

Materiality

(Priority Issues)

Nihon M&A Center Group positions social issues as the theme of its business and creates value by resolving the issues through its business activities. Currently, the Group is faced with a number of social issues. We classified the impact of those issues on society as well as Nihon M&A Center Group in terms of risk and opportunity, and identified materiality (priority issues) as the themes we must especially focus on to resolve and address those issues.

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

Materiality identification process

Based on the concept of sustainability and the nature of the Group's business activities, we have identified ESG issues that have an impact on the Group and its stakeholders through the steps described below. Further, we use regular reviews to check our progress for each indicator, consider any problems, and revise the indicators as required.

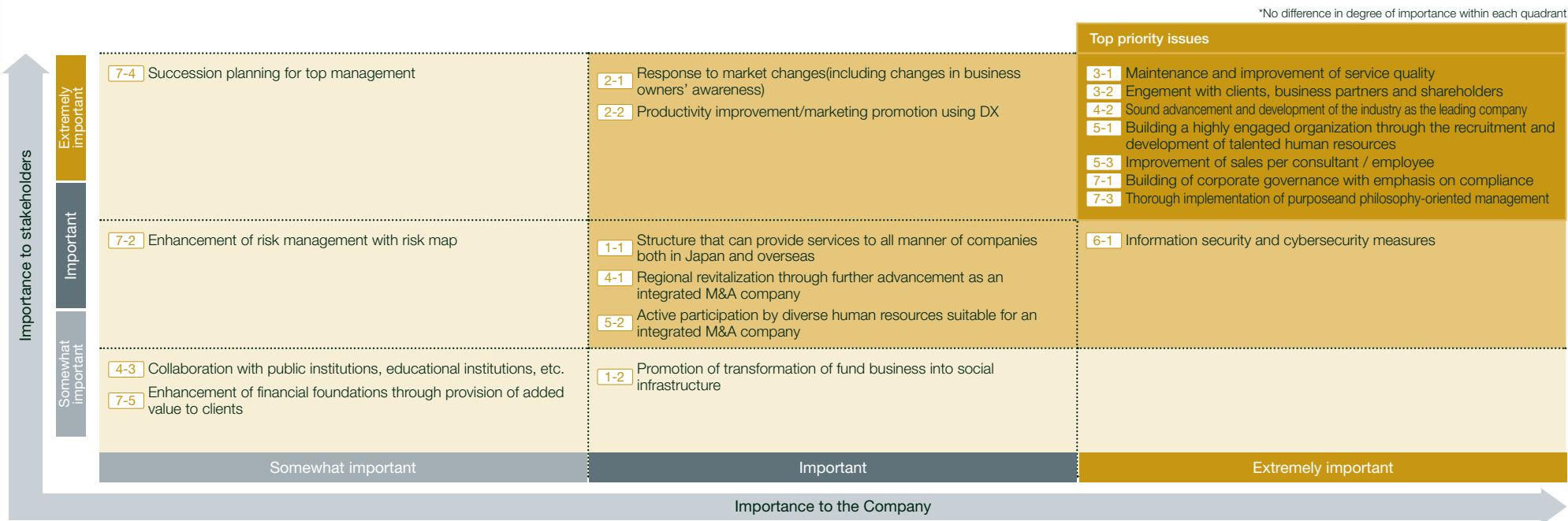
Materiality items identified are then reviewed and approved by the Board of Directors.



Materiality

1	Further advancement as an integrated M&A company	1-1	Structure that can provide services to all manner of companies both in Japan and overseas	5	Promotion of human capital management	5-1	Building a highly engaged organization through the recruitment and development of talented human resources
		1-2	Promotion of transformation of fund business into social infrastructure			5-2	Active participation by diverse human resources suitable for an integrated M&A company see page 43
2	Innovation	2-1	Response to market changes(including changes in business owners' awareness)	6	Strengthening of information management	5-3	Improvement of sales per consultant / employee
		2-2	Productivity improvement/marketing promotion using DX			6-1	Information security and cybersecurity measures see page 68
3	Secure and safe M&A	3-1	Maintenance and improvement of service quality	7	Strengthening of governance foundations	7-1	Building of corporate governance with emphasis on compliance see page 53
		3-2	Engement with clients, business partners and shareholders			7-2	Enhancement of risk management with risk map see page 67
4	Contribution to society	4-1	Regional revitalization through further advancement as an integrated M&A company			7-3	Thorough implementation of purpose- and philosophy-oriented management see page 3-4
		4-2	Sound advancement and development of the industry as the leading company			7-4	Succession planning for top management see page 64
		4-3	Collaboration with public institutions, educational institutions, etc.			7-5	Enhancement of financial foundations through provision of added value to clients see page 31

Materiality matrix



FY2023 Initiatives related to Materiality

1

Further advancement as an integrated M&A company

1-1 Structure that can provide services to all manner of companies both in Japan and overseas

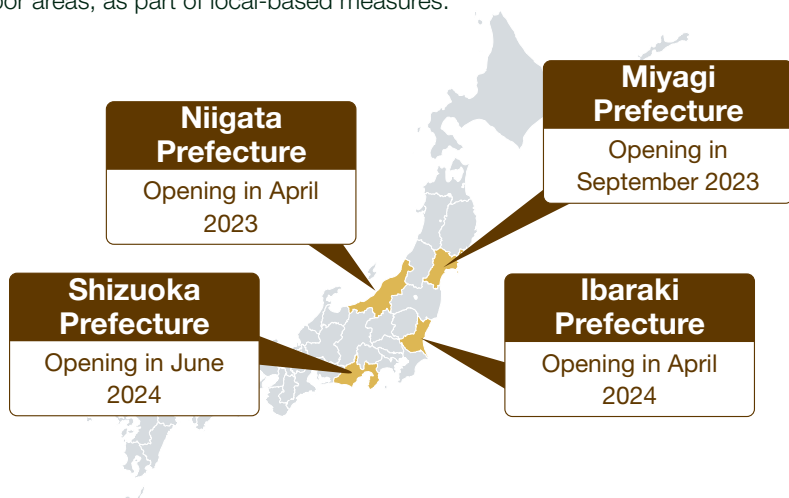
We will deliver M&A services to approximately 3.36 million companies in Japan as part of their management strategy.

By area

| Additional local representative offices with discussion desk

Nihon M&A Center has 7 offices, and established 16 satellite offices located in various locations throughout Japan after the COVID-19 pandemic. In FY2023, we newly established a “local representative offices with discussion desk” in Niigata Prefecture, as part of a region-specific strategy, and dedicated resident consultants began to serve local clients.

After that, we also sequentially opened “local representative offices with discussion desk” in Miyagi Prefecture, Ibaraki Prefecture and Shizuoka Prefecture, and four offices are now operating. We have developed region-specific marketing strategies and activities include Suguru Miyake, President and Representative Director of the Company, giving lectures on effective ways to proceed with business succession at seminars, based on business circumstances surrounding each prefecture, and broadcasting regionally limited TV commercials. In addition, resident consultants talk with clients in their prefectures or neighbor areas, as part of local-based measures.



| Joint ventures with regional financial institutions

In July 2023, we set up NOBUNAGA Succession Inc. (Gifu Prefecture), a joint venture with Juroku Financial Group, Inc. (Gifu Prefecture). This joint venture company helps to solve business succession issues of local companies and supports the sustainable growth of local economies, mainly in the Gifu and Aichi areas, by combining the Company’s M&A know-how with business infrastructure and networks of Juroku Financial Group.

As the second joint venture with regional financial institutions following NOBUNAGA Succession Inc., in April 2024, we established Kyushu M&A Advisors Co., Ltd. (Fukuoka Prefecture) by joint investment with The Higo Bank, Ltd. (Kumamoto Prefecture) and E.Sun Venture Capital (Taiwan). This joint venture company promotes matching of companies in Kyushu with companies across Japan and in Taiwan by leveraging the Company’s matching capabilities and know-how in M&A business. Kyushu M&A Advisors Co., Ltd. has a base in Fukuoka, and contributes to the sustainable growth of local societies by connecting the entire area of Kyushu.

We will further strengthen collaboration with regional financial institutions and support the sustainable growth of regional economies through these joint ventures.



A launch commemorative ceremony held in the style of a “departure for battle,” inspired by the name of NOBUNAGA Succession Inc.



A scene from a press conference for the establishment of Kyushu M&A Advisors Co., Ltd.

| Support overseas M&As

We have 5 offices in major ASEAN countries. Our business has been expanded through development, such as the establishment of a local subsidiary in Thailand in January 2024. In FY 2023, we assisted with 14 overseas company-related M&As.

Furthermore, we determined to invest in Korea M&A Exchange co., LTD. (Seoul), a Korean M&A intermediary company in March 2024. Korea M&A Exchange provides the M&A intermediary and consulting services for SMEs in Korea. It utilizes networks and M&A

FY2023 Initiatives related to Materiality

information of Korea and overseas, and has increased consultation cases from companies, recognized as a supporting organization with high reliability certified by the government. We will provide assistance services for In-Out and Out-Out M&As, taking this opportunity as the first step to develop our business in East Asia.



By industry

The Company develops strategies specializing in areas and industries.

| Enhancement of specialized team structure by industry

The Company has set up professional teams to support industries and fields with strong M&A activity, such as medical, nursing care, dispensing pharmacies, IT, logistics, manufacturing, food, etc. In FY 2023, we launched a new professional team to support the e-commerce industry. Since the Japanese e-commerce market, which continues growing, has many small business operators, we believe business expansion through M&A is essential for the development of the industry. The establishment of a team that has knowledge both in e-commerce business and M&A helps us support further growth of the e-commerce industry.

By business scale

We will deliver tailored solutions to match the scale, stage, and needs of each company.

| Establishment of a specialized department which serves mid-cap companies

In April 2023, the Growth Strategy Development Center was launched as a cross-sectional organization within the Sales Headquarters of Nihon M&A Center. It comprises a team specializing in the promotion of mid-cap company M&As as well as a team dedicated to studying and providing execution support for the disposal of subsidiaries and carve-outs of publicly traded companies. Teams working with mid-cap companies internally provide proposals and execution support reinforce mandates and deal closings as well as internally hold strategy meetings to develop mid-cap company deals, and issue monthly in-house newsletters containing the latest information on mandates and deal closings (e.g. best practices and planned events). Teams working with publicly traded companies provide comprehensive services from business portfolio analysis and the formulation of review

policies to the disposal of non-core businesses and subsidiaries. Both teams boast members with abundant experience and know-how.

| TOKYO PRO Market

In order to assist with listing on TOKYO PRO Market, a stock market operated by Tokyo Stock Exchange for professional investors, the Group obtained the J-Adviser qualification in July 2019, and has served over 100 companies on the J-Adviser contract. In FY 2023, the Group assisted with the listing of 17 companies on TOKYO PRO Market, among 40 companies newly listed. As a result, among all J-Advisers, the Group assisted with the largest number of listings.

1-2 Promotion of transformation of fund business into social infrastructure

We will use the power of fund to provide support for growth beyond the closing of the M&A transaction.

FY2023 results	
Japan Investment Fund	<ul style="list-style-type: none"> • 2 cases of new investment (cumulative total: 12) • 2 cases of portfolio exit (cumulative total: 2) • Establishment of “J-Fun Fund Number 2” • Listing of portfolio company on TPM
Japan Private Equity	<ul style="list-style-type: none"> • 1 case of new investment (cumulative total: 37) • 0 cases of portfolio exit (cumulative total: 27) • Establishment of “JR Shikoku Relationship Fund Number 1”
Search Fund Japan	<ul style="list-style-type: none"> • 4 cases of new investment (cumulative total: 6) • 1 case of portfolio exit (cumulative total: 1) • Establishment of “Search Fund Japan Fund Number 2” • Establishment of “Tokyo Search Fund”
AtoG Capital	<ul style="list-style-type: none"> • Establishment of AtoG Capital, Inc., a fund management company • Establishment of AtoG Investment Business Partnership Number 1

FY2023 Initiatives and Relevance to Materiality

2 Innovation

The number of domestic M&A transactions is on the rise for both large corporations and SMEs. Recognition of M&A as a means of business succession is rapidly growing, as evidenced by the record high number of transactions handled by the Business Succession Center, under the jurisdiction of the Small and Medium Enterprise Agency. A change in awareness among business owners is said to be behind this increase. Data from the Small and Medium Enterprise Agency shows that there has been an improvement in the way that M&As are perceived by business owners, both sellers and buyers, compared with ten years ago. In addition, there are many business owners who choose specialized support organizations as their first point of contact when considering M&A, after financial institutions. Business owners themselves started to actively search for support organizations and directly contact them for assistance.

In this way, the market environment has shifted from support organizations exploring latent M&A needs by raising awareness among business owners, to a situation where M&A needs are more apparent, and business owners themselves are proactively searching for support organizations and choosing whom they will consult. As a support organization chosen by business owners, the Group is committed to addressing the apparent and latent needs of business owners and creating added value that only the intermediation of consultants can achieve.

2-1 Response to market changes (including changes in business owners' awareness)

To realize our Purpose of "To bring optimal M&A ever closer," we have positioned branding improvement as a management issue, and in FY2024, we established a new CBO (Chief Branding Officer).


Corporate character of Nihon M&A Center Holdings

MA★PY Date of birth/hometown
April 25/woods in Chiyoda-ku, Tokyo

A corporate character was born, symbolizing the Nihon M&A Center Group's Purpose of "To bring optimal M&A ever closer."

M&A and HAPPY combined, the bluebird is a deliverer of the best M&A, and encompasses our hope to be a bluebird bringing happiness to everyone by connecting people's hopes.

Bring happiness to everyone!



Current passion Second Foundation

Specialty Delivering happiness

Favorite Deal Closing Ceremony

Belief Doing the right things in the right way

We will rebuild our brand following the changing times and our company growth while promoting deeper understanding of M&A by strengthening our communications capabilities to raise the brand value of our services.

