



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Three Months Ended December 2018

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



January 30, 2019

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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 December 31, 2018)
Employees	Consolidated: 148 Non-consolidated: 80 (as of December 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 Memorandum of Understanding

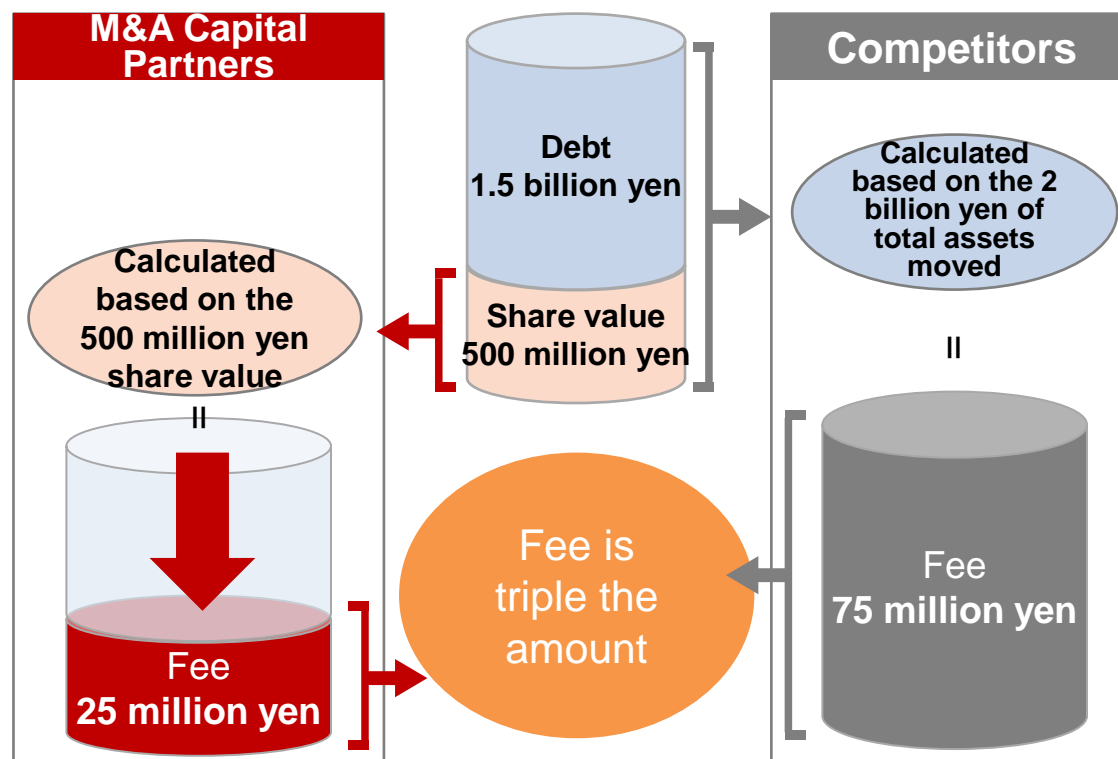
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

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 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%

