

For the First Half of Fiscal Year
Ending March 31, 2025

Financial Results Briefing

2024.11.07 UNITED ARROWS LTD.



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Cautionary Statement

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

Use of Abbreviations

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

UNITED ARROWS	_____	UA
BEAUTY&YOUTH UNITED ARROWS	_____	BY/BEAUTY&YOUTH
UNITED ARROWS green label relaxing	_____	GLR/green label relaxing

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

Trend-conscious Market
UA, BY, DRAWER, Odette e Odile, STEVEN ALAN, ROKU, BLAMINK, H BEAUTY&YOUTH, ASTRAET, California General Store, conte, and ATTISESSION

Basic Trend-conscious Market
GLR, and CITEN



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Overview of FY2025/3 1H Business Results



Financial Results Briefing for FY2025/03 UNITED ARROWS LTD.

Financial Highlights

Consolidated

Sales and gross profit exceeded the plan and the previous year, SGA expenses were slightly lower than planned, and operating income and all other profits significantly exceeded the plan and the previous year.

Gross margin

Although it fell slightly short of the target, it exceeded the previous year's level. Expanded midsummer products and strengthened regular price summer sales, exceeding both plan and previous year in 2Q (3 months).

Non-consolidated

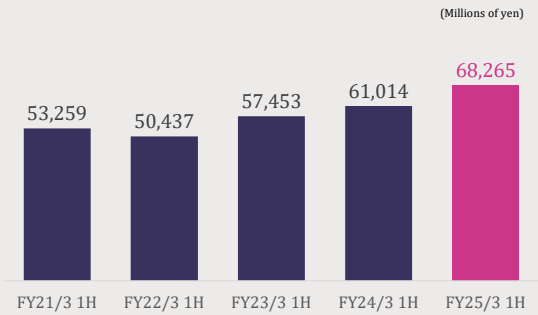
Sales, gross profit and all other profits exceeded plans and the previous year. Achieved significant increases from the previous year in both retail and online sales by enhancing product appeal, having a proactive inventory policy, and optimizing price.

Revision of earnings forecast

Revised the consolidated financial forecast for the full fiscal year ending March 2025 upwards, based on the results for the first half of the year, trends in October, and revised store opening plans.

Consolidated Sales

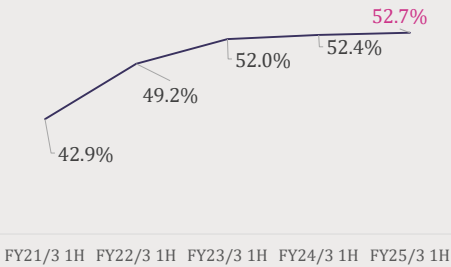
¥68,265 million ^{YoY} 111.9%



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

Consolidated Gross Margin

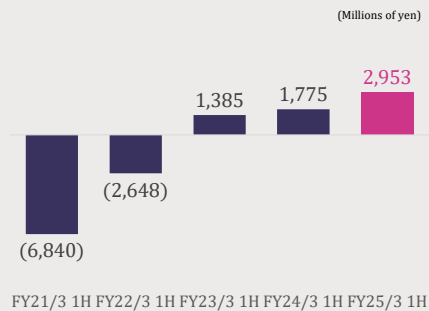
52.7% ^{YoY} +0.2pt



Sales were ¥68,265 million, 111.9% YoY.
Gross margin was 52.7%, up 0.2 pts from the previous year.

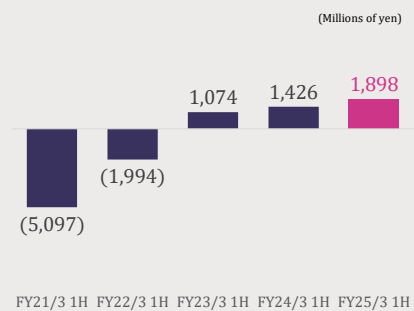
Consolidated operating income

¥2,953million YoY 166.4%



Net income attributable to owners of parent

¥1,898million YoY 133.1%



Operating income posted ¥2,953 million, 166.4% YoY, and 4.3% vs. sales, up 1.4 pts from the previous year. Ordinary income came to ¥3,397 million, 155.6% YoY, and 5.0% vs. sales, up 1.4 pts from the previous year. Net income attributable to owners of parent was ¥1,898 million, 133.1% YoY and 2.8% vs. sales, up 0.4 pts from the previous year.

Consolidated P/L

		FY24/3 1H	FY25/3 1H	Change/pt difference	YoY
(Millions of yen)					
Sales		61,014	68,265	7,251	111.9%
Gross profit		31,993	35,953	3,959	112.4%
	vs. sales	52.4%	52.7%	0.2pt	-
SGA expenses		30,218	32,999	2,781	109.2%
	vs. sales	49.5%	48.3%	- 1.2pt	-
Operating income		1,775	2,953	1,178	166.4%
	vs. sales	2.9%	4.3%	1.4pt	-
Non op. P/L		408	444	35	108.7%
	vs. sales	0.7%	0.7%	- 0.0pt	-
Ordinary income		2,184	3,397	1,213	155.6%
	vs. sales	3.6%	5.0%	1.4pt	-
Extraordinary P/L		(68)	(388)	(320)	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		1,426	1,898	471	133.1%
	vs. sales	2.3%	2.8%	0.4pt	-

* The positive impact of the processing of unused miles at UNITED ARROWS LTD. was approximately ¥200 million, which was included in 2Q sales and gross profit

Details of consolidated P/L are as shown on the slide.

The positive impact of the processing of unused miles at UNITED ARROWS LTD. was approx. ¥200 million, which was included in 2Q sales and gross profit.

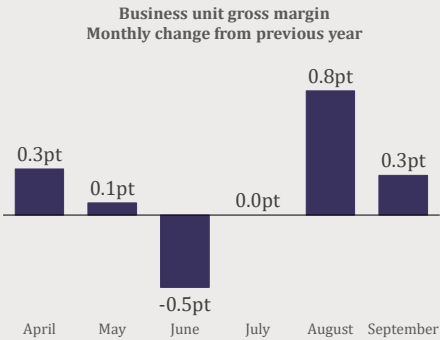
Consolidated P/L 2Q (3 Months)

		FY24/3 2Q	FY25/3 2Q	Change/pt difference	YoY
Sales		28,858	32,769	3,911	113.6%
Gross profit		14,314	16,540	2,225	115.5%
	vs. sales	49.6%	50.5%	0.9pt	-
SGA expenses		15,041	16,355	1,313	108.7%
	vs. sales	52.1%	49.9%	- 2.2pt	-
Operating income		(726)	184	911	-
	vs. sales	-	0.6%	-	-
Non op. P/L		144	213	69	148.0%
	vs. sales	0.5%	0.7%	0.2pt	-
Ordinary income		(582)	398	981	-
	vs. sales	-	1.2%	-	-
Extraordinary P/L		(33)	(193)	(160)	-
	vs. sales	-	-	-	-
Net income attributable to owners of parent		(372)	134	506	-
	vs. sales	-	0.4%	-	-

Consolidated Gross Margin

Consolidated, non-consolidated and Taiwanese subsidiary exceeded previous year’s results
Non-consolidated business unit also performed well, with the exception of June when discount price sales were brought forward, and the first half of the year was better than the previous year

	FY25/3 1H	YoY pt difference
Consolidated	52.7%	0.2pt
UNITED ARROWS LTD.	52.4%	0.4pt
Total business unit	-	0.1pt
Outlet, etc.	-	2.7pt
COEN CO., LTD.	-	-1.5pt
UNITED ARROWS TAIWAN LTD.	-	1.4pt



Consolidated gross margin was 52.7%, up 0.2 pts YoY.

