For the First Quarter of
Fiscal Year Ending
March 31, 2024

Financial Results Briefing

2023.08.07 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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01

Overview of FY24 1Q Business Results

Summary

Sales and gross margin exceeded the previous year's level, and each income below operating income exceeded plan due mainly to improvement in non-consolidated business performance

Consolidated

Sales
¥32,155 million
YoY 108.4%

Gross margin
55.0 %
YoY+0.4pt

SGA expenses
¥15,176 million (47.2% vs. sales)
YoY 105.9%, -1.1pt

Operating income
¥2,502 million (7.8% vs. sales)
YoY 135.0%, +1.5pt

Net income attributable to owners of parent
¥1,798 million (5.6% vs. sales)
YoY 135.9%, +1.1pt

Non-consolidated

Sales
¥29,894 million
YoY 110.4%

Gross margin
55.0%
YoY +0.5pt

Existing stores YoY

Sales	**109.1** %
Number of purchasing customers	**98.3** %
Avg. spend per customer	**110.8** %

Non-consolidated sales

By Channel		YoY	vs. sales YoY
Business Unit	¥24,742 million (82.2% vs. sales)	110.8%	+0.8pt
Retail	¥17,099 million (56.8% vs. sales)	110.6%	+0.5pt
Online	¥7,085 million (23.6% vs. sales)	109.3%	-0.1pt
Outlet, etc.	¥5,343 million (17.8% vs. sales)	105.1%	-0.8pt

By Business		YoY
Trend-Conscious Market	¥16,486 million	113.2%
Basic Trend-Conscious Market	¥8,255 million	106.2%

BS

Balance of short- and long-term loans payable
¥2,160 million
vs. FY23-End 86.3%

Inventory
¥20,373 million
vs. FY231Q-End 106.5%

Opening and Closing of Stores

3M results
Opened **5** and Closed **2**
No. of stores as of period-end **301**

COEN CO., LTD.

Sales
¥2.1 billion
YoY 91.5%

UNITED ARROWS TAIWAN LTD.

Sales
¥0.2 billion
YoY 87.2%

Consolidated P/L

(Millions of yen)

		FY2023 3M	FY2024 3M	Change/pt difference	YoY
Sales		29,664	32,155	2,491	108.4%
Gross profit		16,181	17,678	1,497	109.3%
	vs. sales	54.5%	55.0%	0.4pt	-
SGA expenses		14,328	15,176	847	105.9%
	vs. sales	48.3%	47.2%	-1.1pt	-
Operating income		1,853	2,502	649	135.0%
	vs. sales	6.2%	7.8%	1.5pt	-
Non op. P/L		240	264	24	110.1%
	vs. sales	0.8%	0.8%	0.0pt	-
Ordinary income		2,093	2,766	673	132.2%
	vs. sales	7.1%	8.6%	1.5pt	-
Extraordinary P/L		(56)	(34)	21	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		1,323	1,798	475	135.9%
	vs. sales	4.5%	5.6%	1.1pt	-

UNITED ARROWS LTD.

Sales were ¥32,155 million, 108.4% YoY.

Gross profit was ¥17,678 million, 109.3% YoY and vs. sales were 55.0%, up 0.4 percentage points (pt) YoY.

SGA expenses were ¥15,176 million, 105.9% YoY, and vs. sales were 47.2%, down 1.1 pt YoY.

Operating income was ¥2,502 million, 135.0% YoY and vs. sales were 7.8%, up 1.5 pt YoY.

Ordinary income was ¥2,766 million, 132.2% YoY and vs. sales were 8.6%, up 1.5 pt YoY.

Approximately ¥34 million was recorded as an extraordinary loss, and net income attributable to owners of parent was ¥1,798 million, 135.9% YoY and vs. sales was 5.6%, up 1.1 pt YoY.

Sales and gross margin exceeded the previous year, and each income below operating income also exceeded the previous year.

Consolidated Gross Margin

	FY2024 3M	YoY pt difference
Consolidated	55.0%	0.4pt
UNITED ARROWS LTD.	55.0%	0.5pt
Total business unit sales	-	-0.8pt
Outlet, etc.	-	7.6pt
COEN CO., LTD.	-	-2.1pt
UNITED ARROWS TAIWAN LTD.	-	0.8pt

Consolidated gross margin was 55.0%, up 0.4 pt YoY.

Gross margin of UNITED ARROWS LTD. was 55.0%, up 0.5 pt YoY.

Total business unit fell 0.8 pt, mainly due to higher costs of spring outfits caused by currency fluctuations and the expansion of discount price sales for VIP customers in June.

This year saw a rebound from last year, when discount price sales for VIP customers were smaller due to low inventory delivery caused by supply chain issues.

Outlet significantly improved YoY due to a reduction in the size of inventory in previous years owing to improved inventory efficiency.

Compared with 1Q of the fiscal year ended March 2020, before the COVID-19 pandemic, UNITED ARROWS LTD., business unit, and outlet improved, reflecting the efficient inventory management and curbing of discount sales promoted in the previous medium-term plan.

Although the cost ratio of spring outfits temporarily increased due to sharp currency fluctuations, customers supported the price revision accompanied by the improvement of product quality, and we plan to keep the cost ratio stable.

COEN CO., LTD. fell 2.1 pt from the previous year due to expansion of discount price sales.

The Taiwanese subsidiary improved 0.8 pt.

Consolidated SGA Expenses

(Millions of yen)

		FY2023 3M	FY2024 3M	Change/pt difference	YoY
Total SGA expenses		14,328	15,176	847	105.9%
	vs. sales	48.3%	47.2%	- 1.1pt	-
Advertising expenses		583	720	137	123.6%
	vs. sales	2.0%	2.2%	0.3pt	-
Personnel expenses		5,123	5,429	306	106.0%
	vs. sales	17.3%	16.9%	- 0.4pt	-
Rent		4,424	4,429	5	100.1%
	vs. sales	14.9%	13.8%	- 1.1pt	
Depreciation		217	212	(4)	97.9%
	vs. sales	0.7%	0.7%	- 0.1pt	-
Other		3,980	4,383	403	110.1%
	vs. sales	13.4%	13.6%	0.2pt	-

UNITED ARROWS LTD.

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

Vs. sales were 47.2%, down 1.1 pt YoY.

Advertising expenses were ¥720 million, 123.6% YoY and vs. sales were 2.2%, up 0.3 pt YoY due mainly to an increase in advertising costs.

Personnel expenses were ¥5,429 million, 106.0% YoY, due to an increase in personnel including hiring of new graduates and bonuses.

Rent was ¥4,429 million, 100.1% YoY, remaining almost flat YoY due to closing of shops and a decrease in warehouse rent resulting from inventory reduction, despite an increase in commission rent caused by the recovery of physical stores.

Other was ¥4,383 million, up 110.1% YoY, driven by an increase in variable expenses due to a recovery in sales.

Non-consolidated Sales by Channel

(Millions of yen)

		FY2023 3M	FY2024 3M	Change/pt difference	YoY
Non-consolidated sales		27,089	29,894	2,804	110.4%
Total business unit sales		22,337	24,742	2,404	110.8%
	vs. sales	81.5%	82.2%	0.8pt	-
Retail		15,455	17,099	1,644	110.6%
	vs. sales	56.4%	56.8%	0.5pt	-
Online		6,485	7,085	600	109.3%
	vs. sales	23.6%	23.6%	- 0.1pt	-
Others (Wholesale, etc.)		396	556	160	140.5%
	vs. sales	1.4%	1.9%	0.4pt	-
Outlet, etc.		5,086	5,343	257	105.1%
	vs. sales	18.5%	17.8%	- 0.8pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	109.1%	98.3%	110.8%
Retail	110.0%	100.1%	109.9%
Online	106.9%	95.1%	111.4%

UNITED ARROWS LTD.

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Non-consolidated sales were ¥29,894 million, 110.4% YoY, and total business unit sales were ¥24,742 million yen, 110.8% YoY.

Retails were ¥17,099 million, 110.6% YoY. The recovery in the Tokyo area, which was affected by the COVID-19 pandemic, was remarkable.

Online was ¥7,085 million, 109.3% YoY, and vs. sales were 23.6%. The Company's e-commerce site remained strong, at 117.6% YoY, and came to account for 35.1% of total online business (up 2.4 pt YoY).

Existing store sales exceeded the previous year's level for both retail and online, with retail + online at 109.1% YoY, and average spend per customer at 110.8%, up from the previous year due to controlled sales measures and price revisions.

Outlet, etc. were ¥5,343 million, 105.1% YoY, and vs. sales were 17.8%.

Non-consolidated Sales by Business

(Millions of yen)

	FY2023 3M	FY2024 3M	Change	YoY
Total business unit sales	22,337	24,742	2,404	110.8%
Trend-Conscious Market	14,566	16,486	1,920	113.2%
Basic Trend-Conscious Market	7,770	8,255	484	106.2%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-Conscious Market	112.4%	113.6%	109.5%
Basic Trend-Conscious Market	102.9%	103.0%	102.7%

UNITED ARROWS LTD.

