Fiscal 2016
Fiscal Year Ending March 2016
First Quarter
Earnings Announcement

August 5, 2015

UNITED ARROWS LTD.

■Contents

Note: In this earnings announcement, fractional sums of less than one million yen are rounded down and percentages are calculated from raw data.

Abbreviations used throughout this report: The following abbreviations have been used for each Group business.
UA / UNITED ARROWS, BY / BEAUTY&YOUTH UNITED ARROWS, monkey time / monkey time BEAUTY&YOUTH UNITED ARROWS, District / District UNITED ARROWS, GLR / UNITED ARROWS green label relaxing, CH / CHROME HEARTS, ARCHIPELAGO / ARCHIPELAGO UNITED ARROWS LTD., THE AIRPORT STORE / THE AIRPORT STORE UNITED ARROWS LTD., THE STATION STORE / THE STATION STORE UNITED ARROWS LTD., SBUs / Small Business Units

Net sales by business: Net sales of the following businesses have been included in UA and SBU net sales.
UA: UA, District, THE SOVEREIGN HOUSE, BOW & ARROWS, BY, monkey time, STEVEN ALAN
SBUs: Another Edition, Jewel Changes, Odette e Odile, Boisson Chocolat, DRAWER, ASTRAET, EN ROUTE, ARCHIPELAGO, THE AIRPORT STORE, THE STATION STORE

■FY16 1Q Performance Summary

UNITED ARROWS LTD.

Consolidated / Non-Consolidated 1Q P/L (For details see pages 4, 7, and 8)

- Revenue was up and earnings down; sales and each major level of earnings progressed in line with plans (increase in quarterly net income due mainly to the decrease in extraordinary losses)
- The downturn in earnings largely reflects a drop in the gross margin owing to such factors as the reduction of past inventories and the impact of movements in foreign currency exchange rates
- While the gross margin fell just short of plans, the amount of gross profit exceeded expectations
- SGA expenses trended slightly below plans

Non-Consolidated Sales (For details see pages 5 and 6)

- Generally favorable trends; by sales channel, online sales were especially strong; by business, trends in CH operations were particularly robust

Inventory (For details see page 9)

- Decrease in the rate of increase compared with the balance as of March 31, 2015; efforts aimed at increasing the efficiency of new product launches and promoting the reduction of past inventories

Opening and Closing of Stores (For details see pages 11 to 13)

- Trends essentially in line with plans (Number of new stores opened: 14; Closed: 2; Number of stores as of FY16 1Q-end: 346)
- The number of stores as of the end of FY16 is projected to reach 363, three stores more than the initial plan (Increase in the number of new stores opened: 1; Decrease in the number of stores closed: 2)

Consolidated Subsidiaries (For details see page 14)

- Trends for the Company’s three subsidiaries are essentially in line with plans

■FY16 1Q Performance Summary

(As detailed on this page.)

■Consolidated / Non-Consolidated 1Q P/L Overview

UNITED ARROWS LTD.

Revenue was up and earnings down; sales and each major level of earnings progressed essentially in line with plans*

- Consolidated sales: YoY increase of 7.5%
  → Increase attributable to the upswing in sales at UNITED ARROWS LTD. and COEN CO., LTD.
- Gross profit: YoY increase of 3.4%; Gross margin: YoY decrease of 2.2 percentage points to 54.5%
  → Decrease in the gross margin owing mainly to an increase in the cost of sales attributable to such factors as the weak yen as well as efforts aimed at promoting the reduction of past inventories; increase in the amount of gross profit in line with the increase in revenue
- SGA expenses to sales ratio: YoY decrease of 1.0 percentage point to 45.7%
  → This decrease largely reflected cutbacks in advertising expenses and a decrease in the fixed costs ratio in line with the increase in sales

* Ordinary income forecast for the 2Q cumulative period of FY16: ¥2,967 million (down 16.5% YoY)

(Millions of yen)

	Consolidated Results FY16 1Q						Non-Consolidated Results FY16 1Q					
	Results	vs. Sales	YoY Increase (Decrease)	%	FY15 1Q Results	vs. Sales	Results	vs. Sales	YoY Increase (Decrease)	%	FY15 1Q Results	vs. Sales
Sales	**32,093**	100.0%	2,242	107.5%	29,850	100.0%	**29,576**	100.0%	1,934	107.0%	27,641	100.0%
Gross Profit	**17,476**	54.5%	567	103.4%	16,908	56.6%	**15,935**	53.9%	394	102.5%	15,541	56.2%
SGA Exp.	**14,682**	45.7%	733	105.3%	13,949	46.7%	**13,024**	44.0%	634	105.1%	12,390	44.8%
Operating Inc.	**2,794**	8.7%	(165)	94.4%	2,959	9.9%	**2,911**	9.8%	(239)	92.4%	3,151	11.4%
Non Op. P/L	**2**	0.0%	(47)	5.7%	50	0.2%	**10**	0.0%	(53)	16.3%	64	0.2%
Ordinary Inc.	**2,797**	8.7%	(213)	92.9%	3,010	10.1%	**2,921**	9.9%	(293)	90.9%	3,215	11.6%
Extraordinary P/L	**7**	0.0%	198	—	(190)	-0.6%	**12**	0.0%	195	—	(182)	-0.7%
Net Income	**1,740**	5.4%	20	101.2%	1,720	5.8%	**1,837**	6.2%	(42)	97.8%	1,879	6.8%

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■Consolidated / Non-Consolidated 1Q P/L Overview

While revenue was up and earnings were down for the 1Q (April 1, 2015 to June 30, 2015) of FY16, the fiscal year ending March 31, 2016, results were essentially in line with plans on both a consolidated and non-consolidated basis. Owing mainly to decreases in the corporate tax rate as well as extraordinary losses, quarterly net income for the period under review increased 1.2% compared with the corresponding period of the previous fiscal year.

Consolidated sales for the period under review climbed 7.5% year on year, to ¥32,093 million. This increase was largely attributable to the upswing in sales at UNITED ARROWS LTD. and COEN CO., LTD.

Gross profit increased 3.4% compared with the corresponding period of the previous fiscal year, to ¥17,476 million. Despite a decrease in the gross margin owing mainly to fluctuations in foreign currency exchange rates as well as efforts aimed at promoting the reduction of past inventories, this increase in the amount of gross profit was in line with the increase in revenue.

The selling, general and administrative (SGA) expenses to total sales ratio decreased 1.0 percentage point compared with the corresponding period of the previous fiscal year, to 45.7%. This decrease largely reflected cutbacks in advertising expenses and a~~n upswing~~ decrease in the fixed costs ratio in line with the increase in sales.

Accounting for each of these factors, operating income was ¥2,794 million, down 5.6% compared with the corresponding period of the previous fiscal year. Ordinary income came to ¥2,797 million and net income totaled ¥1,740 million. This represented a decrease of 7.1% and an increase of 1.2%, respectively, on a year-on-year basis.

■Non-Consolidated Sales Results by Sales Channel

UNITED ARROWS LTD.

Non-consolidated sales up 7.0% YoY; existing retail and online stores sales up 3.4% YoY

- Firm trends across all channels especially for online sales (YoY increase of 17.2%)
- Sales composition: Online store sales 11.2% (10.3% in the 1Q of FY15); outlet store sales 13.6% (12.9% in the 1Q of FY15)

(Millions of yen)

	Non-Consolidated Results FY16 1Q					
	Results	Share	YoY Increase (Decrease)	%	FY15 1Q Results	Share
Non-Consolidated Sales	**29,576**	100.0%	1,934	107.0%	27,641	100.0%
Total Business Unit Sales	**25,562**	86.4%	1,477	106.1%	24,084	87.1%
Retail	**22,069**	74.6%	984	104.7%	21,085	76.3%
Online	**3,324**	11.2%	487	117.2%	2,837	10.3%
Other (Wholesale, Other)	**168**	0.6%	6	103.9%	162	0.6%
Outlet, Other	**4,013**	13.6%	456	112.8%	3,556	12.9%

	Existing Stores YoY		
	Sales	Number of Customers	Ave. Spending per Customer
Retail + Online	103.4%	–	–
Retail	101.8%	93.5%	108.9%
Online	114.9%	–	–

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■Non-Consolidated Sales Results by Sales Channel

Non-consolidated sales were up 7.0% compared with the corresponding period of the previous fiscal year. Existing retail and online sales were also up 3.4% year on year.

