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Corporate Mission
Assisting companies to
continue and prosper
through M&A

Growth Strategies
to Realize Value
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Editorial Policy

This Integrated Report is designed to convey information to our shareholders, investors, and other stakeholders about the Nihon M&A Center Group's medium- to long-term visions, strategies and initiatives as well as progress made and issues encountered. We hope that this report will serve as an information disclosure tool that conveys Group initiatives in a readily understandable way.

We will continue to improve the standard of our activities and make the report easier to understand, heeding stakeholder opinions on this report.

Referenced Guidelines

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

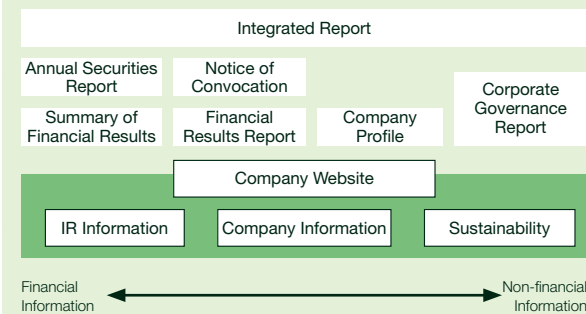
Scope of Report

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

Report Publication Date

October 2024

Tool Map



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/>



Purpose

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

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.

 Please visit our website for more details

<https://www.nihon-ma.co.jp/en/sustainability/philosophy.html>



Business Environment Challenges Facing Japanese Companies

There are about 3.36 million small- and medium-sized enterprises (SMEs) in Japan, comprising 99.7% of all companies in the country*1. However, the environment surrounding SMEs is facing various kinds of anxiety over the future such as lack of successors, shrinking domestic markets due to population decline caused by a falling birthrate and aging population. In addition, there are severe conditions such as the labor shortage due to population decline, the challenge of improving productivity on the assumption of future labor supply constraints, and the recent rising costs of raw materials and resources. As a means of resolving these challenges, M&A is growing in importance and is on the rise in many industries. Here, we will explain these major challenges and how M&A can serve as a potential solution.

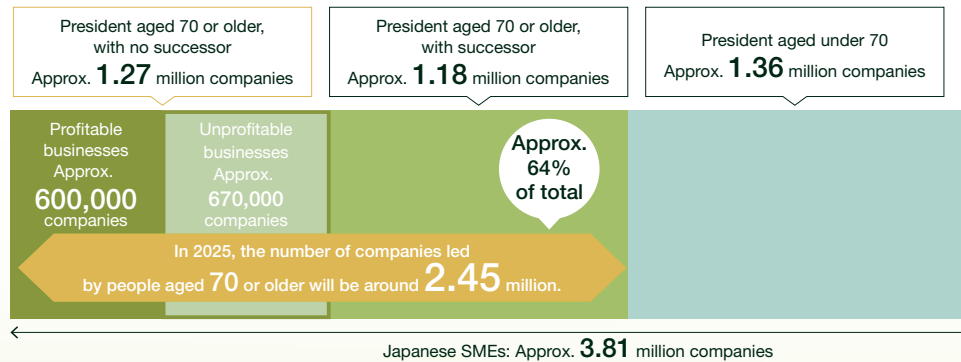
*1 As of June 1, 2021 (the Small and Medium Enterprise Agency: December 13, 2023)

1 Aging of SME owners and lack of successors

It is predicted that by 2025, about 2.45 million owners of SMEs will exceed the average retirement age of 70. In addition, about half of them, or 1.27 million firms, do not have a successor in place, of which about 0.6 million risk going out of business despite being profitable.

If action is not taken to remedy the current situation, the number of SMEs closing due to lack of successors will increase. Some data show that there is a risk of a cumulative loss of around 6.5 million jobs and about 22 trillion yen in GDP during the decade from 2016 to 2025.*2

Age composition of SME owners



Source: Reorganized and processed data from the Small and Medium Enterprise Agency

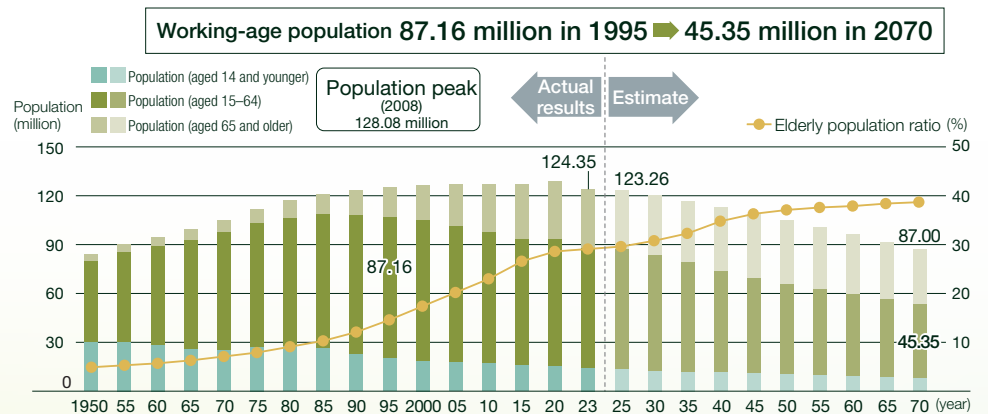
*2 Assumes that 31% of corporations and 65% of individual proprietorships whose owners are aged 70 or older will have gone out of business by 2025. The number of jobs indicated above is based on the average number of employees (5.13) employed by SMEs that went out of business between 2009 and 2014, while the GDP loss is based on the value added per corporation or individual proprietorship in FY2011, respectively (corporations: 60.65 million yen; individual proprietorships: 5.26 million yen)

2 Declining population and diminishing domestic market

The total population in Japan is in the process of long-term decline as the birthrate falls and the population ages. 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.

