

# Overview of the UNITED ARROWS Group

## The markets in which the UNITED ARROWS Group operates

The apparel market can be divided into two categories: the volume market, which mainly consists of relatively low-priced daily clothing, and the trend-conscious market for consumers who are highly sensitive to fashion trends. The UNITED ARROWS Group targets this trend-conscious market.

Our target customers are people who have a strong interest in fashion and want to enrich their lives through it. Specific operating activities are driven by an awareness of this customer segment.

### Market positioning map



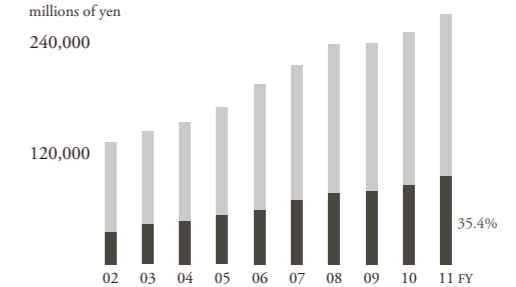
<sup>1</sup> GMS: General merchandise store

## Select shops

Select shops are stores that provide customers with products based on unique brand concepts and the discerning judgment of their buyers. There are also a significant number of companies that adopt an SPA<sup>2</sup> (specialty store retailer of private label apparel) strategy under which they offer a mix of purchased and private label products. In handling products that offer the appeal of high-value-added attributes and a distinctive uniqueness, select shops are positioned between department and specialty stores at the mid to high-end price range. As such, they are relatively unaffected by trends in economic conditions.

UNITED ARROWS LTD. maintains a balance between attracting customers by carefully handpicking selected designer brands from Japan and overseas and ensuring high profitability by offering private label brands. The Company has the largest sales of any company adopting a select shop business model and is the only such company to have publicly listed its stock.

Trends in total sales of five major select shop companies and UNITED ARROWS LTD.'s market share



■ UNITED ARROWS LTD. ■ Total of four other major select shop companies  
Source: Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

