



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Year Ended September 2015

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



October 30, 2015

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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 intermediary business
Representative	Satoru Nakamura, President and Representative Director
Established	October 2005
Capital	440,937,725 yen (as of September 30, 2015)
Employees	38 (as of September 30, 2015)
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 (corporate mergers, acquisitions, capital tie-ups, etc.) **mediation** is 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.





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 master agreement

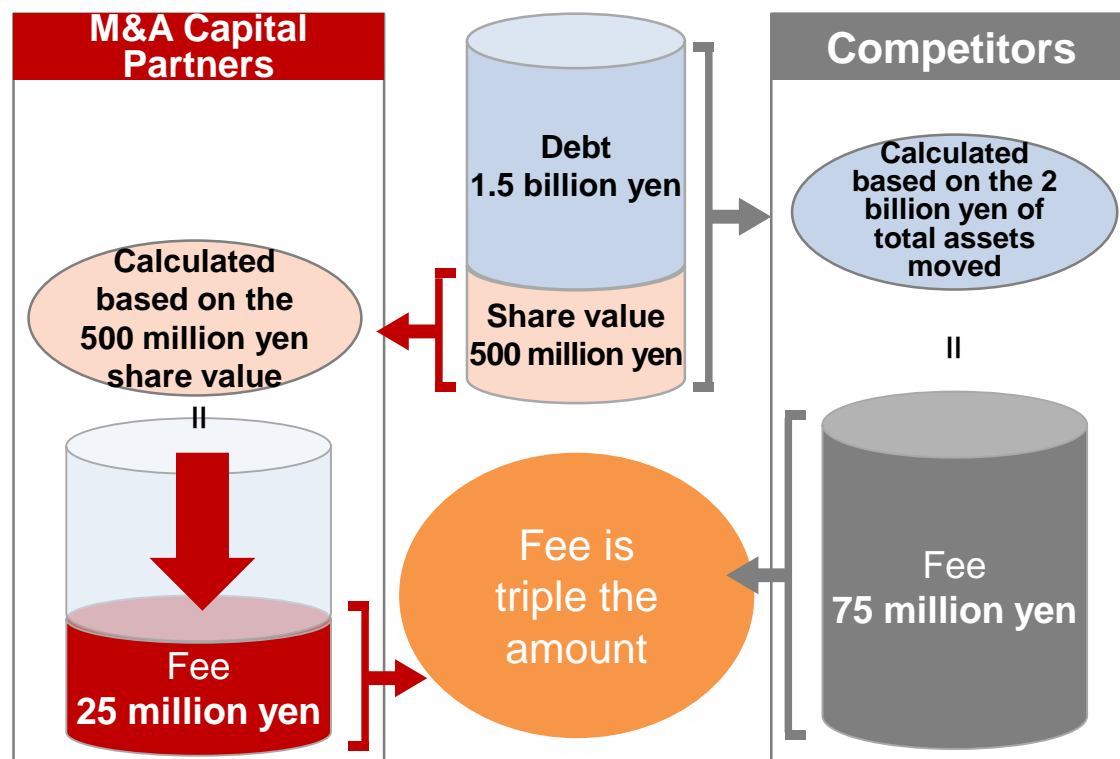
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

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 price**. This is more convincing than being based on the moving average of total assets

[Example] A company with share value of 500 million yen and 1.5 billion yen of debt



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

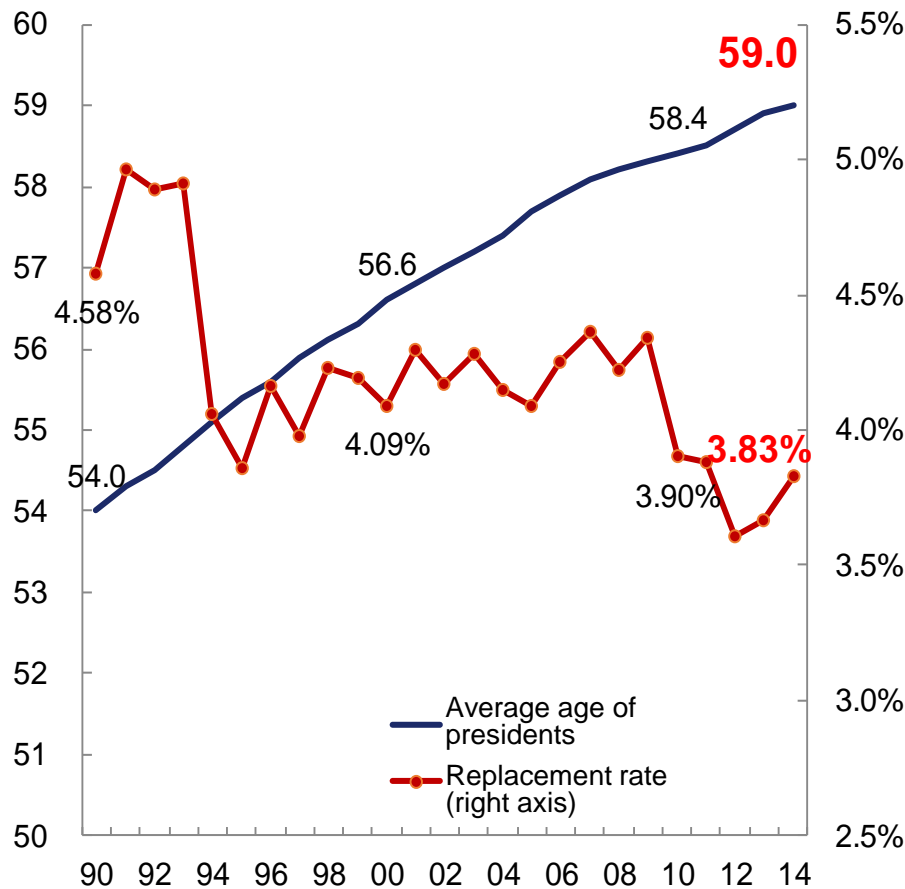
M&A Capital Partners has produced stable results making deals by **focusing on "business succession M&A proposals and advice"** for small and medium enterprises using share transfers or business transfers.



