Financial Results Briefing

For the Third Quarter of
Fiscal Year Ending March 2023

2023.02.06 UNITED ARROWS LTD.

UNITED ARROWS LTD.

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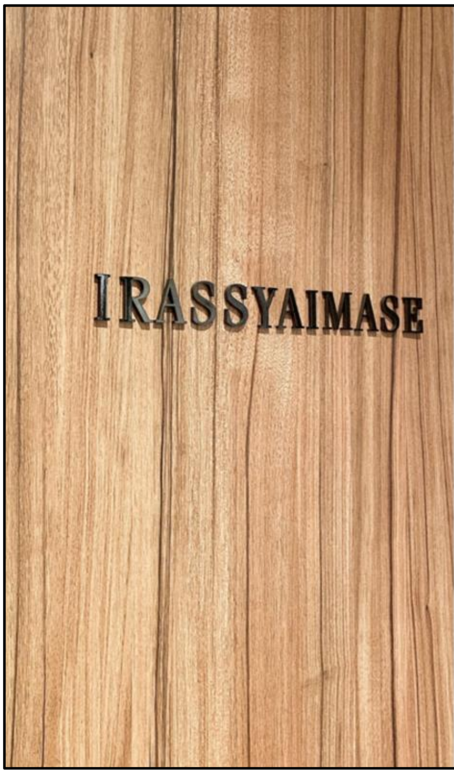

Cautionary Statement

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

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Overview of FY23 3Q Business Results

Summary

Due to sales reaching the planned level, improvement of gross margin and curtailment of SGA expenses, respective income, including operating income exceeded planned levels, leading to an upward revision of the full-year profit forecast

Consolidated

Sales
¥96,093 million
vs. FY2020/9M 91.4%[*1]
vs. FY2022/9M 110.6%

Gross margin
52.7 %
vs. FY2020/9M +0.1pt
vs. FY2022/9M +1.6pt

SGA expenses
¥44,247 million (46.0% vs. sales)
vs. FY2020/9M 82.3%, +0.9pt
vs. FY2022/9M 104.0%, - 2.9pt

Operating Income
¥6,387 million (6.6% vs. sales)
vs. FY2020/9M 71.9%, - 0.8pt
vs. FY2022/9M 347.7%, +4.5pt

Net Income Attributable to Owners of Parent
¥4,340 million (4.5% vs. sales)
vs. FY2020/9M 92.6%, +0.6pt
vs. FY2022/9M 334.9%, +3.0pt

Non-Consolidated

Sales
¥87,816 million
vs. FY2020/9M 91.7% [*2]
vs. FY2022/9M 110.3%

Gross margin
52.4%
vs. FY2020/9M +0.3pt
vs. FY2022/9M +1.6pt

YoY change in existing stores
Sales **111.3 %**
Number of purchasing customers **100.8 %**
Avg. spend per customer **110.4 %**

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

Non-consolidated sales

By Channel

		vs. FY2020/9M	vs. FY2022/9M
Business unit	**¥72,980** million (82.3% vs. sales)	88.2%*2	109.6%, - 0.6pt
Retail	**¥49,901** million (56.3% vs. sales)	78.8%, - 8.0pt	113.6%, +1.6pt
Online	**¥21,783** million (24.6% vs. sales)	105.7%, +3.6pt	100.4%, - 2.5pt
Outlet, etc.	**¥15,692** million (17.7% vs. sales)	112.7%, +3.6pt	114.4%, +0.6pt

By Business

		vs. FY2020/9M	vs. FY2022/9M
Trend-conscious Market	**¥48,447** million	90.4%*2	109.0%
Basic Trend-conscious Market	**¥24,533** million	84.1%*2	110.9%

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

BS

Balance of short- and long-term loans payable

¥5,380 million

vs. FY2022-End 69.0%

Inventory

¥23,416 million

vs. FY2022 9M-End 100.2%

Opening and Closing of Stores

9M Results

Opened **6** and Closed **7**

No. of stores as of period-end **309**

Full-year forecast

Opened **6** and Closed **20**

No. of stores as of period-end **296** (17.5% decrease from the end of March 2020)

COEN CO., LTD.

Sales

¥7.65 billion

vs. FY2020/9M 82.9%*2

vs. FY2022/9M 108.0%

*2 Calculated excluding the impact of changes in revenue recognition standards

UNITED ARROWS TAIWAN LTD.

Sales

¥1.02 billion

vs. FY2020/9M 175.1%

vs. FY2022/9M 143.7%

Consolidated PL

(Millions of yen)

		FY2020 9M	FY2022 9M	FY2023 9M	Change/pt difference	vs. same period 3 years ago	Change/pt difference	YoY change
Sales		119,093	86,904	96,093	(23,000)	80.7%	9,188	110.6%
Excluding the impact of the change in consolidation structure		-	-	-	-	88.8%	-	-
Excluding the impact of the change in revenue recognition standards		-	-	-	-	83.0%	-	-
Excluding the impact of both changes		-	-	-	-	91.4%	-	-
Gross profit		62,660	44,402	50,635	(12,025)	80.8%	6,232	114.0%
	vs. Sales	52.6%	51.1%	52.7%	0.1pt	-	1.6pt	-
SG&A Expenses		53,774	42,565	44,247	(9,527)	82.3%	1,681	104.0%
	vs. Sales	45.2%	49.0%	46.0%	0.9pt	-	- 2.9pt	-
Operating Income		8,886	1,837	6,387	(2,498)	71.9%	4,550	347.7%
	vs. Sales	7.5%	2.1%	6.6%	- 0.8pt	-	4.5pt	-
Non Op. P/L		20	822	343	323	1693.9%	(478)	41.8%
	vs. Sales	-	0.9%	0.4%	0.3pt	-	- 0.6pt	-
Ordinary Income		8,906	2,659	6,731	(2,174)	75.6%	4,071	253.1%
	vs. Sales	7.5%	3.1%	7.0%	- 0.5pt	-	3.9pt	-
Extraordinary P/L		(1,045)	(438)	(299)	746	-	139	-
	vs. Sales	-	-	-	-	-	-	-
Net Income Attributable to Owners of Parent		4,687	1,296	4,340	(347)	92.6%	3,044	334.9%
	vs. Sales	3.9%	1.5%	4.5%	0.6pt	-	3.0pt	-

UNITED ARROWS LTD.

Sales: ¥96,093 million, 110.6% YoY, 80.7% compared to the same period three years ago, and 91.4% compared to the same period three years ago, excluding changes in consolidation structure and revenue recognition standards.

Gross profit was ¥50,635 million, 114.0% YoY, 80.8% compared to three years ago, and sales ratio was 52.7%, up 1.6 percentage points YoY and up 0.1 percentage points from three years ago.

SGA expenses were ¥44,247 million, 104% YoY, 82.3% compared to three years ago, and sales ratio was 46.0%, down 2.9 percentage points YoY and up 0.9 percentage points from three years ago.

Operating income was ¥6,387 million, 347.7% YoY, 71.9% compared to three years ago, and sales ratio was 6.6%, up 4.5 percentage points YoY, and down 0.8 percentage points from three years ago.

Ordinary income was ¥6,731 million, 253.1% YoY, 75.6% compared to three years ago, and sales ratio was 7.0%, up 3.9 percentage points YoY and down 0.5 percentage points from three years ago.

An extraordinary loss of approximately ¥299 million was recorded, and net income attributable to owners of the parent was ¥4,340 million, 334.9% YoY, 92.6% compared to three years ago, and sales ratio was 4.5%, up 3.0 percentage points YoY, and up 0.6 percentage points from three years ago.

