

(English Translation)

**Financial Results for the Third Quarter
of the Fiscal Year Ending September 30, 2020 (under Japan GAAP) (Consolidated)**

July 30, 2020

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: August 14, 2020
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. Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2020 (From October 1, 2019 to June 30, 2020)

(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, 2020	¥8,375 million (-15.5%)	¥3,521 million (-25.4%)	¥3,520 million (-25.4%)	¥2,319 million (-26.6%)
Third quarter of fiscal year ended September 30, 2019	¥9,916 million (55.7%)	¥4,720 million (72.1%)	¥4,720 million (72.5%)	¥3,159 million (68.2%)

(Note)

Comprehensive income:

Third quarter of fiscal year ending September 30, 2020: 2,319 million yen (-26.6 %)

Third quarter of fiscal year ended September 30, 2019: 3,159 million yen (68.2 %)

	Profit per share	Profit (fully diluted) per share
Third quarter of fiscal year ending September 30, 2020	¥74.33	¥72.62
Third quarter of fiscal year ended September 30, 2019	¥101.25	¥99.91

(Note) The Company conducted a two-for-one stock split of its common stock on December 1, 2019. Profit per share and profit (fully diluted) per share are calculated assuming that the stock split took place at the beginning of the fiscal year ended September 30, 2019.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Third quarter of fiscal year ending September 30, 2020	¥21,571 million	¥19,540 million	89.8%
Fiscal year ended September 30, 2019	¥21,131 million	¥17,205 million	80.7%

(Reference)

Equity: Third quarter of fiscal year ending September 30, 2020: 19,368 million yen

Fiscal year ended September 30, 2019: 17,048 million yen

2 Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended September 30, 2019	—	¥0.00	—	¥0.00	¥0.00
Fiscal year ending September 30, 2020	—	¥0.00	—		
Fiscal year ending September 30, 2020 (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, 2020 (From October 1, 2019 to September 30, 2020)

(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	¥13,706 million (8.9%)	¥5,900 million (0.8%)	¥5,905 million (0.9%)	¥4,054 million (3.3%)	¥129.91

(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, 2020 | 31,210,000 shares |
| | As of September 30, 2019 | 31,210,000 shares |
| | (ii) Number of treasury shares as of the end of the period: | |
| | As of June 30, 2020 | 398 shares |
| | As of September 30, 2019 | 398 shares |
| | (iii) Average number of shares during the period (cumulative total for the quarter): | |
| | Third quarter of fiscal year ending September 30, 2020 | 31,209,602 shares |
| | Third quarter of fiscal year ended September 30, 2019 | 31,209,602 shares |

(Note) The Company conducted a two-for-one stock split of its common stock on December 1, 2019. The total number of issued shares is calculated assuming that the stock split took place at the beginning of the fiscal year ended September 30, 2019.

*** 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.

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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 the Group in the “M&A trends for Japanese companies, January - June 2020” report, the number of M&A deals publicly announced in relation to Japanese companies declined by 279 (down 13.4%) year on year to 1,808. Because April and May, when the state of emergency was in operation, both posted a significant decline of 30%, it seems that the effect of the spread of coronavirus infections was considerable.

The impact on the number of M&A deals between Japanese companies was relatively small, with a year-on-year decline of 7.4%, but there are concerns that the global spread of infections will continue and that a second wave will occur in Japan, leading to the possibility that this lack of certainty will affect the willingness to invest of companies considering acquisitions.

Also, we believe that there will be an increase in the number of Business owners choosing M&A in search of business synergies or due to a lack of a successor, and in the event that buyers become less willing to invest, it may become more difficult to match the two sides.

As a result, we expect the Group’s comparative advantage to increase due to the know-how we have accumulated, and due to our extensive relationships with medium-sized and large enterprises that have the potential to become purchasers.

The Group will do its utmost to fulfill its social responsibilities through the creation of M&A.

b. Condition of the Group

In terms of countermeasures to prevent coronavirus infection taken in relation to clients and employees, from early April the Group gradually switched to working from home, and refrained from initiating new marketing activity. During the period of approximately two months before the state of emergency was lifted, many of the deals under consideration that we were handling incurred delays relative to the schedule initially expected as a result of interruptions and postponements to interviews, etc.

