

(English Translation)

**Financial Results for the Second Quarter**  
**of the Fiscal Year Ending September 30, 2019 (under Japan GAAP) (Consolidated)**

April 26, 2019

Company name: M&A Capital Partners Co., Ltd.      Stock exchange listings:  
Tokyo Stock Exchange  
Securities code: 6080      (URL: <https://www.ma-cp.com>)  
Representative: Satoru Nakamura  
President and Representative Director  
Contact: Daisuke Uehara      Tel: 03-6880-3803  
Director and Manager at the Planning Management Department  
Scheduled date of filing of quarterly report: May 15, 2019  
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, 2019 (From October 1, 2018 to March 31, 2019)**

(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, 2019 | ¥7,187 million<br>(46.6%) | ¥3,525 million<br>(53.2%) | ¥3,526 million<br>(53.2%) | ¥2,352 million<br>(47.0%)               |
| Second quarter of fiscal year ended September 30, 2018  | ¥4,900 million<br>(0.7%)  | ¥2,302 million<br>(-1.2%) | ¥2,301 million<br>(-0.6%) | ¥1,600 million<br>(2.7%)                |

(Note)

Comprehensive income:

*Second quarter of fiscal year ending September 30, 2019: 2,352 million yen (47.0%)*

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

|   | Profit per share | Profit (fully diluted) per share |
|---|------------------|----------------------------------|
| Second quarter of fiscal year ending September 30, 2019 | ¥150.73          | ¥148.76                          |
| Second quarter of fiscal year ended September 30, 2018  | ¥103.34          | ¥101.08                          |

(2) Consolidated Financial Position

|   | Total assets    | Net assets      | Equity ratio |
|---|-----------------|-----------------|--------------|
| Second quarter of fiscal year ending September 30, 2019 | ¥19,293 million | ¥15,621 million | 80.2%        |
| Fiscal year ended September 30, 2018                    | ¥15,161 million | ¥13,174 million | 86.6%        |

*(Reference)*

*Equity:*

*Second quarter of fiscal year ending September 30, 2019: 15,475 million yen*

*Fiscal year ended September 30, 2018: 13,123 million yen*

## 2. Dividends

|  | Annual dividends per share |                |               |          |       |
|--|----------------------------|----------------|---------------|----------|-------|
|  | First quarter              | Second quarter | Third quarter | Year-end | Total |
| Fiscal year ended September 30, 2018             | -                          | ¥0.00          | -             | ¥0.00    | ¥0.00 |
| Fiscal year ending September 30, 2019            | -                          | ¥0.00          |               |          |       |
| Fiscal year ending September 30, 2019 (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, 2019 (From October 1, 2018 to September 30, 2019)

(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 | ¥11,507 million<br>(43.5%) | ¥5,181 million<br>(63.7%) | ¥5,187 million<br>(64.2%) | ¥3,503 million<br>(67.4%)               | ¥224.51          |

(Note) Revision of financial results forecast since the latest announcement: Yes

**\* Notes**

- |     |   |                   |
|-----|---|-------------------|
| (1) | Significant changes in subsidiaries during the cumulative quarter under review<br>(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) Restatement 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, 2019  | 15,605,000 shares |
|     | As of September 30, 2018  | 15,605,000 shares |
|     | (ii) Number of treasury shares as of the end of the period:   |                   |
|     | As of March 31, 2019  | 199 shares        |
|     | As of September 30, 2018  | 199 shares        |
|     | (iii) Average number of shares during the period (cumulative):  |                   |
|     | Second quarter of fiscal year ending September 30, 2019   | 15,604,801 shares |
|     | Second quarter of fiscal year ended September 30, 2018  | 15,483,746 shares |

**\* The quarterly financial results are not subject to quarterly review by certified public accountants or an audit firm.**

**\* 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 10, 2019 (Friday): 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

a. Market conditions

According to the statistical data collected and published by group company RECOF DATA Corporation, the number of M&A deals publicly announced in relation to Japanese companies increased to reach 3,850 in 2018 (January to December), a year-on-year increase of 800 (26.2%) and the highest number since statistics began. In the period from January to March 2019, the number increased by 152 (17.6%) year on year to reach a record high of 1,018. As such, we have determined that the market continues to be expanding.

