

Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2024 (under Japan GAAP) (Consolidated)

January 30, 2024

Company name: M&A Capital Partners Co., Ltd. Stock exchange listings:
Tokyo Stock Exchange
Securities code: 6080 (URL: <https://www.ma-cp.com>)
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Scheduled filing date for quarterly securities report: February 14, 2024
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing materials on quarterly financial results: Yes
Financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended December 31, 2023 (October 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate rates of year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|--------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three months ended | | | | | | | | |
| December 31, 2023 | 3,156 | 1.8 | 591 | 79.2 | 592 | 78.9 | 411 | 405.3 |
| December 31, 2022 | 3,100 | (39.3) | 330 | (87.2) | 330 | (87.1) | 81 | (95.4) |

(Note) Comprehensive income: For the three months ended December 31, 2023: ¥ 409 million [417.4%]
For the three months ended December 31, 2022: ¥ 79 million [-95.5%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| Three months ended | Yen | Yen |
| December 31, 2023 | 12.94 | 12.76 |
| December 31, 2022 | 2.56 | 2.51 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2023 | 40,385 | 36,236 | 88.5 |
| As of September 30, 2023 | 43,901 | 37,161 | 83.3 |

(Reference) Shareholders' equity: As of December 31, 2023: ¥ 35,731 million
As of September 30, 2023: ¥ 36,591 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended September 30, 2023 | — | 0.00 | — | 40.00 | 40.00 |
| Fiscal year ending September 30, 2024 | — | | | | |
| Fiscal year ending September 30, 2024(Forecast) | | 0.00 | — | 40.00 | 40.00 |

(Note) Changes in dividend forecast from the most recent announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (October 1, 2023 to September 30, 2024)

(Percentages indicate rates of year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-----------------|-----|------------------|-----|-----------------|-----|---|------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 22,835 | 9.5 | 8,102 | 8.8 | 8,104 | 8.5 | 5,436 | 28.7 | 171.20 |

(Note) Changes in financial results forecast from the most recent announcement: None

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Application of special accounting treatment in preparing the quarterly financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - December 31, 2023: 31,759,000 shares
 - September 30, 2023: 31,759,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2023: 398 shares
 - September 30, 2023: 398 shares
 - 3) Average number of shares outstanding during the period:
 - Three months ended December 31, 2023: 31,758,602 shares
 - Three months ended December 31, 2022: 31,728,602 shares

* The quarterly financial statements are outside the scope of quarterly reviews by certified public accountants and auditing firms.

* Explanation of the proper use of financial results forecast and other notes

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.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business 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 4,015 for 2023 (January to December), a year-on-year decrease of 6.7%, marking the first decline in three years. However, despite the decline in the number of deals, the total value of these deals increased 52.2% year-on-year to JPY17.9tn, indicating that the investment appetite for high-quality deals remains strong.

In addition, in the recent “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 titled “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). However, according to the materials publicly released by the agency, titled “Current Status and Challenges of M&A in Small and Medium-sized Enterprises and Small-Scale Businesses,” it is estimated that up to 600,000 companies operating in the black may face the risk of being dissolved due to a lack of successor candidates by 2025. Therefore, we expect abundance of potential business succession M&A needs to continue for the foreseeable future, and there remains significant room for growth in the number of deals within the Group.

In this environment, the Group has continued to work on bolstering employee education and the training system, strengthening our information platform for M&A, and bolstering the knowledge department, which centers on professionals such as accountants and lawyers with the objective of improving service quality and building a system enabling high-quality advisory services. These efforts have allowed us to handle numerous medium- to large-scale deals with high complexity and large transaction values. As a result, we have been able to enhance the reputation of the Group’s brand, contributing to our differentiation within the industry.

Further, we aim to increase the rate of successfully closing deals through initiatives to improve matching, such as through collaboration among group companies and with partner financial institutions and through an IT system leveraging our extensive database of deals closed in the past and potential buyers.

