# Financial Results Briefing

for the First Half of
Fiscal Year Ending March 2023

UNITED ARROWS LTD.

2022.11.07 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

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# 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 | **¥43,166** million (82.2%) | 84.4%*2 | 113.4%, -0.9pt |
| Retail | **¥29,241** million (55.7%) | 75.4%, -8.1pt | 122.2%, +3.5pt |
| Online | **¥13,113** million (25.0%) | 100.1%, +3.4pt | 96.5%, -4.7pt |
| Outlet, etc. | **¥9,340** million (17.8%) | 109.9%, +3.8pt | 120.4%, +0.9pt |

| By Business | | Vs. FY2020/1H | Vs. FY2022/1H |
|---|---|---|---|
| Trend-conscious Market | **¥28,783** million | 85.9%*2 | 113.0% |
| Basic Trend-conscious Market | **¥14,383** million | 81.4%*2 | 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

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

## UNITED ARROWS TAIWAN LTD.

Sales
**¥0.66 billion**
Vs. FY2022/1H 152.5%
Vs. FY2020/1H 172.2%

01 Overview of FY23 1H Business Results

## 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 | – | – | – |

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Sales: ¥57,453 million, 113.9% YoY, 77.0% compared to FY2020 1H, 87.6% compared to FY2020 1H, excluding the impact of changes to the consolidation structure and revenue recognition standards.

Gross margin was ¥29,852 million, 120.4% YoY, 77.5% compared to FY2020 1H, sales ratio is 52.0%, up 2.8 percentage points YoY, and up 0.3 percentage points from three years ago.

SGA expenses were ¥28,466 million, 103.7% YoY, 82.2% compared to FY2020 1H, sales ratio is 49.5%, down 4.9 percentage points YoY, and up 3.1 percentage points from three years ago.

Operating income was ¥1,385 million, operating loss of ¥2,648 million for FY2022 1H, 35.5% compared to FY2020 1H, sales ratio is 2.4%, down 2.8 percentage points from three years ago.

An extraordinary loss of ¥114 million was recorded, and net income attributable to owners of parent was ¥1,074 million, loss of ¥1,994 million for FY2022 1H, 55.3% compared to FY2020 1H, sales ratio is 1.9%, down 0.7 percentage points from three years ago.

Due to net sales coming in at the planned level, improvement of gross margin and curtailment of SGA expenses, each income including operating income exceeded planned levels.

# 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% | – | – | – | – | – | – |

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Consolidated P/L 2Q (3 months) is as shown on the slide.

## 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 |



UNITED ARROWS LTD.'s gross margin was 51.4%, an improvement of 3.0 percentage points YoY, an improvement of 0.6 percentage points from the same period three years ago, and the total Business Unit exceeded figures of the previous year and three years ago. Reinforcement of regular price sales has produced results.

Outlets have improved from the previous year, although the impact of the consumption of inventory from previous years due to COVID-19 remains.

COEN reduced the negative margin by 0.1 points YoY due to curtailment of discount price sales, etc., and an increase from the same period of FY2020 1H. The Taiwanese subsidiary improved both from FY2022 1H and from FY2020 1H.

## 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 |



UNITED ARROWS LTD.'s gross margin in 2Q (3 months) was 47.9%, up 2.1 percentage points YoY, an improvement of 1.0 percentage point from the same period three years ago, and the total Business Unit increased year on year and fromr the same period three years ago. Reinforcement of regular price sales has produced results has also produced results in 2Q. Compared to the same period three years ago, outlets suffer from the impact of the consumption of inventory from the previous years due to COVID-19, but they have improved year on year.

COEN has significantly improved both year on year and from the same period three years ago due to the curtailment of discount price sales measures. The Taiwanese subsidiary has also improved.

# 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 | - |

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Excluding the impact of change to revenue recognition standards, SGA expenses were ¥29,499 million, 85.2% compared to FY2020 1H, sales ratio of 49.9%, up 3.5 percentage points from three years ago.

Advertising expenses were ¥1,294 million, 117.2% YoY, 75.5% compared to FY2020 1H, sales ratio of 2.3%, up 0.1 percentage point from the previous year and the same level as three years ago.

Excluding the impact of changes to revenue recognition standards, they were ¥2,328 million, 135.7% compared to FY2020 1H, 3.9% of sales, up 0.3 percentage points from the previous year, up 1.6 percentage points from three years ago.

They are affected by campaign costs, etc. associated with the renewal of our E-commerce site in March 2022.

