

## <Delayed> Consolidated Financial Results for the 1st Half Ended September 30, 2019 (Japanese GAAP)

Note: Figures smaller than one million yen are rounded down.

Listed Company Name: UNITED ARROWS LTD.  
 Securities Traded: First Section of the Tokyo Stock Exchange  
 Code Number: 7606  
 URL: <http://www.united-arrows.co.jp/en/>  
 Representative: Mitsuhiro Takeda, Representative Director, President and CEO  
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Scheduled Date of Reporting Date: November 14, 2019  
 Scheduled Date of Dividend Payment: December 3, 2019  
 Supplementary materials for the financial results: Yes  
 Holding of presentation of financial results: Yes (for institutional investors and analysts)

### 1. Consolidated Business Results for the 1st half of the Fiscal Year Ending March 31, 2020 (April 1, 2019 to September 30, 2019)

#### (1) Consolidated Business Performance (aggregate)

(% indicates increase / decrease YoY)

|                    | Total Sales |     | Operating Profit |      | Ordinary Profit |      | Net Income attributable to owners of parent |      |
|--------------------|-------------|-----|------------------|------|-----------------|------|---------------------------------------------|------|
| Six months ended   | ¥ million   | %   | ¥ million        | %    | ¥ million       | %    | ¥ million                                   | %    |
| September 30, 2019 | 74,576      | 3.9 | 3,903            | 28.8 | 3,893           | 24.6 | 1,942                                       | 29.2 |
| September 30, 2018 | 71,752      | 2.9 | 3,031            | 0.2  | 3,124           | 0.0  | 1,503                                       | 18.6 |

Note: Comprehensive income: Six months ended September 30, 2019: ¥2,245 million (24.7%)  
 Six months ended September 30, 2018: ¥1,801 million (30.4%)

|                    | Net Income per Share | Net Income per Share after Adjusting for Dilutive Effects |
|--------------------|----------------------|-----------------------------------------------------------|
| Six months ended   | yen                  | yen                                                       |
| September 30, 2019 | 68.47                | —                                                         |
| September 30, 2018 | 53.01                | —                                                         |

Note: There are no dilutive shares as of September 30, 2018 and 2019.

#### (2) Consolidated Financial Conditions

|                          | Total Assets | Net Assets | Equity Ratio | Per-share net worth |
|--------------------------|--------------|------------|--------------|---------------------|
|                          | ¥ million    | ¥ million  | %            | ¥                   |
| As of September 30, 2019 | 74,079       | 40,121     | 51.4         | 1,342.33            |
| As of March 31, 2019     | 70,738       | 39,578     | 53.5         | 1,333.16            |

Reference: Shareholders' equity: September 30, 2019: ¥38,088 million      March 31, 2019: ¥37,828 million

### 2. Conditions of Dividend Payment

|                                          | Annual Dividend |        |        |                 |        |
|------------------------------------------|-----------------|--------|--------|-----------------|--------|
|                                          | 1Q End          | 2Q End | 3Q End | Fiscal Year End | Annual |
|                                          | yen             | yen    | yen    | yen             | yen    |
| Fiscal year ended March 31, 2019         | -               | 20.00  | -      | 60.00           | 80.00  |
| Fiscal year ending March 31, 2020        | -               | 22.00  |        |                 |        |
| Fiscal year ending March 31, 2020 (Est.) |                 |        | -      | 61.00           | 83.00  |

Note: Revision to recently disclosed projected dividend payment: None

### 3. Projected Consolidated Performance of the Fiscal Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(% indicates increase / decrease YoY)

|                  | Total Sales |     | Operating Profit |     | Ordinary Profit |     | Net Income<br>attributable to<br>owners of parent | Net Income<br>per share |
|------------------|-------------|-----|------------------|-----|-----------------|-----|---------------------------------------------------|-------------------------|
|                  | ¥ million   | %   | ¥ million        | %   | ¥ million       | %   | ¥ million                                         | yen                     |
| Full Fiscal Year | 164,240     | 3.3 | 11,970           | 8.2 | 12,000          | 6.1 | 6,700                                             | 4.4                     |
|                  |             |     |                  |     |                 |     |                                                   | 236.12                  |

Note: Revision to recently disclosed projected consolidated performance: None

### 4. Others

#### (1) Changes in Significant Subsidiaries during the Current Quarter: None

(Changes in special subsidiaries that caused a change in scope of consolidation)

