

Consolidated Financial Results(Japanese Accounting Standards) for the 2nd Quarter of FY 2019

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, 2019
 Scheduled date of commencement of dividend payment: December 10, 2019
 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 2019 (April 1, 2019 - September 30, 2019)

(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 2019	11,305	△40.1	2,628	△78.5	2,578	△78.9	1,273	△84.2
2nd Quarter of FY 2018	18,858	173.3	12,219	—	12,206	—	8,080	—

(Note) Comprehensive income : △5,948million yen (— %) for the 2nd Quarter of FY 2019
 35,039million yen (— %) for the 2nd Quarter of FY 2018

	Earnings per share	Diluted earnings per share
	Yen	Yen
2nd Quarter of FY 2019	56.33	56.33
2nd Quarter of FY 2018	351.06	349.13

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Mil.¥	Mil.¥	%
2nd Quarter of FY 2019 (As of September 30,2019)	43,347	32,241	73.9
Fiscal Year 2018 (As of March 31,2019)	57,230	40,100	69.7

(Reference) Capital : September 30, 2019 : 32,039 million yen March 31, 2019 : 39,867 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 2018	—	24.00	—	37.00	61.00
Fiscal Year 2019	—	11.00	—	—	—
Fiscal Year 2019 (expected)	—	—	—	—	—

(Note) Revisions of the forecasts of consolidated results since the latest announcement : None

3.Consolidated Earnings Forecast for Fiscal Year Ending March 2020 (April 1,2019 to March 31,2020)

The consolidated earnings forecast for this period has not been included due to difficulties conducting reasonable calculations of the earnings forecast.

*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 : COINAGE, 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, 2019: 23,671,845 shares

As of March 31, 2019: 23,671,845 shares

(ii) Number of treasury stock at end of period

As of September 30, 2019: 1,323,045 shares

As of March 31, 2019: 622,995 shares

(iii) Average number of shares outstanding during the term

2nd Quarter of FY 2019: 22,599,159 shares

2nd Quarter of FY 2018: 23,017,322 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, 2019.

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 2019

(Unit : Thousands of Yen)

Items of an account	FY2018 (As of March 31, 2019)	2nd Quarter of FY2019 (As of September 30, 2019)
	Amount	Amount
Assets		
Current assets		
Cash and deposits	8,822,421	6,725,806
Accounts receivable - trade	1,781,226	1,881,006
Operational investment securities	39,190,609	28,853,061
Inventories	70,644	119,663
Other	1,344,506	490,710
Allowance for doubtful accounts	(5,383)	(5,530)
Total current assets	51,204,024	38,064,717
Non-current assets		
Property, plant and equipment	544,967	500,649
Intangible assets		
Goodwill	4,125,545	3,598,024
Other	432,269	330,961
Total intangible assets	4,557,814	3,928,986
Investments and other assets	923,305	853,357
Total non-current assets	6,026,088	5,282,993
Total assets	57,230,112	43,347,711
Liabilities		
Current liabilities		
Accounts payable - trade	1,414,107	1,321,284
Short-term loans payable	100,000	100,000
Current portion of long-term loans payable	187,468	177,468
Current portion of bonds	—	50,000
Income taxes payable	3,946,314	674,205
Provision for point card certificates	30,251	23,483
Other	917,577	774,855
Total current liabilities	6,595,718	3,121,297
Non-current liabilities		
Long-term loans payable	334,758	239,919
Bonds payable	—	200,000
Deferred tax liability	10,198,960	7,544,608
Total non-current liabilities	10,533,718	7,984,527
Total liabilities	17,129,436	11,105,825
Net assets		
Shareholders' equity		
Capital stock	2,923,019	2,923,019
Capital surplus	2,385,813	2,343,346
Retained earnings	10,954,274	11,374,553
Treasury shares	(892,077)	(1,884,315)
Total shareholders' equity	15,371,029	14,756,603
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,501,737	17,293,115
Foreign currency translation adjustment	(5,216)	(10,685)
Total accumulated other comprehensive income	24,496,520	17,282,430
Subscription rights to shares	180,165	202,852
Non-controlling interests	52,959	-
Total net assets	40,100,675	32,241,885
Total liabilities and net assets	57,230,112	43,347,711

