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January 30, 2024

Consolidated Financial Results for the Three Months Ended December 31, 2023 (Under Japanese GAAP)

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 Scheduled date to file quarterly securities report: February 13, 2024
 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 and analysts)

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

1. Consolidated financial results for the three months ended December 31, 2023 (from October 1, 2023 to December 31, 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	%
Q1 FY2024	4,900	—	3,353	—	3,352	—	2,175	—
Q1 FY2023	—	—	—	—	—	—	—	—

Note: Comprehensive income for Q1 FY2024: ¥2,175 million (-%) Q1 FY2023: ¥ - million (-%)

	Net income per share	Diluted earnings per share
	Yen	Yen
Q1 FY2024	37.25	33.99
Q1 FY2023	—	—

Note: As quarterly consolidated financial statements have been prepared since the second quarter of the fiscal year ended September 2023, the figures for the first quarter of the fiscal year ended September 2023 and year-on-year percentage change, and the year-on-year percentage change for the first quarter of the fiscal year ending September 2024 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Q1 FY2024	10,306	7,840	76.1
FY2023	8,327	5,599	67.2

Reference: Equity Q1 FY2024: ¥7,839 million FY2023: ¥5,598 million

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
FY2023	—	0.00	—	0.00	0.00
FY2024	—	—	—	—	—
FY2024 (forecast)	—	0.00	—	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, 2024 (October 1, 2023 to September 30, 2023)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	15,300	77.0	7,200	57.2	7,196	60.5	4,677	76.7	79.93

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

2. 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 December 31, 2023 (excluding treasury stock).

* Notes

(1) Material changes in subsidiaries during this period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(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 Consolidated Financial Statements (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 6 of the attached material.

(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 reasons other than (i) : 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)

Q1 FY2024	58,566,000	FY2023	57,983,115
Q1 FY2024	288	FY2023	264
Q1 FY2024	58,406,803	Q1 FY2023	57,555,951

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

(iii) Average number of shares outstanding during the period (quarterly total)

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

(1) Explanation of Operating Results

During the first quarter, 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. Steady progress is also being made in recruiting M&A advisors, a growth driver for our business.

In addition, in anticipation of the launch of new businesses, the Company shifted to a holdings structure in March 2023 to enable flexible business development in the future, establishing three new subsidiaries in the first quarter of the current consolidated cumulative period. One of these companies aims to launch a new consulting business thereby expanding our business beyond the M&A brokerage business.

In this business environment, the Group made steady progress with projects, and the number of closed M&A brokerage deals remained strong at 66.

Meanwhile, we continue to actively recruit for future business expansion, having hired 19 new M&A advisors during the first quarter of the current consolidated cumulative period.

Consequently, net sales for the first quarter of the current consolidated cumulative period amounted to ¥4,900,395 thousand, with operating profit of ¥3,353,242 thousand, ordinary profit of ¥3,352,960 thousand, and profit was ¥2,175,413 thousand.

(2) Explanation of Financial Position

(Assets)

Total assets increased by ¥1,978,618 thousand compared to the end of the previous consolidated fiscal year to ¥10,306,080 thousand. This was mainly due to an increase of ¥1,733,960 thousand in cash and deposits and ¥90,117 thousand in accounts receivable.

(Liabilities)

Total liabilities decreased by ¥262,356 thousand compared to the end of the previous consolidated fiscal year to ¥2,465,482 thousand. This was mainly due to a ¥392,027 thousand decrease in accrued income taxes and a ¥204,065 thousand decrease in deposits received included in others, despite a ¥379,551 thousand increase in accrued expenses included in others.

(Net assets)

Net assets increased by ¥2,240,965 thousand compared to the end of the previous consolidated fiscal year to ¥7,840,597 thousand. This was mainly due to the recording of quarterly net income of ¥2,175,413 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, 2024.

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.

