



**UNITED ARROWS LTD.**

Integrated Report 2024







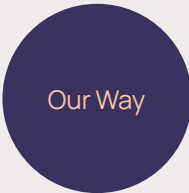
### Our Mission

**With sincerity and a sense of beauty, we continually create new tomorrows for our customers, setting the standard for lifestyle culture.**

Through service, products, and places charged with sincerity and a sense of beauty, we help each of our customers dress for the lives they lead today and for richer lives tomorrow.

We believe that engaging daily in this way can create a richer, brighter world.

By banding together, firm in this conviction, and speeding forward like an arrow, we will continue to set an indispensable standard for lifestyle culture.



# All for the Customer

Our way describes the fundamental stance that all employees who work at United Arrows should bear in mind in order to achieve our mission.

We work to help our customers, to benefit our customers, and to fulfill our customers' needs. Making our customers happy is the essence of the United Arrows Group, and this must remain our fundamental stance.

Helping, benefiting, and fulfilling the needs of customers sometimes takes longer, involves a greater number of hands, and costs more than expected.

This is why we pursue productivity, speed, and quality, looking beyond what is expected of us in our constant pursuit of customer service.

Everything we do must be for our customers. Only by providing proper service can we provide fair value for our customers' money.

Our customers' happiness leads to our happiness.

We are nothing without our customers.







## Creating Five Values

Value for Customers / Value for Employees /  
Value for Business Partners / Value for Society /  
Value for Shareholders

Five kinds of stakeholders sustain the United Arrows Group: customers, employees, business partners, society, and shareholders.

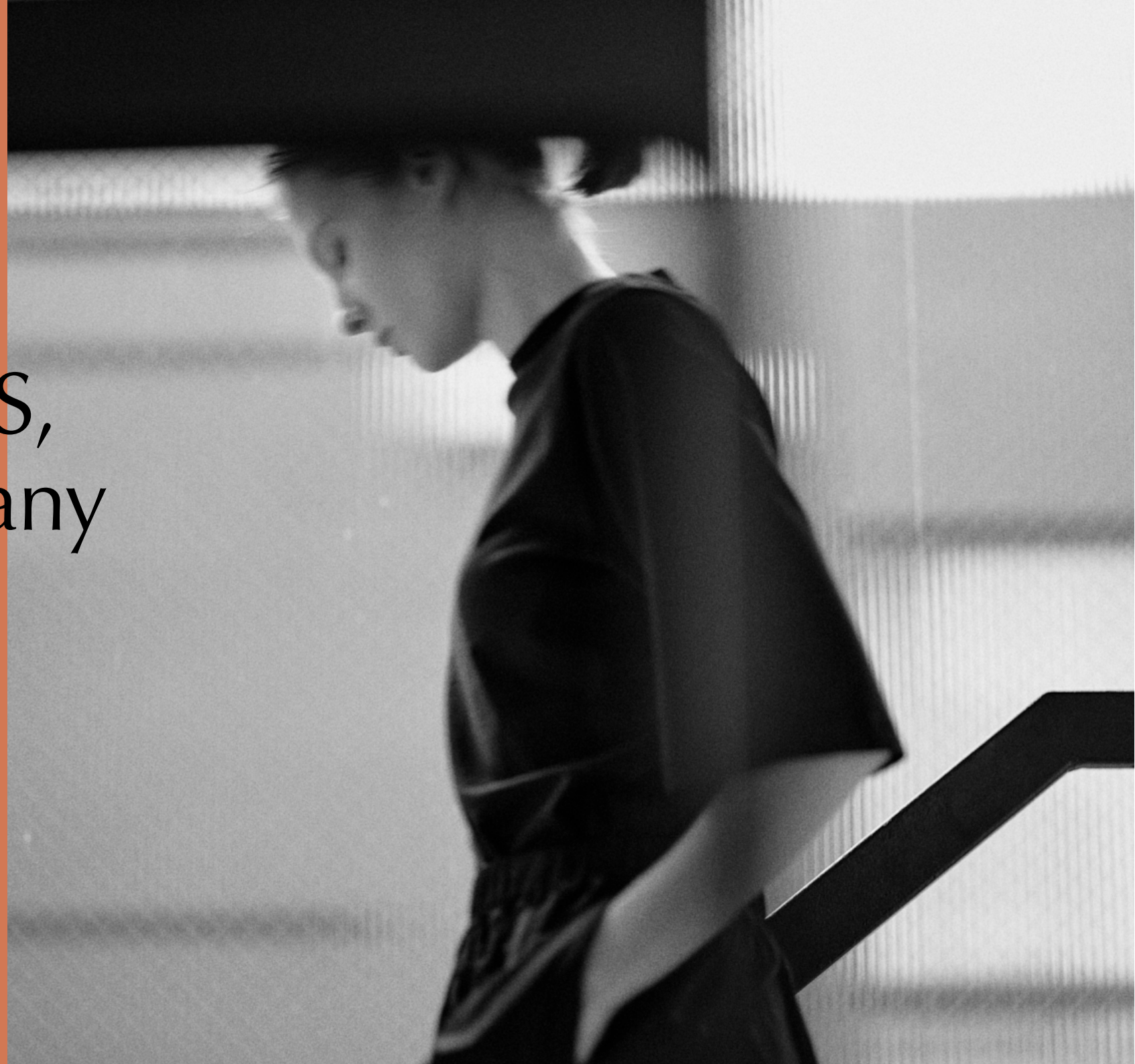
We are committed to realizing our mission by increasing value for each of these stakeholder groups, creating value for customers, value for employees, value for business partners, value for society, and value for shareholders.

The most important of these is creating value for our customers; only by creating value for our customers can we create value for our other four stakeholder groups.

In addition, we believe that balanced creation of the other four values also leads to improved value for our customers.

# UNITED ARROWS, a Beautiful Company

We will continue to pursue truth, goodness,  
and beauty in order to contribute to the realization of  
a sustainable society and become a high-value-added  
group that continues to be loved by customers.





# Contents



01 Introduction

- 02 Our Mission
- 03 Our Way
- 04 Our Commitment
- 05 Long-Term Vision 2032
- 06 Contents

07 Message from the President

12 Value Creation Story

- 13 History
- 14 Value Creation Process
- 15 Sources of Value Creation
- 18 Our Operating Markets

19 Strategy

- 20 Long-Term Vision 2032
- 21 Medium-Term Management Plan 2023–2025
- 22 UA CREATIVITY Strategy
- 24 UA MULTI Strategy
- 28 UA DIGITAL Strategy
- 30 Human Resources Strategy I  
Message from the CHRO
- 36 Financial Strategy I  
Message from the CFO
- 40 Financial and Non-Financial Highlights

41 Sustainability

- 42 Dialogue I  
UA's Sustainability Activities
- 45 SARROWS I UNITED ARROWS  
Sustainability Activities
- 46 Materiality
- 47 Circularity I Circular Fashion
- 50 Carbon Neutrality I  
Toward a Carbon-Neutral World
- 52 Humanity I  
Work and Live in a Healthy Way

55 Corporate Governance

- 56 Our Policy and Framework
- 57 Board of Directors
- 60 Corporate Governance Initiatives
- 64 Message from Outside Directors

66 Internal Control

- 68 Corporate Profile
- 69 Stock Information  
Editorial Policy



## Message from the President

With the pursuit of truth, goodness, and beauty,  
inspiring our actions, we will make  
**UNITED ARROWS** a “beautiful company”

Yoshinori Matsuzaki

Representative Director,  
President, and CEO

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President**
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



Message from the President

Long-term vision

Striving to “provide excitement” that inevitably inspires us all

In our Long-Term Vision 2032, we have presented making “UNITED ARROWS a beautiful company” as our slogan. The image that the word “beautiful” brings to mind may differ from person to person. What we have encapsulated in the word “beautiful” is a one-of-a-kind value, something that gives the sort of “excitement” that inevitably inspires us all when we see beautiful art or scenery, for example. “Providing excitement” is also part of our medium-term management plan, the last year for which is fiscal 2025. The plan explains clearly the corporate stance that what we provide to customers does not stop at products—it extends to the excitement we provide them through things, represented by products; people, meaning customer service; and places, which refer to stores.

In our mission, we have firmly maintained our commitment to society to create five distinctive types of value—for customers, employees, shareholders, business partners, and society. We work conscientiously to create and enhance value for the people in those five different positions, without disadvantaging any one of them. I believe always doing the right thing in that way will help us to be a beautiful company.

Review of fiscal 2023

Our gross sales margin improved, yielding increased revenue and profit

While net sales and operating profit fell short of our initial plan, ordinary income and net income attributable to owners of the parent company achieved the plan’s targets, leading to increased revenue and profit.

Just like in the previous fiscal year, we see the improved gross sales margin as a factor behind the rise in revenue and profit. Not only does selling things at fair prices without relying on sales items like before naturally buoy income, but it also leads to “doing business right,” and it will help us to be the “beautiful company” we aspire to.

In addition to developing new brands, we will accelerate our preparations to expand into new domains besides fashion. And in terms of employee engagement, steps such as enhancing education opportunities brought an improvement in various indices relating to engagement. Along with expanding into new brands and new domains, we will continue to work on strengthening the human capital that supports the UNITED ARROWS brand, as doing so is essential to achieving our medium-term management plan and our long-term vision.

Meanwhile, the biggest reason I would point to for not meeting the targets set in our plan is our inadequate response to temperature dynamics. I see this as nothing other than a failure on our part to fully grasp our customers’ needs. While functionality that is geared to specific temperatures and seasons is certainly important, the customer base of our company in particular has a strong sense of fashion, and they don’t buy clothes merely to guard against the cold or the heat. As a fashion company, we must avoid focusing excessively on functionality and hone in on how to provide things that people will want to wear for fashion purposes to express themselves.

The situation was similar for coen, which saw a decline in both revenue and profit, in that we failed to fully grasp customers’ needs. Moreover, since coen occupies a low cost range targeting a younger demographic, it was hit hard by rising costs, and we were unable to formulate adequate measures to counter that. Still, having changed our product lineup and improved its precision as part of the rebranding, we are seeing moves toward recovery beginning in the spring and summer of 2024. By continuing to improve our precision in adapting to market needs, we will stage a comeback.

Business strategy for fiscal 2024

Reverting to a business-based organization to drive aggressive management

After changing our organizational structure in fiscal 2022 from business-based to function-based, we shifted it back again to a business basis in fiscal 2024.



Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy

Message from the President

UNITED ARROWS had been organized on a business basis since its founding, but the COVID-19 pandemic made improving work efficiency a priority issue. That is because amid delays in not only product procurement but also hiring and store openings, our sales members were being called on to collaborate across businesses. The organizational change in fiscal 2022 is something we implemented as a temporary measure to increase work efficiency and maximize our company's resources and functions under those circumstances. As a result, we mastered the habit of giving ample consideration to not only what is best for the business but what is best overall, and a foundation was laid for improving synergy between businesses.

In light of these outcomes, now we have opted to revert to a business-based organization, which better matches our company's business characteristics, as the market differs for each business and each brand. The foremost advantage of a business-based organization is the ability to exercise agility in responding to the market. Moreover, the effect of the competitiveness between businesses and brands will serve as a driving force for our "aggressive management."

Utilizing the wisdom we gained by experiencing the function-based organizational framework once, we will focus on developing a management tier that can drive what is best for the business in light of what is best overall, and on transferring human resources across businesses. Human resource placement with an eye to putting the best person in the best place will not only improve employee engagement but also allow employees to inspire each other, thereby helping to bolster creativity. In conjunction with the CXOs' function-based management across businesses, we will balance and improve both work efficiency and agility.

UA CREATIVITY Strategy  
Advancing a store opening strategy along with  
a product lineup that aligns with the market

One of the three main strategies in the medium-term management plan, the UA CREATIVITY strategy, consists of three pillars: grow and expand existing

businesses, strengthen brand appeal, and re-grow coen.

In a bid for top-line growth, which will be central to growing and expanding existing businesses, we are implementing a value strategy and a store opening strategy. In the value strategy, it is important to do due diligence to ensure we strike a balance between price and value. We will make detailed decisions for each brand, depending on customer behavior, as to whether to raise prices or maintain them. This will help to further improve the full-price sales ratio. With the store opening strategy, after having relaxed the pace of store opening due to the COVID-19 pandemic, we will switch course to an expansion policy. And in order for customers to truly experience the customer service skills that are one of our company's strengths, we will expand to new areas that are consistent with each business's characteristics. In particular, we plan to open new stores centering on our core businesses such as green label relaxing and BEAUTY&YOUTH.

In terms of OMO (Online Merges with Offline), in order to leverage the strong customer service skills of our sales staff online and to provide an experience online that is similar to that in a store, we will further shore up our styling proposals. The correlation between styling proposals and EC sales expansion has already become clear, and having our sales staff allot time to online sales activities such as styling proposals when they are not busy with customer service in the store will also allow us to maximize human capital and, in turn, lead to increased employee motivation. We will combine these measures with our membership program (UA Club) to help develop lifelong customers.

As for strengthening brand appeal, we are placing a special emphasis on strengthening our ability to get through to the next generation. I think we need to overhaul our corporate brand image, as it's become a little too conservative. To do so, we will carry out a steady advertising strategy, using transit ads and various media types, that will allow us to impress upon customers a creative image of the company once again. At the same time, by rolling out new brands targeting the next generation, which is part of the UA MULTI strategy, we will make UNITED ARROWS' corporate brand image more multi-layered and multi-faceted.

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy



Message from the President

In the effort to regrow coen, we have already started working on changing the product lineup and improving its precision. Up until recently, coen primarily projected an American casual style, but customers' needs have shifted from casual clothing to a dressy line that's a little more versatile. I see our delayed response to that changing demand as the reason for the brand's woes, and after pressing forward with product lineup reform aimed at adjusting the style to better fit customers' needs, the results are gradually beginning to take shape. In particular, the new RONEL brand in our dressy line, which we rolled out starting in spring and summer 2024, is well-liked, and we are noticing a response.

A major feature of coen is that while other brands competing in coen's market are directed toward a quite limited customer base, coen's customer base is broad. As we continue changing to styles that align with customer needs, by way of the product lineup revision we implemented last fiscal year, as well as brushing up products geared toward existing customers, I would like us to promote our uniquely broad scope as a strength.

UA MULTI strategy  
Moving full-scale into new areas and new domains including non-apparel

Under the UA MULTI strategy, we will carry out “business development for business expansion” and “global expansion.” In our quest for business expansion, we will strengthen new apparel brand development and also venture into new domains, including both apparel-derived and non-apparel businesses. In January 2024, we launched UNITED ARROWS BEAUTY, a genderless cosmetics brand. Fashion and skincare are very closely related, and in recent years in particular, interest is growing among not only females but also males across a wide range of age groups. We perceive improving the look of one's skin or body as an act of “dressing up,” just like wearing clothes. As we engage in development for the next generation, for this brand and others, I believe a genderless perspective will become a major axis in the future.

With regard to non-apparel businesses, we are studying and reviewing

various domains as we gear up for our official start. While taking fresh stock of the know-how and specialized human resources our company possesses, we are preparing to compensate for areas where we fall short, including looking into steps such as M&As and capital alliances. Our mission states, “With sincerity and a sense of beauty, we continually create new tomorrows for our customers, setting the standard for lifestyle culture.” Not limiting ourselves to apparel but rather diversifying and expanding our business to new domains is a course that holds true to our original direction of creating the standard for lifestyle culture. I think increasing our non-apparel business domains is significant from the perspective of hedging against risks as well, as it will minimize the impact of temperature variability on management.

In terms of global expansion, we will be opening a directly operated store on the Chinese mainland around the spring of 2025, and we also opened a franchise store in Thailand in June of 2024. Going forward as well, if there are possibilities to expand into areas even other than Taiwan and China, we will consider doing so.

UA DIGITAL strategy  
Advancing digitalization to improve both the value of the customer experience and work efficiency

In the UA DIGITAL strategy, we are making efforts on two fronts: those aimed at increasing the value of the customer experience, which is essential to things like promoting OMO; and those aimed at enhancing work efficiency, such as optimizing the supply chain.

As for efforts relating to the customer experience value, in addition to improving the UA Club's functions and revamping the app for our own e-commerce site, we will improve the site's usability and convenience, which will help to further advance OMO.

The largest focal point relating to work efficiency is the overhaul of the core product management system. We are continuing to develop the system, with the aim of launching it within fiscal 2025. In addition to



Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Message from the President

digitalizing the product procurement process and reducing purchasing and import costs, the new system will optimize inventory distribution, curtail sales opportunity losses, and reduce distribution costs. I expect it to be a driving force behind improvements in work efficiency and revenue.

Improving corporate value  
Pursuing ever higher corporate value with an eye on share prices and equity costs

At the beginning of my remarks, I mentioned our commitment to society to create five distinctive types of value. It goes without saying that increasing our value to shareholders will continue to be a fundamental principle for UNITED ARROWS. In our management efforts, we must always be mindful of not only share prices but also how to effectively utilize the equity that shareholders entrust to us. I want all our shareholders to be sure to pay attention not just to our corporate value at the present time but also to the value that will be produced stretching into the future. For that reason as well, I believe that steadily executing our strategies and eliciting results will help us to earn people's trust, and we will take one step at a time on the path to growth and expansion.

In terms of achieving our long-term growth strategy and long-term vision, a particularly important theme is our efforts toward sustainability. As included in our commitment to society to create five distinctive types of value, we have engaged in multi-stakeholder management ever since our founding. By also setting and disclosing targets in each category, we will further improve our activities' effectiveness. Enthusiastically working on things like obtaining certification and increasing trust in our company will lead to management that is mindful of share prices and also help us to be a beautiful company, which is exactly the path we ought to take.

In terms of governance as well, while maintaining employee independence, I think it is important to conduct the right supervision and governance. Those of us in management should always straighten up and set an example, as well as creating an environment or culture where each

and every employee can be conscious of truth, goodness, and beauty and can exercise self-discipline as they work. That is what UNITED ARROWS' governance should look like, and I am confident that remaining committed to that will also help us to strengthen governance. Ultimately, people are what constitute the company's foundation.

One of my important roles is, rather than simply making the rules stricter, to create an environment where our employees can make independent, appropriate decisions and think and act freely, and where our sales members in particular can thrive. I will continue to attach the utmost importance to the workers on the ground, who are the wellspring from which we create value. I will strive to enhance the capabilities and motivation of our diverse employees to create a culture that is teeming with vitality, and I will leverage that to improve value for our shareholders and other stakeholders.

I myself am striving to increase opportunities for dialogue with outside directors and to incorporate wide-ranging knowledge that extends beyond the company and the industry as well as an outside, objective viewpoint. We must study things from a broader perspective in order to advance things like the community development strategy, which includes long-term M&As and global expansion. Through conversations with people in a variety of positions, I hope to clarify our direction and accelerate our expansion.

Our directors and employees alike will work together as a team to fulfill our medium-term management plan and realize our long-term vision. As a result, I encourage our shareholders and other stakeholders to look forward to a bright future for UNITED ARROWS.



Yoshinori Matsuzaki  
Representative Director, President, and CEO

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy





# Value Creation Story

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
  - 13 History
  - 14 Value Creation Process
  - 15 Sources of Value Creation
  - 18 Our Operating Markets
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

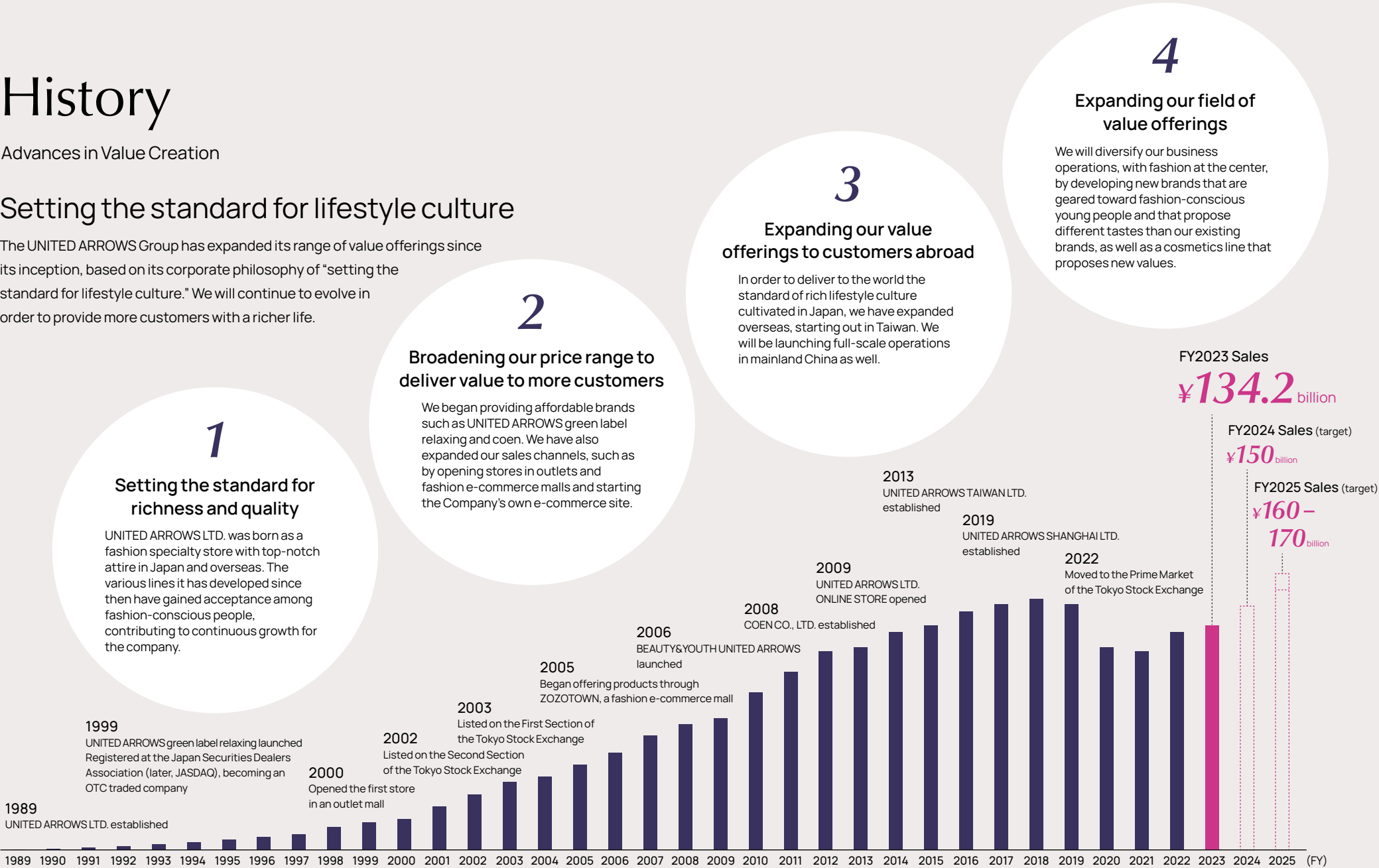


# History

Advances in Value Creation

## Setting the standard for lifestyle culture

The UNITED ARROWS Group has expanded its range of value offerings since its inception, based on its corporate philosophy of “setting the standard for lifestyle culture.” We will continue to evolve in order to provide more customers with a richer life.



