



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Year Ended September 2017

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



October 27, 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	2,491 Million yen (as of September 30, 2017)
Employees	Consolidated: 115 Non-consolidated: 59 (as of September 30, 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

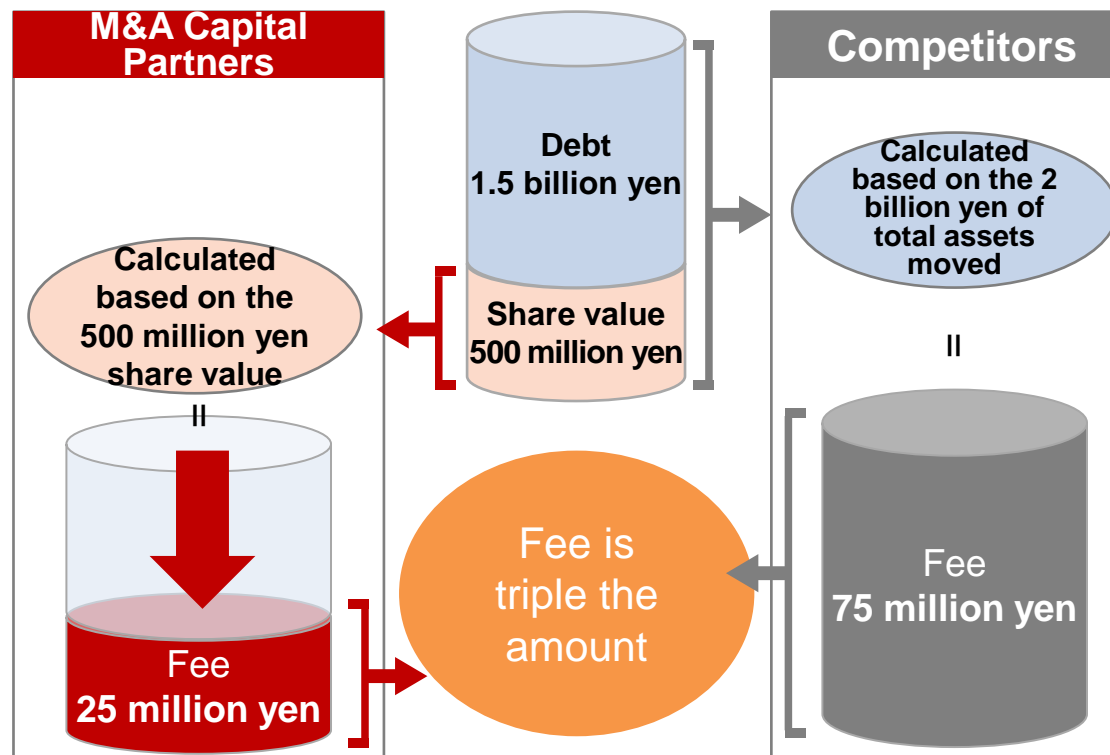
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

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

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



Fee Structure (Lehman Formula)

The general Lehman Formula rates used by major financial institutions.

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

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

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



Stable Results Making Deals

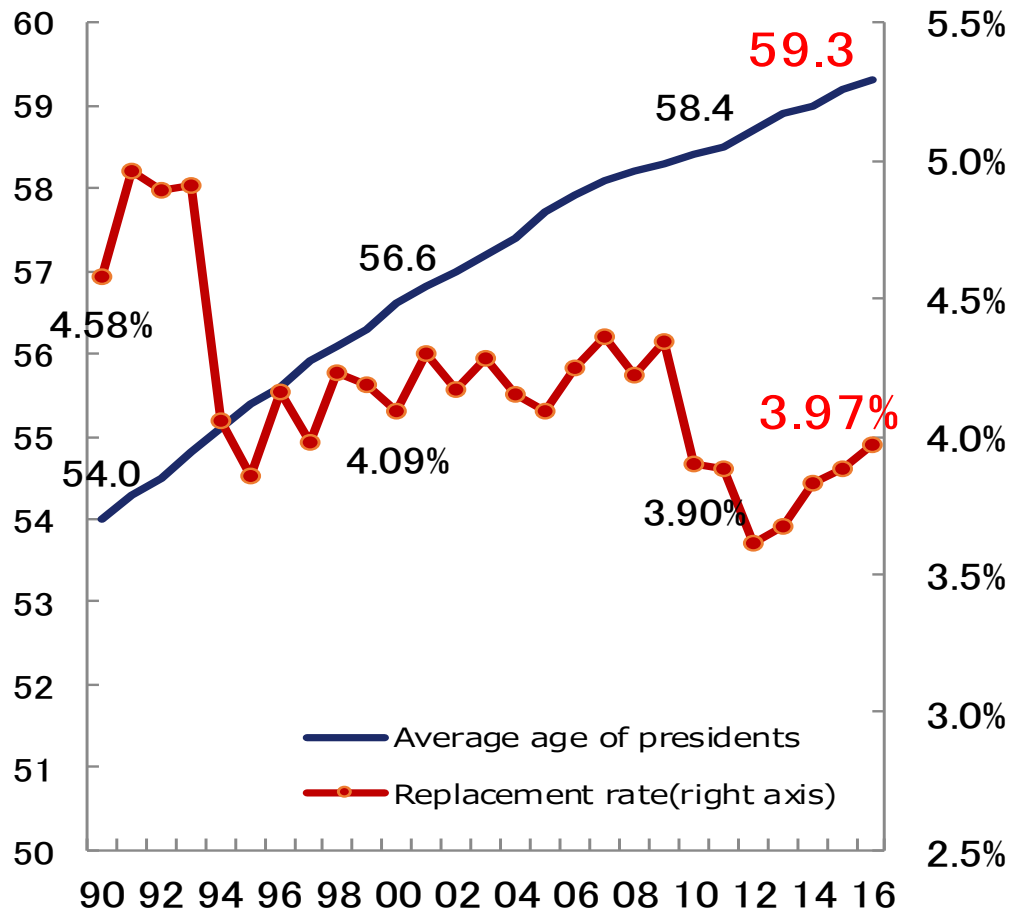
M&A Capital Partners has produced stable results making deals by focusing on "business succession M&A proposals and advice" for small and medium enterprises using share transfers or business transfers. From this fiscal year, through the business integration with RECOF Corporation and RECOF DATA Corporation, 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 Business Environment

