Nihon M&A Center HD

Nihon M&A Center Holdings Inc.

Integrated Report 2025

Assisting companies to continue and prosper through M&A

Contents

01 Vision of Nihon M&A Center Group

We convey the past, present, and future of the Nihon M&A Center Group.

02 Strategy for Growing into the Best Integrated M&A Company

We convey our vision of becoming the best integrated M&A company and our journey to achieving it.

03 Data Section

Content that provides the answers to everyone's questions

Editorial Policy

The Purpose of Nihon M&A Center Group is "To bring optimal M&A ever closer." In creating this integrated report, we focused on communicating the social and economic value that can be produced by providing M&A support to SMEs. Our goal is to provide readers with a deeper understanding of the impact that M&A support for SMEs can have on regional economies and employment by providing concrete data and examples.

We also focused on making readers aware of our competitive advantages, our uniqueness, our processes for improving corporate value over the medium- to long-term, and the potential of these processes. Specifically, we have explained our medium- to long-term vision and strategies, our initiatives, the results of those initiatives, and the issues we have encountered. Through the contents of this report, we have striven to foster a greater atmosphere of trust for our investors.

Every year, after we publish our integrated report, we receive feedback from institutional investors and securities analysts, both in Japan and overseas. We reflect these inputs in our future reports. We pay especially close attention to the perspectives of shareholders and investors, acting in accordance with our disclosure framework and working to create an even easier to understand report.

We will continue to use the feedback we receive to elevate the level of our information disclosure activities. We hope that our efforts will provide our shareholders, investors, and all of our other stakeholders with valuable information.

Referenced Guidelines

- "International Integrated Reporting Framework," International Integrated Reporting Council (IIRC)
- "Guidance for Collaborative Value Creation 2.0", Ministry of Economy, Trade and Industry

Scope of Report

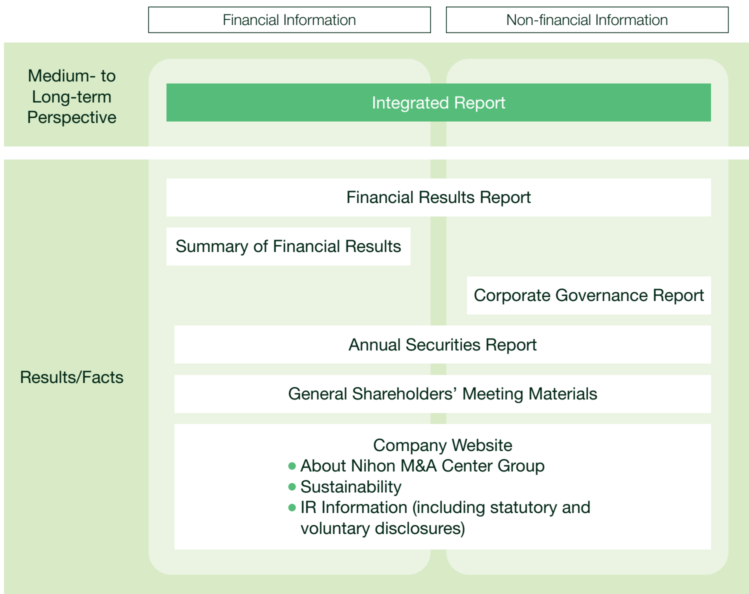
Nihon M&A Center Holdings Inc. and its Group companies
*The reporting period and organization may differ depending on the topic.

Report Publication Date

November 2025

Disclaimer

Any statements made in this report regarding industry trends and analysis, future plans and expectations, etc. are based on currently available information. We acknowledge the existence of risks and uncertainties that could significantly alter our future business environment. Therefore, those statements do not constitute a guarantee that any future plans and expectations will be achieved.



To access a broader range of relevant information
https://www.nihon-ma.co.jp/en/

Executive summary

We celebrated the 30th anniversary of our founding in FY2021, achieving sales and profit growth for the 12th consecutive year, with an average annual growth rate of 23.2%* in ordinary profit. However, in the wake of the inappropriate incident in accounting that came to light the same fiscal year, we embarked on new initiatives to restore trust by rebuilding our business infrastructure and strengthening governance. This page looks back at the developments in the Company's situation both internally and externally since FY2021.

*Average annual growth rate of ordinary profit over the past 13 periods as of the end of the fiscal year 2021.

FY2021

Announcement of an inappropriate incident in accounting

- In December 2021, inappropriate internal behavior involving the bringing forward of sales reported was discovered in the Group's quarterly business results.
- In February and March 2022, we announced measures to prevent recurrence and disciplinary action against the employees involved.

Changes in the market environment M&A Industry Trends P.24

- Increase in new market entrants
- Reports of industry troubles caused by unethical buyers
  As a result,
  - Clients (sellers) have become more cautious in their decision-making regarding M&A
  - Response rates to direct marketing have declined
  - A growing number of business owners are consulting on M&A with more trustworthy parties
- Revised the M&A Guidelines for SMEs (second and third editions)
- Formulated industry self-regulatory rules.

Focus on the recovery of our management infrastructure

Introduction / Development / Change / Conclusion

Transition to growth

FY2022

Transition to a compliance-focused management system

- Shift to a compliance-focused management policy, which positions recurrence prevention as a top priority
- Focus on rebuilding internal controls and transforming our corporate culture to **establish a foundation for compliance**
- Temporary suspension of direct marketing and projects targeting mid-cap* companies
- Confusion spread throughout the organization, causing a decrease in and shortage of core management personnel
- Notable impact on human resource management and development and business performance

*Companies with sales over ¥1 billion or profits exceeding ¥50 million, where total success fees are expected to exceed ¥100 million upon completion of mandate.

FY2023

Reorganization to restore unity within the Company

- **Focus on restoring unity within the Company**
- Focus on enhancing employee engagement
  Examples: Support for club activities, launch of a dedicated company health insurance scheme, and implementation of internal communication measures
- **Reinforced measures in direct marketing and mid-cap divisions**, where many employees received disciplinary action or resigned due to the inappropriate incident
- Carried out measures to **increase recruitment, promote early development, and improve retention rates**
- Thereafter, we worked on the **continuous improvement and penetration of compliance**.

FY2024

Lay the foundation for re-growth by re-establishing our organizational structure

- Changed our sales structure to a channel system (mission-based channels) with the aim of returning to a full-scale growth trajectory.
  Focus on mission-based activities
- Appointed many new managers and **restructured management personnel**
- **Leading indicators** for sales activities **(e.g., number of mandates, number of business negotiations) reached record highs**.
  Furthermore, **M&A sales per transaction (average revenue per transaction) also increased**.
  This created a sense of progress toward future sales growth.
- Meanwhile, the number of transactions closed decreased due to a decline in the success rate and prolonged business negotiations.

FY2025

Aiming for full-scale re-growth

- **Set our full-year sales forecast for FY2025 below that of the previous year for the first time since our listing**
- **Aim to spend more time with our clients** and raise the level of our M&A consultants to **improve the success rate**
- Rebuild a sustainable growth cycle by achieving the majority of our full-year earnings forecasts in the first nine months by the third quarter to leave ample leeway in the fourth quarter
- **Aim to accelerate growth by linking the results of leading indicators to actual performance**

FY2024 results

Number of new sell-side mandates	**1,398** (up 17.3% year on year)
Number of new buy-side mandates	**1,495** (up 18.9% year on year)

In light of the above-mentioned changes in the market environment, we have identified the following three factors as the causes behind the decrease in the number of transactions closed, and have implemented countermeasures for each of them.

Sales, ordinary profit, and the number of transactions closed

Period: FY2020 (result) to FY2025 (plan)

	FY2020 (result)	FY2021 (result)	FY2022 (result)	FY2023 (result)	FY2024 (result)	FY2025 (plan)
Sales (million yen)	34,795	40,401	41,315	44,136	44,077	46,300
Ordinary profit (million yen)	15,468	16,864	15,472	16,518	<Record high> 16,918	17,000
Transactions closed (number of transactions)	886	996	1,050	1,146	↘ 1,078	–

Factors behind the decrease in the number of transactions closed in FY2024 recognized by the Company and countermeasures

1 Response to the M&A Guidelines for SMEs (third edition) and industry self-regulatory rules

Response
- Revised our contract templates four times to comply with industry self-regulatory rules
- Established a new in-house qualification system for explaining important matters, etc.

By adopting the system early, getting the hang of operation is only a matter of time

2 Sellers becoming more cautious in decision-making as a result of unethical buyer issues and related media coverage

Response
- **Started holding kick-off meetings** joined by experienced employees and experts to analyze risk factors for each project at the start of negotiations.
- **Further enhancement of the screening system** for potential buyers, etc.

3 Stricter M&A loan screening due to rising interest rates

Response
- **Established an internal finance consultation desk** attended by staff who have worked at financial institutions

As market potential remains favorable P.7,
we expect the above-mentioned changes in the market environment to lead to an era in which more trusted M&A support organizations are selected by both clients and partners

To remain the company of choice for clients and partners, branding strategy is more important than ever

Please see the respective pages below for details on our initiatives to reinforce and communicate our strengths (value).

Management Strategy P.18
Business Strategy P.27
Financial Strategy P.42
HR Strategy P.44
Materiality P.17
Corporate Governance P.54
Compliance P.67
Environment P.73

Reference

Our Company's Beliefs
Companies are places for business owners, employees, and their families to form lasting bonds

Our vision of optimal M&A
Optimal M&A = Best completed mandate × success P.10

Our Company's Purpose
To bring optimal M&A ever closer P.5

Purpose

To connect hopes and dreams for the best M&A experience in Japan and then the world

Three Ultimate's

Ultimate Compliance
Ultimate Client Satisfaction
Ultimate Service Quality

Three Thoughts

Thoughts of Our Clients
Thoughts of Employees of Companies Involved and Their Family Members
Our Thoughts

Three Connects

Connecting Companies
Connecting Regions and Communities
Connecting People

Many companies face tough challenges in management succession. Others struggle to realize organic growth. Our mission is to connect both parties and support them thrive and prosper through M&A. We work hard to sustain traditional brands and protect unique technologies, help them grow, and revive regional communities.

With this aspiration, we have been a pioneer in M&A matching business. Understanding and trust towards M&A as a business alternative, however, are not yet very strong.
Hence hereby we commit to build communities in which M&A is a friendly business means. We connect ideas and thoughts of management, employees and their family members by bringing the best M&A to our clients for them to succeed.

We take pride in leading the industry, strive to perfect our services, and make a better world via top-class M&A in Japan and around the world.

Philosophy (How We Act)

The Philosophy statement forms the basis for the corporate culture reflecting the Purpose statement for adoption by each and every employee in their code of conduct and decision-making criteria.
We will work together as a team to achieve our Purpose.

1 Utmost respect for our clients

With the utmost respect for our clients' lives, history and management, we act as their professional partner with sense of mission.

2 High viewpoint, broad field of view

We strive to take a bird's-eye view always looking into the future and considering overall optimization.

3 Challenge without fear of mistakes

We are challengers. We will generate many innovations and make them market standards.

4 Swing the pendulum in full

We will not settle for easy compromises. We will take a full swing, expand our horizon, and simultaneously realize what seems contradictory.

5 Best decisions upon free and open discussion

We value diverse opinions and hold thorough discussions, we unite and move forward.

6 Never give up until the result is achieved

Every one of us takes ownership in what we do. We do what it takes to accomplish our goals.

7 Be humble, learn and grow

We make efforts to better ourselves with vigorous curiosity.
We encourage each other to grow as individuals as well as a company.

8 The right things in the right way

We are part of society. As individuals and as a company we shall take pride in doing the right things in the right way for our clients.

Interviews with employees regarding our Philosophy
https://colors.nihon-ma.co.jp/tag/our-philosophy/page/1/

Our brand
https://www.nihon-ma.co.jp/groups/brandbook.html

Please visit our website for more details
https://www.nihon-ma.co.jp/en/sustainability/philosophy.html

Philosophy

Market Potential of the M&A Market for SMEs

In recent years, M&A among Japanese SMEs has been attracting attention for several reasons, including the need to resolve the lack of successors caused by the aging of business owners, and the labor shortages and shrinking regional economies resulting from the declining population. In addition to the demand for succession-type M&A, it is expected that M&A will expand to include industry restructuring-type M&A, M&A arising from concerns about changes in the business environment, and even growth strategy M&A aimed at achieving corporate growth.

Below, we explain the market potential of M&A for SMEs based on these trends using objective data.

1 Growing Demand for Business Succession-type M&A

There are approximately 3,365,000 SMEs in Japan (as of June 2021)*[1], and the average age of business owners remained high in 2024 at 63.59 years old. In particular, the proportion of business owners aged 70 or older reached a record high of 34.47%.*[2]

Looking at the age distribution of business owners by prefecture, the proportion of business owners aged 70 or older is increasing across all prefectures, with the increase being particularly notable in rural areas.*[3] In addition, the number of companies that have suspended or closed down their operations or dissolved is also on the rise, reaching 62,695 in 2024.*[4] This suggests that many companies are unable to find successors and forced to close their business. The percentage of companies that have suspended or closed down their operations or dissolved despite being profitable has reached over 50%, reflecting the fact that business owners are losing the motivation to continue their businesses as they age.*[4]

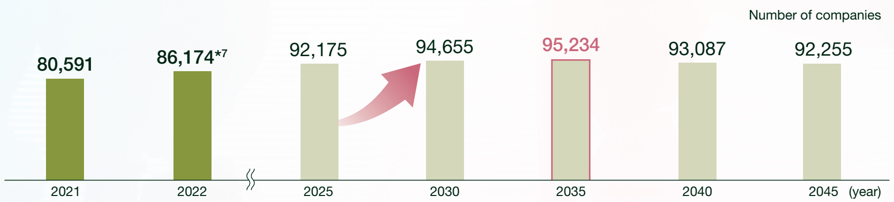
With the recent spread and penetration of M&A among SMEs, there has been an increase in earlier-than-usual generational changes and the selection of successor candidates, but the proportion of companies with no successors still makes up the majority.*[5]

Due to the declining population of young people, it is becoming more difficult for companies to secure potential successors, and as such business succession within the family is also on the decline. Even if there are children who are able to succeed the family business, there are cases where they lack the motivation or skill to take over. Additionally, there is a growing trend in which many young people leave their hometowns and pursue further education or employment in urban areas. Furthermore, changes in the business environment and intensifying competition have made the future of businesses uncertain, making it difficult to find successors. Another reason for the lack of successors is that business owners themselves are unable to secure sufficient time and resources to train their successors.

Such business succession issues have a serious impact not only on the survival of the company but also on the local and national economies. Business succession through M&A is an important solution to this problem. Finding a successor through M&A can help maintain the value of the company and protect employment. The potential demand for business succession-type M&A is expected to peak in 2035 and remain high thereafter.

Projection of potential demand for M&A of SMEs lacking successor*[6]

(sales over 100 million yen, CEO age over 60)



Source: Estimated by Yano Research Institute (Survey conducted in November 2023)

2 Increase in Demand for Industry-Restructuring Type M&A

As demand for business succession-type M&A remains high, the need for industry restructuring is also increasing.

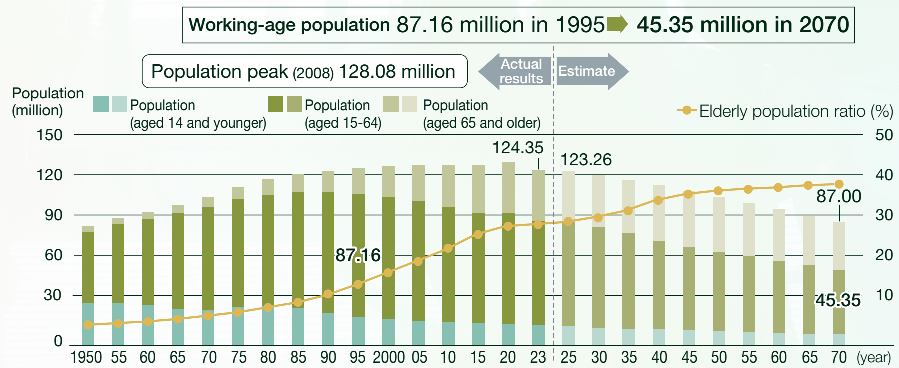
Amid a declining birthrate and an aging population, Japan has been experiencing a decline in its total population for a long time. According to estimates by Japan's Cabinet Office, the total population in 2070 will fall below 90 million, and the working-age population is projected to decline to about 45 million. This population decline is directly linked to a decrease in the number of consumers, which leads to changes in consumption patterns and a decline in consumption and investment activities. As a result, the domestic market is shrinking, restricting corporate sales and growth opportunities, and there are concerns that this will have a negative impact on the shrinking size of Japan's overall economy and a decline in GDP (Gross Domestic Product).

The decline in the working-age population has caused a labor shortage, causing companies to struggle to secure personnel. This labor shortage reduces companies' production capacity and service delivery capabilities, so they need to improve efficiency to remain competitive.

As competition intensifies amid the shrinking economy and labor shortage, an increasing number of SMEs are choosing M&A to improve efficiency and strengthen their competitiveness. In particular, the number of M&A transactions supported by private M&A support organizations reached 4,681 in FY2023, an increase of approximately 15% from the previous year.*[8] Under these circumstances, integrating with other companies through M&A is expected to complement the labor force and competitiveness and generate synergies.

Industry restructuring-type M&A is a trend that warrants attention, as it increases the competitiveness of companies and contributes to revitalizing the economy as a whole.

Total population and elderly population ratio in Japan



Source: Reorganized and processed data from the Annual Report on the Ageing Society 2023, "Trends in Ageing Population and Projection for the Future"

*1 "Results of the number of SMEs (as of June 2021)" by the Small and Medium Enterprise Agency, December 13, 2023
*2 "2024 Survey on the Age of Company Presidents in Japan" by TOKYO SHOKO RESEARCH, LTD., February 17, 2025
*3 "Direction of Reforming the M&A Market for SMEs" by the Small and Medium Enterprise Agency, May 9, 2025 (created based on source data from "Changes in the Age Distribution of Company Presidents by Prefecture" by Teikoku Databank Ltd.)
*4 "2024 Survey of Trends for Companies Which Have Been Closed Down or Broken Up" by TOKYO SHOKO RESEARCH, LTD., January 11, 2025
*5 Reference: "Rate of Successor Absence in SMEs (by age of president)" in the 2025 "White Paper on Small and Medium Enterprises in Japan by the Small and Medium Enterprise Agency." Source: "Company Outline File" and "Corporate Credit Research" by Teikoku Databank Ltd.
*6 Excluding companies that have been succeeded internally by family members, officers, or employees, etc., and companies that have closed down or been liquidated (hereinafter "closed down, etc."), while including potential companies that have not yet closed down, etc., or undergone business succession, etc. (the portion of these potential companies is also included in the calculation, assuming that they are distributed in the same proportion as the breakdown of companies that have closed down, etc. and undergone business succession, etc.)
*7 The number of companies involved in business succession-type M&A (estimate) on the next page does not align with the number of companies due to differences in classification at the time of estimation and the setting of related hypotheses

*8 "Environment Surrounding SMEs ("Trends in the number of M&A transactions for SMEs"), a handout from the Small and Medium Enterprise Agency's 43rd Council for Small and Medium Enterprise Policy held on May 26, 2025

3 Growing Need to Address Future Uncertainty and Implement Growth Strategies

Due to the aging of business owners and changes in the economic environment, an increasing number of companies are feeling anxious about the future. The business environment faced by SMEs remains severe amid the weak yen, prices remaining high, rising production and investment costs due to interest rate hikes, and structural labor shortages. Against this backdrop, companies are seeking strategies to diversify risk and achieve stable growth.

M&A is an important management tool for companies to maintain and expand their competitiveness and achieve sustainable growth. When entering a new market or expanding market share, acquiring an existing company can accelerate growth in a short period of time. Furthermore, by incorporating external technologies and management resources, companies can complement their own strengths and establish an advantage in the market.

Given this situation, demand for growth strategy-type M&A is also increasing. When expanding the scale of a company, important investment strategies include M&A as a diversification strategy (including horizontal and vertical types). The percentage of businesses choosing this strategy rises as the scale of their operations increases. It has been confirmed that M&A will become an increasingly important investment activity with the goal of becoming a company with sales of 10 billion yen in the future.*9

Looking at trends of sales revenue, ordinary profit, and labor productivity in FY2017 by whether or not companies had conducted M&A, we found that companies that had engaged in M&A had higher levels in all these aspects than companies that had not.*10 M&A is seen as an important tool that not only increases sales but also creates synergies through the sharing of management resources such as production facilities, technology, and know-how, potentially increasing ordinary profit.

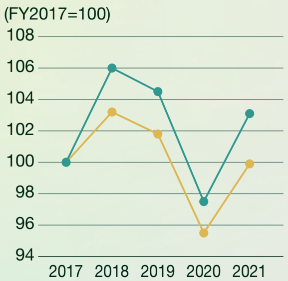
An increasing number of companies are breaking through growth barriers by supplementing their management resources and developing new businesses through M&A. M&A is recognized as an effective means of expanding a company's scale and market share. Accordingly, the importance of building relationships of trust with the acquired company and PMI (post-merger integration) to ensure the success of M&A is also growing.

The M&A market for SMEs is seeing demand expand from business succession-type M&A to also include industry restructuring-type M&A and growth strategy-type M&A.

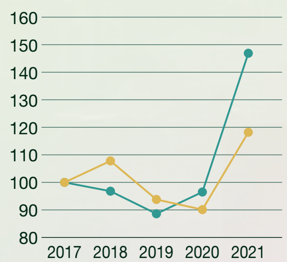
SMEs account for 99.7% of the total number of companies in Japan and 69.7% of the total number of employees. Developments for SMEs have a direct impact on private consumption, causing widespread ripple effects throughout the whole Japanese economy . Furthermore, as entities that play an important role in the development of local communities, economies, and cultures, they are expected to support the foundations of the local economy and respond to the diverse needs of the region.

Nihon M&A Center Holdings will save as many SMEs as possible through M&A and contribute to the sustainable growth of local economies as well as the Japanese economy.

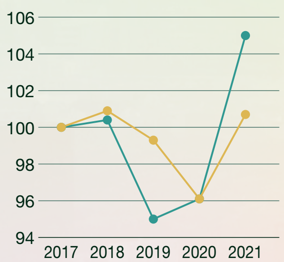
Net sales



Ordinary profit



Labor productivity



SMEs that conducted M&As in FY2017 — SMEs that did not conduct M&As between FY2017 and FY2021

Source: Created based on the "2024 White Paper on Small and Medium Enterprises in Japan" by the Small and Medium Enterprise Agency

Note: M&A here refers to the implementation of an asset purchase or an absorption-type merger, or the acquisition of one or more domestic subsidiaries or overseas subsidiaries. The original data was taken from "Basic Survey of Japanese Business Structure and Activities" by Ministry of Economy, Trade and Industry (The scope covers enterprises with 50 or more employees, whose paid-in capital or investment fund is over ¥30 million, and whose operation falls under the corresponding types). Figures were tabulated for entities that fall under SMEs, as defined by the Small and Medium-sized Enterprise Basic Act in FY2017.

*9 "2025 White Paper on Small and Medium Enterprises in Japan" by the Small and Medium Enterprise Agency, July 1, 2025
*10 "2024 White Paper on Small and Medium Enterprises in Japan" by the Small and Medium Enterprise Agency, July 18, 2024

M&A potential market size

Sales size	Number of SMEs*11	Number of potential M&A target companies*12		Potential market size*13
		Business succession focused (CEO age over 60)	Non-business succession focused (CEO age under 60)	
>¥1 billion	100,012	13,821	16,758	¥4.0 trillion
>¥100 million <¥1 billion	577,149	79,715	90,724	¥9.5 trillion
Total	677,161	93,536*14	107,482	¥13.5 trillion

Source: Estimated by Yano Research Institute (Survey conducted in January 2024)

*11 Yano Research Institute estimates based on data in "Survey of SME status (2022 edition)"
*12 In calculating the estimated number of potential M&A target companies, it has been assumed that those companies with a CEO aged over 60 are considered to aim for business succession, while those with a CEO aged under 60 are not. Because it is an estimate, the number of companies with a CEO aged over 60 may include those companies that do not aim for business succession. Likewise, the number of companies with a CEO under 60 may include those that do aim for business succession. "Non-business succession focusing M&A" are classified into industry restructuring and growth strategy types
*13 Based on our company's average historical success fees within each sales size category, multiplied by the number of potential M&A target companies
*14 The discrepancy in the estimated potential demand for business succession-type M&A among SMEs on the previous page is due to differences in categorization and the assumptions at the time of estimation.

About Nihon M&A Center Holdings

(as of March 31, 2025 for all)

As the leader of Japan's SME M&A support industry, Nihon M&A Center Group has established industry standards.

From M&A information services to strategy development, optimal company valuation and post-merger integration (PMI), we offer a successful M&A process with a seamless structure.

⑨ Japan PMI consulting Inc.
A consulting firm specializing in post-merger integration (PMI) support.

⑧ Next-Navi Inc.
A comprehensive consulting firm for business succession, asset management, and life planning. Jointly established with Aoyama Zaisan Networks.
Mainly supporting owners who sold their companies through M&A.

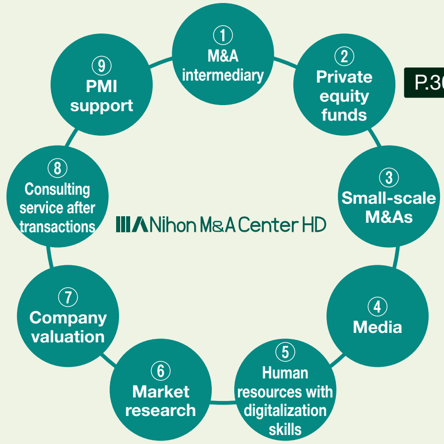
⑦ Corporate Value Laboratory Inc.
A company specializing in company valuation. It estimates and proposes neutral M&A transaction prices.

⑦ Special People Association co., ltd
Handling the creation of company profiles, financial data entry, and other M&A BPO services. Became a subsidiary in October 2020.

⑥ Yano Research Institute Ltd.
A leading company of market research.

⑤ Nihon DX Human Resources Center Inc.
Offering support for digitalization initiatives of SMEs as well as learning contents to develop human resources with digitalization skills.

① Nihon M&A Center Holdings Inc.
Established in 1991. The top company for closed deals in the M&A intermediary services industry.



④ ZUUM-A
Running THE OWNER, a media helpful for SME owners.

② Japan Investment Fund Inc.
A private equity fund management company that aims to be a fund which plays roles of social infrastructure for the foundation for SMEs' growth. Jointly established with Development Bank of Japan.

② J-Search
A regional search fund* management company that solves business succession and management talent issues faced by regional companies.

② AtoG Capital
A problem-solving bridge fund management company that bridges governance gaps in ASEAN companies, leading to successful cross-border M&A.

② Japan Private Equity Co., Ltd.
A company that operates business succession and restructuring funds for SMEs and MBO (management buyout) funds. Joint venture company with Development Bank of Japan.

② Search Fund Japan, Inc.
The first M&A investment fund management company in Japan to operate a nationwide search fund.*

③ Batonz Co., Ltd.
Operating Company of BATONZ, M&A and business succession support platform utilizing the internet.

*Search fund: Activities in which individuals who are prospective business owners take the lead in business succession of SMEs and engage in business management themselves.

Network

Nationwide and overseas network

Other 17 satellite offices and 4 local representative offices with discussion desk are located throughout Japan

*as of March 31, 2025

Overseas M&As

Remarkable advancement as a pioneer of overseas M&As for SMEs

With 5 offices in major ASEAN countries, working with local staff, we are supporting clients with expansion into and withdrawal from overseas markets as well as the entrance to the Japanese market. In FY2024, we assisted with 12 overseas company-related M&A transactions, and invested in Korea M&A Exchange co., LTD., a Korean M&A intermediary company.

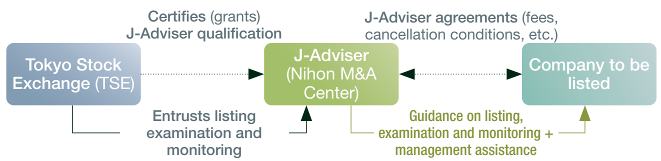
Member of World M&A Alliance
We became a member of one of the largest M&A alliance in the world for a foothold in the U.S. and European markets.

IPO support

Assistance with listing on Tokyo Stock Exchange's TOKYO PRO Market to create star companies around the nation

In July 2019, the Company obtained the J-Adviser qualification to support listing on TOKYO PRO Market, a stock market run by Tokyo Stock Exchange. The annual number of companies supported for new listings was the highest among all J-Advisers for two consecutive years in 2023 and 2024.

Aiming at a J-Adviser capable of committing to growth, the Company encourages the pre- and post-listing growth of companies who aim at listing, by timely providing our know-how in growth assistance which has been accumulated through supporting many companies' management as a leading company of M&A. In December 2024, we received approval to obtain the F-Adviser qualification for the new Fukuoka PRO Market launched by the Fukuoka Stock Exchange, and launched our new "Fukuoka PRO Market IPO sponsorship."



Why Nihon M&A Center Can Provide the Best M&A Services

Nihon M&A Center, a core subsidiary of Nihon M&A Center Holdings, has established itself as an industry leader in supporting M&A for SMEs. Here are some of the initiatives we are implementing to provide the best M&A services. We will introduce our comprehensive support system that includes basic elements such as initial fees and exclusive contracts, optimal matching, thorough company analysis, and safe and secure M&A, as well as synergy creation and trouble prevention measures that support success after the deal is concluded. These initiatives are key to improving customer satisfaction and supporting sustainable growth.

Four reasons why we are No.1 in closed deals

- Initial fees and exclusive contracts
- Thorough company analysis
- Optimal matching P.11
- Safe and secure M&A P.11

Closure
Achieving safe, secure and the best M&A

×

Success
Full support for growth and success after deal conclusion

Five types of support from closure to success

- PMI for creating synergy
- Representation and warranty insurance to prevent problems
- Memorable Completion Ceremonies
- The WAY, which follows the footsteps of legendary business owners
- Next Navi Inc., which supports prior owners' second chapter of life

P.12

The Best M&A

Reason 1 Increasing the probability of closing M&A deals with the combination of initial fees and exclusive contracts

Conducting M&A is an important decision for a company, and must be carried out with conviction. At Nihon M&A Center, we accept initial fees from both the seller and buyer to facilitate serious negotiations. These initial fees are an important element in encouraging both parties to take the M&A seriously and increasing the success rate. Exclusive contracts also reduce the risk of information leaks while enabling speedy and thorough matching. This framework is key to increasing the success rate.

Sellers

Initial fees upon signing of advisory agreement

- Strong commitment to sell
- Corporate valuation report and company profiles after completion of risk identification

Both companies are serious about M&A

- Little risk in considering the other party
- Both parties can proceed with considerations in a positive manner
- Leads to high-quality matching

Buyers

Initial fees upon signing of advisory agreement

- Strong commitment to buy

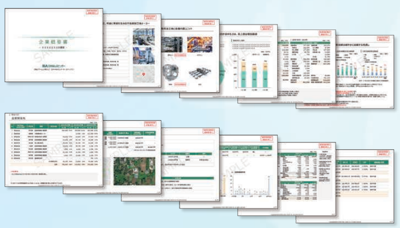
Reason 2 Thorough corporate valuation and company profile preparation to reach initial agreements

The appeal of a company cannot be measured by numbers alone. After mandates have been accepted, Nihon M&A Center conducts a thorough company valuation and prepares a company profile, thereby laying the foundation for smooth negotiations with potential buyers. Corporate Value Laboratory, a group company specializing in corporate valuation, conducts neutral and detailed corporate valuations based on a cumulative track record of over 20,000 corporate value calculations.

Company profiles are important documents that convey to potential buyers the strengths and characteristics of the seller through information gained via interviews, such as the company's technology, product features, and industry advantages. These company profiles, which are roughly 40 pages long, are all checked by experts and carefully reviewed to ensure that the company's actual situation and appeal are properly reflected. Through this process, we maximize the attractiveness of the seller and prepare for matching to find the more suitable buyer.

- Corporate valuation by the Corporate Value Laboratory P.9
- Certified public accountants and other experts review company profiles for all projects

CORPORATE VALUE LABORATORY



Four reasons why we are No.1 in closed deals

Initial fees and exclusive contracts

Thorough company analysis

Optimal matching

Safe and secure M&A

Closure
Achieving safe, secure and the best M&A

Reason 3 | Nationwide matching across all industries utilizing the largest database in the industry and more than 30 years of know-how

When it comes to M&A matching, having an overwhelming amount of top-quality information is key. Nihon M&A Center has the largest number of M&A consultants in the industry, with over 600 consultants working together to share sale projects across the Company, allowing sellers to find buyers with whom they can create synergies. Furthermore, we utilize our network of over 1,000 financial institutions and accounting firms nationwide to provide matching for regional companies.

We also have NDAs in place with more than 40,000 potential buyers, and our staff update the needs of each company on a daily basis, enabling us to perform accurate and speedy matching. We have also introduced an AI-driven recommendation system that makes optimal suggestions based on past matching data. In the unlikely event that a customer is unable to find a suitable match, our specialist team will respond quickly and work hard to find the perfect match.

Leveraging our know-how accumulated over 30 years to provide the best matching services

- Matching conferences with **over 600** M&A consultants, the largest number of consultants in the industry
- Matching using our AI-driven recommendation system

Utilizing our network to provide the best matching nationwide across all industries

- Network of **over 1,300** financial institutions and accounting offices nationwide
- Concluded NDAs (non-disclosure agreements) with more than **3** million potential buyers

Reason 4 | Various initiatives to ensure safe and secure M&A

We also focus on risk management measures in place for M&A. At Nihon M&A Center, we have established a division to manage business processes to prevent information leaks and other problems, and we carefully proceed with the M&A process. Before concluding an initial agreement, a risk analysis is conducted by experts to identify obstacles and clarify issues. We also thoroughly analyze any deficiencies or risks in the definitive agreement and strive to prevent problems by concluding contracts appropriately.

Furthermore, we ensure high-level security and maintain strict confidentiality. All printed materials are printed with a personal identification number for traceability. We have also obtained ISMS certification and thoroughly manage confidential information. We use blind folders that prevent the contents from being seen, and strictly manage information on the seller.

As a company registered under “M&A Support Organization Registration System” of the Small and Medium Enterprise Agency, in addition to complying with the M&A Guidelines for SMEs, Nihon M&A Center is also involved in formulating industry self-regulatory rules. In the unlikely event that a problem occurs, dedicated departments and consultants respond quickly to minimize risk. We take thorough measures to ensure safe and secure M&A.

Preparatory phase/Support by experts

We assemble a dedicated support team for each individual project to assist with conducting safe and secure M&A at each key phase.

