For the Fiscal Year Ended March 31, 2023

Financial Results Briefing

2023.05.10 UNITED ARROWS LTD.

UNITED ARROWS LTD.

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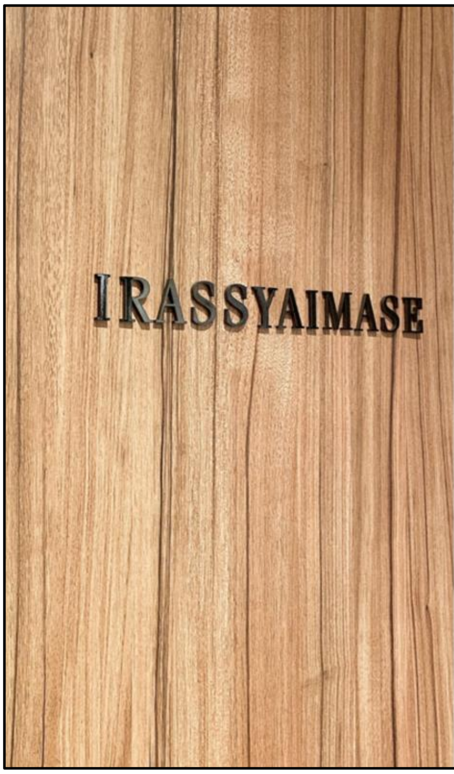

Cautionary Statement

Earnings forecasts and descriptions other than objective facts contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of the date of this report and, therefore, include risks and uncertainties. Actual earnings may differ materially from forecasts due to global economic trends, market conditions and other factors. Investors are asked to refrain from making investment decisions based solely on the information contained in this document.

Use of Abbreviations

Abbreviations may be used for the following businesses/store brands:

UNITED ARROWS — UA
BEAUTY&YOUTH UNITED ARROWS — BY/BEAUTY&YOUTH
UNITED ARROWS green label relaxing — GLR/green label relaxing

Trend-conscious Market and Basic Trend-conscious Market include the following store brands:

Trend-conscious Market
UA, BY, DRAWER, Odette e Odile, BLAMINK, ROKU, and STEVEN ALAN
Basic Trend-conscious Market
GLR, and CITEN

Click here for Shared Research Inc. research report.

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Overview of FY23 Business Results

Summary

Sales and gross margin exceeded revised plan, absorbing the increase in SGA expenses due to special bonus, etc., and each income below operating income also exceeded revised plan

Consolidated

Sales
¥130,135 million
vs. FY2020 93.4%*1
vs. FY2022 109.9%

Gross margin
51.6 %
vs. FY2020 +0.8pt
vs. FY2022 +1.7pt

SGA expenses
¥60,816 million (vs. Sales: 46.7%)
vs. FY2020 85.4%, +1.5pt
vs. FY2022 105.9%, -1.8pt

Operating income
¥6,362 million (4.9% vs. Sales:)
vs. FY2020 72.6%, -0.7pt
vs. FY2022 378.0%, +3.5pt

Net income attributable to owners of parent
¥4,341 million (3.3% vs. Sales:)
vs. FY2020 123.2%, +1.1pt
vs. FY2022 592.6%, +2.7pt

Major shareholder indicators
Annual dividend ¥47 (payout ratio: 30.8%)
DOE 4.0 %
ROE 13.6 %

Non-consolidated

Sales
¥118,434 million
vs. FY2020 94.2% *2
vs. FY2022 110.2%

Gross margin
51.4%
vs. FY2020 +1.2pt
vs. FY2022 +1.7pt

Existing stores YoY sales 111.2 %
Avg. spend per customer 100.8 %
Number of purchasing customers 110.3 %

*1: Calculated excluding the impact of changes in consolidation structure and revenue recognition standards
*2: Calculated excluding the impact of change in revenue recognition standards

Non-consolidated sales

By Channel		vs. FY2020	vs. FY2022
Business Unit	¥**98,790** million (vs. Sales: 82.6%)	90.9%*2	109.8%, -0.4pt
Retail	¥**66,641** million (vs. Sales: 55.7%)	82.2%, -6.9pt	113.3%, +1.5pt
Online	¥**30,358** million (vs. Sales: 25.4%)	103.9%, +2.8pt	102.0%, -2.1pt
Outlet, etc.	¥**20,758** million (vs. Sales: 17.4%)	113.8%, +3.3pt	113.2%, +0.4pt

By Business		vs. FY2020	vs. FY2022
Trend-Conscious Market	¥**65,063** million	92.4%*2	109.4%
Basic Trend-Conscious Market	¥**33,726** million	88.3%*2	110.5%

*2: Calculated excluding the impact of change in revenue recognition standards

BS

Balance of short- and long-term loans payable
¥2,504 million
vs. FY2022-End 32.1%

Inventory
¥20,639 million
vs. FY2022-End 100.5%

Opening and Closing of Stores

Full-year results
Opened **7** Closed **19**

No. of stores as of period-end **298**
(down 17.0% from the end of March 2020)

COEN CO., LTD.

Sales
¥10.7billion
vs. FY2020 80.6%*2
vs. FY2022 102.7%

*2: Calculated excluding the impact of change in revenue recognition standards

UNITED ARROWS TAIWAN LTD.

