Fiscal 2021 Fiscal Year Ended March 31, 2021 Earnings Announcement

May 10, 2021

UNITED ARROWS LTD.

Contents

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, consolidated subsidiary and affiliated company.
UA = UNITED ARROWS; BY/BEAUTY&YOUTH = BEAUTY&YOUTH UNITED ARROWS; monkey time = monkey time BEAUTY&YOUTH UNITED ARROWS; District = District UNITED ARROWS; GLR/green label relaxing = 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 FY21 Business Results

Consolidated P/L (for details, see slides 5–9)

- Sales: ¥121,712 million, YoY decrease of 22.7% (YoY decrease of 40.8% in 1Q, 16.2% in 2Q, 13.4% in 3Q and 21.9% in 4Q)
- Gross margin: YoY difference is down 5.6 percentage points to 45.2%,SGA expenses to sales ratio: Up 5.4 percentage points YoY to 50.6%
- Operating loss: ¥6,613 million (loss of ¥5,019 million in 1Q, loss of ¥1,820 million in 2Q, operating income of ¥3,369 million in 3Q, and loss of ¥3,143 million in 4Q)

Non-Consolidated Sales (for details, see slides 10 to 12)

- Non-consolidated sales: YoY decrease of 21.2% (YoY decrease of 40.0% in 1Q, 15.4% in 2Q, 15.1% in 3Q, and 15.2% in 4Q)
- Online sales: YoY increase of 11.7%; composition ratio of online sales: 32.0% (up 9.4 percentage points YoY)

Inventory (for details, see slide 13)

- Inventory: Decrease of 28.7% from the end of the previous term; approximately 14% decrease even without the effects from the excluding FIGO CO., LTD. and CHJP from the scope of consolidation, increasing efficiency

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

- Full Fiscal Year Results: Group total number of new stores opened: 21; number of stores closed: 25; number of stores as of the term-end: 330

  *Due to a change in the scope of consolidation, FIGO CO., LTD. and CHJP stores were excluded from consolidated results.

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

- FIGO CO., LTD. and COEN CO., LTD.: Decreases in both revenue and income; Taiwan subsidiary: Increases in both revenue and income due to limited effects from the COVID-19 pandemic on its operations

Consolidated P/L plan for FY22 (for details, see slide 18)

- Sales of ¥124,800 million (YoY increase of 2.5%); operating Income of ¥3,000 million
- Dividend payout ratio is set at 31% provisionally, and resumption of dividends is scheduled to be ¥19 annually

■ Consolidated P/L Overview

UNITED ARROWS LTD.

Despite decrease in both revenue and income due to the impact of COVID-19, operating loss and ordinary loss ended up approximately within the planned values

・Sales of ¥121,712 million (YoY decrease of 22.7%), decrease in both revenue and income as seen in operating loss of ¥6,613 million

・Gross margin: Down 5.6 percentage points YoY to 45.2%. Ended up approximately within the planned value
- Approximately 46%, excluding the impact of approximately ¥1,000 million as extraordinary write-downs for 2020 spring and summer items due to the COVID-19 pandemic

・SGA expenses to sales ratio: Up 5.4 percentage points YoY to 50.6%. Decrease of approximately ¥2,965 million from the planned value

・Non-Operating P/L: Post a governmental subsidy to help defray costs relating to layoffs of ¥1,000 million among others

・Net loss: ¥7,197 million after posting an impairment loss relating to stores, etc. of approximately ¥1,903 million and loss on sale of the affiliated company's shares of approximately ¥457 million among others as extraordinary loss

Millions of yen

	Consolidated FY21 Full Fiscal Year									
	Results	vs. Sales	YoY increase (decrease)	Ratio	Increase (decrease) from the revised plans	Ratio	FY20 Results	vs. Sales	Revised plans	vs. Sales
Sales	**121,712**	100.0%	(35,700)	77.3%	(6,587)	94.9%	157,412	100.0%	128,300	100.0%
Gross Profit	**55,020**	45.2%	(24,962)	68.8%	(3,079)	94.7%	79,983	50.8%	58,100	45.3%
SGA Expenses	**61,634**	50.6%	(9,590)	86.5%	(2,965)	95.4%	71,224	45.2%	64,600	50.4%
Operating Income	**(6,613)**	—	(15,372)	—	(113)	—	8,758	5.6%	(6,500)	—
Non-Operating P/L	**1,735**	1.4%	1,690	3873.4%	535	144.6%	44	0.0%	1,200	0.9%
Ordinary Income	**(4,878)**	—	(13,681)	—	421	92.0%	8,803	5.6%	(5,300)	—
Extraordinary P&L	**(2,641)**	—	(59)	—	(671)	—	(2,582)	—	(1,970)	—
Net Income Attributable to Owners of Parent	**(7,197)**	—	(10,720)	—	(1,127)	—	3,522	2.2%	(6,070)	—

Consolidated SGA Expenses

UNITED ARROWS LTD.

