

(English Translation)

**Financial Results for the Third Quarter
of the Fiscal Year Ending September 30, 2021 (under Japan GAAP) (Consolidated)**

July 30, 2021

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: Sou Shimoda Tel: 03-6880-3803
Director and Manager at the Planning Management Department
Scheduled date of filing of quarterly report: August 13, 2021
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, 2021 (From October 1, 2020 to June 30, 2021)**

(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, 2021	¥10,614 million (26.7%)	¥4,536 million (28.8%)	¥4,547 million (29.2%)	¥3,006 million (29.6%)
Third quarter of fiscal year ended September 30, 2020	¥8,375 million (-15.5%)	¥3,521 million (-25.4%)	¥3,520 million (-25.4%)	¥2,319 million (-26.6%)

(Note)

Comprehensive income:

Third quarter of fiscal year ending September 30, 2021: 3,006 million yen (29.6 %)

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

	Profit per share	Profit (fully diluted) per share
Third quarter of fiscal year ending September 30, 2021	¥95.46	¥92.24
Third quarter of fiscal year ended September 30, 2020	¥74.33	¥72.62

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Third quarter of fiscal year ending September 30, 2021	¥27,563 million	¥24,528 million	87.9%
Fiscal year ended September 30, 2020	¥24,060 million	¥20,632 million	85.0%

(Reference)

Equity: Third quarter of fiscal year ending September 30, 2021: 24,224 million yen

Fiscal year ended September 30, 2020: 20,455 million yen

2 Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended September 30, 2020	—	¥0.00	—	¥0.00	¥0.00
Fiscal year ending September 30, 2021	—	¥0.00	—		
Fiscal year ending September 30, 2021 (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, 2021 (From October 1, 2020 to September 30, 2021)

(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	¥14,030 million (18.2%)	¥6,211 million (23.0%)	¥6,210 million (23.0%)	¥4,173 million (22.5%)	¥133.73

(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, 2021 | 31,717,000 shares |
| As of September 30, 2020 | 31,210,000 shares |
- (ii) Number of treasury shares as of the end of the period:
- | | |
|--------------------------|------------|
| As of June 30, 2021 | 398 shares |
| As of September 30, 2020 | 398 shares |
- (iii) Average number of shares during the period (cumulative total for the quarter):
- | | |
|--|-------------------|
| Third quarter of fiscal year ending September 30, 2021 | 31,499,269 shares |
| Third quarter of fiscal year ended September 30, 2020 | 31,209,602 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.

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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 was 3,730 for January to December 2020, a year-on-year decline of 8.8%, with the impact of novel coronavirus causing a fall in the January- December period for the first time in nine years. On the other hand, the number of M&A deals related to Japanese companies from January to June 2021 recovered to 2,128, an increase of 16.9% year on year, exceeding the previous record high set in the same period of 2019.

There has been a focus on the small and medium business M&A market as a means of dealing with the social problem of a lack of successors, and many business owners in Japan are beginning to recognize that M&A is an important option for growth strategies, which we believe will result in continued expansion in demand for M&A intended to generate synergies.

Under these circumstances, although there have been new entries from major financial institutions, regional banks and other industries, by leveraging the know-how we have built up in the Japanese market through our expertise and track record as an M&A specialist, we will create high-quality M&A deals that contribute to the further growth of our clients.

b. Condition of the Group

With regard to the operating results for the Group, while utilizing online meetings and telework, etc. to restrict visits by employees to the head office to prevent the spread of COVID-19, we made steady progress with deals, leading to net sales rising by ¥2,239.130 million (26.7%) to ¥10,614.138 million. This was mainly attributable to an increase in the number of deals closed compared to the same period of the previous fiscal year, and especially by an increase in the number of large deals closed from 14 to 22.

Cost of sales increased by ¥1,028.487 million (38.7%) year-on-year to ¥3,687.908 million mainly due to increases in incentives and subcontract expenses associated with the increase in net sales.

Although directors' compensation declined, higher ground rents caused by the rise in head office space and the use of satellite offices, as well as higher taxes and dues resulting from the increase in net sales, increased hiring costs, higher advertising expenses, and higher commissions paid were the main drivers behind selling, general and administrative expenses rising by ¥195.627 million year on year (up 8.9%) to ¥2,389.525 million.

As a result, operating income increased by ¥1,015.015 million (28.8%) year on year to ¥4,536.705 million, ordinary income increased by ¥1,027.124 million (29.2%) year on year to ¥4,547.912 million, and profit attributable to owners of parent increased by ¥687.039 million (29.6%) year on year to ¥3,006.867 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, 2020 (From October 1, 2019 to June 30, 2020)	Cumulative third quarter of fiscal year ending September 30, 2021 (From October 1, 2020 to June 30, 2021)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	90	122	+32
	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)	14	22	+8
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	76	100	+24

Number of deals (non-consolidated)

Name of type			Cumulative third quarter of fiscal year ended September 30, 2020 (From October 1, 2019 to June 30, 2020)	Cumulative third quarter of fiscal year ending September 30, 2021 (From October 1, 2020 to June 30, 2021)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	72	109	+37
	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)	11	20	+9
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	61	89	+28

Name of type			Cumulative third quarter of fiscal year ended September 30, 2020 (From October 1, 2019 to June 30, 2020)	Cumulative third quarter of fiscal year ending September 30, 2021 (From October 1, 2020 to June 30, 2021)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	18	13	-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)	3	2	-1
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	15	11	-4

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 ¥24,670.183 million, an increase of ¥2,996.716 million (13.8%) from the end of the previous fiscal year. The factor driving this was an increase of ¥2,945.053 million in cash and deposits.

