Fiscal 2022

Nine-Month Period Ended December 31, 2021 Earnings Announcement

February 4, 2022

UNITED ARROWS LTD.

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UNITED ARROWS LTD.

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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 Nine-Month Period Ended December 31, 2021

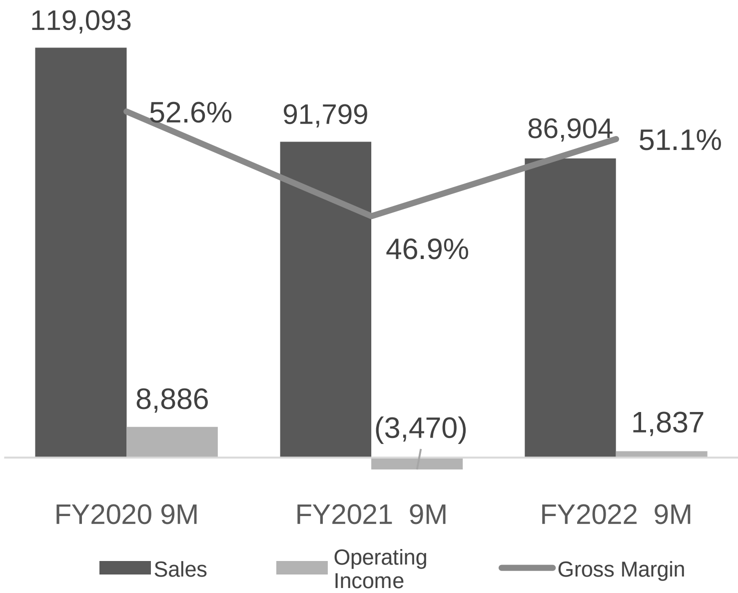
Consolidated P/L

Sales: ¥86,904 million, YoY decrease of 5.3%, decrease of 27.0% over the same period of FY2020

Excluding the impact of changes in the consolidation structure and revenue recognition standards, sales increased 6.8% YoY and decreased 17.3% over the same period of FY2020

Gross margin: 51.1%, up 4.2 percentage points YoY, down 1.5 percentage points over the same period of FY2020

Operating income: ¥1,837 million, Net income attributable to owners of parent: ¥1,296 million



(Millions of yen)

	FY2022 9M	vs. FY20 9-Month Period	vs. FY21 9-Month Period
Sales	**86,904**	73.0%	94.7%
Excluding the impact of the changes in consolidation structure* and revenue recognition standards	—	82.7%	106.8%
Gross Profit	**44,402**	70.9%	103.2%
vs. Sales	51.1%	- 1.5pt	4.2pt
Operating Income	**1,837**	20.7%	—
vs. Sales	2.1%	- 5.3pt	—
Net Income Attributable to Owners of Parent	**1,296**	27.6%	—
vs. Sales	1.5%	- 2.4pt	—

* 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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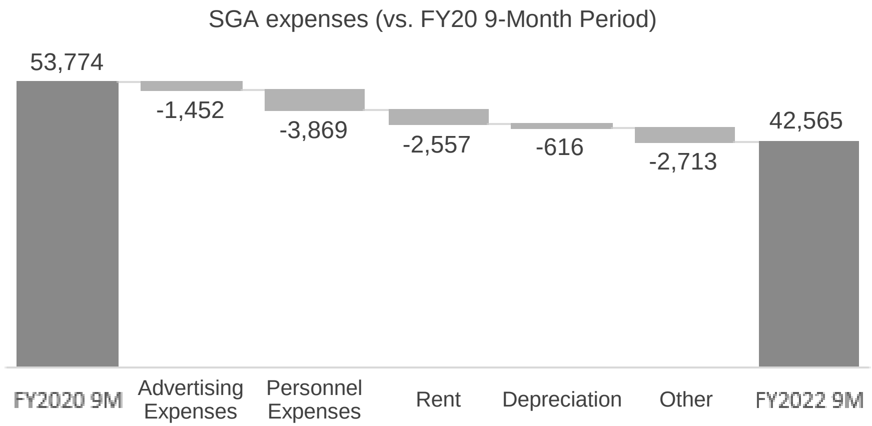
Although the impact of the past inventory digestion promotion remained over the nine-month period, an improvement was seen in the three months of 3Q

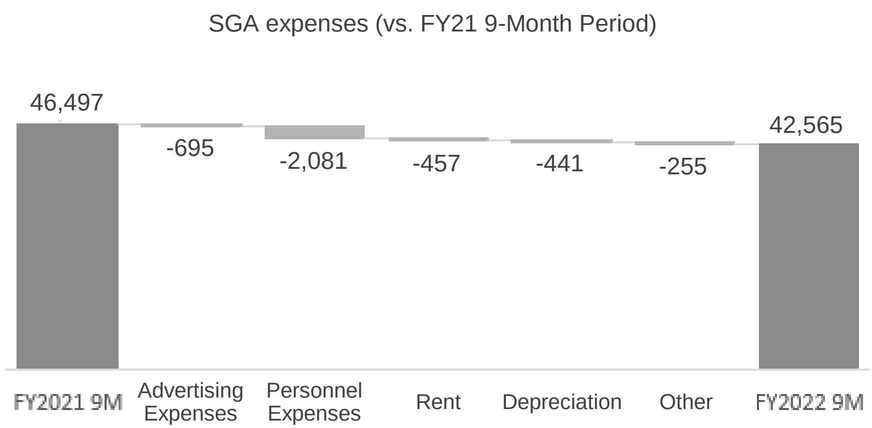
COEN CO., LTD. struggled due to the spread of COVID-19 that coincided with the 3Q period (August–October)