Moreover, business succession at small and medium-sized enterprises is now recognized as a social issue, and we believe that more and more managers will utilize M&A as a solution for various management issues, including the problem of business succession.

b. Condition of the Group

The number of consultants, which is an indicator of business expansion, has increased by 23 year on year to 114 in conjunction with robust hiring activities. On the other hand, the number of deals stayed at 71.

On a non-consolidated basis, the number of deals increased owing to other business succession deals despite negative factors such as reorganization settling down in the pharmacy industry.

Additionally, although progress at RECOF was less than stellar up to the quarter under review, a certain number of deals are expected to be closed in the second half. Therefore, we have determined that the target full-year number of deals closed by the Group is likely to be achieved.

The details of deals closed by the Group, the Company and RECOF are as follows:

Number of deals (consolidated)

| Name of type |                              |   | Cumulative second quarter of fiscal year ended September 30, 2018<br>(From October 1, 2017 to March 31, 2018) | Cumulative second quarter of fiscal year ending September 30, 2019<br>(From October 1, 2018 to March 31, 2019) | Year-on-year change |    |
|--------------|------------------------------|---|---|--|---------------------|----|
| Whole Group  | M&A deals closed             |   | (number of deals)   | 71   | 71                  | ±0 |
|              | By amount of processing fees | Number of deals among those wherein amount of processing fees for the deal was ¥100 million or more   | (number of deals)   | 12   | 15                  | +3 |
|              |                              | Number of deals among those wherein amount of processing fees for the deal was less than ¥100 million | (number of deals)   | 59   | 56                  | -3 |

| Name of type                   |                              |   | Cumulative second quarter of fiscal year ended September 30, 2018<br>(From October 1, 2017 to March 31, 2018) | Cumulative second quarter of fiscal year ending September 30, 2019<br>(From October 1, 2018 to March 31, 2019) | Year-on-year change |    |
|--------------------------------|------------------------------|---|---|--|---------------------|----|
| M&A Capital Partners Co., Ltd. | M&A deals closed             |   | (number of deals)   | 57   | 65                  | +8 |
|                                | By amount of processing fees | Number of deals among those wherein amount of processing fees for the deal was ¥100 million or more   | (number of deals)   | 9  | 13                  | +4 |
|                                |                              | Number of deals among those wherein amount of processing fees for the deal was less than ¥100 million | (number of deals)   | 48   | 52                  | +4 |

Number of deals(non-consolidated)

| Name of type      |                              |   | Cumulative second quarter of fiscal year ended September 30, 2018<br>(From October 1, 2017 to March 31, 2018) | Cumulative second quarter of fiscal year ending September 30, 2019<br>(From October 1, 2018 to March 31, 2019) | Year-on-year change |
|-------------------|------------------------------|---|---|--|---------------------|
| RECOF Corporation | M&A deals closed             |   | (number of deals)<br>14   | 6  | -8                  |
|                   | By amount of processing fees | Number of deals among those wherein amount of processing fees for the deal was ¥100 million or more   | (number of deals)<br>3  | 2  | -1                  |
|                   |                              | Number of deals among those wherein amount of processing fees for the deal was less than ¥100 million | (number of deals)<br>11   | 4  | -7                  |

As for other measures related to sales activities, we implemented branding and marketing measures to increase our presence in growing markets. The Company redesigned our website and continued airing commercials on television while group company RECOF redesigned the cross-border M&A page on its website and group company RECOF DATA revamped its RECOF M&A Database service for providing M&A information.

As a result, although the number of the Group's deals stayed the same as one year earlier, sales were up ¥2,286.169 million (46.6%) year on year to ¥7,187.137 million owing to favorable closing of large deals.

The cost of sales increased ¥618.520 million (36.6%) year on year to ¥2,307.840 million as a result of increases in incentives for closed deals, the year-end bonuses associated with increased sales, and subcontract expenses required for large deals.

Selling, general and administrative expenses increased ¥443.874 million (48.8%) year on year to ¥1,353.324 million. The factors behind the increase included increases of advertising expenses for television commercials and other ads, bonuses for directors, and provision for bonuses.

