

## Assisting companies to continue and prosper through M&A

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## 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.

Financial Information

Non-financial Information

Medium- to Long-term Perspective

Integrated Report

Financial Results Report

Summary of Financial Results

Corporate Governance Report

Annual Securities Report

Results/Facts

General Shareholders' Meeting Materials

Company Website

- About Nihon M&A Center Group
- Sustainability
- IR Information (including statutory and voluntary disclosures)

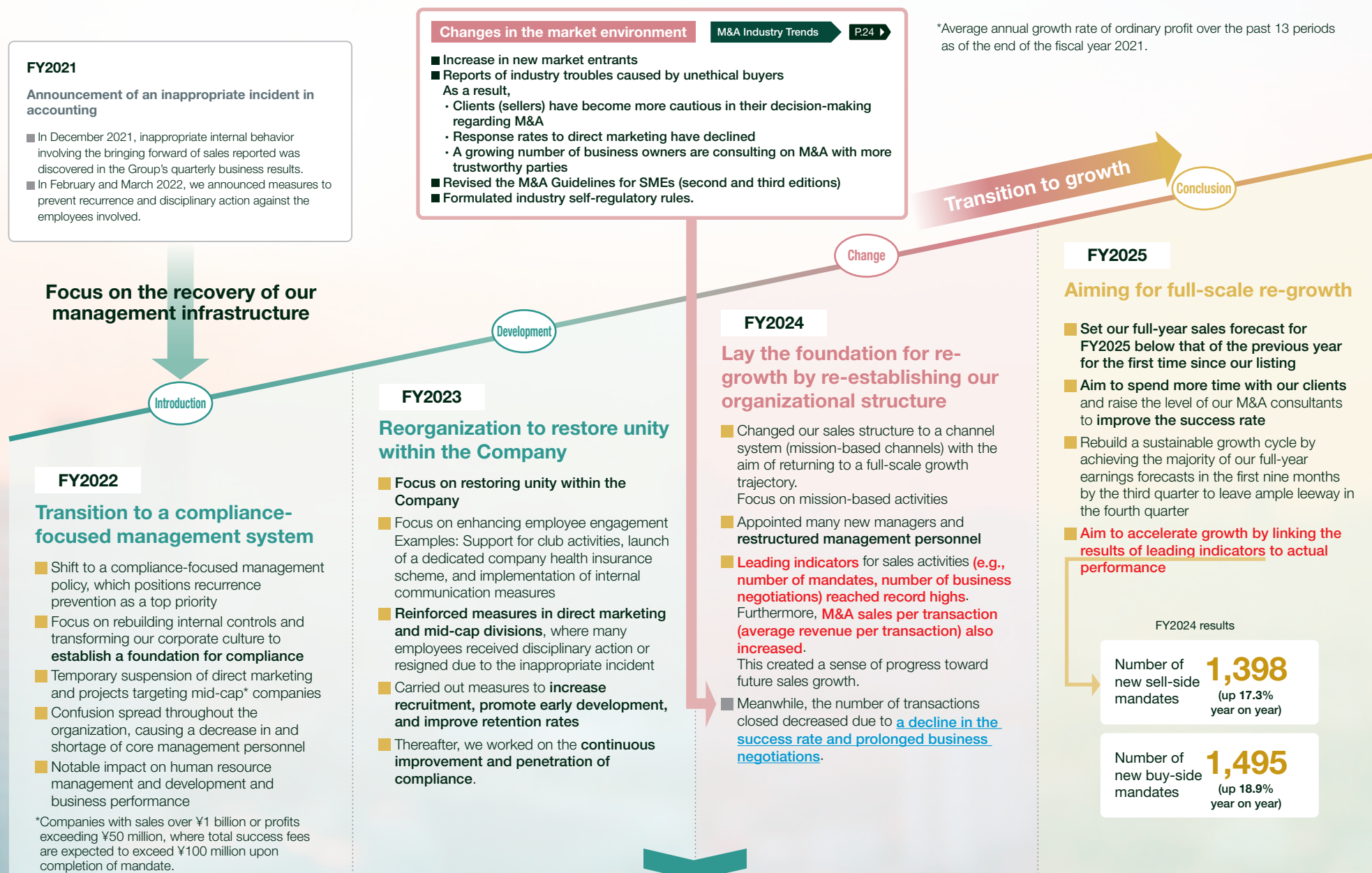


To access a broader range of relevant information  
<https://www.nihon-ma.co.jp/en/>



