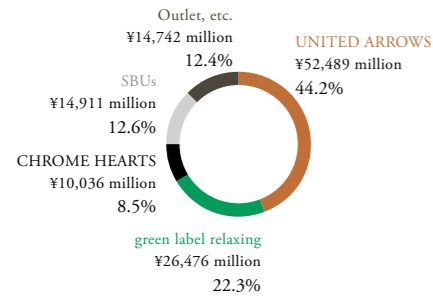


# Business Overview

for the year ended March 31, 2015

Net sales by business / Composition rate (non-consolidated)



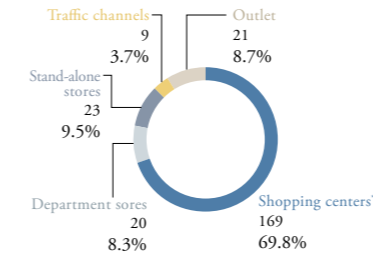
Average annual sales, sales area, and number of employees (directly operated stores)

	Average annual sales (millions of yen)	Average sales area (m <sup>2</sup> )	Average number of employees (people)
UNITED ARROWS General Merchandise Store	1,577	536	38
UNITED ARROWS <sup>1)</sup>	518	321	13
BEAUTY&YOUTH UNITED ARROWS <sup>2)</sup>	436	269	13
UNITED ARROWS green label relaxing	363	304	11
CHROME HEARTS	1,001	147	9
SBU's	156	87	5

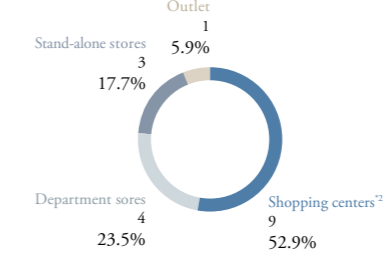
<sup>1)</sup> THE SOVEREIGN HOUSE, District UNITED ARROWS and BOW & ARROWS are included in the UNITED ARROWS business.  
<sup>2)</sup> monkey time BEAUTY&YOUTH UNITED ARROWS and STEVEN ALAN are included in BEAUTY&YOUTH UNITED ARROWS.

Net sales by sales channel (number of stores)

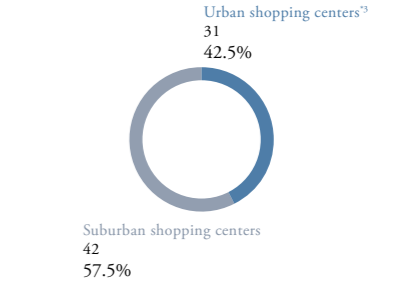
UNITED ARROWS LTD.



FIGO CO., LTD.

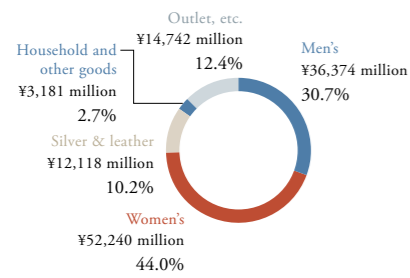


COEN CO., LTD.<sup>1)</sup>

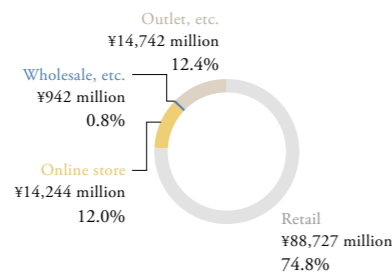


<sup>1)</sup> As COEN CO., LTD. settles its accounts on January 31, figures displayed are as of January 31, 2015.  
<sup>2)</sup> Shopping centers refers to such commercial facilities as fashion buildings and railway station buildings (excludes department stores).  
<sup>3)</sup> Urban shopping centers refers to shopping centers located within the 23 wards of Tokyo and nationwide government-ordinance-designated cities.

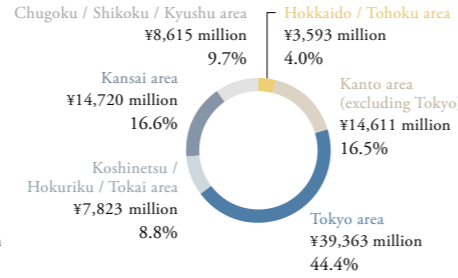
Net sales by category / Composition rate (non-consolidated)



Net sales by sales channel / Composition rate (non-consolidated)

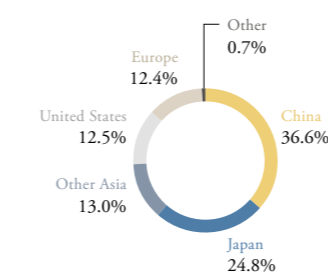


Net sales by retail area / Composition rate (non-consolidated)

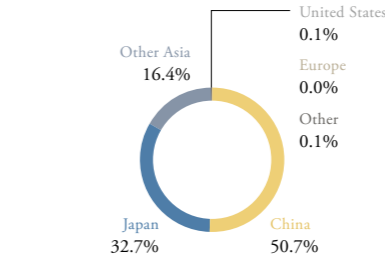


Breakdown by country of origin (non-consolidated Companywide / procurement cost basis)

