



UNITED ARROWS LTD.

UNITED ARROWS LTD.

Long-Term Vision 2032

Medium-Term Management Plan
2023-2025

Long-Term Vision 2032

Medium-Term Management Plan 2023 - 2025

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1989
Founding
aspirations

2019-
Corporate
Philosophy

The Standard of Japanese Style

We aim to establish and promote values that serve as the standard in Japanese lifestyle culture through our businesses

With sincerity and a sense of beauty, we continually create new tomorrows for our customers, setting the standard for lifestyle culture.



Unchanged
Values Since Our
Foundation

- To promote values that serve as the standard in Japanese lifestyle culture
- To enrich customers' lives
- To continue to pursue a sense of beauty

A woman with dark hair pulled back, smiling, stands in a room with white paneled walls. She is wearing a blue tweed jacket over a light blue button-down shirt and white trousers. To her left is a white lamp with a conical shade on a wooden stand. In front of the lamp is a stack of books. To her right, the back of a chair with a floral pattern is visible.

Long-Term Vision 2032

Long-Term Vision 2032

The Beautiful Company

UNITED ARROWS

We will continue to pursue truth, goodness, and beauty in order to contribute to the realization of a sustainable society and become a high-value-added group that continues to be loved by customers.

What we aspire to be
when we achieve the
long-term vision

A group that offers high value-added lifestyles with high sensitivity

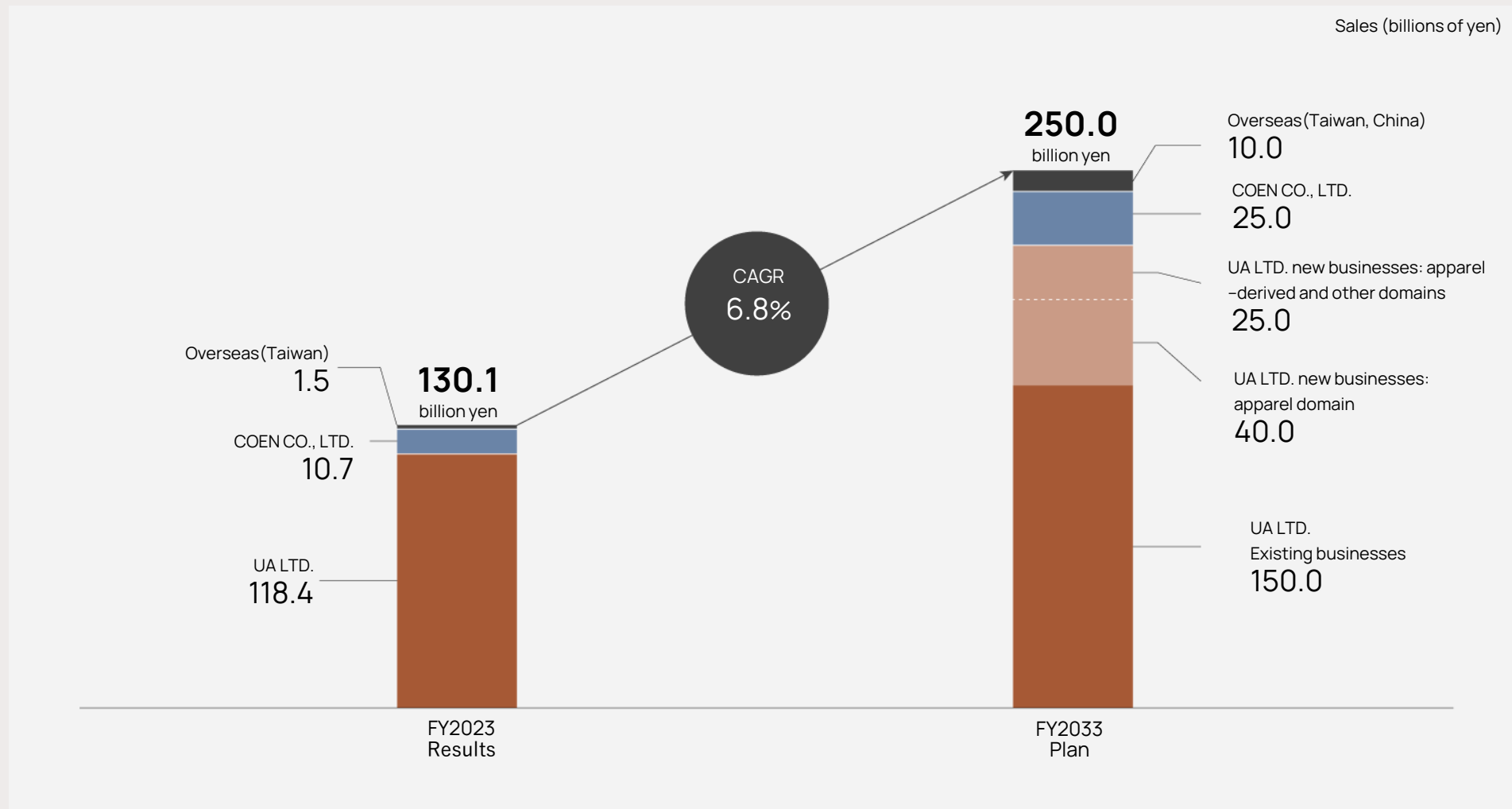
We wish to be indispensable to live a life with high sensitivity in Japan

