



**M&A Capital Partners Co., Ltd.**

# Presentation Materials for the Earnings Briefing for the Year Ended September 2016

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



November 7, 2016

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

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<b>Trade Name</b>	M&A Capital Partners Co., Ltd.
<b>Listed Market</b>	Tokyo Stock Exchange First Section (Securities Code: 6080) 
<b>Address</b>	38F, Gran Tokyo North Tower, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo
<b>Business Content</b>	M&A intermediary business
<b>Representative</b>	Satoru Nakamura, President and Representative Director
<b>Established</b>	October 2005
<b>Capital</b>	455,625,725 yen (as of September 30, 2016)
<b>Employees</b>	50 (as of September 30, 2016)
<b>Management Philosophy</b>	Aiming to be the world's leading investment bank seeking maximum contributions to clients and the happiness of all employees

## Business Content

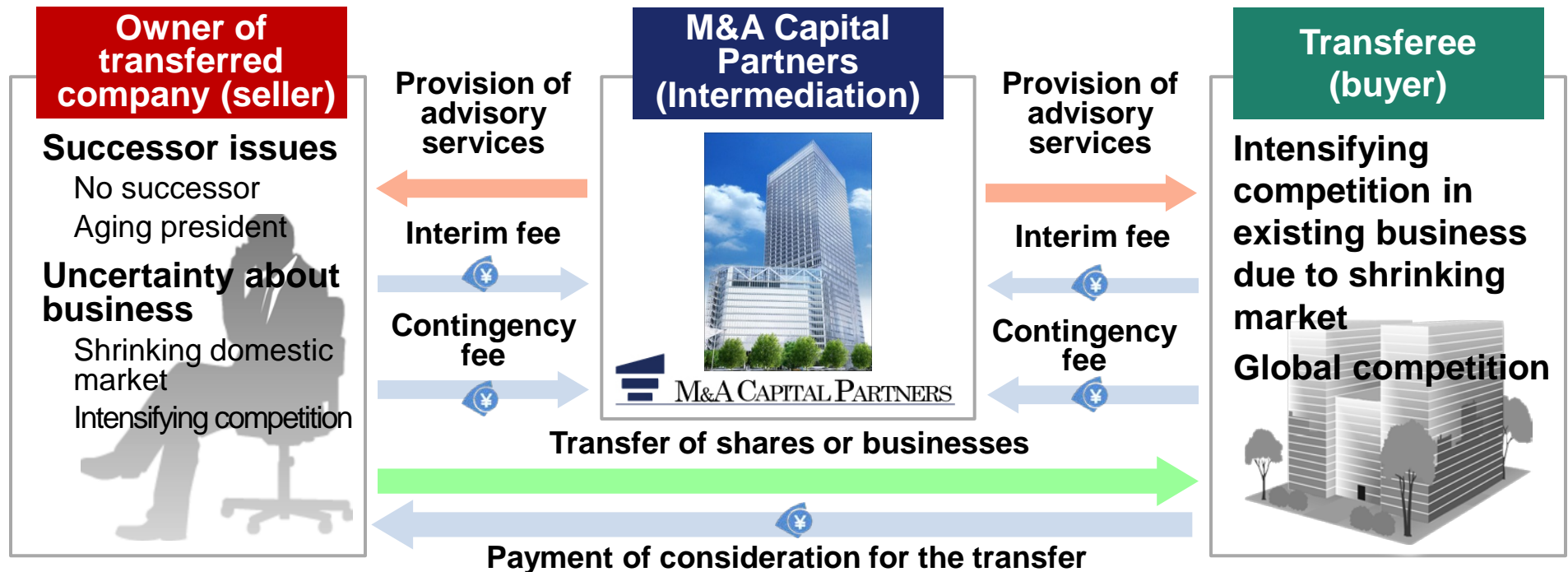
M&A (corporate mergers, acquisitions, capital tie-ups, etc.) **mediation** is our main business.

