
Consolidated Financial Summary
For the Third Quarter of Fiscal 2013, the Fiscal Year Ending March 31, 2013

Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)
English Translation of the Original Japanese-Language Report

| | |
|----------------------------|--|
| Corporate Name: | UNITED ARROWS LTD. |
| Securities Traded: | Tokyo Stock Exchange, First Section |
| Code Number: | 7606 |
| URL: | http://www.united-arrows.co.jp |
| Representative: | Mitsuhiro Takeda, Representative Director, President and Executive Officer |
| Contact: | Takeo Nakazawa, Department Manager, Finance & Accounting Department |
| Telephone: | +81-3-5785-6325 |
| Scheduled Reporting Date: | February 13, 2013 |
| Supplementary Information: | Yes |

Note: Figures smaller than ¥100 million are rounded down.

1. Consolidated Business Results for the Third Quarter of Fiscal 2013, the Fiscal Year Ending March 31, 2013 (April 1, 2012 to December 31, 2012)

(1) Consolidated Business Performance

(% indicates increase / decrease YoY)

| | Total Sales | | Operating Profit | | Ordinary Profit | | Net Income | |
|----------------|-------------|------|------------------|------|-----------------|------|------------|------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| 3Q Fiscal 2013 | 84,636 | 11.6 | 11,611 | 13.1 | 11,651 | 12.7 | 6,763 | 20.4 |
| 3Q Fiscal 2012 | 75,833 | 10.8 | 10,268 | 30.6 | 10,340 | 33.5 | 5,620 | 40.8 |

Note: Comprehensive income 3Q Fiscal 2013: ¥6,718 million (19.7%) 3Q Fiscal 2012: ¥5,612 million (40.9%)

| | Net Income per Share | Net Income per Share after Adjusting for Dilutive Effects |
|----------------|----------------------|---|
| | yen | yen |
| 3Q Fiscal 2013 | 213.48 | 212.12 |
| 3Q Fiscal 2012 | 177.90 | 176.84 |

(2) Consolidated Financial Conditions

| | Total Assets | Net Assets | Equity Ratio |
|-------------------|--------------|------------|--------------|
| | ¥ million | ¥ million | % |
| December 31, 2012 | 58,158 | 24,800 | 42.6 |
| March 31, 2012 | 51,278 | 19,291 | 37.6 |

Reference: Net worth December 31, 2012: ¥24,800million March 31, 2012: ¥19,291million

2. Conditions of Dividend Payment

| | Annual Dividend | | | | |
|---------------------------|-----------------|---------|--------|-----------------|--------|
| | 1Q End | Interim | 3Q End | Fiscal Year End | Annual |
| | yen | yen | yen | yen | yen |
| Fiscal 2012 | - | 10.00 | - | 26.00 | 36.00 |
| Fiscal 2013 | - | 15.00 | | | |
| Fiscal 2013 (Forecast) | | | - | 31.00 | 46.00 |

Note: Revision to recently disclosed projected dividend payment: None

3. Projected Consolidated Performance of the Fiscal Year Ending March 2013 (From April 1, 2012 to March 31, 2013)

(% indicates increase / decrease YoY)

| | Total Sales | | Operating Profit | | Ordinary Profit | | Net Income | | Net Income per Share |
|------------------|-------------|------|------------------|------|-----------------|------|------------|------|-------------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | yen |
| Full Fiscal Year | 112,629 | 10.4 | 12,035 | 18.1 | 12,090 | 17.7 | 6,929 | 38.1 | 216.40 |

Note: Revision to recently disclosed projected consolidated performance: None

4. Others

(1) Changes in Significant Subsidiaries during the Current Quarter: None

(Changes in special subsidiaries that caused a change in scope of consolidation)

(2) Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Principles, Procedures, Methods of Presentation and Other Items

1. Changes due to revision of accounting standards: Yes
2. Changes other than 1: None
3. Changes in accounting estimates: Yes
4. Restatement of prior period financial statements after error corrections: None

(4) Number of Stocks Issued (Common Stocks)

1. Number of stocks issued at term end (including treasury stock)

| | | | |
|----------------|-------------------|-------------|-------------------|
| 3Q Fiscal 2013 | 37,800,000 stocks | Fiscal 2012 | 42,800,000 stocks |
|----------------|-------------------|-------------|-------------------|

2. Number of treasury stock

| | | | |
|----------------|------------------|-------------|-------------------|
| 3Q Fiscal 2013 | 6,049,180 stocks | Fiscal 2012 | 11,156,780 stocks |
|----------------|------------------|-------------|-------------------|

3. Average number of stocks issued and outstanding for the period

| | | | |
|----------------|-------------------|----------------|-------------------|
| 3Q Fiscal 2013 | 31,683,207 stocks | 3Q Fiscal 2012 | 31,591,159 stocks |
|----------------|-------------------|----------------|-------------------|

*Note on the status of audit procedure implementation

This Financial Results Report is not subject to the audit procedures prescribed under the Financial Instruments and Exchange Act of Japan. As of the date this Financial Results Report was disclosed, however, audit procedures applicable to financial statements prescribed under the aforementioned Financial Instruments and Exchange Act were in the process of being carried out.

