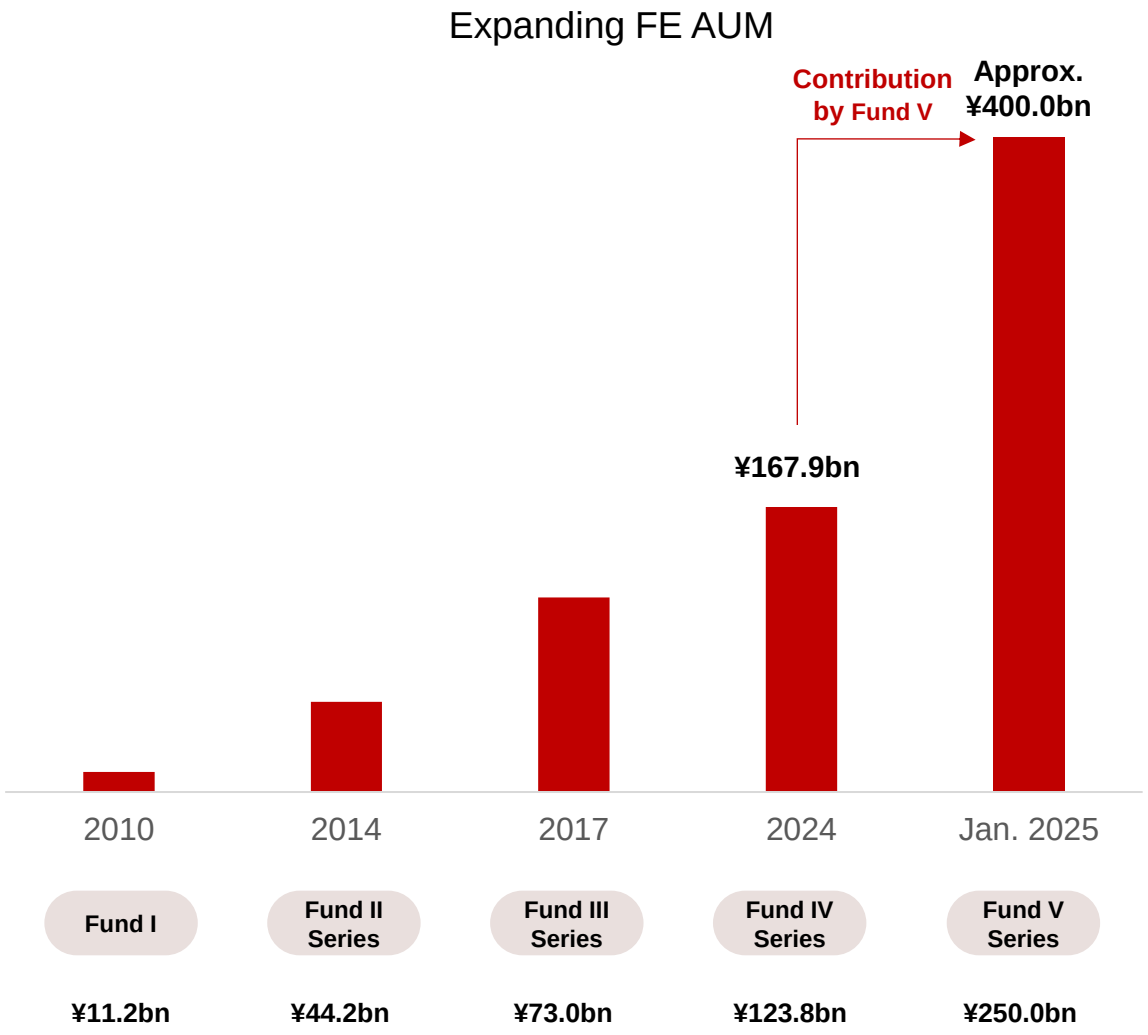
Management Presentation 2024

Integral Corporation

February 2025

Integral is a leading Japanese-Style private equity



Gross MOIC[1] 2.9x	Gross IRR 27.3%
Investment professionals 53 / 91	Full on-site support 100%

1. Average of gross MOIC and gross IRR for Fund I, Fund II Series, and Fund III series, excluding Fund IV series, which are still in the investment period. Fund I as of fund liquidation, Fund II and Fund III series as of December 31, 2024

Invested in EV of more than ¥600bn by focusing on mid-cap companies in Japan

Fund I

- BPS — Manufacturer of customized inserters
- Gobji Yamamoto — Prominent brand in Paris Fashion week
- SHICATA CO. — Design & production of women's bags
- TYO spirit of Tokyo — Planning & production of TV commercials
- Dramatic Communication アパマンショップ NETWORK — Residential real estate service
- FiBest — Design and sales of optical components

Fund II Series

- TBI Group "partner in every steps" — Japanese-style izakaya bar chain
- 信和株式会社 — Wedge-type system scaffolding manufacturer
- 株式会社コンヴァノ Convano — Low price nail salon chain
- QB HOUSE — Low price hair cut salon chains
- SKY — 3rd largest airline
- J-trading inc. — Import/export and wholesale of tuna and salmon
- ITOKIN Styling the Next — Women's apparel manufacturer
- Aderans — Production of custom-made & ready-made wigs
- センサで世界を測る、未来を拓く。 OHIZUMI — Production of temperature sensors and related electronic devices

Fund III Series

- DmMiX — Telemarketing Service provider
- BTC — Professionals of IT & RPA
- TOYO ENGINEERING — Fertilizer/ammonia chemical plant EPC
- 日東エフシー株式会社 — Independent fertilizer manufacturer
- SANDEN サンデン・リテールシステム株式会社 — Vending machine and refrigerated showcase manufacturer
- JRC JAPAN ROLLER CORPORATION — Conveyor belt component manufacturer & Robot SIer
- 豆蔵 MAMEZOU HOLDINGS — Professionals of DX/IoT
- T-Garden — Development and sales for color contact
- PRIMO GHD — Bridal ring manufacturer

Fund IV Series

- KITAMURA HOLDINGS — Photo-related service provider
- oliver — Wooden furniture manufacturer
- TEKSCEND PHOTOMASK — Photomask manufacturer for semiconductors
- Shinoken GROUP — Production and sale for apartments for investment
- Daiohs — Office coffee service provider
- UPT Think ahead, Make differently — Precision products manufacturer
- TCS HOLDINGS — IT Staffing Agencies
- アイ AI ANIMAL MEDICAL CENTER GROUP 動物医療センターグループ / ウイル動物病院グループ Will Animal Hospital Group / ELSA — Three major animal hospitals
- YAMANE — Steel fabricator manufacturing steel frames for skyscrapers

INTEGRAL

Investments & exits

	Company	Business	Status	Principal
I	BPS	Manufacturer of customized inserters	**Exit**	**Exit**
	Yuki Yamamoto	Prominent fashion brand	**Exit**	Hold
	SHICATA CO.	Design & production of women's bags	**Exit**	**Exit**
	TYO	Planning & production of TV commercials	**Exit**	**-**
	アパマンショップ	Residential real estate service	**Exit**	**-**
	FBest	Design and sales of optical components	**Exit**	**Exit**
II	TBI Group	Japanese style Izakaya bar chain	**Exit**	**-**
	信和株式会社	Wedge-type scaffolding manufacturer	**Exit**	**-**
	Convano	Nail salon chain	**Exit**	**Exit**
	QB HOUSE	Affordable hair cut salon chain	**Exit**	Hold
	SKY	#3 airline carrier	**Exit**	**Exit**
	J-trading inc.	In/export & wholesale of tuna & salmon	**Exit**	**-**
	ITOKIN Styling the Next	Women's apparel manufacturer	**Exit**	Hold
	アデランス	Custom & ready made wig production	Hold	**-**
	OHIZUMI	Production of temperature sensors & related products	**Exit**	**Exit**

	Company	Business	Status	Principal
III	DmMix	Telemarketing service provider	**Partial Exit**	Hold
	BTC	IT & RPA professionals	**Exit**	**Exit**
	TOYO ENGINEERING	Fertilizer/ammonia chemical plant EPC	Hold	Hold
	日東エフシー株式会社	Independent fertilizer manufacturer	**Exit**	**Exit**
	SANDEN サンデン・リテールシステム株式会社	Vending machine & refrigerated showcase manufacturer	Hold	Hold
	JRC	Conveyor belt component manufacturer & robot Sier	**Exit**	Hold
	豆蔵 MAMEZOU HOLDINGS	Dx/IoT professionals	**Partial Exit**	**Partial Exit**
	T-Garden	Development & sales of color contact lenses	**Exit**	**Exit**
	PRIMO GHD	Bridal ring manufacturer	Hold	Hold
IV	KITAMURA	Photo-related service provider	Hold	Hold
	oliver	Wooden furniture manufacturer	Hold	Hold
	TEKSCEND PHOTOMASK	Photomask manufacturer for semiconductors	Hold	Hold
	hhoken GROUP	Production & sale of apartments for investment purposes	Hold	Hold
	Daiohs	Coffee service provider for offices	Hold	Hold
	UPT	Precision products manufacturer	Hold	Hold
	TCS HOLDINGS	IT staffing agency	Hold	Hold
	ELSA	Veterinary clinic group	Hold	Hold
	YAMANE	Steel frames for skyscrapers manufacturer	Hold	Hold

Agenda Today

1. Results of FY2024
2. Our growth strategy
3. Outlook for FY2025 and beyond
4. Key takeaways

1

FY2024

Active exits & investments

1Q～3Q

SKY

Exit of Fund II

Jan. & Mar. 2024

Share buy-back & Transfer of shares to Suzuyo HD

JRC JAPAN ROLLER CORPORATION

Exit of Fund III

Feb. 2024

Share buy-back & Transfer of shares to the founder

ITOKIN Styling the Next

Exit of Fund II

Aug. 2024

Transfer of shares by recapitalization

豆蔵 MAMEZOU K2TOP HOLDINGS

OPEN STREAM Part of Accenture　**MAMEZO DIGITAL** HOLDINGS

Exit of Fund III

Jun. & Jul. 2024

Sale of two portfolios by Mamezou K2TOP

Asahi Kasei Medical Corp.

Planned Investment

Announced Sep. 2024

Capital participation in blood purification business of Asahi Kasei Medical

4Q

アイ AI ANIMAL MEDICAL CENTER GROUP 動物医療センターグループ
ウイル動物病院グループ Will Animal Hospital Group
ELSA animal hospital エルザ動物病院グループ

