October 30, 2026

To whom it may concern,

Company name: Nihon M&A Center Holdings Inc.

Representative: Suguru Miyake, President and Representative Director

(Stock exchange code: 2127, TSE Prime Market)

Contact: Takamaro Naraki, Senior Vice President and Director

Tel: +81-3-5220-5451

Notice Regarding Receipt of the Investigation Report from the Special Investigation Committee and Future Actions

As Nihon M&A Center Holdings Inc. (the "Company") announced in the release titled "Notice Regarding the Establishment of a Special Investigation Committee Concerning Past Interim Dividends Paid in Excess of the Distributable Amounts" dated October 8, 2026, the Company established a Special Investigation Committee (the "Committee") to investigate the interim dividends paid in December 2024 and December 2025, which exceeded the distributable amount calculated pursuant to the Companies Act and the Ordinance on Company Accounting. The Committee has since conducted its investigation, and the Company hereby announces that it received the Committee's investigation report today, as set forth below.

The Company would like to once again express its sincere apologies to its shareholders and all other stakeholders for the significant concern and inconvenience caused by this matter.

1. Overview of the Investigation Findings of the Committee

Please refer to the attached Investigation Report for details of the findings of the Committee.

(1) Key Findings

The interim dividends that became effective on December 5, 2024 and December 5, 2025 (collectively, the "Dividends") each exceeded the distributable amount as of their respective effective dates, in violation of Article 461, paragraph (1), of the Companies Act. The excess amounts were as follows:

- Interim dividend effective on December 5, 2024 (total amount of dividends: JPY 4,441,152,338): Excess amount: JPY 71,728,211
- Interim dividend effective on December 5, 2025 (total amount of dividends: JPY 4,442,535,118): Excess amount: JPY 833,238,407

Furthermore, the Committee estimated that, had provisional financial statements been prepared at September 30 of each year as the provisional closing date and the necessary audits and approvals been completed, both of the Dividends could have been paid within the distributable amount, with a margin of approximately JPY 8.1 billion for the December 2024 dividend and approximately JPY 6.2 billion for the December 2025 dividend.

(2) Root Causes

The Committee identified the following four root causes of the matter:

・No framework existed for verifying compliance with the distributable amount regulations, and the initiation and review procedures prescribed in the Table of Authority were not operated in practice. As a result, responsibility for confirming the distributable amount was unclear, and no such confirmation was actually performed. In addition, the Company had not sought advice from external attorneys, the accounting auditor, or other experts regarding the legality of the dividends.
・Many of the officers and employees involved in dividend-related procedures lacked sufficient knowledge of the distributable amount regulations, particularly the requirement that interim dividends be funded from the distributable amount as of the end of the previous fiscal year and that provisional financial statements must be prepared and approved in order to include profits earned during the current fiscal year.
・Interim dividends were not submitted to the Board of Directors meetings as a separate agenda item but were approved as part of the approval of the Financial Results Summary, and the materials provided to the Board of Directors did not include figures from the Company's non-consolidated balance sheet.
・The Audit and Supervisory Committee and the internal audit function did not treat the source of funds or procedures for interim dividends as specific audit items, and therefore no verification of these matters was conducted.

(3) Liability of Directors and Other Relevant Parties

The Committee reached the following conclusions regarding the liability of directors and other relevant parties:

・Criminal Liability: No evidence was found that any director who voted in favor of the Dividends at the Board of Directors meetings approving them implemented the Dividends with knowledge that they exceeded the distributable amount. Since the intent required for the offense under Article 963, paragraph (5), item (ii) of the Companies Act cannot be established, such directors do not bear criminal liability.
・Civil Liability: It must be said that the directors who voted in favor of the Dividends at the Board of Directors meetings approving them failed to confirm whether the Dividends exceeded the distributable amount. Accordingly, it cannot be said that they "did not fail to exercise due care with respect to the performance of their duties," and therefore it cannot be concluded that they bear no civil liability under Article 462 of the Companies Act.
・Necessity of Pursuing Liability: Taking into comprehensive consideration the following circumstances: (i) the directors did not knowingly cause the Dividends to be paid in excess of the distributable amount, and therefore the degree of culpability associated with their conduct cannot be said to be high; (ii) had provisional financial statements been prepared and the necessary procedures completed, the Dividends could have been paid within the distributable amount, and the substantive impact on creditors and other stakeholders can therefore be assessed as limited; (iii) the Company has shown a willingness to proactively address measures to prevent recurrence; and (iv) the incumbent directors have offered to voluntarily return a portion of their remuneration, it cannot be said to be unreasonable for the Company to determine that there is no need to pursue civil liability.
・Furthermore, because the Chairperson of the Audit and Supervisory Committee and the full-time Audit and Supervisory Committee members were in office at the time of the resolutions approving the Dividends, and the Audit and Supervisory Committee is responsible for deciding whether to pursue liability, it is desirable for the Company to provide shareholders with a careful explanation of the process and reasons for its decision on whether to pursue liability.

(4) Recommendations for Measures to Prevent Recurrence

The Committee made the following four recommendations for measures to prevent recurrence:

・To submit dividends from surplus as a separate agenda item of the Board of Directors meetings, state the Company's non-consolidated distributable amount and the process of its calculation in the Board materials, and ensure that such matters are fully deliberated and resolved upon by the Board of Directors.
・To clarify the workflow for calculating the distributable amount, establish procedures for preparing and reviewing calculation materials, assign separate individuals to prepare and review such materials with their respective

responsibilities clearly specified in the division of duties, and implement in practice the initiation and review procedures prescribed in the Table of Authority.

- To establish and operate a workflow under which the Audit and Supervisory Committee confirms whether there is any violation of the distributable amount regulations before the Board of Directors adopts a resolution on dividends.
- To provide training to directors and officers and employees involved in dividend-related procedures, and to consider seeking advice from external experts, as necessary, when determining dividend amounts.

