

Consolidated Financial Results for the 1st Half Ended September 30, 2023 (Japanese GAAP)

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

Listed Company Name: UNITED ARROWS LTD.
 Securities Traded: The Prime Market of the Tokyo Stock Exchange
 Code Number: 7606
 URL: <http://www.united-arrows.co.jp/en/>
 Representative: Yoshinori Matsuzaki, Representative Director, President and CEO
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Scheduled Date of Reporting Date: November 13, 2023
 Scheduled Date of Dividend Payment: December 6, 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 1st half of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)

(1) Consolidated Business Performance (aggregate)

(% indicates increase / decrease YoY)

	Total Sales		Operating Profit		Ordinary Profit		Net Income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended								
September 30, 2023	61,014	6.2	1,775	28.2	2,184	27.7	1,426	32.7
September 30, 2022	57,453	13.9	1,385	—	1,710	—	1,074	—

Note: Comprehensive income: Six months ended September 30, 2023: ¥1,379million (41.7%)
 Six months ended September 30, 2022: ¥974million (—%)

	Net Income per Share	Net Income per Share after Adjusting for Dilutive Effects
Six months ended	yen	yen
September 30, 2023	50.95	—
September 30, 2022	37.71	—

(2) Consolidated Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Per-share net worth
	¥ million	¥ million	%	¥
As of September 30, 2023	60,384	32,115	53.2	1,163.75
As of March 31, 2023	61,184	33,702	55.1	1,182.72

Reference: Shareholders' equity: September 30, 2023: ¥32,115 million March 31, 2023: ¥33,702 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, 2023	-	12.00	-	35.00	47.00
Fiscal year ending March 31, 2024	-	17.00			
Fiscal year ending March 31, 2024 (Est.)			-	38.00	55.00

Note: Revision to recently disclosed projected dividend payment: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 31, 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

Note: Revision to recently disclosed projected consolidated performance: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements:

None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1. Changes in accounting policies due to revisions in accounting standards, others: None

2. Changes in accounting policies other than 1) above: None

3. Changes in accounting-based estimates: None

4. Restatements: None

(4) Number of Stocks Issued (Common Stocks)

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

As of September 30, 2023: 30,213,676 stocks

As of March 31, 2023: 30,213,676 stocks

2. Number of treasury stock

As of September 30, 2023: 2,617,424 stocks

As of March 31, 2023: 1,718,392 shares

3. Average number of stocks issued and outstanding for the period

Six months ended September 30, 2023: 27,999,772 stocks

Six months ended September 30, 2022: 28,495,309 stocks

*The current quarterly financial report is not subject to quarterly review procedures by certified public accountants or auditing firms.

*Cautionary statement with respect to forward-looking statements

Forward-looking statements in this report are based on currently available information and certain assumptions judged to be reasonable. Actual results may differ significantly from these forecasts for a number of factors.

Consolidated Financial Results

(1) Quarterly Consolidated Balance Sheet

(millions of yen)

	At the end of the previous fiscal year (March 31, 2023)	At the end of the second quarter (September 30, 2023)
Assets		
Current assets		
Cash and deposits	8,562	4,340
Notes and accounts receivable-trade	109	136
Merchandise	20,128	24,100
Supplies	511	615
Accounts receivable-other	11,398	10,236
Other	893	1,019
Total current assets	41,604	40,450
Noncurrent assets		
Tangible noncurrent assets		
Buildings and structures (net)	3,320	3,516
Machinery and equipment (net)	676	620
Land	569	569
Construction in progress	92	16
Other (net)	307	326
Total tangible noncurrent assets	4,966	5,049
Intangible noncurrent assets		
Other	1,682	2,327
Total intangible noncurrent assets	1,682	2,327
Investments and other assets		
Guarantee deposits	6,626	6,561
Deferred tax assets	3,235	2,745
Other	3,068	3,253
Allowance for doubtful accounts	-	(2)
Total investments and other assets	12,930	12,557
Total noncurrent assets	19,580	19,934
Total assets	61,184	60,384
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,729	13,724
Short-term loans payable	2,504	1,932
Accounts payable	4,266	3,931
Income taxes payable	1,303	408
Provision for bonuses	2,017	1,163
Provision for directors' bonuses	48	22
Provision for loss on store closings	136	-
Asset retirement obligations	237	77
Other	3,207	2,885
Total current liabilities	23,451	24,145
Noncurrent liabilities		
Asset retirement obligations	4,002	4,078
Provision for share awards for directors	-	17
Other	27	27
Total noncurrent liabilities	4,030	4,124
Total liabilities	27,482	28,269
Net assets		
Shareholders' equity		
Capital stock	3,030	3,030
Capital surplus	4,444	4,538
Retained earnings	31,429	31,859
Treasury stock	(5,006)	(7,070)
Total shareholders' equity	33,897	32,357
Accumulated other comprehensive income		
Foreign currency translation adjustment	(195)	(242)
Total accumulated other comprehensive income	(195)	(242)
Total net assets	33,702	32,115
Total liabilities and net assets	61,184	60,384

