



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Six Months Ended March 2018


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



April 27, 2018

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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	2,503 million yen (as of March 31, 2017)
Employees	Consolidated:123 Non-consolidated:66 (as of March 31, 2018)
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)

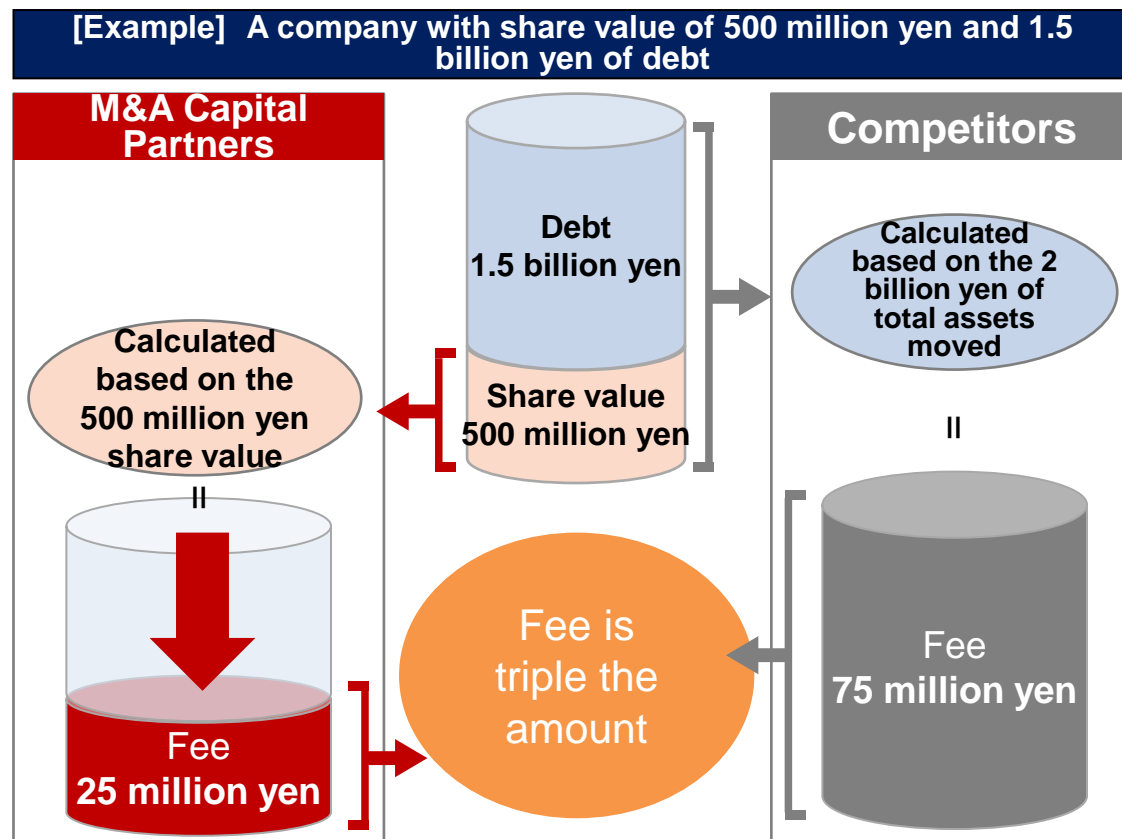
Fee schedule in which clients **do not bear expenses** until the conclusion of a master agreement

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



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. 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 2018 and Forecast for the Year Ending September 2018**