Non-consolidated gross margin increased by 0.4 pts from the previous year to 52.4%, including improvements in total business units and outlets, as well as the positive impact of the expiry of unused miles. Total business units exceeded the previous year’s level in the first half of the year, except for June, when discount sale demand was brought forward due to an increase in VIP sale recipients.

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

COEN CO., LTD. saw a decrease of 1.5 pts from the same period of the previous year due to expansion of discount price sales and recording product write-downs.

The Taiwan subsidiary improved 1.4 pts due to improved inventory efficiency.

Consolidated Gross Margin 2Q (3 Months)

	FY25/3 2Q	YoY pt difference
Consolidated	50.5%	0.9pt
UNITED ARROWS LTD.	49.7%	1.0pt
Total business unit	-	0.3pt
Outlet, etc.	-	2.1pt
COEN CO., LTD.	-	-0.6pt
UNITED ARROWS TAIWAN LTD.	-	2.3pt

Consolidated gross margin for 2Q (3 months) was 50.5%, up 0.9 pts YoY.

Non-consolidated gross margin increased by 1.0 pt from the previous year to 49.7%, including the positive impact of processing unused miles, while both total business units and outlets showed improvements from the previous year.

Consolidated SGA Expenses

		(Millions of yen)		
		FY24/3 1H	FY25/3 1H	Change/pt difference YoY
Total SGA expenses		30,218	32,999	2,781 109.2%
	vs. sales	49.5%	48.3%	- 1.2pt
Advertising expenses		1,928	1,906	(21) 98.9%
	vs. sales	3.2%	2.8%	- 0.4pt
Personnel expenses		10,482	11,337	854 108.2%
	vs. sales	17.2%	16.6%	- 0.6pt
Rent		8,656	9,200	543 106.3%
	vs. sales	14.2%	13.5%	- 0.7pt
Depreciation		425	565	140 133.0%
	vs. sales	0.7%	0.8%	0.1pt
Other		8,726	9,990	1,264 114.5%
	vs. sales	14.3%	14.6%	0.3pt

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SGA expenses were ¥32,999 million, 109.2% YoY, and 48.3% vs. sales, down 1.2 pts from the previous year. Advertising expenses were ¥1,906 million, 98.9% YoY, and 2.8% vs. sales, down 0.4 pts from the previous year.

Although efforts were made to strengthen advertising and promotion, the decrease was due to the backlash from temporary costs associated with the transition to UA Club in the previous year.

Personnel expenses were ¥11,337 million, 108.2% YoY, and 16.6% vs. sales, down 0.6 pts from the previous year.

This increase was due to an increase in personnel numbers and wage hikes.

Rent was ¥9,200 million, 106.3% YoY, and 13.5% vs. sales, down 0.7 pts from the previous year.

This was due to increases in percentage rent as well as commissions on online shopping sites due to increased sales.

Depreciation was ¥565 million, 133.0% YoY, and 0.8% vs. sales, up 0.1 pt from the previous year.

This was due to new store openings and investment in systems.

Others were ¥9,990 million, 114.5% YoY, and 14.6% vs. sales, up 0.3 pts from the previous year.

This was due to the increase in costs associated with sales expansion, such as card fees and delivery costs.

Consolidated SGA Expenses 2Q (3 Months)

			(Millions of yen)	
	FY24/3 2Q	FY25/3 2Q	Change/pt difference	YoY
Total SGA expenses	15,041	16,355	1,313	108.7%
vs. sales	52.1%	49.9%	- 2.2pt	-
Advertising expenses	1,207	986	(221)	81.7%
vs. sales	4.2%	3.0%	- 1.2pt	-
Personnel expenses	5,052	5,445	392	107.8%
vs. sales	17.5%	16.6%	- 0.9pt	-
Rent	4,226	4,534	307	107.3%
vs. sales	14.6%	13.8%	- 0.8pt	-
Depreciation	212	296	84	139.6%
vs. sales	0.7%	0.9%	0.2pt	-
Other	4,342	5,093	750	117.3%
vs. sales	15.0%	15.5%	0.5pt	-

Consolidated B/S

	As of Mar. 31, 2024	As of Sept. 30, 2024	(Millions of yen)	
			vs. previous term-end	
			Change	
Total Assets	60,204	68,788	8,584	114.3%
Composition ratio	100.0%	100.0%	-	-
Current Assets	40,372	46,489	6,116	115.2%
Composition ratio	67.1%	67.6%	-	-
Noncurrent Assets	19,831	22,299	2,467	112.4%
Composition ratio	32.9%	32.4%	-	-
Current Liabilities	20,997	28,979	7,981	138.0%
Composition ratio	34.9%	42.1%	-	-
Noncurrent Liabilities	4,177	3,877	(299)	92.8%
Composition ratio	6.9%	5.6%	-	-
Total Net Assets	35,030	35,931	901	102.6%
Composition ratio	58.2%	52.2%	-	-
Reference: Balance of short- and long-term loans payable	202	2,900	2,698	1435.6%
	As of Sept. 30, 2023	As of Sept. 30, 2024	vs. 2Q-end of the previous fiscal year	
			Change	
Reference: Inventory	24,716	27,237	2,520	110.2%

Total assets were ¥68,788 million, 114.3% YoY.

Current assets were ¥46,489 million, 115.2% YoY.

This was due to increases in cash and deposits, and merchandise and a decrease in accounts receivables-other.

Noncurrent assets were ¥22,299 million, 112.4% YoY.

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

Current liabilities were ¥28,979 million, 138.0% YoY.

This was due to increases in notes and accounts payable-trade, short-term loans payable, income taxes payable, and asset retirement obligations to be performed within one year.

Non-current liabilities were ¥3,877 million, 92.8% YoY.

This was due to a reduction of asset retirement obligations resulting from reclassification to current liabilities.

Total net assets were ¥35,931 million, 102.6% YoY.

This was due to an increase in retained earnings and a decrease caused by paying dividends.

The balance of short- and long-term loans payable was ¥2,900 million, 1,435.6% YoY.

