

(English Translation)

Financial Results for the First Quarter
of the Fiscal Year Ending September 30, 2018 (under Japan GAAP) (Consolidated)

January 30, 2018

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
Contact: Daisuke Uehara Tel: 03-6880-3803
Director and Manager at the Planning
Management Department
Scheduled date of filing of quarterly report: February 14, 2018
Scheduled date of commencement of dividend payment: —
Presentation of supplementary materials on financial results: Yes
Holding of quarterly financial presentation meeting: No

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2018 (From October 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (Cumulative)

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

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
First quarter of fiscal year ending September 30, 2018	¥2,283 million (-10.7%)	¥1,034 million (-19.5%)	¥1,034 million (-18.7%)	¥721 million (-19.8%)
First quarter of fiscal year ended September 30, 2017	¥2,556 million (—%)	¥1,284 million (—%)	¥1,272 million (—%)	¥899 million (—%)

(Note)

Comprehensive income:

First quarter of fiscal year ending September 30, 2018: 721 million yen (-19.8 %)

First quarter of fiscal year ended September 30, 2017: 899 million yen (— %)

	Profit per share	Profit (fully diluted) per share
First quarter of fiscal year ending September 30, 2018	¥46.94	¥45.59
First quarter of fiscal year ended September 30, 2017	¥63.26	¥60.20

(Note) The Company has begun preparing quarterly consolidated financial statements from the first quarter of the fiscal year ended September 30, 2017, so changes from the same period of the previous fiscal year are not included.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
First quarter of fiscal year ending September 30, 2018	¥13,474 million	¥11,803 million	87.2%
Fiscal year ended September 30, 2017	¥13,425 million	¥11,057 million	82.0%

(Reference)

Equity:

First quarter of fiscal year ending September 30, 2018: 11,752 million yen

Fiscal year ended September 30, 2017: 11,006 million yen

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended September 30, 2017	—	¥0.00	—	¥0.00	¥0.00
Fiscal year ending September 30, 2018	—				
Fiscal year ending September 30, 2018 (Forecast)		¥0.00	—	¥0.00	¥0.00

(Note) Revision of dividend forecast since the latest announcement: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending September 30, 2018 (From October 1, 2017 to September 30, 2018)

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

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Annual	¥8,667 million (4.0%)	¥3,875 million (6.0%)	¥3,876 million (7.3%)	¥2,576 million (-1.0%)	¥165.76

(Note) Revision of financial results forecast since the latest announcement: No

*** Notes**

- (1) Significant changes in subsidiaries during the consolidated cumulative quarter under review (Changes in specified subsidiaries affecting the scope of consolidation): No
- (2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: No
- (3) 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: No
 - (ii) Changes in accounting policies due to reasons other than (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatements of prior period financial statements after error corrections: No
- (4) 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 December 31, 2017 15,605,000 shares
 - As of September 30, 2017 15,173,000 shares
 - (ii) Number of treasury shares as of the end of the period:
 - As of December 31, 2017 199 shares
 - As of September 30, 2017 199 shares
 - (iii) Average number of shares during the period (cumulative):
 - First quarter of fiscal year ending September 30, 2018 15,365,323 shares
 - First quarter of fiscal year ended September 30, 2017 14,223,161 shares

*** The quarterly financial results are not subject to the quarterly review.**

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

Descriptions or statements concerning projected figures and future outlooks contained within these materials are based on the decisions and assumptions resulting from information currently obtainable by the Company. The possibility exists that due to the intrinsic uncertainty of those decisions and assumptions 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 the Company as to the certainty of any and all content concerning forecasts for the future.

Attachment – Contents

- 1. Qualitative Information on Financial Results for the Quarter under Review 2
 - (1) Explanation of Operating Results 2
 - (2) Explanation of Financial Position..... 5
 - (3) Explanation of Forecast of Consolidated Financial Results and Other
Forward-looking Statements..... 6
- 2. Quarterly Consolidated Financial Statements and Notes 6
 - (1) Quarterly Consolidated Balance Sheet 8
 - (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated
Statement of Comprehensive Income 8
 - (3) Notes to Quarterly Consolidated Financial Statements 10
(Segment information, etc.)..... 10

1. Qualitative Information on Financial Results for the Quarter under Review

(1) Explanation of Operating Results

(Overview of Economic Conditions)

The global economy is expected to continue its gentle recovery, but there is increasing uncertainty in the economies of each region. In China, for example, there is the problem of excessive debt and the possibility of an economic slowdown resulting from the impact of fluctuation in real estate prices. In the United States, there is uncertainty with respect to policy, such as tax reform, infrastructure investment and international trade policy. Finally, in Europe there are the negotiations for Great Britain's exit from the EU and the possibility of significant policy changes resulting from elections in some countries. Furthermore, there is concern over the possibility that fluctuations in the financial and capital markets may have repercussions in the real economy.

