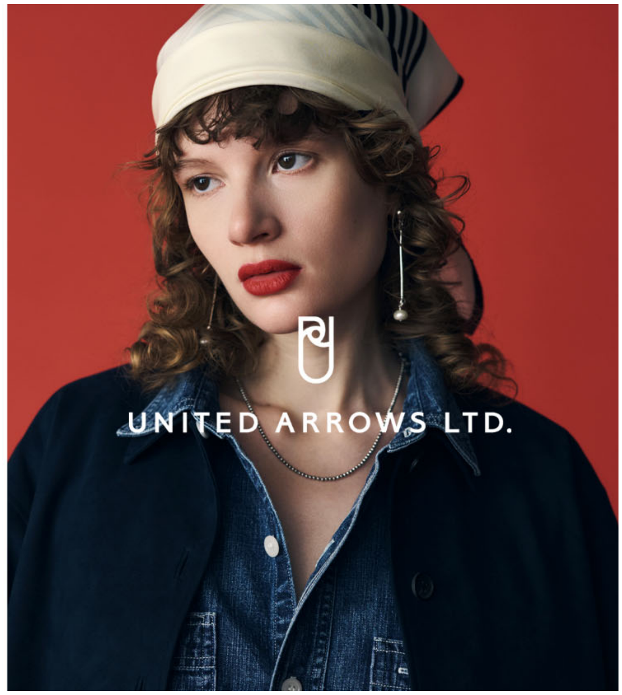
For the 1H of Fiscal Year Ending March 31, 2026

Financial Results Briefing

2025.11.07 UNITED ARROWS LTD.



Event Summary

[Event Type]	Earnings Announcement
[Event Name]	1H Financial Results Briefing for the FY2026- presented by the Board of Directors
[Fiscal Period]	FY2026 Q2
[Date]	November 10, 2025
[Speakers]	Yoshinori Matsuzaki — Representative Director, President, CEO Takeo Nakazawa — Director, Executive Managing Officer, CFO Satoshi Tan — Executive Officer, CSO Toshiharu Mii — Manager, Corporate Strategy Division, Investor Relations Department

Overview of FY2026/3 1H Business Results

Financial Highlights

Consolidated: All profit metrics below operating profit progressed ahead of plan.

Sales and gross profit exceeded the previous year, but operating income declined due to higher SG&A expenses. However, as some planned costs were not incurred, operating income and profits below operating level surpassed the forecast.

Gross margin: Remained at last year's level despite increased discount sales.

Although increased discount sales in the second quarter had some impact on non-consolidated results, the consolidated gross margin remained at the prior-year level. The consolidated gross margin maintained its highest level since FY2015/3.

Non-consolidated: Revenue roughly on plan, profits below operating profit outperformed.

Sales were broadly in line with the plan. Although increased discount sales in the second quarter led to a lower gross margin compared to the previous year and higher SG&A expenses resulted in reduced operating income, unincurred costs allowed operating income and all subsequent profit levels to exceed the initial forecast.

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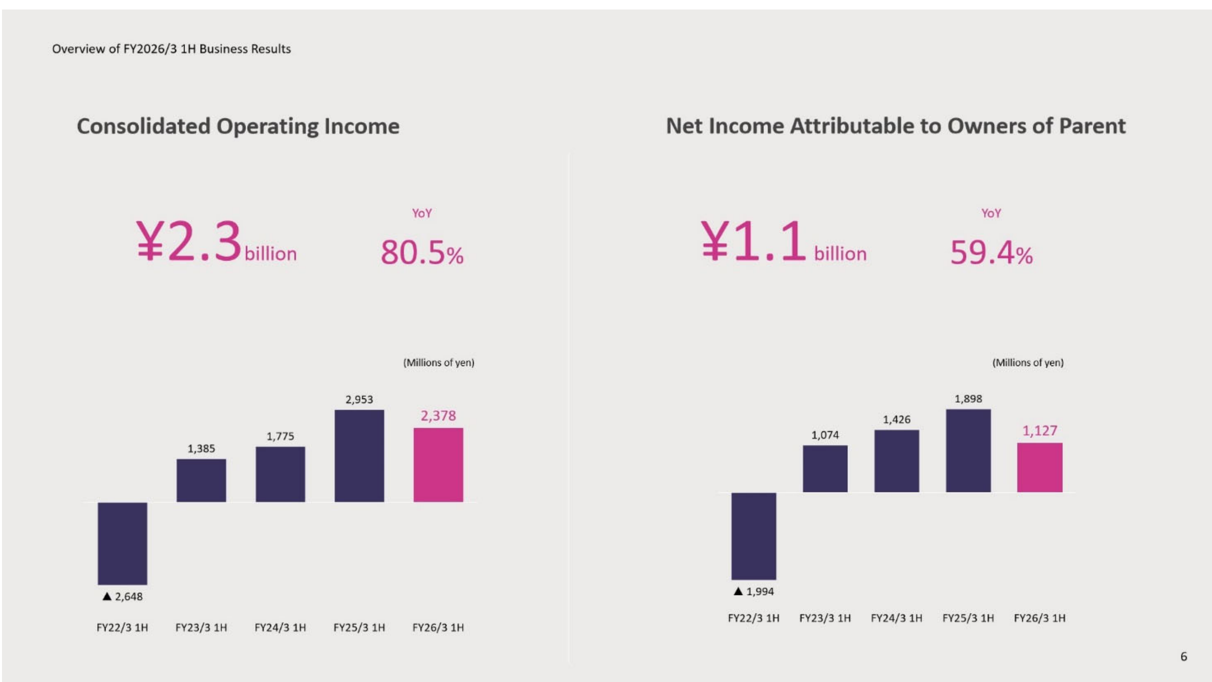
Nakazawa:

The screen displays the financial highlights. First, the consolidated results. Net sales and gross profit exceeded the previous year's performance, although they fell slightly short of the plan. SG&A expenses increased due to the renewal of the core system, an increase in depreciation associated with the relocation of the head office, enhanced advertising and sales promotion expenses, and an increase in personnel expenses. As a result, profits declined YoY for H1. However, due to certain costs not yet being incurred, operating profit and subsequent profit metrics exceeded our projections.