	FY2022 9M	vs. FY20 9-Month Period	vs. FY21 9-Month Period	FY2022 3Q	vs. FY20 9-Month Period	vs. FY21 9-Month Period
Consolidated	51.1%	- 1.5pt	4.2pt	53.7%	- 0.5pt	1.4pt
UNITED ARROWS LTD.	50.8%	- 1.3pt	5.3pt	54.1%	- 0.1pt	1.8pt
Total Business Unit Sales	-	- 0.6pt	4.7pt	-	0.9pt	2.1pt
Outlet, etc.	-	- 2.6pt	2.5pt	-	1.7pt	5.4pt
COEN CO., LTD.	-	- 1.5pt	2.4pt	-	- 5.4pt	- 1.2pt
UNITED ARROWS TAIWAN LTD.	-	5.3pt	3.9pt	-	6.4pt	2.1pt

Consolidated SGA Expenses

¥42,565 million, YoY decrease of 8.5%, decrease of 20.8% over the same period of FY2020
Excluding the impact of the change in revenue recognition standards, consolidated SGA expenses were ¥43,983 million (decrease of 18.2% over the same period of FY2020)





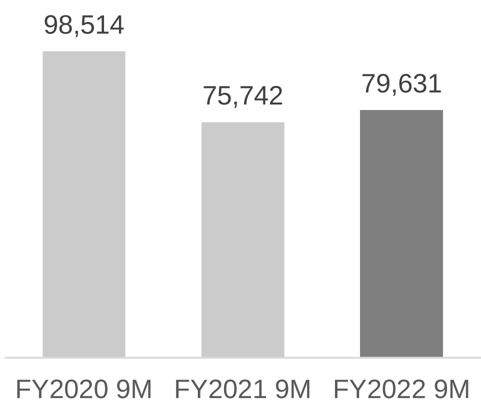
(Millions of yen)

		FY2022 9M		
			vs. FY20 9-Month Period	vs. FY21 9-Month Period
Total SGA Expenses		**42,565**	79.2%	91.5%
	vs. Sales	49.0%	3.8pt	- 1.7pt
Excluding the impact of the change in revenue recognition standards		**43,983**	81.8%	94.6%
	vs. Sales	49.2%	4.1pt	- 1.4pt
Advertising Expenses		**1,768**	54.9%	71.8%
	vs. Sales	2.0%	- 0.7pt	- 0.6pt
Excluding the impact of the change in revenue recognition standards		**3,186**	98.9%	129.3%
	vs. Sales	3.6%	0.9pt	0.9pt
Personnel Expenses		**15,239**	79.7%	88.0%
	vs. Sales	17.5%	1.5pt	- 1.3pt
Rent		**14,231**	84.8%	96.9%
	vs. Sales	16.4%	2.3pt	0.4pt
Depreciation		**840**	57.7%	65.5%
	vs. Sales	1.0%	- 0.3pt	- 0.4pt
Other		**10,485**	79.4%	97.6%
	vs. Sales	12.1%	1.0pt	0.4pt

* 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.

Non-Consolidated Sales Results

Online Sales: ¥21,705 million, composition rate was 27.3%
(significantly up from 20.9% in the same period of FY2020)

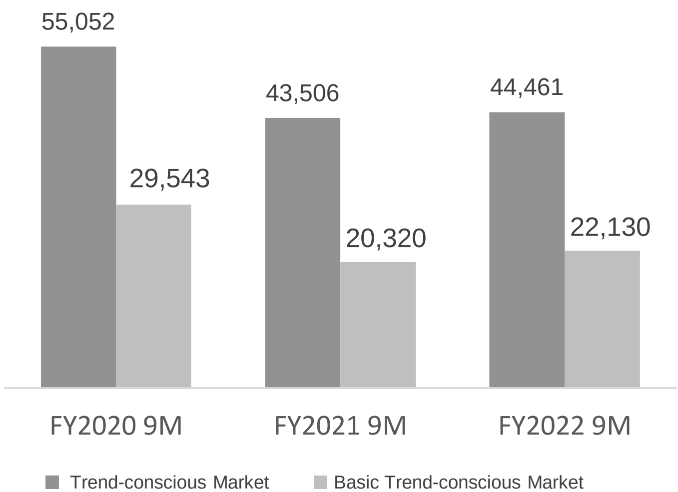


(Millions of yen)

	FY2022 9M					
	Results	vs. FY20 9-Month Period	vs. FY21 9-Month Period	vs. Sales	vs. FY20 9-Month Period	vs. FY21 9-Month Period
Non-consolidated sales	**79,631**	80.8%	105.1%	**100.0%**	-	-
Excluding the impact of the change in revenue recognition standards	-	83.2%	108.2%	-	-	-
Total Business Unit Sales*	**66,591**	78.7%	104.3%	**83.6%**	- 2.2pt	- 0.6pt
Excluding the impact of the change in revenue recognition standards	-	80.6%	106.9%	-	-	-
Retail	**43,932**	69.4%	111.9%	**55.2%**	- 9.1pt	3.3pt
Online	**21,705**	105.3%	90.7%	**27.3%**	6.3pt	- 4.4pt
Other (wholesale, etc.)	**953**	149.6%	155.9%	**1.2%**	0.6pt	0.4pt
Outlet, etc.	**13,712**	98.5%	115.1%	**17.2%**	3.1pt	1.5pt

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

Non-Consolidated Sales Results by Business



(Millions of yen)

	FY2022 9M		
		vs. FY20 9-Month Period	vs. FY21 9-Month Period
Trend-conscious Market	**44,461**	80.8%	102.2%
Excluding the impact of the change in revenue recognition standards	-	83.2%	105.3%
Basic Trend-conscious Market	**22,130**	74.9%	108.9%
Excluding the impact of the change in revenue recognition standards	-	75.9%	110.3%

