(English Translation)

Financial Results
for the Fiscal Year Ended September 30, 2016 (under Japan GAAP) (Non-Consolidated)

October 28, 2016

Company name: M&A Capital Partners Co., Ltd.

Stock exchange listings: Tokyo Stock Exchange

Securities code: 6080

(URL http://www.ma-cp.com)

Representative: Satoru Nakamura
President and Representative Director

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Scheduled date of annual shareholders' meeting: December 21, 2016
Scheduled date of commencement of dividend payment: —
Scheduled date of filing of annual securities report: December 22, 2016
Presentation of supplementary materials on financial results: Yes
Holding of financial presentation meeting: Yes
(For institutional investors and analysts)

(Note that all amounts have been rounded down to the nearest one million yen.)

1. Financial Results for the Fiscal Year Ended September 30, 2016 (From October 1, 2015 to September 30, 2016)

(1) Results of Operations

(Percentage figures represent changes from the same period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Profit
Fiscal year ended September 30, 2016	¥3,755 million (31.9%)	¥1,860 million (20.0%)	¥1,860 million (22.0%)	¥1,081 million (21.2%)
Fiscal year ended September 30, 2015	¥2,847 million (70.8%)	¥1,549 million (88.2%)	¥1,524 million (88.7%)	¥892 million (90.6%)

	Profit per share	Profit (fully diluted) per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended September 30, 2016	¥77.50	¥72.93	28.6%	36.5%	49.5%
Fiscal year ended September 30, 2015	¥67.70	¥60.73	33.9%	43.2%	54.4%

(Reference)
Equity in profit of affiliates:
Fiscal Year Ended September 30, 2016: — million yen
Fiscal Year Ended September 30, 2015: — million yen

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended September 30, 2016	¥5,746 million	¥4,352 million	75.5%	¥307.76
Fiscal year ended September 30, 2015	¥4,453 million	¥3,241 million	72.5%	¥243.92

(Reference)
Equity:
Fiscal Year Ended September 30, 2016: 4,340 million yen
Fiscal Year Ended September 30, 2015: 3,229 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended September 30, 2016	¥1,312 million	- ¥183 million	¥29 million	¥3,332 million
Fiscal year ended September 30, 2015	¥1,671 million	- ¥1,136 million	¥289 million	¥2,173 million

2. Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Payout ratio	Ratio of dividends to net assets
	First quarter	Second quarter	Third quarter	Year-end	Total			
Fiscal year ended September 30, 2015	—	¥0.00	—	¥0.00	¥0.00	—	—	—
Fiscal year ended September 30, 2016	—	¥0.00	—	¥0.00	¥0.00	—	—	—
Fiscal year ending September 30, 2017 (Forecast)	—	—	—	—	—		—	

3. Forecast of Financial Results for the Fiscal Year Ending September 30, 2017 (From October 1, 2016 to September 30, 2017)

(Percentage figures represent changes from the same period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Profit	Profit per share
Second quarter (cumulative total)	¥2,083 million (33.0%)	¥1,003 million (35.1%)	¥980 million (32.0%)	¥654 million (52.0%)	¥45.81
Annual	¥4,034 million (7.4%)	¥1,926 million (3.5%)	¥1,905 million (2.4%)	¥1,288 million (19.1%)	¥89.93

*** Notes**

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

(i) Changes in accounting policies due to revisions to accounting standards and other regulations, etc.: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatements of prior period financial statements after error corrections: No

(2) Total number of issued shares (common shares)

(i) Total number of issued shares as of the end of the period (including treasury shares):

As of September 30, 2016:	14,104,000 shares
As of September 30, 2015:	13,240,000 shares

(ii) Number of treasury shares as of the end of the period:

As of September 30, 2016:	154 shares
As of September 30, 2015:	112 shares

(iii) Average number of shares during the period:

Fiscal year ended September 30, 2016:	13,957,361 shares
Fiscal year ended September 30, 2015:	13,186,977 shares

*** Presentation regarding execution of audit procedures**

These financial results are not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures to financial statements are in progress.

*** Proper usage of the forecast of financial results, and other special matters**

(Precautions regarding descriptions etc. concerning the future)
Descriptions or statements concerning projected figures and future outlooks contained within these materials are based on the decisions and hypotheses resulting from information currently obtainable by the company. The possibility exists that due to the intrinsic uncertainty of those decisions and hypotheses and/or changes in terms of business operations as well as situational changes occurring internally/externally, the actual results may substantially differ from the content of projections. These materials do not constitute a guarantee on the part of our company as to the certainty of any and all content concerning forecasts for the future.

(About the manner in which supplementary explanatory materials on financial results and the content of explanatory sessions on financial results are obtained)
The company has scheduled the holding of an explanatory session on the financial results for institutional investors and analysts. The date of the session is Monday, November 7, 2016. The content to be explained at the session is planned to be the same as that found within the explanatory materials on financial results disclosed today. We will update our website promptly after the holding of the session if any content changes arise.

Attachment – Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

(i) Operating Results for the Current Fiscal Year

(Overview of Economic Conditions)
During the fiscal year under review, the Japanese economy remained unpredictable. The employment and income environment improved, and a mild recovery is expected, but there is a risk that the economic downturn in China and other emerging economies and resource-rich countries may exert downward pressure on the Japanese economy. Additionally, there is concern that increased economic uncertainty overseas, including the British exit from the EU, and fluctuations in the financial and capital markets may impact the economy at home.

(Industry Trends)
We believe that there is still an abundance of latent M&A needs among smaller, high-rated firms and small and medium-sized enterprises, which are our main target. In the annual “National Analysis of Company Presidents” (published on January 26, 2016 by Teikoku Databank, Ltd.), the average age of company presidents broke previous records at 59.2 years of age as it did the previous year. The aging of company presidents continues. In the background is the problem of business succession. In some cases, there are no successors to take over management of the company and in others, even if there is a successor, business succession is slow due to problems like securing the funds necessary to pay taxes or for acquisition in order to transfer capital (shares). Our M&A services propose and support succession to third parties, and we believe there is still room for such services to take root as an option for business succession. Additionally, there have been no significant changes within the management environment of our industry, and the businesses of our major competitors are also growing, so we expect the market as a whole to expand against a backdrop of robust demand.

(Our Position)
In the midst of this environment, we implemented the measures below during the fiscal year under review in the aim of achieving sustainable growth and expanding steady profits.
a. Outbound Marketing
We continue to work on enhancing our direct proposal-oriented marketing centered on systematic increasing of the number of consultants and providing them with education. The first people that come to mind when an owner-president thinks of a successor are relatives and employees. This is only natural, but upon considering various factors such as the business environment, quality of management and economic power, many determine that M&A (transfer to a third party) is a beneficial option. We endeavor to capitalize on this opportunity by providing information when owner-presidents are considering their options. On that note, we added 10 consultants during the fiscal year under review.

b. Inbound Marketing
During the fiscal year under review, we poured effort into inbound projects, primarily through seminar-based and web marketing. As we did the previous year, we vigorously carried out cooperative seminars with various media companies and

conducted business succession-oriented M&A seminars for a total of about 4,000 participants at 12 venues. Inquiries are also up owing to online advertising and a redesign of our website, and we worked on further increasing our name recognition.