SGA expenses: YoY decrease of 13.5%; SGA expenses to sales ratio: Up 5.4 percentage points YoY to 50.6%
Despite YoY sales ratio increase accompanied by a sales decline, decrease of approximately ¥2,965 million compared to the plan

(Comments referring to individual expense items that increased or decreased significantly as an amount)
- Advertising expenses: Decrease due to reduction of advertising and publicity expenses, etc.
- Personnel expenses: Decrease due to bonuses, overtime allowances, etc.
- Rent: Decrease due to the closure of physical stores and a decline in revenue
- Other: Decrease due to variable expenses stemming from lower revenue (logistics costs, outsourcing service expenses, credit card fees, etc.) and a reduction in fixed costs

* Main factors causing ¥2,965 million decrease from the planned value (Advertising expenses: ¥500 million decrease, Personnel expenses: ¥900 million decrease, Rent: ¥700 million decrease, Other variable expenses: ¥400 million, Other fixed costs and subsidiaries' expenses, etc.: ¥400 million decrease)

Millions of yen

	Consolidated FY21 Full Fiscal Year						
	Results	vs. Sales	YoY increase (decrease)	Ratio	Movement vs. Sales	FY20 Results	vs. Sales
Sales	121,712	100.0%	(35,700)	77.3%	0.0%	157,412	100.0%
SGA Expenses	61,634	50.6%	(9,590)	86.5%	5.4%	71,224	45.2%
Advertising Expenses	3,378	2.8%	(884)	79.3%	0.1%	4,263	2.7%
Personnel Expenses	22,253	18.3%	(2,802)	88.8%	2.4%	25,055	15.9%
Rent	19,824	16.3%	(2,721)	87.9%	2.0%	22,545	14.3%
Depreciation	1,679	1.4%	(267)	86.3%	0.1%	1,946	1.2%
Other	14,498	11.9%	(2,914)	83.3%	0.8%	17,413	11.1%

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 P/L by Quarter

UNITED ARROWS LTD.

Despite a sluggish recovery in revenue in the 4Q due to the impact of another wave of COVID-19, the extent of decline in the gross margin is tending to shrink thanks to inventory control, etc.

4Q sales: YoY decrease of 21.9%, approximately 17% decrease without the effects from excluding CHJP from the scope of consolidation

4Q gross margin: 40.1%, approximately 43.4% after excluding the effects of extraordinary write-downs
(4Q results include the effects from excluding CHJP from the scope of consolidation at the end of 3Q for each item.)

Millions of yen

	Consolidated FY21			
	1Q	2Q	3Q	4Q
Sales	22,198	31,060	38,540	29,912
Year-on-year	59.2%	83.8%	86.6%	78.1%
Gross Profit	9,637	13,233	20,156	11,993
Year-on-year	46.9%	73.6%	83.5%	69.2%
vs. Sales	43.4%	42.6%	52.3%	40.1%
Year-on-year difference	-11.3pt	-5.9pt	-1.9pt	-5.1pt
SGA Expenses	14,656	15,054	16,786	15,137
Year-on-year	84.3%	87.4%	87.6%	86.7%
vs. Sales	66.0%	48.5%	43.6%	50.6%
Year-on-year difference	19.6pt	2.0pt	0.5pt	5.1pt
Operating Income	(5,019)	(1,820)	3,369	(3,143)
Year-on-year	-	—	1	—
vs. Sales	-	—	0	—
Ordinary Income	(4,940)	(847)	3,546	(2,637)
Year-on-year	-	—	1	—
vs. Sales	-	—	0	—
Net Income Attributable to Owners of Parent	(3,582)	(1,514)	2,083	(4,183)
Year-on-year	-	—	75.9%	—
vs. Sales	-	—	5.4%	—

YoY decrease of approximately 17% without the effects from excluding CHJP from the scope of consolidation; UNITED ARROWS LTD. 4Q sales: YoY decrease of 15.2%

Approximately 43.4% after excluding the impact of approximately ¥1,000 million as extraordinary write-downs for goods, staying within YoY decrease of 1.8 percentage points

■ Consolidated SGA Expenses by Quarter

UNITED ARROWS LTD.

