

(English Translation)

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

January 30, 2020

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:	February 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. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2020 (From October 1, 2019 to December 31, 2019)

(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
First quarter of fiscal year ending September 30, 2020	¥1,295 million (-66.7%)	¥114 million (-94.2%)	¥115 million (-94.1%)	¥13 million (-99.0%)
First quarter of fiscal year ended September 30, 2019	¥3,886 million (70.2%)	¥1,958 million (89.4%)	¥1,959 million (89.4%)	¥1,334 million (85.0%)

(Note)

Comprehensive income:

First quarter of fiscal year ending September 30, 2020: 13 million yen (-99.0 %)

First quarter of fiscal year ended September 30, 2019: 1,334 million yen (85.0 %)

	Profit per share	Profit (fully diluted) per share
First quarter of fiscal year ending September 30, 2020	¥0.45	¥0.44
First quarter of fiscal year ended September 30, 2019	¥42.75	¥42.20

(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
First quarter of fiscal year ending September 30, 2020	¥18,506 million	¥17,224 million	92.2%
Fiscal year ended September 30, 2019	¥21,131 million	¥17,205 million	80.7%

(Reference)

Equity:

First quarter of fiscal year ending September 30, 2020: 17,062 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	-				
Fiscal year ending September 30, 2020 (Forecast)		¥0.00	-	¥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 same period of 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: 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 December 31, 2019 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 December 31, 2019 398 shares
 - As of September 30, 2019 398 shares
 - (iii) Average number of shares during the period (cumulative):
 - First quarter of fiscal year ending September 30, 2020 31,209,602 shares
 - First 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 the statistical data collected and published by group company RECOF DATA Corporation, the number of M&A deals publicly announced in relation to Japanese companies has been increasing to reach 4,088 in 2019 (January to December), a year-on-year increase of 238 (6.2%) and the highest number since statistics began.

Meanwhile, an increasing number of business operators have been entering the small and medium business M&A market. This is due to attention being brought to the scale of the business succession M&A market as business succession problems have become widely recognized as a social issue.

The Group has determined that the market will continue to expand as competition increases, and we are continuing to strengthen branding and marketing measures in the current consolidated fiscal year. We thereby aim to raise awareness of our service quality that cannot be easily imitated by other companies, which is based on our accomplishments and know-how as a specialized M&A boutique and long history as a group.

b. Condition of the Group

Net sales decreased by ¥2,591.468 million (66.7%) year on year. This was mainly attributable to a decrease in the number of deals closed compared to the same quarter of the previous fiscal year, and especially the number of large deals closed decreasing from nine to one.

Cost of sales decreased by ¥640.030 million (52.5%) year-on-year to ¥580.099 million mainly due to decreases in incentives and subcontract expenses associated with the decrease in net sales.

Selling, general and administrative expenses decreased by ¥106.812 million (15.1%) year on year to ¥600.906 million primarily due to a decrease in the provision for directors' bonuses.

As a result, operating income decreased by ¥1,844.625 million (94.2%) year on year to ¥114.325 million, ordinary income decreased by ¥1,844.191 million (94.1%) year on year to ¥115.087 million, and profit attributable to owners of parent decreased by ¥1,320.307 million (99.0%) year on year to ¥13.929 million.

Both net sales and income decreased significantly, but the number of deals being handled as of December 31, 2019 has increased significantly compared to December 31, 2018, and large deals are also showing steady progress.

Furthermore, we have determined that we can sufficiently recover to achieve the full-year forecast because the amount of advances received, which is a reference indicator for orders received, increased by ¥169.802 million (57.2%) to ¥466.716 million.

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

Number of deals (consolidated)

Name of type			First quarter of fiscal year ended September 30, 2019 (From October 1, 2018 to December 31, 2018)	First quarter of fiscal year ending September 30, 2020 (From October 1, 2019 to December 31, 2019)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	29	23	-6
	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)	9	1	-8
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	20	22	+2

Number of deals (non-consolidated)

Name of type			First quarter of fiscal year ended September 30, 2019 (From October 1, 2018 to December 31, 2018)	First quarter of fiscal year ending September 30, 2020 (From October 1, 2019 to December 31, 2019)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	27	19	-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)	7	1	-6
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	20	18	-2

Name of type			First quarter of fiscal year ended September 30, 2019 (From October 1, 2018 to December 31, 2018)	First quarter of fiscal year ending September 30, 2020 (From October 1, 2019 to December 31, 2019)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	2	4	+2
	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)	0	4	+4

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

(2) Explanation of Financial Position

The state of the Group's financial position is as follows.

