Fiscal 2019
Fiscal Year Ending March 2019
First Quarter
Earnings Announcement

August 6, 2018

UNITED ARROWS LTD.

Contents

UNITED ARROWS LTD.

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 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 have been used for each Group business, store brand, and consolidated subsidiary.
UA = UNITED ARROWS; BY = BEAUTY&YOUTH UNITED ARROWS; monkey time = monkey time BEAUTY&YOUTH UNITED ARROWS; District = District UNITED ARROWS; GLR = UNITED ARROWS green label relaxing; WORK TRIP OUTFITS GLR = WORK TRIP OUTFITS GREEN LABEL RELAXING; Lurow GLR = Lurow GREEN LABEL RELAXING; THE AIRPORT STORE = THE AIRPORT STORE UNITED ARROWS LTD.; THE STATION STORE = THE STATION STORE UNITED ARROWS LTD.; CHJP = CHROME HEARTS JP, GK; CH = CHROME HEARTS

(2) The store brands contained within Business Unit Ⅰ and Business Unit ⅠⅠ are as follows.
Business Unit I: UA, District, THE SOVEREIGN HOUSE, ASTRAET, THE AIRPORT STORE, BY, monkey time, STEVEN ALAN, ROKU, H BEAUTY&YOUTH, Odette e Odile, and DRAWER
Business Unit II: GLR, WORK TRIP OUTFITS GLR, Lurow GLR, Jewel Changes, THE STATION STORE

Ⅰ. Overview of Business Results for the Three-Month Period Ended June 30, 2018

Performance Summary

UNITED ARROWS LTD.

Consolidated P/L (For details see slides 5, 8, and 9)

- Consolidated sales: YoY increase of 3.3%; Ordinary income: YoY increase of 5.6% resulting in increases in both revenue and income
- Gross margin: YoY increase of 0.6 percentage point, to 54.8%, attributable to improved margins at UNITED ARROWS LTD. business units and Group companies
- SGA expenses to sales ratio: YoY increase of 0.4 percentage point, to 47.7%, resulting from increase in advertising costs at COEN CO., LTD. and distribution transition costs at UNITED ARROWS LTD.
- Operating income: YoY increase of 6.4%; Ordinary income: YoY increase of 5.6%; Net income: YoY increase of 13.4%

Non-Consolidated Sales (For details see slides 6 and 7)

- YoY increase of 6.9% in existing store sales (retail: up 2.9%; online store: up 22.0%)
- By sales channel, online sales remained strong; online store sales comprised 18.7% of total sales
- YoY increase in the number of customers of existing retail and online stores (retail: up 3.0%; online store: up 14.8%)

Inventory (For details see slide 10)

- YoY decrease of 4.0% in the balance of inventory, compared with 3.3% YoY increase in sales

Opening and Closing of Stores (For details see slides 12 to 14)

- 3M Group total: Number of new stores opened: 7; Number of stores closed: 1; Number of stores as of 3M-end: 353
- FY19 forecast Group total: Number of new stores opened: 25; Number of stores closed: 16; Number of stores as of FY19-end: 356

Group Companies (For details see slide 15; Status of major consolidated subsidiaries is as follows)

- FIGO CO., LTD.: Decreases in both revenue and income; COEN CO., LTD.: Increase in revenue and decrease in income; CHROME HEARTS JP, GK: Decrease in revenue and increase in income

Consolidated P/L Overview

UNITED ARROWS LTD.

Three-month period ended June 30, 2018: Increases in both revenue and income

- Consolidated sales: YoY increase of 3.3%; Ordinary income: YoY increase of 5.6% resulting in increases in both revenue and income
- Gross margin: YoY increase of 0.6 percentage point, to 54.8%, attributable to improved margins at UNITED ARROWS LTD. business units and Group companies
- SGA expenses to sales ratio: YoY increase of 0.4 percentage point, to 47.7%, resulting from increase in advertising costs at COEN CO., LTD. and distribution transition costs at UNITED ARROWS LTD.
- Operating income: YoY increase of 6.4%; Ordinary income: YoY increase of 5.6%; Net income: YoY increase of 13.4%

(Millions of yen)

