For the Nine Months of Fiscal Year Ending March 31, 2024

Financial Results Briefing

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2024.02.07 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 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 3Q Business Results

Consolidated

Although sales cleared the previous year's level and gross margin was maintained at the same level as the previous year, operating income and other profits decreased due to an increase in SGA expenses

Consolidated sales	Gross margin	Operating income	Net income
¥99.7 billion	52.7%	¥5.8 billion	¥4.2 billion
YoY 103.8%	Same level as last year	YoY 91.1%	YoY 98.0%

- Despite struggling in the third quarter due to the effects of the warm winter, sales increased due to normalization of economic activity and recovery in inbound tourism
- Gross margin for the nine months recovered to the FY19/3 level
- The SGA expenses to sales ratio worsened due to increased advertising expenses and personnel expenses, and all profits below operating income decreased

Consolidated Gross Margin

- Consolidated gross margin remained the same level as the previous year
- UA LTD. improved by 0.1pt from the previous year. Although the total business unit was affected by higher costs for spring products and expanded discount sales in fall and winter, outlet sales improved significantly
- COEN CO., LTD. saw a decline from the previous year, due to increased discount price sales

	FY24/3 9M	YoY pt difference
Consolidated	52.7%	0.0pt
UNITED ARROWS LTD.	52.5%	0.1pt
Total business unit sales	-	-0.3pt
Outlet, etc.	-	4.7pt
COEN CO., LTD.	-	-1.9pt
UNITED ARROWS TAIWAN LTD.	-	3.8pt

Consolidated SGA Expenses

- Consolidated SGA expenses were ¥46,761 million, 105.7% YoY, and vs. sales were 46.9%, up 0.9 pt YoY
- Advertising expenses include impact of one-time costs associated with transfer to the “UA Club” system at UA LTD.
- Personnel expenses were affected by increases in personnel, wage increases, etc.
- Rent decreased mainly due to the store closure of COEN CO., LTD.
- Other increases were due to increases in UA online sales and variable costs

(Millions of yen)

		FY23/3 9M	FY24/3 9M	Change/pt difference	YoY
Total SGA expenses		44,247	46,761	2,514	105.7%
	vs. sales	46.0%	46.9%	0.9pt	-
Advertising expenses		2,124	2,852	727	134.3%
	vs. sales	2.2%	2.9%	0.6pt	-
Personnel expenses		15,429	16,000	571	103.7%
	vs. sales	16.1%	16.0%	- 0.0pt	-
Rent		13,686	13,644	(41)	99.7%
	vs. sales	14.2%	13.7%	- 0.6pt	
Depreciation		653	647	(5)	99.2%
	vs. sales	0.7%	0.6%	- 0.0pt	-
Other		12,353	13,615	1,261	110.2%
	vs. sales	12.9%	13.7%	0.8pt	-

Non-consolidated

Sales exceeded the previous year, gross margin also improved from the previous year, and the negative number of customers purchasing at existing stores improved by 0.8 percentage points from the first half

Non-consolidated sales	Gross margin	Operating income	Existing stores YoY	
¥92.2billion	52.5%	¥6.1billion	Sales	106.2%
YoY	YoY diff.	YoY	Number of purchasing customers	99.5%
105.1%	+0.1pt	94.4%	Avg. spend per customer	107.4%

- Sales were driven by the Trend-conscious Market centered on UA and BY, and sales surpassed the previous year
- SGA expenses include one-time costs (¥390 million) associated with changes in the membership program that occurred in the second quarter
- While maintaining the increase in avg. spend per customer, the negative number of customers purchasing at existing stores was reduced from the previous year to 0.5% (0.8pt improvement from the first half result)

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

- Both retail and online sales improved from the previous year, the composition ratio of the online sales was 24.5% of the total, almost the same level as the previous year
- UA online sales were 112.9% of the previous year, the composition ratio in the total online sales was 37.4% (YoY diff. +2.2 pts)
- The total sales at other companies' sites were 102.5% of the previous year
- Sales to inbound tourists were 3.7 times the previous year, with a composition ratio of 2.9% (YoY diff. +2.1 pts)

(Millions of yen)

	FY2023 9M	FY2024 9M	Change/pt difference	YoY
Non-consolidated sales	87,816	92,286	4,469	105.1%
Total business unit sales	72,980	77,938	4,957	106.8%
vs. sales	82.3%	82.7%	0.4pt	-
Retail	49,901	53,362	3,461	106.9%
vs. sales	56.3%	56.6%	0.3pt	-
Online	21,783	23,130	1,347	106.2%
vs. sales	24.6%	24.5%	- 0.0pt	-
Other (Wholesale, etc.)	1,295	1,445	149	111.5%
vs. sales	1.5%	1.5%	0.1pt	-
Outlet, etc.	15,692	16,312	620	104.0%
vs. sales	17.7%	17.3%	- 0.4pt	-

Non-consolidated By business: Trend-conscious Market remained strong

- Trend-conscious Market centered on UA and BY continue to grow due to recovery in urban areas, recovery in inbound tourism, etc.
- Both markets exceeded the previous year and existing store sales also surpassed the previous year
- The challenge is the Basic Trend-conscious Market centered on GLR, and we aim to improve it from spring/summer

(Millions of yen)

	FY2023 9M	FY2024 9M	Change	YoY
Total business unit sales	72,980	77,938	4,957	106.8%
Trend-conscious Market	48,447	52,642	4,195	108.7%
Basic Trend-conscious Market	24,533	25,295	762	103.1%