Fund IV Investment

Nov. 2024

Capital participation in animal hospitals

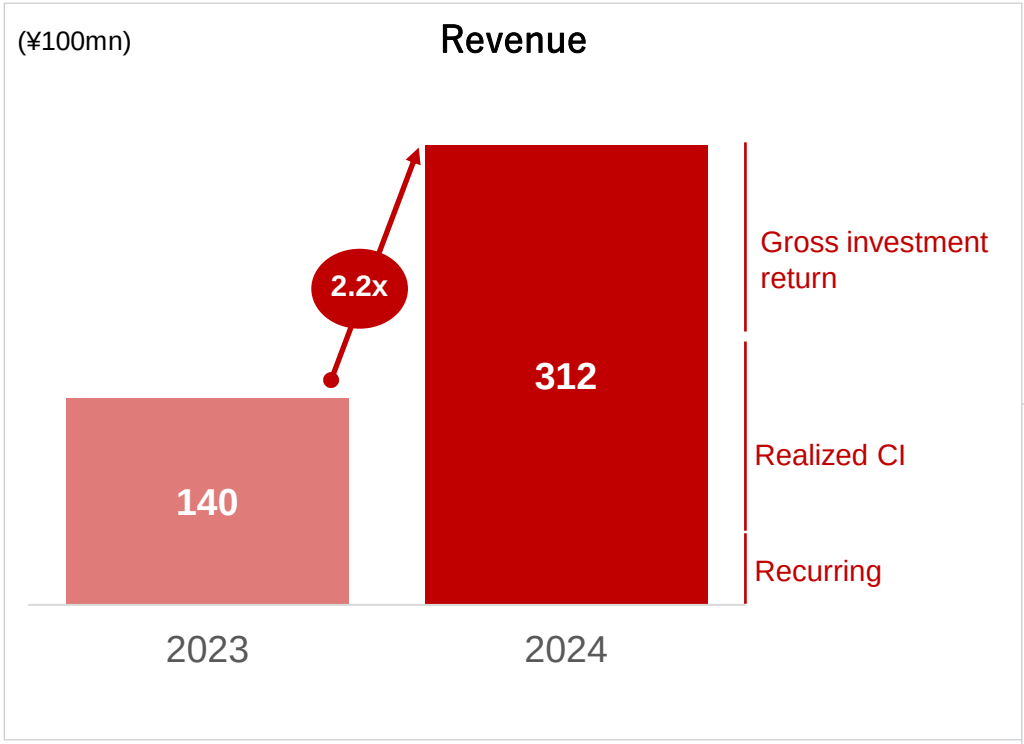
T-Garden

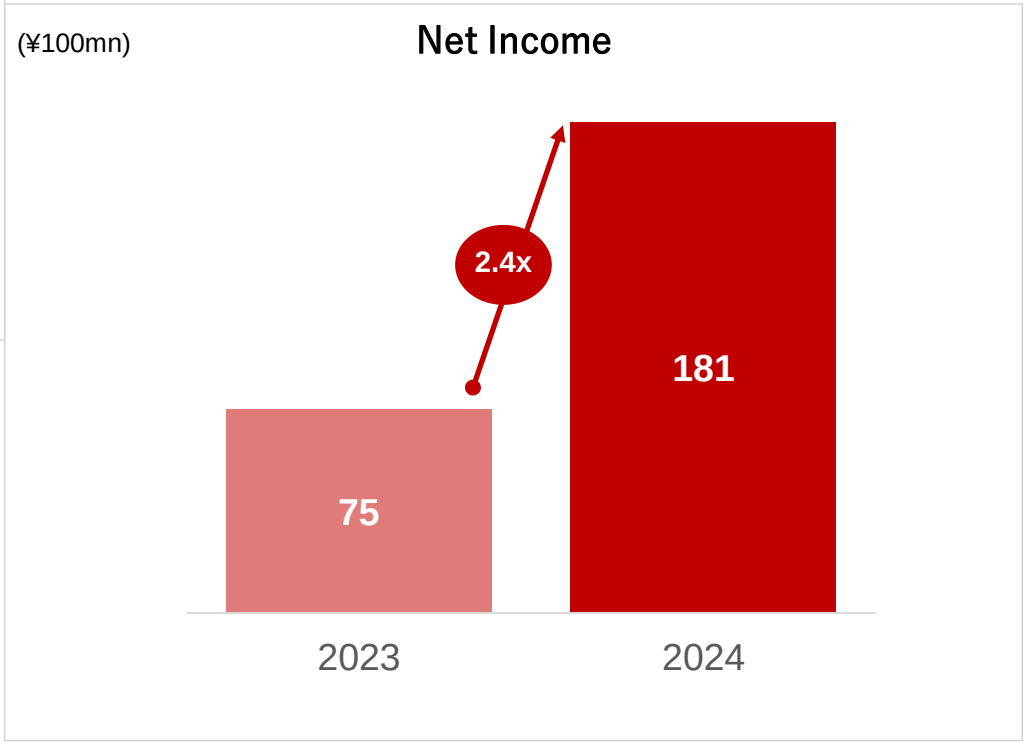
Exit of Fund III

Dec. 2024

Shares sold to third party

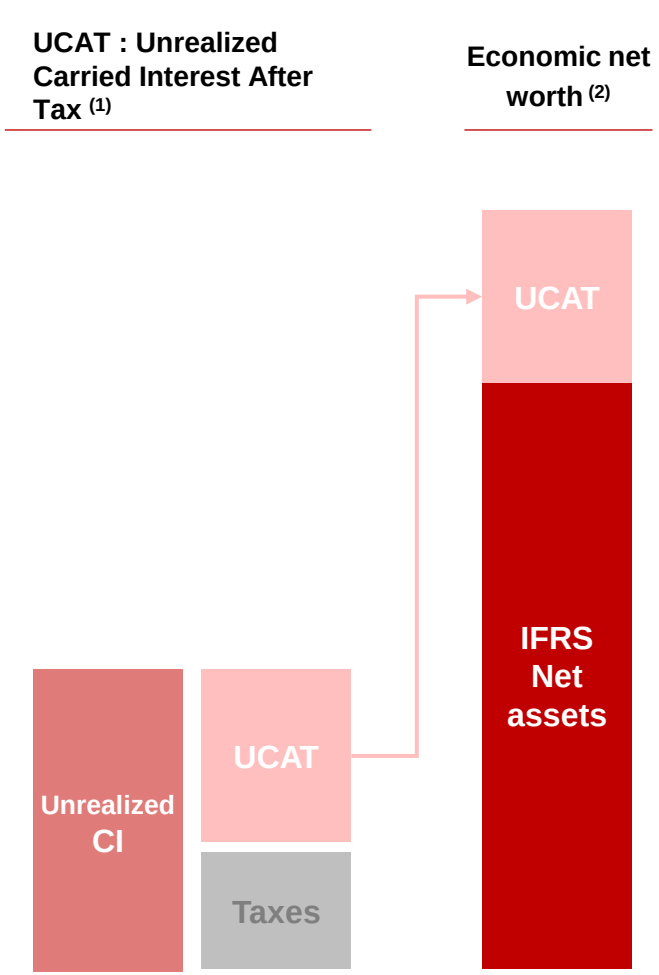
Solid growth of both revenue and profit



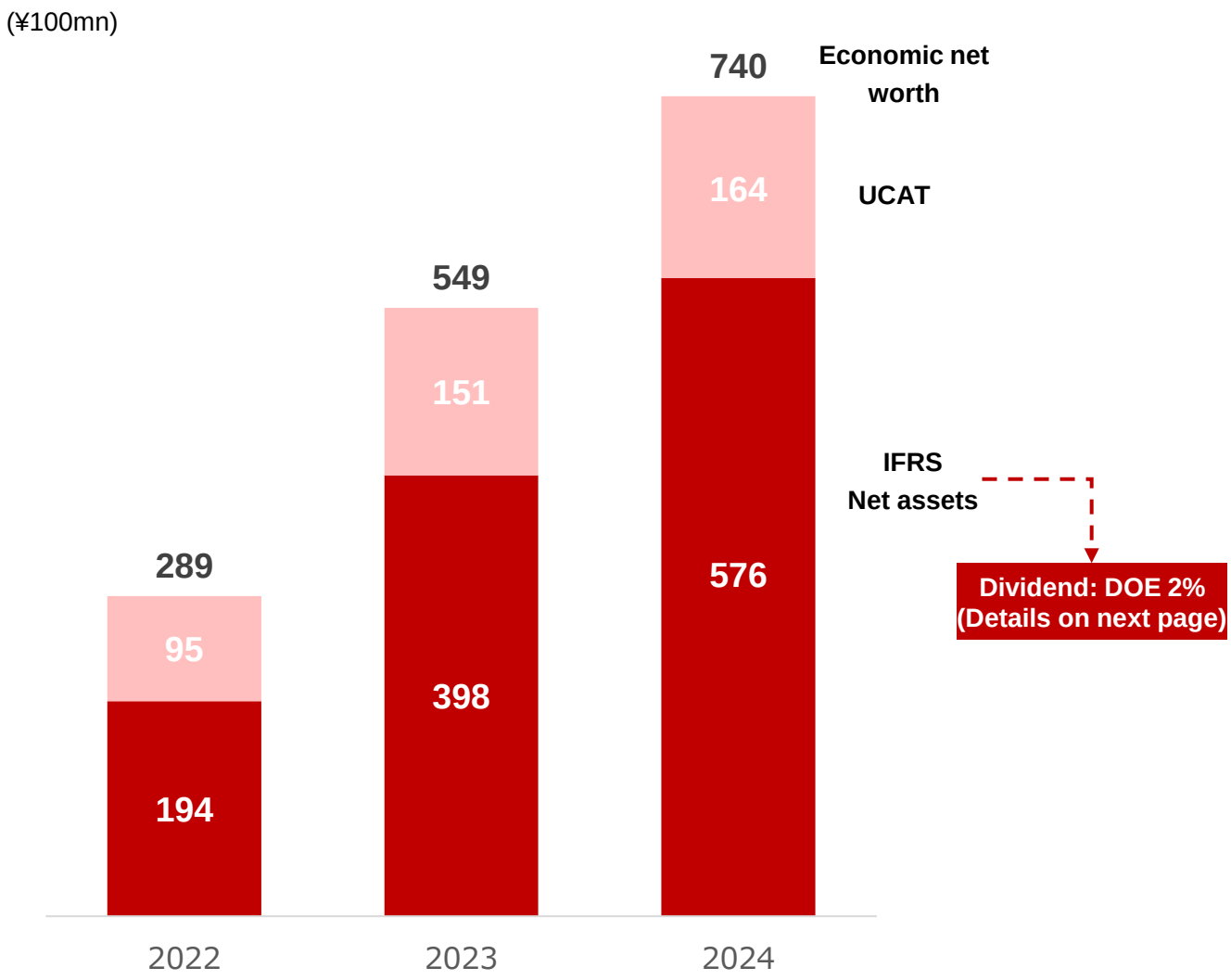


Economic net worth growing steadily

Framework



Economic Net Worth



1. UCAT（Unrealized Carried-Interest After Tax）: unrealized Carried Interest less taxes based on the current effective tax rate
2. Economic net worth: net assets on BS (equity attributable to owners of the parent) + UCAT

Our Dividend

Dividend for FY2024

- Our policy is to determine the dividend based on the Dividend on Equity Ratio (DoE)
- For FY 2024, we have decided to pay **an annual dividend of JPY 34** (DoE 2%. The amount obtained by multiplying the equity attributable to owners of the parent as of December 31, 2024 by 2%)
- **The year-end dividend is JPY 22**, which is the difference between the interim dividend of JPY 12* and JPY 34 mentioned above

*JPY 12 is half of the expected annual dividend of JPY 24, which was the amount obtained by multiplying 2% of the equity attributable to owners of the parent at the end of the previous fiscal year (December 31, 2023)

Dividend Policy for FY 2025

- Our policy is to keep 2% of DoE for FY2025
- **Forecast of annual dividend** for FY2025 is **JPY 34** (**JPY 17 for interim** and **JPY 17 for year-end**)
- The above amount is calculated by multiplying the equity attributable to owners of the parent as of the previous year (December 31, 2024) by 2%, and is divided into the same amount for the interim and year-end.

Dividend per share			
Record Date	Interim	Year-end	Annual
Dec 2023 (A)	JPY 0	JPY 0	JPY 0
Dec 2024 (A)	**JPY 12**	**JPY 22**	**JPY 34**
Dec 2025 (E)	**JPY 17**	**JPY 17**	**JPY 34**

Asset diversification

Launch of Real Estate Investment Fund Business

1. Purpose of Real Estate Investment Fund Business

Our mid- to long-term growth strategy is to contribute to the development of society and industry by expanding our fund business to include investments in asset classes such as real estate, in addition to our existing private equity investment business, thereby enhancing our corporate value and further expanding our AUM.

We have therefore decided to launch a real estate fund business by establishing "Integral Real Estate Corporation ("IRE")" and hiring four investment professionals with extensive expertise in real estate investment and fund management.

Launch of Real Estate Fund I

Notice Regarding the First Closing of Integral Real Estate Fund I

Integral Real Estate Corporation ("IRE"), a consolidated subsidiary of Integral Corporation, is pleased to announce the first closing of Integral Real Estate Fund I ("IREF I"). This follows the announcement of the launch of its real estate investment fund business on November 11, 2024.

IREF I collectively refers to the Integral Real Estate Fund I Investment Limited Partnership and other investment vehicles newly established to be managed by IRE.

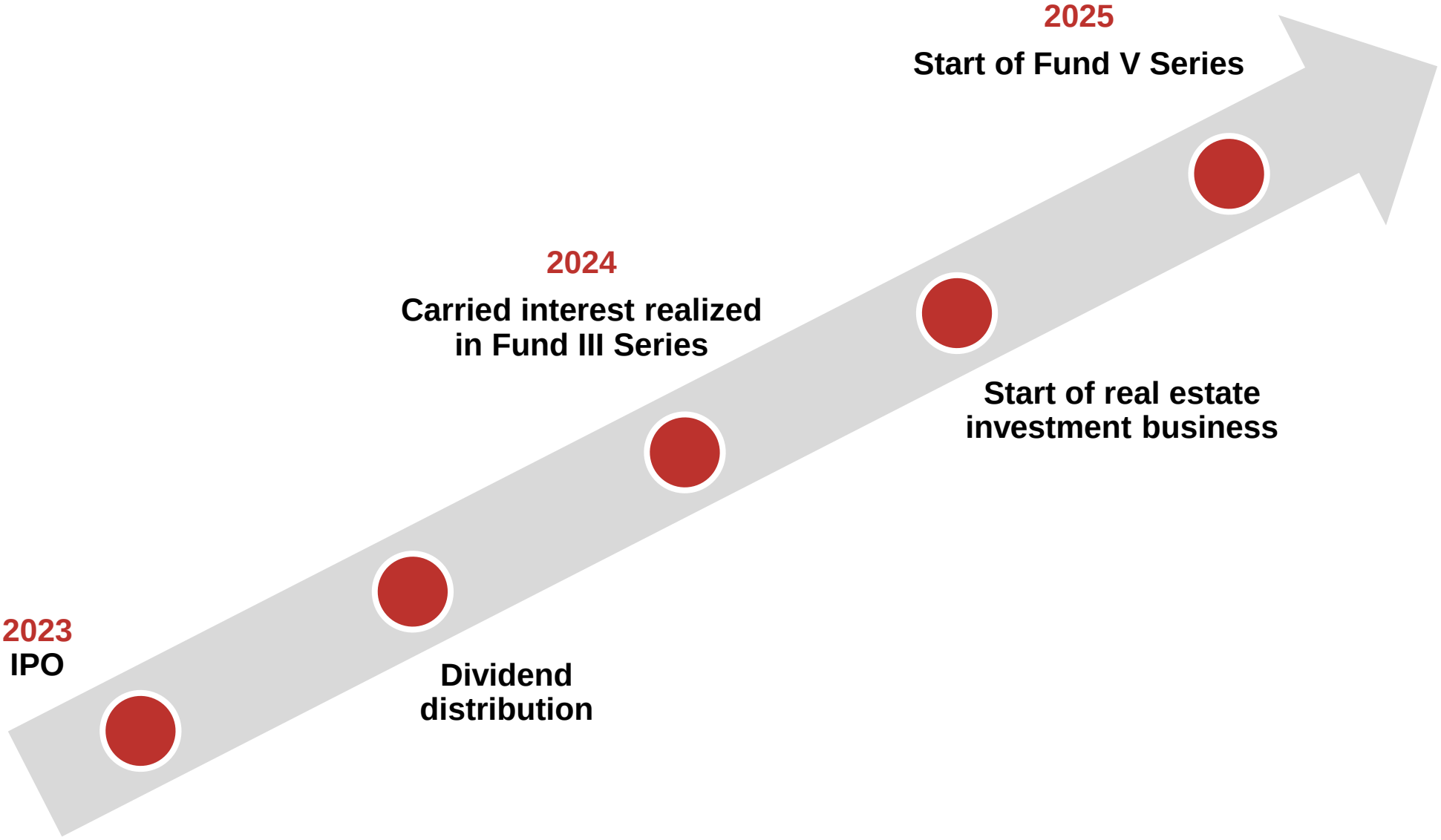
1. Fundraising Activities for IREF I

On January 20, 2025, we entered into a Limited Partnership Agreement for IREF I (first closing). Going forward, IRE will continue fundraising activities with a target total committed capital exceeding JPY 10 billion for IREF I.

