

(English Translation)

Financial Results for the Third Quarter
of the Fiscal Year Ending September 30, 2023 (under Japan GAAP)
(Consolidated)

July 28, 2023

Company name: M&A Capital Partners Co., Ltd.	Stock exchange listings: Tokyo Stock Exchange (URL https://www.ma-cp.com)
Securities code: 6080	
Representative: Satoru Nakamura President and Representative Director	
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Scheduled date of filing of quarterly report:	August 14, 2023
Scheduled date of commencement of dividend payment:	-
Presentation of supplementary materials on financial results:	Yes
Holding of quarterly financial presentation meeting:	No

(Note that all amounts have been rounded down to the nearest one million yen.)

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year
Ending September 30, 2023 (From October 1, 2022, to June 30, 2023)**

(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
Third quarter of fiscal year ending September 30, 2023	¥15,988 million (13.0%)	¥5,813 million (-13.8%)	¥5,821 million (-14.4%)	¥3,197 million (-30.5%)
Third quarter of fiscal year ended September 30, 2022	¥14,155 million (33.4%)	¥6,746 million (48.7%)	¥6,799 million (49.5%)	¥4,601 million (53.0%)

(Note)

Comprehensive income:

Third quarter of fiscal year ending September 30, 2023: 3,197 million yen (-30.6 %)

Third quarter of fiscal year ended September 30, 2022: 4,604 million yen (53.1 %)

	Profit per share	Profit (fully diluted) per share
Third quarter of fiscal year ending September 30, 2023	¥100.78	¥98.59
Third quarter of fiscal year ended September 30, 2022	¥145.07	¥141.34

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Third quarter of fiscal year ending September 30, 2023	¥41,192 million	¥36,105 million	86.2%
Fiscal year ended September 30, 2022	¥39,913 million	¥32,598 million	81.0%

(Reference)

Equity:

Third quarter of fiscal year ending September 30, 2023: 35,518 million yen

Fiscal year ended September 30, 2022: 32,320 million yen

2 Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended September 30, 2022	-	¥0.00	-	¥0.00	¥0.00
Fiscal year ending September 30, 2023	-	¥0.00	-		
Fiscal year ending September 30, 2023 (Forecast)				¥40.00	¥40.00

(Note) Revision of dividend forecast since the latest announcement: Yes.

For details, refer to “Notice of revision of dividend forecast for the fiscal year ending September 30, 2023 (first dividend)” released today (July 28, 2023).

3 Forecast of Consolidated Financial Results for the Fiscal Year Ending September 30, 2023 (From October 1, 2022 to September 30, 2023)

(Percentage figures represent changes from the previous fiscal year)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Profit per share
Annual	¥22,641 million (9.3%)	¥9,031 million (-7.0%)	¥9,003 million (-7.8%)	¥5,980 million (-12.0%)	¥188.50

(Note) Revision of financial results forecast since the latest announcement: No

*** Notes**

- | | | |
|-------|---|-------------------|
| (1) | Significant changes in subsidiaries during the consolidated cumulative quarter under review (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, etc.: | 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 June 30, 2023 | 31,729,000 shares |
| | As of September 30, 2022 | 31,729,000 shares |
| (ii) | Number of treasury shares as of the end of the period: | |
| | As of June 30, 2023 | 398 shares |
| | As of September 30, 2022 | 398 shares |
| (iii) | Average number of shares during the period (cumulative total for the quarter): | |
| | Third quarter of fiscal year ending September 30, 2023 | 31,728,602 shares |
| | Third quarter of fiscal year ended September 30, 2022 | 31,717,393 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.

Attachment – Contents

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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 statistical data collected and published by MACP Group company RECOF DATA Corporation, the number of M&A deals publicly announced in relation to Japanese companies was 4,304 for 2022 (January to December), a year-on-year increase of 0.6%. This was a record high, but for January to June 2023 this switched to a decrease, falling 12.5% year on year to 1,933 deals.

The statistics are an indicator that incorporates M&A in the broad meaning of the word, which includes investments and so on, so we cannot determine whether business succession deals for non-listed companies have declined in the same way, but it is possible that the results reflect concerns about the uncertain outlook for the economic environment.

On the other hand, according to the “8th Review Committee on the Concentration of Management Resources, etc. of Small and Medium Enterprises” published on March 16, 2023, by the Small and Medium Enterprise Agency, and materials entitled “Report, etc. on Results of Establishing the M&A Support Institution Registration System,” 3,403 M&A deals were closed among small and medium enterprises in FY2021 (April 2021 to March 2022). In our view this implies that there is still abundant latent demand for M&A among small and medium enterprises against the background of the need for business succession.

