



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Year Ended September 2018

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



October 31, 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 September 30, 2018)
Employees	Consolidated: 143 Non-consolidated: 75 (as of September 30, 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

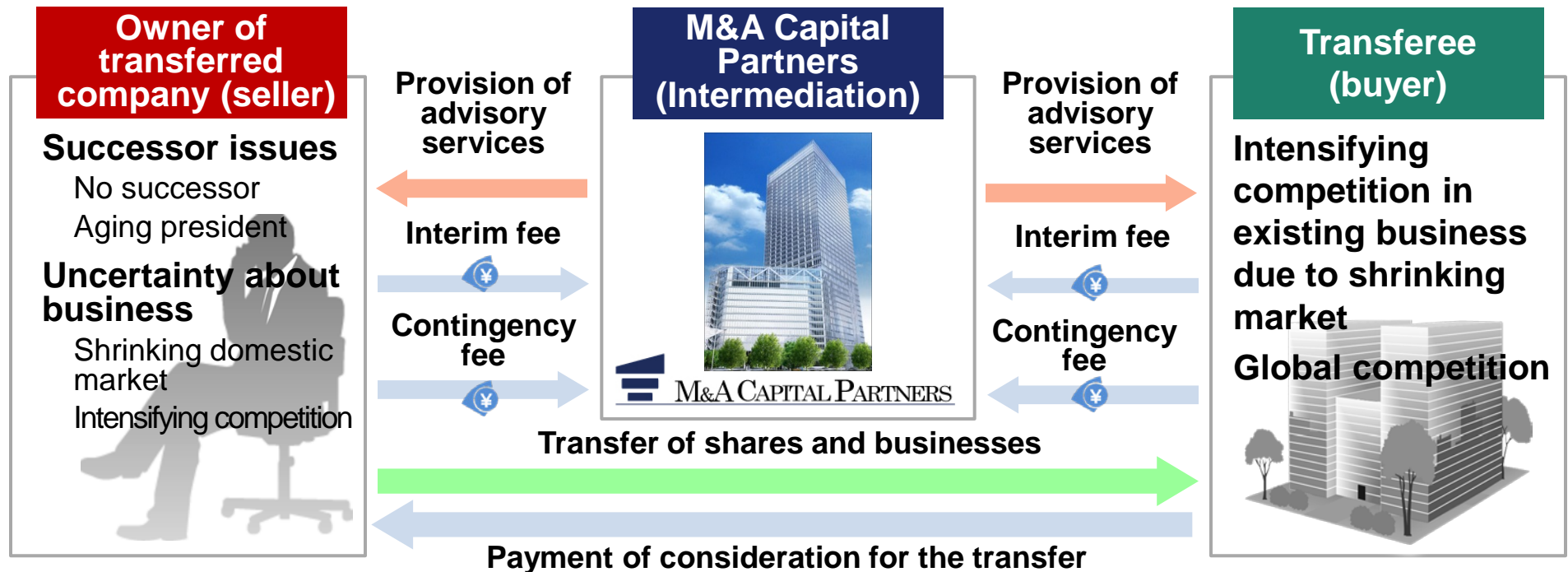
M&A-related services are our main business.

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 Memorandum of Understanding.

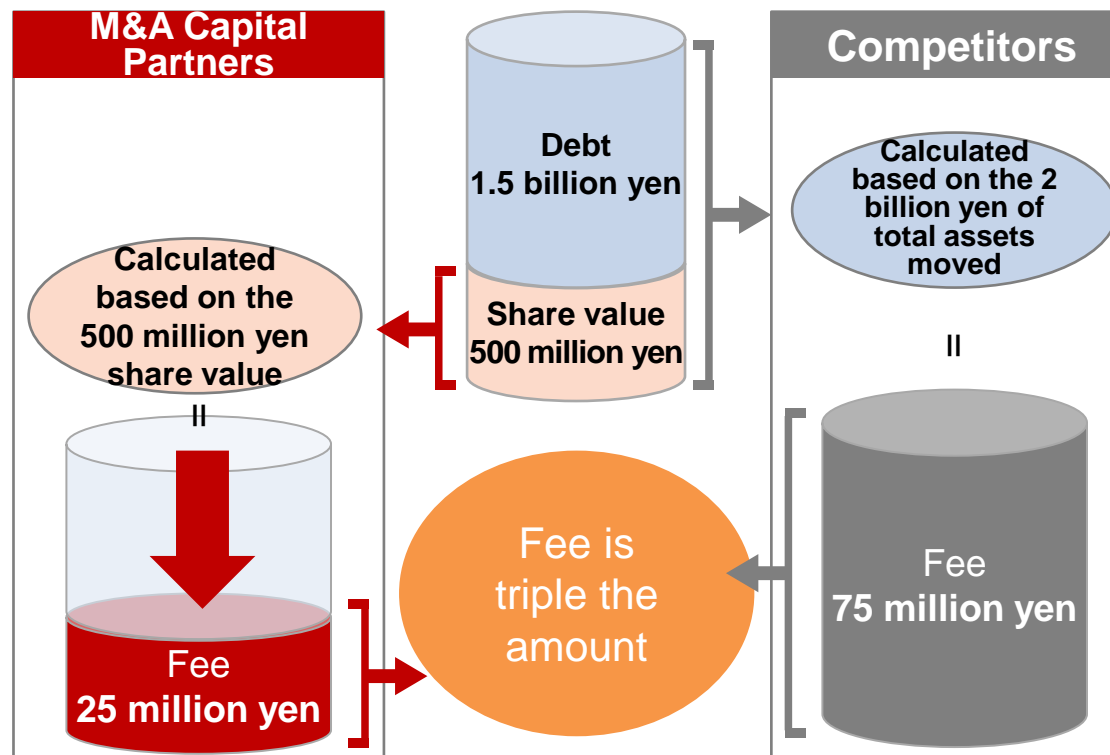
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

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	Commis sion 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

