



UNITED ARROWS LTD.

The UNITED ARROWS Group has positioned efforts to create globally recognizable and accepted values that set new standards of Japanese lifestyle as its overarching Company Policy. Our goal is to become a corporate brand that is capable of excelling on the world stage and enduring for over a century by creating and providing value to our customers through fashion.

Based on this Company Policy, we will continue to hone our service, products, and store environment, the three key sources of satisfaction for customers, while taking up the challenge of maximizing customer satisfaction.

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Editorial Policy

In addition to reporting on the Group's financial performance and operating results, UNITED ARROWS' Annual Report 2015 has been prepared to provide readers with details of the Group's business development activities and strategies in an easy-to-understand manner. At the same time, this report introduces readers to non-financial information including information on the driving force behind efforts to create value and secure sustainable growth.

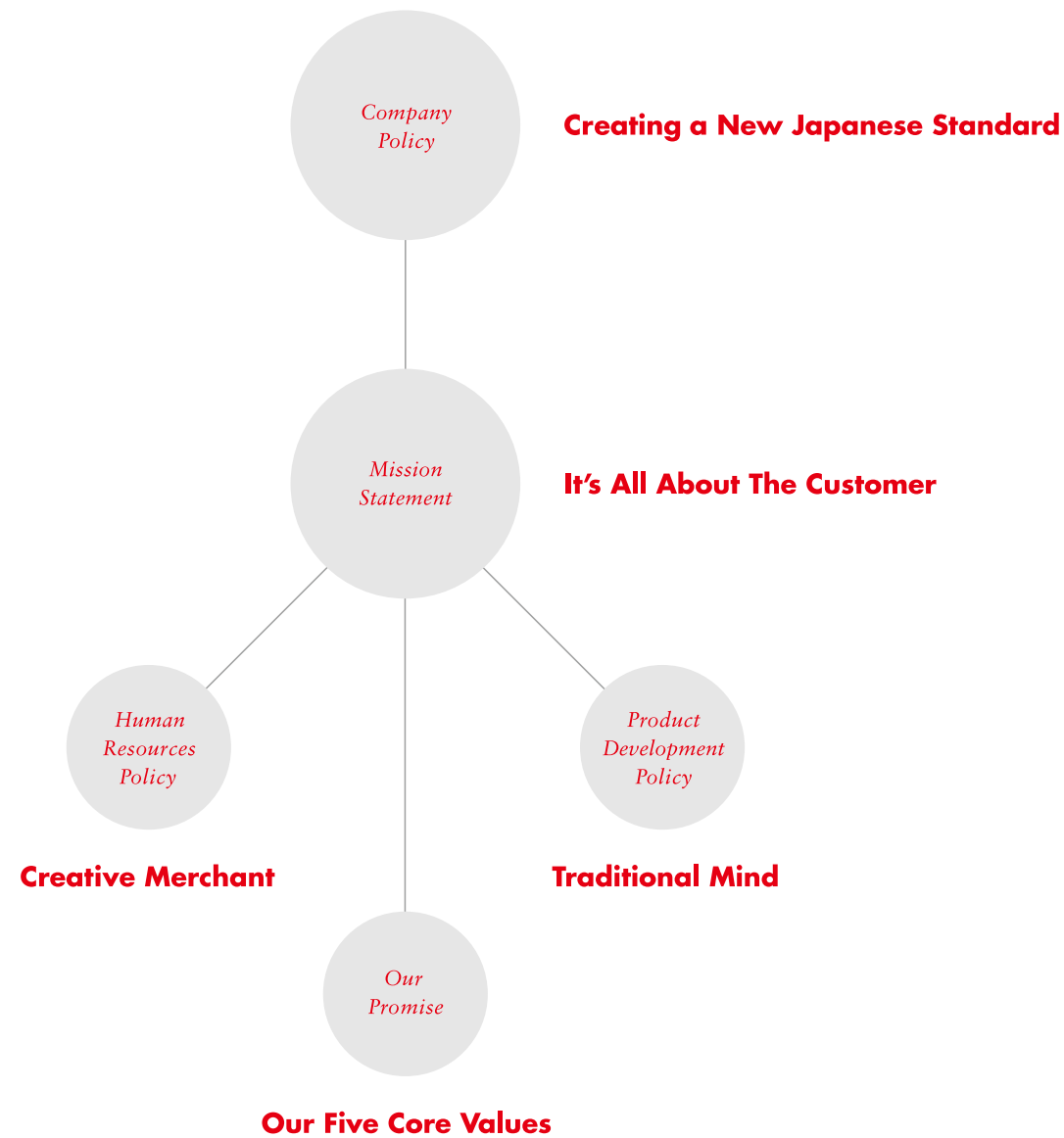
The consolidated fiscal year of the UNITED ARROWS Group is recognized as running from April 1 each year to March 31 the following year. This report has not been audited by an independent auditing firm. Please refer to the latest IR materials for details regarding our operating results and financial position.
www.united-arrows.co.jp/en/ir/lib/

Forward-looking Statements

This report contains information regarding future plans, strategies, business performance, and other matters not based on historical fact. Such forward-looking statements are based on the Company's judgment in consideration of the information available when this report was published. However, the Company cautions readers to be aware that actual performance could differ materially from these projections due to various factors, such as changes in economic circumstances, market trends, demand, and exchange rates.

Policy Structure

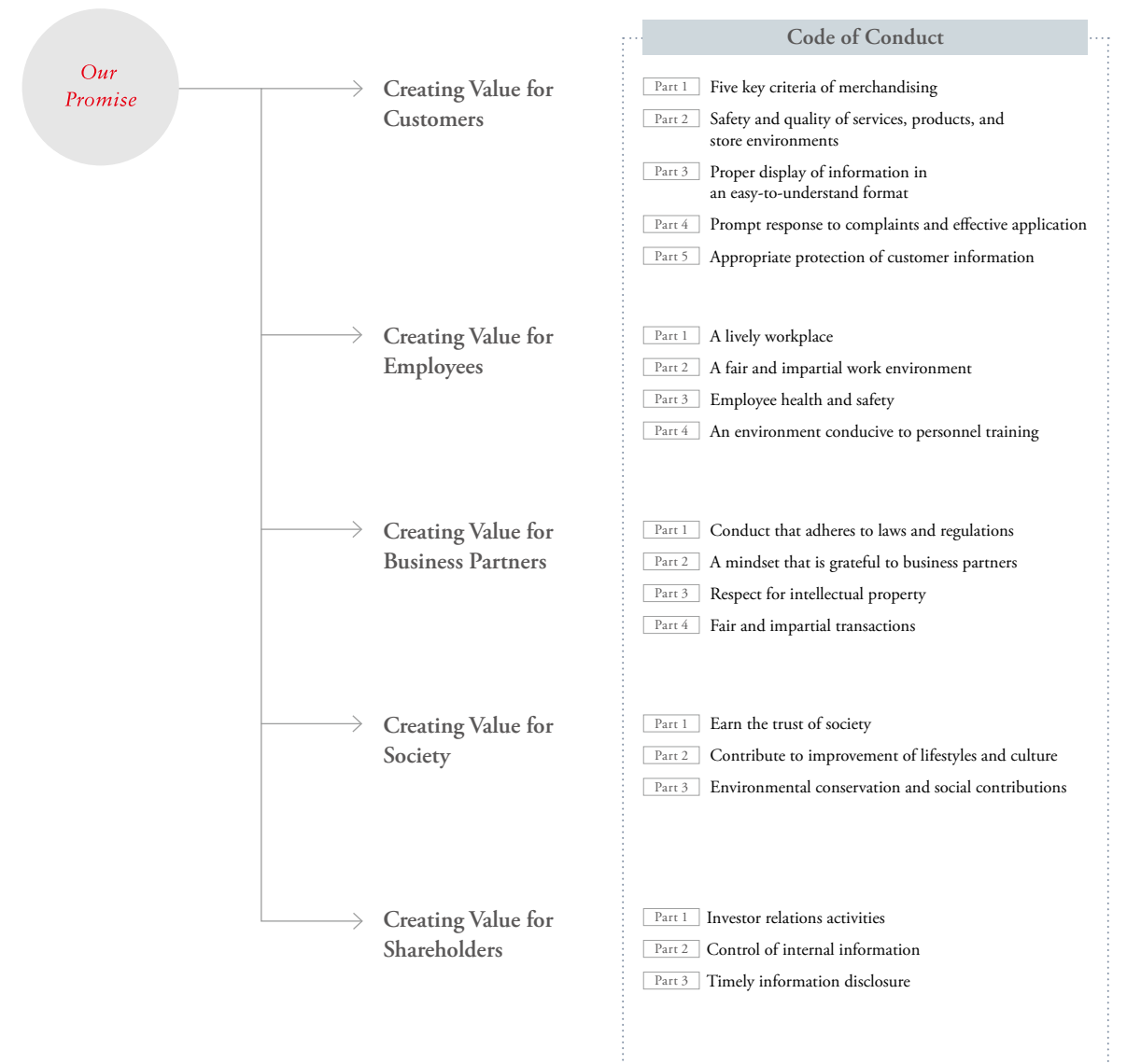
UNITED ARROWS LTD.'s Company Policy provides the vision and purpose of its everyday activities. Its Policy Structure, in turn, outlines the elements required to realize this policy. As the path to which we consistently aspire, our Company Policy embodies the unwavering values that we have held since our foundation.



Our Promise

The UNITED ARROWS Group will create value for five distinct stakeholders: customers, employees, business partners, society, and shareholders. Of these five core values, creating value for customers is our principal priority. This reflects our understanding that the ability to create employee, business partner, social, and shareholder value rests entirely on creating customer value.

Our Five Core Values



We provide further details of our promise to stakeholders as follows.

→ P30

Our Promise — Our Five Core Values











→ Our CSR web site

www.united-arrows.co.jp/csr/ (Japanese only)

Our Business

as of the year ended March 31, 2015

UNITED ARROWS Group 334 stores Net sales ¥131.0 billion

	Stores	Net sales billions of yen
UNITED ARROWS LTD.	242	118.6
UNITED ARROWS Business	76	52.4
UNITED ARROWS General Merchandise Store ¹ M W 	11	
UNITED ARROWS M W 	23	
THE SOVEREIGN HOUSE M 	1	
District UNITED ARROWS M 	1	
BOW & ARROWS M 	2	
BEAUTY&YOUTH UNITED ARROWS M W 	36	
monkey time BEAUTY&YOUTH UNITED ARROWS M 	1	
STEVEN ALAN M W 	1	
UNITED ARROWS green label relaxing Business M W 	62	26.4
CHROME HEARTS Business M W 	10	10.0



UNITED ARROWS



BEAUTY&YOUTH UNITED ARROWS



UNITED ARROWS green label relaxing






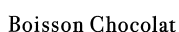







CHROME HEARTS



Felisi



COEN

	Stores	Net sales billions of yen
Small Business Units (SBUs) 10 businesses	73	14.9
Another Edition W 	16	
Jewel Changes W 	10	
Odette e Odile W 	23	
Boisson Chocolat W 	3	
DRAWER W 	7	
ASTRAET W 	3	
EN ROUTE M W 	1	
THE AIRPORT STORE UNITED ARROWS LTD. M W 	3	
THE STATION STORE UNITED ARROWS LTD. W 	6	
ARCHIPELAGO UNITED ARROWS LTD. W 	1	
UNITED ARROWS LTD. OUTLET M W 	21	14.7

Group Companies	Stores	Net sales billions of yen
FIGO CO., LTD.	17	3.4
Felisi M W 	14	
ASPESI M W 	3	
COEN CO., LTD. ² M W 	73	9.1
UNITED ARROWS TAIWAN LTD. ^{2 3}	2	—
UNITED ARROWS M W 	1	
BEAUTY&YOUTH UNITED ARROWS M W 	1	

M = Men's W = Women's

For more details, please refer to our IR web site: www.united-arrows.co.jp/en/ir/store/

¹ UNITED ARROWS General Merchandise Store operations offer both UNITED ARROWS and BEAUTY&YOUTH UNITED ARROWS products.

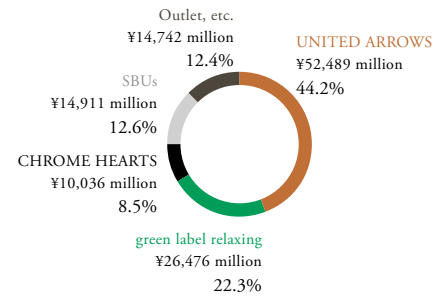
² As COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. settle their accounts on January 31, the figures displayed are as of January 31, 2015.

³ As UNITED ARROWS TAIWAN LTD. is currently of only minor significance to the UNITED ARROWS Group's overall results, its net sales are not stated.

Business Overview

for the year ended March 31, 2015

Net sales by business / Composition rate (non-consolidated)



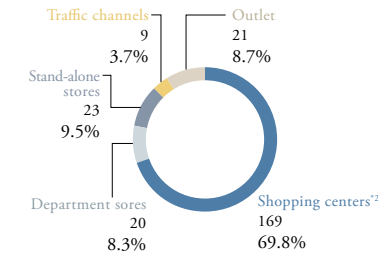
Average annual sales, sales area, and number of employees (directly operated stores)

	Average annual sales (millions of yen)	Average sales area (m ²)	Average number of employees (people)
UNITED ARROWS General Merchandise Store	1,577	536	38
UNITED ARROWS ¹⁾	518	321	13
BEAUTY&YOUTH UNITED ARROWS ²⁾	436	269	13
UNITED ARROWS green label relaxing	363	304	11
CHROME HEARTS	1,001	147	9
SBU's	156	87	5

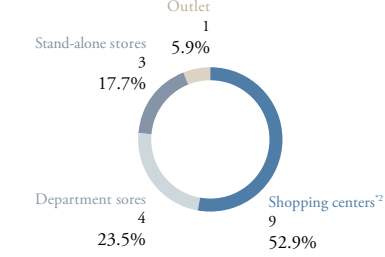
¹⁾ THE SOVEREIGN HOUSE, District UNITED ARROWS and BOW & ARROWS are included in the UNITED ARROWS business.
²⁾ monkey time BEAUTY&YOUTH UNITED ARROWS and STEVEN ALAN are included in BEAUTY&YOUTH UNITED ARROWS.

Net sales by sales channel (number of stores)

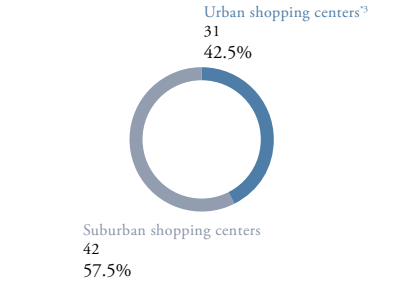
UNITED ARROWS LTD.



FIGO CO., LTD.

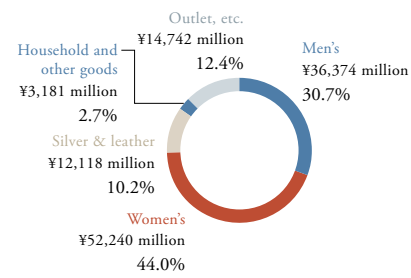


COEN CO., LTD.¹⁾

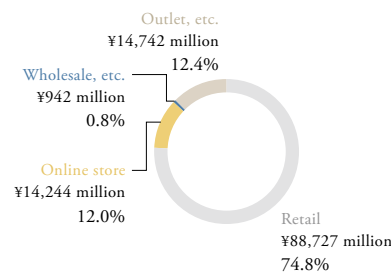


¹⁾ As COEN CO., LTD. settles its accounts on January 31, figures displayed are as of January 31, 2015.
²⁾ Shopping centers refers to such commercial facilities as fashion buildings and railway station buildings (excludes department stores).
³⁾ Urban shopping centers refers to shopping centers located within the 23 wards of Tokyo and nationwide government-ordinance-designated cities.

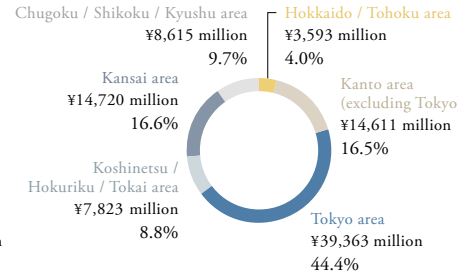
Net sales by category / Composition rate (non-consolidated)



Net sales by sales channel / Composition rate (non-consolidated)

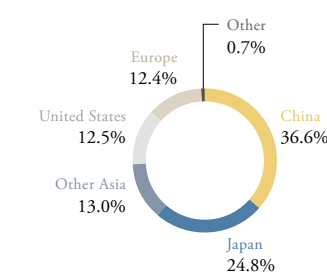


Net sales by retail area / Composition rate (non-consolidated)

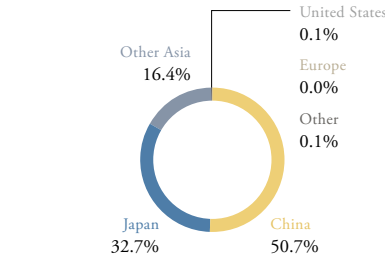


Breakdown by country of origin (non-consolidated Companywide / procurement cost basis)

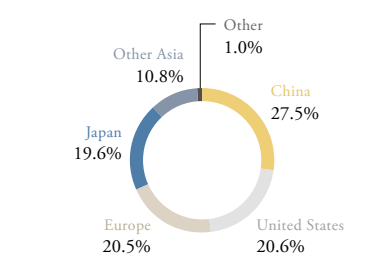
Private label brands / Purchased brands



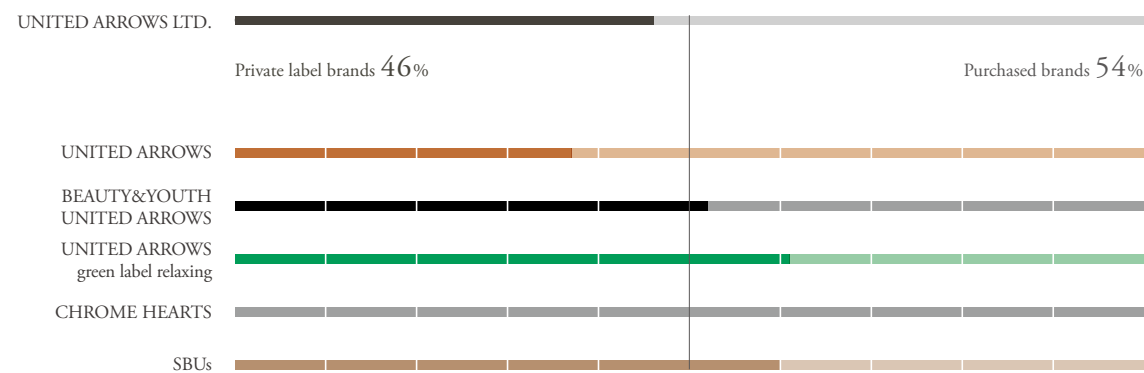
Private label brands



Purchased brands

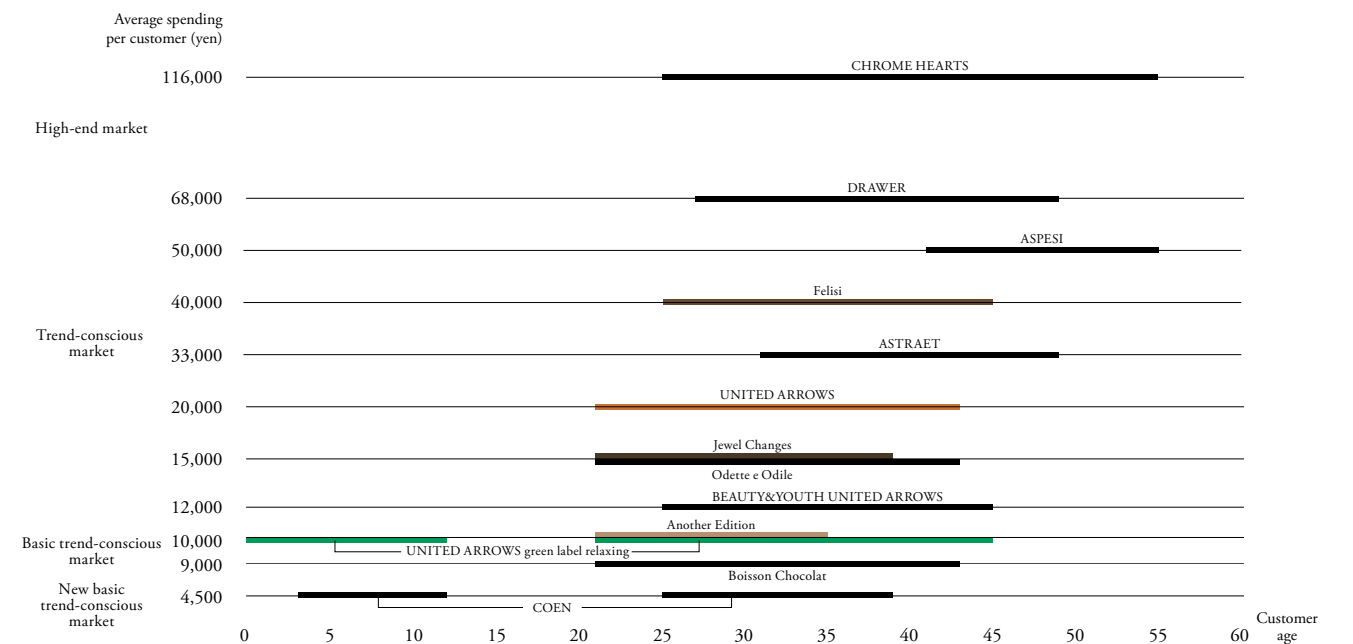


Mix of private label brands and purchased brands (non-consolidated)



* CHROME HEARTS product lineup is entirely composed of purchased brands.
 * OEM products (products manufactured by other companies and sold under our brand names) are included in purchased brands.