As a result, net sales were ¥3,755.105 million (a year-on-year increase of 31.9%), operating income was ¥1,860.436 million (a year-on-year increase of 20.0%), ordinary income was ¥1,860.684 million (a year-on-year increase of 22.0%), and profit was ¥1,081.741 million (a year-on-year increase of 21.2%).
The table below shows our M&A deals closed by size and business category. The increase in the number of consultants and the results of inbound marketing this year led to an increase in the number of deals closed..

Name of type			10th business year (From October 1, 2014 to September 30, 2015)	11th business year (From October 1, 2015 to September 30, 2016)	Year-on-year Change
M&A deals closed		(number of deals)	44	58	+14
By amount of processing fees	Number of deals among those wherein amount of processing fees for the deal was JPY 100 million or more	(number of deals)	4	6	+2
	Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	40	52	+12
By business category	Number of deals classified as “retailing” at our company	(number of deals)	25	34	+9
	Number of deals classified as “wholesaling” at our company	(number of deals)	6	4	-2
	Number of deals classified as “other” at our company	(number of deals)	13	20	+7

(ii) Forecast

Net sales remained favorable during the fiscal year under review, up 31.9% year on year, to which the increase in the number of deals closed contributed. Next year we will continue to build our business operations around increasing the number of M&A deals closed, and we have steadily secured the current number of projects.
The forecast for the next fiscal year calls for increased revenues and earnings with net sales of ¥4,034 million, operating income of ¥1,926 million, ordinary income of ¥1,905 and profit of ¥1,288 million.

(2) Analysis of Financial Position

(i) Assets, liabilities and net assets

(Current assets)
As of the end of the fiscal year under review, current assets amounted to ¥3,400.078 million, a year-on-year decrease of ¥823.462 million. This was primarily due to a

¥841.113 million decrease in cash and deposits mainly in conjunction with long-term time deposits while accounts receivable - trade increased ¥19.44 million.

(Non-current assets)
As of the end of the fiscal year under review, non-current assets amounted to ¥2,346.185 million, a year-on-year increase of ¥2,115.755 million. This was primarily due to a ¥2,000 million increase in long-term time deposits as a result of putting cash and deposits into long-term time deposits, a ¥146.992 million increase in facilities attached to buildings and a ¥25.065 million increase in tools, furniture and fixtures in conjunction with construction to increase floor area and expand the business and development of the IT infrastructure to increase operational efficiency while accumulated depreciation increased ¥40.076 million mainly in conjunction with depreciation and lease and guarantee deposits decreased ¥31.124 million in conjunction with amortization of asset retirement obligations.

(Current liabilities)
As of the end of the fiscal year under review, current liabilities amounted to ¥1,394.157 million, a year-on-year increase of ¥181.252 million. This was primarily due to a ¥176.721 million increase in accounts payable - other as a result of higher bonuses for executives and employees compared to the previous year and a ¥74.897 million increase in advances received as a result of business expansion while income taxes payable decreased ¥46.397 million and accrued consumption taxes decreased ¥53.664 million.

(Net assets)
As of the end of the fiscal year under review, net assets amounted to ¥4,352.106 million, a year-on-year increase of ¥1,111.039 million. This was primarily due to an increase in capital stock and legal capital surplus of ¥14.688 million each resulting from the exercise of stock options and a ¥1,081.741 increase in retained earnings.

(ii) Cash flows

(Cash flows from operating activities)

Funds provided by operating activities amounted to ¥1,312.613 million (compared to ¥1,671.904 million the previous year). This was primarily due to payment of ¥837.191 million in income taxes, while profit before income taxes was recorded at ¥1,860.684 million and the accounts payable - other balance increased ¥178.979 million.

(Cash flows from investing activities)

Funds used in investing activities amounted to ¥183.024 million (compared to ¥1,136.917 million the previous year). This was primarily due to a ¥4,500 million withdrawal of time deposits while ¥4,500 million was paid into new time deposits and there was a ¥173.048 million expenditure to acquire property, plant and equipment for construction to increase the space at the head office for business expansion and IT infrastructure development to streamline operations.

(Cash flows from financing activities)

Funds provided by financing activities amounted to ¥29.298 million (compared to ¥289.279 million the previous year). This was primarily due to ¥29.376 million in revenue from the issuance of new shares in conjunction with exercising of stock options.

(Reference) Trends in Cash Flow Indicators

	Fiscal year ended September 30, 2012	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2014	Fiscal year ended September 30, 2015	Fiscal year ended September 30, 2016
Equity ratio (%)	58.0	65.8	77.9	72.5	75.5
Equity ratio on market value basis (%)	—	—	518.3	492.9	531.4
Interest-bearing debt to cash flows ratio (years)	0.1	0.1	—	—	—
Interest coverage ratio (times)	439.6	327.3	3,942.4	—	—

Equity ratio: Equity / Total assets

Equity ratio on market value basis: Market capitalization / Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payment

(Notes)

1. *Cash flow represents operating cash flow.*

2. *"Interest-bearing debt" includes all of those Liabilities reported on the balance sheet on which interest is paid.*

3. *Market capitalization is calculated by multiplying the year-end share price by the number of shares issued and outstanding at year-end.*

4. *We were listed on the Mothers section of the Tokyo Stock Exchange on November 20, 2013. Our shares were not listed in the year ended September 30, 2013 and prior, so the market value is unknown. As such, we have not provided the equity ratio based on market value.*

5. *We did not have interest-bearing debt in the years ended September 30, 2014, September 30, 2015 or September 30, 2016, so we have not provided the interest-bearing debt to cash flow ratio.*

(3) Basic Strategy on Profit Sharing and Dividends for the Current Fiscal Year and the Following Fiscal Year

Our basic policy is to implement appropriate profit sharing while taking future business developments and other factors into account from a comprehensive standpoint and also considering dividends, which return profits to shareholders, internal reserves to strengthen the corporate structure so that we can respond instantly to business opportunities, and incentives to executives and employees to revitalize management.
At the same time, we are currently in the process of growing, so we do not provide dividends from surplus as we are in a phase where it is necessary to enrich our internal reserves for future expansion. In the future, the decision to pay dividends will be made taking business results, the payout ratio, our future growth strategy and other factors into account from a comprehensive standpoint, but at this time, the possibility of dividends and when they would be paid have yet to be determined.
Were dividends from surplus to be paid, they would basically be paid once a year at year-end, and the body that will make decisions on year-end dividends is the general meeting of shareholders. Additionally, in order to allow flexibility with respect to dividends, it is set forth within our articles of incorporation that interim dividends as provided within Article 454, Paragraph 5 of the Companies Act may be paid by resolution of the board of directors.
We intend to use internal reserves to strengthen the structure of our management organization so that we can respond to anticipated changes in the management environment.

(4) Business Risks

Business risks related to business conditions, financial status, and other factors that may potentially have significant influence on investor decisions are provided below. Recognizing the possibility that such risks may materialize, we will work to avoid these risks and implement countermeasures accordingly. As part of our policy of proactive disclosure of information to investors, we have also included matters that do not necessarily fall under the category of business risks, but which may be regarded as important for investors in making investment decisions or understanding our business activities.
Note that forward-looking statements contained within this document are based on our judgment as of the end of the fiscal year under review.