＊ 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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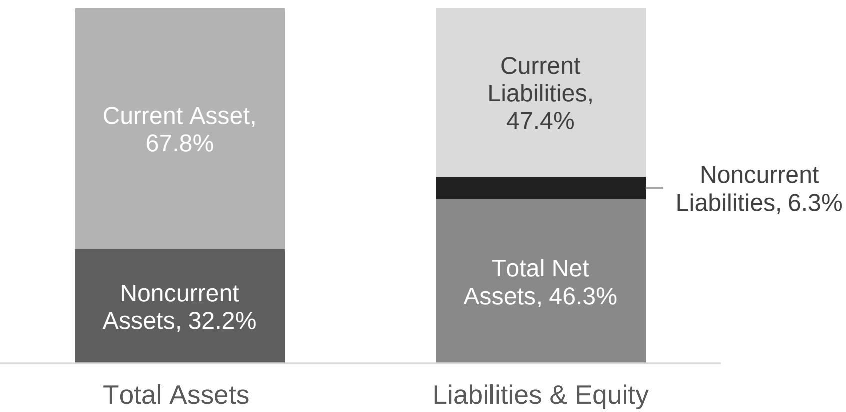
Consolidated B/S Overview



Balance of short- and long-term loans payable
¥14,000 million (vs. FY21-end: decrease of 10.3%)
Inventory ¥23,378 million (vs. FY21 3Q-end: decrease of 8.1%, and decrease of 5.3% excluding the change in consolidated structure)

(Millions of yen)

	As of Dec. 31, 2021	vs. FY21-end Change	
Total Assets	**66,707**	3,087	104.9%
Composition ratio	100.0%	-	-
Current Assets	**45,202**	5,457	113.7%
Composition ratio	67.8%		-
Noncurrent Assets	**21,505**	(2,369)	90.1%
Composition ratio	32.2%		-
Current Liabilities	**31,644**	2,079	107.0%
Composition ratio	47.4%		-
Noncurrent Liabilities	**4,193**	(17)	99.6%
Composition ratio	6.3%		-
Total Net Assets	**30,870**	1,025	103.4%
Composition ratio	46.3%		-
Reference: Balance of short- and long-term loans payable	**14,000**	(1,600)	89.7%
Composition ratio	21.0%		-

Opening and Closing of Stores

No. of stores opened in 9-Month Period 5

No. of stores closed in 9-Month Period 11

No. of stores as of 3Q-end 324

No. of stores as of FY2022-end (forecast) 310*

*14% decrease from FY2020-end

(Number of stores)

		FY2022					
		9M			FY22 Forecasts		
	No. of stores as of FY21-end	Opened	Opened	No. of stores as of 3Q-end	Opened	Opened	No. of stores as of FY22-end
Group Total	**330**	5	11	**324**	6	26	**310**
UNITED ARROWS LTD.	**236**	3	9	**230**	4	24	**216**
COEN CO., LTD.	**87**	2	2	**87**	2	2	**87**
UNITED ARROWS TAIWAN LTD.	**7**	0	0	**7**	0	0	**7**

COEN CO., LTD. (February–October)

Saw decrease in both revenue and income

- Sales: ¥7.0 billion, down 8.4% YoY, down 25.5% over the same period of FY2020 (down 6.8% YoY, down 24.2% over the same period of FY2020, excluding the change in revenue recognition standards)
- Struggling especially in 3Q (August–October), when cases of COVID-19 increased sharply
- Identifying issues in terms of products, stores, and sales, and taking measures for drastic improvements

UNITED ARROWS TAIWAN LTD. (February–October)

Saw increase in both revenue and income

- Sales: ¥0.71 billion, up 10.9% YoY, up 21.8% over the same period of FY2020
- Revenue increased due to the expansion of online sales, although brick-and-mortar stores struggled due to the COVID-19 pandemic in Taiwan

Sales have been recovering since 3Q but not as much as expected.

Full-year earnings forecasts have been revised to take into account the impact of the sixth wave of infections

(Millions of yen)