Personnel expenses amounted to ¥10,276 million, 101.1% YoY, and 81.6% compared to FY2020 1H. As to the year-on-year figure, there was a decrease due to a natural decrease of employees. Provision for bonuses increased due to a temporary change in the calculation method for employees' bonuses, which was not included in the plan, in line with the recovery in business performance. Thus, personnel expenses slightly increased from the previous year.

The decrease compared to three years ago was due to changes to the consolidation structure and a reduction in personnel due to natural decrease.

Rent was ¥8,597 million, 96.3% YoY, and 79.9% compared to FY2020 1H. Despite an increase in rent due to the recovery of physical stores, fees paid to the management company were removed from rent due to the renewal of our E-commerce site and transferred to other items.

Other expenses were ¥7,862 million, 118.0% YoY, 91.4% compared to FY2020 1H, and include an increase in variable costs due to a recovery in sales, and an increase due to the renewal of our E-commerce site.

# 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 | - |

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Consolidated SGA expenses 2Q (3 months) are as shown on the slide.

## 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% |

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Non-consolidated net sales were ¥51,996 million, 114.2% YoY, 85.5% compared to FY2020 1H, and 88.0% compared to FY2020 1H, excluding the impact of changes to revenue recognition standards.

Total Business Unit sales were ¥43,166 million, 113.4% YoY, 82.5% compared to FY2020 1H, and 84.4% compared to FY2020 1H, excluding the impact of changes to revenue recognition standards.

Retail totaled ¥29,241 million, 122.2% YoY, 75.4% compared to FY2020 1H, and online sales were ¥13,113 million, 96.5% YoY, 100.1% compared to FY2020 1H. Although online sales were lower than the previous year due to the backlash from the physical store holidays in the previous year and the problem of inventory allocation between physical stores and online sales, the sales ratio was 25.0%, up 3.4 percentage points from three years ago.

Sales at existing stores were down year on year for online, but increased at physical stores. Accordingly, retail + online sales increased up to 115.5% and the number of customers up to 101.8% respectively from the previous year.

The unit price per customer achieved 114.5% due to the control of the discount price sales measures.

Outlet, etc. were ¥9,340 million, 120.4% YoY, 109.9% compared to FY2020 1H and sales ratio was 17.8%.

# Non-consolidated Sales by Business

(Millions of yen)

| | 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% |

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For the trend market including UA and BY, net sales were ¥28,783 million, 113.0% YoY, 83.6% compared to FY2020 1H, 85.9% compared to FY2020 1H, excluding the impact of changes to revenue recognition standards.

UNITED ARROWS Roppongi Hills, H BEAUTY&YOUTH, DRAWER, BLAMINK and other stores with a large selection of big-ticket items are performing well.

For the mid-trend market mainly GLR, net sales recorded ¥14,383 million, 114.3% YoY, 80.5% compared to FY2020 1H, and 81.4% compared to FY2020 1H excluding the impact of changes to revenue recognition standards.

In addition to the increase in line with the recovery of business demand, casual wear is also growing.

Retail + online: net sales at the existing stores exceeded the year-on-year figures in both markets.

# Overview of UNITED ARROWS LTD. in 1H

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

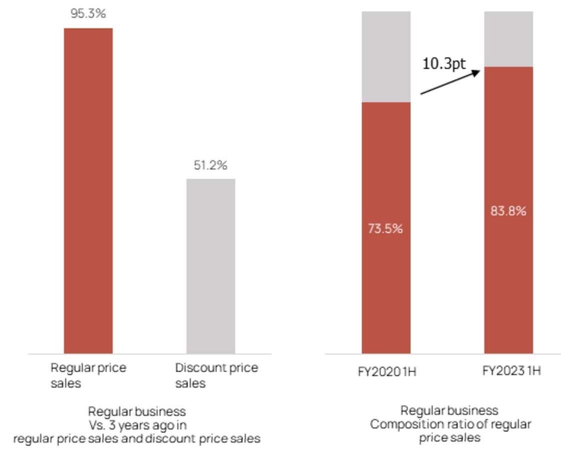
Regular business sales compared with the same period 3 years ago

| | |
|---|---|
| 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**

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Although non-consolidated sales were 88% of the fiscal year ended March 2020 (three years ago; before COVID-19), gross margin has recovered to a level higher than three years ago. This is mainly due to the thorough strengthening of regular price sales.

When we break down sales of the non-consolidated regular business into regular price sales and discount price sales, regular price sales have recovered to 95% of the level three years ago, and discount price sales have been reduced to 51%. As a result, the composition ratio of regular price sales was 83.8%, a significant improvement of 10.3 percentage points from 3 years ago.

In order for the Company to achieve sustainable growth, it is essential to increase the gross margin by improving the regular price sales ratio, as well as to transform itself into a strong structure. In order to regain customer confidence in prices, we have been curtailing discount price sales and have changed the way of selling from the start of this fiscal year. We have noticed results from these measures in the spring and summer seasons and will take the same approach in the fall and winter.