Such a population decline from the falling birthrate and aging population will lead to a decrease in the number of consumers and the labor force, resulting in changes in consumption patterns and a decrease in the activity level in consumption and investment. As a result, there are growing concerns that the market will shrink, constraining the growth and profitability of SMEs, and it raises more serious worries about the negative impact on the shrinkage of Japan's overall economic scale and decline in GDP.

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"

Business Environment Challenges Facing Japanese Companies

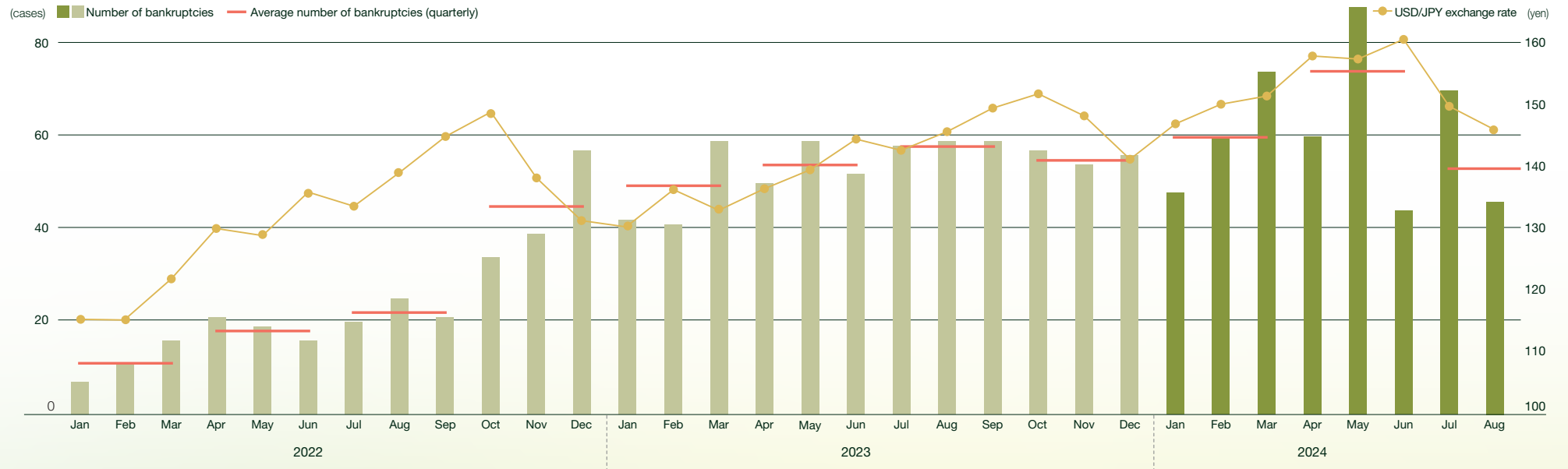
3 Low labor productivity and profitability

With no expected future increase in the number of workers due to the population decline, labor productivity and profitability of SMEs continue to remain flat at low level. Assuming that labor productivity remains at current levels with a decreasing workforce, Japan's nominal GDP per capita is estimated to gradually decline.

To improve labor productivity, solutions such as implementing digitalization and investing in labor-saving equipment like cashless payment systems are suggested. Data shows that about 90% of SMEs express interest in making investments. However, there are factors leading to increased costs, such as wage increases and addressing supply-chain emissions in response to client demands. So, not all SMEs can immediately make equipment investments.

Regarding profitability, the urgent issue is the need to pass-on the raising costs of raw materials. However, for SMEs, improving profitability through price negotiation is not easy due to their small scale of operations and weak bargaining power with business partners. As a result, the number of bankruptcies caused by inflation has increased, more than doubled when comparing the figures from 2022 to 2023.

Monthly bankruptcies caused by inflation



Source: Reorganized data from TOKYO SHOKO RESEARCH, LTD

Business Environment How We Can Address the Challenges

For the aforementioned challenges, Nihon M&A Center Group supports solutions and responses through the following four approaches.

1 M&A for Business Succession

Solutions to a lack of successors in SMEs are the appointment of family members, the appointment of employees or M&A. Even in cases where there are no potential successors among family or employees, integration with other companies or business transfers through M&A can pave the way to solving the succession problem. Although the appointment of family members is the most commonly chosen option in SMEs, it has been decreasing sharply since 2021, after the COVID-19 pandemic. On the other hand, more and more SMEs are appointing employees or choosing M&A, moving away from business succession by family members.

