

# Morningstar Japan K.K.



## Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year ending March 31, 2023

July 26, 2022

Company name Morningstar Japan K.K. Stock exchange listing: Tokyo Stock Exchange  
 Stock code 4765 URL <https://www.morningstar.co.jp> TEL 03-6229-0810  
 Representative (Title) Representative Director and President (Name) Tomoya Asakura  
 Person responsible for disclosure (Title) Managing Executive Officer and General Manager of Administration Department (Name) Kazuhisa Ogawa

Scheduled date for filing of quarterly report: August 2, 2022 Scheduled date of payment of dividends: —

Supplementary documents for quarterly financial results: None

Quarterly financial results briefing: Yes (We will post a video of the briefing on our official website, targeting analysts and institutional investors.)

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2023 (April 1, 2022 to June 30, 2022) (1) Consolidated Results of Operations (cumulative) (Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of Fiscal Year ending March 31, 2023	2,007	1.0	515	1.7	621	1.2	361	△12.6
First quarter of Fiscal Year ended March 31, 2022	1,987	10.0	506	17.7	613	19.6	413	21.2

(Note) Comprehensive income First quarter of Fiscal Year ending March 31, 2023 349 million yen (△11.1%)  
 First quarter of Fiscal Year ended March 31, 2022 392 million yen (△20.0%)

	Net income per share (basic)	Net income per share (diluted)
	yen	yen
First quarter of Fiscal Year ending March 31, 2023	4.03	—
First quarter of Fiscal Year ended March 31, 2022	4.61	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
First quarter of Fiscal Year ending March 31, 2023	13,349	11,815	84.6	126.02
Fiscal Year ended March 31, 2022	14,055	12,273	84.0	131.64

(Reference) Shareholders' equity First quarter of Fiscal Year ending March 31, 2023 11,300 million yen  
 Fiscal Year ended March 31, 2022 11,804 million yen

### 2. Dividends

	Dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal Year ended March 31, 2022	—	8.00	—	9.00	17.00
Fiscal Year ending March 31, 2023	—				
Fiscal Year ending March 31, 2023 (forecast)		—	—	—	—

(Note) Revision to the most recently announced dividend forecast: None

The forecast of the year-end dividend for the fiscal year ending March 31, 2023 has yet to be determined.

3. Forecast of Consolidated Financial Results for the Fiscal Year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

The forecast of consolidated financial results for the fiscal year ending March 31, 2023 has yet to be determined.

(Note) Revision to the most recently announced earnings forecast: None

\* Notes

- (1) Changes in significant subsidiaries during the quarter under review  
(changes in specified subsidiaries affecting the scope of consolidation): None
- (2) Application of special accounting treatment for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies and estimates, and retrospective restatements
  - 1) Changes in accounting policies caused by revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatements: None
- (4) Number of shares issued (common stock)

1) Number of shares outstanding at end of period (including treasury stocks)	Q1, Fiscal Year ending March 31, 2023	89,673,600 shares	Fiscal Year ended March 31, 2022	89,673,600 shares
2) Number of treasury stocks at end of period	Q1, Fiscal Year ending March 31, 2023	170 shares	Fiscal Year ended March 31, 2022	170 shares
3) Average number of shares during the period (quarterly cumulative)	Q1, Fiscal Year ending March 31, 2023	89,673,430 shares	Q1, Fiscal Year ended March 31, 2022	89,673,430 shares

\* This quarterly financial summary is outside the scope of the quarterly review performed by certified accountants and auditors.

\* Explanation regarding the appropriate use of financial forecasts and other special items

(Dividend forecast of Fiscal Year ending March 31, 2023)

The year-end dividend forecast for the Fiscal Year ending March 31, 2023 has yet to be determined. It will be disclosed as soon as the dividend per share is determined after comprehensively taking into account future business performance, etc.

(How to obtain the financial results briefing)

A briefing of financial results for analysts is scheduled to be held on July 26, 2022. We will post a video of the briefing on our official website promptly after it is held.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

In Asset Management Business for the first quarter of the fiscal year under review (from April 1, 2022 to June 30, 2022), management fees (trust fees) increased due to a rising investment balance, supported by a continued increase in the investment balance of publicly offered index funds as well as privately placed funds that support the securities management of regional financial institutions. As a result, sales of the Asset Management Business amounted to 1,482 million yen, an increase of 50 million yen (3.5%) from the same period of the previous fiscal year (from April 1, 2021 to June 30, 2021).

