

M&A Capital Partners Co., Ltd.

Presentation Materials for the Earnings Briefing for the Nine Months Ended June 2020

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



July 30, 2020

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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 June 30, 2020)
Employees	Consolidated: 180 Non-consolidated: 105 (as of June 30, 2020)
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

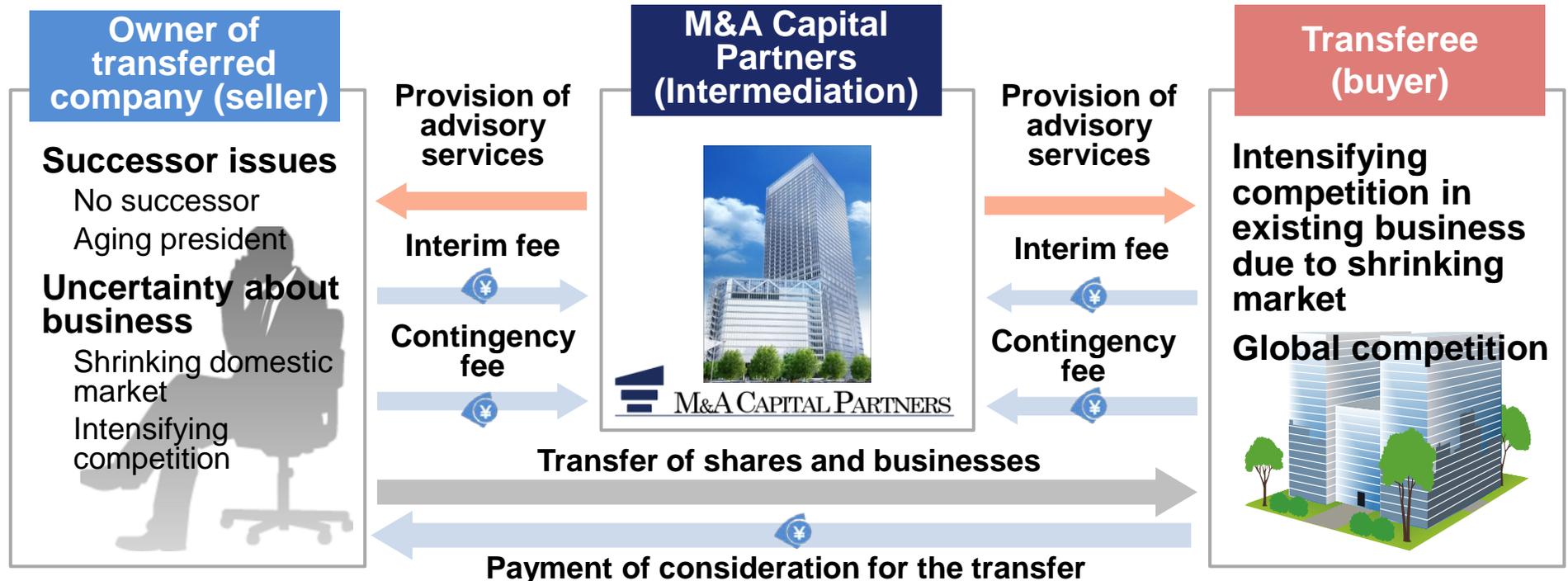
M&A-related services are our main business.

Characteristics

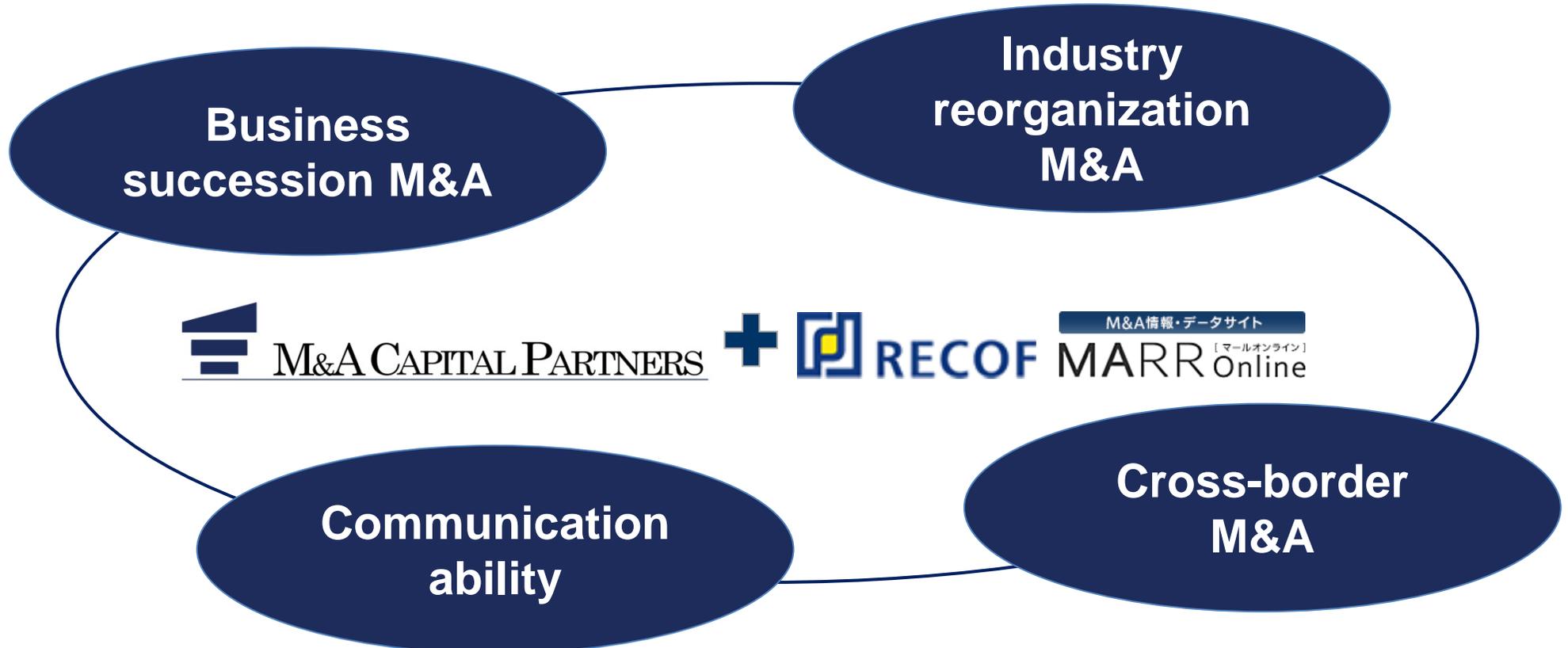
Mainly **business succession M&A**. We propose solutions through M&A and support their realization for owner managers who have concerns about business succession.