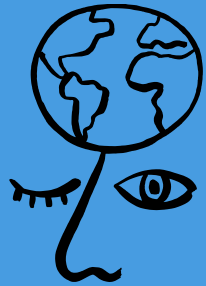
Values to be held
toward the long-term
vision

Departure from an orientation toward sales expansion on the premise of mass production and mass consumption, and switching to an orientation toward broadening the customer base and expanding the scope of value provision

We aspire to be a high value-added group with high sensitivity that can propose the standard for lifestyle culture by expanding our business and broadening the customer base.

Long-Term Financial Targets





SARROWS™

Approach to
sustainability in the
long-term vision

Departure from an orientation toward sales expansion on the premise of mass production and mass consumption means:

“Creating the maximum corporate value with limited resources”

= Procuring appropriate amounts of products properly and selling them without waste (improving the ratio of items sold at regular prices)

- For customers: Foster a sense of trust and reassurance in prices
- For employees: Increase profit productivity = Improve compensation and engagement
- For shareholders: Increase profit distribution as the corporate value increases
- For business partners: Protect human rights in the supply chain
- For society: Reduce environmental load by controlling disposal, etc.

In addition, the use of environmentally conscious materials, switching to renewable energy, and recycling of waste will be promoted to achieve sustainability goals

Review of Medium-Term Management Plan 2020-2022

1. Drastically review the revenue structure

Scrutinize unprofitable subsidiaries, businesses, and stores

Number of stores down 17.0% from the end of March 2020, including those due to changes in the consolidation structure

Structural reform of the headquarters organization

Change the organizational structure from business headquarters to functional headquarters

Changes in personnel measures

Changes in the consolidation structure a reduction in the number of employees due to natural attrition: Decrease by 19.2% from the end of March 2020

Correct downward rigidity of personnel expenses: decrease 3.6 billion yen (down 14.5%) from FY2020

Improvement of gross margin through improved inventory efficiency

Control inventory procurement: Inventory turnover 6.3 (+0.4pt from FY2020)

Strengthen regular price sales: Consolidated gross margin of 51.6% (+0.8 pt from FY2020)

2. Regain our earnings power

Improved the revenue of core businesses

Product development fit for “with Coronavirus”:

Developed new brands for outdoor activities, yoga, and golf, etc.

Business development in line with the new era:

Launched CITEN, a new brand with an eye on younger customers

Promoted OMO^{*1}

Renewal of UNITED ARROWS LTD. Online (UAO):

Sales of UAO; 10,300 million yen, 34.0% of total sales (vs. FY2020 165.7%, +12.7pt)

Number of cross users^{*2} Approximately 170,000 (vs. FY2020 153.9%)

Strengthened staff content to digitize the strengths of retail stores:

Sales via styling; about 28% of UAO sales

*1: Abbreviation of “Online Merges with Offline.” It refers to the integration of online and offline.

