



M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Year Ended September 2019

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



October 31, 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 September 30, 2019)
Employees	Consolidated: 169 Non-consolidated: 98 (as of September 30, 2019)
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

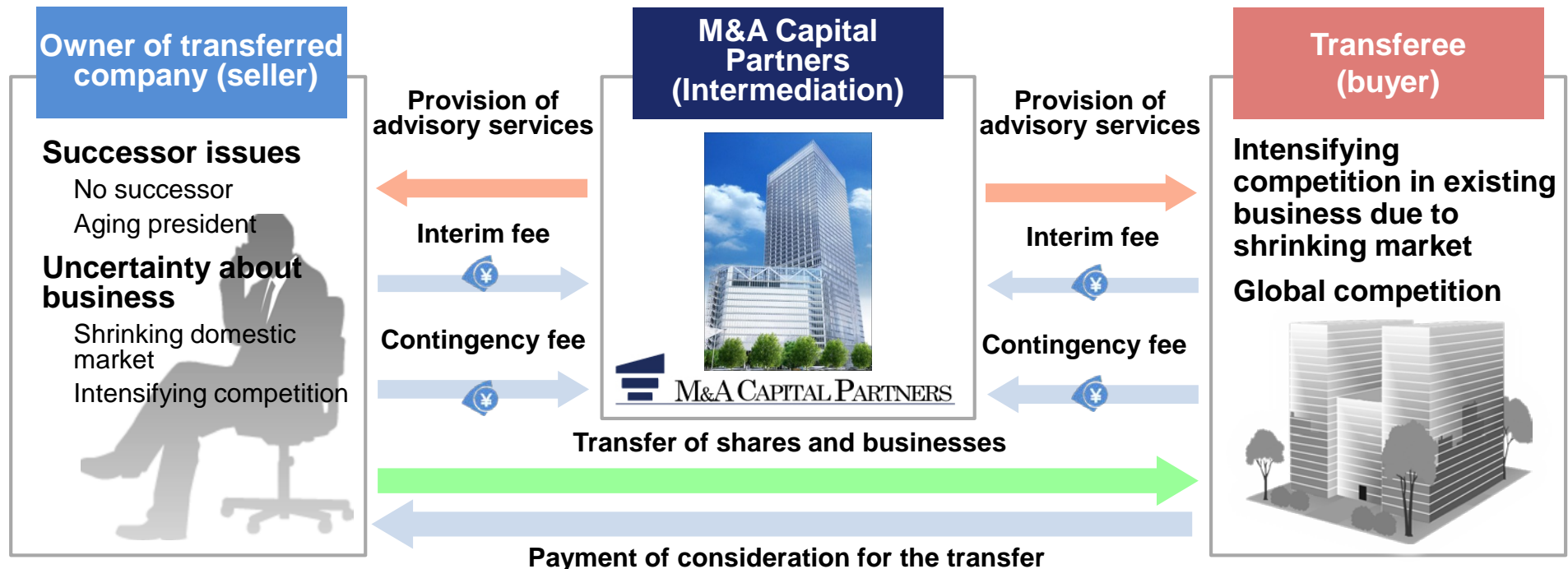
M&A-related services are our main business.

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.

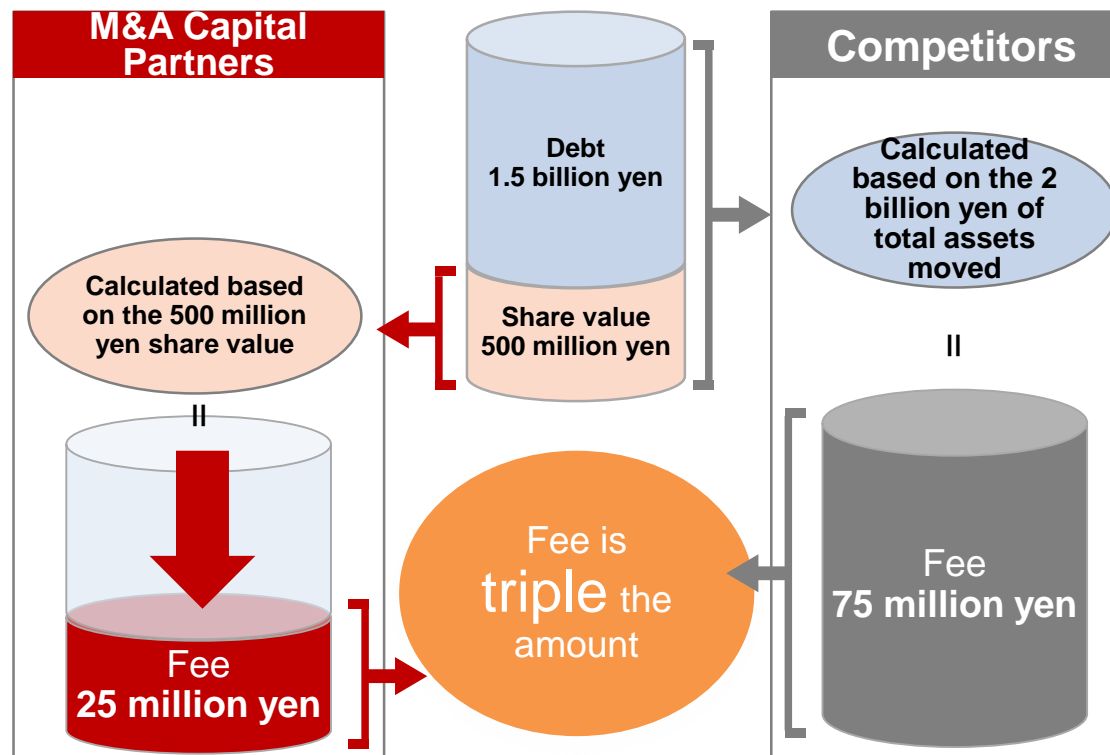
Expenses Required in the Consideration Phase			
	The Company	M&A intermediary business A	Large securities company B
Commencement fee	Free	Paid	Paid
Calculation of company value	Free	Paid	Paid
Monthly fee	Free	Free	Paid

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	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