## 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

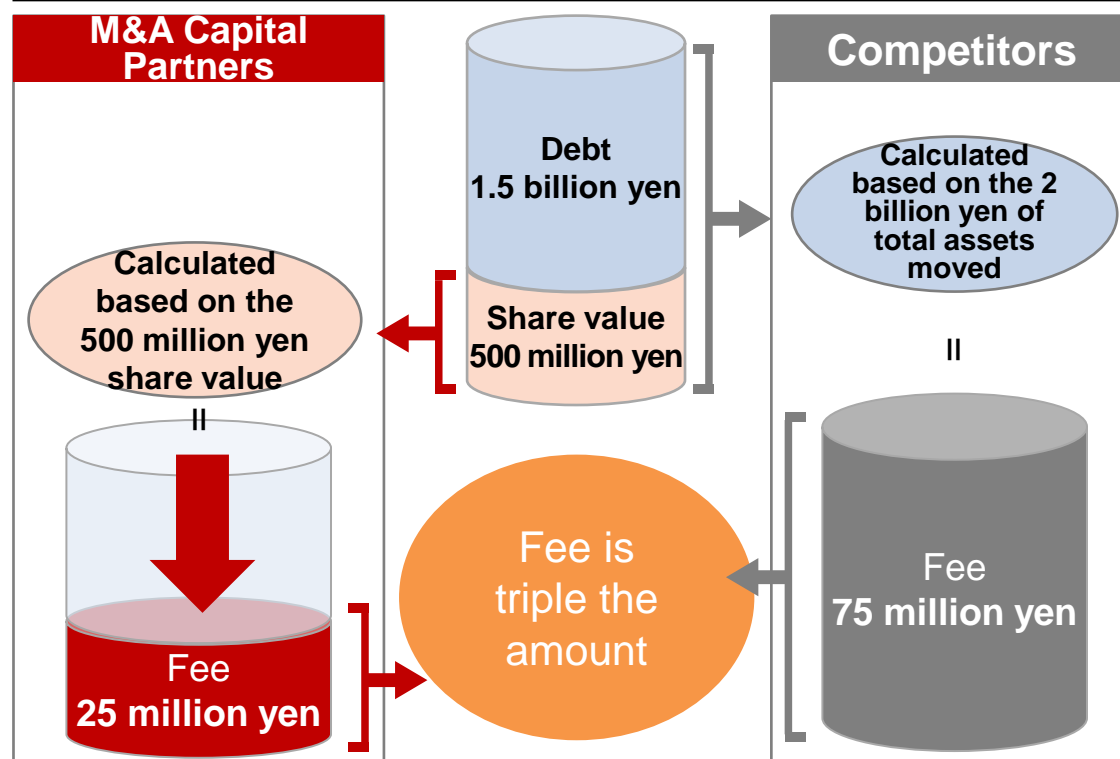


## Fee structure that is convincing for clients

### (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

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



## 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.



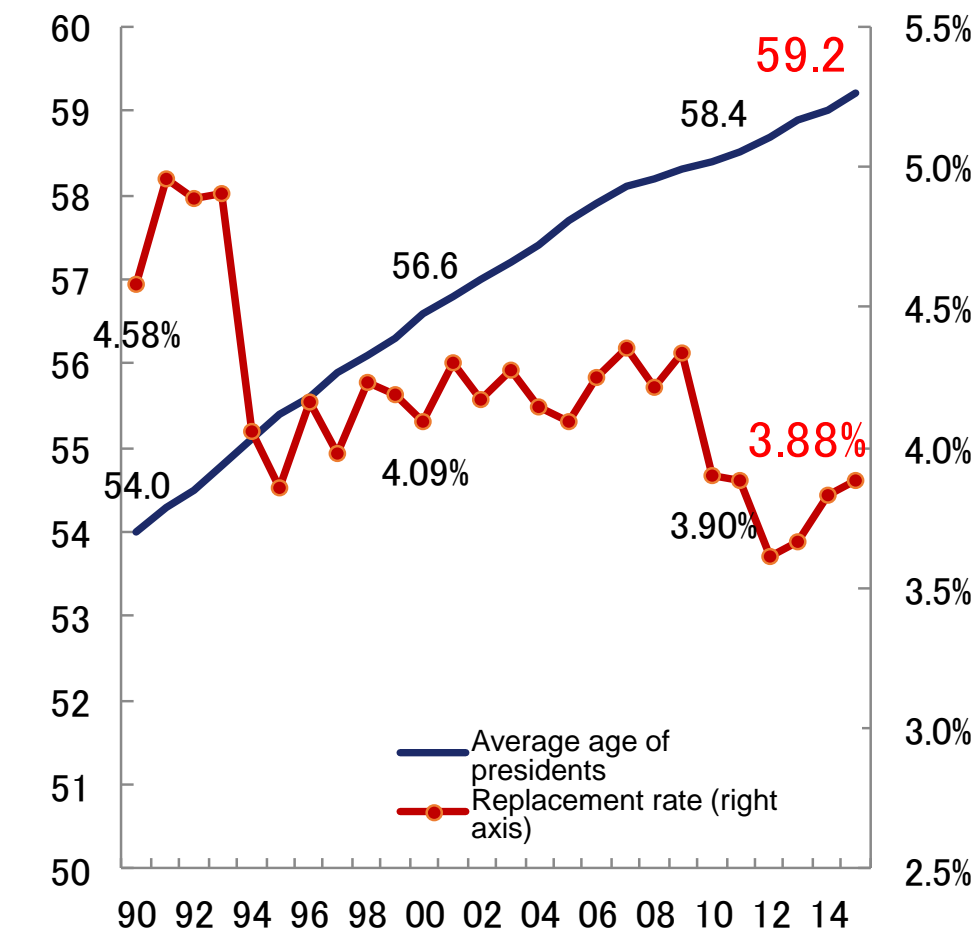


## *II* Business Environment

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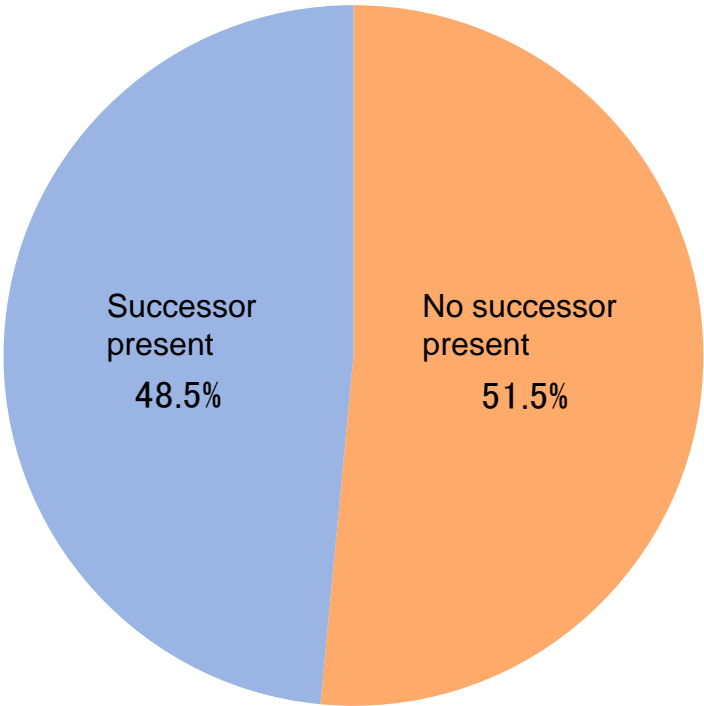
As the ages of company presidents increase, companies lacking successors have become the majority

Average Age of Presidents and Rate of Replacement



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

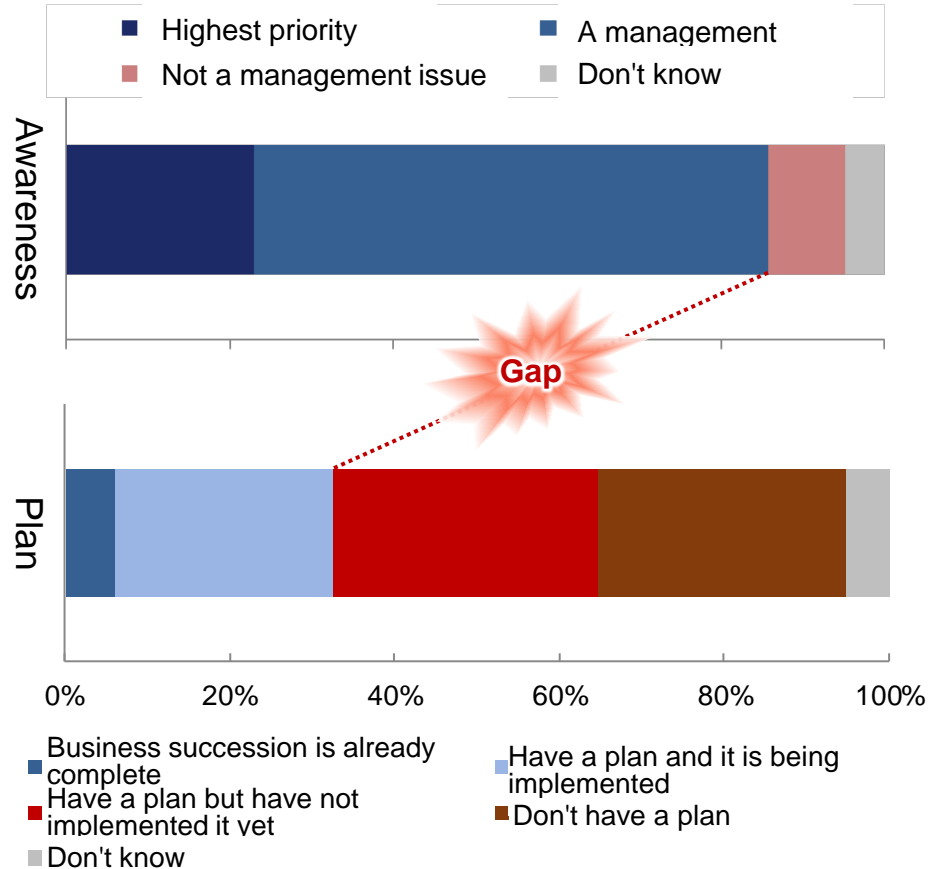
Successors in Companies with a President Aged 60 or More



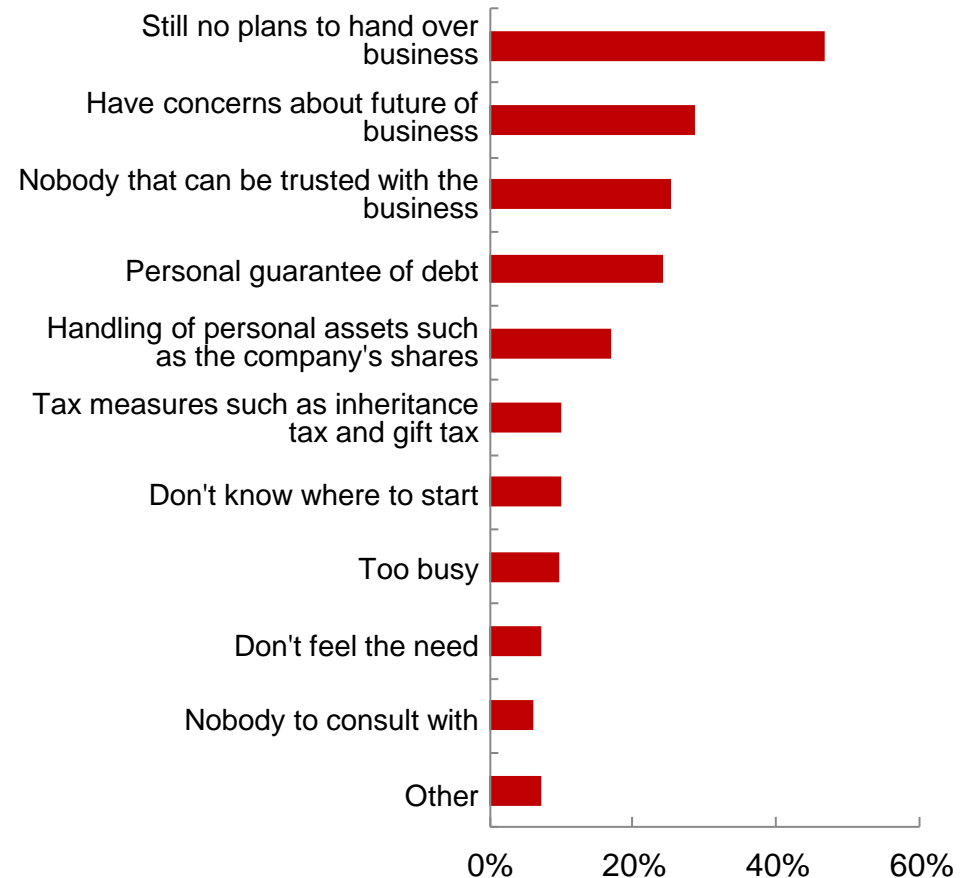
(Source) Teikoku Databank "Nationwide Analysis of Owner-operated Companies"

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

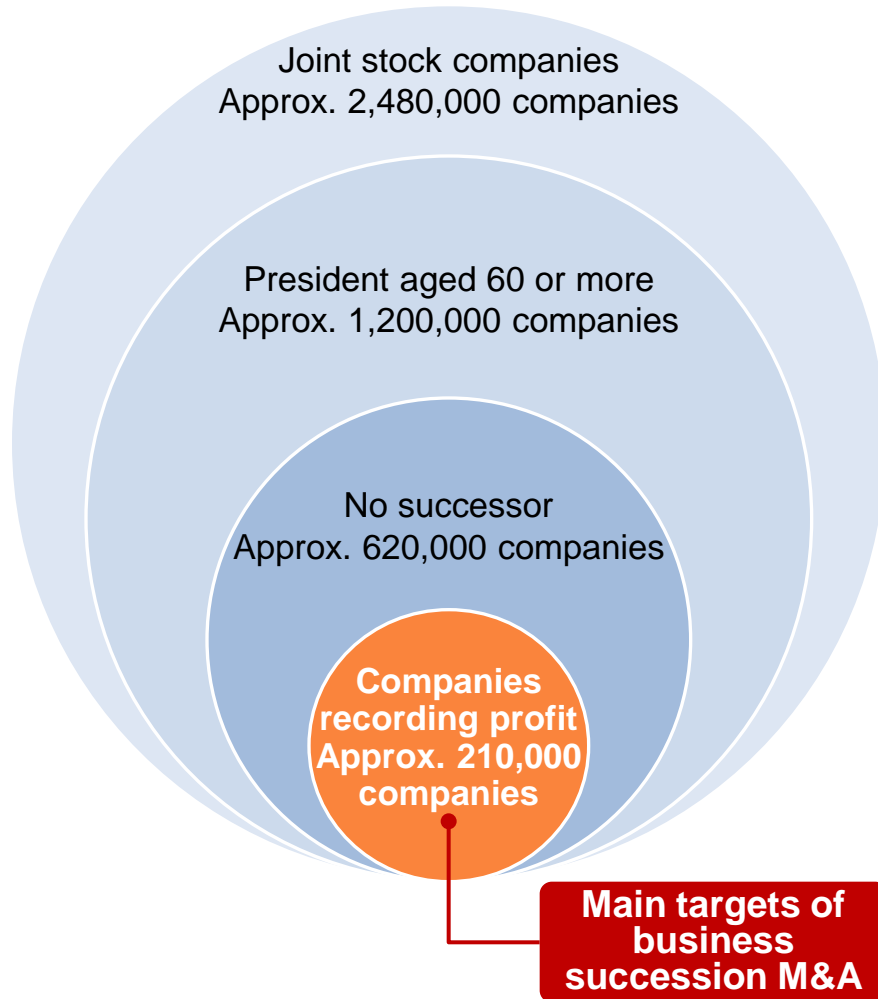


## Reason for Lack of Progress in Planning of Lack of Plan for Business Succession



(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 210,000**

Our company handles 58 deals per year and **even the biggest player only handles 220 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 2016**