Due to factors such as the lack of successors, it is said that by 2025, about 0.6 million companies may face the possibility of going out of business despite being profitable. The Group, driven by the belief that “Companies are places to form lasting bonds,” considers it our mission to realize as many M&As as possible, thereby securing the future of employees and families, and passing down the technologies and expertise cultivated over time to the next generation.

**Retains Employment
and Technologies**

through M&A as Business Succession

2 M&A as Growth Strategy Enhances Competitiveness

In domestic market that is changing and shrinking, leveraging M&A as a growth strategy is crucial for the survival and growth of SMEs. Through M&A, companies can respond to changes in the market and competitive environment, expand into new business domains, increase their scale, and enhance their competitiveness.

When growth on stand-alone basis is limited, adopting a leverage strategy utilizing M&A can also be an effective way for SMEs to step up to Medium-sized companies and strengthen their global competitiveness. It also enables them to expand into other regions, including overseas, and enter new markets with growth potential.

In addition, by coming under the umbrella of a major company through M&A, companies can also accelerate their own growth on the back of business integration while leveraging its management resources.

The Group is committed to supporting SMEs in maximizing their potential and strengthening their growth and competitiveness through strategic advice and the support of experienced professionals.

**Enhances
Competitiveness**

through M&A as Growth Strategy

Business Environment How We Can Address the Challenges

3 M&A for Centralization of Management Resources

As securing a workforce becomes increasingly difficult due to the population decline, leveraging M&A enables companies to share resources and technologies, thereby improving productivity and efficiency. This is particularly beneficial for SMEs that face challenges in negotiating price pass-on requests from rising raw material costs or those struggling with profitability. M&A can create economies of scale and synergy effects, helping to reduce procurement costs for raw materials and resources. In addition, M&A can lead to an increase in management resources, making it possible to pursue business restructuring.

We find the best match using the database based on knowledge and experience accumulated in our 33-year history, as well as on over 9,000 deals closed, and contribute to the productivity improvement of SMEs and ultimately the local and Japanese economies.

Labor productivity of companies that went through M&A and those that did not



Source: "Supplementary Material (1) Significance of SME M&A", Handout for the Fifth Meeting of the Commission on Centralization of SMEs' Management Resources, the Small and Medium Enterprise Agency

Improves Productivity
through M&A for Centralization of Management Resources

4 Building Communities with Safe M&A

The number of small and medium-sized M&A transactions supported by private M&A support organizations has significantly increased from 260 deals in FY2014 to 4,036 deals in FY2022.*

Consequently, the number of M&A intermediaries in Japan continues to increase, growing nearly 2.7 times since the 2010s, when there were 1,062 companies. Given the rapid market expansion in response to societal demands, improving the quality of M&A intermediary services has become a key priority, as the scale and experience of these intermediaries vary widely.

In January 2024, we established the Office for Promotion of M&A Research with Academic, Industry & Government Collaboration as a specialist group reporting directly to the President. By promoting research in the field of SME M&A as well as promoting improvements of quality and ethics throughout the overall industry, we are contributing to the healthy development of M&A industry of SMEs.

*The number of deals for private M&A support organizations in FY2014 includes the following five companies: Nihon M&A Center, Strike, M&A Capital Partners, Ondeck, and meinan M&A. The number in FY2022 is based on the reported data from the M&A Registration Support System.

Source: Small and Medium Enterprise Agency, "Analysis of the Current Situation and Future Direction of Business Succession and M&A"


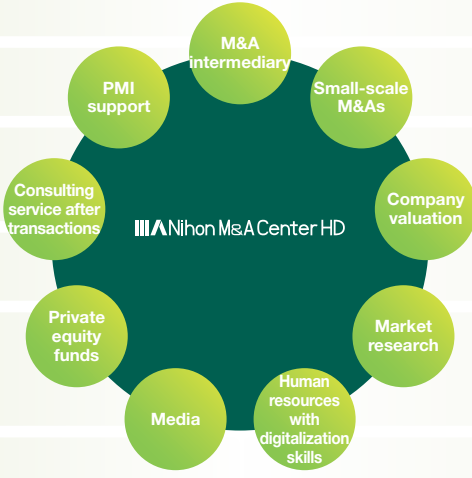



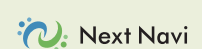









Towards communities in which everybody can embark on their M&A deals with peace of mind

About Nihon M&A Center Holdings

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.

 <p>Established in 1991. The top company for closed deals in the M&A intermediary services industry.</p>	 <p>M&A Intermediary Small-scale M&As Company valuation Market research Human resources with digitalization skills Media Private equity funds Consulting service after transactions PMI support</p>	 <p>Running BATONZ, M&A and business succession support platform utilizing the internet.</p>
 <p>A consulting firm specializing in post-merger integration (PMI) support, the key to successful M&A.</p>		 <p>A company specializing in company valuation. It estimates and proposes neutral M&A transaction prices.</p>
 <p>A comprehensive consulting firm, which was jointly established with Aoyama Zaisan Networks, for business succession, asset management, and life planning. It supports prior owners after M&A.</p>		 <p>Special People Association co., Ltd, which handles BPO business, validation services and development services, became a subsidiary of the Company in October 2020.</p>
 <p>Jointly established with Development Bank of Japan as a fund which plays roles of social infrastructure for the foundation for SMEs' growth.</p>		 <p>A leading company of market research.</p>
 <p>The first Japanese investment company which conducts search fund-based* M&As nationwide, which was jointly established with Kimitake Ito, Career Incubation and Development Bank of Japan. <small>*Search fund: activities in which individuals who are prospective business owners take the lead in business succession of SMEs and themselves engage in business management.</small></p>		 <p>Offering support for digitalization initiatives of SMEs as well as learning contents to develop human resources with digitalization skills.</p>
 <p>A company operating business succession and restructuring funds for SMEs and MBO (management buyout) funds, which was jointly established with Japan Asia Investment.</p>		 <p>Running THE OWNER, the media helpful for SME owners.</p>