II Business Environment

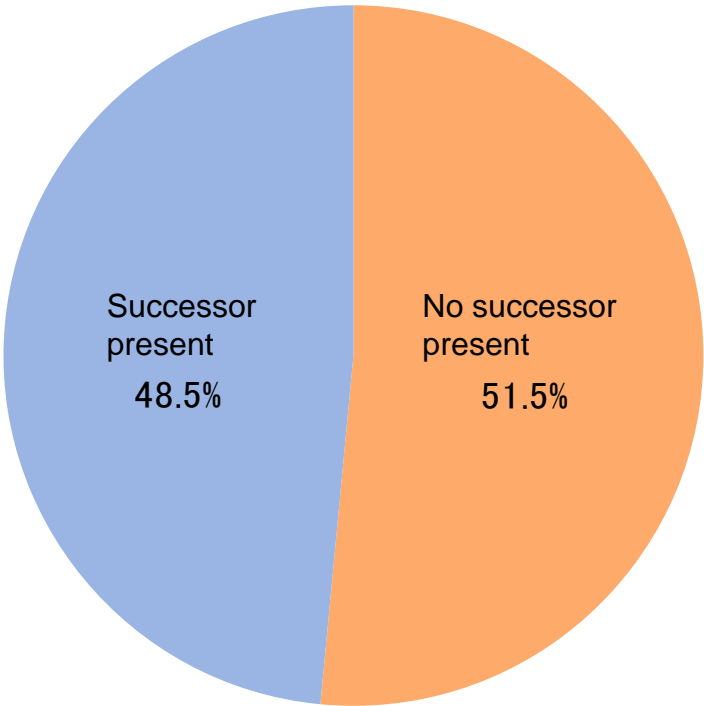
As the ages of company presidents increase, companies lacking successors have become the majority

Average Age of Presidents and Rate of Replacement



(Source) Teikoku Databank "Nationwide Analysis of Company Presidents"

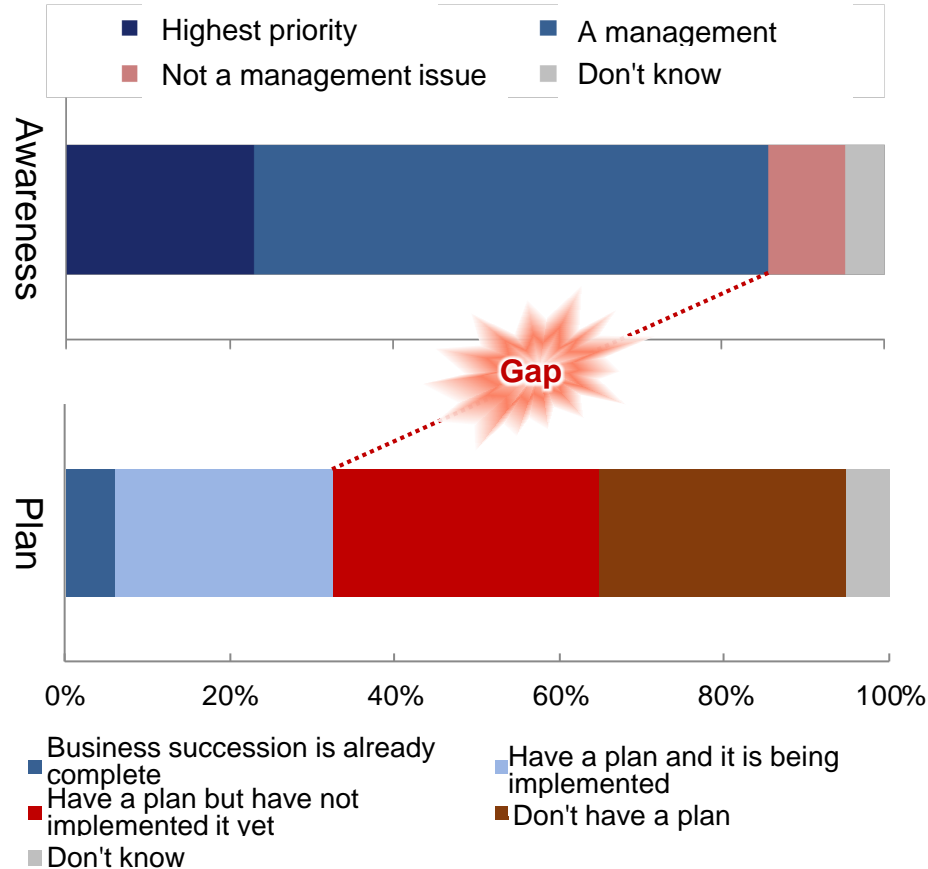
Successors in Companies with a President Aged 60 or More