Trend-Conscious Market centered on UA and BY had sales of ¥16,486 million, 113.2% YoY.

Basic Trend-Conscious Market centered on GLR had sales of ¥8,255 million, 106.2% YoY.

Trend-Conscious Market with a high proportion of the Tokyo area, where the recovery is remarkable, grew significantly.

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

Consolidated BS

(Millions of yen)

	As of Mar. 31, 2023	As of Jun. 30, 2023	vs. previous term-end Change	
Total Assets	61,184	55,808	(5,376)	91.2%
Composition ratio	100.0%	100.0%	-	-
Current Assets	41,604	36,854	(4,750)	88.6%
Composition ratio	68.0%	66.0%		-
Noncurrent Assets	19,580	18,954	(626)	96.8%
Composition ratio	32.0%	34.0%		-
Current Liabilities	23,451	18,540	(4,911)	79.1%
Composition ratio	38.3%	33.2%		-
Noncurrent Liabilities	4,030	4,085	54	101.4%
Composition ratio	6.6%	7.3%		-
Total Net Assets	33,702	33,182	(519)	98.5%
Composition ratio	55.1%	59.5%		-
Reference: Balance of short- and long-term loans payable	2,504	2,160	(344)	86.3%

	As of Jun. 30, 2022	As of Jun. 30, 2023	vs. 1Q-end of the previous fiscal year Change	
Reference: Inventory	19,138	20,373	1,234	106.5%

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Total assets were ¥55,808 million, 91.2% compared with the end of the previous period.

Current assets were ¥36,854 million, 88.6% compared with the end of the previous period due to a decrease in cash and deposits, merchandise, and accounts receivable-other.

Noncurrent assets were ¥18,954 million, 96.8% compared with the end of the previous period, due to an increase in intangible assets as a result of preparations for core system renovations, an increase in property, plant and equipment due to the opening of stores, a decrease in guarantee deposits due to the closing of stores, and a decrease in deferred tax assets.

Current liabilities were ¥18,540 million, 79.1% compared with the end of the previous period, due to a decrease in notes and accounts payable-trade, short-term loans payable, accounts payable, income taxes payable, and provision for bonuses.

Noncurrent liabilities were ¥4,085 million, 101.4% compared with the end of the previous period, mainly due to an increase in asset retirement obligations associated with store openings.

Total net assets were ¥33,182 million, 98.5% compared with the end of the previous period, due to an increase in retained earnings and a decrease due to dividends paid and the acquisition of treasury stock.

Balance of short- and long-term loans payable was ¥2,160 million, 86.3% compared with the end of the previous period.

Inventory totaled ¥20,373 million, 106.5% compared with the 1Q-end of the previous fiscal year.

Although it increased YoY, it was kept below the level of sales growth.

Consolidated CF

(Millions of yen)

	FY2023 3M	FY2024 3M	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	2,369	(5)		
Cash flows from operating activities	1,955	(1,040)	Income before income taxes Decrease in trade receivables Decrease in provision for bonuses Decrease in trade payables	2,731 651 (1,354) (1,272)
Cash flows from investing activities	(1,536)	(818)	Collection of guarantee deposits Purchases of property, plant and equipment Purchases of intangible assets	79 (434) (309)
Cash flows from financing activities	(2,611)	(2,582)	Acquisition of treasury stock Dividends paid Decrease in short-term loans payable	(1,311) (925) (344)
Cash and cash equivalents at the end of the period	3,319	4,111		

UNITED ARROWS LTD.

Cash flows from operating activities led to a decrease in cash of ¥1,040 million, cash flows from investing activities reduced cash by ¥818 million, cash flows from financing activities led to a decrease in cash of ¥2,582 million, and cash and cash equivalents were ¥4,111 million.

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

COEN CO., LTD.

February – April

Saw decrease in revenue and increase in income

- Sales were ¥2.1 billion, 91.5% YoY
- Retail sales declined due to closing of stores (sales at existing retail stores were approximately 113%), a reduction in discount price sales following the renewal of the company's e-commerce site, and a decrease in online sales due to a shortage of products for younger customers
- Switching to products with revised targets has begun, and improvement from fall/winter is expected
- It is expected to take time to resolve system issues after the company's e-commerce site renewal, and the Company plans to expand the number of products sold exclusively online for younger customers to supplement sales

UNITED ARROWS TAIWAN LTD.

February – April

Saw decrease in both revenue and income

- Sales were ¥0.2 billion, 87.2% YoY
- The change of month in which the Chinese New Year occurs (in February last year, in January this year), the slowdown of the sales trends of early summer clothes due to the unstable climate in March, and the effect of the closing of an external online shopping mall

Subsidiary trends are as shown on the slide.

Opening and Closing of Stores

3M results	Opened 5	Closed 2	No. of stores as of 1Q-end 301
Full-year forecast	Opened 10	Closed 8	No. of stores as of period-end 300

	3M results				Full-year forecast		
	No. of stores at the previous period-end	Opened	Closed	No. of stores at the 1Q-end	Opened	Closed	No. of stores at the period-end (Forecast)
Total Group	**298**	**5**	**2**	**301**	**10**	**8**	**300**
UNITED ARROWS LTD.	215	5	1	219	9	5	219
COEN CO., LTD.	75	0	1	74	0	3	72
UNITED ARROWS TAIWAN LTD.	8	0	0	8	1	0	9

Five stores opened and two closed over the 3-month period. The number of stores totaled 301 at the end of 1Q.

UNITED ARROWS LTD. Retail Stores Opened/Closed

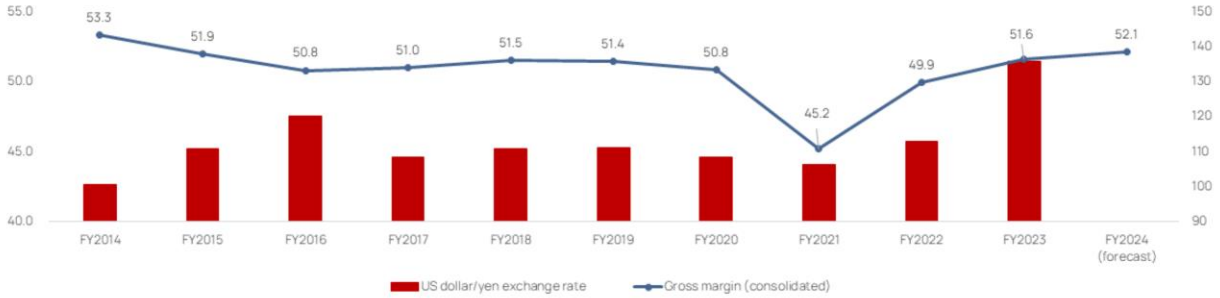
	3M results				Full-year forecast		
	No. of stores at the previous period-end	Opened	Closed	No. of stores at the 1Q-end	Opened	Closed	No. of stores at the period-end (Forecast)
UNITED ARROWS LTD. Total	**215**	**5**	**1**	**219**	**9**	**5**	**219**
Trend-Conscious Market Total	**104**	**0**	**0**	**104**	**1**	**4**	**101**
UNITED ARROWS (General Merchandise Store)	14	0	0	14	0	0	14
UNITED ARROWS	24	0	0	24	1	1	24
BEAUTY&YOUTH	37	0	0	37	0	2	35
Other	29	0	0	29	0	1	28
Basic Trend-Conscious Market Total	**85**	**4**	**1**	**88**	**7**	**1**	**91**
Green label relaxing	84	1	1	84	2	1	85
Other	1	3	0	4	5	0	6
Outlet	**26**	**1**	**0**	**27**	**1**	**0**	**27**

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

01 Overview of FY24 1Q Business Results

Trends in Consolidated Gross Margin and Exchange Rates

- As about 80% of our products are imported, effects of exchange rate fluctuations are inevitable
- FY23 results: 51.6%
  With curtailing discount price sales and revising prices, consolidated gross margin rebounded close to the level of FY15, when the exchange rate was around 110 yen per dollar
- FY24 forecast: 52.1%, gross margin is expected to improve to the 53% level during the Medium-Term Management Plan



