

(English Translation)

Financial Results for the Fiscal Year Ended September 30, 2022
(under Japan GAAP) (Consolidated)

October 28, 2022

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 annual shareholders' meeting: December 23, 2022
Scheduled date of commencement of dividend payment: —
Scheduled date of filing of annual securities report: December 26, 2022
Presentation of supplementary materials on financial results: Yes
Holding of financial presentation meeting: Yes (For institutional investors)

(Note that all amounts have been rounded down to the nearest one million yen)

1. Financial Results for the Fiscal Year Ended September 30, 2022 (From October 1, 2021 to September 30, 2022)

(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
Fiscal year ended September 30, 2022	¥20,706 million (36.6%)	¥9,713 million (47.8%)	¥9,766 million (48.2%)	¥6,794 million (57.6%)
Fiscal year ended September 30, 2021	¥15,161 million (27.7%)	¥6,572 million (30.1%)	¥6,588 million (30.4%)	¥4,311 million (26.5%)

(Note)

Comprehensive income:

Fiscal year ended September 30, 2022: 6,799 million yen (57.7%)

Fiscal year ended September 30, 2021: 4,311 million yen (26.6%)

	Profit per share	Profit (fully diluted) per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended September 30, 2022	¥214.21	¥208.93	23.5%	27.6%	46.9%
Fiscal year ended September 30, 2021	¥136.65	¥132.25	18.8%	24.0%	43.3%

(Reference)

Equity in profit of affiliates:

Fiscal Year Ended September 30, 2022: — million yen

Fiscal Year Ended September 30, 2021: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended September 30, 2022	¥39,913 million	¥32,598 million	81.0%	¥1,018.67
Fiscal year ended September 30, 2021	¥30,796 million	¥25,841 million	82.9%	¥804.92

(Reference)

Equity:

Fiscal Year Ended September 30, 2022: 32,320 million yen

Fiscal Year Ended September 30, 2021: 25,529 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended September 30, 2022	¥8,505 million	- ¥91 million	- ¥12 million	¥31,668 million
Fiscal year ended September 30, 2021	¥6,014 million	- ¥913 million	¥798 million	¥23,261 million

2. Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
Fiscal year ended September 30, 2021	—	¥0.00	—	¥0.00	¥0.00	—	—	—
Fiscal year ended September 30, 2022	—	¥0.00	—	¥0.00	¥0.00	—	—	—
Fiscal year ending September 30, 2023 (Forecast)	—	¥0.00	—	¥0.00	¥0.00		—	

3. Forecast of Financial Results for the Fiscal Year Ending September 30, 2023 (From October 1, 2022 to September 30, 2023)

(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	¥22,641 million (9.3%)	¥9,031 million (-7.0%)	¥9,003 million (-7.8%)	¥5,980 million (-12.0%)	¥188.50

(Note) No forecast has been made for the consolidated financial results for the second quarter (cumulative).

*** Notes**

- (1) Significant changes in subsidiaries during the consolidated fiscal year under review: No
- (2) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements after error corrections
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations, etc.: Yes
- (ii) Changes in accounting policies due to other reasons: No
- (iii) Changes in accounting estimates: Yes
- (iv) Restatements of prior period financial statements after error corrections: No
- (3) 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 September 30, 2022: 31,729,000 shares
As of September 30, 2021: 31,717,000 shares
- (ii) Number of treasury shares as of the end of the period:
As of September 30, 2022: 398 shares
As of September 30, 2021: 398 shares
- (iii) Average number of shares during the period:
Fiscal year ended September 30, 2022: 31,720,218 shares
Fiscal year ended September 30, 2021: 31,554,049 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Financial Results for the Fiscal Year Ended September 30, 2022 (From October 1, 2021 to September 30, 2022)

(1) Non-Consolidated Operating Results

(Percentage figures represent changes from the same period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Profit
Fiscal year ended September 30, 2022	¥17,810 million (28.7%)	¥9,013 million (31.3%)	¥9,076 million (31.7%)	¥6,134 million (31.6%)
Fiscal year ended September 30, 2021	¥13,833 million (35.7%)	¥6,865 million (38.8%)	¥6,889 million (39.0%)	¥4,661 million (39.1%)