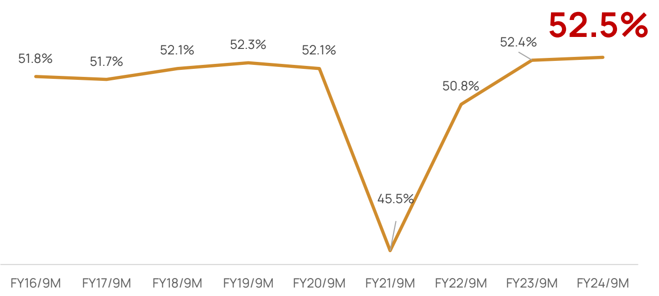
Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	109.3%	109.8%	108.0%
Basic Trend-conscious Market	100.4%	101.5%	98.4%

Non-consolidated Gross margin continues to improve

- Recovered to **52.5%**, the highest level since FY16/3, and approximately **53%** excluding the impact of the change in revenue recognition standards
- Although the negative impact of higher costs remains in Business Units, improvements continue in Outlets and others due to inventory optimization

	FY24/3 9M	YoY pt difference
UNITED ARROWS LTD.	52.5%	0.1pt
Excluding the impact of the change in revenue recognition standards	53.2%	
Total business unit sales	-	-0.3pt
Outlet, etc.	-	4.7pt



Non-consolidated Gross margin for 9-month period

Financial impact of transition to UA Club

Convert old "points" held by members to "miles" when transferring to UA Club	Due to the difference in the return rates, the amount increases when converted miles are converted to old points	Assuming future use of the increase, a portion of the increase was lumped into the second quarter of FY24/3, as sales promotion expenses to reserve future discounts	The increased amount will be recorded as a sales discount from September 2023 onwards

Financial impact after September 2023

Sales YoY About **-1.3 to -1.4** pts

Gross margin About **-0.1** pt

* Based on current mileage usage estimates, this impact is expected to end by the end of March 2024

After the last financial results briefing, we received many questions about the one-time costs associated with the transition to the UA Club membership system, so I would like to explain.

In August 2023, when we transitioned our membership system to UA Club, we converted unused points held by customers from the previous program into miles and re-granted them. Due to the difference in the return rate between the two systems, the conversion to miles increased the amount in terms of the old points.

Assuming that this increased amount will be used in the future, a portion of the amount was accounted for in one lump sum as sales promotion expenses in the second quarter of 2024 for future discounts. From September onwards, sales are recorded as sales discount in accordance with the usage of the increased amount.

This treatment has had a negative impact of about 1.3 to 1.4 points on year-on-year sales since September, and a negative impact of about 0.1 point on gross margin. This is the main reason why there is a large discrepancy in sales year-on-year between the preliminary and final monthly overviews. Based on current usage conditions, this impact is expected to end by the end of March 2024.

Selected as a "DX Certified Business Operator" by the Ministry of Economy, Trade and Industry

Certified as ready for DX promotion in compliance with the basic matters of the "Digital Governance Code"

Our initiatives for DX

April 2021	Established DX Promotion Center*2 with the aim of establishing a business model for the OMO*1 era
May 2023	Promoting various DX strategies with the "UA DIGITAL Strategy" set as one of the main strategies of the "Medium-term Management Plan 2023-2025"
August 2023	Renewed our membership program and launched a new program using the app, "UA Club", updated content to increase customer lifetime value
October 2023	Established the "DX Sales Master" system to evaluate specialists who demonstrate excellent performance in sales-related DX activities
Currently	We are in the process of renewing our core product management system and creating a system to digitalize product procurement with the aim of optimizing our supply chain

*1 Online Merges with Offline　　*2 Renamed "DX Promotion Office" in April 2023

DX認定

In February 2024, we were certified as a "DX (digital transformation) Certified Business Operator" by the Ministry of Economy, Trade and Industry. The DX certification system is a certification system based on the "Act on Facilitation of Information Processing". It's a system where the government certifies businesses as being ready to promote DX, in response to the basic matters of the "Digital Governance Code" that summarizes the requirements of managers for social transformation through digital technology.

Our various DX initiatives met the certification standards based on the Ministry of Economy, Trade and Industry's DX promotion indicators, and we were recognized for appropriately disclosing information to stakeholders, which led us to obtaining certification.

Consolidated P/L

(Millions of yen)

		FY23/3 9M	FY24/3 9M	Change/pt difference	YoY
Sales		96,093	99,704	3,611	103.8%
Gross profit		50,635	52,578	1,943	103.8%
	vs. sales	52.7%	52.7%	0.0pt	-
SGA expenses		44,247	46,761	2,514	105.7%
	vs. sales	46.0%	46.9%	0.9pt	-
Operating income		6,387	5,817	(570)	91.1%
	vs. sales	6.6%	5.8%	- 0.8pt	-
Non op. P/L		343	542	198	157.8%
	vs. sales	0.4%	0.5%	0.2pt	-
Ordinary income		6,731	6,359	(372)	94.5%
	vs. sales	7.0%	6.4%	- 0.6pt	-
Extraordinary P/L		(299)	(171)	127	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		4,340	4,253	(86)	98.0%
	vs. sales	4.5%	4.3%	- 0.3pt	-

Sales were ¥99,704 million, 103.8% YoY.

Gross profit was ¥52,578 million, 103.8% YoY and vs. sales was 52.7%, same level as the previous year.

SGA expenses were ¥46,761 million, 105.7% YoY, and vs. sales was 46.9%, up 0.9 pts YoY.

Operating income was ¥5,817 million, 91.1% YoY and vs. sales was 5.8%, down 0.8 pts YoY.