As sales were almost at the planned level, gross margin improved, and SGA expenses continued to be curbed, respective income, including operating income exceeded planned levels. As a result, the full-year profit forecast was revised upward as of today.

Consolidated PL 3Q (3 months)

(Millions of yen)

		FY2020 3Q	FY2022 3Q	FY2023 3Q	Change/pt difference	vs. same period 3 years ago	Change/pt difference	YoY change
Sales		44,516	36,467	38,640	(5,876)	86.8%	2,172	106.0%
Excluding the impact of the change in consolidation structure		-	-	-	-	95.0%	-	-
Excluding the impact of the change in revenue recognition standards		-	-	-	-	89.3%	-	-
Excluding the impact of both changes		-	-	-	-	97.7%	-	-
Gross profit		24,139	19,600	20,782	(3,356)	86.1%	1,181	106.0%
	vs. Sales	54.2%	53.7%	53.8%	- 0.4pt	-	0.0pt	-
SG&A Expenses		19,156	15,114	15,780	(3,376)	82.4%	665	104.4%
	vs. Sales	43.0%	41.4%	40.8%	- 2.2pt	-	- 0.6pt	-
Operating Income		4,982	4,486	5,002	20	100.4%	516	111.5%
	vs. Sales	11.2%	12.3%	12.9%	1.8pt	-	0.6pt	-
Non Op. P/L		31	356	19	(12)	61.1%	(337)	5.3%
	vs. Sales	0.1%	1.0%	0.0%	- 0.0pt	-	- 0.9pt	-
Ordinary Income		5,013	4,842	5,021	8	100.2%	179	103.7%
	vs. Sales	11.3%	13.3%	13.0%	1.7pt	-	- 0.3pt	-
Extraordinary P/L		(660)	60	(184)	476	-	(244)	-
	vs. Sales	-	0.2%	-	-	-	-	-
Net Income Attributable to Owners of Parent		2,744	3,290	3,265	520	119.0%	(25)	99.2%
	vs. Sales	6.2%	9.0%	8.5%	2.3pt	-	- 0.6pt	-

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Consolidated PL 3Q (3 months) is as shown on the slide.

Consolidated Gross Margin

	FY2023 9M	vs. same period 3 years ago pt difference	YoY change pt difference
Consolidated	52.7%	0.1pt	1.6pt
Excluding the impact of the change in revenue recognition standards	53.0%	0.4pt	-
UNITED ARROWS LTD.	52.4%	0.3pt	1.6pt
Excluding the impact of the change in revenue recognition standards	52.6%	0.5pt	-
Total Business Unit Sales	-	1.4pt	2.0pt
Outlet, etc.	-	-0.9pt	1.7pt
COEN CO., LTD.	-	-0.6pt	0.9pt
Excluding the impact of the change in revenue recognition standards	-	0.7pt	-
UNITED ARROWS TAIWAN LTD.	-	9.7pt	4.4pt

UNITED ARROWS LTD.

Consolidated gross margin was 52.7%, up 1.6 percentage points YoY, up 0.1 percentage points from three years ago, and 53.0% excluding the impact of changes in revenue recognition standards, up 0.4 percentage points from three years ago.

The gross margin of UNITED ARROWS LTD. was 52.4%, up 1.6 percentage points YoY and up 0.3 percentage points from three years ago, and 52.6% excluding the impact of changes in revenue recognition standards, up 0.5 percentage points from three years ago.
Total Business Unit sales exceeded those of the previous year and three years ago, indicating the results of efforts to strengthen regular price sales.

Despite failure to exceed numbers from three years ago due to the lingering impact of the consumption of inventory from the previous years due to COVID-19, Outlets improved year on year.

COEN improved 0.9 percentage points YoY but fell 0.6 percentage points from three years ago as a result of measures, such as curtailing discount price sales. COEN improved 0.7 percentage points from three years ago when excluding the impact of changes in revenue recognition standards.

The Taiwanese subsidiary improved from the same period of both the previous year and three years ago.

Consolidated Gross Margin 3Q (3 months)

	FY2023 3Q	vs. same period 3 years ago pt difference	YoY change pt difference
Consolidated	53.8%	-0.4pt	0.0pt
Excluding the impact of the change in revenue recognition standards	54.1%	-0.1pt	-
UNITED ARROWS LTD.	53.9%	-0.3pt	-0.2pt
Excluding the impact of the change in revenue recognition standards	54.1%	-0.1pt	-
Total Business Unit Sales	-	0.4pt	-0.5pt
Outlet, etc.	-	1.6pt	-0.1pt
COEN CO., LTD.	-	-2.3pt	3.0pt
Excluding the impact of the change in revenue recognition standards	-	-0.8pt	-
UNITED ARROWS TAIWAN LTD.	-	10.8pt	4.4pt

UNITED ARROWS LTD.

Consolidated gross margin for 3Q (3 months) was 53.8%, the same level YoY, and down 0.4 percentage points from the same period three years ago.
Down 0.1 percentage points excluding the impact of changes in revenue recognition standards.
Although being affected by rising costs and currency fluctuations,
the impact was minimized through a range of efforts, including price revisions and the enhancement of the ratio of regular price sales.

UNITED ARROWS LTD's gross margin was 53.9%, down 0.2 percentage points YoY, down 0.3 percentage points from three years ago.
Down 0.1 percentage points excluding the impact of changes in revenue recognition standards.
Total Business Unit's gross margin was down 0.5 percentage points from the previous year and up 0.4 percentage points from three years ago. Outlet, etc. were down 0.1 percentage points from the previous year and up 1.6 percentage points from three years ago.

COEN improved 3.0 percentage points from the previous year as a result of curtailing discount price sales, but fell 2.3 percentage points from three years ago, and
down 0.8 percentage points excluding the impact of changes in revenue recognition standards.
The Taiwan subsidiary improved significantly both from the previous year and three years ago.

Consolidated SGA Expenses

(Millions of yen)

	FY2020 9M	FY2022 9M	FY2023 9M	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Total SG&A Expenses	53,774	42,565	44,247	(9,527)	82.3%	1,681	104.0%
vs. Sales	45.2%	49.0%	46.0%	0.9pt	-	-2.9pt	-
Excluding the impact of the change in revenue recognition standards	-	43,982	46,003	(7,770)	85.5%	2,020	104.6%
vs. Sales	-	49.2%	46.5%	1.4pt	-	-2.7pt	-
Advertising Expenses	3,221	1,768	2,124	(1,096)	66.0%	356	120.1%
vs. Sales	2.7%	2.0%	2.2%	-0.5pt	-	0.2pt	-
Excluding the impact of the change in revenue recognition standards	-	3,186	3,881	659	120.5%	695	121.8%
vs. Sales	-	3.6%	3.9%	1.2pt	-	0.4pt	-
Personnel Expenses	19,108	15,239	15,429	(3,679)	80.7%	190	101.2%
vs. Sales	16.0%	17.5%	16.1%	0.0pt	-	-1.5pt	-
Rent	16,789	14,231	13,686	(3,102)	81.5%	(545)	96.2%
vs. Sales	14.1%	16.4%	14.2%	0.1pt	-	-2.1pt	
Depreciation	1,456	840	653	(803)	44.8%	(186)	77.7%
vs. Sales	1.2%	1.0%	0.7%	-0.5pt	-	-0.3pt	-
Other	13,198	10,485	12,353	(845)	93.6%	1,868	117.8%
vs. Sales	11.1%	12.1%	12.9%	1.8pt	-	0.8pt	-

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

Excluding the impact of changes in revenue recognition standards, SGA expenses were ¥46,003 million, 85.5% compared to three years ago, and sales ratio was 46.5%, up 1.4 percentage points from three years ago.