	Profit per share	Profit (fully diluted) per share
Fiscal year ended September 30, 2022	¥193.40	¥188.64
Fiscal year ended September 30, 2021	¥147.74	¥142.98

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended September 30, 2022	¥38,215 million	¥32,160 million	83.4%	¥1,004.85
Fiscal year ended September 30, 2021	¥30,510 million	¥26,042 million	84.3%	¥811.24

(Reference)

Equity:

Fiscal Year Ended September 30, 2022: 31,882 million yen

Fiscal Year Ended September 30, 2021: 25,729 million yen

*** Consolidated financial results are not subject to audit by certified public accountants or audit firms.**

*** 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. For more details of the assumptions on which the financial results forecasts are based, and for matters to note in relation to these forecasts, please refer to “1. Overview of Operating Results (4) Forecast” on P.7 of the attachment.

Attachment – Contents

- 1. Overview of Operating Results.....2
 - (1) Overview of Operating Results.....2
 - (2) Overview of Financial Position4
 - (3) Overview of Cash Flows5
 - (4) Forecast.....7
- 2. Basic Stance Regarding the Selection of Accounting Standards.....7
- 3. Consolidated Financial Statements and Significant Notes Thereto8
 - (1) Consolidated Balance Sheet.....8
 - (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income10
 - (3) Consolidated Statement of Changes in Equity.....12
 - (4) Consolidated Statement of Cash Flows13
 - (5) Notes to Consolidated Financial Statements14
 - (Notes on premise of going concern)14
 - (Changes in accounting policies)14
 - (Changes in accounting estimates)15
 - (Additional information)16
 - (Segment information)16
 - (Per share information).....16
 - (Important events after the reporting period).....18

1. Overview of Operating Results

(1) Overview 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. The number of deals in the January-September period of 2022 remained on a rising trend, posting a year-on-year increase of 3.6% to 3,272.

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 ¥5,545 million (36.6%) year on year to ¥20,706 million. This was attributable mainly to an increase in the number of large deals closed compared to the same period of the previous year.

Cost of sales increased by ¥1,682 million (31.2%) year on year to ¥7,073 million due mainly to a rise in incentives, including provision for bonuses, and subcontract expenses associated with the increase in net sales.

Selling, general and administrative expenses rose ¥721 million year on year (up 22.6%) to ¥3,919 million, due mainly to increases in advertising expenses, bonuses, provision for bonuses for directors, commissions paid, higher taxes and dues, shareholder benefit program expenses, and miscellaneous expenses.

As a result, operating income increased by ¥3,140 million (47.8%) year on year to ¥9,713 million, ordinary income increased by ¥3,178 million (48.2%) year on year to ¥9,766 million, and profit attributable to owners of parent increased by ¥2,482 million (57.6%) year on year to ¥6,794 million.

The Accounting Standard for Revenue Recognition has been applied as of the beginning of the fiscal year ended September 30, 2022. However, the year-on-year increases/decreases and percentages in the explanation for the consolidated fiscal year under review use figures from the previous fiscal year prior to application of the Accounting Standard for Revenue Recognition for comparison.

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

Number of deals (consolidated)

Name of type			Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)	Current consolidated fiscal year (from October 1, 2021 to September 30, 2022)	Year-on-year change	
Whole Group	M&A deals closed		(number of deals)	172	199	+27
	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)	36	48	+12
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	136	151	+15

Number of deals (non-consolidated)

Name of type			Previous fiscal year (from October 1, 2020 to September 30, 2021)	Current fiscal year (from October 1, 2021 to September 30, 2022)	Year-on-year change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	155	171	+16
	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)	34	44	+10
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	121	127	+6

Name of type			Previous fiscal year (from October 1, 2020 to September 30, 2021)	Current fiscal year (from October 1, 2021 to September 30, 2022)	Year-on-year change	
RECOF Corporation	M&A deals closed		(number of deals)	17	28	+11
	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	4	+2
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	15	24	+9

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

(2) Overview of Financial Position

(Current assets)

As of the end of the consolidated fiscal year under review, current assets amounted to ¥36,717 million, an increase of ¥8,996 million (32.5%) year on year. This was primarily due to an ¥8,406 million increase in cash and deposits.