Ordinary income was ¥6,359 million, 94.5% YoY and vs. sales was 6.4%, down 0.6 pts YoY.

Net income attributable to owners of parent was ¥4,253 million, 98.0% YoY and vs. sales was 4.3%, down 0.3 pts YoY.

Although sales and gross profit exceeded the previous year's level, SGA expenses increased due to increases in advertising expenses and personnel expenses, and all profits below operating income decreased.

Consolidated P/L 3Q (3 months)

(Millions of yen)

		FY23/3 3Q	FY24/3 3Q	Change/pt difference	YoY
Sales		38,640	38,690	50	100.1%
Gross profit		20,782	20,585	(197)	99.0%
	vs. sales	53.8%	53.2%	- 0.6pt	-
SGA expenses		15,780	16,543	763	104.8%
	vs. sales	40.8%	42.8%	1.9pt	-
Operating income		5,002	4,041	(960)	80.8%
	vs. sales	12.9%	10.4%	- 2.5pt	-
Non op. P/L		19	133	114	700.2%
	vs. sales	0.0%	0.3%	0.3pt	-
Ordinary income		5,021	4,174	(846)	83.1%
	vs. sales	13.0%	10.8%	- 2.2pt	-
Extraordinary P/L		(184)	(102)	81	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		3,265	2,827	(438)	86.6%
	vs. sales	8.5%	7.3%	- 1.1pt	-

Consolidated Gross margin

	FY24/3 9M	YoY pt difference
Consolidated	52.7%	0.0pt
UNITED ARROWS LTD.	52.5%	0.1pt
Total business unit sales	-	-0.3pt
Outlet, etc.	-	4.7pt
COEN CO., LTD.	-	-1.9pt
UNITED ARROWS TAIWAN LTD.	-	3.8pt

Consolidated gross margin was 52.7%, unchanged from a year ago.

Gross margin of UA LTD. (the Company) was 52.5%, up 0.1 pt from the previous year.

Total Business Unit sales decreased 0.3 points for the 9-month period because of the impact of higher costs of spring items due to exchange rate fluctuations and the impact of expanded fall/winter discount price sales.

Outlets improved from the previous year due to the reduction in the size of past year's inventory through better inventory efficiency.

COEN CO., LTD. fell 1.9 pts from the previous year due to expansion of discount price sales.

The Taiwanese subsidiary improved 3.8 pts.

Consolidated Gross Margin 3Q (3 months)

	FY24/3 3Q	YoY pt difference
Consolidated	53.2%	-0.6pt
UNITED ARROWS LTD.	53.1%	-0.7pt
Total business unit sales	-	-0.3pt
Outlet, etc.	-	1.7pt
COEN CO., LTD.	-	-0.5pt
UNITED ARROWS TAIWAN LTD.	-	5.3pt

Consolidated SGA Expenses

(Millions of yen)

		FY23/3 9M	FY24/3 9M	Change/pt difference	YoY
Total SGA expenses		44,247	46,761	2,514	105.7%
	vs. sales	46.0%	46.9%	0.9pt	-
Advertising expenses		2,124	2,852	727	134.3%
	vs. sales	2.2%	2.9%	0.6pt	-
Personnel expenses		15,429	16,000	571	103.7%
	vs. sales	16.1%	16.0%	- 0.0pt	-
Rent		13,686	13,644	(41)	99.7%
	vs. sales	14.2%	13.7%	- 0.6pt	
Depreciation		653	647	(5)	99.2%
	vs. sales	0.7%	0.6%	- 0.0pt	-
Other		12,353	13,615	1,261	110.2%
	vs. sales	12.9%	13.7%	0.8pt	-

UNITED ARROWS LTD.

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

Vs. sales was 46.9%, up 0.9 pts from the previous year.

Advertising expenses were ¥2,852 million, 134.3% YoY, and vs. sales was 2.9%, up 0.6 pts YoY, mainly due to an increase in advertising costs, in addition to the one-time costs associated with changes in the membership program to transfer to “UA Club”.

Personnel expenses were ¥16,000 million, up 103.7% YoY, due to an increase in full-time personnel expenses.

Rent was ¥13,644 million, 99.7% YoY, mainly due to a decrease because of the store closure of COEN CO., LTD., as well as a decrease in warehouse rent resulting from inventory reduction, despite an increase in commission rent caused by the recovery of physical stores. Vs. sales decreased 0.6 pts from the previous year.

Other was ¥13,615 million, 110.2% YoY, including an increase in variable costs by recovery of sales and an increase in related costs associated with increased UA online sales.

Consolidated SGA Expenses 3Q (3 months)

(Millions of yen)

		FY23/3 3Q	FY24/3 3Q	Change/pt difference	YoY
Total SGA expenses		15,780	16,543	763	104.8%
	vs. sales	40.8%	42.8%	1.9pt	-
Advertising expenses		829	924	94	111.4%
	vs. sales	2.1%	2.4%	0.2pt	-
Personnel expenses		5,153	5,518	365	107.1%
	vs. sales	13.3%	14.3%	0.9pt	-
Rent		5,088	4,988	(100)	98.0%
	vs. sales	13.2%	12.9%	- 0.3pt	
Depreciation		217	222	5	102.4%
	vs. sales	0.6%	0.6%	0.0pt	-
Other		4,491	4,889	398	108.9%
	vs. sales	11.6%	12.6%	1.0pt	-

Non-consolidated Sales by Channel

(Millions of yen)

	FY2023 9M	FY2024 9M	Change/pt difference	YoY
Non-consolidated sales	87,816	92,286	4,469	105.1%
Total business unit sales	72,980	77,938	4,957	106.8%
vs. sales	82.3%	82.7%	0.4pt	-
Retail	49,901	53,362	3,461	106.9%
vs. sales	56.3%	56.6%	0.3pt	-
Online	21,783	23,130	1,347	106.2%
vs. sales	24.6%	24.5%	- 0.0pt	-
Other (Wholesale, etc.)	1,295	1,445	149	111.5%
vs. sales	1.5%	1.5%	0.1pt	-
Outlet, etc.	15,692	16,312	620	104.0%
vs. sales	17.7%	17.3%	- 0.4pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	106.2%	99.5%	107.4%
Retail	107.1%	100.7%	106.3%
Online	104.4%	97.4%	109.2%

UNITED ARROWS LTD.