As internal branding, in addition to producing a new corporate character to facilitate internal communications, we started the "Second Foundation Challenge," a system for soliciting internal ideas. We also develop recruitment branding, outer branding for clients, and branding strategy for branding improvement of the entire industry.



Kaoru Nakagawa Chief Branding Officer, President's Office
(Joined in 2023, Director and Senior Executive Officer of Nihon M&A Center Inc.)
Previously worked for Recruit Co., Ltd. as Head of Marketing Department and Head of Brand Strategy Office

2-2 Productivity improvement/marketing promotion using digitalization

Through our efforts to improve the productivity of the M&A process with the use of digital technology, we aim to close as many transactions as possible.

Reduction of lead times and further improvement of the success rate

After having a mandate for sellers, the Group practices the following process. First, we carefully work on project planning, such as document preparation of company valuation and teaser. The next step is matching activities to a wide range of buyers. Then, we proceed to the negotiations stage that involves sellers and buyers. As a result of the process, the Group has enjoyed a high success rate. We consider it important to shorten lead times and further improve the success rate for higher productivity of the Group. To achieve this, we examine each stage of process for further review, and thereby strive to shorten lead times.

In addition, we aim at a higher success rate by reviewing the quality and quantity of matching activities. We will continue to invest in digitalization technologies, such as Salesforce, Bring Out (AI-driven analysis service on business negotiations), and V-Compass (company valuation system) for higher productivity.

For details of our efforts related to Salesforce, Bring Out and V-compass ▶ "Integrated Report 2023" page 32 - page 33.

FY2023 Initiatives and Relevance to Materiality

3 Secure and safe M&A

By providing secure and safe M&As for SMEs as well as assisting with business succession and active business development, we are helping to solve social issues.

3-1 Maintenance and improvement of service quality

We are working to enhance our expert support system [▶ see page 12](#) consultant training [▶ see page 47](#), and knowledge management in our efforts to achieve the secure and safe closing of as many deals as possible.

Righting and quality improvement of business by the Business Processes Department

We believe that business and its process in the accurate and right way lead to fraud prevention and client satisfaction, and directly carry higher productivity. Based on this belief, the Business Processes Department in Quality Control Headquarters is working on righting and quality improvement of business. Especially in business process, we fully comply with the M&A Guidelines for SMEs set by the Small and Medium Enterprise Agency, and ethical standards and the industry self-regulatory rules set by the M&A Intermediaries Association.

Hideyuki Kumagai
Nihon M&A Center Inc.
Managing Director, Quality
Control Headquarters
(Joined in 2007)



Quality Control Headquarters is the department where specialists including lawyers and certified public accountants are assigned, and we work together with consultants to ensure secure and safe M&A transactions. In the M&A process, the most undesirable outcome is a break (deal collapse) after negotiations have begun. Stakeholders of both sellers and buyers incur significant costs to close a deal, but if a break occurs, all the incurred costs will have been in vain. To minimize such breaks, the crucial step is what we call the preparatory process, which is conducted after accepting a mandate. In this process, by extracting the risks that may cause a deal to break, we try to prevent the occurrence of breaks as much as possible. In the previous fiscal year, to better identify these risks, we focused on reviewing the questions in the “D-Compass” case analysis system, which was introduced the year before last, and incorporating its supplementary diagnostic functions into our practical use. Although the system requires constant maintenance due to the revisions of laws and regulations and other factors, we will continue dedicating efforts in the current fiscal year to this important initiative, which contributes to secure and safe M&A transactions.

3-2 Engagement with clients, business partners and shareholders

The Company places emphasis on engagement with clients, business partners and shareholders. Through deepened relationships of mutual trust, we aim to build sustainable co-creation relationships.

Clients

In terms of engagement with clients, to give clients a true sense of M&A as a secure and safe method, we aim to provide the best solutions by understanding clients' needs and requests through active communication. We pursue client satisfaction including post-M&A services, as well as M&A process.

Support after deal conclusion

The Company offers support services from various perspectives for successful M&As. The owners of sellers have a sense of responsibility and attachment to their company due to the fact that they had developed it for many years, and sometimes feel anxiety and a sense of loss after transfer. Our support gives the owners of sellers confidence in the new stage, so that they can pursue the second life with peace of mind. In addition, we provide support services for post-merger integration (PMI) process. We support the success of both sellers and buyers after M&A deal conclusion.

M&A Deal Closing Ceremony initiatives

The M&A Deal Closing Ceremony is a ceremony which takes place on a day on which a seller and buyer take the first step forward together, in the next stage right after negotiations on terms and conditions, with mutual understanding of corporate cultures. In the beginning, the M&A Deal Closing Ceremony took place on a trial basis. However, the ceremony started in full-scale as a project of Deal Closing Ceremony in 2015, based on M&A consultants' suggestion that companies that had the ceremony often experienced a smooth integration subsequently. Nihon M&A Center has organized a system in which dedicated staff for ceremonies (we call them M&A Ceremonist) hold M&A Deal Closing Ceremonies at various locations across Japan. The M&A Deal Closing Ceremony is often



Ratio of M&A Deal Closing Ceremony held

85.1% in FY2022
⇒ **85.6%** in FY2023

FY2023 Initiatives and Relevance to Materiality

compared to a wedding between companies. A dedicated team for brightening the special day directs an uplifting ceremony that is reminiscent of a wedding, creating a special and unforgettable day for participants.

| Implementation of client surveys upon deal conclusion

After a deal is closed, we conduct separate client surveys of both the seller and the buyer. As well as surveying the degree of satisfaction with the individual processes of the M&A and the services provided by the consultant who handled the deal, we also ask about reasons for determining M&A and what aspects of M&A they placed most importance on. This allows us to accurately gauge the level of our clients' satisfaction, which will assist in improvements of operational processes, provision of new services and review of the consultant training process.

Client satisfaction surveys

Overall average scores

87.2 points in FY2022

⇒ **87.7 points** in FY2023

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

After the conclusion of the M&A, we produce, free of charge, a booklet called "The WAY", based on interviews with the owner of the seller. The purpose of The WAY is not only to recount the owner's experience of the M&A and their achievements, but also to preserve intangible value, such as their attitude to life, their beliefs and philosophy on life. The real experiences of the business owner who has implemented the M&A can also provide hints for other business owners with issues and concerns that will help them to solve their own problems.



| Provision of property succession consulting services

After the conclusion of the M&A, Next Navi Inc. provides services of property evaluation and property succession for the owner of the seller.

In addition, we offer various services after transactions, including organizing a membership club with the aim of enriching prior owners' second life.



The "NEXT CLUB" newsletter, which is an information magazine to enrich retired owners' lives after transferring companies, published for members (prior owners of companies transferred through our intermediary services)

| Automatic warranty and indemnity insurance coverage

In 2021, we concluded a business alliance with Tokio Marine & Nichido Fire Insurance Co., Ltd. This insurance is designed for avoiding trouble and unforeseen losses caused by warranty and indemnity violations that may emerge 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 prior screening by Tokio Marine & Nichido. In the event of warranty and indemnity violations, the insurance helps prior owners keep a cooperative relationship with the buyer and contribute to achieving a smooth and satisfactory M&A.



| Post-merger integration (PMI) consulting services

Japan PMI Consulting Inc. offers post-merger integration (PMI) support services specializing in SMEs. It supports a smooth business integration and synergy generation in order that both the seller and buyer companies become partners in achieving growth. Japan PMI Consulting provides support for quantitative issues such as accounting and financial results as well as qualitative issues such as management vision and workflow to lead M&As to success.

Number of contracts of PMI consulting

55 in FY2022

⇒ **66** in FY2023

FY2023 Initiatives and Relevance to Materiality

Business partners

Nihon M&A Center has alliances with accounting firms, regional financial institutions such as banks and credit unions, and larger financial institutions, including megabanks and securities companies, throughout Japan. Approximately 60% of the deals that we close are materialized based on introductions from our business partners. By sharing our knowledge and systems with our business partners, we promote cooperation and disseminate secure and safe M&A transactions.

Number of partner accounting firms

FY2023

1,021 firms

Number of regional financial institutions

FY2023

308 banks and credit unions

Major financial institutions

Nomura Securities Co., Ltd., Daiwa Securities Co. Ltd., MUFG Bank, Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Sumitomo Mitsui Banking Corporation, Okasan Securities Co., Ltd., JAPAN POST Co., Ltd. and JAPAN POST HOLDINGS Co., Ltd., Tokai Tokyo Securities Co., Ltd., and SBI SECURITIES Co., Ltd.

*Listed by the time series of partnership starting

| Accounting firms

- “Conference of Firms Which Closed Deals”, a meeting of partner accounting firms which led client companies to M&A closure in FY2023
- Revamping of “International Conference”, an annual event to share the visions of the Merger and Acquisition Association of Japan
- Opening of a website “MARINA” for accounting firm membership
- Conferences by area and by regional chapter
- Seminars targeting accounting firms
- Acceptance of seconded employees



A scene from the “International Conference” held in Madrid, Spain in March 2024

| Regional financial institutions

- Establishment of a joint venture company with Juroku Financial Group
- Expansion of banks which introduced V-Compass
- Establishment of a joint venture company with Higo Bank and E.Sun Venture Capital.
- Selection of M&A Bank of the Year
- Establishment of a co-investment fund with JR Shikoku jointly with The Iyo Bank, Ltd.
- Acceptance of seconded employees

| Major financial institutions

Depending on the degree of partnership, we jointly took various actions, such as the following

- Acceptance and dispatch of seconded employees
- Introduction of a recognition system
- Publication of public relations magazine
- Seminars
- Deal Closing Ceremony Project

Shareholders

We place importance on dialogue with shareholders and investors, actively conducting IR activities and announcing IR-related information.

- Disclosure of major items of news release simultaneously in Japanese and English
- About 100 individual interviews with institutional investors in Japan and overseas in each quarter
- Individual interviews with institutional investors in Japan and overseas by the President and Representative Director and Executive Managing Director
- Participation in IR conferences for institutional investors hosted by securities companies
- Individual interviews with institutional investors by the President and Representative Director in overseas (North America, Europe)
- Company information session for individual investors
- Disclosure of integrated report simultaneously in Japanese and English
- Feedback interviews on details of integrated report with institutional investors
- Enrichment of integrated report (selected for Most-improved Integrated Reports by GPIF)

FY2023 Initiatives and Relevance to Materiality

4 Contribution to society

4-1 Regional revitalization through further advancement as an integrated M&A company

The Company, as an integrated M&A company, has actively worked on initiatives for regional revitalization.

We consider the revitalization of regional M&A markets as an important theme, and strengthened collaboration with regional financial institutions by establishing joint ventures. In addition, we have developed collaborative area marketing with the regional media, while opening “local representative offices with discussion desk” for local-based services in Niigata, Miyagi, Ibaraki and Shizuoka Prefecture.

Moreover, we have handled projects which preserve regional specialty products. Japan Investment Fund Inc. contributed to nation-wide recognition of regional specialty products, due to the portfolio exit case of Fujibambi, a confectionery manufacturing company in Kumamoto to JR Kyushu. We proudly believe that this deal stimulated collaboration and capital flow among regional companies, leading to regional revitalization.

In order to maintain the recognition as an important partner for regional revitalization, we will continue initiatives for regional revitalization, contributing to regional development.

 Economic benefits provided by M&A intermediary activities of Nihon M&A Center  See page 15

4-2 Sound advancement and development of the industry as the leading company

The SME M&A intermediary services industry is seeing a rapid increase in new operators with staff of less than 10 employees. The Small and Medium Enterprise Agency has created a registration system for M&A support organizations, which currently has over 2,800 registered organizations. Moreover, with constant listing of M&A intermediary services companies, the whole industry continues expanding.

This industry-wide expansion includes emerging problems, such as immoral sales activities and phishing-like advertisements. In addition, as M&As are popularized, various buyers have entered the M&A market, and some unethical buyers have caused problems, such as the misuse of M&A transactions without cancelling personal guarantees provided by business owners.

In order to address these issues, the Small and Medium Enterprise Agency revised the M&A guidelines for SMEs in September 2023, to introduce frameworks including explanation of principal contractual terms. Furthermore, another revision to the M&A

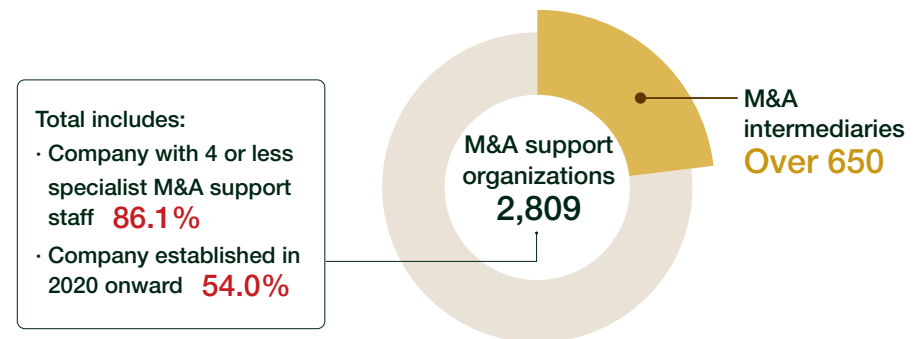
guidelines for SMEs was made in August 2024, with stipulations on a deepened framework of explanation of principal contractual terms, and the handling of unethical buyers problems, etc. At the political level, items such as sufficient disclosure of commission fees are stated in the “Meeting of the Council of New Form of Capitalism Realization”, which was established in the Cabinet.

As a leader in the industry, Nihon M&A Center is working for the sound development of the M&A intermediary services industry. First, to promote fair and smooth transactions and raise standards through human resources development support, we have collaborated with other listed companies to form M&A Intermediaries Association, the first self-regulatory industry body in October 2021. Suguru Miyake, our Representative Director, served as the first Representative of M&A Intermediaries Association, and still takes an important role in management as its executive member. He also fully provides know-how and various kinds of support for the association.