Millions of yen

	Consolidated FY21			
	1Q	2Q	3Q	4Q
Sales	**22,198**	**31,060**	**38,540**	**29,912**
Year-on-year	59.2%	83.8%	86.6%	78.1%
SGA Expenses total	**14,656**	**15,054**	**16,786**	**15,137**
Year-on-year	84.3%	87.4%	87.6%	86.7%
vs. Sales	66.0%	48.5%	43.6%	50.6%
Year-on-year difference	19.6pt	2.0pt	0.5pt	5.1pt
Advertising Expenses	**836**	**772**	**855**	**914**
Year-on-year	96.2%	91.3%	56.8%	87.8%
vs. Sales	3.8%	2.5%	2.2%	3.1%
Year-on-year difference	1.4pt	0.2pt	-1.2pt	0.3pt
Personnel Expenses	**6,090**	**5,157**	**6,073**	**4,932**
Year-on-year	96.0%	82.6%	93.1%	82.9%
vs. Sales	27.4%	16.6%	15.8%	16.5%
Year-on-year difference	10.5pt	-0.2pt	1.1pt	1.0pt
Rent	**4,087**	**5,028**	**5,572**	**5,135**
Year-on-year	76.6%	92.8%	92.4%	89.2%
vs. Sales	18.4%	16.2%	14.5%	17.2%
Year-on-year difference	4.2pt	1.6pt	0.9pt	2.1pt
Depreciation	**429**	**437**	**414**	**397**
Year-on-year	88.6%	92.9%	82.9%	81.1%
vs. Sales	1.9%	1.4%	1.1%	1.3%
Year-on-year difference	0.6pt	0.1pt	0.0pt	0.0pt
Other	**3,212**	**3,658**	**3,870**	**3,756**
Year-on-year	73.8%	86.1%	84.2%	89.1%
vs. Sales	14.5%	11.8%	10.0%	12.6%
Year-on-year difference	2.9pt	0.3pt	-0.3pt	1.6pt

- Main controlled items
  - 1Q: Decrease in rent due to the closure of physical stores
  - 2Q: Decrease in provision of bonuses in view of business results
  - 3Q: Decrease due to reduction of advertising and publicity expenses, and difference from the measures taken in the previous year (Implementation of large-scale campaigns at the Company's e-commerce site in the previous year)
  - 4Q: Decrease in provision of bonuses in view of business results

In order to strengthen the ability to cope with increases and decreases in sales, continue to make efforts toward operational reforms.

■ Factors for Increase and Decrease in Consolidated Gross Margin

Despite YoY decrease of 5.6 percentage points in the gross margin for the full fiscal year, actual YoY decrease of 1.8 percentage points in 4Q
4Q gross margin of UNITED ARROWS LTD. business units and COEN CO., LTD. improved compared to the previous year

● FY21 Full Fiscal Year

	Gross margin	Year-on-year difference
Consolidated	45.2%	Down5.6pt
Excluding the effects of extraordinary write-downs	Approximately46.0%	Down4.8pt
UNITED ARROWS LTD.	43.5%	Down6.6pt
Excluding the effects of extraordinary write-downs	Approximately44.5%	Down5.6pt
Total Business Unit Sales	-	Down3.9pt
Outlets and the like	-	Down5.8pt
Items exclusively sold at outlets, Composition ratio	-	Down2.1pt
Subsidiary company	Worse than the previous term except for Taiwan	

- Struggling business on a full-fiscal-year basis
- Mainly caused by expansion of markdown sales and promotion of markdown sales of goods from the past fiscal year

● FY21 4Q (three months)

	Gross margin	Year-on-year difference
Consolidated	40.1%	Down5.1pt
Excluding the effects of extraordinary write-downs	Approximately43.4%	Down1.8pt
UNITED ARROWS LTD.	37.9%	Down6.1pt
Excluding the effects of extraordinary write-downs	Approximately41.7%	Down2.3pt
Total Business Unit Sales	-	0.5pt
Outlets and the like	-	Down7.7pt
Items exclusively sold at outlets, Composition ratio	-	Down2.5pt
Subsidiary company	Year-on-year improvement for all subsidiaries	

- Back on a recovery track in 4Q (three months)
- In the case of UNITED ARROWS LTD. business units and COEN CO., LTD., inventory procurement control and reduced markdown sales contributed to increases.
- Main negative factors are extraordinary write-downs and promotion of markdown sales of goods from the past fiscal year at the outlets

Sales: YoY decrease of 21.2%; existing store sales of retail and online: YoY decrease of 24.3%

- Despite continued sluggish sales in the metropolitan areas and a significant drop in retail store sales for the full fiscal year, sales were back on a recovery track in the 2H (refer to the next slide)
- Online sales: YoY increase of 11.7%; composition ratio of online sales: 32.0% (up 9.4 percentage points YoY)
  Sales of the Company's e-commerce site were favorable (sales at the site: YoY increase of 63.4%)

Millions of yen

	Non-Consolidated FY21 Full Fiscal Year					
	Results	Composition ratio	YoY increase (decrease)	Ratio	FY20 Results	Composition ratio
Non-Consolidated Sales	**101,929**	100.0%	(27,473)	78.8%	129,402	100.0%
Total Business Unit Sales	**85,878**	84.3%	(25,283)	77.3%	111,162	85.9%
Retail	**52,323**	51.3%	(28,702)	64.6%	81,026	62.6%
Online	**32,630**	32.0%	3,412	111.7%	29,217	22.6%
Other (wholesale, etc.)	**924**	0.9%	6	100.7%	918	0.7%
Outlet, etc.	**16,050**	15.7%	(2,189)	88.0%	18,240	14.1%