(i) Risks related to competition

The M&A brokerage business in which we are engaged does not require licenses or permits, so the barriers to entry are basically not high. There are many small-scale businesses such as strategic consulting in the market for business succession targeting primarily small and medium-sized enterprises, but we do not believe that the extensive experience, business results, internal expertise and educational system we have put together can easily be imitated. However, in the event that the competitive environment intensified as a result of more competitors entering the market or improvement in the quality of services provided by our competitors, it could impact our business results.

(ii) Risks related to licenses and permits

There have been some problems in the M&A brokerage business in which we are engaged where fraud has been perpetrated with respect to business transfers or fraudulent activity has been carried out in connection with the transfer of unlisted shares. There are currently no licenses or permits required for the M&A brokerage business, but in the event that new regulations were introduced for the industry in the future (licenses or permits issued by the national government or local public bodies, registration system, etc.), it could impact our business results.

(iii) Risks related to changes in the law

The industry structure of the M&A brokerage business in which we are engaged is one that can easily be impacted by corporate and tax laws. In the event that the use of M&A became less advantageous as a solution to business succession in the future due to measures enacted by the national government such as tax reform, it could impact our business results.

(iv) Sole dependence on M&A brokerage business

We are specialized in the M&A brokerage business, focusing on smaller, high-rated firms and small and medium-sized enterprises firms in Japan and provide services for that business. We believe that demand for business succession services arising from the aging of owner-presidents and the dizzying changes in the management environment of small and medium-sized enterprises will further increase in the future.

However, in the event that demand were to drop off due to significant changes in the M&A business environment or major incidents, accidents or disasters developing into social problems or some other event were to occur that had heavily impacted the M&A brokerage business, it could impact our business results.

(v) Dependence on specific industry (dispensing pharmacy industry)

We are engaged in the M&A brokerage business primarily targeting smaller, high-rated firms and small and medium-sized enterprises in Japan. The number of M&A deals closed in the dispensing pharmacy industry has recently come to account for almost half of the entire number of deals closed. In the event that M&A demand in the dispensing pharmacy industry were to decline in the future due to revision to the licensing system within the industry or being impacted by related industries such as the medical and welfare industries, it could impact our business results.

(vi) Risks related to natural disasters, terrorism, etc.

Because we do not have branches, the Tokyo Metropolitan Area where our head office is located is our primary base of sales activities. In the event that a natural disaster or terrorist attack were to occur in the Tokyo Metropolitan Area, it could hinder our business activities, thereby negatively impacting our business results and financial position.

(vii) Possibility of litigation

We are working to develop a compliance system, and we work with legal advisors on matters that may give rise to future problems. We pay careful attention to litigation risk in our operations, but there is a possibility that a lawsuit may be brought against us for some reason or another. We have never faced a lawsuit before, but litigation could impact our business results and financial position depending on the content and result.

(viii) Small scale of our organization
As of the end of the fiscal year under review, we have four directors (including one external director), three auditors (all external corporate auditors) and 50 employees. Our organization is small, and our internal management structure is optimized for our size. We will continue to hire and train human resources in the aim of strengthening our management structure, but in the event that our business were to expand suddenly, there is a possibility that we may not be able to adequately respond in terms of human resources and organization. Such a situation could impact our business results.

(ix) Securing, training and loss of human resources
Our business results depend on the number of our executives and employees that are M&A advisors and the quality of their services. As such, we actively work to secure human resources through hiring activities, and we are focusing on strengthening post-hiring training, but because our organization is small, our business results are susceptible to loss of executives and employees to other companies. For that reason, we are working to improve our organizational strength through enhancement of our brand power via public listing of our shares and development of an internal system that cannot easily be imitated. However, in the event that our securing of human resources does not go as planned or we lose an unexpected and excessive number of human resources, it could impact our business results.

(x) Internal management system
We have established rules on legal compliance and corporate ethics and check the status of compliance by means such as internal audits in order to prevent fraudulent acts on the part of insiders. However, there still exists the possibility of legal violations and acts of fraud by insiders. Were such a situation to arise, it could impact our business results and financial position.

(xi) Management of personal information
Because we possess a database that includes personal information, we are considered a business operator handling personal information. We have established rules for the internal management of such information and have appointed a person responsible for handling personal information. Additionally, we have set up an infrastructure that includes anti-virus measures, measures to prevent entry from the outside and restrictions on access to information and conduct awareness programs for our employees as necessary. However, in the event that personal information were to leak outside the company due to unforeseen circumstances, the resultant damages and loss of trust could impact our business results and financial position.

(xii) Management of information security
Due to the nature of our business, we handle a large volume of confidential and highly secret corporate information. We have concluded non-disclosure agreements with our clients and have a duty of confidentiality. For that reason, we have implemented various countermeasures with respect to our executives and employees and have worked to thoroughly familiarize them with this duty through training. However, in the event that such information were to leak outside the company due to

unforeseen circumstances, the resultant damages and loss of trust could impact our business results and financial position.

(xiii) Dilution of share value resulting from exercising of stock options

We have implemented a stock option system to increase the motivation and morale of our executives and employees with respect to our business results. Since June 2008 we have granted stock options a total of eight times. Individual agreements prevent the exercising of these stock options for a certain period of time, but in the event that these stock options were exercised, it could dilute the value per share of our stock. Depending on the value of our shares, the short-term balance of supply and demand could fluctuate, impacting share price formation.

As of the end of the fiscal year under review, the number of dilutive shares underlying subscription rights to shares was 960,800, amounting to 6.8% of the total number of issued shares (14,104,000).

(xiv) Fluctuations in business results

Our business model does not depend on a specific company, but because there are many stakeholders involved, including our clients, there may be delays in the timing of scheduled closings depending on the deal. Moreover, when handling large deals, a substantial discrepancy could arise between our profit plan and the actual results depending on whether the deal goes through or not.

As a result, our business results could fluctuate significantly between periods when looking at quarters or fiscal years separately.

(xv) Dependence on President and Representative Director

Satoru Nakamura, our founder and President and Representative Director, plays a key role in our business activities, including determining our management policies and strategies.

For that reason, we are engaged in active sharing of information and know-how and systematic strengthening of our business structure through management meetings attended by directors and general managers in conjunction with expansion of the business so that we can establish a corporate structure that does not depend too heavily on the President and Representative Director. However, unforeseen circumstances or his resignation could impact our business results.

(xvi) Dividend policy

We consider ourselves to be in a growth phase, so ever since the establishment of the Company we have not paid out dividends even when posting a profit, because we believe that it is important to grow the business and strengthen our financial base. We recognize that shareholder return is an important management issue, and we are reviewing dividends and dividends from surplus while maintaining the internal reserves necessary for future business development and strengthening of the corporate structure. However, at this time the possibility and timing of dividends has yet to be determined.