Positioning map of each business (average spending per customer / customer age)



* Details of average spending per customer and customer age are not provided for the EN ROUTE brand. This is because of the limited period, less than one year as of March 31, 2015, since the brand was initially launched.

Markets in which the UNITED ARROWS Group operates

The retail apparel market can be divided into two categories: the volume market, which mainly consists of relatively low-priced daily clothing, and the trend-conscious market, which is for consumers who are highly sensitive to fashion trends. The UNITED ARROWS Group targets this trend-conscious market.

Our target customers are people who have a strong interest in fashion and want to enrich their lives through it. Specific operating activities are driven by an awareness of this customer segment.

Market positioning map



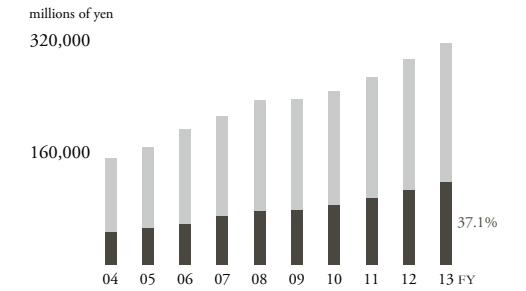
¹GMS: General merchandise store

Select shops

Select shops are stores that provide customers with products based on unique brand concepts and the discerning judgment of their buyers. There are also a significant number of companies that adopt an SPA² (specialty store retailer of private label apparel) strategy under which they offer a mix of purchased and private label products. In handling products that offer the appeal of high-value-added attributes and a distinctive uniqueness, select shops are positioned between department and specialty stores at the mid to high-end price range. As such, they are relatively unaffected by trends in economic conditions.

UNITED ARROWS LTD. maintains a balance between attracting customers by carefully handpicking selected designer brands from Japan and overseas and ensuring high profitability by offering private label brands. The Company has the largest sales of any company adopting a select shop business model and is the only such company to have publicly listed its stock.

Trends in total sales of five major select shop companies and UNITED ARROWS LTD.'s market share



■ UNITED ARROWS LTD. ■ Total of four other major select shop companies
Source: Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

² SPA: A fashion company with comprehensive involvement from manufacturing through to retailing

UNITED ARROWS Group's business structure

UNITED ARROWS LTD. started out as a select shop handling men's business attire, focusing mainly on purchased brands. It has since evolved and adopted an SPA strategy that offers a mix of purchased products and private label products, offering men's and women's dressy and casual clothing and miscellaneous lifestyle goods.

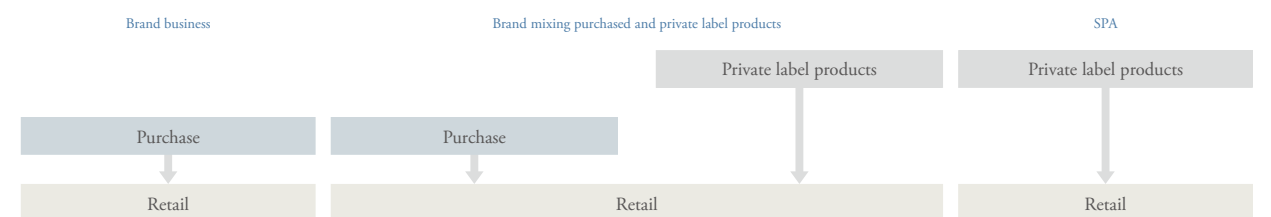
With UNITED ARROWS and UNITED ARROWS green label relaxing, our other full-line store that offers an SPA-type mix of both purchased and private label products, serving as our key

businesses, we now have numerous other businesses with different characteristics, including our brand business, CHROME HEARTS, and our SPA business, COEN. By handling a broad range of products for various tastes, we are aiming to expand our customer base and meet diversifying customer needs. In addition, we are also leveraging synergies between our various businesses and transforming into a sustainable group that achieves solid profits and is resilient to changes in the external environment.

Business composition of main store brands

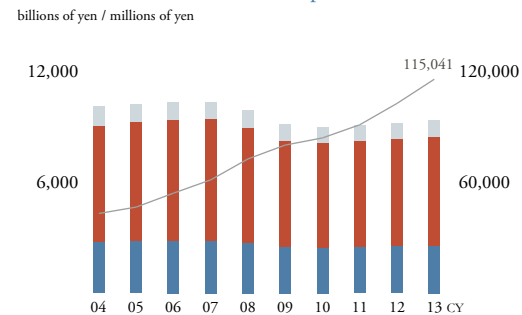


Value chain by business model



Reference: Retail Apparel Market

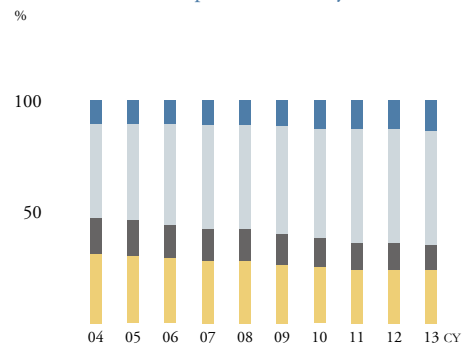
Trends in the scale of Japan's retail apparel market and UNITED ARROWS Group sales



■ Men's apparel ■ Women's apparel ■ Children's apparel
— UNITED ARROWS Group sales
Source: UNITED ARROWS LTD. and Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

The scale of the Japanese retail apparel market is around ¥9–10 trillion per year. The market entered a period of contraction in the immediate aftermath of the collapse of Lehman Brothers in 2008, bottoming out in 2010. Thereafter, the market scale trended upward on a year-on-year basis. In 2013, a wide range of factors including the large-scale renewal of major department stores in metropolitan areas as well as robust results in specialty and online store sales contributed to the market's continued expansion.

Trends in sales composition ratio by sales channel



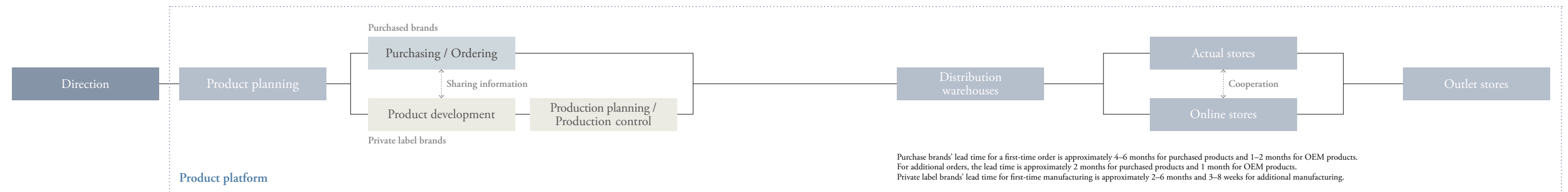
■ Department stores ■ General merchandise stores
■ Specialty stores ■ Others
Source: Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

In this context, the share of specialty stores and others¹ sales continues to climb. Growth is especially prominent in online sales, where major apparel retailers as well as select shops are enjoying considerable success in strengthening their activities in this area. Turning to department stores, results have been mixed. On the one hand, activities in major metropolitan areas have grown in recent years. On the other hand, business has contracted in suburban areas. The net effect is an overall downturn on a year-on-year basis.

¹ The others channel includes mail order / online (Internet, catalog, television, others) as well as discount stores.

Product Flow (Value Chain)

UNITED ARROWS LTD. has positioned its stores at the frontline of its operating activities. Every effort is made to reflect the comments and opinions gleaned from customers in every facet of the value chain. All initiatives including product development, inventory management, and customer service generate synergy benefits within the value chain. This is the source of the Company's robust competitive advantage.



Direction

A feature that defines UNITED ARROWS LTD. is the direction that initiates all activities related to product development. Direction, which is based on shifts in social tastes, allows us to disseminate a common theme to all businesses on a seasonal basis. In addition, the marketing department consistently undertakes research into the latest fashion trends, providing this information across the Company. Each business then draws on this information to establish specific themes that incorporate particular attributes.

Product planning

Product planning entails dividing the year into 52 weeks and putting in place a process and lineup based on 52-week merchandising. Drawing on past customer trends and behavior as well as sales data, UNITED ARROWS LTD. puts in place a product strategy focusing on the most-appropriate items, prices, and volumes for each season. During each season, the status of sales is closely monitored. This monitoring process helps to verify the validity of each strategy and to alert the Company of the need to make necessary adjustments through detailed modification. In this manner, every effort is made to achieve the targets for sales and profit.

Purchasing / Ordering

Under the Company's concepts with respect to direction and product planning, buyers attend exhibitions and view fashion shows in Japan and overseas. This is done while undertaking detailed purchasing negotiations about the item, volumes, purchase price, and delivery. Buyers are also involved in the development of exclusive items with popular brands. Through these means, steps are taken to further differentiate products from other companies. In addition

to strengthening the integrity of existing brands, the Company's mission includes uncovering promising new brands ahead of its rivals.

Product development

Under the Company's concepts with respect to direction and merchandising, steps are taken to develop designs and fabrics and to prepare patterns. While fully expressing the concept of each brand, samples are also shared with the sales department. At the same time, energies are channeled toward incorporating feedback gleaned from staff in their dealings with customers at stores with moves made to push forward product development while undertaking minor adjustments. Designers accompany buyers during their purchasing trips to better grasp global fashion trends. Complemented by the mutual exchange of information, particular weight is placed on harnessing the merits of the business model that entails the combined development of purchased products and private label brands. This serves as the wellspring for differentiating the Company's products.

Production planning / Production control

UNITED ARROWS LTD. formulates production strategies that encompass the selection of contract factories as well as procurement of materials. This is in accordance with the specifications of each product, together with cost control initiatives. After placing an order, the Company collaborates closely with contract factories; controls delivery, quality, and costs; and oversees the entire process through to product completion. In addition to harnessing customer feedback to further enhance production planning, regular meetings are held with contract factories to improve the quality of finished products.

Distribution warehouses

UNITED ARROWS LTD. engages in distribution warehouse operations in collaboration with distribution companies. The Company maintains a network of three distribution centers that operate on a 24-hour basis in Japan. Product inventory control is conducted on a concentrated basis through various initiatives including price tagging and product inspection. While product deliveries to stores are maintained at an optimal minimum, a point-of-sale (POS) system is installed at all stores. With the exception of stores in certain regions, store sales data up to 11:00pm is transmitted to the appropriate distribution center. Any shortfall at a particular store is then replenished before the store opens the following day. This serves to minimize sales opportunity loss as well as the transfer of products between stores.

Actual stores

Based on its Mission Statement — It's All About the Customer — UNITED ARROWS LTD. strives to meet the needs of each individual customer and to provide a level of satisfaction and inspiration that exceeds all expectations. Sales personnel are provided with a host of on-the-job, UNITED ARROWS University, and other training programs. Through a series of award systems, including the Sales Master and UNITED ARROWS Grand Prix initiatives, the Company is quick to recognize outstanding personnel. Through these means, every effort is made to continuously enhance the knowledge, skills, and motivation of sales personnel. In addition, energies are channeled toward choreographing the shopping experience to deliver maximum excitement and delight. A key aspect of this endeavor is the creation of stores and interior environments that express the worldliness of each brand in a visually appealing light.

Online stores

In addition to operating UNITED ARROWS LTD. ONLINE STORE, the Company is opening stores on such fashion e-commerce sites as ZOZOTOWN. UNITED ARROWS LTD. ONLINE STORE is promoting initiatives to heighten collaboration between online stores and actual stores. In addition to a function that enables customers to check online the status of product inventories at actual stores, UNITED ARROWS LTD. ONLINE STORE provides a service where products can be delivered to a store chosen by the customer. In the fiscal year ended March 31, 2015, additional steps were taken to further increase convenience by enabling customers to compare the size of merchandise they are thinking of buying with items in their wardrobe on an online virtual basis.

→ P22 Special Feature 1:
Expanding Online Sales and Promoting an Omni Channel Retailing Strategy

Outlet stores

UNITED ARROWS LTD. OUTLET plays the important role of continuously reducing residual inventories of slow-selling products as well as excess stock in each business category. Promoting the prompt transfer of stock to outlet stores helps maintain the fresh appeal of products at frontline stores. The swift reduction of inventories and conversion into cash from sales also serves to secure improvements in gross profit and cash flows. UNITED ARROWS LTD. OUTLET stores are for the most part located in suburban and exurban areas. For this reason, these stores help raise brand awareness among residents who live outside the network of the Group's frontline stores.



Direction

Product planning

Material selection

Pattern making

Sample preparation



Sample checks

Factory production

Product inspection

Product inventory control

Consultative sales at a store

Product Platform

Initiatives in transition

	fiscal 2007–fiscal 2009 Introduction Period	fiscal 2010 Promotion Period	fiscal 2011 Stable Operating Period
Principal achievements / Goals	– Increased awareness toward benchmarks	– Enhanced the precision of merchandise hypothesis testing – Improved the precision control of product procurement / production and inventory reduction	– Improved the accuracy of budget performance management and revisions to merchandise during the period
Merchandising platform	– Commenced monitoring based on important benchmarks – Commenced merchandising planning in accordance with season plan ¹	– Promoted efforts aimed at visualizing and structuring merchandising operations – Identified and addressed processing issues with respect to merchandising operations – Standardized new processes	– Strengthened the monitoring and analysis of principal benchmarks – Bolstered efforts to secure an early reduction in inventory – Shared information on successful merchandising initiatives between businesses
Production platform	– Commenced steps to build a mechanism for sharing factory information held by each business throughout the Company as a whole	– Selected principal business partners – Commenced steps to organize production factories in Japan and China – Took stock of and standardized production operations with the aim of promoting optimal supply chain management (SCM)	– Initiated measures with principal factories – Regulated delivery, quality, and costs by strengthening management – Commenced measures to address issues relating to the manufacture of products in China in earnest

¹ Season plan: Procurement planning document to determine the amounts of procurement and inventory as well as the inventory reduction method that underpins sales, gross profit, and final sales rate targets.

What is the product platform?

The product platform, which is comprised of a merchandising platform and a production platform, is a framework that supports each of the procurement, production, product launch, and inventory reduction activities. This overarching framework is used to stabilize merchandising operations by standardizing and structuring activities that are susceptible to the experience and skills of employees.

The merchandising platform provides the mechanism for determining the current status of merchandise flows and the basis for making decisions. Utilizing the progress management tables and indices consistent across all businesses, UNITED ARROWS LTD. has established a swift and easy-to-implement decision-making process that allows the Company to promote the additional production of top-selling items while reducing production and inventories of slow-selling items. As a result, UNITED ARROWS LTD. has witnessed increases in the rates of inventory reduction as well as final sales. This is in turn leading to improvements in gross profit, inventories, and cash flows.

The production platform works to formulate the product procurement and production strategies that take us from merchandising planning through to realization. While manufacturing is outsourced, the choice of external plant or factory for each item is based on Companywide information on procurement regarding materials as well as the manufacturing plant. Accordingly, this has led to positive adjustments in procurement costs relating to purchases and production as well as lead times in a way that satisfies the five key criteria².

² Five key criteria: Customers can purchase (1) the products they want, (2) when they want, (3) where they want, (4) in the quantities they want, and (5) at the prices they want.

Production platform achievements and issues

UNITED ARROWS LTD. commenced the shift to a merchandising platform in earnest in the fiscal year ended March 31, 2007. In the ensuing period, the Company has reinforced a variety of initiatives aimed at better monitoring, analyzing, as well as visualizing and standardizing operating processes with respect to such important indicators as gross profit, the sales ratio, and the residual inventory ratio. Turning to the production platform, we have taken steps to share factory information held by each business, select and evaluate principal business partners, and bolster collaboration.

As a result, we have progressively improved the precision of our merchandise planning proposal, verification, product procurement and production as well as inventory reduction capabilities. It is now possible to flexibly control inventory in line with the status of sales. Moreover, there are clear indications that a more resilient operating foundation that is relatively unaffected by such external factors as delays in seasonal sales attributable to inclement weather conditions is in place. Meanwhile, we have not taken sufficient steps to address the rapid and prolonged downturn in the value of the yen that began in 2013. Accordingly, we are building a framework that will not allow the final gross margin to decline. To this end, we are implementing multifaceted measures in response to the increase in procurement costs as a result of the weak yen. These measures include improving sales rates at regular prices by promoting 8-season merchandising and expanding the number of countries that manufacture products.

fiscal 2012–fiscal 2014 Application Operating Period	fiscal 2015	fiscal 2016–(plan)
– Improved the ability to address changes in such external factors as unstable weather conditions and changes in the timing of clearance sales – Strengthened both analysis and judgment capabilities in connection with ability to respond to changes in such factors as fluctuations in foreign currency exchange rates	– Tested and introduced 8-season merchandising that incorporates customers' purchasing trends	– Improve sales rates at regular prices and optimize inventories by promoting 8-season merchandising
– Strengthened the management of results and forecasts progress compared with plans – Commenced analyses of the variable factors based on classification of product purchases and procurement period	– Tested and introduced 8-season merchandising that takes into consideration the specific attributes of each business in response to changes in customers' purchasing trends – Promoted the reduction of carryover inventory through a detailed analysis of the status of outlet store inventories	– Improve sales rates at regular prices by procuring products at the right time and in the right quantities through efforts to operate, test, and improve 8-season merchandising – Reduce inventory in line with the aforementioned = improve turnover and content of inventory
– Evaluated principal factories – Evaluated production scenarios with an eye to medium- and long-term growth – Expanded production countries by the promotion of optimum location, optimum production strategy	– Expanded production countries by the promotion of optimum location, optimum production strategy – Responded flexibly to trade agreements with countries where products are manufactured or from where materials are procured and to changes in tariff rates	– Maintain production ratios in Japan and expand production ratios in ASEAN region – Respond flexibly to trade agreements with countries where products are manufactured or from where materials are procured and to changes in tariff rates

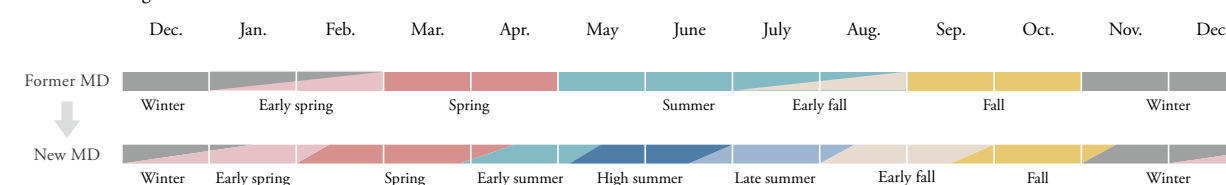
8-season merchandising

Under 8-season merchandising, each year is broken down into eight segments. The 8-season merchandising mechanism allows us to provide products that reflect the effective temperatures of each season. In recent years, we have seen two distinct purchasing patterns running in tandem between customers who are willing to purchase forward-looking items that exhibit value, and customers who desire items for immediate use. At the same time, we are witnessing longer transition times between seasons from summer to fall and from winter to spring due to changes in climate conditions, as well as the incidence of gaps between consumers' sensory perceptions and in-store merchandise. To make matters worse, purchasing plans that looked to bolster inventories in a bid to increase sales during clearance sales have given rise to the risk of an upswing in inventory during weak clearance sale periods. UNITED ARROWS LTD. has worked diligently to promote sales based on the procurement of products aligned to the Company's traditional 6-season segment. The shift in our operating environment,

however, has made it difficult for us to adequately secure sales and grow our business.