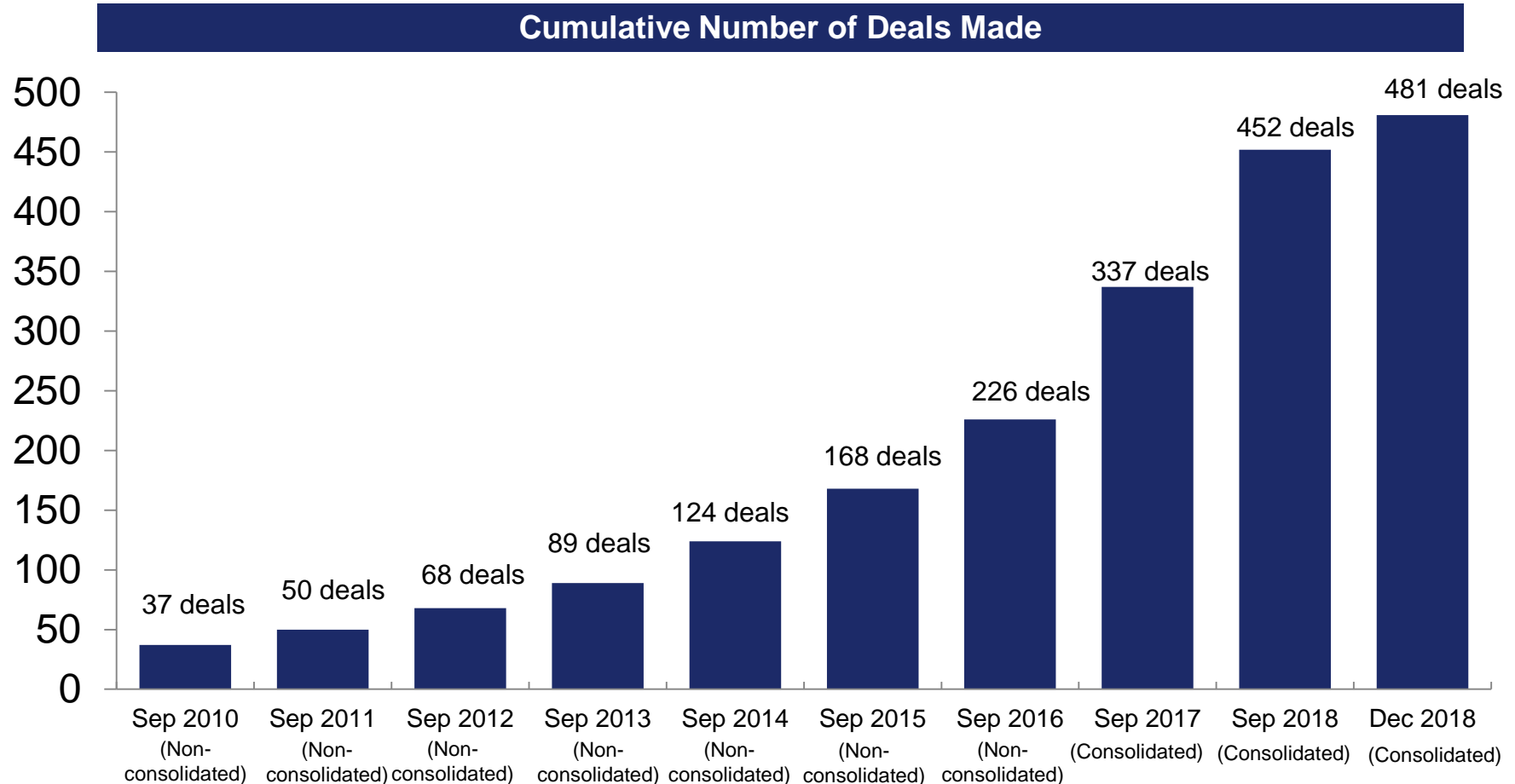
e.g.) Calculation of fee when the transaction amount is 2 billion yen

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



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 Three Months Ended December 2018 and Forecast for the Year Ending September 2019**