Next is the gross profit margin. On a consolidated basis, we maintained the same level as the previous year, reaching a performance not seen since H1 of FY March 2015. The UA's non-consolidated gross profit margin was lower than the previous year due to an increase in Q2 promotional sales; however, COEN achieved a significant improvement, partially due to a rebound from the previous year's expanded inventory write-downs.

Next is the UA's non-consolidated performance. The net sales were mostly in line with the planned goal, while the gross profit margin came below the goal as well as the previous year's level, because of the increased promotional sales in Q2, but due to some costs being not incurred, operating profit and profit and below exceeded the planned target. These are the financial highlights.

I will now discuss the financial figures. First, let us look at consolidated results. Consolidated sales were JPY73.7 billion, 108% of the same period last year. Consolidated gross profit margin was 52.7%, the same level as the same period last year.



Consolidated operating profit was JPY2.3 billion, 80.5% of the previous year's performance. The sales ratio was 3.2%, down 1.1 percentage points from the previous year. Interim net profit attributable to parent company shareholders was JPY1.1 billion, 59.4% of the previous year's performance. The sales ratio was 1.5%, down 1.3 percentage points from the previous year.

Consolidated P/L

Sales up year-on-year, gross margin down on discounting; despite SG&A pressure, sub-operating profits outperformed targets.

(Millions of yen)

		FY25/3 1H	FY26/3 1H	Change/pt difference	YoY
Sales		68,265	73,713	5,447	108.0%
Gross profit		35,953	38,821	2,868	108.0%
	vs. sales	52.7%	52.7%	0.0pt	—
SGA expenses		32,999	36,443	3,443	110.4%
	vs. sales	48.3%	49.4%	1.1pt	—
Operating income		2,953	2,378	(575)	80.5%
	vs. sales	4.3%	3.2%	- 1.1pt	—
Non op. P/L		444	129	(314)	29.3%
	vs. sales	0.7%	0.2%	- 0.5pt	—
Ordinary income		3,397	2,508	(889)	73.8%
	vs. sales	5.0%	3.4%	- 1.6pt	—
Extraordinary P/L		(388)	(558)	(170)	—
	vs. sales	—	—	—	—
Net income attributable to owners of parent		1,898	1,127	(770)	59.4%
	vs. sales	2.8%	1.5%	- 1.3pt	—

This is a consolidated P&L. Details are as shown in the slide. This is the main reason for the extraordinary loss of JPY550 million for this fiscal year. Impairment losses amounted to JPY420 million, and expenses related to the head office relocation amounted to JPY70 million.

Consolidated P/L (2Q)

Revenue grew YoY; gross margin declined due to increased discount sales; higher SG&A reduced operating profit, but profits below operating level exceeded plan.

(Millions of yen)

		FY25/3 2Q	FY26/3 2Q	Change/pt difference	YoY
Sales		32,769	35,522	2,753	108.4%
Gross profit		16,540	17,718	1,178	107.1%
	vs. sales	50.5%	49.9%	- 0.6pt	―
SGA expenses		16,355	17,875	1,519	109.3%
	vs. sales	49.9%	50.3%	0.4pt	―
Operating income		184	(156)	(341)	-84.7%
	vs. sales	0.6%	-0.4%	- 1.0pt	―
Non op. P/L		213	(25)	(239)	-12.1%
	vs. sales	0.7%	-0.1%	- 0.7pt	―
Ordinary income		398	(182)	(581)	-45.8%
	vs. sales	1.2%	-0.5%	- 1.7pt	―
Extraordinary P/L		(193)	(188)	5	―
	vs. sales	―	―	―	―
Net income attributable to owners of parent		134	(335)	(470)	-249.0%
	vs. sales	0.4%	-0.9%	- 1.4pt	―

This is the consolidated P&L for Q2. Details are as shown in the slide.

Consolidated Gross Margin

Consolidated gross margin stable; non-consolidated margin down on discounting and outlet clearance; COEN improved sharply on prior-year write-down reversal; Taiwan below last year.

	FY26/3 1H	YoY pt difference
Consolidated	52.7%	0.0pt
UNITED ARROWS LTD.	52.1%	-0.4pt
Total business unit	-	-0.2pt
Outlet, etc.	-	-0.6pt
COEN CO., LTD.	-	3.1pt
UNITED ARROWS TAIWAN LTD.	-	-0.7pt

Here are the details of the gross profit margin. First, the consolidated gross profit margin was 52.7%, the same level as the same period last year. UA's stand-alone ratio was 52.1%, down 0.4 percentage points from the previous year. The business unit total was negative 0.2 percentage points due to expanded promotional sales in Q2. Outlets were down 0.6 points from the previous year due to an increase in inventories from prior years.

COEN Co., Ltd. improved by a significant 3.1 points, partly due to a rebound from the previous year, when there was an increase in valuation losses on merchandise. Next, UA TAIWAN INC. came in at a negative 0.7 percentage point.

Consolidated Gross Margin (2Q)

Mainly due to increased discount sales in the non-consolidated business unit and Taiwan, results fell below last year's level.

	FY26/3 2Q	YoY pt difference
Consolidated	49.9%	-0.6pt
UNITED ARROWS LTD.	48.7%	-1.0pt
Total business unit	-	-0.6pt
Outlet, etc.	-	-0.3pt
COEN CO., LTD.	-	2.1pt
UNITED ARROWS TAIWAN LTD.	-	-1.9pt

This is the gross profit margin for Q2. Details are as shown in the slide.

Consolidated SGA Expenses

SG&A and ratio above prior year due to stronger advertising, personnel expenses, rent, and depreciation. There is a timing shift in some costs, and SGA expenses for the 2h are expected to be around 110% of the previous year.