Advertising expenses were ¥2,124 million, 120.1% YoY, 66% compared to three years ago, and sales ratio was 2.2%, up 0.2 percentage points from the previous year and down 0.5 percentage points from three years ago.
Excluding the impact of changes in revenue recognition standards, advertising expenses were ¥3,881 million, 120.5% compared to three years ago, and sales ratio was 3.9%, up 0.4 percentage points from the previous year and up 1.2 percentage points from three years ago.

Personnel expenses were ¥15,429 million, 101.2% YoY and 80.7% compared to three years ago.
Although there was a decrease resulting from a natural decrease in the number of employees on a year-on-year basis, personal expenses increased slightly from the previous year as bonuses rose as a result of a temporary change in the method for calculating funds for employee bonuses.
The decrease compared to three years ago was due to the change in consolidation structure and a reduction in personnel due to a natural decrease.

Rent was ¥13,686 million, 96.2% YoY and 81.5% compared to three years ago.
Despite a rise in store rent associated with the recovery of physical stores,
the fees paid to the management company were removed from rent and transferred to an item in Other in the wake of the renewal of the company's E-commerce site.

Other was ¥12,353 million, 117.8% YoY and 93.6% compared to three years ago and
included an increase in variable costs resulting from a recovery in sales and a rise associated with the renewal of the company's E-commerce site.

Consolidated SGA Expenses 3Q (3 months)

(Millions of yen)

	FY2020 3Q	FY2022 3Q	FY2023 3Q	Change/pt difference	Vs. same period 3 years ago	Change/pt difference	YoY change
Total SG&A Expenses	19,156	15,114	15,780	(3,376)	82.4%	665	104.4%
vs. Sales	43.0%	41.4%	40.8%	-2.2pt	-	-0.6pt	-
Excluding the impact of the change in revenue recognition standards	-	15,754	16,503	(2,653)	86.1%	749	104.8%
vs. Sales	-	42.0%	41.5%	-1.5pt	-	-0.5pt	-
Advertising Expenses	1,505	663	829	(675)	55.1%	166	125.1%
vs. Sales	3.4%	1.8%	2.1%	-1.2pt	-	0.3pt	-
Excluding the impact of the change in revenue recognition standards	-	1,302	1,553	47	103.2%	250	119.2%
vs. Sales	-	3.5%	3.9%	0.5pt	-	0.4pt	-
Personnel Expenses	6,522	5,071	5,153	(1,369)	79.0%	81	101.6%
vs. Sales	14.7%	13.9%	13.3%	-1.3pt	-	-0.6pt	-
Rent	6,032	5,307	5,088	(944)	84.3%	(218)	95.9%
vs. Sales	13.6%	14.6%	13.2%	-0.4pt	-	-1.4pt	
Depreciation	499	252	217	(282)	43.6%	(34)	86.4%
vs. Sales	1.1%	0.7%	0.6%	-0.6pt	-	-0.1pt	-
Other	4,596	3,820	4,491	(105)	97.7%	1,117	117.5%
vs. Sales	10.3%	10.5%	11.6%	1.3pt	-	1.1pt	-

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

Non-consolidated Sales by Channel

(Millions of yen)

	FY2020 9M	FY2022 9M	FY2023 9M	Change/ pt difference	Vs. same period 3 years ago	Change/ pt difference	YoY change
Non-consolidated sales	98,514	79,631	87,816	(10,697)	89.1%	8,184	110.3%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	91.7%	-	-
Total Business Unit Sales	84,595	66,591	72,980	(11,615)	86.3%	6,389	109.6%
vs. Sales	85.9%	82.9%	82.3%	-3.6pt	-	-0.6pt	-
Excluding the impact of the change in revenue recognition standards	-	-	-	-	88.2%	-	-
Retail	63,349	43,932	49,901	(13,447)	78.8%	5,968	113.6%
vs. Sales	64.3%	54.7%	56.3%	-8.0pt	-	1.6pt	-
Online	20,609	21,705	21,783	1,173	105.7%	78	100.4%
vs. Sales	20.9%	27.0%	24.6%	3.6pt	-	-2.5pt	-
Others (Wholesale, etc.)	636	953	1,295	658	203.4%	342	135.9%
vs. Sales	0.6%	1.2%	1.5%	0.8pt	-	0.3pt	-
Outlet, etc.	13,918	13,712	15,692	1,773	112.7%	1,979	114.4%
vs. Sales	14.1%	17.1%	17.7%	3.6pt	-	0.6pt	-

YoY change in existing stores

	Sales	Number of customers	Avg. spend per customer
Retail + Online	111.3%	100.8%	110.4%
Retail	117.0%	108.2%	108.2%
Online	100.4%	89.6%	108.8%

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Non-consolidated sales were ¥87,816 million, 110.3% YoY and 89.1% compared to three years ago and 91.7% compared to three years ago when excluding the impact of changes in revenue recognition standards.

Total business unit sales were ¥72,980 million, 109.6% YoY and 86.3% compared to three years ago, and 88.2% compared to three years ago when excluding the impact of changes in revenue recognition standards.

Retail was ¥49,901 million, 113.6% YoY and 78.8% compared to three years ago.
Online was ¥21,783 million, 100.4% YoY and 105.7% compared to three years ago, and the online sales ratio was 24.6%, up 3.6 percentage points from three years ago.

Regarding YoY change of existing store sales, as a result of growth in physical stores, retail and online sales increased to 111.3%, and the average spend per customer rose to 110.4% from the previous year as a result of controlling measures for discount price sales although online sales stayed flat year on year.

Outlet, etc. were ¥15,692 million, 114.4% YoY, 112.7% compared to three years ago, and sales ratio was 17.7%.

Non-consolidated Sales by Business

(Millions of yen)

	FY2020 9M	FY2022 9M	FY2023 9M	Change	Vs. same period 3 years ago	Change	YoY change
Total Business Unit Sales	84,595	66,591	72,980	(11,615)	86.3%	6,389	109.6%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	88.2%	-	-
Trend-conscious Market	55,052	44,461	48,447	(6,605)	88.0%	3,986	109.0%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	90.4%	-	-
Basic Trend-conscious Market	29,543	22,130	24,533	(5,009)	83.0%	2,403	110.9%
Excluding the impact of the change in revenue recognition standards	-	-	-	-	84.1%	-	-

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	110.2%	116.4%	97.7%
Basic Trend-conscious Market	113.6%	118.2%	105.4%

Regarding Trend-conscious Market centered on UA and BY, sales were ¥48,447 million, 109.0% YoY and 88.0% compared to three years ago, and 90.4% compared to three years ago when excluding the impact of changes in revenue recognition standards.

Regarding Basic Trend-conscious Market centered on GLR, sales were ¥24,533 million, 110.9% YoY, 83.0% compared to three years ago, and 84.1% compared to three years ago when excluding the impact of changes in revenue recognition standards.

Regarding retail + online, sales at existing stores exceeded the year-on-year figures in both markets.

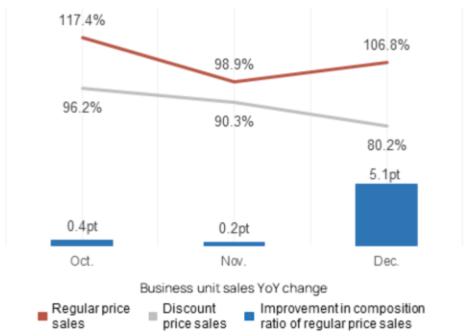
Overview of Non-consolidated 3Q (3 months) (YoY)

Business unit sales YoY change

Regular price sales 107.2% / Discount price sales 81.9%

Composition ratio of regular price sales 90.5%

October: Strong sales due to lowering temperatures
November: Some demand was brought forward to October. The impact of higher temperatures
December: Discount price sales were curtailed



Looking at trends in non-consolidated business unit, sales at regular price sales over the three months of the third quarter were 107.2% compared to the previous year. Discount price sales were brought down to 81.9% of the previous year, and the composition ratio of regular price sales also rose to 90.5%, an improvement of 2.6 percentage points from the previous year.

