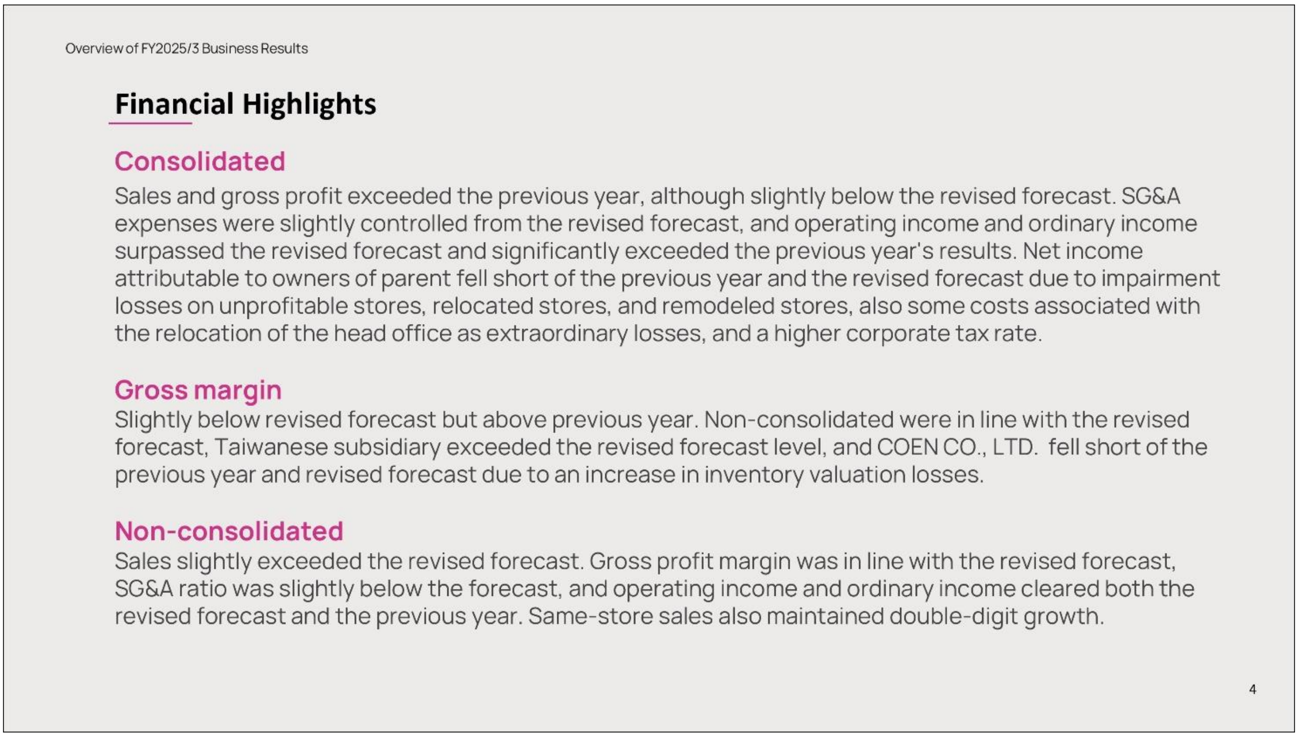
Event Summary

[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Briefing for the FY2025	
[Fiscal Period]	FY2025 Q4	
[Number of Speakers]	Yoshinori Matsuzaki	Representative Director, President, CEO
	Takeo Nakazawa	Director, Executive Managing Officer, CFO
	Satoshi Tan	Executive Officer, CSO
	Toshiharu Mii	Manager, Corporate Strategy Div. Investor Relations Dept.

Presentation



Nakazawa: Again, my name is Nakazawa. I would like to present the overview of our business results for the fiscal year ended March 31, 2025 and our business plan for the fiscal year ending March 31, 2026.

Here are our financial highlights for the full year.

Since we announce our revised forecast during the fiscal year, comments on the highlights are expressed as a comparison with the revised forecast.

First, the consolidated results.

Sales and gross profit fell slightly short of the revised forecast, but they exceeded those of the previous year, while SG&A expenses were slightly reduced from the revised forecast, so operating income and ordinary income surpassed the revised forecast. They also significantly increased from the previous year's results.

Net income attributable to owners of the parent company exceeded the initial plan but fell short of the revised forecast and the previous year's result due to impairment losses on unprofitable stores, impairment losses associated with the relocation and renovation of stores, and the recording of some costs associated with head office relocation as extraordinary losses.

Next is the gross margin.

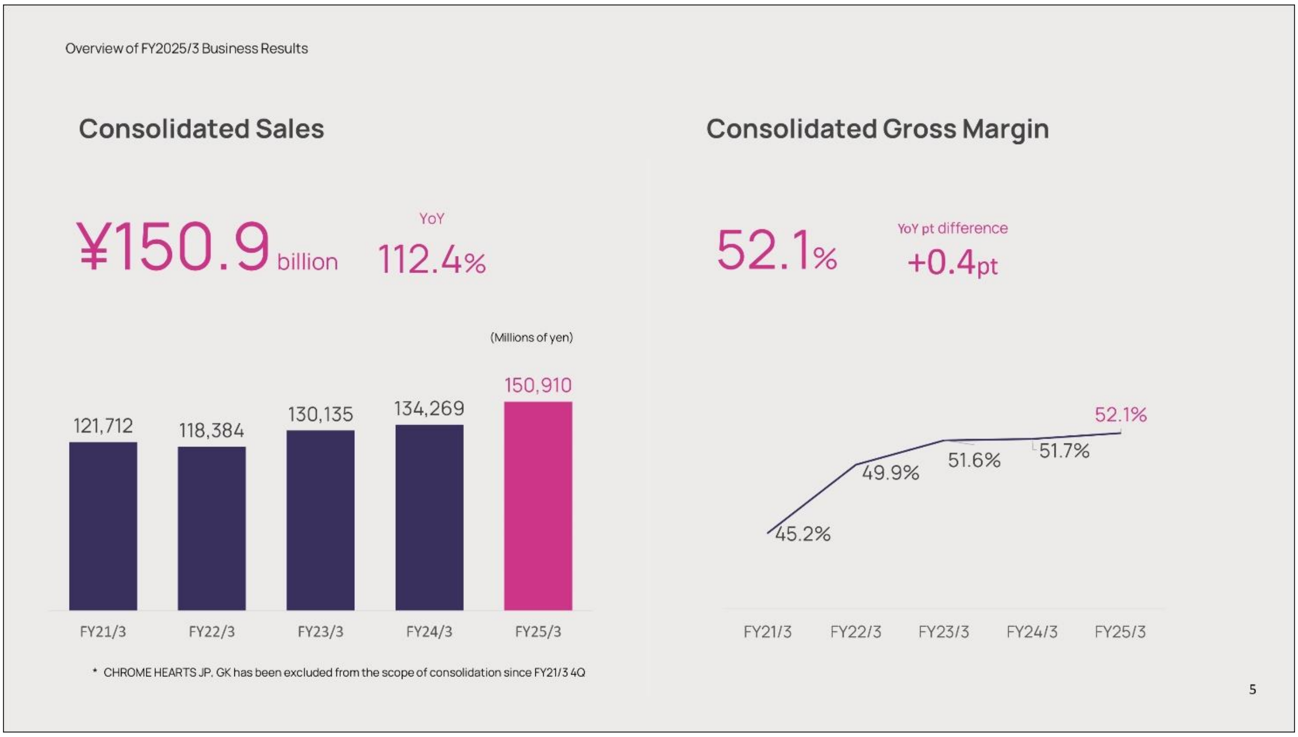
This figure fell slightly short of the revised forecast but exceeded the previous year's level.

As for the breakdown by company, UA recorded a gross margin aligned with the revised forecast level on a non-consolidated basis, and our Taiwanese subsidiary exceeded the revised forecast, while COEN CO., LTD. fell short of the revised forecast and the previous year's result owing to an increase in inventory valuation losses.

Next, UA's non-consolidated results.

Sales slightly exceeded the revised forecast, gross profit margin was in line with the revised forecast, and the SG&A ratio was slightly below the revised forecast, so operating income and ordinary income surpassed both the revised forecast and the previous year's results. In addition, existing store sales also maintained double-digit growth.

Those are our financial highlights.

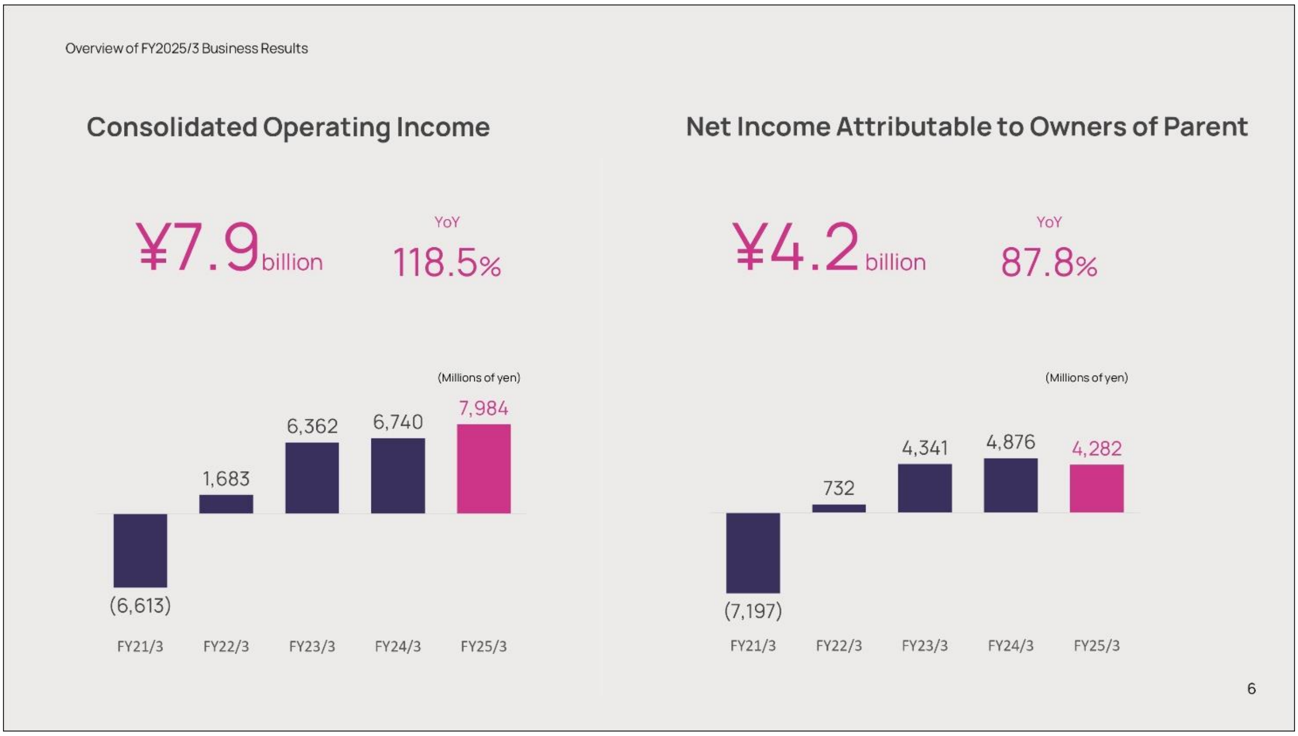


I will now discuss our financial results.

First, our consolidated results.

Consolidated sales stood at JPY150.9 billion, 112.4% YoY.

The consolidated gross margin was 52.1%, representing an improvement of 0.4 points from the previous year.



Consolidated operating income was JPY7.9 billion, 118.5% YoY, and ratio to sales was 5.3%, up 0.3 points from the previous year. Although not shown here, ordinary income was JPY8.5 billion, 114.1% YoY, and ratio to sales was 5.7%, an increase of 0.1 points from the previous year.

Net income attributable to owners of the parent was JPY4.2 billion, 87.8% YoY, and ratio to sales was 2.8%, a decrease of 0.8 points from the previous year.

Overview of FY2025/3 Business Results

Consolidated P/L

(Millions of yen)

		FY24/3	FY25/3	Change/pt difference	YoY
Sales		134,269	150,910	16,641	112.4%
Gross profit		69,462	78,629	9,167	113.2%
	vs. sales	51.7%	52.1%	0.4pt	–
SGA expenses		62,722	70,645	7,923	112.6%
	vs. sales	46.7%	46.8%	0.1pt	–
Operating income		6,740	7,984	1,243	118.5%
	vs. sales	5.0%	5.3%	0.3pt	–
Non op. P/L		746	555	(191)	74.4%
	vs. sales	0.6%	0.4%	- 0.2pt	–
Ordinary income		7,486	8,539	1,052	114.1%
	vs. sales	5.6%	5.7%	0.1pt	–
Extraordinary P/L		(331)	(1,456)	(1,125)	–
	vs. sales	–	–	–	–
Net income attributable to owners of parent		4,876	4,282	(594)	87.8%
	vs. sales	3.6%	2.8%	- 0.8pt	–

* 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

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Next is our consolidated P&L.

Details are as shown on the slide.

The extraordinary losses amounting to JPY1.45 billion for the current fiscal year break down to JPY290 million loss on the retirement of fixed assets, JPY540 million impairment loss, JPY230 million in head office relocation expenses, and JPY370 million loss on sales of investments in the capital of affiliates.

Overview of FY2025/3 Business Results

Consolidated P/L 4Q (3 Months)

(Millions of yen)

	FY24/3 4Q	FY25/3 4Q	Change/pt difference	YoY
Sales	34,564	37,921	3,356	109.7%
Gross profit	16,883	18,722	1,839	110.9%
vs. sales	48.8%	49.4%	0.5pt	–
SGA expenses	15,960	18,773	2,813	117.6%
vs. sales	46.2%	49.5%	3.3pt	–
Operating income	923	(51)	(974)	–
vs. sales	2.7%	–	–	–
Non op. P/L	204	(181)	(385)	–
vs. sales	0.6%	–	–	–
Ordinary income	1,127	(232)	(1,359)	–
vs. sales	3.3%	–	–	–
Extraordinary P/L	(160)	(518)	(358)	–
vs. sales	–	–	–	–
Net income attributable to owners of parent	622	(781)	(1,403)	–
vs. sales	1.8%	–	–	–

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This is the consolidated P&L for the three months of Q4.

The details are as shown on the slide.