Inventory was ¥27,237 million, 110.2% YoY.

This was mainly due to inventory buildup aimed at expanding sales.

Consolidated C/F

(Millions of yen)

	FY24/3 1H	FY25/3 1H	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	2,199	3,573		
Cash flows from operating activities	1,162	3,308	Income before income taxes	3,009
			Decrease in trade receivables	1,403
			Increase in inventories	(5,556)
			Increase in trade payables	4,422
Cash flows from investing activities	(1,771)	(3,066)	Purchases of property, plant and equipment	(911)
			Purchases of intangible assets	(1,410)
			Payments of guarantee deposits	(615)
Cash flows from financing activities	(3,572)	1,645	Net increase in short-term loans payable	2,698
			Dividends paid	(1,052)
Cash and cash equivalents at the end of the period	4,334	8,376		

Cash flows from operating activities amounted to a cash inflow of ¥3,308 million.

Cash flows from investment activities amounted to a cash outflow of ¥3,066 million.

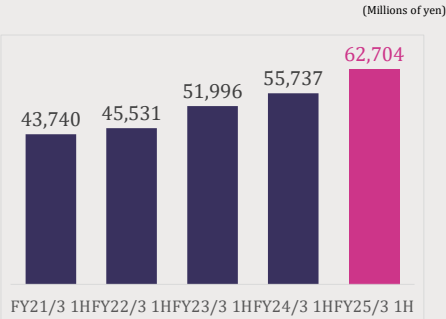
Cash flows from financing activities amounted to a cash inflow of ¥1,645 million.

Cash and cash equivalents were ¥8,376 million.

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

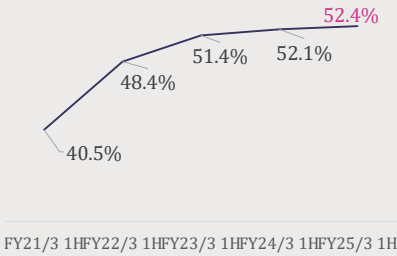
Non-consolidated Sales

YoY
¥62,704million 112.5%



Non-consolidated Gross Margin

YoY
52.4% +0.4pt



Non-consolidated Existing Stores YoY

Sales 112.8%

Number of purchasing customers 110.0%

Avg. spend per customer 102.4%

Non-consolidated sales were ¥62,704 million, 112.5% YoY.

Non-consolidated gross margin was 52.4%, up 0.4 pts from the previous year.

Compared with the previous year, both retail and online sales at existing stores exceeded the previous year's figure, with retail and online sales combined recording growth of 112.8%.

The number of purchasing customers at existing stores was 110.0% of the previous year, and the avg. spending per customer was 102.4% YoY due to the revision of prices.

Non-consolidated Sales by Channel

(Millions of yen)					Existing stores YoY			
	FY24/3 1H	FY25/3 1H	Change/pt difference	YoY		Sales	Number of customers	Avg. spend per customer
Non-consolidated sales	55,737	62,704	6,966	112.5%	Retail + Online	112.8%	110.0%	102.4%
Total business unit	46,832	53,350	6,518	113.9%	Retail	109.1%	106.1%	102.8%
vs. sales	82.8%	83.6%	0.8pt	-	Online	121.1%	116.8%	104.9%
Retail	32,108	35,558	3,450	110.7%				
vs. sales	56.8%	55.7%	- 1.0pt	-				
Online	13,750	16,767	3,017	121.9%				
vs. sales	24.3%	26.3%	2.0pt	-				
Others (Wholesale, etc.)	973	1,024	50	105.2%				
vs. sales	1.7%	1.6%	- 0.1pt	-				
Outlet, etc.	9,736	10,454	718	107.4%				
vs. sales	17.2%	16.4%	- 0.8pt	-				

Details of non-consolidated sales.

Total business unit sales were ¥53,350 million, 113.9% YoY.

Retails sales were ¥35,558 million, 110.7% YoY.

Online sales were ¥16,767 million, 121.9% YoY, and vs. sales were 26.3%.

UA online sales remained strong at 140.4% of the previous year, and came to account for 41.3% of the total online sales (year-on-year increase of 5.4 pts).

As the combined sales at other companies' malls also grew to 111.6% YoY, major websites are experiencing growth.

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

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

Outlet, etc. was ¥10,454 million, 107.4% YoY and 16.4% vs. sales.

Non-consolidated Sales by Business

			(Millions of yen)	
	FY24/3 1H	FY25/3 1H	Change	YoY
Total business unit sales	46,832	53,350	6,518	113.9%
Trend-conscious Market	31,668	35,321	3,653	111.5%
Basic Trend-conscious Market	15,164	18,029	2,864	118.9%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	111.3%	107.5%	120.2%
Basic Trend-conscious Market	115.9%	112.5%	122.6%

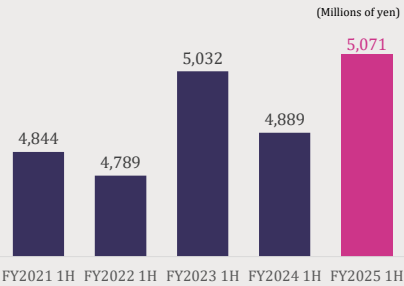
In the Trend-conscious market centered on UA and BY, good business was maintained, due to a recovery in city centers and the number of inbound tourists recovered, resulting in sales of ¥35,321 million, 111.5% YoY. Sales of Basic Trend-conscious market centered on GLR were ¥18,029 million, 118.9% YoY. Growth was high due to large-scale promotion of women’s and others. In both markets, sales at retail + online existing stores grew by double digits over the previous year.

Group Company Results

COEN CO., LTD. Feb. – Jul.

Saw increase in sales and decrease in profit

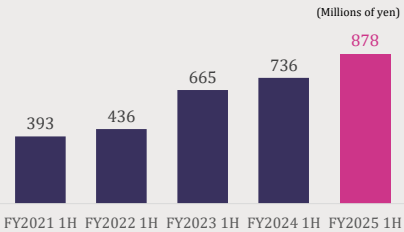
- Sales ¥5,071 million, YoY 103.7%
- Recovery continues, especially in physical stores, with sales exceeding the previous year
- Profits decreased due to an expansion of discount price sales, a decline in gross margin resulting from the recording of inventory write-downs, and an increase in SGA expenses due to an increase in labor costs and advertising expenses



UNITED ARROWS TAIWAN LTD. Feb. – Jul.

Increase in both sales and profit

- Sales ¥878 million, YoY 119.3%
- COEN and online sales performed well
- Gross margin improved due to improved inventory efficiency, achieving increases in both sales and profit



Opening and Closing of Stores

The number of stores at the end of the fiscal year will be 325, an increase of 24 from the end of the previous fiscal year, due to the addition of 5 stores of BOOT BLACK JAPAN Co.,Ltd, which became a group company on October 1, 2024, as well as the postponement of some store openings at COEN CO., LTD. and the subsidiary in Taiwan to the next fiscal year.