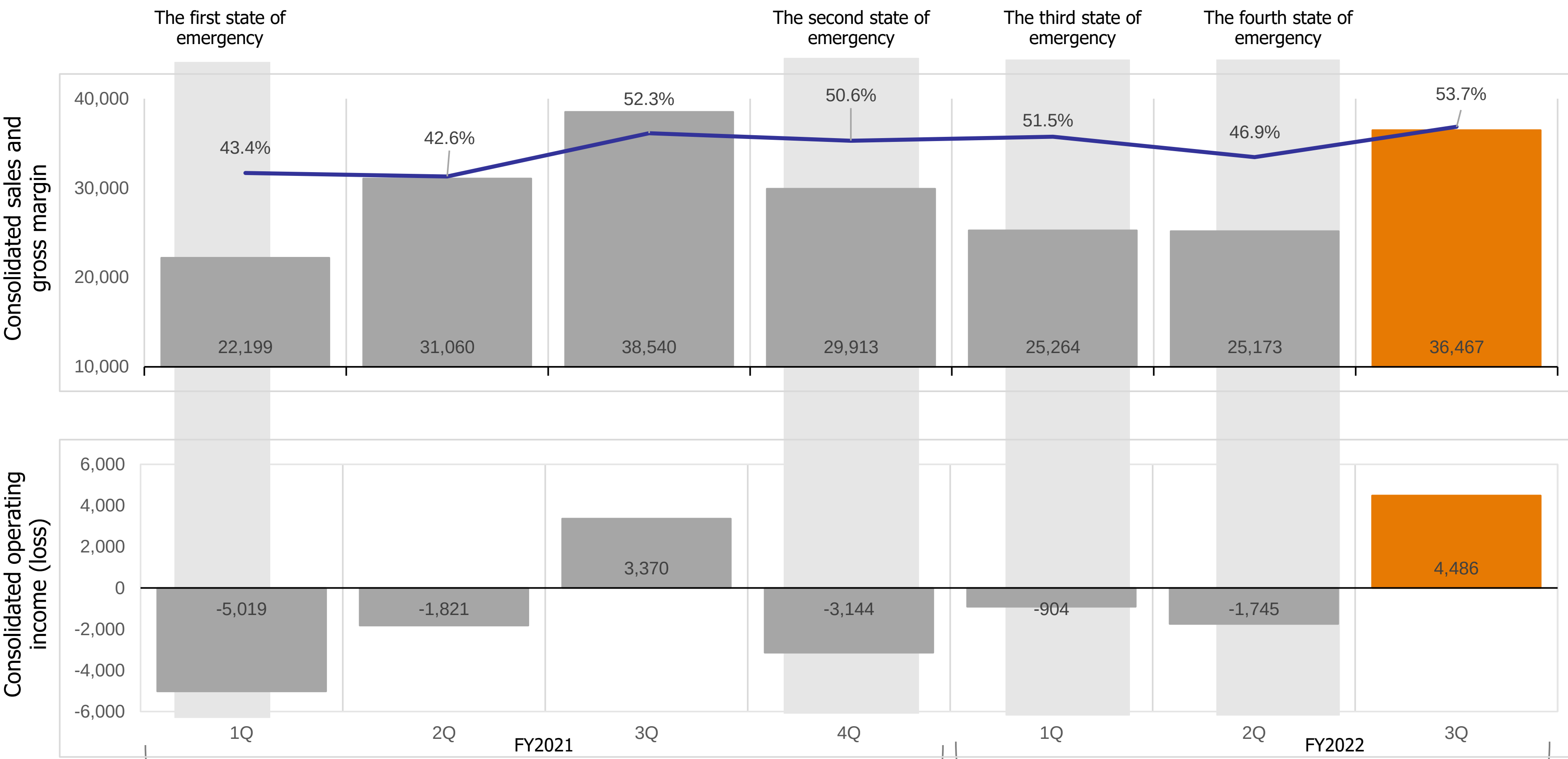
		FY2021	FY2022 Initial Forecasts	FY2022 Revised Forecasts	vs. FY2021	Excluding the impact of the change in consolidation structure	vs. Initial Forecast
Sales		121,712	**124,800**	**117,400**	96.5%	Around 103%	94.1%
Gross Profit		55,020	**63,300**	**58,300**	106.0%		92.1%
	vs. Sales	45.2%	50.7%	49.7%	4.5pt		- 1.0pt
SG&A Expenses		61,634	**60,300**	**57,100**	92.6%		94.7%
	vs. Sales	50.6%	48.3%	48.6%	- 2.0pt		0.3pt
Operating Income		(6,613)	**3,000**	**1,200**	–		40.0%
	vs. Sales	–	2.4%	1.0%	–		- 1.4pt
Non Op. P/L		1,735	**580**	**900**	51.9%		155.2%
	vs. Sales	1.4%	0.5%	0.8%	- 0.7pt		0.3pt
Ordinary Income		(4,878)	**3,580**	**2,100**	–		58.7%
	vs. Sales	–	2.9%	1.8%	–		- 1.1pt
Extraordinary income (loss)		(2,641)	**(1,120)**	**(1,035)**	–		–
	vs. Sales	–	–	–	–		–
Net Income Attributable to Owners of Parent		(7,197)	**1,750**	**200**	–		11.4%
	vs. Sales	–	1.4%	0.2%	–		- 1.2pt

FY2022 3Q (3-Month) Results

Gross Margin: 53.7% (down 0.5pt over the same period of FY2020)

Operating Income: 4,486 million yen (FY2020 Q3: 4,982 million yen; excluding the impact of the change in the consolidated structure, operating income increased from the same period of FY2020)

Operating Margin: 12.3% (up 1.1pt over the same period of FY2020)



Consolidated sales, gross margin, and operating income (loss) by quarter from FY2021 to FY2022 (Millions of yen)

SGA expenses for 3Q (3 months) remained at the 80% level of two years ago, reducing the SGA expenses to sales ratio by 1.0pt

＊ Figures for FY2022 were calculated excluding the impact of the change in revenue recognition standards

(Millions of yen)

		FY2020 3Q	FY2022 3Q	vs. FY20 9-Month Period Change	
Total SG&A Expenses		19,156	**15,754**	(3,402)	82.2%
	vs. Sales	43.0%	42.0%	- 1.0pt	-
Advertising Expenses		1,505	**1,302**	(202)	86.5%
	vs. Sales	3.4%	3.5%	0.1pt	-
Personnel Expenses		6,522	**5,071**	(1,450)	77.8%
	vs. Sales	14.7%	13.5%	- 1.1pt	-
Rent		6,032	**5,307**	(725)	88.0%
	vs. Sales	13.6%	14.2%	0.6pt	-
Depreciation		499	**252**	(247)	50.4%
	vs. Sales	1.1%	0.7%	- 0.5pt	-
Other		4,596	**3,821**	(775)	83.1%
	vs. Sales	10.3%	10.2%	- 0.1pt	-

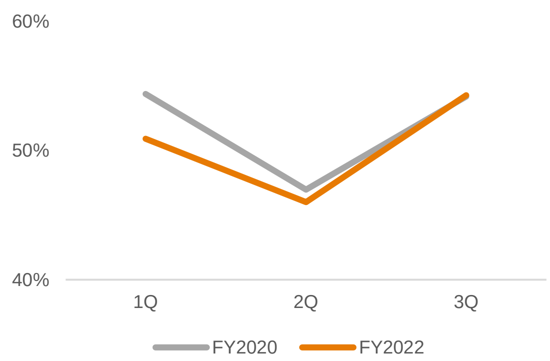
■ UNITED ARROWS LTD.: Quarterly Change in Major Indicators vs. FY2020