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

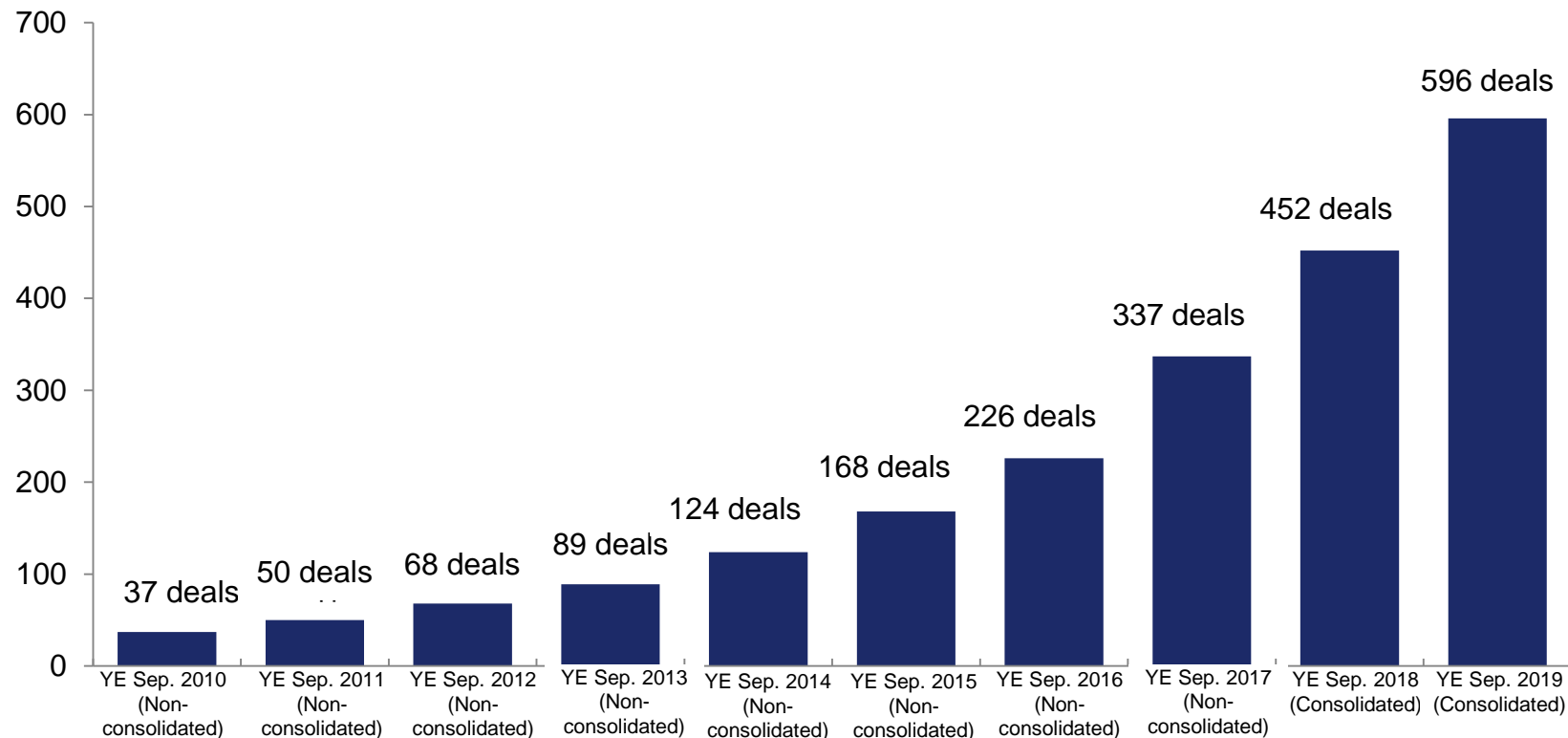


Stable Results Making Deals

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.

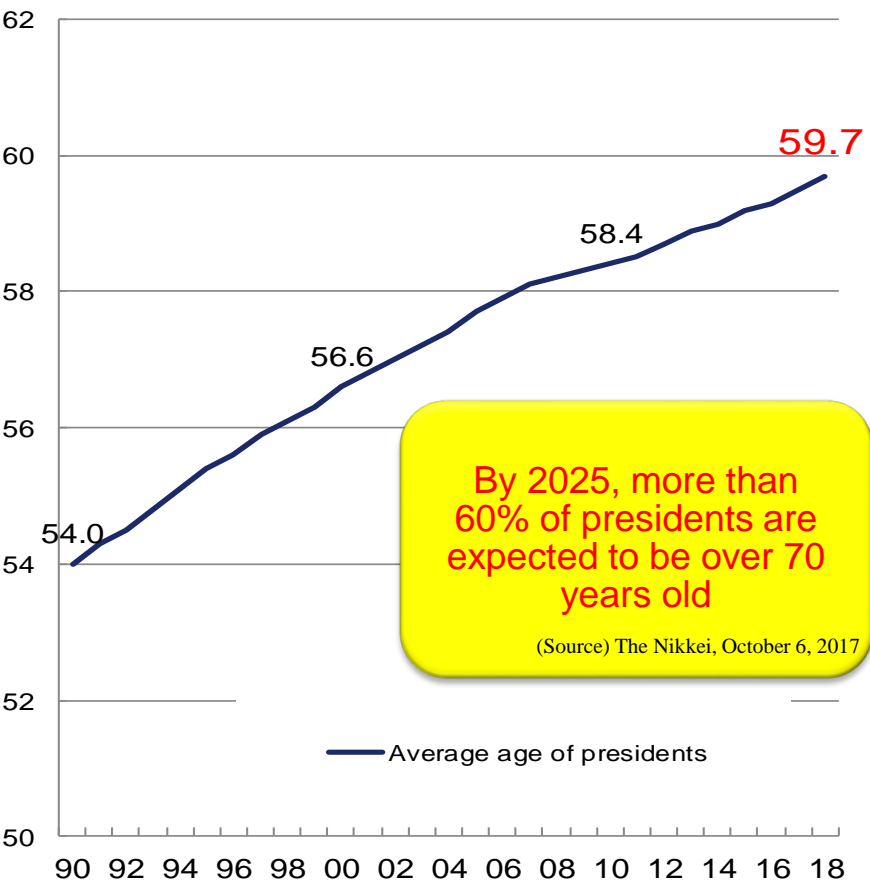
Cumulative Number of Deals Made



II **Business Environment**

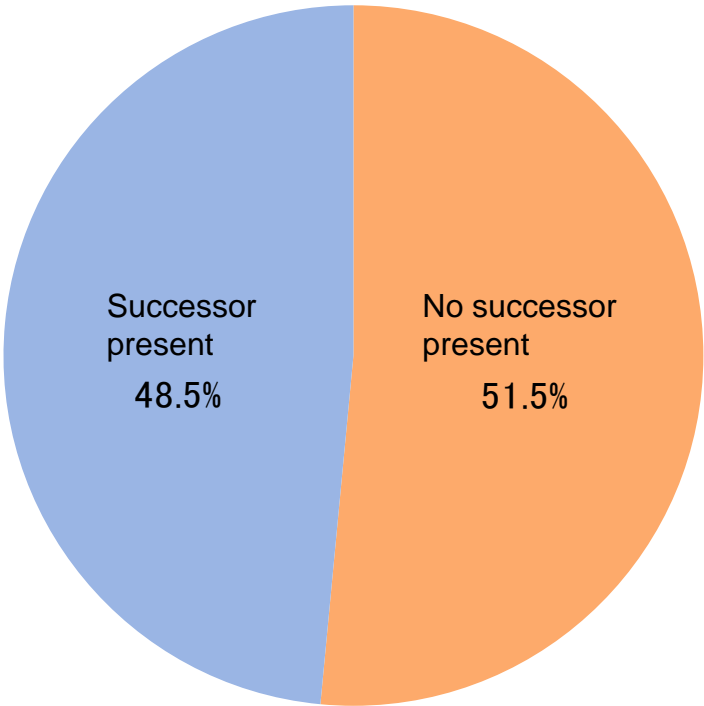
As the ages of company presidents increase, companies lacking successors have become the majority

