

M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Six Months Ended March 2017

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



April 28, 2017

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

Trade Name	M&A Capital Partners Co., Ltd.
Listed Market	Tokyo Stock Exchange First Section (Securities Code: 6080)
Address	38F, Gran Tokyo North Tower, 1-9-1 Marunouchi, Chiyoda-ku, Tokyo
Business Content	M&A-related services
Representative	Satoru Nakamura, President and Representative Director
Established	October 2005
Capital	462,321 thousand yen (as of March 31, 2017)
Employees	Consolidated: 117 Non-consolidated: 56 (as of March 31, 2017)
Affiliates	RECOF Corporation, RECOF DATA Corporation
Management Philosophy	Aiming to be the world's leading investment bank seeking maximum contributions to clients and the happiness of all employees



Business Content

M&A-related services are our main business.

Characteristics

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

Business Model

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



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



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



Fee structure that is convincing for clients

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

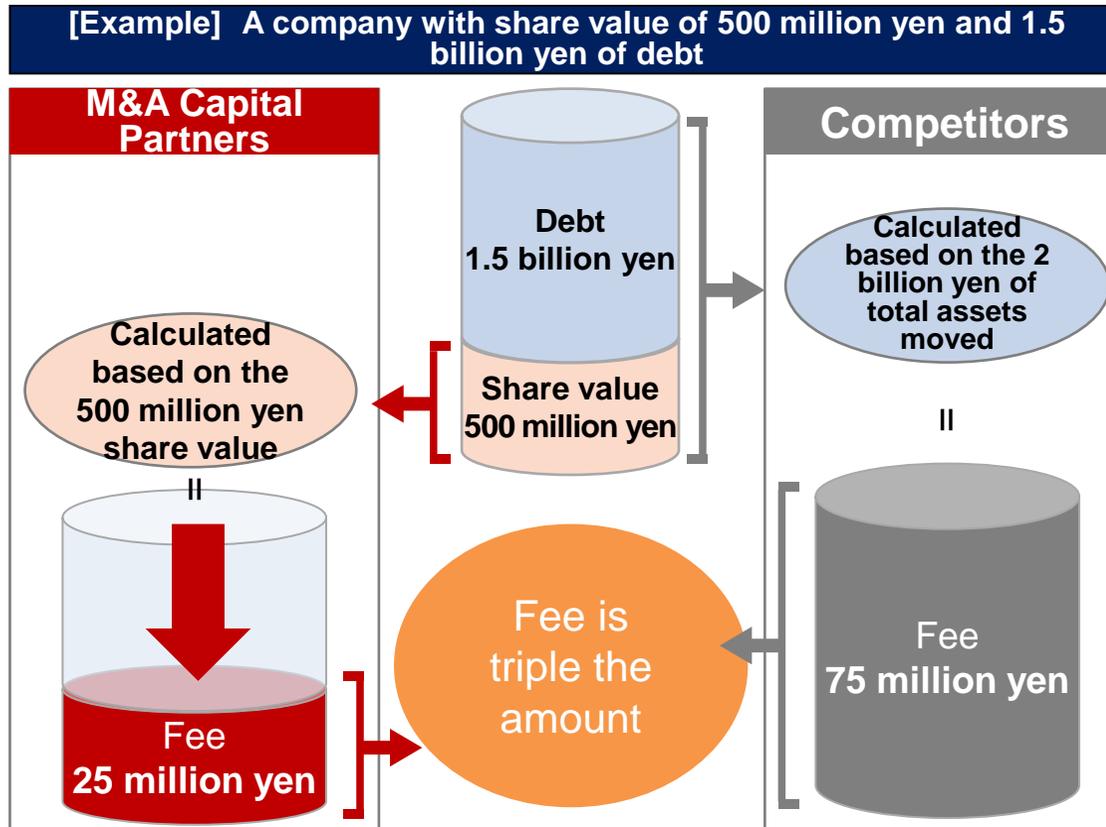
Fee schedule in which clients **do not bear expenses** until the conclusion of a master agreement

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 that being based on the moving average of total assets



Fee Structure (Lehman Formula)

The general Lehman Formula rates used by major financial institutions.