UNITED ARROWS LTD.'s profitability improved in 3Q from two years ago

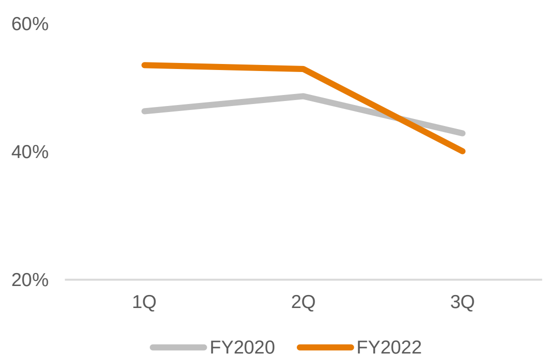
＊ Figures for FY2022 were calculated excluding the impact of the change in revenue recognition standards

(Millions of yen)

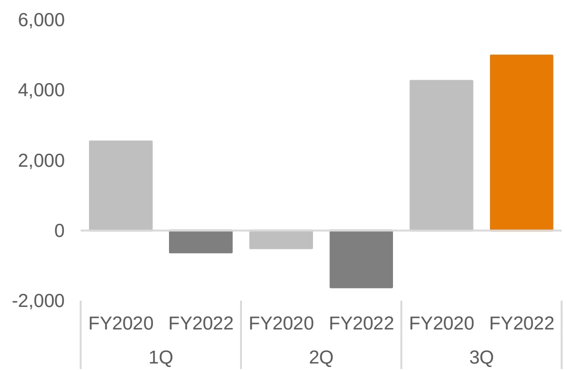
	1Q			2Q			3Q		
	FY2020	FY2022	vs. FY2020 1Q	FY2020	FY2022	vs. FY2020 2Q	FY2020	FY2022	vs. FY2020 3Q
Sales	**31,427**	**23,579**	75.0%	**31,427**	**23,292**	79.2%	**37,686**	**35,077**	93.1%
Gross Profit	**17,089**	**12,005**	70.3%	**13,809**	**10,713**	77.6%	**20,415**	**19,039**	93.3%
vs. Sales	54.4%	50.9%	- 3.5pt	47.0%	46.0%	- 1.0pt	54.2%	54.3%	0.1pt
SGA Expenses	**14,554**	**12,625**	86.7%	**14,312**	**12,325**	86.1%	**16,153**	**14,056**	87.0%
vs. Sales	46.3%	53.5%	7.2pt	48.7%	52.9%	4.2pt	42.9%	40.1%	- 2.8pt
Operating Income	**2,534**	**(619)**	–	**(503)**	**(1,612)**	–	**4,261**	**4,982**	116.9%
vs. Sales	8.1%	–	–	–	–	–	11.3%	14.2%	2.9pt



FY2020 vs. FY2022 Gross margin



FY2020 vs. FY2022 SGA expenses to sales ratio



FY2020 vs. FY2022 Operating income

II. Renewal of our e-commerce (EC) site

The UNITED ARROWS LTD. ONLINE STORE will be renewed in early March 2022

- Adopting the latest system and designed to ensure future measures for OMO (Online Merges with Office)
- Enhancing the value of customer experience by fulfillment using our own infrastructure

Improving basic functions

Evolution of the app

Enhancing levels of customer satisfaction (CS)

Efficient inventory management

Improving cost structure

Evolution to OMO

■ Renewal of our EC site

Improving basic functions

- Improved display speed of site
- Enhanced search performance by adding search assist
- Faster steps from adding to cart to settlement
- Enhanced staff content
- Added customer review
- Enhanced security levels

Evolution of the app

- Users can now browse various types of content. Advanced as a communication tool
  News, feature articles, staff styling, blogs, etc.
- Using the app with a barcode function at stores
  By barcode scanning, customers can view and save information about items that they are interested in

Enhancing levels of customer satisfaction (CS)

- Store quality packaging using our original packaging materials
- Expansion of products that can be delivered in the shortest possible time by allocating inventory at distribution centers
- Resumed in-store fitting reservations
- Drop-off delivery service is available
- Simplified return procedures
  Creating an invoice with a QR code, and returning it from home, convenience stores, delivery lockers, etc.

■ Renewal of our EC site

Efficient inventory management

- Established fulfillment bases in our distribution centers
- Reduced loss of sales opportunities due to inventory allocation from free inventory
- Improved operational efficiency, including store inventory, through the development of future OMO measures

Improving cost structure

- Reduced investment by adopting SaaS services
- Reduced operating costs by shifting some costs from the conventional variable cost model to fixed costs
- Initial return on investment is assumed to be two to three years, and profitability improvement from the current management system is assumed to be two years from now

Evolution to OMO

- Step-by-step implementation of OMO measures involving physical stores
- Development to a service level comparable to that of physical stores
- Improving lifetime value (customer lifetime value) linked with the evolution of CRM

III. Message from Matsuzaki Representative Director, President and CEO

Issues that our company should address in the next fiscal year

(i) Recovery of physical stores

(ii) Growth through self-management of in-house EC

(iii) COEN CO., LTD.'s earnings recovery

(i) Recovery of physical stores

- Product development that creates excitement
- Impressive customer service

Improving gross margins at stores by improving the ratio of products sold at original retail price (proper price)

(ii) Growth through self-management of in-house EC

Among the six measures mentioned on the previous slides, improving inventory efficiency through self-management is the primary focus

EC Sales Growth

(iii) COEN CO., LTD.'s earnings recovery

- Review of merchandise (MD) such as sales price and number of products
- Correction of the store opening strategy

COEN CO., LTD. returns to profitability

Win the empathy of customers

Products:	Products that communicate our passion High-quality products Products that customers want to cherish
Service:	Impressive service that will live in customers' memory
Sustainability:	Companies engaged in ethical activities Companies that can coexist with nature Companies fit to create the future together