Average Age of Presidents and Rate of Replacement



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

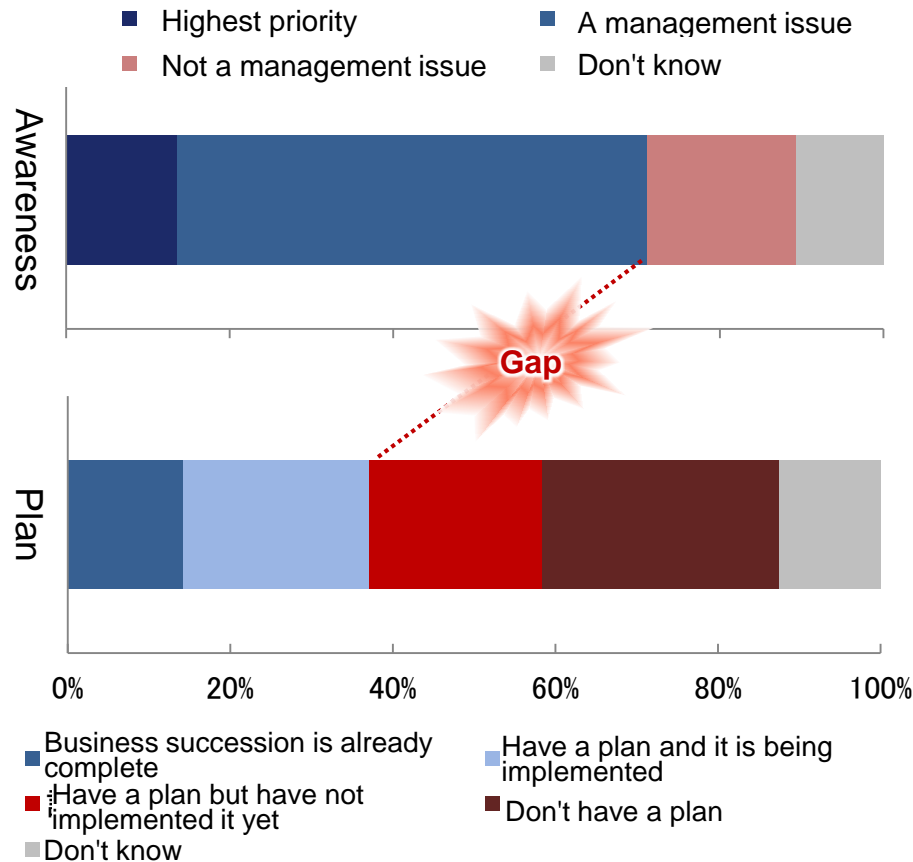
Successors in Companies with a President Aged 60 or More



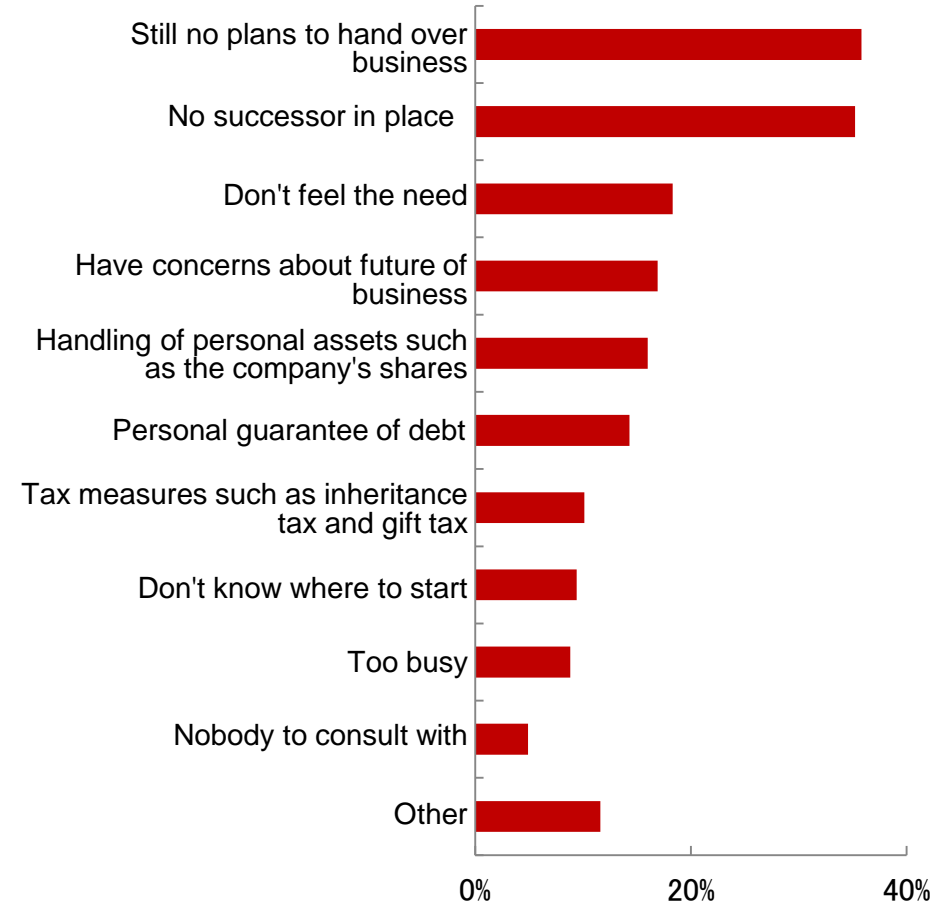
(Source) Teikoku Databank "Nationwide Analysis of Owner-operated Companies"

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

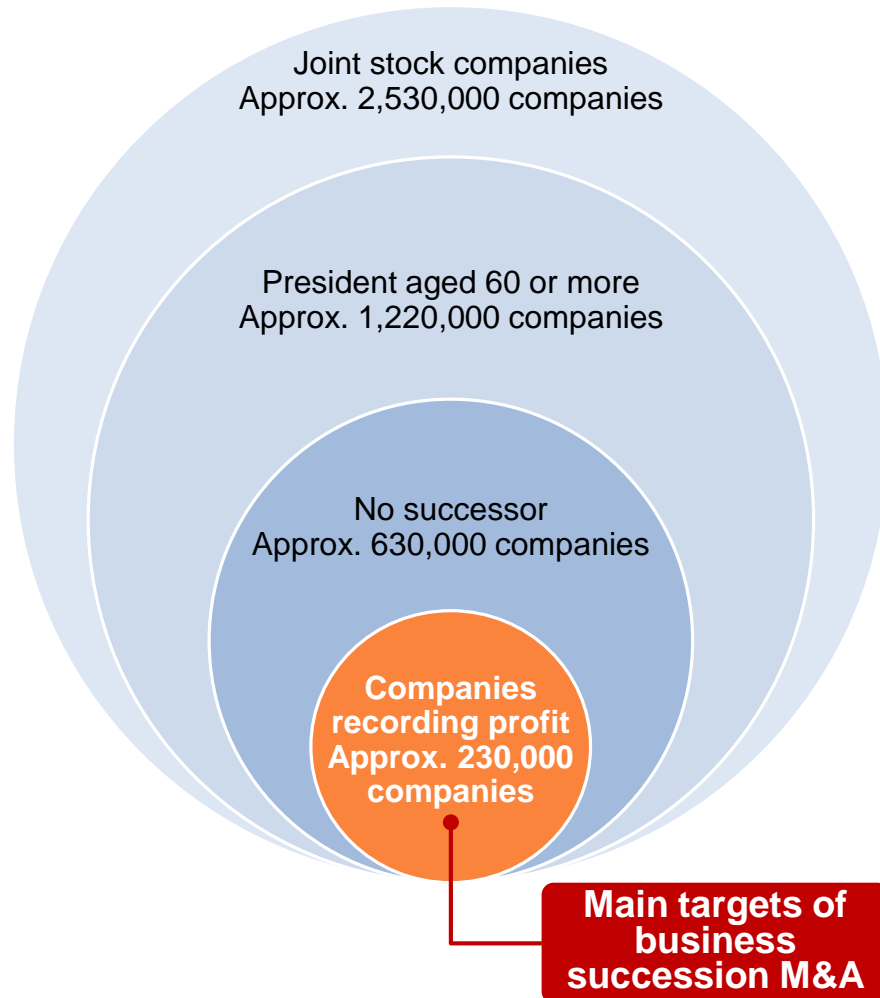


Reason for Lack of Progress in Planning of Lack of Plan for Business Succession



(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 230,000**

Our company handles 144 deals per year and **even the biggest player only handles 402 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 2019 and Forecast for the Year Ending September 2020**

