

(English Translation)

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

July 29, 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 filing of quarterly report: August 12, 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 Third Quarter of the Fiscal Year Ending
September 30, 2022 (From October 1, 2021 to June 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
Third quarter of fiscal year ending September 30, 2022	¥14,155 million (33.4%)	¥6,746 million (48.7%)	¥6,799 million (49.5%)	¥4,601 million (53.0%)
Third quarter of fiscal year ended September 30, 2021	¥10,614 million (26.7%)	¥4,536 million (28.8%)	¥4,547 million (29.2%)	¥3,006 million (29.6%)

(Note)

Comprehensive income:

Third quarter of fiscal year ending September 30, 2022: 4,604 million yen (53.1 %)

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

	Profit per share	Profit (fully diluted) per share
Third quarter of fiscal year ending September 30, 2022	¥145.07	¥141.34
Third quarter of fiscal year ended September 30, 2021	¥95.46	¥92.24

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
Third quarter of fiscal year ending September 30, 2022	¥34,550 million	¥30,394 million	87.2%
Fiscal year ended September 30, 2021	¥30,796 million	¥25,841 million	82.9%

(Reference)

Equity:

Third quarter of fiscal year ending September 30, 2022: 30,125 million 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	-	¥0.00	-		
Fiscal year ending September 30, 2022 (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, 2022 (From October 1, 2021 to September 30, 2022)

(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	¥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, etc.: 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 June 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 June 30, 2022 | 398 shares |
| As of September 30, 2021 | 398 shares |
- (iii) Average number of shares during the period (cumulative total for the quarter):
- | | |
|--|-------------------|
| Third quarter of fiscal year ending September 30, 2022 | 31,717,393 shares |
| Third quarter of fiscal year ended September 30, 2021 | 31,499,269 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. The number of deals in the January-June period of 2022 remained on a rising trend, posting a year-on-year increase of 3.1% to 2,203.

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 ¥3,541.305 million (33.4%) year on year to ¥14,155.444 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 ¥1,093.210 million (29.6%) year on year to ¥4,781.118 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 increased ¥237.877 million (10.0%) year on year to ¥2,627.403 million, due mainly to increases in advertising expenses, commissions paid, and miscellaneous expenses.

As a result, operating income increased by ¥2,210.217 million (48.7%) year on year to ¥6,746.922 million, ordinary income increased by ¥2,251.444 million (49.5%) year on year to ¥6,799.357 million, and profit attributable to owners of parent increased by ¥1,594.511 million (53.0%) year on year to ¥4,601.379 million.

The Accounting Standard for Revenue Recognition has been applied as of the beginning of the fiscal year ending September 30, 2022. However, the year-on-year increases/decreases and percentages in the explanation for the cumulative third quarter use figures from the previous cumulative third quarter 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			Cumulative third quarter of fiscal year ended September 30, 2021 (From October 1, 2020 to June 30, 2021)	Cumulative third quarter of fiscal year ending September 30, 2022 (From October 1, 2021 to June 30, 2022)	Year-on-year Change	
Whole Group	M&A deals closed		(number of deals)	122	134	+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)	22	36	+14
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	100	98	-2

Number of deals (non-consolidated)

Name of type			Cumulative third quarter of fiscal year ended September 30, 2021 (From October 1, 2020 to June 30, 2021)	Cumulative third quarter of fiscal year ending September 30, 2022 (From October 1, 2021 to June 30, 2022)	Year-on-year Change	
M&A Capital Partners Co., Ltd.	M&A deals closed		(number of deals)	109	119	+10
	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)	20	34	+14
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	89	85	-4

Name of type			Cumulative third quarter of fiscal year ended September 30, 2021 (From October 1, 2020 to June 30, 2021)	Cumulative third quarter of fiscal year ending September 30, 2022 (From October 1, 2021 to June 30, 2022)	Year-on-year Change	
RECOF Corporation	M&A deals closed		(number of deals)	13	15	+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	2	±0
		Number of deals among those wherein amount of processing fees for the deal was less than JPY 100 million	(number of deals)	11	13	+2

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 ¥31,865.142 million, an increase of ¥4,144.637 million (15.0%) from the end of the previous fiscal year. This was primarily due to an increase of ¥3,161.512 million in cash and deposits.

(Non-current assets)

Non-current assets amounted to ¥2,684.946 million, a decrease of ¥391.186 million (12.7%) from the end of the previous fiscal year. This was mainly due to a decline of ¥157.313 million in deferred tax assets, and a decline of ¥145.095 million in goodwill.