(2) UNITED Consolidated Statements of Income
for the 2nd Quarter of FY 2019

(Unit : Thousands of Yen)

for the 2nd Quarter of FY 2019	2nd Quarter of FY2018 (April 1,2018 to September 30,2018)	2nd Quarter of FY2019 (April 1,2019 to September 30,2019)
	Amount	Amount
Net sales	18,858,411	11,305,205
Cost of sales	4,531,568	6,071,101
Gross profit	14,326,842	5,234,104
Selling, general and administrative expenses	2,106,903	2,606,024
Operating income	12,219,938	2,628,080
Non-operating income		
Interest and dividend income	162	206
Other	3,770	5,589
Total non-operating income	3,932	5,795
Non-operating expenses		
Interest expenses	798	2,638
Share of loss of entities accounted for using equity method	3,167	25,564
Foreign exchange losses	2,236	12,632
Other	10,905	14,346
Total non-operating expenses	17,107	55,181
Ordinary income	12,206,764	2,578,694
Extraordinary income		
Gain on reversal of share acquisition rights	7,768	—
Gain on liquidation of subsidiaries and affiliates	42,194	—
Gain on sale of businesses	—	10,000
Total extraordinary income	49,963	10,000
Extraordinary losses		
Loss on retirement of non-current assets	55,000	10,544
Impairment loss	—	99,166
Loss on valuation of investment securities	174,463	19,655
Office transfer expenses	142,908	—
Office relocation expenses	—	7,067
Burden charge paymen	—	48,284
Other	1,757	8,840
Total extraordinary losses	374,129	193,559
Income before income taxes	11,882,597	2,395,134
Income taxes - current	3,898,900	628,943
Income taxes - deferred	(42,178)	500,648
Total income taxes	3,856,721	1,129,591
Profit	8,025,875	1,265,542
Profit (loss) attributable to non-controlling interests	(54,613)	(7,542)
Profit attributable to owners of parent	8,080,489	1,273,085

(3) UNITED Consolidated Statements of Comprehensive Income
for the 2nd Quarter of FY 2019

(Unit : Thousands of Yen)

for the 2nd Quarter of FY 2019	2nd Quarter of FY2018 (April 1,2018 to September 30,2018)	2nd Quarter of FY2019 (April 1,2019 to September 30,2019)
	Amount	Amount
Profit	8,025,875	1,265,542
Other comprehensive income		
Valuation difference on available-for-sale securities	27,038,810	(7,208,621)
Foreign currency translation adjustment	(25,281)	(5,468)
Total other comprehensive income	27,013,529	(7,214,090)
Comprehensive income	35,039,404	(5,948,547)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,081,197	(5,941,005)
Comprehensive income attributable to non-controlling interests	(41,792)	(7,542)

(4)UNITED Consolidated Statements of Cash Flows

(Unit:Thousands of Yen)

for the 2nd Quarter of FY 2019	2nd Quarter of FY2018 (April 1,2018 to September 30,2018)	2nd Quarter of FY2019 (April 1,2019 to September 30,2019)
	Amount	Amount
Cash flows from operating activities		
Profit before income taxes	11,882,597	2,395,134
Depreciation	72,333	115,375
Amortization of goodwill	144,032	527,520
Share-based compensation expenses	34,865	17,850
Increase (decrease) in allowance for doubtful accounts	275	147
Increase (decrease) in provision for point card certificates	564	(6,767)
Interest and dividend income	(162)	(206)
Interest expenses	798	2,638
Share of (profit) loss of entities accounted for using equity method	3,167	25,564
Loss (gain) on valuation of investment securities	174,463	19,655
Impairment loss	—	99,166
Loss on retirement of non-current assets	55,000	10,544
Decrease (increase) in trade receivables	(155,296)	(99,779)
Decrease (increase) in investment securities for sale	(559,915)	(42,478)
Decrease (increase) in accounts receivable - other	(5,942)	707,081
Increase (decrease) in trade payables	132,418	49,403
Other, net	176,609	(61,483)
Subtotal	11,955,809	3,759,368
Interest and dividend income received	162	206
Interest expenses paid	(798)	(3,136)
Income taxes paid	(400,427)	(3,711,621)
Net cash provided by (used in) operating activities	11,554,746	44,817
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,539)	(25,235)
Purchase of intangible assets	(163,314)	(74,519)
Purchase of investment securities	(21,671)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(56,973)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(309,292)
Other, net	(104,488)	31,704
Net cash provided by (used in) investing activities	(381,987)	(377,342)
Cash flows from financing activities		
Repayments of long-term loans payable	(2,100)	(104,839)
Proceeds from issuance of bonds	—	250,000
Proceeds from issuance of subscription rights to share	45,368	—
Purchase of treasury shares	—	(992,237)
Cash dividends paid	(45,407)	(849,714)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(570,055)	(63,699)
Net cash provided by (used in) financing activities	(572,195)	(1,760,490)
Effect of exchange rate change on cash and cash equivalents	9,667	(3,599)
Net increase (decrease) in cash and cash equivalents	10,610,231	(2,096,614)
Cash and cash equivalents at beginning of period	5,576,508	8,822,421
Cash and cash equivalents at end of period	16,186,739	6,725,806