However, the amount of advances received, which is a leading indicator of future performance, reached a record high of ¥550.686 million, and we have an abundance of deals in hand. Moreover, because the direct effects of novel coronavirus were skewed towards specific deals associated with industries such as food and tourism, at this point we judge that their impact has been limited.

Even deals where consideration had been interrupted or come to a halt began to recover steadily from June onwards, and we have high expectations for deals closing in the fourth quarter.

Under these circumstances, performance for the nine months ended June 30, 2020 was as follows.

Net sales declined by ¥1,541.478 million (15.5%) year on year, to ¥8,375.008 million. The main factor behind this was that, although we achieved a healthy number of closed deals in the second and third quarters, this was not sufficient to offset the weakness in

deal closures in the first quarter, and the number of deals closed declined significantly year on year.

The cost of sales decreased by ¥650.289 million (19.6%) year on year to ¥2,659.420 million, mainly due to decreases in incentives and subcontract expenses associated with the decline in net sales.

Selling, general and administrative expenses rose by ¥307.459 million (16.3%) year on year to ¥2,193.898 million, primarily due to strengthened advertising, higher ground rents caused by an increase in office space, and an increase in directors' compensation resulting from the success of directors growing sales.

As a result, operating income decreased by ¥1,198.648 million (25.4%) year on year to ¥3,521.689 million, ordinary income decreased by ¥1,199.818 million (25.4%) year on year to ¥3,520.788 million, and profit attributable to owners of parent decreased by ¥840.110 million (26.6%) year on year to ¥2,319.827 million.

Number of deals (consolidated)

Name of type			Cumulative third quarter of fiscal year ended September 30, 2019 (From October 1, 2018 to June 30, 2019)	Cumulative third quarter of fiscal year ending September 30, 2020 (From October 1, 2019 to June 30, 2020)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	107	90	-17
	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)	21	14	-7
		Number of deals among those wherein amount of processing fees for the deal was less than ¥ 100 million	(number of deals)	86	76	-10

Number of deals (non-consolidated)

Name of type			Cumulative third quarter of fiscal year ended September 30, 2019 (From October 1, 2018 to June 30, 2019)	Cumulative third quarter of fiscal year ending September 30, 2020 (From October 1, 2019 to June 30, 2020)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	95	72	-23
	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)	19	11	-8
		Number of deals among those wherein amount of processing fees for the deal was less than ¥ 100 million	(number of deals)	76	61	-15

Name of type			Cumulative third quarter of fiscal year ended September 30, 2019 (From October 1, 2018 to June 30, 2019)	Cumulative third quarter of fiscal year ending September 30, 2020 (From October 1, 2019 to June 30, 2020)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	12	18	+6
	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)	2	3	+1
		Number of deals among those wherein amount of processing fees for the deal was less than ¥ 100 million	(number of deals)	10	15	+5

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 ¥19,356.801 million, an increase of ¥729.501 million (3.9%) from the end of the previous fiscal year. The main factors driving this were an increase of ¥1,027.380 million in cash and deposits, and a ¥414.644 million decrease in accounts receivable - trade.

(Non-current assets)

Non-current assets amounted to ¥2,215.141 million, a decrease of ¥289.006 million (11.5%) year on year. This was primarily due to a decrease of ¥145.095 million in goodwill and a decrease of ¥120.107 million in deferred tax assets.

(Current liabilities)

Current liabilities amounted to ¥1,806.164 million, a decrease of ¥1,907.860 million (51.4%) from the end of the previous fiscal year. This was primarily due to a ¥1,581.949 million decrease in income taxes payable.

(Non-current liabilities)

Non-current liabilities amounted to ¥225.654 million, an increase of ¥13.646 million (6.4%) from the end of the previous fiscal year. This was due to a ¥13.700 million increase in net defined benefit liability.

(Net assets)

Net assets amounted to ¥19,540.124 million, an increase of ¥2,334.709 million (13.6%) from the end of the previous fiscal year. This was primarily due to a ¥2,319.827 million increase in retained earnings.

