For the Fiscal Year Ended March 31, 2024

Financial Results Briefing

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2024.05.08 UNITED ARROWS LTD.

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Table of Contents

Table of Contents

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

1 Overview of FY2024/3 Business Results

Financial Highlights

Consolidated

Although sales and operating income fell short of the initial plan, ordinary income and net income attributable to owners of parent company have exceeded the plan, resulting in an increase in both sales and profits. Despite one-time costs accompanying the transfer of the House Card Program to UA Club, SGA expenses ratio was maintained at previous year's level. This is the first time since FY19 we have been profitable in the 4Q.

Gross margin

Although the initial plan was not met, UNITED ARROWS LTD., Taiwan, and consolidated operations exceeded its level for the previous year. Results for 3Q were lower than the previous year, affected by the early consumption of winter clothes due to the warm weather, but other quarters exceeded the previous year.

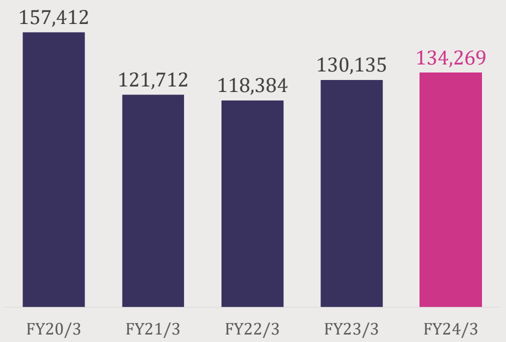
Non-consolidated

Have managed to achieve an increase in both sales and profit, despite being impacted negatively by the warm winter and the transfer of the House Card Program. Increase in the amount of spend per customer has contributed, although the number of customers for existing stores remained the same.

Consolidated Sales

¥134,269 million YoY 103.2%

(Millions of yen)

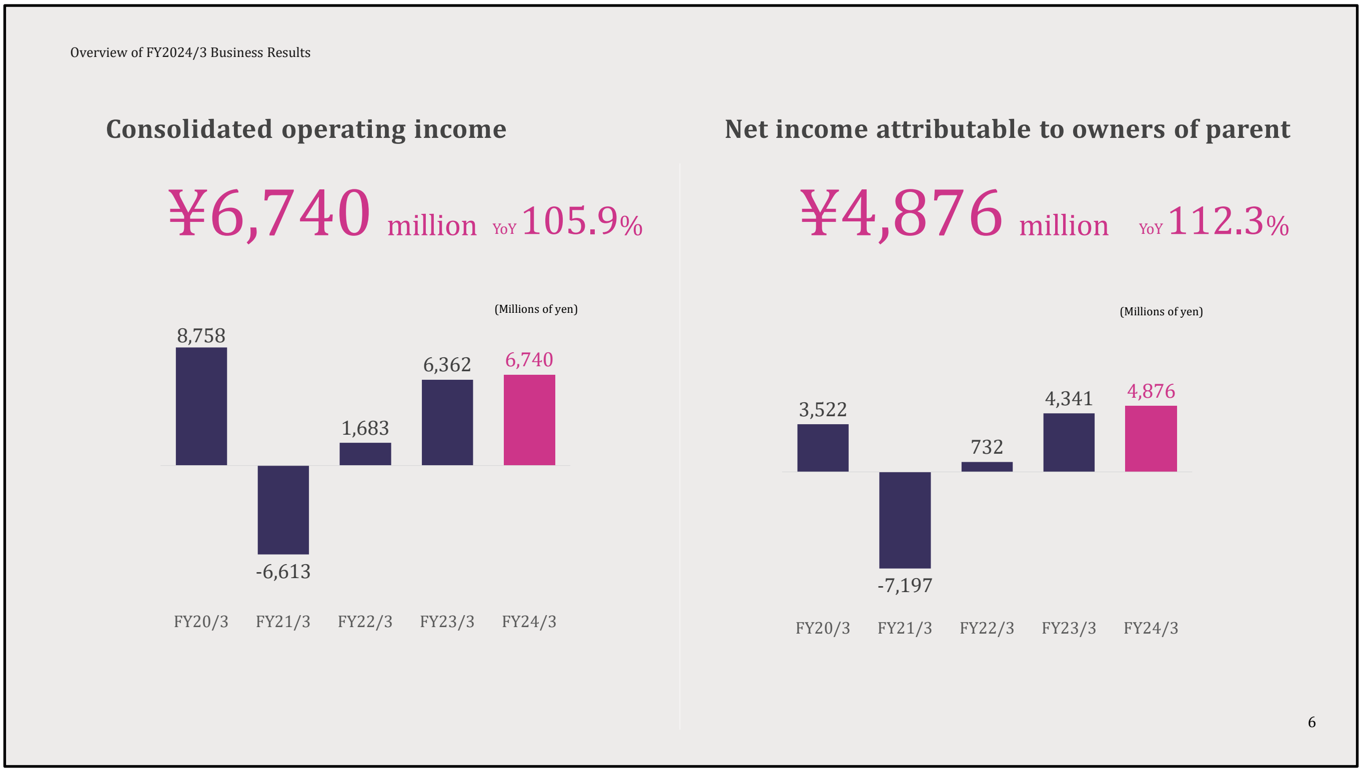


*CHROME HEARTS JP, GK has been excluded from consolidated results since FY21/3 4Q

Consolidated Gross Margin

51.7% YoY +0.1pt

Sales were ¥134,269 million, 103.2% YoY.
Gross margin was 51.7%, up 0.1pt from previous year.



Operating income came to ¥6,740 million, 105.9% YoY, and 5.0% vs. sales, up 0.1pt from previous year. Ordinary income posted ¥7,486 million, 108.5% YoY, and 5.6% vs. sales, up 0.3pt from previous year. Net income attributable to owners of parent was ¥4,876 million, 112.3% YoY, and 3.6% vs. sales, up 0.3pt from previous year.

Consolidated P/L

(Millions of yen)

		FY23/3	FY24/3	Change/pt difference	YoY
Sales		130,135	134,269	4,133	103.2%
Gross profit		67,178	69,462	2,283	103.4%
	vs. sales	51.6%	51.7%	0.1pt	-
SGA expenses		60,816	62,722	1,905	103.1%
	vs. sales	46.7%	46.7%	-0.0pt	-
Operating income		6,362	6,740	377	105.9%
	vs. sales	4.9%	5.0%	0.1pt	-
Non op. P/L		538	746	208	138.7%
	vs. sales	0.4%	0.6%	0.1pt	-
Ordinary income		6,900	7,486	585	108.5%
	vs. sales	5.3%	5.6%	0.3pt	-
Extraordinary P/L		(352)	(331)	21	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent for the term		4,341	4,876	534	112.3%
	vs. sales	3.3%	3.6%	0.3pt	-

Consolidated Gross Margin

Full year

	FY24/3	YoY pt difference
Consolidated	51.7%	0.1pt
UNITED ARROWS LTD.	51.5%	0.1pt
Total of business units sales	-	-0.1pt
Outlet, etc.	-	3.5pt
COEN CO., LTD.	-	-0.3pt
UNITED ARROWS TAIWAN LTD.	-	3.5pt

4Q (3 months)

	FY24/3 4Q	YoY pt difference
Consolidated	48.8%	0.2pt
UNITED ARROWS LTD.	48.4%	-0.1pt
Total of business unit sales	-	0.4pt
Outlet, etc.	-	0.2pt
COEN CO., LTD.	-	3.8pt
UNITED ARROWS TAIWAN LTD.	-	3.2pt

Consolidated gross margin was 51.7%, improvement of 0.1pt from previous year.
Gross margin of UNITED ARROWS LTD. was 51.5%, improvement of 0.1pt from previous year.
Gross margin for all business units were down 0.1pt for the whole term, due to negative effects caused by increase in costs of 2023 spring goods and the early start of sale of winter goods forced by warm winter.
Improvements were made from the previous year for outlets due to decrease in the volume of past inventory being sold at outlets. COEN CO., LTD. was down 0.3pt from previous year due to expanding discount sales.
Taiwan subsidiary improved 3.5pt.
Consolidated gross margin for 4Q was 48.8%, and up 0.2pt from previous year.
Non-consolidated was 48.4%, down 0.1pt, including the effects of transfer to UA Club.
Consolidated gross margin for all business units and outlet have improved from the previous year.
Both COEN CO., LTD. and Taiwan subsidiary show improvement from previous year.