	Consolidated Results FY19 1Q					
	Results	vs. Sales	YoY Increase (Decrease)	%	FY18 1Q Results	vs. Sales
Sales	**36,378**	100.0%	1,150	103.3%	35,228	100.0%
Gross Profit	**19,947**	54.8%	830	104.3%	19,116	54.3%
SGA Exp.	**17,353**	47.7%	674	104.0%	16,679	47.3%
Operating Inc.	**2,593**	7.1%	156	106.4%	2,436	6.9%
Non-Op. P/L	**26**	0.1%	(17)	60.1%	44	0.1%
Ordinary Inc.	**2,619**	7.2%	138	105.6%	2,481	7.0%
Extraordinary P/L	**(52)**	-0.1%	230	–	(282)	-0.8%
Net Income Attributable to Owners of Parent	**1,568**	4.3%	184	113.4%	1,383	3.9%

■ Non-Consolidated Sales by Sales Channel

Non-consolidated sales up 3.2% YoY; Existing store sales up 6.9% YoY

- YoY increases in both retail and online sales at existing stores
- Sales composition: Online sales 18.7%; Outlet store sales 14.9%
- YoY increase in the number of customers of existing retail and online stores

(Millions of yen)

	Non-Consolidated Results FY19 1Q					
	Results	Share	YoY Increase (Decrease)	%	FY18 1Q Results	Share
Non-Consolidated Sales	30,429	100.0%	935	103.2%	29,494	100.0%
Total Business Unit Sales	25,880	85.1%	869	103.5%	25,010	84.8%
Retail	19,999	65.7%	315	101.6%	19,684	66.7%
Online	5,700	18.7%	545	110.6%	5,155	17.5%
Other (Wholesale, etc.)	179	0.6%	9	105.3%	170	0.6%
Outlet, etc.	4,548	14.9%	65	101.5%	4,483	15.2%

Existing Stores YoY (Note: Reference Data)

	Sales	Number of Customers	Ave. Spending per Customer
Retail + Online	106.9%	106.0% ※	99.9% ※
Retail	102.9%	103.0%	99.9%
Online	122.0%	114.8% ※	104.0% ※

Note: Number of customers and average spending per customer data for existing retail and online stores as well as other online stores are calculated using data available to the Company through its own online stores and ZOZOTOWN stores.

Non-Consolidated Sales by Business

UNITED ARROWS LTD.

Higher revenue in both business units, YoY increase in existing store sales

- Business Unit I: Strong performance in men's casual and all women's categories
- Business Unit II: Strong performance in all women's categories

(Millions of yen)

	Non-Consolidated Results FY19 1Q			
	Results	YoY Increase (Decrease)	%	FY18 1Q Results
Total Business Unit Sales	**25,880**	869	103.5%	25,010
Business Unit I	**16,746**	1,278	108.3%	15,468
Business Unit II	**9,134**	595	107.0%	8,538

	Existing Stores YoY		
	Retail + Online	Retail	Online
Business Unit I	109.2%	104.9%	124.8%
Business Unit II	103.1%	99.7%	117.0%

Notes: Total Business Unit Sales include sales from the three-month period ended June 30, 2017, of businesses that were later withdrawn from.
Please refer to slide 2 for a list of the store brands included in each business unit.

Consolidated Gross Margin

Gross margin up 0.6 percentage point, to 54.8%
Factors that impacted the consolidated gross margin and the levels of overall impact are described below

Gross margin for the 1Q of FY19	54.8%
Gross margin for the corresponding period of the previous fiscal year	54.3%
Change	+0.6pt

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

		Notes:
Impact of movements in the gross margin of UNITED ARROWS LTD. total business units	0.1pt	YoY increase of 0.1 percentage point in the gross margin of total business units Lower losses from price reductions, etc.
Impact of movements in the gross margin of UNITED ARROWS LTD. outlet and other stores	(0.1)pt	YoY decrease of 0.8 percentage point in the gross margins of UNITED ARROWS LTD. outlet and other stores Increase in special event sales, etc.
Impact of movements in UNITED ARROWS LTD. other costs	0.1pt	Reduced loss on devaluation of products, etc.
Other factors (subsidiary trends, consolidated adjustments, distribution of sales, etc.)	0.5pt	Improved gross margins at CHJP, COEN, etc.