Sellers

Signing of M&A intermediary advisory agreement

Preview meetings
- Identifying risks that could impede M&A deal closures
- Deciding on preparatory policies

*Preparatory process: Corporate valuation reports and company profiles after completion of risk identification

Management meeting

Kick-off meetings
- Confirming key points for closing deals before the management meeting
- Confirming schemes
- Confirming the desired conditions of both companies
- Confirming the way to gain consent of stakeholders

Conclusion of basic agreements (securing exclusive negotiating rights)

Initial agreement Legal review meeting
- Confirming the validity of agreements and schemes
- Identifying legal risks
- Identifying points of debate before performing DD

Signing of definitive agreement/ Document exchange/Settlement

Definitive agreement Legal review meeting
- Sharing changes made after concluding initial agreement and items reflected in definitive agreement

Five types of support from closure to success

Success
Full support for growth and success after deal conclusion

Five types of support from closure to success

PMI for creating synergy

Representation and warranty insurance to prevent problems

Memorable Completion Ceremonies

The WAY, which follows the footsteps of legendary business owners

Next Navi Inc., which supports prior owners' second lives

*Options

Support 1 Smooth business integration and synergy creation by a PMI support specialist company after the deal is concluded

M&A deals alone do not generate synergies. At Nihon M&A Center, Japan PMI Consulting Inc., a group company specializing in post-merger integration (PMI) support, will provide support to ensure smooth business integration after the deal is concluded. Utilizing its practical PMI know-how specializing in SMEs, Japan PMI Consulting provides consistent support from before the deal is concluded to the creation of synergies, enabling both the buyer and seller to quickly build a relationship of trust. This approach is what leads to successful M&A.

Japan PMI Consulting

Support 2 Representation and warranty insurance for peace of mind after M&A

To ensure peace of mind in building a good cooperative relationship with the buyer after the deal is closed, Nihon M&A Center is the first in Japan to implemenet the automatic inclusion of representation and warranty insurance in its M&A intermediary service. This insurance compensates for unexpected losses that may occur to buyers in the event of representation and warranty violations after the M&A, with the insurance company providing coverage on behalf of the prior owner. This allows for smoother negotiations during the definitive agreement and in the event of loss recovery negotiations, enabling a consistent and seamless M&A process all the way through to PMI.

*This applies to buyers that meet certain conditions, such as having an acquisition audit conducted by an expert. Insurance coverage is limited to a certain extent.

Support 3 Increasing customer satisfaction through Closing Ceremonies

Nihon M&A Center holds an M&A Deal Closing Ceremony to mark the finale of a business owner's career with the ultimate ceremony. The day the definitive agreement is signed marks the end of the seller's life as a business owner, and for the buyer, it is an important moment when they renew their resolve for a successful M&A. Our dedicated M&A Ceremonists create memorable ceremonies, which increases customer satisfaction and further deepens the relationship between the two companies.

Support 4 Production of The WAY, a memoir of the seller's owner

Nihon M&A Center produces a memoir of the business owner called "The WAY" free of charge. This purpose of this biography is to convey to future generations that "your grandparents were legendary people." By distributing it to family members, fellow Rotary Club members, golf buddies, and business partners, their glory days as business owners will be deeply etched in people's memories.

*Options

Support 5 Supporting the success of the business owners' second chapter of life after deal conclusion

At Nihon M&A Center, we help business owners make their second life a wonderful one, after business succession is complete. We want business owners to be successful in both business succession and asset succession. Next Navi Inc. uses its asset diagnostic service "TOMORROWS" to visualize the post-sale asset status and provide a detailed analysis. It also identifies issues, proposes specific measures, and works with customers to resolve them. The members-only club "Next Club" promotes interaction between former business owners through seminars and events, and supports them in leading a richer second life.

Next Navi

History of Value Creation

Nihon M&A Center Group has led the expansion of SMEs M&A market and established know-how since its foundation in 1991. We consider the 30th anniversary of our foundation in 2021 as an opportunity of “Second Foundation,” and continue to pursue our aim of becoming the “top global integrated M&A company.”

History of the M&A industry

- Against the backdrop of the bubble economy in the 1980s, many large corporations went through outbound cross-border M&A.
- Due to the burst of the bubble economy in the 1990s, cross-border M&As involving large corporations decreased sharply. Meanwhile, SMEs faced challenges in the succession of management rights.
- Stock prices rose due to the IT bubble, followed by an increase in number of M&A deals.
- While M&A became better known, it did not penetrate due to a negative impression associated with multiple violations of securities trading laws and other related incidents.
- To facilitate smooth business succession to the next generation and invigorate SMEs’ businesses, the Small and Medium Enterprise Agency drew up and published the Business Succession Guidelines in 2006.
- The guidelines stated that M&A can be a means of business succession, which triggered a change in perception toward M&A.
- M&A started to take root as a method used in management strategy, and M&A by SMEs entered a rapid growth phase. The number of deals increased substantially from the previous decade.
- To promote SME owners’ understanding of M&A, the Small and Medium Enterprise Agency published the Guidelines for Business Succession in 2015.

First phase (founding to IPO period)

1990

Building a nationwide network to expand the M&A market for SMEs. Establishment of know-how.

1991 April **Foundation of the Company and network of accounting offices** P.35

Nihon M&A Center was established by prominent CPAs and tax accountants nationwide.
Accounting offices throughout Japan were organized into a network “Regional M&A Centers.”

2000

2000 May **Formation of network of regional financial institutions**

We established a nationwide M&A workshop to expand our network with regional banks. We also gradually expanded business alliances with credit unions throughout Japan.

2006 October **First TSE Mothers listing of a company in Japan specializing in intermediary M&A services for SMEs**

2007 December **First listing on the TSE 1st Section as a company specializing in intermediary M&A services for SMEs**

2008 **Start of cooperation with major financial institutions**

As of March 2025, we have partnerships with Nomura Securities, Daiwa Securities, MUFG Bank, Mitsubishi UFJ Morgan Stanley Securities, Sumitomo Mitsui Banking Corporation, Okasan Securities, JAPAN POST and JAPAN POST HOLDINGS, Tokai Tokyo Securities, and SBI SECURITIES (in chronological order based on the start of partnerships)

Second phase

2010

Aiming to become an integrated M&A company by establishing overseas locations and group companies.

2010-2018 **Expansion of domestic locations** P.9

Sequential opening of locations in Hokkaido, Nagoya, Fukuoka, Hiroshima and Okinawa following the Osaka location, opened in 1991.

2016 April **Opening of Singapore office as the first overseas location** P.9

Five locations in the ASEAN region as of March 2025 (Singapore, Vietnam, Malaysia, Thailand, Indonesia)

- Aging of business owners and lack of successors have become increasingly serious.
- The Small and Medium Enterprise Agency compiled the Plan to Promote M&A for SMEs in April 2021, redefining the importance of M&A.
- In August 2021, the Small and Medium Enterprise Agency created a registration system for M&A support institutions.
- In October 2021, a self-regulatory body, the M&A Intermediaries Association, was established by M&A intermediaries. As SMEs M&A popularizes, challenges faced by support organizations have become apparent.

- In September 2023, the Small and Medium Enterprise Agency revised the M&A Guidelines for SMEs for the first time in three years.
- In December 2023, the self-regulatory body formulated a code of ethics and self-regulatory rules.
- In May 2024, there were reports of industry troubles with inappropriate buyers, which became a social issue.
- In August 2024, the Small and Medium Enterprise Agency revised the M&A Guidelines for SMEs for the second time. The revised guideline clarifies fees and action guidelines for dealing with inappropriate buyers.
- In October 2024, the self-regulatory body began operation of the Specified Business Operators List, a list of inappropriate buyers which is shared within the industry.
- In January 2025, the self-regulatory body changed its name to the M&A Advisors Association. The organization strengthened its structure and governance by appointing new directors and establishing committees.
- In April 2025, the self-regulatory body revised the Specified Business Operators List and tightened its operation.
- In April 2025, the Small and Medium Enterprise Agency published a Skill Map for SME M&A Professionals (Individuals).

(Rapid growth period)

2016–2018 **Sequential establishment of subsidiaries and affiliates offering specialized services** P.9

Corporate Value Laboratory, Next Navi, Japan Investment Fund, Japan PMI Consulting, Batonz, ZUUM-A

2018–2024 **Enhancement of fund-related business** P.30

In addition to Japan Private Equity established in 2000, we sequentially established Japan Investment Fund, Search Fund Japan, AtoG Capital, and J-Search.

2018 April **Joint management of Yano Research Institute with Kyodo News**

2019 July **Acquisition of J-Adviser qualification and launch of IPO support services for the TOKYO PRO Market** P.9

In December 2024, we obtained the F-Adviser qualification and launched our Fukuoka PRO Market Listing Support Service.

2020

2021 October **Transitioned to a pure holding company structure.**

Changing the company name to Nihon M&A Center Holdings

Participation in the establishment of self-regulatory industry body M&A Advisors Association

Number of M&A transactions closed recognized by Guinness World Records®

November **Launch of M&A representation and warranty insurance service**

Holding M&A Conference 2021, an event commemorating the 30th anniversary of our founding

Third phase (Second Foundation period)

Marking our 30th anniversary, we entered the second foundation period under the newly established Purpose and Philosophy

2022 April **Transition to the Tokyo Stock Exchange Prime Market**

June **Creation of our Purpose**

In January 2023, we established our Philosophy with an eye to achieving our Purpose

2023 July **Further development of alliances with regional financial institutions** P.37

Established a joint venture company with Juroku Financial Group, Inc. (Gifu Prefecture). Established a joint venture company with The Higo Bank, Ltd. (Kumamoto Prefecture) and E.SUN Venture Capital (Taiwan) in 2024, and The Bank of Okinawa, Ltd. (Okinawa Prefecture) in 2025.

2024 January **Promotion of industry-academia-government collaboration** P.26

Launched the Office for promotion of M&A research with academic, industry & government collaboration.

February **Further enhancement of relevant services** P.9

Established Nihon DX HR Center

April **Establishment of respective meeting bodies in M&A and financial domains** P.27 P.30

May **Nihon M&A Center Group's corporate character "MA★PY" was born**

Value Creation Process

Nihon M&A Center Group will carry out corporate management based on the Purpose and take advantage of its strengths as a comprehensive M&A support company for SMEs. By doing so, the Group will create value by resolving social issues.

Environment recognition

- Low labor productivity and profitability
- Progressive aging of business owners
- Many companies with no successor
- Declining population
- Shrinking domestic market and declining GDP
- Increasing number of companies going out of business
- M&A becoming more commonplace
- Diversification of values and needs
- Rapid shift toward digitalization
- Increase in M&A support companies
- Changes in guidelines and self-regulatory rules

P.7-8

Capital investment

Human capital

Intellectual capital

Social and relationship capital

Financial capital

P.16

Business activities

Support M&As for SMEs

Group companies specializing in all processes from company valuation to post-merger integration (PMI)

Corporate Mission

Assisting companies to continue and prosper through M&A

Financial domain which offers a guide for successful companies through equity

Materiality (Priority Issues) P.17

Output and outcome (FY2024)

Output

Transactions closed by Nihon M&A Center
1,078

Of which related to overseas M&As
12

Transactions closed by BATONZ
1,606

Sell-side mandates gained by Nihon M&A Center
1,398 (up 17.3% year on year)

Results of client satisfaction surveys
89/100 points

PMI services offered
93

Cases of business and property succession consulting by Next Navi Inc.
82

Companies we supported in TOKYO PRO Market listing
15 companies

Number of portfolio exit cases in fund-related business
4

GHG emissions volume
2,710 t-CO_2

Outcome

Sales
¥44.08 billion

Ordinary profit
¥16.92 billion

ROE
24.1%

Ordinary profit ratio
38.4%

PBR
3.89

Improving the productivity of employees
Sales per consultant with budget responsibility
80.7 million

Contribute to regional revitalization

- Resolving SMEs' business succession issues
- Sustaining and increasing employment
- Improving corporate productivity
- Reducing M&A risks
- Creating regional core companies
- Developing executive management personnel
- Expanding partnership
- Increasing employees' motivation
- Improving employees' productivity

Effects of M&A contracts supported by Nihon M&A Center (FY2024)

Number of M&A contracts supported by Nihon M&A Center
493 companies

Total revenues for the companies involved in the left M&A contracts
¥367.2 billion

Preventive effects on economic-losses
¥675.8 billion

Preventive effects on job losses
52,240

Preventive effects on economic losses for the next decade
¥5.0752 trillion

Source: Estimated by Yano Research Institute (Survey conducted in May 2025)

Our vision

To connect hopes and dreams **for the best M&A experience** in Japan and then the world

Accumulated Capital

Capital that Nihon M&A Center Holdings has accumulated since its foundation is its strength itself. The capital which supports the Company's growth consists of four types: human capital, intellectual capital, social and relationship capital and financial capital. We will invest such capital to develop business activities, and thereby strive for our Purpose "To bring optimal M&A ever closer."

(as of the end of March 2025)

Human capital

The Company considers "Building a highly engaged organization through the recruitment and development of talented human resources" as one of the top priority issues in materiality.

In addition to the largest manpower in the industry, fine-tuned support by an expert team including lawyers, public accountants and other experts allows us to offer high quality services.

Number of employees (consolidated)	1,086
M&A consultants	630
Staff and other positions	456
Employees with legal, accounting and tax qualifications (Lawyers, notaries, certified public accountants, tax accountants, etc.)	About 40

Intellectual capital

Advanced knowledge and know-how related to M&As for SMEs, which have been developed for more than 30 years since the Company's foundation, are important capital possessed only by us, the leading company. Moreover, by utilizing data from hundreds of thousands of matches in the past, we have developed our own M&A operation systems to enable higher operational efficiency and lead time reduction.

Cumulative total of transactions closed
Advanced knowledge and know-how related to

over **10,000** M&A cases for SMEs

Database containing information accumulated over a long period

Development and utilization of highly accurate M&A systems

Company valuation system **"V-Compass"** Case analysis system
Company sale simulation system **"M-Compass"**

Specialized teams by industry
(medical, nursing care, dispensing pharmacies, IT, logistics, manufacturing, food, etc.)

Brand power that has been cultivated for over 30 years

Social and relationship capital

Leveraging our nationwide network with accounting firms and financial institutions since the Company's founding, we have created database of M&A information. With various locations having been established across Japan, we also expanded into overseas markets. We offer options according to region, industry and company size. In addition, by establishing group companies with a high level of expertise and service quality, we enhance comprehensive M&A-related services.

Business partners

Accounting firms	Regional banks
1,072 firms	95 out of 97
Credit unions	**Major financial institutions**
221 out of 254	Nomura Securities, Daiwa Securities, MUFG Bank, Mitsubishi UFJ Morgan Stanley Securities, Sumitomo Mitsui Banking Corporation, Okasan Securities, JAPAN POST and JAPAN POST HOLDINGS, Tokai Tokyo Securities, and SBI SECURITIES.

*Listed by the time series of partnership starting

M&A advisory companies jointly established by us and regional financial institutions **3** companies

Approx. **60**% of mandates are via business partners

Secondees from financial institutions and accounting firms, etc.

Member of World M&A Alliance

Number of locations

7 domestic locations **5** overseas locations

Domestic (Tokyo, Osaka, Aichi, Hiroshima, Fukuoka, Hokkaido, Okinawa)
Overseas (Singapore, Indonesia, Vietnam, Malaysia, Thailand)

Satellite offices **17** locations

Local representative offices with discussion desk **4** locations

Number of group companies

Consolidated subsidiaries **16**

Equity-method affiliates **13**

Financial capital

Achieving an increase in sales for the 14th consecutive year, the Company always maintains a healthy financial position. We have set a target of 25% for ROE by FY2027, our current medium-term management target period.

At the same time, we will maintain a payout ratio of 60% or more during the mediumtermmanagement target period,we will strive to maintain and enhance the long-term return of profits to our shareholders.

ROE	Payout ratio
24.1%	84.0%
Capital adequacy ratio	**Ordinary profit ratio**
76.4%	38.4%

Materiality (Priority Issues)

Nihon M&A Center Group positions social issues as the theme of its business and creates value by resolving these issues. Taking into consideration the impacts of these social issues on society and the Group, the Group has identified materiality (priority issues) as themes we must focus on to resolve and address those issues.

Based on this materiality (priority issues), the Group will contribute to the resolving of social issues through its business activities and work to exert a positive impact on its stakeholders with the aims of the continuous enhancement of its corporate value and the sustainable development of society.

Materiality

See the following pages for information on the status of the main initiatives for addressing each materiality item.

1 Further advancement as an integrated M&A company	1-1	Structure that can provide services to all manner of companies both in Japan and overseas	P.9
	1-2	Promotion of transformation of fund business into social infrastructure	P.30-32
2 Innovation	2-1	Response to market changes(including changes in business owners' awareness)	P.24-26 P.40
	2-2	Productivity improvement/marketing promotion using DX	P.24-26 P.40
3 Secure and safe M&A	3-1	Maintenance and improvement of service quality	P.24-26 P.39
	3-2	Engement with clients, business partners and shareholders	P.35-38 P.41 P.82-84
4 Contribution to society	4-1	Regional revitalization through further advancement as an integrated M&A company	P.22-23
	4-2	Sound advancement and development of the industry as the leading company	P.24-26
	4-3	Collaboration with public institutions, educational institutions, etc.	P.26
5 Promotion of human capital management	5-1	Building a highly engaged organization through the recruitment and development of talented human resources	P.44-53
	5-2	Active participation by diverse human resources suitable for an integrated M&A company	P.49-50
	5-3	Improvement of sales per consultant / employee	P.39
6 Strengthening of information management	6-1	Information security and cybersecurity measures	P.71-72
7 Strengthening of governance foundations	7-1	Building of corporate governance with emphasis on compliance	P.54-66
	7-2	Enhancement of risk management with risk map	P.70
	7-3	Thorough implementation of purpose- and philosophy-oriented management	P.5-6
	7-4	Succession planning for top management	P.56
	7-5	Enhancement of financial foundations through provision of added value to clients	P.42-43

Materiality matrix

*No difference in degree of importance within each quadrant

Importance to stakeholders \ Importance to the Company	Somewhat important	Important	Extremely important
Extremely important	7-4	2-1, 2-2	Top priority issues: 3-1, 3-2, 4-2, 5-1, 5-3, 7-1, 7-3
Important	7-2	1-1, 4-1, 5-2	6-1
Somewhat important	4-3, 7-5	1-2	

Materiality identification process

Materiality (priority issues) are identified through the following process.

They are periodically reviewed, and they are reexamined on an annual basis in Management Meetings. Materiality items identified are then reviewed and approved by the Board of Directors.

FY2022

Materiality extraction and identification

- Created a long list of materiality candidates with reference to stakeholder expectations and requirements, international guidelines including SASB Standards, and indicators of ESG rating agencies.
- Extracted materiality items by sorting out the longlisted items based on their relevance to the Company's business.
- Ranked the materiality items in order of importance after discussion by the Management Meeting.
- Conducted interviews with stakeholders about the degree of importance.
- Sorted into materiality matrix.

First year of materiality identification

FY2023

Review of previous fiscal year's materiality

- Reviewed the content of FY2022 initiatives for the 18 materiality items established in the previous fiscal year and re-sorted risks and opportunities.

Revision and re-identification of materiality

- Revised the content of the materiality to emphasize on growth strategy, in contrast with the previous fiscal year's materiality items, which centered on compliance, given that we now have good prospects for the establishment of compliance foundations to an extent.
- Identified priority issues through discussions in Management Meetings and backcasting from the corporate mission, medium-term management targets, and Purpose. Identified 17 submateriality items.
- Conducted interviews in the Management Meeting and with stakeholders about degrees of importance.
- Sorted into materiality matrix.

From FY2024

Plans going forward

- With IR Department, the main division that manages sustainability, playing a central role, confirm the progress for each materiality item and report to the Management Meeting once a year.
- Conduct annual review and maintenance of materiality in the Management Meeting and Board of Directors.

Message from President

Entering an Era Where M&A Support Companies Are Chosen for Their Quality and Reliability

In the fourth quarter of FY2024, we achieved record-high sales and ordinary profit for the period from January to March. The results fell just short of our full-year forecasts, but motivation within the Company remains very high. Through active efforts in gaining new mandates, focusing on mid-cap companies, and strengthening regional partnerships, positive signs have begun to appear. Additionally, amid major changes in the industry, we have responsibility as a leading company for promoting its healthy development. Within the self-regulatory body, we are working to increase the credibility of the entire industry by working to improve its operational quality and ethical standards. Furthermore, our promotion of industry-academia-government collaboration is another factor contributing to the healthy development of the industry.

Our vision goes beyond the growth of our own company, and we aim to provide new value for the industry as a whole. We aspire to grow together with the industry and contribute to making it an attractive career choice for future generations. We are fully committed to achieving this goal.

Suguru Miyake

Nihon M&A Center Holdings President and Representative Director

Record-High Leading Indicators for Renewed Growth in FY2024

Progress in the Management Plan for Renewed Growth

We have moved from preventing recurrence of the inappropriate incident to focusing on renewed growth. In response to the issue announced in the fourth quarter of FY2021, we developed and implemented a management plan based on the Ki-sho-ten-ketsu*1 structure. We took a big step forward in FY2025, defining it as “Ketsu”, the final phase in the structure.

Ki: FY2022—We transitioned to compliance-focused management, focusing on establishing a compliance framework.

Sho: FY2023—With many employees leaving the company due to the inappropriate incident in FY2022, we worked on rebuilding internal structures. We implemented a variety of initiatives to enhance employee engagement, including revitalizing company club activities and establishing a dedicated health insurance scheme. These initiatives aim to restore a sense of unity within the organization.

Ten: FY2024—As a result, the number of new sell-side mandates—a leading indicator—reached a record high, while new sell-side mid-cap*2 mandates also increased. We have been able to take a major step towards re-growth, including achieving an increase in M&A sales per transaction (average revenue per transaction).

Ketsu: FY2025 is the final stage in this structure. I believe that our journey toward re-growth has taken us through the Ki, Sho, and Ten stages, and we have finally reached the starting line.

*1 Ki-sho-ten-ketsu is a traditional four-part structure commonly used in Japanese narratives: Ki (introduction), Sho (development), Ten (twist), and Ketsu (resolution).
*2 Projects where success fees are expected to exceed 100 million yen upon completion of mandate.

Obstacles to closing deals have already been addressed

Unfortunately, the number of transactions concluded in FY2024 decreased compared to the previous year. I believe three external factors had a significant impact: (1) compliance with the third edition of the “M&A Guidelines for SMEs” and the industry self-regulatory rules, (2) impact from inappropriate buyer issues and related media coverage, and (3) stricter M&A loan screening due to rising interest rates.

Regarding (1), we revised our contract templates four times and established a new in-house qualification system for explaining important matters to comply with the industry self-regulatory rules. As it’s only a matter of time before we get the hang of operating it, I believe we will be able to resolve this issue going forward. Regarding (2), the number of transactions closed was affected by sellers becoming more cautious because of the media coverage related to this issue. However, we started holding kick-off meetings joined by experienced employees and experts to analyze deals at the start of negotiations and established a system to take preemptive action to address the concerns of sellers. This has had a major positive impact. As for (3), banks, which had previously been proactive in providing M&A loans, have become more cautious due to rising interest rates. This has resulted in longer screening times and in some cases companies with poor credit standing not gaining approval during the screening process, which has led to longer lead times and a decline in the success rate. By setting up an internal advisory desk staffed by former financial institution professionals and giving clients advice to speed up financing, we believe we can remove external factors that might delay or block deal closures.

Business environment remains favorable

We believe that the business environment is currently extremely favorable for achieving the final “Ketsu” phase in our re-growth plan. The M&A industry for SMEs remains a growth market, and although business succession-type M&A is expected to peak in 2035, it is predicted to remain at a relatively high level for the following ten years. The number of annual bankruptcies is around 10,000, while the number of business suspensions, closures, and dissolutions is remarkably high at around 70,000*. M&A is the only way to save these companies. Additionally, with a wave of labor shortage sweeping across various industries amid the decline in the working-age population, there will likely be a sharp increase in industry restructuring-type M&A in which companies come under the umbrella of major groups. Furthermore, in recent years, there has also been an increase in growth strategy-type M&As conducted by business owners in their 50s who feel a sense of crisis about the survival of their company over the medium to long term due to rising raw material prices caused by the weak yen and serious recruitment difficulties caused by a shortage of human resources. They aim to grow their business by becoming a subsidiary of a major company while still performing well. Considering these factors, we believe the M&A market for SMEs will continue to grow.

* Teikoku Databank, Japan’s Business Failures during April 2024 to March 2025, April 8, 2025. Teikoku Databank, Survey of Trends in “Suspensions, Closures and Dissolutions” of Companies Nationwide (2024), January 20, 2025.

The competitive landscape is also changing. The number of M&A support organizations is on the rise, and there has been a dramatic increase in new business start-ups particularly in the last few years. Currently, there are approximately 3,000 M&A support organizations, of which roughly 700 are M&A intermediary firms registered with the Small and Medium Enterprise Agency (as of September 22, 2025). Many of these 700 companies are small M&A intermediaries known as boutiques, and because they do not have a network to receive mandate referrals, they struggle to secure new mandates through direct mails (DMs), telemarketing, and advertising sales. However, companies without sound governance structures have increasingly begun to use misleading sales tactics, which has resulted in doubts arising about the business quality and morals of the industry. Moreover, while M&A has become more widespread among SME owners thanks to direct marketing from many intermediary firms, business owners are exhausted from the many DMs they receive on a daily basis, leading to a decline in their response rates. At the same time, reports of inappropriate buyers have made business owners more cautious. Intermediary firms whose only method of acquiring

mandates is direct marketing are likely to face an extremely tough environment down the line.

Backed by a strong network of relationships with accounting firms and financial institutions, Nihon M&A Center receives many referrals, and we are recognized as a highly trustworthy company due to our history, reputation, and track record. We are now in an era where companies are chosen based on this kind of trust.

Strengthening industry-academia-government collaboration and promoting healthy development of the industry

To adapt to these changes, M&A Advisors Association, a self-regulatory body of which Nihon M&A Center serves as a board member since its founding, continues to act quickly to improve the industry's operational quality and ethical standards.

As of September 2025, the M&A Advisors Association comprises 207 member companies. The total number of completed transactions by member companies in FY2024 was 3,300. To become an open organization, the M&A Advisors Association has been inviting financial institutions and professional experts to join the Board of Directors since January 2025, in addition to intermediary firms. Active discussions are taking place within each subcommittee and working committee, and we feel that the collective wisdom of the industry is coming together.

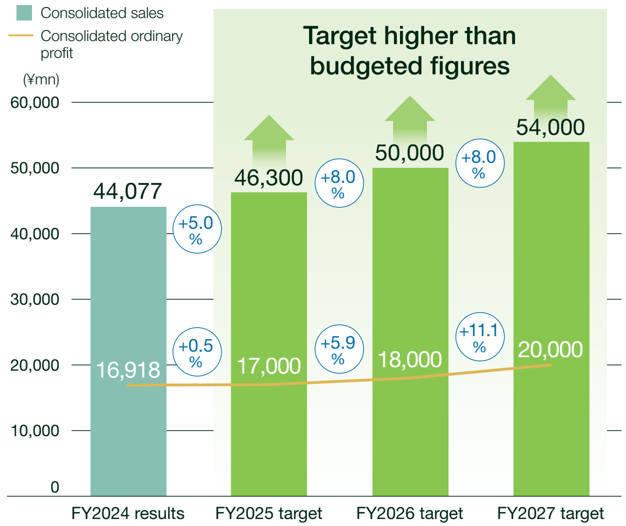
Meanwhile, as M&A is becoming more important for small and medium-sized enterprises (SMEs), the Small and Medium Enterprise Agency (SMEA) formulated the SME M&A Guidelines in 2020 and established the M&A Support Organization Registration System in 2021. These systems have established rules ensuring transparency and legal compliance among support organizations, increasing the credibility of the industry. In addition to company-level initiatives, efforts to support and develop M&A consultants are being enhanced. In April of this year, a skill map for individual professionals specializing in M&A for SMEs was released, and a qualification system is also being considered for the future.

As such, both companies and individuals are being required to increase their capabilities and skills. Going forward, the trend of phasing out support organizations that do not comply with rules will likely gain momentum. We see this change as an opportunity, and we are giving our all towards creating a better industry.

We are also focusing on industry-academia-government collaboration as a leading company in the industry. I believe that industry-academia-government collaboration is common among industries that are seeing healthy growth. Industry-academia-government collaboration in the M&A industry requires a three-pronged approach consisting of self-regulation initiatives by industry, academic research and policy recommendations by academia, and the establishment of guidelines by the government.

As mentioned previously, the SME M&A industry has seen movements aimed at improving operational quality and ethical standards. The SMEA announced guidelines regarding M&A for SMEs, and the self-regulatory body operates in accordance with its own self-regulatory rules. However, there has been little progress in terms of academic research. Therefore, as an industry leader, we launched the "Office for Promotion of M&A Research with Academic, Industry & Government Collaboration" with the aim of establishing a theory on SME M&A and further developing the industry. On April 1, 2025, we also newly established the CPAO (Chief Public Affairs Officer) position. We have also collaborated with the Graduate School of Business Administration of Kobe University to open the Small and Medium Sized M&A Research and Education Center (MAREC), and are also pursuing a variety of other initiatives, including joint research and research grant provision with multiple research institutions, offering endowed courses and hosting symposiums at universities and graduate schools. We are a corporate member and supporting member of the Japan Academic Society for M&A Research, a general incorporated association established in April 2025, and I was appointed as a board member of the Society. I have high hopes that the further strengthening of industry-academia-government collaboration will lead to the healthy growth of the industry, including the improvement of productivity through innovation, securing of talented human resources, and the increase of quality and morale.

Mid-term management targets



See M&A Industry Trends for SMEs and Our Initiatives P.24

Linking the best leading indicators to the highest number of transactions closed

Amid the current business environment, we have positioned FY2025 as the phase in which the initiatives we have steadily pursued will produce results. Under the leadership of Naoki Takeuchi, who was appointed as the new President on April 1, 2024, Nihon M&A Center changed our sales organization structure in FY2024, shifting from the previous five-division structure to an organization consisting of 10 channels with specific missions, such as for accounting firms, regional banks, and megabanks. By setting a mission for each channel and promoting human resource development and sales strategies with a sense of ownership, the new structure

is beginning to function effectively, as evidenced by leading indicators reaching record highs.

Reclaiming the golden cycle

We have set our sales forecast for FY2025 below that of the previous year's guidance for the first time since our listing. This revision of our full-year earnings forecast is intended to allow our M&A consultants to spend more time working closely with our customers. The emergence of inappropriate buyers is causing sellers to become increasingly cautious, meaning that there is an even greater need for a customer-oriented approach and response. We thought that taking the initiative to address customer concerns would ultimately lead to shorter lead times and higher closing rates, so we reduced the target to increase the time spent interacting with customers. In addition, by lowering the target, we aim to encourage more employees to achieve their goals, increase organizational motivation, and accelerate growth. In the past, we focused on shortening the time it takes to close a deal to improve the success rate. However, the pursuit of efficiency has sometimes led to a lack of cultivating and strengthening customer understanding and proposal capabilities. I believe that the target downgrade will allow us to spend more time with our customers and create time to improve the skills of our M&A consultants, which will ultimately contribute to improvement of the success rate and the number of transactions closed.

Furthermore, this demonstrates our determination and commitment to return to our original cycle of achieving our earnings targets for our company's growth. In our original cycle, we achieved the majority of our full-year earnings forecasts by the third quarter, and then used the fourth quarter to prepare for a flying start to the next fiscal year. We have traditionally achieved stable growth through this cycle. However, since the inappropriate incident in 2022, we have been aiming to achieve our targets in the fourth quarter. We see FY2025 as a starting point to return to our original performance achievement cycle. Our goal is to accelerate growth from the next fiscal year onward and to become a company with the previous golden cycle and the high growth potential we once had.

Aiming to be the World's Only Comprehensive M&A Company That Provides the Highest Level of Satisfaction in M&A Services

Strengthening communications capabilities through branding

As I mentioned earlier, the number of M&A support organizations is growing rapidly, which is leading to intensifying competition within the industry. In order to remain as the company of choice for our customers amid such an environment, we strongly feel that we need to carve out a unique position in the industry by emphasizing more strongly that we are taking a different approach to M&A than other companies. A company is not just a product, but a place where the lives of many people, including business owners, employees, and their families, are woven together. We approach our operations with the determination to carry out work that will make all of our stakeholders think, "This M&A has saved my life" or "It has opened up our future!" and have built a system to achieve this.

At the same time, we want our customers to be duly committed, so we require an initial fee when signing a contract. M&A is never something to be undertaken lightly. Such a flippant approach could end up trampling on the feelings of many people. The reason we charge an initial fee is because we are committed to providing optimal analysis and matching service on each project for serious customers. We thoroughly analyze and prepare for the companies we have accepted mandates, after which matching is carried out by all of our M&A consultants. Furthermore, for companies that have been searching for a buyer for more than six months, we have a dedicated department that specializes in finding potential buyers and makes further efforts to match them with the seller and close the deal. As a result, we have achieved the best-in-class success rates in Japan.

This customer approach has resulted in a high success rate, with an industry-leading total of over 10,000 deals closed.

However, M&A is not over just because the deal has been closed. We need to make sure that the subsequent PMI (post-merger integration) process is carried out smoothly to ensure success. To this end, we provide a variety of support services to build good relationships with buyers, including PMI consulting, moving deal closing ceremonies, and attachment of complimentary representation and warranty insurance, to ensure a smooth PMI process.

Another key to success is ensuring that the owners of seller companies feel satisfied with their life as former business owners and are able to enjoy a fulfilling second life. We provide support to the owners of seller companies, such as producing and giving free of charge a booklet called "The WAY" that provides a summary of their life up to the selling of their company. Additionally, our dedicated subsidiary provides post-succession asset management and second life planning support.

Our concept is to be "the world's only comprehensive M&A company that provides the most satisfying M&A services." I am proud to say that there is no other company that goes beyond M&A intermediary services and commits to working closely with customers until the deal comes to a successful close, including the PMI process, and that takes into consideration the life of the business owners and their family.

However, there are currently some areas where we are not able to fully communicate our service quality and track record to our customers. Accordingly, we have positioned branding improvement as a key management issue, and are focusing on strengthening our communications capabilities and raising our brand value under the leadership of the CBO (Chief Branding Officer).

See Message from Head of Marketing Headquarters on P.40

Making PMI the standard in Japan

With the goal of becoming the world's leading comprehensive M&A company, we engage in a variety of businesses outside of M&A intermediary services, including corporate valuation, PMI support, and fund management. From the current fiscal year, we will work to rapidly expand our PMI business, which plays a vital role in making deals a success, with the aim of making PMI the standard for M&A for SMEs in Japan.

