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Summary of Consolidated Financial Results for the Year Ended December 31, 2022 [Japanese GAAP]

February 14, 2023

Company name: Unite and Grow Inc.
 Stock exchange listing: Tokyo
 Code number: 4486 URL <http://www.ug-inc.net/>
 Representative: Kiichiro Suda, President and CEO
 Contact: Mieko Oka, Director and General Manager of Administration Division TEL: 03-5577-2091
 Scheduled date of Annual General Meeting of Shareholders: March 29, 2023
 Scheduled date of commencing dividend payments: March 30, 2023
 Scheduled date of filing annual securities report: March 29, 2023
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2022	2,335	12.5	324	12.0	324	10.1	238	20.2
December 31, 2021	2,075	19.8	289	33.5	294	35.7	198	24.5

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2022	62.31	60.07	16.0	14.5	13.9
December 31, 2021	53.87	50.14	15.4	15.2	13.9

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2022	2,366	1,599	67.6	409.26
December 31, 2021	2,109	1,379	65.4	371.11

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2022	213	(489)	29	1,487
December 31, 2021	432	(66)	(18)	1,734

2. Cash Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2021	-	0.00	-	12.00	12.00	44	22.3	3.4
December 31, 2022	-	0.00	-	16.00	16.00	62	25.7	4.1
Fiscal year ending December 31, 2023 (Forecast)	-	0.00	-	20.00	20.00		28.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 01, 2023 to December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,676	14.6	382	17.9	381	17.9	276	16.1	70.79

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

December 31, 2022: 3,936,800 shares

December 31, 2021: 3,717,200 shares

2) Total number of treasury shares at the end of the period:

December 31, 2022: 28,075 shares

December 31, 2021: 26 shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2022: 3,825,439 shares

Fiscal Year ended December 31, 2021: 3,681,944 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 01, 2022 to December 31, 2022)

(1) Non-consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2022	2,218	13.5	305	15.0	313	13.9	233	25.0
December 31, 2021	1,953	19.4	265	27.4	274	23.1	186	10.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2022	61.06	58.86
December 31, 2021	50.74	47.23

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2022	2,285	1,519	66.5	388.87
December 31, 2021	2,017	1,304	64.7	350.96

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2021	As of December 31,2022
Assets		
Current assets		
Cash and deposits	1,914,942	2,136,439
Accounts receivable - trade	14,472	17,867
Supplies	561	380
Other	16,692	22,012
Total current assets	1,946,669	2,176,698
Non-current assets		
Property, plant and equipment		
Buildings, net	69,577	64,226
Other, net	16,986	13,986
Total property, plant and equipment	86,564	78,213
Intangible assets		
Software	11,689	7,289
Software in progress	-	37,840
Other	-	1,155
Total intangible assets	11,689	46,284
Investments and other assets		
Deferred tax assets	13,715	14,703
Other	50,828	50,828
Total investments and other assets	64,543	65,532
Total non-current assets	162,797	190,030
Total assets	2,109,467	2,366,729

(Thousand yen)

	As of December 31,2021	As of December 31,2022
Liabilities		
Current liabilities		
Accounts payable - trade	7,935	7,955
Short-term borrowings	-	50,000
Accounts payable - other	129,042	135,161
Income taxes payable	79,169	46,966
Advances received	404,308	-
Contract liabilities	-	412,651
Other	89,046	88,538
Total current liabilities	709,503	741,274
Non-current liabilities		
Provision for share awards	-	7,564
Asset retirement obligations	12,237	12,268
Other	8,246	5,948
Total non-current liabilities	20,483	25,781
Total liabilities	729,986	767,055
Net assets		
Shareholders' equity		
Share capital	311,662	344,342
Capital surplus	290,807	323,487
Retained earnings	777,065	970,832
Treasury shares	(55)	(38,988)
Total shareholders' equity	1,379,480	1,599,673
Total net assets	1,379,480	1,599,673
Total liabilities and net assets	2,109,467	2,366,729

