

<Delayed> Consolidated Financial Results for the 1st Half Ended September 30, 2021 (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: Yoshinori Matsuzaki, Representative Director, President and CEO
 Contact: Takeo Nakazawa, Executive Officer, Finance and Accounting Department
 Telephone: +81-3-5785-6325

Scheduled Date of Reporting Date: November 12, 2021
 Scheduled Date of Dividend Payment: December 8, 2021
 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, 2022 (April 1, 2021 to September 30, 2021)

(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, 2021	50,437	(5.3)	(2,648)	—	(2,182)	—	(1,994)	—
September 30, 2020	53,259	(28.6)	(6,840)	—	(5,787)	—	(5,097)	—

Note: Comprehensive income: Six months ended September 30, 2021: ¥(2,046) million (—%)

Six months ended September 30, 2020: ¥(4,762) million (—%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
Six months ended	yen	yen
September 30, 2021	(69.99)	—
September 30, 2020	(179.35)	—

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, 2021	62,909	27,812	44.2	976.05
As of March 31, 2021	63,619	29,844	46.9	1,045.93

Reference: Shareholders' equity: September 30, 2021: ¥27,812 million March 31, 2021: ¥29,844 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, 2021	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2022	-	7.00			
Fiscal year ending March 31, 2022 (Est.)			-	12.00	19.00

Note: Revision to recently disclosed projected dividend payment: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% 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	yen
Full Fiscal Year	124,800	2.5	3,000	—	3,580	—	1,750	61.33

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: Yes
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, 2021:	30,213,676 stocks
As of March 31, 2021:	30,213,676 stocks
2. Number of treasury stock

As of September 30, 2021:	1,718,323 stocks
As of March 31, 2021:	1,679,373 stocks
3. Average number of stocks issued and outstanding for the period

Six months ended September 30, 2021:	28,500,437 stocks
Six months ended September 30, 2020:	28,421,768 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, 2021)	At the end of the second quarter (September 30, 2021)
Assets		
Current assets		
Cash and deposits	6,604	4,698
Notes and accounts receivable-trade	163	27
Merchandise	19,214	22,261
Supplies	699	836
Accounts receivable-other	12,184	10,627
Other	878	695
Total current assets	39,745	39,146
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	4,799	4,141
Machinery and equipment (net)	645	788
Land	569	569
Construction in progress	284	73
Other (net)	521	456
Total tangible noncurrent assets	6,820	6,030
Intangible noncurrent assets		
Other	1,799	1,992
Total intangible noncurrent assets	1,799	1,992
Investments and other assets		
Guarantee deposits	7,899	7,611
Deferred tax assets	4,689	5,437
Other	2,688	2,714
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	15,254	15,740
Total noncurrent assets	23,874	23,763
Total assets	63,619	62,909
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,880	10,579
Short-term loans payable	15,600	15,375
Accounts payable	4,032	3,109
Income taxes payable	-	201
Provision for bonuses	480	451
Provision for directors' bonuses	-	6
Asset retirement obligations	207	173
Other	1,363	1,025
Total current liabilities	29,564	30,922
Noncurrent liabilities		
Asset retirement obligations	4,202	4,141
Other	7	32
Total noncurrent liabilities	4,210	4,174
Total liabilities	33,775	35,096
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,415	4,415
Retained earnings	27,641	25,449
Treasury stock	(5,218)	(5,006)
Total shareholders' equity	29,868	27,888
Accumulated other comprehensive income		
Foreign currency translation adjustment	(23)	(75)
Total accumulated other comprehensive income	(23)	(75)
Total net assets	29,844	27,812
Total liabilities and net assets	63,619	62,909

(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, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Net sales	53,259	50,437
Cost of sales	30,388	25,635
Gross profit	22,870	24,801
Selling, general and administrative expenses	29,710	27,450
Operating income (loss)	(6,840)	(2,648)
Non-operating income		
Interest income	0	0
Foreign exchange gains	50	74
Purchase discounts	26	31
Rent income	9	6
Commission income	5	5
Subsidy income	943	80
Share of profit of entities accounted for using equity method	-	257
Other	69	49
Total non-operating income	1,106	505
Non-operating expenses		
Interest expenses	18	15
Rent expenses	11	7
Share of loss of entities accounted for using equity method	1	-
Other	22	16
Total non-operating expenses	53	39
Ordinary income (loss)	(5,787)	(2,182)
Extraordinary loss		
Loss on retirement of noncurrent assets	3	17
Impairment loss	792	438
Other	14	43
Total extraordinary loss	809	498
Income (loss) before income taxes	(6,597)	(2,681)
Income taxes-current	386	61
Income taxes-deferred	(2,229)	(747)
Total income taxes	(1,842)	(686)
Net income (loss)	(4,754)	(1,994)
Net income attributable to non-controlling interests	343	-
Net income (loss) attributable to owners of parent	(5,097)	(1,994)

Statements of Consolidated Comprehensive Income

Second Quarter (Six Months Aggregate)

(millions of yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Net income (loss)	(4,754)	(1,994)
Other comprehensive income		
Deferred gains or losses on hedges	(18)	-
Foreign currency translation adjustment	10	(51)
Total other comprehensive income	(8)	(51)
Comprehensive income	(4,762)	(2,046)
Comprehensive income attributable to:		
Owners of the parent company	(5,096)	(2,046)
Non-controlling interests	333	-

(3) Consolidated Cash Flows

	(millions of yen)	
	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	(6,597)	(2,681)
Depreciation	868	588
Depreciation of intangible assets	188	176
Amortization of long-term prepaid expenses	217	201
Impairment loss	792	438
Increase (decrease) in provision for bonuses	(811)	(29)
Increase (decrease) in provision for directors' bonuses	(6)	6
Increase (decrease) in allowance for doubtful accounts	0	-
Interest and dividends income	(0)	(0)
Interest expenses	18	15
Subsidy income	(943)	(80)
Decrease (increase) in notes receivable	595	1,079
Decrease (increase) in inventories	(1,577)	(3,183)
Decrease (increase) in other current assets	(270)	233
Increase (decrease) in trade payables	(1,018)	2,329
Increase (decrease) in other current liabilities	(1,163)	(474)
Share of loss (profit) of entities accounted for using equity method	1	(257)
Other	(19)	80
Subtotal	(9,725)	(1,556)
Interest and dividends received	0	0
Interest expenses paid	(18)	(15)
Proceeds from subsidy income	902	80
Income taxes refund (paid)	(319)	562
Cash flows from operating activities	(9,159)	(927)
Cash flows from investment activities		
Payments into time deposits	(6)	-
Purchase of property, plant and equipment	(1,347)	(173)
Payments for asset retirement obligations	(51)	(171)
Purchase of intangible assets	(303)	(612)
Purchase of long-term prepaid expenses	(118)	(18)
Payments of guarantee deposits	(193)	(60)
Proceeds from refund of guarantee deposits	141	349
Other	-	(13)
Cash flows from investing activities	(1,879)	(700)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	13,300	(225)
Dividends paid	(1,728)	(0)
Cash flows from financing activities	11,571	(225)
Effect of exchange rate change on cash and cash equivalents	10	(51)
Increase (decrease) in cash and cash equivalents	542	(1,905)
Cash and cash equivalents at beginning of term	5,726	6,604
Cash and cash equivalents at end of term	6,268	4,698