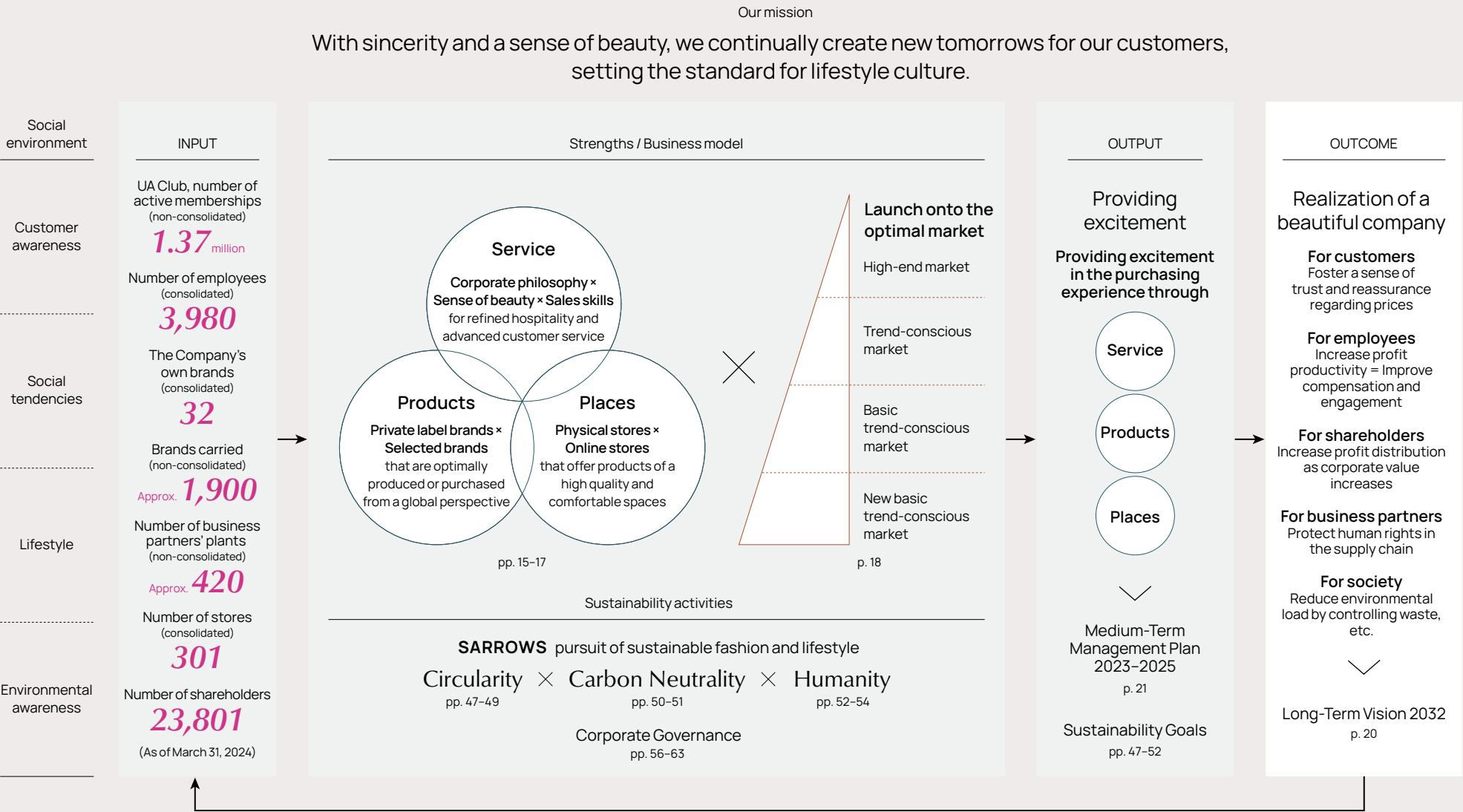
Note 1) The Company's accounts were presented on a consolidated basis beginning in FY2005. Note 2) From the beginning of FY2021, the "Accounting Standard for Revenue Recognition" has been applied.

# Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
  - 13 History
  - 14 Value Creation Process
  - 15 Sources of Value Creation
  - 18 Our Operating Markets
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



# Value Creation Process



## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
  - 13 History
  - 14 Value Creation Process
  - 15 Sources of Value Creation
  - 18 Our Operating Markets
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

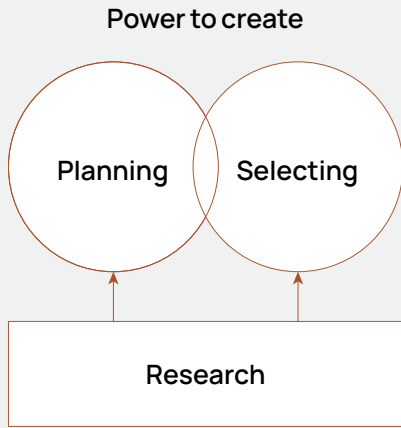
# Sources of Value Creation

The sources of the Company's value creation are "power to create," which builds the personality of each brand, and "power to communicate" through three refined elements: service, products, and places.

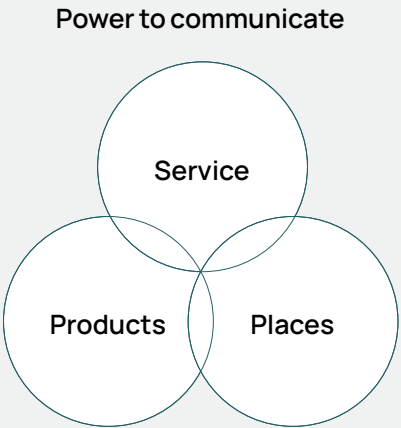
By continuing to pursue these powers, we are helping customers to live richer lives.

Our way

All for the customer



The Company has established a creative system for each brand in the product department, which plans and selects products. The director of each brand takes in the information provided by the research department (social tendencies, trends, artistic and cultural development, customer needs, etc.) and sets a direction, based on which the merchandisers (MDs) and buyers plan and procure products.



Service = Responsive customer service  
Products = Carefully made and selected products that incorporate a broad global perspective  
Places = Facilities, spaces, and environments that are genuinely comfortable and pleasant  
Through these three elements, we provide excitement for customers.

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
  - 13 History
  - 14 Value Creation Process
  - 15 Sources of Value Creation
  - 18 Our Operating Markets
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



Research

Making creative use of social tendencies and customer feedback

The Company's creative activities are supported by thorough research, incorporating social tendencies, trends, and artistic and cultural development. The key to research is not just to collect data, but to make use of the customer opinions gleaned through communications at physical stores to drive improvement in creative activities. With this approach, we create products that combine the latest trends with real needs.

Planning

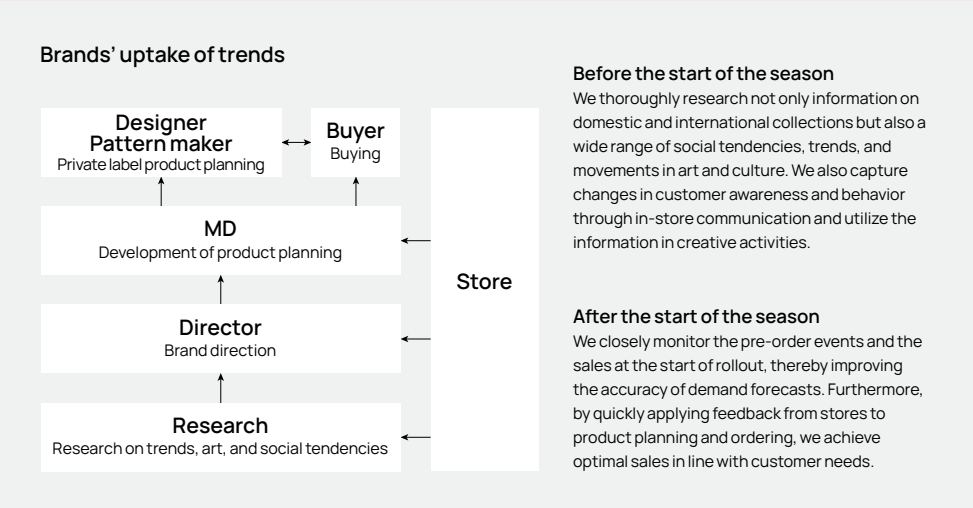
High-quality product planning that reflects the latest trends

Our buyers quickly share their on-the-spot information with MDs so that they can stay on top of the latest trends and market tendencies and utilize this information in creative activities. We also have an in-house atelier where we can create high-precision samples. We use the high-precision samples to instruct manufacturing plants about production plans, which leads to higher quality products. In addition, we regularly hold quality control (QC) meetings with major manufacturing plants to further improve quality.

Selecting

Finding and delivering high-quality products with a genuine sense of beauty

Over the years, the Company has accumulated excellent selection skills and a wealth of product knowledge as a pioneer in Japanese-style select shops. Our sense of beauty in selecting products is highly valued and has helped us earn trust from the business partners from whom we buy products. These insights and partnerships have borne fruit in terms of the breadth of products handled and advantages in collaboration.



Contents

01

Introduction

06

Contents

07

Message from the President

12

Value Creation Story

13

History

14

Value Creation Process

15

Sources of Value Creation

18

Our Operating Markets

19

Strategy

41

Sustainability

55

Corporate Governance

66

Internal Control

68

Corporate Profile

69

Stock Information

Service

Responsive customer service grounded in refined hospitality

We want to provide an exciting experience for our customers through interpersonal contact. For this purpose, we will disseminate our philosophies and develop human resources that can offer genuinely high-quality customer service. To achieve that, we have set up a variety of training programs and a system for assessment and promotion. We are leveraging the human resource capabilities cultivated in this way both online and offline, such as by having store salespeople provide styling proposals on the Company's own e-commerce site.

- Number of sales staff **2,548** (non-consolidated)
- Number of sales masters **106** (non-consolidated)
- Number of DX sales masters **18** (non-consolidated)
- Number of customer service contest winners **19** (non-consolidated)



Products

Carefully made and selected products that incorporate a broad global perspective

What UNITED ARROWS emphasizes in offering products to customers is whether the products satisfy the five key criteria: namely, that customers can purchase (1) the products they want, (2) when they want, (3) where they want, (4) in the quantities they want, and (5) at the prices they want. By carefully producing original products and selecting products that, based on experience and data, satisfy the five key criteria, we will contribute to a richer life for customers.

- Number of business partners' plants **Approx. 420** (non-consolidated)
- Number of the Company's own brands **32** (consolidated)
- Number of brands carried **Approx. 1,900** (non-consolidated)
- Number of year-round items **Approx. 44,000** (non-consolidated)



Places

Spaces and environments that are genuinely comfortable and pleasant

We place great importance on facilities, spaces, and environments, including not only physical stores but also e-commerce and other customer touchpoints, that are genuinely comfortable and pleasant. To ensure these places are suitable to provide customers with exciting experiences through high-quality products and customer service, we pay attention to every detail when designing both our stores and our e-commerce sites, so that we portray the vision of the brand while also allowing customers to choose and consider products in a relaxed way.

- Number of physical stores **301** (consolidated)
- Number of purchasing customers at physical stores **6 million** (non-consolidated)
- Sales on the Company's own EC site **¥ 11.68 billion** (non-consolidated)
- Number of app downloads **2.64 million** (non-consolidated)



(As of March 31, 2024)

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
  - 13 History
  - 14 Value Creation Process
  - 15 Sources of Value Creation
  - 18 Our Operating Markets
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



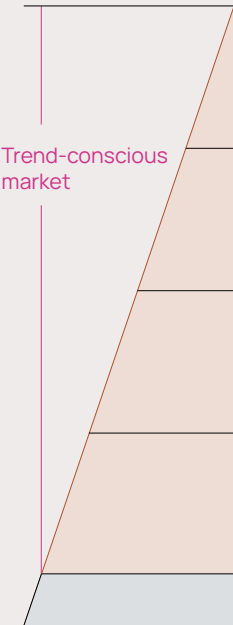
# Our Operating Markets

The UNITED ARROWS Group classifies the apparel market into two broad categories: the trend-conscious market, which is for consumers who are highly sensitive to fashion trends, and the volume market, which mainly consists of relatively low-priced daily clothing. The Group targets the trend-conscious market and operates its business in the form of select shops.

A select shop is a retail store that carries products selected from around the world by buyers based on the brand concept. In Japan, select shops that offer both select products and private label brand products are widely available, and our company is one of those.

Our customer base is made up of consumers who have a strong interest in fashion and want to enrich their lives through it. Our operating activities are driven by an awareness of this customer segment.

\*1 UNITED ARROWS General Merchandise Stores offer both UNITED ARROWS and BEAUTY&YOUTH UNITED ARROWS products in the same store.  
\*2 Others in trend-conscious market: DRAWER, Odette e Odile, STEVEN ALAN, ROKU, BLAMINK, H BEAUTY&YOUTH, ASTRAET, California General Store  
\*3 Others in basic trend-conscious market: CITEN

Markets		Operating company	Core business and subsidiaries	Number of stores	
	High-end	UNITED ARROWS LTD.	UNITED ARROWS General Merchandise Store*1	14	
	Trend-conscious		UNITED ARROWS	25	
			BEAUTY&YOUTH UNITED ARROWS	36	
			Others*2	28	
	Basic trend-conscious	UNITED ARROWS LTD.	UNITED ARROWS green label relaxing	85	
	New basic trend-conscious	COEN CO., LTD. (Subsidiary company)	coen	Others*3	6
					71
Volume market					
Outlet	UNITED ARROWS LTD.	UNITED ARROWS LTD. OUTLET		27	
Overseas	UNITED ARROWS TAIWAN LTD. (Subsidiary company)	UNITED ARROWS General Merchandise Store*1	3		
		UNITED ARROWS green label relaxing	1		
		coen	4		
		UNITED ARROWS LTD. OUTLET	1		
Group Total				301	
UNITED ARROWS LTD.				221	
COEN CO., LTD.				71	
UNITED ARROWS TAIWAN LTD.				9	

(As of March 31, 2024)

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
13	History
14	Value Creation Process
15	Sources of Value Creation
18	Our Operating Markets
19	Strategy
41	Sustainability
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

# 2

# Strategy

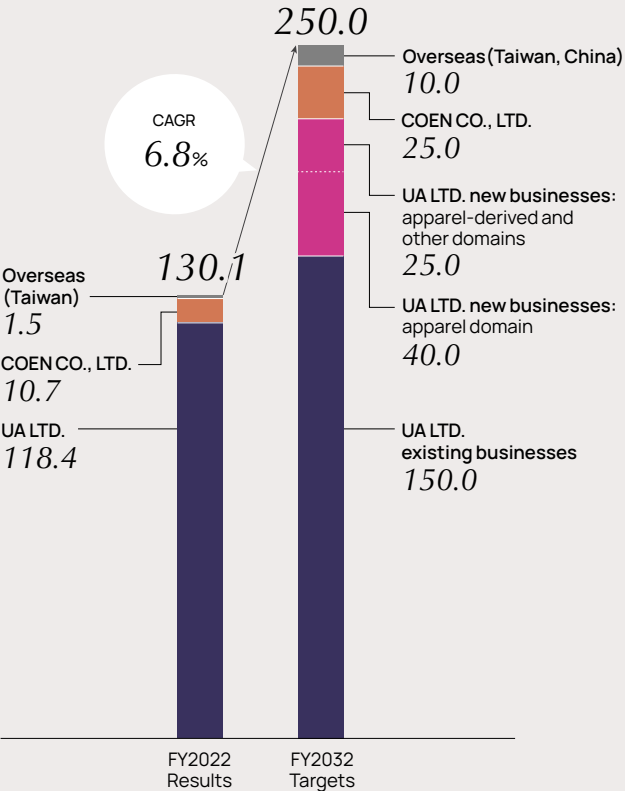
## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy | Message from the CHRO
  - 36 Financial Strategy | Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



# Long-Term Vision 2032

Long-Term Financial Targets  
Sales (billions of yen)



## UNITED ARROWS, a Beautiful Company

We will continue to pursue truth, goodness, and beauty in order to contribute to the realization of a sustainable society and become a high-value-added group that continues to be loved by customers.

What we aspire to be when we achieve the long-term vision	A group that offers high-value-added lifestyles with high sensitivity We wish to be indispensable to living a life with high sensitivity in Japan
Values to be held toward the long-term vision	Departure from an orientation toward sales expansion on the premise of mass production and mass consumption, and switching to an orientation toward broadening the customer base and expanding the scope of value provision We aspire to be a high-value-added group with high sensitivity that can propose standards for lifestyle culture by expanding our business and broadening our customer base
Approach to sustainability in the long-term vision	<p>“Creating the maximum corporate value with limited resources” = Procuring appropriate amounts of products properly and selling them without waste</p> <ul style="list-style-type: none"><li>• For customers: Foster a sense of trust and reassurance in prices</li><li>• For employees: Increase profit productivity = Improve compensation and engagement</li><li>• For shareholders: Increase profit distribution as the corporate value increases</li><li>• For business partners: Protect human rights in the supply chain</li><li>• For society: Reduce environmental load by controlling disposal, etc.</li></ul> <p>In addition, the use of environmentally conscious materials, switching to renewable energy, and recycling of waste will be promoted to achieve sustainability goals</p>

### Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
20	Long-Term Vision
21	Medium-Term Management Plan
22	UA CREATIVITY Strategy
24	UA MULTI Strategy
28	UA DIGITAL Strategy
30	Human Resources Strategy I Message from the CHRO
36	Financial Strategy I Message from the CFO
40	Financial and Non-Financial Highlights
41	Sustainability
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

# Medium-Term Management Plan 2023–2025

Under the slogan of “Providing excitement: connecting with customers widely and deeply,” while deepening relationships with the existing customers centered on the OMO initiatives, we will expand our business and customer base through new business development.

The slogan of the Medium-Term Management Plan

提供

KANDOU

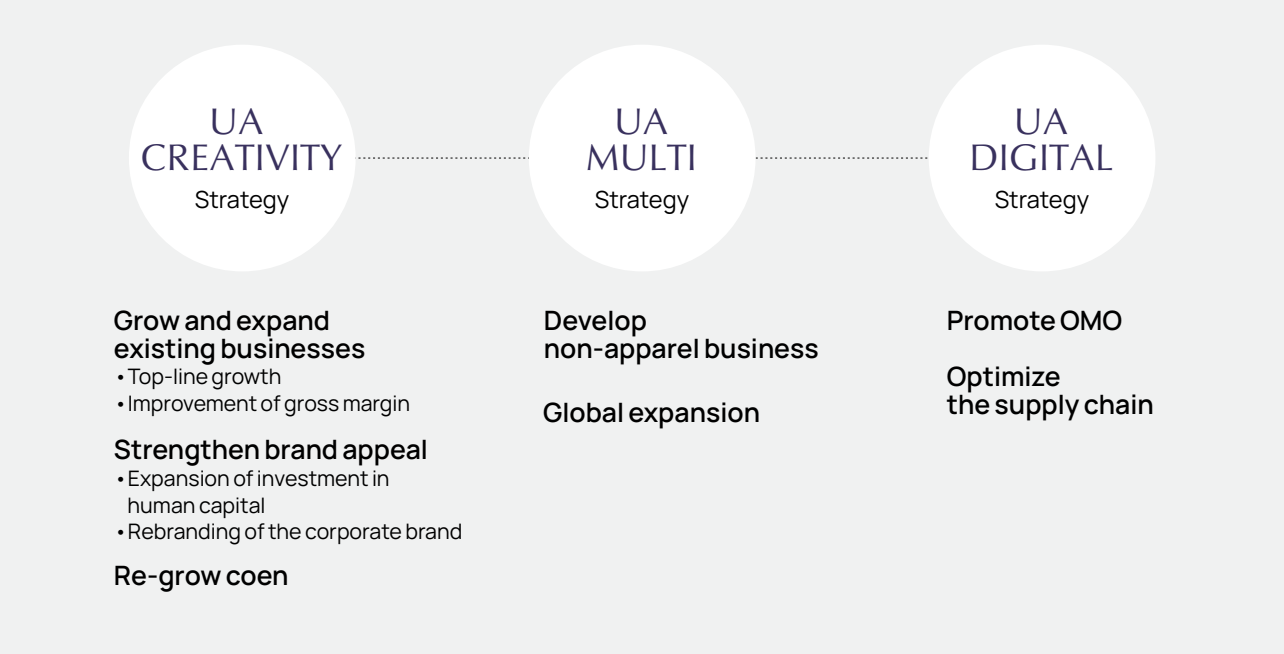
感動

TEIKYO

ENGAGEMENT WITH CUSTOMERS

providing excitement - connecting with customers widely and deeply

## Three Key Strategies



Financial Targets (consolidated)	FY2023 (Results)	FY2024 (Targets)	FY2025 (Targets)
Sales	¥134.2 billion	¥150 billion	¥160–170 billion
Operating income	¥6.7 billion	¥7.3 billion	¥9–10 billion
Operating income margin	5.0%	4.9%	5.6–5.9%
ROE	14.2%	—	13.8–15.4%

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
20	Long-Term Vision
21	Medium-Term Management Plan
22	UA CREATIVITY Strategy
24	UA MULTI Strategy
28	UA DIGITAL Strategy
30	Human Resources Strategy   Message from the CHRO
36	Financial Strategy   Message from the CFO
40	Financial and Non-Financial Highlights
41	Sustainability
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy





Progress in FY2023

Digital transformation of sales activities

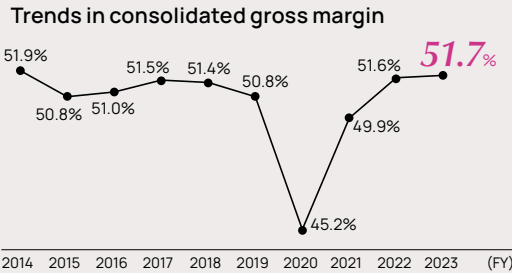
- People making styling proposals **Approx. 1,000**
- Number of styling proposals **Approx. 110,000**
- Sales through the Company's e-commerce site from proposals (including outlet sales through the Company's e-commerce site) **¥9.52 billion**

Growth of CITEN

- Expanded to **9 physical stores** (including three limited-time stores) + online sales
- Grew to **¥1.2 billion** in two and a half years after the business started

Improvement of gross margin

- FY2023 consolidated gross margin of **51.7%** (+0.1 pt YoY), reviving to **its highest level in the past 10 years**



Main initiatives in FY2024

Grow and expand existing businesses

Resume full-scale opening of new stores

Our existing businesses opened 19 stores, and new businesses opened 5 stores, for a total of 24. We plan to have 321 stores by the end of FY2024 (up 20 over the end of the last fiscal year), thereby expanding our points of contact with customers.

Improve gross margin

With the weak yen trend continuing, after ascertaining the balance between price and value, we are taking measures such as setting prices appropriately according to the exchange rate, strengthening our full-price sales, and curbing the markdown ratio at the time of sale in an effort to improve the gross margin. In fiscal 2024 we are striving for a 0.8pt increase YoY, representing a 52.5% margin. Moving forward, we will engage in initiatives geared toward strategic price-setting, including mental approaches, in pursuit of continuous improvement.

Revive green label relaxing

After strengthening our product development and marketing capabilities, we will enhance our appeal through TV commercials, SNS, and store displays, among other efforts, and strive to expand sales by opening new stores and growing existing stores.

Re-grow coen

Fiscal 2023 ended with a drop in revenue and profit, but we are seeing some response from the product lineup revision and the remodeling of physical stores, and in fiscal 2024 we are resuming the opening of new stores and entering a phase of regrowth. To capture a new customer demographic, beginning in the spring of 2024 we rolled out RONEL, a dressy brand for those with casual tastes, and we have begun introducing it in our online store and in some physical stores.