2. Company's Response

(1) Measures to Prevent Recurrence

The Company takes the recommendations of the Committee seriously and has formulated the following measures to prevent recurrence:

- The Company has determined that dividends from surplus will be submitted as a separate agenda item of the Board of Directors meetings and deliberated and resolved upon based on materials presenting the Company's non-consolidated distributable amount and the process of its calculation (this has been applied starting with the resolution on the interim dividend for the fiscal year ending March 31, 2027 adopted at the Board of Directors meeting held today).
- The Company has incorporated procedures for calculating and verifying the distributable amount into its checklist, assigned separate individuals to prepare and review the calculation materials, and implemented the initiation and review procedures prescribed in the Table of Authority.
- The Company has established a process under which the Audit and Supervisory Committee confirms whether there is any violation of the distributable amount regulations prior to resolutions of the Board of Directors concerning dividends.
- The Company will provide periodic training to directors and officers and employees involved in dividend-related procedures.
- When making resolutions on dividends from surplus and similar matters, the Company will, as necessary, obtain confirmation from external experts.

(2) Voluntary Return of Directors' Compensation

In connection with this matter, the incumbent directors, including the President and Representative Director and the Senior Vice President and Director, have offered to voluntarily return, in accordance with their respective responsibilities, 10% to 30% of their monthly compensation for a period of one to three months. The Board of Directors accepted these offers at its meeting held on October 21, 2026.

(3) Pursuit of Liability against Directors and Other Relevant Parties

At its meeting held today, the Audit and Supervisory Committee, taking into account the conclusions of the Committee and comprehensively considering the circumstances described in items (i) through (iv) under "Necessity of Pursuing Liability" in Section 1.(3) above, determined not to bring an action to pursue liability against the directors.

(4) Treatment of the Dividends

The Company has determined not to request the return of dividends paid to shareholders pursuant to the Dividends. Shareholders are not required to take any action or complete any procedures in connection with this matter.

3. Impact on Financial Results

The impact of this matter on the Company's consolidated financial results is immaterial. Should any matters requiring disclosure arise in the future, the Company will promptly disclose them.

4. Interim Dividend for the Fiscal Year Ending March 31, 2027

With respect to the interim dividend for the fiscal year ending March 31, 2027 (JPY 14 per share; total amount of dividends: JPY 4,493,187,062), the Company confirmed that the dividend is within the distributable amount as of its effective date and, at the Board of Directors meeting held today, approved it as a separate agenda item independent from the approval of the Financial Results Summary.

The Company takes this matter very seriously and will steadily implement the measures to prevent recurrence while working to restore the trust of its shareholders and all other stakeholders.

End

(Attachment) Investigation Report

To: Nihon M&A Center Holdings Inc.

Investigation Report

October 30, 2026

Special Investigation Committee
Chairperson: Nobuaki Minato
Member: Mariko Nosaka
Member: Natsuko Nomura
Member: Yudai Nakai
Member: Naoshi Ogasawara

I. Overview of the Investigation

1. Background Leading to the Investigation

The Board of Directors of Nihon M&A Center Holdings Inc. (hereinafter referred to as "Nihon M&A Center HD") resolved to pay interim dividends from surplus for the fiscal years ended March 31, 2025 and March 31, 2026, as detailed below. Nihon M&A Center HD subsequently paid those dividends (hereinafter referred to individually as "Dividend 1" and "Dividend 2," respectively, and collectively as the "Dividends").

	Interim Dividend for FY Ended March 2025 (Dividend 1)	Interim Dividend for FY Ended March 2026 (Dividend 2)
Date of Board resolution	October 30, 2024	October 30, 2025
Record date	September 30, 2024	September 30, 2025
Effective date	December 5, 2024	December 5, 2025
Dividend per share	JPY 14	JPY 14
Total amount of dividends	JPY 4,441,152,338	JPY 4,442,535,118

Subsequently, on September 30, 2026, following an observation made by Deloitte Touche Tohmatsu LLC, Nihon M&A Center HD's accounting auditor, it was discovered that the Dividends had exceeded the distributable amounts calculated in accordance with the Companies Act and the Ordinance on Company Accounting and had therefore been paid in violation of the Companies Act.

In response, on October 7, 2026, Nihon M&A Center HD decided to establish a special investigation committee (hereinafter referred to as the "Committee") comprising independent external experts with no conflicts of interest with Nihon M&A Center HD. The Committee was tasked with investigating the facts and circumstances surrounding the Dividends, identifying the causes thereof, examining whether directors and other relevant parties bore responsibility in connection therewith, and recommending measures to prevent recurrence.

2. Composition of the Committee

The Committee is composed as follows:

Chairperson: Nobuaki Minato (Attorney, MINATO Law Office)
Member: Mariko Nosaka (Attorney, MINATO Law Office)
Member: Natsuko Nomura (Attorney, MINATO Law Office)
Member: Yudai Nakai (Attorney, MINATO Law Office)
Member: Naoshi Ogasawara (Certified Public Accountant, Avantia General Partnership)

Neither the Chairperson nor any other member of the Committee has any conflict of interest with Nihon M&A Center HD.

3. Purpose of the Investigation

The purposes of the investigation that the Committee was commissioned to conduct (hereinafter referred to as the "Investigation") are as follows:

(1) Investigation of the facts and circumstances relating to this matter

(2) Identification of the causes of this matter

(3) Examination of whether directors and other relevant parties bear responsibility in connection with this matter

(4) Recommendations for measures to prevent recurrence

(5) Other matters deemed necessary by the Committee

4. Investigation Period

The Investigation was conducted from October 8, 2026 to October 28, 2026.

