Fiscal Year Ending March 2021

First Half Earnings Announcement

November 5, 2020

UNITED ARROWS LTD.

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

Cautionary Statement

Descriptions for earnings forecasts and descriptions other than objective facts 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, DRAWER
Business Unit II: GLR, WORK TRIP OUTFITS GLR, Lurow GLR, EMMEL REFINES, and THE STATION STORE

I. Overview of Business Results for the Six-Month Period Ended September 30, 2020

■ Performance Summary for the Six-Month Period FY2021

UNITED ARROWS LTD.

Consolidated P/L (for details, see slides 5-7 and 10-12)

- Despite decreases in revenue and income, the extent of the contraction narrowed in 2Q
- Sales: YoY decrease of 28.6% (from down 40.8% in 1Q to down 16.2% in 2Q)
- Gross margin: Down 8.7 percentage points YoY to 42.9%. Despite effects from an increase in markdown sales of spring and summer items and other factors, the extent of the contraction narrowed in 2Q
- SGA expenses to sales ratio: Up 9.4 percentage points YoY to 55.8%. Although the sales ratio deteriorated due to lower revenue, the extent of the contraction narrowed in 2Q
- Operating loss: ¥6,840 million (¥5,019 million in 1Q, ¥1,820 million in 2Q)

Non-Consolidated Sales (for details, see slides 8 and 9)

- Non-consolidated sales: YoY decrease of 28.1% (from down 40.0% in 1Q to down 15.4% in 2Q)
- Existing store sales of retail and online: YoY decrease of 29.7% (from down 37.0% in 1Q to down 21.3% in 2Q)

Inventory (for details, see slide 13)

- Inventory: YoY increase of 2.9%, showing a plunge in the growth rate from the YoY increase of 15.4% at the end of 1Q

Opening and Closing of Stores (for details, see slides 15 and 16)

- FY21 1H results (Group total): Opened 14 new stores; Closed 10 stores; Operated 363 stores as of the end of 2Q

Group Companies (for details, see slide 17; status of major consolidated subsidiaries is as outlined below)

- FIGO CO., LTD., COEN CO., LTD., CHJP: Despite a decrease in revenue on a cumulative basis, the extent of the contraction narrowed in 2Q thanks to the resumption of store operations, etc.

Revision of Full-Year Earnings Forecasts (for details, see slide 18)

- FY2021 full-year plan disclosed based on a range (i.e., upper and lower limits) in 1Q has been unified, disclosing items up to net income/loss
- We expect to post approximately ¥1,500 million in product valuation loss on products of the 2020 spring and summer season in light of excessive inventories due to the COVID-19 pandemic (cost of sales)
- Operating loss: ¥6,500 million (¥5,000 million excluding the above-mentioned valuation loss); Ordinary loss: ¥5,300 million (¥3,800 million excluding the above-mentioned valuation loss); Net loss: ¥6,070 million are expected

Consolidated P/L Overview

UNITED ARROWS LTD.

Cumulative 2Q: Despite decreases in revenue and income, the extent of the contraction narrowed in 2Q (please refer to the next slide)

- Sales: YoY decrease of 28.6%; Operating loss: ¥6,840 million, showing decreases in revenue and income (operating loss: ¥5,019 million in 1Q, ¥1,820 million in 2Q)
- Gross margin: Down 8.7 percentage points YoY to 42.9%. Despite effects from an increase in markdown sales of spring and summer items and other factors, the extent of the contraction narrowed in 2Q
- SGA expenses to sales ratio: Up 9.4 percentage points YoY to 55.8%. Although the sales ratio deteriorated due to lower revenue, the extent of the contraction narrowed in 2Q
- Ordinary loss: ¥5,787 million after posting a governmental subsidy to help defray costs relating to layoffs of ¥943 million as non-operating income
- Quarterly net loss: ¥5,097 million after posting impairment loss relating to stores, etc., of ¥792 million as extraordinary loss

(Millions of yen)

	Consolidated FY21 1H					
	Results	vs. Sales	YoY increase (decrease)	%	FY20 1H Results	vs. Sales
Sales	**53,259**	100.0%	(21,317)	71.4%	74,576	100.0%
Gross Profit	**22,870**	42.9%	(15,651)	59.4%	38,521	51.7%
SGA Expenses	**29,710**	55.8%	(4,907)	85.8%	34,617	46.4%
Operating Income	**(6,840)**	-12.8%	(10,744)	–	3,903	5.2%
Non-Operating P/L	**1,052**	2.0%	1,063	–	(10)	0.0%
Ordinary Income	**(5,787)**	-10.9%	(9,680)	–	3,893	5.2%
Extraordinary P/L	**(809)**	-1.5%	(424)	–	(385)	-0.5%
Net Income Attributable to Owners of Parent	**(5,097)**	-9.6%	(7,040)	–	1,942	2.6%

■ Reference: Consolidated P/L Overview by 1Q and 2Q

UNITED ARROWS LTD.