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.



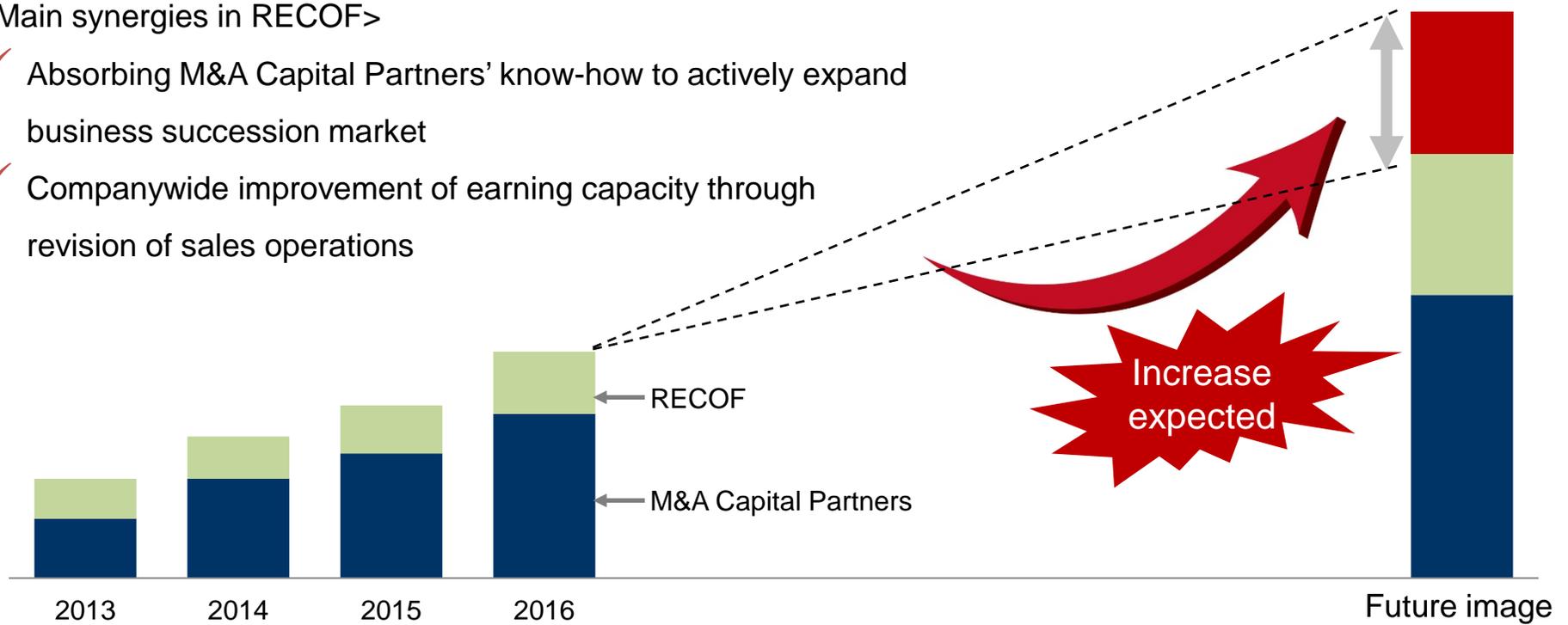
Creation of a new organization and expansion of business areas for the sustainable growth of the Group

<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





Fee structure that is convincing for clients

(1) Contingency fee-based fee structure (No commencement fee or monthly fee)