Note: Details of factors that impacted the consolidated gross margin on a 1H, 2H, and full-year basis in the past three fiscal years are included toward the end of this presentation.

Consolidated SGA Expenses

SGA expenses up 4.0% YoY, the SGA expenses to sales ratio up 0.4 percentage point, to 47.7%

(Comments mainly refer to individual expense items that increased or decreased significantly as a percentage of sales.)

- Advertising expenses: Increase due to broadcasting of television commercials for COEN CO., LTD.
- Other: Increase due to reorganization of UNITED ARROWS LTD. distribution warehouses (nearly ¥0.2 billion), decrease in fixed costs

(Millions of yen)

	Consolidated FY19 1Q						
	Result	vs. Sales	YoY Increase (Decrease)	%	Movement vs. Sales	FY 18 1Q Result	vs. Sales
Sales	**36,378**	100.0%	1,150	103.3%	0.0%	35,228	100.0%
SGA Exp.	**17,353**	47.7%	674	104.0%	0.4%	16,679	47.3%
Advertising Expenses	**993**	2.7%	207	126.4%	0.5%	786	2.2%
Personnel Expenses	**6,230**	17.1%	187	103.1%	0.0%	6,042	17.2%
Rent	**5,258**	14.5%	176	103.5%	0.0%	5,081	14.4%
Depreciation	**448**	1.2%	(5)	98.8%	-0.1%	453	1.3%
Other	**4,423**	12.2%	107	102.5%	-0.1%	4,316	12.3%

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 three fiscal years are included toward the end of this presentation.

Consolidated B/S Overview

UNITED ARROWS LTD.

Consolidated total assets of ¥69.2 billion on June 30, 2018, up 0.1% from June 30, 2017, and up 3.2% from March 31, 2018

(YoY comparison of consolidated balances as of June 30, 2017, and June 30, 2018)

- Current assets: Increase in accounts receivable–other, decreases in inventories and deferred tax assets*
- Noncurrent assets: Increases in tangible noncurrent assets and deferred tax assets,* decrease in depreciation
- Current liabilities: Decreases in short-term loans payable and current portion of long-term loans payable, increase in accounts payable–other
- Noncurrent liabilities: Decrease in long-term loans payable

Notes:

1. Short- and long-term loans payable: ¥9.0 billion, down 41.4% YoY
2. Inventories: Down 4.0% YoY (sales: Up 3.3% YoY)

* Changes in deferred tax assets are a result of a change in display method following a partial revision of tax effect accounting standards.

(Millions of yen)

	Consolidated FY 19 1Q-End							
	Results	Share	YoY	vs. FY18-End	FY18 1Q-End Results	Share	FY18-End Results	Share
Total Assets	**69,273**	100.0%	100.1%	103.2%	69,180	100.0%	67,107	100.0%
Current Assets	**44,915**	64.8%	96.9%	97.9%	46,351	67.0%	45,878	68.4%
(Of which, Inventories)	**26,495**	38.2%	96.0%	106.8%	27,608	39.9%	24,799	37.0%
Noncurrent Assets	**24,358**	35.2%	106.7%	114.7%	22,828	33.0%	21,228	31.6%
Current Liabilities	**29,558**	42.7%	93.0%	108.6%	31,773	45.9%	27,213	40.6%
Noncurrent Liabilities	**4,944**	7.1%	74.7%	95.0%	6,621	9.6%	5,203	7.8%
Total Net Assets	**34,770**	50.2%	112.9%	100.2%	30,785	44.5%	34,690	51.7%
Reference: Balance of Short- and Long-Term Loans Payable	**9,050**	13.1%	58.6%	181.0%	15,441	22.3%	5,000	7.5%

Cash and cash equivalents of ¥5,921 million on June 30, 2018

- Cash flows from operating activities (Major cash inflows): Income before income taxes of ¥2,567 million and depreciation of ¥447 million
  (Major cash outflows): Increase in inventories of ¥1,695 million, decrease in provision for bonuses of ¥1,429 million, and decrease in other current liabilities of ¥933 million
- Cash flows from investing activities (Major cash outflows): Purchase of property, plant and equipment of ¥2,018 million
- Cash flows from financing activities (Major cash inflows): Net increase in short-term loans payable of ¥4,550 million
  (Major cash outflows): Cash dividends paid of ¥1,499 million and repayment of long-term loans payable of ¥500 million