In this environment, we continued to expand the structure of the Group in order to enable us to respond to a wide range of deals and provide a high-quality M&A advisory service.

By strengthening employee education and the training system, and continuously working to reinforce our M&A information platform, we are moving forward with measures to further enhance service quality. We have also focused on achieving comprehensive improvements in business efficiency by taking steps to raise the probability of closing deals sourced from the matching service based on cooperation within the group and with our financial institution alliance partners, and by continuing to improve our IT systems.

According to the “Announcement of Registered Financial Advisors and Brokers for the M&A Support Institution Registration System” (June 22, 2023) materials from the Small and Medium Enterprise Agency, there are 2,298 companies registered as M&A advisory firms, which confirms a sharp increase in new market entrants. With the environment becoming more competitive, we expect our ability to craft systematic responses characterized by high-quality advice, together with the strength of our brand, which is backed by an extensive track record and abundant know-how, to enable us to differentiate ourselves clearly from other companies. We will leverage our strengths in the business succession market for medium and larger enterprises, where our competitive advantage is particularly significant, and continue to create high-quality M&A deals.

b. Condition of the Group

With regard to the operating results for the Group, net sales rose ¥1,833 million (13.0%)

year on year to ¥15,988 million. This was largely due to the effects of a shift to larger deals that pushed up sales, despite a year-on-year decrease in the number of deals closed.

The cost of sales rose by ¥41 million (0.9 %) year on year to ¥4,822 million due mainly to an increase in salaries and allowances as a result of the rise in the number of consultants, higher travel and transportation expenses generated by increased sales activity, a rise in commissions paid to a partner for a specific deal, and a decrease in incentives.

Selling, general and administrative expenses rose by ¥2,724 million (103.7%) year on year to ¥5,352 million, driven mainly by increases in advertising expenses, directors' compensation, provision for bonuses for directors, rents, and commissions paid.

As a result, operating income decreased by ¥932 million (13.8%) year on year to ¥5,813 million, ordinary income decreased by ¥978 million (14.4%) year on year to ¥5,821 million, and profit attributable to owners of parent decreased by ¥1,403 million (30.5%) year on year to ¥3,197 million.

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

Number of deals (consolidated)

Name of type			Cumulative third quarter of fiscal year ended September 30, 2022 (From October 1, 2021 to June 30, 2022)	Cumulative third quarter of fiscal year ending September 30, 2023 (From October 1, 2022 to June 30, 2023)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	134	114	-20
	By amount of processing fees	Number of deals among those wherein amount of processing fees for the deal was JPY 100 million or more	(number of deals)	36	24	-12
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	98	90	-8

Number of deals (non-consolidated)

Name of type			Cumulative third quarter of fiscal year ended September 30, 2022 (From October 1, 2021 to June 30, 2022)	Cumulative third quarter of fiscal year ending September 30, 2023 (From October 1, 2022 to June 30, 2023)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	119	104	-15
	By amount of processing fees	Number of deals among those wherein amount of processing fees for the deal was JPY 100 million or more	(number of deals)	34	24	-10
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	85	80	-5

Name of type			Cumulative third quarter of fiscal year ended September 30, 2022 (From October 1, 2021 to June 30, 2022)	Cumulative third quarter of fiscal year ending September 30, 2023 (From October 1, 2022 to June 30, 2023)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	15	10	-5
	By amount of processing fees	Number of deals among those wherein amount of processing fees for the deal was JPY 100 million or more	(number of deals)	2	0	-2
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	13	10	-3

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

(2) Explanation of Financial Position
(Current assets)

Current assets amounted to ¥37,385 million, an increase of ¥667 million (1.8%) from the end of the previous fiscal year. This was primarily due to an increase of ¥934 million in cash and deposits.

(Non-current assets)

Non-current assets amounted to ¥3,807 million, an increase of ¥611 million (19.1%) from the end of the previous fiscal year. This was due mainly to an increase of ¥917 million in facilities attached to buildings caused by non-current assets acquired as a result of the relocation of offices, and a decrease of ¥223 million in deferred tax assets.

(Current liabilities)

Current liabilities amounted to ¥4,094 million, a decrease of ¥2,327 million (36.2%) from the end of the previous fiscal year. This was driven mainly by a decrease in accounts payable - other of ¥1,492 million, which consisted mostly of bonus payments and the like, and a decline of ¥1,485 million in income taxes payable.