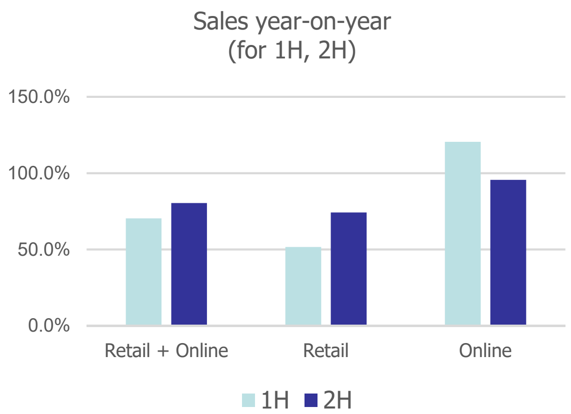
	Existing Stores YoY(asterisk indicates reference data)		
	Sales	Number of customers	Ave. spend per customer
Retail + Online	75.7%	84.6% *	88.0% *
Retail	63.5%	65.8%	96.5%
Online	106.8%	125.8% *	88.6% *

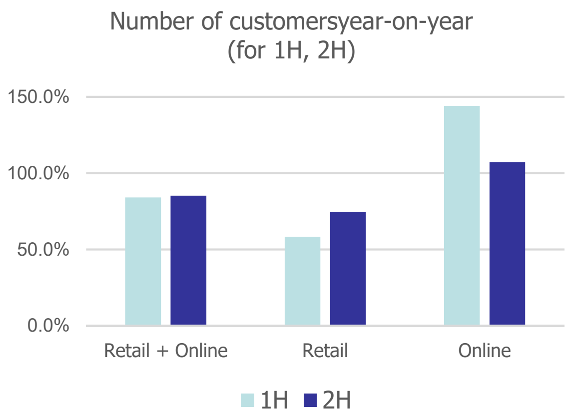
* Data on number of customers and average spend per customer for existing retail and online stores as well as for other online stores are calculated using data available to the Company through its own online stores and ZOZOTOWN stores.

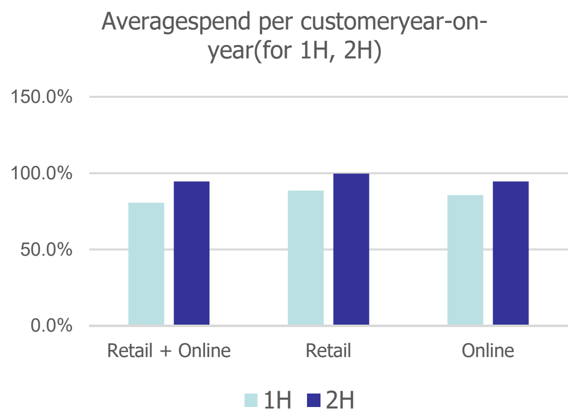
■ Non-Consolidated Existing Store Sales Results for 1H and 2H

- In retail + online, and in retail, sales and number of customers were back on a recovery track from the 2H
- There was a significant drop in average spend per customer due to the promotion of markdown sales of spring and summer items in the 1H. However, the extent of the contraction narrowed due to a reduction in procurement for fall and winter items and reduced markdown sales

	Sales		Number of customers		Ave. spend per customer	
	1H	2H	1H	2H	1H	2H
Retail + Online	70.3%	80.4%	84.1%	85.2%	80.6%	94.5%
Retail	51.6%	74.2%	58.3%	74.5%	88.6%	99.6%
Online	120.5%	95.6%	144.0%	107.2%	85.6%	94.5%







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

* Due to the closure of its own online store, UNITED ARROWS Online Store from September 12, 2019 to November 26, 2019, YoY increase (decrease) of the existing store sales, number of customers, and average spend per customer from September to November 2020 do not include the results of the same site.

UNITED ARROWS LTD.

Lower revenue in both business units, YoY decrease in the total of retail and online store sales at existing stores

Business Unit I: Sales of high-priced products remained favorable, and sales of casual products were on a path of gradual recovery

Business Unit II: Delayed recovery due to sluggish demand for business wear

Millions of yen

	Non-Consolidated FY21 Full Fiscal Year			
	Results	YoY increase (decrease)	Ratio	FY20 Results
Total Business Unit Sales	**85,878**	(25,283)	77.3%	111,162
Business Unit I	**58,542**	(13,907)	80.8%	72,449
Business Unit Ⅱ	**27,335**	(11,376)	70.6%	38,712

	Existing store sales YoY		
	Retail+ Online	Retail	Online
Business Unit I	78.5%	66.4%	108.5%
Business Unit Ⅱ	70.4%	58.3%	103.5%

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

Consolidated B/S Overview

UNITED ARROWS LTD.

