

(English Translation)

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

April 27, 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
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Director and Manager at the Planning
Management Department
Scheduled date of filing of quarterly report: May 15, 2018
Scheduled date of commencement of dividend payment: —
Presentation of supplementary materials on financial results: Yes
Holding of quarterly financial presentation meeting: Yes (For institutional
investors)

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

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

(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
Second quarter of fiscal year ending September 30, 2018	¥4,900 million (0.7%)	¥2,302 million (-1.2%)	¥2,301 million (-0.6%)	¥1,600 million (2.7%)
Second quarter of fiscal year ended September 30, 2017	¥4,865 million (—%)	¥2,330 million (—%)	¥2,315 million (—%)	¥1,558 million (—%)

(Note)

Comprehensive income:

Second quarter of fiscal year ending September 30, 2018: 1,600 million yen (2.7%)

Second quarter of fiscal year ended September 30, 2017: 1,558 million yen (—%)

	Profit per share	Profit (fully diluted) per share
Second quarter of fiscal year ending September 30, 2018	¥103.34	¥101.08
Second quarter of fiscal year ended September 30, 2017	¥109.02	¥104.10

(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 for the second quarter of the fiscal year ended September 30, 2017.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Second quarter of fiscal year ending September 30, 2018	¥15,152 million	¥12,682 million	83.4%
Fiscal year ended September 30, 2017	¥13,425 million	¥11,057 million	82.0%

(Reference)

Equity:

Second quarter of fiscal year ending September 30, 2018: 12,631 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	—	¥0.00			
Fiscal year ending September 30, 2018 (Forecast)			—	¥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 March 31, 2018 | 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 March 31, 2018 | 199 shares |
| As of September 30, 2017 | 199 shares |
- (iii) Average number of shares during the period (cumulative):
- | | |
|---|-------------------|
| Second quarter of fiscal year ending September 30, 2018 | 15,483,746 shares |
| Second quarter of fiscal year ended September 30, 2017 | 14,294,686 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.

The Company has scheduled the holding of an explanatory session on the financial results as

follows.

May 8, 2018 (Tuesday): Financial presentation meeting for institutional investors

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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. Moreover, most recently in 2018 (January to March), the number has continued to rise, reaching 865 deals, a 32.3% increase year on year.

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 is forecast to continue to rise in the future.

(Condition of the Group)

During the consolidated cumulative second quarter under review, the Group as a whole actively promoted hiring activities focused on securing consultants in response to the favorable trend in the M&A market that has continued since the previous year.

Additionally, group companies continue to promote measures aimed at enhancing

promotions, including holding seminars and updating their websites. Efforts are also being made to strengthen the Group overall, including cooperation within the Group, 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 71 deals to update the number of deals closed within the consolidated cumulative second quarter.

The Company closed 57 deals, marking a record high for a cumulative second quarter, thanks in part to the abundant inventory of proposals from the previous fiscal year. There has also been a growing inventory of proposals at RECOF Corporation since the previous fiscal year, and in the cumulative second quarter under review things continued to go well with 14 deals closed, surpassing the number from same period of the previous fiscal year, which was already favorable.

Number of deals (consolidated)

Name of type			Cumulative second quarter of fiscal year ended September 30, 2017 (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of fiscal year ending September 30, 2018 (From October 1, 2017 to March 31, 2018)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	55	71	+16
	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)	9	12	+3
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	46	59	+13

Number of deals (non-consolidated)

Name of type			Cumulative second quarter of fiscal year ended September 30, 2017 (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of fiscal year ending September 30, 2018 (From October 1, 2017 to March 31, 2018)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	45	57	+12
	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)	8	9	+1
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	37	48	+11

Name of type			Cumulative second quarter of fiscal year ended September 30, 2017 (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of fiscal year ending September 30, 2018 (From October 1, 2017 to March 31, 2018)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	10	14	+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)	1	3	+2
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	9	11	+2

The Company's sales were favorable, surpassing those of the same period 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 same period of the previous fiscal year.

As a result, net sales in the consolidated cumulative second quarter under review were ¥4,900.968 million (an increase of 0.7% year on year), operating income was ¥2,302.197 million (a decrease of 1.2% year on year), ordinary income was ¥2,301.467 million (a decrease of 0.6% year on year), and profit attributable to owners of parent was ¥1,600.049 million (an increase of 2.7% 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

(i) Assets, liabilities and net assets

(Current assets)

As of the end of the consolidated second quarter under review, current assets amounted to ¥12,677.014 million, an increase of ¥1,879.835 million year on year. This was primarily due to a ¥1,732.926 million increase in cash and deposits.