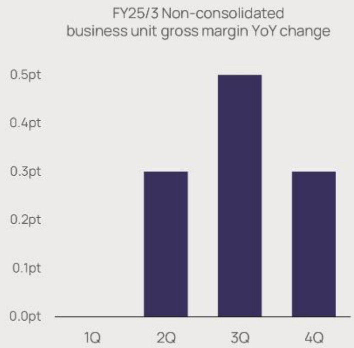
As you can see, SG&A expenses for the three months of Q4 have increased significantly. I would like to explain the details of this with the following slide.

Overview of FY2025/3 Business Results

Consolidated Gross Margin

Consolidated, non-consolidated and Taiwanese subsidiary exceeded previous year's results, while COEN CO., LTD. declined from the previous year due to inventory write-downs.
Non-consolidated business unit continued to improve from 2Q.

	FY25/3	YoY pt difference
Consolidated	52.1%	0.4pt
UNITED ARROWS LTD.	52.0%	0.5pt
Total business unit	-	0.3pt
Outlet, etc.	-	1.9pt
COEN CO., LTD.	-	-2.7pt
UNITED ARROWS TAIWAN LTD.	-	1.4pt



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Here are the details of our gross margin.

Our consolidated gross margin was 52.1%, up 0.4 points YoY, while UA's non-consolidated gross margin stood at 52%, up 0.5 points YoY.

The total business unit improved by 0.3 points thanks to appropriate pricing and the curbing of discount sales. In Q1, when demands for mark down sales were brought forward, our gross margin was at the previous year's level, but it has been improving since Q2.

Outlet sales improved from the previous year due to factors such as the increase in the ratio of outlet-only products as a result of inventory efficiency improvements.

At COEN, there was a decrease of 2.7 points YoY due to a surge in discount sales and an increase in valuation losses on merchandise.

As for UA TAIWAN, it went up by 1.4 points thanks to the improvement in inventory efficiency.

Consolidated Gross Margin 4Q (3 Months)

Consolidated, non-consolidated and Taiwanese subsidiary exceeded previous year's results, while COEN CO., LTD. declined from the previous year due to special valuation loss on inventory in 4Q.

	FY25/3 4Q	YoY pt difference
Consolidated	49.4%	0.5pt
UNITED ARROWS LTD.	48.9%	0.5pt
Total business unit	-	0.3pt
Outlet, etc.	-	1.4pt
COEN CO., LTD.	-	-1.1pt
UNITED ARROWS TAIWAN LTD.	-	2.4pt

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Here are the details of the gross margin for the three months in Q4.

Consolidated gross margin was 49.4%, up 0.5 points YoY. For UA non-consolidated, it stood at 48.9%, representing an increase of 0.5 points YoY.

The total business unit and outlet gross margins also improved from the previous year.

The negative figure for COEN was, as mentioned earlier, mainly due to an increase in inventory write-downs.

Overview of FY2025/3 Business Results

Consolidated SGA Expenses

Although SGA expenses increased from the previous year, the SGA ratio was held to a 0.1 pt increase. This figure includes increases in advertising and promotion expenses, personnel expenses due to increased number of employees, salary base increases, and bonus increases, and depreciation expenses due to store openings. As one time costs for FY25/3, a total of 450 million yen is recorded, including 170 million yen for costs associated with the relocation of the head office and 280 million yen for achievement bonus in non-consolidated results.

(Millions of yen)

		FY24/3	FY25/3	Change/pt difference	YoY
Total SGA expenses		62,722	70,645	7,923	112.6%
	vs. sales	46.7%	46.8%	0.1pt	-
Advertising expenses		3,823	4,390	566	114.8%
	vs. sales	2.9%	2.9%	0.0pt	-
Personnel expenses		21,134	23,719	2,585	112.2%
	vs. sales	15.7%	15.7%	- 0.0pt	-
Rent		18,422	19,925	1,502	108.2%
	vs. sales	13.7%	13.2%	- 0.5pt	-
Depreciation		918	1,322	403	143.9%
	vs. sales	0.7%	0.9%	0.2pt	-
Other		18,421	21,287	2,865	115.6%
	vs. sales	13.7%	14.1%	0.4pt	-

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This is the breakdown of our consolidated SG&A expenses.

First, total SG&A expenses amounted to JPY70.6 billion. Although SG&A expenses rose significantly to 112.6% YoY, the ratio to sales increased by 0.1 points YoY to 46.8%, indicating that the ratio to sales was controlled.

As for the main breakdown, advertising expenses amounted to JPY4.3 billion, 114.8% YoY and 2.9% versus sales, which was the same level as the previous year. The increase was due to reinforced advertising campaigns such as TV commercials and corporate image ads.

Personnel expenses totaled JPY23.7 billion, 112.2% YoY and 15.7% versus sales, also at the same level as the previous year. The increase was due to higher headcount, salary base increases, and bigger bonuses.

Rental expenses amounted to JPY19.9 billion, 108.2% YoY and 13.2% versus sales, a decrease of 0.5 points from the previous year. This was due to an increase in rent and commissions for the online shopping sites in line with the increase in sales.

Depreciation expenses totaled JPY1.3 billion, 143.9% YoY and 0.9% versus sales, up 0.2 points from the previous year. This was due to new store openings and increased investment in systems.

Other expenses amounted to JPY21.2 billion, 115.6% YoY and 14.1% versus sales, up 0.4 points from the previous year. This was due to an increase in related costs associated with sales expansion, such as credit card fees, delivery costs, and logistics outsourcing costs.

There were one-time costs of JPY170 million associated with the relocation of our head office and JPY280 million for the plan achievement bonus on a non-consolidated basis at UA, for a total of JPY450 million for the fiscal year ended March 2025.

A portion of the costs associated with the relocation of our head office, amounting to approximately JPY200 million, has been recorded as an extraordinary loss.

Overview of FY2025/3 Business Results

Consolidated SGA Expenses 4Q (3 Months)

(Millions of yen)

		FY24/3 4Q	FY25/3 4Q	Change/pt difference	YoY
Total SGA expenses		15,960	18,773	2,813	117.6%
	vs. sales	46.2%	49.5%	3.3pt	-
Advertising expenses		971	1,233	262	127.0%
	vs. sales	2.8%	3.3%	0.4pt	-
Personnel expenses		5,133	6,254	1,120	121.8%
	vs. sales	14.9%	16.5%	1.6pt	-
Rent		4,778	5,142	364	107.6%
	vs. sales	13.8%	13.6%	- 0.3pt	-
Depreciation		270	390	119	144.2%
	vs. sales	0.8%	1.0%	0.2pt	-
Other		4,806	5,752	946	119.7%
	vs. sales	13.9%	15.2%	1.3pt	-

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This is the consolidated SG&A expenses for the three months in Q4.

Total SG&A expenses were JPY18.7 billion, 117.6% YoY and 49.5% versus sales, up 3.3 points from the previous year. The main breakdown of the increases and decreases is shown on the slide.

Advertising expenses totaled JPY1.2 billion, 127% YoY and 3.3% versus sales, up 0.4 points from the previous year. This increase was due to reinforced advertising such as TV commercials and corporate image ads.

Personnel expenses amounted to JPY6.2 billion, 121.8% YoY and 16.5% versus sales, up 1.6 points from the previous year.

Of this JPY1.1 billion increase, the rise in UA's non-consolidated regular bonus from the previous year was approximately JPY490 million, and, as I mentioned earlier, the one-time cost increase from bonuses given for achieving the plan was approximately JPY280 million. The rest of the increase was due to the surge in the number of employees and base salary increases, among other reasons.

The increase in other expenses amounting to JPY900 million included JPY170 million in one-time costs associated with the relocation of our head office. The increase in other costs was mainly due to the higher costs associated with sales expansion, such as credit card fees, delivery costs, and logistics outsourcing costs.

Overview of FY2025/3 Business Results

Consolidated B/S

(Millions of yen)

	As of Mar. 31, 2024	As of Mar. 31, 2025	vs. previous term-end Change	
Total Assets	60,204	70,142	9,937	116.5%
Composition ratio	100.0%	100.0%		
Current Assets	40,372	44,816	4,444	111.0%
Composition ratio	67.1%	63.9%		
Noncurrent Assets	19,831	25,325	5,493	127.7%
Composition ratio	32.9%	36.1%		
Current Liabilities	20,997	27,767	6,770	132.2%
Composition ratio	34.9%	39.6%		
Noncurrent Liabilities	4,177	4,552	375	109.0%
Composition ratio	6.9%	6.5%		
Total Net Assets	35,030	37,821	2,791	108.0%
Composition ratio	58.2%	53.9%		
Reference: Inventory	21,686	24,730	3,044	114.0%
Reference: Balance of short- and long-term loans payable	202	1,028	826	508.9%

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This is our consolidated balance sheet.

Total assets amounted to JPY70.1 billion, 116.5% of the amount recorded at the end of the previous fiscal year.

Next, current assets stood at JPY44.8 billion, 111% of the amount recorded at the end of the previous fiscal year. This was due to increases in cash, merchandise, and accounts receivable.

Noncurrent assets totaled JPY25.3 billion, 127.7% of the amount recorded at the end of the previous fiscal year. The main factors behind said increase were the surge in tangible fixed assets brought about by new store openings and office relocations, and the rise in intangible fixed assets due to preparations for the renewal of the core system.

Current liabilities amounted to JPY27.7 billion, 132.2% of the amount recorded at the end of the previous fiscal year. The main reasons for the surge were increases in notes and accounts payable, short-term loans payable, income taxes payable, and provision for bonuses.

Noncurrent liabilities amounted to JPY4.5 billion, 109% of the amount recorded at the end of the previous fiscal year. The main reason for the increase was the higher asset retirement obligation associated with the opening of new stores.

Total net assets amounted to JPY37.8 billion, 108% of the amount recorded at the end of the previous fiscal year, mainly due to an increase in retained earnings.

At the bottom, we have included a breakdown of changes in inventory and loans payable for reference.

First, inventory totaled JPY24.7 billion, 114% of the amount recorded at the end of the previous fiscal year. This was mainly due to an increase in inventory in preparation for sales expansion.

The balance of long- and short-term loans payable stood at JPY1 billion. Although there was a significant jump versus the amount recorded at the end of the previous fiscal year, it was mainly due to the increase in borrowings at our subsidiary, COEN.

Overview of FY2025/3 Business Results

Consolidated C/F

(Millions of yen)

	FY24/3	FY25/3	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	7,577	8,074		
Cash flows from operating activities	6,341	7,097	Profit before income taxes Depreciation Increase in trade receivables Increase in inventories	7,082 1,322 (1,356) (3,041)
Cash flows from investing activities	(2,656)	(6,240)	Purchases of property, plant and equipment Purchases of intangible assets Proceeds from sales of investments in capitalof subsidiaries and associates	(2,638) (3,045) 1,212
Cash flows from financing activities	(5,773)	(699)	Net increase in short-term borrowings Dividends paid	826 (1,524)
Cash and cash equivalents at the end of the period	6,486	6,655		

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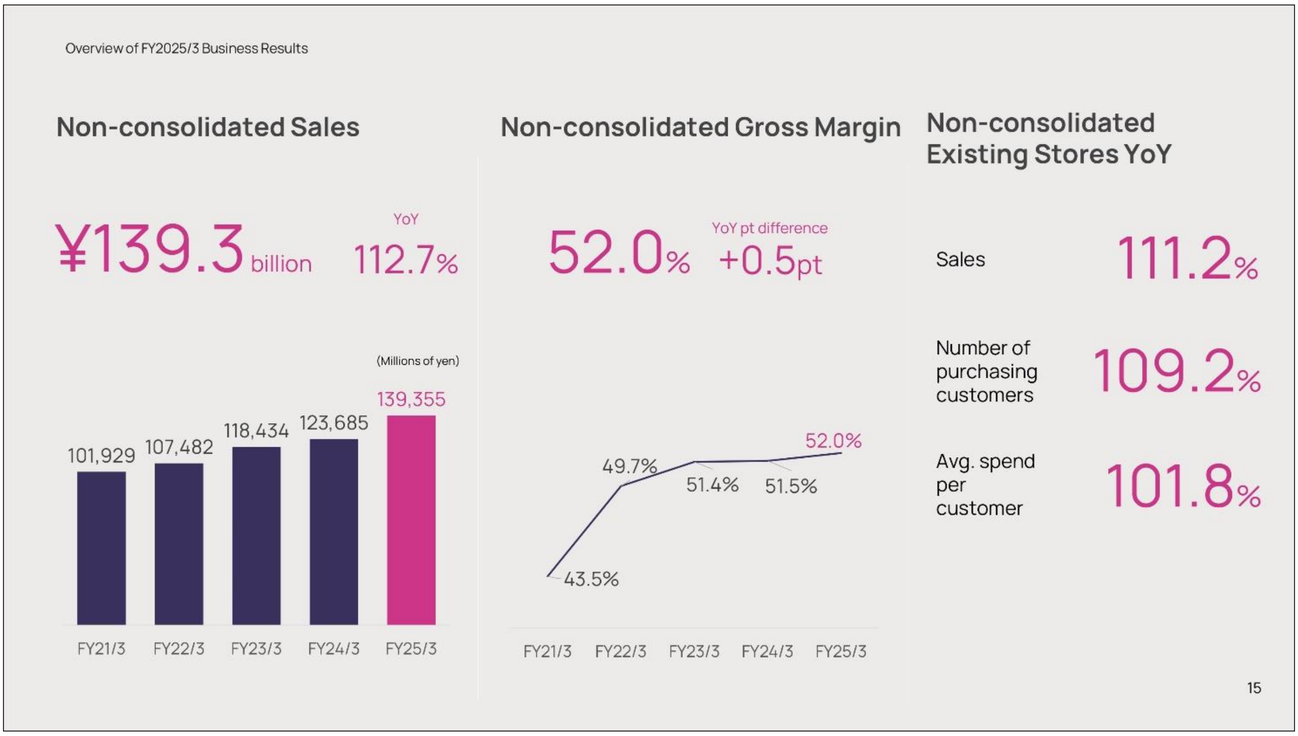
This is our consolidated cash flow.

First, cash flow from operating activities had a cash inflow of JPY7 billion. Cash flow from investing activities had a cash outflow of JPY6.2 billion, while cash flow from financing activities had a JPY600 million cash outflow, resulting in a cash and cash equivalents balance of JPY6.6 billion.

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



From here, I will report on UA's non-consolidated results.

First, sales amounted to JPY139.3 billion, 112.7% YoY.

The gross margin was 52%, an improvement of 0.5 points from the previous year.

