For the Three Months of Fiscal Year
Ending March 31, 2025

Financial Results Briefing

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2024.08.07 UNITED ARROWS LTD.

UNITED ARROWS LTD.

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Cautionary Statement

Earnings forecasts and descriptions other than objective facts contained in this document are based on decisions made by UNITED ARROWS LTD. in light of information obtainable as of the date of this report and, therefore, include risks and uncertainties. Actual earnings may differ materially from forecasts due to global economic trends, market conditions and other factors. Investors are asked to refrain from making investment decisions based solely on the information contained in this document.

Use of Abbreviations

Abbreviations may be used for the following businesses/store brands:

UNITED ARROWS: UA

BEAUTY&YOUTH UNITED ARROWS: BY/BEAUTY&YOUTH

UNITED ARROWS green label relaxing: GLR/green label relaxing

Trend-conscious Market and Basic Trend-conscious Market includes the following store brands:

Trend-conscious Market

UA, BY, DRAWER, Odette e Odile, STEVEN ALAN, ROKU, BLAMINK, H BEAUTY&YOUTH, ASTRAET, California General Store

Basic Trend-conscious Market

GLR, and CITEN

Click here for Shared Research Inc. research report. Shared Research

1 Overview of FY2025/3 1Q Business Results

Financial Highlights

Consolidated

Sales and gross profit exceeded the plan and the previous year, SGA expenses were roughly at the expected level, and operating income and ordinary income also exceeded the plan and the previous year. Net income attributable to owners of parent fell below the previous year due to an increase in extraordinary losses, including impairment losses associated with the relocation and renovation of stores of UNITED ARROWS LTD. and impairment losses at COEN CO., LTD., but still achieved the target.

Gross margin

Slightly below the previous year’s level. This was mainly due to the negative impact of changing the membership system at UNITED ARROWS LTD., expansion of markdown sales at COEN CO., LTD., and inventory write-down.

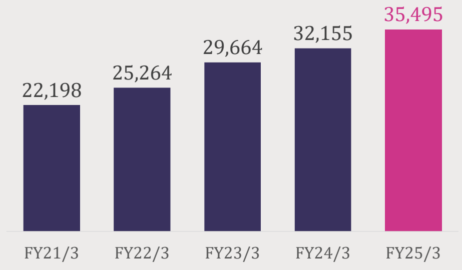
Non-consolidated

Sales, gross profit and all other profits exceeded the targets. Thanks to an aggressive inventory policy, both retail and online sales increased significantly from the previous year. While increasing the average spend per customer, the number of customers grew by double digits.

Consolidated Sales

¥35,495 million YoY 110.4%

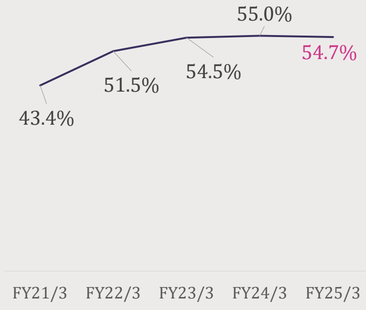
(Millions of yen)



* CHROME HEARTS JP, GK has been excluded from the scope of consolidation since FY21/3 4Q

Consolidated Gross Margin

54.7% YoY -0.3pt



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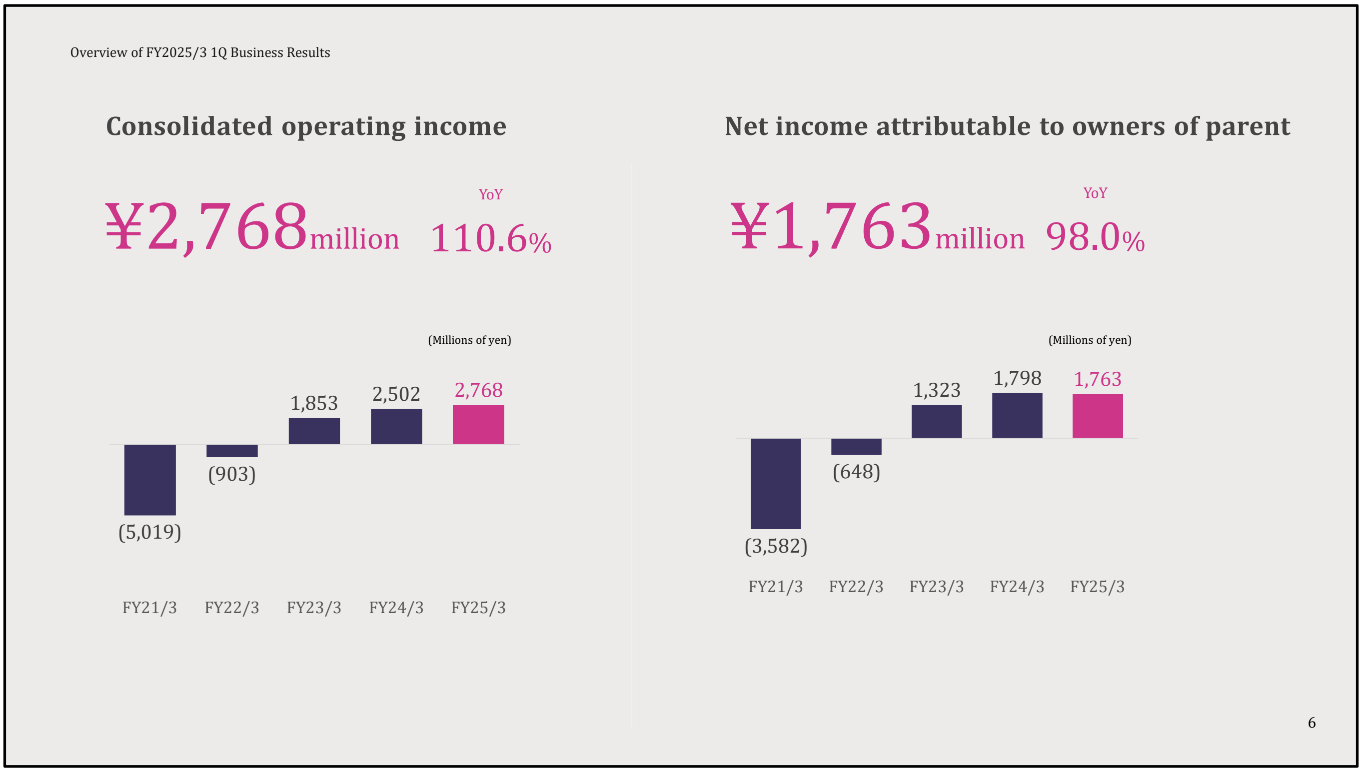
Sales were ¥35,495 million, 110.4% YoY.

Gross margin was 54.7%, down 0.3 pts from previous year.