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

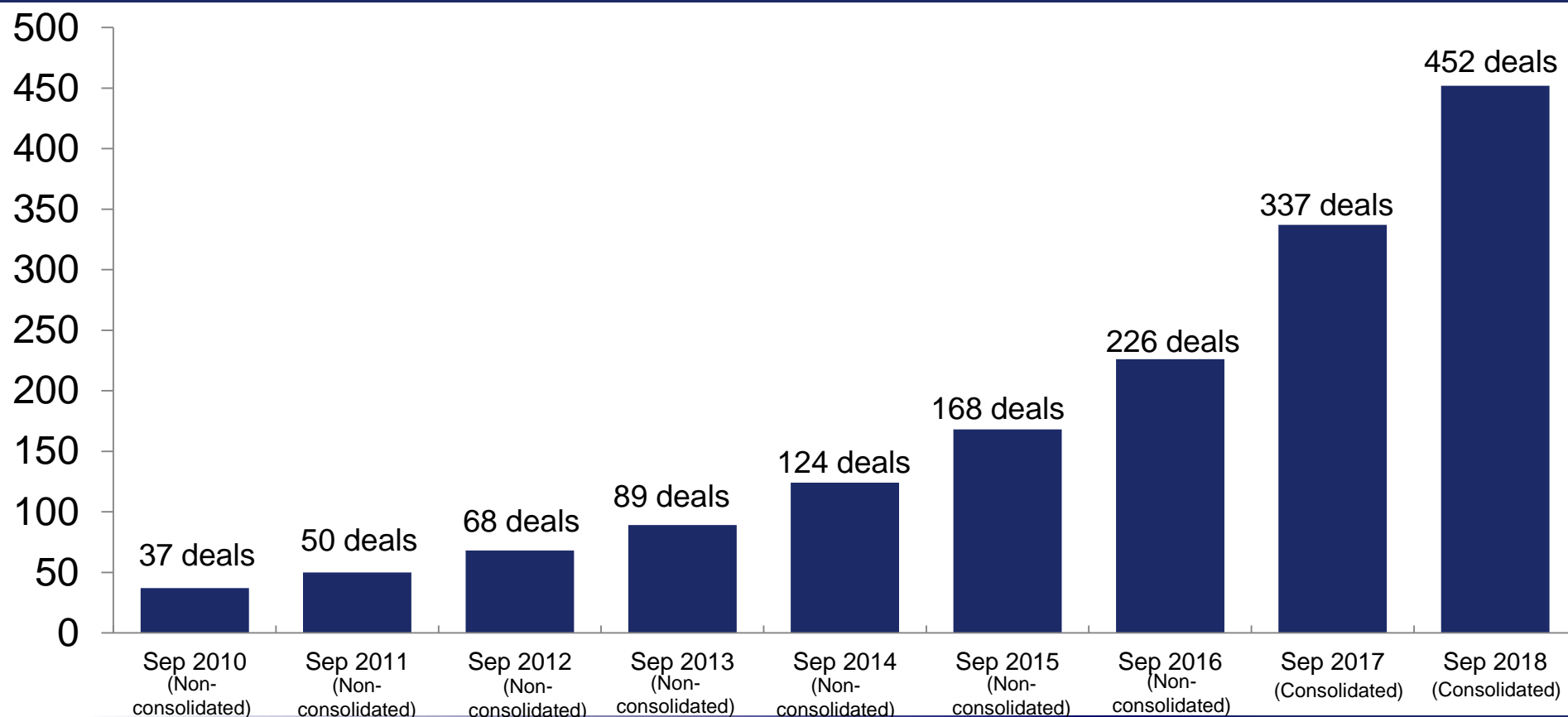


Stable Results Making Deals

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.

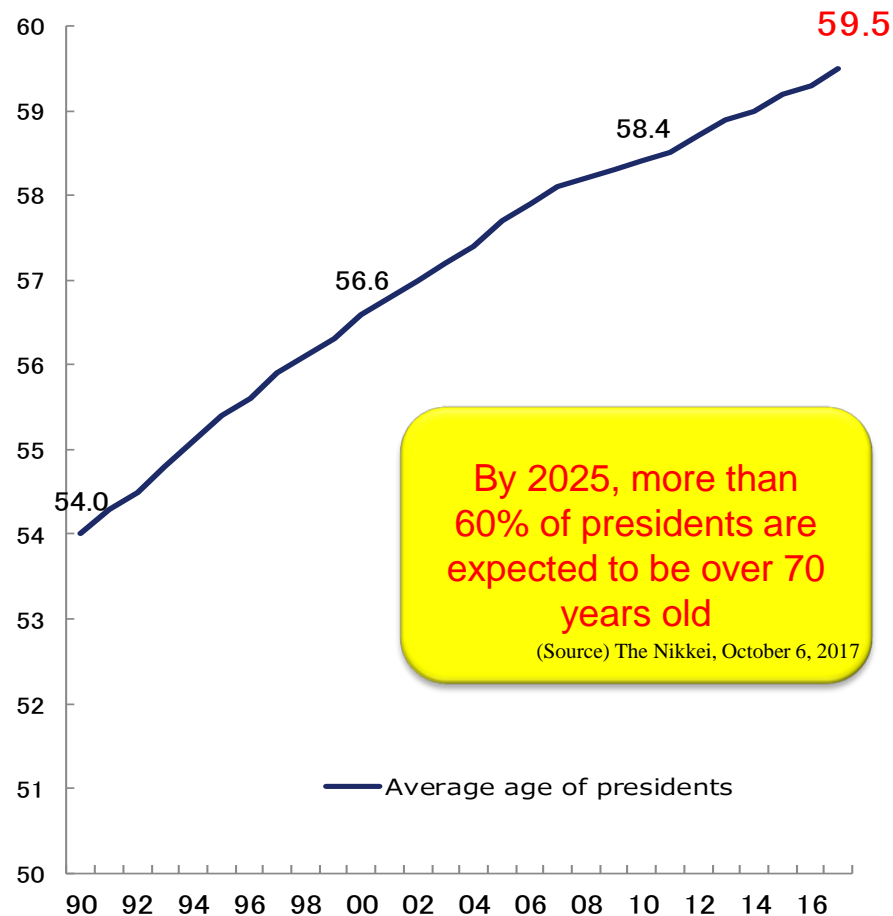
Cumulative Number of Deals Made



II Business Environment

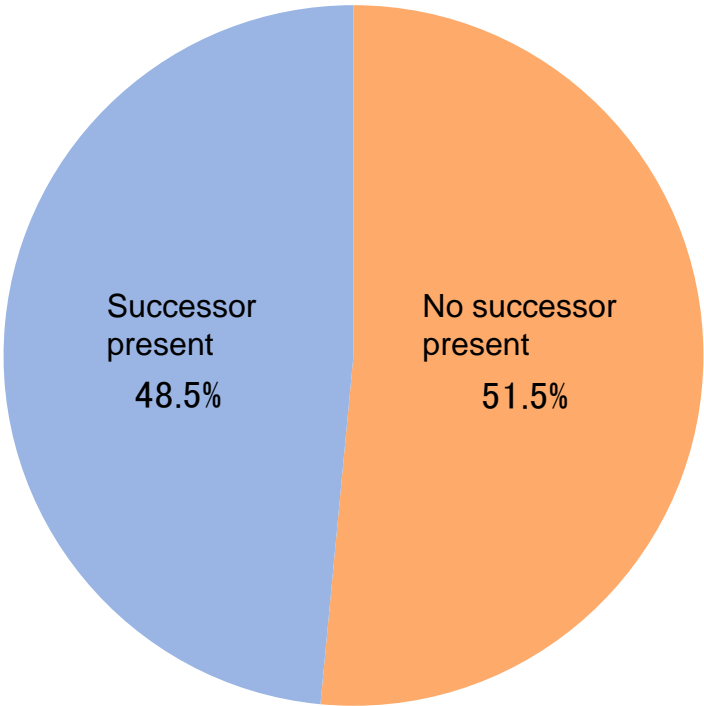
As the ages of company presidents increase, companies lacking successors have become the majority