Consolidated total assets: ¥63,619 million, YoY decrease of 9.1%
Inventory: Ended at 70% of the end of the previous term

(Comments refer to changes from the end of the previous term. *Increase/decrease in assets and liabilities at the end of the current term includes the effects from excluding FIGO CO., LTD. and CHJP from the scope of consolidation.)

- Current assets: Increase in accounts receivable-other; decrease in inventory
- Noncurrent assets: Decrease in property, plant and equipment; increase in deferred tax assets
- Current liabilities: Increase in short-term loans payable; decrease in notes and accounts payable-trade; decrease in provision of bonuses
- Net assets: Decrease in surplus; decrease in non-controlling interests

*Balance of short- and long-term loans payable: ¥15,600 million, YoY increase of 239.1%

*Inventory: ¥19,914 million, YoY decrease of 28.7% (approximately 14% decrease excluding the effects from the excluding FIGO CO., LTD. and CHJP from the scope of consolidation)

Millions of yen

	Consolidated FY21-End				FY20-End	
	Results	Composition ratio	YoY increase (decrease)	vs. FY20-End	Results	Composition ratio
Total Assets	63,619	100.0%	(6,387)	90.9%	70,007	100.0%
Current Assets	39,745	62.5%	(6,252)	86.4%	45,997	65.7%
(of which, Inventory)	19,914	31.3%	(8,034)	71.3%	27,949	39.9%
Noncurrent Assets	23,874	37.5%	(135)	99.4%	24,009	34.3%
Current Liabilities	29,564	46.5%	5,905	125.0%	23,658	33.8%
Noncurrent Liabilities	4,210	6.6%	(65)	98.5%	4,275	6.1%
Total Net Assets	29,844	46.9%	(12,227)	70.9%	42,072	60.1%
Reference: Balance of short- and long-term loans payable	15,600	24.5%	11,000	339.1%	4,600	6.6%

Cash and cash equivalents at the end of the period: ¥6,604 million

- Cash flows from operating activities
  (Major cash inflows): Depreciation of ¥1,681 million; decrease in inventory of ¥3,056 million
  (Major cash outflows): Amount of net loss for the period before taxes of ¥7,519 million; decrease in trade payables of ¥2,043 million
- Cash flows from investing activities
  (Major cash outflows): Purchases of property, plant and equipment for ¥1,925 million;
  Decrease in cash and deposits resulting from a change in the scope of consolidation: ¥2,938 million
- Cash flows from financing activities
  (Major cash inflows): Increase in short-term loans payable of ¥11,000 million
  (Major cash outflows): Payment of cash dividends of ¥1,731 million

Millions of yen

	Consolidated FY21 Full Fiscal Year	FY20
	Results	Results
Cash flows from operating activities (sub-total)	**(4,725)**	9,139
Cash flows from operating activities	**(4,277)**	5,510
Cash flows from investing activities	**(4,079)**	(3,667)
Cash flows from financing activities	**9,268**	(1,938)
Cash and cash equivalents at the end of the period	**6,604**	5,726

■ Group Total Opening and Closing of Stores in FY21

UNITED ARROWS LTD.

• FY21 Results: Group total number of new stores opened: 21; number of stores closed: 25; number of stores as of the term-end: 330

	FY21 Full Fiscal Year Results			
	FY20-End Number of stores	Opened	Closed	**Term-end Number of stores**
Group Total	**359**	**21**	**25**	**330**
UNITED ARROWS LTD.	**241**	**15**	**20**	**236**
FIGO CO., LTD.	**16**	**0**	**1**	**—**
COEN CO., LTD.	**85**	**6**	**4**	**87**
UNITED ARROWS TAIWAN LTD.	**7**	**0**	**0**	**7**
CHROME HEARTS JP GK	**10**	**—**	**—**	**—**

Reference: Breakdown for UNITED ARROWS LTD.

Business Unit I	**113**	**8**	**4**	**117**
Business Unit II	**101**	**6**	**15**	**92**
Outlet	**27**	**1**	**1**	**27**

* Due to a change in the scope of consolidation, FIGO CO., LTD. (15 stores) and CHJP GK stores (10 stores) were excluded from the number of stores as of the term-end.

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

	FY21 Full Fiscal Year Results			
	FY20-End Number of stores	Opened	Closed	Term-end Number of stores
UNITED ARROWS LTD. Total	**241**	**15**	**20**	**236**
Business Unit I Total	**113**	**8**	**4**	**117**
UNITED ARROWS (General Merchandise Store)	14	2	2	14
UNITED ARROWS	25	2	1	26
BEAUTY&YOUTH	38	0	0	38
Other	36	4	1	39
Business Unit II Total	**101**	**6**	**15**	**92**
GREEN LABEL RELAXING	83	4	4	83
Other	18	2	11	9
Outlet	**27**	**1**	**1**	**27**

* STEVEN ALAN TOKYO and STEVEN ALAN OSAKA are recorded as annexes to each BY store in the number of stores listed above.

