

(English Translation)

Financial Results for the First Quarter
of the Fiscal Year Ending September 30, 2022 (under Japan GAAP) (Consolidated)

January 28, 2022

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 10, 2022
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, 2022 (From October 1, 2021 to December 31, 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
First quarter of fiscal year ending September 30, 2022	¥5,105 million (28.5%)	¥2,571 million (42.3 %)	¥2,573 million (42.1 %)	¥1,751 million (56.7%)
First quarter of fiscal year ended September 30, 2021	¥3,972 million (206.7%)	¥1,807 million (-%)	¥1,810 million (-%)	¥1,117 million (-%)

(Note)

Comprehensive income:

First quarter of fiscal year ending September 30, 2022: 1,750 million yen (56.6 %)

First quarter of fiscal year ended September 30, 2021: 1,117 million yen (- %)

	Profit per share	Profit (fully diluted) per share
First quarter of fiscal year ending September 30, 2022	¥55.21	¥53.65
First quarter of fiscal year ended September 30, 2021	¥35.73	¥34.28

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
First quarter of fiscal year ending September 30, 2022	¥31,487 million	¥27,563 million	86.6%
Fiscal year ended September 30, 2021	¥30,796 million	¥25,841 million	82.9%

(Reference)

Equity:

First quarter of fiscal year ending September 30, 2022: 27,253million yen

Fiscal year ended September 30, 2021: 25,529 million yen

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended September 30, 2021	—	¥0.00	—	¥0.00	¥0.00
Fiscal year ending September 30, 2022	—				
Fiscal year ending September 30, 2022 (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, 2022 (From October 1, 2021 to September 30, 2022)

(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	¥16,220 million (7.0%)	¥6,819 million (3.8%)	¥6,823 million (3.6%)	¥4,539 million (5.3%)	¥143.13

(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: | Yes |
| | (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, 2021 | 31,717,000 shares |
| | As of September 30, 2021 | 31,717,000 shares |
| | (ii) Number of treasury shares as of the end of the period: | |
| | As of December 31, 2021 | 398 shares |
| | As of September 30, 2021 | 398 shares |
| | (iii) Average number of shares during the period (cumulative): | |
| | First quarter of fiscal year ending September 30, 2022 | 31,716,602 shares |
| | First quarter of fiscal year ended September 30, 2021 | 31,275,167 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 4,280 for 2021 (January to December), a year-on-year increase of 14.7%, and a record high despite the COVID-19 pandemic.

With the M&A market expanding strongly, M&A has been attracting further attention as a means of resolving the social problem of business succession among small and medium enterprises, and is becoming widely perceived by many business owners to be an important option.

Coordination between the government and the private sector is being strengthened. In April 2021 the Small and Medium Enterprise Agency formulated a Small and Medium Enterprise M&A Promotion Plan, and a registration system for M&A institutions was launched in August 2021, to which many private-sector intermediary businesses have signed up.

The M&A Intermediaries Association was also established with the aim of encouraging the industry to work as one to contribute to society through sound M&A. The Association's directors are taken from the representatives of the five listed M&A intermediary companies: Nihon M&A Center Inc., Strike Co., Ltd., M&A Capital Partners, Co., Ltd., ONDECK Co., Ltd., and Meinan M&A Co., Ltd.

As the market expands we are seeing increased competition from major financial institutions, regional banks, and new entrants, but we will leverage the expertise and track record that we have accumulated as a specialist in the domestic M&A market to create high-quality M&A deals that contribute to the sustainability of the Japanese economy.

b. Condition of the Group

With regard to the operating results for the Group, net sales rose ¥1,132.884 million (28.5%) year on year to ¥5,105.237 million. This was due mainly to an increase in the number of deals compared to the same period of the previous year, as well as an overall increase in the fee per deal.

Cost of sales increased by ¥447.967 million (34.9%) year on year to ¥1,732.675 million due mainly to a rise in incentives, including provision for bonuses, and subcontract expenses associated with the increase in net sales.