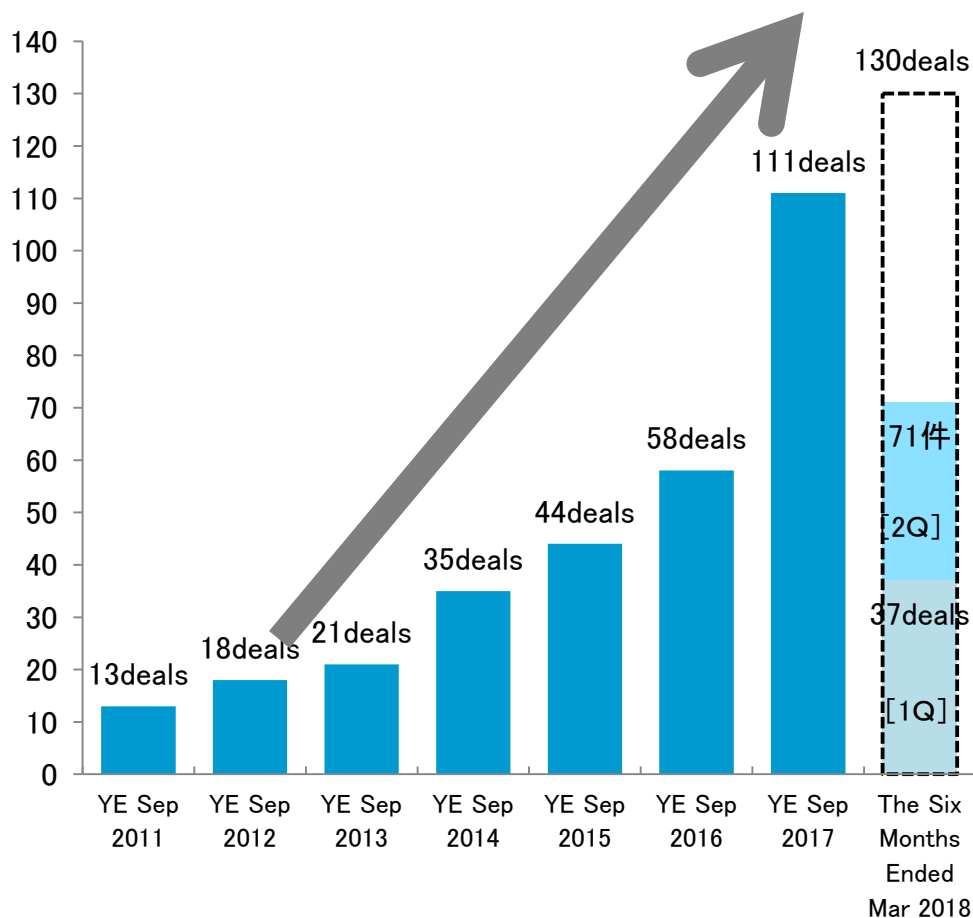
Number of Deals Made



M&A CAPITAL PARTNERS

	2Q(cumulative)	Forecast for the year	Progress for Entire Year
Number of deals (consolidated)	71	130	54.6%

Number of Deals Made



- **+29.1% 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 57
(+26.7% year-on-year)

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

RECOF 14

(+40.0% year-on-year)

(Non-consolidated)

(consolidated)

Earnings for the Six Months Ended December 2017 (Consolidated)

Net sales	4,900 million yen	(+0.7% year-on-year)
Ordinary income	2,301 million yen	(-0.6% year-on-year)
Number of deals	71 deals	(+29.1% year-on-year)
Number of consultants	91	(+10 year-on-year)

- 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 **about the same** year on year.
- 12 large deals closed (+33.3% year - on - year)



Earnings for the Six Months Ended March 2018 (Non-consolidated)

	M&A Capital Partners		RECOF	
		year-on-year Change		year-on-year Change
Net sales	3,947 million yen	+ 7.4%	894 million yen	-20.1%
Ordinary income	2,147 million yen	+ 2.1%	255 million yen	-34.4%
Number of deals	57	+ 26.7%	14	+40.0%
Number of consultants	57	+9	34	+1

•9 large deals closed
•Results have been strong as net sales, ordinary income and number of deals all hit record high for the cumulative second quarter

•3 large deals 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 (113 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

