

<Delayed> Consolidated Financial Results for the 1st Half Ended September 30, 2020 (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: November 13, 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 1st half of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to September 30, 2020)

(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, 2020	53,259	(28.6)	(6,840)	—	(5,787)	—	(5,097)	—
September 30, 2019	74,576	3.9	3,903	28.8	3,893	24.6	1,942	29.2

Note: Comprehensive income: Six months ended September 30, 2020: ¥(4,762) million (—%)
 Six months ended September 30, 2019: ¥2,245 million (24.7%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
Six months ended	yen	yen
September 30, 2020	(179.35)	—
September 30, 2019	68.47	—

Note: Net Income per Share after Adjusting for Dilutive Effects are not stated since there are no dilutive shares.

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Per-share net worth
	¥ million	¥ million	%	¥
As of September 30, 2020	74,394	35,903	43.2	1,126.52
As of March 31, 2020	70,007	42,072	55.2	1,362.01

Reference: Shareholders' equity: September 30, 2020: ¥32,144 million March 31, 2020: ¥38,647 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, 2020	-	22.00	-	61.00	83.00
Fiscal year ending March 31, 2021	-	0.00			
Fiscal year ending March 31, 2021 (Est.)			-	0.00	0.00

Note: Revision to recently disclosed projected dividend payment: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income attributable to owners of parent	Net Income per share
Full Fiscal Year	¥ million	%	¥ million	%	¥ million	%	¥ million	yen
	128,300	(18.5)	(6,500)	—	(5,300)	—	(6,070)	(213.15)

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 September 30, 2020:	30,213,676 stocks
As of March 31, 2020:	30,213,676 stocks
2. Number of treasury stock

As of September 30, 2020:	1,679,373 stocks
As of March 31, 2020:	1,838,346 stocks
3. Average number of stocks issued and outstanding for the period

Six months ended September 30, 2020:	28,421,768 stocks
Six months ended September 30, 2019:	28,375,370 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, 2020)	At the end of the second quarter (September 30, 2020)
Assets		
Current assets		
Cash and deposits	6,002	6,551
Notes and accounts receivable-trade	193	156
Merchandise	27,293	28,344
Supplies	655	1,182
Accounts receivable-other	11,159	10,397
Other	695	1,249
Allowance for doubtful accounts	(3)	(3)
Total current assets	45,997	47,878
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	6,739	6,451
Machinery and equipment (net)	774	709
Other (net)	1,551	2,051
Total tangible noncurrent assets	9,065	9,212
Intangible noncurrent assets		
Other	2,838	2,775
Total intangible noncurrent assets	2,838	2,775
Investments and other assets		
Guarantee deposits	8,216	8,268
Other	3,911	6,282
Allowance for doubtful accounts	(22)	(23)
Total investments and other assets	12,105	14,527
Total noncurrent assets	24,009	26,515
Total assets	70,007	74,394
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,814	10,379
Short-term loans payable	4,600	17,900
Income taxes payable	174	155
Provision for bonuses	1,221	409
Provision for directors' bonuses	9	3
Other	6,838	5,260
Total current liabilities	23,658	34,109
Noncurrent liabilities		
Asset retirement obligations	4,257	4,361
Other	18	19
Total noncurrent liabilities	4,275	4,381
Total liabilities	27,934	38,490
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,435	4,415
Retained earnings	37,003	29,903
Treasury stock	(5,833)	(5,218)
Total shareholders' equity	38,634	32,130
Accumulated other comprehensive income		
Deferred gains or losses on hedges	2	(6)
Foreign currency translation adjustment	10	20
Total accumulated other comprehensive income	12	13
Non-controlling interests	3,425	3,759
Total net assets	42,072	35,903
Total liabilities and net assets	70,007	74,394

(2) Statements of Consolidated Income and Comprehensive Income

Statements of Consolidated Income

Second Quarter (Six Months Aggregate)

(millions of yen)

	Six months ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Net sales	74,576	53,259
Cost of sales	36,054	30,388
Gross profit	38,521	22,870
Selling, general and administrative expenses	34,617	29,710
Operating income (loss)	3,903	(6,840)
Non-operating income		
Interest income	0	0
Foreign exchange gains	-	50
Purchase discounts	32	26
Rent income	12	9
Commission fee	15	5
Subsidy income	-	943
Other	40	69
Total non-operating income	101	1,106
Non-operating expenses		
Interest expenses	8	18
Foreign exchange losses	15	-
Rent expenses	12	11
Share of loss of entities accounted for using equity method	44	1
Other	31	22
Total non-operating expenses	111	53
Ordinary income (loss)	3,893	(5,787)
Extraordinary loss		
Loss on retirement of noncurrent assets	42	3
Impairment loss	341	792
Other	0	14
Total extraordinary loss	385	809
Income (loss) before income taxes	3,507	(6,597)
Income taxes-current	973	386
Income taxes-deferred	311	(2,229)
Total income taxes	1,284	(1,842)
Net income (loss)	2,223	(4,754)
Net income attributable to non-controlling interests	280	343
Net income (loss) attributable to owners of parent	1,942	(5,097)

Statements of Consolidated Comprehensive Income

Second Quarter (Six Months Aggregate)

(millions of yen)

	Six months ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Net income	2,223	(4,754)
Other comprehensive income		
Deferred gains or losses on hedges	10	(18)
Foreign currency translation adjustment	12	10
Total other comprehensive income	22	(8)
Comprehensive income	2,245	(4,762)
Comprehensive income attributable to:		
Owners of the parent company	1,962	(5,096)
Non-controlling interests	282	333

(3) Consolidated Cash Flows

(millions of yen)

	Six months ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Income (loss) before income taxes	3,507	(6,597)
Depreciation	957	868
Depreciation of intangible assets	221	188
Amortization of long-term prepaid expenses	213	217
Impairment loss	341	792
Increase (decrease) in provision for bonuses	(972)	(811)
Increase (decrease) in provision for directors' bonuses	(60)	(6)
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividends income	(0)	(0)
Interest expenses	8	18
Subsidy income	-	(943)
Decrease (increase) in notes receivable	1,167	595
Decrease (increase) in inventories	(3,714)	(1,577)
Decrease (increase) in other current assets	(223)	(270)
Increase (decrease) in trade payables	2,482	(1,018)
Increase (decrease) in other current liabilities	(831)	(1,163)
Other	168	(18)
Subtotal	3,265	(9,725)
Interest and dividends received	0	0
Interest expenses paid	(8)	(18)
Proceeds from subsidy income	-	902
Income taxes paid	(1,712)	(319)
Net cash provided by operating activities	1,544	(9,159)
Cash flows from investment activities		
Payments into time deposits	(6)	(6)
Purchase of property, plant and equipment	(880)	(1,347)
Payments for asset retirement obligations	(83)	(51)
Purchase of intangible assets	(765)	(303)
Purchase of long-term prepaid expenses	(87)	(118)
Payments of guarantee deposits	(176)	(193)
Proceeds from refund of guarantee deposits	85	141
Other	(67)	-
Net cash provided by investment activities	(1,980)	(1,879)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,200	13,300
Repayment of long-term loans payable	(1,000)	-
Dividends paid	(2,225)	(1,728)
Other	(0)	-
Net cash provided by financing activities	974	11,571
Effect of exchange rate change on cash and cash equivalents	12	10
Increase (decrease) in cash and cash equivalents	549	542
Cash and cash equivalents at beginning of term	5,839	5,726
Cash and cash equivalents at end of term	6,389	6,268