Operating income came to ¥2,768 million, 110.6% YoY, and 7.8% vs. sales, the same level as previous year.
Ordinary income was ¥2,999 million, 108.4% YoY, and 8.4% vs. sales, down 0.2 pts from previous year.
Net income attributable to owners of parent was ¥1,763 million, 98.0% YoY, and 5.0% vs. sales, down 0.6 pts from previous year, due to the posting of ¥194 million as extraordinary loss, including impairment losses associated with the relocation and renovation of stores of UNITED ARROWS LTD. and impairment losses at COEN CO., LTD.

Consolidated P/L

(Millions of yen)

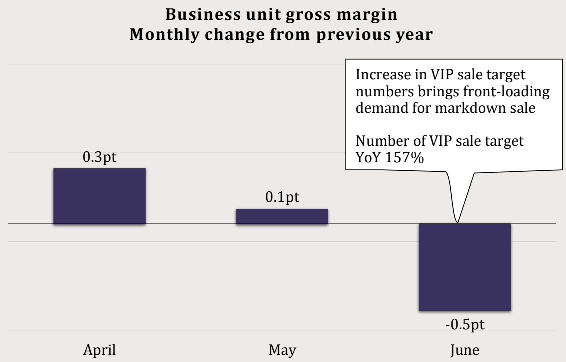
		FY24/3 3M	FY25/3 3M	Change/pt difference	YoY
Sales		32,155	35,495	3,340	110.4%
Gross profit		17,678	19,412	1,734	109.8%
	vs. sales	55.0%	54.7%	- 0.3pt	—
SGA expenses		15,176	16,644	1,468	109.7%
	vs. sales	47.2%	46.9%	- 0.3pt	—
Operating income		2,502	2,768	266	110.6%
	vs. sales	7.8%	7.8%	0.0pt	—
Non op. P/L		264	230	(33)	87.1%
	vs. sales	0.8%	0.6%	- 0.2pt	—
Ordinary income		2,766	2,999	232	108.4%
	vs. sales	8.6%	0	- 0.2pt	—
Extraordinary P/L		(34)	(194)	(159)	—
	vs. sales	—	—	—	—
Net income attributable to owners of parent		1,798	1,763	(35)	98.0%
	vs. sales	5.6%	5.0%	- 0.6pt	—

Consolidated Gross Margin

The business unit carried out markdown sales ahead of schedule, but gross margin for total business unit remained at the same level as the previous year

The decrease in the non-consolidated gross margin is mainly due to the difference in the exchange rate with the previous membership system

	FY25/3 3M	YoY pt difference
Consolidated	54.7%	-0.3pt
UNITED ARROWS LTD.	54.9%	-0.1pt
Total business unit	-	0.0pt
Outlet, etc.	-	3.2pt
COEN CO., LTD.	-	-2.8pt
UNITED ARROWS TAIWAN LTD.	-	1.1pt



Consolidated gross margin was 54.7%, down 0.3 pts from previous year.

Non-consolidated gross margin was 54.9%, down 0.1 pt, including the effects of transfer to UA Club.
Total business unit remained at the same level as the previous year due to strong performance in April and May, although demand for markdown sales was brought forward by an increase in VIP sale target members in June.

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

COEN CO., LTD. saw a decrease of 2.8 pts from the same period of the previous year due to expansion of discount price sales and recording product write-down.

The Taiwanese subsidiary improved 1.1 pts.

Consolidated SGA expenses

(Millions of yen)

		FY24/3 3M	FY25/3 3M	Change/pt difference	YoY
Total SGA expenses		15,176	16,644	1,468	109.7%
	vs. sales	47.2%	46.9%	-0.3pt	-
Advertising expenses		720	920	199	127.7%
	vs. sales	2.2%	2.6%	0.4pt	-
Personnel expenses		5,429	5,891	462	108.5%
	vs. sales	16.9%	16.6%	-0.3pt	-
Rent		4,429	4,665	235	105.3%
	vs. sales	13.8%	13.1%	-0.6pt	
Depreciation		212	269	56	126.4%
	vs. sales	0.7%	0.8%	0.1pt	-
Other		4,383	4,897	513	111.7%
	vs. sales	13.6%	13.8%	0.2pt	-

SGA expenses were ¥16,644 million, 109.7% YoY, and 46.9% vs. sales, down 0.3 pts YoY.

Advertising expenses were ¥920 million, 127.7 YoY, and 2.6% vs. sales, up 0.4 pt from previous year.
This increase was due to strengthened advertising and promotion aimed at expanding sales, including large-scale GLR sales promotions.

Personnel expenses were ¥5,891 million, 108.5% YoY, and 16.6% vs. sales, down 0.3 pts from previous year.
This was due to an increase in the number of employees, an increase in wages, and an increase in bonuses.

Rent was ¥4,665 million, 105.3% YoY, and 13.1% vs. sales, down 0.6 pts from previous year.
This was due to increases in percentage rent as well as commissions on online shopping sites due to increased sales.

Depreciation was ¥269 million, 126.4% YoY, and 0.8% vs. sales, up 0.1 pt from previous year.
This was due to new store openings and investment in systems.

Others were ¥4,897 million, 111.7% YoY, and 13.8% vs. sales, up 0.2 pts from previous year.
This was due to the increase in costs associated with sales expansion, such as card fees and delivery costs.

Consolidated B/S

(Millions of yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024	vs. previous term-end Change	
Total Assets	60,204	62,992	2,787	104.6%
Composition ratio	100.0%	100.0%	-	-
Current Assets	40,372	42,734	2,362	105.9%
Composition ratio	67.1%	67.8%		-
Noncurrent Assets	19,831	20,257	425	102.1%
Composition ratio	32.9%	32.2%		-
Current Liabilities	20,997	23,469	2,472	111.8%
Composition ratio	34.9%	37.3%		-
Noncurrent Liabilities	4,177	3,805	(371)	91.1%
Composition ratio	6.9%	6.0%		-
Total Net Assets	35,030	35,717	687	102.0%
Composition ratio	58.2%	56.7%		-
Reference: Balance of shor	202	2,856	2,654	1413.9%

	As of Jun. 30, 2023	As of Jun. 30, 2024	vs. 1Q-end of the previous fiscal year Change	
Reference: Inventory	20,373	21,815	1,441	107.1%

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Total assets were ¥62,992 million, 104.6% YoY.

Current assets were ¥42,734 million, 105.9% YoY.
This was due to increases in cash and deposits, and merchandise and a decrease in accounts receivables-other.

Noncurrent assets were ¥20,257 million, 102.1% 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 ¥23,469 million, 111.8% YoY.
This was due to increases in short-term borrowings, income taxes payable, and asset retirement obligations to be performed within one year, as well as decreases in notes and accounts payable-trade, accounts payable-other, and provision for bonuses.

Non-current liabilities were ¥3,805 million, 91.1% YoY.
This was due to a reduction by asset retirement obligations that are scheduled to be performed within one year being transferred to current liabilities.