Decrease in both revenue and income except for the Taiwan subsidiary

FIGO Co., Ltd. (April–March)

Decrease in both revenue and income

- Sales: ¥1.5 billion, Down 35% YoY (Down 59% in 1Q, 37% in 2Q, 11% in 3Q, 33% in 4Q)
- Excluded from the scope of consolidation at the end of March 2021.

COEN CO., LTD. (February–January)

Decrease in both revenue and income

- Sales: ¥10.8 billion, Down 21% YoY (Down 34% in 1Q, 20% in 2Q, 3% in 3Q, 26% in 4Q)

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

CHROME HEARTS JP, GK

April–December: Decreases in revenue and income

- Sales: ¥7.3 billion, Down 20% YoY (Down 50% in 1Q, 12% in 2Q, and 2% in 3Q)
- Excluded from the scope of consolidation at the end of December 2020.

■ Consolidated P/L Plan for FY22

UNITED ARROWS LTD.

Dividend payout ratio is set at 31% provisionally, and the resumption of dividends is scheduled to be ¥19 annually, aiming at returning to profitability on a full-fiscal-year basis

- Sales of ¥124,800 million (YoY Increase of 2.5%); YoY increase of 10% after deducting effects of a change in the consolidation structure
- Gross margin: 50.7% (up 5.5 percentage points YoY); aiming at the level of FY20
- SGA expenses to sales ratio: 48.3% (up 2.3 percentage points YoY)
- Operating Income: ¥3,000 million (operating loss of ¥6,613 million in the previous term)
- Post an extraordinary loss of ¥1,120 million due to continued inspection of underperforming businesses and stores
- Dividend payout ratio is set at 31% provisionally, and the amount of dividends per-share is scheduled to be ¥19

Millions of yen

	Consolidated FY22 Full Fiscal Year				FY21 Full Fiscal Year		(Reference) FY20 Full Fiscal Year			
	Plan	vs. Sales	vs. Previous term	(Reference) Deduction of effects of a change in the consolidation structure	Results	vs. Sales	Results	vs. Sales	FY20	(Reference) Deduction of effects of a change in the consolidation structure
Sales	**124,800**	100.0%	102.5%	Approximately 110%	121,712	1	157,412	1	79.3%	Approximately 86%
Gross Profit	**63,300**	50.7%	115.0%	-	55,020	0	79,983	1	79.1%	-
SGA Expenses	**60,300**	48.3%	97.8%	-	61,634	1	71,224	0	84.7%	-
Operating Income	**3,000**	2.4%	-	-	(6,613)	-	8,758	0	34.3%	-
Non-Operating P/L	**580**	0.5%	33.4%	-	1,735	0	44	0	1294.5%	-
Ordinary Income	**3,580**	2.9%	-	-	(4,878)	-	8,803	0	40.7%	-
Extraordinary P&L	**(1,120)**	0.9%	-	-	(2,641)	-	(2,582)	-	-	-
Net Income Attributable to Owners of Parent	**1,750**	1.4%	-	-	(7,197)	-	3,522	0	49.7%	-

■ Group Total Opening and Closing of Stores in FY22

- FY22 plan: Group total number of new stores to be opened: 8; number of stores to be closed: 11; number of stores as of the term-end: 327

	FY22 Plan					
	Number of stores as of the end of the previous term	To be opened			To be closed	Number of stores as of the term-end
		1H	2H	Full Fiscal Year		
Group Total	330	5	3	8	11	327
UNITED ARROWS LTD.	236	3	2	5	10	231
COEN CO., LTD.	87	2		2	1	88
UNITED ARROWS TAIWAN LTD.	7		1	1		8

II. Group Management Policy, etc. for FY22

Action Summary for FY21 (1)

■ Medium-Term Management Plan "Drastically review the revenue structure"

- Assessment of underperforming businesses, stores and subsidiaries
  -25 stores closed as a whole group
  - As a result of the transfer of all shares of FIGO CO., LTD., its stores were excluded at the term-end
- Structural reforms of the headquarters organization
  - Implementation of large-scale personnel and organizational reforms as of April 1, 2021
  - The sales division was changed to the three-headquarters system, comprised of UA, BY and GLR. Establishment of the sales general headquarters
  - Establishment of the DX Promotion Center and SCM Headquarters, etc. as the sales support division
- Change of personnel affairs measures
  - Continue to naturally reduce the number of personnel through reduced hiring and retirement, leading to personnel cuts by 10% or so by the final year, aiming at productivity and efficiency improvement
- Improving gross margin by enhancing inventory efficiency
  - Progress of the inventory improvement project
  (Optimization of distributor functions, addition of gross margin and inventory balances to personnel evaluation standards)