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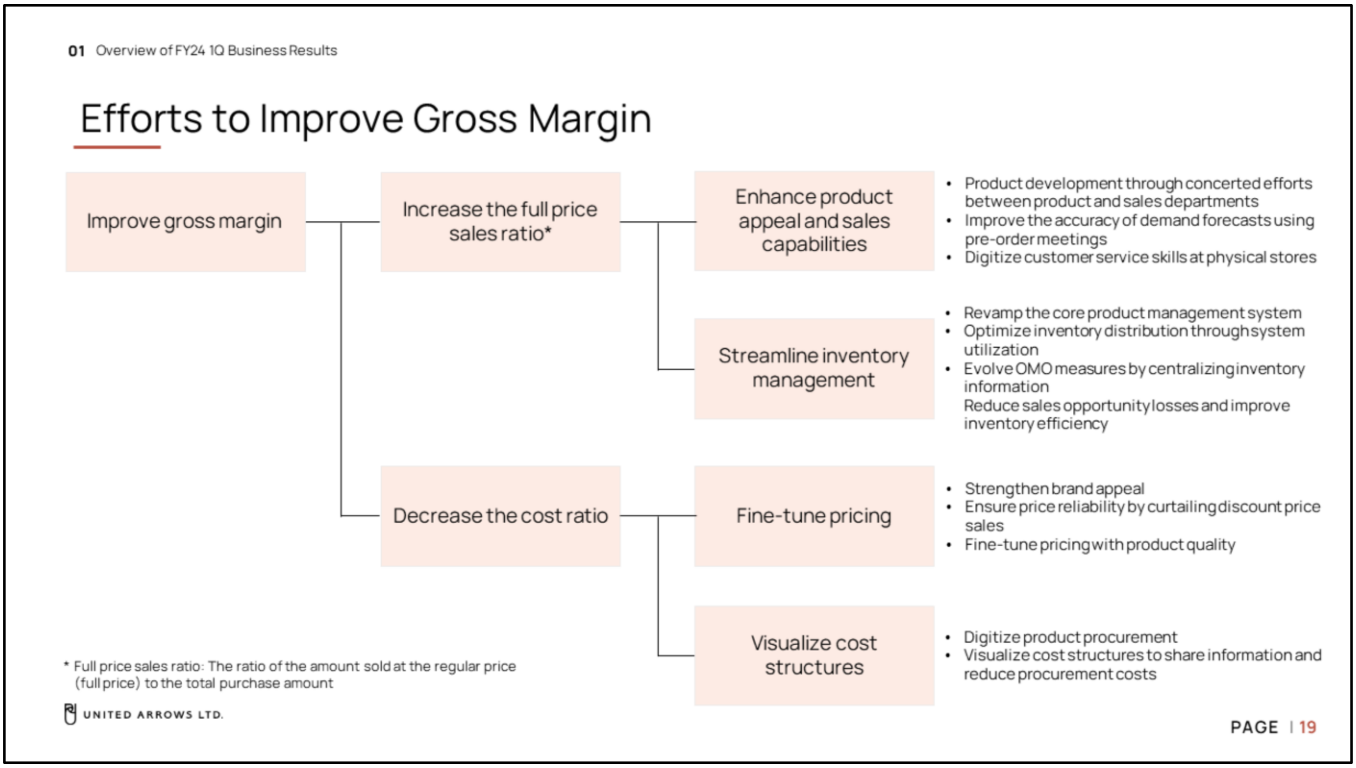
As stated in UA CREATIVITY strategy, which is one of the three main strategies of the Medium-Term Management Plan, the improvement of gross margin is a major contributor to higher profitability.

Approximately 80% of our merchandise is imported from overseas, and currency fluctuations inevitably affect costs. However, although the yen continued to weaken in the previous fiscal year ended March 2023, gross margin increased 1.7 pt to 51.6% due to price revisions and curbing of discount price sales. This is close to the level of the fiscal year ended March 2015, when the dollar was around 110 yen.

In the fiscal year ending March 2024, gross margin is planned to be 52.1%, an improvement of 0.5 pt YoY, and expected to increase to 53% during the period of the current Medium-Term Management Plan.



Contributors to the improvement in gross profit margin are an increase in the full price sales ratio and a decrease in the cost ratio.

As stated in the long-term vision, we are moving away from a sales-expansion approach based on mass production and mass consumption, and switching to a strategy of increasing the full price sales ratio by selling inventory procured in appropriate quantities at appropriate prices. The increase in the full price sales ratio will not only improve the gross margin of the regular business by increasing the regular price sales ratio and curbing the size and markdown ratio of discount sales, but also improve the gross margin of outlet stores in the following fiscal year by reducing the remaining inventory as well as reduce the risk of write-down of merchandise. The full price sales ratio in the fiscal year ended March 2023 improved significantly from the previous fiscal year, but there is room for improvement of about 5 pt to reach the target. We are planning to further improve the ratio during the period of the current Medium-Term Management Plan.

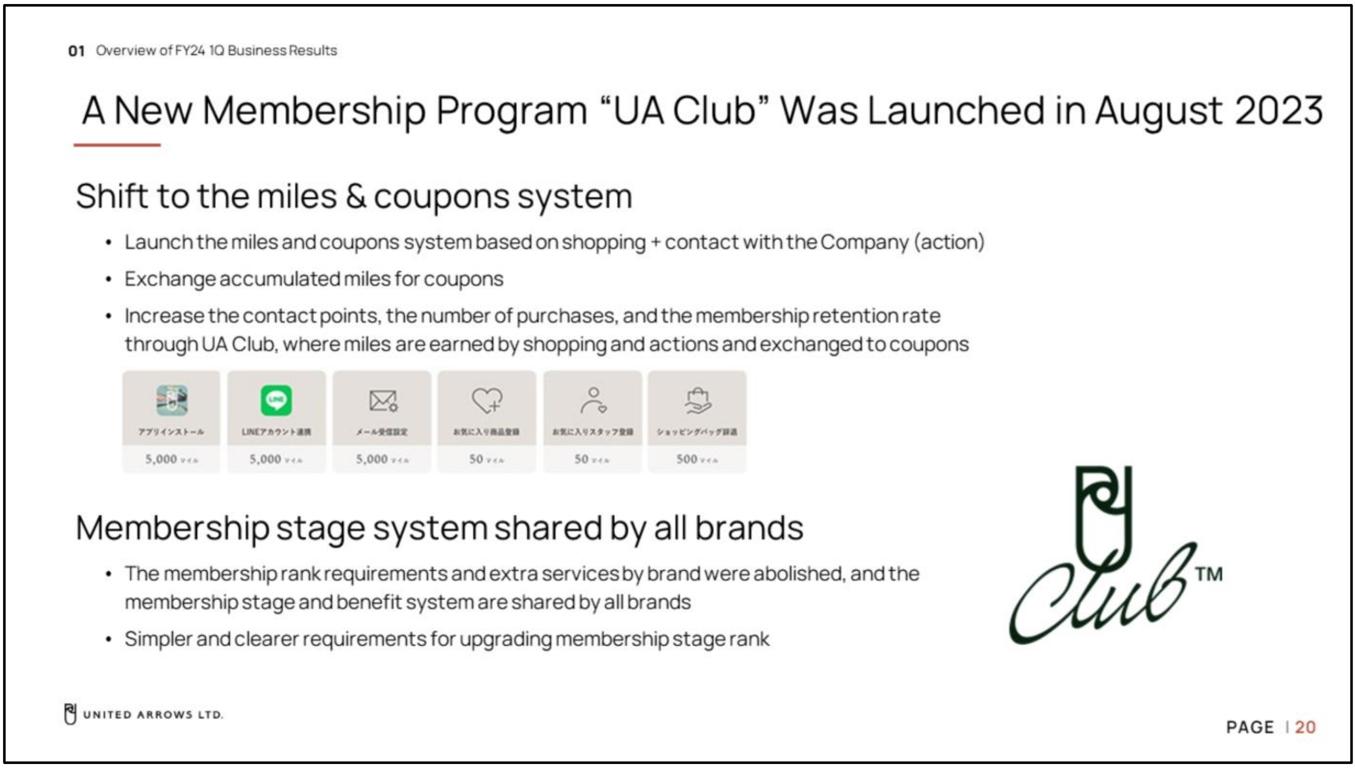
To this end, it is essential to strengthen product appeal and sales capabilities. The company will enhance its product appeal through concerted efforts between the product and sales departments to develop products that reflect the needs of customers, and by improving the accuracy of demand forecasts using pre-order meetings for online sales. In terms of sales, we are promoting digitalization of customer service skills at physical stores, such as posting sales staff's comments and recommended styling on online stores, and expanding chat services, thereby spreading our influence nationwide. Not only the face-to-face customer service, but also sales contribution at online stores is reflected in the evaluation, which helps motivate sales staff.

In addition to these efforts, during the period of this Medium-Term Management Plan, we will revamp the current core product management system, which covers everything from product planning to sales. Using the system will enable us to optimize inventory distribution and centralize inventory information of physical stores, online stores and distribution centers. Through the evolution of the OMO initiatives, we aim to reduce sales opportunity losses and establish infrastructure to improve inventory efficiency.

Currency fluctuations, raw materials, manufacturing costs and import costs are putting upward pressure on production costs. We have raised prices to a certain extent while strengthening our brand power and guaranteeing the product quality to reduce the cost ratio. As a result of the price policy and the curbing of discount sales, the average spend per customer increased by double digits in the fiscal year ended March 2023, while the number of purchasing customers remained at the same level as the previous year. Going forward, we will continue to enhance the brand power and product appeal to fine-tune pricing and reduce cost ratios.

