

# Financial Results Briefing

for the First Half of  
Fiscal Year Ending March 2023

2022.11.07 UNITED ARROWS LTD.



**UNITED ARROWS LTD.**

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# IRASSYAIMASE

## 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.](#)



01

## Overview of FY23 1H Business Results

## Summary

Sales finished at planned levels, gross margin improved and SGA expenses were controlled, all income items including operating income exceeded planned levels

### Consolidated

Sales

**¥57,453 million**

Vs. FY2022/1H 113.9%

Vs. FY2020/1H 87.6%\*1

Gross margin

**52.0 %**

Vs. FY2022/1H +2.8pt

Vs. FY2020/1H +0.3pt

SGA expenses

**¥28,466 million (49.5%)**

Vs. FY2022/1H 103.7%, -4.9pt

Vs. FY2020/1H 82.2%, +3.1pt

Operating Income

**¥1,385 million (2.4%)**

Vs. FY2020/1H ¥4,034 million yen

Vs. FY2020/1H 35.5%, -2.8pt

Net Income Attributable to Parent Company

**¥1,074 million (1.9%)**

Vs. FY2020/1H 3,069 million yen

Vs. FY2020/1H 55.3%, -0.7pt

### Non-Consolidated

Sales

**¥51,996 million**

Vs. FY2022/1H 114.2%

Vs. FY2020/1H 88.0% \*2

Gross margin

**51.4%**

Vs. FY2022/1H +3.0pt

Vs. FY2020/1H +0.6pt

YoY change in existing stores

Sales **115.5 %**

Number of purchasing customers **101.8 %**

Avg. spend per customer **114.5 %**

\*Figures in parentheses are vs. Sales.

\*1: Calculated excluding the impact of changes to the consolidation structure and revenue recognition standards

\*2: Calculated excluding the impact of changes to revenue recognition standards

## Non-consolidated sales

By Channel		Vs. FY2020/1H	Vs. FY2022/1H
Business unit	<b>¥43,166</b> million (82.2%)	84.4%* <sup>2</sup>	113.4%, -0.9pt
Retail	<b>¥29,241</b> million (55.7%)	75.4%, -8.1pt	122.2%, +3.5pt
Online	<b>¥13,113</b> million (25.0%)	100.1%, +3.4pt	96.5%, -4.7pt
Outlet, etc.	<b>¥9,340</b> million (17.8%)	109.9%, +3.8pt	120.4%, +0.9pt
By Business		Vs. FY2020/1H	Vs. FY2022/1H
Trend-conscious Market	<b>¥28,783</b> million	85.9%* <sup>2</sup>	113.0%
Basic Trend-conscious Market	<b>¥14,383</b> million	81.4%* <sup>2</sup>	114.3%

\*Figures in parentheses are Vs. sales.

\*2: Calculated excluding the impact of changes to revenue recognition standards

## BS

Balance of short- and long-term loans payable

**¥5,600 million**

Vs. FY2022-End 71.8%

Inventory

**¥23,287 million**

Vs. FY20221H-End 100.8%

## Opening and Closing of Stores

1H Results

Opened **4** and Closed **4**

No. of stores as of 1H-end  
**310**

Full-year forecast

Opened **6** and Closed **19**

No. of stores as of period-end **297**  
(17% decrease from the end of March 2020)

## COEN CO., LTD.

Sales

**¥5.03 billion**

Vs. FY2022/1H 105.1%

Vs. FY2020/1H 79.2%\*2

## UNITED ARROWS TAIWAN LTD.

Sales

**¥0.66 billion**

Vs. FY2022/1H 152.5%

Vs. FY2020/1H 172.2%

\*2: Calculated excluding the impact of changes to revenue recognition standards

# Consolidated PL

(Millions of yen)

