



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Three Months Ended December 2017

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



January 30, 2018

<i>I</i>	Company Overview and Strengths of the Company	... 2
<i>II</i>	Results for the Three Months Ended December 2017 and Forecast for the Year Ending September 2018	... 9
<i>III</i>	Growth Strategy	... 16

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	2,503 million yen (as of December 31, 2017)
Employees	Consolidated: 116 Non-consolidated: 62 (as of December 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

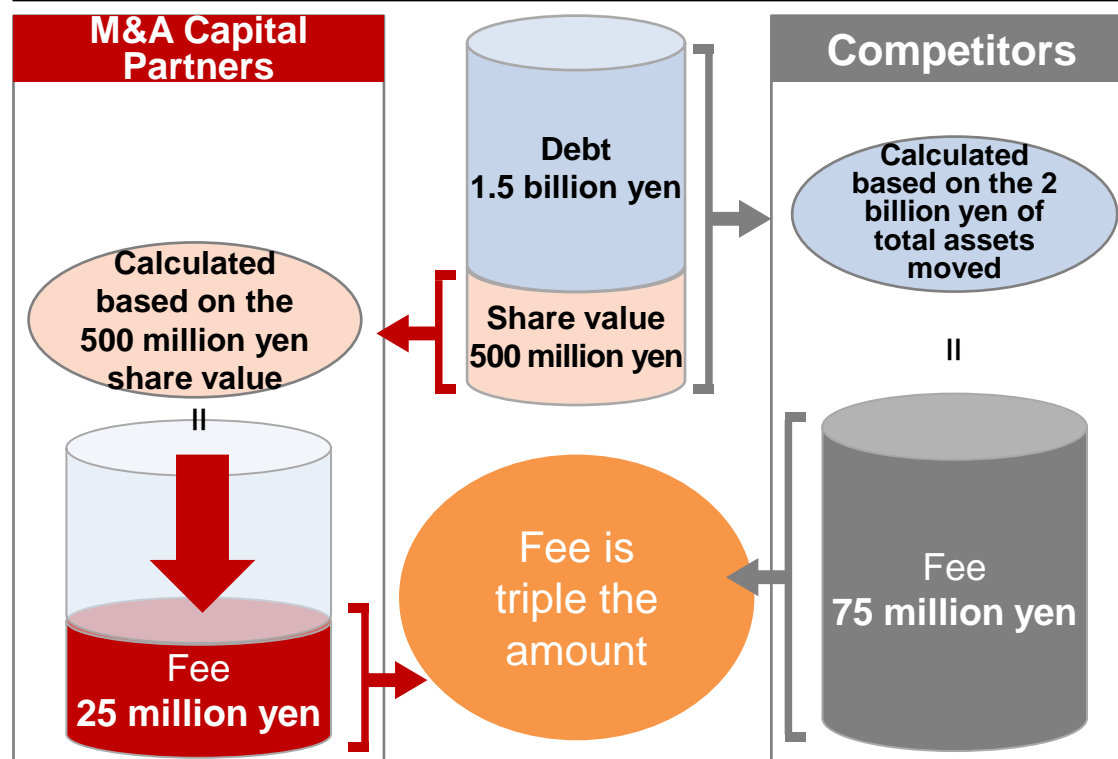
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

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 value**. 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