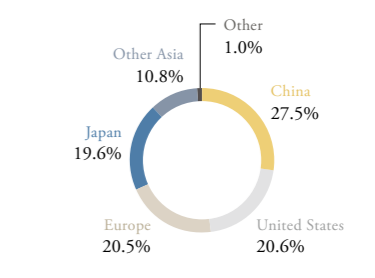
Private label brands / Purchased brands



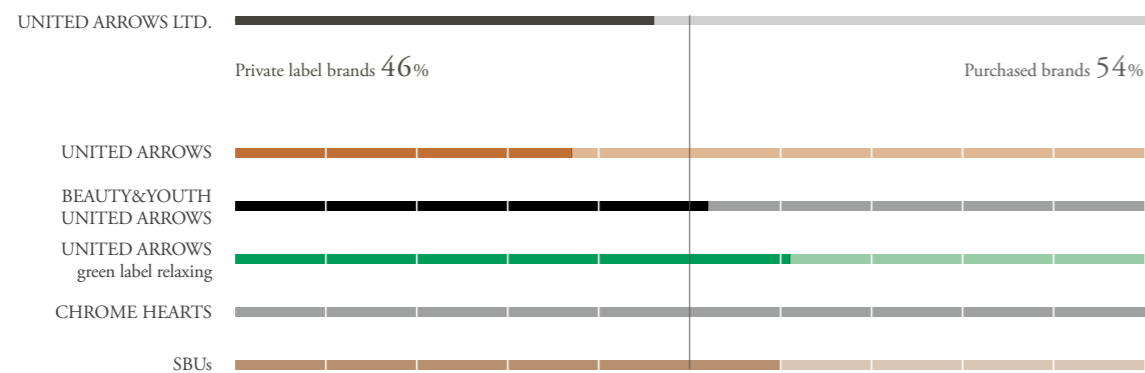
Private label brands



Purchased brands

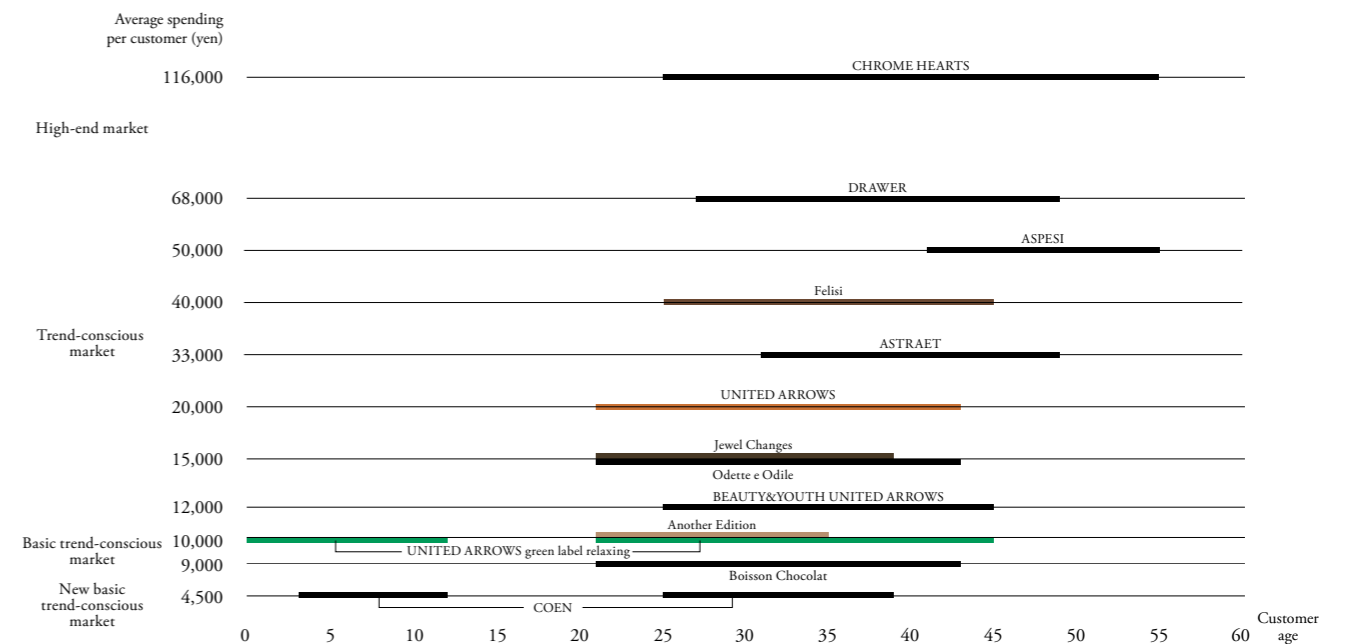


Mix of private label brands and purchased brands (non-consolidated)



\* CHROME HEARTS product lineup is entirely composed of purchased brands.  
 \* OEM products (products manufactured by other companies and sold under our brand names) are included in purchased brands.