(Millions oy yen)

	Consolidated FY19 1Q	FY18 1Q
	Results	Results
Net cash provided by (used in) operating activities (sub-total)	**105**	2,631
Net cash provided by (used in) operating activities	**(599)**	1,578
Net cash provided by (used in) investing activities	**(2,338)**	(1,411)
Net cash provided by (used in) financing activities	**2,550**	135
Cash and cash equivalents at the end of the term	**5,921**	5,921

■ Group Total Opening and Closing of Stores in Three-Month Period Ended June 30, 2018, and FY19 Forecasts

UNITED ARROWS LTD.

- 3M Group total: Number of new stores opened: 7; Number of stores closed: 1; Number of stores as of 3M-end: 353
- FY19 forecast Group total: Number of new stores opened: 25; Number of stores closed: 16; Number of stores as of FY19-end: 356

	FY19 1Q Results				FY19 Forecast					Reference
					Opened					
	No. of stores as of the beginning of the period	Opened	Closed	No. of stores as of 1Q-end	1H	2H	Full Fiscal Year	Closed	No. of stores as of the end of period	Increase (decrease) from the previous forecast
Group Total	347	7	1	353	14	11	25	16	356	1
UNITED ARROWS LTD.	229	4	1	232	10	6	16	9	236	
FIGO CO., LTD.	18			18	1	1	2		20	
COEN CO., LTD.	85	3		88	3	3	6	6	85	1
UNITED ARROWS TAIWAN LTD.	4			4		1	1	1	4	
Designs & Co.	1			1					1	
CHROME HEARTS JP, GK	10			10					10	
Reference: Breakdown for UNITED ARROWS LTD.										
Business Unit I	113		1	112	1	2	3	3	113	
Business Unit II	90	2		92	7	4	11	5	96	
Outlet	26	2		28	2		2	1	27	

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

UNITED ARROWS LTD.

	FY19 1Q Result			
	No. of stores as of the beginning of the period	Opened	Closed	No. of stores as of 1Q-end
UNITED ARROWS LTD. Total	**229**	**4**	**1**	**232**
Business Unit I Total	**113**	**0**	**1**	**112**
UNITED ARROWS (General Merchandise Store)	9			9
UNITED ARROWS	27			27
THE SOVEREIGN HOUSE	1			1
District	1			1
THE AIRPORT STORE	2			2
ASTRAET	1			1
BEAUTY&YOUTH	43		1	42
monkey time	3			3
STEVEN ALAN*	2			2
ROKU	2			2
H BEAUTY&YOUTH	1			1
DRAWER	7			7
Odette e Odile	14			14
Business Unit II Total	**90**	**2**	**0**	**92**
green label relaxing	70	2		72
WORK TRIP OUTFITS GLR	1			1
Lurow GLR	3			3
Jewel Changes	10			10
THE STATION STORE	6			6
Outlets	26	2		28

* STEVEN ALAN TOKYO, STEVEN ALAN OSAKA, and STEVEN ALAN KOBE are recorded as annexes to BY stores and are not included in the number of stores listed above.

■ Reference: Details of the Opening and Closing of Stores by Group Company

UNITED ARROWS LTD.

Month	Opening / Closure	Store Name	Commercial Facility and Location
Jun.	Opening	UNITED ARROWS LTD. OUTLET SHOE STOCK IRUMA	MITSUI OUTLET PARK IRUMA (Iruma-shi, Saitama)
	Closure	BEAUTY&YOUTH UNITED ARROWS KOBE SANNOMIYA	M-INT KOBE (Chuo-ku, Kobe-shi, Hyogo)
May	Opening	UNITED ARROWS green label relaxing mito excel	Main Building excel, Mito Station Building (Mito-shi, Ibaraki)
Apr.	Opening	UNITED ARROWS green label relaxing mi：ts kokubunji	mi：ts KOKUBUNJI (Kokubunji-shi, Tokyo)
	Opening	UNITED ARROWS LTD. OUTLET HIROSHIMA	THE OUTLETS HIROSHIMA (Saeki-ku, Hiroshima-shi, Hiroshima)

COEN CO., LTD.

