

M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Three Months Ended December 2019

Aiming to be the world's leading
investment bank seeking maximum
contributions to clients and the
happiness of all employees



January 30, 2020

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***I* Company Overview and Strengths of the Company**

Trade Name	M&A Capital Partners Co., Ltd.
Listed Market	Tokyo Stock Exchange First Section (Securities Code: 6080) 
Address	38F, Gran Tokyo North Tower, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo
Business Content	M&A-related services
Representative	Satoru Nakamura, President and Representative Director
Established	October 2005
Capital	2,503 million yen (as of December 31, 2018)
Employees	Consolidated: 172 Non-consolidated: 102 (as of December 31, 2019)
Affiliates	RECOF Corporation, RECOF DATA Corporation
Management Philosophy	Aiming to be the world's leading investment bank seeking maximum contributions to clients and the happiness of all employees

Business Content

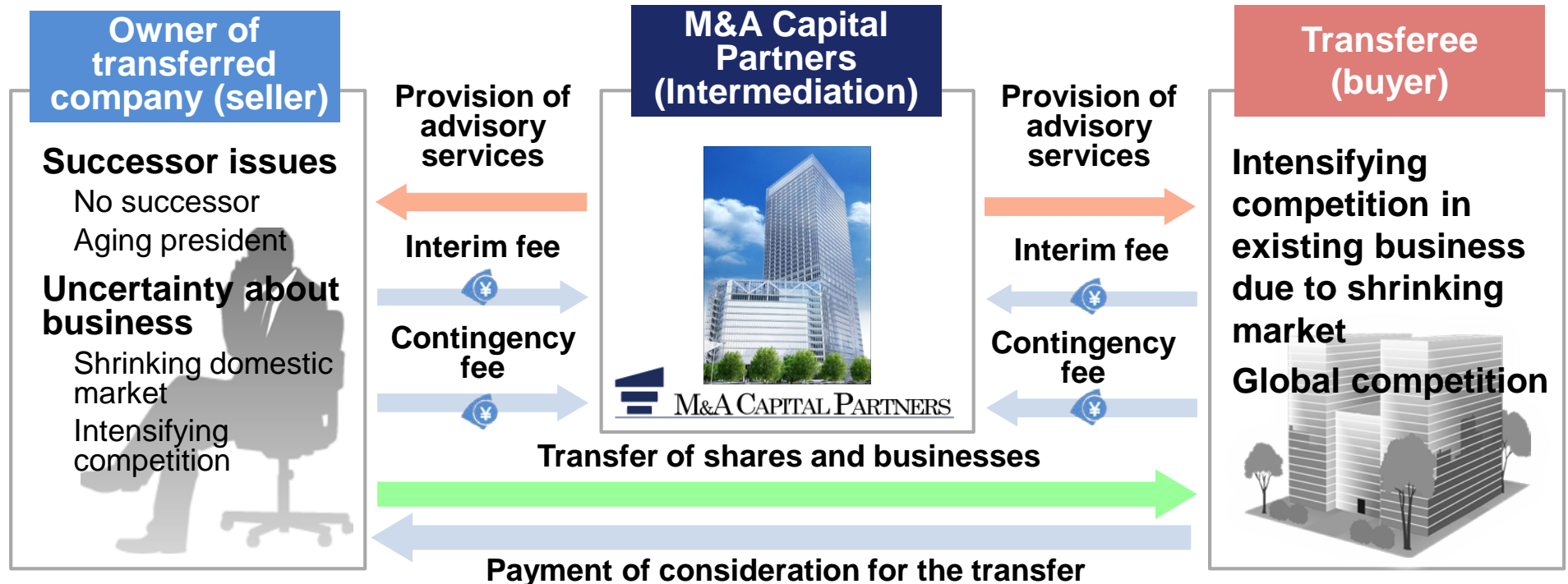
M&A-related services are our main business.

Characteristics

Mainly **business succession M&A**. We propose solutions through M&A and support their realization for owner managers who have concerns about business succession or are considering liquidation.

Business Model

We provide advisory services for the realization of M&A standing between the transferor (seller) and the transferee (buyer) from an independent and impartial position.



We aim to make the greatest contribution to clients by creating M&A deals with abundant information and an expansive network, and solving problems with the know-how we have accumulated.



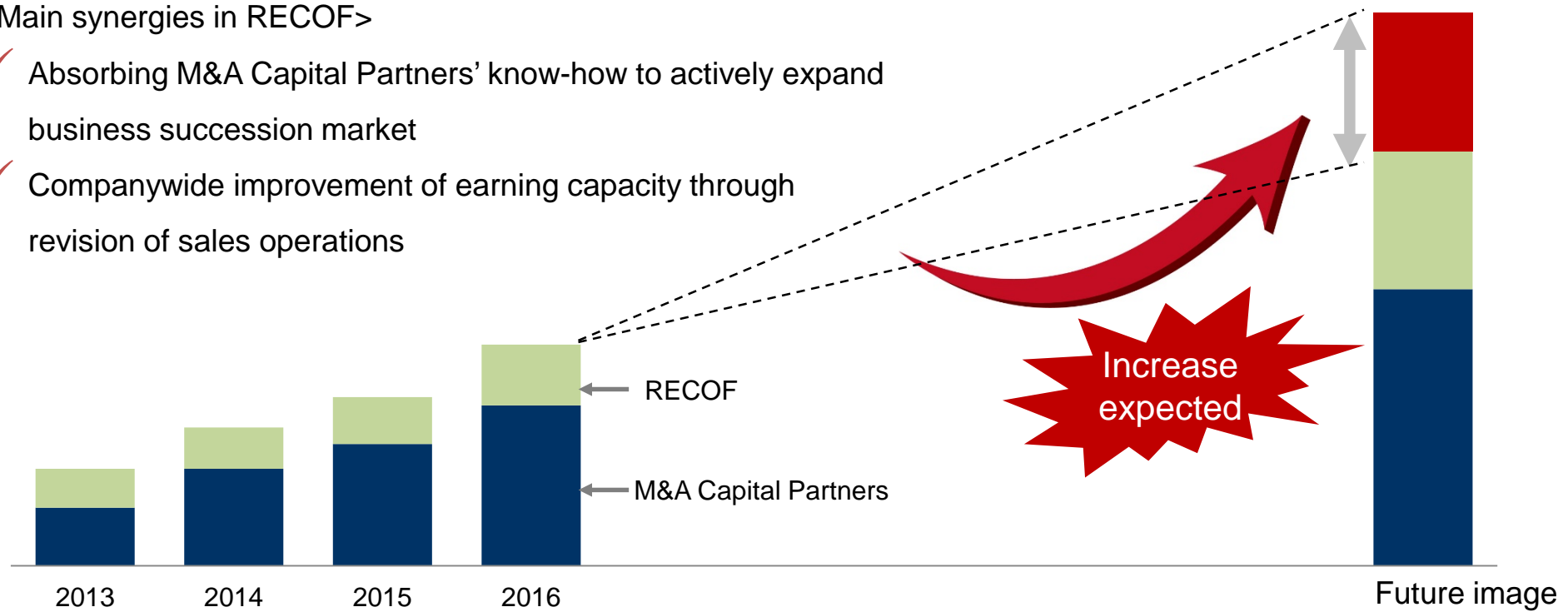
Creation of a new organization and expansion of business areas for the sustainable growth of the Group