Decline in revenue slowed down after bottoming out in 1Q and the gross margin/SGA expense to sales ratio improved, resulting in narrowing the extent of the decrease in income

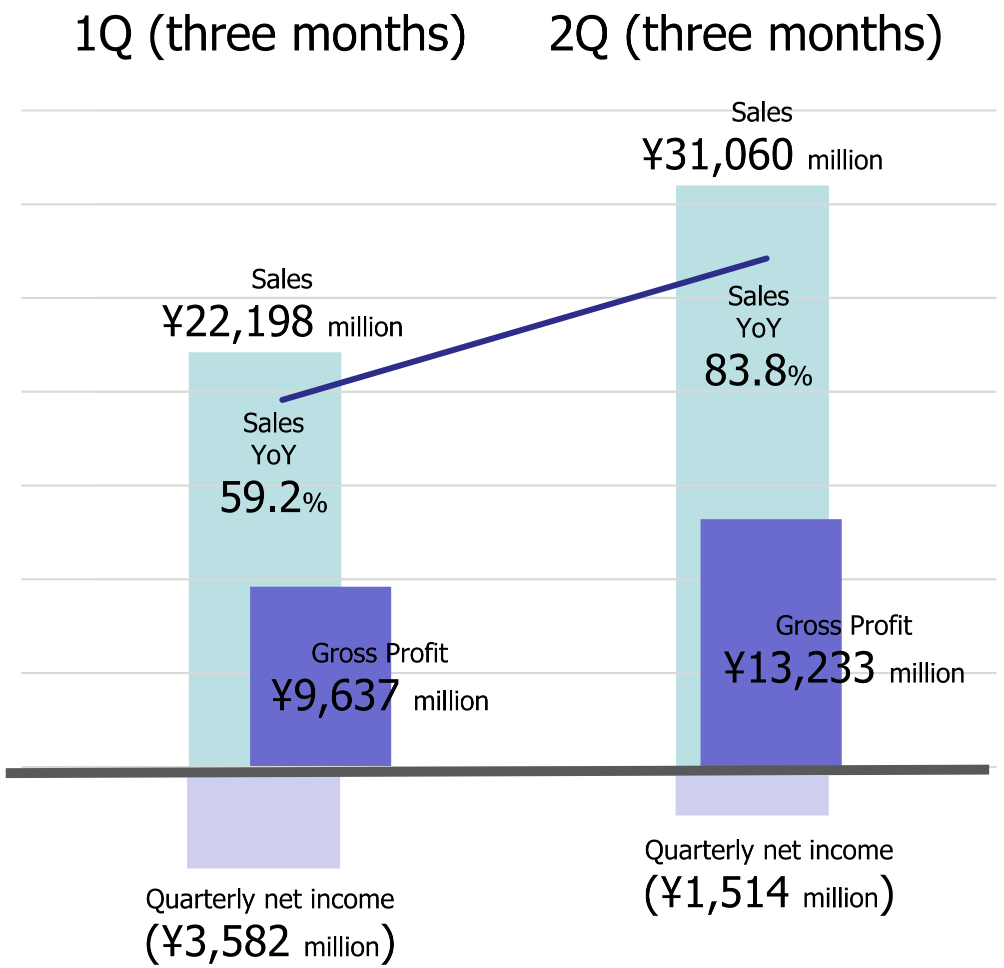
- Sales: Changed from YoY decrease of 40.8% in 1Q to 16.2% in 2Q
- Gross margin YoY difference: Changed from down 11.3 percentage points in 1Q to down 5.9 percentage points in 2Q
- SGA expense to sales ratio YoY difference: Changed from up 19.7 percentage points in 1Q to up 2.0 percentage points in 2Q
- Operating income YoY difference: Changed from down ¥8,162 million in 1Q to down ¥2,581 million in 2Q
- Ordinary income YoY difference: Changed from down ¥8,058 million in 1Q to down ¥1,621 million in 2Q
- Quarterly net income YoY difference: Changed from down ¥5,497 million in 1Q to down ¥1,543 million in 2Q

(Millions of yen)

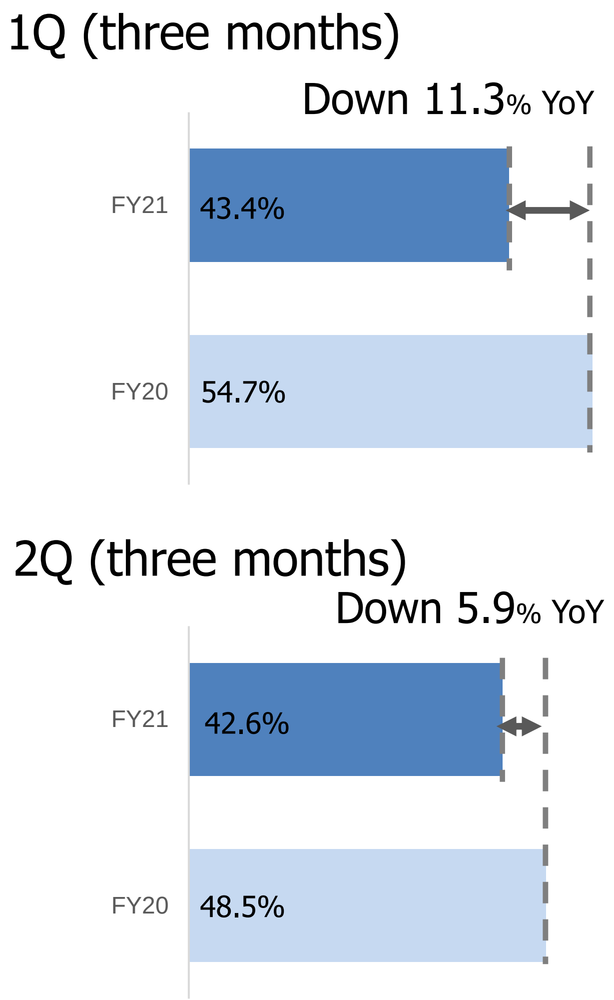
	Consolidated 1Q FY21 (three months)							Consolidated 2Q FY21 (three months)						
	Results		YoY increase (decrease)				vs. Sales	Results		YoY increase (decrease)				vs. Sales
		vs. Sales		%	1Q FY20 Results	vs. Sales	Change from the previous term		vs. Sales		%	2Q FY20 Results	vs. Sales	Change from the previous term
Sales	22,198	100.0%	(15,306)	59.2%	37,505	100.0%		31,060	100.0%	(6,010)	83.8%	37,070	100.0%	
Gross Profit	9,637	43.4%	(10,895)	46.9%	20,532	54.7%	-11.3%	13,233	42.6%	(4,755)	73.6%	17,989	48.5%	-5.9%
SGA Expenses	14,656	66.0%	(2,732)	84.3%	17,389	46.4%	19.7%	15,054	48.5%	(2,174)	87.4%	17,228	46.5%	2.0%
Operating Income	(5,019)	-	(8,162)	-	3,143	8.4%		(1,820)	-5.9%	(2,581)	—	760	2.1%	
Non-Operating P/L	78	0.4%	103	-	(24)	-		973	3.1%	960	7009%	13	0.0%	
Ordinary Income	(4,940)	-	(8,058)	-	3,118	8.3%		(847)	-2.7%	(1,621)	—	774	2.1%	
Extraordinary P/L	(9)	-	21	-	(31)	-		(800)	-2.6%	(446)	—	(353)	-1.0%	
Net Income Attributable to Owners of Parent	(3,582)	-	(5,497)	-	1,914	5.1%		(1,514)	-4.9%	(1,543)	—	28	0.1%	