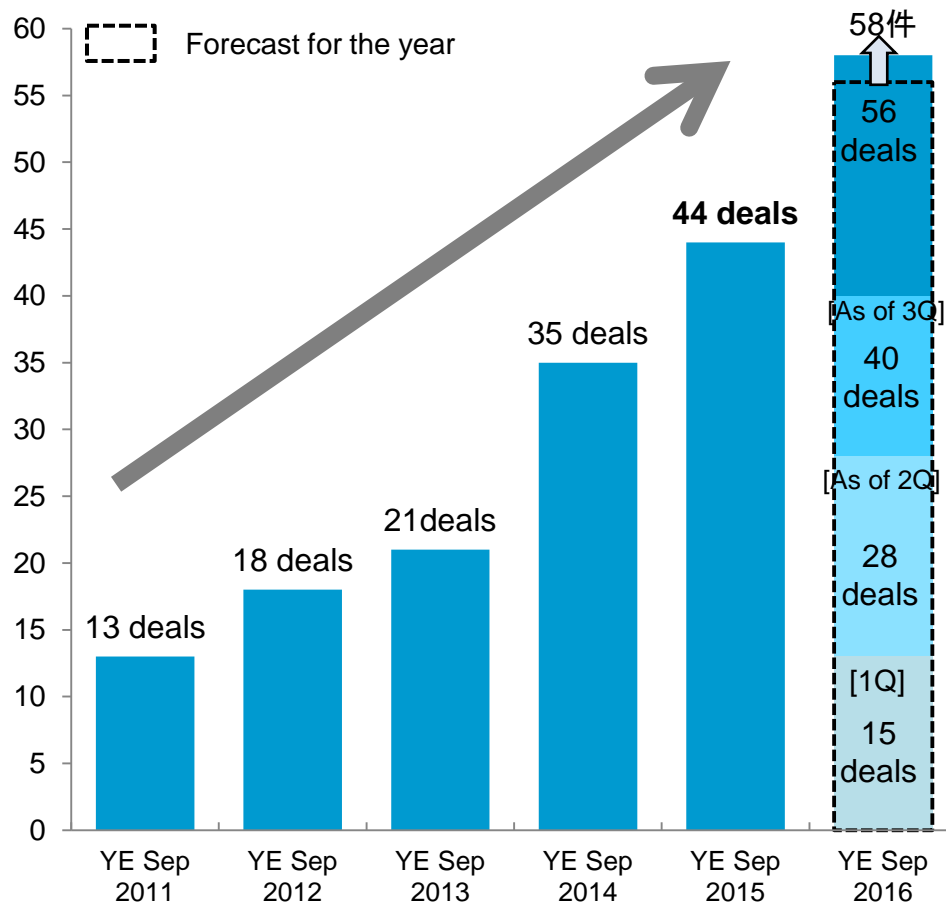
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# Number of Deals Made



	Result for the year	Forecast for the year ( revised )	Forecast difference (revised)
Number of deals	58	56	103.6%

## Number of Deals Made



- **+31.8% year-on-year**
  - **Achieved record highest number of deals**
  - **Number of deals reached **58**, surpassing forecast (after revision) of **56****
- (Factors)
- Steady increase in the number of consultants
  - Improved trust due to listing of shares

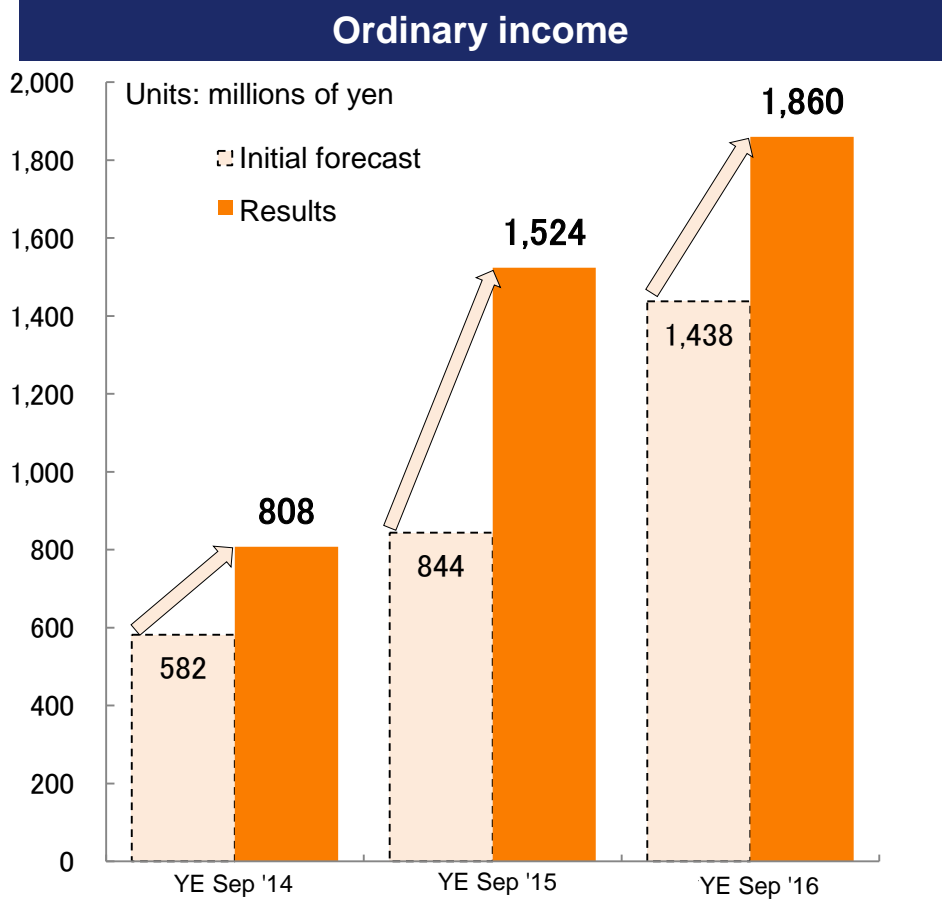
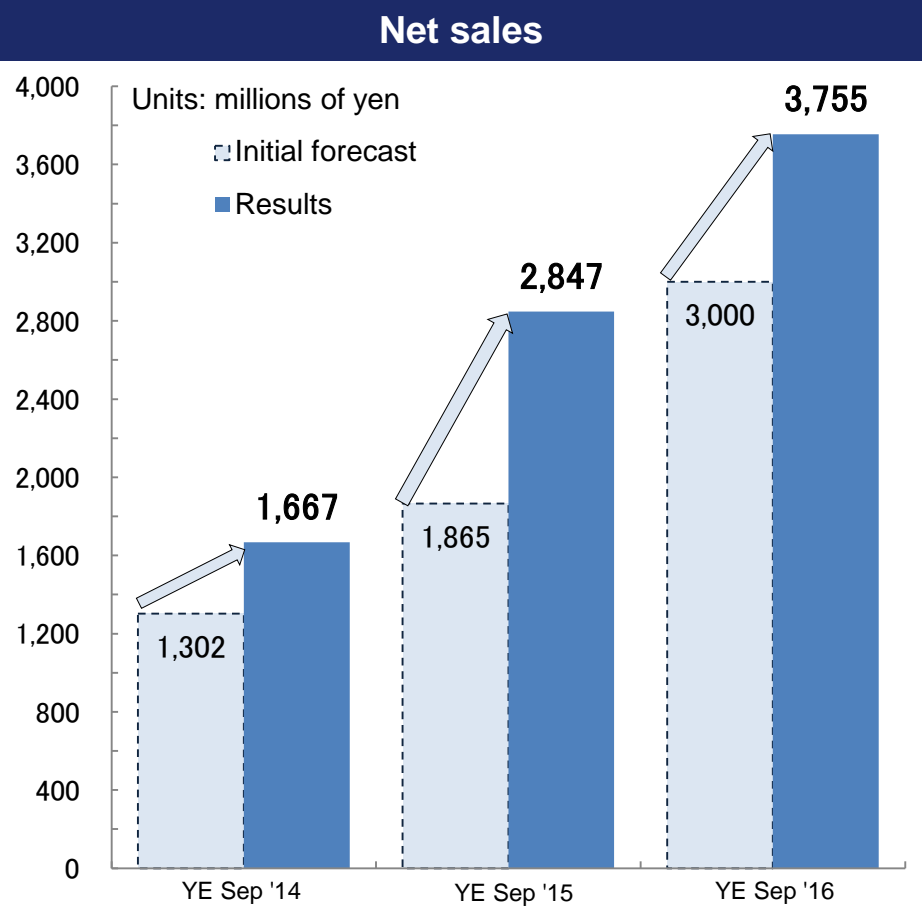