# 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.







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<br>(result) | FY2021<br>(result) | FY2022<br>(result) | FY2023<br>(result) | FY2024<br>(result)      | FY2025<br>(plan) |
|---|--------------------|--------------------|--------------------|--------------------|-------------------------|------------------|
| Sales<br>(million yen)                          | 34,795             | 40,401             | 41,315             | 44,136             | 44,077                  | 46,300           |
| Ordinary profit<br>(million yen)                | 15,468             | 16,864             | 15,472             | 16,518             | <Record high><br>16,918 | 17,000           |
| Transactions closed<br>(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

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HR Strategy

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Materiality

**P.17 ▶**

Corporate Governance

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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)<sup>\*1</sup>, 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%.<sup>\*2</sup>

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.<sup>\*3</sup> 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.<sup>\*4</sup> 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.<sup>\*4</sup>

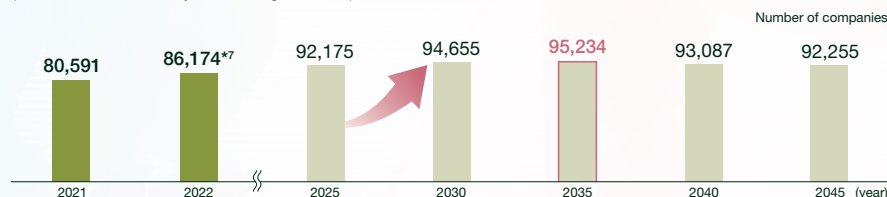
With the recent spread and penetration of M&A among SMEs, there has been an increase in earlier-than-usual generational changes and the selection of successor candidates, but the proportion of companies with no successors still makes up the majority.<sup>\*5</sup>

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<sup>\*6</sup>

(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.

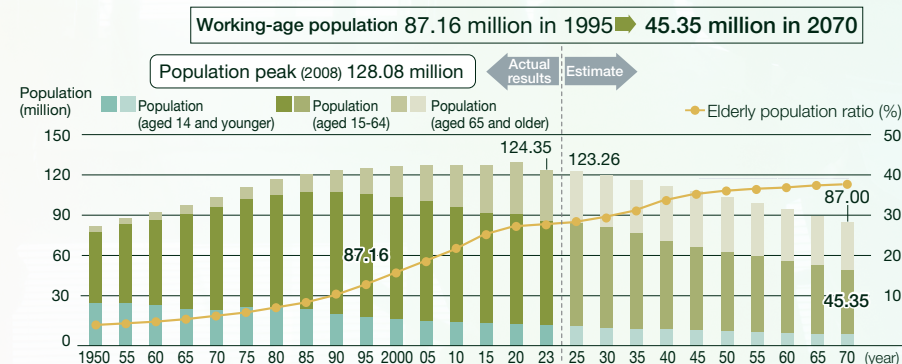
Amid a declining birthrate and an aging population, Japan has been experiencing a decline in its total population for a long time. According to estimates by Japan's Cabinet Office, the total population in 2070 will fall below 90 million, and the working-age population is projected to decline to about 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.<sup>\*8</sup> 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.

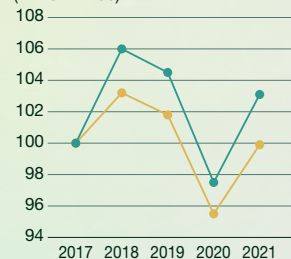
The M&A market for SMEs is seeing demand expand from business succession-type M&A to also include industry restructuring-type M&A and growth strategy-type M&A.