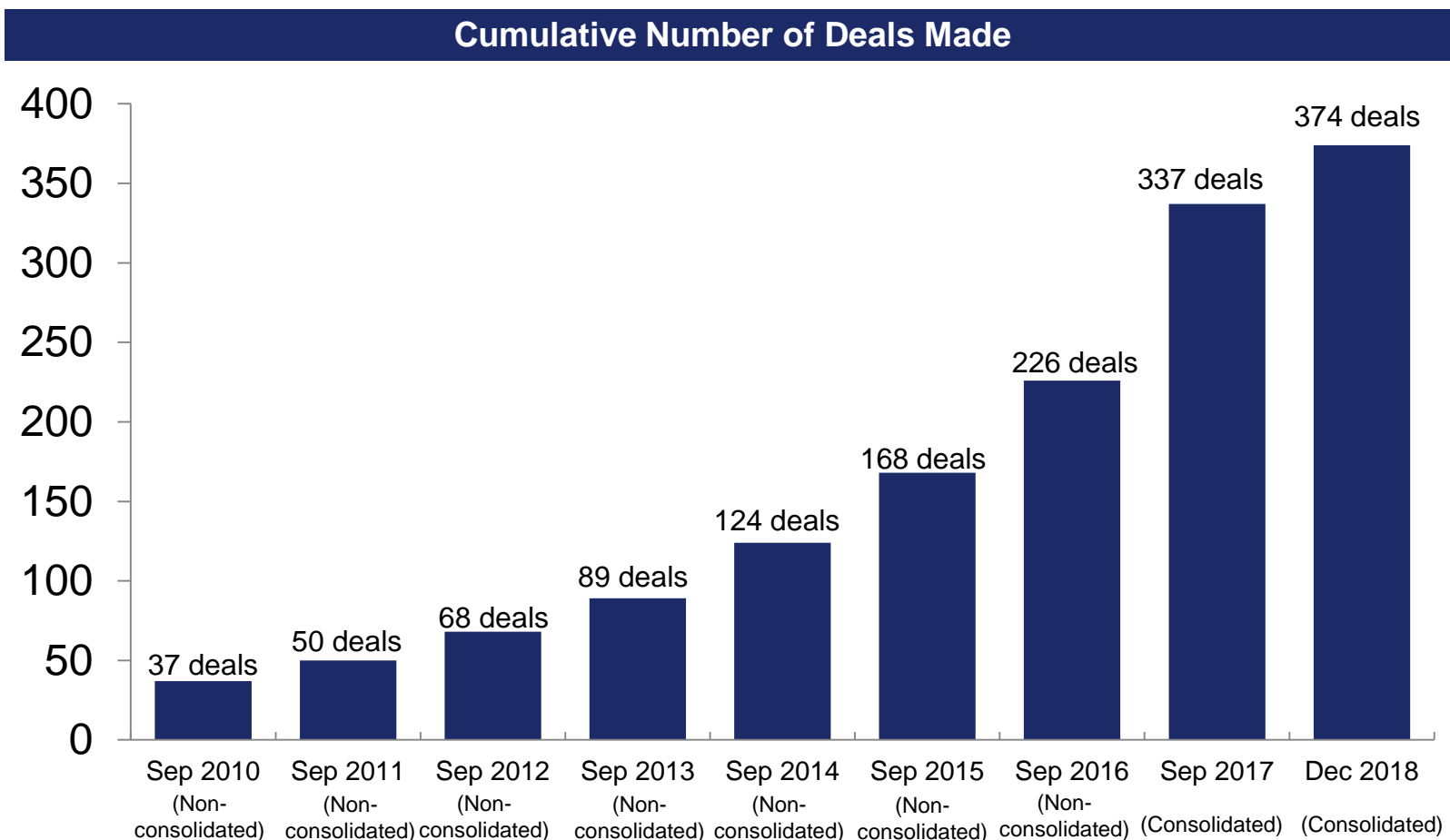
$$\begin{aligned}
 &500 \text{ million yen} \times 5\% = 25 \text{ million yen} \\
 &+ (1 \text{ billion yen} - 500 \text{ million yen}) \times 4\% = 20 \text{ million yen} \\
 &+ (2 \text{ billion yen} - 1 \text{ billion yen}) \times 3\% = 30 \text{ million yen} \\
 &\quad \quad \quad \underline{\quad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



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.