Total net assets were ¥35,717 million, 102.0% YoY. This was due to an increase in retained earnings and a decrease due to payment of dividends.
The balance of short- and long-term loans payable was ¥2,856 million, 1,413.9% YoY.

Inventory was ¥21,815 million, 107.1% YoY.
This was mainly due to inventory buildup aimed at expanding sales.

Consolidated C/F

(Millions of yen)

	FY24/3 3M	FY25/3 3M	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	(5)	2,470		
Cash flows from operating activities	(1,040)	2,148	Income before income taxes Increase in other current liabilities Decrease in trade payables Decrease in provision for bonuses	2,804 449 (1,007) (466)
Cash flows from investing activities	(818)	(1,292)	Purchase of intangible assets Purchase of property, plant and equipment Payments of guarantee deposits	(656) (444) (114)
Cash flows from financing activities	(2,582)	1,670	Net increase in short-term loans payable Dividends paid	2,654 (983)
Cash and cash equivalents at the end of the period	4,111	9,017		

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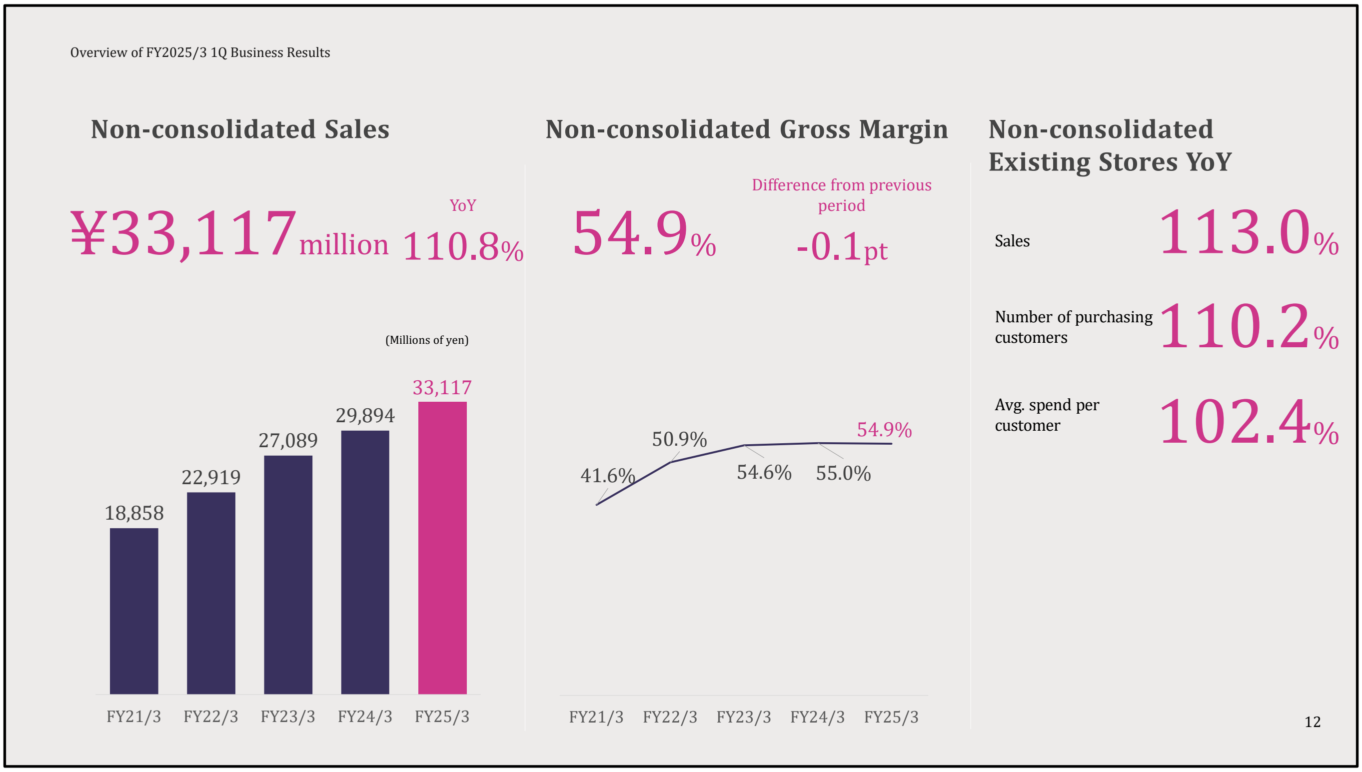
Cash flows from operating activities amounted to cash inflow of ¥2,148 million.

Cash flows from investment activities amounted to cash outflow of ¥1,292 million.

Cash flows from financing activities amounted to cash inflow of ¥1,670 million.

Cash and cash equivalents were ¥9,017 million.

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



Non-consolidated sales were ¥33,117 million, 110.8% YoY.
Non-consolidated gross margin was 54.9%, down 0.1 pt from previous year.

YoY sales for existing stores exceeded the previous year, for both retail and online, with 113.0% for retail + online. The number of purchasing customers at existing stores was 110.2% of previous year, with an increase of 2.4% in spend per customer from previous year owing to a revision in prices.

Non-consolidated Sales by Channel

(Millions of yen)

		FY24/3 3M	FY25/3 3M	Change/pt difference	YoY
Non-consolidated sales		29,894	33,117	3,223	110.8%
Total business unit sales		24,742	28,120	3,377	113.7%
	vs. sales	82.2%	83.0%	0.8pt	-
Retail		17,099	19,020	1,921	111.2%
	vs. sales	56.8%	56.2%	- 0.7pt	-
Online		7,085	8,588	1,503	121.2%
	vs. sales	23.6%	25.4%	1.8pt	-
Others (Wholesale, etc.)		556	510	(46)	91.7%
	vs. sales	1.9%	1.5%	- 0.3pt	-
Outlet, etc.		5,343	5,740	396	107.4%
	vs. sales	17.8%	17.0%	- 0.8pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	113.0%	110.2%	102.4%
Retail	109.7%	107.3%	102.2%
Online	120.6%	115.6%	106.0%

Details of non-consolidated sales

Total business unit sales were ¥28,120 million, YoY of 113.7%.

Retails sales were ¥19,020 million, YoY of 111.2%.

Online sales were ¥8,588 million, YoY of 121.2%, and 25.4% vs. sales

Company EC site was doing well at 142.3% against previous year, with online composition ratio of 41.2% (YoY difference of +6.1 pts).

And the combined sales of other companies' malls were 109.8% of the previous year, with major sites experiencing growth.

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

Regarding YoY for existing stores, as explained earlier, while the avg. spend per customer has increased, the number of customers increased significantly.

Outlet, etc. was ¥5,740 million, 107.4% YoY and 17.0% vs. sales.

