



UNITED ARROWS LTD. Monthly Sales Report Q&A for the Year Ending March 31, 2018

Followings are details of principal questions received and answers for the monthly sales record announcements UNITED ARROWS LTD. makes every month. Certain details have been expanded or modified to provide readers with a deeper understanding of the UNITED ARROWS Group's performance and activities.

●March 2018

Q. Please let us know sales trend in March.

A. Existing store sales of retail and online grew year-on-year during every week except the first week. The decline of the first week was due to the different schedule of promotion campaign at a major shopping center (from 2nd to 8th last year, from 8th to 14th this year). Existing sales improved more than 20% during the second and third week.

Q. What do you think were the reasons for the strong results in March?

A. In the first half of the month, sales of spring coats and formal items were strong. From the middle of the month, sales of spring items were accelerated due to the temperature rise. In the women's category, many items were popular such as knitwear, blouses, skirts, and dresses. In the men's category, sales were robust in both casual clothes and business items.

Q. Please provide us with reasons for the recovery of online sales.

A. The ratio of discount sales to total sales tends to be higher at online stores than retail stores. Due to the lack of inventories of discount items, growth of online stores was mild in January and February. In March, a large part of sales were made from regular priced items both retail and online stores, so that the online results recovered.

Q. Why is there a difference between the growth of online sales between total stores (107.3%YoY) and existing stores (115.9%YoY)?

A. We have closed 22 online stores of Another Edition, Boisson Chocolat, and EN ROUTE from late January to February. Sales of those stores had around 10% shares to total online sales in March 2017. The dropout of those stores' sales led to the YoY difference between total and existing stores in March 2018. Excluding the negative effect of the dropout, the growth of total online store sales would have been similar to the growth of existing store sales.

●February 2018

Q. Please let us know sales trend in February.

A. Existing store sales of retail and online grew year-on-year during every week in this February. While winter apparels were strong due to the low temperature in first half of the month, spring items started to move well for the latter half of the month. Especially women's spring colored or printed items were popular.

Q. Please provide us with reasons for the mild growth of online sales.

A. We assume that low inventory level for discount sales led to mild growth of online stores. As discount sales initiative for our royal customers performed well in December, stocks of winter apparels such as outerwear were low in January and February at online malls. It caused lower customer traffic and mild growth at EC malls in those two months. On the other hand, thanks to spring items, sales were robust in UNITED ARROWS ONLINE STORE to show about 24% improvement compared to a year ago.

Q. How about tax free sales?

A. Tax free sales increased in UNITED ARROWS LTD and CHROM HEARTS JP, GK by 29% and 5%, respectively. Chinese New Year, from February 16th, were one of the main reasons for this increase.



●January 2018

Q. Please let us know sales trend in January.

A. Existing store sales of retail and online declined year-on-year during every week except the third week. Due to the strong results of exclusive sales initiatives for our VIP and house card members in December, we had smaller inventories for discount sales in January. This caused negative discount sales in January.

Q. Please provide us with reasons for the mild growth of online sales.

A. In online stores, we also had smaller inventories for discount sales. That resulted in the mild growth. However, sales were robust in UNITED ARROWS ONLINE STORE to show about 46% improvement compared to a year ago thanks to some reasons including the shipment of Rimowa luggage of which we had received advanced orders.

Q. How about tax free sales?

A. Tax free sales decreased in UNITED ARROWS LTD and CHROM HEARTS JP, GK by 1.4% and 11.0%, respectively. We assume the smaller inventory level and the different schedule of Chinese New Year (from January 28th last year, February 16th this year) were the main reasons for this decline.

●December 2017

Q. Please let us know sales trend in December

A. Existing store sales of retail and online grew year-on-year during every week except the fourth week which had one less holiday to a year earlier. The growth was especially high in the first half of the month due to the discount sales initiative exclusive to royal customers started from early of the month.

Q. Please provide us with reasons for the strong trend of online sales.

A. Robust sales of UNITED ARROWS ONLINE STORE (UA ONLINE STORE) pushed the total online sales. The discount sales initiatives exclusive to royal customers from early of the month and to our membership card holders started from late December bolstered the UA ONLINE STORE sales.

