Fiscal 2020
Fiscal Year Ending March 2020
First Quarter Earnings Announcement

August 6, 2019

UNITED ARROWS LTD.

■ Contents

UNITED ARROWS LTD.

Note: In this earnings announcement, fractional sums of less than one million are rounded down and percentages are calculated from raw data.

Cautionary Statement

Earnings forecasts and other objective views contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of the date of this report and, therefore, include risks and uncertainties. Actual earnings may differ materially from forecasts due to global economic trends, market conditions and other factors. Investors are asked to refrain from making investment decisions based solely on the information contained in this document.

(1) Abbreviations used throughout this report: The following abbreviations may be used for each Group business, store brand, and consolidated subsidiary.

UA = UNITED ARROWS; BY = BEAUTY&YOUTH UNITED ARROWS; monkey time = monkey time BEAUTY&YOUTH UNITED ARROWS; District = District UNITED ARROWS; GLR = UNITED ARROWS green label relaxing; WORK TRIP OUTFITS GLR = WORK TRIP OUTFITS GREEN LABEL RELAXING; Lurow GLR = Lurow GREEN LABEL RELAXING; THE AIRPORT STORE = THE AIRPORT STORE UNITED ARROWS LTD.; THE STATION STORE = THE STATION STORE UNITED ARROWS LTD.; CHJP = CHROME HEARTS JP, GK; CH = CHROME HEARTS

(2) The store brands contained within Business Unit I and Business Unit II are as follows.

Business Unit I: UA, District, THE SOVEREIGN HOUSE, ASTRAET, THE AIRPORT STORE, BY, monkey time, STEVEN ALAN, ROKU, H BEAUTY&YOUTH, Odette e Odile, and DRAWER

Business Unit II: GLR, WORK TRIP OUTFITS GLR, Lurow GLR, EMMEL REFINES, THE STATION STORE

I. Overview of Business Results for the Three-Month Period Ended June 30, 2019

■ Performance Summary for the Three-Month Period Ended June 30, 2019

UNITED ARROWS LTD.

Consolidated P&L (For details, see slides 5, 8, and 9)

- Consolidated sales: YoY increase of 3.1%; ordinary income: YoY increase of 19.0%. Resulted in increase in both revenue and income
- Gross margin: YoY difference down 0.1 percentage point to 54.7%, attributable to such factors as increase in markdowns due to lower sales resulting from unfavorable weather conditions
- SGA expenses to sales ratio: YoY decline of 1.3 percentage points to 46.4%, attributable to decreases in advertising expenses at COEN CO., LTD. and fixed costs at UNITED ARROWS LTD.
- Operating income: YoY increase of 21.2%; ordinary income: YoY increase of 19.0%; net income: YoY increase of 22.1%

Non-Consolidated Sales (For details, see slides 6 and 7)

- YoY increase of 2.2% in existing store sales (retail sales: down 1.7%; online store sales: up 14.5%)
- By sales channel, online store sales continued double-digit growth YoY; online store sales comprised 20.8% of total sales
- Number of customers of existing stores: YoY increase of 0.2% in the total number of customers of existing retail and online stores

Inventory (For details, see slide 10)

- YoY increase of 2.1% in the balance of inventory compared with June 30, 2018; rate of inventory growth fell below the YoY sales growth (3.1%)

Opening and Closing of Stores (For details, see slides 12 and 13)

- FY20 1Q-End Group total: Number of new stores opened: 5; number of stores closed 2; number of stores as of FY20 1Q-end: 361
- FY20 forecast Group total: Number of new stores to be opened: 20; number of stores to be closed: 13; number of stores as of FY20-end: 365

Group Companies (For details, see slide 14; status of major consolidated subsidiaries is as follows)

- FIGO CO., LTD.; Decreases in both revenue and income; COEN CO., LTD.: Increases in revenue and income; CHROME HEARTS JP, GK: Decrease in revenue and increase in income

■ Consolidated P&L Overview

UNITED ARROWS LTD.