Average Age of Presidents and Rate of Replacement



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

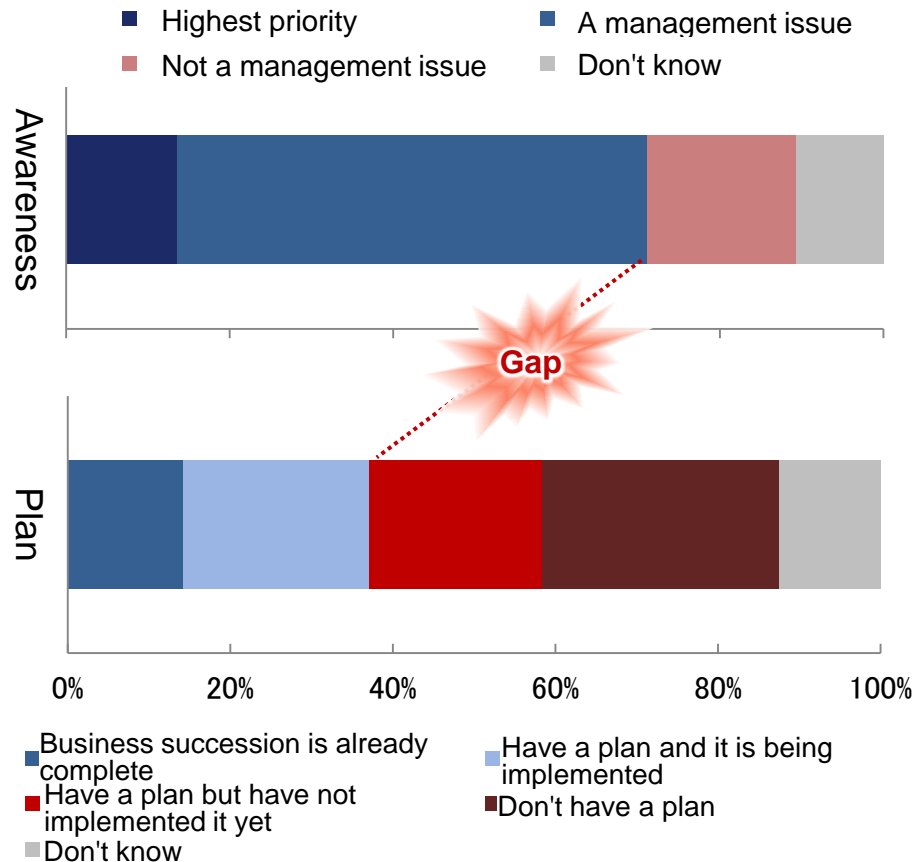
Successors in Companies with a President Aged 60 or More



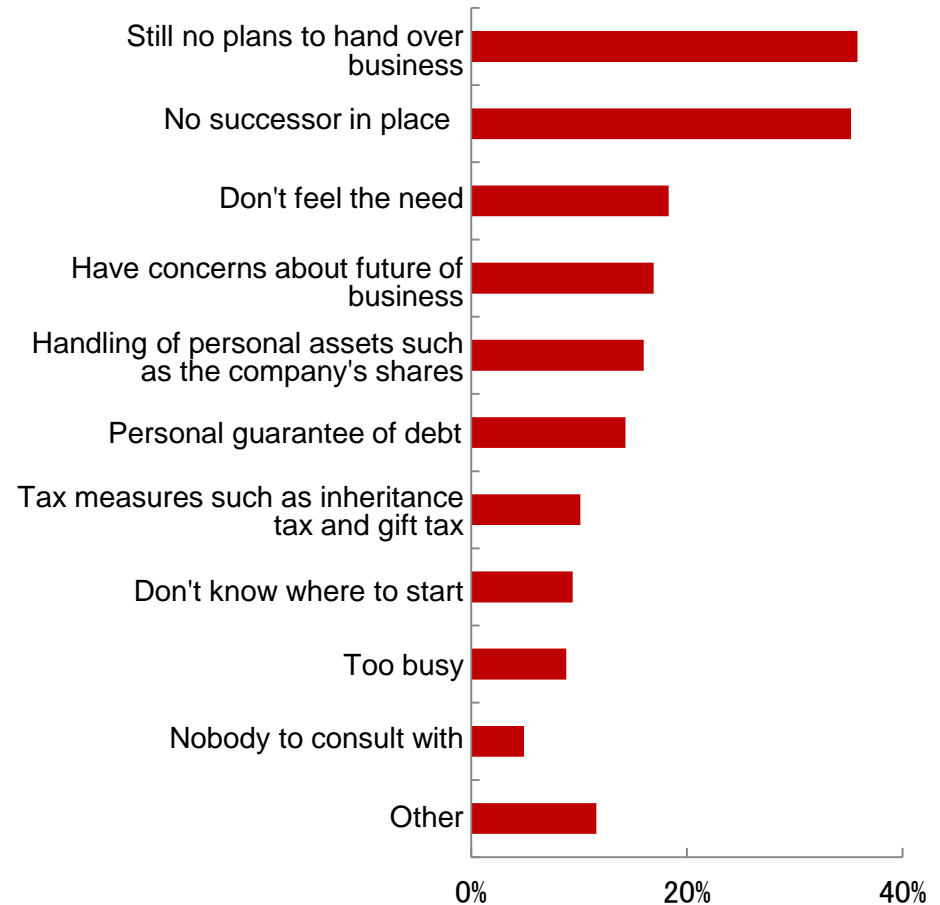
(Source) Teikoku Databank "Nationwide Analysis of Owner-operated Companies"