Q. How about tax free sales?

A. Tax free sales improved in UNITED ARROWS LTD by 16.9% to a year ago. In CHROM HEARTS JP, GK, the sales also surpassed the result of the same month last year by 0.4%.

●November 2017

Q. Please let us know sales trend in November.

A. Existing store sales of retail and online grew year-on-year during every week except the second and fifth week. The improvement was especially strong during the fourth week to show more than 20% growth to a year ago. The second week's decline was caused by high temperature, and the fifth week's decrease was due to the late start of discount sales initiative exclusive for VIP customers which started from early December this year.

Q. Please provide us with reasons for the strong trend.

A. The temperature drop accelerated sales of winter outerwear for both men and women. Strong results in women's apparel including knitwear, skirts, and dresses also raised results.

Q. Please let us know the reasons for the positive sales of UNITED ARROWS business.

A. Improvement of sales of dressy items for both men and women led to the preferable results. Outer wear for men and women's items in general sold well.



●October 2017

Q. Please let us know sales trend in October.

A. Existing store sales of retail and online grew year-on-year during every week except the third week. The third week's decline was due to the shorter period of our membership campaign than a year ago. While it continued for 10 days from Friday of the second week to the last day of the third week last year, it was held for five days from Friday of the second week to Tuesday of the third week this year.

Q. How do you estimate the negative impact of the two typhoons?

A. Although we don't estimate the impact of the typhoons, we think they hurt existing retail store sales. During the fourth and fifth weeks, the existing retail store sales grew in weekdays and struggled in weekends when typhoons came. On the other hand, we don't see almost any negative affect to online same store sales.

Q. Please let us know the reasons for the negative sales of UNITED ARROWS business.

A. Slow sales of men's apparels, and fashion goods for men and women were the main reason for the weak results of the business. While sales of outerwear were robust, light and middle apparels such as knitwear and pants moved slow for men. The negative results of fashion goods were due to the backrush of the large sales of some hit products in the last year.

●September 2017

Q. Please let us know sales trend in September.

A. Existing store sales of retail and online grew year-on-year during every week except the second week. The second week's decline was due to the delayed start of the promotion campaign at Lumine stores which started one week later than the same month of the previous year. Although the same store sales were decreased around 10% or more to a year ago during the second week, the same store sales increased roughly 20% year on year in the next week.

Q. Why did the number of purchasing customers at retail stores improve to a year ago?

A. Thanks to the cooler weather than last year, demand for fall items grew active. The one week later start of the promotion campaign at Lumine stores coincided with the rise of customers' motivation toward purchasing fall clothes.

Q. Please let us know the trend of this fall season. .

A. Jackets and pants made of synthetic fiber, and no button cardigans were popular for men. In women's category, sales of rib stitch knitwear, plaid pants, and items made of corduroy or suede leather was robust.

Q. How about tax free sales?

A. Tax free sales improved in UNITED ARROWS LTD by 11% to a year ago. In CHROM HEARTS JP, GK, the sales also surpassed the result of the same month last year by 46%.

●August 2017

Q. Please let us know sales trend in August.

A. Existing store sales of retail and online grew year-on-year during every week in this August. Sufficient supply of clearance items brought the strong results in the first half of the month.

Q. Why did the number of purchasing customers at retail stores improve to a year ago?

A. In addition to the delayed demand for clearance sales, favorable results of popular items and early demand for down coats bolstered the number of purchasing customers.

Q. Please let us know the reasons for the mild growth of green label relaxing (GLR) business compared to other businesses. .

A. The ratio of clearance sales to total sales was lower at GLR than other businesses. Small amount of early demand for down coats was also the reason for the conservative results.



Q. How about tax free sales?

A. Tax free sales improved in UNITED ARROWS LTD by 34% to a year ago. In CHROME HEARTS JP, GK, the sales also surpassed the result of the same month last year by 1%.