Three-month period ended June 30, 2019: Increases in both revenue and income

- Consolidated sales: YoY increase of 3.1%; Ordinary income: YoY increase of 19.0%. Resulted in increases in both revenue and income
- Gross margin: YoY difference down 0.1 percentage points to 54.7%, attributable to such factors as markdowns due to unfavorable weather conditions
- SG&A expenses to sales ratio: YoY decline of 1.3 percentage points to 46.4%, attributable to such factors as decreases in advertising costs at COEN CO., LTD. and fixed costs at UNITED ARROWS LTD.
- Operating income: YoY increase of 21.2%; Ordinary income: YoY increase of 19.0%; Net income: YoY increase of 22.1%

(Millions of yen)

	Consolidated Results FY20 1Q				FY19 1Q	
	Results	vs. Sales	YoY increase (decrease)	%	FY19 1Q Results	vs. Sales
Sales	**37,505**	100.0%	1,126	103.1%	36,378	100.0%
Gross Profit	**20,532**	54.7%	585	102.9%	19,947	54.8%
SGA Expenses	**17,389**	46.4%	35	100.2%	17,353	47.7%
Operating Income	**3,143**	8.4%	550	121.2%	2,593	7.1%
Non Op. P&L	**(24)**	-0.1%	(51)	-93.0%	26	0.1%
Ordinary Income	**3,118**	8.3%	498	119.0%	2,619	7.2%
Extraordinary P&L	**(31)**	-0.1%	20	—	(52)	-0.1%
Net Income Attributable to Owners of Parent	**1,914**	5.1%	346	122.1%	1,568	4.3%

■ Non-Consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

Non-consolidated sales up 3.3% YoY; Existing store sales up 2.2% YoY

- Existing store sales: Retail store sales declined YoY but online store sales grew at double-digit rates, resulting in YoY increase in total existing store sales.
- Sales composition: Online store sales 20.8%; outlet store sales 14.7%
- The number of customers of existing retail stores declined YoY but the total number of customers of existing retail and online stores increased YoY

(Millions of yen)

	Non-Consolidated Results FY20 1Q					
	Results	Composition ratio	YoY increase (decrease)	%	FY19 1Q Results	Composition ratio
Non-Consolidated Sales	31,427	100.0%	998	103.3%	30,429	100.0%
Total Business Unit Sales	26,809	85.3%	928	103.6%	25,880	85.1%
Retail	20,109	64.0%	109	100.5%	19,999	65.7%
Online	6,526	20.8%	825	114.5%	5,700	18.7%
Other (Wholesale, etc.)	173	0.6%	(6)	96.6%	179	0.6%
Outlet, etc.	4,618	14.7%	69	101.5%	4,548	14.9%

	Existing Store Sales YoY (Asterisk indicates reference data)		
	Sales	Number of customers	Ave. spend per customer
Retail + Online	102.2%	100.2% ※	101.1% ※
Retail	98.3%	97.1%	101.3%
Online	114.5%	108.2% ※	104.1% ※

*Number of customers and average spend per customer data for existing retail and online stores as well as other online stores are calculated using data available to the Company through its own online stores and ZOZOTOWN stores.

■ Non-Consolidated Sales Results by Business

UNITED ARROWS LTD.

Higher revenue in both business units, YoY increase in the total of retail and online sales at existing stores

- Business Unit Ⅰ: YoY increase in men's dressy items and all women's categories
- Business Unit Ⅱ: YoY increase in men's casual and all women's categories

(Millions of yen)

	Non-Consolidated Results FY20 1Q			
	Results	YoY increase (decrease)	%	FY19 1Q Results
Total Business Unit Sales	**26,809**	928	103.6%	25,880
Business Unit Ⅰ	**17,281**	535	103.2%	16,746
Business Unit Ⅱ	**9,527**	393	104.3%	9,134

	Existing Store Sales YoY		
	Retail + Online	Retail	Online
Business Unit Ⅰ	102.5%	98.9%	113.7%
Business Unit Ⅱ	101.7%	97.4%	116.0%

Notes: Total Business Unit Sales for FY19 1Q include sales of businesses which the Company subsequently ceased to operate.
Please refer to slide 2 for the list of the store brands included in each business unit.