As stated in UA DIGITAL strategy in the Medium-Term Plan, we will also digitize product procurement and centrally manage material information, product order information, and business partner information that had previously been individually managed, thereby enabling the Group companies to grasp the entire production process. Visualizing data on cost structure and collecting and analyzing them by the entire Group will help to reduce procurement costs.

We will implement these initiatives comprehensively to improve our gross margin.



A new membership program "UA Club" was launched in August 2023 with the aim of "connecting with customers widely and deeply," a slogan of the Medium-Term Management Plan.

With the UA Club, we will switch from the previous system where points were rewarded for purchases to a miles & coupons system based on contact with customers. In the new system, miles are earned not only for purchases, but also for non-shopping actions like adding to favorites, posting a review, or declining a shopping bag. Customers can exchange those miles for coupons that can be used for future purchases.

Promoting voluntary actions of customers, the system increases their opportunities of contact with the Company and builds a relationship that encourages their continued patronage. The aim is to increase the number of purchases by having customers exchange miles to coupons and improve the retention rate of members.

At the same time, the membership stage system, which used to be different for each brand, will be shared by all brands, and the requirements for upgrading a membership stage will be simpler and clearer. We will build deep relationships with each customer through the change to the new program, and increase lifetime value (customer lifetime value) by working with customers for a long time.

A smartphone application (app) plays an important role in making this program work effectively. Many of the actions that connect the Company with customers are done through smartphone apps. In this Medium-Term Management Plan, we will also revamp the smartphone app and strengthen the contact point with customers.

Pop-up Store in Shanghai, China

- A pop-up store was opened at Grand Gateway 66, a commercial facility in Shanghai, China, from May 12 to July 11, 2023
- The lineup included UNITED ARROWS, BEAUTY&YOUTH and other high-end brands including H BEAUTY&YOUTH and ROKU
- We will continue marketing activities through the development of pop-up shops and the opening of stores on the online shopping site Tmall Global

As part of the UA MULTI strategy in its Medium-Term Management Plan, we launched test marketing in Shanghai, China.

A pop-up shop was opened at Grand Gateway 66, a commercial facility in Shanghai, China, over two months from May 12 to July 11, 2023. The lineup included UNITED ARROWS, BEAUTY&YOUTH and other high-end brands of the Company including H BEAUTY&YOUTH and ROKU, and the shop gained popularity.

Going forward, we will continue to identify customer needs through our existing stores on the online site Tmall Global as well as pop-up shops, and prepare for the future development of physical stores.

SARROWS

02

Progress in Sustainability Initiatives

UNITED ARROWS LTD.

SARROWS

History of Our Sustainability Activities

October 1999 (at the time of listing) to present
Our Commitment: Creating Five Values
Customers, Employees, Business Partners, Society, Shareholders

May 2020 to present
Five Themes and 16 Material Issues
Supply Chain, Resources, Community, Human Resources, Governance

August 2022 to present
Launching SARROWS and Setting Numerical Targets
Circularity, Carbon Neutrality, Humanity

History of our sustainability activities are as follows.

October 1999 (at the time of listing) to present

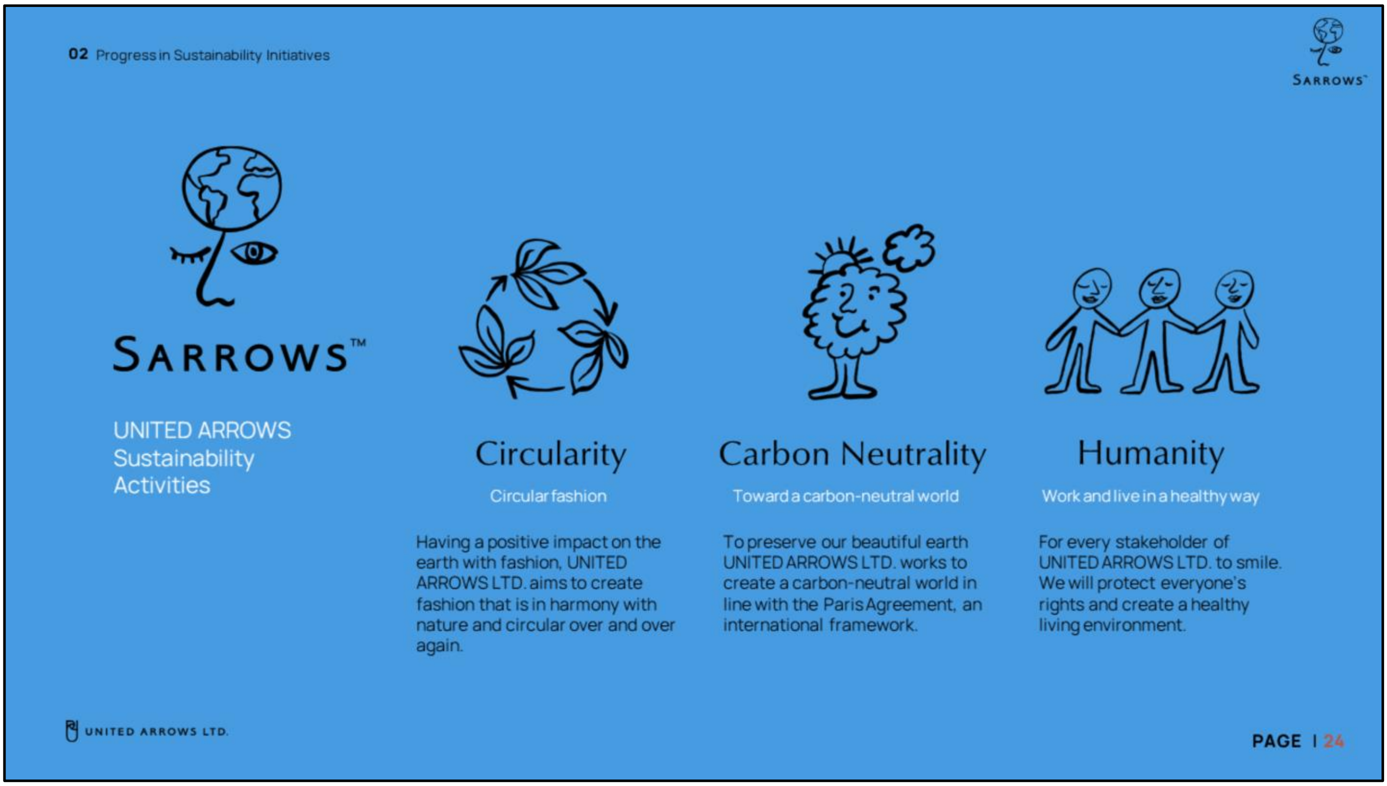
The Company’s Corporate Philosophy System includes the “Our Commitment: Creating Five Values” and positions the creation of value for stakeholders as an important mission of the Company (Five: customers, employees, business partners, society, and shareholders).

May 2020 to present

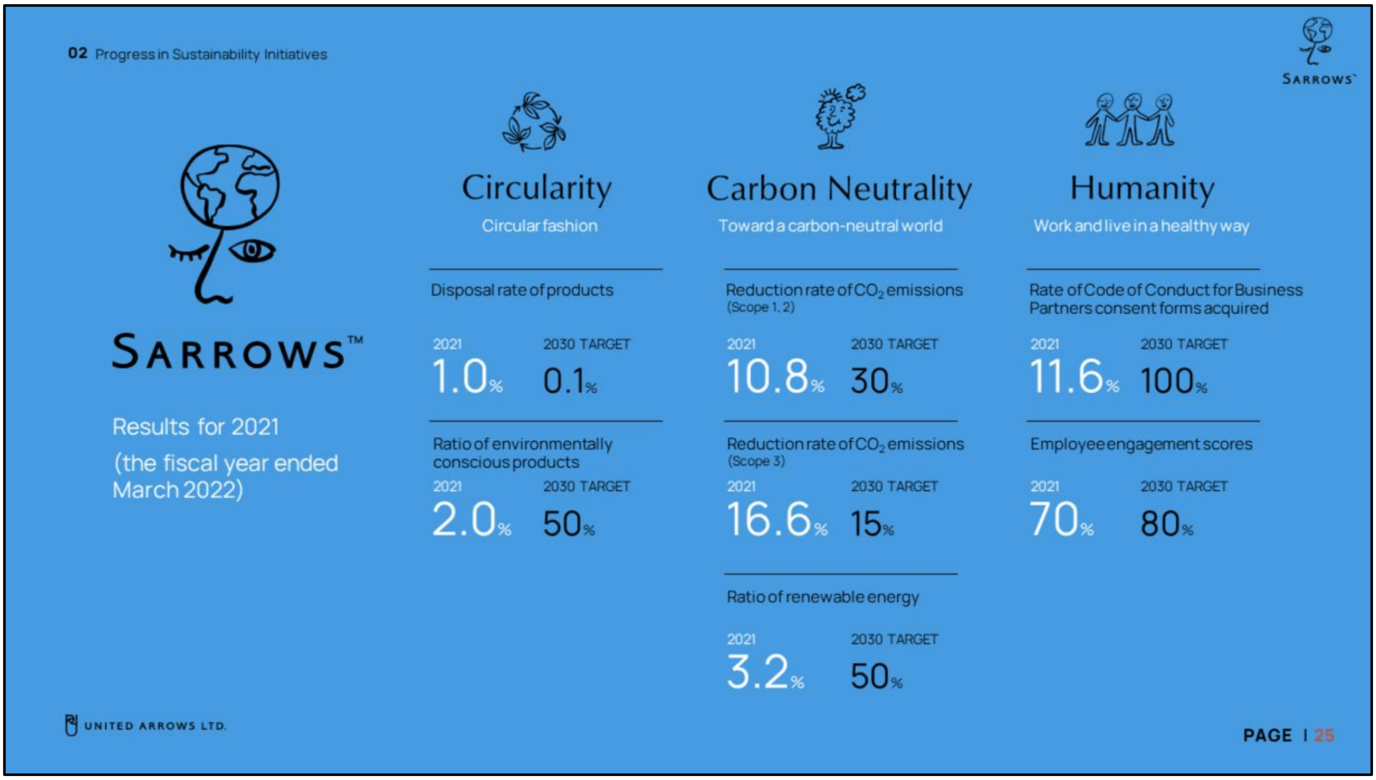
In order to realize a sustainable society, the importance of corporate management that emphasizes the environment, society and governance has increased. Based on a survey of senior executives and discussions with outside experts, five themes and 16 material issues were established (five themes: supply chain, resources, community, human resources, governance)