*2: Customers who use both retail stores and UNITED ARROWS Ltd. Online

3. Consolidated

Sales	130,135 million yen	(vs. FY2020 82.7%; Excluding the impact of the change in consolidation structure and the change in revenue recognition standards 93.4%)
Gross margin	51.6%	(vs. FY2020 +0.8pt)
SGA expenses	60,816 million yen	(vs. FY2020 85.4)
Operating Income	6,362 million yen	(vs. FY2020 72.6%)
Net Income Attributable to Owners of Parent	4,341 million yen	(vs. FY2020 123.2%)
Number of stores	298 stores	(vs. FY2020 83.0%)
Number of employees	3,915 persons	(vs. FY2020 80.8%)
ROE	13.6%	(vs. FY2020 +4.3pt)
Inventory turnover	6.3 times	(vs. FY2020 +0.4pt)

(FY2023 results)

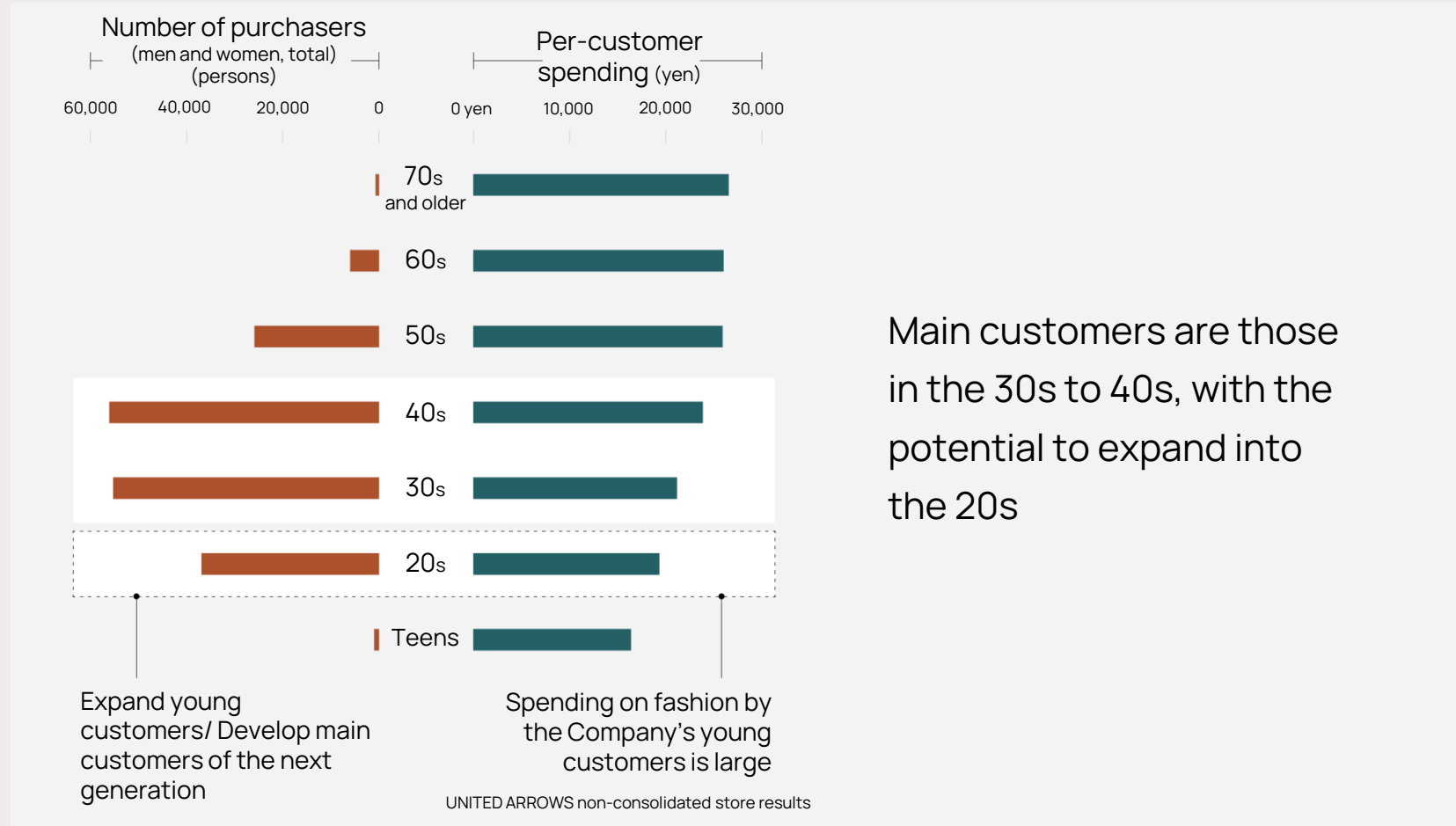
4. Non-Consolidated

Sales	118,434 million yen	(vs. FY2020 91.5%; excluding the impact of the change in revenue recognition standards 94.2%)
Gross margin	51.4%	(vs. FY2020 +1.2 pt)
SGA expenses	54,439 million yen	(vs. FY2020 91.5%)
Operating Income	6,430 million yen	(vs. FY2020 118.9%)
Number of stores	215 stores	(vs. FY2020 89.2%)
Online sales	30,358 million yen	(vs. FY2020 103.9%)
Composition ratio of online	25.4%	(vs. FY2020 +2.8 pt)

(FY2023 results)