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

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

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



Stable Results Making Deals

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



II Results for the Six Months Ended March 2017 and Forecast for the Year Ending September 2017

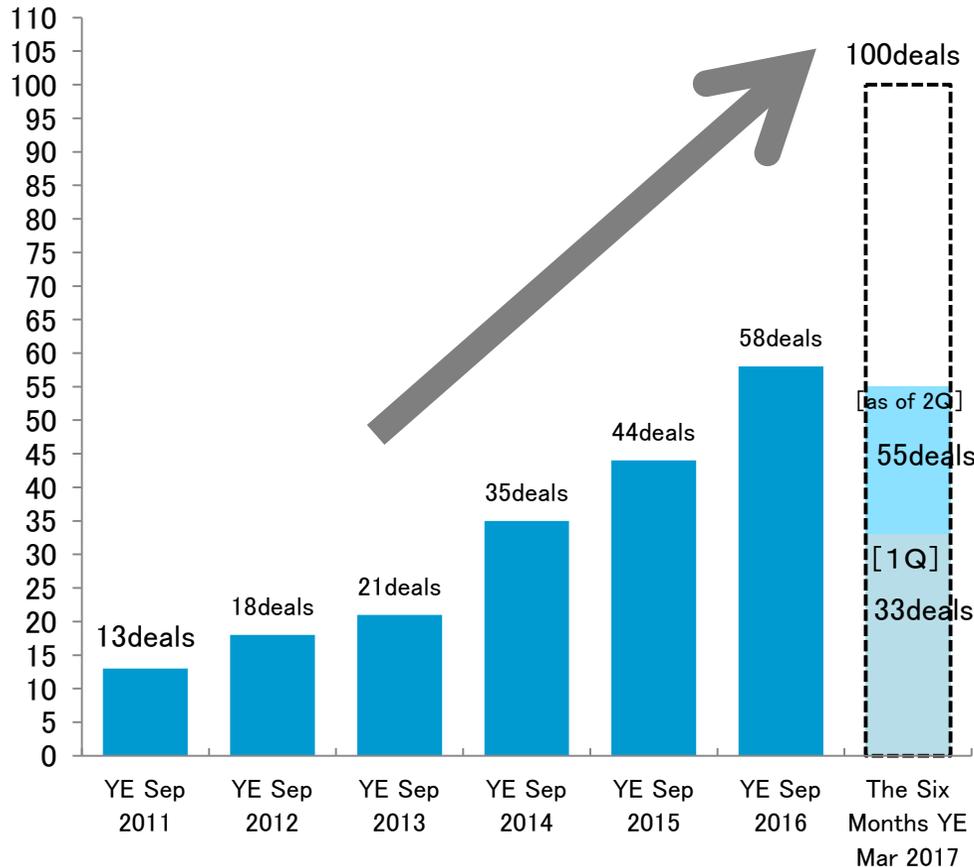
Consolidated Accounting Started from this First Quarter

Item		Disclosure Policy
Key indicators such as net sales and no. of deals	Numbers	- Consolidated and non-consolidated
	Changes (graphs)	- 2nd quarter(cumulative): Consolidated - Until previous FY: Non-consolidated
	YoY change	- Only show non-consolidated (comparison with consolidated figures not possible)
	Progress for entire year	- Consolidated numbers
P&L, BS	Numbers	- Consolidated numbers
	YOY change	-Not shown (consolidated comparison not possible)
3-year plan		- Non-consolidated numbers

Number of Deals Made

	2Q(cumulative)	Forecast for the year (revised)	Progress for Entire Year (revised)
Number of deals (consolidated)	55	100	55.0%

Number of Deals Made



- Forecast number of deals revised upwards from initial 86 to 100 deals

- Total with number of deals by RECOF Corporation

(Factors)

- Steady increase in the number of consultants
- Improved trust due to listing of shares

【Non-consolidated】

M&A Capital Partners 45
 (+60.7% year-on-year)

- Achieved record highest (cumulative) number of deals for second quarter

RECOF: 10

(Non-consolidated)

(consolidated)

Earnings for the Six Months Ended March 2017 (Consolidated)

Net sales	4,865 million yen	(-% year-on-year)
Ordinary income	2,315 million yen	(-% year-on-year)
Number of deals	55 deals	(-% year-on-year)
Number of consultants	81	(- year-on-year)

- **Aggregate performance with RECOF Corporation and RECOF DATA Corporation, with which business has been integrated with M&A Capital Partners Co.**
- **9 large deals closed**

Earnings for the Six Months Ended March 2017 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on- year Change
Net sales	3,674 million yen	+134.6%	1,120 million yen	-0%
Ordinary income	2,103 million yen	+183.2%	389 million yen	-0%
Number of deals	45	+60.7%	10	-0%
Number of consultants	48	+13	33	-

• 8 large deals closed
• Second quarter net sales, ordinary income and number of deals were all the highest on record, and results have been strong

• Closing of 1 large deal contributed to boosting net sales and ordinary income

* Because non-consolidated information is shown, consolidated amortization of goodwill (96 million yen) due to business integration is not included.