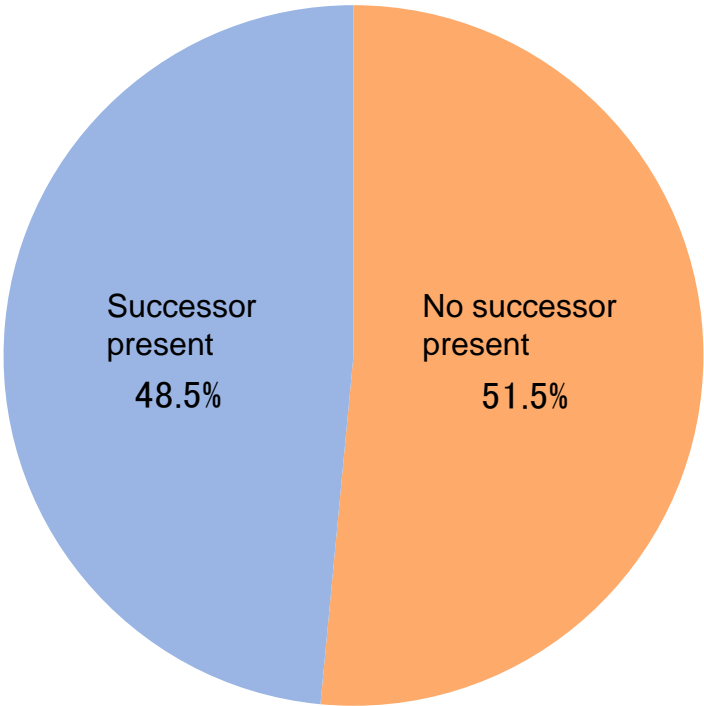
As the ages of company presidents increase, companies lacking successors have become the majority

Average Age of Presidents and Rate of Replacement



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

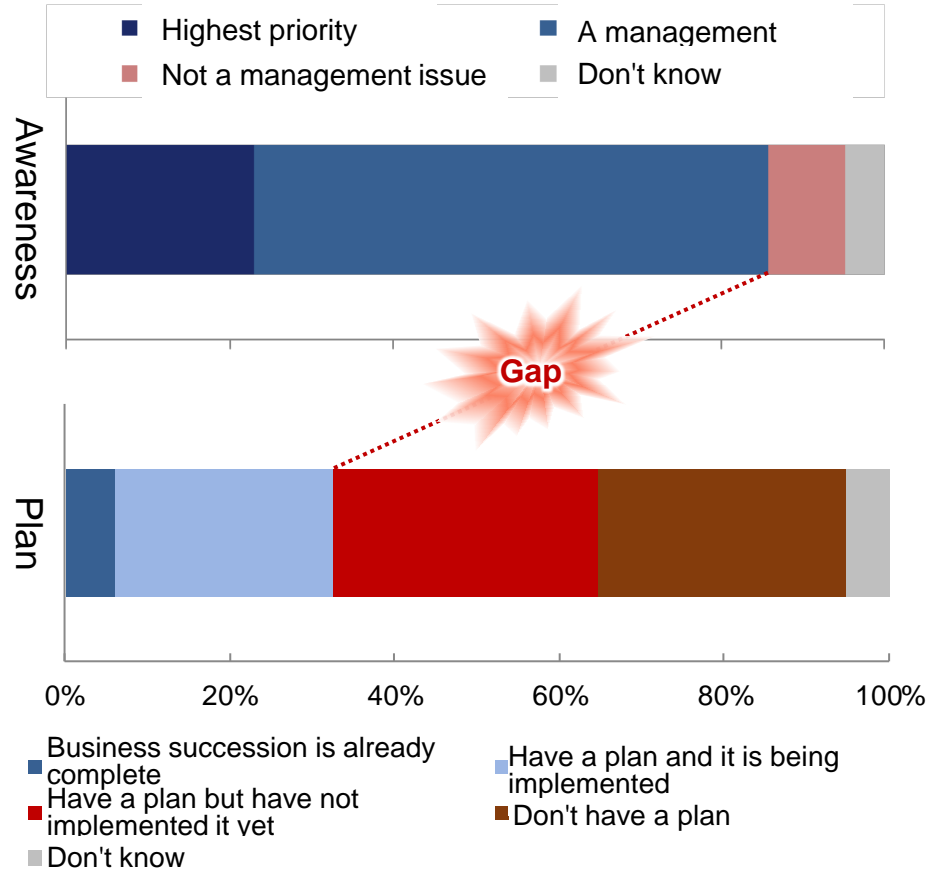
Successors in Companies with a President Aged 60 or More



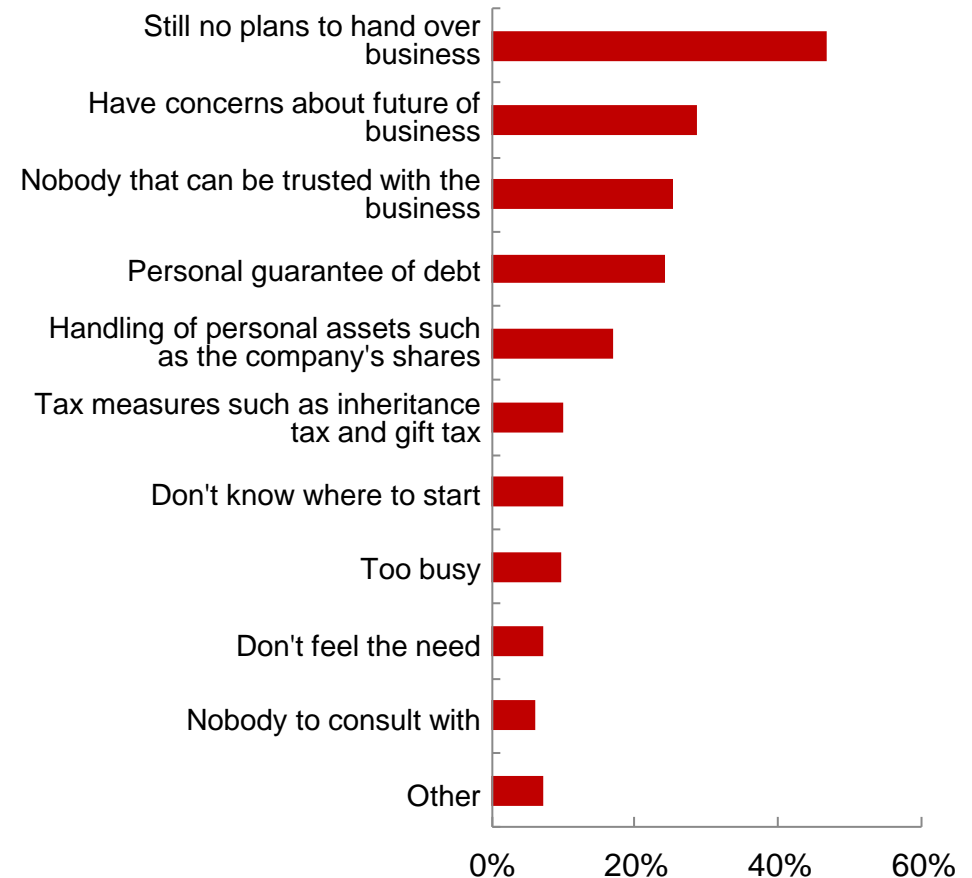
(Source) Teikoku Databank "Nationwide Analysis of Owner-operated Companies"