## 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%

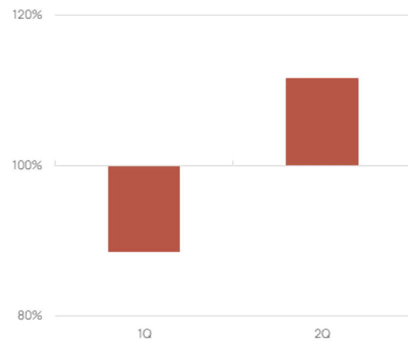
2Q 111.4%

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**



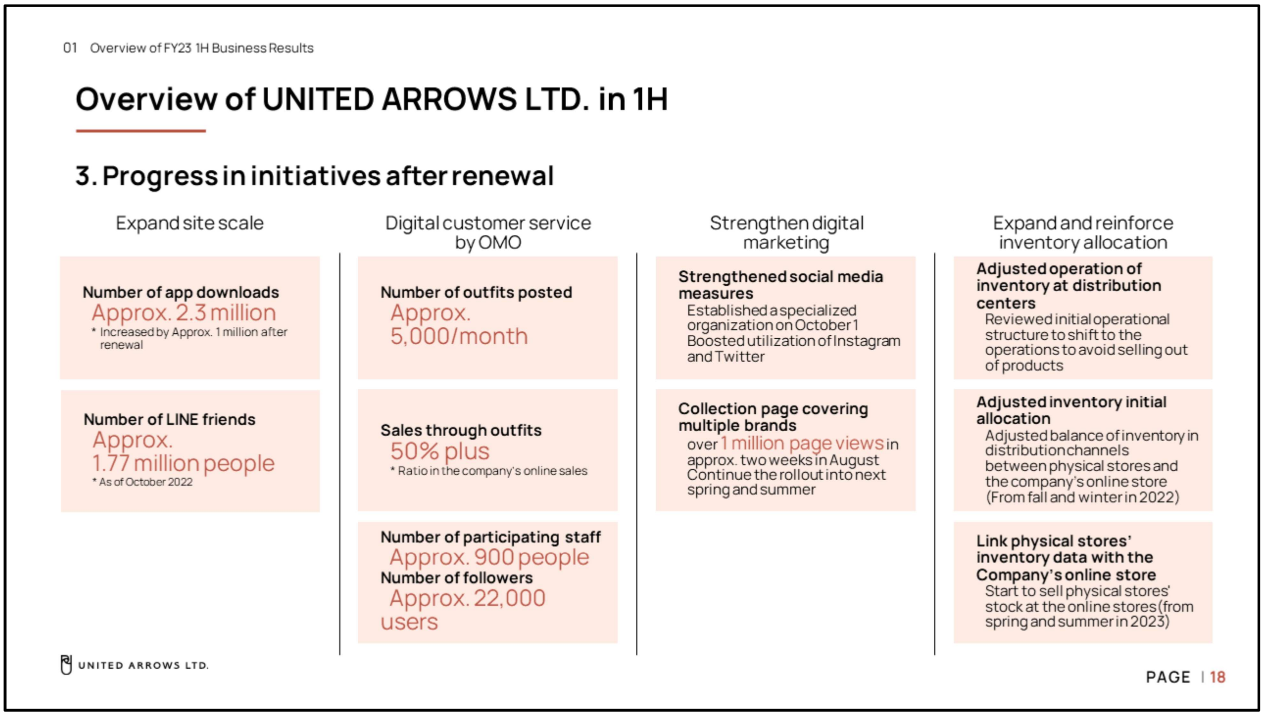

Non-consolidated sales of the company's online shopping site Year-on-year trend



Status of improvements to the our E-commerce site, which was renewed in March 2022.

Immediately after the renewal, there was an uphill battle due to a rebound from the fact that the previous year had absorbed a part of the sales of physical stores due to the declaration of an emergency situation, a shortage of inventory allocation, and problems related to the system, but the system related problems have almost disappeared and our E-commerce site has showed signs of improvement since the second quarter. According to preliminary figures for October 2022, our E-commerce sales were more than 120% of the previous year, indicating that the business is on a growth track.

As the composition ratio of online sales has been increasing in recent years, even if we continue to increase the ratio of online sales, it will be difficult to switch to a profit-making structure. So, we are also working to curb discount price sales online. As a result, gross margin of our E-commerce site in the first half of the year improved by 3.2 percentage point YoY, and the composition ratio of regular price sales significantly increased by 13.2 percentage points YoY. Continuing this trend, we will continue to work on improving not only services but also profits for shifting to real OMO together with the physical stores.