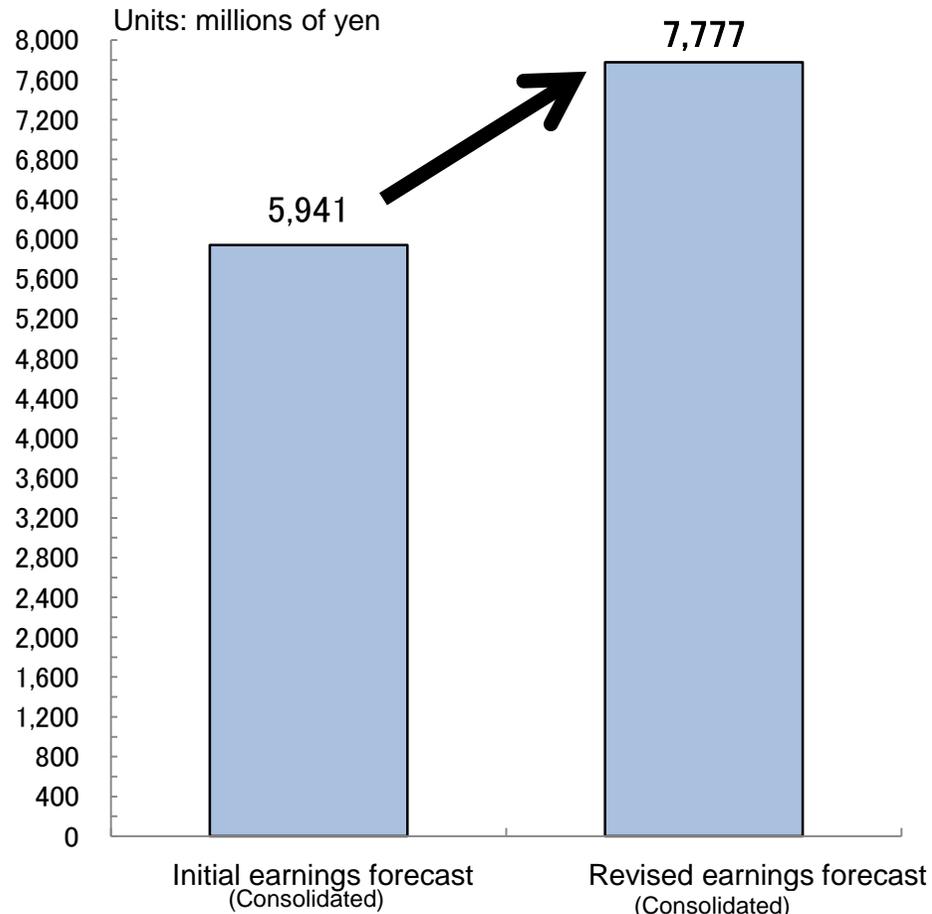
* The figures for RECOF DATA Corporation have been omitted because the amount is small.

Upward Revision of Earnings Forecast(cumulative)

