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

Financial Results Briefing

2023.11.08 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 includes 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 FY24/3 1H Business Results

Consolidated

Sales and each income both exceeded the previous year and plan
Gross margin surged to nine-year high due to price setting and curtailing discount price sales

Consolidated sales	Gross margin	Operating income	Net income
¥61.0 billion	52.4%	¥1.7 billion	¥1.4 billion
YoY 106.2%	YoY +0.5pt	YoY 128.2%	YoY 132.7%

- UNITED ARROWS LTD. led sales growth, mainly due to recovery in urban areas and increase in inbound sales
- Gross margin for 1H recovered to the highest level since FY16/3
- SGA expenses includes the one-time costs associated with an overhaul of membership program. Excluding these costs, operating income was equivalent to **¥2.1 billion**

Gross margin is on a track to improvement

- Recovered to **52.4%**, the highest level since FY16/3
- The negative impact of higher costs was only on spring outfits. Total business unit improved during 2Q due to price setting and curtailing discount price sales
- COEN CO., LTD. saw a decline from the previous year, but it was almost in line with the plan

	FY24/3 2Q (3 months)	YoY pt difference	FY24/3 1H	YoY pt difference
Consolidated	49.6%	0.4pt	52.4%	0.5pt
UNITED ARROWS LTD.	48.7%	0.7pt	52.1%	0.7pt
Total business unit sales	-	0.1pt	-	-0.3pt
Outlet, etc.	-	5.4pt	-	6.7pt
COEN CO., LTD.	-	-3.8pt	-	-2.9pt
UNITED ARROWS TAIWAN LTD.	-	4.0pt	-	3.0pt

Consolidated Gross Margin 1H

SGA expense ratio remained at the same level as the previous year

- Although SGA expenses generally increased, the SGA expense ratio remained at the same level as the previous year
- Advertising expenses include the one-time costs of around ¥390 million associated with an overhaul of membership program
- Excluding the one-time costs:
  YoY **104.8%**
  vs. sales **48.9%**
  (YoY: **-0.7pt**)

(Millions of yen)

		FY23/3 1H	FY24/3 1H	Change/pt difference	YoY
Total SGA expenses		28,466	30,218	1,751	106.2%
	vs. sales	49.5%	49.5%	-0.0pt	-
Advertising expenses		1,294	1,928	633	148.9%
	vs. sales	2.3%	3.2%	0.9pt	-
Personnel expenses		10,276	10,482	206	102.0%
	vs. sales	17.9%	17.2%	-0.7pt	-
Rent		8,597	8,656	58	100.7%
	vs. sales	15.0%	14.2%	-0.8pt	
Depreciation		435	425	(10)	97.6%
	vs. sales	0.8%	0.7%	-0.1pt	-
Other		7,862	8,726	863	111.0%
	vs. sales	13.7%	14.3%	0.6pt	-

Non-consolidated

Gross margin and operating income excluding one-time costs reached the highest level after CHROME HEARTS JP, GK was excluded from consolidation

Non-consolidated sales	Gross margin	Operating income	Existing stores YoY	
¥55.7 billion	52.1%	¥1.7 billion	Sales	107.5%
YoY 107.2%	YoY +0.7pt	YoY 128.4%	Number of purchasing customers	98.7%
			Avg. spend per customer	109.3%

- Gross margin for 1H rose to the highest level since FY18/3, which was the first fiscal year after CHROME HEARTS JP, GK was excluded from consolidation
- Despite the one-time costs associated with an overhaul of membership program, operating income recorded the second highest after FY20/3. Excluding the impact of the one-time costs, operating income was equivalent to **¥2.1 billion**, the highest income since FY18/3

Non-consolidated by channel: As retail sales continued to improve, online sales also exceeded the previous year

- Retail sales continued to improve and came to 109.8% of the previous year
- Online sales was 104.9% of the previous year with a composition ratio of 24.3% of the total
- The Company's e-commerce site was 108.0% of the previous year, accounting for 35.9% of the total online sales (+1.0 pts YoY)
- The total of other companies' sites was 103.2% of the previous year
- Inbound sales soared to nine times the previous year with a composition ratio of 2.9% of the total (+2.6 pts YoY)

(Millions of yen)

		FY23/3 1H	FY24/3 1H	Change/pt difference	YoY
Non-consolidated sales		51,996	55,737	3,740	107.2%
Total business unit sales		43,166	46,832	3,665	108.5%
	vs. sales	82.2%	82.8%	0.6pt	-
Retail		29,241	32,108	2,866	109.8%
	vs. sales	55.7%	56.8%	1.1pt	-
Online		13,113	13,750	636	104.9%
	vs. sales	25.0%	24.3%	- 0.7pt	-
Others (wholesale, etc.)		812	973	161	119.9%
	vs. sales	1.5%	1.7%	0.2pt	-
Outlet, etc.		9,340	9,736	396	104.2%
	vs. sales	17.8%	17.2%	- 0.6pt	-

Non-consolidated by business: Trend-conscious market remained strong

- Growth in trend-conscious market was evident, driven by recovery in urban areas and rebound in inbound
- Both markets exceeded the previous year and existing store sales also surpassed the previous year

(Millions of yen)

	FY23/3 1H	FY24/3 1H	Change	YoY
Total business unit sales	43,166	46,832	3,665	108.5%
Trend-Conscious Market	28,783	31,676	2,893	110.1%
Basic Trend-Conscious Market	14,383	15,155	772	105.4%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-Conscious Market	110.2%	113.1%	104.0%
Basic Trend-Conscious Market	102.2%	103.2%	100.4%

Consolidated P/L

(Millions of yen)

		FY23/3 1H	FY24/3 1H	Change/pt difference	YoY
Sales		57,453	61,014	3,561	106.2%
Gross profit		29,852	31,993	2,141	107.2%
	vs. sales	52.0%	52.4%	0.5pt	-
SGA expenses		28,466	30,218	1,751	106.2%
	vs. sales	49.5%	49.5%	- 0.0pt	-
Operating income		1,385	1,775	390	128.2%
	vs. sales	2.4%	2.9%	0.5pt	-
Non op. P/L		324	408	84	125.9%
	vs. sales	0.6%	0.7%	0.1pt	-
Ordinary income		1,710	2,184	474	127.7%
	vs. sales	3.0%	3.6%	0.6pt	-
Extraordinary P/L		(114)	(68)	46	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		1,074	1,426	351	132.7%
	vs. sales	1.9%	2.3%	0.5pt	-

UNITED ARROWS LTD.

Sales were ¥61,014 million, 106.2% YoY

Gross profit was ¥31,993 million, 107.2% YoY and vs. sales was 52.4%, up 0.5 percentage points (pt) YoY.

SGA expenses were ¥30,218 million, 106.2% YoY, and vs. sales were 49.5%, the same level as the previous year.

Operating income was ¥1,775 million, 128.2% YoY and vs. sales was 2.9%, up 0.5 pt YoY.

Ordinary income was ¥2,184 million, 127.7% YoY and vs. sales was 3.6%, up 0.6 pt YoY.

Net income attributable to owners of parent was ¥1,426 million, 132.7% YoY and vs. sales was 2.3%, up 0.5 pt YoY.

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

Consolidated Gross Margin

	FY24/3 1H	YoY pt difference
Consolidated	52.4%	0.5pt
UNITED ARROWS LTD.	52.1%	0.7pt
Total business unit sales	-	-0.3pt
Outlet, etc.	-	6.7pt
COEN CO., LTD.	-	-2.9pt
UNITED ARROWS TAIWAN LTD.	-	3.0pt

Consolidated gross margin was 52.4%, up 0.5 pt YoY.

Gross margin of UNITED ARROWS LTD. was 52.1%, up 0.7 pt YoY.

Total business unit fell 0.3 pt in the 1H, mainly due to higher costs of spring outfits caused by currency fluctuations, but it improved after 2Q due to price setting and curtailing discount price sales.

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

COEN CO., LTD. fell 2.9 pt from the previous year due to expansion of discount price sales.

The Taiwanese subsidiary improved 3.0 pt.