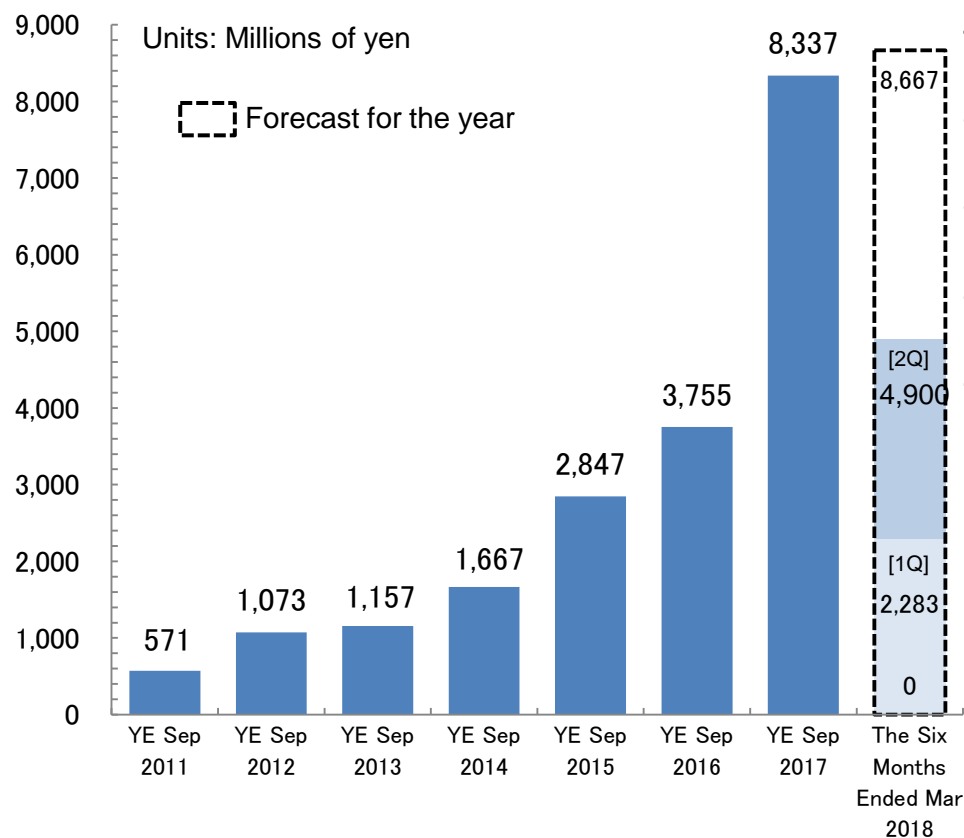


M&A CAPITAL PARTNERS

Units: Millions of yen

(consolidated)	2Q(cumulative)	Forecast for the year	Progress for Entire Year
Net sales	4,900	8,667	56.5%
Ordinary income	2,301	3,876	59.4%

