



## **UNITED ARROWS LTD. Monthly Sales Report Q&A for the Year Ending March 31, 2019**

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 2019**

Q. Please let us know sales trend in March.

A. Existing store sales of retail and online were slow in the first half of the month due to the cold weather conditions. However, the temperature rise in the latter half of the month accelerated spring items' sales to result in a sales recovery.

Q. Please let us know popular products in this spring season.

A. Spring outerwear, jackets suitable for both business and casual needs, and pants are popular for men. For women, sales of middle apparels including skirts, pants, and dresses, and spring outerwear were robust.

Q. How about tax free sales?

A. Tax free sales grew around 14% in UNITED ARROWS LTD, and around 5% in CHROME HEARTS JP, GK.

### **●February 2019**

Q. Please let us know sales trend in February.

A. Existing store sales of retail and online grew year-on-year throughout the month. In the first half of the month, sales of clearance items were robust. Spring items started to move in the second half of the month thanks to the temperature rise.

Q. Please let us know reasons for the strong results in February

A. Cold weather conditions boosted sales of winter items at clearance prices in the first half of the month. With the earlier temperature rise than that of last year, demands for business wear for men and formal items for women rose.

Q. How about tax free sales?

A. Tax free sales grew around 11% in UNITED ARROWS LTD, and around 1% in CHROME HEARTS JP, GK.

### **●January 2019**

Q. Please let us know sales trend in January

A. Existing store sales of retail and online grew year-on-year throughout the month. The growth was especially high in the middle of the month to record double digit improvement.

Q. Please provide us with reasons for the large improvement of existing online sales which grew 37.8% to a year ago?

A. Customers' purchasing behaviors have been changing these years to buy clearance items at online stores. This year, we had more sufficient inventories for clearance sales than last year. It contributed the strong online result.

Q. How about tax free sales?

A. Tax free sales grew around 7% in UNITED ARROWS LTD, and shrunk by around 18% in CHROME HEARTS JP, GK. Even the new Chinese E-commerce low effective January 1st 2019 might negatively affected to CHOME HEARTS sales, we are not sure how much the affection would be at the present time..



●**December 2018**

Q. Please let us know sales trend in December.

A. Existing store sales of retail and online grew year-on-year in every week except the 2nd week. In the 2nd week, sales of winter apparels were slow due to the temporary temperature rise. The trend recovered from the 3rd week with the decline of temperatures.

Q. Please let us know reasons for the strong results in December.

A. The decline of temperatures boosted sales of winter items such as knitwear and outerwear for both men and women. Brisk sales in women's items in general were also a driver of the positive results.

Q. Please provide us with reasons for the large improvement of existing online sales which grew 25.8% to a year ago?

A. Strong growth of UNITED ARROWS LTD. ONLINE STORE which recorded 28.3% surge year-on-year (up 36% when excluding the impact of brands that were discontinued in the previous fiscal year) bolstered the growth of whole online sales. The improvement was largely made from exclusive sales events for our VIP customers and house card members. For the other sites, Rakuten BRAND AVENUE and Amazon were favorable.

●**November 2018**

Q. Please let us know sales trend in November.

A. While existing store sales of retail and online declined year-on-year during the 1st week, the trend recovered from the 2nd week to show an improvement of existing store sales to a year ago, and the growth rate was especially high in the last of the month. The 1st week's decline was a negative impact of one less holiday compared to a year ago and an absence of discount coupon which was distributed at ZOZOTOWN in November 2017.

Q. Were there any negative effects of high temperature to sales of winter outerwear?

A. Due to the high temperature, sales of winter outerwear were slow in almost all businesses. However, robust trends of light and middle apparels for women and favorable results of business items for men offset the decline.

Q. How about tax free sales?

A. Tax free sales grew around 9% in UNITED ARROWS LTD, and around 19% in CHROME HEARTS JP, GK.

●**October 2018**

Q. Please let us know sales trend in October.

A. While existing store sales of retail and online declined year-on-year during the 5th week, the existing store sales improved from the 1st week to 4th week. Temperature rise in the 5th week slowed demands for winter items temporarily.

Q. Why was the growth rate small in Business Unit II compared to the results of Business Unit I?

A. Business Unit I benefitted from favorable sales of expensive down jackets of typical brands. In Business Unit II, however, customers purchasing behavior was more actual to buy clothes for immediate use, and the high temperature negatively affected customers' demands. On the other hand, sales were robust in dressy wear for women at both Business Units.

Q. How about tax free sales?

A. While tax free sales declined around 6% in UNITED ARROWS LTD, the sales grew around 11% in CHROME HEARTS JP, GK. We estimate the shrink in UNITED ARROWS LTD is a temporary backrush of strong results in October 2017.



●September 2018

Q. Please let us know sales trend in September.

A. Existing store sales of retail and online declined year-on-year during the 1st and the 2nd week because of slow sales of autumn items owing to the hotter weather than a year ago. However, the declining trend changed in the latter half of the month to show a year-on-year growth from the 3rd week. Demand for autumn clothes rose thanks to cooler temperature and two extra weekends.

Q. Please let us know reasons for the strong results in September.

A. Sales were bolstered by favorable move of women's clothes in general and casual clothes for men. Several autumn items such as shirts, cut-and-sewn, pants, skirts and dresses were popular. Down jackets of some typical brands also moved well for future use.