In October, business was strong due to a decline in temperatures. In November, there was a negative impact from demand that was brought forward to October and higher temperatures. In December, when discount sales to VIPs and house card members started, discount price sales were held down to 80% of the previous year, and regular price sales were steady at 106.8% of the previous year. The composition ratio of regular price sales rose to as high as 79.1%, an improvement of 5.1 percentage points from 74.0% of the previous year. The year-on-year composition ratio rose or fell from month to month due to weather conditions and the height of the composition ratio recorded a year earlier, but discount price sales were held down throughout.

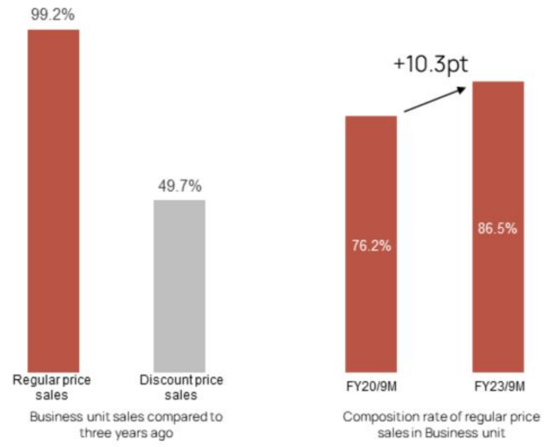
In the January figures announced previously, regular price sales were approximately 120% of the previous year. By holding discount price sales down to 90% or less, the composition ratio of regular price sales improved 6.8 percentage points. Efforts to curb discount price sales and increase regular price sales will continue.

Overview of Non-consolidated 3Q (9 months) (Compared to three years ago)

Business unit sales compared to three years ago

Regular price sales	99.2%
Discount price sales	49.7%

Composition ratio of regular price sales 86.5%



Comparing the cumulative period up to the third quarter with the same period of three years ago, when the COVID-19 pandemic hit, regular price sales were 99.2%.
Given the number of store closings over the past three years, we believe that regular price sales were higher than those of three years ago, and discount price sales were halved.

The composition ratio of regular price sales was 86.5%, an improvement of 10.3 percentage points from three years ago.

01 Overview of FY23 3Q Business Results

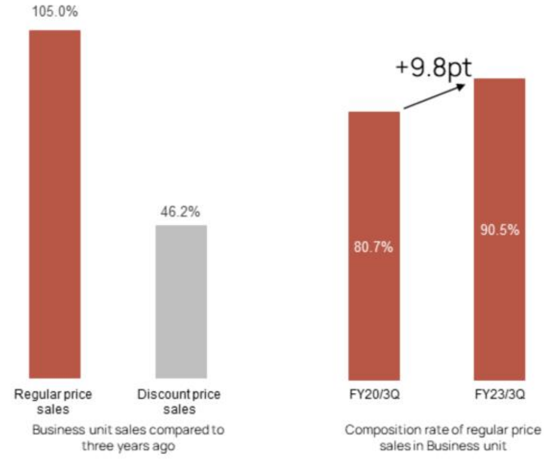
Overview of Non-consolidated 3Q (3 months) (Compared to three years ago)

Business unit sales compared to three years ago

Regular price sales 105.0%

Discount price sales 46.2%

Composition ratio of regular price sales 90.5%



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Comparing the three months of the third quarter, the regular price sales of business unit is 105% of three years ago, exceeding the pre-pandemic level. Discount price sales halved, and the composition ratio of regular price sales was 90.5%, an improvement of 9.8 percentage points.

In January as well, regular price sales were approximately 120% of three years ago. The composition ratio of regular price sales improved 12 percentage points as a result of decreasing discount price sales to approximately 70%.

We are concentrating on regular price sales this fiscal year as the year completing the current medium-term plan that is intended to overhaul our earnings structure. We have achieved consistent results over the fall and winter following on from spring and summer.

Consolidated BS

(Millions of yen)

	As of Mar. 31, 2022	As of Dec. 31, 2022	Change	vs. end of previous
Total Assets	59,703	63,072	3,368	105.6%
Composition ratio	100.0%	100.0%	-	-
Current Assets	38,475	43,898	5,423	114.1%
Composition ratio	64.4%	69.6%		-
Noncurrent Assets	21,228	19,173	(2,054)	90.3%
Composition ratio	35.6%	30.4%		-
Current Liabilities	25,437	25,401	(36)	99.9%
Composition ratio	42.6%	40.3%		-
Noncurrent Liabilities	4,197	4,033	(163)	96.1%
Composition ratio	7.0%	6.4%		-
Total Net Assets	30,069	33,637	3,567	111.9%
Composition ratio	50.4%	53.3%		-
Reference: Balance of short- and long-term loans payable	7,800	5,380	(2,420)	69.0%

	As of Dec. 31, 2021	As of Dec. 31, 2022	Change	vs. end of same period of previous year
Reference: Inventory	23,378	23,416	37	100.2%

UNITED ARROWS LTD.

Total assets were ¥63,072 million, 105.6% of the end of the previous fiscal year.

Current assets were ¥43,898 million, 114.1% of the end of the previous fiscal year,
attributable mainly to an increase in merchandise, supplies and account receivables, and a decrease in cash and deposits.

Noncurrent assets were ¥19,173 million, 90.3% of the end of the previous fiscal year,
attributable primarily to an increase in intangible noncurrent assets resulting from preparations for the renewal of core systems,
a decrease in property, plant and equipment associated with the recording of impairment loss from identifying unprofitable stores and depreciation,
and a decrease in guarantee deposits associated with store closures.

Current liabilities were ¥25,401 million, 99.9% of the end of the previous fiscal year,
Attributable mainly to increases in notes and accounts payable-trade, income taxes payable, etc. and decreases in short-term loans, accounts payable-other, provision for bonuses, etc.

Noncurrent liabilities were ¥4,033 million, 96.1% of the end of the previous fiscal year,
attributable primarily to the reclassification of asset retirement obligations to current liabilities associated with store closures.

Total net assets were ¥33,637 million, 111.9% of the end of the previous fiscal year, attributable to an increase in retained earnings.

The balance of short- and long-term loans payable was ¥5,380 million, 69.0% of the end of the previous fiscal year.

Inventory totaled ¥23,416 million, 100.2% of the end of the same period of the previous fiscal year.
Although inventory was higher compared to the same period of the previous year, it has been held down to a lower rate than that of sales growth.

Consolidated CF

(Millions of yen)

	FY2022 9M	FY2023 9M	Major components for results of 3Q FY23	
Cash flows from operating activities (sub-total)	(7)	4,432		
Cash flows from operating activities	702	3,827	Income before income taxes Increase in trade receivables Increase in inventory Increase in trade payables	6,432 (3,615) (2,869) 2,137
Cash flows from investing activities	(617)	(1,792)	Acquisition of long-term prepaid expenses Purchases of intangible fixed assets Collection of guarantee deposits	(1,324) (541) 514
Cash flows from financing activities	(1,781)	(3,075)	Decrease in short-term loans payable Dividends paid	(2,420) (655)
Cash and cash equivalents at the end of the period	4,808	4,420		

Cash provided by operating activities totaled ¥3,827 million,

cash used in investing activities totaled ¥1,792 million,

cash used in financing activities totaled ¥3,075 million,

and cash and cash equivalents were ¥4,420 million.