Also, the SMEA stressed the importance of PMI in its PMI Guidelines for SMEs, and have also included PMI in its skill map for individual professionals specializing in M&A for SMEs mentioned earlier. The Financial Services Agency has also announced revisions to its "Comprehensive Guidelines for Supervision of Small- and Medium-Sized and Regional Financial Institutions," aimed at promoting strengthened support for M&A, including PMI.

However, the importance of this has not yet been fully recognized in Japan. For buyers carrying out their first M&A, we eventually plan to provide PMI consulting services for all projects to improve our success rate and promote the spread and entrenchment of PMI.

Turning our overseas and fund-related businesses into major pillars of future growth

We intend to develop our overseas business and fund related business into key pillars that support the future growth of the Group. While Japan's M&A market for SMEs is expected to continue expanding going forward, it won't remain on an uptrend forever. To achieve sustainable growth, the Company needs new revenue sources on par with our M&A business. We have positioned our overseas business and fund-related business as key elements to achieving this. It is essential that we build a foothold for these businesses to achieve growth over the medium to long term, and we see FY2025 as the year to lay that foundation.

Our overseas business will enter the third stage in FY2025. In the first stage, we made inroads overseas, and in the second stage, we worked to accumulate know-how and develop local human resources. In the third stage, we aim to achieve full-scale profitability.

See Development of Local Human Resources on P.53

I feel that there are limitless possibilities for the fund-related business. We manage multiple funds, with private equity funds and search funds having a mutually complementary relationship with M&A in particular. Among these, search funds aim to resolve business owner shortages in regional areas, and are a way for searchers (aspiring business owners) to personally discover and select investees and take the lead in business succession-type M&A. We are currently working with regional financial institutions to operate regionally-focused search funds in three regions: southern Kyushu, Hokuriku, and Hokkaido. Japan is considered to be underdeveloped when it comes to funds, and we believe that taking the lead in elevating funds to the level of social infrastructure will enable the Group to contribute to the growth of the Japanese economy. See Fund-related Business on P.30

From regional revitalization to Japan revitalization through M&A

Regional revitalization is my life's work, and I plan to contribute through two strategies: "saving companies at risk of closure," and "nurturing growing companies and creating blue-chip companies." We are implementing various measures with the ultimate goal of linking regional revitalization to the revitalization of Japan.

First, regarding the issue of business closures, in Hyogo Prefecture, where I'm from, it is predicted that 25,000 companies will cease its operations over the next ten years. A sharp increase in business closures is expected in many regions across Japan, posing a serious challenge that could lead to economic contraction and job losses. In light of this, we are actively expanding our business through region-specific and industry-specific direct marketing, with the aim of resolving the succession issue through M&A and saving as many companies from closure as possible. For example, we have increased our presence in Ibaraki Prefecture by sponsoring a radio program and a basketball team.

We are working to support listing on the TOKYO PRO Market to create blue-chip companies. In this business, we provide comprehensive support for companies seeking to list on the TOKYO PRO Market, a stock market for

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professional investors run by the Tokyo Stock Exchange, from listing preparation through to post-listing services. In FY2024, we assisted with the listing of 15 companies, marking the second consecutive year that we have supported the largest number of new listings in a single year. Furthermore, we also acquired the F-Adviser qualification, which allows us to investigate whether a company complies with listing criteria for the Fukuoka PRO Market, a new stock market for professional investors launched by the Fukuoka Stock Exchange, thereby strengthening our listing support system.

Going public not only significantly increases a company's name recognition and credibility, which has a positive impact on recruitment, fundraising, and new business, but also leads to better employee morale. I am determined to increase the number of companies that use listing on the TOKYO PRO Market and Fukuoka PRO Market as an opportunity to accelerate their growth. I also hope that increasing the number of such companies will encourage talented people who leave their hometowns to continue their studies to return.

Aiming to further strengthen our network through regional cooperation

As part of our efforts to contribute to regional revitalization, we have been ramping up our efforts to jointly support business succession and M&A together with regional financial institutions. We have already established NOBUNAGA Succession Inc. (Gifu Prefecture), a joint venture with Juroku Financial Group Inc. (Gifu Prefecture), and Kyushu M&A Advisors Co., Ltd. (Fukuoka Prefecture), a joint venture with The Higo Bank, Ltd. (Kumamoto Prefecture) and E.Sun Venture Capital (Taiwan). In July, we also established Okigin Success Partners Co., Ltd. (Okinawa Prefecture), a joint venture with The Bank of Okinawa, Ltd. We are looking to set up several more companies over the next two to three years.

See Joint Venture with regional financial institutions on P.37

Furthermore, having been founded with investments from accounting firms ourselves, the strength of our network is also part of our identity. We intend to strengthen our alliances with partners in various regions that possess strong connections and information, such as regional financial institutions and accounting firms, as well as to further expand our network. With customer awareness and knowledge of M&A increasing in recent years, we will actively pursue strong alliances with regional financial institutions and accounting firms to provide our customers a sense of security and trust.

To Our Stakeholders

As a result of reviewing our earnings forecasts for FY2025, we have also revised our medium-term management targets. I would like to express my deepest apologies for not being able to maintain our previous medium-term management targets. I, along with the entire management team, feel extremely disappointed. We set conservative figures that we believe are attainable for our medium-term management targets. However, we remain committed to exceeding these targets and aiming for high growth.

Regarding shareholder returns, as this year marks a turning point in returning to our previous performance achievement cycle, we will continue to pay a dividend of ¥29 per share, including a special dividend of ¥6 per share, as we did last year. We will adhere to our policy of returning the profits generated by growth to shareholders, and will consider shareholder returns, including share buybacks.

See Financial Strategy on P.42

We will also continue to strengthen communication with our investors. Now that we are in a transitional period to return to a growth trajectory, we recognize the importance of achieving our targets and engaging in constructive dialogue to restore trust in management and build long-term relationships, which are crucial for enhancing corporate value.

I hope that you look forward to the future growth of the Group.

Trends in the M&A Industry for SMEs and Our Initiatives

The M&A industry for SMEs has been undergoing rapid changes in recent years. Amid an increase in the number of small M&A support organizations and reports of troubles caused by unethical buyers, the Small and Medium Enterprise Agency and self-regulatory body are establishing and implementing rules to improve the soundness of the industry.

*Major events with regards to M&A industry trends are also summarized in chronological order on P.13.

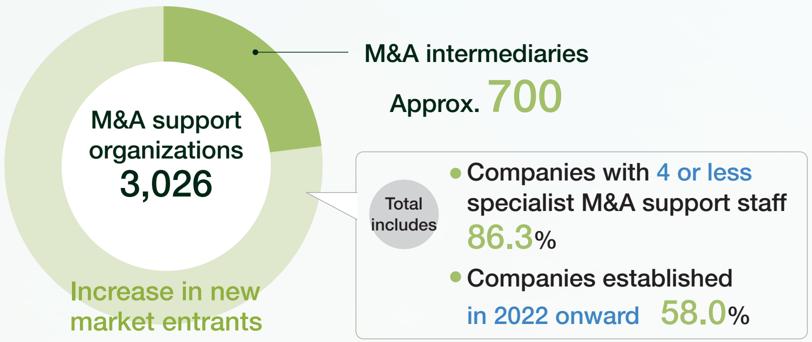
Changes in the Industry

The M&A industry for SMEs is seeing a rapid increase in new operators with staff of fewer than four employees. The industry-wide expansion includes emerging problems, such as immoral sales activities and phishing-like advertisements.

In addition, as M&As are popularized, various buyers have entered the M&A market. Some unethical buyers have caused problems, such as the misuse of M&A transactions without cancelling personal guarantees provided by sell-side business owners.

There are calls for industry-wide reform, with discussions on promoting M&A and establishing rules picking up steam, as evidenced by the first cancellation of a registration under the M&A Support Organization Registration System in January 2025.

Number of M&A support organizations (as of September 22, 2025)



Major Initiatives by the Small and Medium Enterprise Agency

In response to this situation, the Small and Medium Enterprise Agency is implementing the following measures.

- **Establishment of a registration system** (August 2021): A registration system for M&A support organizations was established to promote and establish M&A Guidelines for SMEs.
- **Revised the M&A Guidelines for SMEs** (September 2023 and August 2024): Introduced frameworks including explanation of important matters at the time of entering a contract. The revised version includes clarification of prohibitions on inappropriate advertising and sales, and provisions for dealing with issues regarding inappropriate buyers.
- **Publication of a skill map** (April 2025): A “Skill Map for SME M&A Professionals (Individuals)” was published with the aim of improving the soundness and credibility of the industry as a whole.

(Reference) “M&A Guidelines for SMEs” and “Skill Map for SME M&A Professionals (Individuals)” by the Small and Medium Enterprise Agency https://www.chusho.meti.go.jp/zaimu/shoukei/m_and_a_guideline.html (only available in Japanese)

- **Reform Plan for the M&A Market for SMEs** (August 2025): Compiled an interim summary of measures to promote reform of the M&A market for SMEs. Establishment of a qualification system related to the knowledge and skills of individual M&A advisors.

Major Initiatives of the Self-Regulatory Body

In September 2021, the M&A Advisors Association (formerly the M&A Intermediaries Association) was established as a self-regulatory body. It has since implemented the following initiatives with the aim of preventing problems and improving the quality of M&A support. As of September 2025, the number of members has reached 207 companies, and Nihon M&A Center also participates as an executive member.

Self-Regulatory Body

M&A支援機関協会
M&A Advisors Association

Formulation of a code of ethics and self-regulatory rules (December 2023)

Formulation of the code of ethics, which defines the ideal state of the M&A industry for SMEs, and self-regulatory rules for three key areas (compliance, advertising and sales, and explanation of important agreement matters). Revised as necessary.

Training to prevent problems (August 2025)

Conducted training to all M&A support organizations to provide and promote various checkpoints in the M&A deal process to help prevent problems before they occur.

Operation of the Specified Business Operators List (October 2024)

Started operation of the Specified Business Operators List to register and share unethical buyers information within the industry. In April 2025, established requirements for automatic registration on the list and tightened enforcement to prevent unethical M&A transactions. Enhanced security and complied with FISC standards in October 2025.

Publication of sample agreements (June 2025)

Published sample agreements on the website with the aim of promoting appropriate agreement clauses that comprehensively cover all M&A agreements.

Name and structural changes (January 2025)

Appointed members from financial institutions and professional services, etc. as board members to become a more open and effective self-regulatory body. Additionally, established a Self-Regulatory Rules Review Committee, consisting of experts and specialists, and a Qualification System Committee, which considers the qualification system for M&A advisors to strengthen the structure.

PR activities geared toward improving the reputation of the industry

Regularly shares information on the M&A Advisors Association’s stance, cautionary reminders for business owners, and requests information through newspapers and other media.

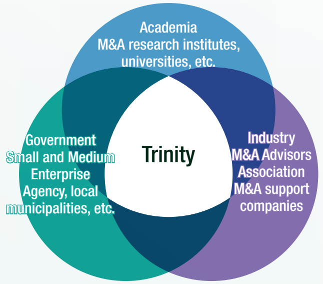
Our Response to Industry Changes

Measures to tackle inappropriate buyer issues

We strictly adhere to the latest guidelines and self-regulatory rules and have adopted a transparent fee structure. We are also strengthening our response to unethical buyers and conducting in-house training to ensure that we provide high-quality service to our clients.
To prevent M&A-related problems, we are mainly implementing the following initiatives, which also help to eliminate unethical M&A deals being implemented by buyers that lack financial resources and know-how.

- **Strengthening the risk check system for potential buyers**
  Checks are conducted from three perspectives (whether they are anti-social, whether funds are appropriate, and whether the scheme is appropriate) during mandate screening, at the conclusion of initial agreements, at the conclusion of definitive agreements, and after the deal has been concluded.
- **Making calls to confirm the cancellation of guarantees provided by business owners and personal guarantees**
  After the conclusion of an M&A deal, we call the owner of the seller to confirm the current situation, and if guarantees have not been cancelled, we provide support.
- **Implementation of client satisfaction surveys**
  After the M&A deal has been concluded, we conduct surveys of the owners of the buyers and sellers to identify any issues with the services provided.
- **Specifying a consultation desk for clients (claims and complaints hotline)**
  In case clients have any concerns, we provide clear information on how to contact a consultation desk in various sales materials.

Industry-academia-government collaboration initiatives



We are strengthening our industry-academia-government collaboration to contribute to the healthy development and quality improvement of the industry. In January 2024, we established the "Office for Promotion of M&A Research with Academic, Industry & Government Collaboration" under the direct control of the President. This organization is designed to serve the development of research for SME M&As through alignment with academia, and to make good use of its outcomes for drastic improvement of industry-wide service quality.

- **Collaboration with Graduate School of Business Administration of Kobe University**
  Established Small and Medium Sized M&A Research and Education Center (MAREC) in 2022. We research on SME M&A with full-time researchers and run endowed courses. MAREC broadly seeks application for grant-type research and prize essays, and energetically conducts activities to discover independent researchers and to expand related areas of SME M&A research.
- **Collaboration with Graduate School of Management, Kyoto University** (from 2024)
  Joint research in corporate valuation, establishment of an endowed course, hosting of symposiums, etc.
- **Establishment of an endowed course at Department of Business Law, Graduate School of Law, Hitotsubashi University** (from 2025)
- **Establishment of an endowed course at the School of Commerce of Waseda University** (from 2021)

- **The Japan Academic Society for M&A Research** (JASMAR)
  Joined the Society, which was established in April 2025, as a corporate and supporting member, and President Miyake was appointed as a director. In July 2025, JASMAR held its first meeting, attended by about 70 researchers and practitioners.
- **Establishment of the Chief Public Affairs Officer (CPAO) position**
  Established the new position in April 2025 to be in charge of public relations

We are working to create standards for the M&A industry for SMEs that are in line with the changing times.

Message from Chairman of M&A Strategic Meeting

Reexamining the value of the M&A business to achieve further growth

Naoki Takeuchi
Executive Managing Director
Nihon M&A Center Inc.
President and
Representative Director

Responding to Change and Taking on the New World of M&A

Changes indicated by disparities between leading indicators and the number of transactions closed

FY2024 was a year in which we gained important insights that will have an impact on the future of our M&A business.

Looking back at our operating results, the number of new sell-side mandates and buy-side mandates, which are leading indicators, both exceeded 1,300, reaching a record high. In addition, we managed to shorten the "preparatory" phase, which involves creating company valuation reports and company profiles to provide the best possible matching services, from 90 days in the previous fiscal year to 59 days, and the number of new mid-cap sell-side mandates increased about 1.5-fold year on year. I believe that these results are attributable to sales efforts, strategic execution, and efficiency improvement measures utilizing digital technology.

Meanwhile, the number of transactions closed fell from 1,146 in the previous fiscal year to 1,078, and the success rate also fell temporarily.

This was mainly due to heightened customer awareness owing to the emergence of inappropriate buyers as M&A becomes more common, and financial institutions becoming more cautious in their lending stances due to rising interest rates. Changes in the flow of transactions geared toward post-mandate closure are a key factor that will affect future strategies. See Message from President on P.18

We need to recognize the fact that changes are occurring, and that the previous status quo no longer applies. That said, we believe that these changes are positive, as they require a higher level of safety and security in the industry and an increase in business quality. We will identify what needs to be preserved and what needs to be transformed, adapt to change, and take on the new world of M&A.

Refining Japan Value and showcasing it to the world

To date, I have set numerical targets as the head of the M&A Division and worked with my team members to grow and develop our business. Expanding business performance and meeting the expectations of shareholders and investors is an important mission for listed companies that requires a growth strategy containing numerical targets. However, as I thought about the changes in the M&A industry, I reconsidered the goals we should aim for as a company. This was prompted by my mentor pointing out to me that while the value the Group provides has the potential to contribute to society, there is a danger of leaders being too focused on numerical targets. Honorary Chairman Wakebayashi and President and Representative Director Miyake, who have worked to grow the M&A business since the Company's founding, aimed not to achieve numerical

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targets such as the world's highest number of transactions closed or a market capitalization of ¥1 trillion, but to solve problems that look ahead to Japan's future as it faces an aging society with a declining birthrate.

In order to rediscover these roots and further develop the M&A business, which contributes to the survival and growth of companies, we set "Value" as our management policy for FY2025, and established the vision of "Refining Japan Value and showcasing it to the world."

The value of SMEs is determined by understanding and clarifying their fair value, and then passing that value on to the future through business succession. Enhancing value and creating new value through M&A Deal Closing Ceremonies and post-merger integration (PMI) processes. This is our approach to meeting the safety, security, and quality improvements that our customers demand.

Creating fields to refine "Value" through a four-headquarters structure

In the M&A business, we place "Value," which forms the basis of our operations, as a higher-level concept, and will work to strengthen our sales capabilities, increase efficiency, shorten lead times, and improve yields. To achieve this, we will implement organizational and target reforms in FY2025 to create a field in which to hone our "Value."

Regarding the organizational reform of Nihon M&A Center, we introduced a four-headquarters structure consisting of the Sales Headquarters, Value Promotion Headquarters, Marketing Headquarters, and Corporate Headquarters. We will promote collaboration between organizations.

The Sales Headquarters will maintain the channel system introduced in FY2024, continue to focus on mission-based sales activities, and promote the succession of its sales structure. See Initiatives by Head of Sales Headquarters on P.33

The Value Promotion Headquarters is an organization reorganized from the Quality Control Headquarters,

responsible for improving the quality of operations. Following the solid results achieved in FY2024 in improving lead times during the preparatory phase, in FY2025 the organization will focus on improving the success rate. The Sales Headquarters is accompanied by certified public accountants, tax accountants, judicial scriveners, lawyers, and other specialists who will support improvements in business quality, lead times, and yield at each gate of the M&A value chain. See Initiatives by Value Promotion Headquarters on P.39

The Marketing Headquarters will support the differentiation strategy of the M&A business and aim to restore and increase the success rate. Our success rate is high compared to the average success rate in the M&A industry of around 10-20%, and I am proud to be involved in M&A services of the highest quality. Going forward, we will use marketing to promote this competitive edge and value to our customers and firmly build up our brand value.

See Initiatives by Marketing Headquarters on P.40

The Corporate Headquarters will integrate the Human Resources Headquarters and the Administration Headquarters to strengthen initiatives for securing and developing human resources.

See Initiatives by Cooperate Headquarters on P.44

Implementation of target reforms and the setting of an "intentional plateau"

Another shift that will create a field for honing "Value" is target reforms. We have reviewed our targets per M&A consultant for sales activities in FY2025 and lowered them from the previously set levels.

With customers becoming increasingly cautious in the negotiation process leading up to deal closure, we will work to loosen up this cautious stance by increasing the number of touchpoints with customers in deals by 1.5 to 2 times, building a more intimate and careful process, and incorporating this into project management. For M&A consultant to increase touchpoints within their limited working hours, their targets will inevitably need to be reduced. In other words, we aim to use the leeway generated by the target cuts to improve customer engagement and manage this at each touchpoint to close more deals.

To date, company valuations in the preparatory phase were outsourced to a Group company, Corporate Value Laboratory Inc., to shorten lead times. From here on out, newly hired M&A consultant will undertake at least three company valuations themselves in order for them to acquire basic knowledge of the job. This will improve the knowledge of M&A consultants and lead to a sense of security and trust among our customers.

We believe that by returning to our roots in the M&A business and creating an "intentional plateau," we will be able to take on further market expansion as a powerful Nihon M&A Center.

Maximizing the value of data-driven management

One of the key elements in our initiatives moving forward will be maximizing "Value" through digitalization, in other words, implementing data-driven management. In February 2025, we entered into a capital and business alliance with BRING OUT Inc., a startup that provides data analysis services using AI, and established a new framework. When utilizing AI, I believe that of the three steps of collecting, analyzing, and utilizing information, collecting is the most important. This initiative is only possible due to the extensive amounts of data we have collected over the past 34 years. "Bring Out" business interview analysis tool will further refine this collection process.

3 Steps for Utilizing AI

Step 1 **Collect** → Step 2 **Analyze** → Step 3 **Utilize**

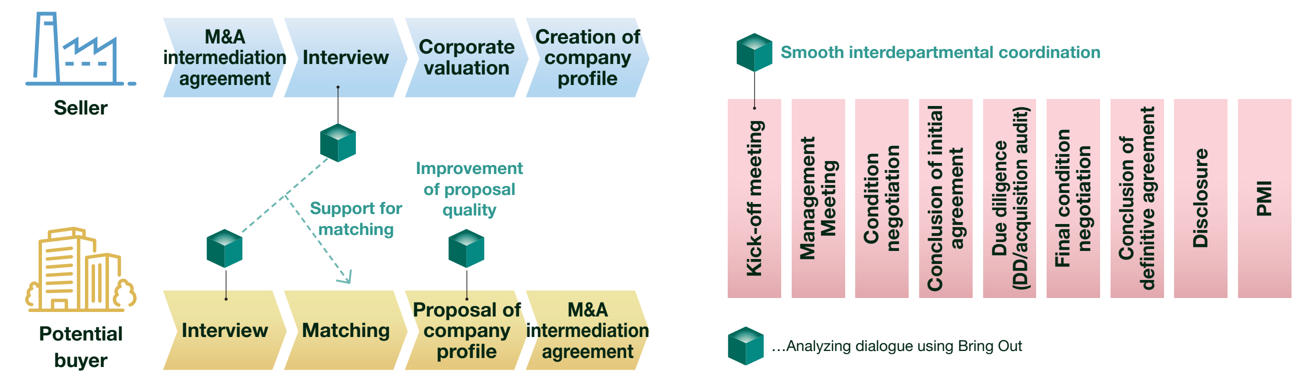
Collect and analyze dialogue data from the following M&A processes

- Qualitative information interviews of sellers
- Growth strategy and M&A needs interviews of potential buyers (over 5,000 companies)
- Audio recording and analysis of company profile proposals (1,500 companies)
- Audio recording and analysis of kick-off meetings etc.

*As of August 31, 2025

Utilization status of Bring Out in the Company

- Using Bring Out to achieve overwhelming productivity increases in everything from matching to profile proposals by improving employee skills and accumulating accurate data



The clients we deal with are business owners who carefully consider their management strategies on a daily basis. We will use "Bring Out" to collect and analyze the tacit knowledge in their minds, leading to improved work efficiency and stronger proposal capabilities in M&A consulting.

Specifically, we will first form a database of sell-side management information through Bring Out, and at the same time collect and analyze information on buy-side needs, which will be used to recommend more precise and effective matching that combines the two.

Group leaders and general managers also monitor M&A consultants' solution proposals and provide appropriate guidance and training tailored to each individual. Furthermore, we will build a system in which AI agents provide advice on deals based on the knowledge the Group has accumulated over the past 34 years. In this way, our unique data and experience will play an important role in each of the collection, analysis, and utilization steps.

Through data-driven management, we expect our achievements and experience to materialize as strengths and create unique value.

Toward a prosperous future beyond the two periods of transformation

As the entire M&A industry undergoes major changes, we at Nihon M&A Center Group are also in the process of transitioning to the next generation. Two transformations are currently occurring at the same time. Within the Company, the founder is guiding the next-generation management team to inherit and develop his founding spirit, and an even younger generation is showing their determination to further elevate the entire industry. These three generations are resonating together and are on the verge of taking flight.

As someone responsible for the next generation of management, I hope to build a prosperous future while enjoying change with our employees.

Masahiko Otsuki
Executive Managing Director
Japan Investment Fund Inc. Representative Director, AtoG Capital, Inc. Representative Director, J-Search Inc. Representative Director

Message from Chairman of Financial Strategic Meeting

We are developing an innovative fund model organically integrated with the M&A domain

The Third-year Leap Embodying the Shift "From Closing Deals to Growth"

Progress and future development of the three fund-related businesses

The financial division aims to address new social challenges by building on more than 30 years' experience of the M&A division, the core of the Group, which has been supporting business succession for SMEs. I describe this initiative as "From Closing Deals to Growth" and I believe that, in addition to supporting business succession, it is the role of our group's financial division to leverage equity investment to enhance the positive aspects of companies and promote their growth.

Our business development, driven by the organic integration of the financial and M&A domains, enables unique value that competitors cannot match. We expect this differentiator in the competitive landscape to provide the Group with a significant advantage.

We launched the financial division in 2023, and clarified its business concept. In 2024, the division turned that concept into concrete actions. We are currently advancing three main initiatives.

1. Private equity (PE) fund business by Japan Investment Fund Inc. (J-Fun)
2. Cross-border fund business operated by AtoG Capital, Inc.
3. Search fund business operated by J-Search Inc. (J-Search)

Here I will outline the progress and future plans for each business segment.

A new PE fund model designed to drive regional revitalization

J-Fun has achieved a total of five exit cases out of the 12 projects invested by Fund Number 1 so far and has established Fund Number 2. The first exit case was a long-established confectionery manufacturer in Kumamoto Prefecture (FUJIBAMBI Co., Ltd.), which was introduced by Higo Bank. After acquiring the company, J-Fun successfully exited by selling it to Kyushu Railway Company (JR Kyushu). Additionally, Takumiya Corp., a company in Ishikawa Prefecture's tourism souvenir business introduced by The Hokuriku Bank, has recovered its performance after overcoming the challenges posed by the COVID-19 pandemic. The exit was to a client of North Pacific Bank in Hokkaido. All these cases uniquely showcase the Group's strong network with regional banks. They are highly regarded by our partner regional banks not only for the funds' performance but also as one of the meaningful ways to contribute to regional revitalization. Of course, as a fund business, we also prioritize generating strong performance. Our investment in AMEMIYA, inc., a termite control company headquartered in Aichi Prefecture, has produced the highest internal rate of return (IRR) among our five exit cases.

With newly launched Fund Number 2, we aim to significantly shorten the investment period compared to Fund Number 1, executing investments swiftly to grow the fund. PE funds typically grow larger with each new launch, but the number of investments remains the same. This leads to larger investments per deal and a shift in focus toward bigger companies and projects. This can lead to changes in the fund's concept. However, J-Fun focuses on investing in regional SMEs. By providing support tailored to local needs, it aims to achieve sustainable growth and revitalize the regions. Therefore, applying the typical fund management methods directly to J-Fun may not result in investments that match the region's unique characteristics.

To address this, J-Fun is considering management strategies that allow it to continue growing without increasing the fund's size. Specifically, the plan is to invest about ¥10 billion every few years in around 12 SMEs. Rapid fundraising is crucial to realizing this plan. Our ultimate goal is to launch each fund - Fund Number 1, Fund Number 2, and Fund Number 3 - at a faster pace, executing investments and steadily building assets under management, while maintaining its scale. In FY2025, we will start working to speed up our investment pace.

A key challenge going forward is handling the growing number of investment deals and portfolio companies as we manage multiple funds simultaneously. Therefore, we must efficiently create value with a limited team. Nihon M&A Center has transformed the industry by shifting M&A from

being a special transaction mainly for large corporations to promoting M&A among SMEs. Specifically, by standardizing M&A methods and successfully closing numerous deals involving SMEs, we have promoted M&A as a common practice. We aim to apply this proven management approach to the fund industry and challenge new operating models such as rapid fundraising and rapid investment. By doing so, we intend to standardize the use of funds and transactions within SMEs.

A groundbreaking fund connecting ASEAN and Japan through an innovative business model

The business model of AtoG Capital, a cross-border fund, is to acquire sellers in the ASEAN region, improve their governance and compliance, and then sell them to Japanese firms. It aims to remove obstacles faced by Japanese companies when acquiring firms in the ASEAN region.

In FY2024, we launched Fund Number 1 and invested in a Malaysian machinery trading company. We are currently targeting its exit for the Fund Number 1 investment within FY2025, while also preparing to launch Fund Number 2, which will be larger than Fund Number 1.

AtoG Capital can execute this unique business model because it will acquire cross-border mandates entrusted to Nihon M&A Center by seller companies and then sell them to the candidate buyers held by the Nihon M&A Center. AtoG Capital enhances corporate value by addressing governance, compliance, and other issues that often block acquisitions by Japanese companies.

Among Nihon M&A Center's cross-border mandates, many companies are experiencing pending or broken M&A negotiations with Japanese firms due to problems in areas such as governance or compliance. Against this backdrop, AtoG Capital acquires companies that Japanese firms have clear reasons for hesitating to buy. By resolving these problems, AtoG Capital secures future exit opportunities.

Investing in SMEs in Southeast Asia, especially in emerging markets, typically carries significant risks. Audits during acquisition have their limits, and for fund investments, the pool of exit candidates among Japanese companies is limited. As a result, there are currently very few funds that focus on SMEs in Southeast Asia.

However, AtoG Capital bases its investment decisions on a thorough understanding of the issues that have caused deals to be pending or broken off. Furthermore, it can craft a highly reliable exit story centered on the candidate buyer, aiming to address challenges based on their specific requests.

AtoG Capital prides itself on being a highly innovative fund due to its clear exit strategy within a short timeframe.

AtoG Capital's activities also enhance Nihon M&A Center's overseas business. The ability to solve corporate issues enables us to offer new solutions that support M&A transactions for both ASEAN sellers and Japanese buyers. By leveraging AtoG Capital, we expect to lower the barriers to cross-border M&A for SMEs and to stimulate greater activity in this market. We believe this will also increase the number of transactions closed in Nihon M&A Center's overseas business.

Another key feature is the clear division of roles: the original owner stays with the company to lead its growth, while the fund prepares the business for acquisition by a Japanese company. This setup allows both parties to maintain a good relationship through to the exit.

This is a distinctive business model unique to the Group that organically integrates an M&A intermediary company (Nihon M&A Center) and a fund company (AtoG Capital), resulting in exceptionally high barriers to entry.

What a regionally-focused search fund aims for

A search fund is a structure in which individuals (searchers) aspiring to become business owners raise capital from investors through a fund, identify SMEs they want to manage, acquire existing businesses with investor support, take on management, and work to increase corporate value. In FY2024, we established J-Search, an operating company to develop this search fund regionally in collaboration with regional banks. In FY2025, we have launched "Southern Kyushu Search Fund Number 1," backed by The Higo Bank, Kagoshima Bank, and Miyazaki Bank; "Hokkaido Search Fund Number 1," supported by North Pacific Bank; and "Hokuriku Search Fund Number 1," funded by Hokuriku Bank, aiming to establish a total of five funds within the fiscal year.

In the regional banking sector, our efforts have made a strong impression, resulting in a growing number of inquiries from financial institutions. Over the next three years, we plan to establish search funds in about 10 regions to ensure coverage across these areas.

Search funds have surged in the U.S. in recent years, and Japan is now following this trend with expanding search fund activity. We aim to revitalize regional economies by partnering with local financial institutions to root a Japan-style search fund model that fits each region's unique characteristics. This approach has been widely embraced by many regional banks, which we expect will contribute to local development.

The search fund business also works closely with Nihon M&A Center, where the key is the organic integration of M&A and financial domains. In addition to collaborating with the Regional Financial Institutions Channel within Nihon M&A Center, we will also work closely with board members of the Merger and Acquisition Association of Japan in collaboration with the Accountants Channel. Together, we will create accounting firms capable of conducting more advanced due diligence (acquisition audit) on fund investment projects. Through these efforts, we intend to strengthen relationships and secure more referrals.

We will develop searchers for J-Search by nurturing the Group employees who are passionate about local communities and SMEs and who have a strong interest in management, positioning J-Search as a next career path within the Group. Currently, one employee is working as a searcher, and the Group's Japan PMI Consulting provides continuous support for investee companies' management from before the investment stage onward. This kind of collaboration is a distinctive strength unique to the Group.

Concept for a new fund to drive further growth

In addition to the financial division's three pillars, namely, PE funds, cross-border funds, and search funds, we are planning to launch a Growth Strategy Fund and an Economic Security Fund in the future.

The Growth Strategy Fund will focus on carve-outs from listed companies and medium-sized companies. The Economic Security Fund aims to support companies that form the backbone of Japan's industry and culture. We intend to focus especially on companies without successors in industries vulnerable to acquisition by foreign firms. The fund will acquire these companies and improve their management efficiency and digital transformation to support their survival and sustainable growth. This will help stabilize the Japanese economy. This is a large-scale effort, but we will focus on what we can realistically achieve.

FY2025 marks the third year since launching the financial division and will be a crucial year for significant progress. We will stay true to the vision of "From Closing Deals to Growth" and commit ourselves fully to fostering growth in companies, local communities, and the Japanese economy.

Message from Head of Sales Headquarters

We will reclaim the golden cycle and return to a growth trajectory

Yasuyuki Suzuki
Nihon M&A Center Inc. Executive Managing Director, Head of Sales Headquarters

Tightening Our Sales Approach and Improving the Quality of Our Work

Focusing on relationships with our network and strengthening direct marketing

Looking back on FY2024, the shift to a higher interest rate environment impacted financial institutions' M&A financing. This occurred amid growing concerns over troubles caused by unethical buyers and a decline in the quality and ethics of operations throughout the industry. As customers shift toward seeking safer and more secure M&A, the number of new sell-side mandates, a leading indicator, reached a record high.

We see the increase in sell-side mandates as a result of focusing on building trusted relationships with each network under the channel system described later. This achievement also reflects our strengthened direct marketing efforts, which combine area marketing, seminar marketing, and digital marketing. The Growth Strategy Development Center, which handles consultations on mandates and closings for medium-sized companies cross-company, succeeded in its efforts, leading to an increase in mid-cap projects expected to generate contingency fees of ¥100 million or more upon closure.

The remaining challenge is to increase the number of transactions closed. Without successfully closing the mandates, we cannot support our clients' business succession or growth. As clients deepen their understanding of M&A and adopt a more cautious stance, we will aim for the highest number of transactions closed by advancing sales activities that closely support our clients.

Increasing the number of deals closed through the introduction of channel system

We overhauled our sales organization in FY2024, replacing the previous five divisions with a more segmented channel system. We now operate a system with 10 channels: Accountants, Regional Financial Institutions, Securities, Megabanks, Corporations, Direct Marketing, Growth Strategy, Industry Focus, Healthcare, and Special Situations.

Each channel has a distinct mission and carries out its work using a specialized approach. For example, the Accountants Channel focuses on board members of the Merger and Acquisition Association of Japan, which includes about 1,100 accounting firms and tax corporations nationwide. It conducts sales activities aimed at resolving challenges faced by their clients. The Regional Financial Institutions Channel collaborates with regional banks and credit unions nationwide to deliver regionally rooted sales to each institution's client companies. The Securities Channel and Megabanks Channel also secure sell-side mandates through network sales.

Meanwhile, the Direct Marketing Channel captures seller needs through region-specific sales, independent of network referrals.

The Corporations Channel finds buyers nationwide for sell-side mandates acquired through these sales activities.

The Growth Strategy Channel, which specializes in mid-cap projects, serves both sellers and buyers. Similarly, the Industry Focus Channel targeting sectors undergoing rapid restructuring such as manufacturing, transportation, and IT, and the Healthcare Channel which specializes in medical institutions and pharmacies, handle both sell-side and buy-side transactions.