(Non-current assets)

As of the end of the consolidated fiscal year under review, non-current assets amounted to ¥3,196 million, an increase of ¥120 million (3.9%) year on year. This was mainly due to deferred tax assets increasing by ¥424 million, while goodwill decreased by ¥193 million, trademark rights decreased by 33 million, and facilities attached to buildings, net decreased by ¥70 million.

(Current liabilities)

Current liabilities amounted to ¥6,422 million, an increase of ¥1,731 million (36.9%) year on year. The main factors behind this were an increase of ¥736 million in income taxes payable, an increase of ¥205 million in accrued consumption taxes, and an increase of ¥660 million in accounts payable - other.

(Non-current liabilities)

Non-current liabilities amounted to ¥892 million, an increase of ¥628 million (237.5%) year on year. This was mainly due to provision for bonuses increasing by ¥562 million.

(Net assets)

Net assets amounted to ¥32,598 million, an increase of ¥6,756 million (26.1%) year on year. This was primarily due to a ¥6,768 million increase in retained earnings.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the consolidated fiscal year under review totaled ¥31,668 million, an increase of ¥8,406 million (36.14%) year on year.

Each of the cash flows in the consolidated fiscal year under review and their respective factors are as follows.

(Cash flows from operating activities)

Funds provided by operating activities amounted to ¥8,505 million, compared to ¥6,014 million provided in the same period of the previous fiscal year. This was mainly due to recording income before income taxes of ¥9,766 million, as well as an increase in accounts payable - other of ¥655 million, an increase in provision for bonuses of ¥567 million, an increase in notes and accounts receivable - trade of ¥563 million, and income taxes paid of ¥2,700 million.

(Cash flows from investing activities)

Funds used in investing activities amounted to ¥91 million, compared to ¥913 million used in the same period of the previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥45 million, and purchase of intangible assets of ¥39 million.

(Cash flows from financing activities)

Funds used by operating activities came to ¥12 million, compared to ¥798 million provided in the same period of the previous fiscal year. This was due to repayments of short-term borrowings of ¥30 million and inflow of ¥17 million derived from the exercise of the 10th subscription rights to shares.

(Reference) Trends in Cash Flow Indicators

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Equity ratio (%)	86.6	80.7	85.0	82.9	81.0
Equity ratio on market value basis (%)	707.1	478.5	636.9	638.5	294.9
Interest-bearing debt to cash flows ratio (years)	-	-	-	-	-
Interest coverage ratio (times)	-	-	-	-	-

Equity ratio: $\text{Equity} / \text{Total assets}$

Equity ratio on market value basis: $\text{Market capitalization} / \text{Total assets}$

Interest-bearing debt to cash flows ratio: $\text{Interest-bearing debt} / \text{Cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{Interest payment}$

(Notes)

1. *Cash flow represents operating cash flow.*
2. *“Interest-bearing debt” includes all of those Liabilities reported on the balance sheet on which interest is paid.*
3. *Market capitalization is calculated by multiplying the year-end share price by the number of shares issued and outstanding at year-end.*
4. *We did not have interest-bearing debt in the years ended September 30, 2018 to the year ended September 30, 2022, so we have not provided the interest-bearing debt to cash flow ratio.*

(4) Forecast

With regard to the operating environment going forward, the impact on the domestic economy of COVID-19 is gradually easing, and economic activity is expected to begin to normalize, leading to a moderate recovery in the Japanese economy.

Under these economic conditions, we believe that demand for M&A aimed at reorganizing businesses and generating synergies among Japanese companies will increase further.

Based on the above, the forecast for the fiscal year ending September 30, 2023 is for net sales of ¥22,641 million, operating income of ¥9,031 million, ordinary income of ¥9,003 million and profit attributable to owners of parent of ¥5,980 million.

Furthermore, this forecast is based on the assumption that economic activity in Japan does not experience a significant stagnation as a result of a new wave of COVID-19.

2. Basic Stance Regarding the Selection of Accounting Standards

The Group employs Japanese standards considering comparability of consolidated financial statements between periods and comparability among companies.