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

COEN CO., LTD.

February - October

Saw increase in both revenue and income

- Sales: ¥7.65 billion, compared with the same period last year: 108.0%, compared with the same period 3 years ago: 80.5% (vs. 3 years ago excluding the impact of changes in revenue recognition standards: 82.9%)
- Gross margin improved by curtailing discount price sales, resulting in profits exceeding the plan
- Created hit products for pants for both men and women

- Targeting was switched. Merchandising was adjusted to focus on styling from the spring and summer
- In February, the company's E-commerce site is scheduled for renewal to advance OMO measures

UNITED ARROWS TAIWAN LTD.

February - October

Saw increase in both revenue and income

- Sales: ¥1.02 billion, compared with the same period last year: 143.7%, compared with the same period 3 years ago: 175.1%
- Although sales were lower than planned, profitability improved significantly from the previous year

COEN increased sales and profits. Sales were ¥7.65 billion, 108.0% YoY, 80.5% compared to three years ago and 82.9% when excluding the impact of changes in revenue recognition standards.
Gross margin improved by curtailing discount price sales, resulting in profits exceeding the plan.
Hit products for pants for both men and women were created. We switched our target over spring/summer season and adjusted merchandising that emphasized styling-oriented sales.
We will renew our E-commerce site in February to further drive OMO measures.

The Taiwan subsidiary increased both sales and profit with net sales of ¥1.02 billion, 143.7% YoY, and 175.1% compared to three years ago. Although sales were lower than the plan, gross margin improved, and profitability improved significantly.

Opening and Closing of Stores

9M Results	Opened 6	Closed 7	No. of stores as of 9M-end 309
Full-year forecast	Opened 6	Closed 20	No. of stores as of period-end 296

* 17.5% decrease from the end of March 2020

	No. of stores as of period-end of previous year	9M Results: Opened	9M Results: Closed	No. of stores as of 9M-end	Full-year forecast: Opened	Full-year forecast: Closed	No. of stores as of period-end (Forecast)
Total Group	**310**	**6**	**7**	**309**	**6**	**20**	**296**
UNITED ARROWS LTD.	216	3	1	218	3	6	213
COEN CO., LTD.	87	2	6	83	2	14	75
UNITED ARROWS TAIWAN LTD.	7	1	0	8	1	0	8

Six stores opened and seven closed over the 9-month period. The number of stores totaled 309 at the end of 3Q.

The Company expects to open six stores and close 20 stores for the full year, and the number of stores at the end of the period will be 296, a decrease of 17.5% from 359 stores at the end of March 2020.

UNITED ARROWS LTD. Retail Stores Opened/Closed

		9M Results			Full-year forecast		
	No. of stores as of period-end of previous	Opened	Closed	No. of stores as of 9M-end	Opened	Closed	No. of stores as of period-end (Forecast)
UNITED ARROWS LTD. Total	**216**	**3**	**1**	**218**	**3**	**6**	**213**
Trend-conscious Market Total	**106**	**1**	**1**	**106**	**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	1	0	37	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**	**1**	**0**	**27**	**1**	**1**	**26**

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

FY23 PL Revised Plan (vs. original plan)

(Millions of yen)

		FY2023 Original plan	FY2023 Revised plan	vs. original plan Change/vs. sales pt difference	
Sales		130,000	130,000	0	100.0%
(Reference) Excluding the impact of changes in consolidation structure and revenue recognition standards		-	-	-	
Gross profit		65,700	66,560	860	101.3%
	vs. Sales	50.5%	51.2%	0.7pt	-
SG&A Expenses		60,900	60,560	(340)	99.4%
	vs. Sales	46.8%	46.6%	- 0.3pt	-
Operating Income		4,800	6,000	1,200	125.0%
	vs. Sales	3.7%	4.6%	0.9pt	-
Non Op. P/L		430	500	70	116.3%
	vs. Sales	0.3%	0.4%	0.1pt	-
Ordinary Income		5,230	6,500	1,270	124.3%
	vs. Sales	4.0%	5.0%	1.0pt	-
Extraordinary P/L		(830)	(470)	360	-
	vs. Sales	-0.6%	-0.4%	0.3pt	-
Net income attributable to owners of parent		3,000	4,120	1,120	137.3%
	vs. Sales	2.3%	3.2%	0.9pt	-

UNITED ARROWS LTD.

Revision of the consolidated business results forecast for the current fiscal year announced on February 6.

Sales have remained unchanged at ¥130,000 million.

Gross margin will be 51.2%, up 0.7 percentage points from the plan at the beginning of the period. Although being affected by currency fluctuations and rising costs, etc., this figure is expected to exceed the forecast at the beginning of the period due to a range of measures, including increasing regular price sales and price revisions.

SGA expenses are ¥60,560 million, 99.4% of the plan for the beginning of the period. Although additional costs, such as store repairs and bonuses for employees for achieving the plan, are included in 4Q, SGA expenses are expected to fall short of the forecast at the beginning of the period due to a reduction in other costs.

Operating income is ¥6,000 million, 125.0% of the plan at the beginning of the period. Operating income rate is 4.6%.

Ordinary income is ¥6,500 million, 124.3% of the plan at the beginning of the period. Ordinary income margin is 5.0%.

Net income attributable to owners of the parent is expected to be ¥4,120 million with a prospect that extraordinary P/L is projected to improve by ¥360 million from the plan,
137.3% compared to the plan at the beginning of the period, and the sales ratio is expected to be 3.2%.

At present, the forecast for the year-end dividend of ¥20 and the annual dividend of ¥32 has not been changed, but we plan to make adjustments in line with the dividend payout ratio forecast of 30.4% after final income has been confirmed.

FY23 PL Revised Plan (compared to three years ago and the previous year)

(Millions of yen)

		FY2020 Full	FY2022 Full	FY2023 Revised plan	Compared to three years ago Change/vs. sales pt difference		Compared with the previous year Change/vs. sales pt difference	
Sales		157,412	118,384	130,000	(27,412)	82.6%	11,615	109.8%
(Reference) Excluding the impact of changes in consolidation structure and revenue recognition standards		-	-	-	-	Approx. 92%	-	
Gross profit		79,983	59,090	66,560	(13,423)	83.2%	7,469	112.6%
	vs. Sales	50.8%	49.9%	51.2%	0.4pt	-	1.3pt	-
SG&A Expenses		71,224	57,407	60,560	(10,664)	85.0%	3,152	105.5%
	vs. Sales	45.2%	48.5%	46.6%	1.3pt	-	-1.9pt	-
Operating Income		8,758	1,683	6,000	(2,758)	68.5%	4,316	356.5%
	vs. Sales	5.6%	1.4%	4.6%	-0.9pt	-	3.2pt	-
Non Op. P/L		44	1,144	500	455	1116.0%	(644)	43.7%
	vs. Sales	0.0%	1.0%	0.4%	0.4pt	-	-0.6pt	-
Ordinary Income		8,803	2,827	6,500	(2,303)	73.8%	3,672	229.9%
	vs. Sales	5.6%	2.4%	5.0%	-0.6pt	-	2.6pt	-
Extraordinary P/L		(2,582)	(1,068)	(470)	2,112	18.2%	598	44.0%
	vs. Sales	-1.6%	-0.9%	-0.4%	1.3pt	-	0.5pt	-
Net income attributable to owners of parent		3,522	732	4,120	597	116.9%	3,387	562.3%
	vs. Sales	2.2%	0.6%	3.2%	0.9pt	-	2.6pt	-

UNITED ARROWS LTD.