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 Three Months Ended December 2017 and Forecast for the Year Ending September 2018

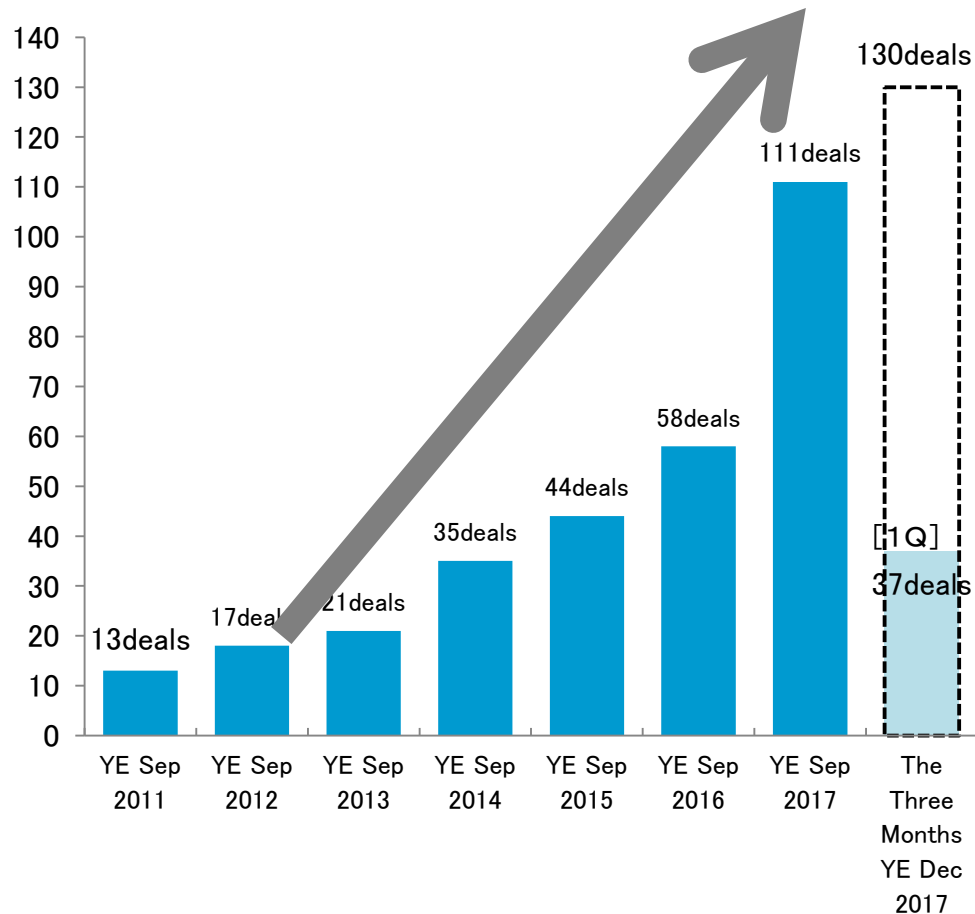
Number of Deals Made



M&A CAPITAL PARTNERS

	1Q	Forecast for the year	Progress for Entire Year
Number of deals (consolidated)	37	130	28.5%

Number of Deals Made



(Non-consolidated)

(consolidated)

- +12.1% Year-on-year

- Abundant deal inventory from previous year contributed to favorable trend

(Factors)

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

【Non-consolidated】

M&A Capital Partners 29
(+11.5% year-on-year)

- Achieved the record highest number of first quarter deals

RECOF 8

(+14.3% year-on-year)

Earnings for the Three Months Ended December 2017 (Consolidated)

Net sales	2,283 million yen	(-10.7% year-on-year)
Ordinary income	1,034 million yen	(-18.7% year-on-year)
Number of deals	37 deals	(+12.1% year-on-year)
Number of consultants	87	(+10 year-on-year)

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

- On a non-consolidated basis, results surpassed those of the same period of the previous year and have been strong, but RECOF results fell short year on year due to there having been a major industry restructuring deal made in the same period of the previous year. As a result, overall Group results were down year on year.
- 6 large deals closed (+20.0% year - on - year)

Earnings for the Three Months Ended December 2017 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	1,764 million yen	+11.8%	481 million yen	-48.6%
Ordinary income	938 million yen	+6.9%	145 million yen	-70.1%
Number of deals	29	+11.5%	8	+14.3%
Number of consultants	55	+10	32	0

- 5 large deals closed
- First quarter net sales, ordinary income and number of deals were all the highest on record, and results have been strong

- 1 large deal closed
- Result fell short year on year due to there having been a major industry restructuring deal made in the same period of the previous year

* Because non-consolidated information is shown, consolidated amortization of goodwill (56 million yen) due to business integration is not included.

