

Consolidated Financial Summary for the Fiscal Year Ended March 31, 2023 〔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 and CFO
 Telephone: +81-3-5785-6325

Scheduled Date of Shareholder's Meeting: June 26, 2023
 Scheduled Date of Dividend Payment: June 27, 2023
 Scheduled Date of Reporting Date: June 27, 2023
 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 Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Business Performance

(% indicates increase / decrease YoY)

| | Total Sales | | Operating Profit | | Ordinary Profit | | Net Income attributable to owners of parent | |
|-------------|-------------|-------|------------------|-------|-----------------|-------|---|-------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Fiscal 2023 | 130,135 | 9.9 | 6,362 | 278.0 | 6,900 | 144.1 | 4,341 | 492.6 |
| Fiscal 2022 | 118,384 | (2.7) | 1,683 | — | 2,827 | — | 732 | — |

(Note) Comprehensive income:

As of March 31, 2023: ¥4,287million [596.8%]

As of March 31, 2022: ¥615million [(—%)]

| | Net Income per Share | Net Income per Share after Adjusting for Dilutive Effects | Net Income / Net Worth | Ordinary Profit / Total Assets | Operating Profit / Total Sales |
|-------------|----------------------|---|------------------------|--------------------------------|--------------------------------|
| | yen | yen | % | % | % |
| Fiscal 2023 | 152.37 | — | 13.6 | 11.4 | 4.9 |
| Fiscal 2022 | 25.71 | — | 2.4 | 4.6 | 1.4 |

(Reference) Equity in net income (losses) of affiliated companies:

As of March 31, 2023: ¥348million

As of March 31, 2022: ¥588million

(Note) There are no dilutive shares.

(2) Consolidated Financial Conditions

| | Total Assets | Net Assets | Equity Ratio | Per-share net worth |
|----------------------|--------------|------------|--------------|---------------------|
| | ¥ million | ¥ million | % | ¥ |
| As of March 31, 2023 | 61,184 | 33,702 | 55.1 | 1,182.72 |
| As of March 31, 2022 | 59,703 | 30,069 | 50.4 | 1,055.23 |

(Reference) Shareholders' equity: As of March 31, 2023: ¥33,702million

As of March 31, 2022: ¥30,069million

(3) Consolidated Cash Flows

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at the End of Year |
|-------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | ¥ million | ¥ million | ¥ million | ¥ million |
| Fiscal 2023 | 10,258 | (1,255) | (5,979) | 8,562 |
| Fiscal 2022 | 6,891 | 215 | (8,000) | 5,593 |

2. Conditions of Dividend Payment

| | Cash dividends per share | | | | | Dividend Payment (Annual) | Dividend Payout Ratio (Consolidated) | Dividend to Net Assets (Consolidated) |
|------------------------|--------------------------|--------|--------|----------|--------|---------------------------|--------------------------------------|---------------------------------------|
| | 1Q End | 2Q End | 3Q End | Year-End | Annual | | | |
| | yen | yen | yen | yen | yen | ¥ million | % | % |
| Fiscal 2022 | — | 7.00 | — | 12.00 | 19.00 | 541 | 73.9 | 1.8 |
| Fiscal 2023 | — | 12.00 | — | 35.00 | 47.00 | 1,339 | 30.8 | 4.0 |
| Fiscal 2024 (Forecast) | — | 17.00 | — | 38.00 | 55.00 | | 32.4 | |

3. Projected Consolidated Performance of the Fiscal Year Ending March 2024 (From April 1, 2023 to March 31, 2024)

(% 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 | 138,300 | 6.3 | 7,000 | 10.0 | 7,420 | 7.5 | 4,830 | 11.2 | 169.50 |

4. Others

(1) Changes in Significant Subsidiaries during the Fiscal Year: None

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

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

- Changes due to revision of accounting standards: Yes
- Changes other than 1: None
- Changes in accounting estimates: None
- Restatement of prior period financial statements after error corrections: None

(3) Number of Stocks Issued (Common Stocks)

- Number of stocks issued at term end (including treasury stock)
 - As of March 31, 2023: 30,213,676 stocks
 - As of March 31, 2022: 30,213,676 stocks
- Number of treasury stock
 - As of March 31, 2023: 1,718,392 stocks
 - As of March 31, 2022: 1,718,367 stocks
- Average number of stocks issued and outstanding for the period
 - Year ended March 31, 2023: 28,495,301 stocks
 - Year ended March 31, 2022: 28,497,881 stocks