For example, M&A Expert Certification Qualification (total number of certified people is above 42,000, mainly from regional banks, accounting firms and lawyers) have been jointly planned and operated by Nihon M&A Center and Kinzai Institute for Financial Affairs, and M&A Intermediaries Association currently gives planning cooperation to the qualifications, taking over the role from Nihon M&A Center. As measures against unethical buyers, we will reorganize internal check frameworks, and Nihon M&A Center will join the Specified Business List, a framework of M&A Intermediaries Association to share unethical buyers information.

We will continue efforts to eliminate unethical buyers, as an industry-wide initiative.

Number of M&A support institutions



*As of September 18, 2024
 Source: “Disclosure of registered financial advisors and intermediaries providing institutional support for M&A (public invitation in FY2024 [August])” (the Small and Medium Enterprise Agency)

FY2023 Initiatives and Relevance to Materiality

4-3 Collaboration with public institutions, educational institutions, etc.

In December 2023, we restructured our organization and established “Office for promotion of M&A research with academic, industry & government collaboration”. This organization is designed to serve the development of research for SME M&As through alignment with academia, and to make good use of its outcomes for drastic improvement of industry-wide service quality.

The Company and Graduate School of Business Administration of Kobe University established Small and Medium Sized M&A Research and Education Center (MAREC) in 2022. We research on SME M&A with full-time researchers, and run endowed courses. MAREC broadly seeks application for grant-type research and prize essays, and energetically conducts activities to discover researchers outside government and to expand related areas of SME M&A research.

In addition, we provide “Training Course for Entrepreneur I,” an endowed course, in the School of Commerce of Waseda University every year since 2021. This course is designed to develop student entrepreneurs and venture business owners in terms of M&A, and in fact, has produced student entrepreneurs. The Business Model Contest, which takes place at the university every year, has a nearly thirty-year history, and the Company has sent judges.

We also began an endowed course at Graduate School of Management, Kyoto University in April 2024. Feedback on the outcomes of these initiatives is shared with the public in symposiums hosted by MAREC. The third symposium were held this September. We aim to establish an association of SME M&A in 2025.



Cooperation with public institutions, on SME policies

The Company will continue to accelerate cross-industrial initiatives, going beyond the framework of the Company alone.

Public institutions

- Japan PMI Consulting Inc. took part in the Projects for SMEs Revitalization and Comprehensive Support for Business Succession under the Fiscal 2022 Supplementary Budget (a verification project on PMI support for medium- to large-scale deals) planned by the Small and Medium Enterprise Agency

Educational institutions

- Our articles contained in Occupation Yearbook, an annual illustrated magazine that introduces various occupations targeting children (increased recognition of M&A from elementary and junior high school students)
- Delivered outreach programs to four high schools. Attended presentation sessions in Period for Inquiry-Based Cross-Disciplinary Study, at four high schools
- Held endowed courses at Waseda University (third consecutive year)
- Held endowed courses at Kobe University (second consecutive year)
- Set up M&A Strategic Design Course at Graduate School of Business Administration of Kobe University
- Began joint research with Small and Medium Sized M&A Research and Education Center (the Center), Graduate School of Business Administration of Kobe University
- Held the second annual symposium of the Center titled “Study of Research, Policy and Practice of SME M&A.” Called for application for the second research grant program of the Center (The paper section and the research grant section. All grants are donated from Nihon M&A Center HD, which is also involved in the selection of eligible parties.)
- Spoke at a convention of Japan Finance Association



Impressions from students

- I did not have a good image on M&A, but learned actual M&A cases that satisfied both companies, with it turning into a good image.
- I felt that people enjoy working with pride in doing M&A business.

Program at a high school in Tokyo in March. Lectured by Takeuchi, President and Representative Director of Nihon M&A Center Inc.

Human Resource

Message from *Yasuhiro Takeda*



Message from CHRO

We aim to comprehensively address challenges related to the domain of “employees” and foster autonomous professional human resources.

Yasuhiro Takeda

Director, Chief Human Resources Officer

Human resource initiatives and compliance penetration through the cultivation of corporate culture

In June 2024, I was appointed Director, Chief Human Resources Officer, overseeing HR, compliance, and corporate culture.

To ensure the penetration of compliance, a corporate culture that values autonomy based on a high ethical standard is necessary, and by comprehensively addressing the two adjacent domains, human resources, and compliance, we aim to achieve more consistent management than ever before.

Enhancement of enterprise value through compliance

In December 2021, inappropriate internal behavior involving the bringing forward of sales reported were discovered, and this led to my appointment in July 2022 as CCO and Head of Compliance Division to realize compliance management within the Group.

Message from CHRO

In FY2022, I worked to develop a foundation for compliance, and in FY2023, I implemented initiatives to instill compliance as part of our culture. The results of employee awareness surveys conducted in FY2023 showed a significant increase in the percentage of positive responses to questions such as “Do you think the Company maintains a high level of compliance awareness?”, indicating that our efforts are yielding tangible results.

The external environment surrounding the M&A industry is changing significantly. In addition to the customer-first approach that we have always valued, the M&A intermediary services industry as a whole is now strongly required to have high ethical standards.

Under these circumstances, we believe that each and every employee plays a key role in realizing the concept of compliance. To realize our Second Foundation and further growth, we will create a corporate culture where employees, as the driving force, can grow professionally and autonomously, thereby enhancing our enterprise value.

Professionals in the group

At the time I was appointed to the position, I had one-on-one conversations with many employees, and I was impressed by how many cited the corporate mission of “Assisting companies to continue and prosper through M&A” as the reason for working for the Group. Rather than simply viewing such employees as resources, we consider their growth aspirations to be the foundation for the growth of the Group. My mission is to create an organization where each employee

can maximize their leverage and value as a professional, and where such employees are retained for a long time by increasing their engagement.

The Group defines professionals as follows.

① Professional consultant:

To support the survival and development of SMEs, which is a social issue, and ultimately contribute to the economic growth of the Japanese economy, the consultants must have the ability to provide comprehensive support not only to SMEs, and must be able to deliver result of closure about 10 M&A transactions in three to four years.

② Professional corporate staff:

The corporate staff must have the ability to identify problems, propose solutions on their own, and standardize these solutions into generalize patterns for efficient operation, and enhance their work through the use of digitalization. They should possess the skills to be a leader in the industry in their field.

Also, as a precondition for these, we believe that what all employees need to have in common is a sense of social mission, a customer-oriented mindset and ethical standards as a precondition for these.

The Group's development policy for autonomy

For the past two years since I became CCO, I have consistently aimed to strengthen the organization through

employee autonomy, and this also remains true in my role as CHRO. We aim to develop professional employees with high ethical standards who are self-disciplined, and to have them align our code of ethics to their own code of conduct.

The Group's services, centered on M&A intermediaries, are highly complex and require specialized expertise.

Amidst a rapidly changing business environment, we aim to solve the social challenges of contributing to the survival and development of the 600,000 companies in danger of closure that are struggling with business succession by developing the growth aspirations of our employees who support the world's leading comprehensive M&A group.

Creating a comfortable working environment

Furthermore, by simultaneously improving our corporate culture, we will work to instill compliance and prevent employee turnover.

For employees who work autonomously as professionals, we plan to create a system that allows for diverse work styles.

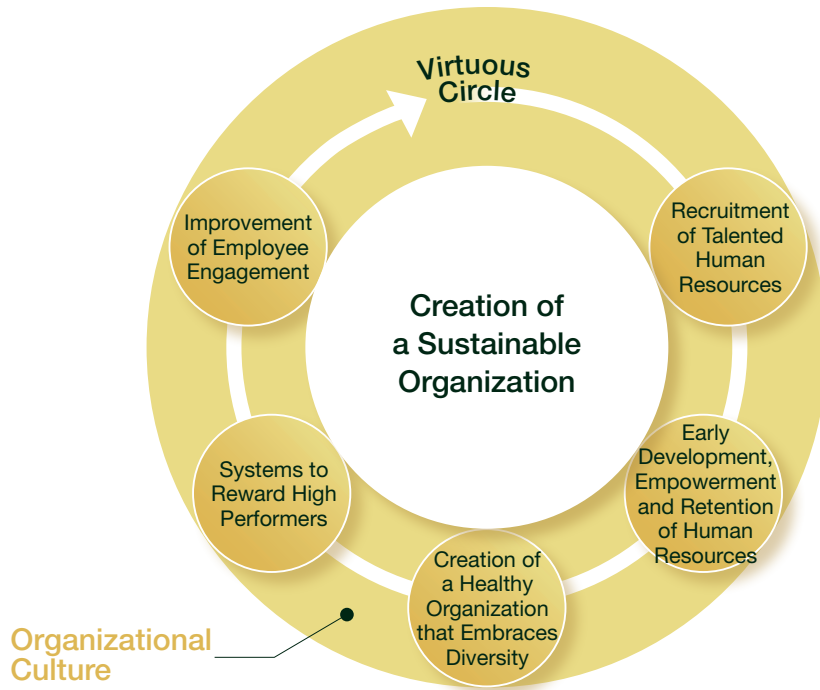
To this end, we will create an attractive workplace and communicate the benefits of working for the Group internally and externally, thereby building an organization that attracts professional personnel. Moreover, we will increase the number of talented employees by appealing to both the external and internal labor market by creating an environment that embraces diversity and where medium- to long-term work styles are possible so that talented employees will want to work for a long time.

Human Resources Initiatives

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

Currently, we continue to focus on promoting the “Philosophy” established in the FY2022. We position this “Philosophy” as the code of conduct and decision-making criteria for all employees to achieve our “Purpose”, and it serves as the common guideline from recruitment criteria to human resource development and performance evaluations. In addition, we have set “Becoming a Group of Autonomous Professionals!” as our management theme for FY2024, and have developed a variety of initiatives and activities to foster professionalism and support the growth of each employee.

Overall Picture of Initiatives for Human Resources



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

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

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

■ Organizational culture (formulation and penetration of our Purpose and Philosophy)

Promoting the understanding and adoption of our “Purpose” and “Philosophy” as shared values among employees is an important theme. After establishing our “Purpose”, we conducted “vision interviews” between executives and employees in each department on a one-on-one basis. The purpose of these interviews was for individuals to set their own individual “Purpose” and to perceive it as something personal. Our intention was to synchronize personal development plan with company’s growth. Philosophy has become a key criterion in the current hiring process and employee performance evaluations. Various initiatives, such as training programs and management messages are being implemented to promote its penetration of Philosophy within the Company. To assess the level of success, a “Philosophy Survey” was also conducted.

■ Recruitment of talented human resources

In our recruitment activities, we enthusiastically communicate to deepen understanding of our company’s business operations and growth strategies. This includes monthly events featuring our President and other executives as speakers, as well as utilizing internships, workshops, and YouTube streaming for students. The summer internship for students,


Human Resources Initiatives

conducted in FY2023, ranked 2nd in category “Contribution to personal development” of the “Most worthwhile internship for students in 2024” awards by “Shukatsu Kaigi.”

Additionally, we place emphasis on employee referral recruitment to secure individuals who resonate with our “Purpose”. In FY2024, we plan to hire approximately 120 consultants (including graduate entrants).

Number of consultants (consolidated)*

(persons)	FY2020	FY2021	FY2022	FY2023	FY2024 (forecast)
Net Increase	82	91	49	38	120
As of the End of the Fiscal Year	467	558	607	645	765

 YouTube video project We are releasing videos about a day in the life of an M&A consultant, training for new mid-career employees, etc. In FY2024, we released a new video about career stories of M&A consultants.

<https://www.youtube.com/@nihonma/videos>



Early development, empowerment and retention of human resources

In terms of talent development, we have implemented training programs based on specific objectives and targeted organizational layer. They construct a structured and comprehensive curriculum. For consultants and corporate staff, we determine the focus for each fiscal year based on the experience levels in the three tiers: “senior management,” “middle management,” and “team members”. In FY2021 - FY2022, we focused on strengthening the middle management layer, including group leaders and section managers. As the younger talent pool expanded due to active recruitment, for FY2023, we particularly aimed to foster and empower early-career employees within their first three years of joining the Company and ensure their long-term commitment. Additionally, we started implementing a talent management system to leverage each employee’s strengths and preferences in job assignments and project team formations.

The company-wide turnover rate for FY2023 was 16.9%, but our medium- to long-term goal is to maintain the rate at the 11-12% level. To improve retention rates, we are advancing initiatives such as reviewing the evaluation system and enhancing career plans.



Human Resources Initiatives

The following are excerpts from the training programs.

New employee training

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

Middle manager training

We view the strengthening of management skills of newly appointed managers and other middle managers as an important factor for the growth of our business. We help them to develop their task management and people management skills while taking productivity and operational efficiency into consideration.