## Earnings for the Year Ended September 2016

Net sales	3,755 million yen	(+31.9% year-on-year)
Ordinary income	1,860 million yen	(+22.0% year-on-year)
Number of deals	58 deals	(+31.8% year-on-year)
Number of consultants	42	(+10 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 6 years in succession (new record levels)
- The number of deals also reached the highest level on record (⇒ steady increase in the number of consultants)

- Net sales and ordinary income have both exceeded initial forecasts for 3 consecutive fiscal years since the company was listed



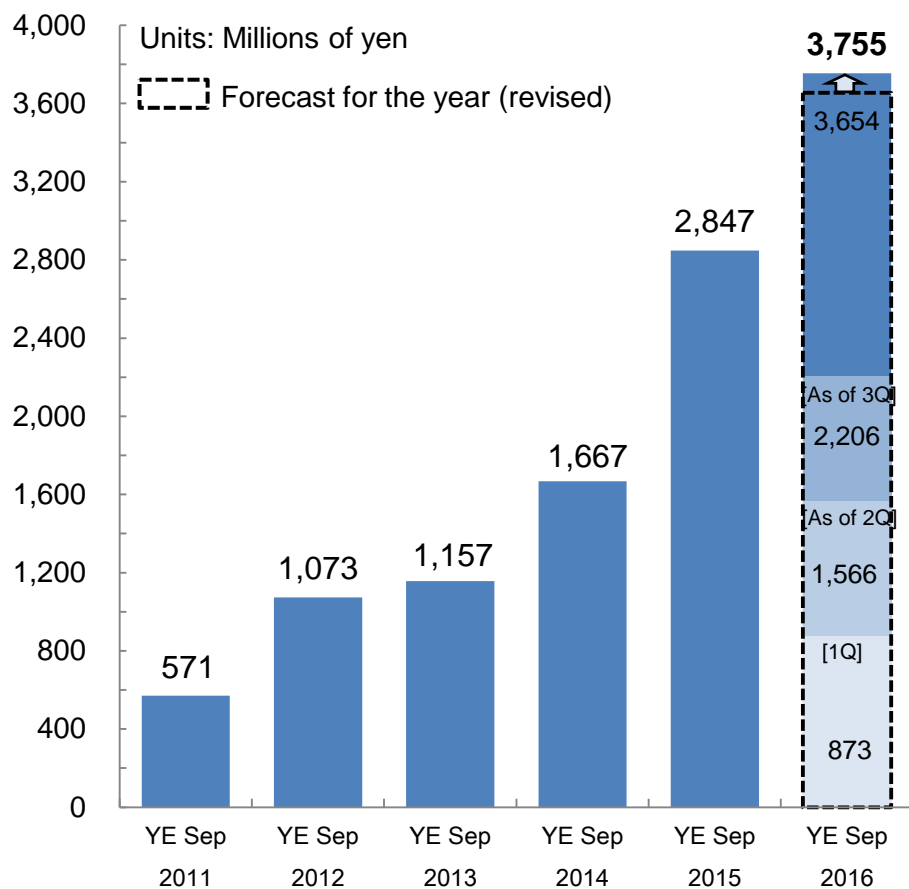
# Changes in Earnings



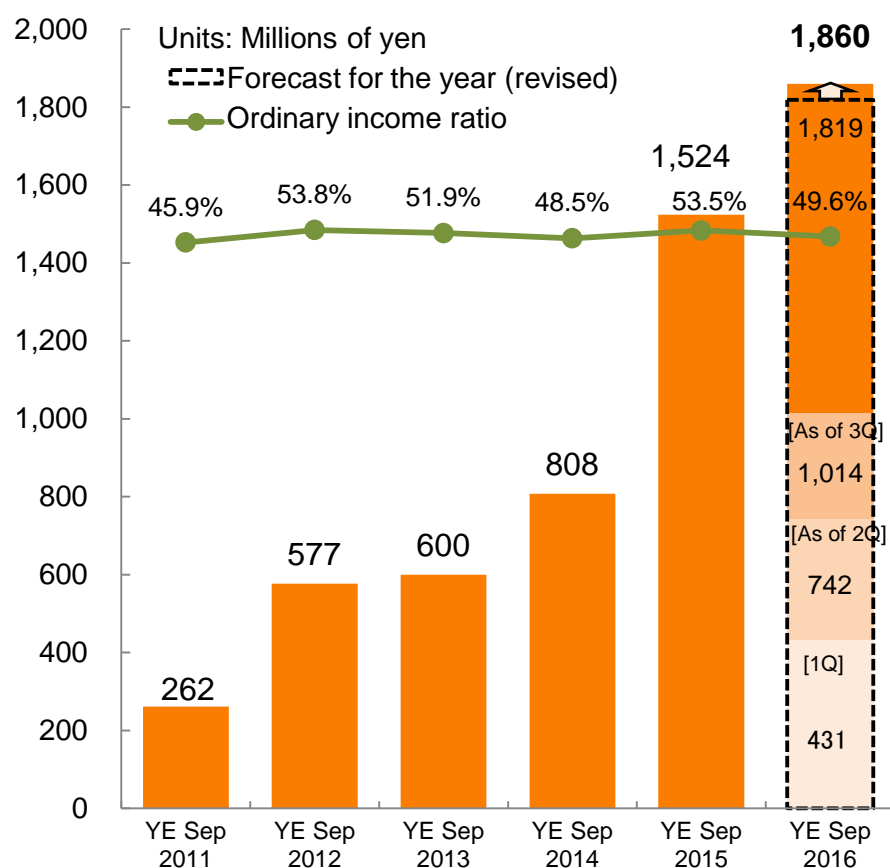
	Results for the year	Forecast for the year (revised)	Forecast difference (revised)
Net sales	3,755	3,654	102.8%
Ordinary income	1,860	1,819	102.3%