After a downturn that was in line with market corrections following the April 2014 increase in Japan's consumption tax rate, there were signs of an increase in sales in April 2015 after the market again underwent an adjustment. Thereafter, operating results remained steady overall, with firm results across all retail, online, and outlet channels. Results were especially robust for online sales, which climbed 17.2% compared with the corresponding period of the previous fiscal year.

From a sales composition perspective, online store sales accounted for 11.2% of the total, up 1.0 percentage point compared with the corresponding period of the previous fiscal year. Outlet sales made up 13.6% of the total, an increase of 0.7 percentage point year on year.

■Non-Consolidated Sales Results by Business

UNITED ARROWS LTD.

Revenue up in the UA, GLR, and CH businesses with existing store sales up on a YoY basis

- UA : women's dressy items; CH
- GLR : women's items generally
- CH : Strong results across various products including silver, small leather, and cut & sewn items
- SBUs : While SBUs struggled in overall terms, robust trends at Boisson Chocolat and THE STATION STORE

(Millions of yen)

	Non-Consolidated Results FY16 1Q			
	Results	YoY Increase (Decrease)	%	FY15 1Q Results
Total Business Unit Sales	**25,562**	1,477	106.1%	24,084
UA	**12,499**	553	104.6%	11,945
GLR	**6,695**	336	105.3%	6,359
CH	**3,047**	650	127.1%	2,397
SBUs	**3,319**	(62)	98.2%	3,382

	Existing Stores YoY		
	Retail + Online	Retail	Online
UA	102.2%	99.6%	122.6%
GLR	100.8%	98.5%	115.7%
CH	-	125.6%	-
SBUs	96.3%	95.4%	99.3%

Note: Details of abbreviations for each business are listed on page 2 of this document.

■Non-Consolidated Sales Results by Business

Revenue was up in the UNITED ARROWS (UA), UNITED ARROWS green label relaxing (GLR), and CHROME HEARTS (CH) businesses. Existing store sales were also up compared with the previous period in each of these three businesses.

Trends in women's dressy items, CH items in the UA business, and women's items in general in the GLR business were firm. As well, CH reported strong results across various products including silver, small leather, and cut & sewn items.

While Small Business Units (SBUs) struggled in overall terms, trends were robust at Boisson Chocolat and THE STATION STORE.

■Non-Consolidated Gross Margin Results

UNITED ARROWS LTD.

2.3pt YoY decrease to 53.9% in the non-consolidated gross margin

- While the gross margin fell just short of plans, the amount of gross profit exceeded expectations
- The degree of decline continued to narrow from the preceding quarter (4Q of FY15)
- Total Business Units: the gross margin declined by 1.9pt YoY to 57.4% due to a variety of factors including an increase in the cost of goods purchased ratio in line with movements in foreign currency exchange rates, a decrease in the sales composition of private label brand products, and an upswing in markdown losses due to the promotion of prompt final sales
- Outlet, Other: 1.9pt decrease to 33.6% owing mainly to efforts aimed at promoting the reduction of past inventories
  The gross margin for outlet stores is trending above plans largely on the back of efforts to control the sale of markdown products

	Non-Consolidated Results FY16 1Q			Reference: Preceding Quarter FY15 4Q		
	Results	YoY Increase (Decrease)	FY15 1Q Results	Results	YoY Increase (Decrease)	FY14 4Q Results
Gross Margin	**53.9%**	-2.3%	56.2%	**45.3%**	-4.0%	49.3%
Total Business Units	**57.4%**	-1.9%	59.3%	**50.6%**	-2.7%	53.3%
Outlet, Other	**33.6%**	-1.9%	35.5%	**26.0%**	-3.9%	30.0%
Other COGS Millions of yen	81	79	1	660	233	426
Note: Reference: Ratio of outlet store sales	13.6%	0.7%	12.9%	12.8%	1.4%	11.5%

Note: Other COGS = Loss on product devaluation, disposal costs, etc.

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■Non-Consolidated Gross Margin Results

In the 1Q of FY16, the non-consolidated gross margin decreased 2.3 percentage points compared with the corresponding period of the previous fiscal year, to 53.9%.

While the gross margin fell just short of plans, the amount of gross profit exceeded expectations.

Despite again reporting a downturn in the gross margin compared with the corresponding period of the previous fiscal year, the degree of decline continued to narrow from the preceding quarter (4Q of FY15).

The Total Business Units gross margin declined 1.9 percentage points year on year, to 57.4%, due to a variety of factors including an increase in the cost of goods purchased ratio that was in line with movements in foreign currency exchange rates, a decrease in the sales composition of private label brand products, and an upswing in markdown losses due to the promotion of prompt final sales.

The gross margin for outlet segment declined 1.9 percentage points compared with the corresponding period of the previous fiscal year, to 33.6%, owing mainly to efforts aimed at promoting the reduction of past inventories. On a positive note, the outlet segment gross margin is trending above plans largely on the back of efforts to control mark down rates.

■Non-Consolidated SGA Expenses

UNITED ARROWS LTD.

Non-consolidated SGA expense to sales ratio decreased 0.8pt YoY to 44.0%

Note: Factors contributing to the YoY decrease in SGA expenses as a ratio to sales

- Ratio of advertising expenses to sales: Decrease in line with such factors as the decline in the placement of magazine advertisements as well as a drop in expenses relating to the publication of catalogs
- Ratios of personnel expenses as well as rent to sales: Relative decrease in the fixed cost rate in line with the increase in sales
  (Decrease compared with plans: ¥180 million → decrease in personnel expenses of ¥60 million; drop in advertising expenses of ¥60 million, and; downturn in other fixed costs of ¥60 million)

(Millions of yen)

	Non-Consolidated Results FY16 1Q					
	Results	vs. Sales	YoY Increase (Decrease)	%	FY15 1Q Results	vs. Sales
Non-Consolidated Sales	**29,576**	**100.0%**	1,934	107.0%	27,641	100.0%
SGA Expenses	**13,024**	**44.0%**	634	105.1%	12,390	44.8%
Advertising Expenses	**447**	**1.5%**	(73)	85.9%	520	1.9%
Personnel Expenses	**4,842**	**16.4%**	195	104.2%	4,646	16.8%
Rent	**3,886**	**13.1%**	223	106.1%	3,662	13.2%
Depreciation	**369**	**1.2%**	21	106.1%	347	1.3%
Other	**3,479**	**11.8%**	266	108.3%	3,212	11.6%

Note: A portion of warehouse rent has been reclassified from "other" and posted to "rent expense."
Data for the corresponding period of the previous fiscal year has been adjusted for comparative purposes.

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■Non-Consolidated SGA Expenses

The non-consolidated SGA expenses to sales ratio decreased 0.8 percentage point compared with the corresponding period of the previous fiscal year, to 44.0%.

Factors contributing to the increase (decrease) in this ratio are presented as follows.

The ratio of advertising expenses to sales decreased in line with such factors as the decline in the placement of magazine advertisements as well as a drop in expenses relating to the publication of catalogs.

Turning to the ratios of personnel expenses as well as rent to sales, movements were impacted by a relative decrease in the fixed cost rate in line with the increase in sales.