Progress of efforts after the renewal of our E-commerce site.

As for the expansion of the site scale, the total number of app downloads has reached approx. 2.3 million, a significant increase of 1 million since the renewal. As of October, the number of friends registered on LINE is approx. 1.77 million, and communication with customers is being strengthened.

As for digital customer service by OMO, the number of staff who post their own recommended outfits has increased to approx. 900, and the number of customers who follow the staff has reached a total of 22,000. The number of outfits posted has increased to 5,000 a month, and sales through outfits now account for more than 50% of our e-commerce sites. We believe that there is still plenty of room for growth here, and we will support the system, such as introducing a mechanism to support the posting of outfits.

As for strengthening digital marketing, we will establish a special SNS department on October 1 and further enhance strategic operations that were until now being conducted by a dedicated SNS team. The idea is to develop Instagram and Twitter into a PR pillar. For fall/winter 2022, we have released collection content that aggregates season themes and LOOK BOOKs from 23 major brands and labels. In addition to about 220 limited items such as collaborations, about 800 main seasonal items are posted, and by creating appeal together with SNS, it has achieved great results, acquiring 1 million page views in approximately two weeks. We will implement similar measures next spring and summer to further strengthen marketing.

During the current spring/summer season, as inventory procurement was curbed, inventory shortages tended to occur on our E-commerce site due to the increase in inventory allocation to physical stores, which recovered to an unexpected level. The inventory management method that was originally envisioned within the distribution center was also a factor of the inventory shortage, and some methods are being reexamined and put into practice. Based on the results of the spring/summer season, for this fall/winter, we reviewed the allocation of physical stores, online, and distribution stock, and switched to an operation that is less likely to run out of stock. We are still in the process of verifying ideal stock allocation, but after optimizing the inventory balance, we are proceeding with renovations so that from the next spring/summer season, we will be able to sell the physical store inventory on our own E-commerce site. Through this initiative, we will strive to reduce the loss of sales opportunities, improve the efficiency of inventory management, and expand sales at both physical stores and online store.

## 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 sh | 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% |

UNITED ARROWS LTD.

PAGE | 19

Total assets are ¥59,590 million, vs. FY2022-End : 99.8%

Current assets are ¥39,356 million, vs. FY2022-End: 102.3%

Attributable to an increase in merchandise and supplies, and a decrease in cash, deposits and accounts receivable.

Noncurrent assets amounted to ¥20,233 million, vs. FY2022-End: 95.3%, attributable to an increase in intangible assets as a result of preparations for the renewal of core systems, recording of impairment losses as a result of identifying unprofitable stores, a decrease in property, plant and equipment as a result of depreciation, and a decrease in guarantee deposits as a result of store closures.

Current liabilities amounted to ¥24,655 million, vs. FY2022-End: 96.9%, attributable to increases in notes and accounts payable-trade, and in provision for bonuses, and decreases in short-term loans payable and in accounts payable-other.

Non-current liabilities totaled ¥4,203 million, vs. FY2022-End: 100.2%, attributable to an increase in asset retirement obligations associated with the opening of new stores.

Total net assets were ¥30,730 million, vs. FY2022-End: 102.2%, attributable to an increase in retained earnings.

The balance of short- and long-term loans payable was ¥5,600 million, vs. FY2022-End: 71.8%.

Inventory totaled ¥23,287 million, vs. FY2022-End: 100.8%.

Due to the increase in the inventory of fall/winter products of UA LTD. and the delay of the discount sales period of COEN, inventory was higher than the same period of the previous year but was kept below sales growth.

# 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 | | |

UNITED ARROWS LTD.



Cash provided by operating activities were ¥2,531 million , cash used by investing activities were ¥1,506 million, and cash used by financing activities were ¥2,541 million, and cash and cash equivalents were ¥3,977 million.

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

## 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

UNITED ARROWS LTD.



COEN increased sales and profits. Net sales were ¥5.03 billion, 105.1% YoY, 76.9% compared to FY2020 1H, and 79.2% compared to FY2020 1H, excluding the impact of changes to revenue recognition standards.

The curtailment of discount price sales helped to improve gross margin, and earnings outperformed the plan.

Progress on priority issues for the current period

Branding:

Preparations are under way for the full-fledged development with the new branding from next spring and summer.

Merchandising (MD) reform:

We restored the price range to the original level from this fall/winter, and is trending steadily.

Created a range of hit products, such as women's pants and collaborative products with popular creators.

DX Promotion:

The use of inventory analysis systems improved gross margin.