Existing store sales on a YoY basis exceeded the previous year's level for both retail and online shopping, with retail plus online shopping totaling 111.2%. The number of customers purchasing at our existing stores stood at 109.2% of the previous year's level, with the average customer spend at 101.8% owing to price revisions and other factors.

Overview of FY2025/3 Business Results

Non-consolidated Sales by Channel

(Millions of yen)

	FY24/3	FY25/3	Change/pt difference	YoY
Non-consolidated sales	123,685	139,355	15,669	112.7%
Total business unit	104,709	118,098	13,388	112.8%
vs. sales	82.8%	83.3%	0.5pt	-
Retail	70,783	78,555	7,772	111.0%
vs. sales	56.0%	55.4%	- 0.6pt	-
Online	32,009	37,307	5,298	116.6%
vs. sales	25.3%	26.3%	1.0pt	-
Others (Wholesale, etc.	1,916	2,234	317	116.6%
vs. sales	1.5%	1.6%	0.1pt	-
Outlet, etc.	21,746	23,734	1,987	109.1%
vs. sales	17.2%	16.7%	- 0.5pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	111.2%	109.2%	101.8%
Retail	109.0%	106.1%	102.8%
Online	115.7%	114.4%	102.2%

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Next, here are the details of our non-consolidated sales.

First, total business unit sales amounted to JPY118 billion, 112.8% YoY. Retail sales were JPY78.5 billion, 111% YoY. Under this, online sales amounted to JPY37.3 billion, 116.6% YoY, 26.3% versus sales.

Our in-house e-commerce sites performed well at 129% of the previous year's level. As a result, they accounted for 40.4% of our total online sales. The YoY difference was an increase of 3.9 points. Other companies' malls also showed growth, mainly in their mainstay sites, at 109.4% of the previous year's level.

With that, both retail and online sales continued to grow due to the penetration of OMO measures.

Overview of FY2025/3 Business Results

Non-consolidated Sales by Business

(Millions of yen)

	FY24/3	FY25/3	Change	YoY
Total business unit sales	104,709	118,098	13,388	112.8%
Trend-conscious Market	70,039	77,211	7,172	110.2%
Basic Trend-conscious Market	34,670	40,886	6,216	117.9%

Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	109.3%	107.4%	113.4%
Basic Trend-conscious Market	115.0%	112.5%	119.7%

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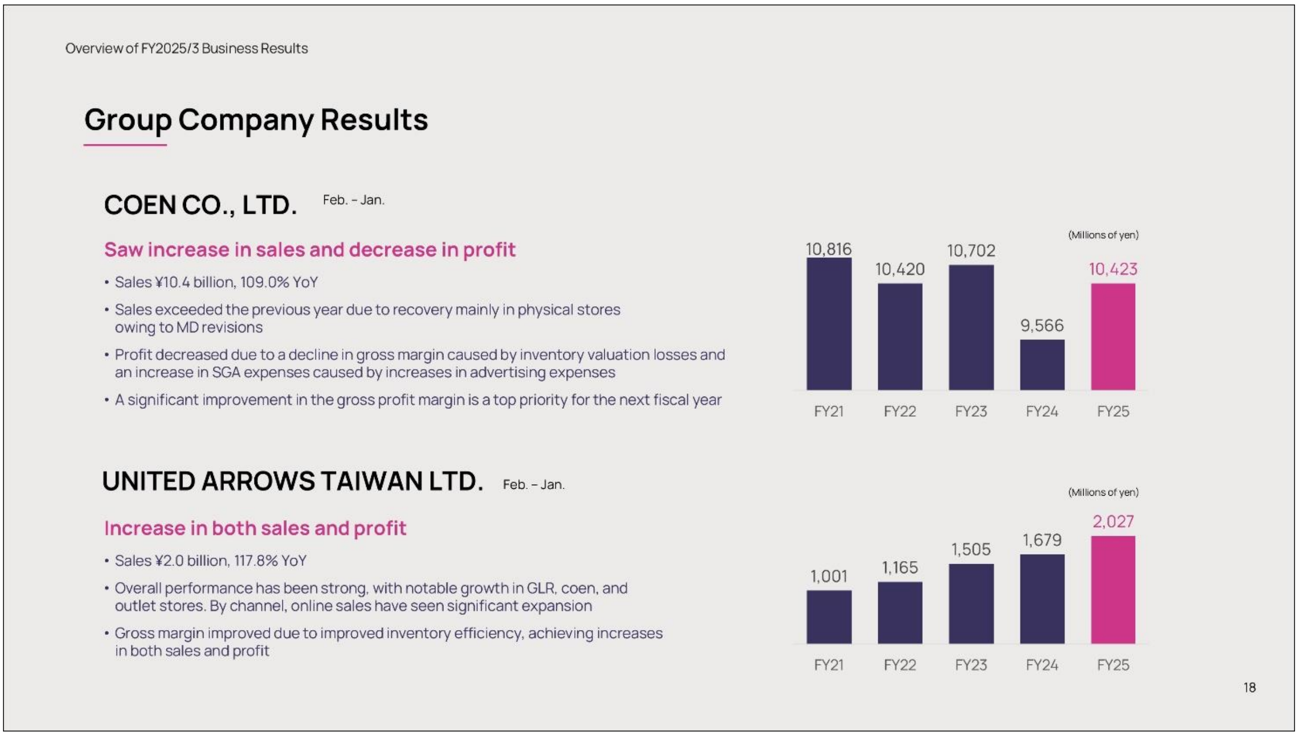
Here is the breakdown of our non-consolidated sales by business segment.

The trend-conscious market, centering on UA and BY, remained strong due to favorable sales of high value-added products and the recovery of inbound sales, resulting in sales of JPY77.2 billion, 110.2 % YoY.

The basic trend-conscious market, centering on Green Label Relaxing or GLR, posted sales of JPY40.8 billion, 117.9% YoY. Growth was high mainly due to major promotions in women’s wear, among other things.

In both markets, retail plus online sales at existing stores also grew at a high rate compared to the previous year.



This is an overview of the results of our group company.

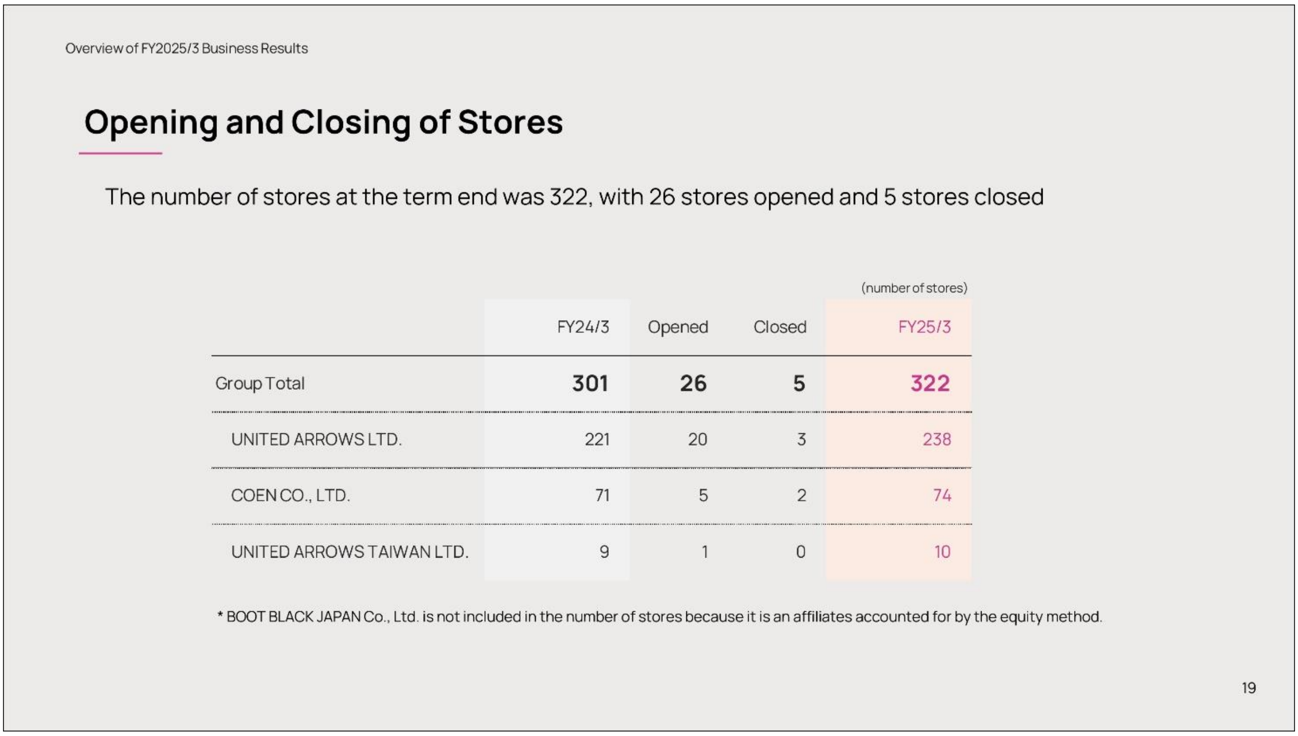
First, for COEN, sales were JPY10.4 billion, 109% YoY.

Although the revision of the MD led to a recovery in sales, mainly at physical retail stores, our gross margin still declined due to factors such as the recording of a loss on the valuation of merchandise, including an extraordinary write-down of inventory implemented in Q4.

In addition, the increase in SG&A expenses due to higher advertising expenses and other factors had an impact, resulting in higher sales but lower profits. For the next fiscal year, we intend to place the highest priority on significantly improving our gross margin.

Below that is UA TAIWAN. Sales were JPY2 billion, 120.7% YoY.

The Company performed well overall, but sales of GLR, COEN, and outlet stores were particularly strong, and by channel, online sales grew significantly. Its gross margin also improved due to improved inventory efficiency, resulting in increased sales and profits.


Overview of FY2025/3 Business Results

Opening and Closing of Stores

The number of stores at the term end was 322, with 26 stores opened and 5 stores closed

(number of stores)

	FY24/3	Opened	Closed	FY25/3
Group Total	**301**	**26**	**5**	**322**
UNITED ARROWS LTD.	221	20	3	238
COEN CO., LTD.	71	5	2	74
UNITED ARROWS TAIWAN LTD.	9	1	0	10

* BOOT BLACK JAPAN Co., Ltd. is not included in the number of stores because it is an affiliates accounted for by the equity method.

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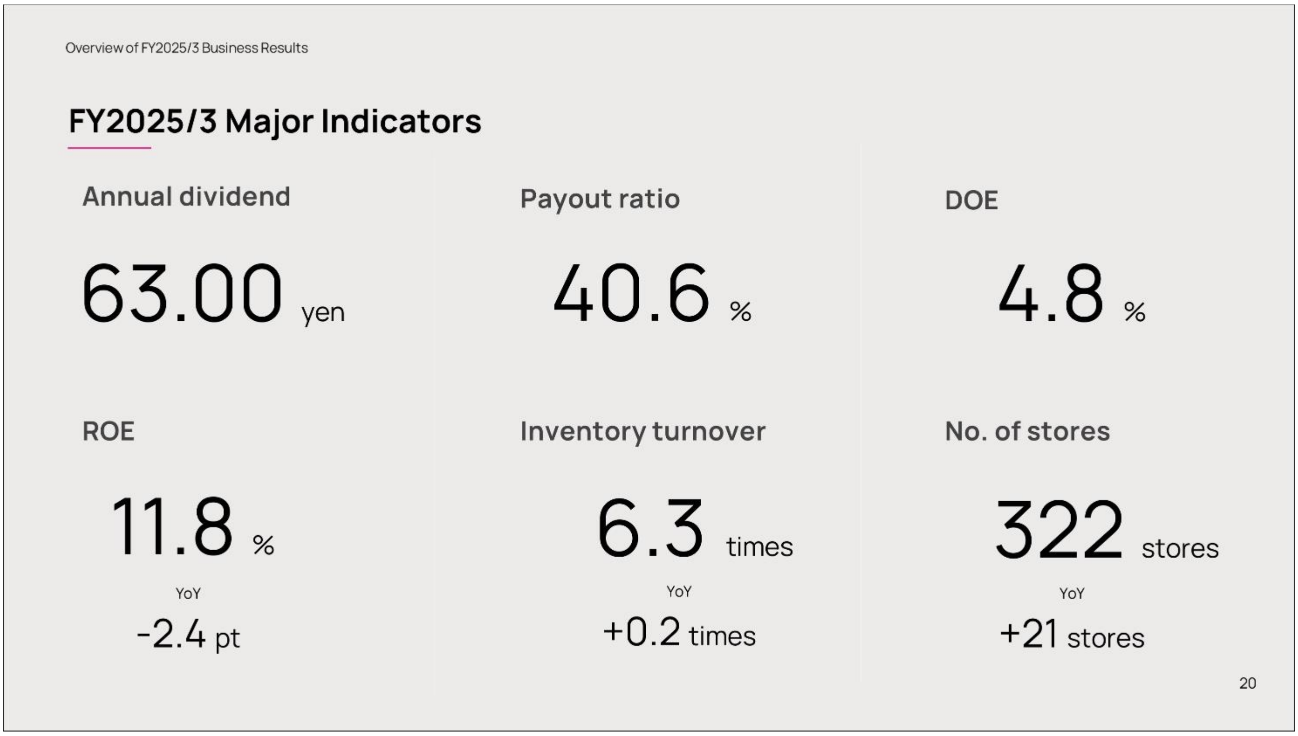
This is the status of the opening and closing of stores.

The Group opened a total of 26 new stores and closed five stores, bringing the total number of stores at the end of the fiscal year to 322.



These are the indicators for the fiscal year ended March 31, 2025.

The details are as indicated on the slide.

I would like to provide a supplementary explanation on the dividend-related indicators on the following slide.

FY2026/3 Business Plan

Consolidated Business Plan

Profit is expected to decrease until 9 months period due to increase in fixed costs such as personnel, advertising, depreciation, etc. Profit is expected to increase in 3Q (3 months) and 4Q (3 months), aiming to increase profit for the full year.