August 2022 to present

In addition to the promotion of the above five themes, long-term quantitative targets have been established for three categories that are of high interest to customers and are attracting attention from stakeholders as issues facing the fashion and retail industries. At the same time, the Company’s overall sustainability activities are disclosed under the name of “SARROWS."



These are outlines of the three activities established in August 2022.



These are the long-term quantitative targets for 2030 and the results for 2021 (the fiscal year ended March 2022), which is the first year of the activities. The results for 2022 are also showed later.

SARROWS

Sustainability Promotion System	The Sustainability Committee was established in April 2020 as an organization subordinate to the Executive Committee With the Committee being chaired by the Representative Director, President and CEO, and consisting of executive directors, full-time outside directors and executive officers, the management is taking proactive action Under the leadership of the Committee, departments across the board are working together in promoting related activities
Sustainability Committee	The Committee meets regularly every month to deliberate on policies and initiatives related to sustainability strategies and to review their progress (1) Deliberation on basic policies, promotion items, promotion plans, and promotion content of sustainability strategies (2) Development and improvement of the in-house sustainability strategies promotion system (3) Review of the progress of sustainability strategies and deliberation on the improvement plan (4) Deliberation on effective disclosure of information about sustainability strategies (5) Deliberation on promotion of specific businesses and projects related to sustainability
Results of the Fiscal Year Ended March 2023	11 regular committee meetings and five extraordinary committee meetings were held The participation rate of the chairperson and executive directors was 100% in the fiscal year ended March 2023

This is the system for promoting sustainability.

We have a Sustainability Committee composed of directors, executive officers, and full-time outside directors. As shown in the second paragraph of the page, the Committee regularly meets every month to deliberate on policies and initiatives related to sustainability strategies and to review their progress.

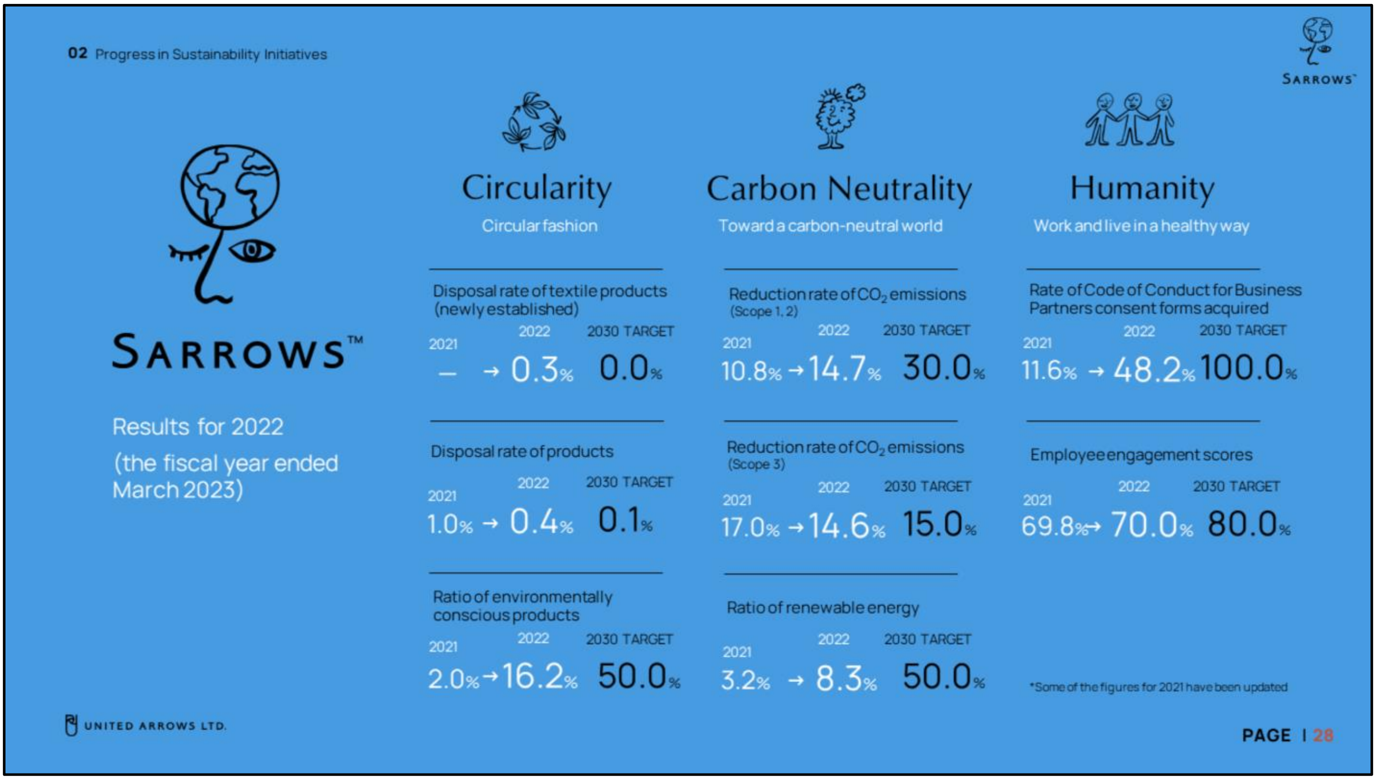
In total, 11 regular committee meetings and five extraordinary committee meetings were held in the fiscal year ended March 2023. The participation rate of executive directors was 100%.

SARROWS

Main Discussions of the Sustainability Committee in the Fiscal Year Ended March 2023

	Circularity	Carbon Neutrality	Humanity	Other
1Q	Final discussion and decision on long-term quantitative targets (resolution is made by the Board of Directors)	Discussion and determination of disclosure based on the Recommendations of TCFD Discussion for SBTi application		
2Q	Discussion on reducing product waste Discussion on the medium-term targets of the composition of environmentally conscious products	Discussion on participation in the project supported by the Ministry of the Environment	Speech on business and human rights by experts	Report on the selection for the prominent ESG indicators
3Q	Internal definition of environmentally conscious products and inclusion in explanatory materials for business partners	Interim report on energy survey in commercial facilities where our shops are operating	Discussion on the formulation of human rights policy	Report on higher evaluation of ESG rating agencies and content analysis
4Q	Medium-term guidelines for long-term quantitative targets/sustainability approach in long-term vision Continued discussion on reducing product waste	Report and disclosure of calculation results of the project supported by the Ministry of the Environment Report and disclosure of acquisition of SBTi approval (1Q of the following fiscal year)	Formulation and disclosure of human rights policy Commencement of field audits of affiliated plants and report on results (reported in 1Q of the following fiscal year)	Discussion on review of donation regulations Report on the selection for the prominent ESG indicators (1Q of the following fiscal year)

This page shows the main discussions of the Sustainability Committee in the previous fiscal year. Every month, the Committee discussed mainly the three themes of SARROWS.



Here are the results of each long-term target for the previous fiscal year (2022).

As a point to note, the disposal rate of goods is subdivided. Until 2021, the target was set at 0.1% for disposal of all products, but in 2022, the target was set at 0.0% for the disposal of textile products.