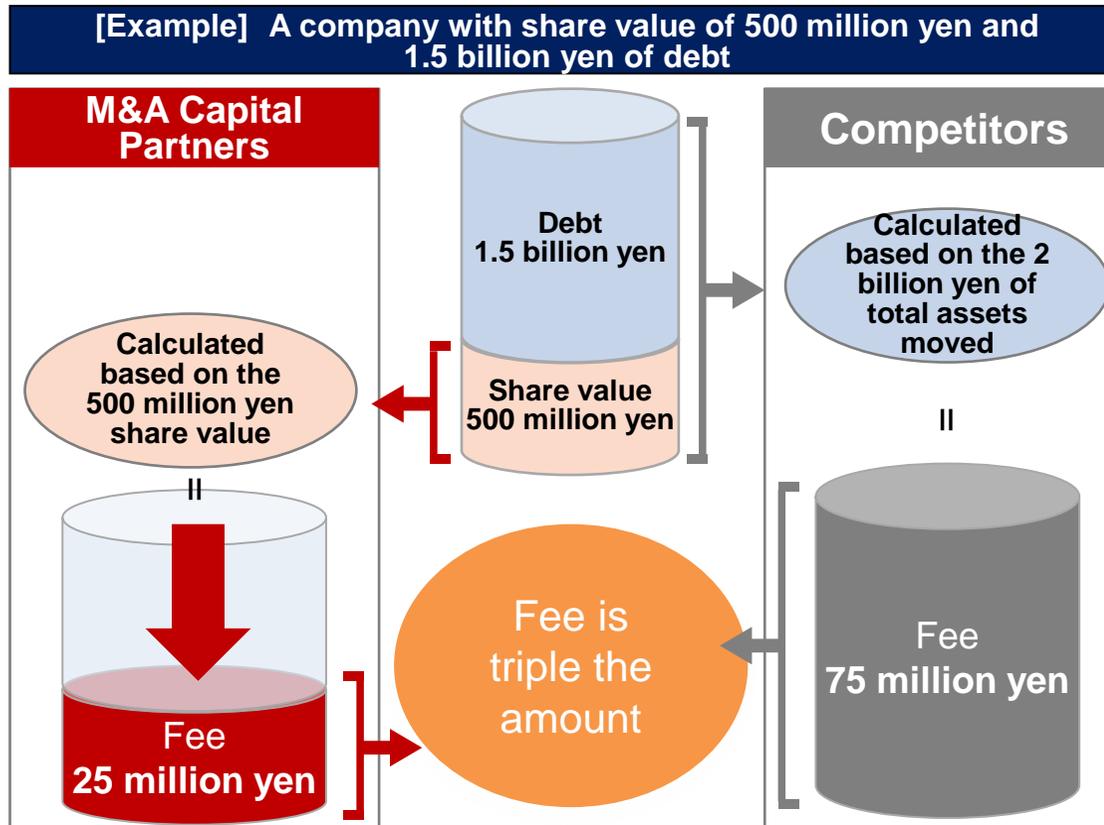
Fee schedule in which clients **do not bear expenses** until the conclusion of a Memorandum of Understanding

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



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

$$\begin{aligned}
 & 500 \text{ million yen} \times 5\% = 25 \text{ million yen} \\
 & + (1 \text{ billion yen} - 500 \text{ million yen}) \times 4\% = 20 \text{ million yen} \\
 & + (2 \text{ billion yen} - 1 \text{ billion yen}) \times 3\% = 30 \text{ million yen} \\
 & \underline{\hspace{1.5cm}} \\
 & 75 \text{ million yen}
 \end{aligned}$$