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

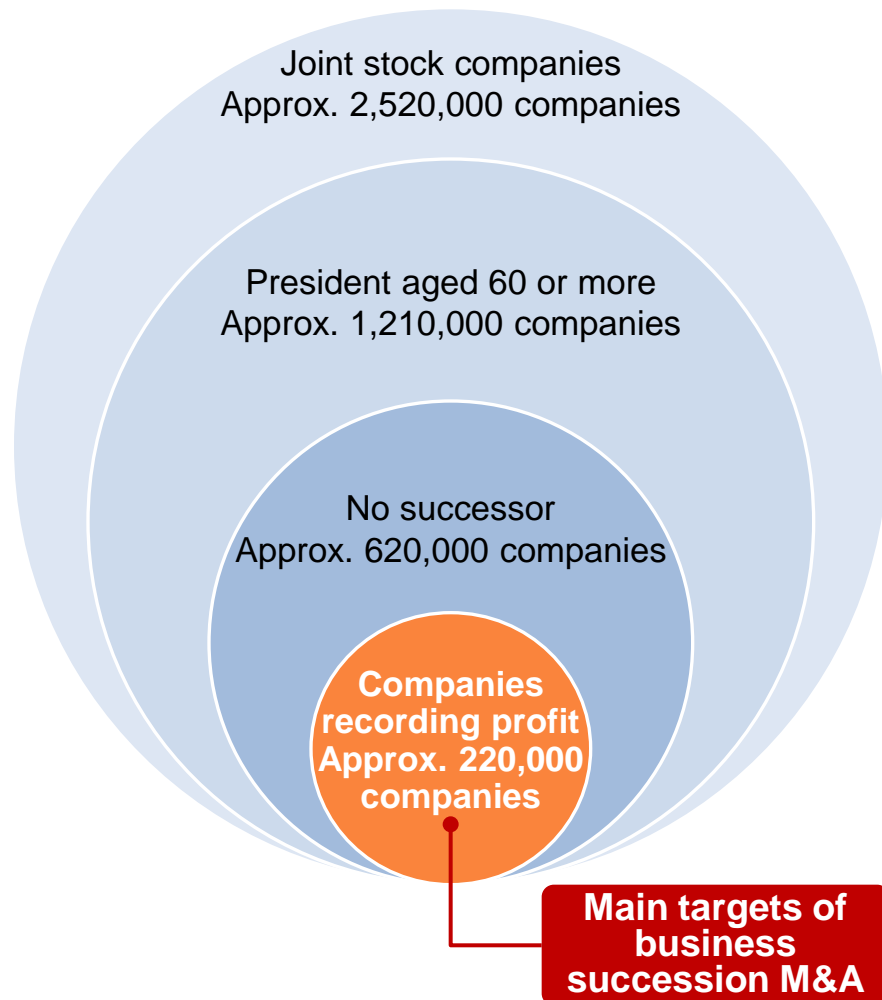


Reason for Lack of Progress in Planning of Lack of Plan for Business Succession



(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 115 deals per year and **even the biggest player only handles 332 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"

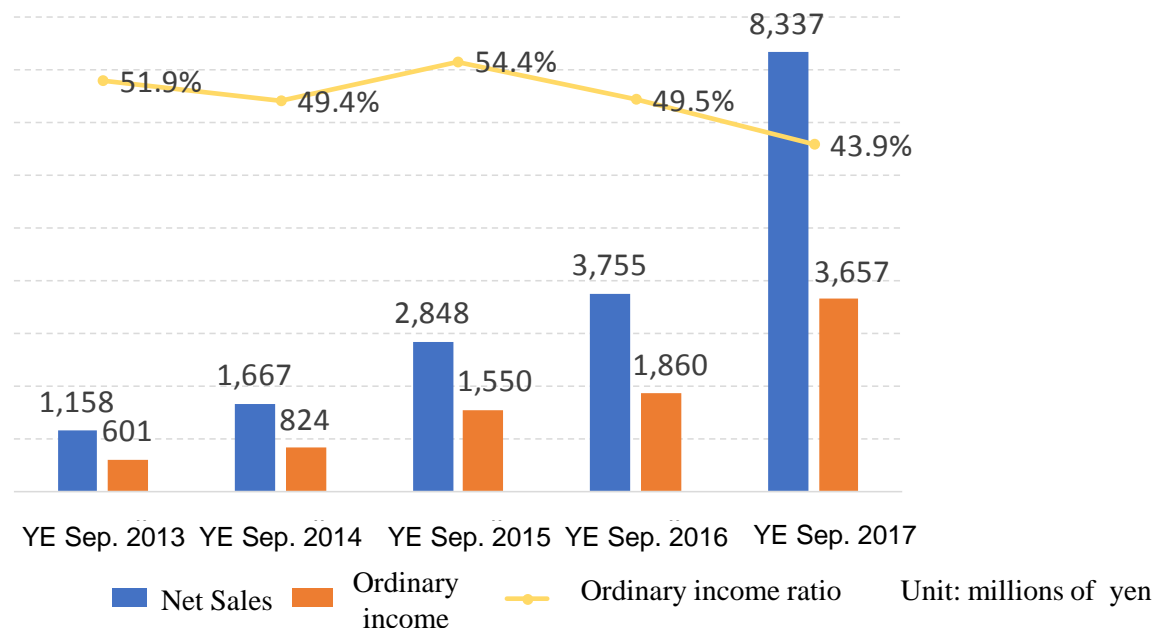


***III* Results for the Year Ended September 2018 and Forecast for the Year Ending September 2019**

Features in Newspaper Articles

Introduced as “Number one company in terms of operating profit on sales (*five-year average)” in NEXT1000 rankings (1,000 small and medium-sized listed companies expected to drive Japanese economy) published in December 5, 2017 issue of the Nikkei

Introduced as “Number one company in terms of operating profit growth rate improvement five consecutive years” in NEXT1000 rankings (1,000 small and medium-sized listed companies expected to drive Japanese economy) published in October 2, 2018 issue of the Nikkei