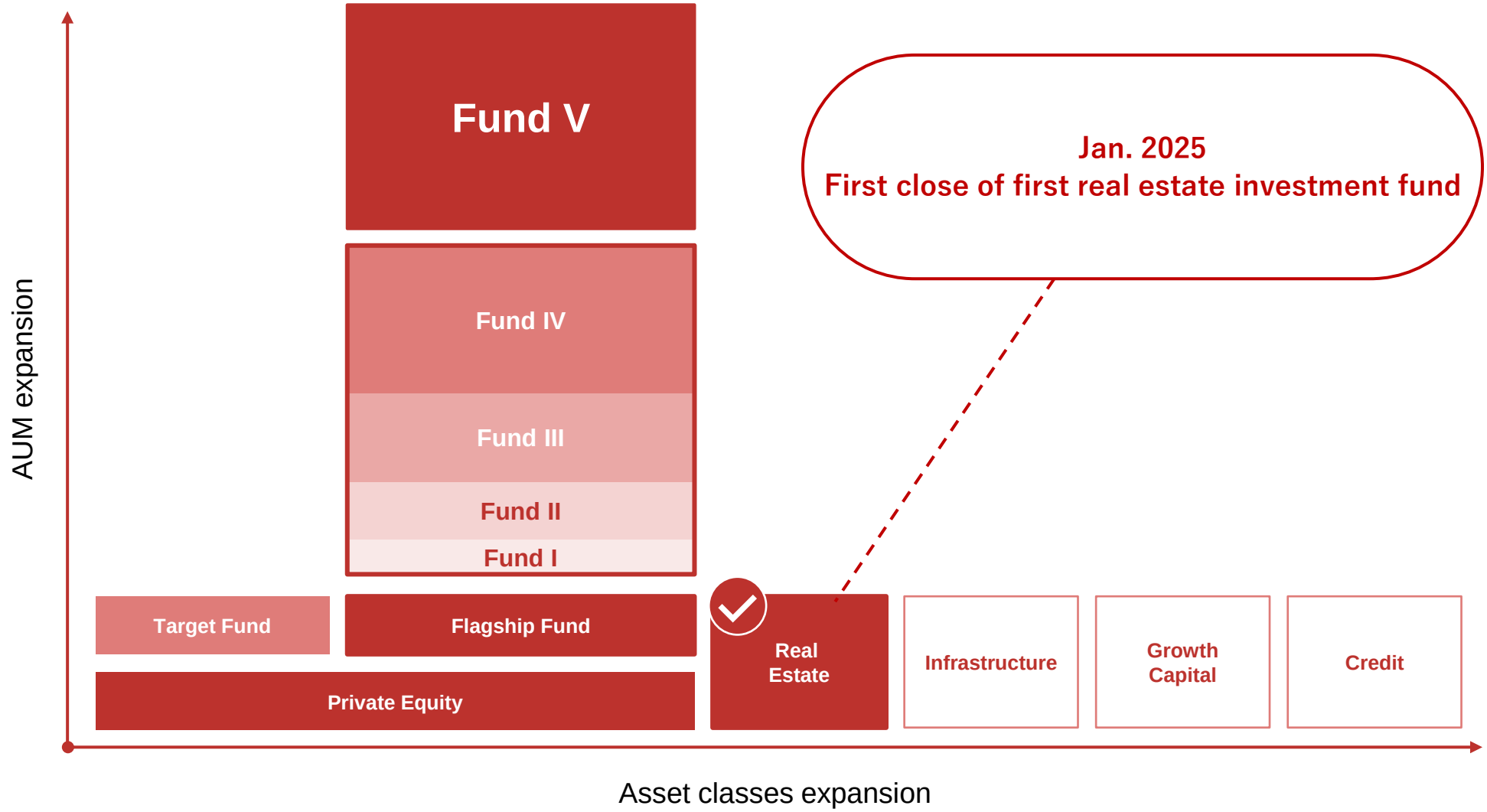
2

Our growth strategy

Start of Fund V Series



Expand to real estate fund



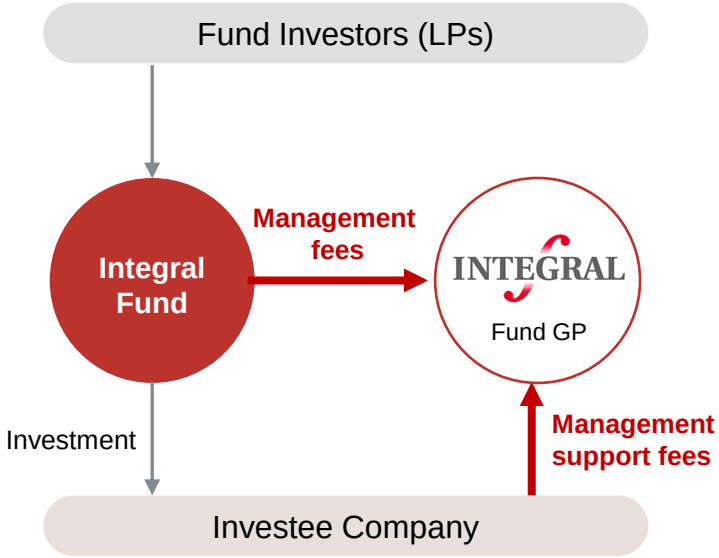
3

Outlook for FY2025 and beyond

We have 3 pillars

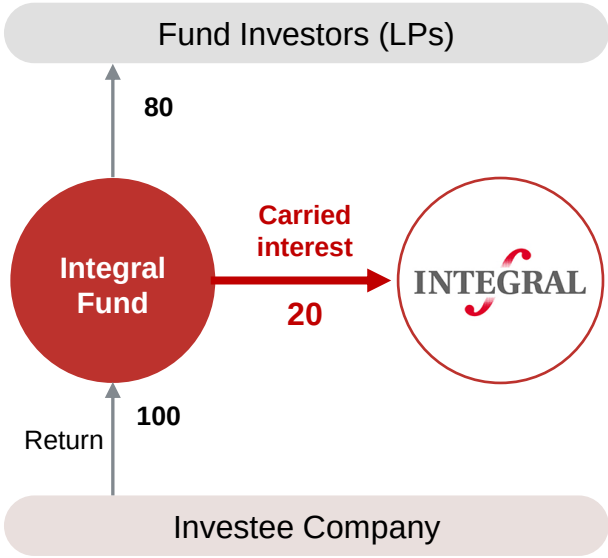
1

Integral receives quarterly fees based on FE AUM as recurring revenue



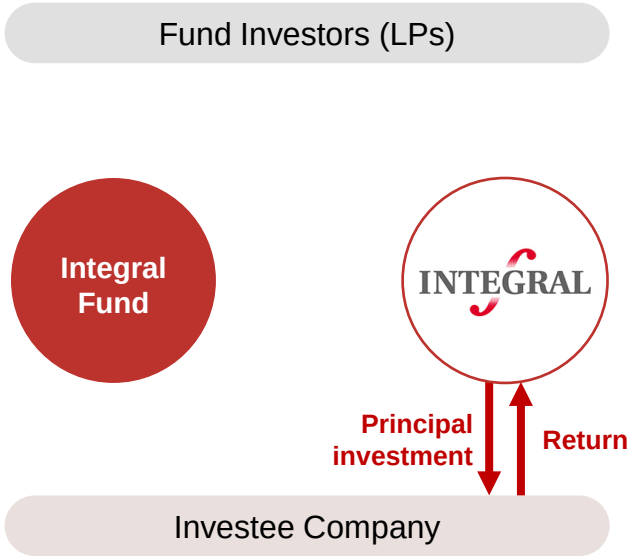
2

Upon investment exit, Integral receives certain % of return

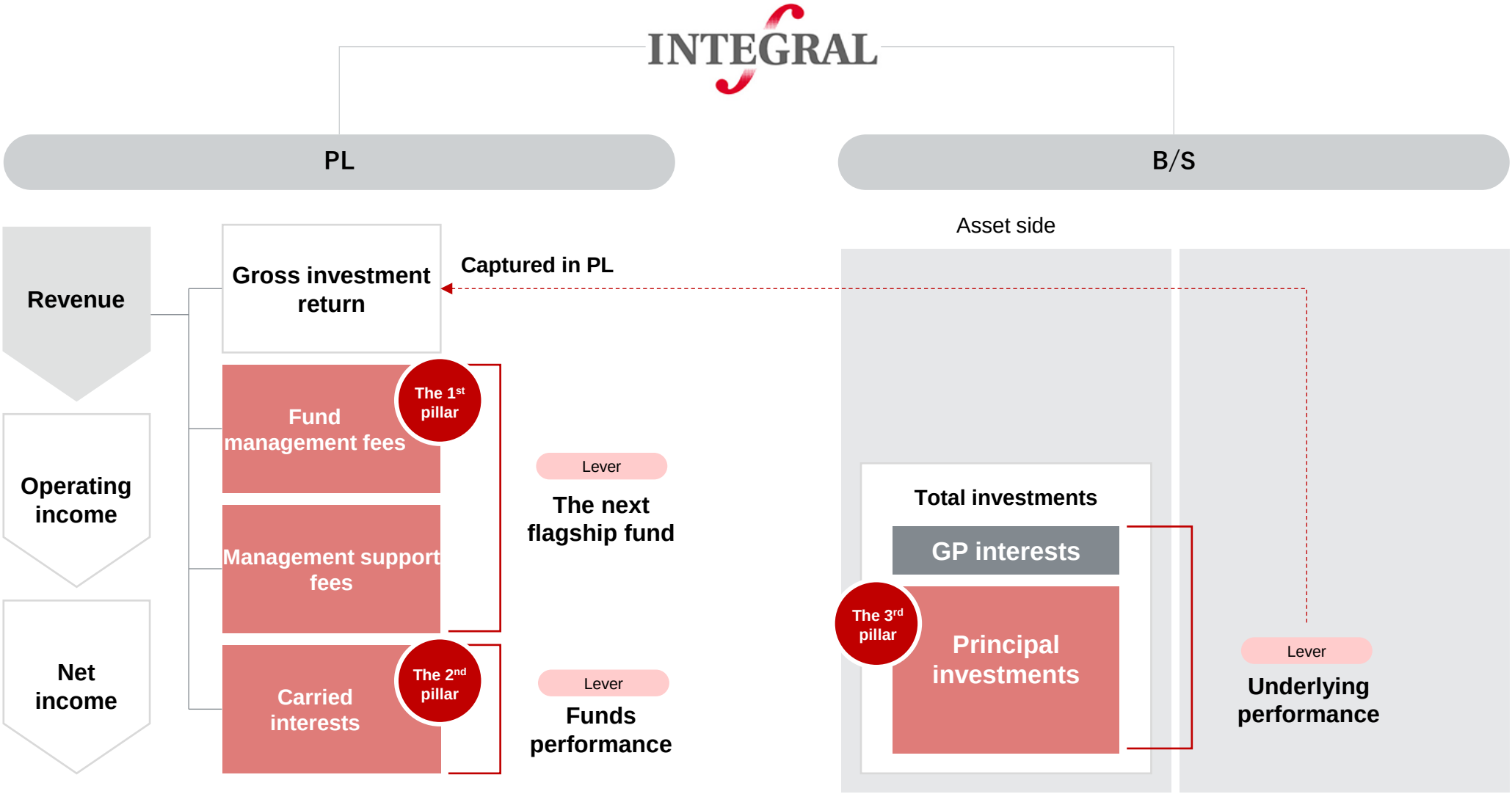


3

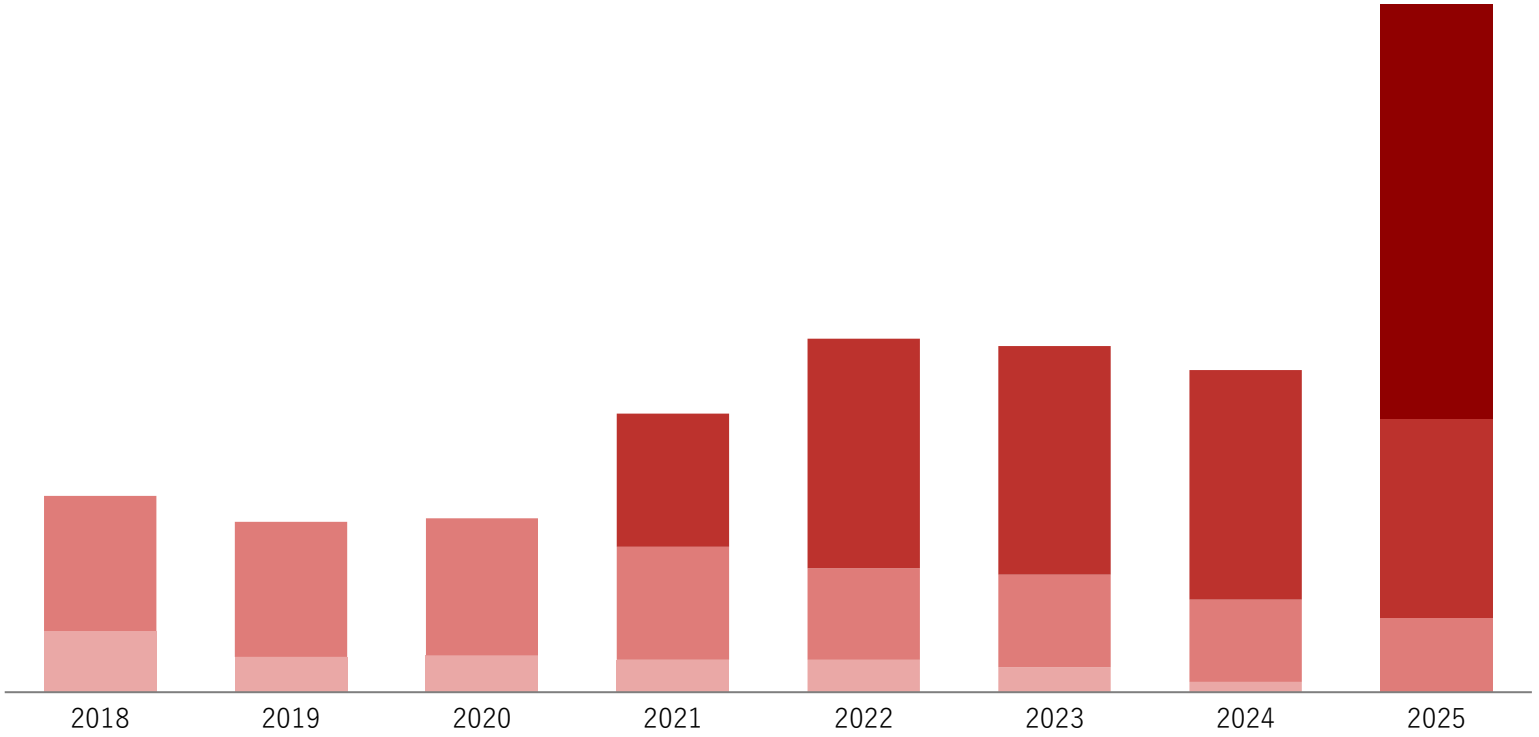
Integral makes a principal investment in parallel with the fund investment, leading to its competitive advantage



Our unique value creation model with the 3 pillars



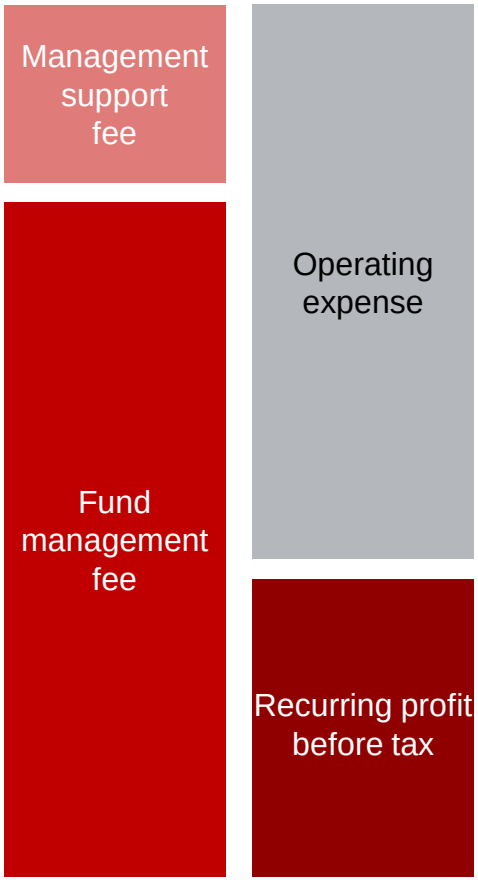
The 1st pillar (1)
Management fees to be piled up



