

Consolidated Financial Results(Japanese Accounting Standards) for the 2nd Quarter of FY 2018

Company name: UNITED, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2497
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Scheduled date for filing of quarterly securities report: October 31, 2018
 Scheduled date of commencement of dividend payment: December 10, 2018
 Supplementary documents for quarterly results: YES
 Quarterly results briefing: YES (For securities analysts and institutional investors)

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

1.Consolidated Financial Results for the 2nd Quarter of FY 2018 (April 1, 2018 - September 30, 2018)

(1) Consolidated Results of Operations (Accounting Total) (Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Mil.¥	%	Mil.¥	%	Mil.¥	%	Mil.¥	%
2nd Quarter of FY 2018	18,858	173.3	12,219	—	12,206	—	8,080	—
2nd Quarter of FY 2017	6,899	6.5	950	—	944	807.1	566	—

(Note) Comprehensive income : 35,039million yen (— %) for the 2nd Quarter of FY 2018
 681million yen (— %) for the 2nd Quarter of FY 2017

	Earnings per share	Diluted earnings per share
	Yen	Yen
2nd Quarter of FY 2018	351.06	349.13
2nd Quarter of FY 2017	24.62	24.53

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Mil.¥	Mil.¥	%
2nd Quarter of FY 2018 (As of September 30,2018)	62,873	44,777	70.8
Fiscal Year 2017 (As of March 31,2018)	12,633	10,281	79.2

(Reference) Capital : September 30, 2018 : 44,486 million yen March 31, 2018 : 10,009 million yen

2.Dividend Per Share

Record date	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of period	Annual dividend
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2017	—	5.00	—	2.00	7.00
Fiscal Year 2018		24.00			
Fiscal Year 2018 (expected)			—	—	—

(Note) Revisions of the forecasts of consolidated results since the latest announcement : Yes

3.Consolidated Earnings Forecast for Fiscal Year Ending March 2019 (April 1,2018 to March 31,2019)

(Percentages show year-on-year changes)

	Net sales		Operating income	
	Mil.¥	%	Mil.¥	%
Fiscal Year 2018	26,900~29,100	86.2~101.5	10,000~11,000	506.7~567.4

Note: Revisions of the forecasts of consolidated results since the latest announcement: Yes

***Notes**

(1) Changes of important subsidiaries during the period

(Changes of specific subsidiaries in accordance with changes in the scope of consolidation) : Yes

Newly consolidated subsidiaries : None

Subsidiaries excluded from consolidation : CocoPPa, Inc.

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statement:None

(3) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standard: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period (including treasury stock)

As of September 30, 2018: 23,671,845 shares

As of March 31, 2018: 23,670,945 shares

(ii) Number of treasury stock at end of period

As of September 30, 2018: 639,195 shares

As of March 31, 2018: 673,895 shares

(iii) Average number of shares outstanding during the term

2nd Quarter of FY 2018: 23,017,322 shares

2nd Quarter of FY 2017: 22,997,212 shares

***Status of a quarterly review**

- These Consolidated Financial Results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act.

***Explanations and other special notes concerning the appropriate use of business performance forecasts**

- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.

- We will hold a quarterly results briefing for institutional investors and analysts on November 1, 2018.

For material that are distributed in this briefing, it will be posted on our website.

UNTIED Consolidated Financial Statements

(1) UNITED Consolidated Balance Sheets
for the 2nd Quarter of FY 2018

(Unit : Thousands of Yen)

Items of an account	FY2017 (As of March 31, 2018)	2nd Quarter of FY2018 (As of September 30, 2018)
	Amount	Amount
Assets		
Current assets		
Cash and deposits	5,576,508	16,186,739
Notes and accounts receivable - trade	1,789,422	1,944,719
Operational investment securities	2,994,185	42,499,446
Inventories	47,727	47,487
Other	189,278	271,500
Allowance for doubtful accounts	(5,583)	(5,858)
Total current assets	10,591,539	60,944,034
Non-current assets		
Property, plant and equipment	237,507	194,844
Intangible assets		
Goodwill	938,149	852,218
Other	302,402	356,593
Total intangible assets	1,240,552	1,208,812
Investments and other assets		
Deferred tax assets	6,611	4,393
Other	557,488	521,210
Total investments and other assets	564,099	525,604
Total non-current assets	2,042,159	1,929,261
Total assets	12,633,699	62,873,296
Liabilities		
Current liabilities		
Accounts payable - trade	1,253,947	1,386,370
Short-term loans payable	100,000	100,000
Current portion of long-term loans payable	4,200	4,200
Income taxes payable	482,083	4,105,401
Provision for point card certificates	64,621	65,185
Other	434,025	553,445
Total current liabilities	2,338,876	6,214,603
Non-current liabilities		
Long-term loans payable	6,650	4,550
Deferred tax liability	6,875	11,877,025
Total non-current liabilities	13,525	11,881,575
Total liabilities	2,352,402	18,096,179
Net assets		
Shareholders' equity		
Capital stock	2,922,037	2,923,019
Capital surplus	2,993,747	2,371,928
Retained earnings	4,544,558	12,579,053
Treasury shares	(964,962)	(915,275)
Total shareholders' equity	9,495,380	16,958,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	492,397	27,531,208
Foreign currency translation adjustment	21,418	(3,862)
Total accumulated other comprehensive income	513,816	27,527,345
Subscription rights to shares	159,353	172,711
Non-controlling interests	112,746	118,333
Total net assets	10,281,297	44,777,116
Total liabilities and net assets	12,633,699	62,873,296