Especially for textile products, for which recycling methods have been established, we believe incineration can be reduced to zero at an earlier stage, so we decided to show it separately.

The disposal rate of textile products was 0.3%. The overall product disposal rate was 0.4% in 2022, a significant improvement from 1.0% in 2021. The Company's disposal rate includes not only regular products but also samples and B-grade (damaged) products.

The ratio of environmentally conscious products was 16.2%. In 2022, we worked to develop internal standards and registration systems. We will continue to steadily promote the program this fiscal year and beyond.

In terms of CO_2 reduction, Scope 1 and Scope 2 were reduced by 14.7% compared with 2019. The reason for this is the fact that commercial facilities where our shops are operating have been converting to renewable energy.

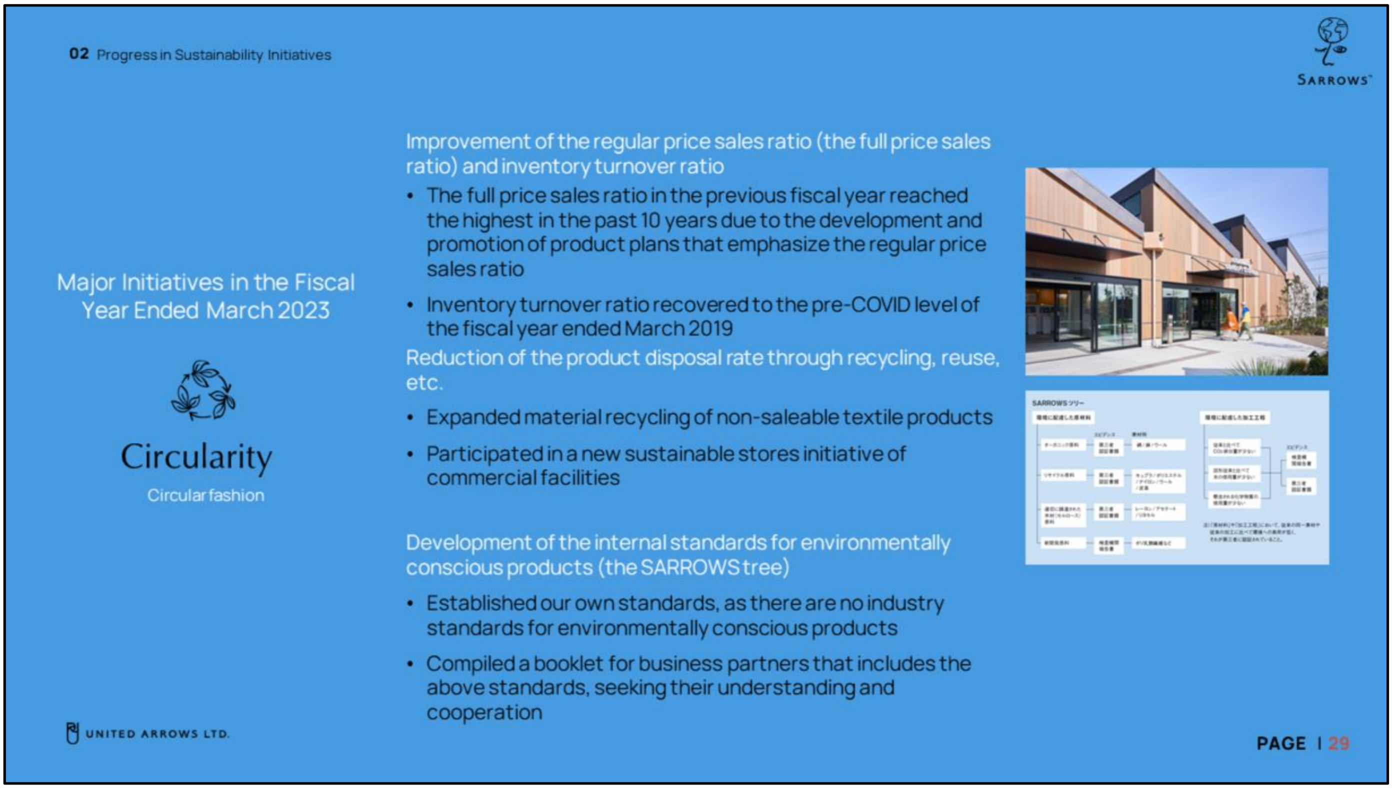
Regarding Scope 3, the figure for 2021 was an outlier due to a decrease in sales triggered by the COVID-19 pandemic. In 2022, while sales were leveling off, a policy to increase the consumption rate led to a certain reduction in CO_2 emissions, resulting in a 14.6% reduction compared with 2019.

As mentioned above, the ratio of renewable energy at sites was increased by the efforts of commercial facilities where our shops are operating.

For Humanity, we have acquired Code of Conduct consent forms from 48.2% of business partners. We are seeking to achieve 100.0% as soon as possible.

The employee engagement score was 70.0%, almost the same as in 2021. As requests for learning opportunities increased in 2022, we will implement these initiatives in this fiscal year.

The above is an update of the long-term target figures. The following pages show specific initiatives by category.



These are major initiatives under the “Circularity” category in the previous fiscal year.
First: Improvement of the regular price sales ratio and inventory turnover ratio.
The full price sales ratio of spring/summer and fall/winter in the previous fiscal year reached the highest in the past 10 years due to the development and promotion of product plans that emphasize the regular price sales ratio (the ratio is not disclosed).
Inventory turnover ratio recovered to the pre-COVID level of the fiscal year ended March 2019
(Consolidated inventory turnover ratio (based on net sales): 6.4 times in the fiscal year ended March 2019 → 5.1 times in the fiscal year ended March 2021 → 6.3 times in the fiscal year ended March 2023)
Second: Reduction of the product disposal rate through recycling, reuse, etc.
Among B-grade products (damaged products), sample goods, expired products, etc. that are targeted for disposal, textile products (material recycling) were proactively recycled to reduce incineration. We also promote reuse by participating in sustainable initiatives by commercial facilities.
Third: Development of the internal standards for environmentally conscious products (the SARROWS tree).
Established our own standards, as there are no industry standards for environmentally conscious products.
Compiled a booklet “SARROWS Book” for business partners that includes the above standards, seek understanding and cooperation.
Reference: “SARROWS Book” (Japanese only)
https://www.united-arrows.co.jp/wp-content/uploads/2023/04/sarrows_book_fix.pdf

SARROWS

Major Initiatives in the Fiscal Year Ended March 2023

Carbon Neutrality

Toward a carbon-neutral world

Early acquisition of SBTi approval as an apparel company in Japan

- In April 2023, we acquired SBTi approval, which is still rare for Japanese apparel companies
- Target for Scope 1 and 2 was assessed as a level well below 2° C, and Scope 3 as a level below 2° C

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Calculation of the carbon footprint of products

- Participated in the Ministry of the Environment's initiative "Model Projects for Carbon Footprint of Products and Services" in 2022
- Calculated CO_2 emissions of GLR's short-sleeved cut-and-sewn, aiming to utilize it for CO_2 reduction in each process of product life cycle

Energy survey on commercial facilities and discussion of future renewable energy

- Conducted energy survey in commercial facilities where our shops are operating
- Started interviews with some major business partners. Discussed the direction of future initiatives

These are major initiatives under "Carbon Neutrality" in the previous fiscal year.

First: Obtaining approval from Science Based Target initiatives (SBTi)

In April 2023, we acquired SBTi approval, which is still rare for Japanese apparel companies

Target for Scope 1 and 2 was assessed as a level well below 2° C, and Scope 3 as a level below 2° C

Second: Calculation of the carbon footprint of products.

We participated in the Ministry of the Environment's initiative "Model Projects for Carbon Footprint of Products and Services" in 2022.

CO_2 emissions of GLR's short-sleeved cut-and-sewn were calculated. We utilize the results for CO_2 reduction in each process of product life cycle.

Third: Energy survey on commercial facilities and discussion of future renewable energy.

Conducted energy survey in commercial facilities where our shops are operating

We have started interviews with some major business partners and discussed the direction of future initiatives.

SARROWS

Major Initiatives in the Fiscal Year Ended March 2023

Humanity

Work and live in a healthy way

Formulation and disclosure of UNITED ARROWS Group Human Rights Policy

- Formulated and disclosed the Group's human rights policy based on international principles and guidelines from relevant government agencies
- Built and continuously operated a mechanism of human rights due diligence with the aim of fulfilling its responsibility for respecting human rights

Commencement of field audits of domestic affiliated plants

- Established "Code of Conduct for Business Partners in Goods Procurement" to enhance transparency in the supply chain, and received a letter of consent
- In addition to the above, field audits of domestic affiliated plants commenced in the previous fiscal year

Promotion of various personnel policies to improve employee engagement

- In order to appropriately grasp employee engagement, we conducted an annual employee awareness survey, which was started in 2012, and reflected it in the human resource strategy
- Through the above initiative, we promoted the provision of educational opportunities that lead to professional development and a review of the personnel evaluation system which is linked to OMO measures

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These are major initiatives under "Humanity" in the previous fiscal year.