Ad visual for green label relaxing



RONEL by coen

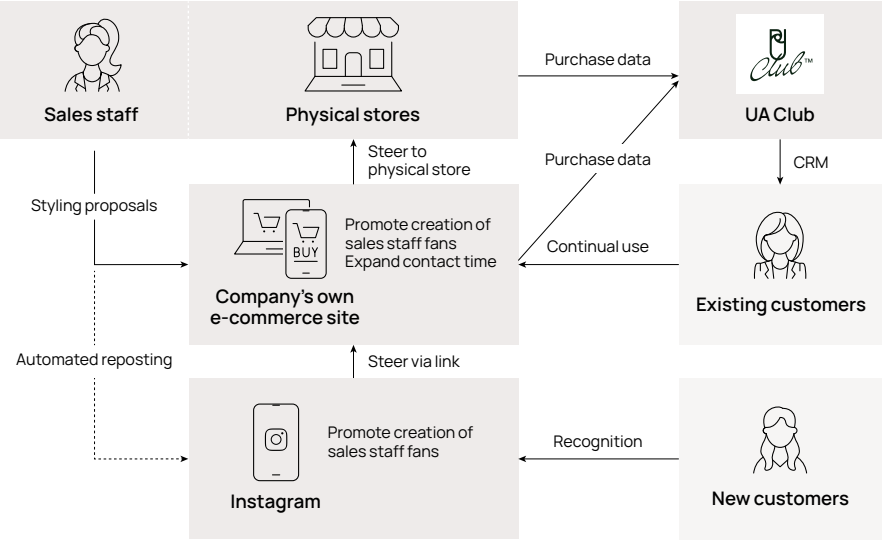
Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
- 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy | Message from the CHRO
  - 36 Financial Strategy | Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

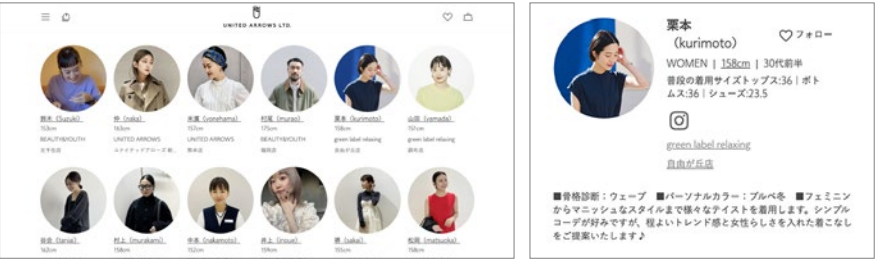
Expand the digital transformation of sales activities

The Company has a sales staff of more than 2,000 people. Through their daily interaction with customers, the sales staff come to know customers' needs, and they strive to provide excitement with styling proposals that meet and exceed customers' expectations. In the digital transformation of our sales activities, our aim is to digitalize the capabilities found in our physical stores for customer service, sales, and styling proposals, and utilize that beyond the staff's respective stores through the Company's own e-commerce site to appeal to customers around the country.

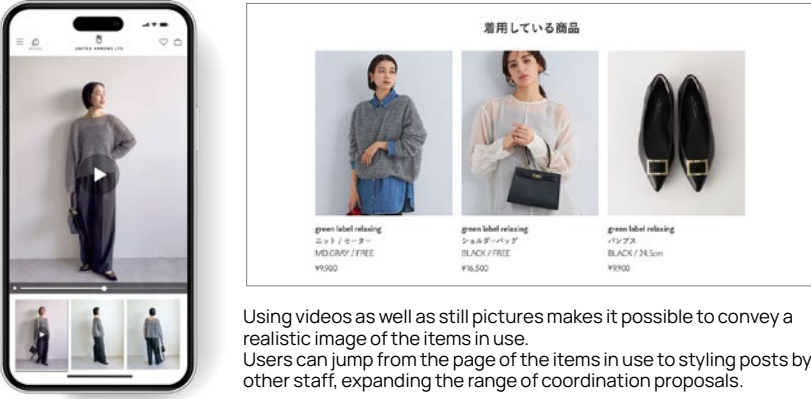
We have 18 certified DX sales masters (as of June 2024), who demonstrate outstanding performance in sales-related DX activities. We will incorporate their skills and know-how into our policies and, while expanding the positive examples of sales DX activities, link them to improving sales at physical stores and in online sales. Through the digital transformation of sales activities, we will promote the creation of sales staff fans, expand the opportunities for contact with the Company as well as the contact time, and steer people to physical stores and the Company's own EC site. Customers' purchase data will be stored in the "UA Club" member program, and we will promote customer conversion through personalized CRM activities.



In fiscal 2023, we focused on increasing the number of proposals submitted, resulting in approximately 110,000 styles posted. Sales on the Company's own e-commerce site through the posts reached ¥9.5 billion. In fiscal 2024, we will further increase the number of proposals submitted and offer support from the system side to ensure the thorough presentation of a wide variety of products. We will refurbish the system to enable automated posting to Instagram of the styling images posted on the Company's own e-commerce site, thereby enhancing our appeal to new customers.



Customers can search by height, age, and store, for example, for staff that fits their own body type and tastes.



Using videos as well as still pictures makes it possible to convey a realistic image of the items in use. Users can jump from the page of the items in use to styling posts by other staff, expanding the range of coordination proposals.

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
- 22 UA CREATIVITY Strategy
- 24 UA MULTI Strategy
- 28 UA DIGITAL Strategy
- 30 Human Resources Strategy I
  - Message from the CHRO
- 36 Financial Strategy I
  - Message from the CFO
- 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy





Progress in FY2023

Business development for business expansion

- Began sales of UNITED ARROWS BEAUTY
- Studying multiple businesses besides ATTISESSION and conte in preparation for developing new businesses



conte, launched in August 2024  
With a prominent outside brand director at the helm, the brand targets adult women

Global expansion

- Opened pop-up stores in mainland China  
Shanghai May–July 2023  
Beijing September–November 2023
- Marketing a product composition that is suited to the Chinese market

Main initiatives in FY2024

Develop businesses for business expansion

In addition to ATTISESSION, which targets women in the MZ generation, and conte, a mode taste brand targeting women mostly in their 40s, we are planning to launch one more new brand during fiscal 2024. In the lifestyle field, we have launched a non-apparel specialty department, and we have started implementing measures aimed at the foreign affluent demographic. With a view to expansion and possibly even M&A, we are eagerly studying a wide variety of proposals.

Expand globally

For our store openings in mainland China in spring 2025, we are planning the rollout and expansion in an agency format. In keeping with our local marketing there, we are planning a product composition that centers on high-end casual apparel such as UNITED ARROWS & SONS and H BEAUTY&YOUTH. In addition, we opened a franchise store in June 2024 in Thailand and started placing products at the Lumine Singapore shopping complex in late August, and we will also be exploring opportunities in areas other than the Taiwan and Chinese regions.



UNITED ARROWS EMSPHERE (Bangkok, Thailand)

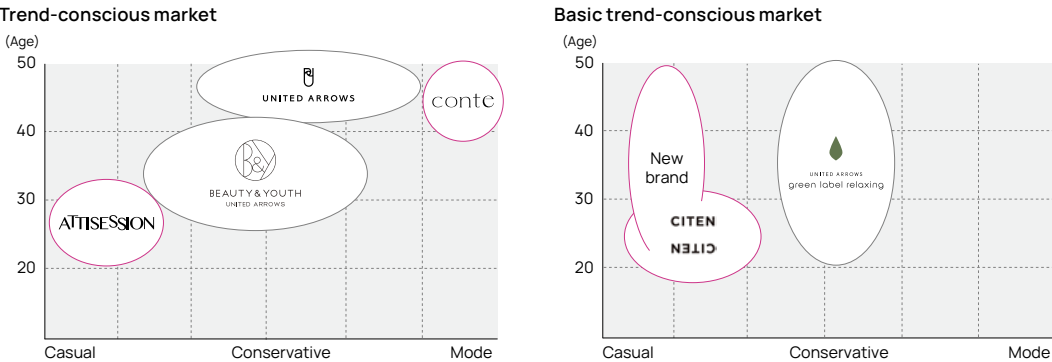
Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy I  
Message from the CHRO
  - 36 Financial Strategy I  
Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Rollout and direction of new businesses

The goal of our new businesses is to solve the issue surrounding the age and fashion taste axes, which is one challenge our Company faces in achieving our long-term vision. We are aiming to expand our current age and taste axes and acquire customers in different fields than the existing major brands in each market. We are starting brands under the current medium-term management plan, and we will expand and grow them over the long term.

We are envisioning a scope of ¥3–5 billion and ¥10 billion, respectively, for each of the new brands. Along with developing these brands, with the new brands and businesses we will develop in the future, we are aiming in the long term for sales along the lines of ¥40 billion in our new apparel-related businesses.



	CITEN	ATTISESSION	conte	New brand
Start time	2021 Autumn	2024 Spring	2024 Autumn	2025 Spring
Market	Basic trend-conscious market	Trend-conscious market	Trend-conscious market	Basic trend-conscious market
Goal	Expand age axis (Men & women from mid-20s to early 30s)	Expand age axis (Women from 20s to early 30s)	Expand taste axis (Mode within the trend-conscious market)	Expand taste axis (Casual within the basic trend-conscious market)
Envisioned scale	¥5 billion	¥3 billion	¥5 billion	¥10 billion

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

20 Long-Term Vision

21 Medium-Term Management Plan

22 UA CREATIVITY Strategy

24 UA MULTI Strategy

28 UA DIGITAL Strategy

30 Human Resources Strategy I  
Message from the CHRO

36 Financial Strategy I  
Message from the CFO

40 Financial and Non-Financial Highlights

41 Sustainability

55 Corporate Governance

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy

# ATTISESSION

## Launched a new women’s brand, ATTISESSION, to expand our next-generation customer base

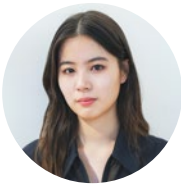
In the spring of 2024, we launched a new brand called ATTISESSION aimed at reaching the next generation customer base. Based on the concept of a wardrobe for modern women, who value attractiveness and an independent spirit, we will offer style proposals for the millennial and Z generations (hereafter referred to as MZ) centered around the following four elements: “Basic,” “Classic,” “Romantic,” and “Counter-attitude (underground).”

As the director, we hired Nanaka Yotsuya, who is in her 20s and has worked as a store sales staff member while also being involved in product planning. And we have organized MD and PR projects, among others, primarily for next-generation members within the Company. We will promote initiatives aimed at expanding business operations and acquiring new customers by expanding our tastes and age range as well as striving to foster an entrepreneurial spirit among our young employees.

[Product information](#) ➔ [Instagram](#) ➔

### Main product composition and price range

- Cut-and-sew ¥7,000 – ¥18,000
- Shirts ¥12,000 – ¥25,000
- Bottoms ¥13,000 – ¥24,000
- Jackets ¥22,000 – ¥39,000
- Outerwear ¥25,000 – ¥70,000



Nanaka Yotsuya

ATTISESSION  
Director

### Director’s comments Clothes that look nice but don’t require extra effort, for the highly sensitive MZ generation

ATTISESSION’s main target is the highly sensitive MZ generation, who are particular about their own personal style. They adeptly incorporate trending brands, are masters of the layered style, and are just as comfortable in heels as in sneakers depending on the style or situation. A key characteristic of this demographic is that even though they focus their information gathering and shopping online, they also attach importance to the offline experience. For example, when they have decided on a product, they buy it competently online using benefits such as points, but they also enjoy going to physical stores for encounters and experiences that they cannot get online.

In light of these purchase patterns, we will focus on shaping a community through collaboration events with brand creators who are active on the front lines of the MZ generation. And we will not only strengthen our ability to communicate to the MZ generation using digital means, but also share the “experience value” that is available offline through pop-ups and such.

In a free approach distinctive of a project that is mostly for members in their 20s, we will propose clothes that look nice but don’t require extra effort. While this generation is our main target, we would like to have clothes aficionados over a wide range of ages wear our products, and we would like to make clothes that will be loved for years to come.

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
20	Long-Term Vision
21	Medium-Term Management Plan
22	UA CREATIVITY Strategy
24	UA MULTI Strategy
28	UA DIGITAL Strategy
30	Human Resources Strategy I Message from the CHRO
36	Financial Strategy I Message from the CFO
40	Financial and Non-Financial Highlights
41	Sustainability
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy



We’ve rolled out the UNITED ARROWS BEAUTY cosmetic brand, based on the concept of “refining both your skin and your style”

Inspired by the idea that fashion for the next generation starts with getting one’s skin and body in shape even before getting dressed, in January 2024 we launched the UNITED ARROWS BEAUTY cosmetic brand, which is based on the concept of “refining both your skin and your style.”

After thinking long and hard about what is needed for customers to be truly satisfied, we landed on “creating your best self, to look good in any outfit.” When one’s skin and body are in good condition, fashion and life become more fun. The fashion concept we want to propose now is “looking stylish even before getting dressed.”

We set our main target demographic as men and women in their 20s. We are offering our “best quality” items, primarily skincare and hair care for unisex use, at our “best price,” geared toward daily use. This serves as an opportunity for the millennial generation to learn about UNITED ARROWS apparel, with the goal of expanding recognition of UNITED ARROWS. We will strengthen PR using SNS and video content and measures using influencers, in addition to selling the products in some of the Company’s stores and on the Company’s own e-commerce site, as well as on external e-commerce sites such as amazon, Rakuten Ichiba, and ZOZOTOWN. By doing so, we aim to penetrate the younger demographic that usually has fewer contact points with the Company.

Our initiatives in beauty, a domain that has a high affinity with fashion, will serve as the first step in expanding our business outside of apparel. We plan to add items and expand our categories over time.

[Product information](#) → [Instagram](#) →

Lineup

- Lasting BB Cream ¥2,530
- Rich Serum 10C ¥2,860
- Deep Clear Face Wash Powder ¥1,980
- Color Shampoo Purple ¥2,420
- Color Treatment Purple ¥2,420
- Hair Oil ¥2,750



Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

20 Long-Term Vision

21 Medium-Term Management Plan

22 UA CREATIVITY Strategy

24 UAMULTI Strategy

28 UADIGITAL Strategy

30 Human Resources Strategy | Message from the CHRO

36 Financial Strategy | Message from the CFO

40 Financial and Non-Financial Highlights

41 Sustainability

55 Corporate Governance

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy



Progress in FY2023

Promotion of OMO

- Started new member system, UA Club, in August 2023
- Active members: **1.37 million** (104.8% YoY)
- Member sales: **107.2%** YoY
- Ratio of member sales: **53.8%** (1.8 pt YoY)
- Ratio of F2 or higher members (customers making two or more purchases in the year) **49.2%** (0.6 pt YoY)
- Selected as a DX certified operator



Optimization of the supply chain

- Finished defining the development requirements for UA 3.0 (the new core product management system) and entered the development phase
- Reorganization of distribution centers
- Began operations at the Joso Center, which joins Nagareyama and Kashiwanoha to make three sites
- Improved efficiency by operating three sites with different functions

Main initiatives in FY2024

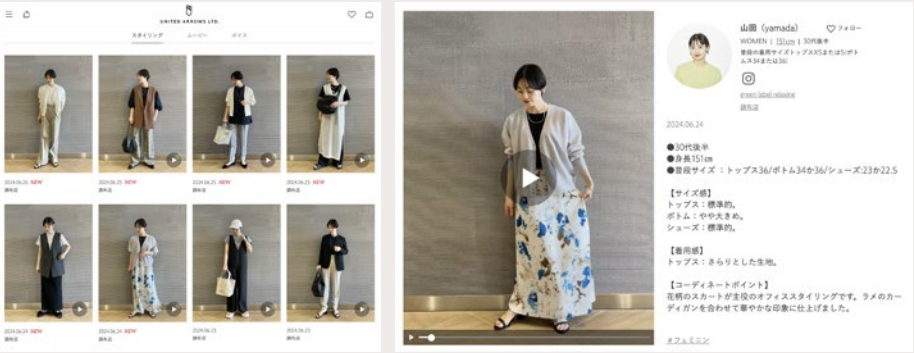
Promote OMO

Improve UA Club functions, upgrade UA online app

We are improving the functions of the UA Club, which started in fiscal 2023, tweaking it to make it a more user-friendly mechanism. We are also upgrading the app for the Company's own e-commerce site, and by improving the user interface and operational speed, we aim to improve the purchase ratio.

Improve functions of the Company's own e-commerce site

We update various functions on the Company's own e-commerce site whenever the need arises. We are expanding sales by improving a variety of functions and services, such as posting styling videos, which have a higher conversion rate than still images; improving the user interface through AB testing; and starting quick deliveries and a service where customers can reserve something online and then pay for it at a store.



We strengthened our styling posts using persuasive videos, which help users better imagine how the items look and feel when worn

Optimize the supply chain

Development is under way on UA 3.0, our core product management system, with a launch targeted during fiscal 2025, the last year of our medium-term management plan. In addition to various types of data on the main garment factories that UNITED ARROWS does business with, we will visualize data such as order information from the product department, shipping status from the factory, and scheduled date of delivery to the distribution warehouse. This will facilitate efficient inventory procurement and a reduction in procurement costs. Moreover, we will improve the precision of inventory allotment to each store and to e-commerce sites, thereby curtailing the loss of sales opportunities and curbing distribution costs.

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
    - 30 Human Resources Strategy | Message from the CHRO
    - 36 Financial Strategy | Message from the CFO
    - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



## UA Club’s 1<sup>st</sup>-year results and future development

### Active members, member sales, and the F2 or higher member ratio all increased

In August 2023, we launched the UA Club, a new membership program. While it underwent an update during the year, as of the end of fiscal 2023, the number of active members had increased by 4.8% YoY to 1.37 million, and member sales also rose by 7.2%. The return of previously dormant members was particularly noticeable, with the return rate in the six months following the revision growing substantially, by approximately 150% YoY. The ratio of F2 or higher members (members making two or more purchases in the year)—which is an index that measures lifetime value (LV)—rose by 0.6 points from last fiscal year, reaching 49.2%.

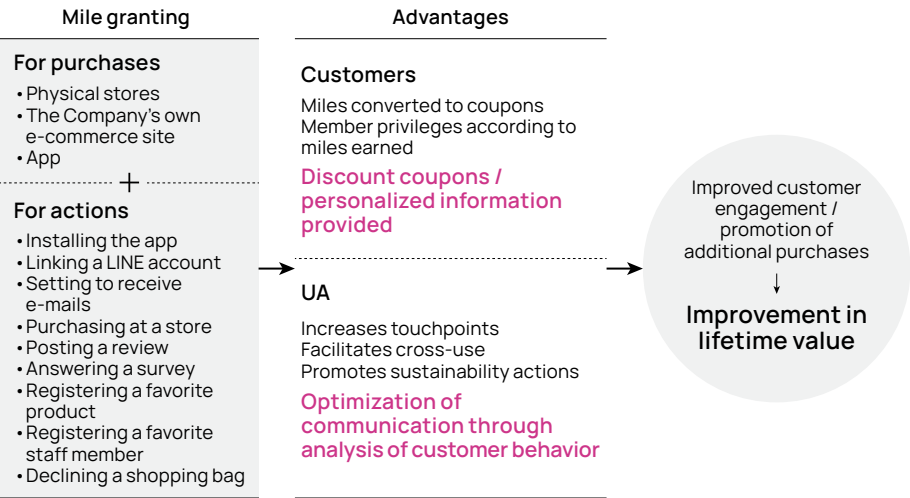
### Strengthened our personalized communication using behavior analysis

One of the UA Club’s features is that members receive miles not only for product purchases but also for actions such as posting reviews or registering their favorite items. Due in part to the effects of this policy, the number of favorite registrations and reviews posted increased tremendously after the update. Promoting these actions will contribute to improving customer engagement as well as helping us to acquire information about customers’ purchasing behavior. We are analyzing the information obtained and using it to send personalized communications, such as follow-up e-mails after someone joins the UA Club or makes a purchase, introductions to newly arrived products and styling recommendations in line with their app browsing history, and newly arrived styling proposals from their favorite staff members.

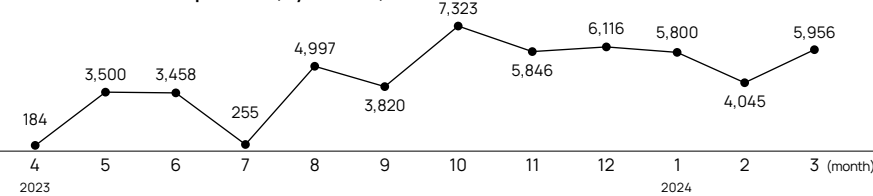
We will continue to strengthen the link with store staff and work to promote UA Club membership, as well as to increase the cross-use ratio of physical stores and online sales. And by building long-term relationships of trust with our customers, we will help improve their lifetime value.

#### Features of the UA Club (Main changes from the previous membership program)

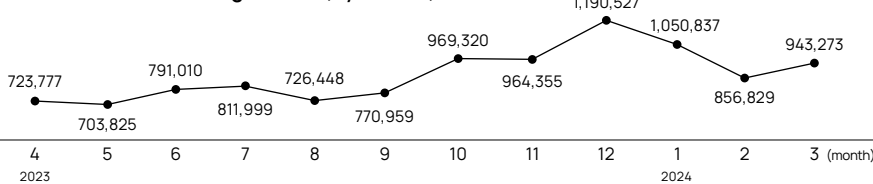
- ① Upgraded to include all UA companies → Promotes using the Company
- ② Conversion to coupons according to miles obtained (conversion rate increases with more miles earned) → Improves LTV
- ③ Mechanism that earns miles for other actions besides product purchases → Promotes OMO and strengthens data collection



Number of reviews posted (by month)



Number of favorites registered (by month)



## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
    - 30 Human Resources Strategy | Message from the CHRO
    - 36 Financial Strategy | Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



# Human Resources Strategy

Message from the CHRO



Realizing human capital management that will contribute to the growth strategies in the medium-term management plan

Mariko Yamasaki

Executive Officer, CHRO, General Manager of Human Resources Division

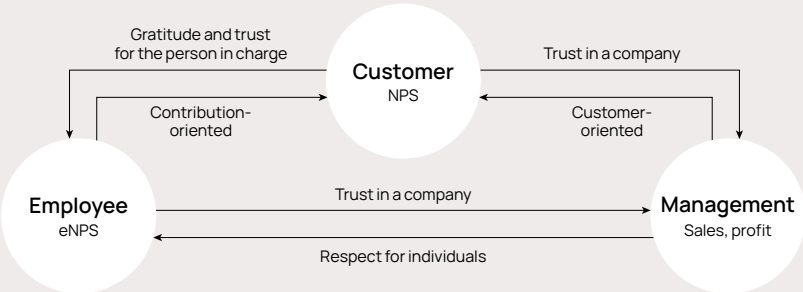
## Investing with an emphasis on human resource strategy as a means of strengthening brand appeal

In the medium-term management plan, for which fiscal 2025 is the final fiscal year, we have decided to emphasize our human resource strategy and invest more proactively in human capital as a means of strengthening brand appeal. As a measure for realizing a fundamental overhaul of our profit structure, this differs sharply from the previous medium-term management plan, which had positioned downward rigidity of personnel expenses and per capita efficiency as issues to address.

Employee engagement is said to reappear in the form of customer loyalty and corporate results. Actually, during the COVID-19 pandemic, we experienced a vicious cycle in which the eNPS, one of the indicators relating to employees' engagement, declined by 15.5 points, our attrition rate worsened by 5 points, and we also posted a deficit in our results. In order to convert that to a virtuous cycle, we reached a decision to dedicate our energy and investment to personnel measures such as education, sharing our management strategy, and enhancing opportunities for dialogue, all of which the survey had revealed to have a high correlation to employee engagement.

As a result of implementing these personnel measures, our eNPS improved by 16.4 points, we lowered our attrition rate from 15% to 10%, and we recovered to pre-pandemic conditions. This further reinforced my recognition that employee engagement is the starting point for a virtuous cycle and the root of human capital management. Moving forward, we will continue to collect quantitative data through the engagement surveys and other studies that we regularly conduct, along with qualitative data, as well. We will analyze the data and enhance our personnel measures to

Cycle of employee engagement, customer loyalty, and performance



Source: beBit, Inc. "What drives eNPS?—16 industry eNPS survey results" (released in 2017)

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy I
    - Message from the CHRO
  - 36 Financial Strategy I
    - Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Human Resources Strategy | Message from the CHRO

fit the actual situation, and we will leverage these measures to realize human capital management.

The results of the fiscal 2023 survey showed a strong interest in openness of communication (psychological safety). An environment and culture where employees are able to express a differing opinion without fear, or to ask for help without hesitation when confronting a difficult situation, is essential to achieving the current medium-term management plan, which touts high-level growth strategies. For example, we plan to enhance our educational curriculum by incorporating discussions with constructive confrontation, as well as content that lets participants experience reconciliation and unity after such discussions are over. We will also carry out awareness-raising activities that facilitate easier utilization of counseling services for issues such as health, career, and harassment, and we hope to leverage these measures to promote innovation.