Sales	¥165.6 billion (YoY 109.8%)
Gross margin	52.8% (pt difference +0.7pt)
Operating income	¥9.0 billion (vs. sales 5.4%, YoY 112.7%)
Ordinary income	¥9.0 billion (vs. sales 5.5%, YoY 105.8%)
Net income	¥5.0 billion vs. sales 3.1%, YoY 118.7%)

(Millions of yen)

		FY25/3 Results	FY26/3 Forecasts	Change/pt difference	YoY
Sales		150,910	165,677	14,766	109.8%
Gross profit		78,629	87,475	8,845	111.2%
	vs. sales	52.1%	52.8%	0.7pt	–
SGA expenses		70,645	78,475	7,829	111.1%
	vs. sales	46.8%	47.4%	0.6pt	–
Operating income		7,984	9,000	1,015	112.7%
	vs. sales	5.3%	5.4%	0.1pt	–
Non op. P/L		555	34	(521)	6.1%
	vs. sales	0.4%	0.0%	- 0.3pt	–
Ordinary income		8,539	9,034	494	105.8%
	vs. sales	5.7%	5.5%	- 0.2pt	–
Extraordinary P/L		(1,456)	(1,011)	445	–
	vs. sales	–	–	–	–
Net income attributable to owners of parent		4,282	5,084	801	118.7%
	vs. sales	2.8%	3.1%	0.2pt	–

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Now, let me talk about our business plan for the fiscal year ending March 31, 2026.

For the fiscal year ending March 31, 2026, we expect consolidated sales of JPY165.6 billion, 109.8% YoY, and gross margin of 52.8%, an improvement of 0.7 points from the previous fiscal year.

SG&A expenses will reach JPY78.4 billion, 111.1% YoY and 47.4% versus sales, up 0.6 points from the previous fiscal year.

This is mainly due to a surge in advertising expenses resulting from aggressive sales promotion measures, an increase in personnel expenses due to wage increases and more hiring, and a rise in depreciation expenses accompanying the introduction of the new UA3.0 core system and the expansion of new store openings.

Operating income will be JPY9 billion, 112.7% YoY and 5.4% versus sales, up 0.1 points from the previous fiscal year. Ordinary income will also be JPY9 billion, 105.8% YoY, and 5.5% versus sales, down 0.2 points from the previous fiscal year. Net income attributable to owners of the parent company is projected to be JPY5.0 billion, 118.7% YoY.

Due to the increase in SG&A expenses mentioned earlier, we expect profits to decline through the Q3 cumulative period, but we project profits to increase in the three months of Q3 and three months of Q4, and we plan to increase profits for the full year.

Gross Margin Plan

	FY26/3 1H	YoY	FY26/3 2H	YoY	FY26/3 Full year	YoY
Consolidated	53.0%	0.4pt	52.6%	1.0pt	52.8%	0.7pt
UNITED ARROWS LTD.	52.4%	0.0pt	52.4%	0.8pt	52.4%	0.4pt
Total business unit	-	0.1pt	-	0.7pt	-	0.5pt
Outlet, etc.	-	- 1.5pt	-	- 0.7pt	-	- 1.0pt
COEN CO., LTD.	-	3.3pt	-	4.7pt	-	4.0pt
UNITED ARROWS TAIWAN LTD.	-	- 0.5pt	-	- 0.4pt	-	- 0.3pt

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These are the details of our gross margin plan.

We aim to improve our gross margin on a YoY basis in both H1 and H2 of the fiscal year, both on a consolidated basis and at COEN.

For UA on a non-consolidated basis, we plan to improve the total business unit. As for outlets, we expect a YoY decline due to the accelerated sale of inventories from previous years.

FY2026/3 Business Plan

Non-consolidated Sales Plan

(Millions of yen)

	FY26/3 1H	YoY	FY26/3 2H	YoY	FY26/3 Full year	YoY
Non-consolidated sales	68,407	109.1%	84,288	110.0%	152,696	109.6%
Retail + Online Existing Stores	-	107.7%	-	107.9%	-	107.8%
Retail Existing Stores	-	104.5%	-	104.7%	-	104.6%
Online Existing Stores	-	114.3%	-	114.1%	-	114.2%

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This is UA's non-consolidated sales plan.

UA's non-consolidated sales are expected to reach JPY152.6 billion, 109.6% YoY.

For retail plus online existing stores, we project sales to be 107.8% YoY for the full year. We plan to have sales of retail stores reach 104.6% and online stores to be 114.2%.

FY2026/3 Business Plan

Store Opening and Closing Plan

(number of stores)

	FY25/3	Opened	Closed	FY26/3 (Forecast)
Group Total	**322**	**27**	**4**	**345**
UNITED ARROWS LTD.	238	20	3	255
COEN CO., LTD.	74	3	1	76
UNITED ARROWS TAIWAN LTD.	10	3	0	13
UNITED ARROWS SHANGHAI LTD.	0	1	0	1

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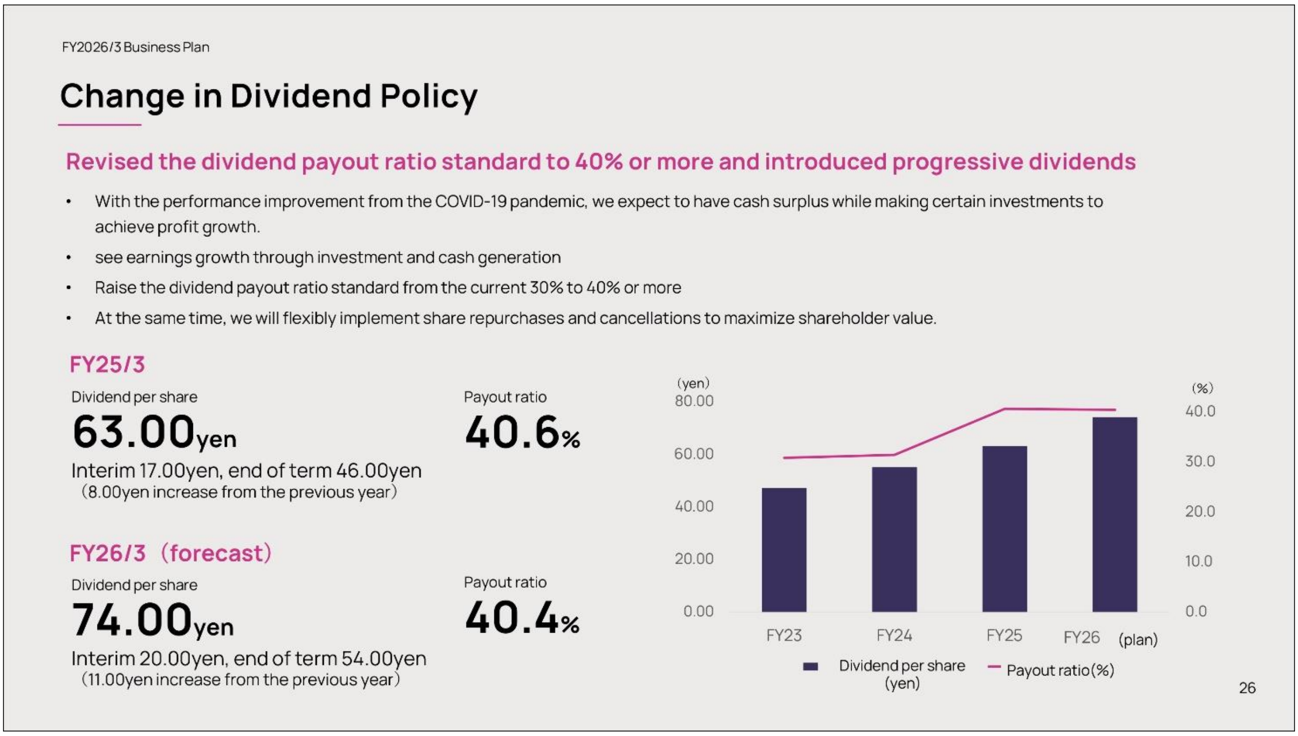
This is our store closing and opening plan.

In the fiscal year ending March 31, 2026, the Group plans to open a total of 27 new stores and close four stores, bringing the total number of stores at the end of the fiscal year to 345, up 23 stores from the end of the previous fiscal year.



I would like to conclude with an explanation on the change in our dividend policy.

As announced yesterday in the release regarding the change in our dividend policy, we have decided to revise the dividend payout ratio standard to 40% or more and to roll out a progressive dividend.

As business performance has been improving since the COVID-19 pandemic, we have determined that we will be able to generate cash while making certain investments and achieving profit growth. Therefore, we will further enhance shareholder returns by raising the payout ratio standard from around 30% to 40% or more and introducing a progressive dividend system.

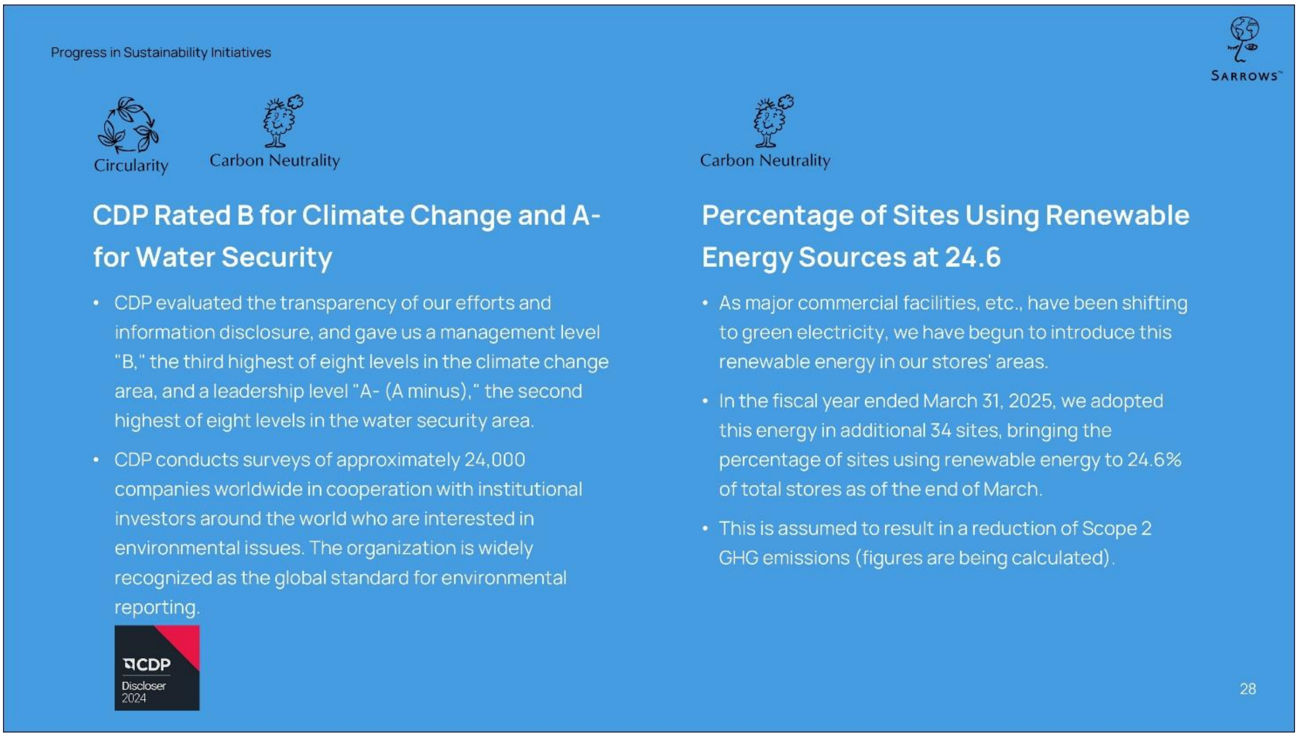
In addition to stable dividends, the Company will continue to flexibly implement measures such as stock splits, share buybacks, and redemptions to maximize shareholder value.

For the fiscal year ended March 31, 2025, we have decided to increase the year-end dividend by JPY8 to JPY46 based on the better-than-expected performance of our business results and the change in dividend policy as explained earlier. As a result, combined with the interim dividend of JPY17, the annual dividend will go up by JPY8 YoY to JPY63, for a payout ratio of 40.6%.

For the fiscal year ending March 31, 2026, we expect to pay an interim dividend of JPY20 and a year-end dividend of JPY54, for a total annual dividend of JPY74 and a projected payout ratio of 40.4%.

That will be all for the overview of our business results for the fiscal year ended March 31, 2025, and the outline of our business plan for the fiscal year ending March 31, 2026. Thank you very much.

Mii: Next, Mr. Tan will explain our sustainability initiatives.



Tan: Once again, I am Tan from the Corporate Strategy Division. I would like to briefly explain our most recent sustainability initiatives.

First is a report on the CDP evaluation.

As you know, CDP surveys about 24,000 companies worldwide and is widely recognized as the global standard for environmental reporting.

Our company was evaluated by CDP for transparency of our initiatives and information disclosure, and we received a management level B rating in the area of climate change, and a leadership level A minus rating in the area of water security.

We hope to continue to receive above-average evaluations by continuously improving our initiatives in the future.

Continuing on, I would like to report on the percentage of sites using renewable energy.

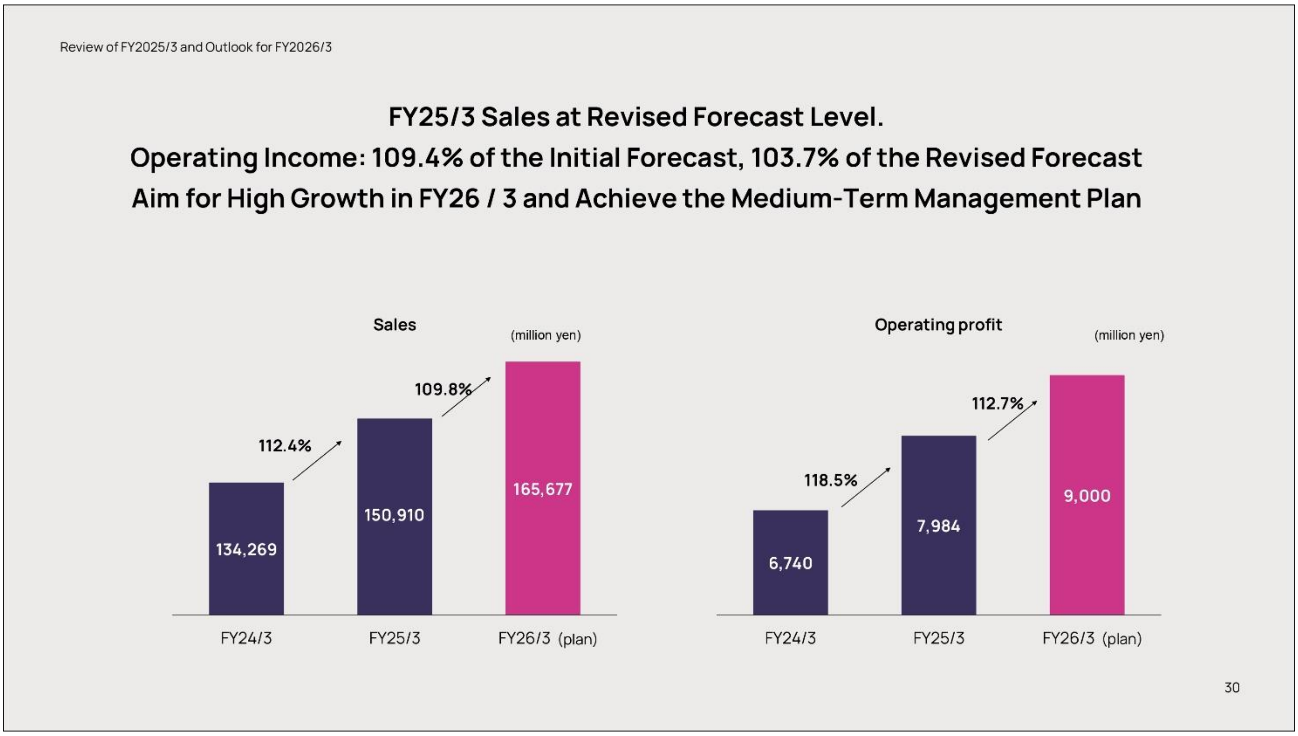
As major commercial facilities and other entities have been shifting to green electricity, we have begun to introduce it in areas occupied by our stores.