	No. of stores at the previous period end	1H results		No. of stores at the 1H-end	Full-year forecast		No. of stores at the period end (Forecast)
		Opened	Closed		Opened	Closed	
Total Group	301	14	2	313	24	5	325
UNITED ARROWS LTD.	221	10	1	230	18	3	236
COEN CO., LTD.	71	3	1	73	5	2	74
UNITED ARROWS TAIWAN LTD.	9	1	0	10	1	0	10
BOOT BLACK JAPAN Co., Ltd.							5

The Group opened a total of 14 stores in the first half. The number of stores at the end of the first half was 313. The number of stores at the end of the fiscal year is expected to be 325, an increase of 24 from the end of the previous fiscal year, due to the addition of 5 stores run by BOOT BLACK JAPAN Co., Ltd., which became a group company as of October 1, 2024, as well as the postponement of some store openings at COEN CO., LTD. and the subsidiary in Taiwan to the next fiscal year.

Revision of Earnings Forecast (Full-year)

Reviewed the full-year forecasts reflecting the first-half results, October trends, and revised store opening plans, and revised operating income up to ¥7,700 million, ordinary income to ¥8,320 million, and net income attributable to owners of parent to ¥4,530 million.

(Millions of yen)							
	FY24/3	FY25/3 Initial forecast	FY25/3 Revised forecast	YoY		vs. Initial forecast	
				change/vs. sales	pt difference	change/vs. sales	pt difference
Sales	134,269	150,000	150,960	16,690	112.4%	960	100.6%
Gross profit	69,462	78,790	78,930	9,467	113.6%	140	100.2%
vs. sales	51.7%	52.5%	52.3%	0.6pt	-	- 0.2pt	-
SGA expenses	62,722	71,490	71,230	8,507	113.6%	(260)	99.6%
vs. sales	46.7%	47.7%	47.2%	0.5pt	-	- 0.5pt	-
Operating income	6,740	7,300	7,700	959	114.2%	400	105.5%
vs. sales	5.0%	4.9%	5.1%	0.1pt	-	0.2pt	-
Non op. P/L	746	685	620	(126)	83.0%	(65)	90.5%
vs. sales	0.6%	0.5%	0.4%	- 0.1pt	-	- 0.0pt	-
Ordinary income	7,486	7,985	8,320	833	111.1%	335	104.2%
vs. sales	5.6%	5.3%	5.5%	- 0.1pt	-	0.2pt	-
Extraordinary P/L	(331)	(1,157)	(950)	(618)	-	207	-
vs. sales	-	-	-	-	-	-	-
Net income attributable to owners of parent	4,876	4,145	4,530	(346)	92.9%	385	109.3%
vs. sales	3.6%	2.8%	3.0%	- 0.6pt	-	0.2pt	-

Revised the full-year forecast upward based on the results for the first half, taking into account trends in October and revised store opening plans.

The consolidated earnings forecast for FY2025/3 is as follows: ¥150,960 million in sales, 112.4% YoY.

Gross margin will be 52.3%, up 0.6 pts from the previous year.

We expect operating income to be ¥7,700 million, 114.2% YoY, and 5.1% vs. sales, up 0.1 pts from the previous year.

Ordinary income will be ¥8,320 million, 111.1% YoY, and 5.5% vs. sales, down 0.1 pts from the previous year.

We expect net income attributable to owners of parent to be ¥4,530 million, 92.9% YoY and 3.0% vs. sales, down 0.6 pts from the previous year.

Revision of Earnings Forecast (Second Half)

Estimate second-half sales of ¥82,694 million, up 112.9% YoY, and gross margin of 52.0%, up 0.8 pts YoY.

In addition to variable expenses, SGA expenses include:

- Increased labor costs associated with basic salary raise and increase in personnel
Approx. ¥1,000 million
- One-time costs associated with office relocation
Approx. ¥600 million
- Increase in bonuses due to increased profits and revised payment methods
Approx. ¥500 million
- Increase due to stronger advertising activities
Approx. ¥500 million
- Increase in costs due to increased store openings
Approx. ¥400 million

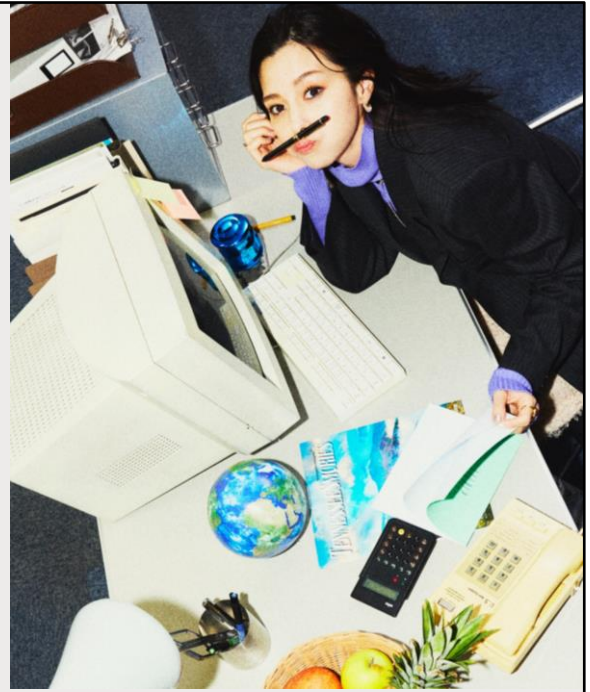
Thus, expected to be ¥38,230 million, 117.6% YoY.

			(Millions of yen)	
	FY24/3 2H	FY25/3 2H Revised forecast	YoY	
			change/	vs. sales pt difference
Sales	73,255	82,694	9,439	112.9%
Gross profit	37,468	42,976	5,508	114.7%
	vs. sales	51.1%	52.0%	0.8pt
SGA expenses	32,503	38,230	5,726	117.6%
	vs. sales	44.4%	46.2%	1.9pt
Operating income	4,964	4,746	(218)	95.6%
	vs. sales	6.8%	5.7%	- 1.0pt
Non op. P/L	337	175	(162)	52.0%
	vs. sales	0.5%	0.2%	- 0.2pt
Ordinary income	5,302	4,922	(380)	92.8%
	vs. sales	7.2%	6.0%	- 1.3pt
Extraordinary P/L	(262)	(561)	(298)	-
	vs. sales	-	-	-
Net income attributable to owners of parent	3,450	2,631	(818)	76.3%
	vs. sales	4.7%	3.2%	- 1.5pt

Estimated sales for second half of FY2025/3 are ¥82,694 million, up 112.9% YoY, and we expect gross margin of 52.0%, up 0.8 pts from the previous year.