■ Consolidated Gross Margin Results

Consolidated gross margin down 0.1 percentage point to 54.7％

Major factors that caused gross margin difference from 1Q of FY19 (impact on the overall gross margin) are described below

Gross margin for 1Q of FY20	**54.7%**
Gross margin for 1Q of FY19	**54.8%**
Difference	**-0.1pt**

■ Factors that impacted the consolidated gross margin and the levels of overall impact

		Remarks
Impact of movements in the gross margin of UNITED ARROWS LTD. total business units	**-0.1pt**	Gross margin of the total business unit: Down 0.1 percentage point Increase in markdowns due to lower sales resulting from unfavorable weather conditions
Impact of movements in the gross margin of UNITED ARROWS LTD. OUTLET and other stores	**0.1pt**	YoY increase of 0.9 percentage points in the gross margins of UNITED ARROWS LTD. OUTLET and other stores Increase in percentage of sales from products for UNITED ARROWS LTD. OUTLET
Impact of movements in other costs at UNITED ARROWS LTD.	**0.0pt**	No significant change from FY19 1Q.
Other factors (subsidiary trends, consolidated adjustments, distribution of sales, etc.)	**-0.1pt**	Increase in markdowns at some subsidiaries due to lower sales resulting from unfavorable weather conditions

Note: Details of factors that impacted the consolidated gross margin on a 1H, 2H, and full-year basis in the past three fiscal years are included in the attachment at the end of this document.

■ Consolidated SGA Expenses

UNITED ARROWS LTD.

SGA expenses up 0.2% YoY; SGA expenses to sales ratio down 1.3 percentage points YoY to 46.4%

(Comments mainly refer to individual expense items that increased or decreased significantly as a percentage of sales.)

- Advertising expenses: Decrease due mainly to decline in advertising expenses at COEN CO., LTD. (Television commercials were broadcasted in 1Q of FY19.)
- Rent: Decrease in rent for UNITED ARROWS LTD. distribution warehouses and other factors.
- Other: Decrease in one-time expenses as a result of transfer of UNITED ARROWS LTD. distribution warehouses in FY19, decrease in one-time expenses at new stores and other factors

(Millions of yen)

	Consolidated Results FY20 1Q						
	Results	vs. Sales	YoY increase (decrease)	%	Movement vs. Sales	FY19 1Q Results	vs. Sales
Sales	**37,505**	100.0%	1,126	103.1%	0.0%	36,378	100.0%
SGA Expenses	**17,389**	46.4%	35	100.2%	-1.3%	17,353	47.7%
Advertising expenses	**869**	2.3%	(124)	87.5%	-0.4%	993	2.7%
Personnel expenses	**6,345**	16.9%	115	101.9%	-0.2%	6,230	17.1%
Rent	**5,335**	14.2%	77	101.5%	-0.2%	5,258	14.5%
Depreciation	**485**	1.3%	37	108.3%	0.1%	448	1.2%
Other	**4,352**	11.6%	(70)	98.4%	-0.6%	4,423	12.2%

Note: Details pertaining to consolidated SGA expenses to sales ratios by major expenditure item on a 1H, 2H, and full-year basis in the past three fiscal years are included in the attachment at the end of this document.

■ Consolidated B/S Overview

UNITED ARROWS LTD.