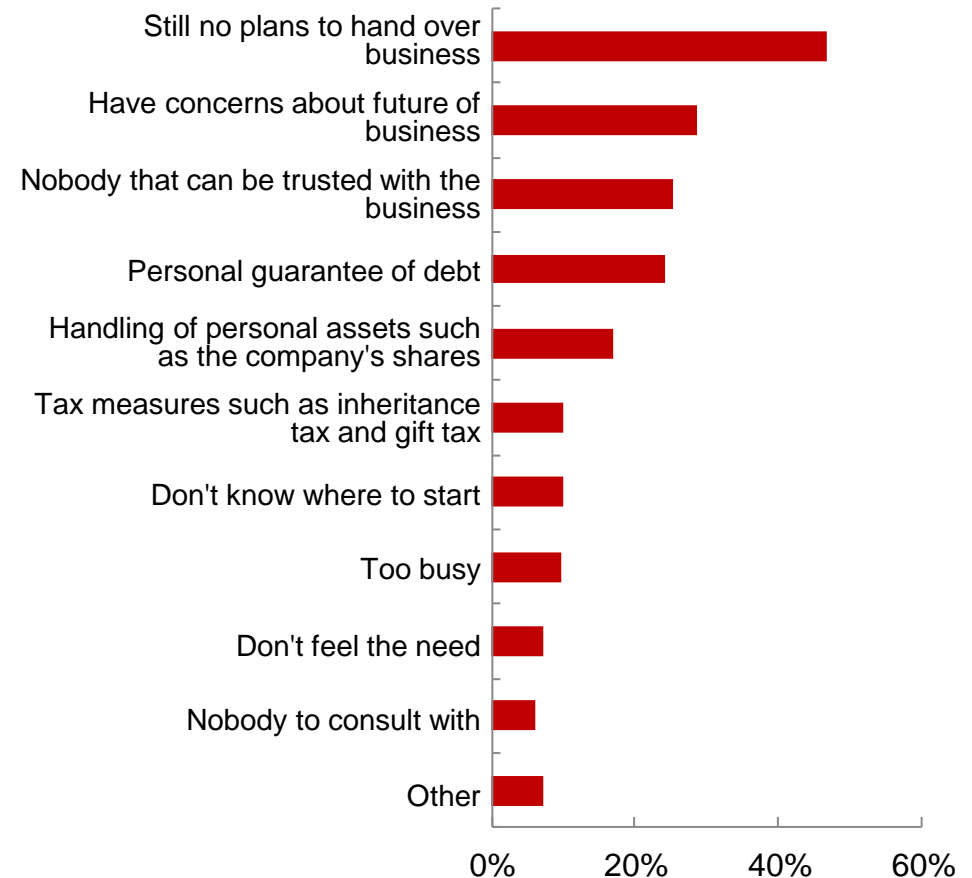
(Source) Teikoku Databank "Nationwide Analysis of Owner-operated Companies"

Despite being aware of the issue of business succession, there is almost no planning for business succession (there is potential demand)

Awareness and Planning of Business Succession

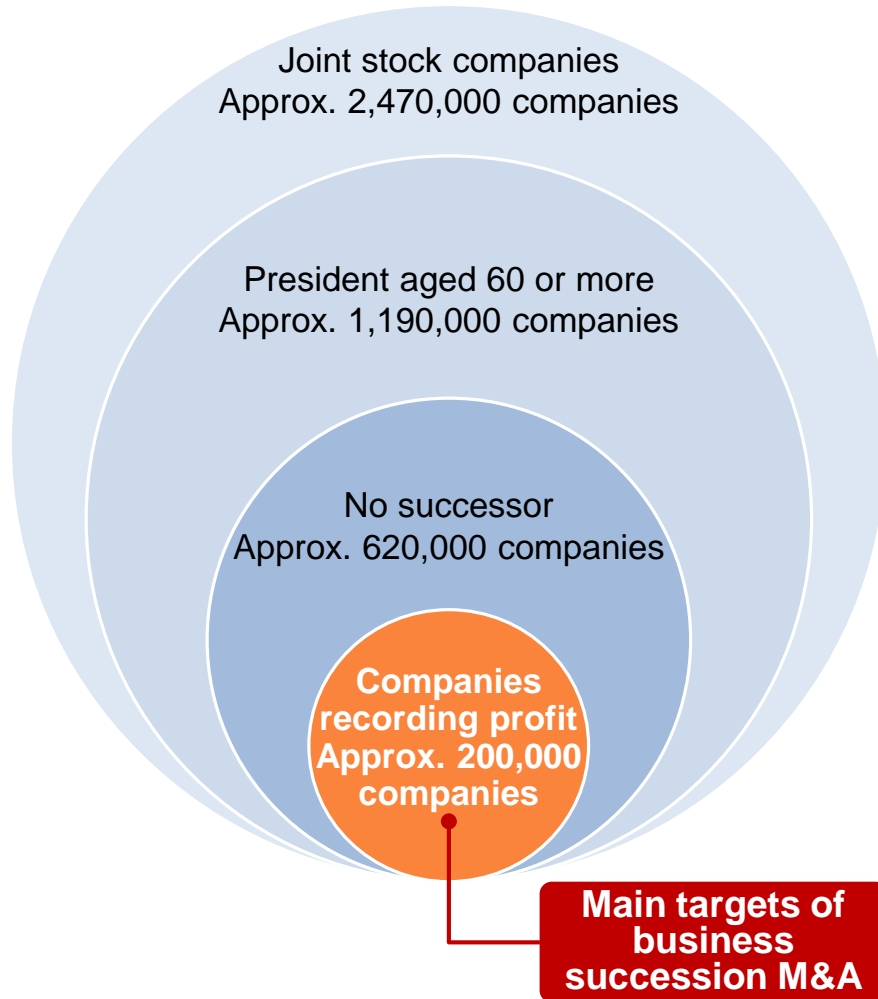


Reason for Lack of Progress in Planning of Lack of Plan for Business Succession



(Source) Teikoku Databank "Awareness Survey of Companies Concerning Business Succession"