Reference: Consolidated P/L Overview by 1Q and 2Q — Graph of Major Items

Sales, gross profit, quarterly net income, and sales YoY by 1Q and 2Q FY2021



Gross margin by 1Q and 2Q YoY comparison



Non-Consolidated Sales Results by Sales Channel

Sales: Down 28.1% YoY; Existing store sales: Down 29.7% YoY, Extent of decrease narrowed after bottoming out in 1Q

- Non-consolidated sales: Changed from YoY decrease of 40.0% in 1Q to 15.4% in 2Q
- Existing store sales of retail and online: Changed from YoY decrease of 37.0% in 1Q to 21.3% in 2Q
- Percentage of online sales: 36.9%, up 15.4 percentage points YoY

(Millions of yen)

	Non-Consolidated FY21 1H				FY20 1H Results	
	Results	Composition ratio	YoY increase (decrease)	%		Composition ratio
Non-Consolidated Sales	43,740	100.0%	(17,087)	71.9%	60,827	100.0%
Total Business Unit Sales	37,181	85.0%	(15,144)	71.1%	52,325	86.0%
Retail	20,683	47.3%	(18,106)	53.3%	38,789	63.8%
Online	16,151	36.9%	3,053	123.3%	13,098	21.5%
Other (wholesale, etc.)	346	0.8%	(90)	79.2%	437	0.7%
Outlet, etc.	6,559	15.0%	(1,943)	77.1%	8,502	14.0%

Existing Store Sales YoY (asterisk indicates reference data)

	Sales	Number of customers	Ave. spend per customer
Retail + Online	70.3%	84.0% *	80.6% *
Retail	51.7%	58.4%	88.6%
Online	120.5%	144.0% *	85.6% *

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

Both business units saw a decrease in revenue; existing store sales of retail and online declined YoY; but sales of casual products showed a sign of recovery ahead of other products in 2Q

(Millions of yen)

	Non-Consolidated FY21 1H			
	Results	YoY increase (decrease)	%	FY20 1H Results
Total Business Unit Sales	**37,181**	(15,144)	71.1%	52,325
Business Unit I	**25,525**	(8,924)	74.1%	34,449
Business Unit II	**11,656**	(6,219)	65.2%	17,875

	Existing store sales YoY		
	Retail + Online	Retail	Online
Business Unit I	73.0%	54.1%	121.4%
Business Unit II	65.3%	47.4%	118.7%

Note: Please refer to slide 2 for a list of the store brands included in each business unit.

■ Consolidated Gross Margin Overview

Consolidated gross margin: Down 8.7 percentage points YoY to 42.9 %

Major factors that caused gross margin difference from 6-month period of FY20 (impact on the overall gross margin) are described below.

Gross margin for 1H of FY21	42.9%
Gross margin for 1H of FY20	51.7%
Difference	-8.7pt

■ 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.'s total business units	-6.0pt	Gross margin of the total business unit: Down 8.4 percentage points YoY. Expansion of markdown sales aiming to further reduce spring and summer items in stock
Impact of movements in the gross margin of UNITED ARROWS LTD.'s outlet and other stores	-0.9pt	YoY decrease of 6.8 percentage points in the gross margin of UNITED ARROWS LTD.'s outlet and other stores. Increase in markdown sales aiming to further reduce items in stock, decrease in the percentage of exclusive product sales, etc.
Impact of movements in other costs at UNITED ARROWS LTD.	-1.4pt	Product valuation loss, increase in disposal of products, etc.
Other factors (subsidiary trends, consolidated adjustments, sales composition, etc.)	-0.5pt	Expansion of markdown sales aiming to further reduce certain subsidiaries' spring and summer items in stock, and increase in the percentage of outlet sales

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

■ Reference: Consolidated Gross Margin Overview by 1Q and 2Q

UNITED ARROWS LTD.