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

*Explanation regarding appropriate use of projected business performance

The above projection are 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) Consolidated Balance Sheet

(millions of yen)

| | Fiscal 2022 (as of March 31, 2022) | Fiscal 2023 (as of March 31, 2023) |
|--|---------------------------------------|---------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,593 | 8,562 |
| Notes and accounts receivable-trade | 184 | 109 |
| Merchandise | 20,030 | 20,128 |
| Supplies | 516 | 511 |
| Accounts receivable-other | 11,385 | 11,398 |
| Other | 765 | 893 |
| Total current assets | 38,475 | 41,604 |
| Noncurrent assets | | |
| Tangible noncurrent assets | | |
| Buildings and structures | 19,367 | 19,289 |
| Accumulated depreciation and impairment loss | (15,873) | (15,968) |
| Buildings and structures (net) | 3,493 | 3,320 |
| Machinery and equipment | 1,361 | 1,364 |
| Accumulated depreciation and impairment loss | (552) | (687) |
| Machinery and equipment (net) | 808 | 676 |
| Land | 569 | 569 |
| Construction in progress | 12 | 92 |
| Other | 3,579 | 3,306 |
| Accumulated depreciation and impairment loss | (3,234) | (2,999) |
| Other (net) | 345 | 307 |
| Total tangible noncurrent assets | 5,229 | 4,966 |
| Intangible noncurrent assets | | |
| Other | 1,356 | 1,682 |
| Total intangible noncurrent assets | 1,356 | 1,682 |
| Investments and other assets | | |
| Guarantee deposits | 7,049 | 6,626 |
| Deferred tax assets | 4,141 | 3,235 |
| Other | 3,453 | 3,068 |
| Allowance for doubtful accounts | (1) | - |
| Total investments and other assets | 14,642 | 12,930 |
| Total noncurrent assets | 21,228 | 19,580 |
| Total assets | 59,703 | 61,184 |

(millions of yen)

| | Fiscal 2022 (as of March 31, 2022) | Fiscal 2023 (as of March 31, 2023) |
|--|---------------------------------------|---------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 8,858 | 9,729 |
| Short-term loans payable | 7,800 | 2,504 |
| Trade accounts payable | 4,434 | 4,266 |
| Income taxes payable | 662 | 1,303 |
| Provision for bonuses | 801 | 2,017 |
| Provision for bonuses for directors | - | 48 |
| Provision for loss on store closings | - | 136 |
| Asset retirement obligations | 79 | 237 |
| Other | 2,801 | 3,207 |
| Total current liabilities | 25,437 | 23,451 |
| Noncurrent liabilities | | |
| Asset retirement obligations | 4,164 | 4,002 |
| Other | 32 | 27 |
| Total noncurrent liabilities | 4,197 | 4,030 |
| Total liabilities | 29,634 | 27,482 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,030 | 3,030 |
| Capital surplus | 4,415 | 4,444 |
| Retained earnings | 27,771 | 31,429 |
| Treasury stock | (5,006) | (5,006) |
| Total shareholders' equity | 30,210 | 33,897 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | (141) | (195) |
| Total accumulated other comprehensive income | (141) | (195) |
| Total net assets | 30,069 | 33,702 |
| Total liabilities and net assets | 59,703 | 61,184 |

(2) Statements of Consolidated Income and Comprehensive Income

Statements of Consolidated Income

(millions of yen)