In the Financial Services Business, the number of provided Wealth Advisors for tablets used by in-person-centric financial institutions for providing advice to customers continued to increase. In addition, there was an increase in the number of financial institutions using our independently developed investment-related tools on their official websites or on a smartphone application. Asset management-related seminars, which had sharply decreased due to COVID-19, recovered for the quarter, and sponsors and sales of web-related advertising also recovered owing to the increasing number of seminars. Meanwhile, sales of the Gomez Consulting Business, a sales category recorded for the same period of the previous fiscal year (from April 1, 2021 to June 30, 2021), ceased to be recorded due to the transfer of the business on July 1, 2021 through a company split. As a result, sales of the Financial Services Business totaled 524 million yen, a decrease of 30 million yen ( $\Delta 5.4\%$ ) from the same period of the previous fiscal year.

For the consolidated business results for the first quarter of the fiscal year under review, sales amounted to 2,007 million yen, an increase of 19 million yen (1.0%) from 1,987 million yen for the same period of the previous fiscal year. Cost of sales was 878 million yen, a decrease of 40 million yen ( $\Delta 4.4\%$ ) from 919 million yen for the same period of the previous fiscal year. Selling, general and administrative expenses were 613 million yen, an increase of 52 million yen (9.3%) from 561 million yen for the same period of the previous fiscal year.

Operating income for the period under review was 515 million yen, an increase of 8 million yen (1.7%) from 506 million yen for the same period of the previous fiscal year, as we succeeded in restraining the growth rates of cost of sales and selling, general and administrative expenses to below that of total net sales.

Although non-operating income less non-operating expenses decreased by 1 million yen compared with the same period of the previous fiscal year, ordinary income for the period under review totaled 621 million yen, an increase of 7 million yen (1.2%) from 613 million yen for the same period of the previous fiscal year.

Net income attributable to owners of parent for the period under review was 361 million yen, a decrease of 51 million yen ( $\Delta 12.6\%$ ) compared to 413 million yen for the same period of the previous fiscal year, as the tax burden for the same period of the previous fiscal year was lower than normal due to the receipt by U.S. subsidiary Carret Asset Management LLC of a tax refund for a prior year.

(Thousand yen)

	First Quarter of Previous Fiscal Year (from April 1, 2021 to June 30, 2021)		First Quarter of Current Fiscal Year (from April 1, 2022 to June 30, 2022)		Increase/Decrease	
	Amount	Profit rate (%)	Amount	Profit rate (%)	Amount	Rate (%)
Net sales	1,987,417		2,007,387		19,969	1.0
Operating income	506,922	25.5	515,296	25.7	8,373	1.7
Ordinary income	613,809	30.9	621,158	30.9	7,348	1.2
Net income attributable to owners of parent	413,031	20.8	361,126	18.0	$\Delta 51,904$	$\Delta 12.6$

Consolidated net sales increased for the 3rd consecutive year and recorded the highest sales for the 3rd consecutive year.

Operating income increased for the 2nd consecutive year.

Ordinary income increased for the 2nd consecutive year and posted a record high.

Sales by segment are as follows.

(Thousand yen)

Sales by Segment	First Quarter of Previous Fiscal Year (from April 1, 2021 to June 30, 2021)		First Quarter of Current Fiscal Year (from April 1, 2022 to June 30, 2022)		Rate of Change(%)
	Amount	Rate (%)	Amount	Rate (%)	
Asset Management Business	1,432,481	72.1	1,482,525	73.9	3.5
Financial Services Business	554,936	27.9	524,862	26.1	$\Delta 5.4$
Consolidated net sales	1,987,417	100.00	2,007,387	100.0	1.0

1) Asset Management Business

The balance of assets under management of all four management companies and one investment advisory company, each a subsidiary, increased compared to the end of the same quarter of the previous fiscal year. The combined total balance of assets under management of the five companies increased 21.9% year on year to 3.78 trillion yen at the end of the quarter under review (June 30, 2022) from 3.1 trillion yen at the end of the same quarter of the previous fiscal year (June 30, 2021). Sales of the Asset Management Business for the first quarter of the fiscal year under review increased by 50 million yen (3.5%) year on year to 1,482 million yen from 1,432 million yen for the same period of the previous fiscal year, as management fees (trust fees) increased due to a rising investment balance.

