

<Delayed> Consolidated Financial Summary
for the Nine Months Ended December 31, 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
Contact: Takeo Nakazawa, Department Manager, Finance and Accounting Department
Telephone: +81-3-5785-6325

Scheduled Date of Reporting Date: February 14, 2020
Scheduled Date of Dividend Payment: -
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 Nine-Month Period of the Fiscal Year Ending March 31, 2020 (April 1, 2019 to December 31, 2019)

(1) Consolidated Business Performance (aggregate)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income attributable to owners of parent	
Nine months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
December 31, 2019	119,093	1.1	8,886	(7.3)	8,906	(8.2)	4,687	(18.9)
December 31, 2018	117,829	2.3	9,586	(2.1)	9,706	(2.4)	5,781	0.6

Note: Comprehensive income: Nine months ended December 31, 2019: ¥5,126 million (-15.8%)
Nine months ended December 31, 2018: ¥6,086 million (3.9%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
Nine months ended	yen	yen
December 31, 2019	165.20	—
December 31, 2018	203.79	—

Note: There are no dilutive shares as of December 31, 2018 and 2019.

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Per-share net worth
	¥ million	¥ million	%	¥
As of December 31, 2019	86,521	44,097	46.0	1,403.45
As of March 31, 2019	70,738	39,578	53.5	1,333.16

Reference: Shareholders' equity: December 31, 2019: ¥39,823 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 2020 (From April 1, 2019 to March 31, 2020)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income attributable to owners of parent	Net Income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Full Fiscal Year	161,240	1.5	10,870	(1.8)	10,900	(3.6)	5,300	(17.4)
								yen
								186.78

Note: Revision to recently disclosed projected consolidated performance: Yes

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

As of December 31, 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

Nine months ended December 31, 2019:	28,375,357 stocks
Nine months ended December 31, 2018:	28,371,934 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 the previous fiscal year (March 31, 2019)	At the end of the third quarter (December 31, 2019)
Assets		
Current assets		
Cash and deposits	6,103	10,758
Notes and accounts receivable-trade	186	132
Merchandise	24,407	31,257
Supplies	581	644
Accounts receivable-other	12,587	17,659
Other	670	832
Allowance for doubtful accounts	(3)	(3)
Total current assets	44,533	61,282
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	8,195	8,132
Machinery and equipment (net)	930	813
Other (net)	1,747	1,629
Total tangible noncurrent assets	10,873	10,574
Intangible noncurrent assets		
Other	2,783	2,879
Total intangible noncurrent assets	2,783	2,879
Investments and other assets		
Guarantee deposits	8,180	8,292
Other	4,389	3,514
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	12,548	11,784
Total noncurrent assets	26,205	25,238
Total assets	70,738	86,521
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,648	14,365
Short-term loans payable	2,100	12,760
Current portion of long-term loans payable	1,500	-
Income taxes payable	1,673	1,029
Provision for bonuses	2,340	780
Provision for directors' bonuses	111	81
Other	8,707	9,107
Total current liabilities	27,082	38,123
Noncurrent liabilities		
Asset retirement obligations	4,054	4,278
Other	23	21
Total noncurrent liabilities	4,078	4,300
Total liabilities	31,160	42,424
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,278	4,435
Retained earnings	36,335	38,167
Treasury stock	(5,833)	(5,833)
Total shareholders' equity	37,810	39,799
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(8)	5
Foreign currency translation adjustment	27	18
Total accumulated other comprehensive income	18	23
Non-controlling interests	1,749	4,273
Total net assets	39,578	44,097
Total liabilities and net assets	70,738	86,521

(2) Statements of Consolidated Income and Comprehensive Income

Statements of Consolidated Income

Third Quarter (Nine Months Aggregate)

(millions of yen)

	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Net sales	117,829	119,093
Cost of sales	55,679	56,432
Gross profit	62,149	62,660
Selling, general and administrative expenses	52,562	53,774
Operating income	9,586	8,886
Non-operating income		
Interest income	0	0
Foreign exchange gains	-	53
Purchase discounts	48	47
Rent income	17	18
Other	121	117
Total non-operating income	187	237
Non-operating expenses		
Interest expenses	16	13
Rent expenses	17	19
Share of loss of entities accounted for using equity method	-	126
Other	33	57
Total non-operating expenses	67	217
Ordinary income	9,706	8,906
Extraordinary loss		
Loss on retirement of noncurrent assets	66	43
Impairment loss	326	988
Other	46	13
Total extraordinary loss	440	1,045
Income before income taxes	9,266	7,860
Income taxes-current	2,516	2,273
Income taxes-deferred	733	472
Total income taxes	3,250	2,746
Net income	6,016	5,113
Net income attributable to non-controlling interests	234	426
Net income attributable to owners of parent	5,781	4,687

Statements of Consolidated Comprehensive Income

Third Quarter (Nine Months Aggregate)

(millions of yen)

	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Net income	6,016	5,113
Other comprehensive income		
Deferred gains or losses on hedges	58	21
Foreign currency translation adjustment	11	(9)
Total other comprehensive income	70	12
Comprehensive income	6,086	5,126
Comprehensive income attributable to:		
Owners of the parent company	5,844	4,693
Non-controlling interests	241	433

(3) Consolidated Cash Flows

	(millions of yen)	
	Nine months ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine months ended December 31, 2018 (April 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Income before income taxes	9,266	7,860
Depreciation	1,375	1,457
Depreciation of intangible assets	340	311
Amortization of long-term prepaid expenses	126	332
Impairment loss	326	988
Increase (decrease) in provision for bonuses	(1,479)	(1,559)
Increase (decrease) in provision for directors' bonuses	(9)	(30)
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Interest and dividends income	(0)	(0)
Interest expenses	16	13
Decrease (increase) in notes receivable	(3,771)	(3,285)
Decrease (increase) in inventories	(4,800)	(6,913)
Decrease (increase) in other current assets	(43)	(100)
Increase (decrease) in trade payables	4,572	4,451
Increase (decrease) in other current liabilities	(1,201)	699
Share of loss of entities accounted for using equity method	-	126
Other	75	139
Subtotal	4,791	4,491
Interest and dividends income received	0	0
Interest expenses paid	(16)	(13)
Income taxes paid	(2,232)	(2,784)
Net cash provided by operating activities	2,543	1,693
Cash flows from investment activities		
Payments into time deposits	(9)	(9)
Purchase of property, plant and equipment	(3,344)	(1,796)
Payments for asset retirement obligations	(129)	(122)
Purchase of intangible assets	(680)	(1,029)
Purchase of long-term prepaid expenses	(1,032)	(232)
Payment for guarantee deposits	(318)	(268)
Proceeds from collection of guarantee deposits	259	156
Other	0	(101)
Net cash provided by investment activities	(5,255)	(3,403)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,650	10,660
Repayment of long-term loans payable	(1,500)	(1,500)
Cash dividends paid	(2,482)	(2,794)
Other	-	(0)
Net cash provided by financing activities	3,667	6,365
Effect of exchange rate change on cash and cash equivalents	12	(9)
Increase (decrease) in cash and cash equivalents	967	4,645
Cash and cash equivalents at beginning of term	6,300	5,839
Cash and cash equivalents at end of term	7,268	10,484