■ 1Q (three months)

Gross margin for 1Q FY21	43.4%
Gross margin for 1Q FY20	54.7%
Difference	-11.3pt

■ 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.'s total business units	-7.8pt	Gross margin of the total business unit: Down 10.9 percentage points YoY. Expansion of markdown sales aiming to reduce spring and summer items in stock (mainly sold at a fixed price in the previous year)
Impact of movements in the gross margin of UNITED ARROWS LTD.'s outlet and other stores	-0.2pt	YoY decrease of 2.4 percentage points in the gross margin of UNITED ARROWS LTD.'s outlet and other stores. Expansion of markdown sales aiming to further reduce items in stock
Impact of movements in other costs at UNITED ARROWS LTD.	-3.1pt	Product valuation loss increased due to increased in-stock items and markdown sales
Other factors (subsidiary trends, consolidated adjustments, sales composition, etc.)	-0.1pt	Expansion of markdown sales aiming to further reduce certain subsidiaries' spring and summer items in stock

■ 2Q (three months)

Gross margin for 2Q FY21	42.6%
Gross margin for 2Q FY20	48.5%
Difference	-5.9pt

■ 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.'s total business units	-3.7pt	Gross margin of the total business unit: Down 5.6 percentage points YoY. Despite the continuation of markdown sales of spring and summer items, the difference narrowed as there was also a sale period in 2Q FY20
Impact of movements in the gross margin of UNITED ARROWS LTD.'s outlet and other stores	-1.1pt	YoY decrease of 7.8 percentage points in the gross margin of UNITED ARROWS LTD.'s outlet and other stores. Further reduction in regular business products, and decrease in the percentage of exclusive product sales
Impact of movements in other costs at UNITED ARROWS LTD.	-0.0pt	There were increases and decreases in the breakdown, but we see almost no impact on consolidated results considering other costs in total
Other factors (subsidiary trends, consolidated adjustments, sales composition, etc.)	-1.0pt	Expansion of markdown sales at some subsidiaries, and increase in the percentage of outlet sales

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

Consolidated SGA Expenses Overview

YoY decrease of 14.2%; SGA expense to sales ratio increased 9.4 percentage points YoY to 55.8% (up 19.7 percentage points in 1Q, up 2.0 percentage points in 2Q)

Although the SGA expense to sales ratio deteriorated due to the closure of stores, etc., in 1Q, the extent of the deterioration narrowed thanks to the resumption of store operations, cost reductions, and other factors in 2Q

(Comments referring to individual expense items that increased or decreased significantly as an amount)

- Personnel expenses: Decreases in bonuses, overtime allowances, etc.
- Rent: Decreases due to the closure of physical stores in 1Q and a decline in revenue in 1Q and 2Q
- Other: Decreases due to variable expenses stemming from lower revenue (logistics cost, outsourcing service expenses, credit card fees, etc.) and a reduction in fixed costs

(Millions of yen)

	Consolidated FY21 1H						
	Results	vs. Sales	YoY increase (decrease)	%	vs. Sales Change	FY20 1H Results	vs. Sales
Sales	**53,259**	100.0%	(21,317)	71.4%	0.0%	74,576	100.0%
SGA Expenses	**29,710**	55.8%	(4,907)	85.8%	9.4%	34,617	46.4%
Advertising Expenses	**1,608**	3.0%	(107)	93.7%	0.7%	1,715	2.3%
Personnel Expenses	**11,247**	21.1%	(1,339)	89.4%	4.2%	12,586	16.9%
Rent	**9,116**	17.1%	(1,639)	84.8%	2.7%	10,756	14.4%
Depreciation	**867**	1.6%	(88)	90.7%	0.3%	956	1.3%
Other	**6,870**	12.9%	(1,731)	79.9%	1.4%	8,602	11.5%

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 two years are included in the attachment at the end of this document.

■ Consolidated B/S Overview

UNITED ARROWS LTD.

Consolidated total assets of ¥74,394 million on September 30, 2020, up 0.4% from September 30, 2019 and up 6.3% from March 31, 2020

(Comments refer to changes from September 30, 2019)

- Current Assets: Increase in inventories, and decrease in accounts receivable-other
- Noncurrent Assets: Increase in buildings and structures, decrease due to depreciation, and increase in deferred tax assets
- Current Liabilities: Increase in short-term loans payable, and decreases in accounts payable-trade, accounts payable, and provision for bonuses
- Net assets: Decrease in surplus

* Balance of short and long-term loans payable: ¥17,900 million, up 163.2% YoY

* Inventories: Up 2.9% YoY to ¥29,526 million (the extent of increase narrowed from YoY increase of 15.4% at the end of 1Q due to lower procurement for products of the fall and winter season)

(Millions of yen)