The Special Situations Channel focuses on mandates where the search for buyers has extended, using expert matching to bring deals to completion. This team supports clients through to the final resolution of their challenges, a hallmark that distinguishes us from other firms in the industry.

By introducing the channel system, we have segmented and specialized our mission targets, creating a structure that provides clients with more focused and attentive support.

We increased the number of departments, general managers, and group leaders within each channel, narrowing the scope of management. This has enabled us to implement more detailed human resource development than before. The positive effects of introducing the channel system can already be seen in our leading indicators for FY2024. We will continue to achieve results by maintaining close engagement with clients to drive growth in the number of transactions closed in FY2025.

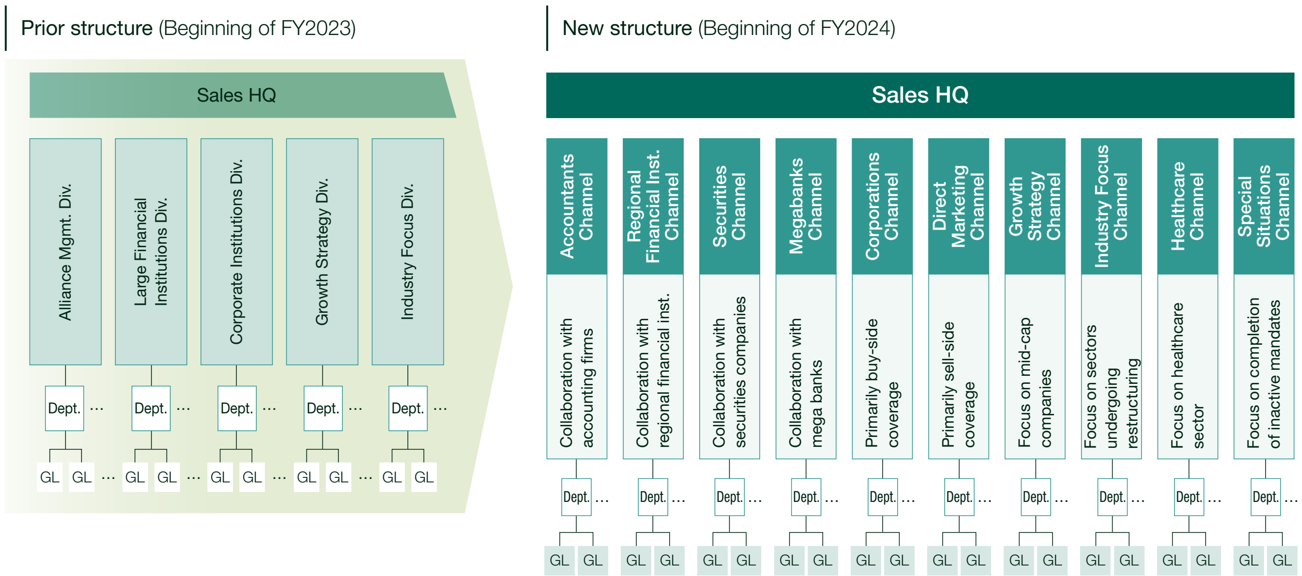
We strengthen our commitment to clients by deepening engagement and intensifying sales activities

The key to increasing the number of transactions closed is to intensify our sales approach and closely support clients seeking safe and secure M&A solutions. To increase the number of meetings with clients and business partners and allow more time for each engagement, we have lowered the budget (sales targets) for sales activities. We especially want our younger members to achieve results through a careful sales approach and share joy with their clients. Our aim is to help them build confidence and a sense of accomplishment.

Another key factor in achieving our target number of transactions closed is the initiative we call standardization. We standardize the sales negotiation process, using it as highly reproducible know-how shared within teams. This improves the quality and efficiency of our business operations. Following on from FY2024, we will continue strengthening our sales capabilities through standardization, including the development of young talent.

Prior to the inappropriate incident that occurred in FY2022, the Sales Headquarters had maintained the “golden cycle.” It was achieving annual targets by the third quarter through a strong start in the first quarter, then using the relaxed fourth quarter to prepare for the next fast start, resulting in steadily growing performance.

Over the past three years, we have steadily advanced compliance management while implementing initiatives to restore our performance. We continue to strive to return to a growth trajectory and intend to rebuild our original “golden cycle.” We will solve more customer challenges to create a company that brings satisfaction both to employees and stakeholders.



Creating a mission-driven organization with more attention to detailed management and training

Engagement with Clients, Business Partners, and Shareholders

Accounting Firm Discussion

Realizing a “growth cycle” where the survival and development of SMEs leads to the growth of accounting firms and ultimately Nihon M&A Center.

The representative of Mikata Group, who received the 2024 MVP (Excellent Firm Award) from the Merger and Acquisition Association of Japan, and the head of the Accounting Channel at Nihon M&A Center, who collaborates with certified public accountants and tax accountant firms, discussed the importance of M&A support services in accounting firms.

Mr. Noboru Shibata
Mikata Group Representative

Satoshi Kamiebisu
Nihon M&A Center Inc.
Executive Officer, Head of Accountants Channel, Sales Headquarters

An M&A network connecting over 1,000 certified public accountant and tax accountant firms nationwide

Kamiebisu Nihon M&A Center Group was established in 1991 through joint investment by certified public accountants and tax accountants from various regions. Since our founding, we have built our network through partnerships with accounting firms, and in 2012, we established the “Merger and Acquisition Association of Japan” as a formal organization for this network, with the aim of further expanding it. Now over 1,000 firms nationwide have joined as board members, and in the Accountants Channel that I oversee, we work on expanding the accounting firm network and providing M&A support to the clients of our board members.

Shibata Mikata Group, with a nationwide headcount of over 600 staff, resolves management and asset formation issues for approximately 12,000 SME owners. With our motto “Becoming partners in business and life,” we pride ourselves on being a unique organization that provides comprehensive support for both business and life. As partners of owners, we provide continuous support so that the precious companies they have built throughout their lives can be passed down for the long term.

Kamiebisu Mikata Group has specialists in various fields such as asset tax and corporate restructuring, doesn’t it? I have the impression that professionals from each field form teams and actively take on high-difficulty transactions. How do you approach M&A services?

Shibata Thank you. When Mikata Group first joined the association, our headcount was about 20 people. Therefore, although we sensed the growing need for M&A, at that time we were almost solely focused on tax accounting. Later, as our business grew, we established a specialized M&A department and began providing M&A support in earnest. By supporting their growth via business succession, we feel that we are helping our customers while also contributing to resolving the social issue of successor shortages.

Benefits of partnership between M&A intermediary company and accounting firm

Kamiebisu The Mikata Group received the MVP and Best Seller-side Advisory Award at Madrid International Conference 2024(the “International Conference”) hosted by the Merger and Acquisition Association of Japan. Your number of closed deals is outstanding even at the national level. Could you tell us how you advance deals to closure, and what the benefits of partnering with our company in that process are?

Shibata At Mikata Group, staff members collect information about customers’ finances, families, real estate, insurance, and so on through daily communication with them, so we always understand the current situations of our clients. We use this information to identify latent issues, and if M&A would be

*Annual event that brings together board member firms which led client companies to M&A closure effective as a means of solving those problems, we work toward deal closure with Nihon M&A Center after obtaining the customer's approval.

The greatest benefit for certified public accountant and tax accountant firms partnering with Nihon M&A Center is being able to utilize its industry-leading network. By receiving support, we can present more options to customers during the matching phase.

Of course, our profit margin is higher when we complete an M&A deal internally, but when we involve Nihon M&A Center, our position shifts from one of making proposals to the owner to one of receiving advice while standing by the owner's side. This allows customers to proceed with M&A with peace of mind, and increase customer trust, thanks to the expansion of what we can offer as a company.

Kamiebisu Certified public accountants and tax accountants are the closest consultants for SME owners, so if many firms could accompany them on their M&A journeys like Mikata Group does, I think significant advances would be made in resolving social issues through the popularization of M&A.

Shibata Today, awareness of M&A as a means of business succession has increased, and business owners' consciousness has changed, so it has become easier to make proposals to clients. However, the challenge is that many firms are unable to take the first step, and Mikata Group was no exception to this in our early days. If the firm's management doesn't take a step forward, the staff will step back about five steps, so I feel we need to first change top management's attitudes toward M&A.

Kamiebisu You have put tremendous effort into activating the accounting firm network, including by giving lectures to board members at the International Conference and regional chapter conferences.* What particularly impressed me was your lecture titled "the Infinite Possibilities of Accounting Firms." The idea was that if all board member companies closed one deal each, we could go even further beyond the record-high 2024 results. And your comment that the number of deals closed is far too few given the number of board members made me reaffirm the immense potential of the accounting firm network.

*Event for board member firms held approximately twice a year in each of the 12 areas nationwide

To further draw out this potential, our company will continue to do whatever it can in terms of M&A support for board members, including running M&A study sessions, providing marketing materials, know-how, and data, conducting deal exploration meetings, and organizing joint visits.

Focusing on network expansion and activation with the aim of resolving Japanese social issues

Shibata With the majority of certified public accountant and tax accountant firms being small-scale offices, consolidation and scaling will undoubtedly progress in the future. For firms, including Mikata Group, to continue growing, business expansion is essential, and to that end, expanding M&A services, an area where demand is increasing, is a must.

Given such circumstances, I personally believe that for operations other than core services such as tax affairs and accounting, partnering with specialized organizations as needed benefits customers more. Going forward, we will be aiming for further growth by working together with Nihon M&A Center to resolve customer issues and, ultimately, social issues.

Kamiebisu In Japan, where the working-age population continues to shrink due to the declining birthrate and aging society, the importance of M&A will continue to increase. If, through the Merger and Acquisition Association of Japan, accountants at firms, who are in the closest position to business owners, can make M&A proposals and provide services to more clients, this will lead to client growth. And as more clients grow via M&A, this will lead to the further development of the firms, and we will also be able to grow together with the firms and their clients. We don't view any one party as being the starting point. Rather, we want to realize a "growth cycle" whereby all three parties ultimately grow together. Therefore, our company's policy is to continue focusing on expanding and activating the certified public accountant and tax accountant firm network, with the aim of taking the entire industry to a new level.

Shibata We would very much like Nihon M&A Center to continue supporting Mikata Group's growth going forward. Even if we became dozens of times larger, it would be impossible for us to be involved in resolving all Japanese companies' issues. That's precisely why we would like your cooperation in supporting young, ambitious accounting firms so that more and more firms can enter the M&A support field and contribute to corporate growth and development, and also, the sustainable growth of society. Let's work together toward a bright Japanese society by invigorating the industry as a whole and SMEs that are our clients.

Kamiebisu Thank you. I am truly grateful that you always give us various insights with positive words. We will be happy to continue receiving your advice.

We plan to continue working on expanding the accounting firm network and collaborating with firm operators to energize the industry, so we hope that accounting firms nationwide will resonate with our purpose, to ensure the survival and development of clients, and consider joining us.

Also, as I have stated, I am convinced that the potential of accounting firms in the realm of M&A support is infinite, so I would like shareholders and investors to look forward to the realization of that potential and the future initiatives of the Accountants Channel.

Roundtable Discussion on Joint Ventures with Regional Financial Institutions

Mr. Akihiro Yonemoto
Kyushu M&A Advisors Co., Ltd.
Representative Director

Mr. Tomoatsu Kaku
NOBUNAGA Succession Inc.
President and Representative Director

Yasuyuki Suzuki
Nihon M&A Center Inc.
Executive Managing Director
Head of Sales Headquarters

M&A is a powerful solution for resolving regional issues and realizing regional revitalization

Synergies created through joint ventures with regional financial institutions

Joint ventures that strengthen cooperation with regional financial institutions and promote regional revitalization.
—We invited the heads of two of our joint ventures to discuss the background to the establishment of their companies and the future directions for them.

Saving as many regional companies as possible from the crisis of business closure

Suzuki Nihon M&A Center Group has been teaming up with regional banks and credit unions to support business succession for SMEs nationwide. In 2023, we established the joint venture NOBUNAGA Succession Inc. (Gifu Prefecture) with Juroku Financial Group Inc. (Gifu Prefecture) ("Juroku FG"), and in 2024, we established Kyushu M&A Advisors Co., Ltd. (Fukuoka Prefecture) with The Higo Bank, Ltd. (Kumamoto Prefecture) and E. Sun Venture Capital (Taiwan). We are accelerating the resolution of business succession issues in regional areas.

Kaku Juroku FG had established a specialized department within its subsidiary, the Juroku Bank, Ltd., to support business succession and M&A. However, as the problem of aging owners and the absence of successors became more serious, we felt we needed to provide even higher quality services as a specialized business. Juroku FG prioritizes contributing to customer growth, and we recognize that it's important to partner with specialized professionals, especially in fields where demand is increasing. With our transition to a holding company structure, we conduct core business in-house, but have also actively pursued new initiatives, including partnerships with companies in the same and different industries.

In addition to leveraging the trust we have built up over many years, by combining our solid customer base in Aichi and Gifu Prefectures, a strength of Juroku FG, with the knowledge and track record that Nihon M&A Center Holdings ("Nihon M&A Center HD") possesses, I am confident that we will be able to provide customers with the best service.

Yonemoto The establishment of Kyushu M&A Advisors Co., Ltd. was prompted by the arrival of Taiwan Semiconductor Manufacturing Company Limited (TSMC) in Kumamoto. At Higo Bank, in response to expanding M&A needs within the prefecture, we had been taking steps such as increasing the number of staff and establishing a specialized department, and TSMC's decision to expand its operation to Kumamoto came during this process. The size of the investment was huge, and opportunities for economic rejuvenation were building not only in Kumamoto but throughout the whole Kyushu region. Higo Bank thus needed to extend its reach to Fukuoka, Kyushu's largest market. At around that time, we were contacted by Nihon M&A Center HD, with which we have a long-standing partnership, and this led to the establishment of the joint venture. We had already forged a partnership with E.Sun Bank by establishing a business alliance in 2022, and we accepted an offer from E.Sun Venture Capital to invest in the joint venture. Since the M&A business is still in the development stage in Taiwan, E.Sun Bank is very interested in acquiring M&A know-how, and we would like to work on cross-border deals as well as promoting Japan-Taiwan economic exchanges.

Combining each other's strengths to provide region-specific solutions

Kaku Data shows that about half of all SMEs nationwide lack successors. Considering Juroku FG's customer base and the number of corporations in Aichi and Gifu Prefectures, there are a considerable number of customers within our reach who are troubled by business succession but haven't been able to consult anyone yet. In fact, I have seen cases where companies were considering suspending or closing their businesses because they had no one to consult with. To serve such customers, it's vital that we think about how to get them to consider and explore the possibility of M&A, and how we can gather information about them.

Yonemoto Kyushu is also in a very serious situation. For example, in Fukuoka in 2024, there were over 2,000 business suspensions or closures, which is about four times the approximately 500 bankruptcies that occurred that year.*1 2025 is the year when the baby boomer generation turns 75, so this problem will only become more serious. How to preserve companies that can transmit regional vitality to the next generation is an issue that the entire region should tackle together.

There are various ways to strengthen networks to tackle this issue, but strengthening engagement with key people in the region is important. Compared to Kumamoto, the Fukuoka market where our company is based is several times larger. There are opportunities for new business entrants, and because it's a commercial city that receives a wider range of information, and receives that information more rapidly, than anywhere else in Kyushu, it's important to rely on familiar key people concerning core matters for companies such as business succession and M&A. With only scant information, it's difficult to develop business, no matter how strong your sales skills are, so the key is to find ways of gathering a broad range of in-depth information.

*1 Bankruptcies: Teikoku Databank, Japan's Business Failures during FY2024
Business suspensions/closures: Teikoku Databank, Survey of Trends in "Suspensions, Closures and Dissolutions" of Kyushu Companies (2024), January 31, 2025

Kaku The greatest strength of financial institutions is their broad and deep networks within their regions. Having broad and in-depth information about things like the president's personality and their company's position in the regional economy plays a very significant role in winning a mandate.

After that, at the stage of aiming for deal closure, we can now discuss approaches for closing the deal with Nihon M&A Center consultants, who were previously external advisors, as colleagues in the same company. As the management team, we are also receiving the latest industry trends from President Miyake during meetings. I think Nihon M&A Center HD's participation in management in this way is a distinct advantage of joint ventures..

Yonemoto Since we started working together, we've found Nihon M&A Center's telemarketing methods to be very helpful. In the first year, with the aim of obtaining recognition, we focused on direct sales, along with holding seminars and working on media exposures. Telemarketing that conveys a feeling of being "keen to meet" became a learning opportunity for seconded employees from Higo Bank, and those seconded from Nihon M&A Center also seemed to learn a lot from Higo Bank's customer approach style. Through mutual learning in business operations, our sales capabilities have steadily improved, and in our first year of establishment, we acquired 20 mandates in areas outside of Kumamoto prefecture, in which Higo Bank has its customer base, and we are experiencing results beyond our expectations. These results have exceeded our expectations.

Suzuki Joint ventures have two major benefits. First, we can share regional issues in real time and provide services as one entity. Second, we have been able to deliver the "safety and security" that customers demand in a singular fashion. With incidents of M&A-related problems being reported in the media and customers feeling anxious, the fact that regional financial institutions with which customers have long-standing relationships and Nihon M&A Center HD, the industry pioneer, are working together as a team has become a factor in gaining trust from numerous customers.

Aiming for our own growth together with customer growth and regional growth

Kaku In FY2024, we achieved over 50 mandates, and entering FY2025, we have closed some major deals, so I feel we are growing steadily.

For future growth, creating new networks to capture latent regional needs is a task for the immediate future. While Juroku FG's network will be the route for obtaining core information, Nihon M&A Center collects and accumulates information broadly from across the country through diverse networks encompassing accounting firms, securities companies, and megabanks, so we would appreciate being provided with know-how related to that. At present, we are also working on strengthening our human resources to accelerate further growth. Until now, we have operated with about 10 consultants, but in April 2025, we added several new staff members and will continue to expand in a strategic fashion going forward. We are preparing to establish a structure that will allow us to handle more deals, and to provide services that meet regional needs.

Yonemoto Our company currently operates primarily in Fukuoka, but in the medium- to long- term, we aim to become a company whose activities cover the whole Kyushu both in name and reality.

Of course, we are counting on the provision of know-how for individual deals, but with an eye on revitalizing the Kyushu economy, we also have expectations for diverse business development in areas surrounding M&A by leveraging, for example, Nihon M&A Center's Fukuoka PRO Market support business*2 and its funds. One such fund is the Southern Kyushu Search Fund, which focuses on the three southern Kyushu prefectures and in which Higo Bank has also invested. We would like to continue working together to energize the Kyushu economy, so we're counting on you.

Suzuki Thank you. Looking ahead, we want to continue contributing to solving issues by staying close to customers, accompanying them step by step, and serving them with integrity, together with our partners in each region.

Regarding joint venture business development, we established Okigin Success Partners Co., Ltd. (Okinawa Prefecture) with The Bank of Okinawa in July. Going forward, if joint ventures are the best approach for resolving regional issues, we intend to actively consider them. The M&A sector is currently at a turning point, and the market environment is also changing significantly. We will continue to pursue M&A that is correct, compliant, and pleasing to customers.

*Fukuoka PRO Market is a new stock market for professional investors, the second in Japan, established by the Fukuoka Stock Exchange in December 2024. Nihon M&A Center obtained the F-Adviser qualification to investigate whether a company complies with listing criteria for the market.

Message from Head of Value Promotion Headquarters

Creating new value that leads to the highest number of transactions closed as a leading company comprised of a team of specialists

Yuta Noto
Head of Value Promotion Headquarters
Nihon M&A Center Inc.
Director and Senior Executive Officer

In October 2022, Nihon M&A Center reorganized its expert team, which had previously focused on individual project support, and established a Quality Control Headquarters. This restructure allowed experts to expand their scope of operations from focusing solely on individual project support to also include risk management.

In FY2025, we changed its name to Value Promotion Headquarters, to embark on a new start as a proactive division that not only maintains quality but also creates value based on the experience and knowledge we have accumulated thus far. With the aim of becoming a company resilient to change, we will further strengthen our support for the Sales Headquarters and achieve company-wide operational efficiency.

We at the Value Promotion Headquarters have adopted the slogan “Creating new value that leads to the highest number of transactions closed as a leading company comprised of a team of specialists.” We are committed to enhancing productivity and knowledge, and strive to remain a leader in the industry by establishing our position as a leading company.

Improvement of corporate productivity

Reduction of preparatory period* and improvement of the success rate

In terms of improving productivity, we aim to shorten the preparatory period and improve the success rate.

*Creation of company valuation reports and company profiles etc. to prepare for the matching process.

FY2024 (result)	FY2025 (target)
● More than half of all projects completed the preparatory phase within 60 days ● Number of new buy-side mandates: 1,495 (up 18.9% year on year)	● Further establish that “more than half of all projects complete the preparatory period within 60 days.” ● Further increase in the success rate after signing an advisory agreement with potential buyers

Specifically, in FY2024, more than half of all projects completed the preparatory process within 60 days. We aim to fully establish this ratio while also targeting to raise the success rate of buy-side advisors to an even higher level. Through these initiatives, we aim to increase sales per consultant and enhance our corporate value.

Company-wide guidelines:
Increase sales per consultant

Sales per consultant ↑ = M&A sales per transaction (average revenue per transaction) ↑ × Number of transactions closed per consultant ↑ = M&A sales per transaction (average revenue per transaction) ↑ × Lead time ↑ (shorten) × Success rate ↑

Utilization of knowledge

Building knowledge database

Regarding the utilization of knowledge, we aim to build the industry’s leading knowledge database in the medium to long term by using digital technology to aggregate and analyze information and systemize the information and results gained through our operations. Specifically, we will aggregate information related to past project analyses and success stories/break cases, making it easily accessible for M&A consultants to access quickly. This will improve the productivity of both M&A consultants and the Value Promotion Headquarters, establishing a system that enables us to provide higher added value to our customers.

Message from Head of Marketing Headquarters

Sharing the value of Nihon M&A Center with the world

Kaoru Nakagawa
CBO
Head of Marketing Headquarters
Nihon M&A Center Inc.
Director and Senior Executive Officer

Our goal is to increase brand loyalty and enhance our brand value by improving client satisfaction. We will further strengthen our competitiveness within the industry by visualizing client satisfaction and obtaining objective evaluations. By doing so, we aim to maintain our No. 1 position in terms of deal closings, increase client satisfaction, and establish ourselves as an industry leader with regards to both quantity and quality.

In order to respond quickly to diversifying client needs and changes in the market environment, we carried out organizational reforms and established a new Marketing Headquarters. This new organization is responsible for strengthening our strategy for achieving sustainable growth. We have five missions related to marketing, client satisfaction, branding, IT/DX, and data management, and aim to evolve as we pursue collaboration in each area. These initiatives will enable us to combine our marketing, IT, and branding capabilities to make the greatest contribution possible to achieving the highest number of transactions closed.

Marketing strategy

Responding to rapid advancements in IT and AI technologies

Backed by rapid advancements in AI and IT, marketing strategies in the M&A industry will also fully utilize the power of data and IT. In particular, advances in AI are becoming an increasingly important factor in effectively building connections with clients. By adapting to these changes, we will respond quickly to client needs and communicate more effectively.

Client satisfaction

Further improvement of client satisfaction

We will continue our efforts to further improve client satisfaction. In particular, we are focusing on holding Deal Closing Ceremonies and conducting client satisfaction surveys. The overall average score of client satisfaction surveys conducted after deal conclusion is high at 88.7 points, but the survey response rate is only 40%. We intend to support further improvement of client satisfaction by raising this figure to 60% and collecting more client feedback.

FY2024 (results)
● Ratio of M&A Deal Closing Ceremonies held 83.9%
● Client satisfaction surveys overall average score 88.7 points

Branding strategy

Strengthening our relationships of trust with clients

Intensifying competition due to the rapid increase in M&A intermediaries and the emergence of some inappropriate buyers has led to widespread unease in clients. Under these circumstances, it is even more important that we make sure that our value is fully understood and that we provide reliable information. To this end, we focused our efforts on communicating the value of the Group by creating a new brand movie that expresses the optimal M&A services we are trying to deliver in a more emotional and understandable manner.

We have also created a brand bible that compiles our founding history and strengths into one volume, allowing all employees to deliver a unified message, thereby strengthening our relationships of trust with clients.

IT/DX and data management

The Evolution of Real and Digital Marketing to Promote New Customer Acquisition

We are promoting marketing that combines both real and digital approaches. For example, by holding seminars, we are increasing touchpoints with customers and creating more opportunities for business negotiations. At the same time, we are implementing long-term follow-up that aligns with the consideration period of customers who participated in the seminars, utilizing digital tools. By leveraging the power of IT and data management, we are now able to conduct long-term follow-ups, which has been difficult in the past, more effectively and efficiently.

My Best M&A [Seller: Nakamura Kogei]

This choice was eventually "not wrong"

Ms. Mariko Nakamura Nakamura Kogei Co., Ltd.

Seller

- Nakamura Kogei Co., Ltd. (Higashiosaka-shi, Osaka Prefecture)
- Business: Manufacture and sale of bespoke furniture
- Sales: Approx. ¥260 million
- Number of employees: 18

Buyer

- Leap Tech Co., Ltd. (Osaka-shi, Osaka Prefecture)
- Business: Furniture and fixture wholesale
- Sales: Approx. ¥1.5 billion
- Number of employees: 27

*Information as of time of M&A execution

— When did you start considering M&A?

Around the time my husband, who is the president, was approaching his late fifties, financial institutions began asking us, "Have you decided on a successor?" We had three children, but even our eldest had not yet reached 30 years old, so it would have been difficult for them to lead the employees.

So we began to consider M&A as one method of business succession and gradually started collecting information. We spent about a year gathering information, but anxiety would always get the better of us, and we didn't get to the point of moving forward seriously with M&A. We didn't receive much in the way of specific explanations of what would happen to the company after a deal or how to proceed with negotiations, and we couldn't dispel our preconceptions about M&A that we might just be used and have our company taken away from us.

— It was under these circumstances that you thought about entrusting things to Nihon M&A Center, right?

A M&A consultant came to visit us and first listened carefully to the conditions we wanted. What we wanted was for the company name and treatment of the employees to remain unchanged, and also for the two of us to continue working in the same positions. In other words, we didn't want anything to change. After hearing these conditions, he said, "That's okay. We can do an M&A deal under those conditions." He then explained things in concrete terms based on his past experience. That became the biggest deciding factor in us choosing to entrust things to Nihon M&A Center.

— How did negotiations proceed after the signing of the M&A advisory agreement?

In about three months after we signed the agreement, three companies expressed interest. We then had meetings with the top management of two of them, one of which was Leap Tech. I thought it would take four or five years to find a buyer, so we'd be able to search leisurely. I never imagined we'd find one so quickly.

— Did you feel the benefits of entrusting things to an M&A intermediary company during the negotiations?

Various things happen during negotiations, and you become anxious. Even when the president got anxious and kept calling the person in charge, he always listened sympathetically and resolved the issues. When problems arose, he responded with precision and calm judgment, so we could entrust things to them with peace of mind.

Also, being the largest company in the industry, Nihon M&A Center has a solid corporate structure, and it was good that the various departments coordinated with each other to advance negotiations smoothly.

— Three years have passed since the M&A Deal Closing Ceremony. What changes have there been?

We were able to strengthen our sales activities, which had been a key task, and every year, we have been able to add around ¥60 million to sales compared to the previous year. Our market used to be centered in the Kansai region, but we have now opened a showroom in Tokyo and made a full-scale entry into the Kanto region.

— Looking back on your choice to go with M&A, how do you feel?

I think it was not wrong. After all, employee happiness and long-term stability are the most important things. In that regard, I think it was good that we were able to partner with Leap Tech, which has strong connections in the industry.

Left: Mr. Yuichi Miyazaki, Representative Director, Leap Tech Co., Ltd.
Right: Mr. Hiroshi Nakamura, Representative Director, Nakamura Kogei Co., Ltd. (position as of time of M&A execution)
*The deal was closed in 2021.

Financial Strategy

Message from CFO

Financial strategy to support our sustainable growth

Takamaro Naraki
Vice President and Director, CFO

Balancing aggressive growth investments and stable shareholder returns

A strategic approach to sustainable growth

The Group has set 4th-period medium-term management targets aiming for consolidated net sales of ¥54.0 billion and consolidated ordinary profit of ¥20.0 billion by FY2027, and is implementing strategies to achieve steady growth as a leading M&A intermediary company. To achieve these targets, we must strengthen our financial position while also implementing various measures that take into account changes in the external environment surrounding M&A. We have positioned recording solid profits through the achievement of steady growth to enable the long-term return of profits to our shareholders as a top management priority.

Since cash and deposits in particular tend to accumulate in the M&A intermediary business, we will strategically utilize this cash and deposits for investments that promote medium- to long-term growth with an eye to achieving sustainable growth and strengthening the financial position of the Group. Specifically, we will use accumulated cash and deposits to proactively invest in the fund business and AI and DX to support our medium- to long-term growth, thereby laying the foundation for further growth and setting a course for achieving sustainable growth. In this way, we will strive to strengthen our financial position and ensure stable shareholder returns, while actively utilizing cash and deposits for our growth. By appropriately allocating cash and deposits, we aim to provide stable returns to our shareholders and enhance our corporate value.

ROE-focused management strategy

Return on equity (ROE) is an important indicator in the Group's management strategy. The Group is making steady progress toward achieving an ROE of 25% by the final year of the 4th-period medium-term management targets, having achieved an ROE of 24% in FY2024. ROE is an indicator of a company's capital efficiency and is an important factor in supporting sustainable growth for a highly profitable company like ours. Increasing ROE not only enhances shareholder value, but also leads to increased trust from investors.

The Group has set a minimum ROE target of 20%. To maintain this minimum, we believe it is essential to thoroughly manage costs and develop new sources of revenue while steadily securing profits. Specifically, we aim to maximize profits by expanding our revenue base while reducing non-essential expenses through measures such as shortening the time it takes to close deals and improving operational efficiency in our fund business and M&A intermediary business using AI. If ROE falls below 20%, we will work to maintain and improve capital efficiency by considering share buybacks and other measures.

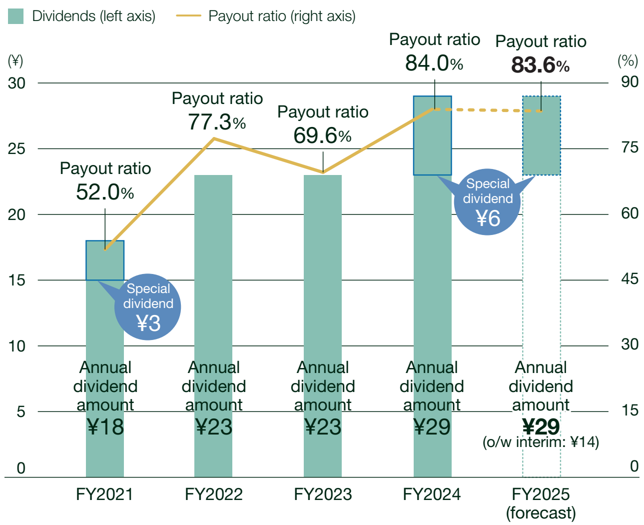
Our commitment to shareholder returns

Our basic policy in the 4th-period medium-term management targets is to achieve a dividend payout ratio of 60% or more. In line with this basic policy, in FY2024 we paid a regular dividend of ¥23 per share, plus a special dividend of ¥6 per share following the abolition of our shareholder benefit program. As a result, the annual dividend totaled ¥29 per share, equivalent to a payout ratio of 84.0%. For FY2025, we plan to pay a dividend of ¥29 per share (regular dividend of ¥23 and a special dividend of ¥6), the same amount as in FY2024, while maintaining our basic policy calling for a payout ratio of 60% or more.

We have elected to maintain the special dividend of ¥6 in FY2025 to keep the regular dividend at ¥23 per share in line with our basic dividend policy, while maintaining the dividend level of ¥29 per share in FY2024 to avoid a reduction in dividends. We consider the long-term return of profits to our shareholders to be our top priority, and since our listing we have paid a progressive dividend without making any cuts. We will maintain the above policy during this medium-term management target period and make sure to return the profits earned to our shareholders.

We will continue to prioritize shareholder returns and make ongoing efforts to ensure stable dividends. It is our duty to build trust with our shareholders and maintain long-term relationships by raising the dividend payout ratio. Going forward, I believe it is my responsibility as CFO to continue to manage the Company in a transparent manner and achieve sustainable growth for our shareholders.

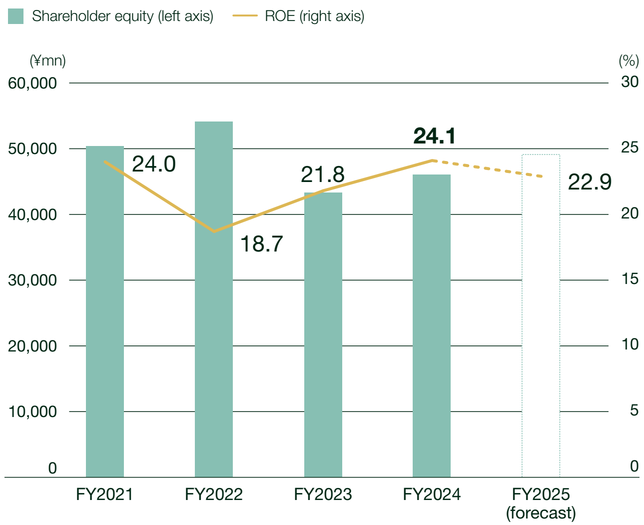
Dividends and payout ratio*



*Adjusted for two-for-one share splits on April 1, 2021

"Dividend payout ratio of 60% or more" to be continued during mid-term management plan period

Shareholder equity and ROE (return on equity)



ROE is hovering in the 20% zone

Message from CHRO

Supporting individuals who continuously grow independently as true professionals

Yasuhiro Takeda
Director, Head of Corporate Headquarters
Chief Human Resources Officer

Developing Professionals Who Create Value

FY2024 was a year we reaffirmed the importance of human resource development

All our employees are required to have an overwhelming drive to achieve personal growth and a sense of social mission. In FY2024, we built on this understanding and reaffirmed the importance of human resource development. Drawing on our past initiatives, we drove a further evolution in our human resources strategy.

A key milestone was the formulation of our “Employee First Strategy” in FY2020, which marked our shift from human resource development led by top management to a more systematic, organization-wide approach. We began efforts such as systematizing our training programs and implementing employee surveys to monitor employee motivation. In FY2023, we reorganized our HR and personnel divisions—previously split by function into recruitment and training—into mission-based teams. This created a unified system to drive recruitment, development, and support for employee success.