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

Awareness and Planning of Business Succession

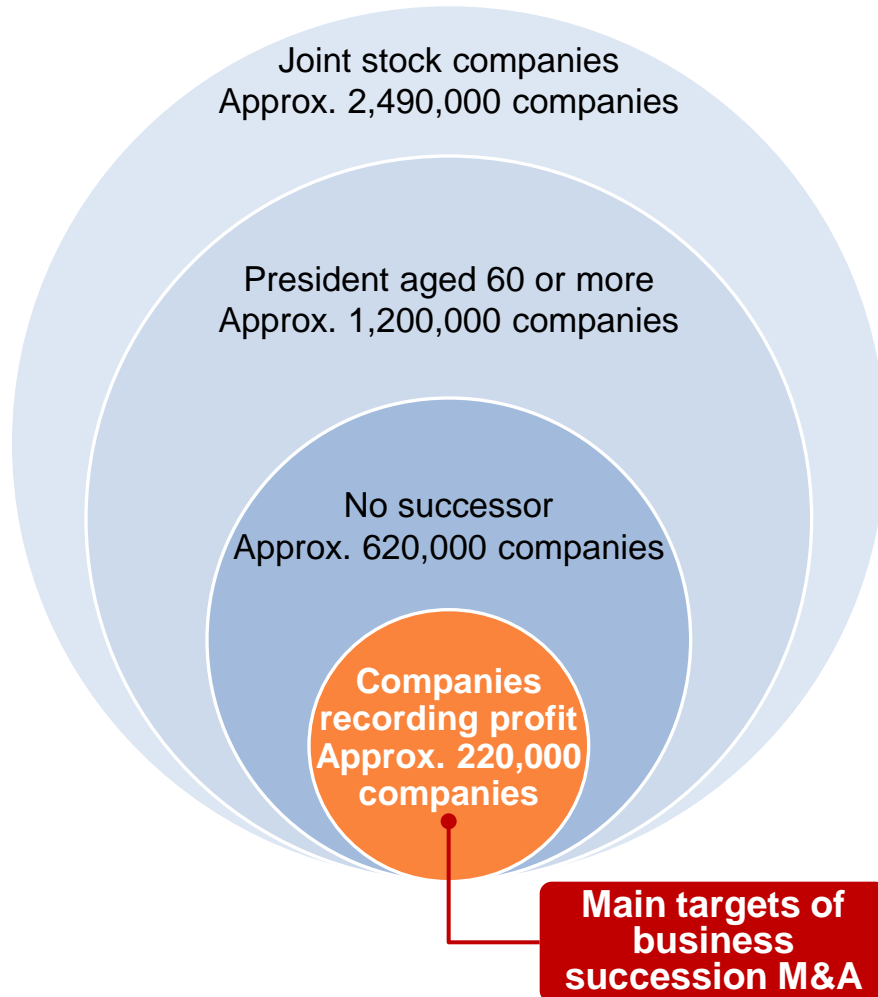


Reason for Lack of Progress in Planning of Lack of Plan for Business Succession



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

Targets of Business Succession M&A



Market Environment

It is estimated that the targets for business succession M&A number **around 220,000**

Our company handles 111 deals per year and **even the biggest player only handles 267 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 2017 and Forecast for the Year Ending September 2018**

Consolidated Accounting Started in the First Quarter

Item		Disclosure Policy
Key indicators such as net sales and no. of deals	Numbers	- Consolidated and non-consolidated
	Changes (graphs)	- Current FY : 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		- Consolidated and non-consolidated