Consolidated SGA Expenses

(Millions of yen)

		FY23/3 1H	FY24/3 1H	Change/pt difference	YoY
Total SGA expenses		28,466	30,218	1,751	106.2%
	vs. sales	49.5%	49.5%	- 0.0pt	-
Advertising expenses		1,294	1,928	633	148.9%
	vs. sales	2.3%	3.2%	0.9pt	-
Personnel expenses		10,276	10,482	206	102.0%
	vs. sales	17.9%	17.2%	- 0.7pt	-
Rent		8,597	8,656	58	100.7%
	vs. sales	15.0%	14.2%	- 0.8pt	
Depreciation		435	425	(10)	97.6%
	vs. sales	0.8%	0.7%	- 0.1pt	-
Other		7,862	8,726	863	111.0%
	vs. sales	13.7%	14.3%	0.6pt	-

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The amount and rate of SGA expenses are as explained earlier. SGA expenses vs. sales were 49.5%, the same level as the previous year.

Advertising expenses were ¥1,928 million, 148.9% YoY, and vs. sales they were 3.2%, up 0.9 pt YoY, due mainly to an increase in advertising costs as well as the one-time costs associated with changes to the membership program.

Personnel expenses were ¥10,482 million yen, up 102.0% YoY, due to an increase in full-time employee expenses.

Rent was ¥8,656 million, 100.7% 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 ¥8,726 million, up 111.0% YoY, driven by an increase in variable expenses due to a recovery in sales.

Non-consolidated Sales by Channel

(Millions of yen)

	FY23/3 1H	FY24/3 1H	Change/pt difference	YoY
Non-consolidated sales	51,996	55,737	3,740	107.2%
Total business unit sales	43,166	46,832	3,665	108.5%
vs. sales	82.2%	82.8%	0.6pt	-
Retail	29,241	32,108	2,866	109.8%
vs. sales	55.7%	56.8%	1.1pt	-
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vs. sales	1.5%	1.7%	0.2pt	-
Outlet, etc.	9,340	9,736	396	104.2%
vs. sales	17.8%	17.2%	-0.6pt	-

Existing stores YoY	Sales	Number of customers	Avg. spend per customer
Retail + Online	107.5%	98.7%	109.3%
Retail	109.9%	101.4%	108.3%
Online	102.7%	94.1%	109.0%

UNITED ARROWS LTD.

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Non-consolidated sales were ¥55,737 million, 107.2% YoY, and total business unit sales were ¥46,832 million yen, 108.5% YoY.

Retail sales were ¥32,108 million, 109.8% YoY. The recovery in the Tokyo area, which was affected by the COVID-19 pandemic, was remarkable.

Online sales were ¥13,750 million, 104.9% YoY, and vs. sales was 24.3%. The Company's e-commerce site remained strong, at 108.0% YoY, and came to account for 35.9% of the total online sales (up 1.0 pt YoY).

Existing store sales exceeded the previous year's level for both retail and online, with retail + online at 107.5% YoY. Although the number of customers declined 1.3%, average spend per customer increased 9.3% from the previous year due to controlled sales measures and price revisions.

Outlet, etc. was ¥9,736 million, 104.2% YoY, and vs. sales was 17.2%.

Non-consolidated Sales by Business

(Millions of yen)

	FY23/3 1H	FY24/3 1H	Change	YoY
Total business unit sales	43,166	46,832	3,665	108.5%
Trend-Conscious Market	28,783	31,676	2,893	110.1%
Basic Trend-Conscious Market	14,383	15,155	772	105.4%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-Conscious Market	110.2%	113.1%	104.0%
Basic Trend-Conscious Market	102.2%	103.2%	100.4%

Trend-Conscious Market centered on UA and BY had sales of ¥31,676 million, 110.1% YoY.

Basic Trend-Conscious Market centered on GLR had sales of ¥15,155 million, 105.4% 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 + online exceeded the previous year's level.

Consolidated BS

(Millions of yen)

	As of Mar. 31, 2023	As of Sept. 30, 2023	Vs. previous term-end Change	
Total Assets	61,184	60,384	(799)	98.7%
Composition ratio	100.0%	100.0%	-	-
Current Assets	41,604	40,450	(1,154)	97.2%
Composition ratio	68.0%	67.0%		-
Noncurrent Assets	19,580	19,934	354	101.8%
Composition ratio	32.0%	33.0%		-
Current Liabilities	23,451	24,145	693	103.0%
Composition ratio	38.3%	40.0%		-
Noncurrent Liabilities	4,030	4,124	93	102.3%
Composition ratio	6.6%	6.8%		-
Total Net Assets	33,702	32,115	(1,586)	95.3%
Composition ratio	55.1%	53.2%		-
Reference: Balance of short- and long-term loans payable	2,504	1,932	(572)	77.2%

	As of Sept. 30, 2022	As of Sept. 30, 2023	vs. 2Q-end of the previous fiscal year Change	
Reference: Inventory	23,287	24,716	1,429	106.1%

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Total assets were ¥60,384 million, 98.7% compared with the end of the previous period.

Current assets were ¥40,450 million, 97.2% compared with the end of the previous period due to a decrease in cash and deposits and accounts receivable-other as well as an increase in merchandise.

Noncurrent assets were ¥19,934 million, 101.8% compared with the end of the previous period, due to an increase in property, plant and equipment associated with the opening of stores, an increase in intangible assets as a result of preparations for core system renovations, a decrease in guarantee deposits due to the closing of stores, and a decrease in deferred tax assets.

Current liabilities were ¥24,145 million, 103.0% compared with the end of the previous period, due to an increase in notes and accounts payable-trade and a decrease in short-term loans payable, accounts payable, income taxes payable, and provision for bonuses.

Noncurrent liabilities were ¥4,124 million, 102.3% 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 ¥32,115 million, 95.3% 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 ¥1,932 million, 77.2% compared with the end of the previous period.

Inventory totaled ¥24,716 million, 106.1% compared with the 2Q-end of the previous fiscal year. Although it increased YoY, it was kept at the same level of sales growth.

Consolidated CF

(Millions of yen)

	FY23/3 1H	FY24/3 1H	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	2,940	2,199		
Cash flows from operating activities	2,531	1,162	Income before income taxes Decrease in trade receivables Increase in inventories Increase in trade payables	2,115 1,186 (4,076) 3,872
Cash flows from investing activities	(1,506)	(1,771)	Purchases of property, plant and equipment Purchases of intangible assets Acquisition of long-term prepaid expenses	(533) (910) (248)
Cash flows from financing activities	(2,541)	(3,572)	Decrease in short-term loans payable Acquisition of treasury stock Dividends paid	(572) (1,999) (995)
Cash and cash equivalents at the end of the period	3,977	4,334		

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Cash flows from operating activities led to an increase in cash of ¥1,162 million, cash flows from investing activities reduced cash by ¥1,771 million, cash flows from financing activities led to a decrease in cash of ¥3,572 million, and cash and cash equivalents were ¥4,334 million.

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

COEN CO., LTD.

February – July

Saw decrease in revenue and increase in income

- Sales were ¥4.8 billion, 97.2% YoY
- Although sales were behind the plan, gross margin and operating income/loss improved to outperform the plan
- Starting in fall/winter, we are switching to products for revised targets. The business is to be improved through testing hypotheses

UNITED ARROWS TAIWAN LTD.

February – July

Saw increase in revenue and decrease in income

- Sales were ¥0.7 billion, 110.7% YoY
- Sales and gross margin exceeded the previous year
- Operating income outperformed the plan despite an increase in SGA expenses due to growth investments such as CITEN limited-time stores

Opening and Closing of Stores

1H results	Opened 7	Closed 5	No. of stores as of the 1H-end 300
Full-year forecast	Opened 12	Closed 8	No. of stores as of the period-end 302

	1H results				Full-year forecast		
	No. of stores at the previous period-end	Opened	Closed	No. of stores at the 1H-end	Opened	Closed	No. of stores at the period-end (Forecast)
Total Group	**298**	**7**	**5**	**300**	**12**	**8**	**302**
UNITED ARROWS LTD.	215	7	3	219	11	5	221
COEN CO., LTD.	75	0	2	73	0	3	72
UNITED ARROWS TAIWAN LTD.	8	0	0	8	1	0	9

UNITED ARROWS LTD. Retail Stores Opened/Closed

		1H results			Full-year forecast		
	No. of stores at the previous period-end	Opened	Closed	No. of stores at the 1H-end	Opened	Closed	No. of stores at the period-end (Forecast)
UNITED ARROWS LTD. Total	**215**	**7**	**3**	**219**	**11**	**5**	**221**
Trend-Conscious Market Total	**104**	**0**	**2**	**102**	**3**	**4**	**103**
UNITED ARROWS (General Merchandise Store)	14	0	0	14	0	0	14
UNITED ARROWS	24	0	0	24	2	1	25
BEAUTY&YOUTH	37	0	1	36	1	2	36
Other	29	0	1	28	0	1	28
Basic Trend-Conscious Market Total	**85**	**6**	**1**	**90**	**7**	**1**	**91**
Green label relaxing	84	2	1	85	2	1	85
Other	1	4	0	5	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.

