Fiscal 2022
Fist Half Earnings Announcement

November 5, 2021

UNITED ARROWS LTD.

Contents

UNITED ARROWS LTD.

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 and affiliated company.
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; Lurow GLR = Lurow GREEN LABEL RELAXING; THE STATION STORE = THE STATION STORE UNITED ARROWS LTD.; CHJP = CHROME HEARTS JP, GK; CH = CHROME HEARTS
(2) The store brands contained within Trend-conscious Market and Basic Trend-conscious Market are as follows.
Trend-conscious Market: UA, District, ASTRAET, BY, monkey time, STEVEN ALAN, ROKU, H BEAUTY&YOUTH, Odette e Odile, DRAWER, BLAMINK, AEWEN MATOPH, LOEFF, and California General Store
Basic Trend-conscious Market: GLR, Lurow GLR, THE STATION STORE, and CITEN

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

I. Performance Highlights for the Six-Month Period Ended September 30, 2021

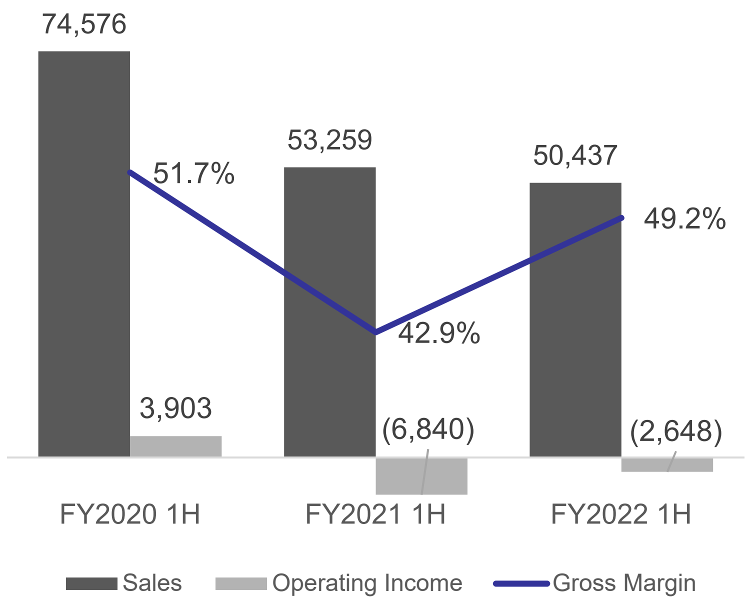
Consolidated P/L

Sales: ¥50,437 million, YoY decrease of 5.3%, decrease of 32.4% over the same period of FY20

Excluding the impact of changes in the consolidation structure and revenue recognition standards, sales increased 6.5% YoY and decreased 23.0% over the same period of FY20

Gross margin: 49.2%, up 6.2 percentage points YoY, down 2.5 percentage points over the same period of FY20

Operating loss: ¥2,648 million, loss attributable to owners of parent: ¥1,994 million



(Millions of yen)

	FY2022 1H	vs. FY20 1H	vs. FY21 1H
Sales	**50,437**	67.6%	94.7%
Excluding the impact of the changes in consolidation structure* and revenue recognition standards	—	77.0%	106.5%
Gross Profit	**24,801**	64.4%	108.4%
vs. Sales	49.2%	-2.5pt	6.2pt
Operating Income	**(2,648)**	–	–
vs. Sales	–	–	–
Net Income Attributable to Owners of Parent	**(1,994)**	–	–
vs. Sales	–	–	–

* The impact of changes in the consolidation structure was calculated from the total sales of UA LTD., COEN CO., LTD., and UNITED ARROWS TAIWAN LTD. Actual consolidated sales include inter-subsidiary transactions, so please refer to them as reference values.

Performance Highlights: Consolidated Gross Margin

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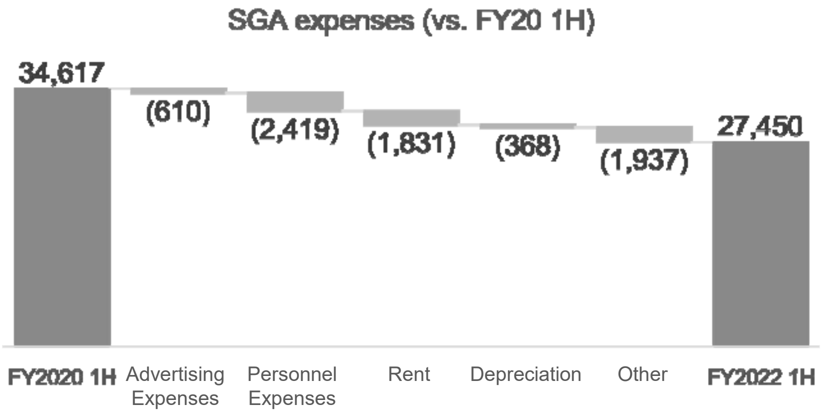
Although promoting the consumption of products for spring and summer of last year at outlets has significant impacts, the negative impact is expected to diminish in fall and winter

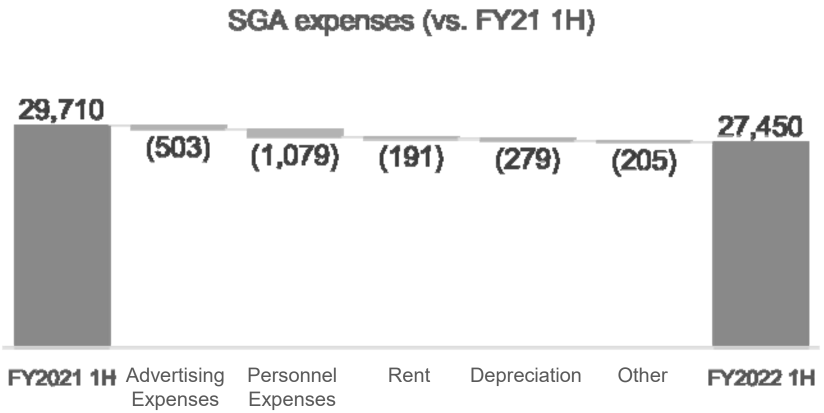
	FY2022 1H	vs. FY20 1H	vs. FY21 1H	FY2022 1Q	vs. FY20 1Q	vs. FY21 1Q	FY2022 2Q	vs. FY20 2Q	vs. FY21 2Q
Consolidated	49.2%	-2.5pt	6.2pt	51.5%	-3.3pt	8.0pt	46.9%	-1.6pt	4.3pt
UNITED ARROWS LTD.	48.4%	-2.4pt	7.8pt	50.9%	-3.5pt	9.3pt	45.8%	-1.1pt	6.1pt
Total Business Unit Sales	-	-1.9pt	6.5pt	-	-2.4pt	8.5pt	-	-1.2pt	4.3pt
Outlet, etc.	-	-6.3pt	0.4pt	-	-5.5pt	-3.2pt	-	-7.0pt	0.8pt
COEN CO., LTD.	-	0.4pt	3.9pt	-	-0.5pt	4.1pt	-	1.0pt	3.7pt
UNITED ARROWS TAIWAN LTD.	-	5.1pt	5.0pt	-	5.3pt	6.0pt	-	5.2pt	4.9pt