Segment income was 360 million yen, an increase of 5 million yen (1.4%) from 355 million yen for the same period of the previous fiscal year.

2) Financial Services Business

The number of "Wealth Advisors" used by financial institutions distributing investment trusts rose to 114,960 units at the end of the quarter under review, an increase of 8.7% from 105,792 units at the end of the same quarter of the previous fiscal year, and data sales for tablets also increased. There was an increase in the number of entities provided with online-use data for financial institutions. Asset management-related seminars, which had sharply decreased due to COVID-19, recovered for the quarter, and seminar-related sponsors and sales of web advertising also recovered. Meanwhile, sales of the Gomez Consulting Business, a sales category recorded for the first quarter of the previous fiscal year, ceased to be recorded for the period under review due to the transfer of the business on July 1, 2021 through a company split.

As a result, sales of the Financial Services Business for the period under review were 524 million yen, a decrease of 30 million yen ( $\Delta$ 5.4%) from 554 million yen for the same period of the previous fiscal year.

Segment income was 154 million yen, an increase of 3 million yen (2.2%) from 151 million yen for the same period of the previous fiscal year.

(2) Analysis of Financial Position

Total assets decreased by 705 million yen from the end of the previous consolidated fiscal year to 13,349 million yen. This was due to an increase of 2,013 million yen in current assets, and a decrease of 1,310 million yen in non-current assets. The decrease in current assets was mainly due to a decrease in cash and cash equivalents by 2,173 million yen. The decrease in cash and cash equivalents was due to a dividend payment of 807 million yen and a purchase of investment securities worth 1,500 million yen.

The increase in non-current assets was mainly due to an increase of 1,344 million yen in investment securities.

Total liabilities decreased by 247 million yen from the end of the previous consolidated fiscal year to 1,533 million yen. The decrease in liabilities was mainly due to a decrease in income taxes payable by 268 million yen. The decrease in income taxes payable was due to a tax payment for the previous consolidated fiscal year.

For the period under review, net income attributable to owners of parent of 361 million yen was recorded and dividends of 807 million yen were paid, and as a result, retained earnings decreased by 445 million yen to 3,993 million yen.

Valuation difference on available-for-sale securities amounted to negative 660 million yen due to declines in their fair value.

Foreign currency translation adjustments increased by 89 million yen due to the yen's depreciation, which widened the difference between the exchange rate at the time of acquisition of shares of a U.S. subsidiary and the exchange rate for the period under review.

As a result, total net assets decreased by 457 million yen from the end of the previous consolidated fiscal year to 11,815 million yen.

(3) Explanation about Future Forecast Information such as Consolidated Earnings Forecast

Regarding the forecast for the current fiscal year, it is difficult to predict the financial market trends closely related to our business, rendering it challenging to make a rational calculation of the business results, so we have yet to decide the forecast at this time.

## 2. Quarterly Consolidated Financial Statements and Major Notes

## (1) Quarterly Consolidated Balance Sheet

	(Thousand yen)	
	Previous Fiscal Year (As of March 31, 2022)	First Quarter of Current Fiscal Year (As of June 30, 2022)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	5,176,612	3,003,451
Accounts receivable	1,611,378	1,715,251
Inventories	<sup>¥1</sup> 1,263	<sup>¥1</sup> 1,618
Other current assets	814,825	870,370
Total current assets	7,604,080	5,590,691
Non-current assets		
Tangible fixed assets	<sup>¥2</sup> 149,951	<sup>¥2</sup> 121,360
Intangible fixed assets		
Goodwill	1,786,713	1,811,509
Software	1,076,849	1,200,489
Other intangible assets	282,050	105,640
Total intangible assets	3,145,612	3,117,638
Investments and other assets		
Investment securities	2,624,582	3,968,918
Deferred tax asset	345,615	368,851
Other investments and other assets	166,511	165,873
Total investments and other assets	3,136,709	4,503,643
Total non-current assets	6,432,274	7,742,642
Deferred assets		
Stock issuance cost	19,003	16,399
Total deferred assets	19,003	16,399
<b>TOTAL ASSETS</b>	<b>14,055,358</b>	<b>13,349,734</b>