Sales
¥1.5 billion
vs. FY2020 173.9%
vs. FY2022 129.2%

Consolidated P/L

(Millions of yen)

		FY2020	FY2022	FY2023	Change/pt difference	Compared with 3 years ago	Change/pt difference	YoY
Sales		157,412	118,384	130,135	(27,276)	82.7%	11,751	109.9%
Excluding the impact of the change in consolidation structure*		-	-	-	-	90.8%	-	-
Excluding the impact of the change in revenue recognition standards		-	-	-	-	85.1%	-	-
Excluding the impact of both changes		-	-	-	-	93.4%	-	-
Gross profit		79,983	59,090	67,178	(12,804)	84.0%	8,087	113.7%
	vs. Sales	50.8%	49.9%	51.6%	0.8pt	-	1.7pt	-
SGA expenses		71,224	57,407	60,816	(10,408)	85.4%	3,408	105.9%
	vs. Sales	45.2%	48.5%	46.7%	1.5pt	-	-1.8pt	-
Operating income		8,758	1,683	6,362	(2,395)	72.6%	4,679	378.0%
	vs. Sales	5.6%	1.4%	4.9%	-0.7pt	-	3.5pt	-
Non op. P/L		44	1,144	538	493	1201.2%	(606)	47.0%
	vs. Sales	0.0%	1.0%	0.4%	0.4pt	-	-0.6pt	-
Ordinary income		8,803	2,827	6,900	(1,902)	78.4%	4,073	244.1%
	vs. Sales	5.6%	2.4%	5.3%	-0.3pt	-	2.9pt	-
Extraordinary P/L		(2,582)	(1,068)	(352)	2,229	-	715	-
	vs. Sales	-	-	-	-	-	-	-
Net income attributable to owners of parent		3,522	732	4,341	819	123.2%	3,609	592.6%
	vs. Sales	2.2%	0.6%	3.3%	1.1pt	-	2.7pt	-

UNITED ARROWS LTD.

Sales were ¥130,135 million, 109.9% YoY, 82.7% from 3 years ago, or 93.4% from 3 years ago if the impact of the change in consolidation structure and revenue recognition standards is excluded.

Gross profit was ¥67,178 million, 113.7% YoY, and 84.0% from 3 years ago, and vs. sales were 51.6%, up 1.7pt YoY, and up 0.8pt from 3 years ago.

SGA expenses were ¥60,816 million, 105.9% YoY, and 85.4% from 3 years ago, and vs. sales were 46.7%, down 1.8pt YoY and up 1.5pt from 3 years ago.

Operating income was ¥6,362 million, 378.0% YoY and 72.6% from 3 years ago, and vs. sales were 4.9%, up 3.5pt YoY and down 0.7pt from 3 years ago.

Ordinary income was ¥6,900 million, 244.1% YoY, and 78.4% from 3 years ago, and vs. sales were 5.3%, up 2.9pt YoY, and down 0.3pt from 3 years ago.

Approximately ¥352 million was recorded as an extraordinary loss, and net income attributable to owners of parent was ¥4,341 million, 592.6% YoY and 123.2% from 3 years ago. Vs. sales were 3.3%, up 2.7pt YoY, and up 1.1pt from 3 years ago.

Sales and gross margin exceeded the previous year, absorbing the increase in SGA expenses due to payment of special bonus, etc., and each income below operating income also exceeded the previous year.

Consolidated P/L 4Q (3 months)

(Millions of yen)

		FY2020 4Q	FY2022 4Q	FY2023 4Q	Change/pt difference	Compared with 3 years ago	Change/pt difference	YoY
Sales		38,319	31,479	34,042	(4,276)	88.8%	2,563	108.1%
Excluding the impact of the change in consolidation structure*		-	-	-	-	96.7%	-	-
Excluding the impact of the change in revenue recognition standards		-	-	-	-	91.5%	-	-
Excluding the impact of both changes		-	-	-	-	99.6%	-	-
Gross profit		17,322	14,688	16,543	(778)	95.5%	1,855	112.6%
	vs. Sales	45.2%	46.7%	48.6%	3.4pt	-	1.9pt	-
SGA expenses		17,449	14,842	16,569	(880)	95.0%	1,726	111.6%
	vs. Sales	45.5%	47.1%	48.7%	3.1pt	-	1.5pt	-
Operating income		(127)	(154)	(25)	102	-	128	-
	vs. Sales	-	-	-	-	-	-	-
Non op. P/L		24	322	194	170	799.3%	(127)	60.4%
	vs. Sales	0.1%	1.0%	0.6%	0.5pt	-	- 0.5pt	-
Ordinary income		(102)	167	169	272	-	1	100.8%
	vs. Sales	-	0.5%	0.5%	-	-	- 0.0pt	-
Extraordinary P/L		(1,536)	(629)	(53)	1,482	-	575	-
	vs. Sales	-	-	-	-	-	-	-
Net income attributable to owners of parent		(1,164)	(563)	1	1,166	-	564	-
	vs. Sales	-	-	0.0%	-	-	-	-

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FY23 P/L vs. Revised Plan

(Millions of yen)

		FY2023 Revised plan	FY2023 Results	vs. Revised plan Change/vs. sales pt difference	
Sales		130,000	130,135	135	100.1%
Gross profit		66,560	67,178	618	100.9%
	vs. Sales	51.2%	51.6%	0.4pt	-
SGA expenses		60,560	60,816	256	100.4%
	vs. Sales	46.6%	46.7%	0.1pt	-
Operating income		6,000	6,362	362	106.0%
	vs. Sales	4.6%	4.9%	0.3pt	-
Non op. P/L		500	538	38	107.6%
	vs. Sales	0.4%	0.4%	0.0pt	-
Ordinary income		6,500	6,900	400	106.2%
	vs. Sales	5.0%	5.3%	0.3pt	-
Extraordinary P/L		(470)	(352)	117	-
	vs. Sales	-	-	-	-
Net income attributable to owners of parent		4,120	4,341	221	105.4%
	vs. Sales	3.2%	3.3%	0.2pt	-

UNITED ARROWS LTD.