Units: Millions of yen

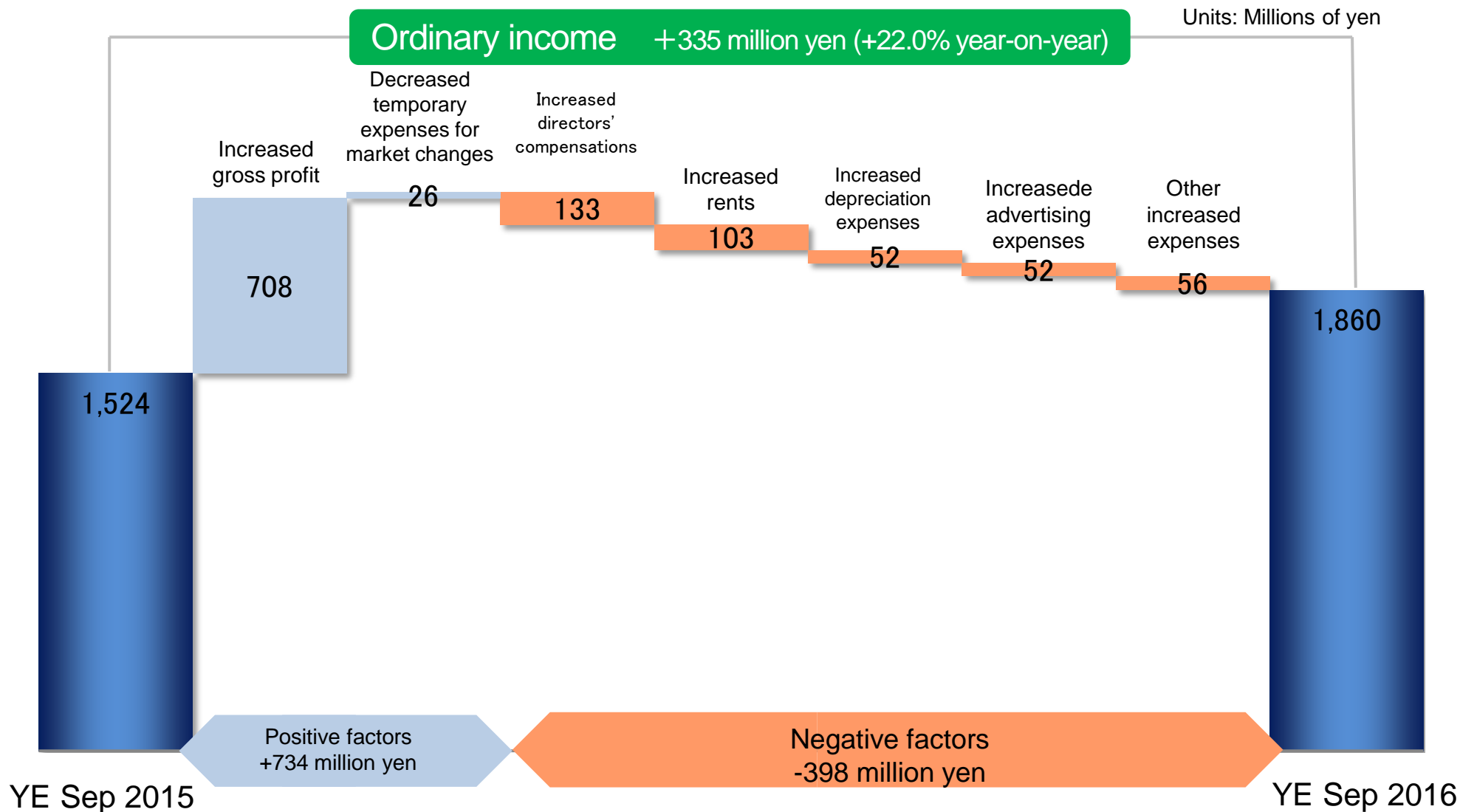
## Net sales



## Ordinary income



# Factors Causing Changes in Ordinary Income



# Overview of Statements of Income

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

	Year Ended September 2015	Year Ended September 2016			Forecast for the Year Ending September 2017
			Year-on-year Change	Overview of Performance	
Net sales	2,847 (100.0%)	3,755 (100.0%)	+31.9%	<ul style="list-style-type: none"> <li>Number of deals grew strongly</li> <li>Increase in number of large deals contributed</li> </ul>	4,034 (100.0%)
Gross profit	1,989 (69.9%)	2,697 (71.8%)	+35.6%	<ul style="list-style-type: none"> <li>Benefit of increased revenue</li> </ul>	
SG&A	439 (15.4%)	837 (22.3%)	+90.5%	<ul style="list-style-type: none"> <li>Increased expenses with expansion of head office +164</li> <li>Increased advertising expenses +52</li> </ul>	
Operating income	1,549 (54.4%)	1,860 (49.5%)	+20.0%	<ul style="list-style-type: none"> <li>Benefit of increased revenue</li> </ul>	1,926 (47.7%)
Ordinary income	1,524 (53.5%)	1,860 (49.6%)	+22.0%		1,905 (47.2%)
Net income	892 (31.3%)	1,081 (28.8%)	+21.2%		1,288 (31.9%)
Number of deals made	44	58	+31.8%	<ul style="list-style-type: none"> <li>Highest number of deals made in a year on record</li> </ul>	66
Employees	38	50	+31.6%	<ul style="list-style-type: none"> <li>Steady increase in the number of consultants</li> </ul>	

# Overview of Balance Sheets

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

		September 30, 2015	September 30, 2016		
				Change	Main Factors Causing Change
	Current assets	4,223 (94.8%)	3,400 (59.2%)	-823	<ul style="list-style-type: none"> <li>Cash and deposits -841 (transfer of time deposits to long-term time deposits, payment of year-end bonuses, and payment of corporate taxes)</li> </ul>
	Noncurrent assets	230 (5.2%)	2,346 (40.8%)	+2,115	<ul style="list-style-type: none"> <li>Long-term deposits + 2,000 (Transfer from fixed-term deposits)</li> <li>Buildings and accompanying facilities +117 (expansion of head office)</li> </ul>
Total assets		4,453 (100.0%)	5,746 (100.0%)	+1,292	
	Current liabilities	1,212 (27.2%)	1,394 (24.3%)	+181	
	Noncurrent liabilities	- (-%)	- (-%)	-	
Total liabilities		1,212 (27.2%)	1,394 (24.3%)	+181	
Total net assets		3,241 (72.8%)	4,352 (75.7%)	+1,111	
Total liabilities and net assets		4,453 (100.0%)	5,746 (100.0%)	+1,292	



## *IV* Merger and Forecast for the Year Ending September 2017

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## *Improvement of matching customer needs and creation of a system able to provide high added value to a wide range of customers*



Structure	<ul style="list-style-type: none"><li>✓ Acquisition of shares of RECOF Corporation (RECOF) and subscription of rights issue for capital increase</li><li>✓ Acquisition of shares of RECOF DATA Corporation (RECOF DATA)</li></ul>
Reason for selection of structure	<ul style="list-style-type: none"><li>✓ Succession of capital of RECOF and RECOF DATA</li><li>✓ Strengthening of RECOF's capital (toward debt-free management)</li></ul>
Total acquisition amount	<p>Approximately 30 million yen (total of acquisition of shares and capital increase through rights issue)</p> <p><small>* Rationally determined within the scope of the valuation estimation made by Plutus Consulting Co., Ltd. (Chiyoda-ku, Tokyo), which is a third-party organization independent from the parties in the merger, using the DCF method</small></p>
Share acquisition date and effective date of capital increase through rights issue	October 27, 2016

## [Overview]



M&A情報・データサイト

MARR Online 〔メールオンライン〕

Company name : RECOF Corporation  
 Established : December 10, 1987  
 Address : 4-1-1 Kojimachi, Chiyoda-ku, Tokyo  
 Representatives : Yoshimitsu Onji, Chairman and Representative Director  
 Yoichi Inada, President and Representative Director  
 Officers : Shigeru Nishiyama, Director  
 Masako Yagori, Director  
 Kenji Furutani, Corporate Auditor  
 Employees : 49  
 Business Content : M&A strategic planning  
 Origination and execution of M&A transactions  
 Execution support  
 Post-merger support  
 Cross-border M&A support

Company name : RECOF DATA Corporation  
 Established : April 1, 2008  
 Address : 4-1-1 Kojimachi, Chiyoda-ku, Tokyo  
 Representative : Toshifumi Iwaguchi, Representative Director  
 Officers : Masako Yagori, Director  
 Yoshimitsu Onji, Director  
 Kenji Furutani, Corporate Auditor  
 Employees : 15  
 Business Content : Planning and publication of books and magazines  
 Information processing and provision services  
 Planning and operation of seminars and workshops

## [History]

December 1987	RECOF Office Co., Ltd. (now RECOF Corporation) established by founder Masaaki Yoshida
January 1995	First edition of the M&A trade journal “MARR” published
May 2004	Moved the headquarters (from Hirakawa-cho, Chiyoda-ku to Kojimachi, Chiyoda-ku)
March 2005	Hirokazu Moriyama Office, which offers consulting services on corporate valuation, became RECOF's wholly-owned subsidiary and officially joined Global M&A
October 2005	
April 2008	The division in charge of the M&A database and monthly magazine “MARR” was split off and became the independent company RECOF DATA Corporation
June 2010	Yoshimitsu Onji was appointed as President and Representative Director
October 2016	Merged with M&A Capital Partners Co., Ltd.
October 2016	Yoshimitsu Onji was appointed as Chairman and Representative Director, and Yoichi Inada was appointed as President and Representative Director

## Background of the Merger

### Customer Trends

#### Expansion of customer base and diversification of needs

- ✓ Expansion of M&A services for small and medium companies with business succession as a backdrop
- ✓ Significant expansion of both number and size of deals
- ✓ Reorganization of the industry due to the contraction and maturing of the domestic market
- ✓ Existence of need to expand overseas centered on emerging economies
- ✓ Flow of selecting and narrowing down businesses of listed companies with an awareness of ROE

### Business Environment

#### Intensification of competition and diversification of services

- ✓ Entry into small-medium market by major securities companies and banks
- ✓ Trend of rival companies strengthening business succession market
- ✓ Changes in the required services

## Goals of the Merger

- ✓ Expansion of area of business through the combination of different business models
- ✓ Qualitative improvement of service level through sharing of know-how
- ✓ Leap to become a comprehensive M&A firm

**We aim to be the world's leading investment bank by combining the knowledge of the two companies**

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

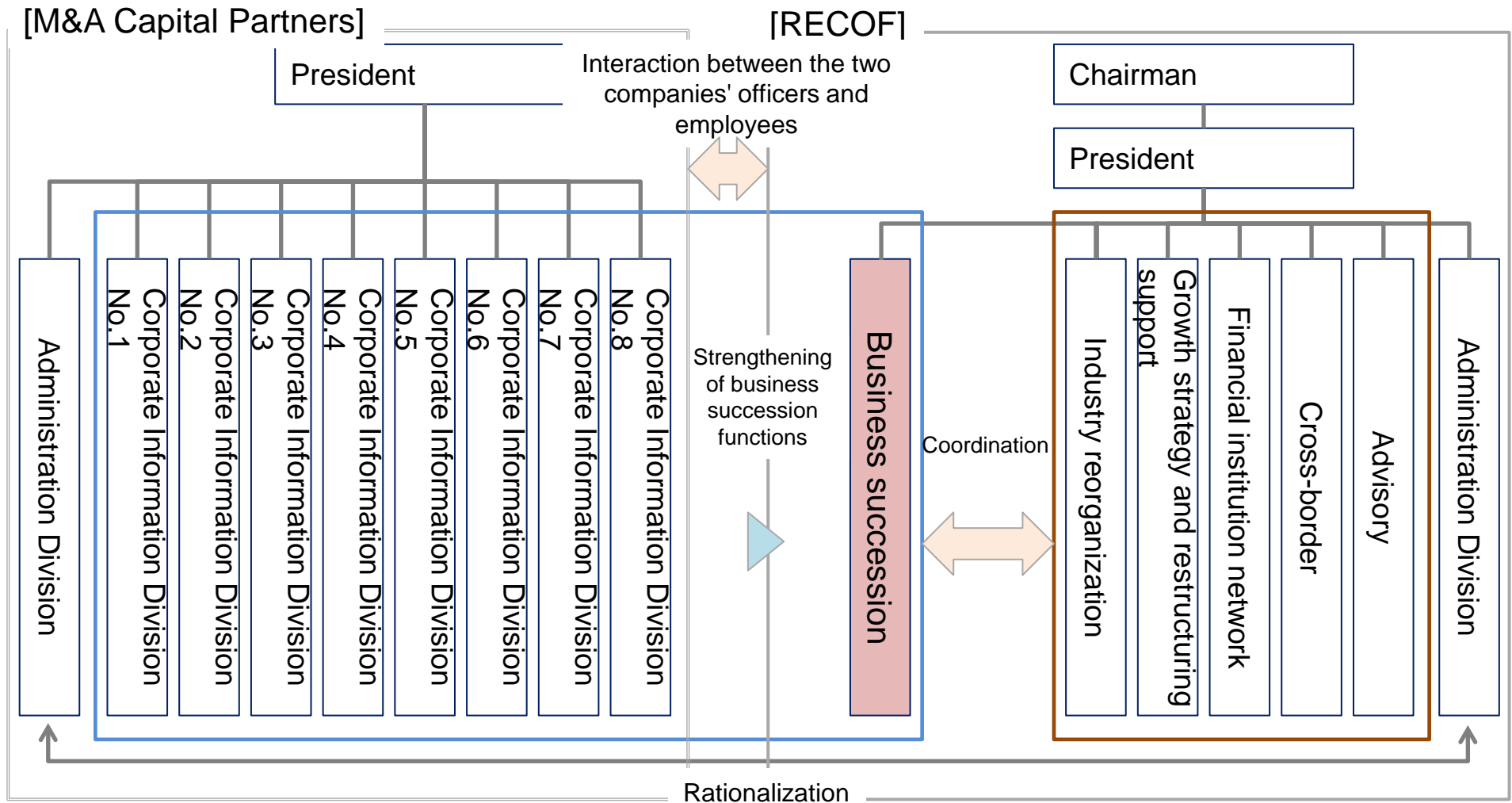
## (Planned) Management Structure of the Company after the Merger