With an eye to medium- to long-term growth and a strong focus on recruitment, an ambitious target was set for FY2024: a net increase of 120 M&A consultant s. I was appointed CHRO of the HR and personnel divisions, which had set those ambitious targets, in June 2024. Recruitment generally proceeded as planned through the first half of the year. However, in the second half, considering the progress of human resource development, we recognized the need to further enhance OJT at the workplace. We therefore shifted to a more selective hiring policy. I believe it is crucial to ensure true professionalism among M&A consultants and the staff who support them. The importance of training and learning has become a shared understanding across the HR division, the field, and management.

Based on this awareness, we revised our initial training curriculum for M&A consultants and organized our development support into lists and visualized, standardized formats. We also implemented a company-wide training program for junior corporate staff, which had not been offered before. While recruitment is important, our goal is to build a foundation that fosters long-term talent growth covering post-hire development, retention, performance support, and career development.

At the initial entry stage, when newly hired consultants complete the HR division's one-month training and move on to OJT, we have created a system that "trains the trainers." This system involves listing and visualizing what the consultants can and cannot do, as well as what should be taught on-site and in what order, essentially serving as a human resource development manual for those providing training. We are sharing this system to promote greater involvement in human resource development efforts not only among senior employees responsible for OJT but also among group leaders ("GLs") and general managers.

As a result, although the net increase was limited to 71 consultants in FY2024, the number of new hires remains high compared to recent years. We also consider it a certain level of achievement that our new mandate contract and deal closing targets set as benchmarks for initial training have recovered from their recent decline.

Expanding sales per employee across the entire workforce

Our corporate division's primary goal is to boost sales per employee for all employees and enhance the value of the Group. Achieving this requires two conditions.

First, we aim to increase sales per consultant. We will strengthen our efforts to develop and retain human resources to drive sales growth that exceeds increases in headcount. Within the Group, consultants typically develop solid skills and show significant performance improvement within three to four years of joining. Therefore, both training and support for retention and active engagement are essential for driving sales growth.

The other condition is maintaining the right number of corporate staff to support M&A consultants effectively. Instead of simply adding staff as workloads increase, we will create training opportunities to boost individual skills, use digital tools to improve efficiency, and enhance the quality of support while maintaining a consistent team size.

Currently, consultant training includes onboarding education and a one-year "2in 1 system," where each new employee pairs with a senior employee to jointly achieve targets. Going forward, we plan to extend this support by two more years, providing close guidance to new hires through their third year. Within that system, for new hires who are slow to become productive, we are considering shifting from what has been primarily OJT to support led by the HR division.

To move these initiatives forward, we need to create a skill map that visualizes, for each employee, what skills they have, what skills they lack, what their future goals are, and what they need to achieve them. Making the most of this data and applying it to human resource development will be a major task in FY2025.

Both the competency visualization measures, such as training manuals and skill maps, and project management visualization measures through the segmentation and standardization of the sales negotiation process, share a common approach: standardization. Through standardization, we expect to enable numerical monitoring in the future, which will allow us to further enhance our human resources strategy.

Strengthening employee retention and bottom-up initiatives

Turnover among consultants with more than three years of service has been declining steadily, indicating improved retention. However, among the new employees with limited deal closing experience, there is still a certain level of turnover. The high difficulty of the work could be a key factor behind this turnover. Consultant work is highly complex, requiring broad knowledge across areas such as tax affairs, accounting, finance, HR, and marketing. At the same time, consultants must be empathetic and closely attuned to the concerns of business owners. Our HR data shows that many employees who do not achieve results in their first year go on to perform strongly from their third year and earn promotion to GL. However, some employees find it difficult to achieve the results they expected in their first year, which leads to early turnover in some cases.

In response to this situation, we are considering introducing a long-term mentoring system to follow our 2in 1 system. To implement this system, it will be important to "train the trainers," so we are steadily preparing for that purpose.

Meanwhile, our employee engagement survey, conducted each year for all employees, showed a high engagement score in the FY2024 benchmarking analysis against other companies. We also found that the thoughts of top management have gained more traction internally than would be the case at other companies. At the same time, there is a need to further strengthen our bottom-up initiatives.

To strengthen bottom-up communication, we have launched "Two-Way Talk" sessions where about 10 employees directly ask questions to management and headquarters heads. These exchanges provide valuable insights that we use to guide our management decisions.

The Group serves a vital role in society. With this mission in mind, we will further enhance the corporate division's functions to contribute to society alongside professionals who continue to grow independently as true experts.

Human Resources Initiatives

Our most important management resources at Nihon M&A Center Group are “human resources,” or “employees.” It is through the growth and success of our employees that we can achieve our “Purpose” of “To connect hopes and dreams for the best M&A experience”. Therefore, we consider the realization of an organization and environment where employees can work enthusiastically to be the most crucial component of our materiality.

We require that all of our employees have an overwhelming drive to achieve personal growth and a sense of social mission. With these two qualities, employees are expected to pursue personal growth while also engaging in their work with a mentality of contributing to society.

As we work to create an environment conducive to this, we focus on promoting the Philosophy established in FY2022. We position this Philosophy as the code of conduct and decision-making criteria for all employees to achieve our Purpose. It serves as the common guideline from recruitment criteria to human resource development and performance evaluations. Having firmly ingrained this Philosophy, our next step has been to set “Becoming a Group of Autonomous Professionals!” as our management theme since FY2024, and have developed a variety of initiatives and activities to foster professionalism and support the growth of each employee.

The Group defines professionals as follows.

① Professional consultant

To support the survival and development of SMEs, which is a social issue, and ultimately contribute to the economic growth of the Japanese economy, consultants must have the ability to provide comprehensive support not only to SMEs, and should have the capability to halt a deal if it does not lead to the best M&A. To achieve this, consultants should actively pursue personal growth to accumulate experience in closing about 10 M&A deals within the first three to four years.

② Professional corporate staff

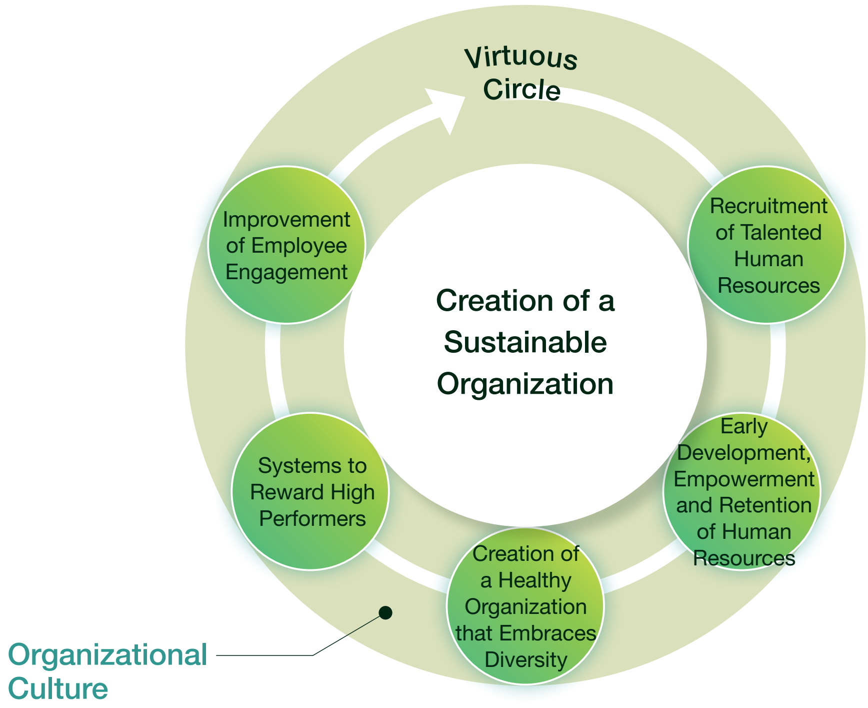
The corporate staff must have the ability to identify problems, propose solutions on their own,and standardize these solutions into general patterns for efficient operation, and enhance their work through the use of digitalization. They should possess the skills to be leaders in their industry. Furthermore, they should have a broad perspective that allows them to see not only the optimization of their specialized field but also the overall optimazation.

Integrated structure of recruitment, training & development, and performance support

As we are the originator of M&A intermediary business for SMEs, our business model is unique to the Company, which means there are few ready-to-go talents available in the job market. Therefore, we believe that recruiting and developing highly talented individuals in-house with untapped potential and providing an environment where they can excel over the medium- to long-term are directly linked to the Company’s growth and success. With this in mind, we have established a comprehensive system that encompasses recruitment, training & development, and performance support for our employees to succeed.

In designing the organization, we carefully review the background and aptitude of each individual before determining the department and role for both new graduate entrants and mid-career hires, in order to incorporate a wide variety of human resources into the organization. We have a system in place to provide thorough training for one to two months after employment, and to support even inexperienced employees until they become full-fledged M&A consultants. Under the banner of “Employee First Strategy” set in FY2020, these principles aim to strengthen the organizational structure that supports employees’ career enhancements.

Overall Picture of Initiatives for Human Resources



Recruitment of Talented Human Resources

In our recruitment activities, we enthusiastically communicate to deepen understanding of our company's business operations and growth strategies. This includes monthly events featuring our President and other executives as speakers, as well as utilizing internships, workshops, and YouTube streaming for students. The summer internship for students, conducted in FY2024, ranked 1st in category "Contribution to personal development" of the "Most worthwhile internship for students in 2025" awards by "Shukatsu Kaigi."

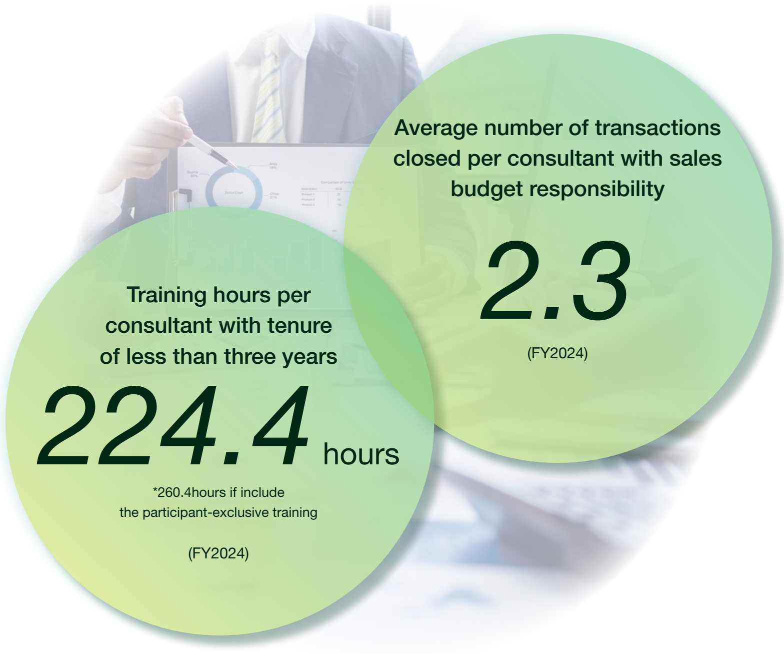
Additionally, we place emphasis on employee referral recruitment to secure individuals who resonate with our "Purpose."

You Tube video project We are releasing videos about a day in the life of an M&A consultant, training for new mid-career employees, career stories of M&A consultants, etc.
https://www.youtube.com/@nihonma/videos

Early development, empowerment and retention of human resources

In terms of talent development, we have implemented training programs based on specific objectives and targeted organizational layer. They construct a structured and comprehensive curriculum. For consultants and corporate staff, we determine the focus for each fiscal year based on the experience levels in the three tiers: "senior management," "middle management," and "team members". In FY2021 - FY2022, we focused on strengthening the middle management layer, including group leaders and section managers.

As the younger talent pool is expanding due to proactive recruitment, we have introduced a training system, "2in1," in which senior employees are assigned to be mentors to employees in their first year in the Company, supporting their onboarding and working to jointly achieve targets. Furthermore, for employees in roughly their fourth year in the Company, mentors are assigned not only from the pool of people in their chain of command but also people in other sections. Mentors training mentees, help prevent turnover, and provide support for their career development. The company-wide turnover rate for FY2024 was 14.9%, but our medium- to long-term goal is to maintain the rate at roughly the 12% level. To improve retention rates, we are advancing initiatives such as reviewing the evaluation system and enhancing career plans.



Average number of transactions closed per consultant with sales budget responsibility

2.3

(FY2024)

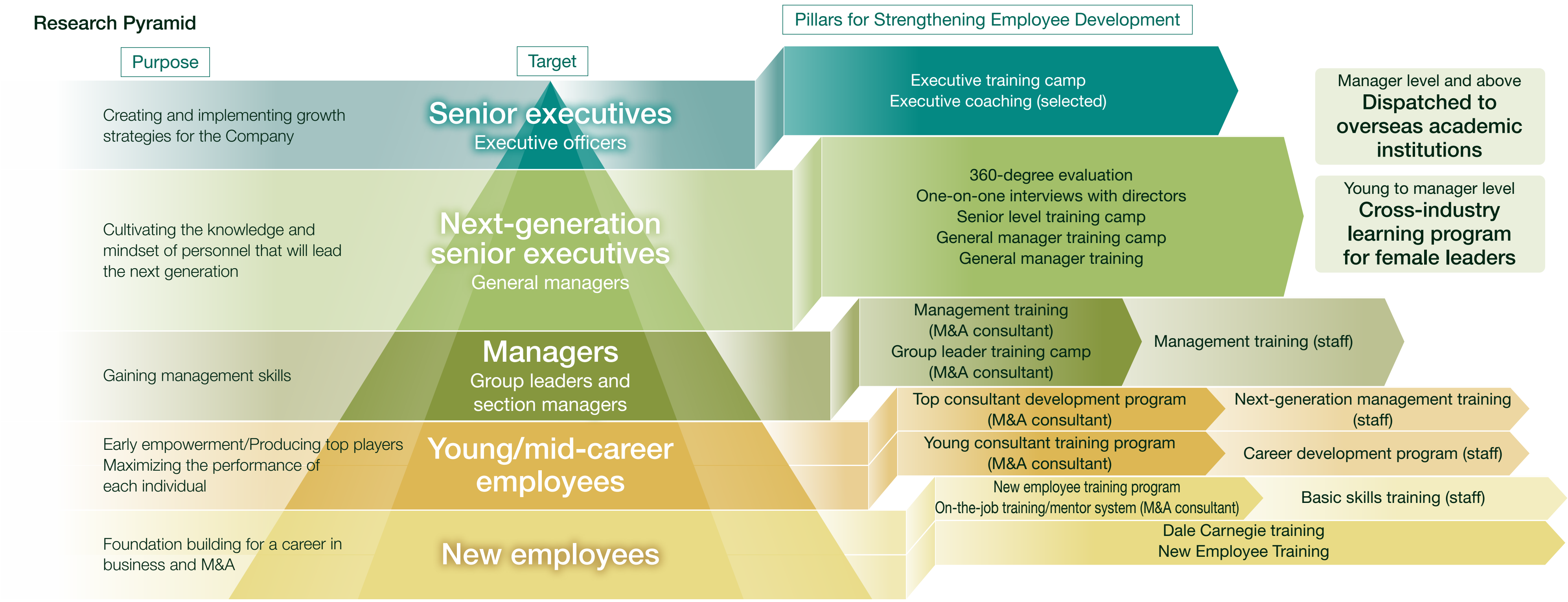
Training hours per consultant with tenure of less than three years

224.4 hours

*260.4hours if include the participant-exclusive training

(FY2024)

Research Pyramid



The following are excerpts from the training programs.

New employee training

Regardless of whether they are new graduates or mid-career hires, we conduct thorough training for each position over a period of one to two months. The training includes not only basic business etiquette and knowledge of the M&A intermediary services industry but also focuses on compliance education.

Next-generation management training for managers

We view the strengthening of the management skills of newly appointed managers, managers, and next-generation senior executives as an essential factor for the growth of our business. We help them to develop their task management and people management skills while taking productivity and operational efficiency into consideration.

- General Manager Training (layer-based)
- Management Training (layer-based)

Special training from top management

The President and Directors take on the role of direct mentors, offering core and young consultants opportunities to learn practical know-how and develop a client-centric approach through case studies, role-playing, and discussions covering the process from basic agreements to closures. As a leading company, we intend to contribute to raising the level of talent and improving the quality of services across the industry.

- Young consultant training program (selected)
- Top consultant development program (selected)
- Executive Coaching (selected)

Creation of a healthy organization that embraces diversity

Productivity improvement and workstyles

As a global company, we understand the purposes behind the laws and regulations set by each country and faithfully adhere to them. In Japan, we have concluded an agreement on "Overtime and Holiday Work (36 Agreement)" with the employee representatives based on the Labor Standards Act, ensuring compliance with appropriate working hours. We are striving to achieve a balanced state of mental, physical, and financial well-being for our employees in both their personal and professional lives by promoting operational efficiency and reducing long working hours. We have implemented flexible working hours for corporate staff and introduced a "free address office" in certain departments, where employees can choose their seats based on their daily tasks without having assigned spots. These initiatives aim to enhance internal communication and improve work efficiency.

Achievement of a healthy and safe workplace

Employee health is a necessary condition for the growth and success of our company. In April 2024, we introduced a dedicated company health insurance scheme for the Group. This scheme offers a flexible benefits plan called the "3KM Plan (Cafeteria Plan)," where each employee can use points to select various options for health promotion, relaxation, and more according to their preferences.

We continue to achieve a 100% participation rate in health check-ups, and the Group offers assistance for the cost of health check-ups at a level well above the legally mandated level. The risk indicators for stress checks conducted annually are also significantly lower than the national average. Additionally, we expanded our support system to ensure that employees have access to counseling from occupational health physicians and medical counselors as needed. In July 2024, we opened the "HR Portal Site" for employees, clearly indicating the contact point for the above counseling, as well as maintaining a FAQ for labor and human resource related inquiries and clearly indicating its contact point. Consultations and reports regarding bullying, harassment, and other labor issues are also accepted through our internal consultation and whistleblowing hotline. see page 68

Moreover, we actively support employee participation in the sporting initiatives such as MA6 (short for "Minna de After 6") activities, company-wide golf competitions, and the Financial Runners relay race. Thus, as part of our health management, we are dedicated to creating a workplace environment where employees can work vigorously, healthy, and safely.

Support for balancing work with childcare

We have implemented support systems for employees who are raising children, including a babysitter support fund and a system that allows them to extend the period of reduced working hours until their child reaches the fourth grade. We are continuously expanding these programs to support employees in achieving a balance between work and family life. In FY2024, we added a new paid leave for child nursing care, and introduced on a trial basis an early return support program, which provides childcare subsidies to employees who return to work before their child turns one year old.

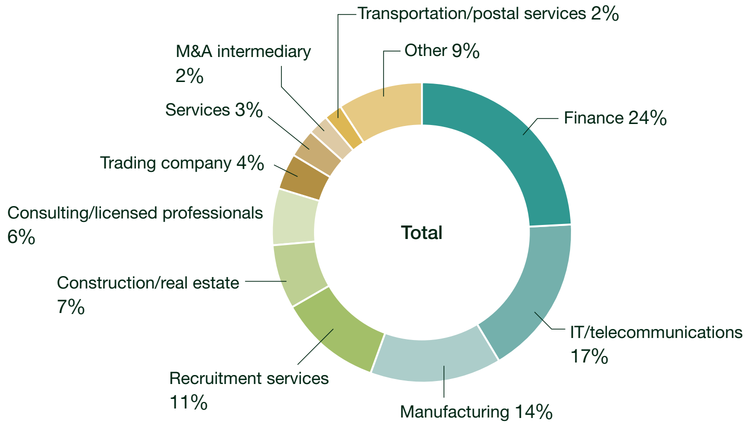
Diversity of Nationality

As our business expands globally, we actively recruit foreign nationals and local employees in overseas locations. In terms of equal opportunities and mutual understanding, we organize study sessions where overseas branch employees exchange information about sales methods and market analysis. We also offer opportunities such as organizing overseas study trips for our partnering accounting firms.

Employees with broad knowledge

We actively recruit mid-career personnel with diverse backgrounds. While many of our employees come from the financial industry, we also have employees from non-M&A industries, such as IT/telecommunications, and manufacturing.

Breakdown of Industries of Origin for Mid-Career Hires



*This data covers a total of 139 employees who joined the Company as mid-career hires in FY2024.
*This data is also classified in accordance with TOKYO SHOKO RESEARCH(TSR)'s industry codes.

Promotion of diversity & inclusion

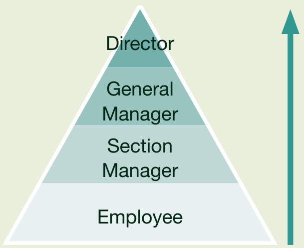
Under the belief that diversity is the key driver of innovation, we are actively promoting Diversity & Inclusion (D&I). In FY2022, we launched the “Women’s Empowerment Project” as an area of high urgency. Since FY2023, we have set various numerical targets and are fully committed to implementing D&I initiatives.

In particular, creating a system that allows female M&A consultants to chart their own careers and thrive is an important part of our growth strategy. As a result of our FY2024 initiatives, 19.4% of female employees participated in our training programs (held in FY2024), which serve as stepping stones to management positions for talented young employees. As of the end of FY2024, women accounted for approximately 10% of all M&A consultants.

Furthermore, in the employee survey conducted every 1-2 years, the score for the question measuring workplace diversity improved from 3.75 (FY2023) to 3.84 (FY2024). We believe that the ability to make proposals based on diverse perspectives will be a force that supports the future of SMEs.

Quantitative Targets

(As of start of the fiscal year)	2023	2027	2030
Ratio of female directors	14.3%	21.4%	31.3%
Ratio of female managers (Section manager level and above)	16.1%	21.1%	21.9%
Ratio of female employees	27.8%	28.9%	30.2%



Initiatives concerning human rights

We have signed the United Nations Global Compact (UNGC), which is an initiative promoted by the United Nations. We respect the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the four core areas of the International Labour Organization (ILO) standards. We promote human rights in the Group Compliance Fundamental Guidelines. In recruitment and promotion, we adhere to a policy of non-discrimination based on nationality, race, religion, place of origin, gender, age, disability, and other factors. Additionally, recognizing the need for special consideration regarding children’s rights, we support the international norms outlined in the “Children’s Rights and Business Principles” and strive to protect and promote children’s rights in our business operations.

Systems to reward high performers

Employee evaluation system based on our Philosophy

The criteria for hiring and the metric of performance evaluation are designed based on the “Philosophy”. We adopted a system in which those who embody our Philosophy more concretely and achieve higher quantitative and qualitative goals receive high evaluations. The results of these evaluations are fed back through regular one-on-one meetings with their supervisors.

From the viewpoint of fostering leadership, employees at the executive officer level and above are given “360-degree feedback,” in which information on the strengths and weaknesses of the individuals is gathered from surrounding employees and fed back to them directly. The results are used to appropriately recognize their own strengths, areas for improvement, and clearly envision their future goals to create a speedy growth cycle, and to check whether they are leaders who embody our Philosophy.

Recognition of high performers (MVP, Deal of the Year)

We have established a recognition system that awards outstanding performers twice a year. This system not only considers simple sales performance but also evaluates the quality of projects based on factors such as the significance of their social impact and the achievement of great synergy through innovative ideas. In addition to recognizing individuals with the Most Valuable Player (MVP) award, we also have the Deal of the Year, which acknowledges the entire team involved in a project’s success.

100% supported employee stock ownership program

To promote a strong awareness among employees of increasing the enterprise value on par with the shareholders’ perspectives, we have introduced a special support system within our employee stock ownership program. Under this program, the Company provides an incentive payment equal to the amount contributed by employees (100% matching). This initiative aims to enhance both enterprise value of the Company and the asset formation of employees, fostering a sense of fulfillment for both. In addition, starting in FY2024, we have begun holding quarterly financial results briefings for employees.

Improvement of employee engagement

Employee survey

We conduct employee surveys every 1-2 years. The results of these surveys, which can be considered as the "voice of the employees," have led to the implementation of various training programs and HR initiatives. We have introduced a quarterly pulse survey to track the progress in a timelier manner. We will continue to monitor regularly and focus on improving employee engagement.

Employee survey Rated on a five-point scale from 5 (highest) to 1 (lowest)

Theme	Question	FY2024	FY2025
Work	You find your current job rewarding	3.91	3.97
Workload/work-life balance	You are able to work without any physical or mental discomfort	3.64	3.73
Coworkers	You trust your coworkers	3.92	3.99
Supervisor	You trust your supervisor	4.01	4.07
HR system	Our personnel system helps you grow and improves your motivation	3.40	3.45
Top management	You trust top management	3.70	3.79
Engagement	You are proud to work for us	3.88	3.98

From FY2024, we have discontinued the pulse survey and integrated it into an annual survey covering all employees. The questions have also been revised to be more comprehensive.

*The company-wide employee survey is conducted for employees belonging to the Company and certain subsidiaries, including Nihon M&A Center.

*The company-wide employee survey also covered employees' attitudes regarding compliance. For details, please see P. 69.

Strengthening internal communication

We place the "3KM" at the core of our management concept and organizational culture, and under the 3KM concept, employees work to increase Motivation for the three Ks, "Kojin" (individual), "Katei" (household), "Kaisha" (company), and promote Management based on Marks (targets). For example, during one on one discussions between supervisors and subordinates, we encourage addressing all three aspects of 3KM covering topics from the perspective of "what it takes to be the happiest person possible".

Additionally, we organize events for employees' families, such as inviting high-performing employees and their partners to a theme park and hosting family events.

Furthermore, we support internal club activities "MA6," which promotes networking and team building across departments. We actively conduct club activities such as basketball, baseball, music, wine-tasting, yoga, golf, and relay running.

Family event held at Nishi-Nihon Branch

"MA6" basketball team

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First female M&A consultant at the Company to achieve ¥100 million in sales

I want to engage with customers with brightness and honesty

Reiko Ota Nihon M&A Center Inc. Consultant, Industry Focus Channel, 1st Department

Born in Tokyo. Joined the Bank of Yokohama as a new graduate in 2016, where she gained experience in retail sales operations. Joined Nihon M&A Center in April 2023. Became the first female M&A consultant at Nihon M&A Center to achieve annual sales of ¥100 million, and this outstanding performance earned her the President's Award for FY2024.

Q1 Please tell us what you keep in mind during business negotiations.

I primarily focus on not turning a blind eye to things. I make an effort to sensitively read the expressions, gestures, and response speed of customers during our meetings, as I believe their feelings are reflected in these behaviors. For example, when a customer says "Hmm?" during a meeting, I consider that not only may they have questions about the content, but also that they may be feeling dissatisfaction with me or the conditions.

If I sense something unusual, I always make sure to consult with my supervisor. M&A consulting involves a large amount of information, but just because you can't seek advice on everything, it doesn't mean you shouldn't consult at all. To eliminate customer dissatisfaction by accurately resolving questions and issues, I have been training to ensure that what my supervisor wants to hear aligns with what I want to say. All of this has been taught to me by my supervisors and colleagues, so I am grateful to them.

Furthermore, I simply want to engage with customers brightly and honestly. I also try to make sure to share information first that customers might be anxious about or things that are difficult to say.

Q2 Why did you change careers from banker to M&A consultant?

I changed careers at age 28, and during the remaining years of my twenties and early thirties, which are career-forming periods, I wanted to fully commit to work and grow. Also, I decided to change careers because I wanted to work in a growing industry. I was often told I was "not like a typical banker," and a customer I respected recommended me to become a consultant, which also served as a catalyst.

I've always loved working, I feel happy when I'm working, and I think I have strong motivation to grow. I'm very grateful to be working in an environment where both customers and employees are overflowing with growth motivation. Sometimes there are moments when I feel it's tough, but fundamentally, I'm really enjoying it, so I have no complaints. Also, my best friend's father sold his company through our company three years ago, and the advice I received from him before changing careers also gave me encouragement.

Q3 What are the good points about Nihon M&A Center?

It's the environment where it's easy to get motivated. When closing month comes around each quarter, instead of saying "Closing month is tough," people say "Closing month has come. It's your time to shine," which really motivates me. The work of an M&A consultant helps me grow, and when I see the satisfied expressions of customers who have completed M&A deals, I feel happy and that my work is enjoyable.

Q1 What kind of work are you currently responsible for?

I conduct M&A consulting business at the Malaysian local subsidiary. I mainly match companies within Malaysia with Japanese companies. I search for sellers by cold calling and utilizing our local network. Since the local subsidiary still has only a small number of employees, I also conduct preparatory work such as assessing seller companies and creating profiles of them, and when a buyer is found, I also manage M&A execution, including meetings with top management. I operate mainly in Kuala Lumpur and my hometown of Ipoh, and the two deals I closed last year involved companies from Ipoh.

Q2 What was the deciding factor for your career change?

In my previous job, I joined the investment banking department of a Malaysian securities company as a new graduate and provided listing support consulting services. I was also involved in corporate finance, so I had an interest in M&A, too. Malaysia is a country where M&A is still developing, and M&A has a significant impact on society. I decided to change careers because I thought I could contribute to Malaysia's economic development by promoting M&A among SMEs.

When I joined Nihon M&A Center, it was the second year since the Malaysian local subsidiary had been established, and there was excitement about growing the company like a startup. Another attractive aspect was the fact that it had a foundation in Japan, which provided a secure environment where I could take on challenges.

Q3 Please tell us about when you first joined the company.

There were only a few people, and we didn't have many deals to work on, so it was challenging. Unlike the head office in Japan which have abundant resources, we not only had to find sellers and provide support with deal closure, but we also needed to handle marketing and PR ourselves. Since making the business successful as a startup was also a key mission, balancing that with advancing deals was difficult. However, while we were the only ones at the local subsidiary, there were specialists in Japan who could handle various problems and issues, and we had an environment where we could consult with them anytime, so we solved problems one by one by relying on such people.

Q4 What is interesting about M&A work?

In Malaysia, M&A is not as common as in Japan, and currently many deals involve mid-cap companies, so M&A has a major impact on the market. When deals are closed, they are covered by the media, and company owners we visit often say to us, "You're from Nihon M&A Center, the company that handled that deal." Also, like in Japan, many companies conduct M&A due to the absence of successors, so the seller companies are very grateful to us.

M&A requires different knowledge for each deal, and what you gain is also different. I want to accumulate experience by working on various deals and building up the number of deals we have closed. I will keep going until we can say that "Nihon M&A Center is Malaysia's No.1 M&A firm."

Growing the local subsidiary with the aim of becoming "Malaysia's No.1 M&A Firm"

Vanessa Choy Nihon M&A Center Malaysia local subsidiary

Born in Ipoh, Malaysia. After working in the investment banking department of a major Malaysian securities company, she joined Nihon M&A Center in 2021, participating in the early startup phase of the Malaysian local subsidiary. Since then, she has provided M&A support to Japanese and Malaysian companies on numerous occasions.

Corporate Governance

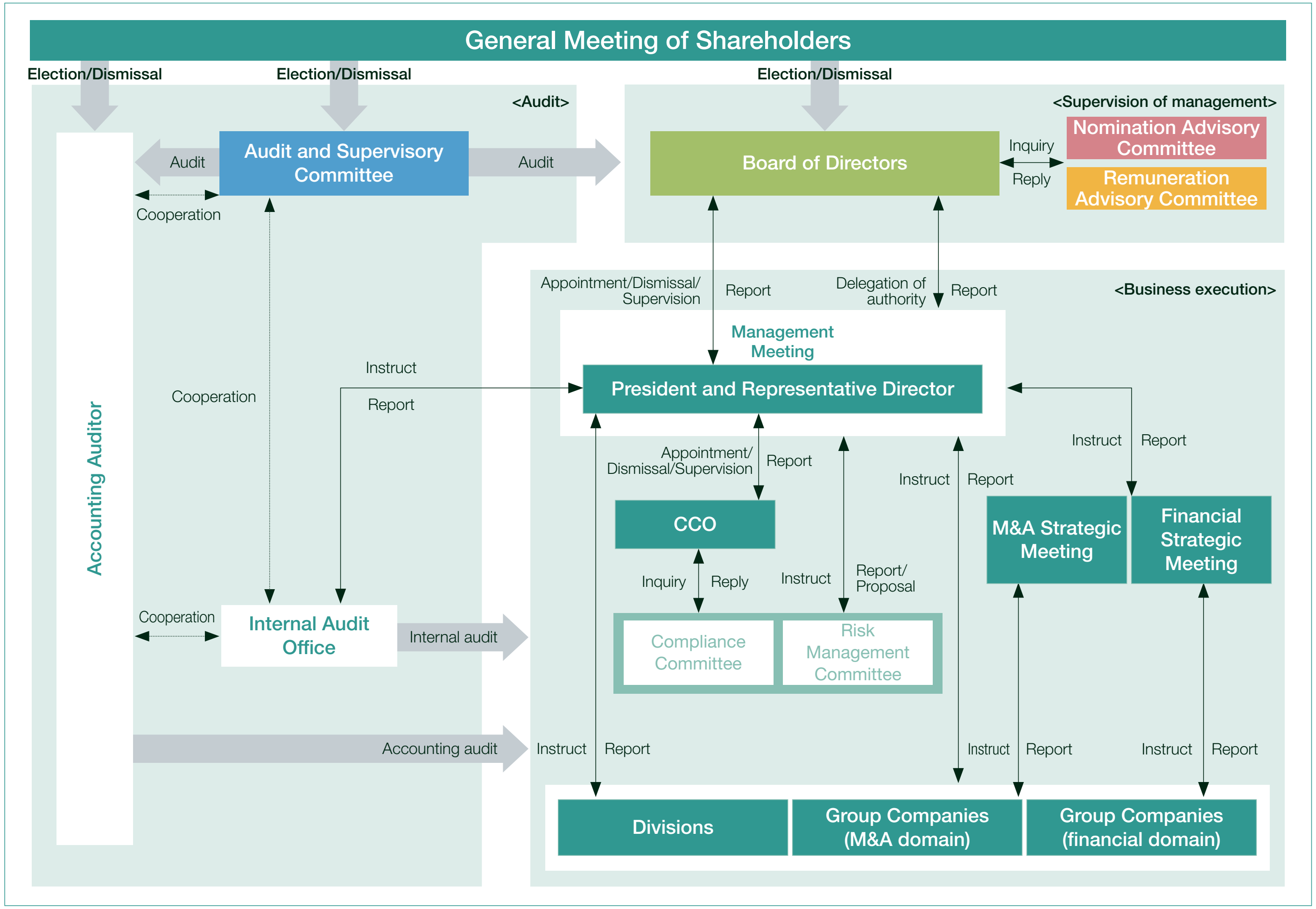
Nihon M&A Center Group considers the enhancement of corporate governance as a priority management issue in order to make a lasting contribution to society based on the corporate mission and to meet the expectations of various stakeholders.

By enhancing corporate governance, the Group can monitor the status of business execution and strengthen functions of appropriate check. The Group works the following points to be central to its corporate management and strive daily to achieve them.