	Consolidated FY21 1H-End								References FY21 1Q-End	
	Results	Composition ratio	vs. FY20 1H-End	vs. FY20-End	FY20 1H-End Results	Composition ratio	FY20-End Results	Composition ratio	Results	vs. FY20 1Q-End
otal Assets	74,394	100.0%	100.4%	106.3%	74,079	100.0%	70,007	100.0%	76,292	105.1%
Current Assets	47,878	64.4%	100.0%	104.1%	47,860	64.6%	45,997	65.7%	49,805	105.9%
(of which, Inventory)	29,526	39.7%	102.9%	105.6%	28,703	38.7%	27,949	39.9%	31,212	115.4%
Noncurrent Assets	26,515	35.6%	101.1%	110.4%	26,219	35.4%	24,009	34.3%	26,487	103.5%
Current Liabilities	34,109	45.8%	115.0%	144.2%	29,672	40.1%	23,658	33.8%	35,052	123.0%
Noncurrent Liabilities	4,381	5.9%	102.2%	102.5%	4,286	5.8%	4,275	6.1%	4,410	104.0%
Total Net Assets	35,903	48.3%	89.5%	85.3%	40,121	54.2%	42,072	60.1%	36,829	92.3%
Reference: Balance of short- and long-term loans payable	17,900	24.1%	263.2%	389.1%	6,800	9.2%	4,600	6.6%	18,700	267.1%

Cash and cash equivalents on September 2020: ¥6,268 million

- Cash flow from operating activities
  (major cash inflows): Depreciation of ¥868 million
  (Major cash inflows): ¥1,577 million increase in inventories, ¥1,163 million decrease in other current liabilities
- Cash flow from investing activities
  (major cash outflows): Purchases of property, plant and equipment for ¥1,347 million
- Cash flow from financing activities
  (major cash inflows): ¥13,300 million increase in short-term loans payable
  (major cash outflows): Payment of ¥1,728 million for cash dividends

(Millions of yen)

	Consolidated FY21 1H	FY20 1H
	Results	Results
Cash flows from operating activities (sub-total)	**(9,724)**	3,265
Cash flows from operating activities	**(9,159)**	1,544
Cash flows from investing activities	**(1,879)**	(1,980)
Cash flows from financing activities	**11,571**	974
Cash and cash equivalents at the end of the quarter	**6,268**	6,389

■ Opening and Closing of Stores in FY2021 1H (Group total)

UNITED ARROWS LTD.

- FY21 1H results (Group total): Opened 14 new stores; Closed 10 stores; Operated 363 stores as of the end of 2Q

	FY21 1H Results			
	No. of stores as of FY20-end	Opened	Closed	No. of stores as of 1H-end
Group Total	**359**	**14**	**10**	**363**
UNITED ARROWS LTD.	241	11	9	243
FIGO CO., LTD.	16			16
COEN CO., LTD.	85	3	1	87
UNITED ARROWS TAIWAN LTD.	7			7
CHROME HEARTS JP, GK	10			10

Reference: Breakdown for UNITED ARROWS LTD.

Business Unit I	113	6		119
Business Unit II	101	4	9	96
Outlet	27	1		28

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

	FY21 1H Results			
	No. of stores as of FY20-end	Opened	Closed	No. of stores as of 1H-end
UNITED ARROWS LTD. Total	**241**	**11**	**9**	**243**
Business Unit I Total	**113**	**6**	**0**	**119**
UNITED ARROWS (General Merchandise Store)	14	2	0	16
UNITED ARROWS	25	0	0	25
BEAUTY&YOUTH	38	0	0	38
Others	36	4	0	40
Business Unit II Total	**101**	**4**	**9**	**96**
Green Label Relaxing	83	2	**1**	84
Others	18	2	**8**	12
Outlet	27	1	0	28

Domestic subsidiaries: Despite a decrease in revenue on a cumulative basis, the extent of the contraction narrowed in 2Q thanks to the resumption of store operations, etc.

FIGO Co., Ltd.

1H cumulative results: Decreases in revenue and income

- Sales: ¥0.6 billion, down 46% YoY (down 59% in 1Q, down 37% in 2Q)

COEN CO., LTD.

1H cumulative results: Decreases in revenue and income

- Sales: ¥4.8 billion, down 26% YoY (down 34% in 1Q, down 20% in 2Q)

CHROME HEARTS JP, GK

April–September: Decreases in revenue and income

- Sales: ¥4.1 billion, down 30% YoY (down 50% in 1Q, down 12% in 2Q)

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

UNITED ARROWS TAIWAN LTD.

Increases in revenue and income mainly because effects from the COVID-19 pandemic on its operations were limited compared to operations in Japan

Revised FY2021 Consolidated P/L Plan

UNITED ARROWS LTD.

FY2021 full-year plan disclosed based on a range (i.e., upper and lower limits) in 1Q has been unified, disclosing items up to net income / loss

Operating loss resulting from ordinary business operations is expected to be approximately ¥5,000 million, the upper limit of the range stipulated in the initial plan

We expect to post up to approximately ¥1,500 million in product valuation loss on products of the 2020 spring and summer season in light of excessive inventories due to the COVID-19 pandemic (cost of sales)

- Sales: Expecting ¥128,300 million within the range stipulated in the initial plan
- Gross margin: Expecting 45.3%. Approximately 46.5% when excluding the above-mentioned product valuation loss of ¥1,500 million
- SGA Expenses: Factoring in lower costs than the initial plan
- Ordinary loss: Expecting ¥5,300 million (around ¥3,800 million when excluding product valuation loss on products of 2020 spring and summer season)
- Extraordinary P/L: Expecting a loss of ¥1,970 million owing to an impairment loss relating to stores, reducing depreciation cost for the next fiscal year by approximately ¥200 million
- Net loss: Expecting ¥6,070 million (around ¥5,029 million when excluding product valuation loss on products of 2020 spring and summer season)