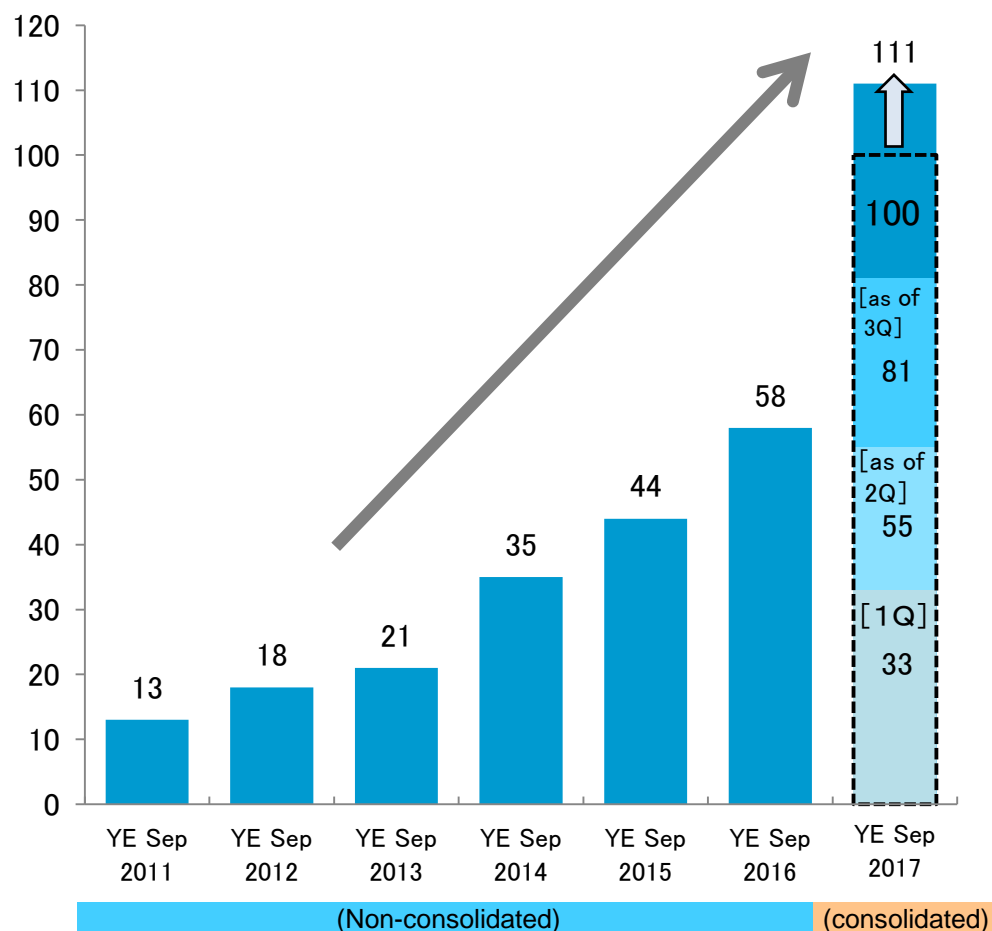
Number of Deals Made



M&A CAPITAL PARTNERS

(consolidated)	Result for the year	Forecast for the year (revised)	Forecast difference (revised)
Number of deals	111	100	111.0%

Number of Deals Made



- Total with number of deals by RECOF Corporation
- Number of deals reached **111**, surpassing forecast (after revision) of **100**

(Factors)

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

【Non-consolidated】

M&A Capital Partners 91
(+56.9% year-on-year)
 – Achieved record highest number of deals

RECOF: 20

Earnings for the Year Ended September 2017 (Consolidated)

Net sales	8,337 million yen	(- % year-on-year)
Ordinary income	3,612 million yen	(- % year-on-year)
Number of deals	111 deals	(- % year-on-year)
Number of consultants	84	(- % year-on-year)

* The number of consultants includes those on temporary assignment outside the Group.

- Aggregate performance with RECOF Corporation and RECOF DATA Corporation, with which business has been integrated with M&A Capital Partners Co.
- Net sales and ordinary income both exceeded (revised) forecasts for the year, and results have been strong
- 15 large deals closed

Earnings for the Year Ended September 2017 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	6,334 million yen	+68.7%	1,883 million yen	-0%
Ordinary income	3,402 million yen	+82.9%	550 million yen	-0%
Number of deals	91	+56.9%	20	-0%
Number of consultants	51	+9名	33	-名

- Revenue and earnings have increased for 7 years in succession (new record levels)
- The number of deals also reached the highest level on record
- 12 large deals closed

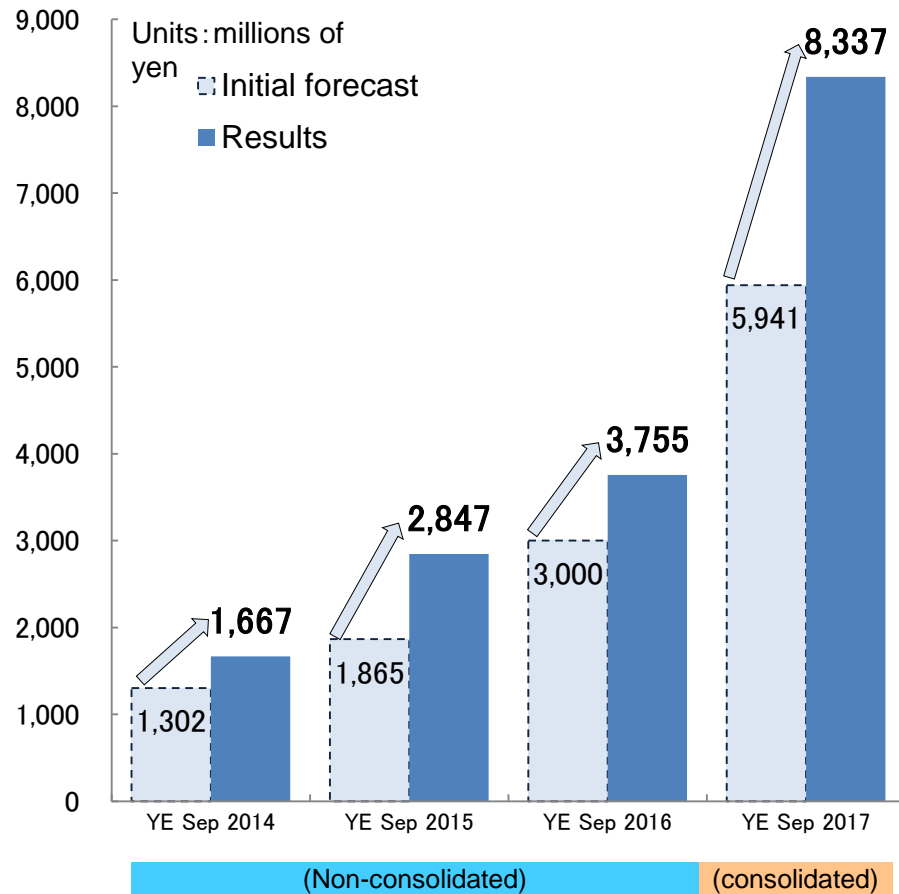
▪ **Closing of 3 large deals contributed to boosting net sales and ordinary income**

*Because non-consolidated information is shown, amortization (226 million yen) and temporary expenses (126 million yen) due to business integration are not included.