(Millions of yen)

		FY25/3 1H	FY26/3 1H	Change/pt difference	YoY
Total SGA expenses		32,999	36,443	3,443	110.4%
	vs. sales	48.3%	49.4%	1.1pt	-
Advertising expenses		1,906	2,213	307	116.1%
	vs. sales	2.8%	3.0%	0.2pt	-
Personnel expenses		11,337	11,916	579	105.1%
	vs. sales	16.6%	16.2%	- 0.4pt	-
Rent		9,200	9,986	786	108.5%
	vs. sales	13.5%	13.5%	0.1pt	-
Depreciation		565	793	227	140.3%
	vs. sales	0.8%	1.1%	0.2pt	-
Other		9,990	11,532	1,542	115.4%
	vs. sales	14.6%	15.6%	1.0pt	-

These are consolidated SG&A expenses. Total SG&A expenses were JPY36.4 billion, 110.4% of the same period last year. The sales ratio was 49.4%, up 1.1 percentage points from the previous year.

The main breakdown is as follows**:** Advertising and sales promotion expenses were JPY2.2 billion, 116.1% of the previous year's total, and 3% of sales, up 0.2 percentage points from the previous year. This is due to strengthened advertising, such as TV commercials and corporate image advertisements. Personnel expenses amounted to JPY11.9 billion, 105.1% of the previous year's total, and 16.2% of sales, down 0.4 percentage points from the previous year. This is due to an increase in the number of personnel, and a base salary increase. Rental expenses amounted to JPY9.9 billion, 108.5% of the previous year's total and 13.5% of sales, up 0.1 percentage points from the previous year. This is due to an increase in commission rent and commissions from online shopping sites in line with the increase in sales. Below that, depreciation was JPY700 million, 140.3% of the previous year's performance. The sales ratio was 1.1%, up 0.2 percentage points from the previous year. This is mainly due to new store openings and the head office relocation.

Below that, we have others. JPY11.5 billion, 115.4% of total sales and 15.6% of total revenue, up 1 percentage point from the previous year. This includes an increase in related costs due to sales growth and an increase in amortization expenses due to increased investment in systems. At this point, we expect SG&A expenses for H2 to be approximately 110% of the previous year's performance, including some cost accrual delays.

Consolidated SGA Expenses (2Q)

(Millions of yen)

		FY25/3 2Q	FY26/3 2Q	Change/pt difference	YoY
Total SGA expenses		16,355	17,875	1,519	109.3%
	vs. sales	49.9%	50.3%	0.4pt	-
Advertising expenses		986	1,064	78	108.0%
	vs. sales	3.0%	3.0%	- 0.0pt	-
Personnel expenses		5,445	5,814	369	106.8%
	vs. sales	16.6%	16.4%	- 0.2pt	-
Rent		4,534	4,899	364	108.0%
	vs. sales	13.8%	13.8%	- 0.0pt	-
Depreciation		296	406	109	137.1%
	vs. sales	0.9%	1.1%	0.2pt	-
Other		5,093	5,690	597	111.7%
	vs. sales	15.5%	16.0%	0.5pt	-

This is the consolidated SG&A expenses for Q2. Details are as shown in the slide.

Consolidated B/S

Despite rising inventory, we plan to reallocate spring/summer products to fall/winter to improve turnover and mitigate the impact on next year's gross profit.

(Millions of yen)

		As of Mar. 31, 2025	As of Sep. 30, 2025	vs. previous term-end Change	
Total Assets		70,142	71,992	1,850	102.6%
	Composition ratio	100.0%	100.0%		
Current Assets		44,816	45,685	868	101.9%
	Composition ratio	63.9%	63.5%		
Noncurrent Assets		25,325	26,306	981	103.9%
	Composition ratio	36.1%	36.5%		
Current Liabilities		27,767	29,555	1,787	106.4%
	Composition ratio	39.6%	41.1%		
Noncurrent Liabilities		4,552	4,801	249	105.5%
	Composition ratio	6.5%	6.7%		
Total Net Assets		37,821	37,634	(186)	99.5%
		53.9%	52.3%		
Reference: Balance of short- and long-term loans payable		1,028	3,900	2,872	379.4%

	As of Sep. 30, 2024	As of Sep. 30, 2025	vs. 1H-end of the previous fiscal year Change	
Reference: Inventory	27,237	30,880	3,643	113.4%

This is the consolidated balance sheet. Total assets were JPY71.9 billion, or equivalent to 102.6% of the previous year-end. The following is a breakdown.

Current assets totaled JPY45.6 billion, or equivalent to 101.9% of the previous year-end. Fixed assets totaled JPY26.3 billion, or equivalent to 103.9% of the previous year-end. Current liabilities amounted to JPY29.5

billion, or equivalent to 106.4% of the previous year-end. Long-term liabilities amounted to JPY4.8 billion, or equivalent to 105.5% of the previous year-end. Total net assets amounted to JPY37.6 billion, or equivalent to 99.5% of the previous year-end.

For details of the balance sheet, please refer to the financial results that we are announcing on Friday. The first item at the bottom of the slide is the balance of long-term and short-term borrowings. which was JPY3.9 billion, an increase of JPY2.8 billion from the previous year-end. This is due to an increase in borrowings of JPY2.1 billion at UA and JPY0.7 billion at COEN, a subsidiary of UA.

Under such circumstances, inventories amounted to JPY30.8 billion, up 113.4% from the end of the same period last year. This is a continuation of the increasing trend from Q1. We have some spring/summer items that can be sold in the fall/winter season, so we are in the process of transferring these items to the fall/winter inventory. The recently announced trend in October was also very strong, and we expect a certain level of impact on the autumn/winter sales. And through these efforts and others, we hope to reduce the negative impact on gross profit for the next fiscal year.