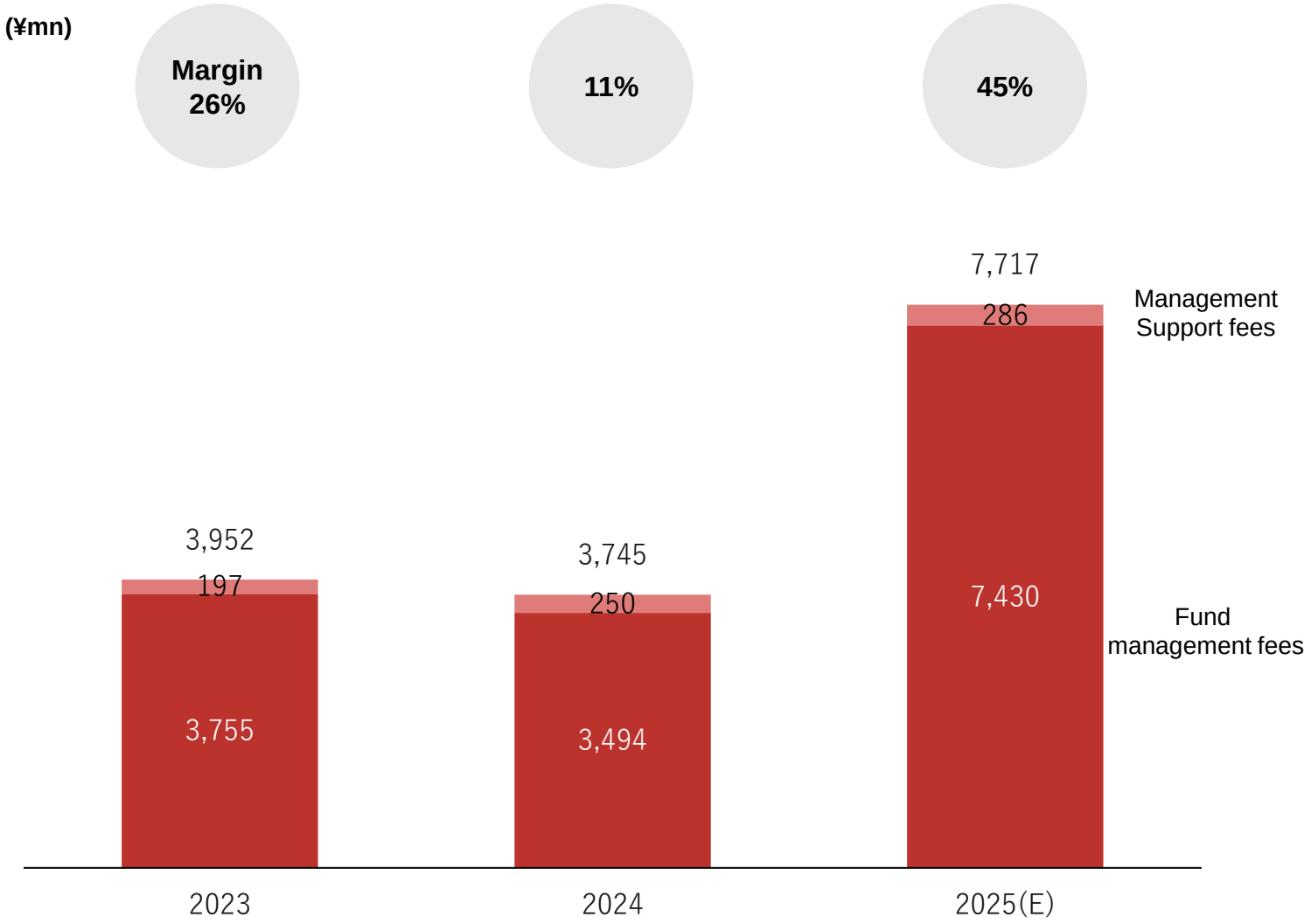


The 1st pillar (2)
Good recurring margins

Framework



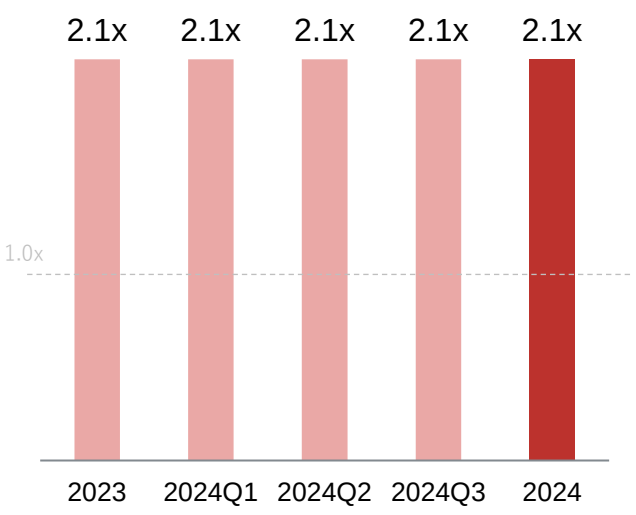
Actual and Estimate



1. In calculating margins, one-time expenses are deducted from operating expenses. One-time expenses were JPY 151mn in FY2023, JPY 1,888mn in FY2024, estimated at JPY 192mn for FY2025/12.

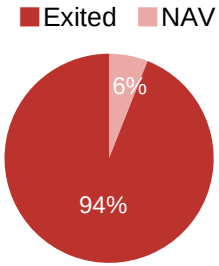
The 2nd pillar (1)
Strong fund performance

Fund II Series

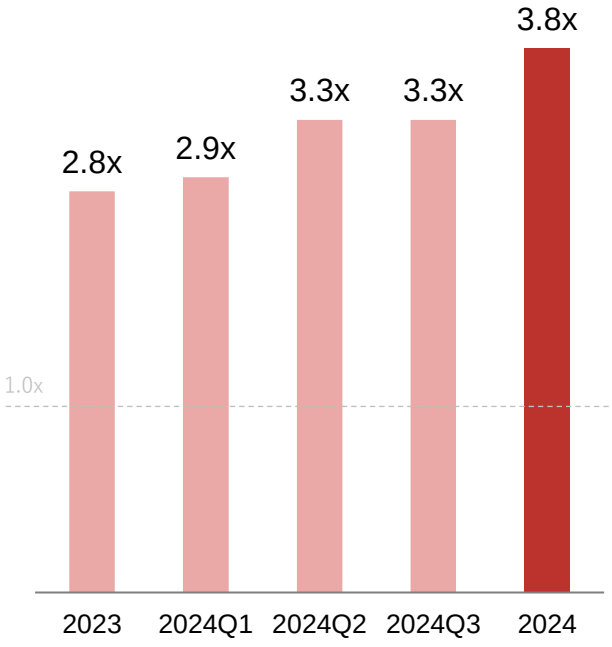


2014~

2014
¥44.2bn

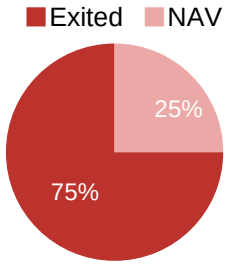


Fund III Series

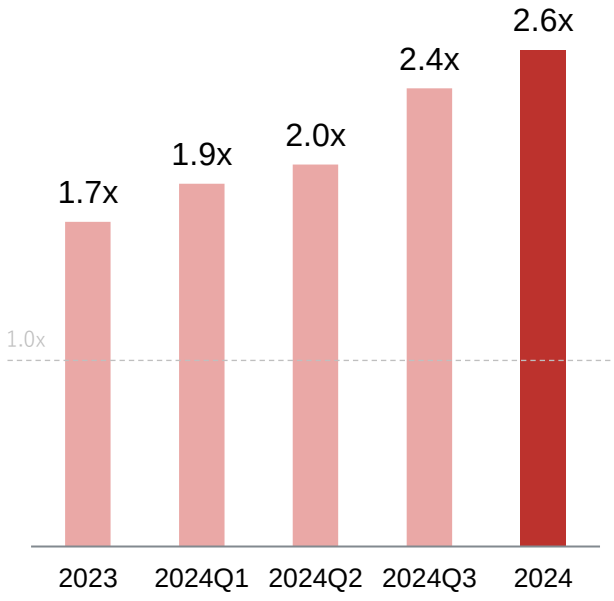


2017~

2017
¥73.0bn

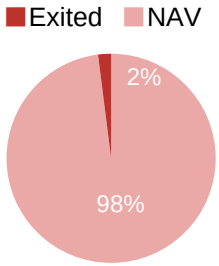


Fund IV Series



2021~

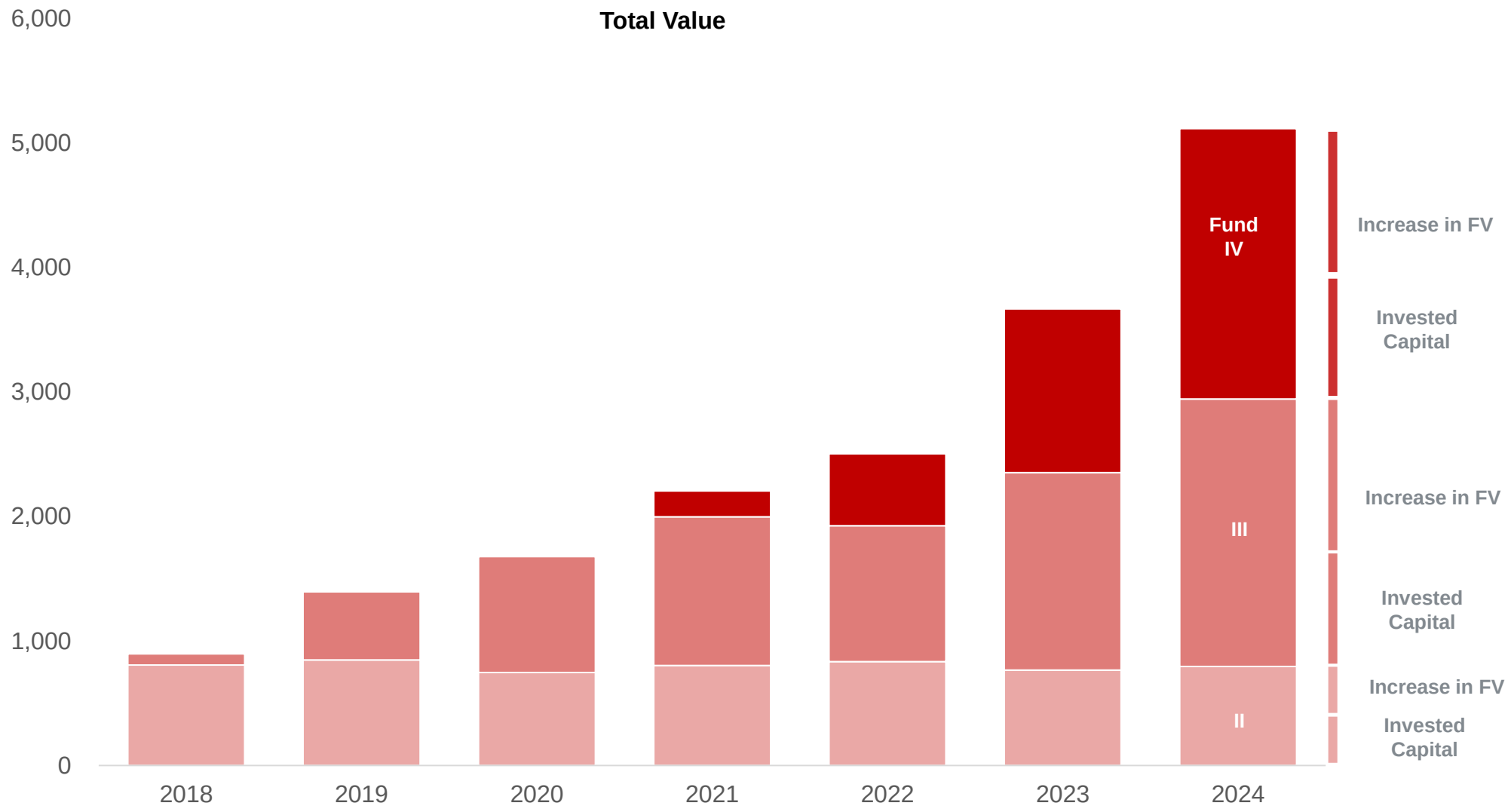
2020
¥123.8bn



INTEGRAL

The 2nd pillar (2)
Source of carried interest

(¥100mn)

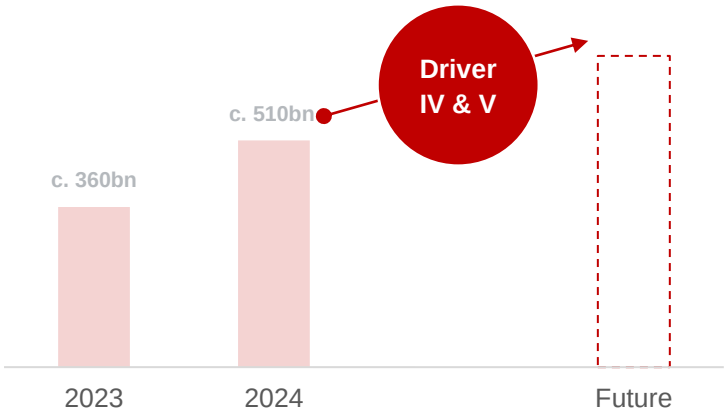


The 2nd pillar (3)
Investees' prosperity is our top priority, returns will follow as result

Has the stock balance increased?

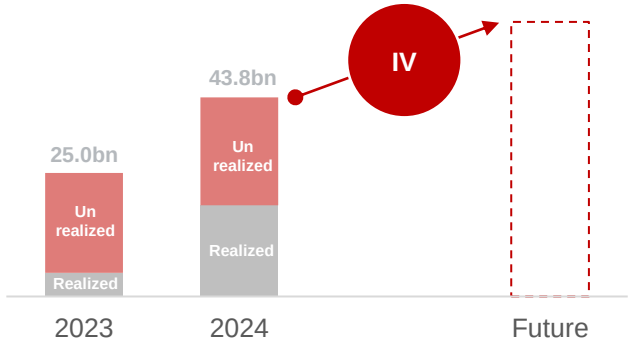
Value of the fund balance increasing → Source → **Carried interest is increasing** → Source → **From stock to flow** → **Future CI can be forecast**

Increased fund balance = exits + balance FV



Source

Carried interest increases

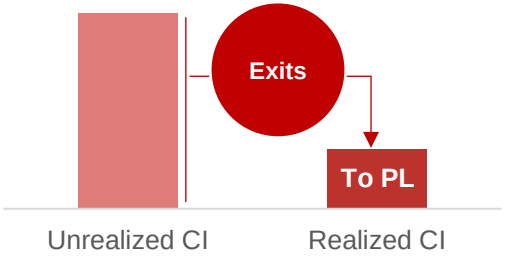


Additional disclosure of main KPIs in "Kessan Tanshin" on page 8

(¥100mn)	2022	2023	2024
AUM	2,464	2,185	1,999
…			
Unrealized carried interest			
Fund II Series	64	20	6
Fund III Series	73	144	80
Fund IV Series	-	53	150