	FY2020 1H	FY2022 1H	FY2023 1H	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Sales	74,576	50,437	57,453	(17,123)	77.0%	7,015	113.9%
Excluding the impact of the change in consolidation structure*	—	—	—	—	85.2%	—	—
Excluding the impact of the change in revenue recognition standards	—	—	—	—	79.3%	—	—
Excluding the impact of both changes	—	—	—	—	87.6%	—	—
Gross Profit	38,521	24,801	29,852	(8,669)	77.5%	5,050	120.4%
vs. Sales	51.7%	49.2%	52.0%	0.3pt	—	2.8pt	—
SG&A Expenses	34,617	27,450	28,466	(6,150)	82.2%	1,016	103.7%
vs. Sales	46.4%	54.4%	49.5%	3.1pt	—	-4.9pt	—
Operating Income	3,903	(2,648)	1,385	(2,518)	35.5%	4,034	—
vs. Sales	5.2%	—	2.4%	-2.8pt	—	—	—
Non Op. P/L	(10)	466	324	335	—	(141)	69.6%
vs. Sales	—	0.9%	0.6%	—	—	-0.4pt	—
Ordinary Income	3,893	(2,182)	1,710	(2,182)	43.9%	3,892	—
vs. Sales	5.2%	—	3.0%	-2.2pt	—	—	—
Extraordinary income (loss)	(385)	(498)	(114)	270	—	383	—
vs. Sales	—	—	—	—	—	—	—
Net Income Attributable to Owners of Parent	1,942	(1,994)	1,074	(868)	55.3%	3,069	—
vs. Sales	2.6%	—	1.9%	-0.7pt	—	—	—



# Consolidated PL 2Q (3 months)

(Millions of yen)

	FY2020 2Q	FY2022 2Q	FY2023 2Q	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Sales	37,070	25,172	27,788	(9,281)	75.0%	2,615	110.4%
Excluding the impact of the change in consolidation structure*	—	—	—	—	83.6%	—	—
Excluding the impact of the change in revenue recognition standards	—	—	—	—	76.8%	—	—
Excluding the impact of both changes	—	—	—	—	85.7%	—	—
Gross Profit	17,989	11,803	13,671	(4,318)	76.0%	1,867	115.8%
vs. Sales	48.5%	46.9%	49.2%	0.7pt	—	2.3pt	—
SG&A Expenses	17,228	13,547	14,138	(3,089)	82.1%	590	104.4%
vs. Sales	46.5%	53.8%	50.9%	4.4pt	—	-2.9pt	—
Operating Income	760	(1,744)	(467)	(1,228)	—	1,277	—
vs. Sales	2.1%	—	—	—	—	—	—
Non Op. P/L	13	281	84	70	608.4%	(196)	30.1%
vs. Sales	0.0%	1.1%	0.3%	0.3pt	—	-0.8pt	—
Ordinary Income	774	(1,463)	(383)	(1,157)	—	1,080	—
vs. Sales	2.1%	—	—	—	—	—	—
Extraordinary income (loss)	(353)	(451)	(58)	294	—	392	—
vs. Sales	—	—	—	—	—	—	—
Net Income Attributable to Owners of Parent	28	(1,346)	(249)	(277)	—	1,097	—
vs. Sales	0.1%	—	—	—	—	—	—

# Consolidated Gross Margin

	FY2023 1H	Vs. same period 3 years ago pt difference	YoY change pt difference
Consolidated	52.0%	0.3pt	2.8pt
UNITED ARROWS LTD.	51.4%	0.6pt	3.0pt
Total Business Unit	-	2.0pt	3.9pt
Outlet, etc.	-	-2.7pt	3.6pt
COEN CO., LTD.	-	0.3pt	-0.1pt
UNITED ARROWS TAIWAN LTD.	-	9.2pt	4.1pt

# Consolidated Gross Margin 2Q (3 months)

	FY2023 2Q	Vs. same period 3 years ago pt difference	YoY change pt difference
Consolidated	49.2%	0.7pt	2.3pt
UNITED ARROWS LTD.	47.9%	1.0pt	2.1pt
Total Business Unit	-	2.3pt	3.5pt
Outlet, etc.	-	-4.2pt	2.8pt
COEN CO., LTD.	-	4.2pt	3.2pt
UNITED ARROWS TAIWAN LTD.	-	9.3pt	4.1pt

# Consolidated SG&A Expenses

(Millions of yen)