Targets of Business Succession M&A



Market Environment

It is estimated that the targets for business succession M&A number **around 200,000**

Our company handles 44 deals per year and **even the biggest player only handles 173 deals**

The business succession M&A **market is extremely large**

Able to grow steadily by continually hiring consultants

Focus on M&A intermediary business centered on business succession M&A

(Sources) Estimated by M&A Capital Partners based on Teikoku Databank "Nationwide Analysis of Company Presidents", Teikoku Databank "Nationwide Analysis of Owner-operated Companies" and National Tax Agency "Results of Sample Survey of Companies"



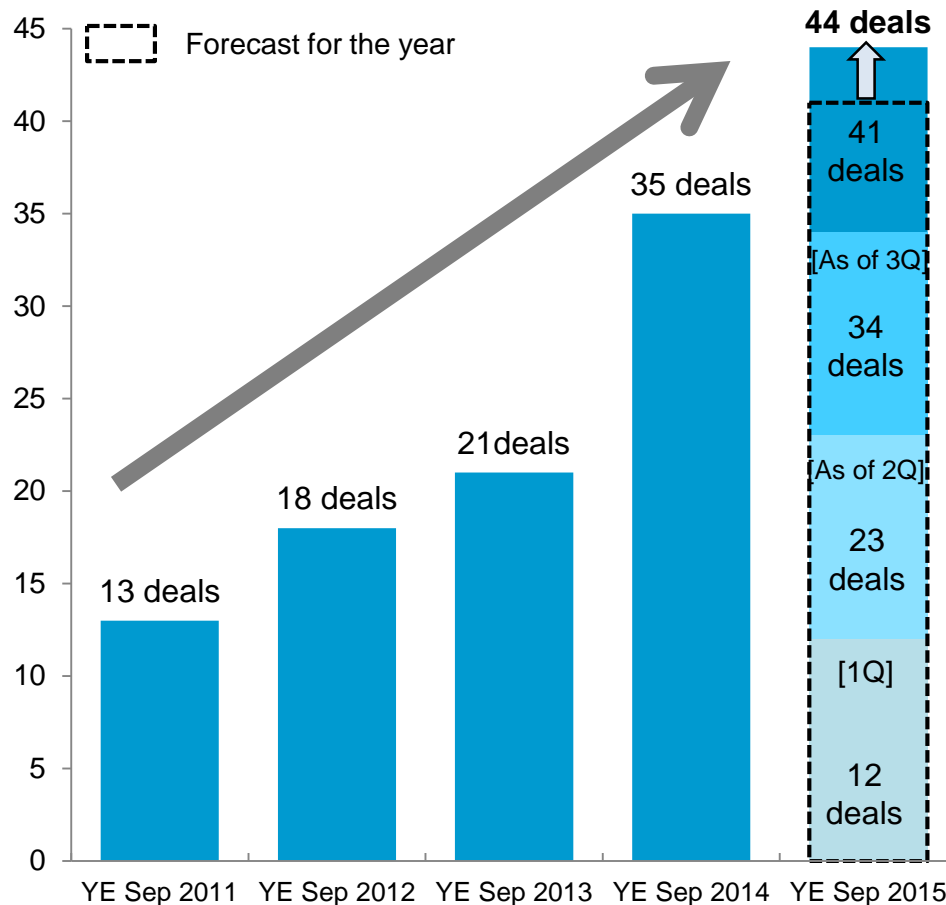
***III* Results for the Year Ended September 2015 and Forecast for the Year Ending September 2016**

Number of Deals Made



	Result for the year	Forecast for the year (revised)	Forecast difference (revised)
Number of deals	44	41	107.3%

Number of Deals Made



- **+25.7% year-on-year**
 - **Achieved record highest number of deals**
 - **Number of deals reached 44, surpassing forecast (after revision) of 41**
- (Factors)
- Steady increase in the number of consultants
 - Improved trust due to listing of shares

Earnings for the Year Ended September 2015

Net sales	2,847 million yen	(+70.8% year-on-year)
Ordinary income	1,524 million yen	(+88.7% year-on-year)
Number of deals	44 deals	(+25.7% year-on-year)
Number of consultants	32	(+7 year-on-year)

- Net sales and ordinary income both exceeded (revised) forecasts for the year, and results have been strong
- Revenue and earnings have increased for 5 years in succession (new record levels)
- The number of deals also reached the highest level on record (⇒ steady increase in the number of consultants)