Comparison of revised plan with the previous year and three years ago.

Sales will be 109.8% and 82.6% compared to the previous year and three years ago, respectively. Approximately 92% compared to three years ago when excluding the effects of changes in consolidation structure and revenue recognition standards.

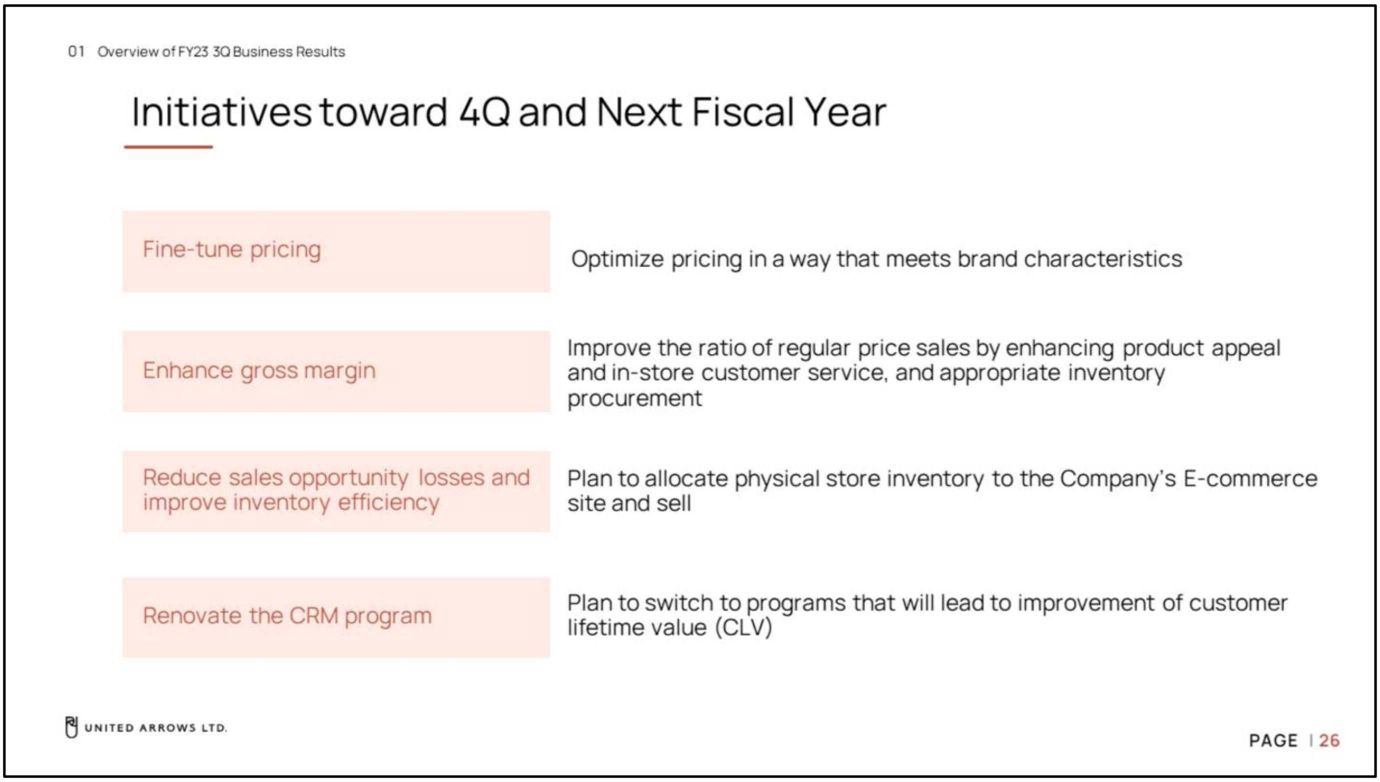
Gross margin will improve by 1.3 percentage points and 0.4 percentage points from the previous year and three years ago, respectively.

SGA expenses will be 105.5% and 85.0% compared to the previous year and three years ago, respectively. The SGA expense ratio is expected to improve by 1.9 percentage points from the previous year and increase by 1.3 percentage points from three years ago.

Operating income is forecast to be 356.5% compared to the previous year and 68.5% compared to three years ago with the operating income rate improving by 3.2 percentage points from the previous year, a decrease of 0.9 percentage points from three years ago.

Ordinary income is forecast to be 229.9% compared to the previous year and 73.8% compared to three years ago with the ordinary income margin improving by 2.6 percentage points from the previous year and decreasing by 0.6 percentage points from three years ago.

Extraordinary P/L improved from the previous year and three years ago. Net income attributable to owners of parent was 562.3% compared to the previous year,
and 116.9% compared to three years ago. The sales ratio improved by 2.6 percentage points and 0.9 percentage points from the previous year and three years ago, respectively.



Efforts over 4Q and the next fiscal year

Amid cost pressure rising, we revised prices in line with quality improvements over the fall and winter. At this point, we have not felt any significant negative impact. However, there are subtle variances of the impact depending on business and sales channel. Although we plan to continue price revisions next spring and summer, we will strive to control the cost of sales ratio and improve the ratio of regular price sales by setting prices precisely according to business characteristics.

We have made steady progress in improving profitability by strengthening regular price sales. We believe there is room for improvement by enhancing product appeal, customer service in store and appropriate inventory procurement. We will strengthen regular price sales after the spring and summer to minimize the impact of cost increases.

Regarding the company's E-commerce site, from the coming spring/summer season, we plan to restart the coordination of stock with physical stores that was suspended temporarily. This action will enable online sales to continue even if stock in distribution centers runs out by allocating inventory of physical stores to online sales, thereby reducing the loss of sales opportunities. We can expect sales to increase while improving inventory efficiency.

In addition to strengthening our E-commerce functions, we are proceeding with a revision to the CRM program. This is a program to increase contact with us by providing services finely tuned to each customer with the aim of enhancing customer lifetime value. We will establish a stable business foundation for growth by adding loyal customers with a close affinity with the company.

