

Consolidated Financial Results (Japanese Accounting Standards) for the 3rd 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: January 31, 2020
 Scheduled date of commencement of dividend payment: —
 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 3rd Quarter of FY 2019 (April 1, 2019 - December 31, 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.¥	%
3rd Quarter of FY 2019	15,984	△30.3	3,267	△71.0	3,223	△71.3	402	△94.5
3rd Quarter of FY 2018	22,921	118.8	11,264	905.7	11,239	916.0	7,317	—

(Note) Comprehensive income : △ 10,151 million yen (— %) for the 3rd Quarter of FY 2019
 20,297 million yen (— %) for the 3rd Quarter of FY 2018

	Earnings per share	Diluted earnings per share
	Yen	Yen
3rd Quarter of FY 2019	17.87	—
3rd Quarter of FY 2018	317.78	316.08

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Mil.¥	Mil.¥	%
3rd Quarter of FY 2019 (As of December 31, 2019)	35,629	27,788	77.4
Fiscal Year 2018 (As of March 31, 2019)	57,230	40,100	69.7

(Reference) Capital : December 31, 2019: 27,578 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)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Mil.¥	%	Mil.¥	%	Mil.¥	%	Mil.¥	%
Fiscal Year 2019	20,500 ~21,500	△25.7 ~△22.0	5,000	△54.9	4,900	△55.7	1,200 ~1,300	△82.9 ~△81.5

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

*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 December 31, 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 December 31, 2019 : 1,323,045 shares

As of March 31, 2019 : 622,995 shares

(iii) Average number of shares outstanding during the term

3rd Quarter of FY 2019 : 22,509,714 shares

3rd Quarter of FY 2018 : 23,025,695 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

- We will hold a quarterly results briefing for institutional investors and analysts on February 3, 2020.

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

UNITED Consolidated Financial Statements

(1) UNITED Consolidated Balance Sheets
for the 3rd Quarter of FY 2019

(Unit : Thousands of Yen)

Items of an account	FY2018 (As of March 31, 2019)	3rd Quarter of FY2019 (As of December 31, 2019)
	Amount	Amount
Assets		
Current assets		
Cash and deposits	8,822,421	7,032,400
Accounts receivable - trade	1,781,226	1,680,545
Operational investment securities	39,190,609	24,123,031
Inventories	70,644	125,799
Other	1,344,506	920,889
Allowance for doubtful accounts	(5,383)	(5,535)
Total current assets	51,204,024	33,877,130
Non-current assets		
Property, plant and equipment	544,967	465,795
Intangible assets		
Goodwill	4,125,545	143,602
Other	432,269	348,373
Total intangible assets	4,557,814	491,975
Investments and other assets	923,305	794,833
Total non-current assets	6,026,088	1,752,604
Total assets	57,230,112	35,629,734
Liabilities		
Current liabilities		
Accounts payable - trade	1,414,107	1,172,692
Short-term loans payable	100,000	100,000
Current portion of long-term loans payable	187,468	162,690
Current portion of bonds	—	50,000
Income taxes payable	3,946,314	75,493
Provision for point card certificates	30,251	7,211
Other	917,577	869,982
Total current liabilities	6,595,718	2,438,069
Non-current liabilities		
Long-term loans payable	334,758	202,020
Bonds payable	—	175,000
Deferred tax liability	10,198,960	5,025,731
Total non-current liabilities	10,533,718	5,402,751
Total liabilities	17,129,436	7,840,820
Net assets		
Shareholders' equity		
Capital stock	2,923,019	2,923,019
Capital surplus	2,385,813	2,332,513
Retained earnings	10,954,274	10,257,978
Treasury shares	(892,077)	(1,884,315)
Total shareholders' equity	15,371,029	13,629,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,501,737	13,958,613
Foreign currency translation adjustment	(5,216)	(8,854)
Total accumulated other comprehensive income	24,496,520	13,949,759
Subscription rights to shares	180,165	209,958
Non-controlling interests	52,959	—
Total net assets	40,100,675	27,788,913
Total liabilities and net assets	57,230,112	35,629,734

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

(Unit : Thousands of Yen)

Items of an account	3rd Quarter of FY2018 (April 1,2018 to December 31,2018)	3rd Quarter of FY2019 (April 1,2019 to December 31,2019)
	Amount	Amount
Net sales	22,921,290	15,984,974
Cost of sales	8,146,760	8,907,412
Gross profit	14,774,530	7,077,561
Selling, general and administrative expenses	3,509,751	3,810,157
Operating income	11,264,779	3,267,403
Non-operating income		
Interest and dividend income	425	206
Gain on forfeiture of unclaimed dividends	2,309	901
Other	4,629	6,307
Total non-operating income	7,364	7,416
Non-operating expenses		
Interest expenses	2,007	3,606
Share of loss of entities accounted for using equity method	7,710	19,420
Foreign exchange losses	11,774	13,111
Other	11,236	15,090
Total non-operating expenses	32,730	51,229
Ordinary income	11,239,414	3,223,590
Extraordinary income		
Gain on reversal of share acquisition rights	7,768	1,818
Gain on liquidation of subsidiaries and affiliates	42,194	—
Gain on sales of shares of subsidiaries and associates	—	75,520
Gain on sale of businesses	—	10,000
Other	1,400	2,000
Total extraordinary income	51,363	89,338
Extraordinary losses		
Loss on retirement of non-current assets	58,544	613
Impairment loss	—	2,873,120
Loss on valuation of investment securities	106,291	19,655
Loss on sales of shares of subsidiaries and associates	—	300,775
Loss on liquidation of subsidiaries and associates	—	70,697
Office relocation expenses	—	45,262
Office transfer expenses	134,783	—
Burden charge payment	—	48,284
Other	1,774	5,096
Total extraordinary losses	301,394	3,363,505
Income before income taxes	10,989,382	(50,576)
Income taxes - current	3,732,352	92,114
Income taxes - deferred	60,036	(537,495)
Total income taxes	3,792,389	(445,381)
Profit	7,196,993	394,804
Profit (loss) attributable to non-controlling interests	(120,155)	(7,542)
Profit attributable to owners of parent	7,317,149	402,347

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

(Unit : Thousands of Yen)

Items of an account	3rd Quarter of FY2018 (April 1,2018 to December 31,2018)	3rd Quarter of FY2019 (April 1,2019 to December 31,2019)
	Amount	Amount
Profit	7,196,993	394,804
Other comprehensive income		
Valuation difference on available-for-sale securities	13,129,686	(10,543,123)
Foreign currency translation adjustment	(29,027)	(3,638)
Total other comprehensive income	13,100,658	(10,546,761)
Comprehensive income	20,297,652	(10,151,956)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,417,807	(10,144,413)
Comprehensive income attributable to non-controlling interests	(120,155)	(7,542)