In order to address these issues, we have adopted an 8-season merchandising policy for certain businesses from the spring and summer seasons of 2015. Product plans that were previously classified into the six seasons of early spring, spring, summer, early fall, fall, and winter are now classified into the eight seasons of early spring, spring, early summer, high summer, late summer, early fall, fall, and winter and in accordance with the attributes of each business. By accurately assessing the number of items in line with each segmented season while identifying and introducing the right level of inventory, we are mitigating any unnecessary increase in inventory and improving the ratio of regular price sales. Furthermore, we are endeavoring to improve the turnover and context of inventories by evaluating and improving implementation of the 8-season merchandising policy as and when needed.

Merchandise segmentation



Former MD: The six seasons of early spring, spring, summer, early fall, fall, and winter

New MD: The eight seasons of early spring, spring, early summer, high summer, late summer, early fall, fall, and winter

– Breakdown into segments in line with customers' feelings toward each season; clarify products and volumes in tune with each segment

Long-Term Vision: UA VISION 2022

The UNITED ARROWS Group has identified its current Long-Term Vision, UA VISION 2022, which carries through to the fiscal year ending March 31, 2022. The Group will pursue business strategies and operating measures aimed at building a robust platform that is capable of supporting a corporate brand that can excel on the world stage and endure for over a century.

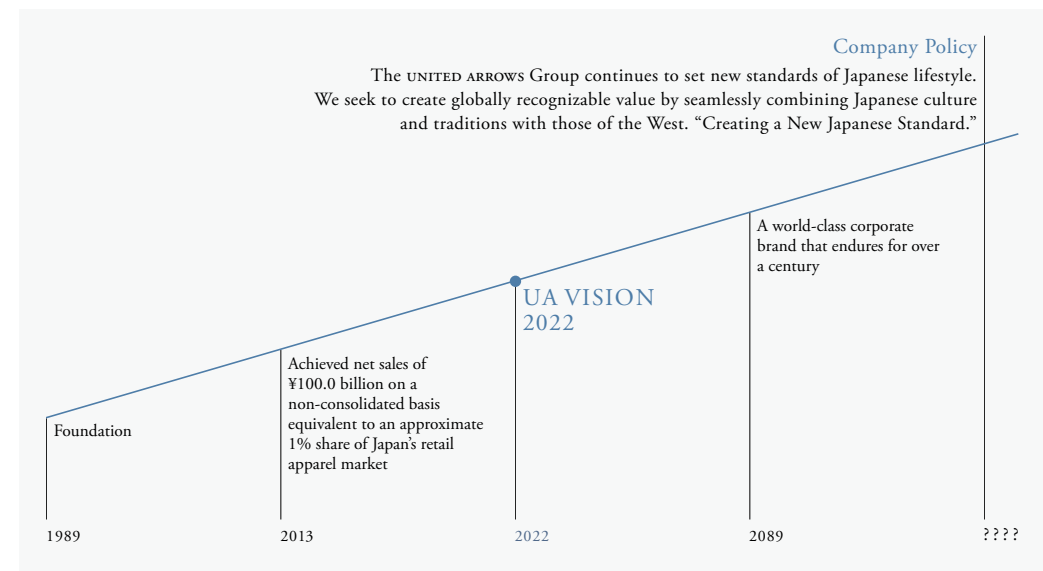
UA VISION 2022 slogan

In Japan, there is UNITED ARROWS LTD.

We are committed to becoming a retail fashion company that delivers unrivalled satisfaction to its customers in **Japan** and attracts the attention and loyalty of customers **worldwide**.

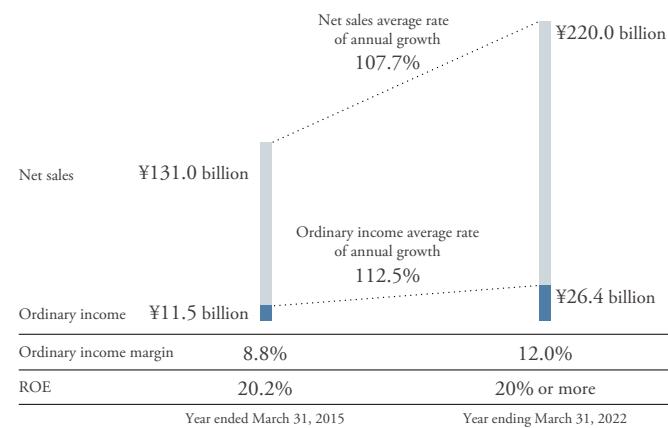
The UNITED ARROWS Group will continue as a viable concern for over a century and build the necessary platform to become a company that excels on the world stage by realizing this slogan. In order to become a corporate brand that excels on the world stage, we must first put in place a store network that satisfies customers in Japan like no other. In this manner, we will undoubtedly attract the attention of customers worldwide and build a loyal international customer base.

Drawing up UA VISION 2022



Business targets under UA VISION 2022

In promoting business strategies and operating measures, the UNITED ARROWS Group is working to achieve specific operating targets. In the fiscal year ending March 31, 2022, the Group is aiming to achieve net sales of ¥220.0 billion, an ordinary income margin of 12.0%, ordinary income of ¥26.4 billion, and ROE of 20% or more all on a consolidated basis.



Three business strategies aimed at achieving UA VISION 2022

- 1 Expand existing business growth through a process of self-improvement and reform that is in tune with each era
- 2 Put forward new value proposals by developing and fostering new businesses that will drive next-generation growth
- 3 Take steps to enter overseas markets with a view to strengthening future international capabilities

With respect to our existing businesses, we will work to become a corporate group that attracts the attention of customers worldwide by ensuring that our service, products, and store environments continue to evolve. To this end, we will endeavor to adapt to each era and consistently pursue a process of self-improvement and reform. At the same time, we will set individual missions based on the attributes of each business to secure balanced high rates of growth and profitability while supporting the development of new businesses and entry into overseas markets from an earnings perspective.

It is inevitable that customer needs will further diversify in the future as the external environment and consumer sentiment change. In order to continuously meet these needs, we will put forward new value proposals by developing and fostering new businesses that will drive next-generation growth. We will continue to develop new channels and new business fields. While recognizing that there remains additional room for further growth within existing domains, we will prioritize the development of new businesses.

We will begin entering overseas markets as a part of efforts to strengthen our ability to meet international conditions and competition in the future. The priority issue is to build a business model that is capable of accumulating know-how and developing businesses in each country worldwide based on the precondition of improving profitability. In entering overseas markets, it is vital that we undertake thoroughgoing provisional calculations regarding profitability and put in place stringent withdrawal standards. This will contribute to the early realization of profit and swift decision-making in the event of withdrawal.

Three sales initiatives aimed at achieving UA VISION 2022

- 1 Strengthen the collaboration cycle between the product, sales, and promotion departments
- 2 Take a systematic approach toward business processes and operations
- 3 Bolster creativity

Moving forward, we will further strengthen the collaboration cycle between the product, sales, and promotion departments, which has been the backbone of our sales and marketing endeavors. From the sales department perspective, we will look to reinforce service and store-making capabilities. In the product department, we will focus on bolstering private label brand development skills. For both the sales and product departments, we will strive to enhance merchandising verification capabilities. Turning to the promotion department, we will advance promotions that will lead to increased loyalty among our existing customer base while capturing new customers. By strengthening collaboration, we will boost the sales and profitability not only of existing businesses, but also new and overseas activities.

In order to further strengthen collaboration between the product, sales, and promotion departments, we will take a systematic approach toward each business process and operation, put in place strategic maps on the status of coordination between business processes and operations on a weekly, monthly, and seasonal basis, and monitor progress. At the same time, we will standardize business processes and operations that rely on individual skills by visualizing the entire value chain and establish a framework that is capable of steadfastly carrying out these processes and operations. By taking this systematic approach to the Company's processes and operations, the source of its competitive advantage, we will fortify our platform, which provides the basis for our continued existence as a viable going concern for over a century.

By implementing the initiatives outlined in 1 and 2, we will take significant strides forward in strengthening our organizational management, standardizing mainstay business processes and operations, and bolstering activities from a tangible perspective, which includes successful efforts to increase visibility. Meanwhile, we will also bolster creativity in order to continue providing high value to customers through our fashion activities. UNITED ARROWS LTD. put in place a Creative Resource Center as well as a UNITED ARROWS business atelier during the fiscal year ended March 31, 2013, as a part of efforts to strengthen its private label brand product development capabilities and quality. In addition, we will bolster creativity and further enhance customer satisfaction by fostering creative human resources and ensuring that craftsmanship is passed on.

Withdrawing targets under the Medium-Term Business Plan

UNITED ARROWS LTD. announced in May 2014 details of its current Medium-Term Business Plan, which ends at the close of the fiscal year ending March 31, 2017. Under this plan, the Company identified several consolidated quantitative targets for the final year of the plan including net sales of ¥155.0 billion, ordinary income of ¥17.0 billion, and a ROE of 20% or more. UNITED ARROWS LTD. has subsequently withdrawn its targets for net sales and ordinary income while maintaining its target for ROE. Over the period of the plan, the Company has so far fallen short in its efforts to respond to greater than expected changes in its external environment in a timely manner. This was particularly evident during the fiscal year ended March 31, 2015. As a result, significant discrepancies with regard to progress in generating profits have arisen between the time the plan was first formulated and the fiscal year under review. Based on calculations for earnings in the fiscal year ending March 31, 2016, profit growth of close to 50% is required to achieve our consolidated ordinary income target for fiscal 2017, the final year of the plan. If we are to force the issue, and position efforts to achieve this ordinary income target as our

priority, we believe that a drop in earnings will result causing considerable inconvenience to stakeholders. Taking into consideration the importance of securing long-term sustainable growth, we have therefore identified the need to enhance customer satisfaction as our most important priority at this time. Accordingly, we will implement measures aimed at improving store loyalty and creativity in order to gain a firm foothold and secure sound growth. However, in the event that there is a short-term shift in our business performance, we will maintain our ROE target of 20% or more as a part of efforts to sustain and increase stakeholder value. In specific terms, we will endeavor to achieve a ROE that comes in at the established target of 20% or more each fiscal year wherever possible. In accordance with the aforementioned, UNITED ARROWS LTD. will focus on gaining a foothold during the fiscal year ending March 31, 2016. As new initiatives including 8-season merchandising steadily run their course, we will look to put in place the next medium-term business plan during the fiscal year ending March 31, 2017. We intend to announce details of the plan at the beginning of the fiscal year ending March 31, 2018.

* Looking ahead, we will review the previously mentioned business strategies and operating measures that are designed to help us realize our long-term vision as appropriate in accordance with changes in our external environment and other factors including the status of internal systems and progress made in implementing various measures as necessary.



I would like to take this opportunity to extend my sincere appreciation to all shareholders for their continued support and understanding. In the fiscal year ended March 31, 2015, our operating environment was impacted by changes in the purchasing patterns of consumers. Unable to fully respond in an appropriate and timely manner, the UNITED ARROWS Group fell short of the net sales and ordinary income targets set at the beginning of the period. Returning once again to the Mission Statement that “It’s All About the Customer,” management together with each and every employee will position customer satisfaction as the basis for all decisions and work toward a period of renewed growth in the fiscal year ending March 31, 2016.

Q Please provide us with an overview of the fiscal year ended March 31, 2015.

In the fiscal year under review, economic conditions changed substantially due to a variety of factors including the impact of Japan’s consumption tax rate hike and deterioration in the value of the yen on our operating environment. Against this backdrop, we have witnessed a change in our customers’ awareness toward fashion spending. While consumers’ perceptions toward value are playing an increasingly important role in determining purchasing patterns even in the case of regular price and clearance sale items, a stable business performance over recent years has led to a sense of complacency. As a result, we have not been able to properly grasp and respond to changes in customer behavior in a timely manner.

Our deepest regret is the pricing policy adopted to offset the downturn in the value of the yen. In recent years, the cost of purchased products as well as private brand products manufactured overseas has increased in line with the yen’s continued weakening. Beginning with certain fall and winter items in 2013, UNITED ARROWS LTD. took steps to progressively increase prices commensurate with efforts to enhance added value across a variety of areas including materials and design. Thereafter, the Company focused mainly on lowering its cost of sales ratio as the yen’s depreciation became more prominent. In 2014, we raised the prices of virtually all fall and winter items on a uniform basis. Meanwhile, and against the backdrop of Japan’s consumption tax rate hike and a subsequent drop in real disposable incomes, customers exhibited an increasingly cautious approach toward fashion spending while placing greater emphasis on the price of each product in terms of its value when contemplating whether or not to purchase a product. The decision to increase the prices of fall and winter items in 2014 without the benefit of an accurate understanding of the changes in consumer sentiment, therefore led to a downturn in operating performance as customers rejected our policy stance. Taking into account these factors, the UNITED ARROWS Group reported an increase in revenue and a decrease in earnings. Consolidated net sales were up 2.0% compared with the previous fiscal year to ¥131,029 million while ordinary income was down 16.0% year on year to ¥11,542 million. Reflecting on our pricing and all other policies, we take very seriously our lack of awareness and attention to our customers.

Q What progress has been made to resolve this issue?

Looking first at the review of product prices, we are drawing on our results for the fiscal year ended March 31, 2015 to assess which products need to have their prices restored to original levels and which products offer the potential for a price increase due to enhanced added value. The prices of products including longstanding favorites where customers have specific expectations will be restored to original levels. Here, we will secure a price range that will form the basis of sales. At the same time, we will identify products where the potential exists to increase prices in line with enhanced added value. Here, we will set prices within a range that reflects each product’s value.

We are also reviewing our merchandising and product lineup policies. Traditionally, we have worked to uncover top-selling products during each spring and summer as well as fall and winter season. We have then procured additional stocks of products where the expectation of sale is high, focusing mainly on top-selling items, for clearance sale periods. However, due to the prolonged nature of clearance sales, the continued display of these products at each store has significantly diluted their fresh appeal among customers. Moving forward, we will switch over to a product policy under which we can undertake the finely tuned introduction and addition of items. In this manner, we will ensure that our stores consistently offer a fresh appeal. This policy will be adopted at the UNITED ARROWS green label relaxing business and certain small business units, where the ratio of private label brands is high, from the spring and summer seasons of 2015. We will endeavor to enhance the precision of our product planning by repeatedly testing the premises of this merchandising and product lineup policy.

Furthermore, we are promoting a reduction in inventory. In the fiscal year under review, consolidated net sales grew 2.0% compared with the previous fiscal year. This was compared with a 15.2% year-on-year increase in inventory, which largely reflects the effects of our previous product policy that focused on securing sales during clearance sale periods and the large-scale purchase of 2014 spring and summer items in the lead-up to the expected rush in demand prior to Japan's consumption tax rate hike. Burdened by a surplus, we are working to reduce the level of inventory through special events as well as the consolidation of clearance sale merchandise to online stores.

Q Please tell us about your management policy for the fiscal year ending March 31, 2016.

We have identified the management slogan of “maximum satisfaction to each customer on each occasion” for the fiscal year ending March 31, 2016. Returning to the Mission Statement that “It’s All About the Customer,” each and every employee of the Company is committed to thinking carefully about what he or she can do to maximize customer satisfaction and to act accordingly. This process of consideration and action will form the basis of generating “maximum satisfaction to each customer on each occasion.”

In order to achieve this goal, we have positioned efforts to thoroughly bolster the cycle of collaboration between the product, sales, and promotion departments as a priority issue. The product department will make an effort to visit stores while communicating vigorously with the sales department to develop products that are in tune with customer needs. At the same time, energies will be directed toward putting forward balanced proposals for products that by being a half-step ahead of the times are unique to the Company. The sales department will work diligently to provide a level of customer service that exceeds expectations. Moreover, the department will assist in making the most of the Company's product development capabilities by accurately relaying the requirements of customers to the product department. For its part, the promotion department will take up the challenge of improving the quality of information that is disseminated and the manner in which information is relayed as well as its promotional planning capabilities. With the keywords “search and sharing” very much in mind, the department will place particular emphasis on determining what kind of information is being sought and which products and services customers are looking to share while remaining conscious of what motivates customers to visit stores.

Another priority issue is to control increases in inventories. In specific terms, we will procure products after clarifying exactly when items are required and in what volume. With this as our starting line, we will then work to link increases in sales rates to efforts aimed at regulating inventories.

From a sales and marketing perspective, we will strengthen activities designed to boost online sales and capture inbound demand. In the fiscal year ended March 31, 2015, online sales increased substantially climbing 9.8%¹ year on year while accounting for 12.0%¹ of total sales. Carrying forward existing endeavors, we will continue to enhance the convenience of customers by upgrading and expanding functions and services. At the same time, we will promote Omni Channel Retailing strategy with a view to increasing collaboration with actual stores. Inbound demand also increased substantially in the fiscal year under review. Sales volumes of tax-free goods were 1.8 times¹ higher than the previous fiscal year and represented 2.0%¹ of net sales. In the fiscal year ending March 31, 2016, we will implement a variety of measures in a bid to capture a growing share of this lucrative business. In addition to improving our customer service capabilities by conducting conversation training mainly in English, we will also simplify tax-free goods sales procedures to ensure that each transaction is completed in a timely manner, and undertake promotional activities that attract a growing number of customers from overseas.

¹ Year-on-year and sales composition data is for UNITED ARROWS LTD. on a non-consolidated basis.

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Cycle of Collaboration
between Product, Sales, and
Promotion Departments

→ P22
Special Feature 1:
Expanding Online Sales and
Promoting an Omni Channel
Retailing Strategy

→ P21
Inbound Strategy

Q What steps are you taking to strengthen your corporate governance framework?

Gaku Ishiwata, an attorney-at-law, was appointed as an independent outside director in June 2013. In terms of the Company's decision-making process, UNITED ARROWS LTD. recognizes the importance of objective comments and advice that incorporate and reflect the concerns of shareholders in ensuring effective corporate governance. In order to further reinforce the Company's management framework, Hidehiko Nishikawa was also appointed as an independent outside director in June 2015. Drawing on a wealth of experience in the fashion and retail industries as well as his position as a university professor specializing in marketing, Mr. Nishikawa is expected to support the Company's efforts to engage in sound and efficient management. In bringing the number of independent outside directors to two, UNITED ARROWS LTD. has also taken additional steps to reinforce its management and oversight functions.

Looking toward medium- and long-term growth, the Company will confront a host of pressing issues. Against the backdrop of a domestic market that continues to evolve and change, UNITED ARROWS LTD. faces a number of lingering issues. These include the need to consistently engage in innovative management, develop its business and operating models, and strengthen its overseas business capabilities. In order to resolve these issues, we recognize that it is important to incorporate multifaceted views and perspectives in deliberations undertaken by management and to further upgrade and expand our corporate governance framework.

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Corporate Governance

Q In closing, is there any message that you would like to convey to shareholders and investors?

The fiscal year ending March 31, 2017 is the final year of our Medium-Term Business Plan announced in May 2014. Aware of the greater than expected changes in its operating environment as well as spending trends, the UNITED ARROWS Group has decided to withdraw the targets for sales and profits identified under this plan. In the fiscal year ending March 31, 2016, the Group will focus on solidifying its foothold. In the following fiscal year ending March 31, 2017, the emphasis is projected to revolve around stability. In a bid to transition toward renewed growth, we will put in place a new medium-term business plan, details of which we anticipate will be announced at the beginning of the fiscal year ending March 31, 2018. Meanwhile, in order to maintain and enhance shareholders' value over the medium to long term, our target for a consolidated ROE of 20% or more remains unchanged. Between February and April 2015, UNITED ARROWS LTD. acquired 1,630,300 shares of treasury stock² for an acquisition amount of approximately ¥6.0 billion. As a result the Company's ROE was 20.2%. Turning to our dividends per share, our initial forecast also remains unchanged. With an annual dividend of ¥78 per share, our consolidated dividend payout ratio comes in at 39.1%.

² The number of shares of treasury stock acquired as of March 31, 2015 was 1,259,100 shares for an acquisition amount of approximately ¥4.6 billion.

Returning to the Mission Statement that “It’s All About the Customer,” we will endeavor to enhance our corporate value by adhering strictly to a management policy that emphasizes customer satisfaction. As we work toward achieving our goals, we ask that you look forward to new developments in our business and kindly request your continued support and understanding.

August 2015



Mitsuhiro Takeda
Representative Director, President and CEO

→ P15
Withdrawing Targets under
the Medium-Term Business Plan

→ P20
UNITED ARROWS Group's
Financial and Capital Policies

UNITED ARROWS Group's Financial and Capital Policies

We are committed to increasing value for all stakeholders by improving our operating performance on a sustainable basis and further bolstering our capital policies in line with efforts to improve capital efficiency.