Positioning map of each business (average spending per customer / customer age)



\* Details of average spending per customer and customer age are not provided for the EN ROUTE brand. This is because of the limited period, less than one year as of March 31, 2015, since the brand was initially launched.

### Markets in which the UNITED ARROWS Group operates

The retail 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, which is 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



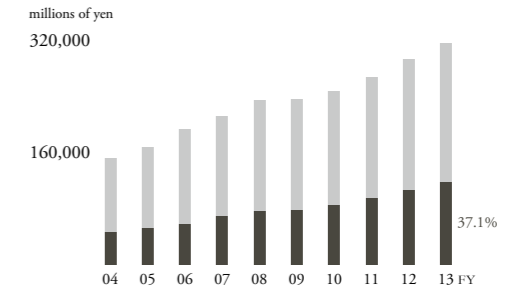
<sup>1</sup>GMS: General merchandise store

### 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: A fashion company with comprehensive involvement from manufacturing through to retailing

### 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.

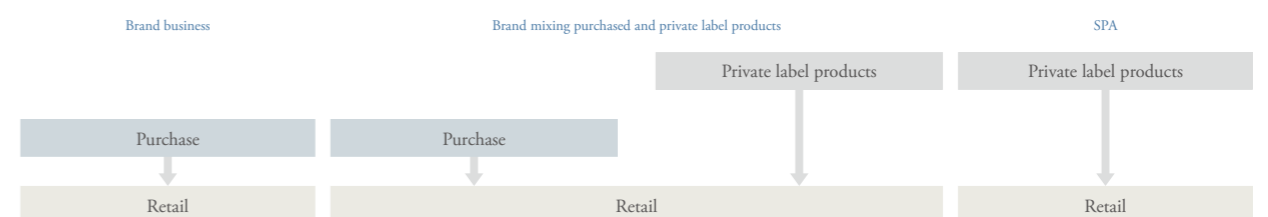
With UNITED ARROWS and UNITED ARROWS green label relaxing, our other full-line store that offers an SPA-type mix of both purchased and private label products, serving as our key

businesses, we now have numerous other businesses with different characteristics, including our brand business, CHROME HEARTS, and our 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.

### Business composition of main store brands

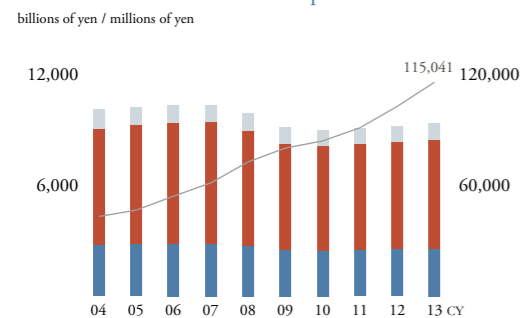


### Value chain by business model



### Reference: Retail Apparel Market

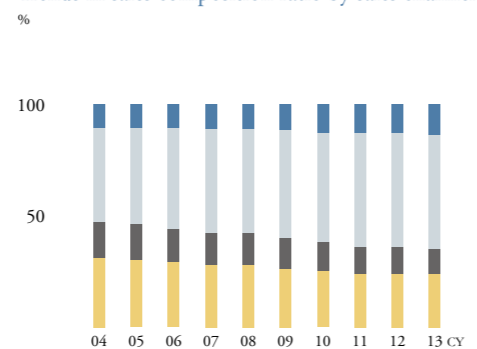
#### Trends in the scale of Japan's retail apparel market and UNITED ARROWS Group sales



■ Men's apparel ■ Women's apparel ■ Children's apparel  
— UNITED ARROWS Group sales  
Source: UNITED ARROWS LTD. and Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

The scale of the Japanese retail apparel market is around ¥9–10 trillion per year. The market entered a period of contraction in the immediate aftermath of the collapse of Lehman Brothers in 2008, bottoming out in 2010. Thereafter, the market scale trended upward on a year-on-year basis. In 2013, a wide range of factors including the large-scale renewal of major department stores in metropolitan areas as well as robust results in specialty and online store sales contributed to the market's continued expansion.

#### Trends in sales composition ratio by sales channel



■ Department stores ■ General merchandise stores  
■ Specialty stores ■ Others  
Source: Yano Research Institute Ltd. "Apparel Industry," modified by UNITED ARROWS LTD.

In this context, the share of specialty stores and others<sup>1</sup> sales continues to climb. Growth is especially prominent in online sales, where major apparel retailers as well as select shops are enjoying considerable success in strengthening their activities in this area. Turning to department stores, results have been mixed. On the one hand, activities in major metropolitan areas have grown in recent years. On the other hand, business has contracted in suburban areas. The net effect is an overall downturn on a year-on-year basis.

<sup>1</sup> The others channel includes mail order / online (Internet, catalog, television, others) as well as discount stores.