August 7, 2025

Consolidated Financial Results for the Three Months Ended June 30, 2025 (Japanese GAAP)

Company name: UNITED ARROWS LTD.
Listing: The Prime Market of the Tokyo Stock Exchange
Securities code: 7606
URL: https://www.united-arrows.co.jp/en/
Representative: Yoshinori Matsuzaki, Representative Director, President and CEO
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Telephone: +81-3-6804-2820
Scheduled date to commence dividend payments: —
Preparation of supplementary material on financial results: Yes
Holding of presentation of financial results: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	38,190	7.6	2,534	(8.4)	2,690	(10.3)	1,463	(17.0)
June 30, 2024	35,495	10.4	2,768	10.6	2,999	8.4	1,763	(2.0)

Note: Comprehensive income For the three months ended June 30, 2025: ¥1,532 million [(12.0)%]
For the three months ended June 30, 2024: ¥1,741 million [(2.7)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	53.00	—
June 30, 2024	63.90	—

Note: Diluted earnings per share are not stated since there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2025	69,004	38,078	55.2	1,379.22
March 31, 2025	70,142	37,821	53.9	1,369.92

Reference: Equity
As of June 30, 2025: ¥38,078 million
As of March 31, 2025: ¥37,821 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	—	17.00	—	46.00	63.00
Fiscal year ending March 31, 2026	—				
Fiscal year ending March 31, 2026 (Forecast)		20.00	—	54.00	74.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	165,677	9.8	9,000	12.7	9,034	5.8	5,084	18.7	184.14

Note: Revisions to the forecast of financial results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: —   Excluded: —

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	30,213,676 shares
As of March 31, 2025	30,213,676 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	2,605,286 shares
As of March 31, 2025	2,605,286 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	27,608,390 shares
Three months ended June 30, 2024	27,596,090 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company’s commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors.

For the suppositions that form the assumptions for earnings forecasts and cautions concerning the proper use thereof, please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of (Attachments) Consolidated Financial Results.

Table of Contents - Attachments

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the three months ended June 30, 2025, the Japanese economy exhibited moderate recovery trends due to improvements in the employment and income environments. Nevertheless, the outlook remained uncertain, as concerns over the impact on the global economy of the U.S. policy trends and rising geopolitical risks prevailed. The retail apparel industry, despite expectations for consumer spending expansion as a result of wage hikes, has been facing a harsh business environment, as costs such as material costs and personnel costs continued to rise and there have been risks of a downturn in consumer sentiment due to persistent price increases and a slowdown in inbound demand.

Under such circumstances, the Company has formulated its long-term vision for 2032 (the fiscal year ending March 31, 2033)— "UNITED ARROWS, a Beautiful Company. We will continue to pursue truth, goodness, and beauty in order to contribute to the realization of a sustainable society and become a high-value-added group that continues to be loved by customers"—and as means to achieve the long-term vision, the Medium-Term Management Plan ending in the fiscal year ending March 31, 2026 with the slogan— "Providing excitement: connecting with customers widely and deeply." To this end, the Company will pursue three strategies.

In the fiscal year ending March 31, 2026, which is the final year of the Medium-Term Management Plan, we upheld "To accelerate the provision of new value" as our management policy and we have been aiming to achieve the long-term vision and Medium-Term Management Plan through the promotion of the three strategies.

The first strategy—UA CREATIVITY Strategy—promotes growth and expansion of the existing businesses, strengthening of brand appeal, and re-growth of COEN CO., LTD.

In promoting the growth and expansion of the existing businesses, the number of purchasing customers increased while optimization of pricing in line with the improvement in product quality progressed, resulting in year-on-year growth of 4.3% in non-consolidated retail and online existing store sales. In terms of business, especially in the basic trend-conscious market centered on "green label relaxing", reorganization into a business division system, which has been ongoing since the previous consolidated fiscal year, has contributed to a virtuous cycle of product, sales, and advertising activities, leading to higher results. In the trend-conscious market, to which UNITED ARROWS and BEAUTY&YOUTH, and other brands belong, prices commensurate with the added value of products have been accepted, resulting in year-on-year increase in existing retail store per-customer spending, and retail and online existing store sales also exceeded those of the same period of the previous fiscal year.