Overview of FY2026/3 1H Business Results

Consolidated C/F

(Millions of yen)

	FY25/3 1H	FY26/3 1H	Major breakdown of the results for the term	
Cash flows from operating activities (sub-total)	3,573	2,012		
Cash flows from operating activities	3,308	(467)	Profit before income taxes Increase in trade payables Decrease in trade receivables Increase in inventories	1,949 3,778 2,305 (6,136)
Cash flows from investing activities	(3,066)	(4,861)	Purchase of property, plant and equipment Purchase of intangible assets Proceeds from refund of guarantee deposits	(4,101) (806) 688
Cash flows from financing activities	1,645	1,597	Net increase in short-term borrowings Dividends paid	2,872 (1,274)
Cash and cash equivalents at the end of the period	8,376	2,927		

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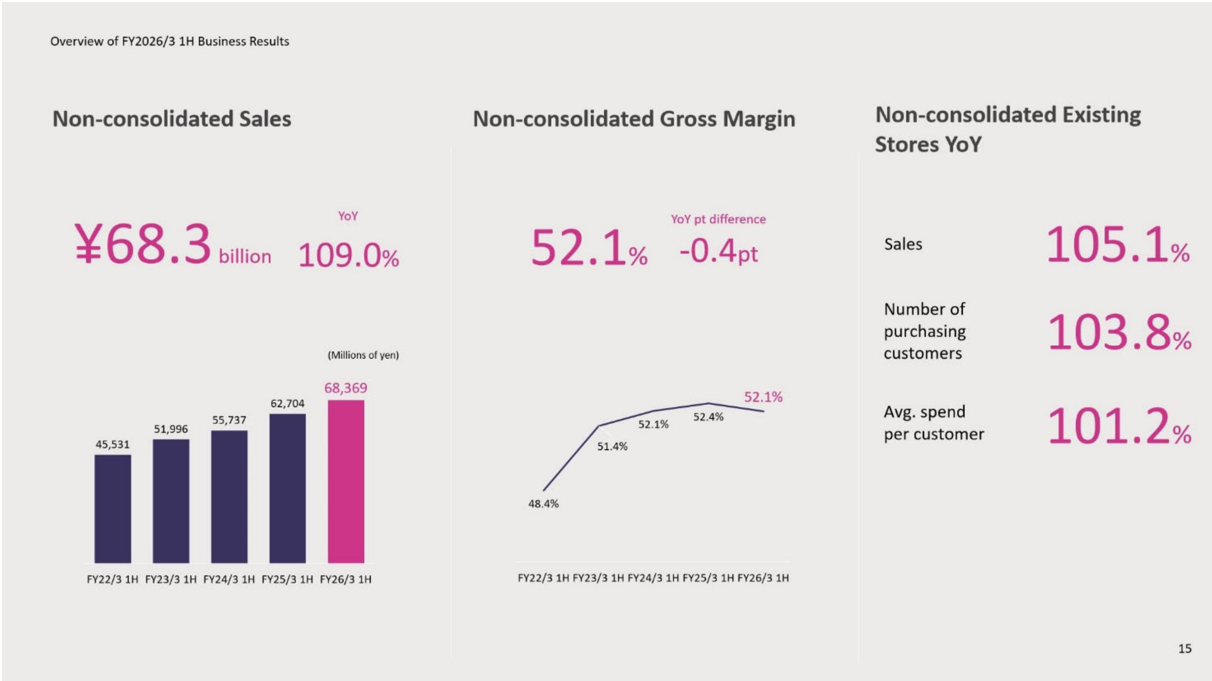
This is the consolidated cash flow. Operating cash outflow was JPY0.4 billion, investing cash inflow was JPY4.8 billion, and financing cash outflow was JPY1.5 billion, resulting in a cash and cash equivalents balance of JPY2.9 billion. The main breakdown of each item is shown on the slide.



From this point forward, we report on UA's non-consolidated results. First, sales were JPY68.3 billion, 109% of the same period last year. Gross profit margin was 52.1%, down 0.4 percentage points from the previous year. Comparable store sales YOY exceeded the previous year's performance for both retail and online shopping, with retail plus online shopping totaling 105.1%. The number of customers buying at existing stores was 103.8% compared to the same period last year, and the average spending per customer was approximately 101.2% compared to the same period last year due to price revisions and other factors.

Non-consolidated Sales by Channel

(Millions of yen)

	FY25/3 1H	FY26/3 1H	Change/pt difference	YoY
Non-consolidated sales	62,704	68,369	5,665	109.0%
Total business unit	53,350	57,749	4,398	108.2%
vs. sales	83.6%	82.9%	- 0.7pt	-
Retail	35,558	38,891	3,332	109.4%
vs. sales	55.7%	55.8%	0.1pt	-
Online	16,767	17,780	1,012	106.0%
vs. sales	26.3%	25.5%	- 0.7pt	-
Others (Wholesale, etc.)	1,024	1,077	53	105.2%
vs. sales	1.6%	1.5%	- 0.1pt	-
Outlet, etc.	10,454	11,895	1,441	113.8%
vs. sales	16.4%	17.1%	0.7pt	-

Existing stores YoY

	Sales	Number of customers	Avg. spend per customer
Retail + Online	105.1%	103.8%	101.2%
Retail	105.1%	101.1%	103.9%
Online	105.2%	108.1%	97.2%

Here are the details of non-consolidated sales by channel. Business unit sales totaled JPY57.7 billion, 108.2% compared to the same period last year. Retail sales were JPY38.8 billion, 109.4% compared to the same period last year. Online sales amounted to JPY17.7 billion, up 106% from the same period last year, and accounted for 25.5% of total sales. We pursued an aggressive inventory procurement and fortified inventory allocation to other companies' major shopping malls. As a result, the total sales for the third-party shopping malls reached 107.4% of the previous year’s sales. Both retail and online sales are growing due to the penetration of OMO measures.

The comparable store sales comparison for the previous year on the right side of the slide is as discussed earlier. Both the number of customers and sales per customer increased from the previous year in total retail sales and online sales. Returning to the table on the left, outlets and other sales amounted to JPY11.8 billion, or 113.8% of the same period last year, and accounted for 17.1% of total sales.