In the fiscal year ended March 31, 2025, 34 new locations were added to the list, bringing the percentage of locations using renewable energy to 24.6% as of the end of the fiscal year. With that, approximately one in every four locations uses renewable energy. As of the end of March 2024, one year ago, the percentage stood at 12.5%, so the number of such stores has virtually doubled now.

We are still calculating the figures, but we expect it to result in a reduction in Scope 2 GHG emissions. We plan to calculate and disclose the figures by the time our Q1 financial results are announced in August.

That is all for our most recent sustainability efforts. Thank you.

Mii: Finally, Mr. Matsuzaki will give us a review of the fiscal year ended March 31, 2025 and an outlook for the future.



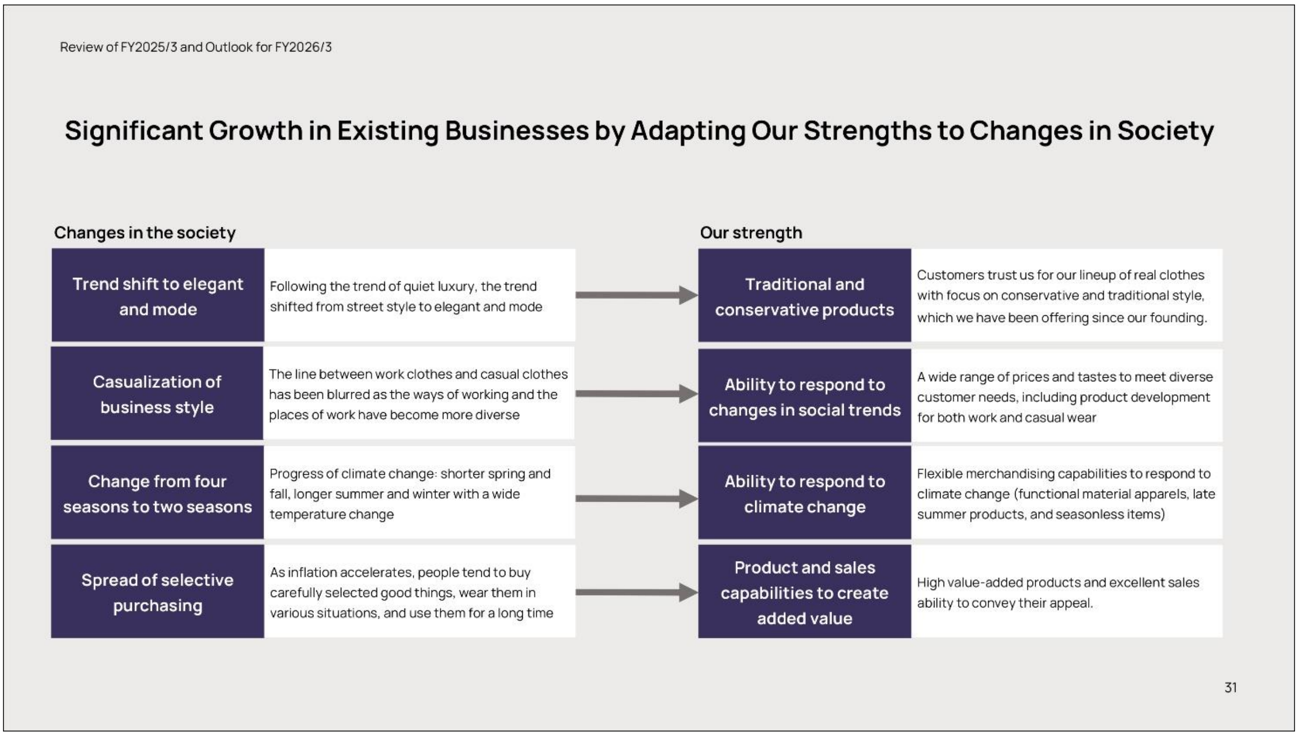
Matsuzaki: Once again, I am Matsuzaki, President and CEO.

I will provide a review of the initiatives we undertook in the previous fiscal year and then discuss the progress of the medium-term management plan and the initiatives for the current fiscal year.

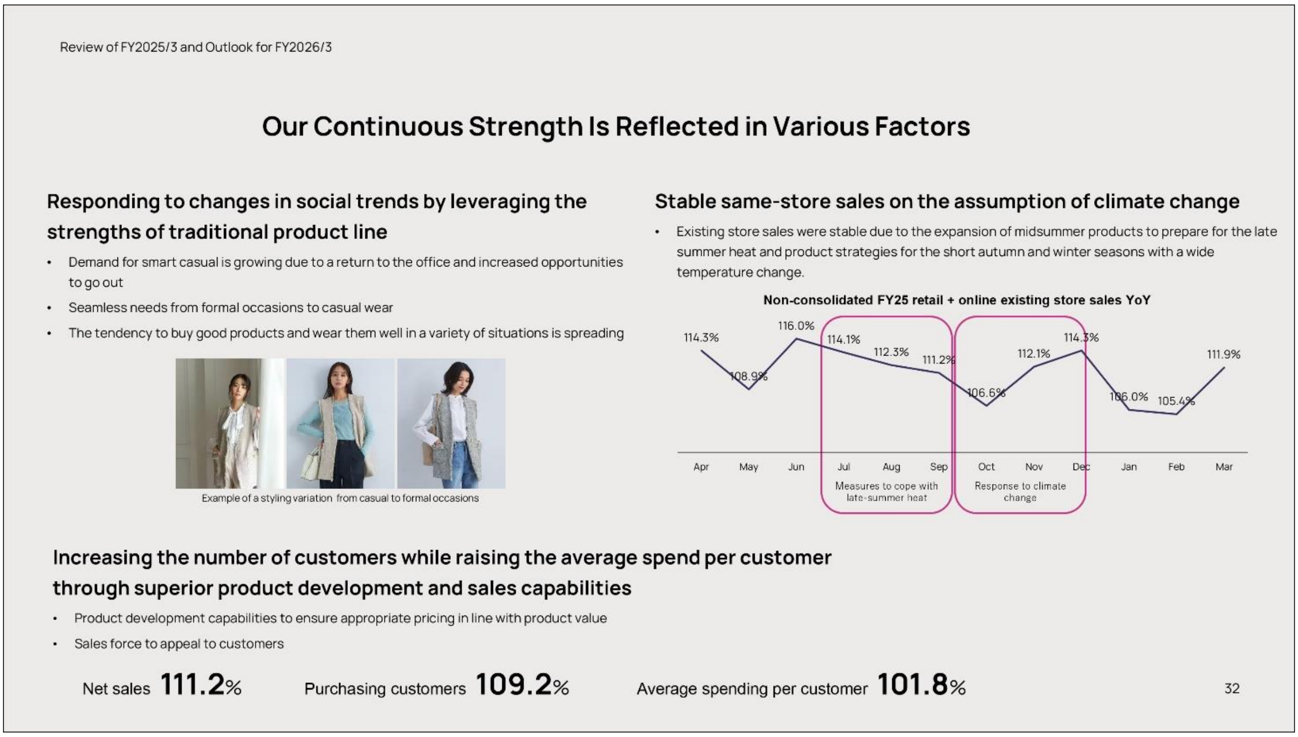
Last fiscal year, the second year of our medium-term management plan, was a year of growth for us, with sales almost in line with our revised forecast, and operating income at 109.4% of our initial forecast and 103.7% of our revised forecast.

The various initiatives set forth in the medium-term management plan are gradually yielding results, and we are pleased to see that we are progressing as planned so far, with the second year of the medium-term management plan ending.

We expect to further increase sales and profits in the fiscal year ending March 31, 2026, and achieve our performance targets in the current fiscal year, the final year of our medium-term management plan.



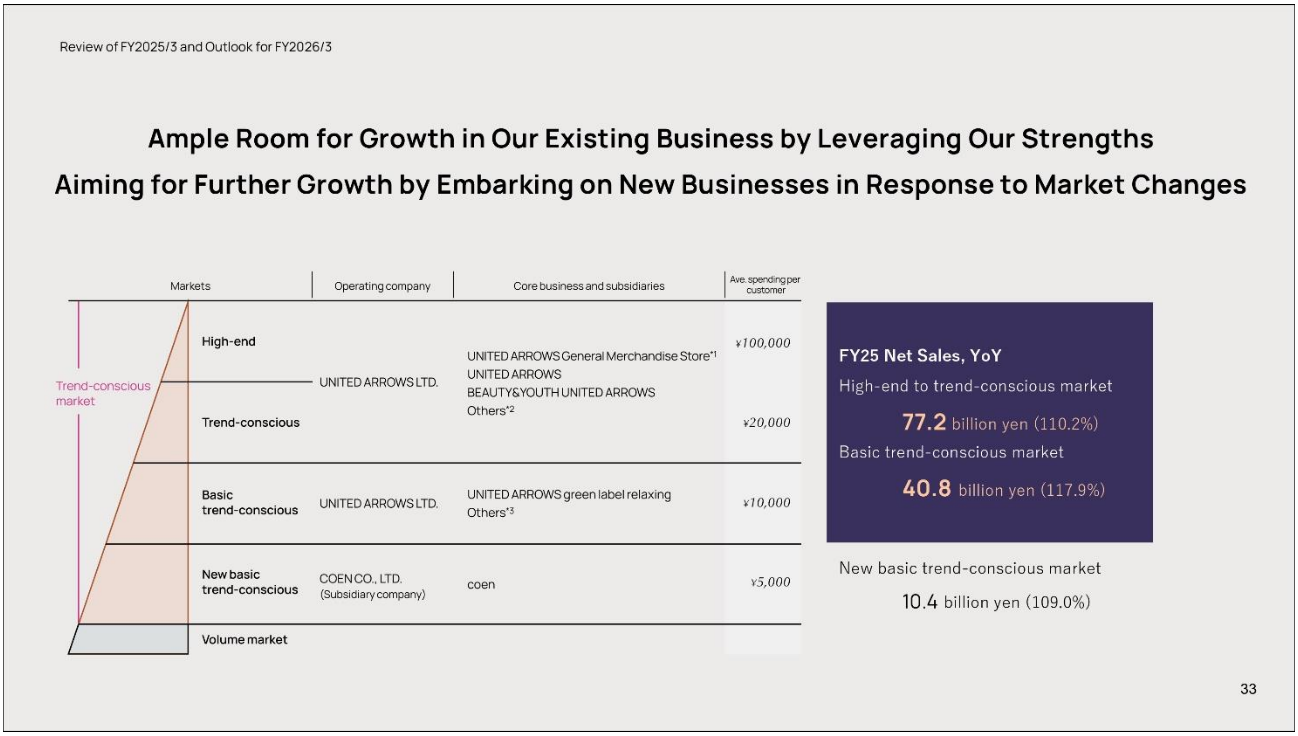
One of the assumptions underlying this growth is that the Company's strengths are being utilized.



Amidst the fluctuations in temperature, changing tastes, and changes in economic and social conditions, we are growing our existing core businesses by adapting to the times and constantly honing our fundamental strengths.

These strengths include our wide range of products in terms of price and taste, our merchandising ability that lets us respond to climate change, and our sales capabilities that enable us to communicate such strengths as our added value.

In other words, we believe that these strengths are not temporary but rather sustainable, and that they will be the foundation for future growth.



Although there are industry concerns about a declining population and apparel consumption, there is ample room for growth in our existing businesses in the domestic market—especially in the trend-conscious and basic trend-conscious markets—if we can leverage our strengths.

We believe that growth is still possible by promoting the new initiatives we have set forth in our current medium-term plan and increasing the number of new customers, or in other words, further enhancing our presence in this market and our market share. Please look forward to our future initiatives.