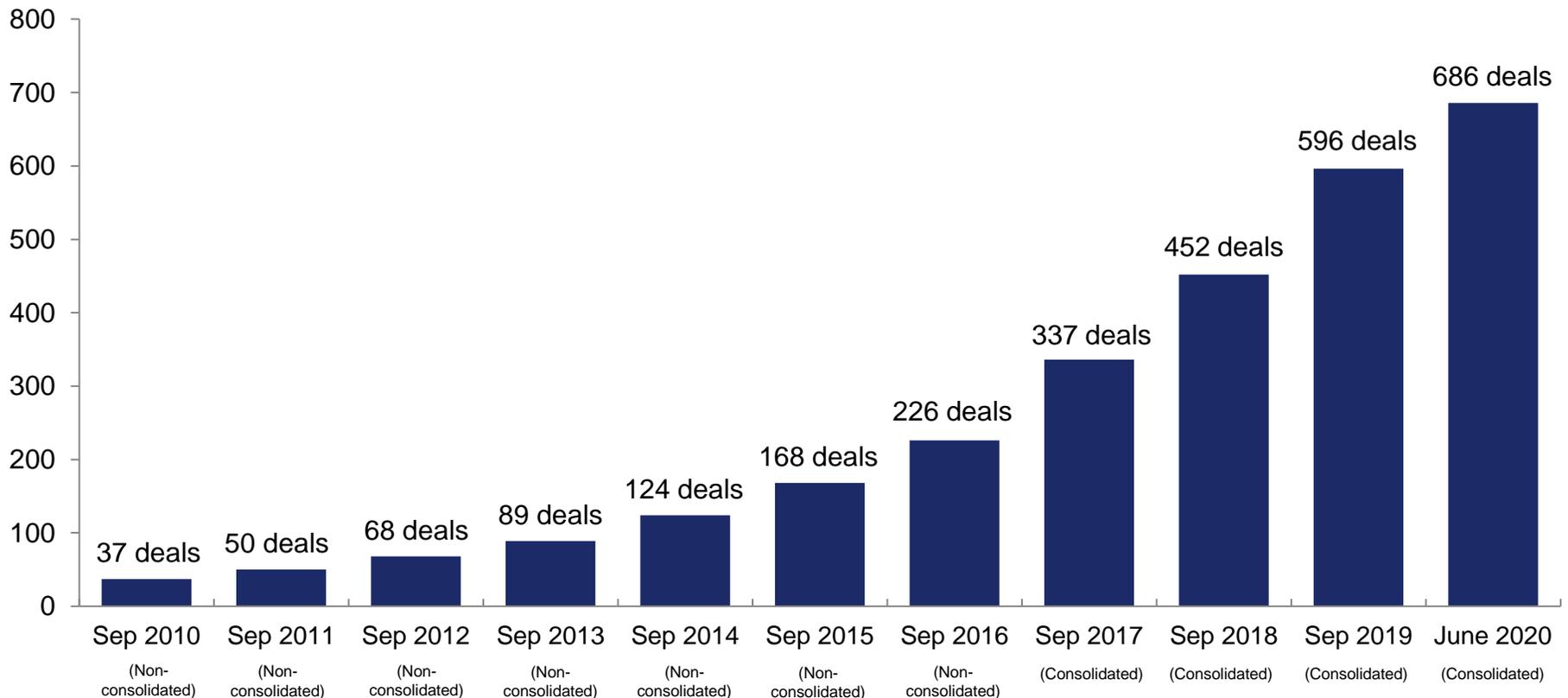


Stable Results Making Deals

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

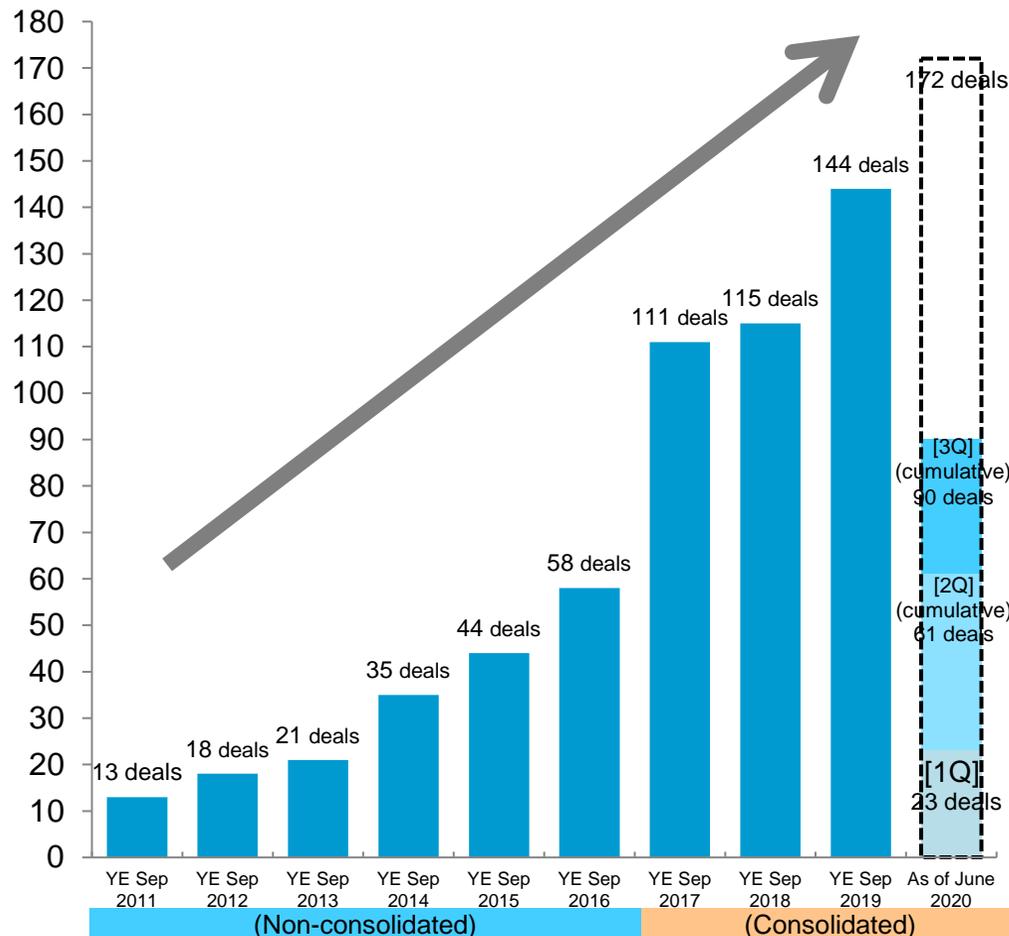


***II* Results for the Nine Months Ended June 2020 and Forecast for the Year Ending September 2020**

Number of Deals Made

	3Q(cumulative)	Forecast for the year	Progress for Entire Year
Number of deals (consolidated)	90	172	52.3%

Number of Deals Made



- -15.9% Year-on-year
- Some deals fell behind schedule due to the impact of novel coronavirus, and results did not reach previous-year levels.

[Non-consolidated]

M&A Capital Partners 72 deals
(-24.2 % year-on-year)

RECOF 18 deals
(+50.0 % year-on-year)

- Meanwhile, the number of deals handled (non-consolidated) decreased rapidly to 229 until after the Golden Week holidays from the end of April to the beginning of May due to the impact of novel coronavirus, but quickly recovered to 272 (+13.8% year-on-year) due to strengthening of sales activities after the lifting of the state of emergency.
- **We plan to make up lost ground in 4Q to reach our target for the whole year.**

Earnings for the Nine Months Ended March 2020 (Consolidated)

Net sales	8,375 million yen	(-15.5% year-on-year)
Ordinary income	3,520 million yen	(-25.4% year-on-year)
Number of deals	90 deals	(-15.9% year-on-year)
Number of consultants	135	(+18 year-on-year)

- Some deals were delayed compared to the anticipated schedule due to the impact of novel coronavirus, which caused results to fall below previous-year levels.
- 14 large deals closed (-33.3% year-on-year)

- Meanwhile, advances received,* which is a reference indicator for **back orders**, accumulated steadily to **a record level of 550 million yen (+62.5% year-on-year)**.
- We will continue to focus on the impact of novel coronavirus going forward, **but plan to make up lost ground in 4Q to reach our target for the whole year.**

*Advances received: consists mainly of the total of interim payments (10% of fees) received when a Memorandum of Understanding is concluded

Earnings for the Nine Months Ended March 2020 (Non-consolidated)

	M&A Capital Partners		RECOF	
		Year-on-year Change		Year-on-year Change
Net sales	6,917 million yen	-21.5%	1,427 million yen	+45.1%
Ordinary income	3,281 million yen	-32.0%	390 million yen	+424.6%
Number of deals	72	-24.2%	18	+50.0%
Number of consultants	86	+14	49	+4