We have also marked improvement in gross margin by 0.6 percentage points year on year with efforts to suppress the rise in cost ratio through appropriate pricing, in addition to stable growth in demand for apparel that can be worn for both work and casual use, which is our strength, and increased sales of products which are sold at regular prices through expansion of accessories.

In order to enhance our brand appeal, we have proactively engaged in advertising and sales promotion activities. For UNITED ARROWS and BEAUTY&YOUTH, we launched a promotion campaign featuring celebrity, and for green label relaxing, the number of large-scale promotional activities of the KETSURON SERIES, which was well received in the previous consolidated fiscal year, has increased year on year. In this way, we have increased our brand recognition and achieved results such as increased page views for content and web-based sales.

As for COEN CO., LTD., although gross margin improved year on year through inventory procurement control, there were issues such as product success rates, resulting in revenue decrease. We will promote initiatives to address issues related to products and other aspects while continuing to optimize inventory procurement levels.

The second strategy—UA MULTI Strategy—aims to broaden the range of value that the Company offers and expand its customer base through business development and global development aiming for business expansion.

To expand our customer base, embrace new customers, and solve the issues surrounding the fashion taste axis, this spring, we opened "NICE WEATHER," a South Korean lifestyle select shop, which is its first store in

Japan, and launched an online shopping website. We also opened the fourth physical store of “conte,” a brand for mature women. In this way, we are steadily advancing the development of new businesses. In addition to new businesses developed during the period of current Medium-Term Management Plan, including “ATTISESSION,” “conte” and “OSOI,” existing stores growth and new stores of “CITEN” have also contributed to sales increases.

For our global expansion, we are preparing to expand our business in mainland China, with our first directly-operated store in mainland China, which opened in January 2025, as a steppingstone.

The third strategy—UA DIGITAL Strategy—promotes OMO (*1) and optimizes the supply chain.

In promoting OMO, our new membership system has continued to operate successfully, and indices such as the number of active members (*2) and membership retention rates (*3) have improved.

In terms of efforts to optimize the supply chain, a new core product management system has been in operation since April 2025. We aim to reduce procurement costs by visualizing the process from product ordering to delivery to the distribution warehouse. We also expect that improving the accuracy of inventory allocation to each store and online shopping website will reduce lost sales opportunities and lower logistics costs.

(*1) OMO: Acronym for Online Merges with Offline.
(*2) Number of active members: the number of members who have made purchases within the past year.
(*3) Membership retention rates: the percentage of members who have made purchases for two consecutive years.

As for store openings and closings, we opened 4 stores in the trend-conscious market, 4 stores in the basic trend-conscious market. As a result, as of June 30, 2025, the number of retail stores was 219 and the total number of stores including outlets was 246.

The status of consolidated subsidiaries was as follows: COEN CO., LTD. (fiscal year-end: January) reported revenue decrease and UNITED ARROWS TAIWAN LTD. (fiscal year-end: January) reported revenue increase. UNITED ARROWS SHANGHAI LTD. (fiscal year-end: December) has started to record sales in the three months ended March 31, 2025. As for store openings and closings, COEN CO., LTD. opened 2 stores for a total of 76 as of April 30, 2025, UNITED ARROWS TAIWAN LTD. Opened 3 stores for a total of 13 stores as of April 30, 2025, and UNITED ARROWS SHANGHAI LTD. opened one store for a total of one store as of March 31, 2025.

As a result of the above, the Group, as a whole, opened 14 stores, and as of June 30, 2025, the number of stores in the Group was 336.