■ Medium-Term Management Plan "Regain Earnings Power"

Outdoor label debuted in April 2021
koti BEAUTY&YOUTH

- Improve profitability of main businesses

  -In terms of goods: Strengthen casual merchandise
  Expand seasonless, antimicrobial and functional merchandise
  - In terms of sales and sales promotion:
  Enhance online customer contact through sales staff's participation

- Brand development conforming to a new era

  - Expansion of a new domain centering on lifestyle: Wellness-related labels (yoga, etc.) are scheduled to launch in the future, in addition to an outdoor label, koti BEAUTY&YOUTH
  - EC and casual-centered new brands are scheduled to launch this fall and winter at the price range between GLR and COEN

- Promotion of OMO strategies

  - In terms of hardware: As scheduled, progress is being made in releasing the Company's new e-commerce site by utilizing the in-house infrastructure in the next spring
  - In terms of software: Enhance online customer contact through Instalive and LINE customer contact, etc.

- Medium-Term Management Plan for FY21 through FY23

  Basic Policy: “Weather the crisis and regain our earnings power”

  1. Drastically review the revenue structure
  2. Regain earnings power

▼

- FY22 Group Management Policy

Major reforms toward sustainable growth and future For customer satisfaction in a new era

- Required achievement of the operating income and productivity plan (operating income plan per person)
- Required achievement of 50.7% of the consolidated gross margin plan
- Implementation of base strategies that support sustainable growth (sustainability, DX)

Major reforms toward sustainable growth and future
For customer satisfaction in a new era

- Required achievement of the operating income and productivity plan (operating income plan per person)
  1. Assessment of underperforming businesses, stores, labels and subsidiaries, and redrafting of the growth strategy
  2. Continued structural reforms toward increased efficiency of the headquarters organization and personnel expenses
  3. Implementation of measures toward improved productivity of stores

- Required achievement of 50.7% of the consolidated gross margin
  1. Thorough improvement of inventory efficiency through product reforms of the main labels
  2. Expansion of sales measures through OMO promotion and digital marketing
  3. Increase in online sales accompanied by profitability improvement

- Base strategies that support sustainable growth
  1. Realization of the customer-first concept by promoting digital transformation
  2. Promotion of sustainability corresponding to the market characteristics

Corporate Philosophy

With sincerity and a sense of beauty, we continually create new tomorrows for our customers, setting the standard for lifestyle culture.

- Our store is our starting point. Everything we do must be for our customer at all times.
- Corporate philosophy and the customer-first concept have been passed on to us since our founding.
  Aiming to realize the corporate philosophy, our company will adapt to changes in the times for the sake of customers.
- In the long term, we would like to launch businesses under the UNITED ARROWS brand not only in the fashion industry, but also in various domains, and continuously create new tomorrows for our customers by suggesting an abundant lifestyle for a new era, so as to set the standards for lifestyle culture.

III. Reference Materials

New Medium-Term Management Plan From FY2021 to FY2023

■ Changes in the market environment due to the COVID-19 pandemic

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

UNITED ARROWS LTD.

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

New Medium-Term Management Plan "Drastically Review the Revenue Structure"