Consolidated total assets of ¥72,617 million on June 30, 2019, up 4.8% from June 30, 2018, and up 2.7% from March 31, 2019

(Comments refer to changes from June 30, 2018)

- Current assets: Increases in accounts receivable-other and cash and deposits
- Noncurrent assets: Increase in property, plant and equipment and decrease in depreciation
- Current liabilities: Decreases in current portion of long-term loans payable and accounts payable-other and increase in accounts payable-trade
- Noncurrent liabilities: Decrease in long-term loans payable
- Balance of short- and long-term loans payable: ¥7,000 million, down 22.7% from June 30, 2018
- Inventories: Up 2.1% (net sales: up 3.1% YoY)

(Millions of yen)

	Consolidated Results FY20 1Q							
	Results	Composition ratio	vs. FY19 1Q-End Results	vs. FY19-End	FY19 1Q-End Results	Composition ratio	FY19-End Results	Composition ratio
Total assets	**72,617**	100.0%	104.8%	102.7%	69,273	100.0%	70,738	100.0%
Current assets	**47,029**	64.8%	104.7%	105.6%	44,915	64.8%	44,533	63.0%
(Inventory)	**27,048**	37.2%	102.1%	108.2%	26,495	38.2%	24,988	35.3%
Noncurrent Assets	**25,587**	35.2%	105.0%	97.6%	24,358	35.2%	26,205	37.0%
Current Liabilities	**28,488**	39.2%	96.4%	105.2%	29,558	42.7%	27,082	38.3%
Noncurrent Liabilities	**4,241**	5.8%	85.8%	104.0%	4,944	7.1%	4,078	5.8%
Total Net Assets	**39,887**	54.9%	114.7%	100.8%	34,770	50.2%	39,578	55.9%
Reference: Balance of short- and long-term loans payable	**7,000**	9.6%	77.3%	194.4%	9,050	13.1%	3,600	5.1%

■ Consolidated C/F Overview

Cash and cash equivalents on June 30, 2019: ¥6,500 million

- Cash flow from operating activities
  - (major cash inflows) : Income before income taxes of ¥3,087 million and increase in trade payables of ¥1,321 million
  - (major cash outflows) : Increase in inventories of ¥2,059 million, decrease in provision for bonuses of ¥1,580 million, and payment of income taxes of ¥1,194 million
- Cash flow from investing activities
  - (major cash outflows) : Purchase of property, plant and equipment of ¥745 million
- Cash flow from financing activities
  - (major cash inflows) : Increase in short-term loans payable of ¥3,900 million
  - (major cash outflows) : Payment of cash dividends of ¥2,080 million and long-term loans payable of ¥500 million

(Millions of yen)

	Consolidated FY20 1Q	FY19 1Q
	Results	Results
Cash flows from operating activities (sub-total)	**1,789**	105
Cash flows from operating activities	**591**	(599)
Cash flows from investing activities	**(1,236)**	(2,338)
Cash flows from financing activities	**1,319**	2,550
Cash and cash equivalents at the end of the period	**6,500**	5,921

Group Total Opening and Closing of Stores in Three-Month Period Ended June 30, 2019, and FY20 Forecasts

UNITED ARROWS LTD.

- 1Q Group total: Number of new stores opened: 5; number of stores closed: 2; number of stores as of 1Q-end: 361
- FY20 Group total forecasts: Number of new stores to be opened: 20; number of stores to be closed: 13; number of stores as of FY20-end: 365

	FY20 1Q Results				FY20 Forecast					Reference
	No. of stores as of FY19-End	Opened	Closed	No. of stores as of FY20 1Q-End	Opened 1H	Opened 2H	Opened Full Fiscal Year	Closed	No. of stores as of FY20-End	Increase (decrease) from the previous forecast
Group Total	**358**	**5**	**2**	**361**	**10**	**10**	**20**	**13**	**365**	2
UNITED ARROWS LTD.	237	3		240	6	5	11	6	242	
FIGO CO., LTD.	20		1	19				3	17	
COEN CO., LTD.	86		1	85	1	3	4	4	86	2
UNITED ARROWS TAIWAN LTD.	4			4	1	2	3		7	
Designs & Co.	1	2		3	2		2		3	
CHROME HEARTS JP, GK	10			10					10	
Reference: Breakdown for UNITED ARROWS LTD.										
Business Unit I	113	1		114	4	1	5	6	112	
Business Unit II	98	2		100	2	3	5		103	
OUTLET	26			26		1	1		27	

■ Reference: Opening and Closing of Stores by Store Brand at UNITED ARROWS LTD.