<Main synergies in M&A Capital Partners>

- ✓ Enhancement of matching utilizing the strong relations with clients built through reorganization of the industry
- ✓ Decrease in missed deals by improving ability to respond to complex schemes

<Main synergies in RECOF>

- ✓ Absorbing M&A Capital Partners' know-how to actively expand business succession market
- ✓ Companywide improvement of earning capacity through revision of sales operations





Fee structure that is convincing for clients

(1) Contingency fee-based fee structure (No commencement fee or monthly fee)

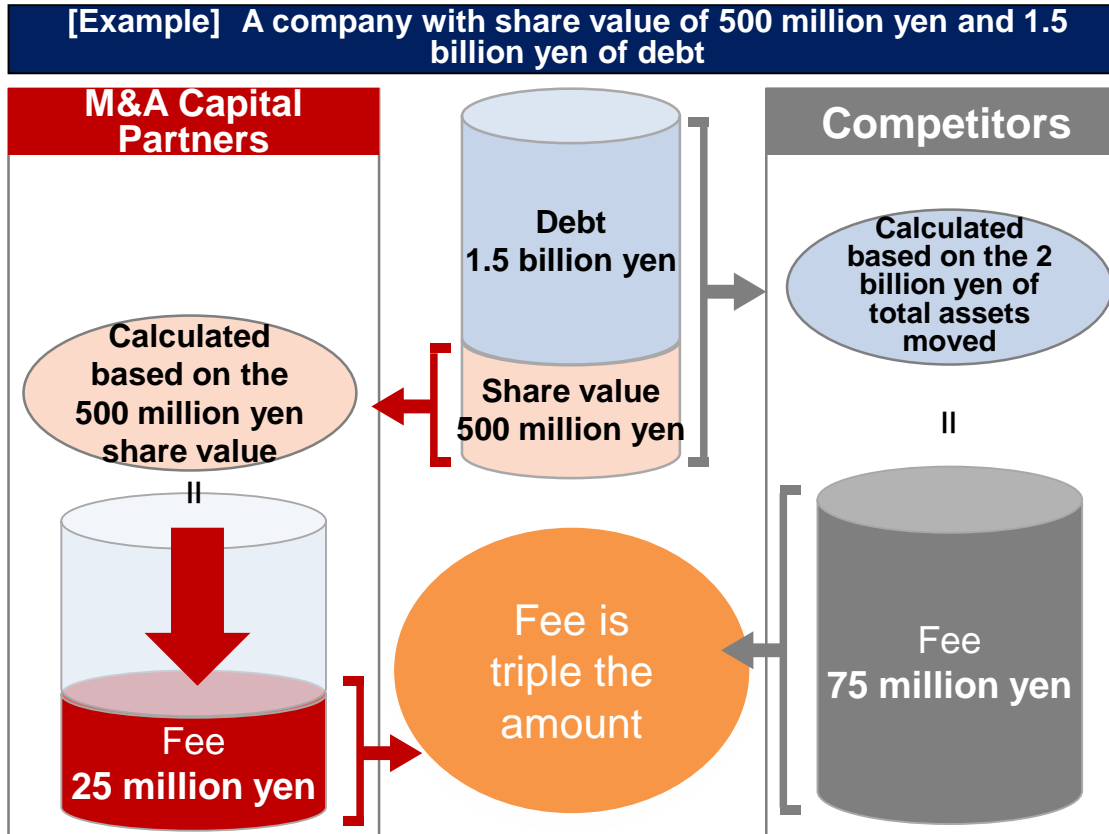
Fee schedule in which clients **do not bear expenses** until the conclusion of a Memorandum of Understanding

Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

Fee structure that is convincing for clients

(2) Use of fee based on share price

- Fees of an M&A intermediary company generally use the Lehman Formula (calculated by multiplying the transaction amount by a certain rate)
- The company's calculations of fees are **based on the share value**. This is more convincing that being based on the moving average of total assets



Fee Structure (Lehman Formula)

The general Lehman Formula rates used by major financial institutions.