UNITED ARROWS LTD.'s Staff Won Grand Prize at STAFF OF THE YEAR 2023

- STAFF OF THE YEAR (sponsored by VANISH STANDARD CO.,LTD.) is an event to determine the "Charismatic Clerk" by competing in various customer service techniques such as online customer service
- There were 16 people who won the first and second rounds out of about 1,300 apparel brands and 80,000 store staff in Japan, and they advanced to the final round. After competing in customer service role-playing and self-promotion, Nozomi Naka of UNITED ARROWS SHINJUKU won the grand prize

Photo credit: STAFF OF THE YEAR 2023

UNITED ARROWS LTD.

UNITED ARROWS LTD.'s staff won the grand prize at the final round of STAFF OF THE YEAR 2023 held on September 28, 2023, by VANISH STANDARD CO.,LTD.

STAFF OF THE YEAR 2023 is an event to determine the "Charismatic Clerk" by competing in various customer service techniques such as "online customer service," which is now one of the most important skills of salespeople. In fiscal 2023, approximately 1,300 apparel brands and 80,000 store staff from all over Japan participated in the competition, and the 16 winners of the first and second rounds made it to the final rounds. In the final round, there was screening of customer service role-playing and the self-promotion screening. Finally, Nozomi Naka of UNITED ARROWS SHINJUKU won the grand prize. She is one of our members who always has the most followers and the highest number of page views, and has been certified as DX Sales Master, a new personnel certification system described later in this presentation.

We will continue to promote DX in sales through digitalizing customer service and styling skills of sales staff, and appealing to customers nationwide through applications and e-commerce sites.

02

Progress Report on the Medium-Term Management Plan

UNITED ARROWS LTD.

感動 KANDOU
提供 TEIKYO

ENGAGEMENT WITH CUSTOMERS

providing excitement
- connecting with customers widely and deeply

Three Key Strategies

UA CREATIVITY Strategy

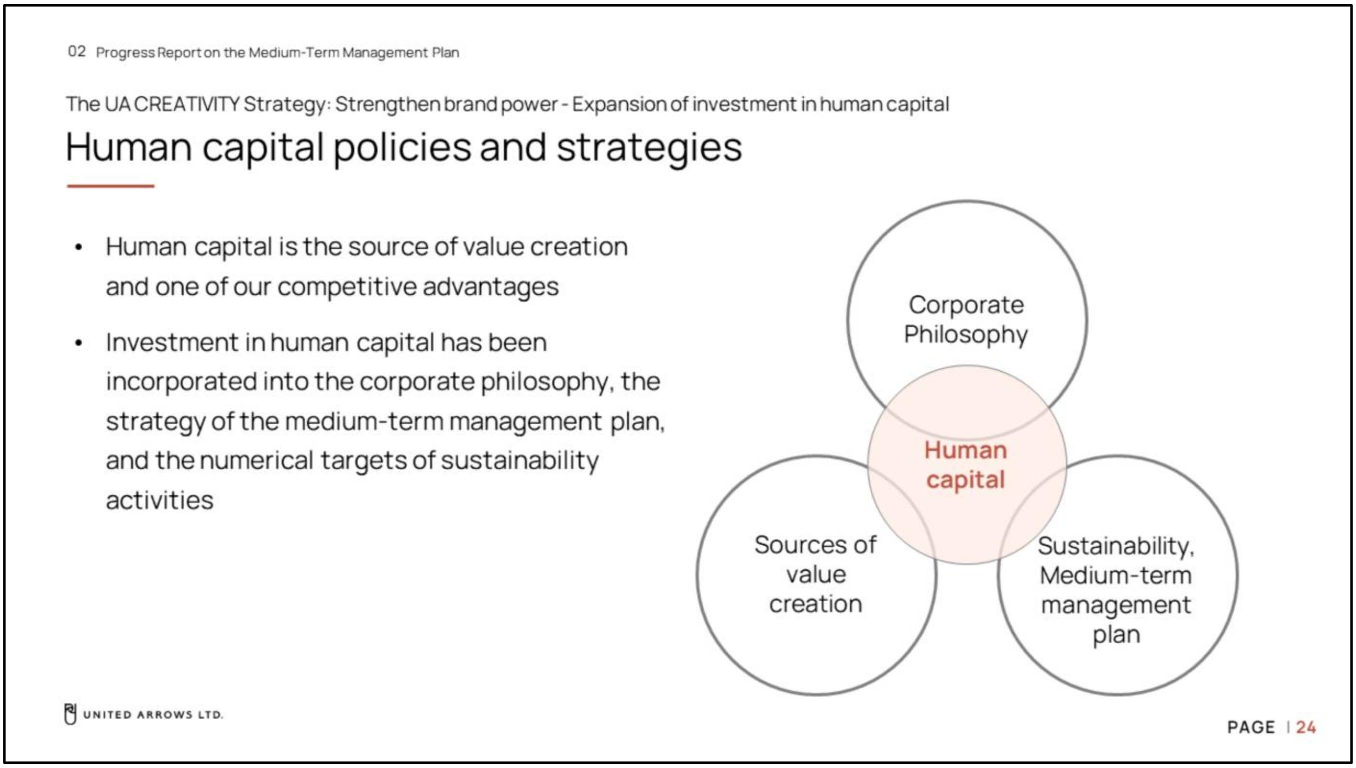
- Grow and expand existing businesses
  Top-line growth
  Improvement of gross margin
- Strengthen brand appeal
  Expansion of investment in human capital
  Rebranding of the corporate brand
- Re-grow COEN

UA MULTI Strategy

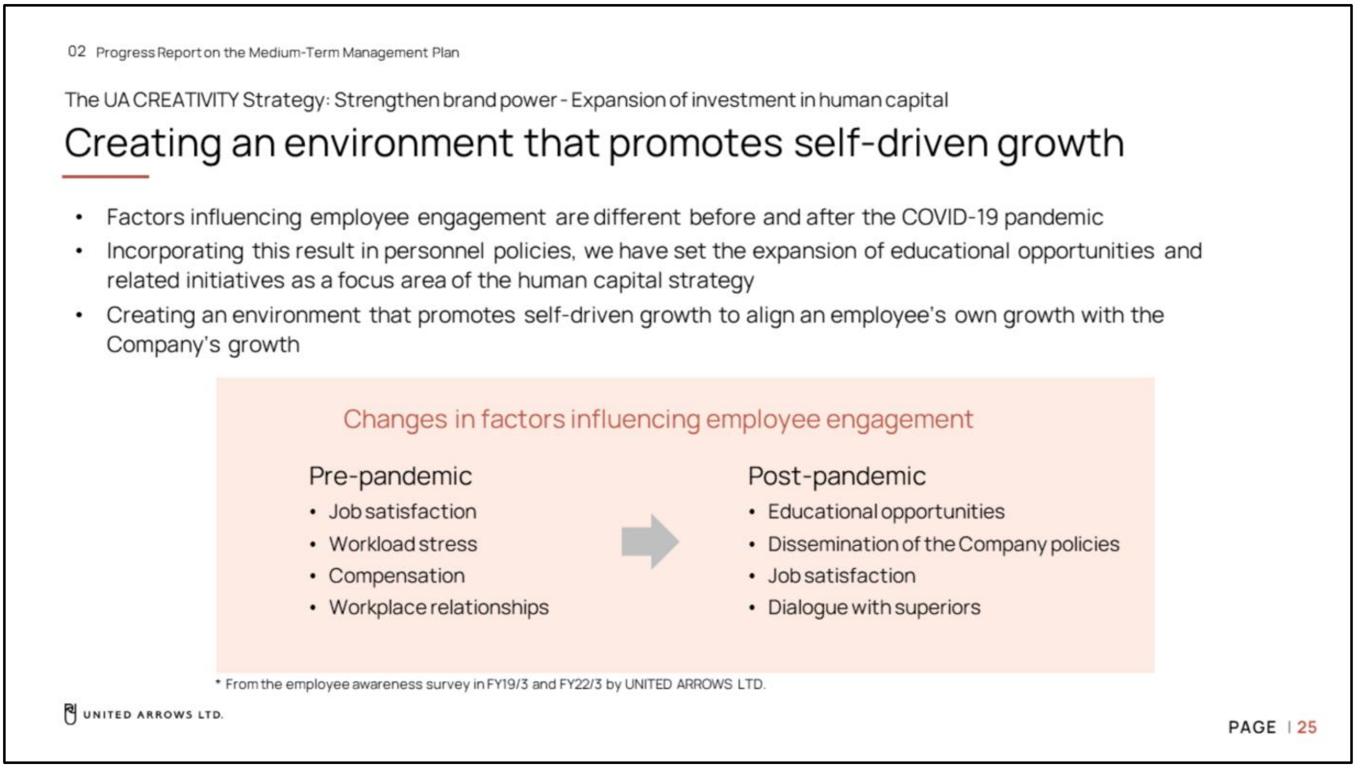
- Develop non-apparel businesses
- Global expansion