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.

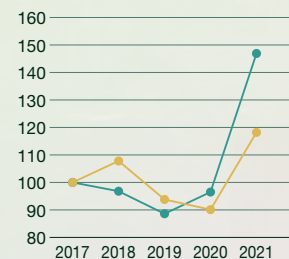
Net sales

(FY2017=100)

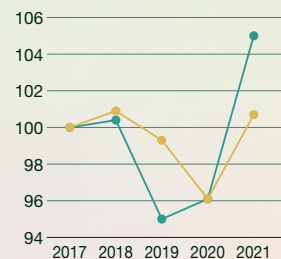


— SMEs that conducted M&As in FY2017 — SMEs that did not conduct M&As between FY2017 and FY2021

Ordinary profit



Labor productivity



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

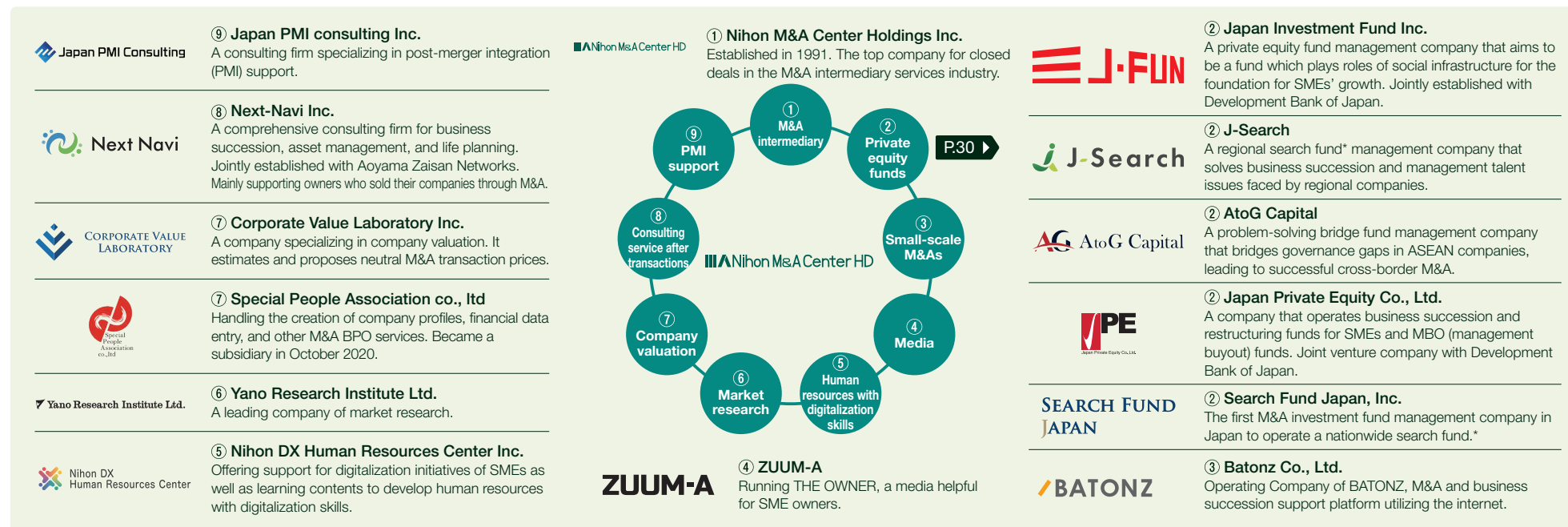
\*14 The discrepancy in the estimated potential demand for business succession-type M&A among SMEs on the previous page is due to differences in categorization and the assumptions at the time of estimation.

# 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.



\*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.