Consolidated SGA expenses

(Millions of yen)

		FY23/3	FY24/3	Change/pt difference	YoY
Total SGA expenses		60,816	62,722	1,905	103.1%
	vs. sales	46.7%	46.7%	-0.0pt	-
Advertising expenses		3,008	3,823	814	127.1%
	vs. sales	2.3%	2.9%	0.6pt	-
Personnel expenses		21,412	21,134	(277)	98.7%
	vs. sales	16.4%	15.7%	-0.7pt	-
Rent		18,552	18,422	(129)	99.3%
	vs. sales	14.3%	13.7%	-0.5pt	
Depreciation		873	918	45	105.2%
	vs. sales	0.7%	0.7%	0.0pt	-
Other		16,969	18,421	1,452	108.6%
	vs. sales	13.0%	13.7%	0.7pt	-

9

SGA expenses were ¥62,722 million, 103.1% YoY, and 46.7% vs. sales, the same level as previous year.

Advertising expenses were ¥3,823 million, 127.1% YoY, and 2.9% vs. sales, up 0.6pt from previous year.
This has been caused mainly by changes made to the UA Club structure for our members.

Personnel expenses were ¥21,134 million, 98.7% YoY, and 15.7% vs. sales, down 0.7pt from previous year.
This was mainly from a reaction to a special bonus included in UNITED ARROWS LTD. for the previous year and reduction of personnel of COEN CO., LTD. from store closures.
Rent was ¥18,422 million, 99.3% YoY, and 13.7% vs. sales, down 0.5pt from previous year.
This was mainly due to a reduction in rent from closure of COEN CO., LTD. stores.

Depreciation was ¥918 million, 105.2% YoY, and 0.7% vs. sales, the same level as previous year
This was due to new store openings and investment in systems.

Others were ¥18,421 million, 108.6% YoY, and 13.7% vs. sales, up 0.7pt from previous year.
This was due to increase in variable costs from recovery of sales and increase in related costs accompanying increase in Company EC sales.

Consolidated B/S

(Millions of yen)

	As of end March 2023	As of end March 2024	vs. previous term-end Change	
Total Assets	61,184	60,204	(979)	98.4%
Composition ratio	100.0%	100.0%	-	-
Current Assets	41,604	40,372	(1,231)	97.0%
Composition ratio	68.0%	67.1%		-
Noncurrent assets	19,580	19,831	251	101.3%
Composition ratio	32.0%	32.9%		-
Current Liabilities	23,451	20,997	(2,454)	89.5%
Composition ratio	38.3%	34.9%		-
Noncurrent Liabilities	4,030	4,177	146	103.6%
Composition ratio	6.6%	6.9%		-
Total Net Assets	33,702	35,030	1,328	103.9%
Composition ratio	55.1%	58.2%		-
Reference: Balance of short- and long-term loans payable	2,504	202	(2,302)	8.1%
Reference: Inventories	20,639	21,686	1,046	105.1%

10

Total assets were 60,204 million, 98.4% YoY.

Current assets were 40,372 million, 97.0% YoY .

This was due to increase in merchandise and decrease in cash and deposits and accounts receivables, etc.

Noncurrent assets were 19,831 million, 101.3% YoY.

This was due to increase in property, plant and equipment accompanying the opening of new stores and intangible assets in preparation of core system renewal and decrease in deferred tax assets.

Current liabilities were ¥20,997 million, and 89.5% YoY.

This was due to increase in notes and accounts payable-trade and decrease in short-term loans payable, accrued income taxes, provision for bonuses, etc.

Non-current liabilities were ¥4,177 million, 103.6% YoY.

This was due to increase in asset retirement obligation accompanying store opening, increase in allowance for stock provision, etc.

Total net assets were ¥35,030 million, 103.9% YoY, from increase in retained earnings, and from a decrease due to dividend payment and acquisition of treasury stock.

The balance of short- and long-term loans payable was ¥202 million, and 8.1% YoY.

Inventory was ¥21,686 million, 105.1% YoY.

It was mainly due to increasing inventory of 2024 spring to summer merchandise aimed at expanding sales.

Consolidated C/F

(Millions of yen)

	FY23/3	FY24/3	Major breakdown of results for the term
Cash flows from operating activities (sub-total)	10,588	7,577	
Cash flows from operating activities	10,258	6,341	Net income for the term before income taxes, etc. 7,155 Increase in accounts payable 968 Increase in inventories (1,030) Increase in trade receivables (940)
Cash flows from investing activities	(1,255)	(2,656)	Sale of investments in affiliates 1,212 Purchase of property, plant and equipment (1,084) Purchase of intangible fixed assets (1,994)
Cash flows from financing activities	(5,979)	(5,773)	Decrease in short-term loans payable (2,302) Purchase of treasury shares (2,000) Dividends paid (1,467)
Cash and cash equivalents at the end of term	8,562	6,486	

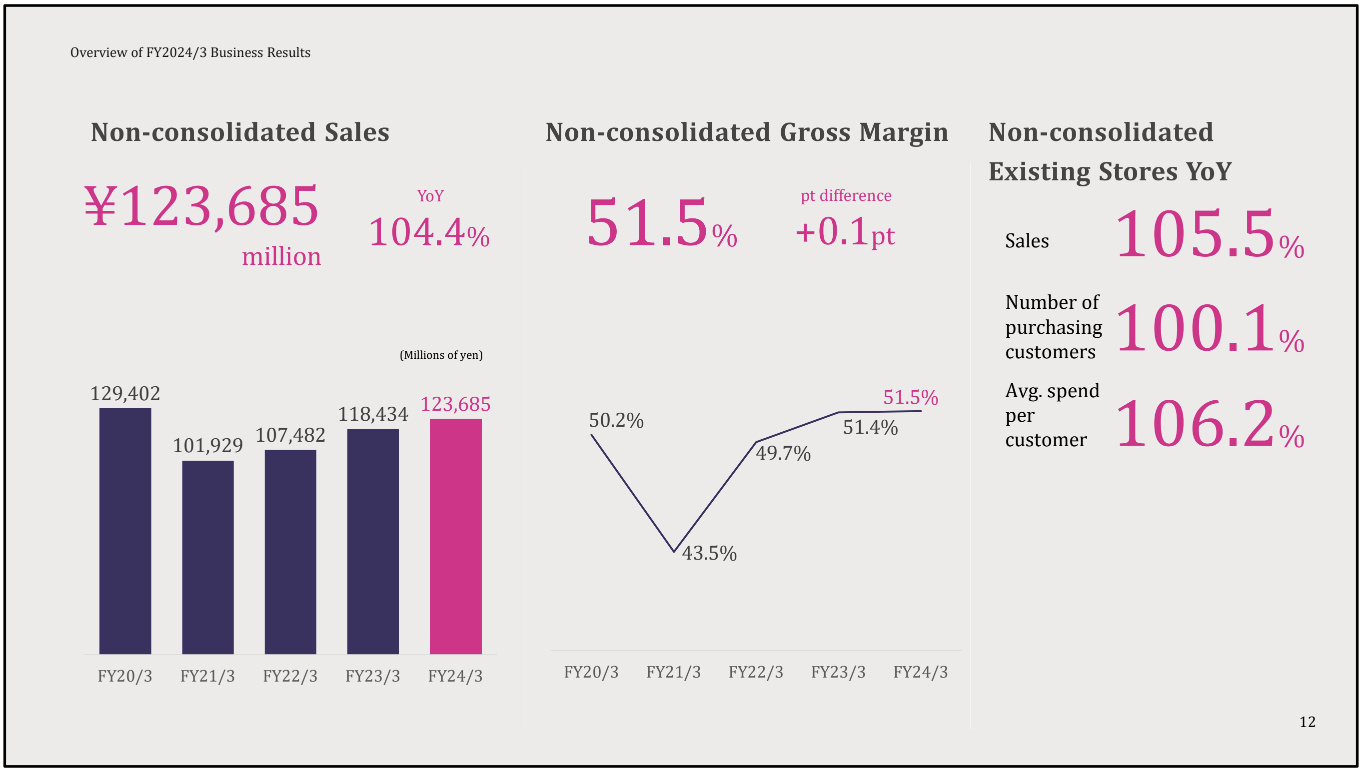
Cash flows from operating activities amounted to cash inflow of ¥6,341 million.