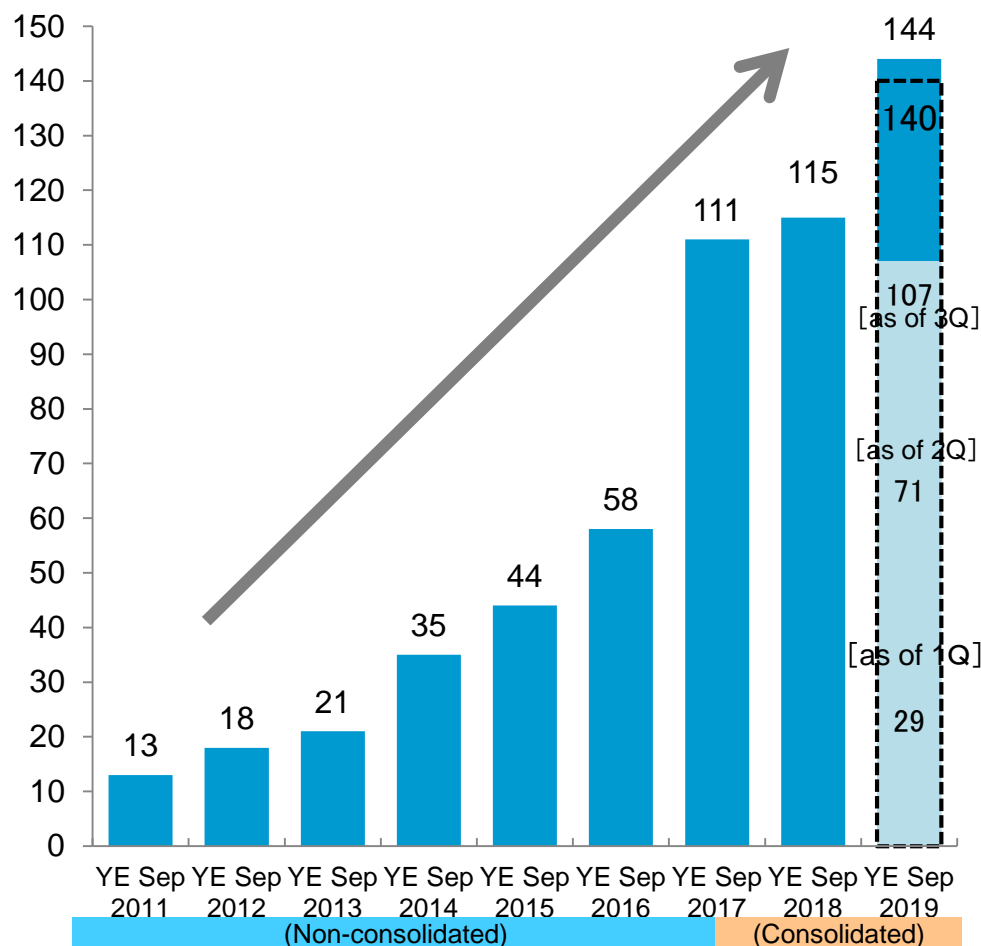
Number of Deals Made



M&A CAPITAL PARTNERS

(consolidated)	Result for the year	Forecast for the year	Forecast difference
Number of deals	144	140	102.9%

Number of Deals Made



- **+25.2% year on year**
- **Number of deals strong on non-consolidated basis, contributing to Group's overall number of deals**

(Factors)

[Non-consolidated] Abundant deal inventory and steady deal development contributed
[RECOF] 1Q-2Q was low turning point.

【Non-consolidated】

M&A Capital Partners 125
(+31.6% year-on-year)
- Achieved record highest number of deals

RECOF 19 (-5.0% year-on-year)

Earnings for the Year Ended September 2019 (Consolidated)

Net sales **12,592 million yen** (+57.0% year-on-year)

Ordinary income **5,855 million yen** (+85.3% year-on-year)

Number of deals **144 deals** (+25.2% year-on-year)

Number of consultants **126** (+18 year-on-year)

- **On a non-consolidated basis, results surpassed those of the same period of the previous year, providing a boost to the Group's overall performance. Favorable deals, including large ones, also contributed, so Group results significantly surpassed those of the same period of the previous year.**
- **Net sales and ordinary income both further exceeded the full-year forecast (revised), and performance was strong**
- **27 large deals closed (+50.0% year - on - year)**

Earnings for the Year Ended September 2019 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	10,918 million yen	+69.0%	1,504 million yen	+5.5%
Ordinary income	5,831 million yen	+83.6%	248 million yen	+16.6%
Number of deals	125	+31.6%	19	-5.0%
Number of consultants	80	+16	46	+2

- Net sales and ordinary income have been strong.
- 24 large deals closed

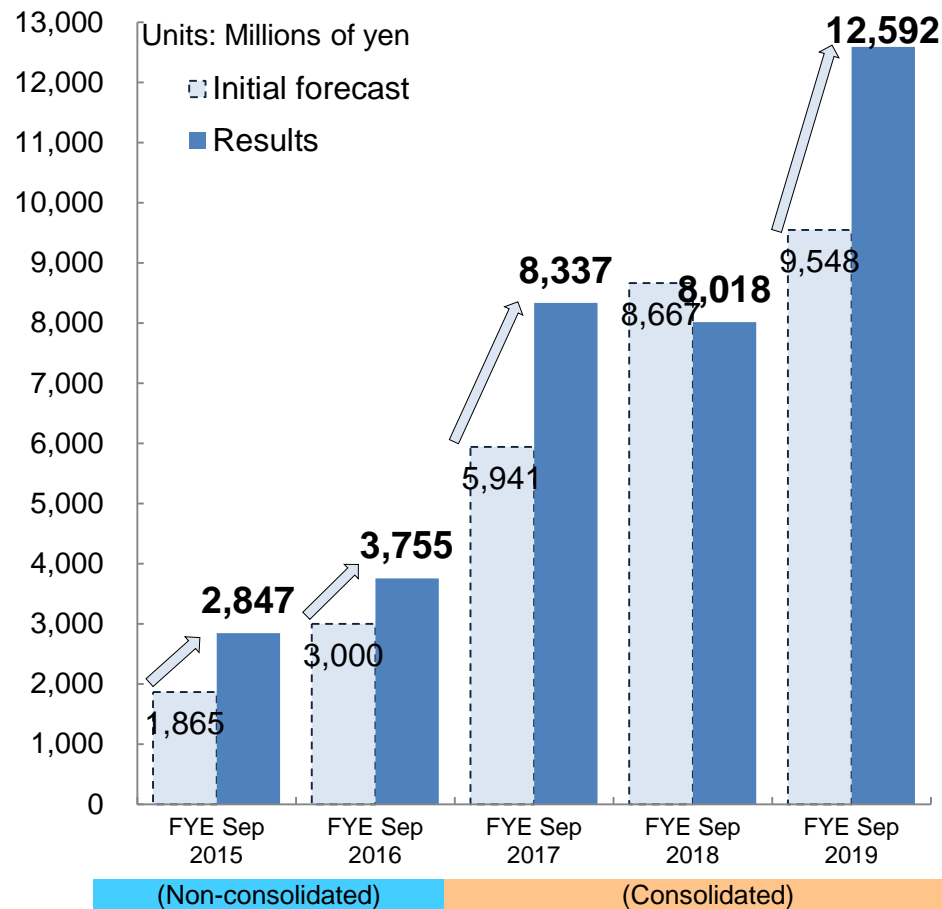
- Results progressed at a pace slightly exceeding the previous year despite a decrease in the number of deals made
- 3 large deals closed