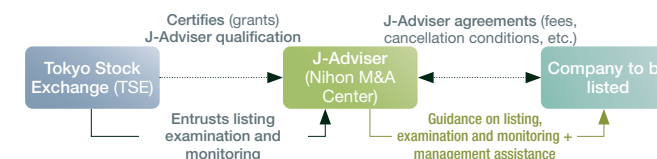


## IPO support

### 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



**Closure**

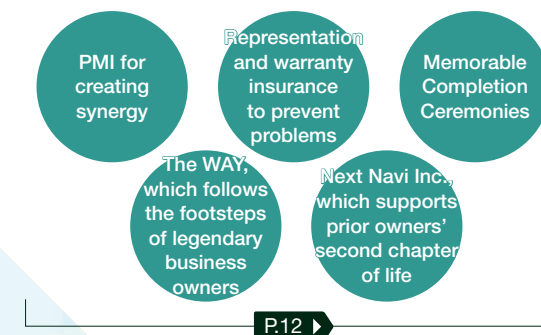
Achieving safe, secure and the best M&A

**Success**

Full support for growth and success after deal conclusion

## The Best M&A

**Five** types of support from closure to success



**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.



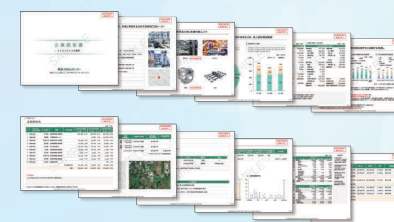
**Reason 2**

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.

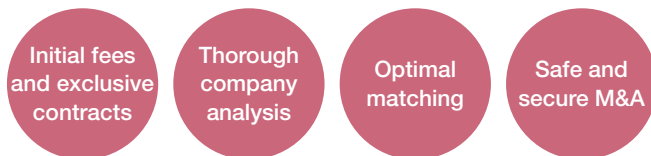
Company profiles are important documents that convey to potential buyers the strengths and characteristics of the seller through information gained via interviews, such as the company's technology, product features, and industry advantages. These company profiles, which are roughly 40 pages long, are 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





## Four reasons why we are No.1 in closed deals



## 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

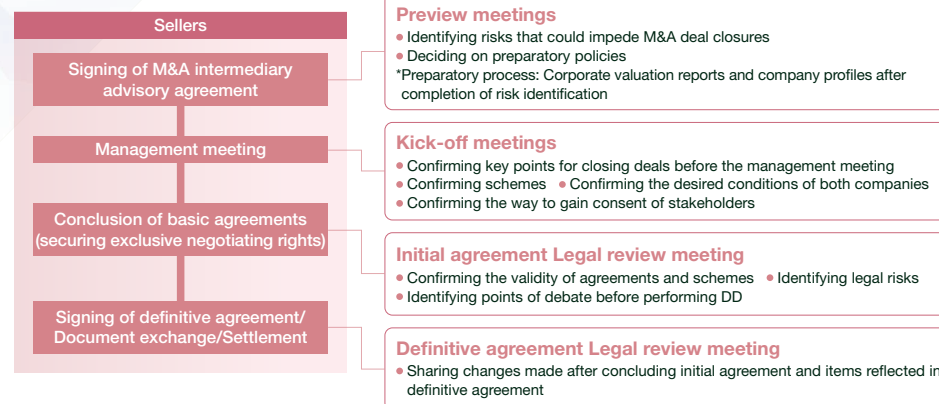
We also focus on risk management measures in place for M&A. At Nihon M&A Center, we have established a division to manage business processes to prevent information leaks and other problems, and we carefully proceed with the M&A process. Before concluding an initial agreement, a risk analysis is conducted 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.



# Five types of support from closure to success

\*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.



## Success

Full support for growth and success after deal conclusion

PMI for creating synergy

Representation and warranty insurance to prevent problems

Memorable Completion Ceremonies

The WAY, which follows the footsteps of legendary business owners

## Five types of support from closure to success



\*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.