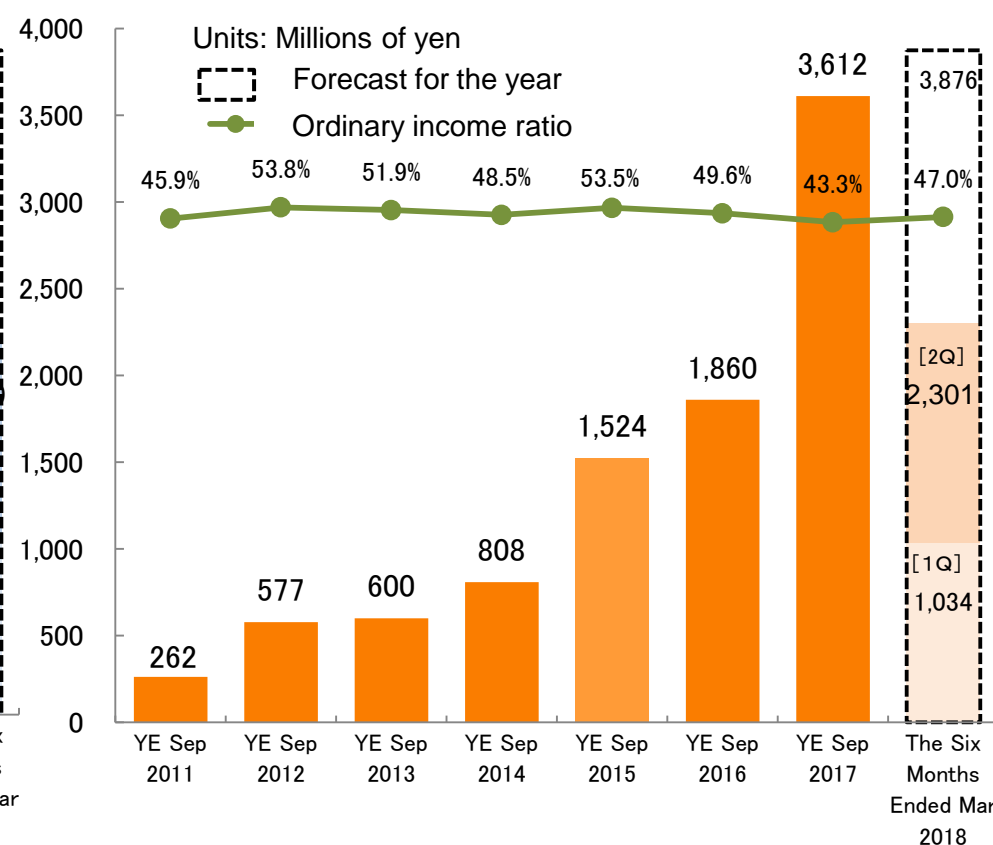
Net sales



(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)

	Six Months Ended Mar 2017	Six Months Ended Mar 2018			Forecast for the Year Ending September 2018
			Year-on-year Change	Overview of Performance	
Net sales	4,865 (100.0%)	4,900 (100.0%)	+0.7%	<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 ■ 12 large deals closed 	8,667 (100.0%)
Gross profit	3,418 (70.3%)	3,211 (65.5%)	-6.1%	<ul style="list-style-type: none"> ■ Impact of +70 outsourcing expenses 	
SG&A	1,088 (22.4%)	909 (18.6%)	-16.4%	<ul style="list-style-type: none"> ■ Other depreciation -55 	
Operating income	2,330 (47.9%)	2,302 (47.0%)	-1.2%		3,875 (44.7%)
Ordinary income	2,315 (47.6%)	2,301 (47.0%)	-0.6%		3,876 (44.7%)
Net income	1,558 (32.0%)	1,600 (32.6%)	+2.7%		2,576 (29.7%)
Number of deals made	55	71	+29.1%	<ul style="list-style-type: none"> ■ Number of deals have been strong 	130
Employees	117	123	+5.1%		

Overview of Balance Sheets (Consolidated)