Network

Nationwide and overseas network



Other 16 satellite offices and 4 local representative offices with discussion desk are located throughout Japan

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 FY2023, we assisted with 14 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

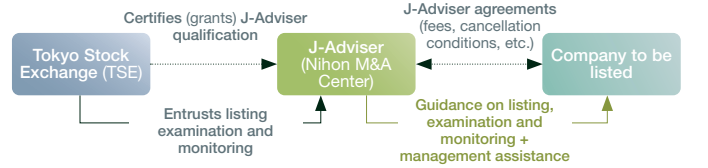


IPO support

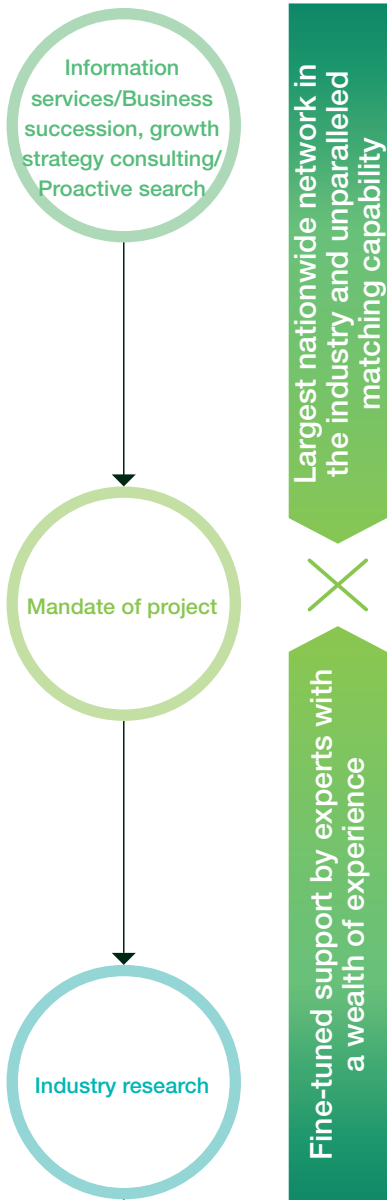
Assistance with listing on Tokyo Stock Exchange's TOKYO PRO Market to create star companies around the nation

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 total number of companies we assisted with new listing in FY2023 reached 33.

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.



About Nihon M&A Center Holdings



Awareness-raising activities and information services

We provide M&A information to company owners across Japan by many different means, so that they can consider M&A as part of their management strategy.

We hold in-person and online seminars across Japan on various themes, and our subsidiary ZUUM-A CO., Ltd. runs THE OWNER, a media platform for SME owners. In addition, we offer the Proactive Search® service, where we proactively look for and reach out to prospective sellers based on the needs of buyers.

*Proactive Search is a registered trademark (no. 6557253) of Nihon M&A Center Holdings.

Industry research and analysis based on the latest information

Industry research reviews characteristics, as well as opportunities and risks, of the seller's industry. Fully understanding the seller's operational process, as well as strengths and weaknesses, leads to a more attractive corporate profile and higher matching precision.

Strong collaboration with our affiliate Yano Research Institute Ltd., one of the pioneers of market research, enables us to understand market trends accurately.

Our own nationwide information network

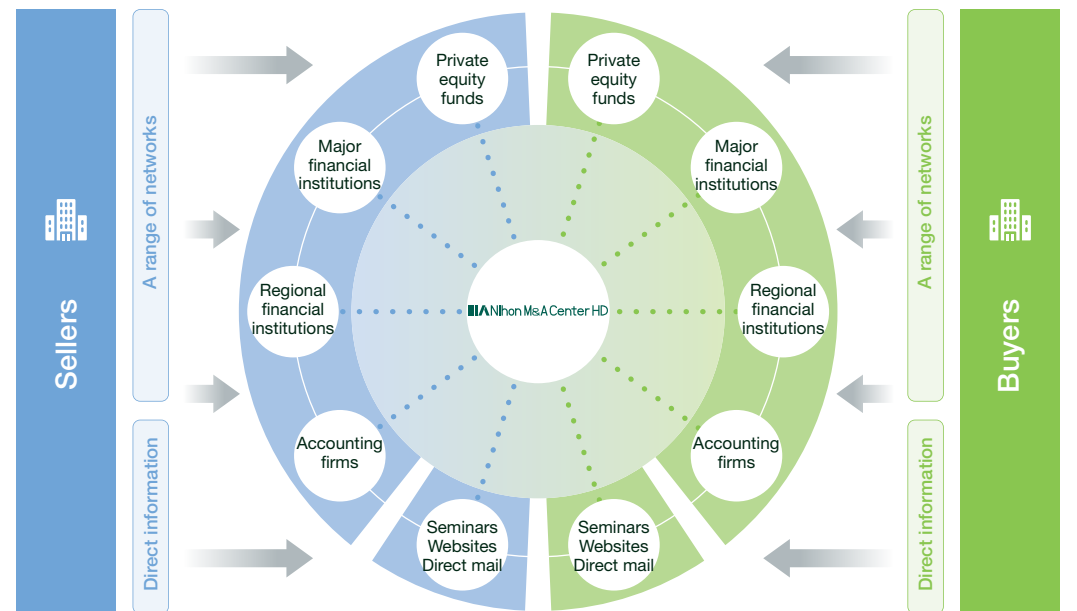
Cooperating with financial institutions, accounting firms and other business partners across Japan allows us to possess abundant information on projects.