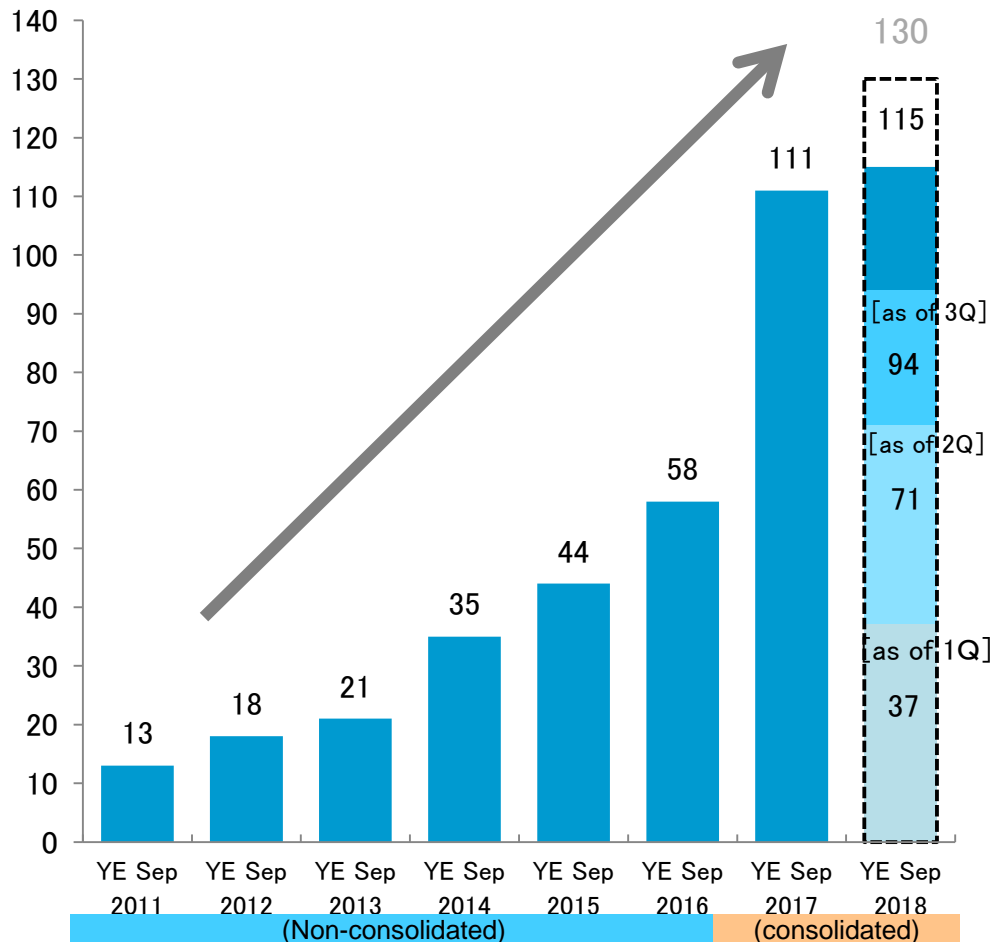
Number of Deals Made



M&A CAPITAL PARTNERS

(consolidated)	Result for the year	Forecast for the year	Forecast difference
Number of deals	115	130	88.4%

Number of Deals Made



- +3.6% year on year
- M&A Capital Partners and RECOF both trough in third and fourth quarters

(Factors)

- Many deals expected to close at year end carried over

【Non-consolidated】

M&A Capital Partners 95
 (+4.4% year-on-year)
 – Achieved record highest number of deals

RECOF 20 (+0.0% year-on-year)

Earnings for the Year Ended September 2018 (Consolidated)

Net sales	8,018 million yen	(-3.8% year-on-year)
Ordinary income	3,160 million yen	(-12.5% year-on-year)
Number of deals	115 deals	(+3.6% year-on-year)
Number of consultants	108	(+24 year-on-year)

• On a non-consolidated basis, due to the number of deals hitting a trough in the third and fourth quarters, progress stopped just above the same period of the previous year. As for RECOF, results fell below those of the same period of the previous year due to recording fewer very large deals compared to the previous year. As a result, group-wide results were down slightly year on year.

• 18 large deals closed (+20.0% year-on-year)

Earnings for the Year Ended September 2018 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	6,460 million yen	+2.0%	1,427 million yen	-24.2%
Ordinary income	3,176 million yen	-6.6%	213 million yen	-61.3%
Number of deals	95	+4.4%	20	+0.0%
Number of consultants	64	+13名	44	+11名

- Net sales up for eighth consecutive year (highest level on record)
- The number of deals also reached the highest level on record
- Ordinary income was down year on year due to an increase in the cost of sales resulting from increased outsourcing expenses and an increase in sales, general and administrative expenses resulting from increased advertising expenses.
- 13 large deals closed

- Results fell short year on year due to there having been fewer very large deals recorded compared to the previous year.
- Number of deals same as same period of previous year
- 5 large deals closed