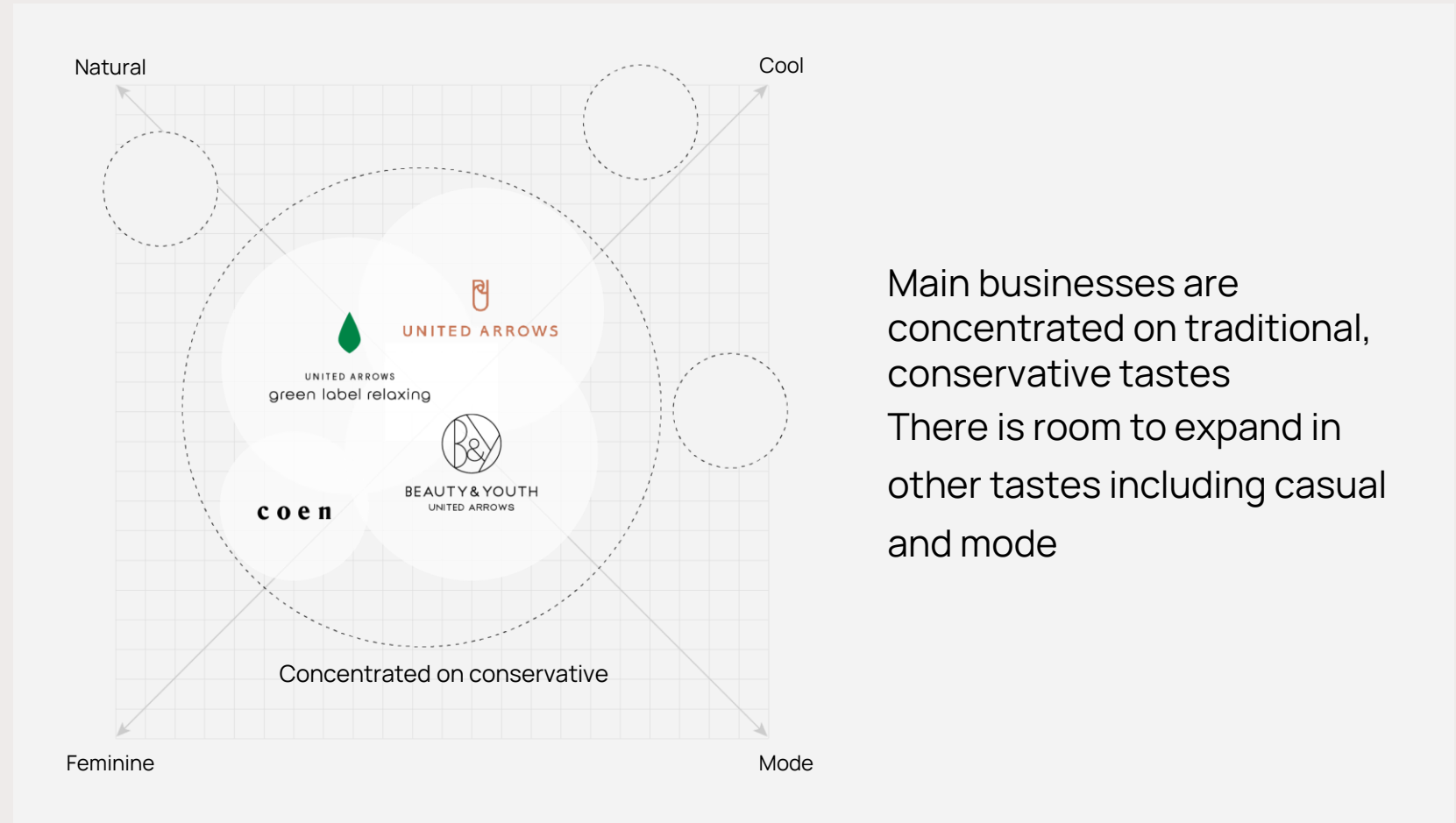
Medium-Term Management Plan 2023-2025

1. Toward achieving the long-term vision
Issue along the Age Axis



Main customers are those in the 30s to 40s, with the potential to expand into the 20s

2. Toward achieving the long-term vision
Issue along the Brand Axis



Main businesses are concentrated on traditional, conservative tastes
There is room to expand in other tastes including casual and mode

3. Toward achieving the long-term vision
Issue in terms of business
- Business domains are mostly fashion, and domestic
 - There is room to expand value provided to food, clothing, and living toward making lifestyle proposals
 - Overseas business is currently limited to Taiwan, with room for expansion, including entry into China and others
-

4. Toward achieving the long-term vision
Issue of efficiency improvement through digital technology and infrastructure development
- Review of the core product management system
 - Digitization of product procurement
 - Capital expenditure to promote OMO
 - Reorganization of distribution with an eye on business expansion

提供 感動
KANDOU
TEIKYO

ENGAGEMENT WITH CUSTOMERS

providing excitement - connecting with customers widely and deeply

UA Group
management goals

Consolidated sales

160-170

Billions of yen

Consolidated operating
income

9-10 Billions of yen

Consolidated operating
income margin