## 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 implement 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 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.

## 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.





# 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)

2020

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.

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**

**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 ▶

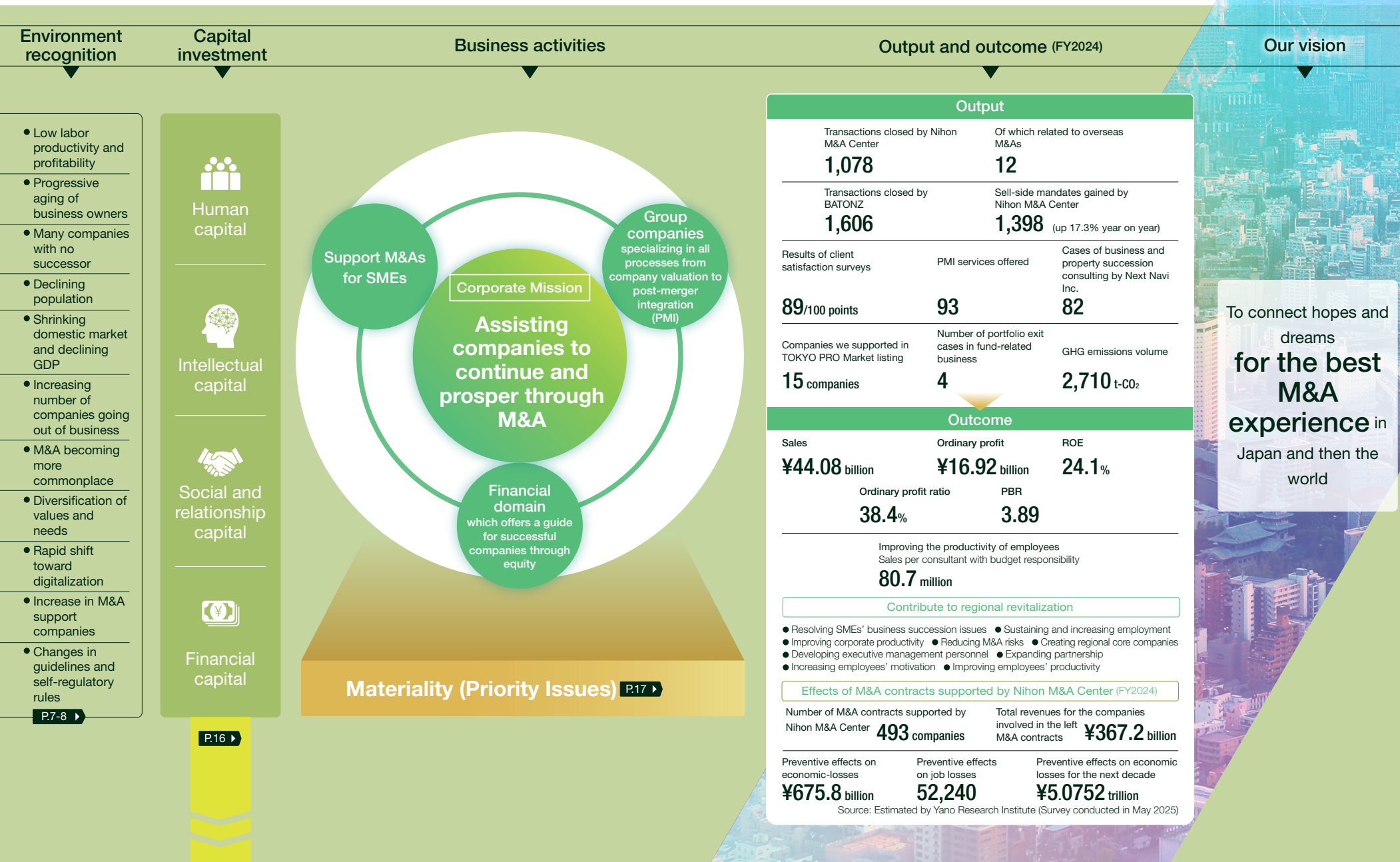
May

**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.



Introduction

Vision of Nihon M&A Center Group

Strategy for Growing into the Best Integrated M&A Company

Data Section

# 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

**1,072** firms

Credit unions

**221** out of 254

Regional banks

**95** out of 97

Major financial institutions  
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

Seconded 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 medium-term management target period, we will strive to maintain and enhance the long-term return of profits to our shareholders.