Reference: SGA expenses declined ¥180 million compared with plans. This reflected decreases of ¥60 million in each of personnel expenses, advertising expenses, and other fixed costs.

■Consolidated / Non-Consolidated 1Q-end B/S Overview

UNITED ARROWS LTD.

(YoY comparative analysis of consolidated balances as of the end of the 1Q FY16 and the end of the 1Q FY15)

- Current assets: Increase in the balances of inventory and accounts receivable—other; decrease in the balance of cash and deposits
- Noncurrent assets: Increase in the balances of mainly tangible noncurrent assets and guarantee deposits in line with the opening of new stores and other factors
- Current liabilities: Increase in the balances of current portion of long-term loans payable and accounts payable—trade; decrease in the balance of short-term loans payable
- Noncurrent liabilities: Increase in the balance of long-term loans payable
- Net assets: Decrease in line with the acquisition of treasury stock

Note: The balance of consolidated short- and long-term loans payable: Up 25.9% YoY to ¥10.5 billion
Note: The balance of non-consolidated inventory: Up 11.5% YoY
(net sales growth: 7.0%; YoY increase as of the end of the FY15: 15.3%)

(Millions of yen)

	Consolidated FY16 1Q				Non-Consolidated Results FY16 1Q			
	Results	Share	YoY	vs. FY15-End	**Results**	Share	YoY	vs. FY15-End
Total Assets	**61,547**	100.0%	103.6%	99.2%	**56,735**	100.0%	102.9%	98.8%
Current Assets	**40,091**	65.1%	104.8%	96.8%	**35,297**	62.2%	104.1%	96.6%
(Inventory)	**24,843**	40.4%	110.2%	105.8%	**22,338**	39.4%	111.5%	104.9%
Noncurrent Assets	**21,455**	34.9%	101.4%	104.2%	**21,437**	37.8%	100.9%	102.8%
Current Liabilities	**25,391**	41.3%	101.9%	105.4%	**21,687**	38.2%	100.3%	105.0%
Noncurrent Liabilities	**6,430**	10.4%	234.1%	95.5%	**6,056**	10.7%	253.9%	94.8%
Total Net Assets	**29,725**	48.3%	93.6%	95.3%	**28,991**	51.1%	93.1%	95.5%
Reference: Balance of Short and Long-Term Loans Payable	**10,579**	17.2%	125.9%	100.8%	**8,399**	14.8%	127.3%	95.4%

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■Consolidated / Non-Consolidated 1Q-end B/S Overview

The balance of total assets stood at ¥61,547 million as of June 30, 2015 on a consolidated basis. This was 3.6% higher than the balance as of June 30, 2014 and 0.8% lower than the balance as of the end of the previous fiscal year.

Factors contributing to the year-on-year movement in consolidated balance sheet items are presented as follows.

Current assets stood at ¥40,091 million as of June 30, 2015, up 4.8% compared with the balance as of the end of the corresponding period of the previous fiscal year. The principal movements included increases in the balances of inventory as well as accounts receivable—other and a decrease in the balance of cash and deposits. Noncurrent assets came to ¥21,455 million, an increase of 1.4% year on year. This increase largely reflected an upswing in the balances of tangible noncurrent assets and guarantee deposits in line with the opening of new stores and other factors.

The balance of current liabilities stood at ¥25,391 million, up 1.9% compared with the balance as of June 30, 2014. As of June 30, 2015, UNITED ARROWS LTD. reported higher balances of current portion of long-term loans payable as well as accounts payable—trade and a lower balance of short-term loans payable compared with the balances as of the end of the corresponding period of the previous fiscal year.

Noncurrent liabilities amounted to ¥6,430 million, 134.1% higher than the balance as of June 30, 2014. This was mainly attributable to the increase in the balance of long-term loans payable associated with the acquisition of treasury stock.

As of June 30, 2015, the balance of net assets stood at ¥29,725 million, a decrease of 6.4% year on year. While retained earnings increased, this overall decrease in the balance of net assets was largely due to the acquisition of treasury stock.

The balance of short- and long-term loans payable rose 25.9% compared with the balance as of the end of the corresponding period of the previous fiscal year, to ¥10,579 million. This again was largely the result of costs associated with the acquisition of treasury stock.

The balance of non-consolidated inventory was up 11.5% year on year. Despite again exceeding the rate of net sales growth, the rate of non-consolidated inventory increase is exhibiting a declining trend, down from 15.3% on a year-on-year basis as of the end of the previous fiscal year.

■Consolidated 1Q C/F Overview

UNITED ARROWS LTD.

Cash and cash equivalents as of the end of the term came to ¥3,965 million

- Cash flows from operating activities: (major cash inflows) income before income taxes of ¥2,805 million, increase in purchase liabilities of ¥2,440 million; (major cash outflows) increase in inventories of ¥1,369 million, income taxes paid of ¥1,231 million
- Cash flows from investing activities: (major cash outflows) purchase of property, plant and equipment of ¥809 million, payments for guarantee deposits of ¥341 million
- Cash flows from financing activities: (major cash inflows) net increase in short-term loans payable of ¥580 million; (major cash outflows) cash dividends paid of ¥1,565 million, purchase of treasury stock of ¥1,418 million, repayment of long-term loans payable of ¥501 million

(Millions of yen)

	Consolidated FY16 1Q Results	FY15 1Q Results
Cash flows from operating activities (sub-total)	**3,837**	2,951
Cash flows from operating activities	**2,597**	(664)
Cash flows from investing activities	**(1,311)**	(1,747)
Cash flows from financing activities	**(2,904)**	1,999
Cash and cash equivalents at the end of the term	**3,965**	5,016

■ Consolidated 1Q C/F Overview

The balance of cash and cash equivalents as of June 30, 2015 stood at ¥3,965 million.

Net cash provided by operating activities amounted to ¥2,597 million. The principal cash inflows were income before income taxes of ¥2,805 million and increase in purchase liabilities of ¥2,440 million. The major cash outflows included increase in inventories of ¥1,369 million and income taxes paid of ¥1,231 million.

Net cash used in investing activities totaled ¥1,311 million. The principal cash outflows were purchase of property, plant and equipment of ¥809 million and payments for guarantee deposits of ¥341 million associated with the opening of new stores and other factors.

Net cash used in financing activities came to ¥2,904 million. The major cash inflow was the net increase in short-term loans payable of ¥580 million. The principal cash outflows were cash dividends paid of ¥1,565 million, the purchase of treasury stock of ¥1,418 million, and repayment of long-term loans payable of ¥501 million.

■Results of FY16 1Q Group Total Opening and Closing of Stores and FY16 Forecasts

UNITED ARROWS LTD.

- FY16 1Q Group total: Number of new stores opened: 14; Closed: 2; Number of stores as of FY16 1Q-end: 346
- Full FY16 forecast Group total: Number of new stores opened: 34; Closed: 5; Number of stores as of FY16-end: 363 (three stores more than the initial plan)

Note: Changes from the previous earnings announcement: UNITED ARROWS LTD.: The number of ASTRAET stores opened increased by one; the number of Another Edition stores closed decreased by one; the number of Odette e Odile stores closed increased by one; the number of COEN CO., LTD. stores closed decreased by two

	FY16 1Q Results				FY16 Forecasts						Reference
						Opened					
	No. of stores as of the beginning of the period	Opened	Closed	No. of stores as of 1Q-end	No. of stores as of the beginning of the period	1H	2H	Full Fiscal Year	Closed	No. of stores as of the end of the period	Increase (decrease) from the previous period
Group Total	**334**	**14**	**2**	**346**	**334**	**19**	**15**	**34**	**5**	**363**	**3**
UNITED ARROWS LTD.	**242**	**12**	**2**	**252**	**242**	**15**	**10**	**25**	**5**	**262**	**1**
FIGO CO., LTD.	**17**			**17**	**17**	**1**	**1**	**2**		**19**	
COEN CO., LTD.	**73**	**2**		**75**	**73**	**3**	**3**	**6**		**79**	**2**
UNITED ARROWS TAIWAN LTD.	**2**			**2**	**2**		**1**	**1**		**3**	

Note: COEN CO., LTD. and UNITED ARROWS TAIWAN LTD. maintain a balance date of January 31 each year.
Details of the opening and closing of new stores for the first quarter cover the cumulative period from February 1, 2015 to April 30, 2015.