In terms of vs. revised plan, sales and gross margin also exceeded the plan, absorbing the increase in SGA expenses due to payment of special bonus, etc., and each income below operating income also exceeded the plan.

FY23 4Q (3 months) P/L vs. Revised Plan

(Millions of yen)

		FY2023 4Q Revised plan	FY2023 4Q Results	vs. Revised plan Change/vs. sales pt difference	
Sales		33,906	34,042	135	100.4%
Gross profit		15,924	16,543	618	103.9%
	vs. Sales	47.0%	48.6%	1.6pt	-
SGA expenses		16,312	16,569	256	101.6%
	vs. Sales	48.1%	48.7%	0.6pt	-
Operating income		(387)	(25)	362	-
	vs. Sales	-	-	-	-
Non op. P/L		156	194	38	124.4%
	vs. Sales	0.5%	0.6%	0.1pt	-
Ordinary income		(231)	169	400	-
	vs. Sales	-	0.5%	1.2pt	-
Extraordinary P/L		(170)	(53)	117	-
	vs. Sales	-	-	-	-
Net income attributable to owners of parent		(220)	1	221	-
	vs. Sales	-	0.0%	-	-

Consolidated Gross Margin

	FY2023	Compared with 3 years ago Pt difference	YoY Pt difference
Consolidated results	51.6%	0.8pt	1.7pt
Excluding the impact of the change in revenue recognition standards	52.0%	1.2pt	-
UNITED ARROWS LTD.	51.4%	1.2pt	1.7pt
Excluding the impact of the change in revenue recognition standards	51.7%	1.5pt	-
Total business unit sales	-	2.1pt	1.8pt
Outlet, etc.	-	-0.2pt	2.5pt
COEN CO., LTD.	-	-0.3pt	1.5pt
Excluding the impact of the change in revenue recognition standards	-	1.1pt	-
UNITED ARROWS TAIWAN LTD.	-	11.3pt	3.2pt

Consolidated gross margin was 51.6%, up 1.7 pt YoY, up 0.8pt compared with 3 years ago, or 52.0%, up 1.2pt from 3 years ago, if the impact of the change in revenue recognition standards is excluded.

Gross margin of UNITED ARROWS LTD. was 51.4%, up 1.7pt YoY, and up 1.2pt compared with 3 years ago, or 51.7%, up 1.5pt from 3 years ago, if the impact of the change in revenue recognition standards is excluded.
Total business unit also exceeded the level of the previous year and that of 3 years ago, showing the results of strengthening fixed-price sales.
Outlet improved year-on-year, although it did not reach the level of 3 years ago due to the lingering impact of the consumption of inventory from COVID-19 pandemic period.

COEN CO., LTD. improved by 1.5pt from the previous year due to curtail of discount price sales and others and decreased by 0.3pt from 3 years ago, or improved 1.1 pt from 3 years ago, excluding the impact of the change in revenue recognition standards.

The Taiwanese subsidiary improved both from the previous year and from 3 years ago.

Consolidated Gross Margin 4Q (3 months)

	FY2023 4Q	Compared with the same period 3 years ago Pt difference	YoY Pt difference
Consolidated results	48.6%	3.4pt	1.9pt
Excluding the impact of the change in revenue recognition standards	49.1%	3.9pt	-
UNITED ARROWS LTD.	48.5%	4.5pt	1.9pt
Excluding the impact of the change in revenue recognition standards	48.9%	4.9pt	-
Total business unit sales	-	4.9pt	1.3pt
Outlet, etc.	-	1.9pt	4.9pt
COEN CO., LTD.	-	0.2pt	2.1pt
Excluding the impact of the change in revenue recognition standards	-	1.7pt	-
UNITED ARROWS TAIWAN LTD.	-	14.7pt	0.9pt

Gross margin 4Q (three months) improved both from the previous year and from 3 years ago despite the impact of currency fluctuations.