We can offer options to sellers and buyers without being bounded by region, industry and company size. Approximately 60% of deals closed by us materialize based on information from business partners.

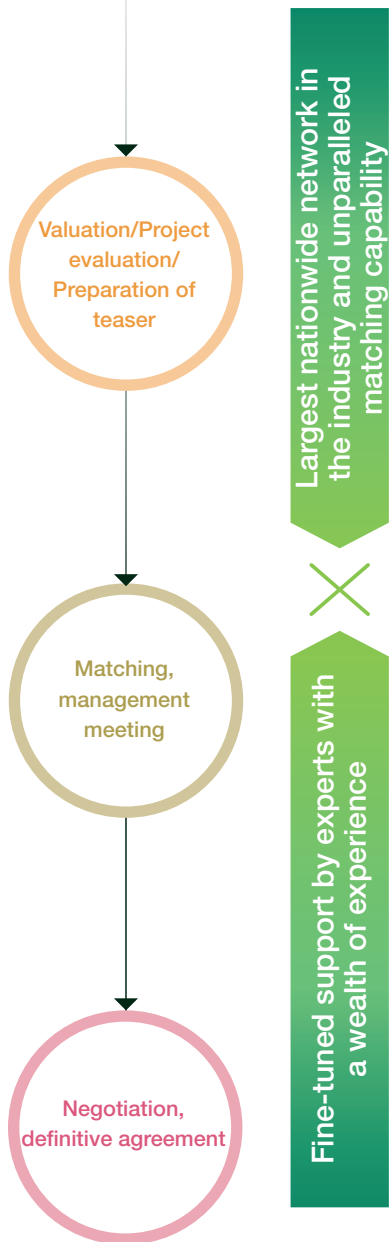
 **NOBUNAGA Succession**

 **Kyusyu M&A Advisors Co., Ltd.,**

M&A advisory companies jointly established by us and regional financial institutions. Further strengthened cooperation with regional financial institutions enables support specifically designed for each region.



About Nihon M&A Center Holdings



M&A operation systems that incorporate expertise

Taking advantage of an enormous amount of data accumulated in the Company, including data on the largest number of closed deals in the industry, and knowledge of in-house experts who are well-versed in M&A and have a wealth of experience, we have been working to digitalize each stage of the M&A process.

Corporate Value Laboratory Inc., our subsidiary specializing in company valuation (stock valuation/business analysis) in M&A for SMEs, develops and offers M&A operation systems. V-Compass, a private company valuation system, has been adopted by regional banks and accounting firms with which we are closely allied. In addition, D-Compass, which evaluates project risks, has automated risk identification and highlighting of red flags, contributing to the reduction of M&A lead time.



Specialized service tailored to industry and stage of each company

Setting up support teams catering for industries and fields with strong M&A activity, we will provide advice based on expert knowledge and know-how.

Medical	Nursing care	Dispensing pharmacies	IT	Listed companies
Logistics	Manufacturing	Food		Venture

Largest manpower in the industry and well-organized matching based on data

Over 600 consultants

Consultants in charge of the seller and the buyer support negotiations from a neutral and objective standpoint, based on the understanding of both sides' intentions. We create information sharing opportunities within the Company, where consultants present mandates they are in charge of at Matching Event.

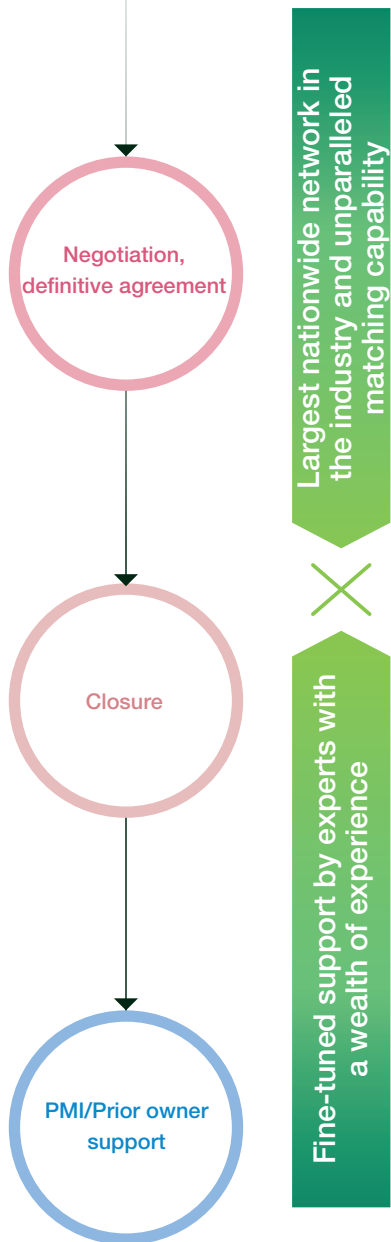
Development and operation of our own systems with data from hundreds of thousands of matches in the past