The application of IFRS will be handled appropriately in consideration of various conditions in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2021)	Current consolidated fiscal year (as of September 30, 2022)
Assets		
Current assets		
Cash and deposits	27,261,477	35,668,284
Accounts receivable - trade	192,870	807,061
Other	266,157	241,979
Total current assets	27,720,504	36,717,324
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	163,104	92,167
Other	67,621	77,112
Total property, plant and equipment	230,726	169,280
Intangible assets		
Trademark right	165,265	132,236
Goodwill	967,300	773,840
Other	51,037	62,295
Total intangible assets	1,183,604	968,372
Investments and other assets, gross		
Lease and guarantee deposits	1,091,133	1,073,956
Deferred tax assets	545,555	969,799
Other	32,113	21,905
Allowance for doubtful accounts	(7,000)	(7,000)
Total investments and other assets	1,661,802	2,058,660
Total non-current assets	3,076,133	3,196,313
Total assets	30,796,638	39,913,638

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2021)	Current consolidated fiscal year (as of September 30, 2022)
Liabilities		
Current liabilities		
Contract liabilities	-	861,784
Advances received	837,590	-
Provision for bonuses	26,458	31,568
Accounts payable - other	1,638,070	2,298,823
Income taxes payable	1,621,250	2,358,074
Accrued consumption taxes	440,612	645,676
Other	126,246	226,293
Total current liabilities	4,690,227	6,422,220
Non-current liabilities		
Net defined benefit liability	140,022	128,750
Provision for bonuses	-	562,306
Provision for directors' bonuses	-	91,407
Other	124,480	110,294
Total non-current liabilities	264,502	892,758
Total liabilities	4,954,730	7,314,978
Net assets		
Shareholders' equity		
Capital stock	2,884,626	2,893,644
Capital surplus	2,874,376	2,883,394
Retained earnings	19,771,460	26,539,708
Treasury shares	(353)	(353)
Total shareholders' equity	25,530,109	32,316,393
Other comprehensive income		
Foreign currency translation adjustment	(656)	4,424
Total other comprehensive income	(656)	4,424
Subscription rights to shares	312,455	277,842
Total net assets	25,841,908	32,598,659
Total liabilities and net assets	30,796,638	39,913,638

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

	(Unit: thousand yen)	
	Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)	Current consolidated fiscal year (from October 1, 2021 to September 30, 2022)
Net sales	15,161,059	20,706,403
Cost of sales	5,390,835	7,073,685
Gross profit	9,770,224	13,632,717
Selling, general and administrative expenses	3,198,212	3,919,708
Operating income	6,572,011	9,713,008
Non-operating income		
Interest income	997	1,266
Gain on reversal of share acquisition rights	11,766	54,666
Compensation income	3,356	-
Miscellaneous income	3,037	6,121
Total non-operating income	19,157	62,054
Non-operating expenses		
Interest expenses	-	83
Loss on retirement of non-current assets	2,878	8,641
Miscellaneous loss	263	161
Total non-operating expenses	3,142	8,886
Ordinary income	6,588,025	9,766,176
Income before income taxes	6,588,025	9,766,176
Income taxes - current	2,365,289	3,420,057
Income taxes - deferred	(89,074)	(448,658)
Total income taxes	2,276,215	2,971,398
Profit	4,311,810	6,794,777
Profit attributable to owners of parent	4,311,810	6,794,777

Consolidated Statements of Comprehensive Income

	(Unit: thousand yen)	
	Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)	Current consolidated fiscal year (from October 1, 2021 to September 30, 2022)
Profit	4,311,810	6,794,777
Other comprehensive income		
Foreign currency translation adjustment	119	5,080
Total other comprehensive income	119	5,080
Comprehensive income:	4,311,929	6,799,858
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	4,311,929	6,799,858

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)

(Unit: thousand yen)

	Shareholders' equity					Other comprehensive income		Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total other comprehensive income		
Balance at the beginning of the year	2,503,615	2,493,365	15,459,649	(353)	20,456,277	(775)	(775)	176,546	20,632,048
Changes of items during period									
Issuance of new shares	381,010	381,010			762,020				762,020
Profit attributable to owners of parent			4,311,810		4,311,810				4,311,810
Net changes in items other than shareholders' equity						119	119	135,909	136,028
Total changes of items during period	381,010	381,010	4,311,810	-	5,073,830	119	119	135,909	5,209,858
Balance at the end of the year	2,884,626	2,874,376	19,771,460	(353)	25,530,109	(656)	(656)	312,455	25,841,908