Transaction amount	Commission rate
Up to 500 million yen	5%
500 million yen up to 1 billion yen	4%
1 billion yen up to 5 billion yen	3%
5 billion yen up to 10 billion yen	2%
Over 10 billion yen	1%

e.g.) Calculation of fee when the transaction amount is 2 billion yen

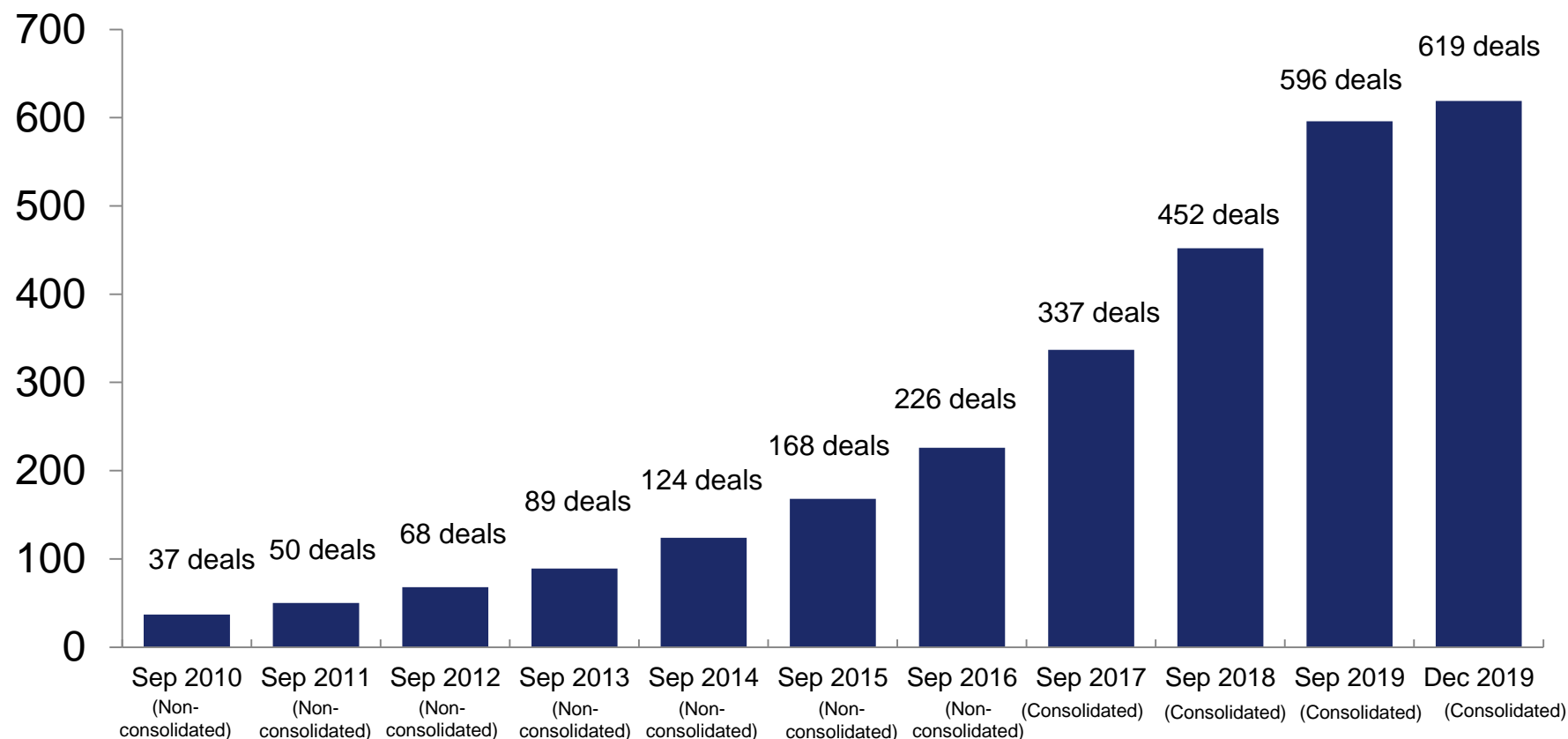
$$\begin{aligned}
 & 500 \text{ million yen} \times 5\% = 25 \text{ million yen} \\
 & + (1 \text{ billion yen} - 500 \text{ million yen}) \times 4\% = 20 \text{ million yen} \\
 & + (2 \text{ billion yen} - 1 \text{ billion yen}) \times 3\% = 30 \text{ million yen} \\
 & \underline{\hspace{10em}} \\
 & 75 \text{ million yen}
 \end{aligned}$$



Stable Results Making Deals

M&A Capital Partners has produced stable results making deals by **focusing on "business succession M&A proposals and advice"** for small and medium enterprises using share transfers or business transfers. Through the business integration with RECOF Corporation and RECOF DATA Corporation, we will promote M&As to solve challenges like business succession, growth strategies, and industry reorganization, and will strive to become a diversified M&A group that caters to various needs.