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

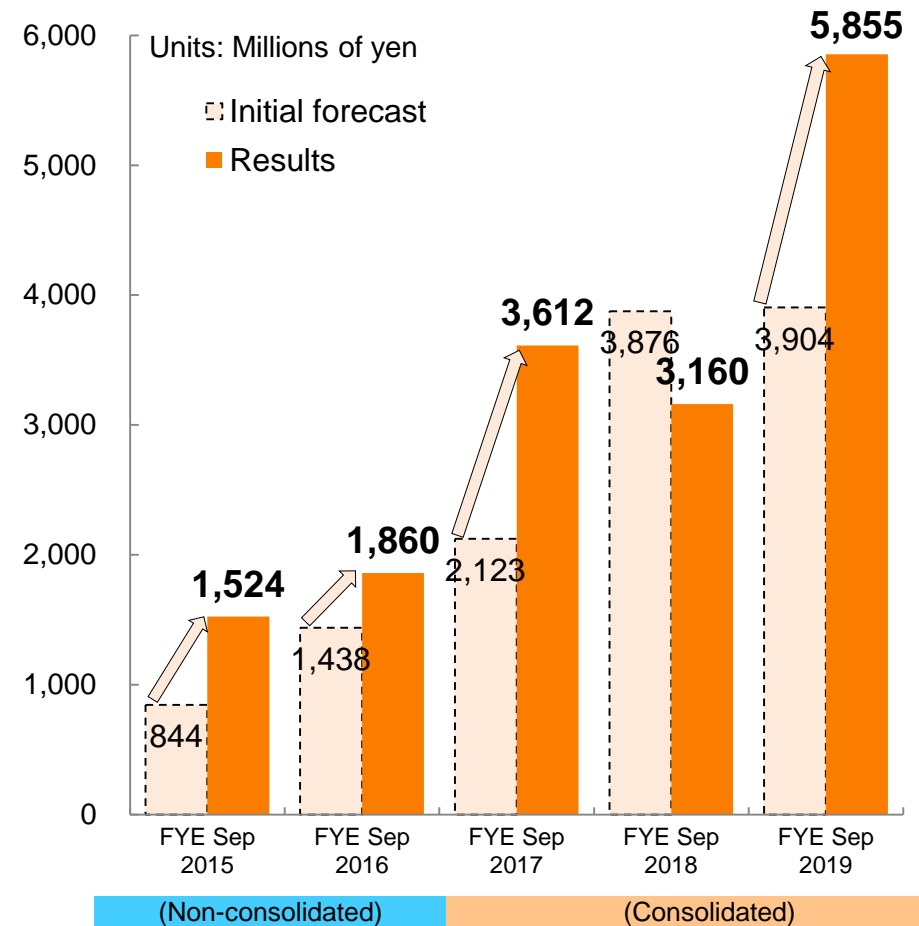
* The figures for RECOF DATA Corporation have been omitted because the amount is small.

- **Net sales and ordinary income both significantly exceeded the initial full-year forecast**