5. Investigation Methods

In conducting the Investigation, the Committee closely examined the minutes of meetings of the Board of Directors and the Audit and Supervisory Committee, internal regulations including the Regulations of the Board of Directors, the non-consolidated financial statements of Nihon M&A Center HD for the fiscal year ended March 31, 2021 and subsequent fiscal years, and other materials relating to the Dividends. The Committee also interviewed a total of 18 individuals: 14 directors and Audit and Supervisory Committee members involved in the Board resolutions concerning either of the Dividends (excluding one former director who had passed away), and four employees, primarily from the Finance and Accounting Department, who were responsible for operations relating to the Dividends.

In addition, the Committee submitted written inquiries concerning the relevant facts to the lead engagement partner of Deloitte Touche Tohmatsu LLC (hereinafter referred to as "Deloitte Tohmatsu"), the accounting auditor of Nihon M&A Center HD.

II. Underlying Facts

1. Overview of the Company

Nihon M&A Center HD is a pure holding company listed on the Prime Market of the Tokyo Stock Exchange. Its fiscal year runs from April 1 to March 31 of the following year.

On October 1, 2021, Nihon M&A Center HD transitioned to a holding company structure by transferring its business to its subsidiary, Nihon M&A Center Inc. (hereinafter referred to as "Nihon M&A Center"), through an absorption-type company split without consideration. As a result of the company split, Nihon M&A Center HD's non-consolidated retained earnings brought forward decreased by approximately JPY 13.2 billion.

Since the transition to the holding company structure, most of Nihon M&A Center HD's revenue on a non-consolidated basis has consisted of dividends received from subsidiaries and management guidance fees.

Nihon M&A Center HD is a company with an Audit and Supervisory Committee, and its accounting auditor is Deloitte Tohmatsu, which has audited Nihon M&A Center HD for 22 consecutive years. Article 41, paragraph (1) of its Articles of Incorporation provides that matters specified in the items of Article 459, paragraph (1) of the Companies Act may be determined by resolution of the Board of Directors. Paragraph (2) of Article 41 specifies March 31 and September 30 as the record dates for dividends. In practice, decisions on interim dividends were made by the Board of Directors, while decisions on year-end dividends were made at the annual general meeting of shareholders.

2. Corporate Governance Structure and Composition of Officers

(1) Board of Directors

At the time of the Board resolutions concerning Dividend 1 (October 30, 2024) and Dividend 2 (October 30, 2025), the Board of Directors consisted of 13 directors, including directors serving as Audit and Supervisory Committee members, all of whom attended the respective Board meetings. The composition of the Board at the time of each resolution was as follows:

Director	Dividend 1	Dividend 2	Qualification / Responsibility
Suguru Miyake	President and Representative Director	President and Representative Director	—
D	Senior Managing Director (In charge of Administration Division; CFO)	Senior Vice President and Director (In charge of Corporate Division; CFO)	In charge of finance and accounting
E	Senior Managing Director	Senior Managing Director	—
F	Managing Director (Head of Strategy Division)	Senior Managing Director	President and Representative Director of subsidiary (Nihon

Director	Dividend 1	Dividend 2	Qualification / Responsibility
			M&A Center Inc.)
G	Director (Head of Human Resources Division; CHRO)	Director (Head of Corporate Division; CHRO)	—
H	Outside Director	Outside Director	—
I	Outside Director	Outside Director	—
J	Outside Director	Outside Director	Attorney
K	Outside Director	Outside Director	—
L	Outside Director	(Retired in June 2025)	—
M	(Appointed in June 2025)	Outside Director	—
N	Outside Director / Audit and Supervisory Committee Member (Chairperson)	Outside Director / Full-time Audit and Supervisory Committee Member (Chairperson)	—
O	Outside Director / Audit and Supervisory Committee Member	Outside Director / Audit and Supervisory Committee Member	Attorney
P	Director / Full-time Audit and Supervisory Committee Member	(Retired in January 2025)	—
Q	(Appointed in June 2025)	Outside Director / Audit and Supervisory Committee Member	Certified Public Accountant

The Finance and Accounting Department served as the secretariat of the Board of Directors, with A, the Head of the department, responsible for its operations.

(2) Management Meeting

The Management Meeting is positioned under the Board of Directors and consists of full-time directors, the Chief Compliance Officer, and officers and employees designated by the President and Representative Director. In addition to deliberating on matters requiring submission to the Board of Directors under the Table of Authority, it makes decisions on important management matters.

The annual dividend policy was discussed at the Management Meeting and subsequently determined by the Board of Directors.

(3) Audit and Supervisory Committee

The Audit and Supervisory Committee consisted of three members. Its audit plan identified "the appropriateness and propriety of Board of Directors' resolutions" and "directors' compliance with laws, regulations, and the Articles of Incorporation" as matters within the scope of its audits. The Audit Standards for the Audit and Supervisory Committee also require the Audit and Supervisory Committee to verify that decisions made by the Board of Directors do not violate laws, regulations, or the Articles of Incorporation (Article 22; Article 23, paragraph (2), item (iii); and Article 24, paragraph (2)). However, none of the Audit and Supervisory Committee members interviewed had specifically considered the funds available for interim dividends to be an audit subject, and consequently, no audit procedures were performed in this regard.

3. Structure of the Finance and Accounting Department, Rules Concerning Dividends, and Involvement of the Internal Audit Office

(1) Structure of the Finance and Accounting Department

At Nihon M&A Center HD, the department involved in dividends is the Finance and Accounting Department. However, Nihon M&A Center HD has no dedicated employees of its own; employees of the Finance and Accounting Department of Nihon M&A Center, the Group's core subsidiary, concurrently serve at Nihon M&A Center HD on secondment and handle its dividend procedures, financial reporting and closing procedures, and secretariat duties for the Board of Directors.