(Non-current assets)

As of the end of the consolidated second quarter under review, non-current assets amounted to ¥2,475.190 million, a decrease of ¥153.387 million year on year. This was primarily due to a decrease of ¥96.730 million in goodwill resulting from amortization of goodwill, a decrease of ¥23.456 million in lease and guarantee deposits associated with amortization of asset retirement obligations, and a decrease of ¥19.899 million in facilities attached to buildings, net, associated with progression of depreciation.

(Current liabilities)

As of the end of the consolidated second quarter under review, current liabilities amounted to ¥2,181.575 million, an increase of ¥109.390 million year on year. This was primarily due to a ¥44.883 million increase in provision for bonuses and a ¥172.1 million increase in accounts payable - other despite a ¥134.665 million decrease in accrued consumption taxes.

(Non-current liabilities)

As of the end of the consolidated second quarter under review, non-current liabilities amounted to ¥288.053 million, a decrease of ¥7.735 million year on year. This was primarily due to a ¥6.163 million decrease in net defined benefit liability.

(Net assets)

As of the end of the consolidated second quarter under review, net assets amounted to ¥12,682.574 million, an increase of ¥1,624.793 million year on year. This was primarily due to increases in capital stock and legal capital surplus of ¥12.372 million each resulting from the exercise of stock options and a ¥1,600.049 million increase in retained earnings.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated second quarter under review totaled ¥8,102.013 million. Each of the cash flows in the consolidated cumulative second quarter under review and their respective factors are as follows.

(Cash flows from operating activities)

Funds provided by operating activities amounted to ¥1,725.156 million. This was primarily due to recording income before income taxes totaling ¥2,301.467 million and the provision for bonuses increasing by ¥44.883 million, while consumption taxes receivable/payable decreased by ¥134.665 million and payments of income taxes finalized in the previous fiscal year were ¥656.098 million.

(Cash flows from investing activities)

Funds used in investing activities amounted to ¥1,513.515 million. This was primarily due to ¥2,500 million in proceeds from withdrawal of time deposits while ¥4,000 million was paid into new time deposits.

(Cash flows from financing activities)

Funds provided by financing activities amounted to ¥21.285 million. This was primarily due to ¥24.744 million in proceeds from issuance of common shares in conjunction with exercising stock options.

(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 cumulative second 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)	Second quarter of fiscal year ending September 30, 2018 (as of March 31, 2018)
Assets		
Current assets		
Cash and deposits	10,369,086	12,102,013
Accounts receivable - trade	206,093	299,447
Deferred tax assets	147,532	176,558
Other	74,464	98,994
Total current assets	10,797,178	12,677,014
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	264,817	244,918
Other	51,293	55,876
Total property, plant and equipment	316,111	300,794
Intangible assets		
Trademark right	297,000	280,500
Goodwill	1,741,141	1,644,411
Other	21,106	17,552
Total intangible assets	2,059,248	1,942,463
Investments and other assets, gross		
Lease and guarantee deposits	232,407	208,951
Other	20,811	22,980
Total investments and other assets	253,219	231,932
Total non-current assets	2,628,578	2,475,190
Total assets	13,425,756	15,152,204
Liabilities		
Current liabilities		
Advances received	236,593	238,477
Provision for bonuses	8,705	53,588
Accounts payable - other	695,440	867,541
Income taxes payable	744,631	786,887
Accrued consumption taxes	285,204	150,539
Other	101,609	84,541
Total current liabilities	2,072,185	2,181,575
Non-current liabilities		
Net defined benefit liability	125,410	119,246
Other	170,379	168,807
Total non-current liabilities	295,789	288,053
Total liabilities	2,367,975	2,469,629

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2017)	Second quarter of fiscal year ending September 30, 2018 (as of March 31, 2018)
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	7,634,878
Treasury shares	(353)	(353)
Total shareholders' equity	<u>11,006,713</u>	<u>12,631,506</u>
Subscription rights to shares	<u>51,068</u>	<u>51,068</u>
Total net assets	<u>11,057,781</u>	<u>12,682,574</u>
Total liabilities and net assets	<u>13,425,756</u>	<u>15,152,204</u>