| | Fiscal 2022 (April 1, 2021 to March 31, 2022) | Fiscal 2023 (April 1, 2022 to March 31, 2023) |
|---|---|---|
| Net sales | 118,384 | 130,135 |
| Cost of sales | 59,293 | 62,956 |
| Gross profit | 59,090 | 67,178 |
| Selling, general and administrative expenses | 57,407 | 60,816 |
| Operating income | 1,683 | 6,362 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income of insurance | 25 | 24 |
| Foreign exchange gains | 171 | 10 |
| Rent income | 13 | 13 |
| Purchase discounts | 58 | 55 |
| Commission income | 14 | 7 |
| Subsidy income | 241 | 8 |
| Share of profit of entities accounted for using equity method | 588 | 348 |
| Other | 103 | 117 |
| Total non-operating income | 1,218 | 585 |
| Non-operating expenses | | |
| Interest expenses | 28 | 13 |
| Rent expenses | 14 | 12 |
| Other | 30 | 20 |
| Total non-operating expenses | 73 | 46 |
| Ordinary income | 2,827 | 6,900 |
| Extraordinary income | | |
| Gain on sale of investments in capital of subsidiaries and affiliates | 65 | - |
| Other | 0 | 0 |
| Total extraordinary income | 65 | 0 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 20 | 36 |
| Impairment loss | 1,043 | 164 |
| Provision for loss on store closings | - | 136 |
| Loss on cancellation of rental contracts | 69 | 15 |
| Total extraordinary loss | 1,133 | 352 |
| Income before income taxes | 1,759 | 6,548 |
| Income taxes-current | 478 | 1,300 |
| Income taxes-deferred | 548 | 905 |
| Total income taxes | 1,026 | 2,206 |
| Net income | 732 | 4,341 |
| Net income attributable to owners of parent | 732 | 4,341 |

Statements of Consolidated Comprehensive Income

(millions of yen)

| | Fiscal 2022 (April 1, 2021 to March 31, 2022) | Fiscal 2023 (April 1, 2022 to March 31, 2023) |
|---|---|---|
| Net income | 732 | 4,341 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | (117) | (54) |
| Total other comprehensive income | (117) | (54) |
| Comprehensive income | 615 | 4,287 |
| Comprehensive income attributable to: | | |
| Owners of the parent company | 615 | 4,287 |
| Non-controlling interests | - | - |

(3) Consolidated Cash Flows

(millions of yen)

| | Fiscal 2022 (April 1, 2021 to March 31, 2022) | Fiscal 2023 (April 1, 2022 to March 31, 2023) |
|--|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 1,759 | 6,548 |
| Depreciation | 1,100 | 874 |
| Depreciation of intangible assets | 344 | 374 |
| Amortization of long-term prepaid expenses | 410 | 624 |
| Impairment loss | 1,043 | 164 |
| Increase (decrease) in provision for bonuses | 320 | 1,216 |
| Increase (decrease) in provision for directors' bonuses | - | 48 |
| Increase (decrease) in allowance for doubtful accounts | (21) | (1) |
| Interest and dividends income | (0) | (0) |
| Interest expenses | 28 | 13 |
| Subsidy income | (241) | (8) |
| Decrease (increase) in notes receivable | (89) | (825) |
| Decrease (increase) in inventories | (632) | (92) |
| Decrease (increase) in other current assets | 227 | (285) |
| Increase (decrease) in trade payables | 1,223 | 870 |
| Increase (decrease) in other current liabilities | 872 | 1,294 |
| Share of loss (gain) of entities accounted for using equity method | (588) | (348) |
| Loss (gain) on sale of investments in capital of subsidiaries and associates | (65) | - |
| Other | 134 | 119 |
| Subtotal | 5,828 | 10,588 |
| Interest and dividends received | 353 | 348 |
| Interest expenses paid | (28) | (13) |
| Subsidies received | 241 | 8 |
| Income taxes refund (paid) | 496 | (673) |
| Net cash provided by operating activities | 6,891 | 10,258 |
| Cash flows from investment activities | | |
| Purchase of property, plant and equipment | (297) | (392) |
| Payments for asset retirement obligations | (286) | (188) |
| Purchase of intangible assets | (629) | (768) |
| Purchase of long-term prepaid expenses | (401) | (1,431) |
| Payments of guarantee deposits | (81) | (116) |
| Proceeds from refund of guarantee deposits | 932 | 539 |
| Proceeds from sale of investments in capital of subsidiaries | 991 | 1,102 |
| Other | (12) | 0 |
| Net cash provided by investment activities | 215 | (1,255) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (7,800) | (5,296) |
| Dividends paid | (200) | (683) |
| Other | (0) | (0) |
| Net cash provided by financing activities | (8,000) | (5,979) |
| Effect of exchange rate change on cash and cash equivalents | (117) | (54) |
| Increase (decrease) in cash and cash equivalents | (1,011) | 2,969 |
| Cash and cash equivalents at beginning of term | 6,604 | 5,593 |
| Cash and cash equivalents at end of term | 5,593 | 8,562 |