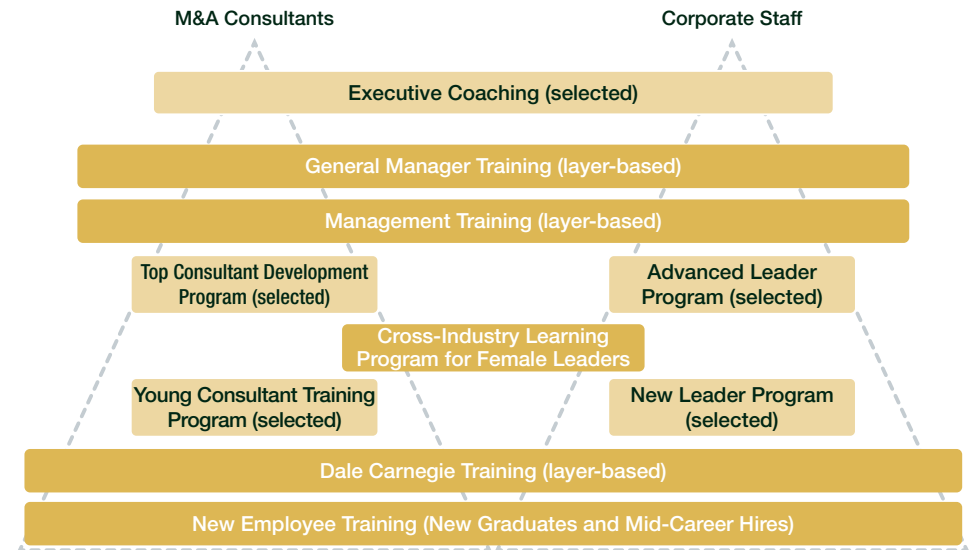
- General Manager Training (layer-based)
- Management Training (layer-based)

Special training from top management

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

- Young Consultant Training Program (selected)
- Top Consultant Development Program (selected)
- Executive Coaching (selected)

Training Program Structure



*Cross-Industry Learning Program for Female Leaders: Woman's Summit Tokyo (WST) cross-industry business leadership academy, a cross-industry learning program

Creation of a healthy organization that embraces diversity

Productivity improvement and workstyles

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

Human Resources Initiatives

Achievement of a healthy and safe workplace

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

We continue to achieve a 100% participation rate in health check-ups, and the Group offers assistance for the cost of health check-ups at a level well above the legally mandated level. The risk indicators for stress checks conducted annually are also significantly lower than the national average. Additionally, we expanded our support system to ensure that employees have access to counseling from occupational health physicians and medical counselors as needed. In July 2024, we opened the “HR Portal Site” for employees, clearly indicating the contact point for the above counseling, as well as maintaining a FAQ for labor and human resource related inquiries and clearly indicating its contact point. Consultations and reports regarding bullying, harassment, and other labor issues are also accepted through our internal consultation and whistleblowing hotline. [see page 54](#)

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

Support for balancing work with childcare

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

Diversity of Nationality

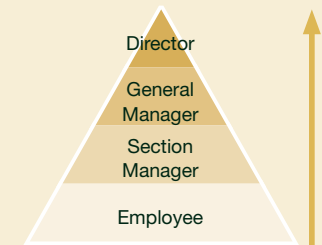
As our business expands globally, we actively recruit foreign nationals and local employees in overseas locations. In terms of equal opportunities and mutual understanding, we organize study sessions where overseas branch employees exchange information about sales methods and market analysis. We also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

Promotion of diversity & inclusion

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

Quantitative Targets

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



- April 2025 Obtain Eruboshi certification
- April 2027 Obtain Kurumin certification

Major Activities During the 1st Phase (FY2022)

Understanding the current situation and creating a climate

- Understood the current situation through all-employee surveys
- Provided information within and to outside of the Group
- Held D&I event for all employees
- Produced the project movie of woman’s advancement
- Held training sessions for female managers
- Held leader training for female employees (external)
- Held management training (unconscious bias training)
- Set voluntary meeting opportunities with employees going through pregnancy, childbirth and childcare
- Introduced a system to subsidize babysitter fees
- Promoted male employees’ use of childcare leave

Human Resources Initiatives

Major Activities During the 2nd Phase (FY2023)

Raised awareness among female employees and cultivated an environment that promotes woman's empowerment

- Set quantitative targets
- Strengthened information dissemination within and to outside of the Group
- Continuously held D&I event for all employees
- Produced D&I concept movie.
- Developed next-generation female director candidates
- Held leader training for female employees (career design, external training)
- Supported the advancement of female consultants (enhancement of recruitment and development, network between employees)
- Conducted training for managements (awareness generation)
- Introduced internal recruitment system
- Paid leave for child nursing care
- Promoted male employees' use of childcare leave

Activity Goals for the 3rd Phase (FY2024)

Increased the number of successful female employees.

- Supported the advancement of female consultants
- Supported the advancement of female mid-level employees
- Provided information externally and cultivate the internal culture

D&I concept movie

We interviewed top management and project owners about their passion for promoting D&I, the background behind the launch of the D&I project, and the initiatives of the D&I project.

Additionally, we heard employees' opinions about the project's efforts to support the activities of female consultants, encourage male employees to take paternity leave, and collaborate with national staff at overseas offices.



<https://www.youtube.com/watch?v=wC5PKN1xVD0>

**Initiatives concerning human rights**

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

Systems to reward high performers**Employee evaluation system based on our Philosophy**

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

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

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

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

Human Resources Initiatives

100% supported employee stock ownership program

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

■ Improvement of employee engagement

Employee survey

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

Second Pulse Survey (conducted in April 2024)

Rated on a seven-point scale from 7 (highest) to 1 (lowest)

Theme	Question	2024	2023 Previous	Difference (pt)
Fun Company	I enjoy working for this company.	5.3	5.2	+0.1
Sense of Unity	I feel a sense of unity in this company.	4.8	4.2	+0.6
Sense of Growth	I can sense my growth working for this company, and believe that I can achieve my career objectives and dreams here.	5.2	5.1	+0.1
Contribution to Society	I can feel that I am contributing to society working for this company and that the job is rewarding.	5.6	5.6	±0.0
Mission, Purpose and Philosophy	I resonate with the Company's mission, Purpose and Philosophy, and put them into practice.	5.6	5.4	+0.2
Diversity	I feel that the Company has an environment and culture that respects and empowers employees with diverse backgrounds.	5.3	5.1	+0.2
Compliance	I feel that this company has a high level of awareness toward compliance.	4.8	4.3	+0.5
Pride	I would recommend working for this company to people around me.	4.7	4.5	+0.2

Strengthening internal communication

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

Additionally, we organize events such as inviting high-performing employees and their partners to Disneyland, hosting family events, and publishing a PR magazine for employees' families.

Furthermore, we support an internal activity called "MA6" (short for "Minna de After 6"), which promotes networking and team building across departments. In FY2023, about 100 communities and club activities were realized, with engaging activities including basketball, baseball, music, wine tasting, yoga, golf and running relay.



Family event held at Nishi-Nihon Branch



"MA6" basketball team

Human Resources Initiatives

Messages

Messages from Employees



Aiming to be the first female group leader

Ayaka Yoshino

Nihon M&A Center Inc. Consultant, Growth Strategy Channel

After serving in public office and engaging in corporate sales at a publishing company, joined the Company in 2021. Belongs to a department mainly in charge of mid-cap projects and plays an active part as a female consultant.

As I did interviews with business owners in my previous job, I started to feel that I wanted to understand their needs as fully as possible and offer services in line with that understanding. That led me to the M&A world. After joining the Company, I was assigned to the Growth Strategy Department and currently make a wide range of proposals on corporate growth strategy for medium-sized companies.

The first deal I closed was a request from an owner who had cancer. The owner wanted to find a buyer within three months. It was difficult at first, but a referral from a business partner helped things proceed smoothly. In the end, I was able to close the deal in three months.

It was a satisfying result. After the deal was closed, however, I received feedback from the client saying they wanted a different contact person because they felt that their feelings were not understood. This is a bitter memory for me, highlighting something I know I need to be aware of. The Company conducts client satisfaction surveys after deal closing, and we value clients' feedback. Consultants who receive praise or a perfect rating of 100 from a client are announced on a company-wide level. I myself aspire to achieve a perfect 100. My first closing made me determined to pursue client satisfaction in addition to just completing the deal.

M&A services require a high level of business ability, such as skills in sales, proposals, and coordination, as well as expertise in accounting and legal affairs. Pursuing better performance in each phase of the process is a rewarding part of working to earn a perfect 100 rating from clients.

Compared to the time when I just joined the Company, the number of female consultants is steadily increasing. This is my fourth year at the Company, and I'm striving to achieve one of my career goals: to become the first female group leader. I hope to forge a path ahead and continue playing an active role at work, even while I go through major life events. The Company seems to recognize female consultants' success as a medium- to long-term issue to address on a continuing basis, not just temporarily.

I hope more people will develop an interest in M&A consultant work and take on the challenge, regardless of gender.



Feeling what owners feel and supporting the best options for them

Shunpei Ajima

Nihon M&A Center Inc. Deputy General Manager, Corporations Channel

Since joining the Company in 2019, has belonged to departments which mainly provide matching services. Draws on previous job experience in a specialized trading company in the steel and machinery industry for an advantage in manufacturing. Has assisted in closing about 30 deals since joining the Company. In FY2023, assisted in closing 10 deals within a year and won the Top No. of Deals Closed Award. In FY2024, assumed the office of Deputy Head of the Chuubu Corporations Department.

Since joining the Company in 2019, has belonged to departments which mainly provide matching services. Draws on previous job experience in a specialized trading company in the steel and machinery industry for an advantage in manufacturing. Has assisted in closing about 30 deals since joining the Company. In FY2023, assisted in closing 10 deals within a year and won the Top No. of Deals Closed Award. In FY2024, assumed the office of Deputy Head of the Chuubu Corporations Department.

We have a subsidiary which provides services specializing in company valuation, including stock price calculation, business analysis, and preparation of teasers. We also have a wide range of functions, such as deal-based support teams for legal affairs and tax affairs composed of internal experts, and we have developed databases of information on various companies' M&A needs. In addition, we have organized education frameworks rooted in the 30 years of experience we have gathered since our founding. This environment allows new recruits as well as experienced employees to play active roles. This comprehensive strength helped me gain substantial experience since I joined the Company, and I managed to close deals starting early on. As a result, I assisted in closing 10 deals last fiscal year, the largest total company-wide.

Though all deals are memorable, the one I remember most is a project involving an owner's decision to sell a company with a long history. The owner was relatively young, just over 50, and the company was in excellent financial condition. However, the owner was anxious about the industry's future and worried about whether to sell the company or not, with the lack of a successor compounding the situation. Every time we had interviews with concrete prospective buyers, the owner and I worked together to consider future trends in the industry, the situation in Japan, and the company's and owner's futures. In the end, the owner determined that the best choice as a business owner was to prioritize the company's survival and the well-being of its employees over personal pride and others' opinions about M&A. Ultimately, the owner decided to sell the company to the buyer that would bring the best synergy. I still clearly remember the determined expression on the owner's face.

In the lead-up to the decision, I never asked the client to transfer the company. Rather, it was an outcome of multiple discussions. Our business is to talk honestly with clients about the futures of individuals, companies, employees, and their families. I hope to help create a stronger Japan through my involvement in important decision-making for owners and management.

Human Resources Initiatives

Messages from Employees



Leading the first execution of an M&A strategy since the establishment of JR Shikoku

Kensuke Suzuki

Nihon M&A Center Inc. General Manager, Regional Financial Institutions Channel

Since joining the Company in 2014, has engaged in support services for companies needing M&A, assisting with closing deals for about 50 companies through cooperation with regional financial institutions. Was seconded to Shikoku Railway Company (JR Shikoku) in 2022 and experienced the formulation of M&A strategy, investments, and PMI process at a large corporation. In FY2024, became Head of the Financial Corporations Department, Regional Financial Institutions Channel.

In 2022, it was decided that I would be seconded to JR Shikoku, our first secondment to a large corporation. I was appointed project leader for the first M&A execution since JR Shikoku was established, tasked with formulating an M&A strategy from scratch. I handled sourcing, negotiations with sellers, company valuations, and the preparation of various contracts. I also provided PMI services after deal closing. Coordinating with numerous internal and external stakeholders, I went through a series of large corporate M&A processes. In addition, I was involved in the establishment of a fund for accelerating the M&A strategy, experiencing the process from fundraising to investment. When I joined the Company, I never imagined that I would be involved in the M&A strategy development and fund establishment for a large corporation. I think I got that incredible opportunity because our company has flexibly changed its businesses and functions according to clients' needs.

Being able to work in a position that involves me in the entire process of conducting M&As instead of just assisting with M&A closings as an intermediary was a truly valuable experience. I learned how important it is to understand the real heart of things from a broad perspective and look beyond the immediate things at hand before setting to work.

My secondment ended, and I will soon be the head of a department from this fiscal year. I will take advantage of my secondment experience to work together with my team to do things that I would not be able to do alone. I also would like to keep growing and developing so that I can take part in work with a large impact.

Participating in significant management decisions in my second year out of school Overwhelming enhancement of basic elements as a business person

Kei Murakami

Nihon M&A Center Inc. Consultant, Area Strategy Channel

Joined the Company in 2022 after graduating from the Faculty of Law at Keio University. Has belonged to departments focusing on direct sales to clients. In FY2023, his second year since joining the Company, won both the Best New Recruit Award and the Best 2in1 Award.



Reflecting on the previous fiscal year, my second year at the Company, I had a lot of great help from people around me. We have an education system for new recruits, the "2in1 system," that pairs a new employee with a middle-level employee for a joint budget. I benefited from the system by gaining support from people around me when necessary, such as situations where I wasn't persuasive enough in business negotiations with only one year of experience. In particular, having a mentor I could share ideas with casually, besides the Head of the Department, was a great asset. This system helped me to win both the Best New Recruit Award and the Best 2in1 Award.

Our job is to seek buyers and provide suggestions to accelerate corporate growth for companies developed by seasoned owners over years and years of work. We have opportunities—with some of us as young as our mid-20s—to be part of corporate transformations and owners' big decisions, which is what makes our work so rewarding. Not only do we offer a diverse set of services, but our business also involves many stakeholders in each project and requires a vast amount of knowledge in everything from accounting and tax affairs to legal affairs and industry-specific points. I'm excited every day and absorbed in my work.

In addition, many of our senior colleagues have impressive track records in their previous jobs, and I can learn model sales methods by working closely with them. It allows us to take our fundamentals as businesspeople to a high level.

Although I currently work on domestic M&A services, I would like to challenge myself in new fields, such as cross-border M&As and fund management, in the future.

Compliance

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

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

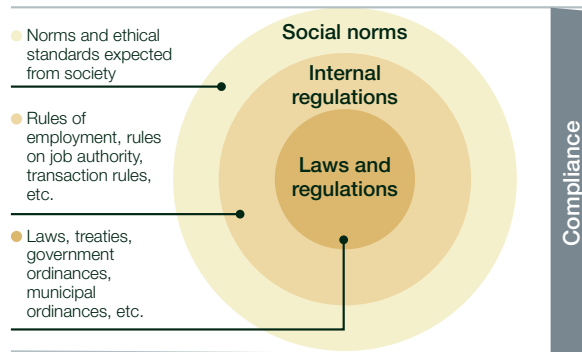
To this end, we will strive to become an even more trusted company through continuous initiatives in FY2024 and beyond.