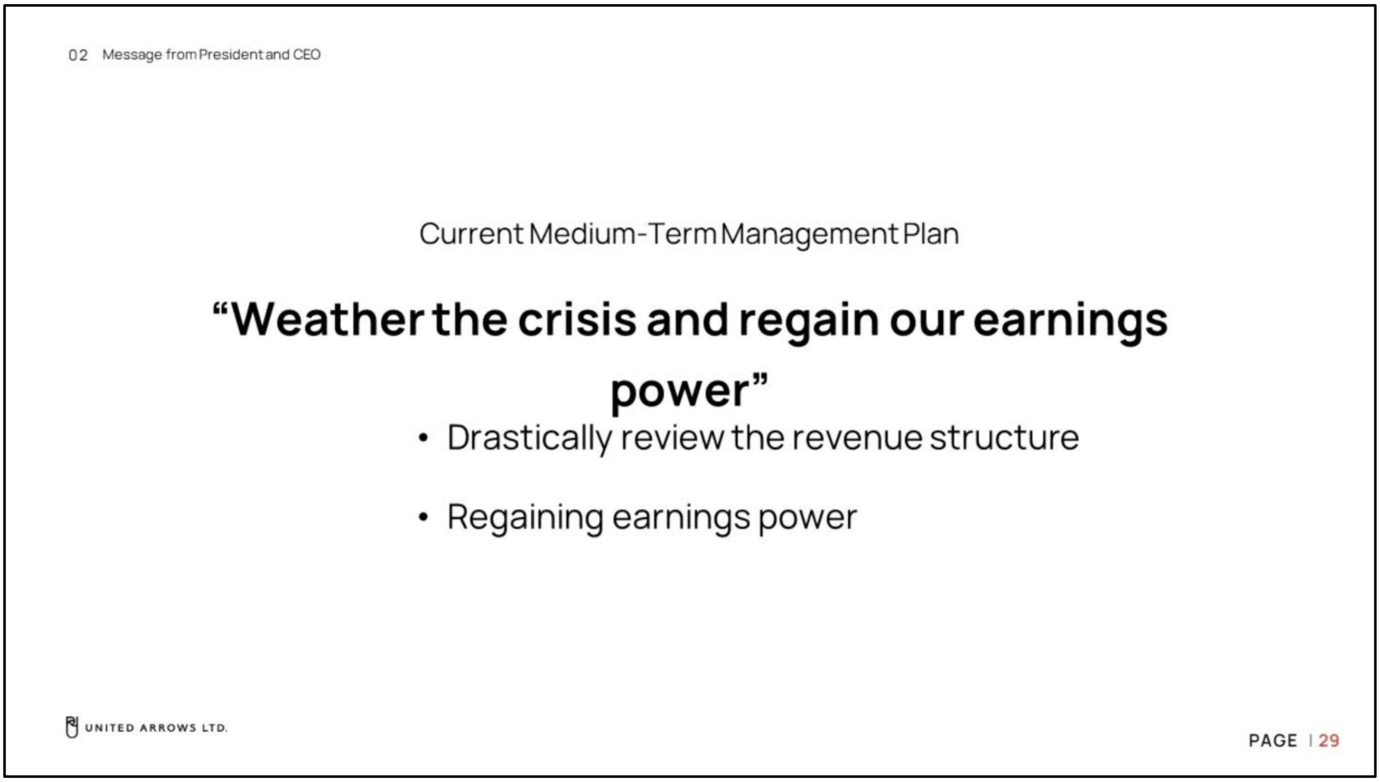
02

Message from Yoshinori Matsuzaki
Representative Director, President and CEO

I am Matsuzaki, Representative Director, President and CEO.
I would like to take this opportunity to express my gratitude to you for your continuous support.

We have two months to go before closing the current medium-term plan.

Today, I would like to talk about the new medium-term management plan that will begin next fiscal year, after the remaining two months have progressed better than expected.



Starting with the current medium-term plan, the unpredictable pandemic has put us in a situation which has resulted in a significant difference in results to our initial forecasts, and I apologize for any concern this has caused.

Over the two years since I took up office, we have implemented efforts to strengthen internal operations with the aim of improving earnings structure, including
- Identifying unprofitable stores
- Controlling inventory procurement
- Improving profitability by strengthening regular price sales
- Reforming our organizational structure from a business unit system to a functional unit system.

So far, these efforts have yielded consistent results, and we have been able to review the way we conduct business to create added value, which is what we should be aiming for. Amid rising cost pressures such as raw material prices and foreign exchange rate fluctuations, regular price sales are on the verge of reaching a level higher than that before COVID-19, which has improved gross profit margins, enabling us to make steady progress in switching to profitable structure.

Additionally, we switched from a vertical structure based on businesses to a function-based structure that is divided into product development, sales and marketing last April, which has realized a structure that enhances their respective expertise and enables functional collaboration beyond business units.

Toward the New Medium-Term Management Plan

On the premise of "moving toward higher added value"

1. Increase contact with customers (sales)

- Growth of existing stores and EC through OMO initiatives
- New development and opening of stores to increase customers and supporters

2. Enhance added value (gross margin)

- Brand power through human capital
- Productive activities driven by digital investment

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From the current medium-term plan that focuses on solidifying our foothold through these efforts over two years, we will finally embark on offensive-strategy management in the new medium-term plan. Details, specific initiatives and targets will be outlined in an upcoming announcement. Today, I would like to talk about the direction in which we are heading.

Firstly, regarding the direction of our new medium-term management plan, it is based on the premise that the company will "move toward higher added value."
As I mentioned earlier, the challenge we face is that although the company has become profitable, sales have not recovered to the pre-COVID level, resulting in a situation where the scale of the company has shrunk. However, we cannot return to our previous structure of building sales through discount sales. Currently we believe that we should be raising our product prices in response to surging raw material prices, including the impact of a weak yen. However, we will further focus on having customers understand that our price hikes are appropriate because they are accompanied by added value.

To this end, we have made our first challenge to increase contact points with our customers.
We will further strengthen regular price sales by enhancing product appeal and customer service levels in our stores.
Specifically, it is an evolution of OMO measures that enables customers to experience e-commerce and stores seamlessly.

We will then promote efforts to capture new demand in order to add customers and supporters.
With customers' lifestyles and needs becoming more diverse, the services we provide are still very limited.
Under the current mid-term plan, we have launched initiatives to provide new value through our filters, such as brands for young people, outdoor, golf, and yoga, and we are beginning to see the seeds for future growth.
In the next mid-term plan, we will work to provide value-added services to meet the diverse needs of our customers without being limited to apparel, including the development of new brands.
In order to realize our philosophy of setting the "standard for lifestyle culture", we will focus on a proactive attitude and promote action, without being bound by the UA culture of the past.
These three years will mark the start of efforts to create a new future together with our customers, moving away from the idea of going back to the way things were before COVID.

02 Message from President and CEO

Toward the New Medium-Term Management Plan

On the premise of "moving toward higher added value"

1. Increase contact with customers (sales)
   - Growth of existing stores and EC through OMO initiatives
   - New development and opening of stores to increase customers and supporters

2. Enhance added value (gross margin)
   - Brand power through human capital
   - Productive activities driven by digital investment

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Secondly, we will aim for high added value, in other words, a high gross margin.

In the midst of an uncertain environment, we will pave the way for the future with various scenarios, and these changes are both a threat and an opportunity for growth.
In order to continue to operate sustainably in such an environment, it is essential to conduct business that creates high added value and this added value is supported by our internal human resources and our brand power to enhance our image for proceeding with price increases.

Under the COVID pandemic, we decreased recruitment and reduced the number of employees through the natural process of retirement.
We transferred personnel as a result of store closures and reassigned employees to important fields, such as online and customer support. However, as store sales are recovering, there is now an obvious shortage of personnel.
For store staffing, we have restarted recruiting people with years of work experience, and we are on track to replenish our workforce to some extent with the hiring of new graduates this spring.

In order to promote the OMO measures I mentioned earlier, it is also essential to secure human resources with strong IT and digital marketing skills, and we are stepping up recruitment and gradually putting a system in place.

We have acknowledged your feedback about the decrease in personnel expenses and we have restored them to a level close to that before COVID using winter bonuses to help improve employee motivation.

We regard human capital as an important theme in our next medium-term plan.
We will advance efforts to raise the value of our employees, including revising our personnel system, placing the right people in the right positions by utilizing talent management system and expanding investment in education. We have diverse human resources with diverse abilities. Creating a corporate culture that makes the most of and further develops employee individuality will lead to the provision of new value.

It will then be our aim to create appeal for our products that have been carefully created and selected with sincerity and aesthetics shine as a result of advanced technologies and professional customer service in store and offer them at appropriate prices.
In order to raise this to a level unmatched by other companies, in the next mid-term we will embark on initiatives, including advertising, that will raise the brand power of UNITED ARROWS as a corporate entity.

Furthermore, We will aggressively promote the digitization of internal operations, beginning with improving efficiency in inventory operations and product production. Through digital initiatives, we will work to increase our target rate and increase the ratio of regular price sales and achieve the so-called five appropriate factors (offer an appropriate item in an appropriate quantity, at an appropriate time, at an appropriate place and at an appropriate price).