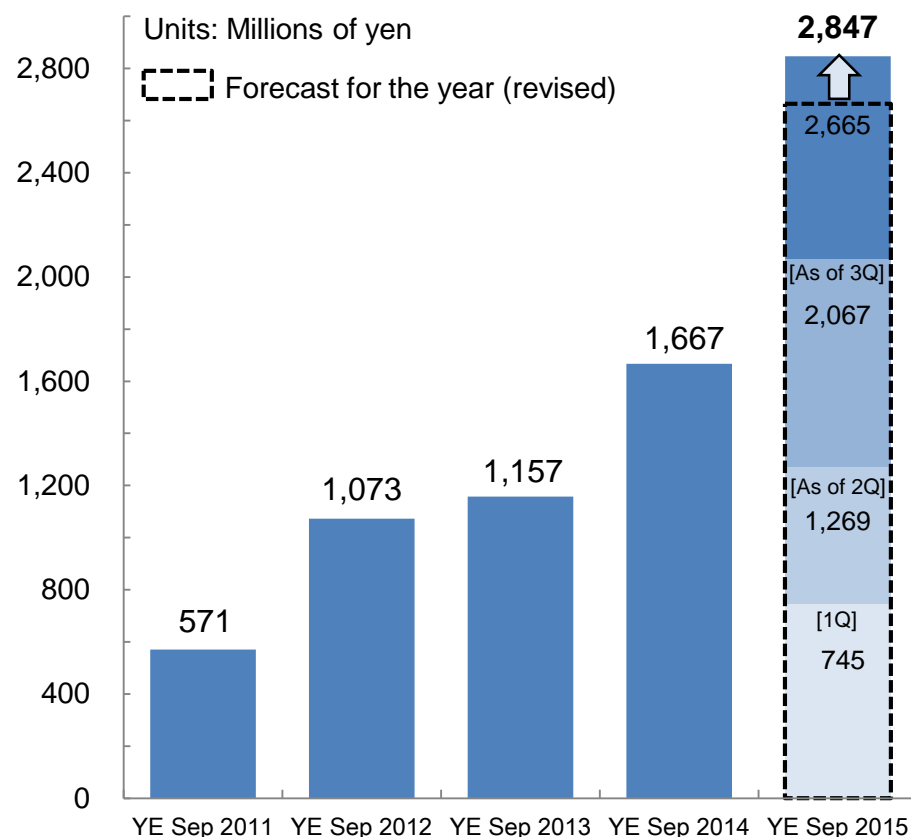
Changes in Earnings



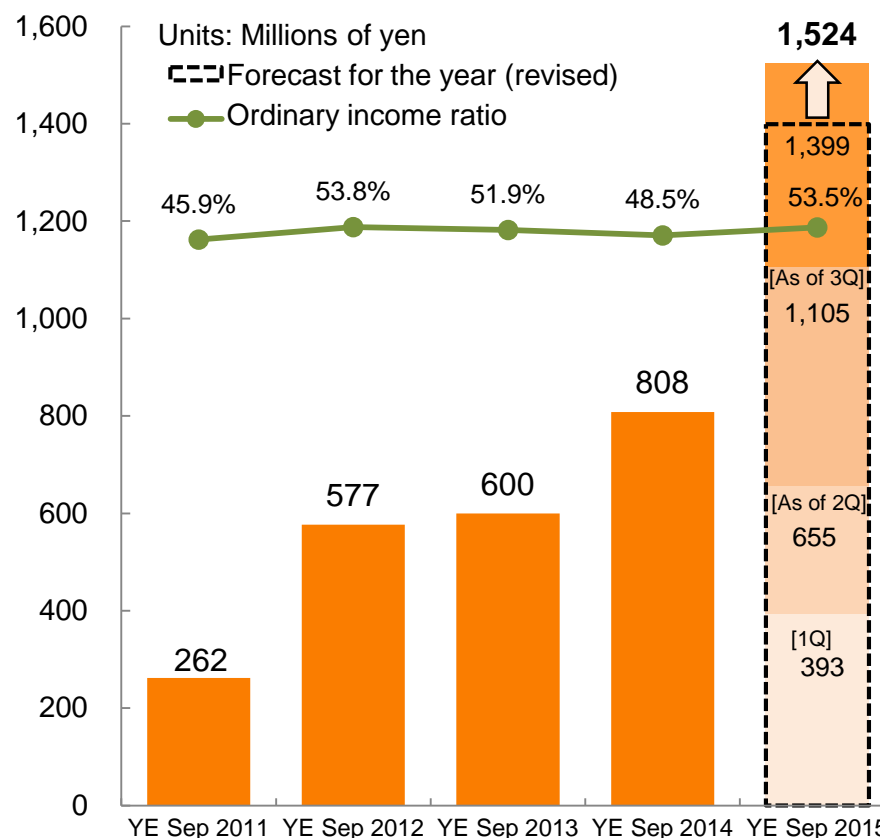
	Results for the year	Forecast for the year (revised)	Forecast difference (revised)
Net sales	2,847	2,665	106.9%
Ordinary income	1,524	1,399	108.9%