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

Quarterly Consolidated Statements of Income
For the Six-month Periods

	(Unit: thousand yen)	
	Cumulative second quarter of previous fiscal year (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of current fiscal year (From October 1, 2017 to March 31, 2018)
Net sales	4,865,187	4,900,968
Cost of sales	1,446,518	1,689,320
Gross profit	3,418,669	3,211,647
Selling, general and administrative expenses	1,088,223	909,449
Operating income	2,330,445	2,302,197
Non-operating income		
Interest income	40	625
Miscellaneous income	1,349	33
Total non-operating income	1,390	659
Non-operating expenses		
Interest expenses	10,556	82
Loss on retirement of non-current assets	5,475	689
Miscellaneous loss	135	617
Total non-operating expenses	16,167	1,390
Ordinary income	2,315,668	2,301,467
Extraordinary income		
Gain on bargain purchase	17,162	—
Total extraordinary income	17,162	—
Income before income taxes	2,332,830	2,301,467
Income taxes - current	701,269	735,914
Income taxes - deferred	73,169	(34,496)
Total income taxes	774,439	701,417
Profit	1,558,391	1,600,049
Profit attributable to owners of parent	1,558,391	1,600,049

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

	(Unit: thousand yen)	
	Cumulative second quarter of previous fiscal year (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of current fiscal year (From October 1, 2017 to March 31, 2018)
Profit	1,558,391	1,600,049
Comprehensive income	1,558,391	1,600,049
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	1,558,391	1,600,049

3) Quarterly Consolidated Statement of Cash Flows

	(Unit: thousand yen)	
	Cumulative second quarter of previous fiscal year (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of current fiscal year (From October 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Income before income taxes	2,332,830	2,301,467
Depreciation	54,421	42,166
Amortization of goodwill	96,730	96,730
Increase (decrease) in allowance for doubtful accounts	(618)	—
Gain on bargain purchase	(17,162)	—
Depreciation and amortization on other	71,500	16,500
Loss on retirement of non-current assets	5,475	689
Interest income	(40)	(625)
Interest expenses	10,556	82
Decrease (increase) in notes and accounts receivable - trade	(120,841)	(93,353)
Increase (decrease) in accounts payable - other	66,513	176,363
Increase (decrease) in provision for bonuses	60,860	44,883
Increase (decrease) in net defined benefit liability	(25,545)	(6,163)
Increase (decrease) in advances received	(28,274)	1,883
Decrease/increase in consumption taxes receivable/payable	140,993	(134,665)
Other	41,432	(65,246)
Subtotal	2,688,830	2,380,711
Interest income received	40	625
Interest expenses paid	(11,469)	(82)
Income taxes paid	(453,066)	(656,098)
Cash flows from operating activities	2,224,334	1,725,156
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,756)	(21,054)
Purchase of intangible assets	(4,680)	(1,767)
Payments for asset retirement obligations	(19,700)	—
Payments into time deposits	(2,500,000)	(4,000,000)
Proceeds from withdrawal of time deposits	2,000,000	2,500,000
Purchase of shares of subsidiaries	(478,118)	—
Payments for lease and guarantee deposits	(74,102)	(1,657)
Proceeds from collection of lease and guarantee deposits	68,691	10,962
Cash flows from investing activities	(1,020,665)	(1,513,515)

	(Unit: thousand yen)	
	Cumulative second quarter of current fiscal year (From October 1, 2016 to March 31, 2017)	Cumulative second quarter of current fiscal year (From October 1, 2017 to March 31, 2018)
Cash flows from financing activities		
Decrease in short-term loans payable	(1,862,500)	—
Proceeds from long-term loans payable	3,500,000	—
Repayments of long-term loans payable	(202,166)	—
Proceeds from issuance of common shares	13,392	24,744
Purchase of treasury shares	(98)	—
Repayments of finance lease obligations	(3,465)	(3,458)
Proceeds from issuance of subscription rights to shares	39,515	—
Cash flows from financing activities	1,484,676	21,285
Increase (decrease) in cash and cash equivalents	2,688,346	232,926
Cash and cash equivalents at beginning of period	3,332,670	7,869,086
Cash and cash equivalents at end of period	6,021,016	8,102,013

(4) 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.