Consolidated SGA Expenses

¥27,450 million, YoY decrease of 7.6%, decrease of 20.7% over FY20 1H

Excluding the impact of the change in revenue recognition standards, consolidated SGA expenses were ¥28,228 million (decrease of 18.5% over the same period of FY20)





(Millions of yen)

		FY2022 1H		
			vs. FY20 1H	vs. FY21 1H
Total SGA Expenses		**27,450**	79.3%	92.4%
	vs. Sales	54.4%	-	-
Excluding the impact of the change in revenue recognition standards		**28,228**	81.5%	95.0%
	vs. Sales	54.4%		
Advertising Expenses		**1,105**	64.4%	68.7%
	vs. Sales	2.2%	-	-
Excluding the impact of the change in revenue recognition standards		**1,883**	109.8%	117.1%
	vs. Sales	3.6%		
Personnel Expenses		**10,167**	80.8%	90.4%
	vs. Sales	20.2%	-	-
Rent		**8,924**	83.0%	97.9%
	vs. Sales	17.7%	-	
Depreciation		**588**	61.5%	67.8%
	vs. Sales	1.2%	-	-
Other		**6,664**	77.5%	97.0%
	vs. Sales	13.2%	-	-

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

■ Performance Highlights: Trends in non-consolidated results

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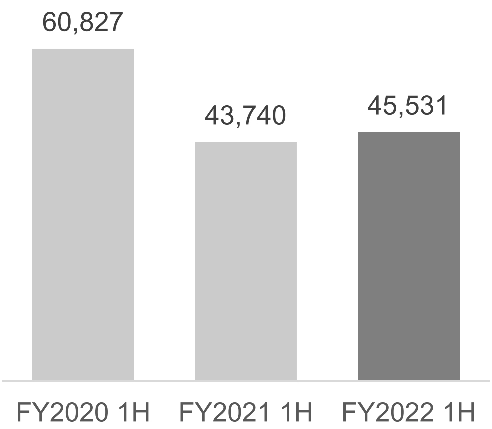
Non-Consolidated Sales Results

Online Sales: ¥13,583 million, composition rate was 29.8%
(significantly up from 21.5% in the same period of FY20)

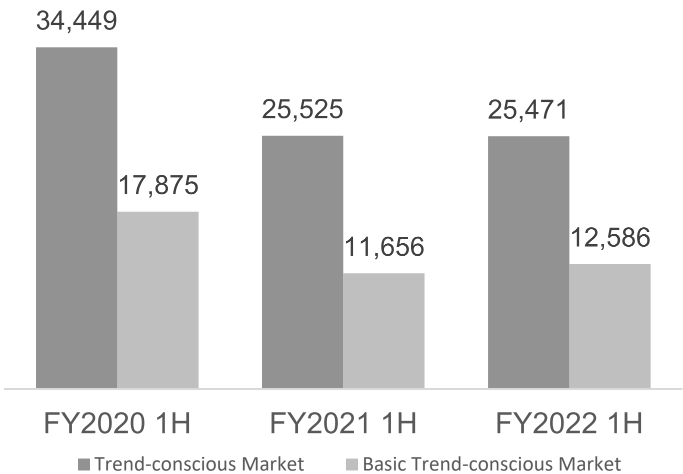


(Millions of yen)

	FY2022 1H					
	Results	vs. FY20 1H	vs. FY21 1H	vs. Sales	vs. FY20 1H	vs. FY21 1H
Non-consolidated sales	**45,531**	74.9%	104.1%	**100.0%**	-	-
Excluding the impact of the change in revenue recognition standards	-	77.1%	107.2%	-	-	-
Total Business Unit Sales*	**38,057**	72.7%	102.4%	**83.6%**	-2.4pt	-1.4pt
Excluding the impact of the change in revenue recognition standards		74.7%	105.1%	-	-	-
Retail	**23,931**	61.7%	115.7%	**52.6%**	-11.2pt	5.3pt
Online	**13,583**	103.7%	84.1%	**29.8%**	8.3pt	-7.1pt
Other (wholesale, etc.)	**541**	123.8%	156.3%	**1.2%**	0.5pt	0.4pt
Outlet, etc.	**7,759**	91.3%	118.3%	**17.0%**	3.1pt	2.0pt

* "Total Business Unit Sales" includes sales from retail, online, and w holesale, etc.

Non-Consolidated Sales Results by Business



(Millions of yen)

	FY2022 1H		
		vs. FY20 1H	vs. FY21 1H
Trend-conscious Market	**25,471**	73.9%	99.8%
Excluding the impact of the change in revenue recognition standards	-	75.9%	102.5%
Basic Trend-conscious Market	**12,586**	70.4%	108.0%
Excluding the impact of the change in revenue recognition standards	-	71.4%	109.4%

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

Performance Highlights: Consolidated B/S and opening and closing of stores

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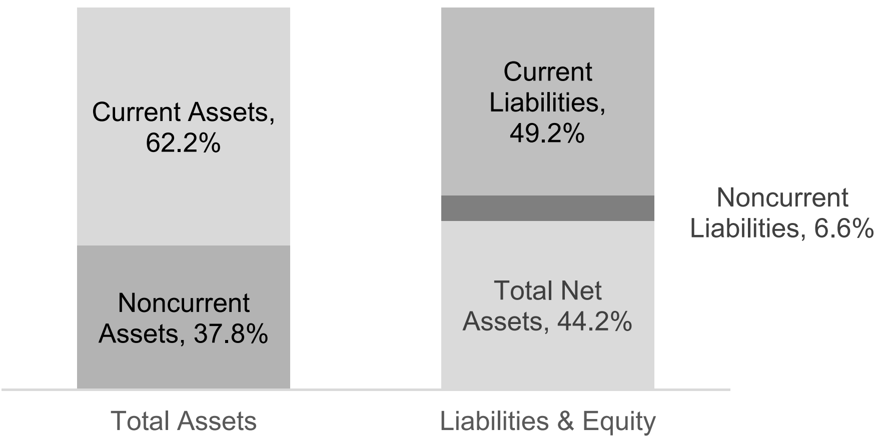
Consolidated B/S Overview