Position	Name	Current position
President and Representative Director	Satoru Nakamura	President and Representative Director of M&A Capital Partners
Director	Yozo Sogame	Director and Manager of Corporate Information Division No.1 of M&A Capital Partners
Director	Daisuke Uehara	Director and Manager at the Planning Management Department of M&A Capital Partners
Director*	Yoshimitsu Onji	Chairman and Representative Director of RECOF Corporation
Director*	Yoichi Inada	President and Representative Director of RECOF Corporation
Outside Director	Tamio Nishizawa	Outside Director of M&A Capital Partners
Outside Corporate Auditor	Nobuyuki Heta	Outside Corporate Auditor of M&A Capital Partners
Outside Corporate Auditor	Yukihiro Fujimoto	Outside Corporate Auditor of M&A Capital Partners
Outside Corporate Auditor	Makiko Nakamori	Outside Corporate Auditor of M&A Capital Partners

\* Yoshimitsu Onji and Yoichi Inada will be presented as candidates for director to the Company's ordinary general meeting of shareholders to be held on December 21, 2016.



# Organization and Coordination between the Two Companies





## *POINT 1*

Strong business synergies in domestic M&A



## *POINT 2*

Expansion of business areas and enhancement of service menu



## *POINT 3*

Enhancement of cross-border (overseas) M&A services



## *POINT 4*

Improvement of recognition and brand value



## 1. Strong business synergies in domestic M&A

- ✓ Relationship complementing each other's strengths
- ✓ Sharing information on deals enables deals to be closed more quickly and more efficiently
- ✓ Both companies will accelerate growth by strengthening the business succession market



M&A CAPITAL PARTNERS

- ① Customer base of approximately 16,000 companies
- ② High level of results in business succession M&A
- ③ Overwhelming results in the prescription industry
- ④ Ability to discover potential business transfers
- ⑤ Ability to make business succession proposals to small and medium businesses
- ⑥ Credit strength as a listed company
- ⑦ Ability to promote large-scale seminars

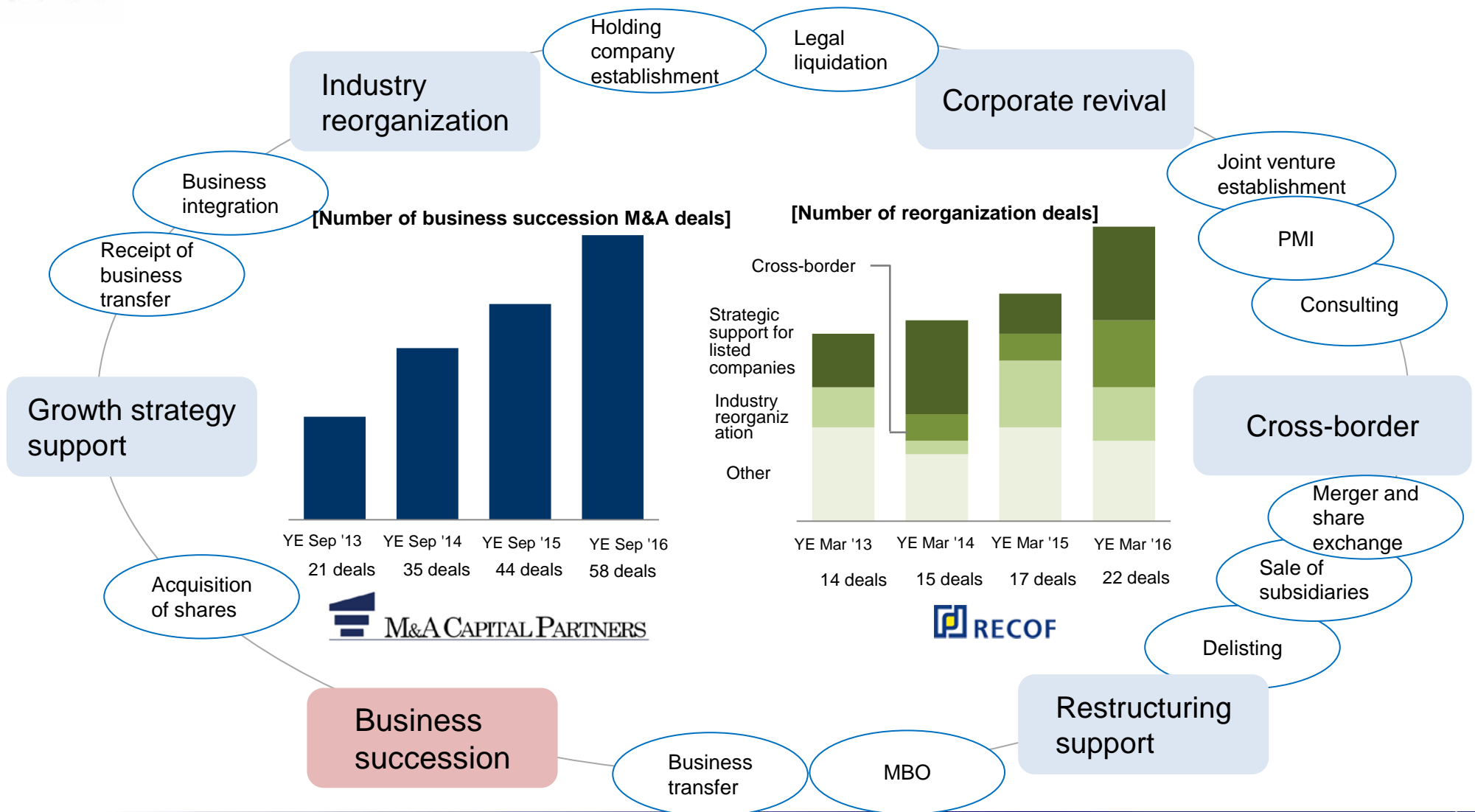


M&A情報・データサイト  
MARR Online  
[ マールオンライン ]

- ① Customer base of approximately 20,000 companies
- ② Strong track record in industry reorganization M&A
- ③ Track record in a wide range of industries including the retail industry
- ④ Abundant access to top management of listed companies
- ⑤ Wide-ranging network with financial institutions
- ⑥ Brand as a pioneer (29 years since founded)
- ⑦ Recognition and brand of MARR trade publication