(Current assets)

Current assets amounted to ¥16,150.08 million, a decrease of ¥2,477.22 million (13.3%) year on year. This was primarily due to a ¥2,043.778 million decrease in cash and deposits, tax payment being the main cause, and a ¥492.167 million decrease in accounts receivable - trade.

(Non-current assets)

Non-current assets amounted to ¥2,355.936 million, a decrease of ¥148.211 million (5.9%) year on year. This was primarily due to a decrease of ¥87.159 million in deferred tax assets and a decrease of ¥48.365 million in goodwill.

(Current liabilities)

Current liabilities amounted to ¥1,051.262 million, a decrease of ¥2,662.762 million (71.7%) year on year. This was mainly attributable to income taxes payable decreasing by ¥1,762.203 million and accounts payable - other decreasing by ¥754.572 million.

(Non-current liabilities)

Non-current liabilities amounted to ¥230.229 million, an increase of ¥18.221 million (8.6%) year on year. This was primarily due to a ¥12.863 million increase in other.

(Net assets)

Net assets amounted to ¥17,224.525 million, an increase of ¥19.11 million (0.1%) year on year. This was primarily due to a ¥13.929 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 31, 2019.

During the first quarter of the fiscal year, both net sales and income decreased significantly. However, the forecast figures will not be changed at this time because the number of deals being handled is progressing steadily and the amount of advances received, which is an indicator of orders received, has also increased year on year.

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

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2019)	First quarter of fiscal year ending September 30, 2020 (as of December 31, 2019)
Assets		
Current assets		
Cash and deposits	17,953,475	15,909,696
Accounts receivable - trade	565,507	73,339
Allowance for doubtful accounts	(3,240)	(3,240)
Other	111,557	170,284
Total current assets	18,627,300	16,150,080
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	193,686	186,185
Other	60,373	56,822
Total property, plant and equipment	254,059	243,008
Intangible assets		
Trademark right	231,000	222,750
Goodwill	1,354,221	1,305,856
Other	56,521	54,068
Total intangible assets	1,641,742	1,582,674
Investments and other assets, gross		
Lease and guarantee deposits	277,347	277,282
Deferred tax assets	330,961	243,802
Other	35	9,168
Total investments and other assets	608,344	530,253
Total non-current assets	2,504,147	2,355,936
Total assets	21,131,448	18,506,016
Liabilities		
Current liabilities		
Advances received	353,104	466,716
Provision for bonuses	17,814	80,725
Accounts payable - other	1,096,693	342,120
Income taxes payable	1,772,523	10,320
Accrued consumption taxes	401,356	74,565
Other	72,533	76,814
Total current liabilities	3,714,025	1,051,262
Non-current liabilities		
Net defined benefit liability	123,266	128,623
Other	88,741	101,605
Total non-current liabilities	212,007	230,229
Total liabilities	3,926,033	1,281,491

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2019)	First quarter of fiscal year ending September 30, 2020 (as of December 31, 2019)
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	12,066,169
Treasury shares	(353)	(353)
Total shareholders' equity	17,048,868	17,062,797
Subscription rights to shares	156,546	161,727
Total net assets	17,205,415	17,224,525
Total liabilities and net assets	21,131,448	18,506,016

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

Quarterly Consolidated Statements of Income
For the Three-month Periods

	(Unit: thousand yen)	
	First quarter of previous fiscal year (From October 1, 2018 to December 31, 2018)	First quarter of current fiscal year (From October 1, 2019 to December 31, 2019)
Net sales	3,886,800	1,295,332
Cost of sales	1,220,129	580,099
Gross profit	2,666,670	715,232
Selling, general and administrative expenses	707,719	600,906
Operating income	1,958,951	114,325
Non-operating income		
Interest income	800	800
Miscellaneous income	17	274
Total non-operating income	817	1,074
Non-operating expenses		
Loss on retirement of non-current assets	-	248
Miscellaneous loss	489	64
Total non-operating expenses	489	312
Ordinary income	1,959,279	115,087
Income before income taxes	1,959,279	115,087
Income taxes - current	821,397	1,859
Income taxes - deferred	(196,354)	99,299
Total income taxes	625,043	101,158
Profit	1,334,236	13,929
Profit attributable to owners of parent	1,334,236	13,929

Quarterly Consolidated Statement of Comprehensive Income
For the Three-month Periods

	(Unit: thousand yen)	
	First quarter of previous fiscal year (From October 1, 2018 to December 31, 2018)	First quarter of current fiscal year (From October 1, 2019 to December 31, 2019)
Profit	1,334,236	13,929
Comprehensive income	1,334,236	13,929
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	1,334,236	13,929

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.