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

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

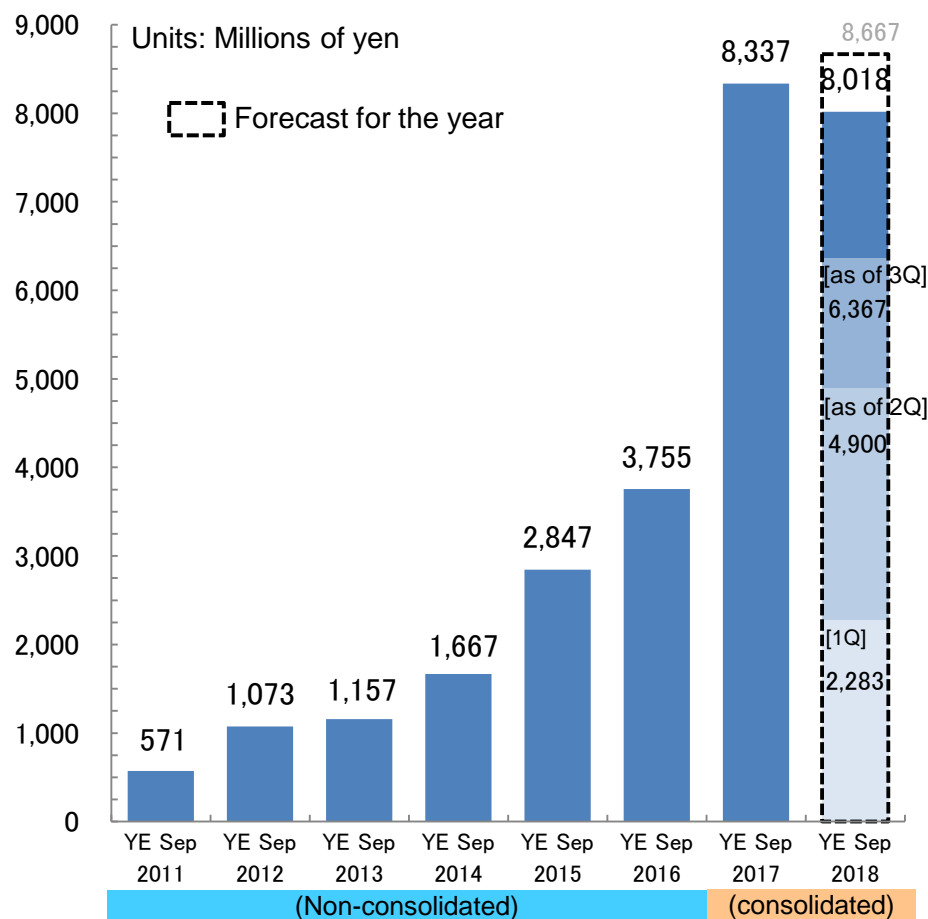
Changes in Earnings



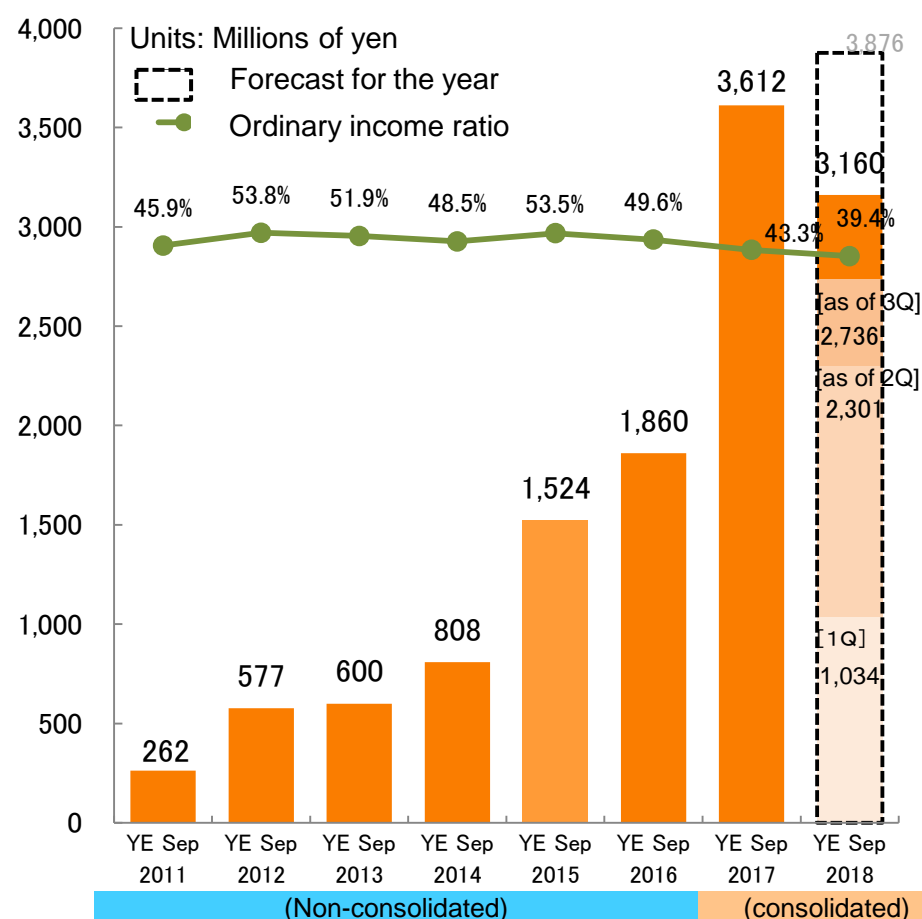
(consolidated)	Result for the year	Forecast for the year	Forecast difference
Net sales	8,018	8,667	92.5%
Ordinary income	3,160	3,876	81.5%

Units: Millions of yen

Net sales



Ordinary income



Overview of Statements of Income (Consolidated)



M&A CAPITAL PARTNERS

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

	Year Ended September 2017	Year Ended September 2018			Forecast for the Year Ending September 2019
			Year-on-year Change	Overview of Performance	
Net sales	8,337 (100.0%)	8,018 (100.0%)	-3.8%	<ul style="list-style-type: none">[M&A Capital Partners] Many deals expected to close at year end carried over[RECOF] Fewer very large deals recorded compared to the previous year	9,548 (100.0%)
Gross profit	5,724 (68.7%)	5,048 (63.0%)	-11.8%	<ul style="list-style-type: none">Outsourcing expenses +195 (increase in referrals)Traveling expenses and carfare +66 (increase in consulting)	
SG&A	2,068 (24.8%)	1,882 (23.5%)	-9.0%	<ul style="list-style-type: none">Advertising expenses +99Other depreciation -110	
Operating income	3,656 (43.9%)	3,165 (43.9%)	-13.4%		3,898 (40.8%)
Ordinary income	3,612 (43.3%)	3,160 (39.4%)	-12.5%		3,904 (40.9%)
Net income	2,603 (31.2%)	2,092 (26.1%)	-19.6%		2,661 (27.9%)
Number of deals made	111	115	+3.6%	<ul style="list-style-type: none">Many deals expected to close at year end carried over	140
Employees	115	143	+24.3%		

Overview of Balance Sheets (Consolidated)



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

		September 30, 2017	September 30, 2018		
				Change	Main Factors Causing Change
	Current assets	10,797 (80.4%)	12,870 (84.5%)	+2,073	<ul style="list-style-type: none"> Cash and deposits: +1,857 (recording of income before tax, payment of income taxes)
	Noncurrent assets	2,628 (19.6%)	2,361 (15.5%)	-266	<ul style="list-style-type: none"> Goodwill: -193 (Amortization of goodwill)
Total assets		13,425 (100.0%)	15,232 (100.0%)	+1,806	
	Current liabilities	2,072 (15.4%)	1,768 (11.6%)	-303	<ul style="list-style-type: none"> Income taxes payable: -232 Consumption tax payable: -201
	Noncurrent liabilities	295 (2.2%)	289 (1.9%)	-6	
Total liabilities		2,367 (17.6%)	2,057 (13.5%)	-310	
Total net assets		11,057 (82.4%)	13,174 (86.5%)	+2,116	<ul style="list-style-type: none"> Retained earnings: +2,092
Total liabilities and net assets		13,425 (100.0%)	15,232 (100.0%)	+1,806	

Earnings Forecasts for the Year Ending September 2019(Consolidated)

Net sales	9,548 million yen	(+19.1% year-on-year)
Ordinary income	3,904 million yen	(+23.6% year-on-year)
Profit attributable to owners of parent	2,661 million yen	(+27.2% year-on-year)
Number of deals	140 deals	(+21.7% year-on-year)
Number of consultants	128	(+20 year-on-year)

- Hiring of consultants will continue in an effort to increase the number of deals
- Strengthening of reactionary sales (seminars, web, TV commercials, referrals, etc.)