IV. Reference Materials

■ Consolidated P/L Results

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 9M	FY2021 9M	FY2022 9M	vs. FY20 9-Month Period Change		vs. FY21 9-Month Period Change	
Sales	119,093	91,799	**86,904**	(32,188)	73.0%	(4,894)	94.7%
Excluding the impact of the change in consolidation structure*	–	–	–	–	80.5%	–	103.9%
Excluding the impact of the change in revenue recognition standards	–	–	–	–	75.0%	–	97.3%
Excluding the impact of both changes	–	–	–	–	82.7%	–	106.8%
Gross Profit	62,660	43,027	**44,402**	(18,257)	70.9%	1,375	103.2%
vs. Sales	52.6%	46.9%	51.1%	- 1.5pt	–	4.2pt	–
SG&A Expenses	53,774	46,497	**42,565**	(11,209)	79.2%	(3,931)	91.5%
vs. Sales	45.2%	50.7%	49.0%	3.8pt	–	- 1.7pt	–
Operating Income	8,886	(3,470)	**1,837**	(7,048)	20.7%	5,307	–
vs. Sales	7.5%	–	2.1%	- 5.3pt	–	–	–
Non Op. P/L	20	1,229	**822**	802	4053.1%	(406)	66.9%
vs. Sales	–	1.3%	–	–	–	–	–
Ordinary Income	8,906	(2,241)	**2,659**	(6,246)	29.9%	4,900	–
vs. Sales	7.5%	–	3.1%	- 4.4pt	–	–	–
Extraordinary income (loss)	(1,045)	(763)	**(438)**	607	–	324	–
vs. Sales	–	–	–	–	–	–	–
Net Income Attributable to Owners of Parent	4,687	(3,014)	**1,296**	(3,391)	27.6%	4,310	–
vs. Sales	3.9%	–	1.5%	- 2.4pt	–	–	–

* 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: 3Q (3 months) Consolidated P/L Results

UNITED ARROWS LTD.

	FY2022 3Q	vs. FY20 9-Month Period Change		vs. FY21 9-Month Period Change	
Sales	**36,467**	(8,049)	81.9%	(2,072)	94.6%
Excluding the impact of the change in consolidation structure*	–	–	89.8%	–	104.4%
Excluding the impact of the change in revenue recognition standards	–	–	84.2%	–	97.3%
Excluding the impact of both changes	–	–	92.3%	–	107.3%
Gross Profit	**19,600**	(4,538)	81.2%	(555)	97.2%
vs. Sales	53.7%	- 0.5pt	–	1.4pt	–
SG&A Expenses	**15,114**	(4,042)	78.9%	(1,671)	90.0%
vs. Sales	41.4%	- 1.6pt	–	- 2.1pt	–
Operating Income	**4,486**	(496)	90.0%	1,116	133.1%
vs. Sales	12.3%	1.1pt	–	3.6pt	–
Non Op. P/L	**356**	324	1142.9%	179	202.0%
vs. Sales	1.0%	0.9pt	–	0.5pt	–
Ordinary Income	**4,842**	(171)	96.6%	1,295	136.5%
vs. Sales	13.3%	2.0pt	–	4.1pt	–
Extraordinary income (loss)	**60**	720	–	13	129.0%
vs. Sales	0.2%	–	–	0.0pt	–
Net Income Attributable to Owners of Parent	**3,290**	546	119.9%	1,207	158.0%
vs. Sales	9.0%	2.9pt	–	3.6pt	–

* 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.

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 9M	FY2021 9M	FY2022 9M	vs. FY20 9-Month Period Change		vs. FY21 9-Month Period Change	
Total SG&A Expenses	53,774	46,497	**42,565**	(11,209)	79.2%	(3,931)	91.5%
vs. Sales	45.2%	50.7%	49.0%	3.8pt	-	- 1.7pt	-
Excluding the impact of the change in revenue recognition standards	-	-	**43,983**	(9,792)	81.8%	(2,514)	94.6%
vs. Sales	-	-	49.2%	4.1pt	-	- 1.4pt	-
Advertising Expenses	3,221	2,464	**1,768**	(1,452)	54.9%	(695)	71.8%
vs. Sales	2.7%	2.7%	2.0%	- 0.7pt	-	- 0.6pt	-
Excluding the impact of the change in revenue recognition standards	-	-	**3,186**	(35)	98.9%	722	129.3%
vs. Sales	-	-	3.6%	0.9pt	-	0.9pt	-
Personnel Expenses	19,108	17,320	**15,239**	(3,869)	79.7%	(2,081)	88.0%
vs. Sales	16.0%	18.9%	17.5%	1.5pt	-	- 1.3pt	-
Rent	16,789	14,688	**14,231**	(2,557)	84.8%	(457)	96.9%
vs. Sales	14.1%	16.0%	16.4%	2.3pt	-	0.4pt	
Depreciation	1,456	1,281	**840**	(616)	57.7%	(441)	65.5%
vs. Sales	1.2%	1.4%	1.0%	- 0.3pt	-	- 0.4pt	-
Other	13,198	10,741	**10,485**	(2,713)	79.4%	(255)	97.6%
vs. Sales	11.1%	11.7%	12.1%	1.0pt	-	0.4pt	-

* 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.