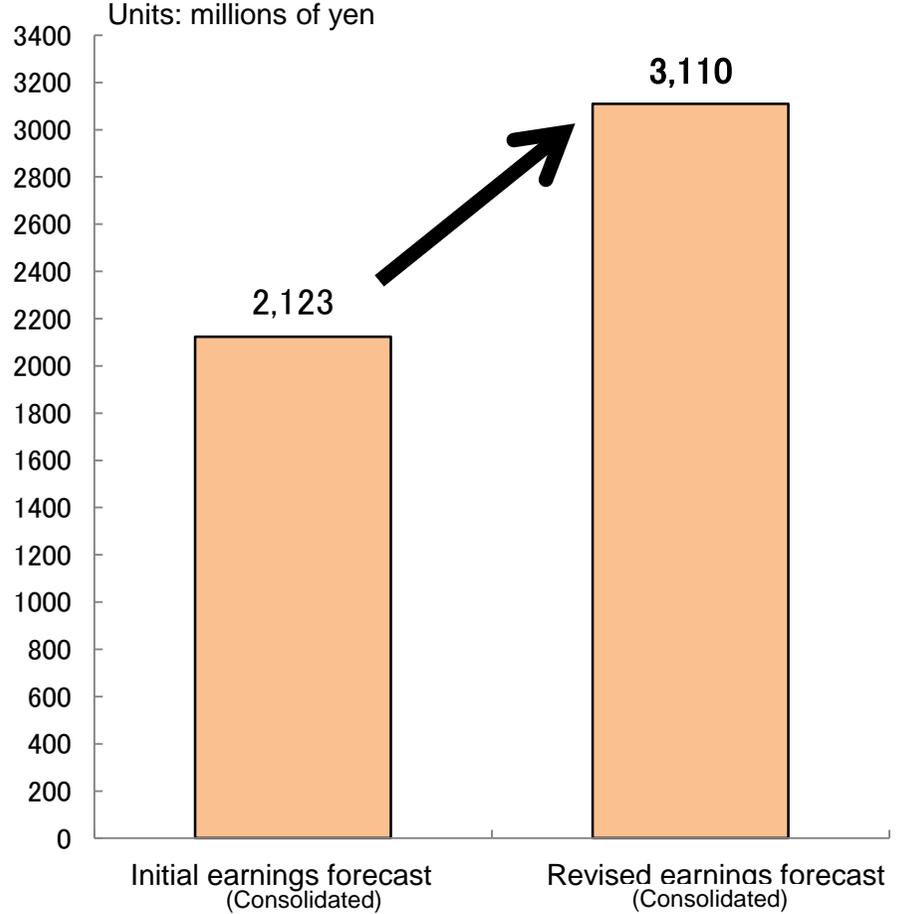


Performance has been strong and the forecast for the year ending September 2017 was revised upward (disclosed on April 28, 2017) In the six months ended March 2017 (consolidated), the number of deals grew strongly, and the number of large deals also steadily increased at a faster rate than expected. Furthermore, performance is expected to remain strong from the third quarter onwards, since the number of projects is growing as development of deals progresses smoothly as a result of the number of consultants increasing as planned.

Net sales



Ordinary income

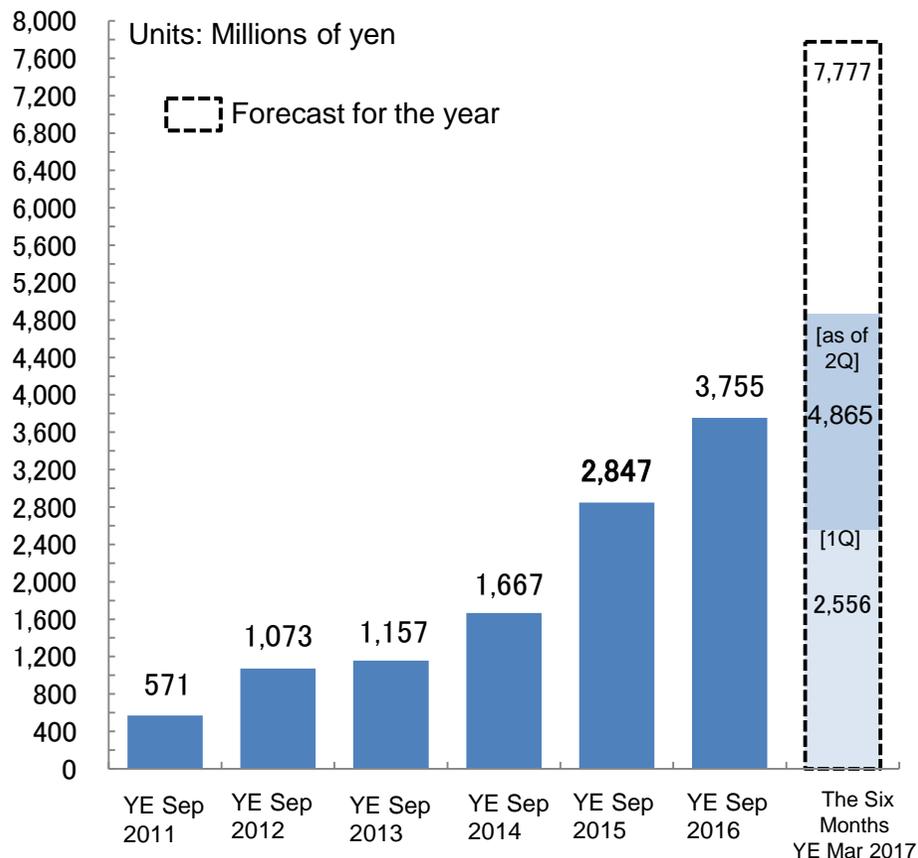


Changes in Earnings

(consolidated)	2Q(cumulative)	Forecast for the year (revised)	Progress for Entire Year (revised)
Net sales	4,865	7,777	62.6%
Ordinary income	2,315	3,110	74.5%