Non-consolidated sales were ¥92,286 million, 105.1% YoY,

Total Business Unit sales were ¥77,938 million, 106.8% YoY.

Retails sales were ¥53,362 million, 106.9% YoY.

Online sales were ¥23,130 million, 106.2% YoY, and vs. sales was 24.5%. UA online sales remained strong at 112.9% YoY, and came to account for 37.4% of the total online sales (up 2.2 pts from the previous year).

For year-on-year existing store sales, both retail and online exceeded the previous year's level, retail + online was 106.2%, and the year-on-year decrease in the number of customers purchasing at existing stores narrowed to 0.5%. Avg. spend per customer increased 7.4% from the previous year due to controlling measures for discount price sales and price review.

Outlet, etc. was ¥16,312 million, 104.0% YoY, and vs. sales was 17.3%.

Non-consolidated Sales by Business

(Millions of yen)

	FY2023 9M	FY2024 9M	Change	YoY
Total business unit sales	72,980	77,938	4,957	106.8%
Trend-conscious Market	48,447	52,642	4,195	108.7%
Basic Trend-conscious Market	24,533	25,295	762	103.1%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	109.3%	109.8%	108.0%
Basic Trend-conscious Market	100.4%	101.5%	98.4%

The Trend-conscious Market centered on UA and BY continued strong performance due to recovery in urban areas, recovery in inbound tourism, etc. Sales were ¥52,642 million, 108.7% YoY.

The Basic Trend-conscious Market centered on GLR had sales of ¥25,295 million, 103.1% YoY.

In both markets, existing store sales for retail + online exceeded the previous year's level.

Consolidated BS

(Millions of yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023	vs. previous term-end Change	
Total Assets	61,184	60,316	(868)	98.6%
Composition ratio	100.0%	100.0%	-	-
Current Assets	41,604	40,881	(722)	98.3%
Composition ratio	68.0%	67.8%		-
Noncurrent Assets	19,580	19,434	(145)	99.3%
Composition ratio	32.0%	32.2%		-
Current Liabilities	23,451	21,717	(1,734)	92.6%
Composition ratio	38.3%	36.0%		-
Noncurrent Liabilities	4,030	4,159	129	103.2%
Composition ratio	6.6%	6.9%		-
Total Net Assets	33,702	34,438	736	102.2%
Composition ratio	55.1%	57.1%		-
Reference: Balance of short- and long-term loans payable	2,504	2,198	(306)	87.8%

	As of Dec. 31, 2022	As of Dec. 31, 2023	vs. 3Q-end of the previous fiscal year Change	
Reference: Inventory	23,416	22,833	(583)	97.5%

UNITED ARROWS LTD.

Total assets were ¥60,316 million, 98.6% compared with the end of the previous period

Current assets were ¥40,881 million, 98.3% from the end of previous period
This was due to a decrease in cash and deposits, and increases in merchandise, supplies, and accounts receivable-other.

Noncurrent assets were ¥19,434 million, 99.3% compared with the end of the previous period. This was due to an increase in property, plant and equipment associated with the opening of stores, an increase in intangible fixed 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 ¥21,717 million, 92.6% compared with the end of the previous period. This was due to increases in notes and accounts payable-trade and other current liabilities, and decreases in short-term loans payable, accounts payable-other, income taxes payable, and provision for bonuses.

Noncurrent liabilities were ¥4,159 million, 103.2% compared with the end of the previous period. This was due to an increase in asset retirement obligations associated with store openings.

Total net assets were ¥34,438 million, 102.2% compared with the end of the previous period. This was due to an increase in retained earnings and a decrease by payment of dividends and the acquisition of treasury stock.

Balance of short- and long-term loans payable was ¥2,198 million, 87.8% compared with the end of the previous period.

Inventory totaled ¥22,833 million, 97.5% compared with the 3Q-end of the previous fiscal year. It was lower than sales growth (103.8%), and inventory efficiency is progressing.

Consolidated CF

(Millions of yen)

	FY23/3 9M	FY24/3 9M	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	4,432	2,558		
Cash flows from operating activities	3,827	911	Income before income taxes	6,118
			Decrease in provision for bonuses	(1,378)
			Increase in trade receivables	(2,592)
			Increase in inventories	(2,193)
Cash flows from investing activities	(1,792)	(2,545)	Purchase of property, plant and equipment	(880)
			Purchase of intangible fixed assets	(1,366)
			Purchase of long-term prepaid expenses	(321)
Cash flows from financing activities	(3,075)	(3,744)	Decrease in short-term loans payable	(306)
			Purchase of treasury shares	(2,000)
			Dividends paid	(1,433)
Cash and cash equivalents at the end of the period	4,420	3,104		

UNITED ARROWS LTD.

Cash flows from operating activities led to an increase in cash of ¥911 million, cash flows from investing activities reduced cash by ¥2,545 million, cash flows from financing activities led to a decrease in cash of ¥3,744 million, and cash and cash equivalents were ¥3,104 million.