5.6-5.9 %

ROE

13.8-15.4 %

Three Key Strategies

UA
CREATIVITY

Strategy

- Grow and expand existing businesses
 - Top-line growth
 - Improvement of gross margin
- Strengthen brand appeal
 - Expansion of investment in human capital
 - Rebranding of the corporate brand
- Re-grow COEN

UA
MULTI

Strategy

- Develop non-apparel businesses
- Global expansion

UA
DIGITAL

Strategy

- Promote OMO
- Optimize the supply chain

UA CREATIVITY

Strategy

Grow and expand existing businesses

Top-line growth

- Expand sales through the promotion of OMO
- Resume new store openings

Improvement of gross margin

- Control costs
- Control inventory procurement and improve the ratio of items sold at regular prices*
- Improve gross margin of online

*Ratio of sales at regular prices to total purchases



Strengthen brand appeal

Expansion of investment in human capital

- Improve employee engagement

Investment in employee education

Assignment of the right talented people in the right positions through talent management

- Strengthen recruitment

Rebranding of the corporate brand

- Develop new brands that create a new UA image

Re-grow COEN



UA
MULTI
Strategy

Business development for business expansion

- Develop new brands with an eye on younger customers
- Strengthen apparel-derived brands
- Explore and execute domains other than apparel
- Expand corporate business

