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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 [Japanese GAAP]

August 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 filing quarterly securities report: August 14, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2023 (January 1, 2023 to June 30, 2023)

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

	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, 2023	1,222	6.8	144	(20.5)	144	(20.5)	106	(20.3)
June 30, 2022	1,143	16.9	182	35.5	182	35.6	134	43.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	27.34	26.94
June 30, 2022	36.03	34.00

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	2,423	1,645	67.9
December 31, 2022	2,366	1,599	67.6

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	0.00	-	16.00	16.00
Fiscal year ending December 31, 2023	-	0.00	-	-	-
Fiscal year ending December 31, 2023 (Forecast)	-	-	-	20.00	20.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of 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 six months ended June 30, 2023
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) 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 |
- (4) Total number of issued shares (common shares)
- | | |
|--|------------------|
| 1) Total number of issued shares at the end of the period (including treasury shares): | |
| June 30, 2023: | 3,942,200 shares |
| December 31, 2022: | 3,936,800 shares |
| 2) Number of treasury shares at the end of the period: | |
| June 30, 2023: | 28,075 shares |
| December 31, 2022: | 28,075 shares |
| 3) Average number of shares outstanding during the period: | |
| Six months ended June 30, 2023: | 3,908,994 shares |
| Six months ended June 30, 2022: | 3,720,731 shares |

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,136,439	2,088,207
Accounts receivable - trade	17,867	12,014
Supplies	380	329
Other	22,012	21,293
Total current assets	2,176,698	2,121,844
Non-current assets		
Property, plant and equipment		
Buildings, net	64,226	61,551
Other, net	13,986	13,079
Total property, plant and equipment	78,213	74,631
Intangible assets		
Software	7,289	5,480
Software in progress	37,840	155,540
Other	1,155	1,650
Total intangible assets	46,284	162,670
Investments and other assets		
Deferred tax assets	14,703	13,240
Other	50,828	50,828
Total investments and other assets	65,532	64,069
Total non-current assets	190,030	301,370
Total assets	2,366,729	2,423,215

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	7,955	5,970
Short-term borrowings	50,000	-
Accounts payable - other	135,161	168,944
Income taxes payable	46,966	46,466
Contract liabilities	412,651	445,089
Provision for bonuses	-	15,000
Other	88,538	67,284
Total current liabilities	741,274	748,754
Non-current liabilities		
Provision for share awards	7,564	11,919
Asset retirement obligations	12,268	12,284
Other	5,948	4,799
Total non-current liabilities	25,781	29,003
Total liabilities	767,055	777,758
Net assets		
Shareholders' equity		
Share capital	344,342	345,287
Capital surplus	323,487	324,432
Retained earnings	970,832	1,014,725
Treasury shares	(38,988)	(38,988)
Total shareholders' equity	1,599,673	1,645,457
Total net assets	1,599,673	1,645,457
Total liabilities and net assets	2,366,729	2,423,215

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	1,143,872	1,222,034
Cost of sales	572,798	634,622
Gross profit	571,073	587,412
Selling, general and administrative expenses	389,067	442,679
Operating profit	182,006	144,733
Non-operating income		
Interest income	9	13
Gain on sale of goods	205	10
Gain on forfeiture of unclaimed dividends	-	95
Other	-	0
Total non-operating income	215	120
Non-operating expenses		
Interest expenses	70	82
Share issuance costs	-	7
Total non-operating expenses	70	90
Ordinary profit	182,150	144,763
Profit before income taxes	182,150	144,763
Income taxes - current	42,239	36,418
Income taxes - deferred	5,844	1,463
Total income taxes	48,084	37,882
Profit	134,066	106,880
Profit attributable to owners of parent	134,066	106,880

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousands of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	134,066	106,880
Comprehensive income	134,066	106,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	134,066	106,880

Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	182,150	144,763
Depreciation	7,116	6,444
Interest income	(9)	(13)
Interest expenses	70	82
Decrease (increase) in trade receivables	4,896	5,853
Decrease (increase) in inventories	77	50
Decrease (increase) in deposit in trust	-	12,311
Decrease (increase) in other current assets	(2,769)	1,149
Increase (decrease) in trade payables	(633)	(1,984)
Increase (decrease) in accounts payable - other	(81,905)	(82,396)
Increase (decrease) in advances received	(404,308)	-
Increase (decrease) in contract liabilities	431,739	32,437
Increase (decrease) in provision for bonuses	10,000	15,000
Increase (decrease) in provision for share awards	-	4,354
Increase (decrease) in other current liabilities	(27,079)	(18,999)
Other, net	15	15
Subtotal	119,362	119,068
Interest received	9	13
Interest paid	(70)	(107)
Income taxes paid	(69,004)	(39,149)
Net cash provided by (used in) operating activities	50,297	79,825
Cash flows from investing activities		
Payments into time deposits	(15,011)	(600,017)
Proceeds from withdrawal of time deposits	15,010	600,012
Purchase of property, plant and equipment	-	(1,053)
Purchase of intangible assets	(16,455)	(2,015)
Other, net	0	(430)
Net cash provided by (used in) investing activities	(16,457)	(3,504)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(50,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	63,910	1,890
Dividends paid	(44,606)	(62,987)
Other, net	(1,149)	(1,149)
Net cash provided by (used in) financing activities	18,154	(112,246)
Net increase (decrease) in cash and cash equivalents	51,994	(35,925)
Cash and cash equivalents at beginning of period	1,734,897	1,487,718
Cash and cash equivalents at end of period	1,786,892	1,451,792