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

Changes in Earnings

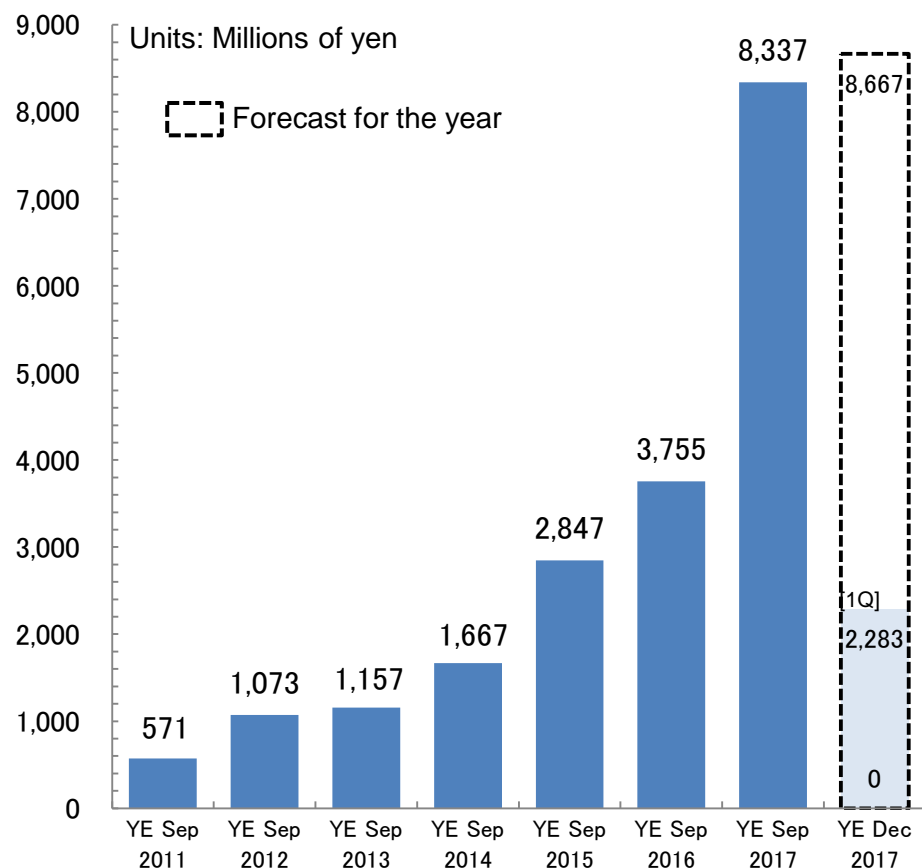


M&A CAPITAL PARTNERS

Units: Millions of yen

(consolidated)	1Q	Forecast for the year	Progress for Entire Year
Net sales	2,283	8,667	26.3%
Ordinary income	1,034	3,876	26.7%