- Some deals were delayed compared to the anticipated schedule due to the impact of novel coronavirus, which caused results to fall below previous-year levels.
 - 11 large deals closed (-42.1% year-on-year)

- Results significantly exceeded previous-year levels due to the impact of novel coronavirus being kept to a minimum and the number of deals increasing year-on-year.
 - 3 large deals closed (+50% year-on-year)

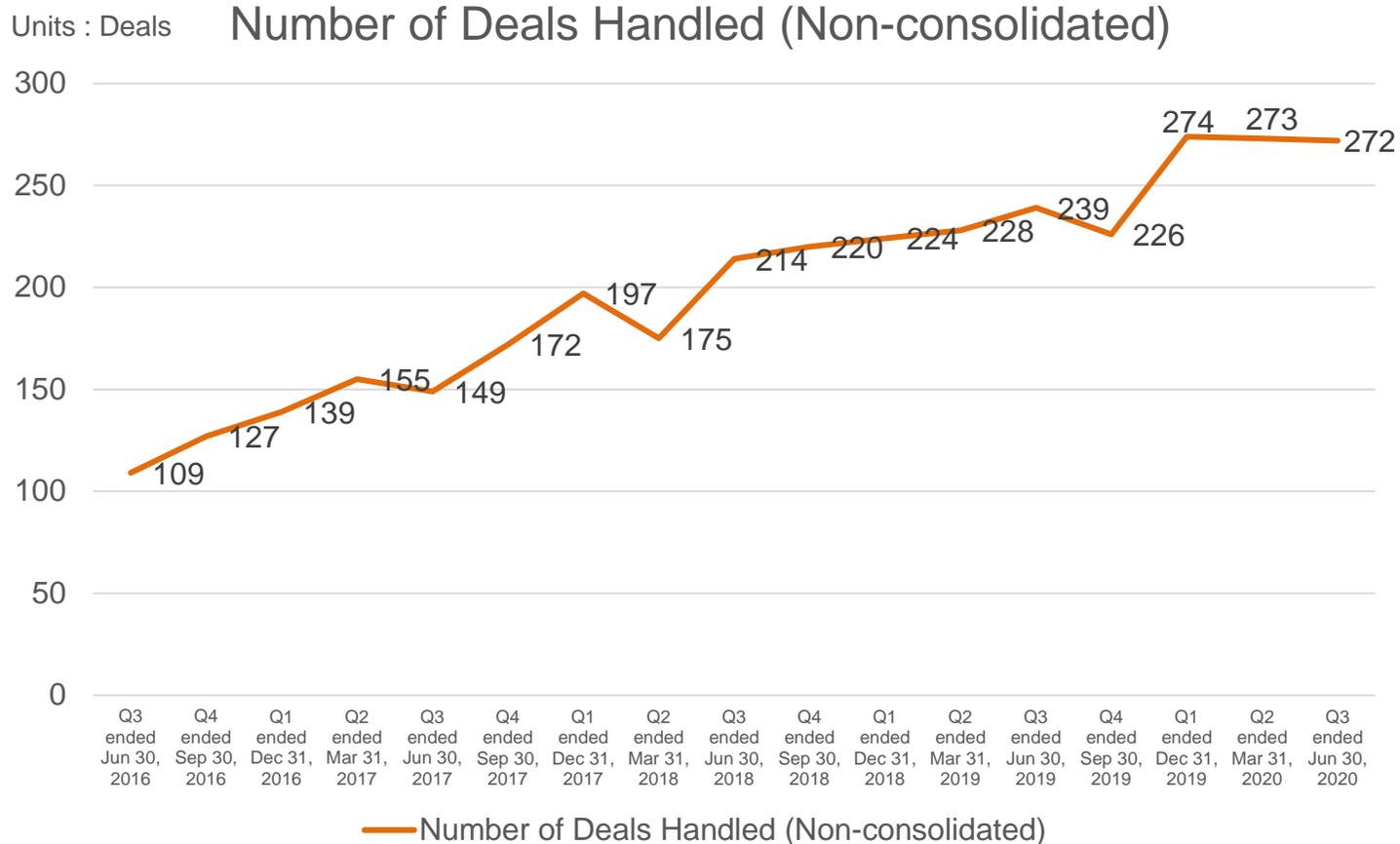
* Because non-consolidated information is shown, consolidated amortization of goodwill (169 million yen) due to business integration is not included.

* We have omitted listing Group companies of relatively low importance.

* The figures for RECOF are consolidated figures including RECOF Vietnam Co., Ltd.



Number of Deals Handled (Non-consolidated)