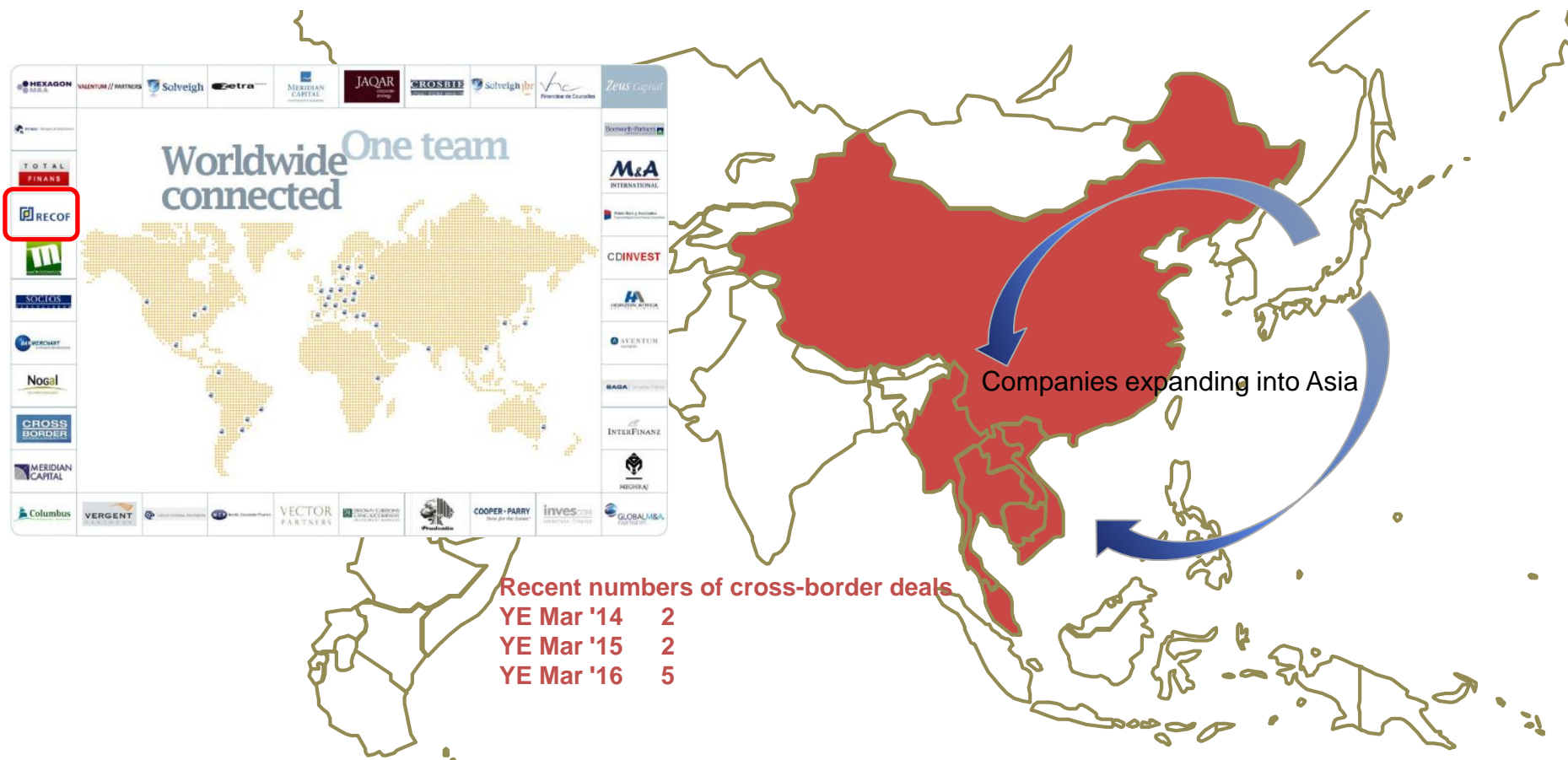
## 2. Expansion of business areas and enhancement of service menu





## 3. Enhancement of cross-border (overseas) M&A services

- ✓ Utilization of RECOF's know-how in cross-border deals
- ✓ Support for companies expanding primarily into Asia
- ✓ Expansion of field from Japan to Asia





## 4. Improvement of recognition and brand value

- ✓ Credit strength as a company listed on the first section of the Tokyo Stock Exchange
- ✓ Merging of brand with RECOF's history in the M&A industry (29 years since founding)
- ✓ Quality and quantity of domestic M&A database established by RECOF DATA over 21 years
- ✓ More relevant information is expected to be gathered than in the past through large-scale seminars and the Web due to RECOF DATA's business-academia collaboration and media relations



東洋経済新報社 経営者フォーラム  
経営者のための  
**新・成長  
ストーリー2020**

名古屋	東京
11.9(水)	11.8(火)
大阪	福岡
10.21(金)	11.30(水)

**木村 清氏**  
株式会社喜代村  
代表取締役社長 (すしざんまい 創業者)

**吉村 元久氏**  
株式会社ヨシムラ・フード・ホールディングス  
代表取締役CEO

参加無料

開催概要・プログラムはこちら



M&A情報・データサイト  
[ マールオンライン ]  
**MARR Online**

M&A専門誌  
**MARR**  
4  
企業成長戦略とM&A活用に関する最新情報



## Consolidated Earnings Forecast for the Year Ending September 2017

Net sales	5,941 million yen	( – % year-on-year)
Ordinary income	2,123 million yen	( – % year-on-year)
Profit attributable to owners of parent	1,506 million yen	( – % year-on-year)
Number of deals	86	( – % year-on-year)

### **[Non-consolidated (Reference)]**

**- Net sales: 4,034 million yen, ordinary income: 1,905 million yen.  
net income: 1,288 million yen, Number of deals: 66**

- Disclosure of consolidated earnings forecast associated with commencement of consolidated accounting**
- Hiring of consultants will continue in an effort to increase the number of deals**
- Strengthening of reactionary sales (seminars, web, referrals, etc.)**

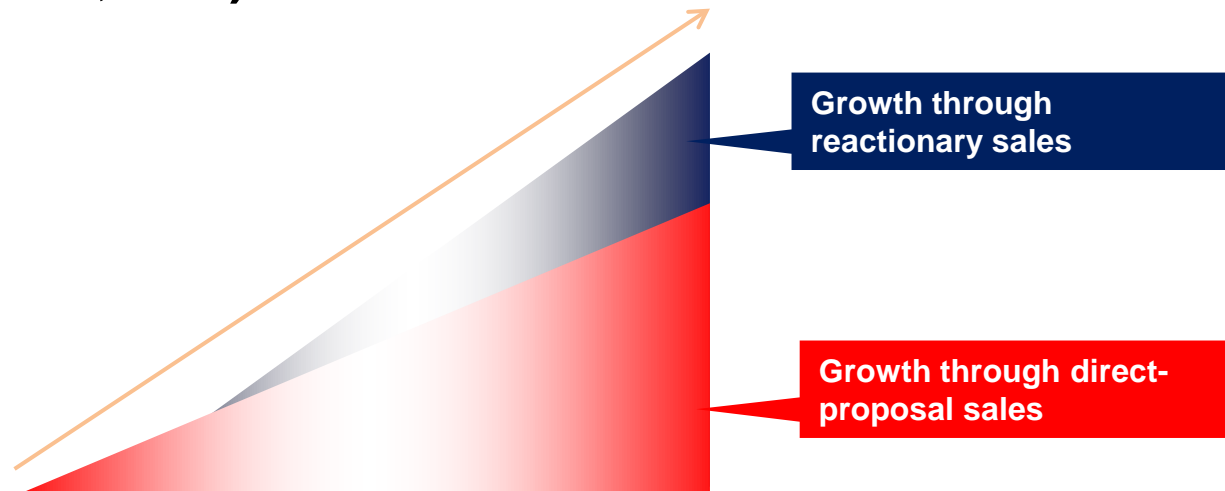


# V Growth Strategy

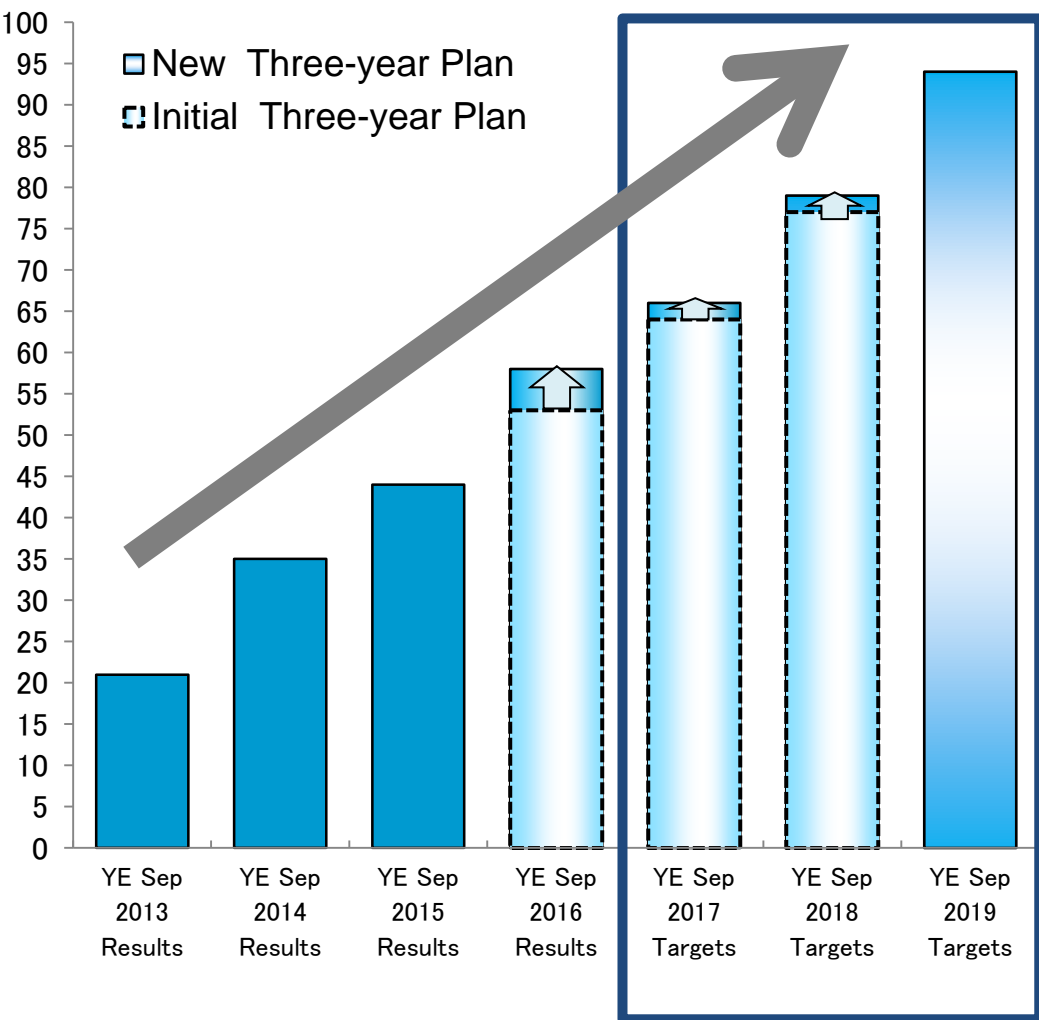
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## <Policies & Initiatives>

- 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.)