Cash flows from investment activities amounted to cash outflow of ¥2,656 million.

Cash flows from financing activities amounted to cash outflow of ¥5,773 million.

Cash and cash equivalents were ¥6,486 million.

Main breakdown of each item is as indicated in the slide.



Non-consolidated sales were ¥123,685 million, 104.4% YoY.
Non-consolidated gross margin was 51.5%, up 0.1pt from previous year.

YoY sales for existing stores exceeded the previous year, for both retail and online, with 105.5% for retail + online. Number of purchasing customers at existing stores was 100.1% of previous year, with an increase of 6.2% in spend per customer from previous year owing to revision in prices.

Non-consolidated Sales by Channel

(Millions of yen)

	FY23/3	FY24/3	Change/pt difference	YoY
Non-consolidated sales	118,434	123,685	5,251	104.4%
Total of business units sales	98,790	104,709	5,919	106.0%
vs. sales	82.6%	82.8%	0.2pt	-
Retail	66,641	70,783	4,141	106.2%
vs. sales	55.7%	56.0%	0.2pt	-
Online	30,358	32,009	1,650	105.4%
vs. sales	25.4%	25.3%	-0.1pt	-
Other (wholesale, etc.)	1,789	1,916	127	107.1%
vs. sales	1.5%	1.5%	0.0pt	-
Outlet, etc.	20,758	21,746	988	104.8%
vs. sales	17.4%	17.2%	-0.2pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	105.5%	100.1%	106.2%
Retail	106.3%	100.3%	106.0%
Online	103.9%	99.8%	106.8%

13

Details of non-consolidated sales

Total of business units sales was ¥104,709 million, YoY of 106.0%.

Retail was ¥70,783 million, YoY of 106.2%.

Online was ¥32,009 million, YoY of 105.4%, and 25.3% vs. sales.

Company EC site was doing well at 113.0% against previous year, with online composition ratio of 36.5% (YoY difference of +2.4pt)

Both retail and online have grown with the penetration of OMO measures.

Regarding YoY for existing stores, while the number of customers was maintained, the avg. spend per customer has increased.

Outlet, etc. was ¥21,746 million, 104.8% YoY and 17.2% vs. sales.

Non-consolidated Sales by Business

(Millions of yen)

	FY23/3	FY24/3	Change	YoY
Total of business units sales	98,790	104,709	5,919	106.0%
Trend-conscious market	65,063	70,039	4,976	107.6%
Basic trend-conscious market	33,726	34,670	943	102.8%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious market	108.3%	108.6%	107.7%
Basic trend-conscious market	100.1%	101.5%	97.8%

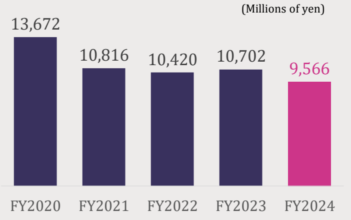
In the Trend-conscious market, good business was maintained, centered on UA and BY, from recovery in city centers and from the number of inbound tourists resulting in sales of ¥70,039 million with YoY of 107.6%.
Sales of Basic Trend-conscious market centered on GLR were ¥34,670 million with 102.8% YoY.
In both markets, sales at retail + online and existing stores exceeded the previous year.
Although growth in the Basic Trend-conscious market slowed, a trend indicating improvement has been observed since this April.

Group Company Results

COEN CO., LTD. Feb – Jan

Decrease in sales and profit

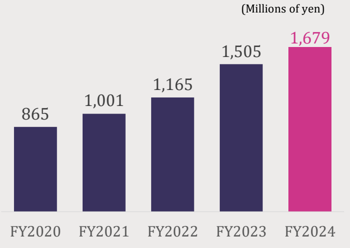
- Sales ¥9,566 million, YoY 89.4%
- Both sales and gross margin failed to achieve previous year, and we saw a decrease in sales and profit, despite efforts to suppress SGA expenses
- Improving trend is seen in the ongoing term from revision in MD and appropriate inventory



UNITED ARROWS TAIWAN LTD. Feb – Jan

Increase in both sales and profit

- Sales ¥1,679 million, YoY 111.6%
- Although an increase was seen in SGA expenses from approaches made for limited-time stores, etc., advances have been made in improving gross margin, increasing the profit from the previous year



Opening and Closing of Stores

	No. of stores at FY23 end	Opened	Closed	No. of stores at FY24 end
Total Group	**298**	**12**	**9**	**301**
UNITED ARROWS LTD.	215	11	5	221
COEN CO., LTD.	75	0	4	71
UNITED ARROWS TAIWAN LTD.	8	1	0	9

For FY2024/3 term, we opened 12 stores while closing 9. The number of stores at the end of the term was 301.

FY2024/3 Major Indicators

Annual dividend

¥ 55.00

Payout ratio

31.4%

DOE

4.3%

ROE

14.2%

YoY

+0.6pt

Inventory turnover

6.3 times

YoY

±0.0 times

No. of stores

Opened 12, Closed 9

End of term number of stores 301

Difference from previous year +3 stores

2 FY2025/3 Business Plan

Consolidated Business Plan

Sales	**¥150,000** million (YoY 111.7%)	
Gross margin	**52.5**% (pt difference 0.8pt)	
Operating income	**¥7,300** million vs. sales 4.9%	(YoY 108.3%, pt difference -0.2pt)
Ordinary income	**¥7,985** million, vs. sales 5.3%	(YoY 106.7%, pt difference -0.3pt)
Net income for the term	**¥4,145** million vs. sales 2.8%	(YoY 85.0%. pt difference -0.9pt)
Annual dividend	**¥55.00** (interim: ¥17.00, end of term ¥38.00)	
Payout ratio	**36.6**%	

(Millions of yen)

		FY24/3 Results	FY25/3 Plan	YoY change/vs. sales pt difference	
Sales		134,269	150,000	15,730	111.7%
Gross profit		69,462	78,790	9,327	113.4%
	vs. sales	51.7%	52.5%	0.8pt	-
SGA expenses		62,722	71,490	8,767	114.0%
	vs. sales	46.7%	47.7%	0.9pt	-
Operating income		6,740	7,300	559	108.3%
	vs. sales	5.0%	4.9%	-0.2pt	-
Non op. P/L		746	685	-61	91.7%
	vs. sales	0.6%	0.5%	-0.1pt	-
Ordinary income		7,486	7,985	498	106.7%
	vs. sales	5.6%	5.3%	-0.3pt	-
Extraordinary P/L		(331)	(1,157)	(825)	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent for the term		4,876	4,145	(731)	85.0%
	vs. sales	3.6%	2.8%	-0.9pt	-

19

Consolidated performance forecast for FY2025/3 is
sales of ¥150,000 million, and 111.7% YoY.
Gross margin of 52.5%, and up 0.8pt from previous year.
Gross margin is expected to improve from the previous year in both 1H and 2H.