	FY2020 1H	FY2022 1H	FY2023 1H	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Total SG&A Expenses	34,617	27,450	28,466	(6,150)	82.2%	1,016	103.7%
vs. Sales	46.4%	54.4%	49.5%	3.1pt	-	-4.9pt	-
Excluding the impact of the change in revenue recognition standards	-	28,228	29,499	(5,117)	85.2%	1,271	104.5%
vs. Sales	-	54.4%	49.9%	3.5pt	-	-4.5pt	-
Advertising Expenses	1,715	1,105	1,294	(421)	75.5%	189	117.2%
vs. Sales	2.3%	2.2%	2.3%	-0.0pt	-	0.1pt	-
Excluding the impact of the change in revenue recognition standards	-	1,883	2,328	612	135.7%	0	123.6%
vs. Sales	-	3.6%	3.9%	1.6pt	-	0.3pt	-
Personnel Expenses	12,586	10,167	10,276	(2,310)	81.6%	108	101.1%
vs. Sales	16.9%	20.2%	17.9%	1.0pt	-	-2.3pt	-
Rent	10,756	8,924	8,597	(2,158)	79.9%	(326)	96.3%
vs. Sales	14.4%	17.7%	15.0%	0.5pt	-	-2.7pt	-
Depreciation	956	588	435	(520)	45.5%	(152)	74.0%
vs. Sales	1.3%	1.2%	0.8%	-0.5pt	-	-0.4pt	-
Other	8,602	6,664	7,862	(739)	91.4%	1,197	118.0%
vs. Sales	11.5%	13.2%	13.7%	2.2pt	-	0.5pt	-

# Consolidated SGA Expenses 2Q (3 months)

(Millions of yen)

	FY2020 2Q	FY2022 2Q	FY2023 2Q	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Total SG&A Expenses	17,228	13,547	14,138	(3,089)	82.1%	590	104.4%
vs. Sales	46.5%	53.8%	50.9%	4.4pt	-	-2.9pt	-
Excluding the impact of the change in revenue recognition standards	-	13,939	14,544	(2,683)	84.4%	605	104.3%
vs. Sales	-	53.8%	51.1%	4.6pt	-	-2.8pt	-
Advertising Expenses	846	605	711	(134)	84.1%	106	117.5%
vs. Sales	2.3%	2.4%	2.6%	0.3pt	-	0.2pt	-
Excluding the impact of the change in revenue recognition standards	-	997	1,117	271	132.1%	120	112.1%
vs. Sales	-	3.9%	3.9%	1.6pt	-	0.1pt	-
Personnel Expenses	6,240	4,819	5,153	(1,087)	82.6%	333	106.9%
vs. Sales	16.8%	19.1%	18.5%	1.7pt	-	-0.6pt	-
Rent	5,420	4,502	4,173	(1,247)	77.0%	(328)	92.7%
vs. Sales	14.6%	17.9%	15.0%	0.4pt	-	-2.9pt	-
Depreciation	471	292	217	(253)	46.2%	(74)	74.6%
vs. Sales	1.3%	1.2%	0.8%	-0.5pt	-	-0.4pt	-
Other	4,249	3,328	3,882	(367)	91.4%	1,117	116.7%
vs. Sales	11.5%	13.2%	14.0%	2.5pt	-	0.7pt	-

# Non-consolidated Sales by Channel

(Millions of yen)

	FY2020 1H	FY2022 1H	FY2023 1H	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Non-consolidated sales	60,827	45,531	51,996	(8,830)	85.5%	6,465	114.2%
	-	-	-	-	88.0%	-	-
Total Business Unit	52,325	38,057	43,166	(9,158)	82.5%	5,109	113.4%
vs. Sales	86.0%	83.1%	82.2%	- 3.8pt	-	- 0.9pt	-
Excluding the impact of the change in revenue recognition standards	-	-	-	-	84.4%	-	-
Retail	38,789	23,931	29,241	(9,548)	75.4%	5,309	122.2%
vs. Sales	63.8%	52.2%	55.7%	- 8.1pt	-	3.5pt	-
Online	13,098	13,583	13,113	14	100.1%	(470)	96.5%
vs. Sales	21.5%	29.6%	25.0%	3.4pt	-	- 4.7pt	-
Other (wholesale, etc.)	437	541	812	374	185.6%	270	149.9%
vs. Sales	0.7%	1.2%	1.5%	0.8pt	-	0.4pt	-
Outlet, etc.	8,502	7,759	9,340	837	109.9%	1,580	120.4%
vs. Sales	14.0%	16.9%	17.8%	3.8pt	-	0.9pt	-