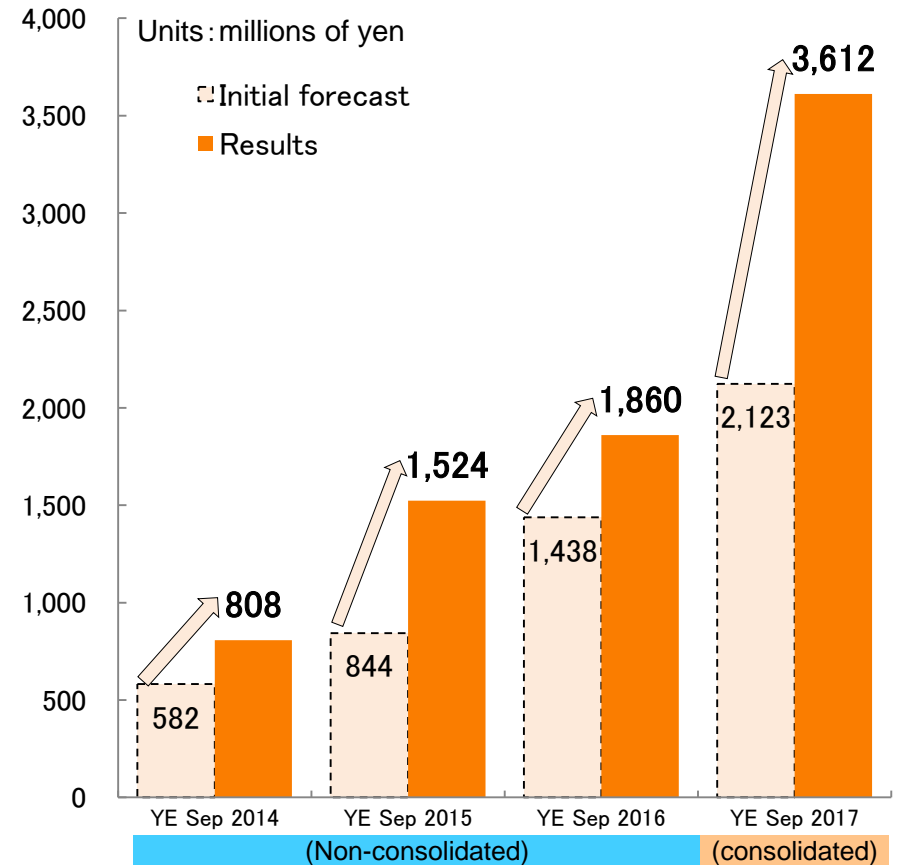
* The figures for RECOF DATA Corporation have been omitted because the amount is small.

• Net sales and ordinary income have both exceeded initial forecasts for 4 consecutive fiscal years since the company was listed

Net sales



Ordinary income



Changes in Earnings

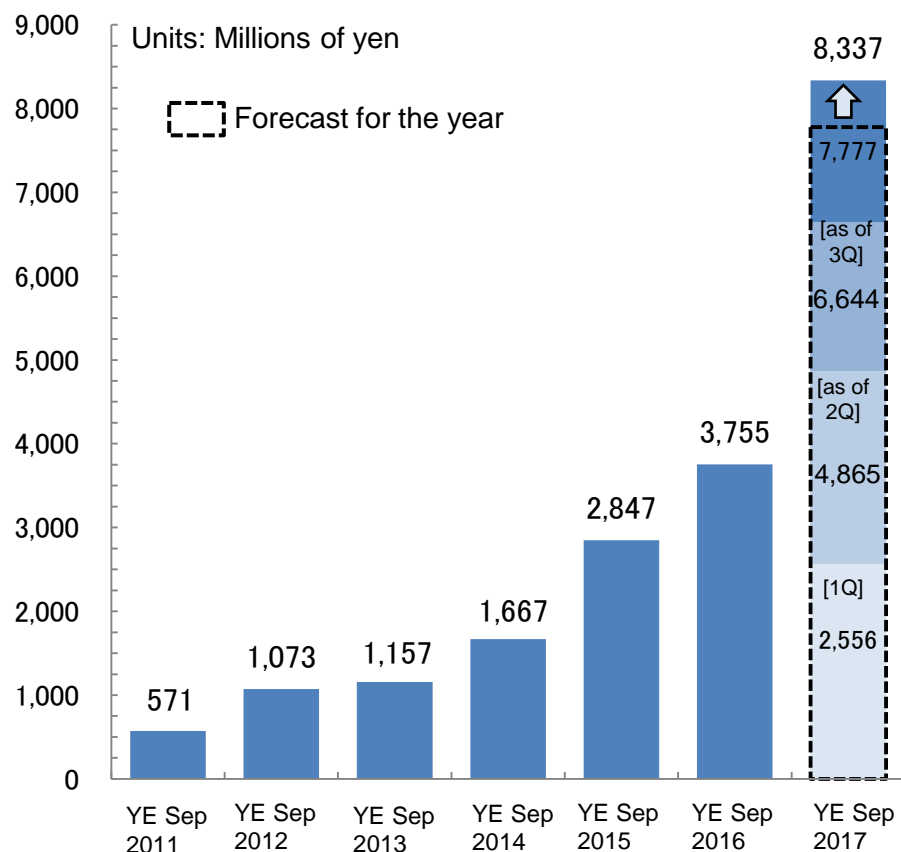


M&A CAPITAL PARTNERS

(consolidated)	Result for the year	Forecast for the year (revised)	Forecast difference (revised)
Net sales	8,337	7,777	107.2%
Ordinary income	3,612	3,110	116.1%