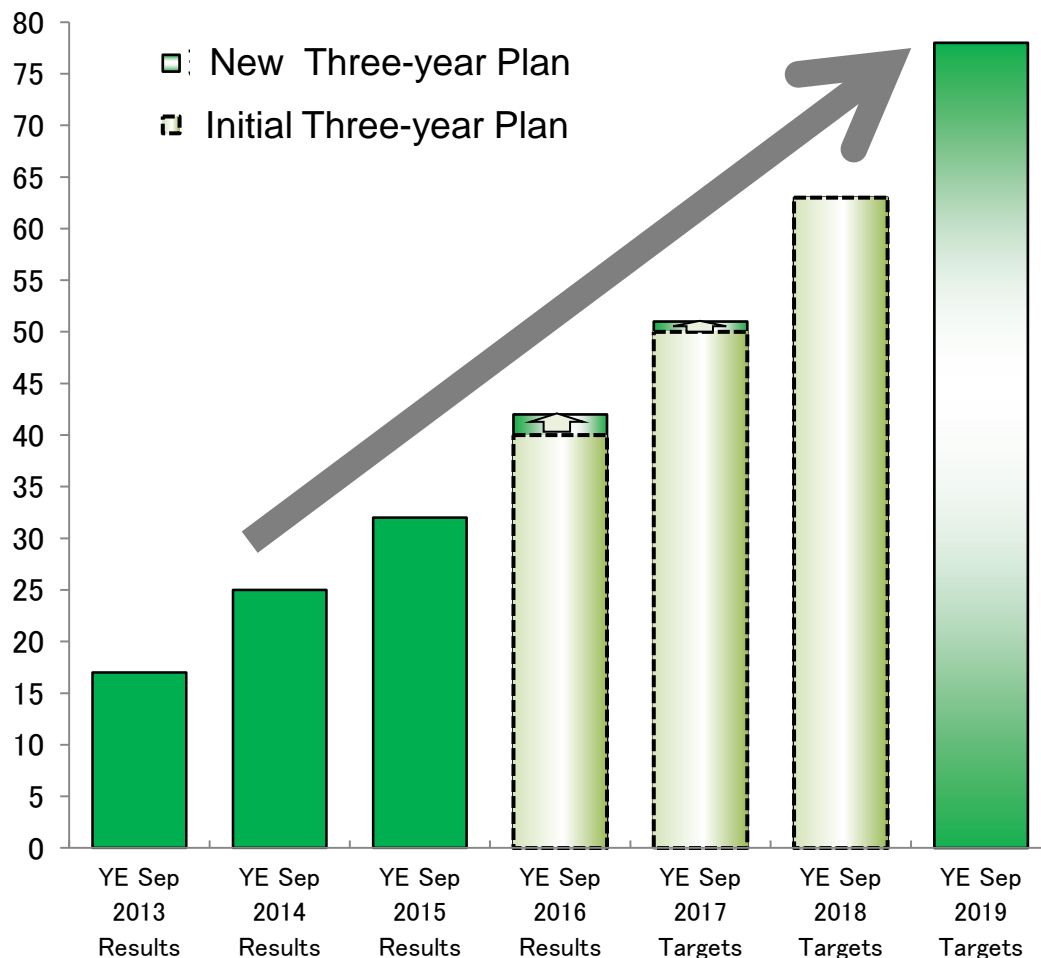
Three-year Plan for Number of Deals (Year Ending September 2017 to Year Ending September 2019)



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

# Three-year Plan for Number of Consultants (Non-consolidated)


## Three-year Plan for Number of Consultants (Year Ending September 2017 to Year Ending September 2019)



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

## <Policies & Initiatives>

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

	Year ended September 2016		Future
Number held	12 per year		<b>Continue to enhance seminars held as with previous year</b>
Areas held	Tokyo, Osaka, Nagoya, Fukuoka and Sendai		<b>Continue to increase seminars in Tokyo and regional cities as with previous year</b>

- Continuous renewal of website to increase inquiries

## Seminars Held in the Year Ended September 2016

In the year ended September 2016, we held twelve large-scale M&A seminars in Tokyo, Osaka, Nagoya, Fukuoka, and Sendai.

Date Held	Type	Seminar Title	Applicants
October 20, 2015	M&A Seminar	Toyo Keizai Forum (Tokyo Venue)	550
October 28, 2015	As above	As above (Osaka Venue)	250
November 5, 2015	As above	As above (Nagoya Venue)	150
November 19, 2015	As above	As above (Fukuoka Venue)	100
March 4, 2016	M&A Seminar	Nikkei Sangyo Shimbun Forum(Osaka Venue)	310
March 8, 2016	As above	As above(Tokyo venue)	630
March 10, 2016	As above	As above(Nagoya venue)	140
March 11, 2016	As above	As above(Fukuoka venue)	180
July 14, 2016	M&A Seminar	Nikkei BP Visionary Management Institute Management Forum (Nagoya Venue)	370
July 15, 2016	As above	As above(Tokyo venue)	820
August 10, 2016	As above	As above(Osaka venue)	400
August 29, 2016	As above	As above(Sendai venue)	100

## Seminars Scheduled to be Held in the First Quarter of the Year Ending September 2017

During the first quarter of the year ending September 2017, a total of four large-scale seminars are scheduled to be held in Osaka, Tokyo, Nagoya and Fukuoka.

<Large-Scale M&A Seminar>

Date Held	Type	Seminar Title
October 21, 2016	M&A Seminar	Toyo Keizai Forum(Osaka Venue)
November 8, 2016	As above	As above (Tokyo Venue)
November 9, 2016	As above	As above (Nagoya Venue)
November 30, 2016	As above	As above (Fukuoka Venue)

[Keynote address (Osaka/ Fukuoka)] “Tuna king speaks about the origin of business”

Kiyoshi Kimura, President of Kiyomura (founder of Sushizanmai)

[Keynote address (Tokyo/ Nagoya)] “Support for revitalization and regeneration of small and medium businesses in the food industry”

Motohisa Yoshimura, CEO of Yoshimura Food Holdings

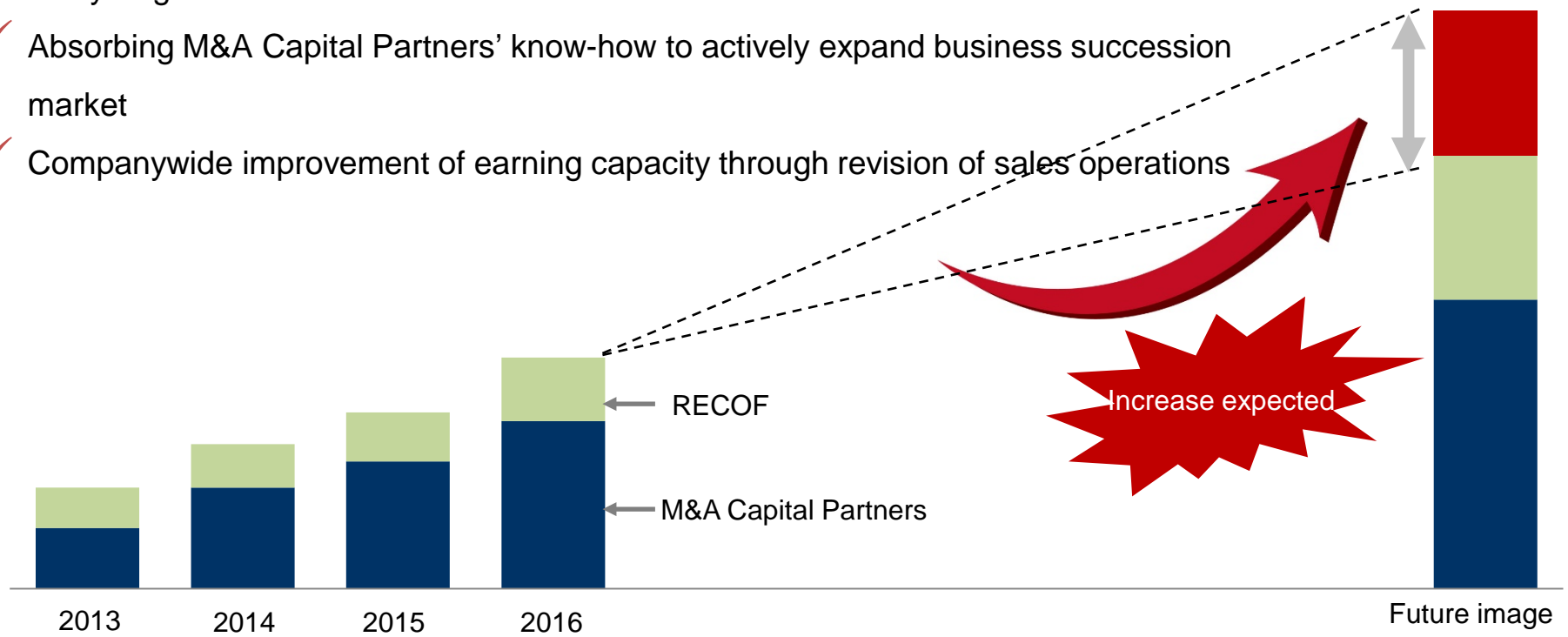


## <Main synergies in M&A Capital Partners>

- ✓ 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



(Note) The numbers of deals have been tallied for those settled each year because the two companies have different fiscal years.

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



# M&A CAPITAL PARTNERS

## <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.