As a result, operating income increased by ¥1,223.774 million (53.2%) year on year to ¥3,525.972 million, ordinary income increased by ¥1,224.863 million (53.2%) year on year to ¥3,526.330 million and profit attributable to owners of parent increased by ¥752.074 million (47.0%) year on year to ¥2,352.123 million.

Segment information is omitted because our Group's reporting segment is only the M&A-related services business.

## (2) Explanation of Financial Position

### (i) Assets, liabilities and net assets (Current assets)

Current assets amounted to ¥16,972.582 million, an increase of ¥4,215.032 million (33.0%) from the end of the previous fiscal year. This was primarily due to a ¥3,959.641 million increase in cash and deposits and a ¥277.835 million increase in

accounts receivable - trade.

(Non-current assets)

Non-current assets amounted to ¥2,320.921 million, a decrease of ¥82.606 million (3.4%) from the end of the previous fiscal year. This was primarily due to a decrease of ¥16.173 million in facilities attached to buildings, net, a decrease of ¥16.500 million in trademark right, a decrease of ¥96.730 million in goodwill, a decrease of ¥25.168 million in lease and guarantee deposits, and an increase of ¥79.312 million in deferred tax assets.

(Current liabilities)

Current liabilities amounted to ¥3,464.636 million, an increase of ¥1,696.299 million (95.9%) from the end of the previous fiscal year. This was primarily due to a ¥741.141 million increase in accounts payable - other and a ¥797.160 million increase in income taxes payable.

(Non-current liabilities)

Non-current liabilities amounted to ¥206.900 million, a decrease of ¥11.113 million (5.1%) from the end of the previous fiscal year. This was primarily due to a ¥8.604 million decrease in other.

(Net assets)

Net assets amounted to ¥15,621.967 million, an increase of ¥2,447.239 million (18.6%) from the end of the previous fiscal year. This was primarily due to a ¥2,352.123 million increase in retained earnings.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the second quarter under review totaled ¥12,186.613 million, an increase of ¥3,959.641 million (48.1%) from the end of the previous fiscal year.

Each of the cash flows in the cumulative second quarter under review and their respective factors are as follows.

(Cash flows from operating activities)

Funds provided by operating activities amounted to ¥3,909.645 million. This was primarily due to recording income before income taxes of ¥3,526.330 million as a result of recording favorable sales.

(Cash flows from investing activities)

Funds used in investing activities amounted to ¥1.624 million. This was a result of a ¥10.456 million for the purchase of property, plant and equipment, a ¥11.072 million for the purchase of intangible assets, and a ¥1.101 million payment for lease and guarantee deposits, while there was ¥21.006 million in proceeds from collection of lease and guarantee deposits.

(Cash flows from financing activities)

Funds provided by financing activities amounted to ¥51.620 million. This was proceeds from the issuance of 12th subscription rights to shares.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

Performance during the cumulative second quarter under review exceeded that of the same period of the previous fiscal year, and the pace at which major deals are being closed exceeds expectations. Moreover, the increase in the number of consultants as planned is expected to move deal development forward smoothly in the third quarter and beyond, and at this point in time, the number of deals on hand also remains steady.

Based on the above, the full-year forecast of consolidated financial results was revised today as net sales, operating income, ordinary income, and profit attributable to owners of parent are all expected to exceed the figures previously announced. For details, please see the “Announcement of Revision to Forecast of Financial Results” published on April 26, 2019.