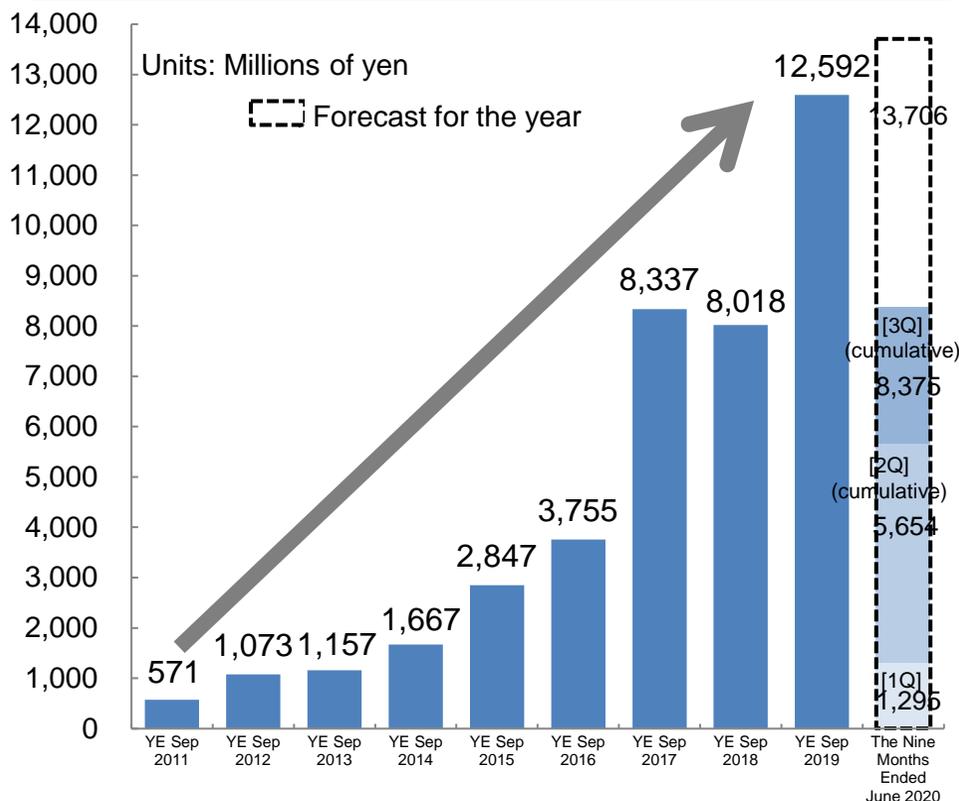
- The number of deals handled (non-consolidated) decreased rapidly to 229 until after Golden Week due to the impact of novel coronavirus, but **quickly recovered to 272 (+13.8% year-on-year)** due to strengthening of sales activities after the lifting of the state of emergency.

Changes in Earnings

(consolidated)	3Q	Forecast for the year	Progress for Entire Year
Net sales	8,375	13,706	61.1%
Ordinary income	3,520	5,905	59.6%

Units: Millions of yen

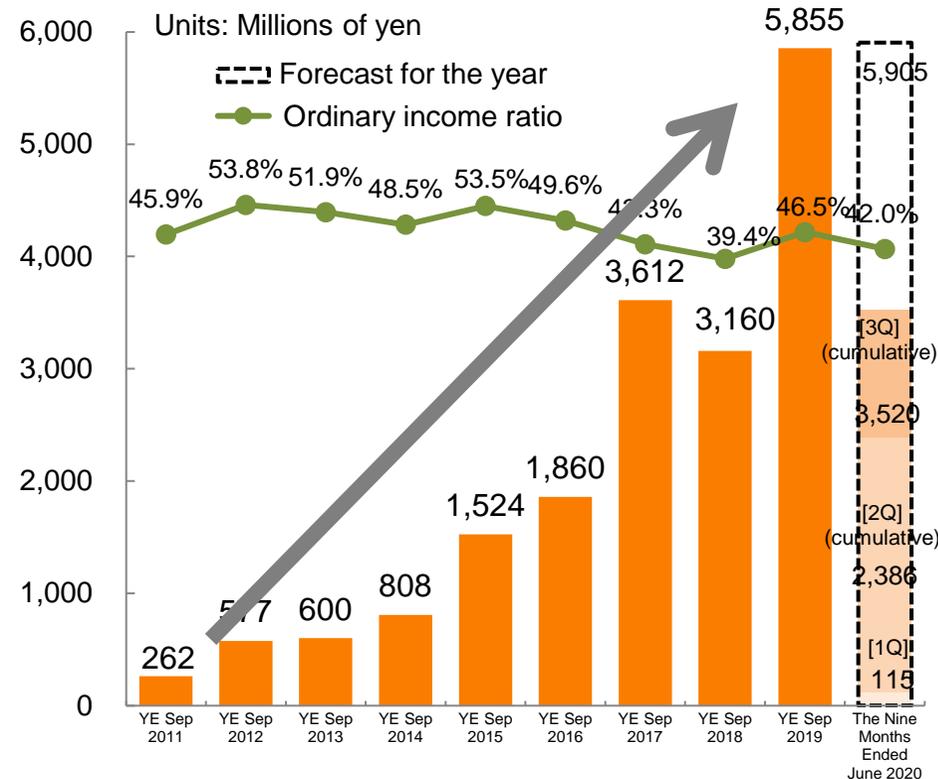
Net sales



(Non-consolidated)

(Consolidated)

Ordinary income



(Non-consolidated)

(Consolidated)

- In the previous fiscal year, net sales had increased more than tenfold over the six years since the year of application for listing (year ended September 30, 2013).

<Countermeasures for dealing with the spread of novel coronavirus>

Implemented the following countermeasures for business continuity

- Encouraged those feeling unwell to take time off
- Introduced thorough regimen of washing hands, using alcohol-based disinfectants, and wearing masks
- Strengthened teleworking by working from home (progressively reverting to normal work from June)
- Began new, free consultation service that does not require face-to-face meetings (email, telephone, video conferencing)
- Held M&A seminars as webinars
- Utilized satellite office

<Impact on results of spread of novel coronavirus>

We have left full-term results forecasts unchanged, but we are focusing on the impact of novel coronavirus going forward.

- Refraining from new sales activities and switching to working from home has had an impact on the handling of some deals.
- Due to the uncertainty regarding the results outlook for transferred companies, and other factors, some deals have fallen behind schedule, which caused results to fall below previous-year levels.
- However, we plan to make up lost ground in 4Q and our results forecasts for the fiscal year ending September 30, 2020 are unchanged because we have accumulated ample deals handled and the advances received that are a reference indicator for back orders also reached a record level.
- We will continue to focus on the impact of novel coronavirus going forward, and promptly disclose any significant impact on results.