Sales and profits also increased at the Taiwanese subsidiary, with net sales of ¥0.66 billion, 152.5% YoY, and 172.2% compared to FY2020 1H. Both physical stores and online sales exceeded the previous year's net sales, and are generally performing well.

# 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 Opened | 1H Results Closed | No. of stores as of 1H-end | Full-year forecast Opened | Full-year forecast Closed | No. of stores as of period-end (forecast) |
|---|---|---|---|---|---|---|---|
| Group Total | 310 | 4 | 4 | 310 | 6 | 19 | 297 |
| 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 |



Four stores opened and four closed in 1H. The number of stores at the end of 1H is 310.

The Company expects to open 6 stores and close 19 stores for the full year, 297 stores at the end of the period, down 17% from 359 stores at the end of March 2020.

Due to the review of unprofitable stores, closings of COEN mainly increased since the previous explanation.

# UNITED ARROWS LTD. Retail Stores Opened/Closed

| | | 1H Results | | | Full-year forecast | | |
|---|---|---|---|---|---|---|---|
| | No. of stores as of period-end of previous year | Opened | Closed | No. of stores as of 1H-end | Opened | Closed | No. of stores as of period-end (forecast) |
| UNITED ARROWS LTD. Total | **216** | **1** | **1** | **216** | **3** | **5** | **214** |
| Trend-conscious Market Total | **106** | **0** | **1** | **105** | **1** | **4** | **103** |
| 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 | **84** | **1** | **0** | **85** | **1** | **1** | **84** |
| green label relaxing | 84 | 1 | 0 | 85 | 1 | 1 | 84 |
| Outlet | **26** | **0** | **0** | **26** | **1** | **0** | **27** |

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

# 02

## Progress in Initiatives for Sustainability

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

UNITED ARROWS LTD.

## 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/

SARROWS™
ユナイテッドアローズのサステナビリティ活動
Sustainability Action



Progress of sustainability initiatives

As announced in the press release dated October 31, we have decided to participate in the "Model Project for Carbon Footprint of Products and Services" sponsored by the Ministry of the Environment to study how to calculate, label and utilize CFP, with the support of the Boston Consulting Group entrusted by the Ministry of the Environment.

The purpose of this project is to expand CFP initiatives and promote customer selection of products and services that contribute to decarbonization by creating advanced role models for CFP calculation, labeling, and utilization of products and services. We sympathized with the purpose of this initiative and were selected as one of the four participating companies.

We will select one cut-and-sew (knitted) garment that GLR put on market in early summer this year as a product subject to CFP calculation, and calculate the CFP from procurement of raw materials, production, distribution and, use, etc., to recycling and disposal. Based on the results, we would like to consider how to display and use them for future customers.

Regarding our sustainability efforts, we have selected items that have received particular attention from our stakeholders as issues facing the fashion and retail industries. And we have set seven numerical targets linked to the three categories, namely, Circularity: Circular Fashion, Carbon Neutrality: Toward a Carbon Neutral World, and Humanity: Working Healthy and Living Healthy. This initiative is related to Carbon Neutrality, and we have set targets of 30% for Scope 1 and 2 and 15% for Scope 3 in the fiscal year ending March 31. 2031 as a reduction rate of greenhouse gas emissions. Globally, there are still few cases in which the apparel industry calculates CFP for products. Through these efforts, we intend to promote the reduction of CO2 emissions, one of the long-term goals of sustainability.

03

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

UNITED ARROWS LTD.

Step Beyond Yourself

I'm Matsuzaki, Representative Director, President and CEO.

I would like to talk about the implication of the corporate statement we announced recently and SARROWS, which manages promoting sustainability.

We are steadily making progress toward improvement and regrowth through internal efforts. And, towards further growth in the future, we are currently formulating the next medium-term plan that will start next fiscal year.

With the recent recovery in business performance becoming visible, it is definitely important to further strengthen brand power as a company for the next stage of growth. Whether we are contributing to the world, whether we are connected to society, and whether we are doing well. By gaining the sympathy of our customers and all other stakeholders through these elements, we need to raise the brand power of UNITED ARROWS as a corporate entity and enhance our ability to communicate with society.

The corporate slogan that we formulated and announced for the first time as a Company, "My, outside." This will inspire us to realize our management philosophy of “We continually create new tomorrows for our customers, setting the standard for lifestyle culture." and at the same time it shows to all stakeholders our determination to be a new UNITED ARROWS without fear of change, even as times and the social environment change.

The main copy “Step Beyond Yourself" has the implication of "let's take another step outside, let's take a new step". It expresses our wish to "help our customers create their future" and the idea that "we ourselves should take a new step forward".