SGA expenses to be ¥71,490 million, 114.0% YoY, and 47.7% vs. sales, increase of 0.9pt from previous year.
Increase in advertising expenses from aggressive sales promotion measures, and increase in personnel expenses through wage increases and hiring enhancement.
Increase in temporary expenses and depreciation associated with expansion of store openings and increase in various expenses accompanying relocation of HQ office.

Operating income will be ¥7,300 million, 108.3% YoY and 4.9% vs. sales, a fall of 0.2pt from previous year.
Ordinary income to be ¥7,985 million, 106.7% YoY, and 5.3% vs. sales, a fall of 0.3pt from previous year.
This will be mainly from planned recording of extraordinary loss of ¥1,157 million for impairment loss of COEN CO., LTD.,
and net income attributable to owners of parent is expected to be ¥4,145 million yen, and 85.0% YoY.
As for dividends, interim dividend of ¥17 and year-end dividend of ¥38, totaling ¥55 is forecast with a payout ratio of 36.6%.

Gross Margin Plan

	FY25/3 1H	YoY	FY25/3 2H	YoY	FY25/3 full term	YoY
Consolidated	53.0%	0.6pt	52.1%	1.0pt	52.5%	0.8pt
UNITED ARROWS LTD.	52.8%	0.7pt	51.8%	0.8pt	52.2%	0.8pt
Total of business units sales	-	0.6pt	-	0.6pt	-	0.6pt
Outlet, etc.	-	1.6pt	-	0.9pt	-	1.2pt
COEN CO., LTD.	-	0.3pt	-	2.5pt	-	1.4pt
UNITED ARROWS TAIWAN LTD.	-	-0.0pt	-	-0.6pt	-	-0.3pt

Gross margin is expected to improve on a consolidated and non-consolidated basis, and for COEN CO., LTD., for both 1H and 2H compared with previous year.

On a non-consolidated basis, improvements are expected for both total of business unit sales and outlet.

Non-consolidated Sales Plan

(Millions of yen)

	FY25/3 1H	YoY	FY25/3 2H	YoY	FY25/3 full term	YoY
Non-consolidated sales	60,405	108.4%	76,527	112.6%	136,933	110.7%
Retail + Online existing stores	-	109.6%	-	109.8%	-	109.7%
Retail existing stores	-	106.0%	-	106.7%	-	106.4%
Online existing stores	-	117.3%	-	116.1%	-	116.6%

Non-consolidated sales are expected to be ¥136,933 million, 110.7% YoY.

Sales of existing retail + online store is expected to be 109.7% for the whole term, with 106.4% for retail and 116.6% for online.

Store Opening and Closing Plan

	No. of stores at FY24 end	Opened	Closed	No. of stores at FY25 end (forecast)
Total Group	**301**	**30**	**4**	**327**
UNITED ARROWS LTD.	221	17	2	236
COEN CO., LTD.	71	10	2	79
UNITED ARROWS TAIWAN LTD.	9	3	0	12

Store openings in FY2025/3 to be 30 stores, with 4 stores closing. Number of stores at the end of the term to be 327, an increase of 26 stores from the end of previous term.

FY2025/3 Business Plan

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

FY2024/3 Results

Sales YoY	Full year: **-0.9pt**, 4Q: **-1.0pt**
Gross margin	Full year: **-0.1pt**, 4Q: **-0.1pt**
SGA expenses	**¥390 million** recorded as advertising expenses in 2Q

FY2025/3 Forecast

Around **-1.0pt** has been incorporated into the planned figures for April–July of this term as impact on YoY sales stemming from the difference in redemption rate. Conversely, for 2H of this term, about **+0.8pt** has been incorporated in YoY sales as reaction to the temporary negative effects generated in the previous year.

23

As explained in the previous earnings briefing, there has been a temporary impact on our finances, accompanying the transfer of members to UA Club.

We exchanged the unused points held by our customers in the previous membership program into miles in August 2023 and awarded them to the said members when they transferred into the UA Club. Due to the difference in redemption rate between the systems, conversion from former points into miles resulted in an increase in the amount.

Assuming that this increase will be used from now, we have booked part of the said amount as a reserve for future discount into sales promotion expenses in 2Q FY24. After September, this will be recorded as discount on sales, in accordance with the use of the additional provision.
The impact from this process in 1H has been around -0.9pt for the whole term against YoY sales, and about -1.0pt in 4Q. In terms of gross margin, the impact has been -0.1pt for the whole term, and -0.1pt for 4Q.

Due to difference in redemption rate between the former points system and current UA Club, the degree of reduction in sales amount in accordance with revenue recognition standard has widened.

The former points system was used from April through July during the previous term and thereafter UA Club was in effect from August. Around -1.0pt has been incorporated into the planned figures for April–July of this term as impact on YoY sales stemming from the difference in redemption rate. Conversely, for 2H of this term, about 0.8pt has been incorporated in YoY sales as reaction to the temporary negative effects generated in the previous year.

3 Progress in Sustainability Initiatives

SARROWS™

Selected for the first time as a constituent in "MSCI Nihonkabu ESG Select Leaders Index" (March 2024)

Accompanying the above, we have been incorporated into four out of six ESG Indexes* of GPIF.

(*Indices targeting domestic stock)

- Accredited as a constituent of MSCI Nihonkabu ESG Select Leaders Index provided by MSCI, USA for the first time
- This index is one of the six ESG indices of Japanese stock adopted by GPIF (Government Pension Investment fund)
- With this selection, the Company's stock will be incorporated into four of the six
  (MSCI Japan Stock ESG Select Leaders Index, FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, S&P/JPX Carbon Efficient Index)

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

Reference: About MSCI Japan Stock ESG Select Leaders Index
https://www.msci.com/our-solutions/indexes/nihonkabu-esg-select-leaders-index

Our Company has been selected as a constituent of "MSCI Nihonkabu ESG Select Leaders Index," a representative index for ESG investment for the first time.

"MSCI Nihonkabu Stock ESG Select Leaders Index" is an ESG investment index presented by MSCI (Morgan Stanley Capital International) of USA. Using MSCI Japan Stock IMI Index as its parent index, it has selected Japanese companies with a high ESG rating in various business fields. The Company has been awarded "A" evaluation in the latest MSCI ESG Rating.

This index is one of the six ESG indices adopted by GPIF (Government Pension Investment fund), that manages Japan's public pension and is one of the largest institutional investors in the world. With this selection, the Company's stock will be incorporated into four of the six ESG indices, the other three being FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, and S&P/JPX Carbon Efficient Index.

4 Progress in Medium-Term Management Plan

Organizational Structure from FY2025/3

Once again, my name is Matsuzaki, the representative director. I'd like to thank you for your continued support. I'd like to take this opportunity to report to you on our activities during the previous term, the first year of the Medium-term Management Plan, and on the major initiatives for this fiscal year, the second year. But before I go into the summary report of the first-year activities of the Medium-term Management Plan, I'd like to report on the organizational changes to be made this fiscal year to realize “aggressive management” (management to increase sales).