First: Formulation and disclosure of UNITED ARROWS Group Human Rights Policy.

UNITED ARROWS Group Human Rights Policy was formulated and disclosed in March 2023. It is based on international principles and guidelines from relevant government agencies.

We have built and are continuously operating a mechanism of human rights due diligence with the aim of fulfilling its responsibility for respecting human rights.

Second: Commencement of field audits of domestic affiliated plants.

In order to enhance transparency in the supply chain, we have established the Code of Conduct for Business Partners in Goods Procurement and sought to receive a letter of consent. In addition to the above, field audits of domestic affiliated plants commenced in February 2023.

Third: Promotion of various personnel policies to improve employee engagement

In order to appropriately grasp employee engagement, we conducted an annual employee awareness survey, which was started in 2012, and reflected it in the human resource strategy.

Through the above initiative, we promoted the provision of educational opportunities that lead to professional development and a review of the personnel evaluation system which is linked to OMO measures.

Major Initiatives in the Fiscal Year Ended March 2023

SARROWS™

Other sustainability promotion activities

Complete renewal of the website and highlighting sustainability initiatives

- The corporate website was completely redesigned. Sustainability initiatives were highlighted by placing numerical targets for sustainability on the opening page of the website and taking other measures
- The overall sustainability activities were named "SARROWS," aiming to encourage people to support and participate in our activities

Development and disclosure of our first ESG Data Book

- Issued our first ESG Data Book in the previous fiscal year
- It covers quantitative information required for stakeholders in line with E, S and G

Cooperation with the Risk Management Committee to promote risk reduction activities

- Worked with the Risk Management Committee, which is held monthly, to regularly discuss ESG risks
- Discussed human rights risks in the supply chain, risks related to products and expressions used in public relations, and information security in the previous fiscal year

New website

Former website

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These are other sustainability promotion activities implemented in the previous fiscal year.

First: Complete renewal of the website and highlighting sustainability initiatives.

The corporate website was completely redesigned. We highlighted our sustainability initiatives by placing numerical targets for sustainability on the opening page of the website and other measures.

The overall sustainability activities were named "SARROWS," aiming to encourage people to support and participate in our activities.

Second: Development and disclosure of ESG Data Book.

Our first ESG Data Book was developed and disclosed in the previous fiscal year.

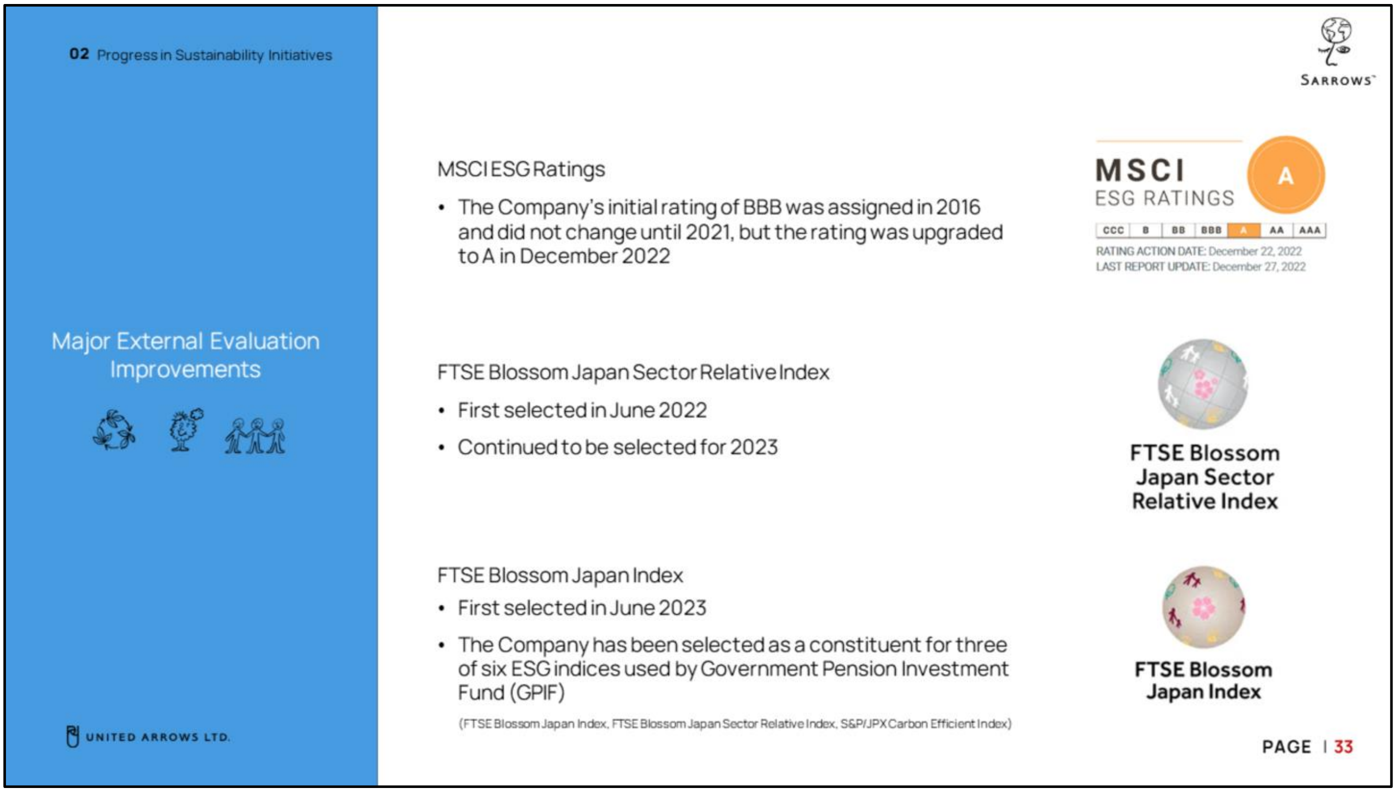
It covers quantitative information required for stakeholders in line with E, S and G.

ESG Data Book 2022 was disclosed in August 2023.

Third: Cooperation with the Risk Management Committee to promote risk reduction activities.

Worked with the Risk Management Committee, which is held monthly, to regularly discuss ESG risks.

In the previous fiscal year, we discussed human rights risks in the supply chain, risks related to products and expressions used in public relations, and information security, etc.



As a result of these efforts, external evaluation has gradually improved. Here are the examples.

First: MSCI ESG Ratings

The Company's initial rating of BBB was assigned in 2016 and did not change until 2021, but the rating was upgraded to A in December 2022

Second: FTSE Blossom Japan Sector Relative Index

We were first selected in June 2022 and continued to be selected for 2023.

Third: FTSE Blossom Japan Index

We were first selected in June 2023.

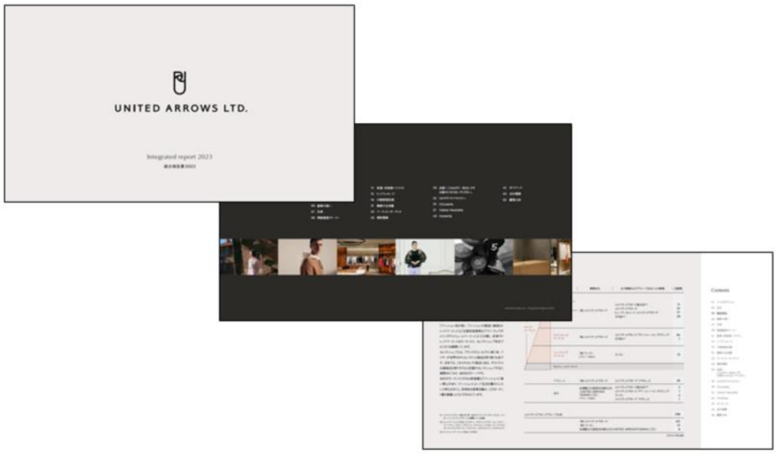
With this, the Company has been selected as a constituent for three of six ESG indices used by Government Pension Investment Fund (GPIF).

Topics for the Fiscal Year Ending March 2024

SARROWS

Integrated Report 2023

- The Integrated Report will be published, though it has been suspended since 2020 due to the decline in business performance caused by the COVID-19 pandemic
- It explains the source of the Company's value based on the value creation process
- The sustainability initiatives outlined in this presentation material are also detailed



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Finally, the topics for the current fiscal year.