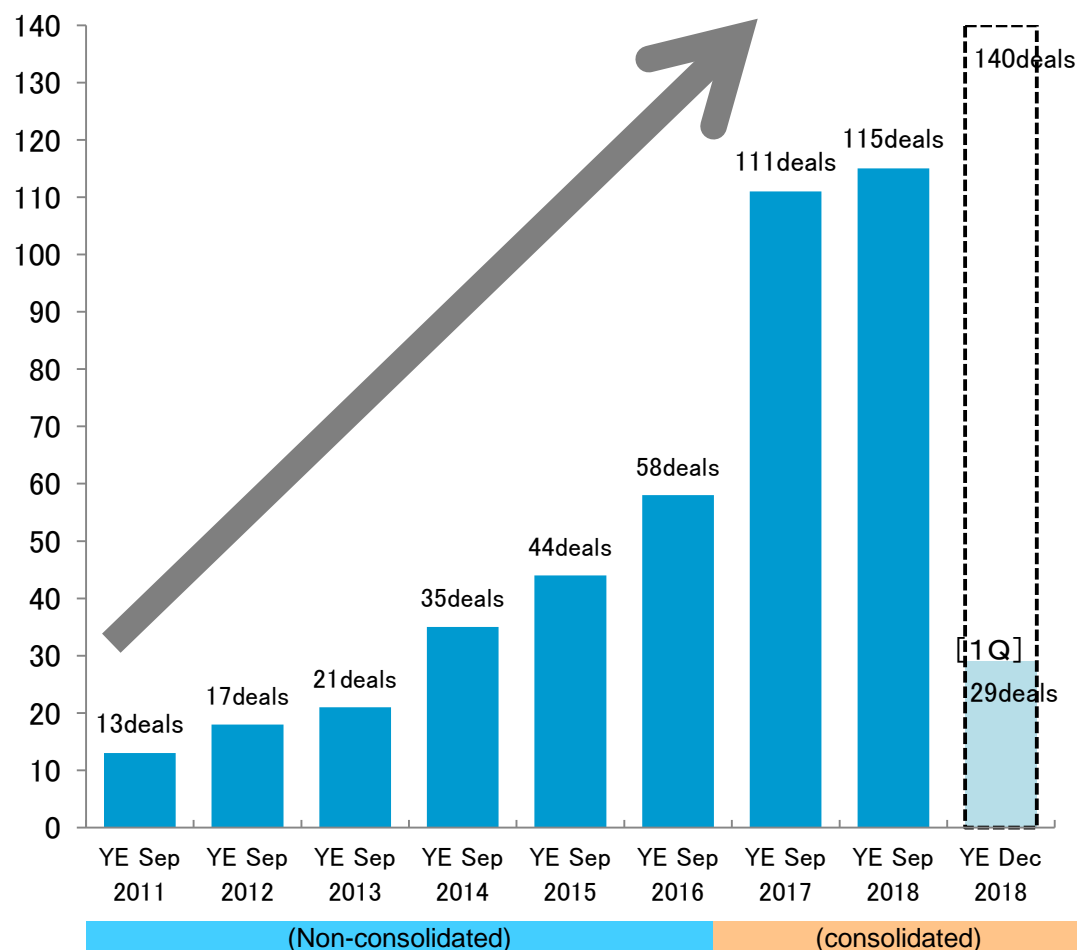
Number of Deals Made



M&A CAPITAL PARTNERS

	1Q	Forecast for the year	Progress for Entire Year
Number of deals (consolidated)	29	140	20.7%

Number of Deals Made



- 21.6% Year-on-year
- M&A Capital Partners and RECOF both results fell below those of the same period of the previous year

(Factors)

- Partially affected by the decrease caused by the settling of the reorganization of the industry in dispensing pharmacy deals

【Non-consolidated】

M&A Capital Partners 27deal
(- 6.9% year-on-year)

RECOF 2deals
(- 75.0% year-on-year)

Earnings for the Three Months Ended December 2018 (Consolidated)

Net sales	3,886 million yen	(+70.2% year-on-year)
Ordinary income	1,959 million yen	(+89.4% year-on-year)
Number of deals	29 deals	(-21.6% year-on-year)
Number of consultants	112	(+25 year-on-year)

- On a non-consolidated basis, results surpassed those of the same period of the previous year, but RECOF results fell short year on year. Although the number of deals decreased year on year, the performance of the group as a whole improved year on year due to strong performance of large deals.
- 9 large deals closed (+50.0% year - on - year)

Earnings for the Three Months Ended December 2018 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	3,435 million yen	+94.7%	412 million yen	-14.4%
Ordinary income	1,912 million yen	+103.7%	101 million yen	-30.6%
Number of deals	27	-6.9%	2	-75.0%
Number of consultants	68	+13	44	+12

• Net sales and ordinary income have been strong
• 7 large deals closed

• Result fell short year on year due to decrease in the number of deals made
• 2 large deal closed

