

## History of the UNITED ARROWS Group

Since our foundation, we have been guided by our Mission Statement that, “It’s All About the Customer.” On this basis, our standing today is the result of an unwavering pursuit and endeavor to maximize customer satisfaction. Looking ahead, we will work to further bolster existing businesses while taking up fresh challenges and will continue to devote ourselves to enhancing value for all stakeholders including customers.

	Year ended March 31, 2005 (non-consolidated)	Year ended March 31, 2010 (consolidated)	Year ended March 31, 2015 (consolidated)
Net sales	¥46,330 million	¥83,504 million	¥131,029 million
Ordinary income	¥6,037 million	¥5,037 million	¥11,542 million
Number of stores	76	196	334
Number of purchasing customers <sup>*1</sup>	3.2 million	4.5 million	5.8 million
Number of employees	752	2,783	3,863
Number of shareholders	4,047	14,938	13,318

\*1 Calculated from retail sales (non-consolidated)

### Traveling a path of performance downturn, recovery, and regrowth since the fiscal year ended March 31, 2007

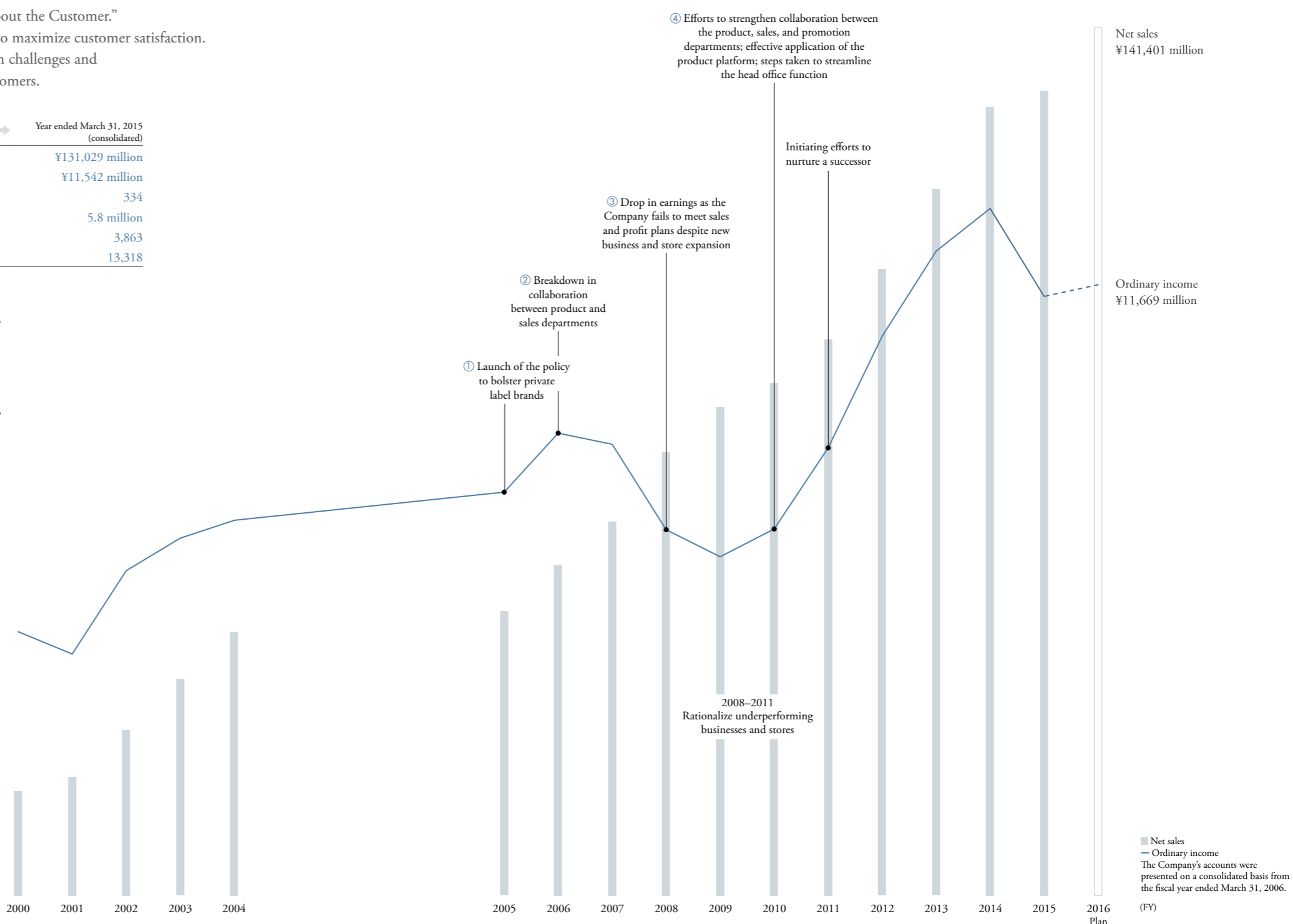
After reporting record-high profits in the fiscal year ended March 31, 2006, UNITED ARROWS LTD. incurred three consecutive fiscal years of deteriorating earnings.