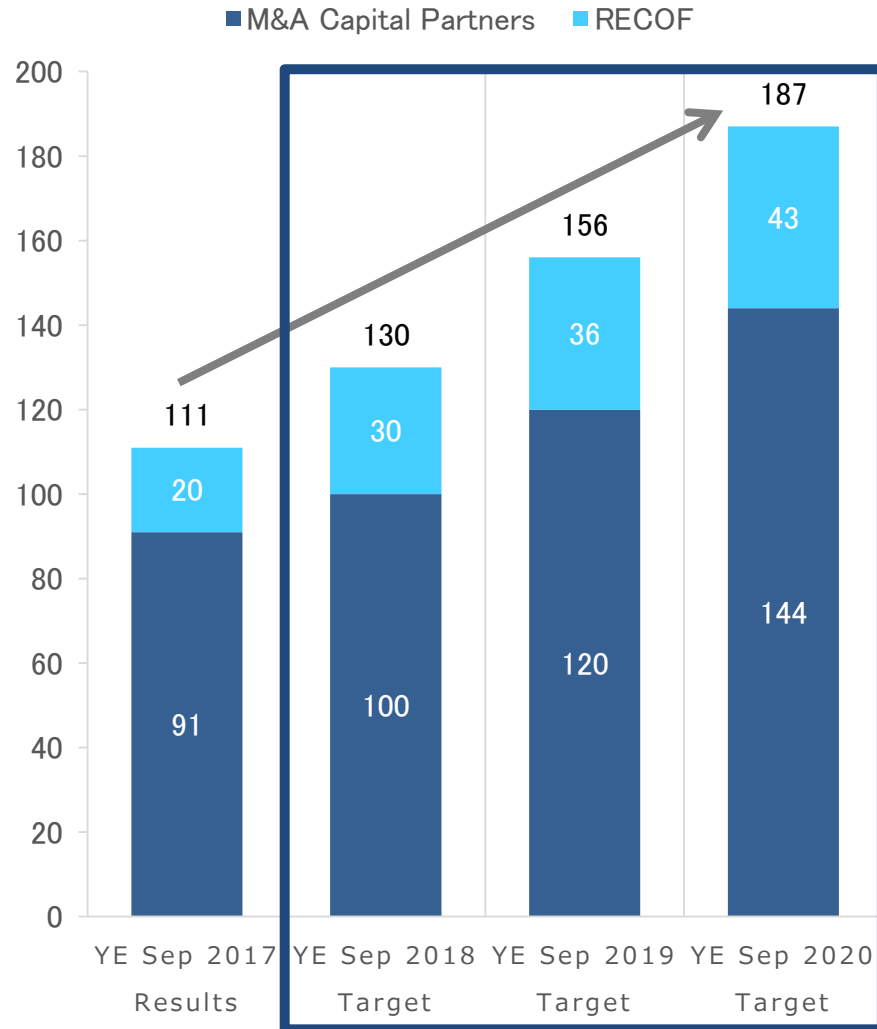


(Units: millions of yen, second line is composition ratio)

		September 30, 2017		March 31, 2018	
				Change	Main Factors Causing Change
	Current assets	10,797 (80.4%)	12,677 (83.7%)	+1,879	■ Cash and deposits: +1,732 (recording of income before tax, payment of income taxes)
	Noncurrent assets	2,628 (19.6%)	2,475 (16.3%)	-153	■ Goodwill: -96(Amortization of goodwill)
Total assets		13,425 (100.0%)	15,152 (100.0%)	+1,726	
	Current liabilities	2,072 (15.4%)	2,181 (14.4%)	+109	■ Accounts payable +172
	Noncurrent liabilities	295 (2.2%)	288 (1.9%)	-7	
Total liabilities		2,367 (17.6%)	2,469 (16.3%)	+101	
Total net assets		11,057 (82.4%)	12,682 (83.7%)	+1,624	■ Retained earnings +1,600
Total liabilities and net assets		13,425 (100.0%)	15,152 (100.0%)	+1,726	