* 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

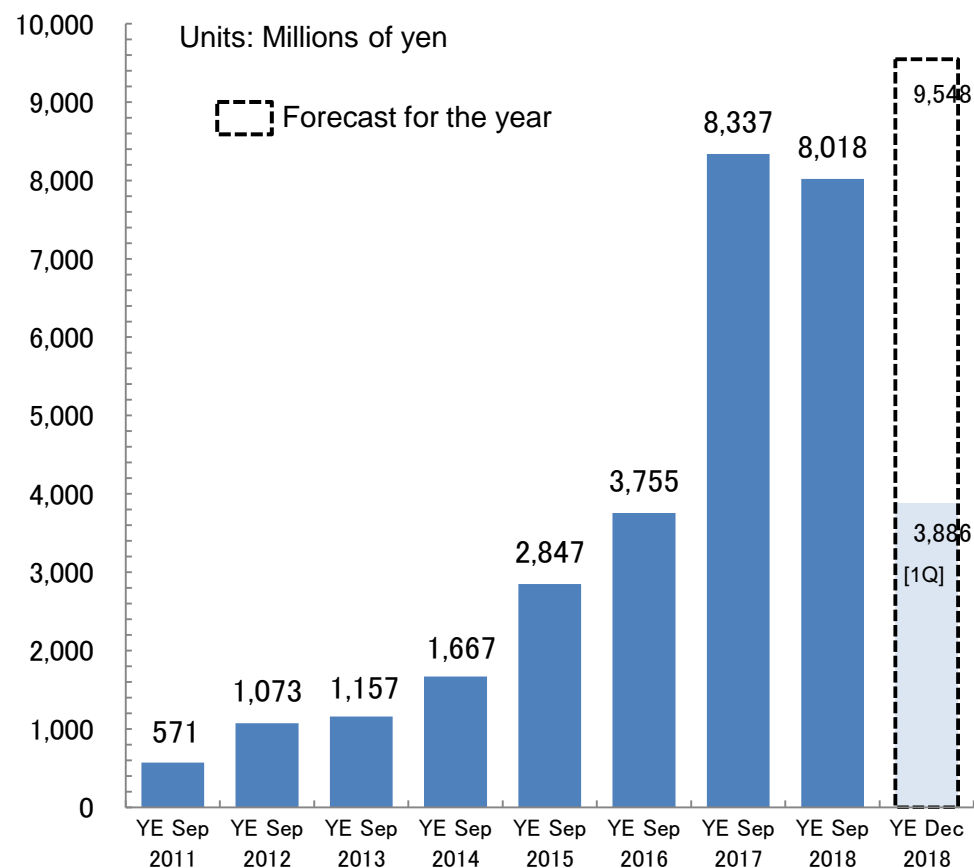


M&A CAPITAL PARTNERS

Units: Millions of yen

(consolidated)	1Q	Forecast for the year	Progress for Entire Year
Net sales	3,886	9,548	40.7%
Ordinary income	1,959	3,904	50.2%