In the past few years, we have focused on solidifying our foothold and improving our earnings structure, in other words, on defense, but in the next medium-term plan, we will further increase customer satisfaction by providing “higher added value”. We will also expand our products and services beyond apparel, increase the number of new customers, and start full-scale promotion to take on the challenge of a new UNITED ARROWS. It is a statement with such implications.

SARROWS™

Sustainability Action

It goes without saying that sustainability initiatives are important in order to gain sympathy from customers and to continue to be necessary to society. Just recently, in line with the renewal of our corporate website, we expanded our sustainability page and announced the name "SARROWS". This is a coined word that combines the "S" of "Sustainability" and "ARROWS", and we are also creating illustrations that make the activities of "SARROWS" into icons. We would like our customers, employees, business partners, shareholders, and everyone involved with UNITED ARROWS to support and participate in this activity while feeling a sense of familiarity. Our vision for sustainability is to create a better society together with our customers, not only through our position as a fashion retailer.

At the previous financial results briefing, we disclosed our numerical targets for sustainability. We would like to continuously inform you of the progress of our initiatives through the sustainability website, so that you can sympathize not only with the good and bad of our products and services, but also with our corporate activities. As a result, it leads to creating customers and fans, and also becomes the foundation of our brand power.

We have made a steady recovery in our business performance and feel that we are finally ready to move on to the next stage. Although the environment remains uncertain and severe due to international disputes and fluctuations in exchange rates, we will continue to strive to ensure that our investors are satisfied with the results for the current period as we move toward the new medium-term plan starting next fiscal year.

We appreciate your continued support.

## 04

# Reference Materials

# FY23 P/L Plan

(Millions of yen)

| | FY2020 Full | FY2022 Full | FY2023 Plan | v.s. FY2020 Increase (decrease)/ diff. in pt vs. sales | | v.s. FY2022 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)

| | FY2023 1H | v.s. FY2020 | v.s. FY2022 | FY2023 2H | v.s. FY2020 | v.s. FY2022 | FY2023 Full | v.s. FY2020 | v.s. FY2022 |
|---|---|---|---|---|---|---|---|---|---|
| Non-consokidates sales | 51,399 | 84.5% | 112.9% | 65,821 | 96.0% | 106.2% | 117,220 | 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% |



Non-consolidated net sales are ¥117,220 million, 109.1% YoY, 90.6% compared to FY2020 1H, and 92.9% excluding the impact of changes to revenue recognition standards.

Retail + online existing stores sales are project at 112.8% YoY for the full year, 114.6% for retail, and 109.5% for online sales. For both first and second half, retail + online existing stores expect double-digit growth from the previous year.

# Details of Gross Margin Plan

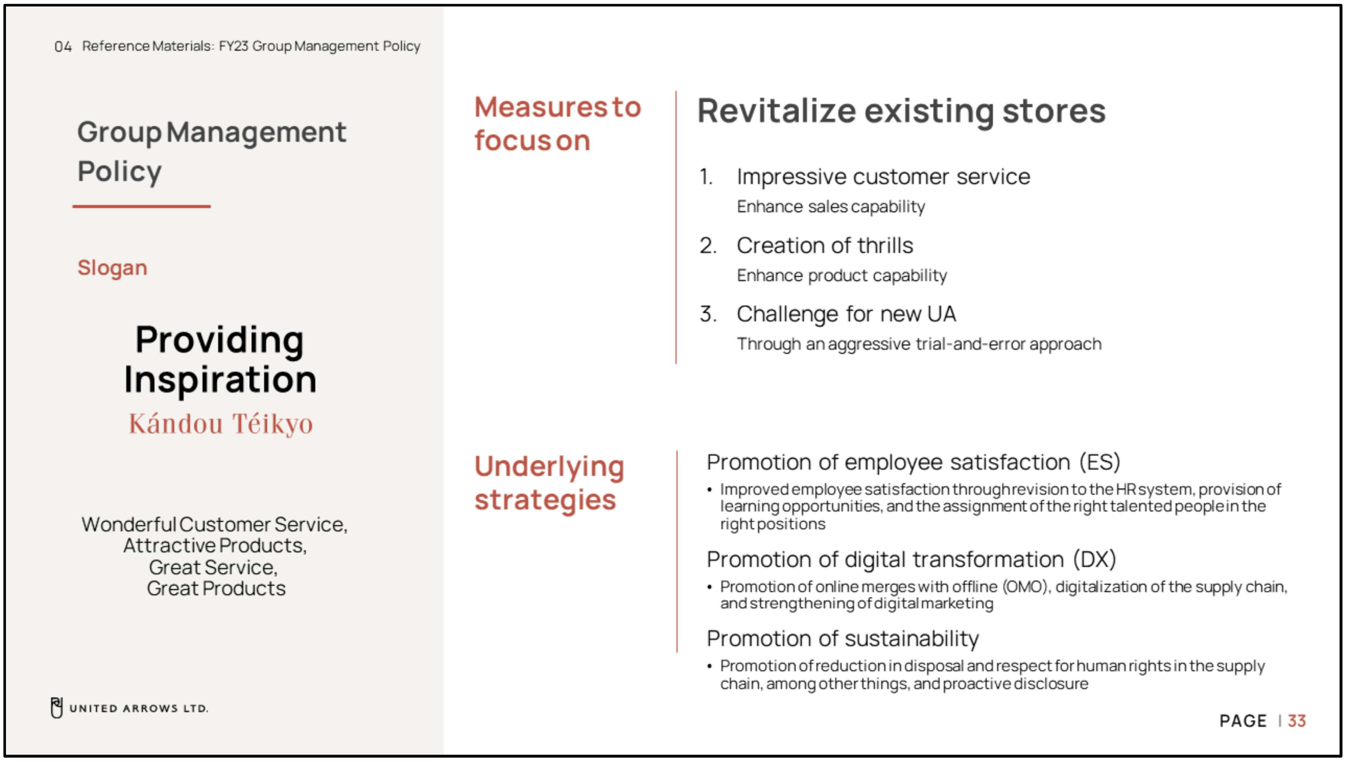
| | FY2023 1H | v.s. FY2020 | v.s. FY2022 | FY2023 2H | v.s. FY2020 | v.s. FY2022 | FY2023 Full | v.s. FY2020 | v.s. FY2022 |
|---|---|---|---|---|---|---|---|---|---|
| Consolidated | 50.2% | - 1.5pt | 1.0pt | 50.8% | 0.8pt | 0.4pt | 50.5% | - 0.3pt | 0.6pt |
| UNITED ARROWS LTD. | 49.7% | - 1.1pt | 1.3pt | 51.6% | 2.0pt | 0.9pt | 50.8% | 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 |