Earnings Forecasts for the Year Ending September 2019 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-Year Changes		Year-on-Year Changes
Net sales	7,720 million yen	+19.5%	1,677 million yen	+17.5%
Ordinary income	3,797 million yen	+19.6%	377 million yen	+77.2%
Number of deals	110	+15.8%	30	+50.0%
Number of consultants	78	+14	50	+6

▪ Closing of 12 large deal (forecast)

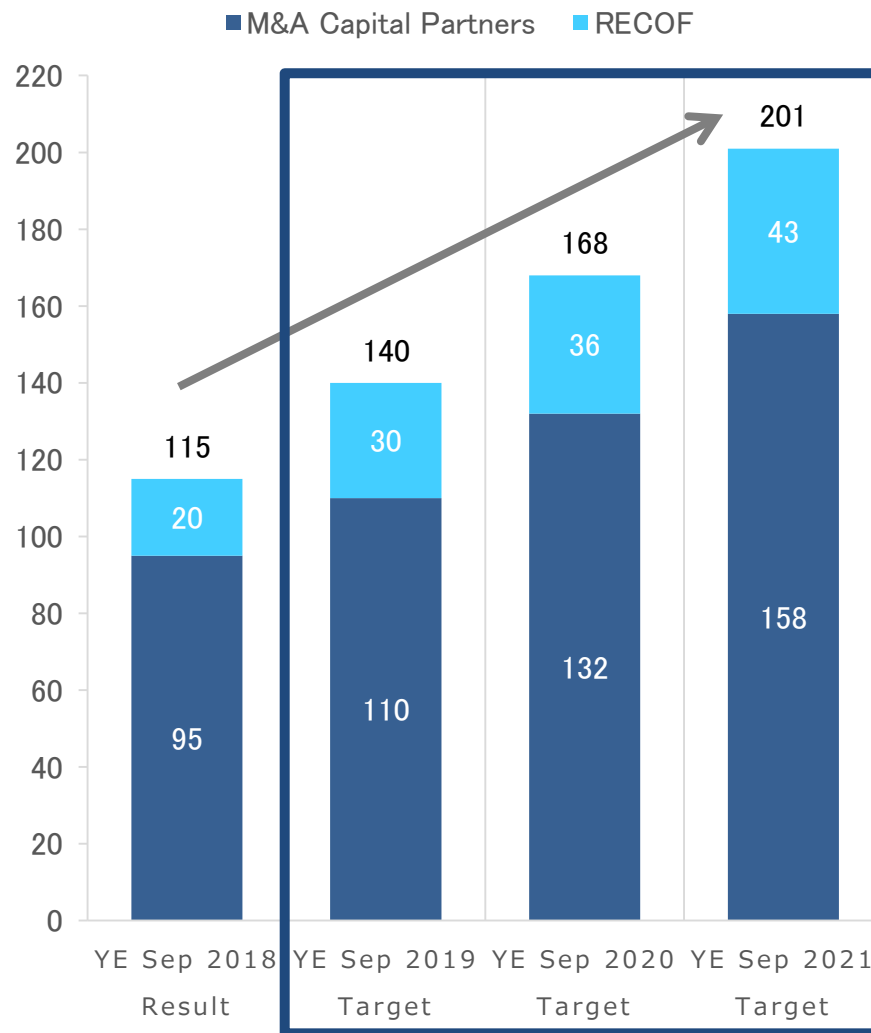
▪ Closing of 5 large deal (forecast)

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

IV Growth Strategy

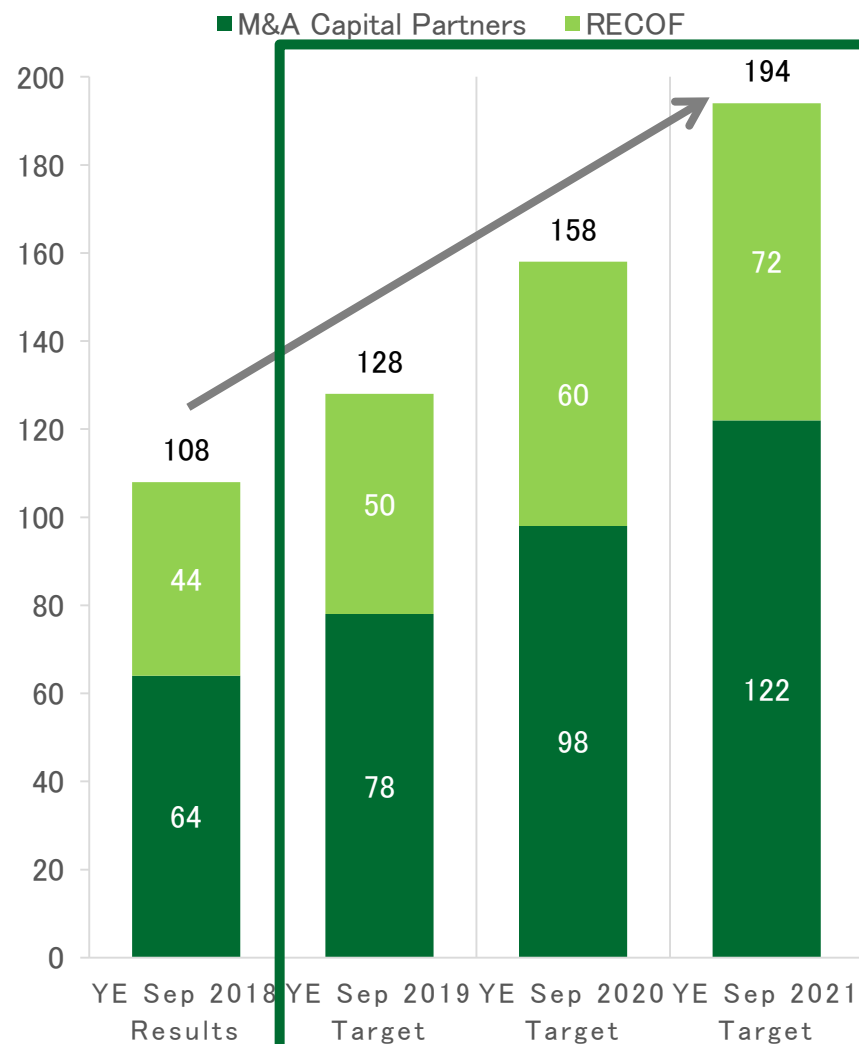
Three-year Plan for Number of Deals (Year Ending September 2019 to Year Ending September 2021)



[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 2019 to Year Ending September 2021)