	Opening / Closure	Store Name	Commercial Facility and Location
Apr.	Opening	coen JOINUS TERRACE futamatagawa Store	JOINUS TERRACE futamatagawa (Asahi-ku, Yokohama-shi, Kanagawa)
	Opening	coen THE OUTLETS HIROSHIMA Store	THE OUTLETS HIROSHIMA (Saeki-ku, Hiroshima-shi, Hiroshima)
	Opening	coen AEON MALL SAPPORO HIRAOKA Store	AEON MALL SAPPORO HIRAOKA Store (Kiyota-ku, Sapporo, Hokkaido)

* There were no newly opened or closed stores by FIGO CO., LTD., UNITED ARROWS TAIWAN LTD., Designs & Co., and CHROME HEARTS JP, GK during the three-month period ended June 30, 2018.

Performance of Group Companies

FIGO CO., LTD.

Decrease in both revenue and income in the three-month period ended June 30, 2018

- Sales of ¥0.5 billion, down 2% YoY
- Revenue and income down, but higher than target; wholesale earnings down but e-commerce performance strong

COEN CO., LTD.

Increase in revenue and decrease in income in the three-month period ended April 30, 2018

- Sales of ¥2.6 billion, up 14% YoY
- Income down, but higher than target; by product category, performance strong for women's items; by sales channel, favorable performance for e-commerce

CHROME HEARTS JP, GK

Decrease in revenue and increase in income over period from April to June

- Sales of ¥2.8 billion, down 8% YoY
- Revenue down primarily as a result of rebound from demand rush seen before price revisions in June 2017; tax-free sales up; income up due to higher gross margin

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

UNITED ARROWS TAIWAN LTD.

Results in line with targets in the three-month period April 30, 2018, e-commerce performance strong

Designs & Co.

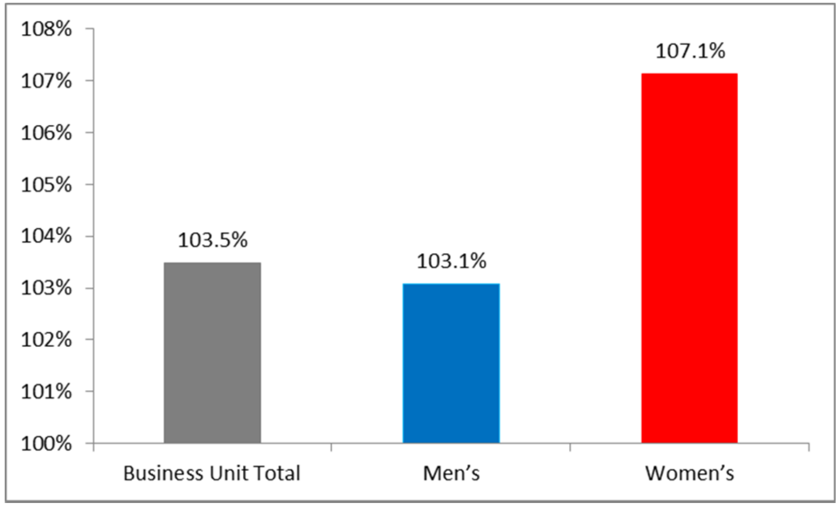
Favorable sales achieved due to increased recognition

II. Progress in Addressing Priority Issues

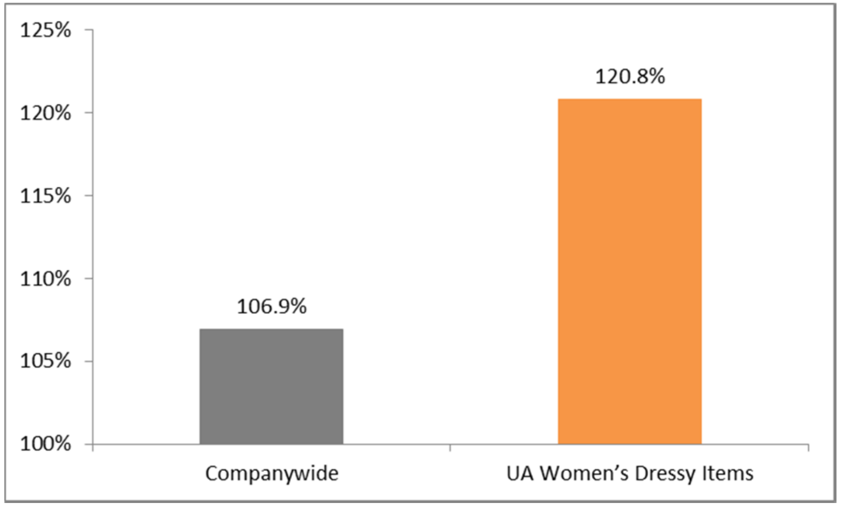
■ Reasons for Strong Performance of Women's Products