Although salaries and allowances, supplies expenses, commissions paid, miscellaneous expenses and consolidated amortization of goodwill all increased, directors' compensation declined, which was the main driver behind selling, general and administrative expenses falling by ¥79.439 million (9.0%) year on year to ¥801.011 million.

As a result, operating income increased by ¥764.355 million (42.3%) year on year to ¥2,571.551 million, ordinary income increased by ¥763.136 million (42.1%) year on year to ¥2,573.820 million, and profit attributable to owners of parent increased by ¥633.618 million (56.7%) year on year to ¥1,751.225 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, 2021 (From October 1, 2020 to December 31, 2020)	First quarter of fiscal year ending September 30, 2022 (From October 1, 2021 to December 31, 2021)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	34	46	+12
	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)	8	10	+2
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	26	36	+10

Number of deals (non-consolidated)

Name of type			First quarter of fiscal year ended September 30, 2021 (From October 1, 2020 to December 31, 2020)	First quarter of fiscal year ending September 30, 2022 (From October 1, 2021 to December 31, 2021)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	32	41	+9
	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)	8	9	+1
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	24	32	+8

Name of type			First quarter of fiscal year ended September 30, 2021 (From October 1, 2020 to December 31, 2020)	First quarter of fiscal year ending September 30, 2022 (From October 1, 2021 to December 31, 2021)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	2	5	+3
	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)	2	4	+2

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 ¥28,583.783 million, an increase of ¥863.278 million (3.1%) year on year. This was primarily due to an increase of ¥893.831 million in cash and deposits.

(Non-current assets)

Non-current assets amounted to ¥2,903.634 million, a decrease of ¥172.498 million (5.6%) year on year. This was primarily due to a decrease of ¥123.936 million in deferred tax assets and a decrease of ¥48.365 million in goodwill.

(Current liabilities)

Current liabilities amounted to ¥3,666.952 million, a decrease of ¥1,023.275 million (21.8%) year on year. This was due primarily to an increase of ¥599.313 million in provision for bonuses, and declines of ¥828.028 million in accounts payable - other and ¥868.462 million in income taxes payable, respectively.

(Non-current liabilities)

Non-current liabilities amounted to ¥256.960 million, a decrease of ¥7.541 million (2.9%) year on year. This was due to a decline of ¥3.137 million in net defined benefit liability, and a ¥4.404 million decline in other non-current liabilities.

(Net assets)

Net assets amounted to ¥27,563.504 million, an increase of ¥1,721.596 million (6.7%) year on year. This was primarily due to an increase of ¥1,724.695 million 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 29, 2021.

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

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2021)	First quarter of fiscal year ending September 30, 2022 (as of December 31, 2021)
Assets		
Current assets		
Cash and deposits	27,261,477	28,155,308
Accounts receivable - trade	192,870	160,382
Other	266,157	268,092
Total current assets	27,720,504	28,583,783
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	163,104	154,968
Other	67,621	66,068
Total property, plant and equipment	230,726	221,036
Intangible assets		
Trademark right	165,265	157,008
Goodwill	967,300	918,935
Other	51,037	67,284
Total intangible assets	1,183,604	1,143,228
Investments and other assets, gross		
Lease and guarantee deposits	1,091,133	1,088,859
Deferred tax assets	545,555	421,618
Allowance for doubtful accounts	(7,000)	(23,200)
Other	32,113	52,091
Total investments and other assets	1,661,802	1,539,368
Total non-current assets	3,076,133	2,903,634
Total assets	30,796,638	31,487,417
Liabilities		
Current liabilities		
Contract liabilities	-	973,522
Advances received	837,590	-
Provision for bonuses	26,458	625,771
Accounts payable - other	1,638,070	810,042
Income taxes payable	1,621,250	752,787
Accrued consumption taxes	440,612	399,963
Other	126,246	104,865
Total current liabilities	4,690,227	3,666,952
Non-current liabilities		
Net defined benefit liability	140,022	136,884
Other	124,480	120,076
Total non-current liabilities	264,502	256,960
Total liabilities	4,954,730	3,923,913