Current consolidated fiscal year (From October 1, 2021 to September 30, 2022)

(Unit: thousand yen)

	Shareholders' equity					Other comprehensive income		Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total other comprehensive income		
Balance at the beginning of the year	2,884,626	2,874,376	19,771,460	(353)	25,530,109	(656)	(656)	312,455	25,841,908
Cumulative effects of changes in accounting policies			(26,529)						
Restated balance	2,884,626	2,874,376	19,744,930	(353)	25,503,579	(656)	(656)	312,455	25,815,378
Changes of items during period									
Issuance of new shares	9,018	9,018			18,036				18,036
Profit attributable to owners of parent			6,794,777		6,794,777				6,794,777
Net changes in items other than shareholders' equity						5,080	5,080	(34,613)	(29,533)
Total changes of items during period	9,018	9,018	6,794,777	-	6,812,813	5,080	5,080	(34,613)	6,783,280
Balance at the end of the year	2,893,644	2,883,394	26,539,708	(353)	32,316,393	4,424	4,424	277,842	32,598,659

(4) Consolidated Statement of Cash Flows

	(Unit: thousand yen)	
	Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)	Current consolidated fiscal year (from October 1, 2021 to September 30, 2022)
Cash flows from operating activities		
Income before income taxes	6,588,025	9,766,176
Depreciation	101,936	136,091
Amortization of goodwill	193,460	202,396
Increase (decrease) in allowance for doubtful accounts	-	(16,200)
Depreciation and amortization on other	33,024	33,029
Loss on retirement of non-current assets	2,878	8,641
Interest income	(997)	(1,266)
Interest expenses	-	83
Decrease (increase) in notes and accounts receivable - trade	(47,332)	(563,330)
Increase (decrease) in accounts payable -other	313,241	655,742
Increase (decrease) in provision for bonuses	6,623	567,415
Increase (decrease) in provision for directors' bonuses	2,426	98,629
Increase (decrease) in net defined benefit liability	183	(11,272)
Increase (decrease) in advances received	209,332	-
Increase (decrease) in contract liabilities	-	(12,895)
Increase (decrease) in consumption taxes receivable/payable	165,927	241,878
Other	109,590	99,015
Subtotal	7,678,322	11,204,137
Interest income received	997	1,266
Interest expenses paid	-	(83)
Income taxes paid	(1,664,322)	(2,700,235)
Net cash provided by (used in) operating activities	6,014,997	8,505,084
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,694)	(45,529)
Purchase of intangible assets	(24,729)	(39,140)
Payments into time deposits	(4,000,000)	(4,000,000)
Proceeds from withdrawal of time deposits	4,000,000	4,000,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(9,688)
Payments for lease and guarantee deposits	(892,056)	(1,399)
Proceeds from collection of lease and guarantee deposits	46,508	13,775
Other	-	(10,000)
Net cash provided by (used in) investing activities	(913,972)	(91,981)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(30,000)
Proceeds from issuance of common shares	744,276	17,616
Proceeds from issuance of subscription rights to shares	53,961	-
Net cash provided by (used in) financing activities	798,237	(12,384)
Effect of exchange rate change on cash and cash equivalents	389	6,087
Increase (decrease) in cash and cash equivalents	5,899,653	8,406,806
Cash and cash equivalents at beginning of period	17,361,824	23,261,477
Cash and cash equivalents at end of period	23,261,477	31,668,284

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

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 fiscal year under review, 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 fiscal year under review has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied to the opening balance at the start of this period.

In addition, beginning in the fiscal year under review, “Advances received” that were shown under “Current liabilities” in the consolidated balance sheet for the previous fiscal year are included in “Contract liabilities.” However, 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.

As a result, contract liabilities in the consolidated balance sheet for the fiscal year under review increased ¥10.114 million compared to the same item before the application of the Accounting Standard for Revenue Recognition, etc. In the consolidated statements of income for the fiscal year under review, net sales decreased by ¥10.114 million, while cost of sales decreased by ¥2.102 million, and operating income, ordinary income and income before income taxes each decreased by ¥8.012 million.

In the consolidated statement of cash flows for the fiscal year under review, income before income taxes decreased by ¥8.012 million, and contract liabilities increased by ¥10.114 million.