Units: Millions of yen

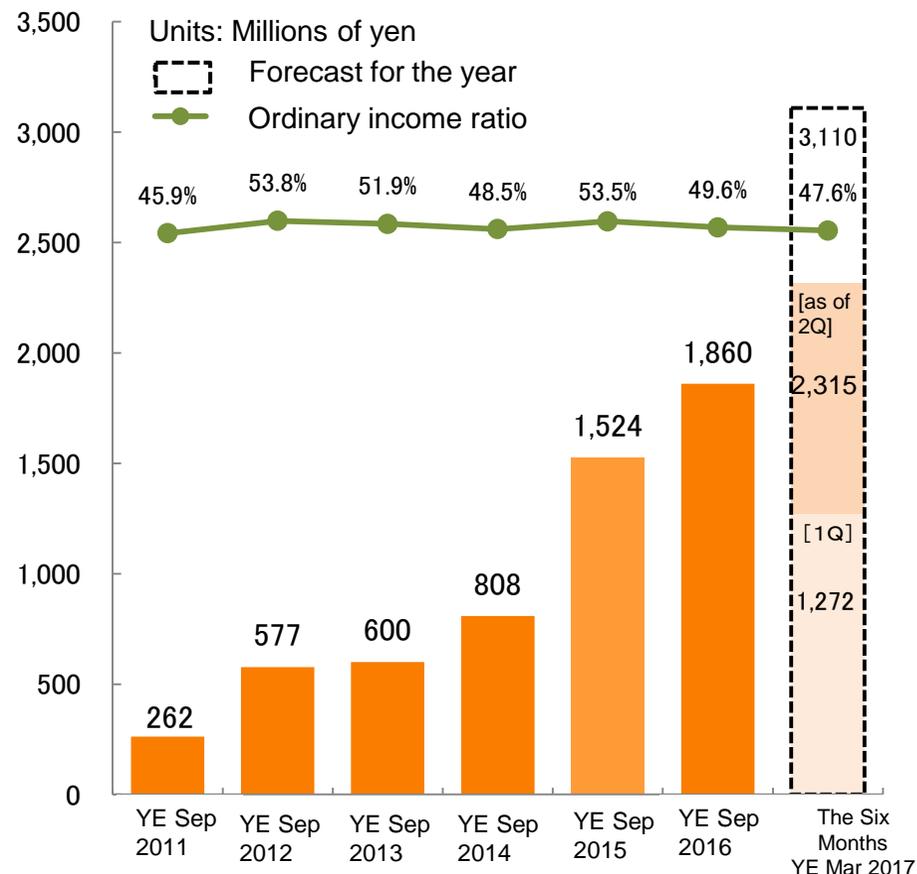
Net sales



(Non-consolidated)

(consolidated)

Ordinary income



(Non-consolidated)

(consolidated)

Overview of Statements of Income

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

	Six Months Ended Mar 2016 (consolidated)	Six Months Ended Mar 2017 (consolidated)			Forecast for the Year Ending September 2017 (consolidated)
			Year-on-year Change	Overview of Performance	
Net sales	- (-%)	4,865 (100.0%)	-%	<ul style="list-style-type: none"> Business integration and strong performance of deals 9 large deals closed 	7,777 (100.0%)
Gross profit	- (-%)	3,418 (70.3%)	-%	<ul style="list-style-type: none"> Benefit of increased revenue 	
SG&A	- (-%)	1,088 (22.4%)	-%	<ul style="list-style-type: none"> Consolidated amortization of goodwill: 96 	
Operating income	- (-%)	2,330 (47.9%)	-%	<ul style="list-style-type: none"> Benefit of increased revenue 	3,168 (40.7%)
Ordinary income	- (-%)	2,315 (47.6%)	-%		3,110 (40.0%)
Net income	- (-%)	1,558 (32.0%)	-%		2,015 (25.9%)
Number of deals made	—	55	-%	<ul style="list-style-type: none"> Business integration 	100
Employees	—	117	-%	<ul style="list-style-type: none"> Business integration Steady increase in the number of consultants 	

Overview of Balance Sheets (Consolidated)