Non-consolidated Sales by Business

(Millions of yen)

	FY24/3 3M	FY25/3 3M	Change	YoY
Total business unit sales	24,742	28,120	3,377	113.7%
Trend-Conscious Market	16,480	18,466	1,986	112.1%
Basic Trend-Conscious Market	8,262	9,653	1,391	116.8%

Existing stores YoY

	Retail + Online	Retail	Online
Trend-Conscious Market	112.4%	109.1%	120.8%
Basic Trend-Conscious Market	114.1%	111.1%	120.4%

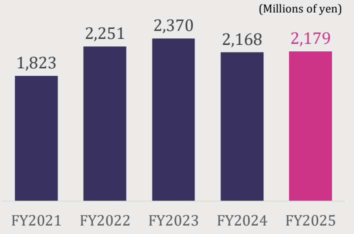
In the Trend-conscious market centered on UA and BY, good business was maintained, from recovery in city centers and from the number of inbound tourists resulting in sales of ¥18,466 million with YoY of 112.1%.
Sales of Basic Trend-conscious market centered on GLR were ¥9,653 million with 116.8% YoY.
Growth was high due to large-scale promotion of Women's and others.
In both markets, sales at retail + online existing stores grew by double digits over the previous year.

Group Company Results

COEN CO., LTD. Feb– Apr

Increase in both sales and profit

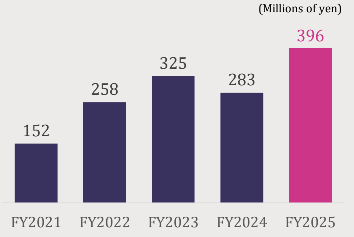
- Sales ¥2,179 million, YoY 100.5%
- Although sales exceeded the previous year’s figure, profits decreased due to a decline in gross margin, resulting from expansion of markdown sales, and inventory write-downs, as well as an increase in SGA expenses
- Sales are improving due to the launch of hot midsummer items. Going forward, it aims for a recovery by introducing popular products and implementing large-scale promotions



UNITED ARROWS TAIWAN LTD. Feb– Apr

Increase in both sales and profit

- Sales ¥396 million, YoY 139.9%
- UA general stores and online shopping performed well
- Gross margin also improved, achieving increased sales and profits



Opening and Closing of Stores

Due to some of COEN CO., LTD.'s new store openings being postponed to the next fiscal year, the number of stores at the end of the fiscal year is expected to be 321, an increase of 20 stores from the end of the previous fiscal year.

		1Q results			Full-year forecast		
	No. of stores at the previous period-end	Opened	Closed	No. of stores at the 1Q-end	Opened	Closed	No. of stores at the period-end (Forecast)
Total Group	**301**	**7**	**0**	**308**	**24**	**4**	**321**
UNITED ARROWS LTD.	221	3	0	224	16	2	235
COEN CO., LTD.	71	3	0	74	5	2	74
UNITED ARROWS TAIWAN LTD.	9	1	0	10	3	0	12

The Group opened a total of seven stores in the first quarter. The number of stores at the end of the first quarter was 308.

Due to some of COEN CO., LTD.'s new store openings being postponed to the next fiscal year, the number of stores at the end of the fiscal year is expected to be 321, an increase of 20 stores from the end of the previous fiscal year.

Starting store opening for new businesses

ATTISESSION

- A women's brand targeting the MZ generation
- Appointed a female in her 20's from BY shop staff as director
- Sales started at some stores and on our own EC in spring/summer 2024
- Scheduled to open the first store in Tokyo's Shinjuku area in September 2024

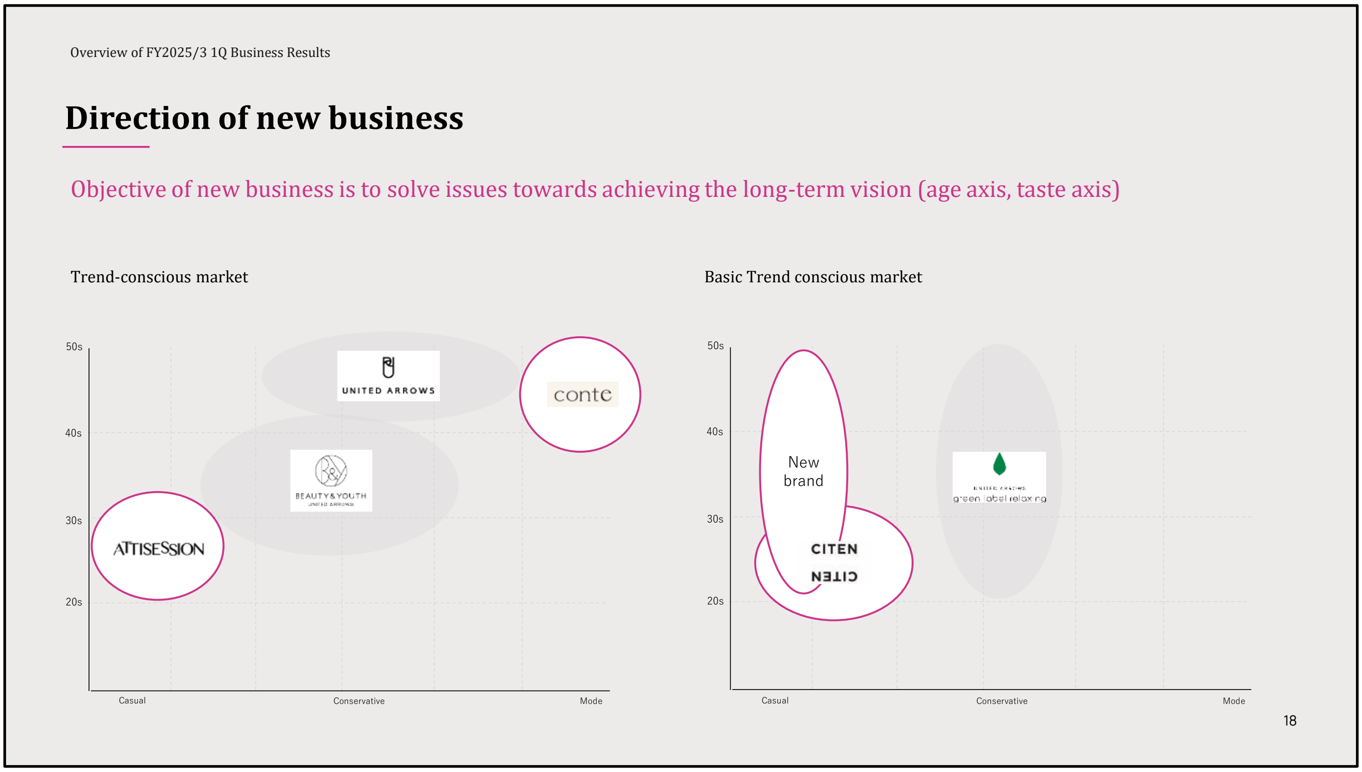
https://store.united-arrows.co.jp/brand/att/

conte

- New brand for independent adult women
- Appointed Emiri Henmi as director
- Online pre-orders and pop-up shops at selected stores started in August 2024
- Scheduled to open stores in Tokyo's Aoyama and Shinjuku areas in September 2024

https://store.united-arrows.co.jp/brand/conte/

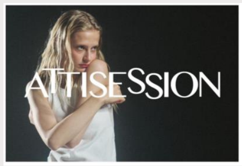
Store opening for the new business will start this fall and winter.
ATTISESSION, a women's brand targeting the MZ generation, is scheduled to open the first store in Tokyo's Shinjuku area in September.
A new brand, conte for independent adult women, receives online pre-orders and starts pop-up shops at selected stores from August, and is scheduled to open stores in Tokyo's Aoyama and Shinjuku areas in September.