Organizational Structure from FY2025/3

From April 2022

Organization by business ⇒
Organization by function

Objective	**Strengthen defense (cost reduction) during COVID-19 pandemic, shift towards top-down management**
Expected results	**Eliminate adverse effects arising from vertical division of businesses** • Improve operational inefficiencies of operations optimized for business units • Strengthen merchandise, sales, and advertising functions by sharing knowledge among businesses • To be implemented as a time-limited measure until the structure is firmly established

From April 2024

Organization by function ⇒
Organization by business

Results obtained	**Improvements in productivity (decrease in SGA expense ratio)** **Activities beyond the framework of business, such as HR transfers among businesses, store collaboration, etc.**
The future	**Re-transition back to Organization by Business** • Re-transition back to organization by business making the most of results obtained

28

The company, ever since its founding, was an organization based on business, where each major function, such as merchandise, sales, and advertising, were held by each business unit. This was changed into an organization by major functionality, by merchandise, sales, and advertising from April 2022. This change was made to guard ourselves against the COVID-19 pandemic. We carefully examined the business-optimized operations that were inefficient for the Company as a whole and streamlined the major merchandise, sales, and advertising functions, and strengthened each function by sharing the know-how among the businesses.

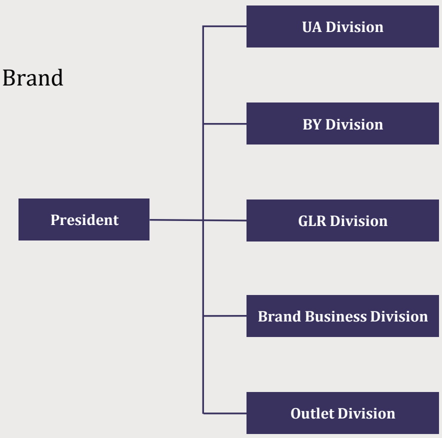
As a result, after two years of this activity, business productivity has improved, and a certain level of results were obtained to enable business activities to be conducted from a Company-wide optimized point of view, stretching over the boundaries of business, such as the transfer of personnel between businesses and collaboration among the stores. With the aim of promoting further growth of each business, we have decided to change our organization back to an organizational structure based on business units from April 2024.

Progress in Medium-Term Management Plan: Organizational structure from FY2025/3

Organizational Structure from FY2025/3

Aggressive management structure (to increase sales) through re-transferring back to Organization by Business

- Reorganize business units into UA Division, BY Division, GLR Division, Brand Business Division, and Outlet Division
- Appointment of each General Manager of Division to Vice President, as a person in an associate management role who will have responsibility for business performance and implement the business strategies.
- Make use of the knowledge of inter-business collaboration acquired through organization by function to aim for growth of each business.



Return the organization to a structure that will utilize the characteristics of each business to achieve the goals of the Medium-term Management Plan.

29

With this change to the business unit structure, we will depart from a defensive (cost reduction) phase and enter into a new offensive (increased sales) phase with the target of further growing. Each business unit manager is positioned as a person in an associate management role, and they have been appointed as Vice Presidents to execute the business strategies. We aim to utilize the knowledge gained from the collaboration among the businesses through organization by function, to develop each business in our approach towards achieving the Medium-term Management Plan’s targets.

That completes the report on our new organizational structure.

Major Initiatives for FY2024/3

Medium-term Management Plan, Progress Evaluation

Major Strategy	Strategy Details		Evaluation	Progress
1. UA CREATIVITY Strategy	Grow and expand existing businesses	Top-line growth	Δ	Initial plan unachieved
		Gross margin improvement	Δ	Although improvement seen from previous year, initial plan remains unachieved
	Strengthen brand appeal	Increase human capital investment	○	Improve various engagement indices
		Rebranding of the corporate brand	-	Progress on schedule
	Re-growth of COEN CO., LTD.		×	Although signs of improvement can be noticed, decrease in both sales and profit
2. UA MULTI Strategy	Brand development for business expansion		○	Preparation for new businesses progressing as scheduled
	Global expansion		○	Progressing as scheduled, such as China pop-up stores
3. UA Digital Strategy	Promotion of Online Merges with Offline (OMO)		○	Progressing as scheduled, such as UA Club starting operation
	Optimization of supply chain		○	Progress on schedule

31

I will now continue with a report on the progress made in the previous term, the first year of our Medium-term Management Plan.

This shows the evaluation of the progress for each initiative. For growth and expansion of existing businesses, although there was an increase in sales and profits, we gave ourselves a rating of "△" (mediocre) as both sales and gross margin failed to reach the initial plan. Although our response is starting to bear fruit towards a recovery for COEN CO., LTD., a rating of "×" (poor) was given as results showed a decline in both income and profit. For all other items, progress was generally as planned.

1. UA CREATIVITY Strategy

Grow and expand existing businesses

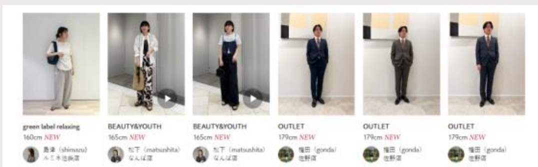
Digital transformation of sales activities

- Digitize customer services of physical stores to increase sales
  Post contents on styling, blogs, and movies

Number of people posting about styling*
Approximately 1,000
*Routinely posting persons

Number of styling posts made:
Approximately 110,000 posts

Company EC sales via posts (incl. outlet sales within Company EC site)
¥9.52 billion
(YoY 132%, approximately 70% of Company EC sales, including outlets)



Source: Styling page of UA On-line

Improve loyalty through opening of new stores and renovations

- Consolidated new openings: 12 stores; relocation and renovation : 7 stores; number of stores at the end of term: 301

Photo, from left to right: UNITED ARROWS WOMEN'S STORE at Azabudai Hills, GLR Tachikawa Store, GLR Koshigaya Lake Town Store

Growth of CITEN

・9 physical stores (including 3 limited-time stores) + online shopping
・Has grown into a ¥1.2 billion scale business within two and a half years since start

Photo from left: CITEN 2024 Spring-Summer image visual,
Echika Omotesando Limited Store Opening visual

32

I will proceed to the details of the progress of each strategic item.
Of the three major strategies, for the first strategy, UA CREATIVITY Strategy,

Digital transformation of sales activities was promoted as we aimed to further grow the existing businesses. We have digitized the customer service capabilities of the physical stores, and approximately 1,000 staff members have posted more than 110,000 styling images and videos onto the Company's e-commerce (EC) site. Sales of the Company EC site conducted through these postings have amounted to ¥9.5 billion, accounting for more than 70% of the Company's EC site sales. The realistic dressing and product introduction displaying the creativity of each sales staff made a great contribution to our results.

Furthermore, by opening new stores and renovating existing ones, we have enhanced the attractiveness of the physical stores and this has resulted in spreading contacts and improving store loyalty. As for CITEN, the growth promotion brand, nine physical stores, including time-limited period stores, have bene operating and there have been online sales resulting in growth to a size of ¥1.2 billion within two and half years after the start of business. This matches the speed of growth when the GLR business was created.

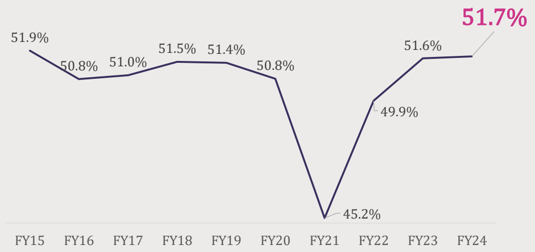
1. UA CREATIVITY Strategy

Grow and expand existing businesses

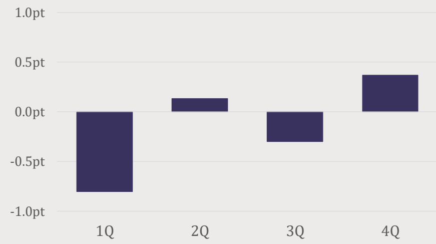
Gross margin improvement

- FY24 Consolidated gross margin: 51.7% (YoY +0.1pt). Equivalent to 51.9% when temporary factors associated with transfer to UA Club are excluded, equivalent to 52.7%, when computed using former accounting standards
- Gross margin for non-consolidated regular business has been on an improving trend from 4Q

Consolidated gross margin trend



FY24 Non-consolidated business unit gross margin YoY difference



Gross margin, one of the indices that indicate the rise of creativity, has reached 51.7%, an improvement of 0.1pt since the previous year. This is just for reference, but calculated on the former accounting standard, this is equivalent to 52.7%, marking the highest level in the past 10 years. We acknowledge that despite the backdrop of soaring costs, we have managed to raise the proper sales ratio by suppressing sales at reduced prices and have provided merchandise with quality that allows an appropriate increase in prices to be made.