The three individuals mainly involved in dividend procedures are the Head of the Finance and Accounting Department (A), the Section Chief of the Finance Section (B), and the Section Chief of the Accounting Section (C). The Finance and Accounting Department is overseen by D, the CFO (hereinafter referred to as the "CFO"). Although a division head was positioned between the CFO and the Finance and Accounting Department in the organizational hierarchy, the division head was rarely involved in day-to-day finance and accounting operations.

(2) Rules Concerning Dividends and Actual Practice

Article 10 of the Regulations of the Board of Directors provides that matters designated in the Table of Authority as requiring approval by the Board of Directors shall be matters to be resolved by the Board of Directors. The Regulations on Authority define "initiating an approval request" as "seeking approval from a higher-ranking officer by means of a written document or other means" (Article 2, item (ix)), and set forth, in the Table of Authority attached as an appendix, the matters requiring an internal approval request (ringi) and the materials required at the time of application (Article 6).

In addition, the Table of Authority provides that interim dividends are matters for which a proposal is to be initiated by the division head (at the time of the decision on Dividend 2, the

Head of the Corporate Division), reviewed by the Representative Director and the Management Meeting, and approved by the Board of Directors, and lists an internal approval request form (ringi-sho) as a material required at the time of application ("[Reference]").

In practice, however, no internal approval request forms were prepared for Dividend 1 or Dividend 2, and there was no practice of preparing such forms for dividends, including year-end dividends. Furthermore, the division head was not involved in initiating dividend proposals; rather, the CFO effectively led the formulation of the dividend policy and the preparation of related materials. Mr. Miyake, the Representative Director, had never reviewed any internal approval request form relating to the Dividends and determined the dividend policy through direct discussions with the CFO.

(3) Involvement of the Internal Audit Function

Nihon M&A Center HD had an internal audit function. Although the Internal Audit Regulations provide for audits to determine whether business operations are conducted properly in accordance with company policies and internal regulations, the Committee found no evidence that the funding sources or procedures for interim dividends had been designated as specific audit items or that any audit findings had been reported in this regard.

4. Dividend Policy, Acquisition of Treasury Shares, and Changes in Funds Available for Dividends

(1) Dividend Policy and Acquisition of Treasury Shares

At its Board of Directors meeting held on July 29, 2022, Nihon M&A Center HD revised its dividend policy, raising its target dividend payout ratio from approximately 40% to approximately 60% for the fiscal years ending March 31, 2023 through March 31, 2027.

During the fiscal year ended March 31, 2024, Nihon M&A Center HD acquired treasury shares for an aggregate amount of JPY 13,999.98 million pursuant to Board of Directors resolutions dated April 28, 2023 and January 30, 2024, each authorizing acquisitions of up to JPY 7,000 million. Although these share repurchases were made within the applicable distributable amount, the remaining distributable amount of Nihon M&A Center HD on a non-consolidated basis had declined to approximately JPY 310 million by the time of the final settlement in February 2024.

(2) Changes in the Non-consolidated Source of Funds for Dividends of Nihon M&A Center HD

Changes in the non-consolidated source of funds for dividends of Nihon M&A Center HD are as follows:

Fiscal year	Dividends received	Dividends paid	Amount spent on treasury share acquisitions	Distributable amount at fiscal year-end
FY ended March 2024	8,063	7,537	13,999	8,175
FY ended March 2025	8,497	8,247	0	8,367
FY ended March 2026	12,640	9,200	0	11,526

(Unit: JPY million; amounts less than JPY 1 million are truncated)

Most of the non-consolidated revenue of Nihon M&A Center HD consists of dividends received from subsidiaries.

The distributable amount for dividends is calculated by deducting the book value of treasury shares, dividends paid after the end of the most recent fiscal year, and other applicable items from the surplus as of the end of that fiscal year (Article 461, paragraph (2), and Article 446 of the Companies Act). To include profits earned during the current fiscal year in the distributable amount, provisional financial statements must be prepared, audited by the Audit and Supervisory Committee and the accounting auditor, and approved by the Board of Directors (Article 441 and Article 461, paragraph (2), item (ii) of the Companies Act).

Nihon M&A Center HD received dividends from its subsidiaries each June. However, those dividends could not be included in the distributable amount available for interim dividends in the same fiscal year and were reflected in the distributable amount for the following fiscal year only after the year-end closing. Consequently, interim dividends in each fiscal year were limited to the amount remaining after deducting the year-end dividends paid in June of that year from the distributable amount as of the end of the preceding fiscal year. By contrast, consolidated net assets remained in the JPY 40 billion range.

5. Involvement of the Accounting Auditor

Nihon M&A Center HD had never asked its accounting auditor, Deloitte Tohmatsu, to confirm whether each of the Dividends was within the distributable amount prescribed under the Companies Act. The accounting auditor’s reporting materials for either of the two fiscal years relating to the Dividends contained no reference to dividends or distributable amounts. In addition, although the Committee inquired in writing about the audit procedures performed, it was unable to obtain a meaningful response from Deloitte Tohmatsu.

III. Facts of the Violation

1. Overview of the Violation

As shown in the table below, both Dividend 1 and Dividend 2 paid by Nihon M&A Center HD exceeded the distributable amount as of their respective effective dates, in violation of Article 461, paragraph (1), item (viii) of the Companies Act. The total amount by which the Dividends exceeded the distributable amount was approximately JPY 900 million.