Diversifying employment status and focusing on providing growth opportunities in order to secure the necessary personnel

Because the Company’s growth strategies for both our existing businesses and new businesses are based on expanding the number of directly managed physical stores, securing the personnel necessary for operations is a crucial issue. However, at present, the workforce is shrinking, and there is rapidly accelerating bipolarization between companies that are inundated with job seekers and those that are not, which means securing the necessary personnel not an easy feat. Thus far, our organizational management has consisted primarily of full-time employees, but we intend to be receptive to more diverse work perspectives and flexible work styles going forward. We will strengthen our hiring activities and stress part-time hiring premised on fewer working days or shorter working hours, rather than insisting on only full-time employees. By increasing full-time employees’ compensation and improving their engagement, we will seek an inflow of human resources from other industries while also preventing an outflow of talented human resources.

Fulfilling our personnel needs is an important theme not just this fiscal year but for the medium and long term. It will be increasingly important for myself and others in management to fulfill our accountability to existing personnel by ensuring that they recognize that job rotations and responsibility for educating and training new hires are opportunities for their own growth, so that they can engage in these activities enthusiastically. Our receptiveness to a variety of work styles and values through the diversification of employment statuses will encourage us to change ourselves, thereby paving the way to a genuinely diverse organization that adapts to society and

continues to evolve. From this perspective as well, we intend to deepen the dialogue between employees and management.

As “creative tradespeople” who work together to realize our philosophy

As our Company’s human resources policy, we define our ideal human resources, who have minds for customer satisfaction (CS), business, and creativity; who can keep the PDCA cycle going on their own; and who are oriented toward realizing our philosophy, as “creative tradespeople.” It is important for us to not merely agree on this human resource profile and policy as a concept but rather to translate it into action. We are demonstrating the “creative tradespeople” profile in a wide variety of scenarios in everyday work, such as evaluations, decision-making, and instruction, and we are encouraging employees to reflect on their own actions and to act on their own initiative.

When drafting strategies and making decisions, I too make it a point to check them against the management philosophy and our way to see if there is any discrepancy, and to constantly ask myself and verify whether I can explain them proudly to customers and employees, or whether they impair value for some stakeholders even if they create value for other stakeholders. In addition to the Company’s management philosophy, I have taken to heart the words of one of the basic principles of the SDGs, “Leave no one behind,” and I want to be there for employees who are working while dealing with a variety of situations such as child-rearing, nursing care, illness, and disability, and to be someone with whom they can consult so that they do not give up working.



Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

20 Long-Term Vision

21 Medium-Term Management Plan

22 UA CREATIVITY Strategy

24 UA MULTI Strategy

28 UA DIGITAL Strategy

30 Human Resources Strategy | Message from the CHRO

36 Financial Strategy | Message from the CFO

40 Financial and Non-Financial Highlights

41 Sustainability

55 Corporate Governance

66 Internal Control

68 Corporate Profile

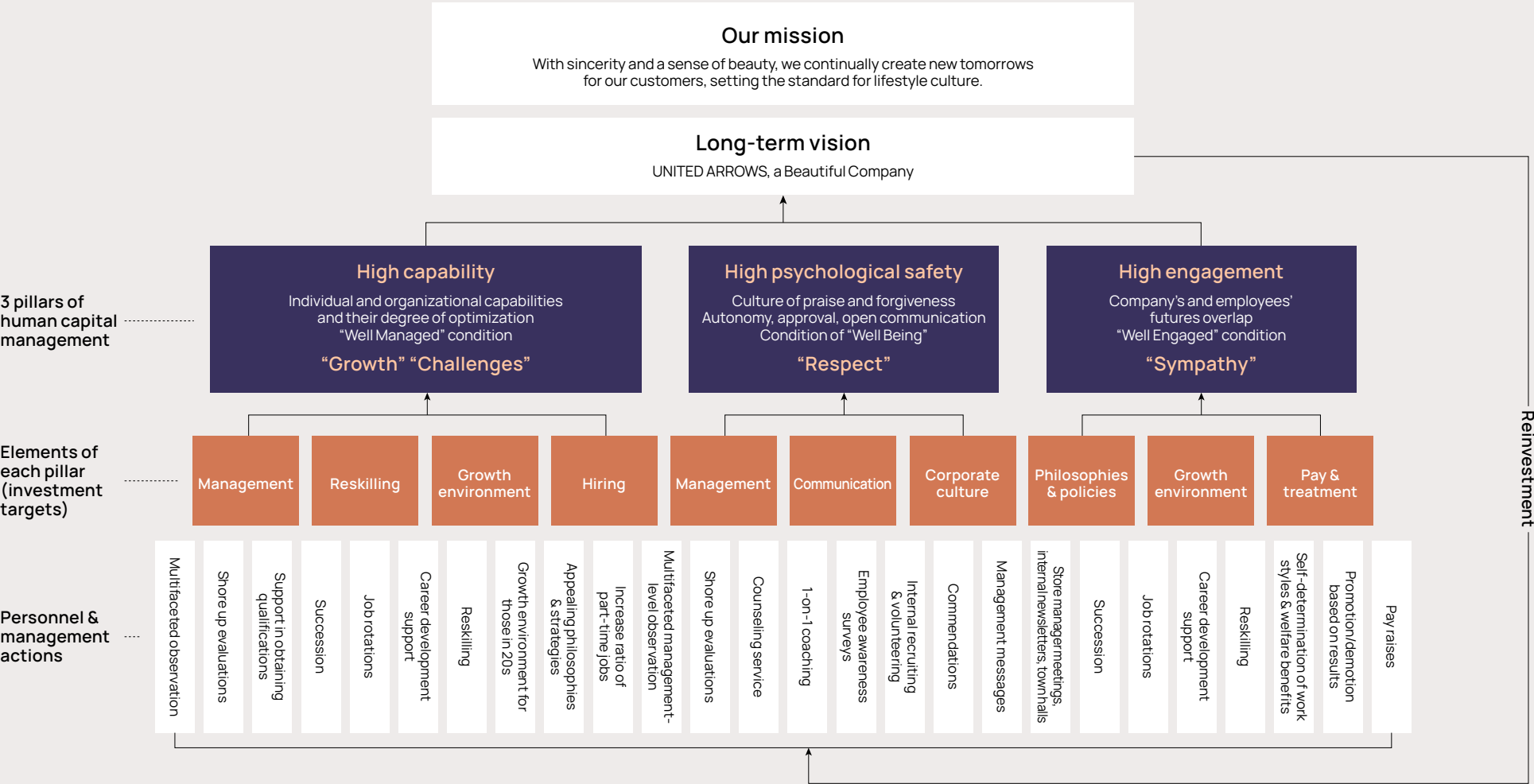
69 Stock Information

Editorial Policy

Human Resources Strategy

The UNITED ARROWS human resource management model

We are making efforts to maximize the capabilities and value of each individual human resource and to leverage them to improve our medium- and long-term corporate value.



Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy I  
Message from the CHRO
  - 36 Financial Strategy I  
Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



Human Resources Strategy

Improving employee engagement

Views on engagement

To measure our employees’ engagement, since 2018 the Company has implemented the Employee Net Promoter Score (eNPS) survey\*1. In the 2023 survey, we earned -42.0, a relatively good score compared to the wholesale and retail industry average of around -65.0\*2. The survey not only gauges employees’ degree of satisfaction in relation to every question but emphasizes the correlation with engagement. We know from the results thus far that the items with a high correlation to employee engagement change over time and according to the workplace environment.

Based on the eNPS survey’s results, we draft our personnel strategy for the following year. With a focus on items that have a high correlation with engagement, we enrich our measures and investments. By reflecting our findings in our strategy in a flexible and timely manner, we strive to develop optimal measures even in a time of intense environmental change, thereby helping to improve our employee engagement.

Moreover, we have established “positive response rate in the employee awareness survey” as one of the KPIs in the Company’s SARROWS sustainability activities, and we are striving to improve engagement from both a medium- and long-term perspective.

\*1 employee Net Promoter Score: A survey that asks employees, “To what extent would you recommend your workplace to a close acquaintance or friend?” and quantifies the degree of workplace recommendation.  
\*2 Source: beBit, Inc. “What drives eNPS?—16 industry eNPS survey results” (released in 2017)

Humanity KPI →

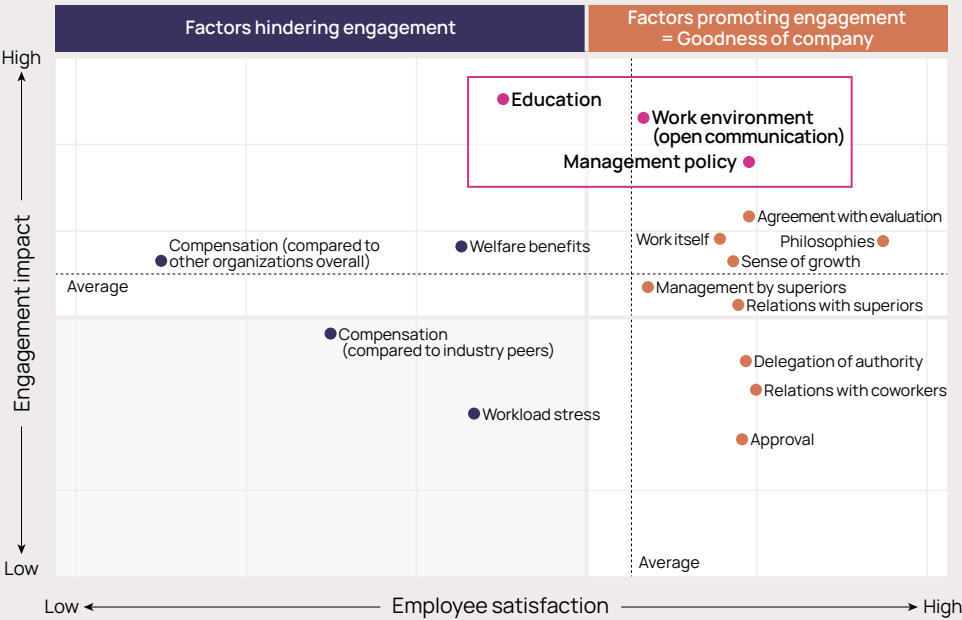
2023 Survey results and analysis

The survey has employees evaluate six motivational factors and nine hygiene factors, among others, each on a five-step scale. It measures the positivity of the responses and also measures each item’s correlation coefficient with engagement. In the 2023 results, our positive response rate in the employee awareness survey, which we have set as a KPI for SARROWS, was 74.5%, up 4.5 points over the previous year. We also improved on “satisfaction with educational opportunities” and “sympathy with the company policy,” which we found in the previous year’s survey to have a high correlation with engagement.

We believe these results reflect the impact of our personnel measures, such as training focused on reskilling, expanded career counseling, and setting up more opportunities for direct dialogue with top management. We will continue focusing on these items in 2024 as factors that are highly correlated with engagement.

Meanwhile, items relating to “work environment (openness of communication)” came up as an important factor for engagement. We will pay attention to this factor in 2024 and increase such personnel and management-related actions as pursuing genuine psychological safety that contributes to growth, fostering a culture of praise, and conducting management-level training that incorporates coaching.

Survey items’ correlation with engagement (FY2023 eNPS survey results)



Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
- 30 Human Resources Strategy I Message from the CHRO
- 36 Financial Strategy I Message from the CFO
- 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Human Resources Strategy

Development of capabilities

Providing educational programs for skill improvement

In fiscal 2023, with self-driven career support as an axis, we enhanced our programs related to reskilling, along with the age group-specific career training we were already doing. We also expanded our support for learning opportunities from external organizations, such as taking business school classes or obtaining qualifications.

Regarding our reskilling programs in particular, by recruiting trainees on a voluntary basis, we provide growth opportunities to personnel who have a desire to go beyond their current level and occupation. We then encourage these trainees' participation in projects, for example, and otherwise support them in acquiring a wide range of skills. Additionally, we are starting initiatives that will lead to providing not only educational opportunities but also work duty-related opportunities, such as utilizing the information obtained through implementing these training programs for things like succession planning and job appointments.

Main training conducted in FY2023

- Support for taking business school classes: 195 people
- Marketing-related courses: 4 times, total of 252 people
- Marketing e-learning: 30 people
- Coaching seminar (section chief or above): 80 people
- Harassment seminar (store manager or above): 386 people
- Psychological safety seminar (store manager or above): 73 people



Training scene

Promoting and supporting self-driven career development

In order for employees to have a clear idea of what career path they want to pursue and to acquire the skills necessary for it, we introduced a career self-checkup system that combines career training and career counseling interviews. The Company's own employees who have obtained national qualifications are hired as counselors. Since the counselors deeply understand the front-line services and operations, those seeking counseling can receive appropriate and personalized advice. As of April 2024, there are three career counselors in the personnel department, and they accept requests for counseling as needed. We have set things up so that

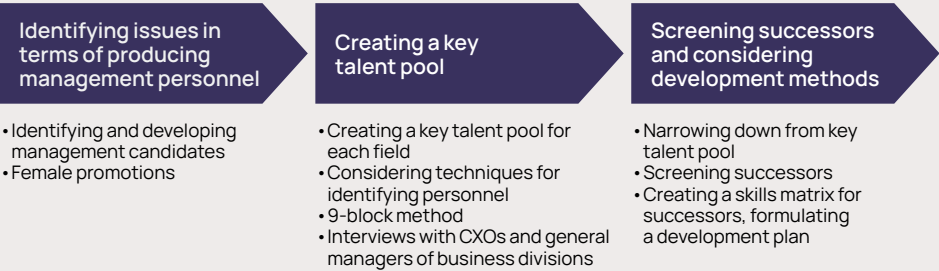
by utilizing an online system, anyone can obtain a career counseling opportunity in an equitable manner, regardless of their work location or working hours.

Human resource appointments and succession planning

Amid rapidly changing market trends, based on our management strategy and top management member's intentions, we are reconsidering key management positions from a medium- and long-term perspective and also working to develop management personnel. Each CXO must have expertise in their area and lead that area's strategy. At the same time, it is also important to produce top business management that goes beyond specific functions. In order to discover and develop these human resources for future management positions, in fiscal 2023 we identified positions that we expect to be necessary in the long term and created a talent pool from among our current employees.

Due to the nature of our Company's business, our younger human resources in particular tend to include a large number of people involved in sales duties. If their experience during their career development overemphasizes sales, when they become a candidate for management, they will likely be biased in their experience. As a result, it is important for us to intentionally engage in next-generation training and early selection. We will thus continue working to strengthen our succession planning.

FY2023 initiatives for succession plan



Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy I  
Message from the CHRO
  - 36 Financial Strategy I  
Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Human Resources Strategy



Nozomi Naka

UNITED ARROWS SHINJUKU  
And OMO Division Digital marketing department, Digital promotion section  
DX sales master platinum  
"STAFF OF THE YEAR 2023" grand prize winner

Joined the company in 2003. After working in several different stores, since 2019 she has worked at UNITED ARROWS SHINJUKU. In 2020 she began posting styling proposals in the online store, and now she consistently attains top class follower numbers and page views. She won the grand prize for "STAFF OF THE YEAR 2023." In October 2023, she was certified as a DX sales master. Along with her sales duties at the store, she is responsible for developing junior staff members and sharing her skills.



[Naka styling page →](#)

Combining actual comments at stores with objective data to craft proposals that move customer’s hearts

Leveraging the advantages of online and offline channels when devising sales strategies

At physical stores, where one-on-one customer service is the essence, we give top priority to coming alongside each individual customer's needs and feelings, so that through clothing selection, we can make their trip or date, or whatever the customer is excited about, more fun and solve their concerns together. Meanwhile, a major advantage of online styling proposals is that they allow us to recommend products more strategically. Online, we address customers' interests that differ from real time by, for example, proposing formal outfits for ceremony season, or introducing seasonal products with anticipation. Also, it is important to be mindful of creating looks that will serve as references for outfits and ways of dressing, and that will also arouse interest.

Digitalization makes it possible to perform detailed analysis of customers' tendencies in the form of data, and their tendencies in the online store can also be utilized for sales and product selection at physical stores. For example, while down products are normally shipped to stores in early August, it has been around September when they were put out in stores. But upon analyzing online data, we learned that browsing and purchasing for such products increases beginning in early August. This kind of data is only available because online stores are not bound by seasonal displays or sales floor dimensions and can therefore offer a wider array of products. Even in physical stores, in addition to our conventional product lineup, we will incorporate latent customer needs that we have learned about online to contribute to more effective sales and appealing store layouts. I think that being able to make a proposal confidently based not just on the sales staff’s sense but on objective data is another advantage of introducing digitalization.

Connecting with customers even when not at the store

By posting styling proposals in the online store, I can now have customers making purchases even when I'm not at the store. Because I am currently working short hours and have now been positioned at the headquarters as well, as a DX sales master, I am away from the store for longer periods of time. But through online sales, I can really feel that I am contributing to the company, so that helps to keep my motivation high.

The reason I can continue being in the store as a sales staff member even now is due to the idea that our DX activities exist precisely because we have physical stores. Listening to customers' actual comments at the store is the most important thing for me. I want to take the non-quantifiable information I can get by guiding and speaking directly with someone and combine that with objective data obtained through DX to propose various sorts of value to customers.



Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy I  
Message from the CHRO
  - 36 Financial Strategy I  
Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



# Financial Strategy

Message from the CFO



Proactively disclosing our financial plans, including growth investments to expand existing businesses and develop new businesses

Takeo Nakazawa

Director, Executive Managing Officer, CFO

## View regarding financial strategy

Before I lay out my basic view regarding financial matters in accordance with the “Response to realize management with an awareness of capital costs and stock prices,” which the Tokyo Stock Exchange has requested us to disclose, I will first present my perception of the current situation and issues underlying it.

ROE is an important indicator that measures the company’s soundness and profitability. While our ROE exceeded shareholder equity costs, which the Company calculates at 14.2% for fiscal 2023, it has still not recovered to its pre-fiscal 2018 level. Our PBR was 1.68 (as of the end of March 2024), which fell short of its previous level, so I recognize that we have fallen short of recovering our market valuation.

If you break down the formula for calculating PBR, our net income margin, which is one component of ROE, and PER have not reached their FY2018 levels, and it is clear that these two are important issues for the Company. PER in particular is low compared to the retail industry average on the Prime Market and to industry peers, and I believe this stems from scant interest in our Company on the part of investors with a long-term view.

Due in part to this situation, we will give top priority to raising our net income margin by way of top line growth and improvements in profitability. I believe that further disclosure and explanation will help foster medium- and long-term expectations from the market and improve our PER.

PBR

Price book-value ratio

Market capitalization

Net assets

=

Net income margin

Net income

Sales

×

ROE

Total asset turnover ratio

Sales

Total assets

×

Financial leverage

Total assets

Shareholders' equity

×

PER

Price-earnings ratio

Market capitalization

Net income

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net income margin (%)	4.0	2.2	-	0.6	3.3	3.6
Total asset turnover ratio (turnover)	2.2	2.2	1.9	2.0	2.1	2.2
Financial leverage (times)	1.9	1.8	2.1	2.0	1.8	1.7
PER (Price-earnings ratio) (times)	17.0	13.1	-	70.8	12.6	11.8

## Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

20 Long-Term Vision

21 Medium-Term Management Plan

22 UA CREATIVITY Strategy

24 UA MULTI Strategy

28 UA DIGITAL Strategy

30 Human Resources Strategy I  
Message from the CHRO

36 Financial Strategy I  
Message from the CFO

40 Financial and Non-Financial Highlights

41 Sustainability

55 Corporate Governance

66 Internal Control

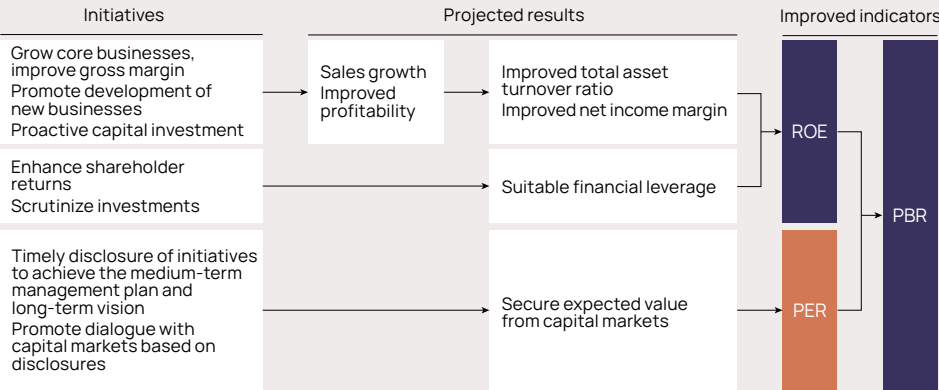
68 Corporate Profile

69 Stock Information

Editorial Policy

Financial Strategy | Message from the CFO

Fiscal 2023, the first year in our medium-term management plan, was the seeding phase for the plan's last fiscal year, so it is from this point forward that initiatives for future growth will take on a specific form. For fiscal 2024, I would like to explain the progress on those initiatives, along with the financial measures we are taking to support our strategies.



Review of FY2023

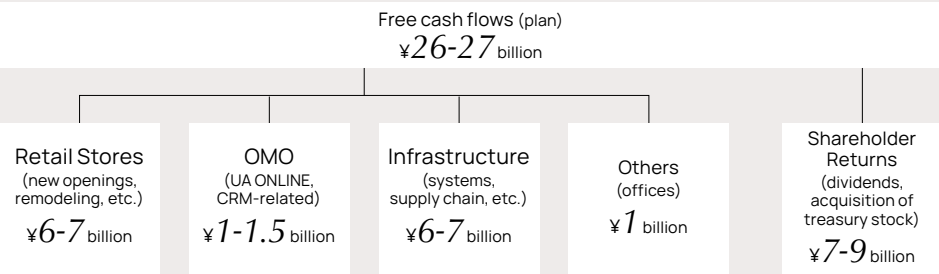
During the course of our previous medium-term management plan (FY2020-2022), which was during the COVID-19 pandemic, heavy borrowing led to a temporary worsening of our financial situation, but that has been repaid, and now under the new medium-term management plan, we have entered a "proactive management phase" aimed at regrowth. Our financial situation, including cash flows and such, is in order, and I have the feeling that the market's attention and expectations are increasing with regard to our growth strategies and what will drive them. Beginning around the middle of fiscal 2023, we shifted gears in some key strategies from seeding and began proactively investing, and those results are starting to appear.

While we did not reach our initial sales target, sales did improve, reaching ¥134.2 billion (103.2% YoY), as did net income attributable to parent company shareholders, at ¥4.8 billion (112.3% YoY). There was some negative impact from rising costs and from early clearance sales on winter goods due to a mild winter, but we succeeded in improving inventory efficiency at outlet stores. On the other hand, the fact that rebuilding coen is taking time is seen as a continuing problem.

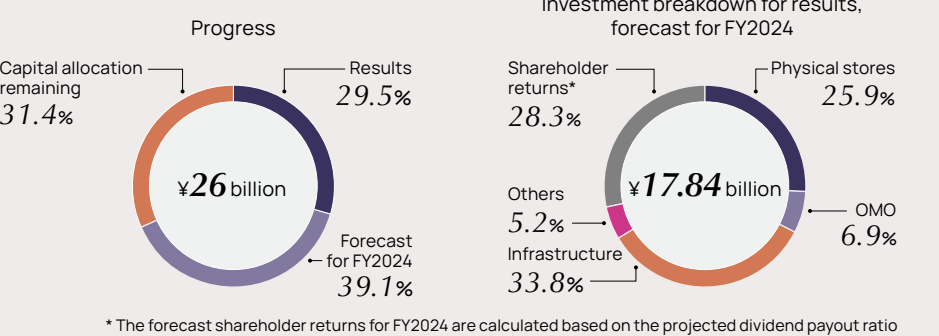
We are advancing steadily in terms of strategic investment, and in particular, we made investments that will serve as a key factor in growing existing businesses, which is a pillar of the medium-term management plan. For OMO, the key will be how to leverage our Company's strong sales capabilities at physical stores in an online format. In fiscal 2023, we laid the groundwork for that by making investments aimed at digitalization, such as changing the membership system and improving the functions of the Company's own e-commerce site. E-commerce sales through styling proposals posted by store staff are expanding, and we have noticed a response. At the same time, there is room for further improvement and ingenuity, and given that we are evolving, I sense that there is room for growth.