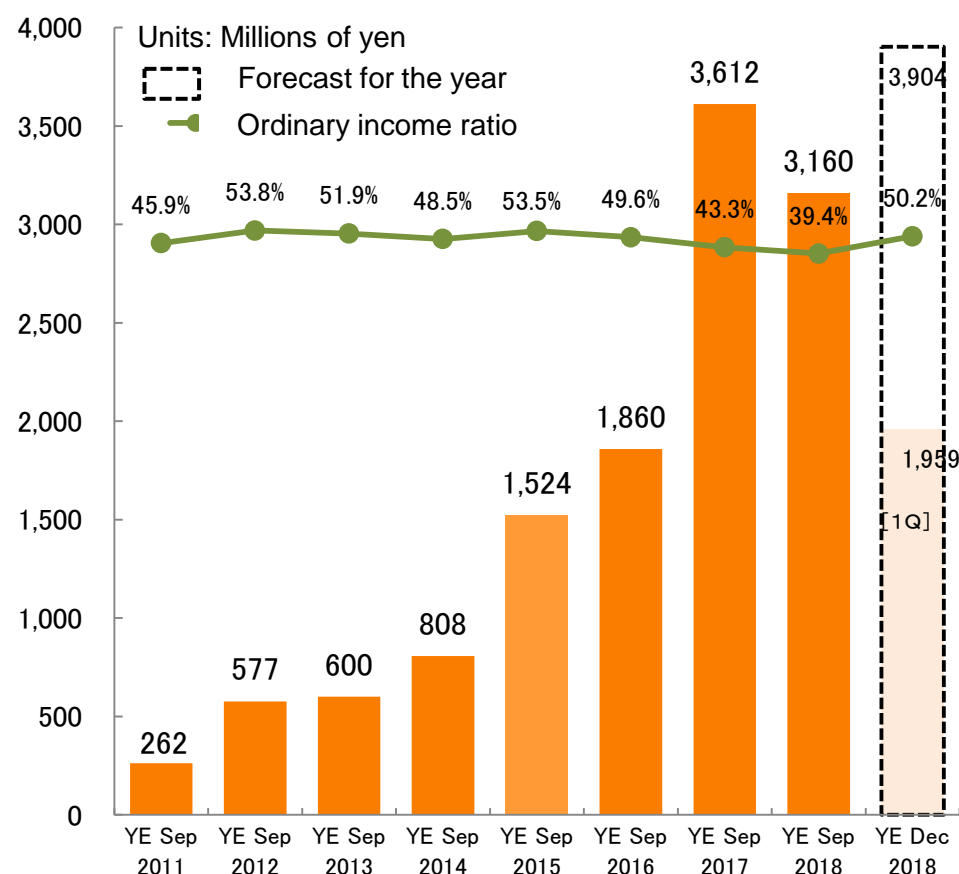
Net sales



(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 2017	Three Months Ended Dec 2018			Forecast for the Year Ending September 2019
			Year-on-year Change	Overview of Performance	
Net sales	2,283 (100.0%)	3,886 (100.0%)	+70.2%	■ 9 large deals closed	9,548 (100.0%)
Gross profit	1,505 (66.0%)	2,666 (68.6%)	+77.1%	■ Benefit of increased revenue	
SG&A	471 (20.7%)	707 (18.2%)	+50.0%	■ Amortization of goodwill: 48	