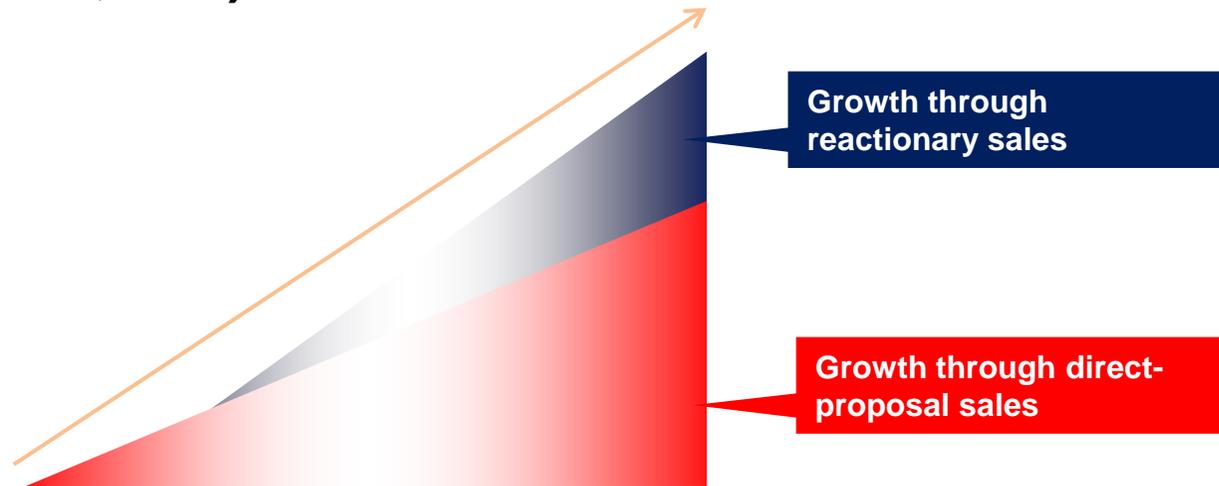
(Units: millions of yen, second line is composition ratio)

	September 30, 2016 (consolidated)	March 31, 2017(consolidated)		
			Change	Main Factors Causing Change
Current assets	- (-%)	9,052 (76.3%)	—	■ Cash and deposits: 8,521 (business integration)
Noncurrent assets	- (-%)	2,804 (23.7%)	—	■ Goodwill: 1,837 (business integration)
Total assets	- (-%)	11,857 (100.0%)	—	
Current liabilities	- (-%)	5,580 (47.1%)	—	■ Short-term debt: 3,500 (business integration)
Noncurrent liabilities	- (-%)	321 (2.7%)	—	
Total liabilities	- (-%)	5,902 (49.8)	—	
Total net assets	- (-%)	5,954 (50.2%)	—	
Total liabilities and net assets	- (-%)	11,857 (100.0%)	—	