In the stores as well, we are noticing a return to normal in in-person sales, and in fiscal 2023, we were able to take a first step toward regrowth, with 12 new stores and 7 relocated or remodeled stores. Development of new businesses is also under way, and we have already launched several brands and plan to launch more.

Capital allocation



Investment status (as of July 31, 2024)



Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
20	Long-Term Vision
21	Medium-Term Management Plan
22	UA CREATIVITY Strategy
24	UA MULTI Strategy
28	UA DIGITAL Strategy
30	Human Resources Strategy I Message from the CHRO
36	Financial Strategy I Message from the CFO
40	Financial and Non-Financial Highlights
41	Sustainability
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information

FY2024 growth investment plan

OMO-related investment

Continuing in fiscal 2024, we will further accelerate OMO and new store openings as important themes. In OMO, we will particularly focus on the digitalization of sales activities, and we will leverage this to create and expand sales across business and store boundaries. One example of this is the fundamental revamping of the Company's own e-commerce app to improve functionality. We will thoroughly review the flow all the way to the moment of purchase and make improvements designed to help the customer arrive more quickly and comfortably at what they want, thereby improving the purchase rate. We will also revamp the UA Club membership program. Under the current program, the more miles you collect, the higher the applicable conversion rate. Therefore, we think that for the new version, we need to create a mechanism that encourages customers to use the miles they have collected, thereby contributing to expanding sales.

We will also proactively invest in human capital for the purpose of improving sales capabilities in e-commerce. We will develop human resources with the ability to make styling proposals and such, for example, as part of our efforts to develop sales staff who can provide buying experiences in line with customers' needs, both online and in physical stores.

Through these sorts of initiatives in both structural and human aspects, we intend to further evolve our OMO strategy.

Physical store investment

In terms of new store openings, we have outpaced last fiscal year by far, with 24 store openings planned during fiscal 2024. Physical stores are where the Company's strengths are utilized most effectively, and since our Company in particular has a highly fashion-conscious customer base that places great weight on the in-person experience value, we see this as an important cornerstone for regrowth.

With regard to global expansion, we plan to open one new directly managed store in the spring of 2025 through our Shanghai corporation. With this directly managed store acting as the nucleus, we plan to plan to work with distribution partners, some of whom we have already selected. At the same time, we will also accelerate our e-commerce expansion. Up until now, we have been selling things in a cross-border e-commerce style, so to speak, with Japan as the headquarters, but moving forward, we will switch to a local site through our Shanghai corporation

in order to achieve greater localization. There will be more employees posted from Japan, and we intend to work closely with our local partners to, first and foremost, expand our presence in the Chinese market.

Infrastructure investment

In fiscal 2023, as we promoted OMO, an over-awareness of inventory efficiency led to a sense of scarcity in inventory procurement, and while physical stores saw more sales than expected, we suffered opportunity losses in e-commerce. As a solution, we have decided to revamp our core system in an effort to improve inventory efficiency by maintaining inventory procurement in the appropriate quantities while improving the accuracy of inventory allotment to physical stores and e-commerce. In the new core system, we will control procurement costs by visualizing a variety of data points relating to product procurement, and we will reduce sales opportunity loss and distribution costs by improving the accuracy of inventory allotment to physical stores and online sites. Through these measures, we aim to improve sales and profit.



Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy I  
Message from the CHRO
  - 36 Financial Strategy I  
Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



New business investment

In addition to growing existing business, we will also focus on developing new businesses. We have already launched two brands, ATTISESSION and conte, and within fiscal 2024 we are planning additional deployments of new brands. With these, we aim to address what has been an issue for our Company by broadening the range of age and tastes we appeal to. In the long term, we expect these new apparel businesses to reach a sales volume of ¥40 billion.

In the lifestyle business category, we are looking into expanding in a variety of formats, including collaborations and M&A. For the M&A, we expect to utilize not only free cash flow but also debt.

Brand investment

In order to preserve the freshness of the Company and our brands, it is essential to conduct an advertising strategy that constantly strives to expand recognition. In fiscal 2024 we are planning media campaigns for both the Company as a whole and individual brands. Through these, we will strive to retain existing customers and also appeal to potential customers, thereby expanding our customer base.

Among our individual brands, we are seeing a certain degree of response to our advertising campaign for green label relaxing in particular. Large-scale media advertisements yielded a greater impact than anticipated, with sales in the basic trend-conscious market increasing to 116.8% YoY in the first quarter. Our ability to create and execute separate strategies for each brand in this way can be viewed as an effect of having transformed our system from a function-based organization to a business-based organization. Moving forward, we will continue to pursue media choices, approaches, and ways of expression that best match the target demographic, in order to carry out more strategic advertising campaigns.

As for coen, we are carrying out rebranding aimed at regrowing the brand. The target demographic for coen before was ambiguous, and there was variability in the tastes reflected in its items. Furthermore, we changed those tastes over and over in response to trends, which regrettably prevented the development of a loyal customer base. Through the rebranding we implemented last fiscal year, we have improved the accuracy of the product lineup. Since the remixing of the product strategy has yielded some results, we will resume opening physical stores starting this fiscal year.

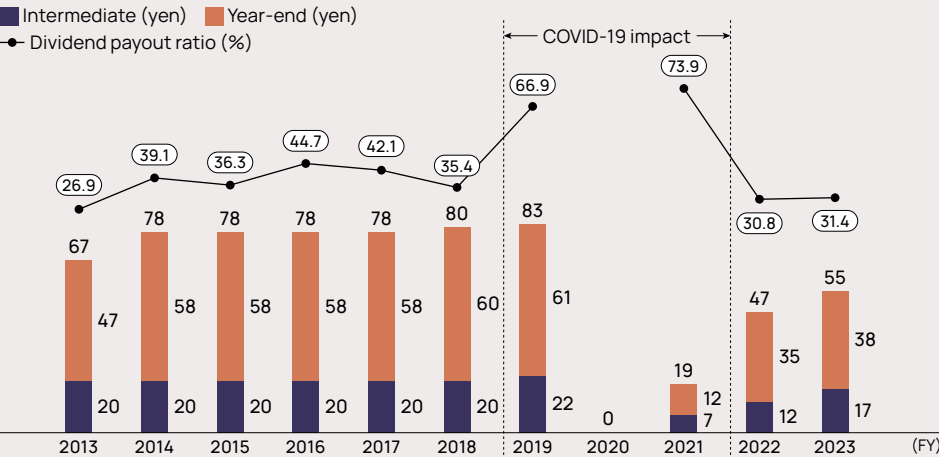
By proceeding to develop new businesses while still maintaining the growth of existing businesses as a pillar, we aim to reach our sales target of ¥160–170 billion in fiscal 2025, the final year of the medium-term management plan.

Shareholder returns

In the current medium-term management plan, we have set a basic policy of 30% for the dividend payout ratio, and in terms of shareholder returns, we plan to allot ¥7 billion to ¥9 billion toward dividends and acquisition of treasury stock. During the COVID-19 pandemic, the environment changed drastically, and there were some situations in which we were unable to maintain this policy, but we have now returned to normal conditions, and we will execute stable profit distribution and the flexible return of surplus funds.

As I mentioned at the beginning of my remarks, we will focus more on disclosing information about our growth strategy and the financial strategies associated with it, and we will also be disclosing the specific breakdown of our shareholder returns going forward. Not only will we disclose our short-term business strategy and results, but we will also meticulously convey the direction and vision that we are aspiring to in the long term, and by gaining understanding and sympathy from the market, we hope to further increase our corporate value.

Dividend and dividend payout ratio

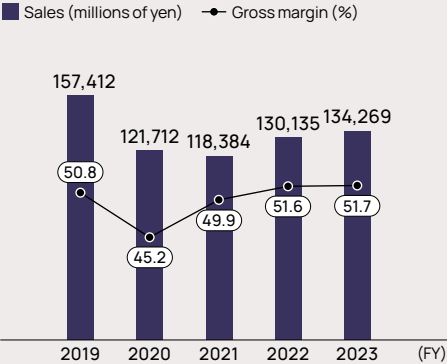


Contents

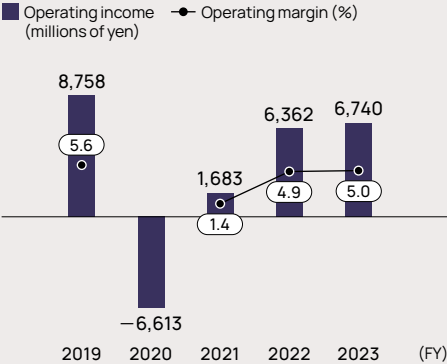
- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
  - 30 Human Resources Strategy | Message from the CHRO
  - 36 Financial Strategy | Message from the CFO
  - 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

# Financial and Non-Financial Highlights

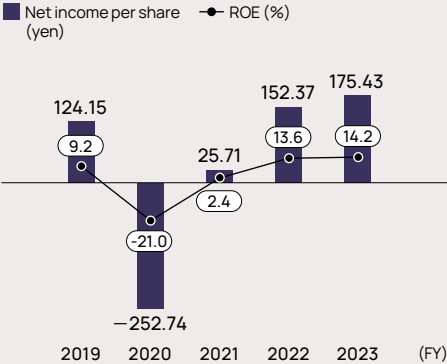
Sales and gross margin (consolidated)



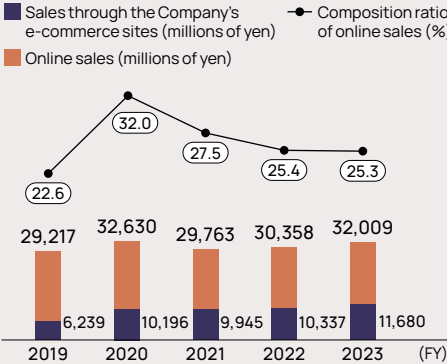
Operating income and operating margin (consolidated)



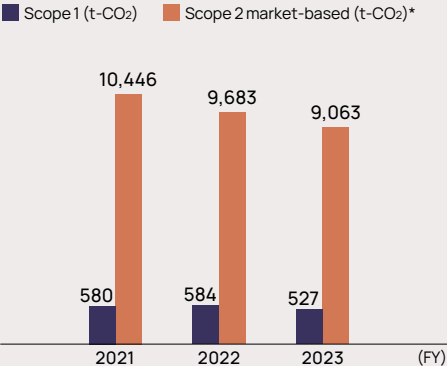
Net income per share and ROE (consolidated)



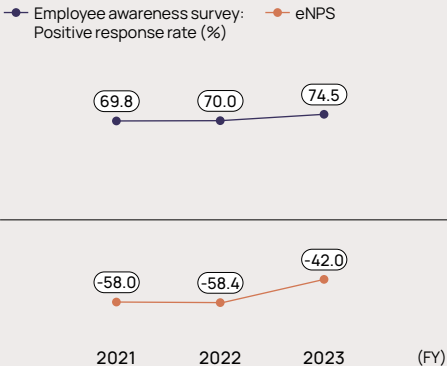
Online sales and the composition ratio of online sales (non-consolidated)



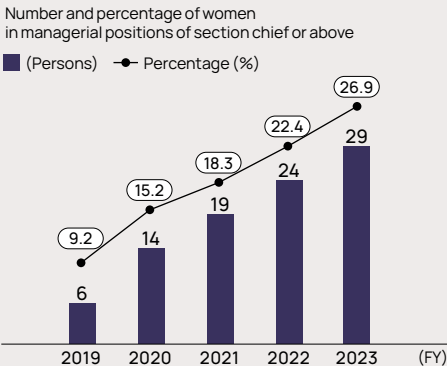
Greenhouse gas emissions (consolidated)



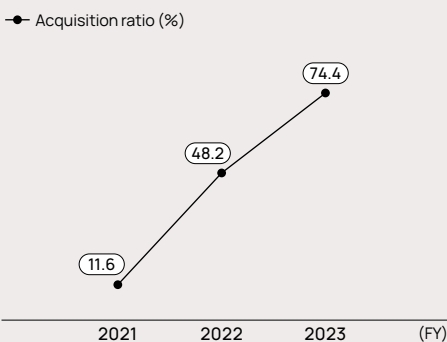
Employee engagement score (non-consolidated)



Ratio of female managers (non-consolidated)



Ratio of consent forms acquired regarding Code of Conduct for Business Partners (non-consolidated)



\* We have reviewed our Scope 2 calculation method and are retroactively revising past data.

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
  - 20 Long-Term Vision
  - 21 Medium-Term Management Plan
  - 22 UA CREATIVITY Strategy
  - 24 UA MULTI Strategy
  - 28 UA DIGITAL Strategy
- 30 Human Resources Strategy I  
Message from the CHRO
- 36 Financial Strategy I  
Message from the CFO
- 40 Financial and Non-Financial Highlights
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy





# 3 Sustainability

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
  - Editorial Policy



Dialogue UA's Sustainability Activities

Contributing to society and improving corporate value through sustainability activities



Satoshi Tan

Executive Officer, Chief Sustainability Officer (CSO)

Joined UNITED ARROWS LTD. in 1998. After working in the Finance and Accounting Department, he assumed the post of Department Manager of the IR/PR Department in 2003. With the mission of balancing business and sustainability, he promoted communication with investors and other outside parties. In 2022, he was appointed as Executive Officer, CSO, and General Manager of the Corporate Strategy Division of the Company.

Nao Tamai

Department Manager, Sustainability Department, UNITED ARROWS LTD.

In 1999, joined UNITED ARROWS LTD. After being in charge of planning and operating communication tools in the Information Systems Division, she has been engaged in promoting the social and environmental activities of the company since 2004. In 2021, she assumed the post of Department Manager of the Sustainability Department. She led the launch of SARROWS.

With the goal of deepening the Company's sustainability activities, we established three activity themes and related numerical targets in 2022, under the watchword of SARROWS. The two people responsible for sustainability promotion spoke about SARROWS' accomplishments and challenges, and about the path toward improving corporate value.

Sustainability is the very essence of our management strategy

—First, please tell me how sustainability is perceived and pursued at UNITED ARROWS.

**Tan** The Company has defined our promise to society and the creation of value for five distinct stakeholders as one of the key features of our Policy Structure since 1999. Since then, we have conducted management with an emphasis on enhancing value for our customers, employees, business partners, society, and shareholders. In 2020, we identified five critical themes (materiality), namely supply chains, resources, communities, human resources, and governance. Then in 2022, we bundled those into three items of particular interest to customers—circularity, carbon neutrality, and humanity—and set quantitative targets for each. What sustainability means to the Company is “activities that offer solutions to social issues, thereby creating business opportunities and helping to improve corporate value as a result,” which is the essence of the Company's management strategy itself. We once invited a university professor specializing in the sustainability field to give an internal lecture for officers, and at the beginning of his remarks, he said, “Activities that you suspend when performance is poor are not sustainability activities. The ones you pour energy into pursuing especially when performance worsens are true sustainability activities.” Upon hearing this, I felt like the scales fell from my eyes. Based on these ideas, we have considered each one of our individual activities and

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

policies from the perspective of things like, “Does it help increase revenue, improve efficiency, and reduce risk? Will stakeholders sympathize with it?” as we engaged in sincere discussions about them, particularly with the president, in the Sustainability Committee.

**Tamai** I think defining SARROWS as our watchword has also served as a driving force for our activities. And since SARROWS started before our long-term vision and medium-term management plan, I believe there has also been discussion about how to incorporate it into those.

**Tan** Actually, at first, even in the long-term vision, we thought about just listing the same KPIs we showed in SARROWS. But as we discussed the next medium-term management plan in the Board of Directors, an outside director expressed the view that “Shouldn’t we define sustainability targets that are unique to the Company and that link to improving corporate value in the medium and long-term?” That triggered us to deepen our discussion, and as a result, we ended up going beyond the sustainability framework to define our management strategy as “creating the maximum corporate value with limited resources.”



## Visualizing our goal has changed both the mindset and actions of employees

—What sorts of changes and results have come from setting KPIs under SARROWS?

**Tamai** The sense on the ground is that visualizing our goals in the form of KPIs gives a clear picture of the direction we are aspiring to, and I can tell that the mindset and actions of our employees have changed. For example, in terms of reducing the product disposal ratio, which is one of our activity indicators, our product disposal ratio averaged around 1.0% for the 10 years prior to the launch of SARROWS, but in 2023 we managed to reduce the disposal ratio for textile products to 0.03%, and to 0.08% for all products. Moreover, I believe the mindset that our sustainability activities are part of our business activities encourages people to take specific actions of their own initiative.

—Can you tell us an example where a change was visible in the mindset and actions of individual employees?

**Tamai** There are several. I suppose one would be our initiative geared at minimizing the disposal of defective products, which won first prize in an internal results presentation. For example, until recently, when a defective product appeared at a store, we would send the product to the headquarters, and a specialized department would physically verify its condition and decide what to do. But now we have switched to image verification using a chat tool that we introduced during the COVID-19 pandemic. This reduces the response time and cost as well as the CO<sub>2</sub> emissions incurred in transport, and thanks to the quicker decisions, it has helped to curb product disposal and improve revenue. What is

important is that this initiative originated from proposals made on site. And the results presentation itself is something where employees and executives decide by casting votes, so I see this as proof of their understanding that activities to reduce the product disposal ratio contribute to society and to the company. Even so, we cannot yet say that it is enough. We will continue working to expand the initiative’s implementation by each and every person and department.

## Strengthening our response to human rights, including in the supply chain

—In carrying out the sustainability initiatives, what issues do you feel are challenging?

**Tan** I am acutely aware these days of the importance of supply chain management. In Europe, laws and regulations are being enacted that mandate due diligence regarding human rights in the supply chain. In Japan, too, interest is increasing in the industry, with guidelines being formulated and so on. We as a company also need to strengthen our response.

—What sort of specific initiatives are you carrying out with regard to human rights?

**Tamai** In 2023, we formulated our human rights policy and prepared a medium- to long-term roadmap on human rights themes. Moving forward, we plan to strengthen our execution and monitoring of the issues that became clear through that. We intend to engage in careful communication on the supply chain’s human rights issue in particular.

**Tan** Within the Company as well, our employment patterns will continue to become increasingly diverse, so I agree that thoughtful communication in both directions is essential. As people with a variety of different attributes come together, it is

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
42	Dialogue
45	SARROWS
46	Materiality
47	Circularity
50	Carbon Neutrality
52	Humanity
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

possible that new issues may arise as well. It will be important from a management standpoint to determine how to ensure that a good effect is produced while respecting the rights of every individual.

Toward creating new value by strengthening ties with business partners

—Are there any developments in terms of environmental initiatives?

**Tamai** The Company began disclosing our Scope 3 GHG emissions in fiscal 2021, and in April 2023 our Science Based Targets obtained SBTi approval. I think this was much earlier than other companies in our industry. However, it goes without saying that as we expand our business, curbing GHG emissions in our supply chain will become much more difficult. This is already clear from our long-term estimations. In 2022, we participated in the Ministry of the Environment's "Model Projects for Carbon Footprint of Products and Services," and we calculated the carbon footprint of our Company's product. We want to leverage this experience to reduce our Scope 3 GHG emissions as well.

**Tan** Either way, this is a problem that the Company cannot solve by itself. Just as with human rights, the key to making progress is to cooperate with our business partners and others and to work on it across the entire supply chain.

—What has been the reaction of business partners?

**Tan** We have received a more cooperative response than we had imagined. We even received words of thanks from a business partner during a factory inspection. There was another case where the other party told us that our

Company's requests and inspections helped them to clarify the guidelines and concrete measures for their own initiatives. It has led to a virtuous cycle where the other party proactively provides information to us, helping to build a better relationship. Addressing human rights and other sustainability issues is a global trend, and the Japanese fashion industry has to offer a solid response, or it will face a loss of business opportunities. We must collaborate and work together more than ever before, not only to avoid risk, but also to secure business chances and to ensure sustainable management, both for our Company as well as our partner companies.

Disclosure of correlation with corporate value improvement will be an issue going forward

—Lastly, please tell me about the significance and future direction of the sustainability initiatives.

**Tan** As I said at the beginning, I see sustainability as a management strategy geared toward improving corporate value. Some examples of that are our initiatives to reduce product disposal, as we mentioned earlier, and to increase revenue. Under the topic of Humanity, for example, in the internal study we carried out last year in the sales department, we found a high correlation between stores with high employee engagement scores and the level of sales plan achievement. By further quantifying and displaying the relationship between this sort of non-financial information and corporate value, I believe we can boost the persuasiveness of our explanations to outside stakeholders and improve their understanding and recognition of the Company.

**Tamai** There are more opportunities these days to bring up our SARROWS activities, and just recently we were listed as an example of a leading company in a report by the Ministry of Economy, Trade and Industry.

I think that having our SARROWS activities widely recognized even outside the company will help improve the company's expected value and our brand value. By proactively disclosing even our problems, I would like us to exercise leadership in the fashion industry and contribute to improving the value of the entire industry's existence. I want to make it so that our business partners think, "I'd like to continue working with them" and our customers think, "I want to buy from that company."

**Tan** By thoroughly incorporating sustainability into the management strategy and carefully explaining what our Company aspires to, I hope to continue to deepen stakeholders' understanding of the Company and to give them more to look forward to. That is what I perceive to be my mission as CSO.



Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

    42 Dialogue

    45 SARROWS

    46 Materiality

    47 Circularity

    50 Carbon Neutrality

    52 Humanity

55 Corporate Governance

66 Internal Control

68 Corporate Profile

69 Stock Information

    Editorial Policy



# SARROWS

UNITED ARROWS  
Sustainability Activities

SARROWS is an original word coined by combining ARROWS, the nickname of UNITED ARROWS, with the “S” of Sustainability. We have made SARROWS the watchword for our sustainability activities as we want to promote sustainability activities together with our customers and business partners and to give a sense of familiarity with the activities. In 2022, we established three activity themes and related numerical targets.

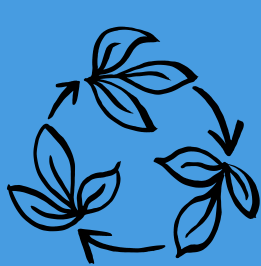
Our themes are Circularity, which pursues circular fashion, Carbon Neutrality, which aims for a beautiful earth forever, and Humanity, which supports these activities in a healthy manner. These are topics of great interest to customers and other stakeholders, which the Company and the fashion industry must focus on.

We will promote the SARROWS initiative together with everyone related to the Company, aiming for a future where people live with a richer mind.

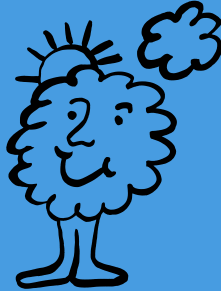
[UNITED ARROWS Sustainability Activities](#) →



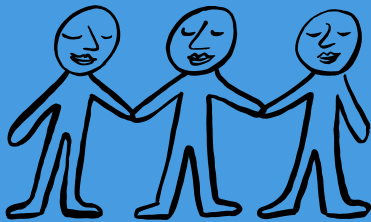
SARROWS™



Circularity  
Circular fashion



Carbon Neutrality  
Toward a carbon-neutral world



Humanity  
Work and live in a healthy way

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS**
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

# Materiality

## Identification of material issues and development of promotion system

In 2020, the Company identified five themes and 16 material issues based on international frameworks and industry targets. Based on these material issues, under SARROWS, the Company has selected three items that are of particular interest to customers and society and has defined them as activity themes.

To promote engagement with material issues, the Sustainability Committee was established in April 2020 as an organization subordinate to the Management Committee. The Committee is chaired by the Representative Director, President, and Executive Officer and consists of executive directors. Standing Outside Directors, executive officers, and general managers also participate as observers.

The committee holds regular meetings to discuss policies and measures and review progress. With this committee as a pillar, each division within the Company collaborates cross-sectionally to promote related sustainability activities throughout the Company.