Global expansion

- Expand Taiwan business
- Initiate initiatives for the Chinese market
- Strengthen cross-border EC and wholesale



UA
DIGITAL
Strategy

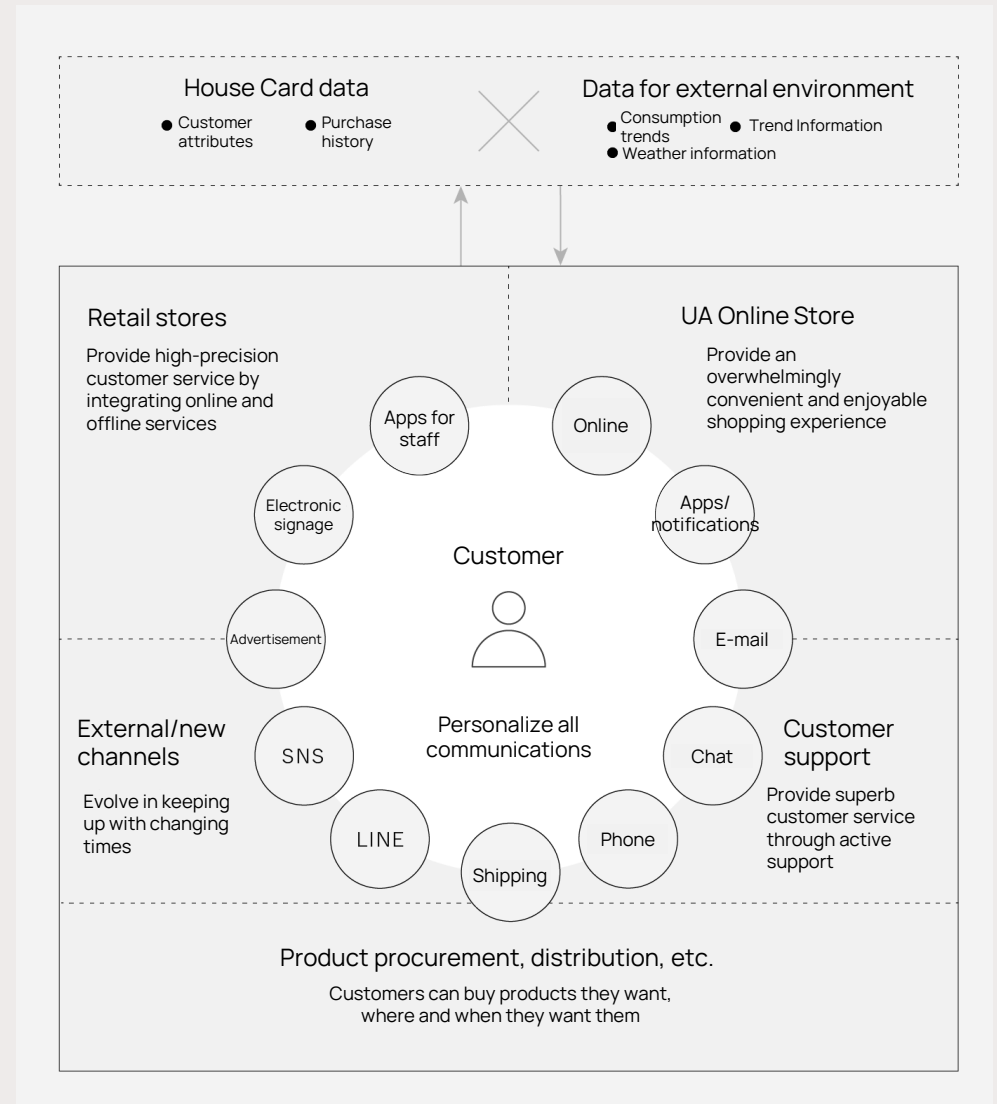
Promote OMO

Renovate the House Card program (CRM program)

