UNITED ARROWS LTD. Earnings Announcement Q&A
for the Fiscal Year Ended March 31, 2026

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.

FY March 2026 Results and FY March 2027 Earnings Forecast

Q: Please explain the key characteristics of the performance in the fourth quarter of FY March 2026.

A: Net sales came in slightly below the plan due to the impact of certain subsidiaries; however, on a non-consolidated basis, performance exceeded the plan. While the gross profit margin declined somewhat, operating profit exceeded the plan as a result of controlling SG&A expenses.

Q: Please provide the outlook for earnings in the first and second half of FY March 2027.

A: In the first half, profit growth is expected to be limited due to the impact of inventory liquidation. In the second half, as this impact runs its course, the pace of profit growth is expected to increase.

Q: Please explain your approach to same-store sales and inventory planning for FY March 2027.

A: There is no change in our policy of expanding same-store sales. As in the previous fiscal year, we are proactively procuring inventory for spring/summer products. However, reflecting on the previous fiscal year's experience, we will adopt a more cautious procurement approach starting with autumn/winter products.

Q: What are the main factors behind the expected improvement in the gross profit margin for FY March 2027?

A: We expect a gradual improvement driven by an increase in the ratio of full-price sales, optimization of inventory allocation, and partial price revisions.

Q: What are the factors behind the decline in the gross profit margin in the first half of FY March 2027, and will the impact persist?

A: The gross profit margin in the first half is expected to decline due to a significant carryover of spring/summer inventory from the previous year, which will lead to an expansion in the scale of inventory liquidation through outlet channels. We plan to clear this inventory within the current fiscal year, and therefore do not expect the impact to continue into the following fiscal year or beyond.

Q: Please explain your outlook for SG&A expenses in FY March 2027.

A: On a non-consolidated basis, SG&A expenses are expected to be approximately 105% of the previous year's level. While we will continue to invest in advertising, the increase in personnel expenses is expected to be contained to a certain extent, partly due to the absence of bonus payments related to the achievement of prior-year targets.

Long-Term Vision and Medium-Term Management Plan

Q: In your long-term vision, revenue and operating profit targets have been revised, while the profit margin has been maintained. What is the background behind this?

A: The profit plan in our long-term vision is intended to indicate the direction of the earnings structure we aim to achieve, rather than being a precise bottom-up accumulation of individual initiatives. We recognize that there is still room to improve our gross profit margin through the evolution of our high-sensitivity, high-value-added strategy, including the optimization of selling prices and value proposition. In addition, through initiatives such as the digitalization of the supply chain under "UA 3.0," we believe it is possible to improve the efficiency of SG&A expenses. By balancing both improvements in gross profit margin and efficiency gains, we aim to build a business structure capable of securing an operating profit margin at around the 10% level.

Q: What is the background behind raising the long-term overseas sales target from ¥10 billion to ¥20 billion?

A: In addition to the growth potential in the Chinese market, we have also confirmed opportunities for expansion in other regions, leading us to revise upward our outlook for the growth of overseas business.

Q: What is the intention behind the phrase "with global scope and Japanese pride" in your medium-term management plan 2026-2028?

A: This expression reflects our intention to shift our focus from a domestic-centered business to global expansion. We aim both to enhance brand value overseas and to capture inbound demand.

Q: Please explain the objective of transitioning to a holding company structure and its relationship with the medium-term management plan.

A: We will transition to a holding company structure with the aim of expanding beyond the apparel business into broader business domains—including through M&A—in order to realize high-sensitivity, high-value-added lifestyle proposals. The financial targets in the medium-term management plan are based primarily on growth in existing businesses and do not incorporate the effects of M&A at this stage. On the other hand, over the long term, we intend to utilize M&A as well to expand our business portfolio.

Q: Are there any business areas that are excluded from consideration for M&A or new business initiatives?
A: At this point in time, we are not excluding any specific areas. However, all initiatives are premised on alignment with our strengths in high-sensitivity and high-value-added offerings. Entry into the low-price market is not envisioned.

Other

Q: How do you view the impact of external environmental risks such as the situation in the Middle East?
A: We recognize potential impacts such as increases in raw material prices, rising transportation costs, and instability in delivery schedules. While a certain level of impact has been factored into our plans, uncertainty remains high, and we will continue to closely monitor developments going forward.

Q: What is the objective of share buybacks?
A: The primary objective is to improve return on equity (ROE).