Non-consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 9M	FY2021 9M	FY2022 9M	vs. FY20 9-Month Period Change		vs. FY21 9-Month Period Change	
Non-consolidated sales	98,514	75,742	**79,631**	(18,882)	80.8%	3,888	105.1%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	83.2%	-	108.2%
Total Business Unit Sales	84,595	63,826	**66,591**	(18,004)	78.7%	2,764	104.3%
vs. Sales	85.9%	84.3%	83.6%	- 2.2pt	-	- 0.6pt	-
Retail	63,349	39,273	**43,932**	(19,416)	69.4%	4,659	111.9%
vs. Sales	64.3%	51.9%	55.2%	- 9.1pt	-	3.3pt	-
Online	20,609	23,942	**21,705**	1,095	105.3%	(2,236)	90.7%
vs. Sales	20.9%	31.6%	27.3%	6.3pt	-	- 4.4pt	-
Other (wholesale, etc.)	636	611	**953**	316	149.6%	341	155.9%
vs. Sales	0.6%	0.8%	1.2%	0.6pt	-	0.4pt	-
Outlet, etc.	13,918	11,916	**13,712**	(205)	98.5%	1,796	115.1%
vs. Sales	14.1%	15.7%	17.2%	3.1pt	-	1.5pt	-

Existing Store Sales YoY

	Sales	Number of customers	Ave. spend per customer
Retail + Online	105.0%	97.1%	108.4%
Retail	113.9%	108.8%	104.7%
Online	91.2%	83.3%	106.2%

* 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 Sales Results by Business

UNITED ARROWS LTD.

(Millions of yen)

	FY2020 9M	FY2021 9M	FY2022 9M	vs. FY20 9-Month Period	vs. FY21 9-Month Period
Total Business Unit Sales	84,595	63,826	**66,591**	78.7%	104.3%
Excluding the impact of the change in revenue recognition standards			-	80.6%	106.9%
Trend-conscious Market	55,052	43,506	**44,461**	80.8%	102.2%
Excluding the impact of the change in revenue recognition standards			-	83.2%	105.3%
Basic Trend-conscious Market	29,543	20,320	**22,130**	74.9%	108.9%
Excluding the impact of the change in revenue recognition standards			-	75.9%	110.3%

	Existing store sales YoY		
	Retail + Online	Retail	Online
Trend-conscious Market	102.5%	113.1%	86.0%
Basic Trend-conscious Market	110.3%	115.6%	102.3%

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

Consolidated B/S Overview

(Millions of yen)

	As of Mar. 31, 2021	**As of Dec. 31, 2021**	vs. FY21-end Change	
Total Assets	63,619	**66,707**	3,087	104.9%
Composition ratio	100.0%	100.0%	-	-
Current Assets	39,745	**45,202**	5,457	113.7%
Composition ratio	62.5%	67.8%		-
Noncurrent Assets	23,874	**21,505**	(2,369)	90.1%
Composition ratio	37.5%	32.2%		-
Current Liabilities	29,564	**31,644**	2,079	107.0%
Composition ratio	46.5%	47.4%		-
Noncurrent Liabilities	4,210	**4,193**	(17)	99.6%
Composition ratio	6.6%	6.3%		-
Total Net Assets	29,844	**30,870**	1,025	103.4%
Composition ratio	46.9%	46.3%		-
Reference: Balance of short- and long-term loans payable	15,600	**14,000**	(1,600)	89.7%
Composition ratio	24.5%	21.0%		-

(Millions of yen)

	As of Dec. 31, 2020	**As of Dec. 31, 2021**	vs. FY21 3Q-end Change	
Reference: Inventory	25,434	**23,378**	(2,055)	91.9%

*Decreased 5.3% YoY, excluding the impact of the change in consolidated structure

■ Consolidated C/F Overview

UNITED ARROWS LTD.

(Millions of yen)

	FY2021 9M	FY2022 9M	Major components of results for 2Q FY22	
Cash flows from operating activities (sub-total)	(7,232)	**(7)**		
Cash flows from operating activities	(7,145)	**702**	Increase in trade payables Increase in other current liabilities Increase in trade receivables Increase in Inventory	2,769 1,043 (4,002) (3,464)
Cash flows from investing activities	(5,080)	**(617)**	Purchases of Intangible noncurrent assets	(816)
Cash flows from financing activities	11,570	**(1,781)**	Decrease in short-term loans payable	(1,600)
Cash and cash equivalents at the end of the period	5,056	**4,808**		

Opening and Closing of Stores (Group Total)

UNITED ARROWS LTD.

(Number of stores)

		FY2022					
		9M			FY22 Forecasts		
	No. of stores as of FY21-end	Opened	Opened	No. of stores as of 3Q-end	Opened	Opened	No. of stores as of FY22-end
Group Total	**330**	5	11	**324**	6	26	**310**
UNITED ARROWS LTD.	**236**	3	9	**230**	4	24	**216**
COEN CO., LTD.	**87**	2	2	**87**	2	2	**87**
UNITED ARROWS TAIWAN LTD.	**7**	0	0	**7**	0	0	**7**