SGA expenses are expected to be ¥38,230 million, 117.6% YoY, including an increase in variable costs, as well as a basic salary raise, increased personnel expenses resulting from increased staff, one-time expenses associated with office relocation, increased bonuses due to increased profits and revised payment methods, increased expenses from strengthened advertising activities, and higher costs associated with increased store openings.

2 Progress in Sustainability Initiatives



Financial Results Briefing for FY2025/03 UNITED ARROWS LTD.



Circularity

UA RECYCLE ACTION

- At stores nationwide from August 16 to August 31, 2024
- Attended by 9,247 people with 6,245.3 kg of unwanted clothes, shoes and bags collected
- These will be reused both domestically and internationally through ECOMMIT Co., Ltd.'s resource recycling service "PASSTO," and will also be recycled as new resources



Circularity

Participating in "Clothing Cultural Festival vol. 1" to create a new cycle together

- Held at the "KISARAZU CONCEPT STORE" from October 11 to October 20, 2024
- In addition to selling sample products, non-standard products, and repair items, a panel introducing SARROWS' activities was also on display



From August 16 to August 31, 2024, UA RECYCLE ACTION was held at stores nationwide. Activities aimed at reducing waste and recycling-oriented fashion through the reuse and recycling of unwanted clothing. A total of 9,247 customers participated, and 6,245.3 kg of clothing, shoes, and bags were collected. Collected items are reused both domestically and internationally through resource recycling service "PASSTO" of ECOMMIT Co., Ltd. and also reused as new resources.

Participated in the Clothing Cultural Festival vol. 1 held at KISARAZU CONCEPT STORE from October 11 to 20, 2024. In addition to selling sample products, non-standard products, and repair items, we exhibited panels introducing SARROWS' activities to raise awareness of our sustainability activities.



Carbon Neutrality

Third-party verification of GHG emissions and water usage

- Conducted third-party verification to improve the reliability of disclosed information
- Obtained third-party assurance from Socotec Certification Japan K.K. regarding greenhouse gas emissions (scope 1, 2, 3) and water usage for FY2024 and posted it on the sustainability website

[Third Party Certificate Report](#)



Humanity

Disclosure of efforts to prevent bribery and corruption

- Disclosed on the sustainability website in October 2024
- Explained the Group's efforts about compliance system, company rules on entertainment and gift-giving, prohibition of donations related to political activities, whistle-blowing system, implementation of compliance education, request for compliance to business partners, responsibilities of and disciplinary action to officers and employees

[The UNITED ARROWS Group's Efforts to Prevent Bribery and Corrupt Practices](#)

Conducted third-party verification of GHG emissions and water usage for fiscal year ended March 2024 in order to improve the reliability of ESG disclosure information. Verification was commissioned to SOCOTEC Certification Japan K.K., and the assurance report is posted on the sustainability website.

As part of our disclosure of governance initiatives, we have posted information on our efforts to prevent bribery and corruption on our sustainability website. It explains the Group's efforts for the compliance system, internal rules on entertainment and gift-giving, prohibition of donations related to political activities, whistle-blowing system, implementation of compliance education, request for compliance to business partners, responsibilities of and disciplinary action to officers and employees.

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Message from Matsuzaki, Representative Director, President, and CEO



Financial Results Briefing for FY2025/03 UNITED ARROWS LTD.

1. UA CREATIVITY Strategy

[Grow and Expand Existing Businesses]

Top-line growth

- Existing store sales increased significantly in both retail and online stores due to improved product appeal, proactive inventory policies, and penetration of OMO measures
- In addition to a significant increase in the number of purchasing customers, due to an increase in sales unit prices and an improvement in the set ratio, the avg. spend per customer exceeded that of the previous year

	Sales	Number of purchasing customers	Avg. spend per customer
Retail + Online	112.8 %	110.0 %	102.4 %
Retail	109.1 %	106.1 %	102.8 %
Online	121.1 %	116.8 %	104.9 %

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I would like to report on the progress we have made this year based on our medium-term management plan. For the first of our three main strategies, UA CREATIVITY Strategy, Growth and Expansion of Existing Businesses, we worked to improve product appeal, implement an aggressive inventory policy, and promote OMO initiatives. This resulted in significant growth in existing store sales, both retail and online. Although our pricing policy has led to an increase in unit sales prices, we have seen a double-digit increase in the number of purchasing customers thanks to improved customer service, and the set ratio has also improved, with avg. spending per customer exceeding the previous year.

1. UA CREATIVITY Strategy

[Grow and Expand Existing Businesses]

Top-line growth

- By optimizing prices to suit market characteristics, both markets achieved double-digit growth from the previous year



By optimizing pricing according to the characteristics of each market, sales in both the Trend-conscious Market and the Basic Trend-conscious Market performed well, with a double-digit increase from the previous year. The Trend-conscious Market is increasing the number of customers while raising avg. spending per customer and the Basic Trend-conscious Market is significantly increasing the number of customers while suppressing the increase in avg. spending per customer.

1. UA CREATIVITY Strategy

[Grow and Expand Existing Businesses]

Top-line growth

- Active promotions to boost sales in the fall and winter seasons

UNITED ARROWS

- 35th Anniversary Project
- Commemorative products released in collaboration with various domestic and international brands
- Storefront decorations and shopping bags changed to special designs



UNITED ARROWS 35th Anniversary Special Visual

BEAUTY&YOUTH

- Promotion featuring Rikako Yagi
- Development of shop windows and POP displays in each store, and special sales sites
- Starting winter promotion on November 6



BEAUTY&YOUTH meets RIKAKO YAGI Visual

green label relaxing

- Conclusion Series 2 is now available
- Following on from spring, MEGUMI is featured in four new items
- Coordinated appeal across TV commercials, in-store, online and social media



Conclusion Series Campaign Visual

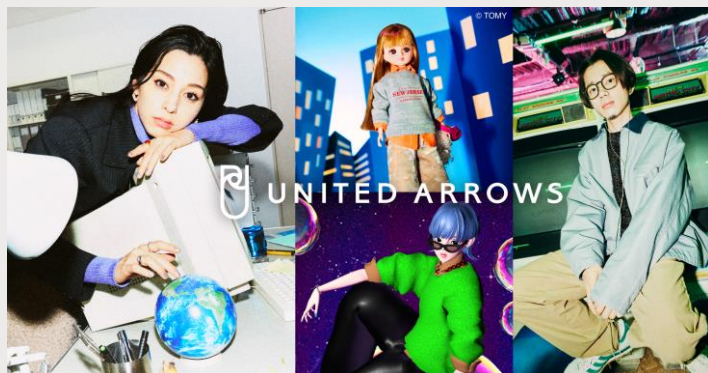
We are also actively promoting our existing businesses to further increase sales this fall and winter. With the aim of promoting further growth, UNITED ARROWS is planning a project to commemorate its 35th anniversary, BEAUTY&YOUTH is running a promotion featuring Rikako Yagi, and green label relaxing is continuing its Conclusion series from spring.