Units: Millions of yen

Net sales



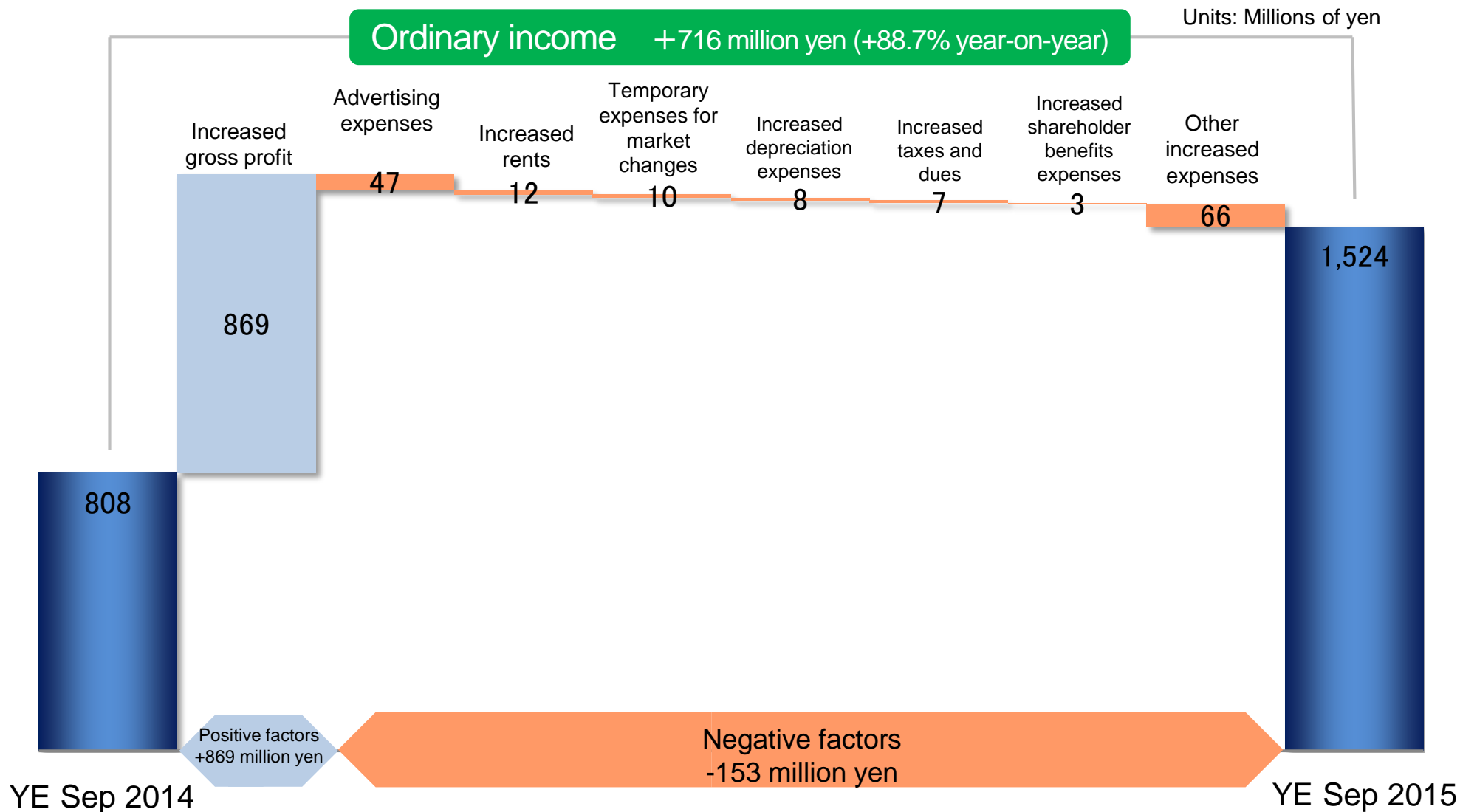
Ordinary income



Factors Causing Changes in Ordinary Income



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Overview of Statements of Income

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

	Year Ended September 2014	Year Ended September 2015			Forecast for the Year Ending September 2016
			Year-on-year Change	Overview of Performance	
Net sales	1,667 (100.0%)	2,847 (100.0%)	+70.8%	<ul style="list-style-type: none"> Number of deals grew strongly Increase in number of large deals contributed 	3,000 (100.0%)
Gross profit	1,119 (67.2%)	1,989 (69.9%)	+77.7%	<ul style="list-style-type: none"> Benefit of increased revenue 	
SG&A	296 (17.8%)	439 (15.4%)	+48.5%		
Operating income	823 (49.4%)	1,549 (54.4%)	+88.2%	<ul style="list-style-type: none"> Benefit of increased revenue 	1,438 (48.0%)
Ordinary income	808 (48.5%)	1,524 (53.5%)	+88.7%		1,438 (48.0%)
Net income	468 (28.1%)	892 (31.3%)	+90.6%		811 (27.0%)
Number of deals made	35	44	+25.7%	<ul style="list-style-type: none"> Highest number of deals made in a year on record 	53
Employees	29	38	+31.0%	<ul style="list-style-type: none"> Steady increase in the number of consultants 	

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

		September 30, 2014		September 30, 2015	
				Change	Main Factors Causing Change
	Current assets	2,497 (95.9%)	4,223 (94.8%)	+ 1,726	■ Cash and deposits + 1,824
	Noncurrent assets	107 (4.1%)	230 (5.2%)	+ 123	
	Total assets	2,604 (100.0%)	4,453 (100.0%)	+ 1,849	
	Current liabilities	574 (22.1%)	1,212 (27.2%)	+ 637	
	Noncurrent liabilities	- (-%)	- (-%)	-	
	Total liabilities	574 (22.1%)	1,212 (27.2%)	+ 637	
Total net assets		2,029 (77.9%)	3,241 (72.8%)	+ 1,211	■ Increase of capital due to issuance of shares +307
Total liabilities and net assets		2,604 (100.0%)	4,453 (100.0%)	+ 1,849	