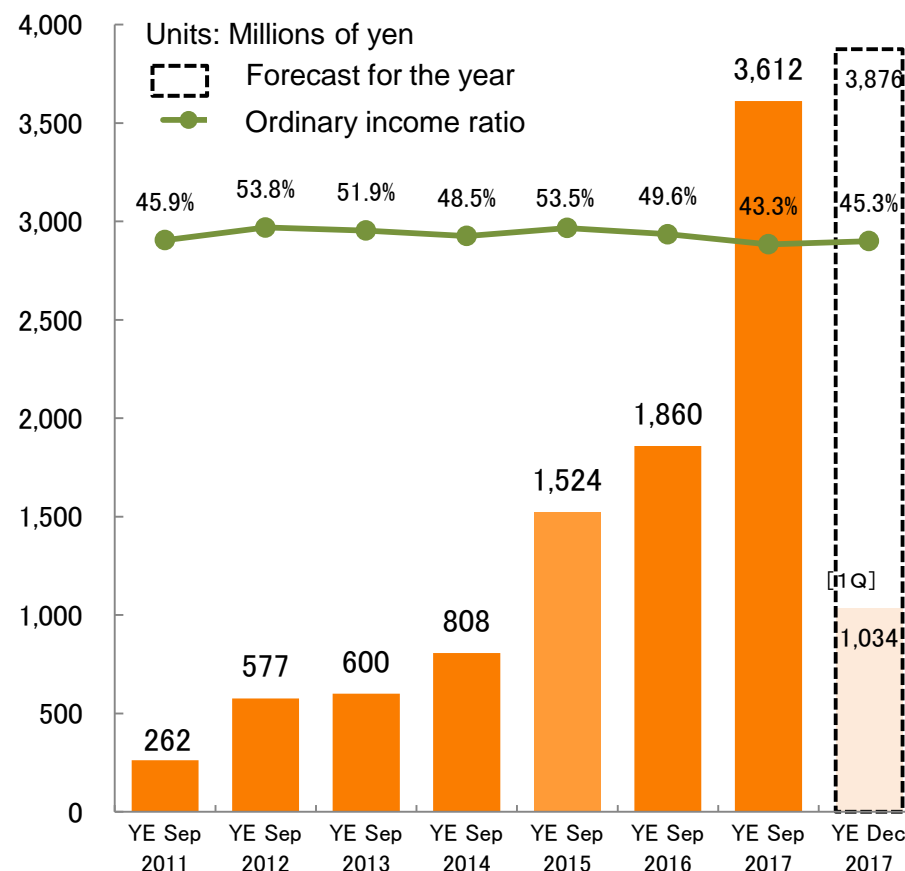
Net sales



(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)

	Three Months Ended Dec 2016	Three Months Ended Dec 2017			Forecast for the Year Ending September 2017
			Year-on-year Change	Overview of Performance	
Net sales	2,556 (100.0%)	2,283 (100.0%)	-10.7%	<ul style="list-style-type: none"> ■ 【RECOF】 Due to there having been a major industry restructuring deal made in the same period of the previous year ■ 6 large deals closed 	8,667 (100.0%)
Gross profit	1,825 (71.4%)	1,505 (66.0%)	-17.5%	<ul style="list-style-type: none"> ■ Disadvantage of decreased revenue 	
SG&A	541 (21.2%)	471 (20.7%)	-12.9%	<ul style="list-style-type: none"> ■ Consolidated amortization of goodwill: 48 	
Operating income	1,284 (50.2%)	1,034 (45.3%)	-19.5%	<ul style="list-style-type: none"> ■ Disadvantage of decreased revenue 	3,875 (44.7%)
Ordinary income	1,272 (49.8%)	1,034 (45.3%)	-18.7%		3,876 (44.7%)
Net income	899 (35.2%)	721 (31.6%)	-19.8%		2,576 (29.7%)
Number of deals made	33	37	+12.1%	<ul style="list-style-type: none"> ■ Number of deals have been strong 	130
Employees	115	116	+0.9%		

Overview of Balance Sheets (Consolidated)