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

COEN CO., LTD.

February - October

Saw decrease in both revenue and income

- Sales were ¥6.8 billion, 89.4% YoY
- Both sales and gross margin were lower than the previous year, and despite efforts to suppress SGA expenses, both revenue and income decreased
- Although physical stores are on a recovery trend, online sales continue to slow down
- Refine the MD from fall/winter and aim for improvements from spring/summer onwards

UNITED ARROWS TAIWAN LTD.

February - October

Saw increase in revenue and decrease in income

- Sales were ¥1.1 billion, 109.8% YoY
- Sales and gross margin exceeded the previous year
- Profit decreased due to SGA expenses increased by growth investments such as CITEN limited-time stores

Opening and Closing of Stores

Results for 9-month period	Opened 9	Closed 6	No. of stores at the 3Q end 301
Full-year forecast	Opened 12	Closed 9	No. of stores at the period-end 301

	Results for 9-month period				Full-year forecast		
	No. of stores at the previous period end	Opened	Closed	No. of stores at the 3Q end	Opened	Closed	No. of stores at the period end (forecast)
Total Group	**298**	**9**	**6**	**301**	**12**	**9**	**301**
UNITED ARROWS LTD.	215	8	3	220	11	5	221
COEN CO., LTD.	75	0	3	72	0	4	71
UNITED ARROWS TAIWAN LTD.	8	1	0	9	1	0	9

UA LTD. Retail Stores Opened/Closed

	Results for 9-month period				Full-year forecast		
	No. of stores at the previous period end	Opened	Closed	No. of stores at the 3Q end	Opened	Closed	No. of stores at the period end (forecast)
UNITED ARROWS LTD. Total	**215**	**8**	**3**	**220**	**11**	**5**	**221**
Trend-conscious Market Total	**104**	**1**	**2**	**103**	**3**	**4**	**103**
UNITED ARROWS (General Merchandise Store)	14	0	0	14	0	0	14
UNITED ARROWS	24	1	0	25	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.

02

Major Initiatives in FY24/3 3Q of the Medium-Term Management Plan

UNITED ARROWS LTD.

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ENGAGEMENT WITH CUSTOMERS

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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

- Brand development for business expansion
- Global expansion

UA DIGITAL Strategy

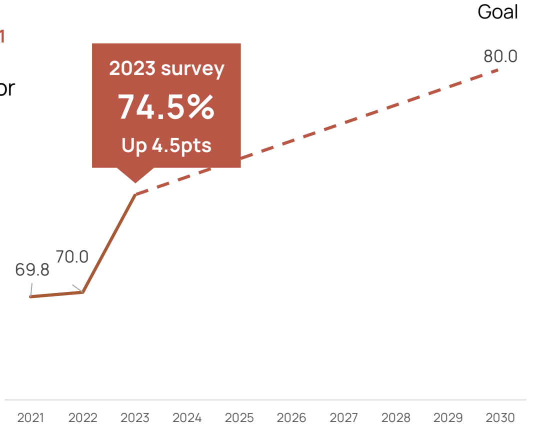
- Promote OMO
- Optimize the supply chain

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

Improve employee engagement

Significantly improved employee engagement score *1

- The positive response rate increased for each motivational factor
  (Sense of accomplishment, recognition, work itself, delegation of authority, satisfaction with evaluation, and sense of growth)
- Based on the results of an employee awareness survey, investment distribution to measures that have a high impact on eNPS *2 contributed
- Major measures for the FY24/3
  - Expansion of educational opportunities
  - Dissemination of Company policies
  - Creating opportunities for dialogue with management



Employee Engagement Score Trend (%)

From the employee awareness survey by UA LTD.

*1 Employee engagement scores
Average positive response rate for motivational factors

*2 eNPS
Employee version "Net Promoter Score"; value indicating the degree of attachment and trust in the workplace

UNITED ARROWS LTD.

As a result of the employee awareness survey conducted in 2023, the employee engagement index was 74.5%, an increase of 4.5 pts from the previous year.

The engagement index refers to the average percentage of positive responses to the motivational factors of the employee awareness survey questions: Sense of accomplishment in work, recognition, work itself, delegation of authority, satisfaction with evaluation, and sense of growth. In this survey, all of these items have improved from the previous year.

Based on the results of the annual employee awareness survey, the Human Resources Division extracts items that have a high impact on eNPS, the employee version of NPS, and reflects them in the following year's personnel measures. This fiscal year, we have focused on expanding educational opportunities, disseminating company policies, and creating opportunities for dialogue with management, and we believe that these efforts have led to increased engagement.

We will also analyze the 2023 survey and reflect it in next term's personnel measures. As stated in our long-term sustainability goals, we plan to increase this index to 80% by 2030.

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

Generation Z ranked UA LTD. No.1 with high scores for “mutual respect among employees” *1

Favorable evaluation factor

- A culture where employees' intentions are respected
- Actively implement initiatives related to social contribution activities
- Implementation of multifaceted evaluation of managers
- Conducting employee awareness surveys, etc.