Operating income	1,034 (45.3%)	1,958 (50.4%)	+89.4%	■ Benefit of increased revenue	3,898 (40.8%)
Ordinary income	1,034 (45.3%)	1,959 (50.4%)	+89.4%		3,904 (40.9%)
Net income	721 (31.6%)	1,334 (34.3%)	+85.0%		2,661 (27.9%)
Number of deals made	37	29	-21.6%	■ M&A Capital Partners and RECOF both results fell short year on year	140
Employees	116	148	+27.6%		

Overview of Balance Sheets (Consolidated)



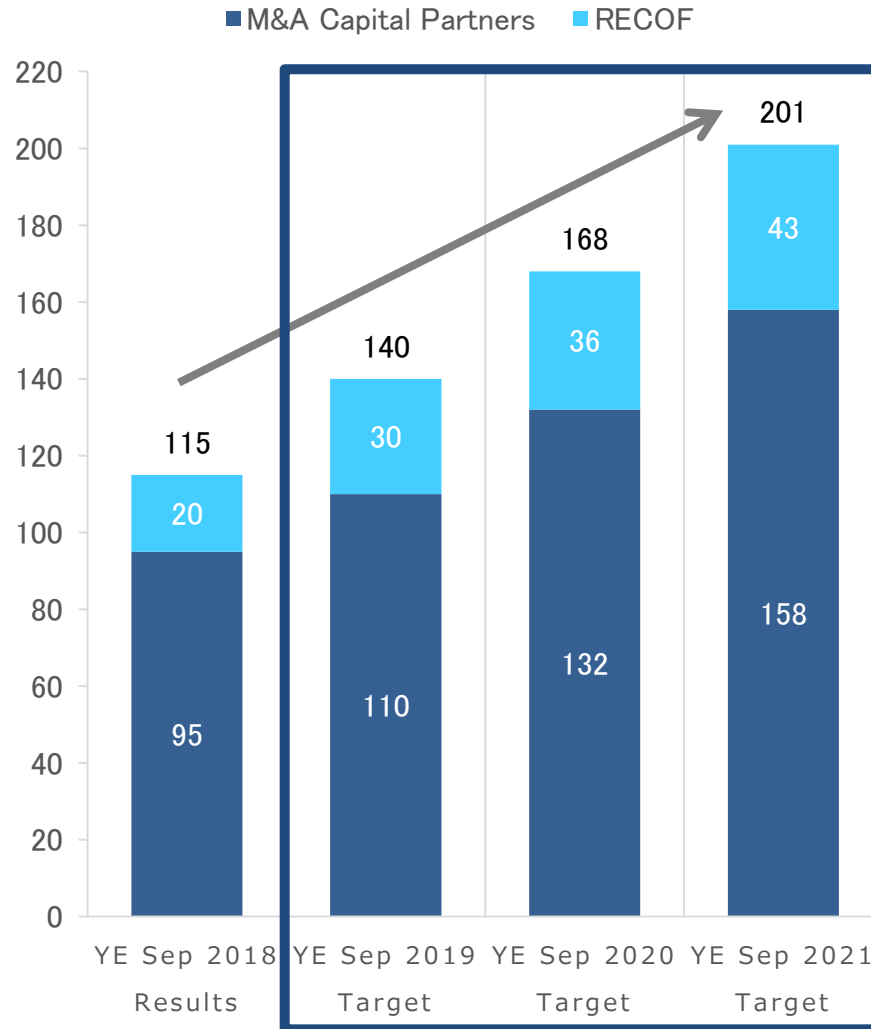
(Units: millions of yen, second line is composition ratio)