(Millions of yen)

	Consolidated FY21 Full Fiscal Year					Reference (1) FY21 Full Fiscal Year		Reference (2) FY21 Full Fiscal Year
	Revised plan	vs. Sales	YoY	FY20 Results	vs. Sales	Revised plan (Provisional calculation excluding valuation loss)	vs. Sales	Initial plan
Sales	128,300	100.0%	81.5%	157,412	100.0%	128,300	100.0%	125,915 - 131,083
Gross Profit	58,100	45.3%	72.6%	79,983	50.8%	59,600	46.5%	59,483 - 62,309
SGA Expenses	64,600	50.4%	90.7%	71,224	45.2%	64,600	50.4%	66,483 - 67,309
Operating Income	(6,500)	-5.1%	-	8,758	5.6%	(5,000)	-3.9%	(7,000) - (5,000)
Non-Operating P/L	1,200	0.9%	2678.3%	44	0.0%	1,200	0.9%	-
Ordinary Income	(5,300)	-4.1%	-	8,803	5.6%	(3,800)	-3.0%	-
Extraordinary P/L	(1,970)	-1.5%	76.3%	(2,582)	-1.6%	(1,970)	-1.5%	-
Net Income Attributable to Owners of Parent	(6,070)	-4.7%	-	3,522	2.2%	(5,029)	-3.9%	-

II. New Medium-Term Management Plan From FY2021 to FY2023

The market environment has significantly changed against a background of changes in society caused by the COVID-19 pandemic

Changes in society	Behavior to avoid closed spaces, crowded places, and close-contact settings	Avoiding going out	Expansion of remote work	Suppressing consumption due to anxiety for lower income
Changes in the retail industry	Decrease in the number of store visitors	Shorter time in stores than before	Accelerating the shift to online shopping/services	Suppressing consumption due to anxiety for lower income
Changes in the apparel industry	Delayed recovery in commercial facilities in large cities	Accelerating the shift to online shopping/services	Decline in customer needs for favorite products	Decline in demand for formal clothes

Issues the Company must deal with amid the COVID-19 pandemic

Issue	Details
Delayed recovery in commercial facilities in large cities	• Delayed recovery in sales of stores located in commercial facilities in large cities compared to those in the suburbs of regional cities • Decline in the advantage of locations, i.e., convenience and ability to attract customers
Further strengthening online sales	• Surge in online sales, which cannot offset a decline in sales of physical stores • Need to strengthen the ability to attract customers by utilizing contactless communication via the Internet
Acceleration of casualization of business wear	• Need to promptly adjust merchandise to deal with rapid casualization of business wear • Development of a business style suitable for the new normal in the age of COVID-19
Decline in product unit prices	• Decrease in product unit prices due to a lower composition ratio of heavy clothing such as suits and jackets • Decline in customers' desire to buy their favorite products due to anxiety for lower income
Inventory efficiency	• Increase in remaining stock of 2020 spring and summer season products due to the closure of physical stores • Negative effects on the gross margin due to an increase in markdown sales stemming from factors described above
Problem regarding cost structure	• Need to establish a cost structure that can withstand a sales decline • Need to implement drastic reform by being free from existing perspectives

Possible to solve problems by utilizing the Company's strengths

1. Strong trust-based relationships with customers
- Strong capability of physical stores to deal with customers and sell products
- Sales representatives' problem-solving ability offered to customers
- Knowhow to attract new customers

2. Ability to address the evolving needs of customers
- Ability to analyze trends by grasping social trends
- Ability to address the evolving needs of customers in collaboration between the Product, Sales, and Promotion Departments

3. High composition ratio of online sales
- Percentage of online sales on a non-consolidated basis
  FY2020: 22.6% (industry average: 13.8%*)
  *"FY2019 E-Commerce Market Survey" published by the Ministry of Economy, Trade and Industry
- Necessary measures are under development for the establishment of the OMO system

Solving issues the Company must deal with

Delayed recovery in commercial facilities in large cities	Further strengthening online sales	Acceleration of casualization of business wear
Decline in product unit prices	Inventory efficiency	Problem regarding cost structure

In light of changes in the market environment, priority has been put on improvement in profitability for the period of the Medium-Term Management Plan

1. Recovery in commercial facilities in large cities may take time
2. Difficult to expand businesses based on new store openings
   → Review a strategy for store openings and an area strategy
3. Changes in business demand are accelerating
   → Rethink the mix of merchandise suitable for the new normal
4. The need to strengthen customer contact through the Internet is increasing
   → Further strengthening measures centering on the Company’s e-commerce site

- Basic policy: “Weather the crisis and regain our earnings power”
  1. Drastically review the revenue structure
  2. Regain earnings power

- Financial targets (partly modified in light of the COVID-19 pandemic)

Consolidated operating income for the final fiscal year of the Medium-Term Management Plan	¥7,000-8,000 million *We intend to improve this from an expected loss of ¥6,500 million for FY2021 to an increase by ¥13,500-14,500 million on a cumulative basis for the next two years.
ROE for the final fiscal year of the Medium-Term Management Plan	12-14% *Remain unchanged
Dividend payout ratio during the Medium-Term Management Plan	Plan to disclose it after scrutinizing financial conditions, including the Company’s future investment plan, financial market developments, and other necessary factors