(2) UNITED Consolidated Statements of Income
for the 2nd Quarter of FY 2018

(Unit : Thousands of Yen)

Items of an account	2nd Quarter of FY2017 (April 1,2017 to September 30,2017)	2nd Quarter of FY2018 (April 1,2018 to September 30,2018)
	Amount	Amount
Net sales	6,899,081	18,858,411
Cost of sales	4,497,160	4,531,568
Gross profit	2,401,921	14,326,842
Selling, general and administrative expenses	1,451,630	2,106,903
Operating income	950,291	12,219,938
Non-operating income		
Interest and dividend income	156	162
Other	2,446	3,770
Total non-operating income	2,602	3,932
Non-operating expenses		
Interest expenses	839	798
Share of loss of entities accounted for using equity method	805	3,167
Foreign exchange losses	5,627	2,236
Other	1,012	10,905
Total non-operating expenses	8,284	17,107
Ordinary income	944,609	12,206,764
Extraordinary income		
Gain on reversal of share acquisition rights	3,100	7,768
Gain on liquidation of subsidiaries and affiliates	—	42,194
Other	0	—
Total extraordinary income	3,100	49,963
Extraordinary losses		
Loss on retirement of non-current assets	3,006	55,000
Loss on valuation of investment securities	4,200	174,463
Office transfer expenses	—	142,908
Other	—	1,757
Total extraordinary losses	7,207	374,129
Income before income taxes	940,502	11,882,597
Income taxes - current	336,219	3,898,900
Income taxes - deferred	24,837	(42,178)
Total income taxes	361,056	3,856,721
Profit	579,445	8,025,875
Profit (loss) attributable to non-controlling interests	13,205	(54,613)
Profit attributable to owners of parent	566,240	8,080,489

(3) UNITED Consolidated Statements of Comprehensive Income
for the 2nd Quarter of FY 2018

(Unit : Thousands of Yen)

Items of an account	2nd Quarter of FY2017 (April 1,2017 to September 30,2017)	2nd Quarter of FY2018 (April 1,2018 to September 30,2018)
	Amount	Amount
Profit	579,445	8,025,875
Other comprehensive income		
Valuation difference on available-for-sale securities	101,331	27,038,810
Foreign currency translation adjustment	677	(25,281)
Total other comprehensive income	102,009	27,013,529
Comprehensive income	681,455	35,039,404
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	668,249	35,081,197
Comprehensive income attributable to non-controlling interests	13,205	(41,792)

(4)UNITED Consolidated Statements of Cash Flows

(Unit:Thousands of Yen)

Items of an account	2nd Quarter of FY2017 (April 1,2017 to September 30,2017)	2nd Quarter of FY2018 (April 1,2018 to September 30,2018)
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	940,502	11,882,597
Depreciation	51,177	72,333
Amortization of goodwill	144,032	144,032
Share-based compensation expenses	46,501	34,865
Increase (decrease) in allowance for doubtful accounts	(15,841)	275
Increase (decrease) in provision for point card certificates	5,496	564
Interest and dividend income	(156)	(162)
Interest expenses	839	798
Share of (profit) loss of entities accounted for using equity method	805	3,167
Loss (gain) on valuation of investment securities	4,200	174,463
Loss on retirement of non-current assets	3,006	55,000
Decrease (increase) in notes and accounts receivable - trade	270,851	(155,296)
Decrease (increase) in investment securities for sale	(575,495)	(559,915)
Increase (decrease) in notes and accounts payable - trade	(133,497)	132,418
Other, net	685,321	170,666
Subtotal	1,427,745	11,955,809
Interest and dividend income received	156	162
Interest expenses paid	(965)	(798)
Income taxes paid	(288,251)	(400,427)
Net cash provided by (used in) operating activities	1,138,685	11,554,746
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,455)	(35,539)
Purchase of intangible assets	(59,658)	(163,314)
Purchase of investment securities	-	(21,671)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(56,973)
Other, net	(31,092)	(104,488)
Net cash provided by (used in) investing activities	(102,206)	(381,987)
Cash flows from financing activities		
Proceeds from issuance of subscription rights to share	-	45,368
Cash dividends paid	(182,966)	(45,407)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(570,055)
Other, net	(2,221)	(2,100)
Net cash provided by (used in) financing activities	(185,187)	(572,195)
Effect of exchange rate change on cash and cash equivalents	91	9,667
Net increase (decrease) in cash and cash equivalents	851,382	10,610,231
Cash and cash equivalents at beginning of period	4,962,339	5,576,508
Cash and cash equivalents at end of period	5,813,721	16,186,739