ROE

**24.1** %

Payout ratio

**84.0** %

Capital adequacy ratio

**76.4** %

Ordinary profit ratio

**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.

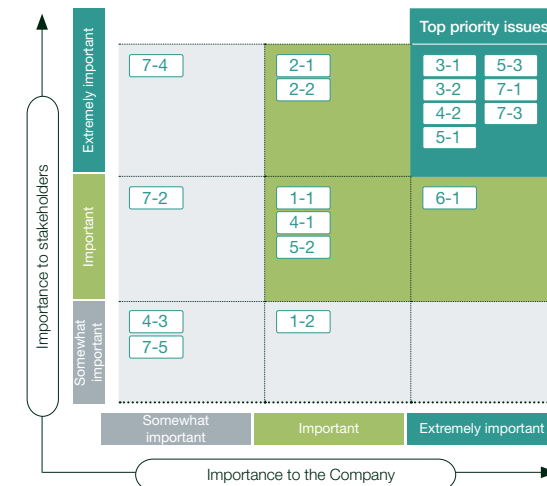
## Materiality

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

|   |     |  |                                  |
|---|-----|--|----------------------------------|
| 1<br>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<br>Innovation                                       | 2-1 | Response to market changes(including changes in business owners' awareness)                                | P.24-26 ▶<br>P.40 ▶              |
|   | 2-2 | Productivity improvement/marketing promotion using DX  | P.24-26 ▶<br>P.40 ▶              |
| 3<br>Secure and safe M&A                              | 3-1 | Maintenance and improvement of service quality   | P.24-26 ▶<br>P.39 ▶              |
|   | 3-2 | Engement with clients, business partners and shareholders  | P.35-38 ▶<br>P.41 ▶<br>P.82-84 ▶ |
| 4<br>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<br>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<br>Strengthening of information management          | 6-1 | Information security and cybersecurity measures  | P.71-72 ▶                        |
|   | 7-1 | Building of corporate governance with emphasis on compliance   | P.54-66 ▶                        |
| 7<br>Strengthening of governance foundations          | 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



## 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   | FY2023   | From FY2024  |
|--|--|--|
| <b>Materiality extraction and identification</b> <ul style="list-style-type: none"> <li>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.</li> <li>Extracted materiality items by sorting out the longlisted items based on their relevance to the Company's business.</li> <li>Ranked the materiality items in order of importance after discussion by the Management Meeting.</li> <li>Conducted interviews with stakeholders about the degree of importance.</li> <li>Sorted into materiality matrix.</li> </ul> | <b>Review of previous fiscal year's materiality</b> <ul style="list-style-type: none"> <li>Reviewed the content of FY2022 initiatives for the 18 materiality items established in the previous fiscal year and re-sorted risks and opportunities.</li> </ul> <b>Revision and re-identification of materiality</b> <ul style="list-style-type: none"> <li>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.</li> <li>Identified priority issues through discussions in Management Meetings and backcasting from the corporate mission, medium-term management targets, and Purpose. Identified 17 submateriality items.</li> <li>Conducted interviews in the Management Meeting and with stakeholders about degrees of importance.</li> <li>Sorted into materiality matrix.</li> </ul> | <b>Plans going forward</b> <ul style="list-style-type: none"> <li>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.</li> <li>Conduct annual review and maintenance of materiality in the Management Meeting and Board of Directors.</li> </ul> |