Balance of short- and long-term loans payable
¥15,375 million (vs. FY21-end: decrease of 1.4%)

Inventory ¥23,097 million (vs. FY21 1H: decrease of 21.8%, and decrease of 5.5% excluding the change in consolidated structure)

(Millions of yen)

		As of Sept. 30, 2021	vs. FY21-end	
			Change	
Total Assets		**62,909**	(710)	98.9%
	Composition ratio	100.0%	-	-
Current Assets		**39,146**	(598)	98.5%
	Composition ratio	62.2%		-
Noncurrent Assets		**23,763**	(111)	99.5%
	Composition ratio	37.8%		-
Current Liabilities		**30,922**	1,357	104.6%
	Composition ratio	49.2%		-
Noncurrent Liabilities		**4,174**	(35)	99.2%
	Composition ratio	6.6%		-
Total Net Assets		**27,812**	(2,032)	93.2%
	Composition ratio	44.2%		-

Opening and Closing of Stores

No. of stores opened in 1H	4 stores
No. of stores closed in 1H	9 stores
No. of stores as of 1H-end	325 stores
No. of stores as of FY22-end (forecasts)	310 stores*

*14% decrease from FY20-end

(Number of stores)

		FY2022					
		1H Results			FY22 Forecasts		
	No. of stores as of FY21-end	Opened	Closed	No. of stores as of 1H-end	Opened	Closed	No. of stores as of FY22-end
Group Total	**330**	4	9	**325**	6	26	**310**
UNITED ARROWS LTD.	**236**	2	9	**229**	4	24	**216**
COEN CO., LTD.	**87**	2	0	**89**	2	2	**87**
UNITED ARROWS TAIWAN LTD.	**7**	0	0	**7**	0	0	**7**

COEN CO., LTD. (February–July)

Saw decrease in revenue and increase in income

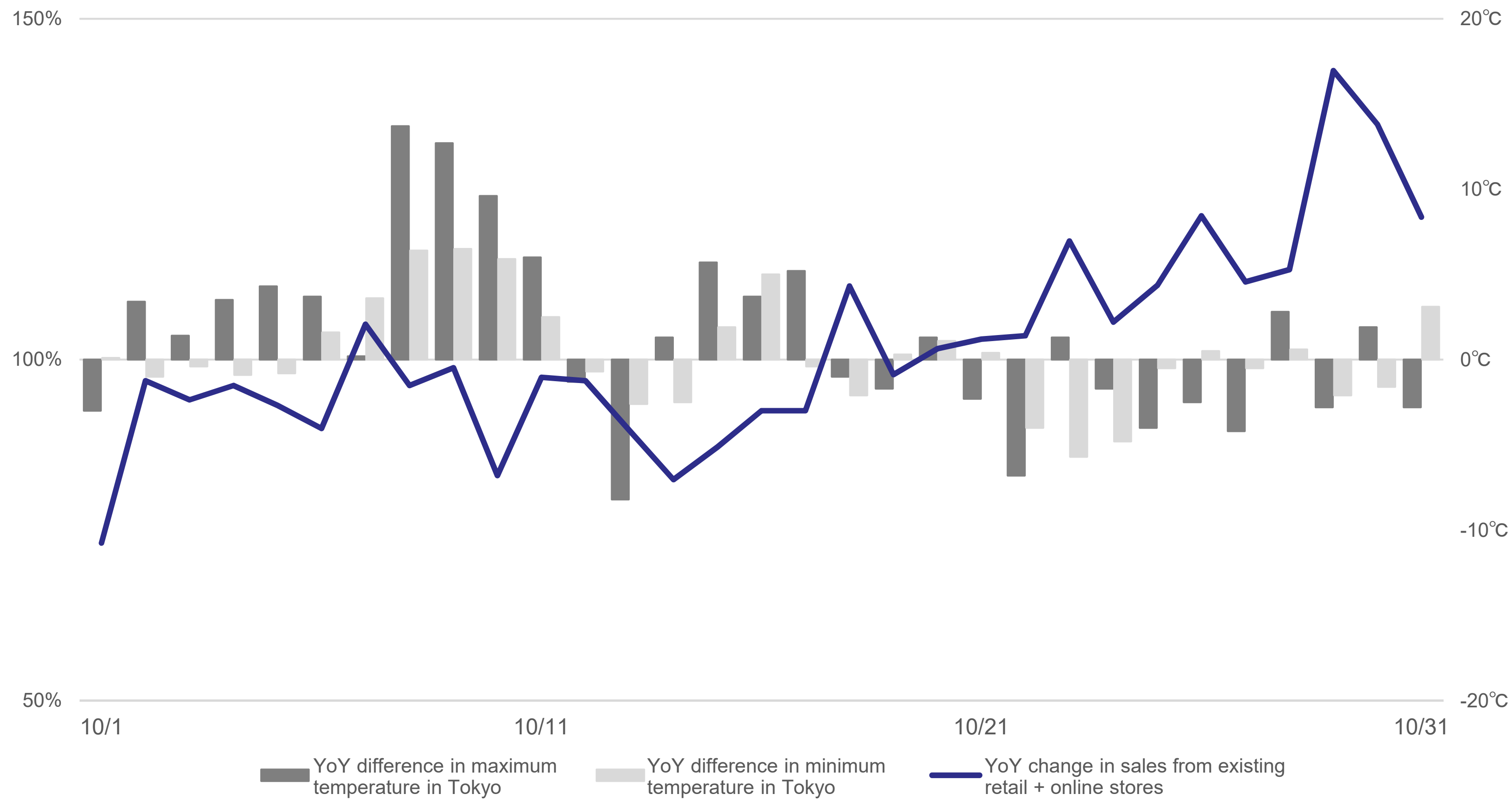
- Sales: ¥4.7 billion, down 1.2% YoY, down 26.8% over FY20 1H (up 0.5% YoY, down 25.6% over FY20 1H, excluding the change in revenue recognition standards)
- The new target setting and refreshed product planning did not lead to a hit
- Gross margin improved due to controlling inventory procurement and curbing reductions

UNITED ARROWS TAIWAN LTD. (February–July)