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

In the first nine months ended June 30, 2020, performance undershot previous-year levels due to a decline in the number of deals closed. Nevertheless, given that we have built up an abundance of deals in hand, and that the amount of advances received (which is a reference indicator of the order backlog) hit a record high, we judge that full-year forecasts are achievable, and we have left the figures already disclosed in place.

With regard to the impact on performance of the novel coronavirus, since the end of the state of emergency, there has been no major impact from June onwards. We have restarted an energetic program of marketing activity in conjunction with the continued use of Internet-based interviews, etc.

In the event that the novel coronavirus results in a state of emergency being declared again at some point in the future, there could be a significant impact on our performance. For that reason, we will pay careful attention to the situation going forward and make prompt disclosure if a revision to earnings forecasts becomes necessary.

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

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2019)	Third quarter of fiscal year ending September 30, 2020 (as of June 30, 2020)
Assets		
Current assets		
Cash and deposits	17,953,475	18,980,856
Accounts receivable - trade	565,507	150,863
Allowance for doubtful accounts	(3,240)	(3,240)
Other	111,557	228,323
Total current assets	18,627,300	19,356,801
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	193,686	199,778
Other	60,373	62,327
Total property, plant and equipment	254,059	262,105
Intangible assets		
Trademark right	231,000	206,250
Goodwill	1,354,221	1,209,126
Other	56,521	50,281
Total intangible assets	1,641,742	1,465,657
Investments and other assets, gross		
Lease and guarantee deposits	277,347	268,425
Deferred tax assets	330,961	210,854
Other	35	8,097
Total investments and other assets	608,344	487,377
Total non-current assets	2,504,147	2,215,141
Total assets	21,131,448	21,571,943
Liabilities		
Current liabilities		
Advances received	353,104	550,686
Provision for bonuses	17,814	344,833
Accounts payable - other	1,096,693	446,622
Income taxes payable	1,772,523	190,574
Accrued consumption taxes	401,356	171,140
Other	72,533	102,307
Total current liabilities	3,714,025	1,806,164
Non-current liabilities		
Net defined benefit liability	123,266	136,966
Other	88,741	88,687
Total non-current liabilities	212,007	225,654
Total liabilities	3,926,033	2,031,818

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2019)	Third quarter of fiscal year ending September 30, 2020 (as of June 30, 2020)
Net assets		
Shareholders' equity		
Capital stock	2,503,615	2,503,615
Capital surplus	2,493,365	2,493,365
Retained earnings	12,052,240	14,372,068
Treasury shares	(353)	(353)
Total shareholders' equity	17,048,868	19,368,696
Other comprehensive income		
Foreign currency translation adjustment	-	(312)
Total other comprehensive income	-	(312)
Subscription rights to shares	156,546	171,740
Total net assets	17,205,415	19,540,124
Total liabilities and net assets	21,131,448	21,571,943

(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, 2018 to June 30, 2019)	Cumulative third quarter of current fiscal year (From October 1, 2019 to June 30, 2020)
Net sales	9,916,487	8,375,008
Cost of sales	3,309,710	2,659,420
Gross profit	6,606,776	5,715,587
Selling, general and administrative expenses	1,886,439	2,193,898
Operating income	4,720,337	3,521,689
Non-operating income		
Interest income	852	864
Miscellaneous income	44	889
Total non-operating income	897	1,754
Non-operating expenses		
Loss on retirement of non-current assets	0	248
Miscellaneous loss	628	2,407
Total non-operating expenses	628	2,655
Ordinary income	4,720,606	3,520,788
Income before income taxes	4,720,606	3,520,788
Income taxes - current	1,742,187	1,083,102
Income taxes - deferred	(181,518)	117,857
Total income taxes	1,560,668	1,200,960
Profit	3,159,938	2,319,827
Profit attributable to owners of parent	3,159,938	2,319,827

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

	(Unit: thousand yen)	
	Cumulative third quarter of previous fiscal year (From October 1, 2018 to June 30, 2019)	Cumulative third quarter of current fiscal year (From October 1, 2019 to June 30, 2020)
Profit	3,159,938	2,319,827
Other comprehensive income		
Foreign currency translation adjustment	—	(312)
Total other comprehensive income	—	(312)
Comprehensive income	3,159,938	2,319,515
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	3,159,938	2,319,515

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.