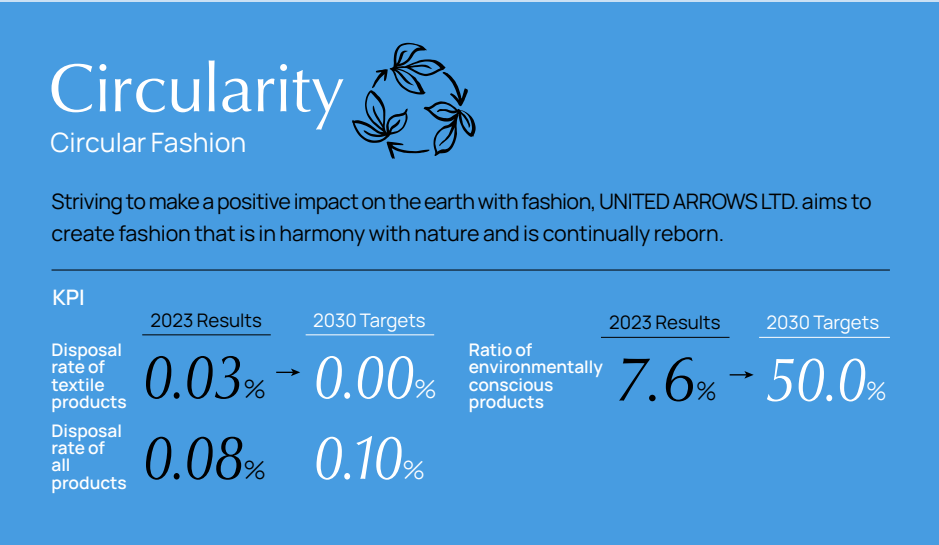
[Sustainability management information](#) →

### Identified material issues

Theme		Materiality
Supply chain	Responsible product procurement and supply chain development	<ul style="list-style-type: none"><li>• Traceability management of product procurement</li><li>• Respect for human rights and the working environment in the supply chain</li><li>• Promotion of use of environmentally conscious materials</li><li>• Procurement of raw materials with consideration given to biodiversity and animal welfare</li><li>• Promotion of low carbonization</li><li>• Promotion of energy conservation and use of renewable energy</li></ul>
Resources	Realizing waste reduction and recycling-based model	<ul style="list-style-type: none"><li>• Reduction of waste from business activities</li><li>• Promotion of collection, reuse, and recycling of unnecessary products</li></ul>
Community	Continuing with activities aimed at the development of local communities	<ul style="list-style-type: none"><li>• Support for local societies, communities, and disaster-stricken areas</li></ul>
Human resources	Creating an environment that fosters respect for individuals and work motivation	<ul style="list-style-type: none"><li>• Promotion of diversity and inclusion</li><li>• Work style reform</li><li>• Human resource development</li><li>• Appropriate evaluation and compensation</li></ul>
Governance	Establishing a management foundation to become a 100-year company	<ul style="list-style-type: none"><li>• Corporate governance</li><li>• Risk management/compliance</li><li>• Personal information protection and information security</li></ul>

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
42	Dialogue
45	SARROWS
46	Materiality
47	Circularity
50	Carbon Neutrality
52	Humanity
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy





Environmentally friendly product development and recycling

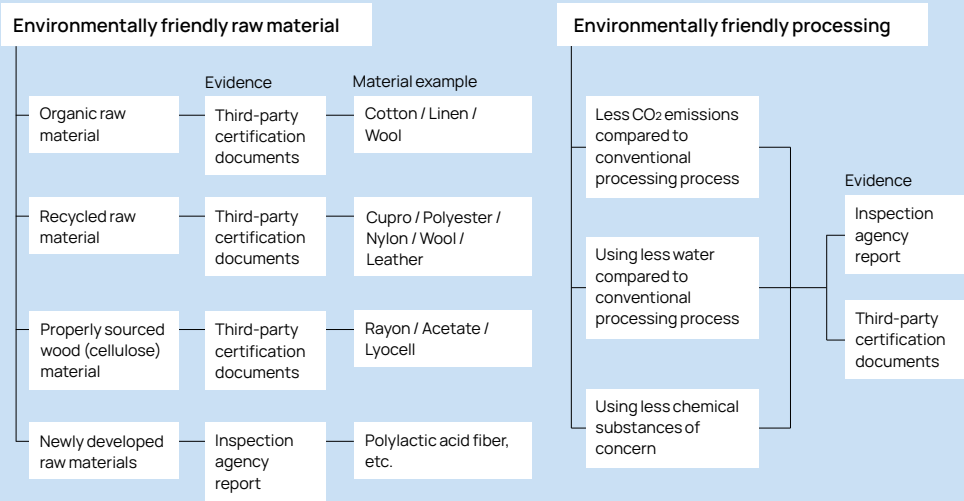
Product development using environmentally friendly materials

We actively use a variety of eco-friendly materials, such as organic cotton that has a reduced environmental impact during production and materials recycled from plastic bottle waste. Not only is this initiative an important theme for sustainable management, but we believe it will also serve as a value creation opportunity that will generate new demand for the Company's business activities. To strengthen our activities, in fiscal 2023 we changed to a stricter method for calculating our ratio of environmentally conscious products, which is one of our KPIs.

Eco-friendly products as defined by UNITED ARROWS

- In principle, those that satisfy one or more of the following three categories.
- Body material: Using at least 20% eco-friendly material in outer fabric, or at least 20% in inner fabric
  - Submaterial: Using one or more eco-friendly materials
  - Processing process: Environmentally friendly processing

The SARROWS tree



Thoroughly ensuring non-use of regulated chemical substances and giving consideration to safety and the environment

We cooperate with our business partners to ensure that prohibited or regulated chemical substances are not included in the products we offer to customers. One such substance is a specific aromatic amine that is regulated both in Japan and abroad.

Since the relevant regulations were enacted in Japan, we have continuously had business partners submit confirmation of non-use, which we verify. For our private label brands in particular, we require the submission of such documents at the level of fabric manufacturers and dyeing factories, including for all relevant materials that are used, thereby thoroughly ensuring that the prohibited substances are not used.

Raw material procurement with consideration given to traceability

Starting with some products made with cotton, among others, we are rolling out products made with traceable raw materials and pursuing tracing in production processes such as dyeing and sewing. We will continue tightening our pressure on the supply chain from both the environmental and human rights perspectives, as we aim for proper procurement of raw materials.

Collection, reuse/recycling, and circulation of unwanted clothing

As part of our activities promoted together with customers, we collect and reuse/recycle unwanted garments. Collected garments are recycled as clothing or used as materials for other products by the Company or in cooperation with its partner companies. At green label relaxing, we are implementing the Green Down Project to collect feather products throughout the year. And from February 15–29, 2024, we held UA RECYCLE ACTION, in which we collected 16,453 kg of clothing, shoes, bags, and such across all our brands.



Providing products and services that are loved and used for a long time

Selling durable and high-quality products at reasonable prices that customers will use for a long time helps to not only minimize product disposal but also improve the sustainability of the entire supply chain. For that purpose, we are enhancing design, quality, and function as we focus on creating products that will be loved and used for a long time. We also actively providing an after-sale repair service.

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Pick up

## The advent of sustainable knitwear made with Brewed Protein™ Fibers

### Brewed Protein™ Fibers, a manmade protein material with low environmental impact

One of the major issues the fashion industry faces involves the fibers that make up fabric. For example, in terms of the chemical fibers used in many products, the depletion of the oil resources that serve as a raw material and the microplastics that lead to marine pollution are regarded as problems. As for the production of protein-based fibers that are taken from animals, such as wool, it is known that livestock produce a large amount of greenhouse gas (GHG) emissions.

As a way to help solve these problems, "Brewed Protein™ Fibers" developed by Spiber Inc. is drawing attention. This is a material created by using informational science techniques to design and synthesize a proprietary amino acid sequence or DNA, according to the desired characteristic or functionality, and subjecting it to microbial fermentation based on plant-derived raw materials. Not only does the resulting material have a lower environmental impact, in terms of GHG emissions during raw material procurement and production, but it is also highly degradable, spurring expectations that it will contribute to solving the microplastics problem.

### Expanding into premium, comfortable knitwear

In February 2024, the Company began sales of knits made with Brewed Protein™ Fibers. We are having production done by OKUYAMA MERIYASU LTD., a knit maker based in Yamagata, where Spiber Inc. is also located. All three companies studied diligently how to make the products easy to wear in late winter to early spring, which is the period when sales began, and we blended Brewed Protein™ Fibers with organic cotton for enhanced touch and comfort, achieving a soft finish with a premium texture.

In terms of sales, this knitwear bore the first SARROWS tag. We promoted it to customers as part of the Company's sustainability activities.

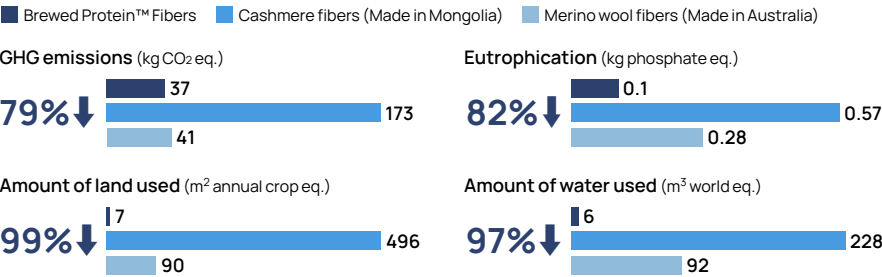


#### Spiber Inc.

Founded in September 2007 and based in Tsuruoka city, Yamagata prefecture. This bioventure develops and produces the structural protein Brewed Protein™.



### Ratio of environmental impact based on life cycle assessment\*



\* See here for details about the analysis.

[Environmental footprint of Brewed Protein™ fiber \(Spiber Inc.\) →](#)

See other stories related to UNITED ARROWS' Service, Products, and Places including examples of the use of environmentally friendly materials.

[Service, Products, and Places →](#)

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

# 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.

KPI	2023 Results	2030 Targets
Reduction rate of CO <sub>2</sub> emissions Scope: Stores and offices (Scope 1 & Scope 2) vs. FY2019	13.4% Reduction	30.0% Reduction
Reduction rate of CO <sub>2</sub> emissions Scope: Supply chain (Scope 3) vs. FY2019	13.1% Reduction	15.0% Reduction
Ratio of renewable energy Scope: Stores and offices (Scope 1 & Scope 2) Number of locations using renewable energy / Number of locations	12.5%	50.0%

## Reduction of greenhouse gas emissions

### Set targets and obtained SBTi approval

As part of our SARROWS initiative, we established fiscal 2030 reduction targets for greenhouse gas emissions.

These targets obtained SBTi\* approval, verifying that they are consistent with the levels required by the Paris Agreement.

The target for Scopes 1 and 2 was assessed as a level well below 2°C, and that for Scope 3 as a level below 2°C.



\* Science Based Targets initiative: An international initiative that validates indicators such as the greenhouse gas emission reduction targets set by companies.

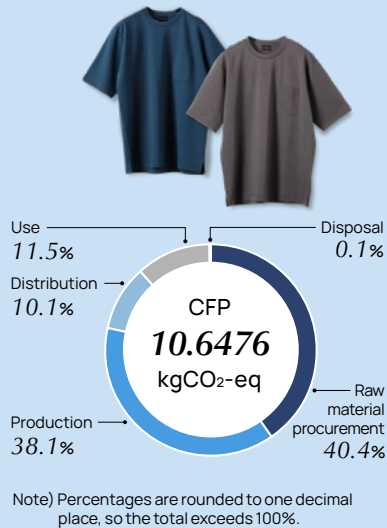
## Proactive introduction of renewable energy

The rate of renewable energy use in buildings where our stores or offices operate was 12.5% in fiscal 2023, an increase of 4.2 percentage points from the previous fiscal year. Since we are a tenant at 99% of our business locations, we have begun to exchange opinions with developers on the proactive introduction of renewable energy. Going forward, we will engage in closer communication in effort to grasp the situation.

## Monitoring and spreading word about our carbon footprint

As the first step toward reducing GHG emissions (Scope 3) and contributing to decarbonization of customer lifestyles, in 2022, we participated in the Ministry of the Environment's initiative Model Projects for Carbon Footprint of Products and Services. We calculated and visualized the CO<sub>2</sub> emissions of a crewneck short-sleeved cut-and-sew t-shirt, one of the standard products of UNITED ARROWS green label relaxing (Men's), from production to disposal. We used these results not only as an index in our planning and production processes, but also to help raise awareness among customers.

[Carbon Footprint Report \(in Japanese\) →](#)



## Creating a rich forest together with customers

To reduce CO<sub>2</sub> emissions and create a sustainable environment, we are implementing SARROWS Reduce Action, an effort to grow rich forests together with our customers. In this activity, if a customer brings his/her own bag when shopping, the Company will donate ¥10 per instance of shopping to the Creating Diverse Forest Project carried out by the General Incorporated Association More Trees. We also offer UA Club miles to customers who take part in the action. In fiscal 2023, 145,446 customers participated, and donations totaled ¥1,454,460. Information on these activities is available at our stores and on our website.

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
42	Dialogue
45	SARROWS
46	Materiality
47	Circularity
50	Carbon Neutrality
52	Humanity
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy



Support for the TCFD recommendations and information disclosure

Climate change is an important management issue in our business activities. In order to tackle the issue in a company-wide effort, the Sustainability Committee sets policies and targets related to climate change, deliberates on initiatives, and reviews progress. In 2022, UNITED ARROWS endorsed recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board, and analyzed the impact of climate change on our business.

UNITED ARROWS has set targets for reducing greenhouse gas (GHG) emissions in fiscal 2030: 30% for Scope 1 and Scope 2, and 15% for Scope 3 (consolidated, compared to fiscal 2019). In fiscal 2023, Scope 1 was 527 t-CO<sub>2</sub>, Scope 2 was 9,063 t-CO<sub>2</sub> (market-based), and Scope 3 was 290,611 t-CO<sub>2</sub> (each on a consolidated

basis). For the purpose of improving the reliability of our calculation data, we had a third party verify our fiscal 2023 GHG emissions (for Scopes 1, 2, and 3). We will continue working to reduce GHG emissions to achieve the targets. Also, in the wake of the disclosure requirements related to climate change having transitioned from the TCFD recommendations to the ISSB standards, we will further enrich our disclosure related to climate change response while keeping an eye on trends in disclosure requests.

Disclosures based on the TCFD recommendations →

Scenario analysis

	Scenario assumption for 2030	No.	Risks and opportunities	Risk category	Impact	Response strategies
4°C scenario	Temperature increase cannot be kept under control, precipitation and weather patterns are changing significantly, and damage from natural disasters is increasing. Farm crops and livestock products are also greatly affected. Customers are becoming more mindful about disaster prevention, and demand is increasing for functional products that respond to changes in the living environment such as heat waves and hot weather.	1	Decrease in sales due to damage to product manufacturing sites, interruption of distribution, and closing of stores resulting from abnormal weather	Physical risks (acute)	¥400 million	On-going BCP
		2	Increase in costs due to impact on production of product raw materials resulting from abnormal weather and average temperature increases	Physical risks (acute and chronic)	Large	Diversification of procurement risks and verification of alternative materials
		3	Decrease in sales due to late response to change in customer needs resulting from abnormal weather and average temperature increases	Transition risk (market)	Small	On-going marketing and verification of measures
		4	Creation of demand for related products that accommodate environmental changes in everyday life; enhancement of reputation	Market (opportunities)	Large	On-going marketing and verification of measures
Below 1.5 to 2°C scenario	Regulations on carbon emissions, introduction of a carbon tax, policies on emission reduction targets, and energy conservation policies have been strengthened. Product procurement costs and store operation costs are affected by taxation. Although temperature increase is kept under control, precipitation and weather patterns are undergoing certain change. Customers are becoming more environmentally conscious, and demand for sustainable products is increasing.	1	Increase in operational costs resulting from introduction of greenhouse gas emission reduction policies, such as carbon tax and carbon pricing	Transition risk (policy and regulation)	¥2,410 million	Promotion of CO <sub>2</sub> emission reduction
		2	Decrease in sales due to damage to product manufacturing sites, interruption of distribution, and closing of stores resulting from abnormal weather	Physical risks (acute)	Medium	On-going BCP
		3	Increase in costs due to impact on production of product raw materials resulting from abnormal weather and average temperature increases	Physical risks (acute and chronic)	Medium	Diversification of procurement risks and verification of alternative materials
		4	Decrease in sales, deterioration of corporate image and reputation due to late response to change in customer needs such as increasing demand for sustainable products arising from heightened environmental consciousness	Transition risk (market)	Small	On-going marketing and verification of measures
		5	Creation of new demand by offering sustainable products and conducting sustainable activities that involve customers; enhancement of reputation	Market (opportunities)	¥2,839 million	On-going marketing and verification of measures

Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
42	Dialogue
45	SARROWS
46	Materiality
47	Circularity
50	Carbon Neutrality
52	Humanity
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

# 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.

KPI	2023 Results	2030 Targets
Ratio of consent forms acquired regarding Code of Conduct for Business Partners	74.4%	100.0%
Number of companies consenting/Number of companies with which we have transaction records		
Employee engagement score	-42.0	-40.0
Employee Net Promoter Score (eNPS) Index that quantifies employee engagement		
Employee awareness survey positive response rate	74.5%	80.0%
Average positive response rate for motivational factors such as feelings of accomplishment and approval associated with one's job		
	2023 Results	2025 Targets
Percentage of females in managerial positions of section chief or above	26.9%	30.0% or more
Targets based on the Act on the Promotion of Women's Active Engagement in Professional Life		
Percentage of females in managerial positions of store manager or above	32.7%	40.0% or more
Targets based on the Act on the Promotion of Women's Active Engagement in Professional Life		

## Respect for human rights

### Formulation of UNITED ARROWS Group Human Rights Policy

In 2023, we formulated the UNITED ARROWS Group Human Rights Policy based on the Universal Declaration of Human Rights, the International Labour Organization (ILO) core labor standards, and the United Nations Guiding Principles on Business and Human Rights. We encourage each officer and each employee of the Group to understand and comply with this policy, respect the human rights of all stakeholders involved in our business activities, and take the initiative in acting for human rights.

[UNITED ARROWS Group Human Rights Policy →](#)

### Human rights due diligence

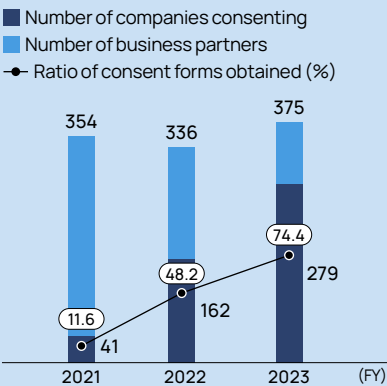
In order to strengthen our human rights initiatives, we are carrying out human rights due diligence. In fiscal 2023, we performed a thorough examination of human rights issues in the value chain. We identified personal information violations, forced labor, and child labor as particular risks requiring a response. In fiscal 2024, we will begin the process of plan formulation and execution, monitoring, and information disclosure regarding these issues. Through these activities, we will strive to prevent and reduce human rights risks.

### Formulation of Code of Conduct for Business Partners in Goods Procurement and acquisition of consent forms

Following the formulation of UNITED ARROWS LTD.'s CSR Guideline in 2017, which includes provisions pertaining to child labor, discrimination, and legal compliance, we have obtained consent forms from contract factories that manufacture our private label brands. In 2021, the Code of Conduct for Business Partners in Goods Procurement was newly formulated to enhance transparency in the supply chain and prevent human rights violations. We aim to obtain consent forms from all domestic and overseas business partners to whom we outsource the production of our private label brands.

[Code of Conduct for Business Partners in Goods Procurement →](#)

Number of business partners and ratio of Code of Conduct consent forms obtained



### Field audits on business partners' factories in Japan

With the goal of establishing a sound manufacturing environment, in line with the CSR Factory Audit Requirements announced by the Japan Apparel Fashion Industry Council, we commission a third-party organization to conduct field audits on human rights and labor environment. In fiscal 2023, we audited five domestic garment factories to which we outsource the production of our private label brands. For matters flagged in the audits, we follow up with the factories by having them provide the relevant information, etc.

In addition to these, we implemented a written self-assessment for one overseas garment factory to which we outsource the production of our private label brands. We will continue to promote the understanding and internalization of the Company's Code of Conduct through such audits, as well as striving to foster our business partners' voluntary recognition and improvements regarding human rights and other risks.

## Contents

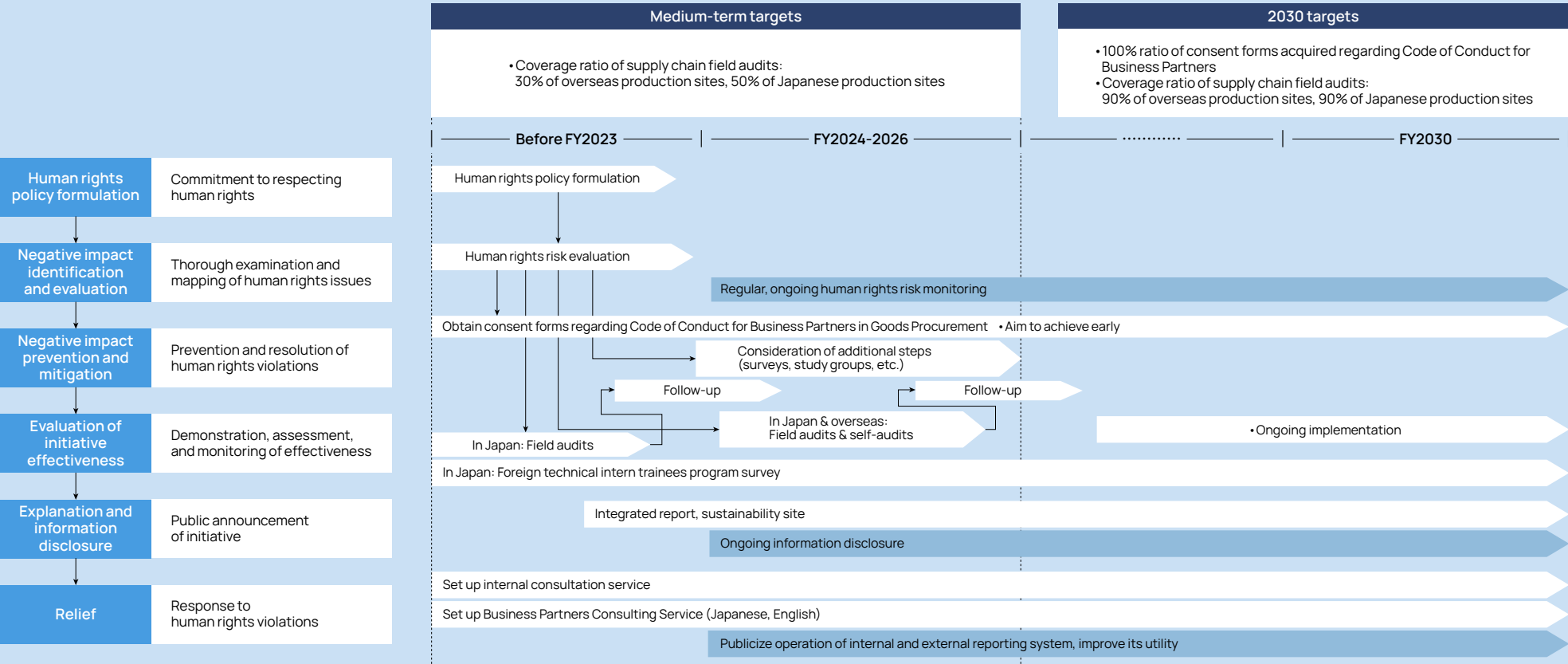
- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Questionnaire for foreign technical intern trainees

One of the issues to be addressed by Japanese society is the protection of human rights of non-Japanese nationals working as technical interns in Japan. We recognize it as an important issue for UNITED ARROWS LTD. because many foreign technical interns are enrolled at our business partners' factories. Therefore, we conduct annual surveys in the form of questionnaires on the acceptance and working status of foreign technical interns

to prevent human rights violations and ensure a fair work environment. In 2023, the survey was implemented at 314 locations, including companies and factories of domestic business partners. We will continue to conduct field audits to monitor the workplace environment.