1. UA CREATIVITY Strategy

Strengthen brand appeal

Increase human capital investment

- Expand educational opportunities
  Dispatch to business schools, implement DX-related training, career development support, and coaching training
- Expand promotion slots, recovery of salary level through increasing bonus level
- Improve various scores through above-mentioned initiatives

Engagement Score
74.5%
(improvement of 4.5pt)

eNPS
-42.0
(improvement of 16.4pt)

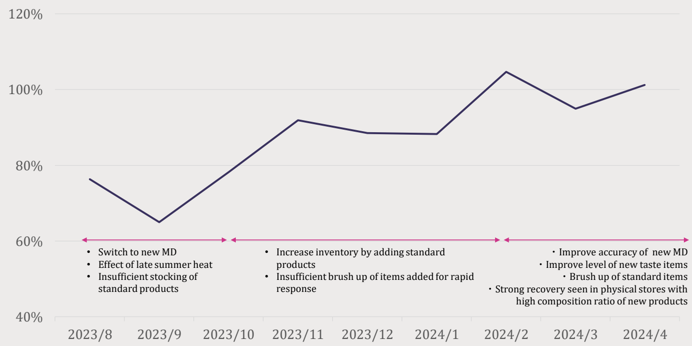
Turnover rate
10.0%
(improvement of 5.0pt)

Regrowth of COEN CO., LTD.

Despite hard battle for fall and winter, recovery trend will be seen from spring and summer

- Implemented change in MD accompanying re-branding (from 2023 fall-winter)
- Organize in-house system to enable solid merchandise, sales, and advertising activities

YoY sales trend for COEN CO., LTD.



34

The next part is about COEN CO., LTD., the one that received a “×” score in the first chart. The results of re-branding and changes to merchandise (MD) are beginning to be noticeable from this spring, and signs of recovery can now be seen in the addition of product categories (RONEL) and brush-up of regional MD. Business performance hit the bottom and has entered a recovery phase from this term.

2. UA MULTI Strategy

Brand development for business expansion

- UNITED ARROWS BEAUTY sale starts
- Development preparations for new businesses
  ATTISESSION, conte, and several other businesses are being considered

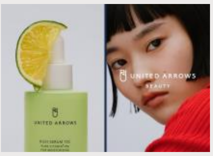


Photo from left: image visuals for UNITED ARROWS BEAUTY and ATTISESSION

Global expansion

- Mainland China pop-up store deployment
  Shanghai, May–July 2023
  Beijing, Sep.–Nov. 2023
  Marketing product mix optimized for China market

3. UA DIGITAL Strategy

Promotion of OMO

・August 2023, start of UA Club, a new membership program

Number of active members: **1.37** million (YoY 104.8%)	Member sales YoY **107.2**%
Member sales composition ratio **53.8**% (YoY difference 1.8pt)	Ratio of members of F2 and higher* **49.2**% (YoY difference 0.6pt)

*% of members making two or more purchases per year

Optimization of supply chain

- Development of UA3.0 (new product management backbone system)
  Requirement definition completed and entering development phase
- Reorganization of distribution centers
  Operations started at Joso Center, forming three major bases together with Nagareyama and Kashiwanoha centers

35

The second major strategy comes next. Regarding UA MULTI Strategy, we have started our BEAUTY category as business development to enlarge our business operations. In addition to the new brand “ATTISESSION” for the next generation of females, which started its sales the other day, we are discussing multiple ways to have business deployment and further development studies, such as the new brand “conte,” disclosed today, aimed at mature adult females. As for global expansion, we have conducted marketing studies through pop-up shops in China and are now ready for full-scale deployment from this fiscal year.

Regarding the third major strategy, the UA DIGITAL Strategy, “UA Club”, a new House Card (HC) Program, was started in August 2023. As of end of March, there are 1.37 million active members with member sales reaching 107.2% of previous year, and the composition ratio reaching 53.8%, an increase of 1.8pt from the previous year. The objective of UA Club is to establish a long and deep relationship with each and every customer, to raise their lifetime value. As an index to show this, we place importance on the ratio of customers who make two or more purchases annually. In the previous year, this ratio among the members reached 49.2%, an increase of 0.6pt, indicating results in a steady manner.

Major Initiatives for FY2025/3

1. UA CREATIVITY Strategy

Expand growth of existing businesses

Digital transformation of sales activities

- Implement measures to increase number of posts

Full-scale resumption of new store openings

- New store openings: 30 stores, number of stores at the end of term: 327 stores

  Expect a net increase of 26 stores from the end of previous fiscal year

Recovery of GLR

- Improvement of products
- Implementation of strong promotions

Advertisement visual for "Green label conclusion"

Gross margin improvement

- Pricing in line with exchange rates
- Precise pricing including psychological approaches
  Staged introduction to be made from Spring-Summer sale of 2024, full deployment from next term onwards

Increase human capital investment

- Implement wage increase (5% including wage and salary raise and promotion)
- Flexibility in form of employment to match workstyle diversity

Regrowth of COEN CO., LTD.

- Resume opening of physical stores; new store openings: 10; number of stores at the end of term: 79
- Start promotion of a new label "RONEL," with neat and casual tastes

Product photos of RONEL by COEN

Let me go onto the major initiatives for this fiscal year.

The first is the UA-CREATIVITY initiative, aimed at developing and growing existing businesses.
Making full use of our strength in over-the-counter sales, the greatest strength of our Company which has been reported in the results of the previous term, we will make further inroads into digital transformation and implement measures towards increasing the number of postings. Details will be provided later on.
In the second year, where we will shift over to offence, new store openings will take place at full steam with 30 store openings, so we reach 327 stores by the end of the term, an increase of 26 stores from the end of the previous term.
In a situation where the weak yen continues to be a large issue, we aim to increase the gross margin rate to 52.5%, an increase of 0.8pt from the previous term, by setting prices in response to exchange rate levels and increasing the proper sales ratio. We will aim to maximize gross profit through sophisticating pricing, including a psychological approach which has not been implemented as a setting for the appropriate selling price.
Regarding the issue of employment, we will continue with educational enhancements to motivate our members to grow to enlarge human capital and implement a 5% increase in wages. Increase flexibility in the form of employment towards diversification of work styles, to secure personnel and raise salary levels.
As businesses to focus on, we will work on seeing a recovery for GLR and COEN CO., LTD., which we struggled to achieve in the previous term. For GLR, we will carry out strong promotions during the term, in addition to product quality and MD improvements, to once again have our business recognized. For COEN CO., LTD., we will restart opening new stores, with 10 openings scheduled during this term. In order to attract a new customer base, the neat, casual-taste brand, RONEL, started to be deployed from spring, being introduced in online stores and some physical stores. Further deployment will take place as we watch the response.