Underlying compliance principles

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

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

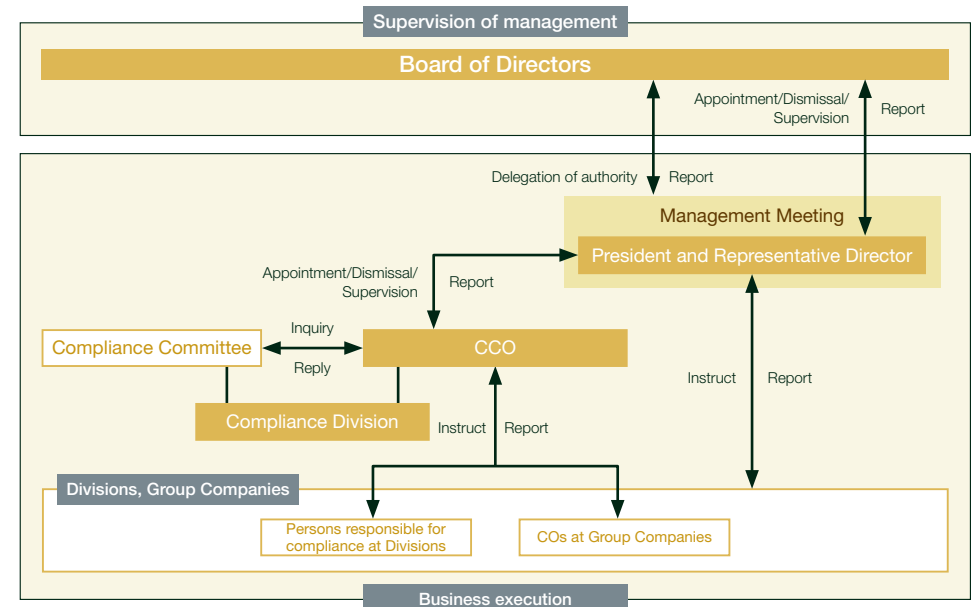
In addition, we are promoting the enhancement of the compliance system of the Group, and at the same time, making on-going efforts to instill and establish compliance from the perspective of education through measures such as regular implementation of effective training.



Compliance promotion structure

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

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



Compliance

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

Procedures for investigation and response

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

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

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

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

Enhancement and strengthening of the internal consultation and whistleblowing system

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

Number of discussions consulted/reported

FY2022	FY2023
62	74

Initiatives to strengthen compliance

Major initiatives to strengthen compliance

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

Establishment of a foundation

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

Establishment of a foundation

Period	Initiative
April 2023	● ● Persons responsible for compliance were appointed at major group companies
April	● Formulation of the new Group Compliance Principle
April	● Creation and distribution of the Compliance Handbook and MAstyle
April	● Receiving pledges for compliance from all employees
April	● Commencement of e-learning training
January 2024	● Conducting an employee pulse survey

Measures for permeation
On-going maintenance

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

Compliance

Specific Compliance Permeation Measures

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

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

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

To evaluate the effectiveness of these initiatives, Nihon M&A Center has been conducting compliance surveys for employees from FY2022. We intend to conduct such surveys on a periodic basis to ensure that we implement fixed-point observation of internal perceptions of compliance. The survey results for FY2023 showed that the overall compliance awareness figures improved compared to FY2022. We will continue to promote compliance-related initiatives.

Rates of affirmative answers for compliance items (examples) in the employee survey

Questionnaire	FY2022	FY2023
Awareness of compliance is maintained at a high level at the Company.	44%	74%
The Company addresses compliance incidents appropriately.	57%	79%
In my organization, there is an atmosphere that places an emphasis not only on sales and efficiency but also on compliance.	75%	70%
I know how to make a consultation or report for a compliance issue if I witness it.	84%	93%

Inaugurate effective compliance training and education

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



e-learning training

Details of e-learning training in FY2023

Month of Implementation	Theme
April	General Compliance and Compliance Pledge
May	Understanding the Risk of Information Leakage
July	Information Security
August	Harassment
October	Information Security Rules
November	Accurate Recording
January	Conducting a Compliance Awareness Survey
February	Prevention of Insider Trading

Compliance



Message from Mamoru Saito

Promoting compliance-focused management leveraging M&A business experience to enhance the growth and trust of the Group.

Mamoru Saito

Chief Compliance Officer

Message from CCO

I joined Nihon M&A Center in September 2009, and have served as CCO and Head of the Compliance Division of Nihon M&A Center Holdings from June 2024. Including my previous M&A experience at a major securities firm, my M&A career now spans 24 years.

Since joining Nihon M&A Center, I have been engaged in business as a consultant, served as Head of Risk Management Department since April 2021, and from April 2023, I also took on the role of Head of Business Control Division while continuing as Head of Risk Management Department. Throughout my career in M&A operations, I have focused on restructuring operational workflows and preventing and handling various incidents.

Since July 2022, when my predecessor, Yasuhiro Takeda (currently Director, Chief Human Resources Officer), took on the role of CCO, the Group has undertaken initiatives to establish a compliance system and strengthen governance, including the renewal of the Risk Management Committee and the implementation of governance projects. As a member of the project, I worked together with the CCO, and over the past two years, we have examined and implemented initiatives to establish governance and compliance system, as well as enhancing the foundation to ensure compliance with the “M&A Guidelines for SMEs” and the industry self-regulatory rules set by the M&A Intermediaries Association.

Going forward, I intend to continue the policies and initiatives established under my predecessor’s leadership as well as to further deepen the compliance awareness among the Group’s directors/employees by promoting the way it conveys information clearly and initiatives, based on my over 20 years of M&A experience.

In the SME M&A industry, compliance awareness and professional ethics are increasingly required, as seen in the September 2023 revision (second edition) of the “M&A guidelines for SMEs,” the industry self-regulatory rules enforced by the M&A Intermediaries Association in January and April 2024, and another revision (third edition) of the “M&A guidelines for SMEs” in August 2024.

Based on the compliance-focused management policy, the Group aims to further promote the development of robust systems, thereby increasing added value within the M&A industry. By doing so, we will earn the trust of stakeholders, grow into a company that is needed by even more clients, and meet the expectations of our investors by expanding our business performance.

As a leading company in the industry and an executive member of the M&A Intermediaries Association, we are committed not only to strengthening the Group’s compliance but also to contributing to the improvement of compliance awareness across the entire industry.

Corporate Governance

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

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

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

We have adopted a governance system of a company with an Audit and Supervisory Committee.

Board of Directors

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

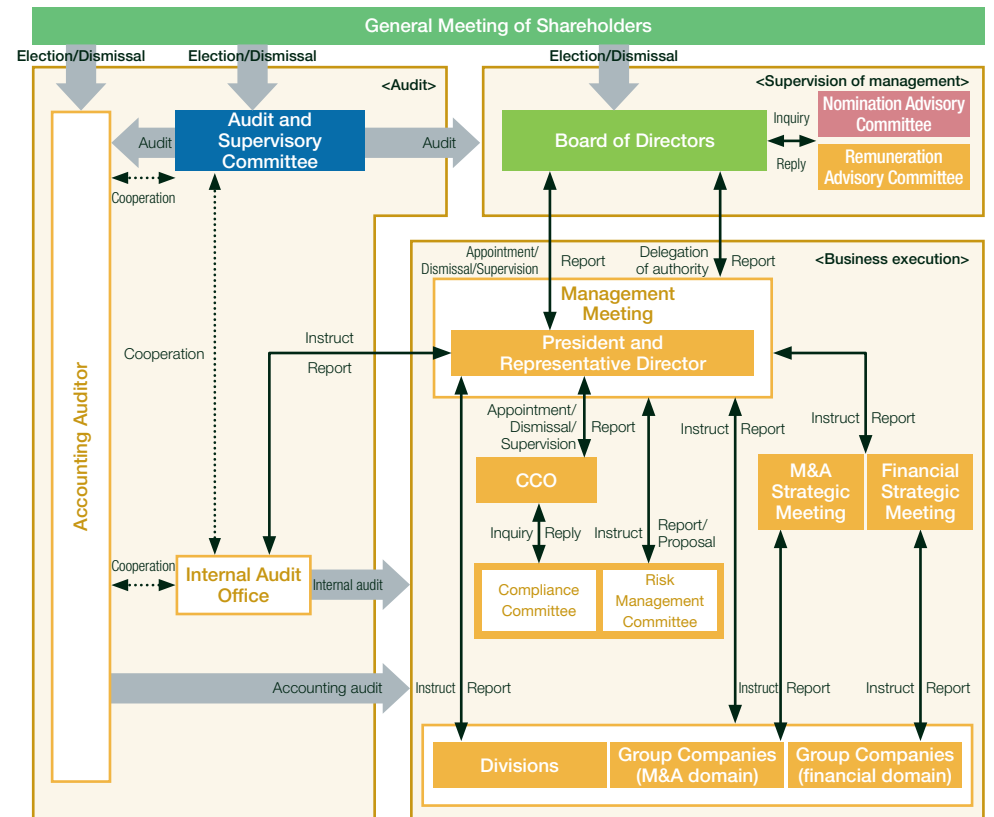
Audit and Supervisory Committee

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

Nomination Advisory Committee

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

Corporate governance framework



Corporate Governance

Remuneration Advisory Committee

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

Management Meeting

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

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

M&A Strategic Meeting, Financial Strategic Meeting

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

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

Internal audit system

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

Risk Management Committee

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

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

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

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

Compliance Committee

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

Policies and procedures for the election/dismissal of Directors

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

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

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

Independent Directors are elected based on criteria which include the ability to participate in and contribute to management of the Company from a viewpoint different from that of

Corporate Governance

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

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

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

Succession plan

The Company deems the formulation and implementation of a succession plan for President and Representative Director as an important item in its management strategies. As part of the succession plan, the Company has changed to a pure holding company in October 2021. We will gradually delegate authority to each Group company and cultivate excellent human resources through their management. More specifically, we established the Management Meeting in 2022, and the M&A Strategic Meeting and the Financial Strategic Meeting which are group-wide meeting bodies in 2023. The M&A Strategic Meeting oversees our group companies in the M&A domain, including Nihon M&A Center Inc., and the Financial Strategic Meeting oversees our group companies related to fund management, including Japan Investment Fund Inc. Masahiko Otsuki, Executive Managing Director and chairman of the Financial Strategic Meeting, assumed the position of Representative Director of Japan Investment Fund Inc. in February 2022. Naoki Takeuchi, Managing Director and chairman of the M&A Strategic Meeting, assumed the position of President and Representative Director of Nihon M&A Center Inc. in April 2024.

Major initiatives to strengthen corporate governance



Corporate Governance

■ Training for Directors

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

■ Remuneration system for Directors

Basic policy on remuneration for Directors

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

Indicators used for performance-linked remuneration

The Company has selected consolidated ordinary profit as an indicator that represents business results most appropriately. It uses the level of achievement of consolidated

ordinary profit as the indicator for determining the actual amount of remuneration to be paid. The Remuneration Advisory Committee, a majority of whose members are Independent Directors (including Audit and Supervisory Committee Members), deliberates and decides on the amount of performance-linked remuneration for each Director. Based on the report from the Committee, the Board of Directors resolves the amount to be paid. For FY2023, consolidated ordinary profit totaled 16,518 million yen, achieving 97.2% of the full-year ordinary profit forecast of 17,000 million yen. The Company therefore did not pay performance-linked remuneration to Directors.

Introduction of stock remuneration plan

For the purpose of encouraging efforts for medium- to long-term enhancement of the Company’s corporate value, as well as promoting further value-sharing with our shareholders, we resolved to introduce a restricted stock remuneration plan for Directors (excluding Audit and Supervisory Committee Members and Independent Directors) at the 33rd Annual General Meeting of Shareholders held on June 25, 2024. The resolution determined that the amount of restricted stock remuneration is up to 240 million yen per year, which is within the limit of the current amount of remuneration (up to 1.2 billion yen per year, including a limit of 80 million yen for Independent Directors), and the total number of common shares to be granted is capped at 350,000 shares per year.

■ Operation of the Board of Directors

In FY2023, as part of compliance-oriented management which is a top priority task of the Group, we strengthened the compliance framework, re-established important rules related to compliance including the Compliance Principles, and reviewed our systems for risk and crisis management to further sophisticate risk management. In addition, we spent time for deliberating agenda items such as investment projects, business alliances, materiality (priority issues) of the Company and quarterly financial reports.

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

Director category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)				Number of eligible Directors
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Out of which, non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee Members and Independent Directors)	296	296	—	—	—	6
Directors who are Audit and Supervisory Committee Members (excluding Independent Directors)	14	14	—	—	—	1
Independent Directors	76	76	—	—	—	8

(Notes) 1 The number of persons eligible for remuneration, etc. for Independent Directors includes Directors who retired at the conclusion of the 32nd Annual General Meeting of Shareholders held on June 23, 2023.

2 Figures presented are rounded down to the nearest million yen.

Corporate Governance

Board of Directors meetings held in FY2023

Board of Directors meetings in FY2023	
Number of meetings held	17
Average number of agenda items (matters resolved and matters reported)	6.2
Average hours per meeting	2 hours and 19 minutes (3 hours and 15 minutes at the longest)

Major agenda items

- Review of the medium-term management target
- Establishment of an overseas local subsidiary
- Review on materiality (priority issues)
- LP investments
- Establishment of joint ventures with financial institutions
- Review of the evaluation of the Board of Directors' effectiveness
- Overall review of the recurrence prevention measures
- Examination on the future of the M&A industry
- Revision to privacy policy
- Report of digitalization diagnosis

Activities of voluntary committees

Activities of the Nomination Advisory Committee and Remuneration Advisory Committee in FY2023

	Nomination Advisory Committee	Remuneration Advisory Committee
Number of meetings held	8	1
Major agenda items	<ul style="list-style-type: none"> ● Succession plans ● Executive appointment of core subsidiaries ● Selection of Directors ● 360-degree evaluation for Directors ● Determination of candidates for Independent Directors 	<ul style="list-style-type: none"> ● Benchmarks for remuneration for Directors ● Remuneration details of overseas benchmarked companies

Evaluation of the Board of Directors' effectiveness

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

The summary of the evaluation results for FY2023 is as described below.