(Non-current assets)

Non-current assets amounted to ¥2,893.064 million, an increase of ¥506.088 million (21.2%) year on year. The main drivers behind this increase were an increase of ¥834.321 million in lease and guarantee deposits, a decline of ¥132.827 million in deferred tax assets, and a decline of ¥145.095 million in goodwill.

(Current liabilities)

Current liabilities amounted to ¥2,791.745 million, a decrease of ¥407.374 million (12.7%) from the end of the previous fiscal year. This was due mainly to a ¥329.468 million increase in provision for bonuses, and a ¥779.411 million decline in accounts payable - other.

(Non-current liabilities)

Non-current liabilities amounted to ¥242.586 million, an increase of ¥13.311 million (5.8%) from the end of the previous fiscal year. This was due to a ¥7.532 million increase in net defined benefit liability.

(Net assets)

Net assets amounted to ¥24,528.915 million, an increase of ¥3,896.867 million (18.9%) from the end of the previous fiscal year. This was primarily due to a ¥3,006.867 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 30, 2020.

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

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2020)	Third quarter of fiscal year ending September 30, 2021 (as of June 30, 2021)
Assets		
Current assets		
Cash and deposits	21,361,824	24,306,877
Accounts receivable - trade	145,538	135,612
Other	166,103	227,692
Total current assets	21,673,466	24,670,183
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	191,646	169,857
Other	70,857	76,431
Total property, plant and equipment	262,504	246,289
Intangible assets		
Trademark right	198,000	173,523
Goodwill	1,160,760	1,015,665
Other	63,355	56,351
Total intangible assets	1,422,116	1,245,540
Investments and other assets, gross		
Lease and guarantee deposits	263,571	1,097,893
Deferred tax assets	432,066	299,239
Allowance for doubtful accounts	(7,000)	(7,000)
Other	13,718	11,102
Total investments and other assets	702,356	1,401,235
Total non-current assets	2,386,976	2,893,064
Total assets	24,060,442	27,563,247
Liabilities		
Current liabilities		
Advances received	628,257	839,697
Provision for bonuses	19,834	349,303
Accounts payable - other	1,349,649	570,238
Income taxes payable	841,485	614,451
Accrued consumption taxes	236,581	312,467
Other	123,311	105,588
Total current liabilities	3,199,120	2,791,745
Non-current liabilities		
Net defined benefit liability	139,838	147,371
Other	89,435	95,215
Total non-current liabilities	229,274	242,586
Total liabilities	3,428,394	3,034,332

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2020)	Third quarter of fiscal year ending September 30, 2021 (as of June 30, 2021)
Net assets		
Shareholders' equity		
Capital stock	2,503,615	2,884,626
Capital surplus	2,493,365	2,874,376
Retained earnings	15,459,649	18,466,517
Treasury shares	(353)	(353)
Total shareholders' equity	<u>20,456,277</u>	<u>24,225,166</u>
Other comprehensive income		
Foreign currency translation adjustment	(775)	(751)
Total other comprehensive income	<u>(775)</u>	<u>(751)</u>
Subscription rights to shares	176,546	304,501
Total net assets	<u>20,632,048</u>	<u>24,528,915</u>
Total liabilities and net assets	<u>24,060,442</u>	<u>27,563,247</u>

(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, 2019 to June 30, 2020)	Cumulative third quarter of current fiscal year (From October 1, 2020 to June 30, 2021)
Net sales	8,375,008	10,614,138
Cost of sales	2,659,420	3,687,908
Gross profit	5,715,587	6,926,230
Selling, general and administrative expenses	2,193,898	2,389,525
Operating income	3,521,689	4,536,705
Non-operating income		
Interest income	864	894
Gain on reversal of share acquisition rights	350	8,707
Miscellaneous income	539	1,833
Total non-operating income	1,754	11,435
Non-operating expenses		
Loss on retirement of non-current assets	248	0
Miscellaneous loss	2,407	227
Total non-operating expenses	2,655	227
Ordinary income	3,520,788	4,547,912
Income before income taxes	3,520,788	4,547,912
Income taxes - current	1,083,102	1,408,217
Income taxes - deferred	117,857	132,827
Total income taxes	1,200,960	1,541,045
Profit	2,319,827	3,006,867
Profit attributable to owners of parent	2,319,827	3,006,867

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

	(Unit: thousand yen)	
	Cumulative third quarter of previous fiscal year (From October 1, 2019 to June 30, 2020)	Cumulative third quarter of current fiscal year (From October 1, 2020 to June 30, 2021)
Profit	2,319,827	3,006,867
Other comprehensive income		
Foreign currency translation adjustment	(312)	23
Total other comprehensive income	(312)	23
Comprehensive income	2,319,515	3,006,891
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	2,319,515	3,006,891

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Additional information)

(Accounting estimates regarding the impact of the spread of novel coronavirus infection)

With regard to accounting estimate assumptions for the impact of the spread of COVID-19, there have been no material changes from the statements made in the "Additional information" section of the annual securities report ("Accounting estimates regarding the impact of the spread of novel coronavirus infection").