1. Ensure sound and fair management and thorough compliance with laws and regulations
2. Ensure transparent management and full accountability
3. Ensure efficient management and strive to maximize shareholder value

Corporate governance framework

Governance at a Glance	
Institutional design	• Company with an Audit and Supervisory Committee
Number of Directors	• 10 (including 5 Outside Directors)
Number of Directors (Audit and Supervisory Committee Members)	• 3 (including 3 Outside Directors)
Term of office of Directors	• One year
Term of office of Directors (Audit and Supervisory Committee Members)	• Two years
Number of the Board of Directors meetings held	• 17
Number of the Audit and Supervisory Committee meetings held	• 17
Advisory body of the Board of Directors (voluntary committees)	• Nomination Advisory Committee • Remuneration Advisory Committee
Remuneration system for Directors	• Fixed remuneration • Performance-linked remuneration • Stock remuneration
Accounting auditor	• Deloitte Touche Tohmatsu LLC



Board of Directors

The Board of Directors has 13 members in total, which consist of 10 Directors (excluding Directors serving as Audit and Supervisory Committee Members), of which five are Outside Directors, and three Directors serving as Audit and Supervisory Committee Members, of which three are Outside Directors. The Board holds monthly regular meetings and extraordinary meetings as necessary to make decisions on basic management policies, important matters on management and matters stipulated in laws, regulations and the Articles of Incorporation as well as to supervise execution of duties by Directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Outside Directors (including one full-time Outside Director). The Audit and Supervisory Committee Members attend the Board of Directors meetings or other important meetings and constantly monitor the status of compliance with laws and regulations and other matters. They also browse important documents, conduct interviews on the progress of business and carry out audits on business execution, such as business audits and accounting audits. In addition, they regularly exchange information with the accounting auditor and employees in charge of internal audit to create a cooperative framework to monitor the management.

Nomination Advisory Committee

To ensure reasonableness and transparency of the candidate selection process for the proposal to elect Directors, which is submitted to the General Meeting of Shareholders, the Company has established the Nomination Advisory Committee, a voluntary advisory body to the Board of Directors. The Committee consists of five members in total, including one Representative Director, one full-time Director and three Outside Directors. One of the three Outside Directors chairs the Committee. The Board of Directors respects the contents of the Committee's discussions to the maximum extent and submits the proposal to elect Directors to the General Meeting of Shareholders.

Remuneration Advisory Committee

To ensure transparency and appropriateness of remuneration for Directors, the Company has established the Remuneration Advisory Committee, a voluntary advisory body to the Board of Directors. The Committee consists of five members in total, including one Representative Director, one full-time Director and three Outside Directors. One of the three Outside Directors chairs the Committee. The Committee deliberates and decides on the policy for determination of remuneration, etc. for Directors as well as on the details of remuneration, etc. for individual Directors. Based on the Committee's report, the Board of Directors determines the amount to be paid.

Management Meeting

The Company has established the Management Meeting under the Board of Directors. The Management Meeting consists of full-time Directors, a full-time Audit and Supervisory Committee Member, and CCO, as well as directors and executive officers of our subsidiaries.

The Management Meeting deliberates and decides on matters stipulated in the Management Meeting rules and matters for which authority has been delegated by the Board of Directors. In addition, the Committee discusses and decides on matters related to risk categories stipulated in the risk management rules, and regularly reports to the Board of Directors.

M&A Strategic Meeting, Financial Strategic Meeting

Under the Management Meeting, the Company has established the M&A Strategic Meeting, which oversees our subsidiaries and affiliates in the M&A domain, and the Financial Strategic Meeting, which oversees our subsidiaries and affiliates in the fund management domain. Both meetings consist of full-time Directors of the Company, as well as directors and executive officers, etc. of our subsidiaries.

These meetings work for information-sharing and cooperation in strategic aspects among the Company, subsidiaries and affiliates, and also function as bodies for deliberations and reports on implementation of matters designated by the Company, based on the subsidiaries and affiliates management rules.

Internal audit system

The Company introduced an internal audit system for business execution. In executing business, the Company constantly monitors compliance with laws, regulations and rules, as well as matters concerning standardization and efficiency improvement. At present, three members of the Internal Audit Office (of which, one is full-time member) are in charge of the system.

Risk Management Committee

Meetings of the Risk Management Committee, which is chaired by CCO and whose members consist of those who have been appointed by President and Representative Director, are held in order to address operational risks of the Group.

The Committee first identifies operational risks, analyzes, and assesses those risks. They then consider countermeasures which they monitor or improve if needed and report to the Management Meeting. While the Management Meeting covers other risks related to overall management, the Risk Management Committee reports those risks to the Management Meeting if they identify any.

In this way, we constantly create and maintain a framework where risks do not materialize, and where swift deliberation and communication are enabled should such risks materialize. The Group conducts encouragement and checks for directors and employees to ensure appropriate risk management.

In addition, the effectiveness of the Risk Management Committee is evaluated by the Board of Directors with a view to taking corrective action as and when appropriate. In the event that it is necessary to respond to changes in the business environment that require our reaction to be notified to all employees or to respond to a new form of risk category, we have in place measures to report issues and actions of each case to the Board of Directors.

Compliance Committee

There is a regular cycle of meetings convened for the Compliance Committee, which is chaired by CCO and whose members comprise a full-time Director, three directors and employees of Nihon M&A Center Inc. and a corporate lawyer. In addition to its activities as an advisory body to CCO, the Compliance Committee also has a function as a consultation and whistleblowing hotline.

Training for Directors

The Company offers purpose-specific training opportunities for Directors, in accordance with their expected roles, responsibilities and other factors where the expenses are borne by the Company. Internal Directors (including an Audit and Supervisory Committee Member) participate in external training programs, visit overseas countries to gain useful information and receive coaching. Meanwhile, Outside Directors (including Audit and Supervisory Committee Members) participate in company events and interact with managerial employees to deepen their understanding of management strategies, the nature and status of our business.

Succession plan

The Company deems the formulation and implementation of a succession plan for President and Representative Director as an important item in its management strategies. As part of the succession plan, the Company has changed to a pure holding company in October 2021. We will gradually delegate authority to each Group company and cultivate excellent human resources through their management. More specifically, we established the Management Meeting in 2022, and the M&A Strategic Meeting and the Financial Strategic Meeting which are group-wide meeting bodies in 2023. The M&A Strategic Meeting oversees our group companies in the M&A domain, including Nihon M&A Center Inc., and the Financial Strategic Meeting oversees our group companies related to fund management, including Japan Investment Fund Inc. Naoki Takeuchi, Executive Managing Director who concurrently serves as President and Representative Director of Nihon M&A Center Inc., is chairman of the M&A Strategic Meeting, and Masahiko Otsuki, Executive Managing Director who concurrently serves as Representative Director of Japan Investment Fund Inc., is chairman of the Financial Strategic Meeting.

Policies and procedures for the election/dismissal of Directors

To make appropriate decisions in accordance with the nature and scale of our business, we ensure that the Board of Directors maintains diversity and has an appropriate number of members.

The Company aims for a diverse Board of Directors in terms of skills, a wide range of experience, years in office, age and gender. Our medium-term target for 2030 is to make the proportion of female Directors 31.3%.

Internal Directors are elected based on the achievements in their respective fields. In addition, they are required to meet specific criteria, such as having a sense of mission, leadership skills, planning skills and other qualities required of a corporate manager; deeply resonating with our corporate mission and being able to constantly strive for the achievement of our management vision; and having the character and insights appropriate for a Director and being keenly aware of the importance of compliance with laws and regulations.

Outside Directors are elected based on criteria which include the ability to participate in and contribute to management of the Company from a viewpoint different from that of internal Directors and the ability to independently supervise execution of duties by Directors. There are no clear criteria and policies set forth for the independence of Outside Directors. However, Outside Directors are elected from among those who have a high level of independence. For this reason, persons who previously worked for the Group, major shareholders, persons related to major business partners and important stakeholders are excluded from the candidates. In addition, Outside Directors must have corporate management experience or knowledge of legal affairs or finance.

Based on the election/dismissal criteria, the ideal configuration of the Board of Directors, and the results of the 360-degree evaluation conducted by the Nomination Advisory Committee, among other things, Director candidates are selected by the Nomination Advisory Committee and the Board of Directors passes a resolution on the candidate selection. Thereafter, the proposal is submitted to the General Meeting of Shareholders. The proposal for candidates for Audit and Supervisory Committee Members is submitted to the General Meeting of Shareholders upon obtaining consent from the Audit and Supervisory Committee. The senior management is appointed based on a resolution of the Board of Directors, after the candidates are selected by the Nomination Advisory Committee.

In the case that any event that is deemed to fall under the criteria for dismissal of a Director or Representative Director occurs, the Nomination Advisory Committee deliberates and reports to the Board of Directors which makes a decision on the action.

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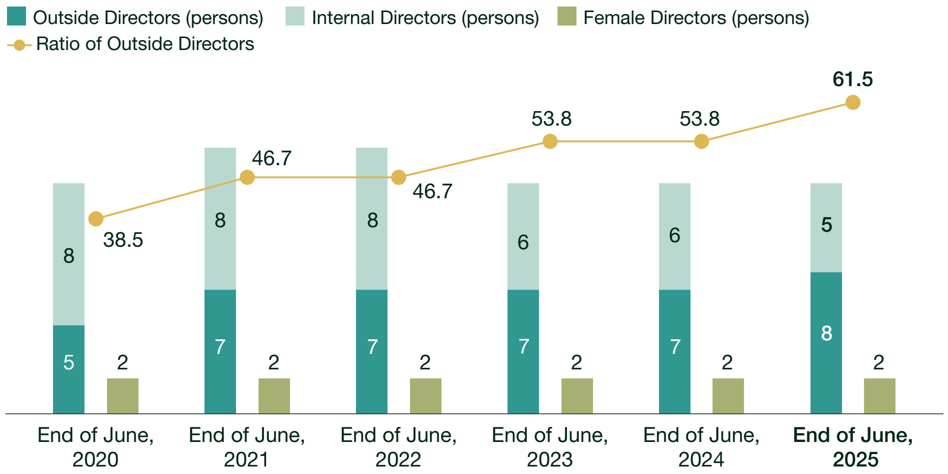
Board of Directors

Diversity of the Board of Directors



Operation of the Board of Directors

In FY2024, the Company deliberated on the implementation of various regulations to strengthen governance and measures to create new business opportunities. In addition, we spent time for deliberating agenda items such as investment projects, business alliances, materiality (priority issues) of the Company and quarterly financial reports.

Board of Directors meetings in FY2024	
Number of meetings held	17
Average number of agenda items (matters resolved and matters reported)	4.5
Average hours per meeting	2 hours and 2 minutes (3 hours and 15 minutes at the longest)

Major agenda items

- Shareholder return policy
- Report from the Nomination Advisory Committee
- Establishment of subsidiaries
- Revision on materiality (priority issues)
- Capital and business Partnership with Bring Out Inc.
- LP investments
- Establishment of joint ventures with financial institutions
- Evaluation of the Board of Directors' effectiveness
- Setting of a framework for discussion topics
- Measures against inappropriate buyers
- Revision to privacy policy

Evaluation of the Board of Directors' effectiveness

The Company started implementing evaluation of the effectiveness of the Board of Directors in FY2017.

The summary of the evaluation results for FY2024 is as described below.

<Method of evaluation>
The Company conducted a self-evaluation questionnaire survey which consists of 5-point scale evaluation for the following items and free writing for all Directors.

<Summary of evaluation results>
It was concluded that the overall operation of the Board of Directors is appropriate by and large and the effectiveness is ensured. Meanwhile, we recognize issues such as the operational efficiency of the Board of Directors and advance provision of information to Outside Directors. We will continue to examine and implement measures to improve these issues, evaluate the results for further improvement, and thereby work to enhance the functions of the Board of Directors.

Items in evaluation of the Board of Directors' effectiveness (total 52 questions in 8 areas)

1	Composition of the Board of Directors (3 questions)
2	Operation of the Board of Directors (11 questions)
3	Execution of roles and duties by the Board of Directors (17 questions)
4	Audit and Supervisory Committee (3 questions)
5	Outside Directors (4 questions)
6	Preconditions to ensure the effectiveness of the Board of Directors (5 questions)
7	Systems to support the Board of Directors (4 questions)
8	Enhancement of relationships with shareholders and other stakeholders (5 questions)

Audit and Supervisory Committee

Operation of Audit and Supervisory Committee

Audit and Supervisory Committee meetings in FY2024	
Number of meetings held	17

Major agenda items

- Implementation of audits based on audit plans and the preparation of Audit and Supervisory Committee audit reports
- Verification of execution status of Directors
- Report on the status of audit activities by full-time Audit and Supervisory Committee Member
- Cooperation and discussion with the Compliance Division
- Implementation of exchanges of opinions with Outside Directors
- Cooperation and discussion with the Internal Audit Office
- Implementation of exchanges of opinions with Audit & Supervisory Board Members at group companies

Voluntary Committees

Operation of Voluntary Committees

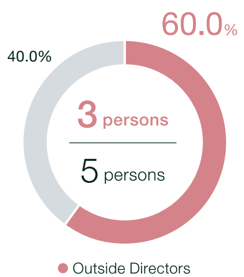
Activities of the Nomination Advisory Committee and Remuneration Advisory Committee in FY2024

	Nomination Advisory Committee	Remuneration Advisory Committee
Number of meetings held	12	12
Major agenda items	• Contents of reports to the Board of Directors • 360-degree evaluation for Directors • Implementation of governance training for Directors • Recruitment plan for female Outside Directors • Director and CXO structure for FY2025	• Basic remuneration and performance-linked remuneration for FY2024 • Introduction of and allocation criteria for stock remuneration • Change in the calculation method for performance-linked remuneration for FY2025 • Method for determining stock remuneration for FY2025 • New remuneration for Outside Directors in FY2025

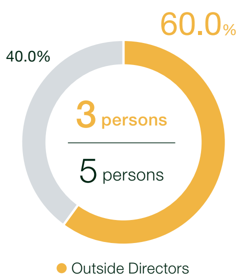
Composition of the Audit and Supervisory Committee and voluntary committees

Ratio of Audit and Supervisory Committee members who are Outside Directors

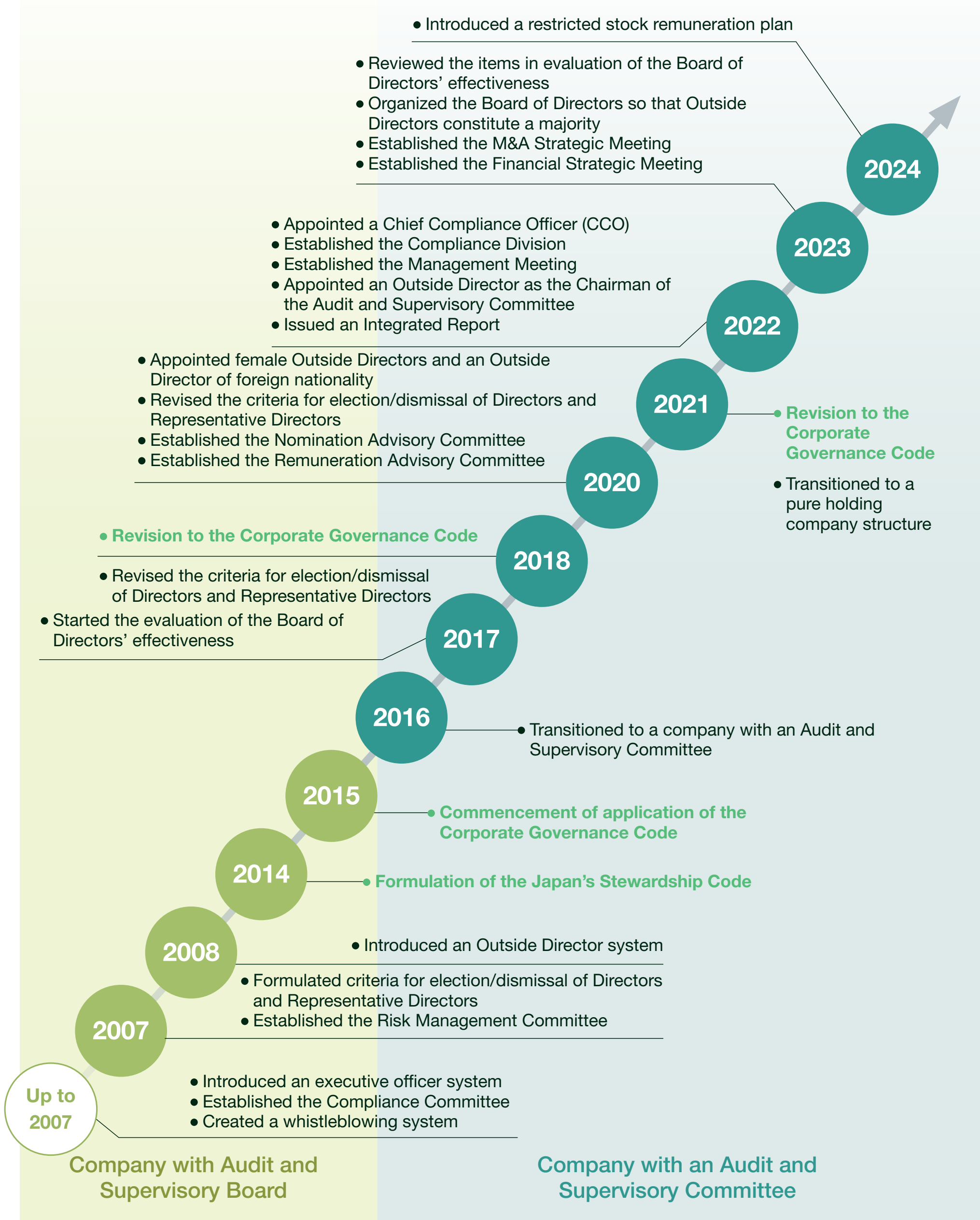
Ratio of Nomination Advisory Committee members who are Outside Directors



Ratio of Remuneration Advisory Committee members who are Outside Directors



Major initiatives to strengthen corporate governance



Remuneration system for Directors

Basic policy on remuneration for Directors

The Company has established a policy for determining the amount or calculation method of remuneration, etc. for Directors (the "Policy"). Specifically, remuneration, etc. for Directors consists of basic remuneration as fixed remuneration and performance-linked remuneration, etc. The amount is determined within the scope of the total amount approved by the General Meeting of Shareholders, taking into account the position, years in office, the degree of contribution to business results and other factors. The breakdown of remuneration by type, the amount of remuneration for individual Directors, etc. are deliberated and determined by the Remuneration Advisory Committee which then resolved by the Board of Directors based on the report from the Committee. In determining the details of remuneration, etc. for individual Directors, the Remuneration Advisory Committee discusses the original proposal from multifaceted perspectives, including consistency with the Policy. The Board of Directors therefore generally respects the report from the Committee and believes the Committee's decision to be in line with the Policy.

Indicators used for performance-linked remuneration

The Company has selected consolidated ordinary profit as an indicator that represents business results most appropriately. It uses the level of achievement of consolidated ordinary profit as the indicator for determining the actual amount of remuneration to be paid. The Remuneration Advisory Committee, a majority of whose members are Outside Directors (including Audit and Supervisory Committee Members), deliberates and decides on the amount of performance-linked remuneration for each Director. Based on the report from the Committee, the Board of Directors resolves the amount to be paid. For FY2024, consolidated ordinary profit totaled 16,918 million yen, achieving 99.5% of the full-year ordinary profit forecast of 17,000 million yen. The Company therefore did not pay performance-linked remuneration to Directors.

Stock remuneration plan

For the purpose of encouraging efforts for medium- to long-term enhancement of the Company's corporate value, as well as promoting further value-sharing with our shareholders, we introduced a restricted stock remuneration plan for Directors (excluding Audit and Supervisory Committee Members and Outside Directors) from FY2024. The amount of restricted stock remuneration is up to 240 million yen per year, which is within the limit of the current amount of remuneration (up to 1.2 billion yen per year, including a limit of 80 million yen for Outside Directors), and up to 350,000 shares per year.

Total amount of remuneration, etc. by Director category, total amount of remuneration, etc. by type and number of eligible Directors

Director category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)				Number of eligible Directors
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	322	270	—	—	52	6
Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	12	12	—	—	—	1
Outside Directors	84	84	—	—	—	9

(Notes) 1 The number of persons eligible for remuneration, etc. for Outside Directors includes Directors who retired at the conclusion of the 33nd Annual General Meeting of Shareholders held on June 25, 2024.
2 Figures presented are rounded down to the nearest million yen.

Cross-shareholdings

Our basic policy for holding shares for purposes other than pure investment is to ensure that such shareholdings create synergy effects on our M&A intermediary services through business alliances with investee companies, acquisition of projects, business expansion, etc. and contribute to an increase in our corporate value. The Company holds shares in accordance with the Rules on Securities Management, Rules on Approval Requests, and Rules on Job Authority and complies with these rules in managing the shares.

In addition, the Board of Directors periodically reviews whether or not to keep major cross shareholdings, based on risks and returns of those shareholdings from a medium- to long-term perspective. The Company reduces cross-shareholdings when it cannot justify the appropriateness of the shareholding.

We make decisions on the exercise of voting rights after considering if the proposal leads to an increase in the investee company's value, in addition to an increase in our corporate value.

Management structure

Directors (excluding Audit and Supervisory Committee Members)

Suguru Miyake

President and Representative Director
Date of birth: January 18, 1952

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=5

Takamaro Naraki

Vice President and Director, CFO
Date of birth: October 15, 1962

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=7

Masahiko Otsuki

Executive Managing Director
Date of birth: July 23, 1970

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=8

Naoki Takeuchi

Executive Managing Director
Date of birth: February 11, 1978

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=9

Yasuhiro Takeda

Director, Head of Corporate Headquarters
Chief Human Resources Officer
Date of birth: April 7, 1966

Attendance status (FY2024)
Board of Directors meeting: 100% (12/12)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=10

Tokihiko Mori

Outside
Independent

Outside Director
Date of birth: July 17, 1952

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=11

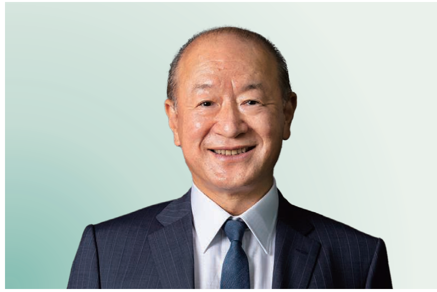
Minako Takeuchi

Outside
Independent

Outside Director
Date of birth: January 17, 1961

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=12



Keiichi Nishikido

Outside
Independent

Outside Director
Date of birth: May 2, 1953

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=13

Takao Shimizu

Outside
Independent

Outside Director
Date of birth: March 10, 1957

Attendance status (FY2024)
Board of Directors meeting: 100% (12/12)

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=14

New Director

Noritaka Kobayashi

Outside
Independent

Outside Director
Date of birth: August 8, 1975

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=15

He has been in his current position since June 2025 after working in the consulting division of Nomura Research Institute, Ltd. and at GREE, Inc. (currently GREE Holdings, Inc.), as well as founding companies both in Japan and overseas. He has been providing specific advice toward improving the quality of the Company's management in general, DX management and B2C business based on his extensive experience and wide range of insight as a founder.

He concurrently serves as Representative Director of bajji, Inc. and CSO of Quantum Mesh, Co., Ltd.

Audit & Supervisory Committee member

Yoshinori Yamada

Outside
Independent

Outside Director, Audit & Supervisory Committee member
Date of birth: May 22, 1946

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)
Audit and Supervisory Committee meeting: 100% (17/17)

Takayuki Matsunaga

Outside
Independent

Outside Director, Audit & Supervisory Committee member
Date of birth: April 6, 1981

Attendance status (FY2024)
Board of Directors meeting: 100% (17/17)
Audit and Supervisory Committee meeting: 100% (17/17)

New Director

Mizuho Abe

Outside
Independent

Outside Director, Audit & Supervisory Committee member
Date of birth: January 27, 1975

Profile
https://www.nihon-ma.co.jp/ir/pdf/250604_information_en.pdf#page=17

She has been in her current position since June 2025 after working at Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) and founding the Mizuho Abe CPA Office. She has been providing advice based on her high level of expertise and in-depth knowledge in finance and accounting as a certified public accountant.

She concurrently serves as Representative of Mizuho Abe CPA Office.

Skill Matrix

Skills (knowledge, experience, and abilities) required of Directors are set based on the medium- to long-term management strategies and management issues of the Company. Internal Directors are required to possess knowledge related to M&A which is the mainstay business and considerable insight in the peripheral business, while also having deep understanding of the business of the Company. Meanwhile, Outside Directors are required to possess specialization in different fields, a wealth of experience, and broad insight that can be leveraged in, for example, supervision of execution of business.

Name	Title	Assigned Committee			Experience and skills							
		Audit and Supervisory Committee	Nomination Advisory Committee	Remuneration Advisory Committee	Management strategy	M&A consulting	Fund management/ Investment banking	International business	DX/IoT	Finance/ Accounting	Compliance/ Sustainability	HR development/ Personnel affairs
Suguru Miyake	President and Representative Director		○	○	★	●	●				●	
Takamaro Naraki	Vice President and Director		○	○	●	●				★	●	
Masahiko Otsuki	Executive Managing Director					●	★	●				
Naoki Takeuchi	Executive Managing Director				●	★			●			
Yasuhiro Takeda	Director							●		●	●	★
Tokihiko Mori	Outside Director				★	●	●	●				
Minako Takeuchi	Outside Director										●	★
Keiichi Nishikido	Outside Director		◎	◎		●					★	
Takao Shimizu	Outside Director		○	○	●			●	●	★		
Noritaka Kobayashi	Outside Director				●			●	★			
Yoshinori Yamada	Outside Director (Audit & Supervisory Committee member)	◎	○	○	★						●	●
Takayuki Matsunaga	Outside Director (Audit & Supervisory Committee member)	○				●					★	
Mizuho Abe	Outside Director (Audit & Supervisory Committee member)	○				●				★	●	

◎… Chairperson ★… Skills that are regarded as especially important

Roundtable Discussion with Outside Directors

Promoting the transformations required for industry leaders and supporting the growth of the Group's business

FY2024 was a year in which we achieved record-high leading indicators and identified new issues. What have the Outside Directors discussed in the process of promoting transformation? How have they worked to implement them? What are their thoughts on how we can further increase our corporate value at present? We invited four Independent Directors, including an Audit and Supervisory Committee Member, to share their opinions.

How the Group and the Board of Directors are seen from the outside

Shimizu: I was appointed an Outside Director in June 2024. My first impression was that the Group's top management had a clearly defined management philosophy, and it had built a corporate culture with a solid core. At the same time, by participating in employee training and through my involvement in the 360-degree evaluation of human resources, I also felt the diversity of the Group's employees, such as the different ways of thinking and the different backgrounds of different generations of employees. The Group's human resources are its assets, so one issue going forward will be how to manage that diversity. The Board of Directors engages in vigorous discussions that are open and transparent. For example, when possible, President Miyake discusses the trends of trade associations and the reactions of institutional investors during overseas IR roadshows. The Management Meeting covers a wide range of topics, and individual issues are often discussed, so the Outside Directors proposed the establishment of a discussion slot to specifically set aside sufficient time, as the Board of a holdings company, to discuss large topics related to Group-wide management strategies. Board meetings have now begun using this discussion slot, and I think meetings are moving in a positive direction.

Takeuchi: In the past, I've felt that the Group is a highly uniform organization, so Mr. Shimizu's impression of the

Group as a diverse one feels fresh and novel. But, indeed, I do feel like the Company is changing.

Yamada: Up until the inappropriate incident in 2021, the team leading the Company was a highly uniform one, but since then, there have been a lot of changes. Mid-career employees in their third to fifth years in the Company seem to offer opinions that are very different now. I think the Company is changing in positive ways.

Mori: I think that bringing Mr. Shimizu to the team has given us an even wider perspective. For example, when the Group is going to make an announcement, he points out the possibilities of how it might be perceived and that people outside the Group might take it in a different way.

Shimizu: The creation of corporate value involves many stakeholders, and it's important that the Group maintains a multifaceted, multidirectional perspective that takes into consideration each stakeholder's standpoint. I intend to continue using my own personal strengths to fulfill my role as an Outside Director.

Changes in Board of Directors discussions and issues to be addressed

Mori: In FY2023, the Board of Directors introduced the "Cockpit" method, in which, before meetings, materials are provided to Directors with succinct summaries of the main KPI emphasized internally by the executive side. The goal is to ensure that all the participants in the discussions are engaging from the same perspectives. FY2024 was our second year using the "Cockpit" method, and it produced even better results. Providing data to Directors in advance to understand the current situation at a single glance freed up time that had previously been used for status explanations. This free time is now used for discussions instead of explanations, thus enabling participants to share strategic perspectives.

Takeuchi: The "Cockpit" method has significantly changed the way information is provided, allowing us Outside Directors to capture trends, create hypotheses, and raise questions from multiple perspectives in the Management Meeting. However, the indicators have gradually become more complex, and the materials have become longer, so there are concerns that the truly essential information could be drowned out. I think that keeping information simple and clear is important.

Mori: The people preparing the data want it to be simple, and so do we, the people who are reading it. What I place a lot of importance on is sales per M&A consultant and changes in the numbers of M&A consultants. That alone is enough to immediately convey sales and revenue trends and facilitates discussions based on these trends. It's hard to read the causes of trends from numbers alone, but by considering recent market trends, we can hypothesize that the significant rise in the number of competitors in our industry is a factor causing a decline in success rate. In the past, the market was a blue ocean, where as long as you had the horsepower, you could push forward like you wanted. But now, the market is rapidly turning into a red ocean. Along with this change, companies must have not only horsepower but also productivity. How to increase that productivity is a major strategic issue.

Takeuchi: As you said about horsepower and productivity, there are limits to what you can achieve simply by combining horsepower. You need to have a strategy for increasing productivity and using it to achieve step-change growth. We're finally starting to be able to discuss DX, branding, and marketing for doing so.

Shimizu: The Outside Directors are creating hypotheses based on this "Cockpit" method, and I look forward to the further enrichment of the response from the executive side to these hypotheses. How to link "Cockpit" analyses with the understanding of the current situation for the next steps will be our future challenge, For example, if the conversion rate is decreasing, we will need to collect and analyze industry-specific data.

Yamada: As an Audit and Supervisory Committee Member, I've felt the significant effects by the introduction of the "Cockpit" method. At the same time, I have also found the "exchange of opinions" meetings which the Group began conducting in FY2023 to be very fruitful. These meetings were created to provide opportunities for information-sharing between Outside Directors and Audit and Supervisory Committee Members. I believe that the free discussions and perception-sharing at these meetings are helping to provide backing support to the Board of Directors. In FY2024, as part of its business audits, the Audit and Supervisory Committee has carried out various activities aimed at identifying issues. These include investigating the expected cost effectiveness of large-scale seminars through questionnaires administered to participants, and confirming the status of joint ventures with regional banks with the goal of reinforcing the Group's financial channels.

Mori: From FY2025, Mr. Yamada has served as a full-time Audit and Supervisory Committee Member. It's unusual for an Outside Director to be a full-time Audit and Supervisory

Committee Member, so I think this has been a pioneering change in terms of strengthening governance.

Expanding adjacent businesses and building a portfolio

Mori: About the issues of the Management Meeting, during last year's roundtable discussion with Outside Directors, I said that I believe we should discuss more on building a business portfolio with a view to the future. We need to further deepen the discussions on this topic moving forward. As a group centered on M&A business, the Group is expanding its adjacent businesses and doing fund business in the financial domain. Particularly, we are paying attention to PMI business. PMI is the starting point to increasing corporate value after business succession and integration. I believe it is a business with tremendous potential.

Shimizu: When you think about the percentage of business it accounts for, it's inevitable that discussions will focus on M&A business, but we also need to make time to discuss the management of the Group as a whole. Last year, we had opportunities to get an overview of the entire fund business, but I think it would have been more interesting if we'd been able to discuss it strategically. I think more information needs to be shared about Japan PMI Consulting and other subsidiaries that do PMI business and we need to talk more about subsidiary management as a Group. If we have deeper discussions in these areas, I think, as the Board of Directors of a holdings company, we could take the Group in an extremely positive direction.

Takeuchi: I do think we've taken a step forward by having opportunities to hear about and discuss fund business strategy. That said, we need to work more actively to discuss the building of a business portfolio. I also agree that PMI business is very important, so we need to engage in discussions about human resource development and creating synergy for the Group as a whole. One approach would be to promote more of a flow of human resources within the Group. I recognize improving PMI quality as an important step in becoming an integrated M&A company, and from this fiscal year on to next fiscal year, I'd like us to engage in a more active discussion.

Yamada: I really believe that discussions on PMI business will be key going forward. In the future, PMI, including follow-up after M&A completion, will increasingly be questioned about the value it provides as an initiative to enhance customer satisfaction throughout their lifetime. Also, with respect to subsidiaries, we will create opportunities for everyone to gather so that we can properly convey our audit policy as a holdings company, exchange opinions, and share information.

Meetings between Audit and Supervisory Board Members at group companies

How the Board of Directors should contribute to shareholder value

Mori: Turning to the effectiveness of the Board of Directors, the positioning of the Board, its operational efficiency, and the provision of information in advance to Outside Directors were pointed out as issues during last year's effectiveness evaluation. I think that over the past year, improvements have been made in all of these areas.

Takeuchi: The Board of Directors now shares information as matters to be reported well in advance and engages in discussion for one or two months before deciding on resolutions. It can be evaluated that improvements are being made in operational efficiency and the provision of information in advance to Outside Directors. However, to further invigorate the Board of Directors, I think one possible approach would be to move away from doing everything during Board meetings. Instead, for example, the Group could create opportunities to provide explanations to Outside Directors in advance regarding issues for which there are likely to be many questions, and exchange opinions in advance.

Shimizu: Regarding the positioning of the Board of Directors, as I mentioned earlier, a lot of discussions are about individual issues, so I've felt the need to set aside time to talk about bigger topics related to Group-wide management strategies. I've also been thinking about how to systematize the reporting of the status of measures implemented. I've already received some status reports on investment projects, but I think it's vital that we define formats for feedback, including the timing of reporting, and provide monitoring functions by thoroughly evaluating these reports.

Yamada: From the perspective of overall risk management, reporting is performed once every three months, but presently I've noticed a tendency to focus on specific risks. In the future, we need to establish a system for more balanced management of all envisioned risks, including disaster and information security risks, and to take full consideration of the importance of each risk.

Mori: For investment projects and partnerships, in particular, from the standpoint of a representative of minority shareholders, one question that is raised is “how does this project contribute to shareholder value?” I think that in the future, as the Board of Directors of a holdings company, it will become more important than ever to clearly share the impacts of projects on shareholder value and to discuss them based on that shared understanding.