The purpose of the new business is to solve the issues facing the Company in achieving its long-term vision, including issues related to age and taste. As shown in the chart on the slide, the aim is to attract customers with different age and taste profiles from existing major brands in each market. During this Medium-term Management Plan, we will launch the brands and expand and grow them over the long term.

Scale of assumed sales of new business

Brand	CITEN	ATTISESSION	conte	New brand (TBD)
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



For each brand, we expect a scale of ¥3 billion to ¥5 billion and ¥10 billion. With these brands, and brands that will be developed from now, we aim to achieve a scale of ¥40 billion from new apparel business over the long term.

Overseas Expansion: UNITED ARROWS EMSPHERE opens

- In June 2024, opened a franchise store in “EMSPHERE,” a large shopping mall in Bangkok, Thailand
- Sales of men’s clothing made from functional materials were strong, particularly among those in the fashion industry
- The store is frequented not only by domestic customers but also by tourists, and we also see a noticeable number of customers who learned about the Company at our pop-up store in China
- We will continue to study the possibility of opening stores mainly in the ASEAN region, and launched our products at Lumine Singapore in August 2024

We opened a franchise store in Bangkok, Thailand. The store is frequented not only by those in Thailand but also by tourists, and we also see a noticeable number of customers who visited our pop-up store in China in the previous fiscal year. The company is considering the possibility of further opening stores in the ASEAN region, and will begin selling its products at Lumine Singapore in late August 2024.

2 Progress in Sustainability Initiatives

History of Our Sustainability Activities

October 1999 (at the time of listing) to present

Our Commitment: Creating Five Values

Customers, Employees, Business Partners, Society, Shareholders

May 2020 to present

Five Themes and 16 Material Issues

Supply Chain, Resources, Community, Human Resources, Governance

August 2022 to present

Launching SARROWS and Setting Numerical Targets

Circularity, Carbon Neutrality, Humanity

SARROWS™

Approach to sustainability in the long-term vision

Departure from an orientation toward sales expansion on the premise of mass production and mass consumption means:

"Creating the maximum corporate value with limited resources"

= Procuring appropriate amounts of products properly and selling them without waste (improving the ratio of items sold at regular prices

- For customers: Forster a sense of trust and reassurance in prices
- For employees: Increase profit productivity = Improve compensation and engagement
- For shareholders: Increase profit distribution as the corporate value increases
- For business partners: Protect human rights in the supply chain
- For society: Reduce environmental load by controlling disposal, etc.

In addition, the use of environmentally conscious materials, switching to renewable energy, and recycling of waste will be promoted to achieve sustainability goals

SARROWS™

Sustainability Initiatives of UNITED ARROWS

Circularity

Circular fashion

Positive impact on the earth with fashion, UNITED ARROWS LTD. aims to create fashion that is in harmony with nature and circular over and over again.

Carbon Neutrality

Toward a carbon-neutral world

To preserve our beautiful earth UNITED ARROWS LTD. works to create a carbon-neutral world in line with the Paris Agreement, an international framework.

Humanity

Work and live in a healthy way

For every stakeholder of UNITED ARROWS LTD. to smile. We will protect everyone's rights and create a healthy living environment.

Progress in Sustainability Initiatives

SARROWS™

Circularity
Circulating fashion

Indicator	2022	2023	2030 TARGET
Waste rate of textile products	0.3%	0.03%	0.0%
Waste rate of products	0.4%	0.08%	0.1%
Proportion of eco-friendly products	9.8%	7.6%	50.0%

Carbon Neutrality
Toward a carbon-neutral world

Indicator	2022	2023	2030 TARGET
CO_2 emission reduction rate (Scope 1 and 2)	7.3%	13.4%	30.0%
CO_2 emission reduction rate (Scope 3)	14.5%	13.1%	15.0%
Proportion of renewable energy	8.3%	12.5%	50.0%

Humanity
Work and live healthily

Indicator	2022	2023	2030 TARGET
Acquisition rate of Code of Conduct Agreements	48.2%	74.4%	100.0%
Employee engagement scores (eNPS*)	-58.4	-42.0	-40.0
Employee opinion survey Positive response rate	70.0%	74.5%	80.0%

* eNPS = Employee Net Promoter Score An index that visualizes employee engagement by quantifying the degree of workplace recommendation
Also available for industry comparisons and comparisons with other companies that have already implemented it

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This page shows results of the previous period for targets based on three items of SARROWS.
Currently, we have set long-term targets based on nine targets and are managing our results.

Due to time constraints, I will not go into the details of individual figures, but in summary, the area in which we made particular progress in the previous period was the reduction in the waste rate of goods and textile products in the circularity items. In the previous fiscal year, we made progress in reducing the disposal rate by improving the ratio of original retail price sales and the ratio of markdown sales, and promoting recycling and others. As a result, we came close to our long-term target.

Additionally, each of the humanity-related items is also progressing smoothly. With regard to Humanity, we have started setting targets and disclosing results for eNPS. Since eNPS is not a unique indicator, it is also possible to compare it with other companies that have adopted it or with the industry average.

On the other hand, there were some areas where we did not see any improvement from the previous year, such as the ratio of environmentally friendly products and reduction of CO_2 emissions.

We aim to achieve our long-term goals by considering and promoting each of these measures.
As for the composition of environment-friendly products and CO_2 emissions, we have tightened our approach in calculating them, so we have retroactively calculated results for the previous fiscal year.

In the future, there may be changes to the figures already disclosed, but we believe it is important to hold discussions with stakeholders by disclosing actual figures. We would appreciate your understanding.

SARROWS™

Circularity

Circulating fashion

Waste rate of textile products

2022	2023	2030 TARGET
0.3% →	0.03%	0.0%

Waste rate of products

2022	2023	2030 TARGET
0.4% →	0.08%	0.1%

Proportion of eco-friendly products

2022	2023	2030 TARGET
9.8% →	7.6%	50.0%

Continuing efforts

- Improvement of the fixed-price-sales ratio (the ratio of original retail price) and inventory turnover ratio
- Reducing product waste rates through recycling, reuse, etc.