Major Initiatives in FY2025/3

Evaluation of Progress in Medium-Term Management Plan

Key strategy	Strategy Details		Assessment	Progress
1. UA CREATIVITY Strategy	Growth and expansion of the existing businesses	Grow the top line	◎	Progress above initial plan mainly in existing businesses
		Improve gross margin	○	Parent and Taiwan improved YoY
	Strengthening of brand appeal	Expand investment in human capital	○	Improved compensation and other measures contributed to lower turnover
		Rebranding of the corporate brand	○	Successful in appealing to young people
	Re-grow of COEN		×	Increase in sales but decrease in income
2. UA MULTI Strategy	Business development for business expansion		○	Progress on schedule in new business preparation, etc.
	Global expansion		○	Progress in mainland China and other areas as planned
3. UA DIGITAL Strategy	Promoting OMO		○	UA Club indicators improved
	Optimizing the supply chain		○	Completed replacement of UA3.0, and issues after operation are being sorted out

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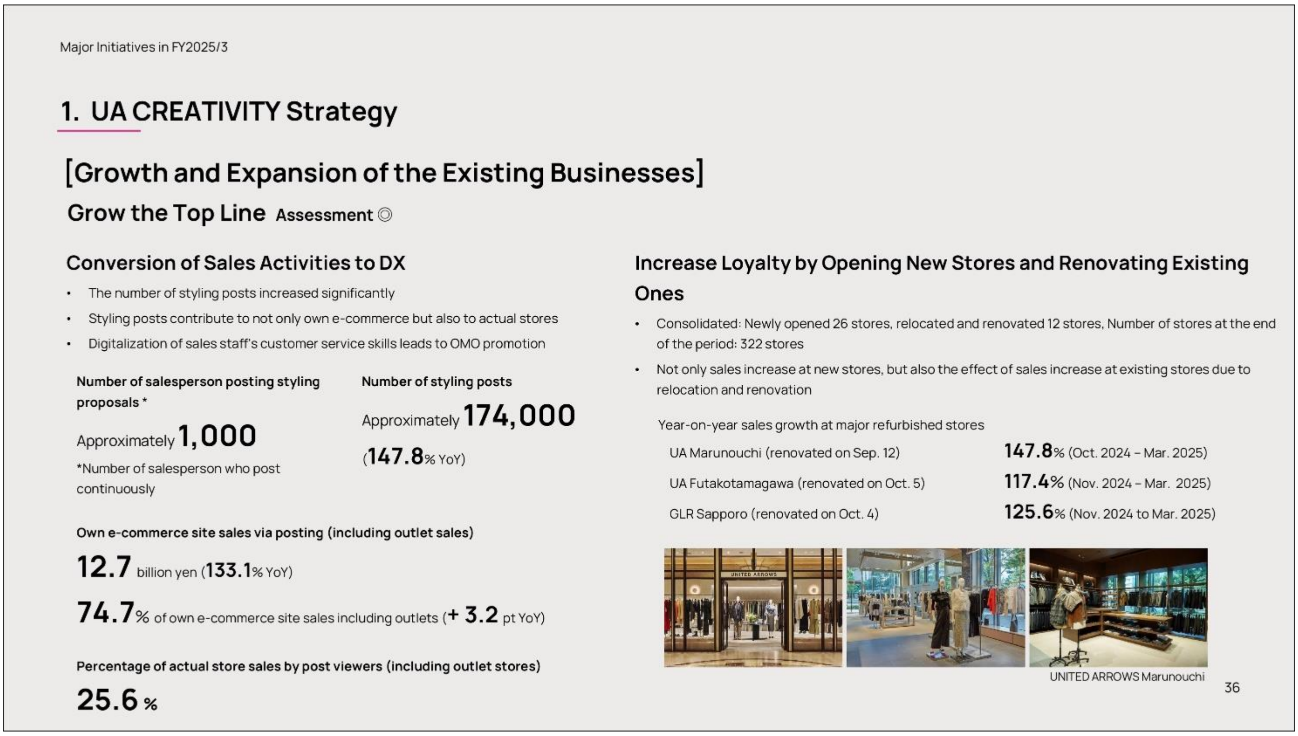
Continuing on, I would like to report on the progress of the second year of our medium-term management plan, which was last fiscal year.

Our subsidiary COEN might have struggled in the previous fiscal year, but on a consolidated basis, results exceeded the plan at the beginning of the fiscal year, and we evaluate our initiatives as generally making steady progress.

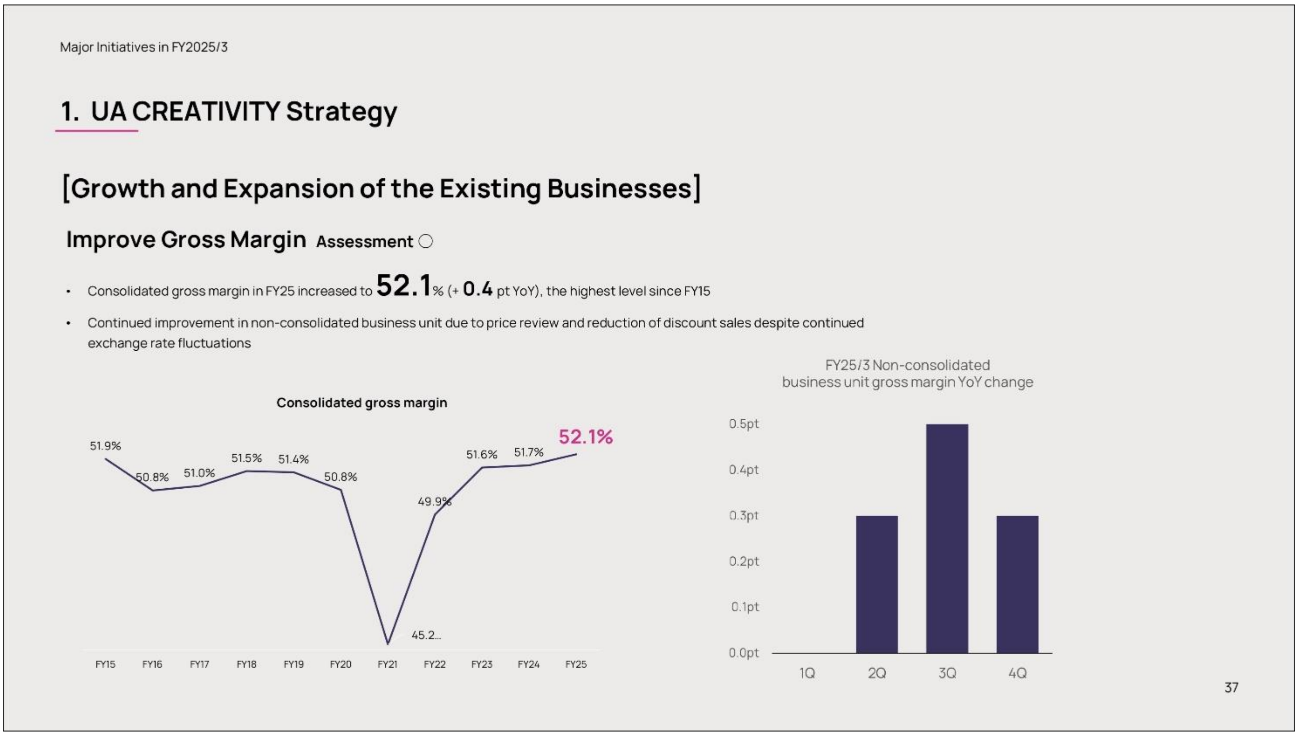
Although each had challenges, the results were still generally in line with our expectations.



With regard to the UA CREATIVITY Strategy—the first of the three strategies under this medium-term, three-year plan—we have made significant progress in the digitalization of our sales activities, and the number of styling posts by salespersons has increased significantly from the previous year.

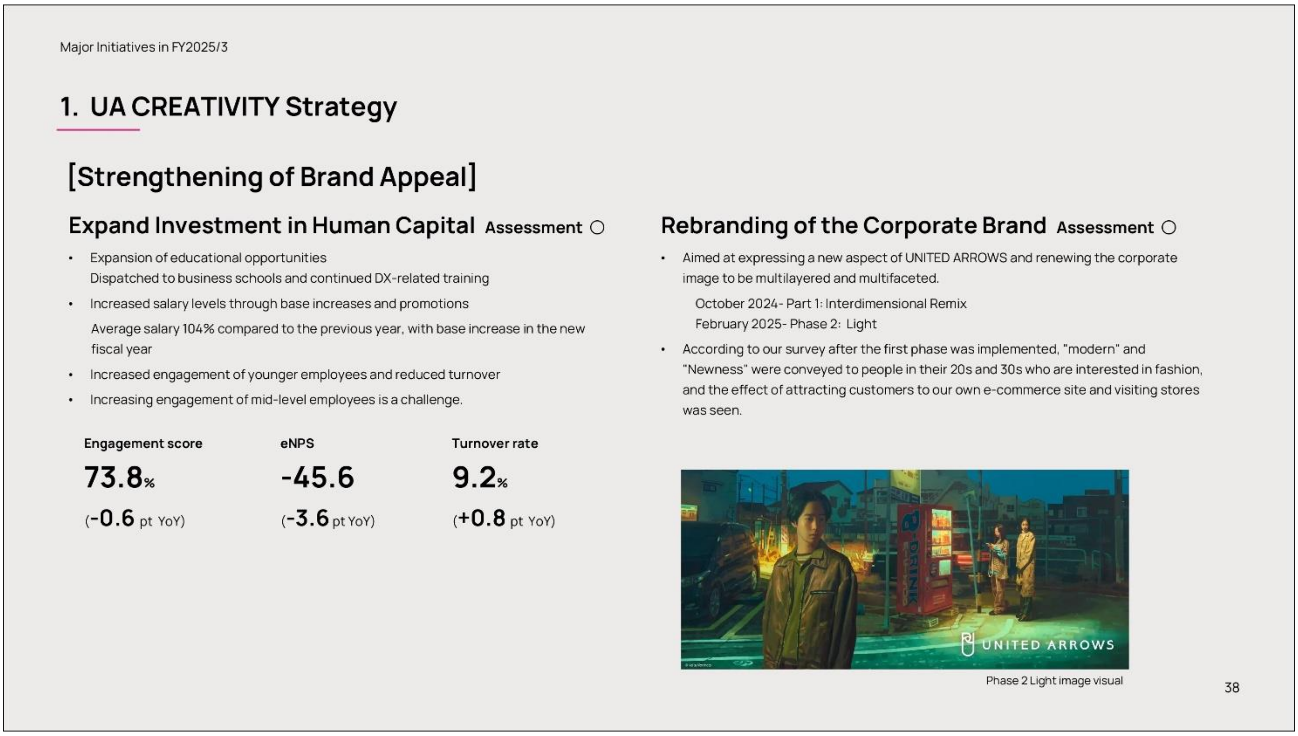
The styling posts have not only increased sales on our own e-commerce site, but have also stimulated customers to visit our physical stores, with 25% of physical store sales attributed to customers who viewed those styling posts. The OMO world is expanding, where customers who have viewed the styling posts on the app can use both online and offline channels to make purchases through the channel most suitable for them.

In addition to new store openings, we are also aggressively renovating our existing stores, and the effect of renovating existing stores in boosting sales is also evident. We will continue to grow the number of our existing stores by opening new stores and renovating existing ones.



The gross margin, which indicates that this sales growth is substantial, reached 52.1%, the highest level since the fiscal year ended March 31, 2015.

Despite the unstable foreign exchange environment, the gross margin of the non-consolidated business unit has been improving due to a review of prices that reflect quality, as well as curbing of discount sales through the appropriate volume of inventories. We expect to make improvements this year as well.



Next, I would like to discuss our initiative on human capital. The main focus of this initiative is on the next generation of customers and the next generation of internal members.

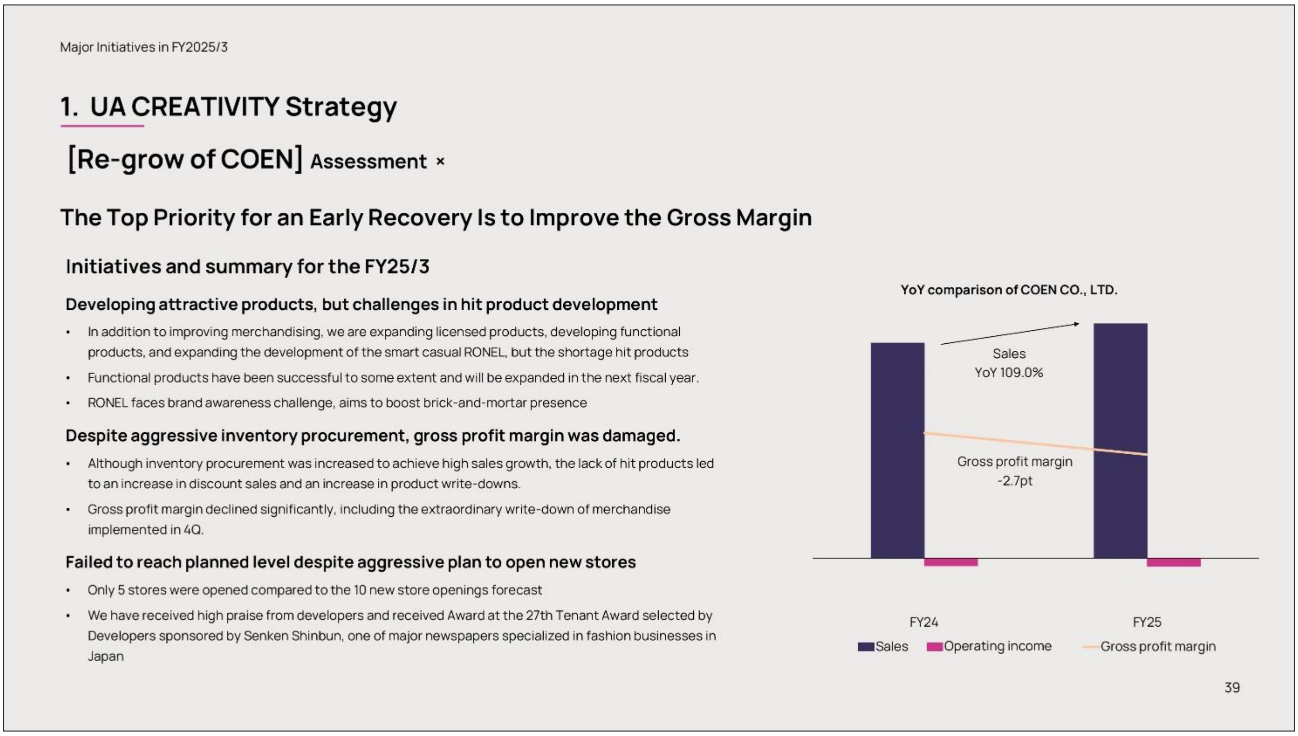
We have expanded educational opportunities and increased base salaries, and it has led to increased engagement of young employee members, which had been an issue, and a decrease in turnover.

Meanwhile, we will begin working on improving the engagement of mid-level employees—whose workload has increased due in part to a temporary shortage of new hires—as a challenge for the current fiscal year and beyond.

And as for corporate branding for the next generation, we have carried out two corporate image advertisements with the objective of making our brand image multi-layered and multifaceted.

According to a survey conducted after the first phase of the advertisements, we were able to communicate our novelty to fashion-conscious consumers in their 20s and 30s, and we also achieved results in terms of visits to our e-commerce site and physical stores.

We believe it is important to continue these corporate image initiatives, and we plan to develop them with a different theme this year as well.