#### (2) Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements: None

#### (3) Changes in Accounting Principles, Procedures, Methods of Presentation and Other Items

1. Changes due to revision of accounting standards: None
2. Changes other than 1: None
3. Changes in accounting estimates: None
4. Restatement of prior period financial statements after error corrections: None

#### (4) Number of Stocks Issued (Common Stocks)

1. Number of stocks issued at term end (including treasury stock)
 

|                           |                   |
|---------------------------|-------------------|
| As of September 30, 2019: | 30,213,676 stocks |
| As of March 31, 2019:     | 30,213,676 stocks |
2. Number of treasury stock
 

|                           |                  |
|---------------------------|------------------|
| As of September 30, 2019: | 1,838,346 stocks |
| As of March 31, 2019:     | 1,838,256 stocks |
3. Average number of stocks issued and outstanding for the period
 

|                                      |                   |
|--------------------------------------|-------------------|
| Six months ended September 30, 2019: | 28,375,370 stocks |
| Six months ended September 30, 2018: | 28,370,181 stocks |

\*The quarterly financial statements are not subject to quarterly reviews.

#### \*Explanation regarding appropriate use of projected business performance

The above projection was made based on information available at present. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the figures stated above due to any possible factor.

**Consolidated Financial Results**  
**(1) Quarterly Consolidated Balance Sheet**

(millions of yen)

|                                              | At the end of<br>the previous fiscal year<br>(March 31, 2019) | At the end of<br>the second quarter<br>(September 30, 2019) |
|----------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|
| <b>Assets</b>                                |                                                               |                                                             |
| Current assets                               |                                                               |                                                             |
| Cash and deposits                            | 6,103                                                         | 6,659                                                       |
| Notes and accounts receivable-trade          | 186                                                           | 157                                                         |
| Merchandise                                  | 24,407                                                        | 27,541                                                      |
| Supplies                                     | 581                                                           | 1,162                                                       |
| Accounts receivable-other                    | 12,587                                                        | 11,471                                                      |
| Other                                        | 670                                                           | 872                                                         |
| Allowance for doubtful accounts              | (3)                                                           | (3)                                                         |
| Total current assets                         | 44,533                                                        | 47,860                                                      |
| Noncurrent assets                            |                                                               |                                                             |
| Tangible noncurrent assets                   |                                                               |                                                             |
| Buildings and structures (net)               | 8,195                                                         | 8,071                                                       |
| Machinery and equipment (net)                | 930                                                           | 852                                                         |
| Other (net)                                  | 1,747                                                         | 1,960                                                       |
| Total tangible noncurrent assets             | 10,873                                                        | 10,884                                                      |
| Intangible noncurrent assets                 |                                                               |                                                             |
| Other                                        | 2,783                                                         | 3,298                                                       |
| Total intangible noncurrent assets           | 2,783                                                         | 3,298                                                       |
| Investments and other assets                 |                                                               |                                                             |
| Guarantee deposits                           | 8,180                                                         | 8,271                                                       |
| Other                                        | 4,389                                                         | 3,787                                                       |
| Allowance for doubtful accounts              | (22)                                                          | (22)                                                        |
| Total investments and other assets           | 12,548                                                        | 12,036                                                      |
| Total noncurrent assets                      | 26,205                                                        | 26,219                                                      |
| Total assets                                 | 70,738                                                        | 74,079                                                      |
| <b>Liabilities</b>                           |                                                               |                                                             |
| Current liabilities                          |                                                               |                                                             |
| Notes and accounts payable-trade             | 10,648                                                        | 13,082                                                      |
| Short-term loans payable                     | 2,100                                                         | 6,300                                                       |
| Current portion of long-term loans payable   | 1,500                                                         | 500                                                         |
| Income taxes payable                         | 1,673                                                         | 902                                                         |
| Provision for bonuses                        | 2,340                                                         | 1,367                                                       |
| Provision for directors' bonuses             | 111                                                           | 51                                                          |
| Other                                        | 8,707                                                         | 7,467                                                       |
| Total current liabilities                    | 27,082                                                        | 29,672                                                      |
| Noncurrent liabilities                       |                                                               |                                                             |
| Asset retirement obligations                 | 4,054                                                         | 4,264                                                       |
| Other                                        | 23                                                            | 22                                                          |
| Total noncurrent liabilities                 | 4,078                                                         | 4,286                                                       |
| Total liabilities                            | 31,160                                                        | 33,958                                                      |
| <b>Net assets</b>                            |                                                               |                                                             |
| Shareholders' equity                         |                                                               |                                                             |
| Capital stock                                | 3,030                                                         | 3,030                                                       |
| Capital surplus                              | 4,278                                                         | 4,278                                                       |
| Retained earnings                            | 36,335                                                        | 36,575                                                      |
| Treasury stock                               | (5,833)                                                       | (5,833)                                                     |
| Total shareholders' equity                   | 37,810                                                        | 38,050                                                      |
| Accumulated other comprehensive income       |                                                               |                                                             |
| Deferred gains or losses on hedges           | (8)                                                           | (1)                                                         |
| Foreign currency translation adjustment      | 27                                                            | 39                                                          |
| Total accumulated other comprehensive income | 18                                                            | 38                                                          |
| Non-controlling interests                    | 1,749                                                         | 2,032                                                       |
| Total net assets                             | 39,578                                                        | 40,121                                                      |
| Total liabilities and net assets             | 70,738                                                        | 74,079                                                      |