- 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

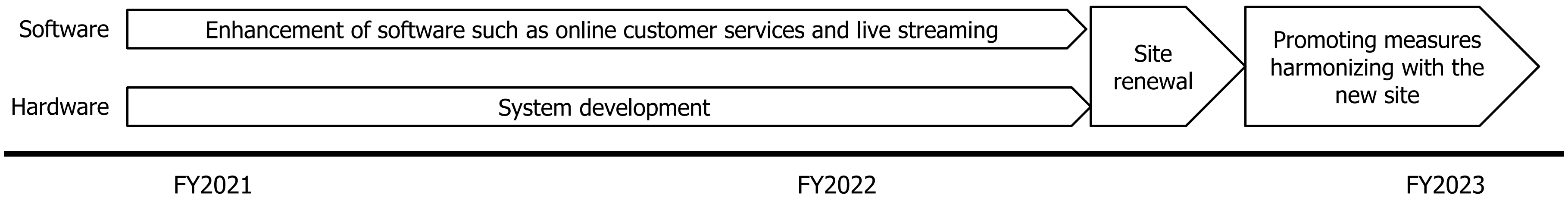
Promotion of OMO

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

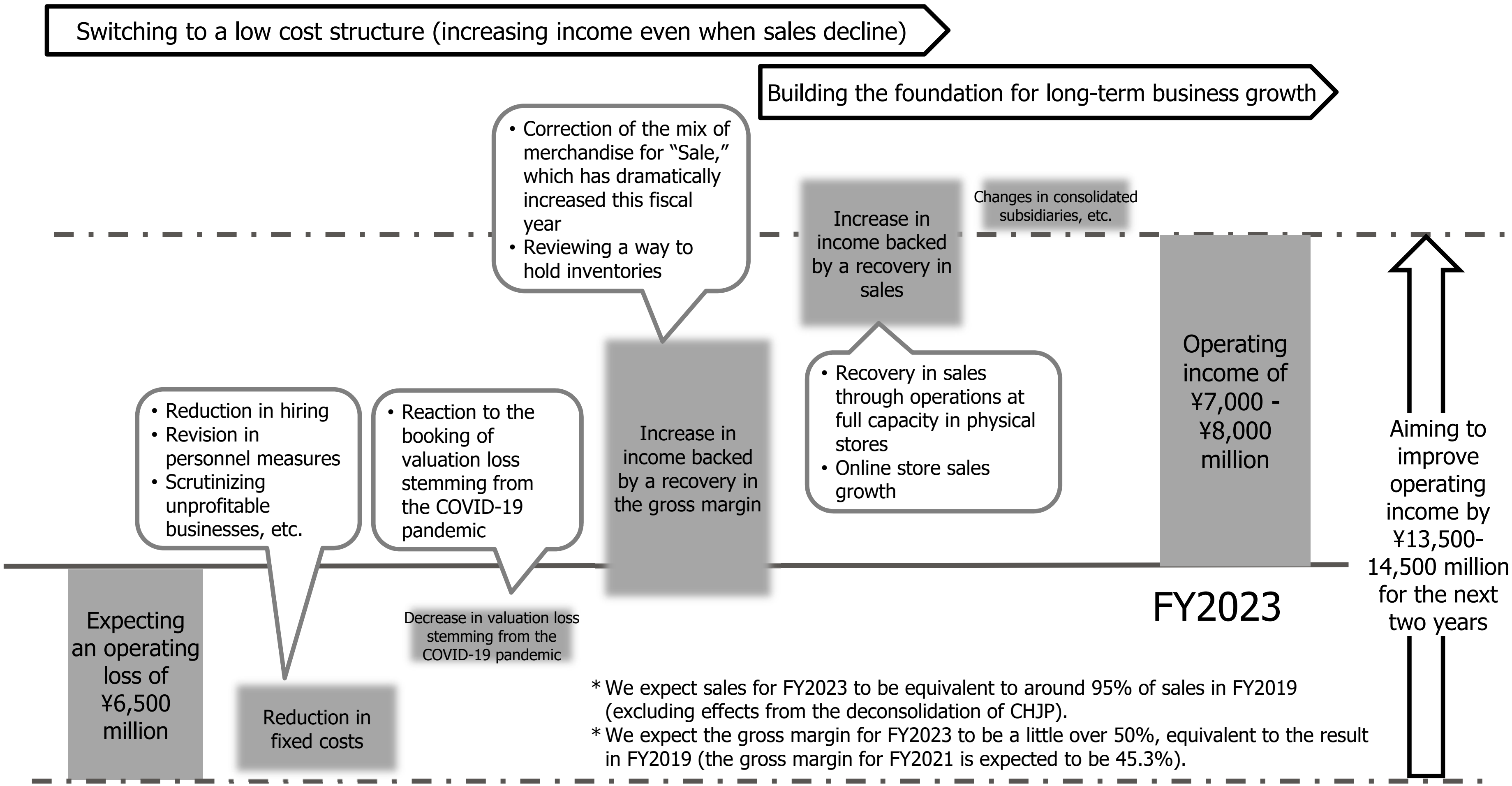


■ The Matrix of Issues the Company Must Deal With and Matters to Be Handled in the New Medium-Term Management Plan

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	○	○	○		○	○

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.

■ 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%	47.0%	45.2%
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%	50.1%	50.8%
Difference	0.3pt	-0.3pt	-0.0pt	0.2pt	-1.4pt	-0.6pt	-8.7pt	-3.1pt	-5.6pt

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

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	—	—

* Due to the change in the scope of consolidation, the breakdow n of the differences in the 2H and the Full Fiscal year of the FY21 period is omitted.

■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%	46.6%	50.6%
Advertising Expenses	2.4%	2.1%	2.2%	2.3%	3.1%	2.7%	3.0%	2.6%	2.8%
Personnel Expenses	17.0%	14.4%	15.6%	16.9%	15.1%	15.9%	21.1%	16.1%	18.3%
Rent	14.7%	13.9%	14.2%	14.4%	14.2%	14.3%	17.1%	15.6%	16.3%
Depreciation	1.3%	1.1%	1.2%	1.3%	1.2%	1.2%	1.6%	1.2%	1.4%
Other	12.0%	10.7%	11.3%	11.5%	10.6%	11.1%	12.9%	11.1%	11.9%