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July 28, 2023

Consolidated Financial Results for the Nine Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: M&A Research Institute Holdings Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9552
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 Scheduled date to file quarterly securities report: August 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended June 30, 2023 (October 1, 2022 - June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter of FY 2023	6,336	–	3,610	–	3,538	–	2,427	–
Third quarter of FY 2022	–	–	–	–	–	–	–	–

Note: Comprehensive income
 Third quarter of FY 2023 ¥2,427 million (-%)
 Third quarter of FY 2022 ¥- million (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter of FY 2023	42.15	37.90
Third quarter of FY 2022	–	–

Note: 1. As quarterly consolidated financial statements have been prepared since the second quarter of the current fiscal year, the figures for the third quarter of the fiscal year ended September 2022 and the year-on-year percentage change and the year-on-year percentage change for the third quarter of the fiscal year ending September 2023 are not presented.

2. The Company conducted a 3-for-1 stock split of shares of common stock, effective July 13, 2023. The Company conducted a 3-for-1 stock split of common stock, effective July 13, 2023. Net income per share and diluted net income per share are calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year. Net income per share and net income per share-diluted are calculated as if the stock split had been conducted at the beginning of the current fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	7,077	5,370	75.9
As of September 30, 2022	—	—	—

Reference: Equity

As of June 30, 2023 ¥5,369 million

As of September 30, 2022 ¥- million

Note: As quarterly consolidated financial statements have been prepared since the second quarter of the current fiscal year, the figures as of September 30, 2022 are not presented.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2022	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2023	—	0.00	—		
Fiscal year ending September 30, 2023 (Forecast)				0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending September 30, 2023 (October 1, 2022 to September 30, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	8,000	—	4,000	—	3,937	—	2,638	—	45.80

Note: 1. Revisions to the earnings forecast most recently announced forecast: None

2. As consolidated financial results are not available for the fiscal year ended September 2022, year-on-year changes are not presented.

3. The Company conducted a 3-for-1 stock split of shares of common stock, effective July 13, 2023. Net income per share in the consolidated earnings forecast for the fiscal year ending September 30, 2023 takes into account the effect of this stock split. The net income per share in the consolidated earnings forecast for the fiscal year ending September 30, 2023 takes into account the effect of the stock split.

4. The average number of shares outstanding during the period, which is the basis for calculating "net income per share," is the number of shares outstanding as of June 30, 2023 (excluding treasury stock). The average number of shares outstanding (excluding treasury stock) as of June 30, 2023 is used as the basis for calculating "net income per share."

* **Notes**

(1) Material changes in subsidiaries during this period: Yes

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Two new subsidiaries (Company Name) M&A Research Institute
Asset Management Consulting Inc.

Exclusions – No subsidiaries (Company Name) –

Note: For details, see “2. Quarterly Financial Statements and Notes Thereto (3) Notes to Quarterly Financial Statements (Changes in significant subsidiaries during the period)” on page 6 of the attached document.

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:
Yes

Note: For details, see “2. Quarterly Financial Statements and Notes Thereto (3) Notes to Quarterly Financial Statements (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 6 of the attached document.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions of accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	57,668,844 shares
As of September 30, 2022	57,461,700 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2023	186 shares
As of September 30, 2022	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2023	57,584,373 shares
Nine months ended June 30, 2022	55,442,197 shares

Note: The Company conducted a 3-for-1 stock split of shares of common stock, effective July 13, 2023. The number of shares is presented on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

* Quarterly financial results are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements made in this document, including the earnings forecasts, are based on information currently available to the Group Company and on certain assumptions deemed to be reasonable by the Group Company and are not intended to be a promise by the Group Company that they will be achieved. Actual performance and other results may differ materially owing to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to the section “(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements” of “1. Qualitative Information on Quarterly Financial Results” on page 2 of the attached material.