## YoY change in existing stores

	Sales	Number of customers	Ave. spend per customer
Retail + Online	115.5%	101.8%	114.5%
Retail	127.1%	114.2%	111.2%
Online	96.7%	85.2%	111.1%

# Non-consolidated Sales by Business

	FY2020 1H	FY2022 1H	FY2023 1H	Change	Vs. same period 3 years ago	Change	YoY change
Total Business Unit	52,325	38,057	43,166	(9,158)	82.5%	5,109	113.4%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	84.4%	-	-
Trend-conscious Market	34,449	25,471	28,783	(5,666)	83.6%	3,312	113.0%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	85.9%	-	-
Basic Trend-conscious Market	17,875	12,586	14,383	(3,492)	80.5%	1,797	114.3%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	81.4%	-	-

## Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	114.5%	126.2%	94.8%
Basic Trend-conscious Market	117.6%	128.8%	100.3%

# Overview of UNITED ARROWS LTD. in 1H

## 1. Stepped up efforts to maintain regular price sales

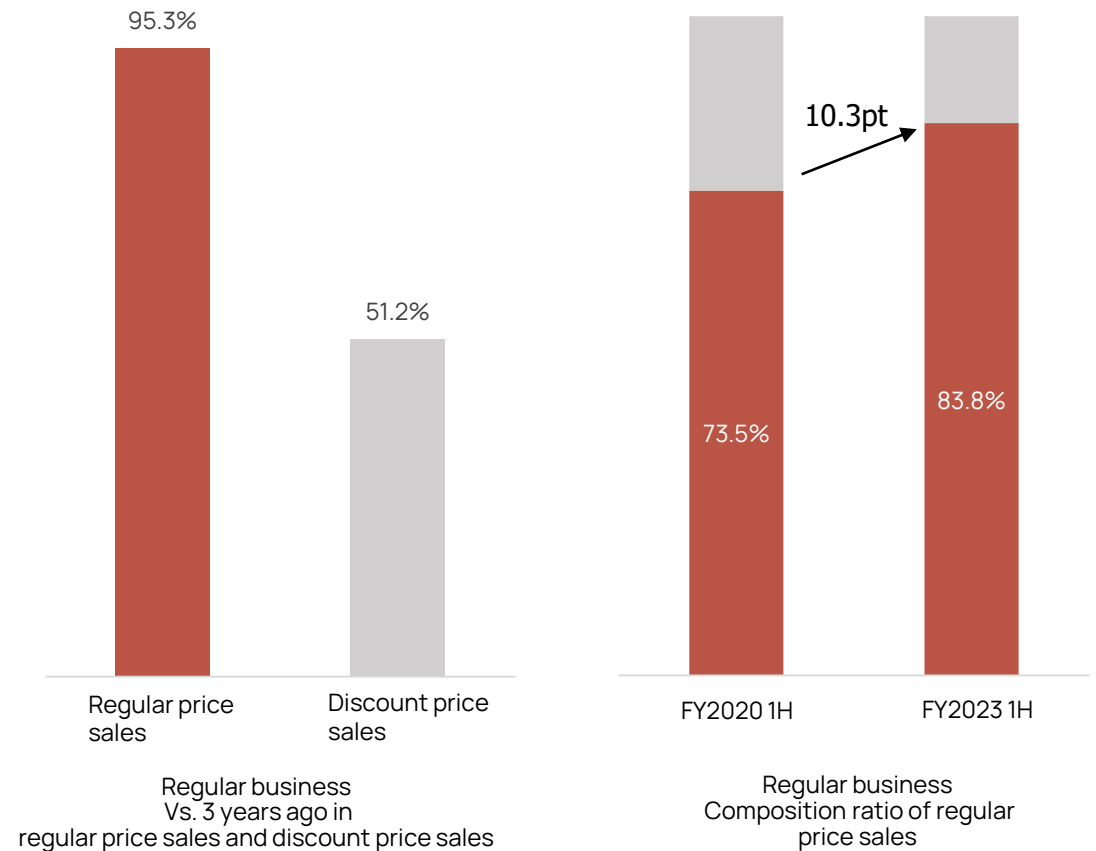
Regular business sales compared with the same period 3 years ago