Saw increase in both revenue and income

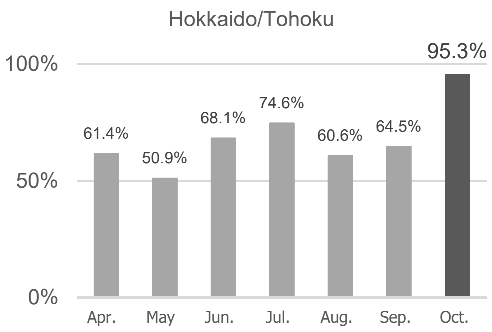
- Sales: ¥0.43 billion, up 11.0% YoY, up 12.9% over FY20 1H
- Revenue increased due to the expansion of online sales, although brick-and-mortar stores struggled due to the COVID-19 pandemic in Taiwan

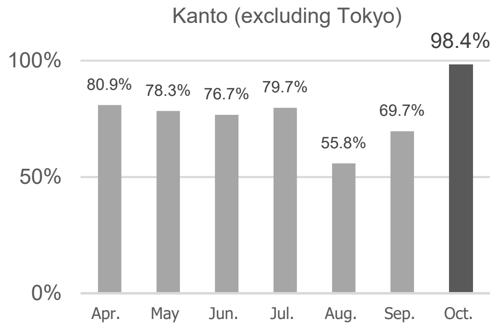
Despite the slow growth in early October due to high temperature, sales have been recovering as the temperature declined in late October

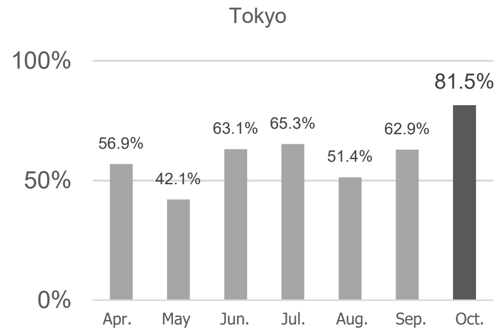


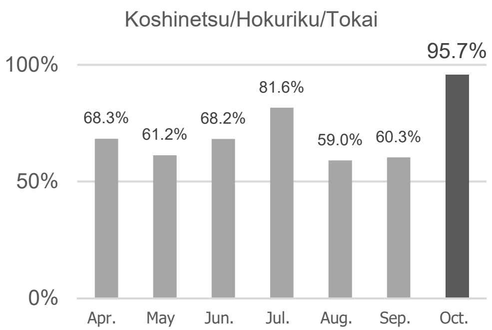
YoY change in non-consolidated sales from existing retail + online stores in October 2021
YoY difference in maximum and minimum temperatures in Tokyo by day

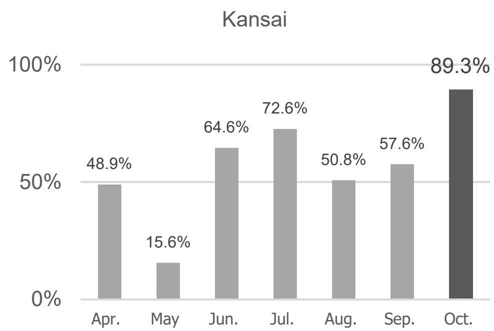
The recovery in Tokyo and Kansai will remain slow, but other areas will come close to the level of two years ago

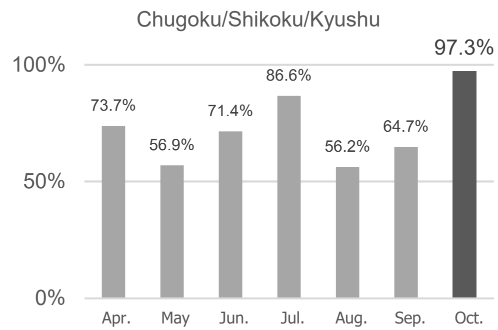












Change in UA LTD.'s sales by region
compared with the same period of FY20
(Figures for October are preliminary figures)

II. Recent New Action/Digitization of Supply Chain

CITEN

- Launched on September 1, 2021
- Selling in online stores and physical pop-up stores
- Implementing unique SNS measures such as private viewing for influencers
- Unisex items and logo items are selling well
- CITEN has succeeded in attracting young people, as customers in their 20s account for approximately 30% of its sales

MARW UNITED ARROWS

- Launched on September 16, 2021
- A women's brand collaborated with popular YouTuber/influencer “Kandama”
- Promotion centering on online stores
- Real clothes that are designed with Kandama’s ideas based on the consumers' point of view and made by our merchandisers (MD) in the background of our production
- Aiming to win new customers, particularly young people

California General Store

- Opened on September 24, 2021, in Kugenuma Beach, Fujisawa City, Kanagawa Prefecture in Japan
- We inherited the trademark of the legendary surf shop that opened in 1997
- Offering surf items, yoga wear and activity wear, as a base for providing information on "wellness" and "sustainable"
- We also provide coffee, craft beer, and items made in collaboration with artists and planters associated with local
- Regular classes for surfing and yoga are also held

TO UNITED ARROWS

- Launched on November 1, 2021
- Women's label that proposes new yoga-based lifestyle after the COVID-19 pandemic
- We provide active wear that pursues functionality and design, and casual daily wear that fits new lifestyles
- Implementing sustainability conscious actions such as the use of recycled materials and the minimization of packaging/auxiliary materials

Setting up of Private Service Desk

- Established to increase the customer lifetime value of our loyal customers
- Private Service Desk is composed of sales master Hiroki Fujita as the general manager, a senior concierge from the head office, and store concierges
- We create next-generation retail sales by combining online convenience and personalized customer service
  - Personal services for high volume customers at our online stores
  - We propose products from all brand lineups according to purchase results and taste preferences, and provide follow up on after-sales service, etc.
- In the future, we will provide services for the ultra-rich, including food, clothing, shelter, leisure, and learning by collaborating with other companies

Supply Chain Digitization: Purpose

UNITED ARROWS LTD.