UA DIGITAL Strategy

- Promote OMO
- Optimize the supply chain



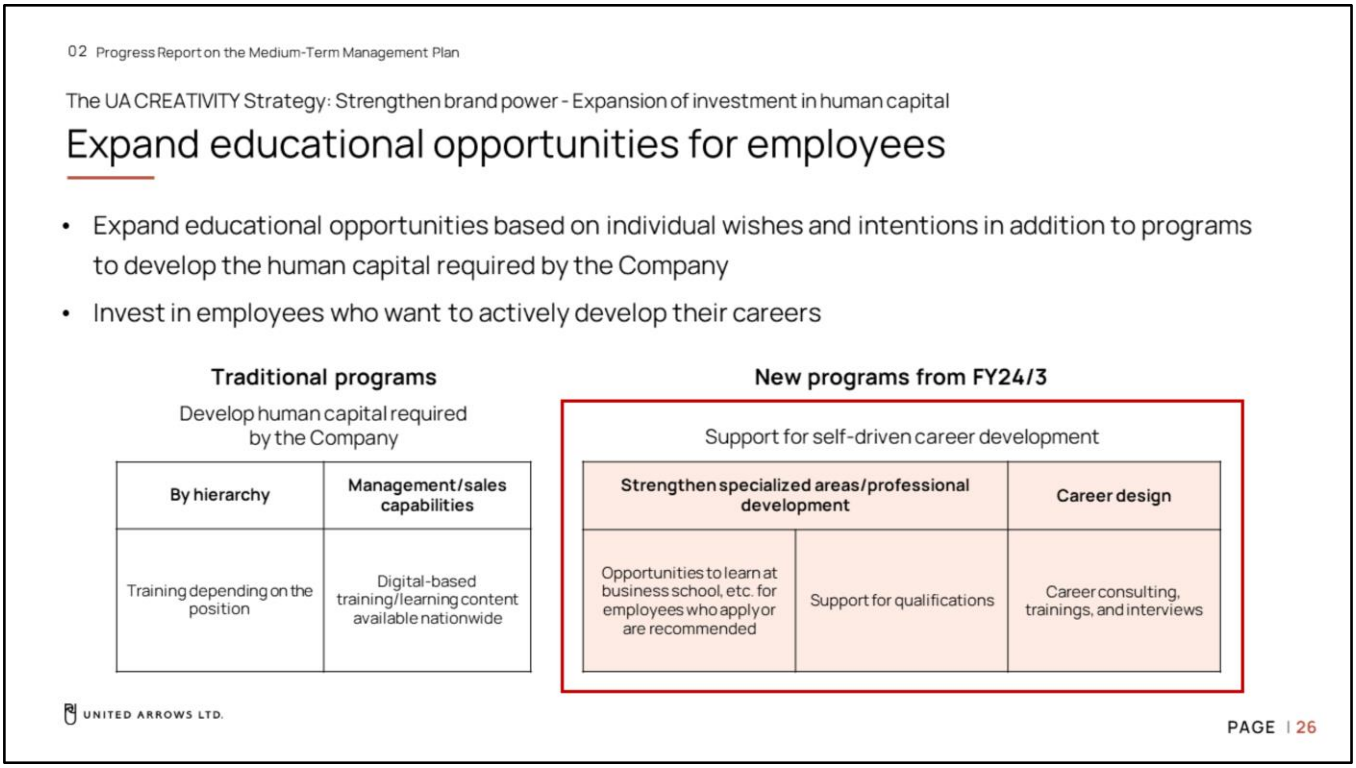
Creating value of human capital has been incorporated into our corporate philosophy as one of the five value creations: Value for Employees. Since human capital is an important factor in creating our competitive advantage, we have continued to invest in it and make it evolved. Investing in human capital is one of the strategies in the current medium-term management plan. In the sustainability activity “SARROWS,” employee engagement score is set as a numerical target for human capital.



Employee engagement is at the heart of our human capital management. Increasing this indicator of loyalty to the Company will ultimately improve customer loyalty and business performance.

The status of employee engagement is appropriately grasped through annual employee awareness surveys, and changes in factors affecting engagement are analyzed and reflected in personnel policies. There was a significant change before and after the COVID-19 pandemic. Before the pandemic, employees tended to be more interested in the content of work, workload, and compensation. After the pandemic, however, they have been more interested in educational opportunities, understanding company policies, and dialogue with superiors.

Incorporating this result in current personnel policies, we implement the human capital strategy with a focus on expanding educational opportunities, developing the certification system for talented personnel, and allocating personnel according to their aptitude, thereby promoting the self-driven growth of employees. We aim to circulate the growth of each employee into the growth of the company.



One of the practical measures is to expand educational opportunities.

In addition to the traditional human resource development program to build human capital that we need, we provide educational opportunities based on individual wishes and intentions.

Specifically, they are as follows:

・Learning opportunities at a business school where students can learn basic business areas on a subject basis such as logical thinking and accounting.

・Marketing courses required for OMO strategies

・Subscription learning program for digital skills

・Support for acquisition of various qualifications including sales, product, marketing, IT, management, and language

Employees can choose their own field of study, apply and challenge themselves based on their own career aspirations, regardless of the relationships to their current job. Career development support is also provided as follows.

・Career consulting where employees with national qualifications receive individual consultations

・Career training and follow-up interviews are conducted at career milestones such as the third year after graduation

With these programs, we promote proactive career development and medium- to long-term motivation, and invest in employees who have a willingness to think, act and actively develop their careers.

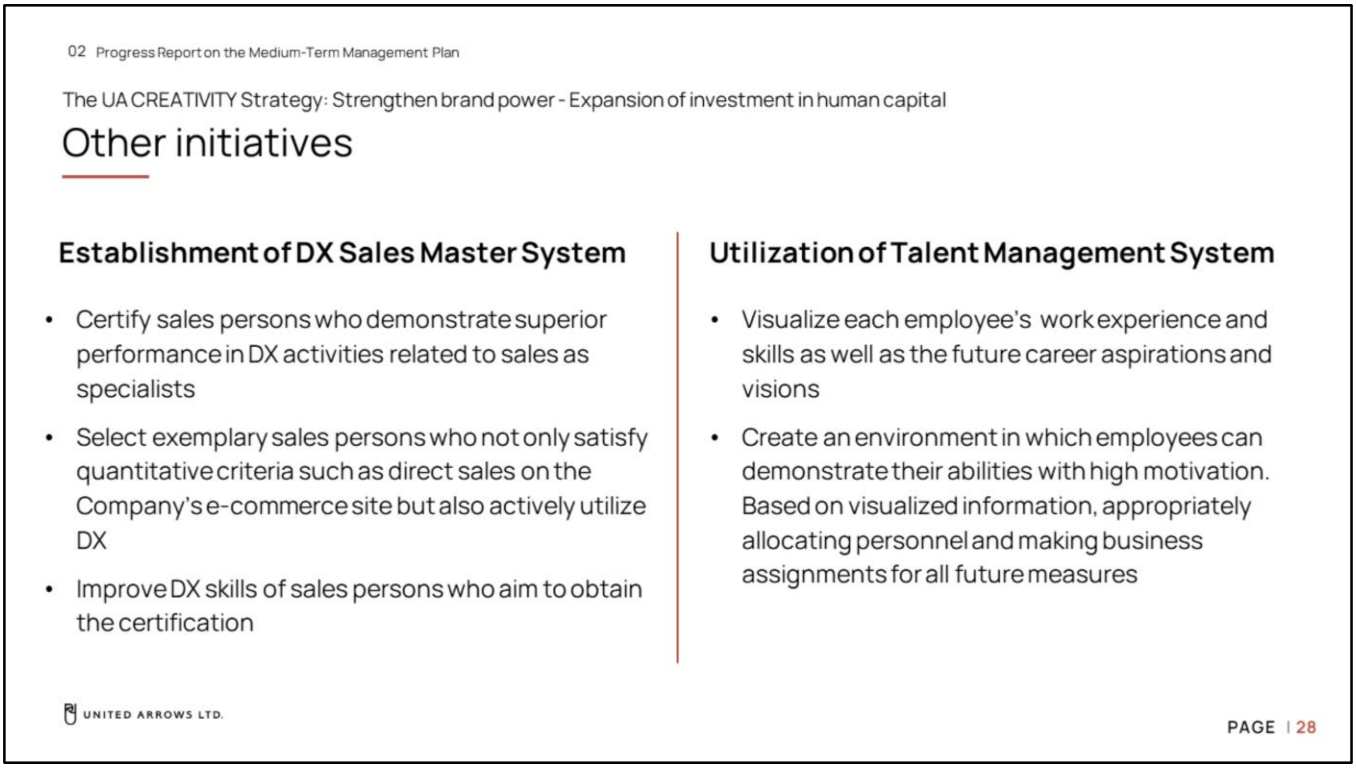
The UA CREATIVITY Strategy: Strengthen brand power - Expansion of investment in human capital