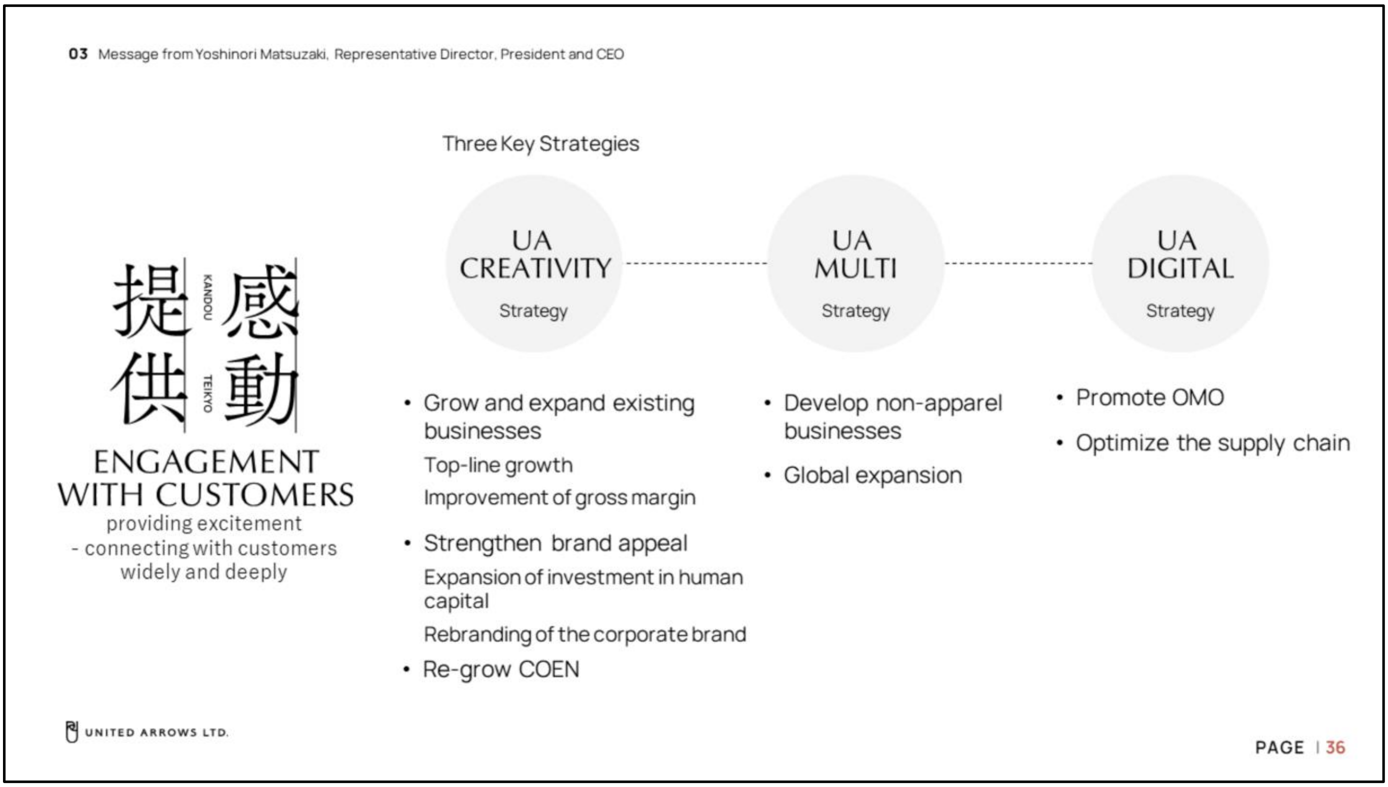
The Integrated Report will be published, though it has been suspended since 2020 due to the decline in business performance caused by the COVID-19 pandemic.

It explains the source of the Company's value based on the value creation process.

The sustainability initiatives outlined in this presentation material are also detailed.

03

Message from Yoshinori Matsuzaki, Representative Director, President and CEO



Four months have already passed since we started the Medium-term Management Plan.

I have covered this in the past, but I will again go over the three key strategies for the three years of this plan. The first is the UA CREATIVITY strategy to create new value as a corporate entity and strive to grow existing businesses.

The second is the UA MULTI strategy to further expand our apparel domain and develop apparel-derived brands to accelerate the growth of new businesses.

The third is the UA DIGITAL strategy to promote OMO and optimize the supply chain to increase profitability.

With regard to growing existing businesses, again for sales this summer we focused on selling at full price, and worked to raise prices by enhancing product appeal to achieve this. As a result, we received more support from customers than the previous year. In the second quarter, we will continue to focus on selling at full price while raising prices appropriately. In addition, vacancies and shortages of sales staff, which underpin and serve as the foundation for sales activities, have been largely eliminated, and we are ready to focus on over-the-counter sales.

Regarding CITEN, which we have already launched to broaden the range of value that we offer, we have completed the opening of four stores. While there are some challenges, we are steadily working to expand the number of CITEN stores. In addition, we are progressing with preparations for new brand development as planned, and we are working towards launching in the next fiscal year.

Regarding the digital strategy, we implemented the HC program revision as planned, and we are on track to expand contact points with customers and promote customer adoption.

Although we are still at the starting stage of the Medium-term Management Plan, we are steadily progressing toward regrowth, and as I mentioned, we have already made some achievements.

Amid social issues including the extremely hot summer this year and global warming, we will further strengthen our efforts to reduce energy consumption in our activities and excess product procurement in order to contribute to the realization of a sustainable world through our corporate activities.

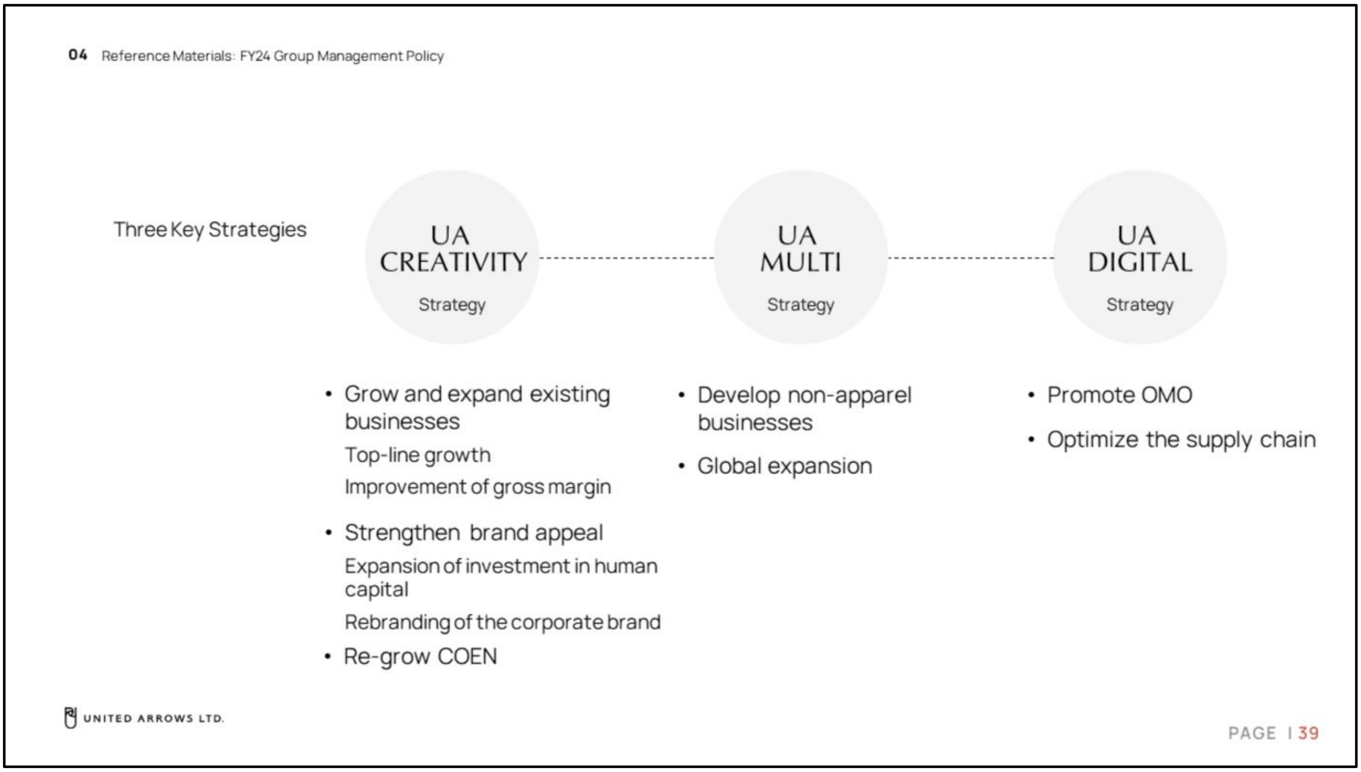
On the sales side, we are preparing for the winter sales season by flexibly modifying the product composition under the assumption that the winter will be warm.

Thank you for your continued understanding and support.

04

Reference Materials

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



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

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

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

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

Consolidated Business Plan

(Millions of yen)

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

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

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

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

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

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

Non-consolidated Sales Plan

(Millions of yen)

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

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

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

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