	FY Ended March 2025 Interim Dividend	FY Ended March 2026 Interim Dividend
Resolution date	October 30, 2024 (Board of Directors)	October 30, 2025 (Board of Directors)
Record date	September 30, 2024	September 30, 2025
Effective date	December 5, 2024	December 5, 2025
Dividend per share	JPY 14 (Ordinary: JPY 11; Special: JPY 3)	JPY 14 (Ordinary: JPY 11; Special: JPY 3)
Total amount of dividends	JPY 4,441,152,338	JPY 4,442,535,118
Distributable amount as of the effective date	JPY 4,369,424,127	JPY 3,609,296,711
Amount in excess of the distributable amount	JPY 71,728,211	JPY 833,238,407

2. Circumstances Leading to the Dividends

(1) Method of Determining Annual Dividends

At Nihon M&A Center HD, upon receiving preliminary financial results from the Finance and Accounting Department between the end of March and early April, the CFO prepared a proposal for the annual dividend, informally consulted with the Representative Director and obtained his approval, and submitted the proposal to the Management Meeting. Following a resolution by the Board of Directors around April 30, the dividend forecast was announced in the Financial Results Summary (kessan tanshin). The annual dividend amount was then broadly allocated between interim and year-end dividends, the dividend per share for each was determined, and the relevant dividend procedures were carried out based on those amounts.

(2) Calculation of the Distributable Amount by the Finance and Accounting Department

The Finance and Accounting Department had never calculated or confirmed the distributable amount for either interim or year-end dividends, and no checklists or calculation materials for confirming the distributable amount existed.

Since around 2023, an employee of the Finance and Accounting Department had, on their

own initiative, prepared a cash planning file to determine the amount of dividends to be received from subsidiaries. The file was intended to calculate how dividends received from subsidiaries would cover the funds required for Nihon M&A Center HD's year-end and interim dividend payments and loan repayments, rather than to assess whether those dividends complied with the statutory restrictions on distributable amounts. Furthermore, the Finance and Accounting Department had never discussed whether the planned dividend amounts were within the distributable amount.

(3) Resolutions by the Board of Directors

To pay dividends, the Board of Directors must adopt a resolution on the matters prescribed by the Companies Act and the Ordinance on Company Accounting. However, in both 2024 and 2025, the interim dividend was not presented as a separate agenda item but was determined through the Board's approval of the Financial Results Summary for the second quarter at its October 30 meeting.[1] In addition, the materials distributed at the Board meetings did not include figures from the non-consolidated balance sheet of Nihon M&A Center HD.

The agenda item for the Financial Results Summary was marked "(Senior Managing Director D)" ("(Senior Vice President and Director D)" for Dividend 2), and the CFO presented the item at the request of the chair of the meeting. The CFO read aloud the sections of the Financial Results Summary concerning the company's financial position, dividends, earnings forecasts and other matters, and obtained approval. The directors in attendance understood that approval of the Financial Results Summary also constituted approval of the interim dividend.

At the Board meetings, no comments were made or discussions held regarding the source of funds for dividends or the distributable amount; discussions on dividends centered on the level of shareholder returns, namely, how far the dividend amount should be increased.

(4) Awareness of the Framework for Verifying Compliance with the Distributable Amount Regulations

At Nihon M&A Center HD, responsibility for confirming the distributable amount for dividends had not been specifically assigned, and, as described below, several officers and employees involved in dividend procedures believed that others were performing the

---

[1] Although the Dividends were determined through the approval of the Financial Results Summary, the Financial Results Summary stated the dividend per share and the scheduled payment commencement date, the record date is set forth in the Articles of Incorporation, and the total amount of dividends is uniquely determined by the number of shares as of the record date. In addition, the approval was given after the CFO had provided an explanation that included the status of dividends in the Financial Results Summary, and many of the directors interviewed stated that they understood they were approving the determination of dividends. Based on the foregoing, the Committee finds that the matters relating to dividends from surplus were determined pursuant to Article 459, paragraph (1) and Article 454, paragraph (1) of the Companies Act.

necessary checks.

First, the CFO believed that employees of the Finance and Accounting Department were confirming the distributable amount; however, the CFO had never instructed those employees to calculate the distributable amount for the Dividends, nor had the CFO received any report that the Dividends were within the distributable amount. One employee of the Finance and Accounting Department believed that, when the Board of Directors determined the proposed amounts of interim and year-end dividends at the beginning of the fiscal year, it had already been confirmed that those dividends were within the statutory distributable amount. The Head of the Finance and Accounting Department stated that confirming the distributable amount was, in principle, within the department's responsibilities. However, because the Head lacked an accurate understanding of the distributable amount regulations applicable to interim dividends at the time of the Dividends, among other reasons, no specific verification, such as calculating the distributable amount, was performed.

Furthermore, many of the full-time directors other than the CFO, the outside directors, and the Audit and Supervisory Committee members believed that the distributable amount was being confirmed by the CFO, the Finance and Accounting Department, the accounting auditor, or another party.

3. Awareness of the Distributable Amount Regulations among Officers and Employees Involved in the Dividends

(1) Based on interviews with the individuals concerned, the officers and employees involved in the resolutions or procedures relating to the Dividends had the following understanding of the distributable amount regulations at the relevant time. No person paid the Dividends while recognizing that they exceeded the distributable amount.

The key points of the distributable amount regulations relevant to this matter are the following three: (i) there is a statutory upper limit on the source of funds for dividends from surplus; (ii) the book value of treasury shares is deducted in calculating that limit; and (iii) the preparation and approval of provisional financial statements are required in order to include profits earned during the fiscal year. Of the 13 directors at the time of the resolution on Dividend 1, two were qualified attorneys and none was a certified public accountant; of the 13 directors at the time of the resolution on Dividend 2, two were qualified attorneys and one was a certified public accountant.

(2) Executive Directors

The CFO stated that, although aware of the statutory limit on the amount available for dividends and the requirement to deduct the book value of treasury shares when calculating that amount, the CFO had not known that provisional financial statements must be prepared

in order to include profits earned during the fiscal year. Many of the other executive directors, including the Representative Director, had only a general awareness that there is some kind of upper limit on dividends, and did not accurately recognize the deduction of the book value of treasury shares or the requirements for including profits earned during the fiscal year.

