

History of the UNITED ARROWS Group

We are inspired to act in our way—“All for the Customer.” Accordingly, 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.

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2019
Net sales	¥79,665 million	¥128,489 million	¥158,918 million
Ordinary income	¥4,283 million	¥13,739 million	¥11,312 million
Number of stores	183	315	358
Number of employees	2,781	3,652	4,605
Number of shareholders	17,262	11,912	11,976

Overcoming Two Incidents of Profit Decline, We Are Establishing a Robust Management Platform.

UNITED ARROWS LTD. has experienced a major downturn in its profits on two occasions over the past decade. The first incidence was over the three-year period from the fiscal year ended March 31, 2007 to the fiscal year ended March 31, 2009, and the second, again over a three-year period, was from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2017. The first three-year period of consecutive profit decline and substantial downturn in revenue and earnings compared with plans can be attributed to two broad factors. First was the breakdown in relations within the Company, which contributed to a framework that failed to accurately reflect comments and opinions gleaned from customers in the product planning process. Second was the dilution and dissipation of our business resources as we hastily pushed forward a growth expansion strategy without first putting in place the necessary framework and human resources. In order to rebuild the Company, our founder, Osamu Shigematsu, returned to the position of president from his role as chairman, and spearheaded three key efforts to: (1) ensure that customer feedback is effectively reflected in the product planning process and to reinforce collaboration between the product, sales, and promotion departments to secure the continuous development of products that are a half-step ahead of the market, (2) push forward initiatives aimed at building a product platform that will help visualize and standardize merchandising operations, and (3) promote various measures including the rationalization of underperforming businesses and stores as well as the streamlining of headquarter functions. As a result of these endeavors, UNITED ARROWS LTD. reported an increase in profit in the fiscal year ended March 31, 2010 for the first time in four years.

Despite a phase of earnings growth for the ensuing five years, the Company entered its second major trajectory of profit decline from the fiscal year ended March 31, 2015. There were two core reasons for this negative turnaround. First, the sharp and dramatic drop in the value of the yen from the beginning of 2013 forced us to increase the prices of certain fall and winter items that year. As these price increases extended to our full range of fall and winter items in 2014, we witnessed a sudden drop off in customers. Second, and in addition to continued weakness in the value of the yen, the Company was slow to evolve and improve in response to emerging signs of a major change in customer behavior as well as the clothing market brought about by the hike in Japan’s consumption tax rate in April 2014 and such factors as uncertainty surrounding the future of social security. Taking up the reins from Mr. Shigematsu, Mitsuhiro Takeda assumed the position of president from 2012. Under his stewardship, steps were taken over roughly one year to put in place the UNITED ARROWS Group’s Medium-Term Vision, details of which were announced in May 2017, in a bid to flexibly respond to changes in customer sentiment and the market while taking advantage of the Company’s strengths.

The Group’s Medium-Term Vision proved successful, as we have been able to achieve higher profit for two consecutive years, in the fiscal year ended March 31, 2018, for the first time in four years, and then again in the fiscal year ended March 31, 2019. In the fiscal year ending March 31, 2020, the final year of the Medium-Term Vision, we will adhere strictly to the vision’s strategies in order to establish a robust management platform for supporting future growth.