■Results of FY16 1Q Group Total Opening and Closing of Stores and FY16 Forecasts

On a Group total basis, 14 stores were newly opened and two stores were closed during the 1Q of FY16. The number of stores as of June 30, 2015 therefore stood at 346.

For the full fiscal year ending March 31, 2016, the UNITED ARROWS Group is looking to open 34 new stores and close five stores. This will bring the total number of stores as of the end of the fiscal year under review to 363.

Compared with the previous forecast, the number of stores as of the period-end is projected to increase by three stores.

Looking at a breakdown of changes from forecasts provided during the previous earnings announcement, the number of ASTRAET stores to be opened is projected to increase by one, the number of Another Edition stores to be closed to decrease by one, the number of Odette e Odile stores to be closed to increase by one, and the number of COEN CO., LTD. stores to be closed to decrease by two.

■Reference: UNITED ARROWS LTD. Results of FY16 1Q Opening and Closing of Stores and FY16 Forecasts

UNITED ARROWS LTD.

	FY16 1Q Results				FY16 Forecasts						Reference
	No. of stores as of the beginning of the period	Opened	Closed	No. of stores as of 1Q-end	No. of stores as of the beginning of the period	Opened 1H	Opened 2H	Opened Full Fiscal Year	Closed	No. of stores as of the end of the period	Increase (decrease) from the previous period
UNITED ARROWS LTD. Total	**242**	**12**	**2**	**252**	**242**	**15**	**10**	**25**	**5**	**262**	1
UNITED ARROWS Total	76	6	1	81	76	7	6	13	2	87	
UNITED ARROWS (General Merchandise Store)	11		1	10	11				2	9	
UNITED ARROWS	23	1		24	23	1	1	2		25	
BOW & ARROWS	2			2	2					2	
THE SOVEREIGN HOUSE	1			1	1					1	
District	1			1	1					1	
BEAUTY&YOUTH	36	4		40	36	4	4	8		44	
monkey time	1	1		2	1	1		1		2	
STEVEN ALAN	1			1	1	1	1	2		3	
green label relaxing	62	4	1	65	62	5	3	8	1	69	
CHROME HEARTS	10			10	10					10	
SBUs Total	73	1		74	73	1	1	2	2	73	1
Another Edition	16			16	16					16	1
Jewel Changes	10			10	10					10	
Odette e Odile	23			23	23				2	21	(1)
Boisson Chocolat	3			3	3					3	
DRAWER	7			7	7					7	
ASTRAET	3			3	3		1	1		4	1
EN ROUTE	1	1		2	1	1		1		2	
Cross Sales-Type / Traffic Channels: ARCHIPELAGO	1			1	1					1	
Cross Sales-Type / Traffic Channels: THE AIRPORT STORE	3			3	3					3	
Cross Sales-Type / Traffic Channels: THE STATION STORE	6			6	6					6	
Outlet	21	1		22	21	2		2		23	

Note: STEVEN ALAN TOKYO and STEVEN ALAN OSAKA are recorded as annex-type stores and are not included in the number of stores listed above.

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■Reference: UNITED ARROWS LTD. Results of FY16 1Q Opening and Closing of Stores and FY16 Forecasts

An explanation has been omitted.

■Reference: FY16 1Q-end Results of the Opening and Closing of Stores

UNITED ARROWS LTD.

UNITED ARROWS LTD.

Month	Stores Opened and Closed	Store Name	Commercial Facilities / Address
April	Newly opened store	BEAUTY&YOUTH UNITED ARROWS SHINAGAWA WOMEN'S STORE	Wing Takanawa East (Minato-Ku, Tokyo)
	Newly opened store	BEAUTY&YOUTH UNITED ARROWS FUJIMI	LaLaport FUJIMI (Fujimi-shi, Saitama)
	Newly opened store	BEAUTY&YOUTH UNITED ARROWS NISHINOMIYA	Hankyu Nishinomiya Gardens (Nishinomiya-shi, Hyogo)
	Newly opened store	BEAUTY&YOUTH UNITED ARROWS OITA	AMUPLAZA OITA (Oita-shi, Oita)
	Newly opened store	monkey time BEAUTY&YOUTH UNITED ARROWS HARAJUKU	stand-alone store (Shibuya-ku, Tokyo)
	Newly opened store	green label relaxing shinagawa	Wing Takanawa East (Minato-Ku, Tokyo)
	Newly opened store	green label relaxing lalaport fujimi	LaLaport FUJIMI (Fujimi-shi, Saitama)
	Newly opened store	green label relaxing amu plaza oita	AMUPLAZA OITA (Oita-shi, Oita)
	Newly opened store	EN ROUTE FUTAKOTAMAGAWA	FUTAKO TAMAGAWA RISE S.C. (Setagaya-ku, Tokyo)
	Newly opened store	UNITED ARROWS LTD. OUTLET ODAIBA	Venus Fort (Kouto-ku, Tokyo)
	Closed store	UNITED ARROWS OITA (*1)	B Garage Building (Oita-shi, Oita)
	Newly opened store	UNITED ARROWS OITA (*1)	B Garage Building (Oita-shi, Oita)
	Closed store	green label relaxing amu plaza nagasaki (*2)	AMU PLAZA NAGASAKI (Nagasaki-shi, Nagasaki)
	Newly opened store	green label relaxing amu plaza nagasaki (*2)	AMU PLAZA NAGASAKI (Nagasaki-shi, Nagasaki)

(*1) Based on our store counting management policy, UNITED ARROWS OITA is recorded as a closed and newly opened store due to the dramatic change in product offerings at the store in line with renovations.

(*2) Based on our store counting management policy, green label relaxing amu plaza nagasaki is recorded as a closed and newly opened store due to the dramatic change in product offerings at the store.

COEN CO., LTD.

Month	Stores Opened and Closed	Store Name	Commercial Facilities / Address
April	Newly opened store	Grand Store KOKURA	AMU PLAZA KOKURA (Kokurakita-ku, Kitakyushu-shi)
	Newly opened store	LaLaport FUJIMI	LaLaport FUJIMI (Fujimi-shi, Saitama)

Note: COEN CO., LTD. maintains a balance date of January 31 each year. Accordingly, store opening results for the first quarter covers the cumulative period from February 1 to April 30.

Note: There were no newly opened or closed stores during the 1Q of FY16 by FIGO CO., LTD. and UNITED ARROWS TAIWAN LTD.

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■Reference: FY16 1Q-end Results of the Opening and Closing of Stores

An explanation has been omitted.

■Group Companies

UNITED ARROWS LTD.

FIGO CO., LTD.

Decrease in revenue and increase in earnings for the 1Q FY16

- 1Q sales: ¥500 million; down 6% YoY
- The principal factor relating to the decrease in revenue involved delays in wholesale shipments
- The increase in earnings was largely attributable to an upswing in the gross margin reflecting a decrease in the share of wholesale sales and a downturn in promotion expenses and other variable costs
- Trends are essentially in line with plans; aiming for an increase in revenue and earnings for the full fiscal year

Felisi Gelateria Bar

(Felisi Aoyama store: The Gelateria Bar kitchen car, a promotional event limited to the summer season)

COEN CO., LTD.