Expand educational opportunities for employees

Covering a wide variety of areas, these programs provide opportunities so that each employee can either strengthen their own area of expertise or develop new functions

Learning at business schools, etc.	Support for qualifications	
Business & Management Accounting / Management Strategy / Finance / Logical Thinking / Management	**Sales** Retail Marketing Test / Fashion Business Examination	**Products** The Proficiency Test in Trading Business / Textiles Evaluation Specialist Test / Pattern Making Examination
Marketing PR / EC / Digital Marketing / SNS	**Marketing** PR Planner / Web Analyst / Marketing Kentei	**IT** Project Manager Examination / JDLA Deep Learning for GENERAL / Information Technology Passport Examination
Digital Skills Digital Marketing / AI / DX	**Management System** FP / Sustainable Management Certification / Bookkeeping / The Japan Business Law Examination	**Language** TOEIC / Chinese Language Test / Other

This slide shows the key areas of education programs for strengthening specialized areas and professional development explained in the previous slide. Some of the programs attracted more applicants than expected. We found that there are a large number of employees with high motivation.



In addition to expanding educational opportunities, we show two other initiatives.

The DX Sales Master System was newly established this fiscal year. This system recognizes sales persons who have knowledge of digital transformation (DX) activities related to sales, such as posting styling and product descriptions on the Company's e-commerce site, and actively promote such activities and achieve good results. Previously, the sales power of a sales person was only demonstrated at a store where the person works. Through DX of sales activities, however, it can spread nationwide through online shopping and applications. We work to enhance the DX skills of sales staff through this certification.

The Talent Management System has been introduced to allocate personnel according to individual aptitudes. The system visualizes each employee's future career aspirations and visions as well as the work experience and skills. Taking into consideration each employee's various elements that make up the individual employee, such as hobbies, orientation, and will, as well as work experience and skills, we continue to make appropriate staffing and work assignments for various future measures and develop an environment in which employees can demonstrate their abilities with high motivation.

These initiatives are expected to build an environment that encourages employees to voluntarily enhance their abilities and develops personnel who contribute to corporate strategy.

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ENGAGEMENT WITH CUSTOMERS

providing excitement
- connecting with customers widely and deeply

Three Key Strategies

UA CREATIVITY Strategy

- Grow and expand existing businesses
  - Top-line growth
  - Improvement of gross margin
- Strengthen brand appeal
  - Expansion of investment in human capital
  - Rebranding of the corporate brand
- Re-grow COEN

UA MULTI Strategy

- Develop non-apparel businesses
- Global expansion

UA DIGITAL Strategy

- Promote OMO
- Optimize the supply chain

The UA MULTI Strategy: Develop non-apparel businesses

Establish the Division for new business development

- Established in October 2023 with the aim of enhancing the momentum of new business development to expand operation
- The General Manager is Kazuyasu Tanaka, Director, Executive Managing Officer, CMO
- Development of multiple businesses is underway with a view to launching during the medium-term management plan

The UA MULTI Strategy: Global expansion

A pop-up store was opened in Beijing after Shanghai

- A pop-up store was opened from September 20 to November 11, 2023, at TAIKOO LI SANLITUN, a leading commercial facility in Beijing, China
- Based on the achievements in the Shanghai area, the lineup included high-end brands such as H BEAUTY&YOUTH, UNITED ARROWS & SONS and ROKU

As part of the development of non-apparel businesses in the UA MULTI Strategy, we established the Division that handles new business development. Kazuyasu Tanaka, Director, Executive Managing Officer, CMO, is in charge of the division and is currently undertaking multiple businesses.

As part of the global expansion, a pop-up shop has been opened at TAIKOO LI SANLITUN, a leading commercial facility in Beijing, China, since September, following Shanghai, China. Given that demands for trendy high-end casuals were stronger than expected in test marketing in the Shanghai area, the lineup in Beijing includes H BEAUTY&YOUTH, UNITED ARROWS & SONS and ROKU. The feedback from female customers is particularly high, and texture and fitting are highly appreciated.

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.

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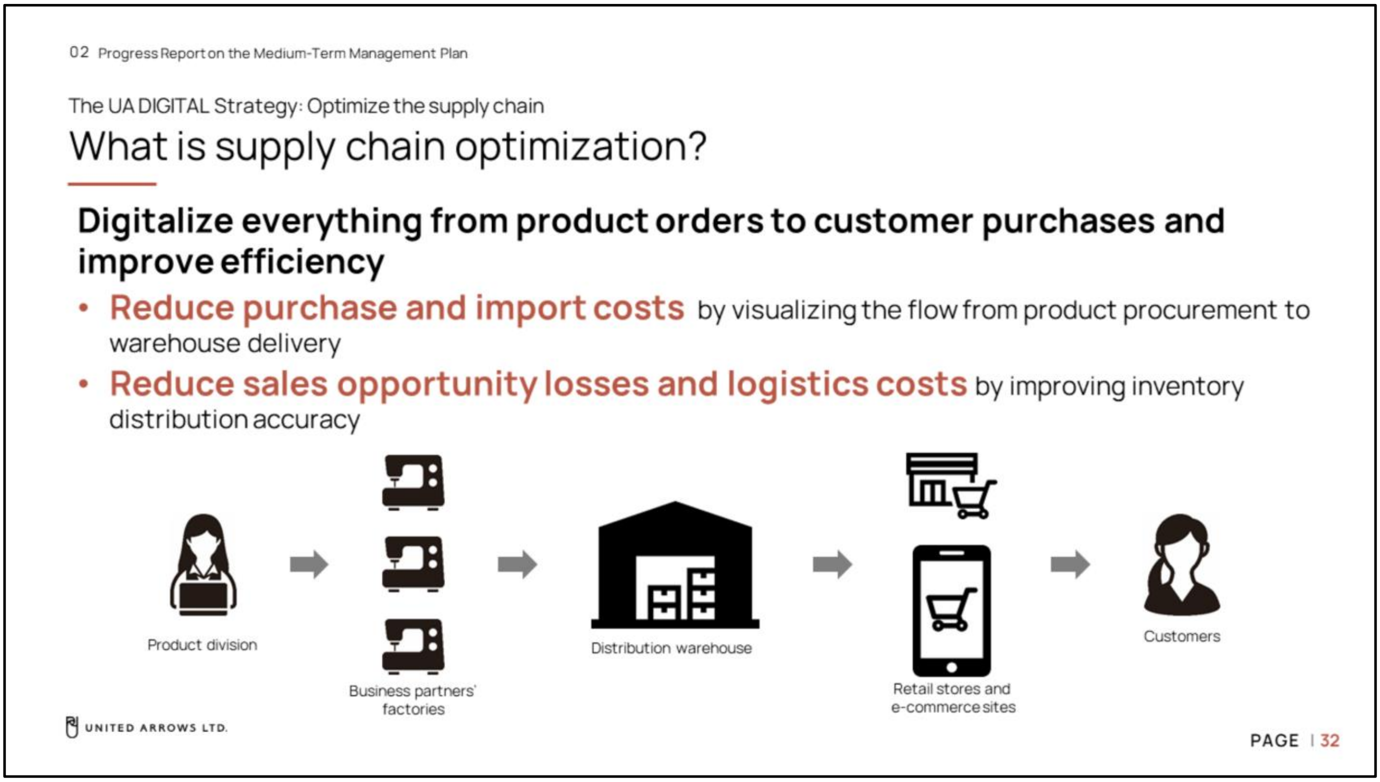


Finally, supply chain optimization in the UA DIGITAL Strategy.