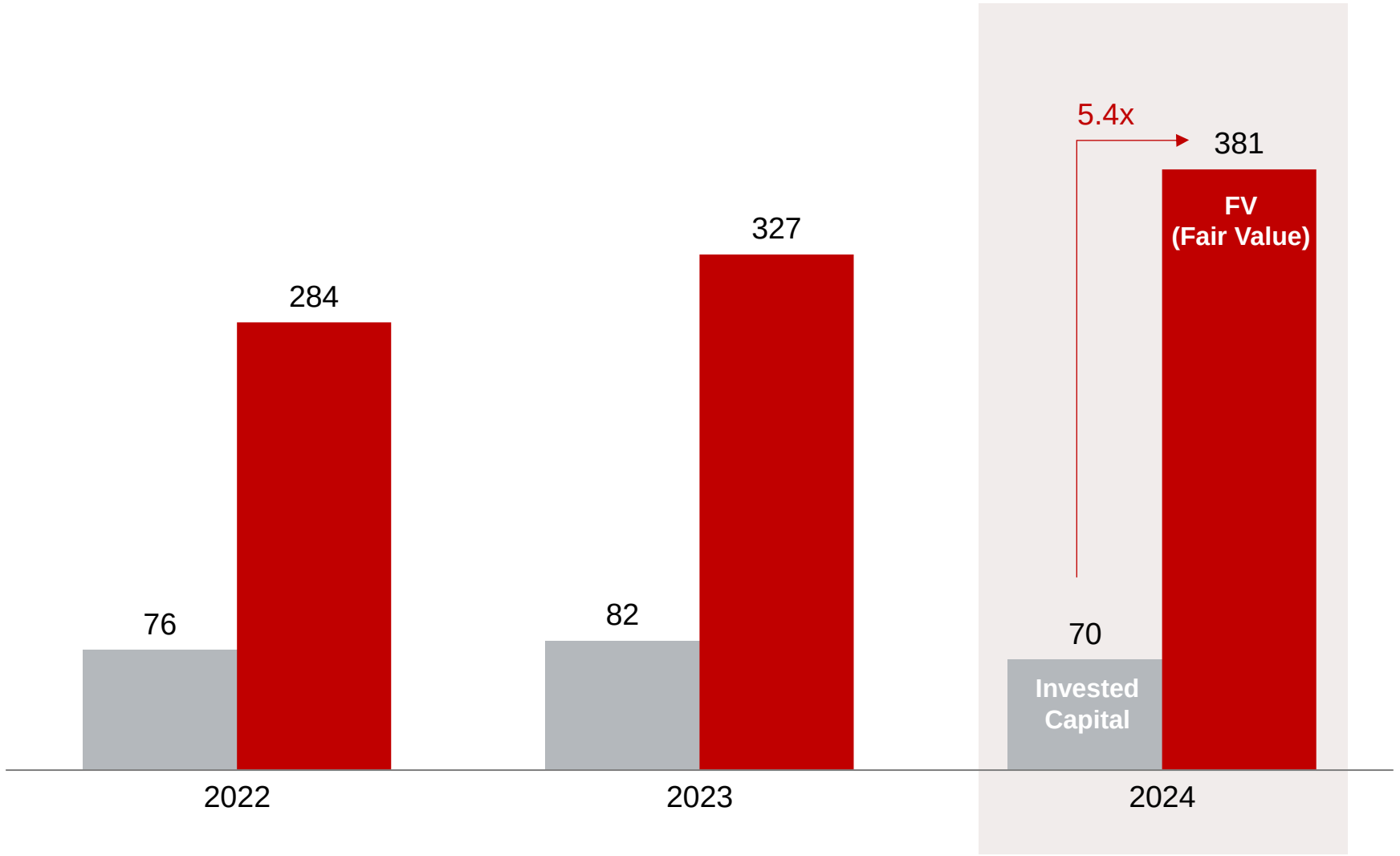
Source

Realized CI generates income



The 3rd pillar
Principal investment is on track

（¥100mn）



Key Takeaways

1 **Carried interest started to realize in Fund Series III**
(July 2024)

2 **Investment period of Fund V Series with JPY 250bn in aggregate capital commitments started (Jan. 2025)**

3 **Real estate business established; first fund launched**
(Nov. 2024, Jan. 2025)

Appendix

1

About Integral

Partner & CFO



Reijiro Yamamoto
Representative Director & Partner
(founding member)



Nobuo Sayama
Partner
(founding member)



Yoshihiro Hemmi
Director & Partner
(founding member)



Kensaku Mizutani
Director & Partner
(founding member)



Makiko Hayase
Director & Partner



Satoko Niiya
Partner
(Lawyer)



Hidetsune Goto
Partner



Tsuyoshi Yamazaki
Partner



Shigehiro Nishioka
Partner



Yasuaki Sumikawa
CFO & Controller
(CPA)

Real Estate Fund Partners



Takanori Emura
Integral Real Estate Corporation
Representative Director & Partner,
Founding Member

- Myria Residential
- IDERA Capital
- Urban Asset Management



Hironori Nakai
Integral Real Estate Corporation
Representative Director & Partner,
Founding Member

- CBRE Investment Management
- Tokio Marine Asset Management
- Hulic
- KJR Management
- TOKYU



Kensuke Nakahara
Integral Real Estate Corporation
Representative Director & Partner,
Founding Member

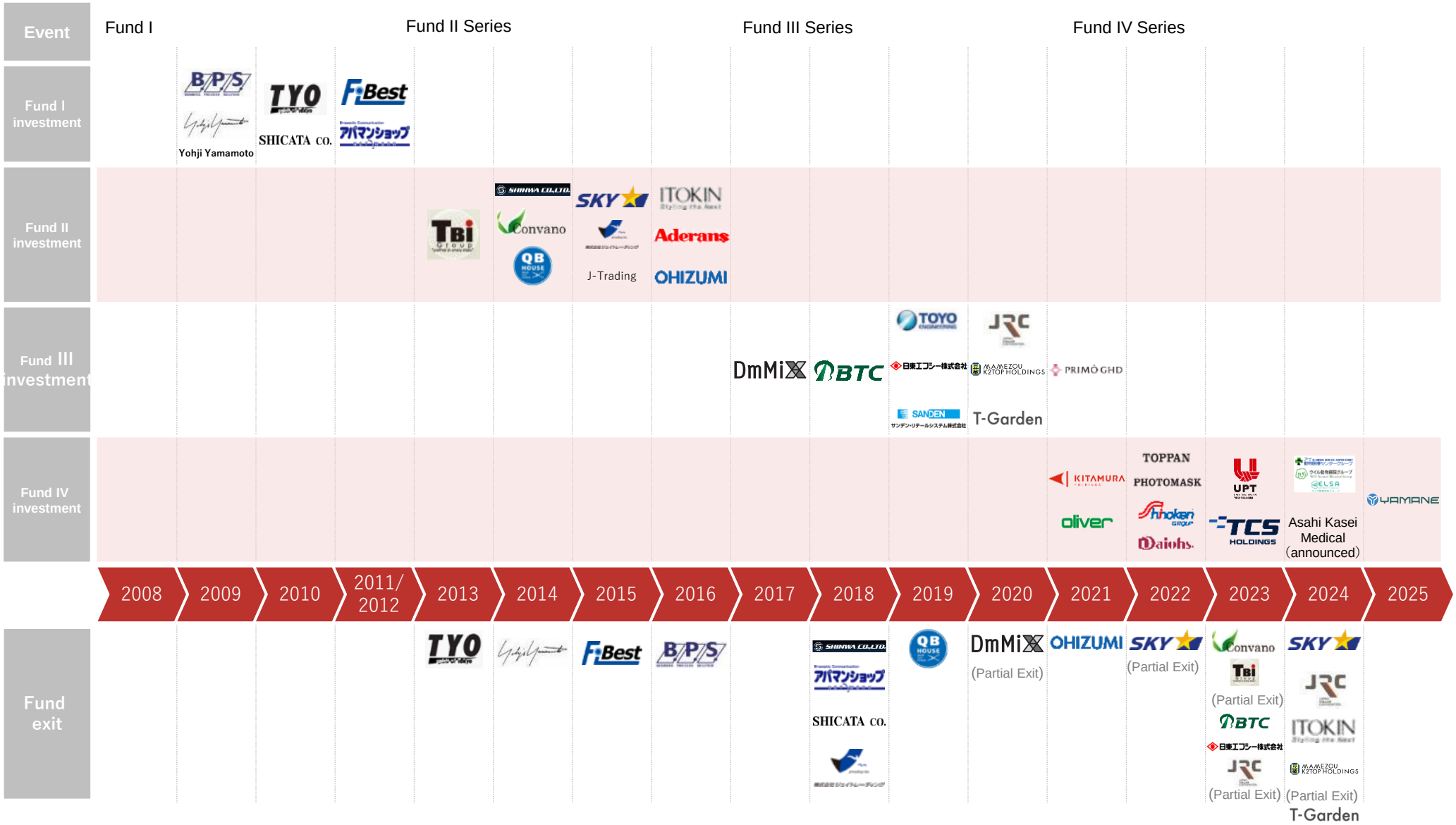
- Orix
- Capitaland Japan
- M&G Real Estate Japan
- Phoenix Property Investors Japan



Tomohiro Sumiya
Integral Real Estate Corporation
Representative Director & Partner,
Founding Member

- Blackstone Group
- Daiwa Securities SMBC

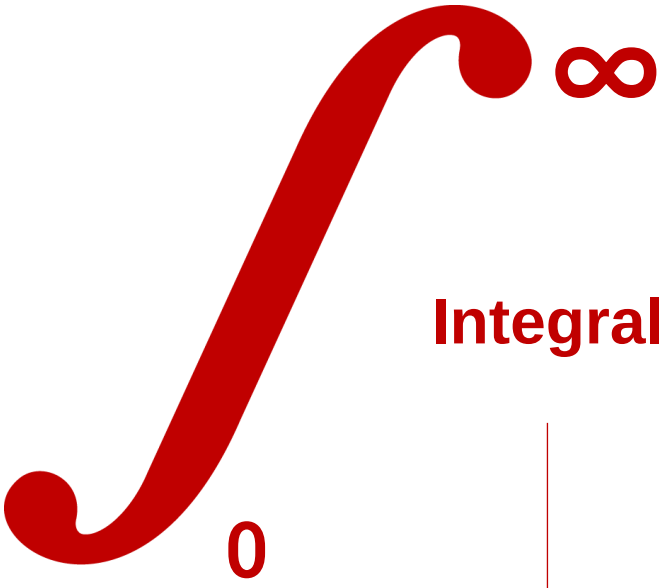
Investments & Exits



2

Integral's unique features

Our Mission

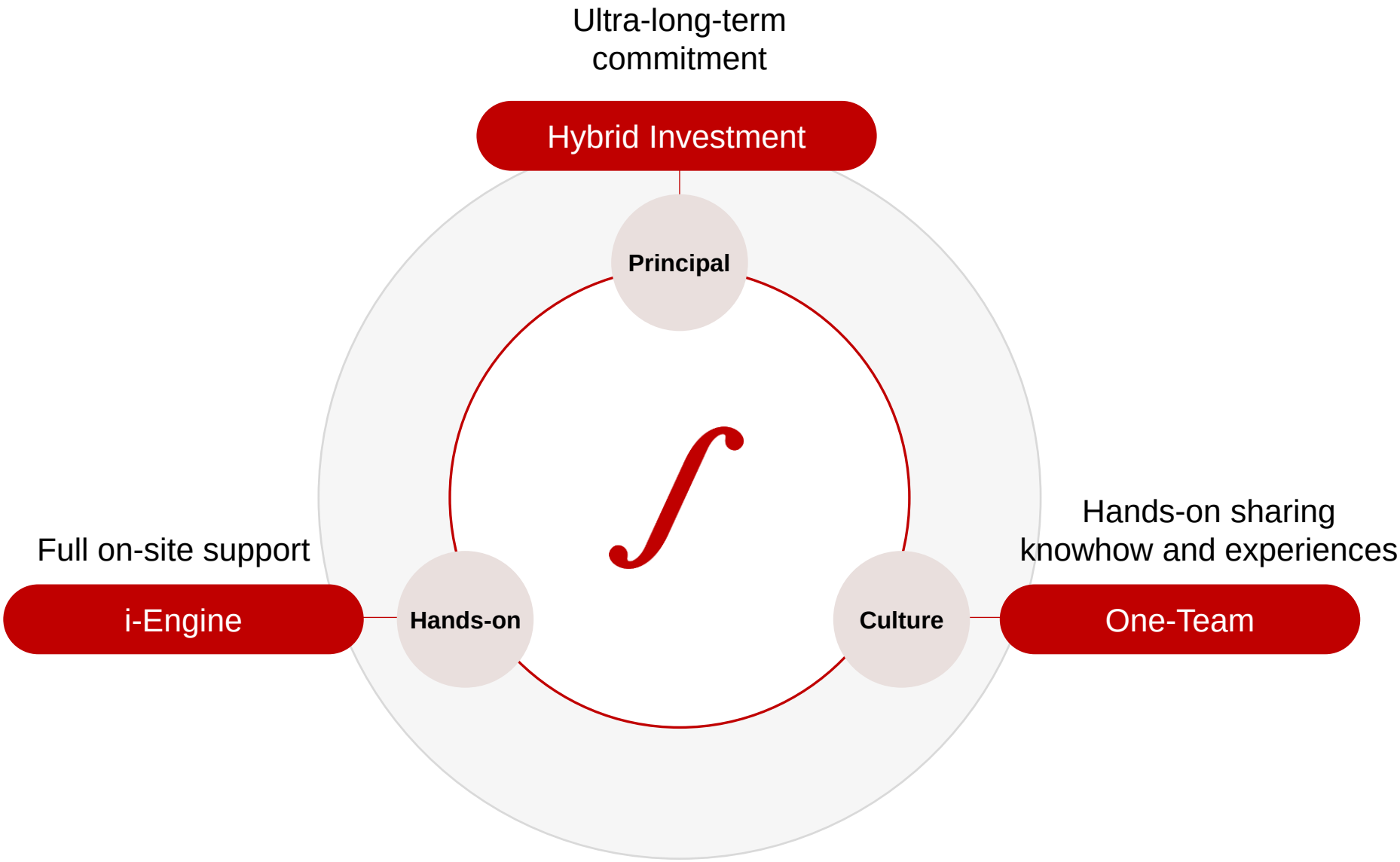


Integral > **Trusted Investor** > **Unique “Japanese Private Equity” model**

Deepest trust
and highest wisdom

Seeing “eye-to-eye”
with management

Why Integral is differentiated from the others



What's "i-Engine"

Quickly and seamlessly strengthen internal structure through hands-on management support



Support for business growth

- Overseas business expansion
- Launch of new businesses
- Strategic partnerships/M&A

Support for finance

- Improving cash flow
- Capital strategy
- Support for IPO preparations

Support for accounting and internal controls

- Visualization
- Organizational restructuring/reform
- Structure incentive plans

4

Ample opportunities

Huge upside in Japan...

Sources of Fund side

Asset Allocation in Alternative Assets

GPIF (Japan)	1.5%
PFA for Local Govt. (Japan)	1.0%
Federation of municipalities (Japan)	1.0%
GPF (Norway)	1.8%
NPS (South Korea)	15.8%
CalPERS (US)	27.6%
CPPIB (Canada)	58.0%
NSSF (China)	14.0%
CalSTRS (US)	46.9%

Japan is unique as both demand and supply to grow

Uses of Fund side

PE Deal Value as % of GDP

Japan	0.4%
United States	1.3%
United Kingdom	1.9%
Germany	0.7%

...Then why now?