Increase in revenue and earnings for the 1Q FY16

- 1Q sales: ¥1,900 million; up 16% YoY
- Firm trends in both actual and online store sales
- Improvement in the gross margin due mainly to successful efforts to hold down markdown losses
- Also targeting an increase in revenue and earnings for the full fiscal year

(The GENBEI BEACH SANDAL DESIGN COMPETITION, a collaboration between COEN and the well-established beach sandal manufacturer GENBEI; the winning entry brought to the market for commercial sale)

UNITED ARROWS TAIWAN LTD.

1Q FY16 trends essentially in line with plans

- UA TAIPEI store: Robust results across a variety of products including suits as well as formal and purchased products
- BY TAIPEI store: Strong results in exclusive merchandise as well as purchased products including sneakers
- Issues: Season merchandising approach → Sharing and employing a merchandising calendar that is aligned to local conditions
  Size→Review the balance of product introduction; develop exclusive merchandise and undertake various initiatives

(Left: Popular UNITED ARROWS & SONS corner at the UA TAIPEI store; Right: Display of 2015 spring and summer items at the BY TAIPEI store)

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■Group Companies

FIGO CO., LTD

In the 1Q of FY16, the company reported a decrease in revenue and an increase in earnings. Sales amounted to ¥500 million, down 6% compared with the corresponding period of the previous fiscal year. The principal factor for the decrease in revenue involved differences in wholesale shipments or more specifically planned late deliveries compared with the previous year.

From a profit perspective, the increase in earnings was largely attributable to the improvement in the gross margin on the back of a decrease in the share of wholesale sales compared with retail sales as well as the downturn in SGA expenses due to the decline in promotion, variable costs, and other expenses.

Trends as of the end of the 1Q of FY16 are essentially in line with plans. FIGO is aiming for an increase in revenue and earnings for the full fiscal year.

COEN CO., LTD. (Account settlement date: January)

In the 1Q of FY16, the company reported an increase in revenue and earnings. Sales came to ¥1,900 million, up 16% compared with the corresponding period of the previous fiscal year. Throughout the period under review, trends were firm for both actual and online store sales. From a profit perspective, the increase in earnings largely reflected an improvement in the gross margin due mainly to successful efforts to hold down markdown losses. COEN is also targeting an increase in revenue and earnings for the full fiscal year.

(Continued on the following page)

■Group Companies

(Continued from the previous page)

UNITED ARROWS TAIWAN LTD. (Account settlement date: January)
In the 1Q of FY16, trends were essentially in line with plans.

The UA TAIPEI store reported robust results across a variety of products including suits as well as formal and purchased products.

The BEAUTY&YOUTH UNITED ARROWS (BY) TAIPEI store also posted strong results in exclusive merchandise as well as purchased products including sneakers.

Turning to the spring and summer seasons in particular, efforts to address the early advance of seasons compared with Japan is an issue. In this regard, energies are being channeled toward sharing and employing an exclusive merchandising calendar. Furthermore, customers in Taiwan have a preference for larger sizes compared with Japan. As a result, steps are being taken to review the balance of product sizes at the time of introduction and to engage in a variety of initiatives including the development of exclusive merchandise.

■FY16 Management Policy and Addressing Priority Issues

UNITED ARROWS LTD.

Management Slogan “Maximum satisfaction to each customer on each occasion”

Returning to the Mission Statement that “It’s All About The Customer,” each and every employee of the Company will think carefully about what he or she can do to maximize customer satisfaction and act accordingly. This process of consideration and action will form the basis of generating “maximum satisfaction to each customer on each occasion.”

[Addressing Priority Issues]

1. Bolster the cycle of collaboration between the product, sales, and promotion departments
   - Product department — Engage in product development that balances the need to give customers what they want while putting forward proposals that are a half-step ahead of the times
   - Sales department — Provide a level of customer services that exceeds expectations and leaves a lasting impression
   - Promotion department — Disseminate information and put forward sales and promotional proposals that match a “search and sharing” era
2. Control increases in inventories
   - Put in place and carry out appropriate purchasing plans based on a review of merchandising policies
   - Promote a reduction in inventory through the proper use of events and online sales

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■FY16 Management Policy and Addressing Priority Issues

Guided by the Management Slogan, “Maximum satisfaction to each customer on each occasion,” UNITED ARROWS LTD. has identified efforts to bolster the cycle of collaboration between the product, sales, and promotion departments as well as to control increases in inventories as priority issues.

At the same time, increasing online sales as well as sales on the back of an upswing in visitors to Japan from overseas have also been identified as Companywide promotion items.

The following is an overview of efforts to strengthen these Companywide promotion items and an explanation of progress in reviewing merchandising policies, evaluating pricing strategies, and controlling increases in inventories.

■Progress on Addressing Priority Issues

UNITED ARROWS LTD.

1. Increase in online sales

- Minimize sales opportunity loss through flexible inventory management
- Expand sales by aggressively implementing advance order events

→1Q FY16: YoY increase in non-consolidated online sales of 17.2%

The ratio of online sales came to 11.2% (up 1.0pt YoY)

Advance order event popular products
(Left) BY special order: SALSA RIMOWA suitcases
(Right) GLR special order: Converse Jack Purcell sneakers

2. Increase in sales on the back of an upswing in visitors to Japan from overseas

- Expand the number of retail stores authorized to sell tax-free goods (191 stores as of June 30, 2015)
- Continue to conduct conversation training mainly in English; simplify procedures relating to the purchase of tax-free goods

→1Q FY16: YoY increase in non-consolidated tax-free goods sales of approximately 150%

The ratio of tax-free goods sales came to approximately 3.6% (up 2.0pt YoY)

Japan. Tax-free Shop

Authorized tax-free goods store point-of-purchase (POP) notice

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■Progress on Addressing Priority Issues

1. Increase in online sales

・Flexible inventory supply

We began to post photos of certain products on the i LUMINE and SELECT SQUARE sites without sending out inventory in March 2015. This new method means that we now only send on items to the fashion e-commerce sites once an order has been received. While a large number of e-commerce sites take their own photos, we have taken photos of the products of each site ourselves from 2013. This way, rather than allocate all inventory items for each e-commerce site, we are increasing the number of items handled in order to improve inventory efficiency and to create new sales opportunities. Even when online store inventory levels are low, a variety of steps including the additional allocation of inventory from actual stores can be arranged. Through these means, we have minimized opportunity loss through flexible inventory supply.

・Strengthening advance order event initiatives

The number of customers, who use advance order events as a means to ensure the purchase of popular and other items continues to grow. In line with this trend, online stores are strengthening efforts in the area of advance order events. In certain cases, we are seeing online store sales account for nearly half of total sales for some popular items. Measures aimed at strengthening advance order events are therefore contributing significantly to expanding online store sales.

2. Increase in sales on the back of an upswing in visitors to Japan from overseas

As of June 30, 2015, 191 UNITED ARROWS LTD. stores were authorized to sell tax-free goods on a non-consolidated basis. Working to boost sales amid the upswing in visitors to Japan from overseas, we are pushing forward a host of measures. This includes conducting conversation training mainly in English for staff, simplifying tax-free purchasing procedures, and installing point-of-purchase (POP) notices and stickers to clearly identify to customers which stores sell tax-free goods. Thanks to these initiatives, sales of tax-free items in the 1Q of FY16 increased around 2.5 times compared with the corresponding period in the previous fiscal year. The ratio of tax-free sales to total sales on a non-consolidated basis also came to 3.6%, up 2.0 percentage points year on year.

Moving forward, we will continue to strengthen these initiatives for the 2Q of FY16 and beyond.

■Progress regarding Important Measures —Implementation Details— UNITED ARROWS LTD.