We take advantage of systems and manage an enormous amount of information. Prospective buyers are proposed to sellers, based on deals concluded in the past and accumulated data on desired conditions for buyers. Systems allow us to explore every possibility and reduce the time needed for matching.



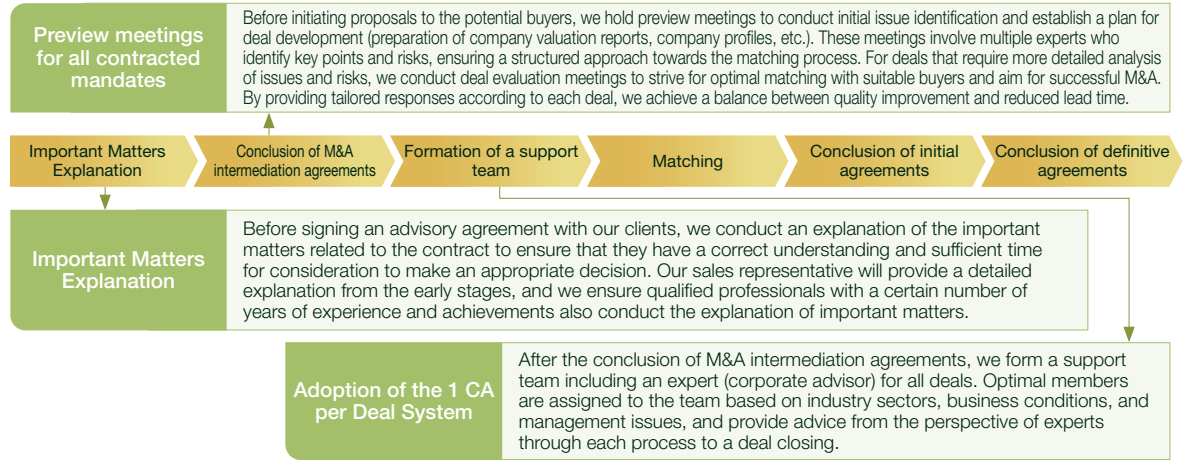
A system that lists prospective buyers based on deals concluded in the past and data on desired conditions for buyers.

About Nihon M&A Center Holdings



Support by a specialized team with over 40 lawyers, certified public accountants, and other experts, covering a series of procedures from mandate of project to definitive agreement

Our specialized department, which has experts well-versed in legal affairs, accounting, tax affairs, and finance, such as lawyers, certified public accountants, notaries, and tax accountants, forms a support team for each deal and joins forces with consultants to proceed with the deal. Part of the execution process uses systems to both improve the quality of work and reduce M&A lead times.



Deal Closing Ceremony organized by the M&A ceremony team

M&A closings are a starting point for growth for both parties. Deal Closing Ceremonies take place at various locations across Japan to take the first step for smooth integrations.

Dedicated staff, whom we call “M&A Ceremonists,” arrange ceremonies, from planning to running the event, including staging conceptualization, preparation and venue set-up. Our employees leverage the experience and know-how that they have refined working in top-class service industries, such as the bridal or aviation industries, to make arrangements down to the finest detail. A proper celebration of a new start for business owners leads to the successful M&A process after the conclusion of the deal.

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Support for success after deal conclusion

Defining a successful M&A as “achievement of both the seller and buyer’s growth”, Japan PMI Consulting Inc., a specialized subsidiary, supports post-merger integration (PMI), which is the key to successful M&A.

In addition, Next-Navi Inc., which was jointly established by us and Aoyama Zaisan Networks Co., Ltd., supports business succession, asset management, and life planning for prior owners after M&A.

Besides that, in 2021, we concluded a business alliance with Tokio Marine & Nichido Fire Insurance Co., Ltd. to adopt the first warranty and indemnity insurance for M&A intermediation in Japan. Any unforeseen losses caused by warranty and indemnity violations will be covered to a certain amount, which may occur after the M&A transaction is concluded. All M&A transactions supported by Nihon M&A Center are covered without the need for payment of insurance premiums or screening by Tokio Marine & Nichido.

See page 39

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.”

1991- Founding period

Foundation of Nihon M&A Center primarily by CPAs and tax accountants nationwide

Became a base of nationwide network continuing until today

■ Foundation of the Company and network of accounting offices

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”.



Network of accounting offices

Network of regional financial institutions

- Regional banks
- Credit unions



■ 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 Shinkin Central Bank, Shinkin Capital, and credit unions throughout Japan.

2006- IPO period

First listing as intermediary M&A services

Established know-how in SMEs M&A

■ TSE Mothers listing (October 2006)

The first listing of a company in Japan specializing in intermediary M&A services for SMEs.