On the other hand, the Japanese economy is expected to continue its gentle recovery, in part due to the effects of various policies, as the employment and income environment continue to improve.

(Industry Trends)

According to the statistical data independently collected by a group company RECOF DATA Corporation, the number of M&A deals publicly announced in relation to Japanese companies has been recovering since it declined to 1,687 in 2011 (January to December) due to the impact of the Global Financial Crisis and the Great East Japan Earthquake, to reach 3,050 in 2017 (January to December), the highest number since statistics began, as the recovery continues.

Furthermore, the Group estimates that there are many examples of successful M&A deals that have not been publicly announced in the M&A market, and due to the presence of players with a strong desire to make acquisitions centered primarily on operating companies, funds and corporate venture capital (CVC), along with rising needs for transfer such as business succession needs, M&A demand centered on small and medium-sized companies is forecast to continue to rise in the future.

(Condition of the Group)

During the previous consolidated fiscal year, which was the Group's first fiscal year, the Group redeveloped its business processes for the purpose of improving the profitability and operational efficiency of RECOF Corporation and RECOF DATA Corporation, and the measures that had been planned up to now have mostly been completed.

During the consolidated first quarter under review, directors were reassigned, and

their responsibilities were reviewed primarily for the purpose of strengthening internal control and cooperation within the Group. Additionally, cross-divisional projects were launched and are being implemented to strengthen information sharing within the Group with an emphasis on knowledge sharing and enhanced matching in order to address the needs of the M&A market, which are expected to increase exponentially.

Based on these activities, the Group as a whole closed 37 deals to update the number of deals closed within the consolidated quarterly accounting period.

The Company closed 29 deals, marking a record high for a quarterly accounting period, thanks in part to the abundant inventory of proposals from the previous fiscal year. We are also working to expand our business by continuing to promote the planning of large-scale seminars and hiring of outstanding personnel.

There has been a growing inventory of proposals at RECOF Corporation since the previous fiscal year. Eight deals were closed, surpassing the strong number of deals closed during the previous fiscal year, and giving it a favorable fiscal year start. Together with RECOF DATA Corporation, efforts will continue to be made to strengthen hiring along with the implementation of aggressive marketing activities in the aim of expanding the scale through the end of the fiscal year.

Number of deals (consolidated)

Name of type			First quarter of fiscal year ended September 30, 2017 (From October 1, 2016 to December 31, 2016)	First quarter of fiscal year ending September 30, 2018 (From October 1, 2017 to December 31, 2017)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	33	37	+4
	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)	5	6	+1
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	28	31	+3

Number of deals (non-consolidated)

Name of type			First quarter of fiscal year ended September 30, 2017 (From October 1, 2016 to December 31, 2016)	First quarter of fiscal year ending September 30, 2018 (From October 1, 2017 to December 31, 2017)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	26	29	+3
	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	5	+1
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	22	24	+2

Name of type			First quarter of fiscal year ended September 30, 2017 (From October 1, 2016 to December 31, 2016)	First quarter of fiscal year ending September 30, 2018 (From October 1, 2017 to December 31, 2017)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	7	8	+1
	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)	1	1	±0
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	6	7	+1

The Company's sales was favorable, surpassing those of the previous fiscal year, but at RECOF Corporation, sales fell short of the previous fiscal year due to major industry-reorganizing deals in the previous fiscal year.

As a result, net sales in the consolidated first quarter under review were ¥2,283.055 million (a decrease of 10.7% year on year), operating income was ¥1,034.032 million (a decrease of 19.5% year on year), ordinary income was ¥1,034.380 million (a decrease of 18.7% year on year), and profit attributable to owners of parent was ¥721.298 million (a decrease of 19.8% year on year).

Segment information is omitted because our Group's reporting segment is only the M&A-related services business, and it is immaterial as disclosure information.

(2) Explanation of Financial Position

(Current assets)

As of the end of the consolidated first quarter under review, current assets amounted to ¥10,911.474 million, an increase of ¥114.296 million year on year. This was primarily due to a ¥52.041 million increase in cash and deposits as a result of payments of ¥744.631 million for income taxes and ¥265.460 million for consumption taxes with respect to recording ¥1,034.380 million in income before taxes.

(Non-current assets)

As of the end of the consolidated first quarter under review, non-current assets amounted to ¥2,562.575 million, a decrease of ¥66.002 million year on year. This was primarily due to a decrease of ¥48.365 million in goodwill resulting from amortization of goodwill.