1. UA CREATIVITY Strategy

[Strengthen Brand Appeal]

Rebranding of the corporate brand

- Celebrating the 35th anniversary, we are launching new communications for the next generation
- The theme of the first release is “Interdimensional Remix” The cast includes Ayami Nakajo, Sasuke Haraguchi, Licca chan, and an original 3DCG character
- Expressing a new side of UNITED ARROWS, renewing the company’s image to one that is multi-layered and multifaceted
- Deploy digital advertising on Instagram, YouTube, etc. and outdoor advertising to appeal to the next generation



“Interdimensional Remix” special website

<https://store.united-arrows.co.jp/s/all/re/202410/>

You Tube

https://youtu.be/5fLTI_HixX8

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Next, I would like to talk about our efforts to strengthen our brand appeal.

During this mid-term plan period, we are also promoting ourselves as a company as part of our efforts to strengthen our brand appeal.

The Company celebrated its 35th anniversary on October 2, 2024. Taking this 35th anniversary as an opportunity, we have launched new communications aimed at the next generation, in order to continue evolving while keeping up with the times.

This project is planned to be serialized. The first installment has the theme of “Interdimensional Remix” and features Ayami Nakajo, Sasuke Haraguchi, Licca chan, and an original 3DCG character.

First of all, we would consider it a successful step if it gave people an image that is different from the conservative and traditional impression that has existed until now.

By expressing a new side of UNITED ARROWS, we are working to create a multi-layered, multifaceted corporate image, so we hope you will continue to look forward to it.

1. UA CREATIVITY Strategy

[Strengthen Brand Appeal]

STAFF OF THE YEAR Grand Prix winner for two consecutive years

- “STAFF OF THE YEAR 2024”* is an event to determine the “Reiwa era’s most charismatic store clerk” by competing in various customer service skills, including online customer service
- Approximately 1,300 fashion brands and 85,000 people from across the country applied, and three of the 14 finalists were selected from our company
- After the final round of judging, Tomoka Kurimoto of green label relaxing won the Grand Prix Following on from last year, our staff won the Grand Prix again this year



Grand Prix winner Kurimoto



Finalists Naka, Kurimoto and Murao (from left)

**STAFF OF THE YEAR 2024* Sponsor: VANISH STANDARD CO., LTD.

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Here are some examples that contributed to strengthening our brand appeal this fiscal year.

Tomoka Kurimoto, a staff member of green label relaxing, won the grand prize at the final round of STAFF OF THE YEAR 2024 held on September 13, by VANISH STANDARD CO., LTD. Naka from UNITED ARROWS also won the grand prize last year, making this the second year in a row that one of our staff members has won the award.

“STAFF OF THE YEAR” is a competition to determine the “Reiwa era’s most charismatic store clerk” in a competition about various customer service skills, including online customer service. In fiscal 2024, approx. 1,300 fashion brands and 85,000 people from across the country applied, and 14 people who passed the preliminary screening advanced to the final round. Three of them were selected from the Company.

The preliminary screening included sales through staff styling on the e-commerce site and mystery shopping for in-store customer service, and two of our staff who advanced to the final screening received full marks in the mystery shopping. The final round also included a customer service role-playing session. We view this evaluation as recognition of our daily in-store customer service and OMO efforts, and the three individuals who advanced to the final round are symbolic of the human capital that will lead the Company’s brand value creation.

We will continue to work to improve the social status of our sales members and create greater job satisfaction, while also honing our sales capabilities, which are our most important asset.

1. UA CREATIVITY Strategy

[Re-grow COEN]

Entering the recovery phase from the spring/summer season

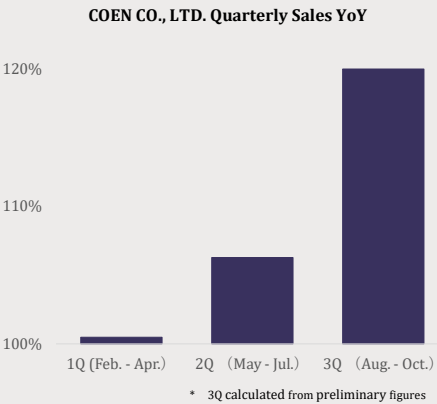
- Starting in fall and winter, do promotions featuring Hiroe Igeta, aiming for further growth
- RONEL, a new brand launched in spring 2024, expanded product lineup and developed operations mainly online



2024 Fall/Winter Campaign Visual



RONEL 2024 Fall/Winter Image Visual



The last part of the CREATIVITY Strategy is about COEN.

We have completed the second season since the major MD changes we made in fall/winter 2023 and have entered a recovery phase from spring/summer 2024.

Although we were affected by the elevated temperatures in October, as shown in the graph on the slide, sales have significantly increased year-on-year since the third quarter, and we are steadily moving toward renewed growth.

In addition to improving the products, we are also proactively implementing sales promotion measures, such as a promotion featuring Hiroe Igeta this fall and winter.

RONEL, a new dressy casual brand launched in spring/summer 2024, has also received a certain amount of success, and from fall/winter the brand is expanding its lineup and is developing its business mainly through online sales. We hope you will continue to look forward to COEN's future growth.

2. UA MULTI Strategy

[Develop Non-apparel Businesses]

Physical stores of new businesses, ATTISESSION and conte, opened in September

- ATTISESSION opened its first store in LUMINE Shinjuku, Tokyo, while conte opened its first store in the Aoyama district, Tokyo and its second store in LUMINE Shinjuku
- Plan to expand store openings from the end of this fiscal year to next fiscal year

ATTISESSION



ATTISESSION Shinjuku store

conte



conte Aoyama store

Next, I would like to talk about the second pillar of our strategy, the UA MULTI Strategy.

First, I will mention the situation with our new business initiatives in the first half of the year.

ATTISESSION, a women's brand targeting the MZ generation, opened its first store in LUMINE Shinjuku, Tokyo in September.

Another brand aimed at independent women, conte, also opened in September its first street-front store in Aoyama, Tokyo, and its second store at LUMINE Shinjuku.

Both brands are off to a good start, which enables us to expand store openings from the end of this fiscal year through to the next. Please look forward to it.

2. UA MULTI Strategy

[Develop Non-apparel Businesses]

Acquired exclusive sales rights for Korean bag brand “OSOI” in Japan

- The brand has two stores in South Korea. With a track record of handling as our purchasing brand, it has high popularity among fashionable customers in their 20s to 40s
- In February 2025, we will open an “OSOI” brand site on our own e-commerce site, strengthening sales at UNITED ARROWS. During 2025, we plan to open stores as a single brand, gradually expanding the number of stores thereafter
- Aim to acquire new customers and expand our business scope by further increasing added value and broadening the range of fashion tastes we cover



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As announced today, we also have acquired exclusive distribution rights in Japan for the Korean bag brand “OSOI.”