Forecast for the Year Ending September 2016

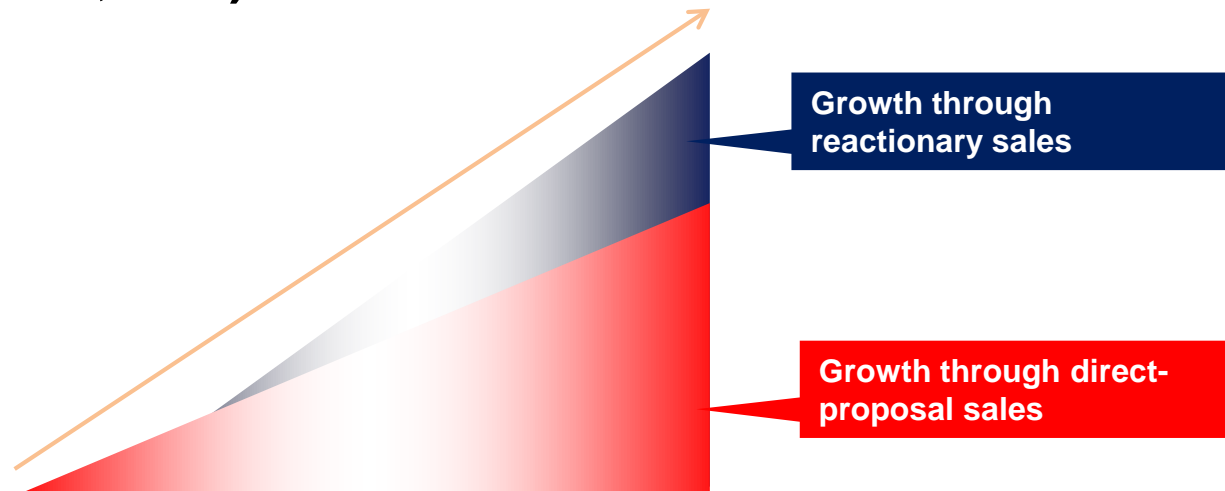
Net sales	3,000 million yen	(+5.4% year-on-year)
Ordinary income	1,438 million yen	(-5.6% year-on-year)
Number of deals	53 deals	(+20.5% year-on-year)
Number of consultants	40	(+8 year-on-year)

- Revenue forecast to increase for the 6th year in succession (new record levels forecast)
- Hiring of consultants will continue with the aim of increasing the number of deals made
- Strengthening of reactionary sales (seminars, web, referrals, etc.)
- Increase in number of consultants and floor space at head office expected in conjunction with expanded business, so forecast is for decrease in earnings