Business Succession

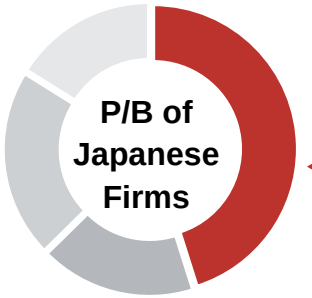
% of small to mid-cap owners aged 70+

25.5%

Increase in succession M&A in the past 5 yrs

c. 2.4x

Undervalued

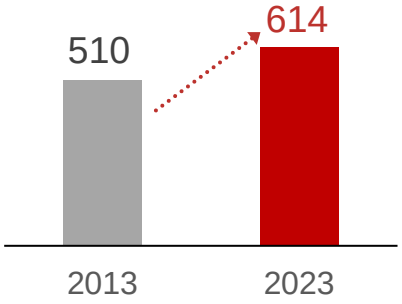


Less than 1.0x

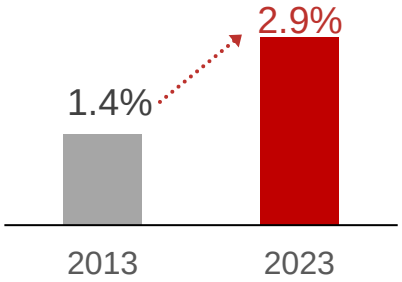
45.1%

Carve-out

# of transactions



% of PE involved in carve-out



Shareholder Activism

Activist / financial investor proposals

2018	2023
74 cases	**276 cases**

Hostile takeover

2017	2024
1 case	**3 cases**

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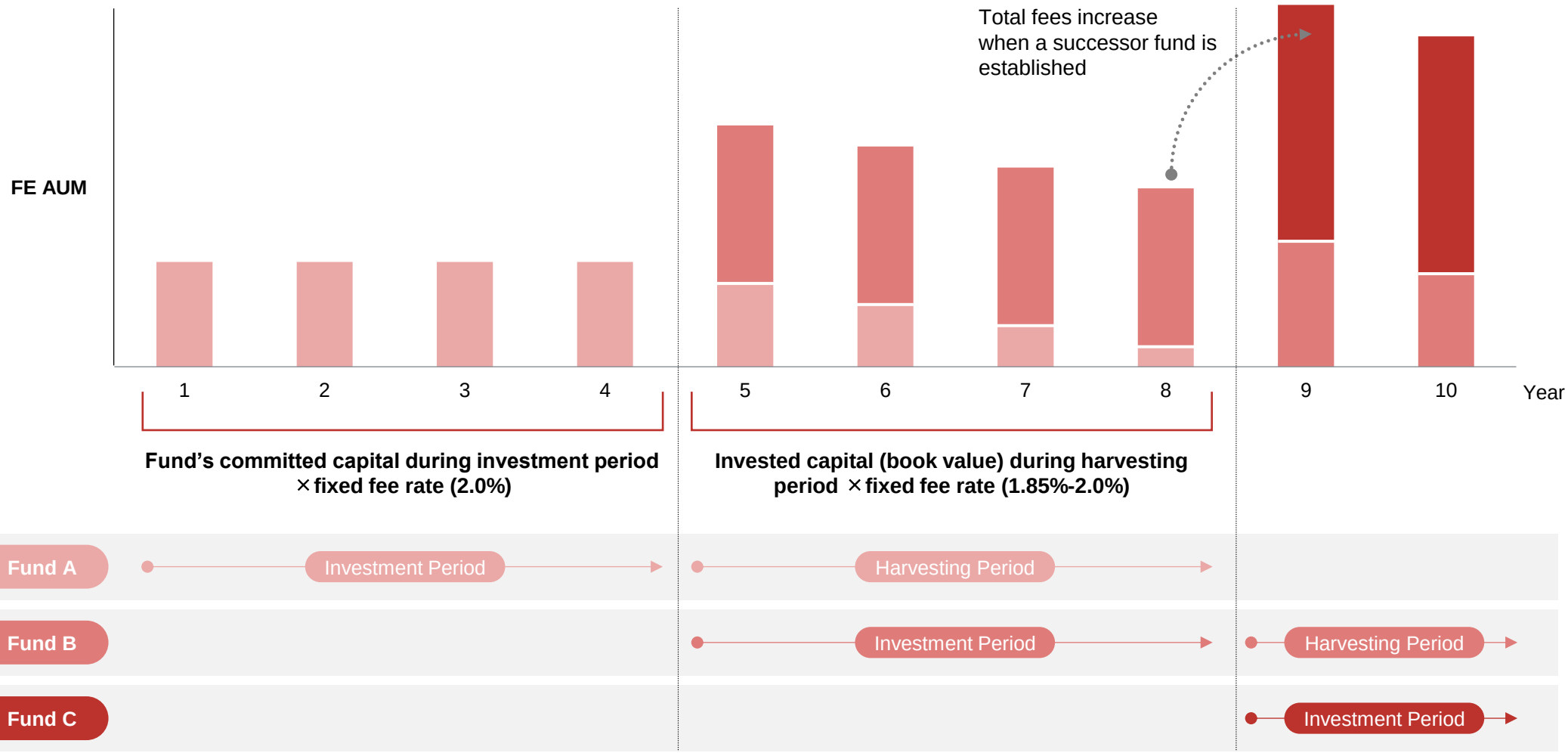
5

Our business model

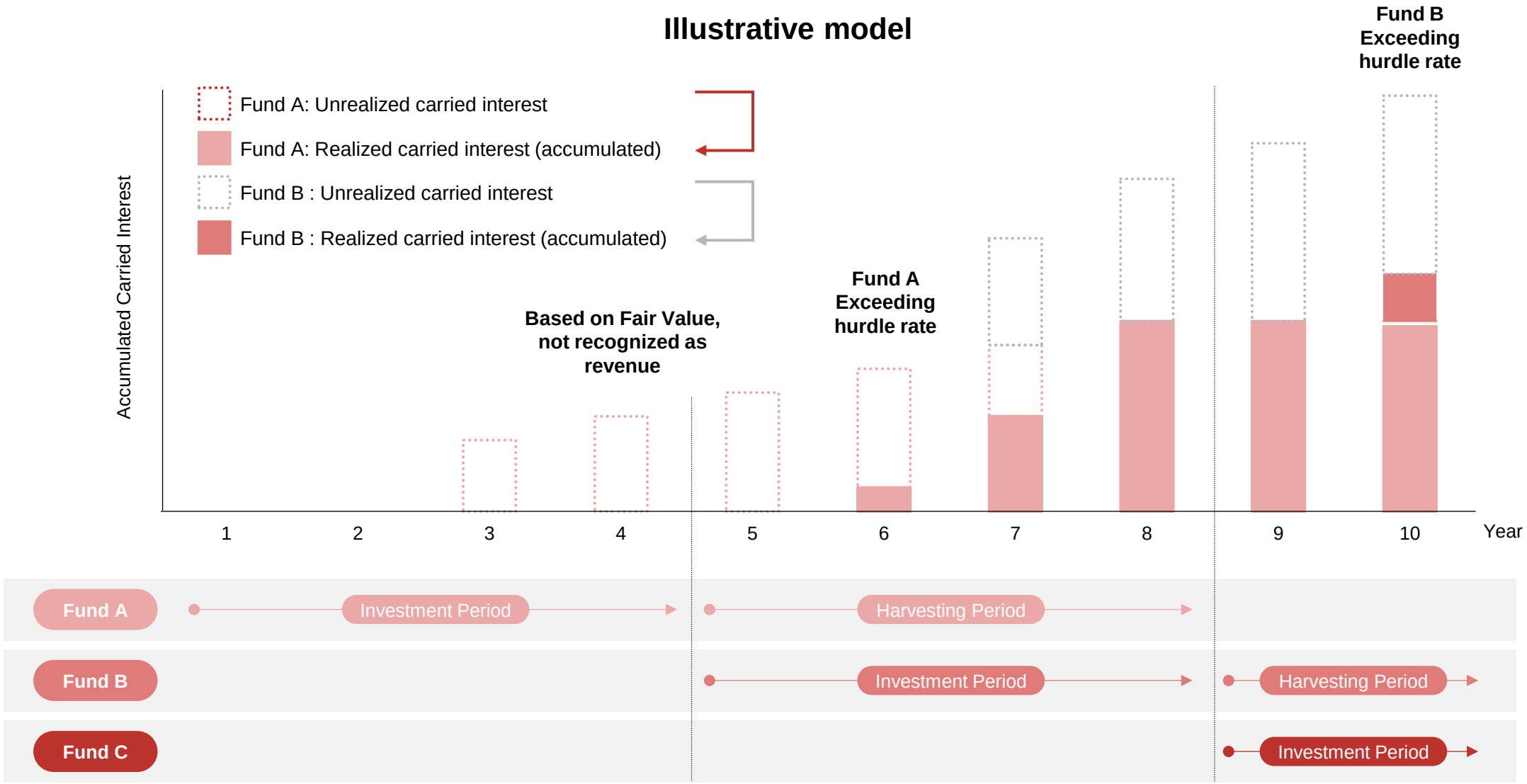
Management fees are the foundation for our value expansion

Illustrative model[1]



1. Assuming that the next fund is established every 4 years and the fund size increases by 1.5 times for each subsequent fund

Carried interest is realized when the cumulative gains exceed the hurdle rate



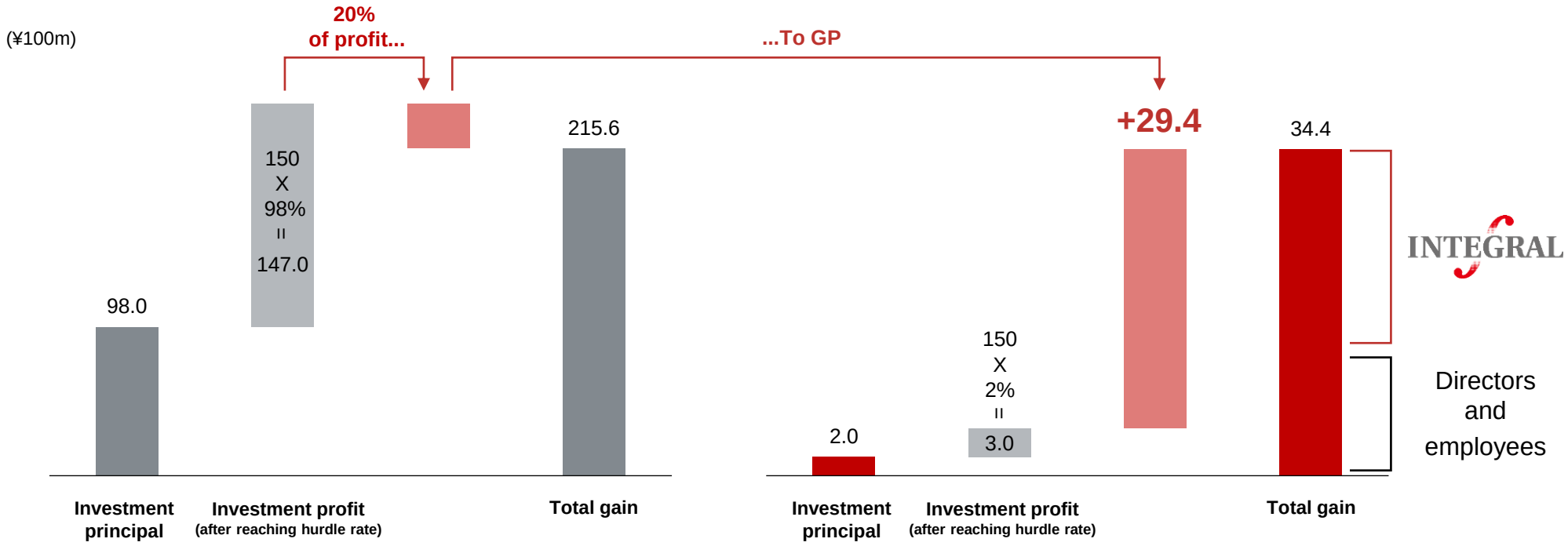
Carried interest brings higher return

Illustrative return model[1]

Assumption	Invested amount (LP+GP)	¥10bn	GP commitment	2%
	Investment period	4 yrs	Hurdle rate	8%
	Investment proceeds	¥25bn	Hurdle return amount	¥3.6bn

LP Return **MOIC[1] 2.2x: IRR[1] 21.8%**

GP Return **MOIC[1] 17.2x: IRR[1] 103.6%**



1. Net MOIC / IRR calculated based on assumptions. Net MOIC / IRR refer to the investment ratio and internal rate of return, respectively, based on the investment proceeds received in the project after deducting various expenses (excluding unrealized carried interest)

Target KPIs

FE AUM growth rate

FE AUM growth rate

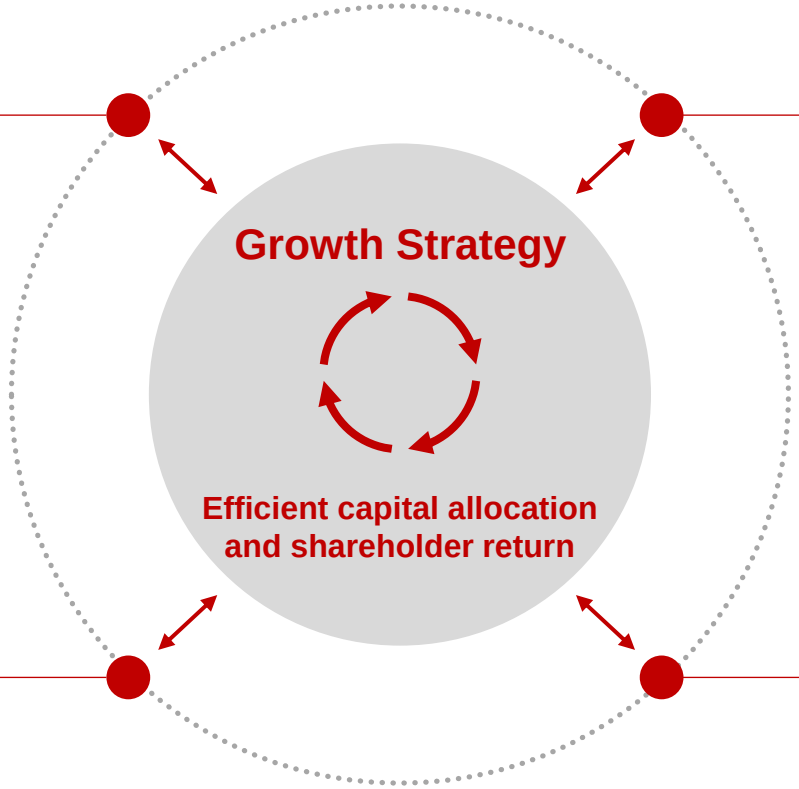
10-20%

Aiming for organic/inorganic

Fee-related revenue margin

30-40%

Maintaining via cost control



Capital efficiency

5yr ROE avg.