Non-consolidated Sales by Business

(Millions of yen)

	FY25/3 1H	FY26/3 1H	Change	YoY
Total business unit sales	53,350	57,749	4,398	108.2%
Trend-conscious Market	35,321	37,354	2,033	105.8%
Basic Trend-conscious Market	18,029	20,394	2,365	113.1%

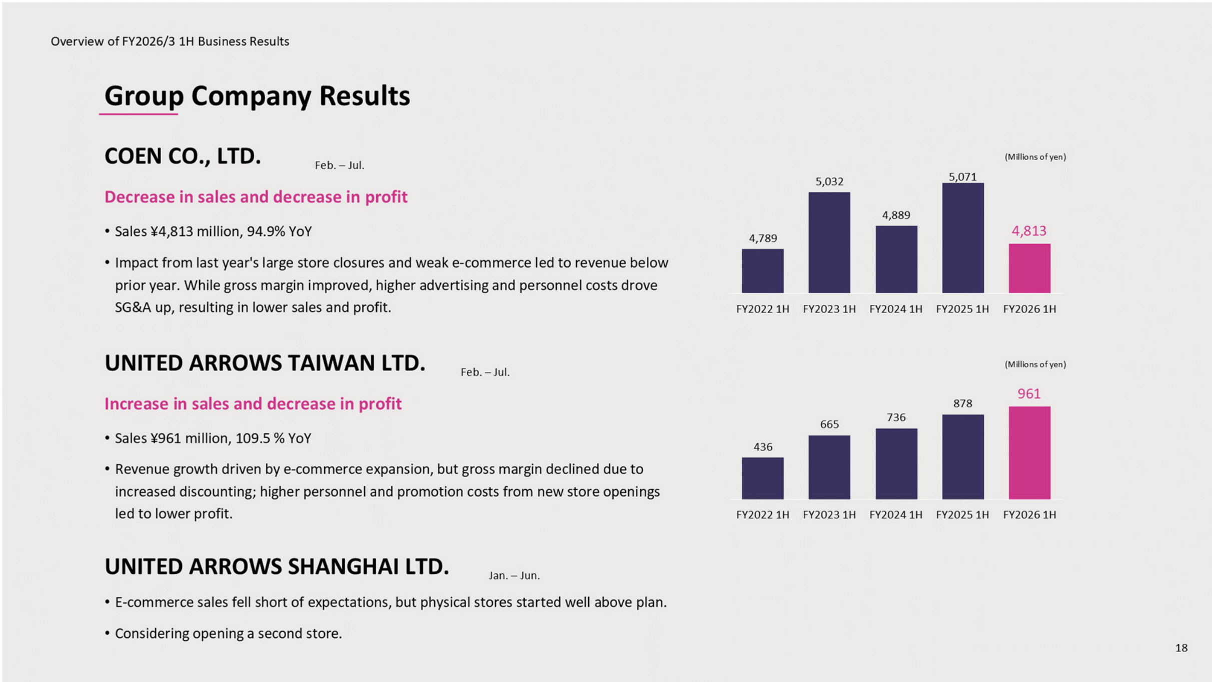
Existing store sales YoY

	Retail + Online	Retail	Online
Trend-conscious Market	102.9%	103.9%	101.0%
Basic Trend-conscious Market	109.2%	107.4%	112.4%

This is a breakdown of non-consolidated sales by business segment. In the trend-conscious market centered on UNITED ARROWS (UA) and BEAUTY&YOUTH (BY), sales amounted to JPY37.3 billion, or about 105.8% of the previous year's performance, thanks to significant growth in men's business casuals and women's casual wear.

The mid-trend-conscious market, led by Green Label Relaxing (GLR), posted sales of JPY20.3 billion, or 113.1% of the previous year's performance. We achieved strong growth, driven by the expansion of GLR Women through large-scale promotions, increased online sales supported by enhanced inventory allocation, and a rise in CITEN through aggressive store openings and growth in existing locations.

In both markets, retail and online sales through existing stores exceeded the previous year's performance, with particularly strong growth in the mid-trend-conscious market, both retail and online.



This is an overview of the group companies. For COEN CO., sales were JPY4.81 billion, representing 94.9% of the previous year's performance. Sales fell short of the previous year's performance due to the impact of the major store closures in the previous year and struggling online sales. Despite progress in improving the gross profit margin, SG&A expenses rose due to increases in advertising and personnel costs, resulting in lower sales and profits.

As announced on Friday, we have signed a letter of intent with GYET CO., LTD. to proceed with specific discussions regarding the transfer of all COEN shares held by the Company. We would like to make an announcement as soon as the share transfer agreement is completed.

Below that is UA TAIWAN. Sales were JPY960 million, or 109.5% of the previous year's total. Although net sales growth was achieved due to strong online sales, the decrease in gross profit margin due to the expansion of promotional sales and the increase in personnel expenses and advertising and sales promotion expenses associated with the opening of new stores resulted in a decrease in profit.

Below is UA SHANGHAI. Although online sales fell short of expectations, the retail store sales have started the year at a level well above the planned target. We are currently studying the possibility of opening a second store.

Opening and Closing of Stores

With 20 openings and 1 closure, 1H ended with 341 stores. Additional unplanned openings in the parent unit are expected to bring year-end total to 351 stores, up 29 from last year.

		1H results			Full-year forecast		(number of stores)
	No. of stores at the previous period end	Opened	Closed	No. of stores at the 1H-end	Opened	Closed	No. of stores at the period end (Forecast)
Group Total	**322**	**20**	**1**	**341**	**37**	**8**	**351**
UNITED ARROWS LTD.	238	14	1	251	29	5	262
COEN CO., LTD.	74	2	0	76	3	3	74
UNITED ARROWS TAIWAN LTD.	10	3	0	13	4	0	14
UNITED ARROWS SHANGHAI LTD.	0	1	0	1	1	0	1

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

Next slide, please. This is the status of opening and closing stores. With 20 openings and 1 closure, the total number of retail stores at the end of H1 of the current fiscal year is 341 stores. In addition, due to an increase in unplanned new store openings in the parent unit, the number of stores increased compared to the previously announced figure of 349 stores. At the end of the fiscal year, we expect to manage 351 stores, up by 29 stores compared to the number we had previous fiscal year.

This concludes the overview of our business results for H1 of the fiscal year ending March 2026. Thank you very much for listening.

Tan:

First item. I am pleased to report on the opening of the new store located on the first floor of the new headquarters building. We opened a multi-purpose UNITED ARROWS LTD. store on the first floor of our headquarters office in Sendagaya, Tokyo.