- Impressive 3M performance seen for women's products on Companywide basis
- Particularly strong growth in UA women's dressy items

YoY Sales Growth in Three-Month Period
Ended June 30, 2018



YoY Retail + Online Sales Growth at Existing Stores
in Three-Month Period Ended June 30, 2018



● Factors behind strong performance of UA women's dressy items

1. Improvement of budget formulation and MD accuracy in conjunction with growth in user demand
2. Effective implementation of MD approach of subdividing seasons
3. Enhancement of styling proposals focused on strategic products

■ Initiatives for UA Women's Dressy Items

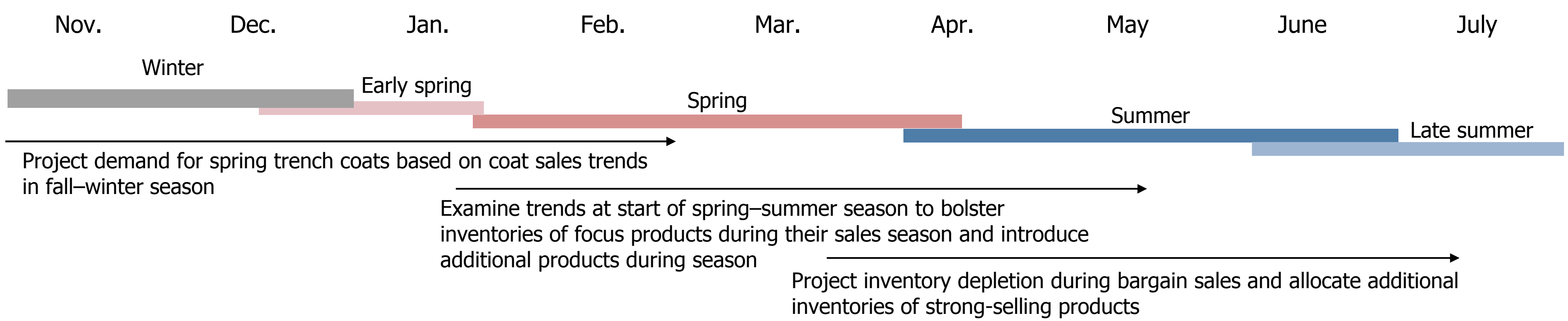
1. Improvement of Budget Formulation and MD Accuracy in Conjunction with Growth in User Demand

- Procurement target set at 90% of last year's level at start of fiscal year
- Expansion of focus product inventories while carefully examining product numbers based on previous year's performance and limiting procurement costs
- Collection of sales staff input to be reflected in MD through internal product exhibitions

2. Effective Implementation of MD Approach of Subdividing Seasons

- Division of seasons into seven classifications
- Projection of demand for coming season based on current season trends
- Effective utilization of online preorder events
- Securing of budget for additional products in advance for allocation to strong-selling products and products planned during period
- Allocation of additional inventories based on projected inventory shortages during bargain sale periods

Example of MD Approach of Subdividing Seasons over Period from November to July



3. Enhancement of Styling Proposals Focused on Strategic Products

- Solicitation of styling focused on strategic products through utilization of catalogs, the Internet, store displays, and advertisements
- Alteration of color and pattern proposals on a monthly basis to keep stores feeling fresh
- Promotion of summer accessories through dedicated website

From UA website:
Left: 2018SS Seasonal Styles (February–April)
Center: Summer Variations 2018 (End of April~)
Right: Poolside Story Summer 2018 (End of April~)

■ Initiatives for UA Women's Dressy Items

● Hits in Focus Product Lines

YoY Retail + Online Sales Growth at Existing Stores in Three-Month Period Ended June 30, 2018

Jackets	+0.9%*
Skirts	+57.3%
Dresses	+59.4%
Short-sleeve shirts	+55.3%
Blouses	+15.4%




* Jacket sales increased 18.4% YoY over the period from February 1 to June 30, 2018, when including sales from February and March, a high demand season for jackets.