Consolidated SGA Expenses

(Millions of yen)

		FY2020	FY2022	FY2023	Change/pt difference	Compared with 3 years ago	Change/pt difference	YoY
Total SGA expenses		71,224	57,407	60,816	(10,408)	85.4%	3,408	105.9%
	vs Sales	45.2%	48.5%	46.7%	1.5pt	-	-1.8pt	-
Excluding the impact of the change in revenue recognition standards		-	59,332	63,240	(7,983)	88.8%	3,908	106.6%
	vs Sales	-	48.8%	47.2%	2.0pt	-	-1.6pt	-
Advertising expenses		4,263	2,575	3,008	(1,254)	70.6%	433	116.8%
	vs Sales	2.7%	2.2%	2.3%	-0.4pt	-	0.1pt	-
Excluding the impact of the change in revenue recognition standards		-	4,500	5,433	1,170	127.5%	933	120.7%
	vs Sales	-	3.7%	4.1%	1.3pt	-	0.4pt	-
Personnel expenses		25,055	20,372	21,412	(3,643)	85.5%	1,040	105.1%
	vs Sales	15.9%	17.2%	16.4%	0.5pt	-	-0.8pt	-
Rent		22,545	19,220	18,552	(3,993)	82.3%	(668)	96.5%
	vs Sales	14.3%	16.2%	14.3%	-0.1pt	-	-2.0pt	-
Depreciation		1,946	1,099	873	(1,072)	44.9%	(225)	79.5%
	vs Sales	1.2%	0.9%	0.7%	-0.6pt	-	-0.3pt	-
Other		17,413	14,140	16,969	(443)	97.5%	2,828	120.0%
	vs Sales	11.1%	11.9%	13.0%	2.0pt	-	1.1pt	-

UNITED ARROWS LTD.

The amount and rate of SGA expenses are as explained earlier.

Excluding the impact of the change in revenue recognition standards, SGA expenses were ¥63,240 million, 88.8% compared with 3 years ago. Vs. sales were 47.2%, up 2.0pt from 3 years ago.

Advertising expenses were ¥3,008 million, 116.8% YoY, and 70.6% compared with 3 years ago, and vs. sales were 2.3%, up 0.1pt YoY and down 0.4pt from 3 years ago. Excluding the impact of the change in revenue recognition standards, the amount was ¥5,433 million, 127.5% of 3 years ago, and vs. sales were 4.1%, up 0.4pt YoY, and up 1.3pt from 3 years ago.

Personnel expenses were ¥21,412 million, 105.1% YoY and 85.5% compared with 3 years ago. They decreased due to natural attrition of personnel, but in addition to an increase in bonuses due to the business recovery, about ¥650 million in special bonuses was recorded as a measure to give back to employees who exceeded the initial plan and endured the COVID pandemic. The decrease from 3 years ago was due to changes in the consolidation structure and a reduction in the number of employees due to natural attrition.

Rent was ¥18,552 million, 96.5% YoY and 82.3% compared with 3 years ago. Although store rent increased due to the recovery of retail stores, the commission paid to the management company of our own EC site has been removed from the rent and transferred to other items in line with the renewal.

Others were ¥16,969 million, 120.0% YoY, and 97.5% compared with 3 years ago, including an increase in variable expenses due to a recovery in sales and an increase in expenses associated with the renewal of our EC site.

Consolidated SGA Expenses 4Q (3 months)

(Millions of yen)

	FY2020 4Q	FY2022 4Q	FY2023 4Q	Change/pt difference	Compared with 3 years ago	Change/pt difference	YoY
Total SGA expenses	17,450	14,842	16,569	(881)	95.0%	1,726	111.6%
vs. Sales	45.5%	47.1%	48.7%	3.1pt	-	1.5pt	-
Excluding the impact of the change in revenue recognition standards	-	15,350	17,237	(212)	98.8%	1,887	112.3%
vs. Sales	-	47.6%	49.2%	3.6pt	-	1.6pt	-
Advertising expenses	1,041	806	884	(157)	84.9%	77	109.6%
vs. Sales	2.7%	2.6%	2.6%	-0.1pt	-	0.0pt	-
Excluding the impact of the change in revenue recognition standards	-	1,314	1,552	510	149.0%	238	118.1%
vs. Sales	-	4.1%	4.4%	1.7pt	-	0.4pt	-
Personnel expenses	5,947	5,133	5,983	35	100.6%	849	116.6%
vs. Sales	15.5%	16.3%	17.6%	2.1pt	-	1.3pt	-
Rent	5,756	4,988	4,865	(890)	84.5%	(122)	97.5%
vs. Sales	15.0%	15.8%	14.3%	-0.7pt	-	-1.6pt	
Depreciation	490	259	220	(269)	45.0%	(38)	85.1%
vs. Sales	1.3%	0.8%	0.6%	-0.6pt	-	-0.2pt	-
Other	4,214	3,654	4,615	401	109.5%	960	126.3%
vs. Sales	11.0%	11.6%	13.6%	2.6pt	-	1.9pt	-

UNITED ARROWS LTD.

As regards the consolidated SGA expenses for 4Q (3 months), personnel expenses increased significantly from the previous year due to an increase in bonuses associated with a recovery in business performance, as well as a special bonus of about ¥650 million, which was recorded as a measure to give back to employees who exceeded the plan formulated at the beginning of the term and endured the COVID pandemic.