02 Message from President and CEO

Toward the New Medium-Term Management Plan

On the premise of "moving toward higher added value"

1. Increase contact with customers (sales)

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2. Enhance added value (gross margin)

- Brand power through human capital
- Productive activities driven by digital investment

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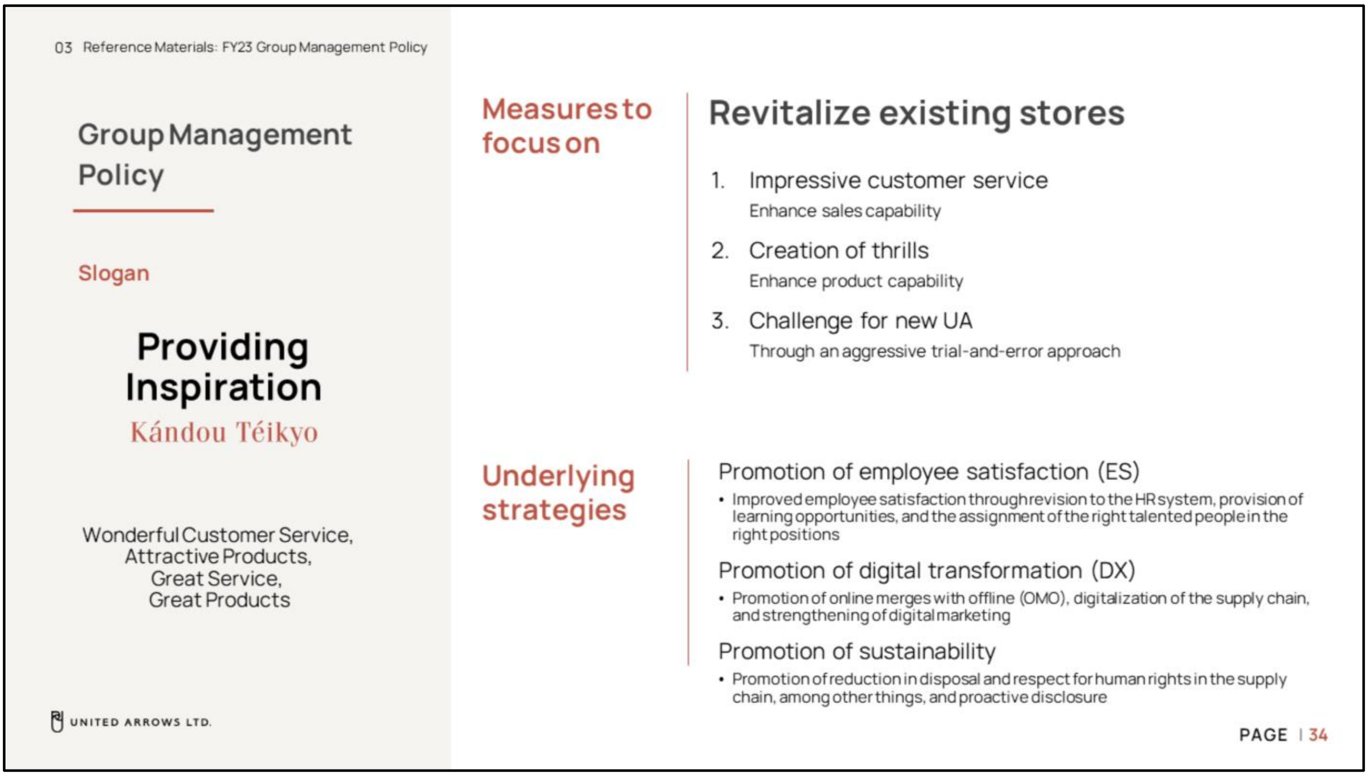
The briefing today has been provided as a brief outline.
I would like to reiterate that the strength of United Arrows lies in its products and customer service, which provide added value, and we believe that we need to reestablish our brand by refining these strengths.

Today, we have announced an upward revision to our forecast for the current fiscal year.
Although this level of performance may not meet investors' expectations, we are making steady progress in the switch to a profitable structure and planting the seeds for the next medium term.

Firstly, we will achieve the revised plan and work toward the new medium term commencing next fiscal year. We appreciate your continued support.

03

Reference Materials



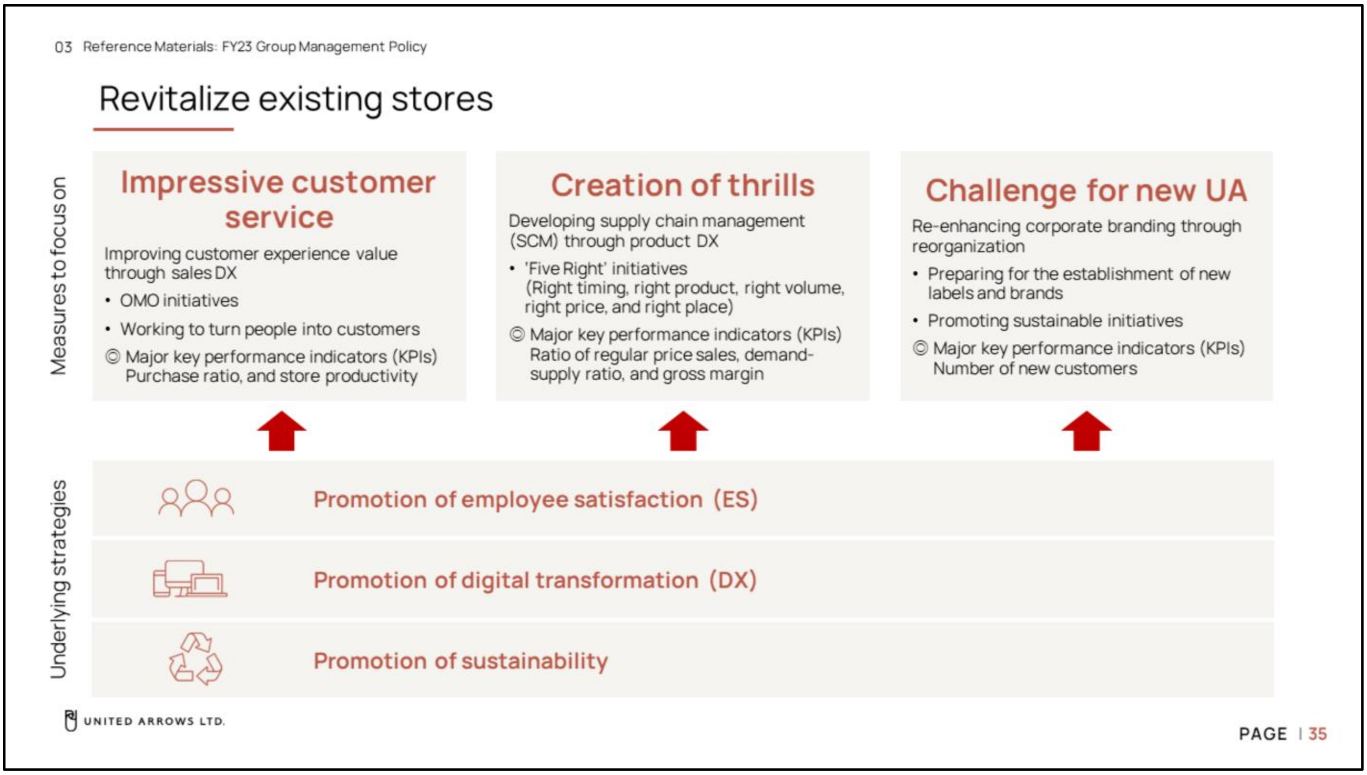
As our management policy for the fiscal year ending March 31, 2023, we have set “providing inspiration, wonderful customer services, attractive products, great service, great products”.

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.