Net sales



Ordinary income



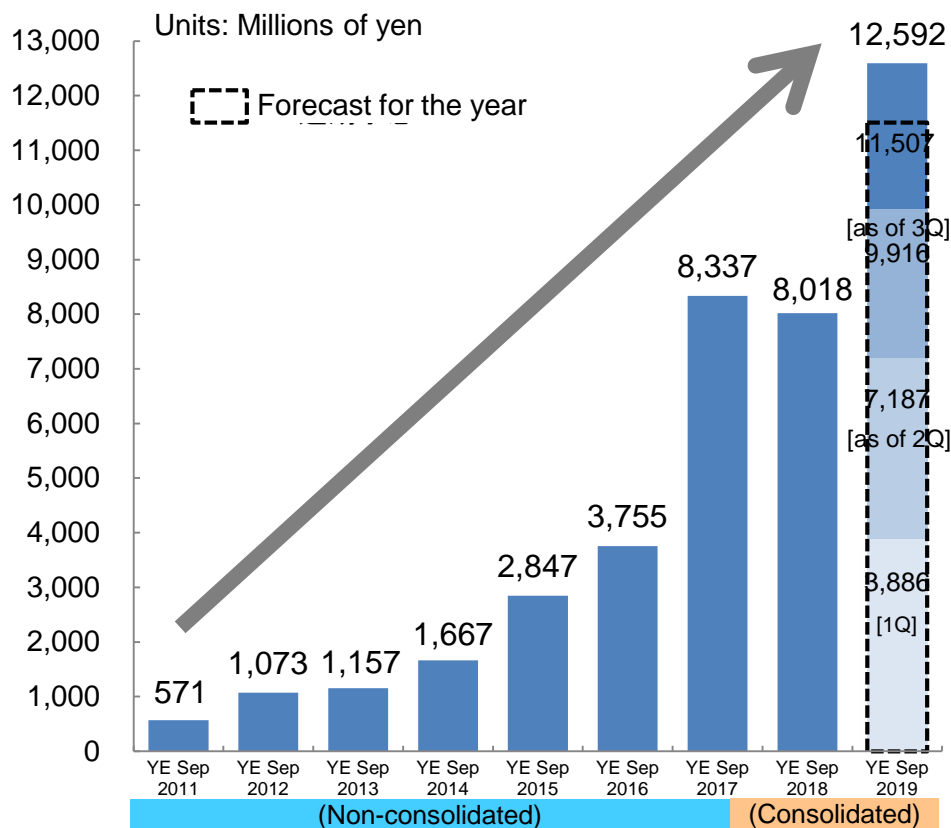
Changes in Earnings



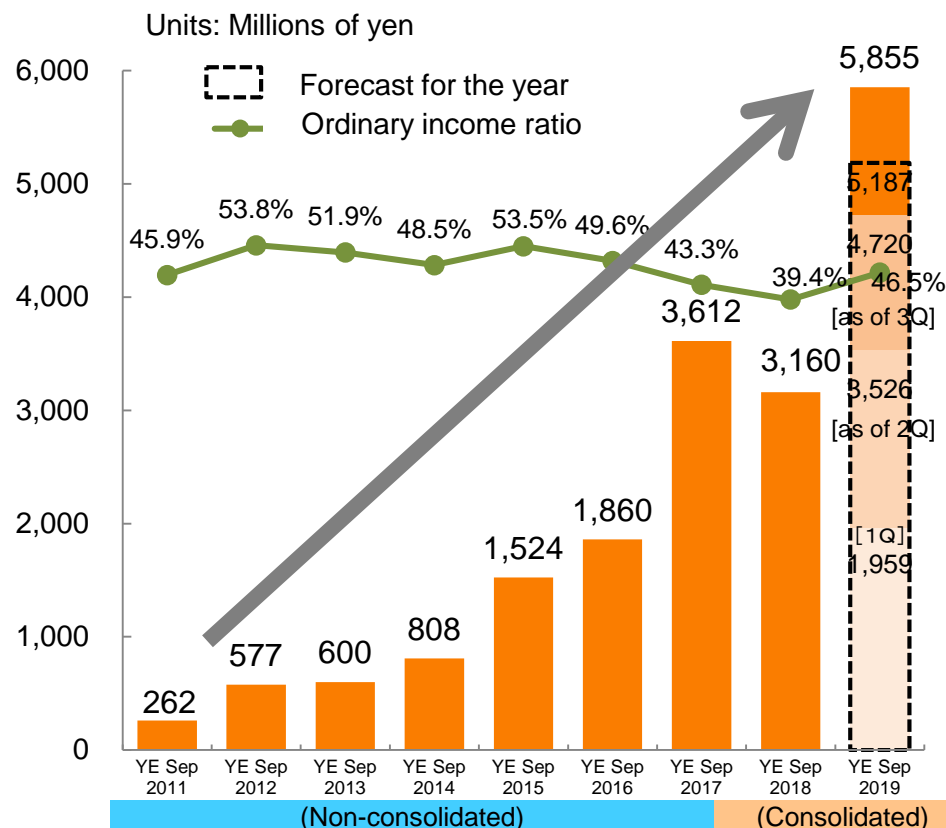
(consolidated)	Result for the year	Forecast for the year	Forecast difference
Net sales	12,592	11,507	109.4%
Ordinary income	5,855	5,187	112.9%

Units: Millions of yen

Net sales



Ordinary income



• **Net sales have increased more than tenfold over the six years since the year of application for listing (year ended September 30, 2013).**

Overview of Statements of Income (Consolidated)



M&A CAPITAL PARTNERS

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

	Year Ended September 2018		Year Ended September 2019		Forecast for the Year Ending September 2020
			Year-on-year Change	Overview of Performance	
Net sales	8,018 (100.0%)	12,592 (100.0%)	+ 57.0%	■ 27 large deals closed	13,706 (100.0%)
Gross profit	5,048 (63.0%)	8,441 (67.0%)	+ 67.2%	■ Benefit of increased revenue	
SG&A	1,882 (23.5%)	2,585 (20.5%)	+ 37.3%	■ Advertising expenses +168	
Operating income	3,165 (39.5%)	5,855 (46.5%)	+ 85.0%	Benefit of increased revenue	5,900 (43.0%)
Ordinary income	3,160 (39.4%)	5,855 (46.5%)	+ 85.3%		5,905 (43.1%)
Net income	2,092 (26.1%)	3,925 (31.2%)	+ 87.6%		4,054 (29.6%)
Number of deals made	115	144	+25.2%	■ Number of deals strong on non-consolidated basis	172
Employees	143	169	+18.2%		

Overview of Balance Sheets (Consolidated)

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

		September 30, 2018	September 30, 2019		
				Change	Main Factors Causing Change
	Current assets	12,757 (84.1%)	18,627 (88.1%)	+5,869	<ul style="list-style-type: none"> Cash and deposits: +5,726
	Noncurrent assets	2,403 (15.9%)	2,504 (11.9%)	+100	<ul style="list-style-type: none"> Deferred tax assets +265 Lease and guarantee deposits +72 Goodwill: -193 (Amortization of goodwill)
Total assets		15,161 (100.0%)	21,131 (100.0%)	+5,970	
	Current liabilities	1,768 (11.7%)	3,714 (17.6%)	+1,945	<ul style="list-style-type: none"> Income taxes payable +1,229 Accounts payable - other +459
	Noncurrent liabilities	218 (1.4%)	212 (1.0%)	-6	
Total liabilities		1,986 (13.1%)	3,926 (18.6%)	+1,939	
Total net assets		13,174 (86.9%)	17,205 (81.4%)	+4,030	<ul style="list-style-type: none"> Retained earnings: +3,925
Total liabilities and net assets		15,161 (100.0%)	21,131 (100.0%)	+5,970	

Market Capitalization

Units: 100 million yen



- **Market capitalization has increased approximately eightfold over the six years since listing (November 2013).**

Earnings Forecasts for the Year Ending September 2020 (Consolidated)

Net sales	13,706 million yen	(+8.9% year-on-year)
Ordinary income	5,905 million yen	(+0.9% year-on-year)
Profit attributable to owners of parent	4,054 million yen	(+3.3% year-on-year)
Number of deals	172 deals	(+19.4% year-on-year)
Number of consultants	148	(+22 year-on-year)

- **Closing of 30 large deals (forecast)**
- **Hiring of consultants will continue in an effort to increase the number of deals**
- **Strengthening of reactionary sales (seminars, web, TV commercials, referrals, etc.**
- **Forecast of slight increase in ordinary income with an increase in costs caused by increased floorspace of non-consolidated head office**

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	11,798 million yen	+8.1%	1,606 million yen	+6.7%
Ordinary income	5,866 million yen	+0.6%	292 million yen	+17.7%
Number of deals	150	+20.0%	22	+15.8%
Number of consultants	100	+20	48	+2

- Closing of 26 large deal (forecast)
- Forecast of slight increase in ordinary income with an increase in costs caused by increased floorspace of head office

- Closing of 4 large deal (forecast)

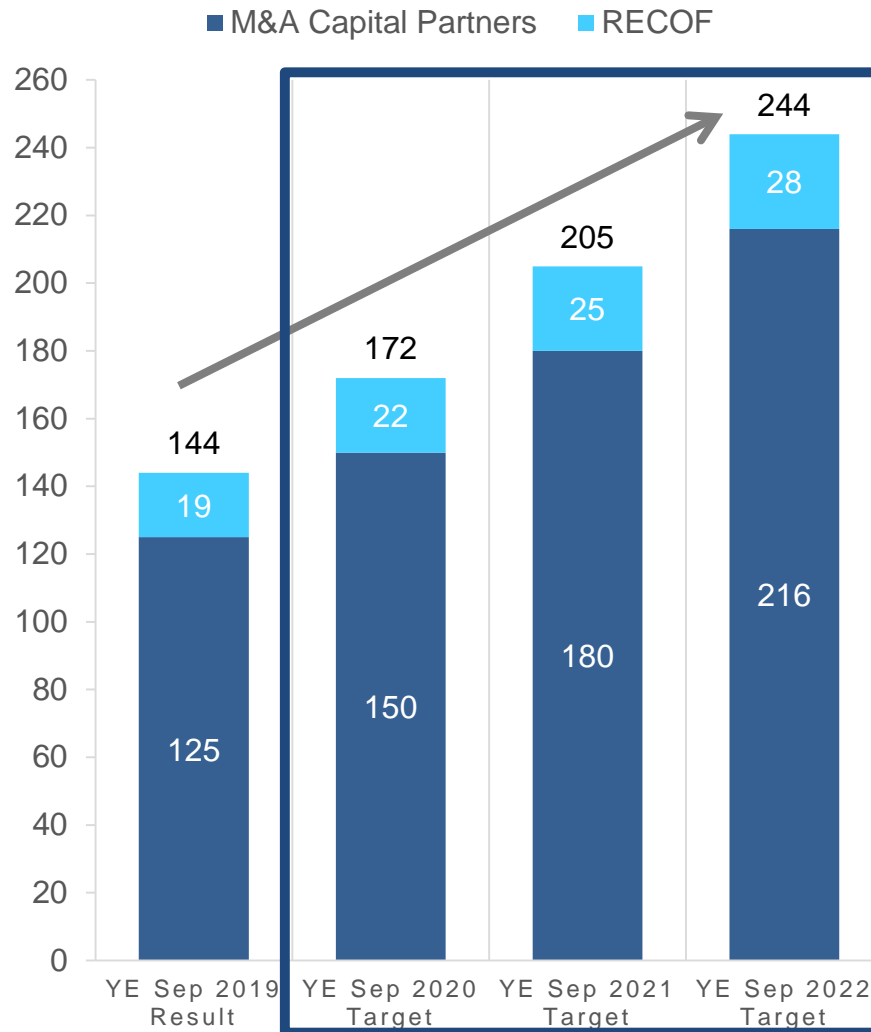
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IV Growth Strategy



