

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 13, 2021

Company name: Unite and Grow Inc.
 Stock exchange listing: Tokyo
 Stock code: 4486 URL <http://www.ug-inc.net/>
 Representative: President and CEO Kiichiro Suda
 Director and General Manager of Administration Division Mieko Oka TEL 03(5577)2091
 Inquiries: Administration Division
 Scheduled date to file Quarterly Securities Report: August 13, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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 June 30, 2021	978	19.5	134	29.9	134	30.0	93	39.9
Six months ended June 30, 2020	819	–	103	–	103	–	66	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2021	25.49		23.67	
Six months ended June 30, 2020	18.39		17.00	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2021	1,832		1,270		69.3	
As of December 31, 2020	1,770		1,189		67.2	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	–	0.00	–	6.00	6.00
Year ending December 31, 2021	–	0.00			
Year ending December 31, 2021 (Forecast)			–	8.00	8.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	2,074	19.7	249	15.2	249	15.0	173	8.7	47.46

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021
 (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: No
- 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 June 30, 2021	3,693,600 shares	As of December 31, 2020	3,648,200 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	26 shares	As of December 31, 2020	26 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	3,665,914 shares	Six months ended June 30, 2020	3,631,815 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	1,566,522	1,629,968
Accounts receivable - trade	13,598	12,233
Other	17,966	15,425
Total current assets	1,598,087	1,657,627
Non-current assets		
Property, plant and equipment		
Buildings, net	74,520	72,253
Other, net	19,361	17,775
Total property, plant and equipment	93,881	90,028
Intangible assets		
Software	19,040	24,530
Other	0	-
Total intangible assets	19,040	24,530
Investments and other assets		
Deferred tax assets	8,889	9,187
Other	50,828	50,828
Total investments and other assets	59,718	60,016
Total non-current assets	172,640	174,574
Total assets	1,770,727	1,832,202

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	7,920	7,535
Current portion of long-term borrowings	7,316	1,814
Accounts payable - other	131,017	42,268
Income taxes payable	42,718	51,806
Advances received	303,426	382,195
Other	67,260	55,217
Total current liabilities	559,659	540,837
Non-current liabilities		
Asset retirement obligations	12,205	12,221
Other	9,081	8,552
Total non-current liabilities	21,287	20,774
Total liabilities	580,946	561,612
Net assets		
Shareholders' equity		
Share capital	305,037	309,657
Capital surplus	284,182	288,802
Retained earnings	600,616	672,185
Treasury shares	(55)	(55)
Total shareholders' equity	1,189,780	1,270,589
Total net assets	1,189,780	1,270,589
Total liabilities and net assets	1,770,727	1,832,202

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	819,224	978,919
Cost of sales	441,282	519,813
Gross profit	377,941	459,106
Selling, general and administrative expenses	274,501	324,738
Operating profit	103,439	134,368
Non-operating income		
Interest income	11	8
Other	0	44
Total non-operating income	12	52
Non-operating expenses		
Interest expenses	145	93
Share issuance costs	–	32
Total non-operating expenses	145	126
Ordinary profit	103,306	134,294
Profit before income taxes	103,306	134,294
Income taxes - current	33,365	41,134
Income taxes - deferred	3,147	(298)
Total income taxes	36,512	40,836
Profit	66,794	93,457
Profit attributable to owners of parent	66,794	93,457

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	66,794	93,457
Comprehensive income	66,794	93,457
Comprehensive income attributable to Comprehensive income attributable to owners of parent	66,794	93,457

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	103,306	134,294
Depreciation	8,058	10,427
Amortization of goodwill	2,214	–
Interest income	(11)	(8)
Interest expenses	145	93
Decrease (increase) in trade receivables	7,588	1,364
Decrease (increase) in inventories	205	–
Decrease (increase) in other current assets	5,004	(1,420)
Increase (decrease) in trade payables	(486)	(384)
Increase (decrease) in accounts payable - other	(61,319)	(30,668)
Increase (decrease) in advances received	16,201	78,768
Increase (decrease) in other current liabilities	(7,947)	(14,404)
Other, net	7	15
Subtotal	72,968	178,077
Interest received	11	8
Interest paid	(143)	(92)
Income taxes paid	(31,193)	(30,828)
Net cash provided by (used in) operating activities	41,642	147,165
Cash flows from investing activities		
Payments into time deposits	(150,006)	(150,008)
Proceeds from withdrawal of time deposits	150,000	150,007
Purchase of property, plant and equipment	–	(51,945)
Purchase of intangible assets	(8,263)	(12,507)
Other, net	60	–
Net cash provided by (used in) investing activities	(8,209)	(64,454)
Cash flows from financing activities		
Repayments of long-term borrowings	(5,502)	(5,502)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,160	9,240
Dividends paid	(14,524)	(21,889)
Other, net	(620)	(1,116)
Net cash provided by (used in) financing activities	(19,486)	(19,267)
Net increase (decrease) in cash and cash equivalents	13,946	63,444
Cash and cash equivalents at beginning of period	1,214,057	1,386,480
Cash and cash equivalents at end of period	1,228,004	1,449,925