*Explanation regarding appropriate use of projected business performance

The above projection was made based on information available at present. Please note in advance that potential risks and uncertainties are included. The actual figures might differ from the figures stated above due to any possible factor. Please refer to the attached documents starting from the next page for the preconditions and further information for the projected figures.

Qualitative Information, Financial Results

1. Business Performance

(1) Qualitative Information on Consolidated Business Performance

During the third quarter cumulative nine-month period from April 1, 2012 to December 31, 2012, of fiscal 2013, uncertainty surrounding future operating conditions continued to cloud the Japanese economy. Despite a gradual recovery from the Great East Japan Earthquake, this uncertainty was largely attributable to a variety of factors including anxiety about overseas market derived from Europe's debt problems, and weaker domestic productions and exports reflecting slow economic growth in China.

Although a positive turnaround in consumer spending provided bright spots for the apparel retail industry, harsh operating conditions continued through the period under review. Sales of fall items were delayed due to the historically prolonged summer heat.

Under these circumstances, the UNITED ARROWS Group has established the management policy for the fiscal year March 31, 2013. The policy is to secure record high consolidated ordinary income by strengthening the precision of collaboration between Products, Sales, and Promotion Departments, differentiate the Group from its competitors, and consistently pursue sales and profits. Guided by this policy, UNITED ARROWS LTD. advanced the following three key management policies.

i. Establish a product, sales, and promotion collaboration cycle

The Company channeled all of its energies into further enhancing the precision of collaboration between its core business Product, Sales and Promotion Departments. Putting information from the Sales Department to product planning, the Product Department delivered products that accurately matched customer needs. In addition to reinforcing its sales capabilities on improved store management, the Sales Department took steps to prevent customer complaints and improve the product display skills.

Also, the company revised ,in December, 2012, contents of its monthly meeting between the management and each business. The revised session puts more emphasis on discussing ongoing strategies than just sharing sales results of the previous month. It helps the management make accurate decisions for coming weeks, coming months and the future to establish more solid and precise operations.

ii. Create new value through the development of new businesses

It is considered that a necessary framework is in place to take up the challenge of forging a path toward regrowth. The Company opened monkey time BEAUTY&YOUTH UNITED ARROWS SHINJUKU in September 2012 as a new business development, which handles a private label brand, monkey time.

iii. Increase profits by improving productivity

From a management perspective, UNITED ARROWS LTD. continued adopting a flexible cost control approach commensurate with the status of sales and earnings. Moreover, the Company worked on boosting productivity by enhancing each employee's mindset toward revenues and expenditure, reinforcing collaboration between related departments, and improving operations. During the period under review, the

selling, general and administrative (SGA) expenses to total sales ratio was 41.7%, the same level as corresponding period of the previous fiscal year. In the expenses, Advertising expenses rose 0.2 of a percentage point to 2.4% as a result of aggressive promotional measures including the placement of magazines and television commercial, while SGA expenses excluding Advertising expenses decreased 0.2 of a percentage point to 39.4%.

In the opening and closing of stores, UNITED ARROWS LTD. opened ten, eight, one, five, two stores in its UNITED ARROWS, green label relaxing, CHROME HEARTS, Small Business Units and outlet businesses, respectively, while closing two, one, and two stores in its UNITED ARROWS, green label relaxing, and Small Business Units businesses, respectively. As a result, the number of retail stores as of December 31, 2012 stood at 188 stores, and 206 stores when including outlet stores.

Turning to consolidated subsidiaries, in addition to strong sales of directly operated retail stores, wholesale and online store boosted revenues and earnings at FIGO CO., LTD. The number of directly operated retail stores stood at 12, including two newly opened stores and one closed store during the period under review.

At other consolidated subsidiary COEN CO., LTD. (an account settlement date: January), results were buoyed by robust sales of newly opened stores, existing stores and online stores, thus revenue and earnings were increased during the period under review. COEN CO., LTD. opened ten new stores. This brought the total number of stores to 50 as of October 31, 2012.