c.15%

DOE 2%

Target return of principal investment

MOIC

c. 3.0x

Inducing deal opportunities as well as securing solid financial return

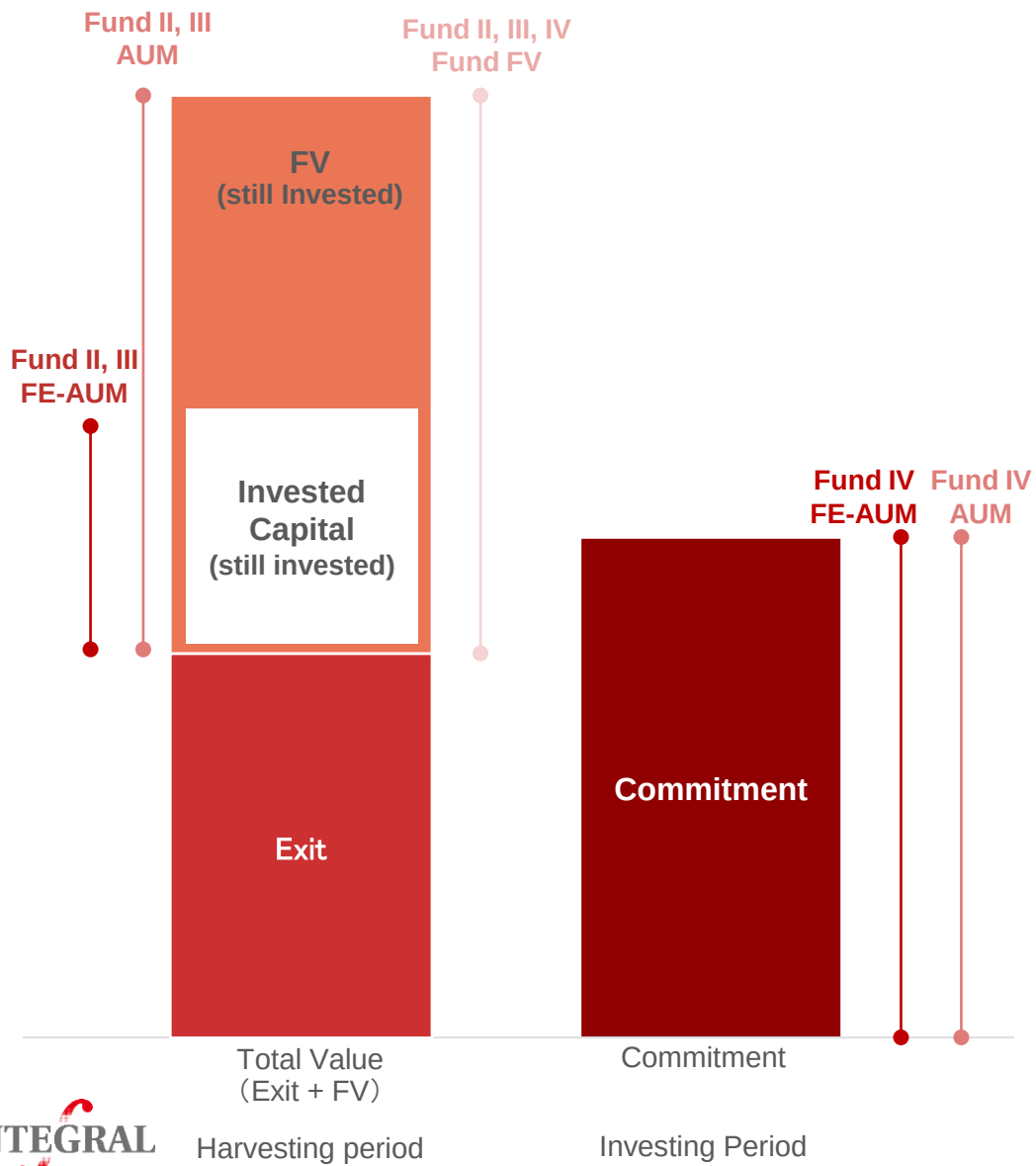
6

Our financials

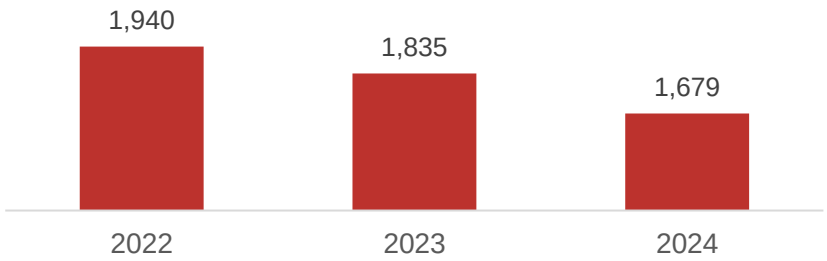
FE-AUM, AUM, and FV

(¥100mn)

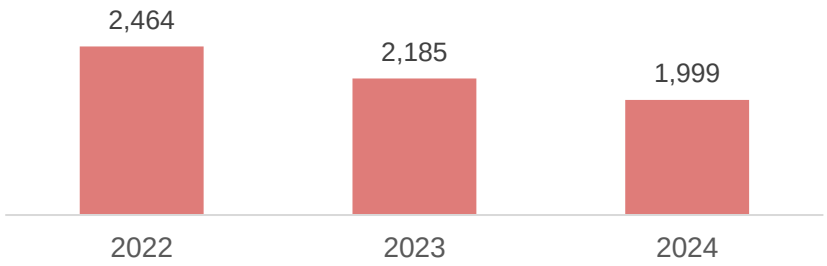
Framework



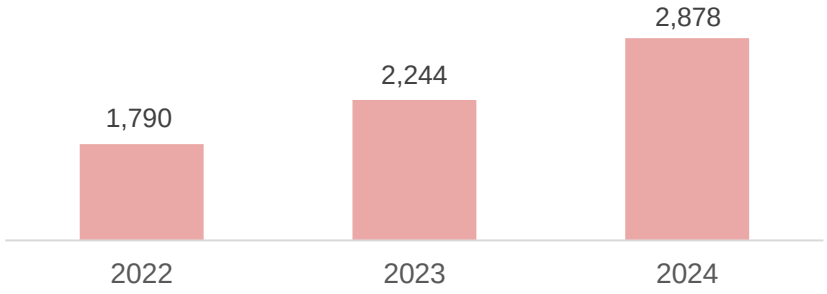
FE-AUM



AUM



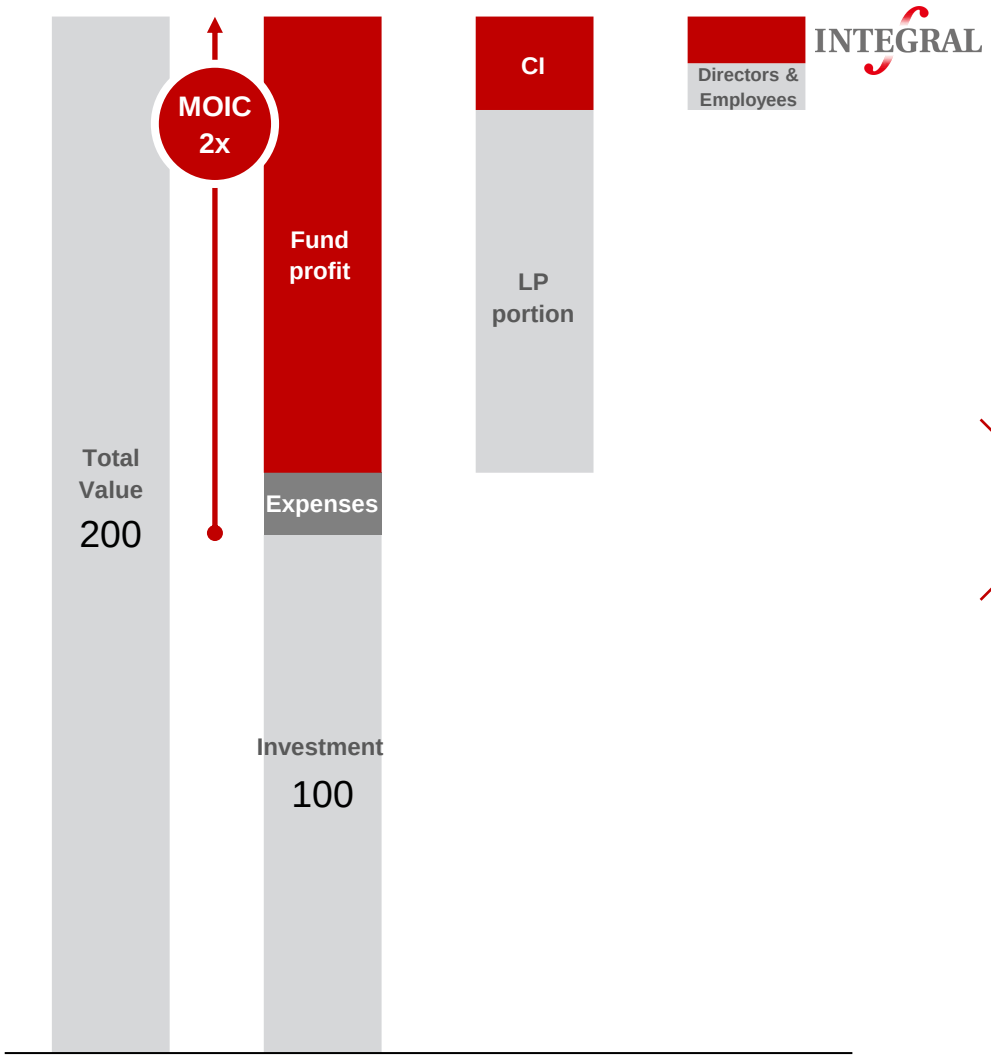
Fund FV



Unrealized CI by Fund Series

(¥100mn)

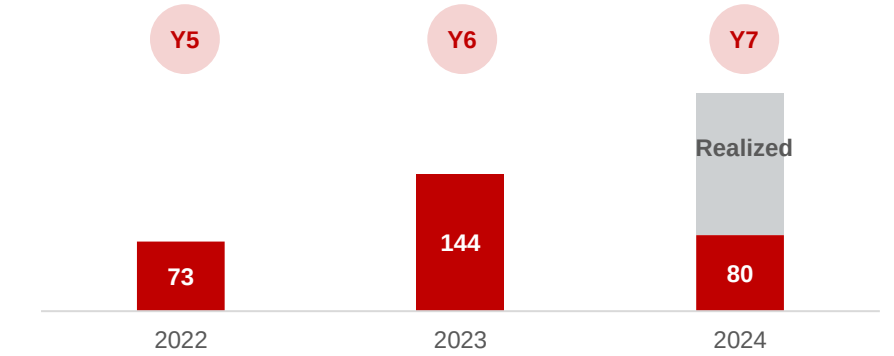
Flamework : MOIC drives CI



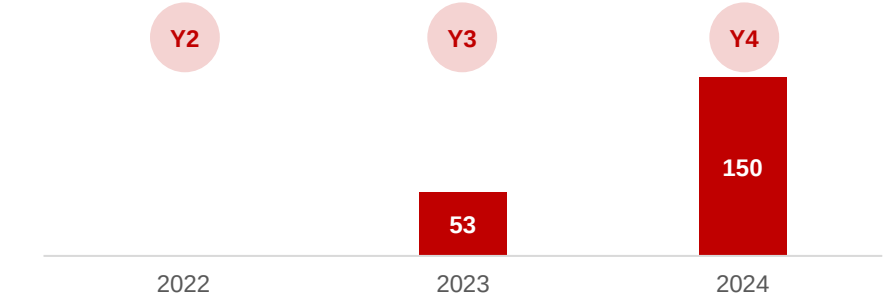
Fund II Series



Fund III Series



Fund IV Series



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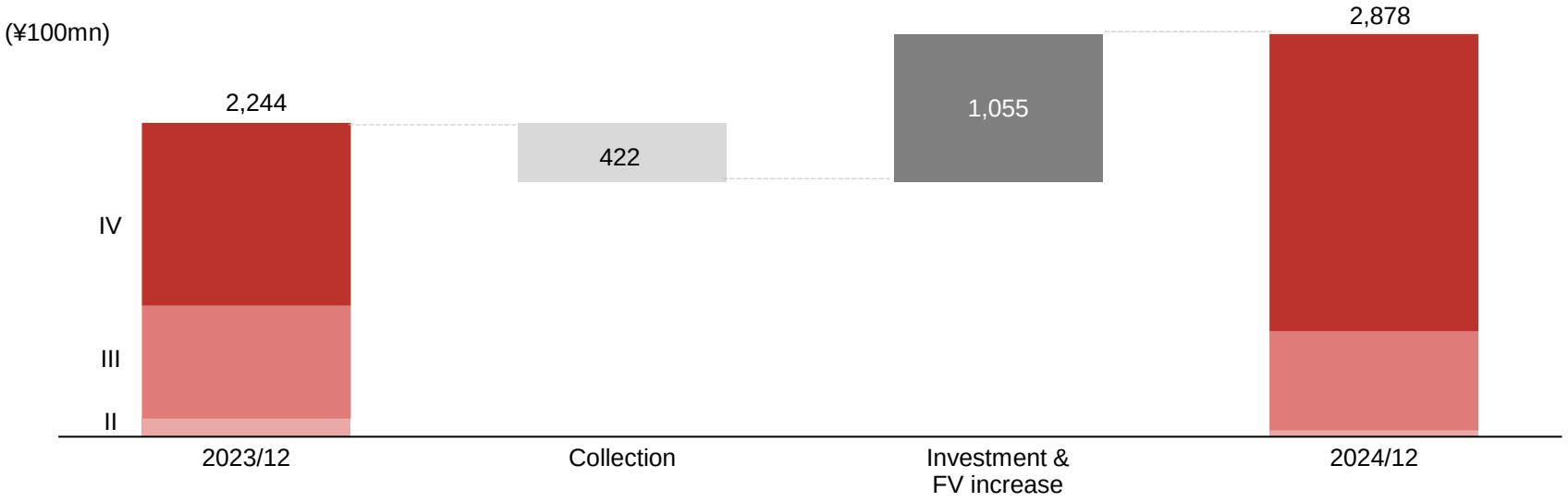
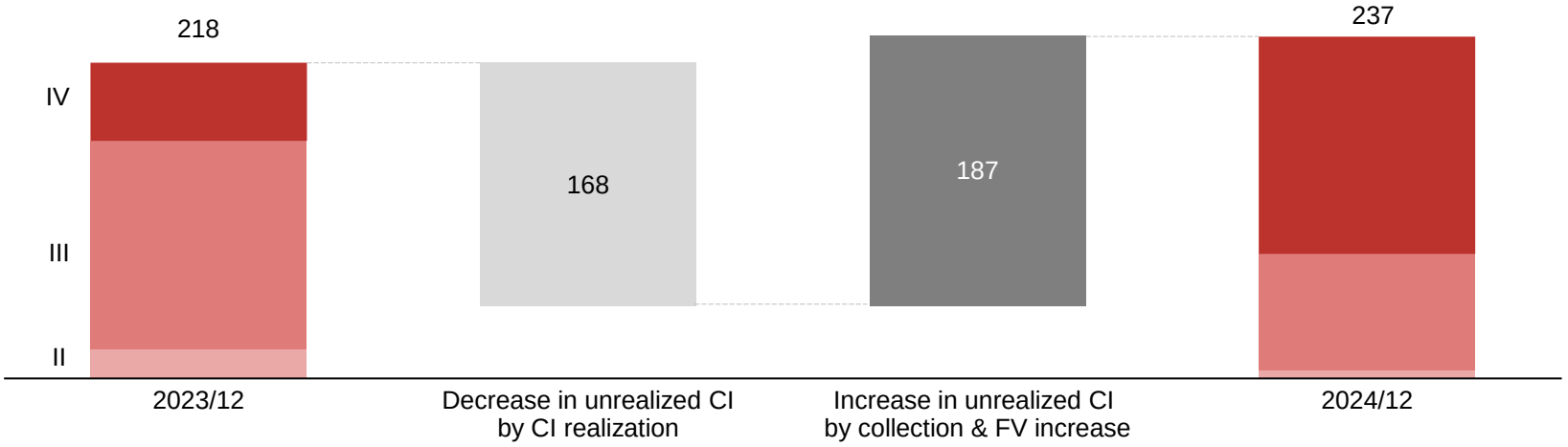
FV and Unrealized CI