UNITED ARROWS LTD.

	FY20 1Q Results			
	No. of stores as of FY19-End	Opened	Closed	**No. of stores as of FY20 1Q-End**
UNITED ARROWS LTD. Total	**237**	**3**		**240**
Business Unit I Total	**113**	**1**		**114**
UNITED ARROWS (General Merchandise Store)	10			10
UNITED ARROWS	26			26
THE SOVEREIGN HOUSE	1			1
District	1			1
THE AIRPORT STORE	2			2
ASTRAET	1			1
BEAUTY&YOUTH	42			42
monkey time	3			3
STEVEN ALAN*	2			2
ROKU	3			3
H BEAUTY&YOUTH	1			1
DRAWER	7	1		8
Odette e Odile	14			14
Business Unit II Total	**98**	**2**		**100**
green label relaxing	74			74
WORK TRIP OUTFITS GLR	4	1		5
Lurow GLR	6	1		7
EMMEL REFINES	9			9
THE STATION STORE	5			5
Outlets	26			26

* STEVEN ALAN TOKYO, STEVEN ALAN OSAKA, and STEVEN ALAN KOBE are recorded as annexes to BY stores and are not included in the number of stores listed above.

FIGO CO., LTD.

1Q: Decrease in both revenue and income

- Sales of ¥500 million yen, down 10% YoY
- Revenue and income decreased, but income exceeded the targets, reflecting improvement of gross margin and decline in SGA expenses

COEN CO., LTD.

1Q: Increases in both revenue and income

- Sales of ¥2,700 million yen, up 5% YoY
- Increases in revenue and income due to such factors as a decrease in advertising expenses from the three-month period ended June 30, 2018

CHROME HEARTS JP, GK

April-June: Decrease in revenue and increase in income

- Sales of ¥2,700 million, down 4% YoY
- Revenue declined but income increased, due to such factors as improvement in gross margin and decrease in SGA expenses

* CHROME HEARTS JP, GK, settles its accounts on December 31. However, given the impact on business performance, results from the period of April 1 to March 31 of the following year are used for consolidated accounting.

UNITED ARROWS TAIWAN LTD.

Results in the three-month period ended June 30, 2019 were roughly in line with the targets. COEN's performance (online store/limited-time-only stores) was strong.

Designs & Co.

Sales of spring/summer items were strong in the three-month period ended June 30, 2019. Two new stores were opened in March.

II. Progress in Addressing Priority Measures

Progress Report on Reorganization of Logistics Centers

Initial concept

Nagareyama Logistics Center
- Regular business
  Incoming and outgoing deliveries, quality management, in-house online store operation

Kashiwanoha Logistics Center
- Outlet
  Incoming and outgoing deliveries, quality management

Status of current operations

Nagareyama Logistics Center
- Regular business
  Incoming and outgoing deliveries, in-house online store operation

Kashiwanoha Logistics Center + extra
- Regular business
  Incoming and outgoing deliveries for part of Small Business Units, quality management
- Outlet
  Incoming and outgoing deliveries, quality management

Background to the change in the operating structure

- Place the top priority on stabilizing in-house online store operation, and transfer ancillary operations, such as quality management, to Kashiwanoha Logistics Center + extra.
- Shift Nagareyama Logistics Center to specialize in the main logistics operations (incoming and outgoing deliveries and in-house online store operation).