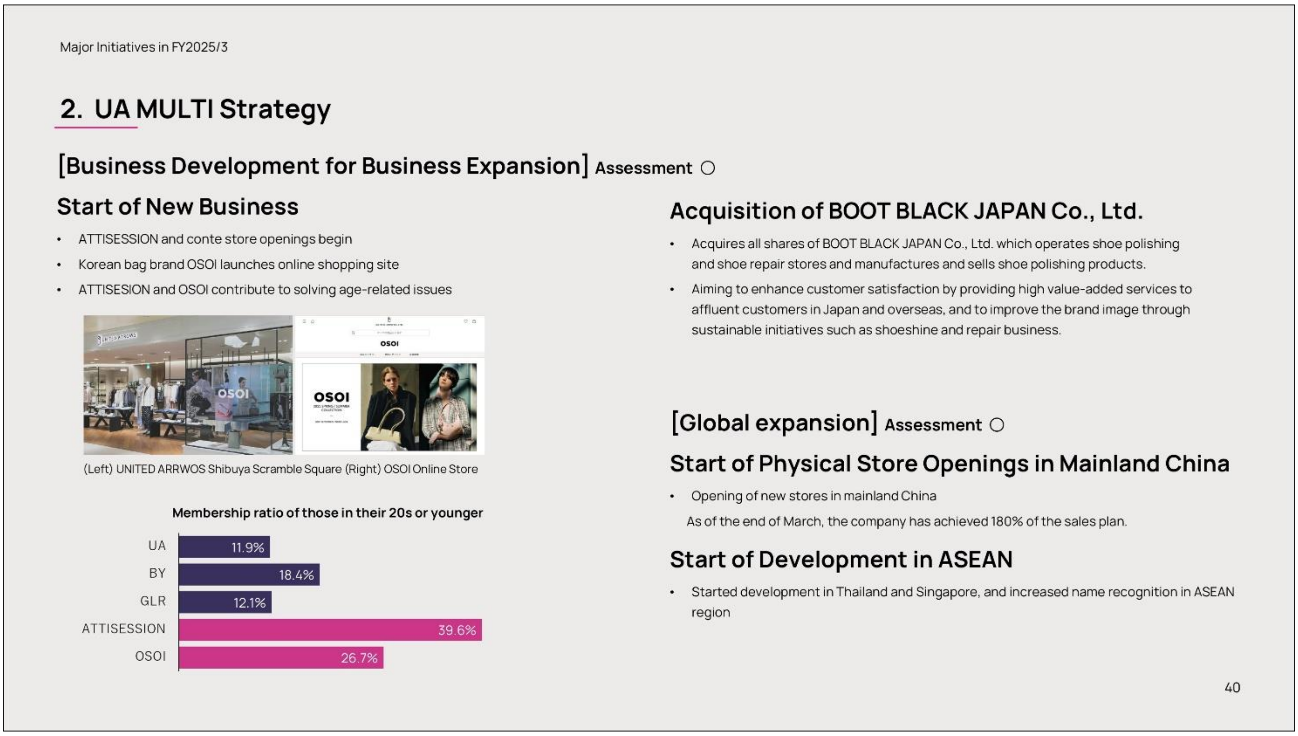
Continuing on, as explained earlier in our business results, COEN continues to struggle.

We further improved the merchandising revisions we made in the fall of 2023, expanded licensed products, developed functional products, and expanded the development of RONEL, a smart casual label. Although we achieved a certain level of success on the functional products and RONEL's women's line, the overall hit rate of these products is low, and that is an issue.

In the previous fiscal year, we increased inventory procurement in response to a challenging sales plan. However, the low hit rate I just mentioned led to an increase in the ratio of discount sales, and we were forced to rely on these sales, which caused a surge in write-downs of merchandise in Q1 and Q3.

While it resulted in the significant deterioration of our gross margin, our inventory level has been lightened by such write-downs in the last fiscal year, so we expect our gross margin to improve in the current fiscal year.

We apologize for the great concern we have caused, but in order to achieve a quick recovery in our business results, our first priority is to significantly improve our gross margin.



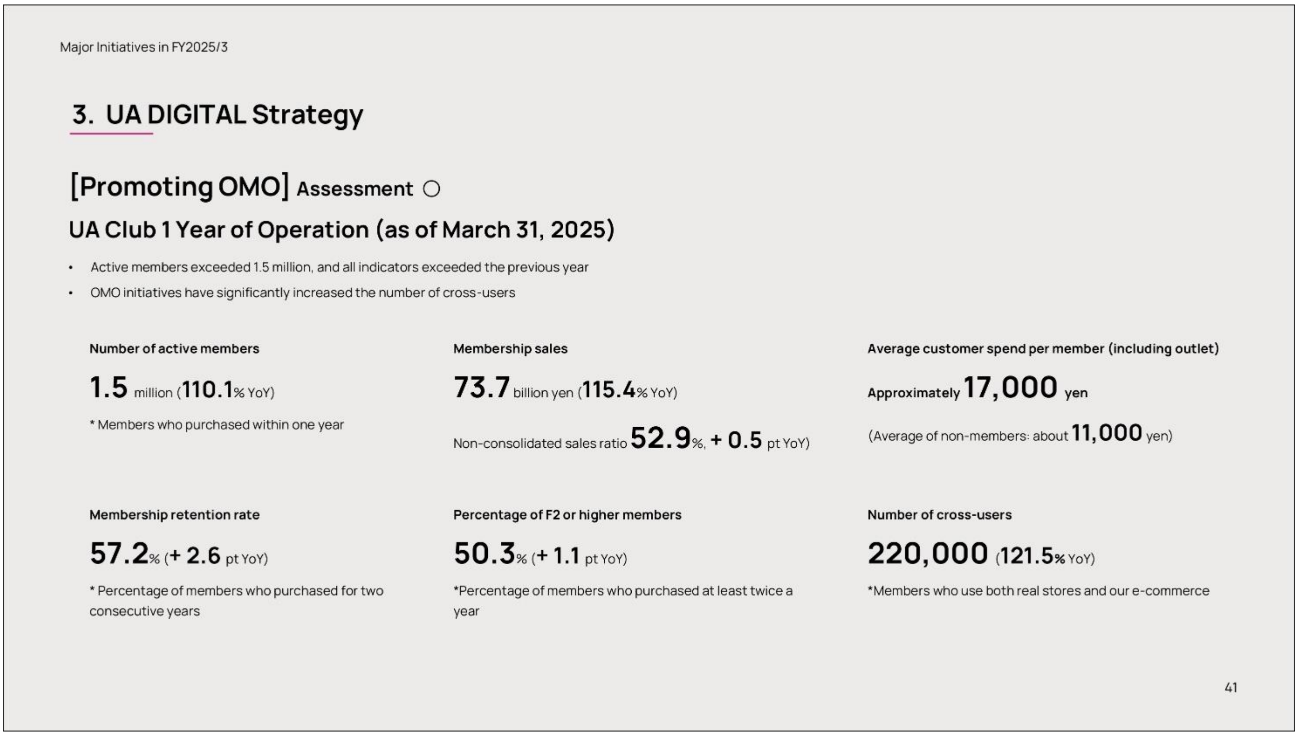
Next is the UA MULTI Strategy.

In the last fiscal year, we undertook various initiatives to expand our business.

In terms of new businesses, we started opening ATTISESSION and conte stores, acquired exclusive sales rights for the Korean bag brand OSOI, opened an online shopping site, and began strengthening corner development at existing stores.

In particular, ATTISESSION and OSOI have a higher percentage of members in their 20s or younger compared to our existing core businesses, and we believe that this contributes to solving age-related issues, which have long been an issue for our company.

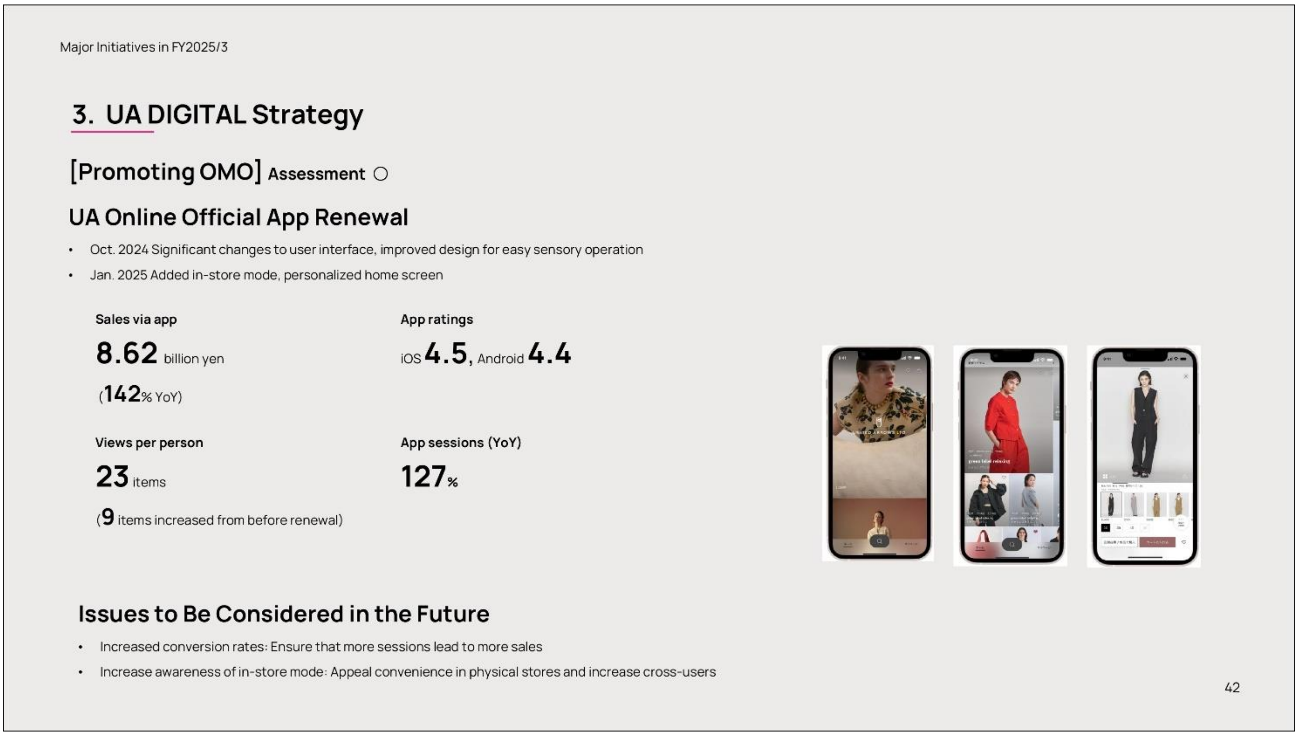
As for global expansion, we opened our first directly managed store in mainland China in January 2025. Since its opening, the store has been visited by a large number of affluent, semi-affluent, and fashion-conscious customers, and as of March 31, 2025, the store had achieved 180% of its internal plan in its three-month run. From this fiscal year onward, we will continue to promote the expansion of our stores through franchising.



Next is the UA DIGITAL Strategy.

The number of active members of the UA Clubhouse Card has reached 1.5 million and is steadily growing in terms of our KPIs, which include purchases made more than twice a year, the ratio of members who are F2 or higher, and the number of cross-users. The average customer spend, including at outlets, for members is approximately JPY17,000, which is much higher than that of non-members.

We believe that increasing the population of UA Club members, who are our best customers, and raising the ratio of F2 or higher members and the number of cross-users will also serve as the foundation for growth of our existing businesses.



In addition, sales via the renewed app have also increased significantly. The app's rating has improved, and the number of product views and sessions per person have also surged significantly.

Future challenges include further improving the conversion rate and boosting awareness of the in-store mode function. In addition, we also work to resolve issues by reducing shortages through optimized inventory allocation and by modifying the user interface of the app, and we will utilize the app toward more e-commerce and in-store sales.

Lastly, with regard to supply chain optimization, we kicked off the operation of the new product management core system, internally called UA3.0, last month, or in April 2025. We still have some minor issues, but the switchover was generally successful without major problems.

As we have discussed in past briefings, the main goal of switching to this system is to control logistics-related costs by reducing purchase and import costs through the visualization of the process from product ordering to customer purchase, increasing sales by improving the accuracy of inventory allocation and reducing lost sales opportunities, and minimizing returns between logistics facilities and stores with excess inventory.

We believe that it will take some time before we can realize the potential of this new system, but we are developing the system and making the preparations for it, so we hope to achieve solid results starting this fiscal year.

Furthermore, we continue to study the ideal logistics bases in light of recent changes in the logistics environment and the risks posed by natural disasters.

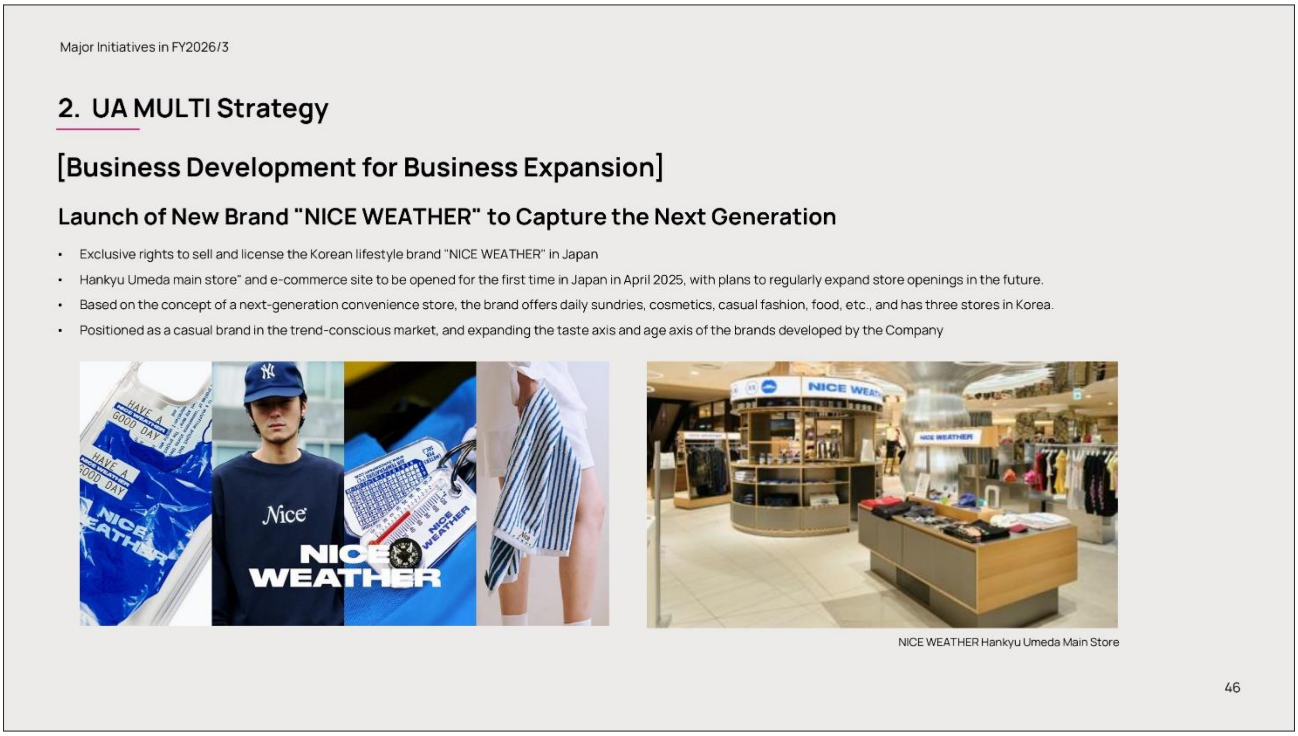
In Nagareyama, Chiba, at our main center, we have already introduced additional logistics robots to reduce labor and improve storage efficiency. While logistics-related costs are on the rise, we will try to curb them through these initiatives.