As one component of its Policy Structure, UNITED ARROWS LTD. has made a promise to society to adopt a balanced approach toward increasing customer, employee, business partner, social, and shareholder value.

In order to fulfill this promise, we are first and foremost taking steps to secure growth on a sustainable basis and improve our operating performance. The cash generated through an improvement in operating performance will subsequently be used to fund medium- and long-term growth investments, as well as to bolster our capital policies through increases in the amount of dividends paid and the acquisition of treasury stock. Through these initiatives, we will work diligently to achieve the

sales and profit targets set under our long-term vision. By also achieving a consolidated ROE of 20% or more on a single fiscal year basis, we will also maintain and improve capital efficiency. While implementing flexible financial and capital policies that help support our operating activities, we will strive to improve capital efficiency in order to increase value for all stakeholders.

Masami Koizumi
Director, Executive Vice President
In charge of the Administration Division and the Investor Relations Office

Targeting a consolidated ROE of 20% or more

In addition to its targets for sales and profit, UNITED ARROWS LTD. will work toward a consolidated ROE of 20% or more on a single fiscal year basis under its long-term vision. As a retail fashion company, the Company is actively investing in the opening of new stores and upgrading of existing stores while undertaking medium- to long-term growth-oriented IT and other expenditure designed to promote growth on a sustainable basis. Moreover, we are endeavoring to increase the return of profits to shareholders by targeting a consolidated dividend payout ratio of around 30% and the stable payment of dividends. In the event that UNITED ARROWS LTD. secures steady growth in line with its long-term vision, the balance of cash-in-hand is expected to increase over the medium to long term

even after continuous capital investment and the payment of dividends. Taking these expectations into account, the Company will adopt a flexible approach toward the acquisition of treasury stock. In doing so, we are confident in our ability to maintain a consolidated ROE of 20% or more. With the exception of periods of sluggish results, our ROE has generally trended above 20%. Looking ahead, we believe that this is a reasonable target taking into consideration efforts to balance growth with the need to provide for the appropriate return of profits to shareholders. Should, however, we experience a substantial change in our operating environment and strategies, this target might be revised after again accounting for the need to increase value for all stakeholders from a long-term perspective.

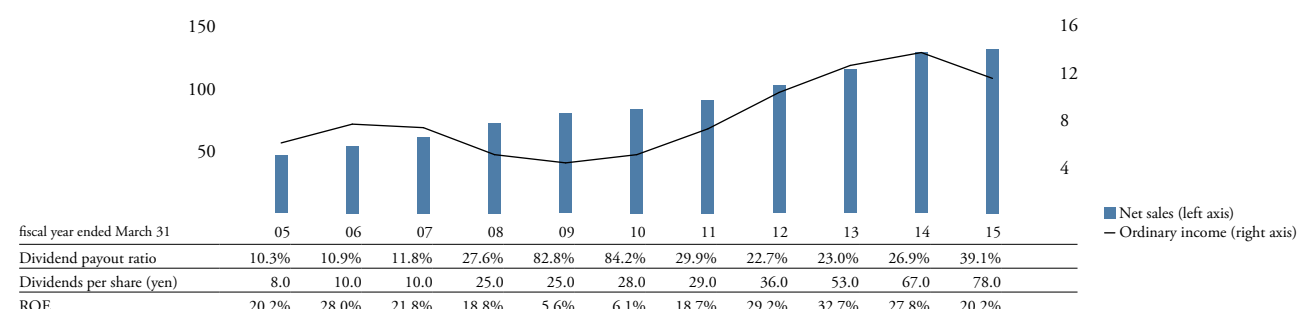
Undertaking the acquisition of treasury stock

In the fiscal year ended March 31, 2015, UNITED ARROWS LTD. was slow to address the effects of the weak yen and to respond to the impact on spending patterns of the consumption tax rate hike. With the subsequent decline in earnings, the Company is fully aware of its failure to act in a manner that was conducive to improving its operating performance on a sustainable basis throughout the fiscal year under review. Projecting that our ROE would fall to around 18% for the period, we decided to bring forward by several years our plan to acquire treasury stock. As a result, the Company acquired 1,630,300 shares of treasury stock¹, or 4.3% of its issued common shares, for an acquisition amount of approximately ¥6.0 billion, between February and April 2015. Based on the aforementioned, our consolidated ROE came in at 20.2%. While the total amount of funds required to acquire the treasury stock was procured through

debt finance from financial institutions, our debt-to-equity ratio as of March 31, 2015 was 0.3 times. This is considered well within the parameters of sound financial management. Moreover, and based on its cash flow, the Company is well positioned to repay this debt finance in full over several years. In a bid to increase both corporate and stakeholder value, plans are in place to apply the acquired treasury stock to business and capital alliances, M&A activities, and other expansion measures. In the event that an opportunity does not present itself within a certain period, consideration will be given to treasury stock retirement. Working to control any deterioration in liquidity associated with the acquisition of treasury stock, UNITED ARROWS LTD. will also look to undertake a stock split as and when considered appropriate.

¹ The number of shares acquired up to March 31, 2015 is 1,259,100 shares for an acquisition amount of approximately ¥4.6 billion.

Trends in net sales and ordinary income
billions of yen



¹ Non-consolidated results for the fiscal year ended March 31, 2005, thereafter, results are presented on a consolidated basis. The amount of dividends per share takes into account a stock split.

Inbound Strategy

Like most of the Japanese retail sector, UNITED ARROWS LTD. also experienced an increase in net sales from the upswing in overseas tourists visiting Japan. In the fiscal year ended March 31, 2015, the Company reported sales of tax-free goods 1.8 times higher than the amount recorded in the previous fiscal year. From a sales and marketing perspective, we have positioned the need to put in place an inbound strategy as an important management issue, and will engage in activities that are designed to enhance the satisfaction of customers from outside Japan throughout the current period ending March 31, 2016.

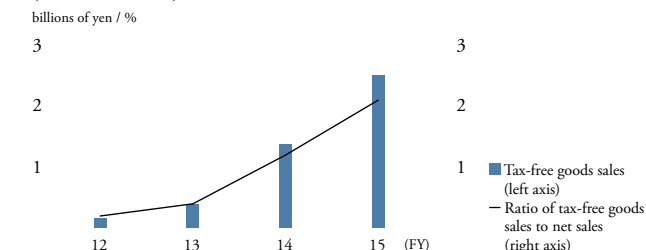
In the fiscal year under review, the Company's sales of tax-free goods came to approximately ¥2.5 billion^{1,2}, a substantial 1.8 times¹ higher than the amount recorded in the previous fiscal year. This represented 2%^{1,2} of net sales. Growth was particularly strong in the CHROME HEARTS and UNITED ARROWS businesses.

Against the backdrop of rising inbound demand, UNITED ARROWS LTD. has expanded the stores authorized to sell tax-free goods to 191 as of June 30, 2015^{1,2}, around 75% of the company's retail network.

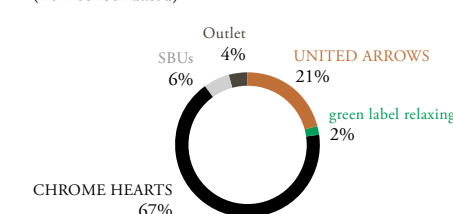
In addition to the large number of tourists arriving from China, customers visiting our stores come from a broad cross-section of countries including Taiwan, South Korea, and Thailand. Cut & sewn items as well as silver accessories including rings at CHROME HEARTS and clothing items such as outerwear from other businesses together with a variety of other products including shoes and bags are proving popular.

¹ Tax-free goods sales, sales composition rate, year-on-year rate, and number of stores data are for UNITED ARROWS LTD. on a non-consolidated basis.
² Tax-free goods sales of stores located in department stores (24 stores) together with the number of stores are not included due to differences in the accounting methods used to record tax-free goods sales.

Trends in tax-free goods sales and the sales composition ratio (non-consolidated)
billions of yen / %



Tax-free goods sales composition ratio by business (non-consolidated)



Major initiatives in the fiscal year ending March 31, 2016

English conversation training

CHROME HEARTS enjoys a high ratio of overseas customers visiting its stores. In order to improve our customer service capabilities, we have provided English-language conversation training to CHROME HEARTS staff since the fiscal year ended March 31, 2009. In addition to the use of role-playing and other pedagogical techniques, training covers the entire sales process from first greeting customers to seeing customers off. Thanks largely to these ongoing endeavors, we are seeing a steady improvement in our ability to serve overseas customers.

Plans are in place to further reinforce our English-language customer service capabilities by extending this training to other businesses. We will first extend training to staff working in stores that are located in areas in close proximity to major cities and that can be expected to attract large numbers of overseas customers.

Easy-to-understand in-store notices and displays

Point-of-purchase (POP) notices and stickers are clearly displayed at entranceways as well as inside each store to identify to overseas customers that tax-free goods are sold. Working to further enhance the shopping experience of overseas customers, we display POP notices as appropriate for stores affiliated with the China Union Pay card.



Tax-free POP sticker



China Union Pay card POP sticker

Adoption of tax-free tools

All of our stores that sell tax-free goods have introduced tools that provide details of sales tax exemption and other conditions in English, French, Chinese, and Korean. We have prepared another tool for stores that are affiliated with the China Union Pay card, China's most widely used debit card. This tool is described in Japanese and Chinese to outline the whole shopping process using the card in a point-and-speak sheet style. This enables our sales personnel to attend to customers smoothly.

Accelerating efforts to simplify tax-free procedures

Following revisions to Japan's taxation system in October 2014 eliminating the need to use specific documentation, we designed and introduced our own purchase of proof documents and purchaser covenant to make it easier for overseas customers to buy tax-free goods. As a result, we have successfully halved customers' waiting time allowing us to provide timely customer service.

Heightening visibility and awareness through the use of SNS WeChat

Plans are in place to open an official SNS WeChat account in the fall of 2015. WeChat is the most widely used free chatting and calling app in China. The intention is to distribute pertinent information and to raise our profile in China and to stimulate an interest to visit our stores.

Special Feature 1:

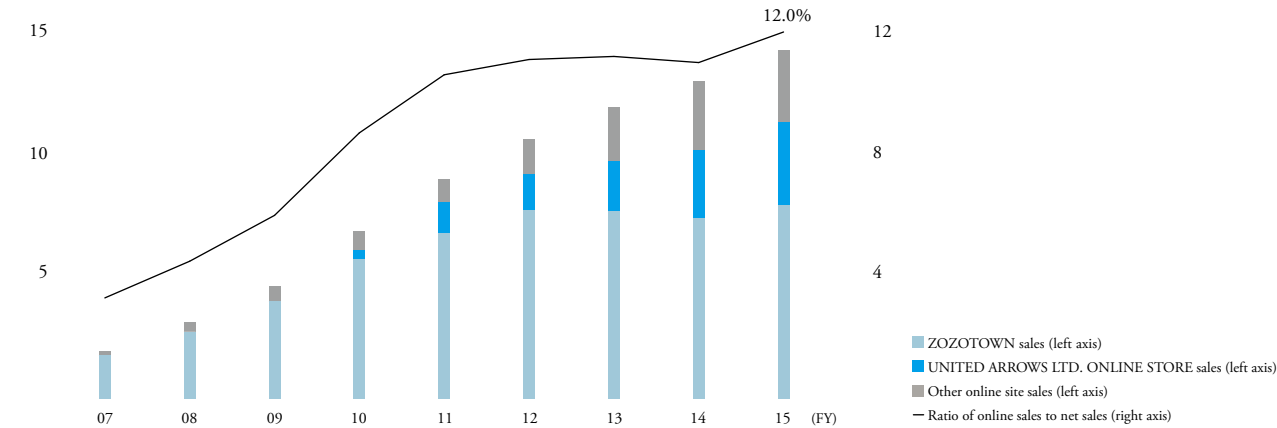
Expanding Online Sales and Promoting an Omni Channel Retailing Strategy

Having paid close attention to the possibilities of online sales since its early days, the Company went ahead with the opening of a number of online stores with various fashion e-commerce sites following the opening of the ZOZOTOWN online store in 2005. The Company then launched its own proprietary UNITED ARROWS LTD. ONLINE STORE site in 2009. In addition to upgrading and expanding online functions and services, we are promoting an Omni Channel Retailing strategy in a bid to enhance collaboration with actual stores.

UNITED ARROWS LTD. implemented measures to strengthen the functions and services of its online sales capabilities and to provide sufficient inventory throughout the fiscal year ended March 31, 2015. From the perspective of online sales functions and services, the Company worked diligently to reinforce advance order events. At the same time, we launched an innovative new online service that allows customers to compare the sizes of potential purchases with items currently in their wardrobe. As a part of efforts to provide sufficient inventory, we increased the number of e-commerce sites linked to inventory information at our distribution centers. This has helped to prevent sales opportunity loss attributable to merchandise being marked out of stock at each site. Thanks largely to the success of these and other initiatives, total online store sales climbed 9.8% compared with the previous fiscal year on a non-consolidated basis. UNITED ARROWS LTD. ONLINE STORE sales showed

high growth of 19.9% year on year. Taking each of the aforementioned into consideration, the ratio of total e-commerce site sales came to 12.0%. As a part of its Omni Channel Retailing strategy, UNITED ARROWS LTD. increased the scope of its systems enabling items that have been identified online to be delivered to a growing number of actual stores. In providing incentives to customers to move from an online to an offline (actual store) channel, the Company is attracting larger numbers to its actual stores and creating additional customer service opportunities. As a result, we have increased the number of customers who combine the use of actual stores with UNITED ARROWS LTD. ONLINE STORE. Moreover, the total annual amount of purchases made by customers using both sales channels in combination has risen to a level that is 2.8 times higher than the total annual amount of purchases made by customers who only use actual stores.

Online store initiatives and trends in online sales (non-consolidated)
billions of yen / %



Major UNITED ARROWS LTD. Milestones

- 2005– Began offering products through ZOZOTOWN, an online fashion e-commerce site
- 2009– Launched UNITED ARROWS LTD. ONLINE STORE
- 2010– Linked inventory information at distribution centers with online stores
- 2014– Released the UNITED ARROWS LTD. ONLINE STORE smartphone application
- Added the VIRTUSIZE function to UNITED ARROWS LTD. ONLINE STORE



UNITED ARROWS LTD. ONLINE STORE



Smartphone application

Expanding the number of sites linked to stock information

In addition to UNITED ARROWS LTD. ONLINE STORE, a total of eight fashion e-commerce sites including ZOZOTOWN and i LUMINE have access to real-time inventory information at the Company's distribution centers. Through this initiative, an item that is in stock at our distribution centers can be delivered and sold on to customers even when it is out of stock at the fashion e-commerce site. This in turn helps to minimize sales opportunity loss. From March 2015, we started to post photographs of certain products on the i LUMINE and SELECT SQUARE sites without providing inventories. After the fashion e-commerce site received an order, we would then send the ordered item to the site for delivery to the customer. This new approach, which physically delivers select items to each fashion e-commerce site, allows for an increase in the range of items included on the site, enabling us to create new sales opportunities and to realize efficient inventory management.

Gleaning new purchasing patterns from advance order events

Online sites hold advance order events prior to each season to gauge product demand. Drawing on the results of these events, steps are taken to arrange for the early additional production of popular items. Every effort is then made to expand sales by boosting inventory levels during hot-selling periods. The number of customers who use advance order events as a means to secure the purchase of popular topical brand items has been growing of late. To respond to this new purchasing pattern, UNITED ARROWS LTD. ONLINE STORE held more than 800 advance order events, a year-on-year increase of 53.0%, in the fiscal year ended March 31, 2015. Sales attributable to these advance order events accounted for around 9.0% of total sales. ①

Increasing sales and sales efficiency during clearance sale periods

The number of customers who purchase items through fashion e-commerce sites to avoid the crowds that are part and parcel of most clearance sale periods at actual stores is increasing. Under these circumstances, and as stocks of items in the right color and size run out at actual stores toward the latter half of clearance sale periods, resulting in sales opportunity loss, steps are being taken to increase inventory efficiency by consolidating clearance sale products on fashion e-commerce sites. As a result, we are seeing a substantial upswing in online sales during clearance sale periods. This is especially evident from the middle to latter half of each period in February and March as well as August and September when the year-on-year growth rate is a high 13.6–25.8%. As an added benefit, the concentration of clearance sale products on fashion e-commerce sites is helping to strengthen new product proposals, which is in turn enhancing the fresh appeal of actual stores.

Confirming the size of products online

We added the VIRTUSIZE function to UNITED ARROWS LTD. ONLINE STORE from November 2014. This function enables customers to compare the size of merchandise they are thinking of buying with items in their wardrobe on an online virtual basis. It is now possible for customers to easily compare the size of a desired product by registering the size of items owned together with a history of purchases through UNITED ARROWS LTD. ONLINE STORE. The VIRTUSIZE function is attracting wide acclaim for its added convenience from customers who are hesitant to make an online purchase

due to anxieties regarding whether the size will fit as well as customers who wish to simplify the processes required to confirm the size of products. ②

Recommending products based on actual store sales data

In addition to the existing function that introduces and recommends products to customers viewing UNITED ARROWS LTD. ONLINE STORE, we have added a service that provides customers with details of similar frequently purchased items at the time a purchase is made. This market basket analysis function involving the analysis of items frequently purchased together is based on UNITED ARROWS LTD. ONLINE STORE as well as actual store sales data and allows us to put forward highly precise product proposals that only the Company can provide through both its actual and online stores. This ability to provide information regarding similar purchases made by large numbers of customers coupled with product recommendations and the introduction to products based on each individual customer's viewing history is expected to increase both the duration the site is visited and the number of products purchased together.

Delivering products to actual stores

As a part of the Omni Channel Retailing strategy, the Company has provided a service that enables products selected via UNITED ARROWS LTD. ONLINE STORE to be requested and delivered to an actual store from March 2014. This allows customers to try on an item and to get a feel for the size, comfort, and detail of a product prior to purchase. Almost all of the Company's businesses¹⁾ offer this service with around 120 to 130 requests fielded each week. Building on the opportunities provided by requests for delivery made through fashion e-commerce sites, we expect that having an online customer visit an actual store that expresses a brand's concept, and having that customer receive styling ideas from sales personnel while trying on the actual products can lead to the purchase of multiple items. ③

¹⁾ Excluding CHROME HEARTS for which there is no online store



① Popular items at advance order events
New Balance sneakers exclusively designed for the Company to mark its 25th anniversary



Click to check a product's size
Comparing the size of a product on a virtual basis
② Online comparison of the size of a desired product on a virtual basis



③ Service that facilitates the delivery of a product to an actual store

Three Key Sources of Satisfaction for Customers

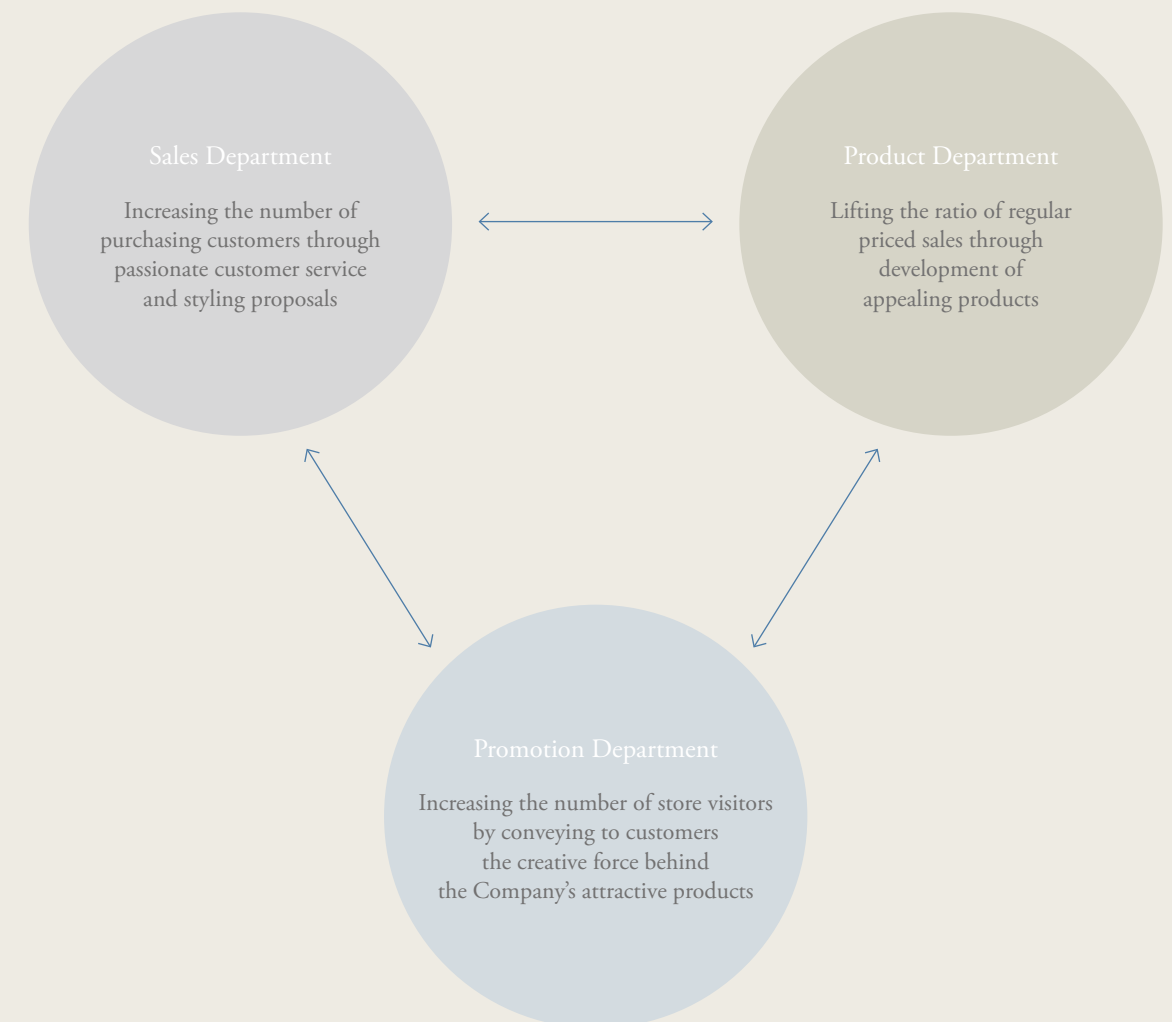


UNITED ARROWS LTD. set a definite rule: “It’s All About the Customer.”