Regular price sales	95.3%
Discount price sales	51.2%

Composition ratio of regular price sales in regular business

	83.8%
Vs. 3 years ago	↑10.3pt

**Major changes in selling methods to regain confidence in prices**





# Overview of UNITED ARROWS LTD. in 1H

## 2. Improved the company's E-commerce site

Sales showed signs of recovery from 2Q

YoY company's online sales

1Q 88.5%

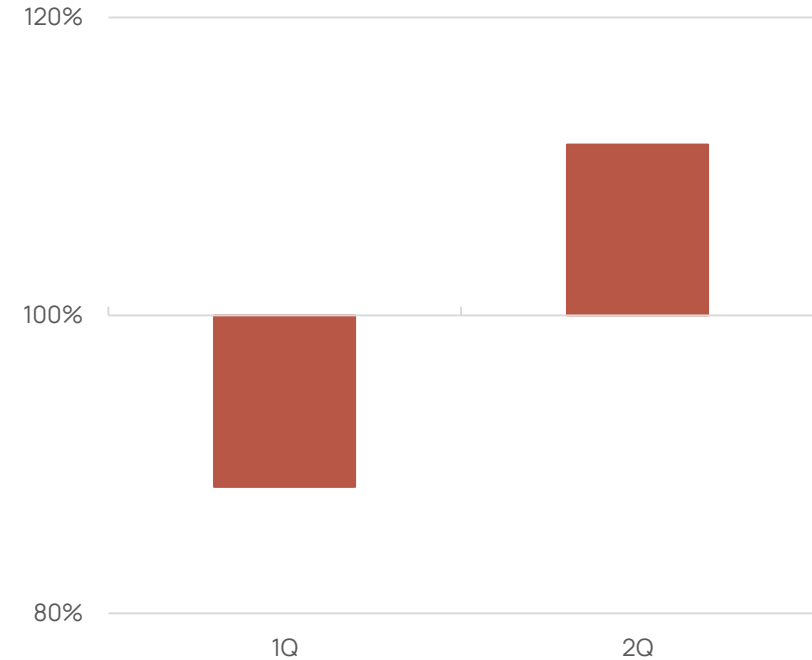
2Q 111.4%

Gross margin and the composition ratio of regular price sales improved

Gross margin YoY change (%) ↑3.2pt

Composition ratio of regular price sales YoY change  
↑13.2pt

**Improved profitability together with physical stores aiming to make a shift to real OMO**



Non-consolidated sales of the company's online shopping site  
Year-on-year trend

# Overview of UNITED ARROWS LTD. in 1H

## 3. Progress in initiatives after renewal

### Expand site scale

#### Number of app downloads

Approx. 2.3 million

\* Increased by Approx. 1 million after renewal

#### Number of LINE friends

Approx. 1.77 million people

\* As of October 2022

### Digital customer service by OMO

#### Number of outfits posted

Approx. 5,000/month

#### Sales through outfits

50% plus

\* Ratio in the company's online sales

#### Number of participating staff

Approx. 900 people

#### Number of followers

Approx. 22,000 users

### Strengthen digital marketing

#### Strengthened social media measures

Established a specialized organization on October 1  
Boosted utilization of Instagram and Twitter

#### Collection page covering multiple brands

over 1 million page views in approx. two weeks in August  
Continue the rollout into next spring and summer

### Expand and reinforce inventory allocation

#### Adjusted operation of inventory at distribution centers

Reviewed initial operational structure to shift to the operations to avoid selling out of products