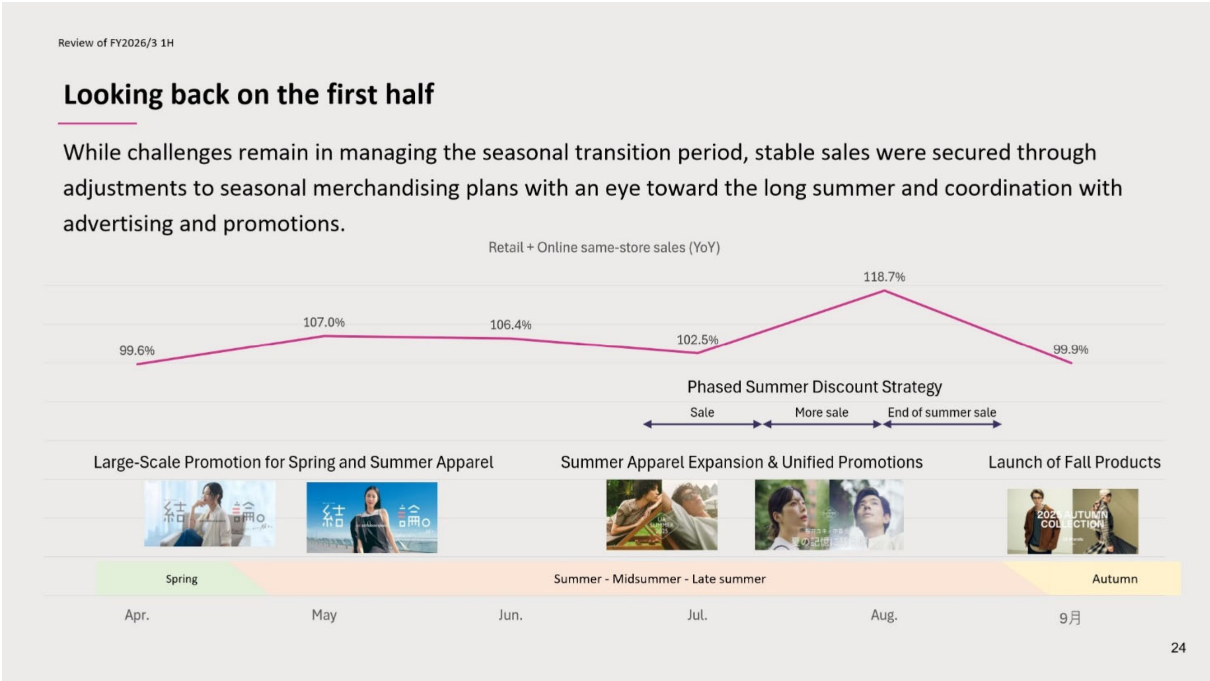
Since the opening of the store, we have set our aim to minimize industrial waste and sell refurbished products, substandard products that fall outside of our quality standards due to scratches or other reasons, as well as sample products produced at the development stage. As a result of these efforts, the disposal rate of textile products and merchandise remained at a low level in H1 of the current fiscal year.

Next, I'm moving on to the Sustainability Seminar. In October 2025, we held an educational and awareness seminar for our employees, inviting an outside lecturer with a wealth of knowledge, who discussed the relationship between sustainability and the fashion industry, and the role apparel brands should play, using specific examples.

Participants commented that they learned something that relates to their tasks and that they would like to work on the initiative from the perspective of a corporate employee. Going forward, we intend to continue to implement more initiatives to promote awareness among all employees so that they can help make the "Sarrows" activities effective. These are the sustainability initiatives. Thank you for your attention.

Matsuzaki:

First, as Mr. Hiroshi Nakazawa mentioned earlier, and as described in the release issued last Friday, we have concluded a primary agreement with GYET to proceed with specific discussions regarding the transfer of shares in our subsidiary COEN. After the official transfer of shares, COEN will be excluded from our consolidated subsidiaries. The UA Group has been selective and focused on its businesses, and in the next Medium-Term Management Plan currently being formulated, the Group will concentrate its resources on the extremely sensitive, high-value-added, and trend-conscious markets.



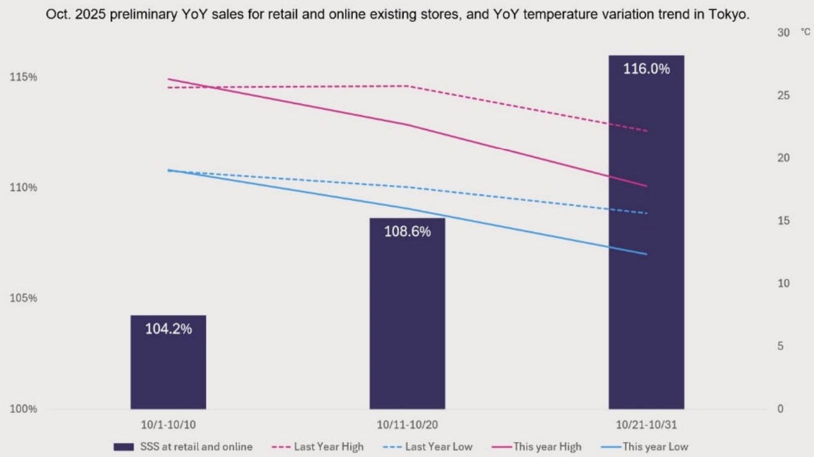
Now, let me continue with a review of H1 of the current fiscal year. The slide shows non-consolidated existing store sales trends. Although we met some challenges with the off-season period in April and September, we managed to post a relatively stable sales trend in the midst of the ongoing severe environment due to climate change and other factors.

Non-consolidated net sales were almost in line with the plan. Based on the premise of a longer summer, we established seasonal MDs for early summer, mid-summer, and late summer, which were further subdivided, and expanded merchandise especially for mid-summer and late summer and conducted aggressive promotions accordingly. This summer, we implemented promotional sales measures in stages in anticipation of a longer sale period, and managed to significantly increase sales, especially in August. On the other hand, the resulting increase in the August sales’ component ratio also hurt gross margin. Therefore, from the next fiscal year onward, we will further improve MD accuracy, aiming for stable season progression, sales, and appropriate gross profit margin improvement.

Review of FY2026/3 1H

Customer's willingness to purchase remains high

After the temperature drop in mid-October, existing store sales increased and demand remained high.



In addition, the recently disclosed monthly results of October show that the increase in the number of existing stores was activated toward the end of the month as the temperature dropped. We believe that customers' purchase intent remains high, and we expect it will have a favorable impact on the November trend.

