UNITED ARROWS LTD. Earnings Announcement
Q&A for Fiscal Year 2022 Ended March 31, 2022

UNITED ARROWS LTD. (the "Company") held an earnings announcement presentation at which the press, analysts, and institutional investors were in attendance. The principal questions received and answers given during each session are presented below. Certain details have been added or amended to lead to a further understanding of the UNITED ARROWS Group's performance and activities.

Q. The Company's sales plan presents that sales recovery in the first-half period would be sluggish but become stronger in the second-half period, compared to those before the COVID-19 pandemic (fiscal year ended March 2020). What is the background behind this?

A. In the fiscal year ended March 2020, sales performance was strong in the first-half period but struggled in the second-half period, due mainly to a reactionary decline after the consumption tax hike and the outbreak of COVID-19. As a result, sales performance in those periods turned out differently.

Q. Has the extraordinary loss of 800 million yen assumed for the fiscal year ending March 2023 been confirmed?

A. Half of the amount has been mostly confirmed while the remaining is the assumed amount that may occur.

Q. Are the impacts of foreign exchange rates and raw material prices factored into the gross margin forecast for the fiscal year ending March 2023?

A. They are taken into account to some extent. As the impacts of foreign exchange rates and raw material prices are likely to involve many uncertain factors, we intend to minimize adverse impacts by implementing various measures including an initiative to increase the ratio of regular price sales.

Q. Has Shanghai's lockdown affected the supply chain?

A. At the moment, there are delays in deliveries, and about 10% of the total delivery items is about three weeks behind. We will work on this delay through sales measures for spring and summer items. In addition, for fall and winter items, we will carry out measures including a review of production sites to curb negative impacts.

Q. What are the assumptions for SGA expenses for the fiscal year ending March 2023?

A. SGA expenses are becoming higher to some extent, mainly due to rising variable costs along with sales recovery, and the implementation of the sales promotion measures to boost sales and the ES promotion under the base strategies. These costs had been curbed in the previous fiscal period because of the COVID-19 pandemic. Accordingly, SGA expenses will be above those in the previous fiscal year, but we intend to control them to make their growth ratio lower than the sales growth ratio.

Q. I would like to know the year-on-year sales at major sites and their proportion to online sales.

A.

	Net sales year-on-year	Composition ratio	Change year-on-year
UNITED ARROWS LTD. ONLINE STORE	97.5%	33.4%	2.1pt
ZOZOTOWN	80.8%	43.4%	-5.6pt
Rakuten Fashion	128.0%	15.3%	4.3pt

Q. Your own e-commerce site was renewed in March 2022. What is the progress since then?

A. Although there were problems such as a temporary decrease in the purchase rate due to UI changes and the malfunctions of applications, we have built a clear prospect for resolving the problems and will work on improvements. We have issues with the idea of inventory allocation between physical stores and online sales, and will work on optimization with continued development.

Q. When will the COEN rebranding take effect?

A. We plan to work on rebranding this spring through summer, and reflect the results through sales promotion and other measures, as well as items to be released in fall, winter, or thereafter. We assume that real effects will arise in spring or summer next year or thereafter.

Q. What is your view on opening and closing of stores in the coming years?

A. We have largely completed the examination of unprofitable stores targeted under the ongoing medium-term management plan, and expect that closing of many stores will be completed in the fiscal year ending March 31, 2023. The idea of the opening and closing of stores that will take place in the fiscal year ending March 31, 2024, or after is being discussed in the scope of the next medium-term management plan.