(3) Outside Directors and Audit and Supervisory Committee Members

The outside directors and Audit and Supervisory Committee members included attorneys and a certified public accountant. Although the degree of their understanding of the specific details varied, these individuals were aware of the existence of restrictions on the source of funds for dividends, but believed that the distributable amount was being confirmed by the appropriate internal body or department. Of the other outside directors and Audit and Supervisory Committee members, several were aware of the existence of the restrictions on the source of funds themselves, but did not sufficiently understand their specific content, such as the deduction of the book value of treasury shares.

(4) Finance and Accounting Department

The Head of the Finance and Accounting Department (A) was aware that there is a statutory upper limit on the source of funds for dividends and that the book value of treasury shares is deducted in calculating that limit, but was not aware of the requirements relating to provisional financial statements. The Section Chief of the Finance Section (B) and the Section Chief of the Accounting Section (C) understood only that dividends are to be paid within the amount of surplus, and were not aware of the deduction of the book value of treasury shares or the requirements relating to provisional financial statements.

(5) Awareness Based on Consolidated Figures

Because consolidated net assets were ample, the CFO and the Haed of the Finance and Accounting Department did not consider that any problem would arise with respect to the source of funds for dividends. In addition to the CFO, several directors stated that they had been thinking in terms of consolidated figures and had not considered that dividends had to be funded from the resources available to Nihon M&A Center HD on a non-consolidated basis.

4. Estimates Assuming the Preparation of Provisional Financial Statements

Had provisional financial statements been prepared with September 30 of each year as the provisional closing date and had the necessary audits and approvals been obtained, both interim dividends could have been paid within the distributable amount, as shown in the table below. This is because the dividends received from subsidiaries in June were included in non-consolidated net income for the first half and could have been included in the

distributable amount through the provisional closing.

	Distributable amount as of the effective date	Non-consolidated net income through the end of September	Distributable amount after provisional closing	Total dividends
Dividend 1	JPY 4,370 million	JPY 8,200 million	JPY 12,570 million	JPY 4,440 million
Dividend 2	JPY 3,610 million	JPY 7,040 million	JPY 10,640 million	JPY 4,440 million

(Note) Amounts are approximate figures rounded to the nearest JPY 10 million. Accordingly, the sum of the "distributable amount as of the effective date" and the "non-consolidated net income through the end of September" may not equal the "distributable amount after provisional closing."

IV. Analysis of Causes

1. Absence of a Framework for Verifying Compliance with the Distributable Amount Regulations

The amounts of the Dividends were determined through the process described in "III.2 Circumstances Leading to the Dividends" above. In that process, no evidence was found that the company specifically calculated, confirmed, or discussed the distributable amount relating to the Dividends.

According to the CFO, the Finance and Accounting Department was involved in finalizing dividend amounts. However, the CFO stated that no instructions had been given to the department to confirm the distributable amount for the Dividends and that no report on the matter had been received from the department. Moreover, there was no workflow or mechanism in the first place for checking the restrictions on the source of funds when paying dividends from surplus or acquiring treasury shares. Furthermore, the company reportedly had never consulted outside attorneys, the accounting auditor, or others regarding the legality of dividends.

At the time the Dividends were determined, the company had the Regulations on Authority (including the appended Table of Authority) (hereinafter referred to as the "Regulations") as rules governing the business process for interim dividends. Under the Regulations, proposals for interim dividends are to be initiated by the division head, reviewed by the Representative Director and the Management Meeting, and approved by the Board of Directors. Here, "initiating a proposal" means seeking approval from a higher-

ranking officer, by means of a document or otherwise, for matters within the division head's jurisdiction. However, these provisions cannot be said to establish specific procedures for verifying compliance with the distributable amount regulations. Moreover, in this matter, even the business process set forth in the Regulations was not followed.

That is, neither the initiation of a proposal by the division head, who is designated as the initiator under the Regulations, nor the review of such a proposal took place. In practice, materials concerning dividends for submission to the Management Meeting and the Board of Directors were prepared mainly by the Finance and Accounting Department under the direction of the CFO, who oversaw the Administration Division (the Corporate Division at the time Dividend 2 was determined), which was headed by the division head.

As described above, there was no framework in the first place for verifying compliance with the distributable amount regulations, and the business process under the Table of Authority was not operated in accordance with the rules. Consequently, it was not procedurally defined whose responsibility it was to confirm the distributable amount, and in practice no one confirmed it. This is considered to be one of the factors that led to the Dividends being made in violation of the distributable amount regulations.

2. Insufficient Knowledge of the Distributable Amount Regulations among Officers and Employees

With respect to the Dividends, the CFO and the Haed of the Finance and Accounting Department were aware of the distributable amount regulations and the requirement to deduct the book value of treasury shares when calculating the distributable amount. However, they did not know that, for interim dividends, only surplus available as of the end of the previous fiscal year could be used, or that provisional financial statements had to be prepared and approved in order to include profits earned during the current fiscal year.

The Section Chief of the Finance Section and the Section Chief of the Accounting Section of the Finance and Accounting Department understood only that the dividend amount must not exceed the surplus, and had no knowledge of the specific content of the distributable amount regulations beyond that.

Furthermore, many of the directors other than the CFO also lacked sufficient knowledge of the distributable amount regulations. In particular, almost none of the directors at the time knew that the preparation and approval of provisional financial statements are required in order to use profits earned during the fiscal year.

Thus, because many of the company's officers and employees lacked sufficient knowledge of the distributable amount regulations, they failed to recognize the need to determine whether compliance with those regulations had been verified. This is considered

to be one of the factors that led to the Dividends being made in violation of the distributable amount regulations.