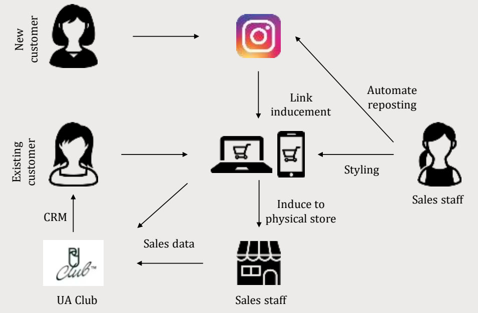
Digital Transformation of Sales Activities

Objective: Digitize ability of customer service sales held by each physical store and strive to form salesperson fans
Expand contact opportunity and time with the Company

- Conduct sales activities taking advantage of the individuality of salespersons, to contribute to sales beyond the framework of the business they belong to, or the stores
- To contribute not only to the Company's EC site, but also to the physical stores

The Future

- Increase number of posting staff members and posts
  Increase the number of staff members by expanding physical store openings and strengthening hiring
- Item posting without bias to specific items
  Control posting with a system so as not to let posts concentrate on a particular item
  Combine both staff characteristics and customer needs to enable overall posting of our wide range of products
- New customer development
  Automate reposting of images posted to Company EC site to Instagram
  To enlarge customer contact, cultivate new customers through Instagram → Company EC link
- Expand sales of existing customers
  Launch CRM program, the UA Club, based on purchase history at physical stores and Company EC site
  Improve lifetime value (lifetime customer value)



Medium-term Management Plan, Final Year, Company EC Sales Target

¥18–19 billion
(154 to163% of previous term)

38

Let me give some additional explanation regarding the digital transformation of sales activities mentioned earlier on. The objective is to digitize the customer service sales force that physical stores have, and strive to create sales staff fans, to ensure more contact opportunities with the Company and time for the Company, and link that to sales. By conducting DX activities, utilizing the individuality of the sales staff, we will aim to induce customers not only to visit the Company EC site, but also to physical stores, crossing over the boundaries imposed by business and stores the individual belongs to.

During the previous term, we concentrated on increasing the number of posts which resulted in posts being biased towards specific product numbers or not matching the strategic item number. In this term, by combining the individuality of each sales staff with customer needs, we will create a mechanism to introduce a wide range of products uniformly, while providing support from the system's side.

In addition to postings made to the Company EC site, we will aim to cultivate new customers by expanding customer contact where posts to the EC site will automatically be reflected on Instagram.
During the last term, one of our staff was awarded the title of "Staff of the Year", given to the best staff among the 80,000 chosen from various companies in the apparel industry. By enlarging the good practices that take advantage of our stores sales capabilities, we plan to link it to improving the sales of our physical stores and EC.

2. UA MULTI Strategy
(New Development)

Business development for business expansion

- Start of new brands
  ATTISESSION, conte
  In addition, one more brand to be started within the fiscal year
- Newly establish Lifestyle Department
  Establish a dedicated organization aimed at full-scale deployment of lifestyle business
  Implement approaches towards attracting the wealthy overseas
- Organic growth + Deployment including M&A currently under consideration

Global expansion

- Opening of direct-managed store in mainland China (scheduled for spring 2025)
- Opening a franchise store in Thailand
  Open store in Emsphere, a high-sensitivity commercial complex in Bangkok
  Studies will be made regarding areas other than Taiwan and China if the possibility exists

3. UA DIGITAL Strategy
(Convenience and Efficiency)

Promotion of OMO

- Improve UA Club functions
  Brush up system to make it even easier to use
- Renewal of UA Online Application
  Carry out staged update to improve user interface and operating speed, to improve purchase rate
- Improve Company EC site functions
  Example: Functional improvements of Company EC site such as the service to reserve goods online and then settle payment and pick up the items at the store (started March 2024)

Optimization of supply chain

- Continue development of UA3.0
  Aim to start service with FY26/3

We will now continue onto UA MULTI Strategy to achieve new growth.

In addition to ATTISESSION launched the other day and conte announced today, we expect to launch another brand during this term as new business. Regarding the expansion of lifestyle proposals, we have set up a dedicated department towards making a full-scale effort and reviewing measures for the wealthy overseas clientele.

As for new endeavors, we are studying expansion, not only through organic growth, but also including M&A. Studies are now being made regarding various projects and we will disclose the details once they have been determined.

Regarding global expansion, we are now making preparations for store openings in mainland China in spring 2025, through expansion under a franchise chain scheme. In Thailand, we have decided to open stores under a franchise scheme. Should the possibility exist, we are open to carrying out studies in areas other than Taiwan and China.

Finally, regarding UA DIGITAL Strategy, aimed at improving customer convenience, we will be improving the functions of UA Club, which started during the previous term, to make it even easier to use. In addition, we will be renewing our EC site app in an effort to improve the buy rate through enhancing the user interface and operating speed. Various functional improvements are also conducted day-to-day on our EC site. As for optimization of supply chain, we will continue with developing UA3.0, the merchandise management backbone system, which has been introduced in the previous briefings, and aim to launch the system during FY26/3, the final year of our Medium-term Management Plan.

The above summarize the main initiatives for our three major strategies for this term.

Launch of "conte," a brand aimed at fashion sensitive modern women

Cultivate customer base with a taste axis that differs from the major brands

- Main target base is working women in their 40s
- A "natural mode" taste axis different from traditional or conservative
- Have appointed Emiri Hemmi, with experience as a director at multiple brands, as its director
- Sale to start on EC site from September 2024, accompanied by two physical stores in Tokyo

Lastly, I would like to explain our new brand, conte, announced today.

As a solution to the issue that our fashion is concentrated on traditional and conservative tastes, we will embark on a new brand, "conte" along the natural mode axis from the fall-winter season of 2024. We will cultivate a new customer base with a taste quite different from our major brands.

We have appointed Ms. Emiri Hemmi, with experience working as a director of multiple brands, as the director, targeting independent, working women in the same generation, their 40s. We will start sales on our EC site from September 2024 while at the same time, opening two stores in Tokyo.

Launch of “conte,” a brand aimed at extremely sensitive modern women

Product line-up centered on original planned products

- **Ratio of original planned products and purchased goods is expected to be 85:15**
- **Main products and price range (Fall-Winter, 2024)**

Coats	¥70,000 to ¥150,000	Pants	¥20,000 to ¥50,000	One-piece dresses	¥30,000 to ¥60,000	Shirts	¥20,000 to ¥40,000
Jackets	¥45,000 to ¥60,000	Skirts	¥20,000 to ¥50,000	Knitted wear	¥20,000 to ¥40,000	T-shirts	¥10,000 to ¥30,000





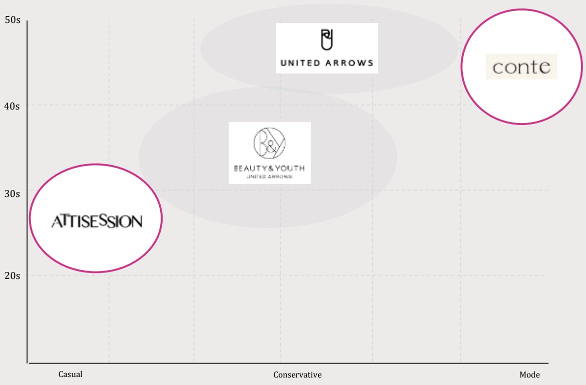
Please refer to the slides for the product mix, price range, and product taste.

Progress in Medium-Term Management Plan: Major Initiatives for FY2025/3

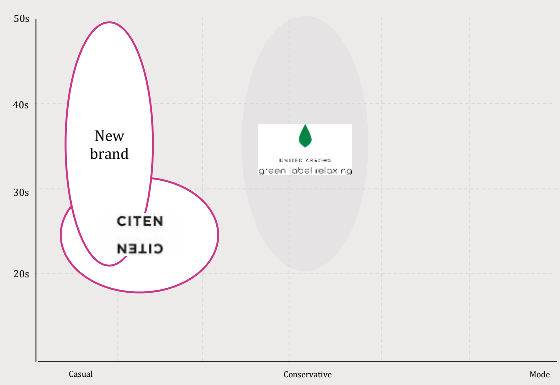
Direction of new business

Objective of new business is to solve issues towards achieving the long-term vision (age axis, taste axis)

Trend-conscious market



Basic Trend conscious market



42

Let me explain the direction of new business, including brands that have already been launched. The aim of new business is to solve the issues of age and taste axis, out of the issues facing the Company in its effort to achieve its long-term vision. As can be seen from the chart shown here, we aim to capture customers from a domain different from our major existing brands, in terms of age axis and taste axis. During this Medium-term Management Plan, we will launch the brand and let it expand and grow it over the long term.