Non-consolidated Sales by Channel

(Millions of yen)

	FY2020	FY2022	FY2023	Change/pt difference	Compared with 3 years ago	Change/pt difference	YoY
Non-consolidated sales	129,402	107,482	118,434	(10,968)	91.5%	10,951	110.2%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	94.2%	-	-
Total business unit sales	111,162	90,000	98,790	(12,372)	88.9%	8,789	109.8%
vs. Sales	85.9%	83.1%	82.6%	-3.3pt	-	-0.4pt	-
Excluding the impact of the change in revenue recognition standards	-	-	-	-	90.9%	-	-
Retail	81,026	58,818	66,641	(14,384)	82.2%	7,823	113.3%
vs. Sales	62.6%	54.3%	55.7%	-6.9pt	-	1.5pt	-
Online	29,217	29,763	30,358	1,141	103.9%	595	102.0%
vs. Sales	22.6%	27.5%	25.4%	2.8pt	-	-2.1pt	-
Others (Wholesale, etc.)	918	1,417	1,789	871	194.9%	371	126.2%
vs. Sales	0.7%	1.3%	1.5%	0.8pt	-	0.2pt	-
Outlet, etc.	18,240	18,338	20,758	2,518	113.8%	2,419	113.2%
vs. Sales	14.1%	16.9%	17.4%	3.3pt	-	0.4pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	111.2%	100.8%	110.3%
Retail	116.3%	107.3%	108.4%
Online	101.7%	91.2%	108.8%

UNITED ARROWS LTD.

Non-consolidated sales were ¥118,434 million, 110.2% YoY, 91.5% compared with 3 years ago, or 94.2% from 3 years ago, if the impact of the change in revenue recognition standards is excluded.

Total business unit sales were ¥98,790 million, 109.8% YoY, 88.9% compared with 3 years ago, or 90.9% from 3 years ago if the impact of the change in revenue recognition standards is excluded.

Retails were ¥66,641 million, 113.3% YoY, and 82.2% compared with 3 years ago.

Online was ¥30,358 million, 102.0% YoY, and 103.9% compared with 3 years ago, and vs. sales were 25.4%, up 2.8pt from 3 years ago.

Existing store sales year on year exceeded the previous year's level for both retail and online, with retail + online at 111.2%, and average spend per customer at 110.3%, up from the previous year due to controlled sales measures and price revisions.

Outlet, etc. were ¥20,758 million, 113.2% YoY and 113.8% from 3 years ago, and vs. sales were 17.4%.

Non-consolidated Sales by Business

(Millions of yen)

	FY2020	FY2022	FY2023	Change/pt difference	Compared with 3 years ago	Change/pt difference	YoY
Total business unit sales	111,162	90,000	98,790	(12,372)	88.9%	8,789	109.8%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	90.9%	-	-
Trend-Conscious Market	72,449	59,482	65,063	(7,386)	89.8%	5,581	109.4%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	92.4%	-	-
Basic Trend-Conscious Marke	38,712	30,517	33,726	(4,985)	87.1%	3,208	110.5%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	88.3%	-	-

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-Conscious Market	110.4%	116.0%	99.4%
Basic Trend-Conscious Mar	112.7%	116.8%	105.7%

Trend-Conscious Market centered on UA and BY had sales of ¥65,063 million, 109.4% YoY, 89.8% from 3 years ago, or 92.4% from 3 years ago if the impact of the change in revenue recognition standards is excluded.

Basic Trend-Conscious Market centered on GLR had sales of ¥33,726 million, 110.5% YoY, 87.1% from 3 years ago, or 88.3% from 3 years ago, if the impact of the change in revenue recognition standards is excluded.

In both markets, sales at existing stores for retail and online exceeded the previous year’s level.

Consolidated BS

(Millions of yen)

	As of Mar. 31, 2022	As of Mar. 31, 2023	Change	vs. previous term-end
Total Assets	59,703	61,184	1,480	102.5%
Composition ratio	100.0%	100.0%	-	-
Current Assets	38,475	41,604	3,128	108.1%
Composition ratio	64.4%	68.0%		-
Noncurrent Assets	21,228	19,580	(1,648)	92.2%
Composition ratio	35.6%	32.0%		-
Current Liabilities	25,437	23,451	(1,985)	92.2%
Composition ratio	42.6%	38.3%		-
Noncurrent Liabilities	4,197	4,030	(166)	96.0%
Composition ratio	7.0%	6.6%		-
Total Net Assets	30,069	33,702	3,632	112.1%
Composition ratio	50.4%	55.1%		-
Reference: Balance of short- and long-term loans payable	7,800	2,504	(5,296)	32.1%
Reference: Inventory	20,546	20,639	92	100.5%

UNITED ARROWS LTD.

Total assets were ¥61,184 million, 102.5% from the end of previous period.

Current assets were ¥41,604 million, or 108.1% from the end of the previous period, due to increases in cash and deposits and other current assets.

Noncurrent assets were ¥19,580 million, or 92.2% from the end of the previous period, due to an increase in intangible assets as a result of preparations for core system renovations, decreases in property, plant and equipment, and security deposits due to the closing of unprofitable stores and depreciation, and a decrease in deferred tax assets.

Current liabilities were ¥23,451 million, 92.2% of the end of the previous period, due to increases in notes and accounts payable, income taxes payable, and provision for bonuses, and a decrease in short-term loans payable.

Noncurrent liabilities were ¥4,030 million, 96.0% from the end of the previous period, mainly due to a decrease in asset retirement obligations associated with the closing of stores.

Total net assets were ¥33,702 million, 112.1% compared with the end of the previous period, due to an increase in retained earnings and a decrease due to the payment of dividends.

The balance of short- and long-term loans payable was ¥2,504 million, 32.1% of the end of the previous period.