3. Non-consolidated Balance Sheet Figures Not Presented at the Board Meetings That Determined the Dividends

In determining the Dividends, the Board of Directors did not consider dividends as a separate agenda item but instead approved them through its approval of the Financial Results Summary. Furthermore, the materials submitted to the Board meetings did not include figures from the non-consolidated balance sheet of Nihon M&A Center HD.

Had the dividends been submitted as a separate agenda item and had the materials included figures from the non-consolidated balance sheet of Nihon M&A Center HD, this might have prompted the officers and employees attending the Board meetings to recognize a potential issue concerning compliance with the distributable amount regulations. This is also considered to be one of the factors that contributed to the failure to identify the violations of those regulations in connection with the Dividends.

4. Lack of Verification by the Audit and Supervisory Committee and Internal Audit

The audit plans of the Audit and Supervisory Committee for fiscal 2024 and fiscal 2025 included the appropriateness and propriety of Board resolutions and directors' compliance with laws, regulations, and the Articles of Incorporation within the scope of audit. The Audit and Supervisory Committee Audit Standards also required the Audit and Supervisory Committee to monitor and verify whether directors had fulfilled their legal duties, including the duty of care of a prudent manager and the duty of loyalty, in making Board decisions, from the perspective of whether those decisions complied with laws and regulations. However, no evidence was found that the source of funds or procedures for interim dividends had been designated as specific audit items by the Audit and Supervisory Committee in fiscal 2024 or fiscal 2025, or that any issues had been raised or discussions held in this regard. Likewise, in internal audits during the same period, the source of funds or procedures for interim dividends were not set as a specific audit item, and accordingly no evidence was found that any verification of these items had been conducted.

Had the Audit and Supervisory Committee or the Internal Audit Office verified, before submission to the Board of Directors, whether the planned dividends were within the distributable amount, it would have been found that the Dividends exceeded the distributable amount.

Accordingly, the failure to verify the source of funds for interim dividends, which should properly have been subject to audit, was also one of the factors that led to the Dividends

being made in violation of the distributable amount regulations.

V. Liability of Relevant Parties

1. Criminal Liability

Article 963, paragraph (5), item (ii) of the Companies Act provides for criminal liability where a person "has paid dividends of surplus in violation of the provisions of laws and regulations or the articles of incorporation." This offense requires intent. The Investigation found no evidence that the 13 directors who voted in favor of Dividend 1[2] and the 13 directors who voted in favor of Dividend 2 (hereinafter collectively referred to as the "Relevant Directors") implemented the Dividends with knowledge that they exceeded the distributable amount. Since intent for this offense cannot be established, the Relevant Directors do not bear criminal liability.

2. Civil Liability

(1) Nature of Liability Relating to Dividends from Surplus

Where dividends from surplus are paid in excess of the distributable amount, the directors who performed duties relating to the delivery of money or other assets through the dividends, the directors who voted in favor of the dividends at the meeting of the Board of Directors that determined them, and the directors who proposed the agenda item are jointly and severally obligated to pay to the company an amount equivalent to the dividends, unless they prove that they did not fail to exercise due care with respect to the performance of their duties (Article 461, paragraph (1), item (viii); Article 462, paragraph (1), main clause and item (vi)(b), and paragraph (2) of the Companies Act; Article 116, item (xv) of the Regulation for Enforcement of the Companies Act; and Article 159, item (viii) and Article 161 of the Ordinance on Company Accounting).

Accordingly, the Relevant Directors who voted in favor at the Board meetings that determined the Dividends are jointly and severally liable to the company unless it can be said that they "did not fail to exercise due care with respect to the performance of their duties."

(2) Examination of Whether the Directors Breached Their Duty of Care

---

[2] The minutes of the Board of Directors meeting held on October 30, 2024 state only that the CFO explained the agenda item "(1) Financial Results Summary for the Second Quarter of the Fiscal Year Ending March 31, 2025 (Senior Managing Director D)" at the request of the chairperson; they do not record the outcome of the resolution. However, the Haed of the Finance and Accounting Department, who also performed the secretariat functions of the Board of Directors, stated that a vote was actually taken on the resolution item, and several directors in attendance, including the CFO, stated that the Financial Results Summary was approved without objection. Based on these statements, it is found that a resolution was adopted on the resolution item and that all 13 directors in attendance voted in favor. Furthermore, the names and seals of all 13 directors in attendance appeared on the minutes, with no objections recorded. On this basis as well, each director in attendance is presumed to have voted in favor of the resolution.

It must be said that each of the Relevant Directors failed to confirm whether the Dividends they approved exceeded the distributable amount, and it cannot be concluded that they bear no liability under the Companies Act.

Admittedly, given the scale of the company's business, it is practically impossible for each director to check and discuss the legality of every business operation at Board meetings, and a breach of the duty of care is not necessarily established merely because a director did not do so. Furthermore, the agenda items for the Dividends (agenda items for approval of the Financial Results Summary) were prepared and explained under the instructions of the CFO, who oversaw the Finance and Accounting Department, and it is not necessarily unreasonable that directors other than the CFO did not suspect a violation of the distributable amount regulations, which are rules under the Companies Act.

However, to the Committee's knowledge, in the seven years preceding the decision on Dividend 1, there were at least seven cases in which violations of the distributable amount regulations by listed companies became an issue, some of which were widely covered by the media. In addition, between Dividend 1 and Dividend 2, there was at least one further such case involving a listed company. In light of this, a violation of the distributable amount regulations for dividends from surplus such as in this matter can hardly be regarded as an unforeseeable violation of laws and regulations. Rather, it can be said that, had the company been fully conscious that, following its transition to a pure holding company structure, the source of funds for dividends would be limited to the surplus in the non-consolidated financial statements of the pure holding company, the company should have been alert to the possibility of such a violation as a generally foreseeable risk.