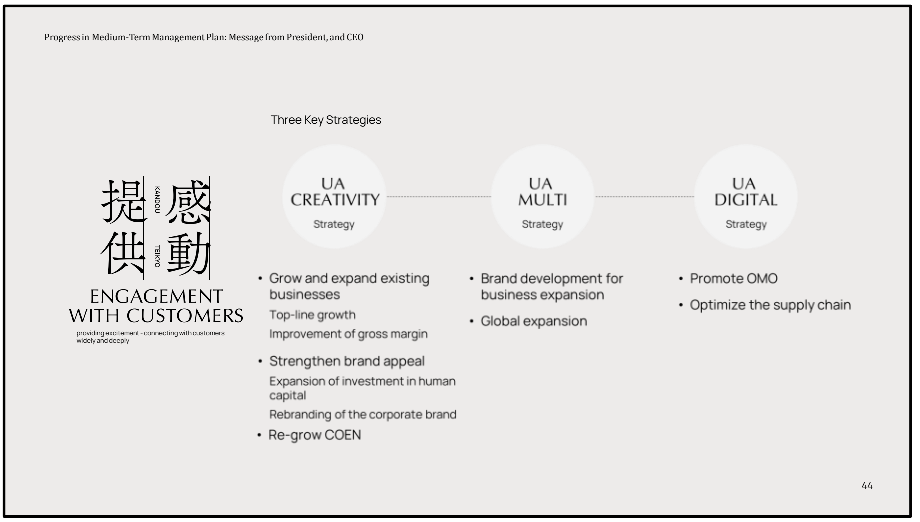
Scale of assumed sales of new business

Brand	CITEN	ATTISESSION	conte	New brand
Introduction timing	Fall 2021	Spring 2024	Fall 2024	Spring 2025
Market	Basic Trend conscious market	Trend-conscious market	Trend-conscious market	Basic Trend conscious market
Objective	Expansion of age axis (mid-20s to early 30s, men and women)	Expansion of age axis (20s to early 30s, women)	Expansion of taste axis (mode within trend-conscious market)	Expansion of taste axis (casual within basic trend-conscious market)
Assumed scale	¥5 billion	¥3 billion	¥5 billion	¥10 billion

Coming soon

We envisage a sense of magnitude of 3 to 5 billion yen and 10 billion yen for the respective brands. With these brands, and brands that will be developed from now, we aim to achieve a scale of 40 billion yen from new businesses, in the long term.

That wraps up the review of the previous year and the explanation for the activities this year.



I would like to take this opportunity, at the end of my explanation, to convey my message to our investors.
Although we achieved an increase in sales and profits in the previous term, the results were lower than the plan, causing you concern. I have reported the results and issues in our efforts in the previous slides, I would like to explain the major reason why we failed to achieve the plan in the previous term.
The first is that while we had expected a warm winter, we failed to fully respond to it. We set up our MD configuration based on a season-less response, of not relying on warm winter clothing; however, we could not cope with the temperature change that far exceeded our expectations.
The second is not being able to let GLR and COEN, which targeted the Basic trend and New trend conscious segments, to develop. In addition to raising prices based on a foreign exchange impact, we failed to set up a product structure that captures customer needs, and failed to increase sales.

This will be our response to these factors for this term. We had previously strengthened styling proposals and have showcased our merchandise as year-around items, but will now expand the quantity and stock of popularity merchandise, such as purchased goods and separately ordered items exclusively available from the Company which make the customer feel that they will miss them unless they purchase the items immediately. With this approach, we plan to encourage our customers to purchase, regardless of the temperature.
This will overlap with my earlier report, where we are promoting activities to further capture our customer needs, such as strengthening advertisements for GLR to recapture its customers and introducing new MD for COEN. Results have recently been observed for both brands, showing signs of growth.

While this is not limited just to our Company, there are still many large issues, such as the cheap yen, securing human resources, and logistics. In the Company's Trend-conscious market brands, our strength is in the relationship of trust with customers that allows price increases to be tolerated, and we shall aim for growth while adjusting our retail prices under this exchange rate situation while maintaining the quality.
Furthermore, we aim to be a company that provides a platform for further opportunities and job satisfaction, and is a friendly workplace, accompanied by remuneration to our sales members who set up a relationship of trust with the customers.
Last month, the company welcomed 128 new recruits in the initiation ceremony for new graduates for this fiscal year. Each new member has expressed their strong interest in fashion and hope and passion for the future. This has made me proud, once again, that we are carrying out the wonderful activity of brightening up people's lives through fashion.
Making use of the swelling power of youth, we will proceed to the second year of our Medium-term Management Plan to meet its goals, while constantly responding to the times.
Your continued support would be most appreciated.

5 Reference Materials

Consolidated P/L for FY2024/3 (4Q, 3 months)

(Millions of yen)

		FY23/3 4Q	FY24/3 4Q	Change/pt difference	YoY
Sales		34,042	34,564	522	101.5%
Gross profit		16,543	16,883	339	102.1%
	vs. sales	48.6%	48.8%	0.2pt	-
SGA expenses		16,569	15,960	(608)	96.3%
	vs. sales	48.7%	46.2%	-2.5pt	-
Operating income		(25)	923	948	-
	vs. sales	-	2.7%	-	-
Non op. P/L		194	204	9	105.1%
	vs. sales	0.6%	0.6%	0.0pt	-
Ordinary income		169	1,127	958	665.8%
	vs. sales	0.5%	3.3%	2.8pt	-
Extraordinary P/L		(53)	(160)	(106)	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		1	622	621	41484.5%
	vs. sales	0.0%	1.8%	1.8pt	-

46

Consolidated P/L for FY2024/3 Vs. plan

(Millions of yen)

		FY24/3 Plan	FY24/3 Results	Vs. plan Change/vs. sales pt difference	
Sales		138,300	134,269	(4,030)	97.1%
Gross profit		72,100	69,462	(2,637)	96.3%
	vs. sales	52.1%	51.7%	-0.4pt	-
SGA expenses		65,100	62,722	(2,377)	96.3%
	vs. sales	47.1%	46.7%	-0.4pt	-
Operating income		7,000	6,740	(259)	96.3%
	vs. sales	5.1%	5.0%	-0.0pt	-
Non op. P/L		420	746	326	177.8%
	vs. sales	0.3%	0.6%	0.3pt	-
Ordinary income		7,420	7,486	66	100.9%
	vs. sales	5.4%	5.6%	0.2pt	-
Extraordinary P/L		(370)	(331)	38	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent for the term		4,830	4,876	46	101.0%
	vs. sales	3.5%	3.6%	0.1pt	-

UNITED ARROWS LTD. Retail Store Opening and Closing

	No. of stores at FY23 end	Opened	Closed	No. of stores at FY24 end
UNITED ARROWS LTD. Total	**215**	**11**	**5**	**221**
Trend-conscious Market Total	**104**	**3**	**4**	**103**
UNITED ARROWS (General Merchandise Store)	14	0	0	14
UNITED ARROWS	24	2	1	25
BEAUTY&YOUTH	37	1	2	36
Other	29	0	1	28
Basic Trend-conscious Market Total	**85**	**7**	**1**	**91**
Green label relaxing	84	2	1	85
Other	1	5	0	6
Outlet	**26**	**1**	**0**	**27**