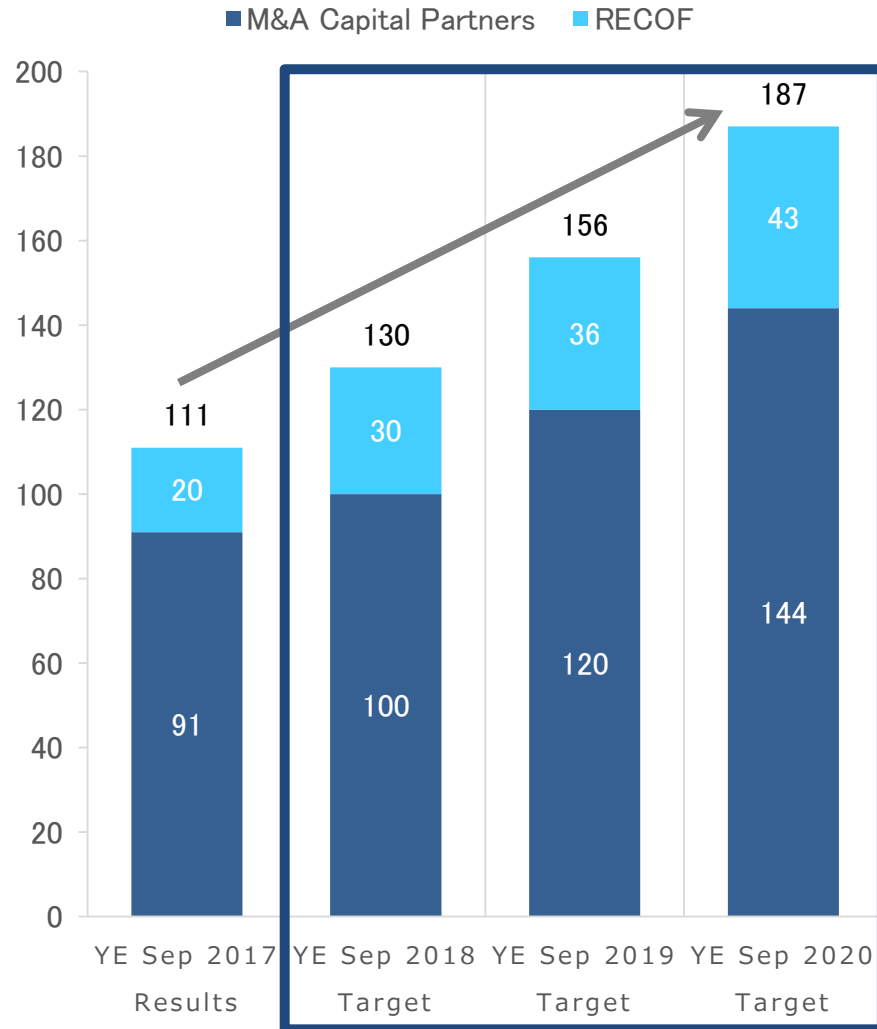


(Units: millions of yen, second line is composition ratio)

		September 30, 2017		December 31, 2017	
				Change	Main Factors Causing Change
	Current assets	10,797 (80.4%)	10,911 (81.0%)	+ 114	■ Cash and deposits: +52 (recording of income before tax, payment of income and consumption taxes, etc.)
	Noncurrent assets	2,628 (19.6%)	2,562 (19.0%)	-66	■ Goodwill: -48(Amortization of goodwill)
	Total assets	13,425 (100.0%)	13,474 (100.0%)	+ 48	
	Current liabilities	2,072 (15.4%)	1,388 (10.3%)	-684	■ Accounts payable -446 (payment of financial results-based bonuses, etc.)
	Noncurrent liabilities	295 (2.2%)	282 (2.1%)	-13	
	Total liabilities	2,367 (17.6%)	1,670 (12.4%)	-697	
Total net assets		11,057 (82.4%)	11,803 (87.6%)	+ 746	■ Retained earnings +721
Total liabilities and net assets		13,425 (100.0%)	13,474 (100.0%)	+ 48	