Although we have seen an increase in new entrants to the market for M&A intermediation, the experience and know-how we have accumulated in M&A intermediation within the Group cannot be replicated by financial institutions or others overnight. We expect the organizational capability to provide high-quality advice and a brand backed by an extensive track record to be factors that enable the Company to clearly differentiate itself from others, and we will continue to generate high-quality M&A transactions.

b. Condition of the Group

With regard to the operating results for the Group, net sales rose ¥55 million (1.8%) year on year to ¥3,156 million. While the number of deals—including large deals—increased, there was a higher proportion of large deals that were on the smaller side, which led to a decrease in the fee per closed deal, resulting in net sales remaining almost unchanged.

The cost of sales declined by ¥279 million (19.1%) year on year to ¥1,184 million due mainly to a decrease in bonuses and outsourcing expenses.

Selling, general and administrative expenses were nearly flat year on year, rising by ¥73 million (5.7% YoY) to ¥1,380 million primarily due to an increase in commission fees and personnel costs related to the expansion of the sales department, which offset the cost reduction resulting from the elimination of temporary costs related to office relocation that were incurred in the same quarter of the previous year.

As a result, operating income increased by ¥261 million (79.2%) year on year to ¥591 million, ordinary income increased by ¥261 million (78.9%) year on year to ¥592 million, and profit attributable to owners of parent increased by ¥329 million (405.3%) year on year to ¥411 million.

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

Number of deals (consolidated)

| Name of type | | | For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022) | For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023) | Year-on- year change | |
|----------------|------------------------------------|---|--|--|----------------------------|----|
| Whole Group | M&A deals closed | | (number of deals) | 33 | 41 | +8 |
| | 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) | 5 | 7 | +2 |
| | | Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million | (number of deals) | 28 | 34 | +6 |

Number of deals (non-consolidated)

| Name of type | | | For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022) | For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023) | Year-on- year change | |
|---|------------------------------------|---|--|--|----------------------------|----|
| M&A Capital Partners Co., Ltd. | M&A deals closed | | (number of deals) | 30 | 37 | +7 |
| | 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) | 5 | 6 | +1 |
| | | Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million | (number of deals) | 25 | 31 | +6 |

| Name of type | | | For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022) | For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023) | Year-on- year change | |
|----------------------|------------------------------------|---|--|--|----------------------------|----|
| RECOF Corporation | M&A deals closed | | (number of deals) | 3 | 4 | +1 |
| | 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) | 0 | 1 | +1 |
| | | Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million | (number of deals) | 3 | 3 | ±0 |

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

(2) Explanation of Financial Condition

(Current assets)

Current assets decreased by ¥3,163 million (7.9%) compared to the end of the previous consolidated fiscal year, reaching ¥36,814 million. This was primarily due to a decrease of ¥3,127 million in cash and deposits.

(Non-current assets)

Non-current assets decreased by ¥353 million (9.0%) compared to the end of the previous consolidated fiscal year, reaching ¥3,571 million. The main factors behind this were a decrease of ¥265 million in deferred tax assets and a decrease of ¥48 million in goodwill.

(Current liabilities)

Current liabilities decreased by ¥2,187 million (40.3%) compared to the end of the previous consolidated fiscal year, reaching

¥3,243 million. This was primarily due to an increase of ¥559 million in provision for bonuses, a decrease of ¥1,204 in accounts payable - other and a decrease of ¥1,787 in income taxes payable.

(Non-current liabilities)

Non-current liabilities decreased by ¥404 million (30.9%) compared to the end of the previous consolidated fiscal year, reaching ¥904 million. This was mainly due to provision for bonuses decreasing by ¥341 million.

(Net assets)

Net assets decreased by ¥924 million (2.5%) compared to the end of the previous consolidated fiscal year, reaching ¥36,236 million. This was mainly the result of an increase of ¥411 in profit attributable to owners of parent, mainly from the allocation of retained earnings, and a decrease of ¥1,270 million from dividend payments.