Roadmap of human rights response in private label brands' supply chain



Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

42 Dialogue

45 SARROWS

46 Materiality

47 Circularity

50 Carbon Neutrality

52 Humanity

55 Corporate Governance

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy



Promotion of diversity, equity, & inclusion

The UNITED ARROWS Group is committed to creating a workplace environment where everyone can work fairly and equitably, regardless of age, gender, nationality, religion, or gender identity, and we offer every employee opportunities to grow and realize their full potential.

Promotion of women’s active professional engagement

As part of our promotion of women's active professional engagement, we are focusing on strengthening female participation at all levels of management. At the end of March 2024, the ratio of women in management positions was 26.9%, an increase of 4.5 percentage points from the previous fiscal year. Contributing factors include a growing awareness of career development among women and an increase in the proportion of women among candidates for management positions. In terms of the gender wage gap in fiscal 2023, if men's salaries are equated to 100%, women's stand at 73.9%\*. We will continue to promote objective, fair, and equitable personnel appointments by fostering career development awareness and reviewing our systems.

\* The gender wage gap also includes the effect that about one-fourth of female full-time employees use the short working hours system for childcare.

Support for professional engagement of challenged individuals

We are also proactive about hiring and supporting challenged individuals (those with disabilities). Based on job applicants' career background and aptitude, etc., we make placements in a wide range of departments within the Company, such as PR, overseas business, sustainability, the product department, etc. We are striving to create an inclusive workplace environment, such as by introducing a transliteration tool for those with hearing disabilities. With an increasing number of challenged individuals being employed across diverse positions, in fiscal 2023, they represented 2.3% of all our employees, exceeding the statutory employment rate.

Enriching work-life balance

In order to support employment in a variety of life stages, we began working early on to improve our working systems, such as with short working hours. Because of our efforts, the career break for caring responsibilities is limited, and the percentage of women who return to work after parental leave remains close to 100%. Also, we have established a system in which men can take paternity leave and divide leave into separate terms so that men can actively participate in childcare and other life events. The percentage of men taking parental leave in fiscal 2023 was 45.1%, an increase of 15.2 percentage points from the previous fiscal year. In addition, we are expanding our systems to add leave systems for matters like infertility treatments and nursing care as well.

Ensuring a safe and secure workplace environment

Creating a safe workplace environment

To improve safety and health, at stores with between 10 and 50 people, we have appointed health promoters and safety promoters, and for stores and offices with 50 people or more, we are having workplace patrols performed by a person responsible for the store, a public health nurse, or an occupational health physician. Also, once every month, we hold a health committee meeting, where we review industrial accident reports and work styles and systems as well as hold demonstrations of AEDs with the cooperation of local fire departments, for example.

Consideration for health

We conduct yearly stress checks and are committed to mental health care. Also, we provide regular reminders in order to increase the ratio of health checkups received, and in fiscal 2023, 100% of employees had a regular health checkup. Through these sorts of activities, we are committed to early detection of health risks, both physical and mental. In addition, we conduct regular progress checks and provide alert notifications as measures to prevent and deter long overtime hours, as we strive for compliance with the provisions in Article 36, the Labor Standards Act.

Creating a pleasant work environment for LGBTQ+ employees

To ensure that LGBTQ+ employees can feel secure being themselves at work, we started an initiative that allows employees to apply some of the welfare schemes available to spouses in a legal marriage to same-sex partners as well. In addition to LGBTQ+ employees, those in unmarried partnerships are also eligible to use these schemes.

Labor relations

The Company does not have an organized labor union, but thanks to regular implementation of things like town hall meetings with the representative director and president and employee opinion surveys, as well as the establishment of various types of contact points, labor relations are proceeding smoothly.



Town hall meeting

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
  - 42 Dialogue
  - 45 SARROWS
  - 46 Materiality
  - 47 Circularity
  - 50 Carbon Neutrality
  - 52 Humanity
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy



# 4 Governance

## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
  - 56 Our Policy and Framework
  - 57 Board of Directors
  - 60 Corporate Governance Initiatives
  - 64 Message from Outside Directors
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
  - Editorial Policy



# Corporate Governance

## Our policy and framework

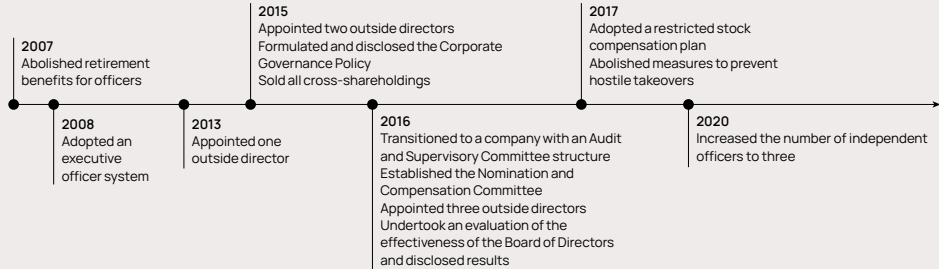
At the time of its founding in October 1989, UNITED ARROWS LTD. defined its founding spirit as “contributing to society by setting the standard for lifestyle culture in Japan.” The essence of this spirit has been maintained and its expressions updated to better match the times so that it can continue to function as the basis for the actions of all directors and employees as our Company Policy. In addition, we have defined our promise to society and the creation of value for five distinct stakeholders as key features of our Policy Structure. The five distinct stakeholders for which value is to be created are customers, employees, business partners, society, and shareholders. In this regard, the Company’s mission is to increase value for all stakeholders.

In order to maintain the proper mindset that will allow us to realize our Company Policy, we put in place the Code of Conduct. This code expresses how we should think and act to achieve our stated goals.

Recognizing the critical need to build a transparent and fair management framework, along with a structure under which we are capable of making timely and bold decisions, we are committed to continuously strengthening and expanding our corporate governance capabilities and functions in order to realize our corporate philosophy, fulfill our promise to society, and create value for the five distinct stakeholders. Through these means, we are working to enhance our corporate value on a long-term and continuous basis.

Corporate Philosophy → Our Values → Corporate Governance Report →

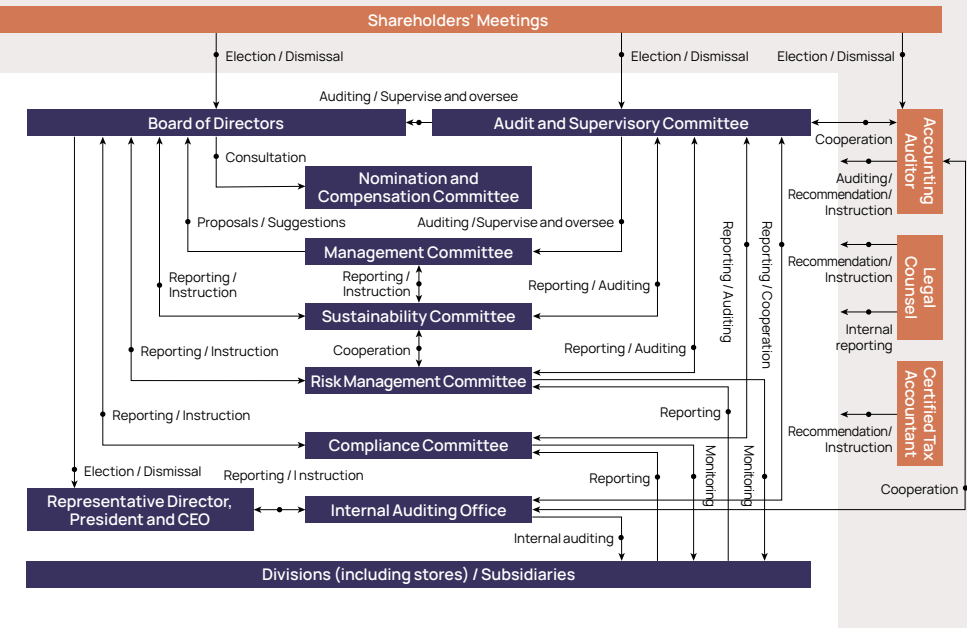
### Trends in strengthening governance



Outline of the corporate governance framework as of June 26, 2024

Organizational format	Company with an Audit and Supervisory Committee
Chairman of the Board of Directors	Representative Director, President, and CEO
Directors (excluding directors who are Audit and Supervisory Committee members)	Four (none of whom are outside directors)
Directors who are Audit and Supervisory Committee members	Three (all of whom are outside directors)
Independent officers	Three outside directors (including one female)
Average age	51.1 years old
Number of Board of Directors' meetings held during fiscal 2023	18
Number of Audit and Supervisory Board meetings held during fiscal 2023	16
Number of Nomination and Compensation Committee meetings held during fiscal 2023	7

Corporate governance framework



## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
55	Corporate Governance
56	Our Policy and Framework
57	Board of Directors
60	Corporate Governance Initiatives
64	Message from Outside Directors
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy



Corporate Governance

Board of Directors (As of June 26, 2024)

Directors



Yoshinori Matsuzaki built his career as Store Manager and contributed to the development of the BY business. Subsequently, he led the Company's mainstay business and supervised all businesses targeting the trend-consciousness market. He assumed the position of Representative Director and President in 2021. As Chief Executive Officer (CEO) since then, he has demonstrated strong leadership in the role of the highest-level decision-maker and supervisor of business execution within the Group's management. In addition to preparing the long-term vision for the next growth phase and the new medium-term management plan, he achieved improvement in gross margin due to higher inventory efficiency. He is in charge of the overall management of the Group for the achievement of the medium-term management plan.

Attendance at Board of Directors meetings: 18/18 times (100%)  
Attendance at Nomination and Compensation Committee meetings: 7/7 times (100%)



Tatsuya Kimura built his career as Store Manager and contributed to the development of the GLR business. He led the Company's mainstay business and supervised all businesses targeting the basic trend-consciousness market. He has been responsible for the supervision of business execution related to the Company's supply chain. He has been promoting digital transformation (DX) of the Company's infrastructure, including the construction of a new e-commerce site, digitalization of product procurement, and modification of the core system for product control, and contributing to improved operational efficiency and business productivity. He is in charge of promoting improvement in the Group's corporate value for the achievement of the medium-term management plan.

Attendance at Board of Directors meetings: 18/18 times (100%)



After joining the Company, Takeo Nakazawa built his career in the Finance and Accounting Department and contributed to the improvement of the Company's financial infrastructure, including accurate investment decision-making and risk control. In 2020, he contributed to the enhancement of the corporate value of the entire Group through the accurate allocation of investment in growth engines as Executive Officer responsible for the Finance and Accounting Department and the Planning and Management Department. Since his appointment as Chief Financial Officer (CFO) in 2021, he has been responsible for the supervision of the administrative functions throughout the Company, including the Company's risk management and business accounting. Based on his experience and expertise in finance, he was instrumental in maintaining the Company's financial stability and overcoming the deterioration of its financial performance caused by the COVID-19 pandemic. He is in charge of finance and governance throughout the Group for the achievement of the medium-term management plan.

Attendance at Board of Directors meetings: 14/14 times (100%)\*

\* This is the attendance status after assuming office as a director on June 26, 2023.



Kazuyasu Tanaka has greatly contributed to the development of the Company's women's label, utilizing his experience as general manager at other companies in the industry and managerial experience at an affiliate of the Company. In 2021, he assumed the position of Executive Officer, General Manager, Sales Management Division, and he led the Company's mainstay business by improving the supply chain and pursuing organizational reform and other measures. He has been responsible for the supervision of merchandising functions and shown leadership in product procurement. He is in charge of new business development throughout the Group for the achievement of the medium-term management plan.

Attendance at Board of Directors meetings: 14/14 times (100%)\*

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

56 Our Policy and Framework

57 Board of Directors

60 Corporate Governance Initiatives

64 Message from Outside Directors

66 Internal Control

68 Corporate Profile

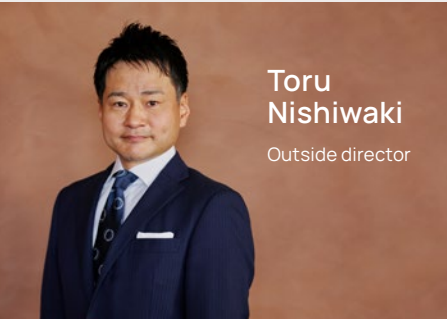
69 Stock Information

Editorial Policy

Corporate Governance

Board of Directors (As of June 26, 2024)

Directors (Audit and Supervisory Committee Members)



As a certified public accountant, he worked at an auditing firm performing audit work for multiple listed companies. After acquiring knowledge about listing and finance work at a securities company, he joined an operating company, where he experienced two listings and also gained experience in management supervision as Chief Financial Officer (CFO). The Company appointed him in 2024 as a new outside director (Audit and Supervisory Committee member) in the belief that he would leverage this wealth of expertise and experience in the Company’s supervisory functions. Moreover, he satisfies the Independence Determination Standards for Independent Officers set forth by the Tokyo Stock Exchange and the Company.\*

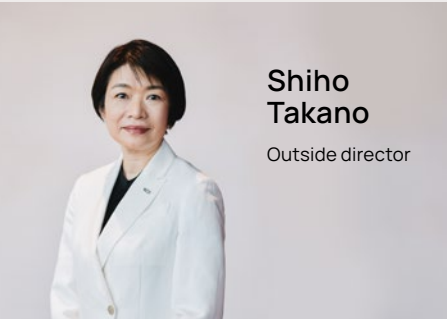
Attendance at Board of Directors meetings: –  
Attendance at Audit and Supervisory Committee meetings: –  
Attendance at Nomination and Compensation Committee meetings: –

\* While he was previously employed by the Company’s lead managing underwriter, because there are currently no business dealings or other relations between Nishiwaki and the company in question, we have determined that there is no problem with his independence.



Since launching Kurahashi Law Office, Yusaku Kurahashi has been engaged as its representative attorney in lawsuits and other dispute cases, M&A, corporate restructuring, and corporate legal affairs. He has broad experience, including participating in third-party committees in corporate scandal cases. In 2024 the Company reappointed him as outside director (Audit and Supervisory Committee member) in the belief that he would leverage his extensive specialized knowledge to enhance the Company’s corporate governance and other matters. Moreover, he satisfies the Independence Determination Standards for Independent Officers set forth by the Tokyo Stock Exchange and the Company.

Attendance at Board of Directors meetings: 18/18 times (100%)  
Attendance at Audit and Supervisory Committee meetings: 16/16 times (100%)  
Attendance at Nomination and Compensation Committee meetings: 7/7 times (100%)



Shiho Takano has a wealth of experience in marketing, branding, new product development and more, as well as extensive knowledge as a management executive for many years, acquired through her tenure in several operating companies in the food and cosmetics industries. In 2024 the Company reappointed her as outside director (Audit and Supervisory Committee member) in the belief that she would leverage her extensive experience and knowledge to offer objective and neutral advice, etc. on overall corporate management from a broad range of viewpoints that are not bound by the industry in which the Company operates and that she would help further strengthen the sound and effective management of the Company. Moreover, she satisfies the Independence Determination Standards for Independent Officers set forth by the Tokyo Stock Exchange and the Company.

Attendance at Board of Directors meetings: 18/18 times (100%)  
Attendance at Audit and Supervisory Committee meetings: 16/16 times (100%)  
Attendance at Nomination and Compensation Committee meetings: 7/7 times (100%)

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

56 Our Policy and Framework

57 Board of Directors

60 Corporate Governance Initiatives

64 Message from Outside Directors

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy

Corporate Governance

Board of Directors (As of June 26, 2024)

Executive Officers



**Shinya Matsumoto**

Executive Officer,  
Chief Creative  
Officer (CCO)


After working in sales positions and being in charge of product planning, he then spent a long time as brand director. Through brand concept work and direction, he contributed to improving brand value by supervising such facets as products, interior decoration of stores, and ad visuals. He was appointed as CCO in 2021.



**Yuji Suzumura**

Executive Officer,  
Chief Information  
Officer (CIO)

Having worked at a major distribution and retail business, an electronic components manufacturer, and a global corporation, he has a wealth of business and management experience and was responsible for the IT field. Since joining the Company, he has led large projects such as developing the e-commerce site and replacing the product management system. He was appointed CIO in 2023.



**Satoshi Tan**

Executive Officer,  
Chief Sustainability  
Officer (CSO)

He worked in the Accounting Department, then led the Investor Relations (IR) department for many years. He contributed to the Company winning many awards, including the Tokyo Stock Exchange Corporate Value Improvement Award, and he has a strong track record as an IR specialist. His strong ethics and desire to contribute to society have earned him the trust of market participants. He was appointed CSO in 2022.



**Mariko Yamasaki**

Executive Officer,  
Chief Human  
Resources Officer (CHRO)

After gaining practical experience in the Sales Promotion Department, she assumed the position of Department Manager of the Company's Public Relations Department. She served in management roles for the Corporate Planning Department, the UA business, and the Human Resources Department, among others. She is skilled in value formation for intangible assets such as brands and human resources and has strong communication abilities. She was appointed CHRO in 2023.



**Naoki Tanigawa**

Executive Officer,  
General Manager,  
SCM Division

Leveraging his experience at a major apparel company, he has supervised specialized fields including production, quality control, and trade. After becoming SCM Division General Manager, he expanded the scope of his management to logistics and overseas business promotion, and he concurrently serves as a director for overseas subsidiaries. With a wide range of knowledge under his belt, he is promoting internal work duty reforms geared toward innovating the core product procurement system. He was appointed as an executive officer in 2024.

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

56 Our Policy and Framework

57 Board of Directors

60 Corporate Governance Initiatives

64 Message from Outside Directors

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy



Corporate Governance

Corporate governance initiatives

Composition of Officers and Committees and skills matrix

			Composition			Committees (● Committee members   ● Observers)				Skills (◎ Main areas of responsibility   ○ Areas with knowledge)														
			Outside Director	Female	Male	Audit and Supervisory Committee	Nomination and Compensation Committee	Sustainability Committee	Risk Management Committee	Compliance Committee	Corporate management	Store operation/ Customer relations	Procurement/ SCM	Branding/ Marketing	R&D/ New business development	E-commerce	Logistics	ICT/DX	Personnel/ Human resources development	Legal affairs/ Risk compliance/ Governance	Finance/ Accounting/ Taxation	Global	Sustainability	
Directors	CEO	Yoshinori Matsuzaki		●			●	Chairperson	Chairperson	Chairperson	◎	○	○	○	◎				○		◎	○		
		Tatsuya Kimura		●				●	●	●	◎	○	○	○		○	◎				○			
	CFO	Takeo Nakazawa		●				●	●	●	◎								◎	◎				
		Kazuyasu Tanaka		●				●	●	●	◎	○	◎	◎		○								
		Toru Nishiwaki	●		●	Chairperson	●		●	●	○								○	○				
		Yusaku Kurahashi	●		●	●	Chairperson		●	●									○					
		Shiho Takano	●	●		●	●		●	●	○			○										
Executive Officers	CCO	Shinya Matsumoto		●				●				○	◎	◎	○							◎		
	CIO	Yuji Suzumura		●				●							○	○	◎							
	CSO	Satoshi Tan		●				●											○	○		◎		
	CHRO	Mariko Yamasaki		●				●					○					◎						
		Naoki Tanigawa			●				●				◎				◎				◎	○		

Reasons for skill selection

In 2023, based on discussions for the formulation of the long-term vision and the medium-term management plan, the Company took inventory of the necessary skill items. We reselected skills that will be particularly important in our future management, and we narrowed down the number of items and changed some of the skill descriptions. In the development of the skills matrix, as a select shop, we chose skills related to store operations, customer service, product procurement, and branding, as well as items of particular importance in the medium- and long-term strategy such as new business development, distribution, and global skills.

We have listed each person's role (main area of responsibility; presented as "◎" in the table) and what they have a high degree of experience in (areas with knowledge; presented as "○" in the table). While we will maintain a balance with a 12-officer system, including executive officers, we will also review and revise the necessary skill items and evaluation methods as appropriate, in accordance with the formulation of strategies such as those in the medium-term management plan and changes in the market environment.

Note) The above table does not represent all the knowledge and experience of each individual.

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

56 Our Policy and Framework

57 Board of Directors

60 Corporate Governance Initiatives

64 Message from Outside Directors

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy

Corporate Governance

Board of Directors

By streamlining matters for resolution at the Board of Directors meetings, we have established a system to ensure that discussion time is available for important management issues such as management policies and medium- to long-term strategies.

Audit and Supervisory Committee

The effectiveness of the execution of duties by directors is confirmed and evaluated, and the legality and appropriateness are audited. In addition, in order to carry out and provide accurate audits, supervision, and advice, the Committee meetings are held regularly with each officer in charge of execution to identify issues and grasp the progress of initiatives for improvement.

Nomination and Compensation Committee

In order to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors in relation to the nomination and compensation of directors, the Nomination and Compensation Committee has been established, and it consists of all independent outside directors and the Representative Director, President, and CEO, with the majority of members being independent outside directors. In principle, this meeting is held once a quarter, and opinions are expressed to the Board of Directors regarding the individual nomination and dismissal of director candidates, the appointment and dismissal of senior management, the compensation of directors excluding Audit and Supervisory Committee members, and the succession plan.

Important themes deliberated in FY2023

	Theme	Response
Board of Directors	<ul style="list-style-type: none"><li>•Signing contracts related to the UA 3.0 Project</li><li>•Renewal project for house card membership program</li><li>•Disclosing "Response to realize management with an awareness of capital costs and stock prices"</li></ul>	Regarding the reform of the core product management system, the Board conducted deliberations about the functions and the improvement of work efficiency needed to achieve the medium- and long-term management plan. They also discussed the reform of the new customer membership system, particularly with regard to the service contents and the anticipated effects. Moreover, based on the notice from the Tokyo Stock Exchange, the Board evaluated the current state of capital costs and profitability and released "Management with an awareness of capital costs and stock prices."
Audit and Supervisory Committee	<ul style="list-style-type: none"><li>•Interview about progress and issues relating to the new medium-term management plan</li><li>•CHRO interview (human capital management)</li></ul>	The committee interviewed the president and the executive directors about progress on the new medium-term management plan announced in 2023, especially new business development policies and the reform status for the core product management system. The committee also heard from the CHRO about employee awareness survey results and how we are dealing with human capital management.
Nomination and Compensation Committee	<ul style="list-style-type: none"><li>•Discussion about introduction of the new stock compensation system</li><li>•Verification of progress of succession program</li><li>•Inspection of the executive compensation system and revision of executive compensation standards</li></ul>	The committee consulted about the operational standards of the new stock compensation system introduced during the annual general meeting of shareholders, and they consulted about specifying the compensation table and calculation methods for the executive compensation standards. Also, they verified the current status report on the succession program for senior management members, including the CEO, and how the plan will proceed in the future.

Training for directors

As appropriate, we provide training to directors and other members of the management team by experts on economic, financial, and legal matters necessary for our business operations.

In fiscal 2023, we invited external experts to give lectures to directors and executive officers on "the Company's medium- and long-term strategies from an investor's perspective," "generative AI," and "compliance for management."

Consideration of sustainability

In April 2020, we established the Sustainability Committee as a subsidiary body of the Management Committee, and it establishes policies and goals on overall sustainability, deliberates initiatives and other matters, and reviews progress.

In fiscal 2023, we discussed the achievement of targets and the future possibility of achieving the targets for our sustainability activities, "SARROWS," in light of the progress to date and estimates for the future. From the perspectives of traceability and animal welfare, among others, we held deliberations on the procurement policy for animal materials, and we formulated a procurement policy regarding fur and exotic leather.

Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
55	Corporate Governance
56	Our Policy and Framework
57	Board of Directors
60	Corporate Governance Initiatives
64	Message from Outside Directors
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

Corporate Governance

Executive compensation

Our basic policy for executive compensation is to contribute to sustainable growth and medium- to long-term improvement in corporate value through improved business performance. The compensation standard and compensation structure are designed to match roles, duties, and positions. Compensation for executive directors, including the Representative Director, among directors excluding Audit and Supervisory Committee members, consists of fixed compensation established based on compensation standards for roles, duties, and positions, executive bonuses reflecting short-term performance such as company performance for each business year and achievement of individual business goals, and stock compensation reflecting medium- to long-term performance.