> *“There is a culture of respecting and accepting the values of others before presenting our own ideas, so we can grow in terms of changing the way we perceive things and our thinking.”*
> (Retail, less than 3 years of employment, current position (at time of response), new graduate, male, UNITED ARROWS)
>
> Quote: “OpenWork” employee reviews

Z世代が評価する「社員の相互尊重」スコアが高い企業 openwork

順位	企業名	社員の相互尊重スコア
1	株式会社ユナイテッドアローズ	4.67
2	株式会社JSOL	4.57
3	株式会社サイバーエージェント	4.53
4	シンプレクス株式会社	4.50
5	チームラボ株式会社	4.50
6	スターバックス コーヒー ジャパン株式会社	4.45
7	株式会社クイック	4.44
8	レバテック株式会社	4.43
9	双日株式会社	4.40
10	株式会社オリエンタルランド	4.40
11	伊藤忠商事株式会社	4.40
12	Sky株式会社	4.38
13	アビームコンサルティング株式会社	4.37
14	株式会社電通	4.33
15	株式会社シーエー・アドバンス	4.33
16	株式会社セールスフォース・ジャパン	4.31
17	KPMGコンサルティング株式会社	4.29
18	EYストラテジー・アンド・コンサルティング株式会社	4.22
19	キリンビール株式会社	4.20
20	株式会社パル	4.20
21	三菱商事株式会社	4.20
22	日本マスタートラスト信託銀行株式会社	4.20
23	株式会社いつも	4.20
24	株式会社湘美会	4.20
25	株式会社セレブリックス	4.20
26	パーソルキャリア株式会社	4.17
27	株式会社マクニカ	4.17
28	株式会社リクルート	4.15
29	株式会社ジンズ	4.14
30	株式会社ゾフ	4.14

※順位は小数点第5位までの結果
※2023/1/1～11/30にOpenWorkへ投稿された、回答時24-27歳の社員・元社員による会社評価レポートを集計
※対象者・集計期間を限定しているためOpenWorkの各企業ページで掲載している企業評価点とは異なる

*1 OpenWork Inc.'s own research

In OpenWork Inc.'s own research conducted in December 2023, UA LTD. was ranked No. 1 with high scores for “mutual respect among employees” as evaluated by Generation Z.

According to OpenWork’s materials, as the favorable evaluation factor for us, the following items are mentioned: A culture where employees' intentions are respected, active implementation of initiatives related to social contribution activities, implementation of multifaceted evaluation of managers, and implementation of employee awareness survey.

Looking at employee reviews posted OpenWork, there are positive evaluations of our culture, as shown in the slide.

We believe that securing excellent Generation Z talent is an important initiative for our future growth, and we would like to maintain this reputation.

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ENGAGEMENT WITH CUSTOMERS

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Three Key Strategies

UA CREATIVITY Strategy

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UA MULTI Strategy

- **Brand development for business expansion**
- Global expansion

UA DIGITAL Strategy

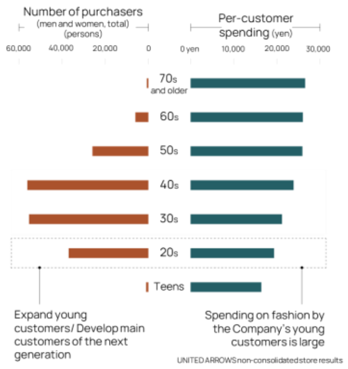
- Promote OMO
- Optimize the supply chain

The UA MULTI Strategy: Brand development for business expansion

Aiming to expand business by responding to challenges to achieve long-term vision

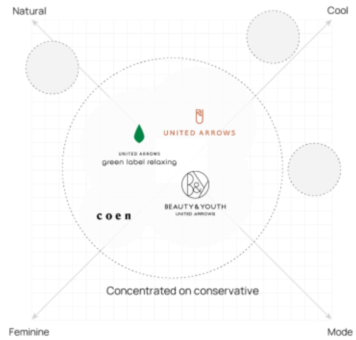
Issue along the Age Axis

Main customers are those in the 30s to 40s, with the potential to expand into the 20s



Issue along the Brand Axis

Main businesses are concentrated on traditional, conservative tastes. There is room to expand in other tastes including casual and mode



Issue in terms of business

- Business domains are mostly fashion, and domestic
- There is room to expand value provided to food, clothing, and living toward making lifestyle proposals
- Overseas business is currently limited to Taiwan, with room for expansion, including entry into China and others

UNITED ARROWS LTD.

We would like to introduce new initiatives that have been decided at this point, as part of the UA MULTI strategy and brand development aimed at business expansion.

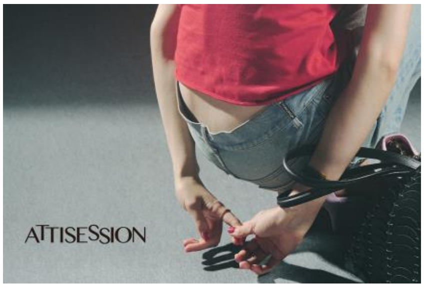
The new initiatives address three of the four challenges to achieving the long-term vision: age-based issues, challenges related to fashion taste, and challenges in business scope. Through this initiative, we will access domains other than fashion to extend the width of proposals to customers' lifestyles, in addition to expanding the customer base by extending age groups and fashion tastes.

The UA MULTI Strategy: Brand development for business expansion

Launch of “ATTISESSION”, a women's brand aimed at the MZ generation*

Expand customer base to MZ generation

- Team formation selected from next-generation in-house members such as director, MD, PR, etc.
- Sales starts in some BY stores and the UA online from April 2024, with a plan to open physical stores within the next fiscal year



Director: Nanaka Yotsuya

Born in 1998, aged 25. Born in Ishikawa Prefecture. After graduating from the Fashion Marketing and Distribution Department of Bunka Fashion College, joined UA LTD. in 2020. Engaged in sales work at the UNITED ARROWS Shibuya Scramble Square, worked on product planning for the web-only line within BY brand from spring/summer 2022, and transferred to the BY Product Department in June 2023.