The consolidated gross margin is expected to be 50.5% for the full year, an improvement of 0.6 percentage points from the previous year and down 0.3 percentage points from the same period three years ago.

The non-consolidated gross margin is expected to be 50.8% for the full year, up 1.0 percentage point from the previous year and up 0.6 percentage points from the same period three years ago.

UA LTD.'s Business Unit and its Taiwanese subsidiary made improvements from the same period three years ago, while UA LTD.'s outlets and COEN declined from the previous year. Outlets have the impact of the promotion of the consumption of the past years' inventory in the first half of the period, and COEN expects a full-fledged recovery from fall and winter. Both are expected to improve in the second half, although they will not reach the level of three years ago in the first half.



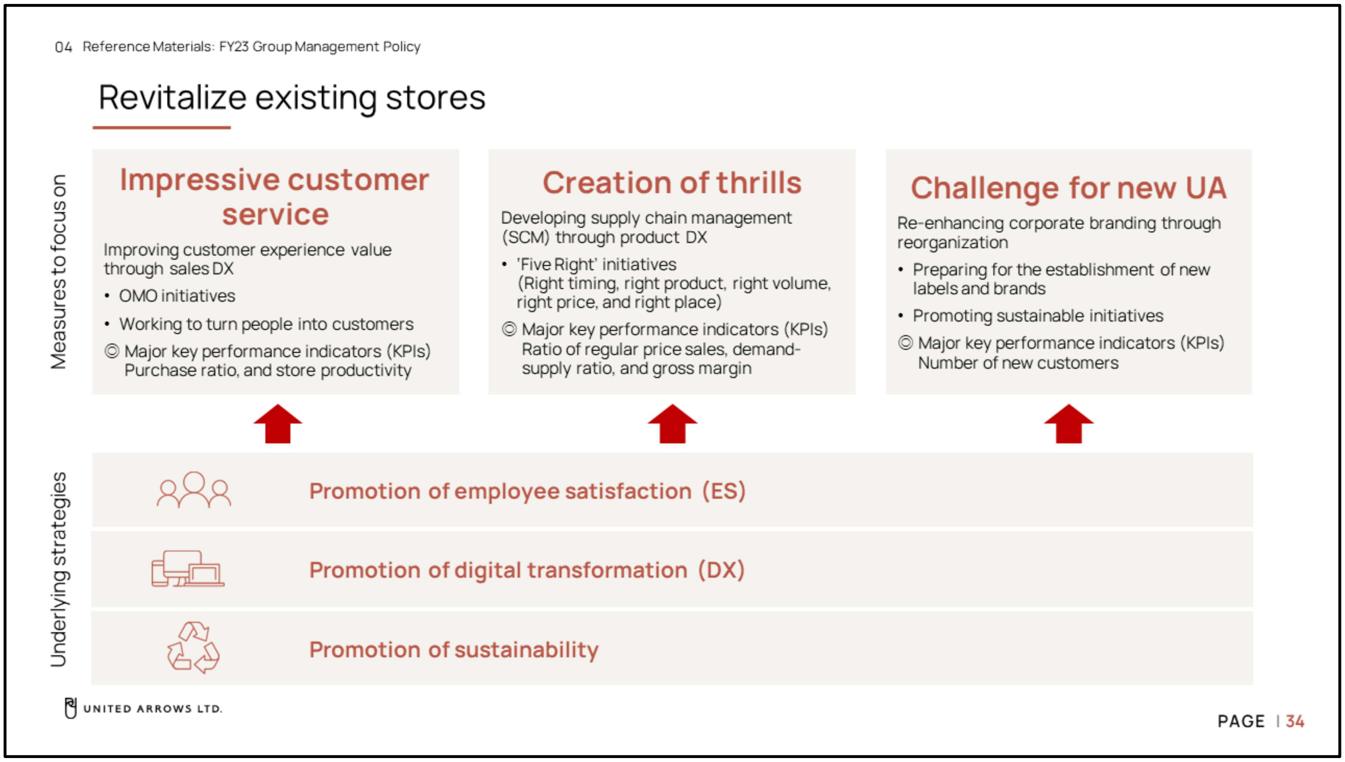

As our management policy for the fiscal year ending March 31, 2023, we have set “providing inspiration, wonderful customer services, attractive products, great service, great products”.

As indicated by the “Creating Five Values: Value for Customers, Value for Employees, Value for Business Partners, Value for Society and  Value for Shareholders" which is positioned as a promise to society in our management philosophy, our management goal is to always raise the value of all stakeholders in a well-balanced manner based on customer value. This is a way of thinking that a corporate entity called UNITED ARROWS should never forget.

As society continues to change rapidly, including COVID-19 pandemic, the environment surrounding us is also changing significantly. We must not forget that UNITED ARROWS is a product of our dedication to “Providing Inspiration” to customers no matter what changes are made, and that we must refine this absolute strength once again and link it to the future so that what we have cultivated over many years and cherished will not be carried away by this change. This commitment was reflected in our management policy for the fiscal year ending March 31, 2023.

After considering what our strengths are and what is driving them to grow this fiscal year and the next, we believe that our mission is not simply to sell apparel products, but to provide "Excitement" through our products that brighten daily life, elevate spirits, and make shopping a special time through our customer service experience. In the last fiscal year as well, we received many letters of thanks from our customers about our hospitality and customer service at the store, even though we were unable to operate the store sufficiently.