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1. Qualitative Information on Quarterly Financial Results

As the Group Company has prepared its quarterly consolidated financial statements since the second quarter under review, a comparative analysis of the second quarter of the previous fiscal year and the end of the previous fiscal year has not been conducted.

(1) Explanation of Operating Results

During the nine months under review, while the Japanese economy saw an easing of restrictions due to COVID-19 and a gradual recovery in socioeconomic activities, high costs associated with rising prices of various commodities and foreign exchange rate fluctuations continued, and the outlook remains uncertain.

The M&A market for small- and medium-sized enterprises in Japan, the Group Company's business domain, continues to expand, spurred by the aging of managers and the increase in the number of companies without successors, as well as government policies that promote business succession through M&As. In order to support the succession of as many companies as possible, the Group is striving to realize efficient M&A through two key initiatives: improving the accuracy of our AI matching algorithm and promoting digital transformation (DX) in business operations. M&A advisor recruitment has been also progressing steadily.

In this business environment, the Group made steady progress with projects, and the number of closed M&A deals remained strong at 105.

Meanwhile, we continue to actively recruit for future business expansion, having hired 80 new M&A advisors during the fiscal year under review.

Consequently, net sales for the nine months under review amounted to ¥6,336,766 thousand, with operating profit of ¥3,610,375 thousand, ordinary profit of ¥3,538,339 thousand, and profit was ¥2,427,409 thousand.

As the reportable segment of the Group Company has been changed to a single segment from the current fiscal year, descriptions by business segment are omitted.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the third quarter under review were ¥7,077,135 thousand. These mainly consisted of cash and deposits of ¥6,436,914 thousand, investments and other assets of ¥287,646 thousand and accounts receivable - trade of ¥202,251 thousand.

(Liabilities)

Total liabilities at the end of the third quarter under review were ¥1,706,738 thousand. These mainly consisted of income taxes payable of ¥763,045 thousand and accrued consumption taxes of ¥316,906 thousand.

(Net assets)

Net assets at the end of the third quarter under review were ¥5,370,397 thousand.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There are no changes to the current forecasts for the fiscal year ending September 30, 2023.

The above earnings forecasts are based on information available as of today and certain assumptions deemed to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

We expect that COVID-19 will have only a minor impact on our performance. However, we will keep a close watch on the impact of the disease, and if it becomes necessary to revise our earnings forecast, we will promptly disclose the revision.

2. Quarterly Financial Statements and Notes Thereto

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)
	As of the end of third quarter under review (June 30, 2023)
Assets	
Current assets	
Cash and deposits	6,436,914
Accounts receivable - trade	202,251
Other	70,736
Total current assets	6,709,902
Non-current assets	
Property, plant and equipment	70,927
Intangible assets	8,658
Investments and other assets	287,646
Total non-current assets	367,232
Total assets	7,077,135
Liabilities	
Current liabilities	
Current portion of long-term borrowings	41,940
Income taxes payable	763,045
Accrued consumption taxes	316,906
Other	518,598
Total current liabilities	1,640,489
Non-current liabilities	
Long-term borrowings	58,900
Lease liabilities	7,348
Total non-current liabilities	66,248
Total liabilities	1,706,738
Net assets	
Shareholders' equity	
Share capital	622,587
Deposits for subscriptions of shares	4,120
Capital surplus	622,577
Retained earnings	4,120,681
Treasury shares	-492
Total shareholders' equity	5,369,473
Share acquisition rights	924
Total net assets	5,370,397
Total liabilities and net assets	7,077,135

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income
Cumulative Third Quarter

	(Thousands of yen)
	Cumulative third quarter under review (From October 1, 2022 to June 30, 2023)
Net sales	6,336,766
Cost of sales	1,281,667
Gross profit	5,055,098
Selling, general and administrative expenses	1,444,723
Operating profit	3,610,375
Non-operating income	
Interest income	21
Miscellaneous income	1,107
Total non-operating income	1,129
Non-operating expenses	
Interest expenses	254
Organization expenses	1,921
Market change expenses	69,878
Office relocation expenses	1,110
Total non-operating expenses	73,164
Ordinary profit	3,538,339
Net income before income taxes	3,538,339
Income taxes	1,110,930
Profit	2,427,409
Profit attributable to owners of parent	2,427,409