**【Number of Consultants】**

<M&A Capital Partners>

Average increase of 25% per year

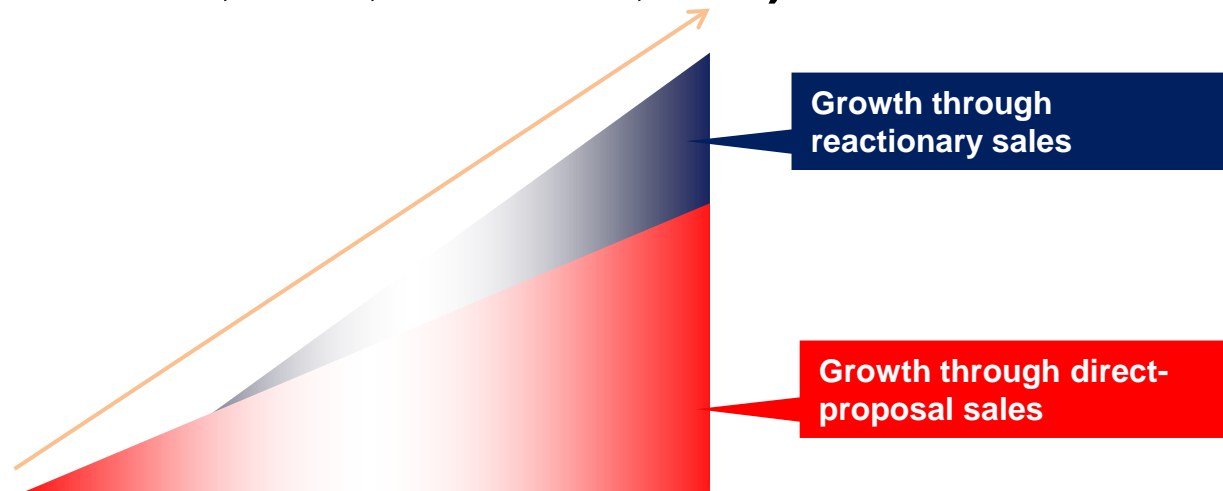
<RECOF>

Average increase of 20% per year

will be maintained.

<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, TV commercials, web, referrals, etc.)



<Launch of Television Commercials>

The problem of business succession was highlighted in various media several days, and M&A among small and medium-sized companies has become more common, so increasing our name recognition is key.



“Presidents are lonely” = “Male lion in a pride”

This association of ideas led to the creation of a commercial featuring a lion as president.


These commercials
are being aired on
TV Tokyo’s “World
Business Satellite.”

The company president was
facing difficulties alone.
He had no one to talk to about
business succession.
Now that you mention it, there
was something about M&As
on the first section of the TSE
with no commencement
fees...



<Policies & Initiatives>

- Continue to enhance large-scale M&A seminars held

	Year ended September 2018		Future
Number held	12 per year		Continue to enhance seminars held as with previous year
Areas held	Tokyo, Osaka, Nagoya, Fukuoka, Kyoto		Continue to increase seminars in Tokyo and regional cities as with previous year

- Launch of Television commercials (from August 2018)
- 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 2018

In the Year ended September 2018, we held 12 large-scale M&A seminars in Tokyo, Nagoya, Osaka, Fukuoka, and Kyoto.

Date Held	Type	Seminar Title	Applicants
October 12, 2017	M&A Seminar	TOYO KEIZAI INC. Management 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
July 26, 2018	M&A Seminar	NIKKEI BP INTELLIGENCE GROUP Management Forum(Tokyo Venue)	2100
August 1, 2018	as above	as above(Osaka Venue)	500
August 9, 2018	as above	as above(Nagoya Venue)	270
August 31, 2018	as above	as above(Kyoto Venue)	200

Seminars Scheduled to be Held in the First Quarter of the Year Ending September 2019

During the First quarter of the year ending September 2019, 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
Oct 2, 2018	M&A Seminar	TOYO KEIZAI INC. Management Forum (Nagoya Venue)
Oct 22, 2018	as above	as above(Tokyo venue)
Nov 6, 2018	as above	as above(Osaka venue)
Nov 14, 2018	as above	as above(Fukuoka venue)

[Keynote address (Tokyo and Osaka)]

“Father and Founder of Kewpie”
Amane Nakashima, Chairman of Kewpie and
President of Nakashimoto

[Keynote address (Nagoya and Fukuoka)]

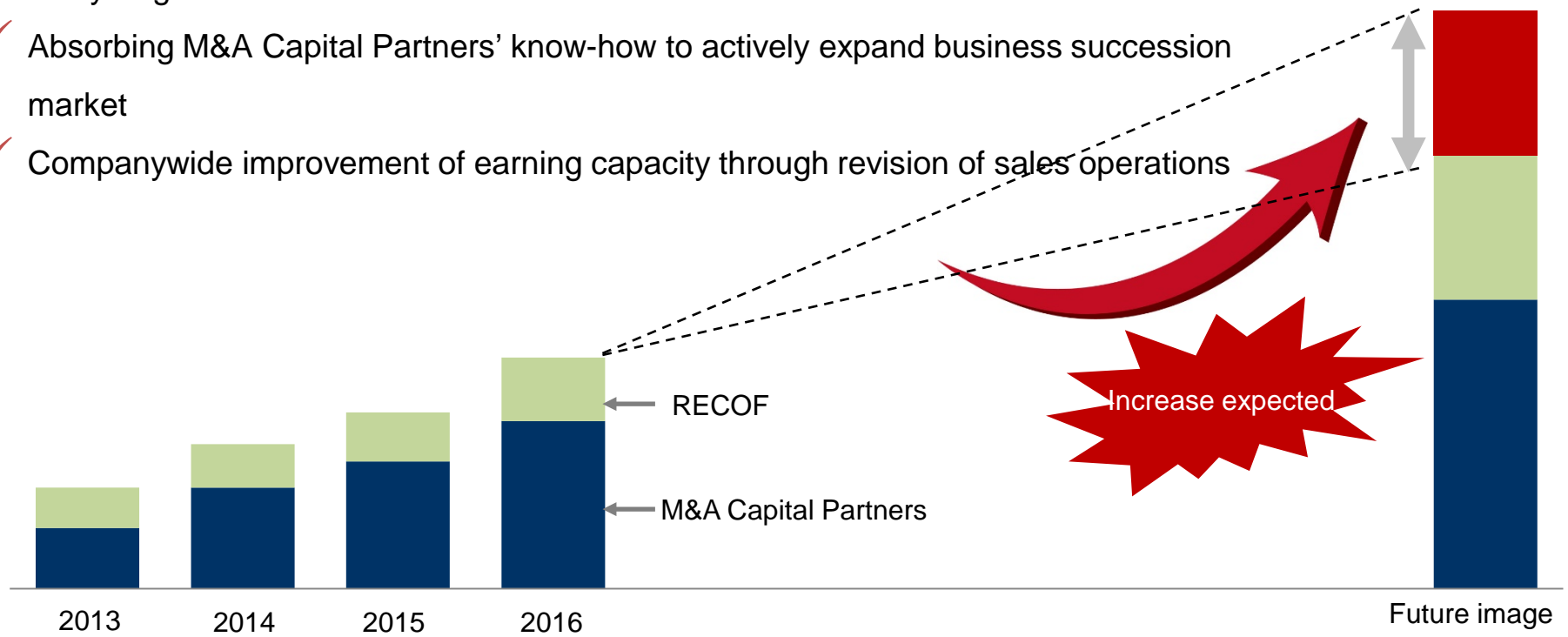
“Laws of Company Development and Growth”
Yasuhiko Shogaki, Chairman of Saizeriya

<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.