Again, as a finishing touch on the current mid-term progress, this is our management policy for the next mid-term leap forward. By making our strengths overwhelming, we will continue to grow and expand. We appreciate your understanding.




As a key initiative to realize “Providing inspiration”, we will promote the recovery of existing stores, and will proceed with three initiatives: Impressive customer service, Creation of thrills, and the Challenge for new UA.

Impressive customer service will increase engagement with customers through Sales DX, such as utilizing sales data and seamless efforts between stores and E-commerce.

As for the Creation of thrills, in order to provide products that customers can sympathize with in terms of price and value, we aim to enhance confidence in the proper price, that is, achievement of the high digestibility and gross margin, by strengthening product development capabilities and improving the accuracy of the so-called five Right initiatives: Right timing, right product, right volume, right price, and right place.

As for the Challenge for new UA, we will consider expanding into domains that lead to new brand development and new value provision for the next fiscal year and the next medium term. In order to convey our brand value to the stakeholders of the next generation, we will work toward a new UNITED ARROWS through sustainable activities.

We have established “Employee satisfaction (ES) Promotion", “Digital transformation (DX) Promotion", and "Sustainability Promotion" as a strategy to support these key strategies and as a base strategy to ensure sustainable growth.

As for the ES Promotion, we aim to improve the satisfaction of employees, which is the basis for creating "Providing inspiration", by revising the personnel evaluation system, the providing training, and placing the right people in the right positions, reflecting the individual orientation and motivation of employees.

In terms of the DX Promotion, we will implement OMO initiatives starting with the renewal of our own online shopping site “UNITED ARROWS ONLINE” in March 2022, digitize our supply chain and make full use of digital technology.

As for Sustainability Promotion, our policy is to promote activities aimed at minimizing and decarbonizing product disposal, respecting human rights in the supply chain, actively using environmentally friendly materials, etc., as well as proactively disclosing these efforts.