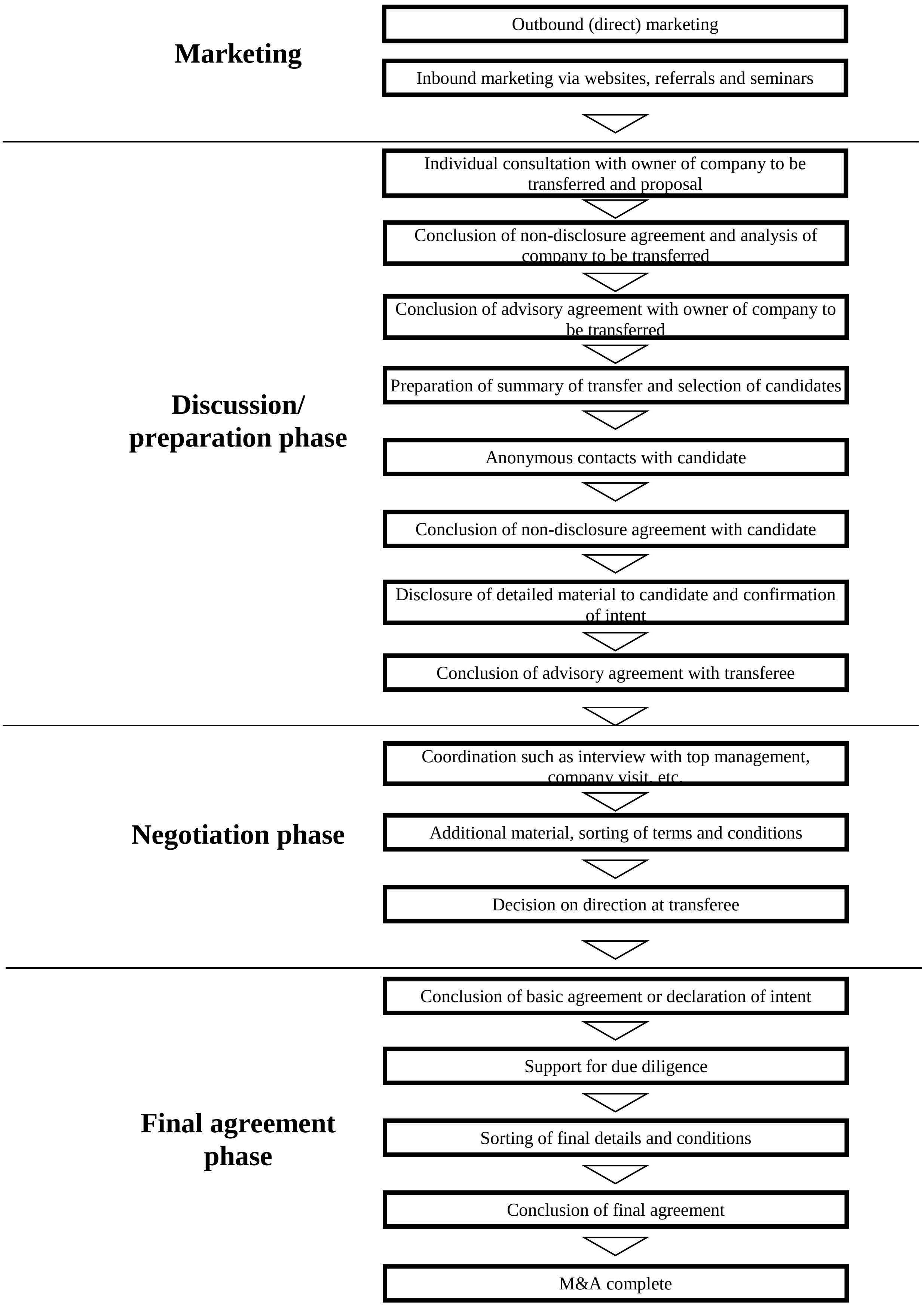
2. Outline of the Group

In recent years, business succession needs, including potential ones, have continued to rise as owners mainly from the baby boomer generation advance in age and the birth rate declines. The lack of successors is particularly dire among smaller, high-rated firms and small and medium-sized enterprises. Many companies are dealing with problems such as a lack of family heirs or existing executives and employees not having the financial means to take over the capital (shares) of the company. Moreover, the greater the company’s performance, the higher the valuation of shares at the time of succession, so due to problems such as coming up with the funds to pay taxes, there are various obstacles faced when considering business succession, including diffusion of stock ownership to relatives not directly involved in management of the company.

We also see strong motivation among acquiring companies whose purpose is to secure economies of scale or expand their businesses by entering peripheral fields or new businesses against a backdrop of intensifying competition due to things like shrinking domestic demand and price competition within their industries.

Since our establishment, our main business has been to propose M&A-based solutions to owners who are struggling with business succession or thinking about liquidating their companies as an M&A (mergers, acquisitions, capital tie-ups, etc.) broker and support them with implementation. We intermediate between the owner of the company to be transferred and the transferee and provide advisory services. Each company pays us interim and contingency fees for our services.

(Flow of M&A services)



(1) Marketing

Against a backdrop of aging company presidents, we cultivate demand for M&A and convert it into opportunities through marketing activities, which include outbound (direct) marketing where we directly explain the advantages of M&A to owners of candidate smaller, high-rated firms and small and medium-sized enterprises and inbound marketing via our website, seminars and referrals from partners.

(2) Discussion/preparation phase

We have a sit-down talk with the owner of the company to be transferred based primarily on the information obtained through marketing, and if the talks are to be continued, we sign a non-disclosure agreement. We take materials on the company to be transferred from the owner to get a simple grasp of the state of the company, and we have a comprehensive discussion on the possibility of an M&A based on the owner's desired terms along with the services we provide and the fee structure. After we conduct an internal review of the project, we sign an advisory agreement with the owner and begin the work in earnest.

After we prepare a summary of transfer to be used as material for disclosing details on the management of the company in question, we select candidates and begin anonymous contacts.

(3) Negotiation phase

If a company expresses an interest, we sign a non-disclosure agreement with that company and disclose detailed materials, including the summary of transfer. If the transferee desires to seriously consider the transfer, we sign an advisory agreement with them and set up a meeting between the top managements (a sit-down talk between members of management or those with decision-making authority), including the owner of the company to be transferred. If the parties so desire, we make arrangements for company visits, on-site inspections, exchanging of additional questions, coordinating of desired terms, etc. and set up the conclusion of a basic agreement between the parties.

