7	1.3	9	0.9	4	0.3
Intangible assets		0	0.1	0	0.0	1	0.1
Investments and other assets		29	5.1	39	3.6	157	10.1
Total assets		571	100.0	1,096	100.0	1,555	100.0
Current liabilities		51	9.0	406	37.1	435	28.0
Accounts payable - trade		3	0.7	0	0.0	33	2.1
Accounts payable		21	3.7	264	24.1	22	1.5
Income taxes payable		0	0.0	80	7.3	225	14.5
Net assets		519	90.9	690	62.9	1,120	72.0
Owners' equity		519	90.9	690	62.9	1,120	72.0

Statement of cash flows	Fiscal Year	May 2023	May 2024
		(mn yen)	(mn yen)
Cash flows from operating activities		-238	573
Depreciation		1	1
Cash flows from investing activities		0	-4
Cash flows from financing activities		-	-
Dividends paid		-	-
Net increase in cash and cash equivalents		-238	569
Cash and cash equivalents		469	1,038

Note: Non-consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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