● Recovery of Miscellaneous Items

- Retail + online sales at existing stores up 15.2% in the three-month period ended June 30, 2018
- Summer proposals in conjunction with early rise in temperatures
- Strong performance for basket-style bags, sandals, summer accessories, etc.



Ⅲ. Reference Materials

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

	FY16			FY17			FY18		
	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year
Gross margin for FY18	51.0%	50.6%	50.8%	50.8%	51.1%	51.0%	51.2%	51.7%	51.5%
Gross margin for FY17	52.7%	51.3%	51.9%	51.0%	50.6%	50.8%	50.8%	51.1%	51.0%
Difference	(1.8)pt	(0.6)pt	(1.1)pt	(0.2)pt	0.5pt	0.2pt	0.4pt	0.6pt	0.5pt

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

Impact on the gross margin of UNITED ARROWS LTD. total business units	(1.2)pt	(0.8)pt	(1.0)pt	(0.5)pt	0.7pt	–	0.1pt	0.3pt	0.2pt
Impact on the gross margin of UNITED ARROWS LTD. outlet and other stores	(0.3)pt	0.0pt	(0.2)pt	0.1pt	0.0pt	–	0.1pt	0.1pt	0.1pt
Impact on UNITED ARROWS LTD. other costs	0.0pt	0.4pt	0.2pt	0.1pt	(0.2)pt	–	0.2pt	0.2pt	0.2pt
Other factors (subsidiary company trends, consolidated adjustments, sales composition, other)	(0.4)pt	(0.2)pt	(0.2)pt	0.1pt	(0.1)pt	–	0.0pt	0.0pt	0.0pt

Note: Breakdown details for the full fiscal year (FY17) have not been provided. This reflects the difficulties involved in analyzing data attributable to the spin-off of CHROME HEARTS (October 2016) over the full fiscal year cumulative period.

Trends in the Consolidated SGA Expenses to Sales Ratio

	FY16			FY17			FY18		
	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year	1H	2H	Full Fiscal Year
Total of SGA Expenses to Sales	45.3%	40.9%	42.9%	48.1%	41.9%	44.7%	46.9%	42.9%	44.7%
Advertising Expenses	1.7%	2.0%	1.9%	2.2%	2.2%	2.2%	2.1%	2.4%	2.2%
Personnel Expenses	16.6%	14.0%	15.2%	17.4%	14.2%	15.6%	17.0%	14.8%	15.8%
Rent	13.6%	13.2%	13.4%	14.4%	13.7%	14.0%	14.6%	13.7%	14.1%
Depreciation	1.4%	1.2%	1.3%	1.4%	1.2%	1.3%	1.3%	1.1%	1.2%
Other	12.0%	10.6%	11.2%	12.7%	10.6%	11.6%	11.9%	10.9%	11.4%

UNITED ARROWS LTD.

(Millions of yen)

	Consolidated FY19 (full fiscal year) Forecasts	vs. Sales	YoY	FY18 Results	vs. Sales
Sales	156,300	100.0%	101.2%	154,409	100.0%
Gross Profit	81,250	52.0%	102.2%	79,507	51.5%
SGA Exp.	70,400	45.0%	102.0%	68,989	44.7%
Operating Inc.	10,850	6.9%	103.2%	10,518	6.8%
Non Op. P/L	150	0.1%	58.3%	257	0.2%
Ordinary Inc.	11,000	7.0%	102.1%	10,775	7.0%
Extraordinary P/L	(1,000)	-0.6%	-	(2,113)	-1.4%
Net Income Attributable to Owners of Parent	6,000	3.8%	114.3%	5,247	3.4%

■ FY19 1H and 2H Consolidated P/L Forecasts

UNITED ARROWS LTD.