Cumulative Number of Deals Made

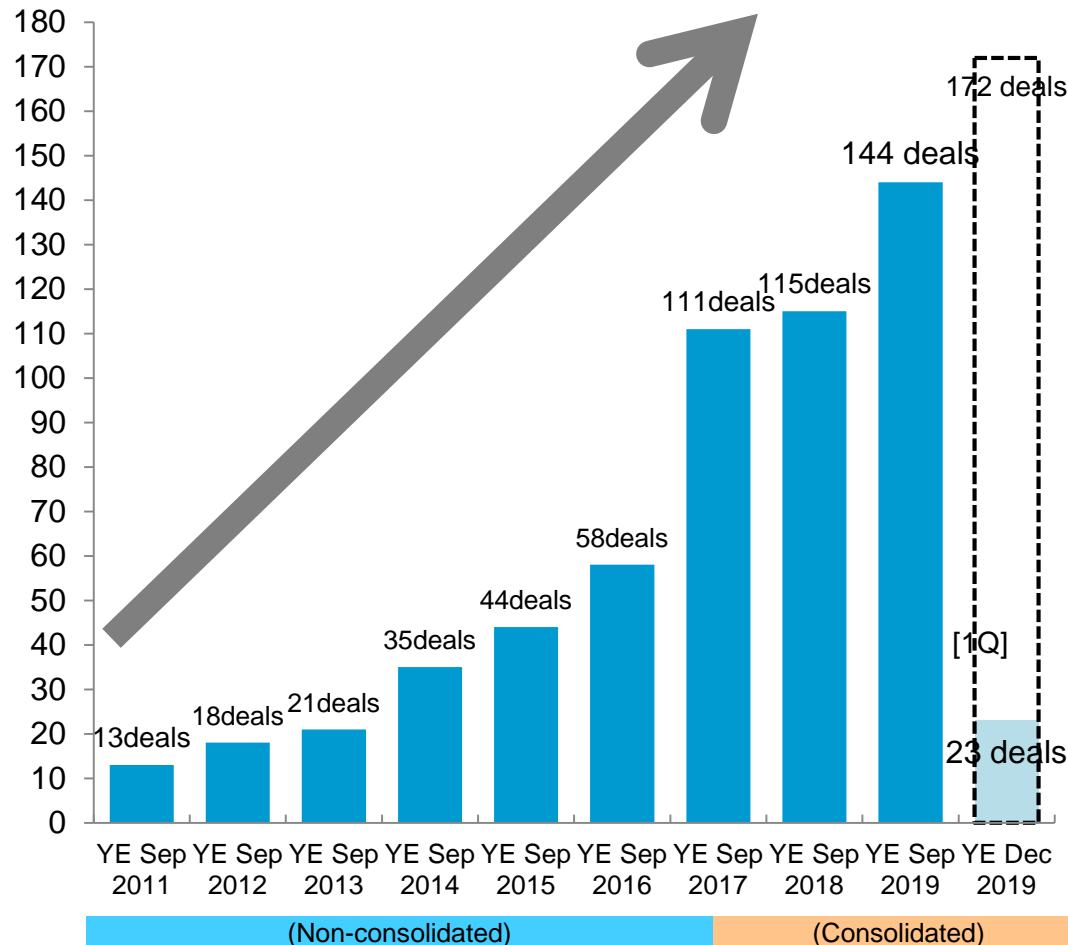


***II* Results for the Three Months Ended December 2019 and Forecast for the Year Ending September 2020**

Number of Deals Made

	1Q	Forecast for the year	Progress for Entire Year
Number of deals (consolidated)	23	172	13.4%

Number of Deals Made



- **-20.7% Year-on-year**
- **Decreased year-on-year on a non-consolidated basis, dipping for the quarter.**

[Non-consolidated]

M&A Capital Partners 19deals
(-29.6% year-on-year)

RECOF 4deals
(100.0% year-on-year)

- **Meanwhile, the number of deals handled (non-consolidated) increased significantly to a record level of 274 (+22.3% year-on-year), and large deals are also progressing well.**

- **We expect to be able to catch up from 2Q to achieve the results forecast for the full year.**

Earnings for the Three Months Ended December 2019 (Consolidated)

Net sales	1,295 million yen	(-66.7%	year-on-year)
Ordinary income	115 million yen	(-94.1%	year-on-year)
Number of deals	23 deals	(-20.7%	year-on-year)
Number of consultants	128	(+16	year-on-year)

- Results for the group as a whole fell significantly short of the same period of the previous year because the number of deals closed decreased year-on-year and the number of large deals decreased from nine to one.

- 1 large deal closed (-88.9% year-on-year)

- Meanwhile, advances received, which is a reference indicator for back orders, accumulated steadily to a record level of 466 million yen (+57.2% year-on-year).

- We expect to be able to catch up from 2Q to achieve the results forecast for the full year.

Earnings for the Three Months Ended December 2019 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	1,038 million yen	-69.8%	204 million yen	-50.5%
Ordinary income	263 million yen	-86.2%	-101 million yen	-
Number of deals	19	-29.6%	4	100.0%
Number of consultants	84	+16	44	+0

- Results fell significantly short of the same period of the previous year because the number of deals closed decreased year-on-year and the number of large deals decreased from seven to one.
- 1 large deals closed

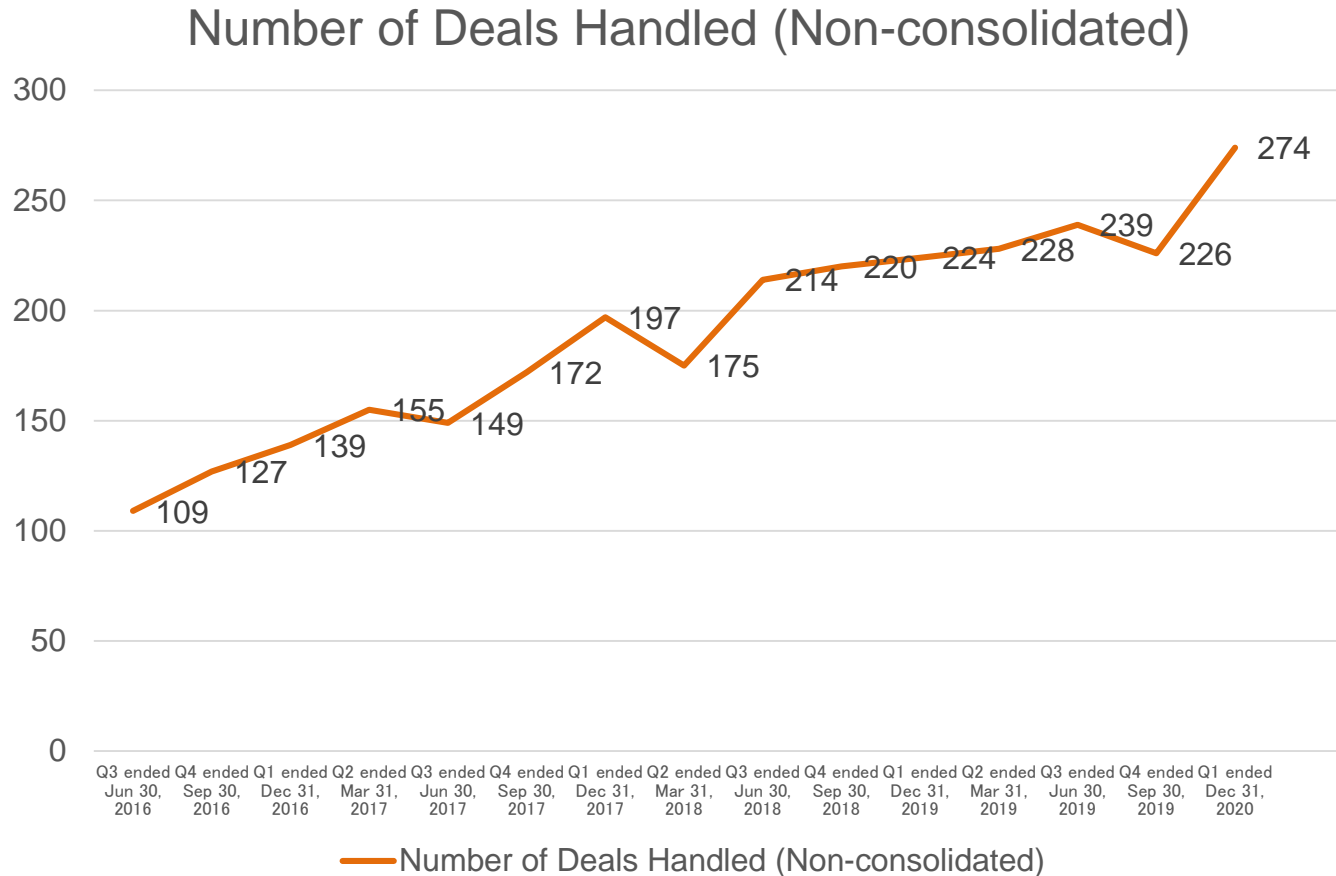
- Results fell significantly short of the same period of the previous year because the number of large deals decreased from two to zero.
- 0 large deal closed