1. Review merchandising and product lineup policies (8-season merchandising*)

- Introduce 8-season merchandising initially through the GLR and SBU businesses from the 2015 spring and summer seasons
- Advance an approach that is essentially in line with 8-season merchandising at businesses where the policy is yet to be introduced

2. Review pricing strategies

- Set prices that ensure a sound balance between price and value from the spring and summer seasons of 2015
- Implement more-flexible pricing adjustments during the period based on sales trends

3. Control increases in inventories

- Put in place and carry out appropriate purchasing plans based on a review of merchandising and product lineup policies
- Promote a reduction in inventory through the proper use of events and online sales in addition to outlet stores

* For details regarding 8-season merchandising, please refer to the Appendix: Explanation of Frequently Occurring Terms at the end of this presentation material.

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■Progress regarding Important Measures—Implementation Details—

1. Review merchandising and product lineup policies
Against the backdrop of recent changes in customers' purchasing trends, we reviewed our merchandising policy from the spring and summer seasons of 2015. In specific terms, we have adjusted our traditional 6-season segments and are engaging in the planning of products based on an 8-season merchandising policy under which each year is broken down inter eight season segments. This policy was first implemented through the GLR business and SBUs from the spring and summer seasons of 2015. An 8-season merchandising approach is also being advanced across businesses where the policy has not been officially introduced. At this stage, we are seeing both robust and weak trends depending on the business. At the same time, businesses that are posting sales in excess of forecasts are emerging while engaging in the efficient introduction of inventories.

2. Review pricing strategies
Learning from the lessons of the fall and winter seasons of 2014, we set prices that ensure a sound balance between the price and value of products from the spring and summer seasons of 2015. In specific terms, we took into consideration customers' perspective when striking a balance between the price and value of individual products in each business. After introducing each product at our network of stores, we are flexibly adjusting prices while carefully examining sales trends. In this manner, we are working to promote sales at the most appropriate price level and timing. Meanwhile, sales of CH and high-priced purchased products are firm with average spending per customer steadily increasing. Looking ahead, this upswing in average spending per customer is expected to continue.

(Continued on the following page)

■Progress regarding Important Measures —Implementation Details— UNITED ARROWS LTD.

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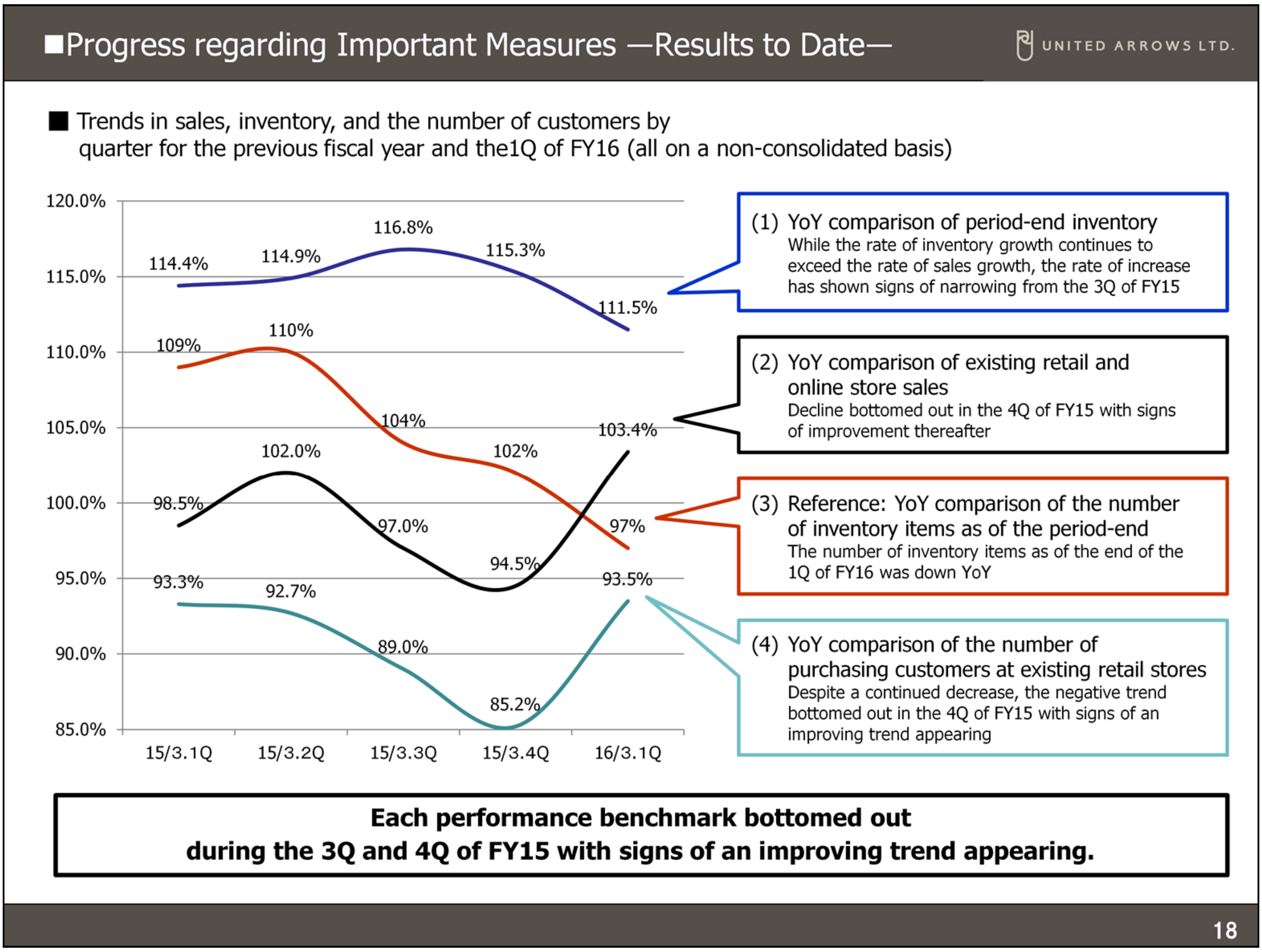
■Progress regarding Important Measures—Implementation Details—

(Continued from the previous page)

3. Control increases in inventories

In order to control increases in inventories, we are undertaking two broad initiatives. First, we are controlling the volume of new products introduced. Second, we are working actively to reduce past inventories. As part of efforts to control the volume of new product introduction, we are putting in place and carrying out appropriate purchasing plans based on a review of merchandising and product lineup policies. After controlling volume levels at the time of initial introduction, we are introducing additional volumes as and when required. In this manner, we are endeavoring to boost efficiency. While the amount of Companywide inventory on a non-consolidated basis as of the end of the 1Q of FY16 was still around 10% higher than the amount recorded as of the end of the corresponding period of the previous fiscal year, the volume had fallen approximately 2% compared with each year’s spring and summer season items. Business unit sales for the period under review were up 6.1% compared with the corresponding period of the previous fiscal year. We have therefore been successful in increasing sales by 6% while reducing inventories by 2%. Turning also to efforts aimed at reducing past inventories, initiatives include opening new outlet stores and increasing store sales areas. We are also promoting the reduction of inventories through the use of outlet e-commerce malls. In the future, we will undertake various measures from the 2Q of FY16 and beyond. Among a host of initiatives, we plan to actively hold sales events for past inventories. Taking full advantage of these and other measures, current inventories are trending essentially in line with plans.



■Progress regarding Important Measures—Results to Date—

Taking each of these measures into consideration, the graph on this page outlines trends in sales, inventory, and the number of customers by quarter for the previous fiscal year and the 1Q of FY16.

(1) Year-on-year comparison of period-end inventory

The balance of inventory as of June 30, 2015 increased 11.5% compared with the balance as of the end of the corresponding period of the previous fiscal year. Sales growth over this same period was 7.0%. While the rate of inventory growth continues to exceed the rate of sales growth, the rate of increase has shown signs of narrowing from the 3Q of FY15.