“OSOI” has two stores in South Korea and has a track record of handling as our purchasing brand, garnering fanatical support from a wide range of sensitive customers in their 20s to 40s. In February 2025, we will open an “OSOI” brand site on our own e-commerce website and strengthen sales by setting up permanent corners in some UNITED ARROWS stores.

We plan to open a standalone store for the brand during 2025, and then gradually expand its store openings thereafter.

This is not simply a passing Korean fad, but rather a strategy suited to the Japanese market that aims to provide even higher added value, broaden the range of fashion tastes that we cover, acquire new customers, and expand our business areas.

We will continue to collaborate with these existing brands and actively develop business together, aiming for rapid expansion.

2. UA MULTI Strategy

[Develop Non-apparel Businesses]

Acquired exclusive sales rights for Korean bag brand “OSOI” in Japan

- Available products (Spring/Summer 2025 season): “OSOI” regular products and UNITED ARROWS special order models
- Average price range: ¥30,000 to ¥50,000



For the 2025 spring/summer season, we plan to release “OSOI” regular products and UNITED ARROWS special order models. The average price range is ¥30,000 to ¥50,000. Please see the slide for representative items.

2. UA MULTI Strategy

[Global Expansion]

Open first directly managed store in Shanghai, mainland China

- UNITED ARROWS' first directly managed store in mainland China to open in January 2025 as a base for the brand
- In the future, we are considering collaborating with local partners to open stores in major cities
- Opening a flagship store on China's largest e-commerce platform, Tmall



UNITED ARROWS Shanghai JING AN KERRY CENTRE Store

Open a pop-up store in Hangzhou, mainland China

- End of September 2024 to end of December 2024
- Based on the results of past pop-up store developments (Shanghai and Beijing), the store stocks high-end sports and casual brands
- Expanding awareness ahead of the opening of a directly managed store in 2025

Product launch in Singapore

- Started in August 2024
- Developed wholesale operations of UNITED ARROWS, BEAUTY&YOUTH and ASTRAET at LUMINE Singapore
- Appeal to highly sensitive consumers, aiming to acquire new customer segments

As for the final part of the MULTI Strategy, we are also working on several initiatives for global expansion. We will open our first directly managed store in Shanghai, mainland China in January 2025. We position this first store as a base of our brand dissemination, and in addition to the core businesses of UNITED ARROWS and BEAUTY&YOUTH, we will also house H BEAUTY&YOUTH and ROKU, proposing high-end casual styles to the highly fashionable local people. From the second store onwards, we will collaborate with local partners and consider opening stores in major cities, as well as opening a flagship store on China's largest e-commerce platform, T-Mall. Furthermore, we have also started developing a wholesale operations in Singapore and a franchise in Bangkok, Thailand, and are working to understand local customer needs and increase awareness overseas. Although there are various risks, we will continue to enhance our strengths, such as high-quality customer service and products, not only in Japan but also overseas.

2. UA MULTI Strategy

[M&A]

Acquired all shares of BOOT BLACK JAPAN Co., Ltd., which operates a shoeshine service

- Acquired all shares of BOOT BLACK JAPAN Co., Ltd. on October 1, 2024, and made it a subsidiary
- Aim to improve the brand image through enhancing customer satisfaction by expanding customer service in existing businesses, providing high-value-added services to affluent customers in Japan and overseas, and implementing sustainability initiatives such as shoeshine and repair



Trade name	BOOT BLACK JAPAN Co., Ltd.
Representative	Yuya Hasegawa
Location	204 PAN Minamiaoyama, 6-3-11 Minamiaoyama, Minato-ku, Tokyo
Date of establishment	May 22, 2007
Business lines	1. Shoe polishing and shoe repair 2. Appearing at events, seminars and lectures 3. Manufacturing and sales of shoeshine products
Capital stock	¥4 million
Sales	¥124 million (previous fiscal year)

I would like to announce that we conducted an M&A on October 1.

We acquired all shares of BOOT BLACK JAPAN Co., Ltd., which mainly operates a shoeshine service, and made it a subsidiary. The said company has a track record of collaboration with UNITED ARROWS stores in the past and is highly compatible with our existing business. So, we have judged that it can be expected to create synergies between the two companies, such as mutual customer referrals and service provision at our stores, and therefore have had them join our company.

Through this initiative, we aim to improve customer satisfaction by expanding customer treatment and services in our existing businesses, provide high-value-added services targeting wealthy customers both in Japan and overseas, and further improve our brand image through sustainability initiatives such as the shoeshine and repair business.

Although this is a small initiative, we recognize it as an especially important project in terms of increasing satisfaction among our customers and high-net-worth individuals, and also in terms of our future activities overseas.

3. UA DIGITAL Strategy

UA Club performance over one year of operation (as of the end of July 2024)

• All indicators performed well

Number of active members

1.42 million people

(YoY 106.3%)

* Members who purchased within one year

UA Club membership sales
(August 2023 to July 2024)

¥68.1 billion

(YoY 111.6%)

UA Club membership sales
composition ratio (non-consolidated)
(August 2023 to July 2024)

52.4%

(YoY change: 0.5 pts)

Membership retention rate

55.3%

(YoY change: 0.9 pts)

* Percentage of members who purchased for
two consecutive years

Percentage of F2 and above members

50.0%

(YoY 0.8 pts)

* Percentage of members who purchased more
than twice a year

Number of cross users

200,000

(YoY 116.9%)

* Members who use both physical stores and our
online site

Next, I would like to talk about our third major strategy, the UA DIGITAL Strategy.

One year has passed since the UA Club started. The main indicators are shown in the slide, and all of them are off to a smooth start, exceeding the plan.

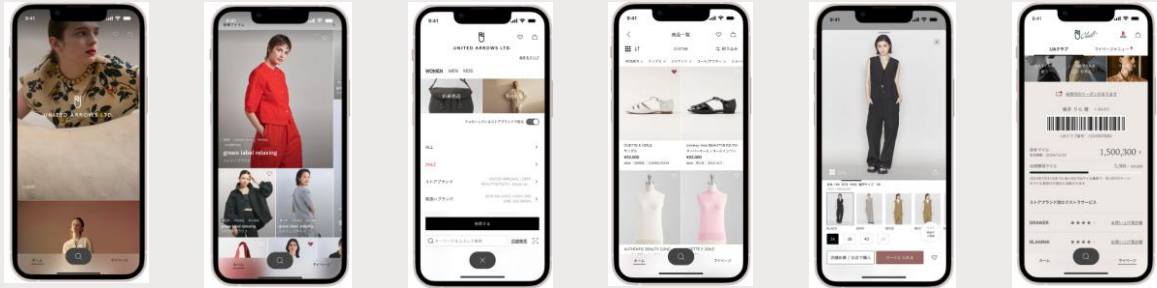
The membership ratio of F2 and higher, which is a KPI that we place particular importance on, has also reached 50%, and the number of cross-users who use both physical stores and our own e-commerce site has reached 200,000.