* Because non-consolidated information is shown, consolidated amortization of goodwill (56 million yen) due to business integration is not included.

* The figures for RECOF DATA Corporation have been omitted because the amount is small.



Number of Deals Handled (Non-consolidated)



- The number of deals handled (non-consolidated) increased significantly to a record level of 274 (+22.3% year-on-year), and large deals are also progressing well.

Changes in Earnings

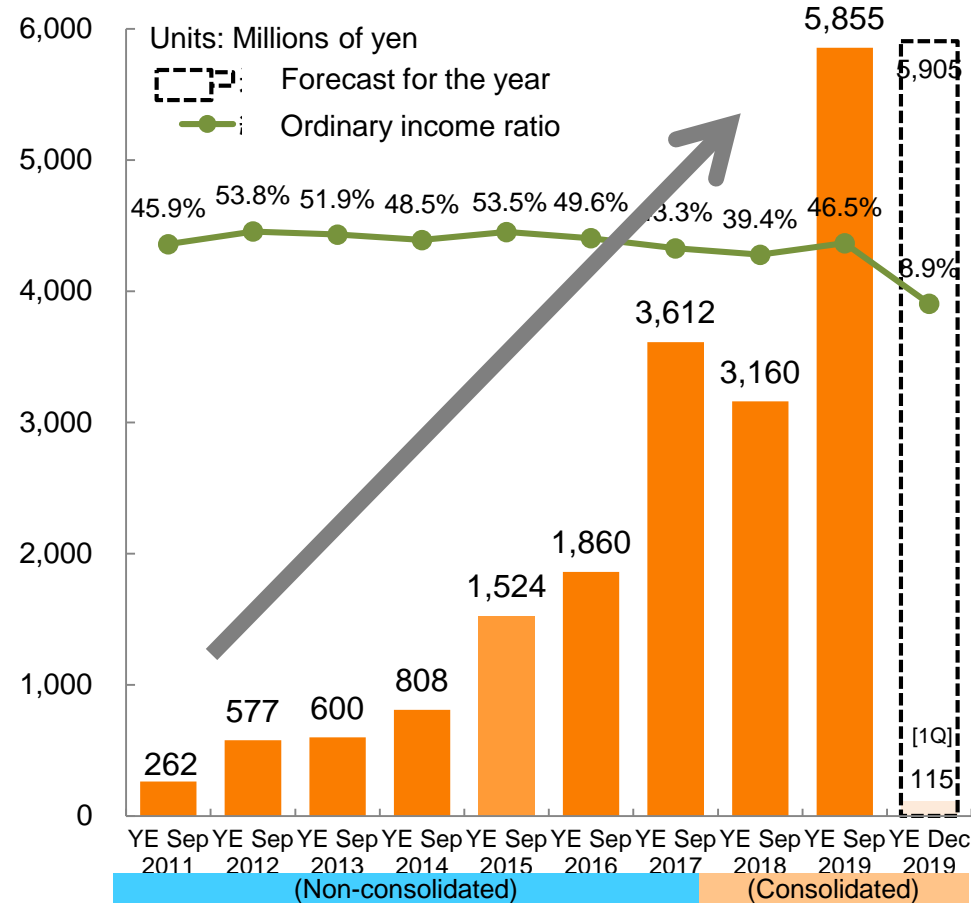
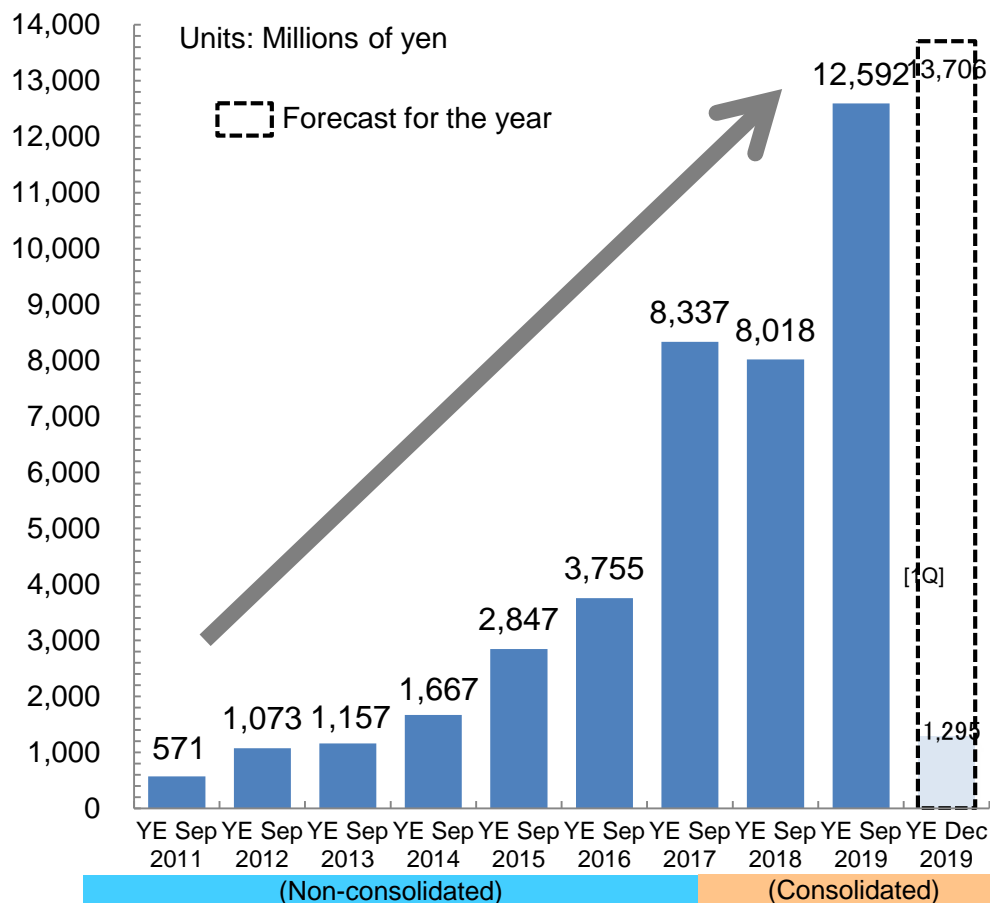