As a result, consolidated business performance for the three months ended June 30, 2025 consisted of net sales of ¥38,190 million (up 7.6% year on year), gross profit of ¥21,102 million (up 8.7% year on year), and gross margin increased by 0.6 percentage points year on year to 55.3%. Selling, general and administrative expenses were ¥18,567 million (up 11.6% year on year), due to factors including an increase in advertising expenses as a result of enhanced advertising, an increase in personnel expenses as a result of wage hikes and an increase in the number of personnel, an increase in depreciation as a result of an increase in store openings, and an increase in variable expenses accompanying an increase in net sales, while the SG&A ratio increased by 1.7 percentage points to 48.6%.

Consequently, for the three months ended June 30, 2025, operating profit was ¥2,534 million (down 8.4% year on year), ordinary profit was ¥2,690 million (down 10.3% year on year), and profit attributable to owners of parent was ¥1,463 million (down 17.0% year on year).

(2) Overview of Financial Position for the Period under Review

Assets

Current assets decreased by ¥1,363 million (3.0%) from the end of the previous fiscal year to ¥43,453 million. This was mainly attributable to decreases in cash and deposits of ¥1,503 million and accounts receivable - other of ¥1,054 million, despite an increase in merchandise of ¥1,065 million,

Non-current assets increased by ¥225 million (0.9%) from the end of the previous fiscal year to ¥25,551 million. This was mainly attributable to an increase in property, plant and equipment of ¥1,479 million as a result of store openings and enhancement of logistics warehouse facilities, despite a decrease in deferred tax assets of ¥602 million.

Liabilities

Current liabilities decreased by ¥1,719 million (6.2%) from the end of the previous fiscal year to ¥26,048 million. This was mainly attributable to decreases in accounts payable – other of ¥2,852 million, income taxes payable of ¥2,237 million, and provision for bonuses of ¥1,334 million, despite an increase in short-term borrowings of ¥5,272 million.

Non-current liabilities increased by ¥324 million (7.1%) from the end of the previous fiscal year to ¥4,877 million. This was mainly attributable to an increase in asset retirement obligations of ¥134 million due to store openings.

Net assets

Total net assets increased by ¥256 million (0.7%) from the end of the previous fiscal year to ¥38,078 million. This was mainly attributable to an increase in retained earnings of ¥1,463 million due to the reporting of profit attributable to owners of parent, despite a decrease of ¥1,275 million due to the payment of dividends.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There have been no changes to the consolidated financial results forecast for the fiscal year ending March 31, 2026, released on May 8, 2025.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	6,665	5,162
Notes and accounts receivable - trade	185	92
Merchandise	24,191	25,256
Supplies	539	649
Accounts receivable - other	12,301	11,247
Short-term loans receivable from subsidiaries and associates	3	3
Other	930	1,040
Total current assets	44,816	43,453
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,919	6,420
Machinery and equipment, net	469	1,282
Land	569	569
Construction in progress	230	65
Other, net	1,016	1,345
Total property, plant and equipment	8,205	9,684
Intangible assets		
Software	1,663	5,032
Software in progress	4,113	493
Other	28	27
Total intangible assets	5,804	5,553
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	23	24
Guarantee deposits	7,624	7,287
Deferred tax assets	2,204	1,602
Other	1,464	1,401
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	11,314	10,313
Total non-current assets	25,325	25,551
Total assets	70,142	69,004