(4) Final agreement phase

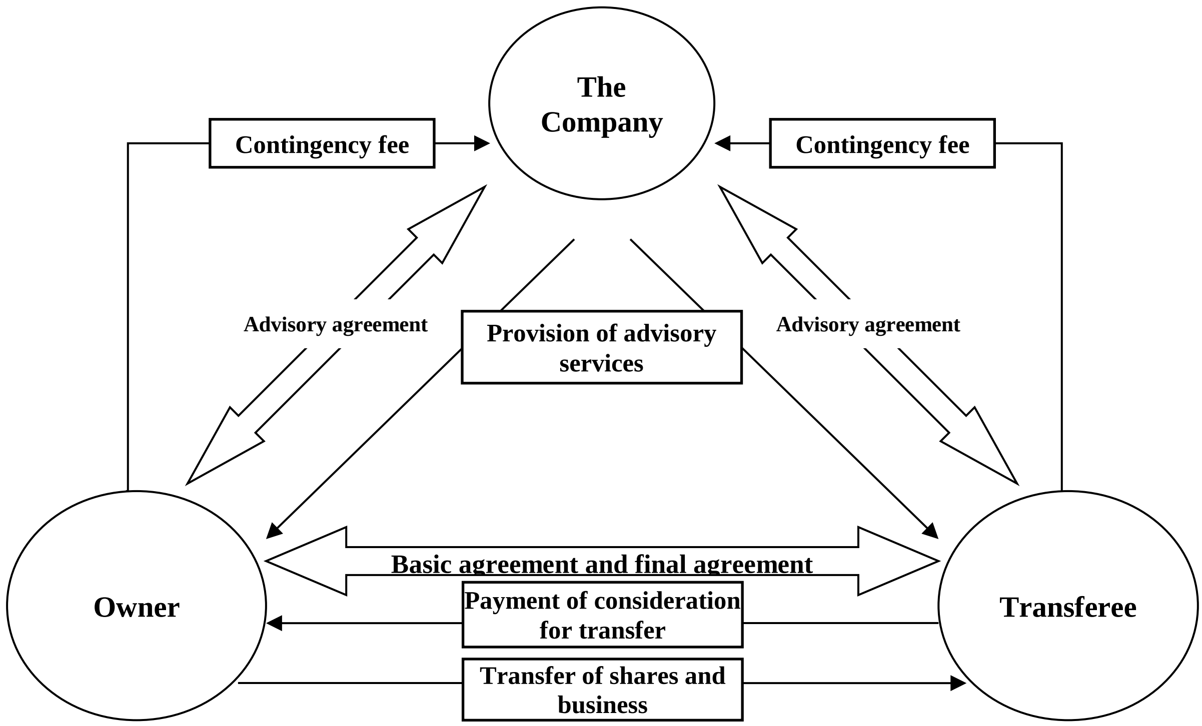
Usually, when a basic agreement is signed between the owner of the company to be transferred and the transferee, we receive 10% of the contingency fee from both parties as an interim fee (because we receive the fee as a part of the payment for our M&A brokerage service, this is recorded as "advances received" under our accounting practices).

Once the basic agreement is signed, due diligence is performed by the transferee based on the details of the agreement, so we provide support to ensure that it goes smoothly.

The final negotiation phase proceeds based on the results of due diligence, and we provide advice to ensure smooth and affable negotiations, including deciding on a price and transfer of business partners and employees.

Once the terms have been negotiated and settled, the final agreement is signed and payment is arranged. Once the payment is made and the shares and the like are transferred, our series of work is complete. After our services have been completed, we receive the final contingency fee (the balance less the interim fee already received) from both parties based on the advisory agreement.

[Business Flow Diagram]
The flow of the above transactions is shown below.



3. Management Policy

(1) Fundamental Management Policy of the Company

We endeavor to develop our business in such a way as to contribute to all our shareholders based on our management philosophy and code of conduct as described below.

(i) Management philosophy

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

(ii) Code of conduct

a. We will continually pursue higher knowledge, service levels, teamwork and new fields as a prominent group of professionals and, above all, will work to achieve the solutions and gains our customers expect with earnestness and passion that far exceeds our competitors.

b. Our employees will achieve personal growth, economic prosperity and happy family lives through work at a broader and higher level. We understand that our business results and future depend on the success of our employees.

c. We are not a small-scale boutique but will continually move forward and expand into an investment bank with the world's top brand, human resources and capabilities. We will maintain thorough confidentiality and legal compliance to protect our credibility and high profitability to strengthen our capital and attract the top human resources.

(2) Target Management Indicators

Fees can fluctuate greatly depending on the size of the M&A, so we do not have a management indicator that we emphasize like net sales, but maintaining our operating margin is a criterion we use to decide on measures to implement in order to expand our business. The number of M&A deals closed and the number of consultations are also important indicators we use for management decisions in order to expand our business.

(3) Mid- and Long-term Management Strategy of the Company

We are strengthening and promoting the measures below to increase public awareness of M&A as a solution to the problem of business succession.

(i) Outbound marketing

We work to improve the quality of our services through the development and strengthening of internal knowledge to systematically secure and equip mid-career hires and educational measures designed to raise the level of the entire company, including existing employees.

(ii) Inbound marketing

We regularly hold seminars for owner-managers of smaller, high-rated firms and small and medium-sized enterprises, and through these seminars we raise awareness of business succession M&A. We engage in activities to track demand by updating the content on our website, publishing an e-mail magazine and regularly reporting news. We will cultivate the market by implementing measures to further increase our name recognition and enhance our brand.

(4) Issues to Address

(i) Market and business strategy

In regards to the future challenges we face, we are implementing a strategy focusing on a certain market and domain of advisory services with the main target of business succession demand among smaller, high-rated firms and small and medium-sized enterprises so that we can engage in selection and concentration of capital because there is currently a need for us to engage in efficient management suited to the size of the company. On the other hand, from the standpoint of diversifying our risk with respect to the market, this makes us vulnerable, so we recognize the importance of establishing a long-term management strategy that looks ahead 10 or 20 years in order to mitigate our business risks.

However, in the M&A market for smaller, high-rated firms and small and medium-sized enterprises with business succession needs due to the absence of a successor, which we are targeting, we project that demand (including latent needs) will continue to exceed supply.

The basis for this is the “National Analysis of Company Presidents,” an annual report published by Teikoku Databank, Ltd., which analyzes the corporate data it holds. According to this report, the average age of company presidents in 2015 was a record high of 59.2 years of age, and the rate of changes in presidents remains low at 3.88%, showing that the aging of presidents continues at Japanese companies.

We believe that this is due to a lack of progress on management and capital (share) succession, and we propose third party succession by means of M&A as an option for solving these problems. Additionally, by eliminating retaining fees at the M&A review stage, which are customary in the industry, we have established a fee system for promoting more specific consideration and are differentiating ourselves from our competitors.

Building upon the above, we continue to grow our market share by uncovering latent demand through marketing activities.

Moreover, in the medium to long term, we are actively working on a strategy for differentiating ourselves from our competitors by improving the quality of our M&A brokerage services and looking into entering derivative financial services fields targeting these markets.

(ii) Securing of outstanding human resources and strengthening of our organizational system

As we are a smaller organization, we recognize the possibility of individual factors like an unexpectedly large number of core members resigning or delays in education becoming major obstacles to establishing steady business results. Based on our management philosophy of pursuing maximum contribution to our clients and the happiness of all employees, we have introduced a performance-based incentive program and a personnel appraisal system as well as a stock option system. Furthermore, by creating an internal database of client needs, we have established an internal knowledge base that cannot easily be imitated, and we engage in branding for employees. These are just some of the measures we have implemented to increase the stability of our workforce. On top of this, we have moved away from individual on-the-job training and have established an organizational education program. The results of our efforts to equip mid-career hires can also be seen in our business results.

In regards to our personnel plan, which is an important strategy on par with our basic medium-term management policy, in the future, we will work on effective organization building, including establishment of new departments in accordance with our basic medium-term management policy while considering the balance between market needs, improvement of organizational strength and growth of employees.

(5) Other Important Items in Management of the Company

There are no applicable items.

4. Basic Stance Regarding the Selection of Accounting Standards

We currently use the Japanese Accounting Standards. We have not yet made a decision about applying the International Accounting Standards in the future.

5. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	Previous business year September 30, 2015	Current business year September 30, 2016
Assets		
Current assets		
Cash and deposits	4,173,783	3,332,670
Accounts receivable - trade	—	19,440
Prepaid expenses	11,638	16,199
Deferred tax assets	37,729	30,656
Other	389	1,111
Total current assets	4,223,541	3,400,078
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	54,542	201,534
Accumulated depreciation	(14,015)	(43,138)
Facilities attached to buildings, net	40,526	158,396
Tools, furniture and fixtures	18,001	43,067
Accumulated depreciation	(3,246)	(14,199)
Tools, furniture and fixtures, net	14,755	28,868
Construction in progress	2,970	—
Total property, plant and equipment	58,252	187,264
Intangible assets		
Software	2,684	2,929
Total intangible assets	2,684	2,929
Investments and other assets, gross		
Lease and guarantee deposits	164,938	133,814
Deferred tax assets	4,312	13,670
Long-term prepaid expenses	242	143
Long-term time deposits	—	2,000,000
Other	—	8,363
Total investments and other assets	169,493	2,155,990
Total non-current assets	230,430	2,346,185
Total assets	4,453,971	5,746,264
Liabilities		
Current liabilities		
Accounts payable - other	501,214	677,935
Accrued expenses	14,269	33,027
Income taxes payable	517,455	471,058
Accrued consumption taxes	126,808	73,144
Advances received	50,274	125,171
Deposits received	2,883	13,820
Total current liabilities	1,212,904	1,394,157
Total liabilities	1,212,904	1,394,157

(Unit: thousand yen)

	Previous business year September 30, 2015	Current business year September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	440,937	455,625
Capital surplus		
Legal capital surplus	430,687	445,375
Total capital surpluses	430,687	445,375
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,358,065	3,439,807
Total retained earnings	2,358,065	3,439,807
Treasury shares	(177)	(254)
Total shareholders' equity	3,229,513	4,340,553
Subscription rights to shares	11,553	11,553
Total net assets	3,241,067	4,352,106
Total liabilities and net assets	4,453,971	5,746,264

(2) Statement of Income

(Unit: thousand yen)

	Previous business year (from October 1, 2014 to September 30, 2015)	Current business year (from October 1, 2015 to September 30, 2016)
Net sales	2,847,868	3,755,105
Cost of sales	858,440	1,057,396
Gross profit	1,989,427	2,697,708
Selling, general and administrative expenses	439,604	837,272
Operating income	1,549,823	1,860,436
Non-operating income		
Interest income	1,561	2,444
Miscellaneous income	—	302
Total non-operating income	1,561	2,747
Non-operating expenses		
Share issuance cost	3,018	—
Going public expenses	23,562	—
Loss on retirement of non-current assets	—	1,705
Miscellaneous loss	6	793
Total non-operating expenses	26,587	2,499
Ordinary income	1,524,796	1,860,684
Profit before income taxes	1,524,796	1,860,684
Income taxes - current	655,797	781,228
Income taxes - deferred	(23,733)	(2,285)
Total income taxes	632,064	778,943
Profit	892,732	1,081,741

Detailed statement for the cost of sales

[Detailed statement for the cost of sales]

			Previous business year (From October 1, 2014 to September 30, 2015)		Current business year (From October 1, 2015 to September 30, 2016)	
Classification		Annotation number	Amount (thousand yen)	Composition ratio (%)	Amount (thousand yen)	Composition ratio (%)
I	Personnel expenses	1*	739,897	86.2	856,048	81.0
II	Expenses	2*	118,543	13.8	201,348	19.0
	Current period cost of sales		858,440	100.0	1,057,396	100.0

(Note)

Previous business year (From October 1, 2014 to September 30, 2015)		Current business year (From October 1, 2015 to September 30, 2016)	
*1 The main breakdown for personnel expenses is as shown below.		*1 The main breakdown for personnel expenses is as shown below.	
Salaries and allowances	137,428 thousand yen	Salaries and allowances	194,541 thousand yen
Bonuses	552,684 thousand yen	Bonuses	592,904 thousand yen
Legal welfare expenses	46,707 thousand yen	Legal welfare expenses	64,302 thousand yen
*2 The main breakdown for expenses is as shown below.		*2 The main breakdown for expenses is as shown below.	
Subcontract expenses	80,679 thousand yen	Subcontract expenses	124,022 thousand yen
Traveling and transportation expenses	34,155 thousand yen	Traveling and transportation expenses	68,971 thousand yen

(3) Statement of Changes in Equity

Previous business year (from October 1, 2014 to September 30, 2015)

(Unit: thousand yen)

	Shareholders' equity							Subscription rights to shares	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total share-holders' equity		
		Legal capital surplus	Total capital surplus	Other retained	Total retained earnings				
				Retained earnings					
Balance at the beginning of year	287,300	277,050	277,050	1,465,333	1,465,333	—	2,029,683	—	2,029,683
Changes of items during period									
Issuance of new shares	153,637	153,637	153,637				307,275		307,275
Profit				892,732	892,732		892,732		892,732
Purchase of treasury shares						(177)	(177)		(177)
Issuance of subscription rights to shares								11,553	11,553
Total Changes of items during period	153,637	153,637	153,637	892,732	892,732	(177)	1,199,830	11,553	1,211,383
Balance at the end of the year	440,937	430,687	430,687	2,358,065	2,358,065	(177)	3,229,513	11,553	3,241,067

Current business year (from October 1, 2015 to September 30, 2016)

(Unit: thousand yen)

	Shareholders' equity							Subscription rights to shares	Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total share-holders' equity		
		Legal capital surplus	Total capital surplus	Other retained	Total retained earnings				
				Retained earnings					
Balance at the beginning of year	440,937	430,687	430,687	2,358,065	2,358,065	(177)	3,229,513	11,553	3,241,067
Changes of items during period									
Issuance of new shares	14,688	14,688	14,688				29,376		29,376
Profit				1,081,741	1,081,741		1,081,741		1,081,741
Purchase of treasury shares						(77)	(77)		(77)
Total Changes of items during period	14,688	14,688	14,688	1,081,741	1,081,741	(77)	1,111,039	—	1,111,039
Balance at the end of the year	455,625	445,375	445,375	3,439,807	3,439,807	(254)	4,340,553	11,553	4,352,106

(4) Statement of Cash Flows

(Unit: thousand yen)

	Previous business year (from October 1, 2014 to September 30, 2015)	Current business year (from October 1, 2015 to September 30, 2016)
Cash flows from operating activities		
Profit before income taxes	1,524,796	1,860,684
Depreciation	19,828	72,565
Interest income	(1,561)	(2,444)
Decrease (increase) in notes and accounts receivable - trade	123,660	(19,440)
Loss on retirement of non-current assets	—	1,705
Share issuance cost	3,018	—
Going public expenses	23,562	—
Increase (decrease) in advances received	12,366	74,897
Increase (decrease) in accounts payable - other	247,808	178,979
Increase (decrease) in accrued consumption taxes	81,667	(53,664)
Other	(11,465)	34,077
Subtotal	2,023,680	2,147,360
Interest income received	1,561	2,444
Income taxes paid	(353,337)	(837,191)
Net cash provided by (used in) operating activities	1,671,904	1,312,613
Cash flows from investing activities		
Payments into time deposits	(3,500,000)	(4,500,000)
Proceeds from withdrawal of time deposits	2,500,000	4,500,000
Purchase of property, plant and equipment	(13,938)	(173,048)
Purchase of intangible assets	(1,922)	(1,613)
Payments for lease and guarantee deposits	(121,057)	—
Other	—	(8,363)
Net cash provided by (used in) investing activities	(1,136,917)	(183,024)
Cash flows from financing activities		
Purchase of treasury shares	(177)	(77)
Payments for issuance of common shares	304,257	29,376
Spending for going public expenses	(23,562)	—
Proceeds from issuance of subscription rights to shares	8,762	—
Net cash provided by (used in) financing activities	289,279	29,298
Increase (decrease) in cash and cash equivalents	824,266	1,158,886
Cash and cash equivalents at beginning of period	1,349,517	2,173,783
Cash and cash equivalents at end of period	2,173,783	3,332,670

(5) Notes to Financial Statements

(Notes on premise of going concern)

Not applicable.