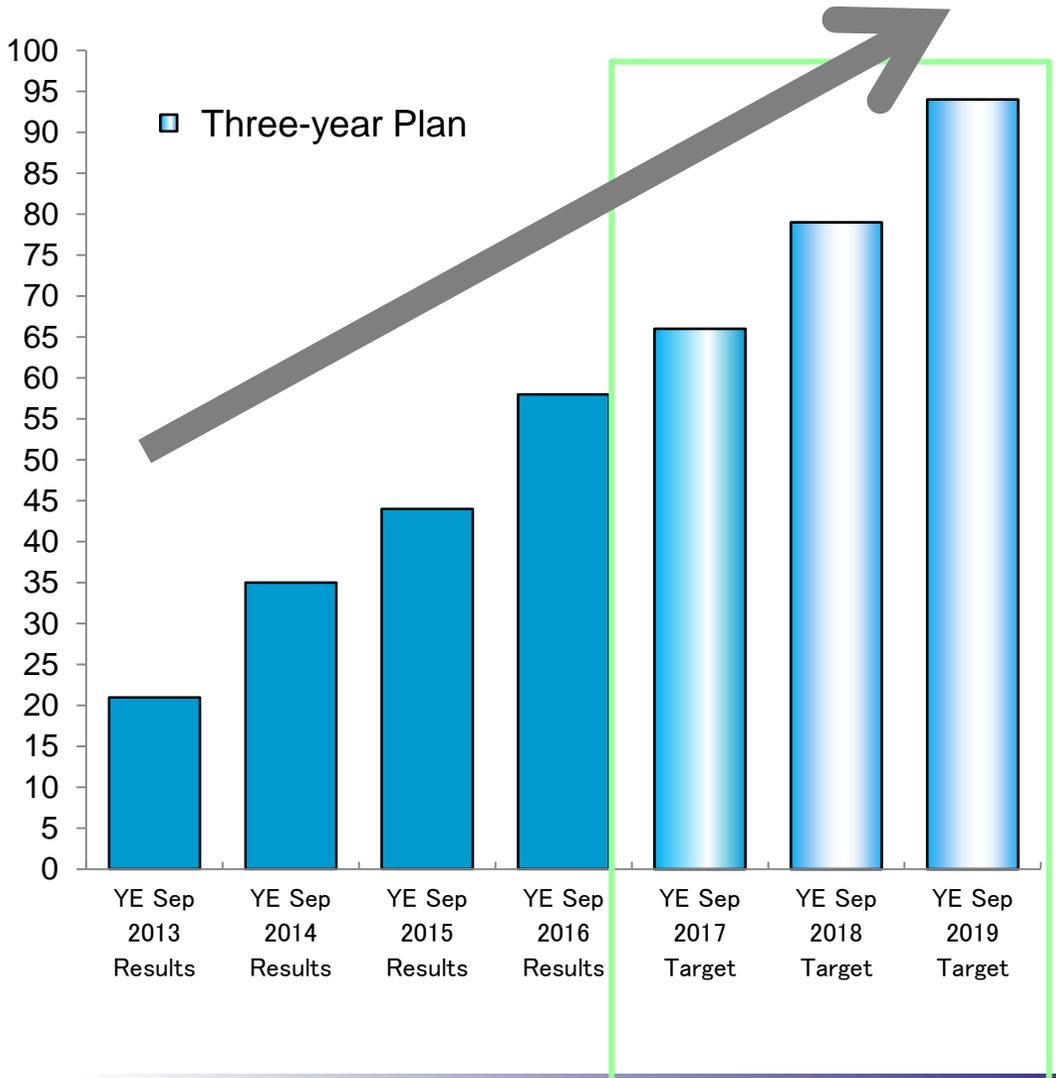
III Growth Strategy

<Policies & Initiatives>

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



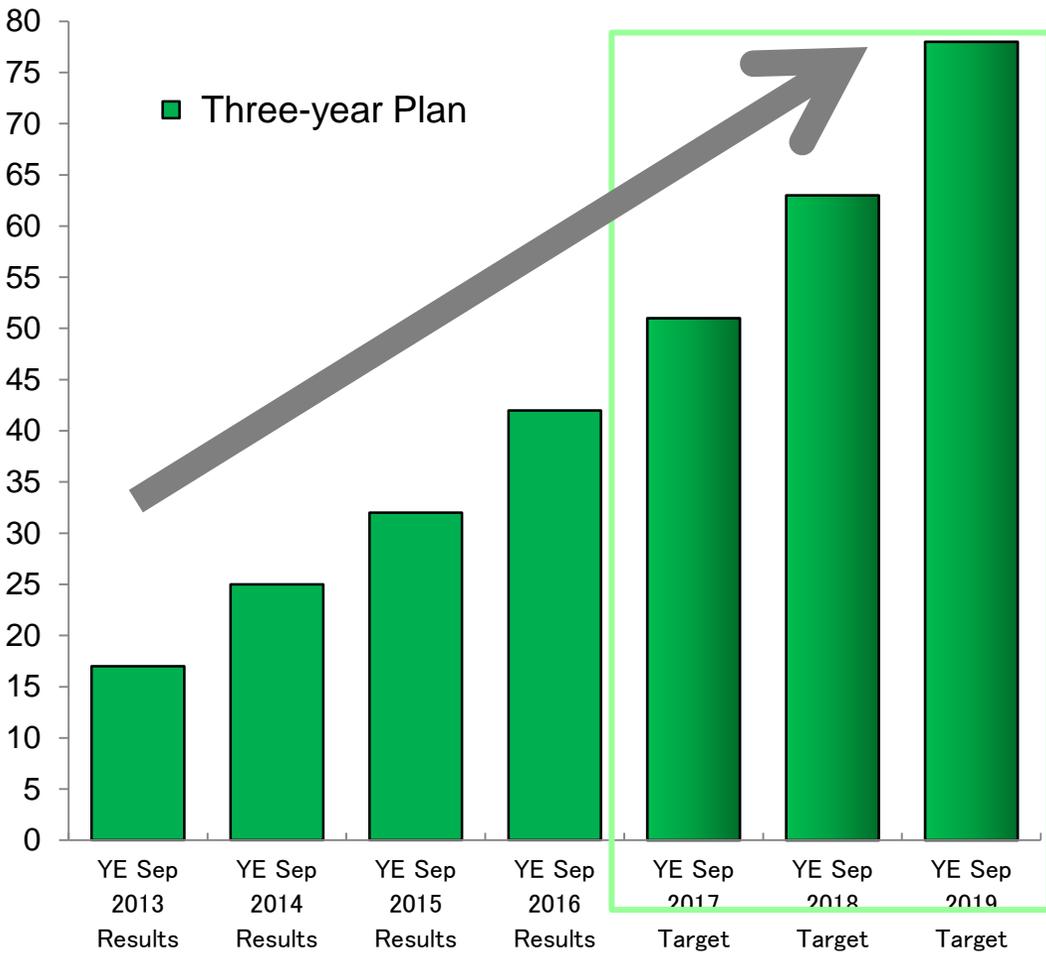
Three-year Plan for Number of Deals (Year Ending September 2017 to Year Ending September 2019)



[Number of Deals]
Average increase of 20%
per year (Non-consolidated)
will be maintained.

* Consolidated 3-year plan under review (disclosure being considered).

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 (Non-consolidated)
 will be maintained.