Based on the aforementioned measures and factors, consolidated net sales for the third quarter cumulative of the fiscal year ending March 31, 2013 amounted to ¥84,636 million, an increase of 11.6% compared with the corresponding period of the previous fiscal year. This largely reflected solid sales of both new and existing stores and online store sales growth. Same store sales of retail and online stores increased by 2.4 percentage points and same store sales of retail increased by 1.2 percentage points at UNITED ARROWS LTD. From a profit perspective, the gross margin jumped 12.1 percentage points to ¥47,413 million year on year. The gross profit margin rose 0.2 of a percentage point to 56.0% year on year. The SGA expenses to total sales ratio increased 0.1 of a percentage point to 42.3%; up 11.8% to ¥35,802 million year on year.

On this basis, operating profit for the period under review totaled ¥11,611 million, up 13.1% year on year. Ordinary profit surged 12.7% to ¥11,651 million year on year. Further, while an impairment loss of some stores' fixed assets, ¥717 million, was recorded during the period based on the Accounting Standards for Impairment of Fixed Assets, net income rose 20.3%, to ¥6,763 million, due to higher ordinary income. Both operating and ordinary profit were the highest-ever records in the third quarter cumulative period.

2. Consolidated Financial Results

(1) Quarterly Consolidated Balance Sheet

(millions of yen)

| | Fiscal 2012 (as of March 31, 2012) | 3Q Fiscal 2013 (as of December 31, 2012) |
|--|---------------------------------------|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,146 | 6,579 |
| Notes and accounts receivable-trade | 179 | 200 |
| Merchandise | 15,548 | 20,461 |
| Supplies | 204 | 236 |
| Accounts receivable-other | 7,156 | 10,695 |
| Other | 1,975 | 1,325 |
| Allowance for doubtful accounts | (3) | (2) |
| Total current assets | 33,207 | 39,495 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures (net) | 6,969 | 7,171 |
| Other (net) | 1,716 | 1,788 |
| Total property, plant and equipment | 8,685 | 8,960 |
| Intangible noncurrent assets | | |
| Other | 1,725 | 1,595 |
| Total intangible noncurrent assets | 1,725 | 1,595 |
| Investments and other assets | | |
| Guarantee deposits | 6,478 | 6,767 |
| Other | 1,207 | 1,366 |
| Allowance for doubtful accounts | (26) | (26) |
| Total investments and other assets | 7,659 | 8,107 |
| Total noncurrent assets | 18,071 | 18,662 |
| Total assets | 51,278 | 58,158 |

(millions of yen)

| | Fiscal 2012 (as of March 31, 2012) | 3Q Fiscal 2013 (as of December 31, 2012) |
|---|---------------------------------------|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 7,983 | 11,877 |
| Short-term loans payable | 2,800 | 7,700 |
| Current portion of long-term loans payable | 3,541 | 3,227 |
| Income taxes payable | 3,866 | 1,367 |
| Provision for bonuses | 1,993 | 623 |
| Provision for directors' bonuses | 99 | — |
| Other | 5,412 | 4,543 |
| Total current liabilities | 25,696 | 29,339 |
| Noncurrent liabilities | | |
| Long-term loans payable | 3,773 | 1,431 |
| Provision for directors' retirement benefits | 521 | 313 |
| Asset retirement obligations | 1,954 | 2,229 |
| Other | 41 | 43 |
| Total noncurrent liabilities | 6,290 | 4,018 |
| Total liabilities | 31,987 | 33,358 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 3,030 | 3,030 |
| Capital surplus | 4,095 | 4,095 |
| Retained earnings | 23,600 | 23,907 |
| Treasury stock | (11,463) | (6,215) |
| Total shareholders' equity | 19,262 | 24,817 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (21) | (22) |
| Deferred gains or losses on hedges | 49 | 5 |
| Total accumulated other comprehensive income | 28 | (16) |
| Total net assets | 19,291 | 24,800 |
| Total liabilities and net assets | 51,278 | 58,158 |

(2) Statements of Consolidated Income and Comprehensive Income

Quarterly Statements of Consolidated Income

Third Quarter (Nine Months Aggregate)

(millions of yen)

| | Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011) | Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012) |
|---|---|--|
| Net sales | 75,833 | 84,636 |
| Cost of sales | 33,529 | 37,222 |
| Gross profit | 42,303 | 47,413 |
| Selling, general and administrative expenses | 32,035 | 35,802 |
| Operating income | 10,268 | 11,611 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividends income | 4 | 4 |
| Foreign exchange gains | 47 | 9 |
| Purchase discounts | 29 | 34 |
| Rent income | 11 | 46 |
| Other | 117 | 64 |
| Total non-operating income | 210 | 160 |
| Non-operating expenses | | |
| Interest expenses | 107 | 67 |
| Commission fee | 0 | 0 |
| Rent expenses | 8 | 24 |
| Other | 21 | 27 |
| Total non-operating expenses | 138 | 120 |
| Ordinary income | 10,340 | 11,651 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 0 | — |
| Total extraordinary income | 0 | — |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 25 | 30 |
| Impairment loss | 181 | 717 |
| Loss on valuation of investment securities | 60 | — |
| Other | 6 | 3 |
| Total extraordinary loss | 274 | 750 |
| Income before income taxes | 10,065 | 10,901 |
| Income taxes-current | 4,073 | 3,562 |
| Income taxes-deferred | 372 | 574 |
| Total income taxes | 4,445 | 4,137 |
| Income before minority interests | 5,620 | 6,763 |
| Net income | 5,620 | 6,763 |

Statements of Consolidated Comprehensive Income

Third Quarter (Nine Months Aggregate)

(millions of yen)

| | Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011) | Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012) |
|---|---|--|
| Income before minority interests | 5,620 | 6,763 |
| Other comprehensive income | | |
| Other valuation adjustments on securities | 7 | (1) |
| Deferred gains or loss on hedges | (15) | (44) |
| Total other comprehensive income | (7) | (45) |
| Quarterly comprehensive income | 5,612 | 6,718 |
| (Breakdown) | | |
| Quarterly comprehensive income attributable to owners of the parent | 5,612 | 6,718 |
| Quarterly comprehensive income attributable to minority interests | — | — |

(3) Consolidated Cash Flows

(millions of yen)

| | Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011) | Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012) |
|---|---|--|
| Cash flows from operating activities | | |
| Income before income taxes | 10,065 | 10,901 |
| Depreciation and amortization | 1,033 | 1,117 |
| Depreciation of intangible assets | 240 | 182 |
| Amortization of long-term prepaid expenses | 70 | 82 |
| Impairment loss | 181 | 717 |
| Increase (decrease) in provision for bonuses | (657) | (1,370) |
| Increase (decrease) in provision for directors' bonuses | (60) | (99) |
| Increase (decrease) in provision for directors' retirement benefits | — | (207) |
| Increase (decrease) in allowance for doubtful accounts | (14) | (1) |
| Interest and dividends income | (4) | (5) |
| Loss (gain) on valuation of investment securities | 60 | — |
| Interest expenses | 107 | 67 |
| Loss on retirement of property, plant and equipment | 7 | 3 |
| Loss (gain) on sales of property, plant and equipment | (0) | — |
| Decrease (increase) in notes and accounts receivable-trade | (4,443) | (3,561) |
| Decrease (increase) in inventories | (1,872) | (4,944) |
| Decrease (increase) in other current assets | (28) | (65) |
| Increase (decrease) in notes and accounts payable-trade | 2,398 | 3,894 |
| Increase (decrease) in other current liabilities | 726 | (856) |
| Increase (decrease) in other noncurrent liabilities | (3) | (4) |
| Other | — | 0 |
| Subtotal | 7,809 | 5,852 |
| Interest and dividends income received | 4 | 5 |
| Interest expenses paid | (105) | (68) |
| Income taxed paid | (1,676) | (6,039) |
| Net cash provided by operating activities | 6,031 | (250) |

(millions of yen)

| | Previous 3Q (9 months aggregate) (from April 1, 2011 to December 31, 2011) | Current 3Q (9 months aggregate) (from April 1, 2012 to December 31, 2012) |
|--|---|--|
| Cash flows from investment activities | | |
| Payments into time deposits | (9) | (9) |
| Purchase of property, plant and equipment | (1,581) | (1,752) |
| Payments for fulfillment of asset retirement obligations | (89) | (62) |
| Purchase of intangible assets | (128) | (131) |
| Purchase of long-term prepaid expenses | (152) | (180) |
| Payment for guarantee deposits | (484) | (461) |
| Proceeds from collection of guarantee deposits | 353 | 172 |
| Proceeds from sales of property, plant and equipment | 1 | — |
| Other | 4 | (2) |
| Net cash provided by investment activities | (2,087) | (2,426) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (8,400) | 4,900 |
| Proceeds from long-term loans | 8,000 | — |
| Repayment of long-term loans payable | (2,794) | (2,656) |
| Proceeds from disposal of treasury stock | 36 | 88 |
| Cash dividends paid | (859) | (1,231) |
| Net cash provided by financing activities | (4,017) | 1,100 |
| Effect of exchange rate change on cash and cash equivalents | — | — |
| Increase (decrease) in cash and cash equivalents | (73) | (1,575) |
| Cash and cash equivalents at beginning of term | 5,471 | 7,966 |
| Cash and cash equivalents at end of the quarterly term | 5,398 | 6,390 |