

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

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 of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	15,936	17.4	2,074	23.5	2,068	20.4	1,093	12.0
Year ended March 31, 2022	13,574	10.1	1,679	51.6	1,717	47.0	976	54.2

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	30.25	29.87	19.4	13.5	13.0
Year ended March 31, 2022	27.02	26.83	20.9	13.2	12.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	16,442	6,657	37.5	170.49
As of March 31, 2022	14,185	5,396	35.9	141.01

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	1,457	(1,069)	(149)	6,978
Year ended March 31, 2022	2,569	(459)	(191)	6,742

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	0.00	—	7.00	7.00	253	25.9	5.4
Year ended March 31, 2023	—	0.00	—	10.00	10.00	361	33.1	6.4
Year ending March 31, 2024 (Forecast)	—	0.00	—	12.00	12.00		28.9	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	17,500	9.8	2,500	20.5	2,500	20.9	1,500	37.2	41.49

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	36,496,388 shares	As of March 31, 2022	36,496,388 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	339,345 shares	As of March 31, 2022	343,345 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2023	36,155,399 shares	Year ended March 31, 2022	36,131,689 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,732	6,929
Accounts receivable - trade	1,950	1,866
Securities	10	–
Merchandise	11	11
Work in process	1	1
Supplies	6	15
Advance payments	–	1,192
Accounts receivable - other	423	809
Other	938	607
Allowance for doubtful accounts	(10)	(0)
Total current assets	10,063	11,432
Non-current assets		
Property, plant and equipment		
Buildings	651	651
Accumulated depreciation	(86)	(104)
Buildings, net	564	546
Vehicles	39	39
Accumulated depreciation	(28)	(33)
Vehicles, net	11	6
Tools, furniture and fixtures	96	98
Accumulated depreciation	(68)	(77)
Tools, furniture and fixtures, net	27	21
Vessels	85	88
Accumulated depreciation	(28)	(87)
Vessels, net	57	1
Land	108	108
Construction in progress	309	309
Total property, plant and equipment	1,078	993
Intangible assets		
Goodwill	546	327
Customer related assets	282	231
Software	173	217
Utility model right	–	450
Total intangible assets	1,002	1,226
Investments and other assets		
Investment securities	1,410	2,046
Long-term loans receivable	131	126
Deferred tax assets	250	363
Other	321	329
Allowance for doubtful accounts	(72)	(75)
Total investments and other assets	2,041	2,790
Total non-current assets	4,122	5,010
Total assets	14,185	16,442

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,407	4,571
Accounts payable - other	390	376
Income taxes payable	387	571
Deposits received	242	106
Contract liabilities	2,859	3,542
Provision for bonuses	44	61
Provision for bonuses for directors (and other officers)	151	170
Other	157	244
Total current liabilities	8,642	9,646
Non-current liabilities		
Asset retirement obligations	39	39
Deferred tax liabilities	98	90
Other	9	9
Total non-current liabilities	147	139
Total liabilities	8,789	9,785
Net assets		
Shareholders' equity		
Share capital	317	317
Capital surplus	3,709	3,816
Retained earnings	1,816	2,656
Treasury shares	(202)	(200)
Total shareholders' equity	5,640	6,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(542)	(425)
Total accumulated other comprehensive income	(542)	(425)
Share acquisition rights	33	30
Non-controlling interests	264	461
Total net assets	5,396	6,657
Total liabilities and net assets	14,185	16,442

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	13,574	15,936
Cost of sales	9,225	10,902
Gross profit	4,348	5,033
Selling, general and administrative expenses	2,669	2,959
Operating profit	1,679	2,074
Non-operating income		
Gain on sale of investment securities	13	–
Foreign exchange gains	3	–
Rental income	3	8
Commission income	12	14
Settlement income	9	–
Other	2	1
Total non-operating income	44	24
Non-operating expenses		
Loss on sale of investment securities	–	23
Commission expenses	5	6
Foreign exchange losses	–	1
Total non-operating expenses	5	31
Ordinary profit	1,717	2,068
Extraordinary income		
Gain on reversal of share acquisition rights	1	–
Total extraordinary income	1	–
Extraordinary losses		
Impairment losses	–	–
Loss on retirement of non-current assets	0	–
Loss on sale of non-current assets	6	–
Total extraordinary losses	7	–
Profit before income taxes	1,711	2,068
Income taxes - current	695	917
Income taxes - deferred	(61)	(140)
Total income taxes	633	777
Profit	1,078	1,290
Profit attributable to non-controlling interests	102	197
Profit attributable to owners of parent	976	1,093