■ TSE 1st Section listing (December 2007)

The forth-fastest transfer from Mothers at that time (14 months).



2011- Rapid growth period

Transformation into an integrated M&A company

Expanded business scale by establishing overseas locations and group companies

■ Further expansion of locations

- Sequential opening of locations in Sapporo, Nagoya, Fukuoka, Hiroshima and Okinawa.
- After opening of the Singapore office as the first overseas location in 2016, we sequentially expanded into Indonesia, Vietnam and Malaysia.

■ Further expansion of networks

- Full-fledged cooperation with major financial institutions
- Increase of business partners following the partnership with Nomura Securities, in 2008, Daiwa Securities, MUFG Bank, Mitsubishi UFJ Morgan Stanley Securities, and Okasan Securities.

Network of major financial institutions

- Megabanks
- Securities companies

■ Enhancement of fund-related business

In addition to Japan Private Equity established in 2000, we established Japan Investment Fund in 2018 and Search Fund Japan in 2020.

1991

2000

2010

- 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 December 2006.
- The guidelines stated that M&A can be a means of business succession, which triggered a change in perception toward M&A.

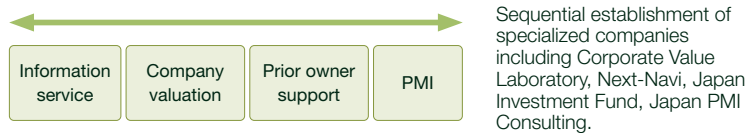
■ Consolidated sales (billion yen) ■ Ordinary profit (billion yen)



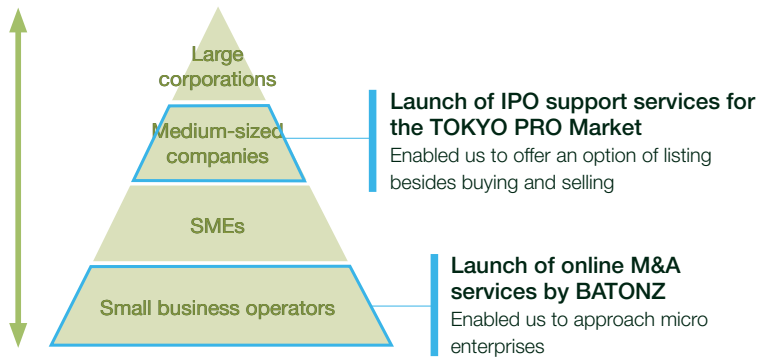
History of Value Creation

■ Expanding relevant services with M&A process on the horizontal axis and business scale on vertical axis

Establishment of subsidiaries and affiliates specializing in each stage of M&A process



Offering solutions tailored to a broad range of companies



- 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.
- The Small and Medium Enterprise Agency fully revised the Guidelines for Business Succession, and formulated the M&A Guidelines for SMEs in March 2020.
- Aging of business owners and lack of successors have become increasingly serious.

2021- Second Foundation period

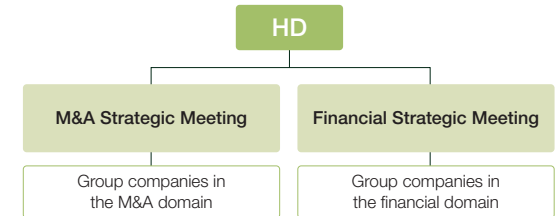
From the top of Japan to the top of the world

Marking the 30th anniversary of our foundation, we advance to achieve the top global integrated M&A company

■ Toward Second Foundation

Structure changes

- Transition to a holding company structure (October 2021)
- Establishment of respective meeting bodies in M&A and financial domains (April 2024)



Formulation of Purpose and Philosophy [▶ See page 3-4](#)

■ Further development of alliance

Expanded partnerships with Sumitomo Mitsui Banking Corporation, JAPAN POST and JAPAN POST HOLDINGS, Tokai Tokyo Securities, and SBI SECURITIES. Established a joint venture company with The Higo Bank, Ltd. (Kumamoto Prefecture) and E.SUN Venture Capital (Taiwan) in 2024. Continue to strengthen alliances with regional financial institutions for revitalization of regional economies.

■ Further enhancement of relevant services

Established Nihon DX Human Resources Center, a subsidiary that aims to support digitalization of corporations and develop human resources with digitalization skills in February 2024.

■ Remarkable advancement as a pioneer of overseas M&As for SMEs [▶ See page 35](#)

Established a local subsidiary in Thailand, making a structure of 5 locations in major ASEAN countries. Established AtoG Capital in December 2023. Made a decision to invest in Korea M&A Exchange in March 2024, a Korean M&A intermediary company, in the view to strengthen our support system for overseas M&A by expanding into East Asia.

■ Promotion of collaboration among academia, government and M&A intermediary services industry [▶ See page 41-42](#)

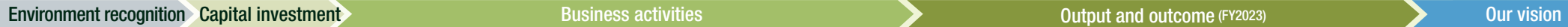
Concluded the industry-academia collaboration agreement to promote the research and education of SMEs M&A with Graduate School of Business Administration of Kobe University in September 2022, and started to promote research on SME M&A through the establishment of donation-based lectures as well as opening of Small and Medium Sized M&A Research and Education Center (MAREC). Launched the Office for promotion of M&A research with academic, industry & government collaboration in January 2024. We contribute to the quality improvement of the entire M&A intermediary services industry as a trinity. Also started to offer donation-based lectures at Kyoto University in April 2024, collaborating with the Graduate School of Business Administration.