Overview of Statements of Income (Consolidated)



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

	Nine Months Ended June 2019	Nine Months Ended June 2020			Forecast for the Year Ending September 2020
			Year-on-year Change	Overview of Performance	
Net sales	9,916 (100.0%)	8,375 (100.0%)	-15.5%	<ul style="list-style-type: none"> Fell below previous-year levels due to the impact of novel coronavirus. 	13,706 (100.0%)
Gross profit	6,606 (66.6%)	5,715 (68.2%)	-13.5%	<ul style="list-style-type: none"> Impact of reduced revenue 	
SG&A	1,886 (19.0%)	2,193 (26.2%)	+16.3%	<ul style="list-style-type: none"> Advertising expenses +97 Rents +39 	
Operating income	4,720 (47.6%)	3,521 (42.0%)	-25.4%	<ul style="list-style-type: none"> Impact of reduced revenue 	5,900 (43.0%)
Ordinary income	4,720 (47.6%)	3,520 (42.0%)	-25.4%		5,905 (43.1%)
Net income	3,159 (31.9%)	2,319 (27.7%)	-26.6%		4,054 (29.6%)
Number of deals made	107	90	-15.9%	<ul style="list-style-type: none"> Fell below previous-year levels due to the impact of novel coronavirus. 	172
Employees	158	180	+13.9%		

Overview of Balance Sheets (Consolidated)

(単位:百万円、下段は構成比)

	September 30, 2019	June 30, 2020		
			Change	Main Factors Causing Change
Current assets	18,627 (88.1%)	19,356 (89.7%)	+ 729	<ul style="list-style-type: none"> ▪ Cash and deposits: +1,027
Noncurrent assets	2,504 (11.9%)	2,215 (10.3%)	- 289	<ul style="list-style-type: none"> ▪ Deferred tax assets -120 ▪ Goodwill: -145 (Amortization of goodwill)
Total assets	21,131 (100.0%)	21,571 (100.0%)	+ 440	
Current liabilities	3,714 (17.6%)	1,806 (8.4%)	- 1,907	<ul style="list-style-type: none"> ▪ Income taxes payable -1,581
Noncurrent liabilities	212 (1.0%)	225 (1.0%)	+ 13	
Total liabilities	3,926 (18.6%)	2,031 (9.4%)	- 1,894	
Total net assets	17,205 (81.4%)	19,540 (90.6%)	+ 2,334	<ul style="list-style-type: none"> ▪ Retained earnings +2,319
Total liabilities and net assets	21,131 (100.0%)	21,571 (100.0%)	+ 440	