On the basis of that rule, we continue to hone the three key sources of satisfaction for customers—our service, products, and store environments—that are also the source of our competitive strength. The basic stance that all UNITED ARROWS LTD. employees have continued to unwaveringly adopt, from the time of our foundation to the present day, this way of thinking forms a fundamental part of the Company. By continuing to allow those three key sources of customer satisfaction to naturally evolve, we move closer to realizing our Company Policy of “creating globally recognizable and accepted values that set new standards of Japanese lifestyle.”

¹Five key criteria: Customers can purchase (1) the products they want, (2) when they want, (3) where they want, (4) in the quantities they want, and (5) at the prices they want.

Cycle of Collaboration between Product, Sales, and Promotion Departments



To utilize customer feedback across its sales activities, UNITED ARROWS LTD. is bolstering the cycle of collaboration between its product, sales, and promotion departments, with its stores as the starting point.

The product department is drawing on the opinions of the sales department, which comes into direct contact with customers, and also taking the initiative to visit actual stores to develop products that strike a balance between fulfilling customer needs and keeping a half-step ahead of the times. Making the most of these strengths, the staff responsible for products will work to lift the ratio of regular priced sales by developing highly original and creative as well as appealing products. Serving as a bridge between the product and sales departments, the promotion department will continue to “encourage existing customers to visit a store again and

sales promotion activities designed to make customers become fans” and move forward with “promotional activities designed to attract new customers to visit stores” to increase the number of customers visiting actual and online stores. The sales department will endeavor to increase the number of purchasing customers through providing customer service that exceeds customers’ expectations and coordinating proposals that are brimming with an innate sense and creativity. In addition, the sales department supports product development by accurately communicating the desires of customers to the product department.

Following the creation of a virtuous cycle of collaboration between these three departments, the Company will seek to maximize customer satisfaction by continuing to provide products and services that are unique to UNITED ARROWS LTD.

History of the UNITED ARROWS Group

Since our foundation, we have been guided by our Mission Statement that, “It’s All About the Customer.” On this basis, our standing today is the result of an unwavering pursuit and endeavor to maximize customer satisfaction. Looking ahead, we will work to further bolster existing businesses while taking up fresh challenges and will continue to devote ourselves to enhancing value for all stakeholders including customers.

	Year ended March 31, 2005 (non-consolidated)	Year ended March 31, 2010 (consolidated)	Year ended March 31, 2015 (consolidated)
Net sales	¥46,330 million	¥83,504 million	¥131,029 million
Ordinary income	¥6,037 million	¥5,037 million	¥11,542 million
Number of stores	76	196	334
Number of purchasing customers ^{*1}	3.2 million	4.5 million	5.8 million
Number of employees	752	2,783	3,863
Number of shareholders	4,047	14,938	13,318

*1 Calculated from retail sales (non-consolidated)

Traveling a path of performance downturn, recovery, and regrowth since the fiscal year ended March 31, 2007

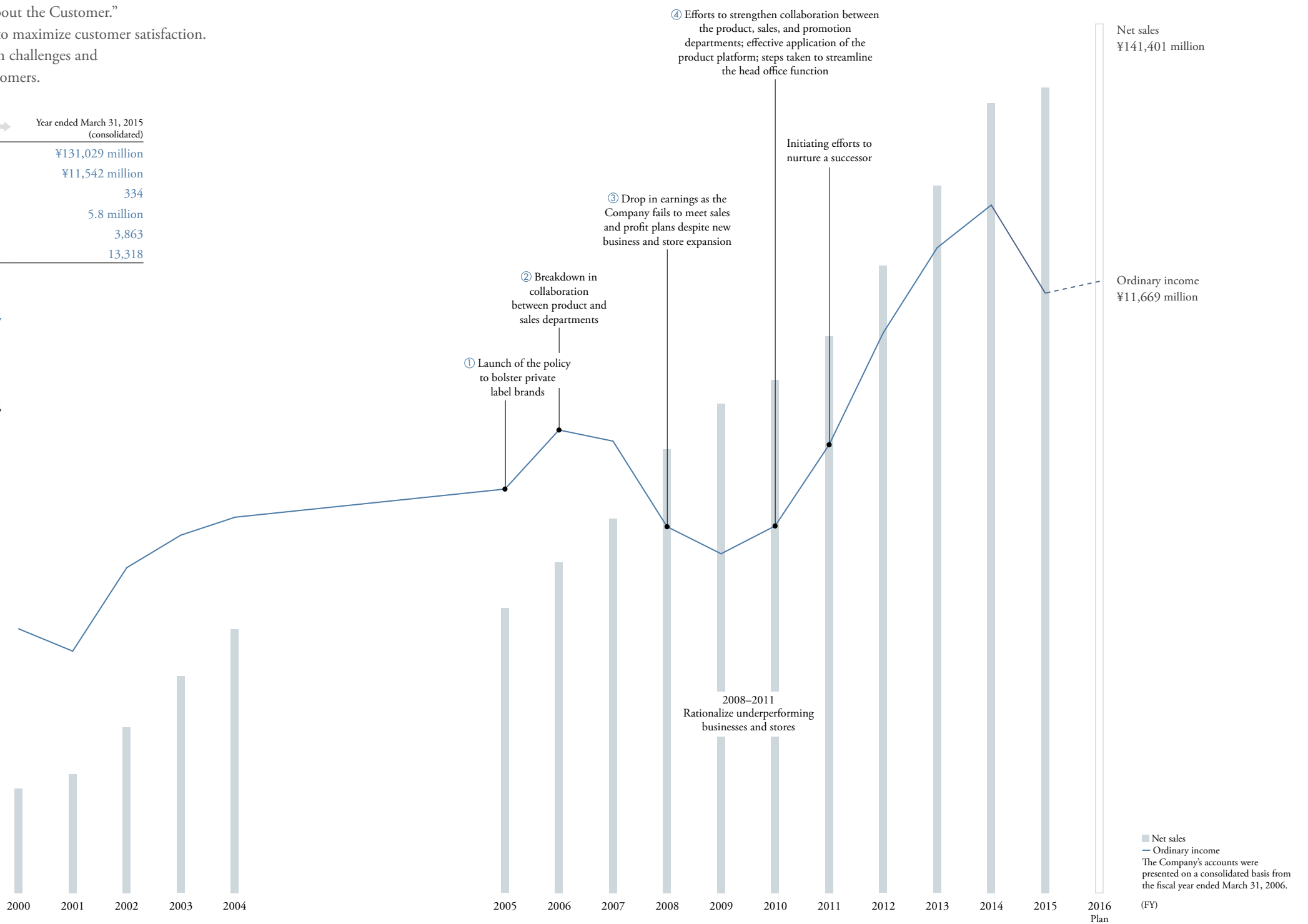
After reporting record-high profits in the fiscal year ended March 31, 2006, UNITED ARROWS LTD. incurred three consecutive fiscal years of deteriorating earnings.

Traditionally, UNITED ARROWS LTD.’s competitive advantage had been underpinned by its ability to promote a product policy that harnessed feedback from the sales department. This entailed optimally balancing the delivery of products that were in high demand with proposals that were a half-step ahead of consumer sentiment and the times. Unfortunately, as this policy adopted during the fiscal year ended March 31, 2005—to bolster private label brands—took root, it became distorted and misconstrued. ① The policy was implemented almost entirely on a UNITED ARROWS LTD. proposal “product out” basis as opposed to a “market in” approach, which reflects customer needs in the product development process. This in turn greatly strained the relationship between the product and sales departments. ②

From the fiscal year ended March 31, 2007, the Company worked diligently to expand its business. These efforts including the opening of new stores were undertaken, however, without putting fully in place the necessary human resources, product platform, and associated frameworks. As a result, UNITED ARROWS LTD. experienced significant deterioration in its earnings structure reflecting the Company’s failure to meet sales plans, a drop in gross margins, and an increasingly bloated head office function. ③

After returning to the position of President in April 2009, Osamu Shigematsu identified the need to quickly improve earnings. Steps were then taken to reestablish the UNITED ARROWS LTD. collaborative model between the product, sales, and promotion departments and to build the product platform. At the same time, the Company initiated measures to rationalize underperforming businesses and stores and to streamline the head office function. ④ As a result, UNITED ARROWS LTD. reported an increase in earnings in the fiscal year ended March 31, 2010, for the first time in four fiscal years, and continued to experience stable revenue and earnings growth. Subsequently appointed President in April 2012, Mitsuhiro Takeda successfully established a new management structure.

In fiscal year ended March 31, 2015, the Company worked to bolster existing businesses while developing new ones. While revenues grew, profits declined due to operating environment changes such as the consumption tax rate hike and the weak yen as well as our inability to rapidly adapt to changes in customer spending trends and attitudes, and a shifting competitive environment. In the fiscal year ending March 31, 2016, we aim to resume growth in both revenues and earnings by encouraging all employees to consider what they can do to satisfy customers through focusing once again on the Company Policy, “It’s All About the Customer,” and the slogan, “maximum satisfaction to each customer on each occasion.”



1989.10 UNITED ARROWS LTD. established; Osamu Shigematsu appointed Representative Director and President

1990.7 The first store, UNITED ARROWS SHIBUYA, opened

1992.10 UNITED ARROWS HARAJUKU opened as a flagship store

1999.7 Registered at the Japan Securities Dealers Association (currently the Tokyo Stock Exchange), becoming an over-the-counter traded company
1999.9 Full-scale start of the UNITED ARROWS green label relaxing business with the opening of stores
1999.12 Full-scale start of the CHROME HEARTS business with the opening of stores

2002.3 Listed on the Second Section of the Tokyo Stock Exchange

2004.6 Tetsuya Iwaki appointed Representative Director and President
2005.2 Began offering products through Zozotown, an online fashion e-commerce site

2005.11 FIGO CO., LTD., which is mainly engaged in the import, wholesale, and sales of Italian bags and other items, made into a consolidated subsidiary

2007.3 Number of stores exceeds 100 on a non-consolidated basis

2003.3 Listed on the First Section of the Tokyo Stock Exchange

2008.5 Established COEN CO., LTD. as a subsidiary mainly engaging in the retail of clothing and personal items

2009.4 Osamu Shigematsu appointed Representative Director, President and Executive Officer
2009.9 Opened UNITED ARROWS LTD. ONLINE STORE, a proprietary online store

2012.3 Reported consolidated net sales and ordinary income in excess of ¥100.0 billion and ¥10.0 billion, respectively, for the first time
2012.3 UNITED ARROWS LTD. online sales exceeded ¥10.0 billion for the first time

2013.8 First overseas subsidiary, UNITED ARROWS TAIWAN LTD., established

2015.3 Achieved 26 successive periods of revenue growth since the Company’s founding

2012.4 Mitsuhiro Takeda appointed Representative Director, President and Executive Officer

Special Feature 2:

Promoting Widespread Awareness toward the Company Policy

Positioned as its overarching Company Policy, management as well as each and every employee maintains the ambition of “creating globally recognizable values that set new standards of Japanese lifestyle.” At the same time, every facet of the Company’s activities and the basis for all of its decisions revolves around the Mission Statement, “It’s All About the Customer.” This Company Policy and Mission Statement embody the values that we have maintained since our foundation and will continue to pursue for an eternity. Over 90% of all employees responded to our 2014 employee awareness survey. Of this total, around 97% commented that they felt empathy toward the Company Policy. Utilizing this common understanding and high degree of awareness as a driving force for future action, we will continue with efforts to create new value going forward.

Measures and systems aimed at increasing awareness toward the Company Policy
Company Policy Book

Three separate publications are distributed to all employees: “VISION” encapsulates our overarching Company Policy; “VOICE” is a compilation of inspirational comments from employees; and “VISUAL” is a collection of photographs provided by employees that capture the essence of the Company. In pursuing this initiative, we hope that employees will reflect on the Company Policy, especially when faced with difficulties in determining a course of action, and find clues in how to deal with an issue from the comments and photographs of other colleagues. It is our sincere wish that employees will realize their dreams through their work at the Company. ①



① Company Policy Book
 <About the cover design>
 From left: VISION: A single arrow seen from its end
 VOICE: A sheaf of arrows
 VISUAL: A sheaf of arrows in flight

Objective management system

UNITED ARROWS LTD. is a symbolic company name that represents a (United) group of people moving in a straight line (like an Arrow) toward a single objective that is our Company Policy. The Company has introduced an objective management system as a guide to help achieve specific targets. Under this system, each and every employee identifies individual goals that align with the Company’s aspirations and puts in place an action plan. Every effort is then made to thoroughly manage progress. In addition to operating results, the degree to which an employee exemplifies the Company Policy is also included in assessment criteria. In this manner, energies are being directed toward increasing the awareness of employees toward the Company Policy. ②



② The meaning and significance behind the Company’s name

UNITED ARROWS University

UNITED ARROWS University is a training initiative that is open to all employees. In addition to basic training in sales and back-office operations, employees are provided with the opportunity to improve their skills. UNITED ARROWS LTD. also conducts Company Policy training to ensure that new graduate recruits and employees hired mid-career gain an understanding of the Company Policy. As a part of this training, steps are taken to share the details and concept of the Company Policy and to provide employees with the opportunity to think about and put it into action as they go about their daily workplace duties. From the fiscal year ended March 31, 2014 to the fiscal year ended March 31, 2015, UNITED ARROWS LTD. conducted Company Policy training for headquarters office staff. This initiative has greatly helped in raising awareness toward the Company Policy. ③



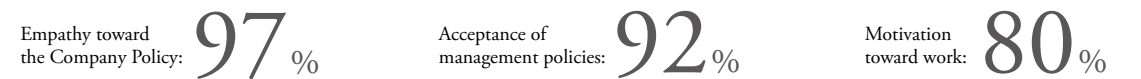
③ UNITED ARROWS University:
 Company Policy training for newly recruited employees

Sales Master and UNITED ARROWS Grand Prix

Sales Master is the title we give to sales specialists who display a highly distinguished level of performance. Only a limited number of sales personnel are accredited with this title each year, which is based on a stringent selection criteria. From a qualitative perspective, sales personnel are assessed against wide-ranging criteria. This includes the level of customer satisfaction achieved on a daily basis. From a quantitative perspective, employees are evaluated on the basis of their sales performance as well as a host of other factors. Employees who display an optimal balance between quantitative and qualitative criteria are accredited with the Sales Master title. UNITED ARROWS Grand Prix is an annual sales contest that uses a role-playing format to simulate customer–sales personnel interactions. Each business conducts preliminary competitions. The eventual winners from each business then compete in the Grand Prix to demonstrate their advanced customer service techniques. In addition to the training aspects, each of these initiatives is an opportunity to raise awareness toward the value the Company places on customer service. Both the Sales Master program and UNITED ARROWS Grand Prix also help to ensure that the thoughts and actions of employees with respect to its Mission Statement, “It’s All About the Customer,” are shared across the Group as a whole further enhancing awareness. ④



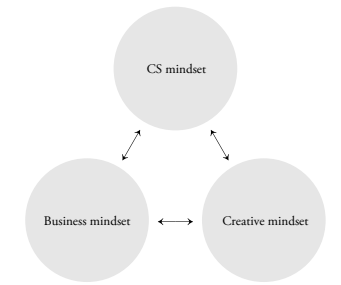
④ Role-playing at UNITED ARROWS Grand Prix



Source: 2014 employee awareness survey (response rate 91%)

Wellspring of efforts by the Company to create value

Over 90% of UNITED ARROWS LTD.’s employees feel empathy toward the Company Policy as well as an acceptance of management policies. This defining feature is also the wellspring of efforts by the Company to create value. Taking the aforementioned into consideration, an underlying strength of the Company is its employees, who go about their daily duties with a genuine understanding of and empathy toward the Company Policy as well as an acceptance of management policies and overall direction. As a result, a substantial 80% of employees find their work to be both rewarding and challenging. This sense of challenge is a source of motivation, which in turn spawns a virtuous cycle under which employees are more willing to share in the Company Policy and to work toward a common goal. This virtuous cycle is a source of UNITED ARROWS LTD.’s sustainable growth.



⑤ Conceptual image of the three mindsets that comprise a Creative Merchant

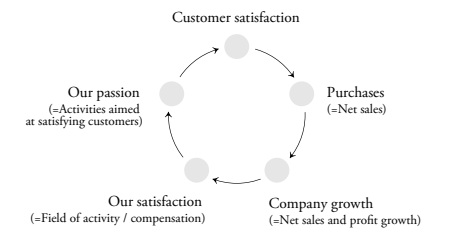
Three mindsets that go to make up a Creative Merchant

As a part of our Policy Structure, we have identified the notion of a Creative Merchant as the foundation for our Human Resources Policy. Our ideal concept of a Creative Merchant entails the harmonious integration of each of the customer satisfaction (CS), business, and creative mindsets. We also envisage mastering the complexities of a wide range of fields while maintaining specialist expertise in a single area.

It is of the utmost importance that we acquire, nurture, and strengthen these CS, business, and creative mindsets. Coexistence between each mindset is seen not in terms of conflict or contradiction, but resides in our heart as a single force that guides our daily activities along a true and fresh path. ⑥

Compatibility between the CS and business mindsets, for example, are presented in the graph on the right. ⑥

The ability to generate sales and profits rests first and foremost on satisfying the customer. This then brings us happiness, which provides us with the motivation to further satisfy customers.



⑥ Conceptual image of the compatibility between the CS and business mindsets



Hiroyuki Higashi
 Director, Executive Managing Officer
 In charge of the Corporate Strategy Division

UNITED ARROWS LTD. places the utmost priority on the Company Policy “creating globally recognizable values that set new standards of Japanese lifestyle.” At the same time, we have put in place a Policy Structure that contains the necessary elements to bring this Company Policy to fruition. These elements include three core mindsets: the CS mindset, which entails the pursuit of customer satisfaction; the business mindset, which refers to the earnings produced as a result of satisfying customers; and the creative mindset, which is necessary to generate new value that is capable of solving customers’ problems. For its part, UNITED ARROWS LTD. is pushing forward a variety of measures and systems. This includes conducting Company Policy training in a bid to ensure that employees better understand the Company’s Policy Structure and to create opportunities for employees to contemplate how they can exemplify the Company Policy in each of their operating activities. It is of the utmost importance that each employee thinks long and hard about the Company Policy as well as the three mindsets and how to put each into practice as a part of their daily discussions and decision making. On this point, I take great pride in knowing that the strength of the Company rests in its large number of employees, who act on the basis of how best to satisfy customers. Meanwhile, we will work to improve employees’ understanding and awareness even further in the future, conscious that some issues still exist regarding compatibility between the three mindsets.