The current core product management system was developed in 2014 and is not designed to guarantee the growth potential of the long-term vision. With the system's maintenance deadline approaching, an investment to revamp the core product management system is essential for the future.

The aim of the revamp is to solve some of the problems in the existing system and produce more results. The new system will digitalize everything from product orders to customer purchases to improve the efficiency of the entire business.

Specifically, procurement costs will be reduced by visualizing the flow from ordering by the product division to sewing at the business partner's factories and warehouse delivery; and distribution costs and sales opportunity losses will be curtailed by improving the accuracy of inventory distribution to each store and e-commerce site.

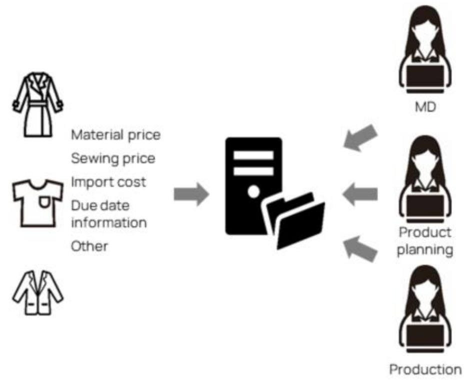
The UA DIGITAL Strategy: Optimize the supply chain

Visualize the flow from product procurement to warehouse delivery

Integrated management of production-related information* of each product

- Building optimum production background and selecting business partners
- Efficient import of products
- Measures to address various risks (foreign exchange fluctuations, supply chain risks, etc.)

Reduce purchase and import costs



* Production-related information
Material origin, material price, sewing price, import cost by country, shipment information, expected arrival date at port, etc.

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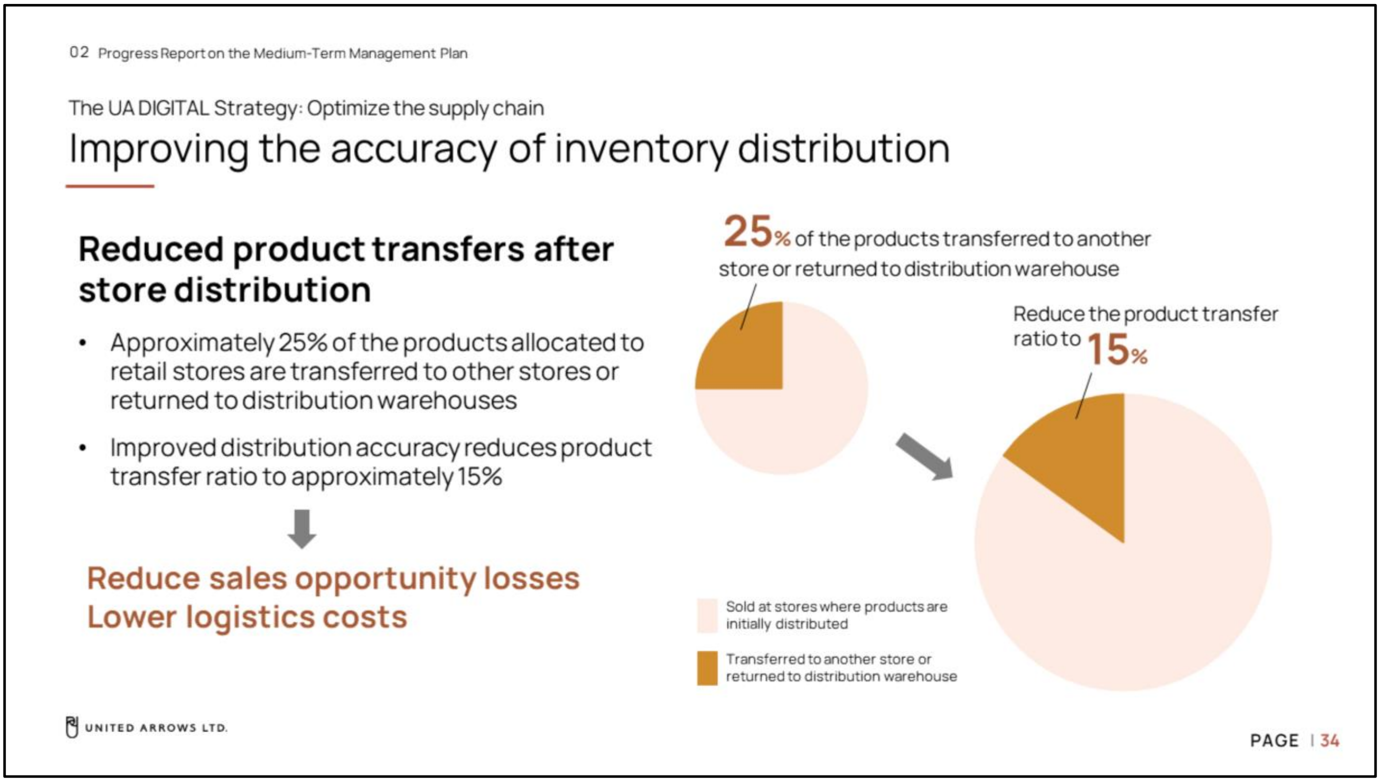
Various production data, which are currently managed for each product, will be digitalized and integrated into a database.

Having centralized management of production information, including the price and origin of materials, the location and price of sewing factories, and the import costs by country, will enable us to control the purchasing costs by selecting the best source of materials, constructing the optimum production background, and selecting business partners. In addition, visualizing the production progress, such as the shipment status and the expected arrival date at the port, is expected to reduce the import costs by making it easier to import multiple product numbers in one go, directly ship inventory from the port to the store, and have drop shipping to overseas stores.

It will enable us to respond flexibly to exchange rate fluctuations and supply chain risks to counter those risks.



We also aim to improve the accuracy of the distribution of products in warehouses to stores and e-commerce sites through systematization.

Currently, about 25% of the products distributed to each store are transferred to other stores or returned to distribution warehouses. This ratio will be reduced to about 15% by improving the accuracy of inventory distribution.

Optimized inventory distribution curtails sales opportunity losses, and fewer unnecessary inventory transfers leads to a decrease in transportation costs, logistics work costs and other logistics costs. That also reduces ancillary operations at stores and improves store operation efficiency.

02 Progress Report on the Medium-Term Management Plan

The UA DIGITAL Strategy: Optimize the supply chain

Other expected effects

- **Enhance security**
  Ensure security support and minimize risks from cyber attacks
- **Develop an environment for business domain expansion**
  Ensure extension potential with a view to future business expansion
- **Improve productivity of internal operations**
  Automatic linkage of accounting systems with various transaction data, such as sales and purchases to improve productivity of headquarters operations

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Other expected effects include strengthening security, improving the environment for business domain expansion, and increasing the productivity of internal operations.

Revamping the system will ensure security support and minimize the risks of cyber-attacks.