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

(Thousands of yen)

	Previous consolidated fiscal year (September 30, 2023)	Current first quarter under review (December 31, 2023)
Assets		
Cash and deposits	7,430,428	9,164,389
Accounts receivable	143,188	233,306
Other	80,234	173,291
Total current assets	7,653,851	9,570,986
Non-current assets		
Property, plant and equipment	67,751	106,894
Intangible assets	7,859	12,060
Investments and other assets	597,999	616,139
Total non-current assets	673,610	735,094
Total assets	8,327,462	10,306,080
Liabilities		
Current liabilities		
Current portion of long-term borrowings	45,435	41,940
Income taxes payable	1,572,255	1,180,227
Accrued consumption taxes	447,124	420,484
Other	607,807	771,899
Total current liabilities	2,672,622	2,414,550
Non-current liabilities		
Long-term borrowings	48,415	41,425
Lease liabilities	6,791	9,507
Total non-current liabilities	55,206	50,932
Total liabilities	2,727,829	2,465,482
Net assets		
Shareholders' equity		
Share capital	629,678	662,506
Capital surplus	629,668	662,496
Retained earnings	4,340,136	6,515,550
Treasury shares	-774	-879
Total shareholders' equity	5,598,708	7,839,673
Share acquisition rights	924	924
Total net assets	5,599,632	7,840,597
Total liabilities and net assets	8,327,462	10,306,080

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
 Quarterly Consolidated Statement of Income
 Cumulative First Quarter

	(Thousands of yen)
	Current Cumulative First Quarter (From October 1, 2023 to December 31, 2023)
Net sales	4,900,395
Cost of sales	854,824
Gross profit	4,045,570
Selling, general and administrative expenses	692,327
Operating profit	3,353,242
Non-operating income	
Interest income	0
Miscellaneous income	2,634
Total non-operating income	2,635
Non-operating expenses	
Interest expenses	253
Office relocation expenses	2,529
Other	134
Total non-operating expenses	2,917
Ordinary profit	3,352,960
Net income before income taxes	3,352,960
Income taxes	1,177,546
Quarterly net income	2,175,413
Profit attributable to owners of parent	2,175,413

Quarterly Consolidated
Statement of Income
Cumulative First Quarter

(Thousands of yen)

	Current Cumulative First Quarter (From October 1, 2023 to December 31, 2023)
Quarterly net income	2,175,413
Quarterly comprehensive income	2,175,413
(Breakdown)	
Quarterly comprehensive income attributable to owners of parent	2,175,413
Quarterly comprehensive income attributable to non-controlling shareholders	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on assumptions for going concern)

Not applicable.

(Material changes in subsidiaries during this period)

Not applicable.

Although this does not apply to changes in specified subsidiaries, M&A Executive Partners, Inc., M&A Financial, Inc., and Quants Consulting, Inc., were newly established from the first quarter consolidated accounting period and are therefore included in the scope of consolidation.

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

Not applicable.

(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 consolidated fiscal year including the first quarter under review, and multiplying the quarterly profit before income taxes by such estimated effective tax rate.

(Significant subsequent events)

(Decrease in amount of share capital)

At the 5th Ordinary General Meeting of Shareholders held on December 22, 2023, the Group Company resolved to reduce the amount of capital as follows:

1. Purpose of reducing the amount of capital

To ensure the flexibility and maneuverability of future capital policies, the amount of capital will be reduced and transferred to other capital surplus based on the provisions of Article 447, Paragraph 1 of the Companies Act.

2. Procedures for reducing the amount of capital

(1) Amount of capital decrease

The capital amount of ¥662,506,398 as of November 17, 2023 will be reduced by ¥612,506,398 to ¥50,000,000. In the event that the stock options (share acquisition rights) issued by the Group Company are exercised by the effective date of the capital reduction, the amount of stated capital above, as well as the amount of stated capital after the reduction, will change.

(2) Method of reducing the amount of capital

The total number of issued shares will not change. Therefore, the entire amount of the decrease in capital stock of ¥612,506,398 will be transferred to other capital surplus.

3. Schedule for capital reduction

(1) Date of resolution at the Board of Directors November 17, 2023

(2) Date of resolution at the Ordinary General Meeting of Shareholders December 22, 2023

(3) Final date for creditor objections January 29, 2024

(4) Effective date of capital reduction January 31, 2024 (planned)

4. Future outlook

This capital reduction will not change the total number of shares issued, hence will not affect the number of shares held by each shareholder. Additionally, there will be no change in the Group Company's net assets, hence no impact on the Group's financial results for the fiscal year ending September 2024.