Market Capitalization

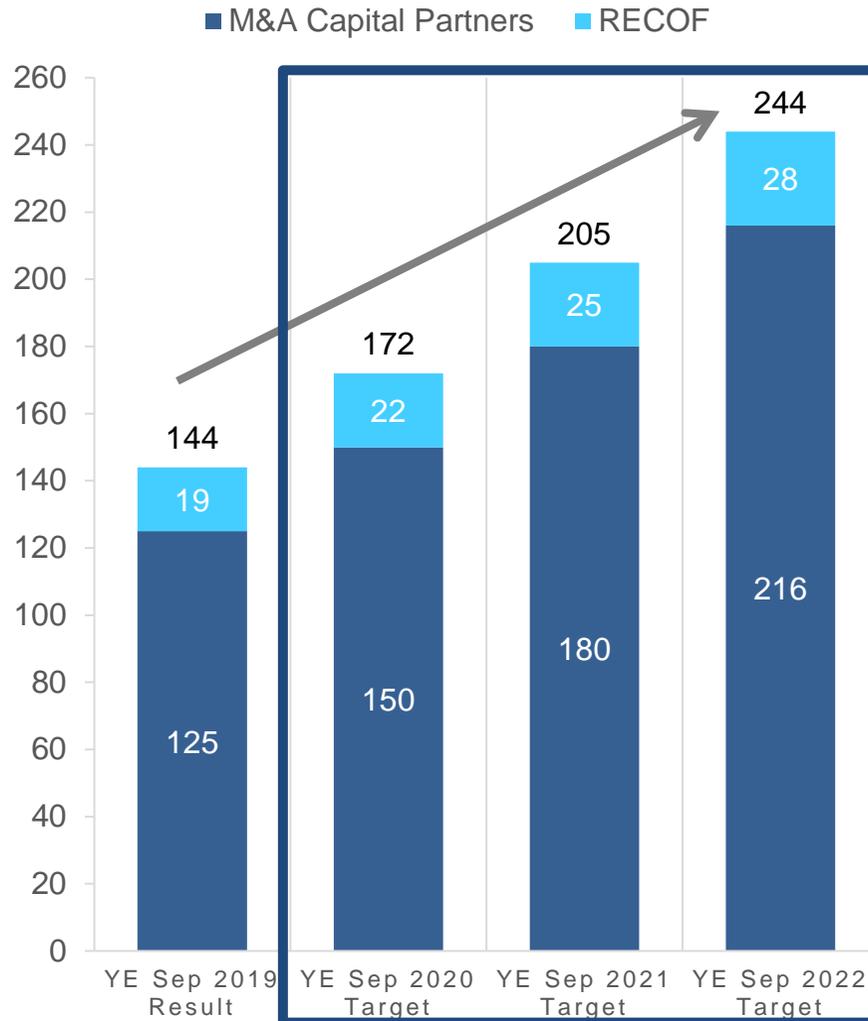
Units: 100 million yen



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

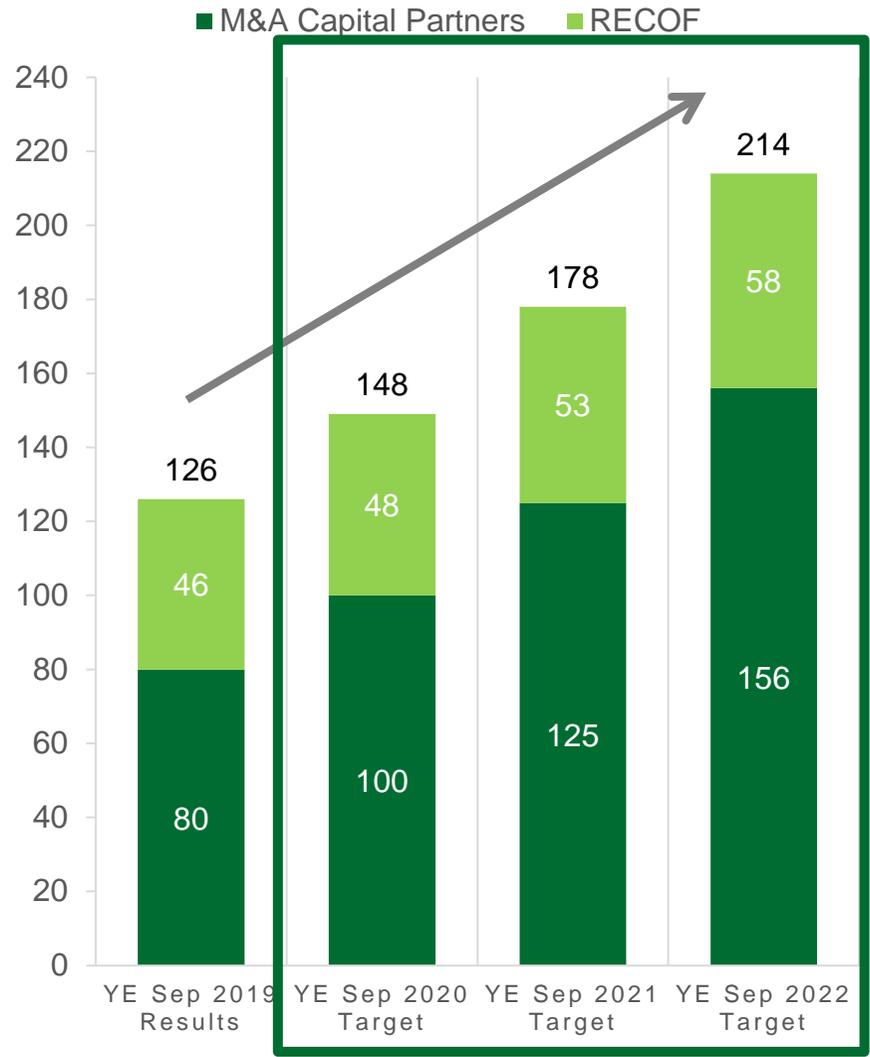
***III* Growth Strategy**

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 10% per year
 will be maintained in each company.

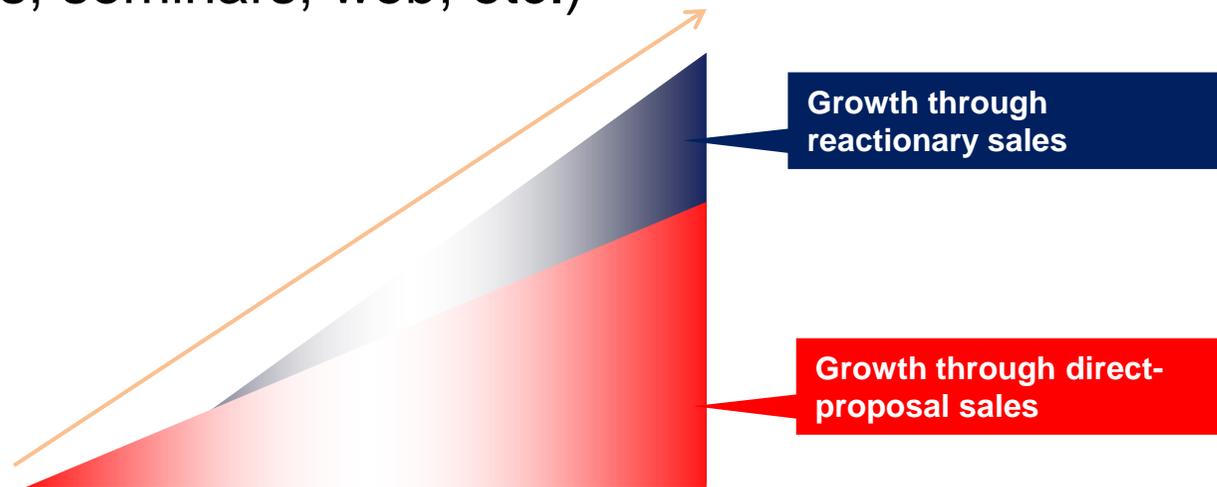
Three-year Plan for Number of Consultants (Year Ending September 2020 to Year Ending September 2022)



[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 (TV commercials, referrals, seminars, web, etc.)



<Broadcasting of Television Commercials>

[TBS network “Houdo Tokushu”]

- Began airing on “Houdo Tokushu” on TBS’s national network from October 2019.

[TV Tokyo network “World Business Satellite”]

- Continued airing from August 2018.
- **Additional commercial produced** from October 2019.



<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 securities companies.

<Seminars>

[Continuation of M&A Seminars]

- We will hold M&A seminars **as webinars** for the present time in response to the spread of novel coronavirus.

<WEB>

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

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

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.