UNITED ARROWS LTD. recognizes that its Company Policy sets the overall direction that its activities will take. Put simply, the Company Policy defines the business objectives of the Company as a whole. As the Company Policy becomes more widely accepted and understood, the possibility that employees will waver in their decision making diminishes while their ability to resolve issues increases. Taking the aforementioned into consideration, I am convinced that the greatest merit of the Company Policy has been and remains its ability to lay a platform from which all employees push forward in the same direction allowing the Company to work toward a uniform goal.

For details regarding the Company Policy, please refer to the following web site.
www.united-arrows.co.jp/en/ir/philosophy/

Our Promise—Our Five Core Values

The UNITED ARROWS Group will create value for five distinct stakeholders: customers, employees, business partners, society, and shareholders. The creation of value for these five stakeholders is at the heart of our approach to corporate social responsibility (CSR).

Total number of purchasing customers for the year (On a retail store basis) fiscal year ended March 31, 2015

Approximately
5.8 million

Ratio of full-time employees as of March 31, 2015

89.5%

Ratio of women in managerial positions (Store manager and above; employees who oversee the work of subordinates) as of March 31, 2015

37.4%

Number of business partners that participated in quality control (QC) meetings fiscal year ended March 31, 2015

73 companies

Total donations for "MOVING ON TOGETHER!" cumulative total as of March 31, 2015

Approximately
¥347 million

Number of investor meetings held for the year fiscal year ended March 31, 2015

Approximately
300 times

The aforementioned data is presented on a non-consolidated basis.

Creating value for customers

We think of our customers as the people who express an interest in our stores. We strive to build trust in our relationships with customers by providing them with services that are both satisfying and moving, while seeking out mindfulness and aesthetics in our service, products, and store environments, the three key sources of satisfaction for customers.

The Customer Service Center is a key contributor of customer contact and a major contributor to improving the overall quality of our products and services. In the fiscal year ended March 31, 2015, our specially trained staff responded to approximately 20,000 inquiries by telephone or email.

As a company with the basic stance to bring pleasure to its customers, kind words of appreciation toward our customer service and products are a source of the utmost joy. Over the course of the year, the number of "thank you note" entries, an initiative through which the Company shares letters of appreciation from customers with all of its employees, totaled 824.

In contrast, we received 3,207 customer opinions and complaints for the fiscal year under review. We view comments of dissatisfaction as important warning signs from customers. In addition to addressing each comment in a timely and sincere manner, we undertake an analysis of the nature of the complaint by business, store, and type on a weekly, monthly, and yearly basis. After clarifying the issue and root of the problem, we move quickly and sincerely to improve the quality of our products and customer service and put in place preventive measures.



Consultative sales at a store

Creating value for employees

We offer growth opportunities to employees who strive to attain our shared policy (ambition), and we aim to be a workplace where they can realize their full potential. UNITED ARROWS LTD. aims to be a company that pays its employees generously in accordance with their performance, and a company that brings happiness and fulfillment to all of its employees as they discover their true selves through work.

As a rule, steps have been taken to change the status of all part-time employees seeking to take up a permanent position since 2007. Although personnel expenses rose as a result, we believe the move to permanent employees will reduce turnover and improve work motivation over the longer term, leading to higher employee satisfaction and ultimately more satisfaction for our customers.

UNITED ARROWS University is a training program that is open to all employees. In the fiscal year ended March 31, 2015, training programs were held a total of 220 days and attended by a total of 2,846 employees. In addition to basic training in such wide-ranging areas as the Company Policy and consumer mindsets, experts from outside the Company provide business skills and other training covering a variety of topics including clothing materials, logical thinking, and problem solving. We have continued to expand the program and incorporate new curricula in line with multiple types of work and each stage of an employee's career. Every effort is being made to enhance the skills of each and every employee in a bid to further satisfy our customers.



UNITED ARROWS University open to all employees

Creating value for business partners

To us, our suppliers are irreplaceable business partners. Aligning our ambitions with our business partners, we aim to grow alongside each other without forgetting for even a moment the gratitude we feel when selling, buying, and collaborating with them.

The production management department takes the lead in overseeing the Group's private label brand clothing. As a part of its activities, the department holds quality control (QC) meetings in Tokyo and Shanghai for major business partners including production factories in Japan and overseas, inspection centers, and trading companies and takes steps to improve product quality. Particular emphasis is placed on sharing information and exchanging ideas and opinions that will help continue to provide safe and reliable products to customers. QC meetings are a forum to push forward a number of initiatives and allow us to present details of commonly occurring product defects together with preventive countermeasures while also allowing us to present efforts to provide sewing specification sheets with more accuracy.

Odette e Odile, which mainly handles women's shoes, has continued to hold QC meetings for business partners who undertake the manufacture of private label brand shoes on a consignment basis, since the fiscal year ended March 31, 2014. Steps are being taken to compile details of typical product defects together with photographs taken over the past year and to advance various initiatives including the sharing of specific countermeasures. In this manner, we are working to further stabilize quality control.

Looking ahead, we will continue to periodically hold meetings and to strengthen relationships with business partners.



QC meeting held in Japan

Creating value for society

UNITED ARROWS LTD. believes it can create value for society through the ongoing creation of globally recognizable value by setting new standards for Japanese lifestyle. Through this process, we contribute to the development of society and build on our relationship of trust with society by strictly adhering to laws and regulations and working to conserve the environment.

In the fiscal year ending March 31, 2016, a portion of the proceeds from the sale of specially designed products is again going to help the Great East Japan Earthquake "MOVING ON TOGETHER!" Charity Project. On a cumulative basis, the project had raised a total of ¥347,779,451 in donations as of March 31, 2015. Proceeds are being donated to several groups such as the Central Community Chest of Japan's Disaster Relief Volunteer & NPO Support Fund 2, which supports local citizens groups and provides relief assistance.

UNITED ARROWS was the first brand and retail store in Japan to participate in the Ethical Fashion Initiative run by the International Trade Center with the launch of the new TÊGÈ UNITED ARROWS label in 2013. This brand encompasses fabrics and beadwork hand made by craftspeople in Africa. By providing employment opportunities, we are contributing to creating economic independence.



Hand-made craft by an African craftsman
© International Trade Centre / Ethical Fashion Initiative

Creating value for shareholders

Our shareholders are the Company's investors—its owners. They entrust the management and daily operations of the Company to its directors and employees. It is our responsibility to manage and run the Company in a way that expands profits, and to communicate the Company's state of affairs in a timely and appropriate fashion to our shareholders.

Japan's Stewardship Code was formulated in February 2014. Application of the Corporate Governance Code began from June 2015. As a result of these and other developments, the operating environments for shareholders, other investors, and the corporate sector are undergoing significant change. Against this backdrop, calls for constructive dialog with shareholders and other investors are becoming more prominent as a measure to secure sustainable growth and to improve corporate value. UNITED ARROWS LTD. has historically placed considerable weight on promoting dialog with its shareholders and other investors. The important feedback that is received through this dialog is effectively reflected in the Company's management and business activities as well as investor relations. The opinions, requests, and inquiries received during interviews with analysts and institutional investors are analyzed from both qualitative and quantitative perspectives. In addition to sharing this analysis with management on a timely basis, immediate steps are taken to provide top executives with all of the opinions and comments collected through surveys conducted during earning announcements. Through these and other measures, we are building a mechanism through which the voices of shareholders and other investors can be reflected in the Company's operations.



Dialog with shareholders

Corporate Governance

Our basic approach to corporate governance

In its Company Policy of creating globally recognizable value by setting new standards for Japanese lifestyle, UNITED ARROWS LTD. has made a promise to society to create value for its customers, its employees, its business partners, society, and its shareholders.

Based on this Company Policy, UNITED ARROWS LTD. is building a framework to continually improve management efficiency and soundness. At the same time, UNITED ARROWS LTD. is focusing efforts on improving the transparency of corporate management through proactive investor relations based on a basic information disclosure policy of constantly and freely providing information in a fair and timely fashion.

1. Corporate governance framework

As a corporate entity, UNITED ARROWS LTD. conducts shareholders' meetings and has established a Board of Directors and the Audit & Supervisory Board. To allow directors to focus on decision making with respect to important matters as well as supervise and oversee the execution of business activities, UNITED ARROWS LTD. has adopted an executive officer system. Under this system, executive officers are appointed to assume responsibility for the executive function.

As a company that has adopted a corporate auditor system, Audit & Supervisory Board members are appointed to ensure management transparency and to supervise and audit the Company as a whole.

Board of directors

The Board of Directors is comprised of six directors that meet once a month in principle. Meetings of the Board of Directors are attended by directors and Audit & Supervisory Board members, who make decisions on legal and regulatory matters as well as important matters set forth in the bylaws governing the Board of Directors. The Board of Directors is also responsible for supervising and overseeing business execution. UNITED ARROWS LTD. has developed a framework conducive to efficient business execution, with the Board of Directors holding extraordinary meetings whenever necessary, and directors meeting individually to discuss matters when required.

In June 2013, Gaku Ishiwata joined the Board of Directors as an independent outside director. He is an attorney-at-law who specializes in corporate governance. In June 2015, Hidehiko Nishikawa also joined as an additional independent outside director given his wealth of experience in the fashion and retailing industries as well as his wide-ranging knowledge gained as a university professor. The Company is further strengthening its administrative and monitoring functions by maintaining two independent outside directors.

Outline of the corporate governance framework

Organizational format	Company with a corporate auditor system
Chairman of the Board of Directors	Representative Director, President and CEO
Number of directors	Six (including two outside directors)
Number of Audit & Supervisory Board members	Three (comprising three outside Audit & Supervisory Board members)
Independent officers	Two outside directors and three outside Audit & Supervisory Board members
Average age	49.6 years
Number of Board of Directors' meetings held during the fiscal year ended March 31, 2015	18
Number of Audit & Supervisory Board's meetings held during the fiscal year ended March 31, 2015	13

Audit & supervisory board

The Audit & Supervisory Board is comprised of three outside Audit & Supervisory Board members. All Audit & Supervisory Board members are designated as independent officers. In principle, the Audit & Supervisory Board meets once a month to determine auditing policies in accordance with the regulations of the Audit & Supervisory Board. The Audit & Supervisory Board serves as a forum to which reports prepared by Audit & Supervisory Board members, directors, and the accounting auditor are submitted. Drawing from these reports, the Audit & Supervisory Board compiles audit reports. Each Audit & Supervisory Board member attends meetings of the Board of Directors as well as all other important meetings. Audit & Supervisory Board members also collaborate closely with the Internal Auditing Office, which reports directly to the President, placing particular emphasis on ensuring business process efficiency and the integrity of the Company's risk management. Audit & Supervisory Board members serve as the conduit that facilitates the common sharing of audit results between stores, departments, and Group companies.

Audit & Supervisory Board members Yukari Sakai and Yoshiyuki Yamakawa, who come from a corporate governance background, and Audit & Supervisory Board member Hironari Hashioka, an attorney-at-law specializing in corporate legal affairs, audit and supervise operations to ensure the fairness and integrity of decision making by the Board of Directors.

Executive officer system

UNITED ARROWS LTD. adopted an executive officer system in July 2008. To allow the Board of Directors to concentrate on decision making with respect to important matters relating to business operations and to supervise and oversee the execution of business activities, executive officers are appointed to assume responsibility for the executive function. Substantial authority is delegated by the Board of Directors to allow executive officers to carry out their duties in a timely fashion. At the same time, steps are being taken to bolster the decision-making and supervisory functions of the Board of Directors.

Policy on determining directors' compensation

Directors' compensation consists of basic compensation in the form of a fixed monthly salary and a bonus linked to performance in any given fiscal year. The Board of Directors decides the total amount of bonuses and sets a director compensation table based on managerial ranking.

Total amount of compensation and other benefits paid to directors and Audit & Supervisory Board members for the fiscal year ended March 31, 2015

Officer category	Number of officers to whom compensation and other benefits were paid	Total amount of compensation and other benefits paid (millions of yen)	Total amount of compensation and other benefits paid by type of payment (millions of yen)			
			Basic compensation	Stock options	Bonus	Retirement benefit allowance
Directors (excluding outside directors)	5	564	161	—	93	309
Independent officers	4	31	31	—	—	—

Basic compensation

Basic compensation is determined in reference to industry levels and the outcome of a survey of director compensation conducted by an external survey organization. Basic compensation includes a treasury stock acquisition-type compensation system that entails contributions covering a portion of compensation payable to the officer stock ownership association. The rationale for strengthening the link between directors' compensation and the share price is to raise their awareness of actions that lead to higher corporate value.

Bonuses

The total amount of bonuses is determined following a comprehensive evaluation of management indicators such as operating cash flow and ROE, in addition to progress made toward achieving initial earnings forecasts in any given fiscal year, with a particular emphasis placed on consolidated ordinary income. Bonuses paid to directors comprise a preset standard amount for each managerial rank plus a performance-based amount. It is set up this way so that a higher ranking on the director compensation table receives a higher bonus coefficient (ratio of bonus to the total amount of basic compensation and bonus), with the objective of strengthening the commitment of the directors to achieving business targets in any given fiscal year. In principle, bonuses are forfeited if consolidated ordinary income falls below the initial forecast by a certain amount.

Long-term incentives

UNITED ARROWS LTD. may implement long-term incentives with the aim of increasing the commitment of management to achieving long-term success, such as goals in its long-term vision.

2. Internal control system

UNITED ARROWS LTD. has put in place an internal control system in order to establish the operating framework required to carry out its Company Policy. In putting in place this system, the Company has recognized the importance of nurturing a corporate culture in which all employees are encouraged to offer their opinions irrespective of individual responsibilities and roles, and ensuring that these opinions are reflected in the Company's activities as appropriate. Based on this understanding, all directors and employees consistently carry out their duties with a strong sense of ambition and the desire to improve themselves.

UNITED ARROWS LTD. has established the Risk Management and Compliance Committee, chaired by the President, as an organization charged to deliberate on the risks and important compliance issues faced by the Company, and to consider appropriate countermeasures based on information compiled by the General Affairs & Legal Department on the status of activities of each division. A system has also been put in place to clarify the scope of responsibility and

settlement authority for each department and duty with respect to employees and the execution of their duties. This also entails appropriate supervision and requirements regarding reporting. In addition, the Internal Auditing Office, comprised of five members reporting directly to the President, regularly conducts audits of stores and departments to assess whether business execution is being carried out in compliance with laws and regulations and the Articles of Incorporation, as well as in accordance with internal Company rules.

Compliance

Code of conduct and compliance manual

In order to fulfill its Company Policy, UNITED ARROWS LTD. clarifies how it expects its employees to act while executing their duties in the UNITED ARROWS LTD. Code of Conduct. The Company has also created the Compliance Manual featuring a compilation of scenarios and solutions to compliance issues that may arise as employees perform their daily duties.

Enlightened compliance

Along with the expansion of business scope in recent years, the number of brands handled and suppliers has been on the rise, leading to an increase in the frequency of inquiries made from each department to the Administration & Legal Department for advice about trademarks and other aspects of intellectual property law. We have therefore been holding study sessions on topics of interest, including the Act against Unjustifiable Premiums and Misleading Representations, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, Intellectual Property Law, and Product Liability Law. Moreover, the Customer Service Center and the Quality Control Office take the lead in efforts to reduce the number of defective products by providing feedback to upstream manufacturers about the opinions and complaints received concerning merchandise. Training is also given to staff responsible for products to enlighten them of the situation. Sharing specific examples of how staff at the Customer Service Center interacts with customers also helps improve awareness of quality issues that can arise.

Internal whistleblower system

UNITED ARROWS LTD. has an internal whistleblower system whereby an employee can anonymously contact an external organization if they discover suspect behavior from a compliance standpoint. The Internal Auditing Office serves as the contact point for the system, and designates an individual responsible for the investigation depending on the particulars of each case to perform any necessary investigations. The whistleblower is treated anonymously to preclude any repercussions.

Risk management

The secretariat for the Risk Management and Compliance Committee is responsible for formulating action plans for risk management, seeking approval for the action plans from the committee, and reporting the results of the action plans to the committee. To identify specific risks, a risk management survey is completed once a year by deputy department managers and higher-level managers. The results of the survey are reported to directors and the general managers of each division, and meetings are held about the analysis of the results with these general managers. The information is then shared with the Corporate Planning Department for mutual consultation on ways to reinforce responsiveness to various risks. A PDCA cycle for managing risk is then implemented, such as by breaking down risks to the department level and working to come up with solutions to issues.

3. Management control system

Clarification of revenue responsibility and key performance indicator management

The Company conducts the profit and loss management of all its directly operated stores on an individual basis and clarifies the revenue responsibility of each business. The latter is undertaken by controlling the actual profit and loss that each business (store brand) has built up against forecasts. The Company sets numerical targets for such key performance indicators (KPIs) such as net sales, product sales rate, product ROI, and purchase rate; numerical targets are also set for divisions and stores as well as for employees to achieve the KPI targets. In addition, the Company undertakes progress management on a daily, weekly, monthly, seasonal, and annual basis against achievement status and other benchmarks. UNITED ARROWS LTD. is building a framework to achieve Companywide business targets by having individuals, stores, and divisions achieve their respective targets.

Clarification of investment criteria, store closure criteria

When making new investments in sales facilities or undertaking large-scale renovations with a view to beneficially utilizing the cash obtained as a result of its business activities, the Company calculates the return of investment fiscal year, which takes into account the capital cost set by the Company, the net present value (NPV) of expected net cash flows, and the internal rate of return (IRR). The Company makes its investment decisions on the condition that Company-set hurdle rates are exceeded.

In cases where it is expected to be impossible for a new business to turn a single fiscal year profit in three years and cover all accumulated losses in five years, Companywide backup is provided toward an improvement in profitability. Should there be no possibility of an improvement, an assessment is made regarding withdrawal from that business. The Company has worked to improve its profitability by withdrawing 10 underperforming brands out of the 22 brands deployed since the fiscal year ended March 31, 2008 that experienced a downturn in business performance over a period of three years.

4. Investor relations

Proactive approach to investor relations

Since its founding, UNITED ARROWS LTD. has aimed to be a publicly held company that is open to society. Since the time of its initial public offering to today, the Company has proactively engaged in investor relations activities for shareholders and investors inside and outside of Japan. UNITED ARROWS LTD. holds earnings announcement meetings every quarter for analysts and institutional investors, holds an average of 300 or so separate investor meetings each year for investors in Japan and overseas, arranges around 10 small meetings with the President, and gives tours of its facilities.

UNITED ARROWS LTD. makes concerted efforts to ensure management transparency by setting a disclosure policy and maintaining a framework for the timely disclosure of information.

Disclosure policy
www.united-arrows.co.jp/en/ir/strategy/disclosure.html

Open-ended shareholders' meetings

UNITED ARROWS LTD. strives to send out convocation notices as quickly as possible for the purpose of having livelier shareholders' meetings. For the 26th General Meeting of Shareholders, held on June 23, 2015, convocation notices were mailed on June 1, approximately three weeks before the meeting was held. Moreover, a convocation notice was posted on the Company's IR and the Tokyo Stock Exchange web sites approximately four weeks prior to the meeting with the aim of making this information available as early as possible.

The times and dates of shareholders' meetings are purposely set to avoid coinciding with days that have a concentration of other meetings and held during the evening hours on weekdays to be more accessible to individual shareholders. Social gatherings are also organized to facilitate interaction between shareholders and the Company's directors as a part of efforts to hold open-ended shareholders' meetings. This year's meeting was attended by 620 people and lasted 54 minutes, and six individuals asked a total of nine questions.

External appraisal of our corporate activities and investor relations

The Company was awarded the IR Grand Prix Award by the Japan Investor Relations Association (JIRA) in fiscal 2014.



The IR Grand Prix Award is designed to recognize those companies that have achieved successful results and gained the support of the investment community for their strong understanding of and proactive efforts to promote investor relations. Of the members of JIRA, 261 publicly traded companies applied for screening in the 2014 IR Grand Prix Award. Of these companies, a total of 14 companies were selected to receive awards, including UNITED ARROWS LTD. and one other company for the IR Grand Prix Award, five for the Best IR Award, five for the IR Special Award, and two for the IR Award for Small to Medium Capitalization Companies. It was the first time for UNITED ARROWS LTD. to be awarded the IR Grand Prix Award. This IR Grand Prix Award is

presented to companies that have previously received the Best IR Award on two occasions and received an evaluation that equates to a third award. In addition, the Company has won JIRA IR honors on four other occasions. Specifically, UNITED ARROWS LTD. won the IR Award for Small to Medium Capitalization Companies in 2002, the Best IR Award in 2003 and 2005, and the IR Special Award in 2013. JIRA awarded the IR Grand Prix Award to UNITED ARROWS LTD. for maintaining a high level of IR activities—with special recognition given to its efforts to constantly implement improvements to its activities—its effort in terms of both the quality and volume of disclosure; and management aggressively maintaining dialogs with investors about its operations. Winning the award has again boosted the reputation of the Company's investor relations activities.