<Method of evaluation>

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

<Summary of evaluation results>

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

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

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

Cross-shareholdings

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

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

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

Board of Directors



Suguru Miyake

President and Representative Director

Date of birth: January 18, 1952

Attendance status (FY2023)

Board of Directors meeting: 94.1% (16/17)

Suguru Miyake joined the Company in September 1991, after having worked for Olivetti Corporation of Japan. He assumed the position of Director in June 1992 and has been in his current position since June 2008. As Director, he has led the management of the Company for many years and led the Company's performance growth. Further, he also fulfilled a significant role in determining important management matters and supervising business execution. He has the experience, insight and leadership essential for continuing to strongly implement compliance-oriented management.

He concurrently serves as Chairman and Representative Director of Nihon M&A Center Inc.



Takamaro Naraki

**Executive Managing Director,
Administration Headquarters**

Date of birth: October 15, 1962

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)

Takamaro Naraki joined the Company in January 1993, after having worked for Daio Paper Corporation. He joined Daiwa Securities SMBC Co. Ltd. in June 2000 after which he rejoined the Company in March 2005. He assumed the position of Director in June 2005, and since then, he has served as Head of Administration Headquarters for a long period of time. He has been in his current position since June 2023. He has a wealth of achievements and insight in the overall administrative divisions and has played an important role in management. He has the experience and insight essential for continuing to strongly implement compliance-oriented management.

He concurrently serves as Executive Managing Director of Nihon M&A Center Inc.



Masahiko Otsuki

Executive Managing Director

Date of birth: July 23, 1970

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)

Masahiko Otsuki joined the Company in February 2006, after having worked for The Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation). He has held various positions including Head of Corporations Department since assuming the position of Executive Officer in April 2009; and Head of Corporations Division and Sales Headquarters, and Managing Director in charge of group companies since assuming the position of Director in June 2010. He has been in his current position since June 2024. He has a wealth of achievements and insight in the overall sales division and has played an important role in the growth of the Group as a whole. He has the experience and insight essential for continuing to strongly implement compliance-oriented management.

He concurrently serves as Executive Managing Director of Nihon M&A Center Inc., Representative Director of Japan Investment Fund Inc. and Representative Director of AtoG Capital, Inc.



Naoki Takeuchi

Managing Director

Date of birth: February 11, 1978

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)

Naoki Takeuchi joined the Company in April 2007, after having worked for Shoko Fund Company Group. He has held various positions including Head of Corporations Department and Direct Business Division since assuming the position of Executive Officer in April 2014, and Head of Strategy Control Business Division and Sales Headquarters since assuming the position of Director in June 2018. He has been in his current position since June 2024. He has achievements and a wealth of experience in acquiring customers by solving corporate growth issues through M&A (growth strategy type M&A) and has played an important role in the formulation of the overall strategies of the Group. He has the experience and insight essential for continuing to strongly implement compliance-oriented management.

He concurrently serves as President and Representative Director of Nihon M&A Center Inc.

Board of Directors



Yasuhiro Takeda

Director, Chief Human Resources Officer

Date of birth: April 7, 1966

Yasuhiro Takeda joined the Company in July 2022, after having held various positions including CAO, CFO and CCO at Mitsubishi Corporation group. He re-established the Group's compliance system as CCO, and strengthened risk management structure as the Chairman of the Risk Management Committee. He has been in his current position since June 2024. He has expertise in finance, accounting and risk management, as well as a wealth of experience and insight in the areas of compliance and human resources.

He concurrently serves as Director and Head of Human Resources Headquarters of Nihon M&A Center Inc.



Tokihiko Mori

Independent Director

Date of birth: July 17, 1952

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)

Tokihiko Mori has served as Director of GE Japan Corporation, Representative Director of Teradyne K. K., Riverside Partners Co., Ltd., and Y. International, Inc. He has been in his current position since June 2018. Having served as Representative Director of an investment advisory company and as a corporate manager in various industries, he has a wealth of M&A experience. He has been providing advice on the improvement of the overall management quality of the Company as well as fund-related business based on his wealth of experience and broad insight as a corporate manager.

He concurrently serves as Representative Director of Change Management Consulting Co., Ltd.



Minako Takeuchi

Independent Director

Date of birth: January 17, 1961

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)

Minako Takeuchi has worked for NEC Corporation and served as Representative Director and Vice President of Stanton Chase International, Co., Ltd. and Director of JAPAN PROFESSIONAL BASKETBALL LEAGUE. She has been in her current position since June 2020. She has sufficient experience as a corporate manager in addition to a wealth of knowledge and experience in talent management and has been taking actions and providing specific advice on the improvement of the overall management quality of the Company, as well as on women's advancement and promotion of women to managerial positions.

She concurrently serves as Representative Director of TM Future Corporation, Independent Director of THE SHIGA BANK, LTD., Independent Director of Mitsubishi Steel Mfg. Co., Ltd., commissioner of Japan Wheelchair Basketball Federation, commissioner of Japan Basketball Association, and Council Member of Nippon Badminton Association.



Keiichi Nishikido

Independent Director

Date of birth: May 2, 1953

Attendance status (FY2023)

Board of Directors meeting: 94.1% (16/17)

Keiichi Nishikido has worked for Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu) and Glass McCullough Sherrill & Harrold in the U.S. and served as Partner of KOHWA SOHGOH LAW OFFICES, Independent Director, Audit & Supervisory Committee member of Nippon Hilton Co., Ltd. and Independent Director, Audit & Supervisory Committee member of Pioneer Corporation. He has been in his current position since June 2022. He has a wealth of knowledge and experience as an attorney-at-law, and has been providing specific advice on the improvement of the overall management quality of the Company as well as on M&A and corporate legal affairs.

He concurrently serves as Audit & Supervisory Board Member of Hirosawaseiki Seisakusho Co., Ltd., Independent Director, Audit & Supervisory Committee member of Saibo Co., Ltd., and Representative Attorney-at-Law of KOHWA SOHGOH LAW OFFICES.

Board of Directors



Mariko Ohsato

Independent Director

Date of birth: April 22, 1963

Attendance status (FY2023)

Board of Directors meeting: 91.7%
(11/12)

Mariko Ohsato has worked for organizations including IBM Japan Ltd. and Uniden Corporation (currently Uniden Holdings Corporation), and served in positions including Director of IDS Corporation, Director of Public Relations Society of Japan and part-time lecturer of the Department of Sport Sciences, Waseda University. She has been in her current position since June 2023. She has a wealth of knowledge and experience as a corporate manager, and has been providing specific advice on the improvement of the overall management quality of the Company as well as on M&A and digitalization, based on her wealth of experience and broad knowledge she has accumulated to this date.

She concurrently serves as President & CEO, Arc Communications Inc.; Independent Director, PUNCH INDUSTRY CO., LTD.; Commissioner, Japan Rowing Association; and Commissioner, Baseball Federation of Japan.



Iwao Hirayama

Director, Audit & Supervisory Committee member

Date of birth: January 7, 1961

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)
Audit and Supervisory Committee meeting: 95% (19/20)

Iwao Hirayama joined the Company in March 2007, after having worked for Yamaichi Securities Co., Ltd., Nikko Cordial Securities Inc. and Ichiyoshi Securities Co., Ltd. After assuming the position of Executive Officer of the Company in April 2012, he has served as Head of Corporate Strategy Department and Employee Education Support Office of the Company as well as Representative Director of CG-J Partners Co., Ltd. (currently Japan PMI Consulting Inc.). He has been in his current position since June 2020. He leverages his wealth of hands-on experience in M&A deals at securities firms and the Company and deep insight into the Group's businesses in audits.

He concurrently serves as Audit & Supervisory Board Member of Nihon M&A Center Inc.



Takao Shimizu

Independent Director

Date of birth: March 10, 1957

Takao Shimizu has worked for the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) and served as CFO and CIO and held other positions of JSR Corporation. He has been in his current position since June 2024.

He has been providing specific advice on the improvement of the overall management quality of the Company as well as on global management based on his extensive experience in politics, business, and government, and abundant insight into the management of a diversified company.

He concurrently serves as Advisor of Kakaku.com, Inc.



Yoshinori Yamada

Independent Director, Audit & Supervisory Committee member

Date of birth: May 22, 1946

Attendance status (FY2023)

Board of Directors meeting: 94.1% (16/17)
Audit and Supervisory Committee meeting: 90.0% (18/20)

Yoshinori Yamada assumed the position of Audit & Supervisory Board Member of the Company in June 2013, after having served as Managing Director of The Yasuda Mutual Life Insurance Company, Representative Director of Japan Confirm Co., Ltd., full-time Audit & Supervisory Board Member of Mizuho Trust & Banking Co., Ltd., and Chairman of the Board of Directors of Nihon AP Center Co., Ltd. He has been in his current position since June 2016. He assumed the position of the Chairman of the Audit and Supervisory Committee in June 2022. He has experience as a Director and Audit & Supervisory Board Member of a major financial institution and also has audit experience as an Audit & Supervisory Board Member and Audit and Supervisory Committee Member of the Company. His activities include conducting audits and providing advice from an independent and fair standpoint leveraging such experience.

He concurrently serves as Director (Audit and Supervisory Committee Member) of Fit Corporation.

Board of Directors



Takayuki Matsunaga

Independent Director, Audit & Supervisory Committee member

Date of birth: April 6, 1981

Attendance status (FY2023)

Board of Directors meeting: 100% (17/17)

Audit and Supervisory Committee meeting: 100% (20/20)

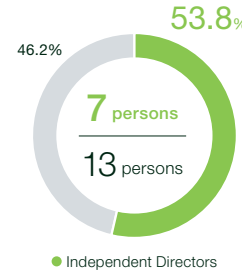
Takayuki Matsunaga has been in his current position since June 2022 after having worked for Makoto Law & Accounting Firm and establishing Minamiayama M's Law Accounting Firm.

He has a wealth of knowledge and experience in M&A and business succession deals of SMEs which he has garnered through his involvement in these deals as an attorney-at-law. His activities include conducting audits and providing advice from an independent and fair standpoint leveraging such knowledge and experience.

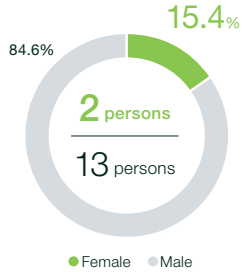
He concurrently serves as Representative Partner of Mile Law Firm.

Diversity of the Board of Directors

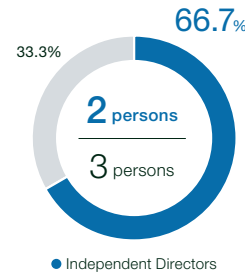
Ratio of Board of Directors who are Independent Directors



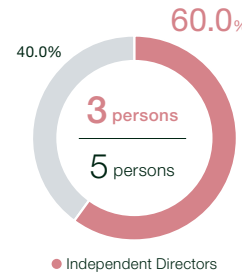
Ratio of Board of Directors who are female Directors



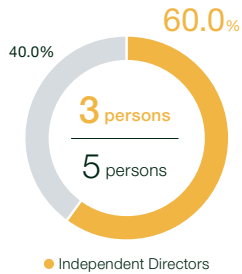
Ratio of Audit and Supervisory Committee members who are Independent Directors



Ratio of Nomination Advisory Committee members who are Independent Directors



Ratio of Remuneration Advisory Committee members who are Independent Directors



Members of each body (as of October 31, 2024)

The mark "◎" represents chairperson

Title	Name	Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Remuneration Advisory Committee
PRESIDENT AND REPRESENTATIVE DIRECTOR	Suguru Miyake	◎			
Executive Managing Director	Takamaro Naraki	○			
Executive Managing Director	Masahiko Otsuki	○			
Managing Director	Naoki Takeuchi	○			
Director	Yasuhiro Takeda	○			
Independent Director	Tokihiko Mori	○		◎	◎
Independent Director	Minako Takeuchi	○			
Independent Director	Keiichi Nishikido	○			
Independent Director	Mariko Ohsato	○		○	○
Independent Director	Takao Shimizu	○			
Director, Audit & Supervisory Committee member	Iwao Hirayama	○	○		
Independent Director, Audit & Supervisory Committee member	Yoshinori Yamada	○	◎	○	○
Independent Director, Audit & Supervisory Committee member	Takayuki Matsunaga	○	○		

Board of Directors

Skill Matrix

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

★...Skills that are regarded as especially important

	Management strategy	M&A consulting	M&A execution	PMI	Fund management/ Investment banking	International business	B2C business	Sustainability/ ESG	Brand strategy/ Marketing	Administrative experience/ Division head	Finance/ Accounting	Compliance	HR development/ Personnel affairs	IOT/DX
Suguru Miyake (President and Representative Director)	★	●		●	●			●		●				
Takamaro Naraki (Executive Managing Director)	●		●							●	★	●	●	
Masahiko Otsuki (Executive Managing Director)	●	●			★	●				●	●			
Naoki Takeuchi (Managing Director)	●	★		●						●				●
Yasuhiro Takeda (Director)						●				●	●	★	●	
Tokihiko Mori (Independent Director)	★		●	●	●	●				●				
Minako Takeuchi (Independent Director)	●							●		●		●	★	
Keiichi Nishikido (Independent Director)			●									★		
Mariko Ohsato (Independent Director)	●					●							●	★
Takao Shimizu (Independent Director)	●					●				●	★			●
Iwao Hirayama (Director, Audit & Supervisory Committee member)		●								★				
Yoshinori Yamada (Independent Director, Audit & Supervisory Committee member)	★						●		●	●	●	●	●	
Takayuki Matsunaga (Independent Director, Audit & Supervisory Committee member)			●									★		

Risk Management

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

Risk management structure

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

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

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

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

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

1. Risks associated with information management:

Enforce full compliance with each internal regulation and rule related to information management.