- Change to a program that increases lifetime value (Customer Lifetime Value)

Redevelop the app for UNITED ARROWS Ltd. Online

- Steer more customers to retail stores and online stores using the app as a touchpoint



Optimize the supply chain

Upgrade the core product management system

- Build infrastructure for future business expansion
- Curtail lost sales opportunities and improve inventory efficiency by centralizing inventory information
- Strengthen cybersecurity measures

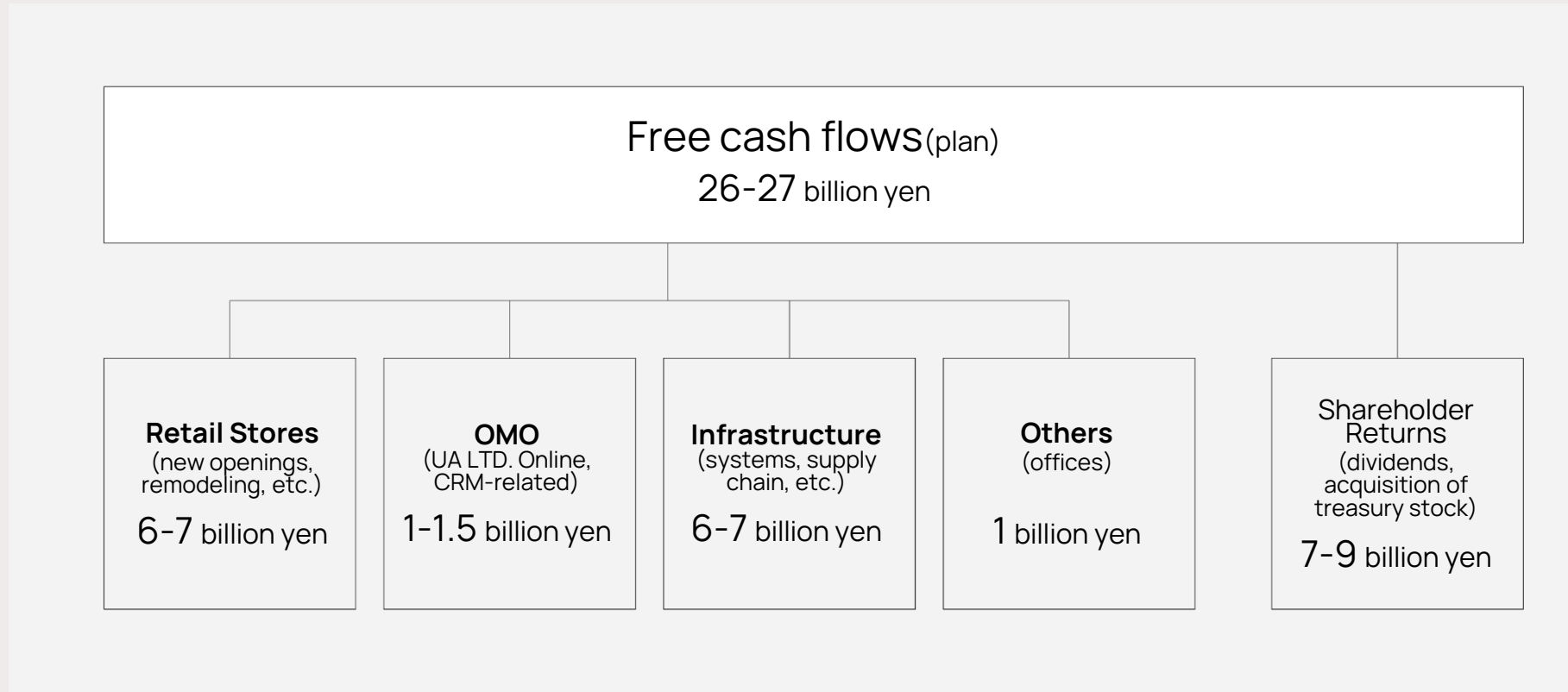
Digitization of product procurement

- Visualize status information from order to delivery
- Enhance efficiency in inventory management by improving the precision of inventory procurement