Units: Millions of yen

(consolidated)	1Q	Forecast for the year	Progress for Entire Year
Net sales	1,295	13,706	9.5%
Ordinary income	115	5,905	1.9%

Net sales

Ordinary income



- In the previous fiscal year, net sales had **increased more than tenfold over the six years** since the year of application for listing (year ended September 30, 2013).

Overview of Statements of Income (Consolidated)



(Units: millions of ven, second line is composition ratio)

	Three Months Ended Dec 2018	Three Months Ended Dec 2019		Forecast for the Year Ending September 2020	
			Year-on-year Change		Overview of Performance
Net sales	3,886 (100.0%)	1,295 (100.0%)	-66.7%	<ul style="list-style-type: none"> 1 large deals closed 	13,706 (100.0%)
Gross profit	2,666 (68.6%)	715 (55.2%)	-73.2%	<ul style="list-style-type: none"> Impact of reduced revenue 	
SG&A	707 (18.2%)	600 (46.4%)	-15.1%	<ul style="list-style-type: none"> Advertising expenses +53 Provision for bonuses for directors (and other officers) -162 	
Operating income	1,958 (50.4%)	114 (8.8%)	-94.2%	<ul style="list-style-type: none"> Impact of reduced revenue 	5,900 (43.0%)
Ordinary income	1,959 (50.4%)	115 (8.9%)	-94.1%		5,905 (43.1%)
Net income	1,334 (34.3%)	13 (1.1%)	-99.0%		4,054 (29.6%)
Number of deals made	29	23	-20.7%	<ul style="list-style-type: none"> Dipped for the quarter on a non-consolidated basis 	172
Employees	148	172	+16.2%		

Overview of Balance Sheets (Consolidated)

(Units: millions of yen, second line is composition ratio)

	September 30, 2019		December 31, 2019	
			Change	Main Factors Causing Change
Current assets	18,627 (88.1%)	16,150 (87.3%)	-2,477	<ul style="list-style-type: none"> ▪ Cash and deposits: -2,043
Noncurrent assets	2,504 (11.9%)	2,355 (12.7%)	-148	<ul style="list-style-type: none"> ▪ Deferred tax assets -87 ▪ Goodwill: -48 (Amortization of goodwill)
Total assets	21,131 (100.0%)	18,506 (100.0%)	-2,625	
Current liabilities	3,714 (17.6%)	1,051 (5.7%)	-2,662	<ul style="list-style-type: none"> ▪ Income taxes payable -1,762 ▪ Accounts payable - other -754
Noncurrent liabilities	212 (1.0%)	230 (1.2%)	+18	
Total liabilities	3,926 (18.6%)	1,281 (6.9%)	-2,644	
Total net assets	17,205 (81.4%)	17,224 (93.1%)	+19	
Total liabilities and net assets	21,131 (100.0%)	18,506 (100.0%)	-2,625	