- Determining unprofitable subsidiaries, businesses and stores (closure of stores/streamlining, etc.)
  - Expecting to close consolidated stores by around 10% at this stage, and continue to consider closure/streamlining
- Structural reform of the head office organization
  - Reorganizing functions/operations, and enhancing productivity by reducing low value added operations
  - Continuing remote work, integrating the head office through introduction of the free address system, etc., and reducing fixed costs
- Changes in personnel measures
  - Expecting a reduction in the number of employees by around 10% by the final fiscal year of the Medium-Term Management Plan through a reduction in hiring, etc.
  - Strategically assigning staff members in priority areas such as online sales and customer support
  - Correcting downward rigidity of personnel expenses and shifting to a remuneration system highly linked with business performance
  - Continuing partial cuts in compensation paid to directors
- Improvement in the gross margin by enhancing inventory efficiency
  - Investigating an appropriate way to hold inventories through the inventory improvement project, and improving the gross margin

• Improvement in revenue of core businesses

1. Improvement in terms of merchandise

- Changes in season-based merchandise, introduction of seasonless products to deal with climate change
- Product development focusing on the new normal
  Strengthening casual products, development of one mile wear, expansion of wellness products (outdoor, yoga, etc.)
- Modification of the price range

2. Improvement in terms of sales/ promotion

- Establishment of contactless communication with customers through online customer services, live stream of explanatory video of products, etc.
- Brushing up comments appeared in the e-commerce site

• Business development in line with the new era

- New business development with a concept focusing on the new normal
- Business conditions for which multi-store openings are not assumed, based on the Company's e-commerce site
- Acquiring our new customer base by introducing a price range between GLR and COEN

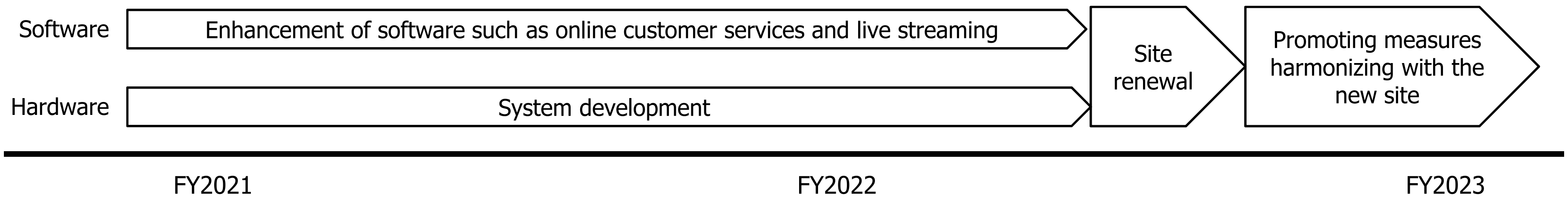
• Promotion of OMO

1. Enhancement in terms of software

- Aiming to become the top company in the industry in terms of ability to serve customers for online shopping and the quality of comments on merchandise and styling images (Utilization of SNS, enhanced engagement of sales representatives in online sales, etc.)

2. Innovation of hardware

- Redesigning the Company's e-commerce site by using our own infrastructure, possibly during FY2022
- Intend to offer services equivalent to those of physical stores in online shopping



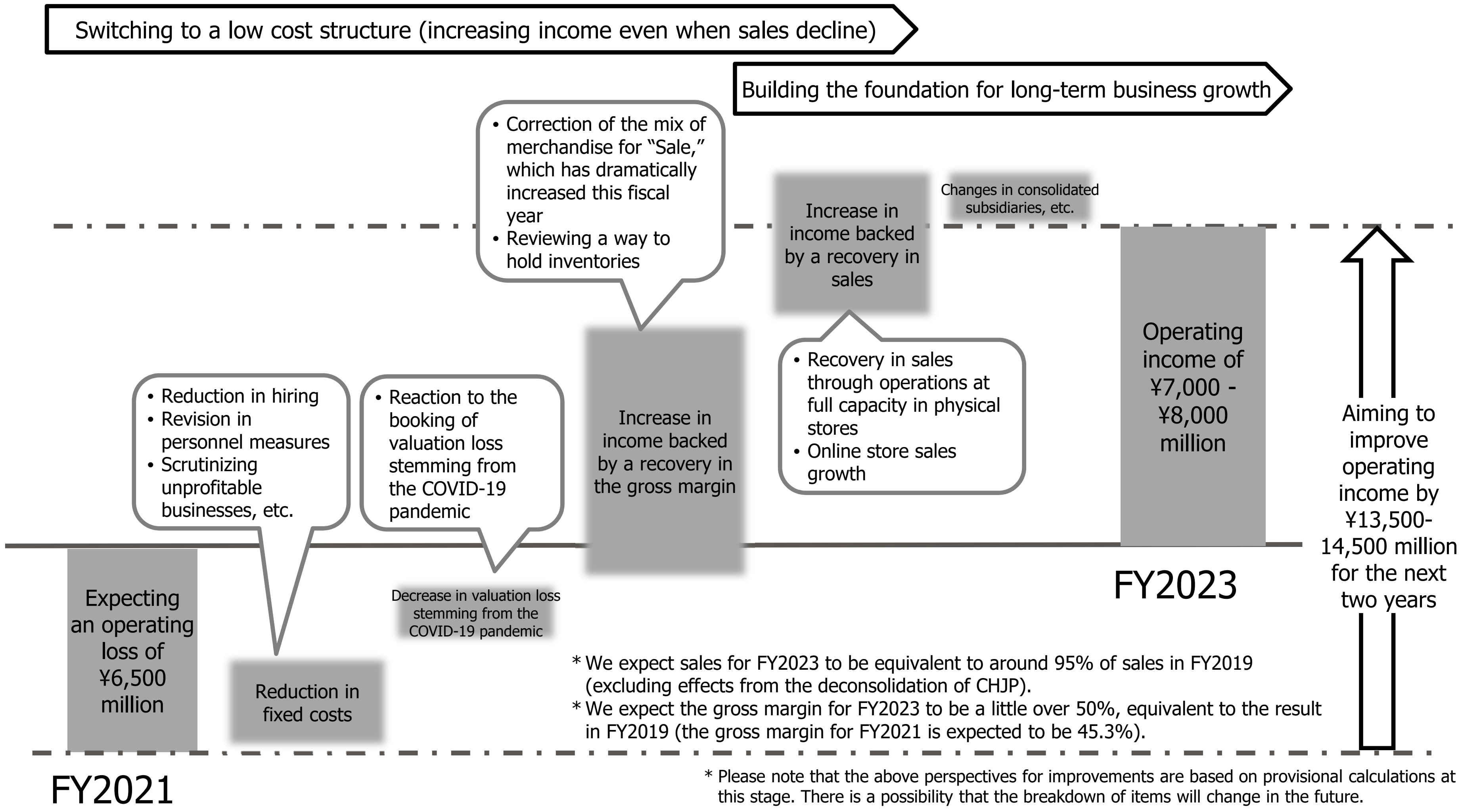
The Matrix of Issues the Company Must Deal With and Matters to Be Handled in the New Medium-Term Management Plan