		September 30, 2018		December 31, 2018	
				Change	Main Factors Causing Change
	Current assets	12,757 (84.1%)	14,787 (85.4%)	+2,030	■ Cash and deposits: +1,721 (recording of income before tax, payment of income and consumption taxes, etc.)
	Noncurrent assets	2,403 (15.9%)	2,518 (14.6%)	+115	■ Goodwill: -48(Amortization of goodwill)
	Total assets	15,161 (100.0%)	17,306 (100.0%)	+2,145	
	Current liabilities	1,768 (11.7%)	2,496 (14.4%)	+728	■ Income taxes payable +320 ■ Accrued consumption taxes +207
	Noncurrent liabilities	218 (1.4%)	210 (1.2%)	-7	
	Total liabilities	1,986 (13.1%)	2,707 (15.6%)	+720	
Total net assets		13,174 (86.9%)	14,599 (84.4%)	+1,424	■ Retained earnings +1,334
Total liabilities and net assets		15,161 (100.0%)	17,306 (100.0%)	+2,145	

***III* Growth Strategy**

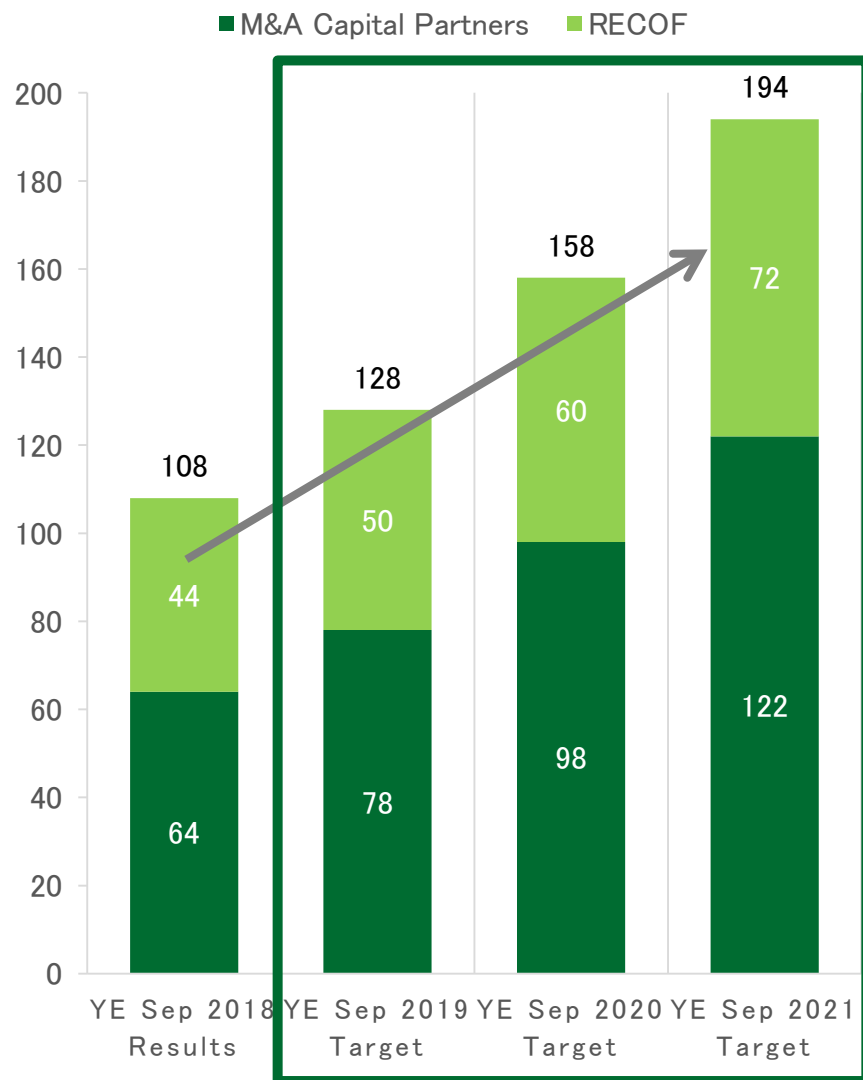


Three-year Plan for Number of Deals (Year Ending September 2019 to Year Ending September 2021)



[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

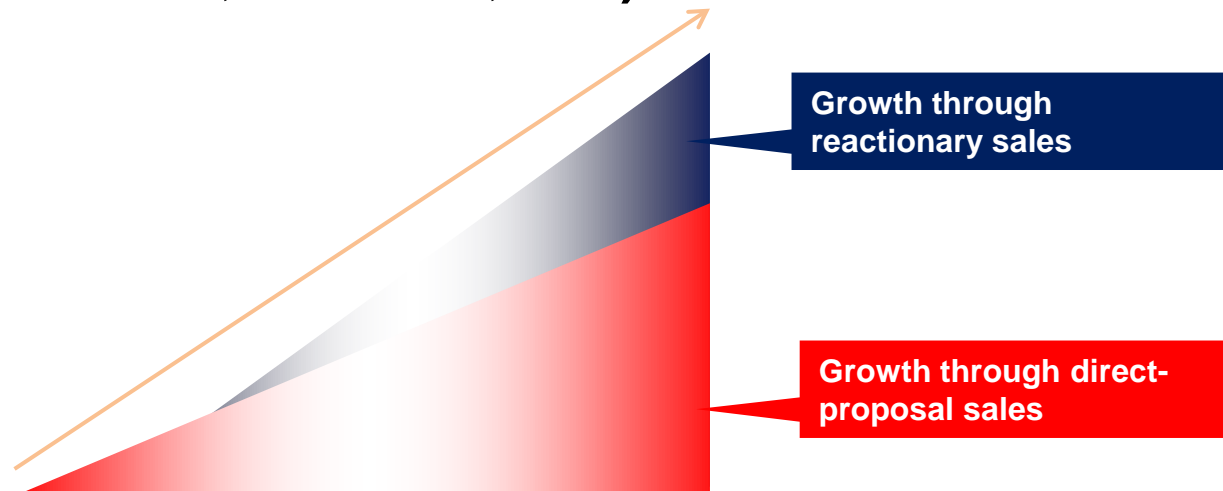
<RECOF>

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, web, TV commercials, referrals, etc.)



<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

- Television commercial (August 2018 - present)
- 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 2018

In the three months ended December 2018, we held four large-scale M&A seminars in Tokyo, Nagoya, Osaka, and Fukuoka.