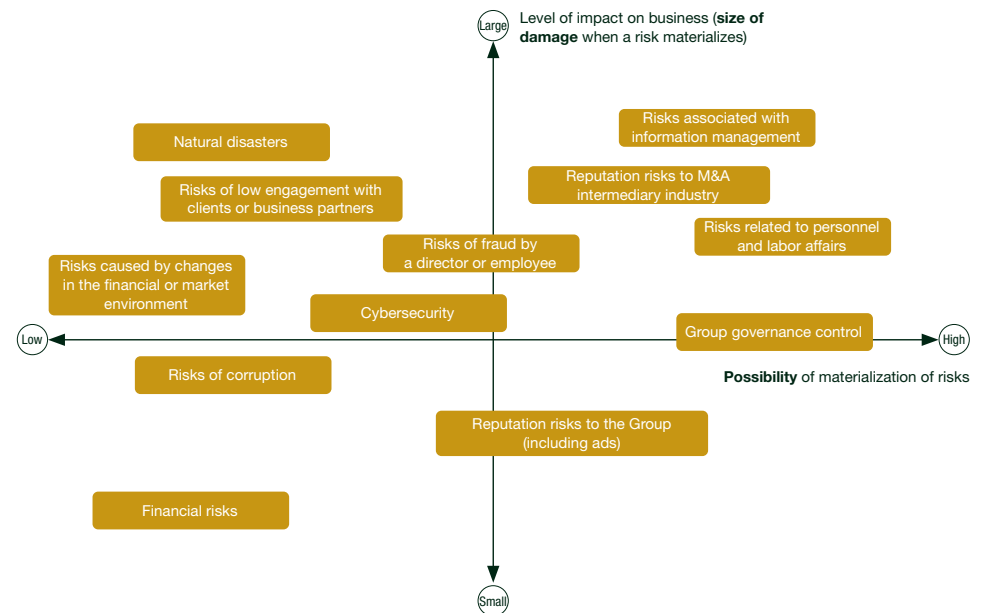
2. Reputation risks to M&A intermediary industry:

Promote initiatives to ensure compliance with guidelines and self-regulatory rules by M&A intermediary companies, cooperating with the Small and Medium Enterprise Agency and the M&A Intermediaries Association.

3. Risks related to personnel and labor affairs:

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

Risk map



Information Security

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

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

 Information Security Basic Policies

https://www.nihon-ma.co.jp/groups/security_policy.html

*only available in Japanese

Information security promotion structure

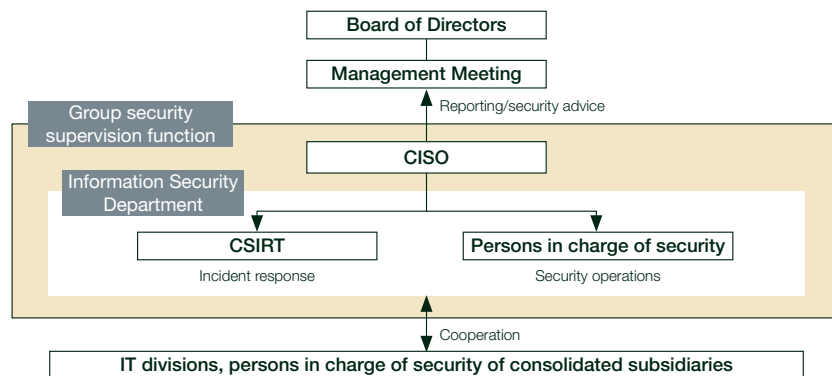
The Group security supervision function headed by the Chief Information Security Officer (CISO) formulates information security strategies and evaluates the status of its implementation.

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

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

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

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



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

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

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

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

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

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

Information security management system

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

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



Information Security

■ Initiatives for information security

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

In addition, we sort out and confirm facts promptly and implement recovery response when an incident occurs, and accumulate and share knowledge to prevent recurrence.

We are working to improve the security level of the entire Group, from the perspective of both before and after incidents.

Vulnerability assessment

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

System and security audits

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

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

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

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

*2 A security solution through which terminals (endpoints), such as personal computers and servers, that are connected to a network are monitored and any signs of cyberattacks such as abnormality, suspicious behavior, etc. are detected and notified to the administrator

*3 A technology through which a virtual WAN (wide area network) is created on a WAN that is built using physical network devices and managed using software

*4 A service in which an external company specializing in security, etc. undertakes the operation and management of a company's or organization's information security system

Detection, discovery, blocking/monitoring and tracking

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

Information security education and training

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

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

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

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

Information Security

Establishment of processes and rules

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

Initiatives to protect personal information

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

Message from Taku Kikuchihara

Balancing convenience and security, aiming for productivity enhancement through the use of IT

Message from CISO

Establishing a robust security framework across the entire group

Until an M&A transaction is closed, the fact remains confidential. Sharing of all information related to the target company is limited to some of the concerned people and is treated with utmost confidentiality. Therefore, it is crucial to maintain this highly confidential information under robust security and that our employees are highly aware of the importance of information protection.

As a leading company in the SME M&A industry, we are required to have the highest level of operational quality and ethics standards. We place great importance on information management, particularly on information security and cybersecurity measures, and since FY2023, we have established the position of CISO.

Under the CISO, we established the Information Security Department, which is responsible for overseeing the security of the entire Group. We have also established operational mechanisms, enabling each department to consult in advance with the Security Consultation Council at the stage of considering new initiatives or service use.

The Security Consultation Council evaluates the nature of the data being handled, potential risks and their impact, the probability of occurrence, and then studies and instructs the appropriate measures. In the last fiscal year, we received 77 consultations, which shows the employees’ passion for their work and high level of security awareness. Furthermore, by holding a monthly Security Cooperation Council among group companies, the awareness of the need to ensure system security and the establishment of rules, at each company has improved, increasing the priority of security challenges.

Taku Kikuchihara

Chief Information Security Officer



Monthly communications and e-learning for employees produce an effect

To enhance employees’ awareness of information protection and IT and security literacy, from the previous fiscal year, we have been conducting monthly communications from the CISO at company-wide meetings alongside e-learning. The results of drills on handling targeted email attacks and internal security audits show an improvement trend, and we are feeling the effects of these initiatives.

In general, the rate of incident occurrence tends to be higher among employees with shorter tenures due to a lack of awareness. Since we have many graduate entrants and mid-career hires, in the current fiscal year, we plan to conduct information dissemination and e-learning, focusing on the employees with shorter tenures.

Increasing productivity with early adoption of generative AI and ChatGPT

In today’s society, where IT functions as social infrastructure, generative AI has begun to provide changes in IT since last year. To address generative AI at an early stage, we immediately restricted access to ChatGPT following its public release and explored safe usage methods considering the risk of information leakage. By last summer, we had enabled the use of secure ChatGPT for business purposes, and introduced services leveraging generative AI. We established these initiatives to prevent data leakage outside the Company.

Going forward, we will continue to strive to enhance productivity through IT while balancing convenience and security, and provide secure and safe M&A services.

Environment

Every single employee of Nihon M&A Center Group behaves as a corporate citizen recognizing that engagement with environmental issues is a social duty and it is incumbent upon them to act in all fields of work with consideration to the environment, including reduction in greenhouse gas emissions, mitigating and adapting to climate change.

Furthermore, in its daily work the Group endeavors to reduce burdens on the environment by encouraging the reduction of waste, low energy consumption and saving resources, whilst taking into account the risks that climate change poses on the business environment.

■ Response to climate change

Identifying and responding to climate change risks

The following is a summary of identified climate related risks and responses by the Group.

Types of risks		Duration of risks	Anticipated risks and countermeasures
Risks associated with the transition toward a low-carbon society	Policy/Regulation risks	Mid-term (4-10yrs)	<p><Increase in prices relating to greenhouse gas emissions> If Carbon Tax and/or Emission Trading Scheme are/is introduced in the future, there is a risk that costs of energy use will increase. In case these new policies are introduced, the Company needs to calculate the degree of impact on profitability, so it started calculating and monitoring the amount of CO₂ emissions since FY2019. The Company will broaden the scope of its calculations gradually and assess the level of impact as well as consider the business plan.</p> <p><Tightening of obligations to report greenhouse gas emissions> The Group is currently not subject to reporting obligations determined by the Japanese government as well as any local governments to report greenhouse gas emissions and reduction plans, hence the Group is not affected. Going forward, if there is an expansion of the scope of reporting obligations or a newly created energy-saving policy, additional costs may be incurred with regard to our operational improvement and facility introduction, depending on the degree of the obligations.</p>
	Market risks	Mid-term (4-10yrs)	<p><Changes in behavior of our clients> There is a risk that our clients, suppliers and investors may prefer other, more sustainable companies due to changes in their behavior caused by growing interest in the risks posed by climate change, the spread of ESG-related investment and recognition of SDGs. At the Company, the IR Department is promoting our ESG-related initiatives as the main department in charge.</p>
	Reputation risks	Short-term (-3yrs)	<p><Increase in concerns or negative feedback from our stakeholders> There is a risk that our societal reputation may be damaged if the request from clients, investors and society on climate change issues progress rapidly and our responses are delayed or we lack appropriate information disclosure. At the Company, the IR Department is promoting our ESG-related initiatives as the main department in charge. The Company has selected several companies as references for ESG-related initiatives and compared/evaluated our initiatives with the reference companies, in line with the evaluation framework of several ESG evaluation companies; if the Company's initiatives are inferior to others or the Company believes further improvement is required, the Company reports to its management to discuss future measures to take to deal with the situation.</p>
Physical risks associated with climate change	Acute risks	Short-term (-3yrs)	<p><Increase in and exacerbation of extreme weather events such as typhoons and floods> The Group operates seven offices in Japan and five offices abroad and around 90% of our total employees are based in Japan. There is a risk that our operations may be suspended if we suffer a breakdown/cutoff in transportation infrastructure connecting our business locations and clients/partners or information infrastructure, due to any extreme weather event in Japan such as typhoons, floods or heavy rain and thunderstorms caused by global warming. In addition, as our business operation is labor intensive, a reduction in the number of days worked due to the events described above may lead to the risk of our labor expenses-to-sales ratio increasing. As our countermeasures against these risks, the Group is promoting the strengthening of our system infrastructure so that even if our business locations are hit by a disaster, it will not lead to an effective shutdown of our functions. In addition, Nihon M&A Center is also endeavoring to reduce the risks during disasters by establishing a structure that allows all employees to telework during emergencies and conduct remote meetings and due diligence with clients. At all of its offices, the Group has disaster stockpile items at hand and we periodically conducts evacuation drills. Any intensification of natural disasters has the possibility to cause damage to the local economy. The Company has experience of flexibly establishing satellite offices throughout the country during emergencies. Through this experience, the Company can develop further-localized business activities and speedily grasp the needs of potential clients that desire M&A.</p>
	Chronic risks	Long-term (11yrs-)	<p><Rise in average temperatures and sea level> There is a risk that costs may increase from a drop in productivity caused by more frequent heat strokes and/or from much use of air conditioning, due to a rise in average temperatures. There is also a risk of flooding due to a rise in sea level. In the ASEAN region, there is a risk of frequent flood damage due to extreme heat and prolongation of the rainy season caused by global warming.</p>

Initiatives for Environment

Measures to mitigate climate change

As one way to reduce greenhouse gas emissions the Group is working to reduce our levels of electricity consumption.

The Group promotes the so-called Cool Biz and Warm Biz initiatives in Japan to set air conditioning temperatures at a certain high level in the summer months and also at a certain low level in the winter months. This is one form of engagement for saving energy consumption, which also includes varying specific settings of air conditioning in different workspaces, powering down non-essential equipment and generally raising awareness about environmental matters among our employees.

Methods for adapting to climate change

Starting with protection from general flood damage, the Group continuously takes action to minimize the impact on the business with systems to back up the server and to preserve important data in the cloud. Nihon M&A Center aims to minimize any risk of physical damage that the business might otherwise incur through climate change.

Greenhouse gas (GHG) emission reduction targets

With the level of emissions in FY2019 as a basis, the target was to reduce the level of GHG emissions resulting from electricity use in our Tokyo head office by 1% per full time employee by FY2025. Since January 2021, the TEKKO BUILDING which houses our Tokyo head office, has been running on 100% renewable energy. As a result, theoretical GHG emissions came to zero and our target was achieved in FY2021. The Company is currently broadening the scope of its calculations and making aggregations, and at the same time, implementing a study to re-establish the target figures.

Consideration for the environment of our planet

Reduction of burdens on the environment

Our employees continuously strive to reduce burdens on the environment and lower energy consumption through the use of public transport, use of IT and reduction of unnecessary printed materials.

The Company has a system necessitating the use of the individual's ID card when printing documents, which captures information on how much each individual uses printers. In its M&A process, the Company has introduced electronic contracts and promoted paperless work in expense settlement and invoice issuance to help reduce paper resources and contribute to enhancing information security.

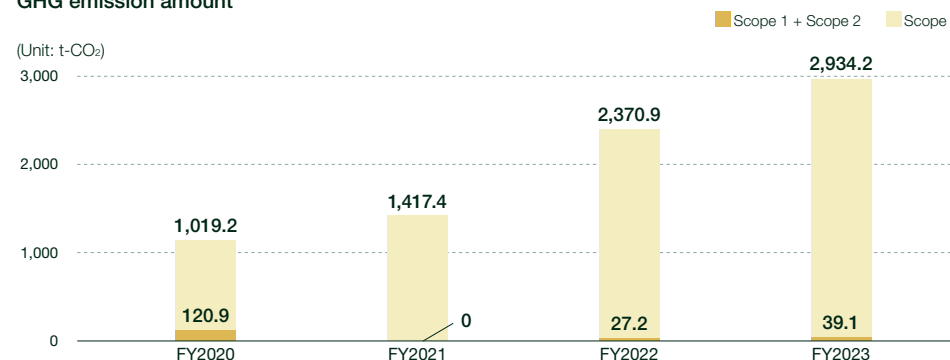
Please visit our website for more details.