Three-year Plan for Number of Deals (Year Ending September 2020 to Year Ending September 2022)



[Number of Deals]

<M&A Capital Partners>

Average increase of 20% per year

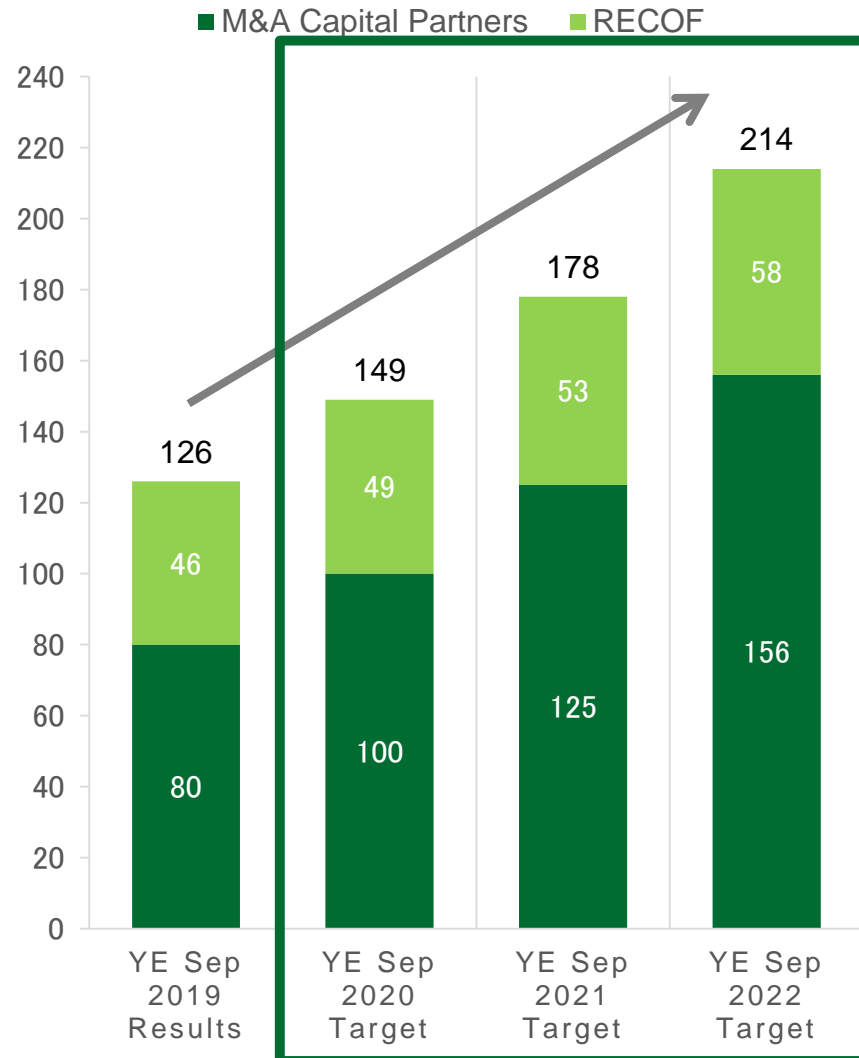
<RECOF>

Average increase of 20% per year

will be maintained in each company.



Three-year Plan for Number of Consultants (Year Ending September 2020 to Year Ending September 2022)



[Number of Consultants]

<M&A Capital Partners>

Average increase of 25% per year

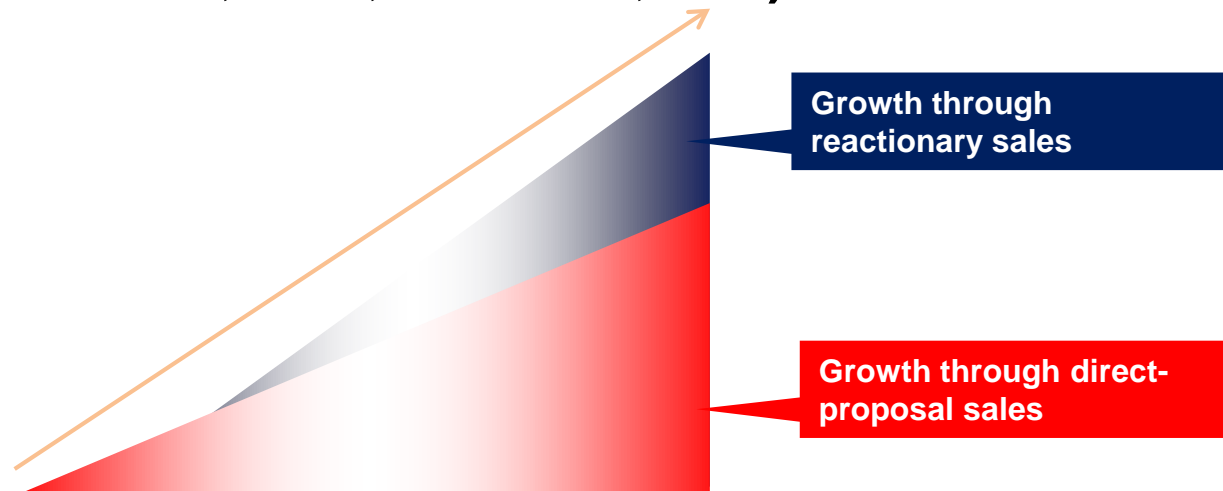
<RECOF>

Average increase of 10% per year

will be maintained in each company.

<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.)



<Expansion of Television Commercials and Addition of New Commercial>

[Start of airing on national networks (from October 2019)]

In addition to TV Tokyo's "World Business Satellite,"
national network TBS's Hodo Tokushu (every Saturday evening)

[Addition of new commercial (from October 2019)]

Additionally produce a new commercial and begin airing on TV Tokyo's "World Business Satellite."



<Strengthening and expansion of referral network>

[Start of partnership with Mizuho Bank (from August 2019)]


- **Conclusion of business alliance agreement between Mizuho Bank and the Company** to strengthen support for business succession needs of small and medium-sized companies.
- Mizuho Bank refers small and medium-sized companies with needs for business succession through M&A to the Company, which will provide detailed services to meet the succession needs of small and medium-sized companies expected to expand and diversify in future.

[Strengthening ties with tax accountants, accountants, local banks and securities companies]

- **Actively promoted strengthening of ties with local banks** in the year ended September 30, 2019.
- Also continued to strengthen ties with tax accountants, accountants and local banks.