Instagram: https://www.instagram.com/7k0512/

* Generation MZ: Millennials, Generation Z, generations born between the mid-1980s and early 2000s (early 20s to late 30s)

A new women's brand “ATTISESSION” will be launched in April 2024. This is a brand that focuses on casual lines aimed at millennials and Generation Z and is very different from traditional fashion and conservative tastes that are usually seen. In order to respond to the sensibilities of the target audience, we will proceed with a team consisting of in-house members of the next generation, including directors, MD, and PR. Sales will begin at some BY stores and the UA online, and we plan to open a physical store within the next fiscal year. We expect to have multiple stores in the future.

The UA MULTI Strategy: Brand development for business expansion

Launch of “ATTISESSION”, a women's brand aimed at the MZ generation

Taste and pricing that resonates with the target generation

Main products and price ranges

Tops	¥7,000 - ¥18,000
Shirts	¥12,000 - ¥25,000
Bottoms	¥13,000 - ¥24,000
Jackets	¥22,000 - ¥39,000
Outerwear	¥25,000 - ¥70,000

Instagram
https://www.instagram.com/attisession/

2024SS Image Visual

As you can see from the 2024 spring/summer image visuals, we are moving away from traditional and conservative styles to create a taste that resonates with the target generation. The price range was also set with this group in mind.

The UA MULTI Strategy: Brand development for business expansion

Launched UNITED ARROWS BEAUTY, a cosmetics brand for millennials

Leveraging UA brand name recognition to advance into the cosmetics market

- Available in a total of 6 items including BB cream, serum, color shampoo, etc.
- Expanding sales channels through Rakuten Ichiba, Amazon and ZOZOTOWN, besides our selected physical stores and the UA online
- Reliably reach the target audience through PR methods such as the use of influencers

Sales of the cosmetic brand “UNITED ARROWS BEAUTY” began in January, 2024 have sold original cosmetics in the past, but this time we would like to use our brand name and leverage our name recognition to expand our business.

The product range starts with a total of six items, including BB cream, serum, and color shampoo. We target millennial men and women. In addition to our selected physical stores and our own online store, we will expand sales through Rakuten, Amazon, and ZOZOTOWN. We aim to surely reach the target audience through PR methods such as the use of influencers.

The UA MULTI Strategy: Brand development for business expansion

Launched UNITED ARROWS BEAUTY, a cosmetics brand for millennials

Differentiated lineup, pricing that is easy to use day-to-day

Product lineup

BB Cream	¥2,530
Rich serum	¥2,860
Face wash powder	¥1,980
Color shampoo treatment	¥2,420 each
Hair oil	¥2,750

(Price including tax)

URL:https://store.united-arrows.co.jp/s/brand/ua/feature/res/unitedarrowsbeauty/

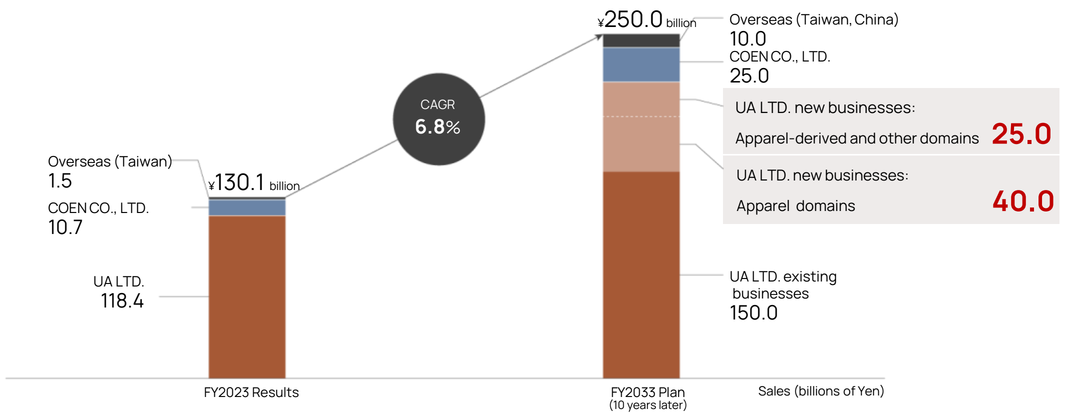
Instagram: https://www.instagram.com/unitedarrowsbeauty_official/

The list of this lineup and price range are as shown on the slide. The packaging designs make it easy for people of all genders to pick up and want to place items in bathrooms and other places. Hoping to offer skincare and haircare that make people fashionable before wearing clothes, we set the price range to make them easy to use day-to-day.

The UA MULTI Strategy: Brand development for business expansion

Aim for ¥40.0 billion in new apparel businesses and ¥25.0 billion in apparel derived businesses and non-apparel businesses over the long term

Planning for this initiative + α is under way, and launch multiple brands within the medium-term management period



The new initiatives I explained this time are some of the ones we are currently considering. The Company is developing several other brands and plans to launch them within the period of the medium-term management plan. Once finalized, the details will be disclosed in a press release.

By FY2033/3, we would like to increase the scale to ¥40.0 billion in new apparel businesses and ¥25.0 billion in businesses derived from apparel and businesses other domains by growing the initiatives that started during the current medium-term management plan over the long term.