Moreover, the company had no framework whatsoever for preventing dividends from surplus from exceeding the distributable amount (such as designated persons in charge, rules or manuals setting forth check procedures, or the use of external experts), and there are no special circumstances that would have made it difficult for the directors to establish such a framework or to confirm whether such a framework existed and what it entailed.

The directors who assumed office approximately four months before the decision on Dividend 1, and those who assumed office approximately four months before the decision on Dividend 2, were likewise in a position where they should have paid attention to whether the distributable amount had been confirmed, given that they participated in the dividend resolutions after assuming office.

In light of the foregoing circumstances, the Committee considers that the Relevant Directors' determination or implementation of the Dividends cannot be said to fall under the case where they "did not fail to exercise due care with respect to the performance of their duties."

Accordingly, the Committee is of the view that it cannot be concluded that the Relevant Directors bear no civil liability with respect to the Dividends.

(3) Necessity of Pursuing Liability

If the above civil liability with respect to the Dividends is found to exist, the Relevant Directors may be jointly and severally obligated to pay to the company an amount equivalent to the money or other assets delivered through the Dividends.

However, the Relevant Directors did not knowingly cause the Dividends to be paid in excess of the distributable amount, thereby reducing the company's assets, and the degree of culpability associated with their conduct cannot be said to be high.

In addition, had the company prepared provisional financial statements and completed the necessary procedures at the time of each of the Dividends, both Dividends could have been paid within the distributable amount, as shown in the table in III.4, with a margin of approximately JPY 8,100 million for Dividend 1 and approximately JPY 6,200 million for Dividend 2. In this sense, the substantive impact on creditors and other stakeholders can be assessed as limited.

Furthermore, the company has shown a willingness to proactively address measures to prevent recurrence.

Moreover, the incumbent directors involved in the Dividends have offered to return 10% to 30% of their monthly fixed remuneration for a period of one to three months, depending on their respective responsibilities. As a result, a partial recovery of the company's assets, albeit small, is expected.

Taking the foregoing circumstances into comprehensive consideration, the Committee believes that, even if the company determines that there is no need to pursue the above civil liability against the Relevant Directors, such determination cannot be said to be unreasonable.

It should be noted that the nominal amount of liability is approximately JPY 8,880 million, equivalent to the total amount of the two interim dividends. Furthermore, the Chairperson of the Audit and Supervisory Committee and the full-time Audit and Supervisory Committee member were in office at the time of the resolutions on the Dividends, and the Audit and Supervisory Committee is responsible for deciding whether to pursue liability. Accordingly, it is desirable for the company to provide shareholders with a careful explanation of the process and reasons for its decision on whether to pursue liability.

VI. Recommendations for Measures to Prevent Recurrence

1. Resolve on Dividends from Surplus as a Separate Agenda Item, with the Distributable Amount of Nihon M&A Center HD Presented on a Non-consolidated Basis

At Nihon M&A Center HD, the approval of the Financial Results Summary by the Board of Directors was treated as the resolution on each dividend. This may have weakened each director's specific awareness that he or she was approving important matters relating to dividends, including the dividend amount, and may have been a factor in overlooking the violation of the distributable amount regulations. In addition, the materials distributed at the Board meetings at which the Financial Results Summary was approved contained only consolidated figures and did not enable the directors to assess the distributable amount.

Going forward, the Board materials should state the non-consolidated distributable amount of Nihon M&A Center HD and the process of its calculation, and matters concerning dividends from surplus should be submitted as a separate agenda item under the Companies Act, rather than being included in the approval of the Financial Results Summary, and should be fully deliberated and resolved upon by the Board of Directors.

2. Establish Procedures for Calculating and Confirming the Distributable Amount and Develop a Verification Workflow

At Nihon M&A Center HD, there were no procedures, manuals, or similar materials for calculating the distributable amount in the Finance and Accounting Department, and there was no workflow or mechanism by which any department or body would confirm, in the process leading up to the payment of dividends, that the distributable amount regulations were not being violated.

Going forward, the workflow for calculating the distributable amount in the Finance and Accounting Department should be clarified through the preparation and use of checklists, manuals, and similar tools. Furthermore, with respect to the materials used to calculate the distributable amount, it is desirable to assign separate individuals to prepare and review them, clearly specify their respective responsibilities in the division of duties, and implement in practice the initiation and review procedures prescribed in the Table of Authority.

3. Confirmation of Legal Compliance by the Audit and Supervisory Committee

At Nihon M&A Center HD, although the audit plan of the Audit and Supervisory Committee listed the appropriateness and adequacy of the content of resolutions of the Board of Directors and directors' compliance with laws and regulations and the Articles of Incorporation within the scope of audit, and the Audit and Supervisory Committee Audit Standards also provided for monitoring and verifying the legal compliance of the decisions of the Board of Directors, the source of funds for dividends was not treated as a specific audit item.

Going forward, it is desirable to establish and operate a workflow under which the Audit

and Supervisory Committee confirms whether there is any violation of the distributable amount regulations before the Board of Directors adopts a resolution on dividends.

4. Conduct Internal Training and Utilize External Experts

At Nihon M&A Center HD, many of the officers and employees involved in dividend resolutions and procedures did not have accurate knowledge of the distributable amount regulations under the Companies Act.

To ensure that the distributable amount is accurately calculated in accordance with the Companies Act, it is desirable to provide training to the directors, the employees of the Finance and Accounting Department, and other officers and employees involved in dividends.

Furthermore, Nihon M&A Center HD had never sought the opinion of attorneys or other external experts as to whether the dividend amounts to be submitted to the Board of Directors were within the distributable amount. Given the significance of dividend procedures and the need to ensure compliance with applicable laws and regulations, the company should also consider seeking advice from external experts, as necessary, when determining dividend amounts.

End