Reorganize distribution centers

- Build infrastructure for future business expansion

Capital allocation



Capital Allocation

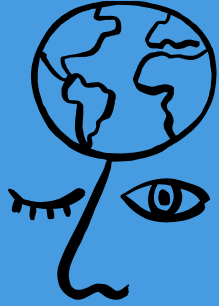
		Top-line growth				Improvement of gross margin			
		Sales expansion through the promotion of OMO	Resumption of new store opening	Development of new brands	Development of non-apparel businesses	Global expansion	Cost control	Improvement of the ratio of items sold at regular price	Enhancement of inventory efficiency
Store opening	Existing businesses		✓			✓			
	New brands		✓	✓	✓				
OMO	Renovate the House Card program	✓							
	Redevelop the app for UA LTD. Online	✓							
Infrastructure	Upgrade the product management system	✓		✓	✓			✓	
	Digitization of product procurement						✓	✓	
	Reorganize distribution centers	✓	✓	✓				✓	
Human capital	Investment in education, talent management	✓	✓	✓	✓	✓	✓	✓	

Store opening forecast

	As of the end of FY2023	Opened (plan)	Closed (plan)	Forecast for the end of FY2026
Consolidated, total	298	95-105	13	380-390
UNITED ARROWS LTD.	215	75-85	10	280-290
Existing businesses	215	65-75	10	270-280
New businesses	-	10	0	10
COEN CO., LTD.	75	10	3	82
UNITED ARROWS TAIWAN LTD.	8	10	0	18

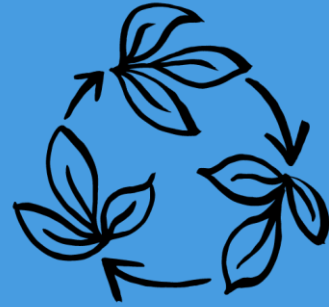
Appendix





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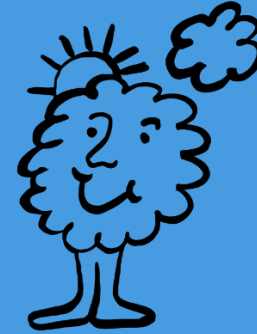
Sustainability Initiatives of
UNITED ARROWS



Circularity

Circular fashion

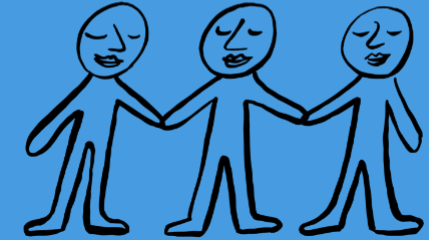
Positive impact on the earth with fashion, UNITED ARROWS LTD. aims to create fashion that is in harmony with nature and circular over and over again.



Carbon Neutrality

Toward a carbon-neutral world

To preserve our beautiful earth UNITED ARROWS LTD. works to create a carbon-neutral world in line with the Paris Agreement, an international framework.



Humanity

Work and live in a healthy way

For every stakeholder of UNITED ARROWS LTD. to smile. We will protect everyone's rights and create a healthy living environment.



SARROWS™

Sustainability Initiatives of
UNITED ARROWS



Circularity

Circular fashion

Disposal rate of products

2021	2030 TARGET
1.0%	0.1%

Percentage of environmentally conscious products

2021	2030 TARGET
2.0%	50%



Carbon Neutrality

Toward a carbon-neutral world

Reduction rate of CO₂ emissions

2021	2030 TARGET
10.8%	30%

Reduction rate of CO₂ emissions

2021	2030 TARGET
16.6%	15%

Ratio of renewable energy

2021	2030 TARGET
3.2%	50%



Humanity

Work and live in a healthy way

Rate of Code of Conduct for Business Partners consent forms obtained

2021	2030 TARGET
11.6%	100%

Employee engagement scores

2021	2030 TARGET
70%	80%