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Net sales	2,075,338	2,335,591
Cost of sales	1,061,144	1,216,148
Gross profit	1,014,193	1,119,442
Selling, general and administrative expenses	724,755	795,308
Operating profit	289,438	324,134
Non-operating income		
Interest income	17	20
Penalty income	5,000	-
Gain on sale of goods	-	250
Other	45	0
Total non-operating income	5,062	271
Non-operating expenses		
Interest expenses	160	166
Share issuance costs	50	142
Other	0	1
Total non-operating expenses	210	310
Ordinary profit	294,289	324,095
Extraordinary income		
Gain on forgiveness of debts	3,060	-
Total extraordinary income	3,060	-
Extraordinary losses		
Loss on retirement of non-current assets	8,447	-
Total extraordinary losses	8,447	-
Profit before income taxes	288,902	324,095
Income taxes - current	95,390	86,711
Income taxes - deferred	(4,825)	(988)
Total income taxes	90,564	85,722
Profit	198,338	238,372
Profit attributable to owners of parent	198,338	238,372

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Profit	198,338	238,372
Comprehensive income	198,338	238,372
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	198,338	238,372

Consolidated Statements of Changes in equity

For the fiscal year ended December 31,2021

(Thousand yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	305,037	284,182	600,616	(55)	1,189,780	1,189,780
Changes during period						
Issuance of new shares	6,625	6,625			13,250	13,250
Dividends of surplus			(21,889)		(21,889)	(21,889)
Profit attributable to owners of parent			198,338		198,338	198,338
Purchase of treasury shares					-	-
Total changes during period	6,625	6,625	176,449	-	189,699	189,699
Balance at end of period	311,662	290,807	777,065	(55)	1,379,480	1,379,480

For the fiscal year ended December 31,2022

(Thousand yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	311,662	290,807	777,065	(55)	1,379,480	1,379,480
Changes during period						
Issuance of new shares	32,680	32,680			65,360	65,360
Dividends of surplus			(44,606)		(44,606)	(44,606)
Profit attributable to owners of parent			238,372		238,372	238,372
Purchase of treasury shares				(38,933)	(38,933)	(38,933)
Total changes during period	32,680	32,680	193,766	(38,933)	220,193	220,193
Balance at end of period	344,342	323,487	970,832	(38,988)	1,599,673	1,599,673

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended December 31,2021	For the fiscal year ended December 31,2022
Cash flows from operating activities		
Profit before income taxes	288,902	324,095
Depreciation	19,554	14,029
Interest income	(17)	(20)
Interest expenses	160	166
Loss on retirement of intangible assets	8,447	-
Gain on forgiveness of debt	(3,060)	-
Decrease (increase) in trade receivables	(874)	(3,394)
Decrease (increase) in inventories	(561)	181
Decrease (increase) in deposit in trust	-	(18,672)
Decrease (increase) in other current assets	(2,688)	(5,219)
Increase (decrease) in trade payables	15	20
Increase (decrease) in accounts payable - other	60,551	5,695
Increase (decrease) in advances received	100,882	(404,308)
Increase (decrease) in contract liabilities	-	412,651
Increase (decrease) in provision for share awards	-	7,564
Increase (decrease) in other current liabilities	19,467	(3,216)
Other, net	31	31
Subtotal	490,811	329,603
Interest received	17	20
Interest paid	(157)	(141)
Income taxes paid	(57,919)	(116,230)
Net cash provided by (used in) operating activities	432,750	213,252
Cash flows from investing activities		
Payments into time deposits	(330,054)	(780,059)
Proceeds from withdrawal of time deposits	330,050	330,056
Purchase of property, plant and equipment	(52,357)	(1,029)
Purchase of intangible assets	(13,893)	(38,821)
Other, net	-	(99)
Net cash provided by (used in) investing activities	(66,254)	(489,953)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	50,000
Repayments of long-term borrowings	(7,316)	-
Proceeds from issuance of shares resulting from exercise of share acquisition rights	13,250	65,360
Dividends paid	(21,889)	(44,606)
Purchase of treasury shares	-	(38,933)
Other, net	(2,124)	(2,298)
Net cash provided by (used in) financing activities	(18,079)	29,522
Net increase (decrease) in cash and cash equivalents	348,417	(247,179)
Cash and cash equivalents at beginning of period	1,386,480	1,734,897
Cash and cash equivalents at end of period	1,734,897	1,487,718