(Current liabilities)

As of the end of the consolidated first quarter under review, current liabilities amounted to ¥1,388.179 million, a decrease of ¥684.006 million year on year. This was primarily due to a ¥446.352 million decrease in accounts payable - other resulting from bonus payment and a ¥347.663 million decrease in income taxes payable, while there was a ¥250.936 million increase in provision for bonuses

(Non-current liabilities)

As of the end of the consolidated first quarter under review, non-current liabilities amounted to ¥282.047 million, a decrease of ¥13.742 million year on year. This was primarily due to a ¥11.917 million decrease in net defined benefit liability.

(Net assets)

As of the end of the consolidated first quarter under review, net assets amounted to ¥11,803.824 million, an increase of ¥746.042 million year on year. This was primarily due to an increase in capital stock and legal capital surplus of ¥12.372 million each resulting from the exercise of stock options and a ¥721.298 million increase in retained earnings.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

No changes have been made to the forecast for consolidated financial results announced on October 27, 2017.

During the consolidated first quarter under review, there were several major deals, showing steady progress on the forecast for consolidated financial results. However, the M&A-related services business, which is our business, is affected by various factors, including the economic environment and the business environment of the parties, and subject to many uncertainties. Because significant uncertainty accompanies forecasts depending on the timing of the deal and the amount of fees, we are not changing the figures of the forecast at this time.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheet

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2017)	First quarter of fiscal year ending September 30, 2018 (as of December 31, 2017)
Assets		
Current assets		
Cash and deposits	10,369,086	10,421,128
Accounts receivable - trade	206,093	195,081
Deferred tax assets	147,532	204,750
Other	74,464	90,514
Total current assets	10,797,178	10,911,474
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	264,817	254,818
Other	51,293	63,261
Total property, plant and equipment	316,111	318,080
Intangible assets		
Trademark right	297,000	288,750
Goodwill	1,741,141	1,692,776
Other	21,106	19,736
Total intangible assets	2,059,248	2,001,263
Investments and other assets, gross		
Lease and guarantee deposits	232,407	221,335
Other	20,811	21,897
Total investments and other assets	253,219	243,232
Total non-current assets	2,628,578	2,562,575
Total assets	13,425,756	13,474,050
Liabilities		
Current liabilities		
Advances received	236,593	232,102
Provision for bonuses	8,705	259,641
Accounts payable - other	695,440	249,088
Income taxes payable	744,631	396,968
Accrued consumption taxes	285,204	150,061
Other	101,609	100,316
Total current liabilities	2,072,185	1,388,179
Non-current liabilities		
Net defined benefit liability	125,410	113,492
Other	170,379	168,555
Total non-current liabilities	295,789	282,047
Total liabilities	2,367,975	1,670,226

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2017)	First quarter of fiscal year ending September 30, 2018 (as of December 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	2,491,243	2,503,615
Capital surplus	2,480,993	2,493,365
Retained earnings	6,034,829	6,756,127
Treasury shares	(353)	(353)
Total shareholders' equity	11,006,713	11,752,755
Subscription rights to shares	51,068	51,068
Total net assets	11,057,781	11,803,824
Total liabilities and net assets	13,425,756	13,474,050

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statements of Income
For the Three-month Periods

	(Unit: thousand yen)	
	First quarter of previous fiscal year (From October 1, 2016 to December 31, 2016)	First quarter of current fiscal year (From October 1, 2017 to December 31, 2017)
Net sales	2,556,740	2,283,055
Cost of sales	730,883	777,223
Gross profit	1,825,856	1,505,832
Selling, general and administrative expenses	541,489	471,800
Operating income	1,284,367	1,034,032
Non-operating income		
Interest income	16	588
Miscellaneous income	485	12
Total non-operating income	502	601
Non-operating expenses		
Interest expenses	7,034	51
Miscellaneous loss	5,482	201
Total non-operating expenses	12,517	253
Ordinary income	1,272,351	1,034,380
Extraordinary income		
Gain on bargain purchase	17,162	—
Total extraordinary income	17,162	—
Income before income taxes	1,289,514	1,034,380
Income taxes - current	335,154	373,863
Income taxes - deferred	54,575	(60,782)
Total income taxes	389,729	313,081
Profit	899,784	721,298
Profit attributable to owners of parent	899,784	721,298

Quarterly Consolidated Statement of Comprehensive Income
For the Three-month Periods

	(Unit: thousand yen)	
	First quarter of previous fiscal year (From October 1, 2016 to December 31, 2016)	First quarter of current fiscal year (From October 1, 2017 to December 31, 2017)
Profit	899,784	721,298
Comprehensive income	899,784	721,298
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	899,784	721,298

(3) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

Our business is comprised of a single segment of M&A-related services and auxiliary businesses. Thus, segment information has been omitted.