UNITED ARROWS LTD.

		Delayed recovery in commercial facilities in large cities	Further strengthening online sales	Acceleration of casualization of business wear	Decline in product unit prices	Inventory efficiency	Problem regarding cost structure
Drastically review the revenue structure	Withdrawal from or streamlining of unprofitable stores, businesses, and subsidiaries	○				○	○
	Structural reform of the head office organization		○				○
	Changes in personnel measures		○				○
	Improvement in inventory efficiency					○	○
Regain earnings power	Improvement in revenue of core businesses Improvement in terms of merchandise			○	○	○	
	Improvement in revenue of core businesses Improvement in terms of sales/promotion	○	○			○	
	Business development in line with the new era		○	○	○		
	Promotion of OMO	○	○	○		○	○

■ Steps to Recover Earnings and the Breakdown of Improvements

First half: Switching to a structure that can secure profit;
Latter half: Building the foundation for new business growth
Aiming to improve operating income by ¥13,500-14,500 million for the next two years



* We expect sales for FY2023 to be equivalent to around 95% of sales in FY2019 (excluding effects from the deconsolidation of CHJP).
* We expect the gross margin for FY2023 to be a little over 50%, equivalent to the result in FY2019 (the gross margin for FY2021 is expected to be 45.3%).

* Please note that the above perspectives for improvements are based on provisional calculations at this stage. There is a possibility that the breakdown of items will change in the future.

III. Reference Materials

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

UNITED ARROWS LTD.

	FY19			FY20			FY21		
	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year
Gross margin for the fiscal year	51.5%	51.4%	51.4%	51.7%	50.1%	50.8%	42.9%		
Gross margin for the corresponding period of the previous fiscal year	51.2%	51.7%	51.5%	51.5%	51.4%	51.4%	51.7%		
Difference	0.3pt	-0.3pt	-0.0pt	0.2pt	-1.4pt	-0.6pt	-8.7pt		

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

	FY19 1H	FY19 2H	FY19 Full Fiscal Year	FY20 1H	FY20 2H	FY20 Full Fiscal Year	FY21 1H	FY21 2H	FY21 Full Fiscal Year
Impact of movements in the gross margin of UNITED ARROWS LTD.'s total business units	0.3pt	-0.3pt	0.0pt	-0.1pt	-1.4pt	-0.8pt	-6.0pt		
Impact of movements in the gross margin of UNITED ARROWS LTD.'s outlet and other stores	0.1pt	0.1pt	0.1pt	0.1pt	0.2pt	0.1pt	-0.9pt		
Impact of movements in other costs at UNITED ARROWS LTD.	-0.1pt	0.1pt	0.0pt	0.0pt	0.0pt	0.0pt	-1.4pt		
Other factors (subsidiary trends, consolidated adjustments, sales composition, etc.)	0.1pt	-0.2pt	-0.1pt	0.2pt	-0.1pt	0.0pt	-0.5pt		

■ Trends in the Consolidated SGA Expenses to Sales Ratio

UNITED ARROWS LTD.

	FY19			FY20			FY21		
	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year
Total of SGA Expenses	47.3%	42.2%	44.5%	46.4%	44.2%	45.2%	55.8%		
Advertising Expenses	2.4%	2.1%	2.2%	2.3%	3.1%	2.7%	3.0%		
Personnel Expenses	17.0%	14.4%	15.6%	16.9%	15.1%	15.9%	21.1%		
Rent	14.7%	13.9%	14.2%	14.4%	14.2%	14.3%	17.1%		
Depreciation	1.3%	1.1%	1.2%	1.3%	1.2%	1.2%	1.6%		
Other	12.0%	10.7%	11.3%	11.5%	10.6%	11.1%	12.9%		