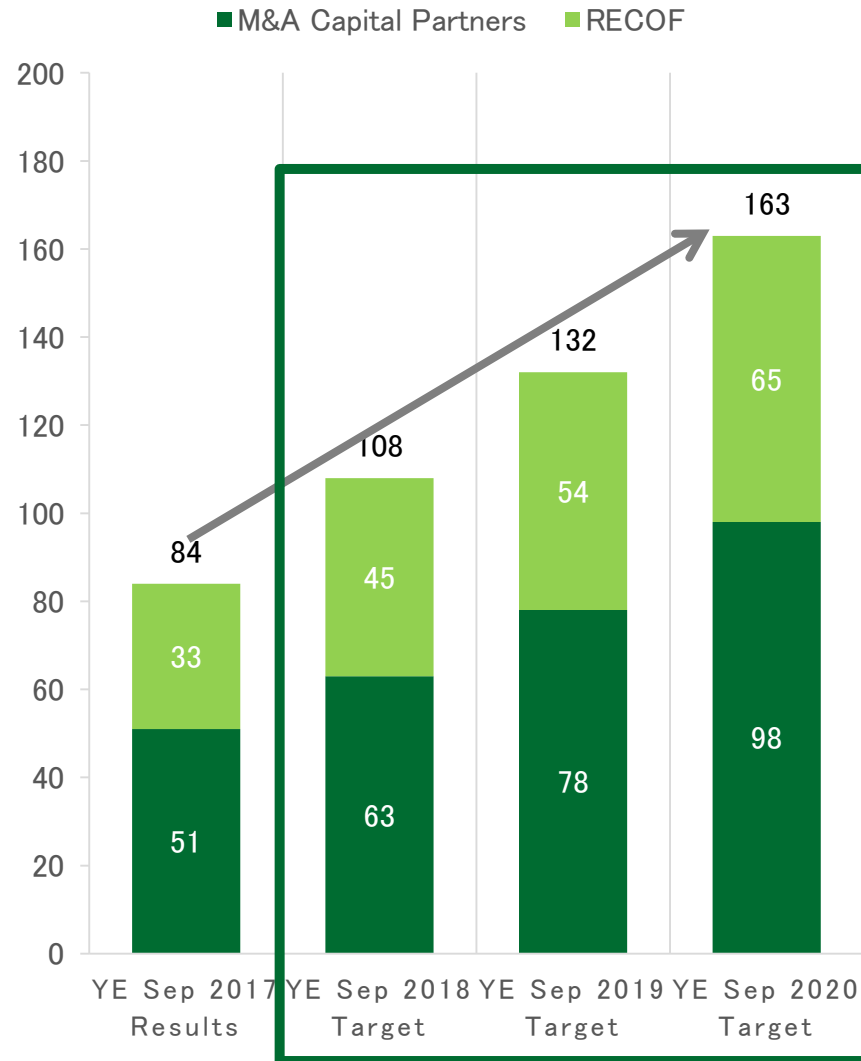
III Growth Strategy

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＞

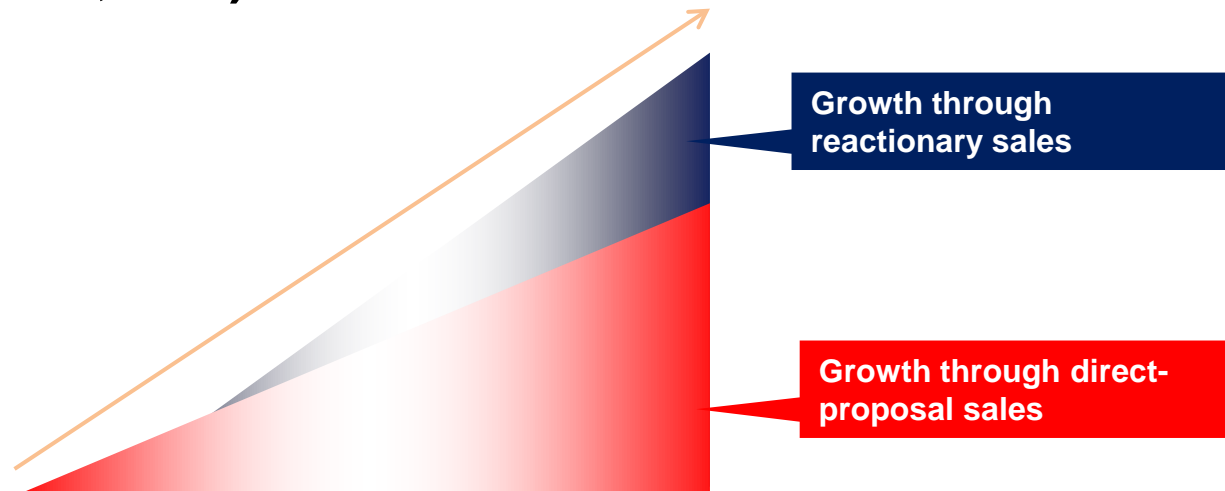
Average increase of 20% per year

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, 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 Six Months Ended March 2018

In the Six months ended March 2018, we held eight large-scale M&A seminars in Tokyo, Nagoya, Osaka, and Fukuoka.