(Millions of yen)

	Consolidated FY19 1H					Consolidated FY19 2H				
	Forecasts	**vs. Sales**	**YoY**	FY18 1H Results	vs. Sales	**Forecasts**	**vs. Sales**	**YoY**	FY18 2H Results	vs. Sales
Sales	**70,220**	**100.0%**	100.7%	69,740	100.0%	**86,079**	**100.0%**	101.7%	84,669	100.0%
Gross Profit	**36,303**	**51.7%**	101.7%	35,708	51.2%	**44,946**	**52.2%**	102.6%	43,799	51.7%
SGA Exp.	**34,087**	**48.5%**	104.3%	32,682	46.9%	**36,312**	**42.2%**	100.0%	36,307	42.9%
Operating Inc.	**2,216**	**3.2%**	73.2%	3,026	4.3%	**8,633**	**10.0%**	115.2%	7,491	8.8%
Non Op. P/L	**15**	**0.0%**	15.9%	97	0.1%	**134**	**0.2%**	84.5%	159	0.2%
Ordinary Inc.	**2,231**	**3.2%**	71.4%	3,124	4.5%	**8,768**	**10.2%**	114.6%	7,650	9.0%
Extraordinary P/L	**(493)**	**-0.7%**	—	(873)	-1.3%	**(506)**	**-0.6%**	—	(1,240)	-1.5%
Net Income Attributable to Owners of Parent	**785**	**1.1%**	61.9%	1,268	1.8%	**5,214**	**6.1%**	131.1%	3,979	4.7%

■ Details of FY19 Non-Consolidated Sales Forecasts

UNITED ARROWS LTD.

(Millions of yen)

	Non-Consolidated FY19 (full fiscal year)				Non-Consolidated FY19 1H			Non-Consolidated FY19 2H		
	Forecasts	Share	YoY Increase (Decrease)	%	**Forecasts**	YoY Increase (Decrease)	%	**Forecasts**	YoY Increase (Decrease)	%
Sales	**128,466**	100.0%	109	100.1%	**56,826**	(347)	99.4%	**71,639**	457	100.6%
Total Business Unit Sales	**109,510**	85.2%	(43)	100.0%	**48,098**	(587)	98.8%	**61,411**	543	100.9%
Retail	**84,458**	65.7%	(785)	99.1%	**37,542**	(409)	98.9%	**46,916**	(375)	99.2%
Online	**23,779**	18.5%	254	101.1%	**10,205**	(123)	98.8%	**13,573**	378	102.9%
Other (Wholesale, Other)	**1,272**	1.0%	487	162.1%	**350**	(53)	86.7%	**921**	540	242.1%
Outlet	**18,955**	14.8%	153	100.8%	**8,728**	239	102.8%	**10,227**	(86)	99.2%
Existing Stores YoY										
Retail + Online	102.5%				103.0%			102.1%		
Retail	100.6%				101.2%			100.2%		
Online	109.2%				109.5%			109.0%		

■Overview of the UNITED ARROWS Group's Medium-Term Vision (FY18-FY20)

■Promote the following four strategies while harnessing the strength of the Group's relationships of trust with customers

1. Establish a robust management platform	2. Expand online activities by harnessing the strengths of physical stores	3. Respond to changes in the market	4. Expand points of contact with customers
• Reform the culture of the organization and human resources • Identify underperforming businesses • Ensure a sound earnings structure	• Pursue customer satisfaction from both channels • Medium-term: Upgrade and expand inventory; strengthen advertising and promotions; review evaluation systems • Long-term: Create new customer experiences	• Trend-conscious market → Pursue quality over quantity • Basic trend-conscious and new basic trend-conscious markets → Expand domains with high competitive advantage	• Expand domains (Miscellaneous Lifestyle Goods, Beauty･Health, etc.) • Increase the amount of time spent with customers (Reuse, Repair businesses) • Expand overseas activities (Taiwan: ongoing, cross-border online sales, etc.)

■Medium-term quantitative targets

- Ordinary income: Target average annual growth of 8% over the medium-term period
- Ordinary income margin: At least 7% in the final fiscal year of the medium-term period; work to secure a double-digit ordinary income margin over the long term
- Target ROE of at least 16%, a dividend payout ratio of at least 35%, and DOE of at least 5.5% on a continuous basis over the medium-term period

■Long-term objectives

- Online sales composition: Target 25-30%
- Inventory turnover: Target a record high
- Ratio of regular price sales: Target an improvement of at least 5 percentage points