(Important accounting policies)

1 Method of depreciation for non-current assets

(1) Property, plant and equipment (excluding leased assets)

In accordance with the declining-balance method. Main useful lives are as shown below.

Facilities attached to buildings	10 to 15 years
Tools, furniture and fixtures	4 to 15 years

However, we have employed the straight-line method with respect to facilities attached to buildings acquired as of April 1, 2016 onward.

(2) Intangible assets (excluding leased assets)

Software for internal use is amortized by straight-line method over the estimated internal useful life (5 years).

(3) Leased assets

Leased assets having to do with transactions for finance leases exempt from passage of title

Leased assets are depreciated by straight-line method over the lease term as the useful life, with a residual value of zero.

2 Method of processing for deferred assets

(1) Share issuance cost

The entire amount of costs has been processed at the time of spending.

3 Basis for the recording of provisions

(1) Allowance for doubtful accounts

To provide for losses on irrecoverable debt, allowance for doubtful accounts are recorded for at an estimated irrecoverable amount, based on the loan loss ratio for general claims, and taking into consideration the recoverability thereof on a case-by-case basis for specific claims, including doubtful accounts receivable.

4 Scope of funds in the statement of cash flows

The scope encompasses cash on-hand, deposits which can be readily withdrawn as needed, as well as short-term investments maturing within three months of the date of acquisition wherein readily exchangeable and there is only an insignificant risk in terms of value fluctuation.

5 Other basic significant matters for preparation of financial statements

Accounting for consumption taxes:

Accounting processing for consumption tax and regional consumption tax is carried out in accordance with the tax exclusion method.

(Changes in accounting policies)
In parallel with the revision of the Corporation Tax Act, we have applied the content of the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016), and have changed our depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016, to the straight-line method from the declining-balance method.
However, there will be no impact on the financial statements for the current business year.

(Balance sheet-related)
Not applicable.

(Statement of income)

*1 From among the main items constituting selling, general and administrative expenses, the major expense items, amounts and approximate percentages, are as shown below.

	Previous business year (from October 1, 2014 to September 30, 2015)	Current business year (from October 1, 2015 to September 30, 2016)
Directors' compensations	120,561 thousand yen	254,446 thousand yen
Salaries and allowances	20,150 thousand yen	26,631 thousand yen
Bonuses	21,509 thousand yen	23,814 thousand yen
Advertising expenses	74,545 thousand yen	126,582 thousand yen
Compensations	23,606 thousand yen	19,309 thousand yen
Rents	46,890 thousand yen	150,473 thousand yen
Recruiting expenses	14,808 thousand yen	10,712 thousand yen
Commission fee	25,103 thousand yen	35,610 thousand yen
Depreciation	19,828 thousand yen	72,565 thousand yen
Approximate percentages		
Selling expenses	18%	16%
General and administrative expenses	82%	84%

(Statement of changes in equity)

Previous business year (from October 1, 2014 to September 30, 2015)

1. Items concerning outstanding shares

Type of stocks	Beginning of the previous business year	Increase	Decrease	End of the previous business year
Common shares (shares)	6,487,500	6,752,500	—	13,240,000

(Overview of reasons for fluctuation)
The main breakdown for increases is as shown below.

Increase resulting from public offering	132,500 shares
Increase resulting from stock split (1:2)	6,620,000 shares

2. Items concerning treasury shares

Type of stocks	Beginning of the previous business year	Increase	Decrease	End of the previous business year
Common shares (shares)	—	112	—	112

(Overview of reasons for fluctuation)
The main breakdown for increases is as shown below.

Purchase of treasury shares by means of a purchase request for fractional unit shares on July 16, 2015.	56 shares
Increase resulting from stock split (1:2)	56 shares

3. Subscription rights to shares

Breakdown	Type of stocks targeted	Number of stocks targeted (shares)				End of the previous business year (thousand yen)
		Beginning of the previous business year	Increase	Decrease	End of the previous business year	
8th subscription rights to shares	Common shares	—	264,800	—	264,800	11,553
Total		—	264,800	—	264,800	11,553

(Overview of reasons for fluctuation)
The main breakdown for increases is as shown below.
Increase resulting from issuance 132,400 shares
Increase resulting from stock split (1:2) 132,400 shares

4. Dividends
(1) Dividend payments
Not applicable.

(2) Dividends with the effective date thereof falling under the following business year from among dividends with a date of reference falling under the previous business year
Not applicable.

Current business year (from October 1, 2015 to September 30, 2016)
1. Items concerning outstanding shares

Type of stocks	Beginning of the current business year	Increase	Decrease	End of the current business year
Common shares (shares)	13,240,000	864,000	—	14,104,000

(Overview of reasons for fluctuation)
The main breakdown for increases is as shown below.
Increase resulting from public offering 864,000 shares

2. Items concerning treasury shares

Type of stocks	Beginning of the current business year	Increase	Decrease	End of the current business year
Common shares (shares)	112	42	—	154

(Overview of reasons for fluctuation)
The main breakdown for increases is as shown below.
Purchase of treasury shares by means of a purchase request for fractional unit shares on December 2, 2015 42 shares

3. Items concerning subscription rights to shares

Breakdown	Type of stocks targeted	Number of stocks targeted (shares)				End of the current business year (thousand yen)
		Beginning of the current business year	Increase	Decrease	End of the current business year	
8th subscription rights to shares	Common shares	264,800	—	—	264,800	11,553
Total		264,800	—	—	264,800	11,553

4. Dividends

(1) Dividend payments
Not applicable.

(2) Dividends with the effective date thereof falling under the following business year from among dividends with a date of reference falling under the current business year
Not applicable.

(Statement of cash flows-related)

*1 Relationships between cash and cash equivalents at end of period and amounts for accounting items described within the balance sheet are as shown below.

	Previous business year (from October 1, 2014 to September 30, 2015)	Current business year (from October 1, 2015 to September 30, 2016)
Cash and deposits	4,173,783 thousand yen	3,332,670 thousand yen
Time deposits wherein the period of deposit exceeds 3 months	(2,000,000) thousand yen	— thousand yen
Cash and cash equivalents	2,173,783 thousand yen	3,332,670 thousand yen

(Equity in profit of affiliates, etc.)
Previous business year (from October 1, 2014 to September 30, 2015)

There are no applicable items as our company has no affiliate companies.

Current business year (from October 1, 2014 to September 30, 2015)

There are no applicable items as our company has no affiliate companies.

(Segment information, etc.)

(Segment information)

Our business is comprised of a singular segment made up of M&A brokerage business and auxiliary businesses related thereto. Thus, descriptions have been omitted.