● Effects of reorganization of logistics centers

- Qualitative effects

  Stabilization of logistics operations
  Faster recording of incoming deliveries through the introduction of RFID

  Shift to in-house online store operation (from fall this year)

Nagareyama Logistics Center

- Quantitative effects

  Reduction of cost per product shipment through the introduction of material handling equipment*:
  Shipment cost per item declined by 50%, leading to a cost reduction of approx. ¥270 million/year.

  Decrease in person hours through the installation of RFID reader:
  Decrease in person hours in the incoming delivery inspection process, resulting in reduction of approx. ¥10 million/year.

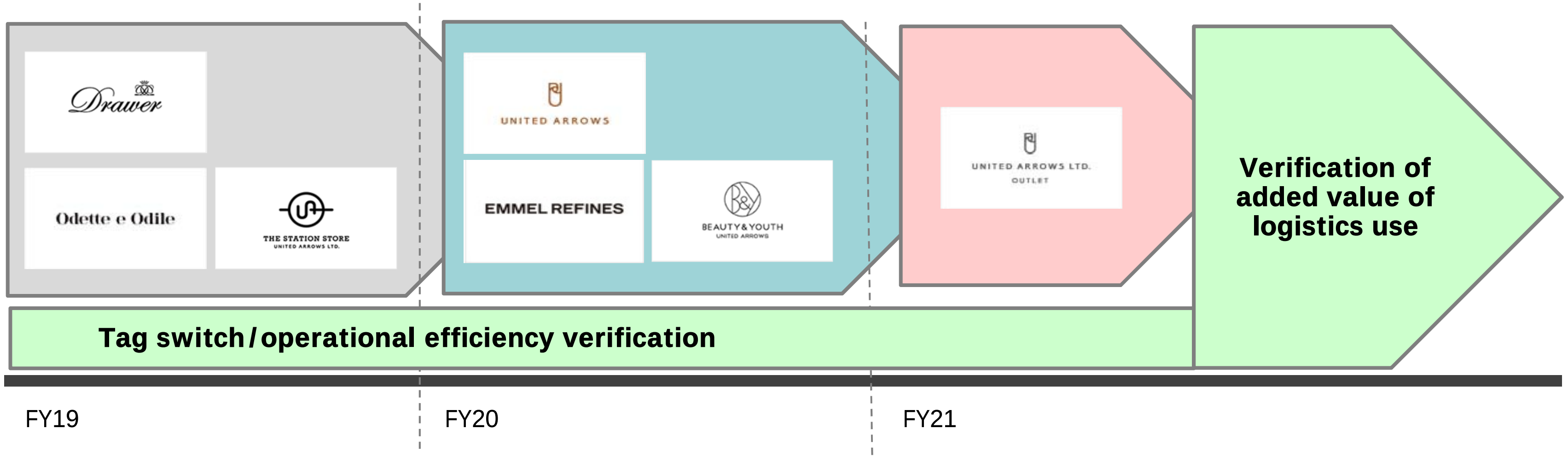
* Material handling equipment supports transportation within the warehouse and incoming and outgoing delivery work.

● Direction for the future

- Aim to realize various services that eliminate barriers between physical stores and online stores to serve as omnichannel service bases.
- Consolidate incoming and outgoing delivery of products of all regular businesses, including inventory management of Small Business Units operated in other logistics centers, as well as delivery operations of in-house e-commerce platform, to Nagareyama Logistics Center in the future.

■ Progress report on Introduction of RFID

● Status of RFID introduction



2014 Spring and Summer	:	UNITED ARROWS green label relaxing
2016 Fall and Winter	:	COEN
2018 Fall and Winter	:	Drawer, Odette e Odile, THE STATION STORE UNITED ARROWS LTD.
2019 Spring and Summer	:	UNITED ARROWS, BEAUTY & YOUTH UNITED ARROWS, EMMEL REFINES * Scheduled to be completed in September
2020 Spring and Summer	:	UNITED ARROWS Outlet * Company-wide introduction is scheduled to be completed in FY21.