Inventory totaled ¥20,639 million, 100.5% from the end of the previous period. Although it exceeded year on year, being kept below the level of sales growth.

Consolidated CF

(Millions of yen)

	FY2022	FY2023	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	5,828	10,588		
Cash flows from operating activities	6,891	10,258	Income before income taxes Increase in provision for bonuses Increase in trade receivables Equity in earnings of affiliates	6,548 1,216 (825) (348)
Cash flows from investing activities	215	(1,255)	Sale of investments in affiliates Collection of guarantee deposits Acquisition of long-term prepaid expenses Purchases of intangible fixed assets	1,102 539 (1,431) (768)
Cash flows from financing activities	(8,000)	(5,979)	Decrease in short-term loans payable Dividends paid	(5,296) (683)
Cash and cash equivalents at the end of the period	5,593	8,562		

Cash flows from operating activities increased cash of ¥10,258 million, cash flows from investing activities decreased cash of ¥1,255 million, cash flows from financing activities decreased cash of ¥5,979 million, and cash and cash equivalents were ¥8,562 million.

The main breakdown of each item is as shown on the slide.

COEN CO., LTD.

February – January

Saw increase in both revenue and income

- Sales were ¥10.7 billion, 102.7% YoY, 78.3% compared with 3 years ago, (80.6% from 3 years ago, excluding the impact of change in revenue recognition standards)
- Gross margin improved by curtailing discount price sales, but sales and profits fell short of plan
- Aiming for improvement by switching to products with revised targets from June 2023

UNITED ARROWS TAIWAN LTD.

February – January

Saw increase in both revenue and income

- Sales were ¥1.5 billion, 129.2% YoY, 173.9% compared with 3 years ago
- Significant improvement in both sales and gross margin achieved full-year profitability
- Aiming for further sales and profit growth in the new fiscal year

Opening and Closing of Stores

Opened 7 Closed 19 No. of stores as of period-end 298 *Down 17.0% from end of March 2020

	No. of stores at the previous period-end	Opened	Closed	No. of stores at the period-end
Total Group	310	7	19	298
UNITED ARROWS LTD.	216	4	5	215
COEN CO., LTD.	87	2	14	75
UNITED ARROWS TAIWAN LTD.	7	1	0	8

UNITED ARROWS LTD. Retail Stores Opened/Closed

	No. of stores at the previous period-end	Opened	Closed	No. of stores at the period-end
UNITED ARROWS LTD. Total	216	4	5	215
Trend-Conscious Market Total	106	1	3	104
UNITED ARROWS (General Merchandise Store)	14	0	0	14
UNITED ARROWS	24	0	0	24
BEAUTY&YOUTH	36	1	0	37
Other	32	0	3	29
Basic Trend-Conscious Market Total	84	2	1	85
Green label relaxing	84	1	1	84
Other	0	1	0	1
Outlet	26	1	1	26

*STEVEN ALAN OSAKA is recognized as an annex to each BY store and not included in the number of stores above.

02

Overview of FY24 Business Plan

Consolidated Business Plan

(Millions of yen)

		FY2023 Results	FY 2024 Plan	YoY Change/vs. sales pt difference	
Sales		130,135	138,300	8,164	106.3%
Gross profit		67,178	72,100	4,921	107.3%
	vs. Sales	51.6%	52.1%	0.5pt	-
SGA expenses		60,816	65,100	4,283	107.0%
	vs. Sales	46.7%	47.1%	0.3pt	-
Operating income		6,362	7,000	637	110.0%
	vs. Sales	4.9%	5.1%	0.2pt	-
Non op. P/L		538	420	(118)	78.0%
	vs. Sales	0.4%	0.3%	-0.1pt	-
Ordinary income		6,900	7,420	519	107.5%
	vs. Sales	5.3%	5.4%	0.1pt	-
Extraordinary P/L		(352)	(370)	(17)	-
	vs. Sales	-	-	-	-
Net income attributable to owners of parent		4,341	4,830	488	111.2%
	vs. Sales	3.3%	3.5%	0.2pt	-

UNITED ARROWS LTD.

For the fiscal year ending March 31, 2024, we forecast sales of ¥138,300 million, 106.3% YoY, and gross margin of 52.1%, up 0.5pt from the previous year. Gross margin is expected to improve from the previous fiscal year in both the first half and the second half.
SGA expenses will be¥65,100 million, 107.0% YoY and vs. sales will be 47.1%, up 0.3pt from the previous year.

Operating income will be ¥7,000 million, 110.0% YoY and vs. sales will be 5.1%, up 0.2pt from the previous fiscal year.

Ordinary income will be ¥7,420 million, 107.5% YoY and vs. sales will be 5.4%, up 0.1pt from the previous fiscal year.

Recording of ¥370 million in extraordinary loss is planned, and net income attributable to owners of parent will be ¥4,830 million, 111.2% YoY.

Dividends are expected to be ¥55 for the full year, with an interim dividend of ¥17 and a year-end dividend of ¥38, for an expected dividend payout ratio of 32.4%.

Non-consolidated Sales Plan

(Millions of yen)

	FY2024 1H	YoY	FY2024 2H	YoY	FY2024 Full	YoY
Non-consolidated sales	54,562	104.9%	70,812	106.6%	125,375	105.9%
Retail + Online Existing Stores	-	106.3%	-	108.1%	-	107.3%
Retail Existing Stores	-	104.9%	-	106.0%	-	105.5%
Online Existing Stores	-	109.4%	-	112.4%	-	111.1%

*The plan includes the impact of the change in revenue recognition standards for non-consolidated sales only.