(3) Year-on-year comparison of the number of inventory items as of the period-end

The number of inventory items as of the end of the 1Q of FY16 was down 3.0% compared with the end of the corresponding period of the previous fiscal year. This represents a year-on-year downward trend on a number of inventory items owing mainly to efforts aimed at controlling inventories.

(2) Year-on-year comparison of existing retail and online store sales

In the 1Q of FY16, existing retail and online store sales climbed 3.4% compared with the corresponding period of the previous fiscal year. In March 2015, these sales declined year on year. This reflected the market's correction following the rush in demand prior to the April 2014 increase in Japan's consumption tax rate. In contrast, sales increased in April 2015 compared with the drop in sales a year earlier as the market adjusted itself in response to the surge in demand in March 2014. Despite this upswing, existing retail and online store sales bottomed out during the 4Q of FY15 and began to improve in overall terms. Turning to the fiscal year under review, trends continue to remain positive from April and beyond.

(4) Year-on-year comparison of the number of purchasing customers at existing retail stores

In the 1Q of FY16, the number of purchasing customers at existing retail stores declined 6.5% compared with the corresponding period of the previous fiscal year. Despite this downturn, the decline bottomed out during the 4Q of FY15 and is steadily improving.
While there is little room for complacency, each indicator is exhibiting a positive trend after bottoming out in the 3Q and 4Q of the previous fiscal year.

■Progress regarding Important Measures —Future Initiatives—

UNITED ARROWS LTD.

8-season merchandising and efforts to control increases in inventories

- Increase the precision of implementation by testing the premises that underpin the merchandising and product lineup policy
- Enhance the fresh appeal of stores and increase inventory efficiency by ensuring proper product procurement
- Control total markdown losses (including the reduction of inventory through outlet stores) in line with the aforementioned
- Promote the reduction of past inventories while controlling markdowns

Pricing strategies

- Also continue to appropriately set prices from the perspectives of customers from the fall and winter seasons of 2015
- Set prices also for high-value added, higher priced products commensurate with their value

Growth in sales and the number of purchasing customers based on the implementation of these initiatives

Pursue "maximum satisfaction to each customer on each occasion," and work toward achieving full fiscal year plans as a result

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■Progress regarding Important Measures—Future Initiatives—

・8-season merchandising

As an initiative that was launched this fiscal year, we still have a number of issues to address and improvements to make before realizing the full potential of our 8-season merchandising policy. We plan to increase the precision of implementation by repeatedly testing the premises that underpin the merchandising and product lineup. Moving forward, we will consider rolling out the policy to other businesses after taking into consideration the results of businesses in which the policy has been implemented.

・Inventories

Every effort is being made to ensure the proper procurement of products and to both enhance the fresh appeal of stores and optimize inventories by increasing the precision of 8-season merchandising policy implementation. Every effort will be made to reduce the scale of inventory reduction using outlet stores by controlling residual inventories as much as possible. We will endeavor to curtail total markdown losses through various measures including the use of regular businesses and outlet stores.

Looking at past inventories up to FY15, we are continuing to promote reduction and to level out the balance of inventories during the current fiscal year. We are also pursuing a variety of initiatives including detailed adjustments to markdowns and an examination of sales trends with respect to outlet stores. Through these means, we have successfully maintained an outlet store gross margin in excess of plans.

We have prioritized the control of inventories focusing mainly on winter items from the previous year and this year's spring and summer products. As a result, we have seen instances of certain sales opportunity loss. Looking ahead, we will improve the balance between sales and inventories and ensure both the reduction of opportunity loss and increased inventory efficiency.

(Continued on the following page)

■Progress regarding Important Measures —Future Initiatives—

UNITED ARROWS LTD.

8-season merchandising and efforts to control increases in inventories

- Increase the precision of implementation by testing the premises that underpin the merchandising and product lineup policy
- Enhance the fresh appeal of stores and increase inventory efficiency by ensuring proper product procurement
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Pricing strategies

- Also continue to appropriately set prices from the perspectives of customers from the fall and winter seasons of 2015
- Set prices also for high-value added, higher priced products commensurate with their value

Growth in sales and the number of purchasing customers
based on the implementation of these initiatives

Pursue “maximum satisfaction to each customer on each occasion,” and work toward achieving full fiscal year plans as a result

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■Progress regarding Important Measures—Future Initiatives—

(Continued from the previous page)

・**Pricing strategies**

We will continue to adopt a careful approach in line with the attributes of each product when also setting prices for fall and winter items in 2015. Even if the cost of goods purchased ratio increases as a result of movements in foreign currency exchange rates, we will appropriately set prices from the perspective of customers. Meanwhile, we will set prices for products that are recognized as offering high quality commensurate with their value. Moving forward, we will increase the rate of final sales by flexibly adjusting prices in line with sales trends.

By implementing these measures, we will secure growth in sales and the number of purchasing customers.

We will pursue “maximum satisfaction to each customer on each occasion” and work toward achieving full fiscal year plans as a result.

■Reference Materials

■FY16 Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

(Millions of yen)

	Consolidated FY16 (full fiscal year)					Non-Consolidated FY16 (full fiscal year)				
	Forecasts	vs. Sales	YoY	FY15 Results	vs. Sales	Forecasts	vs. Sales	YoY	FY15 Results	vs. Sales
Sales	**141,401**	**100.0%**	107.9%	131,029	100.0%	**127,727**	**100.0%**	107.6%	118,657	100.0%
Gross Profit	**73,069**	**51.7%**	107.4%	68,046	51.9%	**65,242**	**51.1%**	107.1%	60,913	51.3%
SGA Exp.	**61,382**	**43.4%**	108.3%	56,695	43.3%	**54,191**	**42.4%**	108.1%	50,121	42.2%
Operating Inc.	**11,686**	**8.3%**	103.0%	11,351	8.7%	**11,051**	**8.7%**	102.4%	10,792	9.1%
Non Op. P/L	**(16)**	**0.0%**	-	191	0.1%	**20**	**0.0%**	9.2%	223	0.2%
Ordinary Inc.	**11,669**	**8.3%**	101.1%	11,542	8.8%	**11,071**	**8.7%**	100.5%	11,015	9.3%
Extraordinary P/L	**(327)**	**-0.2%**	-	(1,047)	-0.8%	**(311)**	**-0.2%**	-	(786)	-0.7%
Net Income	**7,103**	**5.0%**	112.2%	6,332	4.8%	**6,827**	**5.3%**	108.6%	6,285	5.3%

■Reference: FY16 1H and 2H Consolidated / Non-Consolidated P/L Forecasts

UNITED ARROWS LTD.

■Consolidated

(Millions of yen)

	Consolidated FY16 First Half					Consolidated FY16 Second Half				
	Forecasts	vs. Sales	YoY	FY15 First Half Results	vs. Sales	Forecasts	vs. Sales	YoY	FY15 Second Half Results	vs. Sales
Sales	**63,024**	**100.0%**	106.9%	58,953	100.0%	**78,377**	**100.0%**	108.7%	72,076	100.0%
Gross Profit	**32,444**	**51.5%**	104.4%	31,079	52.7%	**40,624**	**51.8%**	109.9%	36,967	51.3%
SGA Exp.	**29,447**	**46.7%**	106.7%	27,588	46.8%	**31,934**	**40.7%**	109.7%	29,107	40.4%
Operating Inc.	**2,996**	**4.8%**	85.8%	3,491	5.9%	**8,690**	**11.1%**	110.6%	7,859	10.9%
Non Op. P/L	**(28)**	**0.0%**	-	62	0.1%	**12**	**0.0%**	9.3%	129	0.2%
Ordinary Inc.	**2,967**	**4.7%**	83.5%	3,553	6.0%	**8,702**	**11.1%**	108.9%	7,988	11.1%
Extraordinary P/L	**(227)**	**-0.4%**	-	(262)	-0.4%	**(100)**	**-0.1%**	-	(785)	-1.1%
Net Income	**1,701**	**2.7%**	86.9%	1,958	3.3%	**5,402**	**6.9%**	123.5%	4,373	6.1%