(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, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Net sales	57,453	61,014
Cost of sales	27,600	29,020
Gross profit	29,852	31,993
Selling, general and administrative expenses	28,466	30,218
Operating income	1,385	1,775
Non-operating income		
Interest income	0	0
Foreign exchange gains	77	96
Purchase discounts	30	8
Rent income	6	6
Commission income	2	3
Subsidy income	8	-
Share of profit of entities accounted for using equity method	146	263
Other	77	59
Total non-operating income	349	438
Non-operating expenses		
Interest expenses	7	3
Rent expenses	7	6
Other	10	19
Total non-operating expenses	24	29
Ordinary income	1,710	2,184
Extraordinary income		
Gain on sale of non-current assets	-	0
Total extraordinary income	-	0
Extraordinary loss		
Loss on retirement of noncurrent assets	1	45
Impairment loss	113	22
Total extraordinary loss	114	68
Income before income taxes	1,595	2,115
Income taxes-current	268	198
Income taxes-deferred	252	490
Total income taxes	520	689
Net income	1,074	1,426
Net income attributable to owners of parent	1,074	1,426

Statements of Consolidated Comprehensive Income

Second Quarter (Six Months Aggregate)

(millions of yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Net income	1,074	1,426
Other comprehensive income		
Foreign currency translation adjustment	(100)	(46)
Total other comprehensive income	(100)	(46)
Comprehensive income	974	1,379
Comprehensive income attributable to:		
Owners of the parent company	974	1,379
Non-controlling interests	-	-

(3) Consolidated Cash Flows

(millions of yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Income before income taxes	1,595	2,115
Depreciation	435	425
Depreciation of intangible assets	190	234
Amortization of long-term prepaid expenses	308	335
Impairment loss	113	22
Increase (decrease) in provision for bonuses	352	(854)
Increase (decrease) in provision for directors' bonuses	18	(26)
Increase (decrease) in allowance for doubtful accounts	-	2
Interest and dividends income	(0)	(0)
Interest expenses	7	3
Subsidy income	(8)	-
Decrease (increase) in notes receivable	462	1,186
Decrease (increase) in inventories	(2,740)	(4,076)
Decrease (increase) in other current assets	(162)	(163)
Increase (decrease) in trade payables	2,878	3,872
Increase (decrease) in other current liabilities	(417)	(609)
Share of loss (profit) of entities accounted for using equity method	(146)	(263)
Other	52	(4)
Subtotal	2,940	2,199
Interest and dividends received	0	0
Interest expenses paid	(7)	(4)
Proceeds from subsidy income	8	-
Income taxes paid	(409)	(1,033)
Net cash provided by (used in) operating activities	2,531	1,162
Cash flows from investment activities		
Purchase of property, plant and equipment	(191)	(533)
Payments for asset retirement obligations	(61)	(143)
Purchase of intangible assets	(390)	(910)
Purchase of long-term prepaid expenses	(1,283)	(248)
Payments of guarantee deposits	(27)	(44)
Proceeds from refund of guarantee deposits	448	109
Other	0	0
Net cash provided by (used in) investing activities	(1,506)	(1,771)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,200)	(572)
Purchase of treasury shares	-	(1,999)
Dividends paid	(341)	(995)
Other	-	(4)
Net cash provided by (used in) financing activities	(2,541)	(3,572)
Effect of exchange rate change on cash and cash equivalents	(100)	(46)
Net increase (decrease) in cash and cash equivalents	(1,616)	(4,228)
Cash and cash equivalents at beginning of term	5,593	8,562
Cash and cash equivalents at end of term	3,977	4,334