<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
March 1, 2018	M&A Seminar	Nikkei Sangyo Shimbun Forum(Tokyo Venue)	550
March 6, 2018	as above	as above(Nagoya Venue)	160
March 7, 2018	as above	as above(Osaka Venue)	320
March 14, 2018	as above	as above(Fukuoka Venue)	170

<Toyo Keizai Forum>

【Tokyo Venue】



【Nagoya Venue】



<Nikkei Sangyo Shimbun Forum>

【Osaka Venue】



【Nagoya Venue】



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

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

<Large-Scale M&A Seminar>

Date Held	Type	Seminar Title
July 26, 2018	M&A Seminar	NIKKEI BP Intelligence Group Management Forum (Tokyo venue)
August 1, 2018	as above	as above(Osaka venue)
August 9, 2018	as above	as above(Nagoya venue)
August 31, 2018	as above	as above(Kyoto venue)

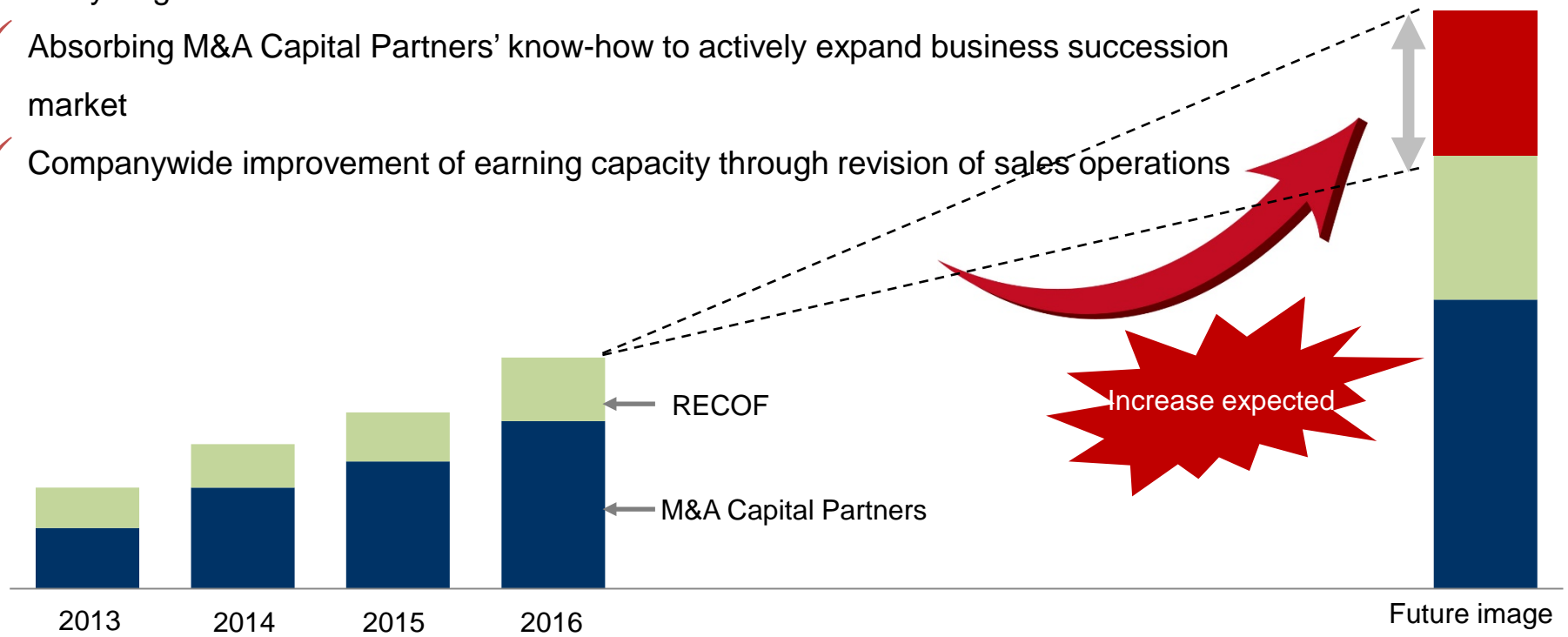
- 【Keynote address (Tokyo)】 “Strategic M&A for Becoming More Competitive”
Shigenobu Nagamori, Chairman and President, Nidec Corporation
- 【Keynote address (Osaka・Kyoto)】 “Management Achieved by Commitment”
Koji Karaike, Chairman, Kyushu Railway Company
- 【Keynote address (Nagoya)】 “Management Executives Must be Truly Cautious”
Shoshi Arakawa, Former CEO and President, Bridgestone Corporation

<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.

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