#### Adjusted inventory initial allocation

Adjusted balance of inventory in distribution channels between physical stores and the company's online store (From fall and winter in 2022)

#### Link physical stores' inventory data with the Company's online store

Start to sell physical stores' stock at the online stores (from spring and summer in 2023)

# Consolidated BS

(Millions of yen)

	As of Mar. 31, 2022	As of Sept. 30, 2022	Change	vs. end of previous period
Total Assets	59,703	59,590	(113)	99.8%
Composition ratio	100.0%	100.0%	-	-
Current Assets	38,475	39,356	881	102.3%
Composition ratio	64.4%	66.0%	-	-
Noncurrent Assets	21,228	20,233	(995)	95.3%
Composition ratio	35.6%	34.0%	-	-
Current Liabilities	25,437	24,655	(781)	96.9%
Composition ratio	42.6%	41.4%	-	-
Noncurrent Liabilities	4,197	4,203	6	100.2%
Composition ratio	7.0%	7.1%	-	-
Total Net Assets	30,069	30,730	661	102.2%
Composition ratio	50.4%	51.6%	-	-
Reference: Balance of short- and long-term loans payable	7,800	5,600	(2,200)	71.8%
	As of Sept. 30, 2021	As of Sept. 30, 2022	Change	same period of previous year
Reference: Inventory	23,097	23,287	189	100.8%

# Consolidated CF

	FY2022 1H	FY2023 1H	Major components of results for 1H FY23	
Cash flows from operating activities (sub-total)	(1,556)	2,940		
Cash flows from operating activities	(927)	2,531	Income before income taxes	1,595
			Increase in inventory	(2,740)
			Increase in trade payables	2,878
			Income taxes paid	(409)
Cash flows from investing activities	(700)	(1,506)	Acquisition of long-term prepaid expenses	(1,283)
			Purchases of intangible fixed assets	(390)
			Collection of guarantee	448
Cash flows from financing activities	(225)	(2,541)	Decrease in short-term loans payable	(2,200)
			Dividends paid	(341)
Cash and cash equivalents at the end of the period	4,698	3,977		

## COEN CO., LTD.

(February - July)

### Saw increase in both revenue and income

- Sales: ¥5.03 billion, compared with the same period last year: 105.1%, compared with the same period of 3 years ago: 76.9% (vs. 3 years ago excluding the impact of changes to revenue recognition standards: 79.2%)
- Gross margin improved by curtailment of discount price sales, resulting in profits exceeding the plan
- Progress of priority initiatives for the current fiscal year

**Branding:**

- Preparing for a full changeover to new branding starting next spring and summer

**MD reform:**

- Took the price-setting back to former levels, and is trending steadily. Created hit products such as women's pants, and collaborative products with popular creators



**Promotion of digital transformation (DX):**

- Improvement in gross margin due to utilization of an inventory analysis system

## UNITED ARROWS TAIWAN LTD.

(February - July)

### Saw increase in both revenue and income

- Sales: ¥0.66 billion, compared with the same period last year: 152.5%, compared with the same period of 3 years ago: 172.2%
- Both physical store sales and online sales exceeded those of the previous year, and business in general remained firm

# Opening and Closing of Stores

1H Results                      Opened 4      Closed 4      No. of stores as of 1H-end 310  
 Full-year forecast          Opened 6      Closed 19      No. of stores as of period-end 297  
 \* 17% decrease from the end of March 2020

	No. of stores as of period- end of previous year	1H Results		No. of stores as of 1H-end	Full-year forecast		No. of stores as of period- end (forecast)
		Opened	Closed		Opened	Closed	
Group Total	<b>310</b>	<b>4</b>	<b>4</b>	<b>310</b>	<b>6</b>	<b>19</b>	<b>297</b>
UNITED ARROWS LTD.	216	1	1	216	3	5	214
COEN CO., LTD.	87	2	3	86	2	14	75
UNITED ARROWS TAIWAN LTD.	7	1	0	8	1	0	8