The Nomination Advisory Committee and the Remuneration Advisory Committee have been especially active this fiscal year, meeting twice as often as they did last year. Committee meetings were held after every officers’ meeting, so there was at least one meeting a month. The agendas of the meetings were also clearly defined. At the start of the year, there was 360-degree feedback, and then in the middle of the year, there were discussions about successors. A broad, ~~overall proce~~ss is becoming established. The quality of these activities is also improving, and I hope that we continue to enrich them going forward.

Leading the way to the future through branding and data-driven management

Takeuchi: At the FY2025 management policy announcement, the key words “a new era of branding” and “data-driven management” were discussed. I’m going to be thinking about how, as an Outside Director, I can provide my support for these themes. With respect to branding, I asked Ms. Nakagawa, our CBO (Chief Branding Officer), to share the Group’s branding policy. President Miyake and Executive Managing Director Takeuchi have emphasized that “We’re already differentiated. What’s important is how to express and communicate that differentiation.” I want to gain a thorough understanding of the direction the executive side is taking and then provide feedback in the form of macro perspectives that the Group is lacking, together with best practices from other companies. I want to support the Group’s proactive initiatives and help its discussions move forward.

Shimizu: I’m also looking forward to the Group’s branding efforts. Ms. Nakagawa, our CBO, has extensive experience with marketing management in other companies, so I hope to learn a lot from her, as an Outside Director, about practical branding methods that leverage outside expertise, and to reflect this in our discussions. When it comes to data-driven management, it’s now or never to decide how the Group can leverage the enormous amount of data it has accumulated as an M&A pioneer to differentiate itself. The Group needs to waste no time in deciding on a direction and then move forward quickly. But to do so, I feel that we need to further deepen our discussions about the appropriateness and validity of the Group’s strategies and investments. I want us to use measures and feedback about their effects, to carry out processes smoothly and skillfully.

Mori: When the Group had the overwhelmingly strong top market share, back when the market was a blue ocean, it didn’t need branding. But because of that, it’s late to the branding game. We Outside Directors have struggled in red ocean markets, so we have a lot of experience in branding, marketing, and data-driven management. This enables us to provide a wide range of advice. I want us to continue steadfastly promoting investments in these strategies and to put pressure on the Group to quantify its plans and enhance cost effectiveness.

Yamada: What I want to see from the Group is earning power that goes beyond just compliance management. I would like it to see risks such as those associated with unethical buyer problems within the industry as opportunities for differentiation, and to use these opportunities to achieve further growth as an industry leader.

Takeuchi: My earnest hope is that the Group establishes a business model as an integrated M&A company. Another thing I would like to see from the Group is leadership that advances the industry. I want it to demonstrate its presence as a leading company, not only in its track record and compliance, but also in other areas such as developing excellent human resources, the advancement of female employees, and workstyle reforms.

Shimizu: What I would like for the Group is to create a greater sense of unity within the Group and generate synergy, and use it to expand its business results. Developing human resources will be vital to achieving that. Another important issue will be to heighten its sensitivity to change. To enhance the management capabilities of the Group’s customers, which are SMEs, we also need to be more sensitive to societal trends, respond to them flexibly, and strengthen our own management capabilities.

Mori: I want the Group to strive to be a DX leader in the SME M&A industry. I think the real key to data-driven management is utilizing the data you’ve accumulated, combining it in useful ways, and supplying it as valuable data. I would like to see the Group use its data to compete in the industry and develop an overwhelming strength.

Compliance

Nihon M&A Center Group places the utmost importance on ongoing compliance activities, which we regard as essential for maintaining and improving trustworthiness in our business.

After the detection of an inappropriate incident in 2021, we have focused on developing the foundation of compliance to prevent the future recurrence and worked to instill it throughout the Company. Currently the external environment surrounding the M&A industry is undergoing significant change and the number of buyers executing M&A for improper purposes and M&A intermediary services industry providing inappropriate services to clients is increasing. Amid such a situation, as a leading company, Nihon M&A Center Group aims to enhance the overall trust in the M&A intermediary industry to realize “the optimal M&A experience” by taking the initiative to comply with self-regulatory rules established by M&A Advisors Association.

To this end, we will strive to become an even more trusted group through continuous initiatives in FY2025 and beyond.

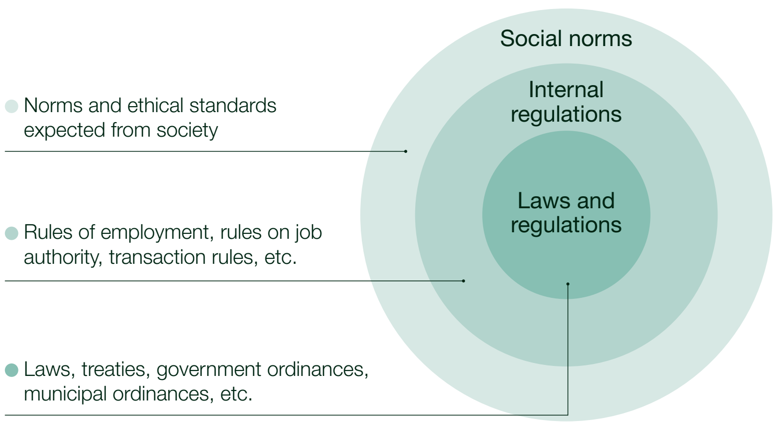
Underlying compliance principles

The Group considers compliance to include adherence not only to laws, regulations and internal regulations but also to norms and ethical standards expected by society. To clarify this idea, the Group has established compliance regulations to perform duties to society through fair and appropriate corporate activities in accordance with applicable laws and regulations, internal regulations and social norms.

We are working on fostering compliance awareness by thorough penetration of the Purpose, Philosophy, and Group Compliance Principle.

In addition, we are promoting the enhancement of the compliance system of the Group, and at the same time, making on-going efforts to instill and establish compliance from the perspective of education through measures such as regular implementation of effective training.

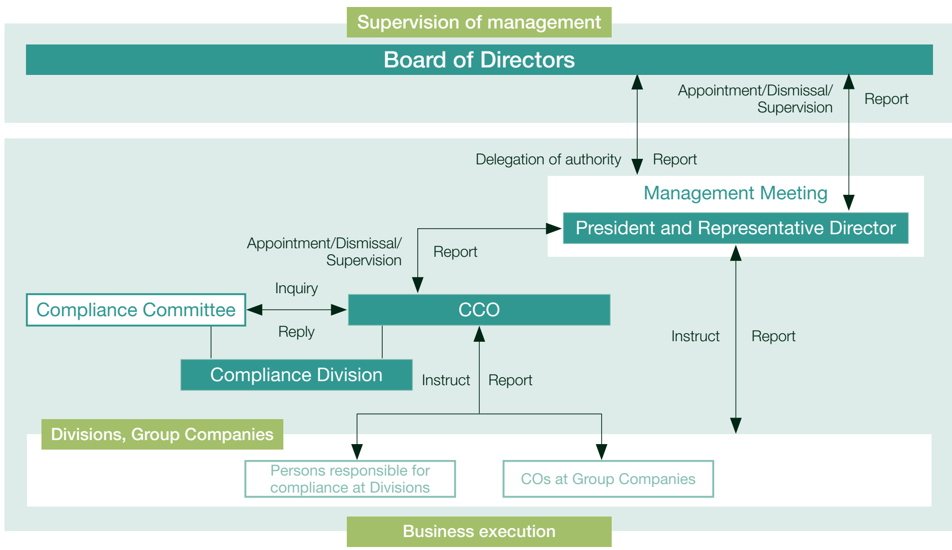
Compliance



Compliance promotion structure

With the Chief Compliance Officer (CCO) in charge of matters related to overall compliance at the core, the Company has established the Compliance Committee which is an advisory body to the CCO and has the functions of the internal consultation and whistleblowing hotline, and the Compliance Division, which is a secretariat to the CCO and the Compliance Committee, respectively.

In addition, a person responsible for compliance is appointed in each division of Nihon M&A Center, and a Compliance Officer (CO) in each of the other major Group companies. By doing so, we have established a system to prevent any potential breach in compliance and to respond as quickly as possible in the event of a breach in compliance or potential breach in compliance. At overseas Group companies, too, we are working to establish a compliance system that is capable of responding to future expansion of cross-border M&As.



Investigation, procedures and consequences when there is any doubt that a compliance regulation has been infringed

Procedures for investigation and response

In the event that a problem arises causing an infringement of compliance regulations, be it a concern that this might be the case or that there is any doubt in terms of compliance, the process outlined in our consultation and reporting procedures regulations stipulate that any employee who becomes aware of a compliance-related problem should immediately consult with or report it to appropriate parties within the Company, such as a manager or the Compliance Committee.A manager who has received a consultation or a report of this kind in turn has the duty to report the matter concerned swiftly to the Compliance Committee, followed by an investigation and discussion of the content of the consultation or report, and any important matters will be conveyed in turn to the President and Representative Director, while the anonymity of the person who did the consulting or reporting is maintained.The outline of the report of the problem received by the President and Representative Director as well as the status of the response is reported to the Board of Directors along with any related consultation and reports from group companies.

The Compliance Committee will research as necessary the subject of the reports and consultation, taking due care to protect the privacy, individual rights and reputations of all parties including the person who made the consultation, the whistleblower, the purportedly guilty party and those helping with the investigation.

The person who made the consultation or report is informed of the outcome and it can be used by the Compliance Division for the formulation of measures to prevent a future recurrence. The Disciplinary Committee makes a decision on the verdict on what action to take towards the guilty party in accordance with the disciplinary procedure rules.

In addition to promoting the development of employee training and monitoring systems in the Compliance Division, initiatives will be taken in cooperation with the Human Resources Headquarters to be firmly rooted in the corporate culture with a consciousness of high respect for compliance.

Enhancement and strengthening of the internal consultation and whistleblowing system

The Group has put in place the internal consultation and whistleblowing system designating the Compliance Committee as a point of contact. In addition, the Group has also established a system for consultation with and reporting to an external lawyer. We respond in a timely and appropriate fashion upon notification of any kind of breach in compliance or suspicious activities. This includes bullying, harassment and forms of corruption such as illicit profit sharing, excessive entertainment and gifts. This is applicable to employees of the entire Group, including overseas group companies, bound by employment contracts such as directors, staff, and part-time workers, as well as those who are seconded to our companies on a temporary or agency basis (in all cases, including those who have resigned or retired). All of these are with a view to strengthening our compliance system and preventing breaches. The consultation and reports (including advance consultation) can be made anonymously and under strict confidentiality such that the person who made the consultation or the whistleblower is not disadvantaged in any way and is strictly protected. Should it nevertheless occur that such a person is put at any form of disadvantage, help will be provided swiftly and there will be remediation, with the perpetrator also dealt with in an appropriate manner. The Group encourages all directors and employees to utilize the consultation and whistleblowing system to enable early detection of any problem. Additionally, we have built a system in which employees can make consultations and reports more easily by, for example, clearly displaying the abovementioned system on the top page of our intranet portal, and thoroughly and repeatedly raising awareness, including explanations about whistleblower protection.

Number of consultations/reports from inside the Group

FY2022	FY2023	FY2024
62	68	**66**

Initiatives to strengthen compliance

Major initiatives to strengthen compliance

Establishment of a foundation

Period	Initiative
December 2021	Detection of an inappropriate incident
February to March 2022	Announcement of a disciplinary action
March	Stricter requirements for recording sales
March	Thorough announcement of the whistleblowing system
April	Establishment of the Compliance Division
April	Commencement of periodic compliance training sessions
April	Transition to a new HR system including evaluation of ethical standards

Establishment of a foundation

Period	Initiative
April 2022	Establishment of the Management Meeting
April to May	Holding of "Teach-in" meetings by President with all employees
June	Formulation of our Purpose
July	Appointment of CCO and General Manager of the Internal Audit Office
July to November	Holding dialogues between CCO and Audit and Supervisory Committee Members and key persons
October	Conduction of an employee pulse survey
January 2023	Formulation of the Philosophy

Measures for permeation / On-going maintenance

Period	Initiative
April 2023	Persons responsible for compliance were appointed at major group companies
April	Formulation of the new Group Compliance Principle
April	Creation and distribution of the Compliance Handbook and MAstyle
April	Receiving pledges for compliance from all employees
April	Commencement of e-learning training
January 2024	Conducting an employee pulse survey
April	Redesigning the website to make it easier for those outside the Group to consult or report issues
May	Issuing second edition of the Handbook by Nihon M&A Center Holdings

● Nihon M&A Center HD ● Nihon M&A Center

Specific compliance permeation measures

At Nihon M&A Center, all employees take a pledge of compliance annually, in order to ensure that the compliance system is further penetrated.

In addition, we have issued copies of the “Compliance Handbook,” which explains our approaches to compliance and Group Compliance Principle for all employees of our subsidiaries including Nihon M&A Center, and “MAstyle” to carry with them, which contains not only our corporate mission, Purpose, Philosophy, and the Compliance Principle, but also where to make consultations or reports, the information security policy, disaster countermeasures, etc., for all employees of Nihon M&A Center. At its overseas group offices, the Group strives in various ways to increase compliance awareness using appropriate channels of communication and translated documentations.

At a monthly company-wide meeting, the CCO provides compliance-related updates regularly.

To evaluate the effectiveness of these initiatives, our company, along with some subsidiaries including Nihon M&A Center, has been conducting compliance surveys for employees since FY2022, implementing fixed-point observation of internal awareness of compliance. The survey results for FY2023 showed that the overall compliance awareness figures improved compared to FY2022. While scores fell for some items in the FY2024 survey, we analyze this as a result of a growing awareness of and focus on compliance, which has led to more rigorous evaluation of our compliance initiatives. In FY2025, overall scores improved again, particularly the statement “The company’s compliance awareness is being maintained at a high level” saw significant growth. Additionally, the statement “The company appropriately addresses compliance issues” has continued to rise since the start of the survey, indicating that trust in our compliance initiatives is being established. We will continue to promote compliance-related initiatives moving forward.

Inaugurate effective compliance training and education

The Group holds regular compliance training sessions led by the Compliance Division as a main division. Nihon M&A Center holds training sessions for all employees, including contract employees as well as full-time employees, by leveraging tools such as e-learning that we introduced in FY2023. Furthermore, we conducted additional training to foster awareness of compliance among senior management, including Directors, and employees in managerial and leadership positions. Moreover, the Group sequentially formulates and implements educational programs other than classroom training.

Compliance items (examples) in the employee survey (conducted in October 2024)

Rated on a five-point scale from 5 (highest) to 1 (lowest)

Questionnaire	FY2022	FY2023	FY2024	FY2025
Awareness of compliance is maintained at a high level at the Company.	3.13	3.73	3.72	3.84
The Company addresses compliance incidents appropriately.	3.40	3.93	3.97	4.01
In my organization, there is an atmosphere that places an emphasis not only on sales and efficiency but also on compliance. (conducted until FY2022)	3.87	3.73	3.60	3.70
In my organization, there is an atmosphere that places greater emphasis on compliance than on sales and efficiency. (conducted from FY2023 onward)				
I know how to make a consultation or report for a compliance issue if I witness it.	4.13	4.38	4.38	4.39

Details of e-learning training in FY2024

Month of Implementation	Theme
April	General Compliance and Compliance Pledge
May	Harassment Prevention
July	Information Security
August	Personnel Affairs and Attendance
October	Conducting a Compliance Awareness Survey
November	Information Security
January	M&A Guidelines for SMEs and Voluntary M&A Advisors Association Rules
February	Prevention of Insider Trading and Improper Expense Usage

Risk Management

Nihon M&A Center Group structurally manages major risks that have the possibility to cause disadvantage to the Group to avoid and minimizes losses.

Risk management structure

Meetings of the Risk Management Committee, which is chaired by CCO (Chief Compliance Officer), are held on a regular basis in order to address operational risks of the Group. The Committee identifies, analyzes, assesses risks, considers countermeasures, monitors the progress of and improves these measures. The results are reported or recommended to the Management Meeting, and also reported to the Board of Directors on a periodic basis. In addition, the Committee receives instructions, advice, etc. from external experts such as a corporate lawyer as necessary.

While management risks other than operational risks are managed by the Management Meeting, if the Risk Management Committee recognizes any such risks, it reports them to the Management Meeting.

In this way, we constantly create and maintain a framework where risks do not materialize, and where swift deliberation and communication are enabled should such risks materialize.

The effectiveness of the Risk Management Committee is evaluated by the Board of Directors with a view to taking corrective action as and when appropriate. In the event that it is necessary to respond to changes in the business environment that require our reaction to notify all employees or to respond to a new form of risk category, we have in place measures to report issues and actions of each case to the Board of Directors.

Major policies to address risks with a large impact on business and a high possibility of materialization

1. Risks associated with information management:

Conduct information management and information security training and drills, and enforce full compliance with all internal regulations and rules.

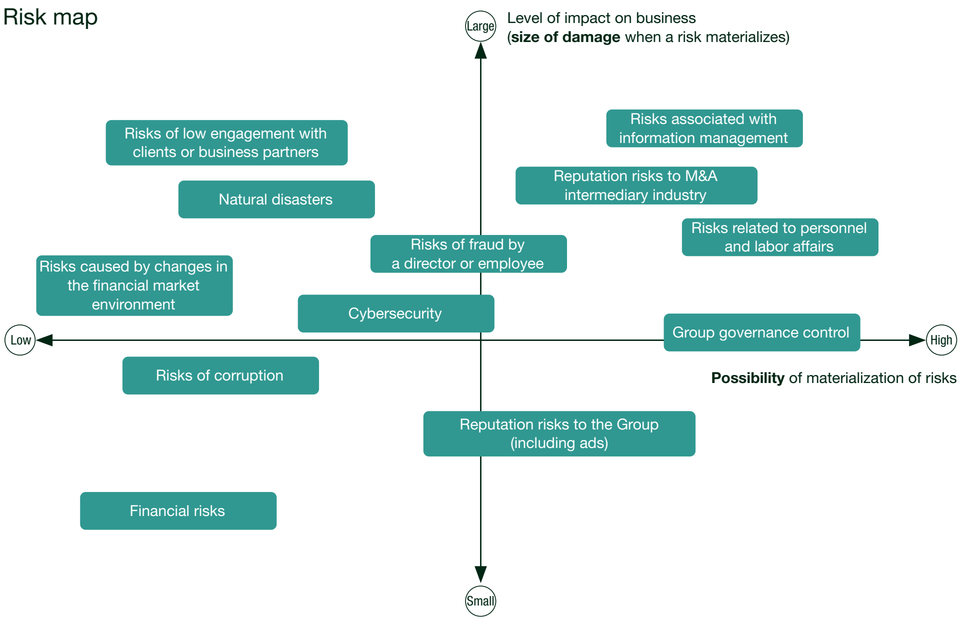
2. Reputation risks to M&A intermediary industry:

Promote initiatives to ensure compliance with guidelines and self-regulatory rules by M&A support organizations, cooperating with the Small and Medium Enterprise Agency and the M&A Advisors Association (the new name of the M&A Intermediaries Association, as of January 1, 2025).

3. Risks related to personnel and labor affairs:

Reinforce labor management trainings for middle management personnel and upgrade organizational culture.

Risk map



Information Security

Nihon M&A Center Group strives to handle security of information in the best possible way. Confidentiality obligations are of paramount importance to the Group's business activities. We meet what is expected of us by our stakeholders and give consideration to what is mission critical for our M&A professionals.

The Group has formulated the "information security basic policies" and works to thoroughly enforce compliance with rules related to information security and implement safety measures.

Information Security Basic Policies
https://www.nihon-ma.co.jp/groups/security_policy.html
*only available in Japanese

Information security promotion structure

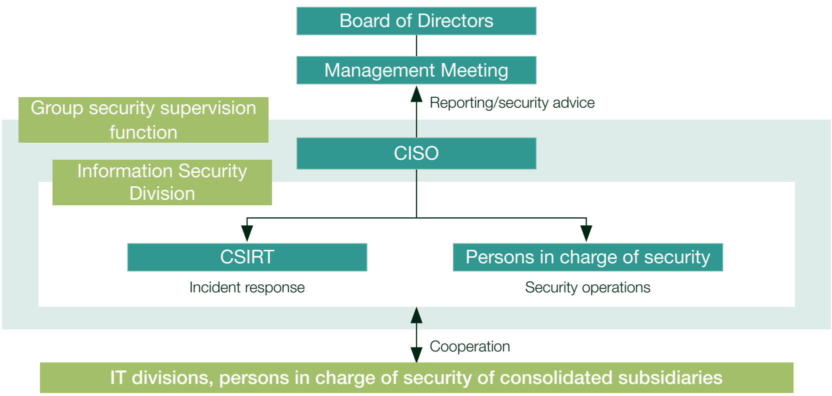
The Group security supervision function headed by the Chief Information Security Officer (CISO) formulates information security strategies and evaluates the status of its implementation.

A CSIRT (Computer Security Incident Response Team)*1 which is responsible for addressing incidents and persons in charge of security, who handle security operations, are appointed within the Information Security Division which reports to the CISO.

Activities of the CSIRT and the persons in charge of security are reported to the Management Meeting on a regular basis through the CISO.

Furthermore, the Risk Management Committee considers and monitors measures on a regular basis to reduce information security risks.

*1 A dedicated team that responds to security incidents when they occur.



[Security Consultation Council] Determines response policies and issues instructions on cases of security consultation related to new initiatives and use of new services, among others, based on identified security risks. If the council determines it necessary based on the results of risk assessment, the severity of remaining risks, etc., the issue will be submitted to the Risk Judgment Council.

[Risk Judgment Council] Reviews the risks and losses of cases submitted by the Security Consultation Council, considers whether to add any matters to be addressed, among other things and determines the feasibility from a comprehensive perspective. The council is composed of internal experts from compliance and risk management divisions, etc.

[Security Cooperation Council] Holds liaison meetings among persons in charge of information security and information systems of the group companies. The council ascertains the situation of each company on a regular basis using a security report format designated by the Company. In addition, it aims to raise the level of security measures for the entire Group by sharing threats and the policies on how to respond to them.

[CSIRT] Ascertains the situation when a security incident occurs, responds to the incident, mitigates damage, implements recovery and recurrence prevention measures, and handles such measures.

[Persons in charge of security] Ascertain security measures and plans, supervise them in their entirety, and prevent security incidents.

[Information Security Department] Cooperates with IT divisions or persons in charge of security of consolidated subsidiaries and works together with the entire Group to handle the situation when a security incident occurs or when implementing preventive measures. In addition, the Department plans and conducts information security education.

Information security management system

The Group has built highly secure systems with support from external specialists. On May 25, 2016, Nihon M&A Center Inc. and Corporate Value Laboratory Inc. obtained ISO/IEC27001 certification, which is an international standard of the Information Security Management System (ISMS), to ensure thorough information management and continuous improvement thereof. Furthermore, the adequacy of operational performance is verified through ISMS internal audits.

For plans to respond to information security risks and response to information security risks that must be addressed on an ongoing basis, Nihon M&A Center mitigates security risks by continuously running a risk approval process.

Information security Risks occur and identify them → **Analyze risks** → **Risk evaluation Create sheets** → **Information security Analyze risks** → **Respond to risks Prepare plans** → **Respond to risks**

Initiatives for information security

As a business operator that handles important information, we have taken measures against external and internal threats to prevent serious security incidents. We assess the confidentiality, availability and completeness of information assets, and take actions according to risk level with periodic reviews.

In addition, we sort out and confirm facts promptly and implement recovery response when an incident occurs, and accumulate and share knowledge to prevent recurrence.
We are working to improve the security level of the entire Group, from the perspective of both before and after incidents.

Vulnerability assessment

We are working to ensure that the services we provide to the outside world can be used securely and safely, by modifying them or implementing countermeasures based on the results of vulnerability assessments by an external vendor specializing in security.

System and security audits

Security rules are checked on a monthly basis based on the "Rules of Information Security" that we have formulated.

Design, development, implementation and maintenance that take defense into consideration

The Group is strengthening its access control to internal systems, monitoring operations of terminals by introducing Endpoint Detection and Response (EDR)*2 and detecting threats by collecting and analyzing communication logs of terminals. As part of measures to strengthen the system infrastructure, since FY2021, we have reinforced the network lines and introduced SD-WAN (Software Defined-Wide Area Network)*3.

By making communication contents and quality visible, we have created a network environment that is flexible and scalable. We mitigate security risks by using MSS (Managed Security Service)*4 and thereby preventing unauthorized access and improving our detection ability, while reducing the human burden. For the detected matters, we promptly respond according to alert level. Besides aspects of security threats and unauthorized access, details of connection performance, such as communication speed, stability and occurrence of delay at all locations are shared with dedicated departments, and we discuss actions to be taken on a monthly basis.

*2 A security solution through which terminals (endpoints), such as personal computers and servers, that are connected to a network are monitored and any signs of cyberattacks such as abnormality, suspicious behavior, etc. are detected and notified to the administrator
*3 A technology through which a virtual WAN (wide area network) is created on a WAN that is built using physical network devices and managed using software
*4 A service in which an external company specializing in security, etc. undertakes the operation and management of a company's or organization's information security system

Detection, discovery, blocking/monitoring and tracking

The Group strives to strengthen access control to internal systems. A cloud storage, "Box", was introduced in FY2022 to be used as a storage of data of the entire Group. Unlimited generation management made it possible to visualize file change history, and we also store detailed access logs of who did what and when.

Information security education and training

Raising employees' awareness and conducting training is essential to continuously improve responses to security.

The Group works to strictly ensure that comprehensive rules for information security are constantly communicated to employees through training of directors/employees, use of the intranet, etc., and distribution of the "information security rule book" summarizing information security rules, and is making every effort to ensure the thorough implementation of these rules. We conduct periodic trainings and drills to handle targeted email attacks, and internally announce the results. Starting from FY2023, we utilize e-learning to improve the security awareness and to reduce violations of information security rules.

Timing	Content	Applicable employees
Training for new employees	Training is provided for all new graduate entrants and mid-career hires to learn about security rules.	All employees including seconded employees
Training for all employees (every month)	We focus on different themes every month to raise awareness on information security, provide updates on rules and share relevant case studies.	All employees including temporary employees
Drills to handle targeted email attacks (twice a year)	We raise security awareness through hands-on experience by actually sending an e-mail pretending to be an attack e-mail to employees in a drill.	All employees including seconded and temporary employees

We also introduced our own "M&A licensing system" as an initiative. The system is intended to aggregate, accumulate and analyze risks, and to take measures against them. We score for items M&A service providers should follow among rules for sales, compliance, information security, etc. of the Company, and points are added to violators. A department in charge totals points and sends back the data to each division head every month. Employees with higher points take extra trainings.

Establishment of processes and rules

Secure process design and rules are put in place for business processes with a high risk of information leakage. For example, as part of measures to prevent information leakage caused by human error, we have introduced a check tool that requires review of the addressees, subject, attached files, etc., before sending emails to external parties to prevent sending emails to wrong addresses. We prevent information leakage caused by mistakenly attaching wrong files to emails through the introduction of a mechanism to cancel the attached files.

Initiatives to protect personal information

The Group has formulated its "Privacy Policy", which is posted on the website of each company. This policy is thoroughly shared with all directors and employees, and we are committed to ensuring the implementation thereof.

Introduction
Vision of Nihon M&A Center Group
Strategy for Growing into the Best Integrated M&A Company
Data Section

Environment

As one of Japan's largest M&A support companies for medium-sized companies and SMEs, the Group recognizes that it has the responsibility to contribute to the creation of a decarbonized society based on the Paris Agreement. Response to climate change is an important element that contributes to maintaining and increasing corporate value over the long term. The Company strives to reduce its environmental impact and to carry out its business activities whilst taking into account the risks that climate change poses for the business environment. We believe that we must contribute to solving social issues through our business activities.

Information disclosure in accordance with the TCFD recommendations

In June 2025, in response to growing societal demands, the Group announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and began disclosing information based on these recommendations to strengthen our disclosure of climate-related information.

Strategy

In our scenario analysis, we evaluated our domestic operations based on multiple temperature increase scenarios (1.5°C and 4°C) and timeframes (2030 and 2050). Through these analyses, we aim to identify future risks and opportunities and to engage in sustainable business operation.

Timeframe definitions	Short-term: 2025 to 2027 (matched to medium-term management target year of 2027) Mid-term: 2027 to 2030 (matched to SDGs target year) Long-term: 2030 to 2050 (matched to Paris Agreement target year)
Impact definitions	Major: 3% or more of consolidated ordinary profit Moderate: 1% or more of consolidated ordinary profit Minor: less than 1% of consolidated ordinary profit

The climate-related risks, opportunities, and responses identified through scenario analysis are shown on the right.

In addition, we examined opportunities for increased demand for M&As that take related climate change issues into consideration on a per-business basis.

Environment
https://www.nihon-ma.co.jp/en/sustainability/environment.html#climate

Risks			Timeframe: Short-term	Timeframe: Mid-term	Timeframe: Long-term	Issues to consider	Impact	Response strategy
Transition	Policy/Regulation	Carbon pricing (carbon tax)			●	• Costs imposed in association with the introduction of carbon tax systems, etc.	Minor	• Dramatically reduce emissions from our Tokyo head office building using renewable energy for 100% of electrical power • Formulate air conditioning and lighting usage rules for other sites and promote energy-saving by raising awareness of electricity conservation among employees
Transition	Policy/Regulation	Mandatory information disclosure		●	●	• Costs associated with third-party guarantees and expansion of disclosure scope as a result of the mandating of disclosures in compliance with the Sustainability Standards Board of Japan (SSBJ).	Minor	• Multi-stage preparation of system for internally handling sustainability-related obligations, including information disclosure
Transition	Market	Changes to energy costs		●	●	• Rising price of electrical power in conjunction with increase in burden placed on power companies related to realization of carbon neutrality	Minor	• In the future, strive to switch to electricity generated from renewable energy at all sites • Continuously work to monitor energy usage, reduce burdens on the environment, and lower energy consumption by promoting the use of public transport, using IT, and reducing amount of unnecessary printed materials
Transition	Market	Changes in investor evaluations		●	●	• Impact of insufficient disclosure of climate change-related information on corporate value, such as a decline in aggregate market value	Minor	• Use climate change scenario analysis to assess impact of environmental and social issues on business results • Through the above, identify and evaluate risks and opportunities, maintain the trust of investors by disclosing them, and enhance company competitiveness
Physical	Acute	Increased severity of abnormal weather (typhoons, heavy rains, landslides, storm surges, etc.)	●	●	●	• Risk that operations will be suspended due to a breakdown/cutoff of traffic infrastructure or information infrastructure connecting business locations, customers, or clients • Reduction in number of days of operation as a result of these operation interruption risks manifesting	Minor	• Promote the strengthening of system infrastructure • Establish a structure that allows all employees to work remotely during emergencies and conduct remote meetings and due diligence with clients • Stockpile disaster supplies at all sites and periodically conduct evacuation drills • Backup servers and store important data in the cloud • Flexibly set up satellite offices throughout Japan during emergencies
Physical	Chronic	Rise in average temperatures			●	• Reduced worker productivity due to increased frequency of heat stroke and increased air conditioner usage • Increased risk of flooding at business sites due to rising sea levels • Frequent flood damage due to extreme heat and prolonged rainy seasons in overseas ASEAN sites as a result of global warming	Minor	• Take measures against direct increase in energy costs in some offices and facilities in which air conditioning costs are included in rent • Add acquisition of energy-saving performance and environmental certifications (such as ZEB, BELS, and LEED) to criteria for evaluating new business sites • Consider moving to/centralizing business sites in locations with low levels of climate change risk
Physical	Chronic	Rise in spread of infectious diseases			●	• Increase in disease infections by employees due to increase in number of disease-carrying insects and pathogens due to global warming	Minor	• Establish a structure that allows all employees to work remotely and conduct remote meetings and due diligence with clients
Opportunities						**Issues to consider**	**Impact**	**Responses**
Transition	Policy/Regulation	Carbon emissions targets/ policies		●	●	• Need to reinforce company climate change response capabilities and transition to sustainable management in conjunction with the introduction of Japan's national decarbonization target. • Increased need for M&As that take related climate change issues into consideration (bringing in decarbonization business, rebuilding business portfolio, etc.)	Minor	• When providing M&A support, strengthen due diligence that includes ESG perspectives, such as due diligence regarding GHG emissions, climate risks and opportunities, and sustainability-related governance structures • To promote the above, develop human resources that are well-versed in climate change-related laws and regulations as well as market trends led by the Sustainability Promotion Committee.

Risk management

Based on evaluations of climate change-related risks and opportunities, the Company deliberates regarding risk and opportunity response measures through meetings of the Sustainability Promotion Committee and regularly confirms the progress status of response measures. In addition, the results of these measures are managed by reporting them to the Board of Directors.

For climate-related risks with the potential to have a serious financial impact, the Committee is responsible for dealing with Group-wide operational risks and coordinates with the Risk Management Committee, which is chaired by the Chief Compliance Officer (CCO). These risks are centrally evaluated and managed through the Company-wide risk management process. For risks with a major impact and a high likelihood of manifesting, the Committee deliberates response measures, monitors progress conditions, implements improvements as necessary, and uses advice from outside experts. The results of these measures are reported in Management Meetings and to the Board of Directors and reflected in management decisions.

Indicators and targets

As we respond to the risks and opportunities presented by climate change, we are also reconsidering our emissions reduction targets as part of our monitoring of decarbonization targets for complying with the Paris Agreement and Japan's national target of achieving carbon neutrality by 2050. Specifically, we aim to expand the calculation scopes of our Scope 1, Scope 2, and Scope 3 emissions and disclose our emissions.

CO_2 emissions (t-CO_2)

	FY2022	FY2023	FY2024
Scope 1	0	0	0
Scope 2	27.2	39.1	42.5
Scope 3	2,370.9	2,934.2	2667.0

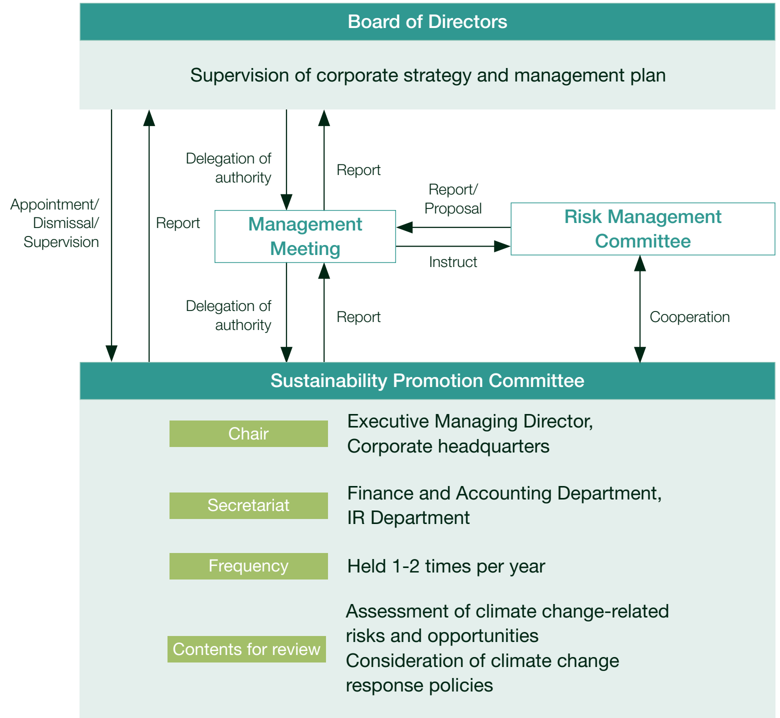
<Method of calculation> Calculation performed in accordance with the GHG Protocol
<Scope of calculation> Nihon M&A Center sites in Japan (satellite offices and overseas sites are not included within the calculation scope)
<Organization boundaries> Based on scope of control (100% of GHG emissions from businesses under the Group's control are included in calculations)
<Calculation logic> Category 6 and 7 emissions are calculated for Scope 3. Scope 3 emissions are calculated based on emissions from aircrafts used in business trips at all locations in and before FY2022. Emissions from cars used in business trips and commuting costs by car were added to items to calculate in FY2023.