(Non-current liabilities)

Non-current liabilities amounted to ¥992 million, an increase of ¥99 million (11.2%) from the end of the previous fiscal year. This was due mainly to provision for directors' bonuses increasing by ¥158 million.

(Net assets)

Net assets amounted to ¥36,105 million, an increase of ¥3,506 million (10.8%) from the end of the previous fiscal year. This was primarily due to a ¥3,197 million increase in retained earnings.

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

No changes have been made to the forecast for consolidated financial results announced on October 28, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2022)	Third quarter of fiscal year ending September 30, 2023 (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	35,668,284	36,602,411
Accounts receivable - trade	807,061	276,000
Other	241,979	506,669
Total current assets	36,717,324	37,385,081
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	92,167	1,009,595
Other	77,112	219,531
Total property, plant and equipment	169,280	1,229,127
Intangible assets		
Trademark right	132,236	107,465
Goodwill	773,840	628,745
Other	62,295	101,285
Total intangible assets	968,372	837,495
Investments and other assets, gross		
Lease and guarantee deposits	1,073,956	972,809
Deferred tax assets	969,799	745,888
Other	21,905	29,417
Allowance for doubtful accounts	(7,000)	(7,000)
Total investments and other assets	2,058,660	1,741,115
Total non-current assets	3,196,313	3,807,738
Total assets	39,913,638	41,192,820
Liabilities		
Current liabilities		
Contract liabilities	861,784	834,043
Provision for bonuses	31,568	818,031
Provision for directors' bonuses	13,691	283,993
Accounts payable - other	2,298,823	806,693
Income taxes payable	2,358,074	872,403
Accrued consumption taxes	645,676	227,815
Other	212,601	251,958
Total current liabilities	6,422,220	4,094,939
Non-current liabilities		
Net defined benefit liability	128,750	108,618
Provision for bonuses	562,306	602,927
Provision for directors' bonuses	91,407	250,379
Other	110,294	30,512
Total non-current liabilities	892,758	992,438
Total liabilities	7,314,978	5,087,378

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2022)	Third quarter of fiscal year ending September 30, 2023 (as of June 30, 2023)
Net assets		
Shareholders' equity		
Capital stock	2,893,644	2,893,644
Capital surplus	2,883,394	2,883,394
Retained earnings	26,539,708	29,737,331
Treasury shares	(353)	(353)
Total shareholders' equity	32,316,393	35,514,016
Other comprehensive income		
Foreign currency translation adjustment	4,424	4,207
Total other comprehensive income	4,424	4,207
Subscription rights to shares	277,842	587,218
Total net assets	32,598,659	36,105,442
Total liabilities and net assets	39,913,638	41,192,820

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

Quarterly Consolidated Statements of Income
For the Nine-month Periods

	(Unit: thousand yen)	
	Cumulative third quarter of previous fiscal year (From October 1, 2021 to June 30, 2022)	Cumulative third quarter of current fiscal year (From October 1, 2022 to June 30, 2023)
Net sales	14,155,444	15,988,608
Cost of sales	4,781,118	4,822,439
Gross profit	9,374,326	11,166,168
Selling, general and administrative expenses	2,627,403	5,352,221
Operating income	6,746,922	5,813,947
Non-operating income		
Interest income	1,129	1,167
Gain on reversal of share acquisition rights	54,666	10,710
Miscellaneous income	5,571	472
Total non-operating income	61,367	12,349
Non-operating expenses		
Interest expenses	83	-
Loss on retirement of non-current assets	8,641	2,091
Loss on sale of non-current assets	-	2,179
Miscellaneous loss	207	882
Total non-operating expenses	8,932	5,153
Ordinary income	6,799,357	5,821,143
Income before income taxes	6,799,357	5,821,143
Income taxes - current	2,064,774	2,399,609
Income taxes - deferred	133,203	223,910
Total income taxes	2,197,978	2,623,520
Profit	4,601,379	3,197,623
Profit attributable to owners of parent	4,601,379	3,197,623

Quarterly Consolidated Statements of Comprehensive Income
For the Nine-month Periods

	(Unit: thousand yen)	
	Cumulative third quarter of previous fiscal year (From October 1, 2021 to June 30, 2022)	Cumulative third quarter of current fiscal year (From October 1, 2022 to June 30, 2023)
Profit	4,601,379	3,197,623
Other comprehensive income		
Foreign currency translation adjustment	3,599	(216)
Total other comprehensive income	3,599	(216)
Comprehensive income	4,604,978	3,197,406
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	4,604,978	3,197,406

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.