

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

Company name: m-up holdings, Inc.
 Stock exchange listing: Tokyo
 Stock code: 3661 URL <http://www.m-upholdings.co.jp/>
 Representative: CEO Mito Koichiro
 Inquiries: CFO Fujiike Toshiki TEL 03-5467-7125
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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	%
Six months ended September 30, 2022	7,764	23.0	1,187	53.0	1,200	43.3	639	23.8
Six months ended September 30, 2021	6,314	7.0	775	40.1	838	43.7	516	44.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	17.68		17.63	
Six months ended September 30, 2021	14.30		14.23	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	14,296	6,058	39.5
As of March 31, 2022	14,185	5,396	35.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	7.00	7.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (Forecast)			–	7.00	7.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	15,000	10.5	2,200	31.0	2,200	28.1	1,350	38.3	37.34

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2022	36,496,388 shares	As of March 31, 2022	36,496,388 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	339,345 shares	As of March 31, 2022	343,345 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	36,153,764 shares	Six months ended September 30, 2021	36,125,304 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	6,732	3,749
Accounts receivable - trade	1,950	2,579
Securities	10	–
Merchandise	11	16
Work in process	1	1
Supplies	6	22
Advance payments	–	1,405
Cryptocurrency	–	3
Other	1,362	2,068
Allowance for doubtful accounts	(10)	(10)
Total current assets	10,063	9,836
Non-current assets		
Property, plant and equipment	1,078	1,037
Intangible assets		
Goodwill	546	437
Customer related assets	282	257
Other	173	683
Total intangible assets	1,002	1,378
Investments and other assets		
Investment securities	1,410	1,470
Other	703	645
Allowance for doubtful accounts	(72)	(72)
Total investments and other assets	2,041	2,044
Total non-current assets	4,122	4,459
Total assets	14,185	14,296
Liabilities		
Current liabilities		
Accounts payable - trade	4,407	3,918
Accounts payable - other	390	336
Income taxes payable	387	426
Deposits received	242	23
Contract liabilities	2,859	3,237
Provision for bonuses	44	16
Provision for bonuses for directors (and other officers)	151	30
Other	157	115
Total current liabilities	8,642	8,103
Non-current liabilities		
Asset retirement obligations	39	39
Deferred tax liabilities	98	84
Other	9	9
Total non-current liabilities	147	133
Total liabilities	8,789	8,237

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	317	317
Capital surplus	3,709	3,816
Retained earnings	1,816	2,202
Treasury shares	(202)	(200)
Total shareholders' equity	5,640	6,135
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(542)	(481)
Total accumulated other comprehensive income	(542)	(481)
Share acquisition rights	33	30
Non-controlling interests	264	374
Total net assets	5,396	6,058
Total liabilities and net assets	14,185	14,296

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	6,314	7,764
Cost of sales	4,253	5,219
Gross profit	2,061	2,545
Selling, general and administrative expenses	1,285	1,357
Operating profit	775	1,187
Non-operating income		
Gain on sale of investment securities	54	7
Rental income	0	1
Commission income	5	7
Foreign exchange gains	0	–
Other	3	0
Total non-operating income	65	17
Non-operating expenses		
Foreign exchange losses	–	0
Loss on sale of electronically recorded monetary claims	–	0
Commission expenses	2	3
Other	–	0
Total non-operating expenses	2	4
Ordinary profit	838	1,200
Profit before income taxes	838	1,200
Income taxes - current	211	411
Income taxes - deferred	52	41
Total income taxes	264	452
Profit	573	748
Profit attributable to non-controlling interests	57	109
Profit attributable to owners of parent	516	639

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	573	748
Other comprehensive income		
Valuation difference on available-for-sale securities	203	60
Total other comprehensive income	203	60
Comprehensive income	777	809
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	719	699
Comprehensive income attributable to non-controlling interests	57	109

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	838	1,200
Depreciation	61	102
Amortization of goodwill	109	109
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in provision for bonuses	(26)	(28)
Increase (decrease) in provision for bonuses for directors (and other officers)	(81)	(120)
Loss (gain) on sale of investment securities	(54)	(7)
Decrease (increase) in trade receivables	(181)	(629)
Decrease (increase) in advances paid	61	(95)
Decrease (increase) in advance payments to suppliers	–	(1,405)
Decrease (increase) in accounts receivable - other	(339)	(245)
Decrease (increase) in prepaid expenses	(532)	(580)
Increase (decrease) in trade payables	374	(489)
Increase (decrease) in accounts payable - other	(83)	(44)
Increase (decrease) in advances received	457	–
Increase (decrease) in deposits received	(150)	(219)
Increase (decrease) in Contract liabilities	–	377
Cryptocurrency (increase) in inventories	–	(3)
Other, net	(75)	(41)
Subtotal	374	(2,120)
Interest received	0	0
Income taxes paid	(627)	(387)
Income taxes refund	251	219
Net cash provided by (used in) operating activities	(1)	(2,289)
Cash flows from investing activities		
Purchase of property, plant and equipment	(12)	(3)
Purchase of intangible assets	–	(551)
Purchase of investment securities	(2,025)	(2,561)
Proceeds from sale of investment securities	2,573	2,559
Proceeds from collection of loans receivable	8	2
Loan advances	(160)	(1)
Other, net	0	1
Net cash provided by (used in) investing activities	384	(553)
Cash flows from financing activities		
Dividends paid	(207)	(252)
Proceeds from share issuance to non-controlling shareholders	–	103
Other, net	(0)	–
Net cash provided by (used in) financing activities	(207)	(149)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	176	(2,992)
Cash and cash equivalents at beginning of period	4,820	6,742
Cash and cash equivalents at end of period	4,996	3,749