## (2) Statements of Consolidated Income and Comprehensive Income

### Statements of Consolidated Income

Second Quarter (Six Months Aggregate)

(millions of yen)

|                                                             | Six months ended<br>September 30, 2018<br>(April 1, 2018 to<br>September 30, 2018) | Six months ended<br>September 30, 2019<br>(April 1, 2019 to<br>September 30, 2019) |
|-------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Net sales                                                   | 71,752                                                                             | 74,576                                                                             |
| Cost of sales                                               | 34,804                                                                             | 36,054                                                                             |
| Gross profit                                                | 36,947                                                                             | 38,521                                                                             |
| Selling, general and administrative expenses                | 33,915                                                                             | 34,617                                                                             |
| Operating income                                            | 3,031                                                                              | 3,903                                                                              |
| Non-operating income                                        |                                                                                    |                                                                                    |
| Interest income                                             | 0                                                                                  | 0                                                                                  |
| Foreign exchange gains                                      | 7                                                                                  | -                                                                                  |
| Purchase discounts                                          | 33                                                                                 | 32                                                                                 |
| Rent income                                                 | 11                                                                                 | 12                                                                                 |
| Commission fee                                              | 24                                                                                 | 15                                                                                 |
| Other                                                       | 58                                                                                 | 40                                                                                 |
| Total non-operating income                                  | 136                                                                                | 101                                                                                |
| Non-operating expenses                                      |                                                                                    |                                                                                    |
| Interest expenses                                           | 10                                                                                 | 8                                                                                  |
| Foreign exchange losses                                     | -                                                                                  | 15                                                                                 |
| Rent expenses                                               | 11                                                                                 | 12                                                                                 |
| Share of loss of entities accounted for using equity method | -                                                                                  | 44                                                                                 |
| Other                                                       | 21                                                                                 | 31                                                                                 |
| Total non-operating expenses                                | 43                                                                                 | 111                                                                                |
| Ordinary income                                             | 3,124                                                                              | 3,893                                                                              |
| Extraordinary loss                                          |                                                                                    |                                                                                    |
| Loss on retirement of noncurrent assets                     | 56                                                                                 | 42                                                                                 |
| Impairment loss                                             | 281                                                                                | 341                                                                                |
| Other                                                       | 0                                                                                  | 0                                                                                  |
| Total extraordinary loss                                    | 338                                                                                | 385                                                                                |
| Income before income taxes                                  | 2,786                                                                              | 3,507                                                                              |
| Income taxes-current                                        | 810                                                                                | 973                                                                                |
| Income taxes-deferred                                       | 316                                                                                | 311                                                                                |
| Total income taxes                                          | 1,126                                                                              | 1,284                                                                              |
| Net income                                                  | 1,659                                                                              | 2,223                                                                              |
| Net income attributable to non-controlling interests        | 155                                                                                | 280                                                                                |
| Net income attributable to owners of parent                 | 1,503                                                                              | 1,942                                                                              |

## Statements of Consolidated Comprehensive Income

Second Quarter (Six Months Aggregate)