(Thousand yen)

	Previous Fiscal Year (As of March 31, 2022)	First Quarter of Current Fiscal Year (As of June 30, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	62,618	46,881
Accounts payable-other	748,528	755,863
Lease payable	69,089	42,330
Income taxes payable	464,822	196,084
Consumption taxes payable	90,498	52,184
Other current liabilities	346,255	440,639
Total current liabilities	1,781,813	1,533,983
<b>TOTAL LIABILITIES</b>	<b>1,781,813</b>	<b>1,533,983</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	3,363,635	3,363,635
Capital surplus	4,478,772	4,478,772
Retained earnings	4,439,392	3,993,458
Treasury stocks	△29	△29
Total shareholders' equity	12,281,770	11,835,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△513,787	△660,823
Foreign currency translation adjustments	36,309	125,332
Total accumulated other comprehensive income	△477,478	△535,491
Non-controlling shareholders' equity	469,252	515,406
<b>TOTAL NET ASSETS</b>	<b>12,273,545</b>	<b>11,815,750</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>14,055,358</b>	<b>13,349,734</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
 (Quarterly Consolidated Statement of Income)  
 (First quarter of the fiscal year)

(Thousand yen)

	First Quarter of Previous Fiscal Year (From April 1, 2021 to June 30, 2021)	First Quarter of Current Fiscal Year (From April 1, 2022 to June 30, 2022)
Sales	1,987,417	2,007,387
Cost of sales	919,144	878,439
Gross profit	1,068,272	1,128,948
Selling, general and administrative expenses	* 561,349	* 613,651
Operating income	506,922	515,296
Non-operating income		
Interest income	78,344	54,814
Dividends income	30,066	53,942
Other non-operating income	1,028	662
Total non-operating income	109,438	109,418
Non-operating expenses		
Foreign exchange losses	53	230
Amortization of stock issuance cost	2,224	2,604
Other non-operating expenses	273	722
Total non-operating expenses	2,552	3,557
Ordinary income	613,809	621,158
Extraordinary loss		
Loss on valuation of crypto assets	—	4,848
Loss on sale of investment securities	4,035	—
Total extraordinary loss	4,035	4,848
Income before income taxes	609,773	616,309
Income taxes-current	104,896	166,484
Income taxes-deferred	17,907	42,545
Total income taxes	122,804	209,030
Profit	486,969	407,279
Net income attributable to non-controlling interests	73,938	46,153
Net income attributable to owners of parent	413,031	361,126

(Quarterly Consolidated Statement of Comprehensive Income)  
 (First quarter of the fiscal year)

(Thousand yen)

	First Quarter of Previous Fiscal Year (From April 1, 2021 to June 30, 2021)	First Quarter of Current Fiscal Year (From April 1, 2022 to June 30, 2022)
Profit	486,969	407,279
Other comprehensive income		
Valuation difference on available-for-sale securities	△59,008	△147,036
Foreign currency translation adjustments	△35,024	89,023
Total other comprehensive income	△94,032	△58,013
Comprehensive income	392,937	349,266
(Breakdown)		
Comprehensive income attributable to owners of parent	328,654	303,112
Comprehensive income attributable to non-controlling interests	64,283	46,153



(3) Notes on Quarterly Consolidated Financial Statements  
 (Notes on the premise of a going concern)  
 Not applicable

(Notes on change in the scope of consolidation or the scope of application of the equity method)  
 Not applicable

(Notes on the changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance. No. 31, June 17, 2021; hereinafter, "the Implementation Guidance") has been applied since the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance, the Company decided to apply the new accounting policies specified in the Implementation Guidance going forward. This change had no impact on the Company's quarterly consolidated financial statements.