- 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 industry 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 M&A Intermediaries Association formulated ethical standards and self-regulatory rules.
- In August 2024, a second revision was made to the M&A guidelines for SMEs.

2020

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.

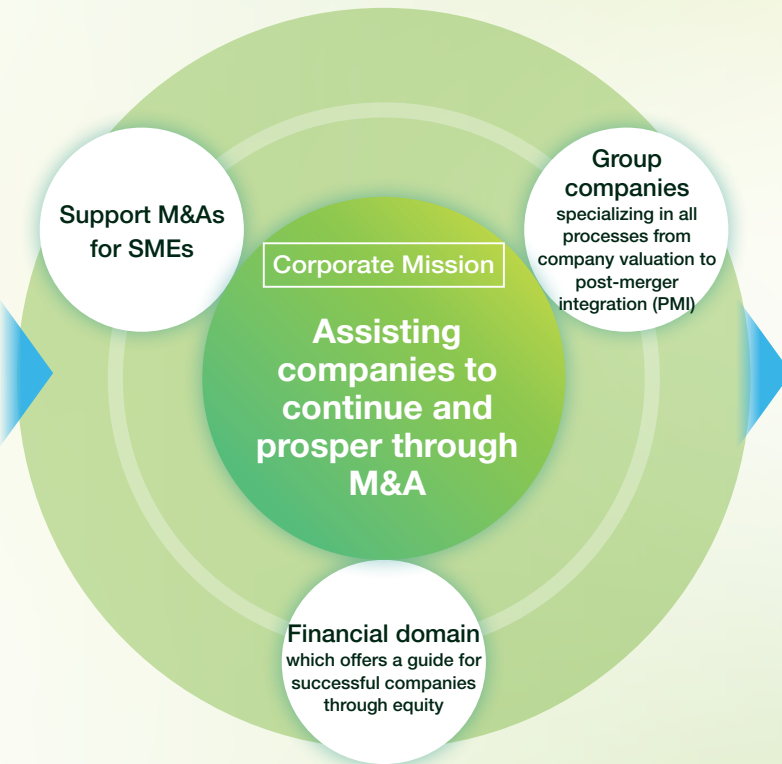


- Aging of SME owners and lack of successors
- Declining population and diminishing domestic market
- Low labor productivity and profitability

See page 5-6



See page 16



Materiality (Priority Issues) See page 33-34

Output		
Transactions closed by Nihon M&A Center	Of which related to overseas M&As	
1,146 (+96 YoY)	14	
Transactions closed by BATONZ	Sell-side mandates gained by Nihon M&A Center	
1,440	1,192	
Results of client satisfaction surveys	PMI services offered	Cases of business and property succession consulting by Next Navi Inc.
87.7/100 points	66	44
Companies we supported in TOKYO PRO Market listing	Number of portfolio exit cases in fund-related business	GHG emissions volume
17 companies	3	2,973 t-CO₂
Outcome		
Sales	Ordinary profit	ROE
¥44.1 billion	¥16.5 billion	21.8%
	Ordinary profit ratio	PBR
	37.4%	7.13
Improving the productivity of employees Sales per consultant with budget responsibility	83.9 million	Regional banks which introduced V-Compass (cumulative) 6 banks
Contribute to regional revitalization		
<ul style="list-style-type: none"> • 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 (FY2023)		
Number of M&A contracts supported by Nihon M&A Center	Total revenues for the companies involved in the left M&A contracts	
512 companies	¥336.7 billion	
Preventive effects on economic-losses	Preventive effects on job losses	Preventive effects on economic losses for the next decade
¥334.5 billion	23,795	¥2.5438 trillion

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

Source: Estimated by Yano Research Institute

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."

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)	1,043
Consultants	645
Staff and other positions	398
Employees with qualifications (Lawyers, notaries, certified public accountants, tax accountants, etc.)	Over 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 9,000 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 "D-Compass"
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.

Accounting firms	1,021 firms	Regional banks	96 out of 99
Credit unions	212 out of 254	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.
Joint ventures with financial institutions	Approx. 60 % of mandates are via business partners	Secondees from financial institutions and accounting firms, etc.	85 (cumulative in FY2023)
Member of World M&A Alliance	7 domestic locations	5 overseas locations	Domestic (Tokyo, Osaka, Nagoya, Fukuoka, Hiroshima, Sapporo, Okinawa) Overseas (Singapore, Indonesia, Vietnam, Malaysia, Thailand)
Number of group companies	Consolidated subsidiaries 13	Equity-method affiliates	11
Satellite offices	16 locations	Local representative offices with discussion desk	4 locations

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, as an effort to strengthen the long-term return of profits to our shareholders by combining flexible repurchases of own shares.

ROE	21.8%	Total pay-out ratio	200.0%
Capital adequacy ratio	74.9%	Ordinary profit ratio	37.4%