(millions of yen)

|                                         | Six months ended<br>September 30, 2018<br>(April 1, 2018 to<br>September 30, 2018) | Six months ended<br>September 30, 2019<br>(April 1, 2019 to<br>September 30, 2019) |
|-----------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Net income                              | 1,659                                                                              | 2,223                                                                              |
| Other comprehensive income              |                                                                                    |                                                                                    |
| Deferred gains or losses on hedges      | 123                                                                                | 10                                                                                 |
| Foreign currency translation adjustment | 18                                                                                 | 12                                                                                 |
| Total other comprehensive income        | 141                                                                                | 22                                                                                 |
| Comprehensive income                    | 1,801                                                                              | 2,245                                                                              |
| Comprehensive income attributable to:   |                                                                                    |                                                                                    |
| Owners of the parent company            | 1,627                                                                              | 1,962                                                                              |
| Non-controlling interests               | 173                                                                                | 282                                                                                |

### (3) Consolidated Cash Flows

(millions of yen)

|                                                             | Six months ended<br>September 30, 2018<br>(April 1, 2018 to<br>September 30, 2018) | Six months ended<br>September 30, 2019<br>(April 1, 2019 to<br>September 30, 2019) |
|-------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                 |                                                                                    |                                                                                    |
| Income before income taxes                                  | 2,786                                                                              | 3,507                                                                              |
| Depreciation                                                | 897                                                                                | 957                                                                                |
| Depreciation of intangible assets                           | 211                                                                                | 221                                                                                |
| Amortization of long-term prepaid expenses                  | 84                                                                                 | 213                                                                                |
| Impairment loss                                             | 281                                                                                | 341                                                                                |
| Increase (decrease) in provision for bonuses                | (414)                                                                              | (972)                                                                              |
| Increase (decrease) in provision for directors' bonuses     | (39)                                                                               | (60)                                                                               |
| Increase (decrease) in allowance for doubtful accounts      | (2)                                                                                | (0)                                                                                |
| Interest and dividends income                               | (0)                                                                                | (0)                                                                                |
| Interest expenses                                           | 10                                                                                 | 8                                                                                  |
| Decrease (increase) in notes receivable                     | 932                                                                                | 1,167                                                                              |
| Decrease (increase) in inventories                          | (2,614)                                                                            | (3,714)                                                                            |
| Decrease (increase) in other current assets                 | (293)                                                                              | (223)                                                                              |
| Increase (decrease) in trade payables                       | 2,445                                                                              | 2,482                                                                              |
| Increase (decrease) in other current liabilities            | (1,836)                                                                            | (831)                                                                              |
| Other                                                       | 20                                                                                 | 168                                                                                |
| Subtotal                                                    | 2,466                                                                              | 3,265                                                                              |
| Interest and dividends income received                      | 0                                                                                  | 0                                                                                  |
| Interest expenses paid                                      | (10)                                                                               | (8)                                                                                |
| Income taxes paid                                           | (1,254)                                                                            | (1,712)                                                                            |
| Net cash provided by operating activities                   | 1,201                                                                              | 1,544                                                                              |
| <b>Cash flows from investment activities</b>                |                                                                                    |                                                                                    |
| Payments into time deposits                                 | (6)                                                                                | (6)                                                                                |
| Purchase of property, plant and equipment                   | (2,462)                                                                            | (880)                                                                              |
| Payments for asset retirement obligations                   | (81)                                                                               | (83)                                                                               |
| Purchase of intangible assets                               | (487)                                                                              | (765)                                                                              |
| Purchase of long-term prepaid expenses                      | (886)                                                                              | (87)                                                                               |
| Payment for guarantee deposits                              | (245)                                                                              | (176)                                                                              |
| Proceeds from collection of guarantee deposits              | 123                                                                                | 85                                                                                 |
| Other                                                       | 0                                                                                  | (67)                                                                               |
| Net cash provided by investment activities                  | (4,045)                                                                            | (1,980)                                                                            |
| <b>Cash flows from financing activities</b>                 |                                                                                    |                                                                                    |
| Net increase (decrease) in short-term loans payable         | 5,600                                                                              | 4,200                                                                              |
| Repayment of long-term loans payable                        | (1,000)                                                                            | (1,000)                                                                            |
| Cash dividends paid                                         | (1,963)                                                                            | (2,225)                                                                            |
| Other                                                       | -                                                                                  | (0)                                                                                |
| Net cash provided by financing activities                   | 2,636                                                                              | 974                                                                                |
| Effect of exchange rate change on cash and cash equivalents | 19                                                                                 | 12                                                                                 |
| Increase (decrease) in cash and cash equivalents            | (188)                                                                              | 549                                                                                |
| Cash and cash equivalents at beginning of term              | 6,300                                                                              | 5,839                                                                              |
| Cash and cash equivalents at end of term                    | 6,112                                                                              | 6,389                                                                              |