■Non-Consolidated

	Non-Consolidated FY16 First Half					Non-Consolidated FY16 Second Half				
	Forecasts	vs. Sales	YoY	FY15 First Half Results	vs. Sales	Forecasts	vs. Sales	YoY	FY15 Second Half Results	vs. Sales
Sales	**57,018**	**100.0%**	106.7%	53,418	100.0%	**70,709**	**100.0%**	108.4%	65,239	100.0%
Gross Profit	**28,960**	**50.8%**	104.1%	27,830	52.1%	**36,282**	**51.3%**	109.7%	33,083	50.7%
SGA Exp.	**26,001**	**45.6%**	106.5%	24,408	45.7%	**28,189**	**39.9%**	109.6%	25,712	39.4%
Operating Inc.	**2,958**	**5.2%**	86.5%	3,421	6.4%	**8,092**	**11.4%**	109.8%	7,370	11.3%
Non Op. P/L	**(5)**	**0.0%**	-	83	0.2%	**26**	**0.0%**	19.1%	139	0.2%
Ordinary Inc.	**2,952**	**5.2%**	84.2%	3,505	6.6%	**8,119**	**11.5%**	108.1%	7,510	11.5%
Extraordinary P/L	**(211)**	**-0.4%**	-	(242)	-0.5%	**(100)**	**-0.1%**	-	(544)	-0.8%
Net Income	**1,722**	**3.0%**	86.8%	1,985	3.7%	**5,104**	**7.2%**	118.7%	4,300	6.6%

■Reference: Details of FY16 Non-Consolidated Sales Forecast

UNITED ARROWS LTD.

(Millions of yen)

	Non-Consolidated Results FY16 (full fiscal year)				Non-Consolidated Results FY16 First Half			Non-Consolidated Results FY16 Second Half		
	Forecasts	Share	YoY Increase (Decrease)	%	Forecasts	YoY Increase (Decrease)	%	Forecasts	YoY Increase (Decrease)	%
Sales	**127,727**	100.0%	9,069	107.6%	**57,018**	3,600	106.7%	**70,709**	5,469	108.4%
Total Business Units	**111,381**	87.2%	7,467	107.2%	**49,615**	2,758	105.9%	**61,766**	4,709	108.3%
Retail	**95,077**	74.4%	6,349	107.2%	**42,583**	2,058	105.1%	**52,493**	4,291	108.9%
Online	**15,533**	12.2%	1,288	109.0%	**6,637**	642	110.7%	**8,895**	645	107.8%
Outlet	**16,345**	12.8%	1,602	110.9%	**7,402**	842	112.8%	**8,942**	760	109.3%
Existing Store Sales YoY										
Retail + Online	103.3%				102.6%			103.9%		
Retail	102.5%				101.5%			103.3%		
Online	108.4%				109.6%			107.6%		

■The cycle of collaboration between the product, sales, and promotion departments

To utilize customer feedback across its sales activities, UNITED ARROWS LTD. is bolstering the cycle of collaboration between its product, sales, and promotion departments, with its stores as the starting point.

Incorporating into product development policy the opinions gleaned by the sales department, which comes into direct contact with customers, and striking a balance between products that fulfill customer needs and products that propose keeping a half-step ahead of the times by taking the initiative in visiting retail stores; these are regarded as the strengths of the product department. The staff responsible for products will take the initiative in lifting the ratio of regular priced sales by developing highly original and creative as well as appealing products.

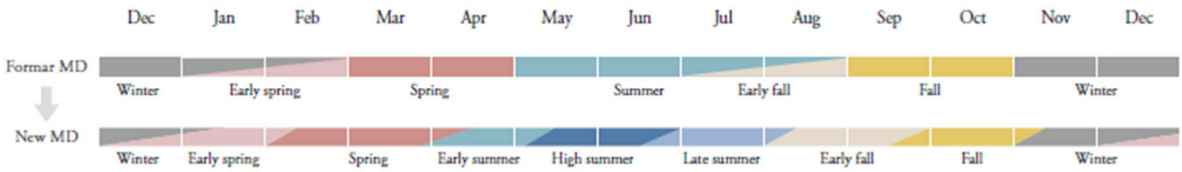
Serving as a bridge between the product and sales departments, the promotion department will continue to "encourage existing customers to visit a store again and sales promotion activities designed to make customers become fans" and move forward with "promotional activities designed to attract new customers to visit stores" to increase the number of customers visiting stores. The sales department will endeavor to increase the number of purchasing customers through providing customer service that exceeds customer expectations and coordinating proposals that are brimming with an innate sense and creativity. In addition, the sales department supports product development by accurately communicating the desires of customers to the product department.

Following the creation of a virtuous cycle of collaboration between these three departments, the Company will seek to maximize customer satisfaction by continuing to provide products and services that are unique to UNITED ARROWS LTD.

■8-season merchandising

Under 8-season merchandising, each year is broken down into eight segments. The 8-season merchandising mechanism allows us to provide products that reflect the effective temperatures of each season. In recent years, we have seen two distinct purchasing patterns between consumers, who are willing to purchase forward-looking items that exhibit value, and consumers, who desire items for immediate use, running in tandem. At the same time, we are witnessing longer transition times between seasons from summer to fall and from winter to spring due to changes in climate conditions, as well as the incidence of gaps between consumers' sensory perceptions and in-store merchandise. To make matters worse, purchasing plans that looked to bolster inventories in a bid to increase sales during clearance sales has given rise to the risk of an upswing in inventory during weak clearance sales periods. UNITED ARROWS LTD. has worked diligently to promote sales based on the procurement of products aligned to the Company's traditional 6-segment season. The shift in our operating environment, however, has made it difficult for us to continue to adequately secure sales and grow our business.

In order to address these issues, we have adopted an 8-season merchandising policy for certain businesses from the spring and summer seasons of 2015. Product plans that were previously classified into the six seasons of early spring, spring, summer, early fall, fall, and winter are now classified into the eight seasons of early spring, spring, early summer, high summer, late summer, early fall, fall, and winter and in accordance with the attributes of each business. By accurately assessing the number of items in line with each segmented season while identifying and introducing the right level of inventory, we are mitigating any unnecessary increase in inventory and improving the ratio of regular price sales. Furthermore, we are endeavoring to improve the turnover and context of inventories by evaluating and improving implementation of the 8-season merchandising policy as and when needed.



For more details on both terms, please refer to UNITED ARROWS LTD.'s 2015 Annual Report (http://www.united-arrows.co.jp/en/ir/lib/data/annual_report.html)

■ Long-Term Vision Slogan

In Japan there is UNITED ARROWS LTD.
We are committed to becoming a retail fashion company that delivers unrivalled satisfaction to its customers in Japan and attracts the attention and loyalty of customers worldwide.

■ Management strategies aimed at achieving the long-term vision

1. Grow and expand existing businesses through a process of self-improvement and reform that is in tune with each era
2. Put forward new value proposals by developing and fostering new businesses that will drive next-generation growth
3. Take steps to enter overseas markets with a view to strengthening future international capabilities

■ Sales initiatives aimed at achieving the long-term vision

1. Strengthen collaboration between the product, sales, and promotion departments
2. Take a systematic approach toward business processes and operations
3. Bolster creativity

■ Quantitative targets for the final fiscal year of the long-term vision (Fiscal 2022)

Consolidated sales : ¥220.0 billion
Consolidated ordinary income: ¥26.4 billion
Ordinary income margin: 12.0%
Consolidated ROE : 20.0% or more