We hope to increase this figure through future measures.

3. UA DIGITAL Strategy

Renewal of UA Online Official App

- In October 2024, the user interface was significantly changed and improved to a more intuitive and easy-to-operate design. The Favorites function has been improved to make it easier to use
- Improve convenience for both online and offline by enhancing OMO functions by next spring, adding functions to make shopping at physical stores more convenient, and personalizing screens according to app browsing history



The key to improving these KPIs is the smartphone app.

At the end of October, we made significant changes to the user interface, improving the design to make it easier to operate intuitively.

Additionally, we have enhanced the functionality to allow users to register favorites by brand and style, making it even easier to use.

We plan to further improve the functionality by next spring. We will improve convenience both online and offline by adding features that make shopping in physical stores more convenient and personalizing the screen based on app browsing history.



This concludes our report on the progress of our initiatives.

This October marked the halfway point of our medium-term management plan.

We are aware that the efforts we have been making since last fiscal year, as well as the activities we are conducting this fiscal year, have made steady progress toward our mid-term plan.

In October, despite elevated temperatures, we achieved some success in dealing with products.

However, the second half of the year has only just begun, and it remains to be seen whether we will be able to provide value to customers during the winter sales season.

In the second half of the year, we will not let our guard down for even a moment, and all of our team will work together to make efforts to sincerely respond to the needs of each and every customer.

Moreover, it is necessary to increase compensation in order to secure the human resources essential for further growth in the future, and ultimately to increase the attractiveness of the entire industry.

Furthermore, in order to grow without relying on inbound sales, which have now become a success element, we need to accelerate new initiatives.

As various costs rise, it is necessary to improve customer service skills and product appeal and further refine added value.

Although there are many challenges ahead, we are enthusiastic about our mission to convey the joy of fashion to the world and to make our customers feel excited through the activities of UNITED ARROWS, and we will continue to work hard to connect with our customers more deeply and broadly than ever before.

We would appreciate your continued support.

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Reference Materials



Financial Results Briefing for FY2025/03 UNITED ARROWS LTD.

Consolidated Earnings Forecast (Revised on 2024/11/7)

		(Millions of yen)				
Sales		¥150,960 million (YoY 112.4%)	FY24/3	FY25/3 Revised forecast	YoY	
Gross margin		52.3% (YoY difference 0.6 pts)			change /vs. sales	pt difference
Sales			134,269	150,960	16,690	112.4%
Gross profit			69,462	78,930	9,467	113.6%
		vs. sales	51.7%	52.3%	0.6pt	-
SGA expenses			62,722	71,230	8,507	113.6%
		vs. sales	46.7%	47.2%	0.5pt	-
Operating income			6,740	7,700	959	114.2%
		vs. sales	5.0%	5.1%	0.1pt	-
Non op. P/L			746	620	(126)	83.0%
		vs. sales	0.6%	0.4%	- 0.1pt	-
Ordinary income			7,486	8,320	833	111.1%
		vs. sales	5.6%	5.5%	- 0.1pt	-
Extraordinary P/L			(331)	(950)	(618)	-
		vs. sales	-	-	-	-
Net income attributable to owners of parent			4,876	4,530	(346)	92.9%
		vs. sales	3.6%	3.0%	- 0.6pt	-

Gross Margin Forecast

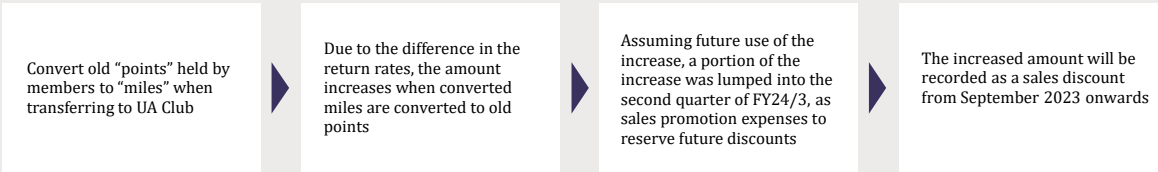
	FY25/3 1H (Results)	YoY	FY25/3 2H (Revised forecast)	YoY	FY25/3 Full year (Revised forecast)	YoY
Consolidated	52.7%	0.2pt	52.0%	0.8pt	52.3%	0.6pt
UNITED ARROWS LTD.	52.4%	0.4pt	51.6%	0.7pt	52.0%	0.5pt
Total business unit	-	0.1pt	-	-	-	-
Outlet, etc.	-	2.8pt	-	-	-	-
COEN CO., LTD.	-	- 1.5pt	-	2.1pt	-	0.4pt
UNITED ARROWS TAIWAN LTD.	-	1.4pt	-	- 0.6pt	-	0.3pt

Non-consolidated Sales Forecast

	(Millions of yen)					
	FY25/3 1H (Results)	YoY	FY25/3 2H (Revised forecast)	YoY	FY25/3 Full year (Revised forecast)	YoY
Non-consolidated sales	62,704	112.5%	75,993	111.8%	138,697	112.1%
Retail + Online Existing Stores	-	112.8%	-	109.8%	-	109.7%
Retail Existing Stores	-	109.1%	-	106.7%	-	106.4%
Online Existing Stores	-	121.1%	-	116.1%	-	116.6%

* As of November 7, the October results are preliminary figures, and existing store sales forecasts for November and beyond remain roughly unchanged, so we have not recalculated existing store plans for the second half or full fiscal year

Financial impact of transition to UA Club



Financial impact

FY2024/3 Results

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

FY2025/3 Forecast

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

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

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

Assuming that this increase will be used from now, we have booked part of the said amount as a reserve for future discount into sales promotion expenses in 2Q FY24. After September, this will be recorded as discount on sales, in accordance with the use of the additional provision.

The impact from this process in 1H has been around -0.9pt for the whole term against YoY sales, and about -1.0pt in 4Q. In terms of gross margin, the impact has been -0.1pt for the whole term, and -0.1pt for 4Q.

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

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

UNITED ARROWS LTD. Retail Store Opening and Closing

	No. of stores at the previous period end	1H results		No. of stores at 1H end	Full-year forecast		No. of stores at the period end (Forecast)
		Opened	Closed		Opened	Closed	
UNITED ARROWS LTD. Total	221	10	1	230	18	3	236
Trend-conscious Market Total	103	6	0	109	10	1	112
UNITED ARROWS General Merchandise Store	14	1	0	15	2	0	16
UNITED ARROWS	25	0	0	25	0	0	25
BEAUTY&YOUTH	36	2	0	38	2	0	38
Other	28	3	0	31	6	1	33
Basic Trend-conscious Market Total	91	4	0	95	7	1	97
Green label relaxing	85	3	0	88	5	1	89
Other	6	1	0	7	2	0	8
Outlet	27	0	1	26	1	1	27