Traditionally, UNITED ARROWS LTD.'s competitive advantage had been underpinned by its ability to promote a product policy that harnessed feedback from the sales department. This entailed optimally balancing the delivery of products that were in high demand with proposals that were a half-step ahead of consumer sentiment and the times. Unfortunately, as this policy adopted during the fiscal year ended March 31, 2005—to bolster private label brands—took root, it became distorted and misconstrued. ① The policy was implemented almost entirely on a UNITED ARROWS LTD. proposal “product out” basis as opposed to a “market in” approach, which reflects customer needs in the product development process. This in turn greatly strained the relationship between the product and sales departments. ②

From the fiscal year ended March 31, 2007, the Company worked diligently to expand its business. These efforts including the opening of new stores were undertaken, however, without putting fully in place the necessary human resources, product platform, and associated frameworks. As a result, UNITED ARROWS LTD. experienced significant deterioration in its earnings structure reflecting the Company’s failure to meet sales plans, a drop in gross margins, and an increasingly bloated head office function. ③

After returning to the position of President in April 2009, Osamu Shigematsu identified the need to quickly improve earnings. Steps were then taken to reestablish the UNITED ARROWS LTD. collaborative model between the product, sales, and promotion departments and to build the product platform. At the same time, the Company initiated measures to rationalize underperforming businesses and stores and to streamline the head office function. ④ As a result, UNITED ARROWS LTD. reported an increase in earnings in the fiscal year ended March 31, 2010, for the first time in four fiscal years, and continued to experience stable revenue and earnings growth. Subsequently appointed President in April 2012, Mitsuhiro Takeda successfully established a new management structure.

In fiscal year ended March 31, 2015, the Company worked to bolster existing businesses while developing new ones. While revenues grew, profits declined due to operating environment changes such as the consumption tax rate hike and the weak yen as well as our inability to rapidly adapt to changes in customer spending trends and attitudes, and a shifting competitive environment. In the fiscal year ending March 31, 2016, we aim to resume growth in both revenues and earnings by encouraging all employees to consider what they can do to satisfy customers through focusing once again on the Company Policy, “It’s All About the Customer,” and the slogan, “maximum satisfaction to each customer on each occasion.”



1989.10 UNITED ARROWS LTD. established; Osamu Shigematsu appointed Representative Director and President

1990.7 The first store, UNITED ARROWS SHIBUYA, opened

1992.10 UNITED ARROWS HARAJUKU opened as a flagship store

1999.7 Registered at the Japan Securities Dealers Association (currently the Tokyo Stock Exchange), becoming an over-the-counter traded company  
1999.9 Full-scale start of the UNITED ARROWS green label relaxing business with the opening of stores  
1999.12 Full-scale start of the CHROME HEARTS business with the opening of stores

2002.3 Listed on the Second Section of the Tokyo Stock Exchange

2004.6 Tetsuya Iwaki appointed Representative Director and President  
2005.2 Began offering products through Zozotown, an online fashion e-commerce site

2005.11 FIGO CO., LTD., which is mainly engaged in the import, wholesale, and sales of Italian bags and other items, made into a consolidated subsidiary

2007.3 Number of stores exceeds 100 on a non-consolidated basis

2003.3 Listed on the First Section of the Tokyo Stock Exchange

2008.5 Established COEN CO., LTD. as a subsidiary mainly engaging in the retail of clothing and personal items

2009.4 Osamu Shigematsu appointed Representative Director, President and Executive Officer  
2009.9 Opened UNITED ARROWS LTD. ONLINE STORE, a proprietary online store

2012.3 Reported consolidated net sales and ordinary income in excess of ¥100.0 billion and ¥10.0 billion, respectively, for the first time  
2012.3 UNITED ARROWS LTD. online sales exceeded ¥10.0 billion for the first time

2012.4 Mitsuhiro Takeda appointed Representative Director, President and Executive Officer

2013.8 First overseas subsidiary, UNITED ARROWS TAIWAN LTD., established

2015.3 Achieved 26 successive periods of revenue growth since the Company's founding