5. Measures to prevent a hostile takeover

UNITED ARROWS LTD. has adopted measures to prevent hostile takeovers for the dual purpose of protecting and enhancing corporate value as well as returns to shareholders. Under the plan adopted, entities seeking to acquire 20% or more of the Company's issued and outstanding stock are required to provide certain information in advance and to follow a defined set of prerequisite procedures to ensure the protection outlined above. After completing all appropriate and necessary steps, the entity seeking to acquire the Company's shares may proceed only when the Company's Board of Directors decides not to invoke the plan. To avoid the possibility of an arbitrary decision by the Board of Directors to put in place countermeasures to prevent an entity from acquiring the Company's shares, the Independent Committee, comprised solely of outside Audit & Supervisory Board members and other independent parties, is established to examine the decision from an objective perspective.

The purpose and role of the Independent Committee is not to impair profits attributable to shareholders or to protect the status and standing of directors. Its sole function is to ensure the fairness and integrity of decisions and by extension to protect the Company's corporate value and returns to shareholders.



Gaku Ishiwata

Outside Director

Attorney-at-Law
Appointed as an Outside Director
in June 2013

Message from an outside director

I am committed to fulfilling my role as an outside director by ensuring that shareholders' perspectives are incorporated into the Company's management.

Through my participation in meetings of the Board of Directors, I strive to provide specialist advice across a wide range of fields including compliance and corporate governance in connection with the Company's capital policies as well as legal and other affairs. In this regard, I see myself as representing the interests of shareholders and therefore work to ensure that management is held accountable for its decisions and actions. In the fiscal year ended March 31, 2015, UNITED ARROWS LTD. reported an increase in revenue and a decrease in earnings. As an outside director, I feel obligated to check and assess the validity of issues identified by the Company from each of the short-, medium-, and long-term perspectives and to monitor the progress and success of initiatives implemented to address the issues identified. Focusing on one particular management issue identified under the Company's Long-Term Vision, namely the goal to achieve and maintain a consolidated ROE of 20% or more, I believe that the decision by the Company to acquire its own shares was appropriate as a clear indication to the market of its stance toward management goals.

From a corporate governance perspective, Hidehiko Nishikawa was appointed as an independent outside director from June 2015. By increasing the number of independent outside directors to two, UNITED ARROWS LTD. has taken positive steps to further enhance the Company's oversight function. With the introduction of Japan's Corporate Governance Code in June 2015, I will continue to offer my opinion and provide advice in an effort to reinforce the Company's management platform. I will also endeavor to further enhance the Company's corporate value over the medium and long term.



Hidehiko Nishikawa

Outside Director

Professor, Faculty of Business
Administration, Hosei University
Vice President,
Japan Marketing Academy
Appointed as an Outside Director
in June 2015

Message from the newly appointed outside director

I hope to contribute by increasing the efficiency of operations and management while reinforcing the governance function by drawing on my knowledge and bringing to the table an external perspective.

Before engaging in research, I spent many years working for an apparel company. I was therefore familiar with several members of the Company's management. At that time, and while involved in the start-up of a new SPA-type business, I was fortunate to receive a number of helpful hints through discussions with Mr. Shigematsu, Honorary Chairman of UNITED ARROWS LTD. On a personal note, I have long been a fan of the UA brand and held a deep respect for the Company's corporate culture. It was therefore with a great deal of pleasure that I accepted the appointment as an outside director.

I am currently involved in marketing research and am focusing on the concept of user innovation through which consumer ideas are used to generate new products. My work entails putting in place theories that can be used by frontline corporate management. At the same time, I am involved in a large number of research laboratory planning proposals as well as the development of products and continue to gather cutting-edge information across a broad cross-section of industries. Drawing on this knowledge, I plan to offer my advice from both an independent and external perspective and to contribute to increasing the efficiency of operations and management while reinforcing the governance function.

UNITED ARROWS LTD. has a corporate culture that places the utmost importance on its customers, shareholders, business partners, and employees and a deep-seated passion toward its brand. As a Creative Merchant, I expect the Company will continue to create value for its customers. In moving forward, I will work diligently to support the Company in its efforts to further enhance shareholder value and to fulfill the expectations of all stakeholders.

Board of Directors and Audit & Supervisory Board Members

as of July 1, 2015



From the left:
Nishikawa, Higashi, Fujisawa, Takeda, Koizumi, Ishiwata

Mitsuhiro Takeda

Representative Director, President and CEO

Maintaining direct control of all businesses, President Takeda realizes "maximum satisfaction to each customer on each occasion" by making rapid management decisions on business operations.

1986. 4 Joined Kanematsu-Gosho, Ltd. (currently KANEMATSU TEXTILE CORPORATION)
2004. 4 General Manager, Europe and the U.S. Import Products Department, KANEMATSU TEXTILE CORPORATION
2005. 9 Joined the Company
2006. 7 Became General Manager, Brand Business Division / Department Manager, Brand Business Department of the Company
2008. 7 Became Senior Executive Officer / General Manager, Business Development Division of the Company
2010. 4 Became Senior Executive Officer / General Manager, Business Unit I / General Manager, Brand Business Division of the Company
2010. 6 Became Director, Executive Managing Officer / General Manager, Business Unit I / General Manager, Brand Business Division of the Company
2011. 4 Became Director, Senior Executive Vice President / General Manager, Business Unit I / General Manager, Brand Business Division of the Company
2012. 4 Became Representative Director, President and Executive Officer of the Company
2014. 6 Became Representative Director, President and CEO of the Company (current)

Masami Koizumi

Director, Executive Vice President

In charge of the Administration Division and the Investor Relations Office

He is responsible for business administration, corporate governance, and compliance, and is strengthening administrative foundations companywide.

1995. 7 Joined the Company
2000. 4 Became Department Manager, Finance and Accounting Department of the Company
2004. 12 Became Auditor of Netprice, Ltd.
2006. 6 Became Director of the Company
2007. 7 Became Director / General Manager, Administration Division / Department Manager, Finance and Accounting Department of the Company
2008. 4 Became Director / General Manager, Administration Division of the Company
2008. 7 Became Director, Executive Managing Officer / General Manager, Administration Division of the Company
2012. 4 Became Director, Executive Vice President / General Manager, Administration Division, responsible for Plan Management Office of the Company
2014. 4 Became Director, Executive Vice President / General Manager, Administration Division, responsible for Investor Relations Office of the Company
2015. 4 Became Director, Executive Vice President, responsible for the Administration Division and the Investor Relations Office of the Company (current)

Gaku Ishiwata

Outside Director

He is an attorney-at-law well-versed in corporate governance, capital policies, and M&A activities in Japan and overseas. We expect he will leverage his abundant knowledge and experience to help strengthen the Company's corporate governance and compliance framework.

1997. 4 Registered with the Daini Tokyo Bar Association as an attorney-at-law; joined Mori Sogo Law Offices (currently, Mori Hamada & Matsumoto)
2001. 9 – 2002. 8 Worked at Davis Poll & Wardwell, New York
2002. 6 Registered with the New York State Bar Association
2004. 9 Became member of the Corporate Value Study Group organized by Japan's Ministry of Economy, Trade and Industry
2005. 1 Became partner at Mori Hamada & Matsumoto (current)
2005. 7 Became member of the First Subcommittee of Sectional Committee on Financial System of Financial System Council
2007. 4 Became part-time lecturer at Kyoto University Law School (current)
2008. 6 Became External Board Member of XEBTO CO., LTD. (current)
2010. 4 Became member of the Liaison Conference on Corporate Governance organized by Financial Services Agency
2013. 6 Became Outside Director of UNITED ARROWS LTD. (current)

Mitsunori Fujisawa

Director, Executive Vice President

In charge of the Supply Chain Management Division and the Business Support Division

He is responsible for solving problems within business divisions, upgrading infrastructure, and supporting business operations.

1990. 3 Joined the Company
2005. 10 Became General Manager, Green Label Relaxing Division of the Company
2008. 7 Became Senior Executive Officer / General Manager, Green Label Relaxing Division of the Company
2010. 4 Became Senior Executive Officer / General Manager, Business Unit II / General Manager, Green Label Relaxing Division of the Company
2010. 6 Became Director, Executive Managing Officer / General Manager, Business Unit II / General Manager, Green Label Relaxing Division of the Company
2011. 4 Became Director, Executive Vice President / General Manager, Business Unit II, responsible for Channel Development Division of the Company
2014. 4 Became Director, Executive Vice President / General Manager, Business Unit II, responsible for Outlet Division of the Company
2015. 7 Became Director, Executive Vice President, responsible for the Supply Chain Management Division and the Business Support Division of the Company (current)

Hiroyuki Higashi

Director, Executive Managing Officer

In charge of the Corporate Strategy Division

He is responsible for business planning and development, overseas expansion, and human resource organizational development. He implements strategic, medium-term initiatives.

1988. 4 Joined World Co., Ltd.
1996. 3 Joined the Company as Section Manager, Human Resources Section, President's Office
2000. 4 Became Department Manager, Human Resources Department / Department Manager, Corporate Strategy Department of the Company
2004. 8 Became Deputy General Manager, Business Management Division / Group Manager, Corporate Strategy Group of the Company
2005. 10 Became Manager, President's Office / Section Manager, Corporate Planning Section of the Company
2006. 7 Became Deputy General Manager, United Arrows Division of the Company
2008. 4 Became General Manager, United Arrows Division of the Company
2008. 7 Became Senior Executive Officer / General Manager, United Arrows Division of the Company
2012. 4 Became Senior Executive Officer / General Manager, Business Unit I of the Company
2012. 6 Became Director, Executive Managing Officer / General Manager, Business Unit I of the Company
2015. 7 Became Director, Executive Managing Officer, responsible for the Corporate Strategy Division of the Company (current)

Hidehiko Nishikawa

Outside Director

He has a wealth of experience in the fashion and retailing industries, and as a university professor he will leverage his abundant experience and knowledge to promote sound and efficient operations.

1985. 4 Joined World Co., Ltd.
2000. 7 Became Manager, Business and Operation divisions of MUJI.net Co., Ltd.
2001. 4 Became Director of MUJI.net Co., Ltd.
2005. 4 Became Assistant Professor, College of Business Administration, Ritsumeikan University
2007. 4 Became Associate Professor, College of Business Administration, Ritsumeikan University
2008. 4 Became Professor, College of Business Administration, Ritsumeikan University
2010. 4 Became Professor, Faculty of Business Administration, Hosei University (current)
2012. 8 Became Vice President of Japan Marketing Academy (current)
2015. 4 Became Director, Graduate School of Business Administration, Hosei University (current)
2015. 6 Became Outside Director of UNITED ARROWS LTD. (current)



Yukari Sakai

Standing Outside Audit & Supervisory Board Member

1991. 4 Joined Nomura Securities Co., Ltd.
1999. 9 Participated in establishment of capital.com Co., Ltd. (currently e-Research JAPAN Inc.)
2001. 5 Participated in establishment of Corporate Tune Co., Ltd.
2005. 1 Became Director of Corporate Tune Co., Ltd.
2005. 6 Became Standing Outside Audit & Supervisory Board Member of UNITED ARROWS LTD. (current)
2008. 6 Became Outside Auditor of Reprocell Inc. (current)
2013. 9 Became Outside Auditor of Beauty Kadan Co., Ltd. (current)



Yoshiyuki Yamakawa

Outside Audit & Supervisory Board Member

1986. 4 Joined Nippon Life Insurance Company
2004. 9 Joined Sosei Co., Ltd.; appointed as Representative Director and Vice President
2006. 12 Established HIBIKI Partners Co., Ltd.; appointed as Representative Director, CEO (current)
2007. 6 Became Outside Audit & Supervisory Board Member of UNITED ARROWS LTD. (current)
2008. 6 Became Outside Director of Reprocell Inc. (current)
2014. 2 Became Outside Director of Adventure, Inc. (current)
2014. 3 Became Director of D. Western Therapeutics Institute, Inc. (current)



Hironari Hashioka

Outside Audit & Supervisory Board Member

1991. 4 Joined Sumitomo Bank Co., Ltd. (currently Sumitomo Mitui Banking Corporation)
1998. 4 Registered as attorney-at-law
2004. 9 Became Outside Director of Golf Digest Online Inc. (current)
2007. 6 Became Outside Audit & Supervisory Board Member of UNITED ARROWS LTD. (current)
2011. 6 Became Outside Auditor of AP company (current); became Outside Auditor of TRENIDERS, Inc. (current)
2014. 6 Became Outside Auditor of 1-FREE HOLDINGS INC. (current)

Eleven-Year Summary

UNITED ARROWS LTD. and consolidated subsidiaries

fiscal year ended March 31	millions of yen											thousands of U.S. dollars
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015
Net sales / YOY (%)	46,330 / 108.0	53,813 / 116.2	60,959 / 113.3	72,221 / 118.5	79,665 / 110.3	83,504 / 104.8	90,571 / 108.5	102,052 / 112.7	115,041 / 112.7	128,489 / 111.7	131,029 / 102.0	1,081,369
Gross profit / Composition ratio (%)	24,636 / 53.2	29,018 / 53.9	33,072 / 54.3	36,891 / 51.1	40,647 / 51.0	42,865 / 51.3	48,001 / 53.0	55,661 / 54.5	62,619 / 54.4	68,492 / 53.3	68,046 / 51.9	561,581
Selling, general and administrative expenses / Composition ratio (%)	18,555 / 40.1	21,355 / 39.7	25,721 / 42.2	31,960 / 44.3	36,327 / 45.6	37,922 / 45.4	40,617 / 44.8	45,468 / 44.6	50,056 / 43.5	54,842 / 42.7	56,695 / 43.3	467,901
Operating income / Composition ratio (%)	6,080 / 13.1	7,663 / 14.2	7,350 / 12.1	4,930 / 6.8	4,319 / 5.4	4,942 / 5.9	7,384 / 8.2	10,193 / 10.0	12,562 / 10.9	13,649 / 10.6	11,351 / 8.7	93,679
Ordinary income / Composition ratio (%)	6,037 / 13.0	7,639 / 14.2	7,337 / 12.0	5,017 / 6.9	4,283 / 5.4	5,037 / 6.0	7,240 / 8.0	10,272 / 10.1	12,582 / 10.9	13,739 / 10.7	11,542 / 8.8	95,262
Net income / Composition ratio (%)	3,476 / 7.5	4,076 / 7.6	3,511 / 5.8	3,800 / 5.2	1,274 / 1.6	1,403 / 1.7	3,596 / 4.0	5,016 / 4.9	7,316 / 6.4	7,920 / 6.2	6,332 / 4.8	52,259
Total assets / Turnover (times)	27,648 / 1.7	35,334 / 1.5	38,132 / 1.6	43,362 / 1.7	46,821 / 1.7	46,163 / 1.8	45,716 / 2.0	51,278 / 2.0	54,395 / 2.1	59,296 / 2.2	62,020 / 2.1	511,845
Total net assets	18,812	14,565	17,635	22,711	23,004	23,327	15,103	19,291	25,403	31,532	31,186	257,379
Inventory / Turnover (times) ¹¹	10,216 / 4.7	10,959 / 5.1	14,258 / 4.8	17,043 / 4.6	18,681 / 4.5	16,903 / 4.7	15,867 / 5.5	15,753 / 6.5	17,480 / 6.9	20,372 / 6.8	23,474 / 6.0	193,731
Interest-bearing debt	1,180	10,183	8,246	7,416	11,899	7,748	16,132	10,114	7,773	5,081	10,500	86,655
Cash flows from operating activities	4,122	6,596	1,801	456	1,286	7,933	6,923	12,081	5,238	6,828	4,730	39,039
Cash flows from investing activities	(738)	(3,423)	(4,198)	(946)	(4,373)	(1,992)	(2,069)	(2,711)	(3,528)	(3,072)	(3,249)	(26,813)
Cash flows from financing activities	(1,180)	648	(2,281)	493	3,434	(5,202)	(3,443)	(6,875)	(3,533)	(4,472)	(1,328)	(10,967)
Cash and cash equivalents	3,827	7,650	2,971	2,975	3,322	4,061	5,471	7,966	6,142	5,429	5,585	46,092
Capital expenditures ²	1,072	1,250	2,389	2,954	3,604	1,415	4,254	2,576	2,809	3,419	2,453	20,248
Depreciation	517	557	642	883	1,258	1,209	1,363	1,416	1,518	1,711	1,801	14,863
Return on investment (ROI) (%) ³	32.9	31.0	30.5	18.4	12.6	16.8	20.9	38.1	42.1	41.1	27.7	
Equity ratio (%)	68.0	41.2	46.2	52.4	49.1	50.5	33.0	37.6	46.7	53.2	50.3	
Debt equity ratio (%) ⁴	47.0	142.6	116.2	90.9	103.5	97.9	202.7	165.8	114.1	88.0	98.9	
Return on equity (ROE) (%)	20.2	28.0	21.8	18.8	5.6	6.1	18.7	29.2	32.7	27.8	20.2	
Return on assets (ROA) (%)	23.3	21.6	20.0	12.3	9.5	10.8	15.8	21.2	23.8	24.2	19.0	
Dividend payout ratio (%)	10.3	10.9	11.8	27.6	82.8	84.2	29.9	22.7	23.0	26.9	39.1	
Dividends per share (DPS) (yen / dollar)	16.00	20.00	10.00	25.00	25.00	28.00	29.00	36.00	53.00	67.00	78.00	0.64
Earnings per share (EPS) (yen / dollar)	154.90	183.99	84.98	90.59	30.19	33.26	97.02	158.74	230.80	248.80	199.53	1.65
Book value per share (BPS) (yen / dollar)	851.00	702.65	426.33	538.09	545.02	552.68	478.39	609.66	799.65	990.22	1,019.68	8.42
Number of stores	76	97	124	150	183	196	207	237	271	315	334	
Number of employees	752	901	1,166	2,361	2,781	2,783	2,792	3,033	3,309	3,652	3,863	

¹ Figures are shown in terms of millions of yen with amounts less than this unit omitted. For convenience only, U.S. dollar figures have been calculated at the rate of exchange on March 31, 2015, of ¥121.17=U.S.\$1.

² The Company's accounts were presented on a consolidated basis from the fiscal year ended March 31, 2006.

³ In April 2006, a 1:2 stock splits was conducted.

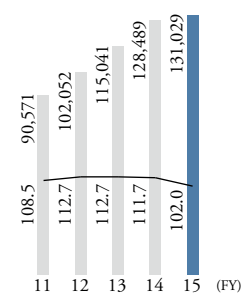
⁴ Inventory turnover = Net sales ÷ Inventory (yearly average)

⁵ In the year ended March 31, 2011, Capital expenditures includes change in asset retirement obligations fee of ¥1,619 million due to application of a new accounting standard regarding asset retirement obligations.