Units: Millions of yen

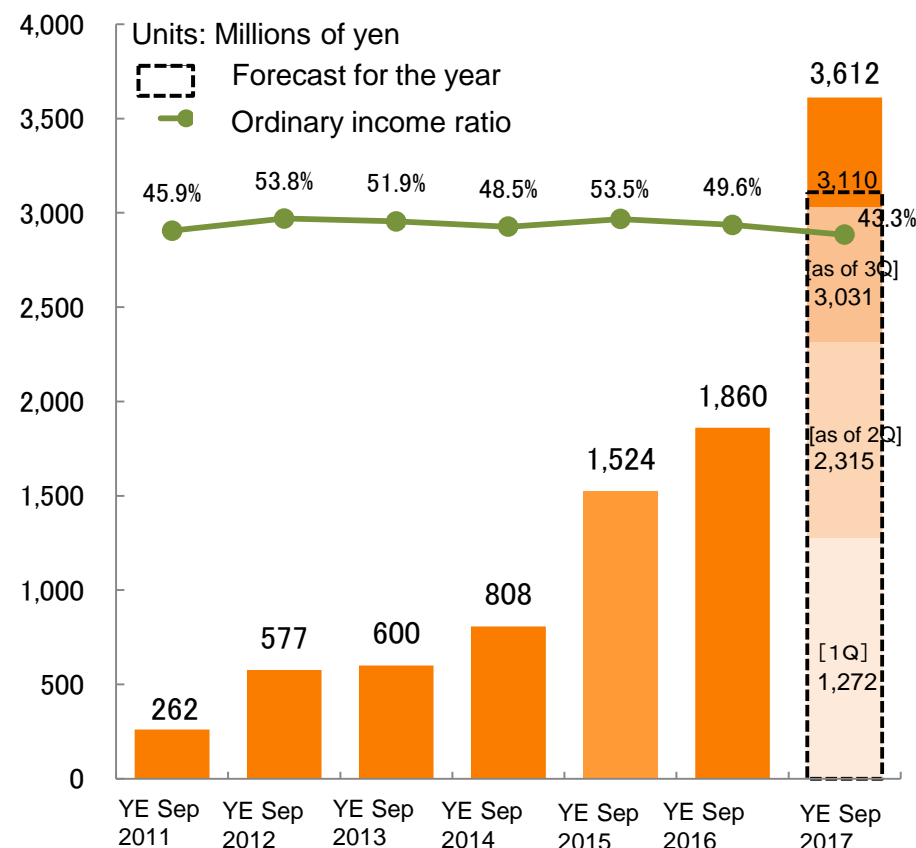
Net sales



(Non-consolidated)

(consolidated)

Ordinary income



(Non-consolidated)

(consolidated)

Overview of Statements of Income (Consolidated)



M&A CAPITAL PARTNERS

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

	Year Ended September 2016	Year Ended September 2017			Forecast for the Year Ending September 2018
			Year-on-year Change	Overview of Performance	
Net sales	- (-%)	8,337 (100.0%)	-%	<ul style="list-style-type: none"> Business integration and strong performance of deals 15 large deals closed 	8,667 (100.0%)
Gross profit	- (-%)	5,724 (68.7%)	-%	<ul style="list-style-type: none"> Benefit of increased revenue 	
SG&A	- (-%)	2,068 (24.8%)	-%	<ul style="list-style-type: none"> Consolidated amortization of goodwill: 193 	
Operating income	- (-%)	3,656 (43.9%)	-%	<ul style="list-style-type: none"> Benefit of increased revenue 	3,875 (44.7%)
Ordinary income	- (-%)	3,612 (43.3%)	-%		3,876 (44.7%)
Net income	- (-%)	2,603 (31.2%)	-%		2,576 (29.7%)
Number of deals made	—	111	-%	<ul style="list-style-type: none"> Business integration 	130
Employees	—	115	-%	<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	September 30, 2017		
				Change	Main Factors Causing Change
Current assets		- (-%)	10,797 (80.4%)	—	■ Cash and deposits: 10,369 (business integration)
	Noncurrent assets	- (-%)	2,628 (19.6%)	—	■ Goodwill: 1,741 (business integration)
Total assets		- (-%)	13,425 (100.0%)	—	
Current liabilities		- (-%)	2,072 (15.4%)	—	■ Decrease in short-term loans payable: -3,500 (Used funds from public stock offering)
	Noncurrent liabilities	- (-%)	295 (2.2%)	—	
Total liabilities		- (-%)	2,367 (17.6%)	—	
Total net assets		- (-%)	11,057 (82.4%)	—	■ Capital stock: +2,028(Public stock offering) ■ Legal capital surplus: +2,028 (Public stock offering)
Total liabilities and net assets		- (-%)	13,425 (100.0%)	—	

Earnings Forecasts for the Year Ending September 2018(Consolidated)

Net sales	8,667 million yen	(+4.0% year-on-year)
Ordinary income	3,876 million yen	(+7.3% year-on-year)
Profit attributable to owners of parent	2,576 million yen	(Δ 1.0% year-on-year)
Number of deals	130 deals	(+17.1% year-on-year)
Number of consultants	108	(+24 year-on-year)

* The number of consultants includes those on temporary assignment outside the Group

- **Hiring of consultants will continue in an effort to increase the number of deals**
- **Strengthening of reactionary sales (seminars, web, referrals, etc.)**
- **Earnings are forecast to decrease due to the impact of the forecast for decreased revenue and earnings of RECOF, with which management was integrated.**

Earnings Forecasts for the Year Ending September 2018 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-Year Changes		Year-on-Year Changes
Net sales	6,879 million yen	+8.6%	1,647million yen	△12.5%
Ordinary income	3,676 million yen	+8.1%	461million yen	△16.1%
Number of deals	100	+9.9%	30	+50.0%
Number of consultants	63	+12	45	+12