<Seminars>

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

	Year ended September 2019		Future
Number held	12 per year		Continue to enhance seminars held as with previous year
Areas held	Tokyo, Osaka, Nagoya, Fukuoka		Continue to increase seminars in Tokyo and regional cities as with previous year

<WEB>

[Continued to strengthen measures for increase in inquiries from website]

- Web advertising
- SEO measures (maintaining high rank in Web searches)
- Renewal of website

Seminars Held in the Year Ended September 2019

In the Year ended September 2019, we held 12 large-scale M&A seminars in Tokyo, Nagoya, Osaka, Fukuoka.

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
February 4, 2019	M&A Seminar	Nikkei Sangyo Shimbun Forum(Nagoya Venue)	170
February 6, 2019	as above	as above(Osaka Venue)	380
February 13, 2019	as above	as above(Fukuoka Venue)	200
March 19, 2019	as above	as above(Tokyo Venue)	550
July 24, 2019	M&A Seminar	NIKKEI BP INTELLIGENCE GROUP Management Forum(Tokyo Venue)	800
August 1, 2019	as above	as above(Osaka Venue)	300
August 20, 2019	as above	as above(Fukuoka Venue)	120
August 28, 2019	as above	as above(Nagoya Venue)	200

Seminars Scheduled to be Held in the First Quarter of the Year Ending September 2020

During the First quarter of the year ending September 2020, 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
August 24, 2019	M&A Seminar	TOYO KEIZAI INC. Management Forum (Nagoya Venue)
November 5, 2019	as above	as above(Osaka venue)
November 7, 2019	as above	as above(Fukuoka venue)
November 14, 2019	as above	as above(Tokyo venue)

[Keynote address (Nagoya and Tokyo)]

“The Reasons for YAOKO’s strength”
Yukio Kawano, Chairman and Executive Director, YAOKO Co., Ltd.

[Keynote address (Osaka and Fukuoka)]

“I am the President.”
Fumiko Motoya, President, APA Hotel Ltd.

August 2019

Establishment of Vietnamese Local Subsidiary of RECOF

To mark the 8th anniversary a local subsidiary was established to strengthen cross-border business between Japan and Vietnam

RECOF entered the Vietnamese market in October 2011 and has closed cross-border deals between Japan and Vietnam. Recently RECOF has been directly consulted by local client companies about sale to Japanese companies and capital alliances, and a local subsidiary was established to further strengthen the ability to gather information, networking and branding in Vietnam.



* A party was held in October 2019 to commemorate the 8th anniversary of entering the Vietnamese market and the establishment of the local subsidiary. It was attended by more than 120 people including representatives from local client companies, Japanese client companies, attorneys and accountants.

March 2019

Transfer of “M&A Forum” Secretariat Business to RECOF Data

Expansion of seminar business earnings by improving branding as neutral M&A infrastructure

* M&A Forum was launched in 2005 as a place to conduct activities promoting the development and spread of M&A based on a report by the “M&A Conference” of the Economic and Social Research Institute in the Cabinet Office.

RECOF DATA

- Provision of M&A database
- Communication of information through MARR Online
- Holding seminars for human resource development
- Provision of information to the media



M&A Forum

- Operation of M&A Forum Awards
- Operation of M&A Human Resource Development School (Basic Practical Course)
Record: Approx. 960 companies
Approx. 1,430 people

MALP (M&A Leadership Program)

Advanced course by professional teachers that takes the Human Resource Development School to the next level

(* Six classes held in November)

M&Aフォーラム
第1期 (2019年11月期)
MALP
M&Aリーダーシップ・プログラム

[MARR Online (M&A information and data site)] URL: <https://www.marr.jp/>

When the share split (1:2) scheduled for December 1, 2019 is carried out, there will be no change to the eligibility requirements (shareholders with one or more units of shares) and details (3,000-yen QUO Card) of shareholder special benefits, which will be maintained at the current level.

This will lead to shareholders that newly obtain the minimum investment amount after the share split to attain eligibility for the special benefits, effectively expanding the system.

Eligible shareholders	Shareholders who own one unit (100 shares) or more as stated or recorded in the shareholder registry as of September 30 every year
Details of the special benefits	Uniform gift of a 3,000-yen QUO Card
Timing of gift	To be sent once every year in late December

Sample

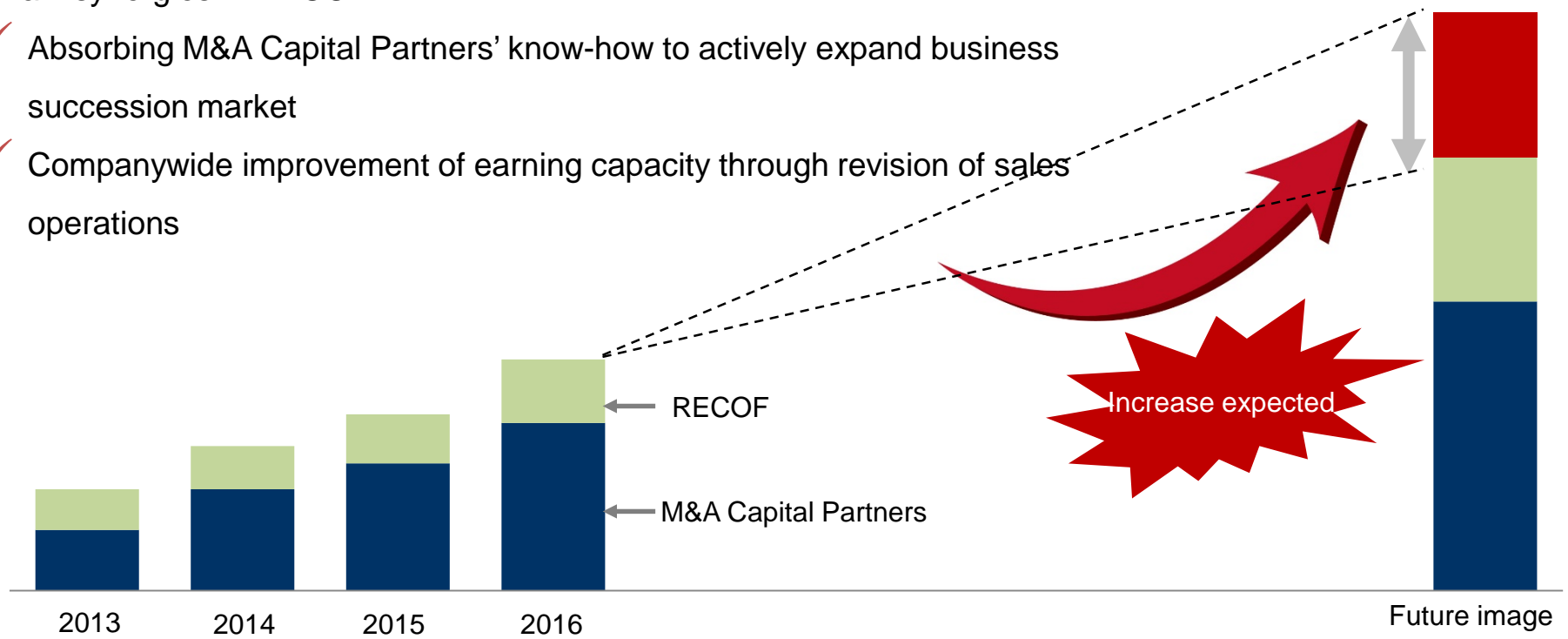


<Main synergies in M&A Capital Partners>

- ✓ 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.