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,636	10,462
Electronically recorded obligations - operating	929	1,064
Short-term borrowings	1,028	6,300
Accounts payable - other	7,133	4,281
Income taxes payable	2,633	396
Provision for bonuses	2,043	709
Provision for bonuses for directors (and other officers)	48	11
Asset retirement obligations	211	107
Other	2,103	2,714
Total current liabilities	27,767	26,048
Non-current liabilities		
Asset retirement obligations	4,407	4,541
Provision for share awards	92	107
Other	53	228
Total non-current liabilities	4,552	4,877
Total liabilities	32,320	30,926
Net assets		
Shareholders' equity		
Share capital	3,030	3,030
Capital surplus	4,538	4,538
Retained earnings	37,594	37,782
Treasury shares	(7,040)	(7,040)
Total shareholders' equity	38,122	38,309
Accumulated other comprehensive income		
Foreign currency translation adjustment	(300)	(231)
Total accumulated other comprehensive income	(300)	(231)
Total net assets	37,821	38,078
Total liabilities and net assets	70,142	69,004

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	35,495	38,190
Cost of sales	16,083	17,087
Gross profit	19,412	21,102
Selling, general and administrative expenses	16,644	18,567
Operating profit	2,768	2,534
Non-operating income		
Interest income	0	0
Foreign exchange gains	57	161
Rental income	3	1
Share of profit of entities accounted for using equity method	145	1
Other	40	20
Total non-operating income	247	185
Non-operating expenses		
Interest expenses	1	6
Rental expenses	3	-
Other	11	23
Total non-operating expenses	17	29
Ordinary profit	2,999	2,690
Extraordinary losses		
Loss on retirement of non-current assets	69	0
Impairment losses	125	298
Head office relocation expenses	-	70
Total extraordinary losses	194	370
Profit before income taxes	2,804	2,320
Income taxes - current	695	257
Income taxes - deferred	344	599
Total income taxes	1,040	857
Profit	1,763	1,463
Profit attributable to owners of parent	1,763	1,463

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	1,763	1,463
Other comprehensive income		
Foreign currency translation adjustment	(22)	69
Total other comprehensive income	(22)	69
Comprehensive income	1,741	1,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,741	1,532
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,804	2,320
Depreciation	386	414
Amortization of intangible assets	116	314
Amortization of long-term prepaid expenses	185	127
Impairment losses	125	298
Increase (decrease) in provision for bonuses	(466)	(1,333)
Increase (decrease) in provision for bonuses for directors (and other officers)	(12)	(36)
Interest and dividend income	(0)	(0)
Interest expenses	1	6
Head office relocation expenses	-	70
Decrease (increase) in trade receivables	338	1,002
Decrease (increase) in inventories	(124)	(1,194)
Decrease (increase) in other current assets	(37)	357
Increase (decrease) in trade payables	(1,007)	(1,033)
Increase (decrease) in other current liabilities	449	(411)
Share of loss (profit) of entities accounted for using equity method	(145)	(1)
Other, net	(143)	85
Subtotal	2,470	986
Interest and dividends received	0	0
Interest paid	(1)	(6)
Proceeds from compensation for forced relocation	136	-
Payments for head office relocation expenses	-	(124)
Income taxes paid	(456)	(2,350)
Net cash provided by (used in) operating activities	2,148	(1,494)
Cash flows from investing activities		
Purchase of property, plant and equipment	(444)	(3,504)
Payments for asset retirement obligations	(9)	(95)
Purchase of intangible assets	(656)	(590)
Purchase of long-term prepaid expenses	(72)	(232)
Payments of guarantee deposits	(114)	(98)
Proceeds from refund of guarantee deposits	5	430
Collection of long-term loans receivable from subsidiaries and associates	-	1
Net cash provided by (used in) investing activities	(1,292)	(4,088)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,654	5,272
Dividends paid	(983)	(1,188)
Net cash provided by (used in) financing activities	1,670	4,083
Effect of exchange rate change on cash and cash equivalents	3	(8)
Net increase (decrease) in cash and cash equivalents	2,530	(1,508)
Cash and cash equivalents at beginning of period	6,486	6,655
Cash and cash equivalents at end of period	9,017	5,146

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

Information is omitted, as the Group's reportable segment consists of the single retail apparel segment.

II. For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Information is omitted, as the Group's reportable segment consists of the single retail apparel segment.