# UNITED ARROWS LTD. Retail Stores Opened/Closed

	No. of stores as of period- end of previous year	1H Results		No. of stores as of 1H-end	Full-year forecast		No. of stores as of period- end (forecast)
		Opened	Closed		Opened	Closed	
UNITED ARROWS LTD. Total	<b>216</b>	<b>1</b>	<b>1</b>	<b>216</b>	<b>3</b>	<b>5</b>	<b>214</b>
Trend-conscious Market Total	<b>106</b>	<b>0</b>	<b>1</b>	<b>105</b>	<b>1</b>	<b>4</b>	<b>103</b>
UNITED ARROWS (General Merchandise Store)	14	0	0	14	0	0	14
UNITED ARROWS	24	0	0	24	0	0	24
BEAUTY&YOUTH	36	0	0	36	1	1	36
Other	32	0	1	31	0	3	29
Basic Trend-conscious Market Total	<b>84</b>	<b>1</b>	<b>0</b>	<b>85</b>	<b>1</b>	<b>1</b>	<b>84</b>
green label relaxing	84	1	0	85	1	1	84
Outlet	<b>26</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>1</b>	<b>0</b>	<b>27</b>

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

## 02

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# Progress in Initiatives for Sustainability

Executive Officer, CSO  
General Manager of Corporate Strategy Division  
Satoshi Tan



## Took part in “Model Project for Carbon Footprint of Products and Services” by the Ministry of the Environment

### Objectives

- Create advanced role models concerning calculation, labeling, and utilization of carbon footprint (CFP) of products and services
- Scale up CFP initiatives and induce customers to choose products and services that contribute to decarbonization

### Our Initiatives

- Selected an item of “*cut-and-sew* (knitted)” garment that GLR put on market last spring and summer as a product subject to the calculation
- Calculated CFP from procurement of raw materials to production, distribution and use, etc., to recycling and disposal
- Considering labelling for customers and the way to utilize outcomes in the future

#### Reference

Our target reduction rate for greenhouse emissions for the fiscal year ending March 2031: 30% for Scopes 1 and 2 and 15% for Scope 3

Our Sustainability Site “Carbon Neutrality (Toward a carbon-neutral world)”

<https://www.united-arrows.co.jp/en/sustainability/carbon-neutral/>



## 03

# Message from Yoshinori Matsuzaki, Representative Director, President and CEO



**UNITED ARROWS LTD.**

Step Beyond Yourself



**SARROWS<sup>TM</sup>**

Sustainability Action

04

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## Reference Materials

# FY23 P/L Plan

(Millions of yen)

	FY2020 Full	FY2022 Full	FY2023 Plan	v.s. FY2020		v.s. FY2022	
				Increase (decrease)/ diff. in pt vs. sales		Increase (decrease)/ diff. in pt vs. sales	
Sales	157,412	118,384	130,000	(27,412)	82.6%	11,615	109.8%
(Reference) Excluding the impact of the change in the consolidated structure/the change in the revenue recognition	—	—	—	—	Around 93.0%	—	—
Gross Profit	79,983	59,090	65,700	(14,283)	82.1%	6,609	111.2%
vs. Sales	50.8%	49.9%	50.5%	- 0.3pt	—	0.6pt	—
SG&A Expenses	71,224	57,407	60,900	(10,324)	85.5%	3,492	106.1%
vs. Sales	45.2%	48.5%	46.8%	1.6pt	—	- 1.6pt	—
Operating Income	8,758	1,683	4,800	(3,958)	54.8%	3,116	285.2%
vs. Sales	5.6%	1.4%	3.7%	- 1.9pt	—	2.3pt	—
Non Op. P/L	44	1,144	430	385	959.7%	(714)	37.6%
vs. Sales	0.0%	1.0%	0.3%	0.3pt	—	- 0.6pt	—
Ordinary Income	8,803	2,827	5,230	(3,573)	59.4%	2,402	185.0%
vs. Sales	5.6%	2.4%	4.0%	- 1.6pt	—	1.6pt	—
Extraordinary income (loss)	(2,582)	(1,068)	(830)	1,752	—	238	—
vs. Sales	—	—	—	—	—	—	—
Net Income Attributable to Owners of Parent	3,522	732	3,000	(522)	85.2%	2,267	409.4%
vs. Sales	2.2%	0.6%	2.3%	0.1pt	—	1.7pt	—