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2021)	First quarter of fiscal year ending September 30, 2022 (as of December 31, 2021)
Net assets		
Shareholders' equity		
Capital stock	2,884,626	2,884,626
Capital surplus	2,874,376	2,874,376
Retained earnings	19,771,460	21,496,155
Treasury shares	(353)	(353)
Total shareholders' equity	25,530,109	27,254,805
Other comprehensive income		
Foreign currency translation adjustment	(656)	(1,469)
Total other comprehensive income	(656)	(1,469)
Subscription rights to shares	312,455	310,169
Total net assets	25,841,908	27,563,504
Total liabilities and net assets	30,796,638	31,487,417

(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, 2020 to December 31, 2020)	First quarter of current fiscal year (From October 1, 2021 to December 31, 2021)
Net sales	3,972,353	5,105,237
Cost of sales	1,284,707	1,732,675
Gross profit	2,687,645	3,372,562
Selling, general and administrative expenses	880,450	801,011
Operating income	1,807,195	2,571,551
Non-operating income		
Interest income	803	1,000
Gain on reversal of share acquisition rights	2,790	9,868
Miscellaneous income	240	483
Total non-operating income	3,834	11,352
Non-operating expenses		
Interest expenses	-	83
Loss on retirement of non-current assets	-	8,641
Miscellaneous loss	346	358
Total non-operating expenses	346	9,083
Ordinary income	1,810,683	2,573,820
Income before income taxes	1,810,683	2,573,820
Income taxes - current	567,322	703,124
Income taxes - deferred	125,753	119,469
Total income taxes	693,075	822,594
Profit	1,117,607	1,751,225
Profit attributable to owners of parent	1,117,607	1,751,225

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

	(Unit: thousand yen)	
	First quarter of previous fiscal year (From October 1, 2020 to December 31, 2020)	First quarter of current fiscal year (From October 1, 2021 to December 31, 2021)
Profit	1,117,607	1,751,225
Other comprehensive income		
Foreign currency translation adjustment	(188)	(813)
Total other comprehensive income	(188)	(813)
Comprehensive income	1,117,419	1,750,412
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	1,117,419	1,750,412

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company began applying the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter referred to as "Accounting Standard for Revenue Recognition"), etc. from the beginning of the three months ended December 31, 2021, based on which it recognizes revenue at the amount that it expects to receive in exchange for the good or service at the point in time that control of the promised good or service is transferred to the customer. As a result, with regard to the timing of revenue recognition for M&A intermediary and advisory services, whereas we had previously recognized some compensation as revenue partway through the deal process at consolidated subsidiaries, we have changed primarily to a method whereby revenue is recognized at the point at which the transfer of shares or a business comes into effect.

In terms of the application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment set out in the proviso to Paragraph 84 of the Standard, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the three months ended December 31, 2021 has been added to or subtracted from retained earnings at the beginning of the three months ended December 31, 2021, and the new accounting policy has been applied to the opening balance at the start of this three-month period.

As a result, net sales in the three months ended December 31, 2021 decreased by ¥4.950 million, cost of sales decreased by ¥0.272 million, and operating income, ordinary income, and income before income taxes each decreased by ¥4.677 million. In addition, retained earnings at the beginning of the period under review decreased by ¥26.529 million.

Due to the application of the Accounting Standard for Revenue Recognition, etc., "Advances received" that were shown under "Current liabilities" in the consolidated balance sheet for the previous fiscal year are now included in "Contract liabilities," beginning with the three months ended December 31, 2021. Moreover, in accordance with the transitional treatment set out in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the figures for the previous fiscal year have not been reclassified using the new method of presentation.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company began applying the Application of Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Accounting Standard for Fair Value Measurement"), etc. in the three months ended December 31, 2021, and will apply the new accounting policy set out in the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures set out in Paragraph 19 of the

Accounting Standard for Fair Value Measurement, and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). Also, we will apply the new accounting policy set out in the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures set out in Paragraph 19 of the Accounting Standard for Fair Value Measurement, and in Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(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”).