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,078	1,290
Other comprehensive income		
Valuation difference on available-for-sale securities	46	116
Total other comprehensive income	46	116
Comprehensive income	1,125	1,407
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,023	1,210
Comprehensive income attributable to non-controlling interests	102	197

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	310	3,688	1,047	(202)	4,844
Changes during period					
Issuance of new shares - exercise of share acquisition rights	7	7			14
Capital increase of consolidated subsidiaries		13			13
Dividends of surplus			(207)		(207)
Profit attributable to owners of parent			976		976
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	7	20	768	(0)	795
Balance at end of period	317	3,709	1,816	(202)	5,640

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(589)	(589)	34	164	4,454
Changes during period					
Issuance of new shares - exercise of share acquisition rights					14
Capital increase of consolidated subsidiaries					13
Dividends of surplus					(207)
Profit attributable to owners of parent					976
Purchase of treasury shares					(0)
Disposal of treasury shares					
Net changes in items other than shareholders' equity	46	46	(0)	100	146
Total changes during period	46	46	(0)	100	942
Balance at end of period	(542)	(542)	33	264	5,396

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	317	3,709	1,816	(202)	5,640
Changes during period					
Issuance of new shares - exercise of share acquisition rights					
Capital increase of consolidated subsidiaries		103			103
Dividends of surplus			(253)		(253)
Profit attributable to owners of parent			1,093		1,093
Purchase of treasury shares					
Disposal of treasury shares		3		2	6
Net changes in items other than shareholders' equity					
Total changes during period	-	106	840	2	949
Balance at end of period	317	3,816	2,656	(200)	6,589

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(542)	(542)	33	264	5,396
Changes during period					
Issuance of new shares - exercise of share acquisition rights					
Capital increase of consolidated subsidiaries					103
Dividends of surplus					(253)
Profit attributable to owners of parent					1,093
Purchase of treasury shares					
Disposal of treasury shares					6
Net changes in items other than shareholders' equity	116	116	(2)	197	311
Total changes during period	116	116	(2)	197	1,260
Balance at end of period	(425)	(425)	30	461	6,657

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,711	2,068
Depreciation	156	276
Amortization of goodwill	218	218
Increase (decrease) in allowance for doubtful accounts	3	(6)
Increase (decrease) in provision for bonuses	2	16
Increase (decrease) in provision for bonuses for directors (and other officers)	43	19
Foreign exchange losses (gains)	(3)	1
Loss (gain) on sale of investment securities	(13)	23
Loss (gain) on sale of non-current assets	6	–
Decrease (increase) in trade receivables	(518)	83
Decrease (increase) in inventories	17	(8)
Decrease (increase) in advance payments to suppliers	(2)	24
Decrease (increase) in prepaid pension costs	–	(1,192)
Decrease (increase) in advances paid	139	(10)
Decrease (increase) in accounts receivable - other	(36)	(386)
Decrease (increase) in prepaid expenses	(101)	121
Increase (decrease) in trade payables	1,618	163
Increase (decrease) in accounts payable - other	(510)	(4)
Increase (decrease) in deposits received	12	(135)
Increase (decrease) in Contract liabilities	859	683
Other, net	(76)	66
Subtotal	3,525	2,023
Interest received	0	0
Income taxes paid	(1,208)	(785)
Income taxes refund	251	219
Net cash provided by (used in) operating activities	2,569	1,457
Cash flows from investing activities		
Purchase of property, plant and equipment	(409)	(5)
Proceeds from sale of property, plant and equipment	14	–
Purchase of intangible assets	(148)	(635)
Purchase of investment securities	(2,630)	(3,556)
Proceeds from sale of investment securities	2,868	3,023
Proceeds from collection of loans receivable	593	135
Loan advances	(744)	(31)
Other, net	(4)	0
Net cash provided by (used in) investing activities	(459)	(1,069)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	9	–
Dividends paid	(207)	(252)
Proceeds from share issuance to non-controlling shareholders	16	103
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10)	–
Purchase of treasury shares	(0)	–
Net cash provided by (used in) financing activities	(191)	(149)
Effect of exchange rate change on cash and cash equivalents	3	(1)
Net increase (decrease) in cash and cash equivalents	1,921	236
Cash and cash equivalents at beginning of period	4,820	6,742
Cash and cash equivalents at end of period	6,742	6,978