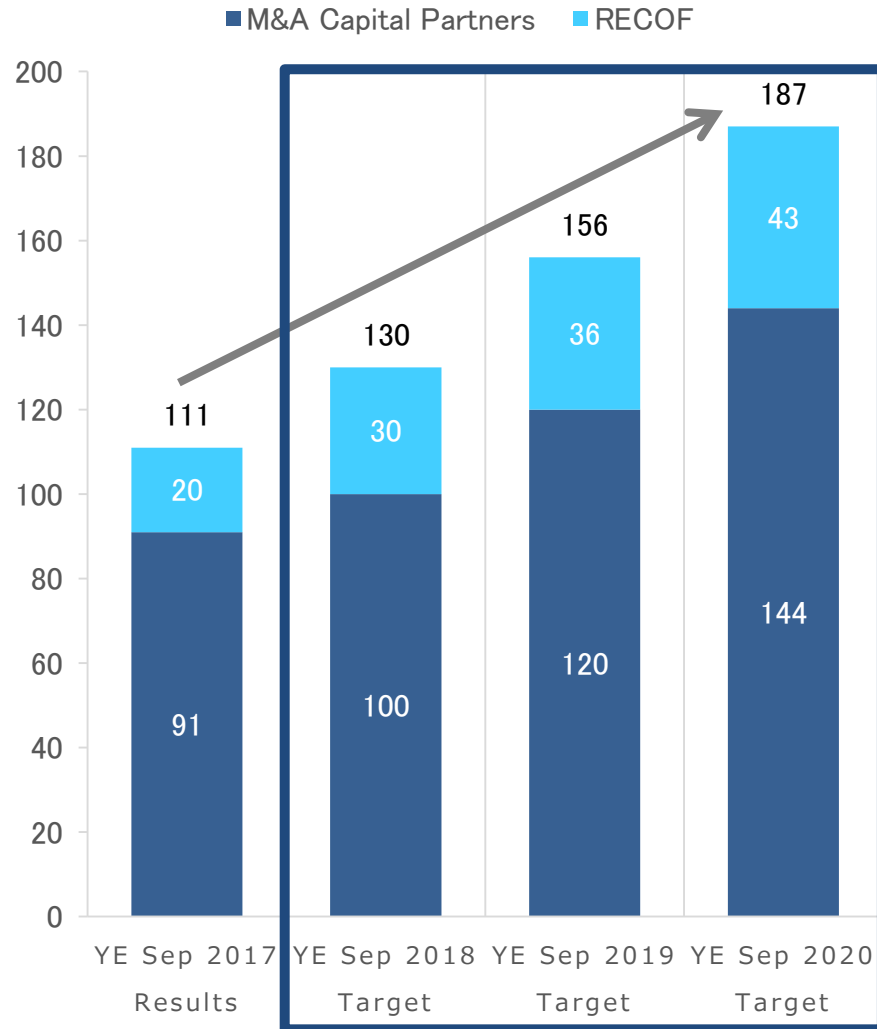
▪ Closing of 12 large deal (forecast)

▪ Closing of 3 large deal (forecast)
 ▪ Revenue and earnings are forecast to decrease because 2 large deals had a significant impact in the preceding fiscal year.

- * Because non-consolidated information is shown, amortization (226 million yen) due to business integration is not included.
- * The figures for RECOF DATA Corporation have been omitted because the amount is small.
- * The number of consultants includes those on temporary assignment outside the Group.

IV Growth Strategy

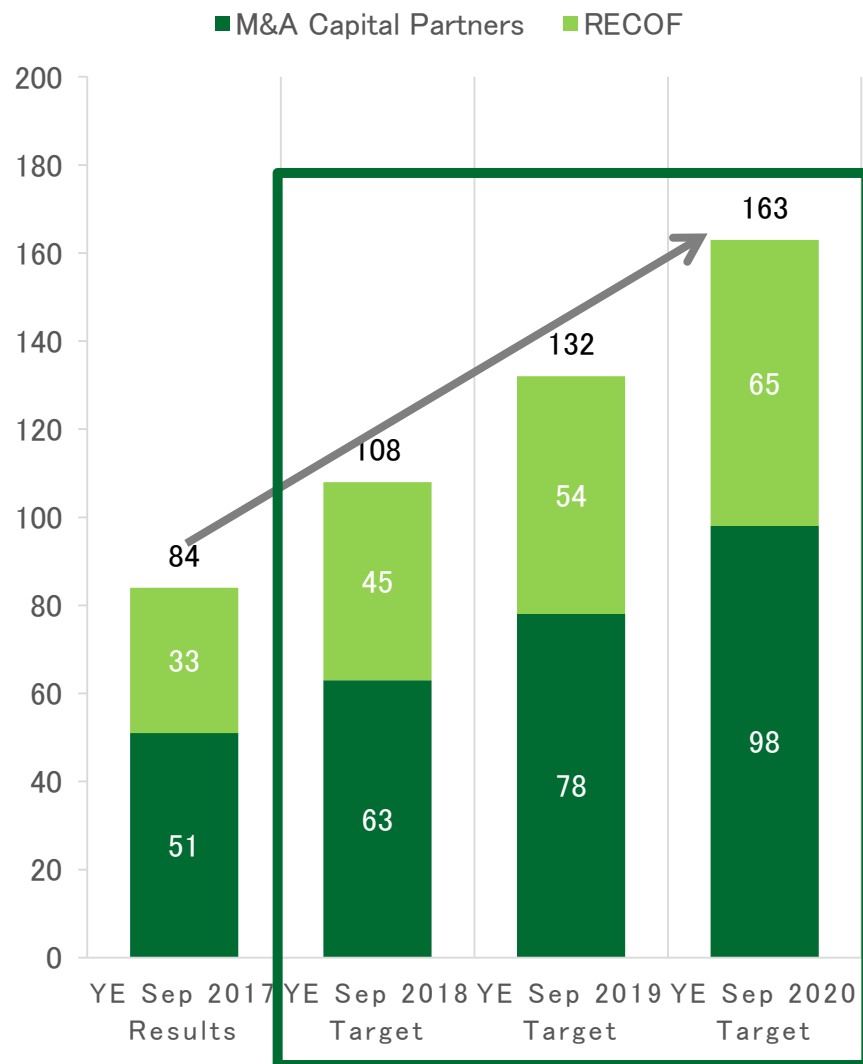
Three-year Plan for Number of Deals (Year Ending September 2018 to Year Ending September 2020)



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



Three-year Plan for Number of Consultants (Year Ending September 2018 to Year Ending September 2020)