2. Quarterly Consolidated Financial Statements and Notes  
(1) Quarterly Consolidated Balance Sheet

|  | (Unit: thousand yen)  |   |
|--|---|---|
|  | Previous consolidated<br>fiscal year<br>(as of September 30,<br>2018) | Second quarter of fiscal<br>year ending September<br>30, 2019<br>(as of March 31, 2019) |
| <b>Assets</b>                              |   |   |
| <b>Current assets</b>                      |   |   |
| Cash and deposits                          | 12,226,972  | 16,186,613  |
| Accounts receivable - trade                | 384,313   | 662,149   |
| Deferred tax assets                        | 0   | 0   |
| Other                                      | 146,264   | 123,819   |
| <b>Total current assets</b>                | <b>12,757,549</b>   | <b>16,972,582</b>   |
| <b>Non-current assets</b>                  |   |   |
| <b>Property, plant and equipment</b>       |   |   |
| Facilities attached to buildings, net      | 226,006   | 209,833   |
| Other                                      | 51,970  | 49,384  |
| <b>Total property, plant and equipment</b> | <b>277,977</b>  | <b>259,218</b>  |
| <b>Intangible assets</b>                   |   |   |
| Trademark right                            | 264,000   | 247,500   |
| Goodwill                                   | 1,547,681   | 1,450,951   |
| Other                                      | 44,253  | 39,505  |
| <b>Total intangible assets</b>             | <b>1,855,934</b>  | <b>1,737,956</b>  |
| <b>Investments and other assets, gross</b> |   |   |
| Lease and guarantee deposits               | 204,393   | 179,225   |
| Deferred tax assets                        | 65,159  | 144,472   |
| Other                                      | 63  | 49  |
| <b>Total investments and other assets</b>  | <b>269,616</b>  | <b>323,746</b>  |
| <b>Total non-current assets</b>            | <b>2,403,528</b>  | <b>2,320,921</b>  |
| <b>Total assets</b>                        | <b>15,161,078</b>   | <b>19,293,504</b>   |
| <b>Liabilities</b>                         |   |   |
| <b>Current liabilities</b>                 |   |   |
| Advances received                          | 435,905   | 305,233   |
| Provision for bonuses                      | 32,168  | 65,767  |
| Accounts payable - other                   | 636,793   | 1,377,934   |
| Income taxes payable                       | 543,062   | 1,340,222   |
| Accrued consumption taxes                  | 52,738  | 297,398   |
| Other                                      | 67,668  | 78,079  |
| <b>Total current liabilities</b>           | <b>1,768,336</b>  | <b>3,464,636</b>  |
| <b>Non-current liabilities</b>             |   |   |
| Net defined benefit liability              | 124,365   | 121,856   |
| Other                                      | 93,649  | 85,044  |
| <b>Total non-current liabilities</b>       | <b>218,014</b>  | <b>206,900</b>  |
| <b>Total liabilities</b>                   | <b>1,986,351</b>  | <b>3,671,537</b>  |

|                                  | (Unit: thousand yen)  |   |
|----------------------------------|---|---|
|                                  | Previous consolidated<br>fiscal year<br>(as of September 30,<br>2018) | Second quarter of fiscal<br>year ending September<br>30, 2019<br>(as of March 31, 2019) |
| Net assets                       |   |   |
| Shareholders' equity             |   |   |
| Capital stock                    | 2,503,615   | 2,503,615   |
| Capital surplus                  | 2,493,365   | 2,493,365   |
| Retained earnings                | 8,127,030   | 10,479,154  |
| Treasury shares                  | (353)   | (353)   |
| Total shareholders' equity       | <u>13,123,659</u>   | <u>15,475,782</u>   |
| Subscription rights to shares    | 51,068  | 146,184   |
| Total net assets                 | <u>13,174,727</u>   | <u>15,621,967</u>   |
| Total liabilities and net assets | <u>15,161,078</u>   | <u>19,293,504</u>   |

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

Quarterly Consolidated Statement of Income  
For the Six-month Periods

|  | (Unit: thousand yen)   |   |
|--|--|---|
|  | Cumulative second<br>quarter of previous fiscal<br>year<br>(From October 1, 2017<br>to March 31, 2018) | Cumulative second<br>quarter of current fiscal<br>year<br>(From October 1, 2018<br>to March 31, 2019) |
| Net sales                                    | 4,900,968  | 7,187,137   |
| Cost of sales                                | 1,689,320  | 2,307,840   |
| Gross profit                                 | 3,211,647  | 4,879,296   |
| Selling, general and administrative expenses | 909,449  | 1,353,324   |
| Operating income                             | 2,302,197  | 3,525,972   |
| Non-operating income                         |  |   |
| Interest income                              | 625  | 852   |
| Miscellaneous income                         | 33   | 25  |
| Total non-operating income                   | 659  | 877   |
| Non-operating expenses                       |  |   |
| Interest expenses                            | 82   | —   |
| Loss on retirement of non-current assets     | 689  | —   |
| Miscellaneous loss                           | 617  | 519   |
| Total non-operating expenses                 | 1,390  | 519   |
| Ordinary income                              | 2,301,467  | 3,526,330   |
| Income before income taxes                   | 2,301,467  | 3,526,330   |
| Income taxes - current                       | 735,914  | 1,263,523   |
| Income taxes - deferred                      | (34,496)   | (89,316)  |
| Total income taxes                           | 701,417  | 1,174,206   |
| Profit                                       | 1,600,049  | 2,352,123   |
| Profit attributable to owners of parent      | 1,600,049  | 2,352,123   |

