

**UNITED ARROWS LTD. Earnings Announcement Q&A
for the 1st Half ended September 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: I would like to know the progress of the first-half plan.

A: On a consolidated basis, sales reached approximately 99% of the plan, and the gross profit margin was slightly below expectations. However, due to lower-than-planned SG&A expenses, operating income reached just over 140% of the planned level.

Q: What is the breakdown of the unspent SG&A?

A: The main items underutilized include advertising and promotion expenses, IT-related costs, logistics, store opening and closing investments, and repair expenses. Some of these costs are expected to be incurred in the second half of the fiscal year. Considering the delayed timing and new store openings, SG&A expenses in the second half are projected to be approximately 110% of the previous year’s level.

Q: Advertising expenses have continued to increase. What are the results and your policies for the next fiscal year?

A: TV commercials have been highly effective for GLR, driving significant sales growth. UA and BY have strengthened their web content, resulting in increased purchases from existing customers. Corporate image advertising launched last year has gradually attracted younger demographics. Based on these results, we plan to maintain the current level of advertising and promotional spending and actively implement these measures in the coming fiscal year, while controlling the ratio of advertising expenses to net sales.

Q: How do you evaluate the OMO policies?

A: We are very encouraged by the double-digit growth in UA Club membership sales, supported by an increase in active members and a higher proportion of F2+ members. While improving retention among existing customers, we will also focus on acquiring new members and expanding the base of light users who can become future core customers.

Q: South Korean brands such as OSOI and NICE WEATHER are developing prominently. Please explain the background and future potential.

A: The baby boomer junior generation has a strong affinity for Western culture and brands, and we have strengthened our lineup accordingly. Meanwhile, younger generations show high interest in South Korean culture—including entertainment, cosmetics, and fashion—and embrace South Korean brands with similar enthusiasm. To meet the needs of our target demographics, we plan to expand our South Korean brand offerings and explore entry into the South Korean market through cross-border e-commerce.

Q: What is the reason for the increase in store openings, and what is the outlook for the next fiscal year?

A: The additions to the initial plan are primarily due to converting limited-time stores into permanent locations and increased offers from developers. We are currently formulating plans for new store openings next fiscal year, and we expect the number to be roughly in line with this year.

Q: I was surprised that purchases from the U.S. are high on cross-border e-commerce sites. Do you see any characteristics of U.S. customers? Also, is there any difference from inbound tourism?

A: A significant portion of U.S. sales originates from California. While we are still analyzing the details, we see strong potential for future expansion. For reference, the current breakdown of domestic duty-free sales by country is approximately 40% China, 18% Taiwan, 10% South Korea, and 6% U.S.

Q: The plan indicates a decline in profits for the cumulative third quarter. Given the upside in the first half and strong October performance, is there a possibility of profit growth?

A: Considering temperature trends and customer purchasing sentiment, November is expected to progress smoothly. While December may be impacted by competitors' sales promotions, we anticipate steady progress throughout the third quarter. Although rising costs present a challenge for profit growth, we believe performance will exceed initial expectations.

Q: What was the purpose of announcing the transfer of COEN CO., LTD. at the time of the agreement?

A: We received various opinions about COEN from the capital market, and considering the impact on employees and business partners, we determined it was best to announce and explain the decision promptly at the agreement stage.