That will be all on the review of our initiatives during the last fiscal year.

Continuing on, these are our main initiatives for this fiscal year.

The details of these initiatives are as shown on the slide.

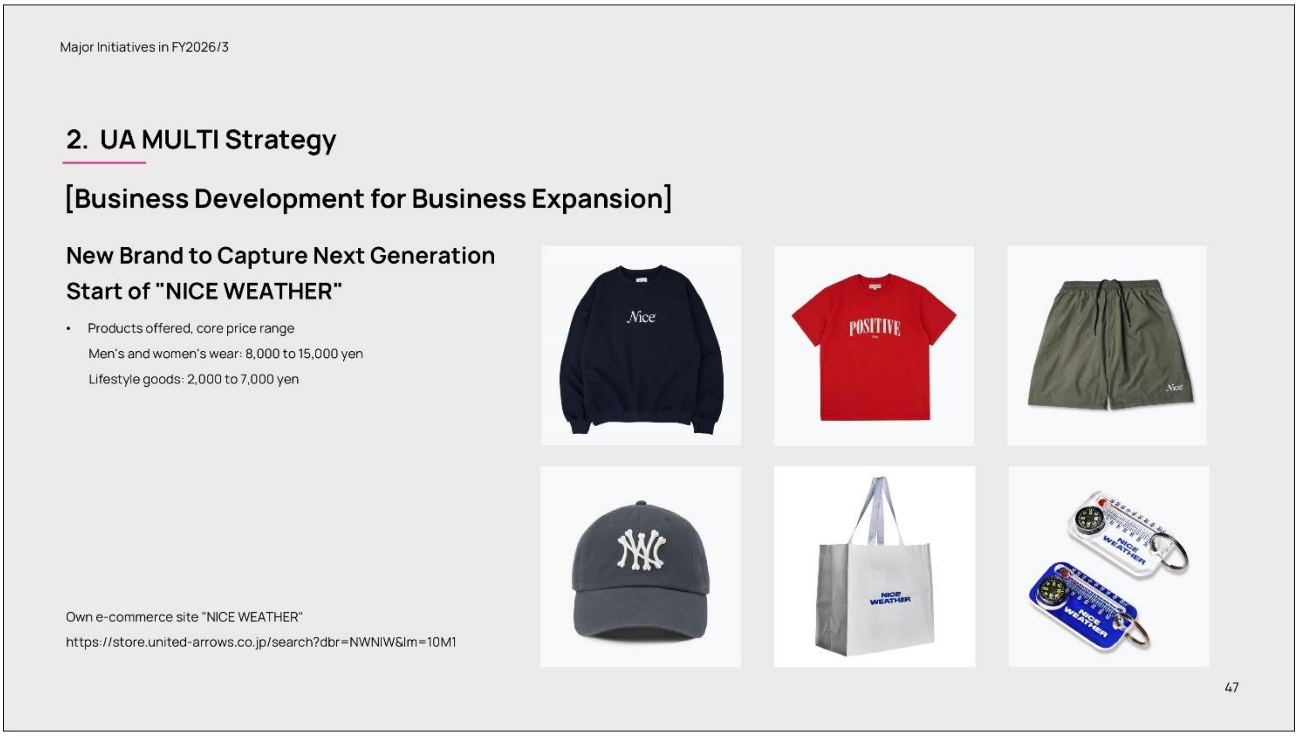
This year, as the final year of our medium-term management plan, the focus will be on accelerating the initiatives launched in the past two years and achieving results.



As for the topics, one of our new initiatives from this fiscal year was the launch of NICE WEATHER, a lifestyle brand from South Korea, in the Osaka Hankyu Umeda flagship store last April.

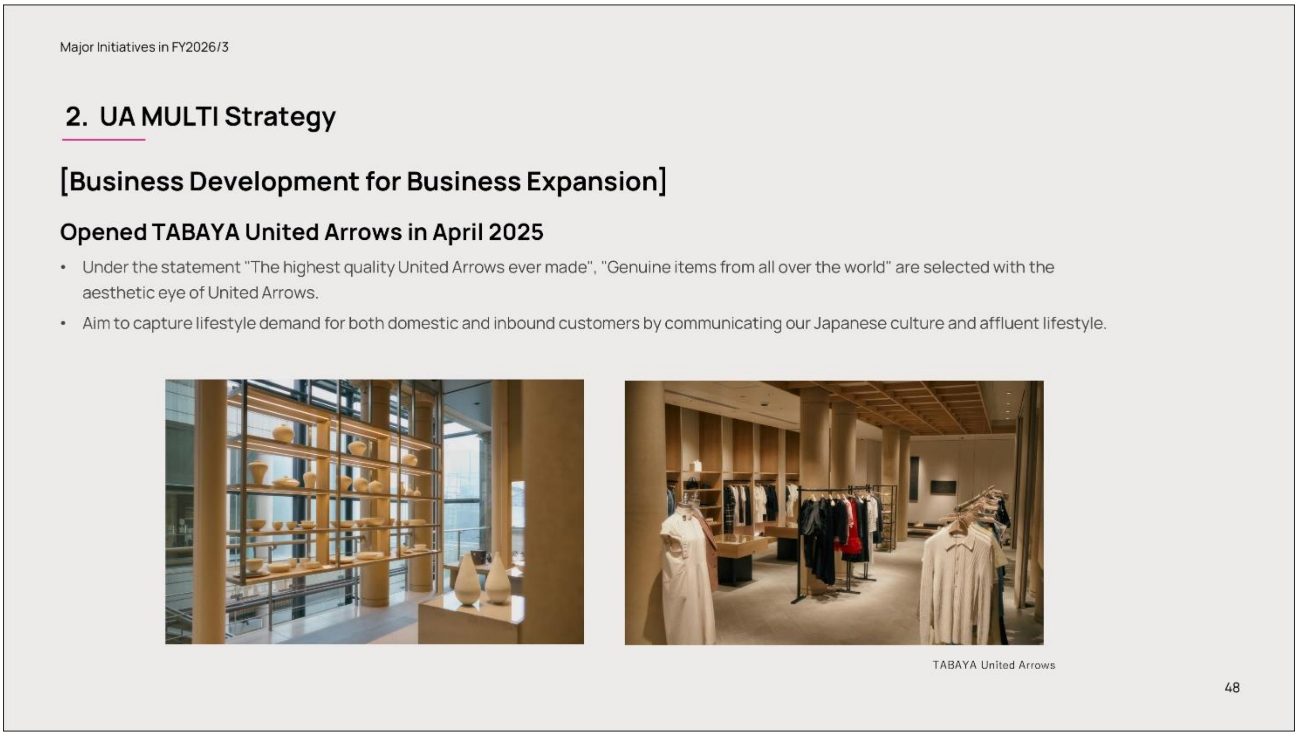
Based on the concept of a next-generation convenience store that meets the diversifying needs of today, this brand offers daily sundries, cosmetics, casual fashion, food, and so on. It currently has three stores in Korea, and the brand is highly popular among young customers.

As a casual brand in the trend-conscious market, it will help us expand the taste axis and age axis of our brands.



Its main products are as shown on the slide.

They are also already available in our e-commerce site, so we hope you will take a look at them when you have time.



In April 2025, the United Arrows Harajuku main branch underwent a major renovation and was re-launched as TABAYA United Arrows.

This store offers not only clothes, but also tableware and other items made by artists. It chooses genuine items from around the world with the help of our company's discerning eye, based on our Japanese sensibility and aesthetic sense. We will strive to expand the lifestyle demand not only for domestic customers but also for inbound customers.

This initiative is not just about the renovation of a single store; it serves as a symbol of our commitment to enhancing our image and elevating it to a higher level. We hope you will look forward to our future activities.

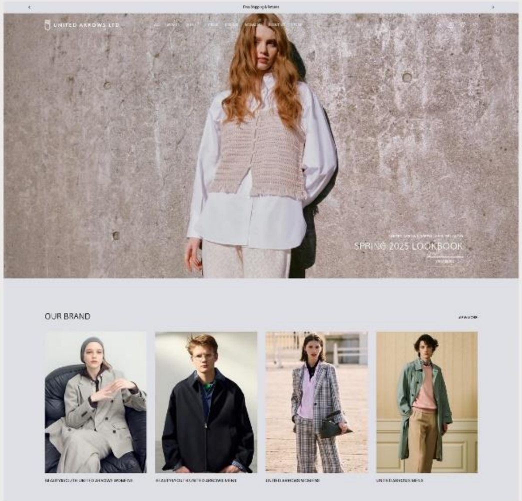
Major Initiatives in FY2026/3

2. UA MULTI Strategy

[Business Development for Business Expansion]

Cross-border EC "UA Global Online" Launched

- Plan to be launched in autumn 2025
- Developed as our own cross-border e-commerce site for inbound customers and overseas customers interested in Japanese fashion
- A lineup of products centered on our private brand
- Marketing using SNS to direct customers to e-commerce sites, develop areas where we do not have physical stores, and expand awareness of our brands.



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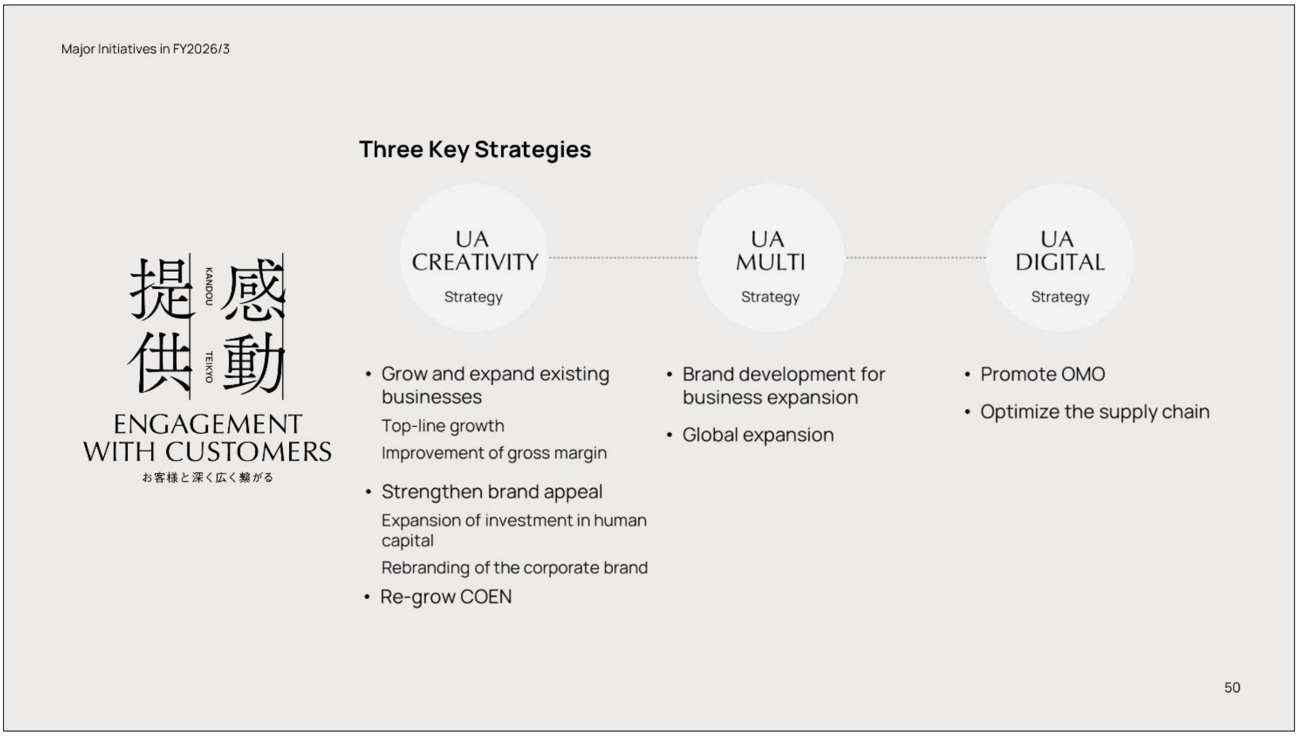
In line with this, we will launch our own e-commerce site for overseas customers in the fall of fiscal year 2025 as part of an initiative to convert inbound customers into regular customers. The site will feature localized language, currency, and payment methods for each country.

We will convey our company's appeal to customers who are currently visiting our stores as inbound customers, encouraging them to return after they go back to their home countries, as well as to customers who are interested in Japanese fashion but have not yet had the opportunity to experience it.

The clothes on the site will be designed with a global flair, and through marketing activities leveraging social media, we will work to expand awareness in overseas markets where we have yet to open stores.



Last but not least, at the risk of repeating myself, I would like to say that we believe things have been progressing smoothly up to the second year of our medium-term plan. We are developing new brands to attract the next generation and new customer segments, while at the same time, we are refining our basic axis for growth in our existing businesses to enhance our image and withstand price increases.

In short, we are not only expanding our business horizontally but also vertically.

This fiscal year, the final year of our medium-term management plan, will be the year to wrap things up, so we will further accelerate our efforts up to this point and connect them to the achievement of our long-term vision.

We would like to ask for your continued support of our company. That is all from me.