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



In addition, the Group is working to increase the number of M&As that can contribute towards reducing the environmental burden on society as a whole. Through the investment trust offered by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., we made ESG investments in two ESG funds operated by BlackRock. In 2021, we made an ESG investment of ¥100 million in Climate Finance Partnership, which is a public-private infrastructure fund for climate change in emerging countries. The Company's investments avoided approximately 8,531 tons of CO₂ emission (as of December 31, 2023). In 2022, we made an ESG investment of ¥100 million in Decarbonization Partners Strategy which is a venture capital fund for decarbonization-related companies. We intend to increase the effects of reduction of greenhouse gases through business expansion of our portfolio companies by investing in growing companies with superior technology.

GHG emission amount



*Scope 1, 2, and 3 are defined by the GHG Protocol, an internationally recognized guideline.

Scope 1 is the direct GHG emissions from oil and fuels, etc. Scope 2 is the indirect GHG emissions from electricity use, etc.

*Energy consumption in Scope 1 during the period from FY2020 to FY2023 is zero.

*Scope 1 and 2 cover the Tokyo head office until FY2021. The coverage has been expanded since FY2022. (Tokyo head office, Nishi-Nihon Branch, Chuubu Branch, Kyushu Sales Branch, Chuu-Shikoku Sales Branch, Hokkaido Sales Office, Okinawa Sales Office)

*Scope 3 emissions are calculated based on emissions from aircrafts used in business trips at all locations in and before FY2022. Emissions from cars used in business trips and commuting costs by car were added to items to calculate in FY2023.

*Since January 2021, the TEKKO BUILDING which houses the Company, has been running on 100% renewable energy (biomass power generation). This is Japan's first for a large-scale mixed-use building (according to research by Tekko Building Co., Ltd.). For this reason, the GHG emissions of Scope 2 were calculated using a CO₂ emission factor of zero during the period from January to March 2021.

*In April 2022, since GHG emissions volumes were recalculated using more precise and detailed electricity consumption data, the disclosed figures for FY2018 and beyond have been updated.

Roundtable Discussion with Independent Directors

Monitor and support the realization of “Second Foundation” from the external perspective

Nihon M&A Center Group, aiming to return to a growth trajectory amidst market change and advancing toward a transformation into the “Second Foundation.” How have the Independent Directors assessed these initiatives and how have they worked to encourage them?

We invited three Independent Directors, including an Audit & Supervisory Committee member, to review the activities of the Board of Directors in FY2023 and to discuss the direction of discussion in the Board of Directors meeting for FY2024 and beyond.



Tokihiko Mori
Independent Director



Mariko Ohsato
Independent Director



Yoshinori Yamada
Independent Director,
Audit & Supervisory
Committee member

A year aiming for both performance and compliance

Ohsato: Let me express what I felt during my first year as Independent Director. I would firstly say that I was impressed by the proactive and open atmosphere of the Board of Directors meeting. Each Independent Director actively participated in the discussion and President Miyake, along with other internal members, welcomed these opinions. I think it made the Board of Directors meeting a very comfortable place to have a discussion. In addition, by interacting with the employees, I found that this is a cheerful and energetic company. The Company has achieved steady growth by stepping on the accelerator successfully. In such a corporate culture, it is very favorable when new ideas come from employees and the executive management team is pleased about it, and I am very honored to be a part of it.

Mori: What did you think were the challenges?

Ohsato: While the Company is skilled at accelerating, I felt it might be less experienced in applying the brakes when needed. Until now, it has grown largely driven by a powerful mono-cultural approach, but after facing the inappropriate incident, it has come to understand the importance of diversity. What does diversity truly mean and what should we do to explain things to

Roundtable Discussion with Independent Directors

and be understood by a diversity of human resources? I believe it is in a learning phase on these points.

Mori: At the Board of Directors meeting, I'm encouraged to see that among the Independent Directors, Ms. Ohsato, a new member, has been the most active in speaking up. The Board of Directors meetings have lively discussions, but I feel that it would be rather nice if more comments were made by internal Directors.

Yamada: Discussions become more active when someone like Ms. Ohsato, who asks precise questions with clear themes and points of view, joins in. We saw a similar positive change six years ago when Mr. Mori joined. In this respect, the Board of Directors meeting has changed significantly since then. From the executive side, I would say that there are now more situations where they must respond appropriately to the questions posed by Independent Director.

Mori: Looking back on FY2023, it was the first year in which we implemented and instilled the compliance foundation that we had discussed and developed in the previous year. From the situation in which sales activities were constrained due to the inappropriate incident and stagnating performance, the theme has now become to ensure both performance and compliance while keeping a balance with sales activities. As Ms. Ohsato mentioned earlier, it's about mastering the use of both the accelerator and the brake, and this is not just a temporary issue but a perpetual challenge we must continue to address.

Yamada: We, the Audit & Supervisory Committee Members are required to properly supervise the business execution by the Board of Directors and executive management team. Moreover, considering that this was the first year of compliance implementation and penetration, we recognized the need to share information between the Independent Directors and the Audit & Supervisory Committee and decided to hold an "exchange of opinions" meeting once every three months. While

the Audit and Supervisory Committee had regularly scheduled meetings with the Chief Compliance Officer (CCO), I feel that having the CCO participate in these exchange of opinions meetings with the Independent Directors has deepened the discussions and led to significant progress.

Mori: From the standpoint of an Independent Director representing the shareholders, I would have liked to see a little more improvement in performance. What the shareholders are asking for is not only compliance, but also a swift recovery of the current stock price, which is now about a fifth of its peak. In FY2023, although the number of transactions closed marked the highest and continuous revenue growth has been achieved, profits did not reach the planned figures. The Group, being a pioneer in the industry, used to dominate as a top runner, but now they are being chased by many competitors, which means they need to adopt competitive strategic thinking that they haven't paid much attention to before. The market is shifting from a blue ocean to a red ocean, and the sales per consultant with sales target are not increasing. Productivity is also stagnating.

Ohsato: We have actually received such inquiries from shareholders as well. The Group has fulfilled an important mission as a leading company in expanding the market, but as competition has intensified, a new factor, productivity, is now required. It is important how they address this, but they are still lagging in shifting gears.

Yamada: In addition to being an industry with low entry barriers, it is difficult to increase productivity when competitors are competing on price. The Group has a role to play in leading the industry, which makes steering the Company increasingly challenging, but I have high expectations for the leadership of President Miyake and the other executives.

The improvement effect of the "Cockpit" on the Board of Directors

Mori: As a challenge for the Board of Directors, I believe that we should discuss building a business portfolio with a view to the future. However, since the M&A business currently accounts for more than 95% of total revenues, discussions naturally focus on the M&A business. The situation has not changed since I mentioned it in last year's roundtable discussion. The Board of Directors needs to spend time focusing on future-oriented themes to develop areas other than the Company's



As aiming to achieve both performance and compliance, improving productivity in response to market changes has become a challenge.

original business, such as developing adjacent businesses related to M&A and investment businesses, regardless of their current revenue share, and to discuss the Group's medium- to

Roundtable Discussion with Independent Directors

long-term direction over the next five to ten years. Although there has been some improvement in awareness, there is still much work to be done.

Yamada: On the other hand, the way discussions are conducted at the Board of Directors meetings has greatly improved through the exchange of opinions meetings between



We regularly hold exchange of opinions meetings with Independent Directors and the Audit & Advisory Committee. The introduction of the “Cockpit” has greatly improved the operation of the Board of Directors.

the Independent Directors and the Audit & advisory Committee, which I mentioned earlier. Although previously, the Board of Directors meetings focused primarily on performance reports, the “Cockpit” method was introduced at the suggestion of the Independent Directors, which involves sharing key points upfront for discussion on necessary management strategies, rather than spending time on detailed examinations of materials on performance.

Ohsato: In a sense, what can be discussed at the Board of Directors meeting is limited, but I feel that when discussions deepen outside the Board of Directors meeting, during off-the-record parts, it leads to richer and more meaningful discussions within the Board of Directors meeting itself. Regarding the business portfolio with a long-term view that Mr. Mori mentioned, I believe that as each Independent Director’s thoughts were understood and these messages were expressed within the Board of Directors meeting, it has been conveyed more effectively to the executive side. We proposed the “Cockpit” method because we wanted to discuss more efficiently without lowering the quality of reports at the Board of Directors meetings. The image here is like a cockpit where all the data necessary for the pilot to operate the aircraft is displayed on the instruments. Another intention is to share the materials used in the “Cockpit” not only with the Directors on the executive side, but also with the employees at the General Managers level. Thus, I hope they execute their duties with an awareness of the same issues.

Mori: I think it is a very important point. The “Cockpit” uses charts rather than text or tables to clearly show the essence needed for discussion. For example, concerning the productivity per consultants with sales targets, it would be nice to have a system that shows the data based on the same definition automatically and shared through the “Cockpit.” If the “Cockpit” can be used in sales activities, rather than simply as a document for the Board of Directors meeting, it would be possible to promote initiatives for productivity improvement in a comprehensive manner.

Yamada: I would like to promote digitalization further within the Company in areas related to sharing and utilizing such data. Currently, we are creating the “Cockpit” separately, from data output by the account system. While we are mainly focusing on digitalization for sales support at present, building an integrated system that includes accounting should also lead to cost reductions in indirect departments.

Mori: In the effective evaluation of the Board of Directors meeting conducted last year, the positioning of the Board of Directors and the efficiency of its operation were highlighted as challenges, but I determined that introduction of the “Cockpit” has contributed to resolving them. Regarding the efficiency evaluation itself, there were suggestions for improvement, such as not only analyzing the results of the survey, but also having follow-up discussions based on the outcome. I think that the exchange of opinions meetings we are currently organizing are playing similar role to it.

Changes toward the “Second Foundation” seen from an external perspective

Mori: The Group is now raising awareness of the need for transformation toward a new leap forward with “Second Foundation” as the key phrase. Amid the growing recognition of the need transforming the business model, the M&A Strategic Meeting and the Financial Strategic Meeting were established under the Management Meeting in April 2023, as an organization of the holdings structure. We, Independent Directors do not participate in these meetings, so we do not know what the situation is directly, but I understand that the purpose is to decentralize the authority that was concentrated in President Miyake, clarify business development, and divide functional roles. This is an important initiative, however, I do not see the establishment of the two strategic meetings as having much relevance to the “Second Foundation”, rather, I recognize it as an improvement in the way operations are conducted.

Ohsato: Regarding the “Second Foundation,” I feel that the initiatives to convey the idea that “everyone is a founder” through internal events have been successful, and employees are embracing this concept as something that is important to them. On the other hand, I don’t think we are at the stage yet to evaluate whether the two strategic meetings are functioning effectively. I think the term “Second Foundation” has two meanings: one theme is the need to fight in a new way and

Roundtable Discussion with Independent Directors

under new rules, as the business environment has changed drastically since the days when we dominated others as a pioneer in the industry. The other theme is the challenge of how to overcome the challenges that arise by the replacement of personnel when considering the succession to the next generation, after President Miyake, who founded the business with Honorary Chairman Wakabayashi, grew the Company to such a large scale in his single generation. I recognize that solving both of these challenges simultaneously is the Group's "Second Foundation."

Yamada: I think it is a very difficult subject, but the stance of the "Second Foundation" itself is understood to a certain degree within the Company. However, how it connects to the two strategic meetings is still unclear. I personally recognize that these organizations will rather function as opportunities for succession planning to nurture the next generation of management. Delegation of authority is a major challenge in the "Second Foundation," and I think we need to pay attention to the upcoming HR system that is to be established with this in mind.

Mori: The transition to a holding company itself is meant for the business succession of the Group, as President Miyake has mentioned in the past. I hope that the next management candidates will gain experience as top executives at operating companies and develop their qualities. Rather than the two meeting bodies being important, I see them having an educational effect by assigning responsibilities.

Yamada: As mentioned, we, the Independent Directors are not participating these two meetings, but I believe we need to approach areas we have not been involved in before as the Nomination Advisory Committee involved in the succession of top management. Therefore, also as Independent Directors, we should monitor these two meeting bodies in some way in the future.

Mori: In the Nomination Advisory Committee, when creating the criteria of a 360-degree evaluation for Directors, we identified items using President Miyake as a model. This is the "EINPACTS" indicator. The "E" stands for Execution, the ability to involve others and achieve overwhelming results. The "IN" stands for integrity, the honesty and high ethics to be upheld. The "P" stands for passion, the drive to make the Company the best in the world. The "A" is agility, the ability to make flexible and quick decisions and actions. The "C" is communication. The "T" is transformation, the ability to change. The last "S" is strategic, the ability to think strategically. I hope that those who possess these "EINPACTS" at a high level will become the next leaders in the "Second Foundation," and we also want the next successor after the next to have this goal in mind as they work toward it.



I wish the Company would continue to expand the excitement of making the world a better place in response to expectations for the M&A business, which is directly linked to solving social challenges.

Expectations for the future of the Nihon M&A Center Group

Ohmoto: The M&A business is a wonderful business that is directly linked to solving social issues. I think all employees should be proud of the fact that the Group has launched this industry and grown it to this level. Since the Group is a leading company, their good work will lead to improvements in the industry as a whole, and although there is great responsibility that comes with it, there are high expectations as well. I hope that they continue to expand the excitement of making the world a better place, responding to these expectations.

Mori: The Group is the only company that provides a drastic solution to the business succession issues faced by Japan and many other developed countries. I hope that all employees will continue to work and grow with great pride. On the other hand, a new competitive environment will emerge, advance technologies will appear, and the industry structure may change drastically. However, the Group is in the best position, with sufficient investments in these areas, the most information, and excellent human resources, to lead innovation. As a representative of the shareholders, my highest expectation is that they leverage this advantage to expand the future, increase corporate value, and drive stock price growth.

Yamada: It is said that Charles Chaplin, the King of Comedy, when asked what his best work was, always replied "My next film". The peak of Nihon M&A Center Group is neither in the past nor the present, but always in the "next" and in the future. I hope that all employees will respond to change with such spirit and achieve development in the "Second Foundation" by continuing to create new value.