Market Capitalization

Units: 100 million yen

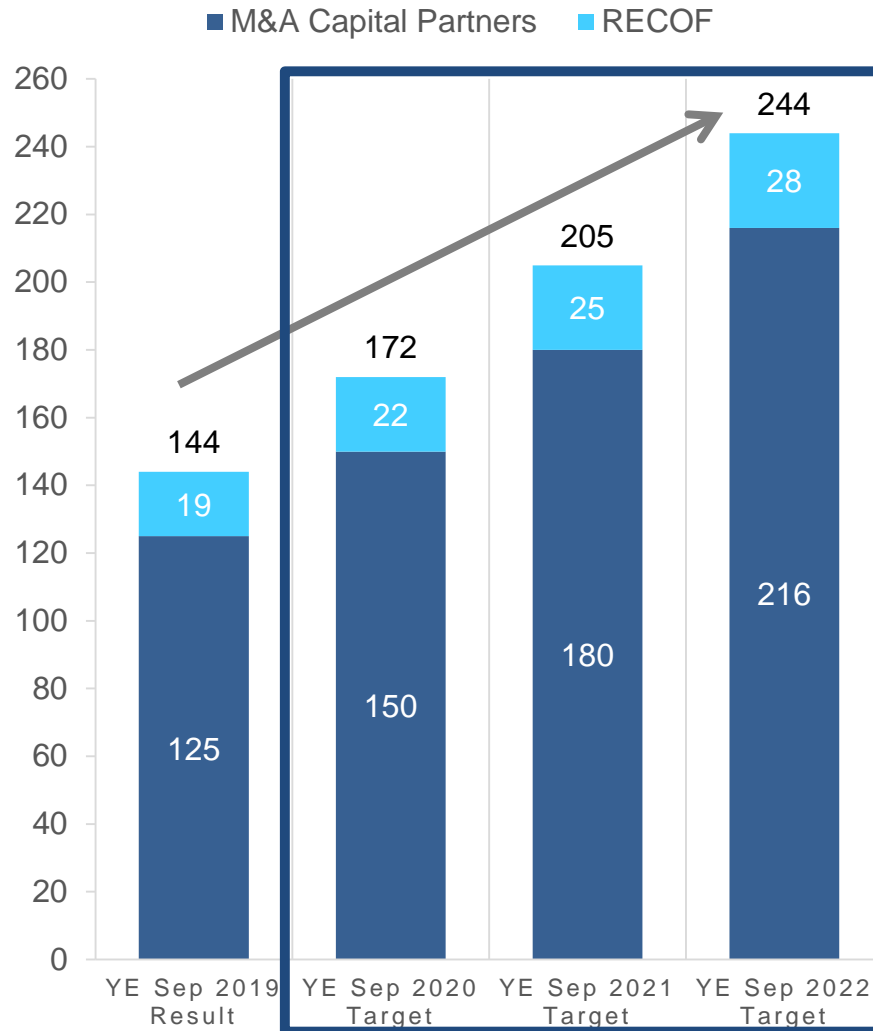


- **Market capitalization has increased approximately eightfold over the six years since listing (November 2013).**

IV Growth Strategy

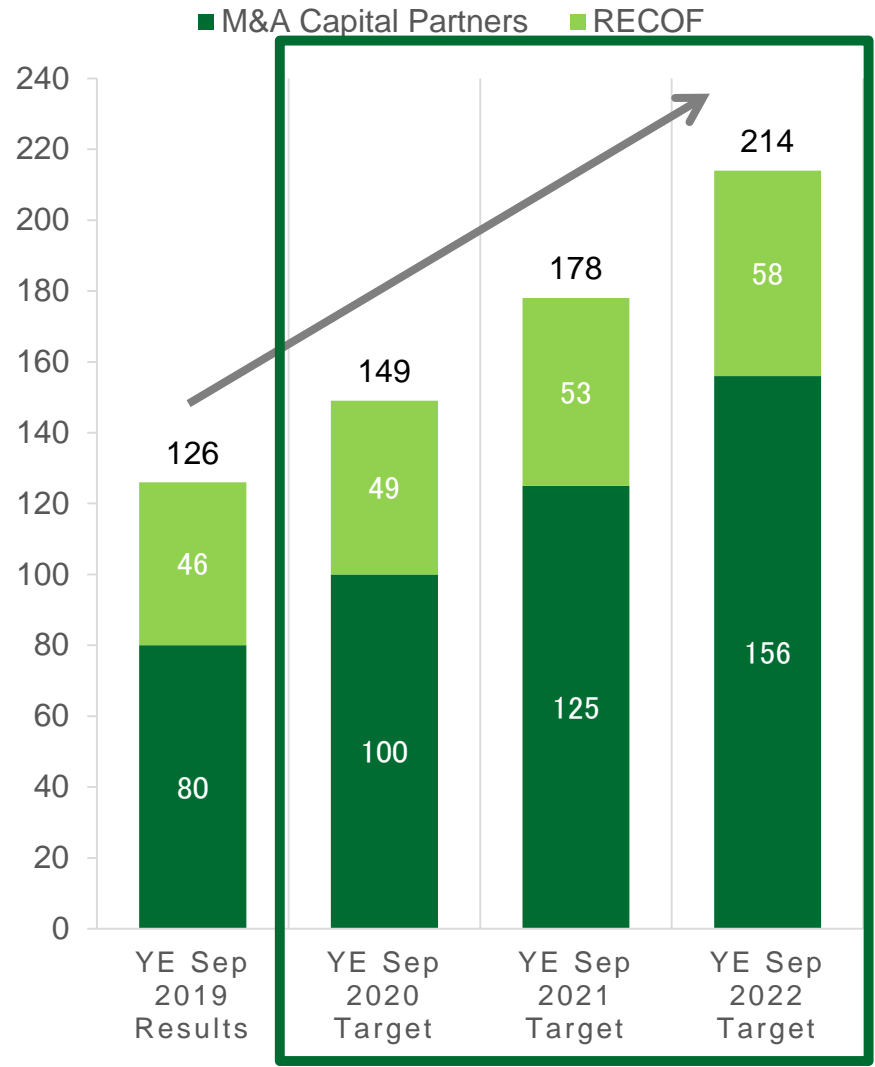


Three-year Plan for Number of Deals (Year Ending September 2020 to Year Ending September 2022)



[Number of Deals]
 <M&A Capital Partners>
Average increase of 20% per year
 <RECOF>
Average increase of 10% per year
 will be maintained in each company.