SARROWS™

03

Progress in Sustainability Initiatives

Humanity

Promoting collection of Code of Conduct for Business Partners consent forms

- collection rate

  Result at the end of January 2024 **74.3**%

  (Result at the end of March 2023 48.2% and target 100% by FY 2031/3)
- Established the code with the aim of increasing supply chain transparency and preventing human rights violations
- Aim to obtain consent forms from all domestic and overseas business partners to whom we outsource the production of private label products and OEM products

"Code of Conduct for Product Procurement Partners"

https://www.united-arrows.co.jp/wp-content/uploads/2023/08/2306_kihan_eng.pdf

Humanity

Conducting on-site audits of domestic partner factories

- Completed 5 auditing projects scheduled for FY2024/3. (2 projects for FY 2023/3)
- Conducted a third-party audit by an external organization in accordance with the Japan Apparel and Fashion Industry Association's "CSR Factory Audit Requirements"
- In the future, we plan to expand the scope of audits to overseas partner factories

Carbon Neutrality

Obtained B rating in CDP Climate Change Report 2023

- The B rating is considered to be at the management level and evaluates that "the company is aware of its own environmental risks and their impacts and is acting accordingly"

The collection rate of consent forms for the Code of Conduct for Business Partners in Product Procurement was 74.3% at the end of January 2024, and increased 26.1pts from 48.2% at the end of March 2023. The code was formulated with the aim of increasing supply chain transparency and preventing human rights violations, and we are requesting provision of consent forms from all domestic and overseas business partners to whom we outsource the production of private label products. The goal is to collect them from all business partners by FY2031/3, but we are also considering achieving the goal ahead of schedule.

Regarding on-site audits of domestic partner factories, five projects scheduled for this fiscal year have been completed, following two projects in the previous fiscal year. We started this initiative in the previous fiscal year and implemented a third-party audit by an external organization in accordance with the Japan Apparel Fashion Industry Council's "CSR Factory Audit Requirements". We will increase the target factories in the next fiscal period and have a plan to expand the scope to overseas partner factories in the future.

The Company obtained a B rating in CDP Climate Change Report 2023. The B rating is considered to be at the management level and evaluates that "the company is aware of its own environmental risks and their impacts and is acting accordingly". We would like to continue contributing to solving social issues related to climate change through SARROWS activities.

Humanity

Support for the 2024 Noto Peninsula Earthquake

- Donation of UA miles
  If the customers use their UA miles to make a donation, we will make the donation to Peace Winds Japan, a certified NPO, on their behalf. Funds collected will be used for emergency support activities by the organization's disaster emergency support project, "Flying Search and Medical Team ARROWS". As of the end of January, over 1,400 donations totaling over ¥0.8 million have been made
- Donation of clothing
  A total of 200 items of clothing, mainly outerwear, were donated through the "Flying Search and Medical Team ARROWS"

A scene at the time of delivery of support clothing (Courtesy Peace Winds Japan)

I will explain about support for victims of the 2024 Noto Peninsula Earthquake.

Miles earned through shopping and other activities can be used to donate money in our membership program, UA Club. Currently, to support the victims of the Noto Peninsula Earthquake, we are making it possible for members to choose Peace Winds Japan, a certified NPO, as the recipient of their donations, and funds collected will be used for emergency support activities by the organization's disaster emergency support project, "Flying Search and Medical Team ARROWS". As of the end of January, over 1,400 donations totaling over ¥0.8 million have been made, and our customers are very interested in the matter.

We donated a total of 200 items of clothing, mainly outerwear, through the "Flying Search and Medical Team ARROWS".

We would like to continue working with our customers on activities that will help support disaster victims.

04

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

UNITED ARROWS LTD.

提供 感動
KANDOU 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

- Brand development for business expansion
- Global expansion

UA DIGITAL Strategy

- Promote OMO
- Optimize the supply chain

UNITED ARROWS LTD.

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Thank you very much for your continuous support.

Three quarters of the first year of the medium-term management plan have passed. I'm sure you're concerned about the fall/winter sales, so let me talk about our recognition of the current situation.

First of all, we believe that the main reason why sales did not grow as expected in the third quarter was due to a lack of response to external factors and high temperatures. Although mild winter was anticipated, there was a heavy reliance on winter clothing, as a result, we were unable to fully increase sales at fixed prices during the season. We believe this is the result of being unable to make major changes to our products and had a significant lack of new product proposals to our customers, as the need for seasonless products increases.

Even so, products based on seasonal trends, such as those proposed in the Trend-conscious Market, are performing well, and we believe that increasing the inventory and product lineup of such product groups will provide growth potential for the next season and beyond.

・Proposing more seasonless items than ever before
・Suggestions for trendy items that are different from before

Although these are basic matters, we recognize that by focusing more on these, we will be able to capture even more customer needs.

From the perspective of “seasonless” and “proposing different trends”, we believe the initiatives that we are promoting, including UA BEAUTY and brand development for the next generation, which we explained earlier, and CITEN, which has been in full swing since last year, will be effective from next fiscal year onwards and contribute to achieving the medium-term plan.

We apologize for your concern based on our current performance, but we are making steady progress in taking action based on our understanding of the medium-term issues and current challenges. And in addition to reinforcing our existing core brands, we are also planning to develop new brands in the future.

Although it was an exceedingly difficult third quarter, we will continue to work hard to achieve “high sensitivity and high added value” to achieve our plans for this fiscal year. Thank you for your understanding and support.

05

Reference Materials

提供 KANDOU TEIKYO 感動

ENGAGEMENT WITH CUSTOMERS

providing excitement - connecting with customers widely and deeply

Take steps to provide new value

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."

Three Key Strategies

UA CREATIVITY Strategy

- Grow and expand existing businesses
  - Top-line growth
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UA MULTI Strategy

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- Global expansion

UA DIGITAL Strategy

- Promote OMO
- Optimize the supply chain

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	-

UNITED ARROWS LTD.

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.

UNITED ARROWS LTD.

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.