(3) Overview of Consolidated Financial Forecasts and Other Forward-Looking Statements

We have not made any changes to the consolidated performance forecast figures that were announced on October 31, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

| | As of September 30, 2023 | As of December 31, 2023 |
|--|--------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 39,255,168 | 36,127,308 |
| Accounts receivable - trade | 224,553 | 122,514 |
| Other | 497,650 | 564,335 |
| Total current assets | 39,977,372 | 36,814,158 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Facilities attached to buildings, net | 985,079 | 962,206 |
| Other | 197,642 | 208,932 |
| Total property, plant and equipment | 1,182,721 | 1,171,138 |
| Intangible assets | | |
| Trademark right | 99,207 | 91,280 |
| Goodwill | 580,380 | 532,015 |
| Other | 93,806 | 88,988 |
| Total intangible assets | 773,395 | 712,283 |
| Investments and other assets | | |
| Leasehold and guarantee deposits | 935,861 | 899,033 |
| Deferred tax assets | 1,011,649 | 746,392 |
| Other | 27,959 | 49,477 |
| Allowance for doubtful accounts | (7,000) | (7,000) |
| Total investments and other assets | 1,968,470 | 1,687,903 |
| Total non-current assets | 3,924,587 | 3,571,326 |
| Total assets | 43,901,960 | 40,385,485 |
| Liabilities | | |
| Current liabilities | | |
| Contract liabilities | 649,302 | 812,696 |
| Provision for bonuses | 297,095 | 857,083 |
| Provision for bonuses for directors (and other officers) | 216,541 | 286,218 |
| Accounts payable - other | 1,957,554 | 753,106 |
| Income taxes payable | 1,812,229 | 25,226 |
| Accrued consumption taxes | 230,886 | 186,199 |
| Other | 268,188 | 323,285 |
| Total current liabilities | 5,431,797 | 3,243,816 |
| Non-current liabilities | | |
| Retirement benefit liability | 110,706 | 108,091 |
| Provision for bonuses | 883,567 | 541,860 |
| Provision for bonuses for directors (and other officers) | 273,957 | 227,441 |
| Other | 40,675 | 27,286 |
| Total non-current liabilities | 1,308,907 | 904,680 |
| Total liabilities | 6,740,704 | 4,148,497 |

(Thousands of yen)

| | As of September 30, 2023 | As of December 31, 2023 |
|--|--------------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,916,189 | 2,916,189 |
| Capital surplus | 2,905,939 | 2,905,939 |
| Retained earnings | 30,765,584 | 29,906,343 |
| Treasury shares | (353) | (353) |
| Total shareholders' equity | 36,587,359 | 35,728,118 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 4,570 | 3,347 |
| Total accumulated other comprehensive income | 4,570 | 3,347 |
| New share subscription rights | 569,325 | 505,521 |
| Total net assets | 37,161,255 | 36,236,988 |
| Total liabilities and net assets | 43,901,960 | 40,385,485 |

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

Quarterly Consolidated Statements of Income

Three months ended December 31, 2023

| | (Thousands of yen) | |
|--|--|--|
| | For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022) | For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023) |
| Net sales | 3,100,528 | 3,156,497 |
| Cost of sales | 1,463,894 | 1,184,511 |
| Gross profit | 1,636,634 | 1,971,986 |
| Selling, general and administrative expenses | 1,306,221 | 1,380,033 |
| Operating income | 330,412 | 591,953 |
| Non-operating income | | |
| Interest income | 1,005 | 1,003 |
| Miscellaneous income | 267 | 165 |
| Total non-operating income | 1,273 | 1,168 |
| Non-operating expenses | | |
| Loss on retirement of non-current assets | 30 | 128 |
| Miscellaneous losses | 722 | 972 |
| Total non-operating expenses | 752 | 1,100 |
| Ordinary income | 330,932 | 592,021 |
| Extraordinary income | | |
| Gain on reversal of share acquisition rights | — | 85,213 |
| Total extraordinary income | — | 85,213 |
| Profit before income taxes | 330,932 | 677,235 |
| Income taxes - current | 1,605 | 875 |
| Income taxes - deferred | 247,971 | 265,257 |
| Total income taxes | 249,576 | 266,132 |
| Profit | 81,356 | 411,103 |
| Profit attributable to owners of parent | 81,356 | 411,103 |

Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

| | For the three months ended December 31, 2022 (October 1, 2022 to December 31, 2022) | For the three months ended December 31, 2023 (October 1, 2023 to December 31, 2023) |
|---|--|--|
| Profit | 81,356 | 411,103 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | (2,142) | (1,222) |
| Total other comprehensive income | (2,142) | (1,222) |
| Comprehensive income | 79,214 | 409,880 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 79,214 | 409,880 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Not applicable.