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

|  | (Unit: thousand yen)   |   |
|--|--|---|
|  | Cumulative second<br>quarter of previous fiscal<br>year<br>(From October 1, 2017<br>to March 31, 2018) | Cumulative second<br>quarter of current fiscal<br>year<br>(From October 1, 2018<br>to March 31, 2019) |
| Profit   | 1,600,049  | 2,352,123   |
| Comprehensive income                                     | 1,600,049  | 2,352,123   |
| (Comprehensive income attributable to:)                  |  |   |
| Comprehensive income attributable to owners<br>of parent | 1,600,049  | 2,352,123   |

## (3) Quarterly Consolidated Statement of Cash Flows

|   | (Unit: thousand yen)   |   |
|---|--|---|
|   | Cumulative second<br>quarter of<br>previous fiscal year<br>(From October 1, 2017<br>to March 31, 2018) | Cumulative second<br>quarter of<br>current fiscal year<br>(From October 1, 2018<br>to March 31, 2019) |
| Cash flows from operating activities                            |  |   |
| Income before income taxes                                      | 2,301,467  | 3,526,330   |
| Depreciation  | 42,166   | 37,378  |
| Amortization of goodwill  | 96,730   | 96,730  |
| Depreciation and amortization on other                          | 16,500   | 16,500  |
| Loss on retirement of non-current assets                        | 689  | 0   |
| Interest income   | (625)  | (852)   |
| Interest expenses   | 82   | —   |
| Decrease (increase) in notes and accounts<br>receivable - trade | (93,353)   | (277,835)   |
| Increase (decrease) in accounts payable - other                 | 176,363  | 754,020   |
| Increase (decrease) in provision for bonuses                    | 44,883   | 33,599  |
| Increase (decrease) in provision for directors'<br>bonuses      | —  | (1,567)   |
| Increase (decrease) in net defined benefit<br>liability         | (6,163)  | (2,508)   |
| Increase (decrease) in advances received                        | 1,883  | (130,672)   |
| Decrease/increase in consumption taxes<br>receivable/payable    | (134,665)  | 250,046   |
| Other   | (65,246)   | 110,569   |
| Subtotal  | 2,380,711  | 4,411,738   |
| Interest income received  | 625  | 852   |
| Interest expenses paid  | (82)   | —   |
| Income taxes paid   | (656,098)  | (502,945)   |
| Cash flows from operating activities                            | 1,725,156  | 3,909,645   |
| Cash flows from investing activities                            |  |   |
| Purchase of property, plant and equipment                       | (21,054)   | (10,456)  |
| Purchase of intangible assets                                   | (1,767)  | (11,072)  |
| Payments into time deposits                                     | (4,000,000)  | (4,000,000)   |
| Proceeds from withdrawal of time deposits                       | 2,500,000  | 4,000,000   |
| Payments for lease and guarantee deposits                       | (1,657)  | (1,101)   |
| Proceeds from collection of lease and guarantee<br>deposits     | 10,962   | 21,006  |
| Cash flows from investing activities                            | (1,513,515)  | (1,624)   |
| Cash flows from financing activities                            |  |   |
| Proceeds from issuance of common shares                         | 24,744   | —   |
| Repayments of finance lease obligations                         | (3,458)  | —   |
| Proceeds from issuance of subscription rights to<br>shares      | —  | 51,620  |
| Cash flows from financing activities                            | 21,285   | 51,620  |
| Increase (decrease) in cash and cash equivalents                | 232,926  | 3,959,641   |
| Cash and cash equivalents at beginning of period                | 7,869,086  | 8,226,972   |
| Cash and cash equivalents at end of period                      | 8,102,013  | 12,186,613  |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Additional information)

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) have been applied from the beginning of the first quarter of the fiscal year under review. Accordingly, deferred tax assets and deferred tax liabilities are presented under investments and other assets and non-current liabilities, respectively.