Initiatives for fiscal 2022

- Establishing in-house standards for environmentally friendly products (SARROWS tree)

Initiatives for fiscal 2023

- Preparation for the use of eco-friendly materials across businesses
- Reducing waste by improving the flow of determining damaged products

Initiatives in the current period and future

- Maintain product waste rate
- In addition to expanding the range of products made from environmentally friendly materials, pursue "circulating fashion" by expanding reuse, repair, etc.

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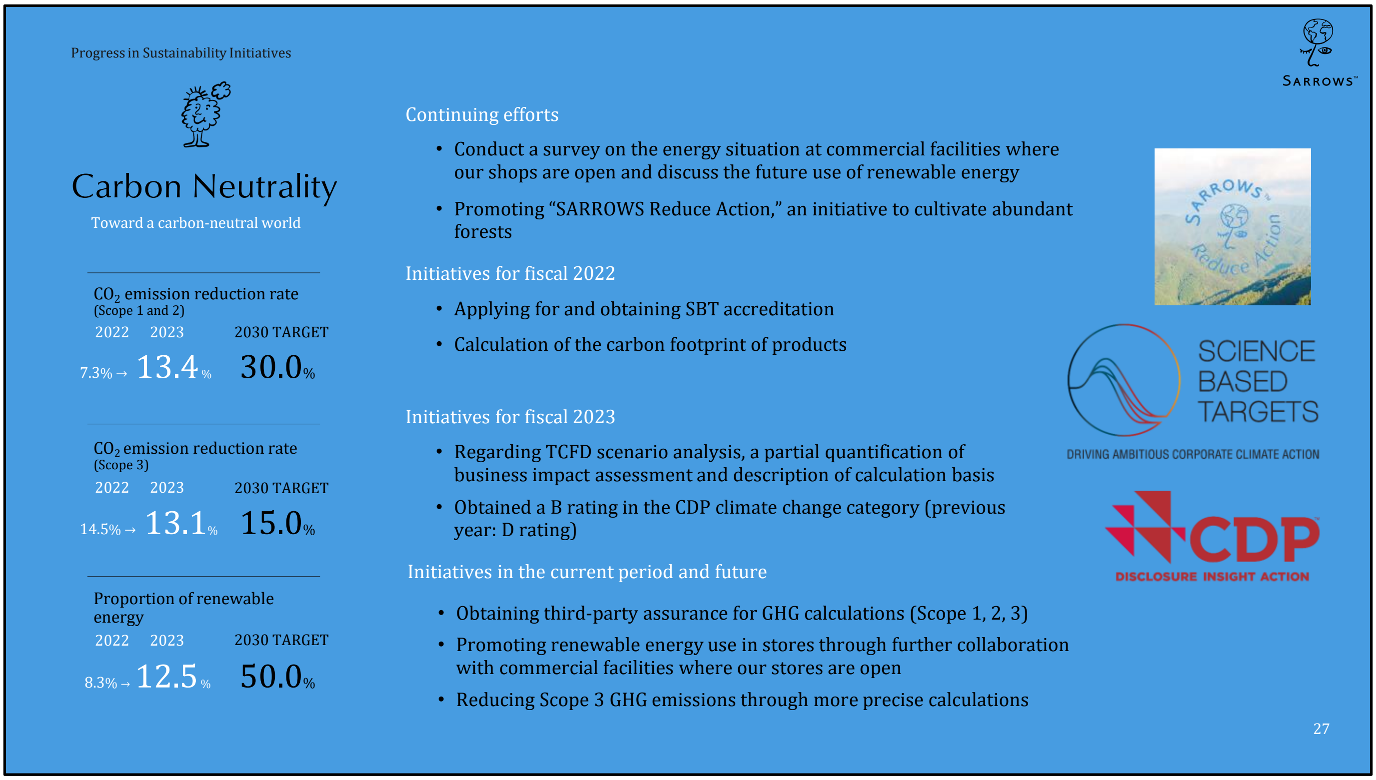
From this page, we will explain our main initiatives in the three areas of SARROWS.
The slides contain information on initiatives beyond fiscal 2022, when SARROWS' long-term goals were announced, but I will briefly explain the initiatives for the previous fiscal year 2023, the current fiscal year, and going forward.

First, about circularity.
In the previous fiscal year, we prepared for the use of environment-friendly products across our business. Furthermore, we were able to reduce waste rates by reviewing the process for determining damaged products and expanding the recycling of textile products.
Regarding our initiatives for this fiscal year and beyond, we aim to maintain our product disposal rate, which has already nearly achieved our long-term target. In addition to expanding our lineup of environmentally friendly products, we will also expand our reuse and repair services in our pursuit of "circular fashion."



Next, I would like to explain carbon neutrality.

In the previous fiscal year, we conducted TCFD scenario analysis and provided a description of some of the quantification of business impact assessments and the basis for calculations.
Furthermore, these efforts helped us receive a B rating in the climate change category from CDP.

Regarding our initiatives for this fiscal year and beyond, we will first obtain third-party assurance for our GHG calculations.

Additionally, we will work to further promote the use of renewable energy in our stores through further collaboration with the commercial facilities in which we operate.
Furthermore, for the next fiscal year, we aim to reduce Scope 3 GHG emissions by refining our calculations.

SARROWS™

Humanity

Work and live healthily

Acquisition rate of Code of Conduct Agreements

2022	2023	2030 TARGET
48.2% →	74.4%	100.0%

Employee engagement scores (eNPS)

2022	2023	2030 TARGET
-58.4 →	-42.0	-40.0

Employee opinion survey Positive response rate

2022	2023	2030 TARGET
70.0% →	74.5%	80.0%

Continuing efforts

- Continue to conduct on-site audits at domestic partner factories
- Promoting various personnel measures to improve employee engagement

Initiatives for fiscal 2022

- Start of on-site audits at domestic partner factories
- Formulation and disclosure of UA Group human rights policy

Initiatives for fiscal 2023

- Steady increase in female managers (to 26.9% from 22.4%)
- Identification and mapping of human rights issues
- Roadmap development and goal-setting for partner factory audits

Initiatives in the current period and future

- Disclosure of eNPS (Employee Net Promoter Score) in the SARROWS Humanity field
- Formulation and disclosure of a roadmap for dealing with human rights risks in the supply chain

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Next, I will explain about humanity.

In the previous term, we identified and mapped human rights issues, and developed a roadmap and set goals for auditing partner factories. As for internal initiatives, the ratio of female managers which we are promoting is steadily increasing.

Regarding our initiatives for this fiscal year and going forward, first of all, we have added eNPS to our disclosure indicators.

In addition, the roadmap for addressing human rights risks in the supply chain that we have developed will be disclosed in our Integrated Report 2024, scheduled to be published at the end of August.