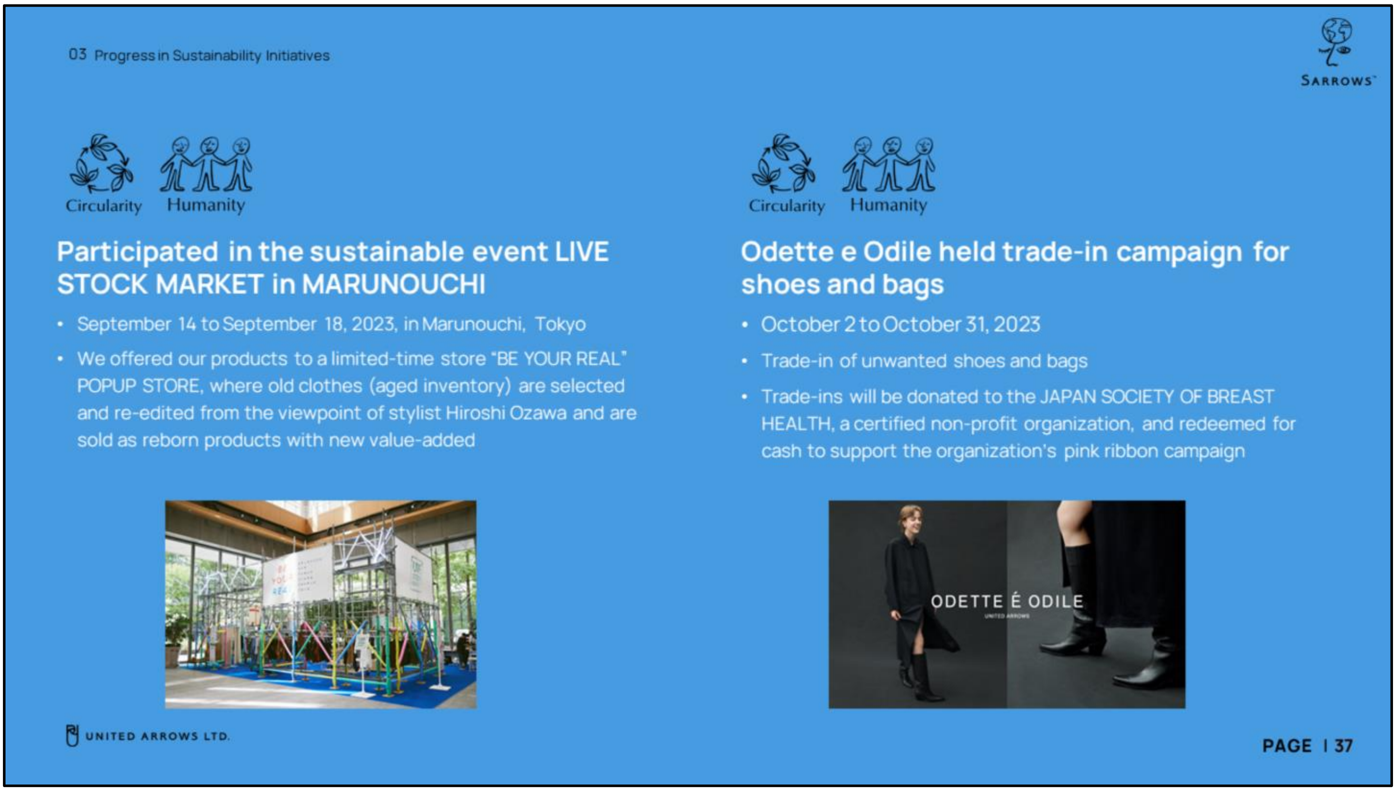
It will ensure the potential to extend our business domain from the current apparel-centric design to non-apparel fields with the aim of achieving our long-term vision.

The accounting system will be automatically linked with various transaction data such as sales and purchases, and this is expected to improve the operation accuracy and the productivity of headquarters' operations.

This initiative will be completed in the fiscal year ending March 2026, and quantitative and qualitative effects will gradually emerge from the next medium-term plan.

03

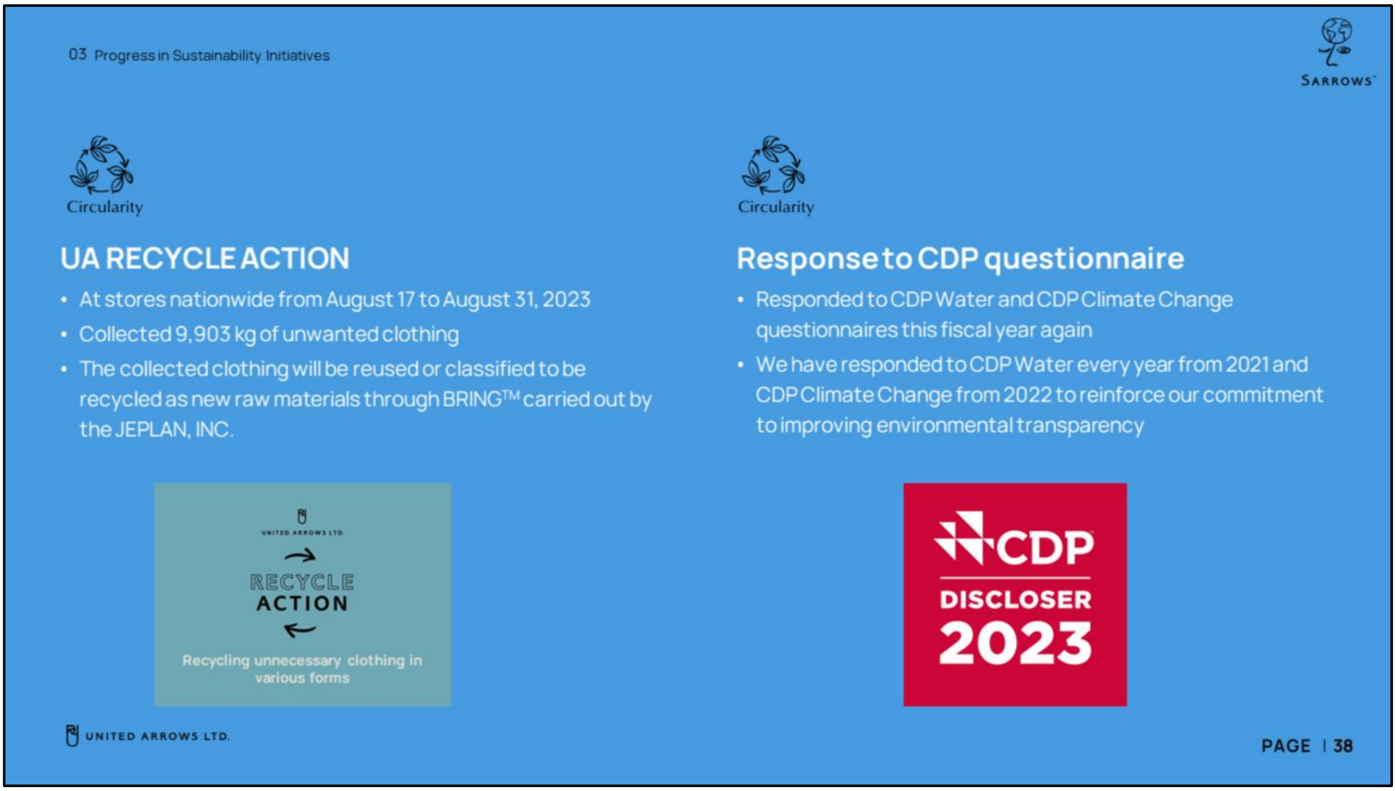
Progress in Sustainability Initiatives



We hereby report on the progress of our major sustainability activities during the three months of the second quarter.

We participated in the sustainable event LIVE STOCK MARKET in MARUNOUCHI, held from September 14 to September 18, 2023, in Marunouchi, Tokyo. In collaboration with a limited-time store "BE YOUR REAL" POPUP STORE, where old clothes (aged inventory) are selected and re-edited from the viewpoint of stylist Hiroshi Ozawa and are sold as reborn products with new value-added, we sold our aged inventory and reduced product disposal.

Odette e Odile held a trade-in campaign for shoes and bags from October 2 to October 31, 2023. Customers traded in shoes and bags they no longer needed. The trade-in items were donated to the JAPAN SOCIETY OF BREAST HEALTH, a certified non-profit organization. The donated items are sold to secondhand stores, and the money will be used for the NPO's pink ribbon campaign.