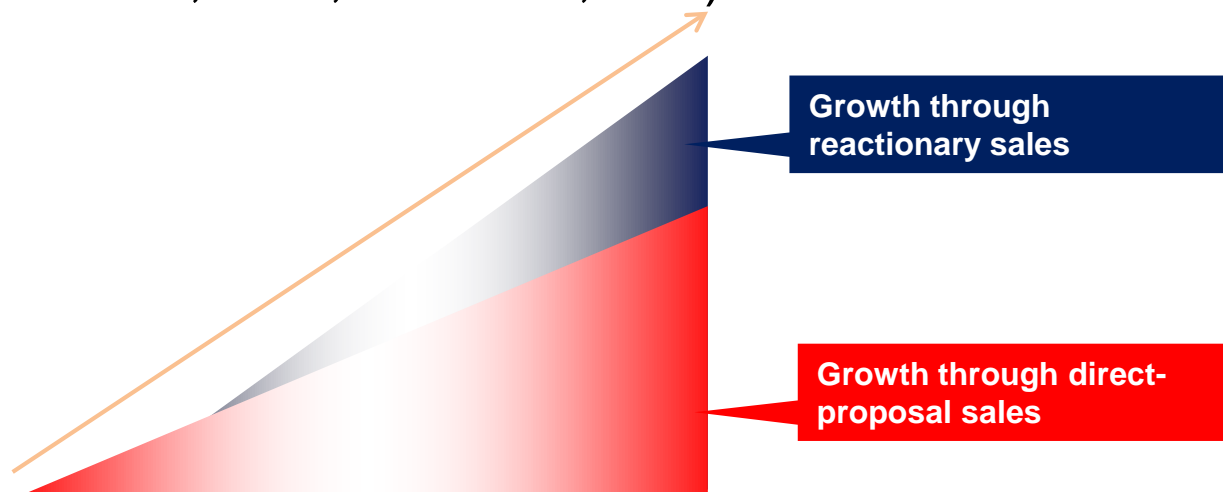
Three-year Plan for Number of Consultants (Year Ending September 2020 to Year Ending September 2022)



[Number of Consultants]
 <M&A Capital Partners>
Average increase of 25% per year
 <RECOF>
Average increase of 10% per year
 will be maintained in each company.

<Policies & Initiatives>

- Increase number of deals made, maintaining an average increase of 20% per year (Non-consolidated)
- Continue hiring consultants, maintaining an average increase of 25% per year (Non-consolidated)
- Increase and cultivate target industries for M&A intermediary business
- Strengthening of reactionary sales (seminars, TV commercials, web, referrals, etc.)



<Broadcasting of Television Commercials>

[TBS network “Houdo Tokushu”]

- Began airing on “Houdo Tokushu” on TBS’ s national network from October 2019.

[TV Tokyo network “World Business Satellite”]

- Continued airing from August 2018.
- Additional commercial produced from October 2019.



<Strengthening and expansion of referral network>

[Start of partnership with Mizuho Bank (from August 2019)]


- **Conclusion of business alliance agreement between Mizuho Bank and the Company** to strengthen support for business succession needs of small and medium-sized companies.
- Mizuho Bank refers small and medium-sized companies with needs for business succession through M&A to the Company, which will provide detailed services to meet the succession needs of small and medium-sized companies expected to expand and diversify in future.

[Strengthening ties with tax accountants, accountants, local banks and securities companies]

- **Actively promoted strengthening of ties with local banks** in the year ended September 30, 2019.
- Also continued to strengthen ties with tax accountants, accountants and local banks.

<Seminars>

[Continue to enhance large-scale M&A seminars held]

	Year ended September 2019		Future
Number held	12 per year		Continue to enhance seminars held as with previous year
Areas held	Tokyo, Osaka, Nagoya, Fukuoka		Continue to increase seminars in Tokyo and regional cities as with previous year

<WEB>

[Continued to strengthen measures for increase in inquiries from website]

- Web advertising
- SEO measures (maintaining high rank in Web searches)
- Renewal of website

Seminars Held in the Three Months Ended December 2018

In the three months ended December 2018, we held four large-scale M&A seminars in Tokyo, Nagoya, Osaka, and Fukuoka.

<Large-Scale M&A Seminars>

Date Held	Type	Seminar Title	Applicants
October 24, 2019	M&A Seminar	TOYO KEIZAI INC. Management Forum (Nagoya Venue)	160
November 5, 2019	as above	as above (Osaka Venue)	330
November 7, 2019	as above	as above (Fukuoka Venue)	140
November 14, 2019	as above	as above (Tokyo Venue)	820

<Toyo Keizai Forum>

【Tokyo Venue】



【Nagoya Venue】



Seminars Scheduled to be Held in the Second Quarter of the Year Ending September 2020

During the second quarter of the year ending September 2020, a total of four large-scale seminars are scheduled to be held in Tokyo, Nagoya, Osaka and Fukuoka.

During the second quarter of the year ending September 2019, a total of four large-scale seminars are scheduled to be held in Tokyo, Nagoya, Osaka and Fukuoka.

<Large-Scale M&A Seminar>

Date Held	Type	Seminar Title
February 18, 2020	M&A Seminar	Nikkei Sangyo Shimbun Forum (Osaka venue)
February 27, 2020	as above	as above (Fukuoka venue)
March 5, 2020	as above	as above (Nagoya venue)
March 11, 2020	as above	as above (Tokyo venue)

[Keynote address (Tokyo)]

“Business Succession *Breaking from Interfamilial Succession to Achieve Permanent Growth*”

Yoshiaki Matsuda, Chairman, The Oyatsu Company, Ltd.

Aiming to be the world's leading investment bank seeking maximum contributions to clients and the happiness of all employees



<Handling of These Materials>

The plans, forecasts and strategies, etc. contained in these materials are forecasts on future performance based on information available at the time the materials were prepared, and these include inherent risk and uncertainty. Actual performance may differ from forecasts and predictions due to such risk and uncertainty.

Information considered useful for explaining our business environment has been provided in these materials. The results in the data may vary depending on the method or timing of the survey.

Information within these materials on other topics besides the Company is quoted from published information and other sources. As such, the accuracy, appropriateness, etc. of the information has not been verified, nor are any guarantees provided thereof.