In June 2023, we introduced a new performance-linked stock compensation plan, the “Board Benefit Trust (BBT-RS),” in addition to the existing restricted stock compensation. By introducing this system, the link between the compensation of directors and our performance and stock value is made clearer, and directors can share not only the benefits of rising stock prices but also the risks of falling stock prices with shareholders. We believe this will raise awareness of the need for good medium- to long-term business performance and corporate value improvement.

Overview of the executive compensation system (revised in fiscal 2023)\*1

	Type	Percentage*2	Summary	Timing
Fixed compensation	Monetary compensation	48–58%	• Determined based on compensation standards for roles, duties, and positions, taking into account business performance and employee salary levels	• Monthly payment of a fixed amount
Executive bonuses		20–22%	• Calculated by multiplying the basic bonus amount specified in the compensation table by the degree of achievement of planned consolidated operating income for the target business year*3 • Taking into account the individual evaluation of each executive director	• Paid within a certain period after the last day of the business year following consultation by the Nomination and Compensation Committee
Restricted stock compensation	Stock compensation	11–15%	• The number of shares to be granted will be determined based on the compensation standards for roles, duties, and positions • Restrictions on transfer pending retirement as a director and executive officer of our Group • If certain illegal or improper acts have caused damage, the Board of Directors may request a refund in shares or money by resolution	• Granted every time they are elected at the annual general meeting of shareholders
Performance-linked stock compensation		11–15%	• Points are granted based on the degree of achievement of the medium-term management plan, in accordance with the compensation standards for roles, duties, and positions stipulated in the Directors’ Share Benefit Regulations (may not be granted depending on the status of achievement of the medium-term management plan) • Calculate the number of shares to be granted according to the number of points granted • Shares are granted in line with the term of office during the target period of the medium-term management plan • If certain illegal or improper acts have caused damage, the Board of Directors may request a refund in shares or money by resolution	• Granted within a certain period after the end of the target period of the medium-term management plan

\*1 The compensation for directors (who are Audit and Supervisory Committee members) is fixed monthly compensation only and is not presented in the table.  
\*2 Percentage of executive bonuses and stock compensation in the standard amount.  
\*3 If consolidated operating income falls below a certain level relative to the initial forecast, it will not be paid in principle.

Compensation for directors in FY2023

Group	Number of directors	Amount of compensation by type			
		Fixed compensation	Executive bonuses	Stock compensation	Total
Directors (excluding outside directors)	5	¥108 million	¥46 million	¥44 million	¥199 million
Outside directors	3	¥35 million	—	—	¥35 million

Note 1) Stock compensation and such for directors (excluding outside directors) was the ¥44 million in expenses associated with the new performance-linked stock compensation plan, the “Board Benefit Trust” (BBT-RS).  
Note 2) The total amount of compensation and such for directors (excluding outside directors) includes that of one director who retired as of the 34th annual general meeting of shareholders held on June 26, 2023.

Contents

01 Introduction

06 Contents

07 Message from the President

12 Value Creation Story

19 Strategy

41 Sustainability

55 Corporate Governance

56 Our Policy and Framework

57 Board of Directors

60 Corporate Governance Initiatives

64 Message from Outside Directors

66 Internal Control

68 Corporate Profile

69 Stock Information

Editorial Policy



Corporate Governance

Board of Directors’ effectiveness evaluation and improvements

The Company annually conducts a questionnaire on the effectiveness of the Board of Directors that includes the composition of the Board, deliberations, the quality of the information provided to the Board, and other aspects. Through this self-evaluation by directors, the Company periodically verifies the effectiveness of the Board and takes measures to improve issues and reinforce the operation. An overview of the results is disclosed.

Topics that came up in our fiscal 2022 questionnaire about effectiveness include "skills required for executing the medium-term management plan and how to furnish them," and "the need to hire and develop members who will shoulder the next generation of management, geared toward achieving the long-term management plan."

Consequently, the fiscal 2023 Board of Directors created opportunities to regularly check the progress on our medium-term management plan and examine how we are progressing on the various policies, and they discussed whether our important initiative items needed financial, human, or organizational support, among other points. As for the medium-term management plan and the Company's stock price and investment policy, etc., they analyzed the details of opinions offered by investors and in February 2024 released "Management with an awareness of capital cost and stock prices."

Also, through considerations of important matters necessary for business operations, such as contracts related to the reform of our core product management system and our medium- to long-term distribution strategy, they proceeded to round out the skills required in the management team by appointing executive officers for the term beginning April 2024. To achieve the medium- to long-term management strategy, they undertook specific initiatives relating to the succession of senior management and reported their progress in the Nominating and Compensation Committee.

The questionnaire about fiscal 2023 effectiveness conducted in April 2024 did not point out any problems with the Board of Directors' operations or effectiveness, just like last year. But there were again views expressed that deeper discussions should be held on a succession plan for senior management, primarily the CEO; on the skills necessary for the medium- to long-term management plan execution phase; and on the requirements and positioning of outside directors. The view was also expressed that a wider range of matters should be deliberated outside of the Board of Directors meetings in order to facilitate specific courses of action. Based on these views, the Board will implement initiatives to increase efficiency even further.

Dialogue with shareholders and investors

The Company is enhancing the transparency of its management by proactively conducting IR activities, and we are engaging in communication with shareholders and investors with the aim of improving the soundness of corporate management and creating stock value. By announcing our medium-term management plan and revealing both our strategies and our quantitative targets for profitability and capital effectiveness, etc., we are enriching our information disclosure. And we are striving to maintain and improve profitability by establishing investment and withdrawal criteria in light of capital costs and the like.

In terms of dialogue with institutional investors, we proactively hold talks with not only IR personnel but the CEO and other management level employees. In fiscal 2023, we held such talks on 145 occasions.

With regard to the investors' views gleaned from these dialogues, we issue reports four times a year reflecting them, including other information such as the stock price indices of other companies in the industry, and the Board of Directors discusses them.

We share the investors' views each quarter as feedback to our executives, and since September 2023, we hold a financial results briefing internally each quarter. We share investors' views and the points they raise widely inside the Company. We believe these initiatives will help improve employees' awareness that they are also participants in management.

Primarily for individual investors, we issue IR communications not only on the Company's own website but also using the external online platform "note." As of June 2024, we have posted 53 articles, and we are receiving approximately 16,000 views per year.

Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
55	Corporate Governance
56	Our Policy and Framework
57	Board of Directors
60	Corporate Governance Initiatives
64	Message from Outside Directors
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

Corporate Governance

Message from Outside Directors

Contributing to selecting optimal solutions by offering a multifaceted viewpoint and saying what ought to be said

Toru Nishiwaki  
Outside director



I bring to the table a multifaceted way of looking at things, built on my accounting knowledge as a Japanese and US certified public accountant, my capital markets perspective cultivated at a securities firm, my shareholder viewpoint from my involvement with investment funds, and my experience as a director at three different companies. I aim to utilize this experience and these perspectives to help UNITED ARROWS select optimal solutions. I recognize that my job as an independent outside director in particular is to say what ought to be said, so I will make a conscious effort to avoid ambiguity and spell things out.

As long as human life continues, the apparel business—which constitutes one of the three essentials of clothing, food, and shelter—will not go away. But due to factors such as its impact on the environment, the diversification of sales channels, income disparity caused by Japan's stagnant economy, and intensifying international competition, the business environment will likely become quite harsh. What we need most is to be aware of changes in society and values and, while preserving our predecessors' wisdom and traditions, to assert our own unique presence. Particularly now as AI's presence grows, there is a renewed appreciation for human value. As seen in the expression, "a company is its people," individuality, including things like sensibilities and experiences, will be more valuable going forward, and investing in people who can display their individuality will be the key to the company's growth.

I sense a need to secure talented human resources by providing not merely wages but motivation and pleasant working conditions, and to leverage that to improve corporate value.

A key will be strong leadership that commits decisively to self-denying management as a response to changes in the environment

Yusaku Kurahashi  
Outside director



The FY2023 Board of Directors gave final approval for the medium-term management plan and approved the project involving the next core system, UA 3.0. In addition, we discussed what management strategy should look like in light of various issues that investors have pointed out, along with ensuring that management takes capital costs and stock prices into account. With the business environment for apparel currently undergoing major change, business management itself is a challenge, and I think it is imperative for us to demonstrate what sort of value we as the Board of Directors can offer to help realize our medium-term management plan and our long-term vision. In particular, I am concerned that, although the strong commitment to UNITED ARROWS' identity serves as the business foundation, in a way it complicates the self-denying management style that the Company has adopted to accommodate environmental change.

To overcome this, it will be important to practice not only bottom-up style management but also top-down decision-making that exercises strong leadership. The Board of Directors needs to support the exercise of leadership by the management team, while also practicing supervision and restraint and at times aggressively engaging in discussion and raising questions.

Recognizing that my role is lay the groundwork for corporate governance, I intend to make suggestions as appropriate to ensure that lively discussions take place in bodies such as the Board of Directors and the Nomination and Compensation Committee. With regard to the sustainability themes as well, I plan to carefully consider the business opportunities and risks and to closely watch whether necessary and sufficient measures are being taken.

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
  - 56 Our Policy and Framework
  - 57 Board of Directors
  - 60 Corporate Governance Initiatives
  - 64 Message from Outside Directors
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Corporate Governance

Message from Outside Directors

Becoming an organization  
that can face change  
without fear to provide  
unexpected value

Shiho Takano  
Outside director



“Customer-first,” “a love for fashion,” and a “hands-on approach” are values that have permeated throughout all the employees at UNITED ARROWS, and that is a big strength of the company. I believe this shared sense of purpose was key to the agility they demonstrated when restructuring the organization to pursue growth. Plus, even the store staff understand the sustainability themes that are crucially important to the company, enabling them to act on their own initiative, which helps with waste reduction and other results. And those activities themselves have a good influence on staff engagement, which I think generates a positive cycle.

On the other hand, I fear that the overly strong love for UNITED ARROWS may be acting as a shackle that hinders change and new growth. To constantly provide fresh and inspirational products and services, one must continually change. The company’s ability to deliver ever bigger surprises and things that can genuinely be said to “provide excitement” will be increasingly important in the future. For that reason, I would like both the management tier and the ground-level employees to adopt a completely new perspective, one that’s not stuck in the past but instead propels them to create a movement for the next era.

Going forward, I will continue to keep in mind my objective viewpoint as an outside director while simultaneously giving my all as a team member to usher the company toward growth.

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
  - 56 Our Policy and Framework
  - 57 Board of Directors
  - 60 Corporate Governance Initiatives
  - 64 Message from Outside Directors**
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
  - Editorial Policy



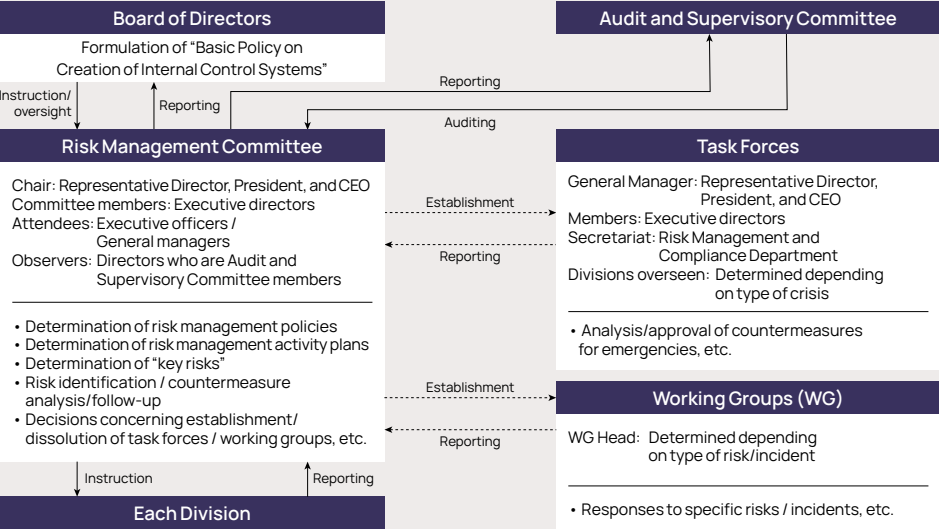
# Internal Control

## Risk management

We have established a Risk Management Committee to identify risks associated with business activities on a regular basis, as well as to evaluate and select important risks every year to be considered for management issues in the coming fiscal year. We are actively studying and implementing measures to address risks in each division.

The foundation of our business is to maintain customer satisfaction, and the ultimate risk is not being able to continue to respond to the changing social environment and customer needs over time—in other words, an “inability to respond to the times.” In fiscal 2023, the risks that we identified as particularly important were human resources, customer preferences and consumption trends, and distribution and logistics, and we identified the following as important risks: economic conditions, store development, quality, sustainability, climate change and natural disasters, political instability in the countries where we operate, digital transformation, information management, and business infrastructure. Based on cases relating to risk management that have occurred internally, we discussed countermeasures and steps to prevent reoccurrence.

### Risk management framework



## Compliance

The Company has established and adheres to the UNITED ARROWS Group’s Code of Conduct, which shows what sort of attitude and actions we should adopt in order to realize our management philosophy. Based on this code, we have set up our compliance framework, and we are working to secure our Group’s social trust by ensuring the soundness of our operations. We have also established the Compliance Regulations as a concrete step to contribute to the realization of our management philosophy.

The Compliance Committee has been established to review and approve policies, activity plans, and educational plans, and to review compliance issues. In fiscal 2023, in light of the case that occurred in the Company as well as the recent legal reform, we revised the compliance manual, and based on those revisions, we conducted video training and e-learning for all employees.

## Reporting system

For compliance purposes, we have established an internal reporting system that allows us to anonymously report suspicious activities to external organizations. In fiscal 2022, we revised our Internal Reporting Regulations in accordance with the revised Whistleblower Protection Act. There were 18 reports filed in fiscal 2023. Each of the reports received was individually investigated, and appropriate measures were taken. We have also set up a Business Partners Compliance Consulting Service on the Company’s website, where business partners can report such things as legal violations, improprieties, or unethical behavior by Company executives or staff.

We go to great lengths to protect the reporting party, through such steps as ensuring their privacy and prohibiting handling that may result in acts of retaliation, discriminatory treatment, or other disadvantages.

## Corruption prevention

Demands to prevent corruption in both domestic and international transactions are on the rise, and regulations have been strengthened in many regions. In the Company’s UNITED ARROWS Group Code of Conduct, we stipulate “raising employees’ awareness of legal compliance to support fair trade” and “efforts to remain an honest and sound company,” and we are working to prevent bribery and other legal violations, improprieties, or unethical behavior.

# Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

Internal Control

Information security

Policy and framework

We have identified information security risks as an important issue for management. As a result, we have established the Information Security Regulations and the Basic Policy on Information Security. We have also set up the Information Security Subcommittee within the Risk Management Committee, for which the Representative Director, President, and CEO serves as chairperson, executive directors serve as members, and outside directors serve as observers. By holding discussions about these risks, including at the management level, we have established a system that enables early planning and implementation of countermeasures. Furthermore, the Risk Management Committee was established as a subsidiary body of the Board of Directors, and it reports regularly to the Board of Directors about the management and operational status of risks in general for the relevant fiscal year, including risks pertaining to information security, as part of the operational status of internal control systems.

In ordinary times, the Information Security Subcommittee, which was established within the Risk Management Committee, as mentioned above, formulates annual plans, handles ordinary operational management, implements evaluations of annual activities and such, and coordinates improvements. When there is a crisis, they determine its level of severity based on the flow when the incident occurs. Particularly if there is a severe impact on business or operations, a task force is launched, with the Representative Director serving as the task force general manager and directors serving as task force members, and related departments (the department where the incident occurred, the department handling the system, the customer service department, the legal affairs department, and the department handling information disclosure, etc.) work together to collect information and quickly make decisions, implement countermeasures, act to prevent reoccurrence, and disclose information.

Information security management framework



Information Security Subcommittee activities

Operations in ordinary times

- 1. Annual plan formulation**  
Based on the internal and external environment and risks, etc., formulates annual plans, which are then accepted and approved in the committee
- 2. Regular operations management**  
Manages progress on activities and reports to the committee
- 3. Evaluations and improvements**  
Evaluates activity results and suggests improvements for the next fiscal year and beyond

Operations in crisis times

- 4. Incident response**  
Initial response, determines severity based on flow  
→ Implements countermeasures according to severity, acts to prevent reoccurrence, etc.

Initiatives to prevent incidents

For the purpose of continuously and reliably providing services based on customers' trust, we are implementing measures aimed at maintaining and exceeding the required standard of security. To prevent information leakage due to computer viruses, cyber terrorism, or the like, we have partnered with security companies, in accordance with the Information Security Regulations revised in 2021, to build systems that are highly secure from the physical, human, and technical standpoint, and to implement risk management. And we are providing Information Security Training to all employees, including those at subsidiary companies and contract employees, as well as implementing regular tests.

For all the above-mentioned employees in fiscal 2023, in addition to the usual training, we conducted a drill against a targeted email attack as well as measures to strengthen PC passwords. We also prepared guidance and procedures for incident response with the goal of minimizing damage and responding quickly. Moreover, we implemented a drill for relevant parties in order to spread the word about the measures to take against high-priority events. In an effort to reduce the risks arising from the spread of remote work, etc., and the increased use of cloud services, we also implemented cloud security strengthening and more. In addition, we made investments relating to security system improvements to ensure the protection and robustness of information assets.

Also, with the goal of grasping current security conditions and crafting the necessary countermeasures, we regularly implement security diagnoses by an external third party. In our fiscal 2023 diagnosis, we have had important systems checked on a priority basis, focusing on multiple items such as identification, defense, detection, response, and recovery, and we have earned consistently positive reviews. For the problems found as a result of the diagnosis, we are reducing risk by implementing improvements at an early stage.

Security control measures for personal information

We are fully aware that the Company handles a lot of sensitive information, including personal information, and that managing it is a serious responsibility. In addition, the Management Committee has established the Personal Information Protection Regulations in accordance with the Act on the Protection of Personal Information, and we have established, evaluated and reviewed the management system for personal information. Furthermore, we have formulated a Privacy Policy, which defines the basic concept of personal information protection and the content to be observed, and published it externally.

For information assets containing personal information, we take measures according to the category of confidentiality, such as access control or network surveillance, to protect it appropriately from unauthorized access.

Especially for classified information containing personal information, we save it in encrypted form and store the encrypted information and the encryption key appropriately in compliance with the Information Security Regulations.

Also, when entrusting personal information to an outside party, we require the contractor to have a Privacy Mark or other third-party certification. If they do not have one, we verify that their role and the procedure for handling the personal information is clear, clarify the risks and verify that they have definitely taken measures against it, and then have them regularly report on the operational status, thereby ensuring that they have an adequate protection system.

Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
- Editorial Policy

# Corporate Profile

(As of March 31, 2024)

Name of the Company	UNITED ARROWS LTD.
Head Office	8-1-19 Akasaka, Minato-ku, Tokyo, Japan
Registered Office	3-28-1 Jingumae, Shibuya-ku, Tokyo Japan
Established	October 2, 1989
Capital	¥3.03 billion
Representative Director, President, and CEO	Yoshinori Matsuzaki
Business Outline	Plan, buy, and sell men's and women's apparel, accessories, and other products
Number of Stores (consolidated)	301
Number of Employees (consolidated)	3,980
Subsidiary Companies	COEN CO., LTD. UNITED ARROWS TAIWAN LTD. UNITED ARROWS SHANGHAI LTD.
Affiliated Company	CHROME HEARTS JP, GK

## Contents

01	Introduction
06	Contents
07	Message from the President
12	Value Creation Story
19	Strategy
41	Sustainability
55	Corporate Governance
66	Internal Control
68	Corporate Profile
69	Stock Information
	Editorial Policy

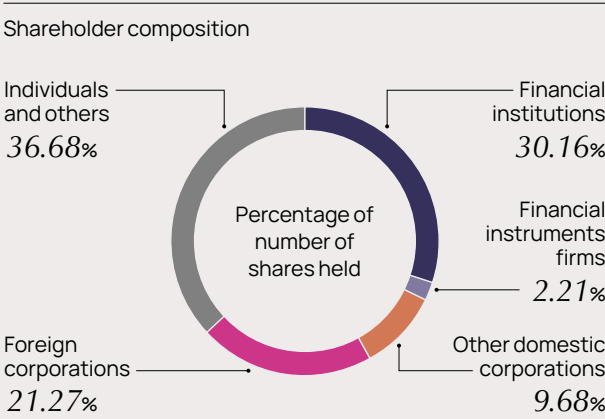


# Stock Information

(As of March 31, 2024)

Stock listing	The Prime Market of the Tokyo Stock Exchange
Type of business	Retail sales
Securities code	7606
Number of shares per unit	100
Number of authorized shares	190,800,000
Number of common shares issued	30,213,676
Number of shareholders	23,801
Share registrar	Mitsubishi UFJ Trust and Banking Corporation

Major shareholders	Number of shares
Custody Bank of Japan, Ltd. (Trust Account)	4,580,500
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,262,000
Osamu Shigematsu	2,488,400
ADS Co., Ltd.	2,000,000
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	796,800
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	559,000
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	475,372
Mitsubishi UFJ Trust and Banking Corporation	428,000
TAKISADA-NAGOYA CO., LTD.	428,000
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	325,625



## Contents

- 01 Introduction
- 06 Contents
- 07 Message from the President
- 12 Value Creation Story
- 19 Strategy
- 41 Sustainability
- 55 Corporate Governance
- 66 Internal Control
- 68 Corporate Profile
- 69 Stock Information
  - Editorial Policy



Editorial policy	<p>This report systematically summarizes and explains business strategies and sustainability activities, such as the Long-Term Vision 2032 and the Medium-Term Management Plan 2023–2025, based on the management philosophy that is the foundation of our activities. Our aim is for this to encourage our stakeholders to understand our value creation story and to lead to better dialogue. In putting together this report, we have referred to the International Integrated Reporting Framework released by the IFRS Foundation as well as the Guidance for Integrated Corporate Disclosures and Company-Investor Dialogues for Collaborative Value Creation, released by the Ministry of Economy, Trade and Industry.</p>
Period covered	<p>In principle, the period is from April 1, 2023, to March 31, 2024 (FY2023).</p>
Scope	<p>UNITED ARROWS LTD. and UNITED ARROWS Group</p>
Date of issue	<p>August 2024 * Updated in October 2024</p>
About notations	<p>Company names and brand abbreviations</p> <ul style="list-style-type: none"><li>• UA: UNITED ARROWS LTD. or UNITED ARROWS</li><li>• BY or BEAUTY&amp;YOUTH: BEAUTY&amp;YOUTH UNITED ARROWS</li><li>• GLR or green label relaxing: UNITED ARROWS green label relaxing</li></ul>
Forward-looking disclaimer	<p>The forecasts and other forward-looking statements presented in this report are based on information currently available to us and certain assumptions deemed reasonable. Actual results may differ materially from those anticipated in this report due to a variety of factors and are not guarantees of the future.</p>
External evaluation	<p>UNITED ARROWS LTD. has been selected as one of the following:</p> <div><b>FTSE Blossom Japan Index</b><b>FTSE Blossom Japan Sector Relative Index</b><b>S&amp;P/JPX Carbon Efficient Index</b></div>
Related information	<div><p>UNITED ARROWS LTD.: <a href="https://www.united-arrows.co.jp/en/">https://www.united-arrows.co.jp/en/</a></p><p>IR site: <a href="https://www.united-arrows.co.jp/en/ir/">https://www.united-arrows.co.jp/en/ir/</a></p><p>Sustainability site: <a href="https://www.united-arrows.co.jp/en/sustainability/">https://www.united-arrows.co.jp/en/sustainability/</a></p></div> <div><p>Click here for Shared Research Inc. research report.</p></div>