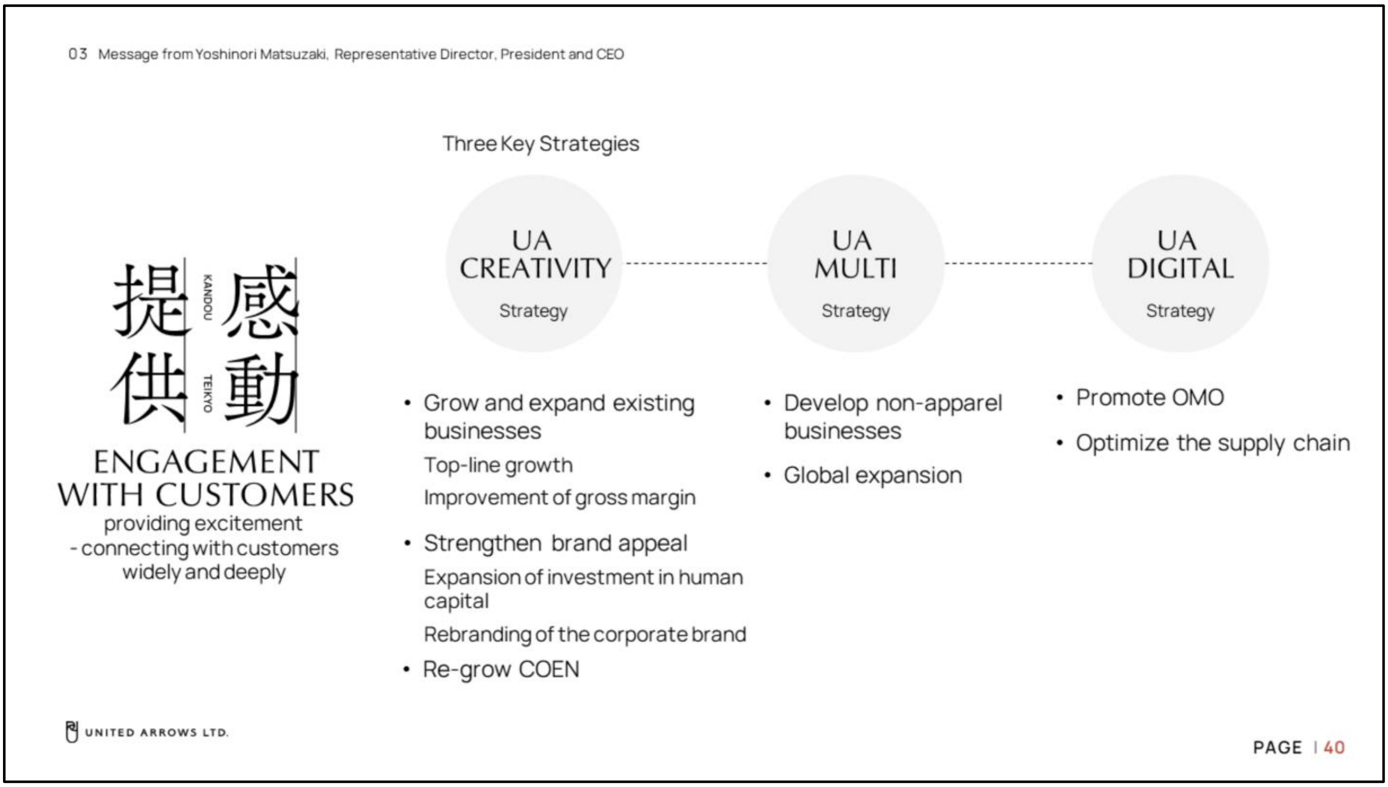


From August 17 to August 31, 2023, UA RECYCLE ACTION was held at stores nationwide. This activity has been promoted in cooperation with customers, aiming to reduce waste by reusing and recycling unwanted clothing, and promote circular fashion. The collected clothing will be reused by new users or classified to be recycled as new raw materials through BRING™ developed by JEPLAN, INC.

We responded to the CDP questionnaire in 2023 again. We have responded to CDP Water every year from 2021 and CDP Climate Change from 2022 to reinforce our commitment to improving environmental transparency.

03

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



Thank you very much for your continuous support.

Six months have passed since we started the medium-term management plan. The fall business season marks the start of the second half of the fiscal year. The temperature is higher than expected, which may cause concern. Even in such a challenging environment, however, I believe that we are making progress to become a company with higher sensitivity and higher added value.

In the current medium-term management plan, in order to address the declining purchasing and working populations that will become increasingly apparent in the future, as well as the issue that our customer base is concentrated in certain segments in terms of age and fashion taste, we are promoting three key strategies:

- The UA CREATIVITY Strategy, which aims to *further* increase the satisfaction of existing customers and promote continued growth of existing businesses
- The UA MULTI Strategy, which aims to further expand our apparel domain and develop apparel-derived domains through new brand development and increase new customers
- The UA DIGITAL Strategy, which aims to optimize the supply chain and promote DX to enhance productivity and profitability

As a result of reviewing product quality and prices and focusing on selling at regular price, “gross margin and average spending per customer” have increased significantly. Taking into consideration the fact that, despite the recent high temperatures, business results exceeded the same period of the previous year without any discount sales, we think that the year-over-year decrease of 2% in the total number of customers of existing stores by October is acceptable at present.

Although it is acceptable at this point, we recognize that we should keep striving to increase the number of customers. During this medium-term period, in order to attract new customers through the new brand development and apparel derivation initiatives that I mentioned earlier, we started preparing some new brands from the second half of this fiscal year.

We will continue to pursue “high sensitivity and high added value,” please pay attention to our gross margin and average spending per customer, and stay tuned for new initiatives in the future.

Thank you for your continued understanding and support.

04

Reference Materials

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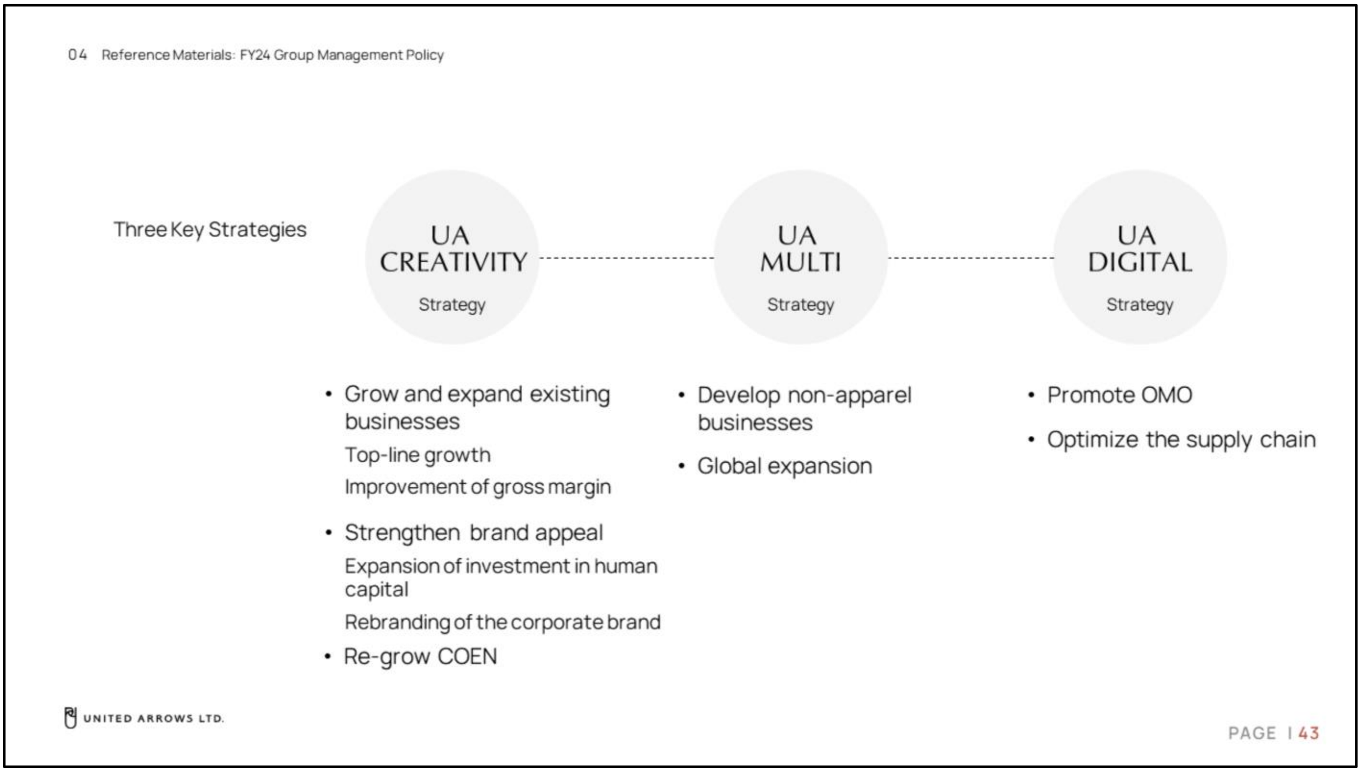
The Group's management policy for the fiscal year ending March 2024, which is the first year of the Medium-Term Management Plan with the fiscal year ending March 2026 as the final year, is "Provide Excitement: Take Steps toward Providing New Value."



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

04 Reference Materials: FY24 Group Management Policy

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.