Due to the restatement of net assets at the beginning of the fiscal year under review to reflect the cumulative effect of these changes, the balance of retained earnings at the beginning of the same period decreased by ¥26.529 million in the consolidated statement of changes in equity.

The impact on per-share information was negligible.

Moreover, in accordance with the transitional treatment set out in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes “Revenue recognition” have not been provided for the previous fiscal year.

(Changes in accounting estimates)

(Changes in useful lives)

Because the decision to relocate the head office for the Company and consolidated subsidiaries was taken in the fiscal year under review, the useful lives of non-current assets that were not expected to be used after the relocation were shortened, and changed going into the future. In the same way, depreciation relating to asset retirement obligations, which had been recorded to represent the obligation to restore locations to their original condition under the real estate leasing agreement for the head office, was also shortened to a reasonable period. As a result, compared to the same items under the previous policies, operating income, ordinary income, and income before income taxes each declined by ¥33.994 million in the fiscal year under review.

(Additional information)

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

The spread of COVID-19 had a certain impact on the Group's results for the fiscal year under review, but we consider the effect to be slight.

At this point in time, based on our current assumption that there will be no material impact next fiscal year and beyond, we are considering the valuation of goodwill and the recoverability of deferred tax assets.

Moreover, accounting estimates and judgments are based on information currently obtainable by the Group, but in the event that significant changes arise in the above-mentioned assumptions, the Group's financial position and operating results could be affected.

(Provision for bonuses)

Following the introduction by the Company of a new bonus plan in the fiscal year under review, the portion of employee bonuses payable not finalized at the time the consolidated financial statements were prepared is recorded as a provision for bonuses.

(Segment information)

Our business is comprised of a singular segment of M&A-related services and auxiliary businesses. Thus, segment information has been omitted.

(Per share information)

(yen)

	Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)	Current consolidated fiscal year (from October 1, 2021 to September 30, 2022)
Net assets per share	804.92	1,018.67
Profit per share	136.65	214.21
Profit (fully diluted) per share	132.25	208.93

(Note)

1. The basis for calculation of the amount of profit per share and the amount of fully diluted profit per share are as shown below.

	Previous consolidated fiscal year (from October 1, 2020 to September 30, 2021)	Current consolidated fiscal year (from October 1, 2021 to September 30, 2022)
Profit per share		
Profit attributable to owners of parent (thousand yen)	4,311,810	6,794,777
Amount not attributable to holders of common shares (thousand yen)	—	—
Profit attributable to owners of parent pertaining to common shares (thousand yen)	4,311,810	6,794,777
Average number of common shares during the period (shares)	31,554,049	31,720,218
Profit per share (fully diluted)		
Adjustment of profit attributable to owners of parent (thousand yen)	—	—
Number of increased common shares (shares)	1,049,973	800,884
(Of which subscription rights to shares (shares))	(1,049,973)	(800,884)
Outline of dilutive shares not included in the calculation of profit (fully diluted) per share due to having no dilutive effect	November 13, 2020 resolution of board of directors 13th subscription rights to shares (number of subscription rights to shares: 826) (Common shares: 82,600) November 13, 2020 resolution of board of directors 14th subscription rights to shares (number of subscription rights to shares: 67) (Common shares: 6,700) Some of the above-mentioned subscription rights to shares became invalid as of September 30, 2021, due to requirements for the exercise of the rights not being met.	November 13, 2020 resolution of board of directors 13th subscription rights to shares (number of subscription rights to shares: 584) (Common shares: 58,400) November 13, 2020 resolution of board of directors 14th subscription rights to shares (number of subscription rights to shares: 44) (Common shares: 4,400)

2. *The basis for the calculation of net assets per share is as follows:*

	Previous consolidated fiscal year (as of September 30, 2021)	Current consolidated fiscal year (as of September 30, 2022)
Total net assets (thousand yen)	25,841,908	32,598,659
Amount deducted from total net assets (thousand yen)	312,455	277,842
(Of which subscription rights to shares (thousand yen))	(312,455)	(277,842)
Net assets attributable to common shares at the end of the period (thousand yen)	25,529,452	32,320,817
Number of common shares used for the calculation of net assets per share (shares)	31,716,602	31,728,602

(Important events after the reporting period)

Not applicable.