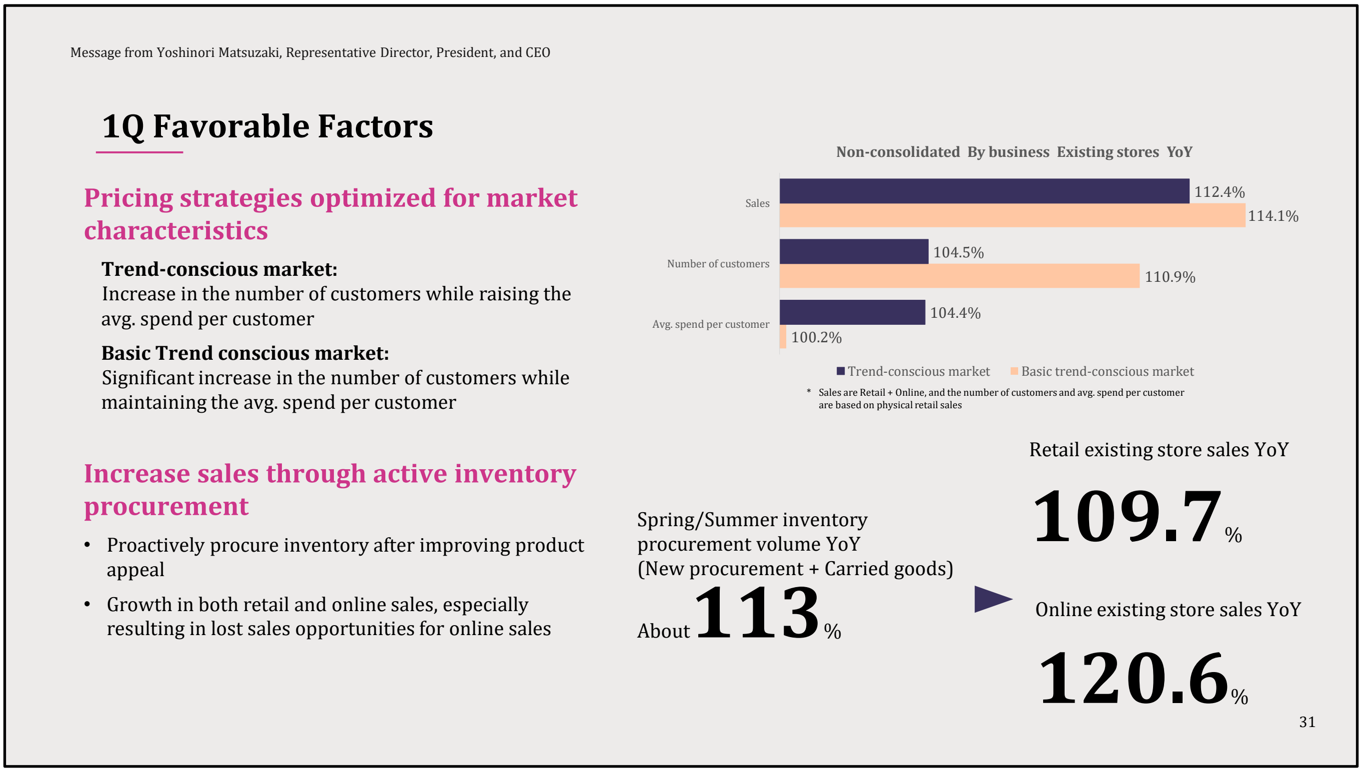
Finally, I would like to introduce some topics regarding other sustainability promotion activities. First, about the Sustainability Committee. Since April 2020, we have held a Sustainability Committee, chaired by the Representative Director. The Risk Management Committee also discusses sustainability risk management in particular. In the previous fiscal year, the Sustainability Committee met 10 times and the Sustainability Subcommittee of the Risk Management Committee met 3 times for various deliberations.

Next, I would like to introduce an external evaluation. The Company has been selected for inclusion in three of the six ESG indices for domestic stocks adopted by GPIF. As for the MSCI Japan ESG Select Leaders Index, although the Company had been included, it was discovered that it had been temporarily removed, possibly due to violating the market capitalization criteria. However, with the recent recovery in stock prices, it is highly likely that the Company will be included again.

Finally, in terms of support for the affected communities, we will talk about support for the Noto Peninsula earthquake. However, as this has already been explained in a previous briefing, I will not go into detail here.

This concludes our introduction to the results and efforts made in the previous fiscal year regarding the SARROWS goals. We would like to continue working to solve social issues, which will lead to the creation of business opportunities and increased corporate value. We would appreciate your continued support.

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



As explained earlier, the first quarter started very well.

For this spring and summer season, while the cost rate continued to worsen due to the weak yen, we increased sales by implementing pricing strategies suited to the characteristics of both the trend-conscious market and the basic trend-conscious market.
For the trend-conscious market, we have reviewed our plans to increase sales prices, based on the judgment that price increases accompanied by improvements in quality would be acceptable. As a result, we have increased both the avg. spend per customer and the number of customers, achieving double-digit growth in sales at existing stores.
On the other hand, in the basic trend-conscious market, we have decided not to raise sales prices since there are many people looking for reasonably priced products. Although the cost rate of goods sold deteriorated slightly from the previous year, an improvement in the ratio of original retail price and a large increase in the number of customers enabled us to achieve double-digit growth in sales at existing stores. For fall/winter products, we will continue to implement pricing strategies that are tailored to the characteristics of each market.

Next is inventory policy. Until the previous fiscal year, we placed emphasis on inventory efficiency in an effort to move away from reliance on markdown sales, and tended to restrict inventory procurement, which resulted in a certain degree of loss of sales opportunities. For the current fiscal year, we are proactively procuring inventory on the premise that we will improve product appeal and increase the hit rate. For this spring and summer, we have approximately 113% of the inventory we had last year. As a result, sales at both physical stores and online sales increased significantly, and in particular, online sales, for which there was a significant loss of opportunity in the previous year, grew by more than 20% in existing stores.
At the end of 1Q, inventories (inventory value) were controlled to around 107% of the same period of the previous year, and both regular sales and markdown sales were strong in July, and we believe that active inventory procurement was successful. In fall and winter, we plan to secure more than 110% of the previous year's inventory and aim for continued high sales growth.

1Q Favorable Factors

Recovery of GLR Women through product promotion "Conclusion" series

1Q GLR Women's
Retail + online existing store sales YoY **123.6%**

- As a conclusion to the idea of "clothes that won't disappoint," we have created three items that customers can purchase with confidence
- Promotional activities linked to the web, in-store and social media, with a TV commercial featuring MEGUMI at the core
- Utilizing mass media to increase brand awareness and acquire new customers. Approximately 7% of purchasers of these items are new UA Club members
- A similar campaign will be launched in the fall and winter, and we are considering applying the same success story to men's and children's products

From the left, knee-high flare pants ¥11,000, hidden cardigan ¥7,920, all-around blouse ¥8,910 (all prices include tax)

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Next is the recovery of GLR. GLR, which showed sluggish growth in the previous fiscal year, performed extremely well, partly due to the revision of the pricing strategy and inventory policy I explained earlier. In particular, sales of Women's products have grown significantly through the implementation of the "Conclusion (Ketsuron)" series of large-scale promotions.