Review of FY2026/3 1H

UA MULTI strategy

Opening of new brand stores

NICE WEATHER

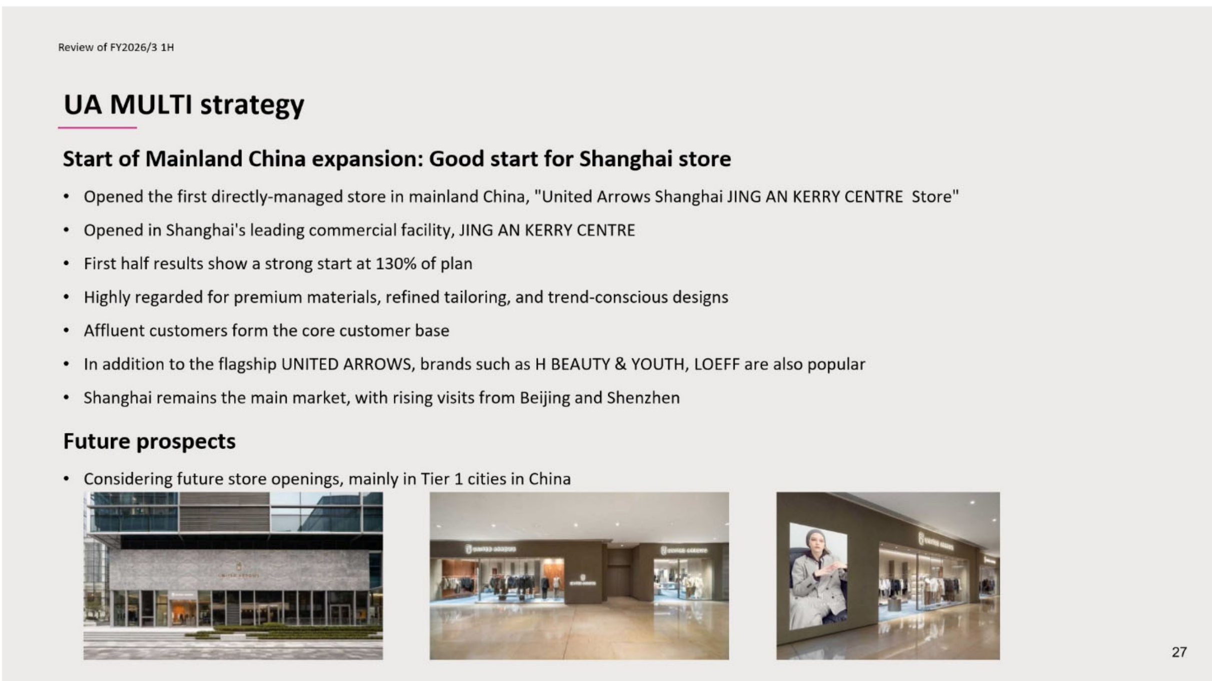
- April 2025: Opened the first store in the Hankyu Department Store Umeda Main Store
- Limited-time pop-up stores and pop-up events at existing BY stores
- Opening in Omotesando on November 21, with subsequent openings primarily in major cities
- Expand licensed merchandise and strengthen the women's product lineup

OSOI

- September 2025: Opened new stores in Shinjuku and Shibuya.
- Expansion of product handling at existing UA stores
- Future store expansion plans, including flagship store openings, are currently under consideration.
- High percentage of customers in their 20s, contributing to solving long-term issues for the Company

Now, let me continue with the progress of the Medium-Term Management Plan. The new stores for two latest brands, “Nice Weather” and “OSOI,” are now fully open to the public. For the “Nice Weather” brand, since the opening of its first store in the Hankyu Umeda Flagship Department Store in April 2025, we have been engaging in various programs to increase brand awareness, which include opening additional stores for a limited time in Shibuya and Harajuku locations, as well as pop-up events conducted at existing BY stores. Additionally, we opened the store by the Omotesando railway station on November 21st, marking the first one of its kind in Tokyo. We will continue to open new stores in major metropolitan cities. We are also planning to expand our licensed products this fall and will further strengthen our lineup for women's wear, in particular, so we hope that you will look forward to our new lineup.

As for the “OSOI” brand, after we increased the volume both on the online channel and the retail channel through existing UA stores, we opened mono-brand stores in Shibuya and Shinjuku locations in September. We believe that opening retail stores that reflect the unique worldview of “OSOI” has brought a positive impact to further expand brand awareness and to expand the customer base. We plan to continue to expand store openings, including flagship stores. Compared to our core business sector, “OSOI” is unique because of the large customer base in their 20s, and we believe the brand can play a key role in widening the age coverage, which is a long-term issue for our company.



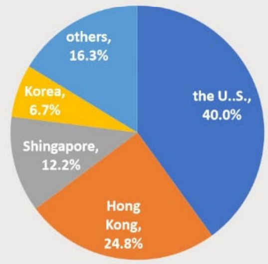
Next, I would like to discuss global business as well as mainland China expansion. The Shanghai store opened in January 2025, continues to make progress, exceeding the planned figures. Most of our clients are affluent, luxury brand consumers. We believe that they highly evaluate our products because of the high quality of materials used, craftsmanship in tailoring, and trendy designs, all contributing to striking a desired balance between price and quality.

In addition, we noticed that customers visit our stores not only from Shanghai but also from large cities like Beijing and Shenzhen, which inspires us to potentially open more new stores in the future. In terms of brands, fashion-forward brands are in higher demand. This includes our mainstay brand, “United Arrows,” as well as “H Beauty & Youth,” and “Loeff”. We are considering the expansion of new stores, mainly in tier-one cities of China, with the aim of achieving further rapid growth for the next Medium-Term Management Plan.