●July 2017

Q. Please let us know sales trend in July.

A. Existing store sales of retail and online grew year-on-year during every week except the first and the third week. Due to a late start of clearance sales from July 28th this year (July 14th last year) at one of the largest shopping centers "Lumine", some portions of sales were put back to the end of the month. The weekly deference was derived from this delay.

Q. Why were the same store sales negative this July?

A. While we prompted early reduction of spring and summer inventory with higher discount rate in July 2016, we have adopted the progressive markdown approach from lower discount rate to cope with the prolonged clearance sales season this July. The late start of clearance sales at stores in "Lumine" also affected negatively to the same store sales.

Q. Please let us know the reasons for the negative results at green label relaxing business.

A. Although sales of business items were stable, moves of casual products such as short sleeved shirts and cut-and-sewn were slow. The large scale of topical products' sales last year was also a high hurdle for the YoY sales this year.

Q. Why was the average spending per retail customer at existing retail stores strong?

A. Controlled discount rate and higher share of regular price sales to total sales than last year pushed the average customer spending this year.

●June 2017

Q. Please let us know sales trend in June.

A. Existing store sales of retail and online grew year-on-year during every week except the third and fourth week. The reform of our house card membership program in August 2016 increased the number of VIP customers. Because of that, discount sales exclusive for the VIP customers grew in the first half of the month.

Q. Why was online sales' growth mild against April and May results?

A. Due to a system outage at START TODAY CO., LTD., both ZOZOTOWN and UNITED ARROWS LTD. ONLINE STORE missed sales for a day. This is the main reason for the mild growth.

Q. Please let us know the reasons for the negative results at green label relaxing business.

A. We controlled the number of products and discount rates for the clearance sales from late June. This led to the slow start of the sales.

Q. Please let us know the reasons for the positive results at SBU.

A. Though a few businesses were still in a slump, sales were robust at Jewel Changes, Odette e Odile, and Drawer to boost the total SBU results.

Q. Why was the average spending per retail customer at existing retail stores strong?

A. While heavy and middle apparels including jackets, pants, skirts and dresses were popular, sales of low priced items like cut-and-sewn were slow. Demand rush for CHROME HEARTS products before the price hike from 30th also pushed the average customer spending.

●May 2017

Q. Please let us know sales trend in May.

A. Existing store sales of retail and online grew year-on-year during every week. Thanks to a discount coupon initiative at a major shopping site ZOZOTOWN from 12th to 15th, the same store sales were especially high during the second and third week.



UNITED ARROWS LTD.

Q. Why did retail store sales decline?

A. In addition to a negative effect of one less holiday to a year ago, a discount coupon initiative at ZOZOTOWN affected our retail sales.

Q. Please let us know the trends for this summer season.

A. In men's wear, pants, and cut-and-sewn move well. Casual shirts are also popular in this summer season. In women's wear, sales of blouses, and cut-and-sewn are strong. In this summer, trends for long length skirts, sandals, and basket bags are robust.

Q. How about tax free sales?

A. Tax free sales improved both UNITED ARROWS LTD. and CHROME HEARTS JP, GK. In UNITED ARROWS LTD., the sales grew about 12% to a year earlier excluding CHROME HEARTS business' sales in 2016. In CHROM HEARTS JP GK, the sales surpassed the result of the same month last year by around 16%. Tax free sales have been strong since autumn last year.

●April 2017

Q. Please let us know sales trend in April.

A. Existing store sales of retail and online grew year-on-year during every week except the fifth week. The fifth week's decline was due to one less holiday to a year ago. While Friday of the week was a holiday in 2016, it was a weekday this year.

Q. Please let us know reasons for the recovering trend of same retail store sales.

A. Thanks to a rise of temperature, spring items moved well. Apparels which can be used for both formal and casual occasion were popular including jackets and clean styled blouses.

Q. How about tax free sales?

A. Tax free sales improved both UNITED ARROWS LTD. and CHROME HEARTS JP, GK. In UNITED ARROWS LTD., the sales grew about 22% to a year earlier excluding CHROME HEARTS business' sales in 2016. In CHROM HEARTS JP GK, the sales surpassed the result of the same month last year by around 13%.