● Main effects of introduction

- Efficiency improvement of stocktaking operations, reduction of time waiting for payment
- Efficiency improvement of incoming delivery work and reduction of operation costs at logistics centers

Progress Report on Introduction of RFID

Effects on stocktaking operations in the businesses at the second stage of RFID introduction

Target businesses: UA/DRW/OEO/ST
* Stocktaking is carried out at 59 target stores four times a year.

Reduction effects per stocktaking

- **Number of personnel**

	Before introduction	After introduction	
Per store	6.2 persons	2.9 persons	
Total of business	367 persons	174 persons	-193 persons → **Down 52.6%**

- **Total work hours**

	Before introduction	After introduction	
Per store	74.6 hours	8.8 hours	
Total of business	4,404 hours	522 hours	-3,882 hours → **Down 88.2%**

⇒ Efficiency improvement in store operations
⇒ Sales capability reinforcement by reducing ancillary operations of sales staff

Outlook for the Future

- Improved accuracy of inventory management
- Provision of new shopping experiences such as making styling proposals linked with apps and digital signage

III. Reference Materials

■ Movements in the Consolidated Gross Margin
(Degree of Impact)

UNITED ARROWS LTD.

	FY17			FY18			FY19		
	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year
Gross margin for the fiscal year	50.8%	51.1%	51.0%	51.2%	51.7%	51.5%	51.5%	51.4%	51.4%
Gross margin for the corresponding period of the previous fiscal year	51.0%	50.6%	50.8%	50.8%	51.1%	51.0%	51.2%	51.7%	51.5%
Difference	▲0.2pt	0.5pt	0.2pt	0.4pt	0.6pt	0.5pt	0.3pt	▲0.3pt	▲0.0pt

■ Factors that impacted the consolidated gross margin and the levels of overall impact

	FY17 1H	FY17 2H	FY17 Full Fiscal Year	FY18 1H	FY18 2H	FY18 Full Fiscal Year	FY19 1H	FY19 2H	FY19 Full Fiscal Year
Impact on the gross margin of UNITED ARROWS LTD. total business units	▲0.5pt	0.7pt	–	0.1pt	0.3pt	0.2pt	0.3pt	▲0.3pt	0.0pt
Impact on the gross margin of UNITED ARROWS LTD. outlet and other stores	0.1pt	0.0pt	–	0.1pt	0.1pt	0.1pt	0.1pt	0.1pt	0.1pt
Impact on UNITED ARROWS LTD. other costs	0.1pt	▲0.2pt	–	0.2pt	0.2pt	0.2pt	▲0.1pt	0.1pt	0.0pt
Other factors (subsidiary company trends, consolidated adjustments, sales composition, other)	0.1pt	▲0.1pt	–	0.0pt	0.0pt	0.0pt	0.1pt	▲0.2pt	▲0.1pt

Note: Breakdown details for the full fiscal year (FY17) have not been provided. This reflects the difficulties involved in analyzing data attributable to the spin-off of CHROME HEARTS (October 2016) over the full fiscal year cumulative period.

Trends in the Consolidated SGA Expenses to Sales Ratio

	FY17			FY18			FY19		
	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year
Total of SGA Expenses to Sales	48.1%	41.9%	44.7%	46.9%	42.9%	44.7%	47.3%	42.2%	44.5%
Advertising Expenses	2.2%	2.2%	2.2%	2.1%	2.4%	2.2%	2.4%	2.1%	2.2%
Personnel Expenses	17.4%	14.2%	15.6%	17.0%	14.8%	15.8%	17.0%	14.4%	15.6%
Rent	14.4%	13.7%	14.0%	14.6%	13.7%	14.1%	14.7%	13.9%	14.2%
Depreciation	1.4%	1.2%	1.3%	1.3%	1.1%	1.2%	1.3%	1.1%	1.2%
Other	12.7%	10.6%	11.6%	11.9%	10.9%	11.4%	12.0%	10.7%	11.3%

■ Reference: Details of FY20 Consolidated Sales Forecasts

UNITED ARROWS LTD.