- 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

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

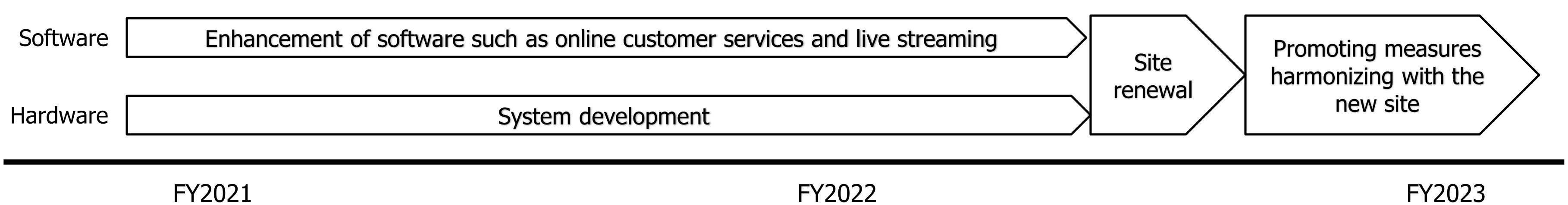
Promotion of OMO

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

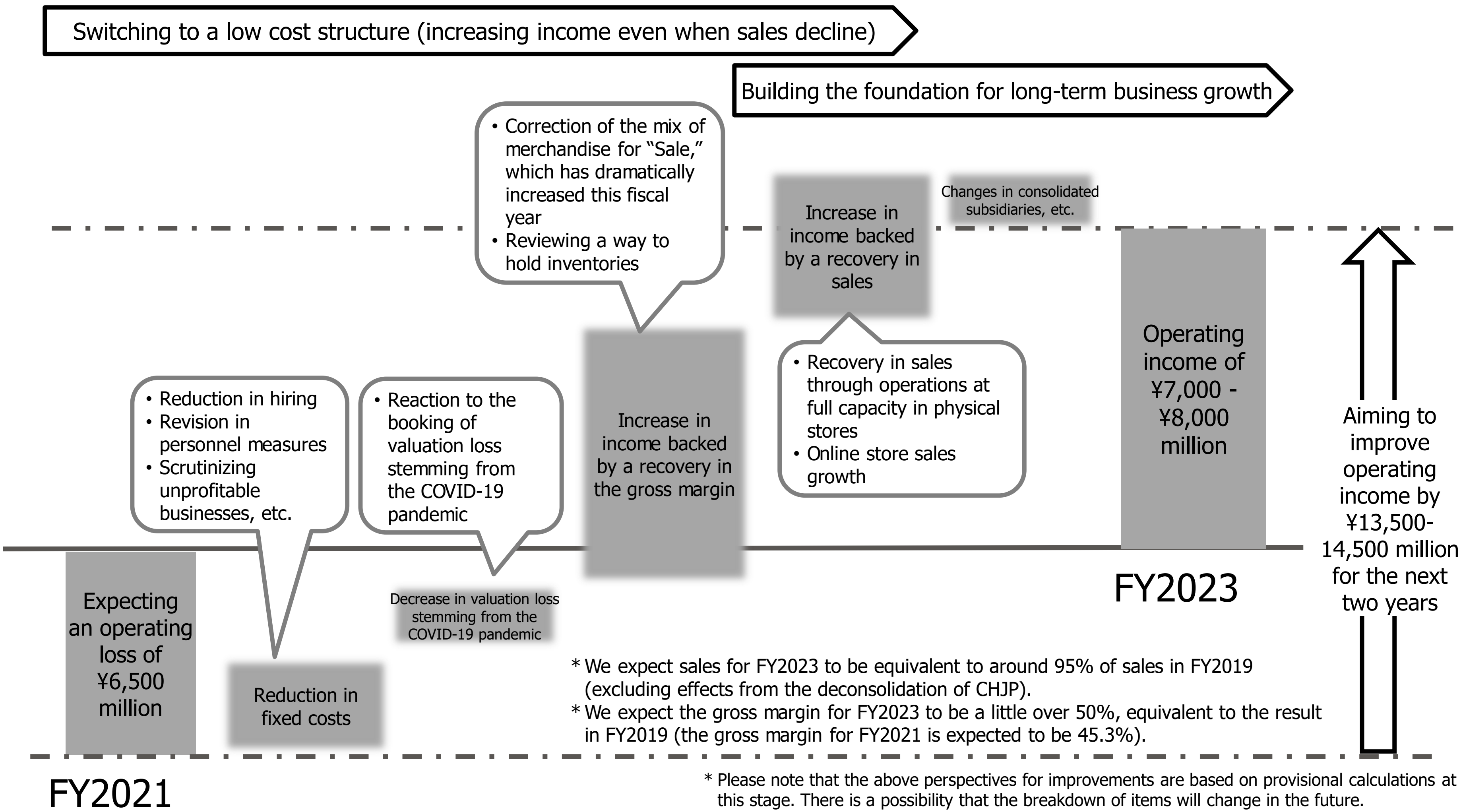
- Redesigning the Company’s e-commerce site by using our own infrastructure, possibly during FY2022
- Intend to offer services equivalent to those of physical stores in online shopping



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

		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.

	FY20			FY21			FY22		
	1H	2H	Full fiscal year	1H	2H	Full fiscal year	1H	2H	Full fiscal year
Gross Margin for the fiscal year:	51.7%	50.1%	50.8%	42.9%	47.0%	45.2%	49.2%		
Gross Margin for the corresponding period of the previous fiscal year	51.5%	51.4%	51.4%	51.7%	50.1%	50.8%	42.9%		
Difference	0.2pt	- 1.4pt	- 0.6pt	- 8.7pt	- 3.1pt	- 5.6pt	6.2pt		

■ 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	- 0.1pt	- 1.4pt	- 0.8pt	- 6.0pt	—	—	—
Impact of movements in the gross margin of UNITED ARROWS LTD.'s outlet and other stores	0.1pt	0.2pt	0.1pt	- 0.9pt	—	—	—
Impact of movements in other costs at UNITED ARROWS LTD.	0.0pt	0.0pt	0.0pt	- 1.4pt	—	—	—
Other factors (subsidiary trends, consolidated adjustments, sales composition, etc.)	0.2pt	- 0.1pt	0.0pt	- 0.5pt	—	—	—

* Due to the change in the scope of consolidation, the breakdown of the differences in and after FY21 2H is omitted.

Trends in the Consolidated SGA Expenses to Sales Ratio

UNITED ARROWS LTD.

	FY20			FY21			FY22		
	1H	2H	Full fiscal year	1H	2H	Full fiscal year	1H	2H	Full fiscal year
Total of SGA Expenses	46.4%	44.2%	45.2%	55.8%	46.6%	50.6%	54.4%		
Advertising Expenses	2.3%	3.1%	2.7%	3.0%	2.6%	2.8%	2.2%		
Personnel Expenses	16.9%	15.1%	15.9%	21.1%	16.1%	18.3%	20.2%		
Rent	14.4%	14.2%	14.3%	17.1%	15.6%	16.3%	17.7%		
Depreciation	1.3%	1.2%	1.2%	1.6%	1.2%	1.4%	1.2%		
Other	11.5%	10.6%	11.1%	12.9%	11.1%	11.9%	13.2%		