UNITED ARROWS LTD.

Non-consolidated sales are expected to be ¥125,375 million, 105.9% YoY.
The year-on-year comparison of existing store sales for both retail and online is expected to be 107.3% for the full year, 105.5% for retail, and 111.1% for online.

The plan includes the impact of the change in revenue recognition standards for non-consolidated sales only.

Store Opening/Closing Plan

Opening 9 Closing 7

No. of stores as of period-end 300

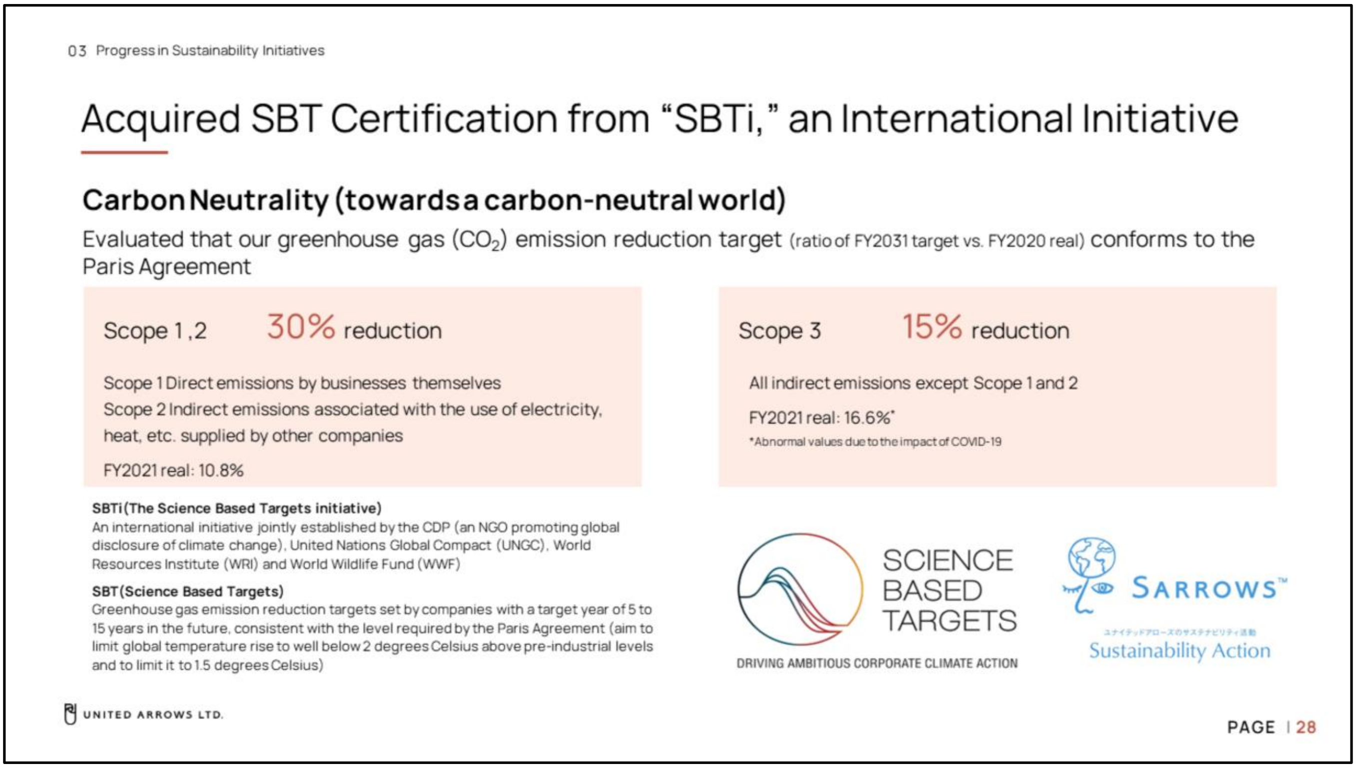
	No. of stores at the previous period-end	Opened	Closed	No. of stores as of period-end (forecast)
Total Group	298	9	7	300
UNITED ARROWS LTD.	215	9	4	220
COEN CO., LTD.	75	0	3	72
UNITED ARROWS TAIWAN LTD.	8	0	0	8

Opening 9 stores and closing 7 stores during the full year. No. of stores as of the term-end will be 300.

UNITED ARROWS LTD. will open 9 stores, and close 4 stores, and the number of stores as of the term-end will be 220. COEN CO., LTD. will close 3 stores, resulting in 72 stores as of the term-end. The Taiwanese subsidiary will maintain the 8-store structure.

03

Progress in Sustainability Initiatives



As announced in a release dated May 8, 2023, UNITED ARROWS LTD. has applied for and obtained SBT (Science Based Targets) certification from the International Initiative "SBTi (The Science Based Targets initiative)." This was due to the evaluation that the greenhouse gas emission reduction targets set out in "Carbon Neutrality (towards a carbon-neutral world)," one of the targets of our sustainability activities "SARROWS," are in line with the Paris Agreement.