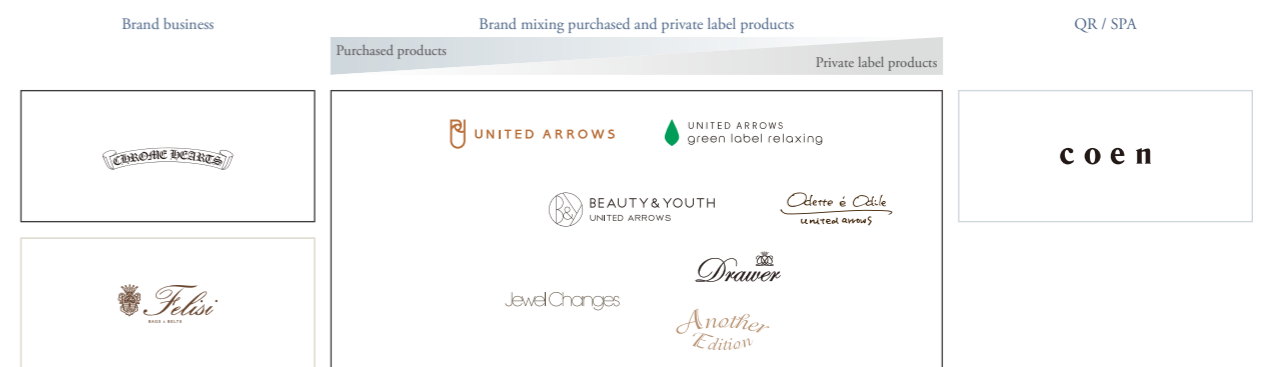
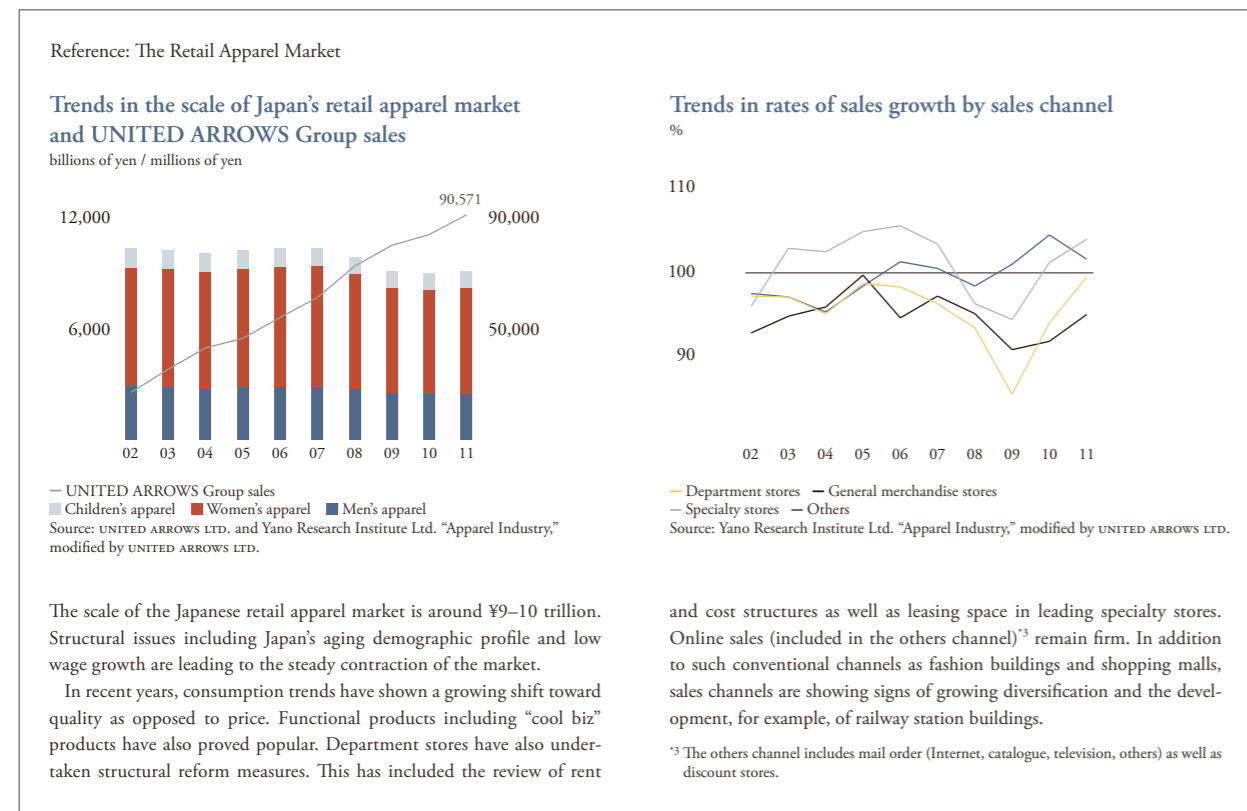
<sup>2</sup> SPA (specialty store retailer of private label apparel): A fashion company with comprehensive involvement from manufacturing through to retailing.

## The UNITED ARROWS Group's business structure

UNITED ARROWS LTD. started out as a select shop handling men's business attire, focusing mainly on purchased brands. It has since evolved and adopted an SPA strategy that offers a mix of purchased products and private label products, offering men's and women's dressy and casual clothing and miscellaneous lifestyle goods.

With UNITED ARROWS and UNITED ARROWS green label relaxing, our other full-line store that offers an SPA-type mix of both purchased and private label products, serving as our key

offerings, we now have numerous other businesses with different characteristics, including our brand business, CHROME HEARTS, and our quick response (QR) / SPA business, COEN. By handling a broad range of products for various tastes, we are aiming to expand our customer base and meet diversifying customer needs. In addition, we are also leveraging synergies between our various businesses and transforming into a sustainable group that achieves solid profits and is resilient to changes in the external environment.



Operating companies: □ UNITED ARROWS LTD. □ FIGO CO., LTD. □ COEN CO., LTD.

### Value chain by business model