# Non-Consolidated Sales Plan

(Millions of yen)

	<b>FY2023 1H</b>	v.s. FY2020	v.s. FY2022	<b>FY2023 2H</b>	v.s. FY2020	v.s. FY2022	<b>FY2023 Full</b>	v.s. FY2020	v.s. FY2022
Non-consolidates sales	<b>51,399</b>	84.5%	112.9%	<b>65,821</b>	96.0%	106.2%	<b>117,220</b>	90.6%	109.1%
Excluding the impact of the change in revenue recognition standards	-	86.8%	-	-	98.3%	-	-	92.9%	-
Retail + Online existing stores	-	-	116.4%	-	-	110.3%	-	-	112.8%
Retail existing stores	-	-	123.9%	-	-	108.3%	-	-	114.6%
Online existing stores	-	-	103.9%	-	-	114.3%	-	-	109.5%

# Details of Gross Margin Plan

	<b>FY2023 1H</b>	v.s. FY2020	v.s. FY2022	<b>FY2023 2H</b>	v.s. FY2020	v.s. FY2022	<b>FY2023 Full</b>	v.s. FY2020	v.s. FY2022
Consolidated	<b>50.2%</b>	- 1.5pt	1.0pt	<b>50.8%</b>	0.8pt	0.4pt	<b>50.5%</b>	- 0.3pt	0.6pt
UNITED ARROWS LTD.	<b>49.7%</b>	- 1.1pt	1.3pt	<b>51.6%</b>	2.0pt	0.9pt	<b>50.8%</b>	0.6pt	1.0pt
Total Business Unit Sales	-	- 0.1pt	1.8pt	-	2.5pt	0.4pt	-	1.3pt	1.0pt
Outlet, etc.	-	- 6.1pt	0.2pt	-	0.4pt	0.7pt	-	- 2.5pt	0.2pt
COEN CO., LTD.	-	- 2.1pt	- 2.5pt	-	1.4pt	4.7pt	-	- 0.4pt	1.4pt
UNITED ARROWS TAIWAN LTD.	-	- 1.1pt	1.3pt	-	2.0pt	0.9pt	-	0.6pt	1.0pt



## Group Management Policy

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### Slogan

# Providing Inspiration

Kándou Téikyo

Wonderful Customer Service,  
Attractive Products,  
Great Service,  
Great Products

## Measures to focus on

## Revitalize existing stores

1. Impressive customer service  
Enhance sales capability
2. Creation of thrills  
Enhance product capability
3. Challenge for new UA  
Through an aggressive trial-and-error approach

## Underlying strategies

### Promotion of employee satisfaction (ES)

- Improved employee satisfaction through revision to the HR system, provision of learning opportunities, and the assignment of the right talented people in the right positions

### Promotion of digital transformation (DX)

- Promotion of online merges with offline (OMO), digitalization of the supply chain, and strengthening of digital marketing

### Promotion of sustainability

- Promotion of reduction in disposal and respect for human rights in the supply chain, among other things, and proactive disclosure

# Revitalize existing stores

Measures to focus on

## Impressive customer service

Improving customer experience value through sales DX

- OMO initiatives
- Working to turn people into customers
- ◎ Major key performance indicators (KPIs)  
Purchase ratio, and store productivity

## Creation of thrills

Developing supply chain management (SCM) through product DX

- 'Five Right' initiatives  
(Right timing, right product, right volume, right price, and right place)
- ◎ Major key performance indicators (KPIs)  
Ratio of regular price sales, demand-supply ratio, and gross margin

## Challenge for new UA

Re-enhancing corporate branding through reorganization

- Preparing for the establishment of new labels and brands
- Promoting sustainable initiatives
- ◎ Major key performance indicators (KPIs)  
Number of new customers



Underlying strategies



Promotion of employee satisfaction (ES)



Promotion of digital transformation (DX)



Promotion of sustainability