(Application of special accounting treatment for preparing quarterly consolidated financial statements)  
 Not applicable

(Notes on quarterly consolidated balance sheet)

\*1 Breakdown of inventories

(Thousand yen)

	Previous Fiscal Year (As of March 31, 2022)	First Quarter of Current Fiscal Year (As of June 30, 2022)
Work in process	—	15
Stocks	1,263	1,603

\* 2. Accumulated depreciation of tangible fixed assets

(Thousand yen)

	Previous Fiscal Year (As of March 31, 2022)	First Quarter of Current Fiscal Year (As of June 30, 2022)
	275,627	277,708

(Notes on quarterly consolidated statement of income)

\* Major items of selling, general and administrative expenses

(Thousand yen)

	First Quarter of Previous Fiscal Year (From April 1, 2021 to June 30, 2021)	First Quarter of Current Fiscal Year (From April 1, 2022 to June 30, 2022)
Employee's salaries	240,067	251,877

(Notes on quarterly consolidated statement of cash flows)

We did not prepare any quarterly consolidated statement of cash flows for the period under review. Shown below are depreciation and amortization expenses (including amortization expense of intangible fixed assets, excluding goodwill) and amortization expense of goodwill for the period under review.

(Thousand yen)

	First Quarter of Previous Fiscal Year (From April 1, 2021 to June 30, 2021)	First Quarter of Current Fiscal Year (From April 1, 2022 to June 30, 2022)
Depreciation and amortization expenses	108,138	108,848
Amortization of goodwill	25,252	28,701

(Notes on shareholders' equity)

I First quarter of the previous fiscal year (from April 1, 2021 to June 30, 2021)

Dividends paid

Resolution	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Effective date
May 14, 2021 Board of Directors	Common stock	Retained earnings	762,224	8.50	March 31, 2021	June 1, 2021

II First quarter of the current fiscal year (from April 1, 2022 to June 30, 2022)

Dividends paid

Resolution	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Effective date
May 19, 2022 Board of Directors	Common stock	Retained earnings	807,060	9.00	March 31, 2022	June 1, 2022

(Notes on significant change in shareholders' equity)

Not applicable

(Segment information etc.)

Segment information

## 1. Information on sales and income or loss for each reporting segment

First quarter of the previous fiscal year (from April 1, 2021 to June 30, 2021)

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Sales					
Sales to external customers	1,432,481	554,936	1,987,417	—	1,987,417
Internal sales or transfers between segments	18	14,712	14,731	△14,731	—
Total	1,432,499	569,649	2,002,149	△14,731	1,987,417
Segment operating income	355,834	151,088	506,922	—	506,922

First quarter of the current fiscal year (from April 1, 2022 to June 30, 2022)

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Sales					
Sales to external customers	1,482,525	524,862	2,007,387	—	2,007,387
Internal sales or transfers between segments	28	5,997	6,025	△6,025	—
Total	1,482,553	530,859	2,013,413	△6,025	2,007,387
Segment operating income	360,922	154,373	515,296	—	515,296

## 2. Difference between the total of reporting segments and the quarterly consolidated statement of income and the main content of the difference (matters concerning difference adjustment)

(Thousand yen)

Sales	First Quarter of the Previous Fiscal Year	First Quarter of the Current Fiscal Year
Total of reporting segment	2,002,149	2,013,413
Elimination of transactions between segments	△14,731	△6,025
Net sales in the quarterly consolidated statement of income	1,987,417	2,007,387

(Thousand yen)

Segment operating income	First Quarter of the Previous Fiscal Year	First Quarter of the Current Fiscal Year
Total of reporting segment	506,922	515,296
Elimination of transactions between segments	—	—
Operating income in the quarterly consolidated statement of income	506,922	515,296

## 3. Information on impairment loss on non-current assets or on goodwill of each reporting segment

(Significant impairment loss on non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Significant gain on bargain purchase)

Not applicable

(Information on a per-share basis)

The amount of net income per share and the basis for calculation are as follows.

	First Quarter of Previous Fiscal Year (From April 1, 2021 to June 30, 2021)	First Quarter of Current Fiscal Year (From April 1, 2022 to June 30, 2022)
(1) Net income per share	4.61 yen	4.03 yen
(Basis for calculation)		
Net income attributable to owners of parent (Thousand yen)	413,031	361,126
Amount not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to owners of parent related to common stock (Thousand yen)	413,031	361,126
Average number of shares of common stock during the period (Share)	89,673,430	89,673,430
Diluted net income per share is not stated as there are no dilutive shares.		

(Significant subsequent events)

Not applicable

3. Other

Significant events regarding the premise of a going concern

Not applicable