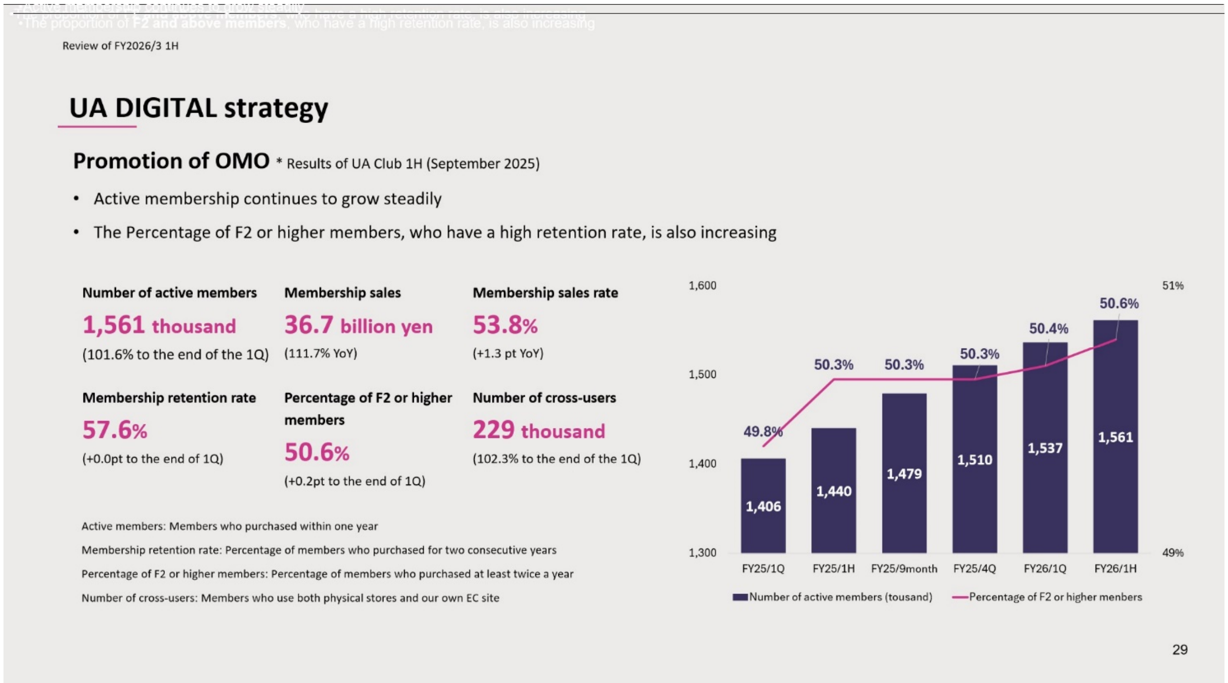
UA MULTI strategy

Launch of UNITED ARROWS GLOBAL ONLINE

- September 2, 2025 Opened "UNITED ARROWS GLOBAL ONLINE," a cross-border e-commerce site for overseas customers
- Initial response was somewhat weak due to various issues, but the current situation is progressing according to plan.
- Demand from areas where no stores are opened, such as the U.S., Hong Kong, and Korea, is high, suggesting the possibility of future opening stores and wholesale business



In addition, we launched the global E-commerce site in September, and while it experienced weak traction due to system glitches at the initial stage, currently, the defects have mostly been resolved, and we are on track by closely following the target. Looking at the countries in which our products are purchased, there is a high demand from areas where we have not yet opened stores, such as the US, Hong Kong, and South Korea, and we see potential for opening new stores and expanding our wholesale business in the future. Although we are still in the starting stage, we will continue to monitor progress and consider the direction of global business expansion.



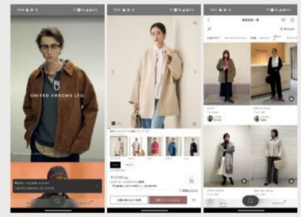
As for UA Digital, the KPI of our member's program called UA Club is performing well. As shown in the slide, while the number of active members, or fans, which is the foundation of our company, is steadily increasing, the membership ratio of F2 members, which has a particularly high customer retention rate, is also improving. We have many customers who visit our retail stores but have not yet registered as members, and we will further reinforce our approach in the future. In conjunction with the expansion of membership recruitment, we will steadily advance the ratio of F2-tier or above members and expand our strong customer base.

Review of FY2026/3 1H

UA DIGITAL strategy

Promotion of OMO

Online Store App Sales Contribution



- Approximately 54% of our company's e-commerce sales are generated through the app.
- Monthly active users: 114.5% YoY, Monthly product views: 185.4% YoY
- Number of store leads via app: YoY 102.5%
- The app's effectiveness contributes both online and offline

Promotion of in-store mode use

- Features implemented in the January 2025 renewal to make in-store shopping more convenient
- The number of purchases and the average spending per customer are high among in-store mode users, and the company aims to expand the number of users.

	In-store mode user		Non-User in in-store mode	
	Average number of purchases	Average customer spend	Average number of purchases	Average customer spend
Apps	**2.6 times**	**¥17,500**	2.0 times	¥17,000
Web	**1.9 times**	**¥19,300**	1.5 times	¥17,500
Physical store	**3.1 times**	**¥20,000**	1.8 times	¥17,200

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In addition, our E-commerce app, which was revamped in the previous fiscal year, has also led to positive results. Of the company's E-commerce site sales in H1 of this fiscal year, 54% of purchases were made via the app. The number of monthly active users and the number of product views are on the rise, and the number of inducements to stores via the application is also increasing. As the customer behavior of checking the app before making purchases has taken root, the promotion of app usage has greatly contributed not only to the company's E-commerce site but also to the retail stores.

We added the “in-store” mode to the app at the time of the renewal to make shopping more convenient for customers in the retail stores, which has also been gaining recognition and showing positive results. As shown on the slide, the in-store mode users have higher purchase frequency as well as a higher unit price per purchase than non-users. However, currently only about 10% of our active users use this in-store mode, and we intend to increase the appeal of the service, expand the number of customers using it, and further improve its effectiveness.

That is all for my progress report. As noted, we are on track to maintain a favorable trendline for the current fiscal year performance. And the trend is particularly noticeable in the retail channel, as OMO measures have reduced the barriers between in-store and E-commerce purchases. It indicates that our retail team members, who are our greatest strength, have enhanced their sales power, and our capability in providing customers with a value-added shopping experience has increased compared to the previous year. Once again, we must continue to upgrade perceived value, as well as raise product prices, to increase gross profit. We will also focus on improving productivity by making solid improvements in areas that need to be digitized and streamlined with regard to the issue of labor shortages and improving our company's strengths in people and sales motivation. We appreciate your continued support.