(Millions of yen)

	Consolidated FY20 Full Fiscal Year				
	Forecast	vs. Sales	YoY	FY19 Results	vs. Sales
Sales	**164,240**	**100.0%**	103.3%	158,918	100.0%
Gross Profit	**85,330**	**52.0%**	104.4%	81,760	51.4%
SGA Expenses	**73,360**	**44.7%**	103.8%	70,696	44.5%
Operating Income	**11,970**	**7.3%**	108.2%	11,063	7.0%
Non OP. P/L	**30**	**0.0%**	12.1%	248	0.2%
Ordinary Income	**12,000**	**7.3%**	106.1%	11,312	7.1%
Extraordinary P/L	**(720)**	**-0.4%**	-	(588)	-0.4%
Net Income Attributable to Owners of Parent	**6,700**	**4.1%**	104.4%	6,417	4.0%

* Beginning from FY20, only full-year earnings forecasts are released, because 1H profits normally account for slightly less than 30% of full-year profits and the impact of occurrence of a certain level of deviation between 1H results and forecasts on full-year earnings will be limited.

■ Reference: Details of FY20 Non-Consolidated Sales Forecasts

UNITED ARROWS LTD.

(Millions of yen)

	Non-Consolidated FY20 Full Fiscal Year					
	Forecast	Composition ratio	YoY increase (decrease)	%	FY19 Results	Composition ratio
Sales	**135,423**	100.0%	3,946	103.0%	131,476	100.0%
Total Business Unit Sales	**116,944**	86.4%	4,164	103.7%	112,779	85.8%
Retail	**87,921**	64.9%	2,263	102.6%	85,658	65.2%
Online	**28,341**	20.9%	2,005	107.6%	26,336	20.0%
Other (Wholesale, Other)	**680**	0.5%	(103)	86.8%	784	0.6%
Outlet	**18,479**	13.6%	(218)	98.8%	18,697	14.2%
Existing stores sales YoY						
Retail + Online	102.3%					
Retail	100.5%					
Online	107.7%					

Overview of the UNITED ARROWS Group's Medium-Term Vision (FY18-FY20)

- Promote the following four strategies while harnessing the strength of the Group's relationships of trust with customers

1. Establish a robust management platform	2. Expand online sales activities by harnessing the strengths of physical stores	3. Respond to changes in the market	4. Expand points of contact with customers
• Reform the culture of the organization and human resources • Identify underperforming businesses • Ensure a sound earnings structure	• Pursue customer satisfaction from both channels • Medium-term: Upgrade and expand inventory; strengthen advertising and promotions; review evaluation systems • Long-term: Create new customer experiences	• Trend-conscious market → Pursue quality over quantity • Basic trend-conscious and new basic trend-conscious markets → Expand domains with high competitive advantage	• Expand domains (Miscellaneous Lifestyle Goods, Beauty & Health, etc.) • Increase the amount of time spent with customers (Reuse, Repair businesses) • Expand overseas activities (Taiwan: ongoing, cross-border online sales, etc.)

Medium-term quantitative targets

- Ordinary income: Target average annual growth of 8% over the medium-term period
- Ordinary income margin: At least 7% in the final fiscal year of the medium-term period; work to secure a double-digit ordinary income margin over the long term
- Target ROE of at least 16%, a dividend payout ratio of at least 35%, and DOE of at least 5.5% on a continuous basis over the medium-term period

Long-term objectives

- Online sales composition: Target 25–30%
- Inventory turnover: Target a record high
- Ratio of regular price sales: Target an improvement of at least 5 percentage points