While there are customers who want to show their individuality in fashion, there is a need for customers who want to make unmistakable choices in terms of quality, design and trends, and who want to buy clothes that will not fail to impress and will be considered fashionable by everyone. In GLR, we have persuasively presented the answer to the fashion trend for such customers using the campaign keyword "conclusion," and have created three items—pants, a cardigan, and a blouse—that are packed with many special features, such as beautiful-looking materials, silhouettes with a focus on patterns, versatility, and a wide range of colors. With the aim of reaching not only existing customers but also new ones, we hired actress MEGUMI, who is popular among women as someone who can give customers a push, and launched a large-scale promotion that combined TV commercials, social media, in-store displays, and more. As a result, GLR Women's sales at existing stores grew significantly, by 123.6% year-on-year. Approximately 7% of those who purchased the relevant products became new UA Club members through this promotion, which not only revitalizes existing customers but also leads to the development of new customers. A similar promotion is planned for fall and winter, and we would like to apply this success story to men's and children's clothing.

1Q Favorable Factors

Increase in UA Club member sales, penetration of OMO measures

Number of active members at end of 1Q
1.4 million
(YoY 105.5%)
* Members who purchased within one year

UA Club membership sales
¥17.9 billion
(YoY 120.2%)

UA Club membership sales composition ratio (Non-consolidated)
54.2%
(YoY change: 4.2 pts)

Membership retention rate
55.0%
(YoY change: 0.7 pts)
* Percentage of members who purchased for two consecutive years

Percentage of F2 and above members
49.8%
(YoY 1.0 pt)
* Percentage of members who purchased more than twice a year

Number of cross users
190,000
(YoY 114.3%)
* Members who use both physical stores and our online site

The system was partially revised on August 1, 2024, to change to a system that increases opportunities for use of physical stores and the company's own e-commerce site and improves lifetime value (LTV)

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Next is the increase in UA Club membership sales and the penetration of OMO measures. A year has passed since the transition to the UA Club, and various indicators have improved. The number of active members was 1.4 million, 105.5% of the same period last year, and sales from members reached ¥17.9 billion, 120.2% of the previous year, and the composition ratio of non-consolidated sales was 54.2%, up 4.2 percentage points. The percentage of members who make purchases for two consecutive years and the percentage of members who make purchases at least twice a year, which are KPIs for improving lifetime value, are also increasing. The number of cross-users who use both physical stores and our e-commerce site also reached 190,000, up 14.3% from the same period last year. As of August 1, 2024, we have partially revised the mileage system so that more miles can be used for shopping. We aim to increase the number of opportunities for use of our physical stores and our own e-commerce to further improve the lifetime value.

1Q Favorable Factors

Increase in inbound sales

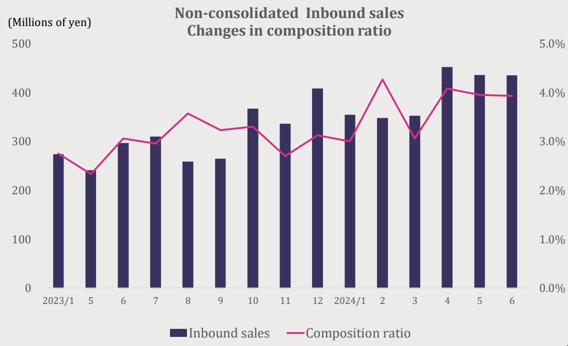
1Q Inbound Sales (Non-consolidated) **¥1.32 billion**

(YoY 163.3%)

Inbound Composition Ratio **4.0%**

(YoY change: 1.3 pts)

- Purchasing mainly from China, Taiwan, South Korea and the U.S.
- Aoyama, Shibuya, Roppongi, and Shinsaibashi areas have large sales
- In addition to UA and BY, there is also high demand for small, highly original brands such as H Beauty&youth, ASTRAET, and LOEFF
- The results of the analysis were reflected in the product lineup at stores with a high ratio of inbound tourists and in overseas expansion
- We are also working to attract customers from overseas



Finally, inbound sales growth. As shown in the graph on the slide, inbound sales have been growing steadily since the previous fiscal year, with non-consolidated inbound sales in the first quarter reaching ¥1.32 billion, 163.3% of the previous year, and the sales composition ratio reaching 4%, up 1.3 percentage points from the previous year. Inbound sales continued to grow in July, and this trend is expected to continue. By nationality, most customers are from China, Taiwan, South Korea, and the United States, and by area, store sales are high in Aoyama, Shibuya, Roppongi, and Shinsaibashi. In addition to our core UA and BY products, one of our features is that there is high demand for small, highly original brands such as H Beauty&Youth, ASTRAET, and LOEFF. This data will be used to improve product lineups in stores with a high proportion of inbound tourists and for overseas expansion. Many of our customers come back to us as repeat customers, and we are taking measures to attract more foreign visitors.

These favorable factors are not temporary, but will continue into the future. Although this is an ambitious sales plan, we will continue to deepen our efforts to achieve it.

感動 KANDOU
提供 TEIKYO

ENGAGEMENT WITH CUSTOMERS

providing excitement - connecting with customers widely and deeply

Three Key Strategies

UA CREATIVITY Strategy

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

UA MULTI Strategy

- Brand development for business expansion
- Global expansion

UA DIGITAL Strategy

- Promote OMO
- Optimize the supply chain

4 Reference Materials

Reference Materials

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	-

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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.

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.

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.

UNITED ARROWS LTD. Retail Store Opening and Closing

	1Q results				Full-year forecast		
	No. of stores at FY24/3 end	Opened	Closed	No. of stores at the 1Q-end	Opened	Closed	No. of stores at the period-end (Forecast)
UNITED ARROWS LTD. Total	**221**	**3**	**0**	**224**	**16**	**2**	**235**
Trend-conscious Market Total	**103**	**1**	**0**	**104**	**8**	**0**	**111**
UNITED ARROWS (General Merchandise Store)	14	1	0	15	2	0	16
UNITED ARROWS	25	0	0	25	0	0	25
BEAUTY&YOUTH	36	0	0	36	2	0	38
Other	28	0	0	28	4	0	32
Basic Trend-conscious Market Total	**91**	**2**	**0**	**93**	**7**	**1**	**97**
Green label relaxing	85	2	0	87	5	1	89
Other	6	0	0	6	1	0	7
Outlet	**27**	**0**	**0**	**27**	**1**	**1**	**27**