Q. Are there any negative influences by the two typhoons and the earthquake in Hokkaido?

A. Due to the two typhoons, many stores around Kansai area were temporary closed and many stores in the Tokyo metropolitan area shortened their operation hours. After the earthquake in Hokkaido, all stores in the area were closed for two days and shortened their operation hours for 2 to 10 days or more.

Q. How about tax free sales?

A. While tax free sales grew around 9% in UNITED ARROWS LTD, the sales were downturned by around 19% in CHROME HEARTS JP, GK. We estimate this shrink is a temporary backrush of strong results in September 2017.

●August 2018

Q. Please let us know sales trend in August.

A. Existing store sales of retail and online grew year-on-year during every week. The improvement was especially high in the middle of the month. The third week's existing store sales were up around 20% to a year earlier.

Q. Please let us know the reason for the strong results in August.

A. We had sufficient quantities in stock for summer clearance sales to address a lasting demand for summer products due to the continuing heat. This stock-holding policy led to the sales surge in August. While discount sales share to total sales was around 31% up less than 4pt to a year earlier, negative effect to gross margin is limited because we had a cautious approach to control discount rate.

Q. How about the start of fall and winter season?

A. In men's category light apparels such as shirt, and in women's category light and middle apparels such as skirts and dresses showed a favorable start. Down jackets of topical brands were also sold well for future use.

Q. How about tax free sales?

A. Tax free sales showed continuous growth. While tax free sales exceeded year-on-year by around 8% in UNITED ARROWS LTD. and 12% in CHROME HEARTS JP, GK.

●July 2018

Q. Please let us know sales trend in July.

A. Existing store sales of retail and online grew year-on-year during every week. With a phased increase of discount items, sales growth was especially high in the latter of the month.

Q. Is there any negative impact of the heavy rain in in southwestern Japan?

A. Some stores in Chugoku and Kyushu area were temporary closed or shortened their operation hours. However the sales share of Chugoku, Shikoku and Kyushu area to unconsolidated sales is around 6%. We assume the negative affect is very small to total sales.



Q. Please let us know the reasons for the decrease of purchasing customers and increase of average spend per customer at existing stores.

A. The decrease of purchasing customers derived from the decrease at existing retail stores due to one less holiday to a year ago. The reason for the increase of average spend per customer was favorable list price sales. Sales composition of regular priced sales to total sales was around 3pt higher to a year ago.

Q. How about tax free sales?

A. While tax free sales exceeded year-on-year to show around 6% in UNITED ARROWS LTD. and 8% in CHROME HEARTS JP, GK.

**●June 2018**

Q. Please let us know sales trend in June.

A. Existing store sales of retail and online grew year-on-year during every week. Favorable results of discount sales held for our VIP customers from early of the month boosted sales in the first half of the month.

Q. Please let us know reasons for the favorable results in June.

A. In addition to robust trends of women's items in general, summer items for men moved well. Discount sales started one day earlier than last year (from 29th this year, from 30th last year), which was also the reason for the sales growth of June this year.

Q. How about tax free sales?

A. While tax free sales exceeded year-on-year to show 29% increase in UNITED ARROWS LTD., tax free sales decreased around 2% in CHROME HEARTS JP, GK.

Q. Please let us know why sales slumped in CHROME HEARTS JP, GK.

A. Due to the announcement made in the middle of the month to revise prices from the end of the month, there was a demand rush in June 2017. This resulted in the negative sales in CHROME HEARTS JP, GK.

**●May 2018**

Q. Please let us know sales trend in May.

A. Existing store sales of retail and online grew year-on-year during every week except the 2nd week in May. The 2nd week's decline was due to the temporary temperature drops after the consecutive holidays. Sales were especially robust from the middle of the month thanks to the promotion campaigns at major shopping centers and the distribution of discount coupons at a major shopping site.

Q. Please let us know reasons for the favorable results of May.

A. Robust trends at a women's category bolstered sales in May. Both middle apparels such as skirts and dresses, and light apparels including short-sleeved shirts, short-sleeved cut-and-sewn and blouses moved well.

Q. How about tax free sales?

A. Tax free exceeded year-on-year to show 14% increase in UNITED ARROWS LTD. and 13% in CHROME HEARTS JP, GK. The strong trend has been continuing

**●April 2018**

Q. Please let us know sales trend in April.

A. Existing store sales of retail and online grew year-on-year during every week in April. Sales were especially robust during the fourth week to show around 11% improvement to a year ago at the existing stores. The growth was made from the increased demand for summer items due to the hot weather conditions and a promotion campaign for our card members (from 20th to 24th).



Q. Please let us know reasons for the recovering trend of sales and the number of purchasing customers at same retail stores.

A. The favorable trend at retail stores was mainly owing to the increased demand for summer items due to the hot weather conditions. Sales of casual item for men and women's items in general continued strong.

Q. Why was the average spending per customer decreased to a year ago?

A. The unit price of summer items were lower than that of spring items. Due to the favorable sales of summer items, ratio of summer items' sales to total sales was high. This led to the lower average spending per customer.

Q. How about tax free sales?

A. Tax free sales increased in UNITED ARROWS LTD. and CHROME HEARTS JP, GK by 19% and 10%, respectively. The sales grew three consecutive months.