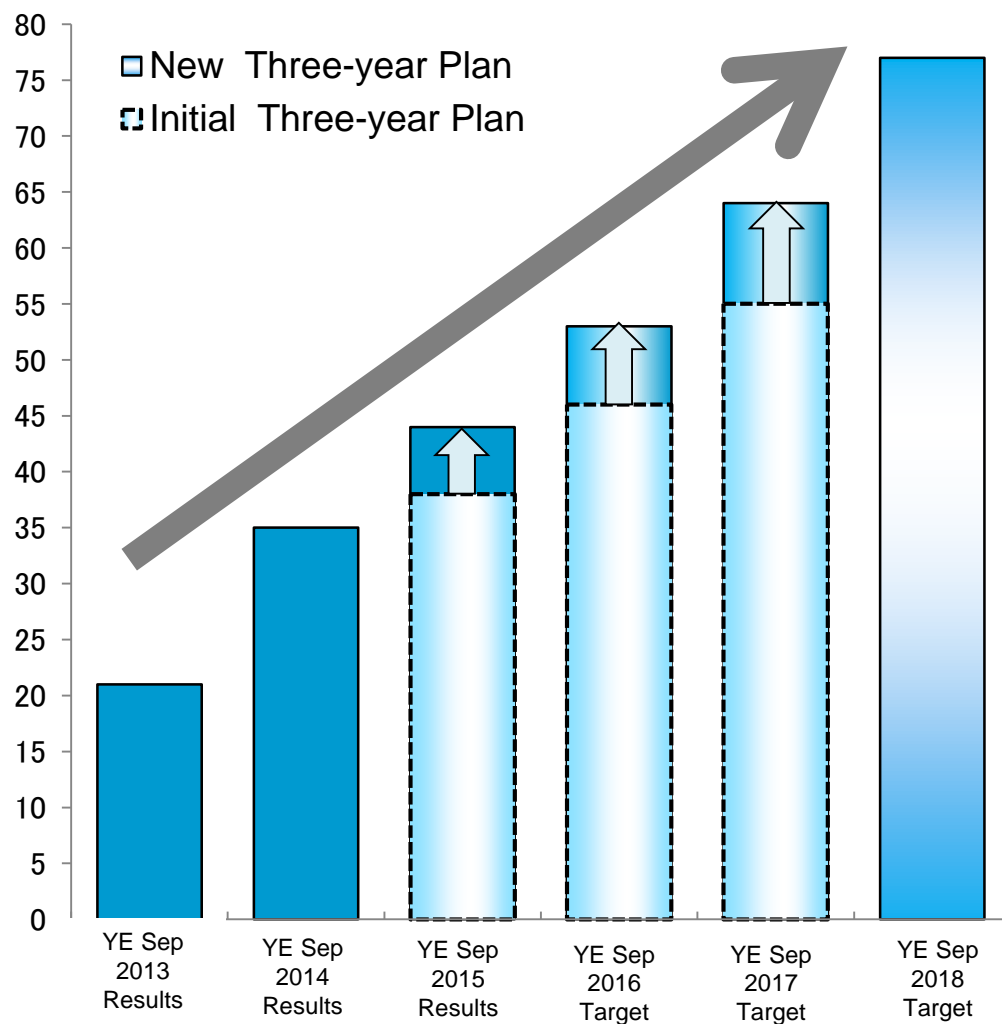
IV Growth Strategy

<Policies & Initiatives>

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

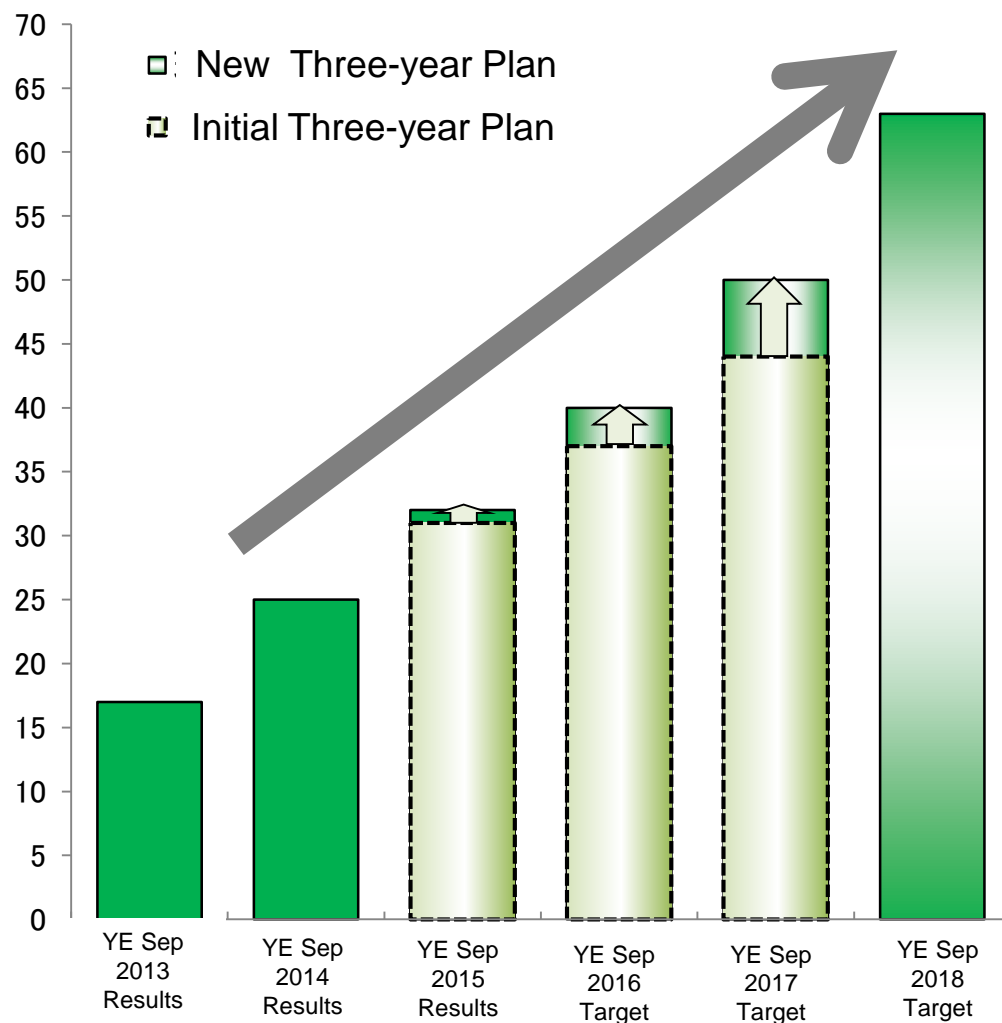


Three-year Plan for Number of Deals (Year Ending September 2016 to Year Ending September 2018)



[Number of Deals]
Average increase of 20% per year
will be maintained.

Three-year Plan for Number of Consultants (Year Ending September 2016 to Year Ending September 2018)



[Number of Consultants]
Average increase of 25%
per year
will be maintained.

<Policies & Initiatives>

- Increase the number of large M&A seminars held and expand area covered

	Year ended September 2015		Future
Number held	9 per year		Continue to enhance seminars held as with previous year
Areas held	Tokyo, Osaka, and Fukuoka		Expand to Tokyo, Osaka, Nagoya and Fukuoka

- Continuous renewal of website to increase inquiries
- Creation and expansion of referral network
 - ⇒ Strengthening ties with tax accountants, accountants, local banks and securities companies

Seminars Held in the Year Ended September 2015

In the year ended September 2015, we held nine large-scale M&A seminars.

<Large-Scale M&A Seminars>

Date Held	Type	Seminar Title	Applicants
November 11, 2014	M&A Seminar	Toyo Keizai Forum(Osaka Venue)	300
November 18, 2014	as above	Toyo Keizai Forum(Tokyo Venue)	600
March 3, 2015	as above	Nikkei Sangyo Shimbun Forum (Osaka Venue)	700
March 10, 2015	as above	Nikkei Sangyo Shimbun Forum (Tokyo Venue)	1,100
June 24, 2015	as above	Seminar on the utilization of M&A for company managers (Tokyo Venue)	700
July 29, 2015	Business succession seminar	Nikkei Small and Medium-size Enterprises Invigoration Project Small and Medium-size Enterprises Problem-solving Seminar focused on business succession (Tokyo venue)	900
August 7, 2015	as above	as above(Osaka venue)	200
September 11, 2015	as above	as above(Fukuoka venue)	100
September 29, 2015	as above	as above(Tokyo venue)	450

Seminars Scheduled to be Held in the First Quarter of the Year Ending September 2016

During the first quarter of the year ending September 2016, a total of four large-scale seminars are scheduled to be held in Tokyo, Osaka, Nagoya and Fukuoka.

<Large-Scale Seminar>

Date Held	Type	Seminar Title
October 20, 2015	M&A Seminar	Toyo Keizai Forum(Tokyo Venue)
October 28, 2015	As above	As above (Osaka Venue)
November 5, 2015	As above	As above (Nagoya Venue)
November 19, 2015	As above	As above (Fukuoka)

【Keynote address (Tokyo,Nagoya)】

“Management That Refines People and Elevates Character”

Hironori Aoki, Chairman, AOKI Holdings

【Keynote address (Osaka,Fukuoka)】

“Retirement of Leaders and Training of Next Generation”

Shuji Abe, Chairman, Yoshinoya Holdings

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



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<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.