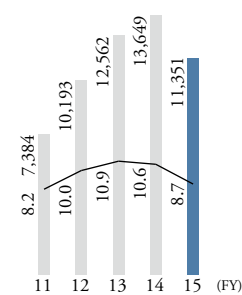
⁶ Return on investment = (Ordinary income + Interest expenses) ÷ (Interest-bearing debt + Shareholders' equity (yearly average)) × 100

⁷ Debt equity ratio = (Current liabilities + Noncurrent liabilities) ÷ Shareholders' equity × 100

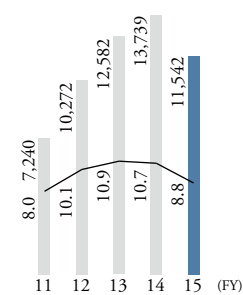
Net sales / YOY
millions of yen / %



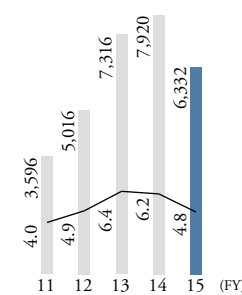
Operating income / Composition ratio
millions of yen / %



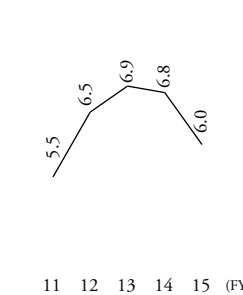
Ordinary income / Composition ratio
millions of yen / %



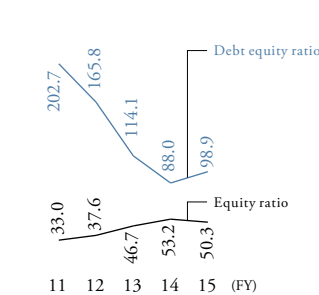
Net income / Composition ratio
millions of yen / %



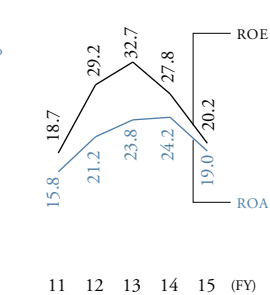
Inventory turnover¹¹
times



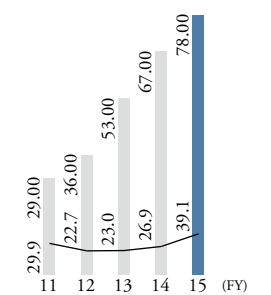
Equity ratio / Debt equity ratio⁴
%



ROE / ROA
%



DPS / Dividend payout ratio
yen / %



Consolidated Balance Sheets

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2014 and 2015

fiscal year ended March 31	millions of yen		thousands of U.S. dollars
	2014	2015	2015
Assets			
Current assets			
Cash and deposits	5,633	5,801	47,877
Notes and accounts receivable-trade	245	209	1,729
Merchandise	20,026	22,984	189,686
Supplies	345	490	4,045
Accounts receivable-other	9,904	9,725	80,259
Deferred tax assets	1,816	1,359	11,218
Other	823	871	7,190
Allowance for doubtful accounts	(3)	(2)	(21)
Total current assets	38,791	41,438	341,984
Noncurrent assets			
Tangible noncurrent assets			
Buildings and structures	16,802	17,638	145,565
Accumulated depreciation and accumulated impairment loss	(9,182)	(10,390)	(85,753)
Buildings and structures (net)	7,620	7,247	59,811
Land	569	569	4,703
Construction in progress	106	108	894
Other	4,208	4,537	37,444
Accumulated depreciation and accumulated impairment loss	(3,110)	(3,405)	(28,104)
Other (net)	1,097	1,131	9,339
Total tangible noncurrent assets	9,394	9,057	74,749
Intangible noncurrent assets			
Other	1,746	1,685	13,908
Total intangible noncurrent assets	1,746	1,685	13,908
Investments and other assets			
Investment securities	213	226	1,865
Guarantee deposits	7,422	7,807	64,436
Deferred tax assets	625	643	5,307
Other	1,128	1,184	9,774
Allowance for doubtful accounts	(26)	(21)	(180)
Total investments and other assets	9,363	9,839	81,204
Total noncurrent assets	20,504	20,582	169,861
Total assets	59,296	62,020	511,845

fiscal year ended March 31	millions of yen		thousands of U.S. dollars
	2014	2015	2015
Liabilities			
Current liabilities			
Notes and accounts payable-trade	9,155	7,896	65,166
Short-term loans payable	4,400	4,500	37,137
Current portion of long-term loans payable	681	2,004	16,538
Accounts payable-other	4,307	4,034	33,293
Income taxes payable	3,421	1,263	10,431
Provision for bonuses	1,970	1,548	12,775
Provision for directors' bonuses	103	11	98
Provision for directors' retirement benefits	309	—	—
Asset retirement obligations	38	131	1,088
Other	732	2,711	22,378
Total current liabilities	25,120	24,101	198,909
Noncurrent liabilities			
Long-term loans payable	—	3,996	32,978
Asset retirement obligations	2,631	2,723	22,479
Other	11	12	99
Total noncurrent liabilities	2,642	6,731	55,556
Total liabilities	27,763	30,833	254,466
Net assets			
Shareholders' equity			
Capital stock	3,030	3,030	25,006
Capital surplus	4,095	4,095	33,800
Retained earnings	30,517	34,716	286,509
Treasury stock	(6,119)	(10,734)	(88,589)
Total shareholders' equity	31,523	31,107	256,727
Accumulated other comprehensive income			
Other valuation adjustments on securities	7	31	259
Deferred gains or losses on hedges	(1)	41	341
Forex adjustment account	3	6	50
Total accumulated other comprehensive income	9	79	652
Total net assets	31,532	31,186	257,379
Total liabilities and net assets	59,296	62,020	511,845

Consolidated Statements of Income

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2014 and 2015

fiscal year ended March 31	millions of yen		thousands of U.S. dollars
	2014	2015	2015
Net sales	128,489	131,029	1,081,369
Cost of sales	59,997	62,982	519,787
Gross profit	68,492	68,046	561,581
Selling, general and administrative expenses	54,842	56,695	467,901
Operating income	13,649	11,351	93,679
Non-operating income			
Interest income	1	1	9
Dividend income	0	8	66
Insurance dividend	32	33	277
Foreign exchange gains	—	41	339
Rent income	36	39	325
Purchase discounts	49	43	360
Fee and commission received	35	27	229
Other	91	132	1,089
Total non-operating income	246	326	2,697
Non-operating expenses			
Interest expenses	54	38	317
Foreign exchange loss	33	—	—
Rent expenses	23	34	288
Commission fees	0	8	68
Other	45	53	440
Total non-operating expenses	157	135	1,115
Ordinary income	13,739	11,542	95,262
Extraordinary profit			
Gain on sales of noncurrent assets	1	19	159
Compensation for relocation	39	—	—
Total extraordinary profit	40	19	159
Extraordinary loss			
Impairment loss	438	931	7,689
Loss on valuation of investment securities	—	22	183
Other	66	112	931
Total extraordinary loss	505	1,066	8,804
Income before income taxes	13,274	10,495	86,617
Income taxes-current	5,491	3,756	31,000
Income taxes-deferred	(137)	406	3,358
Total income taxes	5,354	4,163	34,358
Income before minority interests	7,920	6,332	52,259
Net income	7,920	6,332	52,259

Consolidated Statements of Comprehensive Income

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2014 and 2015

fiscal year ended March 31	millions of yen		thousands of U.S. dollars
	2014	2015	2015
Income before minority interests	7,920	6,332	52,259
Other comprehensive income			
Other valuation adjustments on securities	20	23	197
Deferred gains or losses on hedges	(33)	42	354
Forex adjustment account	3	2	23
Total other comprehensive income	(9)	69	576
Comprehensive income	7,910	6,402	52,835
(Breakdown)			
Comprehensive income attributable to owners of the parent	7,910	6,402	52,835
Comprehensive income attributable to minority interests	—	—	—

Consolidated Statements of Changes in Net Assets

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2014 and 2015

fiscal year ended March 31	Shareholders' equity					Accumulated other comprehensive income					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other valuation adjustments on securities	Deferred gains or losses on hedges	Forex adjustment account	Total accumulated other comprehensive income		
Balance as of March 31, 2013	3,030	4,095	24,456	(6,197)	25,384	(12)	31	—	18	25,403	
Cash dividends paid by distribution of retained earnings			(1,844)		(1,844)					(1,844)	
Net income			7,920		7,920					7,920	
Purchase of treasury stock				(0)	(0)					(0)	
Disposal of treasury stock			(15)	77	62					62	
Net changes in items other than shareholders' equity						20	(33)	3	(9)	(9)	
Net change during the year			6,061	77	6,138	20	(33)	3	(9)	6,128	
Balance as of March 31, 2014	3,030	4,095	30,517	(6,119)	31,523	7	(1)	3	9	31,532	
Cash dividends paid by distribution of retained earnings			(2,133)		(2,133)					(2,133)	
Net income			6,332		6,332					6,332	
Purchases of treasury stock				(4,614)	(4,614)					(4,614)	
Net changes in items other than shareholders' equity						23	42	2	69	69	
Net change during the year			4,198	(4,614)	(415)	23	42	2	69	(345)	
Balance as of March 31, 2015	3,030	4,095	34,716	(10,734)	31,107	31	41	6	79	31,186	

fiscal year ended March 31	Shareholders' equity					Accumulated other comprehensive income					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other valuation adjustments on securities	Deferred gains or losses on hedges	Forex adjustment account	Total accumulated other comprehensive income		
Balance as of March 31, 2014	25,006	33,800	251,858	(50,506)	260,158	61	(12)	26	75	260,234	
Cash dividends paid by distribution of retained earnings			(17,607)		(17,607)					(17,607)	
Net income			52,259		52,259					52,259	
Purchases of treasury stock				(38,082)	(38,082)					(38,082)	
Net changes in items other than shareholders' equity						197	354	23	576	576	
Net change during the year			34,651	(38,082)	(3,431)	197	354	23	576	(2,854)	
Balance as of March 31, 2015	25,006	33,800	286,509	(88,589)	256,727	259	341	50	652	257,379	

Consolidated Statements of Cash Flows

UNITED ARROWS LTD. and consolidated subsidiaries
for the years ended March 31, 2014 and 2015

fiscal year ended March 31	millions of yen		thousands of U.S. dollars
	2014	2015	2015
Cash flows from operating activities			
Income before income taxes	13,274	10,495	86,617
Depreciation	1,711	1,801	14,863
Depreciation of intangible assets	188	168	1,387
Amortization of long-term prepaid expenses	128	134	1,107
Impairment loss	438	931	7,689
Increase (decrease) in provision for bonuses	(99)	(422)	(3,488)
Increase (decrease) in provision for directors' bonuses	(10)	(91)	(753)
Increase (decrease) in provision for directors' retirement benefits	(4)	—	—
Increase (decrease) in allowance for doubtful accounts	1	(6)	(50)
Interest and dividends income	(2)	(9)	(76)
Loss (gain) on valuation of investment securities	—	22	183
Interest expenses	54	38	317
Loss (gain) on sales of property, plant and equipment	(1)	(19)	(159)
Increase in notes receivable	(949)	177	1,468
Increase in inventories	(2,851)	(3,102)	(25,603)
Increase in other current assets	(507)	43	358
Increase in purchase liabilities	658	113	934
Increase (decrease) in other current liabilities	(663)	668	5,519
Increase (decrease) in other noncurrent liabilities	(5)	0	4
Other	38	(4)	(40)
Subtotal	11,398	10,939	90,280
Interest and dividends income received	2	9	76
Interest expenses paid	(54)	(37)	(311)
Income taxes paid	(4,517)	(5,871)	(48,454)
Directors' retirement benefits paid	—	(309)	(2,551)
Net cash provided by operating activities	6,828	4,730	39,039
Cash flows from investment activities			
Payments into time deposits	(12)	(12)	(99)
Purchase of investment securities	(39)	—	—
Payments for investments in capital of subsidiaries	—	(66)	(547)
Purchase of property, plant and equipment	(2,067)	(2,299)	(18,976)
Payments for asset retirement obligations	(22)	(43)	(362)
Proceeds from sales of property, plant and equipment	2	22	188
Purchase of intangible assets	(307)	(138)	(1,144)
Purchase of long-term prepaid expenses	(137)	(327)	(2,700)
Payment for guarantee deposits	(652)	(549)	(4,535)
Proceeds from collection of guarantee deposits	231	164	1,356
Other	(66)	0	6
Net cash provided by investment activities	(3,072)	(3,249)	(26,813)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	400	100	825
Proceeds from long-term payable	—	6,000	49,517
Repayment of long-term loans payable	(3,091)	(681)	(5,625)
Purchase of treasury stock	(0)	(4,614)	(38,082)
Proceeds from disposal of treasury stock	62	—	—
Cash dividends paid	(1,843)	(2,132)	(17,602)
Net cash provided by financing activities	(4,472)	(1,328)	(10,967)
Effect of exchange rate change on cash and cash equivalents	3	2	23
Increase (decrease) in cash and cash equivalents	(712)	155	1,282
Cash and cash equivalents at beginning of term	6,142	5,429	44,809
Cash and cash equivalents at end of term	5,429	5,585	46,092

Corporate Data

as of March 31, 2015

Corporate profile

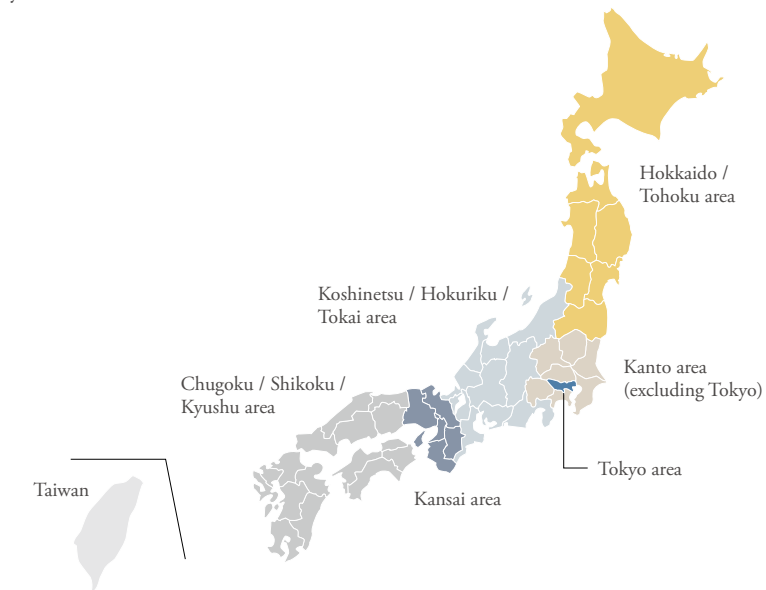
Trade name	UNITED ARROWS LTD.
Address	2-31-12 Jingumae, Shibuya-ku, Tokyo, Japan
Date of establishment	October 2, 1989
Paid-in capital	¥3,030 million
Business description	Planning and sales of products such as men's and women's clothing and miscellaneous items
Number of stores	334 (consolidated)
Main banks	1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2. SUMITOMO MITSUI BANKING CORPORATION 3. Mizuho Bank, Ltd.
Accounting auditors	Deloitte Touche Tohmatsu LLC
Number of employees	3,863 (consolidated)
Consolidated subsidiaries	FIGO CO., LTD. COEN CO., LTD. UNITED ARROWS TAIWAN LTD.

Directors

as of July 1, 2015

Representative Director, President and CEO	Mitsuhiro Takeda	Senior Executive Officer	Naoki Ota
Director, Executive Vice President	Mitsunori Fujisawa	Senior Executive Officer	Yoshinori Matsuzaki
Director, Executive Vice President	Masami Koizumi	Senior Executive Officer	Yoichi Yasuoka
Director, Executive Managing Officer	Hiroyuki Higashi	Senior Executive Officer	Yasuo Uno
Outside Director	Gaku Ishiwata	Executive Officer	Yatsuhiko Sagawa
Outside Director	Hidehiko Nishikawa	Executive Officer	Yasuto Kamoshita
Standing Outside Audit & Supervisory Board Member	Yukari Sakai	Executive Officer	Kazuyasu Tanaka
Standing Outside Audit & Supervisory Board Member	Yoshiyuki Yamakawa	Executive Officer	Nobuhiro Hiranuma
Outside Audit & Supervisory Board Member	Hironari Hashioka	Executive Officer	Hisashi Takayama
Outside Audit & Supervisory Board Member		Executive Officer	Naoki Tanigawa
		Executive Officer	Mariko Yamasaki
		Executive Officer	Kenji Takata

Store network by retail area

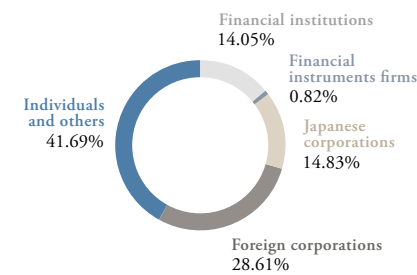


Stock information

Stock listing	Tokyo Stock Exchange, First Section
Securities code	7606
Number of authorized shares	190,800,000
Number of common shares issued ¹	37,800,000
Number of shareholders	13,318

¹ Total number of shares of common stock issued includes 7,215,124 shares of treasury stock, equivalent to 19.08% of the total number of shares of common stock issued.

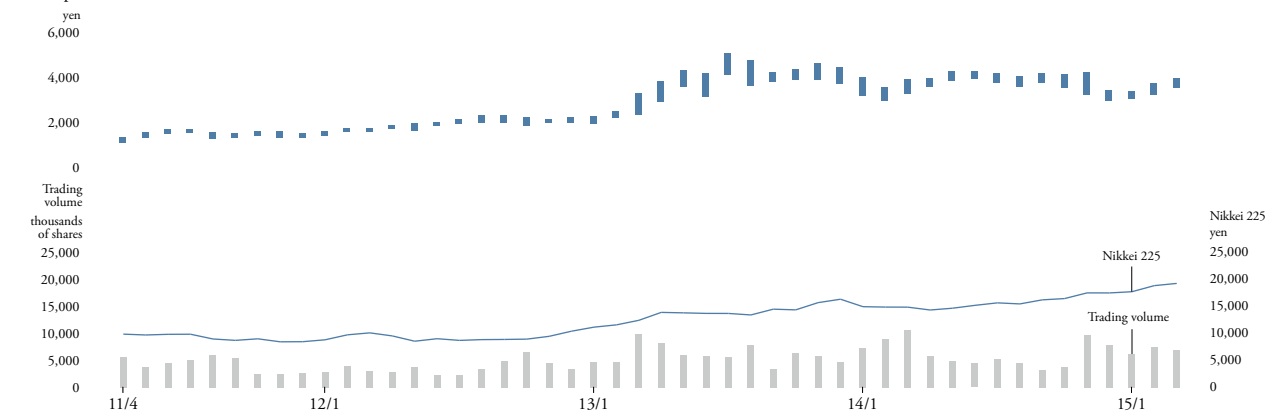
Shareholder composition (by number of shareholders)



Major shareholders

Name	Number of shares	Percent of total shares issued
Osamu Shigematsu	2,698,400	7.13
A.D.S Co., Ltd.	2,000,000	5.29
NORTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited (HSBC)	1,542,600	4.08
Rinzaw Co., Ltd.	1,148,400	3.03
Hirofumi Kurino	1,133,000	2.99
STATE STREET BANK AND TRUST COMPANY 505225 Standing proxy: Mizuho Bank, Ltd., Settlement division	770,855	2.03
RBC ISB A/C DUB NON RESIDENT-TREATY RATE Standing proxy: Citibank Japan Ltd.	750,000	1.98
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited (HSBC)	747,900	1.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	732,100	1.93
Japan Trustee Services Bank, Ltd. (Trust Account)	628,100	1.66

Stock price



	Hokkaido / Tohoku area	Kanto area (excluding Tokyo)	Tokyo area	Koshinetsu / Hokuriku / Tokai area	Kansai area	Chugoku / Shikoku / Kyushu area	Taiwan	Total
UNITED ARROWS General Merchandise Store	2	1	5	1	—	2	—	11
UNITED ARROWS ¹	2	3	10	1	9	2	—	27
BEAUTY&YOUTH UNITED ARROWS ²	1	7	13	3	6	8	—	38
UNITED ARROWS green label relaxing	2	18	16	8	9	9	—	62
CHROME HEARTS	—	—	4	1	3	2	—	10
SBU's	3	10	35	7	12	6	—	73
UNITED ARROWS LTD. OUTLET	2	8	1	4	3	3	—	21
FIGO CO., LTD.	—	1	5	2	5	4	—	17
COEN CO., LTD. ³	3	25	8	9	15	13	—	73
UNITED ARROWS TAIWAN LTD. ³	—	—	—	—	—	—	2	2
Total	15	73	97	36	62	49	2	334
Composition ratio of stores (consolidated)	4.5%	21.8%	29.0%	10.8%	18.6%	14.7%	0.6%	100.0%

¹ THE SOVEREIGN HOUSE, District UNITED ARROWS, and BOW & ARROWS are included in the UNITED ARROWS business.

² monkey time BEAUTY&YOUTH UNITED ARROWS and STEVEN ALAN are included in BEAUTY&YOUTH UNITED ARROWS.

³ As COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. settle their accounts on January 31, the figures displayed are as of January 31, 2015.

About other IR tools and the Company's web site

Investor relations web site
www.united-arrows.co.jp/en/ir/

UNITED ARROWS LTD. posts a host of information on its web site. Information includes an overview of the Company, its management policy, its business model, its financial results, frequently asked questions, and useful terminology. Users of our web site can also access a video of the Company's results briefing to analysts and institutional investors.

CSR web site
www.united-arrows.co.jp/csr/ (Japanese only)

Through its CSR web site, UNITED ARROWS LTD. introduces details of its Policy Structure focusing on its promise to create value for customers, employees, business partners, society, and shareholders.

Store list web site
www.united-arrows.co.jp/en/shop/

Individual business brand web sites
www.united-arrows.co.jp/brand/ (Japanese only)

In addition to an overview of each business and a list of stores, individual business brand web sites introduce the latest products.

Contact us

Investor Relations Office Tel: +81-3-5785-6637 Fax: +81-3-5785-6638