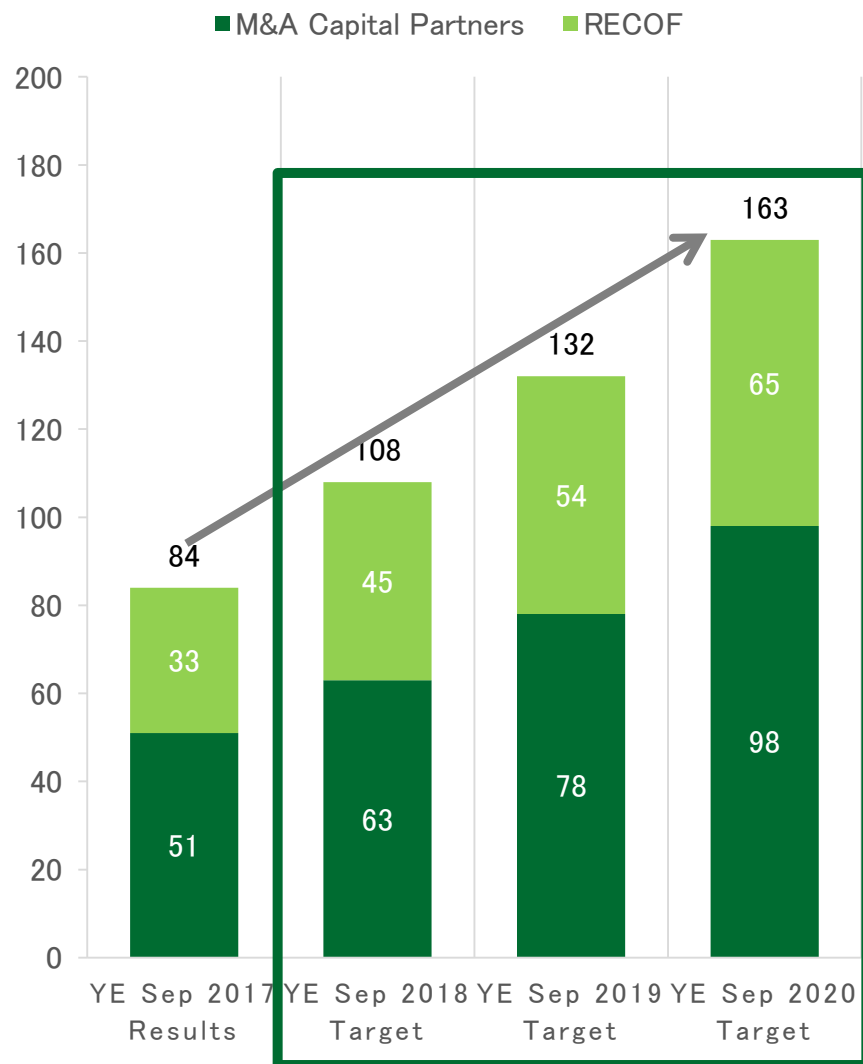
III Growth Strategy

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＞

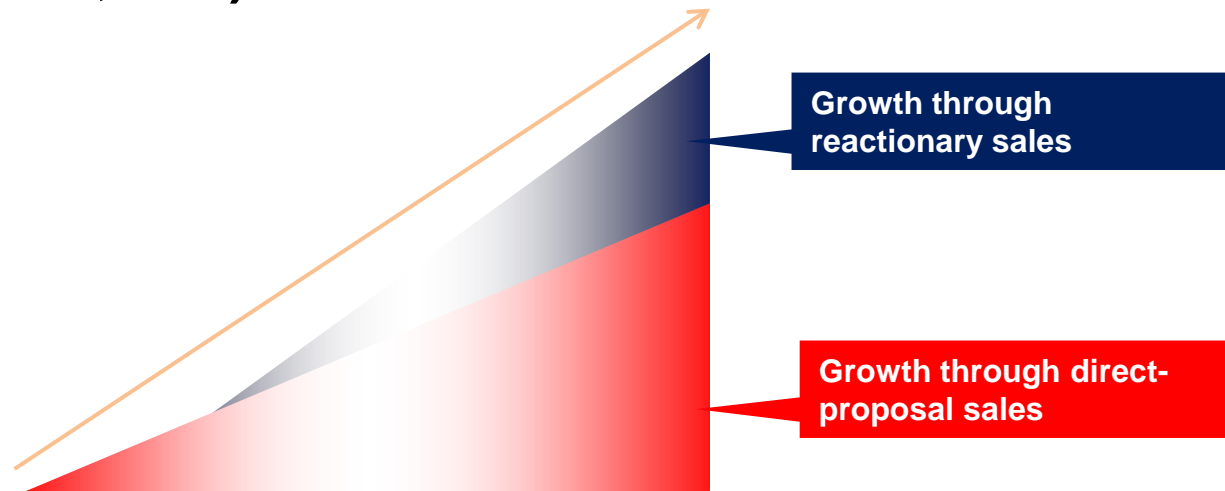
Average increase of 20% per year

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 2017		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
- Creation and expansion of referral network
⇒ Strengthening ties with tax accountants, accountants, local banks and securities companies

Seminars Held in the Three Months Ended December 2017

In the three months ended December 2017, we held four large-scale M&A seminars in Tokyo, Fukuoka, Nagoya, and Osaka.