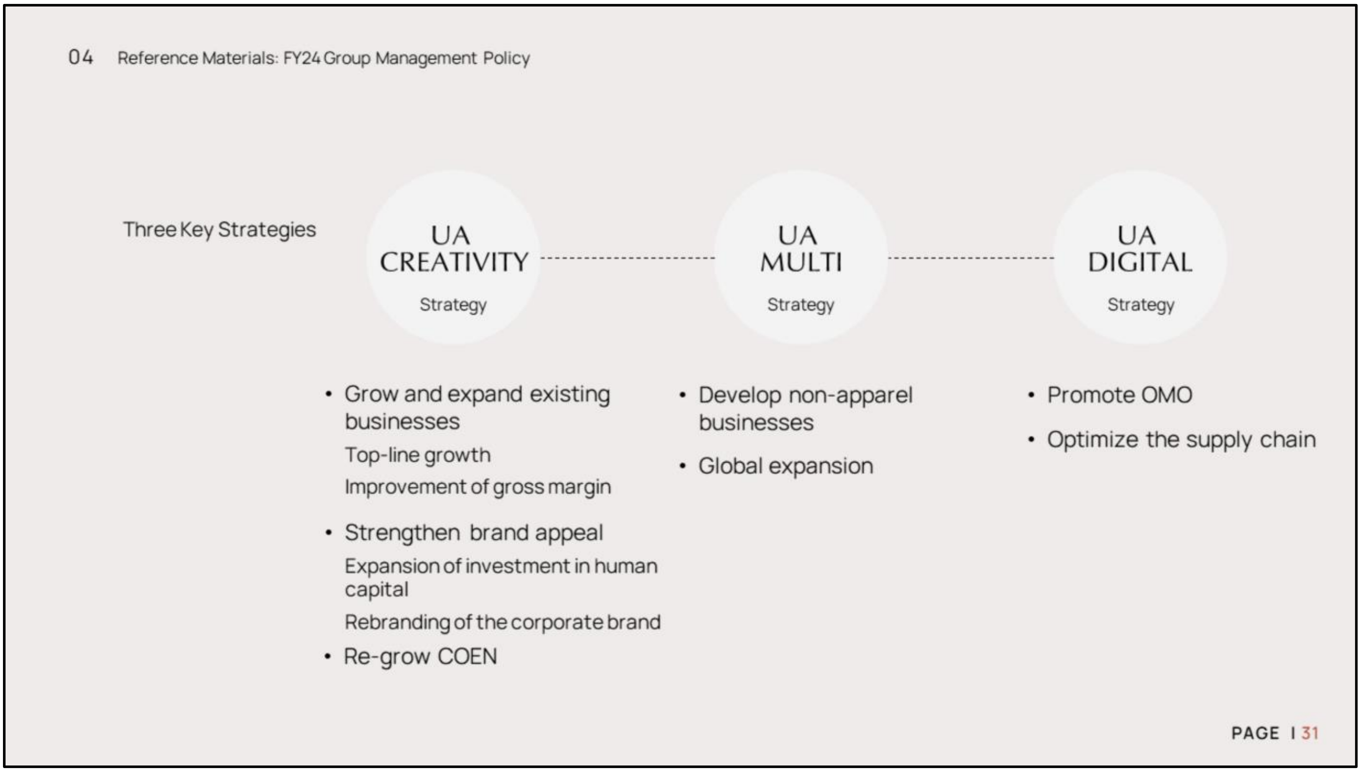
In April 2020, we set five themes and 16 materialities (important issues) as guidelines for promoting sustainability and set three action goals for 2030: "Circularity (circular fashion)," "Carbon Neutrality (toward a carbon-neutral world)," and "Humanity (work and live in a healthily)" with numerical targets tied to each category in August 2022.

In the "Carbon Neutrality (toward a carbon-neutral world)," we set the targets as follows: As Scope 1 and 2, "Reduce CO_2 emissions by 30% from fiscal 2019 levels by fiscal 2030," and as Scope 3, "Reduce CO_2 emissions by 15% from fiscal 2019 levels by fiscal 2030." These targets were rated highly and awarded SBT certification. Targets for Scope 1 and 2 are judged to be well below 2 degrees Celsius, and Scope 3 targets are judged to be below 2 degrees Celsius.

04

Reference Materials

The Group's management policy for the fiscal year ending March 2024, which is the first year of the Medium-Term Management Plan with the fiscal year ending March 2026 as the final year, is "Provide Excitement: Take Steps toward Providing New Value."



To realize this policy, we will promote three strategies: UA CREATIVITY strategy, UA MULTI strategy, and UA DIGITAL strategy.

Under the UA CREATIVITY strategy, we will work to grow our existing businesses by opening new stores and growing online sales, and to improve gross margins by enhancing the percent of items sold at standard price and setting appropriate prices. In addition, in order to strengthen the brand power, we will increase investment in human capital, such as expanding employee training, and prepare for the development of new brands that will create a new corporate image.

Under the UA MULTI strategy, we will prepare for developing new businesses, expanding our business in Taiwan, and access to the Chinese market.

Under the UA DIGITAL strategy, in addition to renovating the house card program to expand lifetime value (customer lifetime value), we will improve the functionality of our own EC site and promote OMO measures. To optimize the supply chain, we will proceed with preparations for the renewal of the core product management system.