(Current liabilities)

Current liabilities amounted to ¥3,939.177 million, a decrease of ¥751.049 million (16.0%) from the end of the previous fiscal year. This was attributable mainly to an increase of ¥104.030 million in contract liabilities ("advances received" in the previous fiscal year), an increase of ¥505.257 million in provision for bonuses, a decrease of ¥787.510 million in accounts payable - other, and a decrease of ¥679.206 million in income taxes payable.

(Non-current liabilities)

Non-current liabilities amounted to ¥216.015 million, a decrease of ¥48.487 million (18.3%) from the end of the previous fiscal year. This was due mainly to a decline of ¥10.936 million in net defined benefit liability, and a ¥37.550 million decline in other non-current liabilities.

(Net assets)

Net assets amounted to ¥30,394.896 million, an increase of ¥4,552.987 million (17.6%) from the end of the previous fiscal year. This was primarily due to a ¥4,574.849 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 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)	Third quarter of fiscal year ending September 30, 2022 (as of June 30, 2022)
Assets		
Current assets		
Cash and deposits	27,261,477	30,422,989
Accounts receivable - trade	192,870	1,194,128
Other	266,157	248,024
Total current assets	27,720,504	31,865,142
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	163,104	114,490
Other	67,621	57,729
Total property, plant and equipment	230,726	172,219
Intangible assets		
Trademark right	165,265	140,494
Goodwill	967,300	822,205
Other	51,037	68,081
Total intangible assets	1,183,604	1,030,781
Investments and other assets, gross		
Lease and guarantee deposits	1,091,133	1,074,891
Deferred tax assets	545,555	388,241
Allowance for doubtful accounts	(7,000)	(7,000)
Other	32,113	25,812
Total investments and other assets	1,661,802	1,481,945
Total non-current assets	3,076,133	2,684,946
Total assets	30,796,638	34,550,089
Liabilities		
Current liabilities		
Contract liabilities	-	941,620
Advances received	837,590	-
Provision for bonuses	26,458	531,715
Accounts payable - other	1,638,070	850,559
Income taxes payable	1,621,250	942,044
Accrued consumption taxes	440,612	421,257
Other	126,246	251,980
Total current liabilities	4,690,227	3,939,177
Non-current liabilities		
Net defined benefit liability	140,022	129,085
Other	124,480	86,929
Total non-current liabilities	264,502	216,015
Total liabilities	4,954,730	4,155,193

	(Unit: thousand yen)	
	Previous consolidated fiscal year (as of September 30, 2021)	Third quarter of fiscal year ending September 30, 2022 (as of June 30, 2022)
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	24,346,309
Treasury shares	(353)	(353)
Total shareholders' equity	25,530,109	30,122,994
Other comprehensive income		
Foreign currency translation adjustment	(656)	2,942
Total other comprehensive income	(656)	2,942
Subscription rights to shares	312,455	268,959
Total net assets	25,841,908	30,394,896
Total liabilities and net assets	30,796,638	34,550,089

(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, 2020 to June 30, 2021)	Cumulative third quarter of current fiscal year (From October 1, 2021 to June 30, 2022)
Net sales	10,614,138	14,155,444
Cost of sales	3,687,908	4,781,118
Gross profit	6,926,230	9,374,326
Selling, general and administrative expenses	2,389,525	2,627,403
Operating income	4,536,705	6,746,922
Non-operating income		
Interest income	894	1,129
Gain on reversal of share acquisition rights	8,707	54,666
Miscellaneous income	1,833	5,571
Total non-operating income	11,435	61,367
Non-operating expenses		
Interest expenses	-	83
Loss on retirement of non-current assets	0	8,641
Miscellaneous loss	227	207
Total non-operating expenses	227	8,932
Ordinary income	4,547,912	6,799,357
Income before income taxes	4,547,912	6,799,357
Income taxes - current	1,408,217	2,064,774
Income taxes - deferred	132,827	133,203
Total income taxes	1,541,045	2,197,978
Profit	3,006,867	4,601,379
Profit attributable to owners of parent	3,006,867	4,601,379

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

	(Unit: thousand yen)	
	Cumulative third quarter of previous fiscal year (From October 1, 2020 to June 30, 2021)	Cumulative third quarter of current fiscal year (From October 1, 2021 to June 30, 2022)
Profit	3,006,867	4,601,379
Other comprehensive income		
Foreign currency translation adjustment	23	3,599
Total other comprehensive income	23	3,599
Comprehensive income	3,006,891	4,604,978
(Comprehensive income attributable to:)		
Comprehensive income attributable to owners of parent	3,006,891	4,604,978

(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 nine months ended June 30, 2022 decreased by ¥1.986 million, cost of sales decreased by ¥0.567million, and operating income, ordinary income, and income before income taxes each decreased by ¥1.418 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). 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 for the previous fiscal year (“Accounting estimates regarding the impact of the spread of novel coronavirus infection”).