(Related information)

Previous business year (from October 1, 2014 to September 30, 2015)

1. Information by product and service

Our M&A brokerage business and auxiliary businesses related thereto account for all of the net sales shown on our statement of income. Thus, descriptions have been omitted.

2. Information by region

(1) Net sales

We have no net sales resulting from dealings with external clients located outside Japan. Thus, there are no applicable items.

(2) Property, plant and equipment

We have no property, plant and equipment items located outside of Japan. Thus, there are no applicable items.

3. Information by main customer

We have no single client whose business accounts for 10% or more of the net sales shown on our statement of income. Thus, descriptions have been omitted.

Current business year (from October 1, 2015 to September 30, 2016)

1. Information by product and service

Our M&A brokerage business and auxiliary businesses related thereto account for all of the net sales shown on our statement of income. Thus, descriptions have been omitted.

2. Information by region

(1) Net sales

We have no net sales resulting from dealings with external clients located outside Japan. Thus, there are no applicable items.

(2) Property, plant and equipment

We have no property, plant and equipment items located outside of Japan. Thus, there are no applicable items.

3. Information by main customer

We have no single client whose business accounts for 10% or more of the net sales shown on our statement of income. Thus, descriptions have been omitted.

(Information on impairment losses on non-current assets by reporting segment)

Previous business year (from October 1, 2014 to September 30, 2015)

Not applicable.

Current business year (from October 1, 2015 to September 30, 2016)

Not applicable.

(Information on amortized amount of goodwill and unamortized balance of goodwill by reporting segment)

Previous business year (from October 1, 2014 to September 30, 2015)

Not applicable.

Current business year (from October 1, 2015 to September 30, 2016)

Not applicable.

(Information on gains on negative goodwill by reporting segment)

Previous business year (from October 1, 2014 to September 30, 2015)

Not applicable.

Current business year (from October 1, 2015 to September 30, 2016)

Not applicable.

(Per share information)

(in yen)

	Previous business year (from October 1, 2014 to September 30, 2015)	Current business year (from October 1, 2015 to September 30, 2016)
Net assets per share	243.92	307.76
Profit per share	67.70	77.50
Profit (fully diluted) per share	60.73	72.93

(Notes)

1. *We conducted a two-for-one stock split on September 1, 2015. As a result of this, we have calculated the amount of net assets per share, amount of profit per share and the amount of fully diluted profit per share, on the presumption that the relevant stock split was conducted at the beginning of the previous business year.*

2. *The basis for calculation of amount of profit per share and the amount of fully diluted profit per share are as shown below.*

Item	Previous business year (from October 1, 2014 to September 30, 2015)	Current business year (from October 1, 2015 to September 30, 2016)
Profit per share		
Profit (thousand yen)	892,732	1,081,741
Amounts not attributable to holders of common shares (thousand yen)	—	—
Profit for common shares (thousand yen)	892,732	1,081,741
Average number of common shares during the period (shares)	13,186,977	13,957,361
Profit (fully diluted) per share		
Adjustment of profit attributable to shareholders (thousand yen)	—	—
Number of increased common shares (shares)	1,513,834	875,418
(Of which subscription rights to shares (shares))	(1,513,834)	(875,418)
Outline of dilutive shares not included in the calculation of profit (fully diluted) per share due to having no dilutive effect	—	—

3. *The basis for the calculation of net assets per share is as follows:*

	Previous business year (As of September 30, 2015)	Current business year (As of September 30, 2016)
Total net assets (thousand yen)	3,241,067	4,352,106
Amount deducted from total net assets	11,553	11,553
(Of which subscription rights to shares (thousand yen))	(11,553)	(11,553)
Net assets attributable to common shares at the end of the period (thousand yen)	3,229,513	4,340,553
Number of common shares used for the calculation of net assets per share (shares)	13,239,888	14,103,846

(Important events after the reporting period)

Mergers resulting from acquisitions, underwriting of capital increases, borrowing of funds

Based on a resolution carried out at a board of directors meeting held on October 24, 2016, we acquired a share of both RECOF Corporation and RECOF DATA Corporation, thereby making them subsidiaries. We conducted the underwriting of a third-party allocation of shares for RECOF Corporation, along with the borrowing of funds for the acquisition of said shares.

1. Mergers resulting from acquisition

(1) Mergers overview

(i) Name of the company acquired and the content of their business

Name of the company acquired	Content of business
RECOF Corporation	M&A brokerage and advisory services
RECOF DATA Corporation	Publishing and information provision services

(ii) Main reason for the conducting of mergers

Our company’s strength lies in business succession-type M&A transactions for smaller, high-rated firms and small and medium-sized enterprises. By incorporating RECOF Corporation (a company possessing strengths in terms of broad-ranging advisory services) and RECOF DATA Corporation (a company well known for its M&A data) into our group, we will be able to radically expand our business domain through the provision of added-value services that would not have been possible alone to the M&A market that is to see further expansion and diversification in the future. This is the reason for the transactions.

(iii) Date of merger

October 27, 2016

(iv) Legal form of merger

Acquisition of shares paid for in cash

(v) Post-merger name of the company

There has been no change in the name of the company after the merger.

(vi) Percentage of voting rights acquired

	Percentage of voting rights acquired
RECOF Corporation	100%
RECOF DATA Corporation	100%

(vii) Premise leading to a decision with respect to the company acquired
In accordance with our company acquiring shares paid for in cash.

(2) Acquisition cost for the acquired company

Compensation paid for common shares acquired	Cash	1,000,000 thousand yen
Acquisition cost		1,000,000 thousand yen

(3) Content of major acquisition related costs and amounts thereof
Advisory costs etc. 25,000 thousand yen

(4) Amount of goodwill occurring, the cause of the occurrence, the depreciation method, the depreciation period, the amount of gains on negative goodwill and cause of the occurrence thereof
This has not been finalized at the present point in time.

(5) Amount of assets taken in on the day of the merger, amount of liabilities taken in, and the main breakdown thereof
This has not been finalized at the present point in time.

(6) Allocation of the acquisition cost
The identification of identifiable assets and liabilities and the calculation of market value have yet to be completed. Thus, the allocation of acquisition cost is not complete.

(7) Content of conditional acquisition costs set down in the contract for the merger and the future accounting processing policy relating thereto
We are going to be making additional payments in accordance with the degree of achievement in terms of future business performance of the acquired company based on the contract. Moreover, if additional payments arise, we will deem the payment to have been made at the time of acquisition and will revise the acquisition cost, as well as make revisions to the amounts for goodwill and amortization of goodwill.

2. Underwriting of third-party allocation of shares
An overview of the underwriting for this increase in capital is as shown below.

(i) Type of stocks underwritten	RECOF Corporation common shares
(ii) Due date of payment	October 27, 2016
(iii) Number of shares underwritten	852 shares
(iv) Underwriting amount	2,350,000 yen per share
(v) Total amount of procured funds	2,002,200,000 yen
(vi) Method of offering and allocation	Third-party allocation method

3. Borrowing of funds for the acquisition

(i) Lender	Sumitomo Mitsui Banking Corporation
(ii) Total amount borrowed	3,500 million yen
(iii) Borrowing conditions	Rate of interest: TIBOR + 0.31% Terms of repayment: Lump-sum repayment by the deadline
(iv) Date of execution of the borrowing	October 27, 2016
(v) Repayment deadline	October 29, 2017
(vi) Provision of collateral	None