<Large-Scale M&A Seminars>

Date Held	Type	Seminar Title	Applicants
October 2, 2018	M&A Seminar	TOYO KEIZAI INC. Management Forum (Nagoya Venue)	200
October 22, 2018	as above	as above(Tokyo Venue)	700
November 6, 2018	as above	as above(Osaka Venue)	300
November 14, 2018	as above	as above(Fukuoka Venue)	120

【Tokyo Venue】



<Toyo Keizai Forum>

【Nagoya Venue】



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

During the second quarter of the year ending September 2019, 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
Feb 4, 2019	M&A Seminar	Nikkei Sangyo Shimbun Forum (Nagoya venue)
Feb 6, 2019	as above	as above(Osaka venue)
Feb 13, 2019	as above	as above(Fukuoka venue)
Mar 19, 2018	as above	as above(Tokyo venue)

[Keynote address (Nagoya, Osaka and Fukuoka)]

“Management Innovation and Business Succession of Ryukakusan”

Ryuta Fujii, President, Ryukakusan Co., Ltd.

[Keynote address (Tokyo)]

“How to Act When the Tide Turns - Diversified Management through M&A”

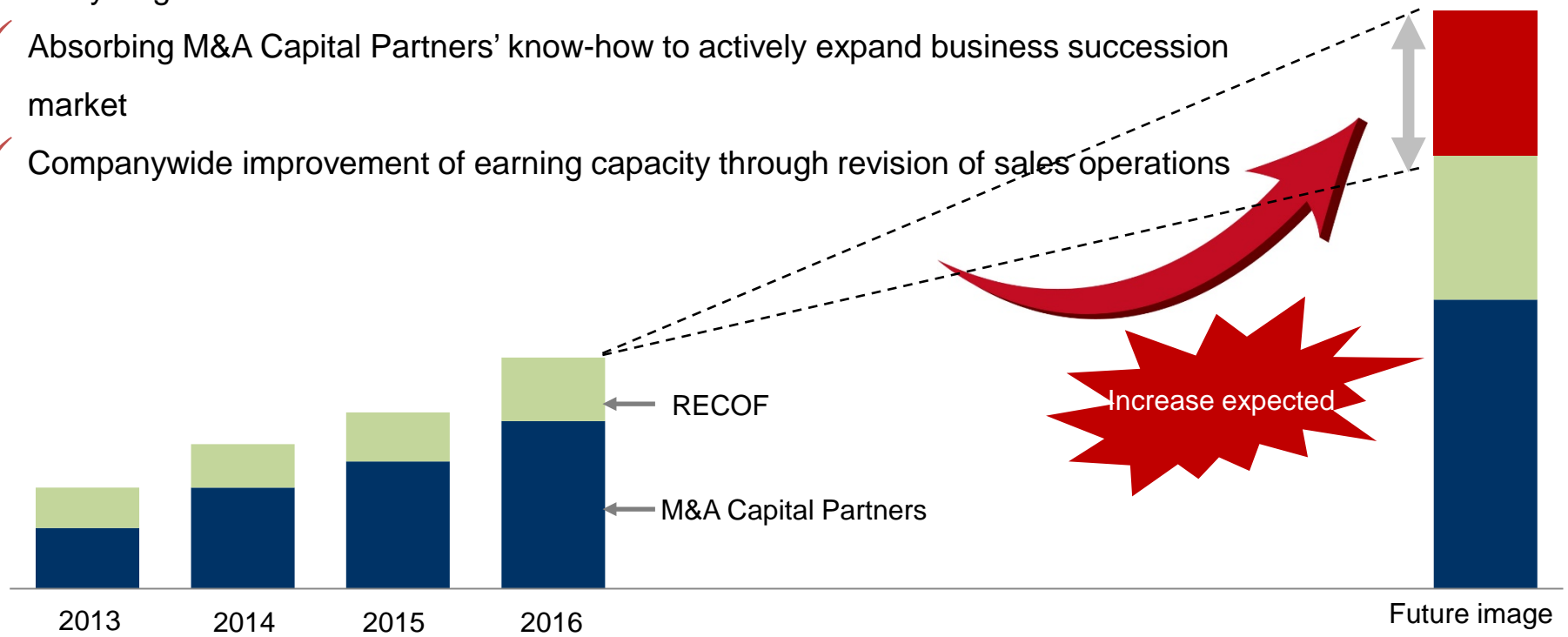
Atsushi Horiba, Chairman & Group CEO, HORIBA, Ltd.

<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



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<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.