"Achieving the five criteria and earning appropriate gross profit"

The five criteria

When they want	Selling products what customers need at the right time
What they want	Planning and proposing appropriate products that meet customers' needs
At the prices they want	Setting appropriate prices and costs so that customers can appreciate the value of the products
In the quantity they want	Procuring products in the necessary quantity
Where they want	Allocating products to appropriate channels to sell them efficiently

■ Supply Chain Digitization: Expected results

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We promote the renovation of core systems and the introduction/linkage of PLM* and inventory analysis system to build an ideal supply chain

Target	Action	Expected results
Improving operability of core systems	Renovation of core systems	• Improved management accuracy for split orders • Applied to operations that are combined with remote work • Improved user interface and working speed • Traceability information management
Visualizing the status of ordered products	Introduction and linkage of PLM	• Real-time management of the progress of ordered products to support faster and more accurate decisions-making on additional orders and reduced production • Improved on-time delivery performance, streamlined logistics operations, and just-in-time store delivery
Creating a system that makes use of various data	Introduction and linkage of inventory analysis system	• Ability to make a qualitative evaluation of inventory, which allows us to flexibly change prices, speed up redistribution of products to appropriate channels, and improve accuracy • Improvement in digestion of inventory and inventory ratio

* PLM: Product Lifecycle Management

Supply Chain Digitization: Future schedule and investment amount

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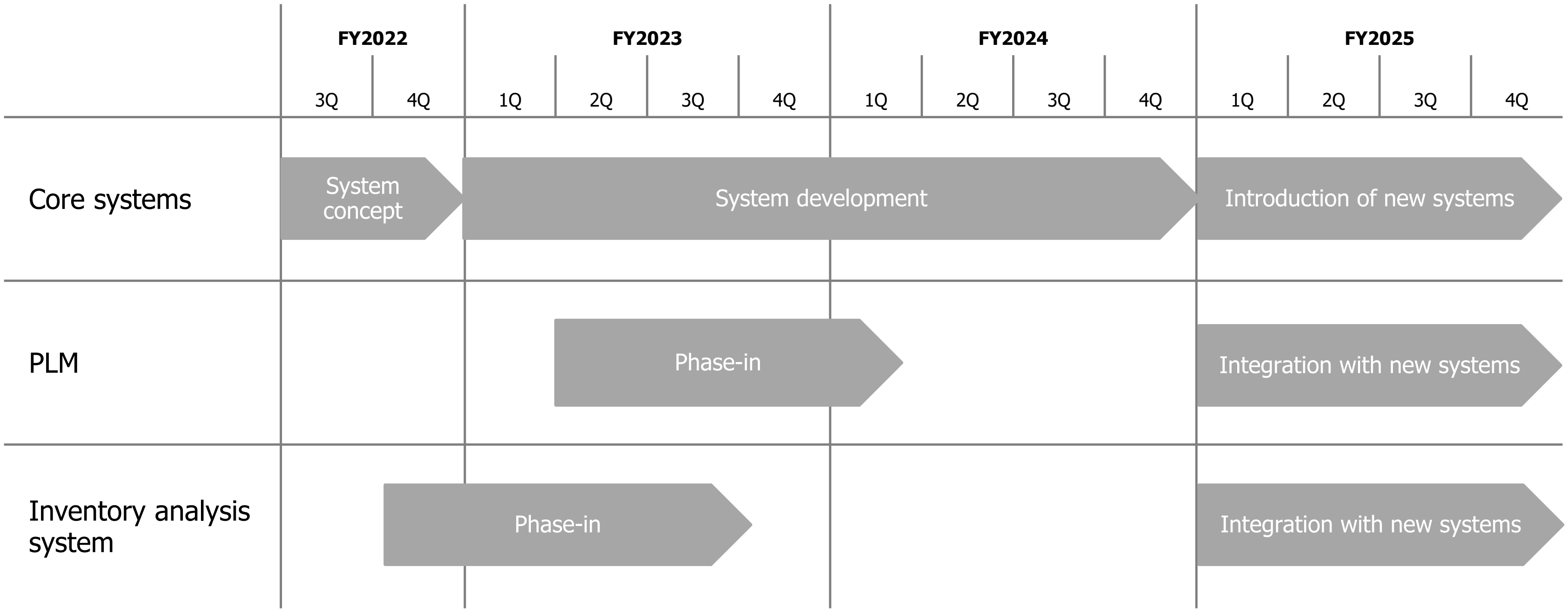
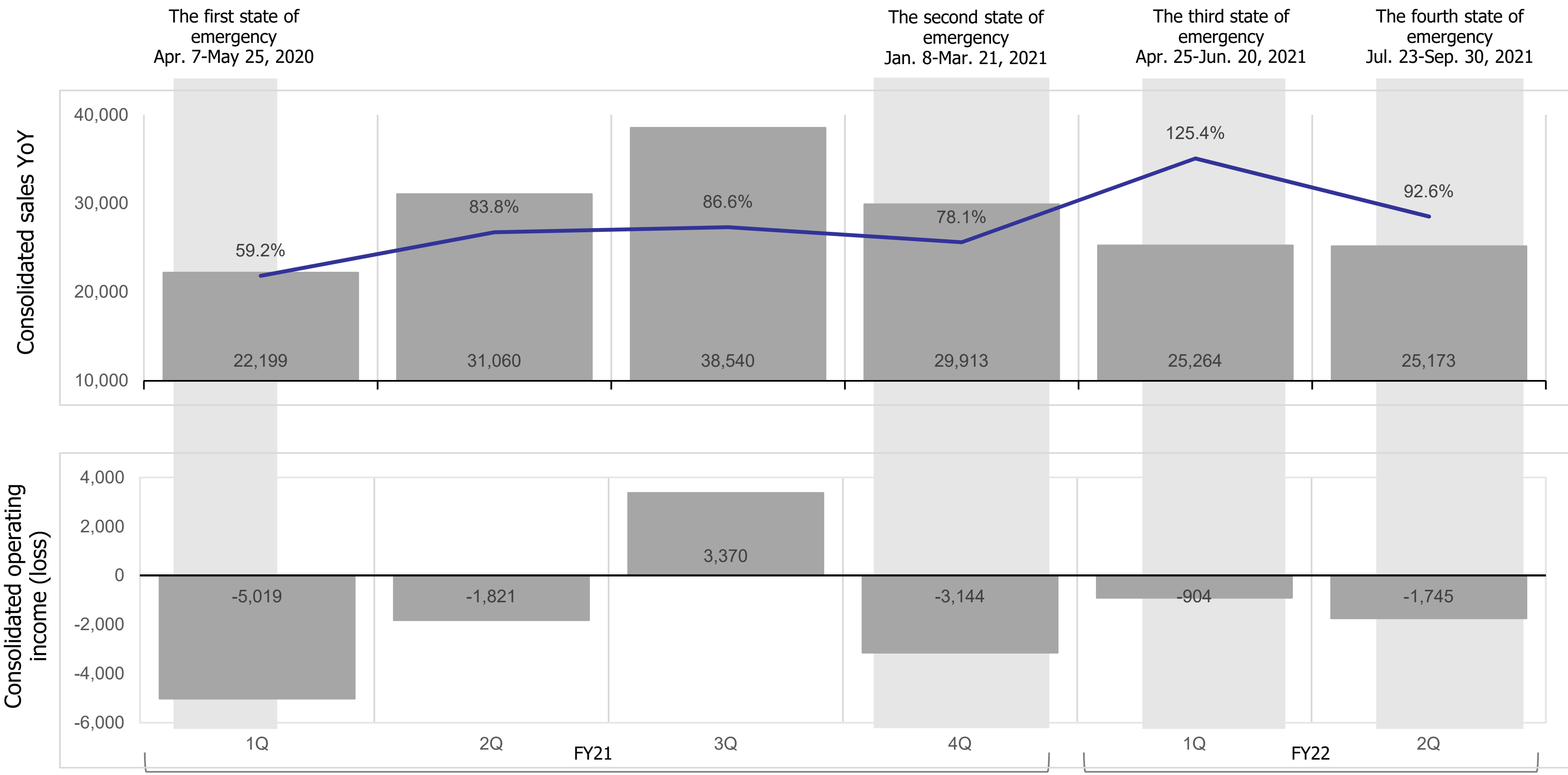
Introduction of PLM and inventory analysis system will start in parallel with the concept of core systems, and all systems are scheduled to be in operation and linked in FY2025