* Consolidated 3-year plan under review (disclosure being considered).

<Policies & Initiatives>

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

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

- Continuous renewal of website to increase inquiries

Seminars Held in the Six Months Ended March 2017

In the Six months ended March 2017, we held eight large-scale M&A seminars in Osaka, Tokyo, Nagoya, and Fukuoka.

Date Held	Type	Seminar Title	Applicants
October 21, 2016	M&A Seminar	Toyo Keizai Forum(Osaka Venue)	200
November 8, 2016	as above	as above(Tokyo Venue)	330
November 9, 2016	as above	as above(Nagoya Venue)	80
November 30, 2016	as above	as above(Fukuoka Venue)	80
February 23, 2017	M&A Seminar	Nikkei Sangyo Shimbun Forum(Tokyo Venue)	520
March 16, 2017	as above	as above(Fukuoka Venue)	200
March 23, 2017	as above	as above(Osaka Venue)	310
March 30, 2017	as above	as above(Nagoya Venue)	200

<Toyo Keizai Forum>

【Osaka Venue】



【Tokyo Venue】



<Nikkei Sangyo Shimbun Forum>

【Tokyo Venue】



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

No seminars scheduled.

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

In the fourth quarter of the year ending September 2017, we plan to hold large-scale M&A seminars in several venues.

[Dates] From July to August

[Venues] Tokyo and various other locations

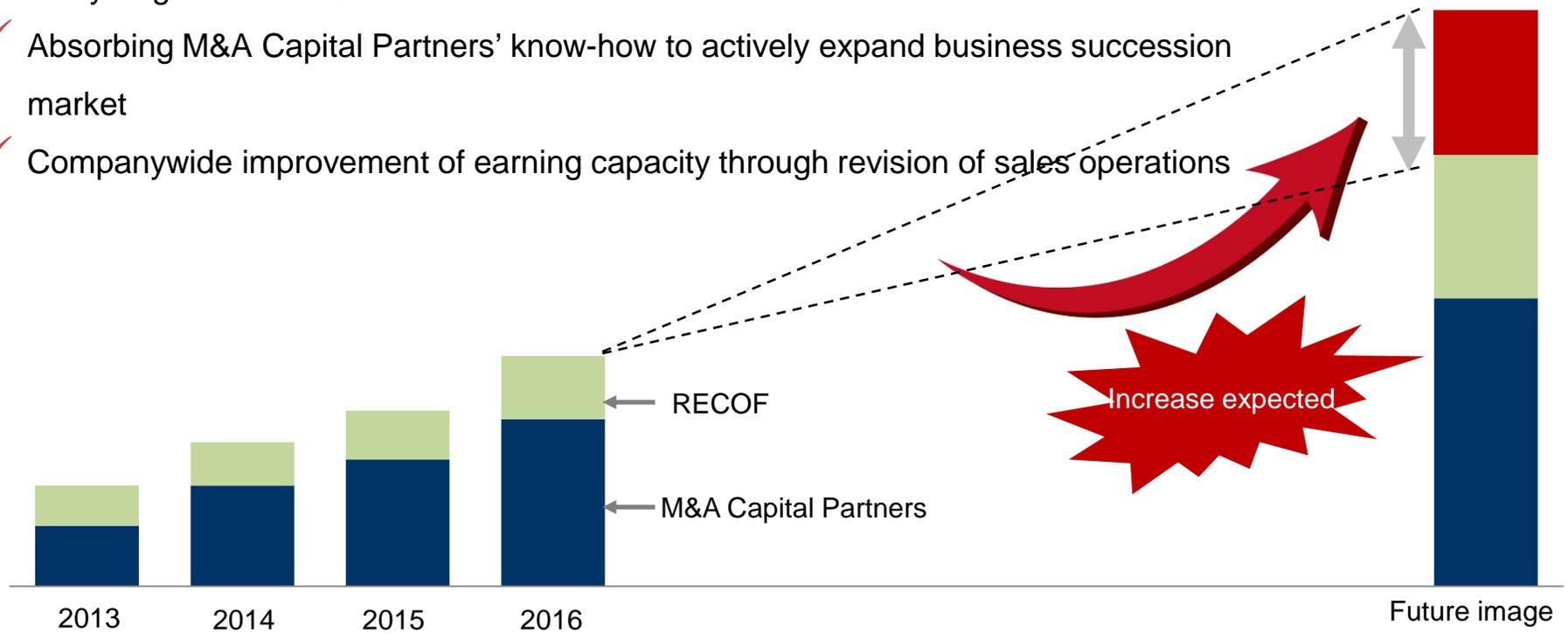
*Dates, venues and other details TBA.

<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



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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.

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