Investee's FV in our funds[1] (Fair value)

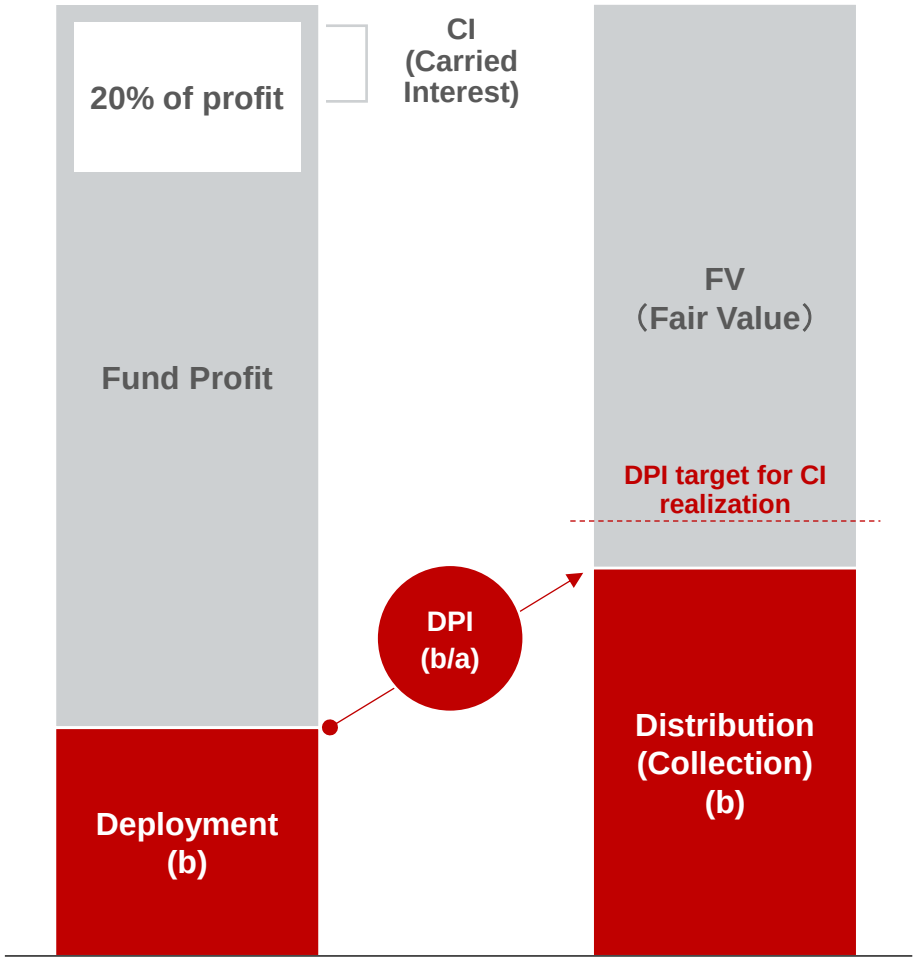


Unrealized CI (Carried Interest)

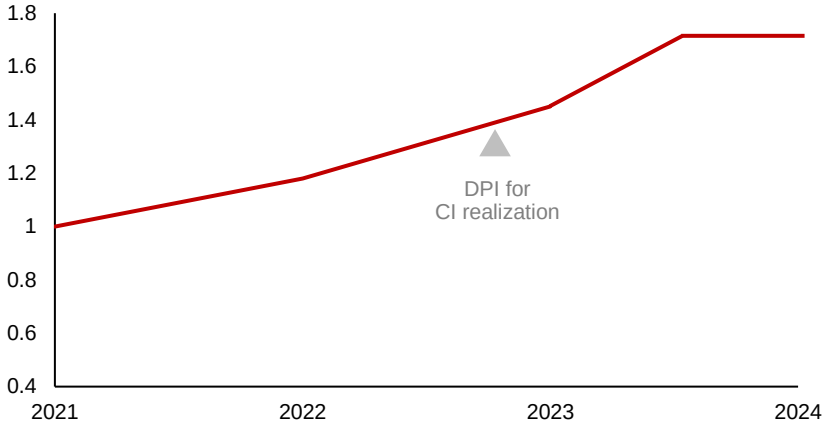


CI is a Leading Indicator

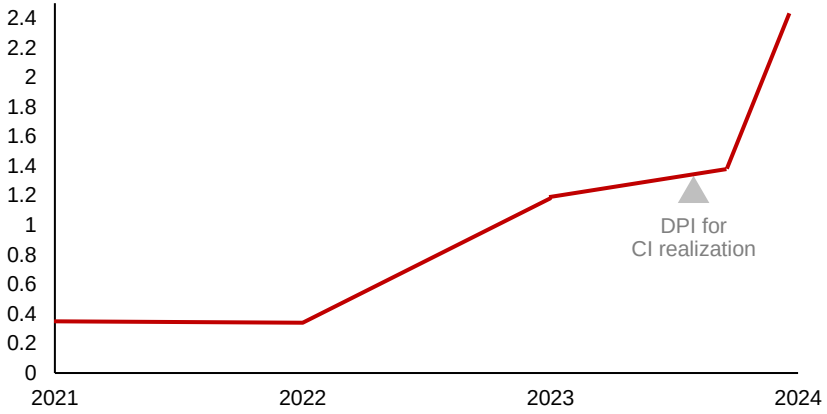
DPI (Distribution to Paid-In Capital) as a leading KPI



Fund II Series[1]



Fund III Series[1,2]

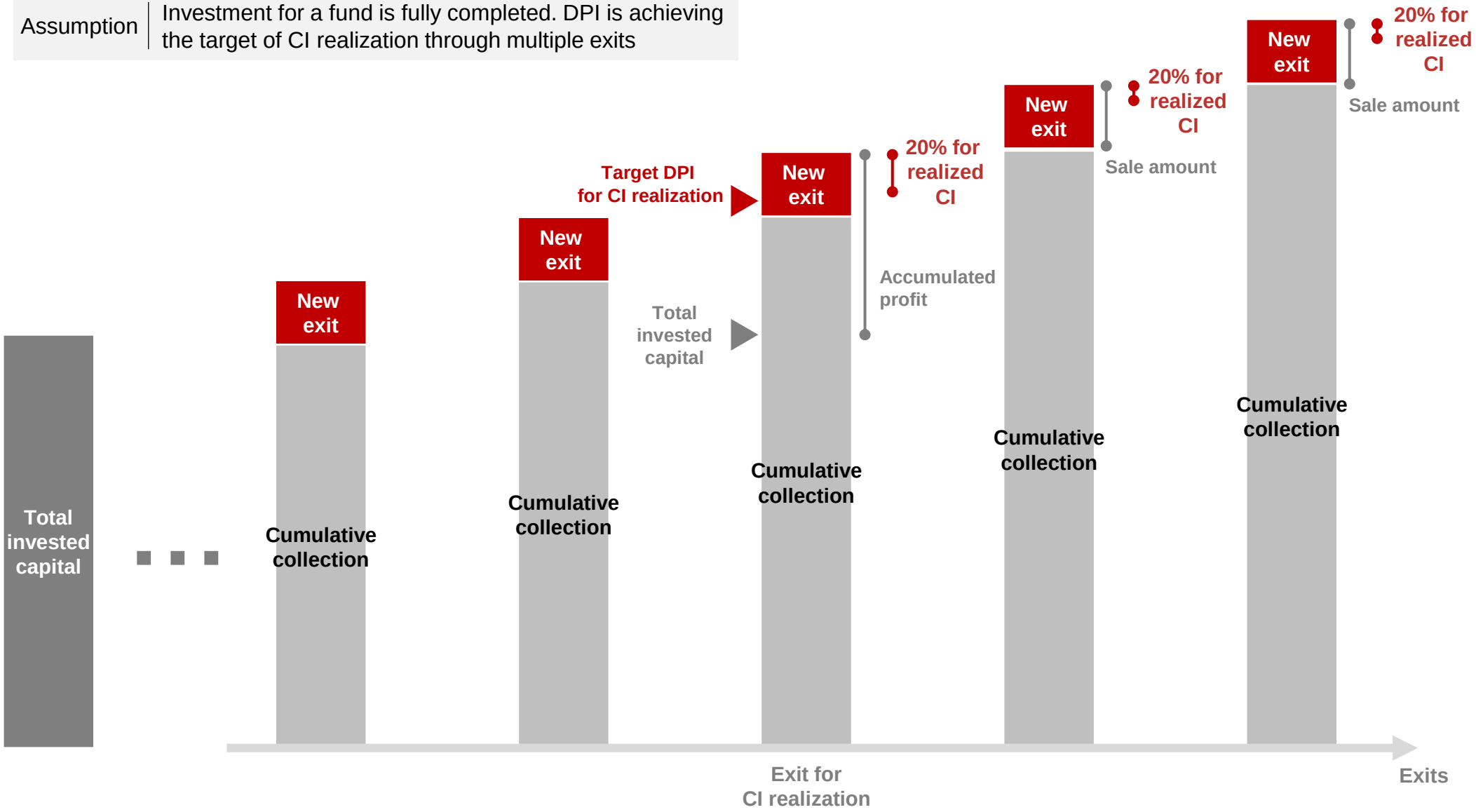


1. DPI before the carried interest that has been already paid.
2. Included the proceeds from the sale of shares of T-Garden as distribution

DPI and CI Realization

Illustrative model

Assumption	Investment for a fund is fully completed. DPI is achieving the target of CI realization through multiple exits



Key Financials

Consolidated Statements of Profit or Loss

(¥mn)

	Dec. 31, 2023	Dec. 31, 2024
Realized profits / (losses) on disposal of investments	1,045	1,200
Fair value movements on investment portfolio	2,182	2,219
Fair value movements on subsidiaries measured at fair value	3,605	7,187
Other investment income	36	26
Gross investment return	**6,870**	**10,633**
Fund management fees	3,755	3,494
Carried interest	3,254	16,849
Management support fees	197	250
Other operating income	5	2
Revenue	**14,082**	**31,230**
Personnel expenses	1,968	2,731
Other SG&A expenses	1,118	2,480
Operating expense	**3,087**	**5,212**
Operating income（loss）	**10,994**	**26,017**
Finance income	6	225
Finance costs	81	257
Profit（loss）before income taxes	**10,919**	**25,985**
Income taxes	3,345	7,879
Profit（loss）for the year	**7,574**	**18,105**

Key Financials

Consolidated Statements of Financial Position

(¥mn)

	Dec. 31, 2023	Dec. 31, 2024
Assets		
Current assets		
Cash and cash equivalents	18,922	22,137
Trade and other receivables	206	10,779
Income taxes receivable	0	1
Loans	35	—
Other current financial assets	15	1
Other current assets	49	149
Total current assets	19,229	33,070
Non-current assets		
Total investments	36,404	42,730
Investment portfolio	8,468	7,534
Investments in subsidiaries measured at fair value	27,936	35,196
Property, plant and equipment	208	178
Right-of-use assets	255	420
Intangible assets	3	1
Loans	—	2,387
Other non-current financial assets	194	260
Other non-current assets	0	—
Total non-current assets	37,066	45,979
Total assets	**56,296**	**79,050**

	Dec. 31, 2023	Dec. 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	781	897
Income taxes payable	1,477	4,612
Consumption taxes payable	36	29
Advances received	615	1,406
Loans	780	759
Loans from subsidiaries measured at fair value	3,500	—
Lease liabilities	141	111
Provision for bonuses	66	258
Other current liabilities	119	119
Total current liabilities	7,519	8,195
Non-current liabilities		
Loans	759	2,389
Lease liabilities	35	153
Asset retirement obligations	114	212
Deferred tax liabilities	8,003	10,465
Total non-current labilities	8,912	13,220
Total liabilities	**16,432**	**21,415**
Equity		
Share capital	7,634	7,634
Capital surplus	6,371	6,421
Retained earnings	25,866	43,574
Share acquisition rights	0	0
Treasury stock	(9)	(6)
Equity attributable to owners of parent	39,864	57,624
Non-controlling interests	—	9
Total equity	**39,864**	**57,634**
Total liabilities and equity	**56,296**	**79,050**

Key Financials

Consolidated Statements of Financial Position

(¥mn)

	Dec. 31, 2023	Dec. 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	10,919	25,985
Depreciation and amortization	185	205
Share-based payment expenses	0	0
Interest and dividend income	(37)	(251)
Interest expenses	81	255
Increase (decrease) in provision	66	191
Decrease (increase) in trade and other receivables	118	(10,573)
Decrease (increase) in investment portfolio	(684)	933
Decrease (increase) in investments in subsidiaries measured at fair value	(4,326)	(7,259)
Decrease (increase) in loans	(35)	(2,220)
Decrease (increase) in other current financial assets	(44)	37
Decrease (increase) in other assets	7	(6)
Increase (decrease) in consumption taxes payable	258	56
Increase (decrease) in consumption taxes payable	(37)	(7)
Increase (decrease) in advances received	(390)	791
Increase (decrease) in other liabilities	18	(0)
Others	(2)	(0)
Subtotal	6,099	8,138
Interest and dividends received	38	27
Interest paid	(93)	(63)
Income taxes paid	(417)	(2,284)
Cash flows from operating activities	**5,626**	**5,818**

(¥mn)

	Dec. 31, 2023	Dec. 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(5)	(11)
Purchase of intangible assets	—	(91)
Cash flows from investing activities	**(5)**	**(102)**

(¥mn)

	Dec. 31, 2023	Dec. 31, 2024
Cash flows from financing activities		
Proceeds from loans from subsidiaries measured at fair value	2,550	—
Repayment of loans from subsidiaries measured at fair value	(3,400)	(3,500)
Proceeds from loans	—	2,255
Repayments of loans	(800)	(780)
Repayments of lease liabilities	(140)	(141)
Proceeds from issuance of shares	13,113	—
Payments for issuance of shares	(329)	—
Proceeds from sale of treasury stock	0	52
Purchase of treasury stock	—	(0)
Dividends paid	—	(398)
Capital contribution from non-controlling interests	—	10
Cash flows from financing activities	**10,992**	**(2,501)**

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