<Large-Scale M&A Seminars>

Date Held	Type	Seminar Title	Applicants
October 12, 2017	M&A Seminar	Toyo Keizai Forum(Tokyo Venue)	500
October 24, 2017	as above	as above(Fukuoka Venue)	100
November 15, 2017	as above	as above(Nagoya Venue)	150
November 29, 2017	as above	as above(Osaka Venue)	350

【Tokyo Venue】



<Toyo Keizai Forum>

【Osaka Venue】



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

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

<Large-Scale M&A Seminar>

Date Held	Type	Seminar Title
Mar 1, 2018	M&A Seminar	Nikkei Sangyo Shimbun Forum (Tokyo venue)
Mar 6, 2018	as above	as above(Nagoya venue)
Mar 7, 2018	as above	as above(Osaka venue)
Mar 14, 2018	as above	as above(Fukuoka venue)

【Keynote address】

“The Growth of Earth Chemical and M&A Strategies”

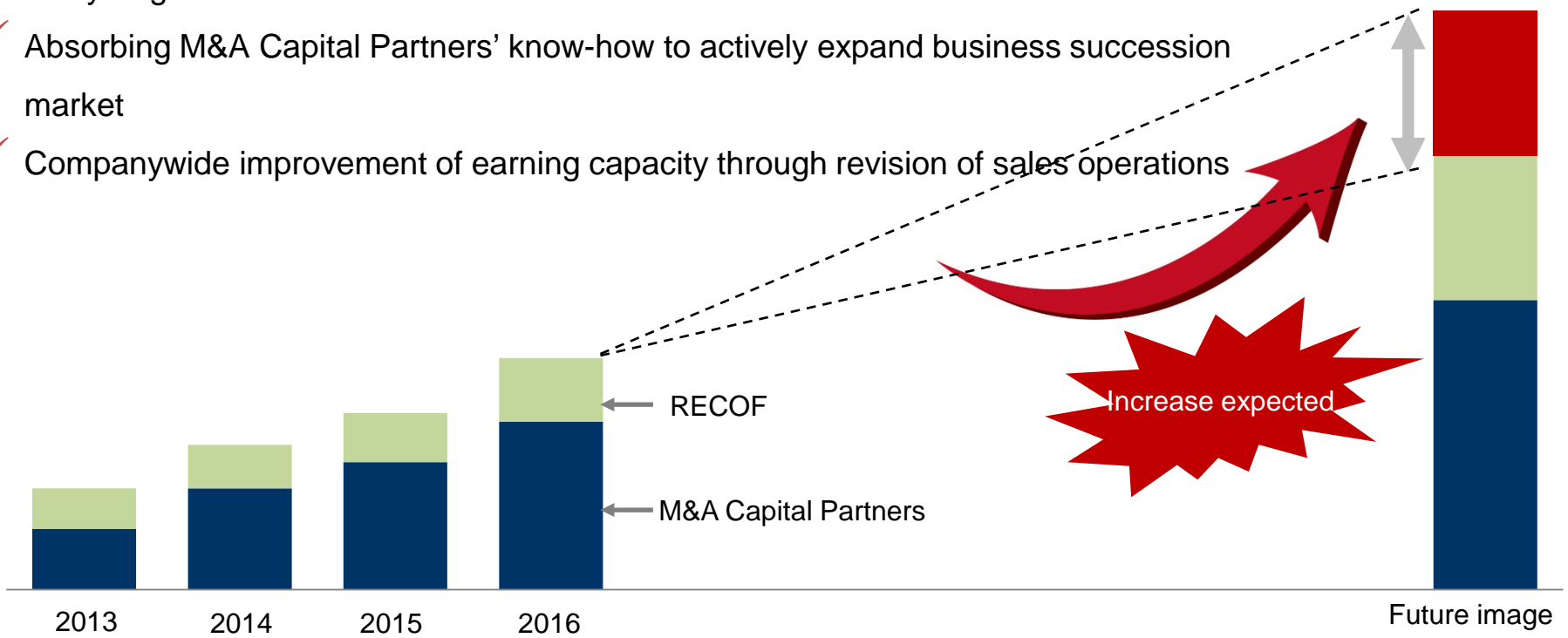
Tatsuya Otsuka, Chairman, Earth Chemical Co., Ltd.

<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.