

**UNITED ARROWS LTD. Earnings Announcement Q&A
for the Three-Month Period Ended June 30, 2025**

UNITED ARROWS LTD. (the “Company”) held an earnings announcement presentation at which the press, analysts, and institutional investors were in attendance. The principal questions received, and answers given during each session are presented below. Certain details have been added to or amended to lead to a further understanding of the UNITED ARROWS Group’s performance and activities.

Q: Sales for the first quarter fell short of the plan. Please explain the reasons behind this.

A: The reason behind the sales figures for the first quarter falling short of the plan is a change in our discount sales strategy. Typically, we would have conducted a discount sales promotion from June to July, but this quarter we prioritized regular sales and intentionally delayed the sales period. As a result, sales were sluggish, particularly in the UA Women's and BY Women's categories, due to a gap between customer expectations and our sales strategies and a comparison with competitors that had already launched discount sales strategies. However, discount sales have intensified since August, and we anticipate that the July shortfall will be offset.

Q: Since the introduction of UA3.0 in April 2025, sales of UA online have been weak. What are the reasons and how are you responding to them?

A: The introduction of UA 3.0 has improved the accuracy of inventory allocation, and we are making progress in preventing shortages in our own online site. However, the expected effects have not been fully realized as sales of our own e-commerce services have not grown as expected in the initial stage. This was due to the difference of our discount sales strategy from the one of other online malls, and a difference in price sensitivity between online shopping without customer service and physical stores. We are already aware of these issues and will work to improve them in the second quarter and beyond, with the aim of boosting online sales.

Q: SG & A expenses are lower than planned. What is the reason?

A: The SG & A expenses in the first quarter were slightly lower than planned, but this was due to multiple factors. Advertising expenses were slightly lower by approximately 100 million yen, but this was mainly due to the monthly shift, and some of the advertising expenses may be shifted to the second quarter or later. Expenses regarding to the relocation of the office, which were originally planned included in rent expenses, are not included in SG & A

expenses because they are now treated as extraordinary losses. Other expenses such as consignment costs for logistics lower than expected. Although the impact of some of the monthly changes may be felt in the second quarter or later, we do not expect any significant changes in the amount of the monthly changes.

Q: Advertising expenses increased in Q1. What is the purpose of this and what do you expect from Q2?

A: Advertising expenses increased in the first quarter compared to the previous year. In the GLR business, we ran two TV commercials targeting women in the spring and summer, up from one in the previous year. For the fall and winter, we ran two commercials in the previous year, but this year we plan to run one, moving the timing forward. Regarding corporate image advertising, which was conducted in the third and fourth quarters last year, we plan to split it into the second and fourth quarters this year. As a result of these measures, the increase in advertising and promotional expenses is primarily concentrated in the first half of the year, with the second half expected to remain at the same level as last year.

Q: The new brand is doing well; can you tell us the background of its launch and its potential for future expansion?

A: In launching new brands, we are developing products with the aim of acquiring new customers who differ from our existing customer base. ATTISESSION and NICE WEATHER are brands targeting young people in their 20s, and we are strengthening our approach to this demographic, which our existing lineup has been unable to fully address. We have developed "conte" as a brand that is more feminine and in tune with the times, comparable in price range to United Arrows, and are working to expand our product lineup. As a brand for bags that are less susceptible to seasonal changes, we introduced the Korean-born OSOI brand, which we hope will be a steppingstone to the development of accessories and shoes. While not all brands are currently achieving the expected results, we believe there is significant growth potential through store expansion and increased online sales. We believe that attracting young people is an important factor contributing to medium- to long-term corporate growth, and it is one of the core strategies in our next medium-term management plan.

Q: Coen's sales are in a difficult situation. What is your future policy?

A: We have a big problem in product planning, and sales are sluggish because the hit ratio doesn't improve. In addition, although we have reduced inventory to limit the risk of a

decline in the gross profit margin, SG & A expenses have been heavy relative to the scale of sales, and profitability has not improved. We are aiming for a recovery in this fiscal year, mainly by reviewing our product and sales structure, and by receiving support from the parent company.

Q: Inventory level appears to be somewhat high at the end of June to the end of July. How will this be sold in the second quarter? What is the outlook for gross profit margin for the first half?

A: The inventory at the end of the first quarter was a little heavy, mainly spring and summer items in 2025. This was due to the slow sales of certain items in the summer season for UA Women's and BY Women's. Another factor was that although we had expected growth in our own online site, actual results fell short of expectations. Additionally, as a seasonal strategy, we have intentionally increased summer inventories, and we have a policy of holding more summer items when we would normally switch to autumn items. As a result, inventory levels were still high at the end of July, but we plan to reduce this through sales measures that will begin in August.

Gross profit margin was higher than expected in the first quarter and we expect there to be limited upside to the plan in the second quarter due to the impact of inventory reduction. However, we do not see any major concerns as the gross profit margin for the first half of the fiscal year is expected to exceed that of the previous year.