Governance

The Company has established a Sustainability Promotion Committee that is under the direct management of the Board of Directors to implement initiatives that address sustainability issues such as climate change. Executive Vice President and Director serves as the chairman and appoints the other members of the Committee.

The entire Company works together to address the issue of climate change by evaluating risks and opportunities through scenario analysis, deliberating regarding response approaches, and confirms the progress status of these approaches.

These activities are reported on at the Sustainability Promotion Committee meetings held once or twice a year. The activities of the Committee and the contents of its deliberations are reported by the chairman to the Board of Directors once or twice a year. The Board of Directors deliberates matters related to sustainability issues, including climate change, and supervises and makes decisions regarding the formulation of company strategies and targets.



Data Section

Financial and Non-financial Highlights

Financial Items

Fiscal Year		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Business performance												
Sales	(million yen)	12,227	14,778	19,069	24,625	28,463	32,009	34,795	40,401	41,315	44,136	44,077
M&A sales	(million yen)	12,009	14,542	18,800	24,321	27,965	31,191	33,743	38,807	39,785	42,788	42,709
Other sales	(million yen)	218	235	269	304	497	818	1,051	1,593	1,530	1,348	1,368
Operating profit	(million yen)	6,098	7,002	9,046	11,605	12,533	14,247	15,336	16,430	15,298	16,066	16,715
Ordinary profit	(million yen)	6,310	7,116	9,070	11,670	12,533	14,467	15,468	16,864	15,472	16,518	16,918
Profit before income taxes	(million yen)	6,311	7,116	9,070	11,670	12,515	14,681	15,616	16,661	15,472	16,519	16,929
Profit attributable to parent company	(million yen)	3,950	4,840	6,174	8,146	8,867	10,273	10,678	11,437	9,842	10,727	10,955
Financial positions												
Total assets	(million yen)	16,750	20,141	24,956	31,737	35,638	44,296	54,110	58,919	65,765	58,640	61,786
Property, plant and equipment	(million yen)	196	441	411	517	480	550	532	575	586	511	449
Capital	(million yen)	13,465	16,741	16,059	21,995	27,143	35,858	44,451	50,743	54,431	43,897	47,174
Net assets	(million yen)	13,465	16,763	16,080	22,043	27,264	35,943	44,690	51,026	54,720	43,973	47,589
Interest bearing liability (borrowings, bonds payable, etc.)	(million yen)	100	100	4,500	3,500	2,500	1,500	500	—	—	6,300	5,400
Cash flows												
Cash flows from operating activities*3	(million yen)	3,654	4,440	7,769	9,813	6,914	10,313	11,458	11,099	8,153	10,527	13,116
Cash flows from investing activities*3	(million yen)	(6,269)	(5,210)	1,462	(8,102)	(605)	(5,801)	22,324	270	(3,999)	(18,204)	11,982
Free cash flows	(million yen)	(2,615)	(770)	9,231	1,711	6,309	4,512	33,783	11,370	4,154	(7,677)	1,134
Cash flows from financing activities	(million yen)	(1,440)	(1,498)	(2,555)	(3,418)	(4,549)	(2,327)	(3,095)	(5,943)	(6,093)	(15,232)	(8,753)
Stock-related information*1 *2												
Basic earnings per share	(yen)	98.78	121.04	77.21	50.82	55.13	63.30	32.46	34.60	29.76	33.04	34.54
Net assets per share	(yen)	336.72	418.66	202.21	136.78	168.75	219.91	134.49	153.51	164.48	138.41	148.71
Dividends	(yen)	35	49	44.5	41	23	26	28	18	23	23	29
Payout ratio	(%)	35.4	40.5	40.2	40.3	41.7	41.1	43.1	52.0	77.3	69.6	84.0
Financial indicators												
ROE (return on equity)	(%)	32.4	32.0	37.6	42.8	36.1	32.6	26.6	24.0	18.7	21.8	24.1
ROA (return on assets)	(%)	41.1	38.6	40.2	41.2	37.2	36.2	31.4	29.8	24.8	26.6	28.1
Capital adequacy ratio	(%)	80.4	83.1	64.3	69.3	76.2	81.0	82.1	86.1	82.8	74.9	76.4
Others												
Market capitalization	(million yen)	165,953	261,926	292,928	599,512	496,481	490,722	1,007,254	581,233	331,543	332,554	194,883
Fiscal year-end share price*1 *2	(yen)	497.5	818.8	905.0	1,830.0	1,515.0	1,477.5	2,993.0	1,727.0	984.0	987.0	578.4
Transactions closed	(number of transactions)	338	420	524	649	770	885	886	996	1,050	1,146	1,078

*1 As of April 1, 2014, the Company conducted a three-for-one share split of its common stock.
*2 As of October 1, 2016, April 1, 2018, and April 1, 2021, the Company conducted two-for-one share splits of its common stock respectively.
*3 Increase (decrease) in leasehold and guarantee deposits, previously classified under cash flows from operating activities, has now been classified under cash flows from investing activities.

Financial and Non-financial Highlights

Non-financial Items

Fiscal Year			FY2020	FY2021	FY2022	FY2023	FY2024
Environment							
Scope 1		(t-CO_2)	0	0	0	0	0
Scope 2		(t-CO_2)	120.9	0	27.2	39.1	42.5
Scope 3		(t-CO_2)	1,019.2	1,417.4	2,370.9	2,934.2	2,667.0

<Method of calculation> Calculation performed in accordance with the GHG Protocol
<Scope of calculation> Nihon M&A Center sites in Japan (satellite offices and overseas sites are not included within the calculation scope)
<Organization boundaries> Based on scope of control (100% of GHG emissions from businesses under the Group's control are included in calculations)
<Calculation logic>

- Scope 2 emissions for FY2020 and FY2021 were only calculated for the Tokyo head office. From the middle of the second half of FY2020, the electricity used in the building that houses our Tokyo head office switched to renewable energy, resulting in zero CO_2 emissions. In FY2022, the scope of calculation was expanded to include all domestic locations. In FY2024, the electricity used in the buildings occupied by all domestic locations was switched to renewable energy, thus also bringing our Scope 2 emissions down to zero.
- For Scope 3 emissions, we calculate emissions from categories 6 and 7. Through FY2022, Scope 3 emissions were calculated based on emissions from aircrafts used in business trips at all locations. From FY2023, emissions from cars used in business trips and commuting costs by car were added to the scope of calculation.

Fiscal Year			FY2020	FY2021	FY2022	FY2023	FY2024
Employment							
Number of employees		(persons)	810	972	1,083	1,043*3	1,086
Number of M&A consultants		(persons)	(473)	(568)	(622)	(645)*3	630
Rate of annually taking paid leave*1		(%)	35.4	40.0	46.6	46.8	47.2
Average salary*1		(thousand yen)	12,434	12,022	11,140	11,821	12,710
Rate of turnover		(%)	—	—	15.7	17.9	14.9
Percentage of graduate entrants/ mid-career hires*1	Graduate entrants	(%)	8.5	10.1	19.6	26.6	24.5
	Mid-career hires	(%)	91.5	89.9	80.4	73.4	75.5
Number of graduate entrants hired*1		(persons)	16	24	43	41	47
Average age of employees		(age)	34.3	34.0	33.8	34.1	34.9
Number of labor accidents		(cases)	0	2	0	4	6
Diversity & inclusion							
Ratio of female managers		(%)	9.8	11.1	11.5	16.5	15.0
Return-to-work rate after maternity/ paternity leave	Male	(%)	—	100.0	100.0	100.0	100.0
	Female	(%)	87.5	100.0	100.0	60.0	81.3
Rate of taking maternity/paternity leave*2	Male	(%)	0.0	10.0	30.2	27.8	33.3
	Female	(%)	100.0	100.0	100.0	100.0	100.0
Health management							
Percentage of employees receiving health checkups*1		(%)	99.6	99.8	100.0	100.0	100.0

*1 These are the figures for Nihon M&A Center Inc.
*2 Special People Association co., ltd is excluded from the calculation.
*3 Batonz Co., Ltd. became an equity-method affiliate from a consolidated subsidiary from the second quarter of FY2023. As a result, the employees who belong to Batonz Co., Ltd. are no longer included in the consolidated figures.

Consolidated Financial Statements

Consolidated Statements of Income

(Unit: thousand yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	44,136,889	44,077,707
Cost of sales	19,500,556	19,298,648
Gross profit	24,636,333	24,779,058
Selling, general and administrative expenses	8,569,355	8,063,396
Operating profit	16,066,977	16,715,661
Non-operating income		
Interest income	37,831	79,392
Dividend income	41,020	46,015
Gain on investments in investment partnerships	31,196	—
Share of profit of entities accounted for using equity method	428,211	180,879
Other	25,489	28,589
Total non-operating income	563,750	334,876
Non-operating expenses		
Interest expenses	14,679	28,162
Loss on investments in investment partnerships	—	73,016
Foreign exchange losses	25,111	29,628
Commission expenses	66,246	1,000
Other	5,932	63
Total non-operating expenses	111,971	131,870
Ordinary profit	16,518,756	16,918,667
Extraordinary income		
Gain on change in equity	—	10,128
Gain on sale of non-current assets	952	372
Total extraordinary income	952	10,501
Profit before income taxes	16,519,708	16,929,169
Income taxes - current	5,557,287	6,032,674
Income taxes - deferred	218,730	(71,673)
Total income taxes	5,776,017	5,961,001
Profit	10,743,691	10,968,168
Profit attributable to non-controlling interests	15,956	12,287
Profit attributable to owners of parent	10,727,734	10,955,880

Consolidated Statements of Comprehensive Income

(Unit: thousand yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	10,743,691	10,968,168
Other comprehensive income		
Valuation difference on available-for-sale securities	234,543	423,289
Foreign currency translation adjustment	41,662	98,263
Share of other comprehensive income of entities accounted for using equity method	—	(2,080)
Total other comprehensive income	276,205	519,472
Comprehensive income	11,019,896	11,487,641
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,003,078	11,472,197
Comprehensive income attributable to non-controlling interests	16,818	15,443

Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: thousand yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Assets		
Current assets		
Cash and deposits	37,439,818	39,211,152
Accounts receivable - trade	2,579,173	2,633,034
Prepaid expenses	517,813	570,335
Other	1,851,973	152,321
Allowance for doubtful accounts	(2,211)	(209)
Total current assets	42,386,566	42,566,635
Non-current assets		
Property, plant and equipment		
Buildings	728,474	741,672
Accumulated depreciation	(384,244)	(443,366)
Buildings, net	344,229	298,306
Other	616,268	633,893
Accumulated depreciation	(448,689)	(483,043)
Other, net	167,579	150,850
Total property, plant and equipment	511,808	449,157
Intangible assets	173,846	133,514
Investments and other assets		
Investment securities	11,850,514	13,945,317
Long-term loans receivable	—	1,085,208
Deferred tax assets	392,792	240,570
Long-term time deposits	1,008,468	1,009,069
Other	2,316,612	2,356,670
Total investments and other assets	15,568,387	18,636,836
Total non-current assets	16,254,042	19,219,508
Deferred assets		
Organization expenses	—	259
Total deferred assets	—	259
Total assets	58,640,609	61,786,402

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	924,045	1,088,256
Current portion of long-term borrowings	1,400,000	1,400,000
Accrued expenses	2,011,368	2,196,439
Income taxes payable	2,704,829	3,353,438
Contract liabilities	327,026	216,084
Deposits received	229,261	157,575
Provision for bonuses	307,453	330,288
Other	1,581,440	1,153,980
Total current liabilities	9,485,426	9,896,064
Non-current liabilities		
Long-term borrowings	4,900,000	4,000,000
Long-term accounts payable - other	168,792	168,792
Deferred tax liabilities	112,778	131,961
Total non-current liabilities	5,181,570	4,300,754
Total liabilities	14,666,996	14,196,818
Net assets		
Shareholders' equity		
Share capital	4,045,552	4,045,552
Capital surplus	3,993,551	3,908,630
Retained earnings	54,158,155	56,944,323
Treasury shares	(18,963,044)	(18,903,338)
Total shareholders' equity	43,234,214	45,995,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	592,244	1,015,533
Foreign currency translation adjustment	70,740	163,768
Total accumulated other comprehensive income	662,985	1,179,302
Share acquisition rights	12,443	—
Non-controlling interests	63,968	415,113
Total net assets	43,973,612	47,589,584
Total liabilities and net assets	58,640,609	61,786,402

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(Unit: thousand yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	16,519,708	16,929,169
Depreciation	152,646	136,909
Amortization of goodwill	22,059	22,059
Increase (decrease) in allowance for doubtful accounts	6,652	(2,131)
Increase (decrease) in provision for bonuses	4,599	22,835
Increase (decrease) in provision for bonuses for directors (and other officers)	—	1,735
Interest and dividend income	(78,851)	(125,407)
Interest expenses	14,679	28,162
Loss (gain) on sale of non-current assets	(952)	(372)
Loss (gain) on change in equity	—	(10,128)
Foreign exchange losses (gains)	(5,496)	22,164
Share of loss (profit) of entities accounted for using equity method	(428,211)	(180,879)
Decrease (increase) in trade receivables	355,305	(34,105)
Decrease (increase) in prepaid expenses	(50,716)	(59,491)
Increase (decrease) in trade payables	53,511	159,005
Increase (decrease) in accrued expenses	299,370	167,176
Increase (decrease) in contract liabilities	42,674	(110,943)
Increase (decrease) in deposits received	93,864	(71,909)
Increase (decrease) in long-term accounts payable - other	(197,610)	—
Decrease (increase) in consumption taxes refund receivable	1,409,380	—
Other, net	(1,085,372)	(125,250)
Subtotal	17,127,242	16,768,596
Interest and dividends received	145,231	135,925
Interest paid	(8,789)	(18,629)
Income taxes paid	(6,736,103)	(3,769,519)
Net cash provided by (used in) operating activities	10,527,579	13,116,373

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from investing activities		
Increase (decrease) in lease and guarantee deposits received	19,677	(38,329)
Purchase of property, plant and equipment	(87,192)	(48,008)
Purchase of intangible assets	(43,524)	(23,166)
Purchase of investment securities	(3,354,457)	(4,383,404)
Proceeds from sale of investment securities	—	2,000,000
Proceeds from share of profits on investments in capital	1,209,509	853,037
Revenue from repayment of investment	69,698	170,578
Payments into time deposits	(21,207,274)	(590,475)
Proceeds from withdrawal of time deposits	5,256,412	15,253,567
Purchase of shares of subsidiaries and associates	(80,000)	(140,000)
Long-term loan advances	—	(1,085,208)
Other, net	12,715	14,053
Net cash provided by (used in) investing activities	(18,204,437)	11,982,645
Cash flows from financing activities		
Proceeds from long-term borrowings	7,000,000	498,128
Purchase of treasury shares	(13,999,980)	(43)
Repayments of long-term borrowings	(700,000)	(1,400,000)
Dividends paid	(7,537,179)	(8,247,107)
Proceeds from share issuance to non-controlling shareholders	4,355	335,701
Proceeds from disposal of treasury shares	—	59,749
Net cash provided by (used in) financing activities	(15,232,804)	(8,753,570)
Effect of exchange rate change on cash and cash equivalents	50,039	66,511
Net increase (decrease) in cash and cash equivalents	(22,859,621)	16,411,959
Cash and cash equivalents at beginning of period	45,400,272	22,303,634
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(237,015)	—
Cash and cash equivalents at end of period	22,303,634	38,715,594

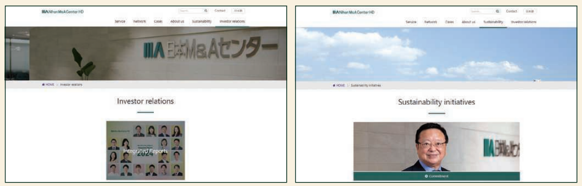
Corporate and Stock Information

(As of March 31, 2025)

Company Information

Company name	Nihon M&A Center Holdings Inc.
Paid-in capital	4,045 million yen (Tokyo Stock Exchange Prime Market/ Stock code: 2127)
Established	April 25, 1991
Number of employees (consolidated)	1,043
Location	Tokyo head office 24F TEKKO BUILDING, 1-8-2, Marunouchi, Chiyoda-ku, Tokyo, Japan 100-0005
Major group companies	Nihon M&A Center Inc. Corporate Value Laboratory Inc. Japan PMI consulting Inc. ZUUM-A Co., Ltd. Special People Association co., ltd Nihon DX Human Resources Center Inc. Nihon M&A Center Singapore Pte. Ltd. Nihon M&A Center Malaysia Sdn. Bhd. Nihon M&A Center Vietnam co., LTD. Nihon M&A Center (Thailand) CO., LTD Next-Navi Inc. Batonz Co., Ltd. Japan Investment Fund Inc. Search Fund Japan, Inc. Japan Private Equity Co., Ltd. Yano Research Institute Ltd. NOBUNAGA Succession Inc. Kyushu M&A Advisors Co., Ltd. AtoG Capital, Inc. J-Search Inc.

The Company's Website
https://www.nihon-ma.co.jp/en/

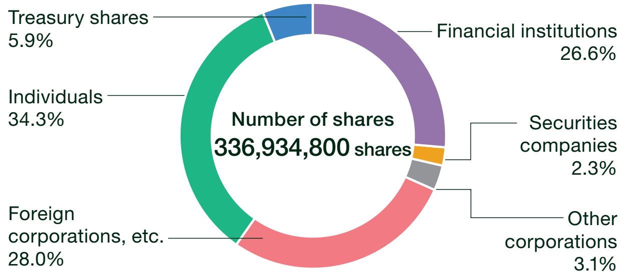


Stock Information

Total number of shares authorized	576,000,000
Total number of shares outstanding	336,934,800
Total number of shareholders	110,382

*Total number of shares outstanding includes 19,709,653 shares of treasury stock.

Distribution of Shares by Type of Shareholder

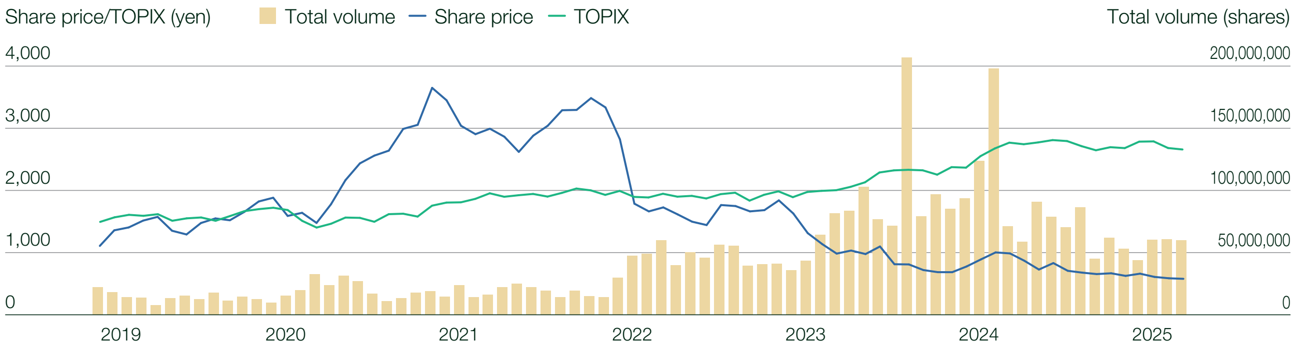


Major Shareholders

Name	No. of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	56,558,300	17.83
Custody Bank of Japan, Ltd. (trust account)	24,901,600	7.85
Suguru Miyake	20,859,182	6.58
STATE STREET BANK AND T RUST COMPANY 505103	11,236,855	3.54
Yasuhiro Wakebayashi	8,616,800	2.72
THE BANK OF NEW YORK ME LLON 140042	6,140,572	1.94
THE BANK OF NEW YORK ME LLON 140044	5,744,901	1.81
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PE NSION FUNDS SEC LENDING	3,966,033	1.25
STATE STREET BANK AND T RUST COMPANY 505001	3,677,843	1.16
STATE STREET BANK WEST CLIENT – TREATY 505234	3,652,900	1.15

*In addition to the above, the Company holds 19,709,653 shares of treasury stock.

Share Price



*As of April 1, 2018, and April 1, 2021, the Company conducted two-for-one share splits of its common stock.

External Evaluations, Commitments, and Inclusion in the Index

Nihon M&A Center Group is strengthening its sustainability initiatives to increase medium- to long-term corporate value.
Here, we discuss our inclusion in ESG investment indices, evaluations by external organizations, and our participation in international initiatives.

Inclusion in ESG investment indices

The Company has been selected for inclusion in five of the six ESG investment indices adopted by the Government Pension Investment Fund (GPIF).

FTSE Blossom Japan Series
FTSE Blossom Japan Sector Relative Index

These indices reflect the ESG performance of Japanese companies. We have been included in the FTSE Blossom Japan Series continuously since 2021, and in the FTSE Blossom Japan Sector Relative Index continuously since 2022. Additionally, we are also included in the FTSE4Good Index Series.

*FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Nihon M&A Center Holdings, Inc. has qualified for inclusion in the FTSE4Good Global Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index as a result of independent investigation. These indexes were established and designed to measure the performance of companies that demonstrate excellent Environmental, Social and Governance (ESG) practices by FTSE Russel, a global index provider. The indexes are widely used to create and evaluate sustainable investment funds and other financial products.

FTSE4Good

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

MSCI Nihonkabu ESG Select Leaders Index

This index consists of companies with relatively high ESG evaluations within their fields.

S&P/JPX Carbon Efficient Index

We adjust the weights based on the status of environmental information disclosure and carbon efficiency per revenue among the constituents of the Tokyo Stock Price Index (TOPIX).

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

This index recognizes companies that have gender diversity policies that have been thoroughly ingrained in their corporate culture and companies that are committed to offering equal opportunities to employees regardless of gender.

ESG evaluations

MSCI “A Rating”

In September, 2024, we received an “A Rating” from ESG rating organization MSCI. This rating represents the third highest of a seven-point scale from CCC to AAA, and reflects the high praise of our sustainability initiatives. As of 2020, we received a BB Rating, so this represents a two-level improvement.

*The use of data from MSCI ESG Research LLC or its affiliates (“MSCI”) by Nihon M&A Center Holdings, as well as the use of MSCI’s logos, trademarks, service marks, or index names, does not signify MSCI’s sponsorship, endorsement, recommendation, or promotion of Nihon M&A Center Holdings. MSCI’s services and data are the property of MSCI or its information providers and are provided “as is” without warranties. The name and logo of MSCI are trademarks or service marks of MSCI.

MSCI ESG RATINGS A

CCC	B	BB	BBB	A	AA	AAA

FTSE score

FTSE scores are benchmarks of corporate ESG initiatives, and we received an FTSE score of 3.9 (out of 5). Our score in 2020 score was 1.8 points, an improvement of 2.1 points over the past three years.

Other evaluations and Inclusion in the Index

JPX-Nikkei Index 400

The index is composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives.

JPX-NIKKEI 400

JPX Prime 150 Index

The index is composed of stocks selected to represent companies that are estimated to create value based on two perspectives to measure value creation: return on capital and market valuation. The Company was selected based on equity spread criteria (return on capital).

JPX PRIME 150

GUINNESS WORLD RECORDS™ title

Guinness World Records recognized us as “Best-selling mergers and acquisitions advisory company” for five consecutive years in 2020 (783 cases), 2021 (1,013 cases), 2022 (989 cases), 2023 (1,067 cases), and 2024 (1,088 cases).

*Best-selling mergers and acquisitions advisory company Target period: 2020, 2021, 2022, 2023, 2024

Participation in international initiatives

UN Global Compact

In September 2022, we signed the Compact, and ever since we have been strengthening our initiatives aimed at sustainable corporate development.

Task Force on Climate-related Financial Disclosures (TCFD)

We support the TCFD and disclose climate-related financial data.

Initiatives to Build Relationships with Shareholders and Investors

Communicating with shareholders and investors

We strive to disclose clear and easy to understand financial and business performance information, non-financial information such as business strategies necessary for making investment decisions, and other information whose disclosure is stipulated in related laws and regulations, in a timely, appropriate and fair manner. By doing so, we work to establish relationships of trust with our shareholders, investors, and all of our other stakeholders.

Number of Dialogues and Sessions per Year

Targets	Initiatives	FY2023 Results	FY2024 Results
Shareholders	General Meeting of Shareholders	1	1
Institutional investors/ Securities analysts	Individual interviews	417	359
	Financial results briefing	4	6
	Overseas roadshows	2	2
	Conferences hosted by securities companies	6	5
Individual investors	Company information session for individual investors	1	1
Employees	Financial results briefing for employees	1	4

Promoting dialogue to increase corporate value

Institutional investors/Securities analysts

Through constructive dialogue with institutional investors and securities analysts, we strive to achieve sustainable growth and increase our medium- to long-term corporate value. Our President and Representative Director and the Head of IR Office are speakers at meetings, engaging in dialogue with our institutional investors and securities analysts. Furthermore, we also provide opportunities for other related members of the Company to attend meetings and participate in dialog when necessary. The feedback and concern we get from our shareholders and institutional investors is reported to senior management along with the status of the IR activities we carry out each fiscal period.

Individual investors

We consider communication with individual investors to be an important part of our business strategy, and therefore hold a company information session for individual investors once a year. By directly communicating our vision and strategies, we aim to deepen individual investors’ understanding and build relationships of trust.

Employees

We also dedicate ourselves to improving employee engagement. In our employee stock ownership program, the Company provides an incentive payment equal to 100% of the amount contributed by employees. Following our quarterly financial results briefings, we conduct financial results briefings for employees. At these briefings, management explains the contents of our financial results and our future initiatives directly to employees and engages in dialogue through Q&A sessions.

General Meeting of Shareholders

Financial results briefing for employees

Financial Results Briefing for Employees

Engagement with Clients, Business Partners and Shareholders

Roundtable Discussion with Employees and Securities Analysts

Maximizing Corporate Value by Enhancing our Human Resource Development

—The reality of M&A consultant training

We consider “people” to be our greatest management asset, and are accelerating our investment in human resources with a focus on the early development of young employees and continuous strengthening of our on-site capabilities. In addition to a personnel responsible for human resource development and on-site management (Head of the Department and a group leader), this roundtable discussion was also attended by an analyst from a securities firm to provide an external perspective. These participants exchanged their opinions on enhancing human resource initiatives.

Human resource development is the starting point for enhancing corporate value —Positioning training at the forefront of management

Nakamura: In M&A intermediary services, it is essential to have advanced consulting and interpersonal skills. In our commitment to the growth and self-realization of each and every M&A consultant, we have taken measures to develop our human resources. We have introduced the “2in1 system,” in which a new employee is paired with a middle-level employee to work together in achieving a budget target. On top of that, we have established a detailed guidance and management system comprised of group leaders (“GLs”), Head of the Department, and Head of the Channel to form a four-level structure.

Kojima: I consider developing management personnel to be a key part of expanding an organization. How is this being done?

Nakamura: To be promoted to a GL, employees need to have closed at least 15 deals. However, promotion is determined based not only on quantitative results, but also on their ability to mentor junior employees and lead team members to deal closings. GLs are expected to gradually grow through the first, second, and third years in their post to eventually command a team of seven to eight people. As promotion to the position of Head of the Department requires the closure of at least 30 deals, GLs need to encourage the growth of their team members while building up their own track record as a player-coach manager. As such, many of our employees have experience in closing 15 or 30 deals, which is a major strength of our organization. The knowledge and know-how of these highly experienced personnel are shared throughout the Company, contributing to the improvement of our overall performance.

Tachibana: As my duties as a GL expand, I am expected to produce results while also mentoring the members of my team. As the organization is becoming more hierarchical, I am grateful that the roles of each level have been clarified, which in turn made my responsibilities as a manager clear.

Higashida: The M&A industry has a large number of mid-career employees. When I joined the Company in 2017, the only manager in the field was the Head of the Department, and everyone else was a staff member. As there was no middle management, to be honest, it seemed like training and guidance were person-dependent.

The management experience gained as a GL will also prove useful for me as the Head of the Department, and the approach to human resource development has changed significantly in terms of clarifying career paths.

Kojima: I believe that the training system has also changed along with the organizational reform. Have there been any particular changes in GL training over the past few years?

Nakamura: General management training was initially conducted by external instructors, but now it has evolved to include guidance that simulates situations that our management personnel will actually face. By incorporating practical training and case studies by the President and Heads of Headquarters and segmenting the target participants, we have reduced the number of participants per session, enabling more detailed guidance.

Improving productivity in human resource development through “standardization”

Nakamura: For the past few years, we have been working to “standardize” the sales communication process. In this system, the business negotiation process of successful employees is broken down into multiple steps, modeled, and compiled into a manual. The role-playing of these scenarios is also made into a video and shared as training material. While we have long recognized the need for this, following the decline in the number of mid-career employees due to the inappropriate incident in 2022, we began to standardize this system to expand our organization horizontally through stepped-up recruitment and to strengthen our vertical growth by developing our middle management personnel. As it is still a work in progress, initiatives on this front are ongoing.

Tachibana: As M&A for SMEs is a very delicate business, manual creation has long been considered a difficult task.

There is always a risk that one wrong word choice or just one element being out of place can disrupt the entire process. However, this standardization project is starting to generate results in the form of an increase in the number of sell-side mandates.

Kojima: How do you analyze the results of standardization and its impact on productivity and speed of growth in human resource development?

Nakamura: Looking at the percentage of new sell-side and buy-side mandates gained by new employees within six months of joining the Company, which we have set as a KPI, there was a significant year-on-year increase in FY2024. We believe that this growth is due to a reduction in time that employees take to secure their first M&A intermediation agreement. Shortening this period has already achieved a certain level of results, as time that employees take to close their first deal has also been reduced.

Tachibana: I think the provision of tools that enable anyone to teach at a high level, leading to the standardization of education, has had a major impact.

Higashida: I also feel that this has contributed greatly to increasing productivity and shortening training periods. Previously, the Head of the Department would accompany junior employees to their respective locations to train them. Now, they can learn through videos and other means. Standardization has enabled role-playing to be instructed by not only the Head of the Department but also a senior employee in the "2in1 system."

I also feel that standardization has led to an increased sense of unity throughout the organization. Following the aforementioned inappropriate incident, the Company shifted to a defensive management style focused on compliance. Meanwhile, employees in the field needed to take an offensive approach while also focusing on defense. I believe that standardization helps to establish a sales process that balances both defense and offense as a way of working to achieve targets in a tougher environment.

By setting up an education framework at each level in this manner, we have been able to send a strong message across the Company that management is committed to thoroughly preventing recurrence. Now that the organization has stabilized, I believe that we are at a place where we can move forward with micromanagement. As for employees on the front lines, I feel that this new management approach will come in handy as the Company gets back on track and makes a fresh start.

Nakamura: To foster a greater sense of unity, I think it is important to first come up with various support measures to enable as many employees as possible to thrive. While it is taking less time for new employees to become productive members of the workforce, it is also true that a certain number of new employees that have been with us for less than three years continue to leave. As new employees with little experience in closing deals find it difficult to feel meaningful growth, they often quit without feeling any sense of accomplishment. As part of our efforts to reduce turnover rates for this demographic, three years ago we began a job rotation program for new graduates to experience different departments in their first and second years. Interpersonal exchanges across departments have created opportunities for growth, resulting in both improved performance and lower turnover rates.

Higashida: In fact, an employee from my department has been transferred as a result of this initiative, and looks to have found a new role and is thriving in the new department. For new employees, I think experiencing multiple departments and then choosing the job that best suits them is more likely to reduce turnover and also better motivate them. I believe that the Head of the Department's job is to provide an environment in which their subordinates are more likely to produce results, in other words, a comfortable work environment. I feel that the job rotation program provides such an opportunity.

Utilizing new project management methods to improve M&A quality and develop human resources

Nakamura: As more sensitivity is required in client relationships, we have introduced a standardized approach to project management for all heads of sales departments starting this fiscal year. The progress of each project is broken down and visualized, and deals are managed without delays or omissions using a company-wide format. This allows all heads of sales departments to maintain a certain level of quality, enabling them to take preemptive measures to alleviate client concerns.

Higashida: Internally, it is significant that everyone, from staff members, managers, and other field-level personnel to senior executives, can check the progress of projects from the same perspective. I thus believe that quality improvement will also lead to increased client satisfaction.

Kojima: When announcing the full-year financial results for FY2024, the Company explained its analysis of the year-on-year decrease in the number of transactions closed. With the external environment becoming more severe, I believe it is necessary to manage projects more meticulously. Do you think this will have an impact on the growth of new employees?

Nakamura: I think that this will lead to the growth of young employees, as it will enable us to carry out management from the same perspective at each layer and visualize the areas that require guidance.

Kojima: What are the impressions and reactions of employees in the field after actually introducing this approach?

Tachibana: We are now able to manage the negotiation phase in detail, making it easier to provide guidance because we can clearly see which points are causing bottlenecks. I think that up until now, we have focused too much on results and have not been able to look at the challenges faced by individual M&A consultants. As the level of sensitivity required by clients increases, we are seeing cases where consultants take action but fail to achieve results, or where they acquire mandates but are unable to close the deal. Therefore, we are currently trying to analyze and clarify the issues we face as a company through project management. I feel that this initiative has been extremely effective, as it has enabled GLs to carry out individual analysis when providing guidance to team members.

Kojima: Human resource development and management are extremely important parts of a company, and systemization is essential for business expansion. On the other hand, in the early days of the M&A industry and the foundation phase of Nihon M&A Center, I believe that your employees approached their work with great enthusiasm. I hope that you will continue to lead the industry with the same passion that you had when the Company was first founded.

Nihon M&A Center Holdings Inc.

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