Total investment cost: ¥3-4 billion is expected over about 3 years.
The amount of investment in each fiscal year is expected to remain broadly unchanged from the previous years, as the allocation of store investment and infrastructure investment will change.

III. Message from Matsuzaki Representative Director, President and CEO

From FY21 onward, the issuance of a state of emergency and our performance are linked. We expect a gradual recovery from 3Q FY22 when the declaration was lifted.



Amount and YoY change of consolidated sales, and amount of operating income (loss) from FY21 to FY22 1H
(Millions of yen)
* Sales for the FY22 exclude the impact of the changes in revenue recognition standards and consolidation structure

FY22 Group Management Policy

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

- **Selection and concentration**
- **New challenge**
- **Re-instilling the Management Philosophy**

IV. Reference Materials

■ Consolidated P/L Results

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(Millions of yen)

	FY2020 1H	FY2021 1H	FY2022 1H	vs. FY20 1H Change		vs. FY21 1H Change	
Sales	74,576	53,259	**50,437**	(24,139)	67.6%	(2,822)	94.7%
Excluding the impact of the change in consolidation structure*	–	–	–	–	74.9%	–	103.6%
Excluding the impact of the change in revenue recognition standards	–	–	–	–	69.5%	–	97.4%
Excluding the impact of both changes	–	–	–	–	77.0%	–	106.5%
Gross Profit	38,521	22,870	**24,801**	(13,719)	64.4%	1,931	108.4%
vs. Sales	51.7%	42.9%	49.2%	-2.5pt	–	6.2pt	–
SG&A Expenses	34,617	29,710	**27,450**	(7,167)	79.3%	(2,259)	92.4%
vs. Sales	46.4%	55.8%	54.4%	8.0pt	–	-1.4pt	–
Operating Income	3,903	(6,840)	**(2,648)**	(6,552)	–	4,191	–
vs. Sales	5.2%	–	–	–	–	–	–
Non Op. P/L	(10)	1,052	**466**	477	–	(586)	44.3%
vs. Sales	0.0%	2.0%	0.9%	0.9pt	–	-1.1pt	–
Ordinary Income	3,893	(5,787)	**(2,182)**	(6,075)	–	3,604	–
vs. Sales	5.2%	–	–	–	–	–	–
Extraordinary income (loss)	(385)	(809)	**(498)**	(113)	–	311	–
vs. Sales	–	–	–	–	–	–	–
Net Income Attributable to Owners of Parent	1,942	(5,097)	**(1,994)**	(3,937)	–	3,102	–
vs. Sales	2.6%	–	–	–	–	–	–

* Calculated from the total sales of UA LTD., COEN CO., LTD., and UNITED ARROWS TAIWAN LTD. Actual consolidated sales include inter-subsidiary transactions, so please refer to them as reference values.

■ Reference: Consolidated P/L Results by Quarter

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(Millions of yen)

	FY2022 1Q	vs. FY20 1Q Change		vs. FY21 1Q Change		FY2022 2Q	vs. FY20 2Q Change		vs. FY21 2Q Change	
Sales	**25,264**	(12,241)	67.4%	3,065	113.8%	**25,172**	(11,897)	67.9%	(5,887)	81.0%
Excluding the impact of the change in consolidation structure*	—	—	74.0%	—	122.1%	—	−	75.9%	−	90.0%
Excluding the impact of the change in revenue recognition standards	—	—	69.2%	—	116.9%	—	−	69.9%	−	83.4%
Excluding the impact of both changes	—	—	76.0%	—	125.4%	—	−	78.1%	−	92.6%
Gross Profit	**12,998**	(7,533)	63.3%	3,361	134.9%	**11,803**	(6,185)	65.6%	(1,429)	89.2%
vs. Sales	51.5%	-3.3pt	—	8.0pt	—	46.9%	-1.6pt	−	4.3pt	−
SG&A Expenses	**13,902**	(3,486)	79.9%	(753)	94.9%	**13,547**	(3,680)	78.6%	(1,506)	90.0%
vs. Sales	55.0%	8.7pt	—	-11.0pt	—	53.8%	7.3pt	−	5.4pt	−
Operating Income	**(903)**	(4,047)	—	4,115	—	**(1,744)**	(2,505)	−	76	−
vs. Sales	—	—	—	—	—	−	−	−	−	−
Non Op. P/L	**185**	209	—	106	235.0%	**281**	267	−	(692)	28.9%
vs. Sales	0.7%	—	—	0.4pt	—	1.1%	1.1pt	−	-2.0pt	−
Ordinary Income	**(718)**	(3,837)	—	4,221	—	**(1,463)**	(2,238)	−	(616)	−
vs. Sales	—	—	—	—	—	−	−	−	−	−
Extraordinary income (loss)	**(47)**	(15)	—	(37)	—	**(451)**	(97)	−	348	−
vs. Sales	—	—	—	—	—	−	−	−	−	−
Net Income Attributable to Owners of Parent	**(648)**	(2,562)	—	2,934	—	**(1,346)**	(1,375)	−	168	−
vs. Sales	—	—	—	—	—	−	−	−	−	−

* Calculated from the total sales of UA LTD., COEN CO., LTD., and UNITED ARROWS TAIWAN LTD. Actual consolidated sales include inter-subsidiary transactions, so please refer to them as reference values.