Quarterly Consolidated Statement of Comprehensive Income
Cumulative Third Quarter

	(Thousands of yen)
	Cumulative third quarter under review (From October 1, 2022 to June 30, 2023)
Profit	2,427,409
Comprehensive income	2,427,409
(Breakdown)	
Comprehensive income attributable to owners of parent	2,427,409
Comprehensive income attributable to non-controlling- interest shareholders	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on assumptions for going concern)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Material changes in subsidiaries during this period)

Significant changes in the scope of consolidation

As Asset Management Consulting Inc. and the M&A Research Institute were newly established from the second quarter of the current fiscal year, they are included in the scope of consolidation.

As a result of the incorporation-type company split, the trade name of the existing M&A Research Institute has been changed to M&A Research Institute Holdings Inc., and the trade name of the newly established company has been changed to M&A Research Institute.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year including the third quarter under review and multiplying the quarterly profit before income taxes by such estimated effective tax rate.

(Additional information)

(Accounting estimates for the impact of COVID-19)

There is no important change to the assumptions used in the accounting estimates for the impact of the spread of COVID-19 from the content of (Additional information) (Accounting estimates for the impact of COVID-19) in the Annual Securities Report for the previous fiscal year.

(Segment information, etc.)

[Segment information]

Cumulative third quarter under review (From October 1, 2022 to June 30, 2023)

Since the Group Company has a single segment of the "M&A brokerage business," segment information is omitted.

(Matters concerning changes in reporting segments)

The Group Company's reportable segments were divided into "M&A brokerage" and "Other," but they were changed to a single segment of "M&A brokerage" from the first quarter of the current fiscal year.

The reason for the change was that we concluded that disclosing the business as a single segment of the M&A brokerage business would more appropriately reflect the actual condition of the Company's management after terminating the web marketing support business conducted as other business in the previous fiscal year.

As a result of this change, the Group Company has a single segment of the M&A brokerage business and omits segment information for the third quarter under review.

(Significant subsequent events)

(Stock split)

Based on the resolution of the Board of Directors meeting held on June 27, 2023, the Company implemented a stock split with an effective date of July 13, 2023.

1. Objectives of stock split

The purpose is to improve the liquidity of the Company shares and further expand the investor base.

2. Overview of stock split

(i) Split method

As of Wednesday, July 12, 2023 as the record date, the common stock held by shareholders listed or recorded in the final register of members will be divided at a ratio of three shares per share.

(ii) Number of shares increased by the split

Total number of issued shares before the stock split	19,218,562 shares
Number of shares increased by the split	38,437,124
Total number of issued shares after the stock split	57,655,686 shares
Total number of authorized to be issued after the stock split	70,000,000 shares (unchanged)

Note: The above total number of issued shares and the number to be increased are based on the total number of issued shares as of May 31, 2023, and the number of shares may increase as a result of the exercise of share acquisition rights (stock options) by the split record date.

3. Stock split schedule

Record date public notice	Tuesday, June 27, 2023
Record date	Wednesday, July 12, 2023
Effective date	Thursday, July 13, 2023

4. Adjustment of exercise price of share acquisition rights

In conjunction with this stock split, the exercise price per share for the share acquisition rights issued by the Company will be adjusted as follows from July 13, 2023.

Share acquisition rights	Exercise price before adjustment	Exercise price after adjustment
First share acquisition rights	¥127	¥43
Second share acquisition rights	¥154	¥52
Third share acquisition rights	¥362	¥121
Fourth share acquisition rights	¥362	¥121

5. Effect on Per Share Information

The effect on per share information is stated in the relevant section.

6. Other

The amount of share capital will not be changed due to this stock split.