【Number of Consultants】

＜M&A Capital Partners＞

Average increase of 25% per year

＜RECOF＞

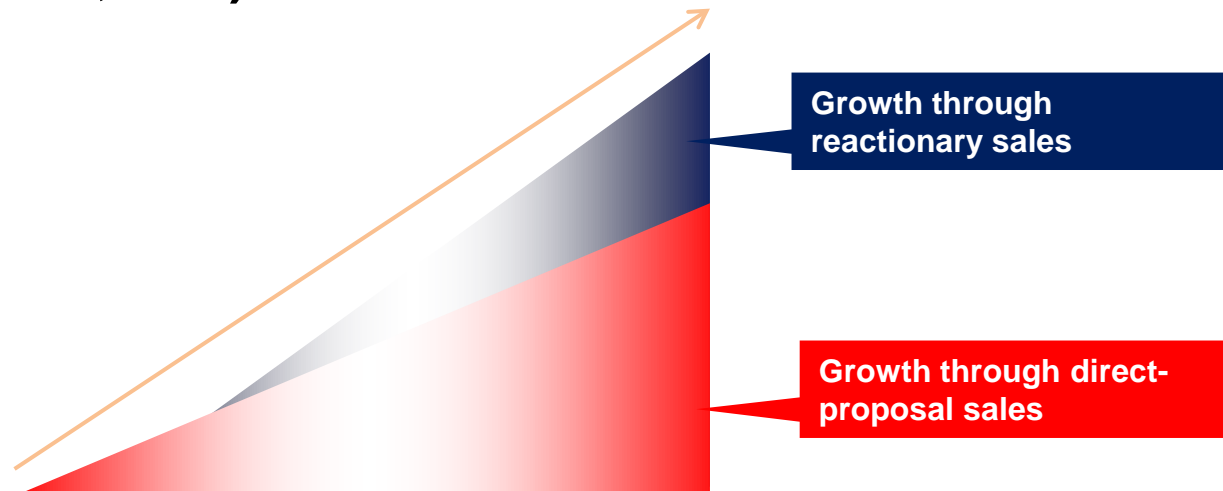
Average increase of 20% per year

will be maintained.

* The number of consultants includes those on temporary assignment outside the Group.


<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.)



<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, Kobe		Continue to increase seminars in Tokyo and regional cities as with previous year

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

Seminars Held in the Year Ended September 2017

In the Year ended September 2017, we held 12 large-scale M&A seminars in Osaka, Tokyo, Nagoya, Fukuoka, and Kobe.

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
July 20, 2017	M&A Seminar	Nikkei Sangyo Shimbun Forum(Tokyo Venue)	850
August 3, 2017	as above	as above(Osaka Venue)	450
August 29, 2017	as above	as above(Fukuoka Venue)	150
August 30, 2017	as above	as above(Kobe Venue)	150

Seminars Scheduled to be Held in the First Quarter of the Year Ending September 2018

During the First quarter of the year ending September 2018, a total of four large-scale seminars are scheduled to be held in Tokyo, Fukuoka, Nagoya and Osaka.

<Large-Scale M&A Seminar>

Date Held	Type	Seminar Title
Oct 12, 2017	M&A Seminar	Toyo Keizai Forum(Tokyo venue)
Oct 24, 2017	as above	as above(Fukuoka venue)
Nov 15, 2017	as above	as above(Nagoya venue)
Nov 29, 2017	as above	as above(Osaka venue)

[Keynote address (Tokyo)]

“K’s Denki Management Without Effort”

Shuichi Kato, Advisor, K’s Holdings

[Keynote address (Osaka, Fukuoka, Kobe)]

“Aiming to Be a Permanently Growing Company”

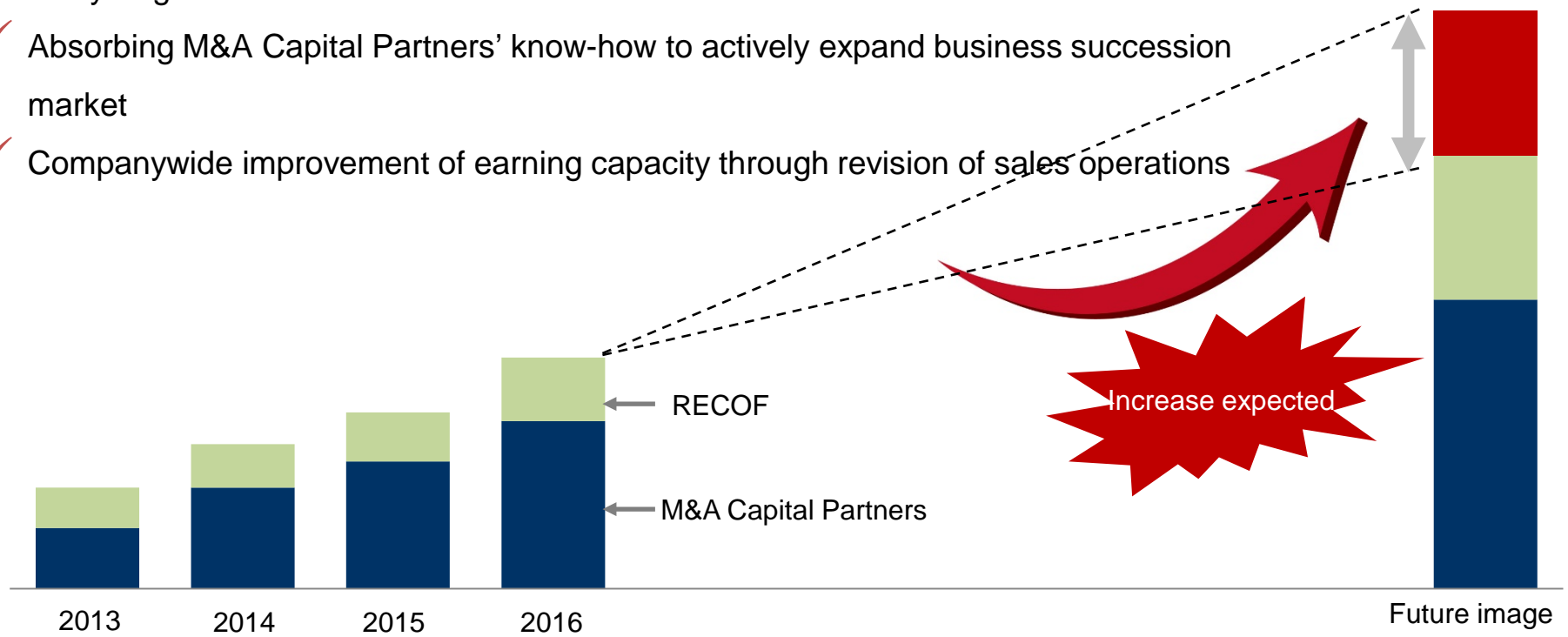
Masahiro Toyoda, Chairman & CEO, Air Water

<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



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



<Handling of These Materials>

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

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

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