■ Consolidated SGA Expenses

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 1H	FY2021 1H	FY2022 1H	vs. FY20 1H Change		vs. FY21 1H Change	
Total SG&A Expenses	34,617	29,710	**27,450**	(7,167)	79.3%	(2,259)	92.4%
vs. Sales	46.4%	55.8%	54.4%	8.0pt	-	-1.4pt	-
Excluding the impact of the change in revenue recognition standards	-	-	**28,228**	(6,388)	81.5%	(1,481)	95.0%
vs. Sales	-	-	54.4%	8.7pt	-	-11.0pt	-
Advertising Expenses	1,715	1,608	**1,105**	(610)	64.4%	(503)	68.7%
vs. Sales	2.3%	3.0%	2.2%	-0.1pt	-	-0.8pt	-
Excluding the impact of the change in revenue recognition standards	-	-	**1,883**	167	109.8%	275	117.1%
vs. Sales	-	-	3.6%	1.1pt	-	-0.4pt	-
Personnel Expenses	12,586	11,247	**10,167**	(2,419)	80.8%	(1,079)	90.4%
vs. Sales	16.9%	21.1%	20.2%	3.3pt	-	-1.0pt	-
Rent	10,756	9,116	**8,924**	(1,831)	83.0%	(191)	97.9%
vs. Sales	14.4%	17.1%	17.7%	3.3pt	-	0.6pt	
Depreciation	956	867	**588**	(368)	61.5%	(279)	67.8%
vs. Sales	1.3%	1.6%	1.2%	-0.1pt	-	-0.5pt	-
Other	8,602	6,870	**6,664**	(1,937)	77.5%	(205)	97.0%
vs. Sales	11.5%	12.9%	13.2%	1.7pt	-	0.3pt	-

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

■ Non-consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 1H	FY2021 1H	FY2022 1H	vs. FY20 1H Change		vs. FY21 1H Change	
Non-consolidated sales	60,827	43,740	**45,531**	(15,296)	74.9%	1,791	104.1%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	77.1%	-	107.2%
Total Business Unit Sales	52,325	37,181	**38,057**	(14,268)	72.7%	875	102.4%
vs. Sales	86.0%	85.0%	83.6%	-2.4pt	-	-1.4pt	-
Retail	38,789	20,683	**23,931**	(14,857)	61.7%	3,248	115.7%
vs. Sales	63.8%	47.3%	52.6%	-11.2pt	-	5.3pt	-
Online	13,098	16,151	**13,583**	485	103.7%	(2,567)	84.1%
vs. Sales	21.5%	36.9%	29.8%	8.3pt	-	-7.1pt	-
Other (wholesale, etc.)	437	346	**541**	104	123.8%	195	156.3%
vs. Sales	0.7%	0.8%	1.2%	0.5pt	-	0.4pt	-
Outlet, etc.	8,502	6,559	**7,759**	(742)	91.3%	1,200	118.3%
vs. Sales	14.0%	15.0%	17.0%	3.1pt	-	2.0pt	-

Existing Store Sales YoY

	Sales	Number of customers	Ave. spend per customer
Retail + Online	102.6%	92.7%	111.5%
Retail	117.3%	107.5%	109.1%
Online	85.1%	78.4%	105.5%

* 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. These data are for reference only.

■ Non-consolidated Sales Results by Business

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 1H	FY2021 1H	FY2022 1H	vs. FY20 1H Change		vs. FY21 1H Change	
Total Business Unit Sales	52,325	37,181	**38,057**	(14,268)	72.7%	875	102.4%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	74.7%	-	105.1%
Trend-conscious Market	34,449	25,525	**25,471**	(8,978)	73.9%	(53)	99.8%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	75.9%	-	102.5%
Basic Trend-conscious Market	17,875	11,656	**12,586**	(5,289)	70.4%	929	108.0%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	71.4%	-	109.4%

	Existing store sales YoY		
	Retail + Online	Retail	Online
Trend-conscious Market	99.3%	116.1%	79.6%
Basic Trend-conscious Market	109.9%	120.0%	97.7%

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

■ Consolidated B/S Overview

UNITED ARROWS LTD.

(Millions of yen)

		As of Mar. 31, 2021	As of Sept. 30, 2021	vs. FY21-end Change	
Total Assets		63,619	**62,909**	(710)	98.9%
	Composition ratio	100.0%	100.0%	-	-
Current Assets		39,745	**39,146**	(598)	98.5%
	Composition ratio	62.5%	62.2%		-
Noncurrent Assets		23,874	**23,763**	(111)	99.5%
	Composition ratio	37.5%	37.8%		-
Current Liabilities		29,564	**30,922**	1,357	104.6%
	Composition ratio	46.5%	49.2%		-
Noncurrent Liabilities		4,210	**4,174**	(35)	99.2%
	Composition ratio	6.6%	6.6%		-
Total Net Assets		29,844	**27,812**	(2,032)	93.2%
	Composition ratio	46.9%	44.2%		-
Reference: Balance of short- and long-term loans payable		15,600	**15,375**	(225)	98.6%
	Composition ratio	24.5%	24.4%		-

(Millions of yen)

	As of Sept. 30, 2020	As of Sept. 30, 2021	vs. FY21 1H-end Change	
Reference: Inventory	29,526	**23,097**	(6,429)	78.2%

* Decreased 5.5% YoY, excluding the impact of the change in consolidated structure

■ Consolidated C/F Overview

UNITED ARROWS LTD.

(Millions of yen)

	FY2021 2Q	FY2022 2Q	Major components of results for 2Q FY22	
Cash flows from operating activities (sub-total)	(9,724)	**(1,556)**		
Cash flows from operating activities	(9,159)	**(927)**	Depreciation Increase in trade payables Loss before income taxes Increase in Inventory	588 2,329 (2,681) (3,183)
Cash flows from investing activities	(1,879)	**(700)**	Purchases of Intangible noncurrent assets	(612)
Cash flows from financing activities	11,571	**(225)**	Decrease in short-term loans payable	(225)
Cash and cash equivalents at the end of the period	6,268	**4,698**		

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

UNITED ARROWS LTD.

(Number of stores)

		FY2022					
		1H Results			FY22 Forecasts		
	No. of stores as of FY21-end	Opened	Closed	No. of stores as of 1H-end	Opened	Closed	No. of stores as of FY22-end
Group Total	**330**	4	9	**325**	6	26	**310**
UNITED ARROWS LTD.	**236**	2	9	**229**	4	24	**216**
COEN CO., LTD.	**87**	2	0	**89**	2	2	**87**
UNITED ARROWS TAIWAN LTD.	**7**	0	0	**7**	0	0	**7**

■ 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 take place at ¥19 annually, aiming to return to profitability on a full-fiscal-year basis

(Millions of yen)

		FY20 Full Fiscal Year (Apr. 2019 to Mar. 2020)	FY21 Full Fiscal Year (Apr. 2020 to Mar. 2021)	FY22 Plan (Apr. 2021 to Mar. 2022)	vs. 1Q FY20	(Reference) Excluding the impact of change in the consolidation structure	vs. 1Q FY21	(Reference) Excluding the impact of change in the consolidation structure
Sales		157,412	121,712	**124,800**	79.3%	Approximately 86%	102.5%	Approximately 110%
Gross Profit		79,983	55,020	**63,300**	79.1%		115.0%	
	vs. Sales	50.8%	45.2%	50.7%	—		—	
SGA Expenses		71,224	61,634	**60,300**	84.7%		97.8%	
	vs. Sales	45.2%	50.6%	48.3%	—		—	
Operating Income		8,758	(6,613)	**3,000**	34.3%		—	
	vs. Sales	5.6%	—	2.4%	—		—	
Non Op. P/L		44	1,735	**580**	1294.5%		33.4%	
	vs. Sales	0.0%	1.4%	0.5%	—		—	
Ordinary Income		8,803	(4,878)	**3,580**	40.7%		—	
	vs. Sales	5.6%	—	2.9%	—		—	
Extraordinary income (loss)		(2,582)	(2,641)	**(1,120)**	—		—	
	vs. Sales	—	—	—	—		—	
Net Income Attributable to Owners of Parent		3,522	(7,197)	**1,750**	49.7%		—	
	vs. Sales	2.2%	—	1.4%	—		—	

- 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

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

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

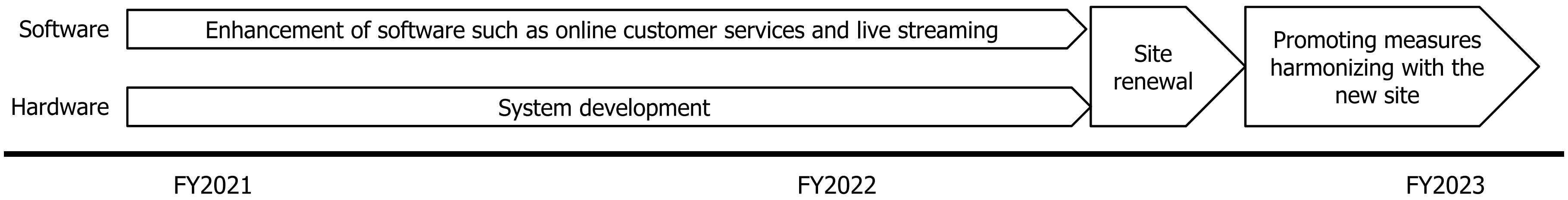
• Promotion of OMO

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

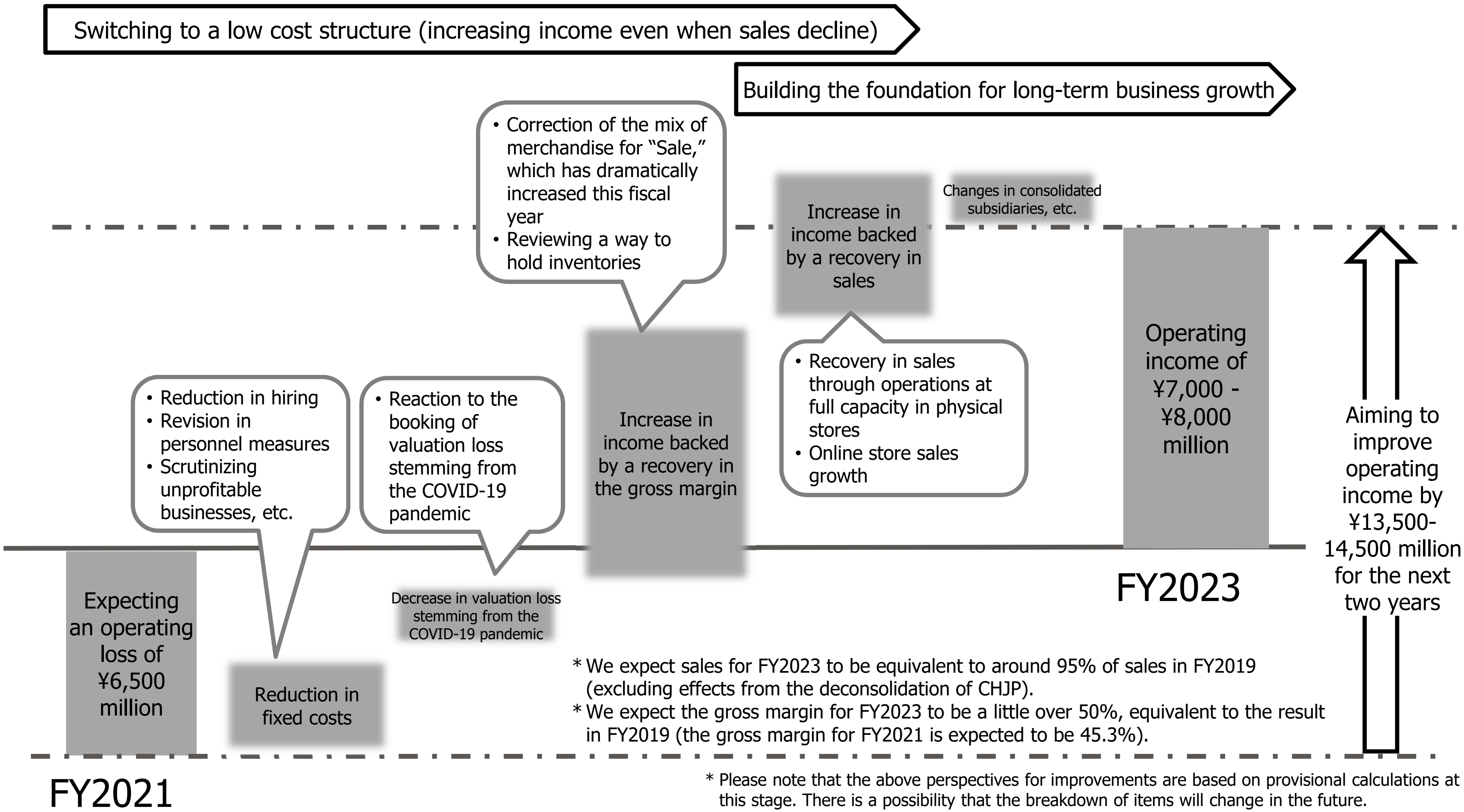
- Redesigning the Company’s e-commerce site by using our own infrastructure, possibly during FY2022
- Intend to offer services equivalent to those of physical stores in online shopping



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

		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

	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	—	—

* Due to the change in the scope of consolidation, the breakdown 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%